



DETROIT FUTURE CITY

THE STATE OF ECONOMIC EQUITY IN DETROIT

MAY 2021



THE STATE OF ECONOMIC EQUITY IN DETROIT

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The nearly 500 Detroit stakeholders who lent their time, knowledge, and lived experience to inform this report.

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FOREWORD

Many of us have long worked with the belief that Detroiters as a group possess the resilience needed to face our challenges. We have worked with the belief that we possess the ingenuity to find the “solve.” This is the report that we’ve been waiting for, a wake-up call for those who need waking, a pathway to catalyze public and private sector leaders who are ready to embrace a new model for economic mobility based on fairness and opportunity.

The pandemic laid bare inequities 400 years in the making, deeply embedded in the design of our institutions, laws, and systems. Today, at one end of the economic spectrum, the wealthiest increasingly garner the gains, while at the other, low wages are a given. For all but the wealthiest, economic life becomes more and more precarious; for the poor, poverty becomes ever more a trap. For families of color, the burdens are all the more extreme.

What Detroit Future City’s new Center for Equity, Engagement, and Research has given us is the most comprehensive and sophisticated compilation ever of data to track economic equity — which is to say, economic inequity — across the region. This groundbreaking report equips community leaders with the data to inform solutions for inclusive growth and prosperity. Here we can see why the cause of economic justice must be elevated to an immediate imperative.

Now is our time to redouble our efforts to build an economy that works for all Detroiters. An economy in which everyone can benefit and fully participate regardless of race, ethnicity, gender, or geography.

Now is our time to tap into the potential of Detroiters who have in the past been locked out of prosperity, so we can all share in the benefits of a more equitable and inclusive region.

Now is our time to join Detroit Future City and embrace the bold, innovative policy ideas that can transform systems and institutions in our city and region.

Wendy Lewis Jackson

Managing Director, Detroit Program - The Kresge Foundation
Board Chair, Detroit Future City



FOREWORD

Like most Americans, I was enraged by the summer of 2020 after watching videos of the killings of George Floyd and Ahmaud Aubrey and learning of Breonna Taylor. One way to place my rage was to start a summer reading list with my father on race theory and economics in the United States. My father grew up in the Jim Crow South of Knoxville, Tennessee, and had a perspective that I needed to make sense of what was happening around me. It was a heavy summer, fall and winter of reading race theory and introspection, but I needed to understand not just the racism, but the essence of the racism. And when millions of people began marching in more than 2,000 cities and towns across the country, and major corporations and financial institutions began making announcements of redistributing wealth, leading with equity, and changing investment strategy, I wanted to know ... how did it come to this?

What occurred to me was that the racial violence and police brutality that we were witnessing was just one part of a complicated, ugly history of being Black and a person of color in America. If we were to videotape the intentionality of redlining, segregation, and economic suppression, we would gasp in shock. We are in a rare moment of change in the United States. A moment not dissimilar from the American Revolution, the Civil War, or the Civil Rights Movement. The summer of 2020, when a pandemic that left 500,000 Americans dead, race and economics became the agent of change for this country. We will never be the same. What do we do now?

At Detroit Future City, we decided to dig deeper and lean into the intersection of race and economic equity. Last year, prior to the pandemic, we launched the Center for Equity, Engagement, and Research. We thought this would be an opportunity for Detroit to grow together equitably, in a soft, hand-holding sort of way, asking everyone to do better. What became clear, is that race and economic equity must be acknowledged and incorporated into our business practices if we are to grow as a region. This is not a request. This is imperative.



Detroit remains a majority Black city, at 77%. It also remains one of the poorest large cities in the country, with 31% of the population living below the poverty line. The purpose of this report is not to make readers angry about these statistics; at DFC, we want to see change. We understand that the systemic racism of the policies of the 1930s, '40s, '50s, '60s, and '70s, continue in economic development policy even today. We point that out, painfully. We also understand that many reading this report want to see change, whether you are a resident, business owner, elected official, president of a block club or president of a major corporation. We make recommendations for that change that, I hope, will lead to systemic change for economic equity.

This will not be an easy report to read. However, I hope you will join us in the discovery about what can be done and what we, as individuals, can do to make a difference.

I am dedicating this report to two important people: my father, Tom Goss, who inspires me every day and was deeply moved and ready to talk this summer about his own Jim Crow segregation experience, and my dear friend and champion of Detroit, Marlowe Stoudamire, who lost his battle with COVID-19 last March. He would have a lot to say about this report and the change needed for Black and Latinx Detroiters.

Gratefully yours in the struggle,

Anika Goss

Chief Executive Officer
Detroit Future City

**MY SUMMER
READING LIST:**

The Color of Law
by Richard Rothstein

Caste
by Isabel Wilkerson

Know Your Price
by Andre Perry

The Family Tree
by Karen Branan

The Deepest South of All
by Richard Grant

The Sum of Us
by Heather McGhee

FOREWORD

Did you know that actual medical care accounts for only 10%-20% percent of a person's overall health? For our communities to truly thrive, they need access to healthy food and clean water, safe and vibrant neighborhoods, gainful employment, affordable housing and transportation, and the right to vote. When any of these fails, the whole outcome can fail.

In many ways, our health care system is a reflection or microcosm of what's happening on a broader scale across our American society. Inherent structural barriers continue to prevent opportunities for our most vulnerable – in this case, sufficient access to care and coverage.

The connection between poor health and socioeconomic challenges is widely documented. Vulnerable populations, especially in Detroit, that are disproportionately affected by illness and chronic disease, often face the added struggle to pay for health care. For instance, African Americans are nearly 1.5 times more likely to be diagnosed with diabetes, a chronic disease that also raises a person's risk for serious complications, including heart disease, stroke, amputations, end-stage kidney disease, blindness and death. People with diabetes have medical expenses that are about two-and-a-half times those who do not.

I am certainly encouraged by the progress we've made to increase insurance coverage, as this report highlights. However, this same report also shows the long journey that is still ahead.

The events of the last year have only underscored this need. While leading Michigan's response to COVID-19, we saw how the pandemic severely impacted our communities of color. African Americans comprise 14% of Michigan's population, yet represented 40% of our COVID-related deaths during the first surge in 2020. After feeling left behind by Detroit's economic resurgence, many are feeling that the health care and public health system let them down once again. At the same time, the murders of African Americans like George Floyd last year triggered a national reckoning with systemic racism and police violence – erupting in protests across our nation.



To say our hearts are broken by both would be an understatement. As president and CEO of a Detroit-based health system, and an African-American man who grew up in the segregated South, I can attest to that brokenness. It is a sobering reminder of the painful irony in which we live in America – the world’s most diverse melting pot plagued by pervasive intolerance and a failure to act on behalf of those who need us most.

As an anchor institution serving the people of Michigan and beyond for more than 105 years, we know our mission is sacred. We are called to improve people’s lives. We do that by providing the highest quality of care to each and every individual we serve, engaging in groundbreaking clinical and public health research, and training the next generation of health care professionals. However, we must also collectively recognize that our mission extends far beyond the four walls of our institutions.

There are many who remain hopeful that we are at an inflection point and encouraged that authentic conversations are taking place, both in our health care institutions and our broader societies. But we also know that hope and dialogue are not enough. We must act on behalf of every life we serve – by acknowledging our collective failures, embracing the fight for justice and equity for all, and partnering to earnestly and courageously lift up our communities. If we fail to do this, we dare not call ourselves successful stewards of health and wellness.

Wright L. Lassiter III

President and CEO, Henry Ford Health System
Incoming chair of the American Hospital Association

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EXECUTIVE SUMMARY

The future of Detroit must benefit all Detroiters and unleash the economic promise and well-being of its residents. However, the current reality is that, in spite of a decade of growth, substantial economic inequities persist in Detroit. Prior to the COVID-19 pandemic, the median income in Detroit was half that of the region and the average home value of a white Detroit resident is approximately \$46,000 higher than a home owned by an African American.

The current state of inequity does not have to be, nor should it be, Detroit's future. As Detroit begins recovering from the COVID-19 pandemic, there must be an acknowledgement of the economic inequities that exist, a commitment to close these disparities, and intentional work toward a more economically equitable future. Building a more economically equitable city will build a stronger region. We must ensure that the recovery is one that includes all residents, and that we are building an economically equitable city where all residents, both old and new, can thrive.

Throughout 2020, Detroit Future City's Center for Equity, Engagement, and Research engaged nearly 500 community stakeholders representing residents, youth, nonprofits, the private sector, the public sector, philanthropy, and others. The time and input from these stakeholders were critical in shaping a shared vision for economic equity, providing a guidepost to collectively work toward in hopes of making a more economically equitable city.



Art created by Liza Polaskey

In an economically equitable Detroit: All Detroiters are meeting their unique needs, prospering, and fully and fairly participating in all aspects of economic life within a thriving city and region.

The State of Economic Equity in Detroit is a resource for those in the private and public sectors, foundations, nonprofits, community organizations, and residents to inform their actions to advance economic equity. These actions can include agenda setting, advocacy, policy, subject area research, and goal-setting.

Detroit Future City has identified 22 indicators across six focus areas. These indicators provide clear, measurable, and accurate data points that not only illustrate the current state of economic equity in Detroit, but can also be used to track economic equity over time.

The six focus areas are:



In addition, this report's six focus areas look at the broader economic context within the Metro Detroit region and examine economic equity from geographic and racial/ethnic equity lenses.

SUMMARY OF FINDINGS

INCOME & WEALTH BUILDING

Middle class remains out of reach for many and inequities persist.



Median income in Detroit is half that of the region.



Median income increased **60%** for white Detroiters compared to **8%** for African-American Detroiters.



Tax filers in the region claimed **3x** interest, dividends, and capital gains per tax return compared with Detroiters.

See pg. 28 to learn more

ACCESS TO QUALITY EMPLOYMENT

Employment remains out of reach for many African-American Detroiters.



The unemployment rate for African Americans is **1.5 times** that of white people.



\$17.58

Median wages **without** a bachelor's degree



\$32.68

Median wages **with** a bachelor's degree

See pg. 41 to learn more

BUSINESS & ENTREPRENEURSHIP

Small businesses need more access to capital.



Among the top 100 cities, Detroit ranks **99th** in entrepreneurship rate.



In 2018, Detroit made up about

9%

of the region's small businesses, but accounted for only



6%

of the value of the region's small-business loans.

See pg. 58 to learn more

SUMMARY OF FINDINGS

EDUCATION

The Michigan educational system is not adequately preparing all students for the workforce.

 In Detroit, only **17%** of residents have a bachelor's degree or higher.

 Only **17%** of Detroit's third-graders are proficient in English language arts, compared to **43%** across the region.

See pg. 69 to learn more

HEALTH

Life expectancy in Detroit is lower than surrounding areas.

 Someone living in Detroit has a life expectancy of **5 years** less than someone in the region.

 Only **72%** of foreign-born residents who have not yet become citizens have health insurance, compared to **92%** for the city as a whole.

See pg. 79 to learn more

NEIGHBORHOODS & HOUSING

Detroit's neighborhoods must be strengthened.

 Only **5%** of Detroit's residents live in a middle-class neighborhood, compared to **59%** in the region.

 **62%** of renters are housing cost-burdened.

Homeownership rates:

47% African Americans	55% White people	53% Hispanics
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See pg. 89 to learn more

Achieving economic equity in Detroit is both necessary and obtainable. To do this, there must be deliberate steps taken to close existing gaps and address the region's enduring challenges. Even with a decade of steady economic growth, the many disparities highlighted throughout this report persist. To build toward a more economically equitable city, we must work to close gaps in income, employment, and education and ensure that all in the region are able to earn at least a middle-class wage.

As the city works toward economic equity, there must be an understanding that this a challenge that requires improvements across many interrelated areas to truly benefit all residents. These are also challenges that cannot be addressed by one sector alone, and will take the work of many organizations to achieve a city in which all residents can meet their unique needs and prosper.

To achieve economic equity in Detroit we must:

- Improve educational outcomes at all levels.**
- Increase the number and share of middle-wage jobs.**
- Increase capital access for minority-owned small businesses.**
- Improve access to affordable quality health care.**
- Grow and strengthen middle-class neighborhoods.**
- Increase access to quality affordable housing**

See pg. 101 to learn more details.



INTRODUCTION

A more economically equitable Detroit is critical to unleashing the shared potential and overall economic well-being of all residents. Prior to COVID-19, Detroit was experiencing a rebound and renaissance following the Great Recession. However, the renewed prosperity in the region did not benefit all Detroiters, and inequitable and racially discriminatory systems, policies, and processes continue to contribute to the inequities that Detroit experiences today. Despite income growth, the median household income in Detroit is half that of the region; despite increases in home values, the average value of a white Detroit resident's home is approximately \$46,000 higher than a home owned by an African American; and despite increases in job growth, median wages declined.

This current state of inequity does not have to be, nor should it be, Detroit's future. As Detroit works to recover from the COVID-19 pandemic, we must acknowledge that the previous "normal" was vastly inequitable. There cannot be a return to the continued disparities of the past, rather there must be intentional steps to work towards a shared vision for economic equity in Detroit, in which all Detroiters are meeting their unique needs, prospering, and fully participating in all aspects of economic life within a thriving city and region.

As part of the work to achieve economic equity, it is important to understand the current inequities, use data to inform solutions, and track progress on these inequities moving forward. This report offers a clear look at the state of economic equity prior to the onset of the COVID-19 pandemic, which has had drastic effects on the economy and exposed vast rifts that existed prior to the onset of the pandemic. This report introduces 22 indicators across six categories that represent the key aspects of economic equity. Throughout this report, these measures of economic equity examine disparities that exist across racial and ethnic groups¹, and also across geography to shed light on the inequities that exist between Detroit and the surrounding region. These inequities have deep roots, and changing them will require structural changes in systems, policies, and processes. These indicators are an important step in the path toward economic equity.

As the recovery from the pandemic begins, we must ensure that it is one that includes all residents, and that we are building an economically equitable city in which all residents, both old and new, can thrive.

¹Note: For the purposes of this report, racial, ethnic, and gender categories are reflective of those used in federal data sources. DFC recognizes that people may choose to identify by other terms. Additionally, due to large margins of error and data quality, certain groups may not be reflected in the data below, but DFC recognizes that people within these groups are an important part of the Detroit community. Additionally, though racial, ethnic, and geographic equity are the focus of this report, there are many additional factors of human identity that may impact economic equity, such as age, physical ability, sexual orientation, and others.

A VISION FOR ECONOMIC EQUITY

Building a more economically equitable Detroit cannot be undertaken by any single organization or sector alone. Progress toward economic equity will require many groups working toward change and building collaborative partnerships. Detroit Future City's commitment to collaboration with community stakeholders led to the development of a shared vision for economic equity that could serve as a common guidepost, galvanize collective action, and track progress.

Throughout 2020, DFC's Center for Equity, Engagement, and Research held 10 engagement events to leverage the collective voice and expertise of nearly 500 Detroit community stakeholders representing residents, youth, nonprofits, the private sector, the public sector, philanthropy and others. The time and input from these stakeholders were critical in shaping a shared vision for economic equity and identifying indicators that illustrate the challenges facing Detroit.



In an economically equitable Detroit:

All Detroiters are meeting their unique needs, prospering, and fully and fairly participating in all aspects of economic life within a thriving city and region.

MEASURING ECONOMIC EQUITY

To measure progress towards this shared vision for economic equity, Detroit Future City identified 22 economic equity indicators across six focus areas that collectively provide clear, measurable, and accurate data on the current state of economic equity in Detroit. These indicators were informed by the priorities identified by community stakeholders and were selected based on national research, the potential to track over time, and the ability to look at equity through both a racial and geographic lens. It is important to track the state of the regional economy to measure the amount of economic activity and opportunity generated to complement our measures of how the benefits of the economy are distributed.²

This set of economic equity indicators was selected to provide clear, measurable, and accurate data points that illustrate the current state of economic equity in Detroit and across the region. The report is divided into six sections for each of the six economic equity indicator focus areas. Within each focus area, indicators are analyzed over time and through both a racial/ethnic and geographic equity lens.

The six focus areas for economic equity are:

**Income and
wealth building**

**Access to quality
employment**

**Business and
entrepreneurship**

Education

Health

**Neighborhoods
and housing**

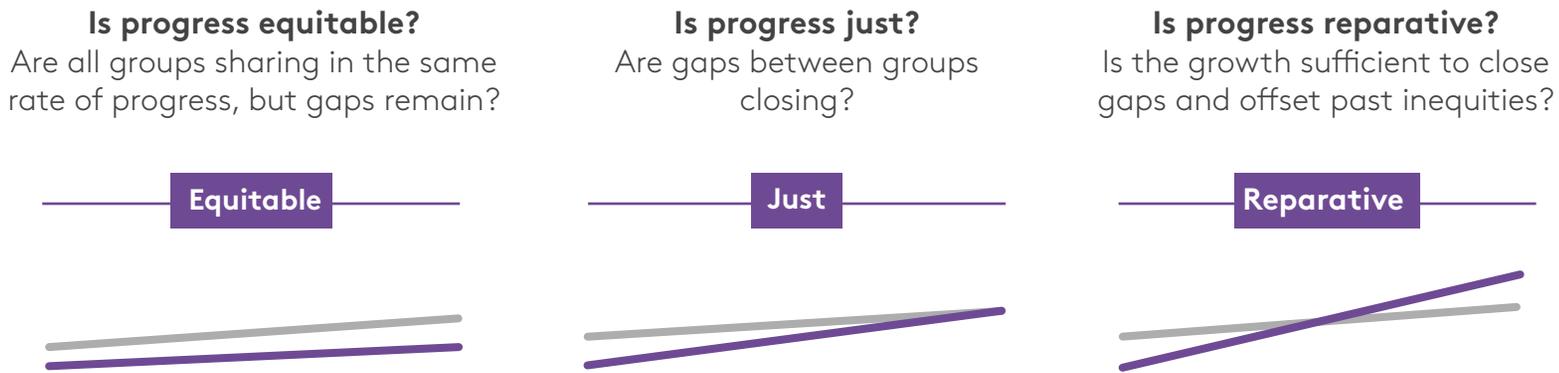
²In this report, the region is defined as the six-county Detroit-Warren-Dearborn Metropolitan Statistical Area (MSA), which includes Wayne, Oakland, Macomb, Livingston, Lapeer, and St. Clair Counties.

HOW TO USE THIS REPORT

The economic equity indicators in this report highlight where policy and action are necessary to improve economic equity across the city and region. In addition to measuring the current state of economic equity and tracking it over time, this set of indicators is intended to be used by the private and public sectors, foundations, nonprofits, community organizations, and residents to inform action. This action can include:

- Agenda setting, advocacy, and policy** ▶ Use insights from the data to develop and advocate for more equitable policies, programs, and processes.
- Subject area research** ▶ Use the indicators to identify subjects for additional research to better understand the forces affecting each indicator.
- Goal setting** ▶ Establish goals and track progress toward reaching goals over time.

As these indicators are tracked over time, they can help determine whether and how Detroit is progressing toward economic equity:





IN CONTEXT: THE REGION'S ECONOMY



All Detroiters should be able to fully and fairly **participate in all aspects of the region's economic life.**



IN CONTEXT: THE REGION'S ECONOMY

When looking at economic equity in Detroit and across the region, it is crucial to consider not only how opportunities and outcomes are distributed, but how the total system is performing. The regional nature of the economy and its ability to produce income and generate wealth for Detroiters, and the rest of the region's citizens, is an important component of economic equity. Detroit does not exist in isolation, and its ability to thrive is interconnected with the surrounding region. This regional interconnectedness is most evident with the flow of workers around the region, as nearly 70% of Detroiters leave the city each day for work, and hundreds of thousands of people in the region cross municipal boundaries each day as they travel to and from work.ⁱ

Economic growth in the region will not in and of itself improve the situation for Detroiters, as the impact of systemic racism, segregation, discriminatory hiring practices, and exclusionary zoning have prevented Detroiters from equitably benefiting from the growth in the region. However, the strength of the region's economy is a key foundational support for achieving economic equity in Detroit. The region's economy plays a crucial role in driving economic equity for the city.

What if?

In an economically equitable region, all workers would earn at least a middle-class wage.

OVERVIEW

Economic growth in Detroit region was steadily improving prior to COVID-19.

Over the past decade, there has been steady improvement in the region's economy. Jobs in the region grew by 21% between 2010 and 2019, resulting in about 312,000 more jobs. Compared to the top 50 regions, Metro Detroit's growth ranks 27th, just above Los Angeles and just below Columbus, Ohio. The increase in jobs has caused wage income per capita to grow, as accessible but low-wage jobs have grown by 32% and middle-wage jobs have grown by 23%. With this growth, hourly wages in the region are still higher than the U.S. average, however they are below 2010 levels.



INDICATORS

Jobs per
working-age
resident

Job
growth

Total payroll
generation
per capita

Middle-
wage jobs

JOBS PER WORKING-AGE RESIDENT

What is it?

The total number of jobs divided by the number of working-age residents (ages 16 to 64).

Why is it important for economic equity?

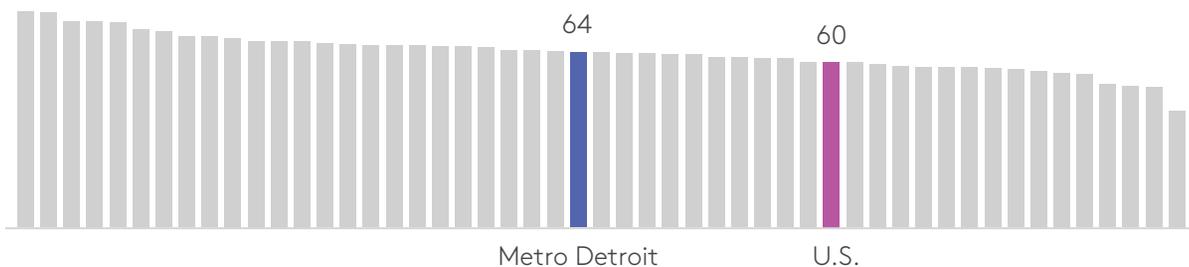
The ratio of jobs to working-age residents is an indicator of the size of the economy relative to the population. As the size of the economy grows relative to the population, there are more opportunities for workers to engage in the economy. Beyond just the size of the economy, when this metric is paired with others found in this report, it gives a clear picture about how these jobs are distributed.

What does it show?

When compared to the top 50 metropolitan regions across the country, Metro Detroit ranks 25th for jobs to working-age residents, with 64 jobs per 100 residents. The improvement in the economy over the last decade has led to a steady increase since 2010, when there were 51 jobs for every 100 working-age residents. This trend has been driven by a steady increase in jobs and a slight decline in the working-age population.

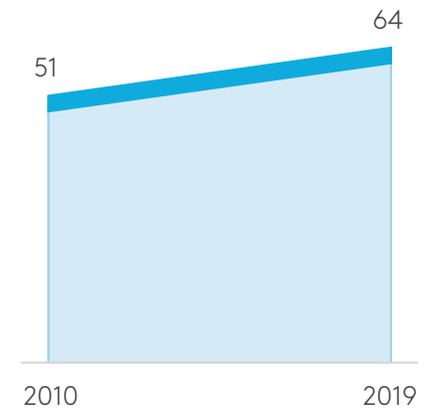
Jobs per 100 working-age residents

50 largest metros and the U.S., 2019



Source Mass Economics analysis of QCEW data; U.S. Census Bureau, American Community Survey, 2019 1-year release

Jobs per working-age population
Metro Detroit, 2010 and 2019



Source: Mass Economics analysis of QCEW data; U.S. Census Bureau, American Community Survey, 2010 and 2019 1-yr release

JOB GROWTH

What is it?

The change in the total number of private-sector jobs between 2010 and 2019.

Why is it important for economic equity?

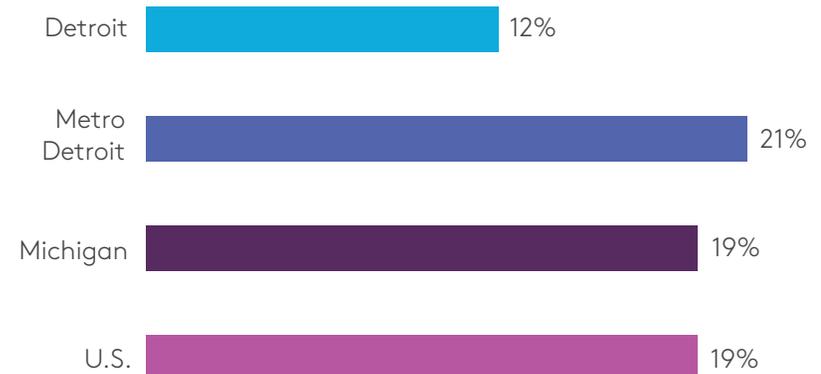
The number of private-sector jobs in the city and region is one of the metrics that shows the strength of the economy and the amount of economic opportunity. Like other metrics of the overall economy, it can tell us whether the economy is growing or contracting. The ability of the region's economy to provide employment opportunities for all workers in the region can have substantial effects on economic equity.

What does it show?

From the end of the Great Recession in 2010 to the onset of the COVID-19 pandemic, there had been steady growth in the number of private-sector jobs across the region, with the number of jobs increasing 21% — or by nearly 312,000 — from 2010 to 2019. Though this shows strong growth in the region, and outpaced the rate of growth in the country as a whole, there was slower growth in the city of Detroit, with employment growth of only 12%.

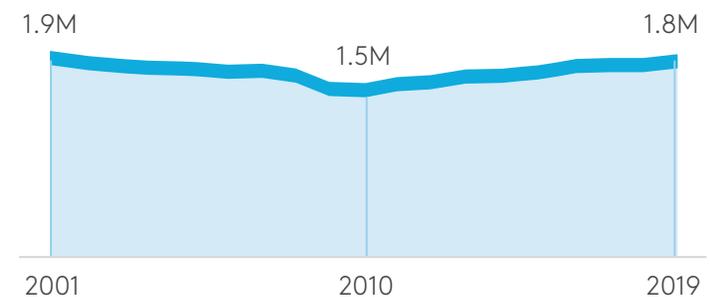
The growth in jobs since 2010 has been consistent, but that growth has not fully replaced the more than 400,000 jobs lost in the 2000s, and the number of private-sector jobs in the region remains below where it was in 2001.

Change in private-sector jobs
2010 to 2019



Source: Quarterly Workforce Indicators, 2010-2019

Change in private-sector jobs
Metro Detroit, 2001 to 2019



Source: Quarterly Workforce Indicators, 2001-2019

TOTAL PAYROLL GENERATION PER CAPITA

What is it?

The total wage income generated in the region divided by the total population of the region.

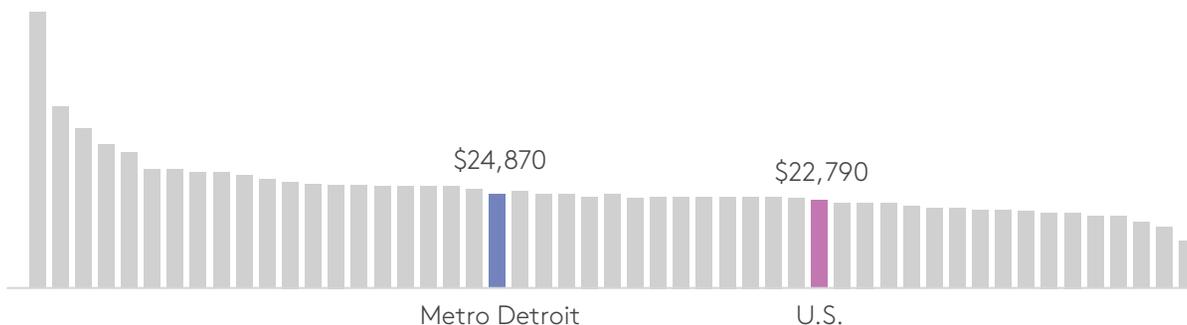
Why is it important for economic equity?

Total income generation per capita is a measure of the robustness of the region's economy and its ability to support the prosperity of its residents. As the region becomes more prosperous, it is vital to make sure that all Detroiters are able to engage in the economy and benefit.

What does it show?

Much like the number or jobs per working-age residents in the region, Metro Detroit places 21st among the largest 50 metros for total income generated per capita, outperforming the country as a whole by more than \$2,000. Income generation per capita in the Detroit region rebounded from the Great Recession, with income per capita increasing by more than \$5,000, or 28%, since 2010³, outpacing the U.S.'s 22%.

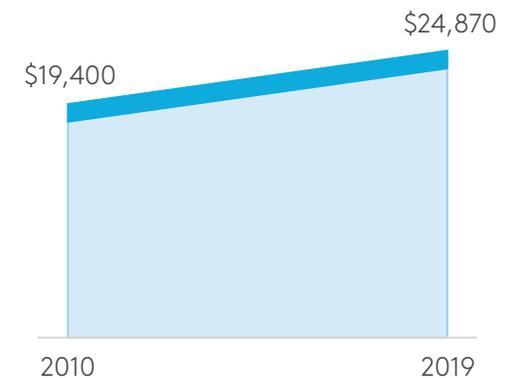
Total income generated per capita 50 largest metros and the U.S., 2019



Source: American Community Survey, 1-year estimates, 2019; Mass Economics analysis of QCEW data, 2019

³Adjusted for inflation in 2019 dollars.

Wage and salary income per capita Metro Detroit, 2010 and 2019 (2019 dollars)



Source: American Community Survey, 1-year estimates, 2010 and 2019; Mass Economics analysis of QCEW data, 2010 and 2019

MIDDLE-WAGE JOBS

What is it?

Jobs that pay more than a median wage and are held by a worker without a bachelor's degree.⁴

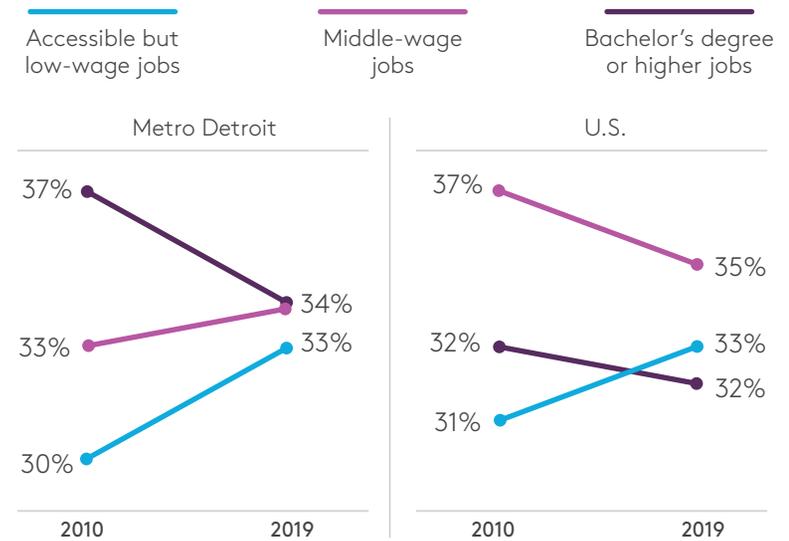
Why is it important for economic equity?

Middle-wage jobs, which are sometimes referred to as "opportunity jobs," can provide quality employment for residents who have not earned a bachelor's degree. Though the default has been to point to a four-year degree as the only way for significant economic advancement, the fact remains that only 33% of Americans 25 years or older have a bachelor's degree. In a more economically equitable Detroit, all workers, regardless of education level, would earn a middle-class wage. Providing opportunities for workers without a degree to prosper and enter the middle class should be seen as a primary focus of a strong, growing, and equitable economy.

What does it show?

Over the last decade, as the overall economy has seen steady improvement, there has been steady growth in middle-wage jobs. In 2019, approximately 600,000, or 34%, of the region's 1.7 million jobs were middle-wage jobs, an increase of 23%, or 110,000 positions, since 2010. The growth in middle-wage jobs in the Detroit region outpaced the country as a whole, which saw an increase of only 14%. Though this is a positive sign, the growth in middle-wage jobs in the Detroit region has been outpaced by the growth in accessible but low-wage jobs, which grew by 32%.

Share of private-sector jobs by type
2010 and 2019



Source: Mass Economics analysis of QCEW data, 2010 and 2019; IPUMS USA, 2010 and 2019

Share of private-sector jobs by type
2019



Source: Mass Economics analysis of QCEW data, 2019; IPUMS USA, 2019

⁴ Based on IPUMS USA, the median wage in the Detroit region was \$37,000 in 2019.



INCOME & WEALTH BUILDING



All Detroiters should be able to meet their **unique needs** and **prosper** by accessing, generating, and maintaining income and wealth.

INCOME & WEALTH BUILDING

Income and wealth building are related but distinct concepts that can be viewed as a high-level assessment of Detroit's progress towards economic equity. The indicators within this category measure whether everyone is fully participating in the economic opportunity of the region and able to meet their unique needs and prosper. Many of the economic inequities that exist in Detroit and the region are rooted in the inability to directly access, generate, and maintain income and wealth.

Factors like the ability to gain a quality education and being able to access employment opportunities in the region have a substantial effect on income and wealth creation, but will not close the racial wealth gap alone. There are other factors that have a profound effect on the ability to build wealth beyond just income. Wealth creation is complex — it is multifaceted in how it is generated, cumulative in how it is built across generations, and systemic in the policies that inhibit or promote wealth creation. Systemic barriers to wealth creation can be seen, for example, in how home values appreciate at lower rates for African-American homeowners than for white homeowners, challenges in getting a mortgage to purchase a home, and access to capital to start or expand a business.

OVERVIEW

Middle class remains out of reach for many and inequities persist.

Following the Great Recession and the City's bankruptcy in 2013, there have been gains in income across the city, but incomes remain low overall, and only a small share of households are considered middle class. Inequities persist between the city and the region, with a sizable gap in median household income. There is a growing gap within the city between white and African-American and Hispanic residents. Housing, which can be a wealth generator, continues to see increases in value since the depths of the Great Recession, but the value of housing remains extremely low in absolute terms and when compared to most places around the country.



INDICATORS

Median household income

Share of population that is middle class

Non-wage income per tax return

Average home value

MEDIAN HOUSEHOLD INCOME

What is it?

The household income at which half of households have an income above that amount and half have an income below that amount.

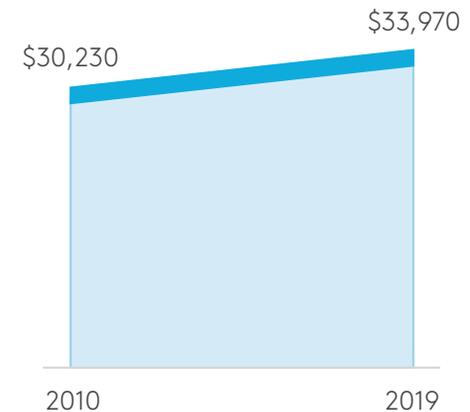
Why is it important for economic equity?

Median household income provides one of the clearest indicators of overall economic equity by allowing for the comparison of incomes across geography and demographic groups and providing insight on the ability of different groups to meet their unique needs and prosper. There are many systemic factors that can influence a household's ability to generate income, such as the strength of the economy, the types of jobs being produced, the location of those jobs, how much the jobs pay, and workers' ability to access those jobs. Beyond just income from wages, households can generate income from government programs, such as Social Security, supplemental security income or temporary assistance for needy families, or from wealth such as investments, businesses, and retirement savings.

What does it show?

Though the Great Recession caused a decline in household income, that trend has reversed, and since 2015, there has been a slow but steady increase in incomes across the city.⁵ Despite the increase in incomes, the median household income in Detroit is just under \$34,000.

Change in median household income
Detroit, 2010 and 2019
(2019 dollars)



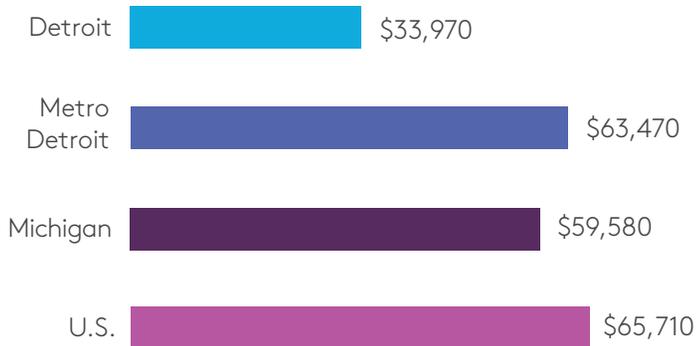
Source: U.S. Census Bureau, American Community Survey, 2019 1-year release

⁵ Adjusted for inflation in 2019 dollars.

Geographic equity

The median income in the city of \$34,000 is slightly more than half that of the region's median income of \$63,000 – a difference of over \$29,000.

Median household income 2019

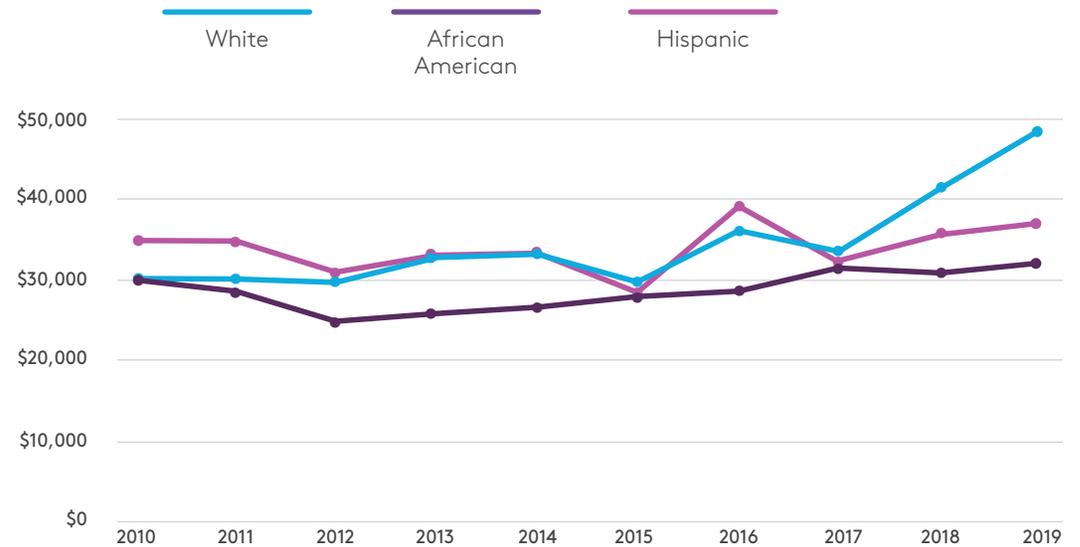


Source: U.S. Census Bureau, American Community Survey, 2019 1-year release

Racial/ethnic equity

Within Detroit, incomes across all racial groups are lower than the median income for the region as a whole. However, there have been substantial gains in recent years in median income among white people, with the median income increasing more than 60%, compared with 8% for African Americans and 5% for Hispanic residents. The median income for white Detroiters is over \$16,000 more than that of African-American Detroiters and about \$12,000 more than that of Hispanic Detroiters.

Median household income by race/ethnicity
Detroit, 2010 to 2019 (2019 dollars)



Source: U.S. Census Bureau, American Community Survey, 2010 and 2019 1-year release

SHARE OF POPULATION THAT IS MIDDLE CLASS

What is it?

DFC defines middle class as the share of the population that has an income between 80% and 200% of the national median, which translated to an income of between \$52,600 and \$131,400 in 2019. This range is based on the national median income, which has risen since 2017, causing the minimum household income required to reach the middle class to increase by about \$8,000.

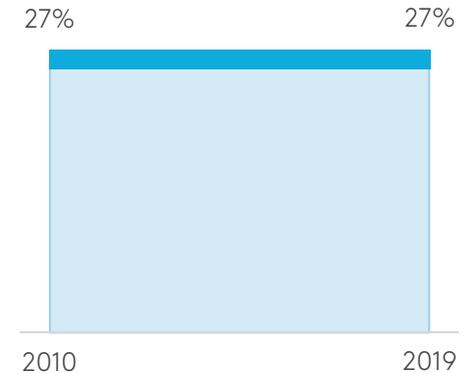
Why is it important for economic equity?

The ability of households to meet their basic needs is of paramount importance. However, the bare minimum for survival is not sufficient as a measure of economic well-being. Everyone in the region must be able to achieve not only a basic standard of living, but also be able to meet their unique needs and move into the middle class. To ensure that Detroit is growing equitably, it is important that the share of middle-class African Americans is brought in line with that of the region. Growing the middle class, both in number and increasing the standard of living for the middle class, is key to growing an equitable and prosperous Detroit.⁶

What does it show?

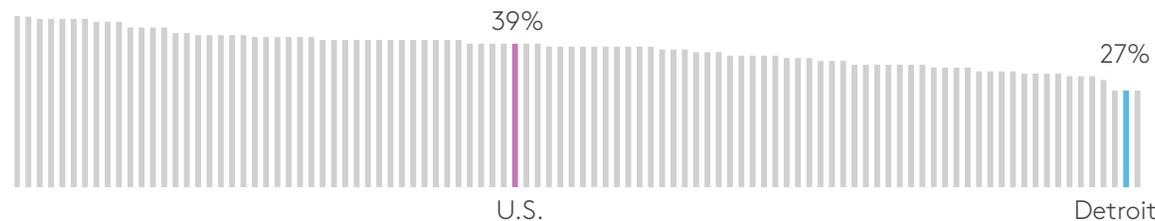
Detroit has seen little to no growth in its middle-class households since 2010, resulting in one of the lowest shares of middle-class households in the country. In 2019, only 27% of Detroit's households were in the middle class. When compared to other cities across the country, only Cleveland, Ohio, had a smaller share of middle-class households.

Share of middle-class households
2010 and 2019



Source: U.S. Census Bureau, American Community Survey, 2019 1-year release

Share of middle-class households
100 largest cities and the U.S., 2019



Source: U.S. Census Bureau, American Community Survey, 2019 1-yr release

What if?

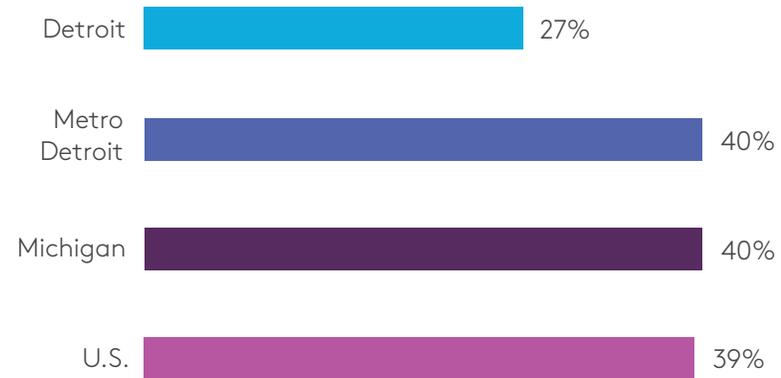
If Detroit had the same share of middle-class households as the region, 34,000 more households would be considered middle class.

⁶ To learn more about the African-American middle class in Detroit see DFC's report: [Growing Detroit's African-American Middle Class.](#)

Geographic equity

There is a much larger share of middle-class households in the region, 40%, than in Detroit, 27%. Over the past 20 years, Detroit has experienced a loss of African-American middle-class households, while the region has seen an increase — 54% of the African American middle-class in the region now lives outside of Detroit.

Share of middle-class households 2019

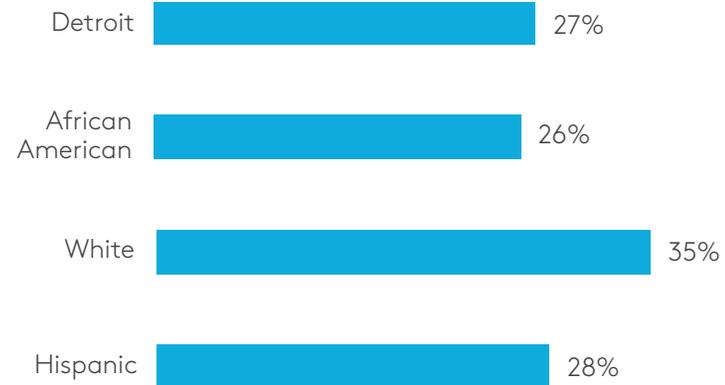


Source: U.S. Census Bureau, American Community Survey, 2019 1-year release

Racial/ethnic equity

White households in Detroit are more likely to be middle class than their African-American and Hispanic counterparts, with 35% of white households falling into the middle class, compared to 26% and 28% for African-American and Hispanic households, respectively.

Middle-class households by race/ethnicity Detroit, 2019



Source: U.S. Census Bureau, American Community Survey, 2019 1-year release

NON-WAGE INCOME PER TAX RETURN

What is it?

Income derived from interest, dividends, capital gains and businesses, as reported by the IRS through tax filings.

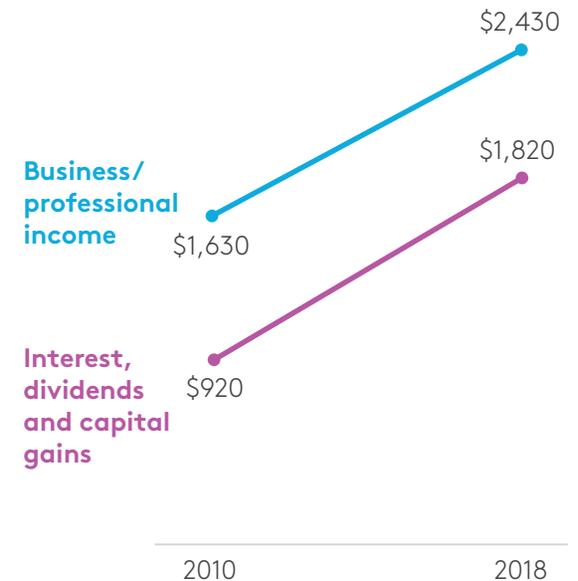
Why is it important for economic equity?

Tracking household wage income is only one aspect of economic equity. To truly measure equity, there must be a sense of a household's ability to build savings and assets. These can take many forms, from equity in housing to retirement or other savings, and can be a strong indicator of whether a household is not only able to meet its day-to-day needs, but is also prospering. Non-wage income provides a critical insight into both savings and wealth. Directly measuring wealth at the local level is extremely challenging; tracking non-wage income through tax filings is one measure that allows for the tracking of wealth at the local level. Closing the income gap is not sufficient; the wealth gap must also be closed.

What does it show?

The amount of non-wage income per tax filer is relatively low in Detroit, but is improving. From 2010 to 2018, the average income per tax filer from interest, dividends, and capital gains doubled to \$1,820. Income from businesses and professional income increased by close to 50%, from \$1,630 in 2010 to \$2,430 in 2018.

Average non-wage income per tax return
Detroit, 2010 and 2018 (2018 dollars)



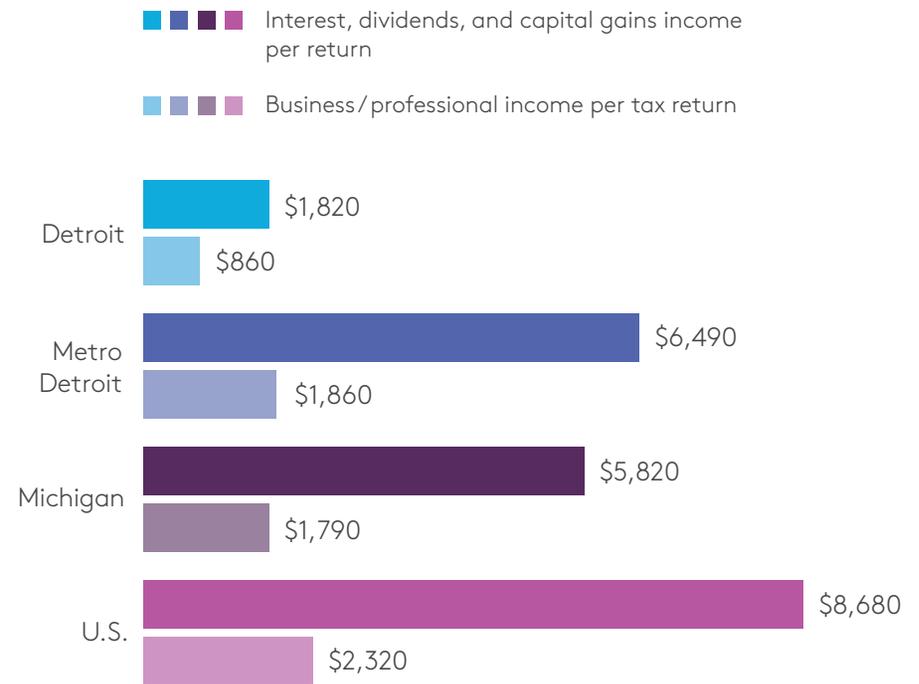
Source: IRS Statistics of Income, 2010 and 2018

Geographic equity

In Detroit, there is a substantially lower amount of non-wage income per return than in the region. In 2018, there was an average of \$1,820 in interest, dividend and capital gains per tax return compared to approximately \$6,500 in the region – more than triple. This indicates that there is significantly less wealth in the city than in the region as a whole.

Not only is the average amount of non-wage income in Detroit lower, but the share of people reporting non-wage income on their tax returns is substantially lower compared to the region, as well. Detroit’s share of tax returns reporting non-wage income is about one-third of the region’s. Since 2010, the average amount of interest, dividends, and capital gains per return grew dramatically in the city, nearly doubling, outpacing the growth in the state and U.S., but trailing the region.

Average non-wage income per tax return 2018



Source: IRS Statistics of Income, 2018

Note: Non-wage income is not available by race/ethnicity.

AVERAGE HOME VALUE

What is it?

The average value of a home.⁷

Why is it important for economic equity?

In the U.S., homeownership has long been considered one of the primary ways to accumulate wealth. Among homeowners, housing value accounts for nearly one-third of their net worth, on average.ⁱⁱ The ability to derive wealth from the investment of purchasing a home depends on the rise in the value of that home. There are several neighborhood-level factors that can contribute to whether the value of a house increases, such as location, market demand, condition of the neighborhood, public and private investments, and the perceived quality of schools. However, there are also policies and practices that have hindered wealth creation through homeownership that disproportionately impact communities of color, such as discriminatory lending practices, disinvestment, devaluation of homes, and the legacy of redlining.⁸ For Detroit to become more economically equitable, all homeowners should be able to generate wealth from their homes.

What does it show?

Home values in Detroit dropped drastically as a result of the Great Recession and the subsequent financial crisis. Since reaching a low in 2013, the median home value in the city has steadily increased. However, even with the steady recovery, home values in the city remain low by regional and national standards.



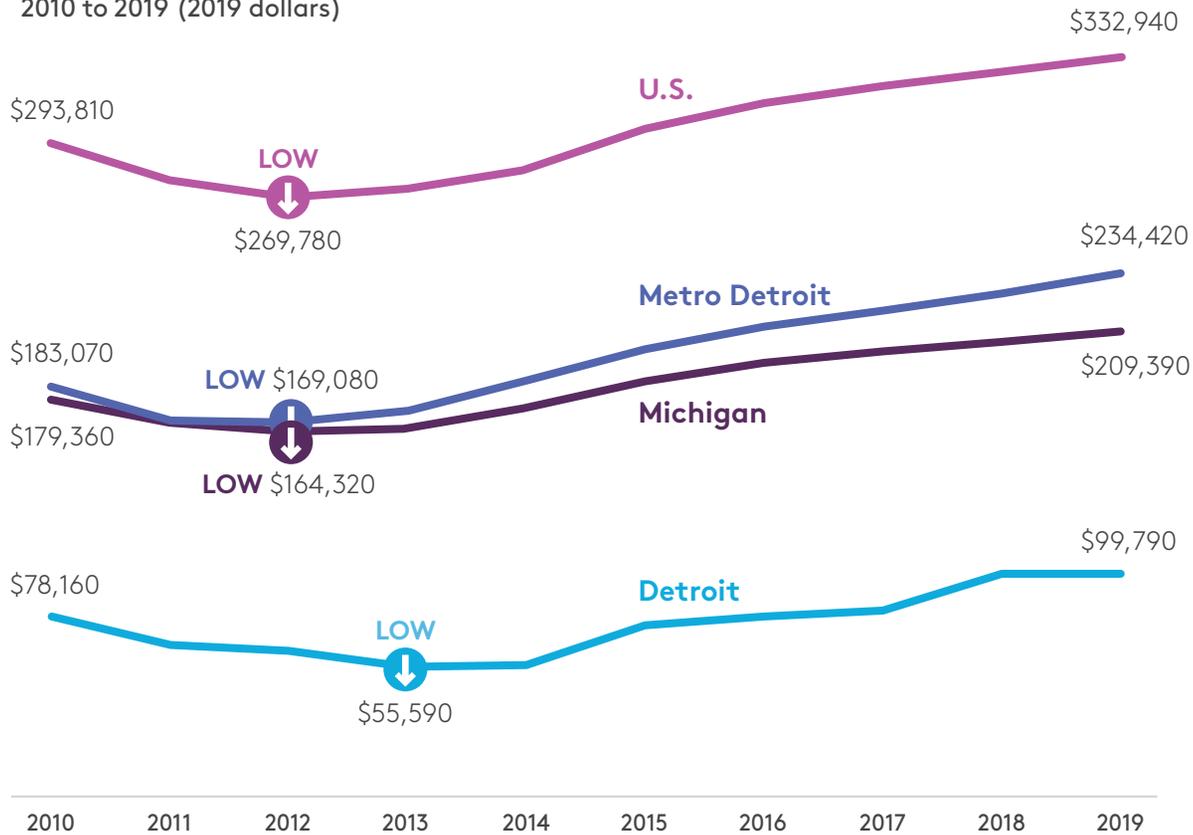
⁷ American Community Survey home values are based on homeowners' estimates, which may vary from other data sources that are based on actual property transactions. Using the ACS value allows for the disaggregation of home values based on the demographic characteristics of the owner, not just geography.

⁸ To learn more, see Rothstein, Richard. 2018. *The Color of Law*. New York, NY: Liveright Publishing Corporation.

Geographic equity

The value of the average home in the city of Detroit is substantially lower — less than half — than that of the region. However, the region overall has lower housing values than that of the country as a whole. This only further highlights the substantially different market conditions that Detroit and similar cities exhibit from the surrounding suburbs and other cities across the country.

Average home value
2010 to 2019 (2019 dollars)



Source: U.S. Census Bureau, American Community Survey, 2010-2019 1-year release

Racial/ethnic equity

Within the city, the average value of homes owned by white residents is \$46,000 more than homes owned by African-American residents and \$39,000 higher than Hispanic residents. This is a reversal of trends in the previous decade, in which the value of African-American-owned homes exceeded that of those owned by white people. The gap in values for both African-American and Hispanic residents is a vivid example of how the collapse of Detroit’s housing market and residential segregation has not only inhibited the ability of residents to *build* wealth through housing investments, but *stripped* wealth from homeowners.

Average home value

Detroit, 2019



Source: IPUMS USA, 2019





ACCESS TO QUALITY EMPLOYMENT



In a more economically equitable Detroit, all residents, **regardless of education,** should be able to enter the **middle class.**

ACCESS TO QUALITY EMPLOYMENT

The size and growth of the regional economy are important drivers for the capacity to build prosperity and economic equity. However, the presence of jobs alone is not sufficient to support economic equity across the region. In addition to looking at broader economic indicators (see the Regional Economy section), it is important to understand how access to jobs varies across demographic groups.

Though there has been broad job growth over the past decade, with the number of jobs in Detroit increasing by 12% and in the region by 21%, there remain stubborn and persistent gaps in who has access to and benefits from those jobs. Building a strong economy that can work for all residents of the city and region will have profound effects on not only the prosperity of the region, but the prosperity of all its residents.



OVERVIEW

Employment remains out of reach for many African-American Detroiters.

Employment outcomes are not evenly distributed, and there have been persistent gaps in labor force participation between Detroit and the region. In the city, African Americans have an unemployment rate that is 1.5 times that of white people. Disparities in education have further exacerbated these gaps, as those without a four-year degree earn substantially less than those with one.

To help those without a degree enter the middle class, middle-wage jobs are an important element. Currently, 35% of the city's jobs are middle wage, but low-wage jobs are the fastest growing segment. In part due to lower wages and incomes, Detroiters spend a larger share of their income on commuting.



INDICATORS

Employment status for the working-age population

Distribution of middle-wage jobs

Hourly wage by education

Full-time and part-time employment

Cost of commute

EMPLOYMENT STATUS FOR THE WORKING-AGE POPULATION

What is it?

Labor force participation rate measures the number of the people who are working or looking for work as a percentage of the total non-institutionalized working-age population, ages 16 to 64. The unemployment rate is the share of people who are in the civilian labor force but do not have a job.

Why is it important for economic equity?

These two related indicators show how engaged people are in the broader economy and what happens when people engage with the economy. Ensuring that people who enter the workforce are able to find a job is a foundational step toward building economic equity.

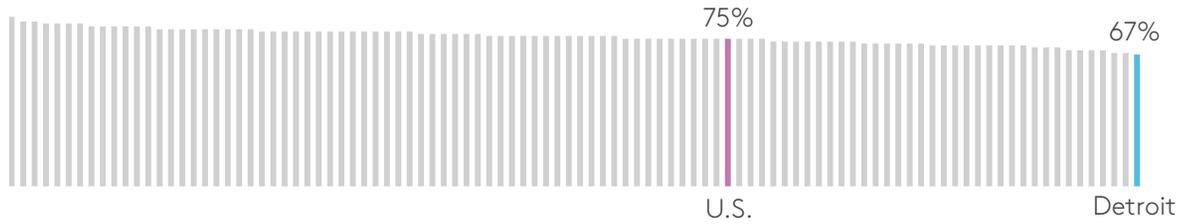
$$\frac{\text{EMPLOYED} + \text{UNEMPLOYED (Looking for work)}}{\text{EMPLOYED} + \text{UNEMPLOYED (Looking for work)} + \text{NOT IN LABOR FORCE (Not looking for work)}} = \text{LABOR FORCE PARTICIPATION RATE}$$

$$\frac{\text{UNEMPLOYED (Looking for work)}}{\text{EMPLOYED} + \text{UNEMPLOYED (Looking for work)}} = \text{UNEMPLOYMENT RATE}$$

What does it show?

In the city, 67% of residents are participating in the labor force. This ranks Detroit last among the top 100 cities by population. Detroit also ranks last with an 11% unemployment rate, highest among the top 100 cities.

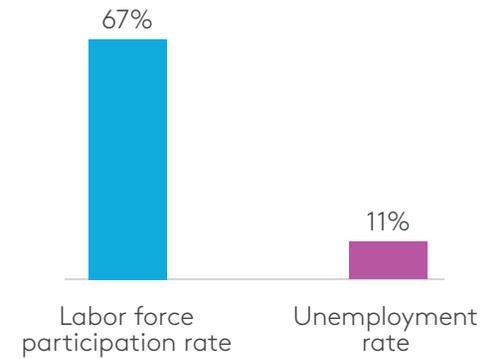
Labor force participation rate for 16- to 64-year-olds 100 largest cities and the U.S., 2019



Source: American Community Survey, 1-year estimates, 2019

Unemployment rate and labor force participation rate for 16- to 64-year-olds

Detroit, 2019



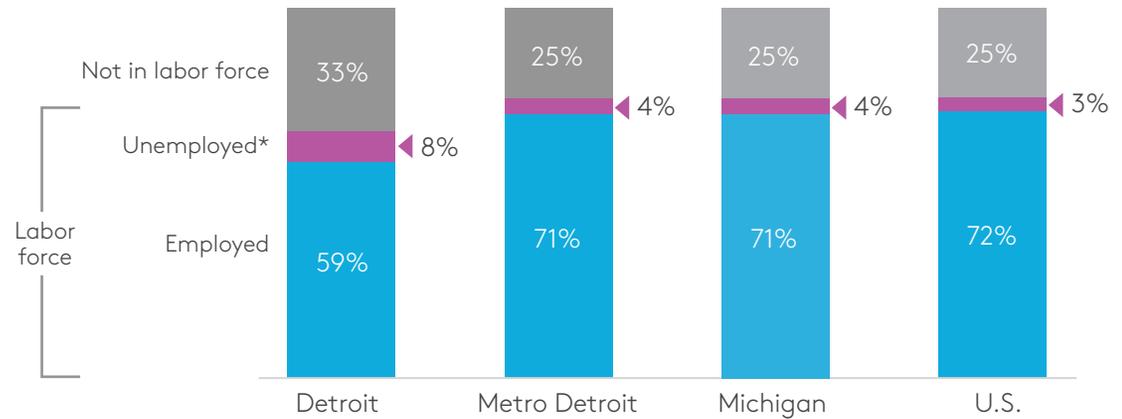
Source: American Community Survey, 1-year estimates, 2019



Geographic equity

The labor force participation rate in Detroit has been lower, and remains substantially lower, than that of the region, with 67% of Detroiters versus 75% of residents in the region currently in the labor force. Unemployment has been persistently higher in the city, with the rate in the city being about two times higher in the city than in the region.

Employment status for 16- to 64-year-olds 2019

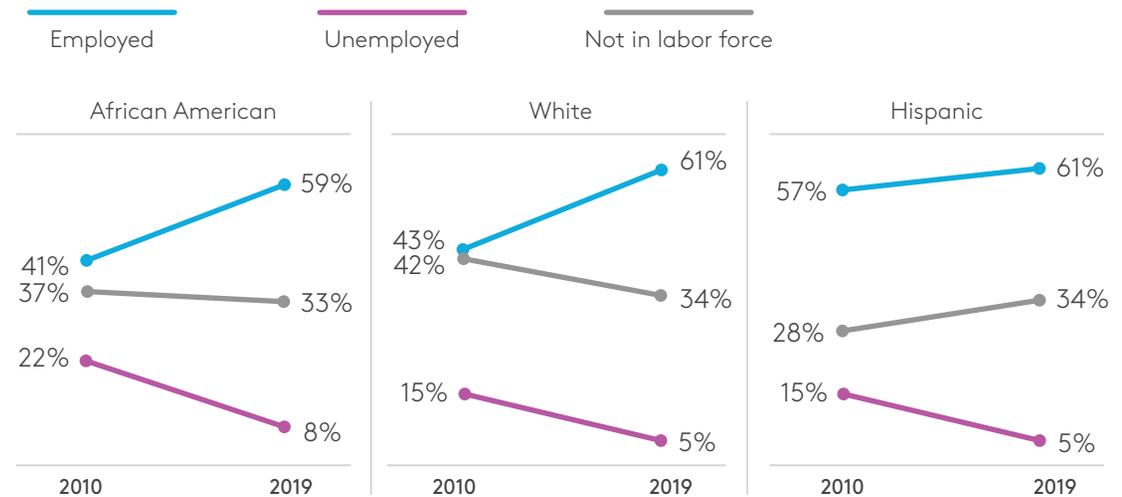


* This number differs from the unemployment rate, which is the number of unemployed workers divided by the total labor force.
Source: American Community Survey, 1-year estimates, 2019

Racial/ethnic equity

Across the city, there is little difference in labor force participation across racial groups. However, while the unemployment rate has declined since the end of the Great Recession, racial disparities have remained, with African Americans in the city having an unemployment rate 1.5 times that of their white and Hispanic counterparts.

Employment status for 16- to 64-year-olds Detroit, 2010 and 2019



Source: American Community Survey, 1-year estimates, 2019

DISTRIBUTION OF MIDDLE-WAGE JOBS

What is it?

Middle-wage jobs are jobs that are accessible to those without a bachelor's degree and that pay more than a median wage.

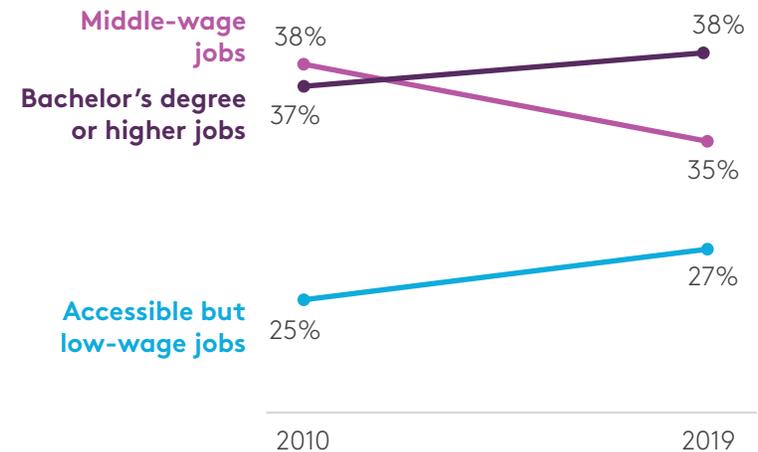
Why is it important for economic equity?

Middle-wage jobs are important for creating opportunities for those without a four-year degree. However, to have an economically equitable Detroit and region, it is of the utmost importance to examine how these middle-wage jobs are distributed, so that all Detroiters can earn enough to enter the middle class regardless of their level of education. The creation and distribution of these middle-wage jobs has the potential to be one of the most potent forces in closing income gaps and improving the economic situation for residents across the region.

What does it show?

Detroit is home to a relatively high share of middle-wage jobs, 35% of jobs in the city are middle-wage jobs. However, over the past decade, middle-wage jobs were the slowest growing segment of Detroit's economy, growing only 3%, compared to 14% in the U.S. and 23% in the region. The shifting of the city's economy towards more low-wage jobs and jobs that require a bachelor's degree or higher indicates a growing gap in the economy.

Share of jobs by type
Detroit, 2010 and 2019

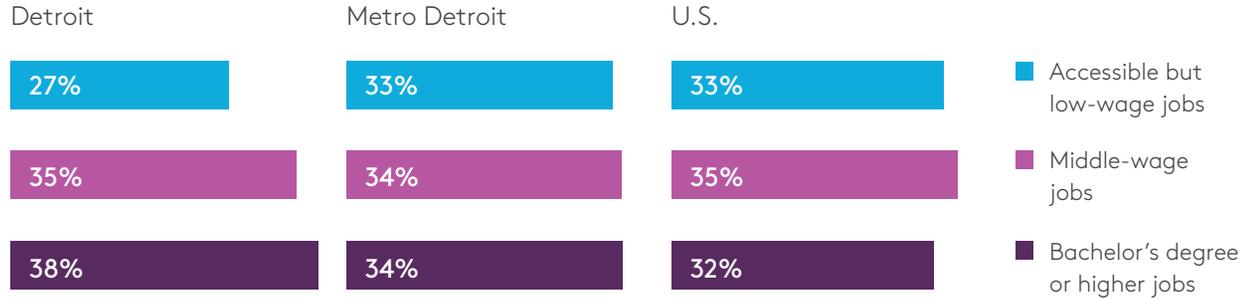


Source: Mass Economics Analysis of QCEW data, 2010 and 2019; IPUMS USA, 2010 and 2019

Geographic equity

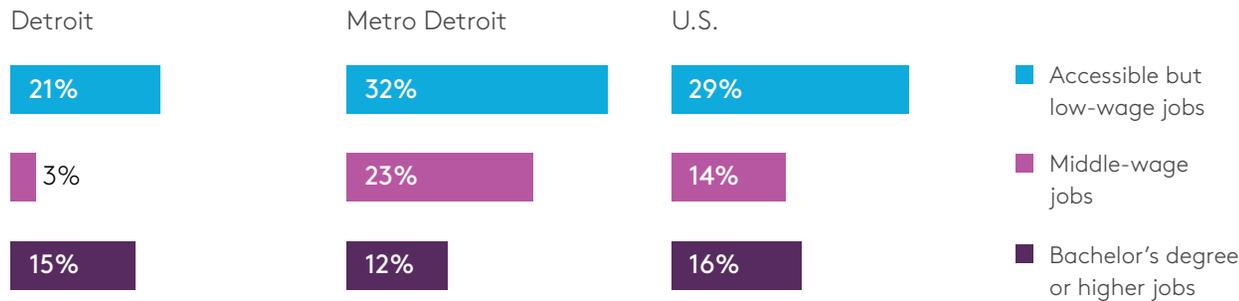
In Detroit, there is a similar share of middle-wage jobs compared to the region. Currently, 35% of the city's jobs and 34% of those in the region are middle-wage jobs. However, over the past decade, the share of middle-wage jobs in the city has been decreasing, despite increasing across the region. The largest growth segment in both the city and the region has been in low-wage jobs, which increased 21% in the city and 32% in the region. The declining share of middle-wage jobs, and the increasing share of low-wage jobs and jobs requiring a bachelor's degree, point to a growing gap in the economy.

Share of jobs by type 2019



Source: Mass Economics Analysis of QCEW data, 2010 and 2019; IPUMS USA, 2019.

Percentage change in jobs by type 2010 to 2019



Source: Mass Economics Analysis of QCEW data, 2010 and 2019; IPUMS USA, 2010 and 2019

Racial/ethnic equity

In Detroit, African-Americans are less likely than their white or Hispanic counterparts to work in a middle-wage job, with 28% of African-American workers currently holding a middle-wage job. This compares to 39% for white people and 25% for Hispanics. African Americans also have a higher share of those working in accessible but low-wage jobs, at 38%.



Share of private jobs by race/ethnicity

Detroit, 2019



Source: Mass Economics Analysis of QCEW data, 2019; IPUMS USA, 2019

HOURLY WAGE FOR WORKERS BY EDUCATION LEVEL

What is it?

The median hourly wage by educational attainment for residents age 25 to 64 years old that worked full-time. Half of workers earn more than this amount, and half earn less.

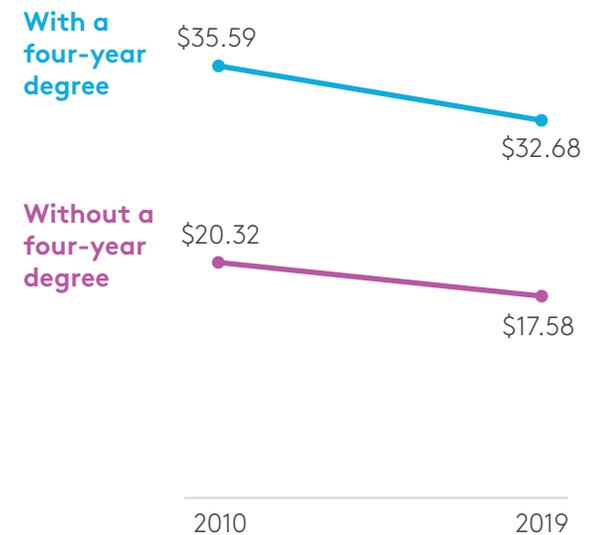
Why is it important for economic equity?

This metric shows the difference between the wages earned by those with and without a four-year degree and provides a comparison between the two groups. It is also a barometer for the ability of those without a four-year degree to enter the middle class. Education cannot continue to be the only path to the middle class. In a more economically equitable Detroit, all workers, regardless of education level, would be able to earn a middle-class wage.

What does it show?

In the Detroit region, the median wage for a person with a four-year degree is more than \$15 higher than for a person without a four-year degree. Though there have been many improvements in the regional economy since 2010, there has been a stagnation and decline in wages⁹, with the median wage for both those with and without a degree declining by nearly \$3 per hour between 2010 and 2019. Despite a decline in inflation-adjusted wages, there remains a substantial premium for those with a four-year degree.

Hourly median wage for workers with and without a four-year degree
Metro Detroit, 2010 and 2019 (2019 dollars)



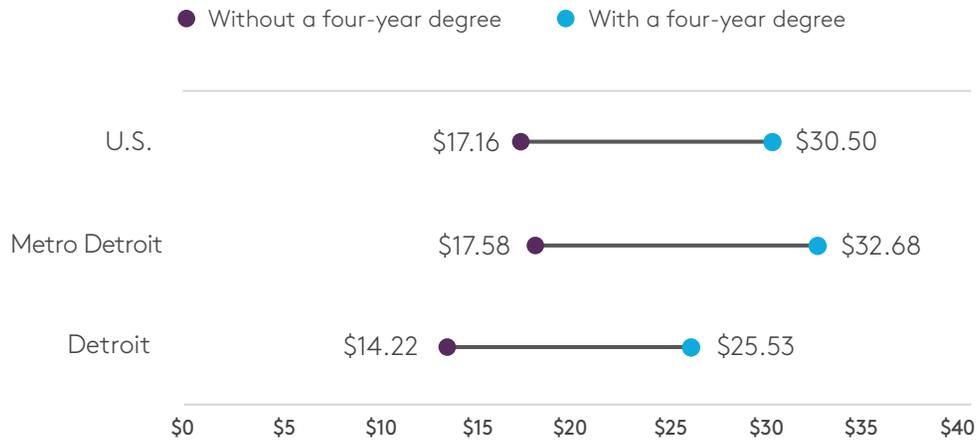
Source: IPUMS USA, 2019

⁹ Adjusted for inflation in 2019 dollars.

Geographic equity

There is a substantial gap in wages between residents of the city versus the region. Across the region the median hourly wage for workers without a four-year degree is \$17.58, which is \$3.36 more than for workers without a four-year degree in the city. For workers with a four-year degree, the gap in wages between the region and city is \$7.15. Within the city, the gap in wages by education level is much smaller, in large part due to lower wages for those with a four-year degree.

Median hourly wage for job holders with and without a four-year degree
2019



Source: IPUMS USA, 2019

Racial/ethnic equity

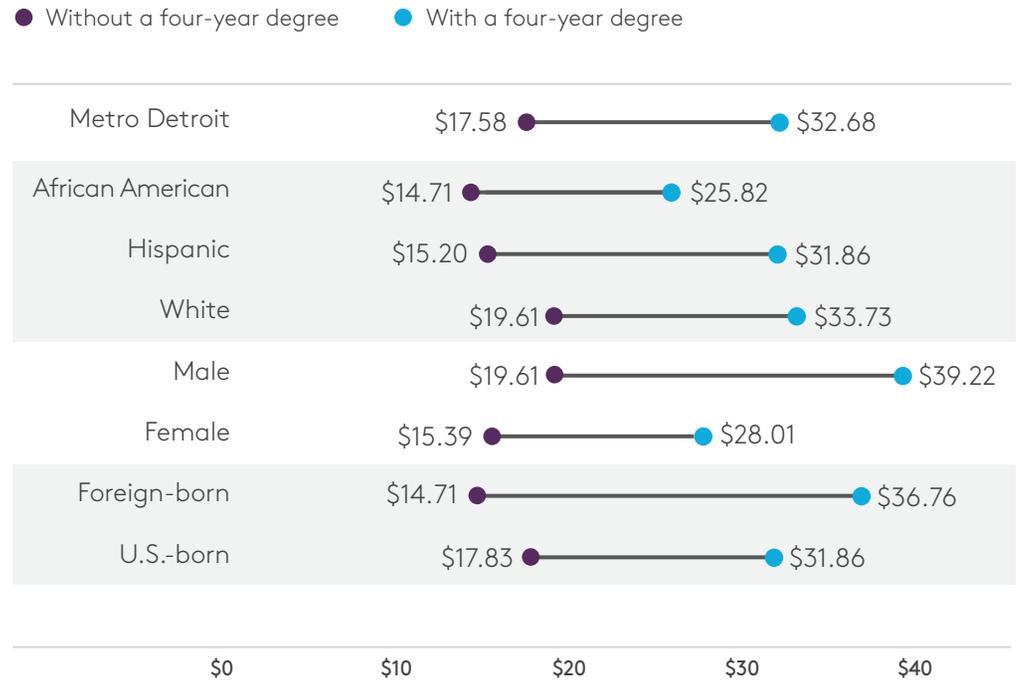
There is a substantial gap in wages between African-American and white workers, both with and without a four-year degree. For those without a four-year degree, African Americans make \$4.90 less than whites, and for those with a four-year degree the gap is nearly \$8. This amounts to African Americans earning \$.75 for each \$1 that whites earn. For Hispanic workers, those without a four-year degree make \$4.41 less per hour than their white counterparts. However, for Hispanics with a four-year degree, the gap is much smaller, at a difference of less than \$2 per hour.

Other aspects of equity

In Detroit, foreign-born workers earn \$3 per hour less than U.S.-born workers, regardless of whether they have a four-year degree. However, in the region and the country as a whole, foreign-born workers with a four-year degree earn more than U.S.-born workers.

Across the board, male workers earn more than female workers, both with and without four-year degrees. The wage gap is highest for workers in the region with four-year degrees, where female workers earn 71 cents for every \$1 earned by male workers. In Detroit, the gap between male and female workers without a degree is smaller than in the region or country, a result of men making \$5 less per hour than elsewhere.

Median hourly wage for job holders with and without a four-year degree Metro Detroit, 2019



Source: IPUMS USA, 2019

DISTRIBUTION OF PART-TIME, PART-YEAR, AND FULL-TIME YEAR-ROUND EMPLOYMENT

What is it?

The share of workers age 25-64 years old working full time and the share of workers working year-round.

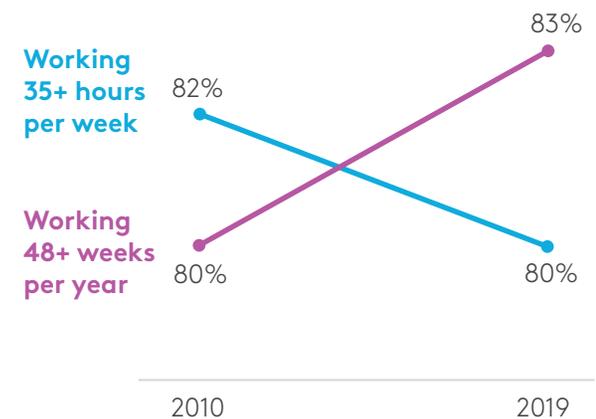
Why is it important for economic equity?

In addition to being in the labor force and employed, the quality of that employment is important. Though not the only indicator of job quality, full-time and year-round employment can be a good metric to capture underemployment and access to employer-based benefits, such as health insurance.

What does it show?

Since the end of the Great Recession, a smaller share of Detroiters are working full time and year-round.

Share of workers working more than 35 hours per week or 48 weeks per year
Detroit, 2010 and 2019

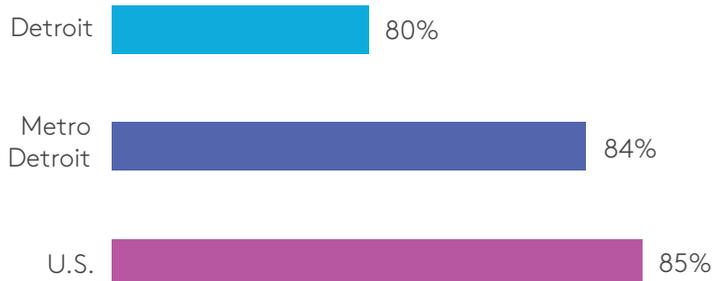


Source: IPUMS USA, 2010 and 2019

Geographic equity

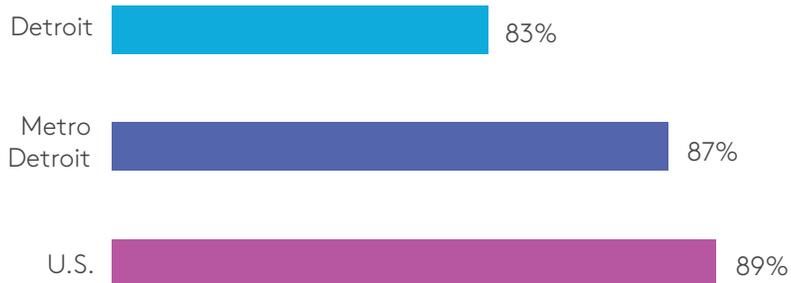
Although most Detroiters are working full time and year-round, they are more likely than their suburban counterparts to be employed part time and to work fewer than 48 weeks in a year.

Share of workers working more than 35 hours per week 2019



Source: IPUMS USA, 2019

Share of workers working more than 48 weeks per year 2019

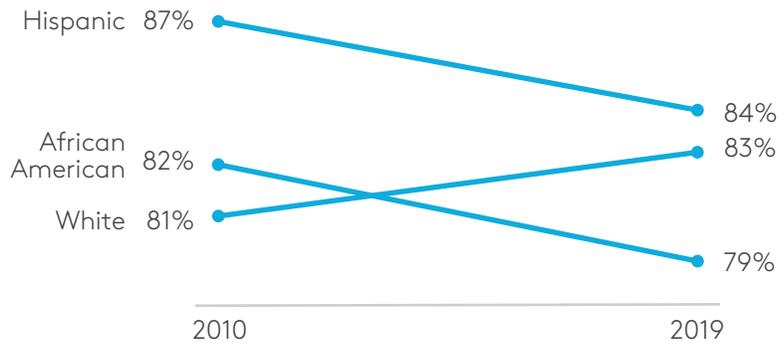


Source: IPUMS USA, 2019

Racial/ethnic equity

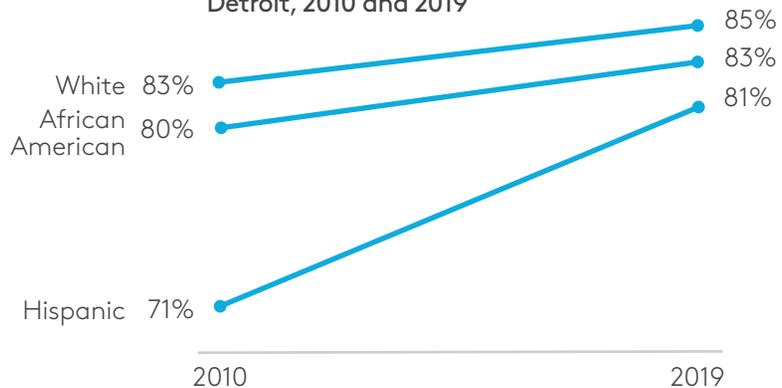
African Americans are less likely to be employed full time than their white or Hispanic counterparts. While Hispanic residents are more likely to be working full time, they are less likely to work year-round.

Share of workers working more than 35 hours per week Detroit, 2010 and 2019



Source: IPUMS USA, 2010 and 2019

Share of workers working more than 48 weeks per year Detroit, 2010 and 2019



Source: IPUMS USA, 2010 and 2019

COST OF COMMUTE

What is it?

The estimated percentage of a workers' wages spent on commuting to and from work. This measure combines multiple aspects of commuting costs, both out-of-pocket costs and value of travel time.

Why is it important for economic equity?

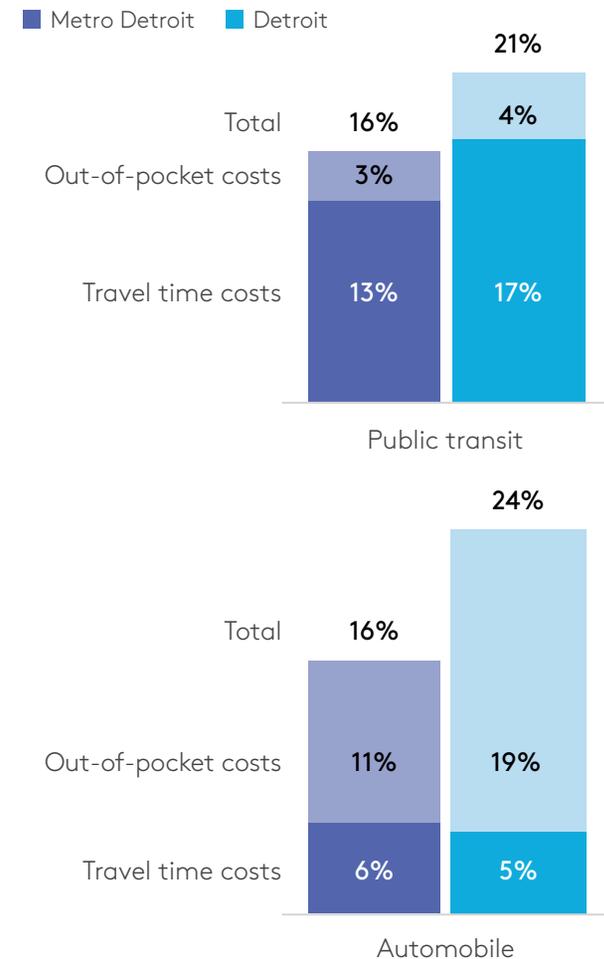
The ability to physically access employment can play an important role in one's ability to gain and keep employment. Additionally, excess costs, not only in money but also in time, can place an undue burden on some residents as they have to travel further and pay more for transportation. This is especially important in Metro Detroit, where the dispersion of employment across multiple job centers in places like Southfield, Dearborn, or Troy, combined with lack of a regional transit system, causes Detroiters to travel further to access employment.

What does it show?

When compared to residents of the region, Detroiters spend a larger share of their income on transportation, regardless of whether they are commuting by public transit or private automobile. Currently, Detroiters who use public transit for their commute spend 21% of their income commuting, compared to 16% for other residents in the region. For those who commute by private automobile, Detroiters spend 24%, compared to 16% for residents across the region.

Though the lower incomes of Detroiters is one factor here, it is not the only factor. For those who commute using public transportation, the cost of time is significant. For those who drive, the disparity is mainly the result of high auto insurance rates.

Total commute costs as a percentage of wages
2019

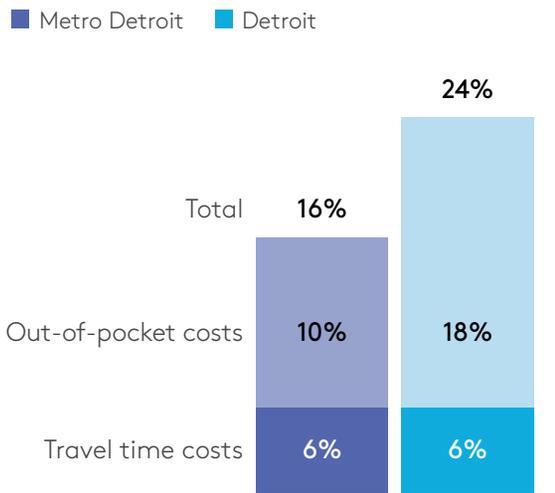


Source: IPUMS USA, 2019; BLS; BTS; DDOT; Value Penguin

Geographic equity

Working Detroiters spend more as a share of their wage than do their suburban counterparts. While lower wages for residents is one factor, it is not the only factor. For Detroiters that commute by public transportation, the average round trip commute is 13 minutes longer. For those who drive to work, out of pocket costs, most notably automobile insurance, are a driving factor.

Total commute costs as a percentage of wage 2019

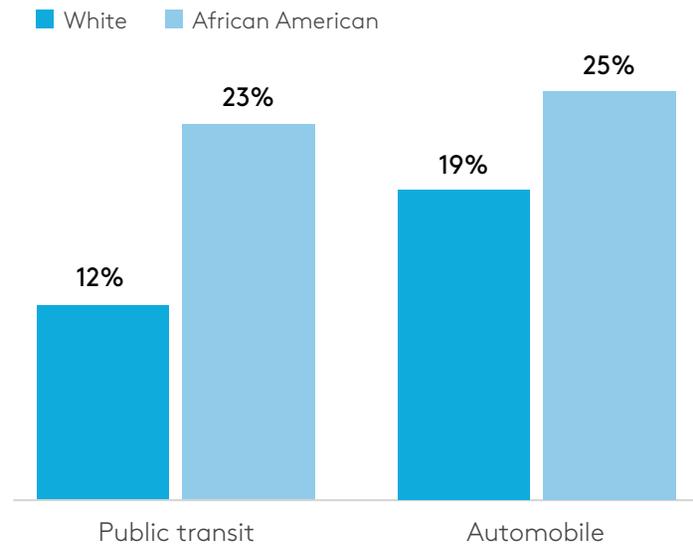


Source: IPUMS USA, 2019; BLS; BTS; DDOT; Value Penguin

Racial/ethnic equity

Among commuters who live in Detroit, African Americans are spending a larger share of their income on travel. On average, African-American commuters are spending 25% of their income on travel, with white commuters spending 19%. For those traveling to work by car, the primary driver is the differential in wages. For riders of public transportation, slightly higher wages for African Americans are offset by longer commute times.

Commute costs as a percentage of wages by race/ethnicity Detroit, 2019



Source: IPUMS USA, 2019; BLS; BTS; DDOT; Value Penguin

Note: There is a small number of public transit commuters who identify as white. (n <30)



BUSINESS & ENTREPRENEURSHIP



Growing minority-owned businesses
can **transform our economy.**

BUSINESS & ENTREPRENEURSHIP

Small minority-owned businesses and entrepreneurs have the potential to have a profound effect on economic equity in Detroit. Creating and scaling minority-owned businesses can generate wealth for entrepreneurs and, through hiring, increase opportunities for Detroiters. In addition to creating local jobs, these businesses also keep money circulating within the local and regional economies, through the purchase of goods and services from other local businesses, and the spending of its workforce.

Access to small-business capital, at all stages, is one of the most important — and often limiting — factors in the establishment and growth of businesses. The ability of a city and region to support diverse entrepreneurs is also an important component of national competitiveness. Building a diverse base of entrepreneurs builds a more attractive business environment and expands networks that can provide better supports as new businesses start and expand.

Beyond wealth creation for entrepreneurs and job creation for residents, small businesses have the opportunity to transform Detroit's neighborhoods. Business retention and creation is an important step toward the revitalization of desirable middle-class neighborhoods, where residents have access to a range of services and amenities within a short distance of their homes.

OVERVIEW

The entrepreneurship rate in Detroit is low when compared to the region and state.

It is especially low for minority-owned firms¹⁰, with just four minority-owned firms per 1,000 residents. Though the entrepreneurship rate is low, firms tend to do comparatively well in terms of the number of employees or revenue, but African-American-owned firms lag in both categories. In the city, there is a limited amount of small-business capital available, with lending rates at about 75% of the region or state.

¹⁰ The entrepreneurship rate is measured by the count of firms with employees by race/ethnicity divided by the working population (25 to 64 years old) for each racial/ethnic group.



INDICATORS

Entrepreneurship rates per capita

Average business size

Capital access for small businesses

ENTREPRENEURSHIP RATES PER CAPITA

What is it?

The number of privately held businesses with employees per 1,000 working-age residents.

Why is it important for economic equity?

Tracking the number and rate of businesses with employees can be an indicator of opportunity for entrepreneurs in the city. Within an economically equitable Detroit, race, ethnicity or geographic location would not be a barrier to business ownership or growth. However, entrepreneurship rates can and do vary dramatically by demographic group, as well as by geography. These differences point to different strengths and weaknesses in the business support and capital ecosystems, and can be an important data point in crafting small-business policy and supports.

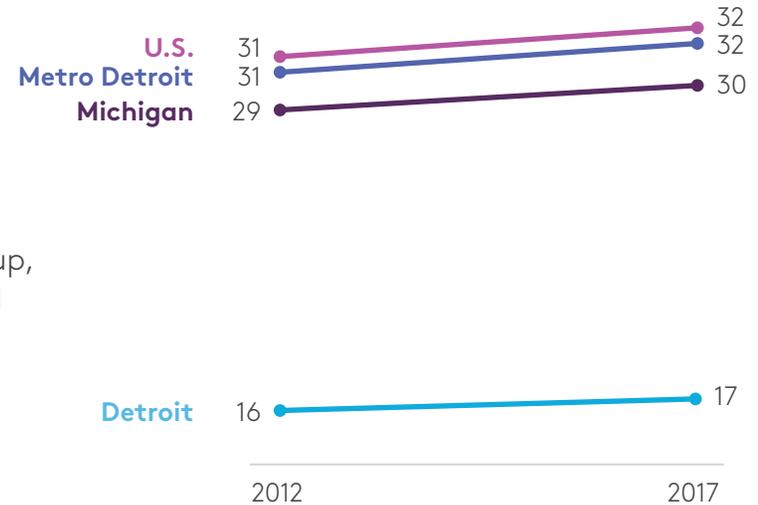
What does it show?

In 2017, the entrepreneurship rate for firms with employees in the city was 17 per 1,000 working-age residents. Detroit has one of the lowest entrepreneurship rates among U.S. cities, ranking 99th among the country's 100 largest cities. However, over the past decade, the entrepreneurship rate in the city increased 3% between 2012 and 2017, which was similar to the rate for the country as a whole.

What if?

If Detroit had the same entrepreneurship rate as the region, the number of businesses with employees would nearly double.

Entrepreneurship rates
2012 and 2017



Source: U.S. Census Bureau Annual Business Survey, 2017; Survey of Business Owners, 2012; American Community Survey, 5-year estimates, 2017; Decennial Census 2010

Geographic equity

The entrepreneurship rate in the city is low when compared to the region, state, and U.S. The region has a rate of 32 firms per 1,000 working-age residents, almost double the rate in the city. The rate in the region is similar to the state at 30 per 1,000 working-age residents, and the same as the U.S. rate of 32 per 1,000 working-age residents.



Growth in entrepreneurship rate 2012 to 2017

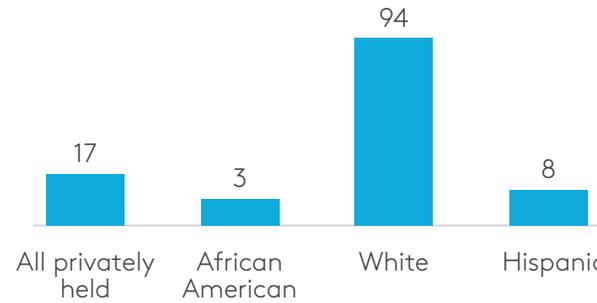


Source: U.S. Census Bureau Annual Business Survey, 2017; Survey of Business Owners, 2012; American Community Survey, 5-year estimates, 2017; Decennial Census 2010

Racial/ethnic equity

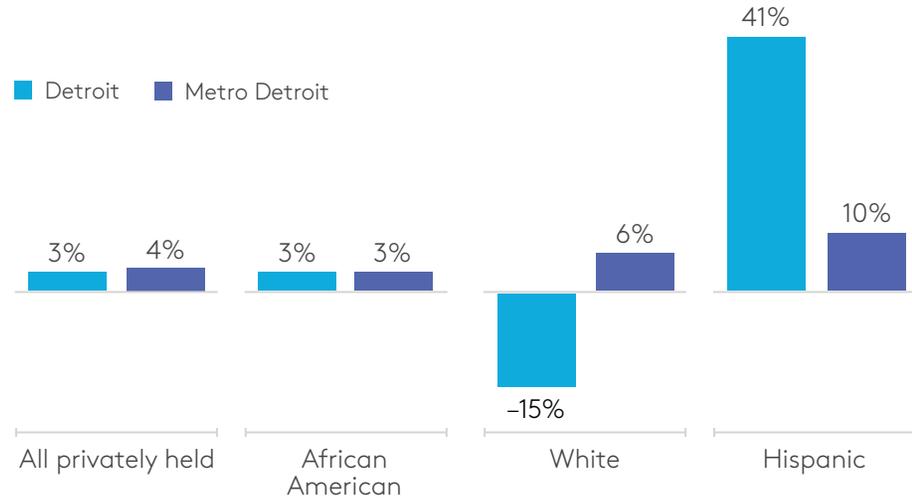
The rate of entrepreneurship for African-American- and Hispanic-owned businesses in Detroit is particularly low, with three African American-owned firms per 1,000 working-age African-American residents and eight Hispanic-owned firms per 1,000 Hispanic residents compared to a rate of 94 white-owned businesses per 1,000 working-age white residents. From 2012 to 2017, the entrepreneurship rate for African Americans in Detroit increased by 3%, and by 41% for Hispanic-residents of Detroit. During the same period, the entrepreneurship rate for white-owned firms declined 15%.

Entrepreneurship rate by race/ethnicity
Detroit, 2017



Source: U.S. Census Bureau Annual Business Survey, 2017; Survey of Business Owners, 2012; American Community Survey, 5-year estimates, 2017; Decennial Census 2010

Growth in entrepreneurship rates
2012 to 2017



Source: U.S. Census Bureau Annual Business Survey, 2017; Survey of Business Owners, 2012; American Community Survey, 2013-2017

AVERAGE BUSINESS SIZE

What is it?

The size of businesses as measured by the average number of employees and average revenue.

Why is it important for economic equity?

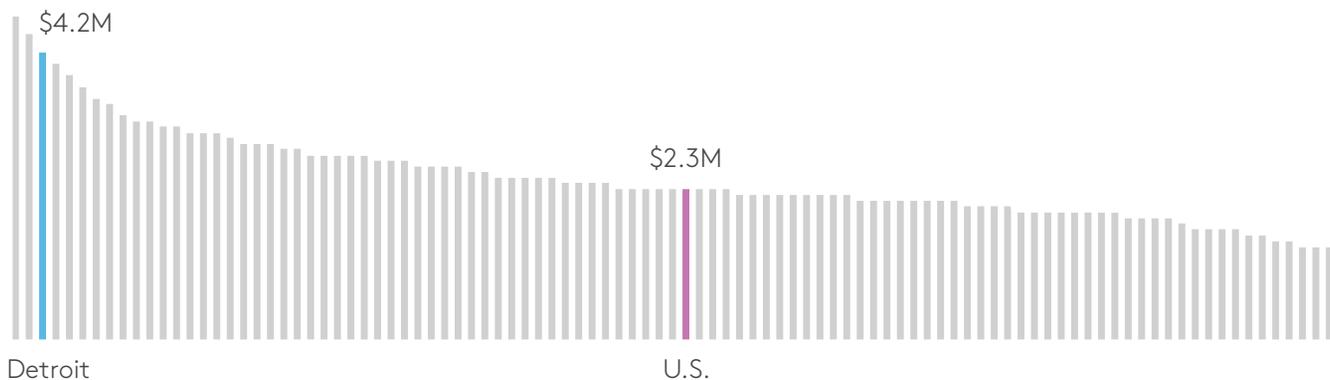
Beyond the creation of businesses, the ability of businesses to expand and grow is an indicator of the potential to grow the economy and provide additional opportunities for Detroiters. It is important that all businesses, especially those owned by African-American, Hispanic, and foreign-born residents, are able to grow and expand. Similar to the rate of entrepreneurship, this indicator can also be used to guide the creation of programs and policies to support small businesses.

What does it show?

When compared to the 100 largest U.S. cities, Detroit ranks highly for both average number of employees and average revenue per firm. However, this does not translate to prosperity for African-American-owned firms, which rank substantially lower in both metrics.

Average revenue per firm

100 largest cities and the U.S., 2017

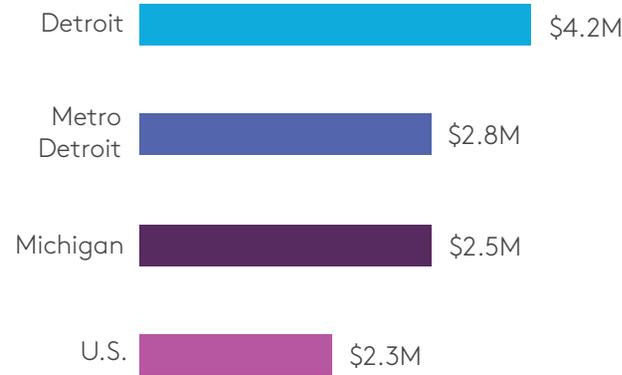


Source: Annual Business Survey, 2017

Geographic equity

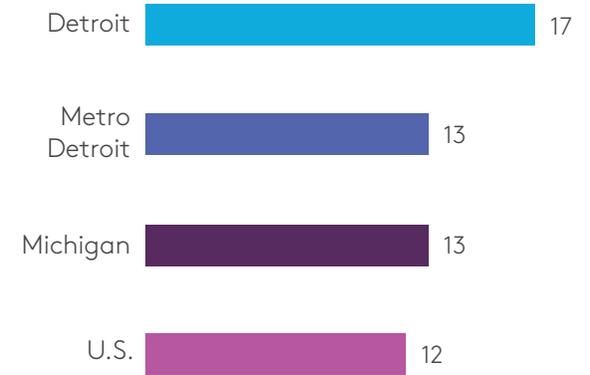
Overall, Detroit fares well both in firm size and revenue when compared to the region and other cities across the country. In Detroit, privately held firms have an average of 17 employees. When compared to other cities across the country, Detroit ranks 10th. Detroit also ranks high when compared to other cities for average firm revenue, which in 2017 was \$4.2 million a year. Detroit also does well by this metric when compared to the region, where Detroit firms are larger, on average.

Average revenue per firm 2017



Source: Annual Business Survey, 2017

Average employees per firm 2017

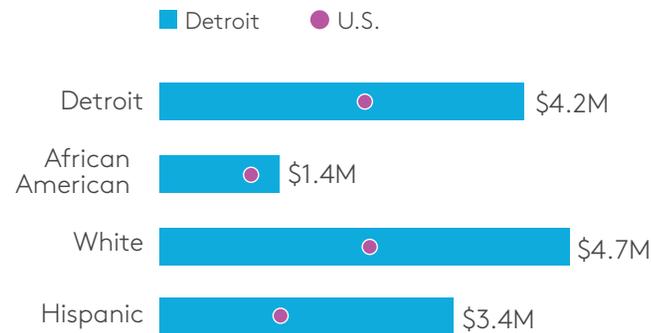


Source: Annual Business Survey, 2017

Racial/ethnic equity

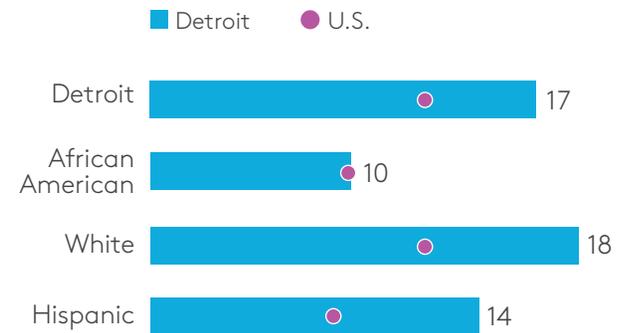
Detroit ranks lower than the region in terms of both size and revenue for minority-owned firms. African-American-owned firms in Detroit tend to be smaller, averaging just under 10 employees, and earn less revenue, at \$1.4 million per firm, indicating the need to evaluate and improve the processes, programs, and policies in place to support these businesses.

Average revenue per firm by race/ethnicity Detroit, 2017



Source: Annual Business Survey, 2017

Average employees per firm in Detroit by race/ethnicity Detroit, 2017



Source: Annual Business Survey, 2017

CAPITAL ACCESS FOR SMALL BUSINESSES

What is it?

The value of small-business loans divided by the number jobs at firms with fewer than 500 employees.

Why is it important for economic equity?

One major component of a business being able get off the ground, to grow and to expand is access to capital. The availability of funding, from microloans to traditional bank loans, has a major impact on the formation of new businesses and on the growth or failure of existing businesses.

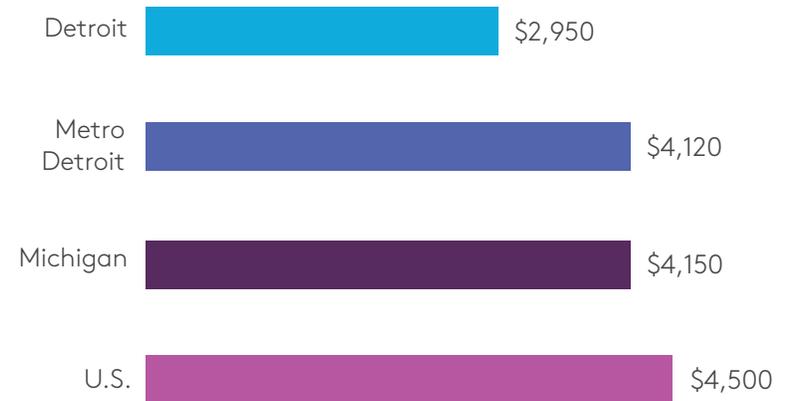
What does it show?

In Detroit, the total value of small-business loans made per job is 72% of that in the region. In 2018, there was \$2,950 in loan capital per job at firms with fewer than 500 employees in the city. This compares to \$4,118 in the region and \$4,147 in the state. Detroit makes up about 9% of the region's jobs at firms with fewer than 500 employees, but only 6% of the value of small-business loans.

What if?

If businesses in Detroit had the same access to capital as those in the region, there would be \$90 million more to help businesses start and grow.

Value of loans per job at small businesses
2018



Source: FFIEC-CRA, 2018; SBA, Avg. of 2017-2019; CDFI, Avg. 2015-2017; Quarterly Workforce Indicators, 2018

Geographic equity

The value of loans per small-business job in the city is small, and has declined, dropping 21% from 2012 to 2018. This is a trend that holds for the region and state, while the value of loans per job in the nation as a whole is growing. Overall, between 2012 and 2018, Detroit experienced a decline of 18% in the value of business loans.¹¹



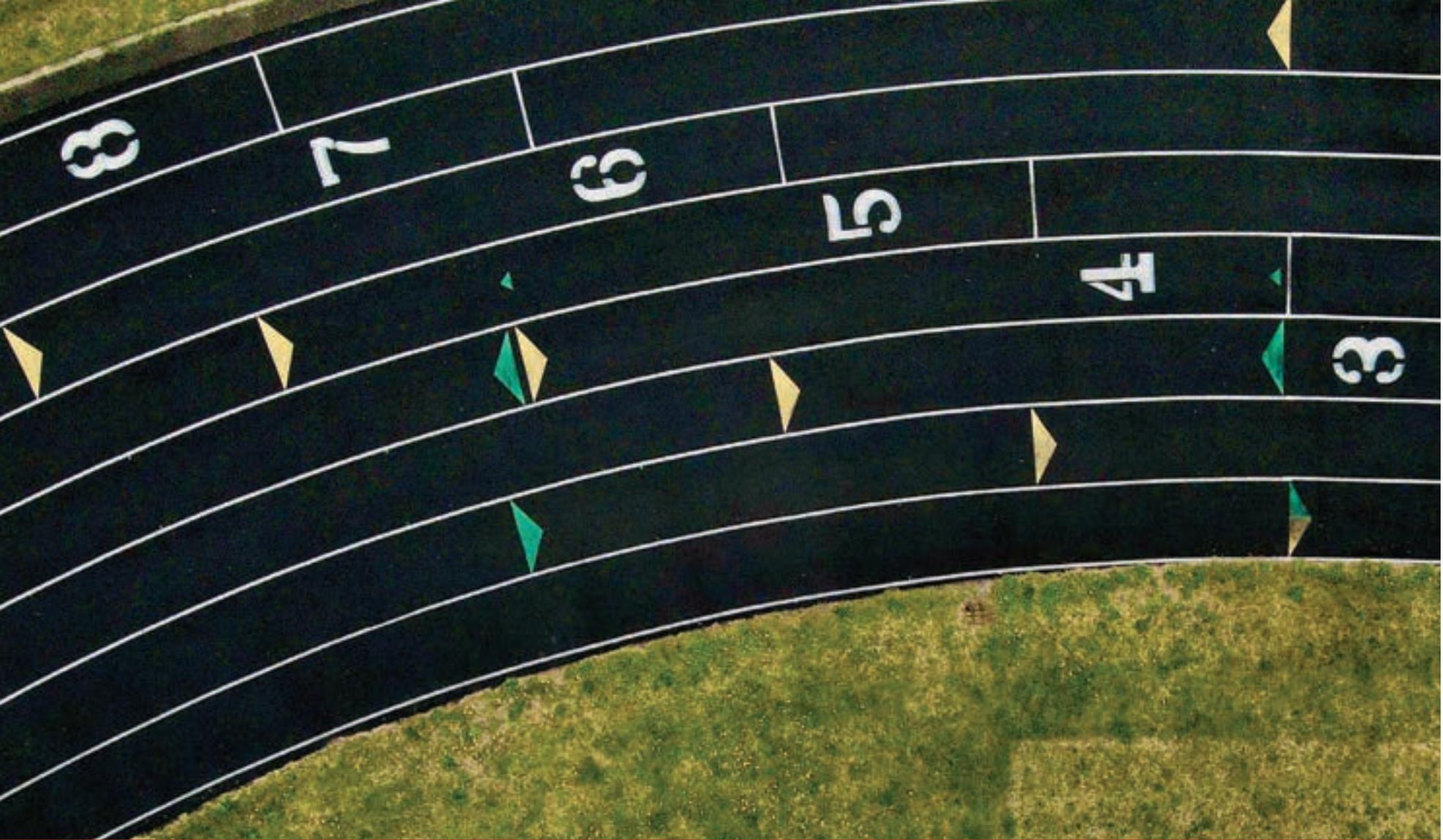
Value of loans per job at small businesses 2012 and 2018 (2018 dollars)



Source: FFIEC-CRA, 2012 and 2018; SBA, average of 2011-13 and average of 2017-2019; CDFI, average of 2011-2013 and average of 2015-2017; QWI, 2012 and 2018

¹¹Adjusted for inflation in 2018 dollars.

Note: Capital access for small businesses is not available by race/ethnicity.



EDUCATION



In a more economically equitable Detroit, the **education system** would **adequately prepare** all residents for the workforce.

EDUCATION

A quality education system can have a dramatic impact on the city and region, and can continue to grow the opportunities for Detroiters to participate, compete, and succeed in the workforce. Quality educational opportunities can prepare the city's future workforce, and continuing education can increase residents' opportunities to build skills and networks. Building the talent base and investing in the people of the city is not just a vital component of improving the economic prospects of residents but a vital component of the economic development and competitiveness of attracting new jobs to the city and the region.

There are links between education and workforce outcomes, and disparities remain in wages across racial and ethnic groups. Across the region, those with a bachelor's degree earn 86% more than those without, which translates to an additional \$15 per hour. Furthermore, there are declines in unemployment and gains in labor force participation as the level of education increases. Though a college education is an important factor and a goal for many, it cannot be the only path for one to access the middle class. To contribute to building a strong and competitive workforce, there also must be a strong community college and career and technical education system to provide the necessary skills to expand the pathways to enter the middle class.

OVERVIEW

The educational system in Michigan is not adequately preparing all students for the workforce.

In Michigan, 45% of third-graders are reading at grade level. In Detroit, the number is only 17%. The share of Detroiters with a bachelor's degree remains low when compared to the region and other cities across the country. Racial disparities in educational attainment persist — only 13% of African Americans and 11% of Hispanic residents have a bachelor's degree compared to 40% for white residents. Completion rates for career and technical education programs remain low, both in Detroit and across the region.



INDICATORS

Educational attainment

Third-grade English/language arts proficiency

Career and technical education completion rates

EDUCATIONAL ATTAINMENT

What is it?

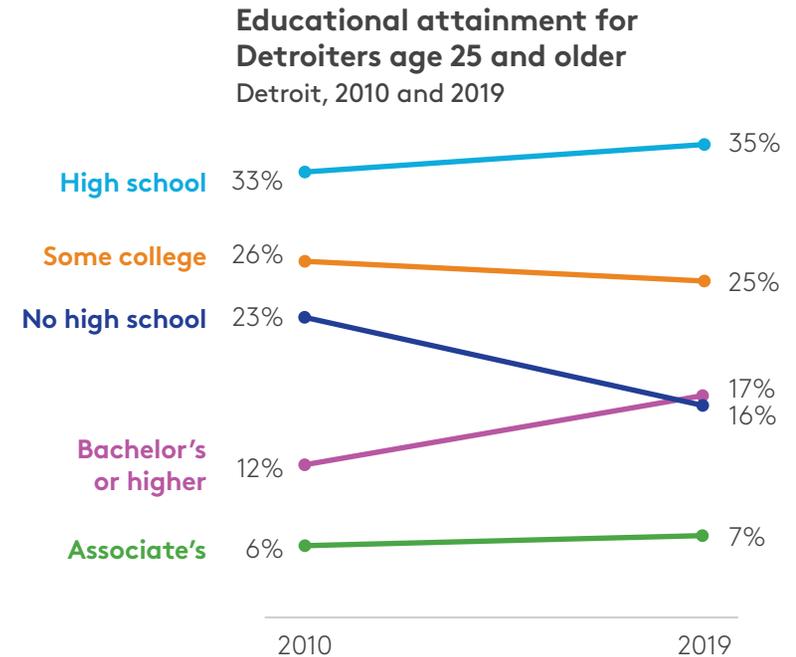
The share of the population 25 years or older by their highest level of education.

Why is it important for economic equity?

There is a strong link between educational attainment and workforce outcomes. Those with a bachelor's degree have greater success in both earnings and being able to gain employment. The improvement in workforce outcomes, in the form of higher wages, can have substantial effects on a resident's ability to build wealth. Educational attainment is also important for building a strong workforce that can attract jobs to the region.

What does it show?

Over the past decade, educational attainment across the city has improved, with a declining share of residents without a high school diploma and an increasing share of residents with high school diplomas and bachelor's degrees or higher. The share of residents with a bachelor's degree has increased despite a declining share of the city's high school graduates going on to attend college.ⁱⁱⁱ

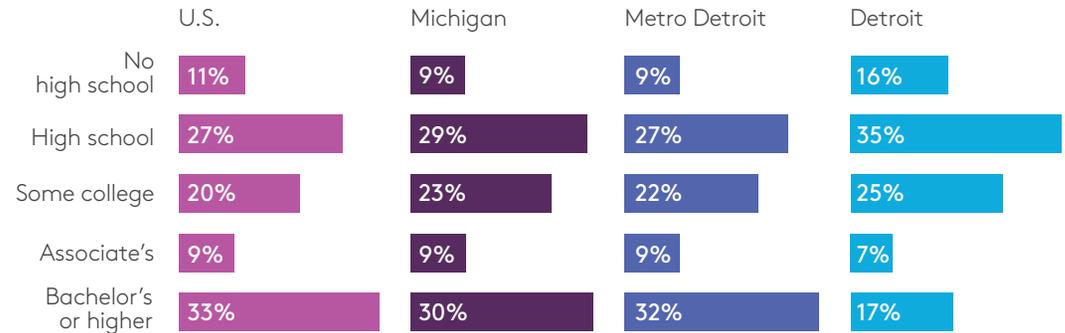


Source: American Community Survey, 1-year estimates, 2010 and 2019

Geographic equity

The city of Detroit has a smaller share of residents with a bachelor’s degree than the region or state. Among the 100 largest cities, Detroit has the second lowest share of residents with a bachelor’s degree. Currently, only 17% of city residents 25 and older have earned a bachelor’s degree, about half of the rate of the region. There is also a smaller share of residents who have obtained an associate’s degree, with 7% of Detroiters earning this credential, compared to 9% in the region as a whole.

Educational attainment for Detroiters age 25 and older 2019

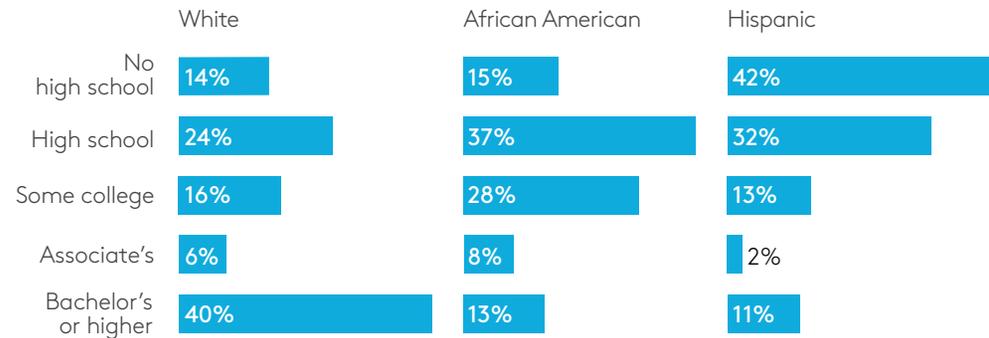


Source: American Community Survey, 1-year estimates, 2019

Racial/ethnic equity

Though there have been increases, the share of African-American Detroiters with a bachelor’s degree remains low. Currently, 13% of African Americans in the city have a bachelor’s degree, compared to 40% of white residents. In Metro Detroit, 61% of African Americans with a bachelor’s degree or higher live outside of the city of Detroit. Educational attainment for Hispanic Detroiters remains low, with nearly half, 42%, having not completed high school — three times higher than African Americans, at 15%, or white Detroiters, at 14%.

Educational attainment for Detroiters age 25 and older by race/ethnicity Detroit, 2019



Source: American Community Survey, 1-year estimates, 2019

Other aspects of equity

For the foreign-born population living within the city of Detroit, there is a notable divide in educational attainment. Compared to the city as a whole there is both a larger share of people who are foreign-born without a high school diploma, 38%, and a larger share of people who are foreign-born with a bachelor’s degree, 21%.

THIRD-GRADE ENGLISH AND LANGUAGE ARTS PROFICIENCY

What is it?

The share of third-graders that scored “proficient” or “advanced” on the English and language arts component of the Michigan Student Test of Educational Progress (M-STEP).

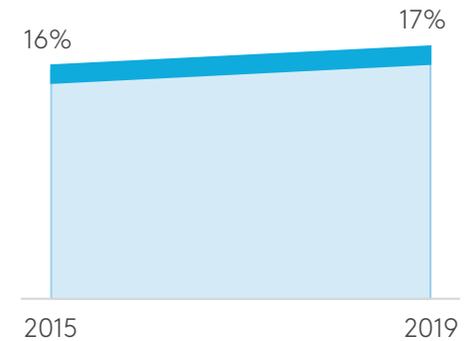
Why is it important for economic equity?

Early learning is important for students’ success as they continue on in their education. Students who lack proficiency in reading at an early age are less likely to complete high school. Meeting early benchmarks, like third-grade English and language arts proficiency, is important for students as they progress through their education. Falling behind earlier makes it more difficult for students to climb the ladder to success and reach their full potential.

What does it show?

The majority of third-graders in Detroit are not proficient in English and language arts, with little progress over the last five years and gaps growing by race/ethnicity.

Share of third-graders proficient or advanced in English/language arts
Detroit, 2015 and 2019

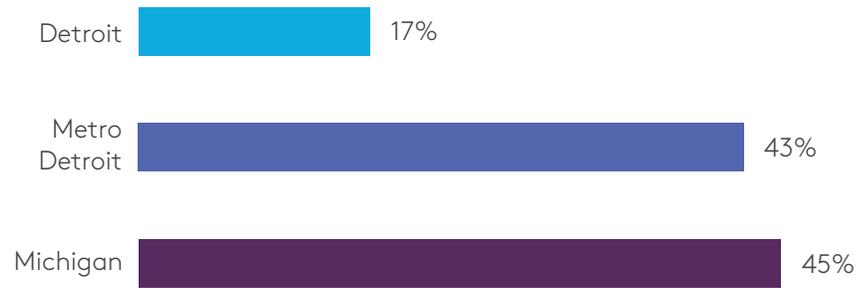


Source: Michigan Department of Education, 2015 and 2019

Geographic equity

In Detroit, third-grade English and language arts proficiency levels are substantially lower than across the region and state. In 2019, only 17% of the city's third-graders were proficient or advanced in English and language arts, compared to 43% in the region. Over the past five years, the rate of proficiency across Detroit's schools has held steady but not improved, while it has declined across the region by 5.3 percentage points, and in the state by 4.9 percentage points. As a result, the closing gap in proficiency between students in Detroit and those across the region appears to be a positive, however, the gap is closing due to the decrease in proficiency rates across the region regardless of race. It is important that all students, whether in the city or region, are uplifted through better education and attainment.

Share of third-graders proficient or advanced in English/language arts
2019

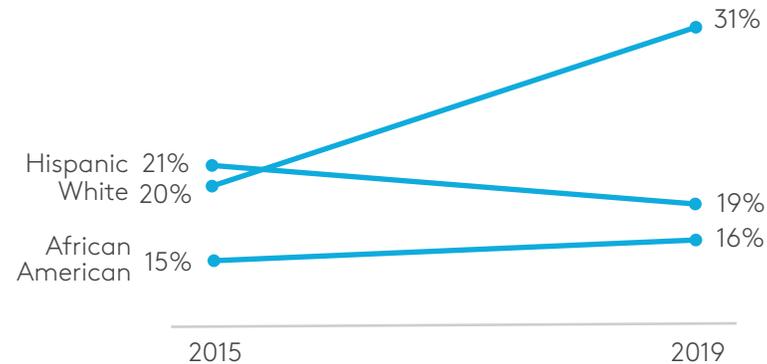


Source: Michigan Department of Education, 2019

Racial/ethnic equity

African-American students meet or exceed standards in English and language arts at half the rate of white students, and the gap is growing in the city.

Share of proficient or advanced third-graders by race/ethnicity
Detroit, 2015 and 2019



Source: Michigan Department of Education, 2019

CAREER AND TECHNICAL EDUCATION COMPLETION RATES

What is it?

The enrollment rate and completion rate for career and technical education (CTE).

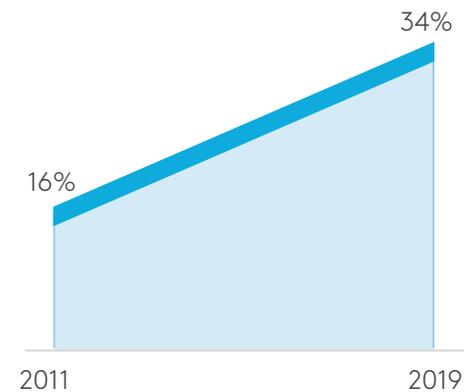
Why is it important for economic equity?

A four-year degree cannot be the only pathway to the middle class. Residents need access to quality career training, which can be provided by CTE. These programs provide the opportunity for those entering the workforce and changing fields to gain necessary skills and certifications to be competitive in the job market. They also allow those currently employed to add to their existing skillsets. Upskilling workers to increase the diversity of the talent in the region creates a stronger employment base.

What does it show?

More students in Detroit complete CTE programs than community college. CTE completion rates are substantially higher, at 34%, than the share of students who complete community college programs, 11%. Since 2011, the share of students completing CTE has been doubled.

Career and technical education completion rates
Detroit, 2011 and 2019



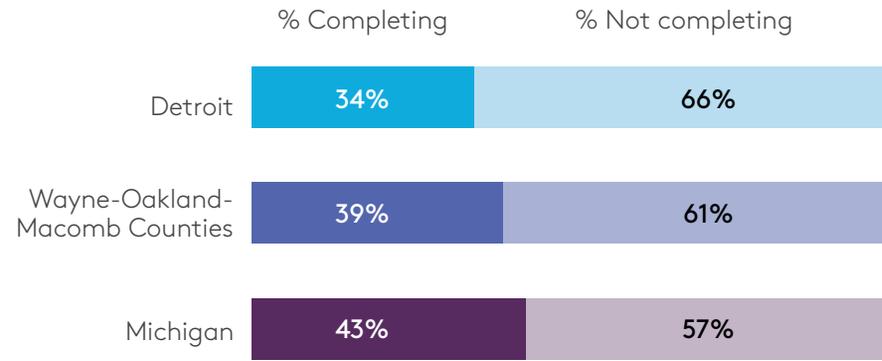
Source: Michigan Department of Education, 2011 and 2019



Geographic equity

In Detroit, about one-third, or 34%, of students who start CTE complete the program, which is lower than both the region, 39%, and the state, 43%.

Career technical education completion rates 2019

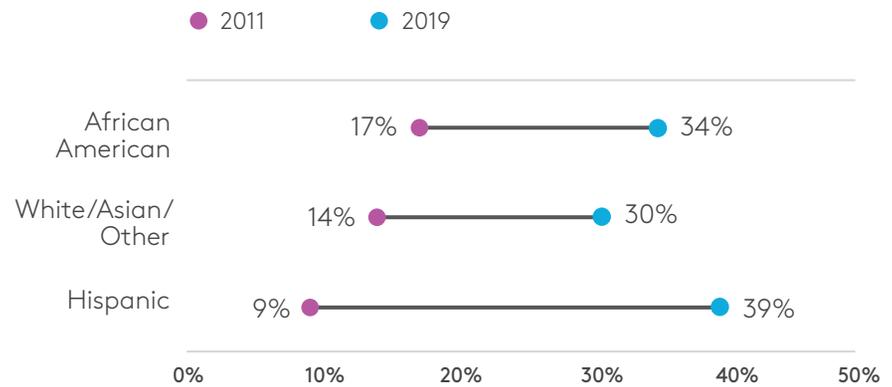


Source: Michigan Department of Education; National Center for Education Statistics, 2019

Racial/ethnic equity

CTE completion rates in Detroit are higher for Hispanics, 39%, compared to African Americans, 34%, and white people, 30%.

Career technical education completion rates by race/ethnicity Detroit, 2011 and 2019



Source: Michigan Department of Education, 2011 and 2019



HEALTH



In a more economically equitable Detroit, all Detroiters would have **access to quality affordable health care.**

HEALTH

Race or where someone lives should not be a predictor of how long they will live. The social determinants of health are the social, environmental, and economic factors that contribute to a person's health and well-being. These factors include discrimination, employment, income, wealth, education, workplace conditions, quality housing, clean air, and health care access.^{iv} The social determinants can compound and lead to vast disparities in health outcomes. With the onset of the global COVID-19 pandemic, disparities in health outcomes have once again been laid bare.

Many of the economic equity factors described in this report influence the social determinants of health, influencing health challenges, access to health care, and health outcomes. Positively influencing social determinants of health is necessary for improving outcomes and reducing the impact of health on economic equity. Beyond improving the social determinants of health, there must be access to quality, affordable health care. This extends beyond just the availability of health insurance. Residents must be able to afford the cost of, and physically access, medical care. Depending on the type of health insurance plan, out-of-pocket costs can be considerable, and impair the ability of low-income Detroiters to access quality care.

OVERVIEW

Life expectancy in Detroit is lower than surrounding areas, and disparities by race/ethnicity persist.

Over the past decade, life expectancy in the U.S. has declined, but life expectancy in Detroit has slightly increased. However, this increase is due to a substantial increase in life expectancy for the white population, resulting in a widening gap in life expectancy by race/ethnicity. Most Detroiters are covered by health insurance, with only 8% uninsured, however, Detroiters are less likely than their peers in the region to have employer-sponsored health insurance.

INDICATORS

Life expectancy

Infant mortality

Percentage of residents with health insurance coverage

LIFE EXPECTANCY

What is it?

The number of years a person born today can expect to live.

Why is it important for economic equity?

The ability to live a healthy life is both an input to, and outcome of, economic well-being. Life expectancy can serve as a proxy for differences in quality of life across racial/ethnic groups and for residents of different neighborhoods across the metropolitan area. This can also be an indicator of negative environmental factors, such as living near polluters or other social determinants of health, such as stress, blight, and violence.

What does it show?

Life expectancy increased slightly in Detroit, and has remained stable in Wayne County since 2010. This contrasts to Michigan and the country as a whole, which have seen decreases over the past decade due to an increase in mid-life deaths, caused in part by the opioid epidemic.^v



Geographic equity

The life expectancy for a Detroit resident is 73 years, two years lower than for Wayne County, and five years lower than for the state.

Life expectancy (in years)
2018



Source: Michigan Department of Health and Human Services, Centers For Disease Control and Prevention, County Health Rankings, 2018.

Racial/ethnic equity

In Detroit, the life expectancy for African Americans is 72 years old, seven years lower than for white residents. Over the past decade, the life expectancy for white residents in Detroit has increased by just under five years, while remaining unchanged for African-American residents.

Life expectancy (in years) by race
Detroit, 2018



Source: Michigan Department of Health and Human Services, Centers For Disease Control and Prevention, County Health Rankings, 2018.

INFANT MORTALITY

What is it?

The number of infants who died prior to 1 year of age per 1,000 live births.

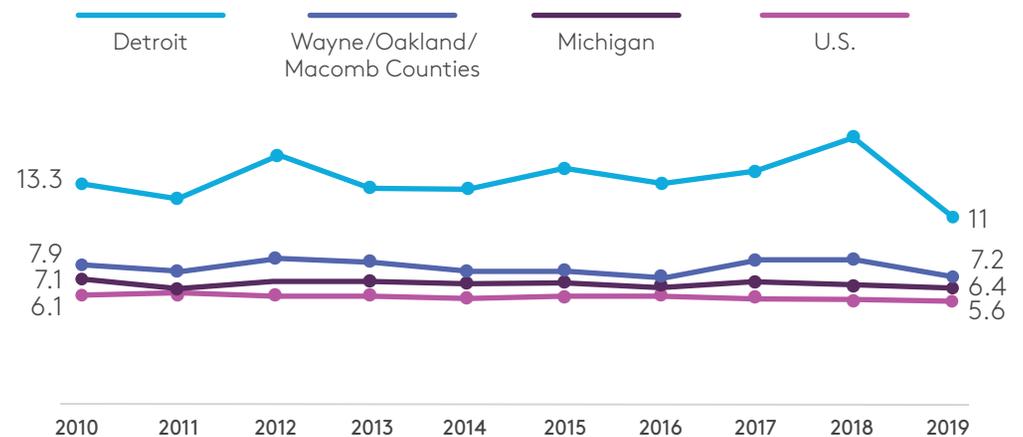
Why is it important for economic equity?

Economic inequity directly impacts infant mortality, which is one of the most important indicators of a community's overall health and reflects the social determinants of health. In addition to being an important indicator of overall community health, it is also an indicator of maternal and child well-being.

What does it show?

In Detroit, 11 infants out of 1,000 live births die before their first birthday, which is 1.7 times the rate for the state of Michigan. However, there are signs of progress. Since 2010, the infant mortality rate in Detroit decreased by 17%, which was entirely driven by a decrease of 14% for African Americans. The decrease in the rate of infant mortality for African Americans corresponds with a substantial and coordinated public-private effort to reduce infant mortality in the city.

Infant mortality rate per 1,000 live births
2010 to 2019

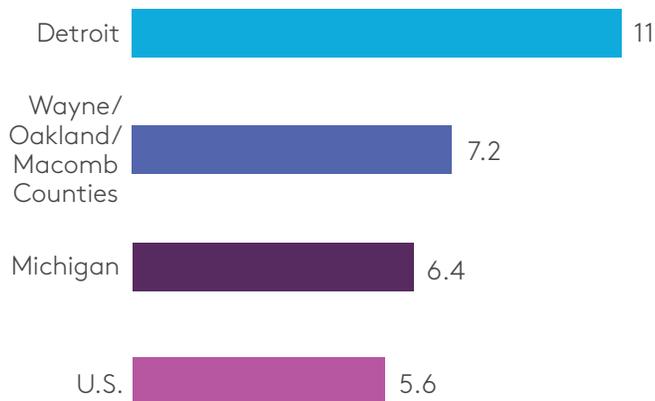


Source: Michigan Resident Birth and Death Files, Division for Vital Records & Health Statistics, Michigan Department of Health & Human Services, 2010 to 2019

Geographic equity

The infant mortality rate is higher in Detroit than in other geographies. The current infant mortality rate in the city is 1.5 times higher than the region and 1.7 times higher than the state.

Infant mortality rate per 1,000 live births
2019

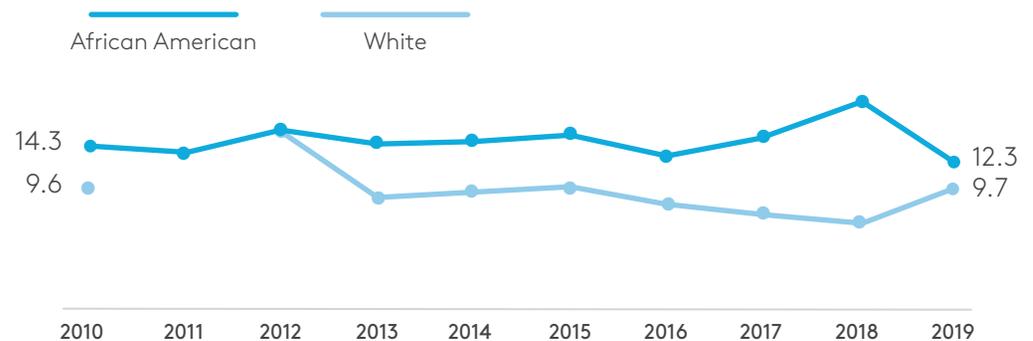


Source: Michigan Resident Birth and Death Files, Division for Vital Records & Health Statistics, Michigan Department of Health & Human Services, 2019

Racial/ethnic equity

Within Detroit, there are disparities in infant mortality rates by race, although the gap closed significantly from 2018 to 2019. The infant mortality rate for African-American infants, at 12.3 infant deaths per 1,000 live births, is 1.25 times the rate for white infants, which is at 9.7 infant deaths per 1,000 live births. The African-American infant mortality rate declined 14% since 2010, with a sharp decrease from 2018 to 2019. Though the recent declines are promising, the infant mortality rate for African Americans remains high.

Infant mortality rate by race per 1,000 live births
2010 to 2019



Source: Michigan Resident Birth and Death Files, Division for Vital Records & Health Statistics, Michigan Department of Health & Human Services, 2010 to 2019

Note: 2011 white infant mortality rate is not available

PERCENTAGE OF RESIDENTS WITH HEALTH INSURANCE COVERAGE

What is it?

Share of residents with health insurance coverage.

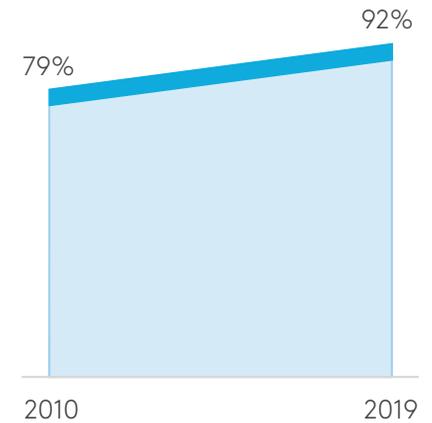
Why is it important for economic equity?

Health insurance coverage is an important measure of access to health care and overall economic well-being. Health insurance coverage can also be an indicator of job quality, depending on whether an employer provides insurance coverage.

What does it show?

Currently, 92% of Detroiters have health insurance coverage, which is lower than the region but slightly higher than the national rate. However, there are also high rates of coverage for the city's younger and older populations. Ninety-six percent of Detroiters 19 or younger, and over 99% of Detroiters older than 65, have coverage. Given the relatively low incomes of Detroit residents, this is an indication of the effectiveness of public support programs such as Medicare, which covers 96% of people 65 and older, and Medicaid, which covers 47% of residents. The number of uninsured Detroiters has declined 63% since 2010, when only 79% of Detroiters were insured.

Health insurance coverage rate
2010 and 2019



Source: American Community Survey, 2010 and 2019

Geographic equity

In Detroit, the share of residents with health insurance is slightly lower than that of the region. Currently, 92% of Detroiters have health insurance coverage, compared to 94% of residents across the region. However, Detroiters are insured at a slightly higher rate than the country as a whole, at 91%.

Health insurance coverage rate 2019

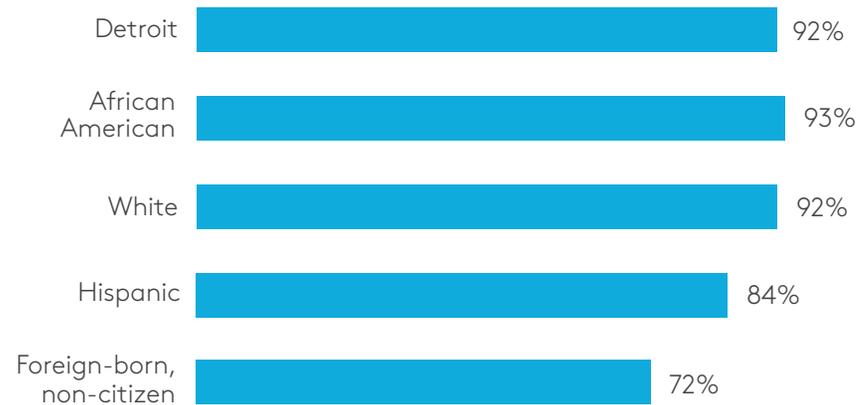


Source: American Community Survey, 2019

Racial/ethnic equity

Within the city, white and African-American residents have similar health insurance coverage rates, however, there is a large disparity for Hispanic residents, who are insured at a rate 9 percentage points lower than African-American and white residents.

Health insurance coverage rate Detroit, 2019



Source: American Community Survey, 2019

Additional aspects of equity

In Detroit, foreign-born residents who have not yet become U.S. citizens have considerably lower rates of health insurance coverage, with just 72% having health insurance.



NEIGHBORHOODS & HOUSING



A more economically equitable Detroit would invest in its **strong and vibrant middle-class neighborhoods.**

NEIGHBORHOODS & HOUSING

Strong and vibrant neighborhoods are an important part of any city and play an essential role in supporting strong communities. Building strong neighborhoods that provide a high quality of life for residents and access to a range of amenities is an important factor in the ability for Detroit to retain existing residents and attract new residents to the city.

For decades, there has been a strain on the city's neighborhoods and housing stock. African-American and immigrant neighborhoods were choked off from mortgage credit by redlining, and the housing policies of the 20th century pulled residential development and residents into the suburbs. These racially discriminatory policies and the resulting population loss, combined with the overproduction of housing in the region during the same period — where more housing units were built than there were households to fill them — left many neighborhoods in Detroit with vacant housing, many of which eventually became blighted homes or vacant lots.

What if?

If household incomes were brought up to \$50,000, cost burden would be nearly eliminated.

Despite the challenges, Detroit has been a place of opportunity for many. For decades, Detroit has been home to some of the highest rates of homeownership for African Americans. However, over the past 20 years, this has begun to shift, and the majority of Detroit's households now rent their home. In the first decade of this century, the collapse of the economy resulted in the loss of over 400,000 jobs in the region, accelerating population loss and leading to the drastic decline of the city's neighborhoods. The combination of economic collapse, population loss, and predatory lending practices led to drastic increases in foreclosures, which hit the African-American community particularly hard, causing homeownership rates to plummet and eliminating a vast amount of wealth from the community.

OVERVIEW

Detroit's neighborhoods must be strengthened.

There are many issues facing Detroit's neighborhoods. There is a small and declining number of middle-class neighborhoods, and an increasing number of middle-class African Americans living outside of the city. There has also been a continued decline in homeownership following the Great Recession. The number of vacant housing units has been decreasing since 2014, however, this remains a serious issue affecting most neighborhoods. Across the city, the low incomes of residents drive the affordability issues, as indicated by the number of cost-burdened residents dropping drastically for households that earn \$50,000 or more.



INDICATORS

Share of population living in a middle-class neighborhood

Residential vacancy

Homeownership rate

Housing cost-burden

SHARE OF POPULATION LIVING IN A MIDDLE-CLASS NEIGHBORHOOD

What is it?

Middle-class neighborhoods are defined as census tracts where more than half of households are middle or upper middle class. Middle and upper middle-class households range in income from 80% to 300% of the national median income, which is \$52,500 to \$197,000.

Why is it important for economic equity?

Middle-class neighborhoods are amenity-rich places that can provide residents with a high quality of life. For residents, middle-class neighborhoods are places with the potential to build wealth for those living within them, not only from appreciation of home values, but by providing a range of assets, including high quality schools. Middle-class neighborhoods can continue to be the backbone of the city's revitalization, by retaining existing residents, and attracting new ones.

What does it show?

In Detroit, only 5% of residents reside in middle-class neighborhoods. Currently, there are only 11 census tracts that meet this definition, down from 22 in 2010.



Source: American Community Survey, 5-year estimates, 2010 and 2019

Geographic equity

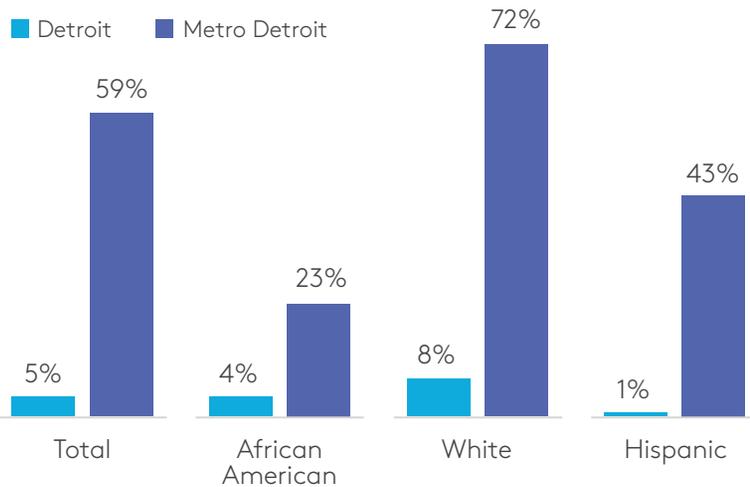
As poverty has continued to concentrate in the city, the number of middle-class residents and share of residents residing in these neighborhoods has declined. Currently, in Detroit, only 5% of residents reside in a middle-class neighborhood. By comparison, 59% of residents of the region live in middle-class neighborhoods.

Racial/ethnic equity

Across the region, African-American and Hispanic residents are much less likely to reside in middle-class neighborhoods, with only 23% of African-American and 43% of Hispanic residents currently doing so. This compares to 72% for white residents. Closing the gap across the region must include building strong middle-class neighborhoods in the city.

Share of residents living in middle-class neighborhoods by race/ethnicity

2019



Source: American Community Survey, 5-year estimates, 2019



RESIDENTIAL VACANCY RATE

What is it?

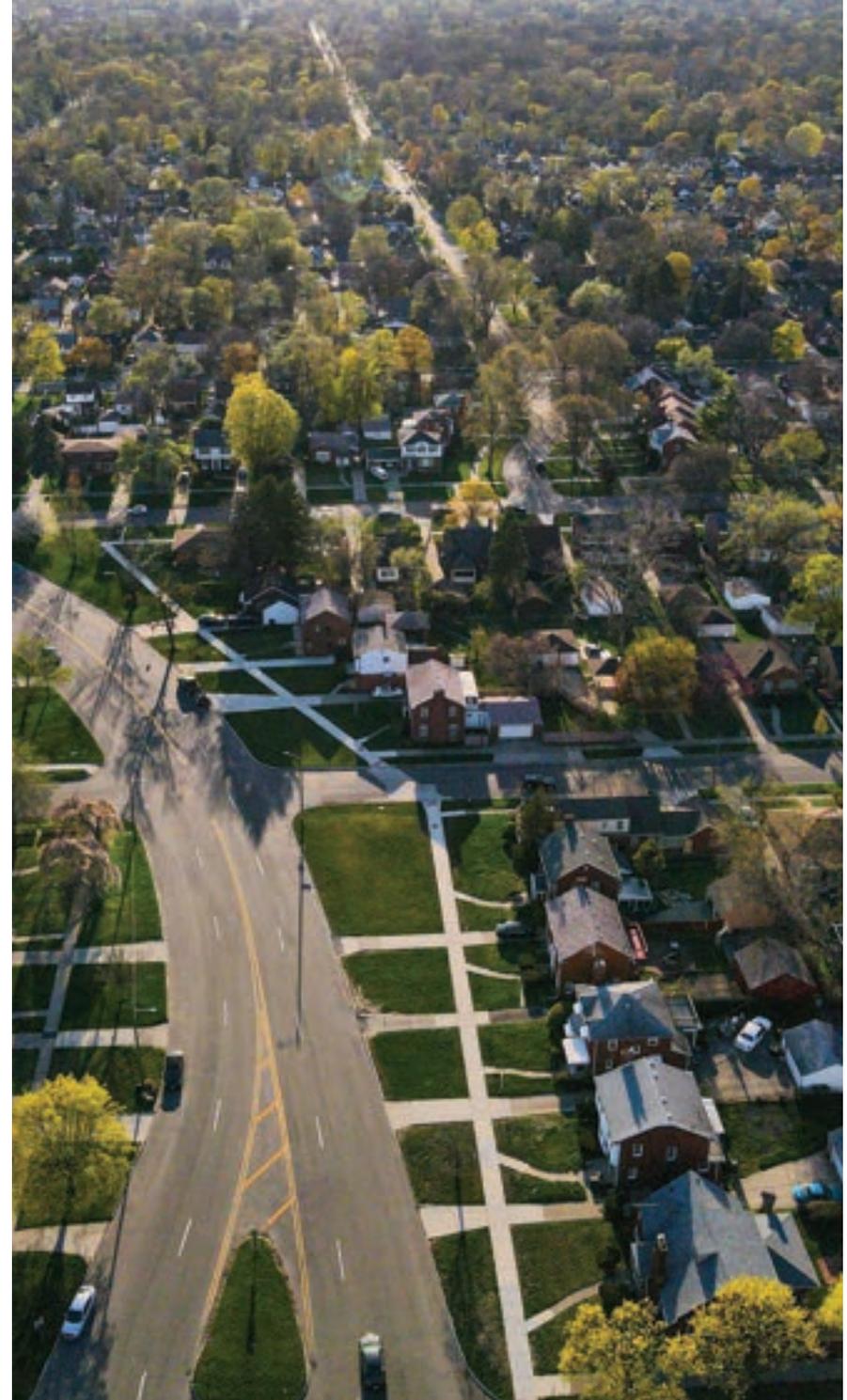
The share of housing units that are vacant.

Why is it important for economic equity?

The amount of vacancy and blight in a neighborhood can provide multiple insights on the conditions within that neighborhood. The amount of vacancy can be an indicator of the physical condition and market demand for housing in the neighborhood. Large amounts of vacancy, or hyper vacancy, can be an indicator of decline, destabilization, and blight within a neighborhood and contribute to a decline in housing values impacting the ability of nearby homeowners to benefit from building equity in their homes and generation of wealth for current owners.^{vi}

What does it show?

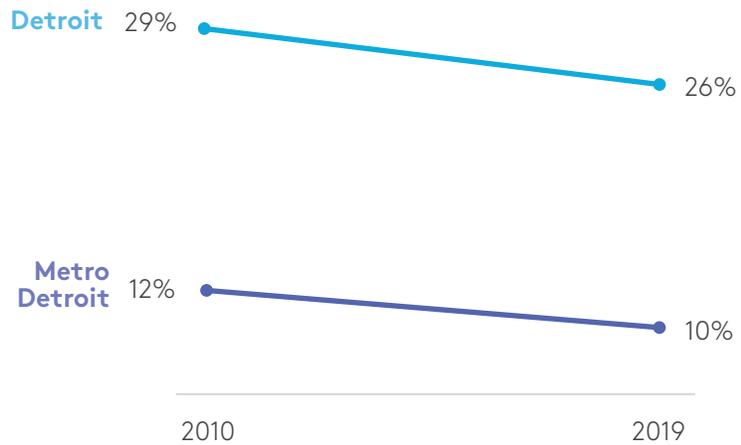
Within Detroit, the number of vacant housing units skyrocketed in the first 15 years of this century, by some estimates exceeding 114,000 units citywide. This staggering number does not include commercial or industrial properties. Though the amount of vacancy is still a major concern, there has been improvement. Since 2014, the vacancy rate has steadily declined and there are currently 22,000 fewer vacant housing units.



Geographic equity

In the region, the vacancy rate is 10% and has remained substantially lower than the vacancy rate in Detroit, which is 26%. This is a decline of two-percentage points since 2010.

Residential vacancy rate
2010 and 2019



Source: American Community Survey, 1-year estimates, 2010 and 2019



HOMEOWNERSHIP RATE

What is it?

The percentage of households that own the home in which they live.

Why is it important for economic equity?

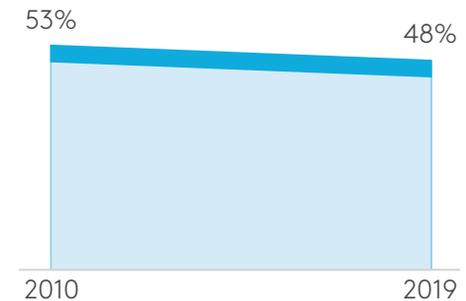
Homeownership has long been an important indicator of economic stability. It has also provided the opportunity for homeowners to build wealth through the appreciation of the home's value. However, homeownership is not an opportunity that has been available to many due to racially discriminatory policies such as redlining and lack of credit access. These policies, among others, have resulted in racial segregation, low property values, and the inability to generate wealth from homeownership.

Homeownership is of extra importance in a city like Detroit, which has one of the highest rates of homeownership for African Americans compared to other large cities. Detroit reached its homeownership peak in 2000, with more 53% of African-American households owning their home. Since then, there has been a decline in homeownership, caused by a wave of foreclosures, and an increase in vacancy across the city, wiping out a substantial amount of wealth across the city.^{vii}

What does it show?

Over the past two decades, in the wake of the Great Recession, homeownership in the city of Detroit has declined dramatically. The number of households that owned their home declined by 39,000, and since 2012, the number of renters in the city has outnumbered the number of homeowners.

Homeownership rate
Detroit, 2010 and 2019

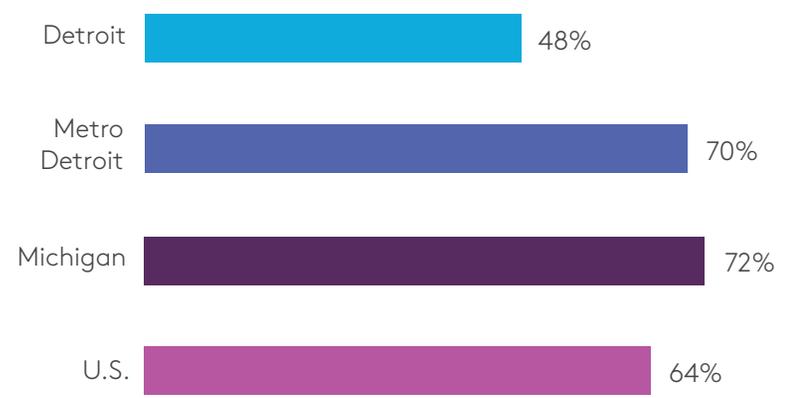


Source: American Community Survey, 2010 and 2019

Geographic equity

Compared to the region, Detroit has lower rates of homeownership, with only 48% of households owning their home, 22 percentage points lower than the rate for the region. This is the result of housing policies that pushed homeownership and development into the region, and the region-wide economic collapse of the first decade of this century and accompanying foreclosure crisis that has not only reduced the number of homeowners in the city by 31% since 2000, but also has limited the availability of mortgage credit for new home buyers.

Homeownership rate 2019

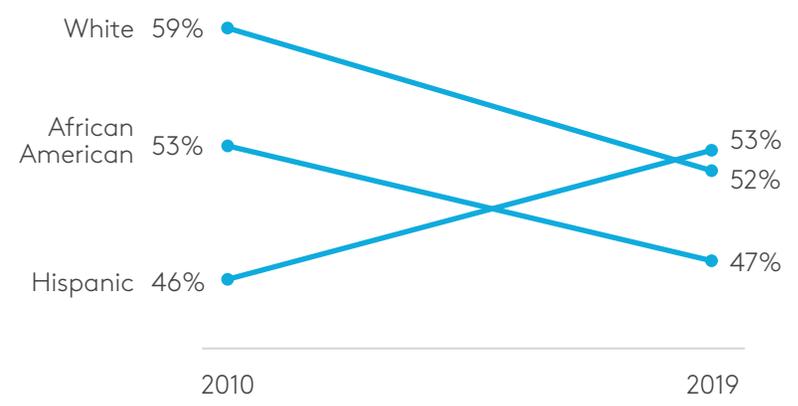


Source: American Community Survey, 1-year release, 2019

Racial/ethnic equity

In the city, rates of homeownership have declined across the board, but the rate of homeownership for African Americans, at 47%, remains lower than that of white people, 52%, or Hispanic residents, 53%.

Homeownership rates by race Detroit, 2010 and 2019



Source: American Community Survey, 2010 and 2019

HOUSING COST-BURDEN

What is it?

Renters and homeowners that spend more than 30% of their pre-tax income on housing and basic utilities are considered cost-burdened. Renters and homeowners are considered severely cost-burdened if they spend more than 50% of their pre-tax income on housing and basic utilities.¹²

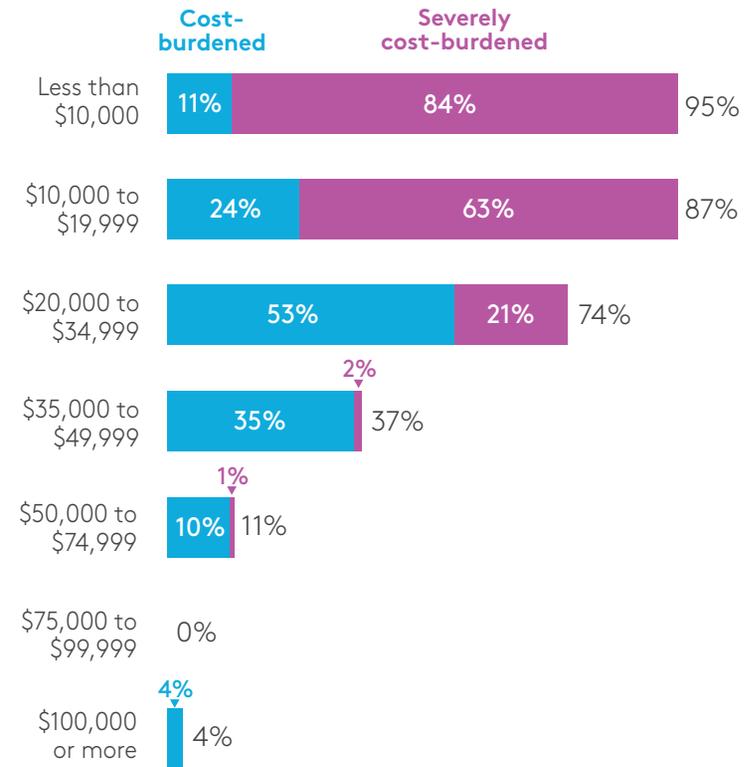
Why is it important for economic equity?

Housing cost-burden can impact the ability of a household to save money and can be used to detect financial hardship. This measure takes into account the cost of the housing itself and other costs, such as basic utilities like heat, water, and electricity. However, it does not take into account the quality of the housing and the costs to maintain it. When a household is cost-burdened, it can have limited ability to save and generate wealth, to financially weather an unanticipated event, and to spend money on other basic needs, such as health care, transportation, and education. If the financial hardship persists, it could also lead to foreclosure for homeowners or eviction for renters.

What does it show?

In Detroit, there is a substantial cost-burden for both renters and homeowners, which is largely driven by low incomes. More than 62% of renters and 40% of homeowners in Detroit are cost-burdened. Unlike many other cities around the country, the cost-burden is caused by low incomes, not the cost of housing, which is quite low in Detroit. The cost burden for renters in the city drops drastically once a household has an income greater than \$30,000 and significantly decreases at \$50,000.

Housing cost-burden for renters by household income
Detroit, 2019



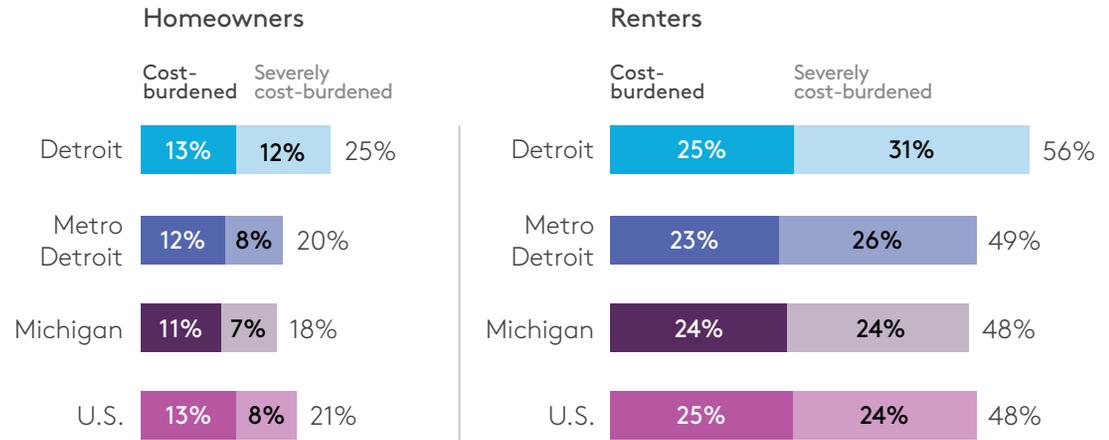
Source: IPUMS USA, 2019

¹² The calculation of the share of renters that are cost-burdened excludes renters whose gross rent as a percentage of household income was not calculated because the renter did not pay rent or have income.

Geographic equity

Across the region, about half of renter households spend more than 30% of their income on housing. In Detroit, this number is substantially higher, at 62%.

Housing cost-burden by tenure 2019

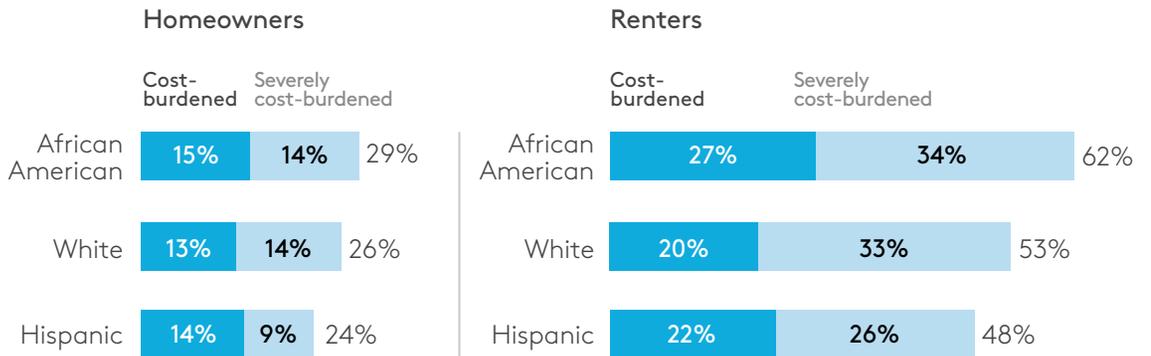


Source: IPUMS USA, 2019
Note: Numbers may not total 100 because of rounding.

Racial/ethnic equity

African-American and Hispanic homeowners in Detroit are more likely to be cost-burdened than their white counterparts. Forty percent of African-American and 44% of Hispanic homeowners with a mortgage spend more than 30% of their income on housing, compared to 27% of white homeowners with a mortgage. Similarly for renters, there is a gap of 9 percentage points between white, 53%, and African-American, 63%, cost-burdened renters. Hispanic renters have the lowest cost-burden rates overall, 48%.

Housing cost-burden by tenure Detroit, 2019



Source: IPUMS USA, 2019
Note: Numbers may not total 100 because of rounding.



CONCLUSION



CONCLUSION

Achieving economic equity in Detroit is both necessary and attainable. Though progress has been made over the past decade in improving the economies of Detroit and the region, the economic equity data in this report, the recent COVID-19 pandemic, and the nationwide racial awakening have displayed clearly that challenges endure. As we begin the recovery from the pandemic, we must ensure that we are not only focused on growth, but also on ensuring that growth is equitable, just and reparative.

Although there are many issues facing the city and its residents, the disparities in income and wealth, both across the region and by race and ethnicity, are paramount. Increasing incomes will require strategies to both increase educational attainment and to increase the number of middle-wage jobs. All Detroiters must have the ability to enter the middle class, meet their unique needs, and fully and fairly participate in all aspects of economic life, regardless of educational achievement. The region must attract more middle-wage jobs that provide a middle-class salary to those without a college degree, while also attracting jobs and growing small businesses that allow for income growth. At the same time, the educational system must adequately prepare Detroiters to participate in the workforce. Detroit must also be a place that grows, retains, and attracts the middle class by strengthening its middle-class neighborhoods.



The collective effort to build a more economically equitable Detroit must include strategies that:

Improve educational outcomes at all levels.

From an early age, students must be building the skills necessary to climb the ladder of educational success. Students must be provided with the tools and resources necessary to progress through their education and build the skills necessary to succeed and achieve their goals.

Increase the number and share of middle-wage jobs.

Though an important factor, education cannot be the only path to success. Every worker in the city and region, regardless of education, should be able to earn at least a middle-class wage. Increasing middle-wage jobs will be a critical component of ensuring economic equity, but only if it is also paired with efforts to eliminate disparities in wages for African-American and Hispanic Detroiters. Finally, high quality jobs must be accessible to Detroiters regardless of race or neighborhood origin, eliminating the labor market penalty that Detroiters of every education level have historically encountered.

Increase capital access and supports for minority-owned small businesses.

An intentional and coordinated effort to grow and support African-American and Hispanic small businesses must be a priority. To do this, there must be an increase in the amount of capital available to start and expand businesses, and the removal of barriers that limit minority-owned small businesses from accessing support and growth opportunities.

Improve access to affordable quality health care.

The city must be a place where all residents are able to access affordable, quality health care. Access to health care includes not just the provision of health insurance or increasing the number of primary care physicians in the city, it also includes ensuring that residents are able to access benefits, such as paid leave, so that they can utilize their health care and manage their health.

Grow and strengthen middle-class neighborhoods.

Strong middle-class neighborhoods are the backbone of an economically equitable city. The continued drain of African-American middle-class households out of Detroit prevents the city from growing its middle-class neighborhoods. There must be continued investment in Detroit's neighborhoods. The city's neighborhoods should provide residents with not only a high-quality, amenity-rich place to live, but also provide the opportunity to build wealth through their investments in housing.

Increase access to quality affordable housing.

Access to quality affordable housing and the stability it provides is a critical component to the health and safety of families, building strong neighborhoods and a more economically equitable city. There must be a coordinated strategy to increase access to high quality stable housing for all residents across housing types and price points.

The goal of creating an economically equitable city and region is one that cannot be undertaken by any one organization or group alone. Now is the opportunity to change course and work together toward a more economically equitable future. No longer can the only focus be on growth — there must be a renewed focus on ensuring that growth is not only equitable, but that it is just and reparative, and that all residents have the opportunity to participate. All sectors have an active role to play in developing solutions. It is through this collective action that we can and will build an economically equitable future for Detroit.

Now is the opportunity to change course and work together toward a more economically equitable future.



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APPENDIX

Commute costs as a percent of wages are calculated based on three components for public transit riders and automobile commuters: out of pocket costs, travel time costs, and aggregate wages. The out of pocket costs for public transit riders reflect a daily round-trip bus fare of \$4 (\$2 purchase of a “4-Hour Dart Pass” fare, each way, which allows for unlimited transfers and rides on the DDOT, SMART, and QLine transit systems for four hours).¹³ This \$4 daily cost was then multiplied by the number of work days in a year (261) which, when multiplied by the number of public transit riders in Detroit and the rest of the MSA, respectively, provides an aggregate public transit rider out of pocket cost value. The out-of-pocket costs for automobile commuters is more complex and reflects the sum of gas, depreciation, taxes, maintenance costs, and insurance costs calculated on an hourly basis. These hourly costs are then multiplied by automobile commuters’ aggregate travel times to and from work which, when multiplied by the number of work days in a year, creates an aggregate automobile commuter out of pocket costs estimate.¹⁴

Travel time costs for both automobile and public transit commuter reflect the duration of their roundtrip commute per day in hours multiplied by 50% of their hourly wage, which is an industry standard discount to measure the value of workers’ time spent commuting. Both of these statistics are derived from American Community Survey IPUMS data (2019 5-year release) and reflect transportation mode-, geography-, and race-specific values. When these values are multiplied by the number of work days in a year, an aggregate travel time cost value is produced.

Finally, when the aggregate out of pocket and aggregate travel time costs are divided by the mode-, geography-, and race-specific aggregate annual wages—also calculated from the ACS IPUMS data source—we can assess the out-of-pocket costs as a percent of wages, the travel time costs as a percent of wages, and the total commute costs as a percent of wages.

¹³ <https://detroitmi.gov/departments/detroit-department-transportation/transportation-fares>

¹⁴ Data on mode splits and travel times is from the American Community Survey IPUMS 5-year release dataset. It is worth noting that the driver of the difference in the out of pocket costs on a per hour basis for automobile commuters for Detroit and the rest of the MSA is the cost of automobile insurance—the other costs are the same on a per hour basis for the two geographies.



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