

A Community in Need in Wayne County, MI

Prepared by:
Julien Weinstein



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Lighthouse Microfinancing Branch Recommendation: Wayne County, MI

Executive Summary

Wayne County, MI

Low median income and high poverty rates

High number of residents of color

Affluent surrounding areas that could invest locally

Background

Lighthouse Microfinancing is looking to open a new branch in either **Wayne County, MI** or **Fairfax County, VA**. Lighthouse seeks to finance residents in:

- Underserved areas that are largely low-income and have a high proportion of residents of color.
- An area that is growing or developing
- Alongside a wealthier population likely to invest in their community.

The following is an analytical comparison of the two locations in order to demonstrate why the selected region was chosen.

Recommended Action:

Due to its demographic and socioeconomic make-up, we recommend **Wayne County, MI** for the new branch. Its **median household income is \$50,000** compared to Fairfax County's **\$128,000**. Nearly 70% of Wayne County's households makes **less than \$100,000**, while over 60% of Fairfax County's **make over \$100,000**. There is also a high degree of poverty. Almost **20%** of Wayne County's residents are **below the poverty line**, whereas in Fairfax County that number is around 6%. In terms of race and diversity, Fairfax County is diverse and has a large Asian American population. However, Wayne County has a higher overall proportion of people of

color, including five times as many black folks. Wayne County also has relatively more blue-collar workers and unemployed people than Fairfax County (44.6% and 5.3% v. 24.2% and 2.2%, respectively), which signifies a population that **traditionally has difficulty acquiring loans**. There are also neighborhoods in Wayne County with abundant wealth, such as the **Grosse Pointe region and Northville**, which will be able to buttress the upstart businesses. Lastly, the Detroit metropolitan area is a prime location for long-term development. Its **Total Annual Retail Demand** is \$32B against Fairfax's \$22B, suggesting that local businesses would thrive.

Rejected Option

Fairfax County is wealthier, more educated, and less diverse. On the other hand, Wayne County has a far lower median household income, greater diversity, and national recognition as an area of historical socioeconomic struggle but potential future development, rendering it more ideal for a microlending operation in that would benefit its communities most in need.

Action steps:

1. **Identify municipalities in need**
2. **Outline outreach and marketing strategies**
3. **Put together start-up budget**

Methodology

01

Demographic Data

- U.S. Decennial Census, 2000 and 2010
- American Community Survey 2019¹
- 2020 estimated and 2025 projected data²

03

Open-Web Research

Various news outlets to learn more about income and poverty levels across Michigan Counties, and public sentiment around Detroit's development

02

Socioeconomic Data

- Housing and employment data²
- Experian Mosaic consumer profiles and educational attainment
- Subprime Credit Data³
- Incarceration data⁴

04

Synthesis and Comparison

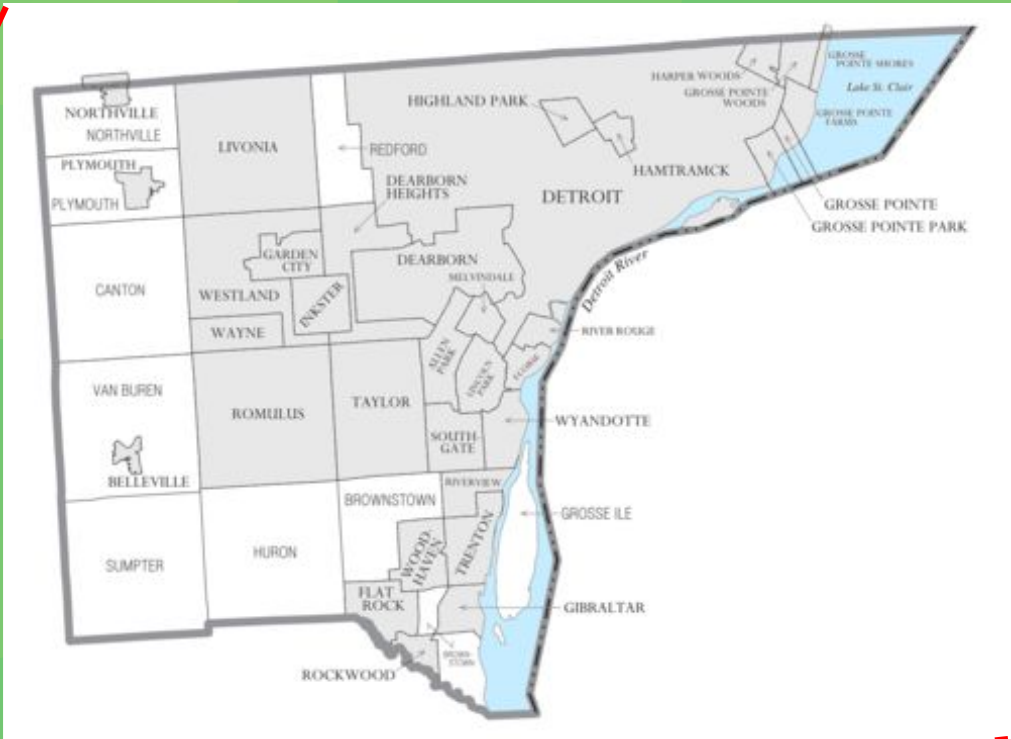
Considering these data sources holistically and analyzing their cumulative impact on our decision



1. [CensusReporter.org](https://www.censusreporter.org)
2. [Gale Business DemographicsNow](https://www.gale.com/go/business-demographics-now)
3. [FRED.stlouisfed.org](https://fred.stlouisfed.org)
4. [PrisonPolicy.org](https://www.prisonpolicy.org)

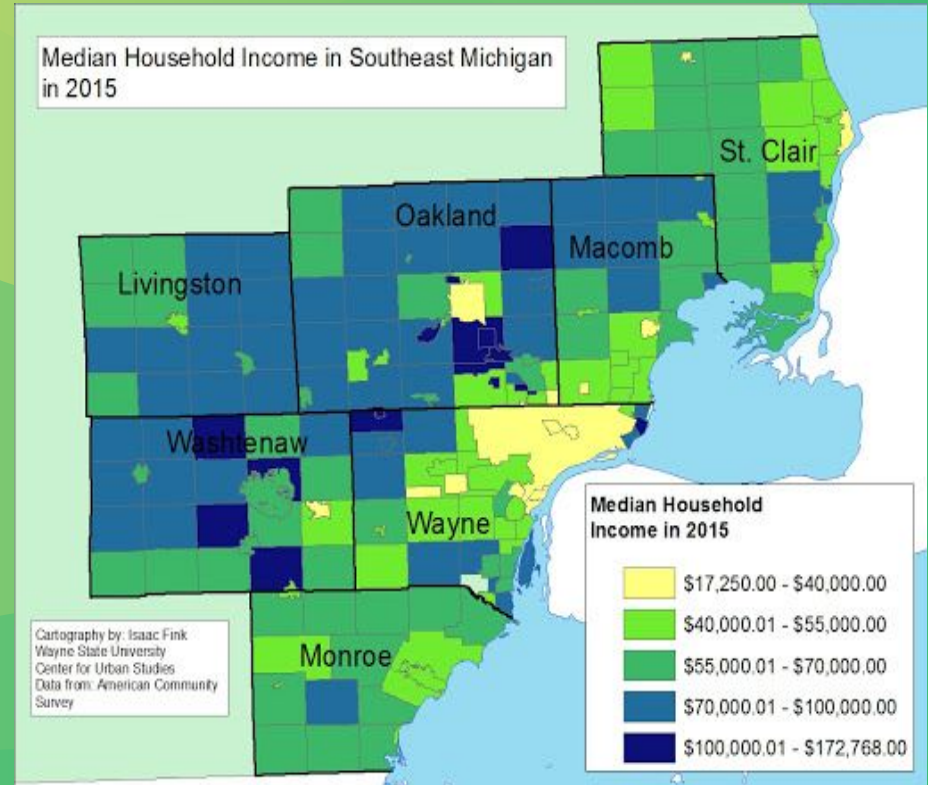
Wayne County is located in Southeast Michigan

Metro Detroit makes up a significant portion of Wayne County, however there are many other townships as well.



Why Wayne County?

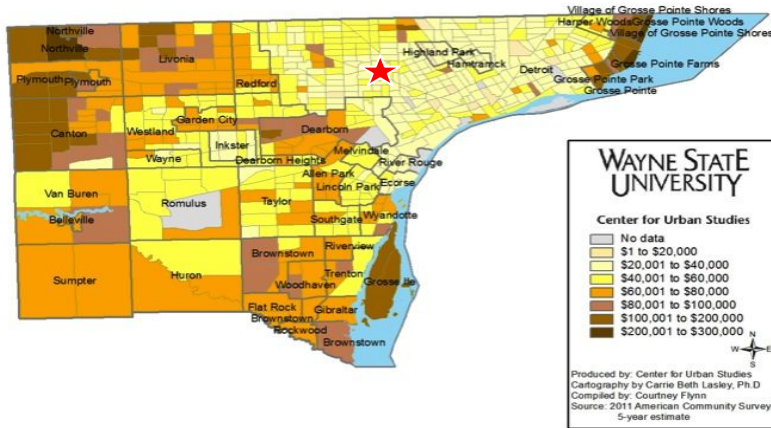
Wayne County is the most populous yet one of the most underserved counties in Michigan. It has some of the **highest poverty rates in the state**¹. The map on the right depicts the median household income in the counties of Southeast Michigan. Wayne County has some of the lowest household incomes. The northeastern corner of Wayne County is the Detroit metropolitan area, a highly diverse and economically more adverse region. You can also see that there are some neighboring regions with high levels of wealth. This socioeconomic distress and nearby wealth, coupled with Detroit's reputation as an up and coming city², make this county an attractive location to open a new Lighthouse branch and hopefully help local residents with the least amount of opportunities have a chance to pursue their business ideas.



Where should the branch go in Wayne County?

We should open a new branch in Detroit

Median Household Income by Census Tract
in 2011 in Wayne County



Certain areas of Wayne County are more or less affluent than others. The **Detroit area is the most pervasively poor**, so a branch in the heart of Detroit would ideally extend a lifeline to some of its struggling residents.

Detroit is a heavily urban area that suffered a gradual yet **steady economic decline** throughout the 1970s and 80s. Today the spectrum of development spans revival and newfound prosperity, while other neighborhoods are still ignored and destitute. Many of Detroit's residents living in these conditions are not able or encouraged to pursue their business interests and ideas. The revitalization is highly localized to certain streets and neighborhoods, reserved for the neighborhoods most accessible to wealthy white suburbanites looking for a fun night out on the town, or a corporate transplant renting a chic new studio apartment in a historical building.

For Detroit's grassroots multi-generational families, the monetary benefits of the gentrification are irrelevant and unavailable to them. Our goal is to provide a central location in one of these neighborhoods that will **economically uplift the local population that has not benefited from the vast amounts of money** coming into other areas in the city.

Demographics of Wayne County

Growing, in different directions

Due to Wayne County's large disparity in wealth and infrastructure, certain demographic metrics are on the rise while others fall. The overall **population** of Wayne County is declining, but **at a slower rate** now than 10 years ago, and its percentage of owner-occupied housing is also decreasing. However, the **median household income** and **home value** are both increasing steadily. Some things to note are:

- Trends in Wayne County overall do not reveal trends specific to Detroit
- The “exodus” of Wayne County has slowed considerably in recent years
- Overall, income and home value are increasing significantly

Demographics Overview

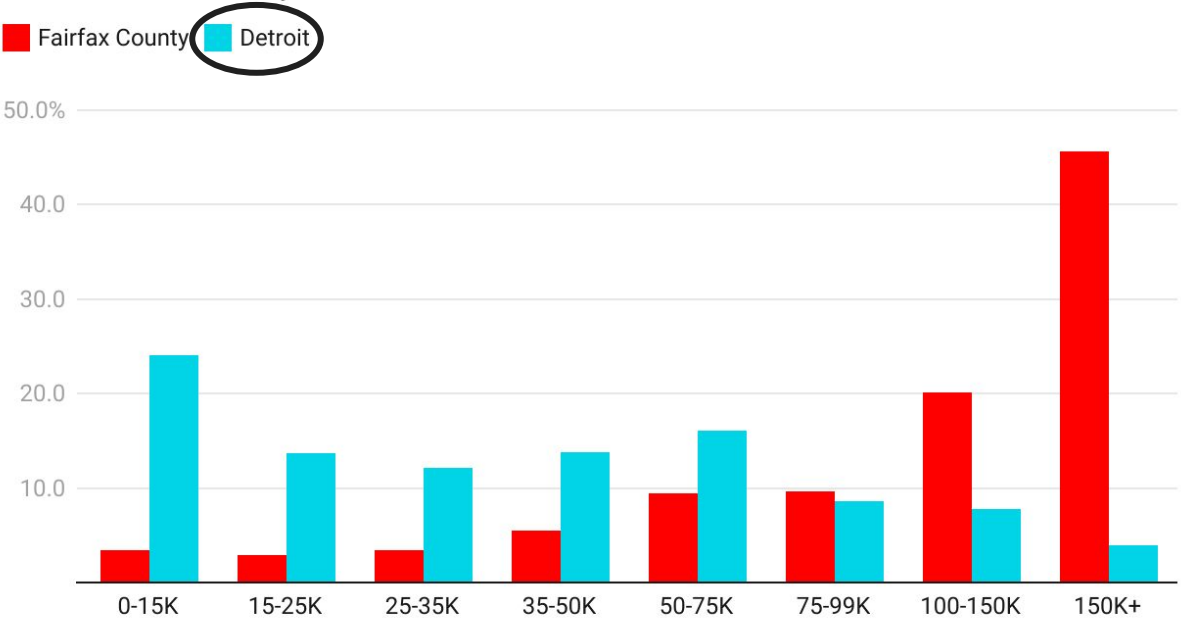
	2000	2010	2020 (est.)	2025 (est.)
Median Household Income	\$41K	\$39K	\$47K	\$55K
Median Home Value	\$96K	\$92K	\$126K	\$147K
Population % Owner-Occupied	62.0%	55.3%	52.0%	51.6%
Total Population	2M	1.8M	1.76M	1.72M
Population Growth	--	-11.0%	-3.3%	-2.3%
Housing Unit Growth	--	-0.6%	-1.1%	-0.6%

Source: Gale Business DemographicsNow • Created with Datawrapper

Detroit v. Fairfax County Median Household Income

Median Household Income

Detroit v. Fairfax County, 2025 est.



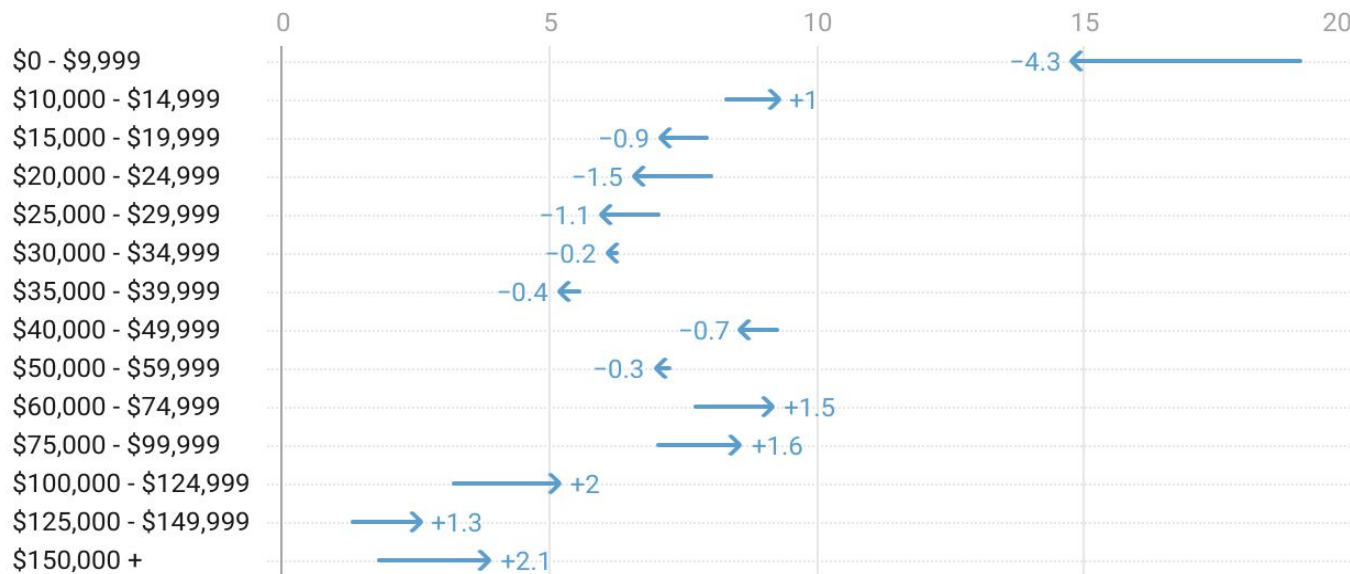
Source: Gale Business DemographicsNow • Created with Datawrapper

Note the inverse relationship in income levels between Detroit and Fairfax County. As income rises, the proportion of Detroiters in that category decreases, while the opposite is true for Fairfax County residents.

Detroit Median Household Income 25-Year Change

Median Household Income in Detroit

Percent change from 2000 to 2025 (est.)



Source: Gale Business DemographicsNow • Created with Datawrapper

Detroit Median Household Income Data Analysis

Key takeaways:

- Compared to Fairfax County, the proportion of Detroiters making less money is much higher
- Detroiters are slowly starting to earn more money, but that change may be driven by a “rich getting richer” situation

As the above figures depict, there are several contrasts between Detroit and Fairfax County’s median household income and changes within income brackets between 2000 and the 2025 estimate. In Detroit, more people make less money and fewer people make more money in each income bracket relative to Fairfax County. Detroit’s median household income is **\$30,500**, while Fairfax’s is **\$125,000**. Significantly, the percentage of Detroit’s residents who make less than \$15,000 is **seven times** that of Fairfax County.

The same pattern is true for each income bracket moving up. The second figure however shows a trend of decreasing low-income (below \$60,000), with the largest decrease in the lowest income category, suggesting these lower-income folks are starting to earn more. This data may be explained not by increased sharing of wealth, but by upward skewing from young college graduates scoring high-paying jobs. Therefore, we can likely assume that there are still many Detroiters who are struggling economically, and who could stand to benefit from a new Lighthouse branch in their community.

Race in Detroit and Fairfax County

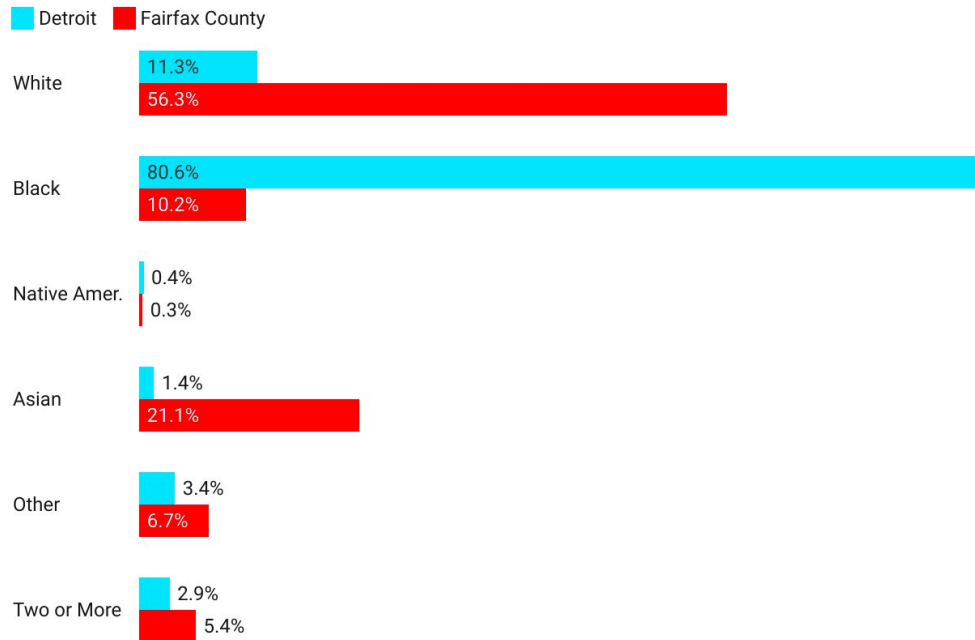
Detroit is more diverse

Race in Detroit differs highly from that of Fairfax County. The proportion of white and black residents is effectively reversed in Detroit relative to Fairfax County. There are about **eight times as many Black people in Detroit**. While there are relatively more Asian and other races in Fairfax, Detroit is majority black. Underrepresented minorities are one of the key demographics that Lighthouse Microfinancing seeks to support, so Detroit stands out in this category.

Considering the earlier data regarding income, we can see so far that Detroit is a largely Black, mostly poor city. Compared to Fairfax County, Detroit has a much lower median household income by nearly five-fold, and eight times more Black residents. This **stark contrast in race and income** makes Detroit a better fit for a new microfinancing branch, more likely to make a difference in the community.

Race breakdown in Detroit v. Fairfax County

2025 Estimate



Source: Gale Business DemographicsNow • Created with Datawrapper

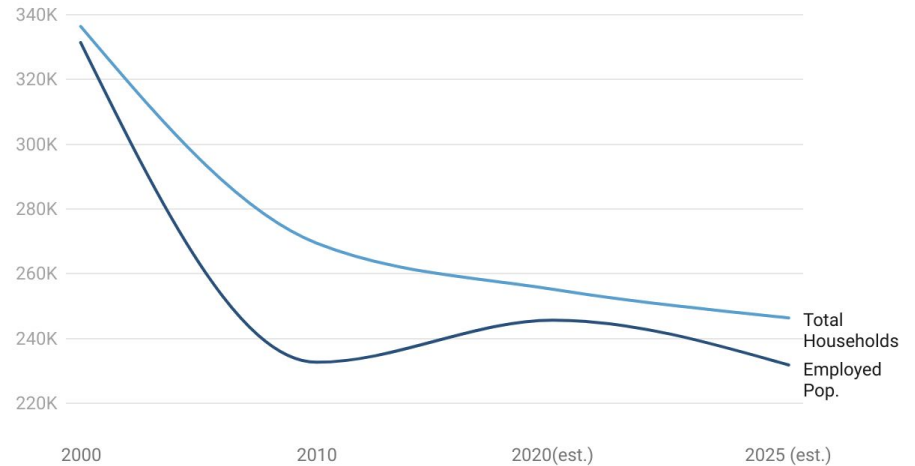
Detroit's declines in households and employment

Between 2000 and 2025 the total number of households in Detroit will decline by **27%** and the employed population by **30%**. These numbers illustrate the economic adversity that has beset the city of Detroit over the last two decades. Many homes are destitute or abandoned, and apparently much fewer people are working. The city recovered slightly from the employment hit of the 2008 recession, but the 2020 pandemic has probably led to another years-long economic devastation.

Key takeaway:

- Number of households and employment in Detroit has decreased significantly over the last two decades

Total Households and Employed Population, 2000-2025



Source: Gale Business DemographicsNow • Created with Datawrapper

This decline in households and employment is yet another indicator that the people of Detroit could benefit from a microfinancing location. Certainly, poverty does not preclude business savvy and aspirations, and we want to help people realize those dreams.

Personas: Who Makes Up Detroit

Suburban Nightlife

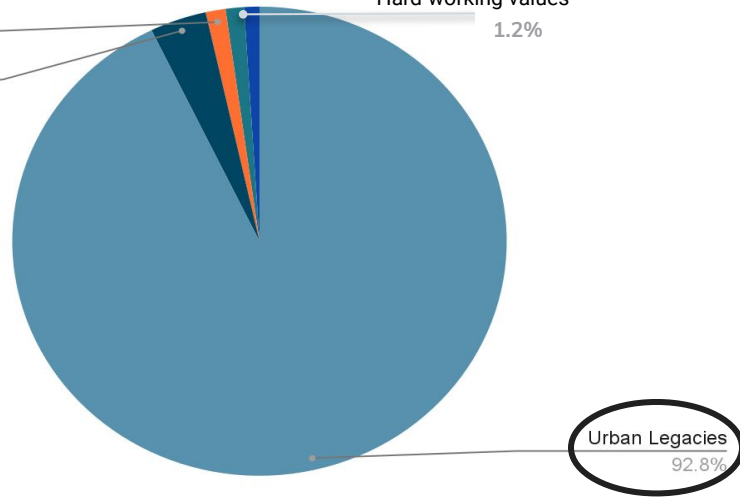
1.3%

Expanding Horizons

3.7%

Hard-working values

1.2%



92.8% Detroit's residents are the Urban Legacies persona. About half of these are age 51-65, with another quarter over 65 and the remaining quarter under 50. Their household income tends to be **less than \$15,000**, education **below a bachelor's degree**, live on a modest budget, and reside in **lower-value housing**.

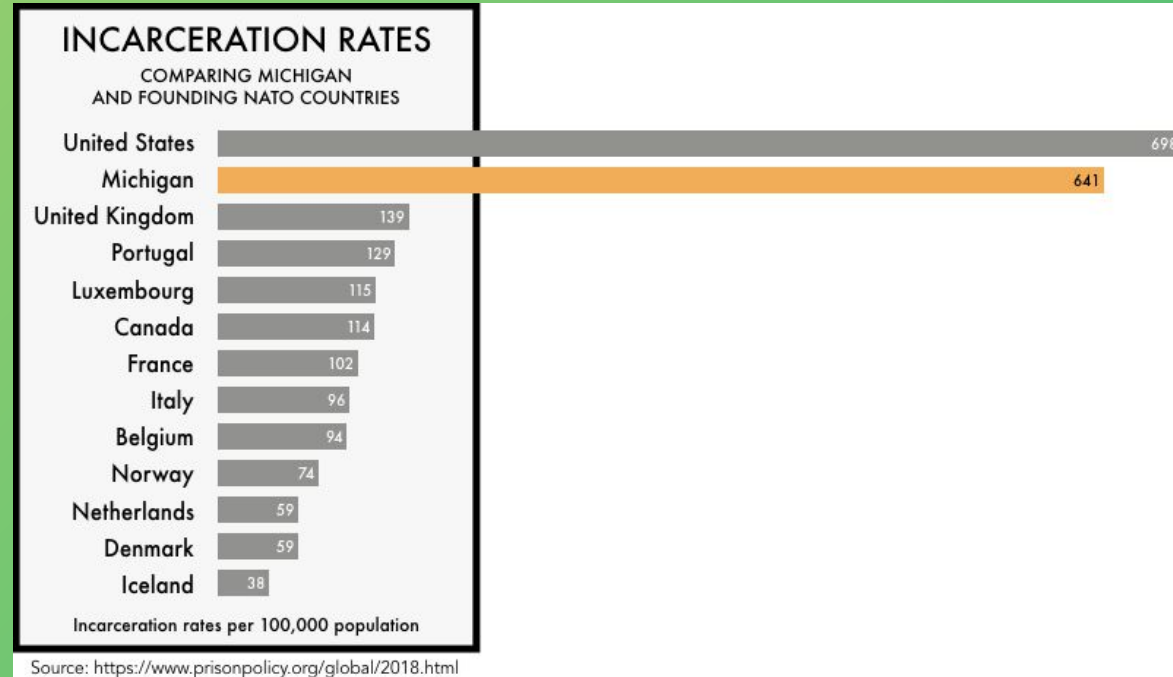
Personas of Detroit

Urban Legacies make up most of Detroit

There are a very small percentage of other personas, however Urban Legacies are the ideal demographic for a microfinancing branch. Additionally, while this persona tends to have a higher age according to Experian, the true **median age in Detroit is 35 years old**¹. This is a great age for microfinancing since many people are open to pursuing new business ideas in this chapter of life.

Incarceration in Michigan

The incarceration rate in Michigan is extremely high. It has a higher incarceration rate than entire countries shown in the chart here. The rate of incarceration for Black Michigan residents is **5.8x higher** than it is for White residents¹. Therefore, whites are largely underrepresented while Blacks are overrepresented in the Michigan prison system. Overall, Michigan imprisonment rates are falling over time, however the **average minimum sentence length is growing**². This proves to be yet another reason to open a Lighthouse branch in Detroit, as folks with a criminal record traditionally have a very difficult time opening loans even though they deserve the opportunity.



Why not Fairfax County?

Fairfax County is extremely affluent and privileged compared to Wayne County overall and especially Detroit. The unemployment rate is **a third**, educational attainment is **four times higher**, and poverty is **one-fifth as high** in Fairfax County than Detroit. In blunt terms, Fairfax County doesn't really need a microfinancing branch to uplift its community the way that Detroit does. This fact paired with Detroit's higher amounts of diversity, far lower median household income, and incarceration rates illustrate that on average,

the Detroit population is far more economically disadvantaged. While the population of Detroit is slowly decreasing, its gains in wealth are so marginal that we feel a microfinance branch there could be vital. Lastly, Wayne County has the highest rate of subprime credit of all Michigan counties (**29%**) indicating a great need for more attainable loans, and nearby wealth and inner-city gentrification may bring more money and attention to some of the business we will finance.

	Unemployment Rate (2025 est.)	Vacant Homes	Educational Attainment (Bachelor's or higher)	Poverty	Median Household Value
Detroit	9%	26%	14%	31%	\$58,900
Fairfax County	3%	1%	61%	6%	\$586,200

Recommended Action Steps and Conclusion

1. Select Wayne County, MI
2. Focus on Detroit area and select neighborhood for opening branch based on location-specific economic situation
3. Conduct ongoing assessments of:
 - a. Economic impact of new Lighthouse branch in terms of loan success
 - b. Overall economic progress in the whole area to assess continuing need of microfinancing operation
4. Consider additional locations to be opened in other struggling areas of the state or country

1. Wayne County is the better choice for a new microfinancing branch
2. Detroit has long suffered from economic devastation and widespread poverty. Within Detroit, specific neighborhoods are worse off than others, so it would be best to open the branch in a location that would benefit the most citizens.
3. We want our efforts to have fruitful outcomes for the people in the community. Therefore, we will measure the success and amount of money brought in from the businesses we finance, and think of ways to bolster or further support them beyond just providing the cash start-up funds. We also want to know how the community is doing overall, either due to outcomes from our work, general development and investment from other sources, or both.
4. Our Detroit location could be a valuable source of data for decisions on opening future branches

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Thanks!



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youremail@freepik.com
+91 620 421 838
yourcompany.com

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