

Housing affordability crisis in Raleigh creates hyper gentrification - Triangle Business Journal

[Caleb Harshberger](#) Mar 31, 2022, 5:20pm EDT

Wake's hyper gentrification

In some sections of Raleigh, Black residents are losing their fight to call the city home

Some historically Black neighborhoods in Raleigh are undergoing a rapid change.

Mehmet Demirci

For the last decade, Austin Perry has seen his Raleigh neighborhood disappear.

Perry, 58, moved to the house at 308 Bledsoe Ave. when he was 11 and lives there today — something that can't be said for many of his former neighbors as the forces of gentrification and housing affordability have pushed many out.

"The transition has been so different. All my neighbors who used to stay here are gone. It's like everyone (keeps) to themselves here. There's no communication – you might wave to each other," he said. "But in the years I grew up here, we'd always go over there – 'How are

you doing, Miss Maggie?'

"I knew everyone in these houses all my life since I was 11 years old. And all of them are gone."

Over the last decade, neighborhoods such as Perry's in southeast Raleigh have transformed as [soaring home prices](#) and [rents](#) have seen low-income residents increasingly struggle to find a place to stay, with many moving out of their longtime communities to find housing they can afford.

Meanwhile, [investors, house flippers and homebuyers eager to be near the city's urban core have flooded into the community](#) looking to find deals while the transition is still underway.

"Half the neighborhood is gone! It's gone. We have been over here for years – all my life – and I don't see any people left," Perry said.

"People say to apply for the houses with low income, but they can't afford it. My sister can't move over here. My cousin, my friend. This lady over there (a neighbor) has been here almost 45 years and she can't get approved for a house over here."

These trends are [taking place across the Triangle](#), but nowhere is it more apparent than in the historic Black neighborhoods in Raleigh as the city increasingly becomes a place of haves and have-nots.



Austin Perry moved to this house in Raleigh when he was 11.

Mehmet Demirci

Places such as Southpark in southeast Raleigh, where Black residents formed tight-knit communities for decades, are in the direct path of gentrification and displacement amid rising housing costs.

Today, those making their way through these neighborhoods will see single-story bungalows next to run-down, boarded-up homes as well as new contemporary homes, with brightly colored doors and the latest contemporary architecture.

For Perry, this has meant the loss of much of his community on his street.

Rising home prices and rents have seen longtime families and residents priced out of homes in the historic Black communities as the explosive growth from the city [spills into places previously unthought-of by investors and upper-class homebuyers](#).

And the pandemic has sent all these issues into overdrive.

For years, home prices in the Triangle have soared amid low mortgage rates and a steady stream of transplants pouring into the area, often

with high salaries.

Home prices skyrocketed in the pandemic as mortgage rates tanked in 2020 and work-from-home trends brought a wave of interest from homebuyers both in and out of town. All the while, the [supply of homes is nowhere near keeping up with demand](#).











As of January, home prices flew up 22 percent year-over-year Triangle-wide, with average listings lasting just 20 days on the market, according to a report by real estate analyst [Stacey Anfindsen](#). He found the market has less than one month of inventory. Six months is considered healthy.

And for those left out of the housing market, they're missing a major source of income that property owners are currently tapping into. And it's getting farther out of reach.

"The current environment benefits those at the upper end of the demographic buying population," Anfindsen said. "For those at the bottom, the combination of rising mortgage rates and house-price

metrics produce strong headwinds for entrance into one of the greatest wealth creators in our society.”

All this means low-income residents and first-time buyers are getting crushed in the market, and neighborhoods long considered havens for affordability are quickly feeling the pressures of gentrification.

Nowhere is this more apparent in Wake County than in the historic Black neighborhoods on the south and eastern sides of the city, where today, an influx of wealthy investors and cash-rich homebuyers are reshaping the makeup of the area.

A changing neighborhood

In her 82 years in Raleigh, Miss Bettie Burrell has been an integral part of her neighborhood.

Growing up in and around the Southpark neighborhood, Burrell’s mother, Lois Parks, was one of the original members of the Raleigh Safety Club, a group dedicated to helping those in need in the neighborhood.

Now a part of [Passage Home Inc.](#), the club did everything from providing food and shelter to connecting residents with educational and career opportunities. The club also puts on social events and meals, including its annual Thanksgiving dinner.

“If you need something you can come to the Raleigh Safety Club and whatever you need we would help and it kept growing until it got bigger,” Burrell said. “It was always doing something for the community.”

Historic Black neighborhoods such as Southpark and others in Raleigh came up at a time of intense challenges to Black residents.

Racist policies such as redlining kept prospective Black homebuyers from getting loans to make their first purchases while segregation limited employment and educational opportunities.

In this environment, Black residents built tight-knit communities where they could.

"Many of these people were forced because of redlining into these neighborhoods – they were forced to live in neighborhoods of concentrated poverty. And now they're being forced out," said Passage Home CEO Seth Friedman, whose nonprofit helps Wake County residents break the cycle of poverty. "They're losing on both ends."

Numbers back this up

Census data analyzed by the Associated Press in collaboration with Pitch Interactive [shows](#) that even as the [population across Wake County has exploded over the last decade](#), the population of Black residents has dropped in many Census tracts throughout Raleigh.

Tracts in downtown Raleigh, including Southpark, appear especially hit, even as the overall population spikes citywide.

In Perry's census tract – No. 509 – the Black population has been cut in half over the last decade, dropping from 2,985 in 2010 to 1,478 in 2020, according to census numbers. Meanwhile, the white population in that tract tripled, jumping from 185 in 2010 to 753 in 2020.

"You could count how many Blacks are here now. One, two, three, four Blacks. Not that it's a racist thing – I don't know. But it's a 180-degree transition," Perry said. "This whole neighborhood was a Black community for over 80 years. For some reason it did a total change."

Many tracts in and around downtown tell a similar story.

Just north of that and encompassing most of the heart of downtown Raleigh, tract No. 501 saw the black population drop by a third, while all other groups saw gains, including a 147 percent jump in the white population.

Some of this can be explained by price increases and wealthier residents moving into the area.

COLLABORATION: [Triangle Business Journal has partnered with WRAL to examine gentrification in Raleigh](#)

A [recent report](#) by the National Association of Realtors found that Black residents in the Raleigh MSA were nearly half as likely as white residents to be able to afford a home, scoring a 0.5 on NAR's affordability index compared to white residents 0.9. A score of 1.0 is ideal.

All this means is that it's harder for Black residents to buy homes, meaning they often lose out when the competition gets as fierce, as it has been the last few years.

And a Home Mortgage Disclosure Act analysis by LendingPatterns found that even in minority-majority tracts, white residents make up an outsized portion of homebuying.

According to the analysis, 2020 saw white buyers make up 46 percent of home loan applications in Census tracts where more than 50 percent of residents were minorities, despite making up just 31 percent of the population in those tracts. Black residents on the other hand made up just 24 percent of home loans, despite making up 41 percent of the population in those tracts.

But it hasn't all been market-driven.



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Tax values on the rise

Government actions have also accelerated the pressure on struggling residents to move out and make way for those that can afford higher costs of living.

Property taxes in Wake County are based on the assessed value of a

home, which can quickly change as demand heats up and as neighboring properties are redeveloped or flipped by savvy investors.

Additionally, Friedman said he has seen added pressure by law enforcement, as newcomers are quicker to call the police than longtime residents, particularly in poorer neighborhoods.

He said this can often make the struggles of low-income residents worse and accelerate displacement in the city.

"Sometimes with concentrated poverty comes an air of violence, and we have gentrifiers come in and they complain and call the police," Friedman said. "They come to the communities because it's affordable and immediately complain about the community they moved into, knowing very well where they're moving to. They are disrupting the community on both sides, and there's over-policing."

CLOSER LOOK: [*Dream of owning homes disappearing for thousands across the Triangle*](#)

For residents getting out of the city, many say they're moving to outlying towns and counties where home prices are cheaper, but the access to jobs is still there.

"Knightdale, Johnston County, that's what I'm starting to hear now, Rolesville, but now those places are getting priced out," said Corey Branch, a member of the Raleigh City Council whose district includes the eastern and southeastern parts of the city. "Those with jobs, that's where they're going and where they can afford to move."

For those that can't afford it, many struggle to find a place to live at

all.

“They’re really going on the streets. That’s why the shelters are so packed. They have nowhere to go and nothing is rentable these days,” Raleigh resident Kelly Dunn said of what she’s seen in her communities. “The change was better for some people than others. We just want to make sure that everybody gets a chance.”

Meanwhile, Friedman said the dispersal out of Raleigh can make it tough to track how folks are doing, as up-and-coming towns away from urban centers often lack the resources to support struggling residents and keep track of their needs in a data-driven way.

Back at the Raleigh Safety Club, Burrell and others continue working around Covid restrictions to help those in need.

The group hopes to bring back the Thanksgiving dinner when they can.



And the neighborhood around Bledsoe Avenue is changing quickly.

Mehmet Demirci

Limited options

In response to all this, the City of Raleigh has been trying to tackle the problem in two main ways: make it easier for developers and residents to add to the housing supply and [invest public dollars in additional affordable housing units](#) and other ways to support low-income residents in the city.

Today's council has built a reputation for pro-density stances, from greenlighting a slew of 20- and [40-story rezonings](#) to its policy changes such as the legalization of accessory dwelling units and its missing middle ordinance legalizing multifamily development throughout the city.

On the investment side, city residents voted to approve a proposed \$80 million affordable housing bond in 2020 with funds slated to help fund additional affordable housing development alongside other initiatives.

Council member Branch said that since 2016, the city has funded more than 3,800 units of affordable housing through tax credits.

The city is also working to leverage a number of city-owned properties to support new affordable housing development and is pursuing rezonings of several parcels throughout the city.

"It's a huge issue – it's the biggest issue we deal with and think about every day: housing accessibility and affordability," said Patrick Young,

Raleigh planning director.

Still, it hasn't been enough.

Housing costs continue to skyrocket and the population boom shows no sign of slowing down.

Young said the city is doing what it can with the tools it has, but that the state is uncommonly strict in limiting the tools the city has to address the issue.

"We don't have rent control. We don't have mandatory inclusionary zoning like a lot of cities do around the country. Really the only tools we have are supply and subsidy," Young said. "On a fundamental level, it's a supply-demand problem."

Inclusionary zoning would allow the city [to require a certain amount of units be dedicated to affordable housing](#) attainable to residents of a certain income level, while rent control would allow the city to limit how much a landlord raises tenants rent, regardless of market conditions.

But even if the state legislature were to change course on these ordinances, there's no telling the impact they might have.

Both of these tools are controversial and both have no shortage of critics who say they would only exacerbate the problem and cause additional housing shortages.

Branch points to Northern cities and their ongoing struggle for affordability, even with all these tools at their disposal.

"They have rent control in New York, and if you go to New York and want to rent a one-bedroom, how much does it cost?" he said.

Housing advocates, meanwhile, continue to push officials to adopt their preferred policies and to prioritize additional funding when possible.

At Passage Home, Friedman praises the town's work in allowing additional density through things like tiny homes, accessory dwelling units and multi-unit developments.

Jacquie Ayala, the director of advocacy at Habitat for Humanity of Wake County, said the focus should be on concrete ways to add supply, including public purchases of land and additional financial investments in developing affordable housing.

"A lot of the municipalities are looking at land banking, land acquisition for affordable housing, which we very much support. That's huge for us," Ayala said. "The challenge is we're losing 900 units a year due to attrition or losing them to conversions to market rate. Subsidies are expiring. Being able to make up those 900 units plus is really challenging."

Habitat supports towns and cities adding more density, but she recognized that that is often politically unpopular with residents.

"There are always tradeoffs to every tool that we ask municipalities to take on for affordable housing," Ayala said. "There isn't a single one-size-fits-all sort of solution for housing other than the federal government just giving us millions and billions of dollars."



A typical home in southeast Raleigh.

Mehmet Demirci

Moving ahead

Moving ahead, there seems to be little change in sight.

Even as the city and affordable housing groups do what they can to ramp up activity to meet the needs of residents, new high-paying jobs continue to be announced with the promise of bringing more high-paid home buyers to town.

Inventory remains an issue, and homebuilders continue to struggle with supply issues, land costs and the speed at which towns and cities are approving new developments.

Meanwhile, inflation and expectations of higher mortgage rates ahead spell more challenges for lower-income residents hoping to one day buy a home.

On Branch Street, Passage Home continues operation, with the Safety Club working to provide for those in need and the development wing scrambling to bring as many affordable homes as possible to mitigate the displacement.

And back on Bledsoe Avenue, Perry continues to wade through the flood of solicitations from iBuyers, real estate investors and house flippers.

And despite the growing offers, he's not selling.

"No, I'm not. I've been here all my life," he said. "I told them you'd have to give me a million dollars."

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