

From Disparity to Prosperity

Addressing the Black Wealth Gap in Sacramento

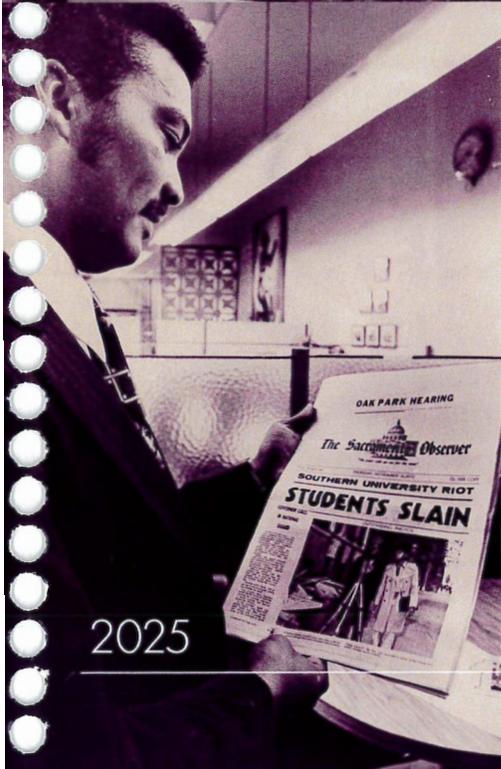


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In 2023, the City of Sacramento received a grant from the Cities for Financial Empowerment Fund (CFE) as part of the CityStart Initiative. CityStart offers local governments a structured approach to developing and crafting a Blueprint aimed at addressing the country's wealth gap and the disproportionate impact on those communities at the bottom of the wealth distribution. We recognize that there are other underserved communities within Sacramento that have also experienced historical injustices as a result of local, state, and federal policies. Given the nature of the funding source and scope, this work solely focuses on the Black wealth gap in Sacramento.

Through the work of this grant, in partnership with various local careholders, the City of Sacramento has selected three key subjects – housing; access to banking; and workforce development – across which it will pursue innovative programs to reduce the Black wealth gap in Sacramento. This Blueprint proposes a set of strategies to reduce the Black wealth gap, along with example programs and policies. The intent is to present strategies that both the City and other local organizations, institutions, and leaders can pursue to reduce barriers and build pathways to increasing Black wealth.

The law with respect to strategies and programs like those described here is rapidly changing, and currently unsettled. This Blueprint does not yet reflect legal review, and so may include illustrative programs whose legality might be challenged. When specific programs are designed for implementation in Sacramento, care will be taken to assure legal compliance.

Cover photos: Sourced from Center for Sacramento History. Clockwise from top to bottom:

- Church Congregation at Shiloh Baptist Church, Sacramento's second oldest Black church, established in 1856.
- Mr. and Mrs. Dunlap of Dunlap's Restaurant, a Black-owned restaurant that operated out of Mr. and Mrs. Dunlap's Oak Park residence and was listed in the Negro Motorist Green Book.
- Martin Luther King Jr.'s eldest daughter at North Avenue Elementary School, which was previously a predominantly Black school in Del Paso Heights.
- William H. Lee, the founder and publisher of one of Sacramento's Black newspapers, the Sacramento Observer.

To the Residents of Sacramento:

In 2023, the City of Sacramento, under Mayor Steinberg's leadership, received a grant from the Cities for Financial Empowerment Fund (CFE) as part of the CityStart initiative. CityStart offers local governments a structured approach to developing actionable strategies and crafting a Blueprint aimed at addressing the country's wealth gap. While the City recognizes that there are many underserved communities within Sacramento that have experienced historical injustices as a result of government policies, this work solely focuses on the Black wealth gap.

Sacramento strives to be a city where each of our residents can prosper – a city that offers opportunities for everyone to live, work and play. One of the primary enablers of opportunity is residents' access to wealth. Residents generate wealth in many ways – for instance through employment, business ownership, and homeownership. Our city thrives when all of our residents have access to wealth generation opportunities.

Currently, access to wealth is drastically different for certain segments of the population. Many, particularly Black Sacramentans, face obstacles in accessing wealth, creating a tremendous wealth gap in our city. Nationally, white Americans have \$200,000 more wealth than Black Americans. Trends are similar in Sacramento: as compared to white Sacramentans, Black Sacramentans own homes at half the rate, are denied mortgage loans at twice the rate, make \$25k less per year, and own just 3% of businesses.

These disparities are not a recent revelation. The white-Black wealth gap has been deliberately constructed and maintained over time, originating with slavery and maintained through its legacies, which have been historically found embedded in government systems, policies and programs. Sacramento will not continue to thrive unless all our residents are able to access and create wealth. This means that, working with community, we must address the effects of past discrimination, dismantle personal and institutional discrimination, and identify other avenues of wealth creation for Black residents.

This report outlines the historical events that led to today's Black wealth gap; the current state of the wealth gap – across housing, access to banking, and workforce development; and proposes three strategies to address it alongside example initiatives to implement each. This document is just a starting point for addressing the Black wealth gap; in reality; closing the gap will require a broad range of innovative and ambitious initiatives and long-term policy solutions.

The City of Sacramento has a role to play in addressing the wealth gap, but we cannot do it alone. Therefore, we will work in partnership with institutions and organizations to ensure all our residents thrive by evaluating City policies through an equity lens.

I look forward to the future collaborations this document will foster.



Sincerely,

A handwritten signature in black ink that reads "Kevin McCarty". The signature is written in a cursive, flowing style.

Kevin McCarty, Mayor
City of Sacramento

Dear Partners, Funders, Community Leaders, and Advocates,

I am honored to introduce the CityStart Blueprint, a strategic, transformative roadmap designed to reshape Sacramento's future by addressing the wealth gap and ensuring that every resident has an opportunity to build and secure wealth. As the Assistant City Manager, I am proud to support this important work and join with you, our community, and careholders to drive inclusive and lasting change.

Sacramento has long aspired to be a city where every resident can thrive, a city that offers opportunities for all to live, work, and play. But this vision will only be realized when every resident, regardless of race, has access to wealth-building opportunities that allow them to prosper. Unfortunately, this access is not equitably distributed.

In Sacramento, Black residents face significant barriers in accessing wealth, barriers that have been entrenched for generations. Nationally, the wealth gap between Black and White Americans is staggering. Workforce analyses in Sacramento reveal a stark disparity in wages, with Black residents consistently earning the lowest wages across various sectors. Despite being a vital part of the local workforce, Black Sacramentans are disproportionately concentrated in low-wage jobs, earning significantly less than their white counterparts. This wage gap is a critical issue that exacerbates the racial wealth gap and underscores the urgent need for targeted strategies to increase economic mobility.

We cannot continue to ignore these deep inequities. The prosperity of our city is directly tied to the prosperity of all its residents. We must dismantle the barriers that have historically kept Black residents from accessing wealth and create new pathways to financial empowerment and generational wealth.

This report outlines the historical events that led to today's Black wealth gap; the current state of wealth disparities across housing, access to banking, and workforce development; and proposes strategies to address it, alongside sample initiatives for each. While this document represents an important starting point, closing the gap will require a broad range of innovative and ambitious initiatives, as well as long-term policy solutions.

The strategies presented here are not just recommendations; they are a collective call to action. The City of Sacramento certainly has a role to play in addressing the wealth gap, but we cannot do it alone. We must work in partnership with institutions, organizations, and individuals who share our commitment to equity and economic justice. Together, we will align our efforts with the strategic recommendations outlined in this document to create a future of shared prosperity for all residents.

I encourage you to join us in this effort. Whether you are a community leader, a funder, a business owner, or a resident, your support is essential to ensuring that this work leads to real, lasting change. Together, we can create a Sacramento where wealth is not limited to a few but shared by all.

Let us build the future we know is possible – one where opportunity, financial security, and prosperity are available to every resident, and where the legacy of inequity is no longer the story we tell. The CityStart Blueprint is the first step on this journey, and I look forward to the partnership and progress we will make together.



Sincerely,

Michael A. Jasso

Michael Jasso

Assistant City Manager & Director, Innovation and Economic Development
City of Sacramento

Introduction

“We have yet to understand that if I am starving, you are in danger. If people think that my danger makes them safe, they’re in trouble.” – James Baldwin

For generations, Black Americans have been systematically denied access to opportunities and the wealth that fosters fundamental wellbeing. Black households earn 37% less income than white households. Even more staggering, they have 85% percent less wealth. And, Black Americans cannot rely on generational wealth. The average Black family is four times less likely to receive an inheritance – instead, they grapple with “generational accumulation of disadvantages.” They are also more likely to lose everything in an emergency, with just \$2,100 in liquid assets (versus \$12,000 for white families).¹

Today, Black household median wealth is \$44,000 while white households have \$200,000 more. The gap in mean wealth - \$1,150,000 - is even higher. Particularly concerning is that since the 1980s, the wealth gap has been widening.²

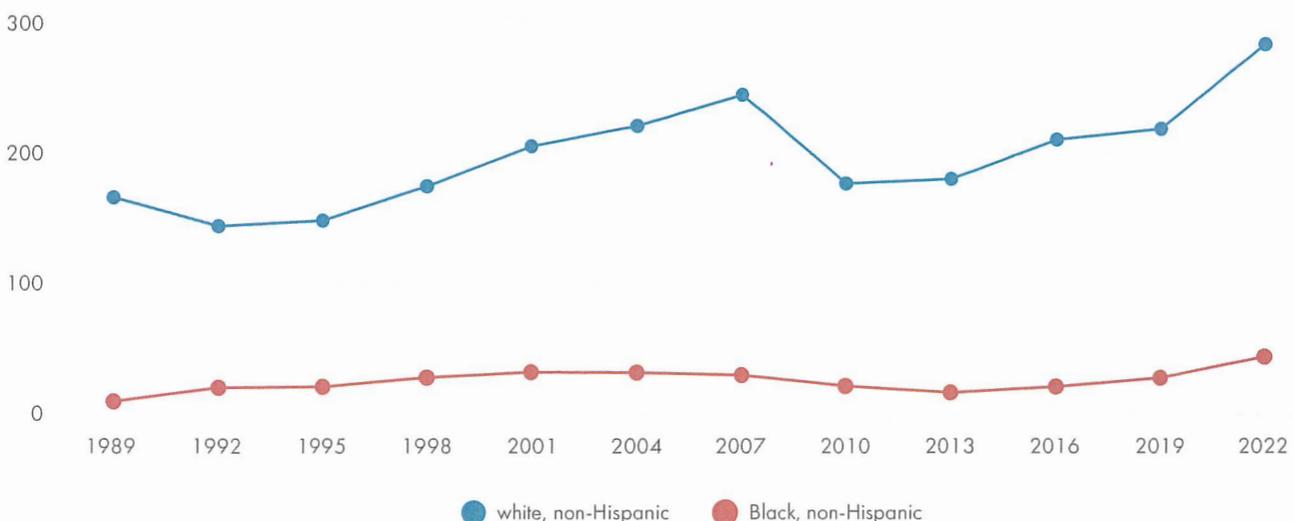
The impacts of this wealth gap are destructive to all Americans. For Black communities, it means lack of

access to safe, affordable housing, well-paying jobs, medical care, and healthy food options, and it even contributes to lower life expectancy. For all Americans, not only does it divide us socially but it also limits income mobility and economic growth more broadly. As inequality rises, economies do worse: they waste valuable assets, and bear the high costs of poverty.³

If Black Americans suffer, then we all suffer. Addressing the Black wealth gap – by removing barriers and building pathways to wealth creation – creates a better outcome for everyone.

The white to Black wealth ratio has been as high as 56 to 1. While it fell immediately following Emancipation – reaching 10 to 1 by 1920, and 7 to 1 by the 1950s – it is no longer closing. The pandemic alone widened the gap by \$50,000.²

Net Worth (Median, 2022\$)



Origins and History of the National Wealth Gap

The Black wealth gap in the United States dates back to 1619 – when the first slaves arrived in Virginia. Over 200 years of forced labor and wage theft followed – estimated to be between \$15 trillion to \$20 trillion of denied or stolen wealth.⁴

During Reconstruction (1865-1877), the wealth gap between white and Black Americans was 23 to 1 – equivalent to just \$4 of wealth for Black Americans for every \$100 for white Americans.²

Since then, America has perpetuated and maintained systems that are designed to deny wealth to and extract wealth from our most vulnerable communities.⁵ Black Americans have disproportionately been on the receiving end of this wealth extraction and continue to endure the effects of economic disparity. When we consider all that Black Americans have endured since their arrival in the United States, we come to understand the unjust origins of the wealth gap and the structures that maintain it today.

Over the span of 400 years, U.S. policies have provided both “boosts” and “blocks” to building wealth (see Boosts and Blocks diagram at end of document). In 1863, the Emancipation Proclamation freed millions of slaves but did not guarantee the right to own land. A short-lived promise of “40 acres and a mule” ultimately would have changed the trajectory for Black Americans – but this promise was unfulfilled.⁶ African Americans gained their formal legal freedom, yet they did so in poverty, and without economic freedom.

One of the first proposed actions to address the wealth gap was Special Field Order No. 15, which would have provided 40 acres of land to 18,000 formerly enslaved families, but this was never delivered.⁶

Despite this, in an effort to redefine their position in society and build wealth during the Reconstruction era, Black Americans built farms, small businesses, mutual aid societies, and most importantly – their own homes. But, beginning in the 1890s, the passing of Jim Crow placed legal restrictions on Black mobility – limiting homeownership, employment, education, and banking access by enforcing racial segregation.⁷ The 1896 Plessy v. Ferguson “separate but equal” Supreme Court decision further cemented segregation as legal.

Despite the eventual end of legal segregation – in public schools in 1954 (Brown v. Board of Education), and more broadly in 1964 (Civil Rights Act) – its legacy remains in nearly every system. This includes policies and programs like the 1935 Federal Housing Administration (FHA) redlining, 1944 GI Bill, urban renewal programs, and the 1956 Highway Act. These policies and their implementation stymied the growth and wealth accumulation of Black Americans but propelled their white counterparts. They did this through, for instance, intentionally denying loans to majority-Black neighborhoods, preventing Black Americans from moving into majority-white neighborhoods, displacing Black residents to make way for new construction, and using highway construction to cut off majority-Black neighborhoods from accessing opportunity.⁸

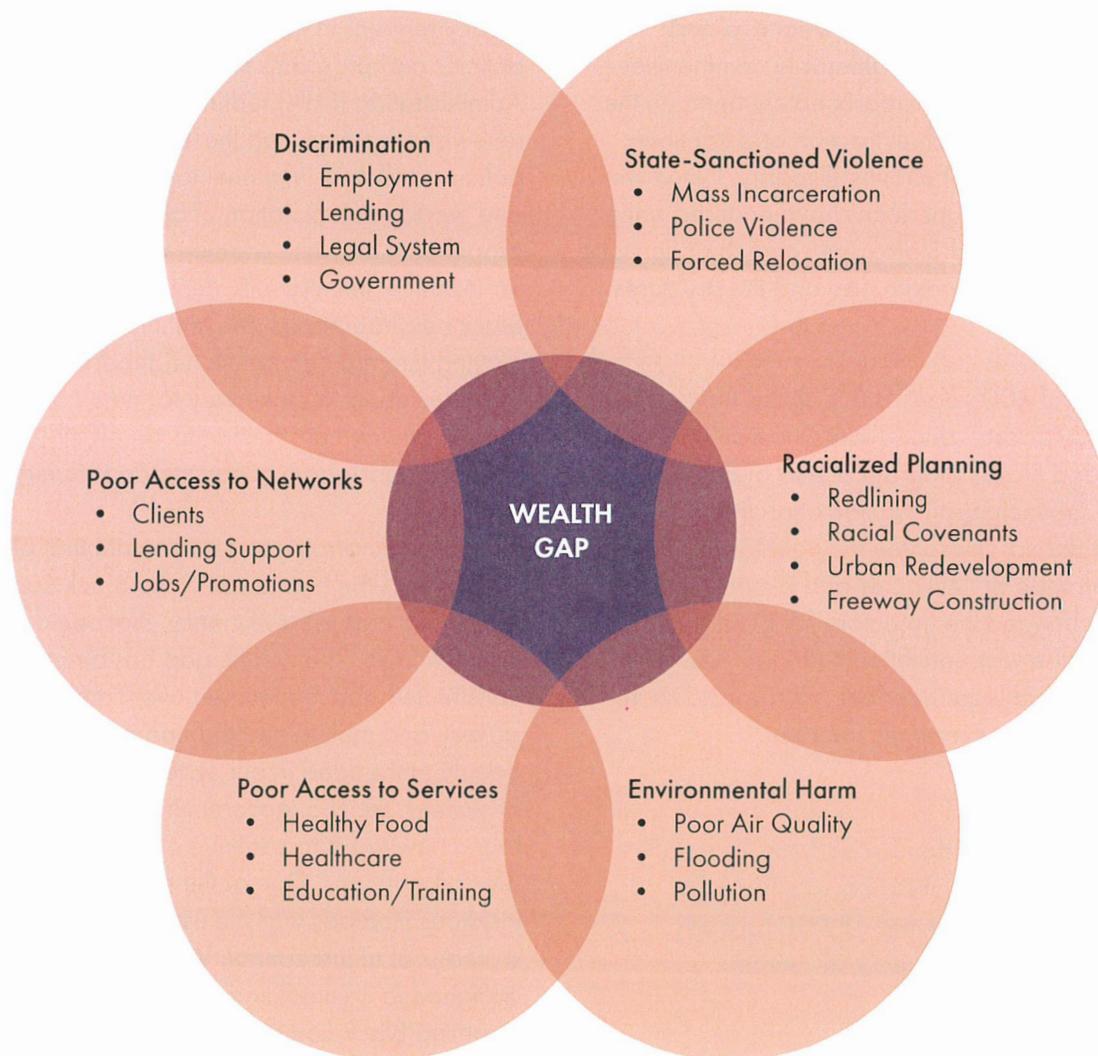
While some narratives communicate that Black inequality is the byproduct of the Black communities’ work ethic and self-sufficiency, that could not be further from the truth.⁹ The wealth gap has been deliberately constructed and maintained over time, originating with slavery and maintained through its legacies, which are deeply embedded in our systems. After the abolition of slavery, the U.S. government and various institutions found new ways to continue oppressing and exploiting Black Americans. One of the most pervasive and insidious methods was the use of the prison system as a means of unjust control. With the passage of laws designed to criminalize minor offenses, especially targeting Black communities, there was a dramatic

increase in incarceration of Black Americans. The 13th Amendment abolished slavery “except as punishment for a crime,” creating a loophole that allowed for the continued forced labor of Black Americans under the guise of the penal system. As a result, there was a surge in Black imprisonment, effectively maintaining a system of racial subjugation through mass incarceration and convict leasing.¹⁰ This legacy of criminalizing Black existence continues to impact generations, perpetuating cycles of poverty, discrimination, and disenfranchisement.

Today, we see that the systems that maintain and widen the wealth gap are deeply complex, interwoven, and

The average “Friends and Family” funding round to launch a business is \$23,000 – and without access to generational wealth, or access to networks, many Black entrepreneurs are never given the opportunity to successfully launch and scale a venture.¹¹

have compounding effects (see diagram). For example, lack of access to educational opportunities leads to lower education credentials. This is exacerbated by discrimination in hiring, which leads to low-wage jobs, reinforcing how the Black wealth gap impacts us all. Lack of income and generational financial



resources, compounded by discrimination in the housing market (access, assessed values, finance practices, government infrastructure, etc.), limits homeownership and particularly wealth accumulation through increased home values. These factors, combined with poor access to business networks and financial resources, further restrict entrepreneurial opportunity.¹¹ Consequently, concentrated poverty, lack of access to quality basic services – from health care to nutritious food – present major challenges to wealth building as well as wealth sustainment.

As a result, today:

- The gap in Black-white homeownership is 44% to 75% - and this gap is growing¹²
- Homes in Black neighborhoods are valued 21-23% lower than what their valuations would be in non-Black neighborhoods¹³
- 74% of formerly redlined areas remain low-to-moderate income¹⁴
- Black-founded startups receive less than 0.5% of all U.S. venture capital funding – and this rate is declining¹⁵
- Just 3% of Black households own commercial real estate (versus 8% white households)¹⁶
- White households have 11 times more stock market investment than Black households¹⁷
- 13% of Black individuals are unbanked (versus 3% white) – and, Black households spend 7% of their income on interest and fees (versus 3% white)¹⁸

These staggering figures provide a snapshot of the severity and complexity of the Black wealth gap. The narrative is similar in every metropolitan region in the United States. However, to address the wealth gap in a particular city, it is important to understand the unique local policies, economic patterns and spatial patterns that have maintained the wealth gap over time. The next section explores the evolution of the Black wealth gap in Sacramento.



Photo source: www.istockphoto.com, author: Jacob Wackerhausen

The Wealth Gap in Sacramento

HISTORY OF SACRAMENTO'S WEALTH GAP

As in other cities across the U.S., many federal policies and programs that maintained segregation-era blocks to Black wealth were implemented locally in Sacramento. And, racism was a central tenet of early governance in Sacramento. One of the city's founders - Peter Hardeman Burnett- was a former slaveholder from Tennessee with a "burning passion to create a whites-only American West." The local Ku Klux Klan held their first local ceremony in 1922, initiating 300 people (many of them City workers).¹⁹

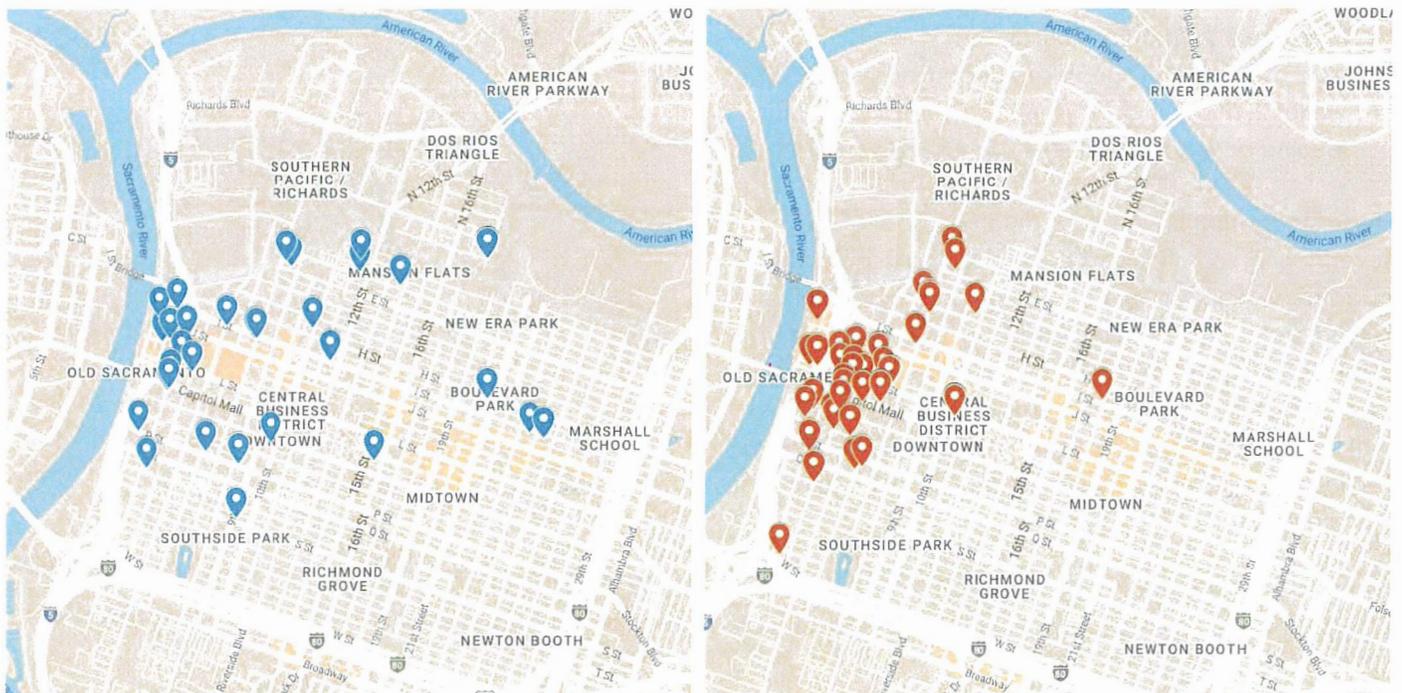
This led to widespread discrimination. Many business owners in white collar industries refused to hire Black workers, so most were employed in industries like hospitality or building trades that often paid low wages. Even as Black migration into Sacramento increased with the start of the Great Migration, employment opportunities were limited to lower-growth personal services businesses.²⁰

Covenants, Redlining and Redevelopment

From the beginning, race was an important factor in gaining access to land and housing markets. Racial covenants were used in the early 1900s onwards, pushing Black residents and businesses to cluster in the West End.²¹

"Between 1940 and 1960, 350,000 new homes were built in Northern California using FHA support; however, fewer than 100 went to Blacks."²²

West End properties were then subject to racist lending practices. In 1933, the Home Owner's Loan Corporation (HOLC) was created to reduce foreclosures but also institutionalized exclusion.²² When determining whether to grant a loan, HOLC used color-coded maps to assess neighborhoods' perceived risk. Areas occupied by Black populations were colored red and marked as "hazardous" – making them off-limits for FHA home loans. Sacramento's West End, the hub of the Black



Distribution of Black residents in 1880 (left) and 1990 (right). Source: Source: Google Maps, edited by Page & Turnbull; published in Page & Turnbull, "Sacramento African American Experience History Project, Historic Context Statement," June 2023.

population, was one such “redlined” neighborhood.²³ Unable to access loans for new homes or home repairs, West End properties became overcrowded and fell into disrepair.

As a result, redlined property in the West End decreased in value by 30% – and some blocks by 65%. Yet, elsewhere in Sacramento, property experienced a 46% *increase* in value.²⁴

This paved the way for redevelopment. California’s 1945 Community Redevelopment Act authorized local redevelopment agencies to acquire “blighted” properties - often, those in minority neighborhoods - to convert them to uses that “greater served the public,”

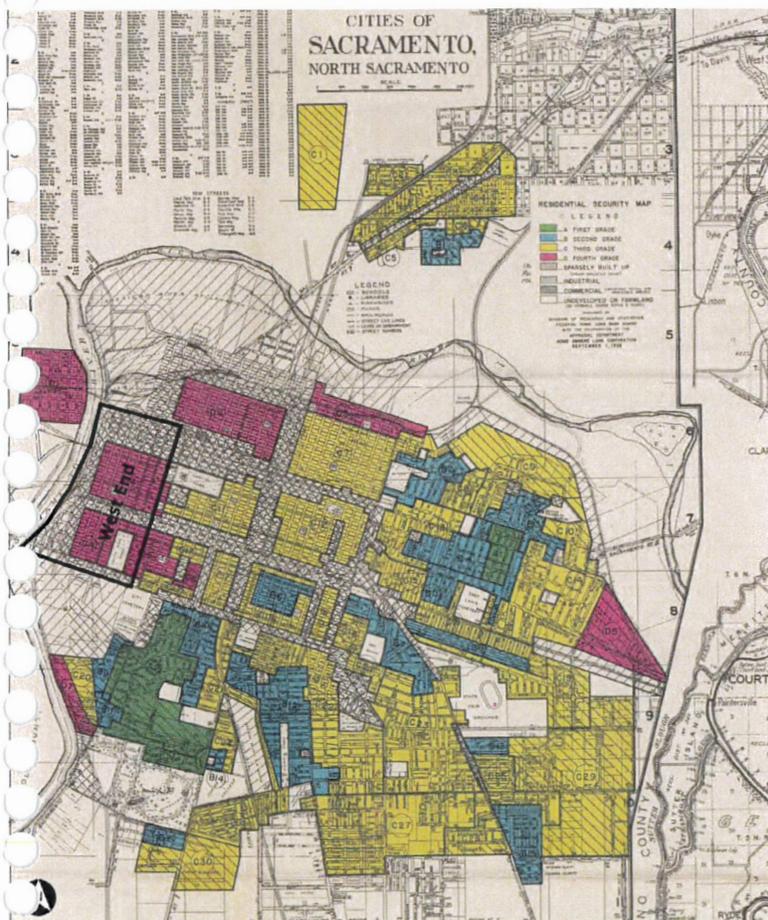
and federal programs like the Housing Act of 1949 and National Interstate and Defense Highways Act of 1956 permitted racially segregated areas of the city to be repurposed by private developers. The West End was designated as “blighted,” and, with assistance from Tax Increment Financing (TIF) dollars, the Sacramento Redevelopment Agency (RDA) acquired the land via eminent domain in 1956.²⁵

“Black business owners in the West End often faced financial ruin following confiscation of their property. Many just could not afford the costs of relocation.”²⁷

Residents and businesses pushed back against the City’s misuse of eminent domain powers, but the land was redeveloped for Interstate 5, City administrative offices, and commercial buildings.²⁶

The result: West End non-whites that owned their home from 1950 to 1970 went from 56% to zero. 75% of the West End’s minority population was displaced. This also had devastating impacts to the many Black-owned retail establishments and Black entrepreneurs that operated in the West End. They lost clientele and networks, and most closed.²⁷

Finding new housing was difficult in a market that was closed to Black residents.²⁸ Some middle-class Black



HOLC Residential Security map for Sacramento. The West End is outlined in black. Maps were based on surveys conducted by local real estate officials that used race along with a range of other factors to designate risk levels. Colors: A (Green) - “best”; B (Blue) - “still desirable”; C (Yellow) - “definitely declining”; D (Red) - “hazardous” Source: Mapping Inequality.

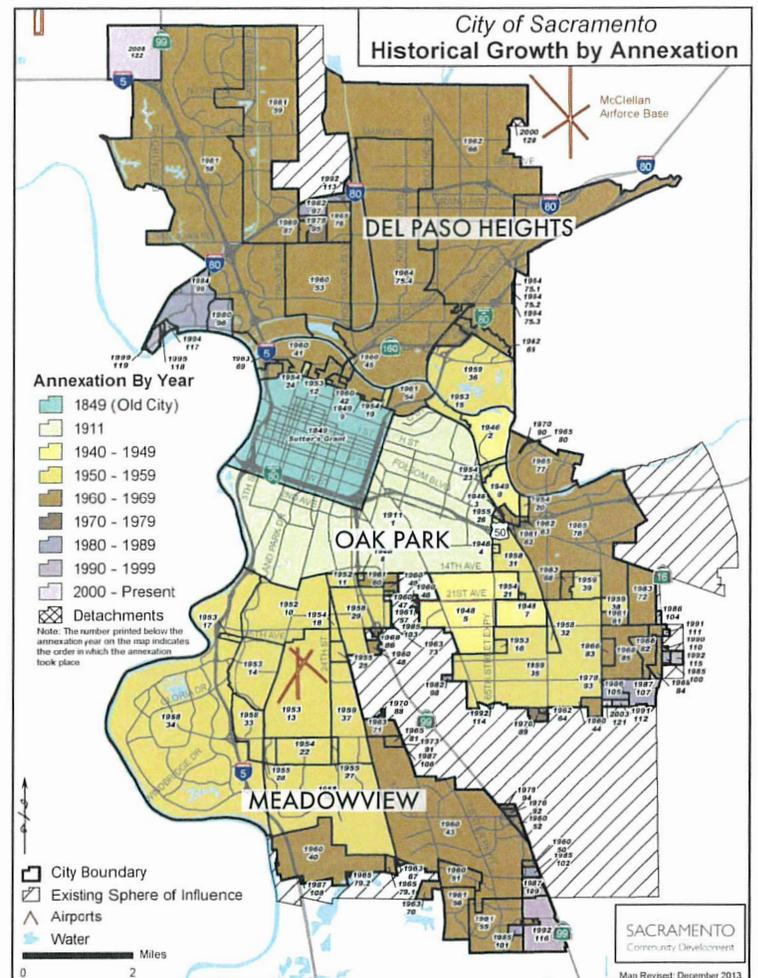


West End redevelopment. Source: Race and Place in Sacramento.

Sacramento was the first city to use Tax Increment Financing, which subsequently became the primary financing mechanism for other regions as well to leverage federal urban renewal funds. Early use of TIFs “directly supported projects that disproportionately targeted non-white residents,” allowing “government-sponsored racial antagonism” to reclaim land.²⁵

residents were able to purchase housing in areas where there were no restrictive covenants, by asking white friends to purchase property and transfer it to them. But many of these areas were redlined, so loans were difficult to obtain.²⁹ The use of race in determining property values was legal until 1977, so for the few residents that did purchase homes, these were often undervalued. Property was further de-valued as urban redevelopment programs planned and built highways through majority-minority neighborhoods. Following West End redevelopment, poor, non-white residents dispersed - shifting to places like Meadowview and Del Paso Heights, with a majority moving to Oak Park. New concentrations of Black-owned businesses emerged in Oak Park and Del Paso Heights.

A wealth-stripping cycle of redevelopment followed Black residents. Oak Park was eventually tagged “blighted” and was redeveloped, once again taking property from homeowners and tenants to facilitate demolition.³⁰ Freeways, built to connect the suburbs



Source: City of Sacramento, edited by RW Ventures, LLC

HOUSING DISCRIMINATION

While state legislation worked to combat housing discrimination in California (e.g., 1959 Unruh Civil Rights Act; 1959 Hawkins Fair Housing Act), fair housing enforcement was difficult - largely because most non-whites could not afford the cost of litigation.³³ Although the 1963 Rumford Fair Housing Act addressed this by holding real estate professionals legally accountable for fair housing violations and establishing the Fair Employment Practice Commission (FEPC), its passage left the real estate industry so outraged that they lobbied for Proposition 14 to nullify Rumford, and secured its passage in 1964, essentially authorizing discrimination in the housing market.³⁴ Although it was struck down by the California Supreme Court two years later, efforts of the local housing industry to prevent fair housing persisted. The passage of the 1968 Fair Housing Act sought to put a stop to housing discrimination, but its implementation was not able to address the pervasiveness of the problem.³⁵ It remains an issue today; for instance, in 2018, the City of Sacramento sued Wells Fargo for violating the Fair Housing Act by steering Black borrowers towards high-cost and high-risk loans.³⁶

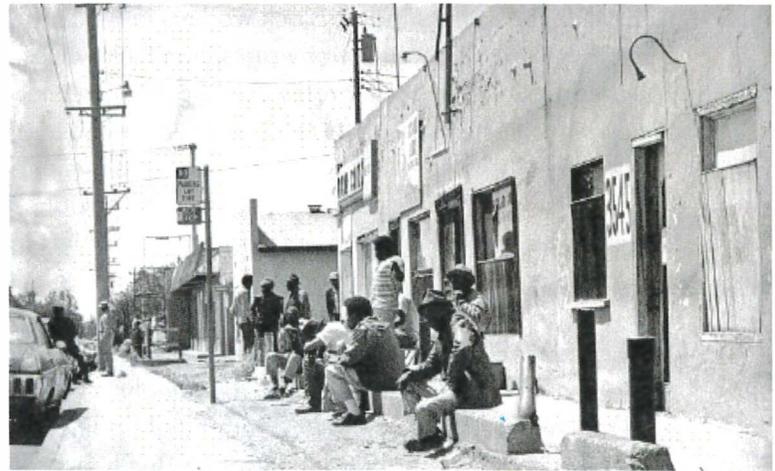
to the redeveloped West End, cut off access to Oak Park, sending its commercial district into decline.³¹ What remained of Oak Park's business district was destroyed in 1969 after rioting in response to the police raid of the Black Panthers' Sacramento headquarters. In Del Paso Heights, many businesses closed by the late 1980s as white flight resulted in disinvestment.³²

MILITARY/GOVERNMENT JOB AND HOUSING GROWTH

Pre-1940s, jobs for Black residents were disproportionately concentrated in lower-wage and lower-growth industries – personal services, agriculture, food processing, manufacturing and construction. But, World War II transformed Sacramento's workforce, as it did for many other west coast cities. It prompted mass migration and growth of wartime industries that labeled this period of time the "second gold rush." In the 1950s and 60s, civil service and military employment opportunities grew, and many were available to Black, Indigenous and people of color (BIPOC) and paid higher wages than other employers.³⁷ The 1950s brought about 25,000 workers – 10% Black – to Sacramento's military institutions (e.g., McClellan Field, Mather Army Air Base).³⁸

To meet wartime production needs, companies like Southern Pacific Railroad "sent recruiters into the South to hire Black labor, promising free transportation and a 'good job' once they arrived."³⁸

Demand for housing grew alongside of this – fueling suburban growth to accommodate a majority white population. The market could not keep up with housing demand and by 1980, home prices had tripled.³⁹ The local housing market was still largely closed to Black families, once again leading to inner-city overcrowding. Heavy local government investment in suburban commercial and residential development caused widening inequality between district tax bases in Sacramento, impacting educational and healthcare quality.⁴⁰ As a result, schools in predominantly Black



Men sitting outside a business near the intersection of Rio Linda Boulevard and South Avenue in Del Paso Heights (1975). Source: Center for Sacramento History

neighborhoods were (and continue to be) underfunded. These same neighborhoods were already cut off from access to amenities like healthcare facilities and grocery stores due to freeway construction.

Despite these challenges, a new non-white middle class population emerged, and by 1980, 9.7% of the County's Black families earned at least \$35,000 a year (equivalent to about \$130,000 today).⁴¹ But just as this middle class was rising, McClellan Air Force Base closed, which had a disproportionate impact on the city's BIPOC population, many of whom also lived nearby.

Finding another job was not easy. Discrimination was an ongoing issue both for Black workers and business owners – limiting job opportunities, educational opportunities, and cutting off access to networks (which are so important to being hired).⁴² Employers are more likely to hire employees who are the same race, and the absence of Black workers - in particular in executive positions - has prevented hiring or promotions for Black residents.⁴³

While the Housing Act of 1949 was intended to provide affordable housing in downtowns (to combat the exodus to the suburbs), it did not help non-white residents; in fact, an amendment to ban racial discrimination was voted down.²⁵

Discrimination persists today. Black workers in Sacramento tend to earn lower wages than their white counterparts, even in similar roles. Job segregation into lower-paying sectors, such as retail and service jobs, exacerbates this income disparity. Black unemployment rates are consistently higher than those of other racial groups in Sacramento, due in part to systemic barriers in education and employment opportunities.

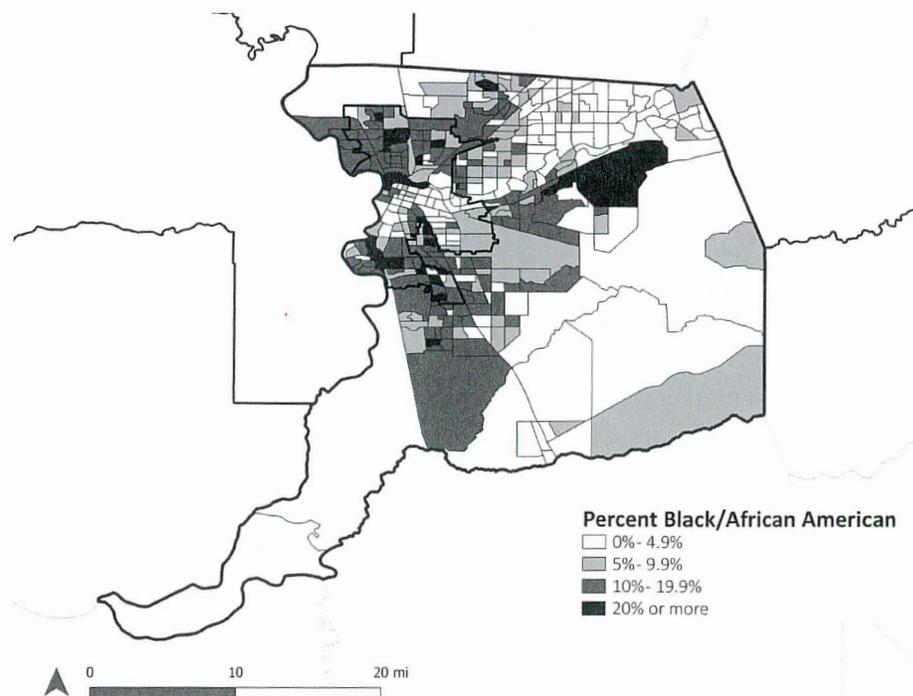
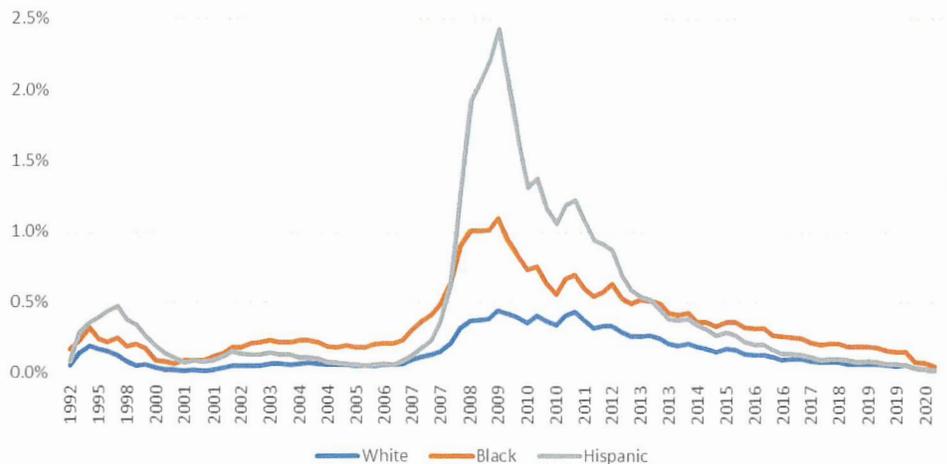
Job prospects and earning potential for Black Sacramentans are further limited by repeatedly underfunding schools in majority-Black neighborhoods – resulting in lower educational outcomes. The high cost

of higher education and lack of financial aid for Black students also impacts long-term economic mobility. Many Black families in the Sacramento region struggle with student debt, which hinders wealth accumulation.⁴⁴

HOUSING CRISIS AND AFTERMATH

Credit was finally extended to Black residents as housing construction spiked in 2000. However, many loans were predatory – with balloon interest payments that resulted in foreclosure or bankruptcy.⁴⁵ These loans were targeted at Black and Hispanic households, and the pervasiveness of the issue has resulted in several

Racial Differences in the Quarterly Foreclosure Rate. Source: <https://home.treasury.gov/news/featured-stories/racial-differences-in-economic-security-housing>. The gap between white and BIPOC foreclosure rates has remained since 2020. Source: <https://www.enterprisecommunity.org/blog/foreclosure-risks-remained-high-during-pandemic-households-color>



2022 % Black residency: Higher Black concentrations and poverty lie to the north and south, while areas that were redeveloped (and now have majority white residency and greater access to opportunity) lie along an east to west corridor.

local and national lawsuits – for instance, Wells Fargo, Countrywide/Bank of America and City National.⁴⁶ This lending practice once again led to speculative real estate investment and displacement of Sacramento’s Black residents.

Since then, housing supply has not been enough to keep pace with demand – and home valuations have skyrocketed, doubling in Sacramento from 2009 to 2018. In-migration from San Francisco has put additional pressure on an already stressed housing market.⁴⁷ This has led to gentrification in neighborhoods where Sacramento had pushed its Black population (e.g., Meadowview, Del Paso Heights) and increased homelessness – primarily affecting BIPOC residents. As a result, Sacramento’s Black population, currently 13%, has been declining.⁴⁸

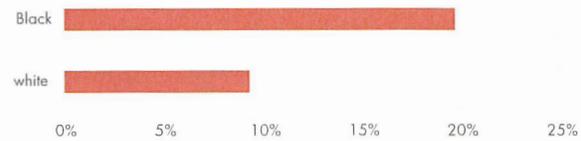
THE LOCAL WEALTH GAP TODAY

Since Sacramento’s founding, Black residents have repeatedly been denied access to opportunity and assets. Today, there are striking inequities across multiple avenues to wealth creation in Sacramento:

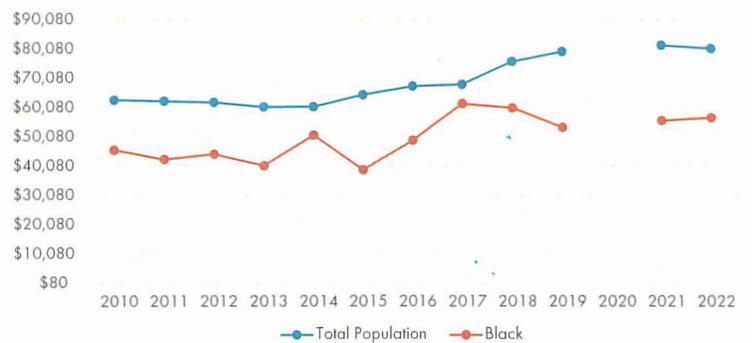
Employment Income

As compared to white Sacramentans, Black unemployment is higher, job opportunities are more limited, and salaries are lower. Black unemployment rates in the County are nearly double that of white residents (10% vs 6%).⁴⁹ As a result, the Black poverty rate is more than twice the white poverty rate.⁵⁰ Across the region, Black employment is concentrated in low-wage jobs (social assistance, messengers, nursing homes, administrative services, warehousing and truck transportation).⁵¹ For better paying jobs, residents need to upskill, but many get stuck in multiple stop-gap jobs to make ends meet: they thus have little time to complete training programs, which often require some unpaid coursework and work experience. Black residents also have the lowest self-employment rates of any racial/ethnic group in the city, region, and U.S.⁵² As a result, average city household incomes are \$56,600 for Black families versus \$80,200 overall.

Poverty Rate, Sacramento County (2022)



Median Household Income, Sacramento (2022 \$)

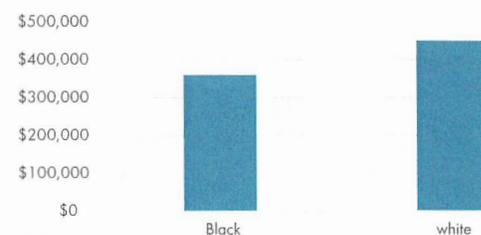


Data sources: ACS 5-year (2022) [top graph]; ACS 1-year [bottom graph]. Note: Data for 2020 are not available for the ACS 1-Year Data product as the U.S. Census Bureau only released an extremely limited, “experimental” data release. See www.census.gov/programs-surveys/acs/data/experimental-data.html for further details

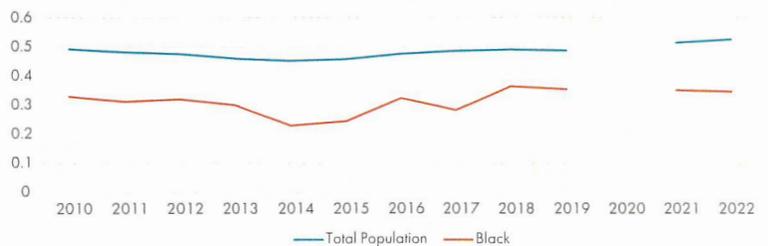
Homeownership

The white-Black homeownership gap is 65.6% (white) to 34.3% (Black).⁵³ Black-owned homes are also undervalued. Median home values for white residents are

Median Home Value, Sacramento (2022)



% Owner Occupied Housing Units, Sacramento



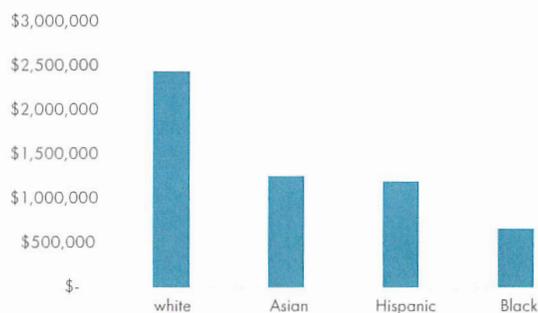
Data sources: ACS 5-year (2022) [top graph]; ACS 1-year [bottom graph]. Note: Data for 2020 are not available for the ACS 1-Year Data product as the U.S. Census Bureau only released an extremely limited, “experimental” data release. See www.census.gov/programs-surveys/acs/data/experimental-data.html for further details

\$90,000 higher than for Black residents;⁵⁴ in general, Black homeowners live closer to industrial development and highways, and they also have less tree cover and green space.⁵⁵ Access to homeownership is aggravated by the city’s affordability crisis; the county’s home values are more than \$150k over the national average.⁵⁶ Gentrification is actively pushing Black renters out of neighborhoods they call home.

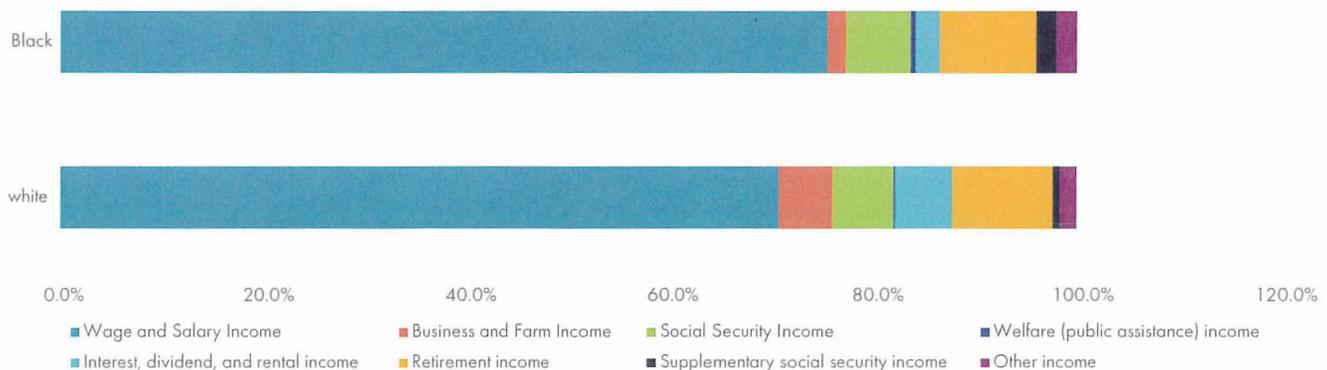
Business Ownership

Just 3% of privately held city firms are Black-owned. These firms are smaller, generate less revenue, and are in lower-growth industries than white-owned firms.⁵⁷ However, Sacramento has a slightly higher Black entrepreneurship rate than the U.S. (6.3% vs 5.8%), representing a strong foundation for growth.⁵⁸ Many of the Black-owned businesses seeking technical assistance from local providers are microbusinesses that make \$30 to \$100k per year – and many have to rely on their own savings to scale their business.⁵⁹

Annual Revenue/Firm, Sacramento (2022)



Sources of Income, Sacramento (2022)



Data sources: ABS (2017) [top graph]; ACS IPUMS 5-year (2022) [bottom graph].

Access to Financial Institutions and Credit

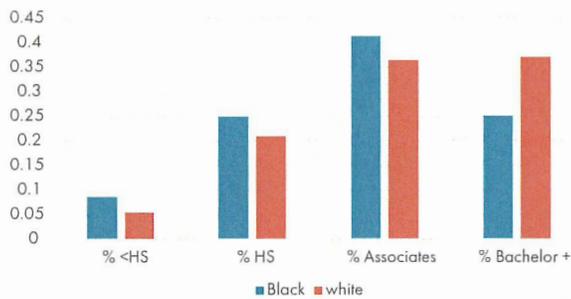
In Sacramento County, there are 12 Federal Deposit Insurance Corporation (FDIC) active institutions per 100k people – half as many as there are nationally (24 per 100k people).⁶⁰ These are concentrated in majority-white neighborhoods, with banking deserts in majority-BIPOC neighborhoods like Del Paso Heights.⁶¹ This impacts access to business and home loans – compounded by the fact that denial of wealth to Black Sacramentans has resulted in low or no credit history/scores.⁶² Black mortgage applicants were denied loans at about twice the rate of white applicants (13% vs 7% in 2022).⁶³ And, neighborhoods with high concentrations of Black residents receive fewer business loans from traditional bank lenders.⁶⁴ There is potential to address this not only through growing bank relationships, but also with NCUA-active credit unions and Community Development Financial Institutions (CDFIs). Both, in particular credit unions, have a strong presence in Sacramento.

Other Factors

As mentioned, the systems that maintain the wealth gap are interwoven and complex. Solutions to address it must therefore address factors beyond those described above. For instance, Black families have less income diversity – most comes from wages with very little from other sources (e.g., white families receive 5.6% of income from interest, dividend and rental income - versus 2.3% for Black residents). Educational attainment

is uneven; in the county, 37% of white residents have a Bachelor's degree while 25% of Black residents do. Health disparities are severe; across the county, Black residents are expected to live 4 years less than white residents, and have twice as many preventable hospitalizations. Fines and fees disproportionately affect low-income Black residents, further limiting their economic prospects. In addition, the over-policing of Black communities in Sacramento and the broader U.S. disproportionately impacts Black men and women, resulting in criminal records that make it harder to find jobs, secure housing, and build wealth.⁶⁵

Highest Educational Attainment (25+), Sacramento County



Data source: ACS 5-year (2022).

Strategies

To address the Black wealth gap, strategic interventions must account for the complexity and interdependency of the many causes and effects of past and ongoing discrimination. Some of the gap flows from continuing personal and institutional discrimination that must be addressed. Equally important, much of the gap persists due to past discrimination: the effects create barriers to wealth creation (e.g., lacking collateral to support loans) that must also be addressed, even if the original discrimination is not the continuing barrier. Broadly, “it takes money to make money,” such that the legacy lack of wealth is in itself a key barrier. Successful strategies

will understand and seek to remedy these legacy barriers within each wealth creation pathway. Ultimately, the goal of closing the wealth gap means co-creating access for and with Black Sacramentans to generate more wealth: strategies thus will not be limited to addressing on-going discrimination or its continuing legacy effects, but will extend to any vehicles for Black wealth creation. Closing the wealth gap will require a broad range of innovative and ambitious initiatives and long-term policy solutions that focus on multiple pathways.



Photo source: www.unsplash.com, author: Josh Hild

STRATEGIES TO ADDRESS THE BLACK WEALTH GAP

Proposed strategies address financial, technical support and network access, with respect to business, employment, housing, and other real estate. They particularly focus on providing or pursuing new wealth creation opportunities (whose access may still require addressing institutionalized discrimination or legacy barriers). These strategies are designed to be mutually-reinforcing – to tackle the wealth gap systemically, just as it has been created systemically.

A range of suggested strategies are outlined in the Appendix. Several are underway by City-led or partner-led programs, and there are many other programs that can be designed and launched to further existing efforts. To make the biggest impact in addressing the Black wealth gap, this Blueprint recommends piloting a few deeper, more focused efforts that can eventually be scaled:

- Sector-specific strategy
- Neighborhood-specific strategy
- Financial stability strategy

PATHWAYS TO WEALTH CREATION

Employment Income

Most people build assets through income from employment. Income is used to cover daily expenses, but can also generate savings, which in turn enables investing in various asset categories. This can generate further income, including investment income. However, savings are only possible when individuals have sufficient income – meaning, it will be important to scale opportunities for good-paying jobs in high-growth industries.

Education

Higher education can lead to other pathways to wealth creation – for instance, providing opportunities for higher-income employment, entrepreneurship, or business ownership. Note that skills can be acquired through higher education or other means (e.g., on-the-job training, credentials).⁶⁶

Business Ownership

Entrepreneurship and business ownership are strong drivers of wealth creation, and this includes both businesses in high-growth sectors as well as small businesses.

Homeownership

Homeownership is often the most substantial asset many families own. As a path to wealth creation, it requires access (availability and capacity to purchase), continued investment in the neighborhood (to enable the home to appreciate in value), and addressing other barriers such as fair assessments.⁶⁷

Other Real Estate Ownership

Ownership of other real estate assets, including rental housing and commercial or industrial property, similarly offers opportunities for wealth creation.

Investment Assets

A wide range of investment assets – from publicly traded stocks to private equity to savings accounts – are available to those who have enough income and/or wealth to invest, and the guidance or expertise to do so.

Access to Financial Institutions and Credit

Access to financial institutions and credit enables other pathways to wealth creation (e.g., ability to secure loans for home ownership or business development).

SECTOR-SPECIFIC STRATEGY

The City plans to review the sectors highlighted in its economic development strategy (life sciences, clean economy, future mobility, agriculture and food and beverage manufacturing, headquarters and business services) or an emerging sector. Then, the City will explore a priority sector and ensure that the selected sector is projected to grow rapidly and offers pathways to inclusion (or, with intervention will offer pathways to inclusion) across employment, business ownership, and location/accessibility.

Within this sector, launch programming that explicitly focuses on placing Black residents in front of wealth creation opportunities. This includes:

- **Labor market programs** – Launch a cluster organization whose goal is to change employer hiring practices to skills-based hiring; expand availability and delivery of skills-based training programs; and connect Black residents to these programs and to eventual job placement in the targeted sector. The organization should also coordinate with necessary wraparound services (e.g., childcare, transportation, financial empowerment).
- **Entrepreneurship programs** – Expand or launch accelerators focused on supporting Black entrepreneurs starting companies within the targeted sector.
- **Business scale-up programs** - Launch a fund that identifies high-growth potential companies in the targeted sector that are Black-owned or are ready for acquisition. For those that are ready for acquisition, pair them with a Black entrepreneur looking to acquire a company. To help the company scale, provide (1) deep, specialized engagement from industry experts; combined with (2) stage-specific funding.

For relevant programs and next steps to inform implementation, see “Launch Careers and Businesses in High-Growth Industries” and “Provide Specialized Mentorship and Funding for Black Entrepreneurs and Businesses” in the Appendix.



Source: www.istockphoto.com, author: coffeekai

RECOMMENDATION

The City will explore seed investments to launch a scale-up fund, targeting Black entrepreneurs entering the advanced mobility sector (e.g., connected, autonomous, shared, or electric vehicle industries). The City plans to form partnerships to sustain the fund over time and partner with organizations/institutions training the next generation of advanced mobility professionals.

NEIGHBORHOOD-SPECIFIC STRATEGY

This strategy is targeted at neighborhoods on the cusp of change and, combined with strategic, coordinated activities, is designed to create a positive cycle of wealth creation and community revitalization. The City will select a priority neighborhood to receive targeted redevelopment investment. Criteria could include neighborhoods with higher numbers of Black residents, low homeownership rates (e.g., at risk of gentrification), and low household income. It could also include neighborhoods that historically were subject to disinvestment and disruption from highway construction (e.g., Del Paso Heights, Oak Park, Meadowview) and/or those that were redlined or subject to racial covenants.

The City will then look to focus redevelopment investment within the selected neighborhood. This could begin by either: (1) identifying high-impact projects (e.g., sector-specific development projects identified above) – and, choosing to locate these neighborhood projects in the selected neighborhood; or, (2) selecting parcels in the neighborhood for redevelopment and identifying their highest and best use (residential, commercial, or industrial) to improve wealth creation pathways for residents.

Alongside project or parcel identification, within the selected neighborhood, the City will explore:

- **Launching a targeted homeownership strategy** to help renters to own their homes. This will help them capture the value of new development.
- **Hiring Black developers or hire mission-driven developers**, and using a co-developer mentorship model, pair these developers with aspiring Black developers.
- **Creating community ownership models** for development projects, offering residents an opportunity to co-invest in neighborhood revitalization efforts.
- **Providing wraparound support to facilitate inclusive growth**, which could include investments in local entrepreneurs, affordable housing, or workforce development (e.g., Aggie Square Community Benefits Partnership Agreement).



Source: www.istockphoto.com, author: SeventyFour

The various neighborhood investment programs could be coordinated through an advisory group or through the Financial Empowerment Center.

For relevant programs and next steps to inform implementation, see “Targeted Neighborhood Investment / Homeownership Strategy” and “Expand Participation in Real Estate Industry” in the Appendix.

RECOMMENDATION

With partners, the City of Sacramento is committed to creating a positive cycle of wealth creation in the Aggie Square neighborhood. The City is committed to investing \$50+ million in affordable housing. \$29 million will be dedicated to affordable housing; \$5 million will be allocated to anti-displacement programs; and \$150,000 annually in wraparound services that support youth opportunities, local entrepreneurs, public art, minority and veteran-owned businesses, and workforce development. In addition, the City is advancing efforts for local job creation including 5,000 construction jobs and neighborhood improvement. See more at [this link](#).

The City is also piloting a [Small Developer Incubator Program](#). The City will explore different ways to continue to support affordable housing developers through the Surplus Land Act. Furthermore, the City will explore various community ownership models. See “Expand Participation in Real Estate Industry” for example funds.

FINANCIAL STABILITY STRATEGY

Since “it takes money to make money,” this strategy is meant to provide individuals and families with a financial base to enable them to feel more comfortable taking the time or risk to pursue a training opportunity, move into a higher-paying job, buy a home, or start a business. It can accelerate the impact of the two strategies above by first targeting a specific sector or neighborhood/tract (e.g., Golden 1 Credit Union’s [commitment to Del Paso Heights](#)), then expanding to others over time.

As part of this strategy, the City will explore:

1. **Expanding Guaranteed Income (GI) and related asset-building programs.** Alongside the time-limited monthly payments that GI programs provide, supplemental initiatives could include a seed deposit into a savings account for participating families. For instance, Connecticut’s Baby Bond program provides \$3,200 to each child born into poverty. These funds, which can grow to about \$20,000 over 18 years, may be used for buying a home, investing in a business, paying for higher education or job training, or saving for retirement. Invest STL in St. Louis, MO pairs residents with \$20,000 towards a home, business or investment (along with a dedicated financial planner).
2. **Offering each family in GI and other asset-building programs free financial coaching.** This service can guide the use of GI funds and/or the investment of seed deposits by developing a financial plan customized to each family’s unique needs and goals.
3. **Incentivizing financial institutions to create more inclusive lending products** for both homes and businesses. Notify financial coaching professionals as new products are launched so they can connect clients with these resources.

For relevant programs and next steps to inform implementation, see “Expand Access to Savings Accounts and Mortgage/Lending Products,” “Provide Financial Coaching and Empowerment Services,” and “Guaranteed Income Expansion” in the Appendix.



Source: www.istockphoto.com, author: Jacob Wackerhausen

RECOMMENDATION

The City will consider expanding its local Guaranteed Income programs and explore providing families with seed deposits into a high-interest savings account. Seeded funds that grow over time could be used for education, starting a business, or buying a home. Each recipient should be offered free financial coaching, which can include credit management, debt reduction, building savings and accessing safe and affordable financial institution products and services. The City will explore partnering with housing agencies and nonprofits to provide comprehensive education for first-time homebuyers on homeownership and lending practices. Finally, the City should implement an enhanced socially responsible banking program by modifying the community investment criteria under which it enters into banking relationships.

See next page for additional recommendation.

RECOMMENDATION

The City of Sacramento must go beyond traditional fiscal stewardship to ensure its investments reflect our values of equity, inclusion, and community empowerment. The City Treasurer's Office (CTO) already directs a portion of the City's short-term pooled fund into locally owned financial institutions to support small business, residential, and commercial real estate lending.

The City's annual investment policy, which is affirmed by the City Council, outlines specific guidelines for deposits made with community banking partners pursuant to the government code. These include limiting deposits to no more than 1% of each local bank's total deposits and requiring that 50% of City funds be reinvested within Sacramento's city limits. Financial institutions are required to provide semi-annual reports detailing loan activity by ZIP code and, when possible, the demographics of loan recipients. Through better analytics and demographic information, the CTO will work with the depositing banks to develop banking strategies that target individuals or areas within the city that have been underserved and will benefit low-to-moderate income residents.

It is recommended to explore additional requirements for community banking partners that are consistent with the provisions of the California Government Code governing public funds that would prioritize socially responsible and equity-centered practices into financial partnerships. Specifically, the Treasurer's Office should develop depository relationships with institutions that promote the following business practices:

- Engage in foreclosure prevention and relief efforts, including moratoriums, loan renegotiation, and other good-faith practices that protect vulnerable homeowners.
- Offer accessible, free or low-cost banking services to low- and moderate-income residents, particularly those who are unbanked or underbanked.
- Demonstrate a strong record of lending and economic investment in historically underserved and redlined neighborhoods.
- Promote racial and economic equity through products, programs, and services that uplift small businesses and entrepreneurs of color.

Moreover, the CTO and the Community Engagement Department should collaborate with community stakeholders to:

- Co-create social responsibility metrics and transparent reporting requirements for financial institutions that wish to hold public deposits.
- Identify and reduce systemic barriers to banking access for low-income and BIPOC communities.
- Use disaggregated data and lived experience to help inform banks of inclusive banking and lending products which are focused on Black residents and tailored lending packages.

The City will work to ensure that any financial institution entrusted with taxpayer funds aligns with our collective vision of a more inclusive economy. The City shall establish a Responsible Banking Ordinance that would require the city's commercial banks to report mortgage lending practices, small business lending, and other investments in the community. Banking contracts shall include equity accountability provisions and responsible banking practices.

Through this initiative, Sacramento will use its public dollars as a lever for structural change by driving equitable economic opportunity, financial inclusion, and community wealth-building. Our investments should not only protect City assets but also generate meaningful outcomes for residents, especially those in communities historically excluded from prosperity.

Conclusion

Since its inception, Sacramento has extensively discriminated against Black residents with respect to housing, employment, business opportunity, finance, and services, building on and aggravating the history of discrimination of the U.S. as a whole. The result is a staggering Black wealth gap, overall and with respect to each type of asset and pathway. Addressing this gap requires leveling the playing field by addressing continuing institutional bias, removing legacy barriers, and deliberately supporting inclusive growth across the full range of economic opportunities. While the City of Sacramento has already undertaken several initiatives to address the Black wealth gap locally, it can do much more and will need strong partnerships – with other governments, financial institutions, community-based organizations, non-profits, private companies and other leaders – to fully close the gap.

The City of Sacramento is exploring various ways to collaborate with community careholders to implement this Blueprint’s recommendations. The Cities for Financial Empowerment Fund has selected Sacramento to



Source: www.istockphoto.com, author: art-skvortsova

participate in a related initiative that can help further these efforts and institutionalize financial empowerment efforts within government. Through Financial Empowerment Cities, a local advisory group launching in May 2025 will guide the next phase of development for this work.

ACKNOWLEDGMENTS

The Blueprint arose from a highly collaborative process with individuals and organizations across the Sacramento region, as well as national experts from across the country. The work overall was led by RW Ventures, LLC, which assembled a project team of leading national consultants. Working in close collaboration with the City of Sacramento, this team gathered and organized a breadth of research and data, led interviews, and undertook analysis and strategy development.

Many individuals and organizations participated in the creation of this Blueprint through interviews, engaging in brainstorming and identification of promising strategies. In addition, a group of careholders has been engaged from project conception through finalization – providing input into the Blueprint’s goals as well as strategy development. Many of these folks will be working with the City to carry out the recommendations of the Blueprint, and their input has been critical in guiding strategies to be both broadly applicable to housing, financial and workforce stakeholders – as well as being specific enough to facilitate future program implementation.

We are deeply indebted to these individuals and organizations for their time and insights. These collaborations guided the Blueprint to be responsive to the unique challenges and opportunities to address the Black wealth gap in Sacramento.

Appendix

The set of strategies are described in more detail on the following pages, along with their current status, list of relevant models, and financing options.

1. Launch Careers and Businesses in High-Growth Industries
2. Provide Specialized Mentorship and Funding for Black Entrepreneurs and Businesses
3. Targeted Neighborhood Investment / Homeownership Strategy
4. Expand Participation in Real Estate Industry
5. Expand Access to Savings Accounts and Mortgage/Lending Products
6. Provide Financial Coaching and Empowerment Services
7. Guaranteed Income Expansion

LAUNCH CAREERS AND BUSINESSES IN HIGH-GROWTH INDUSTRIES

Black employment and business ownership have been and still are disproportionately limited to low-wage or low-growth industries due to discrimination. To close the wealth gap, strategies should be developed that consider within which industries lie the biggest wealth creation opportunities – and position Black Sacramentans to be in front of these opportunities.

The City and partners could design programs to connect residents with opportunities in key growing sectors (e.g., biotech, advanced manufacturing, and advanced mobility) – particularly those that present opportunities for inclusion in ownership and employment.⁶⁸ In addition to focusing on high-growth industries, support could also be provided to businesses in community-oriented sectors that are important to the health and vitality of neighborhoods (e.g., retail, healthcare, food processing).

Next steps could include more closely identifying and breaking out Black-owned businesses by industry and stage of growth, identifying those with growth opportunities, identifying barriers preventing growth,

and developing targeted programs to address barriers and support growth. These programs should be developed with employers at the table; in particular, there is a need for greater coordination between employers and workforce development providers.

Targeted, sector-specific programs could include:

Training

Continuous upskilling is becoming important as tech disrupts sectors like manufacturing. This could be achieved through employer-led design of apprenticeships (potentially partnering with community colleges).

Hiring and Placement

This could include employer-led changes to hiring practices (e.g., increase employment pathways for re-entry) such as skills-based hiring (which is five times more predictive of job performance than hiring based on education credentials).⁶⁹ Employers could be brought together to write universal job descriptions based on skills, and outline career pathways of the future in sectors that are difficult to navigate (e.g., biotech, manufacturing). Employers could also increase employee-ownership structures.⁷⁰

Entrepreneurship

Develop and grow mentorship programs (including accelerators and scale-up funds) that target Black entrepreneurs and early to mid-stage companies in specified sectors. This could also include acquisition strategies for legacy industries – for instance, connecting manufacturers ready for acquisition with Black entrepreneurs.

The identified growth opportunities should be kept in mind when executing all of the other strategies.

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| <p>Status</p> | <p>The City and other partners have several relevant programs, focused on biotech, advanced manufacturing, and advanced mobility. Examples include a UC Davis and City partnership to expand access to biotech careers, in addition to on-the-job training programs (e.g., Siemens). Growing investments in EV batteries are leading to creation of new programs (e.g., electric vehicle apprenticeship program). The California Mobility Center’s introductory courses (e.g., Intro to Green Careers) can be expanded.</p> |
| <p>Relevant Models</p> | <p>Programs to increase business ownership within key sectors:</p> <ul style="list-style-type: none"> • mHUB – targets hard-tech companies • BEAM Circular Accelerator – targets biomanufacturing companies in North San Joaquin Valley • Shift 2.0 - addresses the needs of growing small to mid-sized manufacturers <p>Programs to implement community ownership/investment:</p> <ul style="list-style-type: none"> • The Industrial Commons – develops community owned manufacturing enterprises • Ujima Fund – community investment fund, providing finance to BIPOC-owned small businesses <p>Programs to expand BIPOC founders and CEOs:</p> <ul style="list-style-type: none"> • Search Fund Accelerator - supports entrepreneurs through the process of acquiring and managing a company • Alpine Investors’ CEO-in-Training – trains and places leaders at companies • Endeavor Global – works with high-impact entrepreneurs, and has a fund to support them <p>Programs to define career pathways and link residents to jobs include:</p> <ul style="list-style-type: none"> • JPM Chase Advancing Black Pathways Fellowship Program • Year Up - Prepares young adults with free training for careers in information technology and financial operations • I-BEST - a community and technical college–based program for students enrolled in general education courses to concurrently receive occupational training – typically in high-demand fields such as automotive, electrical, nursing, precision machining • Per Scholas – no-cost training, followed by job placement services, for IT careers • JOFI – Provides assessment tools for skills-based hiring and career navigation; assesses fit based on (1) personality traits; (2) career interests; (3) thinking skills. <p>Industry specific training and financing:</p> <ul style="list-style-type: none"> • Rebuilding Exchange – recently awarded \$3.9M EPA grant to launch a workforce training program to support careers in building trades • Contractors on the Rise – CDFI-operated, builds capacity of women and minority home contractors, providing them with between \$100,000 and \$250,000 in low-interest revolving lines of credit and technical assistance • City of Sacramento funded certification programs – in partnership with UC Davis, the |

City is scaling availability of certificate programs for entry level careers in high growth sectors (e.g., sterilizing surgical equipment).

Financing Options

The City could subsidize any of these programs, with additional funding to sustain the program coming from industry groups, employers, philanthropy, and government (federal, state and local).

PROVIDE SPECIALIZED MENTORSHIP AND FUNDING FOR BLACK ENTREPRENEURS AND BUSINESSES

Aligned with the sector-specific support provided in the Launch Careers and Businesses strategy, expanding mentorship support consists of one-on-one business assistance to connect them with technical and financial resources. To undergird this, expansion of sector-specific funding resources is desirable.

Black-owned start-ups first need general business technical support to help get licensed, insured, and bonded (which leads to increased opportunities for growth), and they need initial working capital. Following start-up, growth support for firms is most successful if it is highly tailored to the stage and sector of each firm, and if technical support and funding are tightly linked:

- **Technical Support** requires deep engagement, best accomplished and delivered by coaches or mentors

that have extensive practical experience within the same sector. In addition, it benefits from a longer-term relationship with firms and mentors that extends beyond the period of immediate technical/financial assistance.

- **Specialized funding** for entrepreneurs and businesses should similarly be tailored to key growth stages and sectors. Business planning reflecting technical support informs and justifies appropriate financing.

Programs could include a funding pool that enables targeted business support, or a revolving loan fund that also assists with training or upskilling.

Increasing the number and size of Black-owned firms generates wealth for business owners but also increases Black employment – because, as mentioned, Black employers are more likely to hire Black employees.

Status

Several programs have been launched to provide technical assistance to Black-owned small businesses. The City’s Small Business Assistance Center (SBAC), a pilot program from the Office of Innovation and Economic Development, is assisting small and micro businesses with access to technical assistance, micro-capital and relevant industry and economic data to support business stabilization and growth.⁷¹

The SBAC intends to award agreements with California Capital, a CDFI which houses the Women’s Business Center, APEX Accelerator, Sacramento Valley Small Business Development Center. In addition, SBAC intends to award the Black Small Business Association of California (BSBA) with a two-year business technical assistance agreement. BSBA provides technical assistance in the form of workshops and one-on-one support, customized for each business. Given the linkages between business financial health and

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| | <p>an individual entrepreneurs' finances, SBAC is exploring a grant in partnership with the Financial Empowerment Center (FEC) to provide entrepreneurs with financial empowerment services. While there are several programs that provide connections to financial resources, there are not many local funds available that specifically target Black-owned businesses.</p> |
| <p>Relevant Models</p> | <p>Examples of programs that provide targeted, deep mentorship for businesses include:</p> <ul style="list-style-type: none"> • <u>NextStreet Business Solutions Centers</u> – free, one-stop resource center for entrepreneurs and small businesses • <u>Motor City Match</u> - business competition that pairs the best businesses with Detroit's best available real estate • <u>AccelerateVI</u> - recruits BIPOC entrepreneurs and pairs them with mentors (many which are executives at Google, Microsoft, or IBM) • <u>The Oakland Black Business Fund</u> – pairs Black businesses with Black technical assistance providers who are also owners of small local businesses; in addition, provides grants <p>Examples of start-up and scale-up funds, some targeting Black founders:</p> <ul style="list-style-type: none"> • <u>Fifth Star Funds</u> - Friends and Family funding round • <u>Ohio Venture Fund</u> - state-run fund • <u>Rooted Fund</u> - integrated capital investment fund • <u>Seed Commons</u> - network of loan funds • <u>Entrepreneurs of Color Fund</u> - administered by Detroit Development Fund, provides loans of \$10,000 to \$300,000 to small businesses <p>Examples of sector-specific funds:</p> <ul style="list-style-type: none"> • <u>Invest Detroit's Venture/Equity Capital Funds</u> - IDV IV Fund focuses on businesses in the life sciences/healthcare, mobility/transportation, information technology, advanced manufacturing, materials, and consumer products spaces • <u>Future Heritage Fund</u> - Focuses on the consumer, technology, life sciences, mobility, clean energy/climate media/entertainment, and advanced manufacturing sectors • <u>43 North</u> – focuses on tech businesses that relocate to Buffalo; competition model, with mentorship support |
| <p>Financing Options</p> | <p>A variety of resources can be pooled to provide mentorship support, including HUD Entitlement federal funds (e.g., CDBG), City dollars, philanthropic investments, and CDFI capital. To establish a fund, the City could provide seed capital, potentially utilizing resources like CDBG as well as repayments that accrue from New Markets Tax Credits (NMTC) transactions. But the model could also be sustained through a partnership with key financial stakeholders (e.g., commercial lenders, corporations, social investors, philanthropy). For instance, the City could invest soft money into CDFIs (e.g., offering guarantees, loans or grants) – and the private sector could then follow. The City could also form a debt financing pool using CDBG, HUD Section 108 or other low-cost, flexible capital.</p> |

TARGETED NEIGHBORHOOD INVESTMENT / HOMEOWNERSHIP STRATEGY

For residents to build wealth from homeownership, the home must also appreciate in value. To address this, the City could identify neighborhoods for targeted revitalization to (1) build Black homeownership rates, and (2) increase commercial development and amenities (to ensure homes appreciate in value).

To execute this strategy, a first step will be creating or growing an existing group of lenders, real estate agents, developers, financial empowerment providers, and planners to collaboratively work together to increase avenues for Black home and real estate ownership, and work with the City to identify continued investment opportunities in these neighborhoods. The City could

lead policy implementation (e.g., pairing upzoning, inclusionary zoning, or similar policies⁷² with anti-displacement policies).⁷³

The strategy could encompass, for example:

- Accelerate development of multi-family housing on vacant land (with faster permitting, re-zoning, move to own programs, etc.)
- Increase Black homeownership rates (work with renters in the neighborhood to buy)
- Acquire and rehab properties with a Mission-Driven Land Bank / Community Land Trust – and sell properties for discounted prices
- Build affordable housing with additional programming to build wealth (e.g., commercial kitchen or maker space on ground floor to support startups)

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| <p>Status</p> | <p><u>Sac Club 100</u> is an existing collaborative of lenders, real estate agents and developers that works to effect change in the real estate industry. This group can be scaled and work with the City to develop the details of this strategy. Recently updated City zoning requirements may assist (e.g., removal of single family zoning), as outlined in the <u>2040 General Plan</u>. Programs that could be expanded or scaled include the City’s Tenant Protection Program, Housing Trust Fund, or <u>Missing Middle</u> program.</p> |
| <p>Relevant Models</p> | <p>For strategic redevelopment or identifying target neighborhoods, see:</p> <ul style="list-style-type: none"> • <u>Invest Southwest</u> - City-led strategic redevelopment of commercial corridors • <u>Chicago Neighborhood Initiatives (CNI)</u> – a mission-driven developer that revitalizes communities through a multi-faceted strategy: increasing housing density, while also increasing access to jobs, education, recreation and amenities. For a specific neighborhood revitalization example, see: <u>Pullman</u>. <p>For homeownership support, see:</p> <ul style="list-style-type: none"> • Innovative lending products listed in “Expand Access to Savings Accounts and Mortgage/Lending Products” strategy – this includes products ranging from down payment assistance to zero down • <u>CLTRE Keeper Program</u> - an 8-week program to help navigate the home buying process <p>For mission-driven property acquisition, see:</p> <ul style="list-style-type: none"> • <u>Adre</u> – mission-driven developer; develops buildings that create benefit to BIPOC communities • <u>Durham Community Land Trust</u> - affordable housing community land trust |

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| | <ul style="list-style-type: none"> • <u>Houston Community Land Trust</u> – offers two pathways to homeownership and is part of the <u>Catalytic Land Cohort</u> (which supports BIPOC homeownership opportunities) • New Home Development Program (NHDP) - assists residents in purchasing newly constructed homes on lots owned by the Houston Land Bank • Homebuyers Choice Program (HCP) - provides residents with subsidies of \$100,000-150,000 to purchase a market-rate home <p>For strategies to build homeownership, see:</p> <ul style="list-style-type: none"> • <u>Newark Homeownership Revitalization Program</u> - sells low-cost residential properties to Newark residents of five years or more, or those displaced by gentrification |
| <p>Financing Options</p> | <p>The City could leverage public funding for redevelopment – and in addition, engage philanthropy to align funding with the City’s priority neighborhoods.</p> |

EXPAND PARTICIPATION IN REAL ESTATE INDUSTRY

Strategies to increase real estate ownership as a wealth creation strategy are varied. They range from training and launching new developers, to increasing the use of community ownership models for real estate. Programs could include:

- **Developer Accelerator** – train cohorts of Black developers
- **Funding for Black developers** – provide loans/equity for developers (e.g., acquisition loans for buildings with revitalization potential, a fund to

provide co-investment support or loan guarantees).

- **Community ownership** – increase innovative, culturally-relevant ownership models of commercial or residential real estate

There are multiple pathways to get started on this strategy. For instance, the City and partners could identify an underutilized site (in a priority neighborhood) and redevelop it to support the goals outlined in this Blueprint. This will involve additional analysis to identify the highest-impact viable use of the site, community ownership structures, and identification of a Black-led development firm to partner in the project.

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|-------------------------------|--|
| <p>Status</p> | <p><u>YBuild</u> is designed to advance Black leaders in real estate.</p> |
| <p>Relevant Models</p> | <p>Programs to increase diversity in real estate development:</p> <ul style="list-style-type: none"> • <u>Project REAP</u> - increasing diversity in real estate • <u>CREUnited</u> - increasing diversity in real estate • <u>Yield program</u> - LISC/ULI partnership, cohorts of emerging developers • <u>Milwaukee INVESTS</u> – a co-developer mentorship model that pairs an experienced real estate developer with a community leader • <u>Partners in Equity (PIE)</u> – commercial real estate investors who provide patient capital to enable small businesses to own their property <p>Funds to support Black developers:</p> <ul style="list-style-type: none"> • <u>Ebiara Fund</u> - administered by Invest Detroit, a local CDFI, with financial support from |

the Kresge Foundation; provides early-stage capital to minority-owned development companies

- Ubuntu Fund - administered by Cinnaire, with support from JPMorgan Chase, PNC Bank, KeyBank, and Fifth Third Bank; financing pool to support underrepresented affordable housing developers in the Midwest
- Black Developer Capital Initiative (BDCI) – launched by LIIF, a CDFI, and supported by Wells Fargo and Ford Foundation; an unsecured predevelopment revolving line of credit to support the growth of Black-led affordable housing developers
- Cleveland pilot program - identifies strategic buildings with immense potential for revitalization; provides loans up to \$200k per building (20-year term, 1% interest only payments for 2 years, forgivable after 2 years) ⁷⁴

Funds to support development of affordable/middle-income housing:

- SE Raleigh Promise – a \$3.3M investment from the City of Raleigh (including \$2M in bond proceeds) and additional funds from the County allowed the development of several parcels of affordable housing
- Chicago Missing Middle Housing Initiative – a pilot program selling 44 vacant City-owned lots for \$1, and providing developers with up to \$150,000 in construction assistance per unit

Community ownership models:

- TREND Inclusive Ownership and Acquisition Strategy⁷⁵ - increasing community real estate ownership
- Milwaukee INVESTS – also mentioned above, this co-developer model invites community members to invest in real estate projects using a crowdfunding model
- Market Creek Plaza (San Diego, CA) - the first development to offer residents an opportunity to become shareholders in local commercial real estate; individual investors owned 20%, residents 30%, and the Jacobs Center, the nonprofit funding anchor, owned 50%
- The Community Investment Trust (Portland, OR) - local residents can participate in a low-dollar (\$10-\$100/month), loss-protected commercial real estate investment that can be cashed out at any time
- Kensington Corridor Trust (Philadelphia, PA) – Uses a Perpetual Purpose Trust (PPT) model, controlled by residents, of a neighborhood corridor. Profits are reinvested in the community.
- Community Wealth Building Ecosystem – A research hub that aims to advance models of local, democratic and shared ownership and control – focused on worker-owned cooperatives, limited-equity housing cooperatives, community land trusts, and community investment vehicles

Financing Options

Target philanthropic funding, institutional and individual donors, alongside a range of potential federal, state and local subsidies in the capital stacks for particular developments.

EXPAND ACCESS TO SAVINGS ACCOUNTS AND MORTGAGE/LENDING PRODUCTS

Development finance should be supported and expanded. This entails broadening the criteria for evaluating creditworthiness, finding collateral substitutes, cash-flow lending, innovative financial instrument design and deal structuring better tailored to Black wealth creation opportunities, as well as growing the capacity of specialized lending institutions like Minority Depository Institutions (MDIs) or Community Development Financial Institutions (CDFIs). In particular, financial institutions and other partners should:

- **Expand access to saving accounts.** This could include programs like Baby Bonds, Children’s Savings Accounts, seed deposits into 529 College Savings Program, or Individual Development Accounts (IDAs) – and could leverage state programs like CalKids.
- **Broaden criteria used for credit scoring.** The Federal Housing Finance Agency (FHFA) is in process of replacing its traditional FICO credit scoring model with a more inclusive version that accounts for payments like rent and utilities. Other financial institutions should follow with expanded credit criteria – for instance, those proposed by the California Small Business Coalition for Racial Justice (outlined in The New C’s of Credit Underwriting Criteria, page 15 [Appendix C]).

- **Develop and implement new lending products and practices.** This could include down payment assistance, programs lowering down payments to 0-5%, Special Purpose Credit Programs (SPCPs) for small businesses or to help with home closing costs, rate caps on loans, revolving loan funds, low-cost patient capital, subsidies, guarantees, or other collateral substitutes for loans. Down payment assistance can be even more effective with elimination/lowering of interest rates and additional support to help a family establish themselves in their home (e.g., subsidize cost of appliances). The City of Sacramento will provide estate planning whenever the City allocates funding for down payment programs for housing.

“Community development financial institutions (CDFIs) are lenders with a mission to provide fair, responsible financing to communities that mainstream finance doesn’t traditionally reach.” Learn more at: www.ofn.org/what-is-a-cdfi/

To be most effective, particularly with respect to business loans, this strategy should cross-reference the sector-specific business support programs (“Specialized Mentorship and Funding” strategy). It should also work in tandem with the “Financial Coaching and Empowerment” strategy; financial coaches can link residents and businesses with the savings accounts and loan products that will best support them.

Status

In the realm of Socially Responsible Banking, since 2018 the City Treasurer’s Office (CTO) has invested a portion of the City’s short-term pooled fund in locally owned banks at reduced interest expense to provide capital for local small business loans and residential and commercial real estate loans. Currently, the funds deposited in local banks ranges from \$50 - \$75 million. This practice currently targets banks headquartered in counties in and around Sacramento, including but not limited to Placer, El Dorado, Sutter, and Yolo. These institutions, which receive deposits from the City as part of the local community investment, must invest 50% of the deposits within the City of Sacramento city limits. Ideally the CTO would like to enter into banking relationships through which City funds can be used to target individuals or areas within the city that have been underserved and will benefit low-to-moderate income residents. This may require the program to modify its criteria for eligibility.

Relevant Models

- Underwriting and credit scoring innovation:
- People Trust Community Federal Credit Union (highlighted in the Oscar-nominated The

Barber of Little Rock film) – does not use credit scoring; offers repayable grants and forgivable lending

- Petal – uses personal banking history to construct a CashScore rather than credit score
- Nova Credit – uses alternative credit data
- Esusu – generates credit scores from rental history

For programs that work to build a more inclusive banking system, see:

- EBBC Black Vision Fund - expands the capacity of Black-focused/led CDFIs. The fund is managed by LISC New Markets Support Company.
- Mission Driven Bank Fund – invests in mission-driven banks that provide credit and financial services to underserved communities
- PNC mobile branch strategy – providing essential banking services to underserved communities
- Stackwell – an investment app for those who have not participated in the stock market
- Bank On – a platform run by Cities for Financial Empowerment (CFE) Fund; facilitating connections between consumers and bank and credit union accounts

For subsidized or City-seeded savings and lending products:

- San Francisco’s Kindergarten to College program (K2C) – the City seeds a \$50 deposit
- Family Self Sufficiency (FSS) Programs – Various cities have expanded capacity of HUD’s FSS program to help public housing residents build financial health
- Baby’s First Years – monthly cash transfers to low-income mothers, until the child turns 6
- Connecticut Baby Bonds - \$3,200 investment for each child whose birth was covered by Connecticut’s Medicaid program
- Oregon IDA Initiative – provides matching cash for Oregonians with low to moderate incomes for their savings over a 6 month to 3 year duration
- Invest STL Rooted initiative – provides residents with \$20k for a home purchase, business scale-up, or investment – alongside a dedicated financial planner

For innovative lending or payment assistance products, see:

- Federal Home Loan Bank of San Francisco Middle-Income Downpayment Assistance - \$50,000 grant to families/individuals earning 80% to 140% of the area median income
- Fannie Mae 5% Down Multifamily Loan - 5% down payments for owner-occupied 2-, 3-, and 4-unit homes
- Bank of America Community Affordable Loan Solution – zero down, available in Black communities
- Tri Counties Bank Homeownership Access Program - up to \$7,500 in lender credits if the collateral is in a majority Black and/or Hispanic census tract

Financial Models

Programs or products can be financed through a combination of banks, philanthropy, private companies, or government. For instance, private companies can invest in funds (e.g., Microsoft provided an anchor investment to the Mission Driven Bank Fund), or the City could seed deposits into savings accounts for low-income youth. The City could also provide funds to pay down the interest rate on small business loans, in partnership with a CDFI.

PROVIDE FINANCIAL COACHING AND EMPOWERMENT SERVICES

Banks’ historic (and current) discrimination practices have left many Black residents rightfully distrustful of these institutions. Combined with other historical factors described above, this has often led to a lack of connection with or access to non-predatory checking and savings accounts, along with loans and other financial products. As a result, fees spent on check cashing, payday loans, and other high-interest rate credit vehicles are a form of further wealth stripping.

This strategy proposes to expand financial coaching and empowerment services and partnerships. This type of coaching is highly customized, helping residents work toward their specific financial goals – and goes deeper than traditional financial education services.⁷⁶

There can be a concern that this kind of coaching

approach focuses too much on individuals, when the root causes of the wealth gap are more structural and institutional. However, as a complement to larger-scale policy changes and programmatic efforts, coaching can help people connect with information, resources, and non-judgmental support in planning for financial health and asset building. Thus, this strategy will ideally work in close integration and alignment with others proposed throughout this document. It may even result in expansion of coaching services to provide residents with student loan debt counseling and guidance on other financial considerations such as estate/legacy planning and insurance.

High-quality staff training in both financial content and coaching skills is crucial, as is developing a coaching team that shares empathy and similar life experience with targeted clients.

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| <p>Status</p> | <p>Since 2020, the City of Sacramento’s Financial Empowerment Center (FEC) has provided free, professional one-on-one financial coaching that helps residents access safe and affordable bank and/or credit union accounts, establish or improve credit scores, reduce debt, and build savings. Some financial institutions, CDFIs, and nonprofits are moving into this space as well, often building on a history of providing group workshops around similar topics.</p> |
| <p>Relevant Models</p> | <ul style="list-style-type: none"> • Sacramento Financial Empowerment Center – as described above, primarily funded by the City budget • Golden 1 Financial Resource Center – an example of financial institutions making these services available in a targeted community • Health Education Council Financial Coaching Program – one-on-one financial coaching, funded by Kaiser Permanente • Financial Solutions Lab – supports/builds financial products and services that promote inclusion • Neighborworks counseling programs – providing support like student loan counseling or home pre-purchase counseling • Centro Community Partners – for early-stage low-income entrepreneurs, provides education, financial coaching and leadership programming • Cincinnati medical debt relief program - medical debt relief program for about 30,000 Cincinnati residents |
| <p>Financial Models</p> | <p>Initiatives can be expanded with additional public and/or philanthropic investment.</p> |

GUARANTEED INCOME EXPANSION

As stated earlier, “it takes money to make money.” Guaranteed Income (GI) programs, increasingly piloted across the country in recent years, have proven successful in guiding low-income families towards financial stability (which is the necessary first step in starting to build wealth). The City of Sacramento has supported one cohort in a local Guaranteed Income program led by United Way California Capital Region, which has included other cohorts funded by a mix of private and public dollars.

In addition to scaling existing local Guaranteed Income programs, there is an opportunity to create an even more innovative approach, for instance by:

- Pairing monthly GI payments with a one-time reparations payment. This will enable residents to build savings (a key piece of addressing the Black wealth gap).
- The program could also institute a voucher system – not only would residents receive vouchers to use for specific wealth building opportunities (e.g., down payments, business investments, educational study) but the programs themselves must qualify to receive vouchers to ensure they are not perpetuating inequities. As an example of potential qualifying systems, Connecticut’s Baby Bond program allows funds to be used for buying a home, investing in a business, paying for higher education or job training, or saving for retirement.

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| Status | United Way runs a Guaranteed Income Program in Sacramento. |
| Relevant Models | <p>Guaranteed Income programs and resources:</p> <ul style="list-style-type: none"> • United Way Guaranteed Income Programs – Participating families in Sacramento County receive \$500/month for one year • Abt Associates Guaranteed Income evaluation – Abt is evaluating the impacts of Guaranteed Income pilots across the country, which range from \$375 to \$680 per month to each participant • Stanford Basic Income Lab and Center for Guaranteed Income Research – visualizing data from over 30 Guaranteed Income pilots across the country |
| Financial Models | <p>For reparations payments, see for instance:</p> <ul style="list-style-type: none"> • Palm Springs City Council reparations approval - \$5.9M program that includes direct cash payments to about 1,200 people |
| | <p>Guaranteed Income can be continued and expanded with funding from philanthropic organizations, universities (this work is heavily studied and there is incentive for a university to be involved in measuring impact of a pilot)⁷⁷, or government (local, state, federal).</p> |

DOCUMENT LINKS

Links from the relevant models within each of the Appendix's strategies are listed below, in order of appearance.

1. Launch Careers and Businesses in High-Growth Industries
 - <https://www.mhubchicago.com/>
 - <https://www.gener8tor.com/investment-accelerators/beam-circular>
 - <https://shiftmfg.com/>
 - <https://www.theindustrialcommons.org/>
 - <https://www.ujimaboston.com/finance>
 - <https://www.searchfundaccelerator.com/>
 - <https://alpineinvestors.com/talent-programs/>
 - <https://endeavor.org/>
 - <https://www.ipmorganchase.com/impact/diversity-equity-and-inclusion/advancing-black-pathways>
 - <https://www.yearup.org/>
 - <https://perscholas.org/>
 - <https://jobfitscore.com/about-us/>
 - <https://rebuildingexchange.org/workforce-training/>
 - <http://www.clevelandnp.org/vcc/>
2. Provide Specialized Mentorship and Funding for Black Entrepreneurs and Businesses
 - <https://nextstreet.com/small-business-services/>
 - <https://www.motorcitymatch.com/>
 - <https://www.acceleratevi.com/about>
 - <https://oaklandblackbusinessfund.org/>
 - <https://www.fifthstarfunds.com/>
 - <https://development.ohio.gov/business/state-incentives/ohio-venture-fund>
 - <https://www.rootedfund.family/#about>
 - <https://seedcommons.org/about-seed-commons>
 - <https://www.lisc.org/eocf/>
 - <https://idventures.com/our-funds/>
 - <https://www.michiganbusiness.org/press-releases/2024/03/ssbci-2.0-funding/>
 - <https://43north.org/>
3. Targeted Neighborhood Investment / Homeownership Strategy
 - https://www.chicago.gov/content/dam/city/sites/invest_sw/ISW_TwoYear_Update_Nov17.pdf
 - <https://www.cnigroup.org/>
 - <https://www.cnigroup.org/pullman-revitalization/>
 - <https://cltre.org/cltre-keeping/>
4. Expand Participation in Real Estate Industry
 - <https://www.adre.dev/>
 - <https://dclt.org/>
 - <https://www.houstonclt.org/>
 - <https://groundedsolutions.org/catalytic-land-cohort/>
 - <https://www.newarknj.gov/news/mayor-baraka-announces-council-passage-of-program-to-enable-low-cost-sales-of-city-owned-properties-to-longtime-residents-and-selection-of-naca-as-the-first-program-administrator>
5. Expand Access to Savings Accounts and Mortgage/Lending Products
 - <https://www.projectreap.org/>
 - <https://www.walkerdunlop.com/about/environmental-social-governance/creunited>
 - https://www.lisc.org/media/filer_public/f8/6a/f86adce8-14f6-4321-9f82-df9939b4868d/application_for_2020_yield_cohort.pdf
 - https://www.fixdevelopment.com/wp-content/uploads/2020/01/WEDC-Case-Study-Report-FINAL_DIGITAL-2.pdf
 - <https://www.pie-nc.org/>
 - <https://www.ebiara.com/>
 - <https://cinnaire.com/ubuntu-fund-secures-55-million-investment-from-prominent-financial-institutions-to-create-pathways-for-equitable-access/>
 - <https://www.liifund.org/strategic-priorities/lending-tools/black-developer-capital-initiative/>
 - <https://serpromise.org/mixed-income-housing/>
 - <https://www.chicago.gov/city/en/sites/missing-middle/home.html>
 - <https://www.chicagotrend.com/TREND-Inclusive-Ownership-and-Acquisition-Strategy>
 - https://www.fixdevelopment.com/wp-content/uploads/2020/01/WEDC-Case-Study-Report-FINAL_DIGITAL-2.pdf
 - <https://www.jacobscenter.org/shopmcp/>
 - <https://investcit.com/>
 - <https://kctphilly.org/>
 - <https://ccwbe.org/>

- <https://www.missiondrivenbankfund.org/>
 - <https://www.pnc.com/insights/our-commitments/communities/pnc-mobile-branches.html>
 - <https://stackwellcapital.com/>
 - <https://joinbankon.org/>
 - <https://www.sfgov.org/k2c/>
 - <https://catalog.results4america.org/programs/babys-first-years>
 - <https://portal.ct.gov/ott/debt-management/ct-baby-bonds>
 - <https://oregonidainitiative.org/overview/>
 - <https://www.investstl.org/rooted/>
 - <https://www.fhlbsf.com/community-programs/grant-programs/middle-income-downpayment-assistance>
 - <https://themortgagereports.com/107690/fannie-mae-introduces-5-down-payment-option-for-multifamily-homes>
 - <https://newsroom.bankofamerica.com/content/newsroom/press-releases/2022/08/bank-of-america-introduces-community-affordable-loan-solution--t.html>
 - <https://www.tcbk.com/personal/loans/home-mortgages/home-buyer-assistance/homeownership-access-program>
6. Provide Financial Coaching and Empowerment Services
- <https://www.cityofsacramento.gov/city-manager/oiied/community-engagement/financial-empowerment/financial-empowerment-center>
 - <https://www.golden1.com/financial-resource-center>
 - <https://healthdcouncil.org/financial-coaching-english/english-landing-page.html>
 - <https://finlab.finhealthnetwork.org/>
 - <https://nwsacramento.org/our-services/>
 - <https://www.centrocommunity.org/>
 - <https://www.cincinnati.com/story/news/politics/2024/08/28/cincinnati-to-spend-1-45m-to-pay-off-residents-medical-debts/74983892007/>
7. Guaranteed Income Expansion
- <https://www.yourlocalunitedway.org/our-work/invest-in-families/guaranteed-income-program/>
 - <https://www.abtglobal.com/projects/evaluating-guaranteed-income-programs>
 - <https://guaranteedincome.us/>
 - <https://www.kqed.org/news/12014575/palm-springs-oks-5-9-million-in-reparations-for-black-and-latino-families-whose-homes-the-city-burned>

REFERENCES

1. Median HH income, \$50,901 (Black) vs \$81,423 (white non-Hispanic). Source: data-Fab analysis of ACS 5-year data (2022); Median net worth, white non-Hispanic is \$284.31k while median net worth, Black non-Hispanic is \$44.1k- with a gap of \$240.21 k. Median liquid assets for Black families is \$2,100. Source: Survey of Consumer Finances (2022), available at <https://www.federalreserve.gov/econres/scfindex.htm>. Inheritance data is available at <https://apps.urban.org/features/wealth-inequality-charts/>; Generational “accumulation of disadvantages” is referenced in William Julius Wilson, *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy*; For a commentary on wellbeing, see *Black Wealth, White Wealth: A New Perspective on Racial Inequality*, by Melvin L. Oliver and Thomas M. Shapiro. – which states that Black Americans “entrust their children to school systems that are rarely able to provide them with the educational foundation they need to take the first steps up a racially skewed economic ladder. Trapped in communities of despair, they face increasing economic and social isolation from both their middle-class counterparts and white Americans.”
2. The mean gap is higher than the median because it gives more weight to the severe racial disparities of the ultra-wealthy. Data source: Survey of Consumer Finances (2022), available at <https://www.federalreserve.gov/econres/scfindex.htm>; For instance, of Forbes’ list of 700 US billionaires, just 7 are Black. Source: <https://itep.org/the-geographic-distribution-of-extreme-wealth-in-the-u-s/>; “Between 2019 and 2022, median wealth increased by \$51,800, but the racial wealth gap increased by \$49,950.” Source: https://www.nber.org/system/files/working_papers/w30101/w30101.pdf; History of the wealth gap over time – from 56:1 to 10:1 to 7:1 is documented at https://www.nber.org/system/files/working_papers/w30101/w30101.pdf and at <https://www.minneapolisfed.org/article/2022/how-the-racial-wealth-gap-has-evolved-and-why-it-persists>
3. The rate of “absolute income mobility” – the fraction of children who earn more than their parents – has fallen, from approximately 90% for children born in 1940 to 50% for children born in the 1980s. <https://opportunityinsights.org/paper/the-fading-american-dream/>; Addressing inequality is the only way to achieve prosperity. See: Transformative Economies, Brophy, Weissbourd and Beideman (Philadelphia Federal Reserve Board, Oct 2017), available at: <https://www.philadelphiafed.org/-/media/frbp/assets/community-development/reports/1017-transformative-economies-emerging-practices-for-aligning-growth-and-inclusion.pdf>
4. Various methods have been used to calculate the amount of wealth denied or taken from enslaved African Americans. These methods are explored in *From Here to Equality: Reparations for Black Americans in the Twenty-First Century*, Second Edition by William A Darity and A. Kirsten Mullen. Most calculations arrive at a present-day value between \$15-20 trillion (p.265).
5. The United States is built on capitalism, and markets. But, markets have institutional biases – most notably, racism – which leads to valuable assets – human capital, businesses, real estate, other market opportunities – going unrecognized and underutilized.
6. <https://www.actec.org/resource-center/video/40-acres-and-a-mule-reparations-and-the-estate-tax/>
7. https://www.nber.org/system/files/working_papers/w30101/w30101.pdf
8. <https://www.history.com/news/gi-bill-black-wwii-veterans-benefits>; <https://library.harvard.edu/confronting-anti-black-racism/space-design>
9. See, for example: William Julius Wilson, *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy*; Melvin L. Oliver and Thomas M. Shapiro, *Black Wealth, White Wealth: A New Perspective on Racial Inequality*.
10. See: <https://www.vera.org/news/the-chains-of-slavery-still-exist-in-mass-incarceration>; https://blogs.loc.gov/inside_adams/2021/06/convictleasing-system/; https://www.econtribute.de/RePEc/ajk/ajkdps/ECONtribute_195_2022.pdf; Also, note that some states have amended their constitutions to “abolish slavery without exception,” but most, including California, “still contain language mirroring the 13th Amendment carve-out for incarcerated labor.” <https://assets.aclu.org/live/uploads/publications/2022-06-15-captivelaborresearchreport.pdf>
11. For instance, the “average friends and family round” for entrepreneurs “is \$23,000,” but “the average Black founder raises less than around \$1,000 from family and friends.” <https://techcrunch.com/2023/04/06/friends-and-family-investment-funds/>
12. <https://stacker.com/california/sacramento/black->

- homeownership-gap-sacramento
13. <https://www.brookings.edu/articles/how-racial-bias-in-appraisals-affects-the-devaluation-of-homes-in-majority-black-neighborhoods/>
 14. National Community Reinvestment Coalition. (2017). HOLC maps. <http://maps.ncrc.org/holc>.
 15. <https://news.crunchbase.com/diversity/venture-funding-black-founded-startups-2023-data/>
 16. <https://www.brookings.edu/articles/introducing-the-buy-back-the-block-lab-building-black-wealth-through-community-real-estateownership/>
 17. Average 2022 value of directly held stocks. https://www.federalreserve.gov/econres/scf/dataviz/scf/chart/#series:Directly_Held_Stocks
 18. <https://www.federalreserve.gov/publications/2023-economic-well-being-of-us-households-in-2022-banking-credit.htm>; <https://finhealthnetwork.org/research/finhealth-spend-report-2023/>
 19. <https://www.aclunc.org/sites/goldchains/explore/peter-burnett.html>; <https://www.youtube.com/watch?v=t3hyl0O4cyg>
 20. "Census records taken between 1860 and 1870 show that the most common positions held by African American men during these years included porters, laborers, cooks, barbers, and stewards, with a smaller number working as blacksmiths, whitewashers, bricklayers, carpenters, and other similar positions." Sacramento African American Experience History Project; The Great Depression put about 20% of Sacramento County residents out of work, and wages fell significantly. "By 1932, 27,000 of the county's 140,000 residents were out of work." Source: <https://www.comstocksmag.com/longreads/booms-and-busts>; Around this time, unions began to organize, many open to African Americans. "But this does not mean that all unions were welcoming and/or interested in cross racial solidarity." Source: <https://exhibitions.lib.umd.edu/unions/social/african-americans-rights>
 21. Even after the Supreme Court's 1948 decision that racial covenants were not enforceable, Sacramento "homeowner associations and neighbors pressured homeowners on who to sell to or intimidated African American and Black residents," and builders often refused to accept credit applications from non-white borrowers (even if they could qualify for FHA financing). Source: Race and Place in Sacramento
 22. From 1934 to 1962, 98% of FHA (and later VA) financing went to white Americans. Source: <https://crab.rutgers.edu/users/glasker/FHADMIN.htm>. "Between 1940 and 1960, 350,000 new homes were built in Northern California using FHA support; however, fewer than 100 went to Blacks." Source: Race and Place in Sacramento.
 23. Note that redlining was more pervasive than the areas outlined on the HOLC map. "The FHA redlining map is no longer sufficient to understand race and housing in Sacramento. Source: Race and Place in Sacramento.
 24. From 1938 to 1949. Source: Race and Place in Sacramento. See also "Sacramento Urban Redevelopment: Existing Conditions in Blighted Areas." City of Sacramento. October 1950.
 25. Interstate 5 and Highway 50 in particular displaced residents in the city while also enabling suburban growth. The West End was designated as blighted by the Sacramento City Planning Commission for Sacramento in 1949. This land was the same area redlined by the FHA in 1938. This is not coincidence; "using blight as a way to justify land grabbing and redevelopment in minority neighborhoods was a concept set into motion at the national level in 1935 by NAREB." In addition, the early use of TIFs to finance these projects "directly supported projects that disproportionately targeted non-white residents." Source: Race and Place in Sacramento. Note also that the Housing Act of 1949 did not offer enough protections; an amendment to ban racial discrimination was voted down. https://www.nahro.org/journal_article/race-equity-and-housing-the-early-years/
 26. "Residents actively resisted redevelopment plans through a coalition of organizations represented by the Sacramento Business and Taxpayers Association." Race and Place in Sacramento. In addition, attorney Nathaniel Colley urged the City to provide fair housing for relocated residents and compensation to business owners. Historical records do not clearly outline what, if anything, was provided. See more of Colley's work at: <https://youtu.be/lTv0usoG9oE?si=cOWslcTCjgZOeF9k>; <https://youtu.be/AuFes7xy4sk?si=rOYoS-uqBQdzMDKO>. Eminent domain was used elsewhere; for instance see Burgess family land: <https://www.sacbee.com/news/equity-lab/representation/article287646990.html>.
 27. In the 1940s and early 1950s, the largest number of Black businesses were centered in the West End - most were hotels, small eateries, or bars. "Although such

- businesses adequately catered to the needs of the West End residents, local government officials criticized these establishments because of their inability to generate reasonable levels of taxable income for the city." Center for Sacramento History, email from June 18 2024; The 1950s also saw increased Black entrepreneurship in the West End, catering to military officers and civilian employees. Note that some of the increases in Black business ownership were due to takeover of Japanese owned businesses after their forced relocation to internment camps during WWII. Source: Sacramento African American Experience History Project. "Black business owners in the West End often faced financial ruin following confiscation of their property. Many just could not afford the costs of relocation." Source: Sacramento African American Experience History Project
28. In 1965, surveys conducted found that 9 of 10 landlords refused to accept Black renters; "90% of the rental market was unavailable to Blacks." Surveys were by State Employees for Equality and the Sacramento Committee for Fair Housing. Source: *Race and Place in Sacramento*.
 29. Sacramento African American Experience History Project; <https://www.abc10.com/article/news/local/sacramento/sacramento-west-endrevitalization/103-98291e2c-371e-4891-aa59-d415768522d0>
 30. A 1973 redevelopment plan for Oak Park was for the most part, never realized, aside from public housing on 35th Street – causing further displacement and disinvestment. Sources: <https://themetropole.blog/2018/04/12/sacramento-city-of-redevelopments/>; Sacramento 2040 General Plan pg. 10, available at https://www.cityofsacramento.gov/content/dam/portal/cdd/Planning/adopted-2040-general-plan/2040%20GP_1-01_Introduction_Adopted.pdf
 31. Highway construction in the 1960s and 1970s erased much of the progress of new commercial districts, just as they were getting established. *Race and Place in Sacramento*; For instance, "the highway created a distinct border between Oak Park and Curtis Park and other primarily white, affluent neighborhoods to the west." Sacramento African American Experience History Project.
 32. By the late 1970s, a popular new Black commercial district had developed along the Stockton Boulevard south of Broadway. Sacramento African American Experience History Project
 33. "The Unruh Civil Rights Act prohibited discrimination by all business establishments including housing and public accommodations and provided citizens the right to sue for damages. That same year, the Hawkins Fair Housing Act was passed prohibiting discrimination in any publicly assigned housing accommodations and provided access to the courts for injunctive relief. In 1962, the California Supreme Court extended the reach of these new fair housing laws by including realtors and tract developers as businesses subject to the provisions of the Unruh Act." *Race and Place in Sacramento*, page 35.
 34. Largely driven by the California Real Estate Association (CREA). "By arguing that fair housing law constrained an individual's freedom to enter contracts of their choosing, CREA claimed that fair housing endangered the financial freedoms and personal rights of law-abiding citizens." "As part of their efforts to gain public support for the initiative, the CREA and the NAREB published the Property Owners' Bill of Rights." *Race and Place in Sacramento*
 35. "Even if HUD's investigations revealed that a victim had suffered blatant discrimination, the agency had no way to force compliance, grant a remedy, assess damages, prohibit discriminatory practices from continuing, or penalize the lawbreaker in any way." <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4808815/>
 36. <https://money.cnn.com/2018/02/27/investing/wells-fargo-sacramento-lawsuit-discriminatory-lending/index.html>
 37. 1941 Executive Order 8802 / Fair Employment Act prevented discrimination in wartime industries.
 38. The tremendous social, cultural and political changes of Sacramento's "second gold rush" are described in: Johnson, Marilyn S. *The Second Gold Rush: Oakland and the East Bay in World War II*. University of California Press, 1996. To meet wartime production needs, companies like Southern Pacific Railroad "sent recruiters into the South to hire Black labor, promising free transportation and a 'good job' once they arrived." Source: Sacramento African American Experience History Project
 39. Housing building spiked in the 1970s as Sacramento sprawled outwards – 110,000 new units in the 1970s. Source: <https://www.comstocksmag.com/longreads/booms-and-busts>; Business opportunities were also limited due to population influx into the suburbs; between

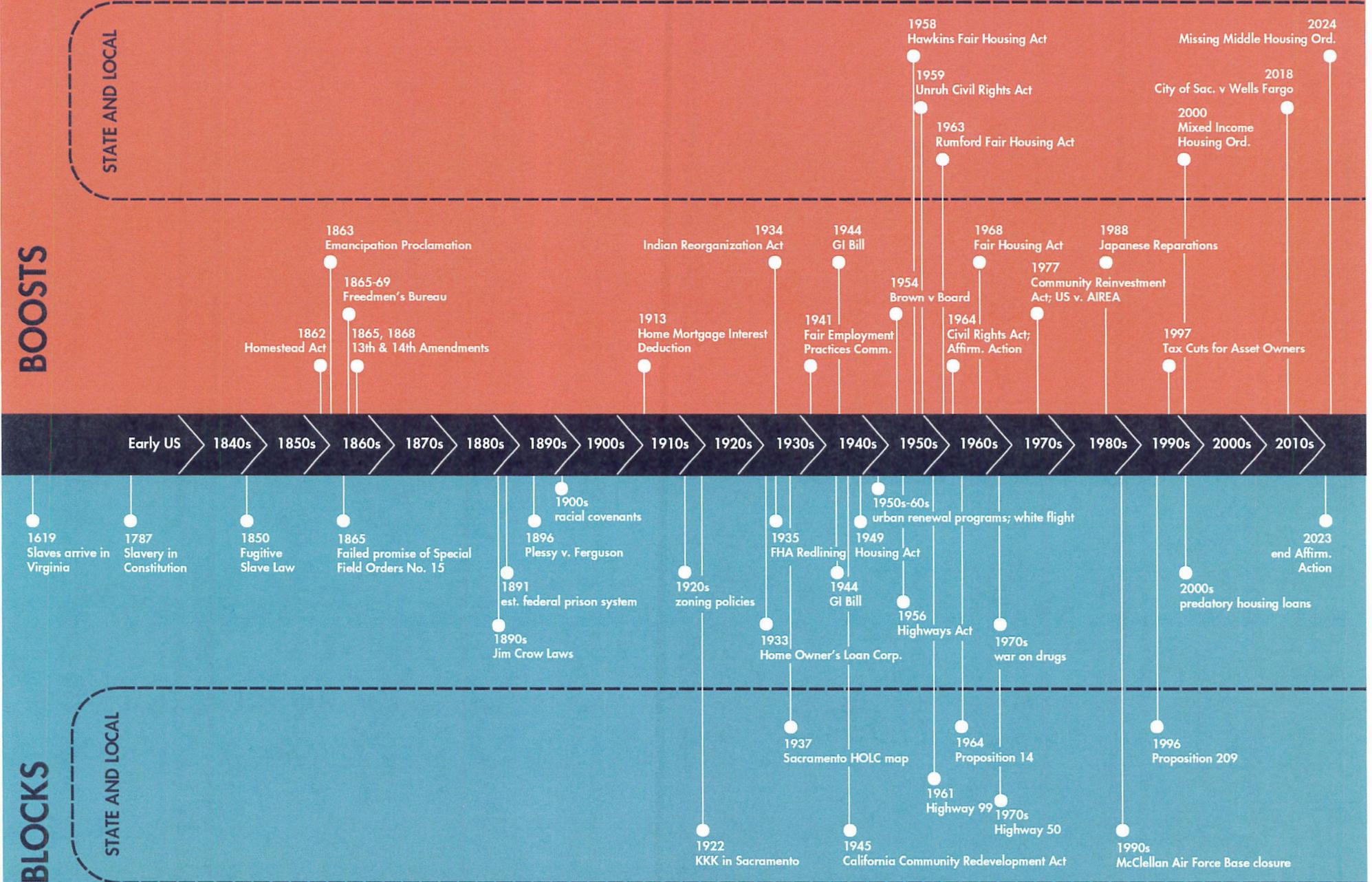
- 1939 and 1948, the number of businesses in the city decreased by 1%, while the remainder of the county, excluding the City of North Sacramento, experienced a 22% increase in commercial activity. Source: Center for Sacramento History, email from June 18 2024. "As the suburbs continued to sprawl outward — Roseville, Rancho Cordova, South Sacramento and Elk Grove — homes are built at a madcap pace. In 1970, Sacramento had a total of 212,000 housing units. The decade cranked out over 110,000 new units (53 percent of them single-family homes), a larger expansion than the region would see in the '80s (91,000), '90s (60,000), 2000s (81,000) and especially this decade so far (a meager 14,000). They were also pricier." Source: <https://www.comstocksmag.com/longreads/booms-and-busts>
40. The County tried to make education more equitable by increasing taxes in wealthy areas, requiring school district funding to be disbursed equally and not contingent on the district's property tax base. But this caused uproar in wealthy areas (who did not want to subsidize low income areas), and thus Proposition 13 was passed in 1978 which capped property tax at no more than 1% of the 1975-76 assessment and limited annual increases to the inflation rate or 2%. Following this, tax revenue as a percentage of total county revenues fell from 33% in 1977-78 to 12% in 1995-96. Municipalities thus invested more heavily in suburban commercial and residential development (in part to generate property and sales tax to invest in healthcare facilities and schools). Source: Race and Place in Sacramento.
 41. Sacramento African American Experience History Project.
 42. "In the 1960s and 1970s, the local Black community challenged discriminatory practices that had limited their job opportunities" – for instance at Bank of America. Sacramento African American Experience History Project
 43. <https://www.irp.wisc.edu/publications/dps/pdfs/dp123601.pdf>
 44. Looking at in-state undergraduates in California, 84% of Black students have accumulated student loan debt versus 62% of white students. <https://tcf.org/content/report/the-student-loan-borrowing-undermining-californias-affordability-efforts/>
 45. "From 2000 to 2006, Sacramento built 68,600 new homes (an annual average of nearly 10,000), compared to 1,700 in '98." In 1980, interest rates hit a historic high, making it nearly impossible to qualify for a mortgage, and housing construction slowed. To combat this, the Glass-Steagall Act was repealed, allowing banks to make risky loans. Source: <https://www.comstocksmag.com/longreads/booms-and-busts>
 46. <https://money.cnn.com/2018/02/27/investing/wells-fargo-sacramento-lawsuit-discriminatory-lending/index.html>; <https://www.epi.org/publication/bp335-boa-countrywide-discriminatory-lending/>; <https://www.pbs.org/newshour/show/bank-of-america-topay-335m-to-settle-countrywide-case-of-alleged-racial-bias>; <https://www.forbes.com/sites/shaunharper/2023/01/13/31-million-to-black-andlatino-communities-in-largest-ever-housing-discrimination-lawsuit/>
 47. "Real-estate website Redfin reported that in October through December 2017, there were 15,000 users of their site (home searchers) living in San Francisco who wanted to leave, and their top destination was Sacramento." Source: <https://www.sacbee.com/news/local/news-columnsblogs/city-beat/article199163524.html>
 48. Source: data-Fab analysis of ACS 1-yr Longitudinal Data (2022)
 49. Source: data-Fab analysis of ACS 5-yr data 2022
 50. And, today, a family of four would need about \$87,000 annually to live, but 30% of households live below this – disproportionately Latino and African American. <https://public.tableau.com/app/profile/hgascon/viz/TheRealCostMeasureinCalifornia2023/RealCostDashboard>
 51. Source: data-Fab analysis of QCEW/QWI data, 2010 and 2022.
 52. In the city, about 4.2% of Black residents are self-employed, versus 10.1% of white residents. Including Black Hispanic. Source: data-Fab analysis of ACS-IPUMS 2022 5-yr Release (data for employed persons, 25-64 years old)
 53. 2020. <https://stacker.com/california/sacramento/black-homeownership-gap-sacramento>
 54. Source: data-Fab analysis of ACS 5-yr data 2022
 55. Previously redlined areas in Sacramento generally have worse environmental stats today: higher temperature, greater impervious surfaces, and less tree cover- which impact resident health as well as assessed home value. <https://www.arcgis.com/apps/dashboards/73e329457b6644e7aeff13ecce43c8d8>; One study found that areas with more Black and Latino residents have fewer trees. See: Schwarz, K., Fragkias,

- M., Boone, C. G., Zhou, W., McHale, M., Grove, J. M., . . . , Whitmer, A., & Cadenasso, M. "Trees Grow on Money: Urban Tree Canopy Cover and Environmental Justice," *PLoS One*, Volume 10, 2015, <https://www.cityofsacramento.gov/content/dam/portal/pw/climate-action/urbanforestry/Sacramento%20Draft%20Urban%20Forest%20Plan.pdf>
56. Median home values (2022) in Sacramento County: \$476k. Nationally: \$311k. <https://blackwealthdata.org/wealthindicator?firstCounty=Sacramento%20County,%20California&secondCounty=national>
 57. Black-owned firms average about 6 employees per firm (versus 11.6 for white-owned). Black-owned businesses in Sacramento County have an average of \$750k in revenue versus white-owned average \$2.7M in revenue (ABS 2017).
 58. Source: data-Fab analysis of Annual Business Survey 2017 (2018 Release); ACS 2017. Entrepreneurship rate is number of firms per 1,000 working age population aged 25-64.
 59. Interviews with small business assistance and lending organizations.
 60. Sacramento County (12 per 100k people); nationally (24 per 100k people). <https://blackwealthdata.org/wealthindicator?firstCounty=Sacramento%20County,%20California&secondCounty=national>.
 61. Banking deserts, defined by the Federal Reserve, are urban tracts with no banks within 2 miles or suburban tracts with no banks within 5 miles. Or, rural tracts with no banks within 10 miles. 2023 data. <https://fedcommunities.org/data/banking-deserts-dashboard/>.
 62. Most home loan denials were due to "debt-to-income ratio" (36%) but also credit history (14.6%) and collateral (11.8%). HMDA 2022.
 63. In 2022. Average across all loans: 7% of loans were denied (2331 of 32,932). HMDA 2022. Code references: <https://files.consumerfinance.gov/f/documents/cfpbreportable-hmda-data-regulatory-and-reporting-overview-reference-chart-2019.pdf>; In addition, Black applicants were denied 11.8% of the collective amount of loan dollars for which they applied (versus 6% for white applicants).
 64. City tracts with high concentrations of Black residents (over 20% Black/African American) comprise 15% of the population (And more specifically, they contain 29% of the Black/African American population) but only received 12% of small business loans (<\$1M) from traditional bank lenders. Source: data-Fab analysis of FFIEC-CRA Aggregate Data, 2022; ACS 2022 5-year release.
 65. County-level health disparity data is available at: <https://www.racecounts.org/county/sacramento/>. For more information on the unjust impacts of fines and fees, see: <https://finesandfeesjusticecenter.org/>
 66. <https://www.ssa.gov/policy/docs/research-summaries/education-earnings.html> ; Skills-based hiring can help to eliminate discrimination built into hiring practices – evaluating candidates based on true merit rather than education credentials. <https://www.weforum.org/agenda/2023/04/growth-summit-2023-why-skills-first-hiring-is-the-solution-to-the-global-talent-;> Moving to a skills-based hiring approach is timely, given the unprecedented rate of change of skillsets across industries. See: EMSI (2022), *Shifting Skills, Moving Targets*, and *Remaking the Workforce*.
 67. Because of these factors, homeownership is not a guarantee of successful wealth accumulation. <https://www.huduser.gov/publications/pdf/wealthaccumulationandhomeownership.pdf>
 68. High-growth clusters that may present particular opportunities for inclusion include: life sciences/biotech, clean economy, future mobility (e.g., electrification), agriculture and food and beverage manufacturing, headquarters and business services (see: ScaleUP Sacramento, available at <https://www.cityofsacramento.gov/city-manager/oied/scale-up>). Or, opportunities may include industries (2D NAICS) with more than 800 establishments, positive employment growth from 2010-2022 and average wages above \$60,000: manufacturing, professional services. Source: data-Fab analysis of QCEW/QWI data, 2010 and 2022.
 69. <https://www.weforum.org/stories/2023/04/growth-summit-2023-why-skills-first-hiring-is-the-solution-to-the-global-talent-shortage/>
 70. "The median household net worth is 92% higher for employee-owners." Source: https://media.erepublic.com/document/CITYACCELERATOR_FINAL.pdf
 71. SBAC is focusing on small businesses, which are defined by CA DGS as 100 employees or less, or \$18 million in annual gross revenue, and microbusinesses, which is defined by 25 employees or less or \$6 million in annual gross revenue. SBAC is also focusing on disadvantaged

and under-resourced areas, such as HUD Qualified Census Tracts, Promise Zones, and areas with an overburdened linguistic isolation or pollution score, as defined by CalEnviroScreen.

72. e.g., Moderately Priced Dwelling Unit (MPDU) program, which guarantees that income-restricted housing be built as part of market-rate development projects.
73. For instance: "direct rental assistance to affected tenants, eviction prevention, preservation of older housing stock, housing vouchers" and "tenant right of first refusal laws, housing trust funds, community land trusts." <https://www.urban.org/urban-wire/how-embed-racial-equityzoning-code-reform>
74. The program is piloted by partners including the City of Cleveland and Cleveland Neighborhood Progress.
75. Disclosure: RW Ventures, LLC is a co-owner of TREND.
76. https://assetfund.org/wp-content/uploads/AFN_2020_FinancialCoaching_Exe-Summary-

Government Boosts and Blocks to Building Wealth



NOTES: This does not capture the full extent of "Boosts" and "Blocks" to Black wealth - but highlights key policies and programs relevant to Sacramento's wealth gap. While some of the policies and programs listed were designed to be "Boosts," they were implemented in a way that was harmful to Black Sacramentans - and therefore are listed as "Blocks" (e.g., GI Bill).