GROWING DETROIT’S AFRICAN-AMERICAN MIDDLE CLASS
THE OPPORTUNITY FOR A PROSPEROUS DETROIT
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Foreword

There’s a simple, universal concept concerning economic, social and educational growth that must be front of mind in planning about enlarging the black middle class: Authentic development and growth require deliberate investment. If we want to see more black people enter the middle class, we must invest in endeavors and interventions that lead to better-paying jobs, affordable housing, efficient transportation and effective schools. Though these amenities will attract middle-class people back to Detroit, the focus on development must be directed at uplifting a greater percentage of current residents so that they have the necessary tools to enter the middle class. Meaning, growing the black middle class in Detroit should not result from pushing low-income people out of the city.

One may think a strategy to attract people back into the city should take priority. White and middle-class flight significantly influenced the concentrations of families who make less than $50,000 in the suburbs (30 percent) and in Detroit (75 percent), according to findings in Detroit Future City’s “139 Square Miles” report. Bringing suburbanites back into the city would alter these percentages, and we most certainly want conditions that are attractive to all middle-class families. However, we also don’t want to return to the realities where the devaluing of low-income and black people hastened the flight to the suburbs. The concentration of black people who stayed in the city is an asset that’s worthy of investment. Increasing the percentage of the black middle class is vitally important. But building from within is more so.

Detroit Future City’s report “Growing Detroit’s African-American Middle Class” is a deliberate investment that recognizes the inherent value in the people who make Detroit great.

Andre M. Perry
David M. Rubenstein Fellow, The Brookings Institution
Author of “Know Your Price: Valuing Black Lives and Property in Black Cities”
At Knight Foundation, we believe that informed and engaged communities are essential to a well-functioning, representative democracy. This mission is guided by our support for free expression, journalistic excellence, civic engagement, and equitable, inclusive and participatory communities. It is built upon the vision of our founders, John S. and James L. Knight, newspaper publishers who were deeply committed to presenting the full, actual, contextual truth in service to their communities.

It is with our mission in mind that Knight Foundation is pleased to support Detroit Future City’s publication of “Growing Detroit’s African-American Middle Class: The Opportunity for a Prosperous Detroit.” At a time of continuing transformation for Detroit, it is important to consider our city’s history, its present and the opportunity presented to build a more prosperous city from that heritage. Each page of this report presents an opportunity to discuss who we are as a city, how we’ve gotten here, and what we should do to move forward. Those important discussions among Detroiters are exactly why we value this report and others like it.

All Detroiters deserve to be empowered with information that is open, accessible and verifiable. To effect change, residents, policymakers, journalists, civic leaders, business owners, and activists need to work together using a common set of facts. With this in mind, “Growing Detroit’s African-American Middle Class” can be an impetus for constructive discussion and robust debate.

**Katy Locker**  
Director/Detroit  
John S. and James L. Knight Foundation
Foreword

Detroit Future City is proud to introduce “Growing Detroit’s African-American Middle Class: The Opportunity for a Prosperous Detroit,” an in-depth look at the quantitative and qualitative aspects of African-American middle-class households and the value that the African-American middle class provides to communities.

My grandmother, Blanche Martin Goings, arrived in Detroit in 1941 from Lafayette, Alabama. A recent graduate from Alabama Teacher’s College, she was confident that she would make a living as a teacher in this bright, gleaming new city. Unfortunately, her teaching certificate was not recognized by the State of Michigan, but she was offered a position as a teaching assistant. Shortly thereafter, she met my grandfather, Booker Goings, a janitor for the Department of Public Works for the City of Detroit. They soon married and rented their first home on Detroit’s west side, later purchasing a modest Tudor nearby. They had five children; four went on to college, and one served in the Vietnam War. They are the American middle-class story in Detroit.

This report was borne out of “139 Square Miles,” a comprehensive data report Detroit Future City published in 2017 analyzing Detroit’s people, economy and places. We decided to focus on the middle class as a continuation of that report because one specific data point worried us here at DFC: More than 75% of Detroiters make less than $50,000, that is in stark comparison to the region, where only 30% of households make less than $50,000. The decision became obvious. Detroit’s success was predicated on increasing the number of middle-class households. However, this was not a simple attraction strategy; this had to be a combination of attracting, growing and retaining African-American middle-class households. The question then became how to capture that strategy in an accessible data report. Understanding and defining Detroit’s African-American middle-class population was a heavy but important lift. It is a personal narrative about families, choices, opportunity and decisions.

As with “139 Square Miles,” this report will focus on demographics, economic development and place. Unlike “139 Square Miles,” Detroit Future City will share its opinions and policy recommendations that we hope the reader will use to draw his or her own conclusions and strategies. We also spent time with a number of current, former and future Detroiters in focus groups. Their voices are incorporated into this report to balance the data with personal perspectives. This personal voice was one of the most important components. Whether the Detroiters who spoke with us were below, in the middle or above the economic income marker, they all identified with being middle class, not unlike my grandmother when she got off the bus from Lafayette, Alabama.

As Detroit Future City continues to do our best to keep Detroiters informed and engaged in Detroit’s continued growth, we hope our new report, “Growing Detroit’s African-American Middle Class: The Opportunity for a Prosperous Detroit,” is useful, thought-provoking and personal.

Enjoy,
Anika Goss, Executive Director of Detroit Future City
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Introduction

Across the nation, there are more than 45 million middle-class households, of which 4.6 million are headed by African Americans. Detroit Future City (DFC) defines a middle-class household as one having an income between 80% and 200% of the national median household income. This translates to household incomes between $46,100 and $115,300 per year.

This report will take a close look at the middle class in Detroit, with a special emphasis on the African-American middle class. DFC’s goal is to focus attention on this important demographic group and foster a broader civic conversation about how growing the African-American middle-class is key to growing an equitable and prosperous city.

It is said that Detroit gave birth to the American middle class when, in 1914, the Ford Motor Company began paying factory workers a then unheard of $5 per day. These good-paying manufacturing jobs fueled U.S. economic prosperity for blue- and white-collar workers alike. Strong industrial trade unions, such as the UAW, set a standard for wages and benefits that provided economic stability to a broad cross-section of families throughout much of the 20th century.
Detroit was especially important to the rise of the African-American middle class. Beginning in the early 1900s, Detroit, like many other major U.S. cities, became a magnet for African Americans, many of whom were moving north as part of the Great Migration in search of jobs. Although African-American manufacturing workers faced discrimination in hiring and promotions, Detroit’s economy still generated large numbers of good-paying jobs for blue-collar workers of all races. Business ownership was another source of middle-class incomes for African Americans by the early 1950s. In his book “The Origins of the Urban Crisis,” Thomas Sugrue noted that “Detroit boasted the largest number of independently owned black businesses of any city in the United States.” Later, as manufacturing jobs in Detroit declined, some African-American workers found middle-class positions in the public sector, serving as teachers, firefighters and police officers.

In the years following World War II, the country began an era of widespread suburbanization. Older industrial cities such as Detroit experienced significant population losses as white households moved to the suburbs.
INTRODUCTION

As the region expanded and the suburbs grew, they pulled middle-class families from Detroit, a key factor in the city’s decline. Even though the prevailing story of Detroit is the rise of the suburbs and decline of the city, in the later part of the 20th century, though the number of white residents fell substantially, the African-American population remained restively stable.

However, in the first decade of this century, that trend reversed, with population decline in the city led by a shrinking African-American middle class. Though some of this decrease was due to declines in household size, much of it can be attributed to the movement of the African-American middle class out of the city to nearby suburbs, such as Southfield, Oak Park, Eastpointe, Harper Woods, Lathrup Village and Redford Township. As a result, Detroit now has a disproportionately small share of middle-class households relative to the rest of the region.
The decline of the middle class, regardless of race, is not unique to Detroit. In recent years, the decline of middle-class incomes has been a frequent topic of national discussion. Though the definitions used by researchers to track the middle class vary slightly, there is a growing body of research that has consistently found a substantial decline in the middle class. For example, the Pew Research Center found that the middle class made up 61% of U.S. households in 1970, but only 50% by 2015.4

In his 2018 book, “The Divided City,” author Alan Mallach found that the share of middle-class households dropped from 43% to 24% over the same period.5 Using DFC’s definition, the share of middle-class households in the United States has dropped from 43% to 38% between 1970 and 2017.6

Currently, 25% of Detroit’s households can be considered middle class. This compares to 38% in the larger Metro Detroit region.6 To bring Detroit’s share of middle-class households in line with the regional share, an additional 33,800 middle-class households of all races would be needed. 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, as well.
That would require an increase of 27,700 African-American middle-class households in Detroit. This growth could include any combination of attracting new middle-class households, retaining middle-class Detroit households, or moving Detroit households from lower-incomes to middle-class incomes.

For the first time in decades, Detroit is poised for population growth. The number of households in the city is increasing, and there are early indications that the number of middle-class households is beginning to increase. Though this is not a trend that is universal across the city, there are areas that are stabilizing and taking steps in the long path toward revitalization.

For growth to occur in an equitable and inclusive manner, it is imperative that current Detroit residents, particularly African Americans and other people of color, are able to fully participate in the city’s revitalization. This will require deliberate action. As such, key components of the city’s growth must be intentionally focused on the African-American middle-class in order to grow the middle class from within, as well as create quality middle-class neighborhoods that will retain and attract middle-class households.
INTRODUCTION

This report focuses on the African-American middle class for two reasons.

First, Detroit Future City’s 2017 “139 Square Miles” report showed that nearly 75% of Detroit households had an income of less than $50,000. By contrast, only 30% of regional and U.S. households earn less than $50,000 per year.

Second, since the turn of the 21st century, middle-class African Americans have been the largest demographic group to move out of the city to nearby suburbs. Increasing Detroit’s African-American middle-class households to the regional and national levels, and reversing the loss of Detroit’s African-American economic base, create a clear challenge worth further research and analysis. The focus on these two primary issues can lead to the development of inclusive growth and prosperity strategies that could benefit all Detroiter.
Middle-class neighborhoods could be an important part of the city’s revival. In Detroit, as in other cities across the country, middle-class neighborhoods tend to be stable, with 49 of the 50 largest cities, including Detroit, experiencing growth within middle-class neighborhoods since 2010. Between 2010 and 2017, the number of total households in Detroit decreased 5%, while the number of households in middle-class census tracts increased 8%. When compared to the other 49 largest American cities, Detroit ranks 19th in the rate of growth in households in middle-class census tracts.

In the creation of this report, Detroit Future City and the project team took a deep dive into the available data to examine the trends and issues currently facing the city of Detroit and its middle-class residents. In addition, Detroit Future City also convened a series of focus groups to gain a deeper understanding of the African-American middle class and their experiences in Detroit and across the larger metropolitan region.
Percentage Change in Households in Middle-Class Neighborhoods, 2010-2017

As much of the redevelopment in the city has occurred in the Greater Downtown and surrounding neighborhoods, there are questions about who is benefiting from the revitalization of Detroit. A recent survey by the University of Michigan found that 52% of respondents believe that white residents benefit more than African Americans, and 74% believe that wealthy residents benefit more than poor ones. This sentiment was also echoed by the focus groups convened for this report.

One simple measure would be to track the growth of the African-American middle class within the city. This metric captures many aspects of the revitalization. First, this metric would track how well African-American households in the city fare in terms of income relative to other households in the city and surrounding communities. Second, it could be used as an indicator of how neighborhoods across the city are revitalizing and becoming more desirable places for the middle class to live. The combination of these two elements would make tracking the number of middle-class African American households in Detroit a simple and effective metric to track equitable growth in the city.

One question that frequently arises is how to measure whether Detroit, a city that is 79% African American, is growing equitably.
What is Middle Class?

The term “middle class” has many connotations beyond a simple statistical metric to describe an income group. For the purposes of this report, Detroit Future City is defining the middle class as those living in households with a household income between 80% and 200% of the national median household income.

Using the 2017 American Community Survey, this translates to households earning between $46,100 and $115,300 per year. Similarly, we define the “upper middle class” as those living in households with incomes between 200% and 300% of the national median household income, or $115,300 to $173,000 per year.
When asked to describe what it means to be middle class, DFC’s focus group participants responded that it implies a sense of comfort and security. They also said that being middle class allowed them to purchase some of the things they desired, but not all of them. However, they felt that their economic security was fragile and feared that they could easily lose their middle-class status. There was also a sense that the fate of middle-class households is overlooked in many policy debates and decisions. Focus group participants saw themselves, and other members of the middle class, as making too much money to qualify for support programs geared toward lower-income households, but not enough to afford true economic security or a place in the newly developing areas of Detroit.
There are 64,700 middle-class households living in the city of Detroit. Additionally, there are 9,000 households that can be classified as upper middle class.

Nationally, there are 45.6 million middle-class households and 13.6 million upper-middle-class households, accounting for 38% and 11% of the nation’s households, respectively. These shares are equivalent to what we find in the Metro Detroit region. In the city of Detroit, however, the middle class accounts for only 25% of households, with just 3% considered upper middle class.

Source: Analysis of American Community Survey, 2013-2017
In Detroit, the age of middle-class householders trends slightly older than in the region and nation. Nevertheless, the largest share in all cases is held by households headed by an individual 45 to 64 years old, accounting for 43% of all middle-class households. The second largest group is those 25 to 44 years, at 31%.
Though Detroit’s share of middle-class households is small relative to the region and the nation, it is also smaller than any major city in the country. Compounding that, Detroit also has the largest share of low-income households, with slightly more than half its total households making less than 50% of the national median income.
Nearly 80% of middle-class households in Detroit are headed by African Americans, some 51,400 households. In addition, there are 8,000 white middle-class households and nearly 3,600 Hispanic middle-class households in the city. Though there is a substantial racial disparity between the share of middle-class households across the region and country, in Detroit there is little difference. Across the region, there is an 11-percentage-point gap between the share of white middle class and African-American middle class. In Detroit, the gap is only 2 percentage points. In Detroit, white, African-American and Hispanic middle-class households all have a smaller share than in the region and nation as a whole.

Source: Analysis of American Community Survey, 2013-2017
Since 2000, there has been a dramatic shift in the number and location of the region’s middle-class households.

During this period, the number of middle-class households in the region declined 9%, and the number of middle-class African-American households fell 13%. Geographically, this decline has been centered in Detroit, where the number of middle-class households, regardless of race, has decreased by 44%.

Source: Analysis of American Community Survey, 2013-2017
There was an overall decline in the number of African-American middle-class households in the region, however, the larger story is the shift of the African-American middle class households out of Detroit to the suburbs. The continued departure of middle-class African Americans has resulted in the share of the region’s African-American middle-class households living in the suburbs rising from 28% in 2000 to 54% today.\textsuperscript{13}

Change in African-American Households, 2000-2017

Middle-Class African Americans

- Middle-class African-American households
- Upper-middle-class African-American households

Source: American Community Survey, 2013-2017
As Detroit moves forward, it will be critical to grow the middle class. One group within the city that will be important for achieving this goal is the 19% of households just below middle-class status. These households currently have incomes between 50% and 80% of national median income, which is between $28,800 and $46,100. A strong focus on income growth for this group would help ensure that current residents are able to fully participate and benefit in the city’s recovery, and that Detroit grows a strong base of middle-class households that can anchor broader population and income growth in the city.
The idea of a middle-class neighborhood is one that evokes many emotions. Focus group participants described middle-class neighborhoods as places that are clean and well-kept and have a well-maintained housing stock. They are also places that provide residents with nearby access to a wide range of high-quality amenities and services, including good schools, retail offerings, and fresh and healthy food. Respondents also cited high rates of home ownership as an important component of middle-class neighborhoods, citing the extra care that homeowners typically put into their homes.
Using census tracts as the unit of geography, this report defines middle-class neighborhoods as those tracts where more than 50% of the households are middle or upper middle class. Using a similar approach, we define middle-class African-American neighborhoods as the subset of middle-class census tracts in which more than 50% of all households are headed by an African American.

Middle-class households reside in areas across Detroit but comprise a majority in only 12 of the city’s 297 census tracts (4%). These neighborhoods are some of Detroit’s most well-known, including parts of Grandmont Rosedale, University District, Green Acres, Sherwood Forest, Palmer Woods, Boston Edison, East English Village, Regent Park, Indian Village and a portion of Downtown. Of these 12 middle-class neighborhoods, all but one is majority African American.
Middle-Class Neighborhoods

Across the region, 58% of households live in middle-class neighborhoods.

White middle-class households are much more likely to reside in a middle-class neighborhood than African-American middle-class households. 75% of white middle-class households and 81% of white upper-middle-class households residing in a middle-class neighborhood. This compares to 33% and 49% for African Americans respectively.

Given the importance of neighborhood characteristics to attracting and retaining quality retail, services and stable housing prices, increasing the number of middle-class neighborhoods that are attractive to African-American households, that are choosing communities with these characteristics outside of the city, should be the priority.

Detroit’s middle-class neighborhoods have recovered more quickly from the Great Recession than the remainder of the city’s neighborhoods. Since 2010, they have seen an 8% increase in the number of households. Though many parts of the city have seen a decline in the number of homeowners, this number has remained relatively steady in middle-class neighborhoods, declining only 4%. Most recently, these neighborhoods have experienced a rebound in owner-occupant home sales and housing values.
A second driver of change in Detroit’s middle-class neighborhoods has been an increase in the white population. Though the number of African-American-headed households in middle-class neighborhoods is increasing, white households are the main driver of household growth in these neighborhoods. They make up about two-thirds of the growth in middle-class neighborhoods, where the number of African-American households has increased by 120 and the number of white households has increased by more than 600 since 2010.
African-American Middle-Class Neighborhoods

Middle-Class African-American Neighborhoods

The location of African-American middle-class neighborhoods in the Metro Detroit region reflects a pattern found across the country. Of the 73,000 census tracts across the country, there are slightly more than 1,000 that meet Detroit Future City’s definition of a middle-class African-American neighborhood. Of these, only 371 are located in the 50 largest cities, with the largest concentrations located in but a handful, including New York, Washington, D.C. and Chicago. The majority of African-American middle-class neighborhoods are found in the suburbs of metropolitan areas, such as Stone Mountain, Georgia, outside of Atlanta, or District Heights and Laurel, located outside Washington D.C.

In Metro Detroit, there are currently 33 census tracts that meet the definition of an African-American middle-class neighborhood. Only 11 are located within the city of Detroit. Among the largest 50 U.S. cities, Detroit has the lowest share of total middle-class neighborhoods, but the sixth highest share of middle-class African-American neighborhoods.
Near-Middle-Class Neighborhoods

- Middle-class neighborhood
- Between 40% and 50% middle class and upper-middle class
- Between 30% and 40% middle class and upper-middle class

Near-Middle-Class Neighborhoods

As Detroit is revitalized, it is important to build from existing strengths and work toward rebuilding strong middle-class neighborhoods. One place to focus is those areas that have a substantial number of middle-class households but too few to meet DFC’s definition of a middle-class neighborhood. In Detroit, there are 91 census tracts where 30% to 50% of households are middle class or upper middle class. This report refers to these tracts as “near-middle-class neighborhoods.”

Much like the middle-class neighborhoods, these areas have not seen the continued decline that the rest of the city has experienced, and their populations have remained relatively stable since 2010. However, there has been a shift in tenure in these neighborhoods, with the number of homeowners continuing to decrease and the number of renters increasing. In trying to rebuild middle-class neighborhoods, this is a trend that should be closely followed, as home ownership is a clear indication of strong middle-class neighborhoods.

In recent years, most new development in Detroit has been clustered in the Greater Downtown area, along the Riverfront and in near-Downtown neighborhoods, such as Corktown. The Strategic Neighborhood Fund, a public-private initiative, is aimed at pushing greater investment into at least 10 neighborhoods outside the Downtown core. This initiative targets a mix of middle-class and near-middle-class neighborhoods, with the goal of improving amenities, such as retail corridors and parks, stabilizing housing markets, and creating a greater variety of housing choices in these areas.
Growing, Retaining and Attracting Detroit’s Middle Class

To expand the middle class and build strong middle-class neighborhoods, it is important that deliberate policies and strategies are pursued. This report proposes the lofty goal of increasing the number of middle-class households in the city by 33,800, which would bring Detroit’s share of middle-class households in line with the current share in the region. Although this goal is ambitious, it is important to understand the effects that it will have on the city and where the city currently stands. This goal represents just 13% of the total number of households currently in the city.

When it comes to growing, attracting and retaining middle-class households, Detroit Future City strongly believes that all of these approaches are important and that each of these are needed to successfully move Detroit forward. As the city does this, however, it is important that policies are coordinated and targeted so that the increase in the middle class can have the greatest positive impact on the city and its residents. Below, we outline possible futures and how each of these may affect the city.
Currently, there are slightly more than 30,000 vacant housing units in Detroit’s middle- and near-middle-class neighborhoods. Using growth strategies to strengthen middle-class and near-middle-class neighborhoods, the ability to retain Detroit’s current middle-class households would be greatly enhanced.

If these households were to come from moving existing Detroiters into the middle class, there is ample opportunity to grow and strengthen middle-class neighborhoods and to elevate near-middle-class neighbors to that level. If it is assumed that the growth is spread evenly across all near-middle-class neighborhoods, it would take moving up only 13,300 near-middle-class households to make Detroit’s near-middle-class neighborhoods majority middle class.

If this growth were to come from households not currently in Detroit, increasing the number of middle-class households in the city by 33,800 would result in a 10% increase in the number of households in the city. Though this would be a rather dramatic turn for Detroit, which, like many similar cities, is experiencing meager growth in the number of households. If this growth were concentrated in the middle and near-middle-class neighborhoods, it would have a transformative effect on those neighborhoods. It could also be accommodated reutilizing vacant housing.

It would take elevating ONLY 13,300 near middle-class households to make Detroit near-middle-class neighborhoods majority middle class
If this growth were to occur in only the Greater Downtown, it would have a transformative effect not seen in the city since the first part of the 20th century. It would more than double the number of households in the area. This would also require construction of a significant number of new housing units, as this influx of new middle-class residents would far outpace the existing supply of housing and could not easily be absorbed into the existing supply of vacant units.

Though the increase in middle-class households will have a transformative effect on the city, it would be only a start. Currently, middle-class neighborhoods account for 5% of the city’s households and 4% of the city’s land area, with the near-middle class accounting for 36% of the city’s households and 31% of the city’s land area. Though this alone will not solve all of the city’s issues, it would be a giant step forward for the city. It should not be considered an end point, but an additional step on Detroit’s path to revival.
Detroit’s Challenges

When asked about middle-class neighborhoods and what the middle class found desirable, focus group participants were consistent in describing these characteristics: cleanliness, well-maintained homes, low vacancy and blight, high rates of home ownership, adequate public safety, and access to a range of quality amenities and services, including good schools.

Focus group participants also seized upon the costs of living in the city and what they believed was discouraging middle-class residents from staying or moving to Detroit. Among the deterrents were familiar themes such as high insurance and tax rates, struggling schools, blight and vacancy, and a lack of retail amenities. These issues were perceived to provide for a higher cost of living within Detroit, especially when compared to surrounding locations.
Cost of Living

Although the cost of housing in most Detroit neighborhoods is low compared to other cities in the region, focus group participants often felt that other costs, such as insurance and taxes, kept Detroit’s cost of living relatively high.

Michigan car insurance rates are among the highest in the country, and Detroit’s are the highest in the state. Efforts are underway to reform Michigan’s no-fault insurance laws but have thus far been unsuccessful. Though Detroit’s car insurance rates are the highest in the state, rates in some inner-ring suburbs, such as Oak Park and Southfield, are also consistently higher than the average for locations across the state.
Detroit’s Challenges

Average Car Insurance

Source: The Zebra, 2018
Detroit also has one of the highest property tax rates in the region, at 68.87 mills. Although this is high, it is similar to other inner-ring suburbs, such as Harper Woods at 76.05, Eastpointe at 63.61 and Southfield at 63.04. Some cite the low cost of housing in Detroit, in general, as an offset to the high millage rate, but the impact of high rates becomes more acute as property values rise. Many of Detroit’s middle-class and near-middle-class neighborhoods have been designated as Homestead Neighborhood Enterprise Zones, which offer some tax relief in areas where property values are higher. This tool has also been utilized for residential development in the downtown area. However, these tax abatements are not permanent and will eventually expire.

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Source: State of Michigan, 2017
Schools

School quality was another issue consistently raised within the focus group discussions. Several focus group participants cited underperforming schools as a key reason behind their decision to leave the city. This issue has been a focus of civic concern for years and substantial efforts are underway to improve school quality.

When compared to the region as a whole, Detroit’s schools perform relatively poorly. However, when compared to nearby suburban districts, such as those in Southfield, Oak Park, Redford Township and Eastpointe, the comparison is more favorable.

There are several Detroit public and charter schools that would be the highest performing school in nearby districts. including Edison Public School Academy, Renaissance High School, Bates Academy, Cass Tech High School, Oakland International Academy-Middle and the Martin Luther King Jr. Education Center Academy. Each of these schools would rank as the highest performing school in Southfield Public Schools, Oak Park, Hazel Park and Redford Township.
Michigan School Index System Scores

Source: State of Michigan, 2016-2017
When asked to describe a middle-class neighborhood, focus group respondents overwhelmingly described a place that was clean and absent of blight and vacancy. This is an issue that has challenged Detroit for years. Though the number of vacant housing units in the city has been decreasing, vacancy remains an issue in many areas of Detroit. Detroit’s middle-class neighborhoods have a vacancy rate of 15%, relatively high by regional standards. Adding to the challenge, 73% of census tracts in the city have a vacancy rate of more than 20%, and 89% of all regional census tracts with a rate greater than 20% are located in Detroit.19
Home Ownership

Homeownership is a common aspiration for middle-class households. Though Metro Detroit has long been known for having high rates of home ownership, the number of homeowners in the region declined 6% between 2000 and 2017, causing the overall rate of home ownership to decline from 73% to 69%. During this same period, even though the number of homeowners across the country increased 9%, the number of renter households increased at a faster rate, causing the nation’s home ownership rate to decline from 66% to 64%. This trend has disproportionately affected African Americans, with the rate of African-American home ownership in Metro Detroit dropping from 52% to 43% during this same period. Though there was a marked decline in the home ownership rate in the wake of the Great Recession, the rates for the city and the nation have stabilized over the last several years.
Nevertheless, Detroit’s middle-class and near-middle-class neighborhoods continue to have high rates of home ownership, with 71% of households in middle-class neighborhoods and 52% of households in near-middle-class neighborhoods owning their own homes.

Focus group participants indicated that a key element of a middle-class neighborhood was having a strong homeowner base, clarifying that there was a distinction in the upkeep of rental homes opposed to owner-occupied homes. Though respondents did not necessarily see the presence of renters themselves as a negative, they noted that landlords and renters were not as likely to put the same care into rental properties as those who lived in homes they own.

Detroit’s middle-class and near-middle-class neighborhoods continue to have high rates of home ownership, with 71% of households in middle-class neighborhoods and 52% of households in near-middle-class neighborhoods owning their own homes.

Education Attainment for the Population Ages 25-64, 2017

Source: American Community Survey, 2013-2017
Another challenge to growing the middle class in Detroit is the education levels of city residents. When compared to the region and the United States, educational attainment remains low: Only 14% of Detroit residents 25 to 64 years of age have a bachelor’s degree or higher, compared to 32% in the region and the U.S.\(^2\)

But focusing on improving the educational attainment for Detroiters only addresses part of the issue. In addition to low levels of educational attainment, Detroiters make less than their national and regional counterparts, regardless of their level of education. Nationwide, the median earnings for a person with a bachelor’s degree are enough to lift them into the middle class. In Detroit, where the median earnings for a Detroiter with a bachelor’s degree is $37,800, falling well below a middle-class salary. It is important not only to improve the educational attainment for Detroiters but also to improve their outcomes in the labor force.

In Detroit, the median earnings for a resident with a bachelor’s degree is $37,800, falling well below a middle-class salary.
There has been much good news surrounding the city and its revitalization. However, as noted earlier in this report, 70% of Detroit households earn less than 80% of the national median household income, including 51% that earn less than 50%. Equitable and inclusive growth in Detroit will require that lower-income Detroit households have access to opportunities that would allow them to achieve a level of economic comfort and security normally associated with the middle class.

Detroit is now seeing growth in key demographics, such as in the number of residents between the ages of 25 and 34 years old. In the past year, the city has seen an increase in residents in this age bracket not only moving to the city from around the region, but from across the country. There is also the opportunity to attract the demographic of younger African Americans that grew up in the suburbs and are now making decisions about where to locate. There are rich assets within the city that can make it an attractive place for these residents to choose to live.
The economy within the city is expanding, and the rate of private-sector job growth is outpacing the nation. Since 2009, when the rebound began, Detroit has seen an increase of more than 30,000 private-sector jobs, and among them, 15,000 that pay a middle-class wage.24 Detroit has also seen growth in the number of employed Detroiters. Since 2011, the number of employed Detroiters 16 years and older has increased by more than 30,000.

However, even though the total number of jobs in the city is expanding, the number of workers who both live and work in the city continues to decline, and the number of Detroiters who travel out of the city each day for work is increasing.25 The unemployment rate has also declined in recent years, but remains twice as high for African-Americans than whites.26 Currently, the unemployment rate for African Americans is twice that of their white counterparts.
This problem is further exacerbated by employed Detroiters earning less than their regional and national counterparts with similar educational attainment. Economic policy that creates equitable opportunities for people with comparable education levels to earn middle-class wages must be intentional. Incentivizing specific job sectors in medical, education, or financial services can contribute to attracting, retaining and growing the middle class in Detroit. Policies and programs, such as the Greater University Circle Initiative in Cleveland, Ohio, set targets for inclusive hiring, buying local, neighborhood improvement and attraction efforts to improve the economic vitality of Cleveland. Another example is an initiative in Richmond, Virginia, led by the Chamber of Commerce and corporate and philanthropic leadership to recruit high-level teachers from across the United States using aggressive recruitment tactics, substantially increasing the educator
pool over five years. This initiative is similar to efforts underway with Detroit Teach 313. The same level of intentionality for trades and those with associate degrees also must be employed. Creating better partnerships and pathways between local community colleges and local business is one place to start, but the focus on skills that are in higher demand must become a priority, as well. Connecting education to employment opportunities and creating intentional social networks that result in hiring are specific tasks that civic leaders can take action on immediately. Such models are concrete examples of intentionally implementing policies and practices to create economic opportunity.

Home Ownership

Home ownership has long been an indicator of stable middle-class neighborhoods and a pathway to building middle-class wealth. In Detroit, two-thirds of the middle class own their home, which is lower than both the region and national rates.
U.S., where three-quarters of the middle class are homeowners. Prior to the Great Recession, the main avenue that the middle class used to access homeownership was through home mortgages. However, the unavailability of credit has also been an important factor over the last 10 years, limiting the ability to qualify for a mortgage. Though the number of cash purchases increased for Detroit homeowners, there were far more investors and speculators that contributed to neighborhood instability throughout the city.

In 2012, there were only 203 mortgages written within the city of Detroit. By 2017, this number had increased by 428%, to more than 1,000, with about 26% of these mortgages being written in middle-class census tracts and 52% in near-middle-class tracts.27

This is a vast improvement from the depths of the Great Recession, however the number of mortgages in the city is still small when compared to the region, and many African Americans are choosing to buy homes outside of the city. In 2017, there were 4,045 mortgages written to African Americans in metro Detroit, but only 461 of those were in Detroit.28

One of the greatest opportunities for the city is to build off the stability of middle-class neighborhoods. Although the last several years have seen an increase, Detroit has lost 5% of its households since 2010. However, the decline has not been uniform across the city. During this period, the number of households in middle-class neighborhoods has increased 8%.29 In the near-middle-class neighborhoods, the number of households has remained steady. These areas of the city have seen their vacancy rates decrease and building permit activity increase, indicating a growing confidence in the city. Strategic investment in housing, retail, parks, public infrastructure and intentional open space will only continue to enhance stability.

Comprehensive Community Development

POLICY + STRATEGY = DETROIT’S OPPORTUNITY TO GROW THE MIDDLE CLASS
These middle-class and near-middle-class neighborhoods can become neighborhoods of choice in the region for middle-class families. A comprehensive investment model replicated all over the country is the cornerstone to community development. In places such as Atlanta, 30 Indianapolis 31 and Chicago. 32 This is not a Band-Aid approach to temporarily fixing the lowest income neighborhoods, but rather an approach to making strategic investments that stabilize and grow neighborhoods where the middle class chooses to live.
Conclusion

There is more momentum in Detroit for redevelopment and new investment now than we have seen in decades. Hundreds of millions of dollars will be invested in neighborhoods in the next five years through public initiatives, leveraged with private investment, such as the Strategic Neighborhood Fund and the Affordable Housing Leverage Fund. Though a strong redevelopment strategy is necessary to achieve the economic growth that the city needs, questions remain about what kind of city Detroit will become.

Detroit has a rare but important opportunity to intentionally plan for inclusive growth. However, as illustrated in this report, growth is not only based on attracting people to Detroit or creating jobs. Growing Detroit must be based on an aspirational view of a city that offers economic opportunity for everyone.
This includes changing the perspective and approach around growth and redevelopment. This report set an ambitious goal of growing the middle class by 33,800, of which 27,700 are African American, to achieve a balance of middle class in Detroit that is comparable with the region and the U.S. However, this is not a mere attraction strategy. Increasing Detroit’s share of middle-class households is a commitment to creating realistic opportunities to grow the existing population, retain existing middle-class households and attract new households.

Improving educational attainment and workforce outcomes is important to building the middle class. Increasing Detroit’s African-American middle class will be predicated on the opportunities available for growth, retention and attraction. Creating opportunities to increase the educational attainment for residents at the two-year certification and four-year degree level and connecting this attainment to higher-wage jobs is a clear strategy to growing the middle class. The deliberate recruitment of African-American middle-class professionals in specific professions will also contribute to closing the economic equity gap that persists. This approach over time will begin to change the trajectory of the middle class as a long-term base of Detroit’s population.

Creating desirable neighborhoods will attract and retain middle-class households. Though the neighborhoods that are defined as middle class are important markers for opportunity in Detroit, it is also important to track near-middle-class neighborhoods over the next several years. Most of them are in close proximity to stable middle-class areas that provide them with the opportunity to build off of neighborhood growth. These neighborhoods may still show signs of decline and disinvestment, but they can quickly change to areas of stabilization and opportunity.
Conversely, without a deliberate plan for strategic and inclusive development in these neighborhoods, the middle-class neighborhoods can turn into areas of gentrification and displacement. This is a clear opportunity to utilize basic community development principles to create a new vision for Detroit’s neighborhoods that is long term, inclusive and rich in opportunity. Most important, Detroit’s neighborhoods should be viewed as potential assets where placemaking, neighborhood institutions and services are prioritized and accessible.

Providing opportunities for a middle-class lifestyle will help retain and attract middle-class households. The focus group participants all agreed that economics was only one part of identifying as middle class. For them, part of the definition also includes the ability to make individual lifestyle choices that provide a desirable quality of life. The perception that Detroit “feels” more expensive, because of high insurance rates and taxes and low-quality schools, is a realistic challenge that must be integrated into the economic strategy for improving Detroit. There are understandable challenges to all three of these issues. However, they are also often targeted as separate policy issues, as opposed to part of a comprehensive economic strategy for growing, retaining and attracting Detroiters.

As Detroit continues its turnaround, it is important to be deliberate about how we attract new residents to the city, retain existing ones, and grow the middle class by increasing the opportunity for prosperity of existing residents. The growth of the African-American middle class can be used as a key indicator for tracking how equitably the city is growing. This is a rare opportunity for a major city, returning from bankruptcy, to lead the rest of the country by building its economic agenda on the principles of equity and inclusivity.
Appendix A: Methodology

In the creation of this report, Detroit Future City and the project team took a deep dive into the available data to examine the trends and issues that are currently facing the city of Detroit and its middle-class residents, as well as its suburbs and the region as a whole. Through this research, DFC developed definitions used in this report in order to have a precise definition that can be compared across geographies and time periods.

In addition, DFC also convened a series of focus groups to gain a deeper understanding of the African-American middle class and its experiences in Detroit and across the metro region. These focus groups were held over the course of a month and sought insight from both middle-class Detroit residents and those who live in the suburbs. In total, 67 participants contributed to DFC’s qualitative data collection, which sought to better understand middle-class households, including their values, preferences, aspirations and challenges. They provided an opportunity to gain a depth of understanding of the African-American middle class not possible with data alone.
Appendix B: Defining the Term ‘Middle Class’

There is not one universally accepted definition of what it means to be “middle class” in the United States. The term has social, as well as economic, connotations. Most researchers use definitions based on household income, while others have suggested that household wealth, educational attainment or social status should also be considered. The term is also used widely in popular culture without a precise definition.

DFC defined the “middle class” as those living in households with a household income between 80% and 200% of the national median household income. This translates to households earning between $46,100 and $115,300 per year. Similarly, we define the “upper middle class” as those in households with a household income between 200% and 300% of the national median household income. This allows for comparison over time without having to adjust for changes in the value of money due to inflation. An income-based definition also allows us to utilize easily available census data and to track changes over time and location.

We have chosen to use the national median income as DFC’s base of comparison because that easily allows us to compare cities across the country. The national median income and income distribution also aligns closely with Metro Detroit’s median income and income distribution. Though there are differences in costs of living across the country, DFC has not adjusted its figures for geographic location. Doing so would create a large disparity in definitions across the country. Many goods that define a middle-class lifestyle are not priced at the local level, including higher education and consumer goods, such as an automobile.
Notes and Citations

1 Sugrue, Thomas, “The Origins of the Urban Crisis” and Farley et al, “Detroit Divided”, p.53

2 Sugrue, Thomas, “The Origins of the Urban Crisis,” p.189


   The Pew Research Center defines middle class as households making between 67% and 200% of median income, adjusted for household size.

5 Mallach defines the Middle Class as households making between 75% and 150% of national median income.

6 Metro Detroit is the six-county Detroit-Warren-Dearborn Metropolitan Statistical Area. It includes Wayne, Oakland, Macomb, Livingston, St. Clair and Lapeer counties.

7 American Community Survey, 2017

8 American Community Survey, 2013-2017


10 Data referenced for “white” in this report is classified as “white, non-Hispanic” by the Census Bureau.

11 American Community Survey, 2017


13 Ibid

14 Census tracts are relatively compact and allow data to be reported for geographically small areas. These are defined by the U.S. Census Bureau and often follow visible barriers, such as major roads or freeways, or non-visible barriers, such as city boundaries. Though census tracts vary in size, they generally contain between 1,200 and 8,000 people with a target size of 4,000. Although some change over time, they are also designed to be relatively static to allow for comparisons over time.


16 Community Survey, 2006-2010

17 American Community Survey, 2006-2010 and 2013-2017. Near-middle-class neighborhoods had an increase of .35%, or 340 households, during this period.

18 Neighborhood Enterprise Zone is a program designed to spur development and redevelopment of residential property. The program works through abating part of a property’s property tax for a period of up to 15 years. More information can be found at https://www.michiganbusiness.org/globalassets/documents/reports/fact-sheets/neighborhoodenterprisezone.pdf


21 Ibid

22 American Community Survey, 2013-2017: B25003b


27 Home Mortgage Disclosure Act, 2017

28 Ibid


31 http://www.savi.org/report/southeast-neighborhood/

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