Drilling Down in Baltimore's Neighborhoods: Changes in racial/ethnic composition and income from 2000 to 2017

by Alan Mallach

INTRODUCTION

Neighborhood change is a critical issue for Baltimore, a city that is seeing strong revival in some areas and continuing decline in others, a city that is both racially and economically polarized. What happens in Baltimore's neighborhoods, whether they are gentrifying or declining, continuing to struggle or growing in strength, not only matters deeply in terms of the quality of life and prospects of Baltimore's residents, but also in many respects defines what kind of a city Baltimore is, and what kind of city its residents and leaders want it to be.

This report offers an overview of what has been happening in Baltimore's neighborhoods since 2000—to what extent they have moved upward economically, moved downward, or stayed largely the same, and what that means in terms of population change, economic condition, and housing markets. I tried to get a sense of how many and which neighborhoods were gentrifying with significant increases in incomes and housing sales prices, and how many were declining with falling incomes and sinking house prices, and how those trends affect population change, particularly in the city's black population.

I broke out Baltimore's neighborhoods along two lines—income and race. Then I divided them into five income ranges: low (0-59% citywide median), moderate (60-99%), middle (100-149%), upper-middle (150-199%), and upper income (200% citywide median or more); and three ranges by race: predominately black (70% or more black), mixed (30-70% black), and predominately white (less than 30% black). Putting this in context, Baltimore's population today is 63.5% black, having become a majority-black city in the 1970s, with small but growing Asian and Latinx populations. Slightly under 30% of the population is non-Latinx white.

The largest single factor driving change in Baltimore is that *Baltimore is losing its working- and middle-class families*. That plays out very differently across the city's racial divide. While Baltimore is losing both white and black families, it is gaining a young, high-earning white population but not black population through in-migration of families and individuals from outside the city. As a result, the white population is becoming more affluent, and the black population poorer. This reverberates through the housing market. Where white millennials are moving, housing demand is strong and prices are rising. Where working- and middle-class black families are

leaving, housing demand is weak, prices are low, and abandonment is widespread. They are not the same neighborhoods.

This report is not about pointing fingers. The picture painted here in large part is a product of powerful and long-term changes in our nation's demographic and economic reality, and reflects historical patterns of discrimination, segregation, redlining, and white flight. The ability of the city's current community leaders and advocates to rapidly undo the city's underlying social, economic, and physical challenges is severely limited. There are many things that can be done, however, to redress inequity, and the strategic framework recently adopted by the city's Department of Housing and Community Development is a serious, thoughtful effort to begin grappling with many of these challenges.[1]

Some of the findings presented in this report may be surprising, and some may be upsetting. That said, it is important to lay out the facts as dispassionately as possible, so that they can help further the discussion among people who care about the city and its neighborhoods to bring about change for the better to Baltimore's neighborhoods. The thrust of this report, however, is not to recommend what those changes should be, but to lay out, as best I can, the picture of neighborhood change in a dynamic, beautiful, but deeply challenged city.

KEY TAKEAWAYS

Demographic change

- Since 2000, Baltimore has lost 15,000 homeowners, and the city's homeownership rate has dropped below 50%, the lowest since 1930. While many black homebuyers are moving to the upper northeastern part of the city, which is seeing strong black population growth, more are moving out of the city entirely.

- Baltimore's immigrant population has grown, and after decades of steady decline, Baltimore's white population has stabilized, but the city is continuing to lose black households.

- The only economic segment of the city's black population that is growing is the low-income population, while the only segment of Baltimore's white population that is growing is the upper-income population, reflecting starkly different in- and out-migration patterns.

- White income growth since 2000 has been more than double the rate of black income growth.

Neighborhood change

- The city's middle-income neighborhoods are disappearing. Today, Baltimore has far more lower-income and upper-income neighborhoods, but fewer middle-income neighborhoods, than in 2000.

- Since 2000, black neighborhoods have been much more likely to decline economically, and white neighborhoods have been more likely to rise.

- The greatest loss of black population in Baltimore is coming from predominately black low- and moderate-income neighborhoods (median income below citywide median, or below $47,000 in 2017). Since 2000, these neighborhoods have lost over 45,000 people, or roughly 20% of their total population.

- These same black moderate-income neighborhoods account for half of the city's loss of homeowners and have seen the average house lose 30% of its value (in constant dollars) since 2000.

"The largest single factor driving change in Baltimore is that Baltimore is losing its working-and middle-class families. That plays out very differently across the city's racial divide."

Gentrification

- Roughly 14% of the city's census tracts can be considered to be gentrifying. They are all closely linked either to downtown, the Inner Harbor, or to Johns Hopkins University's Homewood campus. Many of these neighborhoods, like Bolton Hill, Fells Point, Canton, and Federal Hill, had already begun to see rising incomes and sales prices prior to 2000.

- Over half of the gentrifying tracts were middle income in 2000—only one gentrifying tract (Greenmount West) was a low-income neighborhood in 2000.

- Out of 182 "potentially gentrifiable" tracts (neither upper-middle nor upper income in 2000), almost half of the predominately white tracts, but only 4 out of 110 of the largely black tracts, actually gentrified by 2017. Two-thirds of the 27 gentrifying tracts were predominately white in 2000, with most of the remainder racially mixed in 2000.

- While the black population in gentrifying areas dropped by roughly 4,000, the number of black households dropped by less than 700, suggesting that many larger black families were replaced by black couples and single individuals, or through population change, such as death or children growing up and moving out of the home, within the existing black families.

- For every loss of a black household in a gentrifying area, there was a net loss of more than five low-income white households, whether as a result of households moving elsewhere, mortality, or other reasons.

NEIGHBORHOOD TRENDS

Citywide Trends

Baltimore lost 30,000 people between 2000 and 2010, but its population has largely stabilized since then. Specifically, since 2000, the city has lost roughly 30,000 black residents and 30,000 white residents, while gaining nearly 20,000 Latinx and 5,000 Asian residents. Since 2010, however, the city's black population has continued to decline while its white population has stabilized, largely as a result of in-migration.
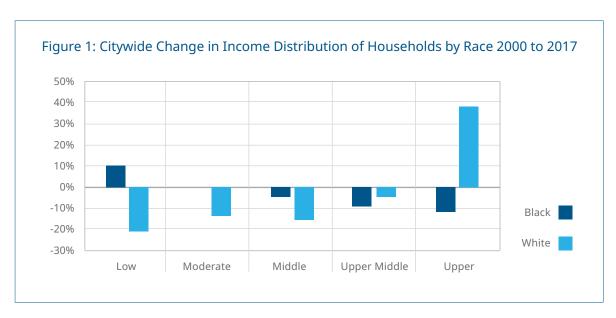
Baltimore has seen solid economic growth since 2000. Since 2010, the city has added nearly 20,000 jobs. Household incomes in Baltimore have grown at a rate nearly 50% greater than the national rate over that period; as a result, Baltimore's median household income has risen from 72% to 81% of the national median. Income growth, however, has been concentrated among white households, whose incomes have grown at more than double the rate of black households. As a result, the city's income distribution has become more polarized. In 2000, the median black household income was 71% of the median non-Latinx white household income; by 2017, it had dropped to 49% of the median non-Latinx white household income.
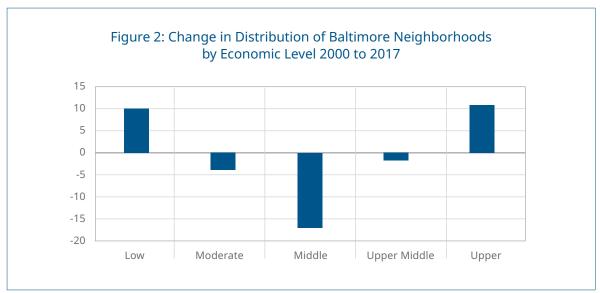
Relative to their share of the existing population, white in-migration to Baltimore is significantly greater than black in-migration, and disproportionately made up of well-educated and high-earning young people who are clustering in a small number of areas in the city.

The *only* economic segment of the city's black population that is growing is the low-income population, while the *only* segment of Baltimore's white population that is growing is the upper income population. While some of this may reflect income shifts within the existing population, it is likely to be mainly the result of the different patterns of in- and out-migration taking place (Figure 1).

Since 2000, the distribution of the city's neighborhoods has shifted. As is true across the nation, the number of neighborhoods in the middle has declined, while the number of those at either end has risen. The share of low-income neighborhoods has grown from 11% to 13% of all neighborhoods, while the share of upper-income areas has grown even faster, from 3% in 2000 to 9%, or 1 out of 11, today (Figure 2).

Figure 1: Citywide Change in Income Distribution of Households by Race 2000 to 2017

Figure 2: Change in Distribution of Baltimore Neighborhoods by Economic Level 2000 to 2017

When we look at how neighborhoods have shifted by both economic level and race, however, we see a startling contrast. Since 2000, predominately black neighborhoods have tended to move downward economically (Figure 3). In 2000, there were 31 predominately black middle census tracts in Baltimore, or not quite 1 out of every 6 tracts. By 2017, there were only 16, or roughly half as many. These neighborhoods did not gentrify, and many are in decline.

While the number of predominately white middle census tracts also went down, the ones that changed mostly moved upward.

Indeed, *the great majority of Baltimore's gentrifying neighborhoods come from the ranks of largely white formerly moderate- and middle-income neighborhoods.*

Population change

Baltimore's black population loss is coming mainly from those areas that were predominately black low- and moderate-income neighborhoods in 2000. Since 2000, these neighborhoods have lost over 45,000 people, or roughly 20% of their total population.
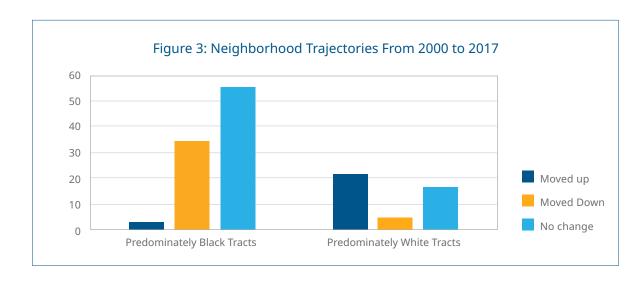

Figure 3: Neighborhood Trajectories From 2000 to 2017

Table 1: Number of Neighborhoods by Race and Income Category 2000 to 2017

	Predominately Black (>70% Black)		Mixed (30 To 70% Black)		Predominately White (<30% Black)	
	2000	2017	2000	2017	2000	2017
Low Income	20	26	2	6	0	0
Moderate Income	59	62	18	13	11	9
Middle Income	31	16	12	26	29	13
Upper-Middle Income	2	0	5	2	5	8
Upper Income	0	0	0	0	6	17
Total	**112**	**104**	**37**	**47**	**51**	**47**

Table 2: Income Ranges by Neighborhood Type for 2000, 2010, and 2017

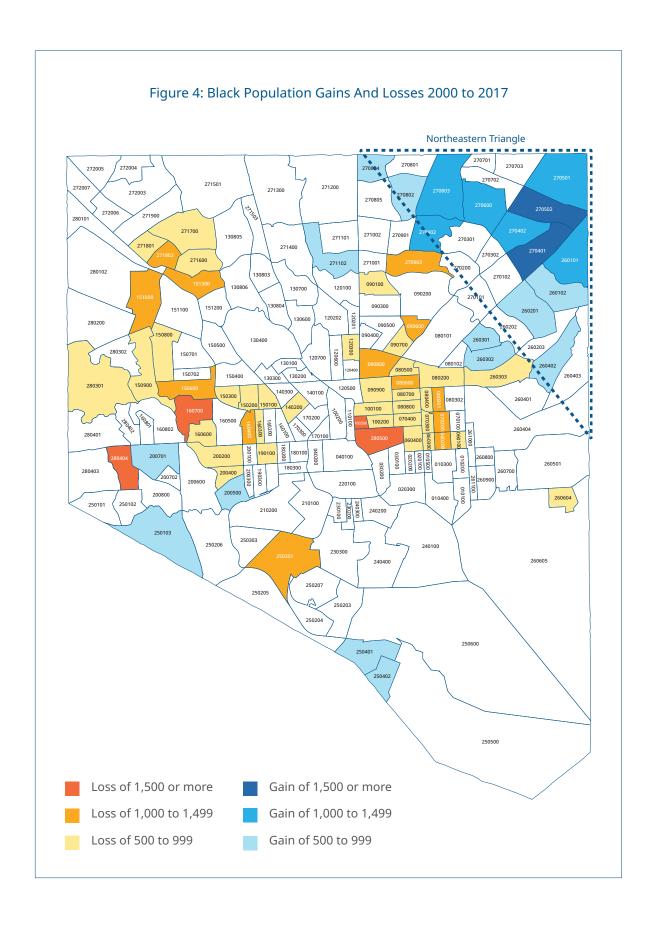| Neighborhood Type	Range	2000	2010	2017
Low Income	0-59%	$0-$18,046	$0-23,631	$0-27,984
Moderate Income	60-99%	$18,047-30,078	$23,632-39,386	$27,985-46,641
Middle Income	100-149%	$30,079-45,117	$39,387-59,079	$46,642-69,961
Upper-Middle Income	150-199%	$45,118-60,156	$59,082-78,772	$69,962-93,282
Upper Income	200%+	$60,157+	$78,773+	$93,283+
Citywide Median		$30,078	$39,386	$46,641

Black populations have grown in neighborhoods that were predominately white in 2000, increasing in those areas by nearly 10,000 by 2017. The greatest black population growth has taken place in an area in Northeast Baltimore called the Northeast Triangle, to which many working-class and middle-class black families are moving (Figure 4). This area includes such neighborhoods as Loch Raven, Overlea, Glenham-Belford, Cedmont, and Frankford. Far more black families, however, are leaving the city entirely. The net loss in black population since 2000 has been roughly 30,000, although if one factors in natural increase (births over deaths) during that period, total black out-migration is likely to have exceeded 50,000 people.
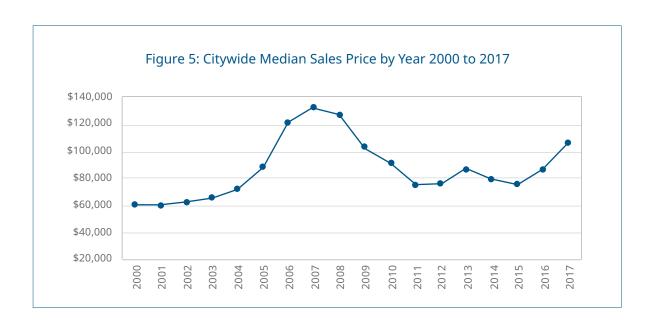
Real estate market

Sales prices in Baltimore, after collapsing during the foreclosure crisis and the Great Recession, have been slowly recovering. But in much of the city, they are still far below either national levels or their 2007 peak (Figure 5). Since 2000, rents have increased faster than sales prices, and are now slightly above the national median, with the percentage of

Baltimore renters who are cost-burdened (spending over 30% of their income for rent) rising from 43% to 53%. The most rapid rent increases and growth in cost-burdened households took place from 2000 to 2010, and both have been largely stable since then. *Despite rising rents and affordable sales prices, Baltimore is losing homeowners.* Since 2000, the city has lost 15,000 homeowners, and the city's homeownership rate has fallen below 50% for the first time since 1930.

House-price variation from one part of the city to another was far from extreme in 2000. There were relatively few tracts where the market wasn't working at all, and very few upscale tracts where prices were particularly high. Houses in over 80% of the city's census tracts sold for prices between 50% and 150% of the citywide median. By 2017, that had changed dramatically. The number of census tracts in the middle of the price range had dropped by nearly half: *More and more tracts were at the bottom and the top of the home price range, and fewer and fewer were in the middle.* Some tracts had appreciated dramatically, and others had seen the bottom fall out of their market—few stayed the same.

Figure 4: Black Population Gains And Losses 2000 to 2017

Figure 5: Citywide Median Sales Price by Year 2000 to 2017

Price trends are strongly driven by the racial composition of the neighborhood. Three out of five largely white census tracts saw house prices increase by more than 50% in constant dollars, compared to two out of five racially mixed, and only one out of 10 largely black tracts. Conversely, house prices declined by 20% or more in nearly half of all predominately black tracts, compared to less than one out of 12 predominately white tracts. *The median house in predominately black moderate-income neighborhoods lost nearly one-third of its value in constant dollars between 2000 and 2017*.

This reflects weak demand. In the city's predominately black low- and moderate-income neighborhoods—which are the great majority of black neighborhoods—the number of sales is far below what is needed to replace normal turnover. One out of three buyers in those areas is an investor, and many houses find no buyer and are abandoned. Homeownership in these areas has fallen by nearly 25% since 2000. By contrast, demand—from black as well as white buyers—in predominately white neighborhoods is strong, supporting large amounts of new market-rate construction, particularly around the Inner Harbor.

These trends have two powerful implications for the future of Baltimore's predominately black neighborhoods. First, they represent a massive loss of wealth for the city's black homeowners, for whom home equity typically represents the greater part of their overall household wealth. Second, because stability and potential appreciation in house value are important considerations in the homebuying decision, they discourage homebuyers, including black homebuyers, from buying homes in these neighborhoods. There is strong evidence that—with a handful of exceptions—this is currently taking place.

Key Neighborhood Clusters

In the preceding section, I looked at the trends in each of the different categories that make up Baltimore's neighborhoods, segmented by household income and race. In the course of that analysis, three different neighborhood clusters stand out as representing the most significant trends in neighborhood change in Baltimore since 2000:

- **Predominately black moderate-income neighborhoods.** These neighborhoods, located mainly in East and West Baltimore, make up 30% of the city's census tracts. They account for the greatest part of the city's black population loss, as well as the most severe declines in property values and homeownership rates in the city.

- **The Northeast Triangle.** These neighborhoods, which make up 11% of the city's census tracts, were predominately white in 2000. They are undergoing significant change with an influx of black homebuyers and an exodus of white households.

- **Gentrifying neighborhoods.** These neighborhoods, which I estimate make up 27 census tracts or 14% of the city's census tracts, are clustered around the Inner Harbor, Johns Hopkins University, and downtown. They constitute the highly publicized manifestation of neighborhood change in Baltimore today. Only four of these tracts were predominately black in 2000.

These are not the only neighborhood clusters in Baltimore, although collectively they add up to well over half of the city's neighborhoods. Each represents, however, a different and distinct challenge facing the city—the challenge of decline, the challenge of maintaining stability, and the challenge of managing growth.

Predominately black moderate-income neighborhoods

This cluster is the largest single neighborhood cluster in Baltimore, making up nearly one-third of the city's census tracts, and roughly half of all predominately African American tracts. Forty-two (71%) of these tracts remained moderate income in 2017, 14 (24%) moved downward into the low-income category, and only three moved upward.

Nearly all remained predominately black. Key challenges facing these neighborhoods are:

- These neighborhoods account for roughly three-quarters of the total loss in black households in Baltimore.

- These neighborhoods account for half of the total citywide loss in homeowners.

- The typical home in these neighborhoods has lost 30% of its value since 2000 in constant (inflation-adjusted) dollars.

The great majority of these neighborhoods, many of which were relatively stable in 2000, are in crisis. Populations and household incomes are in sharp decline, while the housing market is on the edge of market failure. While the median house value in these neighborhoods in 2000 was over 80% of the citywide median, it is now below 50%. The volume of purchasers is far too low to absorb the supply, and the share of investor buyers is well above the citywide average. Addressing the future of these neighborhoods is one of the most difficult challenges faced by the city of Baltimore.

The Northeast Triangle

The Northeast Triangle is the principal focus of black homebuying, and the area of the greatest black population growth, in Baltimore. This area is more racially integrated than most of the rest of Baltimore and represents a major—perhaps the major—reservoir of stable middle-class housing in the city. Its continued future stability is an important public policy concern.

While overall the Triangle appears relatively stable, when we look at individual neighborhoods, however, we find significant differences between those parts of the Triangle whose populations are racially mixed, and those that are predominately black—

Reimagining and Reinvesting in Station North: Braiding Together Revitalization and Affordable Housing

By Dan Pontious, Housing Policy Coordinator, Baltimore Metropolitan Council

One area that warrants a closer look is Charles North/Greenmount West, or "Station North" (census tract 1205), bordered by North, Greenmount, and Preston Avenues and the Jones Falls Expressway. It has transformed from a neighborhood with declining population, high vacancy and high poverty to one that is attracting new residents of all races and incomes, with newly renovated market-rate homes, as well as preservation and new construction of income-restricted housing.

This census tract and much of the surrounding area was redlined by the federal Home Owners Loan Corporation in 1937. After decades of decline, the area had lost significant population, counting only 1,668 residents in 2000. With 90% of the population African American and 52.5% individuals in poverty, it met the U.S. Department of Housing and Urban Development (HUD) definition as a Racially and Ethnically Concentrated Area of Poverty (R/ECAP).

Even so, by 2000, the tract had attracted some significant investments. Former manufacturing buildings had been converted into housing for artists, the Everyman Theatre opened in 1994 and the five-screen Charles Theatre opened in 1999. Recognizing the number of arts venues and working artists in loft buildings and given its proximity to the Maryland Institute College of Art and the Penn Station Amtrak and commuter rail hub, the state designated the area as the Station North Arts and Entertainment District in 2002, offering income tax credits to artists and property tax credits to arts establishments.

The Philadelphia-based Reinvestment Fund and the faith- and community-based Baltimoreans United in Leadership Development (BUILD) founded ReBUILD Metro in the 2000s to implement inclusive housing development in East Baltimore. They worked closely with the city Department of Housing and Community Development (DHCD) to understand the real estate market and the potential to build from the strength of surrounding communities, developing housing in targeted neighborhoods, including 23 houses as affordable rentals within this tract. In 2008, AHC Greater Baltimore renovated 139 units of housing affordable to low income residents in Greenmount West and neighboring Barclay.

By 2010, these investments in the arts and affordability had begun to yield uneven results. Like census tracts to the east, the Greenmount West portion of Station North remained plagued by housing vacancy, which still stood at 27% in 2010. Also like those other tracts, Station North lost African American population (278) and residents below the poverty line (352) during the decade. Unlike those tracts, though, Station North did gain residents overall, including 502 white, 114 multi-racial, and 74 Asian residents. The poverty rate plunged from 52.5% in 2000 to 25.1% in 2010, still greater than the overall city rate but no longer meeting the definition of racially concentrated poverty.

In the midst of this uneven momentum, DHCD launched its Vacants to Value program in 2010, giving it newly coordinated tools to tackle the persistent vacancy and continued disinvestment in Greenmount West, encouraging private investment while also preserving affordability. DHCD worked with the New Greenmount West Community Association and numerous nonprofits, putting vacant city-owned properties back onto the market in service of the community's stated goals, including increased homeownership.
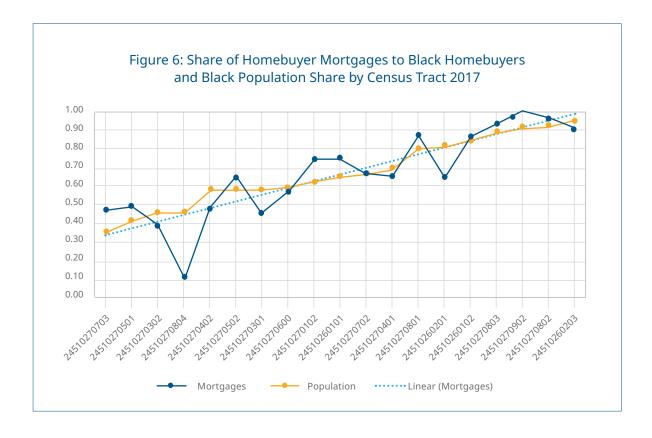
Greenmount West Population by Race/Ethnicity

	2000	2008-2012	2013-2017	% of 2013-2017 Population
Total	1668	2095	2340	100%
Non-Hispanic black	1504	1226	1337	57%
Non-Hispanic white	104	606	731	31%
Asian	12	86	80	3%
American Indian	2	0	0	0%
Hispanic	38	41	107	5%
Other	1	15	21	1%
2 or more races	7	121	64	3%

The city also used code enforcement to address privately-owned vacant, disinvested properties. Many owners responded, either by rehabilitating or selling their properties. For those who did not respond, the city put its receivership ordinance in motion and the nonprofit receiver auctioned the property to a new owner that would take action. That tool helped move 74 privately-owned vacant properties onto the market. In 2013, the city opened the Baltimore Design School, a new public school that prepares 6th-12th graders for careers in design. The city pursued the building through receivership, and Seawall Development renovated the 115,000 square foot former manufacturing building.

While the housing market strengthened, DHCD also worked to expand housing affordability. In 2010 City Arts 1 opened as affordable rental housing for artists and people with disabilities after the city awarded a key vacant site to a trio of development partners, including ReBUILD Metro, Jubilee Baltimore, and Homes for America. In 2016, the trio built a second apartment building, bringing the total number of new income-restricted units to 129.

The results of all this investment and focus have been remarkable. Reducing the housing vacancy in Greenmount West attracted new private investment in renovating rowhouses, which further reduced vacancy -- down below 4% by 2019. Between the 2008-2012 and 2013-2017 American Community Survey periods, the Station North tract experienced a net gain of 125 white residents, 111 African American and 66 Hispanic residents, for a 12% population increase. The tract has gained residents with incomes both above and below the poverty level, ticking the tract's poverty rate up slightly to 27.5 percent.

The story of Greenmount West may hold useful insights for the effect public intervention strategies can have on historically redlined Baltimore City neighborhoods impacted by concentrated poverty and high housing vacancy. A neighborhood once struggling with these challenges and losing population has become a community that is now drawing new residents of all races and a wide range of incomes.

Figure 6: Share of Homebuyer Mortgages to Black Homebuyers
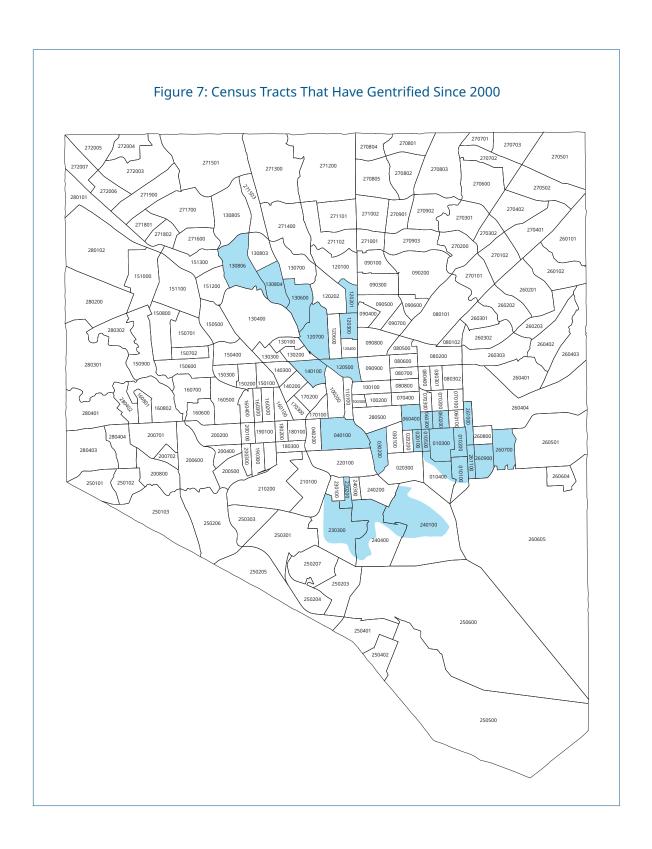and Black Population Share by Census Tract 2017

differences that raise potentially troubling issues for the future. The seven predominately black census tracts are doing markedly less well on key indicators than the 12 racially mixed tracts, including income growth, sales volumes, and house price appreciation.

All three indicators relate closely to a fourth, which is the share of homebuyer mortgages going to black homebuyers (Figure 6). As the graph shows, as the black population of an area grows, the share of white homebuyers declines in direct proportion to the growth in the black population.

This pattern is distressing but not surprising. The effect of racial perceptions and prejudices on homebuying choices is well known and has been treated by both scholarly and popular writers. It says nothing about the characteristics of the homebuyers, their desire to sink roots in the neighborhood, or any

other attribute that may be associated with homeownership. It says a great deal, however, about the quantity of homebuyers—that is, the size of the homebuyer pool likely to consider buying in any given neighborhood. Because few white homebuyers buy in predominately black neighborhoods, and the black homebuyer pool is substantially smaller than the pool of potential white homebuyers, largely black neighborhoods are at an inherent disadvantage. With less demand for the neighborhoods' homes, the prices of those homes are inevitably less than those of similar homes in racially mixed or largely white neighborhoods, making it more difficult for these largely black neighborhoods to recover from shocks like the foreclosure crisis and the Great Recession.

Thus, over and above the ethical and social issues that argue for supporting integration, the city of Baltimore has a strong utilitarian

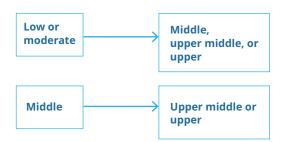Figure 7: Census Tracts That Have Gentrified Since 2000

"Since 2000, over 60% of Baltimore's census tracts have lost black population, for a total loss of 64,396 black residents, partly offset by smaller gains in other parts of the city, most notably the Northeast Triangle."

case to support efforts to sustain and, if possible, grow strong integrated communities in the Northeast Triangle, ensuring that those neighborhoods remain attractive to middle-class homebuyers of all racial and ethnic backgrounds.

Gentrifying neighborhoods

While the term gentrification is used in many different ways, I am interested in it here as a process of measurable neighborhood change. To that end, I define gentrification in a way that reflects the change triggered by affluent in-migration both in the neighborhood's demographic and housing market characteristics—that is, significant increases in both incomes and sales prices. For the first, I look at neighborhoods that changed category in the following ways from 2000 to 2017:

| Low or moderate | → | Middle, upper middle, or upper |
| Middle | → | Upper middle or upper |

For the second, I look at neighborhoods where the median sales price rose by 50% more than the citywide rate, or by 115% overall, between 2000 and 2017. Twenty-seven census tracts, or roughly 14% of the city's tracts, met both criteria, all clustered around downtown, the Inner Harbor, and Johns Hopkins University (Figure 7).

Gentrification in Baltimore is dominated by a single demographic group—young, largely white millennials with college degrees. While they are not the only people moving into the city's gentrifying tracts, they are the principal driving force of change. Gentrifying tracts have seen their share of college graduates more than triple, while 36% of their residents are aged 25 to 34—double the percentage in the rest of the city.

A number of salient points emerge:

- There are no major surprises. These neighborhoods are the ones most often highlighted by the local media, and they are all incremental extensions from already strong areas, as in the case of Harbor East, or from major nodes of activity, such as downtown or the Johns Hopkins Homewood campus.

- Over half of the gentrifying tracts were middle-income tracts in 2000—not wealthy, but not low-income either. Only one gentrifying tract—Greenmount West—was a low-income neighborhood in 2000.

- 18, or two-thirds, of the 27 gentrifying tracts were predominately white in 2000, five were mixed, and four were predominately black.

- While census tracts and neighborhoods do not fit precisely, the four largely black tracts that are gentrifying roughly match Greenmount West along with parts of Butcher's Hill, Washington Hill, Charles Village, and Harwood.

"When it comes to neighborhood trajectories in Baltimore, race trumps income… As a matter of equity and social policy, this is undesirable and unacceptable; in order to address it constructively, however, we must acknowledge its reality."

Two heavily, although not majority, Latinx tracts in and around Highlandtown are also gentrifying.

- Out of 182 "potentially gentrifiable" tracts (neither upper-middle nor upper income in 2000), almost half of the predominately white tracts, but less than 4% of the largely black tracts, actually gentrified by 2017.

The number of black residents has dropped from its historic peak in most, although not all, of the gentrifying tracts, but that decline makes up a very small part of total black population loss in Baltimore. Since 2000, over 60% of Baltimore's census tracts have lost black population, for a total loss of 64,396 black residents, partly offset by smaller gains in other parts of the city, most notably the Northeast Triangle. The 15 gentrifying tracts that lost black population lost a total of 5,657 black residents, less than 9% of the citywide total, offset in part by gains of roughly 1,500 black residents in the 12 gentrifying tracts that gained black population.

If we look at the change in the number of black households in these tracts, however, a somewhat different picture emerges. Although the total black population dropped by slightly more than 4,000 from 2000 to 2017, the number of black households dropped by less than 700, reflecting a drop in the size of the average black household in these areas from 2.7 to 2.3 people. In other words, *much of the change was one of larger black families moving out and being replaced in large part by smaller black families and single individuals, or population change, such as death or children growing up and moving out of the home, among the existing black families.*

Over the same years, however, these areas were losing lower-income white residents at a much faster pace. The number of lower-income white households in gentrifying tracts dropped by over half, or nearly 3,800—more than five times the loss of black households. In other words, while there was some loss of black households in gentrifying tracts, the loss of lower-income white households was far greater. Some market shifts are colorblind.

CLOSING COMMENTS

When it comes to neighborhood trajectories in Baltimore, race trumps income. If one picked two Baltimore neighborhoods in 2000 that were similar in social and economic characteristics, but one was largely white and the other largely black, that one piece of information would be enough to predict with a high level of probability where each would stand relative to the other in 2017. As a matter of equity and social policy, this is undesirable and unacceptable; in order to address it constructively, however, we must acknowledge its reality.

Another conclusion is the scale of the loss of black households from out-migration. Although Baltimore had a net loss of some 30,000 black residents from 2000 to 2017, that is the tip of a much larger iceberg. When one looks at the roughly 60% of neighborhoods that lost black population,

one finds that these neighborhoods lost over 60,000 black residents; when one adds that the excess of births over deaths in the city's black population was over 20,000 during that period, the sheer magnitude of the population shift becomes apparent. As black families have moved within the city or left the city entirely, large numbers of traditionally black neighborhoods have lost population and become poorer as their middle-class residents have left. These neighborhoods are seeing the changes that often follow sustained population loss: dropping house values, declining homeownership rates, and rising abandonment.

These shifts are most pronounced in predominately black moderate-income neighborhoods (median household income is between 60% and 100% of the citywide median). Many black neighborhoods in the middle-income range (between 100% and 150% of the citywide median) are also struggling, but by and large they are not seeing the extent of decline visible in the moderate-income neighborhoods. Many are showing signs of decline, however, and strategies to arrest their decline are likely to be needed to help them maintain or regain stability.

At the same time, the city's white population is shifting in the opposite direction. Baltimore is still losing white working-class and middle-class families, but it is gaining affluent ones, mostly millennials with college degrees and highly marketable skills. White in-migration into Baltimore is significantly greater than black in-migration, while in recent years the number of white homebuyers in the city has been roughly double the number of black homebuyers. The great majority of white homebuyers, however, are buying in only two areas: areas that were already stable upper-middle or upper-income areas in 2000 and areas that have significantly gentrified since then. These areas make up less than one-quarter of the city's neighborhoods. As a result, a relatively small number

of neighborhoods are seeing increased investment and homebuying activity, and a much larger number are either treading water or declining.

This picture points to three distinct neighborhood challenges. Foremost, in our opinion, is the challenge of reversing the decline of the city's struggling largely black moderate- and middle-income neighborhoods. This is both a physical and an economic problem. It poses a classic conundrum: Without greater income and wealth-building opportunities for their residents, it is unlikely that these areas can truly be stabilized. At the same time, if their residents get new skills and better jobs or open successful businesses and then leave their neighborhoods, those former residents benefit, but the neighborhoods they leave behind, and for the most part the city of Baltimore, do not.

This calls for a determined effort to improve the quality of life in these neighborhoods—a term that encompasses physical environment, public safety, quality education, and more. This means not only making them better places for everyone whatever their income and education, but also turning them into places where people who have the means to choose among neighborhoods, and can afford to move either to other parts of the city or its suburbs, will choose to stay or move into them. The strategic framework recently released by the city's Department of Housing and Community Development is an important step in this direction.

This underscores the central role that the loss of working- and middle-class families plays in fostering neighborhood decline in Baltimore. If that loss is to be stemmed and in time reversed, all public, private, and nonprofit stakeholders must ask a two-part question: *Why are these families leaving, and what can be done to change the conditions that are prompting them to leave?*

"To stem the loss of working- and middle-class families, all public, private, and nonprofit stakeholders must ask: Why are these families leaving, and what can be done to change the conditions that are prompting them to leave?"

The second challenge is to ensure the long-term stability of the areas where black homebuyers have been moving in recent years. The largest cluster of these areas is in the Northeast Triangle, but there are other neighborhoods, such as Ashburton and Howard Park, that are also drawing black homebuyers. These neighborhoods are important to the city of Baltimore. Not only are they attractive neighborhoods, in most cases with detached single-family homes very different from the iconic Baltimore rowhouse, but also to the extent that black middle-class families are staying in the city, these neighborhoods are where they are moving. They represent a reservoir of stable property values, tax revenues, and engaged citizens. Maintaining their vitality, by making sure that they continue to offer a high level of amenity value, including not just good schools and public safety, but attractive, well-maintained public open space, strong commercial hubs or corridors, and strong neighborhood institutions, should be an ongoing effort. No one should assume that they will "take care of themselves."

Finally, present and future gentrification is both an opportunity and a challenge for Baltimore. From many perspectives, the market-based transformation of the neighborhoods around the Inner Harbor, downtown, and the Johns Hopkins campus is a plus for the city. Despite progress in recent years, Baltimore remains a very poor city. Its

household incomes and property values are far lower than in the surrounding region, and it lacks the resources to address its daunting issues. Moreover, gentrification, while real, is affecting a small part of the city, far smaller than the area impacted by demographic and economic decline. For Baltimore's fiscal and economic survival, it needs to attract and hold a middle- and upper-income population; grow jobs; and draw investment in homes, multifamily housing, and commercial properties.

Moreover, it is important to remember a basic principle: neighborhoods change. With the possible exception of perhaps the highest income and the most distressed and disinvested areas, neighborhoods are in a constant process of change. They change economically, they change culturally, and their racial or ethnic mix changes.

Baltimore is arguably fortunate in at least one respect, in that the modest scale and gradual pace of gentrification in Baltimore compared to cities like Washington D.C. or Seattle mean that households that are priced out of one area may still find housing in other parts of the city, often nearby. That may be poor consolation for a family that has deep roots in or desires to live in one neighborhood, but it does make an economic difference. Moreover, it is important to recognize the difference between displacement and replacement. The process of population change in gentrifying

neighborhoods may not involve any overt action to push people out, but it reflects a process of market-driven population turnover.

Cities cannot freeze neighborhoods or tenants in place, nor is it likely to be a sound strategy even if it were possible. At the same time, the city should encourage production of affordable housing in areas undergoing gentrification, to create a pool of units that are not driven by the market pressures on those areas; the city should also encourage increased use of housing vouchers in those areas by working with both tenants and landlords. At present, few of the city's gentrifying neighborhoods have more than a small inventory of subsidized units.

In closing, I recognize the magnitude of the city's task in addressing its neighborhood challenges. Although the city and its partners have accomplished a great deal in recent years, far more needs to be done. I hope that this analysis, which I believe is the first detailed, factually grounded analysis of the city's neighborhood conditions and trends, will be a valuable resource in that effort.

About the Author

Alan Mallach, senior fellow at the Center for Community Progress, has been affiliated with the Brookings Institution and the Federal Reserve Bank of Philadelphia, and served as director of housing and economic development for Trenton, New Jersey from 1990 to 1999. He is the author of many works on housing and planning, and his most recent book is *The Divided City: Poverty and Prosperity in Urban America*, which appeared in 2018. He is currently working with Todd Swanstrom on a book about neighborhood change in the United States, which should appear in 2021.

Endnotes

1   Baltimore City Department of Housing and Community Development, A New Era of Neighborhood Investment: A Framework for Community Development, November 2018.

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Drilling Down in Baltimore's Neighborhoods: Changes in racial/ethnic composition and income from 2000 to 2017

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The Abell Foundation is dedicated to the enhancement of the quality of life in Maryland, with a particular focus on Baltimore. The Foundation places a strong emphasis on opening the doors of opportunity to the disenfranchised, believing that no community can thrive if those who live on the margins of it are not included.

Inherent in the working philosophy of the Abell Foundation is the strong belief that a community faced with complicated, seemingly intractable challenges is well-served by thought-provoking, research-based information. To that end, the Foundation publishes background studies of selected issues on the public agenda for the benefit of government officials; leaders in business, industry and academia; and the general public.

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