




Race, Wealth & Opportunity
 April 28, 2022
 34th Annual Fair Housing Workshop Series

Fair Housing Momentum




How did we get here?

- For decades, the federal government has implemented and enforced policies that have segregated populations by race.
- Federal housing policies, tax policies, lending programs, and outright discrimination have contributed, along with private market housing practices, to widespread racial segregation...




June 13, 1933

- The Home Owners' Loan Act of 1933 sought to "to refinance home mortgages [and] to extend relief to the owners of homes who occupy them who are unable to amortize [reduce or pay off] their debt elsewhere."
- Enacted during the Great Depression, the law established the Home Owners' Loan Corporation (HOLC), an emergency federal agency that provided mortgage assistance to homeowners by lending low-interest money, refinancing mortgages, and originating new mortgages.
- HOLC issued government insured bonds to local lenders in exchange for delinquent mortgages in their portfolios.



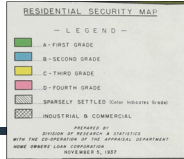

June 13, 1933

- In addition to alleviating the Great Depression, the Home Owners' Loan Act forever changed America's mortgage market.
- Before the HOLC, most home loans had three to five years terms, with high interest rates and a closing principal, or "balloon," payment.
- HOLC established and normalized a 15-year amortizing loan, which allowed homeowners to pay off their mortgages in monthly installments over many years with the principal reduced over time, which expanded home buying opportunities.
- This change in mortgage finance would ultimately lead to the modern 30-year fixed-rate mortgage.




Home Owner's Loan Corporation (HOLC)

- HOLC created "residential security maps" to assess credit-worthiness across the country.
- The Home Owner's Loan Corporation (HOLC) assessed the long-term outlook for 239 major urban areas during the 1930's. The maps created from their survey were color-coded by mortgage security risk that took a variety of factors into account, including:
 - "determine whether or not incompatible racial and social groups are present"
 - "If a neighborhood is to retain stability it is necessary that properties shall continue to be occupied by the same social and racial classes. A change in social or racial occupancy generally leads to instability and a reduction in values..."

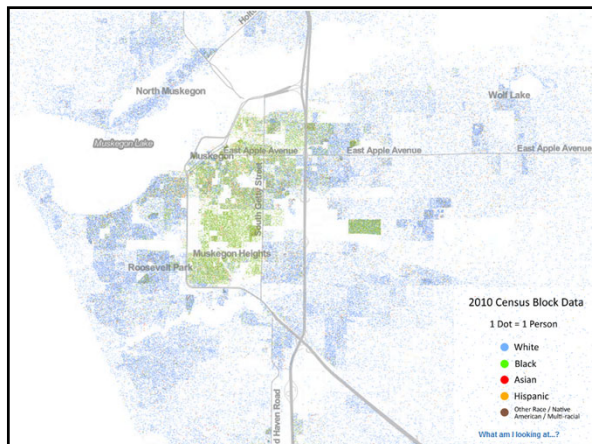
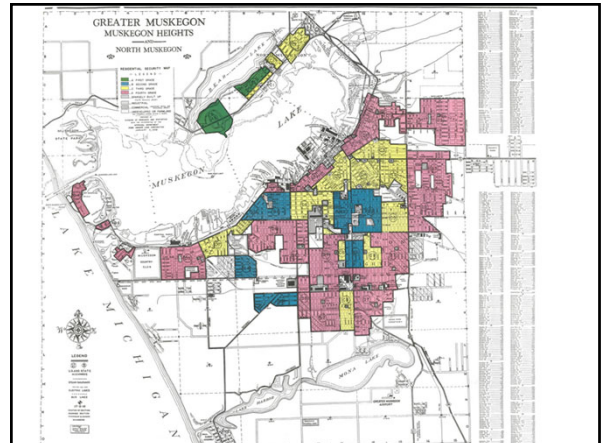
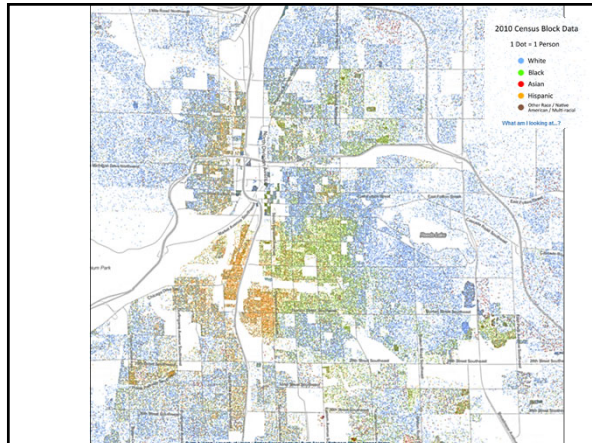
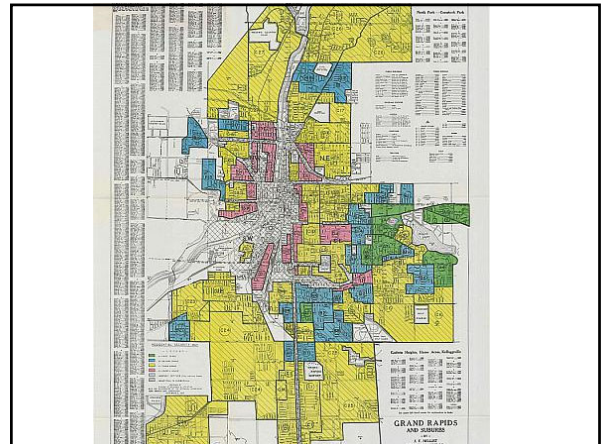
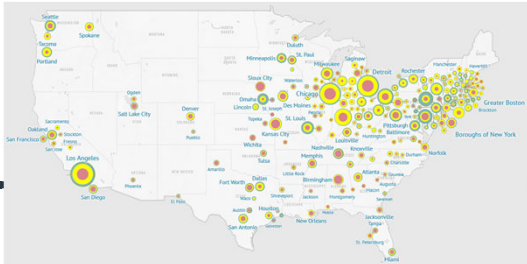
Federal Housing Administration (FHA) Underwriting Manual

229... The Valuator should consider carefully the immunity or lack of immunity offered to the location because of its geographical position within the city. Natural or artificially established barriers will prove effective in **protecting a neighborhood** and the locations within it **from adverse influences**. Usually the protection against adverse influences afforded by these means **include prevention of the infiltration of business and industrial uses, lower-class occupancy, and inharmonious racial groups.**



HOLC Maps

HOLC maps did not necessarily create residential housing discrimination, but rather reflected the discriminatory practices that were already in place in each local area.



Federal Housing Administration (FHA) Underwriting Manual

284 (3). Recorded **deed restrictions** should strengthen and supplement zoning ordinances and to be really effective should include the provisions listed below. The restrictions should be recorded with the deed and should run for a period of at least twenty years. Recommended restrictions include the following:
(g) Prohibition of the occupancy of properties except by the race for which they were intended.



Restrictive Covenant (Seattle, WA 1935-1944)

...or owners of property in Innis Arden No. 2, or to a corporation or association formed by residents or owners of Innis Arden, for community purposes, in the activities of which corporation or association residents of Innis Arden No. 2 shall have the right to participate, subject to reasonable restrictions and requirements imposed by such corporation or association.

14. **RACIAL RESTRICTIONS.** No property in said addition shall at any time be sold, conveyed, rented or leased in whole or in part to any person or persons not of the White or Caucasian race. No person other than one of the White or Caucasian race shall be permitted to occupy any property in said addition or portion thereof or building thereon except a domestic servant actually employed by a person of the White or Caucasian race where the latter is an occupant of such property.

-“No property ...shall at any time be sold, conveyed, rented or leased...to any person or persons not of the White or Caucasian race.”

-Only “White or Caucasias race shall be permitted to occupy any property...except a domestic servant actually employed” by a White person

Restrictive Covenant (DC, 1930s-1940s)

None of the said lands, interests therein or improvements thereon shall be sold, resold, conveyed, leased, rented to or in any way used, occupied or acquired by any person of Negro blood or to any person of the Semitic race, blood, or origin which racial description shall be deemed to include Armenians, Jews, Hebrews, Persians or Syrians.

JEWISH
HISTORICAL SOCIETY OF
GREATER WASHINGTON

Restrictive Covenant (Kent County)

GRAND RAPIDS, MICHIGAN.
Conveys Lots 20 and 21 of Rose's Second Addition, according to the recorded PLAT THEREOF.
RESTRICTIONS: THE HEREIN DESCRIBED PREMISES ARE NOT TO BE SOLD TO OR OCCUPIED BY ANY PERSON WITH A PERCEPTIBLE STRAIN OF NEGRO BLOOD.
THAT THEY ARE FREE FROM ALL INCUMBRANCES WHATSOEVER, PREVIOUS TO MAY 9, 1944.
ACKNOWLEDGMENT DATED JANUARY 12, 1949.

“The herein described premises are not to be sold to or occupies by any person with a perceptible strain of Negro blood.”

