

# Growing With Purpose:

Residents, Jobs, and Equity  
in Richmond, California



East Bay Alliance for a Sustainable Economy  
A Publication of the Richmond Regional Equitable Development Initiative

# Executive Summary



*Participants in the Richmond Regional Equitable Development Initiative Grassroots Leadership Institute workshop discuss a vision for filling empty lots in Richmond.*

**T**he City of Richmond is on the brink of incredible change. The city’s increasingly diverse population and workforce—along with new job growth—represent trends that can help renew both the city’s pride and purpose. With the city facing near-unprecedented levels of real estate development and industrial restructuring, Richmond’s assets—including increasingly valuable land and brownfields, a large business base, easily accessible BART, train, freeway, and waterway transportation, a beautiful shoreline, and a diverse workforce—represent opportunities to further Richmond’s economic development while ensuring that all residents share in the economy’s benefits.

However, the City of Richmond continues to struggle with grave social and economic crises. While the larger region has grown in prosperity, the issues of chronic poverty, economic inequality and unemployment have undermined the quality of life of many Richmond residents for decades.

Richmond has an opportunity to improve the prosperity and quality of life of residents by harnessing economic growth and development. Economic development—or the use of public resources to generate economic activity—can and should be directed to alleviate poverty, provide public benefits, and stabilize communities. Re-diverting the benefits of economic development requires a creative and informed strategy that balances the city’s short-term immediate needs with longer-term vision and planning.

**Purpose.** Many of the demographic and economic conditions analyzed in this report are not new to Richmond residents and government officials. The trend data on population, workforce, jobs, and industries are meant to provide a starting benchmark to measure changes and progress over the next decade—arguably a key transition time period for Richmond. This baseline data can inform economic development goals, and make the connections from economic development to workforce development, poverty alleviation, and community stability.

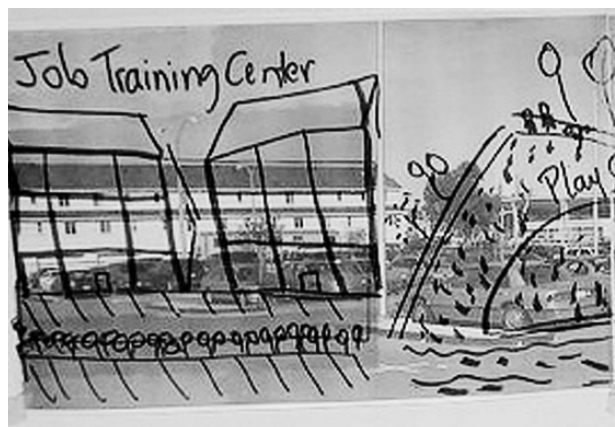
**Data and Methodology.** To understand the city’s challenges and opportunities, we primarily compare Richmond to the broader East Bay as a point of reference. Richmond is, after all, a modest-sized city in a much larger regional market for labor, housing, and investment. For this paper, we define the East Bay as Alameda and Contra Costa counties and refer to it frequently as “the region.” We also analyze industry and job change along two timeframes—over the last two decades (1980-2005), and more recent post-recession changes (2001-2004). Please see Appendix A and endnotes for an explanation of the methodology used in this report.

**1) Good Jobs are Not Going to Local Residents.** Richmond residents are stuck in low-wage work, and benefit less from the city’s good-paying jobs than do workers who live outside of Richmond.

- Low-wage jobs are not more concentrated in Richmond than in the San Francisco Bay Area. The overall pay scale in Richmond mirrors that of the San Francisco Bay Area region—meaning Richmond has not become a hub in the region for jobs at the lower end of the wage spectrum.
- However, among Richmond residents

who are currently employed, only 21% of them actually work in Richmond—a much smaller percentage than in some East Bay cities. Therefore, they benefit less from the city’s good paying jobs.

- Richmond residents, regardless of where they work, are more likely than non-resident jobholders in Richmond to be paid less than \$30,000 a year (53%, versus 42%) and more likely to be in poverty (18% versus 7%). This suggests that Richmond residents are concentrated in the low-wage jobs locally and regionally, while workers from outside fill the well-paying positions in the city.



*REDI Grassroots Leadership Institute participants draw their vision for development in Richmond.*

**2) Service Industries are Growing, While Manufacturing is Shrinking but Still Significant.** Over the last two decades, the Richmond Area’s economy has grown substantially and still serves as a job hub for the region—with increases in the service sector counteracting losses in the manufacturing sector.

- Like much of the country, the employment and industrial landscape in Richmond from 1980 to 2005 shifted from higher-wage manufacturing to generally lower-wage service sectors.

- From 1980 to 2005, employment in the local Richmond area grew from 34,244 jobs to 52,390 jobs. In 2005, the local Richmond area had 0.44 jobs per resident, higher than the East Bay region which had 0.38 jobs per resident.
- The Service sector led this growth by providing two out of three of the new jobs in Richmond (62%), which is significantly higher than the East Bay where one in two new jobs were in the Service sector (49%).
- Manufacturing, Wholesale, and Transportation (MWT) remains a major job sector in Richmond, but has not seen any net growth since 1980.



Richmond residents answer the question “What makes a good community?”

**3) Richmond Grows in People and Diversity.** While many historically industrial cities in the U.S. face ongoing population loss, Richmond is a growing city of close to 100,000 people, with a diverse resident population and workforce.

- Over the past 30 years, Richmond’s population grew 25%, a significant but smaller level of growth than the East Bay overall (47%).

- Richmond is one of the most diverse cities in the region: 36% of the population is African American, 27% Hispanic or Latino, 21% White, and 13% Asian or Pacific Islander.
- One in four Richmond residents is an immigrant (25.8%), a slightly higher proportion than in the region (24.0%).

**4) New Jobs are Less Likely to Provide Family-Supporting Wages than Old Jobs.** More recent post-recession losses in manufacturing were countered by growth in the service sector, but jobs in growing sectors are less able to support families than jobs in declining sectors.

- Following the recession, the Manufacturing, Wholesale, and Transportation (MWT) sector declined by approximately 2,000 jobs, a decrease of 1 in 5 manufacturing sector jobs.
- At the same time, Health, Educational, and Recreation Services grew by over 900 jobs (a 17% increase between 2001 and 2004).
- With the increasing service sector and shrinking manufacturing sector, the average wage of jobs gained in Richmond (\$16.61) is lower than that of the jobs lost (\$17.81).
- Like much of the region, over 4 in 10 jobs in Richmond (44%) do not pay enough for a family of four to make ends meet (Basic Family Wage of \$16.88).

**5) Chronic Challenges Could Jeopardize the City’s Growth.** Richmond’s persistent poverty, unemployment, and low-wage work endanger the city’s ability to build upon its strengths.

- One in four residents do not have a high school diploma, versus 16% in the East Bay.
- Almost 1 in 5 Richmond residents (18%) work in lower-wage service occupations, versus 1 in 7 residents in the East Bay (13%). Fewer residents (33%) work in higher paid professional occupations than residents in the East Bay (42%).
- Poverty rates in Richmond (27%) are significantly higher than in the East Bay (20%), and unemployment rates are also persistently higher (7.7% in Richmond versus 5.2% East Bay).
- Richmond’s young Black men between the ages of 16 and 24 have the highest unemployment rate (36%), which is much higher than that of their counterparts in the East Bay (26%) and over double the rate of older Black men in Richmond (14%).

## Conclusions and Recommendations

While the complex problems of poverty and unemployment cannot be eradicated by city action alone, the City of Richmond has an important role in setting the standards and leveraging public resources to benefit existing residents, especially those most in need. Historically, the city has proactively sought outside resources and developed programs to address its economic challenges. With large-scale private capital returning to Richmond, the city can and should assess its economic development strategies to create job opportunities and lift residents out of poverty.

To start, Richmond should collect information and set measurable goals for economic development that better link local residents and local, good paying, sustainable jobs.

These goals should also be incorporated into land use policy and planning that encourages foresight, balance, and long-term economic sustainability. This report provides data and analysis to inform a new economic development strategy, suggests criteria and goals, and proposes industries and job growth sectors that warrant further study.

### A) Set Ambitious and Measurable Goals

- As an economic development strategy, increase the percentage of Richmond residents who work locally from 21% to 25% over the next 5 years.
- Reduce the poverty rate of existing residents by as much as 20% over the next 10 years. This goal should be accomplished without displacement of existing residents or gentrification of neighborhoods.
- Raise the wages of those in lower-wage service occupations and increase the percentage of residents earning below a Basic Family Wage from (\$16.88) by 10% in 10 years. Encourage businesses to pay higher wages and benefits through incentives, development standards, and fostering a climate supportive of collective bargaining.



*A participant speaks at the Southeast Asian Organizing Gathering of the Richmond Laotian Organizing Project of APEN in October 2006. Photo by Jay Jao.*

## **B) Create an Integrated Strategic Plan and Vision**

The Economic Development Strategic Plan should include:

- Prioritizing public resources to support strategic sectors, such as investment in industries that require a range of skill sets, show concrete growth potential, provide family supporting jobs, and that are already concentrated in Richmond.
- Strengthened partnerships with industry leaders, labor unions, and nonprofit organizations to create feasible job ladders and training programs that increase worker skills and provide a pathway to advance workers to better wages.
- Regular evaluation of outcomes and adherence to success measures—such as tenure of job placement, wage advancement, and outreach to groups facing extreme employment challenges—to provide benchmarks for progress.

## **C) Invest in Family-Supporting Jobs and Industries**

- With almost a third of Richmond’s jobs remaining in the Manufacturing, Wholesale, and Transportation sector, existing industrial and commercial land should not be converted to other uses without very careful deliberation and long-term planning. Policy considerations should include an industrial land retention study that inventories available industrial land, develops criteria before rezoning, and assesses potential growth and restructuring in the MWT sector.
- Continue to explore opportunities to

transform Richmond’s “grey” industrial base into a “green” base that helps meet the growing demand for energy efficient products and services.

- Investigate promising industries that are already concentrated in Richmond—such as educational services, health care, and government administration—to determine if they are stable enough to warrant a focused industrial or workforce strategy.

## **D) Expand Model Policies and Programs**

- Implement and ensure regular reporting from the newly expanded Local Employment Program.
- Enforce and expand the City’s living wage policy to lift wage standards in Richmond’s lower-wage industries.
- Expand existing workforce training programs, increase goals for the number of adults and youth placed in Richmond jobs from 1,000 to 1,500 over the next 5 years, and provide increased funding for direct classroom and skills training.
- Job programs serving African American young men and immigrant workers should be especially emphasized.

### **East Bay Alliance for a Sustainable Economy**

The East Bay Alliance for a Sustainable Economy (EBASE) builds power and raises standards for working families. EBASE forges alliances of labor, community, and faith organizations for economic justice. EBASE passes laws that make work pay, works to ensure that economic development projects create good jobs and community benefits, and stands up against workplace discrimination and exploitation of immigrants and people of color. EBASE is making the economy work for working people.

### **Richmond Regional Equitable Development Initiative**

The vision of the Richmond Regional Equitable Development Initiative (REDI) is to ensure that current and future development in the City of Richmond includes equitable development benefiting the city's low-income residents. With residents, Richmond REDI partners are identifying and supporting research, organizing, and policy efforts that advocate for safe and affordable housing, accessible public transit, community-driven economic development, good jobs, quality public education and services, and a healthy environment.

REDI partners include Urban Habitat, Contra Costa Faith Works!, the East Bay Alliance for a Sustainable Economy, UC Berkeley Center for Community Innovation, ACORN, the Asian Pacific Environmental Network, Communities for a Better Environment, and Ma'at Youth Academy.

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