The current controversy erupted in the summer of 1963 when HAP proposed a 135-unit family housing project in Central Albina district to be known as the "Daisy Williams Project", named for the late wife of Edgar Williams, HAP Commissioner and the only Negro so appointed. The racial implications of the proposal aroused a wave of protest before it progressed beyond an arduous and prolonged two-year planning stage. The leaders of the Negro community castigated the plan, contending that it would work against desegregation by intensifying the Williams Avenue ghetto, that it would accentuate the racial imbalance already present in the schools served by this area, and that it would appear to be public acknowledgment of what they suspected was a widely-held private feeling that "all Negroes should live in the Albina district.

Today, the State of Oregon is widely seen as a progressive bastion, a hub for liberal reform and social justice. However, an extensive history of racist legislation and attitudes belie this liberal facade, leading some to call Oregon, “most racist state west of the Mississippi” (Michel 2015). Oregon’s first legislation as an official territory, the Organic Acts of 1843, established a set of Black Exclusion laws in 1844 and 1849, which banned blacks from living within the territory’s borders.

Although the Exclusion Act was sporadically enforced and eventually repealed in the 1920s, the effects of the policies endured as Oregon’s population is 86.8 percent white (U.S. Census Bureau, 2019), making it one of the whitest states in the U.S. Racist housing, policing, and zoning policies expanded the legislation’s legacy (Gibson 2019). The Portland City Club (1968) said, “Indeed, the fact that the Negro population of Portland is relatively small may actually enhance the significance of [the Kerner] Report to this area, for a variety of reasons: (1) To the extent that the group is small, it is relatively easy for the white community to push from its collective conscience the group, its plight, and its problems; (2) because the group is small, this community has permitted to exist degrees of discrimination which actually exceed, in some forms, discrimination in other cities with more dramatic ghetto problems, and (3) inasmuch as the group is small, the problems (though not different qualitatively) are of manageable proportions and it would be inexcusable to deny or delay the effort to get on with their solution.”

The historic narrative of Portland’s Albina District is a microcosm for these trends that encapsulate the challenges of Oregon’s small black population (2.2 percent) (U.S. Census Bureau, 2019). We present a case study of the Albina District to demonstrate the effects of racial economic and housing exclusion on blacks.

**History of Albina**

The history of property discrimination in the Albina District and Oregon as a whole can be traced to the Oregon Donation Land Act of 1850, which excluded all non-whites from state-issued land grants. In 1919, the Portland Realty Board declared it unethical for any realtor to sell
property in “white” neighborhoods to Asian or black individuals. The rule quickly became unspoken law in the real estate community.

This policy was not only designed out of racist sentiment but also out of self-interest. The Realty Board feared that racial integration would diminish the average home value in predominantly white neighborhoods throughout the city. During the 1910s, Portland’s small black population, which totaled around 1900 individuals, largely relocated to the Albina District in Portland’s Northeast quadrant as white Portlanders simultaneously moved to newly built suburbs that developed due to the introduction of the streetcar (Gibson 2007, 6). The Albina District quickly became known as the “black” area of Portland, even though the district remained predominantly white.

Portland’s racial boundaries quickly cemented in the public’s eye. Black Portlanders who purchased homes outside of Albina were often accosted with petitions to leave and outright violence until they relocated. An oft-cited example of this phenomenon is the story of Dr. DeNorval Upthink, one of Portland’s few black physicians at the time. After he and his wife moved into a “white” neighborhood, they received a petition demanding their immediate relocation. When they refused, a mob gathered and pelted their house with rocks and trash until they agreed to depart. The Upthinks subsequently relocated to Albina.

In addition to discrimination in homeownership, landlords and apartment managers refused to lease homes and apartments to black Portlanders outside of Albina en masse, and overcharged rents in that area. Similar disparities in various west coast cities were in small part ameliorated by federal funding under the New Deal for public housing in the late 1930s. Although many of these projects were racially segregated, they offered a more affordable and stable alternative to racist landlords and the limited range of dilapidated apartments. However, affordable housing failed to alleviate the racial wealth gap that would ensue from an inability for black individuals and families to acquire houses in neighborhoods with high home values.
A 1938 advisory referendum to introduce public housing projects was defeated soundly by Portland’s overwhelmingly white populace, despite protests by the local chapter of the NAACP and the black community. As a result, Portland’s small black community was confined to Albina. Nevertheless, throughout the 1920s and 1930s, the black community in Albina established a tight-knit community centered at Williams Street, a row of black-owned businesses that developed during this period. The prominence and size of this area greatly expanded during the 1940s as approximately 23,000 blacks came to Portland during the Great Migration (Gibson 2007, 9).

The Pacific Ocean theatre in World War II turned coastal cities like Portland into factory cities that supplied ships and other munitions for the war effort. The need for labor brought 15,000 black individuals to Portland, most of whom found employment in the shipyards conveniently located adjacent to Albina. The owners of the shipyards, determined to increase their labor force, decided to build housing of their own to make up for the city’s unwillingness to supply housing for blacks. This drive led to the construction of Vanport City in 1942, a makeshift city that soon became home to 40,000 individuals (McElderry 2001, 40).

A massive flood engulfed Vanport City in 1948, leaving 17,500 homeless (McElderry 2001, 42). Due to officialdom’s desire for wartime laborers to leave the city after the war, the municipality refused to offer assistance. The largely black population in Vanport either relocated to Albina or left the city altogether. As a result, Portland’s black population became more restricted to Albina, with 63 percent of nonwhite residents living in the neighborhood, according to the 1950 Census.

The politics of urban renewal would soon force vast swaths of Albina’s black population to move outside of the Albina District. In 1956, the City approved a long-debated ballot measure that authorized the construction of the Memorial Coliseum in Lower Albina, and the displaced black residents relocated to the neighborhoods in Northeast Albina. The legislation was supplemented to various urban renewal programs authorized by the Portland Development
Commission. Although the community had representatives who were supposed to represent residents’ interests, no black representative was ever appointed. Black residents formed united to combat urban renewal programs, namely the Emanuel Displaced Persons Associations to push back against the construction of Emanuel Hospital (Portland City Club 1971).

Racial Mortgage Discrimination in Albina

While many black and white residents in Albina purchased their homes “on contract,” a 1969 housing survey found that black borrowers in Portland faced “bad terms in purchasing. They usually buy on contract paying 10% interest. Selling prices are frequently inflated to black buyers” (as cited in Gibson 2007, 16). The City Club of Portland released a “Report on Problems of Racial Justice in Portland” in 1968, which described the state of housing discrimination. The report highlighted that it was difficult for blacks to find rental homes and apartments, few rental brokers made their services available to blacks, lenders demanded higher qualifications from blacks than whites with comparable financial standings, blacks were likely to be falsely told that an advertised house was not for sale, blacks were subject to a “black tax” which placed them at a disadvantage when negotiating a house price, and that the federal, state, and local restrictions on housing discrimination were easy to invade. (City Club of Portland 1968, 32).

Black residents with equity who wanted to buy homes in neighborhoods or suburbs outside of Albina were met with mortgage discrimination (City Club of Portland 1968, 33). And those who remained in Albina faced “more than normal difficulty in obtaining improvement or building loans” (City Club of Portland 1968, 32). In the 1980s, housing disinvestment plagued Albina and the value of homes dropped to 58 percent of Portland’s median value. The falling home values were attributed to the region’s economic stagnation, the crack epidemic, gang activity, and white homeowners exit out of the Albina neighborhoods (Gibson 2007, 18).

Lane (1990) found that predatory lending practices continued and in 1987, all of Portland’s banks and credit unions made 10 mortgage loans to a four-census tract area that
made up the “heart” of Albina (as cited in Gibson 2007, 19). The following year, nine mortgage loans were made in these four census tracts, resulting in the departure of black middle-class households from Albina (Gibson 2007, 19).

The 1990s and 2000s in Albina represent a “what-if” of sorts, a representation of what the District could have become for black Portlanders in the absence of systematic discrimination. Following the decades-long process of urban renewal, white people began to buy homes and establish successful businesses at a rapid rate. But they didn’t do so without sizable assistance. The Portland Development Commission offered a wide variety of grants and low-interest loans for home purchases (Gibson 2007, 20).

For a community that had been neglected for the better part of a century, the disparity was clear. Charles Ford, a Black Albina resident since 1951, made his assessment of the situation clear when he said, “We never envisioned that the government would move in and mainly assist Whites. They came into the area, younger Whites. [The Portland Development Commission] gave them business and home loans and grants, and made it comfortable and easy for them to come…. It’s like the revitalization of racism (as cited in Gibson 2007, 20).”

In the 1990s, a large part of the area became known as “The Albina Arts District” due to its abundance of upscale galleries. A wide array of clubs and upscale restaurants soon followed. However, black Portlanders were in large part unable to reap the rewards of these government-afforded opportunities. By the end of 1999, 36 percent fewer blacks owned homes in Albina than they had in 1989 (Gibson 2007, 18).

**Literature on Racial Mortgage Discrimination**

Much of the research around disparate and discriminatory practices in lending attribute a sense of discouragement stemming from a fear of being turned down that lead 55 percent of minority small business owners not to apply for credit (Federal Reserve Bank 2018). Hanson et al. (2016) back this sense of discouragement given that mortgage loan originators view their black clients as “equivalent to the effect of having a credit score that is 71 points lower.” Access
to credit is difficult for black business owners, let alone for everyday black people seeking loans for everyday expenses, aggravating the ever-growing racial wealth gap in the US. This reality is consistent with the evidence generated by Steil et al. (2018) and Hwang et al. (2015), who discuss the mortgage lending industry where black borrowers are given higher-cost, higher-risk loans than their white counterparts.

Steil et al. (2018) analyzed 220 dispositions and declarations from the borrowers, mortgage originators, and bank employees in various fair lending cases to study the system of mortgage discrimination. Because loan originators are specialized in either prime or subprime loans, a subprime loan originator has to provide their clients subprime loans, regardless of their qualifications. Subprime loans have higher interest rates and fees, compared to prime loans. Steil et al. (2018) explained that some subprime lenders target neighborhoods with large black and Latino resident populations.

This is consistent with Hwang et al. (2019) who used census tract data on subprime loans and demographic characteristics, and Geographic Information Systems software to detect if subprime loans were concentrated in minority neighborhoods. Highly segregated metropolitan areas are more likely to have higher concentrations of subprime lending in minority neighborhood clusters, finding a 37.7 percent increase in the proportion of subprime loans in these clusters (Hwang et al. 2019).

One subprime loan officer at Wells Fargo explained the motivation behind the institution’s strategic targeting as, “It was generally assumed that African-American customers were less sophisticated and intelligent and could be manipulated more easily into a subprime loan with expensive terms than white customers” (City of Memphis and Shelby County v. Wells Fargo Bank 2010).

Frequently, black’s intellectual “inferiority” is cited and used as a justification for their exposure to racial discrimination. In this case, it prompted financial institutions to disproportionately trap blacks into taking out subprime loans. Further, Wells Fargo lured black
clients to their offices by “drafting subprime marketing materials on the basis of race by using software to ‘translate’ the materials into what Wells Fargo literally defined as the ‘language’ of ‘African American’” (Mayor and City Council of Baltimore v. Wells Fargo Bank 2010).

**Data and Methodology**

To explore how racial discriminatory small business and mortgage lending practices have affected black small businesses and homeownership in Oregon’s Albina Neighborhood, we will analyze data from the Census, The Portland Housing Bureau’s “State of Housing in Portland” report, the Oregon Center for Public Policy, and the “Report on Addressing Barriers to Home Ownership for People of Color in Oregon” by the State of Oregon’s Legislative Policy and Research Office. We also utilized the data gathered in Professor Karen J Gibson’s report on the history of Albina entitled, “Bleeding Albina: A History of Community Disinvestment, 1940–2000.” The data we gathered will provide a clear picture of the change in the population, median income, homeownership rates, and rental affordability over time by race in the Albina District neighborhoods. The standard list of neighborhoods in Albina District includes Eliot, Irvington, Loyd, Boise, Humboldt, King-Sabin, and Woodlawn.

However, in the “State of Housing in Portland” report, the City refers to those seven neighborhoods as the Interstate Corridor, Central City, and MLK-Alberta neighborhoods. We compared census tracts to identify which neighborhoods in the City’s report captured the Albina District. While we were unable to locate concrete data on racial discriminatory lending in the Albina District, we will apply the broader data of lending disparities between white and black borrowers in Oregon to make a speculative case for lending discrimination in the District.

Figure 1 represents the median income by race in 2010 and 2016 in the Albina District neighborhoods. The data is drawn from the US Census Bureau 2010 Decennial Census and the US Census Bureau 2012-2016, ACS 5-Year Estimates.
Figure 2 displays the average black household’s rental affordability in each of Portland’s neighborhoods. The unit type is broken down by studio, 1-bedroom, 2-bedroom, 3-bedroom, and overall. In the “State of Housing in Portland” report, “affordability” is described as “On average, a black Portland household could afford a rental unit in green without becoming cost-burdened and spending more than 30% of their monthly income on rent, not including utilities. Those in red would not be considered affordable” (38).

The maximum monthly housing cost that is considered affordability is $1,461 for the average Portland household, $1,554 for the average white household, and $667 for the average black household (State of Housing in Portland report 2018). The City of Portland has recognized the need for a minimum of 22,000 affordable housing units to meet the needs of low and moderate-income households. In 2017, the number of city-funded regulated affordable housing units were 6,769 units in Central City, 1,326 units in Interstate Corridor, and 395 units in MLK-Alberta.
Figure 2 shows the homeownership rates by race in the Albina District. The “State of Housing in Portland” report received these figures from the US Census 2010 Decennial Census and the US Census Bureau 2012-2016, ACS 5-Year Estimates.
Figure 4 represents the mortgage loan denial rates by race in Oregon based on the 2018 HMDA data. The Oregon Center for Public Policy (OCPP 2008) released a report that found that in 2006, Washington Mutual, one of the country’s largest lenders, had most of their black and Latino borrowers receive their loans from Long Beach Mortgage Company, the lender’s subsidiary which focused on subprime loans. The OCPP (2008) found that 63 percent of black and 74 percent of Latino Washington Mutual borrowers received their mortgages through Long Beach Mortgage, compared to 17 percent for white borrowers. In 2006, 91 percent of loans issued by Long Beach Mortgage in Oregon were subprime, compared to 3.6 percent by Washington Mutual (OCPP 2008).

Figure 4 details the population trends of different neighborhoods within the Albina District (Gibson 2007, 8). In the Lower Albina Neighborhoods where urban renewal efforts were the strongest, there was a significant decrease in the black population. In Upper Albina, where urban renewal was less prevalent, gentrification still occurred, but at a far less swift rate than in lower Albina.
Figure 6 shows the overall trend of mobility in certain Albina neighborhoods between 1980 and 1990 (Gibson 2007, 18). There is an overall decrease in the black population each decade and an increase in white migration to every neighborhood in Albina during the 1990s.
Figure 7 shows the change in average home value in various Albina neighborhoods from 1990-2000 (Gibson 2007, 20). In each neighborhood, the average home price increased by at least $50,000 during the aforementioned ten-year time period.

![Figure 7](image)

**Results**

Rental housing affordability is a challenge for the majority of black Households. Figure 2 illustrates that every housing unit, but one, in Portland is unaffordable for the average black household. Only a 2017 studio unit in the 122nd-Division was estimated to be affordable for the average black household. The average black household could afford an estimated $667 as their maximum monthly rent, and not a single neighborhood in the Albina District (Interstate Corridor, Central City, and MLK-Alberta) met their income limitations.

Homeownership remains out of reach for many black Portlanders. The white homeownership rate has stayed above the total homeownership rate in Portland, as pointed out in Figure 3. From 2010 to 2016, the average black homeownership rate was below the total homeownership and white homeownership rates. The black homeownership rates decreased from 5.9 percent to 1.6 percent in Central City, decreased from 43.7 percent to 41.1 percent in Interstate Corridor, and increased from 57.7 percent to 69.9 percent in MLK-Alberta. The 12.2
percentage change in the MLK-Alberta neighborhood is a notable jump for black homeownership, however, affordability remains an issue citywide. The average median income for black households has fallen in the Albina District from 2010 to 2016, as shown in Figure 1. This fall in the average black household income is inconsistent with the rising cost of living in Portland, indicating a need for more low-income affordable housing units to address the housing affordability-gap that persists for low to moderate-income households in the Alberta District.

Figure 4 reveals the scope of mortgage discrimination for black borrowers in Oregon. The mortgage denial rate for black Hispanic or Latinos is 40 percent and 20 percent for Non-Hispanic or Latino blacks. Meanwhile, the mortgage denial rate for white Hispanic or Latinos is 21 percent and 16 percent for Non-Hispanic or Latino Whites. There is also evidence that 63 percent of black Washington Mutual borrowers received a subprime mortgage, compared to 17 percent of white borrowers (OCPP 2008).

While the data in Figure 4 are reflective of the statewide rates and not specific to the Alberta District, these figures paint the broader context of mortgage discrimination in Portland. Given black Portlanders’ fall in the homeownership rate, median income, and housing affordability, it is possible that mortgage discrimination factors as a barrier to housing accessibility and affordability.

Figures 5 and 6 detail the demographic population trends in Albina during and after the processes of urban renewal and gentrification consumed the area. As Lower Albina was transformed by highway construction and the completion of the Memorial Coliseum, thousands of black residents were forced to leave their homes and apartments as a result. Many were forced to migrate to the outskirts of the City where both home values and job opportunities were comparatively low. Furthermore, since a majority of Albina residents were renters rather than homeowners, they received no compensation for being forced to relocate.

As these changes occurred, home prices began to rise and white Portlanders moved in, taking advantage of the rise of property value. To this day, Albina is one of the most popular and
expensive real estate districts in the City, a benefit that its former residents were almost universally excluded from. Figure 7 displays the drastic shift in home values in the Albina Neighborhood in only one decade and the massive wealth that was therefore acquired by new Albina residents as a result.

Conclusion

The underlying features of our nation’s economic and housing systems exclude black borrowers and homeowners from successfully entering the market. Black Americans meet discriminatory practices ranging from forced relocation to discouragement at financial institutions to being targeted by subprime lenders. We live under a system that favors white borrowers and homeowners. It is time that our nation confronts its housing and lending accessibility gaps.

These disparities have arisen as a result of intentional policy decisions meant to exclude blacks from homeownership. For a great deal of the 20th century, black communities were segregated into inner-city communities that lacked requisite stock of public housing and social services. In some cases, these communities established prosperous economic districts that served their communities to the fullest and offered opportunities for the creation of wealth.

However, in the 1950s a combination of urban renewal programs, highway construction, and redlining led to the gentrification of these communities. This process not only stole wealth from blacks but compiled wealth for whites as local governments offered grants and loans for homeownership in recently gentrified areas. As black homeownership continues to decline in cities like Portland, policymakers should take swift action to reverse this alarming trend. We need more low-income housing units and more legal protections for people of color when they interact with financial institutions. Furthermore, adequate regulation needs to be implemented at the federal and local level to prevent unfair lending practices. If the pace of racial economic and housing exclusion continues or worsens, homeownership will be all but unattainable for aspiring black homeowners.
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