THE FUTURE OF REAL ESTATE IS EQUITABLE

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THESES
The future of real estate is grounded in equity and focused on building generational wealth through community investment in historically disenfranchised communities.

PROBLEM STATEMENT
Black, Indigenous, and People of Color (BIPOC) communities suffer from disinvestment, a lack of opportunities to acquire assets and build wealth, and development practices that perpetuate inequity.

COMMUNITY INVESTMENT

WHAT IS COMMUNITY INVESTMENT?
Community investing—channels public and private investment to low-income and underserved communities to provide capital, credit, and training that these communities would otherwise lack. (Forum for Sustainable & Responsible Investment)

FUNDING SOURCES
Community investing requires capital and technical support from varying sources including philanthropies, traditional financial institutions, and government.

KEY CONSIDERATION
It is not always possible for community investments to achieve market rate financial returns, and these opportunities should not be compared to traditional investments.

COMMUNITY INVESTMENT IN SMALL BUSINESSES

Small businesses are vital to healthy local economies. Furthermore, retail and office space are key parts of the commercial real estate market and rely on businesses to rent space.

Community investing supports diversity and advances economic opportunity. Local businesses are more likely to hire within the community, pay livable wages, and work with other small businesses, thereby circulating money within a local economy. (TransformFinance, 2021)

Data point: Small businesses create two-thirds of net new jobs and account for 44% of U.S. economic activity. (U.S. Small Business Administration Office of Advocacy, 2019)

STRATEGIES FOR SMALL BUSINESS GROWTH

Subsidized Spaces
Developers should commit to including small business tenant spaces in their properties and partner with local business incubators to provide subsidized retail and co-working spaces.

Access to Capital
Minority-owned businesses need access to capital to grow and take advantage of real estate opportunities.

Data point: Black and Latinx founders received approximately 2.8% of venture capital funding in 2020. (Crain’s, 2020)

Mixed-Use Corridors
Develop walkable, mixed-use commercial corridors that serve visitors and residents throughout the day, week, and year.

Public Markets
Create programs and spaces for public markets to provide low-cost entry points for entrepreneurs to test their products and jumpstart their businesses.

COMMUNITY INVESTMENT IN REAL ESTATE

FEATURED COMMUNITY INVESTMENT STRATEGIES

Investment Crowdfunding - Build community wealth
A way for companies and developers to raise funds from a large number of investors in exchange for equity shares in the business or real estate project. Lower investment minimums allow community members to participate.

Grassroots Community Engaged Investment (GCEI) - Build community wealth & power
The process and practice of investing with meaningful input, decision-making power, and/or ownership from grassroots stakeholders. (TransformFinance, 2021)

EXTENDING ECONOMIC PARTICIPATION

Real estate has long been a powerful tool for wealth creation. However, BIPOC communities have been systematically excluded from participating in its economic benefits. Greater opportunities to acquire real estate assets through equity investment and homeownership are critical.

Quality, affordable housing is the foundation for allowing families to save, invest, and pursue educational and career opportunities. However, the U.S. is suffering from an affordable housing crisis.

POLICIES TO IMPROVE AFFORDABLE HOUSING

Zoning Reform
Reduce regulatory barriers that limit the construction of small, lower-cost homes on expensive land.

Data point: Local zoning regulations prohibit building anything other than single-family detached houses on three-quarters of land in most U.S. cities. (Schuetz, Brookings Institution, 2020)

Land Value Tax
Charge a higher tax rate on land and a lower rate on structures to encourage owners of expensive land to develop more intensively and more quickly.

Housing Subsidies
The federal government should expand housing subsidies as increasing the supply of market-rate housing will not help the nation’s poorest families.

Data point: There are 14 million low-income workers with median income around $20,000. HUD guidelines suggest they should spend no more than $500 per month on housing costs. (Schuetz, Brookings Institution, 2020)

BUILDS GENERATIONAL WEALTH

Policies and programs provide a variety of options to generate wealth through dividends on community investment in real estate and local businesses. This wealth can be passed down through generations of families.

ENSURES COMMUNITY VIBRANCY

The real estate industry supports healthy and safe communities with public amenities including schools, parks, complete streets, health services, access to affordable and healthy food, fresh air, and safe and inviting environments.

PREVENTS DISPLACEMENT

Policies and programs allow anyone who wants to live in the community to do so, especially current residents, and discourages displacement of stable small businesses that serve community needs.

ACHIEVES FULL INVESTMENT ACCESSIBILITY

Any development that results from investments in the built environment is accessible and welcoming to people regardless of age, physical condition, or language.