Social Equity as Strategy for Urban Economic Development

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Living Cities
America’s demographics are changing in dramatic ways...

FIGURE 1-1
U.S. White and Minority Populations, 1970–2050

Millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Whites</th>
<th>Minorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>175</td>
<td>25</td>
</tr>
<tr>
<td>1980</td>
<td>175</td>
<td>25</td>
</tr>
<tr>
<td>1990</td>
<td>175</td>
<td>25</td>
</tr>
<tr>
<td>2000</td>
<td>175</td>
<td>25</td>
</tr>
<tr>
<td>2010</td>
<td>175</td>
<td>25</td>
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<tr>
<td>2020</td>
<td>175</td>
<td>25</td>
</tr>
<tr>
<td>2030</td>
<td>175</td>
<td>25</td>
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<tr>
<td>2040</td>
<td>175</td>
<td>25</td>
</tr>
<tr>
<td>2050</td>
<td>175</td>
<td>25</td>
</tr>
</tbody>
</table>

Source: U.S. censuses and Census Bureau projections, various years.

...yet racial gaps have widened since the 1960’s

From: Diversity Explosion: How New Racial Demographics Are Remaking America, William Frey
Racial inequities persisted across all opportunity indicators, including education, jobs, criminal justice, housing, public infrastructure and health:

- Greater rates of unemployment
- Income inequality & lower returns on income earned
- Limited ability to weather a financial emergency
- Increased exposure to wealth stripping products and services
- Lower higher education attainment and wealth insulation
- Lower entrepreneurship rates and business values
- Nonexistent retirement savings

...yet racial gaps have widened since the 1960’s
Dramatically Better Results for Low-Income People, FASTER
To get Dramatically Better Results for Low-Income People, FASTER, we need:

• More working-age adults **prepared** for 21st century employment opportunities
• More jobs **created** to provide people with sufficient income and assets
• Places enable people to **connect** to available opportunities
Jobs

People of color continue to be excluded from our economy, as a result of implicit and explicit exclusionary policies and practices, which range from mass incarceration to the lax enforcement of anti-discrimination laws.
America’s demographics are changing in dramatic ways…

8.6%

Unemployment rate for Black workers

5.8%

Unemployment rate for Latino workers

compared to

4.4%

Unemployment rate for White workers

…yet racial gaps have widened since the 1960’s

Source: The Ever Growing Gap, CFED
America’s demographics are changing in dramatic ways…

26% Unemployment rate for Native American workers

…yet racial gaps have widened since the 1960’s

Source: The Ever Growing Gap, CFED
America’s demographics are changing in dramatic ways…

1%
Percentage of venture-backed companies founded by Black founders

1%
Percentage of Black or Hispanic staff in leading venture funds

...yet racial gaps have widened since the 1960’s

Unequal distribution of GI Bill that provided millions of largely low-income vets with access to wealth-building opportunities

Inequities in America are not natural... ...nor did they happen by accident

THEN

UNEQUAL DISTRIBUTION OF GI BILL THAT PROVIDED MILLIONS OF LARGELY LOW-INCOME VETS WITH ACCESS TO WEALTH-BUILDING OPPORTUNITIES

NOW

Between 2005 and 2011, median home equity declined by more than a third for all racial and ethnic groups (36 percent for African Americans). Given that home equity accounts for 92 percent of the personal net worth of African-American homeowners (compared to 58 percent for white homeowners), declines in housing values were especially devastating.

Source: Rewriting the Racial Rules, Roosevelt Institute
America’s demographics are changing in dramatic ways…

28%

Percentage of poverty rate for Native American households

RETURNS ON INCOME EARNED

For every dollar a white household earns, they see a wealth return of $19.51, whereas Black and Latino households see a wealth return of $4.80 and $3.63 respectively.

…yet racial gaps have widened since the 1960’s

Source: The Ever Growing Gap, CFED
Inequities in America are not natural... 

...nor did they happen by accident

**THEN**

The Federal Housing Administration between 1934-1968 institutionalized segregation and racism thru the practice of redlining, the practice of denying or limiting financial services to certain neighborhoods based on racial or ethnic composition without regard to the residents’ qualifications or creditworthiness.

**NOW**

New ways of “redlining” including mortgage exclusion and predatory lending, deepen racial segregation and widen the racial wealth gap.

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7.8%

Net median Black household wealth as a fraction of net median white household wealth

38%

The percentage increase of AAPI households living in poverty since the recession

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Source: Rewriting the Racial Rules, Roosevelt Institute
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If current growth remains

228

number of years it would take Black families
to amass the same amount of wealth White families have today

84

number of years for Latino families

...yet racial gaps have widened since the 1960’s

Source: The Ever Growing Gap, CFED
In order to achieve dramatically better results for people of color, we need to scale equitable opportunities and ensure social and economic inclusion.
Transforming targeted neighborhoods is necessary but not sufficient if our goal is to transform the economic well-being of the people who live there.

The unemployment rate in the city of San Francisco was 3% in May 2016. However, in the four neighborhoods that are part of the HOPE SF initiative, the unemployment rate is 70%.
Immigration is Our Competitive Advantage

A recent report by the New American Economy indicates that over 11,000 immigrants in New Mexico are self-employed. These businesses employ nearly 25,000 people statewide and generate over $190 million for the state’s economy.

Promoting economic development in immigrant communities makes great business sense.
New Economic Realities from Albuquerque

Through City Accelerator, Albuquerque is working with AppCityLife—a local company that partners with cities throughout the country—to build Trep Connect, a technology platform that connects immigrant entrepreneurs to programs and service organizations that best meet their needs.
In 2011, black male unemployment rate in New Orleans was **52.4%**, which became a catalyst for the city to come together to fix the issue.

In 2015, the black male unemployment rate has reduced to **43.9%**

Source: City of New Orleans Opportunity Stat
New Orleans Network of Economic Opportunity

**FEEDBACK LOOP**

**6-10 Year Outcomes**
- Number of working age African American men employed in industries with family supporting wages
- Amount of working age African American men not in the labor market
- Number of African American men receiving certifications and/or credentials
- Number of contracts awarded to African American businesses
- Number of contracts awarded to African American businesses

**3-6 Year Outcomes**
- Employment rate of working age African American men
- Amount of working age African American men not in the labor market
- Number of African American men receiving certifications and/or credentials
- Number of contracts awarded to African American businesses
- Number of contracts awarded to African American businesses

**Key Drivers**
- WAAMs employed by anchor institutions
- WAAMs hired and retained for at least 6 months
- City contracts requiring adoption of local hiring policy
- Contracts/dollars awarded to DBEs

**Strategies**
- Anchor Collaborative
- Opportunity Centers
- HireNOLA Policy
- Connect Works
- BuildNOLA
- DBE Policy

*Strategy Areas: Employment; Small Business/Contracting; Barrier Removal. Updated as of Nov 2015*
Beyond delivering better business for GE, FirstBuild also has the potential to deliver significant value for the region through its infusion of dynamic, innovative activity into the manufacturing ecosystem.

The First Build initiative between GE and Louisville is an online and physical community dedicated to designing, engineering, building and selling the next generation of major home appliances.

Source: https://www.brookings.edu/blog/the-avenue/2015/05/20/firstbuild-when-corporations-and-entrepreneurs-collaborate/