



**Florida Minority Community Reinvestment Coalition**

# ***The Racial Wealth Gap Florida***

[www.fmcrc.org](http://www.fmcrc.org)

***www.theracialwealthgap.org***



# Florida Racial Wealth Gap

## Sources:

The Pew Institute  
Brandeis University  
Federal Reserve Board  
The Annie Casey Foundation  
Urban Institute  
Wallet HUB  
Dr. Edward Wolf  
Dr. Michael Porter  
Land of Opportunity Study (Harvard-Berkeley Report)  
US Census  
Brookings Institute  
Robert Weissbord  
Alliance for Excellent Education  
Alliance for a Just Society Study 2013  
Deloitte Center for Financial Services Study  
Center For Responsible Lending  
CoreLogic National Foreclosure Report April 2013  
Survey of Consumer Finance (SCF)

# Florida

47% Minorities Represent of Urban City population

**4.5% Minorities Contribute to Urban City Gross Domestic Product**

**74%**

**Minorities Account For Florida Poverty**

# Minority Low and Moderate Income Communities in Florida-Where are we?

- 72% of all low moderate community residents are minority
- High unemployment in LMI areas (11 to 52%).
- 72% of single mothers-below poverty level
- Census tracts with Poverty rates up to 68%
- Lack of community services
- Lack of affordable housing
- Lack of living wage jobs
- **Over 50% high school drop out rate**

# Florida Ranks #1 Nationally

## Black Financial Gap

African Americans in Florida Have Highest Financial Gaps In All Categories

- Highest Median Household Income Gap (Most Disadvantage Group in Florida): **31.77%**
- Highest Homeownership Rate Gap (Most Disadvantage Group in Florida): **34.43%**
- Highest Poverty Rate Gap (Most Disadvantaged Group in Florida): **102.82%**
- Highest Educational Attainment Gap (Most Disadvantaged Group in Florida): **39.11%**

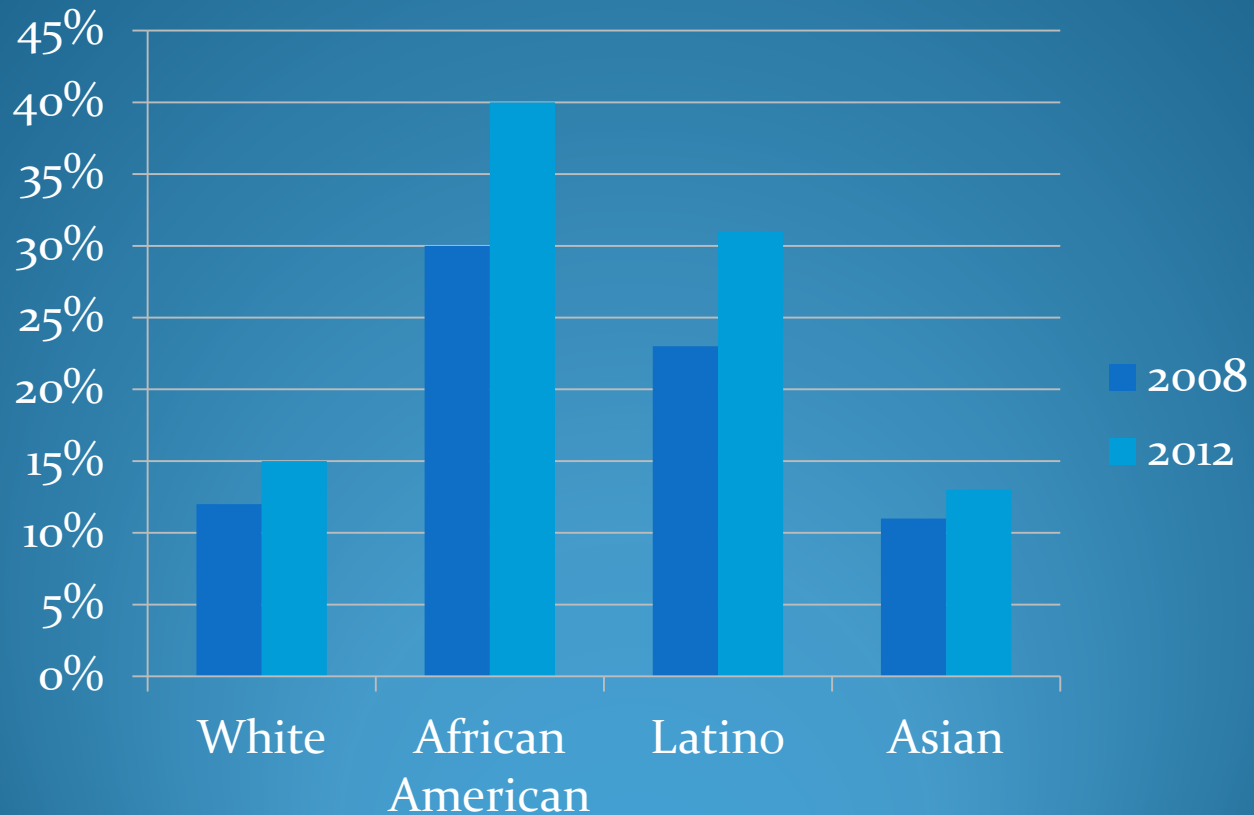


**Poverty in Florida is About  
The Color of Your Skin**

**Minorities Account for 74% of  
Florida Poverty**

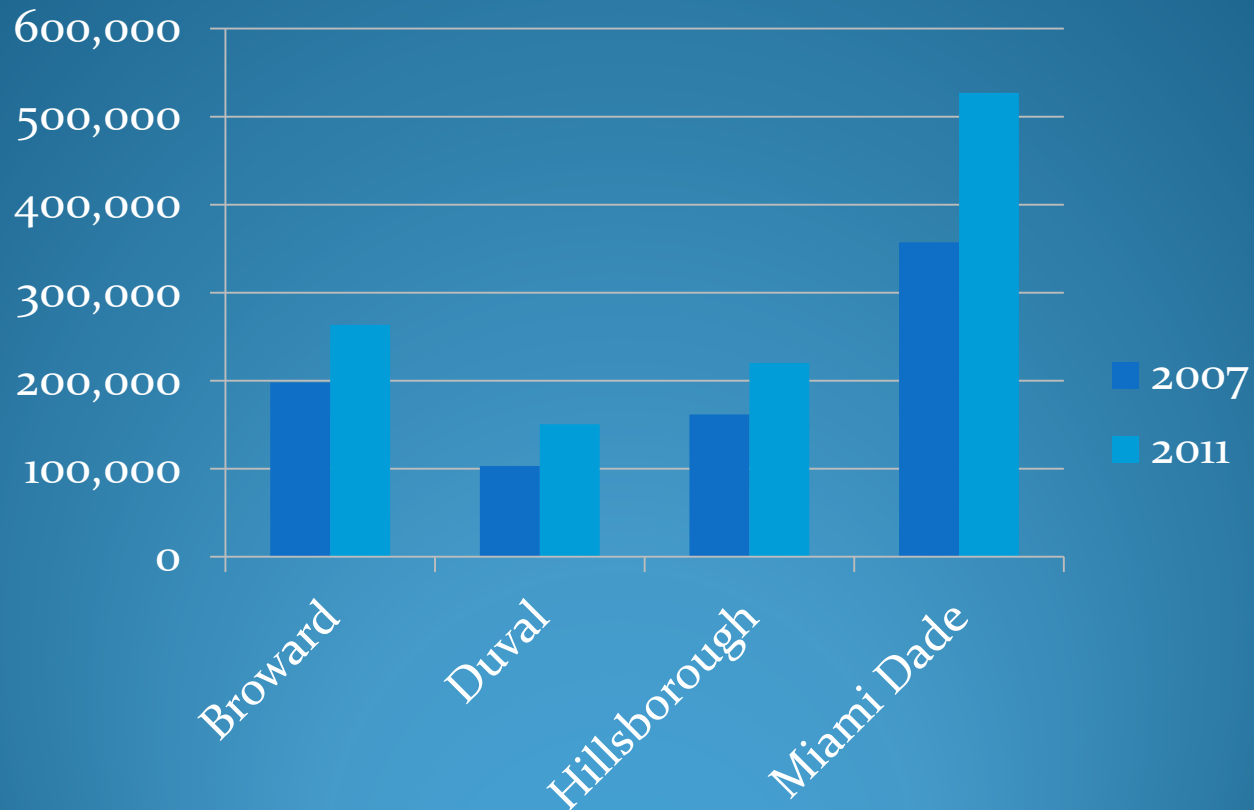
# FLORIDA

## Children In Poverty (by % of Race)



# FLORIDA

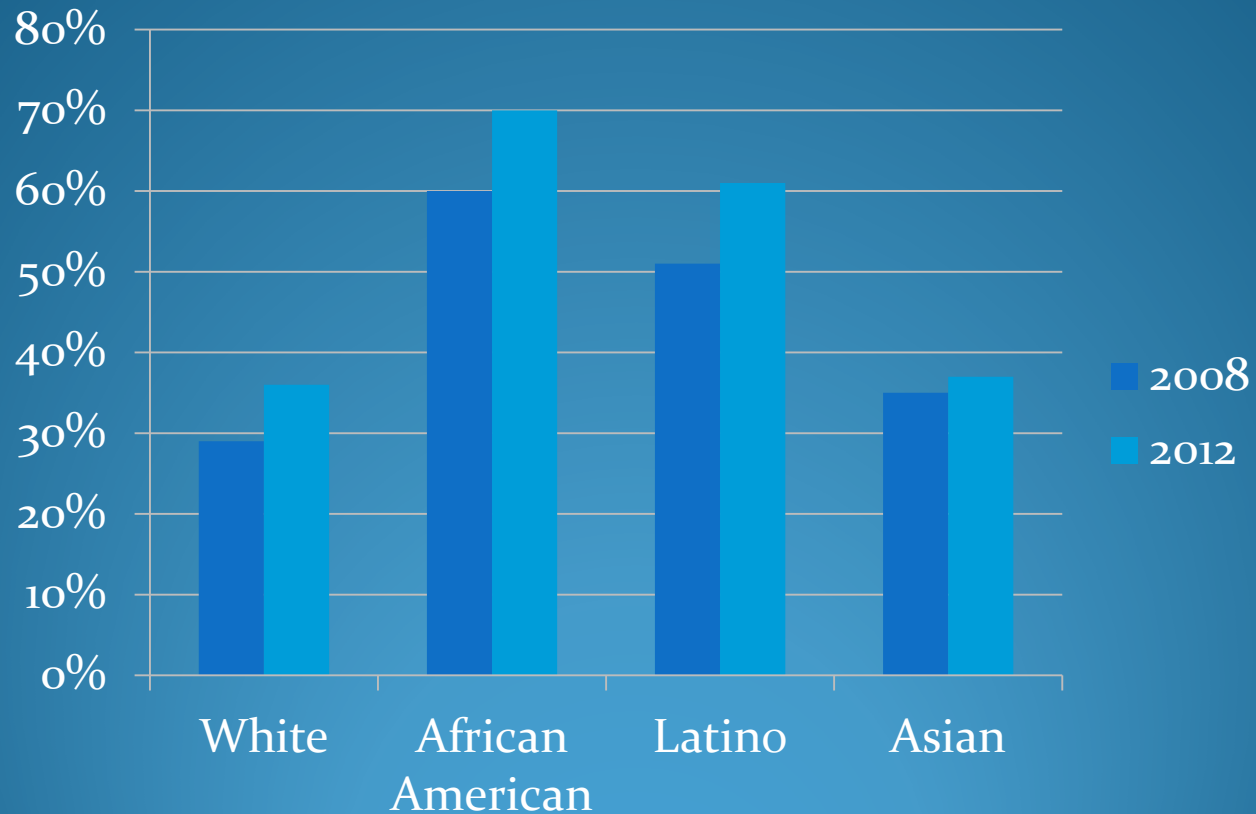
## All Persons in Poverty (by County)





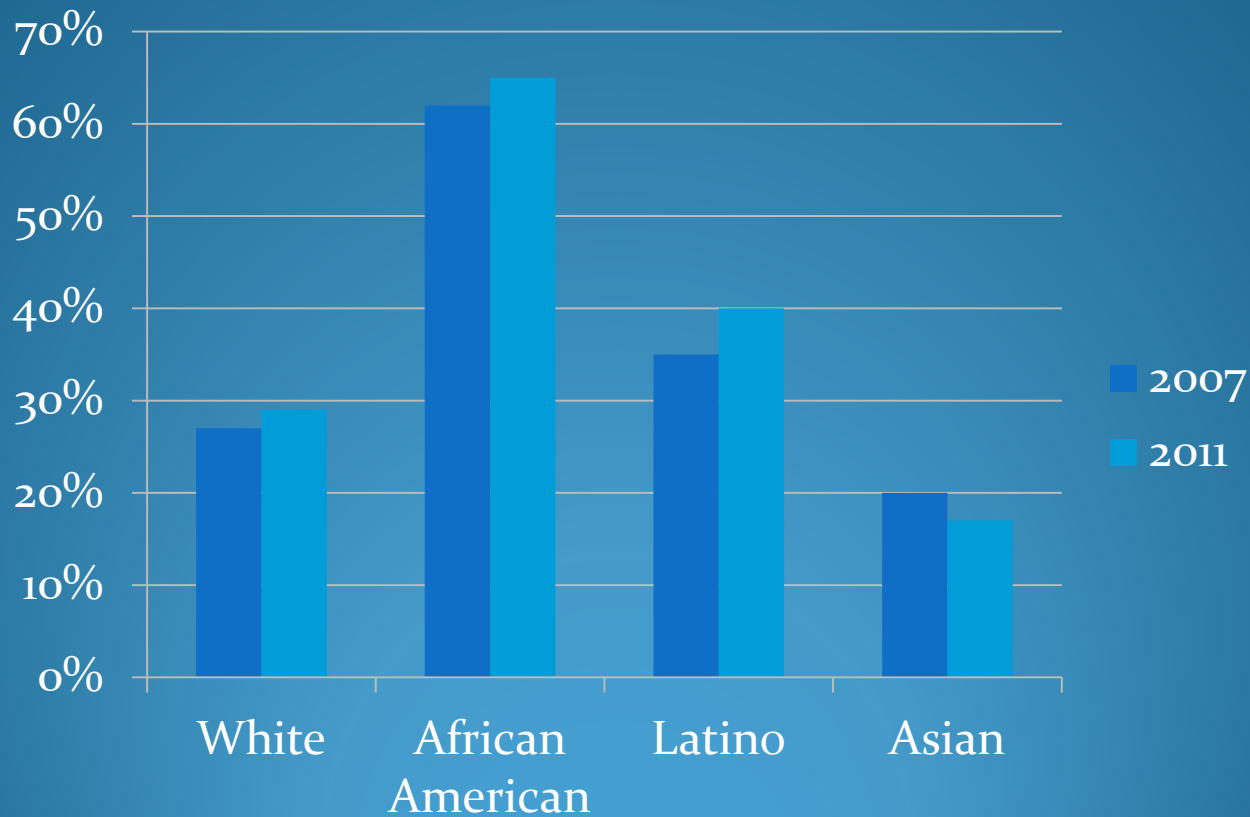
# FLORIDA

## Children Below 200% Poverty (by % of race)



# FLORIDA

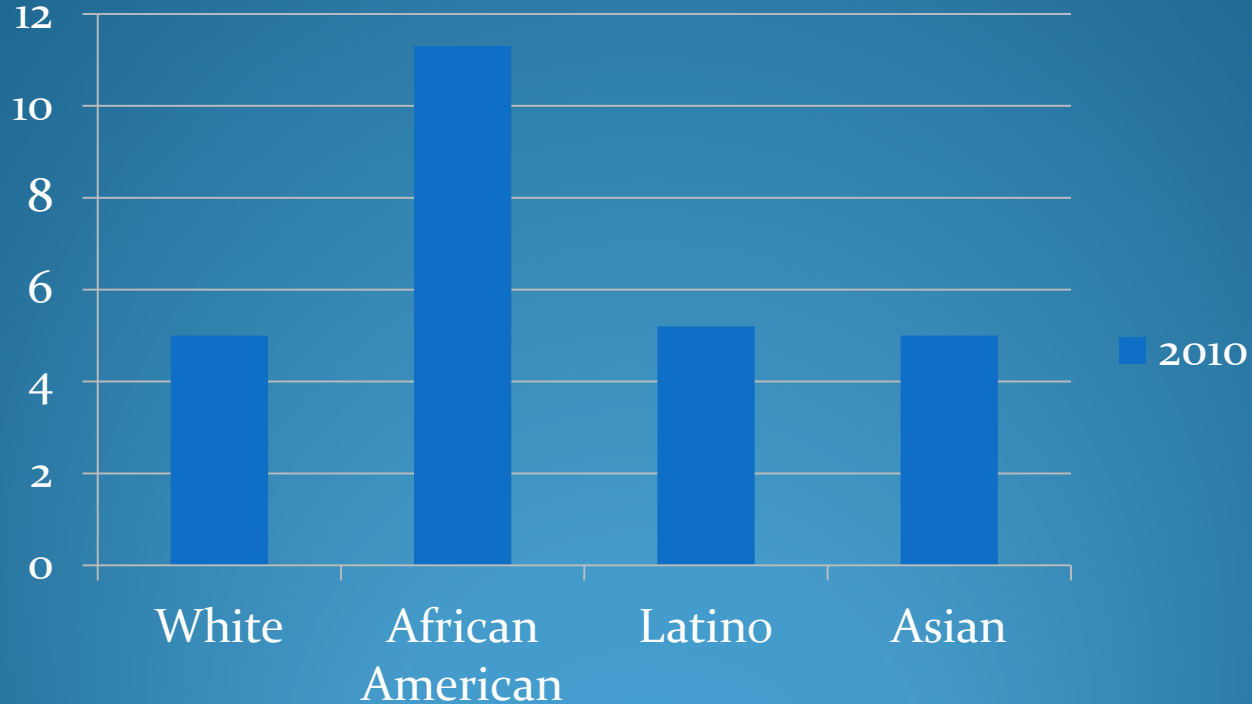
## Children In Single Parent Families (by % of race)



# FLORIDA

## Infant Mortality (Rate per 1000)

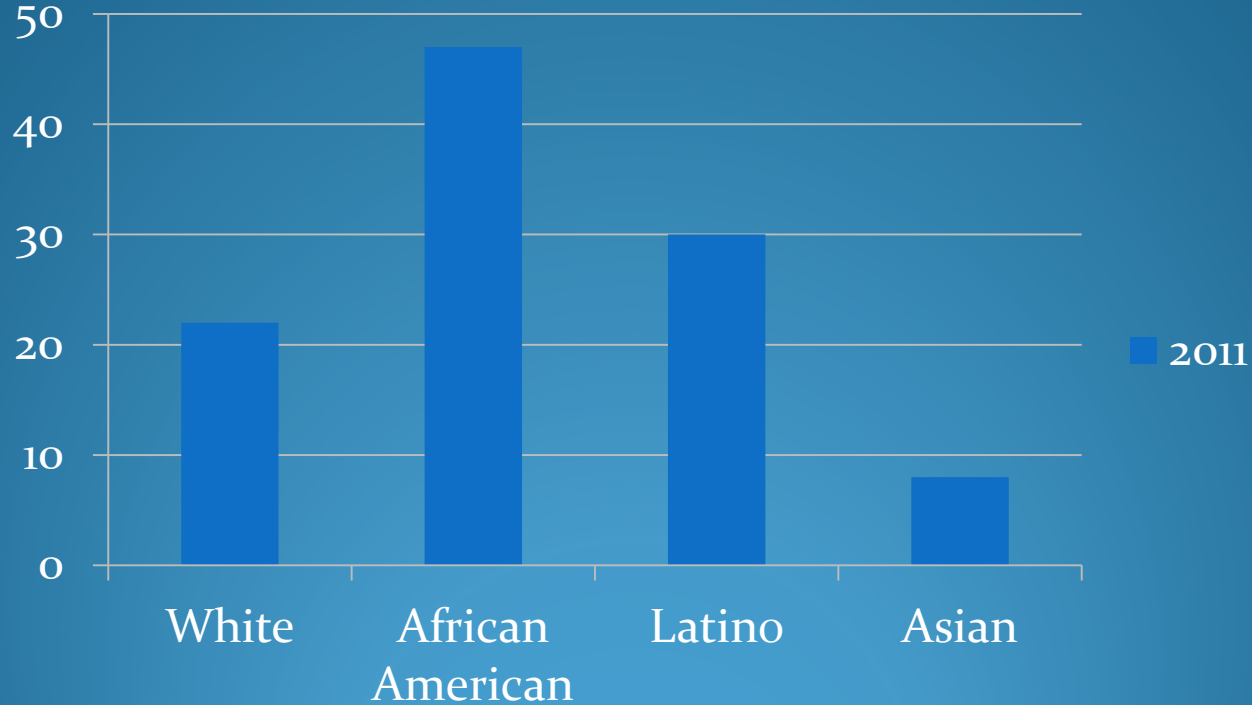
2010



# FLORIDA

## Teens Birth (Rate per 1000)

2011



Florida High School Graduation Rates:

**43% African Americans**

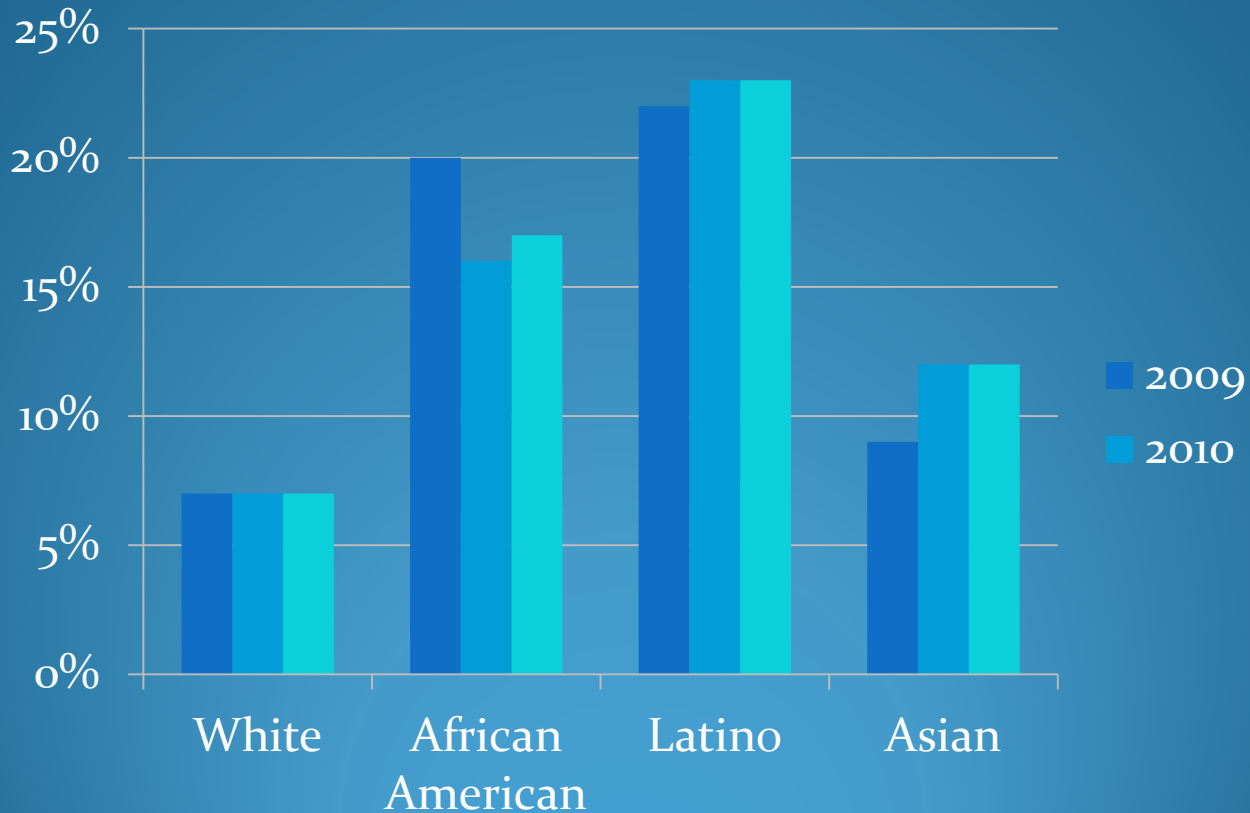
**54% Hispanic**

**Cost To Florida For Drop Out Rate:**

**\$25.3 Billion in lost wages over their life times**

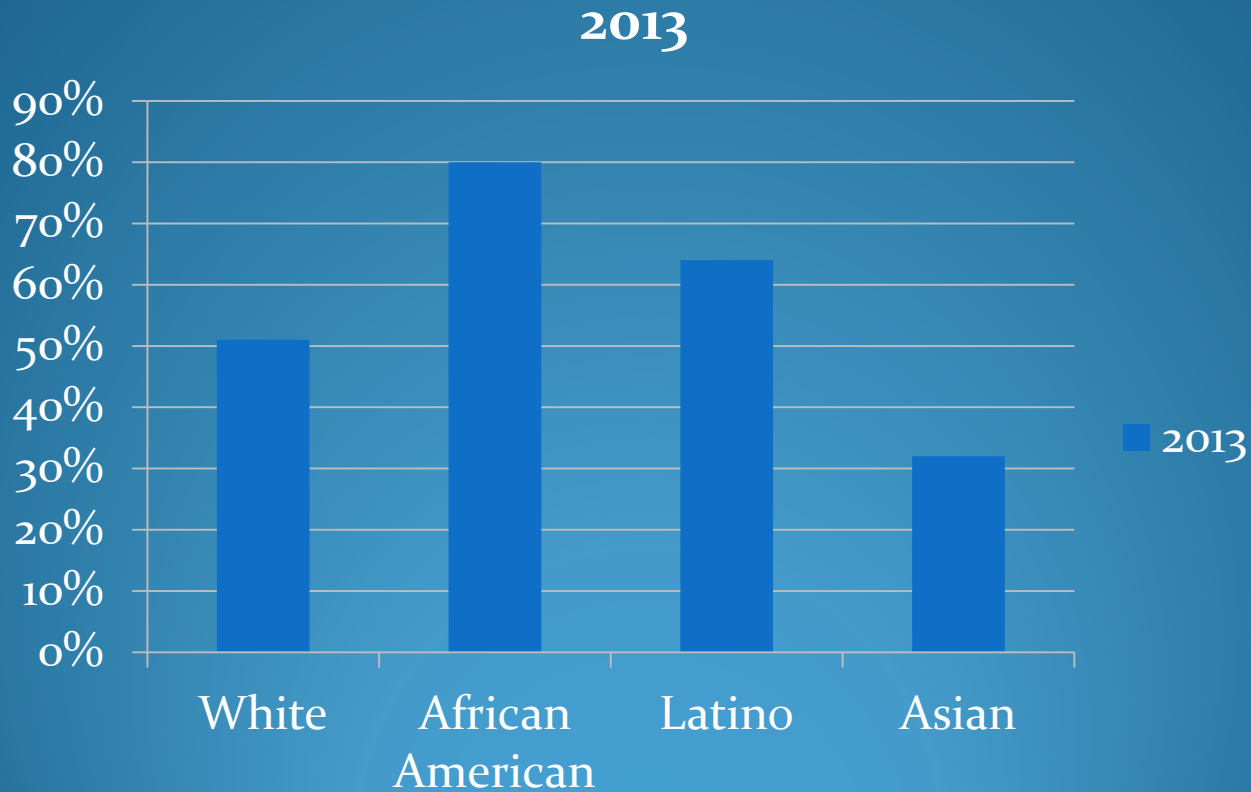
# FLORIDA

## Children in Families Where The Household Head Lacks a High School Diploma (by % of Race)



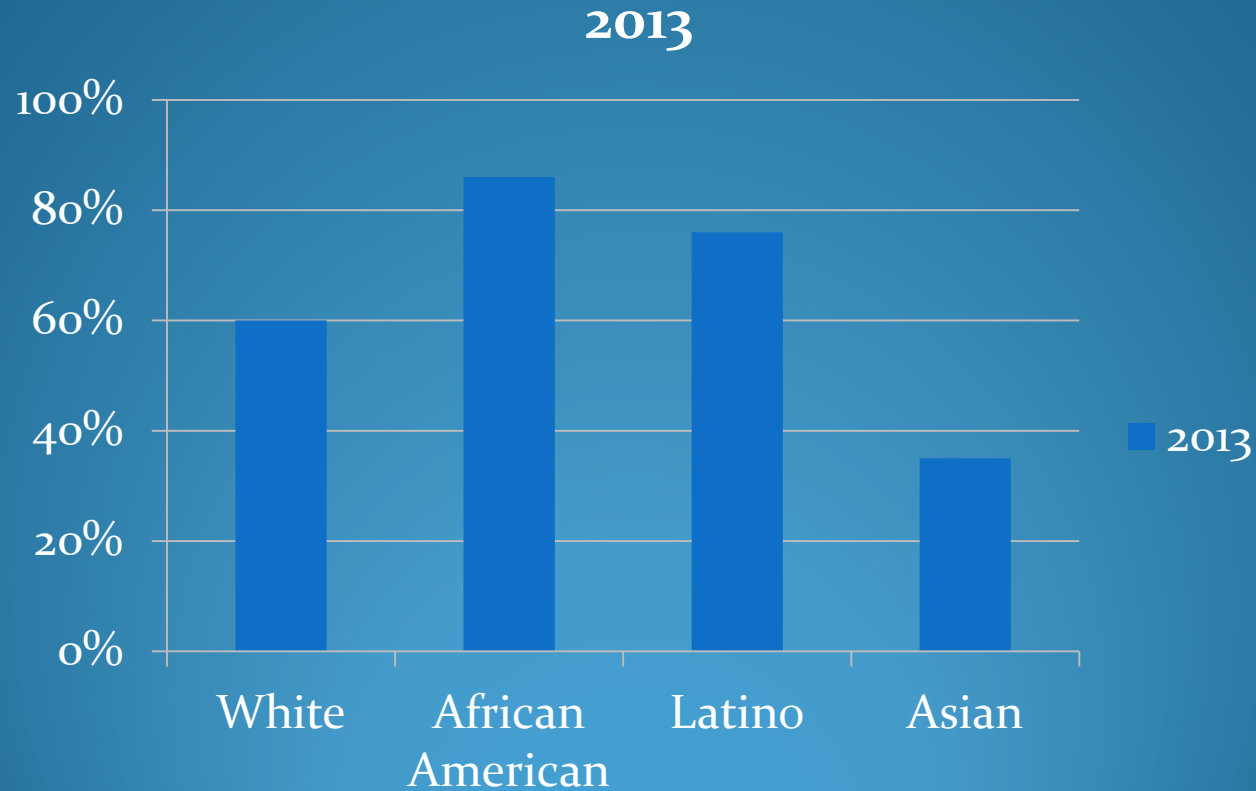
# FLORIDA

## 4<sup>th</sup> Graders Who Scored Below Proficient Reading Level



# FLORIDA

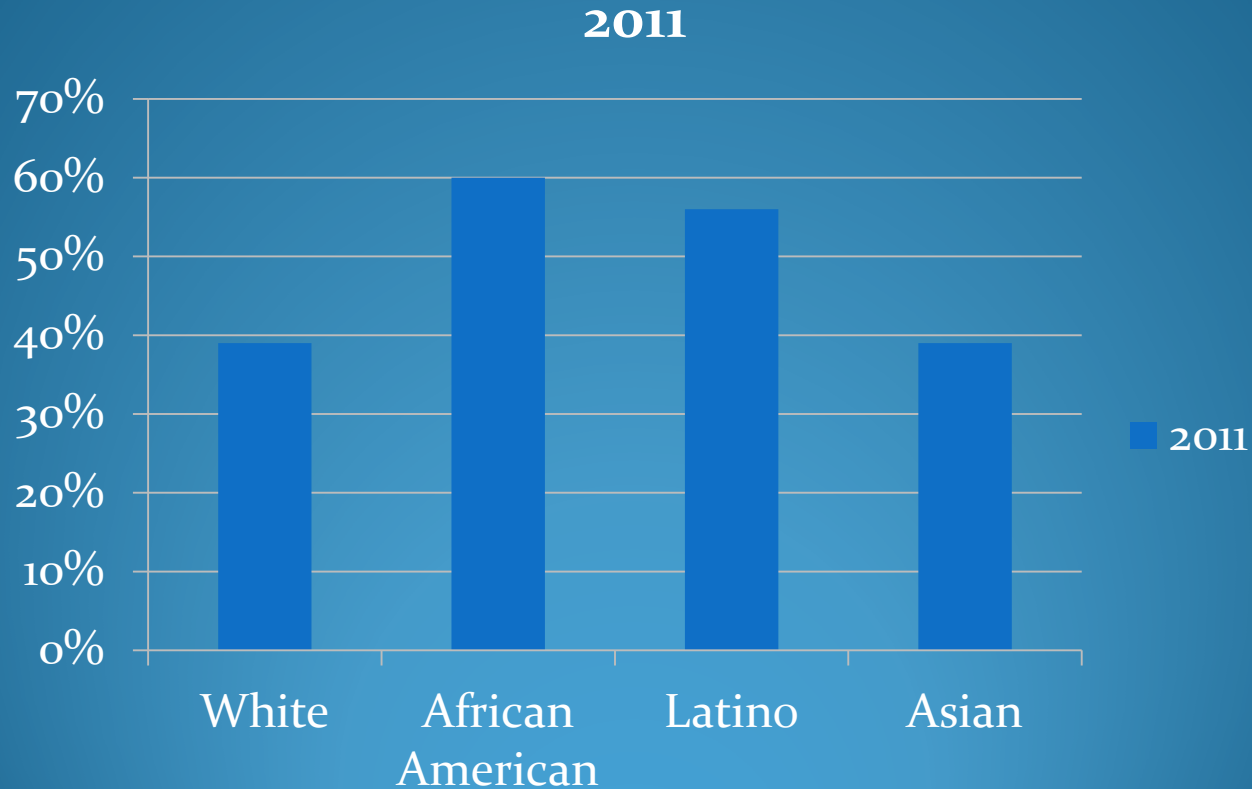
## 8<sup>th</sup> Graders Who Scored Below Proficient Math Achievement Level





# FLORIDA

## Children in Households That Spend More Than 30% of Their Income on Housing (by % of race)





**The Florida & US Economy On Rebound:  
Not For Minorities**

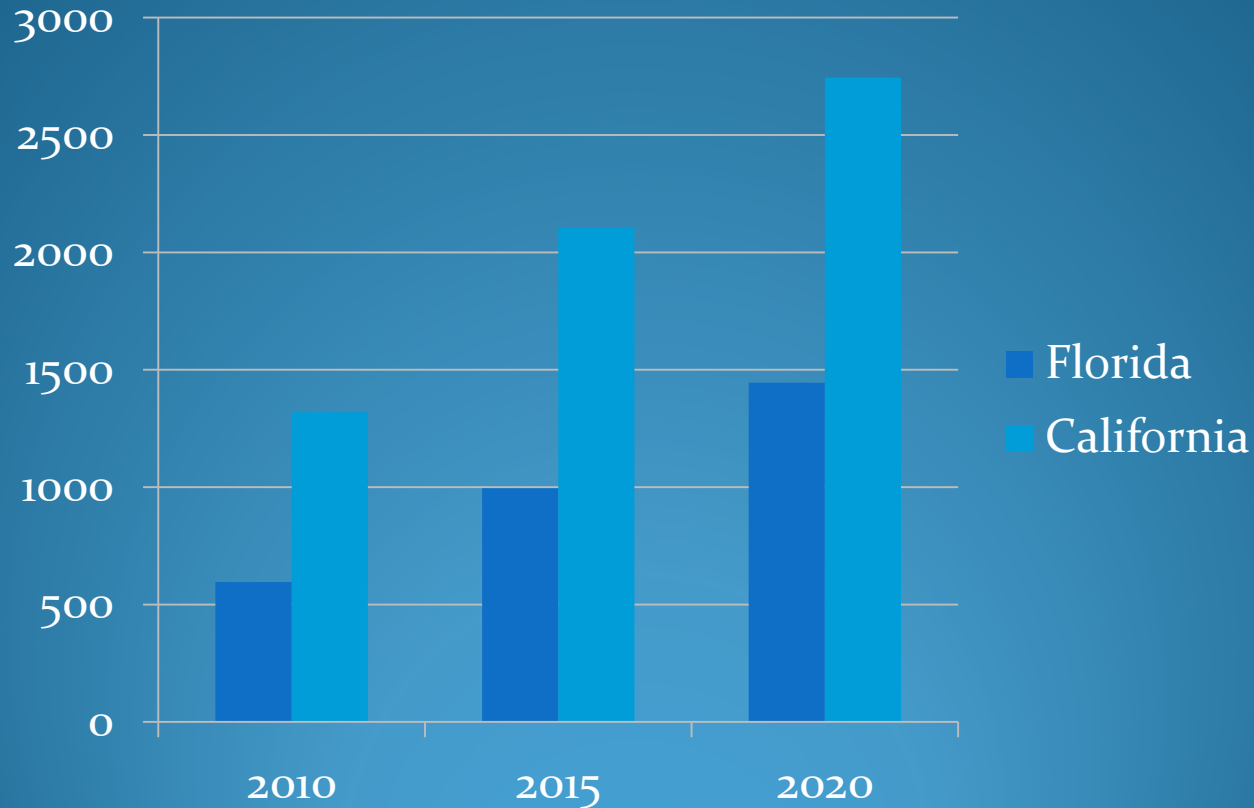
**Wealth Building in Florida & US:**

**White Need Only Prosper**

# California-Florida

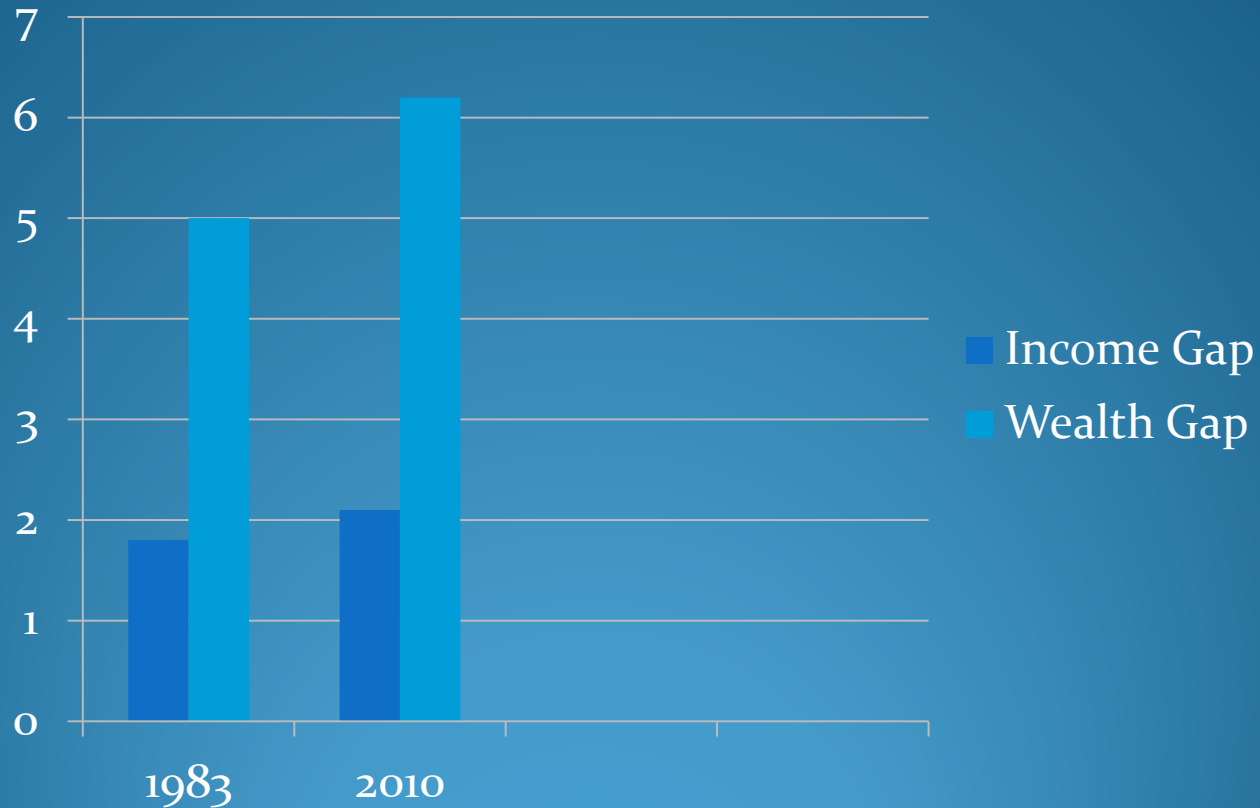
**Growth of Millionaire Households (2010-2020)** IN THOUSANDS

2020: California (2.7 million) Florida (1.4 Million)



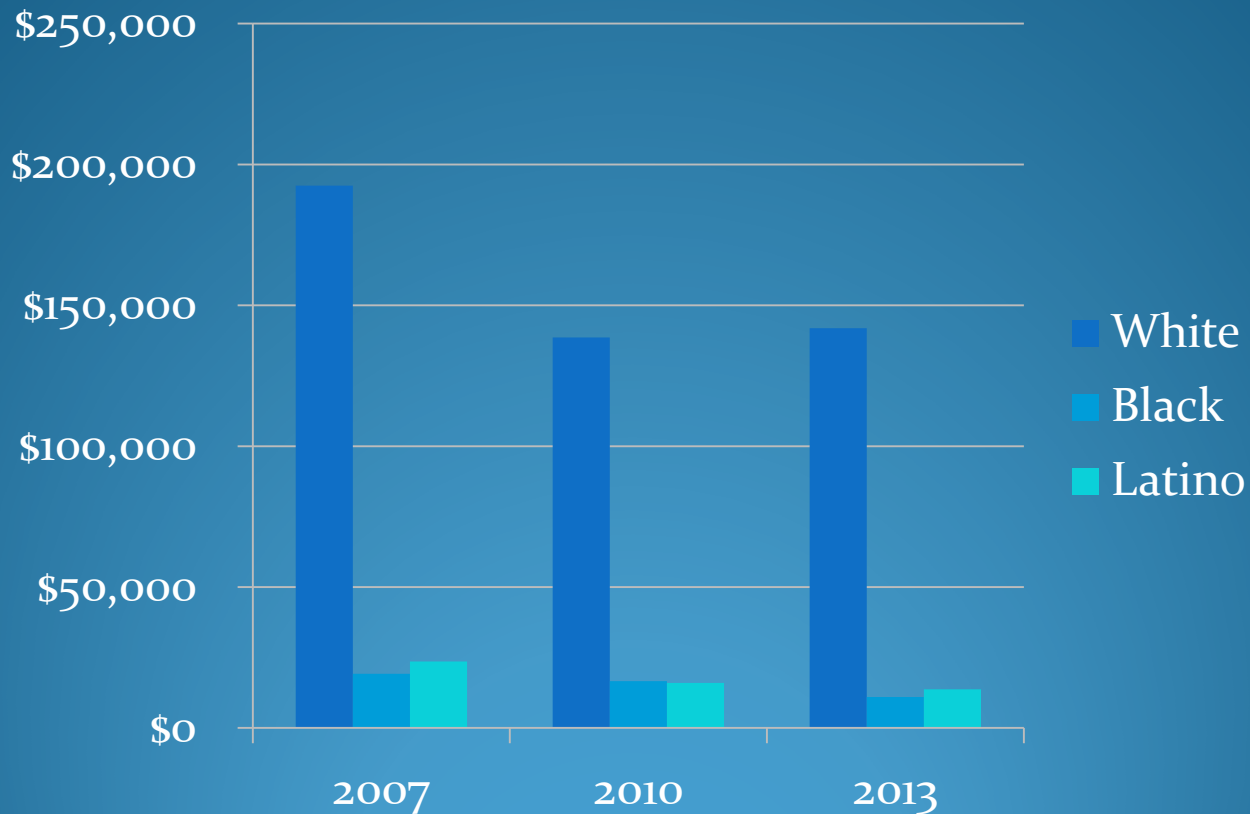
# The Racial Wealth Gap

Has Grown To Three Times Greater Than Racial Income Gap



# Wealth By Race

2007-2013 (in 2013 dollars)



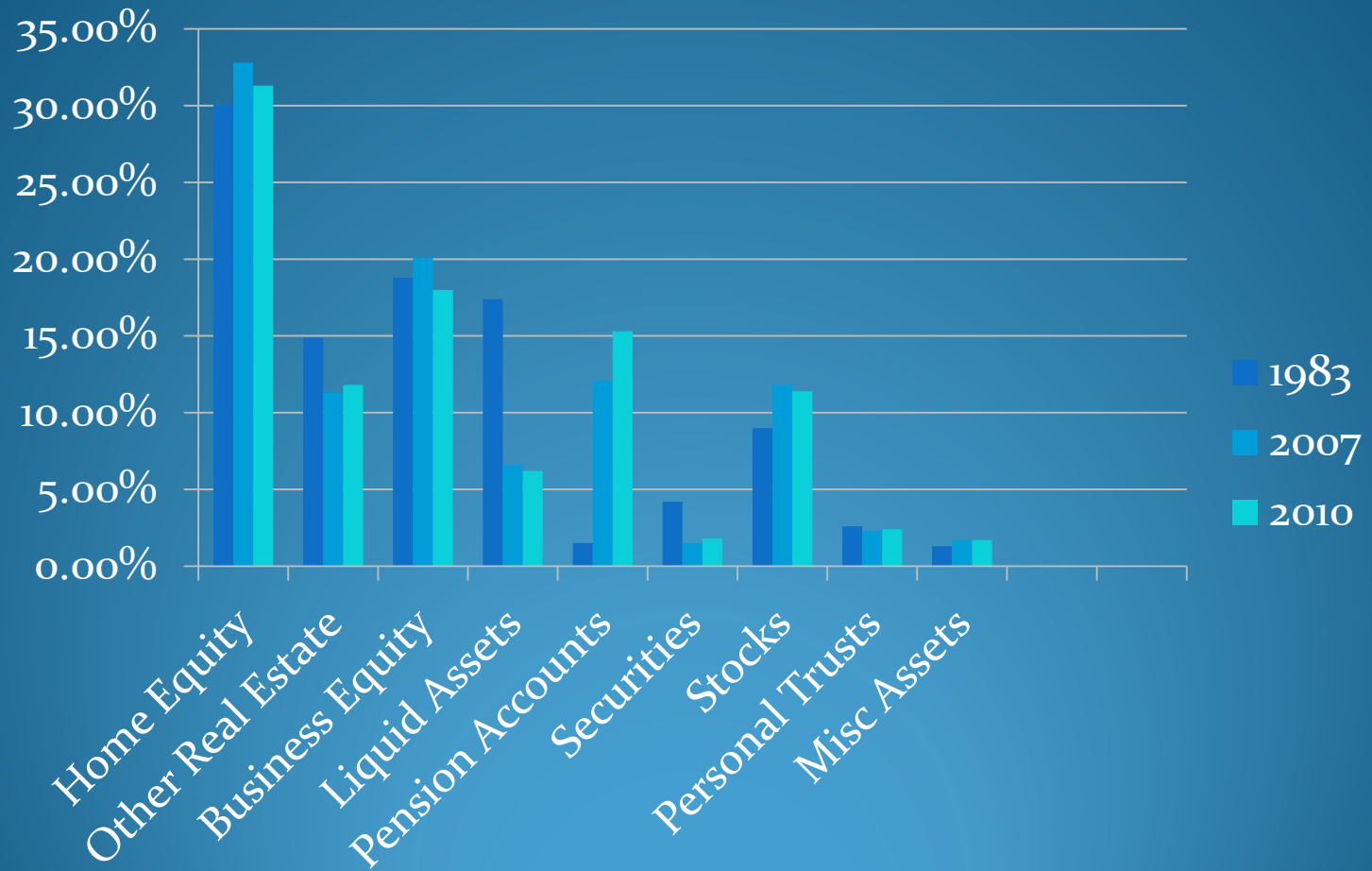


# **Building Household Wealth To Battle Poverty:**

**Home Equity  
Small Business Equity  
MATTER**

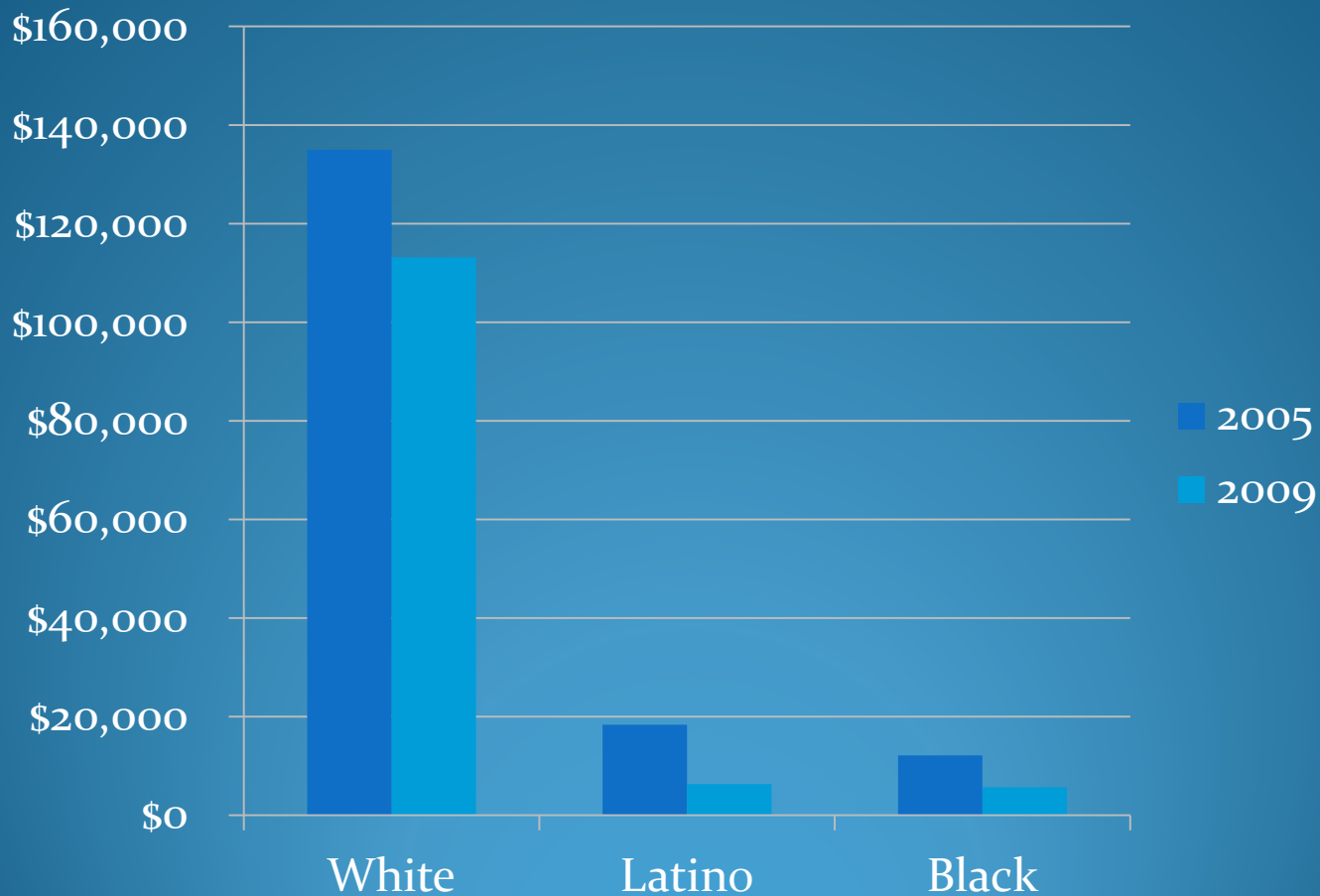
# Composition of Total Household Wealth (1983-2010)

## Wealth Components



# Median Net Worth of Households 2005 and 2009 (in 2009 dollars)

Wealth Gap Rises To Record High Between White and Minorities



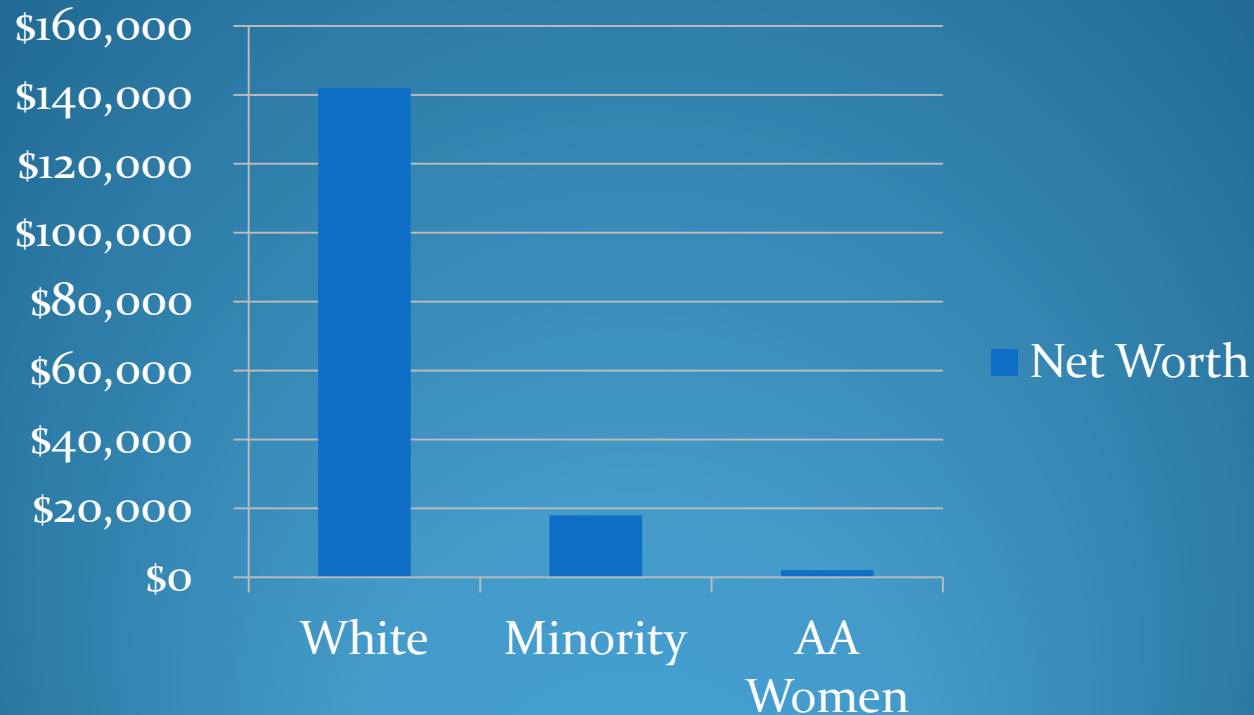


# Household Net Worth (2010-2013)

Minority Disparity

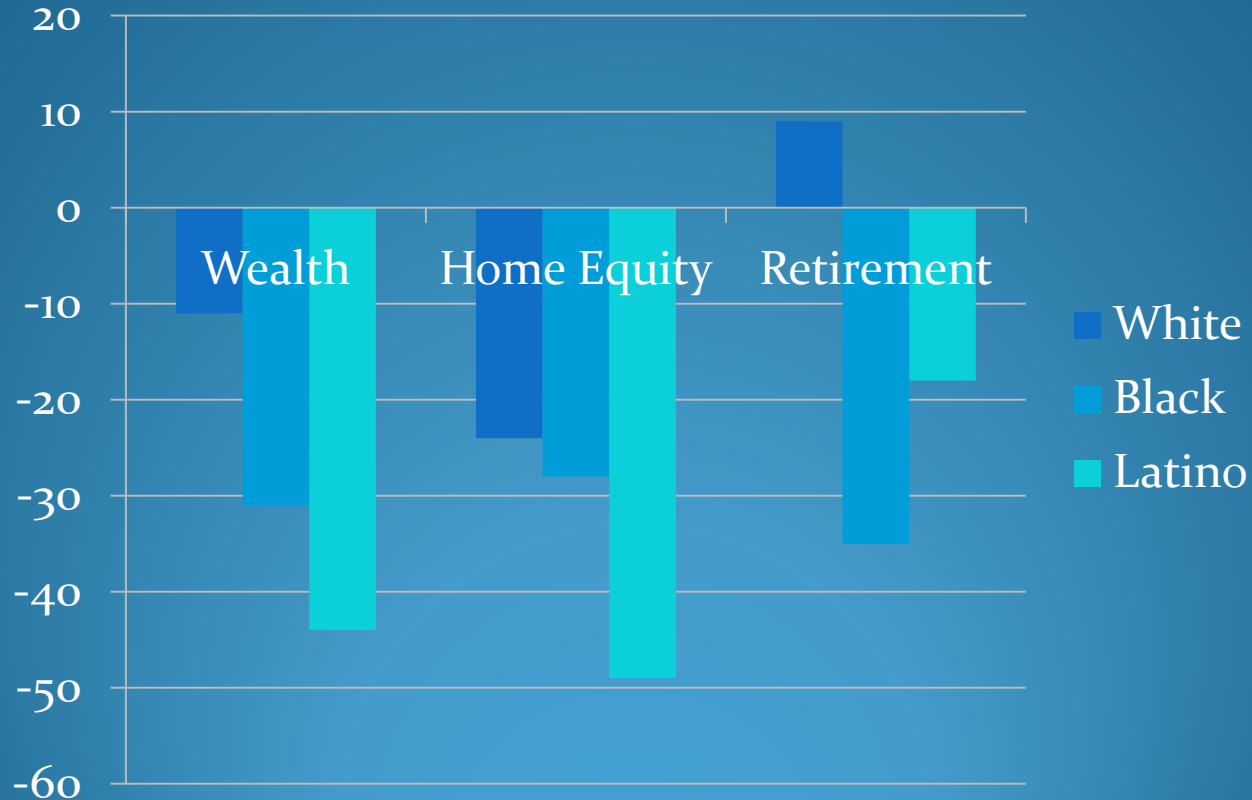
**White: +2%    Minority -17%    African American Women -31%**  
(Estimate For African American Women)

## Net Worth



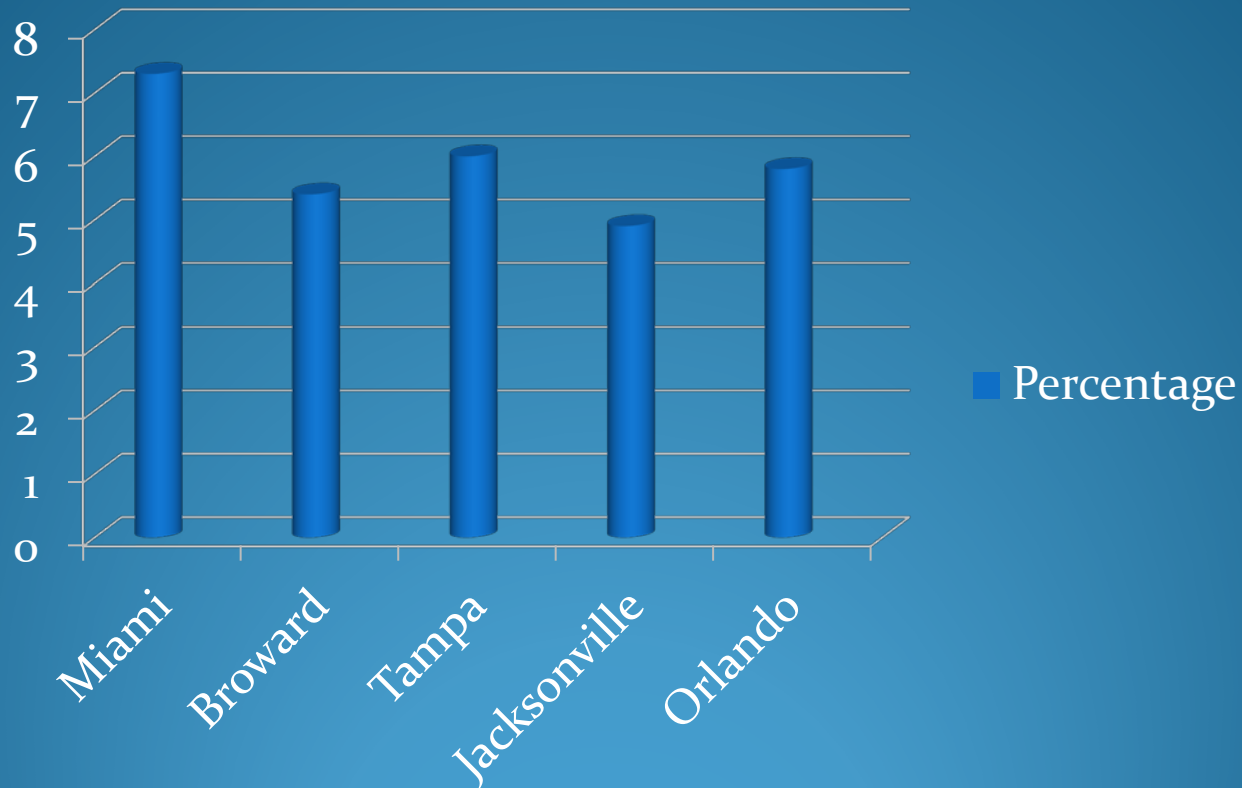
# Change In Average Family Wealth By Race 2007-2010 (by percentage)

**Home Equity Loss: White (-24%) Black (-28%) Latino (-49%)**



## Upward Financial Mobility

Odds of Minority Children whose Parents in Bottom Income Quartile For Upward Financial Mobility to Top Income Quartile  
(ALL UNDER 10% Percentage Chance of Upward Financial Mobility)

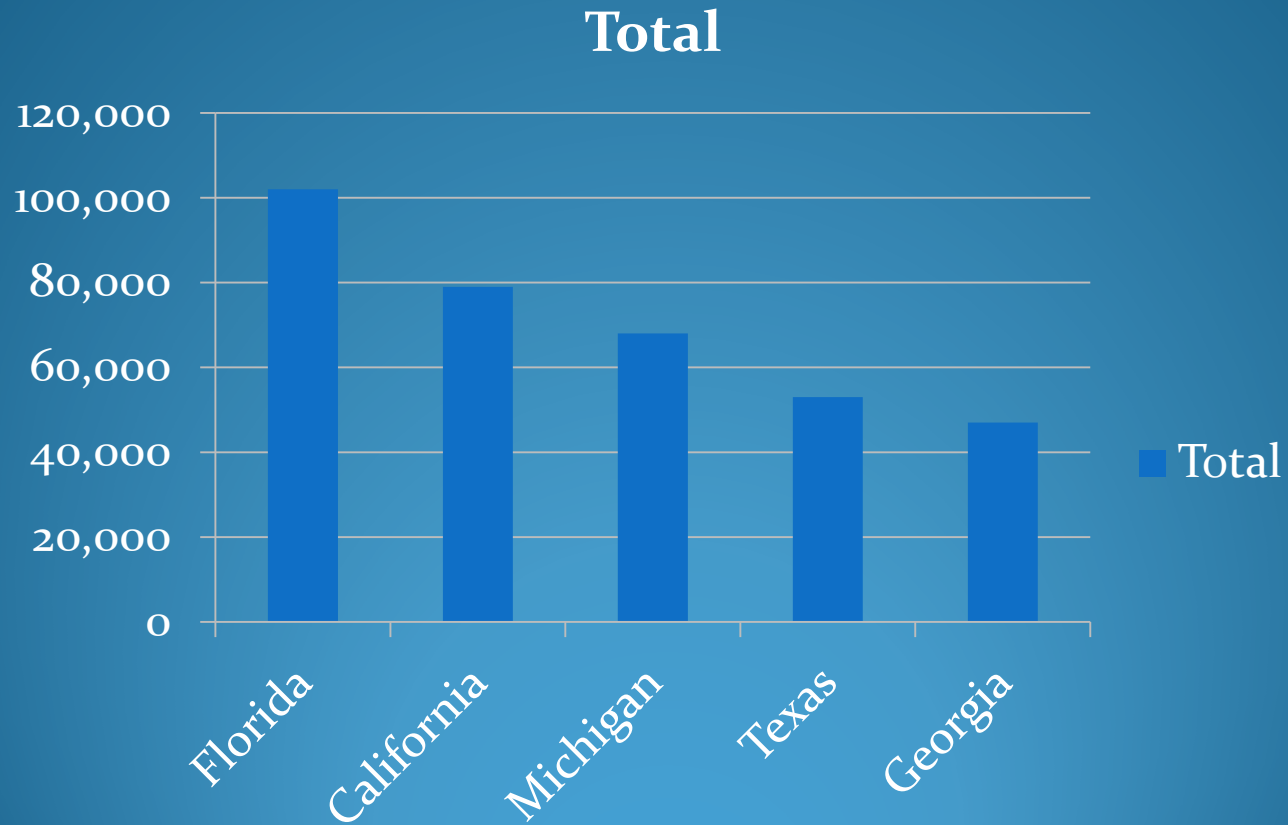




# **Building Household Wealth Home Ownership:**

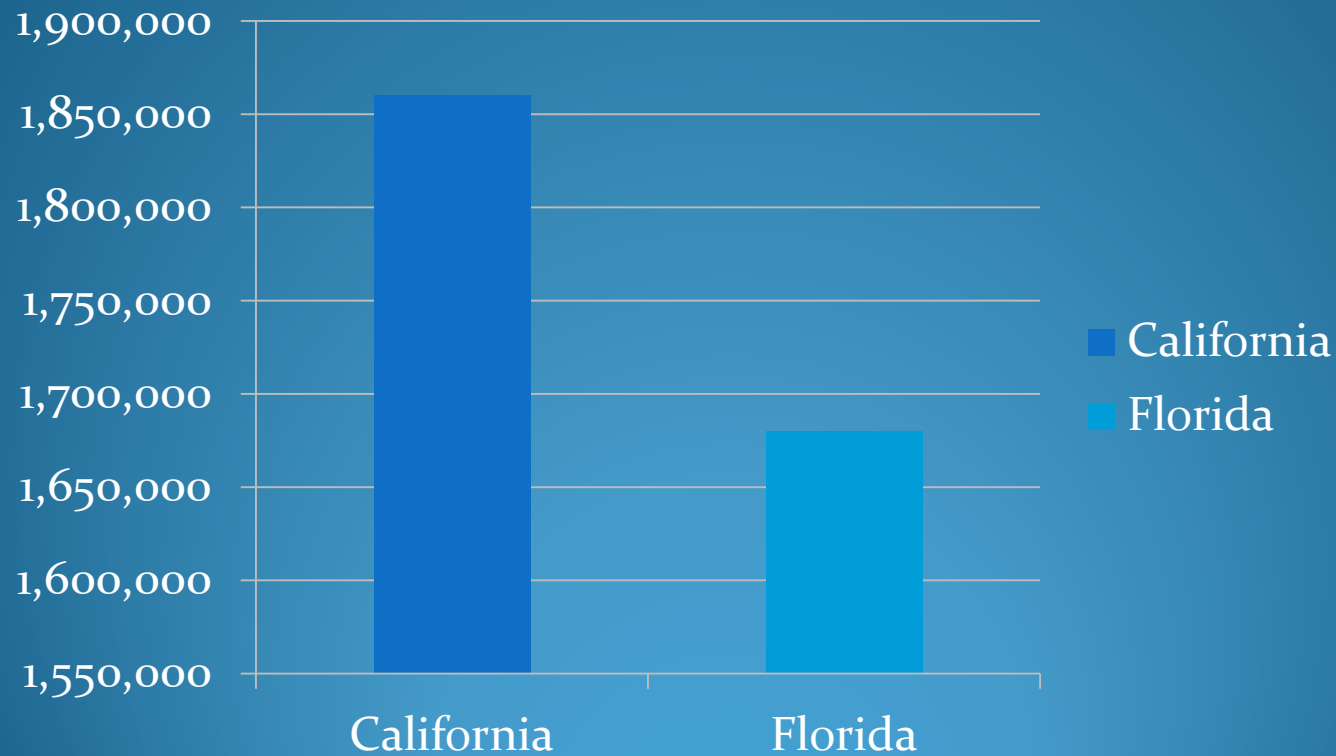
**Minorities Lose 60 Years of Wealth  
With Foreclosure Crisis**

**Five States With Highest Number of Completed Foreclosures During Past 12 months  
(March 2012 to March 2013)**



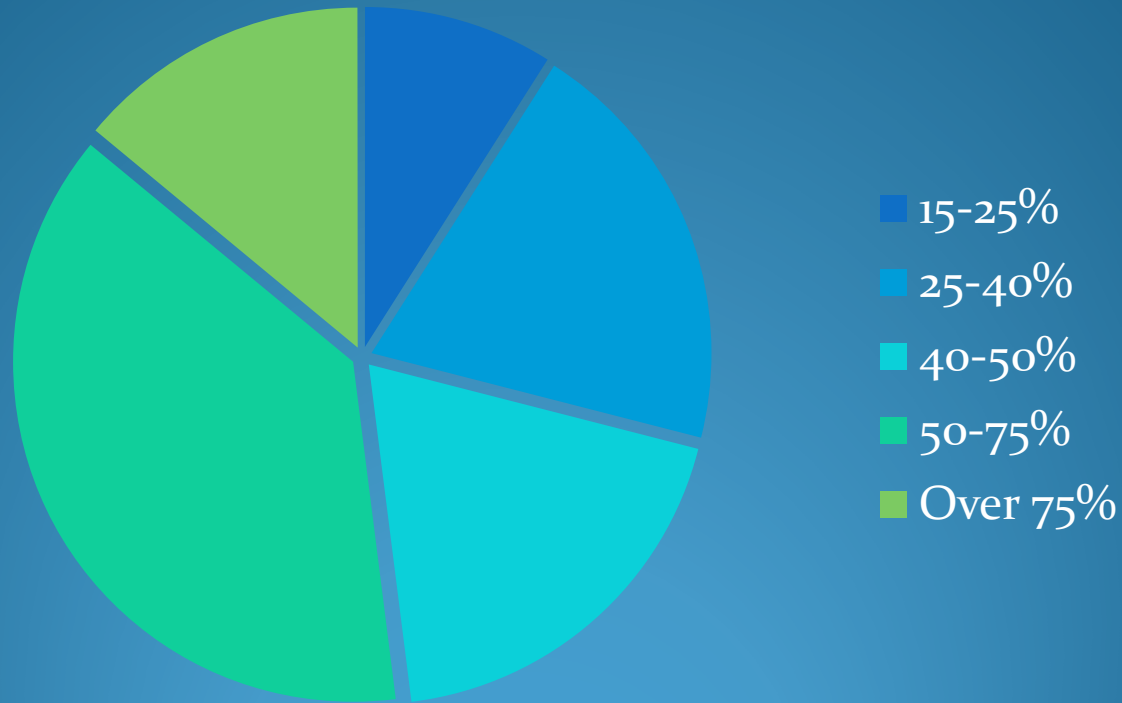
# Total Homes Underwater

2012

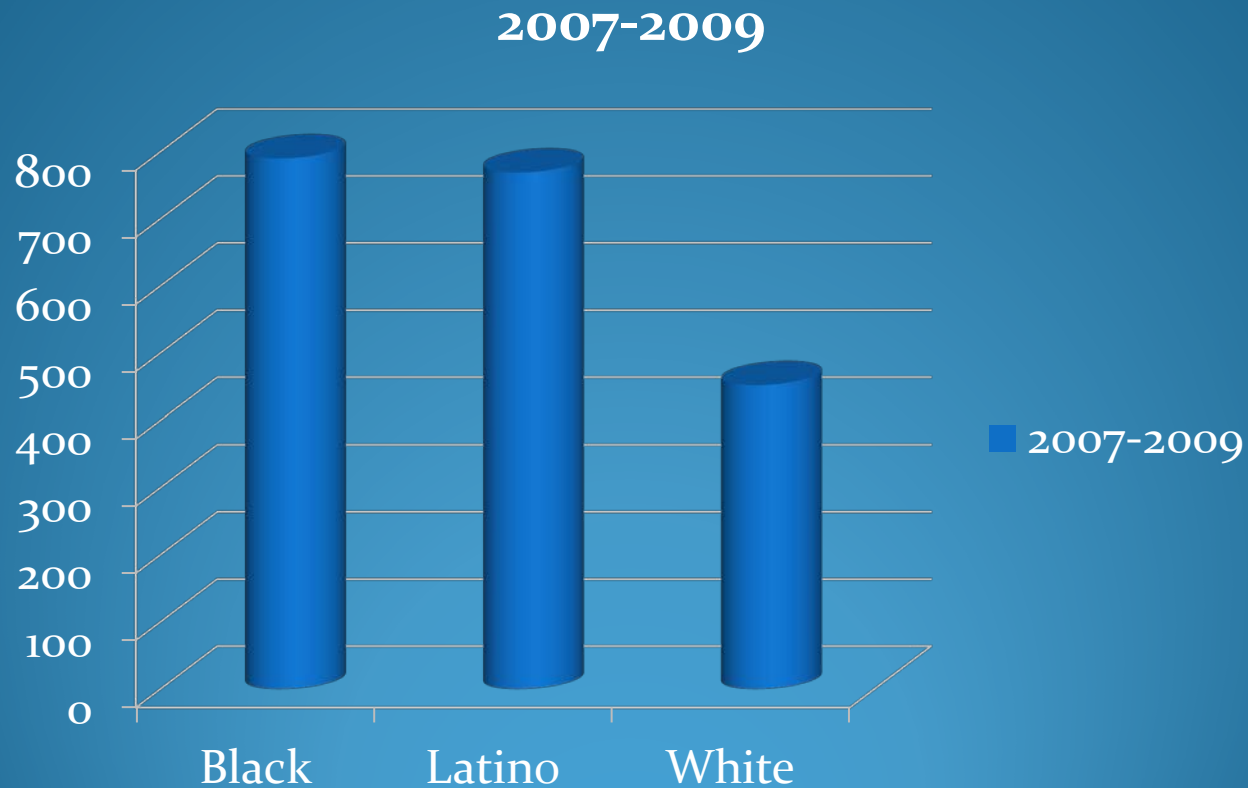


# Population Percentage of Latinos and African Americans in Top 100 Hardest Hit Cities in the United States (homes underwater)

## % of African American-Latino

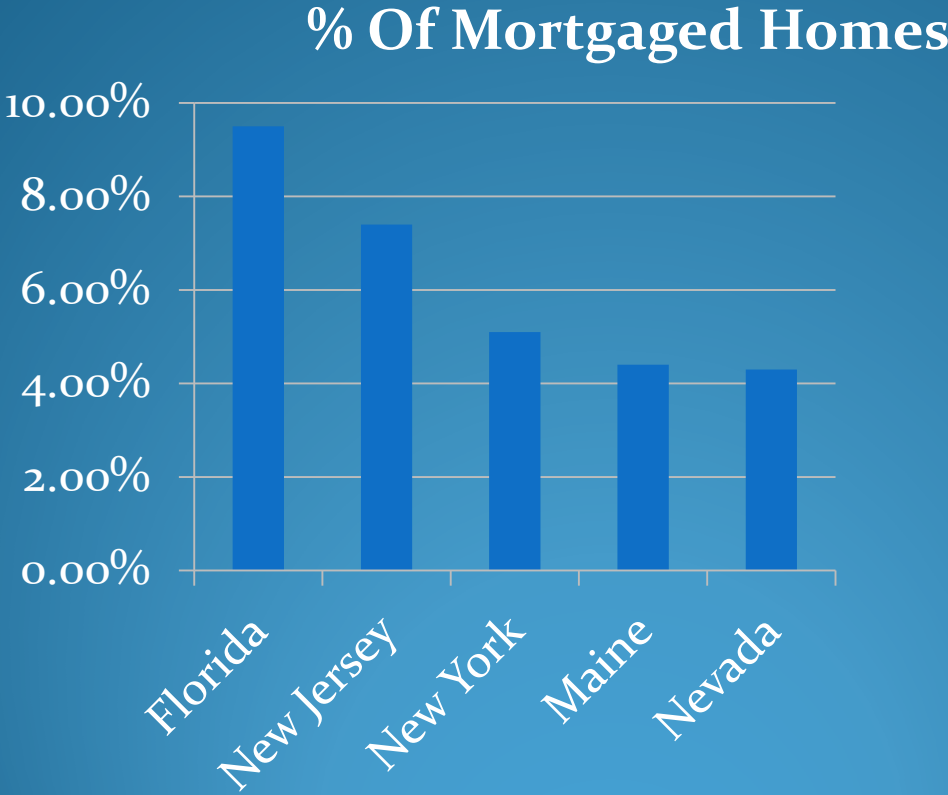


# Completed Foreclosures per 10,000 Loans (on loans made in 2005-2008 to Owner-Occupants)





# Five Top States With Highest Foreclosure Inventory As a % Of Mortgaged Homes



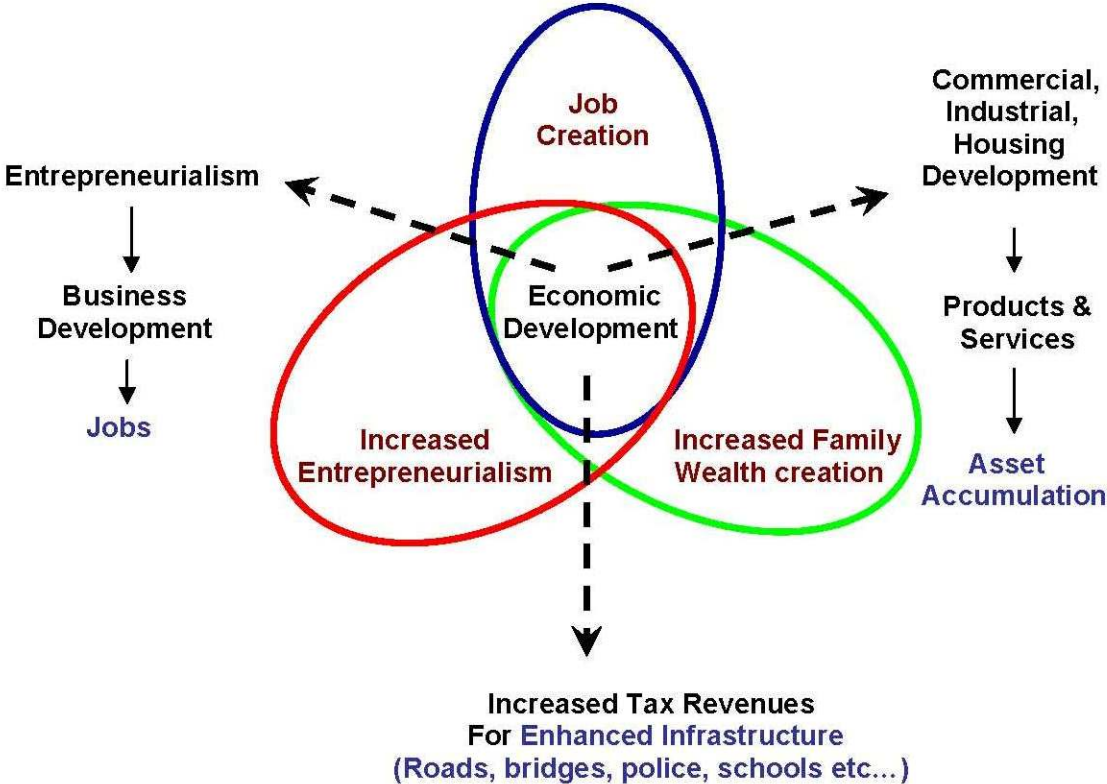


# **Re-Building Minority Low Moderate Income Communities:**

**Home & Small Business Ownership  
Building LMI Infrastructure**

# Tax Revenue:

**BENEFITS FOR TARGETED LOW-MODERATE INCOME COMMUNITIES**



# Inner City Redevelopment: Market Based

Dr. Porter Model

## New Model

- Economic: create wealth
- Private Sector Partnerships
- Profitable businesses
- Integration with regional economy
- Companies that are export oriented
- Skilled and experienced minorities engaged in building businesses
- Mainstream, private sector enlisted
- Inner city disadvantages addressed directly
- Govt focused on improving the environment for businesses

## Old Model

- Social: redistribute wealth
- Govt and social service organizations
- Subsidized businesses
- Isolation from the larger economy
- Companies that serve the local economy
- Skilled and experienced minorities engaged in social service sector
- Special institutions created
- Inner City disadvantages counter balanced with subsidies
- Govt involved directly in providing services or funding

# Increasing Capital Flow to Inner City Economies

## Current Federal Initiatives

- **Recruitment** (“outside-in”) strategies that provide **tax incentives** and regulatory relief to **attract outside businesses** to distressed areas
  - New Markets Tax Credit (NMTC)
  - Renewal Communities/Empowerment Zones (RC/EZ)
- **Federal contracting opportunities** for small business concerns in distressed communities or owned by socially and economically disadvantaged persons
  - SBA 8a Program (demographically-based)
  - SBA HUBZone Empowerment Contracting Program (place-based)
- **Access to credit** (loan size <\$1M) for **small businesses** and **minority entrepreneurs**
  - SBA guaranteed lending programs (7a, 504)
  - Community Reinvestment Act (CRA)

*Community Revitalization*

*Jobs*

*Reduction of Poverty*

# Targeting Minority Community Revitalization:

- **To design a participatory and comprehensive market based community revitalization plans for targeted minority low income urban communities that will serve as a progressive exportable model for all Florida distressed communities**

# Mission and Vision Statement

All residents of target community should have the opportunity to experience financial stability, achieve financial independence and contribute to civic participation and the Florida economy. Toward this end, the targeted community revitalization program will conduct research, engage residents and make recommendations for policy and community revitalization practice that ensure residents have opportunities to develop the assets necessary for sustainable economic security and improved quality of life and the capacity to end the intergenerational cycles of poverty.



## Market Based Community Economic Development

- To address poverty, create wealth
- Wealth is created by investing in assets
- The economic mechanism for asset investment is the **MARKET**
- Therefore, to increase wealth in poor distressed communities, expand **market** activity to the assets of those communities
- Integration of inner city assets (**including labor and consumption**) into the local and regional economy
- Utilization of a **market** based community development corporation

# Scope of Work

## Asset Building Approach:

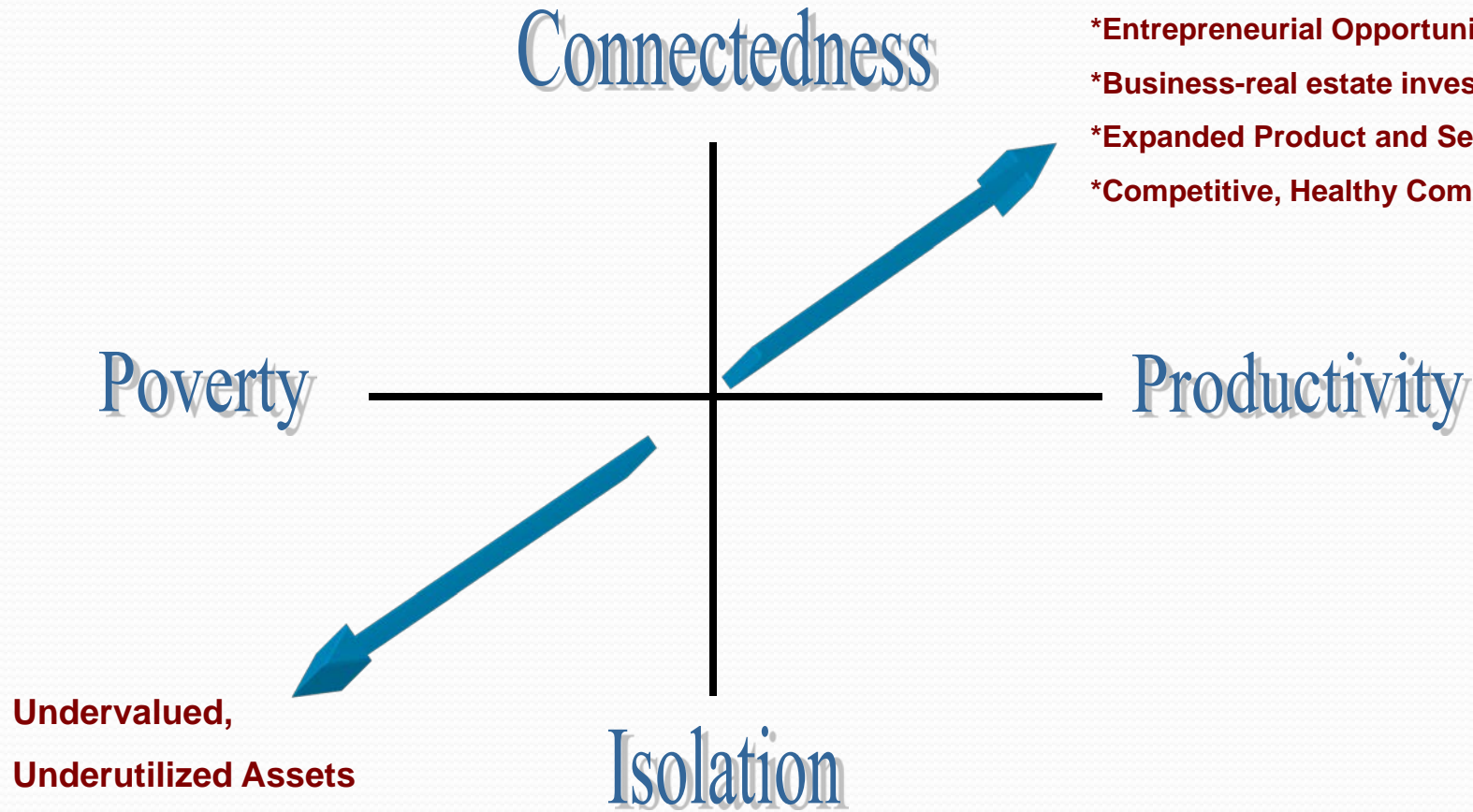
- Building consensus on the scope and scale of the **Market Based** Community Revitalization Plan in an effort to establish support and gain “buy in” from all community, private and public stakeholders in the design process
- Participatory design and implementation of a household survey and community impact hearings to assess priorities and assets, and gauge perception of target community residents, in an effort to inform the design of a five (5) year revitalization plan
- Development of **market based** community economic development corporation utilizing proven model to **create jobs in target distressed communities**

# Target Community Revitalization Plan Outline

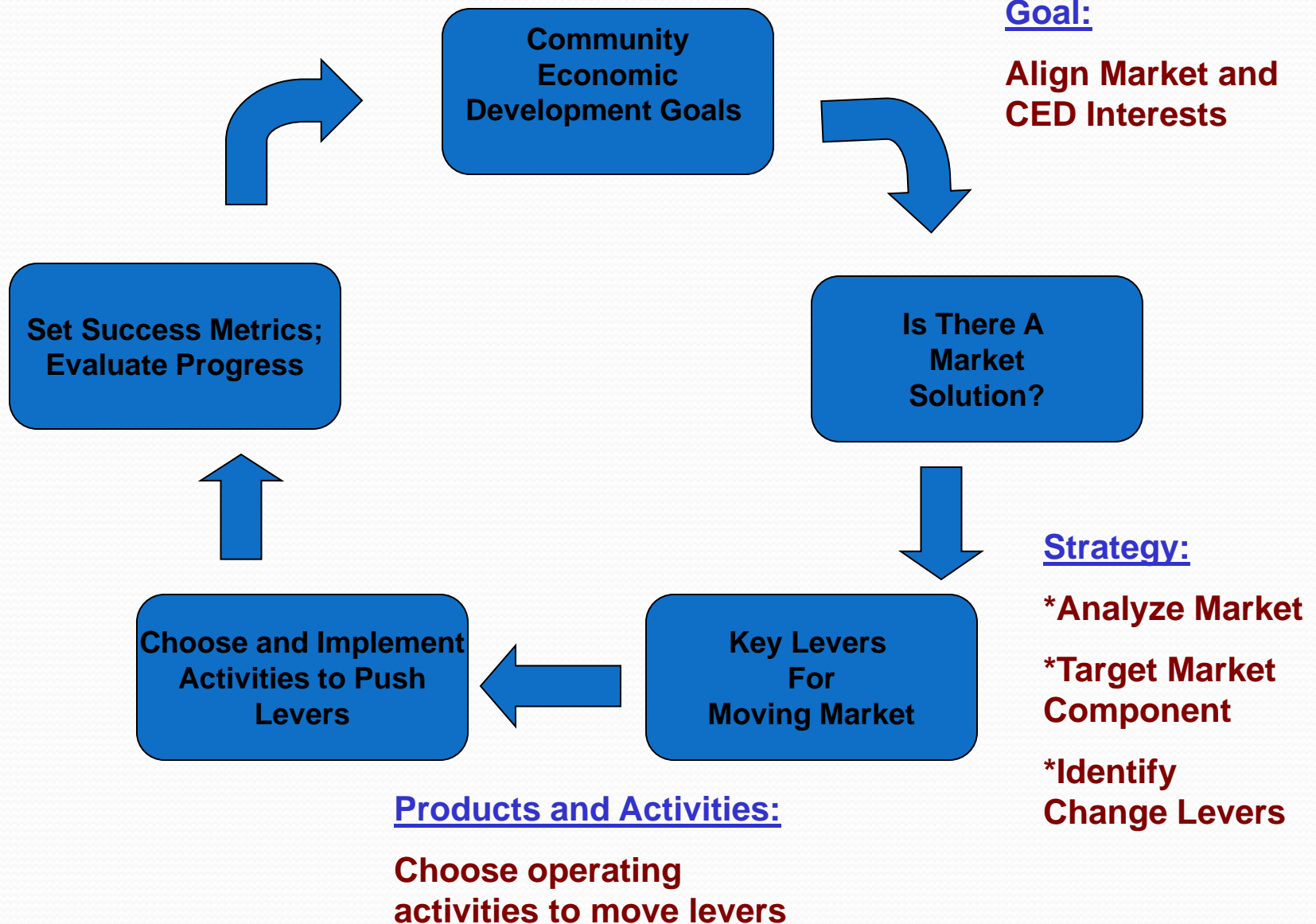
- Identify key economic and physical assets
- Capitalize on changing demographics and trends
- Involve community and stakeholders
- Identify revitalization boundaries
- Engage Cluster and Needs Assessments

# Market Failure in Florida Urban Inner Cities

- \*Employment Networks
- \*Entrepreneurial Opportunities
- \*Business-real estate investment
- \*Expanded Product and Services
- \*Competitive, Healthy Community



# Market Based Planning Model



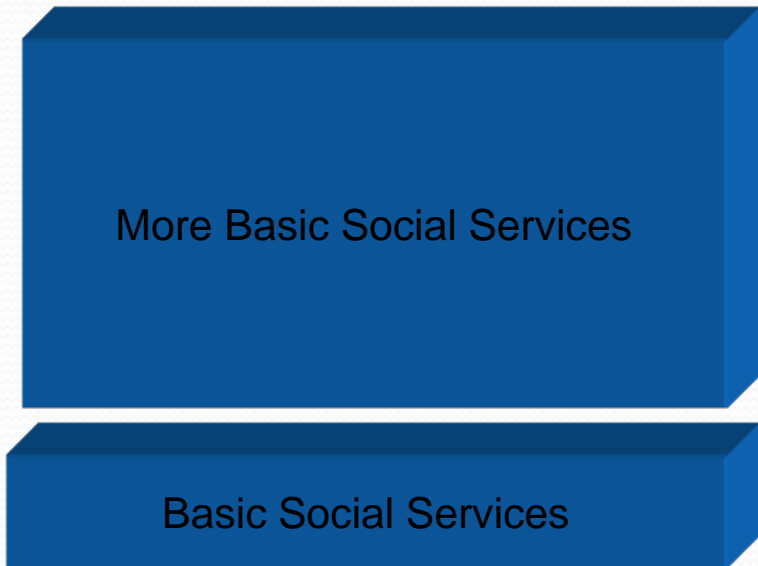
**Market Based  
Community Economic Development Components:**

**Residential  
Development**

**Commercial  
And  
Institutional  
Development**

**Industrial  
Light Industrial  
Development**

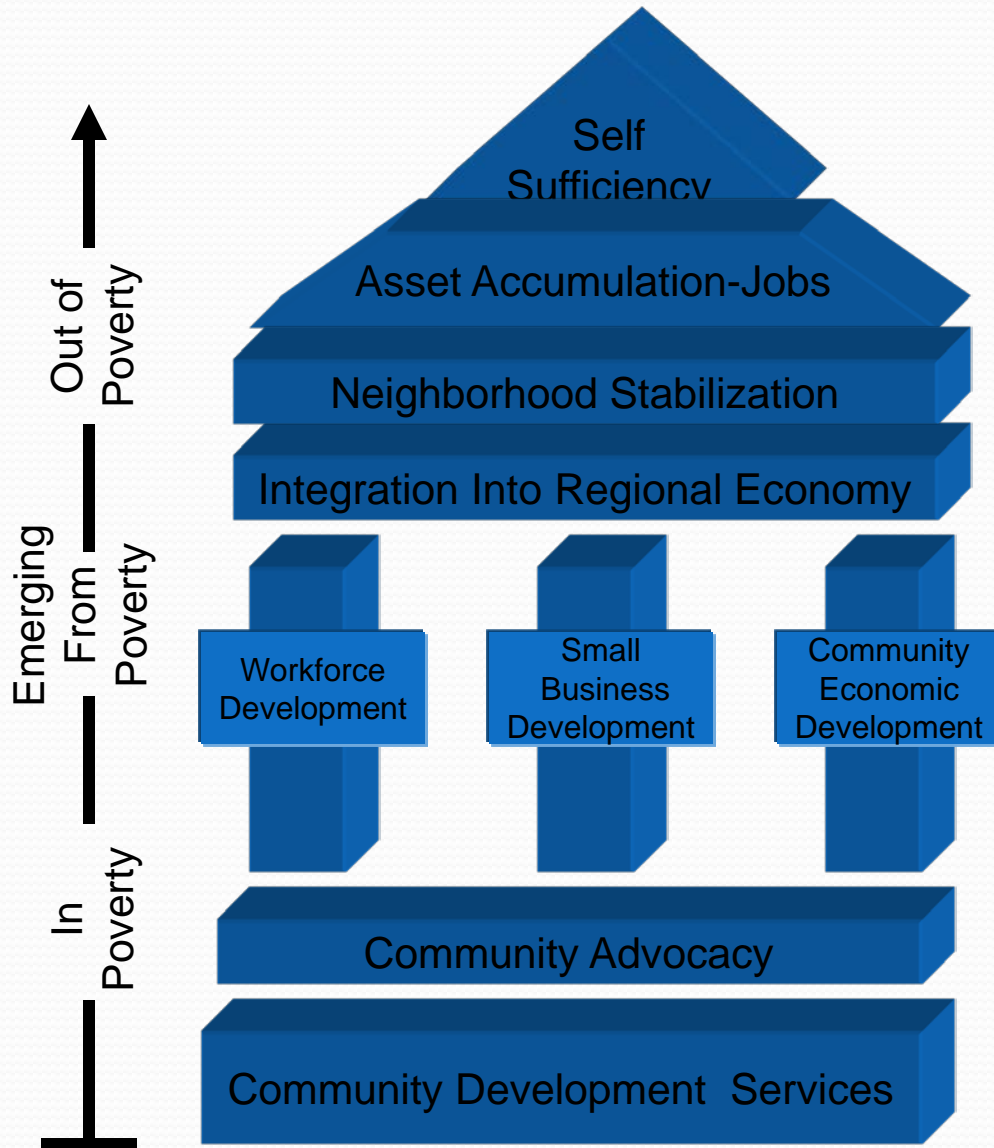
**Building New Non Profit Model to Battle Poverty:  
WHAT DOES CURRENT Non Profit MODEL LOOK  
LIKE VERSUS MARKET BASED COMMUNITY  
ECONOMIC DEVELOPMENT  
CORPORATION?**



OR



# THE CEDC MODEL...Complete



Self- Sufficiency  
OF  
Family

IS  
Primary  
Goal

JOBS-JOBS-JOBS



# Community Economic Development For Profit *Holistic* Approach

**Market Based Community Economic Development Corporation**

