

Housing Inequality in the United States

A Brief History



*Image courtesy of
The U.S. National Archives
via Picryl.com*

This short guide introduces key policies and terms regarding the history of housing and homeownership in the United States of America.

A resource guide at the end of this slideshow/PDF includes books, podcasts, and documentaries that speak to the facts and the injustices of the housing policies of the past in hopes that they will help us understand the challenges facing us today as we craft solutions for tomorrow.

The Dream



In the United States of America, home ownership is central to the notion of American identity, citizenship, and the American Dream.



However, that dream has not been equitably available to everyone.



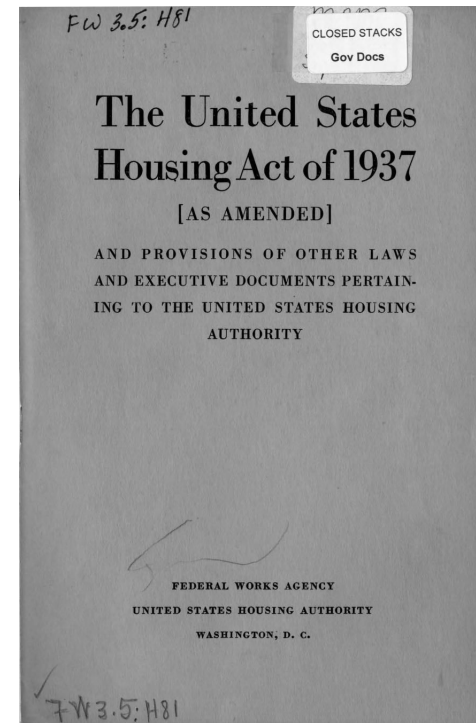
Image courtesy of "Colonial America: The Original 13 British Colonies" History

Policies, federal incentives, and attitudes precluded people of color, women, and others from homeownership and the benefits of affordable housing.

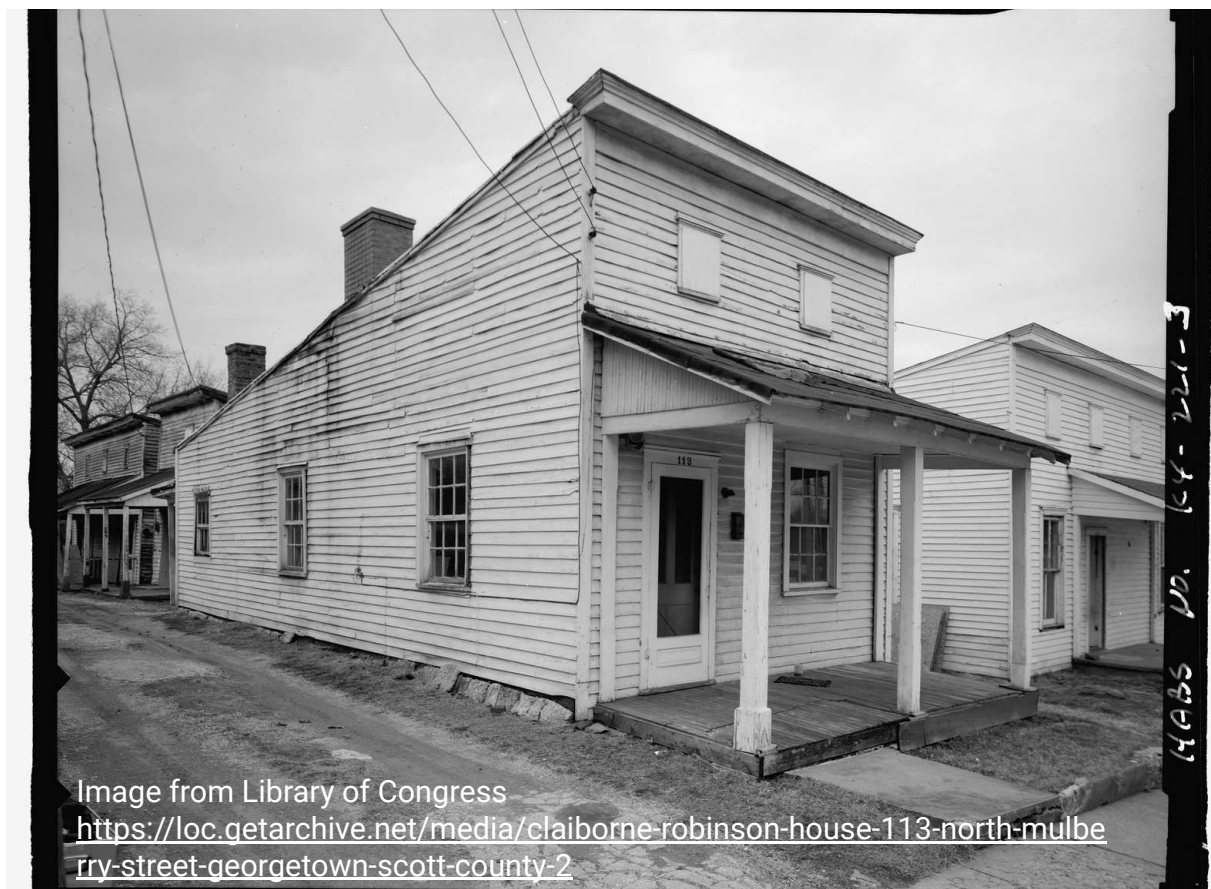
From colonial times when settlers were given 50 acres for each indentured servant or slave they brought to the U.S., to the mid-19th-century Homestead Act, which gave lands disproportionately to white Americans, to the racial covenants of the early 20th century that denied nonwhites ownership and residency in government-backed neighborhoods, this protracted history of exclusionary policies has had long-reaching impacts affecting generational wealth and prosperity.

Housing Act of 1937

Before the Great Depression, public aid was a comprised of a patchwork of local agencies, private aid societies, and faith-based charity. President Franklin D. Roosevelt signed the Housing Act of 1937 to provide modern, safe, and clean housing to low-income families. To do this, subsidies were paid by the federal government to local housing agencies who had the freedom to spend the money as they wished.

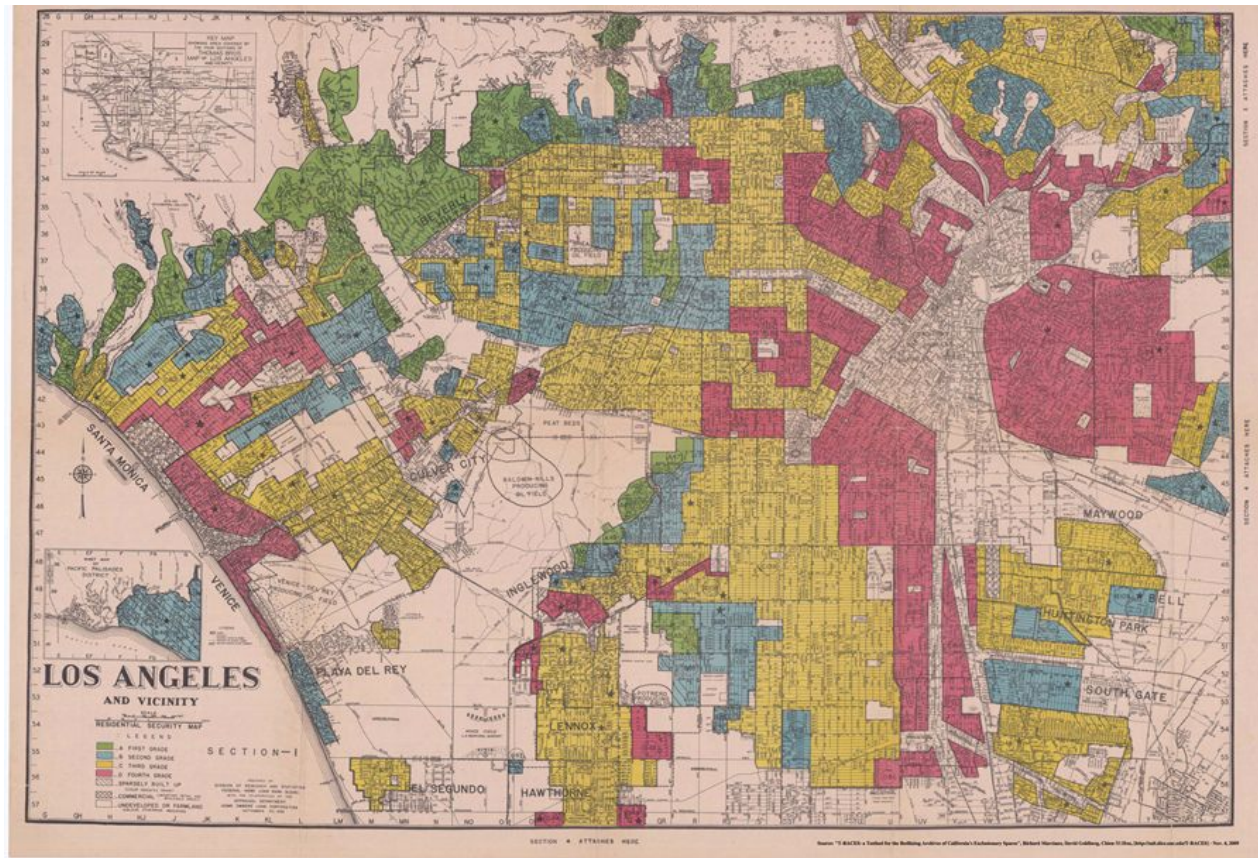


These shacks in Atlanta, Georgia, were cleared to make way for the Capital Homes public housing project as part of the 1937 U.S. Housing Act. Image courtesy of Buffalorising.com



The Housing Act of 1937 led to the continuation of segregational housing policies. In addition, it was mandated that for each unit built, an existing subpar home would be demolished. This was done to appease real estate business interests and alleviate accusations of socialism. Each new unit's construction cost was capped at \$5,000, which was far below national averages for new construction and made for many poorly constructed units. The program and new construction slowed as World War II began and housing for war workers became a priority.

Redlining



*FHA map of
Los Angeles, 1939*

The Housing Act of 1937 and the Federal Housing Administration (government-backed mortgage insurance program) codified the discriminatory process of redlining, which mapped out areas of racial segregation and appraised homes based on racial and ethnic hegemony. This occurred through a process that included denying mortgages and increasing insurance premiums. This widespread policy shuttered economic investment in African American neighborhoods for generations, impacting generational wealth and upward mobility. The disinvestment also affected educational resources, food access, and healthcare, creating intergenerational poverty and disadvantage.

Racial Covenants

Racial covenants are restrictive clauses in property deeds that prevented non-whites from buying or occupying property. Initially, these were legally enforceable. Later, when they were deemed unlawful, they still influenced public behavior and opinion.

Racial covenants began in the early 20th century as urban planners, influenced by white supremacy, created laws, codes, and policies to deny equal access and integration of neighborhoods and facilities in rapidly growing urban areas. As suburbs spread outside of cities, racial covenants migrated too.



Courtesy of the Levittown Public Library

Moving-in day in Levittown, New York. This planned community of eventually 17,000 homes provided returning veterans with homes requiring no down payment and low monthly mortgages. It was only available to white veterans due to racial covenants.

Housing Act of 1949



After World War II, housing programs were restarted and slum clearance policies were formalized under the term “urban renewal.” The Housing Act of 1949 set a goal to build 810,000 new units in six years. A year later, President Truman lowered the goal to 400,000 new units in response to the need for materials for the Korean War. By 1957, only 210,000 units had been built.

Segregation and Housing



Photo courtesy of Albion, Michigan town page. <https://www.albionmich.com/>

Legal segregation was perpetuated in these housing developments. Even though by the 1960s it was illegal to discriminate, segregate, or deny public housing based on race, public opinion, attitudes, and actions were slow to follow, and it was common for laws to be broken and/or unenforced.

Fair Housing Act of 1968 & Its Legacy

Housing policy reforms took center stage during the civil rights movement in the 1960s. When Dr. Martin Luther King, Jr. was assassinated, President Lyndon Johnson used the national tragedy to urge congressional approval of the Civil Rights Act of 1968.

The Civil Rights Act (also called the Fair Housing Act) federally prohibits discrimination based on race, religion, national origin, sex, and (as amended) handicap and family status in regards to the sale, rental, and financing of housing.

A recent NPR investigation revealed that racial covenants are still on the books in nearly every state despite being made unenforceable by the Supreme Court in 1948 and made illegal by the Fair Housing Act of 1968. The process to get the covenant removed is complicated, cumbersome, and expensive.

Nonprofits like Just Deeds offer free legal aid to residents trying to remove discriminatory and hateful language.



Image courtesy of
UNZIPPED Movie LLC

After decades of depopulation and white flight in the 1980s and 1990s, the early 21st century saw cities come back to life with higher-paying tech jobs attracting young professionals. Cities and surrounding suburbs were ill-equipped to add more housing, especially as they ran into harsh zoning rules and reactive NIMBY (not in my backyard) opposition to new housing projects and increased density proposals.

This, combined with a long trend of federal disinvestment in housing, cutbacks to mental health programs, soaring home prices, and rising rents, culminated in a full-blown housing crisis. Inequality spiked, and homelessness appeared on city streets across the United States.

Subprime Borrower

As laws are passed to undo prejudicial practices and policies, new systems are created that continue to affect people of color, women, and other populations. For instance, a subprime borrower is a classification of a borrower who is considered a high credit risk for mortgage lenders. They might have one or more of the following risk factors:

- low or nonexistent credit score
- low income
- excessive debt
- a history of late payments
- no property or assets that can be used as collateral
- a history of bankruptcy

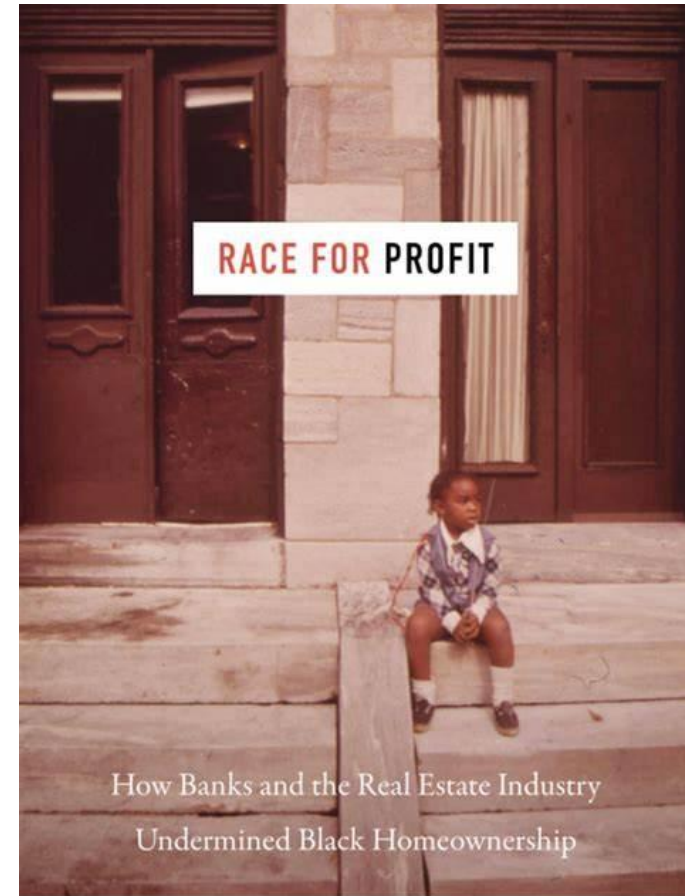
It is important to note that a major medical event or family emergency that requires unpaid family labor can create the risk factors above. Those with lower-paying jobs or inadequate health insurance are at higher risk of becoming classified as subprime. Banks charge higher interest rates and fees for these borrowers, creating a lucrative stream of income. It was the mismanagement of subprime loans that led to the financial crash of 2008.

Predatory Inclusion

Subprime borrowers are at risk of predatory inclusion programs and policies. Predatory inclusion is a term coined by author and scholar, Keeanga-Yamahtta Taylor in her Pulitzer Prize-finalist book *Race for Profit: How Banks and the Real Estate Industry Undermined Black Homeownership*.

It is defined as a framework in which people of color are no longer legally discriminated against but face predatory practices including higher interest rates and fees, and inflated housing values for substandard properties.

Predatory inclusion encompasses other industries as well, including for-profit colleges, check-cashing services, and automobile dealerships, creating a poverty cycle that is difficult to escape.



KEEANGA-YAMAHTTA TAYLOR

How does gender fit in to this?



Ruth Bader Ginsburg, equal rights lawyer and Supreme Court Justice, fought (and won) many gender discrimination cases including ones affecting women's economic autonomy. Image courtesy of <https://www.womenshistory.org/>

Gender is a factor in housing inequity comprised of both discriminatory laws and policies as well as cultural and economic factors.

In early America, laws of coverture ruled that when women married they lost their legal identity. They had no rights to their own money, could not own property, could not testify in court, and could not vote.

Over time, some laws relaxed so that by 1862 women were allowed to participate in Homestead Act, and by 1900 they could legally own property in their own name in most states. However, legality and actual possibility don't always align.

Women have consistently made less money than men, faced disproportionate domestic and parenting labor loads, been denied entry into college programs that would lead to economically strong careers, and were denied jobs based on gender.

Until the early 1970s, it was legal to discriminate against women who sought credit cards or mortgage loans. The gender-wage gap has stalled and is no closer now than it was 20 years ago.

- White women make on average 83% of white men.
- Black women make on average 70%.
- Hispanic women make on average 65%. The primary cause of this gap is unequal parenting load.

As bleak and daunting as this summary sounds, this unique history can actually open the door for new conversations on how communities can work towards equity when facing racial, economic, and housing injustices — locally, nationally and globally.

Check out the resources on the following slides, get curious, and expand your knowledge.

Visit the [UNZIPPED Impact Hub](https://www.unzippedmovie.com/) to find ways to become involved in this cause.

Watch *UNZIPPED* on your own or with a group:

<https://www.unzippedmovie.com/>

Use the Journeys in Film Community Learning Guide for the film to deepen your understanding: <https://bit.ly/3TzUjwz>



Additional Resources

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