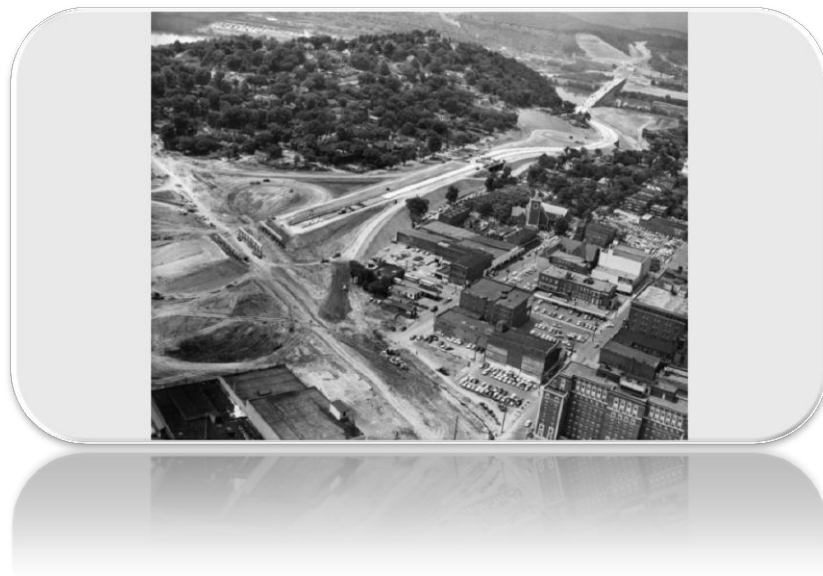


# Chattanooga Organized for Action

January 12, 2019

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## Negro Removal in Chattanooga

The Impact of Market-Based Displacement on Communities of Color

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Dr. Ken Chilton, Associate Professor  
Tennessee State University  
[kchilton@tnstate.edu](mailto:kchilton@tnstate.edu)

# Foreword

"It hasn't been an accident."

The massive purging of African Americans from Chattanooga's urban core hasn't been a fluke. It's not that the city's "Renaissance" --nationally lauded as a success story of public-private partnerships, collaborative vision and massive investment--hasn't yet reached the level needed to address decades of poverty, community disinvestment and racism. Our development model has been structured on inequality. Housing, amenities, and public support have centered on attracting a higher socioeconomic class of people--wealthy, professional, overwhelmingly white--regardless of the effect on working class and historically marginalized communities that have called Chattanooga home. Those benefits and burdens of development haven't fallen equally; rents increase, but wages are kept low. "The proof is in the pudding," as they say. Dr. Chilton's research into market-based displacement bears this out.

We are living in the consequences of high-end growth. Chattanooga's affordable housing crisis continues to deepen with 25,000 households burdened by housing costs. Twelve-thousand (12,000) households spend more than half their income to keep a roof over their heads. This is particularly acute for African Americans. Between 2005 and 2015, our city saw one of the greatest declines in African American home ownership in the country. Home lending for blacks hasn't recovered since the Great Recession. Meanwhile, according to a Regional Planning Agency market study, the largest category of new homes being built in Hamilton County is expected to be priced between \$350,000 and \$500,000.

We have to do better. COA's hope in publicizing this report is that it may serve as a barometer of current market pressure and top-heavy effects, but also to add to the chorus of community coalitions, civic activists, and neighborhood and resident groups calling for a more inclusive model. Equitable development means including the self-identified needs of low- and moderate-income groups, especially those of marginalized communities, in the plan of community development. Not as an afterthought, but as part of the plan's purpose.

-Michael Gilliland

Board Chair, Chattanooga Organized for Action"

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## Executive Summary

Chattanooga. The Gig City. Best Town Ever. Visitors to Chattanooga are often enamored by the charm and dynamism of downtown Chattanooga. The new hotels, trendy restaurants and coffee houses, downtown festivals, parks, and attractions have brought international acclaim and billions of tourist dollars. However, few people ever ask the question: The best town for whom?

In this brief report, the fruits of Chattanooga's renaissance are examined in terms of neighborhood racial transformation. Plenty of urban scholars and historians have pointed out the damaging implications of federal urban renewal programs from the 1950s and 1960s. The program was derisively referred to as "Negro Removal" because of the destruction it caused in low-income communities of color. In essence, African American homes and neighborhoods were bulldozed and the residents displaced elsewhere.

Chattanooga's redevelopment is credited to the unique coalition of civic leaders from the public, private and nonprofit sectors who work together to make things happen. The downtown renaissance is largely attributable to the unified work of these leaders. But, the definition of success is dependent upon one's perspective. In this case, the success of Chattanooga's renaissance looks quite different to African American communities. In fact, we conclude that the displacement of African Americans from Chattanooga's urban core to suburban neighborhoods is a direct consequence of the Chattanooga Way.

Overall, Chattanooga's market-based urban renewal has led to a loss of 2,592 African Americans in downtown and adjacent neighborhoods from 2000 to 2017. Simultaneously, those same neighborhoods experienced a net influx of 5,066 white residents. These numbers are not the result of random market forces; rather, they are a direct result of policies implemented to attract new residents to downtown—more affluent, more educated, and mostly white.

This report places no blame on any individuals or organizations. Rather, it highlights the toll of Chattanooga's renaissance on communities of color. The data are undeniable. African Americans have been collateral damage in the redevelopment of Chattanooga. Yet, the benefits of Chattanooga's renaissance have not trickled down. Despite the economic development and growth, Hamilton County Public Schools remain highly segregated. Racial gaps in school performance are stubbornly high. Poverty in majority non-white communities is much higher than in white communities. Decisions about community development are largely controlled by insiders. And, despite all the growth, Chattanooga still struggles to adequately fund and maintain its public schools.

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In the conclusion of this report, we call for a real community dialogue that includes low-income people of color in the decision-making process. We recommend negotiating community benefit agreements with developers who take advantage of Opportunity Zone tax breaks. A community benefit agreement is desperately needed at the Harriet Tubman housing site. Something needs to change! Policy needs to benefit all Chattanoogans, not just those who can afford to live in the new Chattanooga. We believe community task forces should be formed to protect those who live in Patton Towers, College Hill Courts, and Lincoln Park from displacement. Finally, we challenge Chattanooga leaders to live up to their professed progressive values by investing in truly disadvantaged communities that require human capital training and social capital—not just street art, tax breaks, and bricks and mortar.

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## Federal Urban Renewal and Market-based Urban Renewal

From the 1950s through 1974, the federal government financed urban renewal to eradicate blighted housing in and near urban cores. The federal program promoted large scale clearance to build interstate highways, new housing, and government buildings. Because roughly 2/3rds of those displaced were African American, critics referred to the process as “Negro removal.” Urban renewal demolished an estimated 7+ million homes, but ultimately it was too expensive and controversial for the federal government to continue<sup>1</sup>. After 25 years of state-sponsored urban demolition, many American cities were radically altered. African American communities were ripped apart—separated from downtown business districts by highways and government buildings.

Over the last 20 years, cities have experienced a different form of urban renewal. In keeping with the dominant ideology of the era, the process is driven by public-private partnerships, not the largesse of the federal government. Modern urban renewal is driven by real estate speculation, foundation grants, real estate speculation, and tax incentives to lure developers to chosen areas. The focus is not primarily on clearance and destruction, but the impact on African American communities has been profound.

The new market-driven urban renewal rewards property entrepreneurs and investors who have the resources to invest tens of millions of dollars in new housing, commercial real estate, hotels, restaurants, and chic urban housing. The public sector works with the private sector to prime the pump of development through place-making and strategic tax incentives. In general, the public sector provides streetscaping, parks, tax breaks, and galvanized civic boosterism to promote fast plan approval and public lobbying in support of private redevelopment schemes. In this brief analysis, Chattanooga Organized for Action (COA) focuses on the demographic impact of the new urban renewal as practiced in Chattanooga. Civic leaders laud the vaunted “Chattanooga Way” as the mechanism for Chattanooga’s renaissance. But, few of those who come to Chattanooga to learn about the Chattanooga Way ask the critical question: “whose way?”

The data show that African Americans have suffered massive displacement as a result of Chattanooga’s highly acclaimed renaissance. Wholesale displacement has occurred in many communities and future plans will likely lead to more displacement in Patton Towers, Westside, and near Lincoln Park. We refer to the end result as “Negro Removal.”

We believe that future urban planning and place-making must address the negative impacts on African Americans, Hispanics, and working class whites who lack the economic means to benefit from Chattanooga’s growth. For example, the recently unveiled Opportunity Zone neighborhoods repeat the systemic bias towards economic development that has resulted in

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<sup>1</sup> <https://www.citylab.com/equity/2017/02/urban-renewal-wastelands/516378/>

Negro Removal. Programs and policies have been economically gerrymandered to further enrich those already benefitting from Chattanooga's growth.

### General Population Shifts

Chattanooga is experiencing similar population trends as other popular cities. In general, white residents are moving back to the city while blacks are moving out toward the suburbs. The largest concentrations of African Americans in Chattanooga are located in College Hill Courts, Alton Park, and East Chattanooga (darker shades in Maps 1 and Map 2 in the Appendix). Most of suburban Hamilton County remains predominately white (80% or greater), but patterns of change in Southside, East Lake, and East Ridge are evident in the 2000 and 2017 maps (see appendix). The few areas that remain predominately African American neighborhoods figure prominently in the Chattanooga Opportunity Zone application.

### Losing Ground

In a recent article chronicling the role of philanthropy in Chattanooga's growth and change, Mayor Andy Berke stated, "There are too many people who feel like they're stuck".<sup>2</sup> They feel stuck because they are not college graduates, land owners, tech workers, or investors. The gig economy has failed to improve their standard of living. Table 1 shows median household income data for the years 2017, 2010, and 2000 for white-non Hispanic households and African American households in Chattanooga. As the data indicate, African American households earned roughly 62% of a white, non-Hispanic household in 2000. By 2010, African American households earned about 54% of a white, non-Hispanic household. The ratio remains in 2017 despite reports of "higher wages" in Chattanooga. In essence, the median African American household in Chattanooga has not experienced the income gains related to Chattanooga's growth over the last 18 years.

**Table 1: Chattanooga Median Household Income Trends, 2017, 2010, & 2000**

Race	Median Household Income					
	2017		2010		2000	
	Income	B/W Ratio	Income	B/W Ratio	Income	B/W Ratio
White, Non-Hispanic	52,583	<b>.5312</b>	46,208	<b>.5380</b>	37,192	<b>.6182</b>
African American	27,951		24,862		22,992	

SOURCE: Bureau of the Census, ACS 5-year Estimates, 2010 & 2017; U.S. Census, 2000.

Another reason why some marginalized populations feel stuck is because poverty rates remain high in Chattanooga. The African American poverty rate in Chattanooga was 30.9% in 2017 compared to 13% for whites. In 2000, the African American poverty rate was 28.5% compared to 10.9% for whites. Maps 3 and 4 (see Appendix) highlight census tract poverty rates for African Americans and non-Hispanic Whites in Hamilton County for 2017 and 2000.

<sup>2</sup> <https://www.philanthropy.com/article/How-Philanthropy-Is-Helping-a/245203/>

## Population Change

A 2018 [Washington Post article](#) described Chattanooga's growth in new white residents as the most "lopsided" migration in the Southern region. The report was based on American Community Census geographic mobility data. In any given year, residential mobility is fluid as children are born, residents die, new people move in, and others move away. Since 2000, Hamilton County experienced a net gain of 6,746 African American residents. In Chattanooga, the African American population grew from 55,874 in 2000 to 58,470 in 2017—a net increase of 2,596. The white, non-Hispanic population in Hamilton County grew from 232,475 in 2000 to 253,156 in 2017 (net gain of 20,671). Within Chattanooga, the white, non-Hispanic population increased from 91,582 in 2000 to 99,634 in 2017—a net gain of 8,052.

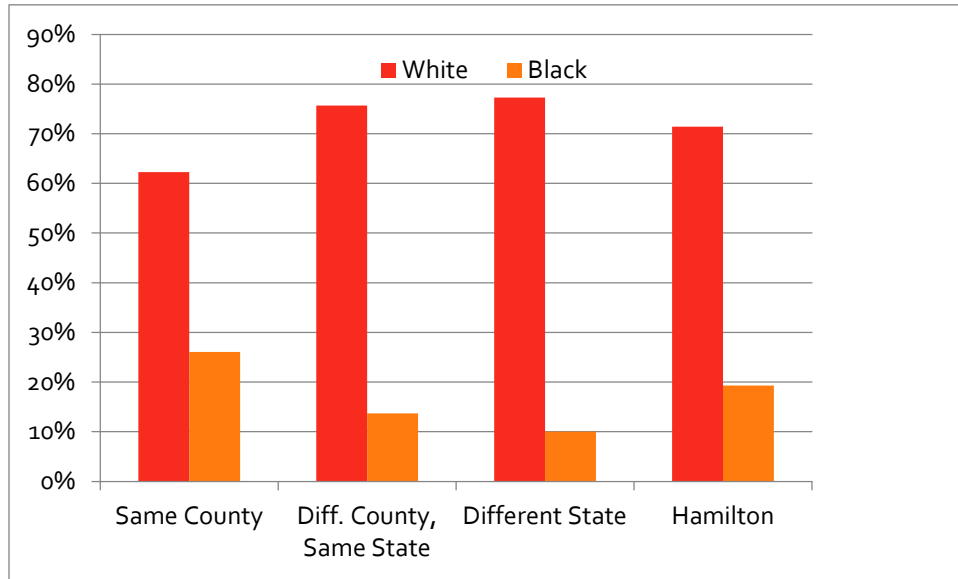
The geographic mobility data for 2017 and 2010 are presented in Table 2. The ACS collects the following mobility data for within the last calendar year.

- Stayed in the same house
- Moved within the same county
- Moved from a different county within the same state
- Moved from a different state
- Moved from abroad

In general, whites (86.9%) and African Americans (85.5%) have similar rates of "stayed in the same house" within the last year. Moves within Hamilton County are slightly higher for African American households (11.4%) than white households (7.4%). This is related to lower levels of home ownership for African Americans and higher rates of evictions. Thus, the African American population moves around more throughout the county. The newcomers to Hamilton County are those who move here from another county in Tennessee or from a different state. In 2017, 1.4% of African Americans moved to Hamilton County from another Tennessee County and 1.6% from another state. For non-Hispanic whites, 2.1% of the population moved from another county and 3.3% moved from another state.

Figure 1 shows the relative percentage of 2017 Hamilton County in-migrants for whites and African Americans. Overall, Hamilton County is attracting higher rates of new whites than the existing Hamilton County population distribution. Likewise, only about 10% of new residents who moved to Hamilton County from out of state are African Americans. Chattanooga and Hamilton County's growth has attracted a disproportionate share of whites.

**Figure 1: In-migration to Hamilton County by Race**



Source: U.S. Census Bureau, American Community Survey 2013-2017 5-year Estimates.



## Study Area

This study focuses on the neighborhoods shown in Map 1 which includes North Chattanooga, Westside, Jefferson Heights, and parts of East Chattanooga. These neighborhoods have experienced the most displacement and new investment over the last two decades.

### Map 1: Study Area Map



## Negro Removal in Chattanooga

Table 2 includes census tracts in the downtown core and adjacent neighborhoods depicted in Map 1. *Since 2000, the combined communities lost 2,592 African American residents and gained 5,066 white residents.* Keep in mind, Chattanooga's Westside Renewal project in the 1960s led to the displacement of over 1,400 families and individuals. The private sector model

of urban renewal practiced in Chattanooga has been arguably more devastating to African American families and individuals than government sponsored redevelopment of the 1960s. Many of the tracts that have experienced a major influx of white residents (124, 20, and 31) are also eligible for Opportunity Zone tax breaks. These downtown areas do not need additional stimulation to attract private capital.

Some of the other tracts, for example Tract 4, are starting to gentrify. It has experienced a 5-fold increase in the white population since 2000. The tract includes Erlanger Hospital and Lincoln Park. According to the Opportunity Zone application, Tract 4 "...is also a prime area for growth with proximity to the downtown core." Tract 16 includes public housing and MLK West is moving towards it. Redevelopment momentum associated with the newly announced plans at the former Alstrom factory focus on bringing in new residents, not low-income residents. Tract 20 includes Jefferson Heights and parts of it are fully gentrified. But, the Whelming Foundry is part of the Tract. If history is a guide, new developments at that site will not likely be tailored to lower-income residents seeking affordable housing options.

Bottom Line: Chattanooga bills itself as a progressive community that works together to improve the quality of life for all residents. While boosters and leaders have been talking about the legacy, 2,592 African Americans have been displaced as the direct results of deliberate public policy. The numbers speak for themselves. Radical socio-demographic change has resulted from the Chattanooga Way.

**Table 2: Population Change by Race, 2000 and 2016**

Tract	African American			White		Net Change
	2017	2000	Net Change	2017	2000	
20	396	1,516	-1,120	703	99	604
124	1,134	1,639	-505	4,863	1,553	3,310
14	778	1,113	-335	898	1,082	-184
26	872	1,045	-173	790	689	101
11	1,073	1,412	-339	439	257	182
6	58	154	-96	3,113	2,539	574
8	409	563	-154	1,108	613	495
4	3,291	3,265	+26	260	90	170
13	1,135	1,261	-126	543	623	-80
16	2,258	2,101	+157	279	759	-480
31	530	457	+73	1,221	847	374
<b>TOTAL</b>	<b>11,934</b>	<b>14,526</b>	<b>-2,592</b>	<b>14,217</b>	<b>9,151</b>	<b>5,066</b>

SOURCE: U.S. Census, ACS 2013-17 5-year estimates; 2000 Cer

\*Red Denotes Opportunity Zone Census Tract

## Jefferson Heights (Tract 20)

The largest drop in African American population occurred in Census Tract 20, largely related to extraordinary policy efforts to redevelop East Main Street and Jefferson Heights. The change is directly attributable to concerted efforts made by foundations, nonprofits, and local government to redevelop the neighborhood. Civic leaders have invested millions of dollars to acquire property, beautify the area, and to provide incentives to relocating artists. Tens of millions of dollars were also spent to rebuild Battle Ground Academy as an attractive education option for the newcomers. A tremendous amount of time, money, and effort was spent to radically change the neighborhood with little, if any, programs for displaced residents. Today, Jefferson Heights provides an array of new housing options to those who can afford the units. African American population dropped from 1,516 in 2000 to an estimated 396 in 2017—a net loss of 1,120 African American residents. Simultaneously, the white population grew from 99 to 703.

For those African American families who remain in Tract 20, the poverty rate dropped from 59.6% in 2000 to 46% in 2017. The median household income for African Americans in Tract 20 remains very low at \$12,133. For white families, the poverty rate dropped 40 percentage points from 58.9% to 18.7% while median household income increased by 142%. The relative difference between white households and African American households is dramatic. The data suggest that the economic benefits associated with the neighborhoods change have flowed disproportionately to white households.

**Table 3: Socioeconomic Changes in Tract 20, 2017 and 2000**

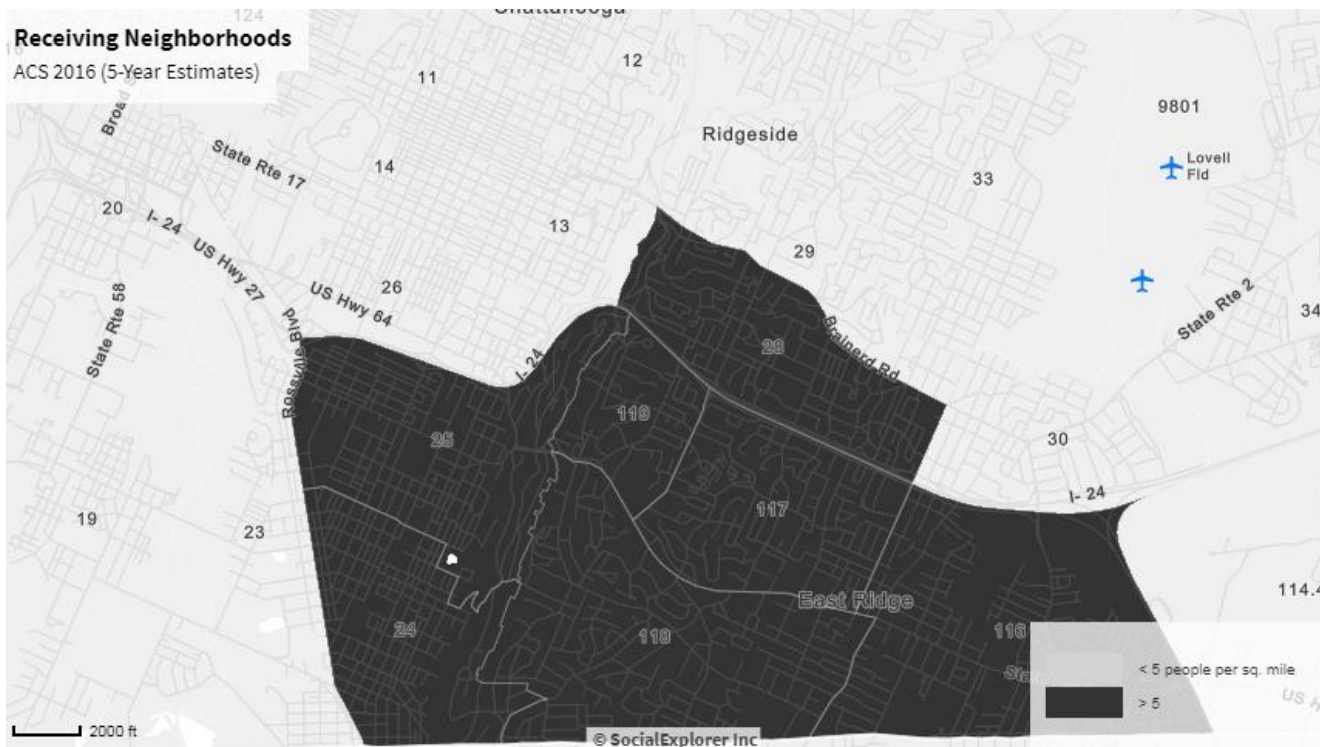
Variable	2017	2000
African American Poverty Rate	46.0%	59.6%
Median African American Household Income	\$12,133	\$9,381
White Poverty Rate	18.7%	58.9%
Median White Household Income	\$73,036	\$30,250

SOURCE: U.S. Census 2013-2017 5-Year Estimates; 2000 Census.

## The Flip Side of Renaissance

We often focus solely on the positive side of the downtown growth ledger. But, it's important to understand how prosperity in one geographic location can affect the quality of life in other geographic locations. To this end, we ask the following question: Where did the African American population move to after displacement? According to the American Community Survey, 7 census tracts in Southeast Chattanooga have absorbed 4,893 African Americans since 2000, as shown in Table 4. Map 2 displays the Census Tracts titled "Receiving Neighborhoods" that have absorbed much of the Hispanic and African American populations.

## Map 2: Receiving Neighborhoods



The biggest numeric increase in the African American population was in Tract 24 bordered on the west by Rossville Boulevard, on the north by East 34<sup>th</sup> Street, and on the east by South Crest Road. Other tracts that include East Ridge (Tract 118) have experienced substantial African American population growth, as well.

Simultaneously, the Hispanic population has grown tremendously in most of these tracts since 2000 by a total of 4,217 residents. Overall, a total of 9,110 Hispanic and African American residents have moved to these communities during the Chattanooga renaissance. However, in each census tract the white population decreased as the community became browner. A total of 6,423 white residents fled these communities between 2000 and 2016.

**Table 4: Population Change in Southeast Chattanooga Tracts, 2000 and 2017**

Tract	African American Population			White Population			Hispanic Population		
	2017	2000	Net Change	2017	2000	Net Change	2017	2000	Net Change
24	1,913	480	1,433	2,310	3,090	-780	1,689	132	1,557
25	2,885	1,723	1,162	1,410	2,187	-777	250	84	166
28	1,419	505	914	2,611	3,008	-397	64	76	-12
116	517	120	397	3,733	5,730	-1,997	616	68	548
117	369	258	111	3,481	3,851	-370	989	55	934
118	715	77	638	4,447	5,925	-1,478	992	57	935
119	425	187	238	1,094	1,718	-624	110	21	89
<b>TOTAL</b>	<b>8,243</b>	<b>3,350</b>	<b>4,893</b>	<b>19,086</b>	<b>25,509</b>	<b>-6,423</b>	<b>4,710</b>	<b>493</b>	<b>4,217</b>

SOURCE: U.S. Census Bureau, 2012-2016 5-Year Averages; 2000 Census.

As Table 5 shows, the poverty rates for different racial and ethnic groups in the 7 neighborhoods that have been net recipients of African Americans have generally increased since 2000—with tract 119 a modest exception. These data are disturbing for several reasons. Those who have settled in these communities have not experienced major drops in poverty that might be attributable to Chattanooga’s economic development. It seems as if areas of nonwhite population concentration have been reshuffled from near downtown to the suburban southern edge of the city.

**Table 5: Poverty Rates for Southeast Chattanooga Tracts, 2000 & 2016**

Tract	African American		Hispanic	White	
	2017	2000	2017	2017	2000
24	60.9%	22.5%	63.2%	33.4%	24.2%
25	56.8%	38.8%	48.0%	33.2%	19.2%
28	19.3%	18.2%	na	9.7%	13.4%
116	22.4%	0.0%	82.0%	11.4%	12.1%
117	0.0%	13.1%	21.2%	8.8%	6.4%
118	0.0%	0.0%	17.0%	10.8%	5.3%
119	9.4%	18.2%	Na	7.3%	9.0%

SOURCE: U.S. Census 2012-2016 5-year Estimates; 2000 Census.

Overall, the demographic transition that occurred in the receiving neighborhoods has been profound. In 2000, white residents made up roughly 86% of the population in these communities compared to about 58% today. The African American share of the population grew from about 11% in 2000 to 25% in 2017. The Hispanic population exploded from less than 2% of the community total in 2000 to over 14% in 2017.

## Democracy Now

This report shows the underbelly of the Chattanooga renaissance: too many citizens remain outside the downtown revival looking in. The people who call these neighborhoods home are stuck. The communities have been radically altered by public-private partnerships that promoted economic development over other values. The hopes and dreams of all Chattanoogaans have not been represented in decisions that reward investors and speculators over working class households.

With the advantage of hindsight, we can pivot and build more equitable development models to guide future growth policy in Chattanooga. This will require a level of inclusion and trust that, heretofore, has not existed. The onus is on civic leaders to be more inclusive, transparent, and intentional.

We recommend the use of Community Benefit Agreements (CBA) in Chattanooga. The Partnership for Working Families defines a CBA thusly: “A Community Benefits Agreement (CBA) is a project-specific agreement between a developer and a broad community coalition that details the project’s contributions to the community and ensures community support for the project. Addressing a range of community issues, properly structured CBAs are legally binding and directly enforceable by the signatories.”

CBA’s are one potential tool for promoting more equitable development outcomes. They give community groups the ability to negotiate community benefits prior to project approval. CBA’s empower community groups by leveling the playing field, to a degree. For whatever reason, businesses can negotiate with city leaders to get good deals but communities are not given the same opportunities to bargain for a good deal. This needs to change.

In addition, we propose proactive measures similar to those taken to protect existing residents in Patton Towers with a focus on no further forced displacement. Such agreements could be developed to protect existing residents of College Hill Courts and Lincoln Park. Formal partnerships between community groups and local government need to be forged to protect existing residents from displacement related to renovations and continued development. Local residents in gentrifying communities need programs that educate them on their housing options and rights.

Finally, we challenge civic leaders to embark on a new renaissance. In the 1980s, downtown was suffering. Leaders developed innovative plans, funded them robustly, and rigorously implemented programs to transform downtown. As this report shows, it was successful. Today, the African American community is wracked by poverty, disarray, and dislocation. We need a new, multi-generational vision that focuses on people, not solely

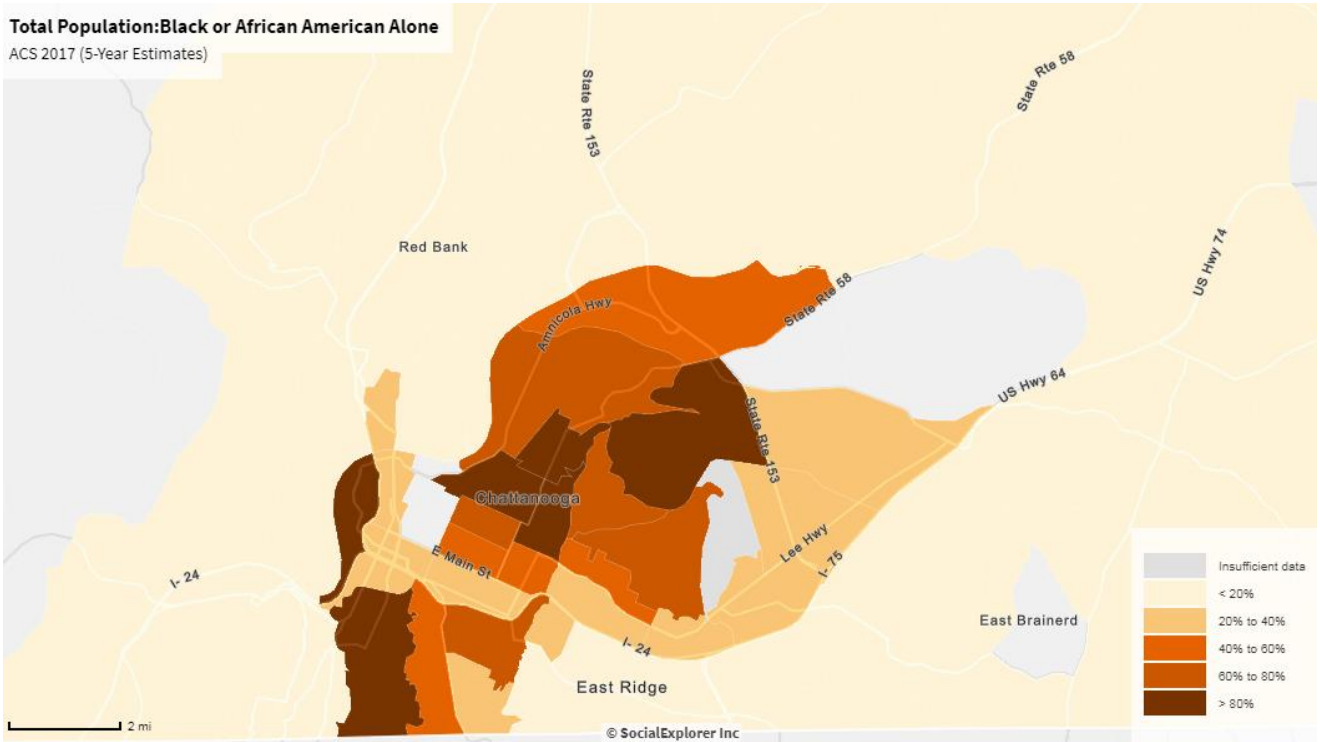
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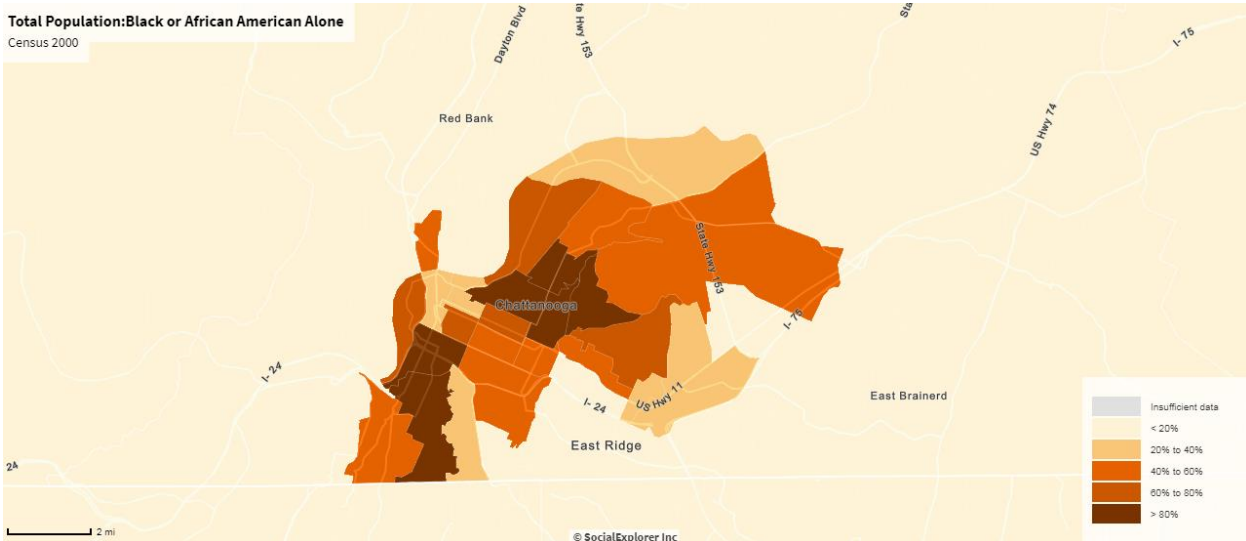
Chattanooga responded to the physical decline of Chattanooga with massive investments. We call on leaders to make similar investments in the social and human capital of those who have been pushed out and largely excluded from Chattanooga's success. This will require new partnerships, uncomfortable discussions, and fidelity to meaningful change. Such an endeavor would certainly classify Chattanooga as the best town ever, for everybody.

## APPENDIX MAPS

### Map 1

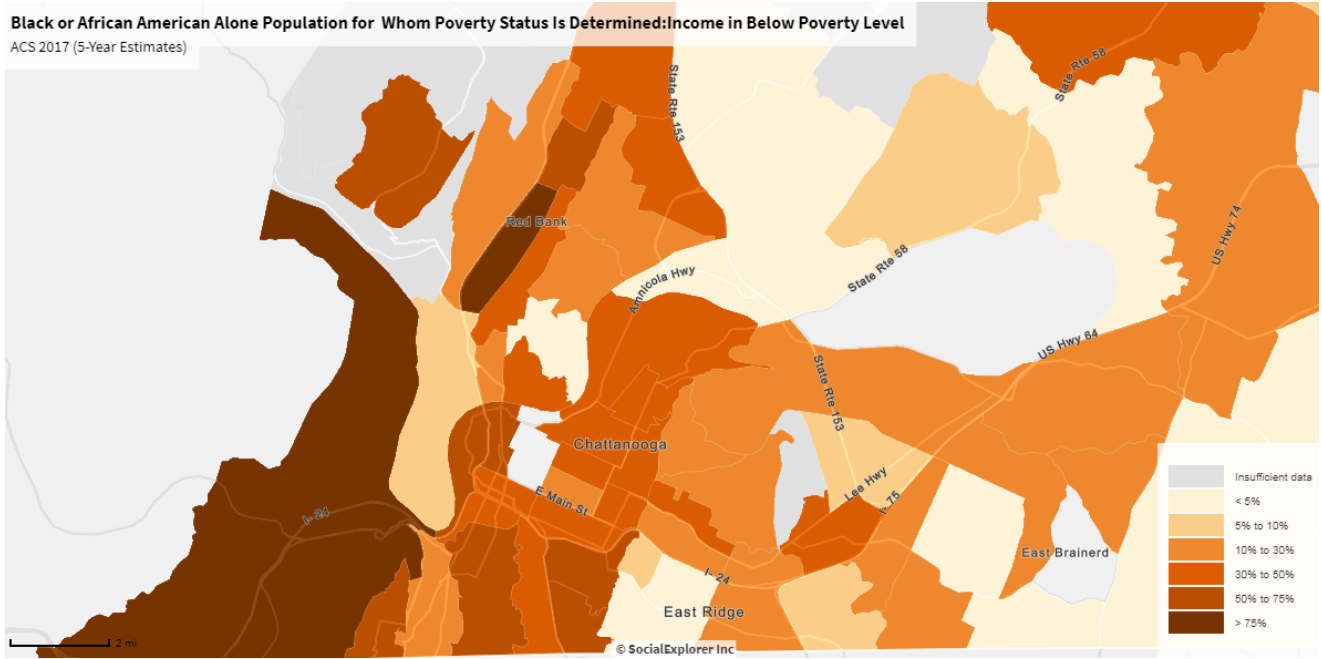


### Map 2



Map 3: African American Poverty Rates by Census Tract





**Map 4: White, non-Hispanic Poverty Rates by Census Tract**

