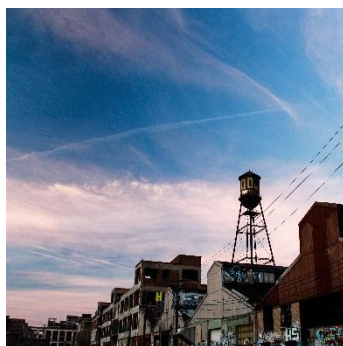


# An Equity Profile of the Detroit Region

## Summary



In the Detroit region, recent signs of growth and change provide a counterpoint to the population decline caused by Michigan's loss of hundreds of thousands of manufacturing jobs. The region lost approximately 156,000 in population between 2000 and 2010. The region is moderately diverse compared with the nation, with 32 percent of the residents being people of color. Historically one of the nation's most racially segregated regions, the suburbs of Detroit are gradually becoming more diverse with, for example, a 104 percent rate of growth among people of color in Macomb County between 2000 and 2010.

The region is fostering new entrepreneurship and job growth, but equitable development strategies will be essential if growth is to have an appreciable impact on poverty, inequality, and racial disparities. The region can implement policies for housing, transportation, and education to remove barriers and expand opportunities for all.

### Overview

Across the country, communities are striving to put plans, policies, and programs in place that build healthier, more prosperous regions that provide opportunities for all of their residents to participate and thrive.

Equity – full inclusion of all residents in the economic, social, and political life of the region, regardless of race, ethnicity, age, gender, neighborhood of residence, or other characteristics – is essential for regional prosperity. As the nation undergoes a profound demographic transformation in which people of color are quickly becoming the majority, ensuring that people of all races and ethnicities can participate and reach their full potential is more than just the right thing to do, it is an economic imperative.

In the past, equity and growth have often been pursued on separate paths; now it is becoming increasingly clear that they must be pursued together. The latest research on national and regional economic growth, from economists working at institutions including the International Monetary Fund and Standard and Poor's, finds that inequality hinders economic growth and prosperity, while greater economic and racial inclusion fosters increased economic mobility and more robust and sustained growth.<sup>1</sup>

Embedding equity into local and regional development strategies is particularly important given the history of metropolitan development in the United States. America's regions are highly segregated by race and income, and these patterns of exclusion were created and maintained by public policies at the federal, state, regional, and local levels. In the decades after World War II, housing and transportation policies incentivized the growth of suburbs while redlining practices and racially restrictive covenants systematically prevented African Americans and other people of color from buying homes in new developments while starving older urban neighborhoods of needed reinvestment. Many other factors – continued racial

discrimination in housing and employment, exclusionary land use practices that prevent construction of affordable multifamily homes in more affluent neighborhoods, and political fragmentation – have reinforced geographic, racial, and class inequities.

Today, America’s regions are patchworks of concentrated advantage and disadvantage, with some neighborhoods home to good schools, bustling commercial districts, services, parks, and other crucial ingredients for economic success, and other neighborhoods providing few of those elements. The goal of regional equity is to ensure that all neighborhoods throughout the region are communities of opportunity that provide their residents with the tools they need to thrive.

This Equity Profile of the Detroit Region examines demographic trends and indicators of equitable growth, highlighting strengths and areas of vulnerability in relation to the goal of building a strong, resilient economy. It was developed by PolicyLink and the Program for Environmental and Regional Equity (PERE) to support advocacy groups, elected officials, planners, business leaders, funders, and others working to build a stronger and more equitable region.

This summary document highlights key findings from the profile along with policy and planning implications.

### **Equitable Growth Indicators**

This profile draws from a unique equitable growth indicators database developed by PolicyLink and the USC Program for Environmental and Regional Equity (PERE). This database incorporates hundreds of data points from public and private data sources such as the U.S. Census Bureau, the U.S. Bureau of Labor Statistics, and Woods & Poole Economics, Inc. The database includes data for the 150 largest metropolitan regions and all 50 states, and includes historical data going back to 1980 for many economic indicators, as well as demographic projections through 2040. It enables comparative regional and state analyses as well as tracking change over time.

### **Defining the Detroit Metro Region**

For the purposes of the equity profile and data analysis, we define the region as the Detroit-Warren-Dearborn metropolitan statistical area, which includes six counties: Lapeer, Livingston, Macomb, Oakland, St. Clair, and Wayne counties. All data presented in the profile use this regional boundary. Minor exceptions due to lack of data availability are noted in the “Data and methods” section of the complete profile.

## **Profile Highlights**

### **The region is undergoing a major demographic shift**

The Detroit region is projected to reverse its recent losses and grow by about 5 percent over the next 30 years, and to steadily diversify. In 2010, people of color made up 32 percent of the population. By 2044, when the nation is projected to become majority people of color, about 43 percent of the region’s population will be people of color.

Detroit’s demographic change will be driven by growth in communities of color, especially Latinos and Asians. Today, these groups combined make up 7 percent of the region’s population, but by 2040 they will represent 15 percent of the population.

While most people of color, particularly Black residents, live in the City of Detroit, the growth rate of people of color is greatest in suburban counties. Macomb County experienced 104 percent growth in people of color between 2000 and 2010; other counties experienced population growth of people of color ranging from 24 percent in St. Clair to 46 percent in Livingston.

The Six-County Detroit-Warren-Dearborn Metropolitan Statistical Area



Michigan is home to one of the largest Arab American populations in the United States. The Arab American Institute estimates that 400,000 Arab Americans live in Macomb, Oakland, and Wayne Counties. The Arab American population grew by 28,000 from 2000 to 2010.

**Stronger and more inclusive growth is the key to the region’s future prosperity**

The Detroit region’s economy has struggled in the last three decades, with sluggish job and gross regional product (GRP) growth. GRP growth was seven times below the national average in 2010.

The region is experiencing a few economic bright spots. The unemployment rate has declined dramatically since 2009, faster than the national average. While the U.S. economy as a whole is mainly growing low- and high-wage jobs, the Detroit region has actually seen growth in middle-wage jobs. This growth is a strong point for the region because these jobs are often accessible to workers without four-year college degrees. However, on the negative side the region has also experienced a sharp loss in high-wage jobs – driven by declines in the

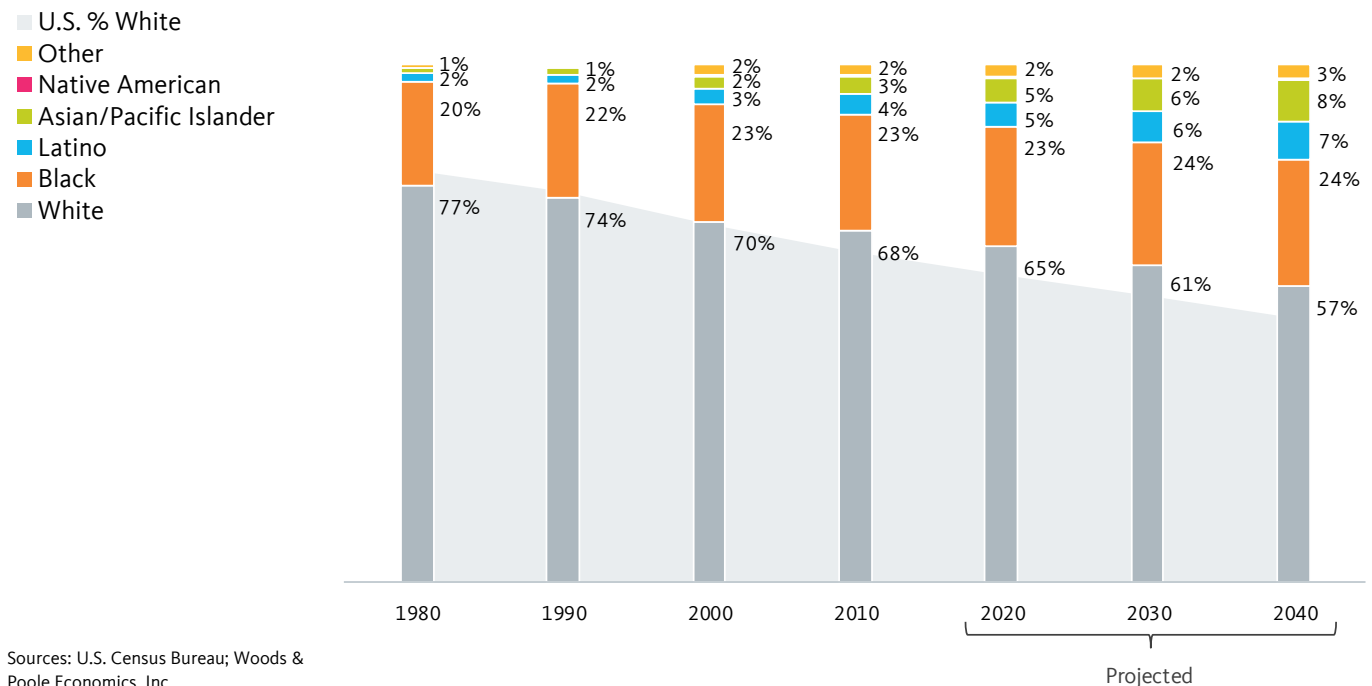
manufacturing sector – and not all communities are benefiting equally from economic growth in the region. Black unemployment was over 20 percent during 2008-2012, more than double that of White workers. Black residents experience higher rates of unemployment than any other group at every level of education. At just under 10 percent, Arab Americans and Latinos have the highest rates of working poverty, defined here as working full time but earning less than 150 percent of the poverty level.

**Lower levels of higher education for people of color**

The regional economy is in the midst of a transformation that will require workers to be equipped with high levels of education. By 2020, 43 percent of Michigan’s jobs will require an associate’s degree or higher. However, the region as a whole has relatively low education levels, which will undermine the long-term economic competitiveness of the region if left unaddressed. Educational attainment varies by race and ethnicity: only 18 percent of Latino immigrants, 24 percent of Black residents, 27 percent of U.S.-born Latinos, and 31 percent of Arab immigrants have an associate’s degree or higher, while 42 percent of Whites and over 70 percent of Asians do.

The share of people of color is projected to increase through 2040

**Racial/Ethnic Composition, 1980-2040**



Sources: U.S. Census Bureau; Woods & Poole Economics, Inc.

However, there is large variation within Asian immigrant groups – while 82 percent of Asian Indian immigrants have an associate’s degree or higher, only 32 percent of Vietnamese immigrants do.

**Disconnected youth**

The Detroit region’s future depends on the ability of its youth to participate in its economy in the years to come as workers, entrepreneurs, innovators, and leaders. More youth are getting high school degrees than in decades past; however, the number of “disconnected youth” who are neither in school nor working rose between 2000 and 2008-2012. Nearly one in six youth are not in work or school. Of the region’s 81,787 disconnected youth, a majority (56 percent) are youth of color.

**Transportation and housing barriers hold back communities of color**

Detroit’s iconic role as the birthplace of the automobile industry masks the reality that many workers and residents do not have access to a car. Households of color and low-income households are most likely to be dependent on public transit.

One out of five Black households does not own a car; overall, nearly 10 percent of households in the region do not own a car. For these households, public transit is essential for them to access jobs, school, and daily necessities.

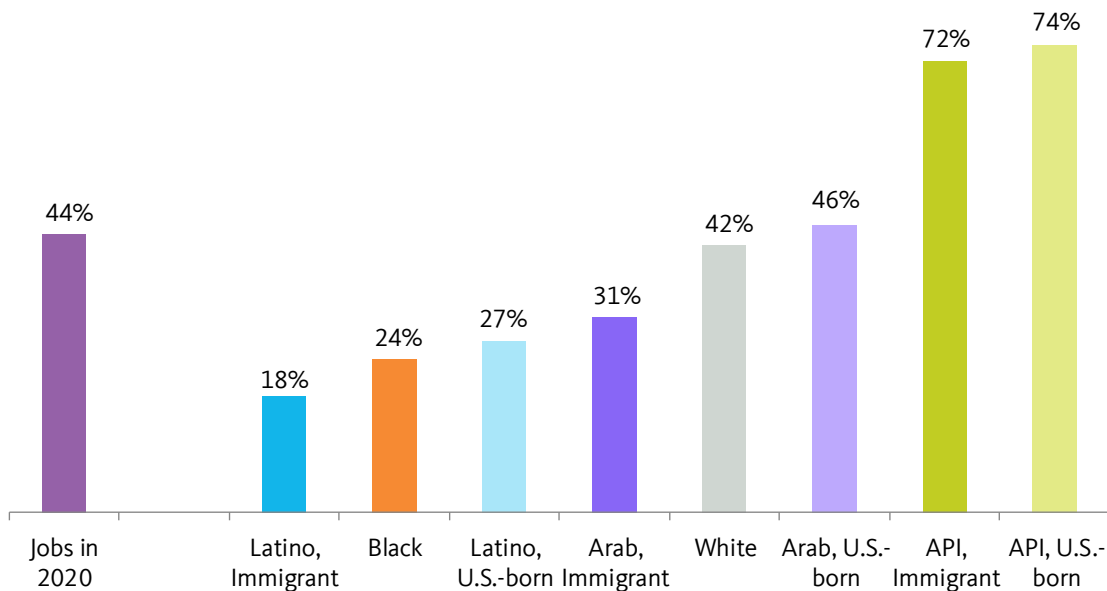
Housing challenges also threaten the economic security of communities of color. Over two-thirds of Arab Americans and nearly two-thirds of Black renters are rent burdened. Communities of color – especially Black residents – are less likely to be homeowners than Whites in the region. Only 47 percent of Black residents and 60 percent of Latinos are homeowners, compared to 80 percent of Whites. The region remains characterized by many neighborhoods with high (40 percent or higher) concentrations of poverty, in Detroit and several smaller cities, with 7.2 percent of the region’s residents living in such neighborhoods.

**Racial economic inclusion would strengthen the economy**

Rising inequality and racial gaps in the region are not only bad for communities of color – they also hinder the whole region’s economic growth and prosperity. If there were no racial

The region will face a skills gap unless education levels increase for Latinos, Blacks, and Arab immigrants

**Share of Working-Age Population with an Associate’s Degree or Higher by Race/Ethnicity and Nativity, 2008-2012 and Projected Share of Jobs that Require an Associate’s Degree or Higher, 2020**



Sources: Georgetown Center for Education and the Workforce; IPUMS. Universe for education levels of workers includes all persons ages 25 through 64. Note: While data on educational attainment for the working age population is for the Detroit region, for projected jobs in 2020 it is for the state of Michigan.

disparities in income – meaning if all racial groups who currently earn less than Whites had earned similar average incomes as their White counterparts – the gross regional product would have been \$26 billion higher in 2012: an increase of more than 12 percent. Unless racial gaps are closed, the costs of inequity will grow as the Detroit region becomes more diverse.

## Implications

After decades of job and population loss, the Detroit region has shown recent signs of growth. The City of Detroit’s recently approved bankruptcy plan, along with major new public and private investments in and around the Detroit downtown area in infrastructure, new development, and business activity, signal a growing momentum toward what some have called a Detroit Renaissance. However, deep racial disparities, regional political fractures, declining wages, and loss of high-wage manufacturing jobs threaten the economic viability of the region.

As the region undergoes a demographic transition and starts on a path toward economic recovery, business, community, and political leaders must work together to connect communities of color to jobs, business opportunities, quality education and career training, and healthy homes and neighborhoods. Tremendous work is already underway, which can be

strengthened and built upon. PolicyLink and PERE suggest the following areas of focus to ensure all residents – particularly low-income residents and communities of color – contribute to and benefit from the region’s vibrant, equitable economic future.

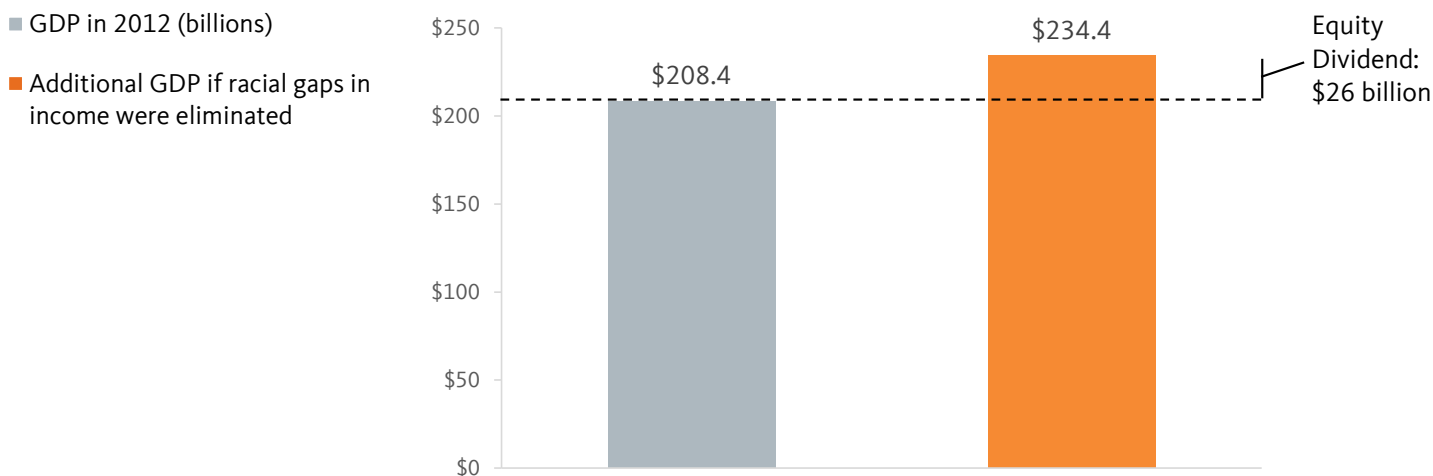
### Grow good jobs

Job growth in the region has accelerated since the end of the recession, growing faster than the state and nation from 2009 to 2012.<sup>2</sup> However, unemployment and poverty – particularly in communities of color – are still above the national averages, and wages have been declining in many industries. The Detroit region needs to create a significant number of new, well-paying jobs.

This entails a two-pronged approach. First, economic and workforce development efforts should focus on entrepreneurship and business development in industries that are growing and tend to pay good wages. Detroit has several major hospitals and universities that are growing, making business-to-business (B-to-B) services involving these anchor institutions a potentially lucrative area for enterprise development. The Detroit Economic Growth Corporation (DEGC), for example, began a program called **D2D** to connect Detroit companies with local small businesses for contracts and

The Detroit region’s GDP would have been \$26 billion higher if there were no racial gaps in income

### Actual GDP and Estimated GDP without Racial Gaps in Income, 2012



Sources: Bureau of Economic Analysis; IPUMS. Note: Data for 2012 represents a 2008 through 2012 average.

services. In 2013, D2D was able to shift \$170 million of dollars that would have otherwise been spent outside the region to local businesses. Broader entrepreneurship and business development initiatives, such as the New Economy Initiative (NEI), have launched hundreds of new firms and created thousands of new jobs by investing in business support organizations around the region. Both D2D and NEI have a focus on supporting minority-owned businesses and job creation in communities of color. The new American Lightweight Materials Manufacturing Innovation Institute in Detroit, which was selected to be part of a highly competitive federal initiative to accelerate manufacturing technologies, may eventually contribute to job creation in manufacturing in the region.

Second, the jobs that are being created need to be good jobs. Wages have declined more than 20 percent for Detroit's lowest income workers since 1979, and the rate of working poverty has been increasing, particularly for workers of color. In 2014, the state passed legislation to increase the minimum wage to \$9.25 by 2018. Additional efforts can build on this momentum to raise wages even further and to provide important worker benefits, such as guaranteed sick days, which recently passed in Massachusetts. As new real estate investments come to Detroit, development projects that receive public subsidy should meet requirements to provide good jobs to local residents, contract opportunities for local businesses, and other such community benefits that will deepen the local job creation impact of these investments. The currently proposed citywide [Community Benefits Ordinance](#) is one such policy tool to ensure that existing residents are able to participate in the decisions of how new investments come into their neighborhoods and that the region's growth contributes to economic opportunities for all.

### **Connect unemployed and low-wage workers to careers in high-growth industries**

In tandem with job creation efforts, it is vital for Detroit to connect its workers who have suffered from job losses with jobs that pay good wages and offer career opportunities. Communities of color, particularly in cities like Detroit, Pontiac, and Rochester Hills, face the highest unemployment in the region and earn significantly lower wages than their White counterparts with the same educational attainment.

Our analysis of strong industries and high-opportunity occupations reinforces the importance of current workforce training efforts in industries like health care and information technology. Partnerships between employers and workforce

agencies – such as [ExperienceIT](#) and [Michigan Earn and Learn](#) – have proven track records connecting workers to good careers. ExperienceIT provides eight weeks of job training in informational technology; the first class of 43 students graduated in fall 2014, and over half the graduates obtained full-time positions with partner companies. Launched in 2011, Michigan Earn and Learn served nearly 1,300 unemployed residents during its first 18 months, 44 percent of whom had a high school diploma or less and over a third of whom had criminal records. Working with 80 employers, training providers were able to place nearly 900 participants in transitional jobs primarily in manufacturing, retail, and health care.<sup>3</sup> Earn and Learn has proven to be a national model for providing residents who have significant barriers to employment with the skills training and job experience they need to develop longer-term careers.

### **Strengthen educational pathways**

Educational attainment for Black and Latino residents is a critical issue for the long-term economic strength of the region; while 43 percent of all jobs in Michigan by 2020 will require an associate's degree or higher, only 17 percent of Latino immigrants, 24 percent of Black residents, and 25 percent of U.S.-born Latinos have attained that level of education or higher. The region's rate of disconnected youth – those not in school or working – is 15 percent, higher than most Midwestern regions. Programs like the [Detroit Scholarship Fund](#), administered by the Detroit Regional Chamber, grants free tuition for any Detroit-resident high school graduate for an associate's degree or technical certification at five local community colleges. Scholarships like these reduce financial barriers to higher education and can encourage high school students to stay connected to school, addressing the high rate of disconnected youth in the region. Programs like these should be strengthened and expanded to increase high school and associate degree graduation rates throughout the region. Educational supports should begin even earlier, with middle-school and high-school curricula that introduce important 21<sup>st</sup> century skills, like coding and app and website development.

### **Expand transportation choices and mobility**

Transportation is one of the largest barriers faced by low-income residents accessing school, a job, day care, and other daily necessities. Nearly one in five Black households in Detroit do not own a car, but with limited transit service in the city, a resident's commute to the job-rich Downtown and Midtown areas is nearly four times longer by transit than by car.<sup>4</sup> New investments in the M-1 light rail line in Downtown and Midtown



Detroit and plans to launch bike-sharing in the city will increase mobility for some residents. But with many job and housing opportunities outside of Detroit, the newly created Regional Transit Authority has an important role to play in developing a robust, safe, and affordable transit system, including expanded bus services between cities and suburbs and across the region.

### **Create healthier and safer communities**

Investments in healthy communities could reduce health gaps for people of color, create more vibrant places, and strengthen economic productivity. Many low-income neighborhoods face significant infrastructure needs that impact their health, including blight removal, working streetlights, guaranteed affordable access to water, and safe streets. Grassroots initiatives such as [Healthy Neighborhoods for a Healthy Detroit](#), a partnership with the University of Michigan's School of Public Health, are identifying the potential health and equity effects of redistributing city service and infrastructure investments toward more populated parts of the city, as proposed in the [Detroit Future City](#) framework. The city is also home to scores of innovative urban agriculture projects, food justice activists and social entrepreneurs who are providing healthy alternatives for low-income residents. Although the region has faced considerable population loss, there is a lack of quality affordable housing for low-income residents. As the City of Detroit emerges from bankruptcy, strong policies need to be in place to ensure resident participation in decisions impacting their neighborhoods, from blight mitigation to new development, and to direct new investments toward building healthy communities.

### **Ensure diverse civic participation and leadership to advance regional equity**

Although residential segregation has been declining, the Detroit region still ranks first in Black-White segregation. Extreme differences in resident demographics, unemployment, and poverty rates across geography underline the importance of broad civic participation and diverse leadership to ensure all communities are involved in regional decision making. Public, private, and philanthropic partners should support leadership development and capacity-building efforts focused on historically underrepresented communities to build the region's multicultural and multiracial regional leadership. The [Michigan Roundtable for Diversity and Inclusion](#), for example, has led a number of important initiatives to develop leadership to advance regional equity and inclusion. The regional Fair Housing Equity Assessment completed recently under a grant from the U.S. Department of Housing and Urban Development

(HUD) to Southeast Michigan Council of Governments (SEMCOG), when combined with the new HUD rule to Affirmatively Further Fair Housing, could be a basis for further dialogue and action to increase access to communities of opportunity.

## **Conclusion**

Across the region, leaders in the public, private, and nonprofit sectors are already taking steps to connect its more vulnerable communities to jobs, business opportunities, education and training, and healthy communities. To secure a bright future, the Detroit region's path to economic recovery needs to be driven by equity – just and fair inclusion into a society in which everyone can participate and prosper. Through concerted investments and proactive policies, the region can leverage its rising diversity as an economic asset, and prepare all of its workers to lead it into the next economy.

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<sup>1</sup> Andrew G. Berg and Jonathan D. Ostry, *Inequality and Unsustainable Growth: Two Sides of the Same Coin?*, Staff Discussion Note (Washington, DC: International Monetary Fund, 2011) <http://www.imf.org/external/pubs/ft/sdn/2011/sdn1108.pdf>; Jonathan D. Ostry, Andrew Berg, and Charalambos G. Tsangarides, *Redistribution, Inequality, and Growth*, Staff Discussion Note (Washington, DC: International Monetary Fund, 2014) <http://www.imf.org/external/pubs/ft/sdn/2014/sdn1402.pdf>; Joe Maguire, *How Increasing Inequality is Dampening U.S. Economic Growth, and Possible Ways to Change the Tide* (New York, NY: Standard & Poor's Financial Services LLC, 2014) [https://www.globalcreditportal.com/ratingsdirect/renderArticle.do?articleId=1351366&SctArtId=255732&from=CM&nsl\\_code=LIME&sourceObjectId=8741033&sourceRevId=1&fee\\_ind=N&exp\\_date=20240804-19:41:13](https://www.globalcreditportal.com/ratingsdirect/renderArticle.do?articleId=1351366&SctArtId=255732&from=CM&nsl_code=LIME&sourceObjectId=8741033&sourceRevId=1&fee_ind=N&exp_date=20240804-19:41:13); Manuel Pastor, *Cohesion and Competitiveness: Business Leadership for Regional Growth and Social Equity*, OECD Territorial Reviews, Competitive Cities in the Global Economy, Organisation For Economic Co-Operation and Development (OECD), 2006; Manuel Pastor and Chris Benner, "Been Down So Long: Weak-Market Cities and Regional Equity," in *Retooling for Growth: Building a 21<sup>st</sup> Century Economy in America's Older Industrial Areas* (New York, NY: American Assembly and Columbia University, 2008); Randall Eberts, George Erickcek, and Jack Kleinhenz, *Dashboard Indicators for the Northeast Ohio Economy*, prepared for the Fund for Our Economic Future (Cleveland, OH: Federal Reserve Bank of Cleveland, 2006), <https://www.clevelandfed.org/Newsroom%20and%20Events/Publications/Working%20Papers/2006%20Working%20Papers/WP%2006-05%20Dashboard%20Indicators%20for%20the%20Northeast%20Ohio%20Economy>.

<sup>2</sup> National Equity Atlas, Job and GDP growth indicator from U.S. Bureau of Economic Analysis data, <http://nationalequityatlas.org/indicators?ind=7206>.

<sup>3</sup> Margaret Schultz, *Michigan Earn and Learn: An Outcome & Implementation Evaluation of a Transitional Job and Training Program* (Chicago, IL: Social Impact Research Center, 2014), [http://socialimpactresearchcenter.issuelab.org/resource/michigan\\_earn\\_and\\_learn\\_an\\_outcome\\_and\\_implementation\\_evaluation\\_of\\_a\\_transitional\\_job\\_and\\_training\\_program](http://socialimpactresearchcenter.issuelab.org/resource/michigan_earn_and_learn_an_outcome_and_implementation_evaluation_of_a_transitional_job_and_training_program).

<sup>4</sup> Mass Economics, *Presentation to the Innovation Districts Advisory Group at Brookings Institution*, Washington, D.C. October 9, 2014.

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