The US Great Recession: Exploring Its Association with Black Neighborhood Rise, Decline and Recovery

Abstract

The United States experienced the Great Recession between 2007 and 2009 and many American cities and communities are still suffering from the legacy of this sharp economic decline. During the prior period of the early and mid 2000s, many inner city African American communities were experiencing gentrification driven, in part, by the real estate bubble that popped in 2007. While much has been written about the institutional and structural causes and consequences of the Great Recession, this article seeks to better understand its community-level implications by investigating the relationship between lending and property value patterns in three gentrifying African American communities just before, during and after this economic calamity. In particular, we investigate Bronzeville in Chicago, Harlem in New York City and Shaw/U Street in Washington, DC. Evidence suggests the Great Recession differentially influenced the development trajectories of these urban African- American neighborhoods. In Bronzeville severe and prolonged property decline resulted while much less economic stagnation was experienced in Harlem and Shaw/U Street. This study highlights that the Great Recession did not have uniform implications for urban African American neighborhoods and suggests that distinct community and city contexts, in particular racial and class neighborhood transitions and citywide unemployment and housing market conditions, mediate the influence of national economic decline and recovery.

Key Words: Subprime Loans, Foreclosures, Post-Recession Recovery, Gentrification, Race

Authors: Derek Hyra and Jacob Rugh

Forthcoming: *Urban Geography*

Draft Version: 1.27.2015

Introduction

The US Great Recession (2007-2009) had a dramatic, and acute, short-term impact. In the years following the economic slowdown, property values across the country decreased nearly 30 percent (Gerardi, Foote and Willen 2011). Millions of homeowners found themselves in a state of owing mortgage lenders more than their homes were worth. Loan defaults and foreclosures mounted at unprecedented rates; between 2006 and 2010 approximately 14 percent of mortgages began the foreclosure process (Smith and Wachter 2011). Many loans that defaulted were bundled into secondary mortgage market financial products and the value of these securities plummeted (Keeley and Love 2010; Levitin and Wachter 2013). As a result credit markets tightened, economic activity nearly ceased, and unemployment skyrocketed from 5 percent to 10 percent in less than two years (Hyra, Squires, Renner, and Kirk 2013; Kirk and Hyra 2012; Wachter and Smith 2011). If not for nearly $14 trillion in federal government assistance (French 2009), the US economy and its principal financial institutions might have completely collapsed.

Several encouraging signs indicate that the US has, for the most part, survived one of the worst market downturns in its history. Since late 2009 the US economy has started to recover (Center on Budget and Policy Priorities 2013; Wial 2013). Foreclosure rates have significantly decreased, commercial and investment banks, as well as secondary mortgage market housing intermediaries, are netting billions in profits.[1] In June 2014 national unemployment decreased to 6.1 percent (US Department of Labor 2014) and property values have risen in many cities.[2]

A plethora of studies have investigated the institutional and structural causes and consequences of this housing induced economic calamity. A number of investigations have explored the real estate bubble and the consequences of its burst. Some studies have explored

[1] Nick Timiraos. "Fannie's Windfall Blurs Debate Over Its Fate," *Wall Street Journal*, April 3, 2013.
[2] Federal Housing Finance Agency. "FHFA House Price Index Up 0.7 Percent in May," *FHFA News Release*, July 23, 2013 and Robbie Whelan. "New Homes Hit Record as Builders Cap Supply," *Wall Street Journal*, May 24, 2013.

the association between changing state and national financial regulatory policies and the rise in subprime lending (Avery and Brevoort 2011; Bostic, Engel, McCoy, Pennington-Cross, and Wachter 2008; Engel and McCoy 2011; Gramlich 2007; Gotham 2009; Immergluck 2009; Levitin and Wachter 2013). Others have investigated the relationship between metropolitan segregation and its association with patterns of subprime lending and foreclosures (Anacker, Car and Pradhan 2012; Been, Ellen and Madar 2009; Hyra et al. 2013; Rugh and Massey 2010). Another set of studies and reports have focused on the various financial impacts of the collapse on city (US Conference of Mayors 2007) and state (Joint Economic Committee 2007) budgets, as well as on the household wealth of different racial and ethnic groups (Taylor, Kochhar, Fry, Velasco, and Motel 2011; Shapiro, Meschede, and Osoro 2013). Lastly, scholars have assessed the massive federal government response to stabilize key financial institutions, as well as minority communities suffering from foreclosure concentration (French 2009; Immergluck 2013; Squires and Hyra 2010).

While there have been many investigations of the boom and bust periods associated with the Great Recession, few studies have investigated the post-recession recovery period (with the exception of Wial 2013) and its influence on urban African American neighborhoods. It is important to study black communities because these areas, compared to white neighborhoods, had a disproportionate number of subprime loans (Avery, Brevoort, and Canner 2007; Been, Ellen, and Madar, 2009; Bunce, Gruenstein, Herbert, and Scheessele 2001; Calem, Hershaff, and Wachter 2004) and suffered unduly from foreclosure concentration once the recession hit (Rugh and Massey 2010).

Despite recent signs of national economic recovery, several urban black neighborhoods are still feeling the lingering negative effects of the Great Recession. For instance, some neighborhoods continue to be dotted with foreclosed properties and have not experienced property value upticks (Drier et al. 2014). However, other communities have had an increase in commercial and residential investments and rising property values, making the Great Recession seem like a distant past.

It is important to understand how Great Recession dynamics, particularly subprime lending and foreclosures, affected urban African American neighborhoods over time (Li and Morrow-Jones 2010). We know little about this topic because many case studies of inner city revitalization in the 2000s failed to sufficiently account for high cost lending (e.g., Boyd 2008; Hyra 2008; Pattillo 2007; Freeman 2006). While some more recent studies have demonstrated the subprime and foreclosure devastation that occurred in African American, and other minority, neighborhoods just before and during the recession (Hyra et al. 2013; Immergluck 2010; Li 2011; Rugh and Massey 2010), few, if any, have explored what happened in these communities as the national economy began to recover. This study contributes to and extends the Great Recession literature by investigating the ways in which three Great Recession related periods: the boom (2000 to 2006), bust (2007 to 2009) and recovery (2010 to 2012) relate to the development trajectories of black inner city neighborhoods.

By studying the development trajectories of three historically African American neighborhoods, Bronzeville in Chicago, Harlem in New York City, and Shaw/U Street in Washington, DC, this study provides a better understanding of the relationship between the Great Recession and inner city neighborhood change. We assess the developmental trajectories of these neighborhoods over a 12-year period (2000 to 2012) in three distinct Great Recession phases. While all three communities followed the same general pattern of a boom and bust, our findings suggest that the race and class of new homeowners in these communities and citywide unemployment and housing market trends were critical to understanding distinct community-level, post-recession recovery. This exploratory study highlights that the Great Recession did not have uniform implications for urban African American neighborhoods and suggests that city and community contexts mediate the impact of national economic decline and recovery.

Neighborhood Change and the Great Recession

Macro and micro level forces originating beyond and within neighborhoods are associated with their changing conditions. Macro dynamics, such as the global economy (Sassen 2012; Sites 2003), the national economy, and federal policy directives (Halpern 1995; Peterson 1981), are important factors that shape urban neighborhoods. Furthermore, city-level economic and political factors, such as housing market conditions and political actions, mediate global and national forces to influence neighborhood change (Aalbers 2011; Hirsch 1998; Hyra 2008; Logan and Molotch 1987; Stone 1989). Not only are multiple external neighborhood dynamics important for understanding community change, but internal neighborhood circumstances, such as organizational structure (Wilson 1996) and collective efficacy, that is neighborhood norms of trust and collective action (Sampson, Raudenbush, and Earls 1997), influence the neighborhood change process. For instance, collective efficacy is associated with levels of neighborhood crime, which is often associated with community-level investment and population movement patterns that in turn can influence property values (Hwang and Sampson 2014; Sampson 2012; Taub, Taylor, and Dunham 1987).

Some studies have investigated how different Great Recession related dynamics influenced neighborhood change. Prior to the financial collapse, scholars argued that in the 2000s the US experienced a new round of urban renewal (Hyra 2012), as many inner city black communities that had been entrenched in concentrated poverty for almost 50 years revitalized and transitioned to more mixed-income environments (Boyd 2008; Coleman 2012; Freeman 2006; Hyra 2008; Pattillo 2007; Ruble 2010). While several processes and national policies, such as the Housing Opportunities for People Everywhere (HOPE VI) program (Goetz 2013; Vale 2013), relate to this circumstance, some scholars claim that increases in subprime, or high cost, lending were a major factor (Hyra 2012; Maeckelbergh 2012; Wyly, Moos, Hammel, and Kabahizi 2009).[3]

After decades of mortgage loan denials and the redlining of African American communities (Massey and Denton 1993), in the 2000s mortgage capital finally found "an inner city fix" (Wyly, Atia, and Hammel 2004). Some studies claim that national policies changes in the financial regulatory framework, such as risk-based pricing, relate to the proliferation of subprime loans in inner city areas and ensuing community revitalization (Hyra 2012; Wyly, Atia, and Hammel 2004). These investigations suggest that the run up in subprime lending, along with other factors, helped to gentrify, and prop up property values in, certain inner city black neighborhoods.

The greenlining of credit in minority communities was seen as controversial (Aalbers 2011; Squires 2005, 2008).[4] On the one hand, it provided minorities, who had once been denied loans, the ability to buy a home and attain the American Dream.[5] Furthermore, it was associated with the revitalization of historic, once divested, black communities (Hyra 2012). However, the dream quickly turned into a nightmare for many African Americans as a disproportionate percentage of loans originated in African American communities had high interest rates or other

---

[3] One indicator of a subprime loan is if it was a first-mortgage loan originated at 300 basis points, or 3 percent, above the going prime rate or 500 basis points, or 5 percent, above the prime rate for a second lien mortgage. In 2004, the federal government started tracking high cost loan originations. We use subprime and high cost loans interchangeably.

[4] Greenlining refers to the influx of high-priced mortgage credit into previously redlined underserved neighborhoods.

[5] With increases in subprime lending, between 1994 and 2005, the African American homeownership rate increased from 42 percent to 49 percent (Gramlich 2007).

subprime features, such as introductory teaser rates, prepayment penalties and balloon payments (Avery, Brevoort, and Canner 2006; Been, Ellen, and Madar 2009; Wyly, Moos, Hammel, and Kabahizi 2009). Several studies demonstrate that subprime loans, compared to prime loans, disproportionate default (Quercia, Stegman, and Davis 2007) and lead to foreclosed properties (Immergluck and Smith 2005). Many of these high-priced, subprime loans originated in African American communities were unsustainable and ultimately ended in default, stripping borrower equity and lining many black communities with foreclosed properties. Homeownership has declined among African Americans more than any other racial or ethnic group (Kuebler and Rugh 2013). Some estimate that the Great Recession wiped away half of black America's wealth (Shapiro, Meschede, and Osoro 2013) and contributed to widening the wealth gap between blacks and whites (Taylor, Kochhar, Fry, Velasco, and Motel 2011). Some claim that subprime lending in African American communities was a devastating form of "reverse redlining" (Squires 2008; Williams, Nesiba, and McConnell 2005).

Black neighborhoods that have high proportions of subprime loans likely have high foreclosure concentrations. Foreclosures can be extremely problematic for several reasons. First, abandoned properties can result in significant residential turnover (Li and Morrow-Jones 2010; Kirk and Hyra 2012) and property value decline in adjacent homes (Anenberg and Kung 2012; Gerardi, Rosenblatt, Willen, and Yao 2012; Immergluck and Smith 2006a; Lin, Rosenblatt and Yao 2009). Furthermore, some studies suggest that foreclosures are associated with other social costs, such as increased levels of neighborhood crime, which might also encourage more people to leave a neighborhood and further drag down property values (Immergluck and Smith 2006b; Ellen, Lacoe, and Sharygin 2013).[6]

[6] Rather than leading to neighborhood decline, some studies suggest that in certain circumstances foreclosures can spur a pattern of neighborhood reinvestment. In certain neighborhoods the availability of below market properties,

While subprime loans and foreclosures are disproportionately in African American neighborhoods, their levels are likely unequally distributed among all inner city urban black communities. First, cities with elevated black/white segregation have, on average, a higher proportion of subprime loan originations (Hyra et al. 2013) and foreclosures (Rugh and Massey 2010). Second, cities with stronger economies and lower unemployment rates might have lower rates of subprime lending. Third, the types of newcomers that select into gentrifying black neighborhoods might influence their propensities to have subprime and foreclosure concentrations. For instance, African American neighborhoods experiencing an influx of black middle class (income $50,000 to $100,000), as opposed to elite black ($200,000+), residents might be more vulnerable to subprime loan and foreclosure concentrations since those with ample income might qualify for prime loans. Additionally, if middle- and upper-income whites move to gentrifying African American neighborhoods, we would expect these communities to have fewer subprime loans and foreclosures, compared to more homogeneous black communities. Community differences in subprime and foreclosure levels, both during the pre-recession and recession years, might relate to property value resiliency during the post-recession recovery years.

Methodology and Design

This longitudinal multiple case study design (Yin 2013) explores a variety of quantitative datasets to investigate the development trajectories, between 2000 and 2012, of three inner city African American neighborhoods located in three different cities. We segmented this 12-year period into three distinct phases: pre-Recession (2000-2006), Recession (2007-2009) and post-Recession (2010-2012) periods. In each phase we assessed Home Mortgage Disclosure Act

---

brought on, in part, by foreclosure concentration, might encourage investors to buy homes, renovate them and sell them to newcomers who perceive that the neighborhood properties are good values compared to other homes in more expensive parts of the city (Li and Morrow-Jones 2010; Maeckelbergh 2012).

(HMDA) neighborhood-level lending data, such as the number of home loans and dollar amounts, the percent and dollar amount of high cost loans, median borrower income, and borrower race. We also assessed community-level home values as well as foreclosure rates. Lastly, we evaluated decennial census demographic information, such as the population level and racial composition, of each neighborhood, and citywide circumstances including unemployment and housing market conditions.[7] These data were used to investigate how certain African American neighborhoods faired over time prior to, during and after the Great Recession.

We chose to compare Bronzeville in Chicago, Harlem in New York City, Shaw/U Street in Washington, DC.[8] These neighborhoods were selected since they were, and to some extent still are, the African American hubs of their respective cities. Furthermore, they all experienced gentrification during the 2000 boom years (see Boyd 2008; Freeman 2006; Hyra 2008; Ruble 2010). They also had relatively similar development histories, which minimizes, but does not eliminate, the chance that distinctions in their 12-year Great Recession-related trajectories result from undetected historical differences among these neighborhoods.

Bronzeville, Harlem and Shaw/U Street share many characteristics as iconic African-American neighborhoods. Much of each neighborhood's older housing stock was constructed in the mid to late 19th century when these areas were mainly affluent and middle class white enclaves (Mahoney 2001; Osofsky 1996; Spear1967; Williams 2002). Following the Great Migrations of African Americans from the South (Grossman 1989), these neighborhoods became

[7] We assess the tightness of metropolitan housing market conditions through comparing the homeownership vacancy rates in the Chicago, New York and Washington, DC MSAs. We assume that upper and middle income people are more willing to move to and invest in low income neighborhoods in metropolitan areas with tighter housing markets (see Aalbers 2011 and Guerrieri, Hartley and Hurst 2010). Metros with lower vacancy rates are considered tighter housing markets.

[8] The data presented on these communities are based on specific boundaries. Bronzeville consists of Chicago's Douglas and Grand Boulevard districts. Harlem's geography refers to Central Harlem, which is New York City's Manhattan Community District 10. Shaw/U Street's boundaries are 15th Street on the West, Florida Avenue on the North, North Capitol Street on the East, and M Street to the South in NW, Washington, DC.

predominantly mixed-income African American districts during the 1920s, 30s and 40s (Drake and Cayton 1945; Osofsky 1996; Ruble 2010). These racial enclaves became "cities within cities," as African Americans were prevented from moving to other parts of these cities, in part, due to restrictive covenants and racial violence (Hirsch 1998; Massey and Denton 1993). The end of restrictive covenants in the late 1940s was associated with an African American middle class exodus from these communities during the 1950s, 60s and 70s. During the second half of the 20th century, these areas became concentrated with subsidized housing (Hirsch 1998; Hyra 2008; Ruble 2010). The construction of subsidized housing, combined with national deindustrialization and African American job loss, resulted in these communities becoming extremely impoverished areas (Clark 1965; Liebow 1967; Wilson 1996). In the 1980s and 90s, each of these neighborhoods were "no go" zones with extremely high levels of poverty and crime (Robinson 2010; Taylor 2002; Venkatesh 2000). In the 1990s these communities started to revitalize with increased public and private investments and in the 2000s their property values began to skyrocket during the subprime lending boom.

While each of these neighborhoods was predominately African American in late 1990s and early 2000s, each experienced a slightly different type of gentrification. In the 1990s Bronzeville and Harlem experienced mainly black gentrification (Hyra 2008), while Shaw/U Street had a much greater number of whites as well as upper income African Americans move to the neighborhood (Ruble 2010). In 1990, Bronzeville, Harlem and Shaw/U Street were 95 percent, 88 percent and 67 percent black respectively. By 2000, their black population percent had declined to 92 percent in Bronzeville, 77 percent in Harlem and 52 percent in Shaw/U Street (see Maps 1.1-3.1 and Appendix, Table 1). Changing neighborhood racial composition is important since this might be associated with different subprime lending rates between 2000 and 2006, foreclosure rates during the recession, and real estate stabilization during the recovery.

[PERCENT BLACK MAPS (1.1, 2.1, 3.1) ABOUT HERE]

These communities were embedded within cities with different economies. While all were considered global cities, New York is one of the world's financial sector powerhouses (Sassen 2012; Sites 2003), Washington, DC, as the nation's capital, is dominated by the white-collar federal government employment (Abbott 1999; Gillette 1995), and Chicago has a mixed economy consisting of white-collar and blue-collar workers (Bennett 2010; Ranney 2003). These different city-level economies might have been differentially impacted by the Great Recession, which could have implications for the level of decline and type of post-recession recovery in their respective African American neighborhoods.

Findings

In the remainder of the article, we assess the relationship between the Great Recession associated dynamics, in the pre-recession, recession, and post-recession periods, and the development trajectories of three iconic African American communities. As Figure 1 shows, the property values in Bronzeville, Harlem and Shaw/U Street follow a similar pattern during the first two periods, a run up during the boom years (2000-2006) and a decline during the recession (2007-2009). However, near the end of the Great Recession recovery period (2010-2012), Harlem and Shaw/U Street's property values exceed their boom period heights, while Bronzeville's home values continue to depreciate. We employ a variety of data to help explain, and generate hypotheses, related to these divergent, post-recession property value trajectories.

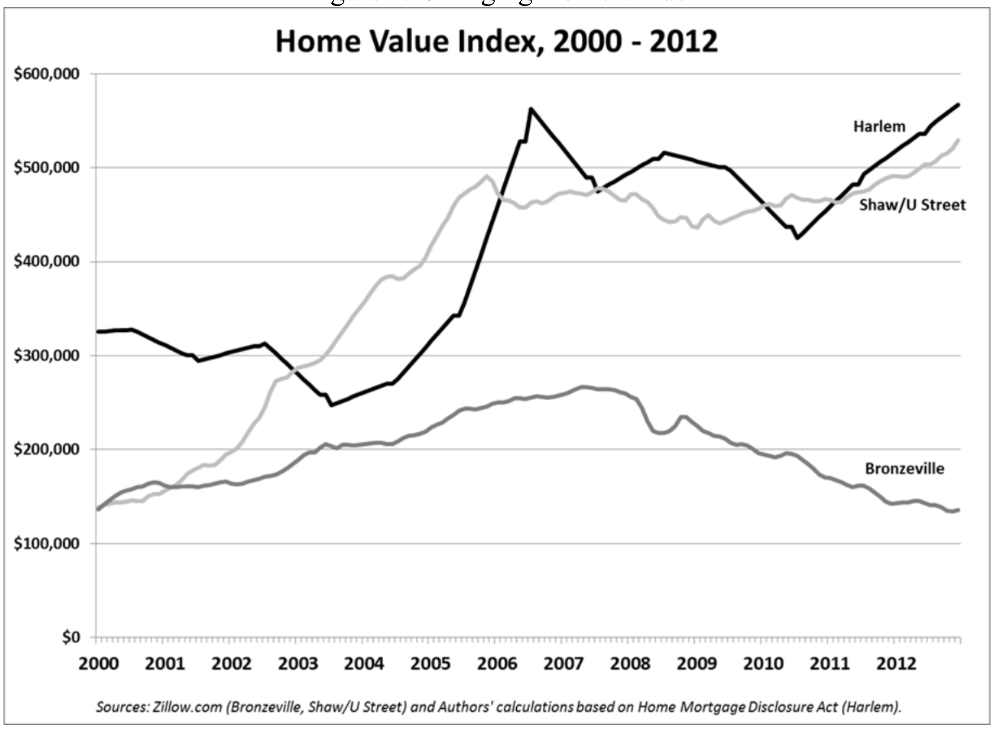


Figure 1. Changing Home Value

The Boom Years, 2000-2006: Subprime Lending and Gentrification

As noted, during the 2000s several low-income, inner city African American neighborhood redeveloped around the country (Hyra 2012). This period saw a national rise in subprime lending, much of which was disproportionately received by African Americans living in predominately black communities. Between 2000 and 2006, the percent of total mortgage originations that were subprime tripled, going from 12 percent to 36 percent (Engel and McCoy 2011). In 2006, at the height of subprime lending, 54 percent of African American, 47 percent of Hispanic, and 18 percent of white mortgage borrowers received a high cost loan (Avery, Brevoort, and Canner 2007). Moreover, in census tracts where the population was at least 80 percent minority, 47 percent of borrowers obtained high-priced loans, compared with 22 percent of borrowers in communities where racial and ethnic minorities accounted for less than 10 percent of the population.

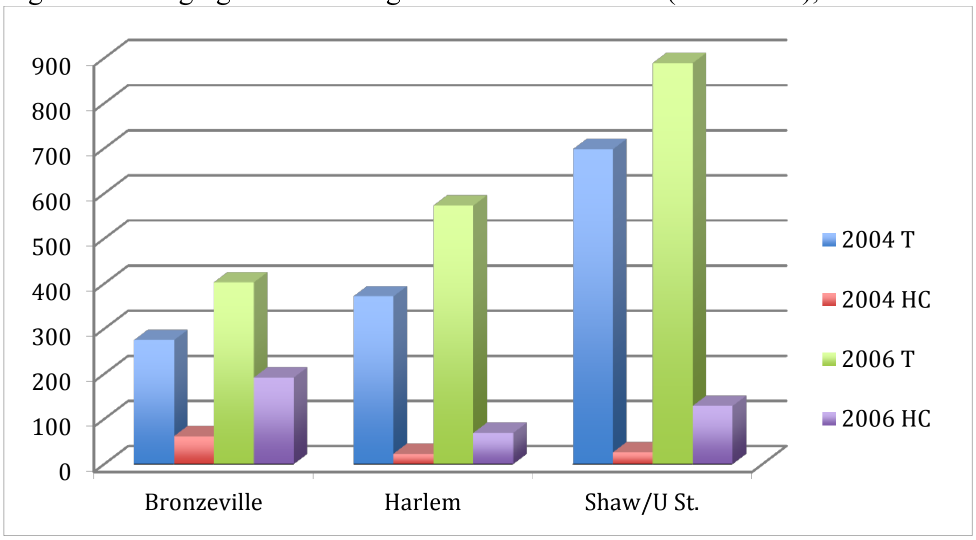
During the subprime boom years, between 2000 and 2006, Bronzeville, Harlem and Shaw/U Street experienced the greenlining lending effect. In 2000, in Bronzeville, there were just 814 home loans made but by 2006 the number had jumped to 2,049, a 152 percent increase. In Harlem, 394 mortgages loans were made in 2000 and in 2006 the number increased to 733, an 86 percent jump. In Shaw/U Street the story was much the same, between 2000 and 2006, the community experienced a 133 percent increase in mortgage lending (see Appendix, Table 2).

The increased home lending in these African American communities was associated with rising subprime originations.[9] Figure 2 shows the simultaneous increase in total (T) and high cost (HC) loan dollar amounts in 2004 and 2006 in each community. In these communities total home lending from 2004 to 2006 increased from $1.34 billion to $1.86 billion and high cost lending rose from $111 million to $390 million (see Appendix, Table 3).

While total and high cost lending increased dramatically in these communities during 2004 and 2006, there were distinct subprime saturation levels. In Bronzeville, the percent of high cost home loan originations in Bronzeville doubled, going from 23 percent to 48 percent, a 109 percent increase. In Harlem, subprime lending increased from 6 percent to 12 percent, a 100 percent increase. In Shaw/U Street, during the same period, high cost lending increased from 4 percent to 15 percent, a 275 percent increase (see Appendix, Table 4).

[9] In 2004, the federal government started tracking high cost loan originations, thus we present high cost lending figures during and after this year.

Figure 2. Changing Total and High Cost Loan Amounts (in millions), 2004 and 2006



The larger context of neighborhood high cost lending for the regions surrounding Bronzeville, Harlem, and Shaw/U Street are displayed in map exhibits 1.2, 2.2, and 3.2, respectively. These maps show the high cost proportion of home loans made from 2004 to 2007. They further underscore the differential saturation of high cost loans across the three case study communities. In Shaw/U Street and Harlem, neighborhood rates of high cost lending were substantially lower relative to other similarly predominantly black neighborhoods in their respective regions. In Bronzeville, however, the rates of high cost lending were far greater and in line with other mostly black neighborhoods in the greater Chicago region.

[HIGH COST LENDING (1.2, 2.2, 3.2) MAPS ABOUT HERE]

The boom in high cost lending was associated with property value escalation in all three communities between 2000 and 2006. In Bronzeville, property values increased 75 percent, from $150,000 to $263,000. Harlem's property values increased 61 percent, from $324,000 to $522,000. And in Shaw/U Street, single-family home price increased from $189,104 to $629,950, a staggering 233 percent increase.

While all three communities experienced increased prime and subprime lending and property values during the pre-recession boom period, they experienced different types of gentrification. Bronzeville experienced black gentrification. From 2004 to 2006, the median home borrower income increased from $73,000 to $86,000 and the percent of African American homebuyers increased from 70 percent to 74 percent, signaling that the community was mainly attracting new black middle class members (see Appendix, Table 5).

In Harlem and Shaw/U Street, during the pre-recession period, multiracial gentrification occurred with an influx of upper income African American and white homeowners. Between 2004 and 2006, the percent of Harlem homebuyers making over $200,000 a year, increased from 11 percent to 31 percent. While several hundred of these new elite Harlem homebuyers were African American, many were also white. Between 2004 and 2006, the percentage of white Harlem homebuyers increased, while mortgage originations to African American declined from 55 percent to 51 percent, suggesting that Harlem was experiencing a racial transition, at least among its new home buying population (see Table 2, p. 20).[10]

Shaw/U Street, like Harlem, experienced a racial and class transition, suggesting that the community was also experiencing multiracial gentrification. Between 2004 and 2006, the percent of mortgage borrowers with incomes over $200,000, increased from 12 percent to 19 percent (see Appendix, Table 6). While the percent of Shaw/U Street black borrowers increased slightly between 2004 and 2006, in 2006 24 percent of those obtaining mortgage loans in the community were African American and 60 percent were white, indicating a mixed-race homebuyer influx during the pre-recession boom years.

[10] Census data suggest that Harlem's general population was changing as well as. Between 2000 and 2010, the black population decreased by 18 percent.

There were important similarities and differences among Bronzeville, Harlem and Shaw/U Street during the pre-recession years. All three communities experienced sharp rises in overall mortgage lending, both prime and subprime, and their property values skyrocketed. However, homebuyers in these communities differed. In Bronzeville, the new homeowners tended to be middle income African Americans, while in Harlem and Shaw/U Street new mortgage holders were more affluent and racially mixed. There were also major differences among these communities in the percent of subprime loans. In 2006, at the height of subprime lending, 48 percent of loans originated in Bronzeville were high cost, compared to just 12 percent in Harlem and 15 percent in Shaw/U Street. These differences in subprime lending rates might help explicate how the real estate bubble crash influenced these communities.

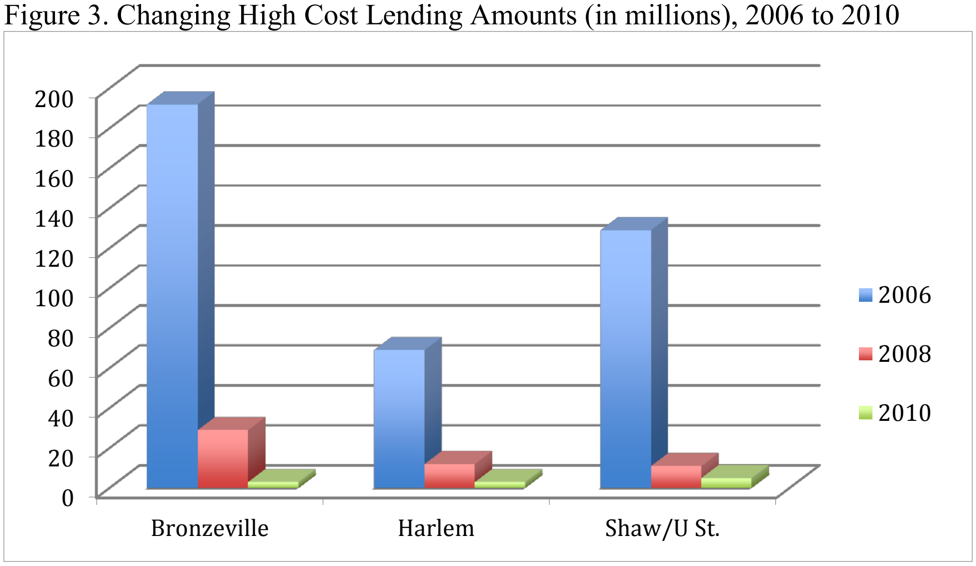
The Crash: Disinvestment, Foreclosures, and Unemployment

In December 2007, the US national economic slowdown officially began. By this time home values were on the decline, brought on partly by mounting defaults on unsustainable high cost home loans. Once home values declined, subprime borrowers were deemed too risky by banks to refinance towards lower interest rates because their properties had high loan-to-value ratios. Many of these unlucky subprime borrowers defaulted, dotting minority communities with foreclosures. The housing market bust was compounded by the fact that several major Wall Street investment houses held rapidly devaluing mortgage-backed securities. In September 2008, Lehman Brothers, a major Wall Street investment bank, went bankrupt after it could not cover loan-related losses. This triggered a credit freeze, which made it very difficult for individuals and companies to get new loans or refinance existing ones. This credit freeze drastically slowed the overall economy, and resulted in a rising unemployment rate. Increased unemployment led to further loans defaults, foreclosures and deep dips in home prices.

The Great Recession immediately affected Bronzeville, Harlem and Shaw/U Street; however, there were variations in overall mortgage lending and subprime activity, foreclosures and property declines. In Bronzeville, 2,049 home loans were made in 2006 and by 2008 that number had decreased to 658, a 68 percent decline. In Harlem and Shaw/U Street the total mortgage lending decreased by 8 percent and 41 percent respectively.

During the recession there were huge drop offs in high cost, subprime lending. Figure 3 displays the changing dollar amounts (in millions) of high cost loans in each community between 2006 and 2010. Between 2006 and 2008, Bronzeville's subprime lending amount decreased from $192 million to $29 million, Harlem's from $69 million to $12 million and Shaw/U Street's from $129 million to $11 million. Clearly, by 2008, the subprime greenlining to these African American communities had ended.

Figure 3. Changing High Cost Lending Amounts (in millions), 2006 to 2010



Mortgage lending decreased, foreclosure rates climbed, and property values fell. Between 2004 and 2008, the foreclosures rates increased 300 percent, 500 percent and 425 percent in Bronzeville, Harlem and Shaw/U Street respectively. As seen in Table 1, by 2008, Bronzeville's foreclosure rate was 8.1 percent, Harlem's was 1.8 percent, and Shaw/U Street was 2.1 percent.

Table 1. Foreclosure Rate

	2004	2006	2008	2010	2012
Bronzeville	2.0%	6.3%	8.1%	9.0%	6.1%
Harlem	0.3%	1.5%	1.8%	2.6%	0.7%
Shaw/U Street	0.4%	0.8%	2.1%	2.0%	0.4%

Sources: HUD NSP1 (2008), HUD NSP3 (2010), Furman Center for Real Estate & Urban Policy, Urban Institute, Woodstock Institute, CoreLogic, and Authors' calculations. (Note: Foreclosure Starts/Filing Rate. Denominator is mortgaged properties.)

We place the foreclosure rates in the case study communities in the larger regional contexts of their respective metropolitan regions in map exhibits 1.3, 2.3, and 3.3. The maps show the percent of all home loans made from 2004 to 2007 that started the foreclosure process during 2009 and 2010 as calculated using data from the US Department of Housing and Urban Development's Round 3 implementation of the Neighborhood Stabilization Program. During the worst of the foreclosure crisis, nearly all the census tracts in Bronzeville experienced foreclosure start rates of 8 percent to 12 percent. In contrast, nearly all tracts in Harlem and Shaw/U Street exhibited foreclosure start rates under 5 percent with only one exception in each of those areas. Overall these maps further emphasize the extent to which Harlem and Shaw/U Street escaped the worst of the foreclosure crisis while Bronzeville was not spared from the elevated level of foreclosures across most predominantly black neighborhoods in all three metropolitan areas.

[FORECLOSURE RATE MAPS (1.3, 2.3, 3.3) ABOUT HERE]

Property values declined at differential rates in these neighborhoods. In Bronzeville, between 2007 and 2009, home values fell from $263,350 to $210,200, a 20 percent decline. In contrast, Harlem's property values remained almost completely stable over the two-year recession period, declining from $492,677 to $492,529. Shaw/U Street's recession period property value decline, from $472,588 to $447,213, or 5 percent, was not as severe as Bronzeville's nor was it as moderate as the circumstances in Harlem.

The types of gentrification in these neighborhoods during the pre-recession boom period and recession years help explain distinct community-level foreclosure rates and property value declines. As noted, during the pre-recession boom years, Harlem and Shaw/U Street had lower subprime lending rates and experienced an influx of more affluent and racially mixed homeowners, compared to Bronzeville. As indicated in Table 2, the trend of increased white investment in Harlem and Shaw/U Street continued during the recession years. Between 2008 and 2010, Harlem's percent of white borrowers rose from 40 percent to 46 percent, while the percent of black borrowers decreased from 32 percent to 28 percent. A similar home investment trend occurred in Shaw/U Street; white home borrowing rose from 75 percent to 79 percent, while black home borrowing decreased from 13 percent to 9 percent. In Bronzeville, the percent of home loans received by whites decreased from 26 percent to 24 percent and African Americans continued to obtain the majority of home loans during the Great Recession.

Table 2. Home Loan Borrower Race/Ethnicity Percent by Community and Year

	2002	2004	2006	2008	2010	2012
Bronzeville						
Black	73%	70%	74%	67%	66%	77%
White	19%	21%	18%	26%	24%	11%
Latino	3%	4%	5%	3%	4%	7%
Asian/PI	6%	5%	2%	5%	7%	5%
Harlem						
Black	55%	55%	51%	32%	28%	23%
White	33%	33%	40%	46%	53%	60%
Latino	7%	7%	6%	9%	7%	7%
Asian/PI	5%	5%	4%	13%	13%	11%
Shaw/U St.						
Black	-	22%	24%	13%	9%	8%
White	-	66%	60%	75%	79%	79%
Latino	-	5%	7%	4%	4%	5%
Asian/PI	-	7%	8%	8%	8%	9%

Source: HMDA Loan Application Register (excludes missing race).

Community-level foreclosure rate and property value differences might have also been due to variations in citywide unemployment and housing market conditions.[11] Table 3 shows the changing citywide unemployment rates for Chicago, New York and Washington, DC between 2004 and 2012. Between 2006 and 2008, Chicago had the largest increase in unemployment, moving up 1.6 percent. During the same period, in New York and Washington, DC unemployment increased by 0.5 percent and 1 percent respectively. Thus, from an employment standpoint the Great Recession hit Chicago the hardest and this might also help to explain why Bronzeville's 2008 foreclosure rate was elevated compared to Harlem and Shaw/U Street.

The cities investigated also had slightly different housing market conditions (see Table 4). Chicago's housing market, compared to New York and Washington, DC, was looser and had more slack (i.e., a higher vacancy rate). In 2006, the Chicago MSA had a homeownership vacancy rate of 2.1 percent compared to 1.7 percent and 1.6 percent in New York and Washington, DC metros respectively (US Census 2014). Moreover, during the recession the vacancy rate increased the most in Chicago (1.7 percent) compared to New York (1 percent) and Washington, DC (0.6 percent). The vacancy data suggest that there was more initial slack in Chicago's housing market, which might have contributed to Bronzeville's type of pre-recession gentrification, its recession period property value decline, and the community's lackluster post-recession recovery.

[11] We focus the citywide unemployment rate and not the community level rate since these were gentrifying communities and people were moving to these areas. Additionally, we assessed the metropolitan housing market conditions since we assume that upper- and middle-income people would be more willing to move to and invest in low-income neighborhoods in metropolitan areas with tighter housing markets (see Aalbers 2011 and Guerrieri, Hartley and Hurst 2010).

Table 3. Citywide Unemployment Rates

	2004	2006	2008	2010	2012
Chicago	7.5%	5.3%	6.9%	11.6%	10.1%
New York	7.1%	5.0%	5.5%	9.6%	9.2%
DC	8.2%	6.0%	7.0%	9.9%	8.9%

Source: US Bureau of Labor Statistics.

Table 4. Metropolitan Homeownership Vacancy Rates

	2006	2009	2012
Chicago	2.1%	3.8%	2.8%
New York	1.7%	2.7%	2.1%
DC	1.6%	2.2%	1.7%

Source: US Census 2014.

The Recovery

In 2010 the US began to recover from the recession as economic activity and property values increased and foreclosures and unemployment decreased nationwide. However, this recovery was not equally felt across our case study communities. Even in 2012, Bronzeville had few signs of an economic recovery; the foreclosure rate remained relatively high and property values continued to decline. Harlem and Shaw/U Street foreclosures were, in contrast, almost nonexistent and property values had surpassed their 2006 heights.

While Harlem and Shaw/U Street rebounded from the Great Recession, Bronzeville remained dotted with foreclosures during the recovery period. The foreclosure rate actually increased from 2008 to 2010, going from 8.1 percent to 9 percent before eventually moving down to 6.1 percent in 2012. By comparison, in 2012, Harlem and Shaw/U Street's foreclosure rates were under 1 percent. As the nation began to recover between 2008 and 2010, Bronzeville's median borrower income level dropped from $84,000 to $79,000. Furthermore, the community substantially lost a quarter of its population between 2000 and 2010 and remained racially homogenous (see Appendix, Table 7).

While Bronzeville continued to suffer from the legacy of the Great Recession, between 2010 and 2012, Harlem and Shaw/U Street were experiencing gentrification overdrive. In these communities the pre-recession and recession trends of a more racial diverse set of upper-income homebuyers continued during the recovery years. Between 2010 and 2012, Harlem's white home loan borrowers increased from 53 percent to 60 percent and African Americans decreased from 28 percent to 23 percent. In Shaw/U Street, the number of home loans in 2008 was 1,334 and in 2012 it increased to 2,312, of which 79 percent were originated to whites and only 9 percent were originated to African Americans.

By 2012, Harlem and Shaw/U Street could no longer be characterized as black ghettos but were better described as trendy mixed-race, gilded ghettos. In the recovery period, Harlem and Shaw/U Street became lined with trendy restaurants, beer gardens and wine bars, and were arguably among the hippest neighborhoods in their respective cities. Some of New York City's most sought after restaurants, such the Red Rooster, opened in Harlem and Shaw/U Street's 14th Street corridor, one of the community's main thoroughfares, boasted over 24 new upscale, chic restaurants, many of which opened between 2010 and 2012.[12] In Harlem and Shaw/U Street the Great Recession was unrecognizable, while its harsh legacy continued to loom over Bronzeville.

Discussion

By exploring lending patterns in three historic African American neighborhoods during three distinct Great Recession-related periods, this study demonstrates several important findings. First, the real estate bubble and subprime lending in the early and mid-2000s were associated with the gentrification of black inner city neighborhoods. During the 2000-2006 bubble period a significant amount of lending, much of which was subprime, increased over time in Bronzeville, Harlem and Shaw/U Street. In these neighborhoods, during the bubble period, increased high cost lending coincided with skyrocketing property values. While this study does not rigorously

---

[12] See Glenn Collins. "Marcus Samuelsson Opens in Harlem," *New York Times*, September 7,2010, Annys Shin. "Gentrification in Overdrive on 14th Street," *Washington Post*, July 21, 2013, and David Wessel. "Best Restaurants in Washington, DC's 14th Street Corridor," *Wall Street Journal*, August 30, 2013.

isolate the effect of high cost lending on property values, when the recession hit and subprime lending percentages were greatly reduced, Bronzeville, Harlem and Shaw/U Street's property values plummeted, suggesting that the pre-recession rise in subprime lending, in part, helped to temporarily revitalize these African American inner city neighborhoods.

While highlighting the link between subprime lending and the revitalization of urban African American neighborhoods, this comparative study also suggests that certain types of gentrification, along race and class lines, shielded some redeveloping African American neighborhoods from the full external Great Recession shock as well as facilitated post-recession recovery. Harlem and Shaw/U Street's elite upper class, mixed-race gentrification, compared to Bronzeville's black middle class gentrification, might have protected these communities from excessive subprime lending rates and foreclosure concentrations, which could explain why these areas recovered more quickly during the post-recession period. After 2012, Harlem and Shaw/U Street's Great Recession property value losses were completely restored, while Bronzeville's home values continued to decline.

The divergent post-recession trajectories of Bronzeville, Harlem and Shaw/U Street suggest that middle class African Americans, and certain communities they move to, remain vulnerable to fiscal shocks, compared to the communities where more elite African Americans reside. This finding supports some of the research of Karyn Lacy (2007, 2012) and Mary Pattillo (2007) in that it demonstrates that there are important class differences within black America and the Great Recession's influence on African Americans and the communities in which they reside needs a class-based analysis to be fully understood. For instance, the black middle class that moved to Bronzeville is still suffering from property value loss, while the elite African Americans who relocated to Harlem and Shaw/U Street have experienced, for the most part, post-recession home value recovery. There are important and meaningful distinctions within black America and certain black middle class individuals and communities remain more financially vulnerable to fiscal shocks than others.

While class differences within black America are important to understanding the long-term implications of the Great Recession, this study also suggests that white settlement patterns remain important for understanding community change processes. The influx of whites into certain urban African American communities occurred prior to, during, and after the Great Recession. The movement of whites to African American communities was associated with post-recession property value increases. The one community that stayed primarily African American during the downturn continued to have depressed property values during the recovery period. Knowing the vast wealth disparities that remain between whites and blacks (Shapiro 2004), it is not surprising that a white influx into black gentrifying communities was associated with lower subprime and foreclosure rates and quicker community-level property value revival. Thus, this research suggests that race and class analyses are important to understanding the longer term implications of the Great Recession in African American communities.

Beyond race and class demographic transitions, it seems metropolitan context is another important variable for understanding African American community change processes associated with the Great Recession. The elevated subprime and foreclosure rates in Bronzeville could be related to the broader Chicago economic context compared to New York City and Washington, DC. Citywide unemployment and homeownership vacancy data suggest that the Great Recession hit Chicago relatively hard compared to New York and Washington, DC and this citywide impact might help to explain the continued downward trajectory of Bronzeville, compared to Harlem and Shaw/U Street during the recovery period.

This study is one of the first to investigate the pre-, during and post-Great Recession periods to understand the ways in which one of America's most drastic economic calamities is associated with inner city African American neighborhood change. The study's main aim was to better comprehend divergent post-recession neighborhood property value patterns in African American neighborhoods experiencing gentrification during the pre-recession real estate boom. While this study has several interesting findings, it is limited and should be evaluated based on its ability to generate new and meaningful Great Recession-related community change hypotheses to be further tested in subsequent studies with more rigorous quantitative methods.

This study suggests that future neighborhood change research needs to better understand how the types of gentrification experienced before and during the Great Recession mediate its overall community-level impact. While this study attempted to explore how white and black community influx mediated Great Recession impacts through community-level subprime rates and foreclosure concentration, future studies need to better define and quantify different types of gentrification. A related limitation is that this study almost exclusively focused on new homeowner influx as one of the prominent mediating variables between Great Recession dynamics and property values. To more fully unpack determinants of property value decline and recovery, future Great Recession studies should assess changing renter profiles, as many urban African American neighborhoods have more renters than homeowners. Another important neighborhood change variable is internal community circumstances, such as levels of collective efficacy or organizational-led revitalization efforts (Sampson 2012; Taub, Taylor, and Dunham 1987). This study made no attempt to document variations in the neighborhood rental markets or community-driven improvement initiatives and these factors might contribute to divergent redevelopment trajectories.

While this study highlighted citywide unemployment and metropolitan housing market conditions as other mediating variables, additionally citywide dynamics, related to subprime lending and foreclosure rates, need to be assessed. Studies have demonstrated that metropolitan segregation relates to patterns of high cost lending (Hyra et al. 2013) and foreclosure concentration (Rugh and Massey 2010). Thus, future cross-city neighborhood comparisons must more precisely account for, and control, variations in other metropolitan circumstances, such as segregation, that could be influencing the community-level change processes related to the Great Recession.[13]

Further studies should also investigate how federal interventions during the recession and post-recession relate to variations in community-level property values. In this study national interventions, such as Home Affordable Modification Program (HAMP), Home Affordable Refinance Program (HARP) and the Neighborhood Stabilization Program (NSP), which were designed to aid individuals and areas suffering from loan defaults and foreclosures (Immergluck 2013; Squires and Hyra 2010), were not addressed. Loan modifications to help troubled borrowers are unevenly distributed across parts of the country and in high-risk versus low-risk communities (Ding 2013). Thus, in a cross-city neighborhood comparison, the dose of national interventions attempting to stabilize vulnerable homeowners or communities need to be controlled to better isolate the effect of new homebuyer entry on community property value recovery.

Lastly, this study did not assess the impact of the pre-, during and post-recession periods on existing long-term residents. For instance, were there variations on residential, political and

[13] For instance, Chicago, New York and Washington, DC have different levels of segregation and this might have influenced, along with other metropolitan factors, Bronzeville, Harlem, and Shaw/U Street's susceptibility to subprime loans and associated foreclosures. In 2000, the black/white dissimilarity index for Chicago, New York and Washington, DC's metropolitan statistical area was 80.4, 79.5, and 63.0 respectively, meaning that Chicago was the most segregated.

cultural displacement in these neighborhoods over the 12-year study period? Did Bronzeville's slower rate of property value escalation, compared to Harlem and Shaw/U Street, preserve the existing character of the neighborhood (see Davidson 2009 and Hyra in press)? While this study contributed to a better understanding of neighborhood change dynamics associated with the Great Recession, an exploration of how these forces differentially influenced the lives of long-term residents would have made this a more comprehensive comparative study.

The Great Recession disrupted millions of lives and nearly brought down the entire US financial system and while many studies have investigated the institutional causes and consequences of this monumental economic calamity, few have explored its long-term impact on urban African American communities. Black communities were disproportionately, compared to white areas, the targets of unsustainable financial home lending products, which devastated many of these areas. However, during the post-recession recover period some minority communities have recovered, while others remain dotted with foreclosures. This study suggests that Great Recession related dynamics influence property value trajectories of urban African American neighborhoods, yet race and class neighborhood transitions as well as citywide dynamics mediate the effects of national economic decline and recovery.

References

Aalbers, Manuel B. 2011. *Place, Exclusion, and Mortgage Markets*. Malden, MA: Wiley-Blackwell.

Abbott, Carl. 1999. *Political Terrain: Washington, D.C. from Tidewater Town to Global Metropolis*. Chapel Hill, NC: The University of North Carolina Press.

Anacker, Katrin, B., James H Carr, and Archana Pradhan. 2012. Analyzing Foreclosures among High-Income Black/African American and Hispanic/Latino Borrowers in Prince George's County, Maryland. *Housing and Society 39*(1): 1-28.

Anenberg, Eliot, and Edward Kung. 2012. *Estimates of the Size and Source of Price Declines Due to Nearby Foreclosures: Evidence from San Francisco*. Federal Reserve Board of Governors, Washington, D.C.

Avery, Robert B., and Kenneth P Brevoot. 2011. *The Subprime Crisis: Is the Government Housing Policy to Blame?* Finance and Economics Discussion Series, Division of Research and Statistics, Board of Governors of the Federal Reserve System. Washington, D.C.

Avery, Robert, B., Kenneth P Brevoort, and Glen B Canner. 2007. The 2006 HMDA Data. *Federal Reserve Bulletin 93*: 73-109.

_____. 2006. The 2005 HMDA Data. *Federal Reserve Bulletin 8*: 123-166.

Been, Vicki, Ingrid Ellen, and Josiah Madar. 2009. The High-Cost of Segregation: Exploring Racial Disparities in High-Cost Lending. *Fordham Urban Law Journal 36*: 361-384.

Bennett, Larry. 2010. *The Third City: Chicago and American Urbanism*. Chicago: The University of Chicago Press.

Bostic, Raphael W., Kathleen C Engel, Patricia A McCoy, Anthony Pennington-Cross, and Susan Wachter. 2008. State and Local Anti-Predatory Lending Laws: The Effect of Legal Enforcement Mechanisms. *Journal of Economics & Business 60*: 47-66.

Boyd, Michelle, R. 2008. *Jim Crow Nostalgia: Reconstructing Race in Bronzeville*. Minneapolis, MN: University of Minnesota Press.

Bunce, Harold L., Debbie Gruenstein, Christopher Herbert, and Randall M Scheessele. 2001. *Subprime Foreclosures: The Smoking Gun of Predatory Lending?* Washington, DC: U.S. Department of Housing and Urban Development.

Calem, Paul S., Jonathan E Hershaff, and Susan M Wachter. 2004. Neighborhood Patterns of Subprime Lending: Evidence from Disparate Cities. *Housing Policy Debate 15*(3): 603-622.

Center on Budget and Policy Priorities. 2013. *Chart Book: The Legacy of the Great Recession*. Washington, DC: Author.

Clark, Kenneth, B. 1965. *Dark Ghetto*. *Dilemmas of Social Power*. New York: Harper and Row Publishers.

Coleman, Candace. 2012. *Gentrification in the Wake of the Subprime Mortgage Crisis*. Master's Thesis. Sanford School of Public Policy, Duke University, Durham, NC.

Davidson, Mark. 2009. Displacement, Space and Dwelling: Placing Gentrification Debate. *Ethics, Place & Environment* 12(2): 219-234.

Ding, Lei. 2013. Servicer and Spatial Heterogeneity of Loss Mitigation Practices in Soft Housing Markets. *Housing Policy Debate 23*(3): 521-542.

Drake, St. Clair, and Horace R. Cayton. 1945. *Black Metropolis: A Study of Negro Life in a Northern City*. Chicago: The University of Chicago Press.

Drier, Peter, Saqib Bhatti, Rob Call, Alex Schwartz, and Gregory Squires. 2014. *Underwater America: How the So-called Housing "Recovery" is Bypassing Many American Communities*. Berkeley, CA: Haas Institute for a Fair and Inclusive Society.
Ellen, Ingrid, and Samuel Dastrup. 2012. *Housing and the Great Recession*. The Stanford Center on Poverty and Inequality, Standford, CA.
Ellen, Ingrid, Johanna Lacoe, and Claudia A Sharygin. 2013. Do Foreclosures Cause Crime? *Journal of Urban Economics 74*: 59-70.
Engel, Kathleen C., and Patricia A McCoy. 2011. *The Subprime Virus: Reckless Credit, Regulatory Failure, and Next Steps*. New York: Oxford University Press.
Freeman, Lance. 2006. *There Goes the Hood'*. Philadelphia, PA: Temple University Press.
French, George E. 2009. A Year in Bank Supervision: 2008 and a Few of Its Lessons. *Supervisory Insights 6*(1): 3-18.
Gerardi, Kristopher S., Christopher L. Foote, and Paul S Willen. 2011. "Reasonable People Did Disagree: Optimism and Pessimism About the U.S. Market Before the Crash." In Susan M Wachter and Marvin M Smith (eds.), *The American Mortgage System: Crisis and Reform*, pp. 26-59. Philadelphia: University of Pennsylvania Press.
Gerardi, Kristopher, Eric Rosenblatt, Paul S Willen, and Vincent W Yao. 2012. *Foreclosure Externalities: Some New Evidence*. Working Paper, Federal Reserve Bank of Atlanta, No. 2012-11. Atlanta, GA.
Gillette, Howard. 1995. *Between Justice & Beauty: Race, Planning, and the Failure of Urban Policy in Washington, D.C*. Philadelphia, PA: University of Pennsylvania Press.
Goetz, Edward G. 2013. *New Deal Ruins: Race, Economic Justice, and Public Housing Policy*. Ithaca, NY: Cornell University Press.
Gotham, Kevin F. 2009. Creating Liquidity out of Spatial Fixity: The Secondary Circuit of Capital and the Subprime Mortgage Crisis. *International Journal of Urban and Regional Research 33*(2): 355-371.
Grossman, James, R. 1989. *Land of Hope: Chicago, Black Southerners, and the Great Migration*. Chicago: The University of Chicago Press.
Gramlich, Edward M. 2007. *Subprime Mortgages: America's Latest Boom and Bust*. Washington, DC: The Urban Institute Press.
Guerrieri, Veronica, Daniel Hartley, and Erik Hurst. 2010. *Endogenous Gentrification and Housing Price Dynamics*. Working Paper #16237. National Bureau of Economic Research, Cambridge, MA.
Halpern, Robert. 1995. *Rebuilding the Inner City: A History of Neighborhood Initiatives to Address Poverty in the United States*. New York: Columbia University Press.
Hirsch, Arnold, R. 1998. *Making the Second Ghetto: Race & Housing in Chicago, 1940-1960*. Chicago: The University of Chicago Press.
Hwang, Jackelyn, and Robert Sampson. 2014. Divergent Pathways of Gentrification: Racial Inequality and the Social Order of Renewal in Chicago Neighborhoods. *American Sociological Review*: 1-26. doi: 10.1177/0003122414535774.
Hyra, Derek S. (in press). The Back-to-the-City Movement: Neighborhood Redevelopment and the Processes of Political and Cultural Displacement. *Urban Studies*.
_____. 2012. Conceptualizing the New Urban Renewal: Comparing the Past to the Present. *Urban Affairs Review 48*(4): 498-527.
_____. 2008. *The New Urban Renewal: The Economic Transformation of Harlem and Bronzeville*. Chicago: The University of Chicago Press.

Hyra, Derek, S., Gregory D Squires, Robert N Renner, and David S Kirk. 2013. Metropolitan Segregation and Subprime Lending. *Housing Policy Debate 23*(1): 177-198.

Immergluck, Dan. 2013. Too Little, Too Late, and Too Timid: The Federal Response to the Foreclosure Crisis at the Five-Year Mark. *Housing Policy Debate 23*(1): 199-232.

_____. 2010. Neighborhoods in the Wake of the Debacle: Intrametropolitan Patterns of Foreclosed Properties. Urban Affairs Review 46(1): 3-36.

_____. 2009. *Foreclosed: High-Risk Lending, Deregulation, and the Undermining of America's Mortgage Market*. Ithaca, NY: Cornell University Press.

Immergluck, Dan, and Geoff Smith. 2006a. The External Costs of Foreclosure: The Impact of Single-Family Mortgage Foreclosures on Property Values. *Housing Policy Debate 17*(1): 57-79.

_____. 2006b. The Impact of Single-Family Mortgage Foreclosures on Neighborhood Crime. *Housing Studies 21*(6): 851-866.

_____. 2005. Measuring the Effects of Subprime Lending on Neighborhood Foreclosures: Evidence from Chicago. *Urban Affairs Review 40*(3): 362-389.

Joint Economic Committee. 2007. *The Subprime Lending Crisis: The Economic Impact on Wealth, Property Values and Tax Revenues, and How We Got Here*. Washington, DC: Joint Economic Committee, US Congress.

Keeley, Brian, and Patrick Love. 2010. *From Crisis to Recovery: The Causes, Course and Consequences of the Great Recession*. OECD Insights. Paris, France.

Kuebler, Meghan, and Jacob S. Rugh. 2013. New Evidence on Racial and Ethnic Disparities in Homeownership in the United States from 2001 to 2010. *Social Science Research 42*(5): 1357-1374.

Li, Yanmei, and Hazel A Morrow-Jones. 2010. The Impact of Residential Mortgage Foreclosure on Neighborhood Change and Succession. *Journal of Planning Education and Research 30*(1): 22-39.

Lin, Zhenguo, Eric Rosenblatt, and Vincent W Yao. 2009. Spillover Effects of Foreclosures on Neighborhood Property Values. *Journal of Real Estate Finance and Economics 38*(4): 387-407.

Logan, John R., and Harvey L Molotch. 2007. *Urban Fortunes: The Political Economy of Place*. Berkeley: University of California Press.

Massey, Douglas S., and Nancy A. Denton. 1993. *American Apartheid: Segregation and the Making of the Underclass*. Cambridge, MA: Harvard University Press.

Taylor, Paul, Rakesh Kochhar, Richard Fry, Gabriel Velasco, and Seth Motel. 2011. *Wealth Gaps Rise to Record Highs Between Whites, Blacks and Hispanics*. Pew Research Center, Washington, DC.

Lacy, Karyn. 2012. All's Fair? The Foreclosure Crisis and Middle-Class Black (In)Stability. *American Behavioral Scientists 56*(11): 1565-1580.

_____. 2007. *Blue-Chip Black: Race, Class, and Status in the New Black Middle Class*. Berkeley: University of California Press.

Levitin, Adam, J., and Susan M. Wachter. 2013. Why Housing? *Housing Policy Debate 23*(1): 5-27.

Liebow, Elliot. 1967. *Tally's Corner: A Study of Negro Streetcorner Men*. Boston: Little, Brown and Company.

Maeckelbergh, Marianne. 2012. Mobilization to Stay Put: Housing Struggles in New York City. *International Journal of Urban and Regional Research 36*(4): 655-673.

Mahoney, Olivia. 2001. *Douglas/Grand Boulevard: A Chicago Neighborhood*. Chicago: Arcadia Publishing.
Shapiro, Thomas M. 2004. *The Hidden Cost of Being African American: How Wealth Perpetuates Inequality*. New York: Oxford University Press.
Osofsky, Gilbert. 1996. *Harlem: The Making of a Ghetto: Negro New York, 1890-1930*. Chicago: Ivan R. Dee, Inc.
Pattillo, Mary. 2007. *Black on the Block*. Chicago: The University of Chicago Press.
Peterson, Paul E. 1981. *City Limits*. Chicago: The University of Chicago Press.
Quercia, Roberto G., Michael A Stegman, and Walter R Davis. 2007. The Impacts of Predatory Loan Terms on Subprime Foreclosures: The Special Case of Prepayment Penalties and Balloon Payments. *Housing Policy Debate 18*(2): 311-346.
Ranney, David. 2003. *Global Decisions/Local Collisions*. Philadelphia, PA: Temple University Press.
Robinson, Eugene. 2010. *Disintegration: The Splintering of Black America*. New York: Random House.
Ruble, Blair, A. 2010. *Washington's U Street: A Biography*. Washington, DC/Baltimore, MD: Woodrow Wilson Center and Johns Hopkins University Presses.
Rugh, Jacob S., and Douglas S. Massey. 2010. Racial Segregation and the American Foreclosure Crisis. *American Sociological Review 75*(5): 629-651.
Sampson, Robert J, Stephen Raudenbush, and Felton Earls. 1997. Neighborhoods and Violent Crime: A Multilevel Study of Collective Efficacy. *Science 277*: 918-924.
Sampson, Robert J. 2012. *Great American City: Chicago and the Enduring Neighborhood Effect*. Chicago: The University of Chicago Press.
Sassen, Saskia. 2012. *Cities in the World Economy*. Thousand Oaks, CA: Sage Publications.
Shapiro, Thomas, Tatjana Meschede, and Sam Osoro. 2013. *The Roots of the Widening Racial Wealth Gap: Explaining the Black-White Economic Divide*. Institute on Assets & Social Policy. Waltham, MA.
Sites, William. 2003. *Remaking New York: Primitive Globalization and the Politics of Urban Community*. Minneapolis: University of Minnesota Press.
Smith, Marvin M., and Susan Wachter. 2011. "Introduction." In Susan M Wachter and Marvin M Smith (eds.), *The American Mortgage System: Crisis and Reform*, pp. 1-4. Philadelphia: University of Pennsylvania Press.
Spear, Allan H. 1967. *Black Chicago: The Making of a Negro Ghetto, 1890-1920*. Chicago: The University of Chicago Press.
Stone, Clarence. N. 1989. *Regime politics: Governing Atlanta, 1946-1988*. Lawrence, KS: University Press of Kansas.
Squires, Gregory D., and Derek S. Hyra. 2010. Foreclosures – Yesterday, Today and Tomorrow. *City & Community 9*(1): 50-60.
Squires, Gregory, D. 2008. *Do Subprime Loan Create Subprime Cities? Surging Inequality and the Rise of Predatory Lending*. Washington, DC: Economic Policy Institute.
Squires, Gregory, D. 2005. Predatory Lending: Redlining in Reverse. *Shelterforce Online*, Issue #139.
Taub, Richard P., D Garth Taylor, and Jan D Dunham. 1987. *Paths of Neighborhood Change: Race and Crime in America*. Chicago: The University of Chicago Press.
Taylor, Monique M. 2002. *Harlem: Between Heaven and Hell*. Minneapolis: University of Minnesota Press.

US Bureau of Labor Statistics. 2014. Unemployment Rate Historical Data. Washington, DC: Author.
US Census Bureau. 2014. *Homeownership Vacancy Rates for the 75 Largest Metropolitan Statistical Areas: 2005-Present*. Washington, DC: Author.
US Conference of Mayors. 2007. *US Metro Economies: The Mortgage Crisis*. Washington, DC: Author.
Vale, Lawrence, J. 2013. *Purging the Poorest: Public Housing and the Design Politics of Twice-Cleared Communities*. Chicago: The University of Chicago Press.
Venkatesh, Sudhir A. 2000. *American Project*. Chicago: University of Chicago Press.
Wial, Howard. 2012. *Metropolitan Economies in the Great Recession and After*. Paper Presented at the Allied Social Science Associations/Labor and Employment Relations Association Annual Meeting, San Diego, CA.
Williams, Paul K. 2002. *Greater U Street*. Charleston, SC: Arcadia Publishing.
Williams, Richard, Reynold Nesiba and Eileen Diaz McConnell. 2005. The Changing Face of Inequality in Home Mortgage Lending. *Social Problems 52*(2): 181-208.
Wilson, William J. 1996. *When Work Disappears: The World of the New Urban Poor*. New York: Knopf.
Wyly, Elvin, K., Mona Atia, and Daniel J. Hammel. 2004. Has Mortgage Capital Found an Inner-City Spatial Fix? *Housing Policy Debate 15*(3): 623-685.
Wyly, Elvin, Markus Moos, Daniel Hammel, and Emanuel Kabahizi. 2009. Cartographies of Race and Class: Mapping the Class-Monopoly Rents of American Subprime Mortgage Capital. *International Journal of Urban and Regional Research 33*(2): 332-354.
Yin, Robert Y. 2013. *Case Study Research: Design and Methods*. Thousand Oaks, CA: Sage Publications.

Appendix

Table 1. Population Percent Black

	1990	2000	2010	% Change 00-10
Bronzeville	95	92	84	-9%
Harlem	88	77	63	-18%
Shaw/U St.	67	52	30	-42%

Source US Census.

Table 2. Number of Home Loans by Year

	2000	2002	2004	2006	2008	2010	2012
Bronzeville	814	1,242	1,494	2,049	658	384	171
Harlem	394	515	917	733	714	641	607
Shaw/U St.	972	1,982	2,363	2,262	1,334	1,758	2,312

Source: HMDA Loan Application Register (Note: Includes all lien positions).

Table 3. Total Home Lending and High Cost (HC) Loan Amounts (in millions) by Year

	2004 Total	2004 HC	2006 Total	2006 HC	2008 Total	2008 HC	2010 Total	2010 HC	2012 Total	2012 HC
Bronzeville	275	62	403	192	167	29	89	3	45	2
Harlem	372	23	573	69	349	12	273	3	426	1
Shaw/U St.	698	26	889	129	528	11	792	5	996	8

Source: HMDA Loan Application Register.

Table 4. Percent of High Cost Loan Originations by Year

	2004	2006	2008	2010	2012
Bronzeville	23%	48%	17%	3%	4.0%
Harlem	6%	12%	3%	1%	0.3%
Shaw/U St.	4%	15%	2%	1%	1.0%

Source: HMDA Loan Application Register.

Table 5. Median Borrower Income by Year ($,000)

	2004	2006	2008	2010	2012
Bronzeville	73	86	84	79	79
Harlem	85	139	128	105	144
Shaw/U St.	103	123	120	135	144

Source: HMDA Loan Application Register.

Table 6. Home Loan Borrower Annual Income by Community and Year

	2000	2002	2004	2006	2008	2010	2012
Bronzeville							
$0-$50K	-	22%	16%	10%	11%	13%	17%
$51-$100K	-	53%	58%	53%	54%	61%	54%
$101-$200K	-	22%	23%	31%	29%	21%	26%
Over $200K	-	3%	3%	6%	6%	5%	3%
Harlem							
$0-$50K	30%	13%	16%	6%	9%	6%	5%
$51-$100K	39%	37%	45%	29%	29%	43%	25%
$101-$200K	27%	39%	28%	33%	35%	32%	40%
Over $200K	4%	11%	11%	32%	27%	20%	31%
Shaw/U St.							
$0-$50K	-	-	10%	5%	5%	2%	2%
$51-$100K	-	-	39%	29%	33%	25%	23%
$101-$200K	-	-	40%	47%	40%	49%	49%
Over $200K	-	-	12%	19%	22%	24%	26%

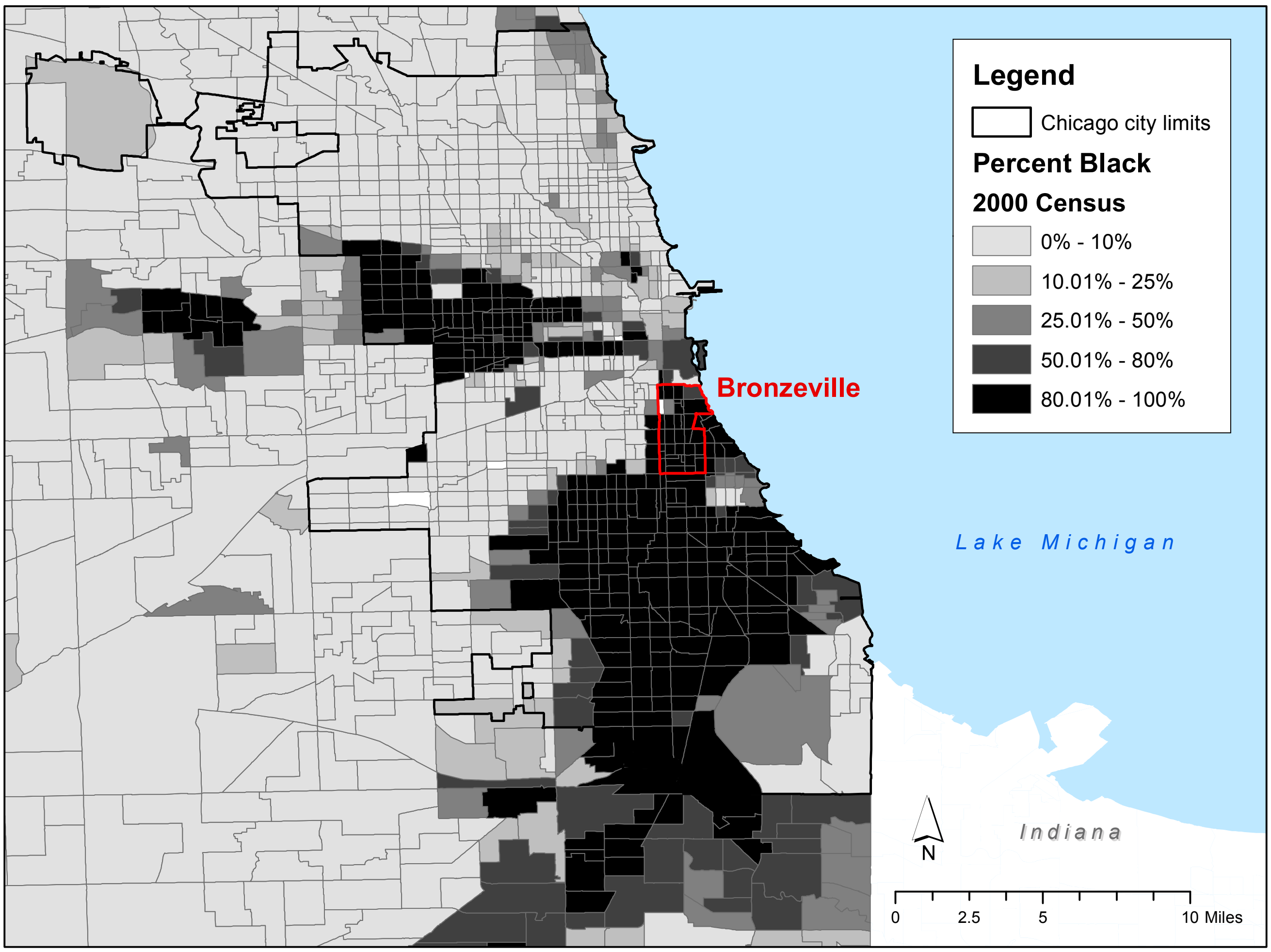
Source: HMDA Loan Application Register (excludes missing income).

Table 7. Total Population

	1990	2000	2010	% Change 00-10
Bronzeville	66,549	54,476	40,167	-26%
Harlem	99,519	107,109	115,723	+8%
Shaw/U St.	29,567	29,741	34,750	+17%

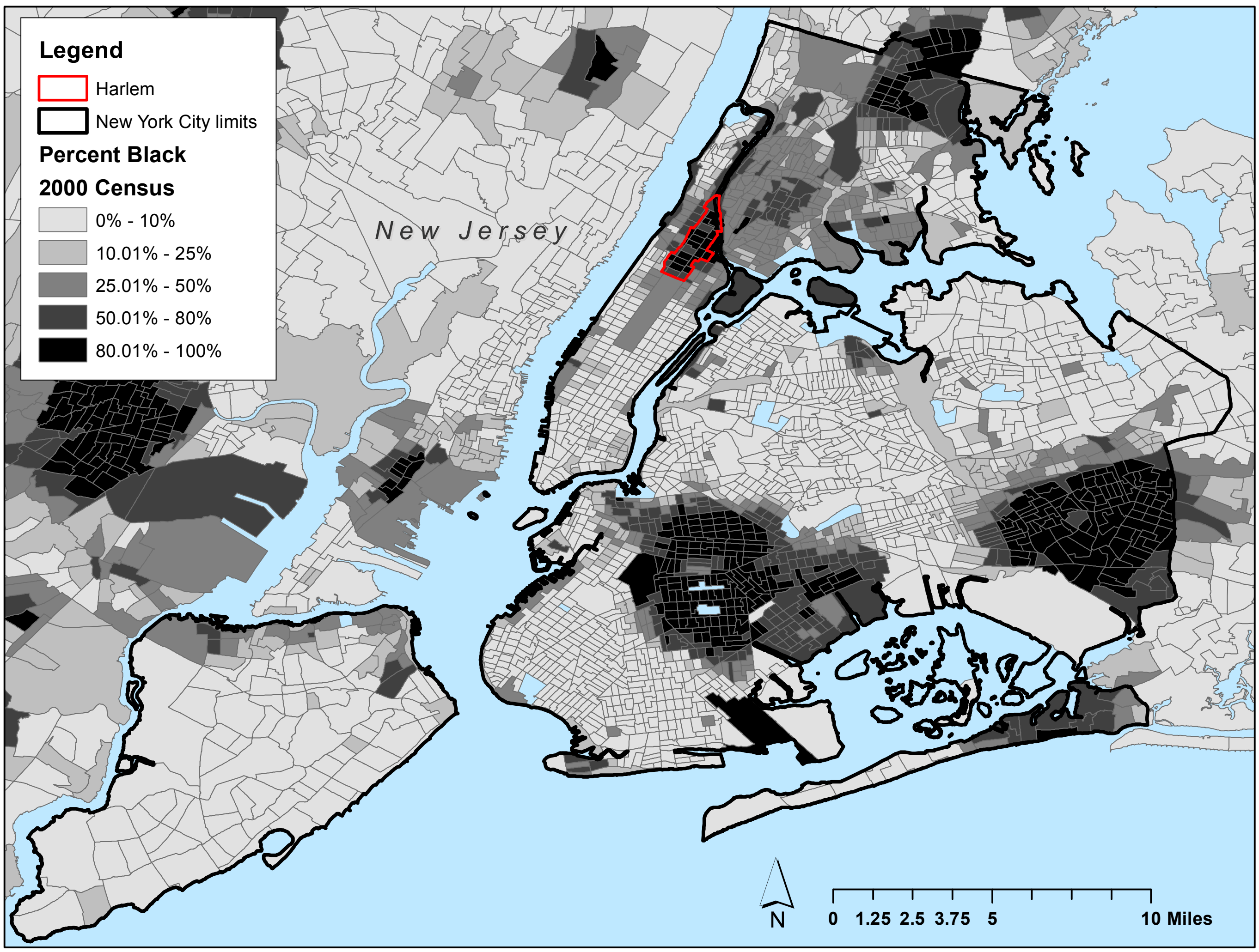
Source: US Census.

Map Exhibit 1.1: Chicago Area and Bronzeville Percent Black Population by Census Tract



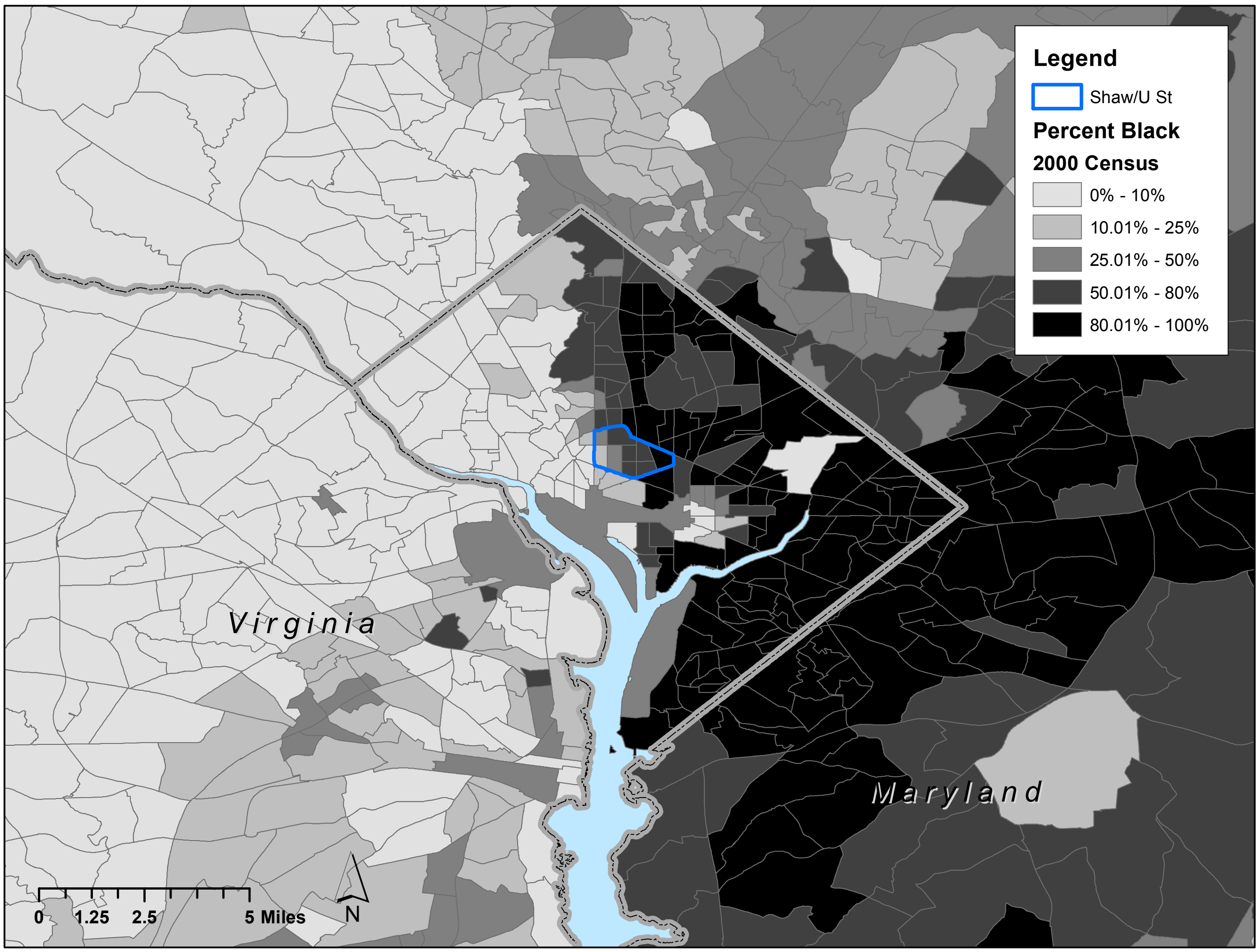
Data sources: Authors' calculations based on 2000 U.S. Census data.

Map Exhibit 2.1: New York City Area and Harlem Percent Black Population by Census Tract



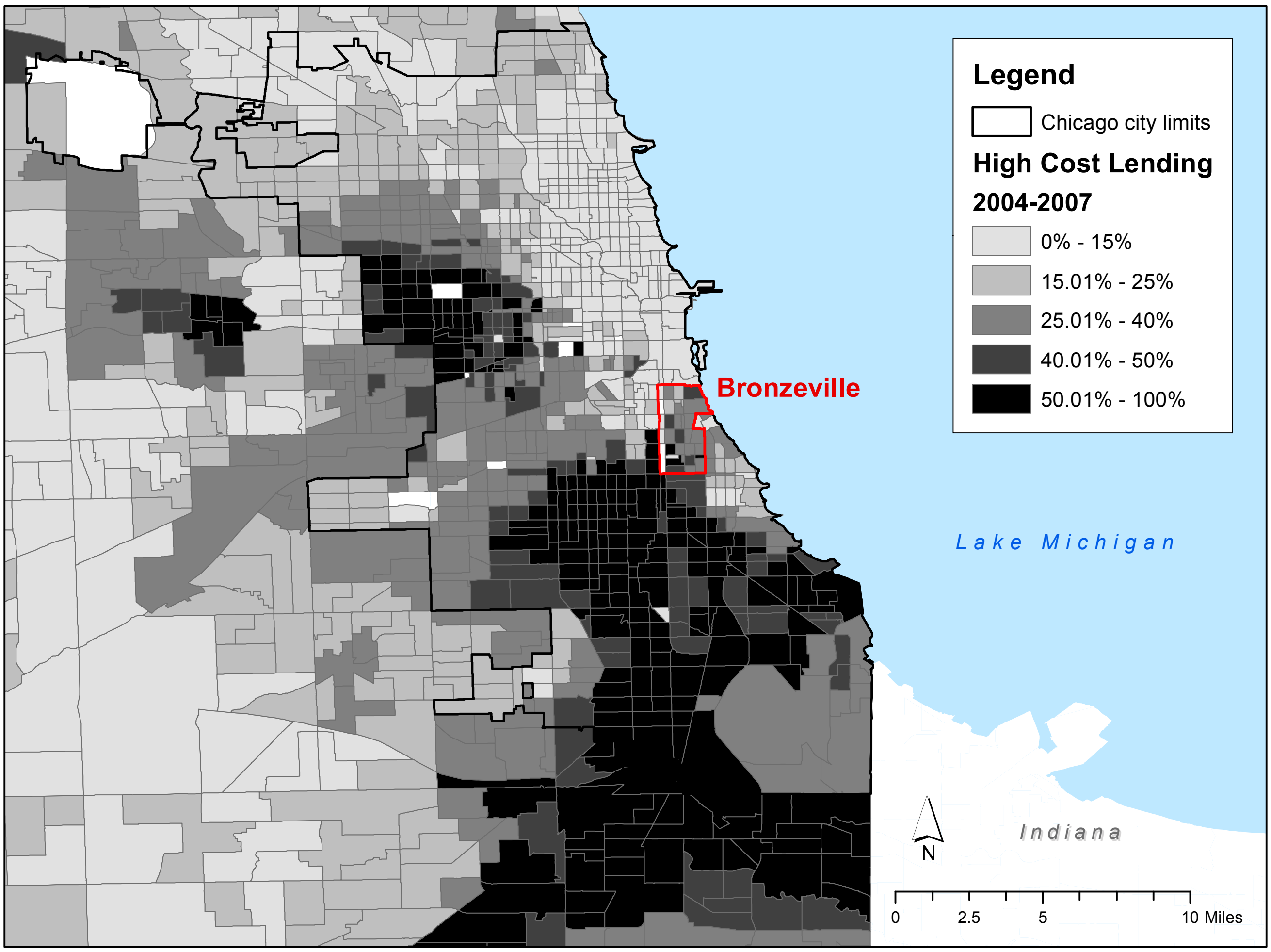
Data sources: Authors' calculations based on 2000 U.S. Census data.

Map Exhibit 3.1: Washington, DC Area and Shaw/U St. Percent Black Population by Census Tract



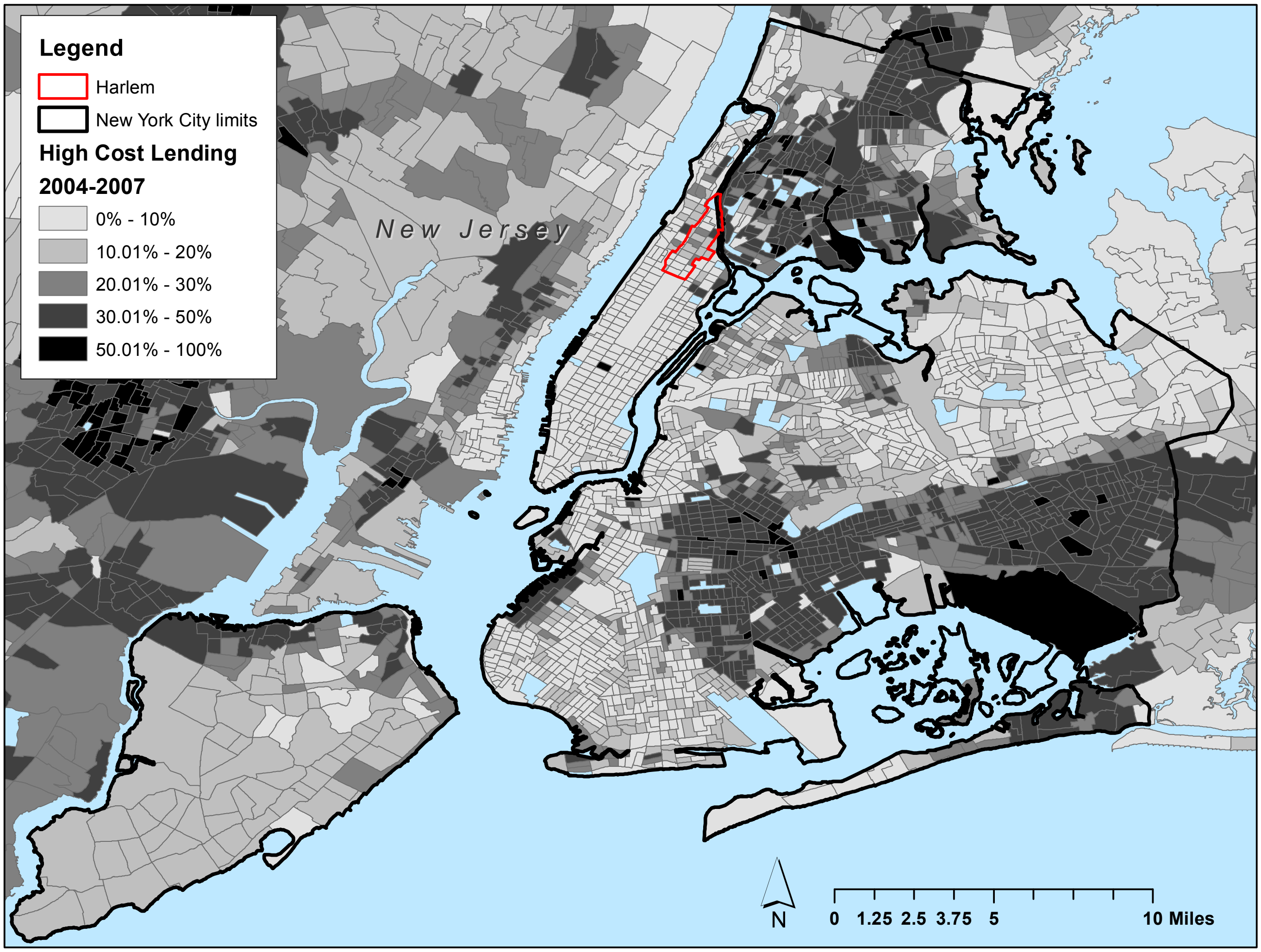
Data sources: Authors' calculations based on 2000 U.S. Census data.

Map Exhibit 1.2: Chicago Area and Bronzeville High Cost Lending Rates by Census Tract



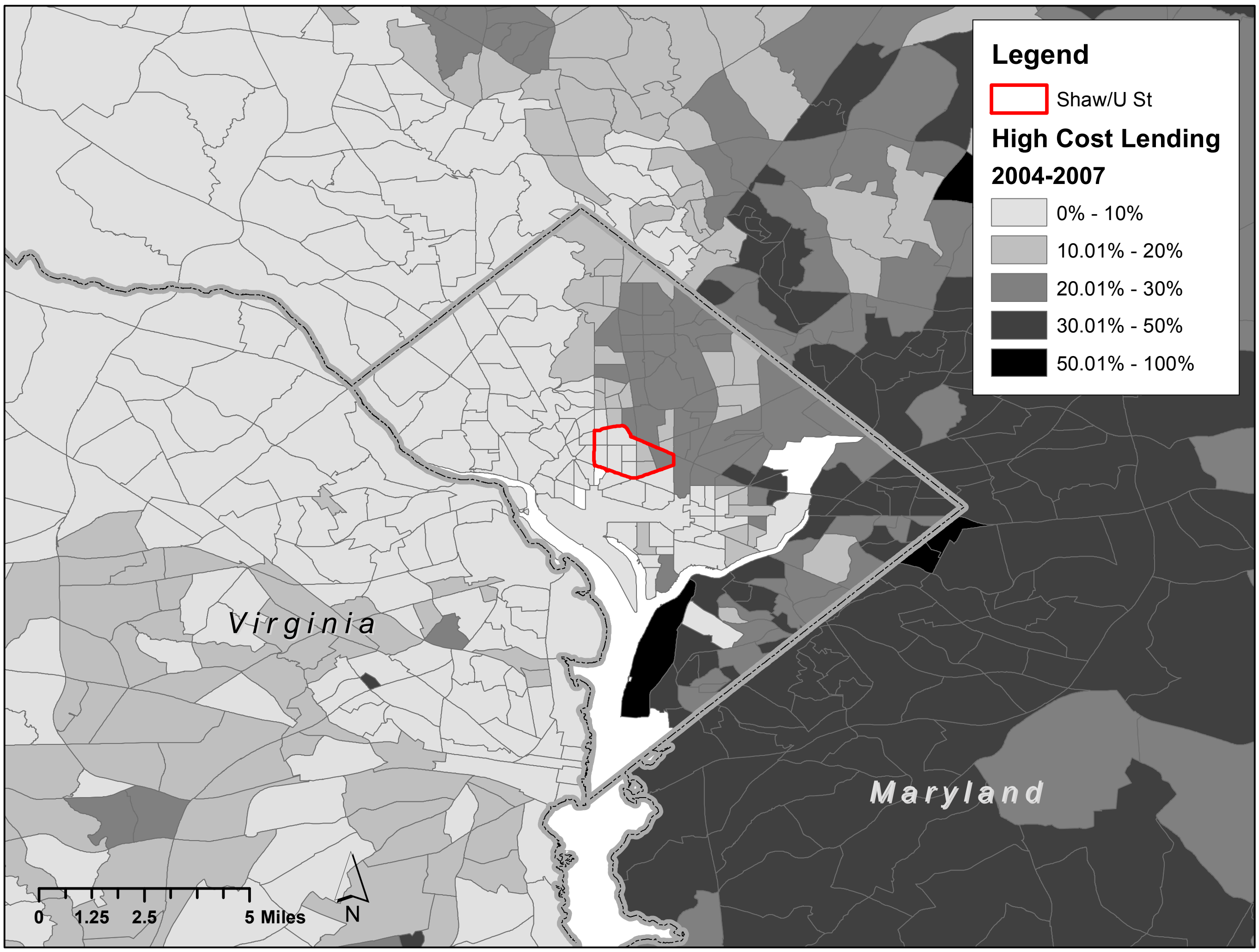
Data sources: Authors' calculations based on HUD Neighborhood Stabilization Program Round 3 data.

Map Exhibit 2.2: New York City Area and Harlem High Cost Lending Rates by Census Tract



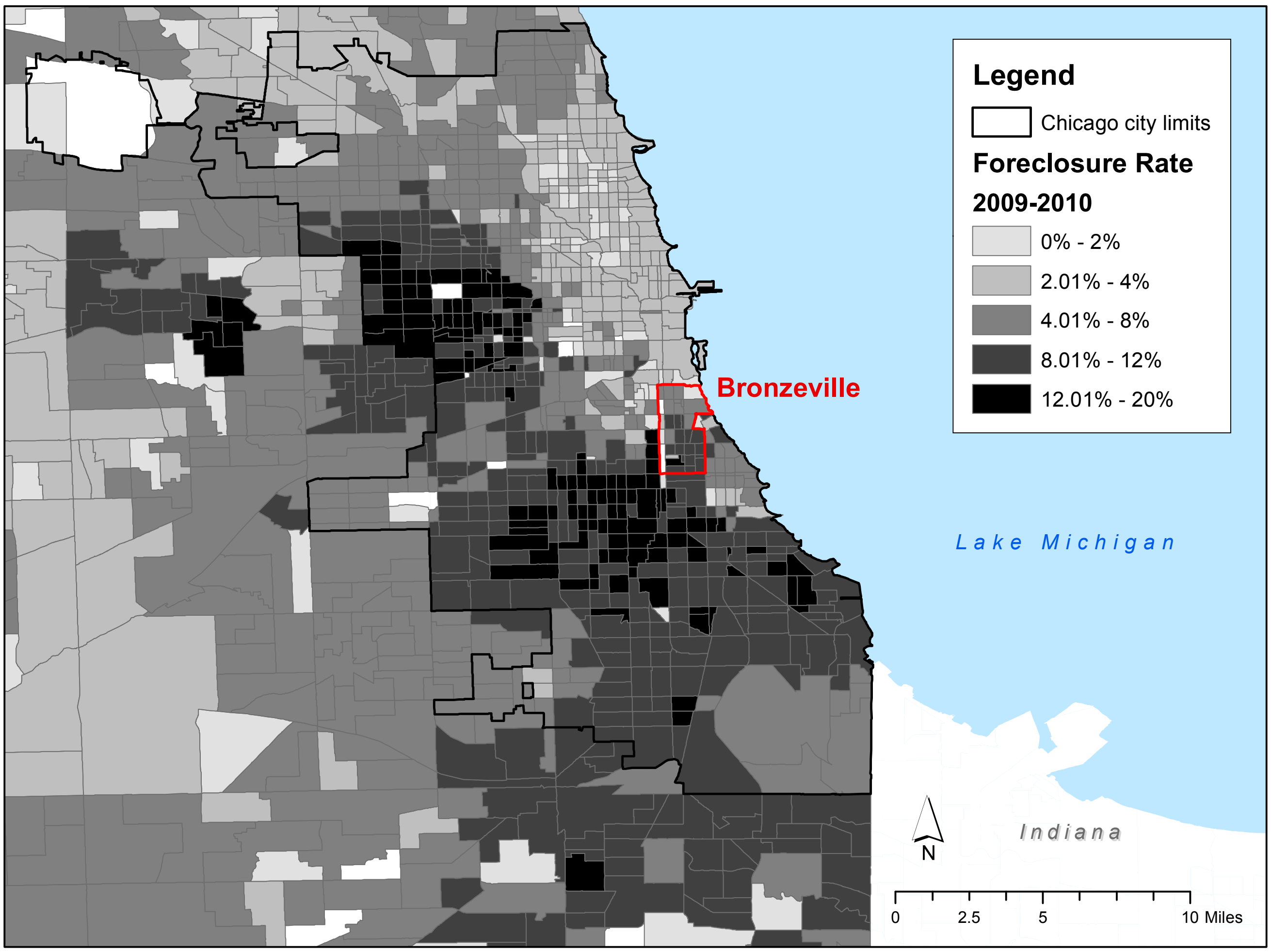
Data sources: Authors' calculations based on HUD Neighborhood Stabilization Program Round 3 data.

Map Exhibit 3.2: Washington, DC Area and Shaw/U St. High Cost Lending Rates by Census Tract



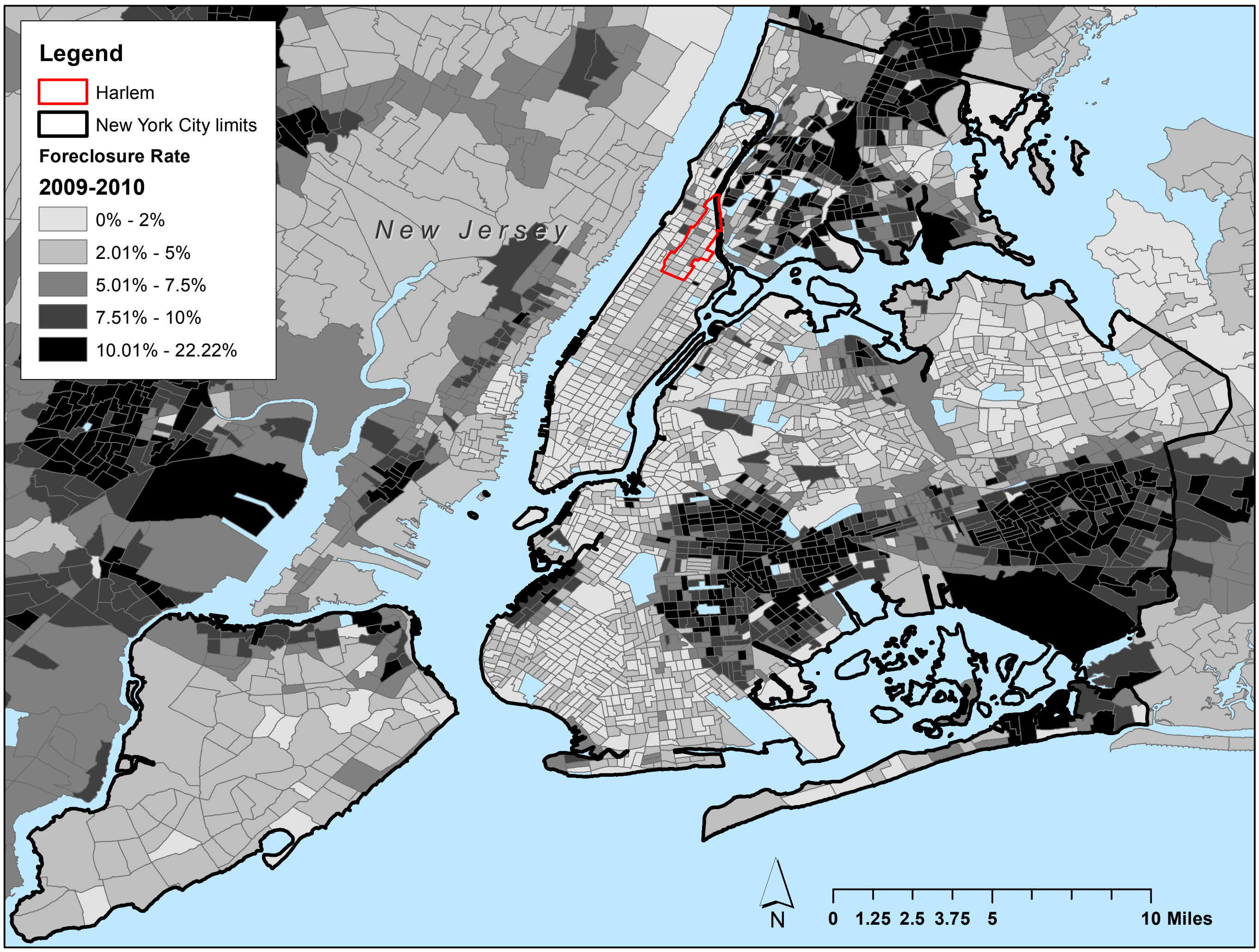
Data sources: Authors' calculations based on HUD Neighborhood Stabilization Program Round 3 data.

Map Exhibit 1.3: Chicago Area and Bronzeville Foreclosure Start Rates by Census Tract



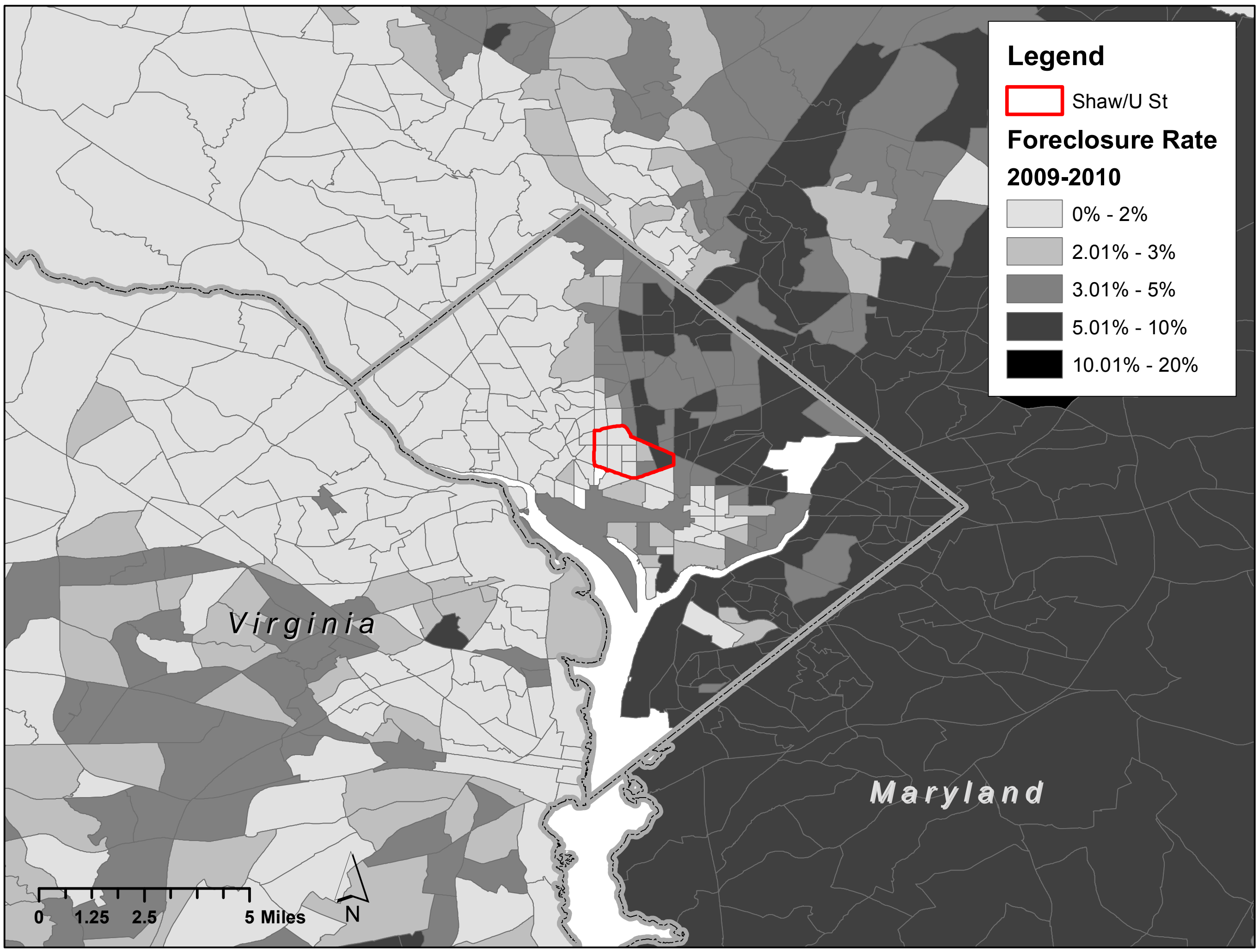
Data sources: Authors' calculations based on HUD Neighborhood Stabilization Program Round 3 data.

Map Exhibit 2.3: New York City Area and Harlem Foreclosure Start Rates by Census Tract



Data sources: Authors' calculations based on HUD Neighborhood Stabilization Program Round 3 data.

Map Exhibit 3.3: Washington, DC Area and Shaw/U St. Foreclosure Start Rates by Census Tract



Data sources: Authors' calculations based on HUD Neighborhood Stabilization Program Round 3 data.