



# **NMHC RACIAL EQUITY EVENT**

**FEBRUARY 25, 2021 | ONLINE**

# Session Instructions

---

- To ensure good sound quality, all attendees will be muted during the webinar
- To ask a question: type your question in to the 'Chat' section located in the toolbar at the bottom of your screen.
- Today's session is being recorded and will be made available to NMHC members on [NMHC.org](https://www.nmhc.org).

# DEI Sponsors

---

Founder

G | I | D

Investor

avanath+

CAMDEN 

 JLL®

WALKER &  
DUNLOP

Supporter

BERKADIA®

 BOZZUTO

 COMUNIDAD  
PARTNERS

CONTINENTAL  
PROPERTIES

CREW  
NETWORK 

  
GABLES  
RESIDENTIAL

  
REEC

 WATERTON

---

NMHC



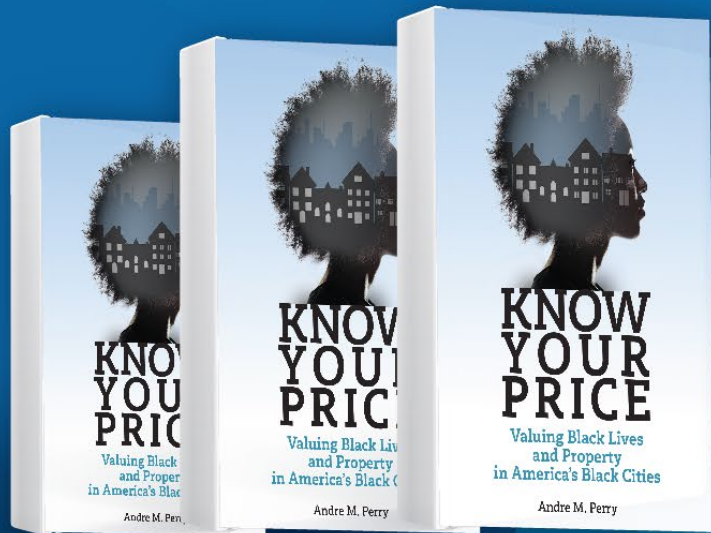
# Worthy of Investment The devaluation of assets in Black communities

ANDRE PERRY  
Brookings Metropolitan Policy Program

February 2021



@andreperryedu #KNOWYOURPRIC



Now available wherever books are sold

## **KNOW YOUR PRICE**

Valuing Black Lives and Property  
in America's Black Cities

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

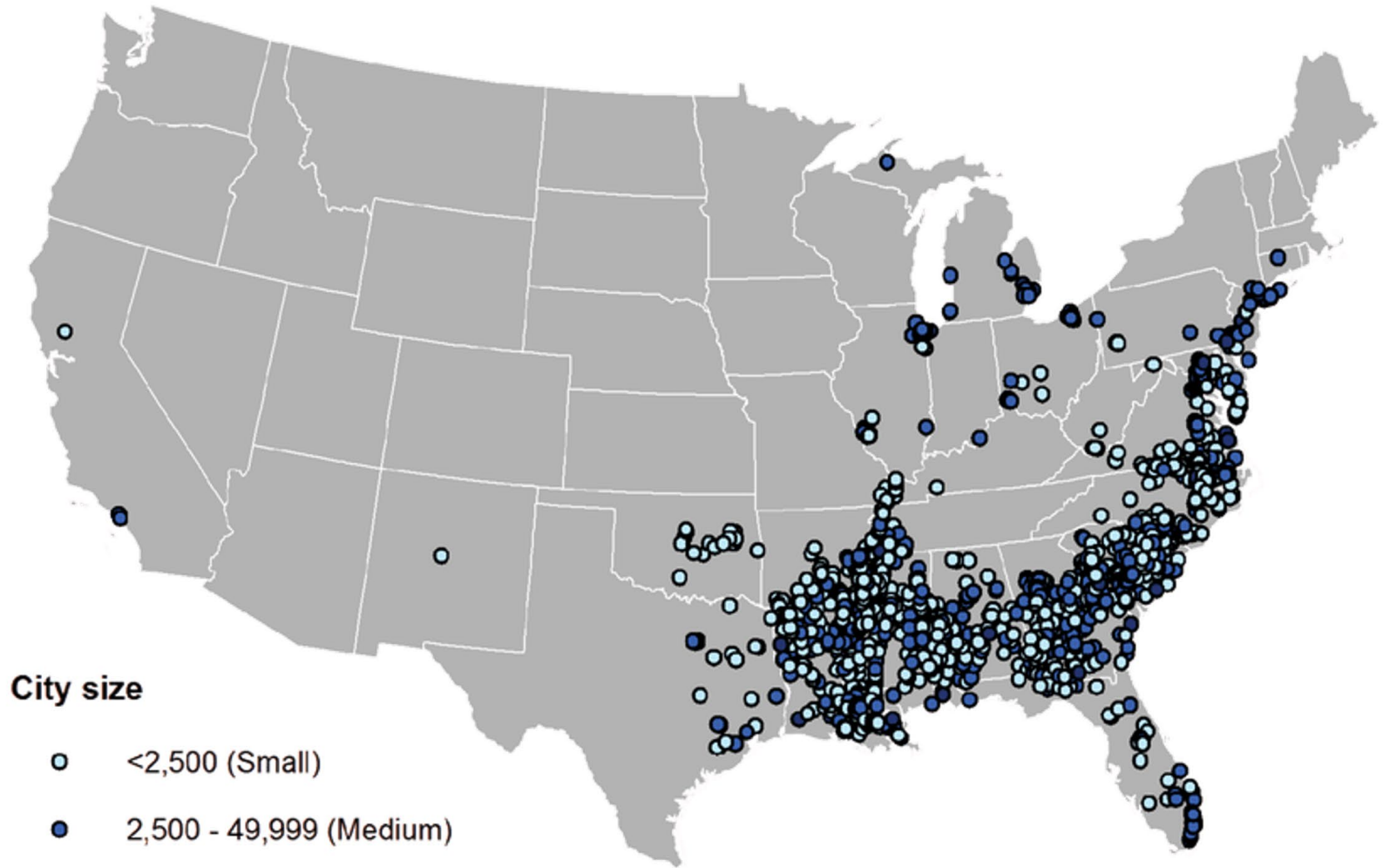
# Black cities

Largely located in  
the **Deep South**

and along the  
**East Coast**

## All majority-black cities by total population

US, 2015





WILKINSBURG  
X-GUNN  
TRACK & F...





B



A map showing redlined areas in various colors (red, yellow, green, blue) on a white background.

**Redlining**

**Restrictive  
covenants**



**Highway  
construction  
through Black  
neighborhoods**



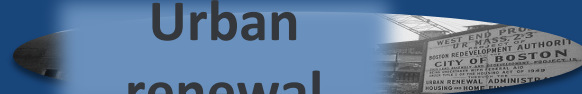
**Neighborhood  
Devaluation**



**Predatory  
lending**



**Urban  
renewal**

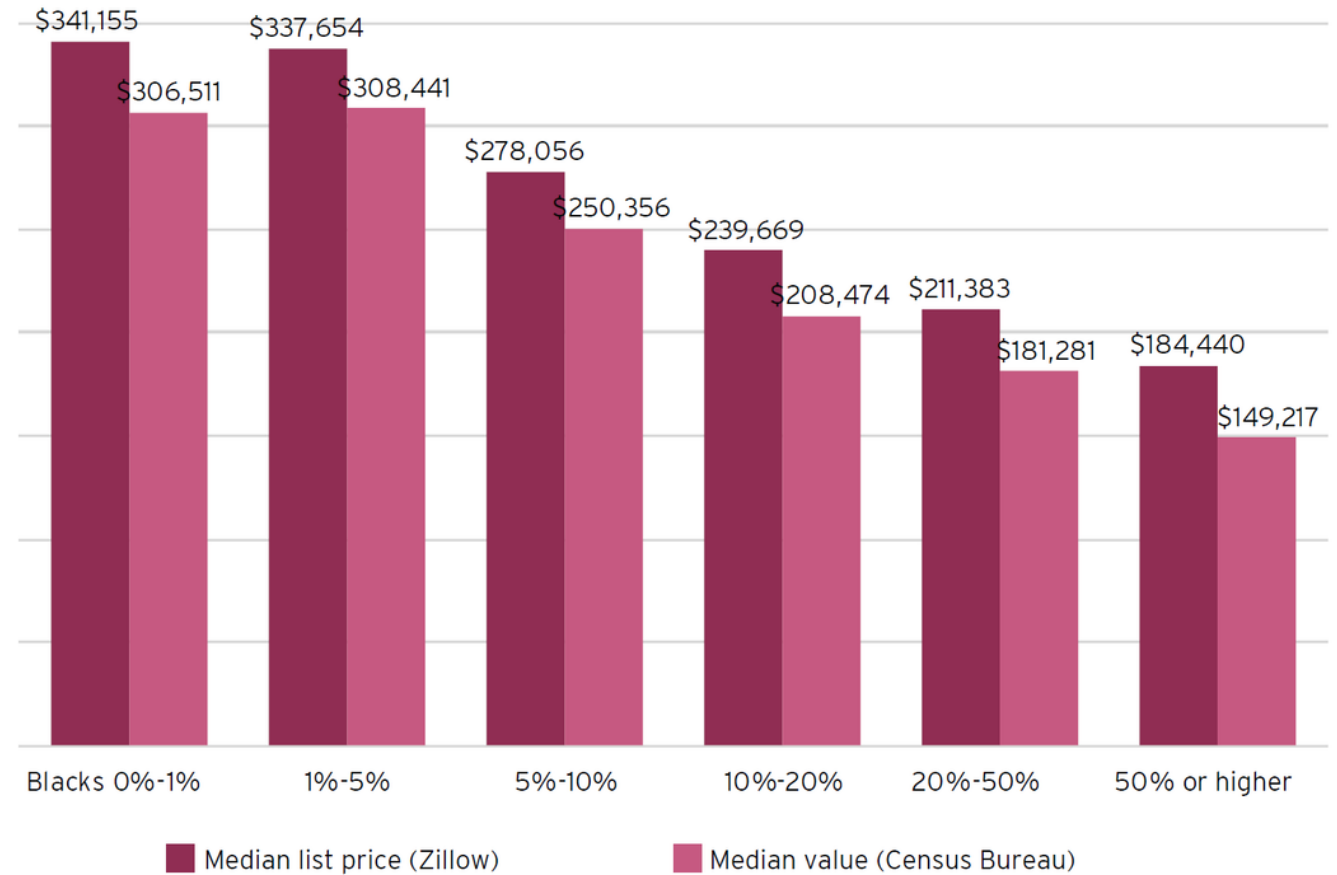


Homes in black neighborhoods are worth less, on average, than homes in <1% black neighborhoods

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?



# Can we explain this difference in value?

\$

Absolute price  
difference



# Can we explain this difference in value?



Absolute price  
difference



Structural  
characteristics

# 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**



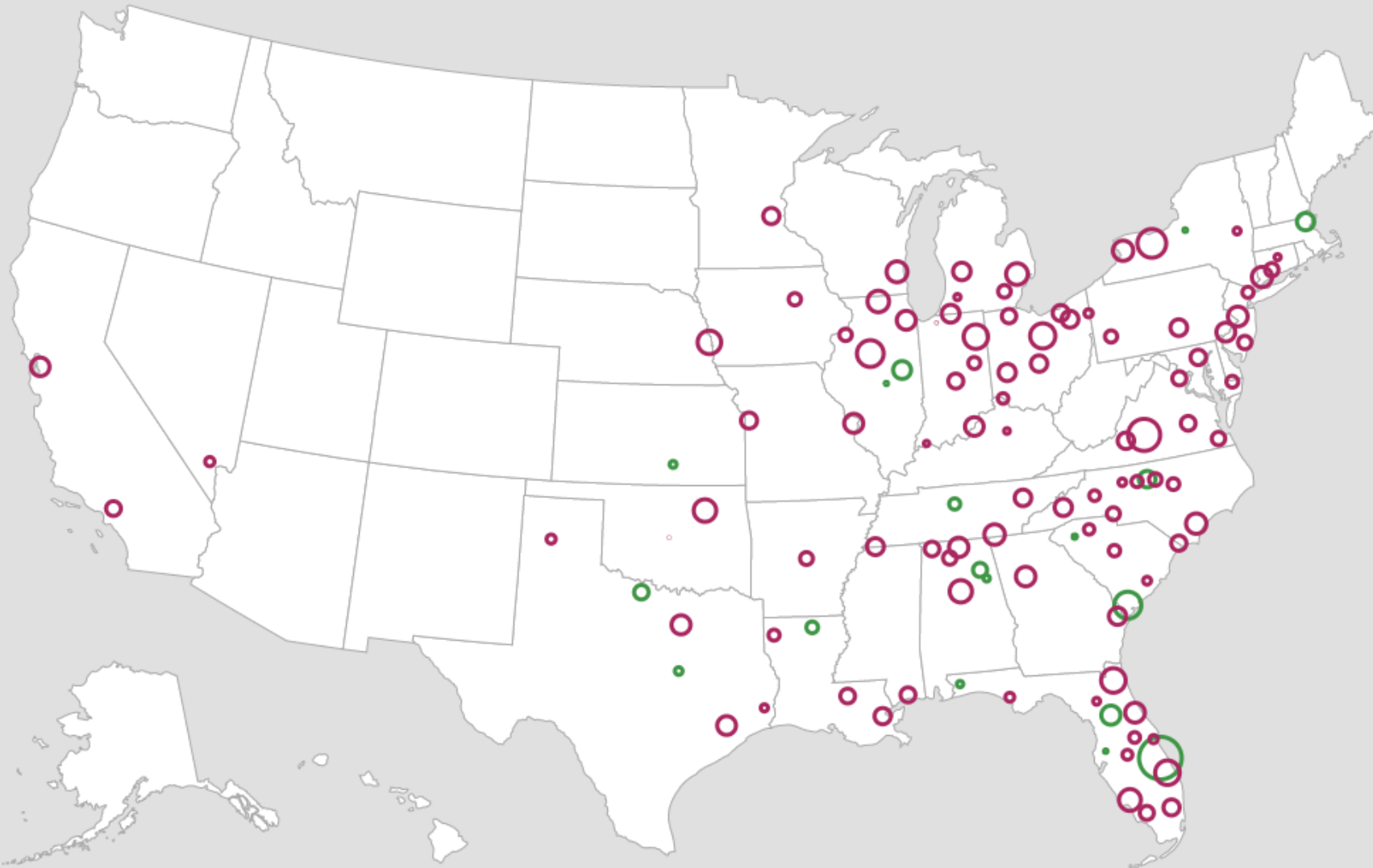
# Devaluation

**\$156 billion**

in cumulative losses

# Devaluation varies by metro

113 metropolitan areas with at least one majority black neighborhood

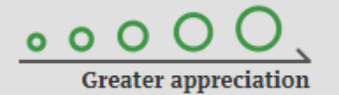


Comparing home values in majority black neighborhoods with those where less than 1% of residents are black

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



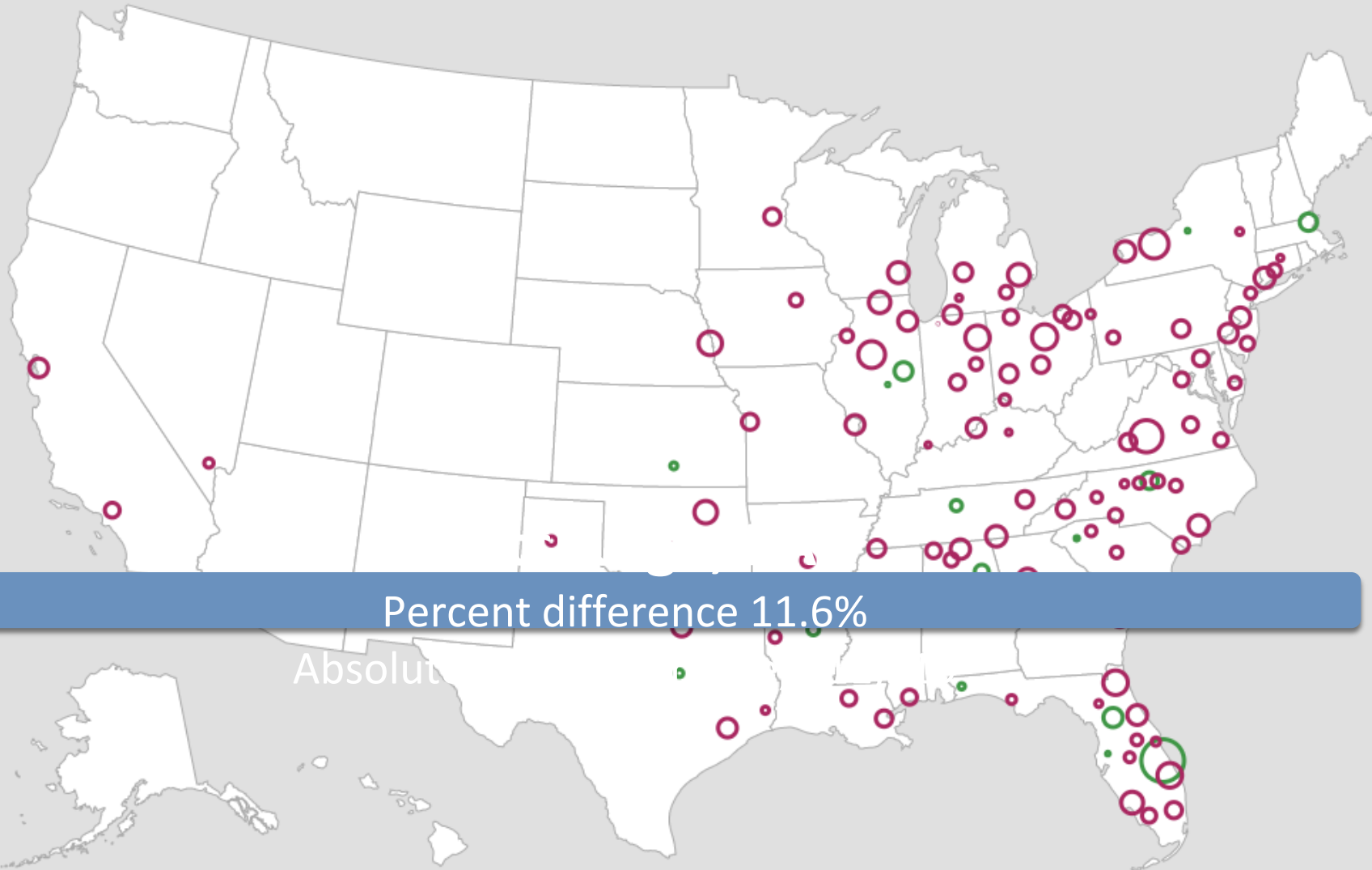
**Appreciation:** Comparable homes in majority black neighborhoods are worth more ↗



*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

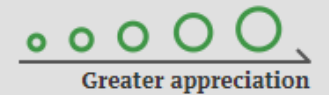


Comparing home values in majority black neighborhoods with those where less than 1% of residents are black

**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.

# Homes in Black neighborhoods are significantly devalued in many metro areas

<b>Metro Area</b>	<b>Valuation of homes in black neighborhoods</b>
Example areas with <u>negative</u> valuation of homes in black neighborhoods	
Lynchburg, VA	-81%
Rochester, NY	-65%
Jacksonville, FL	-47%
Detroit-Warren-Dearborn, MI	-37%
Chicago-Naperville-Elgin, IL, IN,WI	-28%
Example areas with <u>positive</u> valuation of homes in black neighborhoods	
Nashville-Davidson-Murfreesboro-Franklin, TN	+10%
Wichita Falls, TX	+16%
Boston, MA	+23%
Champaign-Urbana, IL	+25%
Hilton Head Island-Bluffton-Beaufort, SC	+58%

# Devaluation

**\$156 billion**

in cumulative losses

# What is \$156 billion?

# What is \$156 billion?



**4.4 million** black-owned businesses

Source: Stanford Institute for Economic Policy Research

# What is \$156 billion?



**4.4 million** black-owned businesses

Source: Stanford Institute for Economic Policy Research



**8.1 million** four-year degrees

Source: National Center for Education Statistics



# What is \$156 billion?



**4.4 million** black-owned businesses

Source: Stanford Institute for Economic Policy Research



**8.1 million** four-year degrees

Source: National Center for Education Statistics



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

Source: American Water Works Association

# What is \$156 billion?



**4.4 million** black-owned businesses

Source: Stanford Institute for Economic Policy Research



**8.1 million** four-year degrees

Source: National Center for Education Statistics



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

Source: American Water Works Association



**97%** of the damage of Hurricane Katrina

Source: National Oceanic and Atmospheric Administration

# What is \$156 billion?



**4.4 million** black-owned businesses

Source: Stanford Institute for Economic Policy Research



**8.1 million** four-year degrees

Source: National Center for Education Statistics



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

Source: American Water Works Association



**97%** of the damage of Hurricane Katrina

Source: National Oceanic and Atmospheric Administration



**Double** the annual economic burden of the opioid crisis

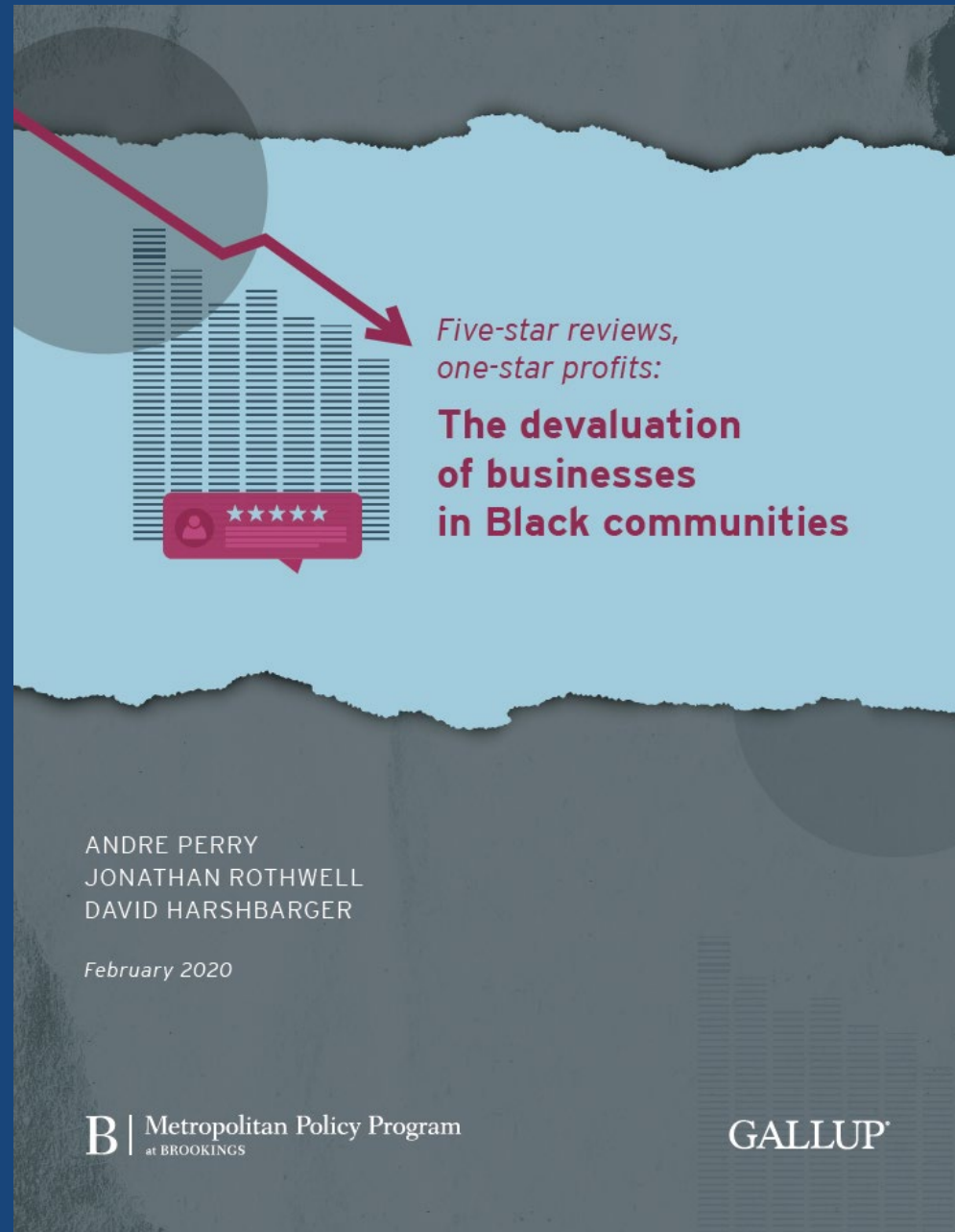
Source: Centers for Disease Control and Prevention (2013)

**There is nothing wrong with Black people  
that ending racism can't solve.**



---

# Business Devaluation



# The state of small business before the coronavirus became a pandemic

## Barriers to business

---



- Black people represent **13.7%** of the U.S. population, but only **2.2%** of the nation's 5.7 million businesses with employees (2017).

Source: Census Bureau 2018 Annual Business Survey

- Only **1%** of Black business owners were able to obtain loans in their founding year, compared with **7%** of white entrepreneurs.

Source: Stanford Institute for Economic Policy Research

- Black entrepreneurs are denied bank loans more than twice as often as their white peers — **53%** to **25%**.

Source: Federal Reserve

# The state of small business before the coronavirus became a pandemic

## Barriers to business

---



- People of color pay higher interest rates on average than their white peers — **7.8% to 6.4%.**

Source: Census Bureau 2018 Annual Business Survey

- About **half** of Black businesses survived the Great Recession, compared to **60%** of white-owned firms.

Source: Census Bureau Center for Economic Studies (CES)

- **95%** of Black-owned businesses did not receive PPP loans as part of the CARES Act.

Source: Federal Reserve



# Dorian Moorefield

Founder, Owner, Chef  
at **Grandma B's**

located in Pittsburgh's  
**Hill District**



# Dorian Moorefield

Grandma B's

45 Yelp reviews

Avg rating: 4.64 / 5

B  @andreperryedu



#KNOWYOURPRICE

# Hill District Pittsburgh

Throughout  
the 20<sup>th</sup> century  
above 95% Black

Since 2010, roughly  
80% Black



# 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 

# How do we measure business devaluation?



Business revenue

via Dun & Bradstreet data  
for establishments



Business quality

via 



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

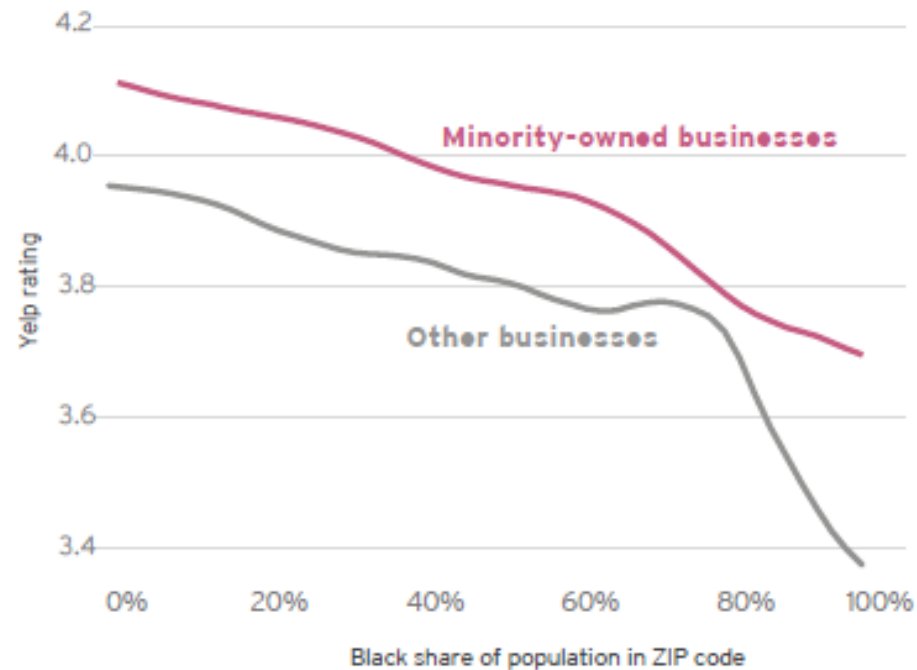
# Findings



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

---



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**

# How to counter devaluation

## Invest in **PEOPLE**

- **Direct capital** toward minority-owned firms, (DBEs) and homeowners (Cut the Check)
- **Remove unnecessary bureaucratic barriers** to entry for entrepreneurs from Black communities

## Invest in **PLACES**

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

## Divest from **RACISM**

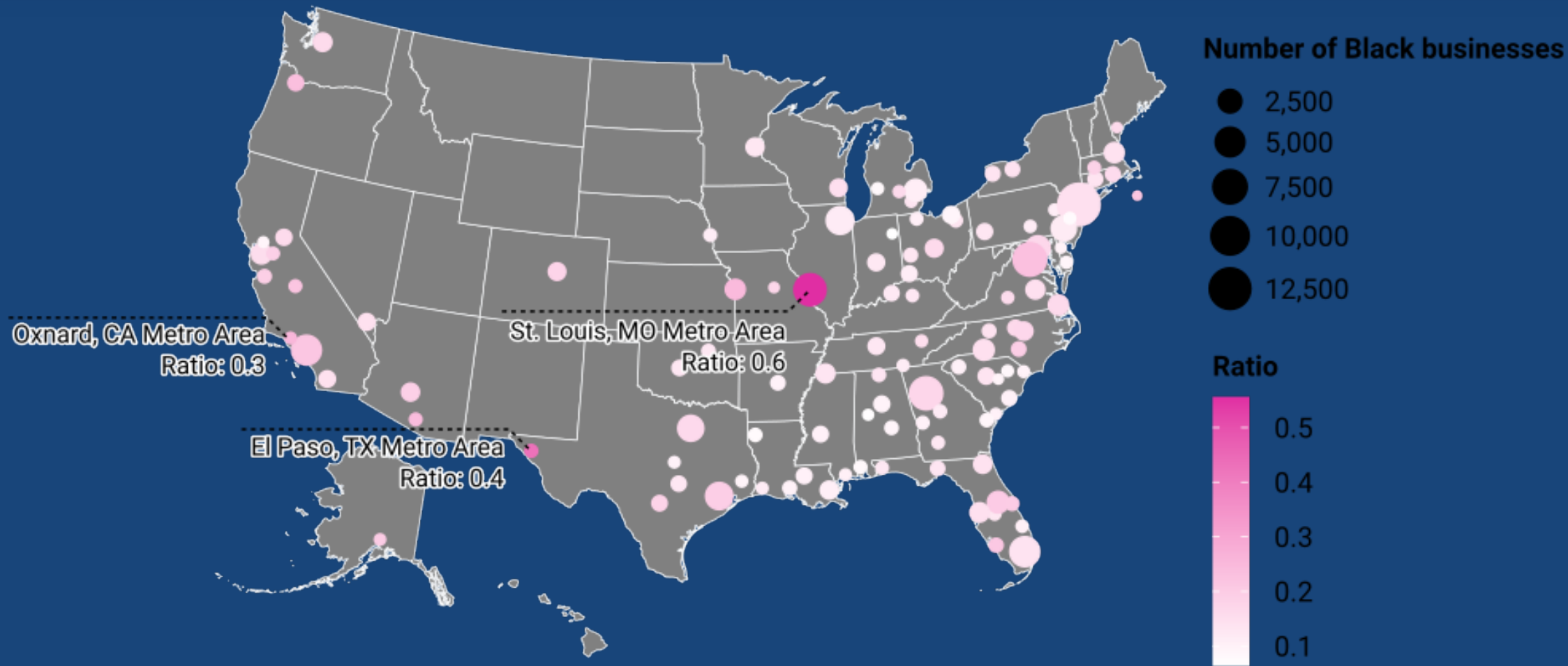
- **Remove policies that extract wealth** from Black communities
- **Install anti-racist polices** that encourage inclusion

# 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



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

**Representation of Black businesses relative to population varies widely in metro areas around the country.**

- Some of the highest ratios of Black population share to Black businesses ownership are found in the El Paso, TX metro area (0.4) and Oxnard, CA metro area (0.3), near Los Angeles.

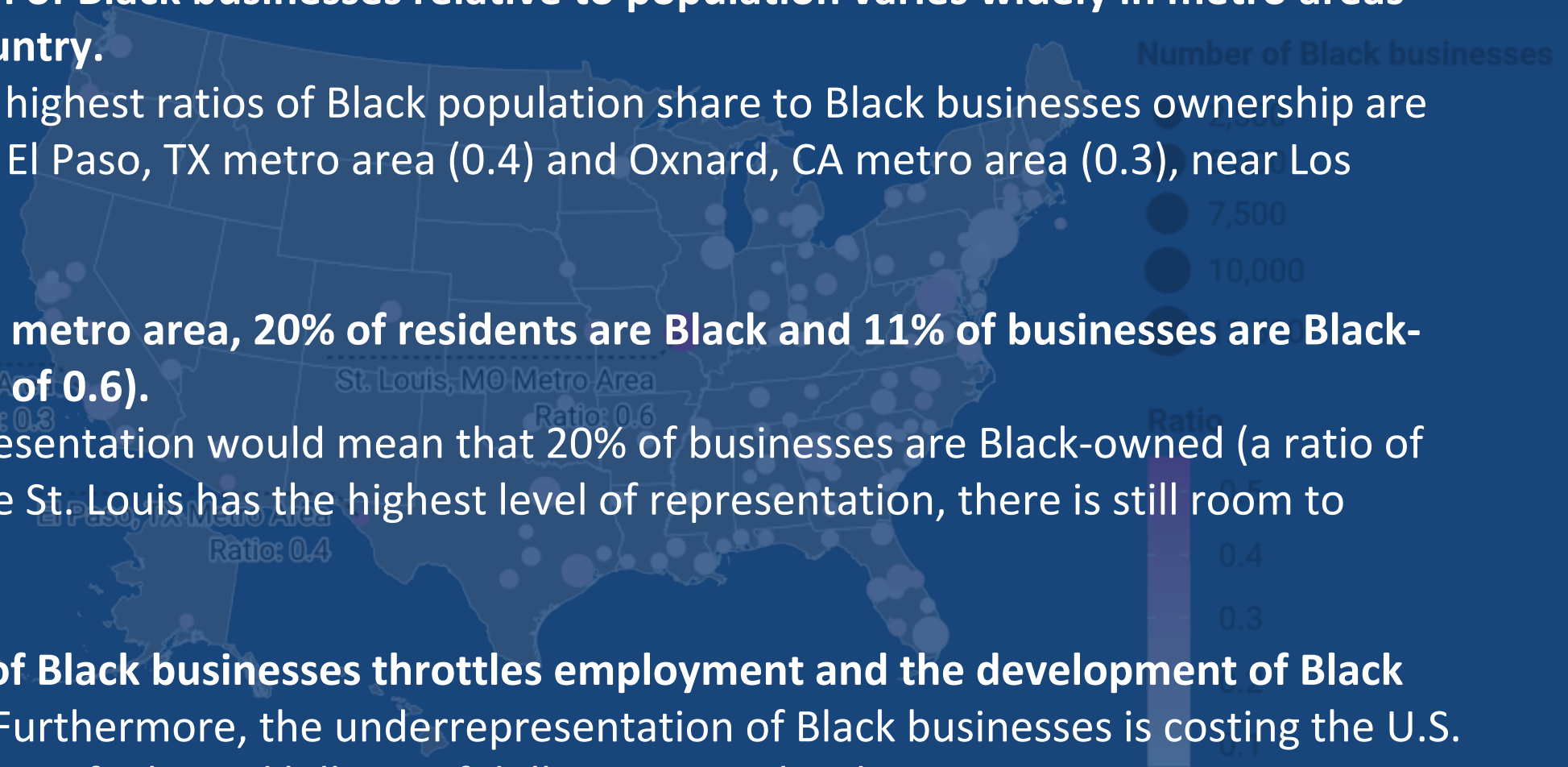
**In the St. Louis metro area, 20% of residents are Black and 11% of businesses are Black-owned (a ratio of 0.6).**

- Perfect representation would mean that 20% of businesses are Black-owned (a ratio of 1.0), so while St. Louis has the highest level of representation, there is still room to improve.

**This shortage of Black businesses throttles employment and the development of Black communities.** Furthermore, the underrepresentation of Black businesses is costing the U.S. economy millions of jobs and billions of dollars in unrealized revenues.

*Note: A ratio of 1 would signify perfect representation.*

*Source: Brookings analysis of 2018 ABS and 2018 ACS data*



# Black businesses are underrepresented

Currently, Black businesses bring in an average yearly revenue of about **\$1 million** compared to non-Black businesses' **\$6.5 million**.

If Black businesses increased their average revenue to the level of non-Black businesses, we would see an **increase in total revenue by \$676 Billion**.

# Black businesses are underrepresented

Black businesses create an average of **10 jobs per firm**, compared to **23 for non-Black businesses**.

If the average employees per Black business increased to 23, **approximately 1.6 million jobs would be created**.

# Black businesses are underrepresented

Black businesses pay their employees an **average of \$30,000**, compared to non-Black businesses' at **\$51,000**.

If Black businesses paid as much as non-Black businesses, then those employees would see an **increase in pay by approximately \$25 billion**.

# Sole proprietors

For Black employer businesses to account for **14.2%** of employer businesses, Black entrepreneurs would need to start **806,218** new employer businesses.

Sole proprietors are a great resource for investors to tap into entrepreneurs who may not have the startup capital to grow their business but have the ideas and customers that are already demonstrating opportunity.

There are currently **2,951,000** Black sole proprietors, if **27.3%** of these sole proprietors became employer businesses, Black employer business would achieve representational equity.

# Sole proprietors sectors

The **top 3 industries** industries are for Black non-employer businesses

Personal and laundry services with **537,000** sole proprietorships

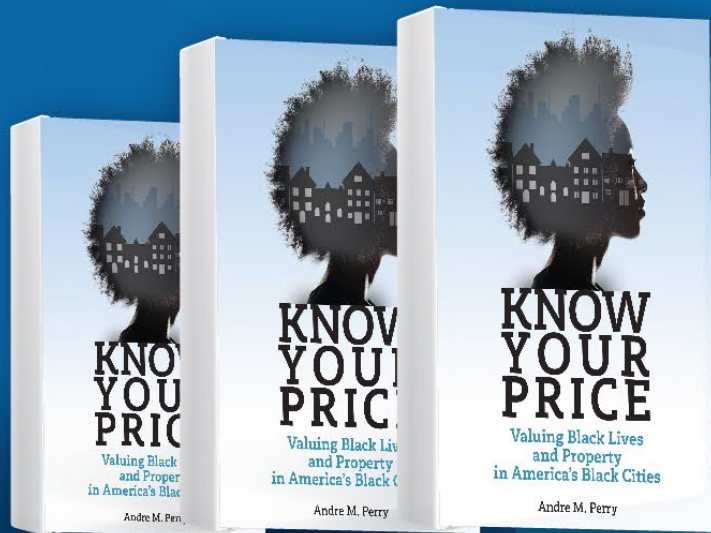
Transit and ground passenger transportation with **322,000** sole proprietorships

Administrative and support services with **312,000** sole proprietorships

# Brookings-Ashoka Challenge Competition

The goal of the project is to foster a new generation of structural innovations that enable homeowners in Black-majority neighborhoods to realize the value and appreciation of their assets, including:

- New offerings from banks to address this previously underserved portion of the market
- New investment vehicles that enable communities to benefit from the growing property values in Black-majority neighborhoods
- New financial products in the secondary market that will have a curative affect
- New standard of practice in the Appraisal industry.



Now available wherever books are sold

## **KNOW YOUR PRICE**

Valuing Black Lives and Property  
in America's Black Cities

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



# NMHC Housing Equity Team

---



**Caitlin Sugrue Walter**  
Vice President,  
Research



**Kevin Donnelly**  
Vice President,  
Government Affairs



**Betsy Feigin Befus**  
Senior Vice President,  
General Counsel and  
Strategic Initiatives



**Eileen Lee**  
Vice President,  
Energy and  
Environmental Policy



**Joslyn Hatfield-Eng**  
Senior Manager,  
Policy Communications



**Deanita Davis**  
Vice President,  
Meetings



**Kimble Ratliff**  
Vice President,  
Government Affairs



**Racquel Madlala**  
Associate Director,  
Communications and  
Marketing



**Paula Cino**  
Vice President,  
Construction, Development  
And Land Use Policy



2515

National Multifamily Housing Council  
**Housing Equity Toolkit**



# The Housing Equity Toolkit

---

A set of digital and web-based resources to:

- Articulate the role multifamily investors, developers and operators can play in creating equity and resiliency in historically underinvested areas
- Support NMHC members in addressing equity both internally (i.e. in their own work and practices) and externally (i.e. in the communities where they operate).
- Ensure the apartment communities they develop, own and manage better serve residents of all incomes in all types of neighborhoods

# Who We Are

---

Our mission is to make home and community places of pride, power and belonging, and platforms for resilience and upward mobility for all.



Increase Housing  
Supply



Advance Racial  
Equity



Build Resilience &  
Upward Mobility

Since 1983, Enterprise has been investing in affordable housing and community development across the country.

\$53 billion

invested in communities

662,000 homes

built or preserved through our support

13,000

homes we own and operate

# What Do We Mean by Equity?

---

## Our Starting Place: Racial Equity *is* Housing Equity

- A 2017 study funded by the Knight Foundation found 57 times more white men in senior executive jobs in the U.S. commercial real estate industry than Black men, and more than 14 times more white women than BIPOC women held senior executive-level jobs.
- The progress made during Reconstruction (1865-1877) has been consistently undermined through intentional efforts (Jim Crow, racial zoning, red lining, urban renewal).
- Our country's historic racial wealth inequality is perpetuated by the lack of equitable access to opportunity.
- Elected officials and policymakers are moving with urgency to redevelop neglected urban neighborhoods, many of the same communities of color that were denied access to suburban homeownership and displaced by “infrastructure” projects.

*Racial Equity furthers Housing Equity. Housing Equity does not, necessarily, further Racial Equity.*

# What Do We Mean by Equity?

---

## Supporting Our Understanding:

The “housing bundle” – five interconnected housing goals, grounded in research and practice, known to affect upward mobility

- Housing affordability
- Housing quality
- Housing stability
- Neighborhood context
- Housing that builds assets and wealth

# Why Does Equity Matter to the Multifamily Housing Industry?

---

- Address systemic disparities in housing policy and practice
- Improve resident well-being
  - Housing affordability & stability
  - Non-housing outcomes
- Operational and competitive advantage
  - Increase resident retention and rent receipts
  - Reputational benefits

# What Does Success Look Like for this Project?

---

- How do we hope people will use this toolkit?
- What outcomes do you imagine this toolkit would enable and how would we know these are occurring?
  - For NMHC
  - For NMHC Members
  - For the housing industry or communities?



# The Housing Equity Toolkit - Proposed Content

---

- Definitions of equity and how they apply in different housing contexts
- Review of historical policies and practices that fostered inequity in housing markets
- Examples of housing providers/agents who have sought to incorporate equity into their operations
- Briefs on federal, state, and local policies to advance equity through housing
- Self-assessment and progress metric tools

# Process Overview

---



**Jan - Mar**

## Kickoff and Foundational Material Development

- Defining equity and why it matters to NMHC members
- Orientation toward NMHC members and perspective
- Grounding toolkit in research and Enterprise/NMHC experience



**Mar - May**

## Core Content Development

- Information gathering with NMHC and stakeholders
- Supplementary research & interviews
- Developing all tools, case studies and narrative content



**May - July**

## Design for Optimal Use and Release

- Graphic design of narrative content and tools
- Migrating designed version to interactive website
- Roll-out



2515

**Thank you!**

**NMHC**

 **Enterprise**<sup>®</sup>

The background of the image consists of a dense pattern of crumpled, light-colored paper. Overlaid on this background are several silhouettes of human heads in profile, facing right. The silhouettes are rendered in a light gray color, matching the paper texture. The text is centered in the upper half of the image.

# **NMHC RACIAL EQUITY EVENT**

**FEBRUARY 25, 2021 | ONLINE**