



Disrupting market-based predatory development: Race, class, and the *underdevelopment* of Black neighborhoods in the U.S.

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Disrupting market-based predatory development: Race, class, and the *underdevelopment* of Black neighborhoods in the U.S.

The life chances of Blacks are tied to their experiences in central city neighborhoods (Sampson et al., 2002). To understand why African Americans have made minimal economic progress since the civil rights era, we need to understand what has happened to them in cities (Sharkey, 2013). In the United States, researchers and policymakers view Black underdeveloped neighborhoods as normalized, *natural* parts of the urban landscape (Burgess, 1928; Gotham, 2015). Most African Americans live in such urban places, and I theorize that they cannot make *significant* socioeconomic progress, as a group, without the transformation of these underdeveloped sociospatial units into great places to live (Sharkey, 2013). The reason is that a mountain of neighborhood effects research demonstrate that neighborhood-based social determinants produce undesirable health, life chance, and socioeconomic outcomes among Blacks (Sampson, 2012).

These underdeveloped sociospatial settings, however, are more than places where people live. They are *crucial sites* where race-based inequities are generated, maintained, reinforced, and reproduced (Sutton & Kemp, 2011). Therefore, the key to understanding the sustainability of Black oppression, inequity, and exploitation is to know how such structural inequity, *segregonomics*, and exploitation is organized and rooted in underdeveloped neighborhood space (Powell, 2008). African Americans are trapped in these residential spaces. Nevertheless, the robust neighborhood change research suggests that these racially segregated locales cannot be redeveloped without triggering *either* exploitation or the displacement of low-income residents (Hyra, 2017; Taylor, 2019). Even in places such as Harlem in New York City (Freeman, 2006) and Bronzeville in Chicago (Hyra, 2008), when the gentrification process does not displace higher income Blacks, low-income African Americans are expelled because of the interweaving of race and class in the market-based residential development process (Emerson & Smiley, 2018). Thus, most Blacks, because of low incomes, will remain trapped in segregated underdeveloped neighborhoods (Sharkey, 2013).

The underlying assumption undergirding the residential segregation paradigm is the seeming impossibility of radically transforming Black sociospatial units. This theory caused residential mobility to become the default goal of urban planning and policymakers. The credo is: since policymakers cannot fix the ghetto, we should get Blacks out of it. And this “get Black people out of the ghetto” perspective spawned the perpetual resurrection of the ghost of the Chicago school (Park et al., 1925). Those sociologists viewed the sorting and sifting of the urban population by income and race as a “natural” part of the city-building process. Ernest K. Burgess (1928) argued that all groups, after a short time, acquire the economic resources necessary to move out of the ghetto into more expensive residential areas. Although Burgess acknowledged that Whites would resist Black movement into their neighborhoods, he nevertheless suggested that they would eventually follow the same pattern as White immigrants, and leave dilapidated neighborhood spaces as their incomes improved.

The dogged problem is the valorization of White space is made possible by the devaluation of Black space (Taylor, 2019). White spatial exclusivity is the source of its high property values and wealth-producing capacity. Thus, the transformation of exclusive White space into cross-class multi-racial space will cause it to lose value if we intermingle different socioeconomic classes and races in White residential space (Massey & Denton, 1993; Perry et al., 2018). Furthermore, if, in these “integrated” residential spaces, there is also an intermingling of housing by cost and type, the entire real estate system of determining property values will crumble (Jäger, 2003). Segrenomics is thus the secret ingredient in the land valuation playbook and the vital force behind White resistance to residential integration (Rooks, 2018). So, despite the outlawing of discrimination and passage of the Fair Housing and the Housing and Urban Development acts of 1968, most Blacks remain segregated in underdeveloped residential areas (Gotham, 2015; Massey & Denton, 1993; Taylor, 2019).

Patrick Sharkey (2013) explored this persistent segregation thesis through a “contextual mobility” lens, where individuals and families climb a neighborhood ladder and move out of disadvantaged places into advantaged ones (Sharkey, 2013). Based on a longitudinal study of Blacks in Chicago over about 4 decades, beginning in 1968, Sharkey concluded that African Americans are *stuck in place*. Roughly three quarters of all Black children who grew up in the 1970s and 1980s in underdeveloped neighborhoods are still poor and living in the same sort of locales. The historian Gilbert Osofsky (1968) put the Sharkey “stuck in place” theory in a historical context when he said, “the essential structure and nature of the Negro ghetto have remained remarkably durable since the demise of slavery in the North. There has been an unending and tragic sameness about Negro life in the metropolis over the two centuries.” In the United States, across the dimensions of time and space, Blacks have been living in the same sort of marginalized, underdeveloped places (Trounstine, 2018).

Site of predatory investment: The underdeveloped neighborhood

Scholars usually describe these underdeveloped Black neighborhoods as sites of disinvestment and concentrated poverty (Wilson, 1987). However, following Lewis Mumford (1961), Beryl Satter (2009), Matthew Desmond (2016), Matthew Desmond and Nathan Wilmers (2019), and Keanga-Yamahtta Taylor (2019), I theorize that Black neighborhoods are sites of spatial exploitation where predatory development, segrenomics, and exploitation dominates. Desmond and Wilmers (2019) define exploitation as a pattern of an ongoing interaction between a “powerful” and “less powerful” population group, which is structured by a set of social relations that bind the two together in a mutual, but structurally unequal, relationship in which the “powerful” perpetually extracts surplus value from the “less powerful.” In the case of geographic-based social relations, the ownership of land, housing, and control over neighborhood governance, residential development, as well as policing dichotomizes the population and structures the social relationship that occur between the “powerful” and “less powerful,” or more precisely between the “exploiter” and the “exploited” (Desmond & Wilmers, 2019).

Using this relational framework, Desmond and Wilmers focus on the exploitation of Blacks in the rental housing market. According to Desmond and Wilmers (2019), the landlords in these residential areas generate hyper-profits from their rental units. For instance, most Blacks living in these neighborhoods pay at least 50% of their income on housing, and this “severe” rent burden contributes significantly to their economic

marginality and residential insecurity. The researchers uncovered staggeringly high profit margins made by the landlords who own properties in these residential areas. In these underdeveloped residential areas, the landlord's normalizing of chronic "evictions," "rent burdens," and deferred maintenance paints the landscape of underdeveloped neighborhoods with dilapidation and forsakenness (Mumford, 1961, Satter, 2009; Desmond & Wilmers, 2019).

Keeanga-Yamahatta Taylor (2019) argues that a similar set of dynamics took place on the homebuying front. She posits that the tethering of citizenship, status, and wealth with property ownership created conditions for the real estate and mortgage finance industries to extract surplus value from the Black community. After World War II, predatory exclusion walled off Blacks from conventional mortgage loans, and housing contract buying became the prime method of exploiting those seeking homeownership (Orenstein et al., 2019). In this scheme, buyers placed a sizable down payment on houses sold at inflated prices and made monthly installments at high interest rates. However, the buyer never gained ownership until paying the contract in full and meeting all conditions. Meanwhile, the contract seller held the deed and could evict the buyer if they missed a single payment and then put the foreclosed house back on the market.

Contract buyers accumulated no equity, and no laws or regulations protected them. The continuous buying and selling of the same house without improving it thus contributed to turning Black spaces into disfigured landscapes of dilapidation and abandonment (Orenstein et al., 2019). Taylor (2019) argues that the 1968 Housing and Urban Development Act created an even more sophisticated and effective method of turning Black spaces into sites where profits for banks and real estate brokers were never-ending. Concurrently, this exploitative process left Black homebuyers with shattered credit and scarred neighborhoods. The HUD-FHA housing plan for low-income groups embraced a public-private partnership strategy that made Blacks the primary target of high-risk mortgage investments based on predatory inclusion (Taylor, 2019). This scheme involved granting Black homebuyers' access to conventional real estate practices but on more expensive and comparatively unequal terms.

The resultant FHA-insured home mortgages, including a clause that enabled lenders to foreclose on properties without having to restore them to good condition, turned the "ghetto" into a golden goose of profitability. In this scenario, risk morphed into a desirable trait. The credo for the unscrupulous was "the riskier, "the better." Lenders predicted that homebuyers would not keep up their payments and slip into foreclosure. Then, the lenders would parley the foreclosures into enhanced profits by putting the home back on the market—without repairs—and repeating the same process over and over again. The HUD-FHA public-private partnership thus spawned a perfect storm that intermingled racism, fraud, corruption, and greed to extract surplus value from the Black community (Taylor, 2019). These examples by Desmond and Wilmers and Taylor of the exploitation of renters and homebuyers are just two of many illustrations of spatially based Black exploitation (Caplovitz, 1967; Rooks, 2018). This thesis poses the question, "Are these geographic sites of exploitation, natural areas of the city, coincidental by-products, or the intentional consequence of the capitalist city-building process?" (Burgess, 1928; Mumford, 1961).

These underdeveloped Black sites, I argue, are the structural outcome of the capitalist city-building process. The historian Roy Lubove (1967) theorized that city-building is an intentional decision-making process that informs and drives the building and renewal of

cities and their suburban regions. The political economy and belief system of public-private leaders combine to determine the purpose of the capitalist city-building process (Blokland, 2008; Gordon, 2008). The U.S. city-building process uses an urban market system that commodifies land and that deliberately constructs underdeveloped neighborhood spaces to house Blacks and extract surplus value from their sociospatial units (Logan & Moloch, 1987). In this scenario, Black space functions as a placeholder community and site of exploitation. Blacks are allowed to occupy these placeholder sites until developers can put them to more profitable uses, at which time Blacks are displaced and forced to move to another placeholder site.

Disrupting market-based predatory development

Black people have always favored residential integration, not because of an affinity for Whites, but because of the high levels of residential development found in White spaces (Taylor, 2019). This predicament, however, is a Tantalus dilemma because, in the market economy, the underdevelopment of Black space is a necessary pre-condition for the development of White space (Mumford, 1961). So, residential integration is an unreachable goal in the U.S. market economy (Massey & Denton, 1993). The reason is that Whites will continually oppose residential integration because segregation (White spatial exclusivity) is what drives the American land valuation system. Thus, the possessive investment of Whites in spatial exclusivity is what causes Blacks to remain *stuck in place*. The problem is that these segregated Black spaces are also the site of predatory development, segrenomics, and exploitation. Thus, Black advancement necessitates disrupting and disassembling the predatory system of exploitation, as well as the White spatial exclusivity upon which it is built (Emerson & Smiley, 2018; Galster, 2018; Rothstein, 2017; Trounstone, 2018).

To accomplish this goal, Blacks must intentionally pursue a non-market-based approach of equitable development that operates within a social-democratic framework that seeks to disrupt market dynamics (Backhaus, 1997; Betancur & Smith, 2016; Sutton & Kemp, 2011; Trounstone, 2018). The strategy features a people-centered neighborhood regeneration plan designed to pursue collective ownership, build community wealth, and acquire political power, while simultaneously imbuing Black space with a culture that supports and reinforces the collective approach to everyday life and culture (DeFilippis et al., 2018; Taylor et al., 2018). The plan requires building worker-owned businesses, along with other social enterprises that use “profits” to reinvest in community development. The goal is to pursue participatory democracy, communal ownership, and shared equity. The community land trust is the most vital tool in this quest for communal ownership, and it should be pursued with other forms of collective ownership, including cooperatives, limited equity cooperatives, deed-restricted houses, and condominiums, along with a cultural framework that supports a collective way of life (Smethurst, 2005).

Lastly, any durable urban policy must address the challenge of dismantling the exclusiveness of White space, as well as the equitable regeneration of Black space. The capitalist city-building paradigm uses devalued Black space as the source of White spatial valorization. The dismantling of this model is vital to the building of a racially just metropolis. This strategy requires reimagining and rebuilding the land-rent structure of White suburban space. I am not talking about “simple” mobility strategies, such as the Gautreaux programs, which leave intact the existing land-rent structure, but the disassembling of all structural

impediments, including zoning and building regulations that keep low-income groups out of exclusive White space (Galster, 2002; Jäger, 2003).

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