

**Maude  
Toussaint-  
Comeau:**

Research and Chicago , staff address civic issues from diverse perspectives and explaining how places can recover from the pandemic, overcome longstanding inequities and grow stronger. My colleague Robin Newberger, and I who organized this event, and we extend our sincere gratitude to the many staff members that provided support to us in organizing this event.

Today's panel is on Chicago middle neighborhoods-- minority middle neighborhoods. These are predominantly Black neighborhoods that had historically the large base of middle class or working class residents, many of whom employed in nearby manufacturing firms in the 1970s. These neighborhoods have high rates of home ownership and active commercial corridors.

Over the years, the disappearance of these industrial jobs and businesses that supported them, coupled with discriminatory housing policy, and disinvestment, have fueled a decline in many of these traditional Black middle class neighborhoods. Please check out our latest *ProfitWise News and Views* publication. We have an article that came today. The title is, *Preserving Chicago Minority Neighborhoods*. So not a coincidence. In the paper we analyzed data, assess the many assets and also challenges in minority middle neighborhoods.

We also report on [INAUDIBLE] conversation with civic leaders and stakeholders from the communities about place based interventions that make sense for them in order to restore value and revitalize their communities. We now are in a terrible pandemic which is affecting places like the minority middle neighborhoods in a disproportionate manner. Over all the long standing exclusion of Black communities from education, employment, housing, and quality and affordable health care, and the disparities in access to resources and financing for entrepreneurs of color and businesses, have been led bare and worsened by the devastation that COVID-19 has unleashed in those communities.

This is why we wanted to continue the conversation which we have studied on minority middle neighborhoods. For this event, we want to delve into some of the added challenges facing them during this crisis. I'm looking forward to hearing the panelist speak about how minority business owners, landlords, renters, in the Black

communities on the south and west side of Chicago are doing. For today's event, we have a great panel of researchers and practitioners. I will briefly introduce them but please visit our event website for their complete bios.

So we will have first professor Alex Bartik, assistant professor of economics at the University of Illinois at Urbana-Champaign and an affiliate researcher with the University of Chicago poverty lab at Urban Lab. Next we will hear from Stacy Young. Stacy is the director of the preservation compact which is located at the Community Investment Corporation, or CIC. Then we'll have Nedra give us an introductory remark, the executive director of the Greater Chatham Initiative. Nedra is also the national committee member for Middle Neighborhoods which is an entity that promotes middle neighborhoods in the whole country.

And then we'll have Jahmal Cole. Jahmal is the CEO and founder of Hood My City. This is one of the fastest growing social impact organizations in the city. So I want to thank the panelists for joining us. I will welcome their remarks before I jump later to some questions for the panelists and some shared reflection. And then you, the members in the audience, I would also take some new questions as they arise as time's allowed. So let's start with you, Professor Bartik. The floor is yours.

**ALEXANDER  
BARTIK:**

Great, thank you. I want to start by thanking in particular Mod and Robin for putting together this great panel. I know I'm really excited about it. I mean, these are really important conversations to have. I'm always excited.

As a researcher I think I get a lot more out of these conversations with the practitioners than the practitioners do. So I think it's always really valuable and I'm really excited about it. I've been part of a big set of teams. I've been working on trying to document what's been going on with small businesses and the labor market during COVID-19. And so I'm just going to go through to just provide a little context, a few of the key results, and about how that pertains to Chicago, and particularly minority communities in Chicago.

And hopefully that can be some useful context as we have this conversation. You go to the next slide? And so there's really four big things, I think, at least the work that I've worked on highlights that are important to think about. The first, if you go to the next slide-- maybe this is not too surprising to people but it's really stark if you look

at it in the data. So one source of data we've been using is from Homsebase which is a time card company that small businesses use.

Basically, it's where people schedule their time and report their hours and stuff. And so that can give us a daily sense of how much people are working at small businesses, particularly those in restaurants and food and retail most affected by COVID as time's gone by. And you see this kind of downturn in small business activity was incredibly rapid. So relative to ours at the end of January, employment declined in these types of small businesses in Chicago roughly 70% in a two week time period between roughly the start of March and the third week of March. And then since then, you see kind of a slow but descending recovery in those outlets. And you see the same pattern kind of reverse for whether or not businesses are open.

So this has been an incredibly sharp crisis that's really rapidly affected a lot of small and medium sized businesses. Can you go to the next slide? This looks at this pattern, and it's a little bit smaller than I'd hoped, but across the different planning regions that the city of Chicago planning department uses. And you see that this rapid decline was very widespread throughout Chicago.

It was actually pretty similar in a lot of areas, with maybe the one exception really leaping out in a maybe not surprising way is that, the Loop area actually had one of the biggest downturns in employment because of the reduction in number of office workers. But the broad point is that this big decline in small business activity and employment is really city-wide. If you go to the next slide-- and again, this is a little bit obvious but I think it's important because this makes this downturn maybe different from the great recession and other recent downturns that I think communities have had to face, in that the employment declines in this recession, if you look at the kind of lighter bars, have been concentrated in in-person services-- leisure hospitality, food and drink, and to some extent actually education and health too, compared to previous recessions like the great recession which were much more concentrated in construction and manufacturing.

And so that gives the kind of challenges we're going to face through this recession some different nuances than some previous ones. If you go to the next slide, that was previously national there. You see the similar thing if you look at Chicago. So

this comes from a survey I did with a big team of collaborators at the Poverty Lab where we surveyed a bunch of small business owners in Chicago. And you see again that the businesses that are most likely to be temporarily or permanently closed are those concentrated in those in-person services that are really hard to do remotely and are most affected by public health [INAUDIBLE].

And then the next thing we looked into in this survey is, OK, how are different businesses that are owned by minorities maybe faring differently or similarly to small businesses as a whole? This has been a big shock. It's affected a lot of small businesses. Actually the probability in the short term of being closed is pretty similar to minority owned and other businesses. But how are the resources that those businesses have and have access to different?

And so it's a couple of big things we've found. The first is that minority owned businesses-- and this is true in a national survey and a survey of those businesses in Chicago-- have left them about 20% less cash on hand. So the amount of resources they have right now that they can use to ride out the storm in non-minority owned businesses. So that suggests that although this kind of huge COVID shock has affected businesses throughout the city and of all types of owners, it's possible that given those lower financial resources the ability to weather the long term storm may be different.

And if you go to the next slide, we also see this reflected-- can you go the next? In whether or not firms have missed rent or are worried about missing rent. So 82% of minority owned firms in Chicago, of small businesses, either have missed a rent payment or expect to miss rent payment, whereas that number is only-- I mean, it's still high, but it's only 68% for non-minority owned businesses.

And so you see this gap possibly driven by those different systems financial resources that I mentioned, and expectations about financial distress like missing rent payments that might be coming forward. So the shock has been kind of big and affected a lot different parts of the economy. But minority owned businesses may be particularly exposed, is suggested by these types of findings as the crisis continues.

And the final thing to mention, which I think is going to be important for thinking

about some of the policy discussion, is that this crisis doesn't take place in a vacuum. And a lot of businesses in a minority dominant community, in majority minority communities, face some greater challenges due to long run population trends. And as you know, this is not a surprise to anyone I don't think.

But if you go to the next slide, in some other work I've been working [INAUDIBLE] maps and trying to understand, how did neighborhoods of different types have been changing in the US? And so what we did is, we divided neighborhoods up based on their 1970 characteristics into four types-- majority Black, not majority Black, high poverty, low poverty. And we looked at, how has the total population changed?

And what you see that's really striking is, non-majority Black, low poverty neighborhoods, which maybe is not surprising, have grown a lot in population since then. Conversely, low poverty but majority Black neighborhoods, so some of these middle income Black neighborhoods we're trying to talk about-- and this is not a mystery to people-- had experience pretty substantial population declines over the past 50 years, with middle income Black neighborhoods declining in population about 20% since 1970.

So I think that's important context for what's going on with minority owned businesses which are facing this big national in scope crisis, but maybe with fewer financial resources to respond to those crises, and also oftentimes operating in the context which, for a variety of reasons having to do with declining manufacturing, structural racism, and other factors, have been in declining neighborhoods. And that's going to be an important context that that's going to affect the ability of some of these firms to recover. And it's going to be something that the policy needs to think about. And so those are just four or five facts based on the stuff that we've done that can hopefully be useful context.

Maude Toussaint-Comeau Professor Bartik. Next we have Stacy Young.

**STACY YOUNG:** Great Thank you. Thank you very much. As Alex said, I'm thrilled to have the opportunity to participate today. It's a really great group. Today I'm going to spend a few minutes to give you an overview about CIC and the Preservation Compact, who we are, what the neighborhood rental stock looks like, what typical owners of that stock look like, how COVID has affected these buildings, and the tenants and the

owners of the buildings, and what we can do to support those owners to keep the buildings, and the blocks and the neighborhoods, stable and strong. Next slide, please.

CIC, Community Investment Corporation, is a CDFI a non-profit lender. Our core work is financing acquisition rehab loans to preserve multi-family rental buildings. The Preservation Compact is a policy collaborative. That means we bring lots of different people together-- all levels of government, for profit developers, nonprofit developers, civic groups, community organizations-- to come up with strategies, policies, and programs, to preserve affordable rental housing.

So when we think about the neighborhood rental stock, we think about a lot of different things. But I just want to give you a picture of what I'm going to be talking about today. So you may have heard this term, NOAH, the Naturally Occurring Affordable Housing. So when we think about this naturally occurring stock, what we're talking about is the unsubsidized affordable rental stock. It is affordable because these values in these neighborhoods are lower and So their rents can be lower. And in fact nationally, 75% of all affordable rental is unsubsidized.

And when we think about these buildings, these apartment buildings are typically smaller than some people might think about rental. So 35% rental is in five to 50 unit buildings and half of the rental in Chicago is actually in one to four unit buildings-- so two flats, three flats, and single family homes. So why am I talking about rental buildings when this panel is about entire neighborhoods? It's because these buildings anchor our corners. The single families and two flats might be in between but these are the anchors.

And we need to preserve these buildings and keep those buildings strong and healthy if we want our neighborhoods to also stay strong and healthy. We know from the last crash that these buildings are especially vulnerable to deterioration and loss and we want to avoid that. Next slide, please. So who are these owners? I know today that we're talking about small businesses and COVID. But I'm here to tell you that these owners are classic entrepreneurs. These are your classic small business owners.

We naturally think about small restaurants and cupcake shops or bike repair shops

as small businesses we need to support. But most people don't think about these small building owners as small business. And that's what they are. And they're really important small businesses because they house our low and moderate income families. They hire local residents to work for them and they purchase from local vendors.

Almost half of CIC's borrowers are minority owned businesses. And again, they're small-- they typically have four employees, 35 units. And if you're wondering who lives in these buildings, 92% of the tenants earn less than \$40,000 a year which isn't much, especially when you factor in how many of them work in jobs that are likely to be lost or hours reduced, as Alex just described, as a result of COVID. And again, a really important element here is these small to mid-sized owners know their buildings and they know their neighborhoods. We're not talking about large faceless companies from out of town.

Next slide, please. This is a picture of some CIC borrowers. It's a great mix. The guy on the right actually owns a lot of units. He also has a third party management company. The women on the left I think owns one very small building. And the folks in the middle are in the middle. They own a handful of small multifamily properties. One couple worked together at a hotel and saved their money and started to buy these small buildings, and now that's their business.

Next slide, please. So what has COVID done to these buildings? The DePaul Institute for Housing Studies did some analysis about who works in the jobs most likely affected by COVID. And you just heard from Alex-- this is the service industry in these small businesses, the hospitality industry. And here is what they found, again, about the folks who are working those most vulnerable jobs. This basically describes tenants who live in CIC financed buildings.

People working in the affected jobs sectors are more likely to be renters. They're more likely to be people of color. And those folks are more likely to be concentrated in low and moderate income neighborhoods, so these middle neighborhoods that we're talking about today. And if I'm a building owner and these are my tenants, and they stop paying rent because they lost their jobs or their hours got reduced, it means I may be scraping the bottom of the barrel to pay my basic bills, which means I have less money to invest in building maintenance and upkeep. In fact, a

very recent national study of small landlords found that one in four have had to borrow money over the last quarter just to stay afloat.

And so again, I mean, it just speaks to these businesses having thin margins and a fragile infrastructure. And if the landlords are vulnerable, the buildings are vulnerable. And I don't have to tell anyone here what happens when those buildings start to fail-- blocks and neighborhoods could easily follow. Next slide, please.

So what needs to happen for us to avoid this cycle of deterioration? Unfortunately, provisions in the CARES Act didn't really help these owners. The paycheck protection program didn't work very well. I can get into some detail but it really required large numbers of employees to have an impact. The federal loan modification provisions and that CARES Act also didn't really work because it didn't really apply to these owners-- FHA and Fannie and Freddie and agency debt typically used on larger buildings with larger owners.

So what will make a difference for these tenants, and owners, and ultimately the buildings and the neighborhoods? Certainly an extension of the expanded unemployment benefits. And we all know about this. Right now it's \$600 a week. These are going to expire in the next couple of days. It's a very big issue. If people don't have money to pay rent then they're going to not pay rent. And then everything goes down as a result. So we need those expanded unemployment benefits and we need lots and lots of rental assistance.

And as the rental assistance is made available, owners need to be part of the conversation. We need to coordinate with those owners to reach the tenants to make sure that the assistance flows smoothly. No one is closer to being able to reach these tenants than the building owners. And we also need to realize that the enemy is COVID-19, not the building owners. It feels like there's a dialogue right now that building owners should be more flexible about not asking for rents in order to help tenants.

And owners are being flexible right now. But the source of this crisis is a global pandemic. So the owners didn't start it and they shouldn't be expected to be the only solution. And in fact as I've said, as we know about small businesses, they are quite fragile. Their margins are lean. And most can't survive if they're expected to



collect less rent for long periods of time.

So what we need to do is work together to advocate for meaningful dollars-- again, that expanded unemployment money, and making significant long term investments into rental assistance. We can't let this health crisis turn into another housing crisis. Thank you.

**Maude**

Thank you so much Stacey. Nedra? Nedra, you are next.

**Toussaint-**

**Comeau:**

**NEDRA SIMS**

**FEARS:**

Can you hear me this time? Can you hear me? I'm really pleased to be here for this conference and to really talk about what's going on on the south side of Chicago, and in particular what's going on in the four communities that we serve. So my name is Nedra Sims Fears and I'm the executive director of the Greater Chatham Initiative. It's an organization where we focus on economic development, workforce development, housing, and public safety.

And so some of the questions I often get when people ask about African-American middle class neighborhoods is, why are they important? And I think of them having grown up in one of the four communities that we serve. And those communities are Avalon Park, Chatham, Auburn Gresham, O'Grady Red Crossing, that they are a cultural asset. And they're great places to nurture and support African-American families. They support social cohesion.

And it's great to be in a place where people look and act like you and really support your dreams, and frankly for being respite from the structural racism that is so embedded in our community. African-American communities are also important-- so for example in Greater Chatham, African-Americans started migrating here in the '50s. And you can see two generations of inter-generational wealth, which is very important to help buttress the community.

What I also will talk about is-- and also the educational norms, because those communities in the '60s and '70s had really great educational opportunities. And that's where our Black teachers, lawyers-- I grew up on a block where they were many teachers, there was an accountant, there was a judge, there were doctors, postal workers, so just a bevy of that middle class that Alex spoke about earlier that

has been eroded because of the manufacturing base erosion, and primarily and then secondly because of the class jobs.

So I'm glad Stacy kind of teed up how important lenders are in the community because what we've seen-- so our community, the four communities, are roughly about have 120,000 people, 44,000 households. We have a rich collection of businesses. We have over 5,000 businesses that employ 51,000 people and generate about \$650 million in annual revenue.

So we have those businesses side by side with the residents. And the majority of our residents are renters. And they have been hard hit particularly by COVID. And we have experienced the digital divide. We're seeing it with the businesses, the ability for businesses to pivot to online ordering and delivery.

We're seeing that in education because many of the families don't have broadband. 40% of our families don't have broadband. And so it's been a patchwork to try to give those families access to broadband and also to technology. We have the hardware, and software, and the training to go up the curve so that they can successfully work from home.

And then as Alex said, that many of our workers, our residents, are essential workers. So they can not telecommute. They actually have to go in to work. And with that, unfortunately, what we have found is that they bring the COVID back to us-- our firefighters, and police officers, and nurses, and CTA bus drivers. So at one point we were the epicenter of for COVID-19 transmission. So thankfully that has died off.

But we are particularly more vulnerable to it than other communities because we are where the essential workers come home to. I also want to talk about the economic divide, and Alex kind of lifted that up, that our businesses have less resources than their white counterparts. We're operating a small microcosm of restaurants. We work with 23 food based businesses in Greater Chatham and South Shore. And when we surveyed them when COVID happened, we saw that some of them could survive for three weeks, some thought they could survive for three months, and some had enough access.

But it was really very problematic for them. And so the moneys that have been made available. through paycheck protection, the economic [INAUDIBLE] disaster

loans, and the city of Chicago and other bevy of programs have been very important. It's really important that those are grant programs because many of these businesses, they leverage very heavily their assets, their homes, to start their businesses and they are particularly not excited about taking out loans because they're just trying to make sure the their here that's quarter and next year and they don't want to take on additional debt.

I do want to pivot and talk about our renters that Stacy really helped lift up. When we did analysis, on average income in our communities are about \$32,000, but our average Black renter and our community income is \$22,500. And we know from national statistics that the average Black renter has a net worth of \$1,000.

So needless to say, it's no wonder that-- and I think I can speak for Jack Murkowski who is the president of Community Investment Corporation and also on our board, if they'd share the way of thinking of the big corner apartment buildings that are really important, that provide that workforce housing, that they've seen delinquencies with flows in their portfolio. We're about up to 25% either in providing forbearance or delinquent payments from those apartment buildings.

So you can infer that the owners are stressed because the tenants are stressed because they can't meet the mortgage payments. And that has really far reaching impact on our community. It demonstrates a lot of housing insecurity. And we've seen how that permeates through the educational system. A couple of years ago when we looked at our schools in our community we had a high I would say churn rate. But what I mean by that is, in the city of Chicago the average school, 17% of the school age population turns over.

A couple of years ago we had turnover rates between 33% and 50% in the majority of our schools. So just think--

**Maude**

Wow, Nedra!

**Toussaint-**

**Comeau:**

**NEDRA SIMS**

--in a few years that entire population turns over. And so in the last two years that

**FEARS:**

has declined so it's more between 17% and 25%. But we're concerned that when we

have this housing instability where people can't pay their rent, it permeates through education. And you know when kids move schools, they lose the educational gains that they had made earlier. We want our kids to stay on track.

And so between the house--

**Maude** Nedra?

**Toussaint-  
Comeau:**

**NEDRA SIMS** --and the digital divide--

**FEARS:**

**Maude** Nedra, [INAUDIBLE]. Yes, I think you leave some question time for the audience.

**Toussaint-  
Comeau:**

**NEDRA SIMS** OK.

**FEARS:**

**Maude** If we move with Jahmal.

**Toussaint-  
Comeau:**

**NEDRA SIMS** Sure.

**FEARS:**

**Maude** Thank you. Jahmal, was Jahmal able to be connected?

**Toussaint-  
Comeau:**

**JAHMAL COLE:** Yes, I'm connected. How y'all doing?

**Maude** But we'll get a chance to come up to what we're talking. Jahmal? Yes.

**Toussaint-  
Comeau:**

**JAHMAL COLE:** How you guys doing? Thank you for having me.

**SPEAKER:** Can you give us a statement for three minutes? We seem to be running out of time. Sorry.

**JAHMAL COLE:** I'll keep it brief. Thank you guys for the presentations. Nedra, you're awesome. We love you, loved everybody's presentation. Our organization's called My Block, My Hood, My City. We take care of people no matter what. So if there's a snow storm, you're going to see us out there shoveling snow for seniors. If there's a heat wave, you're going to see us out there delivering water, delivering fans, directly to senior's doorsteps.

If there is-- during COVID-19, thousands of seniors called [INAUDIBLE]. A lot of them were lonely, believe it or not, they were lonely. But we had this problem where we had students out of school, and we had seniors that were in need of assistance with PPE. So we hired 85 students to make well-being calls to the seniors, and rush hospital trained them. They gave them certificates, all the youth.

So the teenagers work about 10 hours a week and they get paid \$15 an hour to call seniors and check in on them, do contact training, connect them to primary health care physicians, send them PPE, food, hand sanitizer, disinfectant spray, masks, gloves, et cetera. Our students do that for the next four weeks. It's an eight-week job. Very excited about that.

Also during a lot of the looting, and the rioting, and the protesting, a lot of small businesses were dissipate. I mean, I live in Chatham. My community turned into a food desert almost. Walmart closed down, a lot of local stores closed down. And now seniors have to go 20 minutes away or 15 minutes away to a pharmacy.

So we started a small business relief fund for small businesses that were impacted by the looting. And we raised a million dollars to disperse to over 400 businesses in Chicago that needed help with graffiti removal, glass repair, light construction, and painting. It's just estimates to how many volunteers we have and how many supporters we have all around the city. So that's our community development.

We also do youth development. People know us because of our explorers program. We know a lot of teenagers in Chicago right now, they live in communities where there's 15 currency exchangers and no banks. So if you ask a kid, what's a job at a bank? They have no clue. They've never been to one.

We take teenagers from these divested community areas on educational field trips and we expose them to different cultures, different professions, different cuisines. We expose them to places like Pandora where they learn about advertising. We might take them to Gatorade to learn about consumer engagement. We might take them to a bank so they can learn about the different roles inside of the bank. We just expose them to what's available outside of the neighborhood and in Chicago.

We work with 150 students in 10 different schools and we have a 36 school waiting list in Chicago alone. So there's a lot of kids that need exposure. I'll keep my comments brief but that's pretty much what we do. Our philosophy is 15 words, and those 15 words are, "what's something simple I can do that will have a positive impact on my block?" You ask yourself those words every day, you can make a difference.

**Maude  
Toussaint-  
Comeau:**

Yeah. Thank you so much, Jahmal. I guess a lot of Black [INAUDIBLE] really speaking with both researchers and practitioners with their ears on the street. So pretty much picking up on Jahmal and Nedra, seeing what resonated with me is the importance of having nuanced understanding of what going on these places and what place means to us, and having the right balanced narrative of what Chicago and west side needs for professionals such as yourself who make the place not only a place where you work but a place where you live, a place of choice.

So what would be the dominant narrative that you would want people to be clear about the south and West Side Black neighborhoods? Nedra and Jahmal.

**NEDRA SIMS  
FEARS:**

I think that the South and West Side Black neighborhoods are vibrant. They're home. They have a lot of assets. And that we are looking to how to kind of just that stench of racism so that we have more-- bring more assets to the community, particularly in this really stressful time. I think of, we have our unemployment rate to 15% and 20% and an informal economy rate of 10%.

And that's what we live with every day. And people need jobs. They need opportunities.

**Maude  
Toussaint-**

Excellent. So Professor Bartik, I think a lot of the things that Jahmal and Nedra told of the south and west side of Chicago are really about also the idea of social

**Comeau:** networks and social capital in institutions. So what can we as researchers understand in the course of our research to be more [INAUDIBLE]

[INTERPOSING VOICES]

**Maude** Professor Bartik?

**Toussaint-**

**Comeau:**

**ALEXANDER** Sorry. I was muted. The great difficulty of making sure you know when you're  
**BARTIK:** muted. I think social capital has been one of those classic things in social science, like [INAUDIBLE]

Everyday life, I think, tells people it's important but it's hard to measure, it's hard to study.

But I think there's been some work starting to provide some preliminary documentation about how important that can be for different dimensions. Brian Asquith and co-authors have some really fascinating research suggesting that when a neighborhood, when there's more nonprofits, and churches, and other social institutions that are developed, that can improve the labor market networks in the area by improving those social contacts. And then that can maybe improve labor market outcomes. There's other work by Patrick Sharkey about how local community organizations focus on combating crime can play a role in reducing crime.

And there is also some more research more recently by Nathan Hendren, Raj Chetty, and co-authors that I think it's suggestive but it suggests that proxies for social capital and cohesion are correlated with upward mobility for people growing up in the neighborhood. So I mean, I think it's one of the hardest things in social sciences to study. But I think over the past 15, 20 years, I think some creative researchers are starting to provide some documentation of the importance of social capital that I think a lot of us see in our everyday lives.

**Maude** Thank you so much, because I think that in this unprecedented times as  
**Toussaint-** researchers we want to make sure we're getting it right. Sometimes the path

**Comeau:** [INAUDIBLE] we are not really able to help us understand what's going on now. So I would like to come back while I have you here and go back to the presentation you've made since the survey was I think in April. I'm wondering what's your sense of how things have changed? How would some of your results change if that were to happen now?

**ALEXANDER BARTIK:** Well, you know, I think now the thing that I think I am going to be on the lookout for and that I'm concerned about-- so one thing we asked folks in April when we survey them is, depending on how long the COVID crisis lasted how long would their business be able to survive? And there were some striking findings there in that in some of these most affected businesses by COVID, which are often small businesses, and are very important community pillars like restaurants, barbers, retail, that play a big role in creating thriving commercial corridors-- a lot of those businesses said that if the COVID crisis lasted six months without some additional assistance, 60%, 70% of those businesses said that they might be forced to close permanently. Even more in the case of restaurants and bars which are particularly exposed.

And so now that survey was done in April, in early April, late March. Now we're getting to-- six months is October, right? And so we're starting to get to the point where a lot of those businesses were worried about their ability to survive. There was PPP. There have been some other programs, but a lot of those are kind of winding down.

And given those responses about the risk that they face and how long COVID is proving to last, which I think some other folks have highlighted, a lot of these businesses only have four, five weeks of cash on hand in terms of monthly expenses. Now I'm really worried about how much are the permanent closures picking up? And are we actually seeing those really high numbers of closures that the survey suggested might happen? And that's kind of what I'm really worried about right now and that you might see if you did that same survey now.

**Maude Toussaint-Comeau:** Yeah. And as you're an expert also in middle wage workers, I would imagine that that would have a huge impact on middle wage workers like the workers in the middle neighborhoods we're talking about.



**ALEXANDER**

**BARTIK:**

Well, yeah. I mean, if in a lot of these jobs, firms are in commercial strips in these neighborhoods we're talking about, and lot of those jobs employ people who live locally, right? And we've seen that actually relative to other recessions, particularly impacted have been the hourly workers at these kind of jobs, probably living in these neighborhoods, which are going to be people making less than the average wage. Disproportionately we've seen people of color.

And so if those businesses fail, that's going to have short, medium, and long run implications both for the businesses and neighborhoods and also just for the people who are working there. And I think that's a big-- I think I'm really concerned about what's going to go on with some of those businesses and the long run repercussions that might have.

**Maude**

**Toussaint-**

**Comeau:**

Yeah. That's definitely disconcerting. So if we could move also to the housing stock, because if you have those building cool off that's really a problem for the housing stock as well. But we've got some questions in advance of this event. And they have to do with addressing market failures in the real estate, appraisal values that depress mortgage lending, and the prevalence of abandoned buildings and vacant lots that bring down property values. So I would like to ask Stacy who is in the housing space, and also Nedra, to give some additional thought about how to encourage investment in housing in the communities in which they work.

**STACY YOUNG:**

Sure. I would say encouraging investment is critical. At CIC this is what we do all day every day but we can't be the only ones out there lending. We need more lenders to be engaged and active in these markets, making loans. And unfortunately the way CRA stands right now, it makes it easy for banks to get credit for lots of other activity that's a lot easier and a lot less risky than investing in these small buildings in these types of neighborhoods. So that's just unfortunate.

And I would echo what Nedra said. Many of these owners right now to survive need grants and not loans. They need some really deep assistance. And we also have to keep in mind that this is an equity issue, and I mean both racial equity and equity investments. Buying a multifamily building requires equity and many minority owners just can't go to friends and family to raise money the way some white owners can. I remember talking to one large white developer who told me, he had a barbecue with his friends and he raised \$10 million for a new fund. That was some

barbecue!

But we know that people of color don't necessarily have those same resources. So we need to keep in mind that they also need money for equity. They don't necessarily have those same networks that can access that kind of cash that other developers can.

**Maude Toussaint-Comeau:** Yeah. And then in the mix to add something to that is Nedra? OK, so since I have you here Stacy, I'll also ask you about something you brought up on rental assistance. We have got forbearance for owners. Does that help them? And we also have the eviction moratorium. Do those things help?

**STACY YOUNG:** So it's nice to have forbearance as an option but it's not the same as loan forgiveness. Those payments have to be repaid. And right now some of those structures of forbearance are not super helpful. They're only looking at a few months of payments that have to be repaid really quickly, which is not helpful. And even if the banks were offering something that was more meaningful and deep as it relates to forbearance, actually the mortgage payments are typically less than half of an owner's expenses.

And so the owners have a lot of money they spend money-- they have a lot of expenses they spend money on, not just mortgages. Certainly the eviction moratoria help the tenants and we do need tenant protection right now. But we also have to keep in mind that owners, the last thing they want to do right now is spend a lot of money on an eviction. So this is not about owners who can't wait to put tenants out. If they have a good tenant they really want to keep that tenant in place.

The tenants that they really need to evict because they haven't been paying probably since before COVID, they might be disruptive. So now these owners have lost months worth of rent because of these eviction moratoria. And so again it sort of comes back to this idea of standing together to get the resources to help the tenants pay rent because if the tenants can pay rent, the building owners can pay their expenses and maintain the buildings, and the buildings and blocks and neighborhoods stay strong.

**Maude** OK. Thank you so much, Stacy. Is Nedra here? I also know we're having some

**Toussaint-  
Comeau:**

connection problem with Jahmal. So this is where I would like to ask Jahmal some questions after this. But right now I'm not able to. So I'd like to move on and as we're coming close to the meeting and just get your thoughts on the prospect of the future. Professor Alex, can you tell us what we've learned from research on how to effectively recover after these riots, briefly?

**ALEXANDER  
BARTIK:**

Yeah. I mean, it's a challenging, complicated topic. There's been some interesting recent work trying to study what happened to buildings and businesses that were destroyed in DC in 1968. And you see it took 30, 40 years for some of those areas to recover, particularly around the 14th Street corridor or the 8th Street corridor in DC, and the 7th Street corridor. And that contrasts with some previous experiences in American history there is research on. There were substantial fires in San Francisco and Boston in the late 19th century, early 20th century, that actually had very fast reinvestment and really fast build back.

And recent research by Brooks and others were like, well, why was the DC experience post-1968 slow when there are faster developments in other parts of American history? And they highlight a couple of things. More research is definitely needed.

One which I think is partially why I mention the context on the population decline is the DC fire, it happened in a context where, because of white flight and a lot of other factors, there was population decline happening in DC. And that, I think, can make it harder to bring in folks to try to redevelop stuff. I think that is a challenge faced by a lot of middle income Black neighborhoods. There has been population decline and that makes a lot of problems trickier to solve.

And second, there were issues partially due to racism, partially due to other factors, that made it hard to get financing and get insurance for firms that wanted to redevelop those. That highlights the two key challenges in that it's easier to redevelop a place if it's been growing recently than if it hasn't, and making sure that [INAUDIBLE] can get the financing. And there's some ideas from the research on how you can solve those. But I want to make sure that I don't take up all the time.

**Maude**

Yeah, I appreciate that. And I also think that, although right now we have so many

**Toussaint-Comeau:** pressing issues. So I'm not thinking so much about gentrification and unwanted displacement. But that's something that's always in the back of our mind and we are concerned about when we talk about minority places in transition and how they get [INAUDIBLE] developed.

**ALEXANDER BARTIK:**

**Maude:** Do we have Nedra back? Nedra? We don't have Nedra.

**Toussaint-Comeau:**

**NEDRA SIMS:** I'm here. Can you hear me?

**FEARS:**

**Maude Toussaint-Comeau:** OK, thank you Nedra. So we're sort of coming to our end right now and quickly getting some final thoughts. As someone who has studied the trajectory of middle class places, I wanted to get your final thought on how you think going forward we're going to sway how-- what would it take to sway how neighborhoods are able to respond and recover?

**NEDRA SIMS FEARS:** So I think that where this recession is different, it didn't start with real estate. Our real estate market is still surprisingly, as far as homeownership is concerned, it's still strong. People are still buying in the community. We have folks who are using this as an opportunity, homeowners, to invest in the community and upgrade their housing. And so it really is a tale of two communities.

You have renters that are really suffering but the homeowners have more income, a higher net worth, and they're continuing to invest in the community. I would like to think of it as a great place because we do have naturally affordable housing that people will come and rent in our community because it is at a lower price point than other communities and they can get great amenities. So that is the hope.

Also from a business perspective, to look at the digital divide. Those folks who have come out better during COVID were able to pivot to digital. They were able to get their stuff online, to have ordering, and are really doing well. So that those who can pivot to the 21st century, I think those are going to be the winners.

**Maude  
Toussaint-  
Comeau:**

Excellent. Thank you so much. Were we able to get Jahmal? I really wanted to hear Jahmal's final-- I wanted to close up with Jahmal because I'm really inspired by Jahmal's work in how he's been able to galvanize so much support around what he's doing. There's a lot of us, and we do projects sometimes. So a lot of the audience members understand.

And a lot of us were asking about, how do we help? How do we support? And I know you have some great ideas on that because he's been able to get so much support and really inspire the community to really collectively have efficacy, collective efficacy. So do we have Jahmal? We don't? But that would have been I believe his message.

**NEDRA SIMS  
FEARS:**

I've heard Jahmal say it over and over and over again, that you should look at what you could do in your community, your place, one block at a time. And that's what Jahmal says.

**Maude  
Toussaint-  
Comeau:**

Yeah. And he says you must begin with your block. I picked up a couple of nice sentences from him. So it's time for us to close up. We didn't have any additional questions. So I think we can take some important take away from today's discussion. I feel that I've learned a lot and about from the representative survey data, how several strict measures are intensified for minority businesses and lower income places. I think we've learned something about how COVID-19 pandemic has affected renters, landlords, business owners, and small developers.

And we've also learned about locally based efforts to address the businesses and housing needs to help stabilize the middle neighborhood. And you also had some good recommendation like rental assistance and et cetera. So as importantly, I feel that I also learned that we should look at the importance of being connected, of having the right narrative of place, of having a balanced understanding of the South and West Side Black neighborhoods so that we don't reinforce the devaluations of Black places.

So I hope that we've all learned the importance of also being involved. So thank you so much to my wonderful panelists. This was terrific for me. So on behalf of myself and my colleague Robin Newberger who co-organized this event with me, and the large team in the bank that supported this event from production, publication, and

technology, I thank you very much. And thank you, the audience, for your questions.

And I hope you enjoyed the conversation as much as I did. Thank you. Please be sure to be part of the continuing conversation with Project Hometown. Bye.