Racial Inequality, Poverty and Gentrification in Durham, North Carolina

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&

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Acknowledgments

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UNC law student Kenneth Strickland helped us kickstart this project. We are immensely grateful to the community activists, city officials, researchers, neighborhood leaders and concerned residents who spoke to us for this report. Durham Mayor Steve Schewel, Durham City Council Member Jillian Johnson, John Killeen, Camryn Smith, Dave Hall, Pilar Rocha Goldberg, Christopher Gergen, Lorraine Williams, Ethel Simonetti, Ed Boyd, Melissa Norton, Robert Korstad, Derek Mangum, Tamara Bynum, Carl Webb and Janet Xiao and others generously gave their time, assistance and insights.

Cover photo: Durham mill houses. Photograph by Billy Barnes.
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Introduction

From infant mortality to life expectancy, race predicts outcomes in the United States. Racial inequities, created and sustained through the policies and practices of governments and other institutions, have long-lasting and cumulative impact. In Durham, North Carolina, the revitalization and subsequent gentrification of its downtown has brought these racial fault lines to the surface. A medium-sized city in the American South, Durham is experiencing rapid growth. However, the lingering effects of historically-rooted and systemic racism continue to shape the city today.

Once a tobacco and textiles center, Durham successfully pursued a 21st century knowledge-based economic model. The recent revitalization of the Durham city center, the result of significant planning, advocacy and investment, has transformed the downtown, and Durham overall, into a desirable destination. However, as affluent newcomers move in, and as jobs become increasingly stratified by education and income, rising prices and social dislocation are pushing out the original residents, who are often poor or working class and black.

Gentrification in Durham has been extensively covered of late, in both local and national media. In this report, we take a deeper look at the long reach of historical policies and how they continue to replicate racial inequities, despite abundant economic growth. Specifically, we examine some of the poorest census tracts in Durham—tracts that were ground zero for redlining and urban renewal—and explore the changes brought by the downtown renaissance.

Durham Poverty in Brief

Durham is growing rapidly. Between 2010 and 2016, population in the county grew 14% to 306,212. By 2030, that number is predicted to reach 366,803. Most people in the county reside in the city of Durham, home to an estimated 10,000 new inhabitants a year. The city, like the county, is majority non-white. The proportion of African Americans and non-Hispanic whites is roughly even (39% and 38%), with Hispanic and Asian residents making up the next largest racial/ethnic groups (14% and 5%).

Although the city is thriving economically, its poverty and child poverty rates, at 18.5% and 27% respectively, are higher than state and national numbers. The poverty rate differs widely by race/ethnicity, with non-Hispanic whites experiencing poverty at much lower rates than other groups (Figure 1).

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1 See Abrams, “In a Revived Durham, Black Residents Ask”; Scott, “My Downtown Durham Dilemma”; Vaughan and Eanes, “‘Story of My Street’: Gentrification and Neighborhood Change in Durham”; Vaughan, “Gentrification in Durham.”
2 U.S. Census Bureau, 2010 and 2016 American Community Survey.
4 Vaughan, “Gentrification in Durham.”
5 When referring to Census Bureau data, we use the term “Hispanic,” which is a Census designation. Elsewhere, we use Latinx, our preferred term.
6 Excluding off-campus college students lowers the poverty rate to 17.1%. Benson and Bishaw, “Examining the Effect of Off-Campus College Students on Poverty Rates.”
A quick look at median household income by race/ethnicity reveals the same variation. As Figure 2 shows, white residents in both the county and the city out-earn their counterparts in the state overall. They also make far more than other racial and ethnic groups in the city.

Disparities in financial wellbeing persist when looking at asset poverty and access to traditional banking systems (Figure 3). Black and Latino households are more than twice as likely to be liquid asset poor as whites: 54.1% and 65.2% to 24.1%.\(^7\) Almost half of African American and Hispanic households are unbanked or underbanked, compared to 16% of whites.\(^8\) Lastly, almost a third of African American and Hispanic households have zero or negative net worth, compared to 14% of white households.

\(^7\) Liquid asset poverty is insufficient liquid assets to subsist at the poverty level for 3 months in the absence of income.
\(^8\) Households are considered unbanked when they report neither a checking nor savings account, while those with a checking and/or savings account that have used alternative financial services in the past 12 months are underbanked.
In the city of Durham, white residents are more likely to own their own home, another measure of wealth, than residents of other races or ethnicity (Figure 4). Additionally, the median home value for Asian and white homeowners in Durham is substantially higher than for black and Hispanic homeowners (Figure 5). At the median, white and Asian home values in the city are 39% and 60% greater, respectively, than the median black home value. The gap in median home value for Hispanic homeowners is even greater.

**Figure 4. Homeownership Rate by Race/Ethnicity**

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hispanic</td>
<td>42.9%</td>
</tr>
<tr>
<td>Black</td>
<td>45.8%</td>
</tr>
<tr>
<td>Asian</td>
<td>59.8%</td>
</tr>
<tr>
<td>White</td>
<td>72.7%</td>
</tr>
</tbody>
</table>

*Source: 2012-2016 American Community Survey*
Durham faces a citywide housing shortage. The average time a house spent on the market in May 2018 was a mere 14 days. Builders report that they are struggling to keep up with demand. While housing is at a premium near downtown, the availability of residential property throughout the city is extremely low. In 2016, the homeowner vacancy rate was a disappearingly small 0.1% (Figure 6).

Figure 6. Homeowner Vacancy Rate, 2000-2016

Source: 2000 Decennial Census, 2010-2016 American Community Survey One-Year Estimates

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9 Triangle Multiple Listing Services, “May 2018 Durham County.”

10 The president of the Home Builders Association of Durham, Orange and Chatham Counties was quoted in one local news article saying, “I have been 25 years in the business, and I have never seen such demand (for new homes).” Vaughan and Eanes, “Story of My Street’: Gentrification and Neighborhood Change in Durham.”
Housing costs have risen in response to demand. Census Bureau estimates show that median gross rent rose by 13% between 2011 and 2016. More up-to-date sources of rental data report that the average rent in Durham increased 36.4% between Feb. 2011 and Feb. 2017. Median home sale prices in the county rose 15.7% between April 2017 and April 2018.

The housing shortage is especially acute for low-income households. The Urban Institute has determined that only 34 affordable units exist in Durham County for every 100 extremely low-income households (those at 30% or less of the area median income), 20 of which are units run or subsidized by the U.S. Department of Housing and Urban Development. Compounding the problem, the existing affordable housing stock may dwindle in the coming years. Over 1,200 units, mostly for-profit, tax credit properties, are scheduled to lose affordability requirements between 2016 and 2021 (the majority in the first two years).

Renters face the most severe housing cost burdens. At the median, renter households make about $46,000 less than homeowners ($34,613 to $81,289) and are much more financially constrained. Almost half of renters in the city are rent-burdened. Twenty-two percent of renters, or over 12,000 households, pay more than half of their income on rent and utilities alone. It should be noted however that high housing costs take a toll on a substantial number of homeowners too. Over one in five homeowners with a mortgage, or almost 8,000 households, spend 30% or more of household income on housing.

History of Racial Inequality and Exclusion

Past race-based policies on the federal, state and local level undergird economic disparities and gentrification today. Two such policies with a long reach in Durham are redlining and urban renewal. The practice of redlining emerged as an outgrowth of the federal government’s attempt to stem the tide of residential foreclosures during the Great Depression. As part of its charge to stabilize and secure home mortgages, the newly-created Home Owners’ Loan Corporation (HOLC) was tasked in the late 1930s with producing residential maps that showed lending risk by neighborhood in cities across the United States. HOLC recruited local representatives to evaluate neighborhoods for creditworthiness using a range of criteria, including race, immigration status and class.

Neighborhoods graded A, color coded as green on the maps, were those that were new, “homogenous” and in demand. They were considered the safest areas for mortgage lending. Slightly older but reliably attractive neighborhoods were graded B/blue, and those that were “definitely declining” were C/yellow. Neighborhoods that were “characterized by detrimental influences in a pronounced degree,” including the presence of “a lower grade population” (i.e. African Americans and poor people), were deemed hazardous to lenders and were graded D/red. Thus the term “redlining” denotes those neighborhoods where lending was considered riskiest.

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11 U.S. Census Bureau, 2011 and 2016 American Community Survey.
12 Rent Jungle, “Rent Trend Data in Durham, North Carolina.”
13 Triangle Multiple Listing Services, “April 2018 Durham County.”
14 Lado, “City of Durham, NC Housing Profile.”
15 2012-16 American Community Survey.
16 2016 American Community Survey. Households are rent-burdened if they spend more than one third of household income on rent.
17 2012-16 American Community Survey.
18 Smith and Weis, “Dividing Durham: HOLC’s Survey of the Bull City.”
The HOLC maps, and the racism they encoded, guided decisions by both private and government actors that led to disinvestment and sustained neglect in redlined areas. The maps did not simply reflect existing differences between neighborhoods, they shaped trajectories and future outcomes. A study by the Federal Reserve Bank of Chicago found that changes in lending practices caused by the maps themselves “directly contributed to disinvestment in poor urban American neighborhoods.” “[L]ong-run repercussions” included a “sizable effect” on homeownership rates and home values. Redlined neighborhoods also became more segregated over subsequent decades, a pattern that began to reverse itself only after the 1970s. Interestingly, neighborhoods that were “yellowlined” also became more segregated, even though the study found that they contained virtually no black residents when the maps were drawn.19 A similar Zillow study concluded that “homes in areas that were deemed ‘hazardous’ and ‘definitely declining’ continue to have lower median values than those in areas previously labeled ‘still desirable’ and ‘best.’”20

Residential segregation prohibited African Americans from moving to neighborhoods where credit was more readily available, even if they could afford to do so. The denial of credit within redlined neighborhoods put homeownership, and all its security and wealth-building opportunities, out of reach for most residents. The few enterprising souls who managed to purchase a home despite these limitations might struggle with exploitative contract sales, predatory terms, and the costs of upkeep and maintenance. These constraints on homeownership, and economic activity more broadly, had long-term, intergenerational effects on places as well as individuals. As noted by prominent historian, Thomas Sugrue, redlining’s harms were manifold:

The availability of credit has really significant impacts on every dimension of neighborhood life, in terms of the quality of real estate, the willingness of investors to come in, the prices of property, the emergence of predatory practices …. These are all direct consequences of the lack of affordable loans and affordable mortgages.21

In truth, the Durham HOLC map alone tells an incomplete story. For decades, Durham’s black businesses, professionals and institutions created and sustained a prosperous, largely segregated, middle class, the accomplishments of which are beyond the scope of this report. Nonetheless, then as now, this outward affluence “obscured the vast gulf between rich and poor in Durham.”22 A visitor to Durham’s poor black neighborhoods remarked on the “narrow, unpaved, and unlighted” streets, the “uniformly dilapidated” houses with nonexistent plumbing and “abundant” rats and cockroaches.23 Not all residents of the redlined areas were poor, but most were black—and many black residents of Durham were poor. (To see how closely redlined areas correspond to African American neighborhoods, compare Appendix One’s map showing “Negro streets” to the HOLC map.)

20 Mikhitarian, “Home Values Remain Low in Vast Majority of Formerly Redlined Neighborhoods.”
21 Badger, “How Redlining’s Racist Effects Lasted for Decades.”
22 Korstad and Leloudis, To Right These Wrongs: The North Carolina Fund and the Battle to End Poverty and Inequality in 1960s America, 176.
23 Korstad and Leloudis, 176.
The redlining map for Durham can be seen in Figures 7 and 8 below. As in other cities, newer white neighborhoods received the highest ratings, and older, black neighborhoods received the lowest ratings.

**Figure 7. Durham Redlining Map**

*Source: Mapping Inequality*
Figure 8. Durham Redlining Map Transposed Over Google Maps

Source: Mapping Inequality. Unless otherwise attributed, this and all other maps in this report were made by the NC Poverty Research Fund using QGIS.

The local assessors hired by the HOLC evaluated lending risk using criteria listed on area description forms. Figures 9 and 10 are the forms for two redlined areas: D6 (roughly, Hayti and surrounding area) and D3 (East Durham). Note Figure 9’s observation of an “infiltration” of a “Negro population,” the “many” families on relief, the lack of sales demand and limited availability of mortgage funds. A clarifying remark at the bottom of Figure 9 notes a stretch of “several fairly nice homes.” “This was formerly a good white residential street,” it continues, “but negroes are gradually taking up the area.” In addition to the “Northwest area occupied by Negros,” Figure 10 points out the presence of a cotton mill and other industrial plants, and the absence of new construction.
Figure 9. Redlined Area Description, May 1937 – Hayti

Source: Mapping Inequality
### Figure 10. Redlined Area Description, May 1937 – East Durham

<table>
<thead>
<tr>
<th>AREA DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-5-37</td>
</tr>
</tbody>
</table>

1. **AREA OF CITY:** Durham, N.C.  
   **INTEGRITY**: B  
   **AREA No.:** 3

2. **DESCRIPTION OF TERRAIN:**  
   **Rolling**

3. **FAVORED INFLUENCE:**  
   **All city convenient, adequate transportation**

4. **ADVERSE INFLUENCES:**  
   **Location half mile from industrial plants located on railroad**

5. **DESAILED INFORMATIONS:**  
   - **Race, employment, and income:**  
     - c. Foreign-born Negro; d. Negro percent: 40%
   - **Population:**  
     - e. Infiltration of Negro population; f. Relief families: 20%
   - **Social Stability:**  
     - g. Population is static; h. Incomes stable

6. **DESERVING:**  
   - a. Type of tenure: Small single homes; b. Type of construction: Frame
   - c. Average age: 25 years; d. Repair: Poor

<table>
<thead>
<tr>
<th>HISTORY:</th>
<th>SALE VALUE</th>
<th>MARKET VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>PRE-1932</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PERCENTILING</td>
</tr>
<tr>
<td>1930 Low: $2000</td>
<td>$3000</td>
<td>100%</td>
</tr>
<tr>
<td>1933 Low: $4000</td>
<td>$6000</td>
<td>150%</td>
</tr>
</tbody>
</table>

Peak sale values occurred in 1932 and were 100% of the 1922 level. 
Peak normal values occurred in 1929 and were 100% of the 1929 level.

7. **CONDITION:**  
   - a. Land: No; b. Dwelling units: 2; c. Home owners: 20%

8. **SALES HISTORY:**  
   - a. None; b. Activity is none

9. **REAL TRENDS:**  
   - a. Land: No; b. Land values: Yes; c. Activity in 1932

10. **NEW CONSTRUCTION:**  
    - a. Types: None; b. Amount last year: None

11. **AVAILABILITY OF MORTGAGE FUNDS:**  
    - a. Home purchase Limited; b. Home building Limited

12. **TREND OF DECREASE:**  
    - a. 1927 to 1932 Static

13. **EVALUATING RISK:**  
    - a. Northwest part of area occupied by Negroes. At junction of highway and rail at large cotton mill. Mill is also located on railroad track north of Main Street.

14. **INFORMATION FOR THIS FORM WAS OBTAINED FROM:**  
    - Jack E. Powell, Inspector

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Source: Mapping Inequality
The racial bias institutionalized by redlining led, in turn, to other policies that influenced neighborhood desirability and home values. In 1937, Durham began planting trees in city-owned strips along sidewalks in residential areas. The plantings followed local redlined maps, so that poor black neighborhoods received few plantings and today have limited tree canopy, while wealthier white neighborhoods saw much more extensive planting. Trees increase residential property values and provide a host of other benefits.24

Trees are good for cities. They reduce air pollution, mitigate stormwater runoff, cool homes naturally, and generally improve the health of the ecosystem. They're also good for people; recent studies have found that trees reduce stress and brain fatigue. Greater numbers of trees correlate to lower crime rates, according to a 2001 study by the University of Illinois: Urbana-Champaign. Trees have also been linked to lower levels of obesity and higher property values.25

A study of Durham’s tree canopy found that neighborhoods with “A” grades on the HOLC map have 50% more tree canopy than “D” neighborhoods. Over 60% of city-owned rights-of-way in “A” neighborhoods have tree canopy, compared to about 20% of rights-of-way in “D” neighborhoods.26 More recent tree plantings conform largely to this pattern. Between 2007 and 2014, almost four times more trees were planted in “A” neighborhoods than “D” neighborhoods,27 despite the fact that “A” neighborhoods make up 12% of the area in original HOLC map and “D” neighborhoods make up 30%.28 As Durham’s urban forestry manager explains, his department can’t keep pace with maintaining and replacing older trees, never mind planting new ones.29 In this way, 80-year-old inequities are perpetuated, even under race-neutral circumstances.

Figures 11 and 12 show tree planting maps in two Durham neighborhoods with red numbers indicating the number of trees planted on each block. Figure 11 is a map of the redlined community of Hayti. There are no annotations for tree plantings. However, in Trinity Park (Figure 12) trees are noted throughout the map and today more than half the neighborhood is covered in trees. In predominantly black neighborhoods, like Cleveland-Holloway, trees cover only about 10% of the community.30

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24 City of Charlotte, “The Value of Charlotte’s Tree Canopy.”
26 Cooper, Liberti, and Asch, “HOLC Analysis.”
27 Cooper, Liberti, and Asch.
28 Nelson et al., “Mapping Inequality: Redlining in New Deal America.”
29 Hudnall, “In Durham, Rich Neighborhoods Have Plenty of Trees. Poor Neighborhoods, Not So Much.”
30 Hudnall.
Figure 11. Tree Map Durham, NC, Department of Public Works, 1937 – Hayti Neighborhood

Source: City of Durham
Figure 12. Tree Map Durham, NC, Department of Public Works, 1937 – Trinity Park Neighborhood

Source: City of Durham
Other policy decisions were far more devastating. Starting in the 1950s, cities across the country cleared areas designated as “slums” as part of the federally-subsidized urban renewal program. In Durham, urban renewal targeted the Hayti neighborhood, the largest redlined area in the city. Hayti had been the epicenter of a thriving black community, inspiring Durham’s moniker as the “Capital of the Black Middle Class.”

By the 1950s, however, city officials, as well as the Durham Committee on Negro Affairs, viewed Hayti’s tightly-interwoven streets, “overcrowded land” and “deteriorated structures” as impediments to economic growth. They developed a plan to clear the area and construct a major freeway through the city center. Work for most projects began in the 1960s and was completed in the 1970s.

Durham’s urban renewal devastated Hayti. Over 4,000 households and 500 businesses were forced to relocate. The promise of new, modern homes for Hayti’s residents went largely unfulfilled and many ended up in public housing. John Abram, a black man in his 60s interviewed for a 2018 article on gentrification in Durham, remembered his parents discussing the situation. “I knew we were being forced to do something we didn’t want to do,” he said. “Hayti was all right. It was like our own city. [Urban renewal] bulldozers just tore up everything. They wanted to get these black people out of the community.”

Ironically, at the time of the interview, Abram was being uprooted again, this time because he couldn’t afford his apartment’s rising rent.

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31 Frazier, “Durham: Capital of the Black Middle Class.”
35 Vaughan, “Gentrification in Durham.”
Contemporary Effects of Historical Exclusion

Persistent Economic Disadvantage

The geography of poverty and economic disadvantage in Durham shows the continuing reverberations of past policy decisions. Here we focus on the largest cluster of redlined areas in southern and eastern Durham. Figure 13 shows that census tracts overlap sufficiently with these redlined areas to allow us to apply and analyze census data. Two census tracts, 23 and 13.01, are the heart of the redlined areas in southeastern Durham. They lie fully within the HOLC map. Two other tracts, 13.03 and 14, overlap with a portion of the HOLC map. To the north, much of tracts 9 and 11 are redlined and both are completely within the HOLC map. Tracts 10.01 and 10.02 lie partially within the HOLC map’s eastern edge.

Figure 13. HOLC Map of Durham by Census Tract

The census tracts that overlay these historically redlined areas (the “redlined tracts”) are among the most chronically distressed in Durham today (Table 1). Two tracts (11 and 14) have poverty rates over 50%. The least poor redlined tract (13.03) wrestles with a poverty rate 31% higher than the city overall. Median home values and homeownership rates are about half the rates for the city and county. Median household income in the redlined tracts is a fraction of city and county median income. And in an area where the unemployment rate hovers just above 6%, residents of these tracts are unemployed at twice that rate.

Additionally, as Table 2 shows, poverty in these tracts is not a new phenomenon. Between 1970 and 2016, the poverty rate in the eight redlined tracts failed to decline in any lasting or meaningful way. Even as the citywide poverty rate fell in 1990 and 2000, it increased in five of the eight redlined tracts. When the Great Recession hit, already high poverty rates escalated, ranging from 36.4% in 13.03 to 66.6% in 23. Although

36 The large margin of error for small areas like census tracts means that changes in the poverty rate from year to year may not be statistically significant. It is clear however that poverty rates in these tracts have remained stubbornly high, especially compared to city and county rates.
the poverty rate now appears to be abating in most of the redlined tracts, it remains double, or in some cases triple, the county rate.

Table 1. Socioeconomic Measures and Race/Ethnicity in the “Redlined Tracts”

<table>
<thead>
<tr>
<th></th>
<th>Poverty rate</th>
<th>Median home value</th>
<th>Homeownership rate</th>
<th>Median household income</th>
<th>Unemployment rate</th>
<th>% Black and Hispanic</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Southeast Durham</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tract 13.01</td>
<td>32.5%</td>
<td>$88,000</td>
<td>28.8%</td>
<td>$23,587</td>
<td>15.4%</td>
<td>92.3%</td>
</tr>
<tr>
<td>Tract 13.03</td>
<td>24.3%</td>
<td>$100,900</td>
<td>29.4%</td>
<td>$26,603</td>
<td>10.1%</td>
<td>87.4%</td>
</tr>
<tr>
<td>Tract 14</td>
<td>55.7%</td>
<td>$65,000</td>
<td>23.7%</td>
<td>$21,267</td>
<td>15.6%</td>
<td>90.4%</td>
</tr>
<tr>
<td>Tract 23</td>
<td>43.8%</td>
<td>n/a</td>
<td>17.0%</td>
<td>$18,661</td>
<td>12.3%</td>
<td>90.0%</td>
</tr>
<tr>
<td><strong>East/Northeast Durham</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tract 9</td>
<td>36.1%</td>
<td>$95,800</td>
<td>20.9%</td>
<td>$25,986</td>
<td>15.1%</td>
<td>94.2%</td>
</tr>
<tr>
<td>Tract 10.01</td>
<td>39.2%</td>
<td>$69,800</td>
<td>23.8%</td>
<td>$30,938</td>
<td>14.6%</td>
<td>81.4%</td>
</tr>
<tr>
<td>Tract 10.02</td>
<td>43.4%</td>
<td>$85,300</td>
<td>24.9%</td>
<td>$28,810</td>
<td>9.9%</td>
<td>93.4%</td>
</tr>
<tr>
<td>Tract 11</td>
<td>52.3%</td>
<td>$100,600</td>
<td>17.6%</td>
<td>$20,519</td>
<td>16.5%</td>
<td>89.0%</td>
</tr>
<tr>
<td><strong>Durham County</strong></td>
<td></td>
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<tr>
<td>1970</td>
<td>17.4%</td>
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<td><strong>Durham city</strong></td>
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<tr>
<td>1970</td>
<td>18.5%</td>
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</tbody>
</table>

Source: 2012-2016 American Community Survey

Table 2. Poverty Rate in the “Redlined Tracts,” 1970-2016

<table>
<thead>
<tr>
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<td>Southeast Durham</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Tract 13.01</td>
<td>20.6%</td>
<td>25.6%</td>
<td>25.6%</td>
<td>31.9%</td>
<td>45.9%</td>
<td>32.5%</td>
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<tr>
<td>Tract 13.03</td>
<td>26.8%</td>
<td>29.7%</td>
<td>14.9%</td>
<td>17.1%</td>
<td>36.4%</td>
<td>24.3%</td>
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<tr>
<td>Tract 14</td>
<td>32.2%</td>
<td>29.4%</td>
<td>38.7%</td>
<td>42.1%</td>
<td>57.0%</td>
<td>55.7%</td>
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<tr>
<td>Tract 23</td>
<td>60.7%</td>
<td>50.3%</td>
<td>45.4%</td>
<td>36.6%</td>
<td>66.6%</td>
<td>43.8%</td>
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<td>East/Northeast Durham</td>
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<td></td>
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</tr>
<tr>
<td>Tract 9</td>
<td>39.6%</td>
<td>44.4%</td>
<td>28.6%</td>
<td>38.0%</td>
<td>43.5%</td>
<td>36.1%</td>
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<tr>
<td>Tract 10.01</td>
<td>31.7%</td>
<td>24.7%</td>
<td>35.1%</td>
<td>38.0%</td>
<td>61.4%</td>
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<td>Tract 10.02</td>
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<td>16.7%</td>
<td>22.3%</td>
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<td>19.4%</td>
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The percentage of white residents in the redlined tracts is far below its share of the general population. In most of the redlined tracts, African Americans still make up the largest group by race, though Hispanics are now a large and growing group, especially in 10.02 which is over 50% Hispanic.\textsuperscript{37} Looking at these tracts over time reveals two main trends. One, the tracts that were almost all black in 1970 are now much less so. Although the white share of the population in these tracts is still relatively small, it has been steadily increasing. Two, the tracts that were majority white in 1970 (10.01 and 10.02) are now less than 10% white. These residential patterns suggest white flight (the earlier departure of white residents from 10.01 and 10.02) and gentrification (the more recent movement of whites into tracts at the city center).

The cycle of disinvestment and poverty has left its mark, poignantly, on home loans and foreclosure. In the years leading up to the Great Recession, the redlined tracts were the site of some of the hottest subprime lending in the county. As Table 3 shows, between 2004 and 2009, high cost home loans were commonplace in the redlined tracts, often making up 50% or more of all home loans in a year. The number of high cost home loans started to drop around 2007-2008, as the housing bubble burst, and by 2009 subprime activity had subsided across the county. Hiccups of high cost lending persist though, and while very few high cost loans have been issued since the recession, they continue to occur at a higher rate in the redlined tracts.

\textsuperscript{37} U.S. Census Bureau, 2012-2016 American Community Survey.
This pattern of subprime mortgage lending in minority neighborhoods is one that occurred across the country. Unscrupulous lenders targeted residents of neighborhoods where credit had been scarce in the past and steered them into high cost loans. This “reverse redlining,” in which minorities received higher-risk mortgages than similarly situated white borrowers, led to high rates of default and foreclosure.\(^38\) In fact, our earlier research found that in the wake of the recession some of the highest foreclosure start rates in the county occurred in these redlined tracts.\(^39\)

### Gentrification and Displacement

After decades of neglect, Durham’s downtown is trendy. This, in combination with a popular preference for living in denser, urban environments, a growing population and a housing shortage, has resulted in skyrocketing home prices in and around the city center. The median residential sale price downtown has nearly doubled, from $180,000 in March 2012 to $350,000 in March 2018. A Durham housing consultant described the collision of newly hip and old time neglect as “two downtowns—one that is very unaffordable and one that is very low-income and institutional.”\(^40\)

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\(^{39}\) Tracts 9 and 23 had the highest rate of foreclosure starts in the county during the period studied. UNC Center on Poverty, Work and Opportunity, *Neighborhood Level Foreclosures in Durham County: Overview and Location of Foreclosure Starts*, 11.

\(^{40}\) All quotations are from interviews conducted by the NC Poverty Research Fund unless otherwise noted.
The search for the next up and coming neighborhood has pushed developers and prospective home buyers toward formerly overlooked neighborhoods bordering downtown. These neighborhoods include the redlined tracts to the south and east of the city center. Their location, affordability, diversity, vernacular architecture and sense of place make them attractive to home buyers, even as their high rental rates and poverty make them susceptible to gentrification. The scent of flipping is in the air. According to one real estate data company, the zip codes around downtown Durham “offered the highest returns on investment for house flippers of any area in the Triangle.”

Gentrification, defined as the influx of higher income residents into underinvested and predominantly poor communities, can lead to the displacement of former residents. A recent analysis found that the census block groups to the north and east of downtown Durham, were among those that scored highest on the authors’ risk displacement index (see Appendix Two for the indicators used). Map 3 shows that many of these block groups are in and near the redlined tracts identified above.

Map 3. Displacement Risk Index for Durham County, 2014

Note: Darker colors represent a higher displacement risk score.
Source: Carolina Planning Journal

Home loan data suggests that gentrification in these redlined census tracts is already well underway. In the core redlined tracts (9, 11, 13.01 and 23), the majority of applicants who were approved for a home loan in 2016 were white, while only 15% to 23% were black and Hispanic (Figure 14). Since about 90% of residents in these tracts are black and Hispanic, the disproportionate number of white home buyers indicates changing

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41 Vaughan and Eanes, “‘Story of My Street’: Gentrification and Neighborhood Change in Durham.”
42 Maciag, “Gentrification in America Report.”
neighborhood demographics. While the number of approved loans in each tract is modest, it has generally been climbing since 2014-2015 (Figure 15).

**Figure 14. Percent of Approved Home Loan Applicants Who Are African American and Hispanic, 2013-2016**

![Graph showing percent of approved home loan applicants who are African American and Hispanic, 2013-2016](image)

*Source: Home Mortgage Disclosure Act data*

**Figure 15. Total Number of Approved Home Loans, 2013-2016**

![Graph showing total number of approved home loans, 2013-2016](image)

*Source: Home Mortgage Disclosure Act data*

Sale prices provide compelling evidence of soaring demand. Redfin, a national real estate brokerage, provides data for three residential neighborhoods in the redlined tracts, Southside, East Durham and Old North Durham (Figure 16). In each, the median price per square foot and median home sale price have risen dramatically in the past few years (Figures 17 and 18).

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43 Redfin makes its data available by neighborhood, so we use that geographical unit here, while acknowledging that neighborhood boundaries are often imprecise and subjective.
Southside is the site of an extensive revitalization effort targeting a section of the Hayti neighborhood. This ambitious, city-led project used multiple funding sources to subsidize construction, renovation and purchase of homes in Southside and the abandoned Rolling Hills project next door. The project’s first wave of home construction was completed in 2014. The median price per square foot for homes sold in Southside jumped from $18 in January 2014 to $133 that September. By February 2018, it stood at $164—an increase of 803% from 6 years earlier. The median sale price exploded from $20,000 in February 2012 to $216,000 in Feb. 2018. While many homes built as part of the redevelopment initiative were intended to be affordable to lower income residents, new, private market construction is currently selling for $450,000 and more.

East Durham has not seen the same levels of concentrated investment of the sort poured into Southside. However, it too tells a story of transformation, albeit a more gradual one. Between February 2012 and February 2018, the median price per square foot for homes sold increased from $37 to $122. Much of this increase has occurred over the past two years, with the median price per square foot crossing the $100 mark for the first time in July 2016. In March 2018, the median price per square foot in East Durham surpassed that for the city generally ($145 to $134). Although the median sale price for homes in East Durham has not yet caught up with the citywide median, the difference has narrowed significantly, from $150,000 in April 2016 to $41,000 in March 2018.

Old North Durham differs from Southside and East Durham in that it contains a substantial area that was not redlined. Despite a number of stately, historically significant homes and tree-lined streets, the median price per square foot in this neighborhood in March 2012 was $12. This shot up quickly, and by fall of 2014, it was $178. In March 2018, it was $214. The median sale price in March 2018 was $405,000, up 938% from six years earlier.

44 Wise, “In Southside, the Folks Are Buying In”; Khanna, “Designers Draft Plans for Rolling Hills, Southside.”
The language used to describe homes for sale in these neighborhoods is loaded with gentrification buzzwords. Houses, often brightly referred to as adorable “cottages” or “bungalows,” are described as possessing quirky, quaint or historically representative features. “Walk to downtown!” from your “Absolutely gorgeous character filled home” one for-sale ad beckons. “Be part of the exciting Durham transformation,” coos another. A land grab of sorts is underway: a house may be a “great candidate for updates and rehab,” but if you don’t like it, it can be a “tear-down to make room for new construction.”

Figure 17. Median Price Per Square Foot

Figure 18. Median Sale Price

Investment Property In Area of Revitalization With Tenant In Place! This 1940’s [sic] home has more to it then [sic] meets the eye. Big bedrooms, 2 fireplaces, high ceilings, off street parking, huge kitchen, deck off rear. Many of the original historical accents of the home remain in place. Great investment property or first time buyers. Home to sold AS IS, tenant is on a month to month rental.

The transitional status of neighborhoods undergoing gentrification was observed in our windshield survey. The homes of long-time residents present a stark contrast to those of newer residents. Recently restored Victorian homes stand next to deteriorating mill houses with peeling paint and sagging foundations. Photos from the Cleveland-Holloway neighborhood show the process of gentrification at work. In the first photo, the home on the left shows signs of marked deterioration including sagging trim, peeling paint, and columns shored up with 2x4s, while the house on the right has new paint and landscaping. The set of photos that follow shows the fall and rise of one house across nearly 50 years.

527 Holloway Street, Cleveland-Holloway Neighborhood, April 2017

Source: Google Street Maps

520 Holloway Street, Cleveland-Holloway Neighborhood, circa 1964 (top left), 2006 (top right), and 2011 (bottom left)

Source: Open Durham
Evictions are another telltale sign of a hot real estate market in which long-term tenants are pushed out by rising rents. “We have a growing affordability crisis that is leading to an eviction crisis,” stated Durham city council member Jillian Johnson, “and that inevitably leads, without intervention, to a homelessness crisis.”

Almost 11,000 eviction motions were filed in the county in 2016—one filing for every six renter households. Over 3,000 court-ordered evictions occurred. This number does not include evictions that resulted from tenants leaving because they were pressured out or informally evicted, a process which may happen more often than formal evictions. Court observations confirm that the overwhelming majority of evicted renters are African American. In one six-day period studied, 85% of tenants in summary ejectment (eviction) cases were black.

The eviction rate in the redlined tracts is higher than in the county, in some cases substantially higher. Tract 13.01 and adjoining tract 23, in rapidly gentrifying southern Durham, had the second and third highest eviction rates in the county in 2016 (12.8% and 12.4% respectively). So many eviction motions were filed that nearly a third of all renters in these two tracts could have been affected (although some renters may have experienced multiple filings). All told, 500 evictions took place in the redlined tracts in 2016.

As has been powerfully documented, eviction can be personally calamitous. It also leads to neighborhood instability, hastening change along racial and income-based lines. A report on eviction in Durham County concluded, “The uprooting of so many residents on an annual bases [sic] has the tendency to fracture our community and weakens the cohesiveness of our neighborhoods, religious institutions and businesses.”

Community Voices

The people we interviewed expressed deep concern about the changes unfolding around them. They were sensitive to the process of gentrification but unsure how to address it. As one activist asked, “Who can compete with market forces? It’s just huge, and it’s unfair, but that’s the reality we’re facing.” A local lawyer with a social justice law clinic described his own neighborhood’s experience with gentrification.

Gentrification is hard to tackle. In my neighborhood of Cleveland-Holloway, people who are not behind on their rent are finding that their leases are not renewed. This allows the landlords, who are often not from Durham, to get wealthier, often white, residents in their place who can pay higher rents. The displaced former residents are dispersed far and wide to wherever they can afford or to where they have family, maybe even out of the state.

The community has also seen huge housing price increases. Lots of people are moving in. Landlords are raising the rents. Owners are cashing in. Prospectors are buying up property more for the land value. Houses are flipped with very little actual work done to make a quick buck.

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46 Willets, “A New Program Is Shedding Light on Why Durham County Has Such a Huge Eviction Problem.”
47 Even if the eviction does not occur after the motion is filed, the tenant may face trouble finding housing in the future. Landlords use tenant blacklists compiled from court information to screen applicants, making it more difficult for renters who have been blacklisted to find new housing.
48 Data from the Eviction Lab at Princeton University, a project directed by Matthew Desmond and designed by Ashley Gromis, Lavar Edmonds, James Hendrickson, Katie Krywokulski, Lillian Leung, and Adam Porton. More information available at evictionlab.org.
50 Eviction Lab data analyzed by NC Poverty Research Fund.
53 Vaughan and Eanes, “Story of My Street”: Gentrification and Neighborhood Change in Durham.
Yuppies are living next to low-income families. They have fixed up a house to be worth $300,000 right next to a house worth $20,000. Buyers are also squatting on houses—buying them up and then sitting on them until the black folks leave. Then they will fix the houses up and sell them for a high profit. There are older residents who have been in the community for 40 years, but they have never owned their homes because they had no access to home loans. But it became their community, so they stayed and then they get pushed out through this legal process. “You can’t afford it here and we can so, tough”—we see this in our own community listserv.

Some individuals expressed their frustration with what they perceived as the city’s half measures. A long-time Durham resident, who was homeless for a short time after losing her Section 8 (Housing Choice Voucher), talked at length about the displacement of former residents.

They built a lot of low income houses, but the people making $40,000 a year can’t get in it even though it’s supposed to be low income housing. And that’s what they saying, over there on South Street [in Southside]. They kicked a lot of people out of houses to tear them down to build new houses that’s for sale. And the people were displaced because they have to move.

She went on to talk about the destruction of a housing project called Few Gardens in East Durham. With funding from the federal Hope VI program, it was razed in order to rebuild the housing complex and revitalize the surrounding community through the construction of mixed income units.

They shut Few Gardens down. They demolished it…over there on Morning Glory, you know where the East End Elementary School is…not East End, East Way. There was some houses right there, and behind it Morning Glory, they had Few Gardens. … So they shut Few Gardens down and demolished it and put in these new apartments, garden apartments and townhomes. They were really nice. And they said, the people who used to live in the Few Gardens, they were going to be the first ones to get into these new apartments, but they didn’t get in them. They were displaced.

A community activist echoed these frustrations. While commending Durham’s support for mixed income housing, she criticized Durham’s propensity to over-promise results, even as it congratulates itself for taking a few small steps. “So, yes,” she said, “some folks got housing and it’s good housing. But that’s not enough. The tendency is to do these things and think ‘yay us’ when more needs to happen.”

Our interviewees also flagged the impact of gentrification on black-owned businesses. The common perception is that businesses owned by people of color have been either shuttered or forced out of the downtown business district to less desirable locations. As The Atlantic reported in an article on the rebirth of downtown Durham:

Businesses are seeing the rent on their commercial spaces climb as downtown grows, with fancy renovated and new buildings that charge significantly more for retail spaces. It creates a conundrum for businesses who want to participate in the growing consumer base of the revitalized downtown but simply don’t have the money that a large chain or investor-backed venture might.⁵⁴

These sentiments may be influenced by historical experience and the recent closures of symbolic, high-profile black-owned businesses such as a café downtown that was replaced by a new hotel and restaurant. It is undeniable that economic development in Durham has not benefited all groups equally. In 2012 (the most recent year available), black owned businesses with paid employees constituted only 7.4% of all such businesses in the county and less than 1% of all sales receipts.⁵⁵ That economic prosperity is not widely

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⁵⁴ White, “The Downside of Durham’s Rebirth.”
shared is also reflected in the Urban Institute’s measure of racial inclusion, which ranks Durham 207 out of 274 cities in the U.S.56

“No one wants to go back to the Durham of 1996 when it was empty, but there’s a fear that local businesses won’t be able to stay downtown,” said a journalist and longtime Durham resident.57 A community organizer noted:

Developers in Durham are often well-meaning in their intent to revitalize parts of the city, but they aren’t working with a racial equity lens. What they intended was noble but lacked context and has only widened the gap and has had catastrophic results for the community. DDI [Durham Downtown, Inc.] has displaced black businesses and is having a negative impact on the historic Black Wall Street district.

An urban planner we spoke to pointed out that minority businesses, in addition to other challenges, also face property-related hurdles. He pointed out that many minority-owned businesses are run out of private residences, so rising housing costs threaten both home and work. Those who rent can’t access home equity as capital (an urgent need for new, small or growing enterprises). Businesses without much capital often select suboptimal business sites that are in need of repair or updating—often without compensation from the landlord—incuring extra costs they are unprepared to handle. The city’s push to beautify certain rundown commercial strips may have the unintended result of pricing out minority businesses. Given these and other roadblocks to wealth-building through business ownership, one community organizer proposed

the possibility of set-asides for black-owned businesses in downtown storefronts. There is work underway to redevelop the Angier [Avenue] corridor but it will be years before these developments will be wealth-producing. We would also like to see a big anchor business for the area be black-owned and pay living wages and employ formerly justice-involved residents as ways to make the community whole.

She continued,

The community needs to be able to enter this conversation. One of the goals is to be highly attuned to our own community and have an equity focus, not just replicating what has already been happening but to help, encourage, and leverage. In the City Center neighborhoods outside of downtown, how do we help the historic residents when the majority context is white in every economic development effort—where is the place we can have? Our business people don’t have the same access. We don’t just need talk when risks are only taken on people that look like [those in power].

56 Urban Institute, “Measuring Inclusion in America’s Cities.”
57 White, “The Downside of Durham’s Rebirth.”
Conclusion

Durham is blessed with an energetic and politically-engaged citizenry, passionate community activists, and formidable economic growth. It has developed and embraced an array of programs targeting racial inequities and gentrification. Preservation Durham’s Preservation Equity Project (technical assistance and low-interest loans to allow homeowners to remain in place) and the Unlocking Doors Initiative (a multi-party partnership that encourages landlords to open units to tenants who are returning to permanent housing after a period of homelessness) strive to keep low-income residents housed. The Bloomberg Foundation-funded Durham Innovation Team and the commercial redevelopment of the Angier Avenue corridor are two examples of the many efforts afoot to strengthen employment and entrepreneurship, particularly among people of color. The Self-Help Credit Union, founded and headquartered in Durham, has been instrumental in building or revitalizing affordable housing in the city. The city sponsors racial equity training to equip its employees with an understanding of structural racism and white privilege. The presence of strong affordable housing advocates like the Durham Community Land Trustees and the People’s Alliance Coalition for Affordable Housing and Transit ensure that affordable housing concerns have a place at the table. The list goes on.

Yet the changes underway in Durham are systemic, multifaceted and hard to combat. The revitalization and subsequent gentrification of the Southside neighborhood shows how tricky it can be to break the bonds of history and race. One African American homeowner who had lived in Southside since 1958 made that connection explicit. He reported that he was in danger of losing his home to housing code enforcement—enforcement that began only after improvements were made and the complexion of the neighborhood changed. “Basically, this part of South Street, everybody is white,”’ the homeowner said. “It’s a shame that in the 50s they didn’t want to be around us. Now, all of a sudden they want to be around us. They want to be in our neighborhoods. I wish they felt the same way back then because I’m sure this would be a better place to be’ [if that had been the case].”

As neighborhoods that were largely black and working class become richer and whiter, more is called into question than the plight of individual residents, or even of whole neighborhoods. Durham’s self-identity is one that is proudly progressive, inclusive and racially diverse. Will it be able to stem the tide of displacement? Will it lose the distinctive features that make it such an enticing place to live? Will all residents feel welcome in the new Durham? Does Durham still have a chance to be, in the words of Mayor Steve Schewel, a place where, “all our neighbors have access to those most basic of needs: jobs that pay a decent wage and housing that is affordable and safe.”

58 Tan-Delli Cicchi, “Gentrification Is Not a Myth, It’s Really Happening.”
59 Durham Innovation Team Research Synthesis Report, Barriers to Reentry in Durham, NC: From Coming Home to Finding a Job and Everything In Between.
Appendix One: Durham Department of Public Works Map Showing “Negro Streets,” 1937

Source: Digital Durham
## Appendix Two: Displacement Risk Indicators

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<th>Displacement Risk Score: No (0)</th>
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<td>Is the percentage of the non-white population greater than 49.6%?</td>
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<td>Educational Attainment</td>
<td>Is the percentage of the population (age 25+) without a bachelor's degree greater than 54.4%?</td>
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<td>Is the percentage of the population whose income is below 200% of poverty level greater than 37.3%?</td>
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<td>Housing Tenancy</td>
<td>Is the percentage of households who rent greater than 41.5%?</td>
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<td>Is the percentage of renting households spending &gt;30% income on housing greater than 46.1%?</td>
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<td>Is the percentage of the population within ¼ mile of a park greater than 33%?</td>
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Source: Carolina Planning Journal
References


More Information

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