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Essay 2

*This paper represents my own work in accordance with University regulations.*

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**Introduction**

The horrors from the persecution of Black Americans in the early 20th century Jim Crow South is widely recognized and taught in modern America. Growing up in the Midwest, I was reminded time and time again in my schooling about the evils of racism in the South. My school presented racism as a duality in America: persecution in the South, and freedom in the North. However, in retrospect, the use of “freedom” to describe the status of being a Black American is laughable. This dichotomy offers nothing to explain the obvious racial structuring of Northern cities. The notion of the “Black Belt” in Chicago: this should not exist in a free and equitable city. Therefore, the question is: how could people summarize racism in the United States into two polarizing methods? The answer lies in the way that the racist practices were enacted. In the South it was blatant segregation and laws passed to actively disenfranchise Black Americans, but in the North for much of the 20th century there existed no law discriminating by race. Yet, enacted practices and legislation offered a roundabout way to maintain segregation in analogous social and economic hierarchies akin to those in the South. The prevention of wealth accruement within Black communities was ensured to achieve this. An example of this prevention is the relationship between the community and homeownership. To maintain social stratification, practices and policies that were on paper non-discriminatory were enacted to maintain white supremacist beliefs and desires; therefore, Black Americans across several cities in the North were systematically discriminated against such that homeownership rates did not rise due to not only an ignorance of the status quo of the communities, but also the greed of the real estate industry.

**Discriminatory Loans as Result of Redlining**

The process involving loan applications has shown to be inherently racist when observing the raw data. Black homeownership rates today are 30% lower from White Americans; this coincides with the differences in mortgage application rejection rates: 15% for Black Americans and 6% for White Americans (Kamin 2022). Yet, since the 1968 Fair Housing Act, discrimination based on race and religion was disallowed from the real estate industry. Responsibility for the continuation of these trends can be found within the history of home loans in minority neighborhoods. In the early half of the 20th century, the federal government graded residential areas in the United States based on their investment projections. These projections were based on an array of measures: proximity to industry, future population projections, and race. Racial diversity was presented as an “infiltration” if residents were of African American descent. Thus, Black neighborhoods were given a score of “D” and deemed “hazardous” (“Mapping Inequality,” n.d.). Bankers then used these scores to determine whether to admit loans to clients, thus offering a direct link between race and economic opportunity. While these redlines no longer exist due to the Fair Housing Act, the remnants of this policy are in effect. By considering strictly the economic factors of an area, regions that had been racially profiled and disenfranchised for over five decades will undoubtedly be at a disadvantage toward non-persecuted neighborhoods. Therefore, by not acknowledging this inequality, the racism of the past is perpetuated in a brutal cycle. A case study of such is the Near Northside neighborhood of Detroit, tiled D39 in the 1930s redlining map. Described as an area of “unreliable tenants” that houses an “infiltration of negroes”, the area is deemed not worthy of investment due to its “grade of residents” (“Mapping Inequality,” n.d.). This area in the 2000 census reported a poverty rate greater than 60%, even an increase from the 1950s (Berube, Katz, and Lang 2005). Regions such as this exist across the nation, and the trend of maintaining poverty in redlined areas is all but common place in the United States. The blissful ignorance of the White communities has allowed for the complacent sentiment regarding equitable housing to exist. In writing there is no racism to address and feel guilty about, yet an investigative glace into the historical context of the status quo in America offers a perspective on to the true evils still at play that minimize Black family wealth due to loan requirements.

**Contract Buying**

The value of a home is multi-faceted; it offers families an opportunity at homeownership, which is often considered among the greatest contributors toward family wealth. Given the rate of Black homeownership being nearly half that of White Americans, the fact that on average the wealth of White families is twelve times greater offers insight into the importance of homeownership on generational wealth. For Black residents moving to the majority White cities of the North during the time of White Flight, they came across abandoned neighborhoods of former White residents. For migrants into these cities, they were offered two options for housing: slum housing or contract buying, which does not include typical mortgages. Due to the Federal Housing Association’s practice of not selling to Black families, residents had to settle into contract buying agreements in redlined areas to escape the horrors that came with slum housing in the North: overcrowding, poor hygiene, and brutal poverty. These contract buying agreements were predatory toward buyers – as agents block-busted White neighborhoods, they would turn around and sell the properties for largely marked up values. On top of this inflated value, the terms of the contracts stated that until the full price of the property is paid off, the tenant will receive no equity. This is problematic because not only does it prevent families from accruing wealth from their investment into property, but it also incentivizes landlords to evict their residents. If the owner of the property never allows his tenants to fully pay off the contract, then they can continue profiting off their property indefinitely. This conflict between landlord and contract buyer was on display at a national stage in Chicago in the 1960s. To combat these predatory agreements, residents of Chicago’s North Lawndale neighborhood formed the Contract Buyers League (CBL) (“Contract Buyers League v. F & F Inv., 48 F.R.D. 7 | Casetext Search + Citator,” n.d.). The CBL organized numerous protests against the agreements in hopes for renegotiation. Among these showings was the support for potential victims of eviction; CBL members would show up to rally at evictions – preventing police from carrying it out. Additionally, the group would help evicted residents move back into the house they had been removed from (Finley 2016). The grassroots movement offered victims solace and community. No longer would they have to face these issues alone. With significant legal backing, they were able to take several landlords to court for their predatory contracts, which not only led the way for further housing reforms to take place in the coming decades, but also brought both the racial legislation of the previous decades and the greed of lenders to a national stage.

**Public Housing Failure**

In the face of the failures that loan applications and contract buying offered Black potential homeowners, public housing offered a potential solution to families looking to escape slum conditions. However, public backlash largely prevented many of these developments from coming to fruition. Reasoning behind this backlash often came from vague supposed non-racial claims that had definitive racial reasons. An example of such is the claim that homeowners did want residents from “slum conditions” to move into their neighborhoods to bring property values down (Wolfman-Arent 2023). Who lived in slum conditions? Black Americans. It is another scapegoat factor to judge people that coincides directly with race. Yet, White communities could hang their hat on the fact that it had nothing to do with race, just like not giving out loans to certain people with bad credit. Regardless of the technicalities, this is objectively racist when considering the histories of the communities. An example of the failure of public housing plans is Philadelphia. Originally planned to construct 21 public housing projects – the city only ever built one. The White suburban dwellers refused this on the grounds of where the residents would be moving from. Picket lines to construction halting efforts meant that over 2,500 public housing units were not built (Wolfman-Arent 2023). Thus, leaving residents to decide between slum housing or contract buying: ensuring that a cycle of poverty remain in the Philadelphia Black community.

**Conclusion**

While remaining behind a thin veil of equality: the white communities of the North have perpetuated racism from the early 20th century onwards in their ignorance of accounting for historical disadvantages. The playing field is not level. By discriminating on the economic results of racial discrimination: poverty, low credit, etc.…, the status quo remains the same. White families remain wealthier on average and neighborhoods are as segregated as ever. Until the past is considered, America remains a nation rooted in racism.

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