Black Middle Neighborhoods in Legacy Cities, Part 1: Challenges and Opportunities

Moderator

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National Initiative focused on mobilizing attention to reverse the trend of decline in middle neighborhoods. The initiative does this through research, policy analysis, communications, and advocacy.

The initiative is coordinated by the National Community Stabilization Trust and is advised by a Steering Committee of 20 prominent researchers, practitioners, and policy makers.
This webinar presented by The Middle Neighborhoods Community of Practice (CoP)

The Middle Neighborhoods CoP is an informal, facilitated network of over 300 practitioners, researchers and policymakers engaged in revitalizing middle neighborhoods. CoP members share learnings through topical webinars, referrals, site visits, phone calls, and occasional larger group events.

The CoP is supported by NeighborWorks America and staffed by a small team of organizers.

Join the Community of Practice at middleneighborhoods.org.
Characteristics of Middle Neighborhoods

Mostly single family housing: built for families with children.
Still well more than 50% owner-occupied, but slowly eroding.
Housing stock is aging, still in generally acceptable condition, but lacks features and updates to compete well for today’s homebuyers.
Property values range from slow decline to flat to underperforming against city and/or inflation.
Most of our members do not see hyper-inflation of housing price as a risk in their middles. Only a few middle neighborhoods, those in prime locations and usually mostly white, are appreciating, even gentrifying.
More racially and ethnically diverse, a holder of hard-won middle household wealth.
Middle Neighborhoods Are Faltering In Their Sustainability

Ability to *reliably attract replacement owner occupants* and other neighborhood-friendly buyers.

Ability to *generate home values that support quality maintenance*, repairs and updates without appraisal gaps.

Ability to *repel irresponsible investors*.

Ability to *maintain engaged residents taking stewardship* of the neighborhood.

Ability to *deliver home equity to owners and revenue to municipal government*.
Today’s Agenda

Welcome and Introductions

The Research

The Practice

Q&A

Closing
Presenters

Alan Mallach
Senior Fellow, Center for Community Progress

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Executive Director, Greater Chatham Initiative
Member, Middle Neighborhoods National Steering Committee
Co-Chair, Middle Neighborhoods Community of Practice
Black Middle Neighborhoods in Legacy Cities: Challenges and Opportunities

ALAN MALLACH, SENIOR FELLOW
CENTER FOR COMMUNITY PROGRESS
WASHINGTON, DC
The origins of legacy city Black middle neighborhoods

- Poor housing conditions
- Pent-up homeownership demand
- Removal of (some) barriers of discrimination
- White flight opportunity

Black homeownership surged in the 60s and 70s
Detroit: from Black Bottom to Crary-St. Mary’s
Detroit: 1940 to 1970

Map 7.1 (a). Black Population in Detroit, 1940. 1 Dot = 500.

A few Black middle neighborhoods

Pen Lucy
Baltimore

O’Fallon
St. Louis

South Shore
Chicago
Black middle neighborhoods went through stresses, but generally held together until 2000

Stress factors:

- Loss of well-paying manufacturing jobs
- Crack epidemic
- Incarceration
- Deteriorating public services

![Crary-St. Mary’s 1970 to 2000](chart.png)
After 2000, things started to fall apart. Why?

- Continued loss of manufacturing jobs
- Subprime and predatory lending
- Foreclosures and loss of wealth
- Loss of homeownership
- Suburbanization

<table>
<thead>
<tr>
<th>Change in manufacturing jobs 2002-2017</th>
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<tbody>
<tr>
<td>Baltimore</td>
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<td>-10K</td>
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Subprime lending targeted neighborhoods of color

The higher the Black population share, the greater the share of high-cost loans in 2005.
Neighborhoods are losing homeowners and homeowners are losing wealth.

Loss of homeowners in middle neighborhoods 2000 to 2018

Loss of wealth

WALNUT PARK WEST/BADEN (Tract 1073)
- Value of homeowner equity in 2008: $57,393,450
- Value of homeowner equity in 2016: $22,337,000
- Change: (-$35,046,450)

SHAW (Tract 1172)
- Value of homeowner equity in 2008: $60,165,500
- Value of homeowner equity in 2016: $106,913,500
- Change: + $46,748,000
Black middle-class families are leaving central cities

Household change 2000 to 2017 by race and income in Baltimore

Household change 2000 to 2017 by race and income in Chicago
Black home buyers are increasingly buying in suburban locations.....

In the Cleveland area, nearly 40% of Black buyers in 2004-2006 bought homes in the city of Cleveland. In 2014-2016, less than 20% did.
...and inside many cities, increasingly buying in racially mixed neighborhoods

In 2005, over half of all Black homebuyers in St. Louis bought homes in predominately Black neighborhoods. In 2018, only one-quarter did so.
What does this mean?

• Too few homebuyers to absorb supply
• Investors buy some houses, but many others remain vacant
• Property values stay low
• These changes trigger a vicious cycle of decline
Some of the factors that drive low demand in Black middle neighborhoods

- Low expectations of equity growth
- Difficulty accessing capital for homebuyers
- Obsolete housing stock
- Public safety (real and/or perceived)
- School quality (real and/or perceived)
- Racially-driven homebuying decisions by non-Black buyers
Closing comments

• Black middle neighborhoods matter. We should not think of them as disposable.

• Strategies to stabilize and revive Black middle neighborhoods need to address the central issue of low homebuyer demand

• Addressing that issue needs taking a close look at the underlying reasons for low demand in each neighborhood.

• IT CAN BE DONE!
BLACK MIDDLE NEIGHBORHOODS IN LEGACY CITIES PART 1: Challenges and Opportunities
Chicago’s Black Belt
First Wave-The Great Migration 1910-1930
Second Wave-Industrial Jobs 1940-1960

Racial Restrictive Covenants on Chicago’s South Side in 1947

Supreme Court Strike Down Restrictive Covenants Lifted in 1948
Greater Chatham’s African American History
Greater Chatham’s African American History

Chatham encompasses four neighborhoods in the South Side of Chicago: Auburn Gresham, Avalon Park, Chatham and Greater Grand Crossing. These four neighborhoods have similar histories and today are served by the Greater Chatham Initiative as one focus area.

1961
United American Progress Association founded, dedicated to improving the economic condition of black Americans.

1964
Urban Town and Independence Bank were founded by George Johnson.

1965
Chatham Southside Citizen Newspaper is published by Gus Savage to promote black economic empowerment.

1967
Heidi Haskins founded the Third World Press.

1968
South Central Community Service Inc. was founded. The Not "Rang" Cole Park Fair Housing Act is passed.

1971
Chatham Business Association founded to combat extortion from gangs & enhance business.

1972
Herbert Naps, Jr. becomes Executive Director of Ebony Magazine.

1977
Ernie Banks is inducted into the Baseball Hall of Fame.

2013
W. Kamau Bell is named the first African American libarian at the Chicago Public Library.

2016
The South Side: A Portrait of Chicago and American Segregation is published by resident journalist Natalie Y. Moore.

2009
Roland Davis is sworn in to the Senate to replace Obama.

2017
Chance the Rapper earns three Grammy awards for Best New Artist, Best Rap Performance and Best Rap Album.
Sims Fears Family Chatham History
Why African-American neighborhoods?

Legacy neighborhoods
Preserve intergenerational wealth
Preserve cultural, educational and business assets
Social cohesion
Celebrate black identity
Safe-haven against racism
2019 Greater Chatham profile

**RESIDENTS**

- 97% African American
- 122,000 persons live in 46,444 households
- Females 56% and Males 44%

**Age Breakout**

- Birth to 5 years is 6%
- Grades K-8 is 13%
- Grades 9-12 is 5%
- Four-Year College or University is 6%
- Adults (Ages 18-64) excluding college students is 54%
- Seniors (65 +) is 16%

**Household Incomes**

- 60-71% have annual incomes <$50,000
- 14-17% have incomes $50,000-$74,999
- 14-26% have incomes >$75,000

Data is from World Business Chicago and Institute for Housing Studies at DePaul

**BUSINESSES**

- Greater Chatham has 7,400 firms
- Firms generate >$720 million in annual sales
- Firms hire 51,000 employees of which 20% live in the community

**Workers have**

- Graduate degrees-7%
- College graduates-12%
- Associate degrees-8%
- Some college, no degree-30%
- High School Diploma-29%
- Less than high school-14%

**June 2020 unemployment rate-14-15%**
Tale of two communities

HOMEOWNERS

35-40% of residents are homeowners
Greater Chatham median income is $55,400
Nt’l median net worth is $98,910*
Average Chicago mortgage payment is $1,276

RENTERS

60-65% of residents are renters
GC Median income is $22,500
Nt’l median net worth is $1,810*
Average rent is $900

*Per the Urban Institute the national median net worth data is from the Federal Reserve Bank. Chicago median household income in 2018 was $55,198 per the US Census.
2019 Greater Chatham median single-family sales price was $99,000
Two South Side neighborhoods are bright spots in the real estate gloom

Both are "good places for families and have a nice physical community of well-maintained properties," one agent said. They're also "still very affordable."

Homebuyers, flippers descend on South and West sides in search of cheaper deals

The crowded housing market is pushing investors into neighborhoods yet to fully recover from the foreclosure crisis, driving prices up

TRD CHICAGO / By Alex Nitskin
・55% of new home buyers are from Greater Chatham or other South Side neighborhoods

・26% are from Southwest Side and West Side neighborhoods

・19% are from the near west suburbs, loop or south suburbs

Neighborhood Housing Services of Chicago’s map of the original addresses of the 66 new Greater Chatham home purchasers who bought from January 2018-June 2019.
FROM 2000-2018, SINGLE-FAMILY HOME PRICE CHANGES IN ALL OF CHICAGO INCREASED 74%

*Modest market area-1.8 x's slower* in Auburn Gresham, Avalon Park & Chatham

*Slow market area-4.6 x's slower* in Englewood, West Englewood, Greater Grand Crossing, South Shore & South Chgo

*Slow market area-4.3 x's slower* in Roseland and West Pullman

SINGLE-FAMILY HOME SALES GAINS FROM 2000-2018

74% City of Chicago

40% Auburn Gresham, Avalon Park & Chatham

16% Englewood, West Englewood, Greater Grand Crossing, South Shore, Woodlawn & South Chgo

17% Roseland & West Pullman

Source: IHS QUARTERLY SINGLE-FAMILY HOUSE PRICE CHANGES IN CITY OF CHICAGO SELECT NEIGHBORHOODS INDEX
Greater Chatham Public Schools

30 Elementary Schools

- 56% are rated 1+ or 1
- 24 or 89% are Attendance Area Schools
- 3 or 10% are Charter Schools
- 2 or 6% are Magnet School
- 1 or 3% is a Classical School
INFORM HOMEOWNERS WHY GC IS A COMMUNITY OF CHOICE

Chatham Center Chicago Map

School Guide
How might COVID-19 affect Greater Chatham housing market?

- Short-term, enhanced unemployment benefits should help stabilize affected workers, but concerns and questions remain about longer-term housing market and economic impacts.

- Analysis looks at working households with at least one wage-earner in vulnerable industry.

- In general, Greater Chatham has higher levels of vulnerable populations than city.

- Lower-income households more vulnerable to layoffs.

- Renter households likely to be in vulnerable industry.

- Higher share of vulnerable renter households are already cost-burdened.
Share of working renter households in vulnerable industries that are cost burdened by PUMA

CITY OF CHICAGO
Number Submarket
3501 Uptown/Rogers Park
3502 Lake View/Lincoln Park
3503 Lincoln Square/North Center
3504 Irving Park/Albany Park
3520 Portage Park/Jefferson Park
3521 Austin/Belmont Cragin
3522 Logan Square/Avondale
3523 Humboldt Park/Garfield Park
3524 West Town/Near West Side
3525 Loop and Surrounding
3526 Brighton Park/Bridgeport
3527 Gage Park/West Lawn
3528 Englewood/Greater Grand Crossing
3529 Bronzeville/Chinatown
3530 Morgan Park/Beverly
3531 Auburn Gresham/Chatham
3532 South Chicago/West Pullman

SOURCE: 2016 ACS MICRODATA, IPUMS USA, IHS CALCULATIONS BASED ON CODE DEVELOPED BY NYU FURMAN CENTER
Upcoming Webinars

Black Middle Neighborhoods in Legacy Cities, Part 2: Strategies
Noon, August 25, 2020

Community Engagement Strategies during COVID19
Noon, September 29, 2020
Subscribe to Center for Community Progress
Check out: The Cornerstone Webinar Series
Questions?

For more Information

www.middlenearhoods.org