

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



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. There have been decades of disinvestment in neighborhoods where people of color live.

Targeted interventions to build on the city's multifaceted strengths and make the economy more just and equitable would boost the entire region. The Metropolitan Planning Council estimates that, if Chicago's levels of economic and racial segregation were reduced to the national median, local households would collectively earn an additional \$4.4 billion and the market value of area goods and services would rise by approximately \$8 billion. The economic



impact would indirectly improve 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, with a particular focus on addressing chronic racial and ethnic wealth and opportunity gaps.

“ 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

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

An unbanked household means no one in the household has a checking or savings account at a bank or credit union. Underbanked households are households that have a bank account but use nonbank transactions such as money orders and check cashing, or alternative credit products and services such as payday loans or pawn shops.

“ 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, Latino and Native American 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. Federal government housing policies beginning particularly post-World War II accelerated wealth-building for white households while systemically and intentionally denying opportunity to communities of color. Discriminatory private sector lending practices such as redlining and contract selling also intentionally extracted wealth from communities of color and perpetuated a wealth gap where 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.

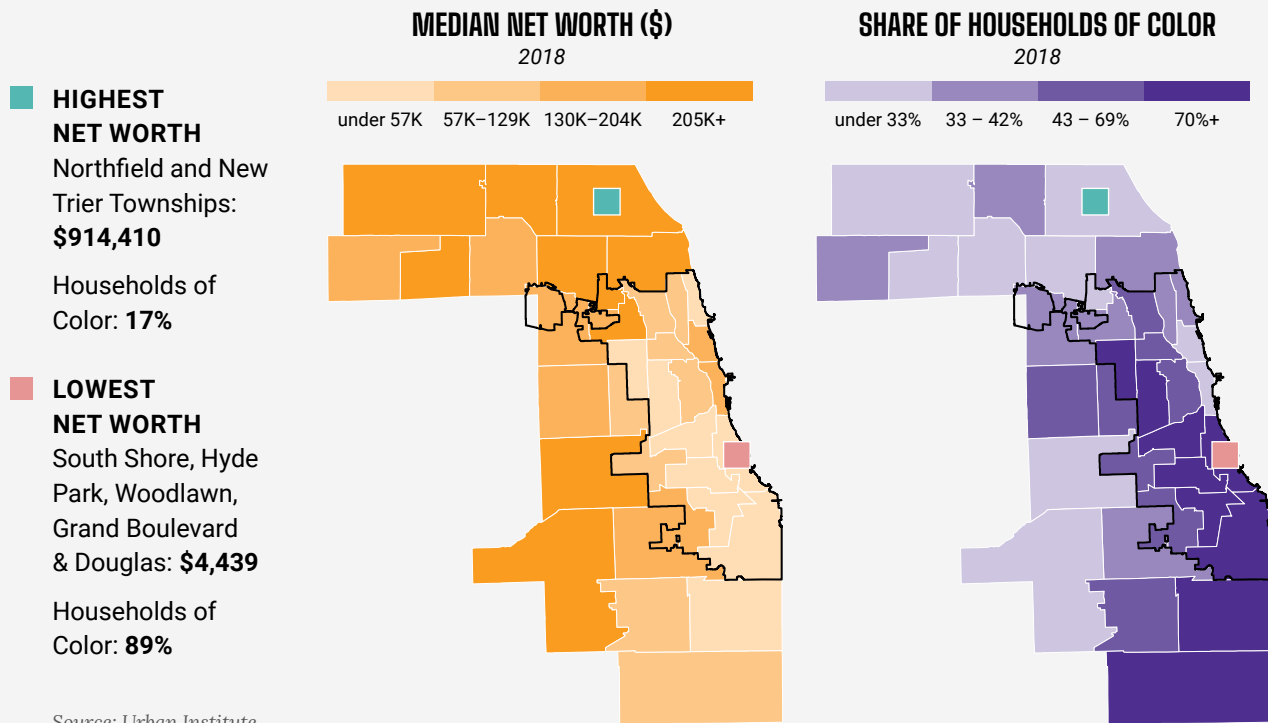
OBJECTIVES

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.

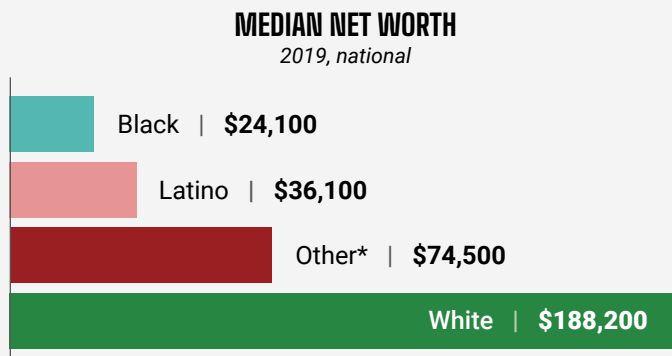
SUPPORTING DATA

Cook County has stark differences in wealth across communities.



Source: Urban Institute

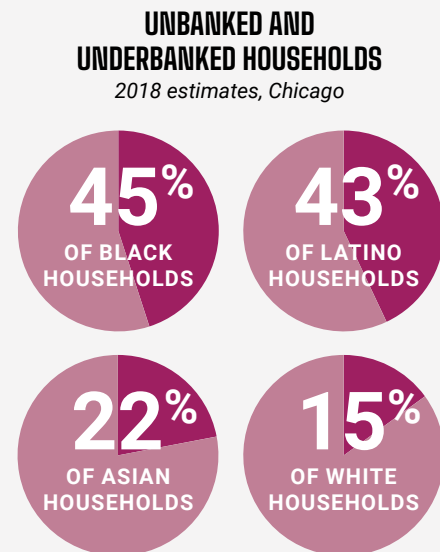
Nationwide, white families have approximately eight times more wealth than Black families and five times more wealth than Latino families.



*Other families—a diverse group that includes those identifying as Asian, American Indian, Alaska Native, Native Hawaiian, Pacific Islander, other race and all respondents reporting more than one racial identification

Source: Federal Reserve—Survey of Consumer Finances 2019, SB Friedman

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, Latino and Native American 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 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, according to recent U.S. Census Bureau data.

OBJECTIVES

To achieve this goal, We Will...

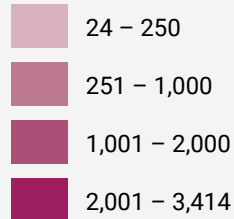
- 2.1** Support Chicago's economic clusters that have high potential for growth and benefit Chicagoans and their neighborhoods.
- 2.2** Prioritize resources and investment in small businesses and entrepreneurship programs.
- 2.3** Increase the availability of quality, affordable real estate in viable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



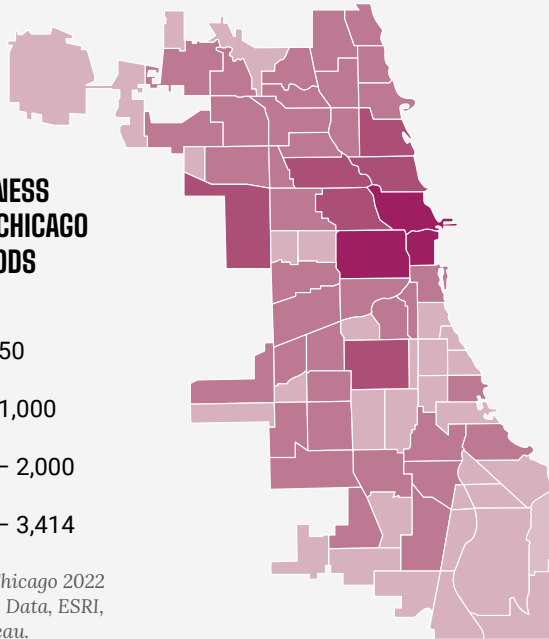
SUPPORTING DATA

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

NUMBER OF UNIQUE BUSINESS LICENSES IN CHICAGO NEIGHBORHOODS 2022



Source: City of Chicago 2022 Business License Data, ESRI, U.S. Census Bureau.



For every four businesses in a majority-white North Side community area,



A majority-Black South Side community area only has one active business license.

Business ownership is primarily white and male.

BUSINESS OWNERSHIP

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%
Native American or Alaska Native	100	0.2%	3%
Other Race	5,067	10%	25%
Hispanic or Latino	46,104	91%	70%
Non-Hispanic	4,393	9%	30%
Male	39,690	79%	49%
Female	10,807	21%	51%
Total	50,497	100%	-

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...

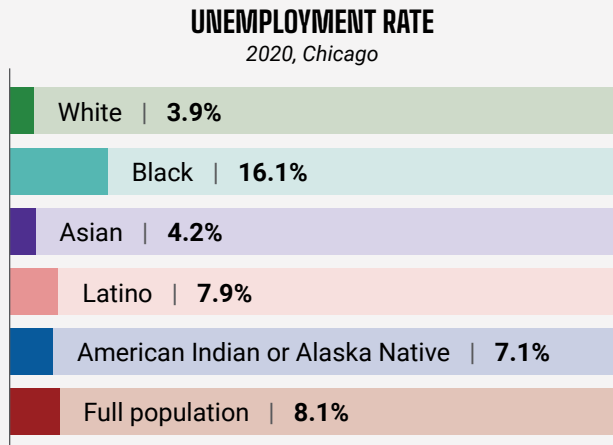
3.1 Promote career pathways to high-quality, living-wage jobs in both stable and growing economic clusters.

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.



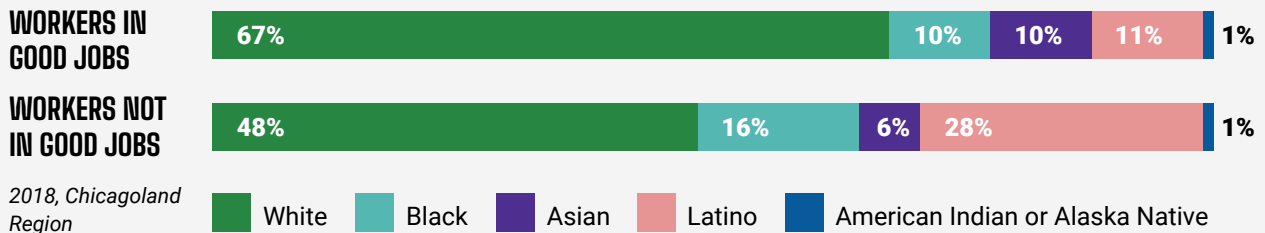
Source: U.S. Census Bureau American Community Survey 2016–20, Chicago Health Atlas

“ 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 living-wage compensation, stable or growing base of employment and resiliency to automation.



Source: Advancing Workforce Equity in Chicago, PolicyLink

Black Chicagoans have the lowest median household incomes.

	WHITE	BLACK	ASIAN	LATINO	AMERICAN INDIAN OR ALASKA NATIVE
2010	\$81,740	\$38,540	\$69,605	\$52,237	*
2020	\$96,091	\$37,904	\$84,905	\$56,061	\$59,971
% Change	18%	-2%	22%	7%	*

Source: American Community Survey 5-Year Estimates, 2006–10, 2016–20, Chicago Health Atlas

*American Community Survey began tracking Native American Median Household Income for survey years 2016–20, historical data was unavailable for inclusion in 2010 and Percent Change calculation.

GOAL 4

Promote equitable public, private and philanthropic investment in Black, Latino and Native American communities 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, Latino and Native American communities.
- 4.3** Enhance the public sector's toolkit of financial incentives for neighborhood economic development.

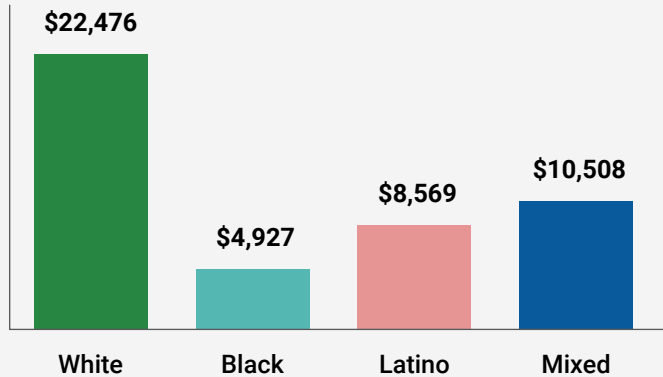


SUPPORTING DATA

Private investment in Chicago varies by neighborhood.

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.

*Market sources of investment refers to privately issued capital such as business loans, home mortgages and real estate investments.

Source: Urban Institute Report: "Neighborhood Disparities in Investment Flows in Chicago"

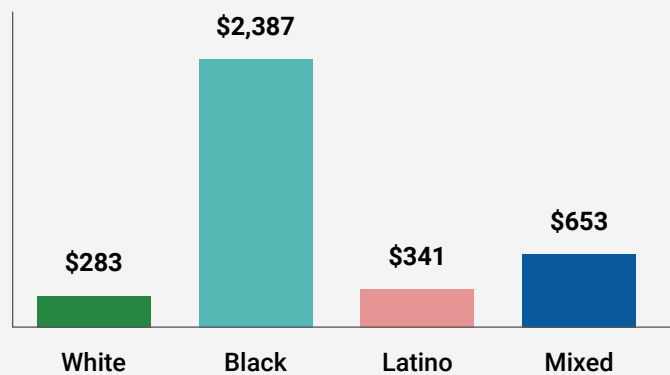
“ I feel like the people who should be involved in economic development are the people in communities that are affected directly. Their voices should be at the table with this. ”

– 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 majority group in the neighborhood.

*Mission-driven investments includes lending by community development finance institutions (CDFIs), faith-based organizations, government agencies, and philanthropies. Public investment refers to federal programs including allocations of Low Income Housing Tax Credits, Community Development Block Grants, the HOME program, HUD operating subsidies to public and assisted multifamily housing, Choice Neighborhoods Awards, and Housing Choice Vouchers.

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

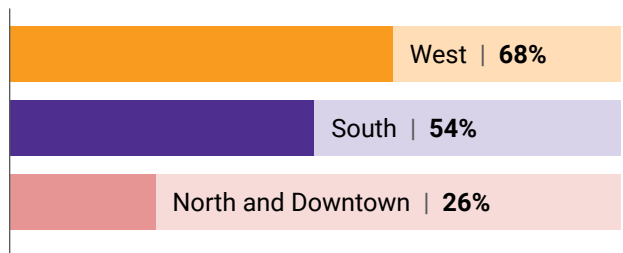
To achieve this goal, We Will...

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 of survey respondents 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

