

POWERED BY

**ROOT CAUSE  
RESEARCH CENTER**



WOODY PRYOR

# **FALSE HOPES: HOW POLICY & PEOPLE HOLD WEALTH HOSTAGE**

COMMUNITY RESEARCH EXPO 2020

# COMMUNITY 2020 RESEARCH EXPO

## **False Hopes: How Policy & People Hold Wealth Hostage**

Project leaders: Woody Pryor (he/him/his)

Supporting Contributors: Marlesha Woods (she/her/Mrs),  
Joshua Poe (he/him/his), and Jessica Bellamy  
(any/all/yall)

Powered by: The Root Cause Research Center

Publish Date: December 4th, 2020

Find the report and professionally filmed presentation  
at [www.rootcauseresearch.org/CRE2020](http://www.rootcauseresearch.org/CRE2020)



**TAUNT KERTIS**

# About the Contributors

## **Woody pryor (he/him/his)**

Woody is a loving brother, husband, and father of three beautiful sons. His family is the joy of his life. He is passionate about economic justice and is currently exploring alternative solutions that can be implemented in the Black Community. As a Community Researcher at the Root Cause Research Center, he is working on a project that addresses an issue within the Racial Wealth Gap.

## **Marlesha Woods (she/her/Mrs)**

Marlesha is a dedicated visual arts educator, an active professional member of the National Art Education Association, as well as, an accomplished mixed media artist. Her work reaches beyond cultural and societal barriers, and her practice centers art as an essential component of public health and wellness. She graduated cum laude from Sullivan College of Technology and Design and studied Sociology at Indiana University where she holds a B.G.S. As a Community Researcher at the Root Cause Research Center, she is working on a project that addresses an issue within the Racial Wealth Gap.

## **Josh Poe (he/him/his)**

Josh is an RCRC Co-Founder, Co-Principal Investigator, community research curriculum co-designer, project facilitator, and research supervising staff member. He is also an urban planner, community organizer, and geographer. He has over 20 years of scholarship, activism and practical experience in planning, urban land policy and housing issues. Originally from Eastern Kentucky, he began his career doing grassroots organizing around housing, labor, and economic justice issues in Seattle, WA in the late 1990s. In 2017 he authored and published the interactive storymap, [Redlining Louisville: Racial Capitalism and Real Estate](#), which received recognition from Harvard's Kennedy School of Government in its effort to recognize best-in-class data visualizations. His research and activism are foregrounded in exposing racial capitalism in real estate science, creating countermaps to institutionalized planning curriculum, and using cartography and organizing to combat dispossession and displacement.

### **Jessica Bellamy (any/all/yall)**

Jessica is a RCRC Co-Founder, Co-Principal Investigator, community research curriculum co-designer, project facilitator, and research supervising staff member. They are also an international speaker, Adobe Creative Residency alumna, and award-winning infographic designer., Jessica Bellamy. As a former Neurodevelopmental Science research analyst at the University of Louisville and community organizer, in 2015, Jessica created a social enterprise that combined grassroots organizing, research, and information graphics. She named that business GRIDS: The Grassroots Information Design Studio. She has since been featured in Arianna Huffington's [Thrive Global](#), [Forbes](#), [Communication Arts Magazine](#), [The Great Discontent](#), [Create Magazine](#), [Creative Mornings](#), [Slack](#), [The Dieline](#), [Revision Path](#), and on Adobe's Project 1324 (viewable through Facebook).

# Abstract

This paper uses quantitative research from scholars to explore the concept of Black wealth building in public policy and urban redevelopment. This paper compares Louisville Metro Government policies designed to increase Black wealth attainment in the Russell neighborhood with the work of Dr. Sandy Darity of Duke University concerning what he calls the “myths” of closing the racial wealth gap.



**Check out this project's  
Community Research Expo  
presentation on Youtube!  
[Click here.](#)**

# Introduction

This report will address some of the most prominent and misleading myths about the Racial Wealth Gap (RWG) in regards to building Black wealth in the Russell: A Place of Promise (RPOP) project. Commonly accepted, deceptive, bootstrap myths such as increased education attainment, financial literacy, entrepreneurship, and home ownership in the Black community have been sold to us as viable solutions to closing the RWG for decades. Dr. Sandy Darity, a Duke Economist and author, breaks down why each myth is a delusion that still wouldn't close the gap even if all solutions were implemented under perfect conditions with maximum participation from Black Americans.<sup>1</sup> Furthermore, Dr. Darity clarifies that these common myths are based on racist assumptions and propaganda that continues to delegitimize and condemn the Black Community. All ten myths aim to put the blame and responsibility of closing the RWG on Black people themselves as individual failings. Each myth falls under the umbrella of "Do For Selfers" logic. "Do For Selfers" logic is a racist fallacy that says if Black people were to take certain economic steps on their own, we could pull ourselves out of oppression. Oppression, inherently, involves at least two parties—not one. Black people did not establish—nor do they maintain—the system of cruel and unjust treatment that has locked us into generational cycles of poverty. Even suggesting that Black people should shoulder the burden of *repairing* a working system that was designed to exploit and marginalize, demonstrates a firm commitment to upholding and maintaining that working system.

The concept of Black capitalism originated in the Nixon administration in response to the demands for reparations and economic justice. "Instead of government jobs and government housing and government welfare," Nixon said in a speech, "let government use its tax and credit policies," to power "the greatest engine of progress ever developed in the history of man: American private enterprise."<sup>2</sup> Black capitalism provides a false promise that Black wealth will come if Black people choose to be successful in the private sector to make money. As this report will demonstrate, Black people do not have access to the same fair loan system, inherited capital, or other economic opportunities that our white counterparts have access to. Succeeding as a Black entrepreneur is incredibly difficult and rare under these current conditions. These myths create a false narrative where white people historically make good choices and Black people somehow choose to suffer. To quote Kerry Washington's character from Little Fires Everywhere: "White people, you didn't make good choices. You had good choices." Black capitalism is dangled in front of Black Americans as if it's the "good

---

<sup>1</sup> [What We Get Wrong About the Racial Wealth Gap](#)

<sup>2</sup> Baradaran, Mehrsa. The Real Roots of Black Capitalism, *New York Times*, March 31, 2019

choice” that Black communities need to make in order to escape the chains of poverty. But this dangled carrot is infact a distraction from the root causes of the problem—the problem being access to financial capital. The motives of promoting Black capitalism in the Nixon administration were implicitly racist. Nixon introduced Black capitalism as a market-driven alternative to the economic justice initiatives to make the issues of poverty an individual problem rather than a systemic one. Dr. Darity explains that while white America received ample government support through public policies to build and maintain wealth, such as the GI bill and federally backed mortgages, Black Americans were offered deficient private sector strategies.<sup>3</sup> He also agrees that Black capitalism was a sidestep solution that allowed the government to hand over the economic problems of poverty and the historic insufficient wealth in the Black community to the community itself.<sup>4</sup> Again, effectively ridding the government of responsibility.

From the period of antebellum slavery, to Jim Crow segregation and racist housing policies such as redlining, to today, there is a racist narrative that Black Americans are disenfranchised through their own culture and behaviors. These racist narratives have been legitimized by institutional specialists and political influencers like Oscar Lewis and Daniel Patrick Moynihan. Lewis was a 1960s author who developed the “Culture of Poverty” concept. Moynihan was the author of the infamous report, “The Negro Family: The Case for National Action,” later dubbed, simply, “The Moynihan Report.” Moynihan was an advisor to President Nixon and believed that Black and poor communities didn’t know how to supervise themselves, and that they were primarily harmed by their own choices, socialization, and lack of knowledge.<sup>5</sup>



In recent years, many studies on the racial wealth gap have emerged that challenge the dominant narratives that Black people can educate and work themselves out of poverty. Despite making up almost 14% of the population of the United States, Black residents have only 2.6% of the total wealth.<sup>6</sup> This wealth inequality was not correlated with home ownership, financial literacy, or education, as is commonly accepted. Dr. Darity's report showed “that African Americans with a college degree still have less wealth than white families where the head dropped out of high school. That challenges the idea that if we close the income gap then everything would be equal.”<sup>7</sup>

<sup>3</sup> [When Affirmative Action was White](#)

<sup>4</sup> Baradaran, M. (2017) [The Color of Money](#)

<sup>5</sup> Stephen Suh & Kia Heise, (2014) Re-evaluating the “Culture of Poverty.” *The Society Pages*, October 14, 2014

<sup>6</sup> <https://socialequity.duke.edu/wp-content/uploads/2019/10/what-we-get-wrong.pdf>

<sup>7</sup> <https://socialequity.duke.edu/wp-content/uploads/2019/10/what-we-get-wrong.pdf>

# What is Wealth? And what does it mean to Black people?

First, we must begin with the understanding that income and wealth are very different things, and that wealth has been far more unequally distributed. Darity states that income is earned in the labor market, primarily through wages, while wealth is primarily built by “the transfer of resources across generations, locking-in deep divides we observe across racial groups.”<sup>8</sup> With that said, wealth amounts to assets, such as land, that increase in value over time. In a capitalist society that values money over justice, wealth is also the only thing that can ultimately defy law. Its boundary runs right through the middle of bondage and freedom. African Americans have always been bound —first through chattel slavery and now through policies and laws that disenfranchise and exploit our communities.

## The Russell Transformation Initiative

Through years of fiscal neglect and racist housing policies, Louisville Metro Government (LMG) has allowed many historically Black neighborhoods in Jefferson County to fall into disinvestment. LMG has also created propaganda about Black communities that has repeatedly misrepresented gentrification projects as compassionate development, where the removal of poor, Black residents cleared the way for economic development, such as the demolition of the Clarksdale public housing site near the redevelopment of the East Market Street business district.<sup>9</sup>

The Russell neighborhood has a population of 9,299 people in an area of 1.406 square miles. Russell has a median household income of \$20,286. In comparison, the state of Kentucky—which is one of the top ten poorest states in the nation—has a median household income of \$46,659. The population of the Russell neighborhood is over 90% Black.<sup>10</sup> As detailed in Figures 1, 2 and 3, only 18% of the land in Russell is owned by Russell residents, with only 11% owned of total land owned by those living

<sup>8</sup> <https://socialequity.duke.edu/wp-content/uploads/2019/10/what-we-get-wrong.pdf>

<sup>9</sup> Axtell, R., & Tooley, M. (2015). The Other Side of Hope: Squandering Social Capital in Louisville's HOPE VI. *Journal of Poverty*, 1–27.

<sup>10</sup> ACS (2018). 2018 3- Year Estimates. American Fact Finder. Retrieved from <https://catalog.data.gov/dataset/american-factfinder-ii>

in owner-occupied housing. Meanwhile, over half of the land in Russell is owned by entities outside of Louisville's predominantly Black West End, and 13% of the land is owned by entities outside the state. Most of this land is controlled by private absentee landlords, with a large percentage owned by a few nonprofit housing developers, who benefit from public subsidies as well as philanthropic donations.<sup>11</sup>



*Figure 1 - Breakdown of Land Ownership in Russell (Root Cause Research Center).*

<sup>11</sup> Bellamy, J., & Poe, J. (2020). Who Owns Russell?, <https://www.rootcauseresearch.org/russell>

WEALTH BUILDING & WEALTH EXTRACTION

## WHO OWNS THE RUSSELL NEIGHBORHOOD? LOCATION OF RUSSELL PROPERTY OWNERS

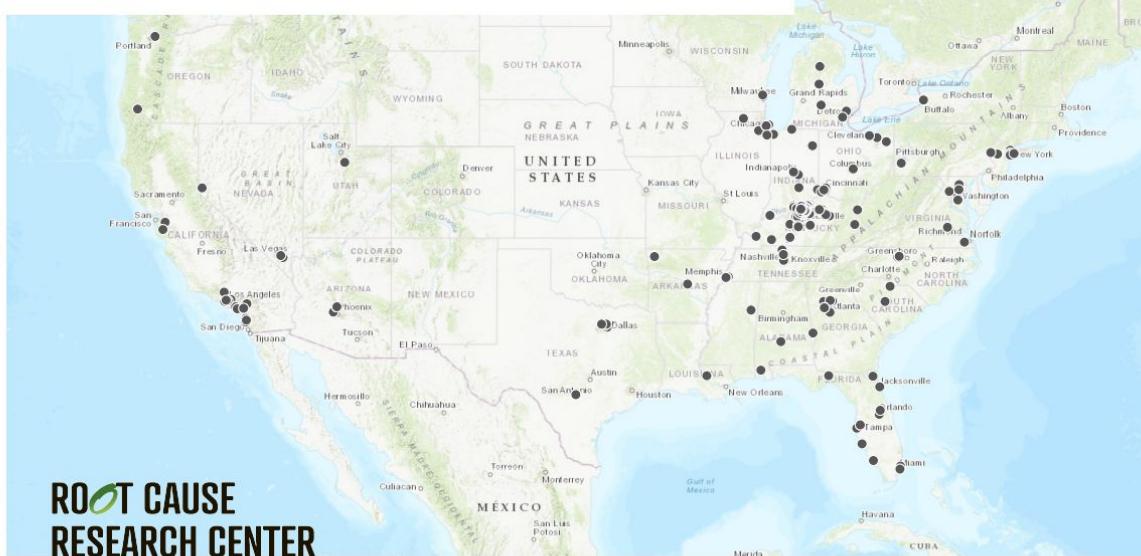
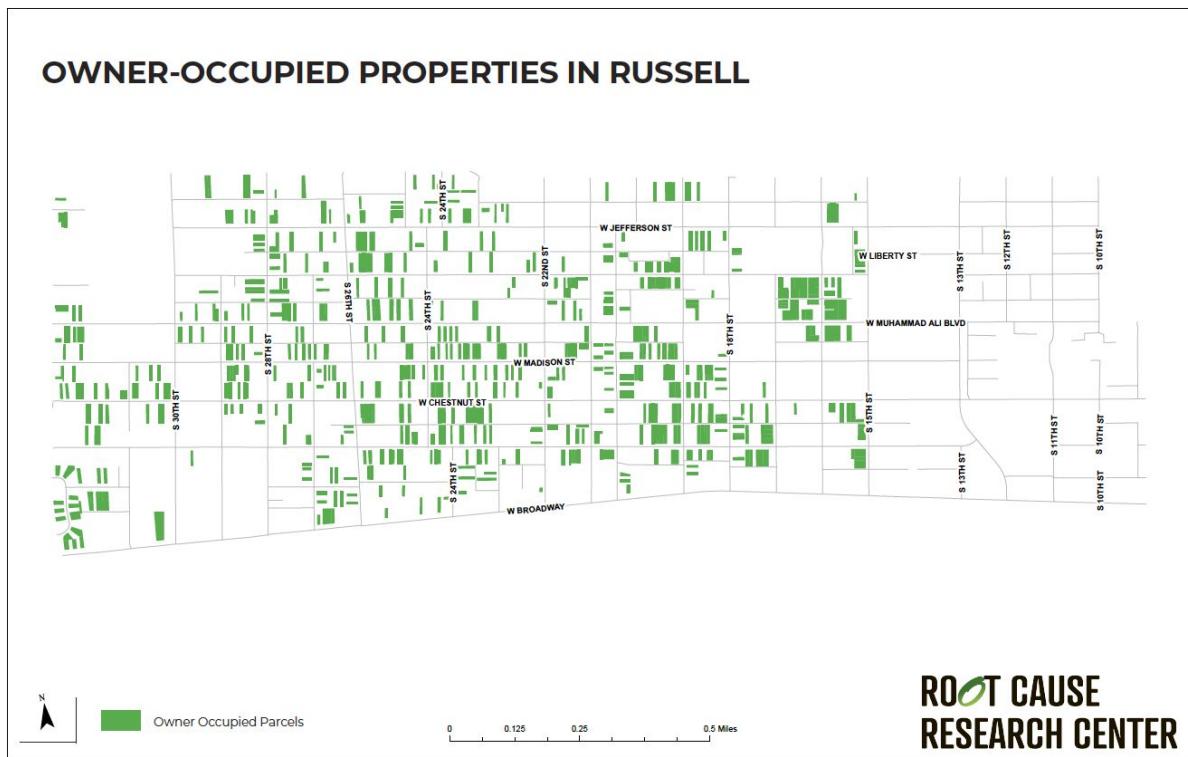


Figure 2 - Locations of Property Owners in Russell (Root Cause Research Center).



*Figure 3 - Owner Occupied Housing in Russell (Root Cause Research Center).*

The Russell transformation initiative is made up of several public and private initiatives, most notably, Vision Russell, which includes the demolition on redevelopment of the Beecher Terrace public housing site, and Russell: A Place of Promise (RPOP), which is a public and private partnership between Louisville Metro Government, the Community Foundation of Louisville as a fiscal sponsor, Cities United, the Louisville Urban League and partially funded by the North Carolina based Kenan Charitable Trust.<sup>12</sup>

The overarching goal of RPOP is to “build Black wealth,” however, RPOP uses a vague definition of wealth in this context. This paper will address inconsistencies and empty promises proposed in this \$26 million project with the following deliverables:

- Create 6 new franchise ownership opportunities or Russell residents with 120 new jobs.
- Development of a historic Warehouse property to support at least 5 new businesses, 25 residential units and a variety of community uses.
- Create a formal and informal operating and decision making structure where residents can provide feedback and guidance that will lead to a documented community benefits commitment
- 135 market rate homes to increase the rate of home ownership by 20% (678 to 813)
- Creation of 5 new businesses using cooperative or non traditional structure, with at least 30 new jobs created
- 150 career tracks filled and at least 50 young adults with an age range of 18-24 participate in workforce development programs.<sup>13</sup>

Many of the RPOP solution’s fall right in line with Darity’s 10 myths of closing the racial wealth gap. In the words of writer Dion Rabouin, the 10 myths’ create the historically- and systemically-blind argument that “Black Americans should focus more on education, family structure and home ownership, put money in Black-owned banks, start more Black-owned businesses, increase savings and investment and generally take

---

<sup>12</sup> [Russell A Place of Promise Grant Proposal](#)

<sup>13</sup> [Russell A Place of Promise Grant Proposal](#)

personal responsibility the way other "model minorities" have and that would close the wealth gap."<sup>14</sup> RPOP centers these myths in its programming, but uses the bulk of its finances and influence to secure and renovate property for future market-rate home buyers. This paper will compare Dr. Darity myths of closing the racial wealth gap with the proposed milestones and goals of RPOP to demonstrate the flawed logic of "building Black wealth." <sup>15</sup>

## The Home-Ownership Myth

The transformation of Russell largely began with the 2015 Metro Government led initiative of creating market rate housing in the Cedar Street area. "The \$6 million development project is a partnership of the city and non-profit housing developers, REBOUND – the housing development arm of Louisville Urban League – and Community Ventures."<sup>16</sup> According to Louisville Mayor Greg Fischer, this initiative was designed to help revitalize the Russell neighborhood, but the question lingers about whether this project was designed for Russell residents or to attract new residents with higher incomes into a low-income community. At the project press conference, Mayor Greg Fischer said, "Today's announcement brings to fruition the commitment made a decade ago adding new housing stock in a neighborhood that is starting to see tens of millions of dollars in investment. These new homes will help stabilize the larger neighborhood with increasing home values and attracting people to live in Russell."<sup>17</sup> "Stabilizing the neighborhood" implies that the market is in need of repair, setting the stage for future development initiatives, with no explanation about how increasing market rate housing in a neighborhood with a median income below \$20,000 annually benefits most residents.

The homeownership rates for whites in Louisville is 70.8% while Blacks only own 36.1% of homes in Louisville.<sup>18</sup> The median Black household income in Louisville is \$32,456. Black households make up 21% of total households in Louisville but make up 42% of households that make under 10,000 a year. More than 20,000 Black households make less than 20,000 a year and nearly 50% of those make less than 10,000 a year.<sup>19</sup> Based on Black household income distribution, the majority of Black households are severely financially unstable, live in poverty and do not make enough

---

<sup>14</sup> [10 myths about the racial wealth gap](#)

<sup>15</sup>

<sup>16</sup> [Mayor Fischer Kicks off Cedar Street Development August 27, 2015](#)

<sup>17</sup> [Mayor Fischer Kicks off Cedar Street Development August 27, 2015](#)

<sup>18</sup> [22,000 EQUITIES Addressing Racial Gaps in Homeownership and Wealth](#)

<sup>19</sup> ACS (2018). 2018 3- Year Estimates. American Fact Finder. Retrieved from <https://catalog.data.gov/dataset/american-factfinder-ii>

to qualify to receive a loan from the banks to own a home. Even for the Black households that make enough to qualify for home loans, a new study reveals that Blacks pay \$13,464 more over the life of a home loan, with interest, mortgage-insurance and tax expenses higher than for their white counterparts, ultimately hurting Black ability to save for retirement. Due to Black households having higher down payments and credit scores, Black homeowners still pay more for those loans because some of the banks originating them add on a so-called servicing risk premium, arguing more resources are needed to deal with missed payments or defaults. These higher mortgage expenses result in \$67,320 in lost retirement savings for Black households.

In her book, *Race for Profit*, Keeanga Yamahtta Taylor notes that, "African Americans experience homeownership in ways that rarely produce the financial benefits typically enjoyed by middle-class white Americans...The real estate market is so structured by race that Black families will never come out ahead."<sup>20</sup> A 2019 study about real estate values in the Shively area of Louisville found that home values in the area decreased as more Black residents moved in, despite the fact that median incomes increased.<sup>21</sup> This study suggests that the housing market is still highly racialized. This racialization has serious implications for the Russell project, since it is imperative that, in order for developers to realize a high return on investment, there will be an incentive to attract higher-income white homebuyers to the area, which could result in displacement for Black residents due to increasing rents.

The Housing Partnership Incorporated (HPI) is a Louisville nonprofit housing developer and, along with LDG Development, is one of the largest recipients of housing subsidies from Louisville Metro Government.<sup>22</sup> In October of 2018, HPI purchased 95 properties in one acquisition, most of which are located between 22nd and 28th streets in the Portland and Russell neighborhoods. These properties are also in proximity to other major West End development projects, such as the RPOP warehouse development at 30th and Madison St, the Louisville Urban League's \$30 million Sports and Learning Complex, and Louisville Metro's Cedar Street development (see Figure 4).

---

<sup>20</sup> [Race for Profit: How Banks and the Real Estate Industry Undermined Black Homeownership](#)

<sup>21</sup> [22,000 EQUITIES Addressing Racial Gaps in Homeownership and Wealth](#)

<sup>22</sup> [HPI Property Deed](#)

### Russell Development Projects

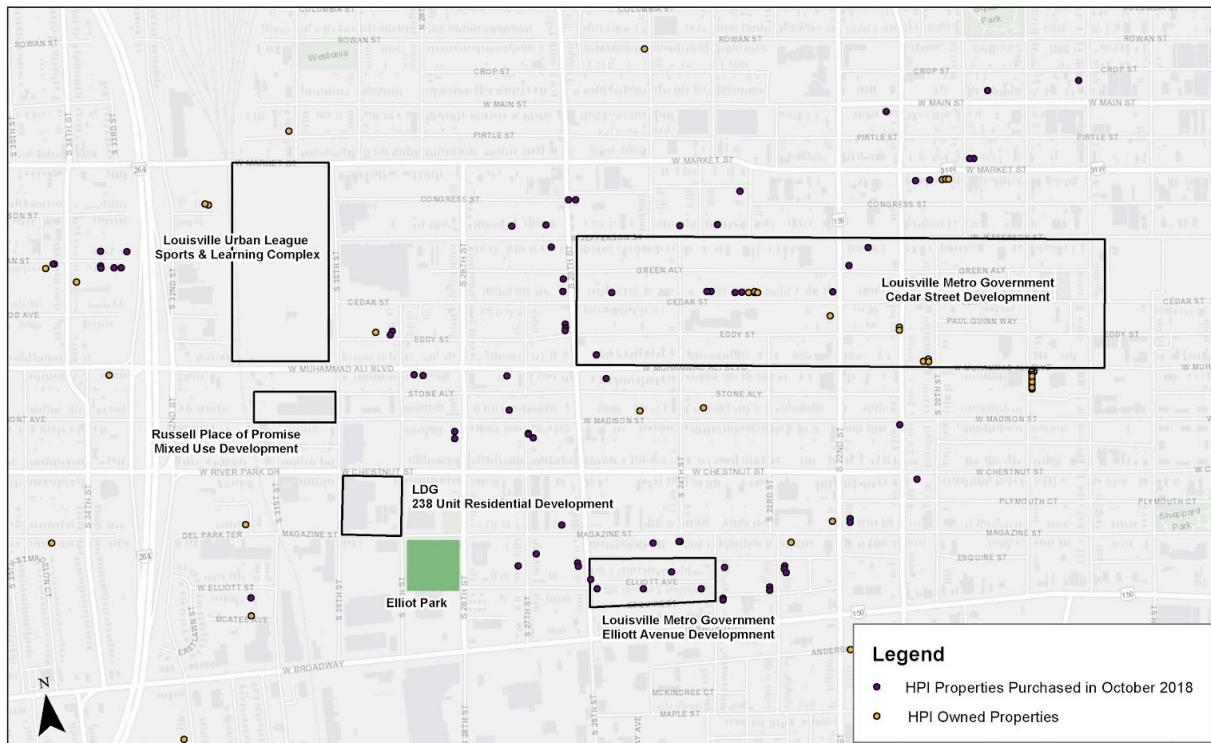


Figure 4 - Russell Development Projects (Root Cause Research Center).

In April 2020, LDG Development announced plans "to construct a 283-unit apartment complex on nearly four acres at 2901, 2919 and 2929 Magazine Street and 2900 West Chestnut Street."<sup>23</sup> This location is also directly south of the Louisville Urban League's Sports Complex and the RPOP mixed-use site and a few blocks to the west of the Elliott Avenue development project (see Figure 4). While RPOP and Louisville Metro Government promised that the transformation of Russell will "build Black wealth," the real wealth is being realized by white developers such as HPI and LDG, who are reaping the benefits of tax-payer and philanthropic funded initiative. Any wealth realized by a large number of Black residents will take years to accumulate and will be minuscule compared to the return on investment generated by these developers.

A 2012 study found that a \$100 increase in median rent is associated with a 15% increase in homelessness in urban areas.<sup>24</sup> This public investment in market rate housing in Russell will increase investor activity, which will in turn increase rents, resulting in even more land being purchased by investment firms, making wealth extraction and gentrification more rapid and harmful to those making below \$25,000/year. Furthermore, there are currently 1,766 subsidized (Section 8) housing units in Russell, and the income

<sup>23</sup> [Nearly 300 new apartments proposed in West Louisville](#)

<sup>24</sup> Munley, E., Fargo, J., Montgomery, A., & Culhane, D. (2012). New Perspectives on Community Level Determinants of Homelessness. *Journal of Urban Affairs*.

restrictions of 1,420 (80%) of those will expire by 2023.<sup>25</sup> When these restrictions expire, landlords have a choice in whether to renew their Section 8 contracts. Due to the public investment in market rate housing, many of these landlords could choose not to renew their Section 8 contracts and convert these units market rate housing, resulting in massive profits for absentee landlords and the massive evictions of hundreds of Russell families. Clearly, this is not what RPOP has in mind with their stated goal of “investment without displacement.”

Dr. Darity writes that if the goal truly is to eliminate the racial wealth gap through home ownership programs, policy makers should be concerned with providing, at the very least, an initial home, as well as an aggressive campaign against housing and lending discrimination, which limits the asset appreciation of the housing stock and financial products available to Blacks Americans.

## The Financial Literacy Myth

In 2019, as part of the Advancing Cities grant, JP Morgan Chase awarded Louisville with \$3 million to administer programs to expand financial literacy coaching and high tech job training, with Russell being one of the targeted neighborhoods.<sup>26</sup> JP Morgan Chase Bank's net worth is estimated to be around 2.38 trillion and the CEO Jamie Dimon's net worth is around 1.3 billion. This Bank has confessed to building its wealth off of African slaves. JP Morgan Chase is known to have accepted over 13,000 enslaved Africans as collateral on loans and JP Morgan owned over a thousand enslaved africans. As recently as 2017, JPMorgan Chase agreed to a \$55 million settlement with the U.S. Justice Department for complaints of discriminatory mortgage practices committed from 2006 to 2009.<sup>27</sup>

The assumption of financial literacy programs is that Blacks don't do well with budgeting money or even supporting our own is our downfall when it comes to the wealth gap. This assumption is rooted in racist and classist narratives and stereotypes that frame the problems of the Black community as being an individual problem and sometimes framing it as the individual's fault. Financial literacy programs have value only if an individual or household has financial wealth to manage. The concept of “Welfare Queens” was introduced by President Reagan used to push the narrative that blacks are just frivolous spenders is not really valid because in reality we really spend no more than whites. It has also been revealed that blacks' savings rate is a bit higher than whites, suggesting that

---

<sup>25</sup> National Housing Preservation Database. (2020, March). Full Data Access. Retrieved from <https://nhpd.preservationdatabase.org/Data>

<sup>26</sup> [Impact Of Redlining Outweighs JPMorgan's \\$3 Million Grant, Advocates Say](#)

<sup>27</sup> [JPMorgan agrees to \\$55 million settle of mortgage discrimination complaint](#)

Black Americans are far more financially literate than other groups. As Dr. Darity notes, “Financial literacy without finance is meaningless. There is no magical way to transform no wealth into great wealth simply by learning more about how to manage one’s monetary resources.”<sup>28</sup>

## Conclusion

All of the myths surrounding Black poverty; from education, financial literacy, entrepreneurship to home ownership fall under the umbrella of concepts “do for selfers” or “boot strap” theories, which says if we take certain economic steps on our own, Black people can pull ourselves from oppression. Black capitalism was the solution proposed by the Nixon Administration to quell the demand for government intervention in redistributing wealth. The residue of Nixon's racist concepts of Black capitalism remains in policies promoting market based solutions. As Merhsa Baradan notes about Black capitalism, “These programs fail because the benefits of capitalism always accrue to the owners of the capital...Using capitalism to fix the racial wealth gap will work only if there is a means to transfer capital, assets, wealth or housing.”<sup>29</sup> The real beneficiaries of the Russell transformation project will be white real estate developers, who are reaping the benefits of a largely tax-payer funded initiative, furthering the legacy of Black extraction and exploitation. Any wealth realized by a large number of Black residents will take years to accumulate and will be minuscule compared to the return on investment generated by these developers.

Dr. Darity explains that while white America received ample government support through public policies to build and maintain wealth, Black Americans were offered a deficient private sector strategy. Black capitalism was a solution that would allow the government to make the economic problems of poverty and insufficient wealth in the Black community the responsibility of Black individuals while the U.S. government abdicated responsibility for providing reparations.

In conclusion, Darity says that “Our nation’s underlying economic structure is supported by harmful narratives and unequal access to assets which begets unequal opportunities to preserve or increase fallacies and confront the root causes of the racial wealth gap. Otherwise we will whistle in the wind and the racial wealth gap will remain unchallenged.”<sup>30</sup> The only key to closing the wealth gap is reparations for hundreds of years of systemic oppression. Nothing else is sufficient.

---

<sup>28</sup> William Darity, et al. (2018) What We Get Wrong About Closing the Racial Wealth Gap, *Samuel DuBois Cook Center on Social Equity*.

<sup>29</sup> Baradaran, Mehrsa. The Real Roots of Black Capitalism, *New York Times*, March 31, 2019

<sup>30</sup> William Darity, et al. (2018) What We Get Wrong About Closing the Racial Wealth Gap, *Samuel DuBois Cook Center on Social Equity*