

The background of the slide features a large, detailed map of Cleveland, Ohio, with various colored overlays representing different data points. In the upper left, there are two smaller inset maps. The first inset map shows a compass rose and a street grid. The second inset map is titled "POPULATION OF CITIES, VILLAGES AND TOWNSHIPS IN THE CLEVELAND METROPOLITAN DISTRICT AND CUYAHOGA COUNTY 1939" and shows a map of the region with various colored areas. The main map shows a street grid with colored overlays in shades of blue, green, yellow, and red, indicating different zones or data points. The text "New Deal policy and the racialization of homeownership" is overlaid on the map.

# New Deal policy and the racialization of homeownership

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# ⊙ Mortgage Credit and the American Welfare State

The fact that is the everybody in this country lives on welfare. **Suburbia was built with federally subsidized credit.** And highways that take our white brothers out to the suburbs were built with federally subsidized money to the tune of 90 percent. Everybody is on welfare in this country.

The problem is that we all too often have **socialism for the rich and rugged free enterprise capitalism for the poor.**

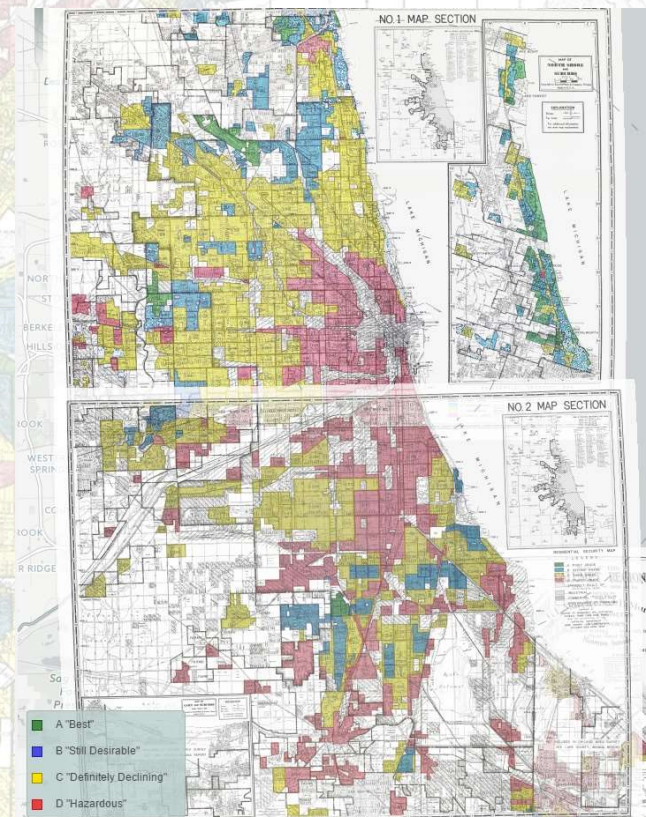
– Martin Luther King Jr. February 23, 1968



# Today's presentation

- Home Owners Loan Corporation (HOLC)
- The current study
  - Merging archival and contemporary datasets
  - Analytical strategy
- Preliminary results
- Next steps
- Q&A

How did HOLC structure and racialize access to homeownership?

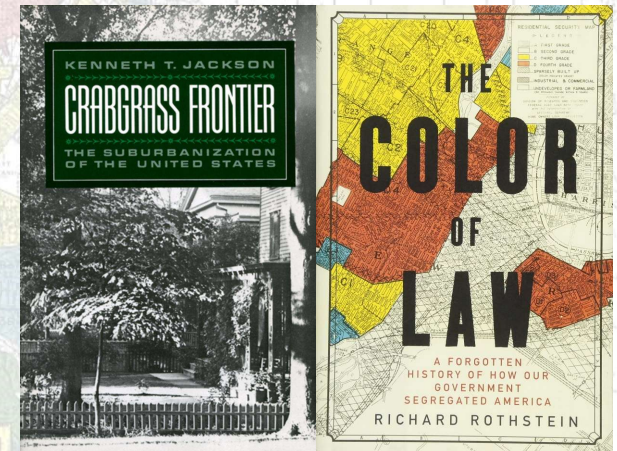


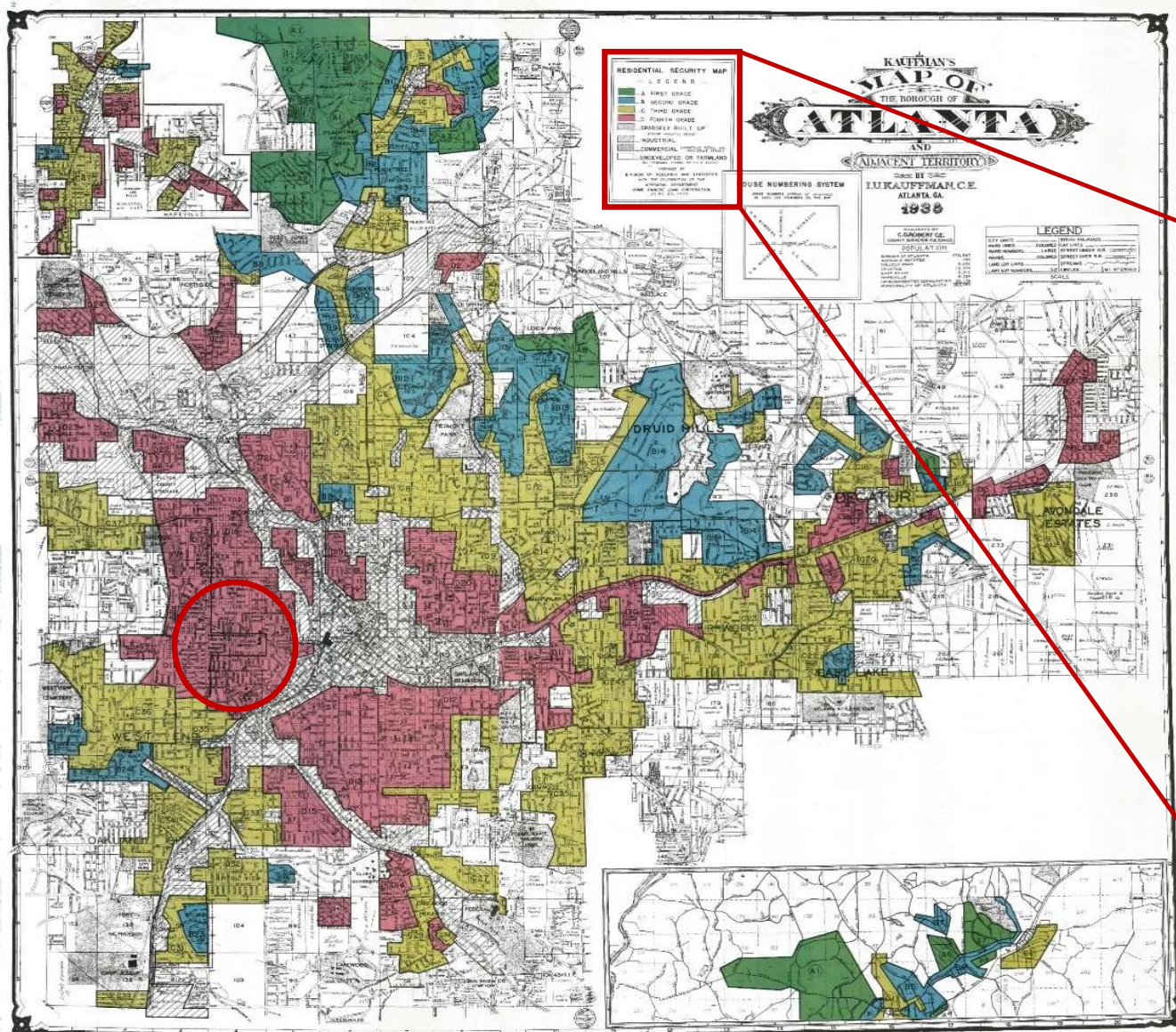
Home Owners Loan Corporation (HOLC)



# Home Owners Loan Corporation (HOLC)

- Short term relief
  - Passed in 1933 to stabilize housing market
  - Made funds available to help homeowners avoid foreclosure and buy back homes lost to foreclosure
  - \$3 billion of loans in first two years on one million mortgages (one of every ten homes)
- Long term impacts
  - Creation of homeownership society through the institutionalization of the long-term, uniform payment mortgage
  - Segregation through “Redlining” practices inherited by FHA, GI Bill, and private lenders





**RESIDENTIAL SECURITY MAP**  
 L. C. C. R. B.  
 A FIRST GRADE  
 B SECOND GRADE  
 C THIRD GRADE  
 D FOURTH GRADE  
 SPARSELY BUILT UP  
 INDUSTRIAL  
 COMMERCIAL  
 UNDEVELOPED OR FARMLAND

**KAUFFMAN'S  
 MAP OF  
 THE BOROUGH OF  
 ATLANTA  
 AND  
 ADJACENT TERRITORY**

MADE BY  
**LU KAUFFMAN, C.E.**  
 ATLANTA, GA.  
**1938**



**LEGEND**  
 CITY MAPS...  
 ROAD MAPS...  
 FIRE MAPS...  
 SANITARY MAPS...  
 PLANNING MAPS...  
 ZONING MAPS...  
 ETC.

**RESIDENTIAL SECURITY MAP**

LEGEND

- .....A FIRST GRADE
- .....B SECOND GRADE
- .....C THIRD GRADE
- .....D FOURTH GRADE
- .....SPARSELY BUILT UP  
(COLOR INDICATES GRADE)
- .....INDUSTRIAL
- .....COMMERCIAL (IMPORTANT RETAIL AND WHOLESALE AREAS)
- .....UNDEVELOPED OR FARMLAND  
(NO PROBABLE CHANGE WITHIN 5 YEARS)

PREPARED BY  
 DIVISION OF RESEARCH AND STATISTICS  
 WITH THE CO-OPERATION OF THE  
 APPRAISAL DEPARTMENT  
 HOME OWNERS' LOAN CORPORATION  
 JUNE 25, 1938

# Rich narratives accompanied grades

## AREA DESCRIPTION - SECURITY MAP OF Atlanta, Georgia.

### 1. AREA CHARACTERISTICS:

a. Description of Terrain. Mostly level

Close to center of city. Both negro and white schools, churches, and community business centers in area. Majority of streets paved. Eastern portion accessible to Grant Park and Municipal Golf Course. Adequate street car transportation.

b. Favorable Influences.

c. Detrimental Influences.

Instability of income of majority of occupants. Mixture of racial groups. Heavy juvenile delinquency. High infant mortality and tuberculosis incidences. High concentration of criminal element. Rental collections difficult. Heavy vandalism. Properties antiquated and in poor repair. Low standards of living. Heavy vehicular traffic throughout area.

d. Percentage of land improved 100 %; e. Trend of desirability next 10-15 yrs. Down

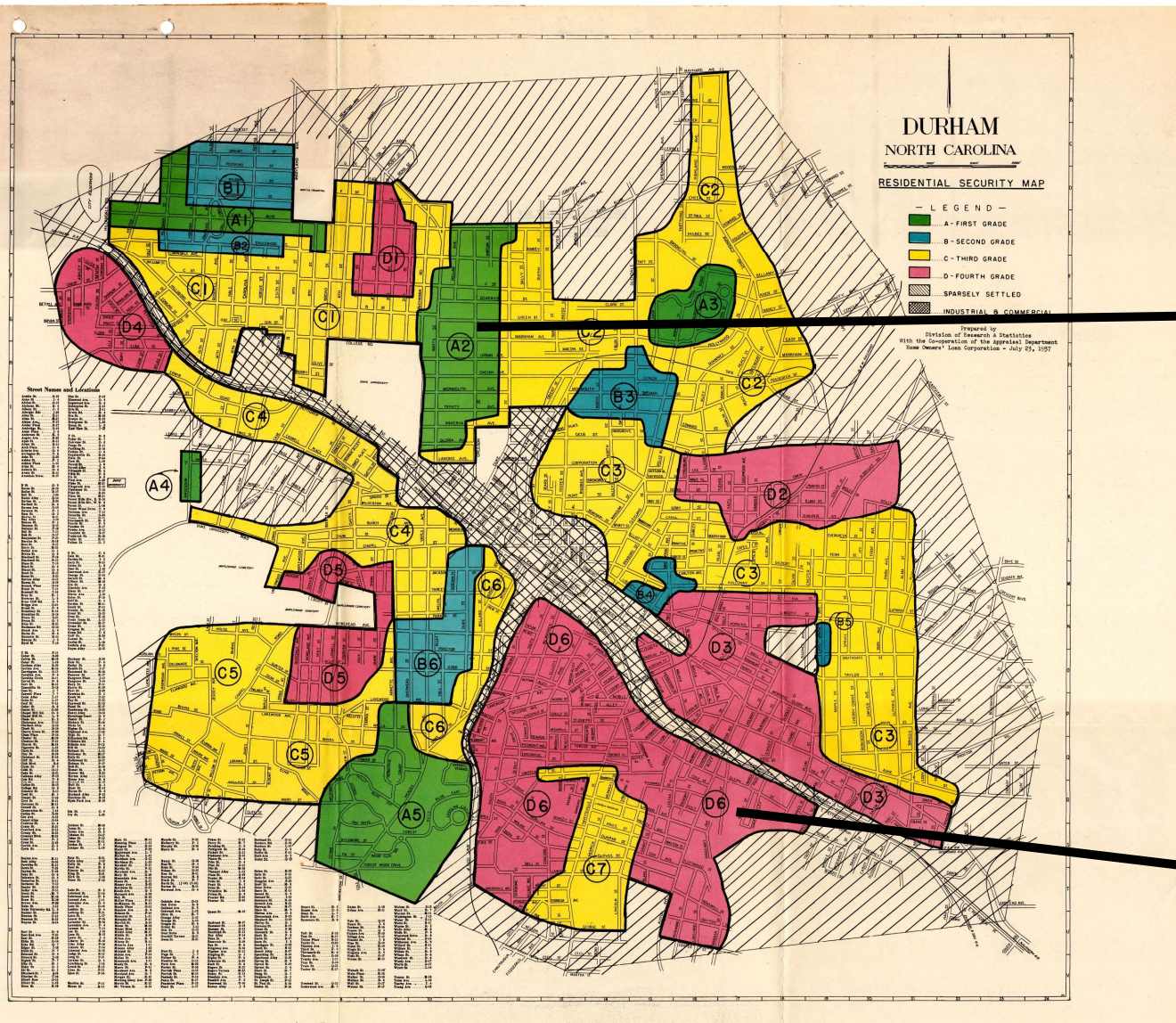
### 2. INHABITANTS: Skilled mechanics, factory workers

a. Occupation and laborers \_\_\_\_\_; b. Estimated annual family income \$ 400 - 900

c. Foreign-born families 10 %; Syrians, Greeks, Italians and Jews predominating; d. Negro Yes; 40 %

e. Infiltration of low as possible; f. Relief families Very many

g. Population is ~~increasing~~ static

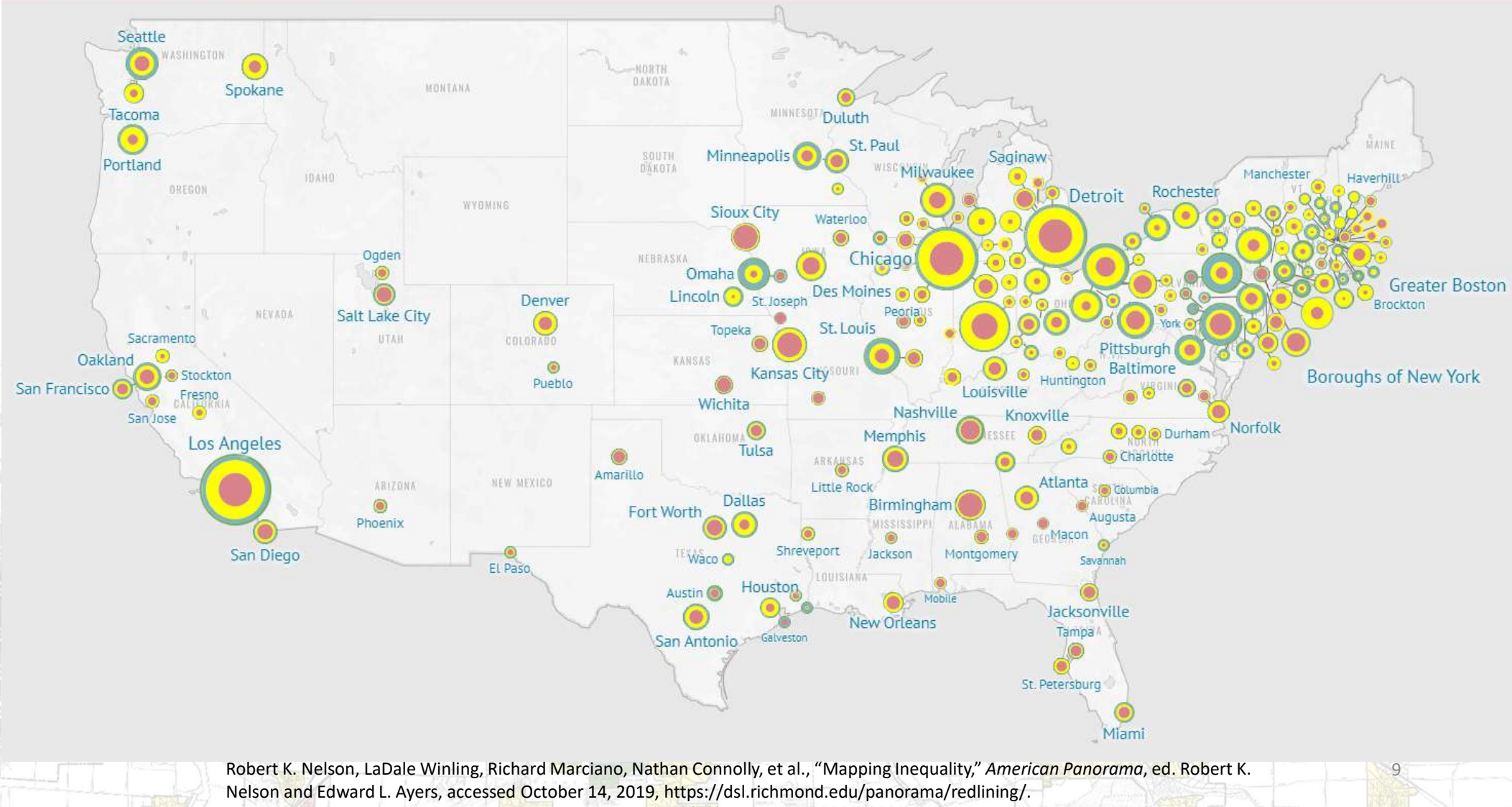


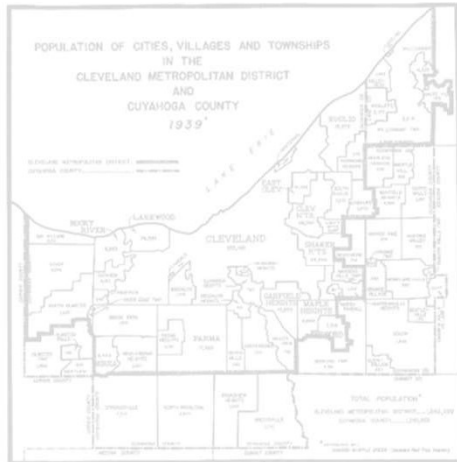
**A2:** The southern part of this area is the older part and the section was started about 30 years ago. It is continuing northward-it being adjacent to the Women's College of **Duke University** is considered in its favor. Many of the faculty members of the college own homes in the area and others rent. There are several apartments and duplexes in the area and several duplexes have recently been built, but this has not had any detrimental effect on the area. The area probably has as little sales resistance as any in the city.

**D6:** White population largely on McMannen Street for about 2 blocks South of railroad and some on South Street, and on McMannen Street are several fairly nice homes. This was formerly a good white residential street but negroes are gradually taking up the area.

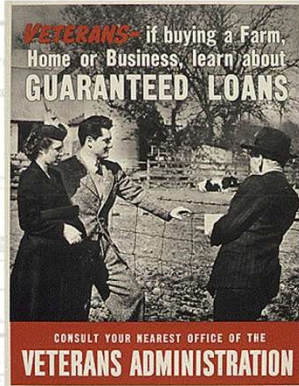


## Mapping Inequality Redlining in New Deal America





Related historical processes and practices  
of housing exclusion & exploitation?

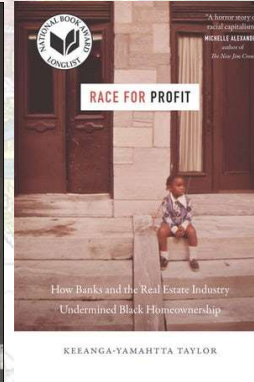
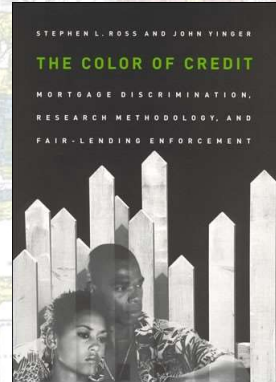
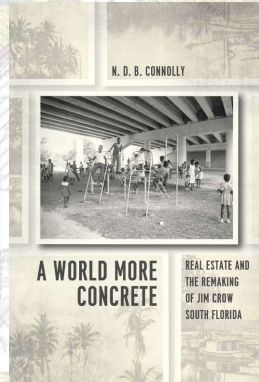
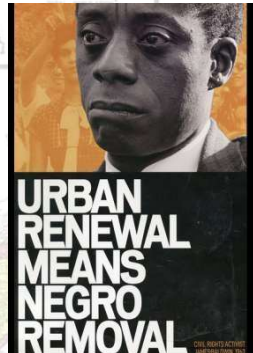
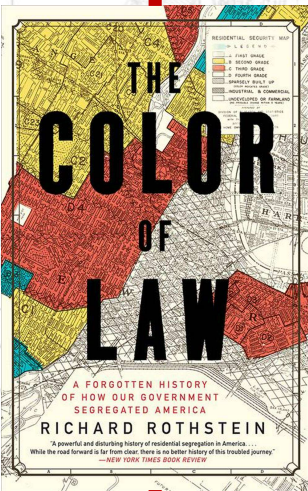


None of the said lands, interests therein or improvements thereon shall be sold, resold, conveyed, leased, rented to or in any way used, occupied or acquired by any person of Negro blood or to any person of the Semitic race, blood, or origin which racial description shall be deemed to include Armenians,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

JEWISH HISTORICAL SOCIETY OF GREATER WASHINGTON

“[The rise of homeownership after] WWII cemented it as a fundamental feature of the cultural conceptions of **citizenship and belonging.**”

Keeyanga-Yamahtta Taylor, *Race for Profit*



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# Colored Property

STATE POLICY & WHITE RACIAL POLITICS IN SUBURBAN AMERICA



DAVID M. P. FREUND

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“[HOLC’s] lending record is far less significant, in the long run, than the mechanisms and the **appraisal logic** that it introduced to the national mortgage market and for the precedent that it set.” Freund (2007 pp118)



# Analytical strategy

- Goal: Compare changes over time in homeownership and home value in places appraised by HOLC to changes in places not appraised by HOLC
- Focus: Black-White differences
- Ideal data: Longitudinal measures of race, socioeconomic, and housing characteristics for geographically-stable neighborhoods and places before HOLC and in subsequent decades
- Available data: Imperfect measures of changing racial geography from multiple Census data sources

Don't exist



# Data: Tracking change over time in homeownership geography and value

- Census data from IPUMS USA:
  - Pre-HOLC: 1910 1%, 1920 1%, 1930 5%
  - Post-HOLC: 1940 1%, 1950, 1960 5%, ~~1970 1%~~, 1980 5%, 1990 5%, 2000 5%, 2006 ACS 1.0%, 2010 ACS 1.0%, 2019 ACS 1.0%
- Analytical sample (50% sample, N≈14.6million)
  - Black or White
  - Full covariate data
  - Living in counties that were part of a metropolitan area in 1900 or became part of a metropolitan area between 1900 and 2019



# Measures

- Federal intervention:
  - Whether a metropolitan area had an HOLC map
  - Endogeneity concern: Guidelines requested maps for all cities with population above 40,000
- Outcomes:
  - Homeownership (1910-2010)
  - Home values (1930-2010)
- Covariates: Marital status, sex, age (quadratic), IPUMS occupational score, family size, foreign born, living in birth state

# Analytical strategy: Triple Difference (difference-in-difference-in-differences)

$$Y_{it} = \beta_0 + \beta_1 \text{Appraised}_{it} + \beta_2 \text{Black}_{it} + \beta_3 \text{Post-HOLC}_{it} + \beta_4 (\text{Appraised}_{it} * \text{Black}_{it}) + \beta_5 (\text{Appraised}_{it} * \text{Post-HOLC}_{it}) + \beta_6 (\text{Appraised}_{it} * \text{Post-HOLC}_{it} * \text{Black}_{it}) + \varepsilon_{it}$$

$Y_{it}$ : Outcome of interest (e.g., homeownership)

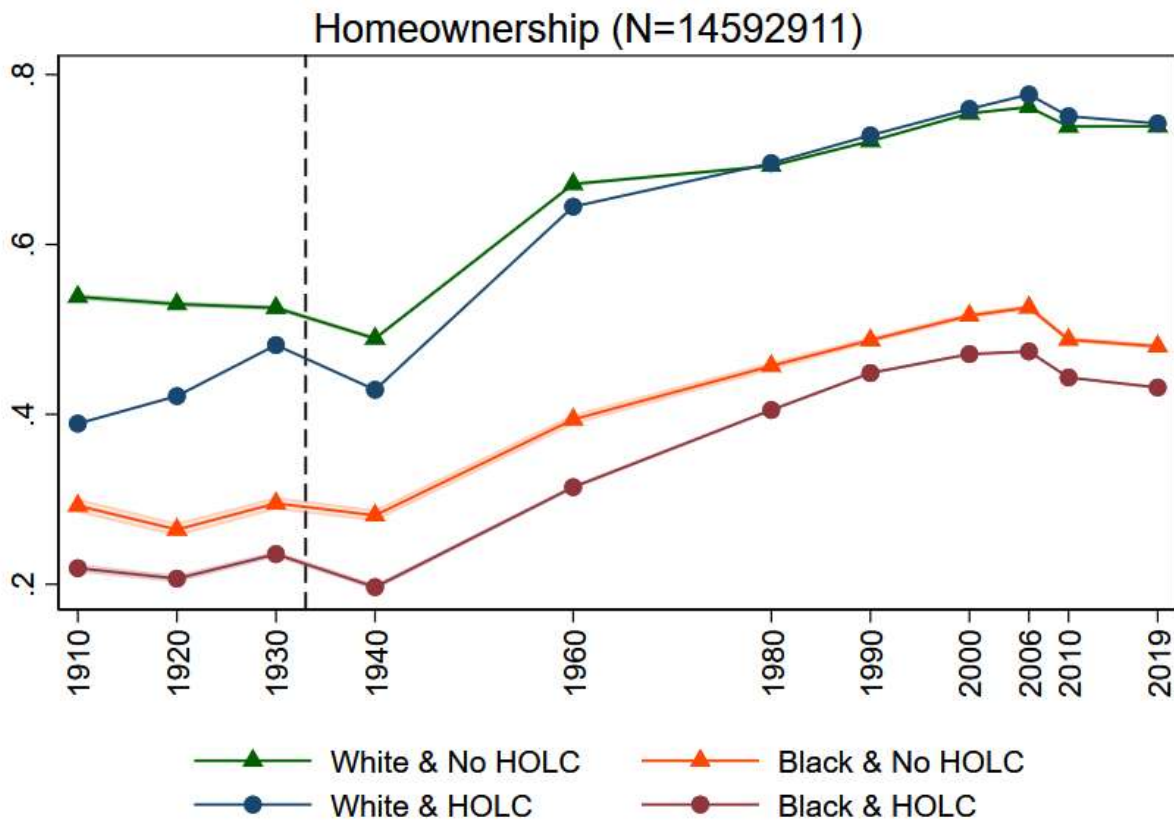
$\beta_5$ : Estimate of impact of HOLC on  $Y_{it}$  among Whites

$\beta_6$ : Estimate of Black-White difference in impact

- Individual-level sociodemographic characteristics
- Metropolitan area fixed effects
- Division-by-year fixed effects
- Observations weighted by IPUMS person weights
- Standard errors clustered at metro level

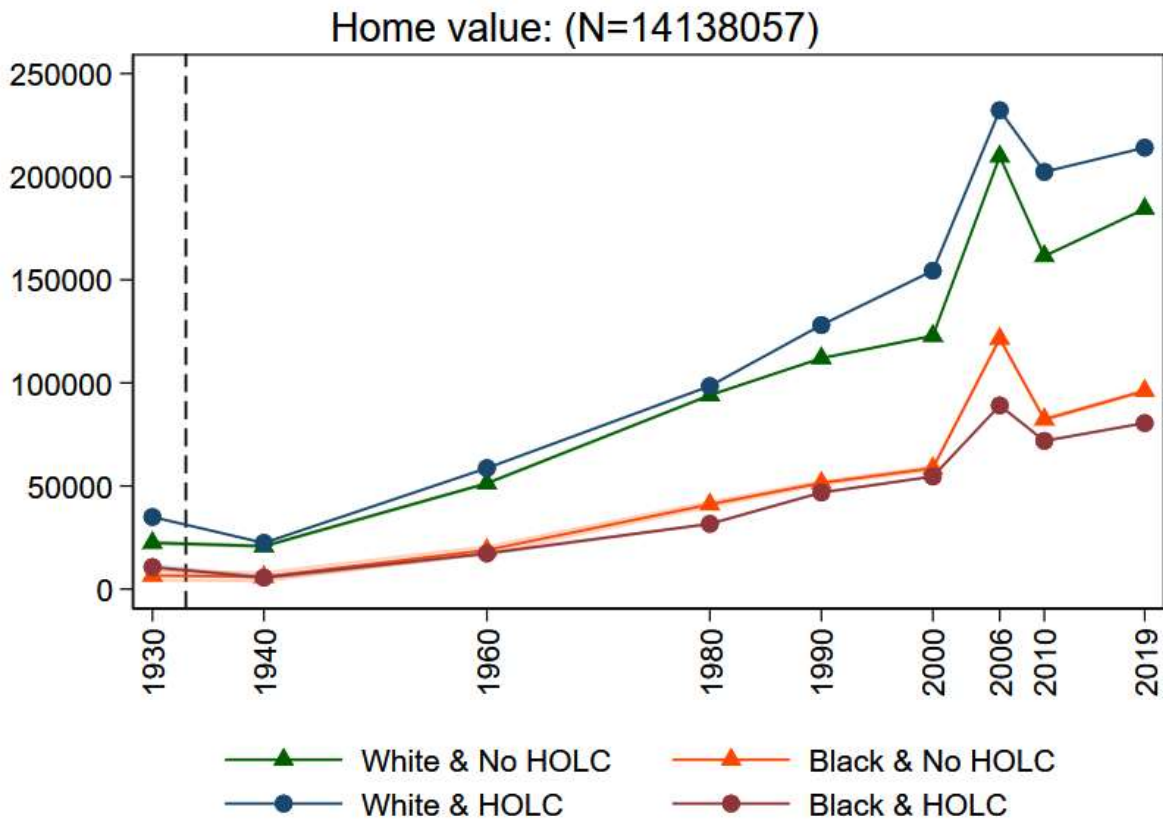


# Emergence of a racialized homeownership society



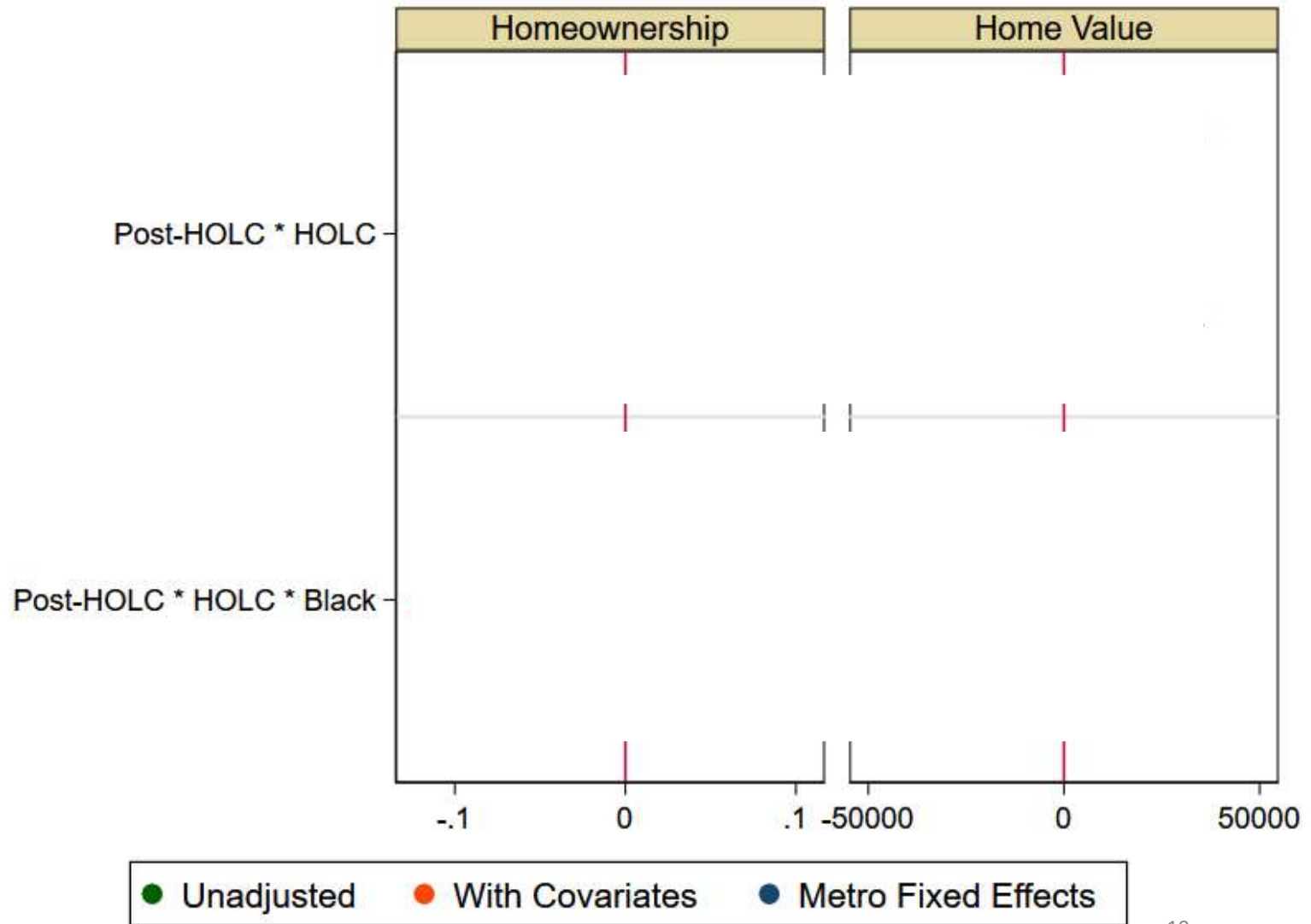
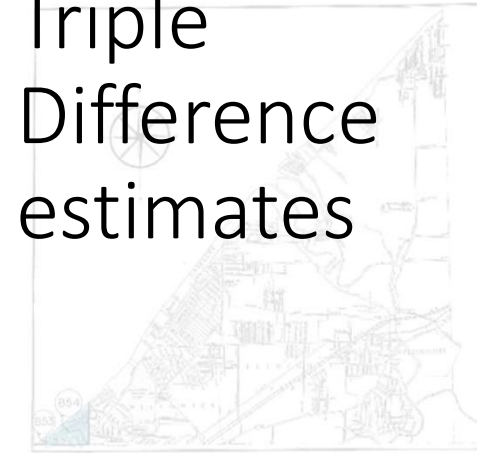
| White-Black Gap | 1930  | 2019  |
|-----------------|-------|-------|
| HOLC            | 24.9% | 30.8% |
| No HOLC         | 23.3% | 25.0% |
|                 | 1.8%  | 5.8%  |

# HOLC and the home value gap



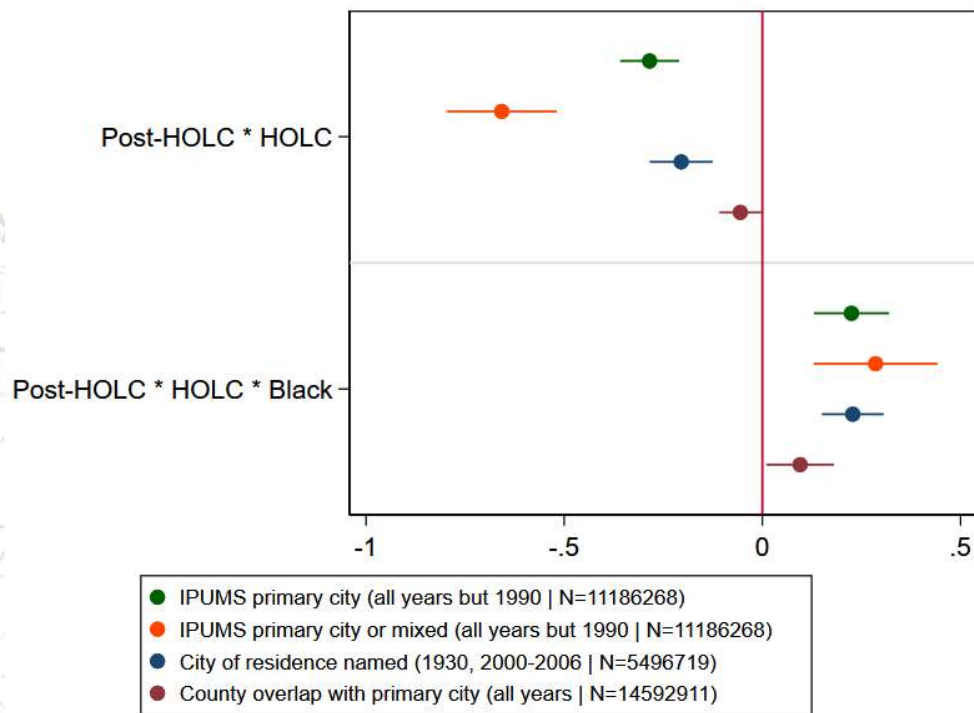
| White-Black Gap | 1930     | 2019      |
|-----------------|----------|-----------|
| HOLC            | \$24,425 | \$130,853 |
| No HOLC         | \$16,285 | \$86,588  |
|                 | \$8,140  | \$44,266  |

# Triple Difference estimates

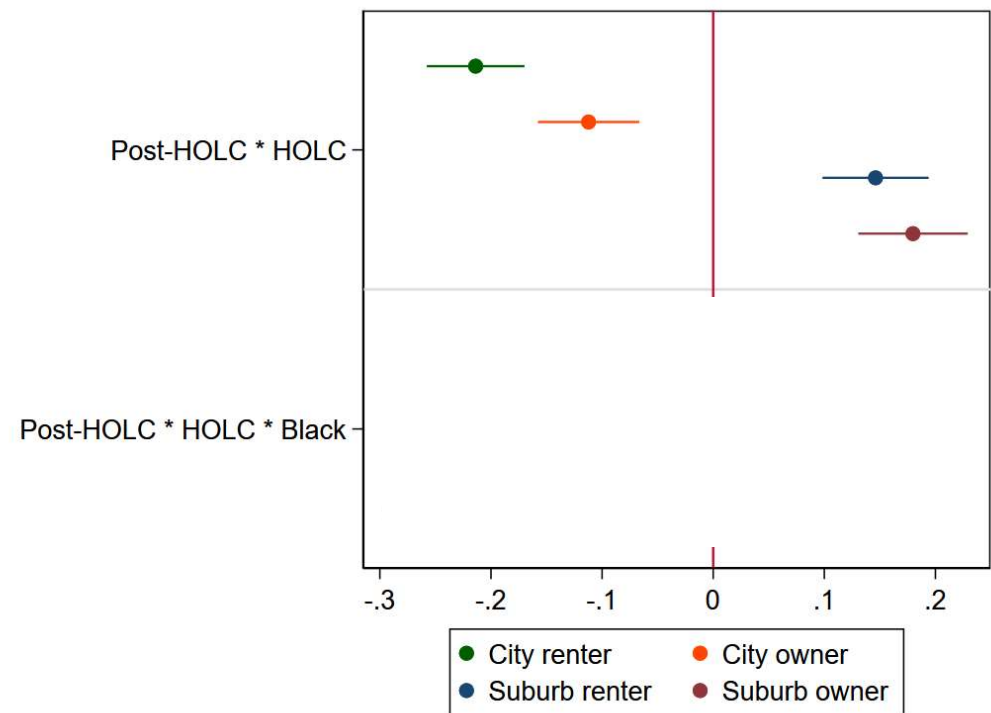


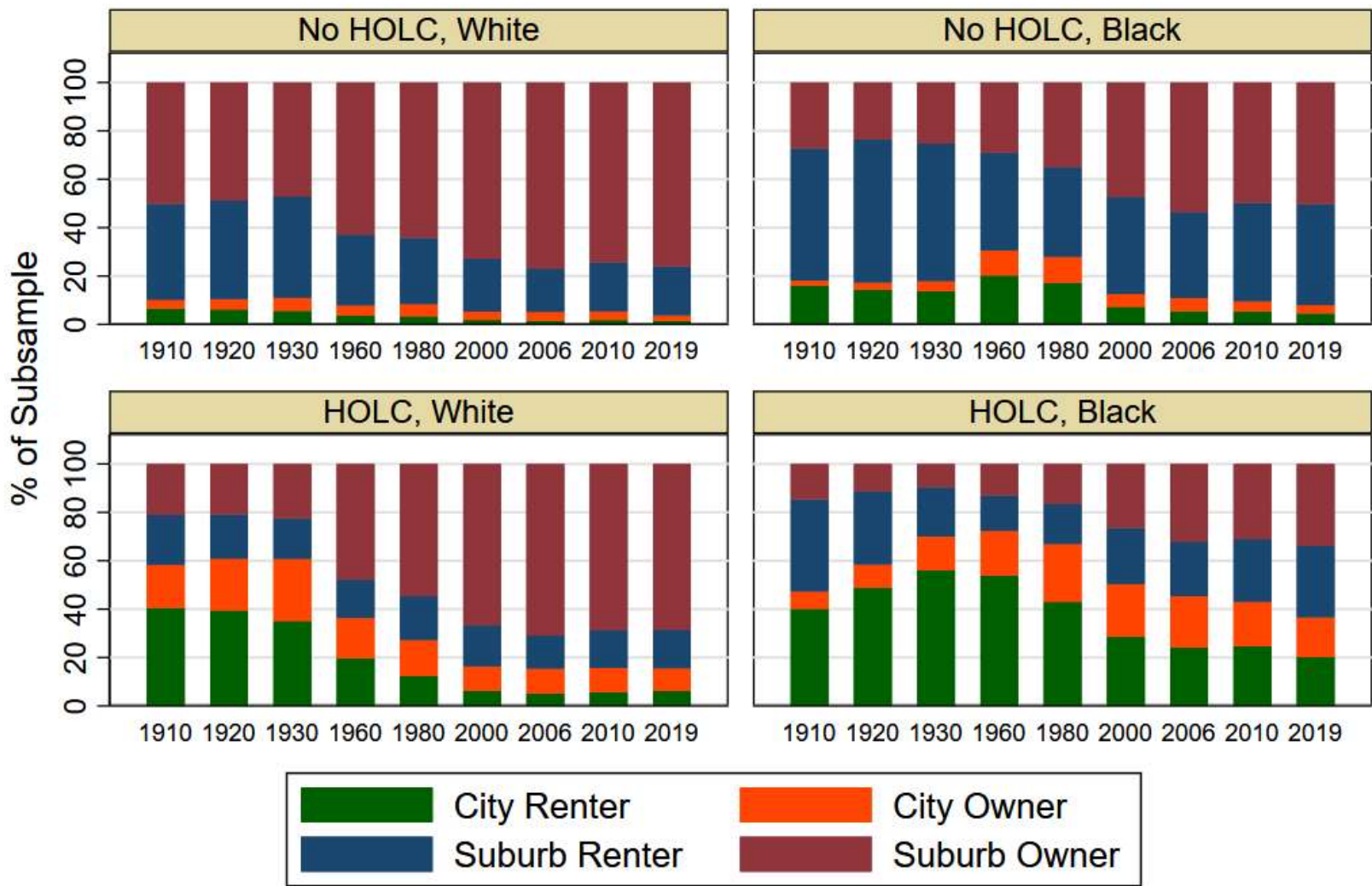
# Suburbanization and Ghettoization

Outcome: Multiple measures of city residence



Outcome: IPUMS City/suburb by tenure



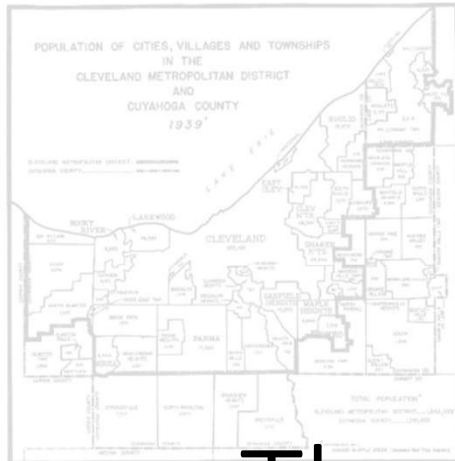


Graphs by HOLC MSA and Black

# Moving forward

- HOLC facilitated process of housing becoming site of extreme racial inequality
  - Black homeownership rose, but remains a century behind White homeownership
  - Whites left appraised cities, while Blacks bought
- Next steps
  - Mechanisms
  - Mobility (i.e., both timing and geography)
- Related projects
  - FHA and VA
  - Urban Renewal





# Thank you

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