



THE URBAN OPPORTUNITY AGENDA gives civic leaders tools to choose investments that reduce poverty, create economic opportunity, and build stronger communities. In this work CNT, with the support of the Knight Foundation, has asked, “What would need to be done to reduce the number of people living in poverty by 25 percent or more in Detroit?”

The result is a scenario for Detroit that includes expense reductions, targeted job creation, and smarter public and private investments. CNT has been looking at opportunities in Detroit to reduce poverty while providing benefits to the entire community. This presentation offers our initial findings and we hope it will be a chance to start a conversation about this new framework and some quick wins for Detroit.

What we have evaluated is the potential for a bold goal for Detroit: Reducing the population living in poverty by 25 percent. This would be a major achievement, and would create economic momentum and generate real benefits for residents of all income levels as well as local businesses.

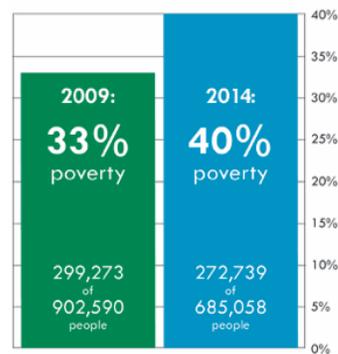
We have done this analysis in 10 different communities nationwide. The need to build on local assets means that the portfolio of opportunities is different across communities, but the overall framework is one that can be applied anywhere.

About CNT: The Center for Neighborhood Technology is an award-winning nonprofit research and advocacy organization committed to improving urban economies and environments across the United States. We do this through innovation and by researching and analyzing urban problems; testing and promoting economically efficient and environmentally sound solutions; and demonstrating the value of investing in sustainable solutions.

ECONOMIC GROWTH HAS NOT REDUCED POVERTY

The Detroit regional economy grew **\$9 billion** from 2009 to 2014

Yet, the poverty rate increased **7 percentage points** in the city of Detroit



Why are we doing this?

As we all know, poverty is a big persistent problem. And, the burden of the poverty crisis has really fallen on local communities.

The economic gains of the past several years have not reduced poverty. Even as the regional economy recovers from the economic downturn, the poverty rate is on the rise, and the cost of living is growing faster than incomes.

Detroit's regional economy grew \$9 billion dollars between 2009 and 2014, (and is projected to grow another \$4 billion by 2020 to \$79 billion). Yet, the poverty rate in the city of Detroit has grown, even as overall population has declined.

[Note, the population in poverty in Detroit fell 9% (or 27,000 people) between 2009 and 2014, but overall population fell 24% in that period.]

Source: Moody's Analytics Gross Metro Product & US Census ACS 5-year estimates

**POVERTY REDUCTION IS KEY
TO ECONOMIC PROSPERITY**



The Urban Opportunity Agenda

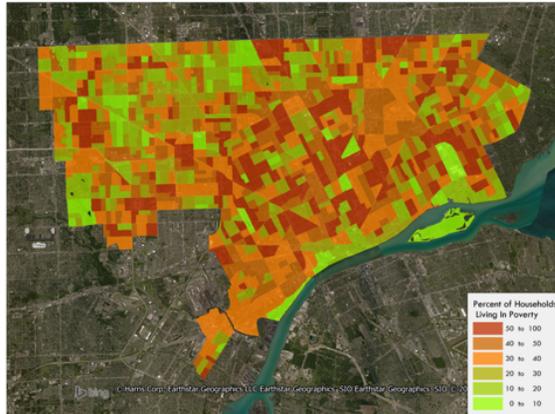
- A growing income gap and the presence of persistent poverty in our communities constrains economic opportunity for everyone.
- More than any tech incubator, business subsidy, or infrastructure project, poverty reduction has the potential to be an economic engine.
- The Urban Opportunity Agenda maximizes economic opportunity by helping cities effectively reduce poverty and provide benefits to all residents and businesses.

PLACE-BASED ISSUE

**40%
Poverty
Rate**

vs

**16%
U.S.
Average**



The demographics of poverty in Detroit make jobs access and opportunity extremely important to any set of anti-poverty strategies.

- The people most likely to live in poverty in Detroit are children and those who did not work.
- Full-time workers and those with a bachelor's degree are least likely to live in poverty in Detroit.
- Those in married couple households are also less likely to be in poverty in the area, in part due to the advantage to households of having multiple potential workers.
- Seniors over 65 are less likely to be in poverty than the average area resident; research has shown that Social Security and other retirement programs play important roles in helping seniors live above the poverty line.

We all know poverty is a place-based issue. Detroit's poverty rate is more than twice the national rate and poverty-level incomes are widespread throughout the city.

What is discussed less is that the solutions need to be place-based as well, and that is the approach we bring to this work.

Source: U.S. Census American Community Survey 5-Year Estimates

POVERTY IS A TWO-SIDED EQUATION

It isn't just what you earn, it is also what you spend—and low-income families are often hit with high costs.



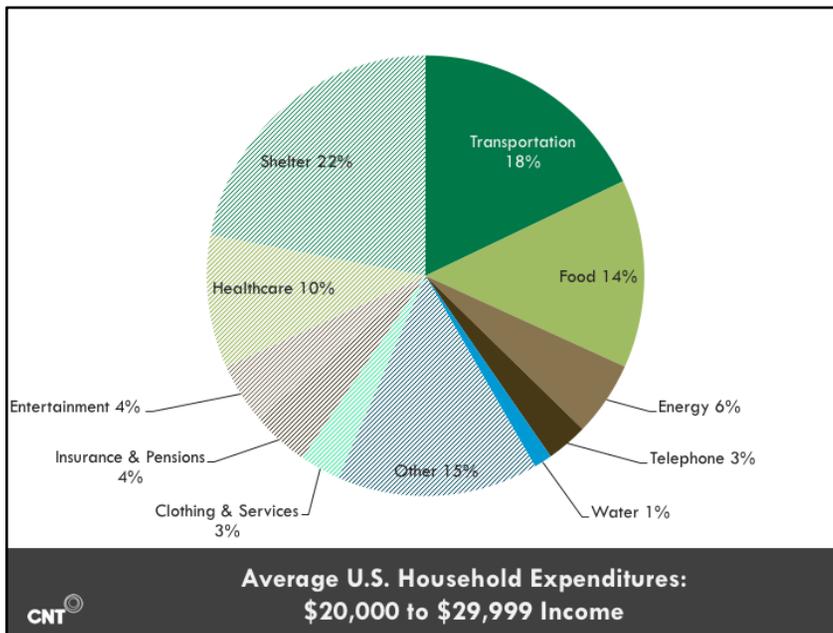
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Another difference in how we approach this work is that we look at poverty as an issue of high expenses as well as low incomes.

Traditional approaches to combat poverty have involved increasing incomes with public benefits. These methods are critically important, and research shows that such programs have successfully helped millions of families. But there's more that needs to be done.

A dollar saved is a dollar earned and with expenses rising faster than incomes, we must work to help households cut costs. By making targeted investments that help families spend less on the basics, civic leaders can reduce poverty while providing benefits to the entire community.

Creating quality jobs is another traditional approach to poverty reduction, and there are many great efforts to this end already underway. This framework is intended to support and build on those—to take things we know can work and see what scale of action is needed to make a big impact.



When we talk about household expenses, what are we talking about? Households in poverty spend a lot on basics, such as transportation, food, energy, telecom, and water. We're focusing on those expenses, in part, because reducing them brings sustainability benefits and they can be reduced through proven programs.

Consider a 4 person household living in poverty—that is, making less than \$24,250 a year. According to national data, these costs can add up to 42% of that household's expenses, or 52% of their income. Why the difference between those two numbers? Often that household is spending more than they earn.

Expenses in Detroit are often less than the U.S. average, but limited transit access and few location efficient neighborhoods (compact communities close to daily destinations) may impact transportation needs.

Source: Consumer Expenditure Survey, Moody's and CNT H+T Affordability Index

**REDUCING POVERTY 25%
IN DETROIT WILL MEAN 68,000
FEWER PEOPLE LIVING IN POVERTY.**

This requires meeting a **\$304 million** annual poverty gap through expense reduction and income.



Consider a goal of reducing the population in poverty by 25% over the next ten years. That would mean 68,000 fewer people in Detroit live in poverty. In financial terms, this requires meeting a poverty gap of \$304 million annually with expense reductions and income increases.

How do we come to that figure? The “poverty line” is a specific dollar figure for each household, and the Census reports the average difference between current earnings and the poverty line. For these 68,000 people there is a total gap of \$304 million per year between current earnings and no longer being in poverty. That value includes a cushion, because to be just \$1 over the poverty line is a very insecure place to be.

Achieving this goal will mean moving poverty rate in Detroit from 40% to 30%.

(The poverty threshold in 2015 is \$24,250 for a family of 4, \$11,770 for a single person.)

**SMARTER INVESTMENTS
DELIVER CITY-WIDE
BENEFITS FOR ALL**



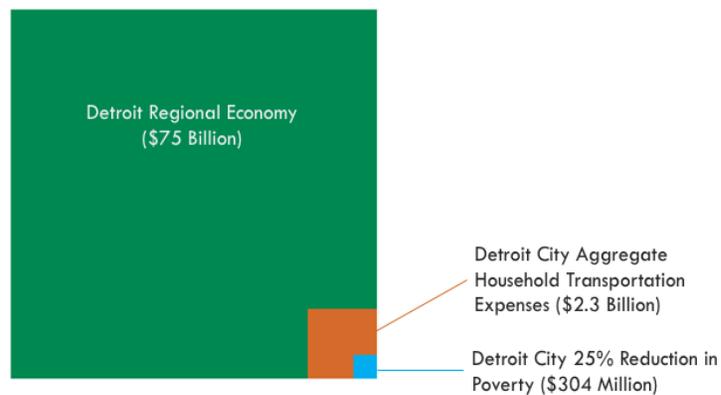
Individual households cannot do all of this on their own. Many of the costs we are discussing are shaped by systemic issues, such as land use and transportation infrastructure. Too much money is spent on unsustainable infrastructure, limiting our ability to expand economic opportunity.

Investing in sustainability can create jobs and income for low-income people, while at the same time reducing waste, lowering expenses for businesses and families of all incomes, and creating connected communities by:

- Reducing spending on transportation by all households
- Cutting energy and water costs for all households
- Improving access for all to basic services, such as groceries, childcare, doctors, and other regular destinations

To be effective, civic leaders need to set measurable goals, track their investments, and make adjustments as they go. CNT comes to this method from decades of research and applied work in areas such as city climate action, energy efficiency, and transportation. The collective impact model, which has arisen in recent years, has a similar structure is being applied in many cities on topics such as education.

\$304 MILLION ANNUALLY TO REDUCE POVERTY 25%



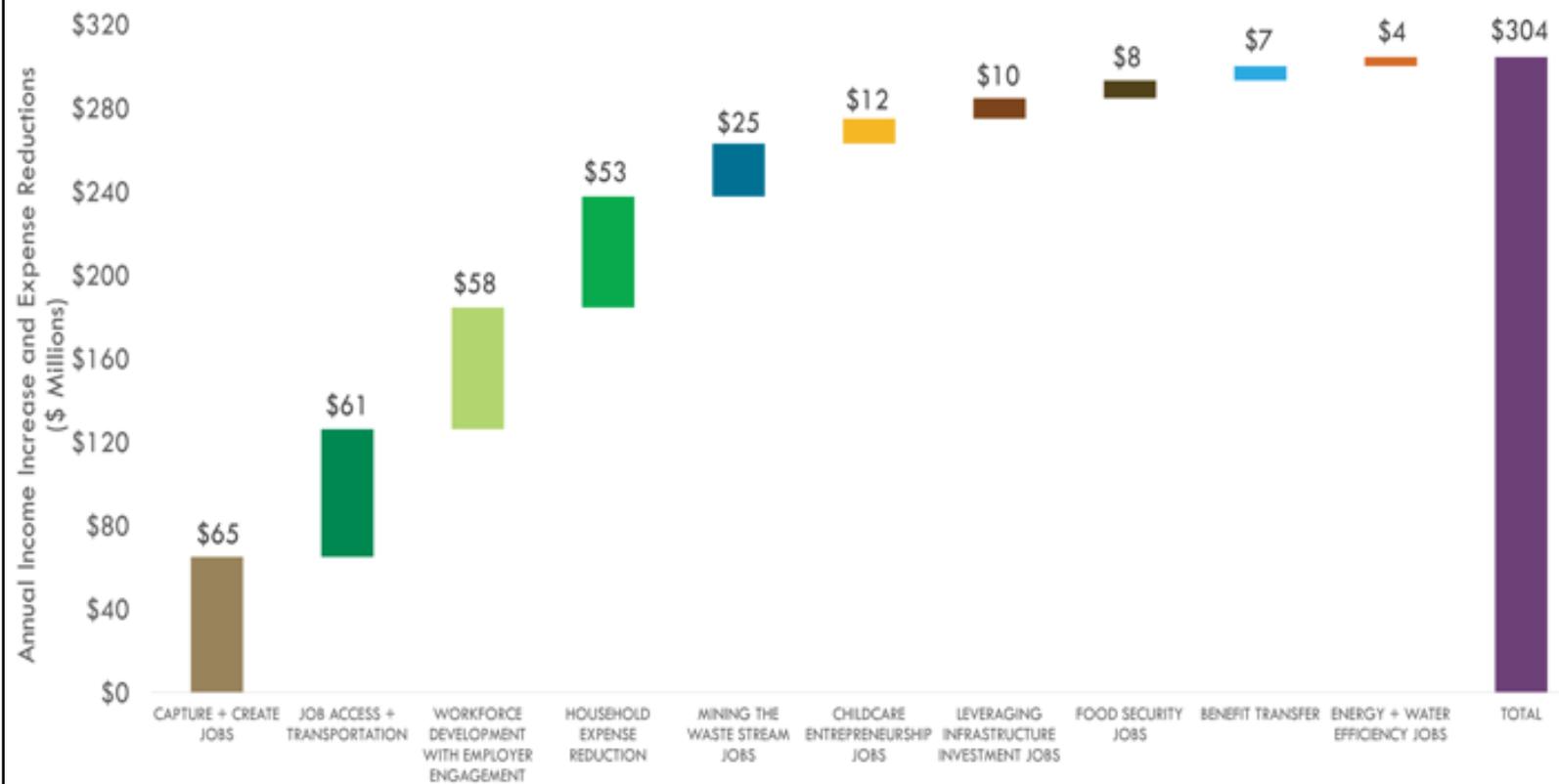
All figures annual

Reducing the number of people living in poverty 25% in any community is a bold goal, but let's put it into perspective for Detroit:

This poverty gap is just 0.4% of the \$75 billion regional economy; an economy that is projected to grow to \$79 billion in 2020. (Source Moody's Analytics).

Moreover, households in the city of Detroit are spending \$2.3 billion (or 8 times more than this) on transportation alone each year. This is not to say that the solution lies entirely in transportation, but transportation efficiency DOES have multiple environmental, health, and placemaking benefits. (Source: CNT H+T Affordability Index).

HERE'S HOW IT COULD BE DONE



HERE'S HOW IT COULD BE DONE CONTINUED...

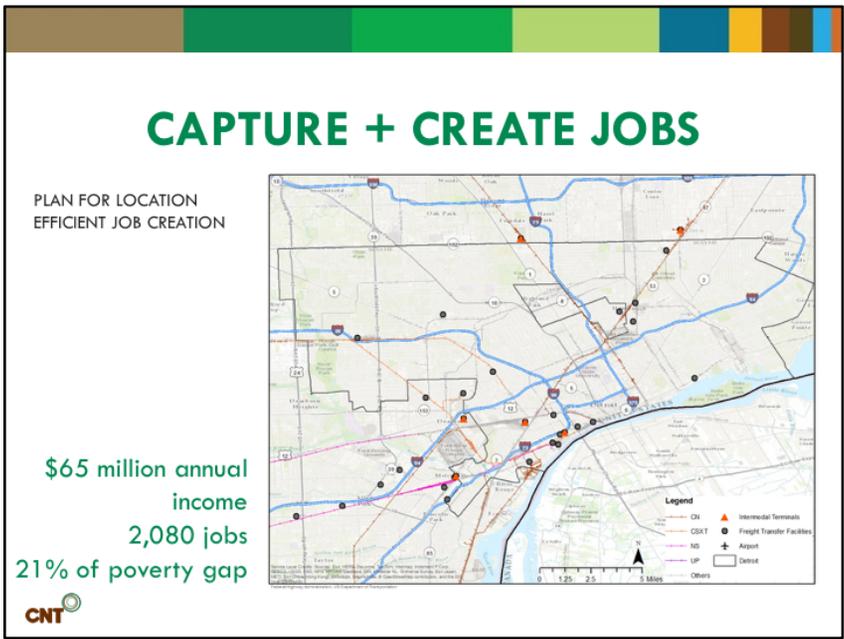
CNT has quantified the potential impact of a portfolio of strategies, which, taken together, could reduce poverty 25% in Detroit. The previous bar chart shows the portfolio of possible strategies to fill an annual \$304 million poverty gap in Detroit through reduced household expenses and increased incomes.

This is only one scenario, but it is a way of showing that change at this scale is possible. Each of these strategies are things that can be done.

Increasing income through jobs access and creation makes up the bulk of this portfolio, but reducing expenses plays a significant role too.



CNT has identified some examples of initial big wins for Detroit that we found through our research, interviews, and assessment of Detroit's assets and opportunities. However, Urban Opportunity Agenda is meant to be a framework and a process, rather than a prescriptive plan. An in-depth discussion on efficiency, expense reduction, creating opportunity, and quantified outcomes may spotlight a set of near-term actions in Detroit that are not part of these initial strategies.



Action: By Capturing and Creating Jobs we mean supporting the re-onshoring of manufacturing and drawing job growth into communities by addressing barriers to employers locating in cities, including land use and zoning, as well as freight transportation needs. Capturing 5.0% of the forecasted job growth for the region would create 2,100 jobs for people currently living in poverty.

The map here shows some of the underused assets Detroit has that could support this strategy and make Detroit a stronger regional hub for logistics and manufacturing.

Benefits: Improve employer access to workforce, efficient use of existing infrastructure assets, reduce travel of people and goods.

Where it's been done: The Brooklyn Navy Yard in New York is an industrial revitalization success story with more than 300 businesses employing 7,000 workers in a transit-accessible location.

Measurement assumes a greater capture of forecasted regional job growth by city/county through land use changes, policy, targeted investment, entrepreneurship, etc.
Source: Moody's

JOB ACCESS + TRANSPORTATION

CREATE CONNECTIONS
WITH PUBLIC TRANSIT AND
TRANSPORTATION
ALTERNATIVES



\$61 million annual
income
1,960 jobs
20% of poverty gap



This strategy is focused on improving access to jobs with increased transit, rideshare, employer shuttles, and more. In addition to benefiting low-income workers, expanding transit access benefits employers by widening the work pool, and making it easier and less costly to get to work helps families of all income levels.

Growing the number of jobs accessible by a 30 minute transit ride 13% could mean 2,000 more jobs for people living in poverty in Detroit (assuming 10% of newly accessible jobs are filled by those now in poverty). But, it would also mean 20,000 more jobs accessible to everyone in Detroit without driving alone.

Action: Make smart investments in alternatives to driving alone.

Benefits: Improve access to jobs, reduce transportation expenses for families, and keep dollars in the local economy while creating a more connected city.

Where it's been done: Transportation Management Associations, like GO BNMC at the Buffalo Niagara Medical Campus in New York, are member-run organizations that allow employers to provide transportation services. GO BNMC was able to access hundreds of thousands of dollars in grants, and 5 percent fewer employees drove alone in the program's first year, saving themselves money and reducing parking demand.

Measurement assumes growth in transportation alternatives to increase access to jobs in the region.
Source: CNT H+T Affordability Index

WORKFORCE DEVELOPMENT WITH EMPLOYER ENGAGEMENT

EXPAND SECTOR-SPECIFIC
JOB TRAINING IN INDUSTRIAL
SECTORS WITH GOOD
GROWTH PROSPECTS AND
ENGAGE EMPLOYERS IN THE
DESIGN OF WORKFORCE
TRAINING.

**\$58 million annual
income**
1,870 jobs
19% of poverty gap



The most effective workforce training is through strategic partnerships between employers and training programs, such as at community colleges. Employers can define the skills that they are looking for, ensure the curricula meet those needs, then employ the resulting trained workers. Community colleges can engage employers to ensure they design their curricula around these market-related skills, offering workers skills certificates that are nationally recognized. Programs to promote apprenticeships and on-the-job training are also essential, as lack of work experience is cited in many cases as a primary barrier to job access, and not all jobs require—nor are all workers suited to—community college enrollment.

There are 70,000 jobs in Detroit requiring a some college or an Associate's degree. Increasing access for workers currently living in poverty to just 2.8% more of those would mean 1,870 jobs.

While there are workforce development programs in Detroit, a more cohesive, coordinated strategy could be beneficial for workers and employers. Pairing workforce development strategy with cargo oriented development could prove greatly beneficial. Targets sectors include advanced manufacturing, health care, services, energy, IT, and agriculture.

Measurement assumes workforce training and employer engagement to increase access to jobs currently requiring some college or an Associate's degree. Source: U.S. Census LEHD.

HOUSEHOLD EXPENSE REDUCTION

PROVIDE CONSUMER INFORMATION ON SMARTER CHOICES AND INVESTING IN EFFICIENCY IN ENERGY, WATER, TRANSPORTATION, TELECOM AND FOOD.

REDUCE HOUSEHOLD EXPENSES AND ENVIRONMENTAL FOOTPRINT.

\$53 million annual expense reduction
18% of poverty gap



A city cannot just give every resident more money, but it can help them cut down on bills and save. In the areas of energy, transportation, telecom, and even food it is possible to save money by reducing waste and making efficient decisions. In a 2012 evaluation of CNT's Green Financial Education Program, participants reduced their household expenses by \$125/month and our analysis for this project finds possible savings that are even higher-- \$180/month for Detroit low-income residents. These are programs that can benefit households of every income level.

In addition to individual actions, systemic efficiencies, such as smarter land-use planning, can reduce costs communitywide. A 20 percent decrease in auto travel could save a low-income household \$770 per year in Detroit.

Action: Financial education and efficiency programs to help households cut expenses.

Benefits: Households save money and lower their environmental footprint.

Where it's been done: In a 2012 evaluation of CNT's Equity Express Green Financial Education Program, participants reduced their household expenses by \$125/month the equivalent of a \$0.72/ hour raise. These are programs that can benefit households of every income level.

Measurement assumes 20% savings in household costs for households in poverty. Source: CNT H+T Affordability Index & Calculated from US Consumer Expenditure Survey



MINING THE WASTE STREAM

CREATE JOBS BY REDUCING AND REUSING THE WASTE STREAM.

\$25 million annual income
810 jobs
8% of poverty gap





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Making use of the resources in the waste stream, including building materials, metals, recyclable plastics, and compostables is more job-intensive and sustainable than landfilling. This has the potential to create 810 jobs for workers currently living in poverty.

There is still a great deal that could be done in Detroit to divert the area's waste stream to more productive uses. A targeted effort to create jobs for residents currently living in poverty through deconstruction, large-scale composting, and other materials reuse and recycling programs would bring multiple benefits. The area's manufacturing industry provides a foundation for materials processing and reuse innovation.

Measurement assumes growth in waste management alternatives to landfilling. Source: Calculated based on Tellus Institute with Sound Resource Management "More Jobs, Less Pollution: Growing the Recycling Economy in the U.S.," Census, Bureau of Labor Statistics & Local waste data

LEVERAGE INFRASTRUCTURE INVESTMENTS

INVEST IN SUSTAINABILITY AND CREATE JOBS AND INCOME FOR LOW-INCOME PEOPLE.



\$10 million annual income
320 jobs
3% of poverty gap

CNT

Infrastructure investment can be used for poverty reduction by creating jobs for workers currently in poverty, finding efficiencies in public services, and incentivizing private investment in anti-poverty income creation and expense reduction. As a proxy for a varied set of policy and programs, the impacts of a local and disadvantaged worker hiring rule is estimated. A rule requiring hiring of 50% local and, of that, 30% disadvantaged workers applied to 50% of Detroit's capital budget could create 320 jobs for currently disadvantaged workers.

Source: Local Capital Budget and ARRA job figure updated for inflation

ENERGY + WATER EFFICIENCY JOBS

MAKE BUILDINGS MORE EFFICIENT THROUGH A LARGE-SCALE, ONE-STOP INITIATIVE THAT RETROFITS 20 PERCENT OF HOMES AND BUSINESSES

\$4 million annual income
140 jobs
1% of poverty gap



Investing in making buildings more energy and water efficient is a way to create jobs. Many efforts of this type are underway already. What our analysis asks is, “What impact on poverty could we have if we really scaled these efforts up and targeted the jobs toward the poor?”

The strategy we analyzed is retrofitting 20% of ALL buildings in the city and saving 20% on energy and water in each, which could create 140 jobs for people currently living in poverty.

Action: Cut energy and water use in buildings by 20 percent or more with efficiency improvements.

Benefits: Lower expenses for businesses and families of all incomes, reduce carbon emissions, create jobs, and prevent the need for more power plants. A 20 percent reduction in energy bills can mean saving hundreds of dollars a year for a household and thousands of dollars a year for a business.

Where it's been done: Elevate Energy's multifamily building program in Chicago has retrofitted over 23,000 housing units, which has created 523 jobs and helped many owners save 30 percent on utility and maintenance costs.

Measurement assumes the creation of a program to retrofit 20% of homes and businesses in the community to achieve 20% savings in energy and water use. Source: U.S. Census & Elevate Energy

OTHER STRATEGIES



Childcare Entrepreneurship Jobs (\$12 million)

Promote childcare entrepreneurship and workplace childcare policies to enlarge support systems for working families.



Food Security Jobs (\$8 million)

Increase local food self-sufficiency through urban agriculture and small-scale food processing..



Benefit Transfer (\$7 million)

Reduce moderate- and high-income household expenses and invest 10% of the savings in poverty reduction.



Childcare Entrepreneurship Jobs

Create 380 jobs for individuals currently living in poverty by expanding childcare options.

Food Security Jobs

Households in Detroit spend \$7,116 on food per year on average. This translates to \$1.8 billion a year in aggregate spending. If just 2% of that spending were moved to businesses creating jobs for those currently living in poverty that could create 270 jobs. (Source: Consumer Expenditure Survey)

Benefit Transfer

If moderate- and high-income households participate in a program to save 20% on their transportation, energy, water, telecomm, and food expenses they could save \$250 per month or more. 10% of those savings could be invested in a poverty alleviation fund. (Source: Consumer Expenditure Survey and CNT H+T Affordability Index)

WAYS TO START

- **Think Differently** – Include expense reduction with income growth to reduce poverty as a regional economic engine
- **Establish a Goal** – Engage diverse groups in setting a poverty reduction goal
- **Go after Quick Wins** – Look for low hanging fruit to build momentum toward your poverty reduction goal
- **Measure Progress** – Track and share the poverty reduction impact of your actions as well as the benefits for all residents and businesses



Communities can start implementing the Urban Opportunity Agenda today. We've broken a process down into these four steps to help local governments and institutions can build on work already underway and free up resources to address poverty.

We are now underway with the roll-out of our findings and actively seeking a set of conversations to find opportunities for "quick win" poverty reduction strategies.

Local governments and institutions cannot tackle poverty alone. State and federal changes to realign investments and create enabling policies are essential. For example, in 2015, New Orleans passed a "Hire NOLA" law, which requires 50 percent local hiring for public contracts, 30 percent of which must be from a disadvantaged population by 2020. Federal policy prohibits the application of such ordinances to federal funds, but in 2015 the US Department of Transportation launched a pilot to enable local hiring requirements on select projects.

A coalition of local governments focused on innovative poverty reduction and economic growth strategies needs to call for such systemic changes to create the necessary conditions to lower poverty while reducing expenses and increasing opportunities for all.

QUICK ACTION POSSIBILITIES

Jobs Access
Transportation

Cargo-oriented
Industrial
Redevelopment Plan

Household Expense
Reduction

Energy And Water
Retrofits



CNT found dozens of sustainability, economic development, and anti-poverty initiatives in the area in our scan. There is already a lot happening to grow the economy and improve efficiency. How can the Urban Opportunity Framework be used to increase impact and reach a significant poverty reduction goal?

For example, CNT has identified some early-action opportunities in our research:

Jobs Access Transportation

Expanding employer-based partnerships to improve transportation options for jobs access are a major opportunity for Detroit. The recent increase of tax-free transit benefits in the federal transportation bill to \$255 per worker per month provides use-it-or lose it resources for transportation improvements.

Cargo-oriented Industrial Redevelopment Plan

Detroit has a major opportunity in its efforts to bring manufacturing back to the city by linking manufacturing with state-of-the-art green logistics facilities at the international border and intermodal terminals.

Household Expense Reduction

Train community agencies and organizations to offer workshops to community residents about expense reduction and track the results.

Energy and Water Retrofits

Convene a planning group to develop a strategy for large scale retrofit program with job training and employment.



THANK YOU

For more information about the
Urban Opportunity Agenda,
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Photo Credit: Brent and Sue Quinlan, PMAI, Creative Commons license

Please get in touch with any questions,
comments, or suggestions.



To be used as needed.



This project analyzed the Knight Resident Cities, plus Gary, IN and Long Beach, CA. Akron and Miami were analyzed at the county level, because the county was a better scale for potential changes required. Macon-Bibb was analyzed at county level because of recent city-county consolidation.

Project Places:

Akron-Summit County, OH | Charlotte, NC | Detroit, MI | Gary, IN | Long Beach, CA | Macon-Bibb County, GA | Miami-Dade County, FL | Philadelphia, PA | San Jose, CA | St. Paul, MN

METHODS

Scale x Impact

CNT estimated the potential impacts of poverty reduction strategies using place-based data and clearly documented assumptions.

Over time, these methods can be iterated on with detailed local data to enable implementation and evaluation of programs.



CNT used a combination of quantitative, qualitative, and geospatial research for this project.

Here are brief notes on the quantification methods by poverty reduction strategy. More details are available in the methodology document.

All jobs assumed at \$15 per hour, full time.

- CAPTURE + CREATE JOBS = x% of regional job growth for target population (Moody's)
- ENERGY + WATER EFFICIENCY JOBS = 20% of buildings retrofitted x 8.25 target jobs per \$1 million in investment over 10 years (Census & Elevate Energy)
- JOB ACCESS + TRANSPORTATION = Jobs accessible in 30 minute transit ride x x% improvement x 25% share of jobs accessed for target population (CNT H+T Affordability Index)
- WORKFORCE DEVELOPMENT WITH EMPLOYER ENGAGEMENT = Jobs requiring some college or associate's degree in city or county x x% newly accessed by target population (Census)
- LEVERAGING INFRASTRUCTURE INVESTMENT JOBS = 50% of estimated local capital budget x 10 jobs per \$1 million x 50% local hire x 30% disadvantaged (CNT research of city/county budgets & ARRA job figure updated for inflation)
- HOUSEHOLD EXPENSE REDUCTION = Annual expenses for transportation, energy, telephone, water, and food for poverty households x 25% participation x 20% savings from efficiency (CNT H+T Affordability Index & Calculated from US Consumer Expenditure Survey)
- CHILDCARE ENTREPRENEURSHIP JOBS = 25% of children currently in poverty x 50% childcare age x 25% will need childcare as parents add work / 6 children per childcare worker x 75% of jobs for target population (Census)
- FOOD SECURITY JOBS = Aggregate annual food expenses for all households x 2% shift to local, disadvantaged businesses x 7.5 target jobs per \$1 million (Consumer Expenditure Survey and various jobs multipliers)
- MINING THE WASTE STREAM JOBS = Estimated total annual waste x 1.6 target jobs per 1,000 tons from green waste management x adoption rate weighted by current waste practices and strength of local manufacturing industry (Calculated based on Tellus Institute with Sound Resource Management "More Jobs, Less Pollution: Growing the Recycling Economy in the U.S.", Census, Bureau of Labor Statistics & Local waste data)
- BENEFIT TRANSFER = Annual expenses for transportation, energy, telephone, water, and food for all households x 25% participation x 20% savings from efficiency (CNT H+T Affordability Index & Calculated from US Consumer Expenditure Survey)



ABOUT CNT

- CNT is a national hub for research, strategies and solutions to help cities use resources more efficiently and equitably.
- We believe solving problems like poverty, climate change and urban sprawl starts with making neighborhoods, cities and regions work better.



We make cities work better. Our goal is to advance urban sustainability and shared prosperity through initiatives in transportation, water, climate, and public policy. We coach city leaders, advise decision makers, and find new ways to solve challenges. The Center for Neighborhood Technology is an award-winning national nonprofit founded in Chicago in 1978.

Our main areas of focus are:

Transportation + community development

Water management

Economic development