

HISTORY OF THE RACIAL WEALTH GAP



The persistent wealth gap between African American and White Americans, unchanged for nearly six decades, underscores systemic inequality in the United States. This is an ongoing reality affecting many lives, not just a historical fact. In Norfolk, discriminatory policies at state and local levels have often amplified disparities ingrained by broader federal policies.



2023

Coastal Storm Risk Management Project

In the Southside neighborhoods of Norfolk, civic leagues and concerned residents took decisive action when the city council approved a large-scale series of flood mitigation projects in partnership with the U.S. Army Corps of Engineers. The original plan had been designed using only home values as a determinant for the level of investment and the inclusion of new structures. This approach was seen as problematic by the residents because it overlooked the social, historical, and cultural significance of their neighborhoods.



1994

NAFTA

The North American Free Trade Agreement (NAFTA), implemented in the early 1990s, has had wide-ranging economic repercussions across the United States, including the state of Virginia. One of the most significant impacts of NAFTA was the sweeping loss of manufacturing jobs that occurred in numerous regions. This job loss was not evenly distributed among the population. In fact, it had a disproportionate effect on working-class African Americans who were more likely to be employed in these manufacturing industries. As these industries dwindled, many individuals found themselves without secure employment, creating an economic challenge that many communities continue to grapple with to this day.



1957-1968

Reinforcing Segregation

The integrated Broad Creek Village and Atlantic City neighborhoods were redeveloped, creating a nonresidential buffer zone between African American and white neighborhoods. With the momentum and national attention gained through Project One, the federal government backed the overhaul of over 200 acres of land, displacing the community and replacing 3600 dwellings with a mix of interstate roadways (i.e., I-264), recreation areas, and industrial parks.

1935-1945

Prominent Black Financial Institutions Close

The combined effects of limited access to federally-backed consumer loans and the Bank Holiday of 1933 ultimately led to the closure of Black-owned financial services firms. This included the Metropolitan Bank and Trust Company in 1935, and the VA Beneficial and Insurance Company in 1940. These Black-owned firms modernized financial organization within the African-American community of Norfolk. They were positioned to survive the aftereffects of the Great Depression if not for government intervention.

1920s

Church Street Thrives

In the late 19th century, Church Street in Norfolk emerged as a hub for immigrants. By the 1920s, it had evolved into a thriving residential, entertainment, and business center for Black residents. Other areas, such as Main Street and Granby, excluded Black business owners and consumers until the Great Depression. This period led to a mix of businesses, including Arthur's Drugstore, Eureka Lodge, and Attucks Theatre, catering to the Black community.

1914

Norfolk

Exclusionary Zoning

In the early 20th century, Norfolk implemented a zoning ordinance enforcing residential racial segregation. White residents were prohibited from living in designated "colored" blocks and vice versa. Despite a 1917 U.S. Supreme Court ruling declaring the ordinance unconstitutional, Norfolk enforced it until 1925.



POST-1877

Jim Crow Laws

After the end of Reconstruction in the South, Jim Crow laws were enacted to enforce racial segregation and disenfranchise Black people, institutionalizing a variety of economic, educational, and social disadvantages.



1919

Lodge Norfolk and Guide Increases Circulation

The Gideon Safe Guide, founded in 1990, expanded its reach under the leadership of P.B. Young, becoming an important employer for African-Americans and a news source, including homeownership campaigns.



1934

Redlining

The establishment of the Home Owners' Loan Corporation introduced a national appraisal system, which linked property value and loan eligibility to race. As a result, maps marked Black-majority neighborhoods as high-risk for mortgage lenders, excluding them from low-cost, government backed loans that benefited all-white communities. This effectively barred Black residents from the housing market and from building home equity.



1953

Urban Renewal

Project One Completed

The Norfolk Housing Authority launched the nation's first large-scale slum clearance and redevelopment project. Despite creating approximately 3,000 housing units for African-Americans, Project One reinforced the de facto segregation of Black residents in Norfolk. It transformed the Black areas in the St. Paul's area into public housing communities within the same area: Young Terrace, Tidewater Gardens, and Calvert Square, which linked property value and loan eligibility to race. As a result, maps marked Black-majority neighborhoods as high-risk for mortgage lenders, excluding them from low-cost, government backed loans that benefited all-white communities. This effectively barred Black residents from the housing market and from building home equity.



1988

Updated State Education Funding Formula

A significant shift in state fund allocation in the late 1980s has caused equity concerns that persist today. In this system, the minimum per student funds required to meet the Standard of Quality are first multiplied by each district's enrollment. Adjustments are then made based on the local share of state sales tax revenue earmarked specifically for education. This complex system has profound implications when considering the broader socio-economic context, putting some districts, like Norfolk Public Schools, at a disadvantage. Social and economic population patterns significantly influence resource allocation. When these patterns and the funding formula's limitations are considered together, it's clear that districts like Norfolk face a challenging battle for equal access to state education funding.



2007-2011

Subprime Mortgage Bubble

The subprime mortgage crisis, a disastrous event in the financial history, was a significant contributor to a disproportionate number of foreclosures in African American communities. This crisis had a severe impact, particularly in the area of homeownership, a vital source of wealth generation. African American homeowners in Norfolk found themselves being specifically targeted with high-risk mortgage loans. These loans, often characterized by higher interest rates and less favorable terms, led directly to substantial losses in housing wealth. Not only did these homeowners lose their homes, but they also experienced a significant reduction in their overall financial assets.



2018

Choice Neighborhoods/Tidewater Gardens

In 2019, the city and NRHA were awarded a \$30 million federal Choice Neighborhoods Initiative implementation grant from the Department of Housing and Urban Development. This grant was for the Tidewater Gardens community in the St. Paul's Area. Like its predecessor, HOPE VI, Choice Neighborhoods is based on the idea that mixed-income, economically integrated neighborhoods improve resident lives and benefit the surrounding community.