



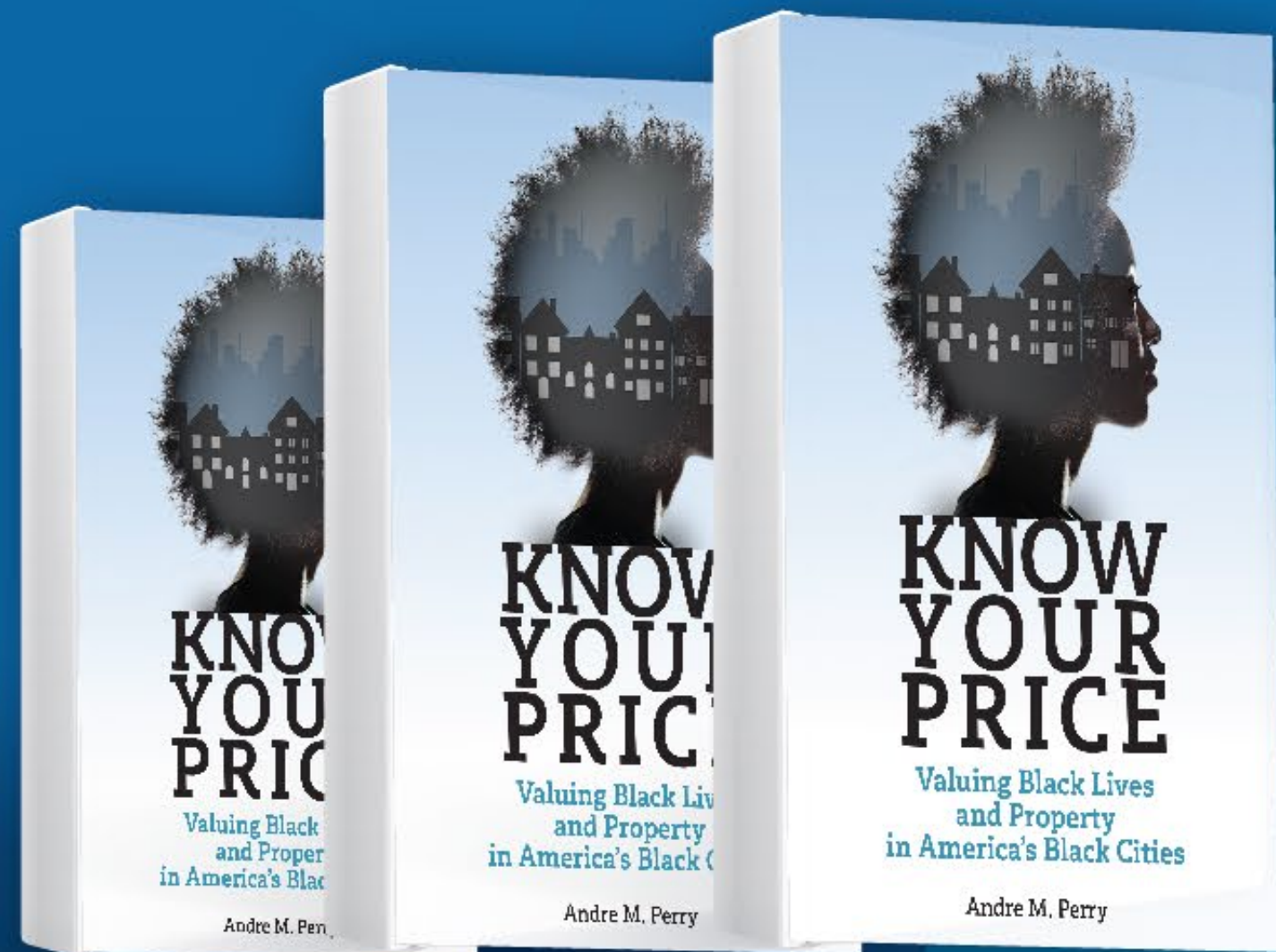
Shifting to a Unifying Narrative

ANDRE PERRY

Brookings Metropolitan Policy Program

June 2021

 @andreperryedu #KNOWYOURPRICE



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Valuing Black Lives and Property
in America's Black Cities

A new book by **Andre M. Perry**

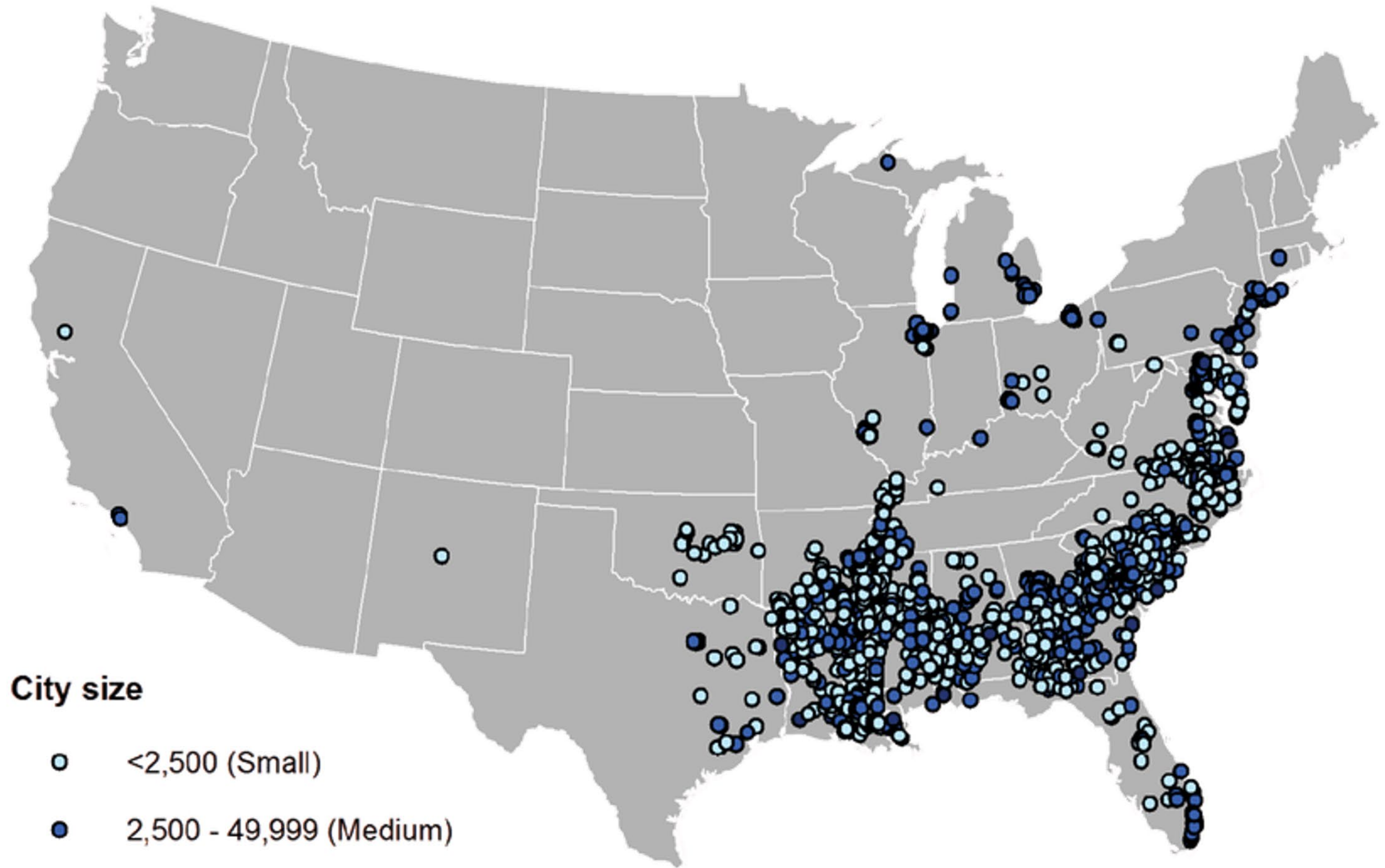
Black cities

Largely located in
the **Deep South**

and along the
East Coast

All majority-black cities by total population

US, 2015



City size

- <2,500 (Small)
- 2,500 - 49,999 (Medium)
- 50,000+ (Large)

Black, Indigenous and Latino populations are twice as likely to die from COVID-19 than their white and Asian peers.

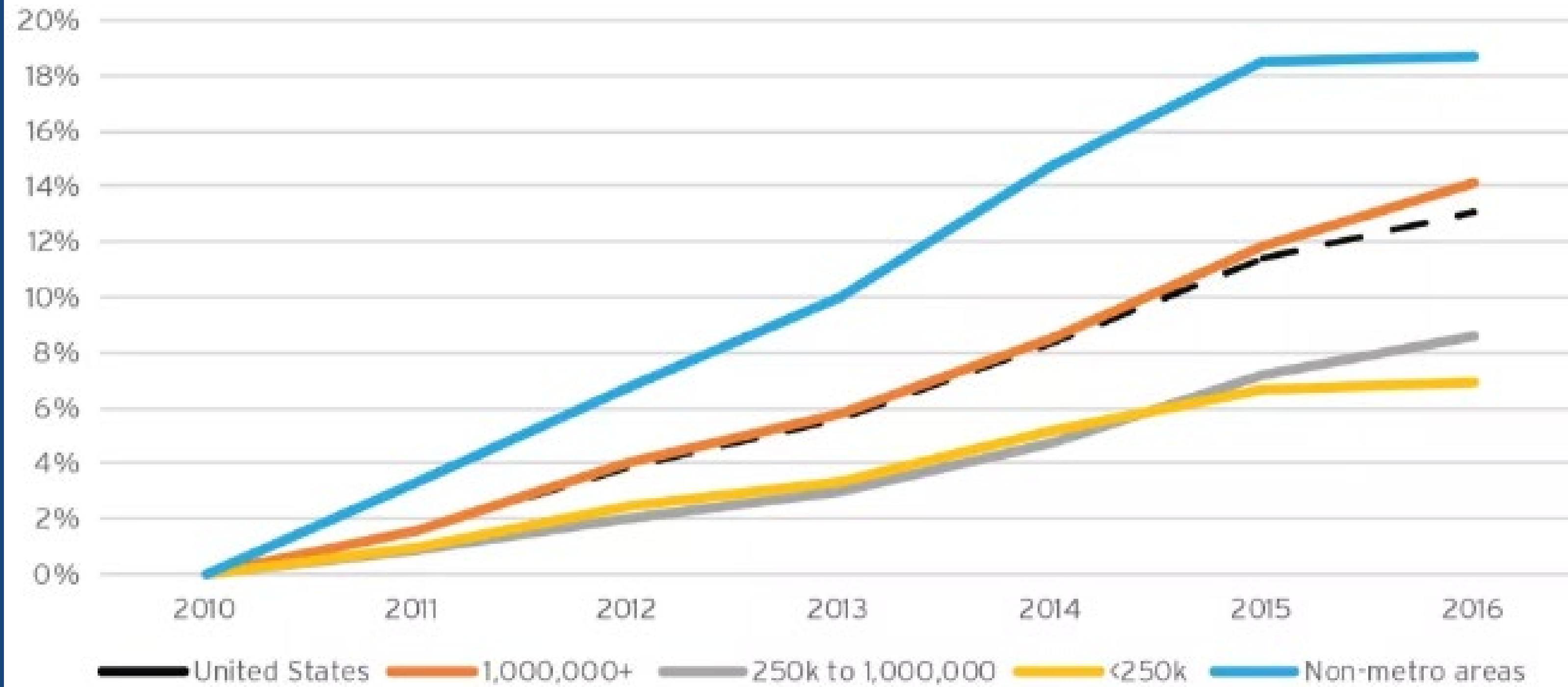
Three Prevailing Narratives We Need to Shift

- **Large, coastal, superstar metropolitan areas will inevitably pull away in a rich-get-richer manner.**
- **Left-behind towns and rural counties of places like the Heartland and the Rust Belt are left to fade into dust.**
- **Individual behaviors are the primary causes of racial disparities**

FIGURE 1A

Output by size tier

Percent growth from 2010



Source: Brookings analysis of Moody's Analytics data

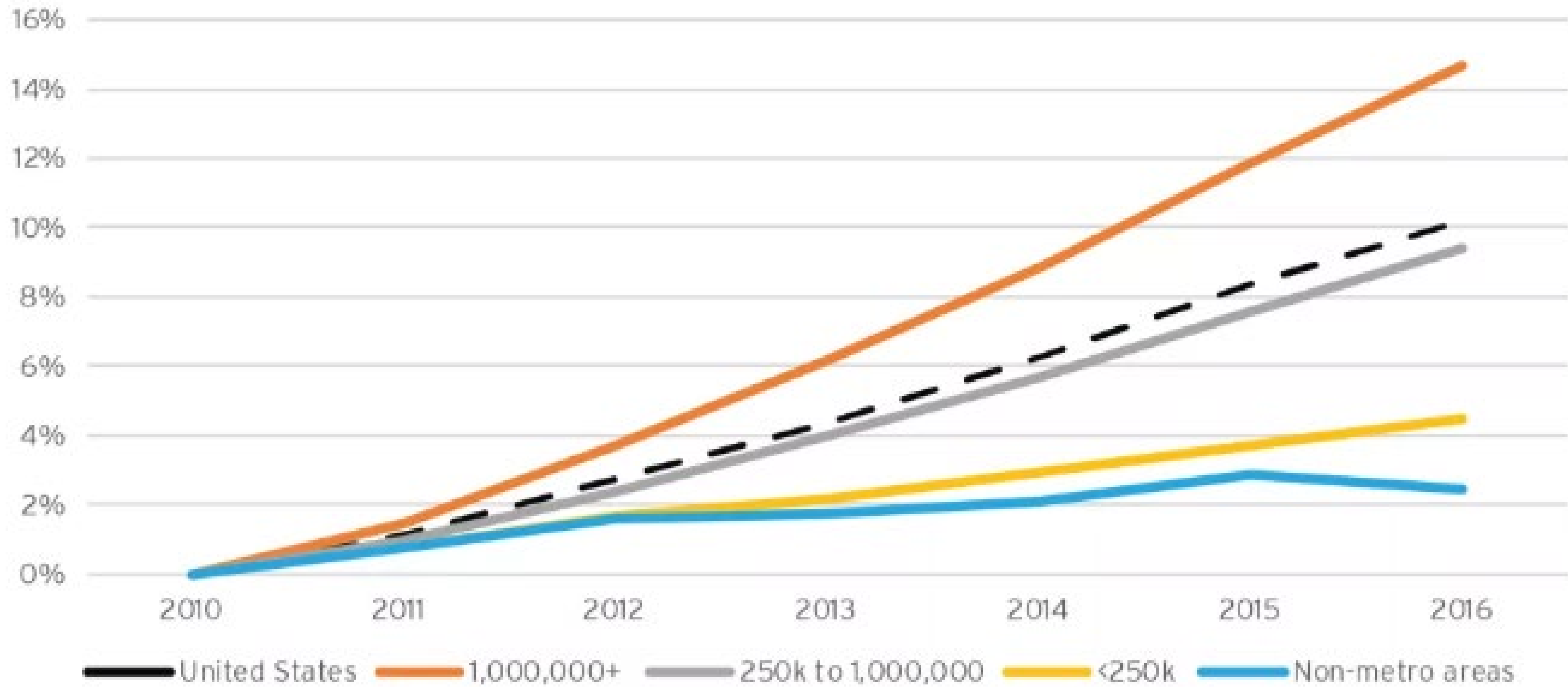
B Metropolitan Policy Program
at BROOKINGS

Note: Output growth in rural areas was buoyed by the fracking and natural gas boom before stalling out in 2015.

FIGURE 1B

Employment by size tier

Percent growth from 2010



Source: Brookings analysis of Moody's Analytics data



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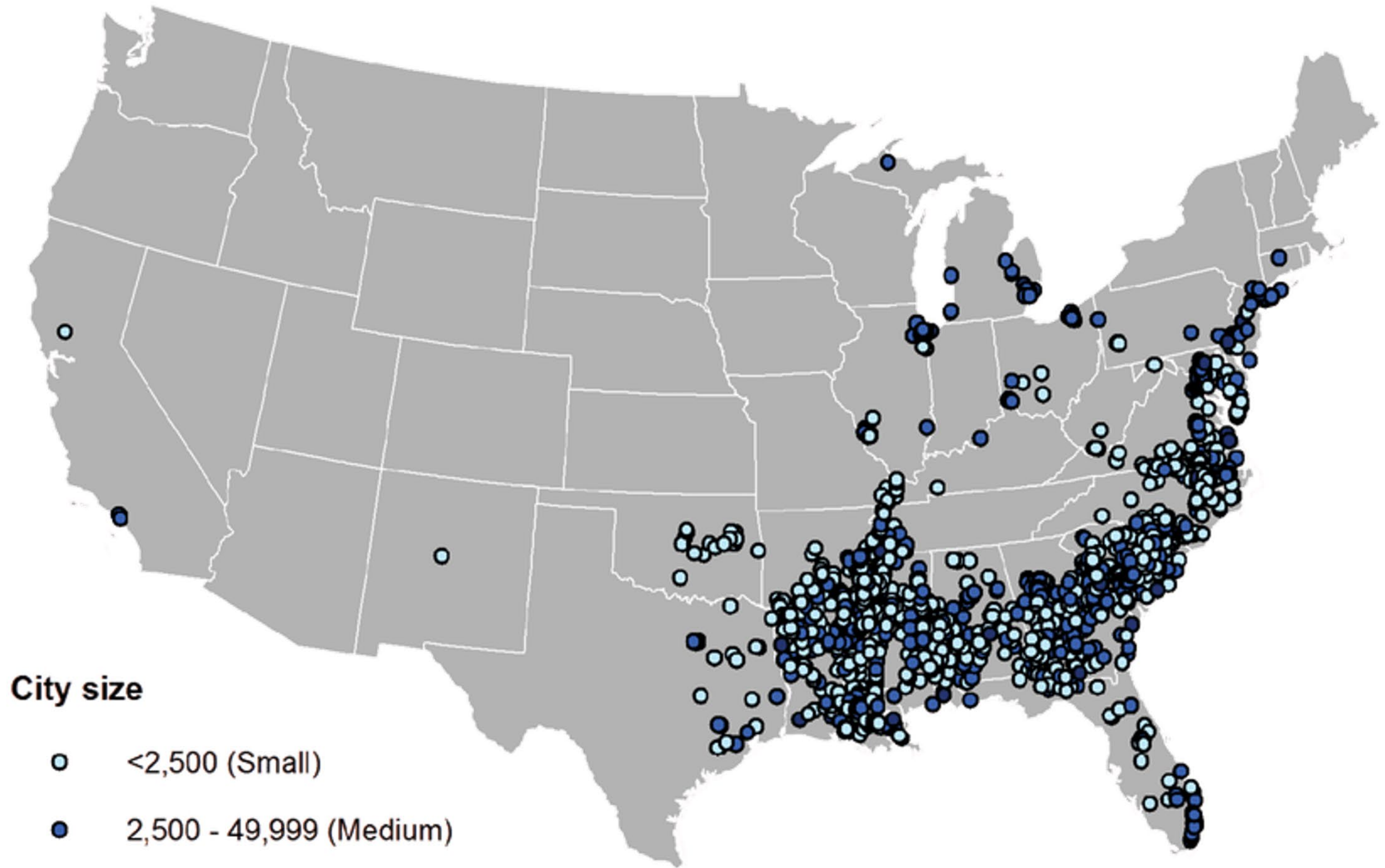
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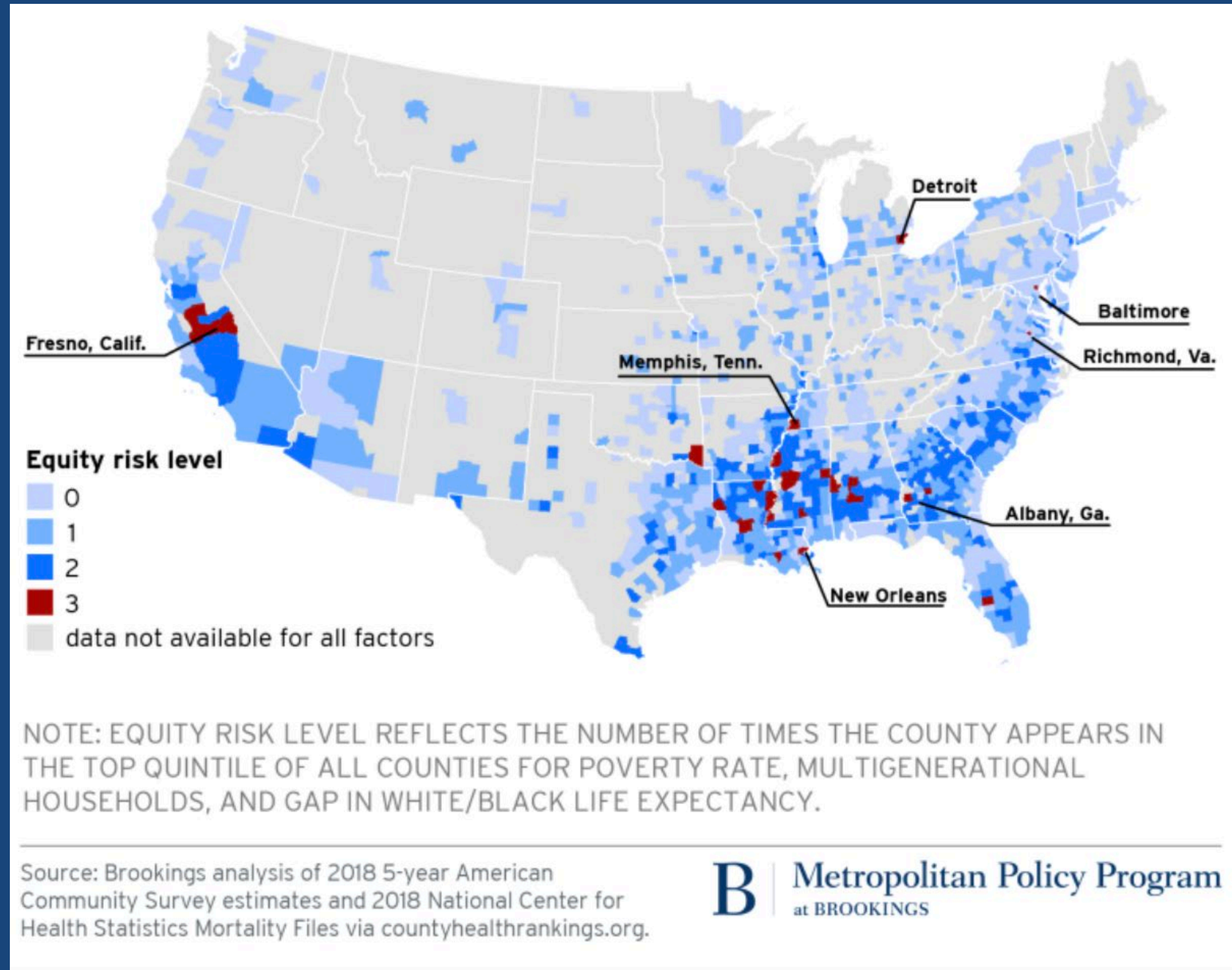
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Race and place are associated with the spread

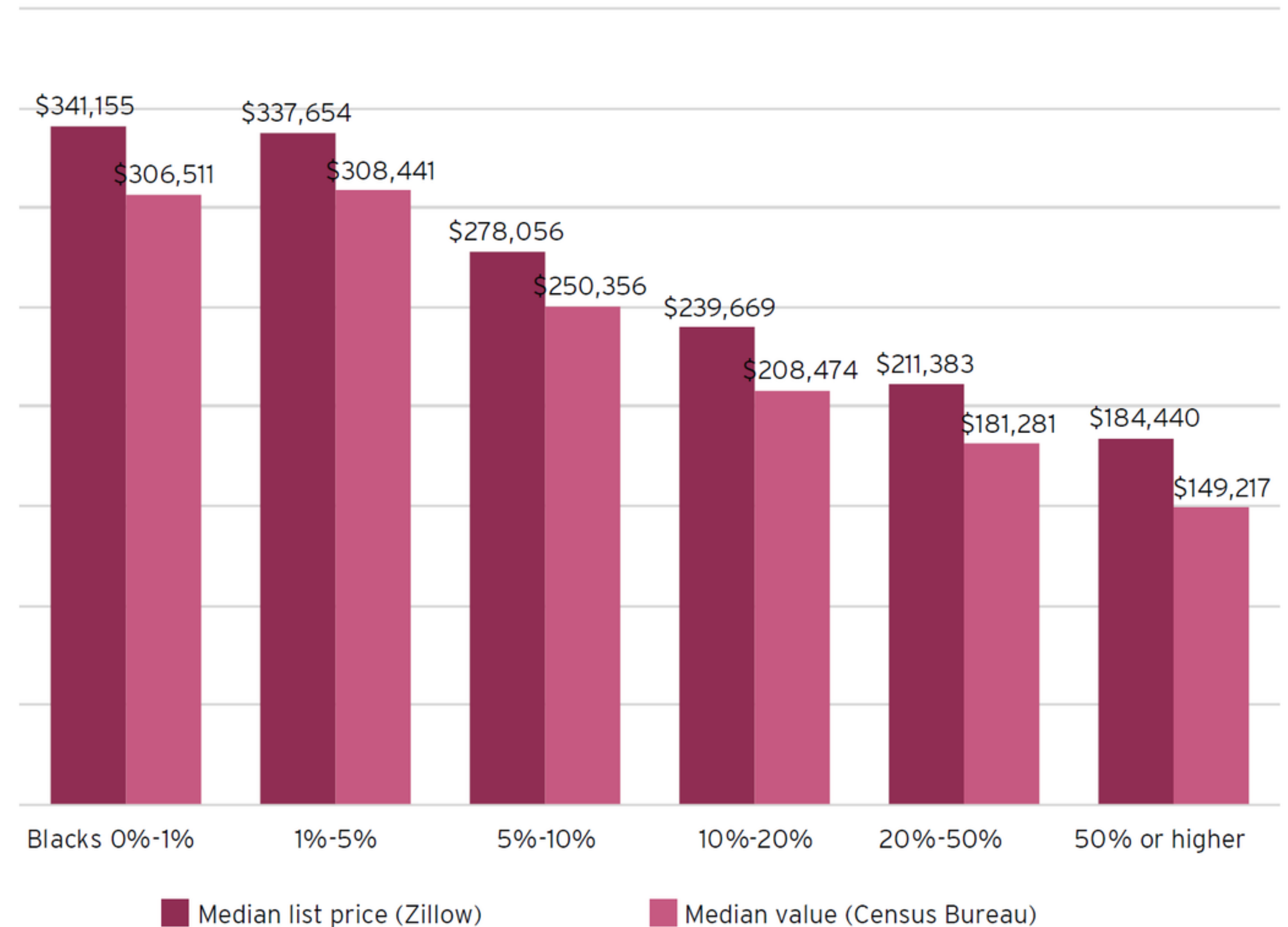


Homes in black neighborhoods are worth less, on average, than homes in <1% black neighborhoods

FIGURE 1

Neighborhood median home value by black population share

U.S. metropolitan areas, 2012-2016



Source: Authors' analysis of Zillow and 2016 American Community Survey 5-year estimates

Can we explain this difference in value?



Absolute price
difference



Structural
characteristics



Neighborhood
amenities

Devaluation

-\$48,000 | **↓23%**

**on average, compared to homes in neighborhoods
which are <1% black**

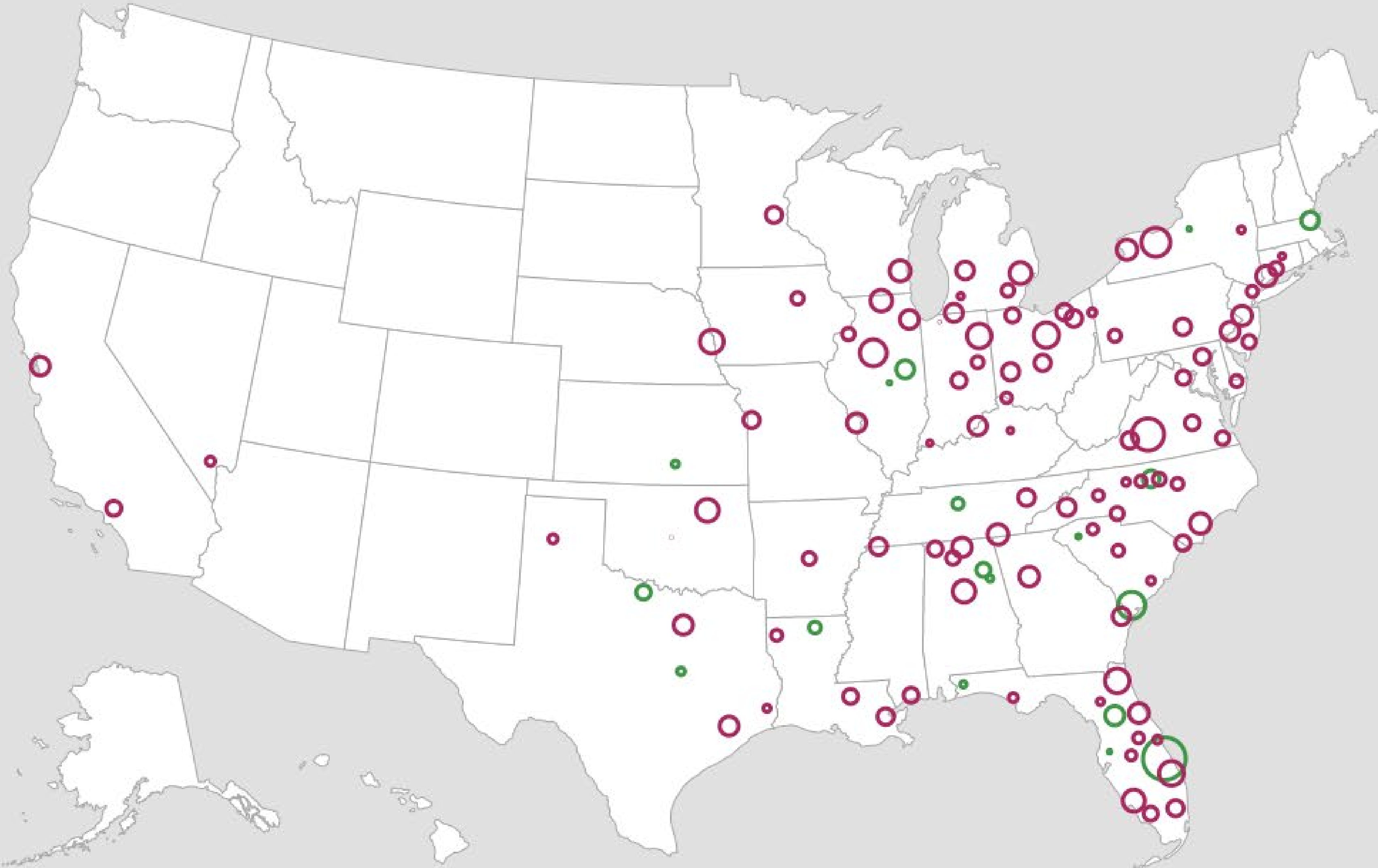
Devaluation

\$156 billion

in cumulative losses

Devaluation varies by metro

113 metropolitan areas with at least one majority black neighborhood



Comparing home values in majority black neighborhoods with those where less than 1% of residents are black

Devaluation: Comparable homes in majority black neighborhoods are worth less ↘



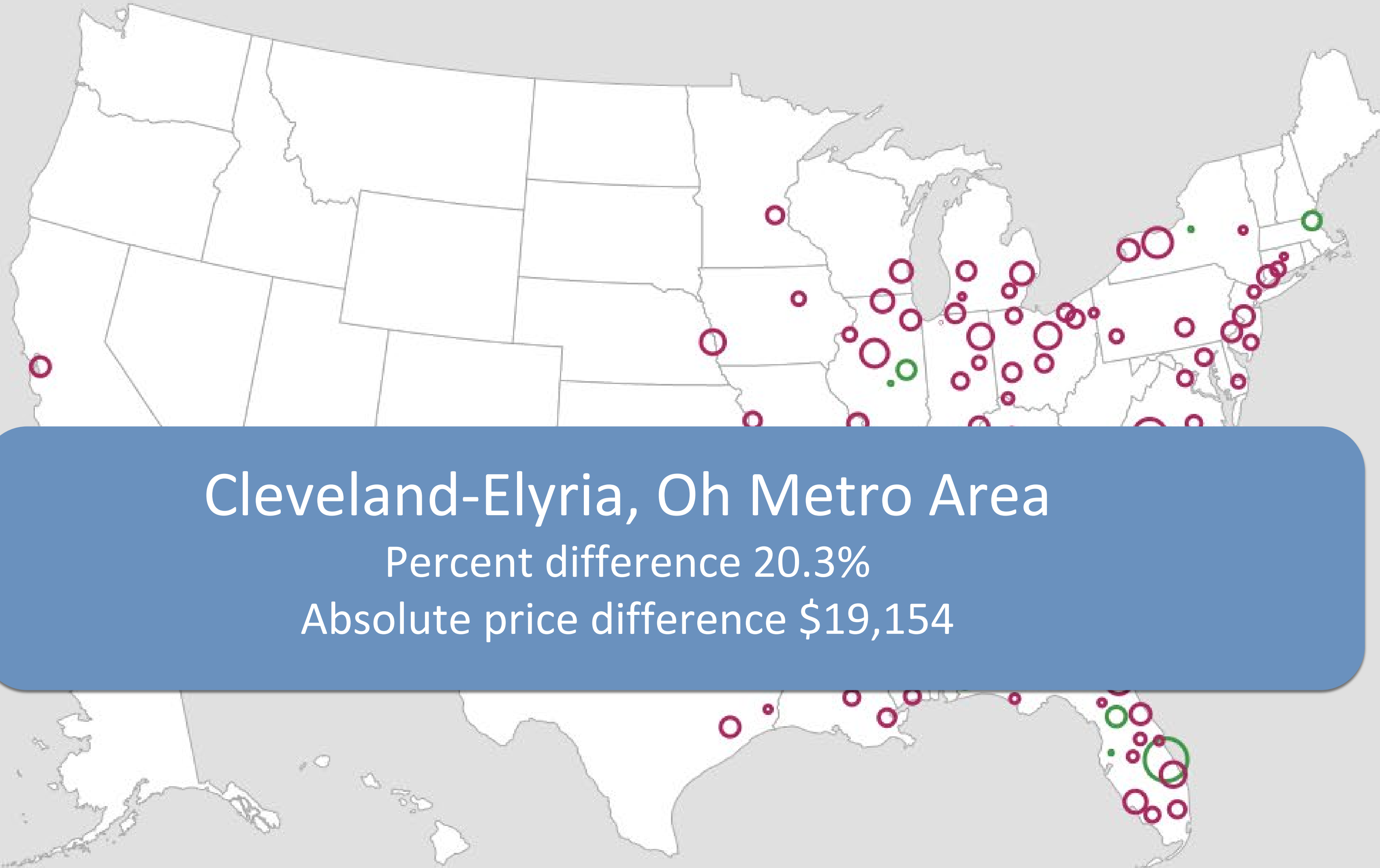
Appreciation: Comparable homes in majority black neighborhoods are worth more ↗



Devaluation and appreciation are represented by percent difference between comparable homes. Hover over metro areas for detail on the magnitude of devaluation.

Devaluation varies by metro

113 metropolitan areas with at least one majority black neighborhood



Cleveland-Elyria, Oh Metro Area

Percent difference 20.3%

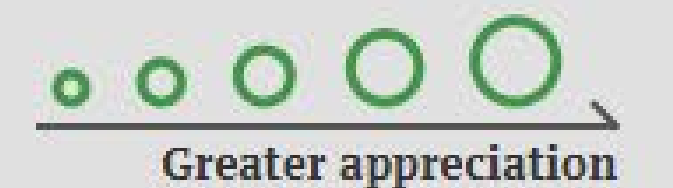
Absolute price difference \$19,154

Comparing home values in majority black neighborhoods with those where less than 1% of residents are black

Devaluation: Comparable homes in majority black neighborhoods are worth less ↘



Appreciation: Comparable homes in majority black neighborhoods are worth more ↗



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What is \$156 billion?

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4.4 million black-owned businesses

Source: Stanford Institute for Economic Policy Research

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Source: Stanford Institute for Economic Policy Research



8.1 million four-year degrees

Source: National Center for Education Statistics

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Replace pipes in Flint, MI nearly **3,000** times

Source: American Water Works Association

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97% of the damage of Hurricane Katrina

Source: National Oceanic and Atmospheric Administration

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Double the annual economic burden of the opioid crisis

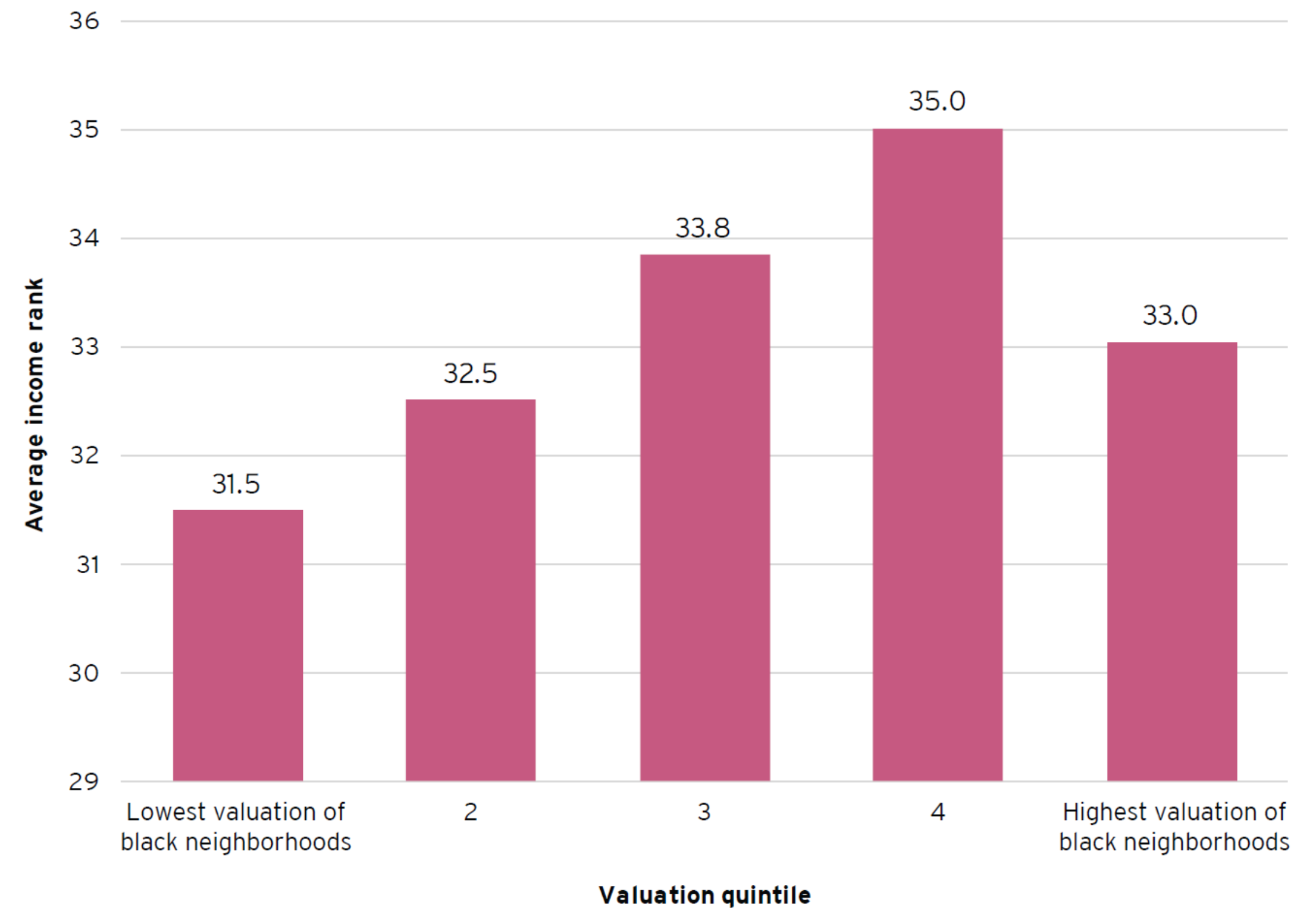
Source: Centers for Disease Control and Prevention (2013)

Effect of Housing Valuation on Upward Income Mobility of Black Children

FIGURE 2

Effect of housing valuation on upward income mobility of black children

Majority-black neighborhoods in U.S. metro areas, 2012-2016



Note: Income rank calculated for black children born to parents at 25th percentile of national income. Devaluation measure is based on median list price per square foot after adjusting for home and neighborhood quality. Analysis is of 113 metropolitan areas with at least one majority black census tract and one tract with black population shares under 1 percent. Means are weighted by the number of black residents in metro area.

Source: Authors' analysis of data from Zillow, the 5-year 2016 American Community Survey and Equality of Opportunity Project. Devaluation measure is based on median list price per square foot after adjusting for home and neighborhood quality. Analysis is of 113 metropolitan areas with at least one majority black census tract and one tract with black population shares under 1 percent. Means are weighted by the number of black residents in metro area

How do we measure business devaluation?



How do we measure business devaluation?

\$

Business revenue

via Dun & Bradstreet data
for establishments

How do we measure business devaluation?



Business revenue

via Dun & Bradstreet data
for establishments



Business quality

via **yelp** 

How do we measure business devaluation?



Business revenue

via Dun & Bradstreet data
for establishments



Business quality

via **yelp** 



Neighborhood
conditions/wealth

via US Census Bureau

Findings



Black, Brown and Asian-owned businesses are **rated just as highly** or higher than White-owned businesses on Yelp, on average

Source: Analysis of Dun & Bradstreet and Yelp data

Findings



But, businesses in Black neighborhoods receive

50 - 100 fewer

reviews and are rated

0.2 stars lower

on average

Source: Analysis of Yelp and American Community Survey data

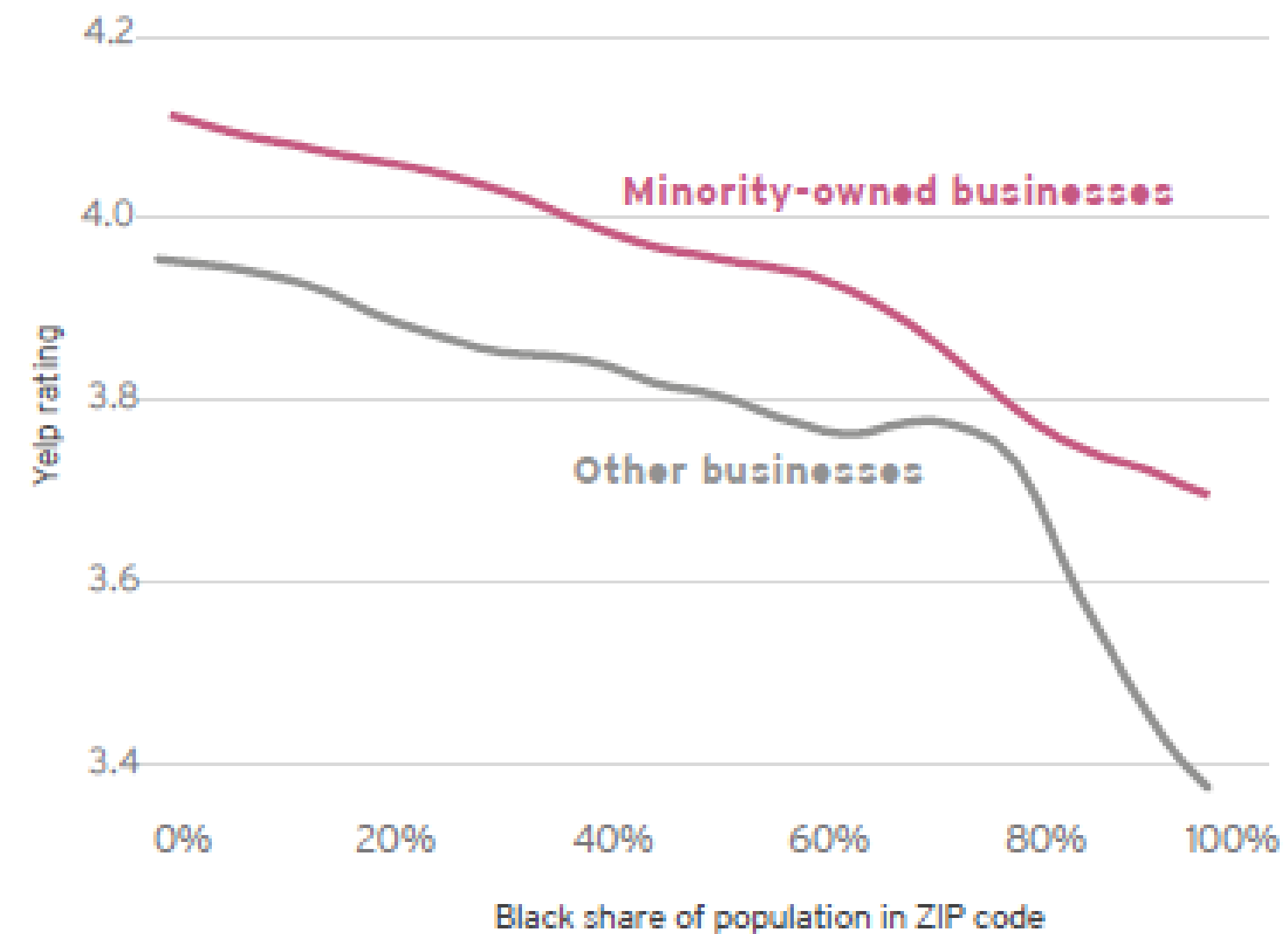
Findings



FIGURE 4

Yelp ratings decrease as Black share of population increases

Yelp sample of businesses in ZIP codes across 86 metro areas, 2016 - 2019



Source: Author analysis of merged data from Yelp and National Establishment Time Series Database (NETS) and 2017 American Community Survey estimates.

Findings



Highly rated businesses in Black neighborhoods experience **lower revenue growth** than *poorly rated* businesses in neighborhoods that are less than 1% Black

Source: Analysis of Dun & Bradstreet and Yelp data

Findings



Highly rated businesses in Black neighborhoods experience **lower revenue growth** than poorly rated businesses outside of Black neighborhoods

Source: Analysis of Dun & Bradstreet and Yelp data

Findings



What is the cost?

- Low estimate: **\$1.3B** in annual revenue lost
- High estimate: **\$3.9B** in annual revenue lost

Source: Analysis of Dun & Bradstreet and Yelp data

“Our ice is just as cold.”
- Black elders

Black businesses are underrepresented

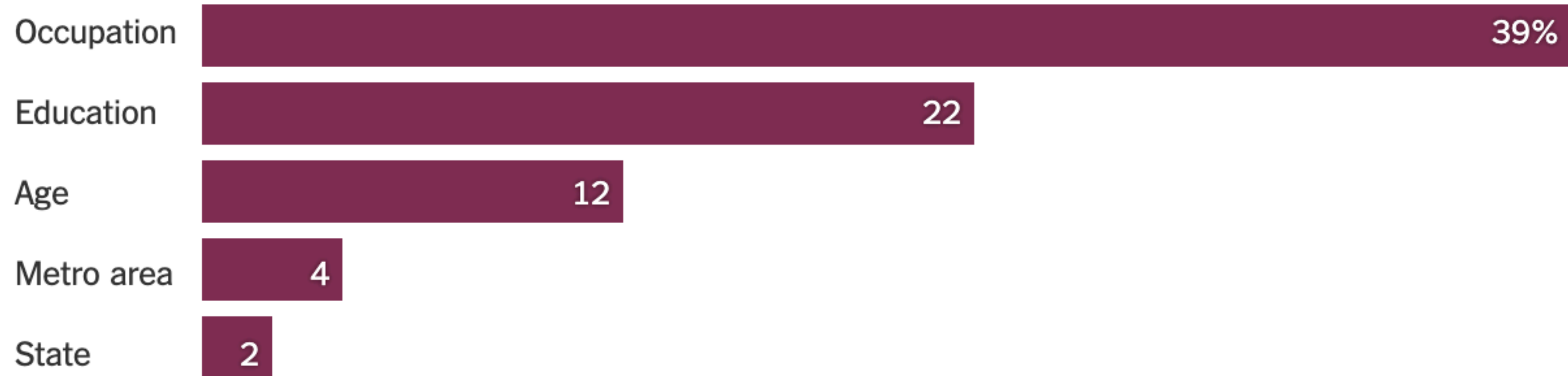
Black people comprise approximately **14%** of the U.S. population, but Black businesses are only **2.2%** of the nation's **5.7 million employer businesses**

If Black businesses were the equivalent of the Black population, there would be more than **800,000 more Black businesses.**

Whether in communities large or small, children raised in low-income families face about the same odds of advancing economically, and that it costs much less to live in upwardly mobile neighborhoods.

Geographic Inequality Contributes Little to Total Inequality

When it comes to income inequality, some differences between groups matter a lot more than others.

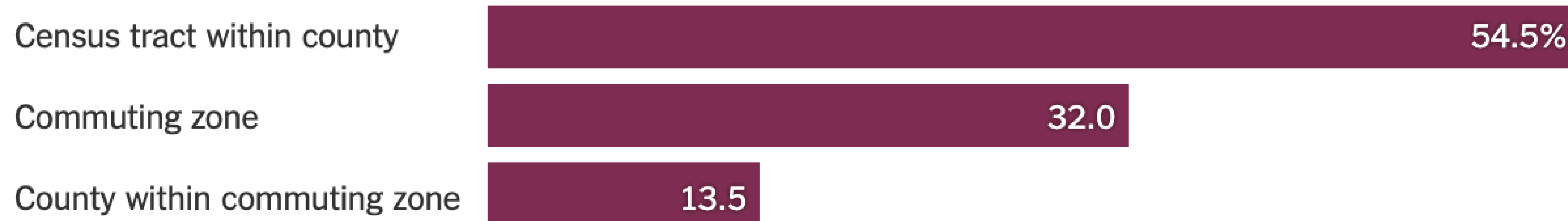


The population analyzed includes all U.S. residents 18 to 64.

By The New York Times | Source: Author analysis of the 2017 American Community Survey via IPUMS-USA, University of Minnesota, ipums.org.

Neighborhoods Are Best Predictor of Getting Ahead in Life

Most of the geographic variation in upward mobility is explained at the neighborhood level (census tracts within counties), not at the metropolitan or county level.



By The New York Times | Source: The Opportunity Atlas: Mapping the Childhood Roots of Social Mobility, National Bureau of Economic Research.

How to counter devaluation

Invest in **PEOPLE**

- **Direct capital** toward Black, Brown and Asian-owned, renters, homeowners and entrepreneurs (Cut the Check)
- **Remove unnecessary bureaucratic barriers** to entry for home and business ownership

Invest in **PLACES**

- Make **targeted infrastructure investments** in Black neighborhoods
- Partner with businesses and developers to **incentivize renovation** and provide commercial spaces adjacent to Black neighborhoods

Divest from **RACISM**

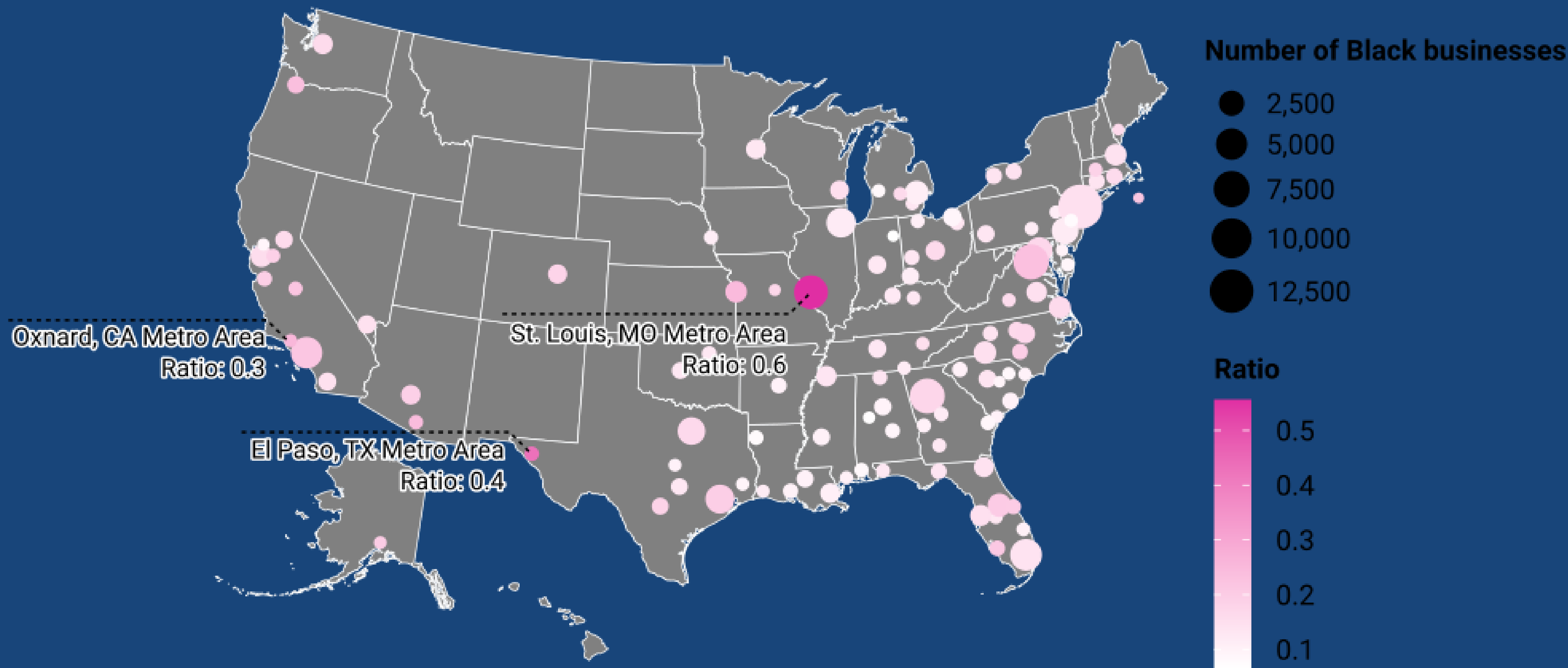
- **Remove policies that extract wealth** from Black communities
- Just as we score policies' budget impact, we should **score for racial equity** as well
- **Install anti-racist policies** that encourage inclusion

Black businesses are underrepresented

Black people comprise approximately **14%** of the U.S. population, but Black businesses are only **2.2%** of the nation's **5.7 million employer businesses**

If Black businesses were the equivalent of the Black population, there would be more than **800,000 more Black businesses.**

St. Louis metro area has the best representation of Black population in businesses



Note: A ratio of 1 would signify perfect representation.
Source: Brookings analysis of 2018 ABS and 2018 ACS data

Valuing Black Assets Initiative

Purpose

The Valuing Black Assets Initiative (VBAI) generates publicly accessible research, analyses, engagements and events that uplift the intrinsic value of people, homes, businesses, schools and other assets that predict for economic and social mobility within Black-majority cities and neighborhoods. VBAI's activities center Black people and places, shift racist narratives, mobilize communities, influence policy development and facilitate a new generation of leaders and innovations aimed at producing structural change and increasing community wealth.

Valuing Black Assets Initiative

Activities (research):

Equity Scoring. Develop research and frameworks that offer a set of design principles and implementation strategies toward scoring systems that measure governmental policies' potential impacts on historically disenfranchised groups.

Black Assets Index. Create repository of research that provides insight on opportunities for social and economic uplift – complimented by a series of research briefs, info graphics and data visualization tools that examines assets, opportunities and power in critical quality of life areas.

Structural Determinants of Health. Produce a series of reports that identify and analyze neighborhood, state and national policies – structural determinants – that predict for positive outcomes, including infrastructure, employment, education, environmental factors, housing, business development, and other predictors.

Black Business Development Goals. Develop a body of scholarship that uplifts Black-business development strategies that municipal, corporate, and nonprofit leaders can rally behind. Research explores areas such as hiring, place-based development ("buy back the block") procurement, pay, benefits, industry and sector saturation.

Valuing Black Assets Initiative

Activities (research):

Brookings-Ashoka Collaborative Challenge. Ashoka and Brookings have partnered to identify and rally support for systems-changing innovations with the potential to enable homeowners in Black-majority cities to realize the true value and appreciation of their assets. The Valuing Homes in Black Majority Neighborhoods Challenge maps the most promising innovations from people across the country who are proximate to the problem of housing devaluation and then invites innovators to participate in a collaborative innovation challenge with up to \$1 million of prize funds.

Economic Justice Scholars Network (EJSN). With the Institute for the Study of Race, Stratification, and Political Economy at The New School, convene both up-and-coming and established scholars, together with community leaders to conduct research, and develop new policy ideas that challenge embedded practices holding back progress for low-resourced individuals and communities and promote economic mobility for disenfranchised racial groups.

In the Cleveland Metro Black businesses are underrepresented

Black people comprise approximately 22% of the Milwaukee-Waukesha-West Allis Metro population, but Black businesses are only 2% of the metro's 38 thousand employer businesses

There are 752 Black businesses, compared to 37,004 non-Black businesses.

If Black businesses were the equivalent of the Black population, there would be more than 9,000 more Black businesses.

In the ClevelandMetro Black businesses are underrepresented

Currently, Black businesses bring in an average yearly revenue of about **\$1 million** compared to non-Black businesses' **\$6 million**.

If Black businesses increased their average revenue to the level of non-Black businesses, we would see an **increase in total revenue by \$3.7 Billion**.

In the Cleveland Metro Black businesses are underrepresented

Black businesses create an average of **14 jobs per firm**, compared to **24 for non-Black businesses**.

If the average employees per Black business increased to 24, **almost 8,000 jobs would be created**.

In the ClevelandMetro Black businesses are underrepresented

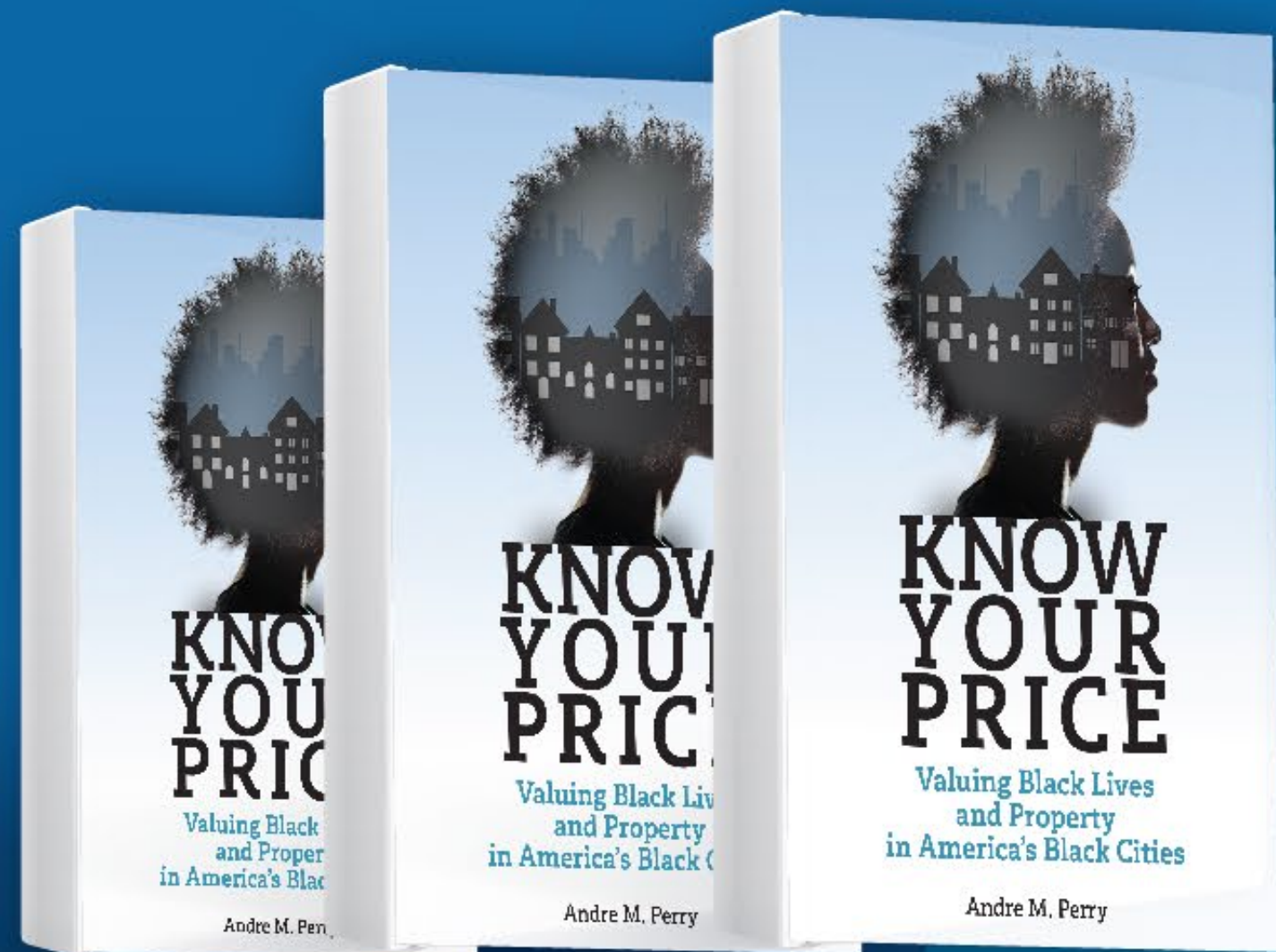
Black businesses pay their employees an **average of \$25 thousand** compared to non-Black businesses' at **\$50 thousand**

If Black businesses paid as much as non-Black businesses, then those employees would see an **increase in pay of approximately \$260 million.**

In the Cleveland Metro Black businesses are underrepresented

If Black businesses were the equivalent of the Black population AND increased their average revenue to the level of non-Black businesses they would increase revenue, and the economy, by **\$60 Billion.**

If Black businesses were the equivalent of the Black population AND increased their employment to the level of non-Black businesses they would create more than **230 thousand** jobs.



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