



DETROIT
FUTURE
CITY

**COVID-19: FUTURE
RESILIENCE DEMANDS
GREATER EQUITY TODAY**

JUNE 2020

FUTURE RESILIENCE DEMANDS GREATER EQUITY TODAY

More than 1 million Americans have been infected with COVID-19 since the beginning of the pandemic. The total number of cases across the U.S. has continued to increase every day by the thousands, resulting in more than 100,000 deaths as of May 27, 2020. As Michigan begins to reopen from stay-at-home orders put in place to limit the spread of COVID-19, many are hopeful that we will begin taking steps toward “returning to normal.” As this happens, **we must acknowledge that the previous “normal” was vastly inequitable and that the most recent crisis has left many more vulnerable. This is also an opportunity to address these inequitable systems through policy changes that can lead to a more resilient and equitable future for all Detroiters.**

This report highlights data on the conditions that led to the detrimental impacts of COVID-19 in Detroit and also looks to the future with policy considerations that could address these inequities.

This report will present data and policy considerations in four areas:

- Detroiters’ physical health and access to care
- Poverty and housing instability
- Unemployment and underemployment challenges along with barriers for entrepreneurs
- Education and how the ongoing digital divide negatively affects Detroiters

Though there may be additional issues to address, these are areas that must be improved to give all Detroiters the ability to prosper and better weather times of crisis.



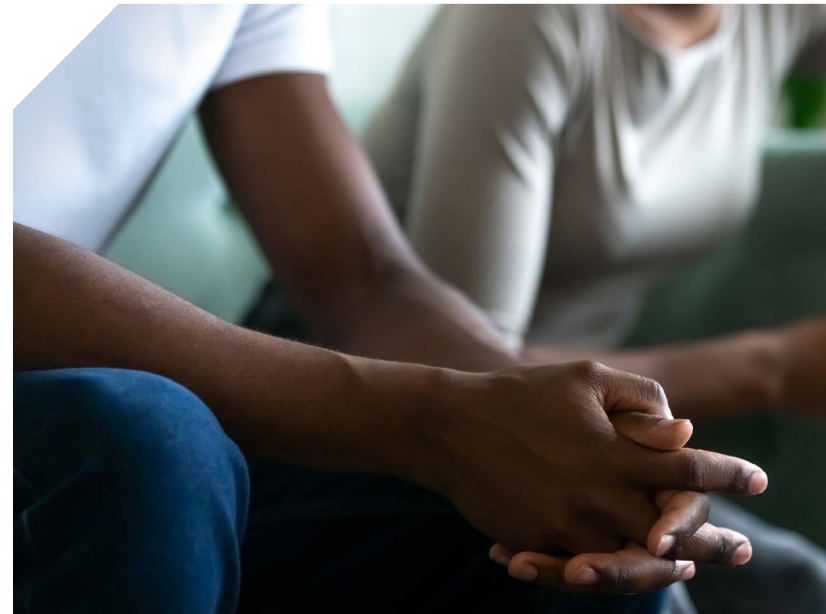
Data on infection and death rates due to COVID-19 highlight the inequities that Detroiters continue to face and that limit the city's resiliency during a crisis. The data reveal that African Americans are disproportionately becoming infected and dying of COVID-19, a reflection of historical and current systemic inequalities. As of May 27, African Americans represent 31% of COVID cases in Michigan, where they account for 14% of the population. Hispanics are slightly overrepresented as well, representing 7% of COVID cases, but only 5% of the population. Detroit, which is 77% African American and 8% Hispanic, has had more than 10,902 cases.ⁱ However, race and ethnicity data are missing for many COVID cases, and those without access to health care may have never been identified as being infected with COVID.

Prior to the COVID-19 pandemic, Detroit, like the rest of the country, had been in a decade-long recovery following the Great Recession. However, this economic recovery did not equitably benefit all Detroiters, and major challenges remain for them to stabilize, thrive and be resilient to hard times. As the world begins to reopen and recover from the COVID-19 crisis, the Detroit community must work together toward making their city a more equitable place for all in order to weather the next crisis.

It is imperative to understand the comprehensive impact that COVID-19 will continue to have on Detroiters economically, physically, mentally, and socio-economically. More importantly, the disproportionate impact on African Americans, Hispanics, and immigrants has created enormous

instability in areas where there is a high concentration of poverty. Between March 28 and May 16, 2020, more than 1.3 million Michigan residents filed for unemployment.ⁱⁱ According to data recently collected by the University of Michigan, 43% of Detroiters have lost their jobs due to the pandemic.ⁱⁱⁱ

Unpacking the complicated matrix that leads to instability for Detroiters will be required to develop a new kind of safety net that will not only ensure that Detroiters survive the COVID-19 pandemic, but can thrive.



-
- i https://www.michigan.gov/coronavirus/0,9753,7-406-98163_98173---,00.html and <https://codtableau.detroitmi.gov/t/DHD/views/CityofDetroit-PublicCOIDDashboard/TimelineCasesDashboard?%3AisGuestRedirectFromVizportal=y&%3Aembed=y>
 - ii <https://fred.stlouisfed.org/series/MIICLAIMS>
 - iii <https://poverty.umich.edu/news-events/news/dmcs-survey-43-of-detroiters-have-lost-jobs-during-pandemic/>

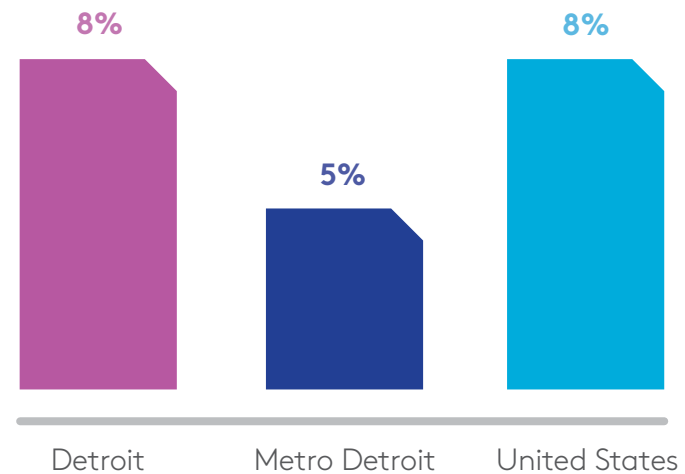
PROVIDING FOR DETROITERS' PHYSICAL HEALTH

In **"139 Square Miles,"** Detroit Future City cited data showing that Detroiters have underlying conditions such as asthma and diabetes at rates higher than those in other parts of the state and across the nation. Though these health issues are problematic for Detroit residents on their own, these conditions contributed to a significantly higher illness and death rate from COVID-19. These conditions can be linked to genetic and hereditary illness, but when coupled with other social determinants of health, these conditions often became the difference between surviving the pandemic and not.

The city's residents also face several challenges in accessing medical care. Detroiters are less likely to have health insurance than their peers across the region. Currently, 9% (approximately 53,000) of Detroiters under the age of 65 lack health insurance, compared to 6% for the region and the state. This is not merely a factor of poverty in Detroit. Eight percent of Detroiters above the poverty line lack health insurance, compared to 5% in the rest of the region and the state. Even for

those with insurance, accessing medical care can be difficult. Currently, 58% of Detroiters live in medically underserved areas, which are defined as places with limited access to primary care; high poverty and infant mortality; and larger populations over the age of 65.

Percentage above poverty without health insurance



Source: American Community Survey, 2018

PHYSICAL HEALTH POLICY CONSIDERATIONS

One lesson from the pandemic is the need to develop a comprehensive approach to health care. Public health, insurance, access to quality medical care, and conditions that are both physical and environmental are now being considered as an integrated approach for understanding the conditions of a population. How we approach each of these issues will determine the ability for Detroit to become a more resilient and healthier city.

Beyond the simple provision of health care, when people are sick, they need to have the opportunity to stay home or seek medical care without putting their financial stability at risk. One solution is to make paid time off accessible to all employees, which can improve social determinants of health and will ultimately improve productivity for business. New policies must be developed and executed that can address these issues directly. For example, when

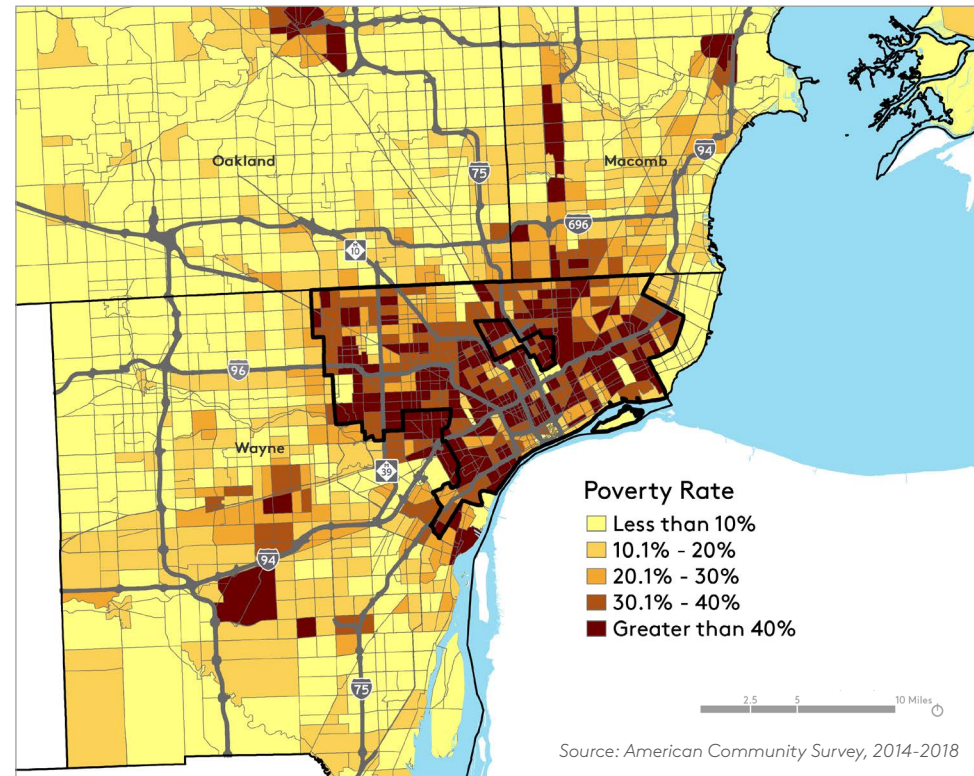
considering stimulus and incentive programs for businesses, one opportunity could be to increase access to affordable, quality health care for all employees, regardless of employment status or the company's size. Another option is adopting some form or model of universal health care, which would require government investment but will reduce inequities in health services by protecting against economic risk while also ensuring access to care.

This is a complicated matrix that, up until recently, was siloed. Now is the time to be thoughtful, strategic and bold in answering these questions, making investment decisions and creating new policies. The current moment presents the opportunity for bold leadership, new partners, and innovative policy to realize the change that is necessary.

POVERTY AND HOUSING INSTABILITY

Poverty is an issue that has plagued Detroit for decades and led to numerous other conditions that contribute to negative outcomes for Detroit's residents and neighborhoods. The ripple effect of poverty affects many different areas and limits the ability for residents with limited incomes to access a range of basic needs and services, the most basic of these being the ability to afford quality housing.

Though there has been a reduction in the number of residents living in poverty over the last decade, Detroit's poverty rate continues to be high, with 33% of residents living below the federal poverty level. The poverty rate is even higher for Detroit's foreign-born households, 38% of which live in poverty, despite the fact that many work (81%). Further complicating this issue, 40% of Detroit's population – some 268,000 people – live in areas of concentrated poverty, which are defined as census tracts with a poverty rate of more than 40%. Across the region, 78% of the census tracts with a poverty rate above 40% are in Detroit.



Low incomes put a strain on many Detroit residents even during a relatively good economy. Though Detroit has fairly low property values and some of the lowest rents in the region, they are still unaffordable for many in the city. Fifty one percent of renters are considered rent-burdened, meaning they spend more than 30% of their income on housing, and 27% spend more than 50% of their income on housing. Housing affordability

in Detroit is an issue that is almost completely linked to residents' incomes. As incomes increase, the amount of rent-burdened households drops dramatically, with just 3% of renters with a household income greater than \$50,000 being rent-burdened. Connecting poverty to housing affordability becomes a critical issue when considering policies that support affordable housing.

POVERTY & HOUSING INSTABILITY POLICY CONSIDERATIONS

Strong housing policy should stabilize neighborhoods and provide a mix of housing choices for a variety of income levels. The high density of concentrated poverty in Detroit stagnates housing values and creates a false market for what is considered market rate and what is considered affordable. Thus, when an economic crisis occurs, Detroit's already fragile housing market becomes weakened, further limiting the ability to create quality housing choices. By reducing concentrated poverty, increasing incomes, and creating more quality affordable housing for the existing market in Detroit, we can begin to stabilize the market and make it better able to withstand a crisis.

The question becomes, how do you stabilize the housing market when, even in relatively good

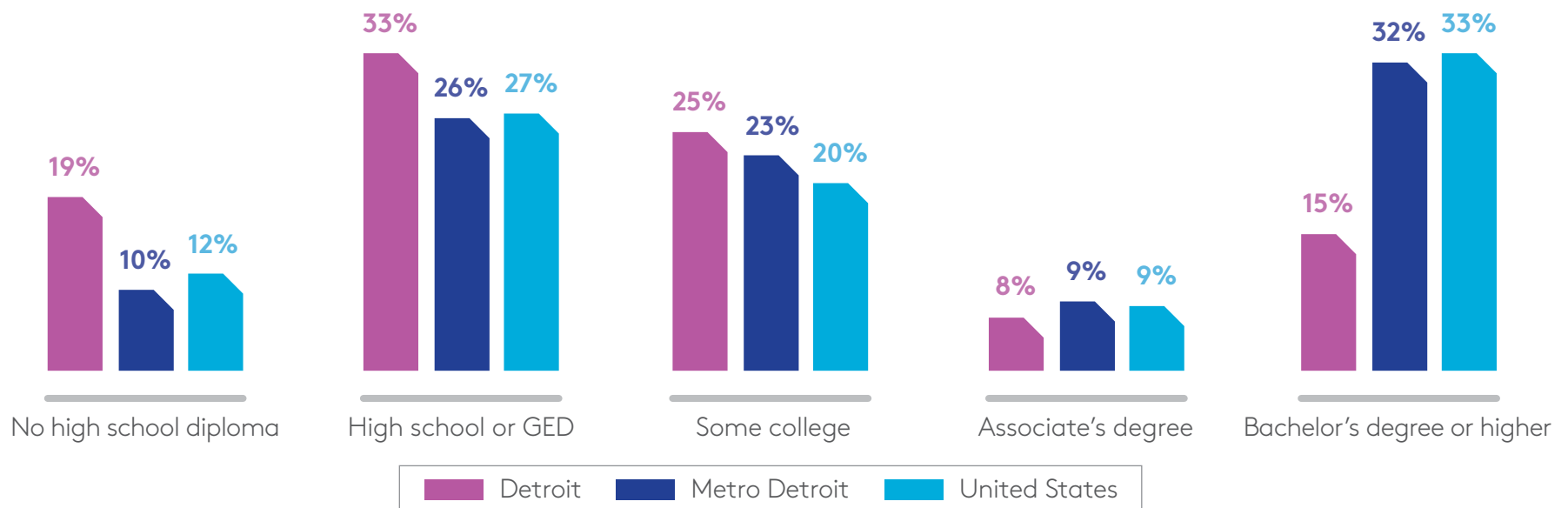
times, there is significant income instability within the community? This has the potential to be a major issue moving forward because low-wage jobs are the most likely to be affected by the pandemic, and could therefore lead to further destabilization in the city's neighborhoods. Though steps have been taken to protect against eviction and foreclosure during the pandemic, there needs to be a long-term, public-private solution to these ongoing issues. Though the federal Coronavirus Aid, Relief and Economic Security (CARES) Act was intended to provide support for households impacted by COVID, only U.S. citizens and green card holders are eligible, leaving undocumented immigrants and immigrants with other forms of documentation without this important support during the crisis.

EDUCATION AND THE INTERNET GAP

Educational achievement and attainment continue to be ongoing challenges for Detroit’s children. Though a few schools fare better than their suburban counterparts, there is still significant work that must occur for Detroit’s public and charter schools to be competitive with the region. Detroit Public Schools Community District students fall well below the state average for proficiency on state assessments, with 13% of third- to seventh-graders testing as proficient in English language arts, compared to 44%

statewide, and 10% testing proficient in math, compared to 39% statewide. Educational attainment and achievement is an important marker and is linked to earnings, unemployment, and the ability to sustain through difficult economic times. Currently, only 15% of Detroiters have a bachelor’s degree or higher. This is less than half the rate of the region. The share of Detroiters without a high school diploma or equivalent is nearly double that of the region.

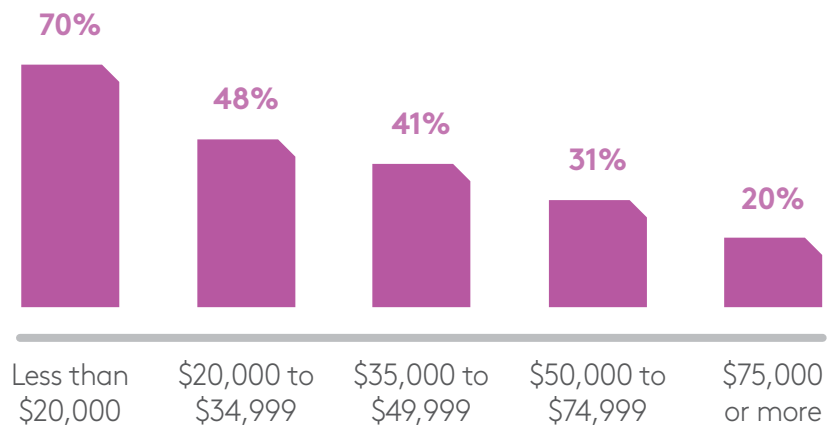
Educational attainment for the population 25 years and older



Source: American Community Survey, 2018

Though there have been improvements in recent years, the COVID-19 pandemic has the potential to negatively affect Detroit’s students. In response to COVID-19, institutions across the city have closed, including schools. To continue student learning, many schools have moved online, posing a challenge for children in the city who lack technology in their homes and for children with special learning needs or for whom English is a second language. We must consider that in Detroit, 67,000 households do not have access to the Internet. The lack of connectivity is directly linked to income: 70 percent of those making less than \$20,000 per year do not have Internet access in their home. For those with incomes greater than \$75,000, it is only 20 percent. As learning moves online, this will leave many of Detroit’s students behind. A recent report by the Quello Center at Michigan State University found that 64% of students without Internet access at home will often or sometimes leave homework unfinished because they lack access to the Internet or a computer.^{iv}

Households without Internet by income



Source: American Community Survey, 2018

EDUCATION & INTERNET POLICY CONSIDERATIONS

Since the COVID-19 crisis began, there have been steps taken to ensure that students from the Detroit Public Schools Community District (DPSCD) have access to the technology they need. The Connected Futures Project will provide every DPSCD student with six months of Internet access and a tablet. However, with the proliferation of charter schools, DPSCD accounts for only about half of Detroit’s students. Programs like these should be expanded to include all students in the city and made permanent to ensure that no student is left behind. Increasing economic opportunity for all Detroiters must begin by positioning Detroiters to be successful. If only residents with higher incomes have access to the Internet in their home, the majority of Detroiters will be left out of the new post-COVID-19 economy. Internet access can no longer be considered a luxury or amenity, but a utility that is as necessary to households as electricity or transportation. Prioritizing Internet access must rise to the top of the list for policymakers when considering new economic strategies.

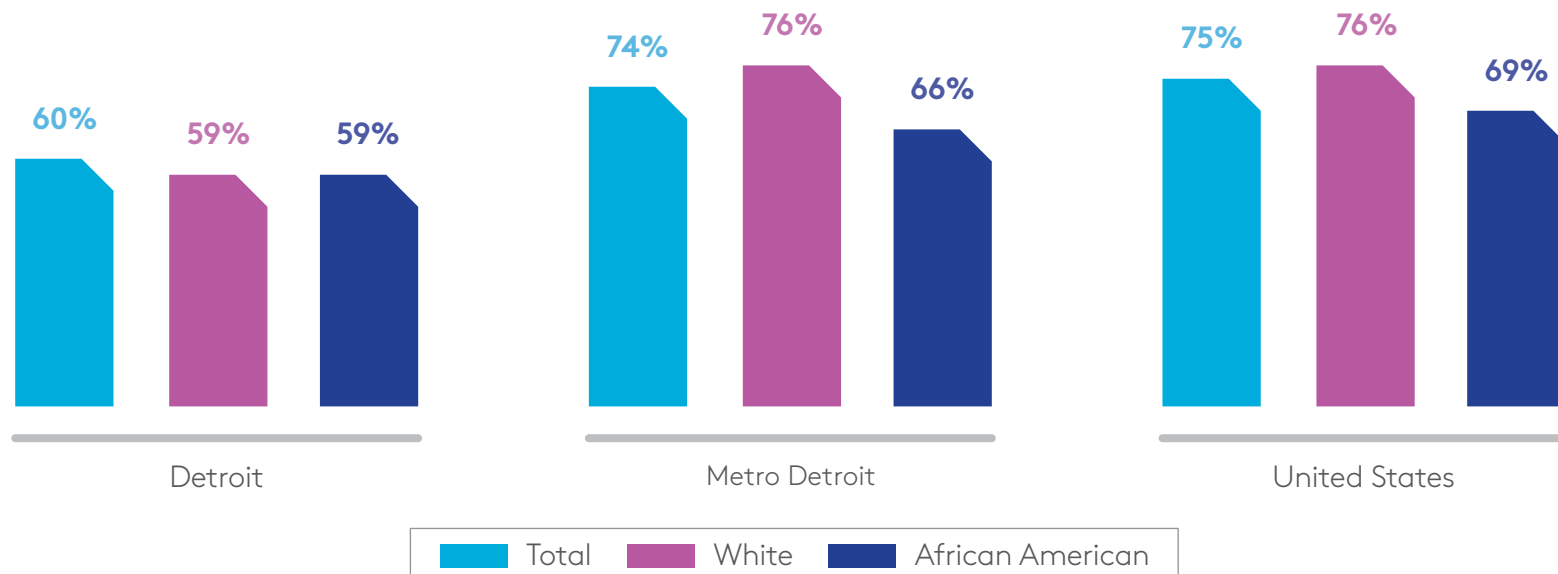
^{iv} <https://quello.msu.edu/broadbandgap/>

EMPLOYMENT AND ENTREPRENEURSHIP

For years, Detroit has faced challenges with employment for residents. Though the number of employed Detroiters has increased since the Great Recession, the share of employed Detroiters still lags behind the region and the rest of Michigan. Prior to the COVID-19 crisis, only 60% of working-age Detroiters were employed – a full

14 percentage points lower than the region. Across the region, there are also considerable gaps in employment for African Americans, with this demographic being employed at a rate 10 percentage points below their white counterparts.

Share of working-age residents who are employed



Source: American Community Survey, 2018

The closure of businesses of all sizes due to stay-at-home orders has the potential to have a dramatic effect on both businesses and their employees. In the short term, more than 1.3 million Michiganders have filed for unemployment across the state since March 15, at the onset of the crisis.

Though many may return to work as the crisis dissipates, there is the potential that the stress on small businesses could cause a large number of

them to close. This could have a profound effect on many businesses in Detroit. A recent report by JPMorgan Chase found that in majority black or Hispanic communities, most small businesses had limited liquidity, having a cash buffer of only two weeks or less.^v The report also found that, in Metro Detroit, 47% of businesses had a cash buffer of less than 14 days. Though there are many challenges to operating a business, those located in minority communities often face greater challenges.

EMPLOYMENT & ENTREPRENEURSHIP POLICY CONSIDERATIONS

As the state begins to reopen for business, there needs to be systems in place to ensure that all businesses are able to reopen and continue to thrive in the future. Though there are many systems in place to meet the need of existing businesses, care must be paid to make certain that the recovery moves forward with systems in place to ensure that Detroit's continued revitalization is equitable and inclusive.

This could take the form of a more robust support system to allow entrepreneurs of color better access to capital and a support system for growth. It also could take the form of larger, bolder steps, such as universal health care, which would both increase access to health care for workers and move beyond an employer-based system.

These issues must be addressed not only on the business side, but it also must be ensured that Detroit residents continue to have the financial support to move toward resiliency. Though the increased unemployment benefits through the federal response to the pandemic are an important start, we must continue to work to close the persistent employment gaps between Detroit and the region.

^v <https://institute.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/institute/pdf/institute-place-matters.pdf>

CONCLUSION

This report sought to unpack and provide data-based evidence behind just a few of the challenges Detroiters are facing. If our city begins to address the flawed systems that currently exist and creates systems that remove the underlying issues that prevent people from thriving, the city can finally move toward resiliency and a more equitable Detroit. Housing, education, access to technology, and employment are all complex and challenging issues on their own. Unfortunately, the reality is that a majority of Detroiters must deal with several, or all, of those issues at once, which complicates and hinders their ability to maintain or improve their health.

Each of these issues are interrelated and interdependent. Addressing one issue without focusing on the others perpetuates the challenges already facing Detroiters. Comprehensive investment of public and private resources must strengthen the safety net as well as build opportunities for good jobs to help reduce inequities and improve conditions for workers. Implementing such an effort would require government to stimulate economies and incentivize companies to pay living wages and invest in other economic eco-systems, such as small-business enterprise.

Detroit's competitive advantage is dependent upon public-private partnerships that prioritize efforts in disinvested communities and create pathways to prosperity for all of Detroit's residents, including its youth. Working together to improve physical health, address poverty and housing instability, tackle unemployment and underemployment challenges, reduce barriers for entrepreneurs and bridge the digital divide will make Detroit a better and more equitable place for all. This is achievable, necessary and within reach.

As it recovers from COVID-19, Detroit must envision the city it wants to be. The disproportionate impacts of the virus across the community have shown how our current systems fail to meet the needs of all Detroiters and how much work remains to create an equitable future. This work toward a more equitable Detroit will be difficult, but it is necessary. Let's choose to make the future we want.

2990 W Grand Blvd #2,
Detroit, MI 48202
www.detroitfuturecity.com

DETROIT
FUTURE
CITY

