

Lessons Learned from 10 Years of Investment in Detroit

Creating Growth and Opportunity through Cross-Sector Collaboration

Ten years ago, JPMorgan Chase made a historic investment in Detroit's comeback, which reached \$200 million in 2022. In doing so, we made one of our most comprehensive, integrated, and holistic business and philanthropic investments to date – and learned important lessons along the way.

Having provided banking services in Detroit for 90 years, we saw the city's struggle firsthand when it filed the largest municipal bankruptcy in U.S. history in 2013. But we also saw a remarkable opportunity brewing – a new mayor had just won a historic write-in campaign on the promise to help Detroit emerge even stronger from bankruptcy, and a coalition of local community, business and civic leaders was already working in lockstep toward the common goal of building an economy that worked for every resident.

From the outset, we wanted to be a part of this visionary brigade of institutions and individuals that sought to set differences aside and work together to reimagine a city, revitalize neighborhoods and open doors to opportunity.

We seized this opportunity to test how private capital could help solve big economic challenges. Extensive research and data guided our approach as we focused in on the areas where we could leverage our own expertise to make a significant impact: neighborhood revitalization and affordable housing, skills training and job creation, small business growth and financial security for Detroit's residents.

Looking back, we see the returns in the strength of our customers and communities: in their ability to access opportunity, plan for the future and pursue their dreams. We see it in the form of a stronger economy, too. From 2015 to 2021, the per capita income of Detroit's residents increased by 23%, the percentage of unbanked residents decreased by more than half and the median credit score rose by 9%. In 2023, Detroit's unemployment rate fell under 7%, its lowest since 2000. This progress isn't just promising, it's inspiring.

We recognize that a stronger Detroit is also good for business. When Detroit's neighborhoods grow, our business is stronger. Since making our initial commitment in 2014, our market share in Detroit has increased, Chase consumer and small business accounts and balances have risen, and mortgage originations have improved. This is good for our employees and our shareholders, too.

We are proud to play a small role in Motor City's comeback. Detroit represents what's possible when community residents, private industry and city leaders work together to drive more inclusive growth. For us, these lessons have provided a host of insights that now inform our business practices and efforts to boost economic opportunity in communities around the world. We offer this playbook to help others see how they can help drive economic growth in their own communities.



Jamie Dimon
Chairman and CEO, JPMorgan Chase



Peter Scher
Vice Chairman, JPMorgan Chase

Key Lessons Learned

JPMorgan Chase's investment in Detroit – which includes philanthropic capital, skilled volunteerism, low-cost loans and equity investments – has become a model for the development of its business priorities, growth opportunities and programs around the world. These insights have strengthened the way the firm collaborates with communities, business leaders and government to help solve economic challenges and grow its business.

The following lessons guide the firm's approach on key initiatives, including its branch expansion to all lower 48 states, investments to improve employer-sponsored health care, its \$30 billion Racial Equity Commitment, its effort to help people with a criminal background get a fair chance and its strategies for investing in communities around the world, from Greater Washington, D.C., to Greater Paris.

- 1. Investing in communities is good for business.** The growth of a community's private sector is inextricably tied to the strength of local economies. Investing in our neighbors, neighborhoods and local businesses is not about charity. It's about acknowledging the fact that companies cannot outgrow the communities they serve. A stronger community is good for business, increasing the value companies can bring to their customers, clients, employees, communities and shareholders.
- 2. Listening closely to the community is the first step to revitalization.** Connecting with and understanding the communities you're serving starts by listening closely to its local community, business and civic leaders to understand where areas of opportunity and collaboration exist.
- 3. Staying focused on your distinct strengths and expertise.** When JPMorgan Chase first went to Detroit, there were hundreds of issues the firm could have taken on. Instead of going a mile wide and an inch deep, the firm identified the areas where it could bring unique value, resources and expertise to drive meaningful change.

4. **Collaborating is critical.** When problem solving, all too often people spend their time debating differences rather than identifying joint solutions and areas of opportunity. Identifying common objectives across industries and sectors is fundamental to drive systems change.
5. **Delivering systems change requires more than just financial investment.** Human capital and brain power are equally – if not more – important than financial commitments. The impact of access to capital on a business and a community is magnified when accompanied by thoughtful, tailored technical assistance – especially of a firm’s employees – that helps individuals, businesses and organizations successfully navigate complex challenges and scale the most important efforts.
6. **Promoting strong, diverse capital ecosystems is critical to redevelopment.** Diverse financial institutions, such as Community Development Financial Institutions (CDFI) and Minority Depository Institutions play an important role in providing vital financial services, including mortgages and small business loans, to underserved communities. Strengthening these institutions with capital and expertise is essential given their multiplier effect.
7. **Identifying innovation and scaling it.** No two communities will have the same strategy for inclusive growth. But the *approach* for taking on these challenges should stay the same: Listen to the community, identify areas where business can help catalyze community goals and collaborate closely with the community. Where it makes sense, tap into the creativity of other markets to replicate innovative solutions that have proved successful.

In collaboration with local community partners, JPMorgan Chase's \$200 million commitment in Detroit has helped:



72,000+

More than **72,000** Detroiters placed into apprenticeships or full or part-time jobs



~17,000

Nearly **17,000** Detroiters participated in job training programs aligned with high-demand industries



13,000+

More than **13,000** small businesses received capital or technical assistance



5,000+

More than **5,000** affordable housing units created or preserved



15,000+

More than **15,000** Detroiters received services to improve their financial health

Laying the Foundation for JPMorgan Chase's Investment in Detroit

“ Achieving economic growth in a city that is majority-minority but also has high unemployment, poverty and low education attainment is a challenge. It would be easy to just provide charity to that demographic and assume the result would be demonstrable change in economic position. However, what JPMorgan Chase has demonstrated is that by investing in small businesses, affordable housing and other enterprises that benefit our largest demographic in Detroit, we are beginning to see the result of inclusive economics. This is a formula for generational wealth and opportunity in our city. ”

Anika Goss, CEO of Detroit Future City

JPMorgan Chase's History in Detroit

While this playbook focuses on the years 2013–2023, JPMorgan Chase's history in Detroit dates to 1933 with its predecessor, the National Bank of Detroit. From the very beginning, the firm supported its clients and the greater community through investments, loans, products, services and other core business solutions. It also played a role in the city's civic life.

Listening Closely to the Community

In the spring of 2013, Lee Saunders, president of the public employees' union American Federation of State, County and Municipal Employees, met with JPMorgan Chase Chairman and CEO Jamie Dimon and raised the challenges that municipal retirees were facing in Detroit. The pensions of municipal retirees were in danger, and conditions in the city were dire. At the time, half of Detroit's streetlights were out, a third of the buses were broken down and only eight ambulances operated across the entire city. Saunders urged the firm to look into how it could help Detroit given the bank's significant presence and history in the city.

Dimon tasked Vice Chairman Peter Scher, who led the firm's global Corporate Responsibility work at the time, to visit Detroit and see if the firm could do anything to support the city. By the fall of 2013, Scher had brought Corporate Responsibility leaders and commercial bankers to Detroit to kick off a six-month-long series of conversations with local leaders. This effort involved JPMorgan Chase employees from across the bank, including those within the firm's global philanthropy team as well as native Detroiters who were based in the firm's Motor City office. The objective was to listen closely to the city's needs and identify the areas where JPMorgan Chase might extend its support. There was no presumption that the firm could, in fact, help address Detroit's challenges.

Initially, Scher and the JPMorgan Chase team met with the Founder and Chairman of Quicken Loans (now Rocket Companies) Dan Gilbert, a Detroit native, who then made the connection to Invest Detroit, a CDFI that supports real estate and business projects often unable to qualify for traditional financing. Invest Detroit's President and CEO Dave Blaszkiwicz then connected the JPMorgan Chase team with leaders at The Kresge Foundation.

The team also listened closely to the community and business leaders who had come together to drive Detroit's resurgence and were already charting the city's path forward. One question repeatedly asked was, "If JPMorgan Chase provided significant investments, what could we do together?" These conversations made clear that robust planning and coordination were already under way. It also became increasingly evident that private capital could, indeed, accelerate this work.

The Groundwork for Collaboration

In the aftermath of Detroit's bankruptcy, city leaders considered selling works from the Detroit Institute of Arts (DIA) to raise money to cover a portion of the cost of city retirees' pensions. In response, a consortium of corporate and philanthropic foundations, including the Ford Foundation, JPMorgan Chase Foundation, W.K. Kellogg Foundation, Knight Foundation, The Kresge Foundation and several others, came together to explore how philanthropy could help pay off the city's massive debt and preserve pensions.

This group of organizations soon agreed to contribute more than \$350 million toward the city's liabilities – enough to preserve the DIA's art collection and calm the concerns of city pension fund managers, who had assumed they would bear the brunt of the bankruptcy's impact. As a result of this so-called "Grand Bargain," the city came to an agreement with its creditors and pension funds. It also put the DIA into an independent trust. While Detroit exited bankruptcy in December 2014, it remained under the oversight of an independent financial manager for the following three years.

Conditions for Collaboration

Reflecting on the factors that gave JPMorgan Chase confidence in making its \$200 million commitment to Detroit, the following social and economic conditions were key:

1. An already mobilized community of public, private and philanthropic partners
2. Consensus among community, business and civic leaders on the city's critical challenges and an approach to tackle them together
3. A locally driven blueprint, Detroit Future City, for the path forward
4. Local consensus on clear direction for a private sector partnership
5. An opportunity to leverage the firm's business expertise

Although the bankruptcy marked a major setback for Detroit, in many ways it galvanized those who had witnessed the city's plight in the preceding years but were hopeful about its revitalization. For example, in 2010, Quicken Loans' Gilbert relocated the company's headquarters from Detroit's suburbs to the city's downtown area, creating thousands of jobs over the next five years. In 2011, Gilbert also founded Bedrock, a real estate development firm that has since invested and committed over \$6 billion to acquiring and developing more than 100 properties in its portfolio, including landmark developments in Detroit such as the Hudson's Site, the Book Tower restoration and City Modern.

In 2012, philanthropic leaders in Detroit convened with the city government and leaders of churches, community organizations and small businesses to draft a new strategic plan for the city. The result was Detroit Future City, a 750-page document that comprehensively described the city's conditions and laid out a growth plan that received the support of virtually all civic leaders. Detroit Future City has since evolved into a think tank, policy advocate and innovative engine, developing data-driven strategies for a more equitable and sustainable Detroit.

Almost immediately thereafter, Mike Duggan ran for mayor in 2013 as a write-in candidate and won. His major campaign promise was to expand the revitalization of the city beyond downtown and restore vital city services.

Formulating a Strategy for Investment

In 2012, Detroit's unemployment rate was more than 27%.¹ Two years later, nearly four in 10 Detroiters were living below the poverty line.² As part of its resurgence, it was clear that Detroit had to help its residents build and sustain wealth, particularly Black residents who made up more than 80% of the city's population. To do this, the city had to identify the industries and careers poised for growth and then retrain residents while creating the right conditions for employers to establish new jobs. It was also imperative to attract residents, following an exodus that left the city with a population of roughly 690,000 in 2013³ compared with 1.85 million in the 1950s.

Across the United States, the majority of new jobs were – and still are – created by small businesses. Initially, the firm tested philanthropic investments in startup incubators focused on the development of new business ideas. Following subpar outcomes, a conversation with Mayor Duggan helped clarify the matter at hand: There were Black entrepreneurs across Detroit who wanted to be part of the city's economic recovery, but, all too often, they lacked access to the capital, guidance and resources needed to start and scale their businesses. This insight led to the firm's focus on supporting entrepreneurs of color.

Blight was also impossible to ignore considering the Detroit Land Bank had more than 40,000 vacant houses in 2013.⁴ Detroit's residents lost \$1.3 billion of wealth to the foreclosure crisis in 2012 alone, and a disproportionate burden fell on communities of color.⁵ At the same time, the pervasiveness of dilapidated housing caused home values to plummet, a financial setback hurting many residents who had stood by the city during its darker days. This insight guided the firm's focus on affordable housing, as well as its support for diverse and underrepresented developers to ensure that city residents were able to rehabilitate their own neighborhoods.

After months of research and ongoing conversations with Detroit's leaders, the JPMorgan Chase team refined its approach and identified key areas where its expertise and resources could make a meaningful impact: business and philanthropic investments, research and data, and human capital – all to help drive more inclusive economic growth. The firm centered its support in four key pillars: community development, careers and skills, business growth and entrepreneurship, and financial health, laying the foundation for what would become the organizing principles for the firm's future global community investments. In 2012, less than 40% of the firm's community investments were aligned to these pillars. Today, that number exceeds 95%.

As the firm refined its focus areas, it also conducted preliminary research to help identify potential partners among nonprofits and businesses that had deep roots in the community, as well as the capacity to deliver meaningful progress. In May 2014, the firm announced its "big bet" on Detroit's turnaround, committing \$100 million to the city's economic recovery. Of this commitment, \$50 million was directed to two CDFIs for community development; \$25 million went toward blight remediation and neighborhood stabilization; \$12.5 million supported workforce development; \$7 million targeted small business growth; and \$5.5 million was allocated for infrastructure development and catalytic investments.

The Detroit investment set a new precedent for how the firm would manage its approach to philanthropy. Similar to an internal quarterly business review, the Detroit team leveraged internal and external data and analytics, convened local and national experts, and assessed progress frequently to continually learn and iterate on the approach. Eventually, this level of intentionality allowed the firm to translate lessons from Detroit into scalable business and social solutions domestically and abroad.

After deploying this initial commitment of \$100 million two years ahead of schedule, JPMorgan Chase expanded its commitment in May 2017 to \$150 million and again in June 2019. By the end of 2022, its commitment had reached \$200 million.

Leveraging Employee Expertise through the Service Corps

Soon after its initial investment in Detroit, JPMorgan Chase launched the Service Corps, a skills-based volunteer program that taps the talent and expertise of the firm's global workforce to strengthen its nonprofit partners and amplify the firm's philanthropic commitments.

In 2014, high-performing JPMorgan Chase employees were chosen to join the firm's Detroit Service Corps through a competitive nomination and selection process. Selected individuals spent three weeks working full time and on-site with a nonprofit organization in Detroit. The first Service Corps cohort had more than 130 years of aggregate JPMorgan Chase work experience and included 12 employees from around the world, including Australia, Brazil, Chile, China, India, the Philippines and the United States.

To help direct capacity-building efforts effectively, the firm approached organizations receiving funding about the opportunity to work with a JPMorgan Chase team that could support projects that helped grantees and nonprofits further the development and execution of the city's strategic plans. For example, a Service Corps team worked directly with Invest Detroit to create a scoring model for prioritizing neighborhoods for development funding.



Since the program's inception, more than 185 JPMorgan Chase employees from 15 countries have volunteered in Detroit, providing:

- Assistance to 30+ unique clients
- Support to nearly 50 projects
- Volunteer service of more than 26,000 hours

Nearly 10 years since its launch in Detroit, the Service Corps has expanded globally – from the Bay Area to London to Mumbai – with over 1,500 JPMorgan Chase employees contributing 100,000 hours to support more than 300 nonprofit organizations to date.

Throughout the years, the program has evolved to offer flexible delivery models and to capitalize on more of the firm's functional expertise to address areas critical to organizational sustainability. Today, the Service Corps supports nonprofits in areas such as strategic planning, people management and financial modeling. Nonprofit participants regularly note the positive impact on their organization.

The Service Corps seeks to support economic growth around the world and has been instrumental in informing the firm's strategy for supporting other communities such as Greater Paris.

The Framework of JPMorgan Chase's Investment in Detroit

- Community Development
- Careers and Skills
- Business Growth and Entrepreneurship
- Financial Health

Investment Impact: Community Development

5,000+

More than **5,000** affordable housing units were created or preserved thanks to support from JPMorgan Chase's \$200 million investment as of 2023

Data show progress on housing and community renewal

~20%

Nearly **20% decrease** in vacant housing in Detroit between 2013 and 2021

96+%

96+% increase in loans to Black households between 2013 and 2021

88+%

88+% increase in median owner-occupied home value in Detroit between 2013 and 2021

Abandoned, blighted and vacant buildings had been a significant problem for decades in Detroit, threatening the health and safety of residents while suppressing home values in neighborhoods across the city. In 2013, the median owner-occupied home value in Detroit was \$36,800, roughly 79% lower than the national median.⁶ The issues of urban blight and the depressed housing market were raised in every community conversation, making it a top priority for the firm's strategy to support Detroit.

The city launched a series of programs to tackle blight, including use of the Detroit Land Bank. Taking a three-pronged approach, the Detroit Land Bank (1) took ownership of abandoned properties to demolish property where necessary, (2) enforced aggressive code to incentivize absentee owners to remediate properties before the Land Bank took possession, and (3) auctioned homes and, when possible, blocks of abandoned properties. In 2013, there were more than 110,000 vacant housing units across Detroit.⁷

As the city tackled vacant properties, JPMorgan Chase worked with CDFIs committed to the creation of affordable housing and vital institutions. Designed to serve underinvested communities, CDFIs work with borrowers' specific circumstances and build greater flexibility into loan terms, by, for example, requiring less collateral, accommodating a higher

loan-to-value ratio and accepting longer repayment periods. The flexible and patient capital offered by CDFIs allowed local developers to take on projects that otherwise might have failed due to regulatory restrictions, risk and non-serviceable gaps in market values.

In an early conversation between Mayor Duggan and JPMorgan Chase's Scher, it was emphasized that Detroit could not "come back" unless its neighborhoods also did so. In response, the firm leveraged the expertise of several CDFIs to make targeted investments in neighborhoods that were poised for growth. In 2016, Invest Detroit joined forces with city leaders and corporate donors, including JPMorgan Chase, to launch the Strategic Neighborhood Fund (SNF).

The SNF connected community developers with private, philanthropic and public capital to support and stabilize distressed neighborhoods. The SNF was intentional with its involvement of residents. For example, in the Livernois neighborhood, Invest Detroit and the city of Detroit conducted some 300 meetings to take the neighborhood's pulse, gather input and build consensus. The meetings ranged from town halls at local community centers to ad hoc get-togethers at local parks or even on a resident's front porch.

Case Study: Motor City Mapping



One of the city's early challenges was to identify the location of blighted properties. With funding from JPMorgan Chase, The Kresge Foundation and Quicken Loans, the city launched Motor City Mapping, a comprehensive effort to create a public database of Detroit's property details, to flag abandoned or

blighted buildings, and to centralize communication between the public, the government and city providers. Through a mobile app, residents could help the city build the database of blighted properties by uploading photos and supplying details such as estimated occupancy, vacancy, fire damage and property use.

Peter Scher, Vice Chairman of JPMorgan Chase, said, "Motor City Mapping's success was contingent on the engagement and commitment of residents who wanted to rebuild their neighborhoods, block by block, home by home. It goes to show how civic leaders can partner with their constituents to pinpoint community challenges and concerns."

Since 2014, JPMorgan Chase has invested \$17 million in the SNF to support neighborhood improvements through commercial corridor revitalization, housing stabilization, catalytic park investment and streetscape improvements. By 2023, the SNF had focused on improving the quality of life for residents in 10 neighborhoods across Detroit.

As the SNF adapted and expanded to meet community needs, conversations arose about the lack of developers of color rebuilding the city. As of 2020, only 5% of U.S. real estate developers identified as Black.⁸ To better ensure that Detroit's developers reflected the population of their city and that underrepresented developers of color could participate in its growth and revitalization efforts, JPMorgan Chase provided \$1 million to Capital Impact Partners in 2017 to launch and expand the Equitable Development Initiative (EDI).

The EDI is an annual program operated by Capital Impact Partners that educates early- and mid-career developers of color about every stage of project development and financing, helps demystify the real estate market and provides critical access to low-cost capital after program participants graduate. Since 2017, the firm has supported the program not only in Detroit but also in Dallas, San Francisco and Washington, D.C. More than 230 developers across the country were trained by EDI or participated in its programming in 2023.

Detroit's need for affordable housing was clear and urgent. In 2018, the city released the Multifamily Affordable Housing Strategy Report, which detailed the city's extensive housing challenges. These ranged from rising housing costs and a shrinking supply of high-quality, safe, affordable homes to diminishing resources for creating or preserving its existing stock. In addition, over 40% (8,854 units) of the city's current affordable units were approaching the end of their regulated affordability terms (by 2023) and were in danger of being replaced with market-rate housing or falling into neglect.⁹

In response, the city partnered with the Local Initiatives Support Corporation (LISC), a national CDFI with operations in Detroit, to create the Detroit Housing for the Future Fund (DHFF) in 2020. JPMorgan Chase provided early and critical funding to the DHFF, including \$12.5 million in loan capital and \$2.5 million in grants, for a total commitment of \$15 million. The DHFF preserves existing and creates new affordable housing units located in areas of high opportunity throughout the city. As of March 2023, the DHFF's investments led to \$71.6 million in total development, with 406 affordable units financed and 376 units in the pipeline.

In 2005, there were only three CDFIs in Detroit. By 2016, there were 16 CDFIs operating in the city, signaling a rebound in the local market.¹⁰ By May 2017, the entire \$40 million that JPMorgan Chase loaned to Invest Detroit, along with Capital Impact, had been lent out to development projects, and \$7 million had been repaid, which had then been reinvested. With its \$40 million commitment, the firm unlocked \$147 million in outside funding that otherwise might not have been invested in Detroit.

From 2013 to 2021, vacant housing decreased 20% in Detroit.¹¹ The median owner-occupied home value in Detroit rose to \$69,300 in 2021, up more than 88% since 2013.¹² JPMorgan Chase's support for organizations and programs like these through its \$200 million commitment has supported the creation or preservation of more than 5,000 affordable housing units in Detroit.

“ JPMorgan Chase’s investment in Detroit and Capital Impact Partners is a testament to the powerful role that collaborative partnerships can play in building stronger and more inclusive and equitable communities – especially those that have suffered from decades of disinvestment. Since 2014, JPMorgan Chase has been a key partner as we have worked with local residents to invest not only in the city’s infrastructure but in its people, too. This partnership has helped us pilot successful programs like the Detroit Neighborhoods Fund and the Equitable Development Initiative, the latter of which we have expanded into other cities across the country based on our success in Detroit. ”

Ellis Carr, President and CEO, Capital Impact Partners and CDC Small Business Finance

“ JPMorgan Chase’s first-in support of the Strategic Neighborhood Fund was critical to the program’s formation and success. Today, the SNF has invested hundreds of millions of dollars in Detroit neighborhoods, which wouldn’t have been possible without the courage of JPMorgan Chase to invest in Detroit’s recovery. ”

Dave Blaszkiewicz, President & CEO of Invest Detroit

Community Development Lessons Learned:

- Authentic engagement of residents is central to any redevelopment or revitalization approach. Change does not happen without creating space and prioritizing community buy-in and decision making.
- Equitable and inclusive development requires a multi-pronged approach and deep consideration of all the elements involved in the process, starting with the developers themselves, down to the feedback they receive.
- Strong, diverse capital ecosystems are critical to redevelopment, as well as public-private partnerships, which can increase efficiency and more effectively cut through red tape.

Investment Impact:

Careers and Skills

~17,000

Nearly **17,000** Detroiters benefited from job training programs aligned with high-demand industries thanks to support from JPMorgan Chase's \$200 million investment as of 2023

72,000+

72,000+ Detroiters placed into apprenticeships or full or part-time jobs thanks to support from JPMorgan Chase's \$200 million investment as of 2023

Data show unemployment in Detroit has fallen

< 7%

Detroit's 2023 unemployment rate is **below 7%**, the lowest since 2000

Even before Detroit filed for bankruptcy, the city knew it needed a job training system designed for the realities and challenges of its labor market. By 2013, one in four Detroiters was unemployed.¹³ Although white and Black residents participated in the labor market at approximately the same rate, Black residents were twice as likely to be unemployed.¹⁴

In 2014, the city and JPMorgan Chase supported the Corporation for a Skilled Workforce's (CSW) comprehensive and data-driven understanding of the city's workforce. The CSW conducted informant interviews, organizational research and secondary data analysis to assess Detroit's labor supply and demand and its workforce development infrastructure.

Findings from the CSW report identified challenges in hiring, training, job availability and employer needs. It validated private sector concerns about being able to source skilled, qualified talent in the city and also underscored a key reason for Detroit's low labor force participation: There were not enough jobs in the city.

Regarding job training programs, the report cited various workforce training initiatives available in the city that were fragmented and failed to achieve outcomes at scale. In addition, it highlighted that skills training was not connected with employers and, therefore, was not responsive to the higher-demand sectors in the region. This analysis galvanized local workforce leaders and helped promote a shared understanding of the problem and the systemic fix required to achieve the vision for the future. Mayor Duggan started connecting with private sector partners to align training programs to the needs of employers. Business leaders began sharing information about hiring and the job skills necessary for their employees.

In October 2015, Mayor Duggan announced the completion of two major initiatives designed to better align the city's employers with its talent pool. First, Detroit's Workforce Investment Board had been reconstituted to include more than 20 global, national and local CEOs along with business, philanthropic and civic leaders. Second, the Mayor's Office of Workforce Development was established to serve as the strategic partner for the Detroit Employment Solutions Corporation (DESC), the city's public workforce funding agency.

A JPMorgan Chase Service Corps team also provided pro bono consulting to DESC that helped it create a set of metrics and dashboards to measure training and job placement outcomes. In early 2017, the agency created Detroit at Work, a single point of entry into the workforce system for jobseekers and employers alike.

Rectifying some of the failings outlined in the CSW report, Detroit at Work was designed to provide information on higher-demand career pathways and training programs that are aligned to jobs in growing sectors, such as health care, information technology, manufacturing, construction, transportation, energy and utilities, and small business. From 2017 to 2023, Detroit at Work helped more than 40,000 Detroiters find employment. Its database of nearly 5,000 corporate partners includes employers of all types and sizes, ranging from Amazon and Ford to Henry Ford Health and MGM Grand Detroit.

The success of systemic change is clear from recent data. In 2023, Detroit's unemployment rate fell below 7%, its lowest rate since 2000. In addition, thanks in part to the improvements in workforce development infrastructure made possible by JPMorgan Chase's \$200 million investment in Detroit, from 2013-2023, more than 72,000 Detroiters were placed into apprenticeships or full or part-time jobs, and nearly 17,000 Detroiters participated in job training programs aligned with higher-demand industries.

JPMorgan Chase's Virtual Call Center in Detroit

2013

City of Detroit files largest municipal bankruptcy in U.S. history, and unemployment is higher than 20%

2014

City of Detroit, JPMorgan Chase and Corporation for a Skilled Workforce develop Detroit workforce system report

2015

City of Detroit revamps its Workforce Development Board

2017

Detroit Employment Solutions Corporation creates Detroit at Work

2022

JPMorgan Chase works with Detroit at Work to hire the first employees for its local virtual call center

2023

Unemployment in Detroit falls under 7%, and Detroit at Work helps more than 40,000 Detroiters secure employment

In 2022, when JPMorgan Chase was looking to expand the availability of its customer service specialists across the United States, it turned to Detroit at Work. Within a few days, the firm had a robust list of candidates for the roles. Detroit at Work's talent suggestions were so impressive that JPMorgan Chase hired nearly every candidate, 50 employees, exceeding its original hiring goals.

By July 2023, the firm was training its third cohort, having hired more than 90 virtual customer service specialists since the launch of the Detroit call center pilot. Expanding on the success of this innovative model, the firm is replicating this skills-training program in other cities across the United States.

The early success of Chase's Detroit virtual call center demonstrates how philanthropic contributions can help create the right conditions for business investments. The firm was able to pilot the Detroit virtual call center because the city had the right economic conditions, as well as an effective, centralized workforce development system that made it easy to quickly identify, hire and train talent.

Careers and Skills Lessons Learned:

- Significant time, resources, research and coordination across a number of siloed actors – including the public, private and nonprofit sectors – are required for building the infrastructure necessary to support a thriving workforce system.
- Job training disconnected from a clear path to employment and employers does not produce meaningful outcomes. Effective skills training requires private sector input, feedback and participation.
- Employers seek to invest in locations where they have confidence in the local economy and can easily identify the right talent to meet its business objectives. On the flip side, employers must invest their time and resources into developing local relationships with the communities they serve.



Investment Impact:

Business Growth and Entrepreneurship

13,000+

More than **13,000** small businesses received capital or technical assistance thanks to support from JPMorgan Chase's \$200 million investment as of 2023

Two years into the Detroit investment, research from the JPMorgan Chase Institute showed that over half of spending in the Detroit metro area took place at small to medium-sized enterprises, reinforcing their role in the city's economic growth. It was estimated that if every Black-owned business in Detroit hired two people, unemployment would be solved.¹⁵ However, while Black- and Latino-owned businesses have opened at record rates in recent years, for various reasons they are more likely to rely on personal and family savings than outside funding. This restricts their opportunities for growth.

To help address this issue, JPMorgan Chase worked with the W.K. Kellogg Foundation and the Detroit Development Fund (DDF) in 2015 to launch the Entrepreneurs of Color Fund (EOCF), a lending program designed to help underserved entrepreneurs grow their business. Led by the DDF, a CDFI focused on small business lending and technical assistance, the EOCF focused on providing capital to underserved entrepreneurs, who were frequently considered ineligible for lending by traditional financial institutions, and help them grow their business. In addition to capital, the EOCF provided technical assistance to loan recipients, including accounting, public relations, marketing and other business skills.

As of May 2023, the EOCF provided 190 loans to Detroit entrepreneurs identifying as Black, Indigenous or people of color, 47% of which went to Black women-owned businesses. Since its inception in 2015, the EOCF extended more than \$18 million in loans to Detroit entrepreneurs, helping create nearly 2,000 jobs while retaining nearly 1,000 more.¹⁶

The challenges faced by Detroit's small business owners are not entirely unique. In many communities, access to capital, technical assistance, mentorship and other critical resources needed for business growth and scale are not equitably available.

Following the EOCF's initial success, JPMorgan Chase worked with the CDFI LISC to replicate the program in other major U.S. cities, such as Atlanta, the Bay Area, Chicago, Los Angeles, Newark, New York City and Washington, D.C. As of 2023, the EOCF provided more than 5,700 loans nationally and deployed over \$284 million in capital to Black, Latino and other underserved entrepreneurs.

To complement these efforts, JPMorgan Chase’s commitments helped provide technical assistance to small business owners, supporting several organizations that offered training, mentorship, advice and education. For example, TechTown Detroit held an eight-week “retail boot camp” for entrepreneurs launching retail operations, and Eastern Market, which developed commercial kitchens, gave local food entrepreneurs access to its space to cook and, thus, grow their business.

With the help of JPMorgan Chase’s support, more than 13,000 small businesses in Detroit received capital or technical assistance from CDFIs and other community organizations. Yet more work remains to help entrepreneurs gain a foothold in traditional banking as additional small businesses take root across the city. In fact, as of June 2023, new business formation in Detroit was up more than 58% from pre-pandemic levels.¹⁷

Case Study: Detroit Voltage



“JPMorgan Chase’s support enabled me to secure a contractor’s line of credit, which boosted my business significantly, allowing me to generate an additional six figures in just one year.”

Deana Neely, Founder and CEO of Detroit Voltage

When Deana Neely was getting her company off the ground, she, like many new small business owners, initially lacked access to traditional banking systems and the necessary capital and technical assistance to grow and scale her business. She turned to the EOCF, which provided the capital and support needed to launch Detroit Voltage, a Black, woman-owned electrical contracting firm.

As a licensed contractor, Neely and her team provide a range of services – from electric vehicle charging station installations to electrical repair, remodeling and renovations – to homes and businesses throughout metro Detroit.

The EOCF helped Neely identify the capital needs for Detroit Voltage and understand how to utilize debt to nurture its growth.

After receiving support from the EOCF, Neely went on to establish a relationship with JPMorgan Chase through Chase’s Minority Business Entrepreneurs Program, which offers accessible education, coaching and banking solutions to business owners.

Neely is now able to reach for bigger commercial projects. Her experience underscores how access to alternative financing options can be transformative for a small business and help revitalize the community it serves.

“ JPMorgan Chase’s support and partnership over the last decade has been incredible. Their investment in the Entrepreneurs of Color Fund has helped us to assist Detroit’s small and diverse-led companies, which has led to the creation of nearly 2,000 new jobs for Detroit residents and has helped us fill over 206,000 square feet of what was previously empty commercial space. ”

Ray Waters, President of the Detroit Development Fund

“ We are very thankful for the funding and partnership provided by JPMorgan Chase. Together we are committed to making a tremendous impact in underserved communities and in the lives of families throughout the city of Detroit. ”

Deborah L. Jones, Chief Operating Officer of the Detroit Development Fund

Small Business Lessons Learned:

- Launching and scaling a small business requires various levels of capital, support and resources throughout its growth cycle.
- Supporting communities that exist at the margins elevates strategies and can have exponential benefits for the broader economy. For example, JPMorgan Chase pivoted its philanthropic strategy from a focus on incubators and accelerators to Black-owned small businesses when research revealed how important these businesses were to the city, yet they lacked access to resources for successful growth.
- Addressing the issue of access to capital requires financial institutions to rebuild trust and form relationships with communities. CDFIs fill a significant gap in the small business capital ecosystem. Through their proximity to communities, connection to business owners and structural agility, they can extend credit on terms that facilitate small business growth and provide a steppingstone to additional sources of capital.

Investment Impact:

Financial Health

15,000+

More than **15,000** Detroiters received services to improve their financial health thanks to support from JPMorgan Chase's \$200 million investment as of 2023

Data show the financial health of Detroit residents has improved

9%

9% increase in the median credit score between 2015 and 2021

-50%

Unbanked households halved between 2015 and 2021

23%

23% increase in per capita income of Detroit residents between 2015 and 2021

Each year between 2007 and 2011, the median household income in Detroit dropped, reaching \$25,193 in 2011, less than half the nationwide statistic. Two years before the city filed for bankruptcy, the percentage of Detroit families living in poverty was three times the national average.¹⁸

Even as economic conditions improved in Detroit, the disparities faced by Black and underserved Detroiters were seen and felt across a variety of factors that impact financial health. According to Detroit Future City, the median income in 2019 for white Detroiters was over \$16,000 more than that of Black Detroiters and about \$12,000 more than that of Hispanic Detroiters. Homeownership data revealed the same gaps. In 2021, a Black Detroiters' average home value was roughly \$46,000 lower than a home owned by a white resident.¹⁹ This high level of inequity exacts a steep toll from the entire city: In 2018 alone, gaps in wages and employment for working-aged people cost the Detroit area almost \$28 billion in unrealized gross domestic product.²⁰

Closing this wealth gap requires extensive efforts across stakeholders, as well as a place-based approach. Nonetheless, business resources and philanthropic capital, thoughtfully deployed, can play a significant role in driving systems change.

In 2019, the City of Detroit, the Wayne County Treasurer's office and the Cities for Financial Empowerment Fund came together to launch Financial Empowerment Centers across the city. With financial support from corporate donors, including JPMorgan Chase, the centers offer a wide array of financial health resources. These include free, one-on-one financial counseling and coaching to help residents with low or moderate income manage their finances, pay down debt, increase savings, establish and build credit, and access safe and affordable mainstream banking products. These have been paired with other complementary services, such as job training and placement, housing assistance and foreclosure prevention, and resources for citizens with a criminal record.

In October 2020, after the murder of George Floyd and the racial unrest that followed, JPMorgan Chase made a national \$30 billion commitment to advance racial equity and help close the racial wealth gap. Building off the lessons learned in Detroit, the commitment focused on the firm's areas of expertise, including the expansion of affordable housing and homeownership, small business growth, investments in diverse-owned and -led financial institutions, and efforts to improve financial health.

As a part of this commitment, the firm created Community Center Branches, which are designed to provide resources, services and financial health education to those who have historically lacked access to traditional banking. In August 2021, JPMorgan Chase opened a Community Center Branch in Corktown, Detroit's oldest neighborhood and home to a diverse population. In 2018, the majority of the neighborhood's residents identified as ethnic minorities. At Corktown, as in the other Community Center Branches, classes that advance financial health are available to neighborhood residents and small business owners alike. Programming includes topics like planning and funding a business, saving and investing, building credit and understanding financial fundamentals.

The firm was encouraged to make these business-led investments in Detroit because the city's economy had shown signs of strength and resilience despite challenges from the COVID-19 pandemic. For example, from 2015 to 2021, the per capita income of residents increased by 23%, and over the same time period, the number of unbanked residents decreased by half.

Financial Health Lessons Learned:

- Businesses can play a catalytic role in driving systems change when resources and capital are leveraged – to test solutions, further policy and mobilize stakeholders – in combination with other forms of business and government capital.
- There is no substitute for proximity. It allows businesses to build necessary relationships, understand local challenges, and offer services and solutions relevant to the community served. This thinking prompted the expansion of the firm’s local branch network, the conversion of branches into community spaces and the hiring of Community Managers to oversee local operations.

Conclusion

JPMorgan Chase’s \$200 million investment in Detroit provided the firm with great lessons and insights that continue to guide the development of its business priorities and programs around the world. The results from that investment have demonstrated the transformative outcomes the private sector can help bring about and a business case for equitable economic growth. The investment has also shown how working together, community, business and government leaders can build strong and resilient communities. While strategies will vary by geography, this collaborative approach can be applied anywhere. It is our hope that other businesses will continue to build on this model to drive lasting economic and social change.

Footnotes

Disclaimer

The metrics in this report are derived from a variety of public and private sources, including data that were self-reported by JPMorgan Chase grant recipients. JPMorgan Chase has not independently verified these data and makes no representation or warranty as to the quality, completeness, accuracy or fitness for a particular purpose. The metrics as reported are not directly tied to funds or other support provided by JPMorgan Chase but rather are a result of a variety of factors.

- 1 U.S. Census Bureau's 2012 and 2021 American Community Survey 1-Year Estimates.
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- 16 These metrics are derived from data that were self-reported by the Detroit Development Fund. JPMorgan Chase has not independently verified these data and makes no representation or warranty as to the quality, completeness, accuracy or fitness for a particular purpose.
- 17 Annual County Data, U.S. Census Bureau Business Formation Statistics.
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