

## The intersection between Racism and Homeownership

*Our home is the place where we find a safe refuge, where we spend special time with loved ones. Homeownership is a centerpiece in building generational wealth and creating a sense of financial well-being for oneself and our families. Throughout history institutionalized racism in homeownership has kept countless persons of color from securing safe, affordable, long-term housing. This brand of institutionalized racism has also undermined wealth building in communities of color.*

Diana Dorn-Jones

Early in its existence, USBC saw the direct connection between racism and homeownership. By the creation of the Anti-Racism Training Institute of the Southwest (ARTI) we inform, educate and bring the historical facts to light.

There is not a more poignant example of the intersection between Racism and Homeownership Housing than the history of U. S. housing policy. Here are a few facts exemplifying the intersection between Racism and Homeownership...

### **Racially restrictive covenants**

Early 1900's mass emigration of African Americans from the rural South to the urban North seeking better opportunities, led to racially restrictive covenants.

Racist and restrictive covenants are no longer enforceable due to the 1968 Fair Housing Act yet they still appear in the deeds of households in every part of Albuquerque. As the City grew, its government and early developers introduced racial covenants in many of the most desirable neighborhoods. The intent was to exclude Black, Hispanic and Asian Americans from becoming homeowners. After 1968, some title companies omitted restrictions based on race, color or national origin however many did not. This discriminatory language in property deeds can still be found today.

KRQE's Investigative Reporter, Larry Barker shares the history in his report titled "Albuquerque's Dirty Little Secret": <https://www.krqe.com/news/larry-barker/albuquerques-dirty-little-secret/>

### **"Redlining"**

During the depths of the Great Depression (1933 and 1934), President Franklin D. Roosevelt signed the Home Owners' Loan Act and the National Housing Act into law. The intent of those Acts was to prevent foreclosures and make rental housing and homeownership more affordable. Shortly after both Acts were signed, the Home Owners Loan Corporation (HOLC) was created as the administrative entity charged with implementing the provisions in the Home Owners' Loan Act and the National Housing Act.

The HOLC began by creating maps to assess the risk of mortgage refinancing. The HOLC also set new standards for federal underwriting. The Federal Housing Administration (FHA) used the

HOLC maps to determine geographic locations in which it would guarantee mortgages. The maps determined risk in part based on a neighborhood's racial composition. Predominantly nonwhite neighborhoods, areas on the map which HOLC colored in red, were designated as "hazardous".

This process became known as "redlining". Through redlining, persons of color, particularly Black people, were denied access to mortgage refinancing and federal underwriting opportunities. In addition, the practice of redlining institutionalized the notion that persons of color were a financial risk and a threat to local property values. The HOLC maps served as one of many examples establishing institutionalized racism in housing.

### **The "GI Bill"**

In 1944, President Roosevelt signed the Servicemen's Readjustment Act, also known as the "GI Bill". The GI Bill provided a range of benefits including guaranteed mortgages to veterans of World War II. However, the GI Bill allowed local banks to discriminate against Black veterans and deny them home loans even though the federal government would guarantee their mortgages.

While the GI Bill allowed for massive wealth accumulation by white soldiers and their families, this example of institutionalized racism in lending is a major driver in the creation and maintenance of the wealth gap between white and African Americans in the United States of America.

According to a 2006 article by Edward Humes in *The Journal of Blacks in Higher Education*, in 1947 Mississippi, just two of the 3,000 mortgages that the Veteran's Administration guaranteed went to African Americans. At that time, African Americans constituted half of the state's population.

The history of Levittown, NY is a further example of how African Americans were denied the benefits of the GI Bill while also being subjected to restrictive covenants. In 1947 a developer by the name of William J. Levitt, the so-called "King of Suburbia" began building 2,000 homes in Hempstead Town. Initially, buyers could rent with the option to buy. However Clause 25<sup>th</sup> of the original Levitt contract stated: "No dwelling shall be used or occupied by members of other than the Caucasian race, but the employment and maintenance of other than Caucasian domestic servants shall be permitted".

A PBS documentary tells this very compelling story:

<https://www.pbs.org/independentlens/documentaries/owned-a-tale-of-two-americas/>

### **What about "Blockbusting" / "Steering"?**

Blockbusting is the actual moving in of non-white homeowners. This was avoided at all costs and when it did happen "white flight" or panic selling occurred. As Euro-Americans would see persons of color, particularly African Americans moving into their neighborhoods, many in the

real estate industry would stir up fear that property values would decline due to the influx of persons of color into that area. Encouraging homeowners to sell below market value, manipulating values of the property to their advantage, real estate agents capitalized on, and further institutionalizing a made-up fear of minorities.

“Steering”, also engaged in by realtors and others in the home mortgage industry, is the practice of “steering”, African American and other “minorities” away from neighborhoods known to be “white”. This served the intended purpose of maintaining property values for white homeowners and made realtors and the home mortgage industry complicit in maintaining white only neighborhoods.

In large part, because of the Civil Rights Movement (and shortly after the assassination of Martin Luther King Jr.), the implementation of the Fair Housing Act of 1968, signed into law by President Lyndon B Johnson, made “Blockbusting” illegal. Although the Fair Housing Act addresses discrimination in the sale, rental, and lending for real estate based on someone’s race, home appraisal discrimination, the undervaluing of a home because of the owners’ race, ethnicity, continues to be prevalent in the real estate industry.

### **Charged with Sedition for “selling” a home**

Assisted by her husband, during 1954’s Jim Crow era, Anne Braden helped a Black couple purchase a house in an all-white neighborhood of Louisville, Kentucky. She was charged with sedition for attempting to desegregate the neighborhood. She was labeled as a traitor to her race and, in McCarthyism fashion, she was ostracized as a “red” by segregationists.

Anne was a member from the southern elite and one of the earliest and most dedicated white allies of the southern Civil Rights Movement. For more than half a century she was an advocate of racial and economic equality. Anne was one of the white Southerners mentioned and praised by Rev. Dr. Martin Luther King Jr. in his April 22, 1963 “letter from Birmingham Jail.

### **Institutional Racism**

Institutional racism is a current day social determinate of health with generational impact for people of color in this country. Studies have confirmed that one’s zip code can predict health outcome including life expectancy.

- Can you identify similar examples of institutional racism?
- Do you know the levels of racism?
- Do you know the definition of racism?

### **We invite you to learn more...**

Allegories on Race and Racism by Dr. Camara Phyllis Jones:

<https://www.youtube.com/watch?v=GNhcY6fTyBM>

Levels of Racism: A Theoretic Framework and a Gardener’s Tale by Dr. Camara Phyllis Jones:

<https://www.health.state.mn.us/communities/practice/resources/equitylibrary/docs/jones-allegories.pdf>