**[00:02:00]**

RYAN: Hey, Prof. Shapiro?

PROF. SHAPIRO: I am here. Is this Ryan?

RYAN: Yes, it is. Thanks so much for taking the time to shout with me today.

PROF. SHAPIRO: No problem. How are you doing today?

RYAN: I’m doing well.

PROF. SHAPIRO: Good.

RYAN: In DC here visiting my brother and doing some interviews. So how is it up in Boston?

PROF. SHAPIRO: It’s sunny. Cool but sunny which is what we want this time of year.

RYAN: Yeah, exactly. Can’t ask for much more than that.

I know we don’t have a ton of time and I want to make sure I’m respectful of your half hour. So I figured I could kind of get started by just giving you a brief overview of my project, what I’m studying in my approach, and then kind of talk through a couple of my concepts with you because I think there’s going to be a heavy amount of overlap between what the kind of perspective I want to have is and the research and extensive amount of work you’ve done on that topic if that works with you.

PROF. SHAPIRO: Great. Yeah, go ahead.

RYAN: Cool. So I’m currently a master’s student in a data visualization school at Parsons School of Design in New York. And I’m currently working on my thesis which will be a written argumentative paper plus a kind of interactive data-driven graphic that will kind of… those two will kind of work hand-in-hand to tell a narrative and kind of make an argument that I’m trying to make.

And I’ve been interested in the concept of redlining and the redlining maps that I’ve seen for a little while so that’s kind of what I wanted to focus this project on. And really, was focusing on the concept of the generational wealth and how homeownership can build wealth and kind of who was led into that market and who was not led into that market. **[00:04:00]** And once they were, what happened to the accumulation of those assets and the appreciation of those assets that helped to widen or perpetuate the ratio wealth gap we have in the United States.

And right now, my practice is focusing mostly on New York just because I thought there could be interesting case studies in comparing one neighborhood to another and the plethora of wealth that was available in that city, and that’s kind of also where my program is focused.

So kind of interested in learning more about your work in terms of looking at the wealth gap and how homeownership plays into the wealth gap; what the mechanisms were that kind of prevented black Americans from entering in that market while providing programs and assistance for white Americans to enter that market and the legacies of those programs today. And timewise, I’m focusing mostly around kind of post-Great Depression-New Deal era United States.

PROF. SHAPIRO: Mm-hmm. Sounds great.

RYAN: Cool.

PROF. SHAPIRO: Sounds great. So that’s something I should be doing.

RYAN: Yeah. [Laughter] Or you might have already done in some respect -- the kind of things that I’m like doing…

PROF. SHAPIRO: No.

RYAN: …which is not, you know, wouldn’t be a problem at all.

PROF. SHAPIRO: Maybe.

RYAN: So the first thing I want to kind of ask about is… So in your book, you do talk about… which is the hidden cost of being African-American. I believe you do talk about like what the racial wealth gap is -- the size of it, right, where the average African-American family has 10 cents of wealth for every dollar of a white family. And I was just interested because this is kind of the beginning… establishment that I want to make in this argument of why you focus your research on wealth and the transfer of assets that come out of wealth as opposed to something like income or education.

PROF. SHAPIRO: Sure. So yeah, just as a quick FYI, there may be a little more updated information in the newer book called Toxic Inequality.

RYAN: Okay.

PROF. SHAPIRO: The patterns don’t change at all. Just the numbers change.

RYAN: Yeah, exactly. Great. Thanks for bringing that up.

PROF. SHAPIRO: Maybe a little more updated data.

RYAN: Cool.

PROF. SHAPIRO: So why wealth? **[00:06:00]** I know a couple of different directions. Let me just go to the theoretical direction first.

RYAN: Sure.

PROF. SHAPIRO: All of our social theorists, whether it’s Weber, Durkheim, Marx, Adam Smith -- there’s a great white western theorist, if you will -- property and wealth is at the center of their understanding of the kinds of resources that individuals and families and communities have.

Unfortunately, in the western social sciences, all of them are for reasons that aren’t very good. Some of them have to do with ignorance. Some of them have to do with not having the available data that’s needed. We have exercised wealth from our understanding of the kinds of resources and capabilities that families have.

RYAN: Yeah.

PROF. SHAPIRO: And that exorcism if you will, I went all the way up to the mid-1980s in the United States, at least, and other countries that I’m familiar with as well. And it’s only in the mid-1980s that we begin to get that information in a national representative survey about family assets and debts. And that reopened both the theoretical and data window but it’s been… It’s been a long haul, if you will, to convince both that the income exclusive paradigm is only part of the picture. And in fact, it might be misleading in some ways. And then to get a more complete picture about the capabilities and liabilities of families, you’ve got to have not only the income pillar but you got to have the wealth pillar.

**[00:08:00]** So you still got aparadigm shift in the social sciences to get that across. That’s why I’ve been promoting that and really pushing that paradigm change as much as possible.

RYAN: Mm-hmm. And I want to learn a little more about the motivations behind that paradigm change and the dynamics behind it because I want to make sure my understanding is right, where you use income for a bit of those daily expenses to buy groceries, to buy gym membership, those kind of things, but wealth is what really you use for bigger investments for long-term. You know, going to school, buying your house and that kind of different shows--

PROF. SHAPIRO: Starting a business, absolutely.

RYAN: Exactly, yeah.

PROF. SHAPIRO: One additional capability of wealth and what income excludes… and that is when questions come up about how important the past is to our present, whether it’s a permanent action, debate or anything like that, there was never any way of telling a story with evidence or data because income doesn’t tell that story. But wealth has the capacity, as it often does, to be passed along in families from generation to generation.

RYAN: Yeah.

PROF. SHAPIRO: And so it really opens that window, looking at the past, wealth does, where no other indicators, if you will, really allow that.

RYAN: Mm-hmm, yeah. That makes a lot of sense. And I also was kind of interested in talking about homeownership and kind of home equity and its place in the wealth continuum and the family’s wealth.

I know you mentioned that it is one of the largest triggers of wealth if not the biggest one. **[00:10:00]** So I was kind of curious, its place, whether it is the kind of the biggest fish in the sea in the respect and also how it kind of contributes to the generational aspect whether it’s just through that inheritance or whether it allows for kind of a family’s investment in their children in things like education or in other aspects -- kind of how it adds to not only a family’s wealth for the people who buy that home but for the entire lineage or generations of that family afterwards.

PROF. SHAPIRO: Sure. That’s a great multi-layered question.

RYAN: Of course. [Laughter]

PROF. SHAPIRO: Let me see if I can find a metaphor for you. Are you familiar with “Regression analysis”?

RYAN: I am.

PROF. SHAPIRO: All right. So wealth belongs on both the left and the right-side of the equation, meaning, that you are not likely to be a homeowner unless there already is wealth.

RYAN: Right.

PROF. SHAPIRO: And then the homeownership is a great accumulator of not only wealth but shelter. And that’s from a conceptual point of view, from my viewpoint in particular, as well as others. It’s really important that that point gets across rather than we just start with homeownership as if everyone’s got the same shot at it, that prior wealth and families doesn’t matter because it does a whole lot.

RYAN: Mm-hmm.

PROF. SHAPIRO: All right. So we start from there. And I don’t have the exact percentage off the top of my head. I can give you a round figure. **[00:12:00]** If you look one of the aggregate wealth of American families between the 20th and the 80th percentile rather than 60 percent right in the middle, two-thirds of America’s… called “Middle group” and your middle class, two-thirds of America’s wealth among those groups is in homeownership

RYAN: Okay.

PROF. SHAPIRO: It’s not in the savings accounts. It’s not stocks and bonds. Yeah, “two-thirds” is a huge number.

RYAN: “Huge number,” yeah.

PROF. SHAPIRO: So that’s the significance of homeownership at least in the past up until this day, you know, tracking from the New Deal era.

RYAN: Right.

PROF. SHAPIRO: And that wealth is measured in terms of home equity. That is the amount which you can sell the home over the cost of it and what you’ve put into it. And that understanding starts to trigger some deeply racialized behavior dynamics where sociology, in particular, now a little more… a kind of metrics as well tell us that a home’s appreciate in value -- the ceiling is higher and the rapidity of that equity growth -- is much higher and deeper if that home is located in a middle class or upper middle class, relatively homogenous white community.

RYAN: Yeah.

PROF. SHAPIRO: The same home. You know same square footage, the year it was built, architecture, blades of grass -- that same home in a community that’s diverse. It doesn’t have to be African-American or Hispanic-dominated but a really diverse community. The equity ceiling and amount of equity in that home doesn’t increase nearly as much.

**[00:14:00]** So the racialized dynamic that the structure puts in place here is to... for a sheer crass material rock point of view, a white homeownership in relatively… and keeping those communities relatively homogenous whites pays off. And moving from them when there’s a perception… not necessarily the reality but a perception of black and brown and Asian-American folks moving in, the mantra is “The quicker you sell, the higher the price of your home” because those prices are going to be driven down.

RYAN: Yeah.

PROF. SHAPIRO: So there’s that deeply racialized dynamic that occurs.

Then I think another layer of your question has to do with the passage… The inheritance question, if you will. We need to think of inheritance not just when a parent or grandparent dies but all of what’s called “Individual transfers” that occur at really important and timely points in a younger person’s life course like paying for college or like paying enough for college, that if their student loans, they’re relatively minimal compared to those that don’t come from families that can pay that kind of tuition. And being a current student, I’m sure you understand that one well.

RYAN: Yeah. Very well, yeah.

PROF. SHAPIRO: And the biggest moment other than death of a dear relative that triggers an intergenerational transfer is when a… usually, a couple. No matter how that couple is formulated, when a young couple buys their first home, it’s nearly… **[00:16:00]** It’s very, very difficult, you know, in your 20s or even in your early 30s to have enough wealth that one has put together on their own to put down for a downpayment on a house.

RYAN: Yeah.

PROF. SHAPIRO: So we find in large databases and in the interviews we do that it’s excessively common for parents to provide their young adults now that head start in life after college, if you will, with a downpayment or partial payment on that downpayment. And you know, just as a quick side tour, that’s usually constructed not as “Here, take this” but it’s usually constructed as a loan. And when you ask people “Are there terms of the loan? Is there a payment schedule? Have you paid anything back,” the answer is usually “No.”

RYAN: Right. So it’s almost just like a donation veiled as a loan that has… almost no--

PROF. SHAPIRO: It’s a convenient fiction because in American society, we all earn. You know, I’ve earned everything I’ve ever have.

RYAN: Of course. Right.

PROF. SHAPIRO: That snarky sarcasm. [Laughter]

RYAN: Mm-hmm.

PROF. SHAPIRO: And thatcomes from our transcript. So I’m often taken… and I will, of course, exaggerate. I’m often taken with the Levittown example of that community. So if you know Levittown well then I don’t have to go into a bunch of the details except to sort of reiterate that, in the price of the data, homeownership cost about $35,000. And if that home was kept up today, as small as they are in today’s market, those homes sell for around $400,000 or so.

RYAN: Wow.

PROF. SHAPIRO: And you can check that out. All that is home equity. The large extent of that is home equity. And you know, that generation has passed down along to their adult children and now, most likely, their great grandchildren.

RYAN: **[00:18:00]** Yeah.

PROF. SHAPIRO: And that divides the downpayment or whatever for their children and maybe even the next generation. And it goes without saying but of course we need to say it, but Levittown was one of hundreds of those kinds of post-World War II developments that got off the ground to create suburbia, that for the most part, were restricted to whites only. And sometimes, not just whites but you had to be not Catholic or not Jewish.

RYAN: Yeah. Yeah. And that’s another thing that I was kind of interested in talking about is, during that era of suburbanization and when the FHA is opening up, you know, new ways to finance loans that are much more accessible to people and allowing many more people to get mortgages, I was kind of curious about how those policies have kind of… preventing people from getting into that market or keeping values low of equity they did own; how those were kind of codified in the law both a policy of FHA and you know, elsewise, and how those codification was like official legal policies helped perpetuate or prop up the home equity gap and its contributions in the wealth gap.

PROF. SHAPIRO: Yeah, sure. So this is a devilishpartnership, if you will, between the public and the private sector where the feds basically… I mean I'm sometimes boggled by the project if you think about it. If your project is… because the federal government is essentially guaranteeing the banks of the risk of those loans, the project becomes… how do you then define with the high risk, medium risk and low risk?

RYAN: Mm-hmm.

PROF. SHAPIRO: You know I got to tell you, I lived in South Africa for half a year and it's somewhat akin to the project of setting up an official bureau to determine if one is black African, a white African or colored or mix. **[00:20:00]** You know it’s just been… My mind boggles. At any rate, the federal government,as we know, they did that. That's where we get the term “Redlining.”

RYAN: Yeah.

PROF. SHAPIRO: And that's the public part. But I think it's really important there to include the ingredient. It's a public part that was integral to being able to offload a lot of the risk from the financial sector, from banks, about helping them to understand which loans the feds will guarantee or partially guarantee and those they won't.

And then the real part of it -- and this was in Levittown and most other suburban developments -- the developer, typically, would have a restrictive covenant when they sold… literally, on the deeds of the property where the property could not be sold to anyone other than of Caucasian race or... Usually said something like that.

RYAN: Right.

PROF. SHAPIRO: I’m sure, you know, you've seen a lot of graphic examples of those kinds of restrictive covenants on deeds. You can find that all over the internet. I do presentations where I show one or two just as examples.

So that takes us through a couple of generations of this. My hunch is depending upon… I can do this in other parts of the country. I'm not that familiar with certain neighborhood transitions in New York City or what you’re really focusing on.

RYAN: Sure.

PROF. SHAPIRO: But one can look at a development that had a restrictive covenant that was green lined where African-Americans and others couldn't buy. **[00:22:00]** And then look at this data today about the demographics of who lives there. And that in those places, that the map is pretty stable in that… That level of lack of diversity, that level of the historic exclusion plays itself out in communities. It was stressed as suburban communities that are still not very diverse at all.

RYAN: Yeah. So when you say “Census data,” you're focusing on that homogeneity of the neighborhood. Because I've started to do some kind of those marriages of redlining maps and current census data in New York and I'm trying to discern or determine how much I want to focus on racial distribution versus homeownership rates versus the home value in those areas or the confluence of all those things. So I'm kind of curious what perspective you had when you've looked at kind of the current legacies of these zones and these covenants in certain areas whether it be in Boston or elsewhere.

PROF. SHAPIRO: Yeah. So the intersection here is around the -- How do I want to put it -- the sedimentation, if you will, of lack of racial diversity in communities while dating, as we know, further back than the New Deal. But certainly being codified and being calcified by the New Deal and those kinds of redlining and other vehicles and then the restrictive deeds. And the intersection there is with the accumulation of wealth through homeownership and what that access looks like and who is denied to.

RYAN: Mm-hmm.

PROF. SHAPIRO: **[00:24:00]** And you know, again, when you're dealing with… visually, at least in my presentations -- it’s not a thesis -- when I show connections between like a redline community, the northwest part of Seattle and what that census tract, even blocks look like today, there's a pretty clear map over. But I also know that one could find lots of other communities that have become… For other kinds of reasons, they’ve become a lot more diverse.

RYAN: Yeah.

PROF. SHAPIRO: And I’ve not done this work yet. It’s one of the projects I would like to do with my team here, of my hunch, my hypothesis, my best guess. I’d shoot myself in the foot, not the head, if I were wrong on this one. The communities that have stayed relatively homogeneously white on home equities since the 1950s are kind of at the top tier. And those communities that have demographically transitioned with different folks as well as, you know, stable level of homeownership, that the home equity is at a much lower tier.

RYAN: Yeah, that's an interesting perspective. Have you done any census analysis of, you know, 1940s, 1950s in terms of census tracts and how those changed boundaries at this point?

PROF. SHAPIRO: You mean physically-changed boundaries?

RYAN: Yes.

PROF. SHAPIRO: Because somehow [laughter].

RYAN: Yeah. I would assume a lot of them have.

PROF. SHAPIRO: It’s a methodologicalheadache.

RYAN: Yeah, exactly.

PROF. SHAPIRO: Yeah. That’s why, you know, when some other folks get much more finely-grained, they can do block-level and you can actually recreate those census tracts. But you know you probably don't need to do that for the work you're doing.

RYAN: Right. It seems like a lot to undertake as an individual person doing, you know, one--

PROF. SHAPIRO: **[00:26:00]** Yeah. We just got to make, you know, an Occam’s Razor assumption that… you know, to aggregate or leave itself out and that… Those census tracts have expanded in ways you don't want. We bounce somehow by census tracts. It could have bounced in ways that counteract it.

RYAN: Right. You state your assumptions then you operate under those assumptions.

PROF. SHAPIRO: Yeah. And you know I got to tell you, for a lot of this work that we do, it’s much more for public consumption, advocacy case-building rather than peer-reviewed professional journals where one, you know, can’t get away with that.

RYAN: Yeah, exactly. So that'll be an interesting thing that I'll have to figure out, of how deep into that methodology or how not I want to be in for what audience.

I was just going to say that this has been very helpful. And I also kind of wanted, at this point, just kind of explain like what I think my approach might be in this kind of graphic approach and get your reaction to that and kind of see what you think might be most compelling within that approach.

And we talked about it a bit at the end, right, where you were mentioning which tracts stayed homogeneous and what are their current home values and what tracts have not and what are their current like home equity values both in terms of the value of the homes there and the amount of people in that tract that owned their own home or that live in the home that they own.

So the perspective I kind of wanted to have after explaining the dynamics behind what we talked about it in the full like research capacity was to look at different areas in New York based on what the redlining map says was the social dynamic and subtle dynamic at the time these maps were drawn in evaluating the risk of real estate investment there. And then pick a couple tracks that maybe had similar or different trajectories like we mentioned, right?

One that was green lined and was white but has since changed dramatically. **[00:28:00]** One that was red lined and was predominantly minority but might have gentrified since then. And one that has kind of stayed majority-minority in a redline district. And show for the homes that are there -- how has their value changed; how is homeownership they’re changing; what does that meant for the wealth accumulation people who lived in that tract, still lived in that tract or have been forced out of that tract based on the dynamics that have changed since then.

So with that perspective, is that a narrative that you would find compelling? And if so, kind of like what angles or stories or statistics would you find most compelling within that narrative?

PROF. SHAPIRO: Yeah. I think that is a compelling narrative. It’s not what my brain would have sort of… In the case comparisons, [laughter] my brain would… And it’s not right or wrong, believe me.

RYAN: Right.

PROF. SHAPIRO: My brain would have gone to those green lined communities in the New York metropolitan area where African-Americans and others were restricted from in the ‘50s and find, you know, two or four cases where one or two in those cases have stayed relatively white and looked at the home values and the equity there in comparison to those communities that were originally green lined but have demographically transitioned to be much more diverse and see what the home values are now. But the baseline needs to be communities where in the ‘50s or whatever your baseline is, the home value is got to be pretty close.

RYAN: Mm-hmm, exactly.

PROF. SHAPIRO: Then you can graph that out about what’s happened. But both approaches are cool. What can I say?

RYAN: Right. Right. But that is a great perspective. **[00:30:00]** And I think that doing, you know, that perspective of green lined areas that have changed, I think, would really show some effects...

PROF. SHAPIRO: So Ryan, let me interrupt you for a second. It really goes to the kinds of framing and the kind of story you want to tell at the end of the day. What clicked in my brain is your way of framing it tells a gentrification story, potentially, where, you know, what I describe tells more story. And not so much about gentrificationbut about race and housing and communities.

RYAN: Yeah. And I think that narrative is more of the one that I want to tell. I think that's really great advice and something that I'm definitely going to pull the thread on and see where those kind of like areas to explore in New York are and showing that counterfactual to show what happens when a community stays white and what happens when it doesn't.

PROF. SHAPIRO: Yeah.

RYAN: Great. Well I want to make sure I'm cognizant of your time because we were around the half-hour mark. I think that's the majority of what I wanted to talk to you. So, I don't know if there's anything else you wanted to chat about but I do really appreciate the time.

PROF. SHAPIRO: No. I really appreciate that. I think it’s a great project. If I can have one ask here, it would be when it’s complete, let me… You know, I would love to see the maps. I would love to see the project.

RYAN: Yes, I definitely will share it with you. And I just also want to let you know, I forgot to mention this in the beginning but I did talk to your assistant about recording this. And I had recorded it and I wanted to make sure you knew that and that was okay because it's going to help with my transcription and research.

PROF. SHAPIRO: I did know that but [laughter] you still should have asked me in the beginning of the call.

RYAN: I know. I'm so sorry that it slipped my mind at that point.

PROF. SHAPIRO: No. I don’t know about your Institutional Review Board**,** but ours here… yeah, that they wouldn’t be happy. [Laughter]

RYAN: **[00:32:00]** Yeah. I apologize for that.

PROF. SHAPIRO: That’s not my worry. It’s not my worry. Go ahead. No. Kerry had asked me about recording and I said “Sure.” I knew it was being recorded.

RYAN: Okay, great. Yeah, that's good.

PROF. SHAPIRO: All right, are we good?

RYAN: Yes, we're great. Thanks so much, Prof. Shapiro. I appreciate the time.

PROF. SHAPIRO: Bye. Thank you. Take care. Goodbye.

RYAN: Yeah, you too. Bye-bye./AT/wo/