

Summary of Testimony for AB3121 Meeting, December 2021

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Gentrification has stirred considerable concern for its potential to displace Black communities or make them feel more isolated in these neighborhoods as they change (Easton et al. 2020; Elliott-Cooper, Hubbard, and Lees 2020; Tuttle 2021). Gentrification is the latest link in a long cycle of targeted disinvestment and unequal reinvestment that undermine Black places. Each step of the way the government at all levels has guided these practices, allowing local authorities considerable latitude in adopting housing policies which are at worst outright racist and at the very least ignore the concerns of Black communities.

A key moment in the government’s involvement in racially adverse housing policies was with the New Deal era’s Home Owner’s Loan Corporation (HOLC). Set up to refinance troubled mortgages, this program avoided refinancing homes in neighborhoods with Black populations. HOLC assessors, composed of local bankers and realtors, were given considerable freedom to express racist views about Black communities and use these opinions as grounds for denial of refinancing. These teams creating vivid maps of areas in cities to be granted refinancing and those to be denied refinanced. Neighborhoods ranged from ‘A,’ the most ideal for refinancing, to D, the least ideal. This type of practice is today considered a form of redlining (Aaronson, Hartley, and Mazumder 2021; Gordon 2008; Jackson 1985; Rutan and Glass 2018).

This redlining is argued to have made it harder to build wealth in Black communities, carrying consequences for these places (Aaronson et al. 2021; Gordon 2008; Rothstein 2017). For one, it was harder for Black residents to move to other communities with better housing and resources, effectively confining them and future generations to these redlined neighborhoods (Sharkey 2013). As Table 1 shows, contemporary Black residents are more represented in the poorly rated redlined neighborhoods. Being confined to undervalued neighborhoods facilitated the long-term decline in the quality of these neighborhoods quality (Aaronson et al. 2021; Gordon 2008; Rutan and Glass 2018), which itself contributes to future problems in these places such as health disparities (Collin et al. 2021; Krieger et al. 2020).

Table 1. Gentrification in California By HOLC Grade by Year Started

Grade	1940	1980	2019
A	0.00%	4.64%	5.03%
B	0.00%	11.39%	7.73%
C	0.31%	20.36%	9.12%
D	6.18%	23.64%	9.08%
Overall	0.63%	12.70%	7.56%

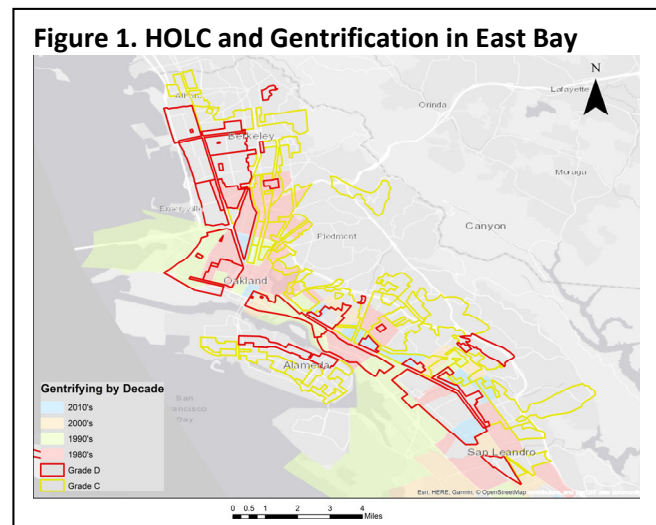
The impact of redlining would eventually make these neighborhoods appealing for redevelopment. Activists and scholars have noted an overlap between historically redlined communities and contemporary gentrification (Causa Justa 2014; Chapple, Thomas, and Greenberg 2018). Indeed, a close evaluation of the HOLC data, Census data and American Community Survey

Table 2. Gentrification in California By HOLC Grade by Year Started

Grade	1980	1990	2000	2010
A	5.00%	0.00%	0.00%	0.00%
B	17.24%	6.90%	4.60%	2.30%
C	18.25%	15.61%	12.70%	9.79%
D	17.34%	18.95%	9.27%	10.08%
Overall	0.1349	9.95%	8.43%	6.83%

data, reported in Table 2, show that poorly graded neighborhoods gentrify at a higher rate than other neighborhoods. This is also visualized in figure 1, looking specifically at the East Bay region.

There are several reasons as for why this reinvestment is taking place. First, the undervaluing of neighborhoods from redlining means there is often a large gap between their existing and potential value. This ‘rent gap’ is a driver of gentrification given the potential profit from turning properties around (Smith 1996). Second, poor HOLC ratings are related to contemporary racial ethnic concentrations (Gordon 2008; Jackson 1985; Rothstein 2017; Sugrue 1996). In recent years there has been a growing interest in historically Black neighborhoods by non-Black residents due to efforts from local governments to make these places more appealing for development (Hyra 2008, 2017).



Adverse effects from gentrification are well-documented. The most common concern surrounding gentrification is the outright displacement of Black residents from their long-term communities. There are numerous local accounts of this taking place in cities across the west coast. Even if Black residents can stay in these neighborhoods, they may still experience some troubles. My own research has shown gentrification has adverse health effects on local residents (Gibbons and Barton 2016; Gibbons, Barton, and Brault 2018), including higher rates of stress from Black residents (Gibbons 2019). The fear of eventual displacement is a source of considerable stress among Black residents in anticipation of possible future displacement (Elliott-Cooper et al. 2020; Hicken, Lee, and Hing 2018). Also, residents may feel isolated, that they have become strangers in their own communities (Tuttle 2021).

Reparations are the government taking concrete fiscal responsibility for their involvement in this cycle of unequal investment and targeted disinvestment. Gentrification does not have to spell the destruction of Black communities. It does lead to the reinvestment in under-invested places, which longstanding residents can approve of (Brown-Saracino 2009; Freeman 2006; Hyra 2017). To ensure these changes are equitable, the state government should implement measures to ensure Black residents are able to remain in these neighborhoods if they so choose and have a say in the future of these places. One concrete way this can be done is cash-based assistance to renters, one of the most vulnerable populations to gentrification (Nyden, Edlynn, and Davis 2006). Other steps can be made to encourage local businesses through the dispersal of low-interest loans to Black residents seeking to form businesses in these neighborhoods. Efforts like this would give neighborhood residents a greater stake in their communities and more equal footing.

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