

COUNCILMAN SCOTT BENSON'S WEALTH GENERATION TASKFORCE REPORT



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B A C K G R O U N D S U M M A R Y

DETROIT is one of the largest majority black cities in the Country, with approximately 78% of its' residents being of African American descent. Until recently, Detroit was the largest, poorest city in the Nation with over 30% of residents living below the poverty level—a decrease from 42.3% in 2012. Only recently has Cleveland, Ohio, overtaken Detroit with that distinction. Escaping poverty, gaining economic independence, and having access to wealth can mean increasing access to opportunities particularly for African American and Hispanic families who have less wealth than White families.

Family wealth, not just income, must be a consideration in developing policies and programs to improve Economic Mobility. The government has traditionally focused on job creation as a primary corrective action to address the Generational Wealth Gap. However, a wider array of policies must be explored and implemented to combat the wealth and income gap that currently exists. Policies aimed at helping low-wealth families save for emergencies, a home, children's education, and a secure retirement can improve financial stability and provide a pathway towards middle or upper-class status.

Councilman Scott Benson created the Wealth Generation Task Force (WGTF) to study methods to close the wealth and income gaps that exist within the City of Detroit.



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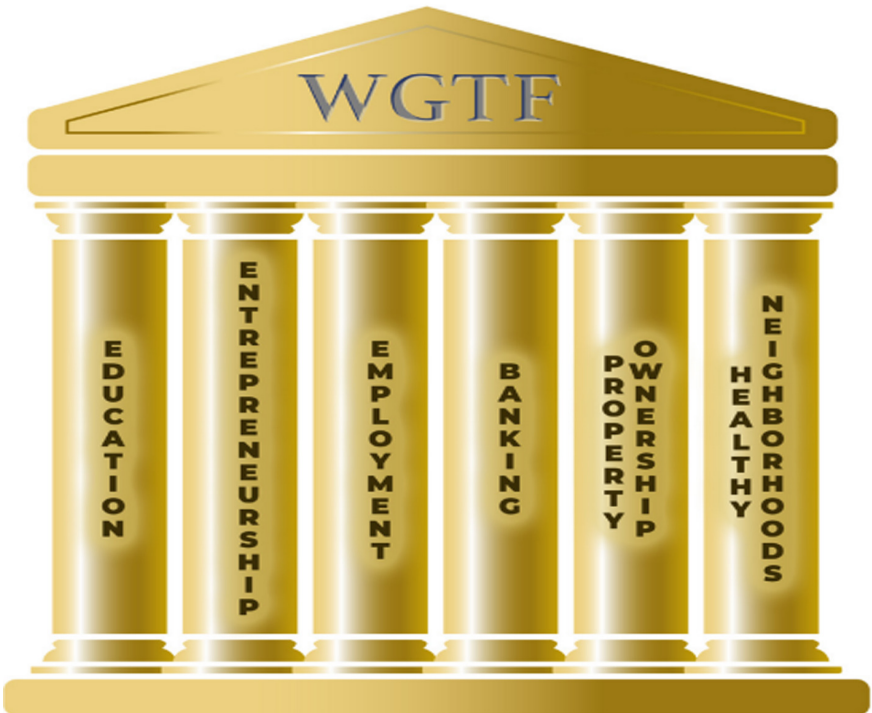
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OUR GOAL is to put money into the pockets of Detroiters from all income levels by establishing short- and long-term pathways for the creation of generational wealth.

OUR MISSION

The Wealth Generation Task Force will work to influence and advocate for the creation of policies that increase wealth of Black families by moving families out of poverty, retaining our existing middle-class Detroiters, and attracting more middle-class individuals and families to Detroit.

To achieve our goal of generating wealth in the city of Detroit. We have identified 6 pillars.





EDUCATION

Challenge – An educated populace is a critical component to any thriving city. Business investment and family location decisions are often tied to educational opportunities and current education levels within communities. Unfortunately, as stated in the Detroit Free Press, 3 February 2021, “Report: More metro Detroit high school graduates are not college ready. “Detroit and the metro region are slipping in its effort to produce a well-educated workforce, a trend that could saddle the Detroit region’s economy with fewer jobs, lower incomes, and slower growth.





EDUCATION (*continued*)

The Youth Policy Lab at the University of Michigan analyzed several years of confidential student data maintained by the Michigan Education Data Center and found:

- Just 36% of the region's high school graduates are considered college ready, down from 40% four years earlier.
- 32% of high school graduates did not enroll to further their education, up from 27% four years earlier.
- The region's share of people holding an associate degree or higher rose to 41.3%, but it remains below those of peer regions and the national average of 41.7%.
- Racial disparities in educational attainment continue, with African Americans and Latinos finishing high school and college at lower rates than whites and Asians.

The analysis found that the negative trends were even more acute within Detroit.

Proposed Solution - A fully funded tutoring program for Detroit residents. The program would supplement all educational offerings in Detroit to ensure students are prepared for college, job training programs or entry into the workforce. The tutoring program would employ certified tutors and be housed in Detroit public libraries and Detroit recreation centers. The cost per student per year would be \$750 annually for 25 hours of tutoring and \$3.7M for a program serving 5K residents annually.



ENTREPRENEURSHIP

Challenge – Small businesses don't receive enough support. Often entrepreneurs struggle with many challenges including access to capital, human capital, technical assistance, and marketing.

The average household income in Detroit is \$34,762, which is 53% of what the Asset Limited, Income Constrained, Employed (A.L.I.C.E) threshold suggests for a household of four to move above the stability level. The job market seems to be embracing a minimum of \$15 per hour, but a single headed house needs to be bringing in closer to \$34 per hour or a dual headed household \$17 per hour to meet the A.L.I.C.E stability threshold, and entrepreneurship can be the gateway to a financial stability for Detroit families.

Proposed Solution - With 80% of small US businesses bringing in over \$50k annually, Detroit should continue to provide and prioritize resource support for entrepreneurship. We suggest the city look at ways it can fill the gap for high-risk small business capital via grants. The City should also strongly encourage financial institutions and the philanthropic community to provide high, medium, and low risk capital to small businesses via grants and low to no cost loans. Financial institutions can be encouraged to participate in this space by requiring this type of Community Reinvestment Act support as a requirement to do business with the City. There also needs to be a provision of high-quality technical assistance and coaching to entrepreneurs, and the recruitment of local Community Development Organizations to vet and provide support for small businesses and entrepreneurs.



ENTREPRENEURSHIP (*continued*)

In addition, the city should support the Small Business Support Network (SBSN) bill in Lansing, and the philanthropic SBSN project in Southeast Michigan.

Detroit's small businesses would greatly benefit from support beyond financial assistance, specifically the provision of high-quality technical assistance and coaching. Best practices in entrepreneurial support suggest that businesses have much better outcomes when financial support is married with a comprehensive suite of wrap-around services. The City should invest in a central hub for coordinating this support through an organization like Detroit Means Business and should also support the existing local providers, such as TechTown, ProsperUS, Build Institute, and Accounting Aid Society, and others who act as trusted connectors and hands-on practitioners.

An example of how entrepreneurship will support the city: If 15% of City residents start a small business in addition to their main job and bring in \$1.5k per month that would move a significant number out of poverty and add \$720m of revenue circulating through the City of Detroit.





EMPLOYMENT

Challenge - The City of Detroit has always been a strong advocate of getting its' residents employed. Recently, Detroit was awarded \$100 Million Dollars in Scholarships for its' residents. Although unemployment is at its lowest in decades, there are still many residents that are not employed. Many residents want to be employed and self-sufficient but are unaware of the programs offered and resources available. Transportation and childcare have always been serious barriers for residents when it comes to educational and career growth. If residents knew of all the programs and resources available, they would be able to see all the opportunities that would lead to their success.





EMPLOYMENT (*continued*)

Proposed Solution - Work closely with Detroit Public Schools Community District to advertise and market Career Technical Education (CTE) programs to eligible Detroit youth.

Detroit at Work offers great programs to assist Detroiters in furthering their education and obtaining a career with a good-paying job. They offer multiple training programs, high school diploma completion programs, and expungement services. Detroiters who are interested in completing a trade can enroll in a number of programs including: tree trimming, construction work, and manufacturing programs.

Detroit At Work also offers scholarship programs. The “Learn-to-Earn” program pays you while you earn your High School Diploma or GED. “Get Paid to Learn a Trade” offers a chance to earn a career certification while learning more about the career of your choice. In the “Skills for Life” program, you can earn \$15 an hour, 40 hours a week, spending three days a week at your work site and two days earning your High School Diploma, GED, or a technical certification. Detroit at Work also has various opportunities for returning citizens to enter the workplace and training, including business start-up support programs like Motor City Match and an Entrepreneurship Training Academy—two valuable programs for Detroiters looking to start a small business. (<https://detroitatwork.com/scholarships>)

In addition to the paid educational and career advancement programs, Detroit At Work also assists with childcare referrals, work uniforms, and transportation. These are critical wrap around services for those entering or reentering the job market.



BANKING

Challenge - Unfortunately, in Detroit, 22.8% of residents are unbanked and underbanked. What can banks do to close the wealth gap in the city? Banks can play a critical role in moving residents out of poverty by becoming more accessible to residence in their communities. One of the most important tools to have when it comes to generating wealth is having a formal and trusting relationship with a financial institution. Being unbanked can cost \$40,000 over a lifetime due to use of costly alternative financial services for routine financial transactions.

Proposed Solution - The Wealth Generation Task Force encourages the city to continue advocating for residents to get banked with BankOn accounts. In addition, all future requests for proposals (RFPs) for banking services should require banks to include a plan to increase the number of Detroiters that are banked. Once banks have been selected to do business with Detroit they should be graded on their results. Scoring banks will allow an annual report to illustrate data and statics of newly opened bank accounts, distribution of small business loans, mortgages, vehicle loans and home equity loans, etc.





PROPERTY OWNERSHIP

Challenge - Across the nation and in the City of Detroit, many people do not prepare for Estate Planning. Estate planning is an essential key for generating wealth. Unfortunately, many families do not plan who will be responsible for a property after the owner's death, which is referred to as intestate. Most Detroiters make, life's transition without executing a will, which can result in the property being tied up in probate court or simply lost due to not being managed. This becomes lost family and community wealth because the property, which could have been passed down to family members or other social institutions, ends up in probate court or foreclosed upon. Due to this lack of knowledge generational wealth is lost in the City of Detroit because residents are not familiar with Estate Planning or property management. Currently, the City of Detroit offers a family trust service however, many residents are unaware of this service.

Proposed Solution - The Wealth Generation Taskforce has identified the efficient transfer of wealth and estate planning as key issues keeping Detroiters from creating and retaining generational wealth. Detroit should prioritize policies and low cost/free services to support the efficient transfer of wealth via estate planning and estate education that will prevent properties from being captured by intestate property transfer laws due to a lack of a will, or a deed that has not been updated to reflect current family ownership. The Wealth Generation Taskforce suggests establishing programs, similar to Tangled title in Philadelphia or Home for Generations in Washtenaw County. These programs support the efficient transfer of wealth by utilizing attorneys, land banks to clear titles, paralegals and estate planners to assist residents with acquiring appropriate title, and filing basic estate planning documents.



HEALTHY NEIGHBORHOODS

Challenge - Recent research supports the Surgeon General's view that there is a correlation between housing, neighborhood conditions and the well-being of residents. Many of these public health studies focus on the impact of deleterious housing and neighborhood conditions on health outcomes (e.g., allergens and asthma or lead exposure and developmental and behavioral problems). Detroit has 19 square miles of vacant land predominately located in our neighborhoods, which can be repurposed to help reduce blight and improve health outcomes for our residents. While the City continues to remove dangerous structures and blight has made significant investments in public infrastructures and parks, many residents continue to experience environmental justice issues such as flooding and poor air quality. To address these issues Detroit's revitalization efforts, need to address the intersectionality of climate change, environmental justice, land use, permitting and economic development.





HEALTHY NEIGHBORHOODS (*continued*)

Proposed Solution - The city should develop an open space master plan to direct municipal investment and encourage strategic civic and private commercial investment in land use models, to strengthening the city's neighborhoods and industrial districts. This plan must be accompanied by a dedicated funding source to implement the plan in priority areas identified as the most vulnerable by the Department of Sustainability's Climate Action Plan. This master plan will allow to the city to address air quality, urban heat island effect and flooding.

An ordinance should be crafted allowing the Detroit Land Bank Authority to develop a mandatory financial and development process workshop for all buyers of their properties. Additionally, buyers will be provided a realistic timeline for purchasing and making the property "habitable" or the property will be remanded to the Detroit Land Bank Authority.

The City should place a greater priority in enforcing dangerous and vacant building ordinances and authorize a process to accelerate forfeiture when property is not maintained after numerous citations for individuals and companies who own large amounts of blighted property.



H O N O R A B L E M E N T I O N

Challenge - One of the biggest challenges faced by Detroit is getting the word out about all the fantastic programs that are available to support our residents. Unfortunately, many of the day-to-day challenges faced by residents can be addressed if people knew of their existence.

Proposed Solution - Therefore, the Wealth Generation Taskforce has identified a “one stop shop” webpage where residents can easily access information on various city resources as a major need. This issue was not tackled by the WGTF due to the focus of policy vs. infrastructure. The WGTF strongly encourages the administration to develop the one stop shop web page where all support services can be found and ensure visibility to residents by marketing on social media platforms to share information about the new website. In addition, the city needs to ensure the website is easy to navigate and provides all the necessary information for residents to address the many challenges a city with this level of poverty faces daily.



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The Wealth Generation Task Force would like to thank you for the opportunity to present these recommendations for consideration and implementation by the City of Detroit. We believe addressing these recommendations will contribute to generational wealth for our residents as well as will grow, retain, and attract middle class families to the City of Detroit.





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OUR THANKS

WEALTH GENERATION TASK FORCE PARTNERS



WAYNE STATE UNIVERSITY
Office of Economic Development



MEETING VENUE

Detroit Historical Museum
5401 Woodward Ave.
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CATERING VENDORS

Full Circle Catering Co.



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