SEE CHANGE COLLECTIVE

AN INITIATIVE TO CLOSE THE RACIAL WEALTH GAP IN THE NEW ORLEANS REGION

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Urban League of Louisiana

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Introduction

The Greater New Orleans region is a melting pot of residents with varied life experiences and backgrounds. However, the outcomes and opportunities afforded to each resident in this diverse region look vastly different due to systemic inequities related to the color of their skin. Like many metropolitan areas across the country, New Orleans and its surrounding region have been largely shaped by a legacy of structural racism that has disadvantaged many Black and Hispanic/Latino people, and that, in many ways, endures in the present day. Access to opportunity is unequal in Greater New Orleans, as it is throughout the country, and this is perhaps best demonstrated through the racial wealth gap that exists between the region's White residents and those of color. Decades of racial and systemic oppression have prevented many Black and Hispanic/Latino people from accumulating wealth at the same rate as their White counterparts in the U.S., resulting in significant racial disparities across key economic outcomes including income and wages, homeownership, as well as business ownership and entrepreneurship. To create the economic climate that will position Greater New Orleans for the future, businesses and policymakers must look to the potential of all the region's residents and take deliberate, realistic, and proven measures to enable full participation.

Persistent inequities related to the quality of life, health, safety, and welfare of Black and Hispanic/Latino communities ultimately result in extensive economic costs that incumber the entire region. According to research, closing the racial wealth gap would add $43 billion to the regional economy, which would mean more money for families to raise their standard of living and more money to circulate back into communities.[1] If nothing is done to close the racial wealth gap, this inequality will continue to wreak havoc on Black and Hispanic/Latino communities and the overall regional economy for generations to come. A concerted effort must be made to close the racial wealth gap in the region so that Greater New Orleans and every single one of its residents can sustain and thrive.

The Urban League of Louisiana, through the SEE CHANGE Collective, intends to do just that. The SEE CHANGE Collective is a data-driven, community-oriented, and outcomes-focused initiative, committed to identifying and implementing policy and practice solutions to close the racial wealth gap in the Greater New Orleans region. Led by the Urban League of Louisiana, the SEE CHANGE Collective believes there is both a moral and an economic imperative to close the racial wealth gap which means undoing years of policies and practices that have been harmful to Black and Hispanic/Latino residents and that have kept many families in a cycle of generational poverty. This initiative aims to correct those wrongs through education and awareness as well as policy and practice changes rooted in racial equity.

The SEE CHANGE Collective's approach to addressing the wealth gap is three-pronged with an explicit focus on increasing income, business ownership, and homeownership for Black and Hispanic/Latino people. Data show that focusing on these three levers is the most impactful way to close the wealth gap. Using a collective impact approach, SEE CHANGE will deploy five strategies to move the needle across the three levers: Research, Data Collection & Analysis, Partnerships, Community Engagement, Strategy Development, and Awareness & Education. Ultimately, SEE CHANGE seeks to identify policies and practices that increase as well as hinder access to wealth building opportunities for Black and Hispanic/Latino residents of the Greater New Orleans region. Furthermore, SEE CHANGE understands that identifying the policies and practices that truncate opportunities will aid in their removal and in the creation of new and more equitable policies and practices that can systematically address the challenges Greater New Orleans residents of color face.

Methodology

To inform the SEE CHANGE Collective's work, Square Button Consulting (SBC) interviewed seven practitioners with knowledge and expertise in the areas of housing, workforce development, economic development, income inequality, and racial inequality. Additionally, SBC conducted a literature review by examining over 25 sources including reports, articles, and frameworks. SBC also researched organizations and initiatives focused on closing the racial wealth gap and generating wealth for Black and Hispanic/Latino communities. The insights gained from this research will be used to better understand the racial wealth gap and to serve as a foundation for identifying potential solutions that are relevant and actionable.

System-level Barriers to Wealth Accumulation for Black and Hispanic/Latino Communities

Generational Wealth

The ability to transfer assets from one generation of a family to the next plays a significant role in a family's ability to accumulate long-term wealth. Intergenerational wealth transfer accounts for 60 percent of the disparity in annual flows of wealth between Black households and White households.[2] Between 2010 and 2019, the average inheritance of a White household with a head of household in the 55-64 age group was $101,354; comparatively, a Black household in the same category had an average inheritance of $12,623.[3] The immense gap in wealth accumulation across generations can be attributed to a long history of systemic racism wherein Black and Hispanic/Latino communities were denied opportunities to secure financial stability and build wealth through avenues that were readily available to White communities, such as homeownership. A history of discriminatory practices across the housing market, labor market, and financial market have allowed these inequities to persist.

Financial and Non-Financial Assets

Household wealth is comprised of both financial and non-financial assets, and Black and Hispanic/Latino households typically hold less assets in both categories when compared to White households. Examples of financial assets include checking accounts, retirement accounts, stocks, and life insurance, whereas non-financial assets include properties (primary residence and other residential property), vehicles, and business equity. According to research by Citi GPS, Black families have one-third the financial assets of White families, while Hispanic families have only one-fourth the amount.[4] Furthermore, when Black and Hispanic households do hold assets, they tend to be lower in value than the assets of their White counterparts.[5] The disparity of assets can be attributed to Black and Hispanic/Latino households on average having higher debt, lower lifetime income, lower savings, and less inherited wealth, which can all be traced back to racial inequality.

Access to Financial Services

The ability to leverage financial services to save, invest, access credit, and protect assets can play a key role in one's sustainable economic mobility. Exclusion from financial services can mean that basic financial decisions, such as cashing a check or saving for a rainy day, are made more complicated and buying a home or starting a business is next to impossible. Yet, historically, and presently, Black and Hispanic/Latino people have had less access to traditional financial services than their White counterparts.

Data show that 40 percent of Black people and 30 percent of Hispanic people are unbanked or underbanked; this is compared to 12 percent of White people within that same category.[6] This disparity is also a lasting symptom of systemic racism resulting from redlining and segregation that extremely limited or categorically denied access to the financial system for Black and Hispanic/Latino people. So, as White people were leveraging access to credit to create financial opportunities and foster economic development within their communities, Black and Hispanic/Latino people were either forced to work outside the system or rely on more predatory services to support their financial needs. This systemic exclusion has resulted in a cyclical pattern of inequality as alternative financial institutions come with greater fines, fees, and penalties, which can negatively impact credit and thus further limit access to financial services.[7] This legacy of inequality has affected generations of Black and Hispanic/Latino families as bias and discrimination are reflected in lower credit scores, causing financial exclusion to persist in the present day. In 2019, Black families were the most likely racial group to be denied mortgages for home purchase or refinancing.[8] Greater financial inclusion is important to fostering economic stability and reducing financial inequality.

Barriers to Homeownership

Discriminatory Housing Policies and Practices

For many people in the U.S., homeownership is one of the most viable means to building wealth and financial security. However, a long history of racist housing policies and practices meant that for a very long time, only White people could reap the benefits of this American dream. Racial discrimination was ingrained in the housing system throughout the 21st century in ways that still endure for Black and Hispanic/Latino communities to this day. These discriminatory practices include restrictive covenants that legalized racial segregation, redlining through the Federal Housing Administration which denied financial services on the basis of race, the exclusion of non-White people from Veteran Administration benefits such as low-interest mortgages, and urban renewal which decimated Black neighborhoods and displaced Black residents.[9] Each of these policies and practices, among others, gave White families a significant advantage in building wealth for generations to come, while Black and Hispanic/Latino families were largely excluded and severely disadvantaged in ways that have had devastating consequences for each respective communities' economic prosperity. It must be noted that earlier studies of housing discrimination often omitted the Hispanic/Latino experience with this issue, however, later studies found that these two communities often experience housing discrimination in similar ways.[10] The effects of past discrimination can be seen in the homeownership gap in the present day. In 2020, the national homeownership rate was the lowest for Black people at 44 percent, followed by Hispanic people at 49 percent in comparison to White people who had a homeownership rate of 75 percent.[11]

Disregard for Fair Housing Laws

The Fair Housing Act of 1968 was established as a way to eliminate discrimination that had become widely prevalent in the housing system. Unfortunately, discrimination, both intentional and unintentional, still persists for many Black homeowners and aspiring homeowners. For example, Black mortgage applicants are more likely to be charged higher interest rates compared to White applicants.[12] Black homeowners are also more likely to receive lower appraisals when they attempt to sell or refinance their homes.[13] Whether a result of conscious or subconscious decisions, these disparities in the homebuying process ultimately contribute to the undervaluing of Black-owned homes and Black communities. Research shows that homes in majority Black neighborhoods are worth 23 percent less, or approximately $48,000 per home, than comparable homes in neighborhoods with little to no Black residents.[14] Fair housing policies and regulations are designed to combat the consequences of harmful policies and to protect people from bias, yet when they are not fully adhered to or enforced, even those who are financially able to become homeowners lose the ability to build greater wealth.

Disparities in Mortgage Lending

For most people, homeownership is only attainable with the help of a mortgage loan. Yet, disparities in mortgage lending can lead to Black and Hispanic/Latino people paying more in the mortgage process or being denied completely. Studies have found that Black and Hispanic/Latino people are typically charged higher interest rates by lenders.[15] One study of mortgage data found that Hispanic homebuyers paid almost twice the amount of White homebuyers in closing costs on a 30-year mortgage.[16] Additionally, in 2019, Black and Hispanic mortgage applicants were denied conventional and nonconventional loans for home purchases at rates of approximately 16 percent and 12 percent, respectively, as compared to a 7 percent rate for White applicants.[17] The variance in rates may be attributed, in part, to the lower credit scores and higher debt-to-income ratios of these groups.[18]

Housing Market Constraints

A lack of affordable housing inventory has made it difficult for many people to purchase homes. This shortage is due in large part to high development costs coupled with historically low interest rates which has led to a constrained market with increased home prices.[19] Research shows that existing single-family homes for sale decreased 11 percent from the first quarter of 2019 to the first quarter of 2020 and the overall supply of for-sale homes is at its lowest level since 1982.[20] Additionally, prices for lower-cost homes increased 7.6 percent from the previous year, compared to a 5 percent increase of high-cost homes.[21] Shortages in the construction labor force, which is largely comprised of immigrant populations, also has affected housing production.[22] While these constraints act as a barrier for all future homebuyers, for Black and Hispanic/Latino populations, who are disproportionately more likely to have lower credit scores and lower incomes, the constraints make the experience of purchasing an affordable home all the more challenging.

Barriers to Wages and Income

Occupational Segregation

Black and Hispanic/Latino workers have long experienced occupational segregation in the workforce which has resulted in each group being overrepresented in low-wage jobs and underrepresented in high-wage jobs. Fifty-four percent of Black workers and 63 percent of Hispanic/Latino workers are low-wage workers compared to 36 percent of White workers.[23] Here, low-wage is defined as hourly wages below 2/3 the median hourly wage for men working full-time – using the wage for men to account for gender pay inequality.[24] Latino workers are disproportionately represented in low-wage jobs like maids and housekeepers, laundry and dry-cleaning workers, food prep workers, retail workers, and childcare workers.[25] Similarly, Black workers are disproportionately represented in low-wage jobs like healthcare support (e.g. nursing assistants and home health aides), cashiers and stock clerks, food prep workers, and security guards.[26] However, both Black and Hispanic/Latino workers are largely underrepresented in high-wages jobs in STEM, finance, law, medicine, and management.[27] Intentional and unintentional exclusion from higher-wage jobs that often have greater benefits and protections, as well as decades of wage stagnation, largely contributes to the wage and income inequality that is felt by workers of color.

Advancement in the Workplace

Barriers to professional advancement can hinder one's ability to access a higher income and build sustainable wealth. As noted previously, Black and Hispanic/Latino people are overrepresented in low-wage jobs, and these jobs often provide insufficient opportunities for career advancement. Furthermore, disparities sometimes exist related to who can advance within these types of jobs. One study found that in examining 700 stores of a national retailer, White workers were 2.4 times more likely to be promoted within a year than Latino workers and 4.7 times more likely than Black workers.[28] Black and Hispanic/Latino people are also disproportionately underrepresented in managerial positions. Only approximately 10 percent of Black workers and 10 percent of Hispanic/Latino workers hold management or professional roles as compared to 79 percent of White people within similar roles.[29] Limited advancement in the workplace is also the result of both gender and racial inequality. Women, and specifically Black and Latina women, are much less likely to be promoted to manager than white men, white women, and men of color[30] In some cases, disparities within advancement are attributed to biases and discrimination in the workplace as well as insufficient sponsorship and mentorship within professional networks that better enable movement up the career ladder.[31]

Higher Education Constraints

The relationship between higher education and the racial wealth gap is complex. While higher education is typically associated with greater economic mobility, when race is added to the equation, this becomes more nuanced. Racial disparities exist in higher education in a multitude of ways, primarily in the attainment of postsecondary education. In 2019, 26 percent of Black adults and 19 percent of Hispanic adults aged 25 and over held bachelor's degrees or higher; this is compared to 40 percent of White people and 58 percent of Asian people in the same category.[32] Immigrant status among racial groups can also affect the attainment of a bachelor's degree. U.S. born Black people and Latino immigrants tend to have a smaller share of bachelor's degrees compared to Black immigrants and U.S. born Latino people.[33] Literature suggests that this attainment gap in higher education can, in part, be traced to underfunding in K-12 public schools which can affect overall quality of education for students of color. A 2018 study of funding disparities in school districts across the nation found that school districts that serve a higher concentration of Black, Latino, and Native American students receive 13 percent less, or $1,800, per student.[34]

While greater access to higher education opportunities can increase participation in the labor force and lead to a wider range of employment opportunities for Black and Hispanic/Latino people, it does not translate to equitable income for these groups. Research shows that across every level of educational attainment, Black and Hispanic/Latino people earn less than their White counterparts, and in some instances, earn less than White people with less education.[35] For example, Black people with associate degrees typically earn less than White people with only a high school diploma.[36] Additionally, educational advancement leads to greater wage gains for White people than Black and Hispanic/Latino people. In sum, Black and Hispanic/Latino people with postsecondary degrees will likely earn more money than Black and Hispanic/Latino people without degrees, however Black and Hispanic/Latino people with postsecondary degrees will likely lag behind White people with similar degrees, and in some cases White people with lesser degrees as well. Therefore, higher education unto itself is not a solution to closing the racial wealth gap unless racial disparities for people of color are addressed.

Automation

There has been much concern over current and emerging trends in automation that could reshape the labor market and result in certain low-wage, low-skill jobs becoming obsolete or greatly altered. Jobs that are reportedly very susceptible to changing trends in automation include cashiers, retail workers, food prep workers, home health aides, and customer service representatives.[37] These trends could present an outsized challenge for Black and Hispanic/Latino workers who disproportionately hold these types of jobs. Research shows that Hispanic/Latino workers face the highest risk of replacement by automation at 63 percent followed by Native American workers at 59 percent, then Black workers at 58 percent.[38] English-language fluency also presents a significant challenge as non-English speakers and workers with limited-English fluency also face a substantial risk of job loss due to automation.

Barriers to Business Ownership and Entrepreneurship

Access to Capital

One of the leading barriers to sustainable business ownership for Black and Hispanic/Latino people is access to capital. When funding new or existing businesses, Black and Hispanic/Latino people are less likely to receive financing from banks, financial institutions, and professional investors in comparison to their white counterparts, and instead, typically use personal credit cards or acquire funds from family and friends.[39] However, these sources of financing typically amount to smaller sums of money which can limit the financial growth and scalability of businesses and create a greater debt burden. The use of personal credit is more costly due to higher interest rates and fees which can jeopardize a person's overall creditworthiness. Research shows that Black entrepreneurs on average receive approximately $35,000 in start-up capital while White entrepreneurs average approximately $107,000.[40] Research also indicates that when Black and Latino business owners access funding through more traditional sources like banks and financial institutions, they are less likely to receive loans of $100,000 or more compared to their White peers.[41] Sixteen percent of minority-owned businesses report that lack of access to capital and capital costs negatively impacts their businesses' profitability compared to 10 percent of non-minority-owned businesses, and Black entrepreneurs in particular experience the greatest burden in this regard.[42]

Lending Disparities

Access to capital is sometimes constrained by lending disparities that deny Black and Hispanic/Latino business owners' equal access to loans from traditional financial institutions. According to the 2021 Small Business Credit Survey, only 24 percent of Black business owners and 32 percent of Hispanic/Latino business owners were fully approved for loans, lines of credit, and cash advances compared to 55 percent of White business owners.[43] Because Black and Hispanic/Latino people are disproportionately more likely to have lower credit scores or insufficient credit histories, disparities in credit access are, in part, a result of disparities in credit risk. However, this does not tell the full story. Even when controlling for creditworthiness, only 24 percent of Black business owners and 25 percent of Hispanic/Latino business owners with high credit scores received all financing sought compared to 48 percent of White business owners with similar credit scores. Moreover, research shows that Black loan applicants are sometimes forced to go through a more rigorous application process than their peers. One case study using testers to investigate consumer lending trends found that Black testers were more frequently asked to provide business and personal financial statements compared to White testers with similar business profiles and credit histories. In the same study, Black testers were asked to provide W-2 forms when White testers were not asked for such documentation at all.[44]

Access to Formal and Informal Networks

Networks, both formal and informal, are a cornerstone of business development. When leveraged to its fullest potential, social capital from networking relationships can result in business growth. Literature suggests that Black entrepreneurs sometime struggle with gaining access to networks and mentor relationships which can impede scaling new businesses and attracting venture capital.[45] Latino business owners do not seem to face a similar challenge in accessing networks. According to research from the Stanford Latino Entrepreneurship Initiative (SLEI), Latino owners of employer businesses are very involved in networks, both organizational and personal, and involvement in these networks contribute to greater funding success for these business owners.[46] However, this may not be the case for Latino-owned businesses with no employees.

System-level Strategies and Opportunities to Close the Racial Wealth Gap

Access to Financial Services

Access to financial services can impact a person's ability to save, borrow, invest, and build credit. However, a disproportionate number of Black and Hispanic/Latino people are unbanked or underbanked, and thus resort to alternative services such as payday loans, cash checking services, money orders, or pawn shop loans.[47] At best, these alternatives may come with excessive fees, and at worst, may even be predatory, which can further exacerbate income inequality. Limited financial inclusion can affect a person's ability to maintain financial wellbeing. One policy solution that is frequently proposed in literature is the use of the U.S. Postal Service (USPS) to provide financial services to underserved populations. Post offices are already a common fixture in many communities and would not only provide unbanked people with access to bank accounts and financial services but could also act as a distribution channel for other federal and state benefits.[48] In recent years, there have been attempts made by lawmakers to introduce federal legislation to establish and fund postal banking, but without much success. Other strategies that have been considered include increasing affordable online banking options and expanding financial services offered by Community Development Financial Institutions (CDFIs). CDFIs are particularly well-positioned to increase access to financial services for Black and Hispanic/Latino people because they, particularly minority-led CDFIs, already have a proven track record in serving these communities and more than a third of CDFIs are minority-led.[49] As mission-based lenders, CDFIs provide inclusive access to financial products to people who are sometimes shut out of traditional financial institutions. For Black and Hispanic/Latino entrepreneurs and small business owners, CDFIs are valuable in their ability to provide access to capital through products such as microloans (loans of up to $50,000). Proponents of CDFIs are calling for policies that increase their funding which would give CDFIs the necessary capacity to serve marginalized communities on a much larger scale.

In Action: The City of New Orleans conducted a survey of financial services available to unbanked and underbanked individuals in the Greater New Orleans region and created a Banking Services Finder, a navigation tool to help people find resources. The city identified 16 banks and credit unions offering services such as no overdraft fees, no minimum balance, bill pay, low or no monthly maintenance fees, payday loan alternatives, loans for immigrants, plus more.[50]

In 2015, the national nonprofit organization Cities for Financial Empowerment Fund (CFE Fund) developed an initiative called *Bank On*, which is a national movement to increase access to safe, affordable banking to underserved populations. There are nearly 90 coalitions across the U.S. supporting this initiative. Through *Bank On*, CFE Fund created National Account Standards which promote low or no fee services that banks can adopt to be more inclusive, now over 100 financial institutions and 24,000 branch locations offer certified accounts using the *Bank On* standards.[51] There are three *Bank On* coalitions in Louisiana, but none in the Greater New Orleans region. However, several branch locations within the region are certified in the *Bank On* standards.

Alternative Credit Models

Many financial institutions rely primarily on FICO credit scores to assess credit for borrowers. FICO scores heavily depend on traditional credit assessment methods such as payment history, credit utilization ratio, credit history, and debt. This traditional modeling has proven to disproportionately disadvantage Black and Hispanic/Latino borrowers and limits their access to financial benefits that come from having a good score, including buying a home or starting a business. Some literature points to alternative credit models as a potential strategy that would broaden access to credit products, particularly for groups that have lower credit scores or no credit histories. Instead of using traditional credit score criteria, lenders could also consider other criteria to determine creditworthiness, such as rental, utility, and cell phone payment histories. Some sources warn that using alternative data for creditworthiness, much like traditional modeling, may also come with potential issues. If alternative credit models use financial information that also exhibit racial disparities, these models too could potentially produce the same disparities in credit scoring.[52] Still, an alternative credit model is likely a better substitute for people with no credit scores than the current model.

In Action: In July 2020, the Office of the Comptroller of the Currency (OCC) within the U.S. Department of Treasury launched an initiative called Project REACh (Roundtable for Economic Access and Change) to promote financial inclusion through greater access to credit and capital. One of Project REACh's goals is to establish an alternative scoring method that helps people with little to no credit histories build credit scores. Project REACh is currently working with technology partners to do this work.

In 2021, 10 banks including JPMorgan Chase, Wells Fargo, and U.S. Bancorp, plan to launch a pilot program where they will use costumers' checking or savings accounts to increase their chances of being approved for credit cards.[53] In reviewing the customers' deposit accounts, the banks will be able to factor in bill, rental, or utility payments to determine eligibility. This initiative is an effort to extend credit to people who traditionally lack opportunities to borrow. Five of the banks that will participate in the pilot program are also members of Project REACH.

Tax Reform

The primary role of the U.S. federal tax code is to serve as a tool for collecting government revenue, however, due to structural racism, it too can perpetuate racial wealth inequality by benefiting wealthy, mostly White taxpayers. Following the enactment of the 2017 Tax Cuts and Jobs Act, nearly 80 percent of tax cuts went to White households that only comprised 67 percent of taxpayers. Moreover, 44 percent of tax cuts went to the top 5 percent of White earners who only comprised 4 percent of taxpayers.[54] Several suggestions have been proposed to reform the tax system in a way that would distribute wealth more equitably and reduce the racial wealth gap. These suggestions include strengthening and expanding tax credits like the Earned Income Tax Credit (EITC) and Child Tax Credit, both of which have proven to reduce poverty and increase economic prosperity for low-income households of color.[55] Another suggestion includes modifying tax provisions that disproportionately benefit the wealthy, such as capital gains taxation and mortgage interest deduction.[56]

In Action: In 2007, Louisiana became the first southern state to enact the EITC, yet Louisiana's EITC remains one of the lowest in the nation. In 2018, Louisiana legislators approved the expansion of the state's EITC from 3.5 percent to 5 percent of the federal credit, yet the expansion is temporary and expires in 2025.[57] In March 2021, House Bill 299 was introduced to permanently increase the EITC to 10 percent, but it died in committee. House Bill 300 was also introduced to eliminate the mandatory decrease in the amount of the EITC in 2025, but that also died in committee. In April 2021, House Bill 660 was introduced to strengthen the EITC for childless, low-wage workers, but the bill died in chambers.

Anti-discrimination Protections

For many people of color, discrimination remains a barrier to purchasing a home, starting a business, or navigating the workplace. There are federal laws and agencies in place that are meant to protect people from discrimination on the basis of race, color, religion, sex, and other protected classes. These laws include the Fair Housing Act and the Equal Credit Opportunity Act, while the Equal Employment Opportunity Commission serves as a leading agency. However, many studies and anecdotal accounts show that discrimination and biases prevail. During the Trump administration, much was done to curtail and weaken civil rights protections including reversing policies on affirmative action, cutting government diversity training, and even an attempt to stop enforcement of fair housing protections.[58] Fortunately, the Biden administration has taken steps to reinstate some of these protections. However, to ensure that people of color are not barred from opportunities to build wealth through homeownership and business creation due to racism, both explicitly and implicitly, agencies and organizations that promote and enforce anti-discrimination protections need to be properly funded and said protections need to be better enforced or expanded where necessary. These protections need to be a priority at the federal, state, and local level. Moreover, employers have a role to play in developing policies and systems – beyond those that are legally mandated – that foster racial economic equity and reduce racial disparities in hiring, retention, promotion, and compensation.

Promising Strategies and Opportunities to Promote Homeownership

Affordable Housing Assistance and Alternative Pathways to Homeownership

A combination of high housing costs, supply constraints, zoning restrictions, and inadequate income and wages puts homeownership out of reach for many people. Homeownership can be made affordable to people at all income levels through increased provision of financial products, assistance programs, and policy reform that reflect local conditions and circumstances. One of the biggest obstacles to buying a home is saving up enough for a down-payment. A surplus of Black and Hispanic/Latino people are cost-burdened and pay a significant portion of their income on keeping a roof over their head. Thus, it is likely that this burden prevents saving enough for a down-payment and home closing costs. Down-payment assistance programs that are sufficiently funded and appropriately designed could give people of color access to equity to purchase homes. The Urban Institute estimates that if first-generation homebuyers were targeted for down-payment assistance, 32 percent of Black renters and 48 percent of Hispanic/Latino renters would be eligible.[59] For the share of low-cost homes that are available, there should be increased access to small-dollar mortgage loans. Finally, there should be greater exploration into the viability of alternative pathways to homeownership, including lease-to-own and shared-equity models such as community land trusts.

Homeownership Preservation

In addition to creating opportunities for new homeowners of color, there needs to be a greater focus on the preservation of existing homeowners. According to research from the Urban Institute, Black homeowners are far less likely to remain in their homes in comparison to White homeowners and, the Black homeowners that manage to sustain homeownership have $23,000 more in housing wealth compared to Black homeowners who revert back to renting after owning.[60] Thus, the ability to preserve one's home can impact wealth accumulation. This is particularly worrisome considering how much wealth is generated from intergenerational transfer of homes. One solution that has proven to be beneficial is pre- and post-purchase home counseling as well as foreclosure mitigation counseling. Programs that support cost-burdened homeowners are also important, such as foreclosure mitigation assistance programs and abatement programs. One critical subgroup of cost-burdened homeowners is seniors, who are more likely to be on a fixed income which can make keeping up with repairs, renovations, and increasing property taxes extremely difficult.

Fair Housing Protections

As long as discrimination and biases remain a barrier to accessing housing opportunities for Black and Hispanic/Latino people, the effort to uphold and enforce fair housing and lending compliance should be equally unyielding. Some recommendations that have been suggested to strengthen and better enforce compliance include greater funding to the Housing and Urban Development's (HUD) Office of Fair Housing and Equal Opportunity as well as the Fair Housing Initiatives Program.[61] Local fair housing organizations are also important resources and should receive adequate funding to properly monitor and eliminate housing discrimination through education and services. One way lending disparities could be addressed is through reform of the Community Reinvestment Act (CRA) which was enacted in 1977 to increase access to lending for low- and moderate-income households. There are varied recommendations for how to reform the CRA but many of them emphasize a more explicit focus on serving communities of color.

In Action: In 2021, HUD began taking steps to reinstate two key fair housing regulations that the Trump administration attempted to dismantle: the 2013 Disparate Impact rule and the 2015 Affirmatively Furthering Fair Housing (AFFH) rule. The 2013 Disparate Impact rule established a three-step burden that shifted the standard for determining when housing policy with discriminatory effects violate the Fair Housing Act. The rule was critical in establishing the basis that seemingly race neutral policy can be harmful in practice when it results in disparate impact (unintentional discrimination) on specific groups of people. The 2015 AFHH rule required local governments to analyze patterns of segregation and poverty and to submit plans to address them to receive HUD funding.[62] Both of these regulations are very important anti-discrimination tools and their reinstatement represents a major win for fair housing rights.

Promising Strategies and Opportunities to Improve Income and Wages

Minimum Wage

Raising the minimum wage has become a prominent proposal in recent years, and some research offers it as a potential policy solution for closing the racial wealth gap. Studies show that Black and Hispanic/Latino people make up a disproportionate number of minimum wage workers and therefore would benefit most from a comprehensive minimum wage increase. In recent years, major corporations like Costco, Target, and Ben and Jerry's have taken the initiative to increase minimum wages for their employees. Still, the federal minimum wage is $7.25 and has remained that amount since 2009.

Nearly a decade ago, a movement was born among minimum wage workers and labor advocates in a fight for a federal $15 minimum wage. This battle has persisted with some wins in certain states and localities; however, some experts argue that even $15 in the current economy is not a livable wage in most metropolitan areas. In advocating for a minimum wage increase at federal, state, and local levels, many proponents argue that this increase needs to be a living wage that enables people to afford food, shelter, and other essentials and to keep up with the steadily rising costs of living.

In Action: Louisiana is one of 21 states that still uses the federal minimum wage of $7.25 as the state minimum wage and none of the 21 states have higher minimum wages in local jurisdictions. In fact, all but one state, Wyoming, prohibits cities and counties within their respective states from adopting higher local minimum wages.[63] In 2021, two minimum wage bills (Senate Bill 7 and Senate Bill 49) failed to pass in the Louisiana State Senate that would have raised the state minimum wage to $15 an hour. Senate Bill 7 would have raised the wage gradually until 2026 and Senate Bill 49 would have increased the wage immediately starting January 1st, 2022.[64]

Employment Opportunities

A disproportionate number of Black and Hispanic/Latino people face significant disadvantages in the labor market that make building wealth next to impossible. Research shows that Black and Hispanic/Latino people experience higher rates of unemployment; are disproportionately concentrated in entry-level positions; and, on average, have lower wages, in comparison to White peers, regardless of their title or skill level. And, while greater educational attainment by itself will not close the racial wealth gap, workers of color without degrees or specialized training face a far steeper uphill climb than those with them. Workforce equity requires a multi-tiered approach involving greater pathways to high-wage, high opportunity jobs, greater funding at all levels of education, training opportunities, and greater facilitation of upward occupational mobility for entry-level and frontline workers. Most importantly, there has to be a deliberate commitment by employers to prioritize racial economic equity in the workplace. Although this is not the case for all low-wage jobs, there are some low-wage jobs that, with additional training and experience, can be pathways into higher-wage jobs. Many of these jobs can be found in the healthcare and construction industry. Apprenticeships and training programs are also programs that help people of color move into higher-wage jobs.

In Action: In 2016, the Louisiana Workforce Commission (LWC) was awarded a $1.5 million grant by the U.S. Department of Labor to develop an initiative called the *Expanding Opportunities Today to Meet Tomorrow's Needs* project, designed to increase the development of registered apprenticeship programs throughout the state. One of the goals of the program was to increase access to registered apprenticeships for underrepresented populations including women, people of color, and low-income individuals. LWC partnered with Ochsner Health System, Louisiana's largest not-for-profit health system, specifically to increase registered apprenticeship programs in the medical technician and licensed practical nurse (LPN) fields. This partnership and grant funding resulted in the creation of Ochsner's LPN Registered Apprenticeship Program which, through a partnership with Northshore Technical Community College (NTCC), provides students with an accelerated opportunity to advance their careers from medical assistants (MA) to LPNs. In 2019, Ochsner graduated its first class of 12 medical assistants to LPNs. While some of the students who were a part of the inaugural class were people of color, the program did not seem to explicitly promote diversity and inclusion.

Barriers to Employment for Formerly Incarcerated Individuals

Blanket assessments, such as criminal background checks and credit checks, or regulations that reduce entrepreneurship, such as occupational licensing, can act as a barrier to employment for people. Formerly incarcerated people who are very marginalized in the labor market are greatly affected by these barriers which often bar them from quality employment. According to a recent report from the Council of State Governments Justice Center, across the U.S., there are over 40,000 collateral consequences which limit not only employment opportunities, but also housing, education, public benefits, and other opportunities.[65] Collateral consequences are legal restrictions, penalties, or disadvantages imposed by law as a result of criminal conviction. In Louisiana specifically, 1,266 provisions have been identified that impose collateral consequences. Rather than use blanket assessments or restrictive regulations to rule out entire subgroups of people, more employers should implement fair chance employment policies and review applicants on a case-by-case basis. In addition, requesting salary histories can also inadvertently perpetuate racial wage gaps and should be avoided. Currently 21 states and 21 local jurisdictions have salary bans.

In Action: In recent years, the City of New Orleans has passed a few ordinances that reduce barriers to employment as well as pay discrimination. In 2017, the City of New Orleans enacted a salary history ban that prohibited all city departments from asking applicants about their salary histories. In 2019, the City enacted an additional salary ban ordinance wherein it would not seek pay history, nor screen applicants based on current or prior pay, compensation or benefits. Additionally, in 2019, the City passed a "ban the box" ordinance which prohibited the City and its contractors from asking applicants about criminal history on employment applications. Similar fair chance legislation for formerly incarcerated individuals was passed a few years earlier in 2017 at the state level for State employers.

In 2017, Baltimore-based start-up R3 Score was launched to support formerly incarcerated individuals in securing loans, jobs and housing through a risk assessment tool that builds unique scores to contextualize a person's criminal history and credit score. By using commonly accepted indicators in addition to collected data, R3 Score aims to provide a more holistic view of an individual beyond their criminal past, including amplifying their strengths and capabilities.[66] In 2020, the start-up launched the "Bank on 100 Million" campaign designed to encourage employers and financial institutions to evaluate individuals with criminal histories more fairly.

Equity, Diversity, Inclusion in the Workplace

Whether in the form of implicit biases or explicit racism, discrimination in the workplace can be the difference between a job applicant receiving a callback, an employee earning a promotion, or an employee being paid fair compensation for their labor. Racial disparities in recruitment, hiring, promotion, and compensation are, in part, a result of discrimination and more work needs to be done at the employer-level to ensure employees of color are not being disproportionately excluded from opportunities. Employers have a responsibility to create work environments that are free of discrimination and that also promote equity and inclusivity. Building a culture of equity requires systems changes based on transparent discussions on race, adoption of practices and standards of racial equity, and the creation of explicit racial equity targets to work towards. There are two critical elements to this shift. The first element is the collection and use of data to identify where racial disparities exist in the workplace pipeline, to design an appropriate approach to address the problem, and to track progress. The second element is key partnerships with workforce development organizations, social service agencies, schools, and other relevant community development organizations that can help guide this work and/or serve as a talent pipeline for employees of color.

Promising Strategies and Opportunities to Promote Business Ownership and Entrepreneurship

Access to Capital

Without access to capital and financial resources, business owners are unable to start, sustain, or grow their businesses. Increasing access to business capital for Black and Hispanic/Latino business owners is a key strategy to promoting the sustainability and vitality of their businesses. Greater access also includes increasing the availability of products to support the unique needs of Black and Hispanic/Latino business owners, particularly products that recognize and account for the historical and cumulative impacts of disinvestment and exclusion. A 2021 report by the National Community Reinvestment Coalition recommends that financial institutions target products and services toward the needs of Black businesses.[67] These products and services would include special purpose credit programs, financial counseling, technical assistance, and small business microloans. These products would be designed specifically to address the unique needs of Black business owners, creating a pathway for increased accessibility and increased financial viability for their businesses. For example, efforts to increase the credit scores of aspiring entrepreneurs and business owners of color could result in increasing their access to credit. This in particularly critical because many Black entrepreneurs use their personal credit score to obtain business funding at higher levels than their White or Asian counterparts.[68]

Minority Business Development Agency

Another promising strategy for wealth creation through business ownership is to substantially increase resources and funding of the Minority Business Development Agency (MBDA) and its national network of business centers. The MBDA is housed within the U.S. Department of Commerce and its mission is to promote the growth of minority-owned businesses via its business centers through the provision of business assistance services. According to the MBDA, between 2017 and 2019, the agency helped to facilitate nearly $12 billion in contracts and financing to minority enterprises and helped to retain over 35,000 jobs.[69] While this is seemingly substantial, considering there are nearly 8 million minority firms in the U.S., this is likely a drop in the bucket for the minority-owned businesses with critical financing needs. There are concerns from some experts that the effectiveness of MBDA is constrained due to limited authority and insufficient funding, however, it has the building blocks to be more effective with added resources and funding. The Center for American Progress offers a variety of initiatives that could be implemented through MBDA and the business centers to advance opportunities for Black business ownership.[70] For example, an economic equity grant program or low-cost government-backed capital can be made available by licensed minority business investment companies (specifically invested in Black and Hispanic/Latino businesses). Similarly, a business center initiative for minority-serving institutions (MSIs), which would be located at Historically Black Colleges & Universities (HBCUs), tribal colleges and universities, and other MSIs can be launched to advance business ownership. These business centers, co-located within MSIs can increase the availability of services to students, community members, entrepreneurs, and start-up businesses of color.

In Action: In 2021, the Biden administration announced plans to build Black wealth and narrow the racial wealth gap by expanding access to homeownership and small business ownership in communities of color and disadvantaged communities. This plan includes efforts such as launching an interagency initiative to address inequity in home appraisals, and a tax credit to increase the development and preservation of affordable homes for low- and moderate-income homebuyers and homeowners.

The Biden administration also has made plans to invest over $30 billion to scale up efforts to support minority-owned small businesses; this includes a $1 billion grant program through the Minority Business Development Agency to help minority-owned manufacturers access private capital.[71]

Key Insights from Interviews

For the development of this report, the SEE CHANGE Collective sought input from individuals and organizations that have experience in reducing the racial wealth gap and addressing racial inequities across the three levers of homeownership, wages & income, and business ownership & entrepreneurship. SEE CHANGE identified seven individuals from Enterprise Community Partners, Greater New Orleans Inc., HousingNOLA, Power Coalition, and Prosperity Now who have deep knowledge and expertise in the areas on which SEE CHANGE is focused. The SEE CHANGE Collective developed a list of guiding questions to ensure each interview effectively gleaned information from each interviewee. Throughout each interview, common themes arose, informing SEE CHANGE of the areas that could be prioritized and identifying policies that could be advanced to realize real and substantial outcomes across the three levers.

On Homeownership

All the interviews conveyed a sense of urgency to reform the policies and practices that thwart homeownership for Black and Hispanic/Latino families. Understanding that home and land ownership is a critical component in driving wealth, each interviewee emphasized that the legacy of Jim Crow laws and persistent racist practices have prevented people of color from accessing the most stable and essential resource to accruing generational wealth. In general, the interviewees believe the housing system is subverted by degrading narratives and stereotypes rooted in racism, like the fallacy of the Black woman as “a welfare queen” and the misconception that home renters cannot afford to be homeowners. Additionally, theyarticulated the cause and effect that low-wage jobs, poor credit scores, and implicit biases have in limiting homeownership opportunities for Black and Hispanic/Latino people.

Specifically, the interviewees stated that sweeping policy change at a significant scale and at every level of government is necessary to ensure affordable housing options are available and that unfair lending practices are eliminated. While many people of color have in some way experienced impediments in the process of attaining a home or renting, added challenges apparently commence once housing is secured. Housing insecurity is another battle Black and Hispanic/Latino families often endure in their attempts to afford and maintain sufficient housing. Thus, economic policies along with educational programming that mitigate housing insecurity, address discriminatory practices across the industry, and assist the most vulnerable with down-payments and maintenance costs were widely endorsed by all individuals interviewed. Politicians, philanthropists, and nonprofit organizations can support reform by addressing the systemic challenges Black and Hispanic/Latino homeowners and renters face, including devaluation, punitive code enforcement, overly aggressive property taxes, disinvestment in Black neighborhoods, and capital restrictions.

One final point many of the interview participants mentioned as a major contributor to disparities in homeownership and wealth for Black and Hispanic/Latino people is poor estate planning. Losing land and/or property is a massive loss in generational wealth and such losses have plagued communities of color for generations. While there is a history of Black families losing valuable land or property through racist and subversive acts sanctioned by municipalities, many families that own or have owned property have simply failed to leave a will behind for their heirs, making the transfer of property through heirship laws a challenge. Alternatively, heirs that do acquire land or property through inheritance often find themselves facing property taxes that are much higher than the payment amount their elders paid, increasing the likelihood of liens, foreclosure, and loss. Often, Black and Hispanic/Latino families that are bequeathed land or property do not have access to the capital to invest in or even maintain the property they have inherited.

On Wages & Income

When asked "What do you think is critically important to closing racial disparities in income, homeownership, or entrepreneurship?," the interviewees were aligned in their belief that policies raising the minimum wage must pass in order to meet the ever growing cost of living around the country. While the disparities in income and wages can be attributed to a multitude of factors, the income gap has been exacerbated due to cost-of-living increases and stagnant wages, in turn disproportionately leaving Black and Hispanic/Latino families in poverty. The increase in the cost of living has made homeownership an elusive dream for many people of color and has further hampered mobility for their families. For this reason, the experts we interviewed overwhelmingly support policies that increase the minimum wage, but also advocated for greater social safety nets and workforce benefits, particularly those benefits that protect women and single parents (i.e., childcare and transportation). For example, policies restricting benefits based on income thresholds provide support for those with the lowest income but impose limitations on those that are attempting to increase their income. These policies reveal detrimental gaps in workforce support benefits that far too often penalize the individuals who make "too much" money by maintaining multiple low-wage jobs. Enforcing such penalties not only devastate a family teetering on the brink of financial insecurity, but largely prevent them from moving out of poverty altogether. The interviewees also provided a list of viable solutions that can mitigate the many factors that compound income disparities, including universal paid sick leave, mandatory unemployment insurance funds, Fair Chance Hiring and Ban the Box policies to prevent employers from using background checks in hiring, bans on salary history disclosure that perpetuates pay inequality, greater workforce development training, apprenticeships, and fairer hiring practices.

In combination with wage and income disparities, student loan debt was identified as an impediment to closing the wealth gap. Several interviewees voiced concerns about the reigning narrative that greater educational attainment guarantees financial security and mobility for Black and Hispanic/Latino people, as evidence shows that people of color disproportionately accumulate more debt in the form of burdensome student loans than their White counterparts. Thus, policies are needed to reduce or eliminate student loan debt, specifically for people of color who rarely have access to a significant family savings as do their White peers. While Baby Bonds may be beneficial in countering student loan debt, they may not close the wealth gap in the long-term due to poor family credit and a lack of savings within the family unit that put students at a disadvantage.

On Business Ownership & Entrepreneurship

When discussing disparities in business ownership, several interviewees noted there is ample opportunity to build on current policies that support small businesses of color, particularly those policies that push for greater access to banking products and financial resources. Historically, banks have not shown interest in empowering minority-owned businesses and people of color through investments or sophisticated financial products, instead forcing many minority business owners to rely on personal savings and, when possible, on family and friends for capital infusions. The recent distribution of PPP loans during the height of the COVID-19 pandemic revealed that race is a factor in determining whether Black and Hispanic-owned businesses receive support from banking institutions. The resulting economic downturn made it more apparent that banks do not have relationships with businesses owned by people of color, and regularly refuse to offer these businesses products because the smaller markets these businesses operate in are not deemed ideal or profitable. Thus, Black and Hispanic business valuation is much less than their White counterparts, often because of the businesses' locations in poor neighborhoods.

However, most of our interviewees agreed that an infusion of dollars in these businesses would only serve as a band-aid for structural deficits. At this point, real work must be done to educate and empower entrepreneurs and small business owners through small business trainings, incubators, and mentorships with high-wealth, high net-worth people from which to borrow.

On System-level Changes

Lastly, when asked “What gaps exist in the field as it relates to services, policies, or practices associated to closing the racial wealth gap?,” the interview participants cited that data is inconsistent and not localized enough to provide a clear picture of needs and trends. Data is often not available to inform the appropriate audiences, especially government entities, and a more human-centered design is needed in capturing data that can help define thresholds and tell us when radical reform should take place. Additionally, there was a shared sentiment among the interviewees that those closest to the problem (i.e., the people of the communities being assessed) are closer to the solution, and those working directly with people can best inform a policy strategy that can affect real systems change.

Systemic Challenges

Appropriate framing of the racial wealth gap is critical to systems change. The way the issue is framed can not only influence the public’s understanding of the issue but can also impact how the issue is addressed. Early research framed racial inequality as an individual or communal problem rather than an institutional problem, leading to misinformation about the root causes of the racial wealth gap that still persist today, even in how solutions are discussed. False narratives on racial disparities that perpetuate racial bias and stereotypes about Black and Hispanic/Latino people uphold systemic racism and only serve to exacerbate the issue. This includes the myth of meritocracy and the focus on “methodological individualism,” or individual success and failures rather than structural barriers.

The U. S. and the Greater New Orleans region are still dealing with the effects of explicitly and implicitly racist policies and practices which have yet to receive appropriate attention and adjustment to be rectified. Policies and solutions that don’t explicitly name race, racism, or racial bias will only have marginal success in closing the gap and will only work to perpetuate and reinforce the same racial disparities that were intentionally upheld decades ago.

While new narratives have somewhat shifted in the right direction, there is still room for improvement. One individual interviewed for this research noted that work on the racial wealth gap has placed a greater emphasis on the economic costs of the gap and the economic benefits of closing it. While economic concerns are relevant to highlight, this concern must not overshadow the larger issue – we have a moral imperative to focus on racial and economic justice, and not just economic gains. Furthermore, when analyzing, interpreting, or highlighting data on racial disparities, the historic context needs to be made clearer because the legacy of racist policies and how racism can still impact new ones is not always fully understood by the broader public.

In reviewing literature for this report, it was noted that more often than not the racial wealth gap is framed as a Black and White issue, often disregarding the effects this issue has on Hispanic/Latino populations and other people of color. Because SEE CHANGE Collective has made a commitment to closing the gap for both Black and Hispanic/Latino communities, there is an opportunity to amplify the unique ways racial wealth inequality has affected Hispanic/Latino communities.

Local and National Efforts to Close the Racial Wealth Gap

Chicago Community Trust's Close the Racial and Ethnic Wealth Gap Strategic Plan – Chicago, Illinois

In 2019, the Chicago Community Trust, a community foundation in Chicago, developed a strategic plan to fulfill the organization's goal of closing the wealth gap between Latino, Black, and White households in the Chicago metropolitan area. The plan centered on mobilizing resources, leveraging strategic investments, supporting essential service organizations, building collective power through resident-led initiatives, community-driven financial investments, and advancing policies and practices relevant to the work. Through their efforts, the Chicago Community Trust has established a number of funding opportunities focused on policy and systems change, research on wealth disparities, and programmatic interventions.[72]

Black Homeownership Project – New York, New York

In 2020, the Center for NYC Neighborhoods (CYNC) launched the Black Homeownership Project to address the loss of Black homeownership in New York City.[73] CYNC surveyed dozens of homeowners, housing counselors, and program practitioners to understand the issue, using the findings from the research to recommend the development of 5 pilot programs. These programs aim to find new pathways to homeownership for New York's Black residents and include:

- Down Payment Assistance Navigator – A digital tool for down payment assistance resources.
- Savings Accelerator – A matched savings program for aspiring homebuyers and existing homeowners.
- Pathways to Tenant Purchase – The exploration of Tenant Opportunity to Purchase (TOPA) policies and limited equity cooperatives.
- Generation 2 Generation Estate Planning – Estate planning education and resources.
- Homeowner Landlord Services – Supportive services for small-scale landlords.

CYNC is currently working with a lending partner to develop the Down Payment Assistance Navigator which is set to launch this year.

Color and Capital for Good Campaign – Boston, Massachusetts

In 2020, Eastern Bank, a commercial bank headquartered in Boston, launched a campaign to address the racial wealth gap in Boston for Black and Latino entrepreneurs. This included a media campaign, a virtual town hall event to discuss action-oriented solutions, and a pledge to activate the community to commit to closing the gap. The media strategies included calls to action to visit the initiative's landing page, social media engagement, and targeted paid media featuring prominent Black and Latino leaders throughout the community.[74]

Closing the Racial Wealth Gap Initiative – National

In 2014, the Center for Global Policy Solutions in partnership with the Insight Center for Community Economic Development developed the Closing the Racial Wealth Gap Initiative to build awareness and support for efforts that address racial and ethnic wealth inequalities. Through the initiative, a national coalition of thought leaders was created called the Experts of Color Network (ECON) which comprised over 200 Black, Latino, Native American, Asian-American, and Native Hawaiian scholars, advocates, community practitioners, policy analysts, researchers, private sector leaders, philanthropists, and government leaders. Over the course of 3 years, members of ECON published op-eds and reports, convened an annual wealth summit, and established a policy agenda with over 40 policy recommendations for closing the racial wealth gap. Two of the recommendations, permanent extensions of the federal Child Tax Credit and Earned Income Tax Credit, were enacted at the end of 2015. As of 2020, some members of ECON were still convening and Ford Foundation, which funded the initiative, credited the work of the group in shaping the foundation's work on the racial wealth gap.[75]

Hispanic Wealth Project – National

Led by the National Association of Hispanic Real Estate Professionals (NAHREP), the Hispanic Wealth Project (HWP) was established in 2014 to advance Hispanic wealth via sustainable homeownership, small business development, and education.[76] At its inception, HWP set out to triple Hispanic household wealth by 2024 through three goals:

- Achieving a 50 percent or greater rate of U.S. Hispanic homeownership,
- Increasing the first-year success rate of Hispanic-owned small businesses by 50 percent, and
- Increasing the number of Hispanic households owning non-cash financial assets by 25 percent.

HWP has created substantial annual reports highlighting strategies to meet the ten-year goal and monitoring the progress of the three component goals. Recent data from the reports show that there has been progress made in building wealth in Hispanic households, however there is still significant progress to be made. In their latest report, the HWP commissioned a national survey which provided insights on the impact of COVID-19 on Latino household wealth.

The 800 Initiative – Memphis, Tennessee

The 800 Initiative was launched in 2018 under the City of Memphis' Office of Business Diversity and Compliance office as a way to grow minority-owned businesses within the city with a specific focus on Black-owned businesses.[77] One of the primary goals of the initiative is to grow the annual revenue of participating businesses by $50 million by 2023, over a five-year period. The initiative was originally allocated $500,000 in funding with additional private funding to sustain it and focused on technical assistance, mentoring, and loans and grants to achieve its goals. As of 2019, the initiative has helped over 200 Black-owned businesses bring in a combined total of nearly $11 million in new revenue and has also raised $3.5 million to help seed a business loan fund. The 800 Initiative has also inspired the launch of a similar program called 100Knoxville in Knoxville, Tennessee.

Atlanta Wealth Building Initiative – Atlanta, Georgia

The Atlanta Wealth Building Initiative (AWBI) was initially established in 2011 to incubate local green enterprise and was relaunched in 2019 with a renewed focus on closing the racial wealth gap. Between 2018 and 2019, AWBI invested over $300,000 in grants to organizations doing work relevant to their mission. In 2021, AWBI hosted its first annual Community Wealth Building Forum to elevate local and national best practices and emerging trends in community wealth building. AWBI is currently hosting a virtual speaking series as a follow-up to highlight organizations and initiatives that are implementing these strategies through their work. This year, AWBI also launched a campaign to support 1,000 Black-owned businesses in 1,000 days. Through the campaign AWBI hopes to help entrepreneurs hire their first employees and to also help businesses with existing staff pay a living wage to their employees.[78]

Conclusion

The economic divide in the United States has grown immensely since the 1980's, creating a deep chasm between economic classes. While wealthy Americans have realized enormous gains in the last decade, the middle class has faced an unbearable squeeze and those at the bottom have fallen deeper into extreme poverty. Middle and lower-income families that have found themselves at or near the bottom of the wealth gap have endured enumerable hardships and financial setbacks due to economic downturns, cost-of-living increases, and stagnant wages among other things. As disparities are further uncovered, it becomes clear that those who have suffered the effects of these dismal economic times the most are people of color.

Though inequities abound across the country, perhaps nowhere have the consequences of such inequalities been as magnified as they have been in the Greater New Orleans region. Greater New Orleans and its residents have experienced significant challenges since Hurricane Katrina ravaged the city and region more than 15-years ago. To this day, the region still reels from the storm's impact and the slow recovery has stymied economic growth in the area, particularly devastating the job and housing markets. Yet, while much of the White population recovered from the effects of the storm, many Black families were forced to relocate for better living conditions and job opportunities.[79] Tragically, the economic recession resulting from the 2020 global pandemic has further compounded the existing hardships Black and low-income families withstand across the region. The residents of Greater New Orleans, specifically those residents of color, have borne the brunt of incredible systemic inequities and they deserve better – better policies, programs, and opportunities that protect and activate their power.

The SEE CHANGE Collective has committed to closing the racial and economic wealth gap across Greater New Orleans. This landscape scan is one step in naming and addressing the barriers Black and Hispanic/Latino residents are subject to when pursuing homeownership, high-quality jobs with high-wages, and viable business endeavors. The SEE CHANGE Collective believes that these barriers can be overcome when people, businesses, nonprofit organizations, philanthropists, and government entities come together to collectively solve the economic problems that plague communities of color throughout the region. By examining the promising strategies and efforts currently underway nationally and locally and engaging community members in the process of developing solutions, the SEE CHANGE Collective intends to dismantle the systemic barriers overwhelming Black and Hispanic/Latino low-income families across the region in their attempts to survive and prosper.

The SEE CHANGE Collective is a long-term, collective impact strategy with a goal of closing the racial wealth gap. To this end, the SEE CHANGE Collective will focus on changing the false and racist narratives that lend to biases in the housing and banking industries, as well as those that persist in hiring practices and social policies that marginalize the poor. The work of the SEE CHANGE Collective will be approached in multiple phases with an initial planning period of 18 – 24 months launching in April 2021. Upon completion of the initial planning period, the initiative will move into the multi-year implementation phase which will be driven and informed by data and research. Subsequently, the result of the learning and sharing phase will be a multi-year strategic work plan that will lead to measurable outcomes that close the racial wealth gap. The SEE CHANGE Collective believes that this initiative can become a model for other places in Louisiana and across the country striving to close the racial wealth gap in their respective communities.

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