

PILLAR 3 OF 8



■ ★ WE WILL CHICAGO

# ECONOMIC DEVELOPMENT

Creating a more prosperous and  
equitable economy for all Chicago  
residents and workers

■ ★ CHICAGO  
MAYOR LORI E. LIGHTFOOT

[wewillchicago.com](http://wewillchicago.com)

# ECONOMIC DEVELOPMENT



**Chicago is the economic engine of a \$720 billion metropolitan economy that is bigger than all but 21 countries in the world.**

However, not all Chicagoans have equitable access to the City's dynamic economy. Systemic racism and racial segregation have led to stymied opportunities for people of color and decades of disinvestment in neighborhoods where they live. Majority Black and Latino neighborhoods have higher rates of poverty and unemployment, along with lower levels of median income and wealth, than majority white neighborhoods.

Targeted interventions to build on the city's multifaceted strengths and make the economy more just and equitable for all would boost the entire region. A Metropolitan Planning Council report estimated that if levels



of economic and racial segregation were reduced to the national median, local households would collectively earn an additional \$4.4 billion in income and the market value of area goods and services would rise by approximately \$8 billion. The economic impact would indirectly help address other city issues, including public safety, transportation and education while fostering a more diverse and resilient workforce.

The goals of the Economic Development pillar are intended to create a more prosperous and equitable economy for all Chicago residents and workers.

*“ When we think about Economic Development, we should be thinking about how we are investing in the people of Chicago. ”*

*— Cory M. | Chicago Cook Workforce Partnership*





## KEY TERMS

### Economic Clusters

Involve geographic concentrations of interconnected companies and institutions in a particular field. Economic clusters that are meaningfully present within a region have a combination of linked industries, suppliers, service-providers, government agencies and institutions working collectively to advance training and education, research and production of a similar field.

### Family Wealth

The estimated value of a family's assets—such as their home, small business, retirement accounts and monetary savings, less the value of their debt from credit-cards, student loans and home mortgage.

### Unbanked & Underbanked

A person or family with no bank account and/or relies on alternative financial entities to cash pay checks, such as through currency exchanges, or obtain loans, such as through high-interest storefront lenders.

*“ We have Black businesses that are committed to community, legacy and have a willingness to thrive. Historic black business in thriving black communities that are being resilient despite racism, strategic disinvestment and limited resources is the economic development that we want to encourage and get more support on. ”*

*— Serrater Chapman*



## GOAL 1

# Build and sustain generational wealth and shared prosperity for Black and Latino communities.

The nation's well documented racial wealth gaps are particularly pronounced in Chicago, where the median wealth of South Side households is less than 5% of the wealth of north suburban households, according to a recent Urban Institute report. Perpetuated by government housing policies beginning particularly post-World War II that accelerated wealth-building for white households while systemically and intentionally denying opportunity to communities of color and discriminatory lending practices such as redlining and contract selling that intentionally extracted wealth from communities of color, the wealth gap means that Black and Latino families overwhelmingly have less cash savings and financial investments than white families on average. More than 40% of Chicago's Black and Latino households have limited or no access to traditional bank accounts, requiring the use of high-fee check cashing services that can cost a full-time worker \$40,000 over the course of a career.

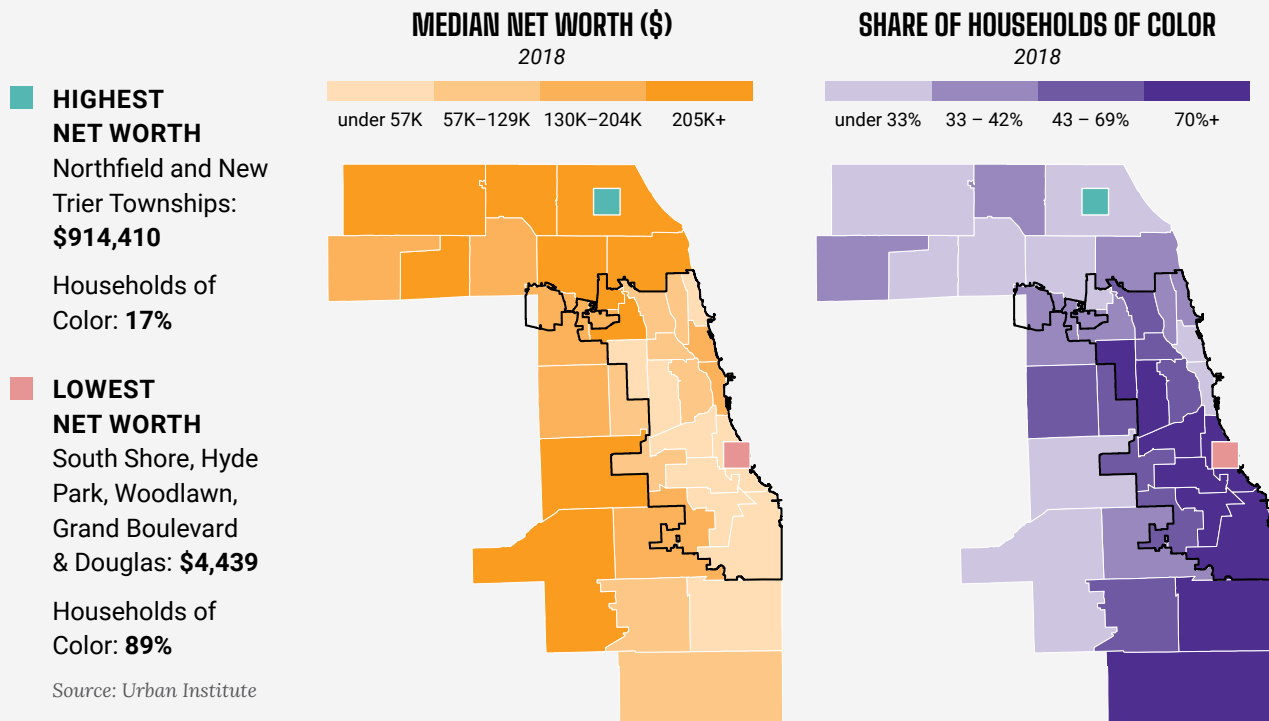
## OBJECTIVES

*To achieve this goal, We Will...*

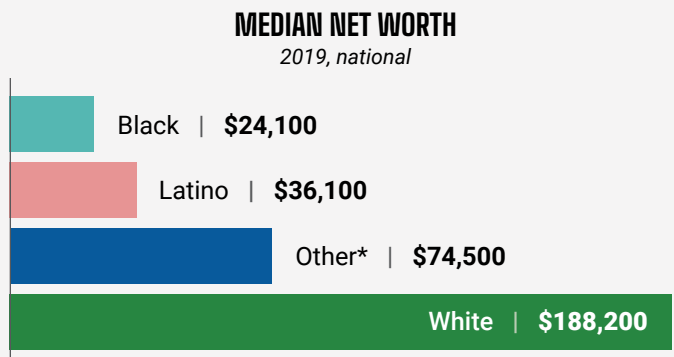
- 1.1** Increase access to responsible capital and financial services.
- 1.2** Improve financial literacy and access to safety net benefits.
- 1.3** Grow individual and household wealth through asset ownership.
- 1.4** Grow community wealth through local, democratic, shared ownership and control of neighborhood assets.

## SUPPORTING DATA

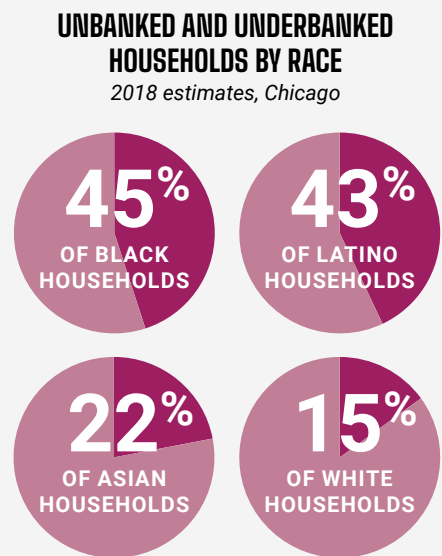
## Cook County has stark differences in wealth.



## Nationwide, white families have approximately eight times more wealth than Black families.



## Nearly half of Black and Latino families don't use traditional banks for financial services.



Source: Prosperity Now Estimates Based on 2018 Census Data



## GOAL 2

# Support business growth throughout Chicago, especially businesses owned by Black and Latino people.

Chicago has one of the world's largest and most diversified economies, and the city is globally competitive in multiple economic clusters including financial services, marketing and publishing, manufacturing, transportation distribution and logistics (TDL), life sciences, healthcare, and information technology. However, much of the city's economic activity is concentrated in and around downtown.

Many majority-Black, South Side neighborhoods have less than one quarter the number of active businesses compared to majority-white, North Side neighborhoods. Business ownership gaps by race and ethnicity is also uneven. Black and Latino residents make up approximately 60% of the city's population but own only 4% (Black) and 9% (Latino) of local businesses respectively, according to recent U.S. Census Bureau data.

## OBJECTIVES

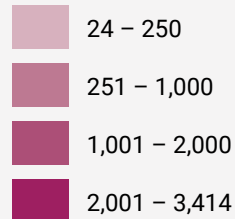
*To achieve this goal, We Will...*

- 2.1** Support Chicago's economic clusters that have high potential for growth and benefit Chicagoans and their neighborhoods.
- 2.2** Prioritize resources and investment in small businesses and entrepreneurship programs.
- 2.3** Increase the availability of quality, affordable real estate in viable commercial and industrial areas.
- 2.4** Promote equitable public and private sector procurement processes.



## SUPPORTING DATA

## South Side communities have a fraction of the business licenses as other areas.

**NUMBER OF  
BUSINESSES IN CHICAGO  
NEIGHBORHOODS**  
2022


Source: City of Chicago  
Business License Data, ESRI,  
U.S. Census Bureau



Many majority-Black  
South Side community  
areas have

**LESS THAN 25%**



of active businesses  
compared to majority-white  
North Side neighborhoods.

**Black and Latino residents own disproportionately fewer businesses  
than white residents.**
**BUSINESS OWNERSHIP BY RACE, ETHNICITY AND GENDER**  
2017 (race and ethnicity), 2020 (gender), City of Chicago

	NUMBER OF BUSINESSES	% OF BUSINESSES OWNED	% OF POPULATION
White	38,086	75%	36%
Black	1,845	4%	29%
Asian	5,499	11%	7%
Other	5,067	10%	28%
<b>Total</b>	<b>50,497</b>	<b>100%</b>	-
Latino	4,393	9%	30%
Female	10,807	21%	51%

Source: 2017 Annual Business Survey, 2020 U.S. Census, SB Friedman



## GOAL 3

# Invest in equitable and inclusive workforce development to build resilient economic clusters.

Despite the addition of 170,000 jobs to Chicago's economy between 2011 and 2019, the city's unemployment rate remains uneven by race. Black and Latino unemployment rates are four and two times higher than white unemployment rates respectively, according to 2020 Census data. Black Chicagoans also have the lowest median household income among all races and their incomes grew at the slowest rate during this time. As people of color become the majority of the region's workforce, achieving racial equity will have significant economic benefits. According to a National Equity Atlas study, eliminating racial gaps in income could boost the regional economy by \$136 billion per year.

## OBJECTIVES

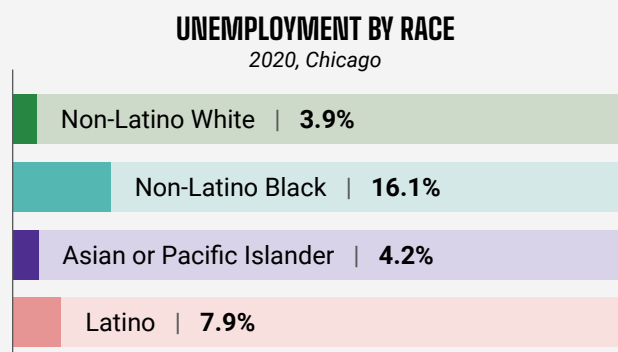
*To achieve this goal, We Will...*

- 3.1** Promote career pathways to high-quality, living-wage jobs in both stable and growing economic clusters.
- 3.2** Enhance employer leadership in hiring, retaining and promoting diverse workforces.
- 3.3** Identify and remove barriers to job participation.



## SUPPORTING DATA

The unemployment rate of Black residents is four times larger than white residents.



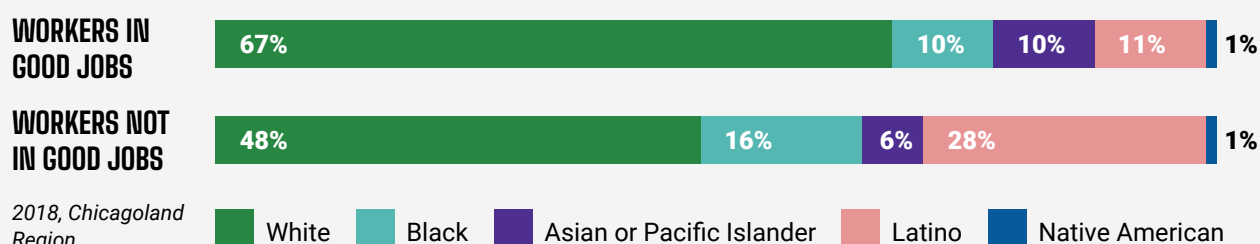
Source: U.S. Census Bureau American Community Survey, Chicago Health Atlas

“ The Chicago region’s gross domestic product could be more than \$136 billion larger if racial gaps in income were eliminated. ”

– 2021 PolicyLink and USC Equity Research Institute

White workers are overrepresented in good\* jobs overall.

\*Characteristics include a living-wage compensation, stable or growing base of employment, and automation resiliency.



Source: Advancing Workforce Equity in Chicago, PolicyLink

Among all races, Black Chicagoans have the lowest median household income.

**MEDIAN HOUSEHOLD INCOME BY RACE**  
Chicago

	NON-LATINO WHITE	NON-LATINO BLACK	ASIAN	LATINO
2010	\$61,040	\$30,918	\$55,840	\$41,979
2019	\$77,989	\$33,301	\$70,257	\$50,496
% Change	28%	8%	26%	20%

Source: 2019 American Community Survey 1-Year Estimates, SB Friedman

## GOAL 4

# Promote equitable public, private and philanthropic investment in Black and Latino community areas without displacement.

Private market lending in the form of home mortgages, business loans and real estate investment continues to be inequitably distributed. Between 2011 and 2017, Chicago's majority-white neighborhoods received nearly five times as much private investment per household compared to majority-Black neighborhoods and nearly three times more private investment per household than majority-Latino neighborhoods, according to a recent Urban Institute report. Some public and philanthropic investors have been deliberate in trying to bridge the investment gap, but their combined value is only 1/16th of private investment. The report also noted that private investment growth in neighborhoods of color is usually accompanied by gentrification or the influx of more affluent residents and businesses.

## OBJECTIVES

*To achieve this goal, We Will...*

- 4.1** Create vibrant and stable neighborhoods that remain and become more affordable for existing residents and businesses.
- 4.2** Facilitate the creation of thriving commercial corridors in Black and Latino community areas.
- 4.3** Enhance the public sector's toolkit of financial incentives for neighborhood economic development.

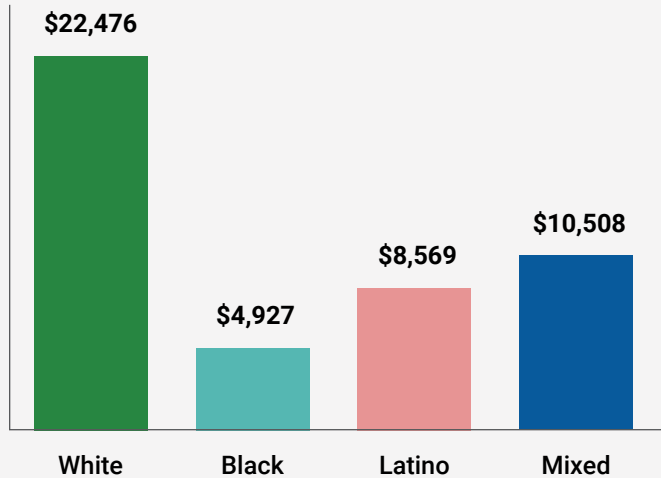


## SUPPORTING DATA

## Private investment in Chicago neighborhoods varies widely by race.

## AVERAGE ANNUAL MARKET INVESTMENT PER HOUSEHOLD

(at Median) (2017 Dollars) (Chicago)



The median majority-white neighborhood received

**4.6x** as much private market investment per household as the median majority-Black neighborhood, and

**2.6x** as much investment as the median majority-Latino neighborhood.

Source: CoreLogic, Community Reinvestment Act, Home Mortgage Disclosure Act, Record Information Services, Small Business Administration and U.S. Census Bureau, American Community Survey (2012–16).

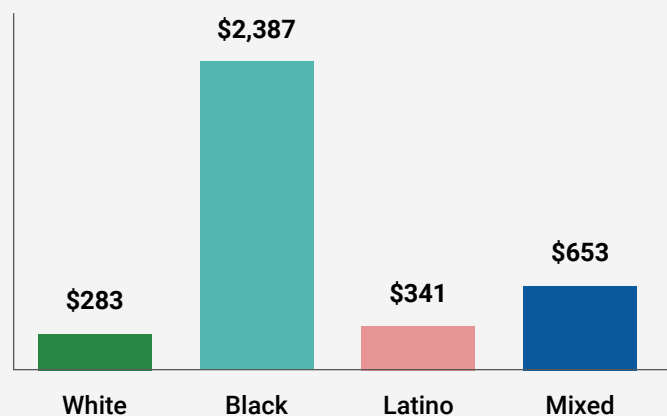
“ I feel like the people who should be involved in economic development are the people in communities that are affected directly. Their voices should be at the table with this. ”

— Ashley Taylor | Humboldt Park

## Public and mission-driven institutions invest significantly more per household in majority-Black neighborhoods.

## AVERAGE ANNUAL MISSION AND PUBLIC INVESTMENT\* PER HOUSEHOLD

(at Median) (2017 Dollars) (Chicago)



Note: Label refers to the majority race in the neighborhood.

\*Mission and public investment refers to privately issued capital such as business loans, home mortgages and real estate investments.

Source: CDFI Fund, Community Development Block Grants, Low Income Housing Tax Credit, the HUD HOME program, HUD operating subsidies to public and assisted multifamily housing, HUD Choice Neighborhoods awards, Opportunity Finance Network, U.S. Department of Education Promise Neighborhoods awards and U.S. Census Bureau, American Community Survey (2012–16)



## GOAL 5

# Promote Chicago’s assets nationally and amplify positive narratives about South and West side neighborhoods.

Negative news reports of violence in national and local media can easily overshadow a neighborhood’s positive attributes such as its rich history, strong sense of community, cultural and recreational attractions, thriving local businesses and untapped spending power. Most West and South side residents who participated in a recent University of Texas survey about news coverage in their neighborhoods indicated it was “too negative.” Ongoing negative coverage perpetuates false perceptions of risk and biases that reinforce decades-long neighborhood disinvestment trends.

## OBJECTIVES

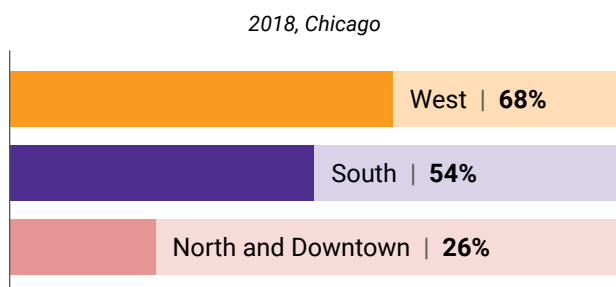
To achieve this goal, We Will...

**5.1** Change the narrative about Chicago’s South and West side neighborhoods.

**5.2** Promote South and West side neighborhood destinations to tourists and residents alike.

## SUPPORTING DATA

Percentage who agree, “stories about my neighborhood are too negative”



Source: Van Duyn, Emily, Jennings, Jay, and Stroud, Natalie Jomini. (2018, January). Chicago news landscape. Center for Media Engagement.

“The best way [to] dispel negative South Side stereotypes is to have people come and see the neighborhood for themselves. Forty percent of Chicagoans are not from Chicago. They have to be educated.”

– Nedra Fears | The Greater Chatham Initiative, Executive Director

To see the policy ideas developed by the **Economic Development** pillar team, visit [wewillchicago.com](http://wewillchicago.com)

