JPMorgan Chase & Co.

Creating a More Equitable Greater Washington Region

Working Together to Close the Racial Wealth Divide

The Greater Washington region is home to a vibrant economy. Encompassing Fortune 1000 companies, prestigious universities and a highly educated workforce, the area is one of the largest high-tech corridors outside Silicon Valley.

However, it's also a region with deep economic disparity. The divide is stark: Almost one-fifth of the population is living in poverty. The racial wealth gap in the region was eight times greater than the national average, with white households having 81 times the wealth of Black households — and we know that the pandemic has only widened the gap.[1]

JPMorgan Chase believes that business has a role to play in addressing the root causes of the racial wealth gap. The global pandemic's disproportionate impacts on Communities of Color has caused us to think even more deeply about this role. Four years ago, we announced the expansion of our business in the Greater Washington region. We knew from the outset that our business growth is tied to the prosperity of this region and all of its residents. That's why alongside our business expansion we made a philanthropic commitment to invest in underserved Communities of Color, starting in Washington, D.C.'s Wards 7 & 8 and quickly expanding to Baltimore and Richmond.

We've listened closely to what the community told us about how we can support the creation of an economy that works for everyone. In response, we formed partnerships with other businesses, nonprofits, government entities and community organizations to make investments, create programs and advance policies that help drive economic opportunity for more people.

Philanthropy and government can't fix a broken system alone; they must work together in a united effort to become a part of the solution. Our strategy is focused on catalyzing systems change and driving the policies required to close the racial wealth divide today — and for generations to come. We are excited to share what we've learned to help inform the work that is still needed to create wider economic opportunity in the region.

It is critical to take a proactive approach. This means increasing our banking services, with new branches in such places as Wards 7 & 8, Cherry Hill, and West Baltimore. It also means supporting access to capital, advancing efforts to increase availability of, and access to, affordable sustainable rental housing and homeownership, and focusing our philanthropic investments where they can make the greatest impact. We have also learned that regional collaboration is essential to creating lasting change: We are working with organizations such as the Greater Washington Partnership, Washington Area Community Investment Fund (WACIF) and Harbor Bank of Maryland, as well as other corporations, foundations, policymakers and nonprofits large and small, to advance equitable economic solutions together.

We are applying these lessons as we expand our business and philanthropic efforts with a $75 million regional commitment. Our expansion is driven by the conviction that investing in our communities is good business — and is good for our customers and employees who live and work in the region.

1. https://www.washingtonpost.com/news/local/wp/2016/11/02/net-worth-of-white-households-in-d-c-region-is-81-times-greater-than-black-households/

We are grateful to our community, business and government partners who have been part of this journey. We deeply value their efforts and guidance as we continue to apply and share the lessons we've learned as we work to help create equitable growth in this vibrant region. There is more work to be done, and we are committed to evolving, learning and driving change together.

Peter Scher
Chairman of the Mid-Atlantic Region
JPMorgan Chase

JPMorgan Chase's $30 Billion Commitment to Advance Racial Equity

In 2020, our firm committed $30 billion nationally over five years to advance racial equity. We are harnessing our expertise in business, policy and philanthropy to increase economic opportunity in underserved communities, especially Black, Hispanic and Latino, in order to:[2]

- Promote and expand affordable rental housing and homeownership for underserved communities.
- Grow Black, Hispanic and Latino-owned businesses.
- Improve financial health and access to banking in Black, Hispanic and Latino communities.
- Accelerate investment in our employees and build a more diverse, inclusive workforce.

Advancing Systems Change and Policy Innovation

Economic shocks have shaped the fortunes of Communities of Color in the Greater Washington region — and driven a widening racial wealth divide.

Over the years, the region has seen increased levels of investment from the public and private sectors in projects such as Port Covington in Baltimore, the 11th Street Bridge Park in Washington, D.C., Amazon HQ2 in Northern Virginia, and the Purple Line between Prince George and Montgomery counties. These investments, which will positively impact our communities for decades to come if we recognize and avoid historic missteps that have displaced and denied Communities of Color the benefits of economic growth. Avoiding inequities requires concerted and sustained efforts by public and private sector partners to help ensure that these investments build wealth for residents of color.

Economic shocks such as the Great Recession exacerbated existing economic disparities — and then the pandemic hit. In D.C., the catastrophic economic fallout resulted in the region's Communities of Color suffering the country's worst job losses related to COVID-19. In March 2020, the unemployment rate in Washington, D.C.'s Ward 8 was 12.5 percent.[3] By August 2021, it had reached 15.5 percent. And according to the Economic Policy Institute, job losses related to COVID-19s for Black workers in the District was 4:1 compared to white workers — [4] the country's largest Black-to-white unemployment rate gap in the fourth quarter of 2020.[5] Additionally, an ongoing eviction crisis continues to have a rippling effect on household economic

2. https://www.jpmorganchase.com/news-stories/jpmc-commits-30-billion-to-advance-racial-equity
3. Ward 8 unemployment, March 2020: https://does.dc.gov/sites/default/files/dc/sites/does/release_content/attachments/DC%20Ward%20Data%20Apr20-Mar20-Apr19.pdf, Ward 8 unemployment, August 2021: https://does.dc.gov/sites/default/files/dc/sites/does/page_content/attachments/DC%20Ward%20Data%20Aug21-Jul21-Aug20.pdf
4. https://www.epi.org/indicators/state-unemployment-race-ethnicity-2020q3q4/
5. https://www.epi.org/indicators/state-unemployment-race-ethnicity-2020q3q4/

stability and a disproportionate impact on Communities of Color. This trend mirrors national filing and eviction rates which are, on average, significantly higher for Black renters than for white renters.[6]

Supporting an inclusive recovery — and laying the foundation to become a truly equitable region — requires a commitment from the public and private sectors to shifting the systems and policies necessary to close the racial wealth divide. That is exactly where our firm is focused.

Through our efforts in the Greater Washington region, JPMorgan Chase has learned a number of valuable lessons that are equally applicable in regions across the country working to create more equitable and inclusive growth:

1. Regional collaboration is necessary to bridge the racial wealth divide.
2. Invest in Women of Color, who are key drivers of household economic mobility.
3. Change systems by removing embedded barriers through intentional and integrated investment, philanthropy and policy.
4. Invest in diverse-led organizations and businesses that are “by and for” Communities of Color.

These, and many other lessons learned, will inform our business and philanthropic investments, partnerships and policy going forward. At the same time, it is clear that the racial wealth gap is a complex and deeply embedded problem, and it is crucial to continue to listen, learn, iterate and respond to regional needs.

Lesson #1: Regional collaboration is necessary to bridge the racial wealth divide.

The racial wealth gap in the Greater Washington region transcends jurisdictions and state lines — and at the same time it denies households of color the opportunity to benefit from regional growth. For example, homes in traditional neighborhoods of color such as Harlem Park in West Baltimore often receive disproportionately low appraisals, making it difficult for would-be homeowners to get financing and for existing homeowners to access much-needed equity that could help in managing economic shocks. Disruptive public transit projects often reduce the amount of affordable housing or drive up the cost of rent and homeownership. These projects also divert foot traffic in commercial corridors with a concentration of Black, Hispanic and Latino businesses, resulting in lost income. The region’s multibillion dollar procurement pipelines are often not accessible to diverse entrepreneurs, leaving these groups behind. Addressing regionwide challenges requires regionwide solutions.

Applying what we’ve learned:

Our firm supports and helps convene collaborative efforts that bring together partners from across sectors and geographies to mobilize behind a coordinated regional agenda.

According to the Greater Washington Partnership’s Inclusive Growth Dashboard, closing the region’s racial wealth divide has the potential to unlock an estimated $35 billion to $50 billion in GDP by 2028, and we believe that a regional approach is key to opening the door.[7] This requires setting shared targets while measuring and tracking progress on equity goals.

We recognize that homeownership, small business and a strong workforce play a critical role in accelerating wealth building in the area. Yet Communities of Color have long been denied access to these opportunities. Therefore, our partnerships and investments are focused on connecting residents to wealth-building opportunities.

6. https://evictionlab.org/demographics-of-eviction/
7. https://greaterwashingtonpartnership.com/wp-content/uploads/2021/06/Greater-Washington-Partnership-Launches-Inclusive-Growth-Indicators-Dashboard_062821.pdf

One example is our support of the Purple Line Housing Fund, an equitable development transit effort led by three regional community development financial institutions (CDFIs): Enterprise Community Partners, the National Housing Trust and the Latino Economic Development Center. The effort focuses on preserving housing and small businesses across the Purple Line corridor, a 16.2-mile light rail between Montgomery and Prince George's counties, scheduled to open in 2023. While the new transit line's construction has the potential to increase access to jobs and connectivity in low-income communities, the project threatens housing affordability along its path, with 17,000 affordable homes at risk.[8]

Creating a strong workforce is another key way to promote equitable access across the Greater Washington region. To support a strong, diverse pipeline, JPMorgan Chase supported the Capital CoLab, a partnership of business and academic institutions that develop talent across industries. It encompasses a network of 18 employers, 26 higher education institutions and five K-12 school systems moving in tandem to expand the pipeline, prepare people with the skills and experience that employers need and improve employee retention.

What's next:

Addressing the racial wealth gap requires public-private patnerships that are focused on changing the systems that deny Communities of Color access to capital. We are expanding that access to capital through regional collaborations including the Entrepreneurs of Color Fund and the Greater Washington Partnership as well as through investing in MDIs and CDFIs. At the same time, we'll look toward innovations in the supply chain: Knowing that the federal government is one of the biggest purchasers in the country, we'll explore ways to create collaborations across the region to link diverse suppliers of goods and services with government opportunities.

LESSON 2: Invest in Women of Color, who are key drivers of household economic mobility.

Between 69 to 73 percent of households with children in Wards 7 & 8 in the District are headed by single Women of Color.[9] Their role as economic drivers in the region makes addressing the racial wealth divide more urgent than ever: Women of Color are the hardest-hit demographic in the pandemic-related economic downturn. In addition, Black women face the greatest threat of losing their homes as a result of the pandemic.[10] Employment among Black women is the least recovered, with some 550,000 fewer adult Black women working nationally now than in February 2020.[11] As of December 2020, 9.1 percent of Latinas were unemployed, versus 5.7 percent of white women.[12]

Addressing the racial wealth divide starts with recognizing that it is driven by both racial and gender disparitites — and that closing it requires a gendered approach.

Applying what we've learned:

Our firm is investing in Women of Color as drivers of change who are equipped with the lived experience to deliver sustainable solutions.

Our efforts are focused on connecting Women of Color to wealth-building opportunities to break the cycle of generational poverty and combat the the pandemic's detrimental effects. To that end, we are partnering with organizations that put

8. https://www.bizjournals.com/washington/news/2019/12/12/the-purple-line-could-endanger-up-to-17-000.html
9. https://datacenter.kidscount.org/data/tables/7162-families-headed-by-a-single-mother-by-ward#detailed/21/1852-1859/false/1729,37,871,870,573,869,36,868,867,133/any/14195
10. https://thehill.com/blogs/congress-blog/politics/508897-a-wave-of-mass-evictions-is-inevitable-and-black-women-will-be
11. https://www.washingtonpost.com/business/2021/10/07/job-openings-left-behind/
12. https://newsroom.ucla.edu/releases/latinas-dropping-out-of-workforce-pandemic

Women of Color at the center of the conversation. For example, we support the collaboration between the Black Women's Roundtable — a leadership development, mentoring and policy-making organization — and the Sadie Collective, a group of Black women economists. Working together, these two organizations use data to inform a regional policy agenda focused on Women of Color.

Another example is our support for the Coalition for Nonprofit Housing and Economic Development (CNHED), which works with universities, hospitals, and utility companies to increase the contract and hiring rates for minority-owned firms. Partnerships like these help Black female entrepreneurs expand their networks. For example, Pinkey Reddick, owner of PINKE'S E.A.T'S LLC catering company in Ward 7, made connections through CNHED that have led to contracts with institutions such as Georgetown University and Sibley Memorial Hospital.[13] Not only has the support helped strengthen her business, but it has also given her opportunities to bring healthy food options to her community.

To strengthen the workforce, we are supporting LIFT-DC, which provides financial coaching and job placement for single parents in Wards 7 & 8. We are also backing workforce efforts with Historically Black Colleges and Universities (HBCUs) and community-based, Women of Color-led organizations, like Urban Ed to increase pipelines for Women of Color for tech careers in the region.

What's next:

By leveraging the data analytics and policy expertise of the JPMorgan Chase PolicyCenter and Institute and collaborations with community partners, we will collect actionable data on the region's wealth gap for Women of Color and a data-informed policy agenda. We will also continue to support a regional policy agenda that recognizes the need for a gendered approach to overcome regional racial economic disparities, one that benefits Women of Color and is informed by female policymakers of color.

LESSON 3: Change systems by removing embedded barriers through intentional and integrated investment, philanthropy and policy.

Systemic barriers are deeply embedded in policy and private sector behavior. When philanthropic capital is leveraged in creative ways — to test solutions, further policy and mobilize collective action in combination with other forms of business and government capital — it can play a catalytic role in driving systems change.

Applying what we've learned:

By leveraging our firm's assets, including our business and philanthropic capital and policy expertise, we aim to shift the trajectory of underserved neighborhoods and expand access to wealth-building opportunities for residents across the Greater Washington region.

Our firm is making long-term business investments to help drive systems change in Wards 7 & 8, and in Baltimore. We are opening branches that are committed to hiring locally and to serving the community by expanding access to banking services, as well as offering free Wi-Fi, workshops and community space. We are hiring full-time community and home lending managers to increase awareness of available resources and tools. They will help connect residents with financial health education, sustainable homeownership and access to banking and home or business lending services. We also offer a Business Banking program that matches diverse entrepreneurs with a senior business consultant to provide mentorship, business development coaching and financial planning to help strengthen sustainable business growth.

One example of this multi-layered approach to systems change is JPMorgan Chase's investment in Baltimore. First, through the Entrepreneurs of Color Fund, which works with CDFIs like Capital Impact Partners, we were able to provide funding and

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13. https://www.jpmorganchase.com/news-stories/this-ward-7-entrepreneur-caters-to-her-community technical assistance to Bree Jones, founder of Parity Homes, a housing development company that acquires and rehabilitates vacant and abandoned properties in Baltimore. The support helped Parity Homes undertake its first development project to transform a distressed block into affordable homes in West Baltimore. However, there was a roadblock: the cost of rehabilitating a property was often higher than the value of the rehabbed home, creating an appraisal gap and making it impossible to raise capital, secure financing or renovate. This led Jones to advocate for policy changes that remove systemic barriers to neighborhood revitalization. In 2021, Maryland Governor Larry Hogan signed the Appraisal Gap From Historic Redlining Financial Assistance Program into law. Designed to repair the present day economic impacts of historical policies and practices, this program seeks to provide a funding mechanism to rehab distressed properties. The bill created a model for scaling interventions nationally. JPMorgan Chase's Policy Center showcased her legislative work as a tactic to combat the impact of long-term disinvestment, which have stripped Communities of Color of equity, further widening the racial wealth divide. Additionally, through the JPMC Founders Forward program, we provided Jones with a team of skilled employee volunteers to help expand her operations, and we've awarded Parity Homes a $2 million recoverable philanthropic investment to support their affordable housing developments.

What's next:

We will continue to innovate when it comes to the systems that deny access to wealth-building for Communities of Color. This means looking across our business and policy efforts to find ways to improve regional housing preservation efforts, increase homeownership opportunities, support neighborhood stabilization and advance federal policy reforms such as the single-family tax credit.

LESSON 4: Invest in diverse-led organizations and businesses that are "by and for" Communities of Color.

In many underinvested Communities of Color, local organizations and businesses often don't have access to resources in order to invest in, test and scale solutions that are "by and for" their communities. Yet, given their deep understanding of, and proximity to, the communities they serve, often these organizations are best positioned to address racial disparities.[14]

Breaking through the structural barriers that cause this lack of access requires intentional, long-term business and philanthropic investment in organizations and businesses doing work to benefit their own communities. This proactive approach is the most effective way to advance equity goals and disrupt inequities in investment, philanthropy and policymaking.

Applying what we've learned:

Our efforts break down barriers by supporting local, diverse organizations through a mix of business and philanthropic investments.

Through our business, we have made non-voting equity investments in the region's three MDIs, or Black-owned banks: The Harbor Bank of Maryland, Industrial Bank and City First Broadway. In addition, we have supported diverse-led CDFI and MDI partners to provide increased access to capital for People of Color. While MDIs and CDFIs provide vital financial services in communities that are often underserved, many need additional capital themselves in order to provide this necessary funding to underrepresented communities.

Our support and investments in community-based organizations provide critical services within the Communities of Color we serve. One example is Community of Hope, a birthing and family health center close to Wards 7 & 8. Our firm provided a $20 million New Market Tax Credit investment that will help purchase, renovate and expand the facility so it can provide more

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than 5,800 patients with medical, dental and behavioral health services annually. This is an essential community service, since it's the only medical establishment with a labor and delivery unit serving the Northeast and Southeast quadrants of D.C., and helps nearly 400 women each year with prenatal care.[15]

A more diverse supply chain leads to more economic opportunities within communities. In partnership with the Office of the D.C. Deputy Mayor for Planning and Economic Development, we supported the D.C. Community Anchor Partnership program. This initiative mobilized regional anchor institutions, including Georgetown University and Sibley Hospital, to leverage their more than $2 billion in purchasing power to further equity and create pathways for diverse suppliers. Despite the pandemic, these institutions have more than tripled their supplier diversity spend.

What's next:

Historically, philanthropy has often allocated capital in a way that mirrors the racial and wealth inequities in our society. Too often this has led to organizations with racially or ethnically diverse leadership receiving inequitable levels of investment due to a perception that they lack capacity or ability. We will continue to focus our efforts on identifying the infrastructure necessary so our philanthropy represents the diversity of the communities we seek to support. And in our business efforts, we'll continue to explore intentional, long-term investments that can create the biggest impact.

Conclusion

The last few years have exacerbated the racial equity gap, putting into stark relief how far we have to go, as a region and as a country, to address these inequities. It's more urgent than ever to focus on these disparities as we rebuild. In this critical moment, our firm will lean on the experience, talents and expertise of our trusted partners on the ground. As we apply the lessons we've learned so far, we know there are many more to come. It's clear that lasting change requires creating systems and solutions that build resilient communities able to withstand the next inevitable economic shock or crisis. Working together is the best way to make a meaningful contribution to building strong communities, closing the racial income gap, and creating a more just and equitable region.

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15. https://www.prnewswire.com/news-releases/jpmorgan-chase-announces-initiatives-to-support-minority-owned-and-diverse-led-financial-institutions-301233393.html