

# A Restorative Framework for Funding Equitable Community and Economic Development in Detroit



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**DETROIT**  
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# **A Restorative Framework for Funding Equitable Community and Economic Development in Detroit**

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## FOREWORD



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The pursuit of economic equity in Detroit has been an ongoing challenge, with a legacy of extreme disinvestment creating persistent, structural barriers to economic growth. Despite efforts to address these barriers, progress has been slow and incremental, with the COVID-19 pandemic further exacerbating these challenges and highlighting the disparate impact of public health and economic consequences on marginalized communities of color.

In the face of these complex and intertwined challenges, as well as the opportunities presented by unprecedented funding from the federal recovery and other public sector funds, how can local philanthropy support and advance truly inclusive economic growth in collaboration with the community, the public sector, and other stakeholders? That's a question we posed to Detroit Future City, a Foundation grantee and thought partner.

With our funding support, DFC's Center for Equity, Engagement, and Research conducted research and produced this report, which provides valuable insights into how funders can advance a "restorative" approach to their investments in the city and region. By presenting recommendations informed by focus groups of residents and other stakeholders, the report models an approach that centers community voice and calls out opportunities for philanthropy to play an intentional role in advancing equitable and sustainable growth in Detroit, complementing and filling gaps in the existing economic development infrastructure.

The Hudson-Webber Foundation is excited about the potential of the DFC's research to drive positive change in Detroit's economic landscape and build a stronger, more inclusive city for all its residents. We are grateful for DFC's leadership and expertise in this effort and look forward to working with them and other partners to help advance innovative policies and solutions that can help solve some of Detroit's entrenched barriers to achieving shared prosperity.

## FOREWORD



**Anika Goss**

*President and CEO of Detroit Future City*

Our friends at the Hudson-Webber Foundation approached Detroit Future City in 2022 with a request for us to advise philanthropy on how to better infuse economic equity and reparative investment into their work. This initially gave us pause, as nonprofits are often reluctant to critique philanthropic partners in impact and community changemaking.

My attitude began to shift, however, after I read [\*The Case for Climate Reparations in the United States\*](#) by Andre Perry and Manann Donoghoe at Brookings Metro. In that article, Perry and Donoghoe make a compelling case that philanthropy plays a central role in shaping a community's desired outcomes. They conclude that philanthropy can help communities reach new outcomes — like economic equity and reparative investment — by reforming how their investment decisions are made.

Indeed, philanthropy leads communities' ability to catalyze, innovate, and aspire to achieve ambitious and audacious goals for vulnerable families in cities and rural communities across the globe. They lead the rest of us who work in the nonprofit space in determining whether the work we do as stewards of philanthropic funds is effective.

In Detroit, philanthropy is the third leg of the economy, next to government and business. Detroit is one of the largest philanthropic cities in the country, leading the way through park systems, child welfare, homelessness, education reform, community development, downtown development, and even municipal bankruptcy. Without a doubt, philanthropic investments have a lasting impact on improving our community.

This report challenges us in the nonprofit industry and in philanthropy to consider the outcome we want to achieve and important decisions we have to make to achieve them. If philanthropy doesn't harness the opportunity to create a culture of reparative investment, who will? Philanthropy has the ability to challenge the nonprofit sector and leverage its partnerships with government and business to realize the change we want in our communities. This report offers the roadmap for that change.

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# Introduction

For decades, philanthropy has played an important role in Detroit’s community and economic development (CED) ecosystem by working to advance positive economic outcomes in local developments, programs, and policies. Standing alongside city leadership to address Detroit’s most pressing challenges and investing to drive meaningful changes, Detroit’s philanthropic landscape is unlike any other in America and can be credited for “keeping the lights on in the city.”<sup>i</sup> Notable contributions made by philanthropy include, but are not limited to, addressing issues of racism and injustice in the 1960s, investing in the creation of the Detroit Land Bank Authority, combating blight and neighborhood decline, and even leading in a first-of-its-kind restructuring during Detroit’s bankruptcy. And while Detroit’s philanthropy-driven economic development initiatives have stimulated stability and growth for significant parts of the city, economic inequities and systemic disparities persist for Detroiters who are Black, Indigenous, and people of color (BIPOC).

Amid an improving economy, Detroit and the rest of the country were struck by both the COVID-19 pandemic and heightened calls for racial and economic equity, driven in large part by the murder of George Floyd in June 2020. As these two tragedies gripped the nation, there was a growing national awareness of the inequitable conditions facing communities, including Detroit. Foundations across the country, along with many corporations and other institutions, made powerful statements about racism and expressed commitments to supporting Black communities. For foundations that have long funded community and economic development, these statements were a recommitment with heightened emphasis on equity and justice.<sup>ii</sup>

Despite this heightened emphasis, Detroit remains a long way from achieving economic equity. Detroit Future City’s 2021 [\*State of Economic Equity\*](#) report shed light on the fact that Detroit’s recent growth has not benefited all Detroiters — especially Black Detroiters — in an equitable way. Detroit continues to struggle with inequitable outcomes in critical areas such as income and wealth building, employment, education, health, business and entrepreneurship, and neighborhoods and housing.



Detroit's philanthropic landscape remains an important driver of positive economic outcomes through community and economic development. The changing tide in the country only heightened local investment approaches to better meet community needs and advance equity. With several local investors cultivating strategic partnerships and implementing deliberate initiatives to address root-cause challenges for Detroiters, Detroit is amid a well-documented 'renaissance,' experiencing more stability and economic growth than it has since the Great Recession.

The Detroit Area Workforce Funders Collaborative (DAWFC) offers an example of how local investors are cultivating strategic partnerships and investments to drive equitable outcomes. The DAWFC is a collective of philanthropic partners who dedicate time and resources to advancing a racially equitable and just workforce development system. Leveraging its influence and resources to focus on current and future Black workers, who comprise the majority of Metro Detroit's central city, the DAWFC engages with local partners and prioritizes people-centered approaches.



It is also important to note that while philanthropy plays an important role in improving economic outcomes through community and economic development, the philanthropic sector alone cannot substitute for public investments in CED. Philanthropic investments in CED involve a plethora of activities, such as granting, programming, technical assistance, policy and advocacy, research, and civic leadership. These activities are best suited as supplemental to government spending and CED initiatives. The investments made by philanthropy and their leadership help the ecosystem produce “concrete” CED results in neighborhoods, downtown development, and within the CED network.<sup>iii</sup> In Detroit, philanthropy’s role has been critical in advancing positive economic outcomes for Detroiters. Despite this, disparities remain stark in both spatial and racial equity.

As future investments in community and economic development are made in Detroit, this is an important moment for philanthropy to think critically and innovatively about how to work alongside the communities they serve to advance economic equity and cultivate generative communities where Detroiters can enter the middle class, meet their unique needs, prosper, and fully and fairly participate in economic life within a thriving city and region. Bold leadership among Detroit’s philanthropic community must take the helm in guiding the city’s leaders in this ambitious effort to make and justify inclusive, productive investments in community and economic development.

This report leverages community voice and Detroit Future City’s [State of Economic Equity](#) report to identify focus areas for advancing economic equity through investments in community and economic development. It also presents a framework for how philanthropic organizations working in Detroit can approach these investments using a restorative framework and provides examples to inspire new ways to drive equitable economic investments and outcomes in Detroit.



## Methodology

The framework for how philanthropy can move toward more equitable community and economic development outcomes was informed by:

- 1. Literature.** DFC conducted a review of literature on equitable philanthropy as well as community and economic development. Both local and national sources were explored.
- 2. Data and research on economic equity.** In addition to data from the literature review, data were also pulled from a review of past and current Detroit Future City research, namely the *State of Economic Equity in Detroit* report and dashboard.
- 3. Community voice.** Detroit residents and community representatives were asked to reflect on the past impacts of community and economic development investments in their neighborhoods and to make suggestions for what improvements they'd like to see going forward. EarlyWorks, a local consultant, conducted 11 focus groups with 59 participating individuals (38 Detroit residents and 21 community and economic development representatives). Simultaneously, four grantmakers were interviewed in conversations separate from the focus groups.



# The shifting landscape of philanthropy

## National calls for philanthropy to focus on equity in community and economic development

Over the last several years, much has been written nationally about philanthropy's role and responsibility to push forward calls for greater equity. Highly visible foundations and organizations have contributed to a conversation largely focused on how philanthropy can promote more equitable outcomes for the communities they are trying to impact. These reports provide specific recommendations for philanthropy that will help them drive more equitable outcomes in their communities.



*Among regional institutions that could hold the vision of a prosperous economy for all, place-rooted foundations – community, regional, family, health-conversion, or private – are ideally situated to take on the role of social entrepreneur or system actor.”<sup>iv</sup>*

[The Foundation Review](#)

In addition to defining a role for philanthropy in economic equity, many recent reports highlight critical values that philanthropic organizations must follow to be a good system actor in the communities they seek to serve. For example, philanthropic organizations must recognize the power they hold in decision-making processes, influencing outcomes, and changing rules that negatively impact marginalized communities.<sup>v</sup> Critically, philanthropic organizations need to center communities and grantees in all of their work. An example of this can be seen in the New York-based [Surdna Foundation](#), which describes how centering grantees in everything from program design to evaluation metrics has led to impactful outcomes in their Inclusive Economies program.<sup>vi</sup> This national movement toward more equitable funding highlights the importance of philanthropy in places like Detroit to promote more equitable economic development initiatives and drive the city toward better outcomes for all residents.



## Philanthropy's role in a more economically equitable Detroit

Several local organizations have compiled reports and recommendations for funders to help them shape future investments in the city. In 2017, Allied Media and Detroit People's Platform released a report, [\*Changing the Conversation: Philanthropic Funding and Community Organizing in Detroit\*](#), which included 12 recommendations for Detroit funders. The report includes recommendations for philanthropy to, among other things, "develop mechanisms for authentic representation and participation from stakeholder communities in setting funding criteria and priorities," "create pathways for small grassroots organizations to access funds," and "develop more nuanced ways of measuring success."<sup>vii</sup> Ultimately, the report called for the creation of a new fund in Detroit that would support grassroots and BIPOC-led organizations specifically working to fight systemic racial inequity.<sup>viii</sup>



Relatedly, [\*Building the Engine of Community Development in Detroit\*](#), an initiative of [\*Community Development Advocates of Detroit \(CDAD\)\*](#), has released two reports in two years, both of which outline clear steps toward more equitable community development in Detroit, including the key role that philanthropic organizations must play to make it happen. These reports help describe the current landscape of community and economic development in Detroit and highlight both the competition for resources and scarcity mindset present in the community-development system.<sup>ix</sup> Their 2021 report on equitable community development challenges readers to ask and answer the question, “How can philanthropy and government invest in a community development ‘ecosystem’ so that neighborhoods can grow and be sustained for people of all incomes and races?”<sup>x</sup> Outside of specific investments in key problem areas for the city, such as its single-family housing stock, recommendations that help to answer this question include standardizing the reporting on community and economic development funding by foundations while making it more transparent; facilitating collaboration between private foundations and government to bring more resources to bear on issues the city faces; supporting capacity-building for and collaboration between grassroots and neighborhood-based nonprofits; and prioritizing investments in underrepresented, BIPOC-led organizations and the most distressed neighborhoods in the city.<sup>xi</sup>

Beyond these reports that provide recommendations and potential roles for philanthropic institutions, many organizations are working to better understand representation and funding challenges for local nonprofits. Of particular note is the [\*2021 Detroit Nonprofit Leadership Census\*](#) conducted by Data Driven Detroit, the Johnson Center at Grand Valley State University, Michigan Nonprofit Association, and the Knight Foundation. This survey of 209 Detroit nonprofits identified several inequities in the leadership and funding of nonprofit organizations in Detroit, including the finding that, on average, white-led nonprofits were better resourced in terms of both human capital and financial assets than their BIPOC-led counterparts.<sup>xii</sup>

The research and recommendations laid out above acknowledge philanthropy’s critical role in Detroit’s community and economic development system while also pointing out areas where funders and foundations can do more to drive equitable outcomes.



*They can do it. We’ve seen them do it,” said one participant, referencing how philanthropy prevented the City from needing to sell pieces from the Detroit Institute of Art’s collection during bankruptcy. “They have to want to do it. Maybe it takes a task force. The ‘Philanthropic Community Taskforce for Equitable Economic Development.’”*

*“...Led by the community,” another chimed in.*

*– Residents*



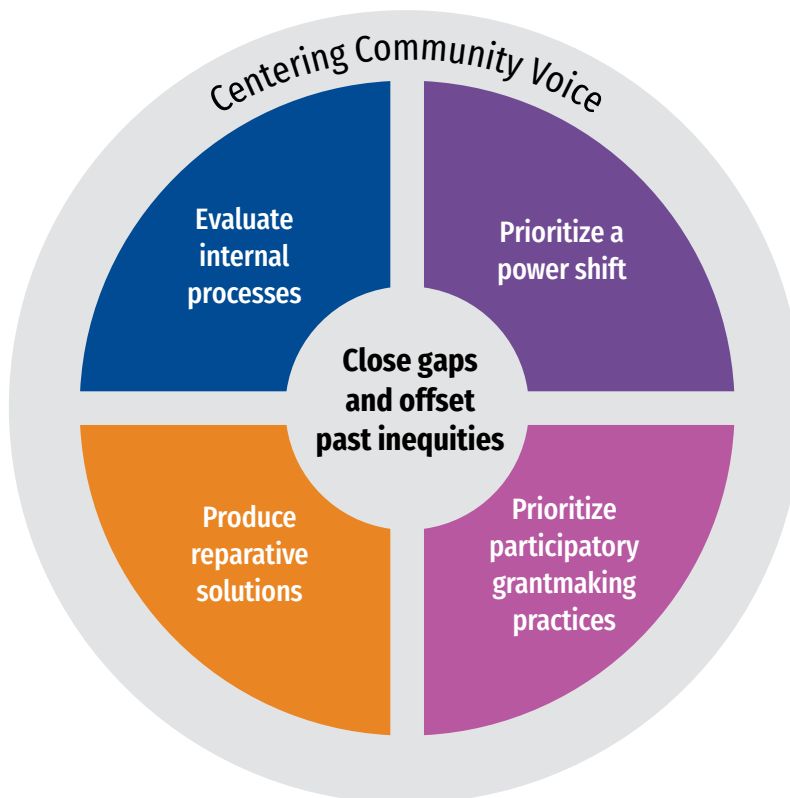
# Investing in economic equity

## A restorative-philanthropy framework guide

As future investments in community and economic development are made in Detroit, this is a key moment for local funders and other investors to strengthen their practices to promote an economically equitable Detroit by embracing a restorative approach to philanthropy.

The restorative philanthropy framework (RPF) is a model of investing in communities that centers community voice to offset past economic inequities in Detroit. Centering community voice and lived experience in the grantmaking process is essential to strengthening relationships and effectively identifying the root causes of inequities to better address community needs. Leveraging community voice as a guiding principle throughout the RPF requires philanthropy to evaluate internal processes, prioritize a power shift, develop reparative solutions, and emphasize participatory grantmaking practices to ultimately close equity gaps and offset past inequities.

### Restorative Philanthropy Framework



## Grounding equity in community and economic development investments – recommendations from community

As part of this research, nearly 60 residents and practitioners were asked about their perceptions of past community and economic development investments. They were also asked about how funders of these investments could engage in the *future* so that community and economic development investments could be more equitable. From these conversations, three grounding principles emerged:

### Acknowledge past harm

Residents in focus groups believe funders should consider reparative actions that respond to current and historic losses faced by harmed Detroit residents. Moving toward more reparative philanthropy requires funders to acknowledge past harm and historic injustices imposed on the community, as well as to support efforts that document the loss of generational wealth in Detroit and its impact. By acknowledging, learning, and documenting these historic injustices, it can be used by philanthropy in partnership with community to support reparative solutions.

### Be a champion for authentic engagement

Focus group members discussed their experiences with being engaged and highlighted that funders should be willing to listen and learn from lived experience and prioritize person-to-person connections. They recommended that funders engage end-user voice as a part of the investment-shaping process and be open to funding programs and initiatives that already have those networks and shared vision.

Authentic engagement is the intentional process of co-creating solutions in partnership with people who have unique expertise and knowledge about the barriers to opportunity through their own lived experiences. Being a champion of authentic engagement activities can happen throughout various levels of the philanthropic organization's internal processes and through the grantmaking process.<sup>xiii</sup>



*Value lived experience at the same merit as academic aptitude and technical experience.”*

*– Resident*

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Engagements and tactics fall into three categorical levels of participation: co-learning, co-designing, and power-sharing. Tactics that include co-designing and power-sharing activities tend to involve people with lived experience more intimately and have the most transformative potential. Marginalization should be avoided, and informing should be combined with a deeper level of engagement that involves people with lived experience.<sup>xiv</sup> Want to learn more? Download [Centering Community Voice](#).

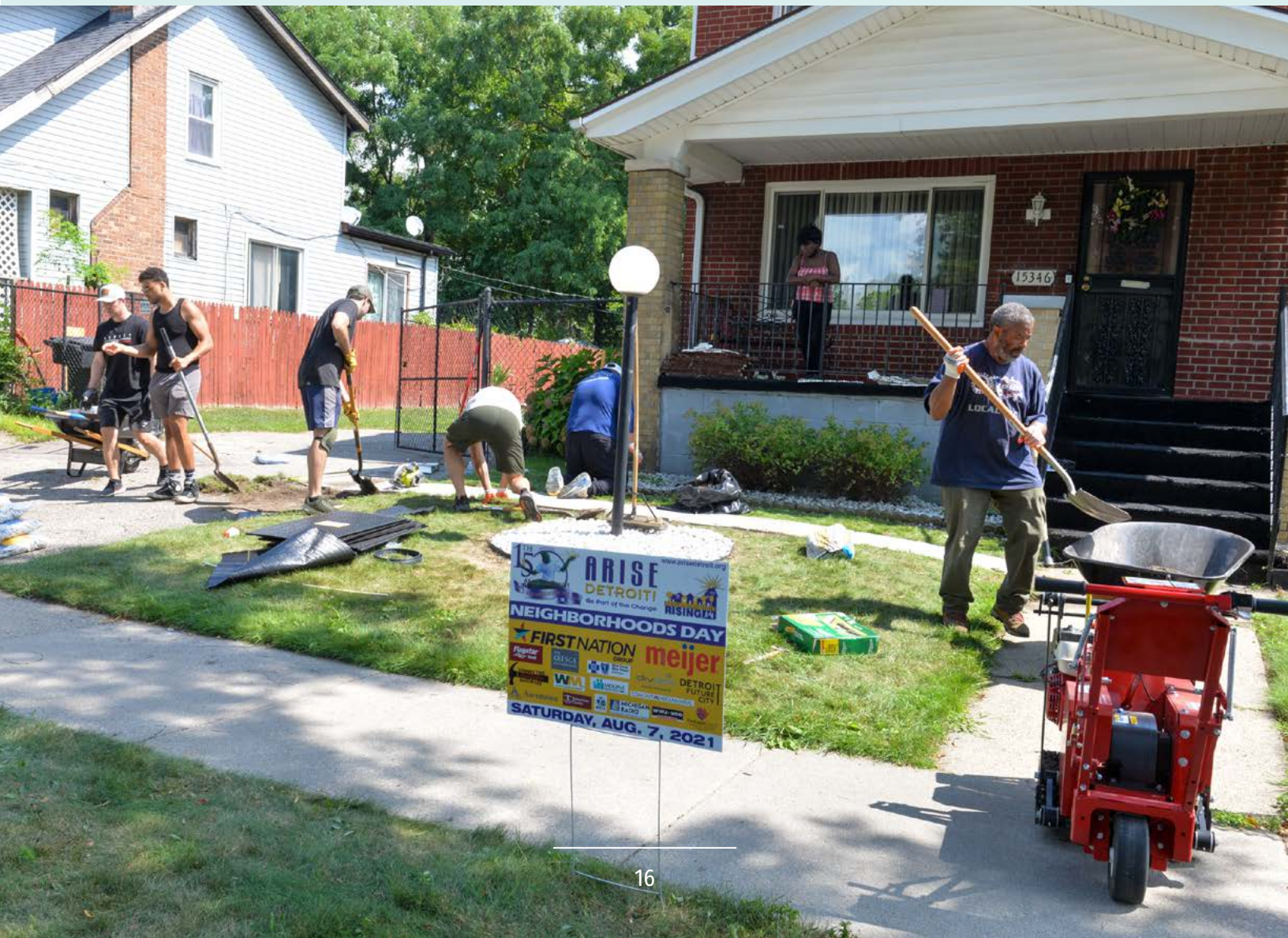
### Levels of Engagement and Approaches

Level of Engagement	Marginalization (excluding)	Informing (one-way communication)	Co-learning (feedback, input, consulting)	Co-designing (involving, advising, and consulting)	Power-sharing (collaborating, agenda-setting, and decision-making)
Description	Excludes certain populations from decision-making and creates barriers to participation.	This involves one-way communication out to the community to provide objective information.	This is a two-way exchange that establishes transparent dialogue and a feedback loop that offers the community an opportunity to provide input on plans, concepts, or analysis.	This is a two-way exchange that strengthens peer networks and contributes to sustainable programs and initiatives. Community members are involved throughout processes and their input is integrated into plans.	This is a two-way exchange that creates a strong, long-term bond between an organization and the community by integrating the community in decision-making processes and placing decisions in their hands.
Example Activities	<ul style="list-style-type: none"> <li>• Developing funding opportunities based on assumptions</li> <li>• Over-relying on previous relationships or a good history with certain organizations</li> <li>• Not taking time to identify who is missing</li> </ul>	<ul style="list-style-type: none"> <li>• Newsletters</li> <li>• Emails</li> <li>• Websites</li> <li>• Webinar presentations</li> </ul>	<ul style="list-style-type: none"> <li>• Focus groups</li> <li>• Asset mapping</li> <li>• Learning communities</li> </ul>	<ul style="list-style-type: none"> <li>• Advisory boards and councils</li> <li>• Workshops</li> <li>• Working groups</li> </ul>	<ul style="list-style-type: none"> <li>• Participatory budgeting</li> <li>• Participatory grantmaking</li> </ul>

xv

## Balance investments across different types of organizations

There is a need and an opportunity for philanthropy to find a balance between investments in larger or well-resourced organizations and investments in grassroots groups. Grassroots organizations play an important role in the community and economic development ecosystem, yet find themselves under-resourced to make the impacts they wish to make in their communities. Grassroots groups provide unique insights into the communities they serve and their distinctive community needs. These groups serve a unique opportunity for funders to fill in the gaps that many well-resourced organizations may not be able to fill and have capacity to reach more marginalized residents, which in turn yields an opportunity to spark innovation and produce systems change.



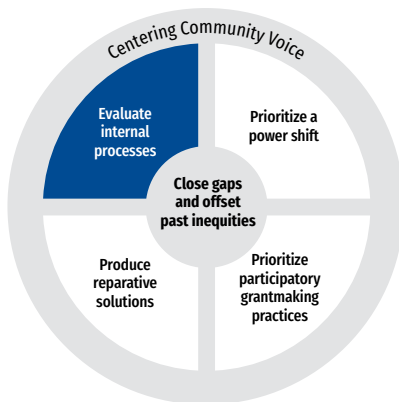


## Pillars of a restorative framework

Building on the community recommendations, this restorative framework was established as a guide to support funders on their continuous journey to make better investments, eliminate inequities, and continuously improve their processes to better meet community needs. Restorative philanthropy is an intentional investment approach to driving reparative progress in Detroit and is an imperative next step in local funding practices. Funders should view this process as iterative, not linear, and acknowledge that cultivating systems change takes time and continuous improvement. This restorative framework is rooted in four pillars:

- evaluating internal processes
- prioritizing a power shift
- producing reparative solutions
- applying innovative funding strategies

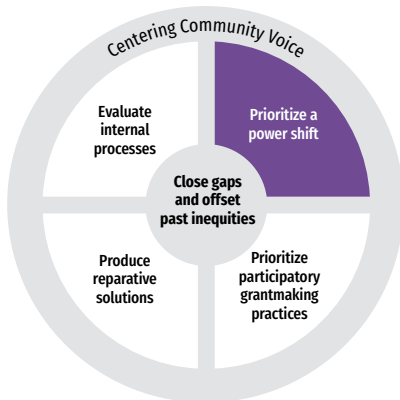
Restorative Philanthropy Framework



### Evaluate internal processes

An organization that is committed to advancing equity in community and economic development begins its work internally by creating a culture and environment that embodies a high regard for its staff and leading with equity and fairness. Everyone from the board to leadership to program staff must understand equity, how it applies to their work, and why it matters. In addition to understanding equity, funders must critically examine and identify opportunities to make their funding practices, processes, and programs result in more equitable and just outcomes.

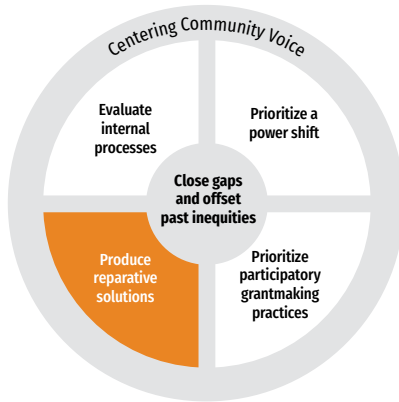
Restorative Philanthropy Framework



### Prioritize a power shift

Power dynamics permeate throughout the community and economic development ecosystem. Funders are typically viewed as the holders of power, and often do hold power. That is why to drive reparative progress, funders must actively work to shift the power dynamics that exist among philanthropy, nonprofits, and residents. Funders should consider ways to build, share, and wield power, and identify ways to transform programs and operations for long-lasting, equitable impact. To support this power shift, funders can incorporate the knowledge of those with lived experience, support civic engagement and strategic connections with grassroots efforts, prioritize funding BIPOC organizations, ensure that the organizations they fund are reflective of the communities they seek to serve, and advocate for equity when at tables with government and corporations.

## Restorative Philanthropy Framework



## Produce reparative solutions

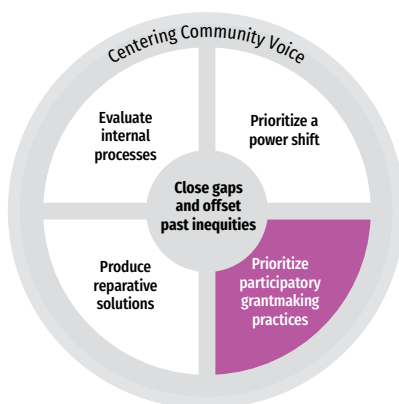
Philanthropy is well-positioned to cultivate a reparative culture that recognizes and embraces human worth, fairness under the law, restorative justice, anti-racism, and equity.<sup>xvi</sup> Aiming to produce reparative solutions through philanthropic efforts is an essential pillar in moving toward restorative philanthropy. To produce reparative solutions, philanthropy can use causal analysis to identify current challenges in programming and decision-making and to understand the root causes for the problems they seek to address through their work. Determining meaningful solutions to problems requires an understanding of the root causes associated with that problem. Conducting a root-cause analysis helps address community issues, foster system-change efforts, and strengthen return on investment. This process must respect the work, respect the people doing the work, and aim to understand what works in reducing disparities.



*... And ultimately, I think that is what we need: a reparative culture where instead of building off of exclusivity, we build off of repairing."*

– Dr. Andre Perry on the *Institute for New Economic Thinking Podcast*<sup>xvii</sup>

## Restorative Philanthropy Framework



## Prioritize participatory grantmaking practices

Instilling funding practices that are rooted in the community helps to not only close economic equity gaps, but also offset past inequities in Detroit. Investment strategies that are rooted in community relationships and partnerships embody a commitment to the community, pursue direct and continued relationships with a range of community stakeholders, prioritize community relationships and partnerships as a primary vehicle of their philanthropic operations, and provide extensive support and resources beyond conventional grantmaking.<sup>xviii</sup> Prioritizing participatory practices is one way for funders to move toward innovative approaches that will ultimately advance economic equity and cultivate a city where all Detroiters regardless of education level are able to earn a middle-class wage; all homeowners are able to generate wealth from their homes; and race, ethnicity, and geographic location are not barriers to business ownership or growth.

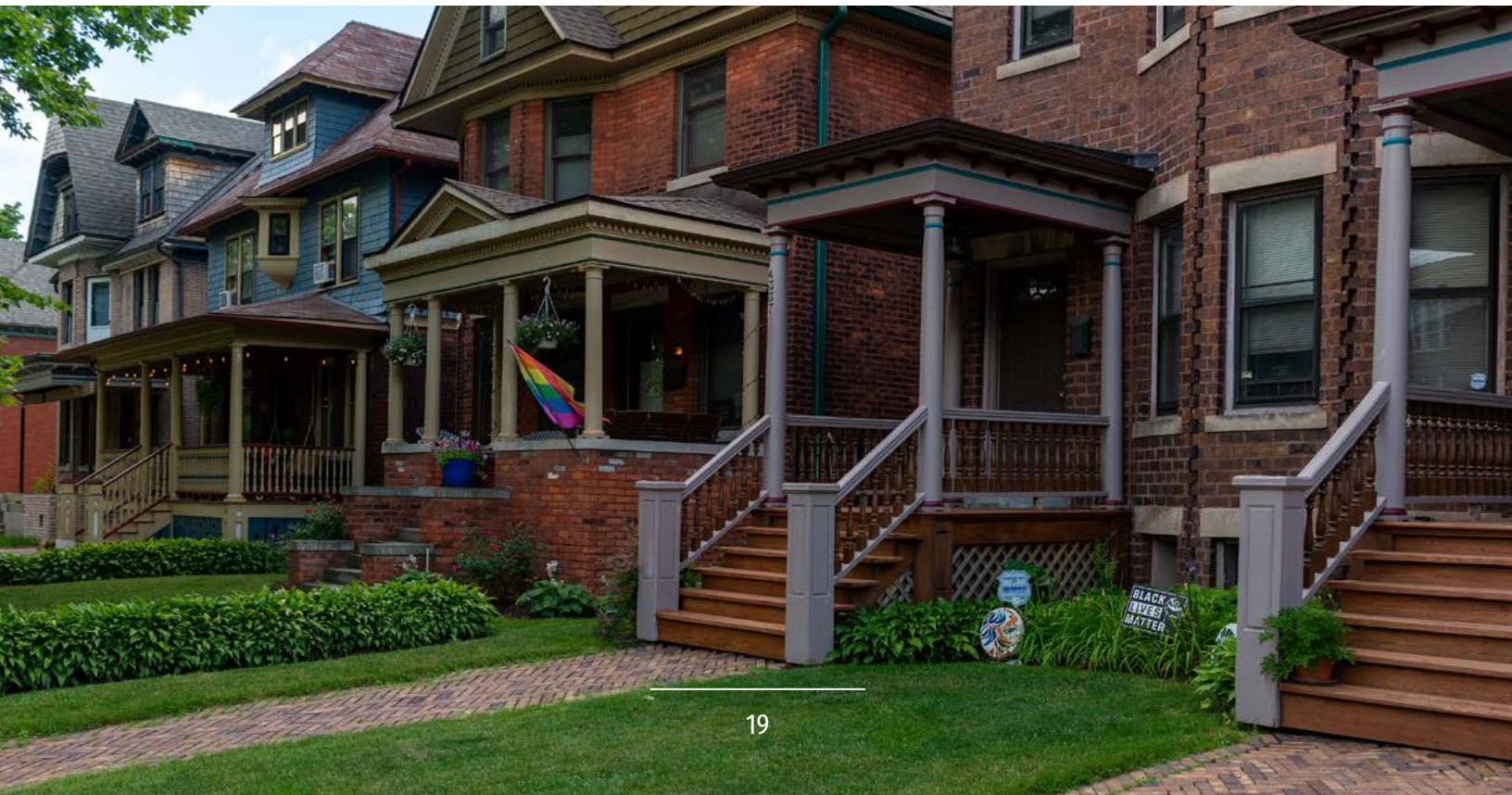
### CASE STUDY

## Hill-Snowdon Foundation (HSF)

HSF's mission is "to work with low-income families and communities to create a fair and just society by helping them develop the capacity and leadership skills necessary to influence the decisions that shape their lives." Recognizing how lofty this vision is, the organization took deliberate steps to ensure that their operational practices embodied social justice and adopted "people-first personnel policies." Prioritizing social justice throughout the organization's operations allows the foundation to meaningfully adapt and respond to community needs as they arise. Some tactics they use to drive their mission and support their "people-first" policies include:

- long-term grantmaking & eight-year time limit
- grassroots partners
- rolling blackout
- sabbatical policy
- board discretionary grants
- employee matching grants

Visit their website to learn more: <https://www.hillsnowdon.org/best-practices>



## Restorative framework tool

The restorative framework tool below is a resource that funders can use to support courageous conversations with staff and board members on their iterative journey toward more equitable community and economic development outcomes. The tool has two components:

- **North Star** — The long-term vision for restorative philanthropy that provides direction and inspiration for each respective category. Each North Star statement serves as a guide for a future reflection of the organization. It should be noted that reaching the North Star takes a lot of intentionality, effort, and time.
- **Reflective questions** — Questions to help organizations reflect on previous practices and experiences to establish a set of goals and metrics to work toward in pursuit of the North Star. These questions also support organizations in crafting their unique approach to enhance the ways in which they operate and fund community and economic development initiatives to advance economic equity. These questions should be explored and answered with other organization team members (stakeholders, board, staff, leadership) and should help the organization identify areas where they are doing well and opportunities for improvement.

### How to use the tool

Funders can use the restorative philanthropy framework by first identifying which pillar(s) they would like to focus their efforts on initially. After selecting pillars, review the North Star and collaboratively develop specific organizational goals that align with the North Star for the respective pillar(s) chosen. Then select three to five reflective questions to answer collectively. Do not exceed five questions. This is an iterative process that can always be revisited.

After navigating this process, take some time to reflect on what has been discussed: the pillar, the North Star, the goals, and the answers to the reflective questions. Then, identify action steps for meeting overarching goals and any anticipated barriers. Next, brainstorm approaches that might address perceived barriers. After navigating these steps, identify how often the unique plan for restorative philanthropy will be revisited and updated. Then begin working toward your stated goals.



## Restorative framework tool

### North Star

#### Evaluate internal processes

The organizational structure and internal processes embody a culture of restorative philanthropy and is centered around inclusion, community, and lived experience to best support grantees and grassroots groups in achieving their vision for economic equity.

#### Prioritize power shift

The organization builds and shares its power with community movement leaders to shift control of decisions and financial resources and wields its power to inform, raise awareness, and advocate for solutions that will advance economic equity.

#### Produce reparative solutions

The organization repairs the harms of the past endured by communities who have been subjected to unjust community and economic development efforts and is committed to advancing reparative progress in Detroit.

#### Prioritize participatory grantmaking practices

The organization prioritizes participatory grantmaking practices to inform grantmaking strategies, processes, decisions, and evaluations to support economic prosperity and reparative progress.

## Restorative framework tool

### Reflective questions

#### Evaluate internal processes

- Is there a clear understanding among staff and board about equity and why it should matter for philanthropic organizations?
- Is our board and organizational leadership ready or committed to restorative philanthropy?
- Does our organization have an agreed upon definition/understanding of what restorative philanthropy is?
- How do our current strategic priorities, mission, vision, and organizational values address economic equity? Are there opportunities for improvement to push the organization toward restorative philanthropy?
- Is our organization prepared to adjust internal procedures to better align with best practices that create more equitable outcomes for communities? What metrics will we use to track progress toward this goal?
- Do our staff and board meaningfully represent the communities we serve?
- How many people on our team have been directly impacted by the issue(s) we seek to address?
- Does staff have equity metrics or goals included in evaluations and assessments?

## Restorative framework tool

### Reflective questions

#### Prioritize power shift

- Are we working with grant partners and in collaboratives that represent Detroit?
- How do we share our understanding of equity with grant partners?
- How have we incorporated knowledge and wisdom of the economic development ecosystem and those with lived experience?
- Have we completed a power analysis to understand the foundation's role in the community and economic development ecosystem we seek to influence as well as our grantees' place in it?
- How are we engaging with community members to harness community assets and talents toward community goals and increase community agency in solving problems? Is it authentic and efficient?
- How can we more inclusively and effectively include stakeholders beyond the usual suspects at the strategy-shaping and decision-making table?
- How can we reach out to leaders we haven't met and who might not be in our networks yet? What tables might we want to be invited to, thus shifting the power dynamic from host to guest?
- How are we engaging with individual donors or donor networks to advance economic equity?
- How are we seeking opportunities to collaborate with other leaders on issues that impact economic equity and justice for Detroiters?
- What kinds of relationships do we have with relevant sectors?
- How are we leveraging those relationships to advance economic equity?
- How are we leveraging our position to best advocate for systemic change?

## Restorative framework tool

### Reflective questions

#### Produce reparative solutions

- Do our staff and board understand the concept of using our position to cultivate a culture of reparations and why it is an important consideration for future community and economic development efforts?
- Does our staff and board understand the historical occurrences that have marginalized Black/legacy Detroiters?
- Do we understand what it takes to be reparative (vs. equitable or just)?
- How are we assessing current and historic losses/harms experienced by Detroiters due to unjust CED practices or policies?
- Do we prioritize BIPOC-led organizations in our funding practices?
- Are we aware of how we are keeping a pulse on harm imposed on community through CED efforts?
- Have we taken the time to identify root cause(s) of the issues we seek to address through our giving?
- Have we taken time to uncover any impacts our organization has had on historical harm imposed on Detroit communities? Are there ways we've contributed? Have we participated in extractive and exploitative practices? How do we address our role in past harms as we move forward?
- Do we center our donor/trustees/board over our staff or Detroit residents? If so, is there room to shift minds and cultivate an organizational culture that centers reparative philanthropy and prioritizes people?



## Restorative framework tool

### Reflective questions

#### Prioritize participatory grantmaking practices

- Often innovation and creativity go against the grain. Is our organization willing to try/support solutions that may be different from what we are used to?
- If not, how can we move out of the status quo?
- Are we aware of what other cities are doing to tackle issues like those we encounter in Detroit?
- Are we willing to listen when communities suggest/say that a solution isn't working or that something different should be tried?
- What data are we using to identify inequities to inform our goals and investments?
- What percentage of our grant dollars are supporting systemic-change strategies and reparative solutions?
- Are we including lived experience in our grantmaking and goal-setting activities?
- How are we investing in human capital, leadership development, and organizational capacity-building to our grantees to help them become more resilient and sustainable?
- How are we using evaluations to continuously improve our grantmaking, goal setting, and priorities to address root causes?
- Are we identifying and setting funding priorities with grantees and those with lived experience?
- Are we leveraging our power to increase access to opportunities for Detroiters to meet their unique needs and prosper?
- Are we transparent throughout every step of the granting process?
- Are we nimble enough to respond to emerging inequities and injustices as they arise?

# Opportunity areas for funding equitable community and economic development

During focus groups and interviews, participants were asked to first reflect on recent community and economic development efforts in Detroit and then to consider reparative investments that philanthropy could make in the future. Then, they were introduced to *The State of Economic Equity in Detroit*, which combined community input and research to identify six priority areas for advancing economic equity: income and wealth building, access to quality employment, business and entrepreneurship, education, health, and neighborhoods and housing. Participants were asked to use their insights to rank which of these priority areas were most important for community and economic development funding.

Focus group participants identified income/wealth building and neighborhoods/housing as the two areas most important for advancing equitable community and economic development, followed by access to quality employment and business/entrepreneurship. While other potential investment priorities were discussed, these four areas came up most frequently as key to advancing equitable community and economic development and will be focused on later in this report.

The following are more details on each of the focus areas and opportunities to invest in these areas.

**Income and  
wealth building**

**Neighborhoods  
and housing**

**Access to quality  
employment**

**Business and  
entrepreneurship**

## Income/wealth building & neighborhoods/housing

Throughout focus groups, participants raised the importance of having stronger communities and better, more affordable housing options in Detroit. Lifting up the strong connection between income and housing, many believed the intersection between these two issues must be at the forefront for funders to focus their efforts to make meaningful and equitable economic development impacts.

Household income is a clear indicator of economic health in communities and of the ability of households to meet their unique needs and prosper. The racial wealth disparity in Detroit is stark, with the median household income for white Detroiters being \$16,000 more than that of Black Detroiters and about \$12,000 more than that of Latino Detroiters.<sup>xix</sup> Income impacts the housing and neighborhoods that people have access to, and neighborhoods impact quality of life, the ability to generate wealth from homeownership, and the ability to retain and attract residents. Creating vibrant and resilient neighborhoods that offer a high quality of life and access to a range of amenities is an essential factor in the ability of Detroit to retain existing residents and attract new residents to the city.

As funders think about ways to invest in equitable economic development, prioritizing efforts that build wealth and stronger neighborhoods are essential. There is an opportunity for funders to consider investments that:



Reduce the cost burden  
placed on many Detroiters



Support homeownership  
initiatives



Support initiatives that raise  
home values in Detroit



Grow, attract,  
and retain Detroit's Black  
middle class



Transition near-middle-class  
neighborhoods to  
middle-class neighborhoods



## Income/wealth building & neighborhoods/housing

### Reduce the cost burden placed on Detroiters

A household is considered cost-burdened when it spends more than 30% of its pre-tax income on housing. These households may have additional costs tied to their housing as well, such as taxes, insurance, and commuting to jobs. When a household is cost-burdened, it hinders their ability to pay for necessities like childcare, healthy food, utilities, transportation, mental health support, car insurance, and even health care. This further impacts a family's ability to generate wealth or address unforeseen financial expenses that may arise.

In 2019, 40% of Black homeowners and more than 60% of Black renters were cost-burdened.<sup>xx</sup> These cost-burdened households include households that are working. United Way's ALICE report shows that 38% of families statewide and 69% of Detroit families struggle to meet their basic needs. United Way calls this population "Asset Limited, Income Constrained, Employed (ALICE)," which describes households that earn above the federal poverty level but not enough to afford basic necessities.<sup>xxi</sup>

What makes Detroit's affordability challenges unique is that the cost burden is primarily caused by low incomes, not the cost of housing. For example, the cost burden for Detroit renters drops significantly once a household has an income greater than \$30,000 and decreases even more once a household income reaches \$50,000, at which point the cost burden is nearly eliminated.<sup>xxii</sup>

With an understanding that affordability in Detroit is strongly driven by low incomes rather than high housing costs, it is important to lead efforts that instill a comprehensive approach to reducing the cost burden for Detroiters by growing income and wealth along with strategies to support strong neighborhoods with quality housing.

**Funders can play an important role in reducing the cost burden by investing in programs and initiatives that support higher incomes for Detroiters. This might include strategic investments in workforce development to help more Detroiters access quality jobs that pay higher wages. Additionally, funders should consider ways to advocate and support efforts that increase access to affordable healthcare, insurance costs, and transportation costs.**



## CASE STUDY

### Rebuilding Home Together

Rebuilding Home Together is a developing collaboration between eight community development organizations and CHN Housing Partners to develop a new model for single-family housing acquisition, rehab, and resale in neighborhoods across the city. The model embodies some of the key values that philanthropy should focus on as identified in this report. Firstly, the model centers the voice of residents, via the support of eight Community Development Organizations (CDOs) who have worked in their neighborhoods for years. Secondly, not only is the model seeking to assemble funding for the acquisition, rehab, and resale of housing, but funding and programming is being designed to support the capacity of each neighborhood organization to carry out this work in their neighborhoods. Finally, the partners are attempting to combine sources of funding, including investments from private foundations and Community Development Financial Institutions (CDFIs), along with government sources like Community Development Block Grants (CDBGs), to provide the deep subsidies needed to make these homeownership opportunities truly affordable for Detroit residents.

While the program is still in a proof-of-concept phase, philanthropic organizations should seek to support programs that provide affordable homeownership opportunities with neighborhood-based organizations leading the way.

Learn more by visiting: <https://buildingtheengine.com/?s=rebuilding+home>





## Income/wealth building & neighborhoods/housing

### Support homeownership initiatives

Homeownership is an important tool for wealth creation and an indicator of economic and neighborhood stability. However, several factors disproportionately impacted households of color, such as redlining, racial covenants, the Great Recession, the foreclosure crisis, predatory lending, tax overassessment, and the racial wealth gap, erasing generational wealth and contributing to disparities in homeownership rates.<sup>xxiii</sup>

After peaking in 2000, Detroit's homeownership rate dropped below 50% for the first time in 2019. While the city has recently seen growth in its homeownership rate, Detroit is still comprised of a large percentage of renter households. In 2021, only 53% of households in Detroit owned their home, 18 percentage points lower than the rate for the region.<sup>xxiv</sup> Additionally, in the city, the homeownership rate for Black Detroiters declined and remains lower than that of white Detroit homeowners, with homeownership rates at 47% and 52% respectively.<sup>xxv</sup>

A common way to purchase a home is through mortgage lending. In 2020, there were 2,111 home-purchase mortgages in Detroit, illustrating a steady increase from 2012, when the total number of mortgages was 220. Despite this growth, lending in Detroit remains low. Furthermore, while there has been an overall decline in denials since 2012, a significant and persistent racial disparity can be seen in terms of who receives a home mortgage in Detroit. At every income level, Black borrowers were more likely to get denied than their white counterparts. Challenges to mortgage lending include credit-score requirements, collateral and appraisal issues, housing that requires extensive repairs, limited incomes, and limited demand for mortgages. This lack of lending hinders wealth-creation opportunities, especially for Black Detroiters.<sup>xxvi</sup>

**As investments are made to advance economic equity, addressing homeownership rates — especially Black homeownership rates — will be a critical component. This must include strategies to transition renters to homeowners, decreasing the cost burden for households, providing better access to home-purchase mortgages, increasing move-in ready housing, ensuring that Detroiters have access to quality employment to improve homeownership affordability, and stabilizing neighborhoods for legacy residents to increase the value in their own homes and to attract new homeowners.<sup>xxvii</sup> Additionally, leadership must tackle policies and systems that hinder Black homeownership in Detroit and support more policies to grow the homebuyer pipeline.**



## CASE STUDY

### Detroit Home Mortgage

Detroit Home Mortgage launched in 2016 as a collective of local banks, foundations, CDFIs, the City of Detroit, and other community organizations to combat financial gaps in appraisals so homebuyers could afford to buy, renovate, and live in one of the many homes available for sale in the city of Detroit. The program allowed homebuyers to borrow up to \$75,000 more than their property's current appraisal value. The program was designed to be a temporary intervention that would increase the number of mortgages throughout the city.

As a part of the mortgage process, borrowers had to take two different housing courses: a High Combined Loan-to-Value course and a Department of Housing & Urban Development- or Michigan State Housing Development Authority-approved course. If renovations were involved, a course teaching the roles necessary for success in renovation was also required. The Detroit Home Mortgage program ended October 31, 2021.

Learn more by visiting: <http://www.detroithomemortgage.org/>





### Support initiatives that raise home values in Detroit

For Detroit to become more economically equitable, all homeowners should be able to generate wealth from their homes. Through the appreciation of a home's value, homeownership has long been considered one of the primary ways to accumulate wealth for families. Yet, in Detroit, homeownership was not always available for residents due to racially discriminatory practices, such as redlining, which historically locked many Detroiters out of the housing market. Beyond this, challenges such as neighborhood conditions and the property-tax foreclosure crisis have contributed to deflated housing values for those who do own homes, reducing the ability to generate wealth from the home.

In Detroit, the value of the average home is less than half that of the region, and disparities are woven throughout the city itself between Black and white homeowners. For example, in 2019, the average value of homes owned by white Detroiters was \$46,000 more than homes owned by Black Detroiters.<sup>xxviii</sup> Several historical and systemic factors impact this trend. The Great Recession exacerbated challenges for Detroit home values, with many homes foreclosed and an increase in vacancy, catalyzing a vicious cycle of declining property values and housing conditions. Post-Great Recession, these challenges have permeated Detroit neighborhoods, leaving a lack of move-in ready homes in Detroit's housing market, making many homes unappealing to buyers unwilling to take on substantial renovation projects. Additionally, many homes are consistently appraised at a value lower than the price agreed upon between the buyer and seller, which impacts the ability to obtain home-purchase financing and perpetuates the challenge to increase home values.

**Increasing home values in Detroit is an important component to advancing equitable community and economic development. Efforts to increase home values must include investments that reduce blight and improve the quality of housing in Detroit neighborhoods. Doing so will aid in creating neighborhoods that are desirable and generate opportunities for current homeowners to grow equity in their homes and build wealth. Funders should also work to lead initiatives that combat systemic challenges and reform the appraisal process to ensure that homes in Black neighborhoods are being assessed fairly.<sup>xxix</sup> These strategies to increase home values in Detroit must be led through an equity lens and coupled with strategies that ensure existing residents aren't pushed out.**



## CASE STUDY

### Rehabbed & Ready

Developed by the Rocket Community Fund and Detroit Land Bank Authority, Rehabbed & Ready is a program designed to address the challenge of insufficient comparable sales in a neighborhood to support traditional mortgage lending. This program uses philanthropic funding from the Rocket Community Fund and others to renovate houses owned by the Land Bank before offering them to buyers. The work is concentrated in specific neighborhoods and helps to bridge the gap between home value and repair expenses. For example, Rehabbed & Ready renovated and sold several houses in the Bagley neighborhood, which contributed to an increase in recent mortgage lending in that area.

Learn more by visiting: <https://buildingdetroit.org/rehabbed-ready>







## Income/wealth building & neighborhoods/housing

### Grow, attract, and retain Detroit's Black middle class

One simple indicator for tracking equitable growth in Detroit, a city with 76%<sup>xxx</sup> Black population in 2021, is to track the growth in its Black middle class. Since 2010, Detroit has seen little to no growth in its share of middle-class households, resulting in one of the lowest shares of middle-class households in the country and increasing rates of concentrated poverty across the city.<sup>xxxi</sup> From 2010 to 2019, Detroit's share of middle-class households held steady at 27%, while the share of middle-class households for both the region and state were higher, both holding steady at 40%. For Detroit to attain the same share of middle-class households as the region, 34,000 more middle-class households would need to be added to the city's stock.<sup>xxxii</sup>

**Growing Detroit's middle class requires an intentional focus on growing the incomes of existing Detroiters, retaining middle-class Detroiters, and attracting new middle-class residents to the city. Strategies for doing this include improving educational outcomes; supporting pathways to post-secondary education; providing relevant training to Detroit residents that lead to quality jobs with middle-class wages; and investing in wraparound services to support families' access to employment like childcare, professional coaching, and mental health supports.**





## Income/wealth building & neighborhoods/housing

### Transition near-middle-class neighborhoods to middle-class neighborhoods

As funders continue to invest in community and economic development in Detroit, there is an opportunity to continue to leverage Detroit's strengths to work toward growing the number of middle-class neighborhoods in Detroit that can attract and retain middle-class households, Black middle-class households in particular. By nature, middle-class residents have options on where they choose to reside, and focusing on developing neighborhoods in Detroit that can provide amenities competitive to those found in the suburbs is critical to retaining these households.

According to 2019 data, only 5% of Detroit residents reside in middle-class neighborhoods, compared to 59% of residents in the region. This comes out to a total of only 11 census tracts in Detroit that meet this definition, down from 22 in 2010.<sup>xxxiii</sup>

Creating desirable neighborhoods that will grow, attract, and retain middle-class households will require investments that transform near-middle-class neighborhoods to areas of stabilization and opportunity. Near-middle-class neighborhoods, or those where 30% to 50% of households are middle class or upper-middle class, are a place to look to when considering a strategy for growing the number of Detroit's middle-class neighborhoods. According to DFC's *Growing Detroit's African American Middle-Class* report, there were 91 Detroit census tracts in 2019 considered near middle class, many of which were not experiencing significant decline.<sup>xxxiv</sup>

**Targeting investments in near-middle-class neighborhoods will require deliberate efforts to learn and understand each community's unique challenges and initiatives that support increased household incomes, improved neighborhood amenities, and increased affordable and quality housing.**

## Funding opportunities for impact

1. Pursue housing solutions that can directly support Detroiters with becoming homeowners in Detroit and increase home values in the city.
2. To attract and retain middle-class households, support community and economic development strategies that cultivate amenity-rich communities that are safe and walkable and include healthy food, art and culture, and thriving business districts (shopping, food, and entertainment).
3. Support the nonprofit and community and economic development ecosystem to advance equity-centered programing and produce reparative outcomes.
4. Support initiatives that improve educational attainment and workforce outcomes that create economic opportunity for Detroiters.
5. Pursue investments in wraparound services to support transitions into the middle class, including childcare, professional coaching, and mental health support.





## Access to quality employment

As part of the focus groups, residents shared a great need to see more efforts and investments in areas that strengthen Detroiters' ability to obtain, retain, and advance stable housing and employment. Prior to the pandemic, the region saw steady growth in the number of private sector jobs, with the number of jobs increasing 21%, or by nearly 312,000, from 2010 to 2019. While it is promising that both the city of Detroit and Detroit's regional economy have expanded in recent years, the region's economic growth alone has not been enough to generate truly equitable outcomes for Detroiters or people of color. In a more economically equitable Detroit, all residents, regardless of education, would be able to enter the middle class. However, challenges persist in terms of labor force participation, access to jobs that offer pathways into the middle class, and comprehensive workforce supports to increase access to employment.



Persistent gaps in labor force participation between Detroit and the region have been perpetuated by deeply rooted historical practices of spatial and racial exclusion, including redlining, racial segregation, disinvestment in communities of color, inequitable investments in education, bias, systemic racism in employment practices, and racial inequities in the criminal justice system.<sup>xxxv</sup> Disparities in educational attainment further exacerbate these gaps, as those without a four-year degree earn substantially less than those with one.<sup>xxxvi</sup> In the city, Black workers have an unemployment rate that is 1.8 times that of white workers, and the median earnings for white workers in the region are nearly 1.4 times the median earnings for Black or Latino/Hispanic workers.<sup>xxxvii</sup> [Project Clean Slate](#), an initiative of the City of Detroit, estimates that 215,000 Detroiters have criminal records, hindering many from acquiring quality employment.<sup>xxxviii</sup> There are also challenges in terms of the types of jobs that are growing in Detroit and the cost to access those jobs. Between 2010 and 2019, the growth in middle-wage jobs in the Detroit region outpaced the country, which saw an increase of only 14%. Though this is a positive sign, the growth in middle-wage jobs in the Detroit region has been outpaced by the growth in accessible but low-wage jobs, which grew by 32%. Low-wage jobs are growing at the fastest rate, compared to middle-wage and high-wage jobs.<sup>xxxix</sup> Furthermore, commuting costs are exorbitant for many Detroiters, particularly due to lower wages and incomes.<sup>xl</sup>

Building the capacity of the workforce ecosystem to better respond to the current and future worker and labor needs should be part of the strategic approach for funders working to improve Detroiters' access to quality employment. Paying special attention to current systemic challenges, economic and racial equity must be the guides to influencing and advocating for lasting change.

To improve Detroiters' access to quality employment, there are opportunities to:



Increase access  
to jobs that pay  
middle-class wages



Mitigate barriers faced  
by Detroiters with a  
criminal record



Support initiatives to  
improve transportation  
options/mobility



## Access to quality employment

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### **Increase access to jobs that pay middle-class wages**

With persistent disparities in access to quality employment and the need to grow incomes in Detroit, initiatives that prioritize increasing access to jobs that provide an entry into the middle class and support a robust workforce development ecosystem are critical to advancing equitable economic development in Detroit. Better aligning Detroit's talent to good jobs will require a coordinated and collective approach. As the Metro Detroit economy continues to grow and evolve, philanthropy has a unique opportunity to foster collaboration between employers, workforce development, and educational institutions to cultivate programs intentionally designed to help Detroiters access quality jobs. Building a strong economy that can work for all residents of the city and region will have profound effects on the prosperity of all its residents.

A key focus area for improving access to quality job opportunities is for the 82% of residents without a four-year degree. Middle-wage jobs pay middle-class wages for workers without a bachelor's degree, affording them to provide for themselves and their families. In the Metro Detroit region, growth in middle-wage jobs was outpaced by growth in accessible but low-wage jobs between 2010 and 2019. Given that only 18% of Detroiters have a bachelor's degree or higher, it is important to grow middle-wage jobs and work with employers to re-evaluate degree requirements for jobs while shifting toward skills-based hiring (where appropriate).<sup>xli</sup>

Likewise, increasing access to growth occupations — particularly for Black and Latino/Hispanic Detroiters — is a strategy that supports workers' ability to grow their incomes, build wealth, and increase prosperity throughout the Detroit region. DFC's report, *Growth Occupations: Opportunities for More Equitable Participation in Detroit's Growing Economy*, describes growth occupations as a set of fast-growing and well-paying jobs that likewise offer a pathway into the middle class. There are 107 growth occupations in Metro Detroit, and in those jobs, Black and Latino/Hispanic workers are employed at lower rates than their white or Asian counterparts — one in six Black workers are in growth occupations compared to one in four white workers in the region.<sup>xlii</sup>



Access to quality employment

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## Increase access to jobs that pay middle-class wages (CONTINUED)

Focus group participants also highlighted that to advance equitable economic development, a deeper look at the individual needs of workers is necessary to provide them with greater access to economic opportunity and mobility. For example, wraparound services that address affordable childcare and efforts to increase reliable transportation options are two important supports needed to obtain and retain stable employment.

**Funders have a unique role in leading coordinated efforts that can recruit, retain, and grow industries that offer middle-wage jobs and access to growth occupations. Building a better future for the region will also require policies and strategies that prioritize increasing the number of well-paying jobs in growing fields; expanding the number of talented workers who are prepared to work in these quality jobs; ensuring there is equitable access to quality jobs; and leading efforts to recruit, retain, and grow industries that offer middle-wage jobs and access to growth occupations. Strategic investments with a particular focus on increasing educational attainment, supporting on-the-job training, apprenticeships, and upskilling for Detroiters without a bachelor's degree are critical. It is also important to strengthen worker voice and organizing efforts while recognizing that effective workforce development requires alternative systems that honor non traditional learning and meet people where they are.<sup>xliii</sup>**



### CASE STUDY

#### ***DRIVE Greater Fresno Region***

The Fresno D.R.I.V.E. Initiative (Developing the Region's Inclusive and Vibrant Economy) is a 10-year Community Investment Plan that calls for over \$4 billion of public, private, and philanthropic investment by 2030 that would fundamentally transform the Greater Fresno Region and create opportunities for all residents to achieve real economic mobility by fostering an economy that is inclusive, vibrant, and sustainable. DRIVE seeks to meet this goal with an intentional focus on “economic growth that is based on transformed infrastructure and systems that enable historically excluded racial minority communities to prosper.”<sup>lii</sup> Through a shared analysis and understanding of racism in the Fresno community, continuous engagement of racial minority communities in DRIVE decision-making, and programmatic priorities that explicitly promote racial equity, DRIVE is working to advance equitable economic development outcomes by building a strong base of quality jobs across all educational levels, attracting significant new capital investments, reducing racial and ethnic economic disparities, and developing a robust small-business and entrepreneurship ecosystem.<sup>liii</sup>

DRIVE's comprehensive initiative focuses on economic development, human capital, and neighborhood development.

Visit the website to learn more: <https://www.fresnodrive.org/the-plan>





## Access to quality employment

### Mitigate barriers faced by Detroiters with a criminal record

Major economic inequities exist for Detroiters, but for those with a criminal record, the challenges are greatly exacerbated. The United States is the global leader in incarceration, with as many as one in three Americans having a criminal record and roughly 600,000 people released from prison annually. The Sentencing Project (TSP) highlights that there has been a 500% increase over the last 40 years in the number of people in the nation's prisons and jails. This trend is the result of changes in sentencing law and policy, not changes in crime rates. Most individuals with a criminal record deal with an array of impacts on their financial security, which in turn has implications for the national economy.<sup>xliv</sup>

These impacts are disproportionately felt by communities of color because they are overrepresented in the criminal system. With prevalent racial discrimination in the justice system and disparities in policing and sentencing, Black men are nearly seven times more likely to be incarcerated than white men in Michigan.<sup>xliv</sup> Furthermore, approximately 72% of employers conduct background checks, attaching steeper penalties for criminal justice involvement on Black workers compared to white workers, exacerbating racial bias in the labor market.<sup>xlvi</sup>

Of the approximately 215,000 Detroiters with a criminal record, it is estimated that nearly 80% are eligible for expungement, which would clear their criminal records and improve their chances of accessing better opportunities for employment, among other opportunities.<sup>xlvi</sup> In April 2023, the Michigan State Police began the process of automatically expunging Michigan residents' older and less serious criminal convictions as a part of the [Clean Slate Act](#), which was passed into law in 2020. This new automatic expungement makes the process of expunging criminal records much easier for Detroiters who are eligible.<sup>xlvi</sup>

**To mitigate the barriers to quality employment faced by Detroiters with a criminal record, efforts should be made to provide wraparound support for returning citizens, including mental health and professional coaching. There must also be bold leadership within the workforce ecosystem to advance criminal justice reform, and efforts to shift policies within the private sector that create pathways for people with a criminal record to access quality employment. Furthermore, the recent expansion of the Clean Slate Act, which automatically expunges certain criminal records, is one way to increase opportunity and economic prosperity for individuals with a criminal record. However, investments and efforts must be made to encourage effective implementation and deeper investments in targeted reentry workforce strategies.**

## CASE STUDY

### Prison to Employment Connection

Prison to Employment Connection (P2EC) works with San Quentin State Prison residents to connect them to employment resources they need to succeed after returning to society. The program involves a comprehensive skill-building curriculum and coaching that supports incarcerated people with building a resume, interview skills, and communication skills. After training is complete, participants are then introduced to local employers and provided an interview with potential employers as well as service providers from across the Bay Area. P2EC data shows that only 1% of program graduates are re-arrested within the first three years, compared to 60-65% of the formerly incarcerated in California that did not go through the program.

Learn more by visiting: <https://prison2ec.org/facts/>





Access to quality employment

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## Support initiatives to improve transportation options/mobility

Transportation plays a major role in supporting Detroiters' access to quality employment. While improving the city's transportation system won't completely open access to employment barriers, there remains a dire need to reform Detroit's transportation system to connect employees more adequately to employment opportunities in the region. In Detroit and the surrounding region, the lack of reliable transit makes navigating the area challenging, time-consuming, and inefficient.

**As we think about increasing access to quality employment, it is imperative to consider the ways in which people can access these opportunities. Access to high-quality mass transit could serve as an equitable option for workers to get to and from employment opportunities more affordably, and it creates opportunity for the 10% of Detroit's worker population without a vehicle to access quality employment.<sup>xlix</sup> To improve transportation and mobility options for Detroiters, funders can support and lead advocacy efforts that work to improve connectivity between employment districts and neighborhood centers. With advancements in technology and innovation in mobility, funders should continue to support investments in research and implementation of mobility innovations, such as smart transportation systems, automation, and electrification. It is essential to advocate for affordability and inclusivity as these new technologies are introduced. Additionally, exploring more ways to improve Detroiters' mobility with investments in alternative transportation options and supports, such as car- or bike-sharing, can further meet their needs in accessing quality employment.**



## Funding opportunities for impact

- 1.** Target investments and innovative funding mechanisms to attract/grow industries with high concentrations of middle-wage jobs and growth occupations.<sup>l</sup>
- 2.** Provide support to employers that transform workplace cultures and adopt equitable practices in hiring, retaining, and advancing career development for workers of color.<sup>li</sup>
- 3.** Support investments in talent development that increases Detroiters' access to middle-wage jobs and growth occupations. This includes building awareness of pathways to growth occupations for youth and adult workers, investing in talent development that meets the needs of employers with middle-wage jobs, and supporting access to wraparound services.
- 4.** Advocate for policy solutions that improve access to quality employment for Detroit workers and empower workers to uphold their agency to improve workplace standards.
- 5.** Support initiatives that raise awareness about expungement opportunities, provide wraparound support for returning citizens (including mental health and professional coaching), shift private hiring practices, and reform the criminal justice system.
- 6.** Support and lead advocacy efforts that work to improve connectivity between employment districts and neighborhood centers.



## Business and entrepreneurship

Creating and growing Black-owned small businesses can support pathways to wealth and job creation that simultaneously stimulate the economy. Yet, persistent, deep-rooted, systemic challenges constrain their growth, preventing generational wealth and economic prosperity. In 2017, the entrepreneurship rate in Detroit was low, at 17 per 1,000 working-age residents, compared to 32 per 1,000 in the Metro Detroit region. As a result, Detroit had one of the lowest entrepreneurship rates among U.S. cities, ranking 99th among the country's 100 largest cities. Entrepreneurship was especially low for Black-owned firms in Detroit, with just three Black-owned firms per 1,000 residents, compared to 94 white-owned firms. These Black-owned firms also lagged the city in both average number of employees and revenue. Local small businesses need more access to capital, with the value of loans per job at small businesses being substantially lower for Detroit businesses than those in the region.<sup>liv</sup>

[The Path to 15/55 initiative](#), an organization whose focus is to grow the percentage of Black-owned firms, estimates that if the number of Black businesses grew by 15%, it would create 600,000-plus new jobs and add \$55 billion to the U.S. economy.<sup>lv</sup> According to a [Brookings](#) report that made estimates based on revenue and payroll data from the 2018, 2019, and 2020 Annual Business Survey, Black businesses in the metro Detroit region (Detroit/Warren/Dearborn) created an average of 14 jobs per firm, compared to 23 jobs per firm for all businesses. If the average number of employees per Black business was increased to parity, it would create approximately 17,219 new jobs.<sup>lvi</sup>



However, the country's history of racial discrimination has impacted Black entrepreneurial growth, generating a racial wealth gap that has hollowed out the middle class and exacerbated the ability for Black families to build wealth equal to white families.<sup>lvii</sup> Black people established a rich and long history of entrepreneurship after the abolition of slavery, founding several thousand successful businesses across the country that thrived in Black communities (e.g., “Black Wall Street” of Tulsa, Okla.). However, as racial discrimination and Jim Crow Laws grew throughout the country, many Black businesses became victims to targeted destruction and violence, leading to drastic declines in Black business ownership throughout the country.<sup>lviii</sup> Similar stories plague communities throughout Detroit. Pervasive racial policies and practices, such as lack of access to capital, redlining, urban renewal, and the installation of the I-375 freeway limited the growth and development of Black businesses and, in some cases, resulted in their complete loss, as in the case of Black Bottom and Paradise Valley.

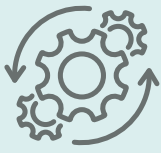
Throughout focus groups and interviews, the dire need for more investments and supports in BIPOC small business and entrepreneurship was raised, as it has the potential to address the needs and create opportunities for residents of diverse backgrounds, such as BIPOC, youth, seniors, people with disabilities, and low-income residents. Detroiters expressed a desire for more widespread investment in entrepreneurial supports, such as startup capital, mentorship, technical assistance, and entrepreneurial development, as essential elements to supporting more successful local business owners and future business owners. This includes business ownership educational programs for youth.

Focus group members also dove into conversations about major developments occurring across the city, from the [Joe Louis Greenway](#) to the [I-375 Reconnecting Communities Project](#), and highlighted how critical a time it is for reparative efforts to permeate those projects to ensure involvement of more legacy and Black Detroiters and others in their communities. Alongside that, residents want to be meaningfully involved from ideation to implementation and evaluation in developments occurring in their neighborhoods.

As funders consider ways to invest in this area, an intentional and coordinated effort to grow and support BIPOC-owned businesses must be a priority. To do this, there must be investments that:



Invest in interconnected systems that remove barriers to capital and supports for BIPOC-owned business.



## Business and entrepreneurship

### Invest in interconnected systems that remove barriers to capital and supports for BIPOC-owned business

Business and entrepreneurship serve as foundations to wealth creation, job creation, and a pathway to the middle class. But disparities in entrepreneurship persist in Detroit and the region. Advancing economic equity related to business and entrepreneurship will require investments that are intentional about eliminating inequities in the amount of capital available to start and expand businesses and the removal of barriers that limit BIPOC-owned firms from accessing support and growth opportunities.

A major factor of a business being able to start and grow is its ability to access capital. Disparities exist for Black-owned businesses' access to small-business capital, with lending rates that are about 75% of the region and the state.<sup>lix</sup> In 2018, there was \$2,940 in loan capital per job at firms with fewer than 500 employees in the city.<sup>lx</sup> This compares to \$4,118 in the region and \$4,147 in the state.<sup>lxi</sup> According to the 2021 *State of Economic Equity in Detroit* report, if businesses in Detroit had the same access to capital as those in the region, there would be \$90 million more to help businesses start and grow.<sup>lxii</sup> These numbers highlight the importance for philanthropy to increase funding initiatives that improve capital access and support for BIPOC-owned small businesses.

According to the [Small Business Credit Survey](#) (SBCS), 76% of Black-owned firms reported that their financial condition was poor or fair in 2022, while only 55% of white-owned firms reported similar conditions.<sup>lxiii</sup> Black-owned firms also reported difficulties paying their operating expenses and were also the most likely to have trouble accessing credit.<sup>lxiv</sup> In response to financial challenges, Black business owners were the most likely to tap into their personal funds (73%), compared to Latino or Hispanic owners (64%) and white owners (60%).<sup>lxv</sup> And while these disparities are stark, Black businesses have found luck pursuing loans from “non-mainstream banks” and CDFIs. For example, in [Charlotte, N.C.](#), several Black businesses that were denied loans from big banks were able to secure loans from Uwharrie Bank, a small community bank.<sup>lxvi</sup> In Detroit, [ProsperUs](#) has granted \$3.8M+ in approved microloans to community entrepreneurs since 2012.<sup>lxvii</sup>

**Investing in interconnected systems that remove barriers to capital for BIPOC-owned businesses will require funders to support systems and networks focused on policy, advocacy, and removing barriers to capital specifically for BIPOC entrepreneurs. This requires cultivating cross-sector solutions and partnerships to increase the number of local and national lenders that support BIPOC entrepreneurs, especially Black-owned businesses. It also requires efforts to drive policy changes at the local, state, and federal levels that support BIPOC entrepreneurs.**<sup>lxviii</sup>



### CASE STUDY

#### ***New Economy Initiative***

The New Economy Initiative (NEI) is a philanthropic collaboration and special project of the Community Foundation for Southeast Michigan working to build a regional network of support for entrepreneurs and small businesses. Its mission is to grow an inclusive culture of entrepreneurship in southeast Michigan that benefits all residents and strengthens the regional economy. By making grants to key organizations and initiatives that support entrepreneurs and small businesses throughout the region, as well as convening organizations and entrepreneurs through programming, NEI has become a \$134-million project made possible by the support of 12 local and national foundations. Working to strengthen inequities for underserved business owners, NEI has served as a catalyst in growing new BIPOC-owned and women-owned businesses while cultivating new job creation, among many other regional economic impacts.

Visit the website to learn more: <https://neweconomyinitiative.org/>



### CASE STUDY

## ***Surdna Inclusive Economies***

The Surdna Foundation aims to foster just and sustainable communities in the United States through five targeted programs and one main goal of advancing racial justice in America. Through their Inclusive Economies (IE) program, they seek to build an “inclusive, equitable economy in which people of color can maximize their potential as leaders, creators, and innovators across sectors.” Through the IE program, Surdna works diligently with peers, grantees, and others to reduce the barriers in creating a business ecosystem that supports entrepreneurs of color with a focus on two main areas:

1. Business Startup
2. Growth and Equitable Economic Development

In March 2020, Surdna teams conducted a project that would help identify metrics to indicate movement towards achieving their IE goals. This effort entailed two pilots: one to help test the process for selecting and collecting impact metrics, and another that was centered on reporting the results of the metrics chosen by grantees over the previous year. As a result of these pilots, they identified five interventions, each with four to five unique metrics, which were co-created with IE grantee partners.

### **Business Startup & Growth Strategy**

- Increase Access to Capital
- Reform Procurement Practices
- Improve Business Support Systems

### **Equitable Economic Development Strategy**

- Advocate for Stronger Labor Standards
- Reform the Practice of Economic Development

Visit the website to learn more: <https://surdna.org/news-insights/measuring-together-a-learning-approach-for-inclusive-economies/>



### Funding opportunities for impact

1. Increase funding initiatives and partnerships to increase capital available for Detroit's BIPOC-owned businesses to start and expand.
2. Remove systemic barriers impacting business ownership (financial exclusion, day-to-day barriers, access to capital, equitable distribution of funds).
3. Identify ways to support more community ownership of land and commercial property.
4. Participate in partnerships and advocacy efforts that encourage policy changes and programs that support BIPOC entrepreneurs with accessing opportunity in local economic development efforts.
5. Support the small-business ecosystem to deliver services and resources to BIPOC entrepreneurs.



*If you wanted to look at things through that [reparations] lens and from an investment perspective, then it goes back to things like investing in Black businesses, investing in Black ideas, investing in Black people. Trusting those folks to do amazing things with the resources, because they do amazing things with no resources or very little resources."*

– Grantmaker

# Conclusion

As future investments are made toward community and economic development in Detroit, it is essential for philanthropy to continue leveraging its strong relationships with local leaders to offset past economic inequity and cultivate generative communities where Detroiters can enter the middle class, meet their unique needs, prosper, and fully and fairly participate in economic life within a thriving city and region. While notable efforts are being made to advance economic opportunity for Detroiters, moving toward a more restorative investment approach requires a deep understanding and acknowledgment of past harms and historic injustices, and intentionality around supporting efforts that can document loss of generational wealth in Detroit and its impact as recommended by focus group members. By learning, acknowledging, and documenting these historic injustices, it can be used by investors in partnership with community to support reparative progress in Detroit.

The Restorative Philanthropy Framework is a model of giving that prioritizes investment in programs that offset past inequities in Detroit; works to eliminate economic and racial disparities in income, wealth building, housing, and economic opportunity in Detroit; and centers community voice to disrupt systems of economic and racial oppression. The Restorative Philanthropy Framework described in the report summarizes a reflective and iterative journey for funders to establish a set of goals and metrics, after answering reflective questions to inform their unique approach to enhancing the ways in which they operate and fund equitable economic development initiatives in Detroit.

Philanthropy alone cannot close economic equity gaps, but philanthropic leaders are in a unique position to organize stakeholders, monitor progress, and hold stakeholders accountable. Driving equitable change in Detroit will require cross-sector collaborations, internal auditing, and a constant examination of state and local economic trends to identify opportunities for improvement. As the city continues to rebuild post-COVID, this is a key moment for local funders to advance an economically equitable Detroit by embracing a restorative philanthropy framework to guide community and economic development investments. Paying special attention to current systemic challenges, economic and racial equity must be the guides to influencing and advocating for lasting change.



*What does it look like in five years to see equitable community and economic development? It looks like me, myself owning commercial property in my community and running a thriving business. It looks like about five more in my neighborhood owning a commercial building and running a business. How does it feel? It feels absolutely amazing, because myself and neighbors are creating generational wealth and working to level the playing field."*

*– Resident*

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