

# **THE DISAPPEARANCE OF THE BLACK AMERICAN DREAM: CAN OUR MIDDLE CLASS SURVIVE?**

Thanks to the record home foreclosures and unprecedented unemployment, the Black middle class is rapidly shrinking. EBONY visits Prince George's County, Md., one of the epicenters of the crisis.

**BY STEVEN GRAY | GRAPHICS BY CARL DETORRES**

# PRINCE GEORGE'S COUNTY, MD., IS JUST TO THE EAST OF WASH- INGTON, D.C., AND IN MANY WAYS, IT'S LIKE ANY OTHER SUBURB IN AMERICA.

Its sprawling roads are lined with Targets and Starbucks, the occasional astrology shop, three-story apartment buildings and mini-mansions on rambling hills that not so long ago bore tobacco. On Sundays, parking lots of the county's many churches are filled with BMWs and Volvo sedans. But Prince George's has some key distinctions. Nearly two-thirds of the county's almost 900,000 residents are Black, according to the U.S. Census Bureau. In fact, it is one of the most affluent majority-Black jurisdictions in America. Unlike some of the enclaves surrounding Atlanta, Detroit and Chicago, Prince George's gained wealth even as it became Blacker. Many considered the county the ultimate symbol of Black upward mobility. "The promised land," longtime residents such as Virginia Callis call it.

From her office in a gleaming high-rise across from Andrews Air Force Base where Air Force One takes President Barack Obama around the world, Callis, 70, runs the Unity Economic Development Corp. The organization was launched nearly a decade ago by a Prince George's church, in part to boost the number of homeowners. At the time, banks were sending agents into the area to push Blacks into risky subprime mortgages. These days, the bulk of Callis' time is spent guiding her clients through the home foreclosure crisis, of which Prince George's is what experts consider an epicenter. The county has barely 14 percent of Maryland's housing units, but in 2009



Above: Marie Waiters in front of the house she originally purchased as rental property, which she's now selling short. Below: Waiters in the home she shares with her mother.

posted nearly one-third of its foreclosures. In some Prince George's ZIP codes, nearly two-thirds of the homes are under water. "It's a crisis," Callis says, "and some people are still in denial."

## REVERSAL OF FORTUNE

Over the past 60 years, America's economic boom produced a vibrant Black middle class in New York City, Shaker Heights, Ohio, and Houston: doctors, schoolteachers, government bureaucrats, lawyers and barbers. The last decade was one of unprecedented Black political ascendance—mainly President Obama's election. But it will also be marked as a period in which the wealth gap between Blacks, Whites and Latinos widened sharply. This is in part because of the housing crisis, which is estimated to have resulted in a loss of about \$194 billion in Black communities alone, according to the Center for Responsible Lending. It is also because the handful of industries in which African-Americans gained a tenuous grip on middle-income jobs—government, education and manufacturing—are among the Great Recession's casualties. The country's middle class is on life support. But its nascent Black middle class is disappearing.

In the Washington, D.C., area, affluent Blacks are 36 times more likely than Whites



to be in foreclosure. Marie Waiters, a nurse, bought a house in Prince George's. She later bought a townhouse she'd planned to rent out and, eventually, sell to fund her retirement. But the townhouse has been vacant for two years and is now up for sale. When the 57-year-old retires, she says, "I'll move into an apartment." One thing is clear: "It's not always better to buy more as you make more. But that's the American way."

Here are some sobering Pew statistics: Between 2005 and 2009, the year the Great Recession officially ended, the average Black household's wealth more than halved, to just \$5,700. The assets of Whites fell by

16 percent, to about \$113,000. And according to another Pew report, more than half of African-Americans raised at the middle of the wealth ladder will fall to the lower rungs as adults. In total, these shifts mean that almost a half-century of financial and social gains are being reversed, and the post-Civil Rights era may turn out a lot like Reconstruction's fleeting progress.

## NO HELP WANTED

According to the U.S. Department of Labor (DOL), between 2007 and 2009, nearly 1 million Blacks lost jobs in manufacturing, construction and education. Historically, government has been a key entrée into the middle class. That's why nearly one in five Blacks works for government. But government budgets are being cut. "Overall, the proportion of Blacks who are 'middle class' is at best stagnating, and at worst, declining," observes Mary Pattillo, a Northwestern University sociologist and author of *Black Picket Fences: Privilege and Peril Among the Black Middle Class*.

Downward mobility is a difficult thing to talk about; people do not want their business in the street. Nevertheless, the story of Sanderia Smith is instructive.

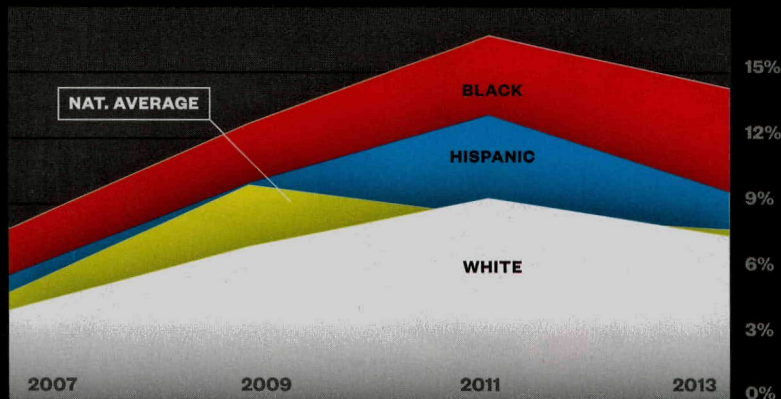
Smith grew up in Gould, Ark., near the Mississippi River. In the 1980s, she went to college and, after graduating, landed an auditor's job, with regular car service shuttling her between airports and hotels. "It was everything I could dream of," Smith says. Eventually, she became a regional sales director at a major retailer in the Dallas area. She worked such long hours, there was hardly time to spend her \$100,000 annual salary. She saved carefully and proudly drove a 1991 Mercedes. In 2009, Smith bought a townhouse near downtown Dallas. The rooftop patio has views of downtown skyscrapers and is perfect for a summer martini party. "On a good night," she says, "it feels like you're in New York."

Barely six months after moving into the townhouse, Smith lost her job.

Since December 2009, she has applied for dozens of jobs. "I thought, with my experience in sales and marketing, it'd be easy to get another job," she says. But she's had only three formal interviews. Smith attributes her situation to one thing: the economy. She quickly notes that many of her friends, Black and White, are going through the same thing. Many have taken whatever jobs they could find. She would've taken a job at 7-Eleven, she says, "but my unemployment pays more." Eventually, Smith started looking for jobs that paid a minimum of \$40,000, the least she needed to cover her bills. ▸

## The Great Regression

Unemployment rates 2007 through January 2013



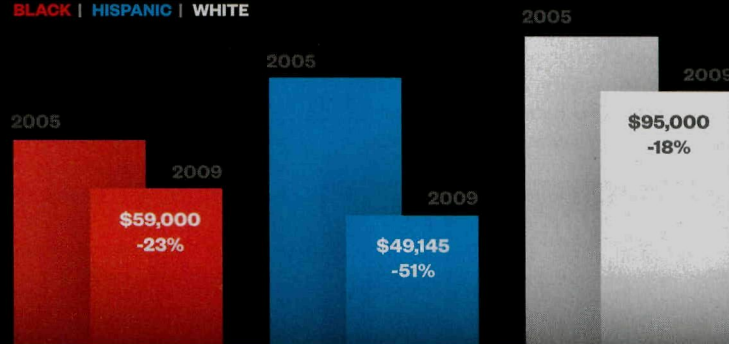
# 1 Million

The number of Blacks who lost manufacturing, education and construction industries between 2009 and 2007

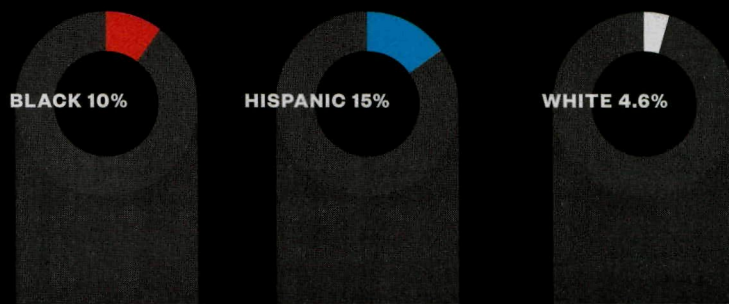
Services projected to have the largest employment growth between 2010 and 2020



Home equity decline from 2005 to 2009  
BLACK | HISPANIC | WHITE



Foreclosures for high-income earners





Above: Sanderia Smith, a former district manager for a major retailer, is now a teaching assistant at the University of Texas at Dallas.

African-Americans with at least a bachelor's degree have an unemployment rate of 7.1 percent, according to DOL statistics, nearly double the rate among Whites. Politicians frequently tout the nation's economic recovery. Although the general unemployment rate declined to 7.9 percent in January 2013, it was about 14 percent for Blacks. Smith is among what economists call the "long-term unemployed," those looking for a job at least 27 weeks. Blacks in this category spent about 50 weeks looking for work, compared with 42 weeks for Whites and 40 weeks for Latinos.

Eventually, her job situation upended Smith's finances. For a few months, she tapped her savings to cover the \$2,400 mortgage. She tried getting a mortgage modification, but, she says, her lender told her she had to be behind in her payments at least three months to qualify. She hasn't paid the mortgage for two years. "I don't know when they're going to come to take me out

the house," she says. The old Mercedes fell apart, and she didn't qualify for a suitable car loan. "I should be depressed or sad, but I'm not," she says. "I don't think God wants us walking around with our heads down."

In January, she became a sommelier, and later this year, Smith will graduate from a Dallas executive leadership program. She's a teaching assistant at a university in Dallas and next year, she's scheduled to receive a doctorate. "This whole process has been difficult because I've always been the giver, the hero," she says. "But if this can happen to me, it certainly can happen to other people."

### ONCE THE PROMISED LAND

For years, Prince George's County was rural and predominantly White. That began to change in the 1950s, when

African-Americans came from the South to take the newly expanded federal government jobs that followed the post-World War II economic boom. Many in the Washington region's emerging Black middle class bought large suburban homes with lush yards and enrolled their children in good schools. Callis was part of this shift. She'd grown up poor on a South Carolina farm. She came to Washington in 1960, married a soldier, had two kids and, eventually, settled in the Prince George's County town of Suitland. She and her family were among the first Blacks in the neighborhood. Shortly after they arrived, she recalls, "there was a mass exodus" of Whites. By the late 1970s, the family moved into a larger house in another part of the county. Callis earned her college degree and moved into jobs on Capitol Hill. She was pulled out of retirement when her church launched a program to provide budget counseling.

By 1994, national magazines were touting Prince George's as one of the wealthiest majority-Black

counties in the country. America was thriving and so was Black America. In 1999, Newsweek columnist Ellis Cose wrote, "By a wide array of measures, now is a great time—the best time ever—to be Black in America." That year, for the first time, more than half of African-Americans had reached the threshold of what sociologists call "middle class." But the housing crisis has decimated Black wealth. Last summer, the U.S. Justice Department reached a \$175 million settlement with Wells Fargo, finding that the institution deliberately sent agents into communities such as Prince George's to lure residents into subprime mortgages. Little did Callis know the problem would land right on her doorstep.

In September 1997, John and Danita Matthews moved into their two-story brick house in Clinton, Md. John worked for an insurance company, Danita worked as a

## The Wealth Gap

2005 \$30,000 \$60,000 \$90,000 \$120,000

In 2009, the median wealth of WHITE households was 20 times higher than BLACK households, and 18 times higher than HISPANIC households.

56% of Blacks raised at the middle of the wealth ladder will fall to the bottom as adults, compared with 32% of Whites



2009

high school science teacher, and together they handled their nearly \$2,200 monthly house note. But in 2001, Danita had a shoulder replacement followed by a second six years later. The couple paid some of the medical bills with credit cards. At one point after two refinancings, their monthly mortgage payment had ballooned to more than \$3,800 per month.

The couple kept their situation a secret. Finally, John told himself, 'I have to get past trying to be 'the man' and say, 'I need some professional help.' That help came from Callis, his mother-in-law, who was running the Unity Economic Development Corp. Callis put her daughter and son-in-law on a budget. Last summer, the couple asked Bank of America to review their mortgage, which, ultimately, was lowered to \$3,200.

John has taken on two part-time jobs to supplement the family's income. For a while, he drove a minivan—until it stopped working. When the Matthews applied for a new car loan, bad credit got in the way. Nevertheless, John has a car for his wife to get to work. Their loans are in order. "We would like to not be living paycheck to paycheck," he says, "but we have to manage it as best we can."

In this supposedly post-racial moment, few people—even the first Black president—want to talk about the racial dynamics of the economic crisis. "The big issues of this day," NAACP CEO Ben Jealous said on *Meet the Press* in February, "include making sure that we lift all boats. And right now when you look at joblessness in this country, [it's] back to pretty much where it was when this president started. White people in this country are doing a bit better. Black folks are doing a full point worse." Robert L. Johnson, chairman and founder of the RLJ Companies, a business conglomerate headquartered in Bethesda, Md., said recently: "I don't see any good signs for the future economic well-being of African-Americans. This is not a Black problem. This is an American problem, and America is going to have to solve it." **E**

**Only 23% of Blacks** raised at the middle of the wealth ladder will exceed their parents' wealth, compared with **56% of Whites**

## A BLUEPRINT FOR SAVING BLACK AMERICA

### OUR PANEL WEIGHS IN ON WHAT SHOULD BE DONE



**1. FIGHT FOR HEALTH CARE**  
"We've got to shore up the Affordable Care Act. A lot of people are going to lose their jobs, and they're not going to get comparable jobs. Businesses have figured out they can operate with less. The first person they want to let go is that 57-year-old—and we've seen this in the postal service—because they can hire a 21-year-old a lot cheaper and give them less benefits. We've got a tsunami coming."

—Elijah Cummings, U.S. Representative (D-Md.)



**2. FACE THE FACTS**  
"We just need to be sober and face the facts. Having a Black president, it's even more important to recognize racial disparities and to realize we have not arrived. This is not to say Blackness equals poverty, or the wholeness of the Black experience is about how down-trodden we are.

But we should realize that we have not fully arrived."

—Mary Pattillo, sociologist, Northwestern University, and author of *Black Picket Fences: Privilege and Peril Among the Black Middle Class*



**3. OPEN EMPLOYMENT TO FELONS**  
"It's difficult for Black and brown people to transition from incarceration to the workforce. You're protected from people holding your race against you but not employers saying they don't want to hire you because of your criminal background. There's no way to prove that an employer—once they ask the question about criminal background—did or didn't use that against you. Progressive legislators can introduce bills to ensure this is a question that's not allowable on employment applications. We should think about putting penalties in place. If you don't have parents in the household who are working, children won't get the

necessary advantages. The Black family as we know it will be threatened. This will have generational effects."

—Nicole Austin-Hillery, director and counsel, Brennan Center for Justice at NYU Law School's Washington, D.C., office



**4. CREATE INNOVATORS**  
"When you look at urban education reform in the country, the things many philanthropists are supporting are very paternalistic. The kids aren't being taught to think. As African-Americans in philanthropy, we have to push back and make sure we're creating young people who can compete academically and intellectually. This isn't about producing cogs in the wheel. We have to be very intentional about making sure African-Americans have access to the growth sectors. These are key roles for philanthropy in building a middle class."

—Tonya Allen, chief operating officer, Skillman Foundation



**5. PUSH PRESIDENT OBAMA ON RACIAL INEQUALITY**  
"This nation needs to have a dialogue about racial in-

equality as something that is in the national interest. If it's not led by President Obama, then who? If not now, when? That's what I think the president ought to focus on in his final four years. You can't have millions of African-Americans living on the take from other taxpayers. That's happening right now."

—Robert Johnson, founder and chairman, The RLJ Companies



**6. FIX THE HOUSING MARKET**  
"One of the silver linings of the crisis is that we have an opportunity to make some changes. Homeownership is viable. It's got to be thought of as a ticket to the middle class and a ticket to a more secure future, not a lottery ticket. To prevent another crisis, we have to clean up the marketplace. It's already under way. We should be working to make reliable, nonprofit housing counseling available. There's a tremendous track record of people doing high-quality support work for people who want to own their homes. The result is vastly lower foreclosure rates."

—Justin King, federal policy liaison, asset building program, New America Foundation  
—SG

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