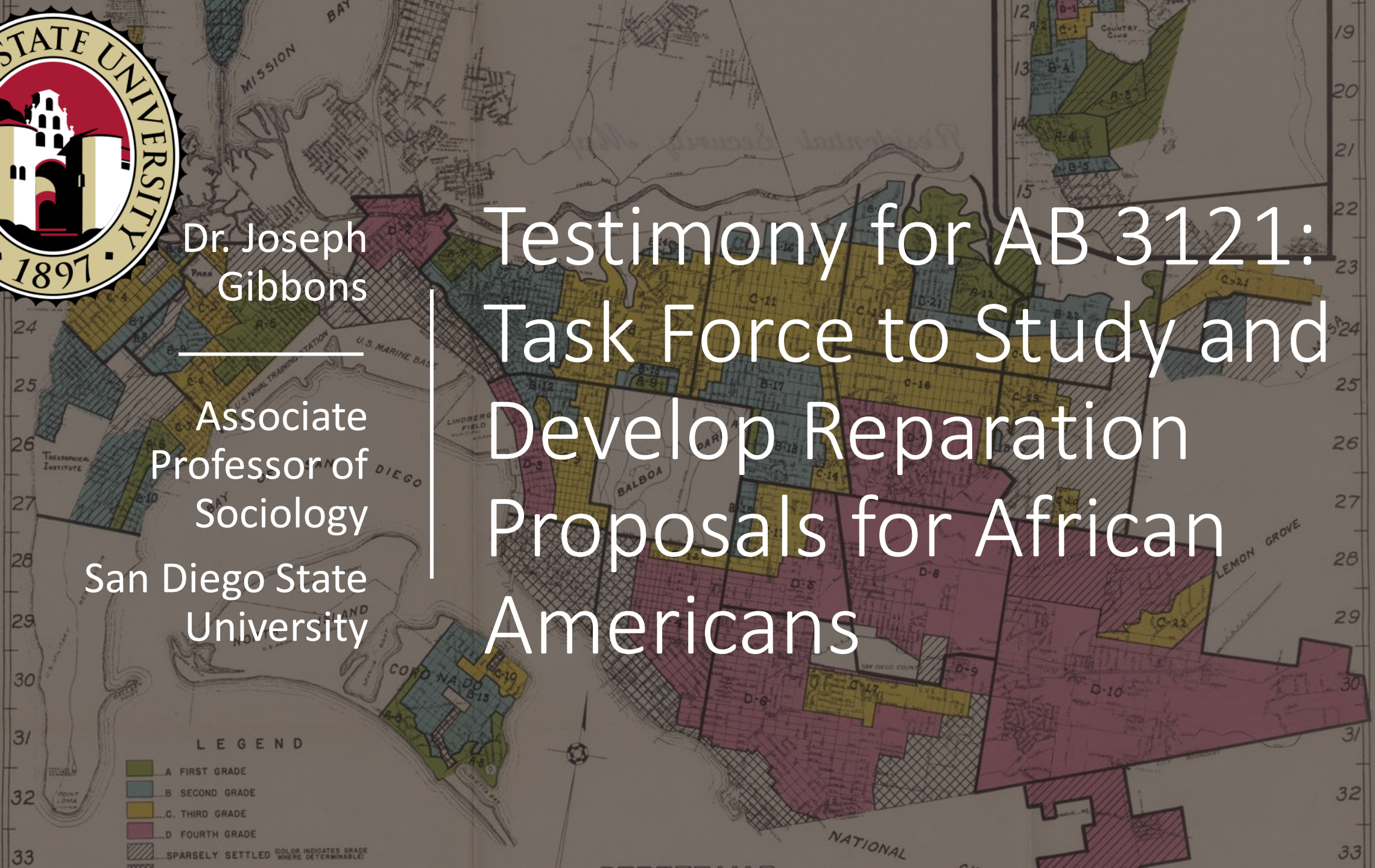


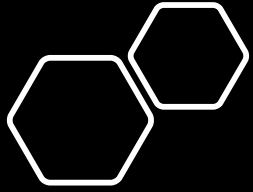


Dr. Joseph Gibbons

Associate Professor of Sociology
San Diego State University

Testimony for AB 3121: Task Force to Study and Develop Reparation Proposals for African Americans



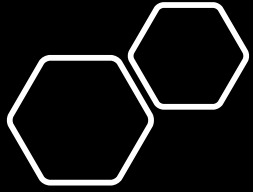


Overview

New Deal era government home financing programs used percent Black as a direct criteria for investment. Known today as 'redlining.'

These programs adversely influenced the long-term character of Black neighborhoods.

This redlining would later prove influential as for where gentrification would take place



Federally and Locally Sanctioned Disinvestment

Home Owners Loan Corporation (HOLC)

In operation from 1933 to 1954

Principle objective to offer home mortgage refinancing

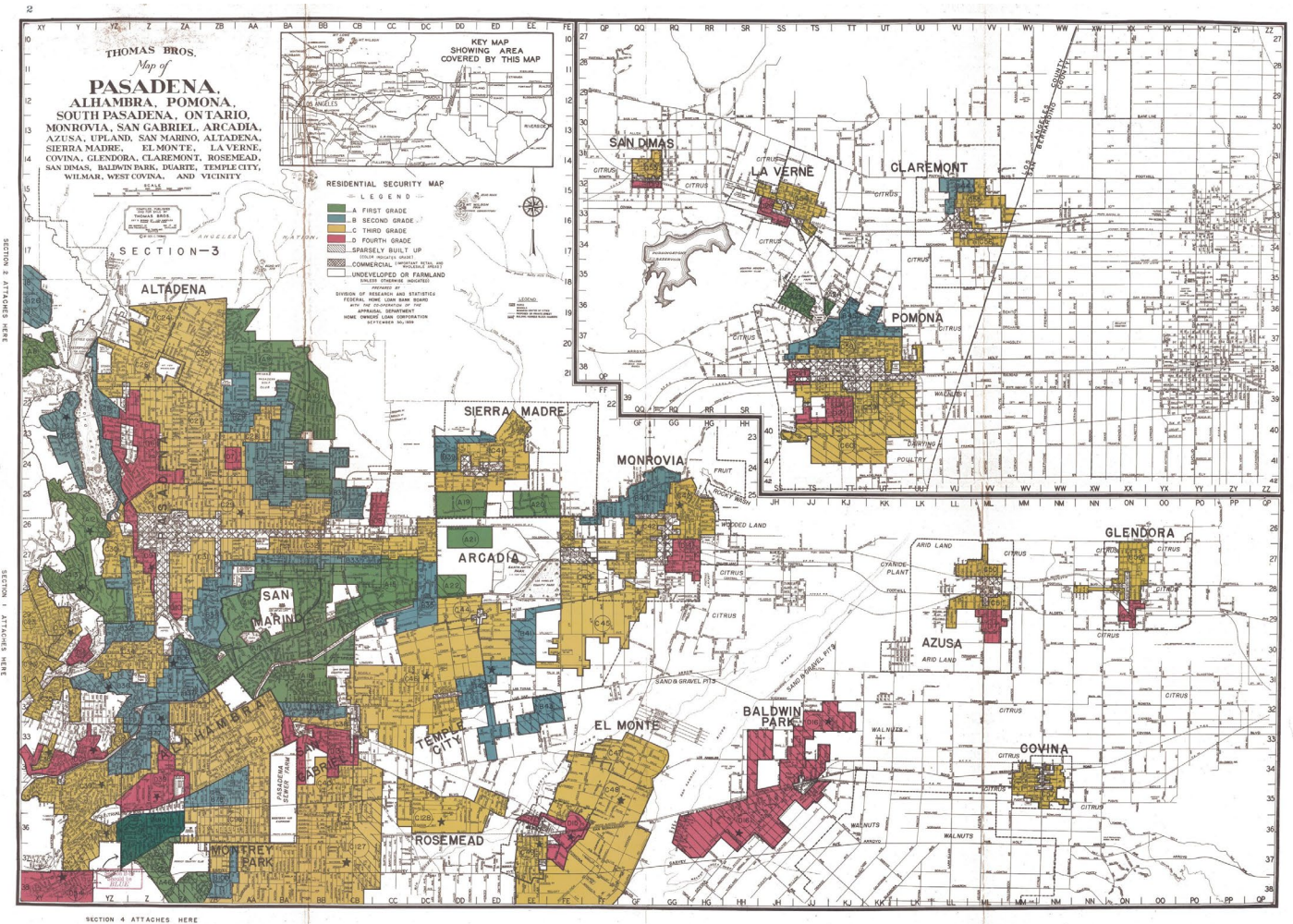
Refinanced 20% of American mortgages by 1935 (Calder 2009, 280)

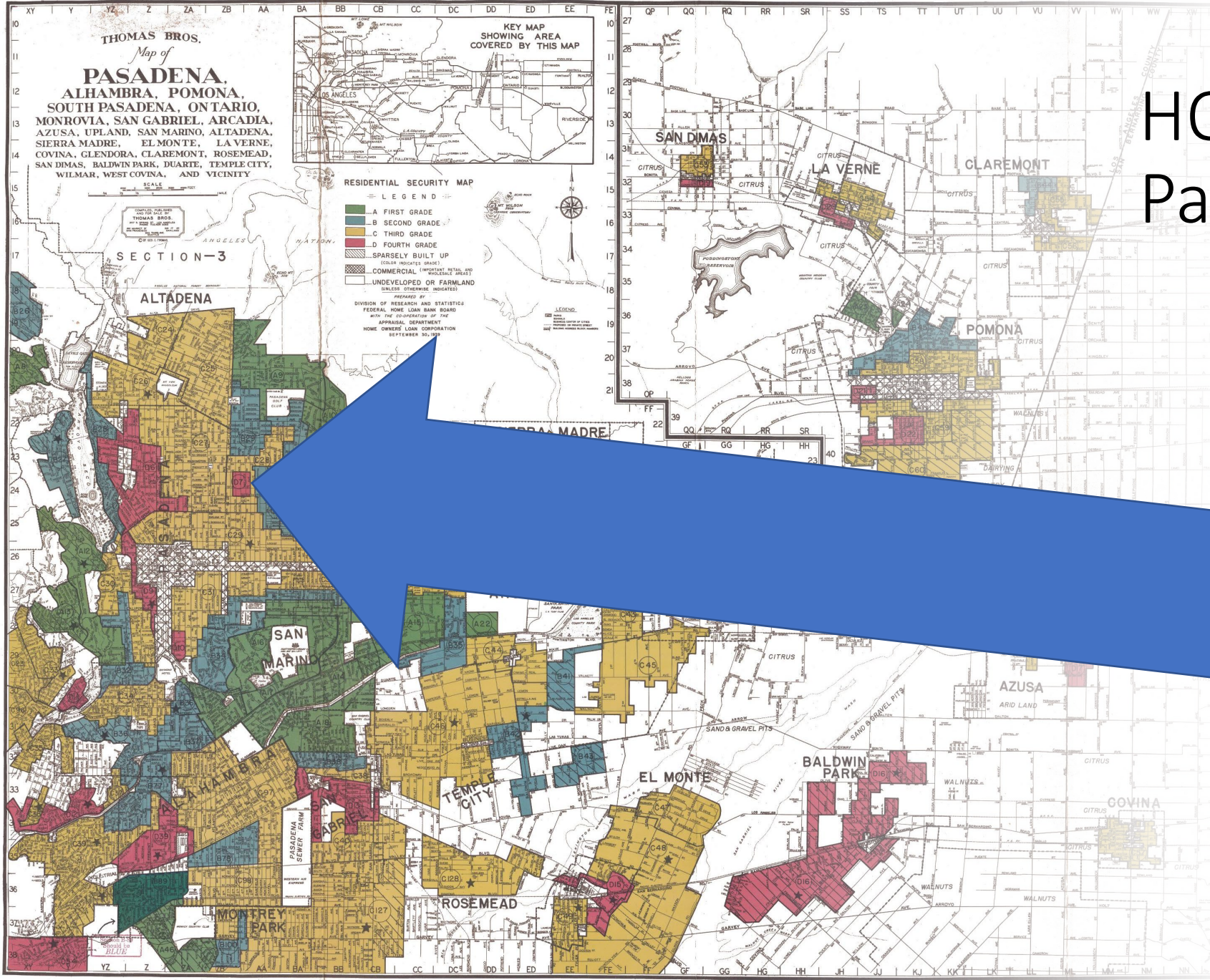
Used neighborhood characteristics to establish risk in granting mortgages

Race was a key factor in these choices

HOLC Redlining in Pasadena Area

- Graded based on risk for investment.
- Green Areas
 - Safest Investment
- Blue Areas
 - Mostly safe investment
- Yellow Areas
 - Risky investment
- Red Areas
 - Hazardous investment





HOLC Redlining in Pasadena Area

AREA DESCRIPTION

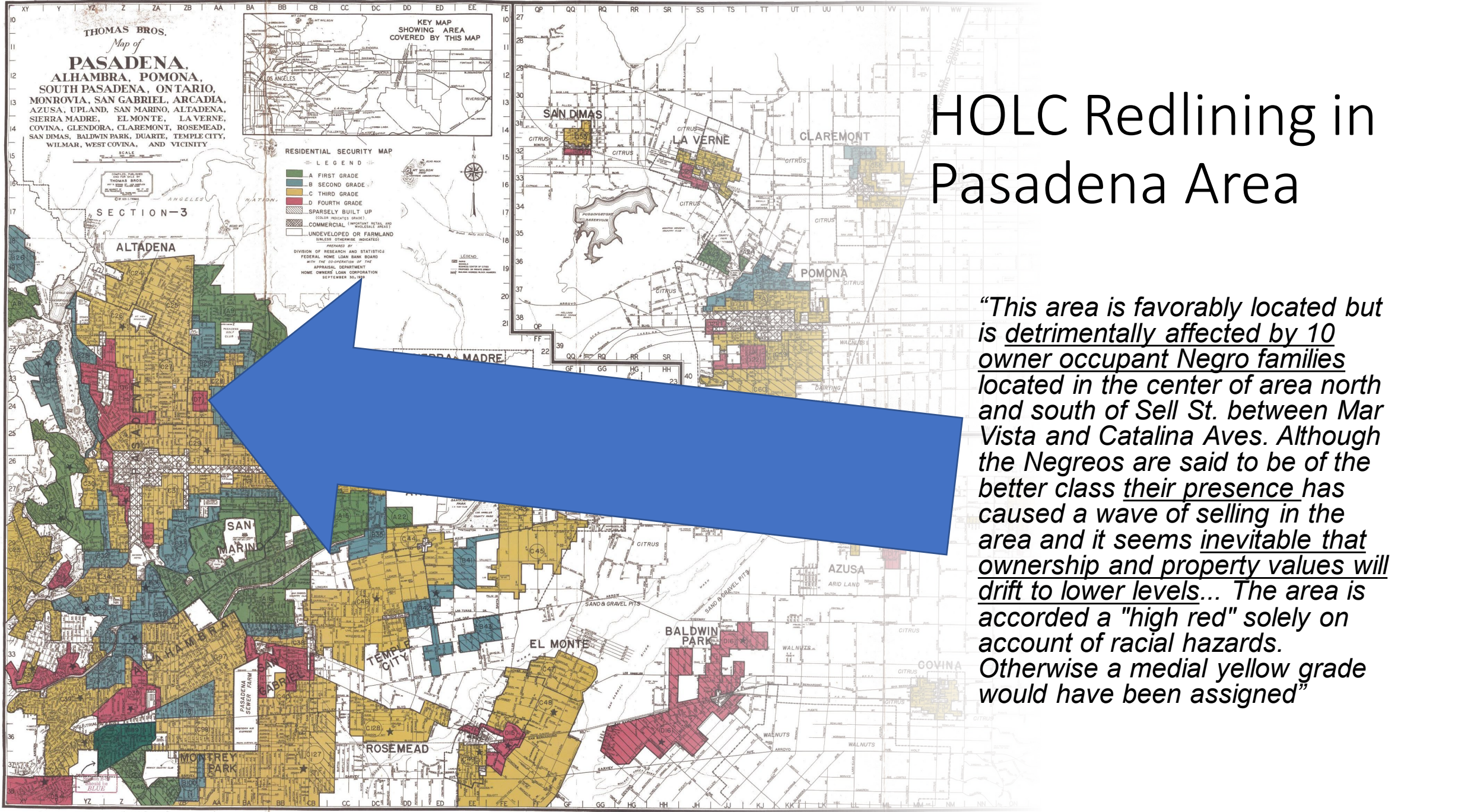
Security Map of Los Angeles County

- POPULATION:
 - Increasing Decreasing Static Yes
 - Class and Occupation Skilled artisans, letter carriers, laborers, & TPA workers
Income \$700-\$1800
 - Foreign Families Four% Nationalities Mexicans & Italians
 - Negro 5%
 - Shifting or Infiltration Indications of increasing subversive racial influences
- BUILDINGS:

	PREDOMINATING	90 %	OTHER TYPE	%
a. Type and Size	<u>5 & 6 room</u>			
b. Construction	<u>Frame & stucco</u>			
c. Average Age	<u>18 years</u>			
d. Repair	<u>Fair</u>			
e. Occupancy	<u>96%</u>			
f. Owner-occupied	<u>80%</u>			
g. 1935 Price Bracket	<u>\$ 3000-4000</u>	<u>% change</u>	<u>\$</u>	<u>% change</u>
h. 1937 Price Bracket	<u>\$ 2750-3750</u>	<u>%</u>	<u>\$</u>	<u>%</u>
i. 1939 Price Bracket	<u>\$ 2750-3750</u>	<u>%</u>	<u>\$</u>	<u>%</u>
j. Sales Demand	<u>Poor</u>			
k. Predicted Price Trend (next 6-12 months)	<u>Downward</u>			
l. 1935 Rent Bracket	<u>\$ 25-35</u>	<u>% change</u>	<u>\$</u>	<u>% change</u>
m. 1937 Rent Bracket	<u>\$ 25-35</u>	<u>%</u>	<u>\$</u>	<u>%</u>
n. 1939 Rent Bracket	<u>\$ 25-35</u>	<u>%</u>	<u>\$</u>	<u>%</u>
o. Rental Demand	<u>Fair</u>			
p. Predicted Rent Trend (next 6-12 months)	<u>Static</u>			
- NEW CONSTRUCTION (last yr.) No. 0 Type & Price --- How Selling ---
- OVERHANG OF HOME PROPERTIES: a. HOLC. 0 b. Institutions. Few
- SALE OF HOME PROPERTIES (3 yr.) a. HOLC. 1 b. Institutions. Few
- MORTGAGE FUNDS: Limited 7. TOTAL TAX RATE PER \$1000 (1937-) \$ ED.27
County \$11.90-City \$38.37 1938
- DESCRIPTION AND CHARACTERISTICS OF AREA:

Terrain: Level with favorable grades. No construction hazards or flood threats. Land improved 85%. Zoned single family residential. All conveniences. This area is favorably located but is detrimentally affected by 10 owner occupant Negro families located in center of area north and south of Ball St. between Marvists and Catalina Aves. Although the Negroes are said to be of the better class their presence has caused a wave of selling in the area and it seems inevitable that ownership and property values will drift to lower levels. Construction, maintenance and architectural designs while not of the highest type are generally of good quality. The area is accorded a "high red" solely on account of racial hazards. Otherwise a medial yellow grade would have been assigned.

9. LOCATION Pasadena SECURITY GRADE 4th AREA NO. D-7 DATE 4/6/39



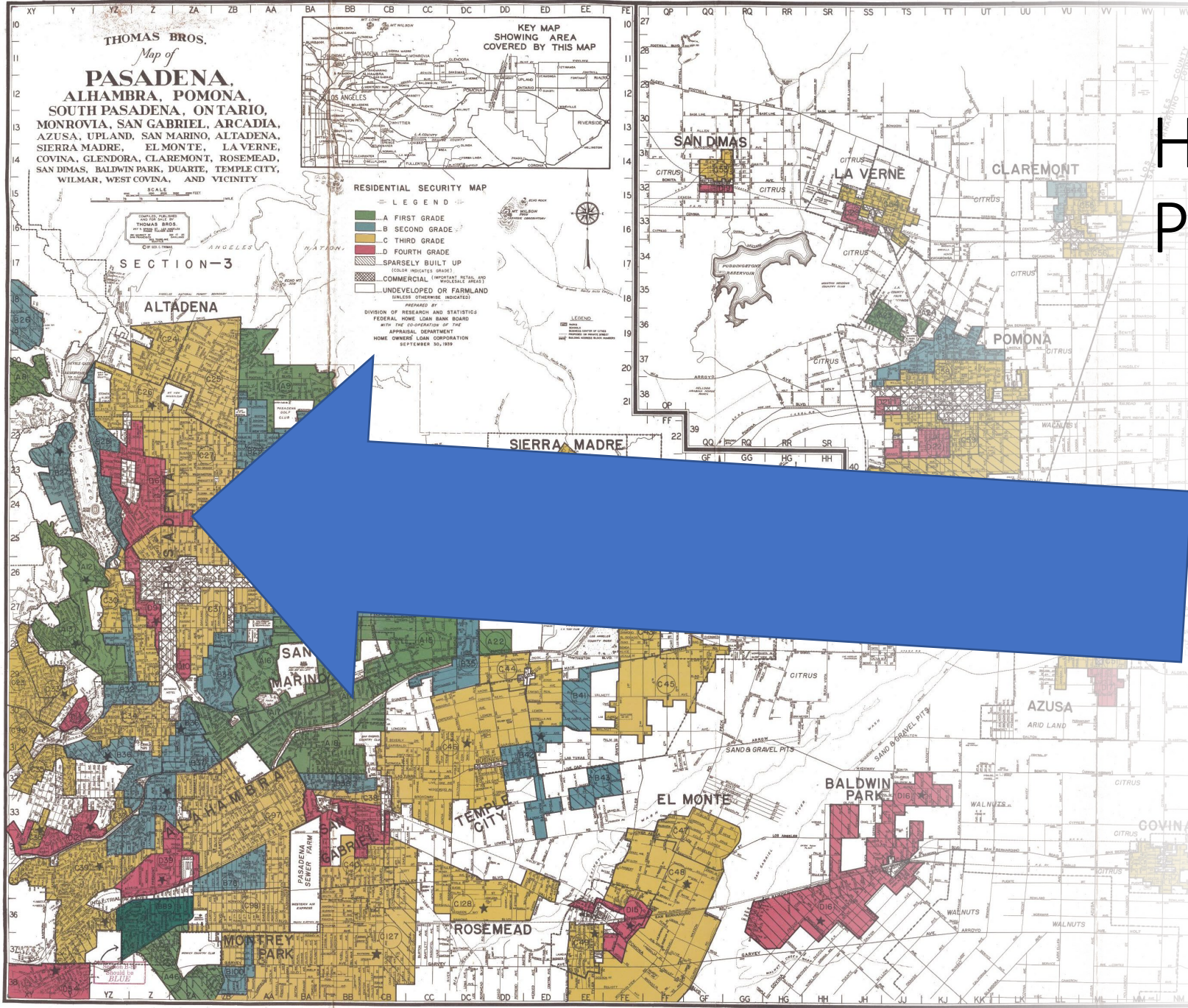
HOLC Redlining in Pasadena Area

“This area is favorably located but is detrimentally affected by 10 owner occupant Negro families located in the center of area north and south of Sell St. between Mar Vista and Catalina Aves. Although the Negroes are said to be of the better class their presence has caused a wave of selling in the area and it seems inevitable that ownership and property values will drift to lower levels... The area is accorded a "high red" solely on account of racial hazards. Otherwise a medial yellow grade would have been assigned”

SECTION 2 ATTACHES HERE

SECTION 1 ATTACHES HERE

SECTION 4 ATTACHES HERE



HOLC Redlining in Pasadena Area

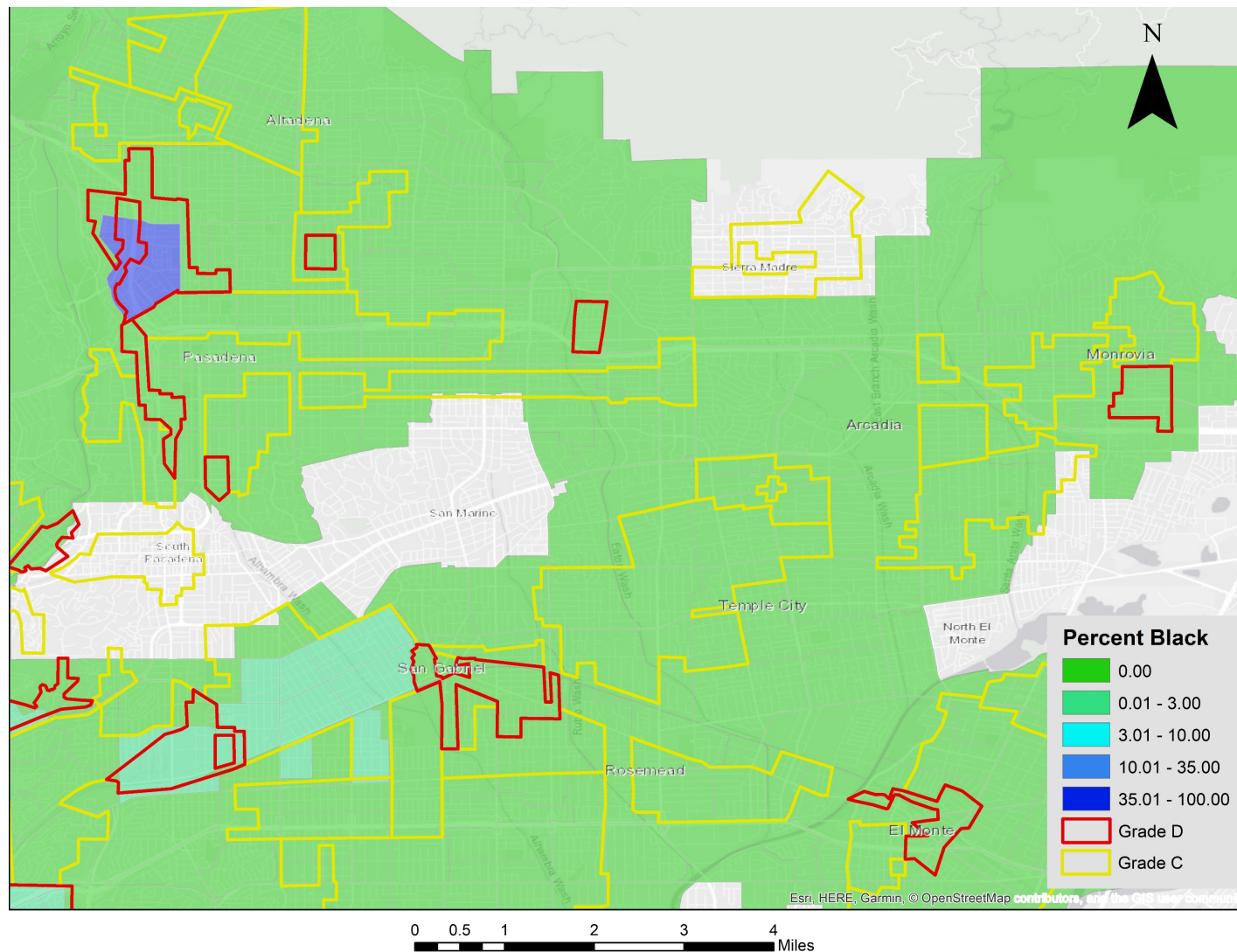
“This district was originally much smaller but constant infiltration into other sections as deed restrictions expired has create a real menace which is greatly concerning property owners of Pasadena and Altadena.”

Historic Current
Demographics of
Redlined Areas
in California
compared to
state

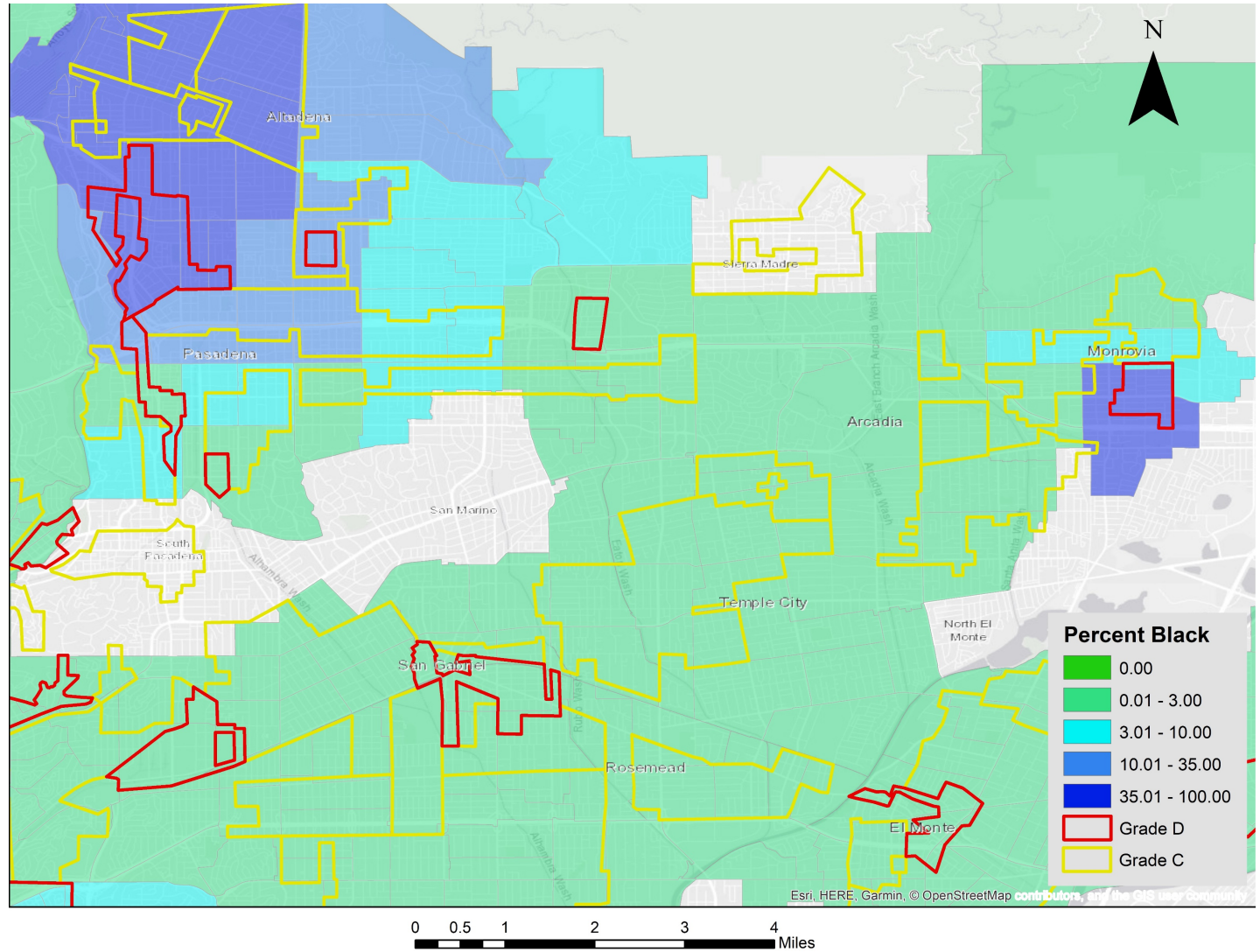
Black Populations in California Cities By HOLC Grade

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%

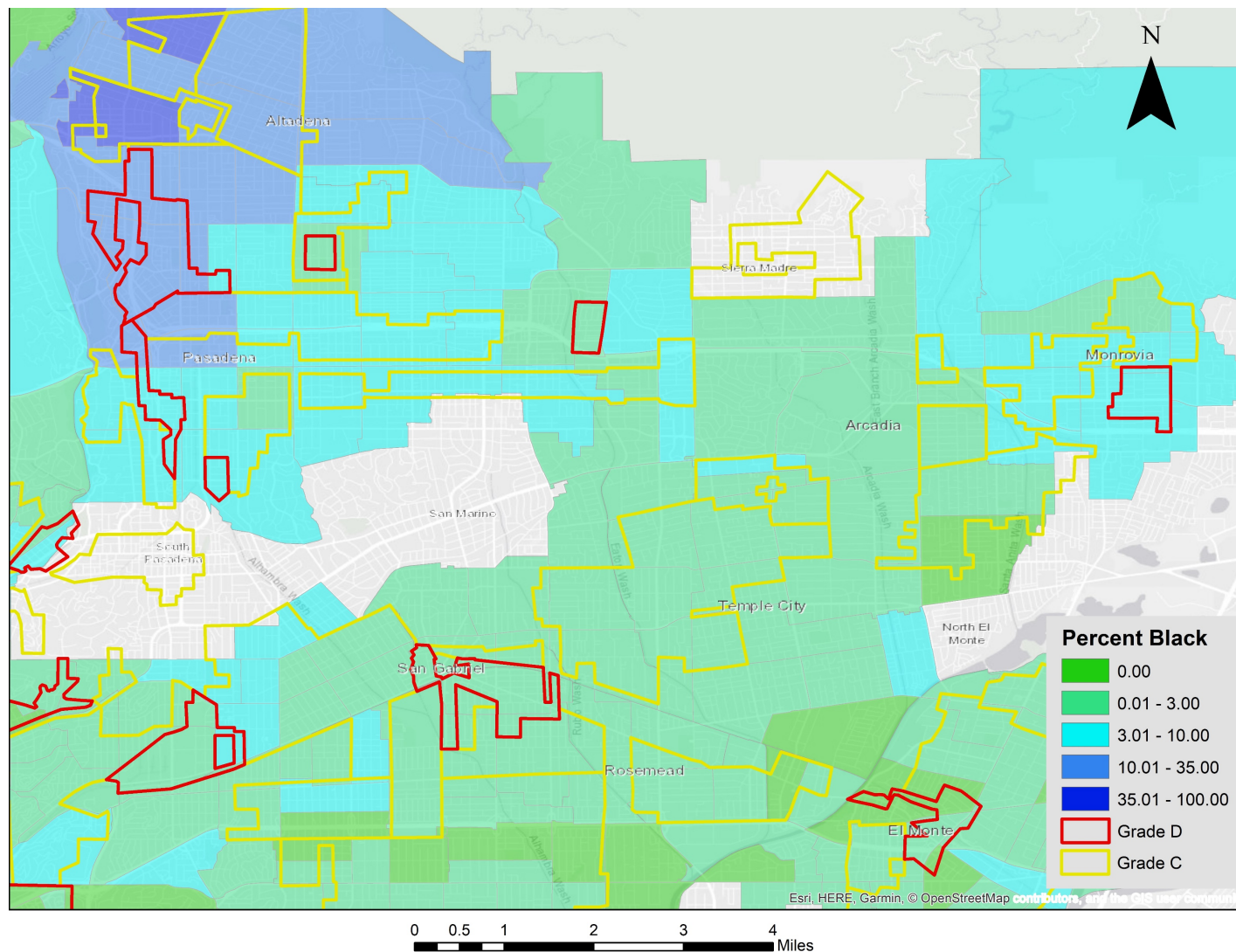
HOLC Redlining and Black Populations 1940 in Pasadena Area



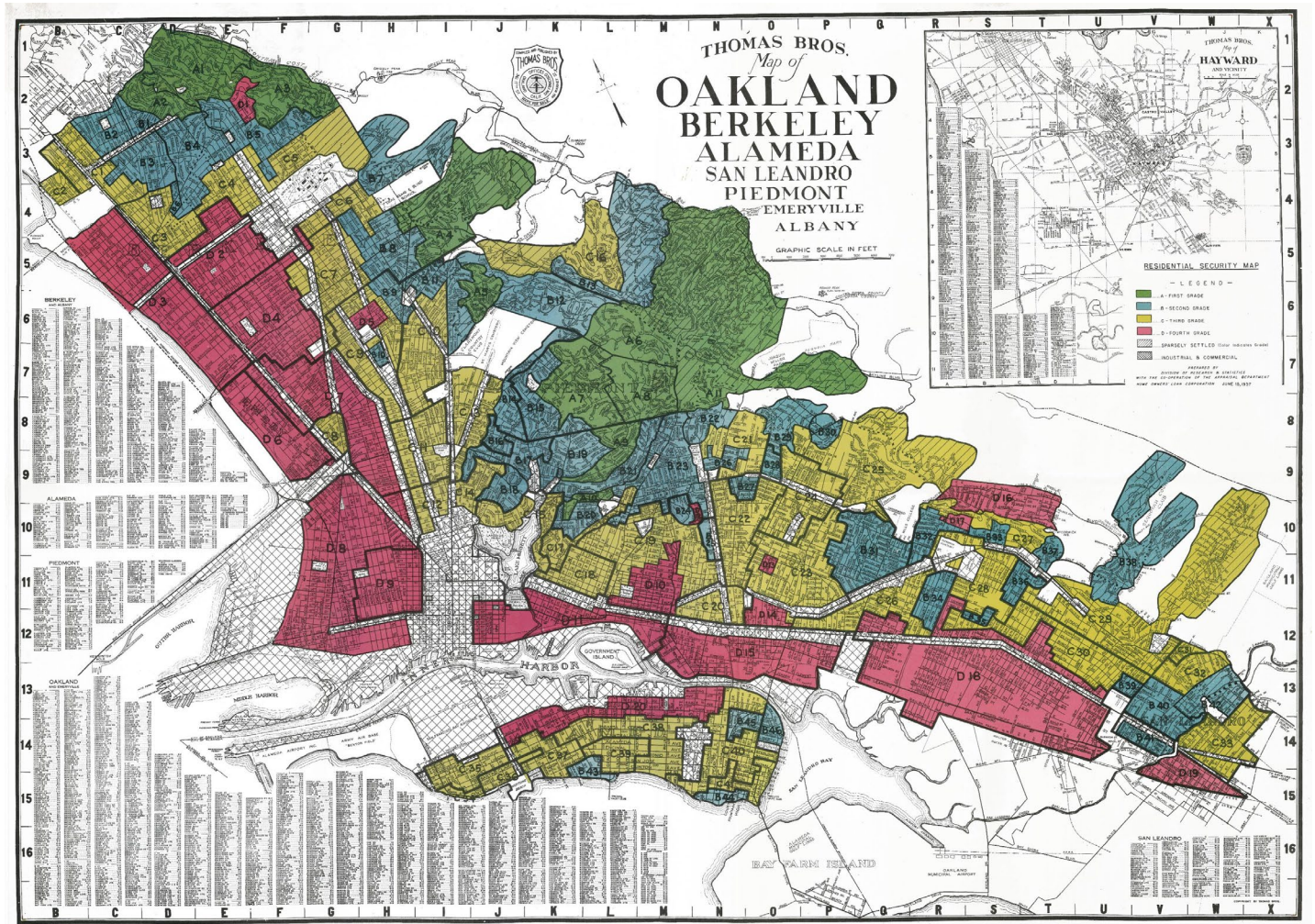
HOLC Redlining and Black Populations 1980 in Pasadena Area



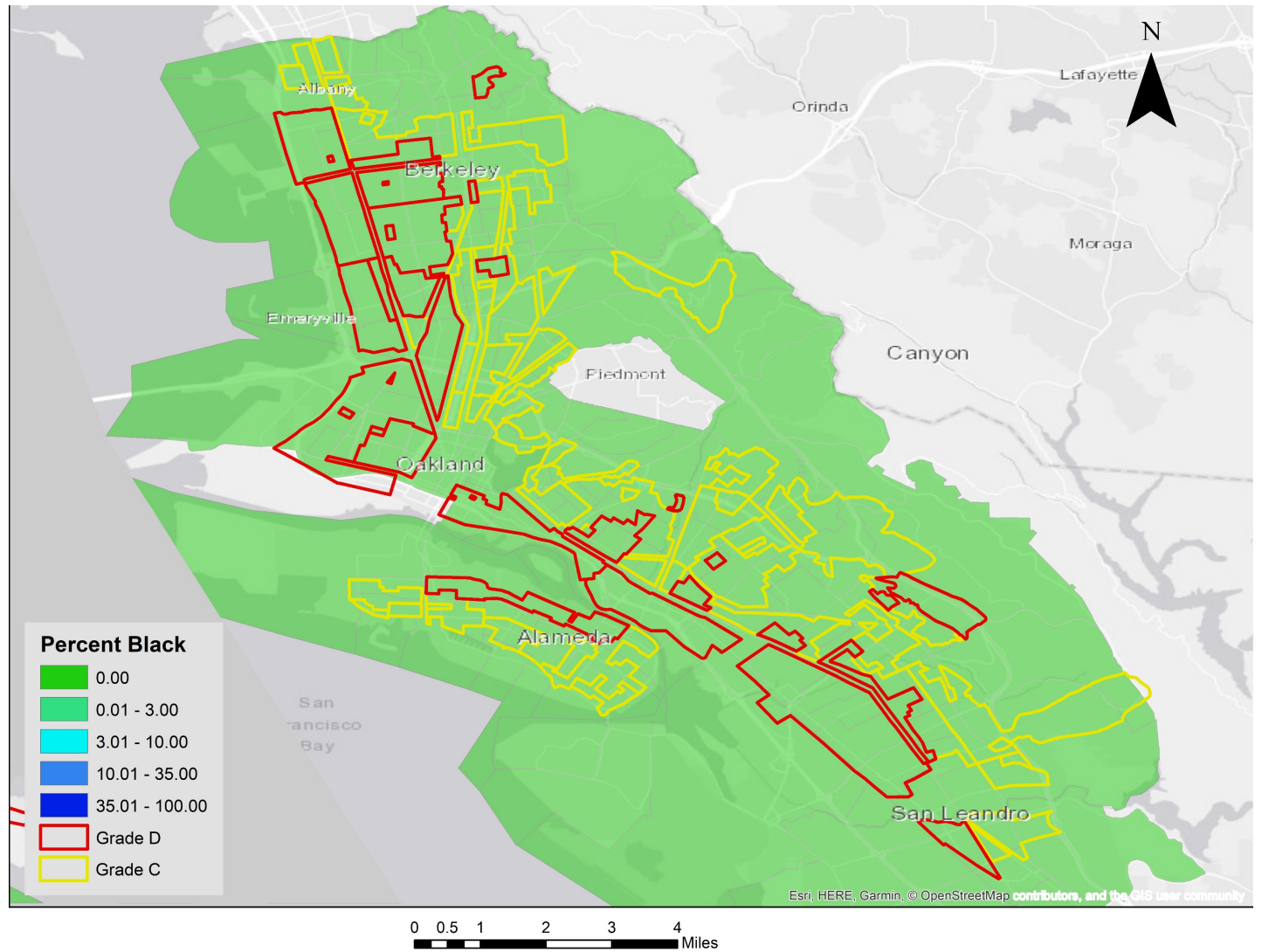
HOLC Redlining and Black Populations 2019 in Pasadena Area



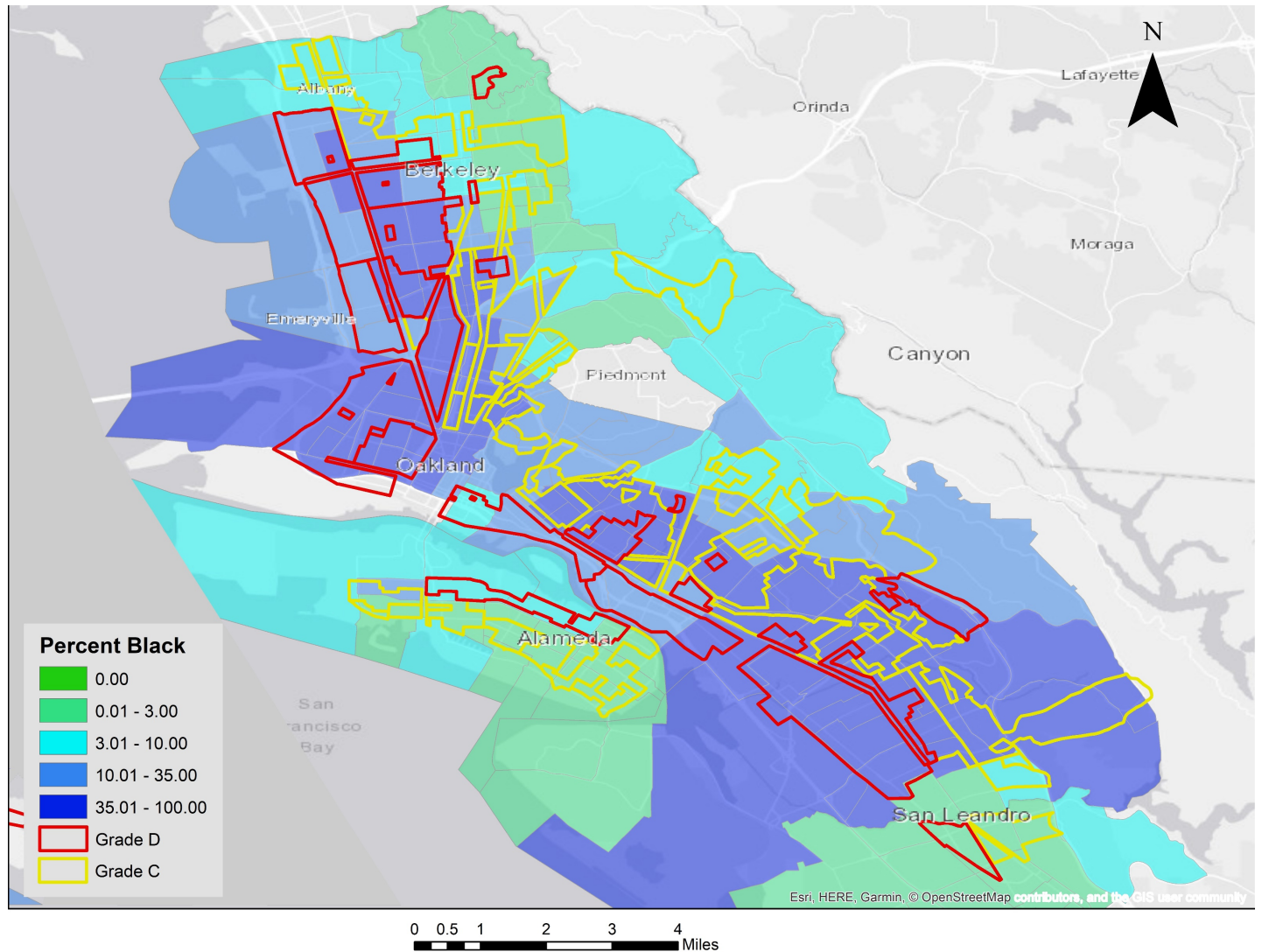
HOLC Redlining in East Bay



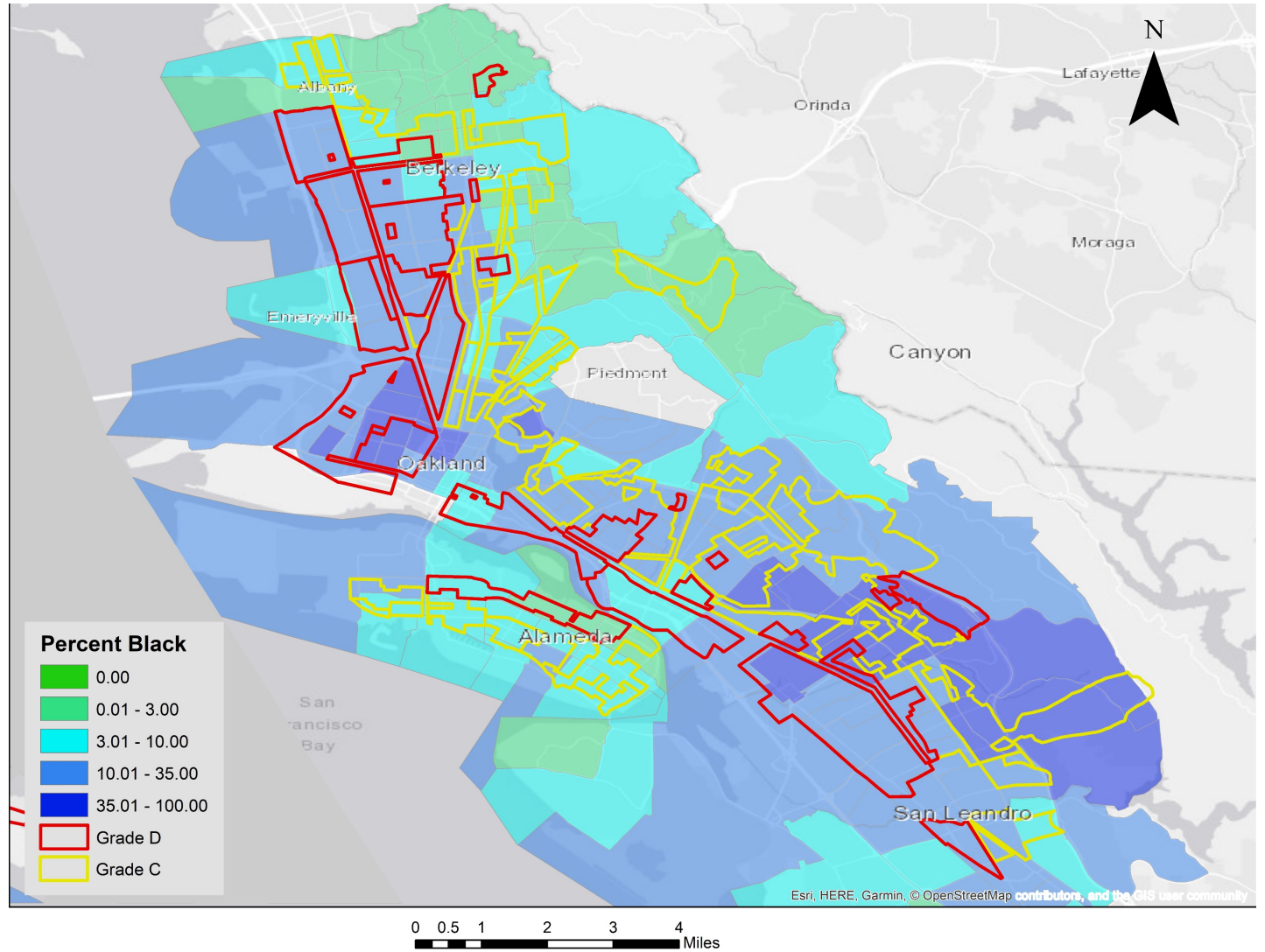
HOLC Redlining and Black Populations 1940 in East Bay



HOLC Redlining and Black Populations 1980 in East Bay



HOLC Redlining and Black Populations 2019 in East Bay



How Redlining Influences Gentrification

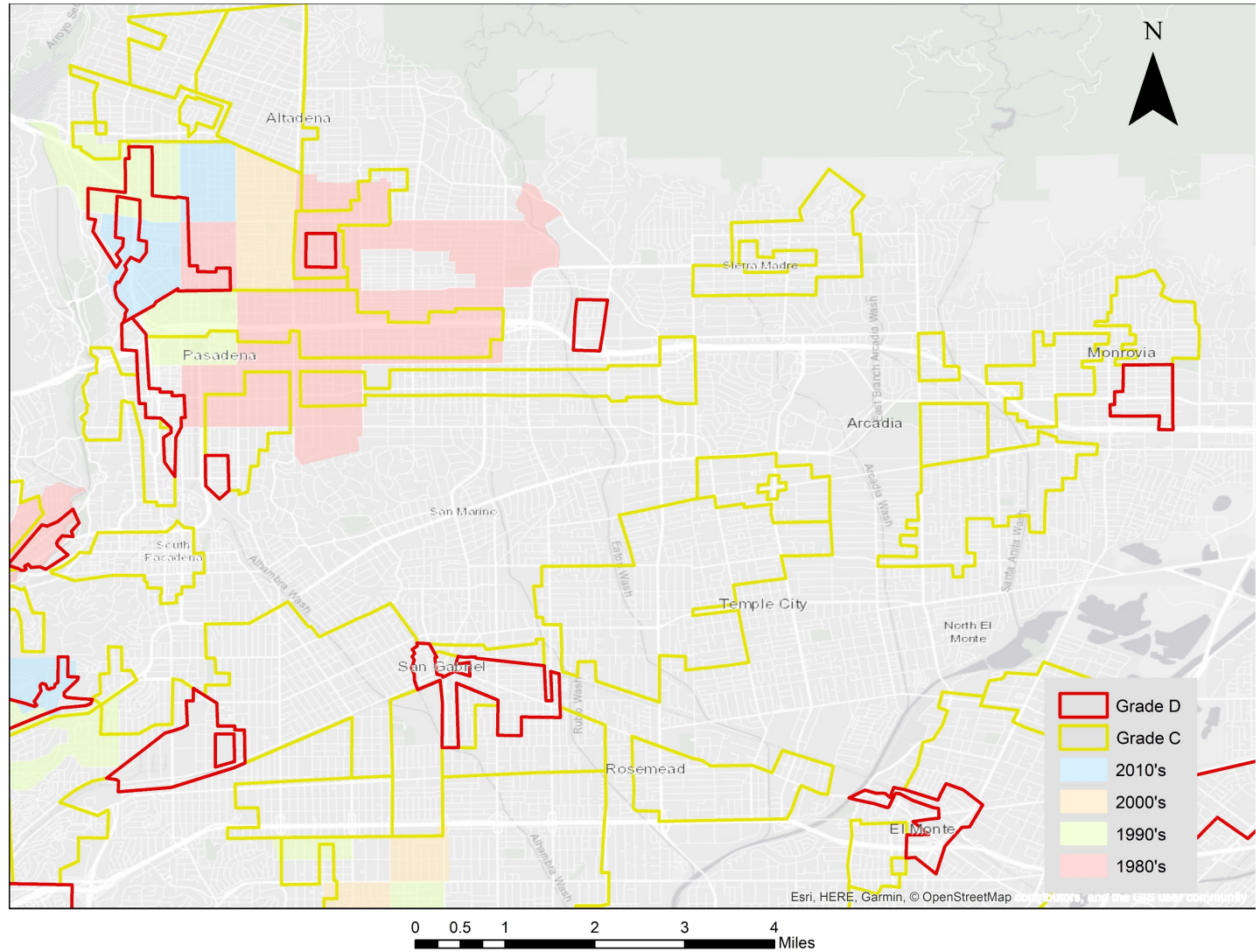
Directly

- Government-sanctioned undervaluing
- Creating a considerable gap between current and potential land values

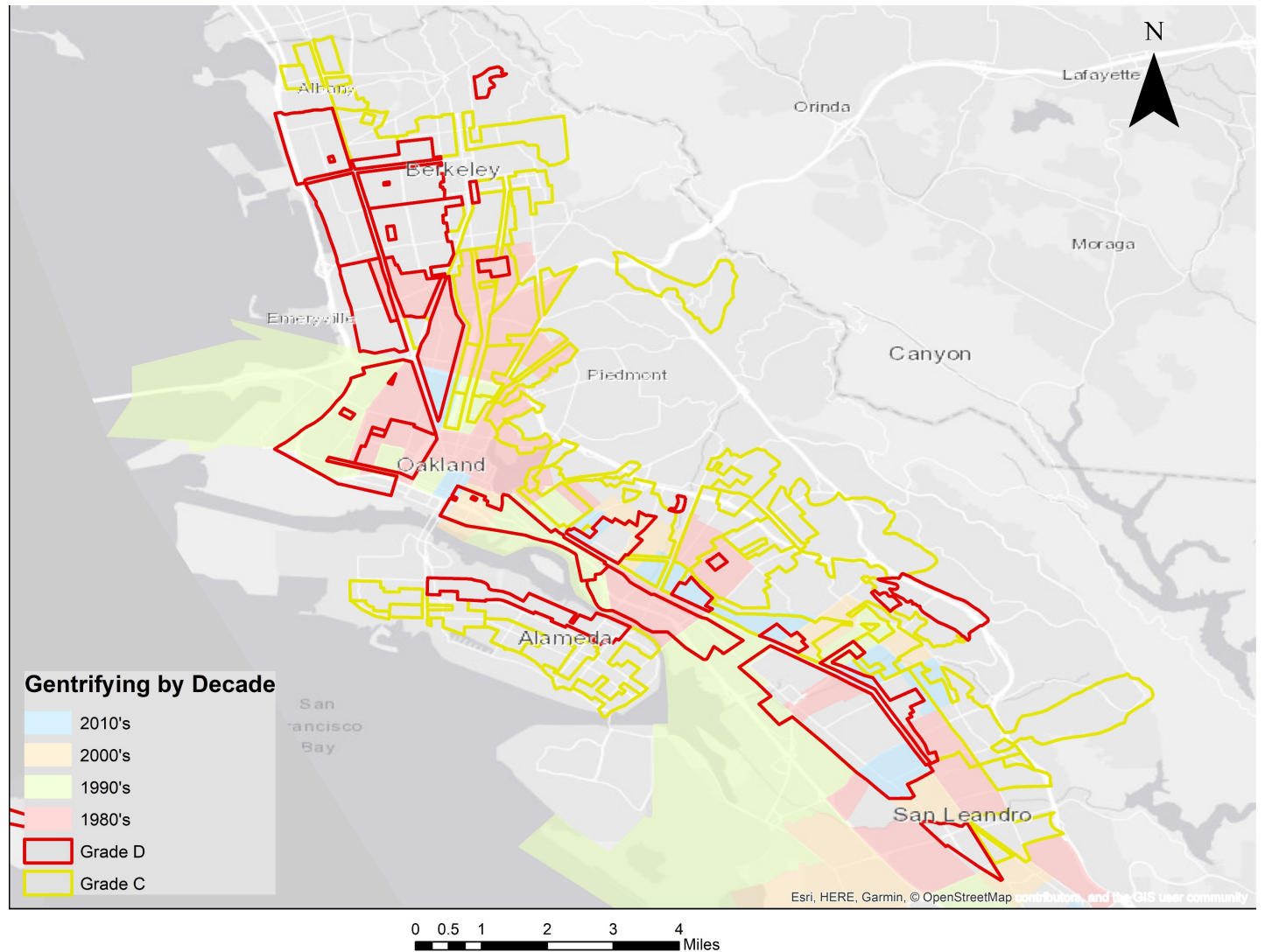
Indirectly

- Influencing where communities of color live in the long term
- Non-white communities increasingly appealing to new residents and developers

HOLC Redlining and Gentrification in Pasadena Area



HOLC Redlining and Gentrification in East Bay



Share of HOLC
Redlined
Areas
Gentrifying in
CA

Gentrification in California Cities 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	13.49%	9.95%	8.43%	6.83%

Impact of Gentrification

For Those Displaced

- Loss of social networks
- Loss of existing community identity
- Economic cost of relocation

For Those Not Displaced

- Anticipatory stress of displacement
- Social isolation

Gentrification can be an opportunity

- It is reinvestment in previously deprived places
 - Local residents often approve of some of the improvements
- Through the right intervention from the government, it can be used to revitalize communities for all

What Reparations Can Be

Giving Black residents a stake in the neighborhoods as they change

- Low interest loans for Black-owned businesses

Giving Black residents security in knowing they will not be pushed out of neighborhoods as they change

- Cash-based assistance for Black homeowners AND renters

Discussion

Historic redlining based explicitly on racial criteria adversely impacts Black communities in the long term

This vulnerability makes them appealing for eventual gentrification

Reparations are the government taking a more direct responsibility to right its past wrongs

Acknowledgements

- Research Assistance from Tabatha Page and Katie Brandi
- Mapping Inequality Project from the University of Richmond

Data and Methods

- Census 1980, 1990, 2000, and 2010
- American Community Survey 2015-2019
- Mapping Inequality
- Historic Census and HOLC data combined to contemporary Census Tract boundaries with GIS
 - Multiple methods used to ensure robustness – Aerial overlay, tract centroid

Data and Methods (cont.)

- To be gentrifying, a tract must meet the following four criteria
 1. be in the primary city of its metropolitan area at the start of the gentrification (T1)
 2. have a median income less than the primary city median at T1
 3. experience a percentage increase in college educated greater than the primary city median increase during the period between T1 and after 10 years (T2)
 4. experience an increase in real housing prices (rent or home value) greater than the primary city median increase between T1 and T2 (Ding, Hwang, and Divringi 2016).