



ECONOMIC EQUITY INDICATORS UPDATE 2023



DETROIT
FUTURE
CITY

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OVERVIEW

In 2021, Detroit Future City released the ‘State of Economic Equity in Detroit,’ which identified 22 indicators across six focus areas to illustrate inequities throughout the city and the broader Metro Detroit region. The report serves as a compass toward a shared vision for economic equity, with the accompanying dashboard and data as tools to track the community’s progress in terms of geographic and racial/ethnic equity.

COVID-19 rapidly disrupted longstanding economic development trends. Data from 2021 reveals the immediate impacts of the pandemic, highlighting persistent disparities across various economic equity indicators. This first post-pandemic update provides an overview of how these indicators evolved or remained unchanged from 2019 to 2021, highlighting the pandemic’s pivotal role in shaping key equity issues.

This review of these indicators highlights notable developments under each of the six focus areas. Indicators related to capital access, vacancy rates, homeownership, and cost burden by income show promising improvements that reflect the city’s progress. Meanwhile, indicators specific to median household income and average home values in the city remained steady and sustained during the pandemic, showing minimal change. On the other hand, metrics related to job growth, the labor market, life expectancy, and educational competency in the city underscore persistent and growing inequities, illustrating the profound effect of the pandemic and indicating a need for increased effort and investment.

Important data notes:

1

Comparisons should not be made between 2019 and 2021 estimates that reference the U.S. Census Bureau's American Community Survey 5-year releases because the two estimates include three years of overlapping coverage.

2

The U.S. Census Bureau's American Community Survey provides estimates with margins of error at the 90% confidence interval. In other words, the Census Bureau is 90% confident that the real value of a data point falls within a certain range or margin of error. Sometimes, margins of error can overlap; when doing comparisons across time or groups, it's important to confirm that two data estimates are actually different from one another. Where possible, DFC confirmed estimates were statistically different and noted where they were not.

**Check out the Economic Equity Dashboard for the latest data:
<https://detroitfuturecity.com/resources/data-dashboard/>**



IN CONTEXT: REGIONAL ECONOMY

OVERVIEW

Economic growth in the Detroit region contracted in 2020 and 2021 following the onset of COVID-19.

The region's economic gains since 2010 were partially reversed by the pandemic. Between 2019 and 2021, the number of jobs declined by 6%, resulting in a loss of approximately 103,000 jobs. Among the country's top 50 regions, Metro Detroit ranked 26th for jobs per 100 working-age residents, just above Los Angeles, Calif., and just below Richmond, Va. While accessible but low-wage jobs declined by nearly 4 percentage points, middle-wage and bachelor's degree jobs sustained, growing marginally by 1.6 and 2.3 percentage points respectively. Wage income per capita remained stable between 2019 and 2021. Hourly wages in the region remained above the U.S. average, though still below 2010 levels.

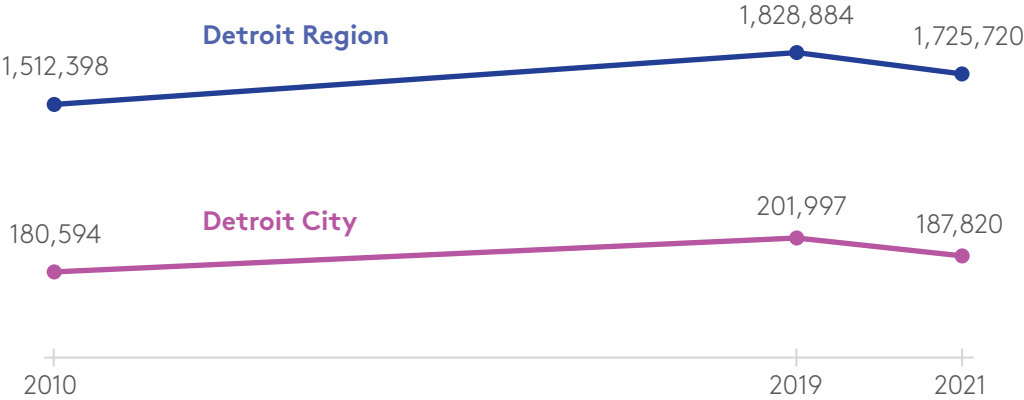
Job growth



Job growth and loss in the city of Detroit mirrored regional trends. Both the city and the region saw jobs grow between 2010 and 2019, then decline from 2019 to 2021. However, the city experienced slower growth from 2010 to 2019 compared to the region, followed by a faster decline from 2019 to 2021. Since 2019, the total number of private sector jobs in the city declined by approximately 14,000, or 7%. The region also lost approximately 103,000 jobs, a 6% decline, in the same period. As of 2021, private sector jobs in the region continued to remain below 2001 numbers.

Employment in Detroit experienced a decline, mirroring the shift in the region

Job growth, Detroit vs Region, 2010 to 2021



Source: Mass Economics analysis of Quarterly Workforce Indicators, 2010-2021



INCOME AND WEALTH BUILDING

OVERVIEW

Low incomes and housing values continue to hamper upward mobility into the middle class.

Income increased across Detroit following the Great Recession and the City's bankruptcy in 2013. But incomes remain low, and inequities continue to persist between the city and the region. The median household income in the region is still almost double that of the city, roughly \$31,000 higher. Across race, income disparities showed no significant change since 2019, and the median income for Black Detroiters continued to lag behind that of white and Latino/Hispanic residents. Despite overall income gains, only 26% of households in Detroit were considered middle-class in 2021, a decrease of one percentage point since 2019. This represents a loss of 7,090 middle-class households. Housing, which can be a wealth generator, continues to increase in value since the Great Recession, but overall housing values remain extremely low relative to most places around the country.

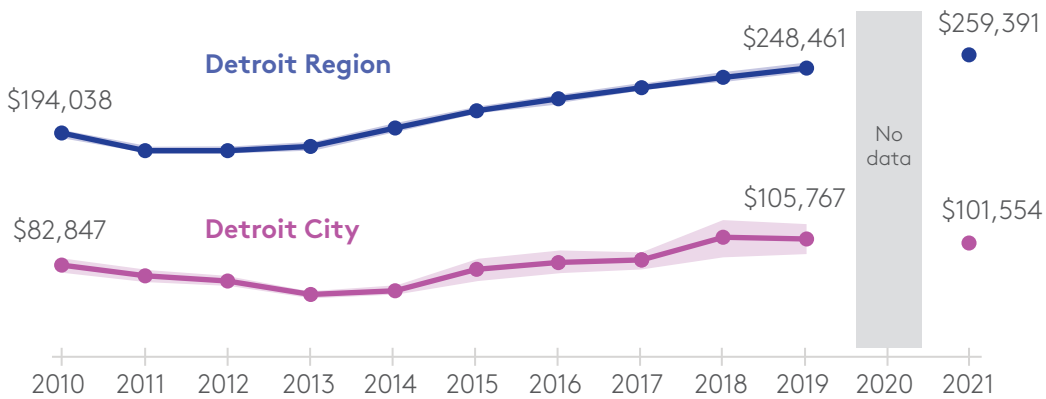
Average home values



From 2019 to 2021, average home values in Detroit remained statistically unchanged while increasing by nearly \$11,000 in the region.¹ Throughout the last decade, the average home value in the city consistently remained less than half of the region due to differences in market conditions. This gap widened as the average home value in the region rose to more than 2.5 times that of the city in 2021.

Disparities in home values between Detroit and the region increased marginally

Average home values (2021 \$), 2010 to 2021



Source: American Community Survey, 1-year estimates, 2010-2021 (adjusted for inflation)

Note: The 2019 and 2021 estimates for Detroit City are not statistically different.

¹ Adjusted for inflation.



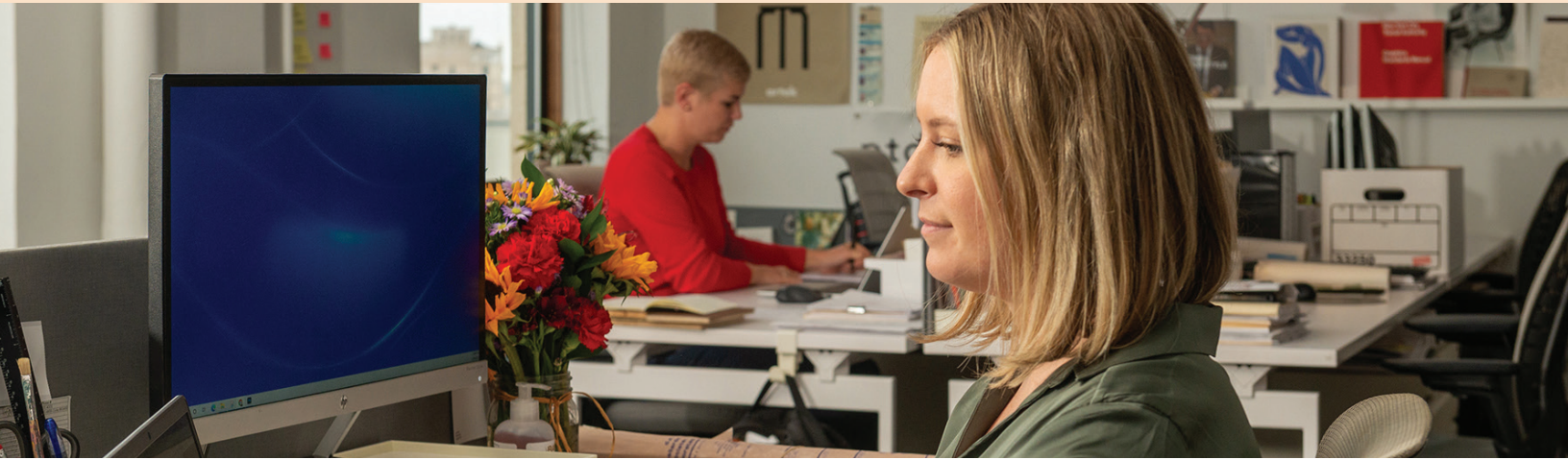
ACCESS TO QUALITY EMPLOYMENT

OVERVIEW

Labor market conditions in Detroit experienced a slow recovery in the wake of the pandemic, exacerbating employment challenges for Black Detroiters.

Employment outcomes are not evenly distributed, with ongoing disparities in labor force participation between Detroit and the surrounding region. In the city, Black Detroiters faced an unemployment rate nearly double that of their white counterparts in 2021. For those who are employed, a bachelor's degree continues to be important. Those without a bachelor's degree earn substantially less than those with one. To help those without a bachelor's degree enter the middle class, middle-wage jobs that pay a middle-class wage and don't require a bachelor's degree are an important element. As of 2021, 34% of the city's jobs were middle-wage jobs, 26% were low-wage jobs, and 41% were held by someone with a bachelor's degree. Jobs held by someone with a bachelor's degree or higher were the fastest-growing segment since 2010, increasing by 17%.

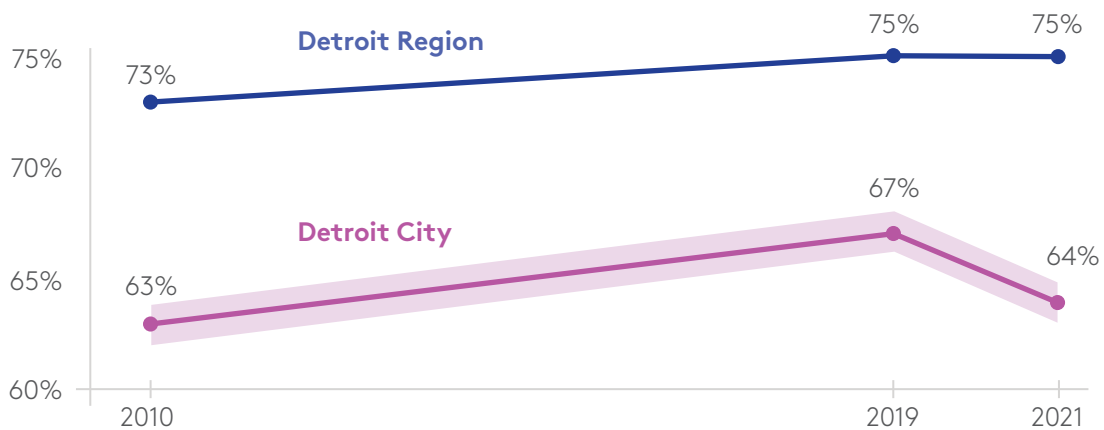
Employment status for 16- to 64-year-olds



In 2021, Detroit’s labor force participation rate was the lowest among the 100 most populous U.S. cities. Between 2019 and 2021, the labor force participation rate in the city decreased from 67% to 64% while staying stable in the region. During the same period, gaps by race/ethnicity grew in the city, as the labor force participation rate declined by 3 percentage points for the Black population. Meanwhile, there was no significant change in the rate for white and Latino/Hispanic populations.

The gap between the labor force participation rate in Detroit and the region widened

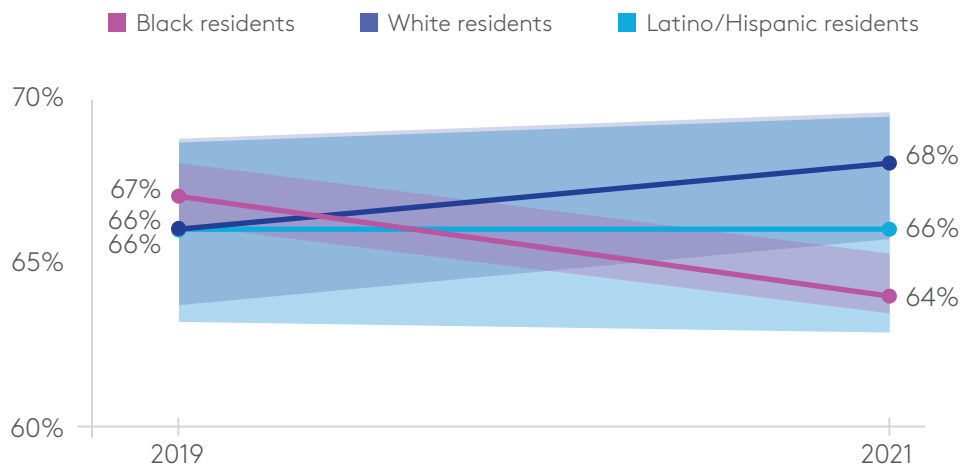
Labor force participation rate, Detroit vs Region, 2010 to 2021



Source: American Community Survey, 1-year estimates, 2010, 2019, 2021

The labor force participation rate decreased for Black residents but remained unchanged for white and Latino/Hispanic residents

Labor force participation rate by race, Detroit, 2019 and 2021

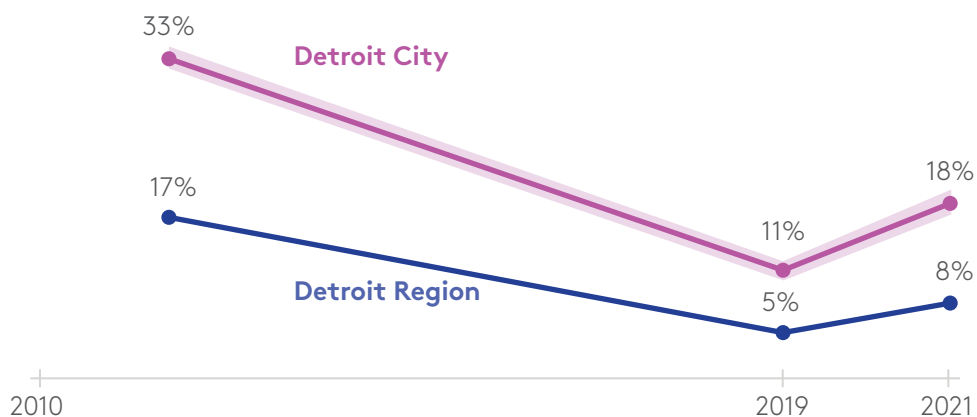


Source: American Community Survey, 1-year estimates, 2019, 2021

As of 2021, the pandemic's impact on Detroit's unemployment rate had only gradually diminished, and the city had the highest unemployment rate among the 100 most populous U.S. cities. Detroit's unemployment rate of 18% was more than two times higher than the surrounding region. Unemployment also grew more in Detroit, increasing by 7 percentage points in the city but only 3 percentage points in the region between 2019 and 2021. Racial disparities during this time persisted, as the unemployment rate in the city increased by 8 percentage points for the Black population and 10 percentage points for the Latino/Hispanic population while remaining statistically unchanged for the white population.

The pandemic reversed the prior decline in Detroit's unemployment rate

Unemployment rate, Detroit vs Region, 2010 to 2021

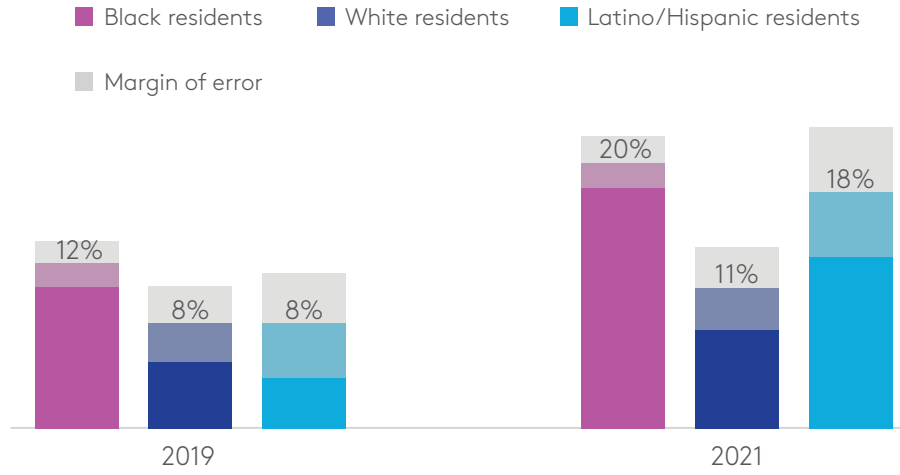


Source: American Community Survey, 1-year estimates, 2010, 2019, 2021



Unemployment rate increased for Black residents in the city

Unemployment rate by race, Detroit, 2019 and 2021



Source: American Community Survey, 1-year estimates, 2019, 2021

BUSINESS AND ENTREPRENEURSHIP



OVERVIEW

Detroit experienced a significant increase in the availability of capital for small businesses.

The value of loans per small-business job is an important indicator of access to capital. From 2018 to 2021, the city experienced a 101% increase in the amount of small-business capital per job available.

Note: Data updates are not available for indicators 'Entrepreneurship rates per capita' and 'Average business size,' pending results of the U.S. Census Bureau's 2022 American Business Survey.



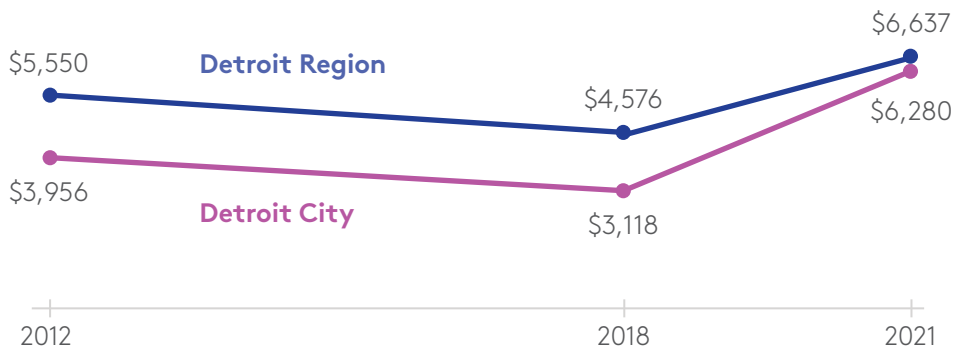
Capital access for small businesses



At Detroit firms with fewer than 500 employees (excluding those that are sole proprietorships), the value of loans per small-business job more than doubled between 2018 and 2021.² Although the number of small-business jobs decreased by approximately 15%, the total value of small-business loans increased by just over 70%. The region follows a similar trend, with the number of jobs at small businesses decreasing by about 7% and the total value of small-business loans increasing by nearly 35%. The gap in capital access between the city and region closed, and as of 2021, the difference between the total value of small-business loans made per job in the city and the region is only \$357.

Detroit saw an exponential increase in small-business loan amounts

Total small-business loan value (2021 \$) for firms with < 500 employees, Detroit vs Region, 2012 to 2021



Source: FFIEC-CRA, 2021; SBA, Avg. of 2020-22; CDFI, Avg. of 2018-20 (latest available); QWI, 2021

² Paycheck Protection Program (PPP) loans are not included in the list of capital loans considered for this indicator.



EDUCATION

OVERVIEW

The pandemic disrupted student development, further weakening educational outcomes in Detroit.

In Michigan, 42% of third-graders were reading at grade level in 2022. In Detroit, the share was only 12%, a 5-percentage-point decline from 2019. The share of Detroiters with a bachelor's degree remained substantially low when compared to the region and other cities across the county. Racial disparities in educational attainment persisted: Only 16% of Black and 10% of Latino/Hispanic residents had a bachelor's degree, compared to 35% for white residents. Completion rates for career and technical education programs continued to be low overall, but dropped by 3% in Detroit since 2019 while increasing slightly across the region.

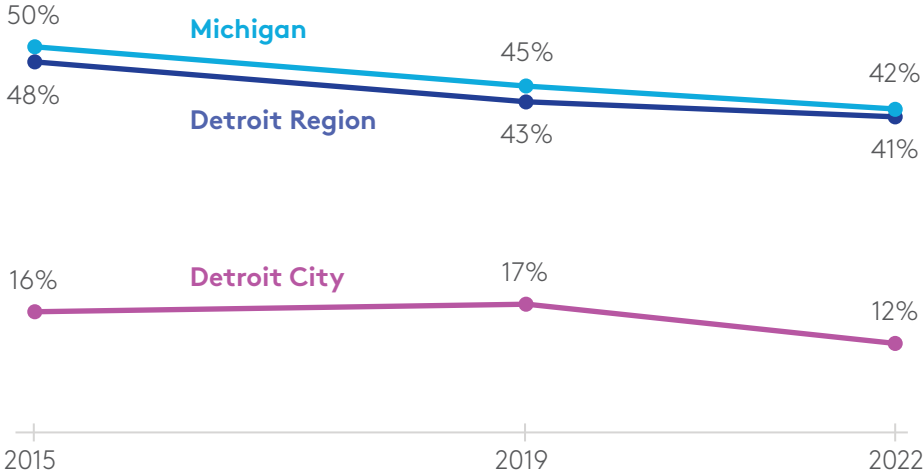
Third-grade English/language arts proficiency



In 2022, Detroit’s third-grade English and language arts proficiency was 12%, almost 3.5 times lower than the region’s 41%. Since the start of the pandemic, disparities grew as proficiency in the city dropped by 5 percentage points while only dropping by 2 percentage points in the region and 3 percentage points in the state.

Significant gaps endure in third-grade English/language arts proficiency levels between Detroit and the region

Share of third-graders proficient or advanced in English/language arts, 2015 to 2022



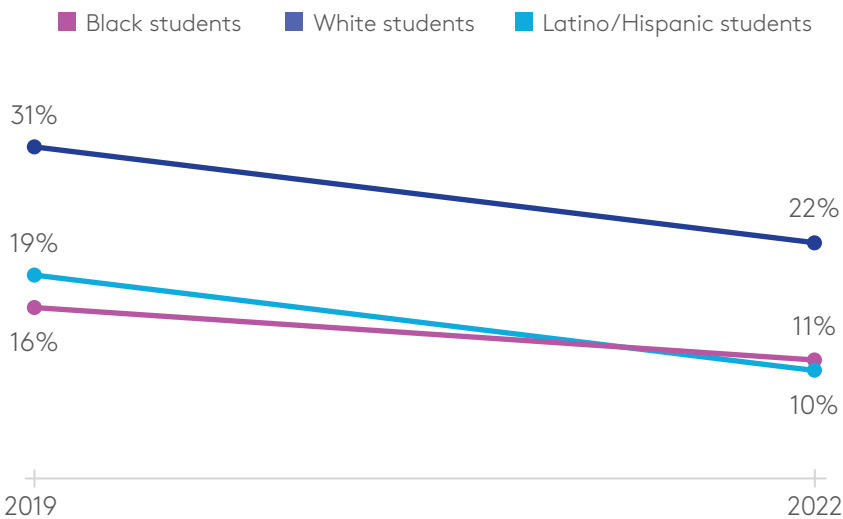
Source: Michigan Department of Education



From 2019 to 2022, third-grade English/language arts proficiency declined across the board for Black, white, and Latino/Hispanic students in the city. The decline was highest for white and Latino/Hispanic students, who both saw 9-percentage-point declines.

Third-grade proficiencies declined across the board for students of all races

Third-grade English/Language arts proficiency by race, Detroit, 2019 and 2022



Source: Michigan Department of Education



HEALTH

OVERVIEW

On the heels of COVID-19, Detroit's life expectancy faced a historic setback, underscoring persistent disparities by race/ethnicity.

Detroit's slight increase in life expectancy over the past decade was offset by the pandemic, declining across the board for the region, state, and nation from 2019 to 2021. Moreover, the existing gap in life expectancy by race/ethnicity widened slightly. In 2020, Detroit's infant mortality rate stood at 14.6 deaths per 1000 births, up 33% from 2019. The rate for Black infants was nearly triple that of white infants. While most Detroiters were covered by health insurance, with only 7% uninsured, residents were less likely than others to have employer-sponsored health insurance.

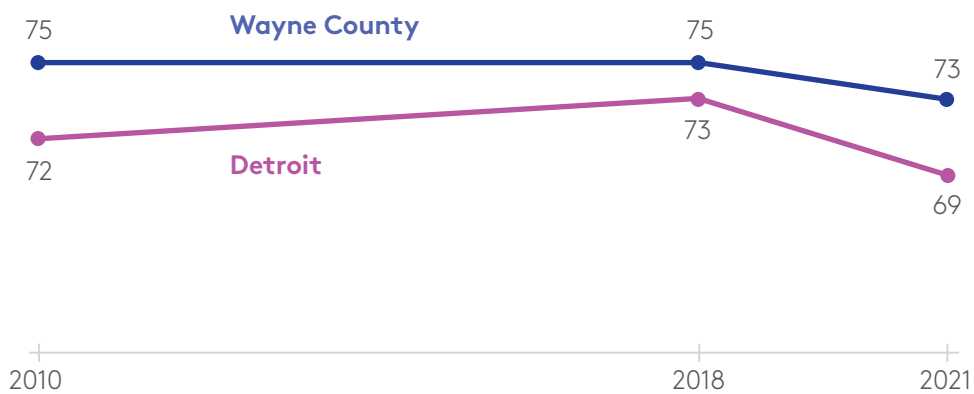
Life expectancy at birth



From 2018 to 2021, life expectancy at birth fell by four years for Detroit residents and two years for county residents, largely due to the pandemic.

Life expectancy declined overall as a consequence of COVID-19

Life expectancy at birth (in years), 2010 to 2021



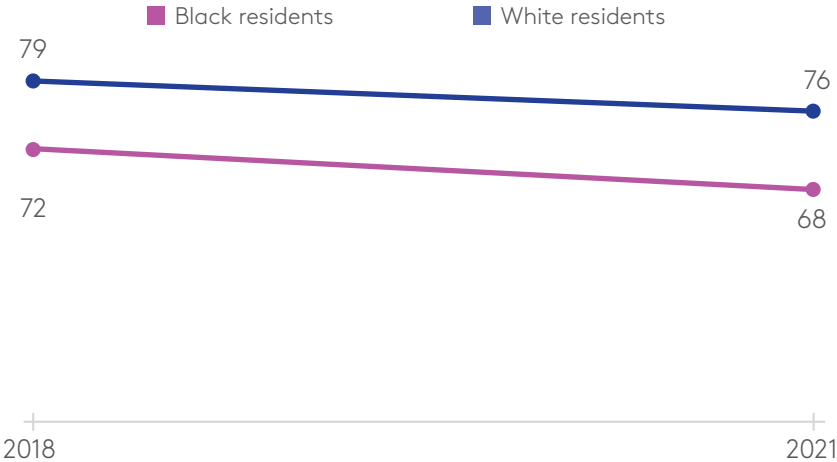
Source: Michigan Department of Health and Human Services; U.S. Center for Disease Control NVSS; Adapted Life Expectancy Calculator from County Health Rankings Mortality Calculator



In the city, life expectancy declined by four years for Black residents and by three years for white residents.

Life expectancy for Black Detroiters continues to be the lowest in the city

Life expectancy at birth (in years) by race, Detroit, 2018 and 2021



Source: MIDHHS; U.S. CDC NVSS; Adapted Life Expectancy Calculator from County Health Rankings Mortality Calculator



NEIGHBORHOODS AND HOUSING

OVERVIEW

Detroit's neighborhoods continue to face a variety of challenges and must be strengthened socially, economically, and physically.

As of 2021, the city was home to 15 middle-class neighborhoods, and a growing number of the Black middle class lived outside of the city. Homeownership rates increased by 3 percentage points from 2019 to 2021, with most Detroit households now owning their home. Additionally, vacancy, a serious issue affecting most neighborhoods in the city, has continued to decline. Across the city, residents' low incomes continued to drive affordability issues. The share of cost-burdened homeowners and renters drops significantly once a household income reaches \$50,000 or more.

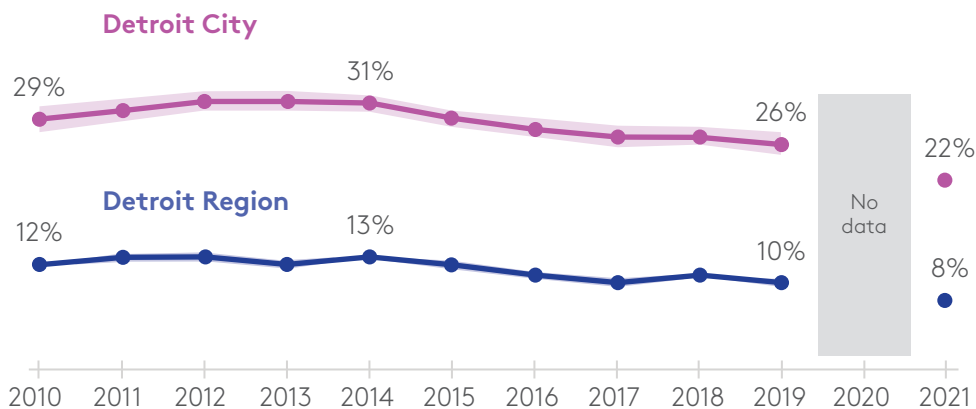
Residential vacancy rate



Due largely to the city’s efforts to remove blight, Detroit’s vacancy rate continued to decline. Since 2014, the city has seen a reduction of more than 46,000 vacant housing units, lowering the vacancy rate from 31% to 22%. Despite improvements, Detroit continues to have one of the highest vacancy rates among the 100 largest U.S. cities. In the same period, the vacancy rate in the region continued to decline, remaining substantially lower than that of the city.

Vacancy in the city, although declining, continues to be significantly higher than the region

Residential vacancy rate, Detroit vs Region, 2010 to 2021



Source: American Community Survey, 1-year estimates, 2010 -2021