Fair Housing: A Look Back and Forward

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www.nationalfairhousing.org
Support of Land/Homeownership

Headrights

- 50 Acres per person
  - Family members
  - Indentured Servants
  - Slaves

The image contains a historical document with repeated text and the National Fair Housing Alliance logo.
Land Grants and Homesteads

- 270 Million Acres (10%) of US lands granted through this system.
- 1.6 Million Grants Awarded.
- In 1872 the law was amended to prevent discrimination based on color in the issuance of homesteads.
- Also required military to support the system.
Freedman’s Savings and Trust  1863 - 1874

• Promoted by Union Generals and Northern Philanthropists
• Savings Institution
• Trustees = Wall Street Investors, Real Estate Moguls
• Trustees could access loans from the savings institution but depositors could not
• Closed due to fraud and malfeasance
• Federal government refused to make depositors whole or hold Trustees accountable
Home Owners Loan Corporation

- Established in 1933
- Created to prevent foreclosures in the wake of The Great Depression
- Developed fully amortizing loan product
- HOLC hired real estate professionals to complete surveys
- Neighborhoods graded based on characteristics including race
RESIDENTIAL SECURITY SURVEYS & MAPS

1. AREA CHARACTERISTICS:
   a. Description of Terrain: Level.
   b. Favorable Influences: Adequate transportation - schools, utilities.
   c. Detrimental Influences: Unpaved streets - stone from stockyards and packing plants west of the area.

2. INHABITANTS:
   a. Occupation: Wage earners; b. Estimated annual family income: Up to $1500;
   c. Foreign-born families: 20%; Southern European: Predominating;
   d. Infiltration of Wage earners; f. Relief families: About 70;
   e. Population is increasing; decreasing; static; Yes.

3. BUILDINGS:
   a. Type: Single; (Per double); (Even double); Other Type: %
   b. Construction: Frame, four brick; Other Type: %
   c. Average Age: 36 Years; Other Type: %
   d. Repair: Fair to poor; Other Type: %
   e. Occupancy: 90%; Other Type: %
   f. Home ownership: 52%; Other Type: %
...detrimentally affected by 10 owner occupant Negro families located in the center of the area....Although the Negroes are said to be of the better class their presence has caused a wave of selling in the area.... The area is accorded a “high red” solely on account of racial hazards.
### Hoyt’s Hierarchy

1st Chief Economist of FHA

<table>
<thead>
<tr>
<th>Rank</th>
<th>Ethnicity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>English, Germans, Scotch, Irish, Scandinavians</td>
</tr>
<tr>
<td>2</td>
<td>North Italians</td>
</tr>
<tr>
<td>3</td>
<td>Bohemians or Czechoslovakians</td>
</tr>
<tr>
<td>4</td>
<td>Poles</td>
</tr>
<tr>
<td>5</td>
<td>Lithuanians</td>
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<tr>
<td>6</td>
<td>Greeks</td>
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<tr>
<td>7</td>
<td>Russian Jews of the lower class</td>
</tr>
<tr>
<td>8</td>
<td>South Italians</td>
</tr>
<tr>
<td>9</td>
<td>Negroes</td>
</tr>
<tr>
<td>10</td>
<td>Mexicans</td>
</tr>
</tbody>
</table>
FHA

- Established in 1934
- Contributed to the expansion of the middle class.
- Facilitated suburbanization of America.
- Less than 2% of loans went to POC.
- Government demanded residential segregation as a core tenant of the program.
FHA Underwriting Manual

- Written by Homer Hoyt, et al.
- First Chief Underwriter for the FHA
- Believed strongly in creating and perpetuating segregation
- Worked with real estate professionals to circumvent SCOTUS decision blocking racially restrictive covenants
- Perfected racial hierarchy for real estate

(FHA Underwriting Manual, 1938)
How Legacy Issues Impact Us Today
Transportation points, like highways, toll roads, and train lines have been used to isolate communities of color cutting them off from access to job centers and important amenities and services. Since People of Color are less likely than their White counterparts to own a car, access to reliable public transportation is imperative. Moreover, NFHA’s investigative work shows even when People of Color have better credit, they are often charged more for auto loans than their White counterparts.

People of Color are more likely to live in a food desert. Latinos are a third less likely and Blacks half less likely to have access to a grocery store than their White counterparts. 8% of Blacks live in a census tract with a grocery store compared to 31% of Whites.

Blacks and Latinos are more likely to live in health deserts with fewer healthcare facilities and primary care physicians. As Melody Goodman, Assistant Professor of Washington University put it, when it comes to your well-being, “Your zip code is a better predictor of your health than your genetic code.”

People of Color are more likely to be affected by America’s dual credit market. 46% of Blacks, 40% of Latinos, and 38% of American Indian/Alaska Natives use non-traditional credit compared to 18% of Whites. Subprime and fringe lenders are hyper-concentrated in Communities of Color. Alternatively, White communities have an average of 41 bank branches while Communities of Color have an average of 27 bank branches for every 100,000 people.
Bifurcated U.S. Financial System

Capital Markets
Banks, Credit Unions, Savings and Loan Companies, CDFIs, GSEs, Federal Home Loan Bank Boards, Mutual Funds, Pensions, 401(k)s, Stocks, Bonds, AAA Rated Mortgage-Backed Securities

Mainstream Financial Services
Prime Mortgages, Savings and Checking Accounts, Home Equity Loans, Lines of Credit, Certificates of Deposit, Prime Auto Loans
Prime Market

Jumbo Market

Fringe Financial Services
Pawnshops, Check Cashers, Payday Lenders, Rent-to-Own Shops, Title Lenders, Finance Lenders, Sub-Prime Lenders, Buy Here Pay Here Auto Lenders

Lower-Income Communities and Communities of Color

Middle / Upper-Income and Predominately White Communities

Source: Carr, Jim, Lisa Rice and Shanti Abedin
Houston has the largest disparity in traditional financial services, where majority white neighborhoods have nearly 2.3 times the number of establishments as majority non-white neighborhoods.
Alternative Financial Services, Findings by Metro

The largest disparity is in Oakland, where there are 2.3 times as many alternative financial service providers in majority non-white neighborhoods than majority white neighborhoods.
Who is Using Alternative Financial Services?

- African American: 46%
- Latino: 40%
- American Indian/Alaska Native: 38%
- Hawaiian/Pacific Islander: 27%
- Asian: 19%
- White: 18%

Rice, Lisa and Shanti Abedin from data provided in 2013 FDIC National Survey of Unbanked and Underbanked Households
Home Value Trends in Redlined Areas

Median home values by areas designated best, still desirable, definitely declining and hazardous

Atlanta, GA
Detroit, MI
Oakland, CA

$1,600K
$1,400K
$1,200K
$1,000K
$800K
$600K
$400K
$200K
$0K


Zillow GROUP
Fig. 1: Black rent premium in areas with different racial mix
Discrimination in REO Maintenance & Marketing

NFHA & its members conducted investigations involving this bank in 37 metropolitan areas.
REO Properties in COCs
REO Properties in White Communities
Redlined areas in the HOLC maps, which were based on 1939 racial demographics, track closely with today’s heavily segregated communities of color.
2005 – 2006 Subprime Loan Originations
2005 – Early 2008 Loan Foreclosures Cleveland

Percent Loan Originations to African Americans

- Subprime foreclosures
- Percent Originations to African Americans

Legend:
- 0% - 10%
- 10% - 20%
- 25% - 40%
- 45% - 60%
- 65% - 80%
- 85% - 100%

Cleveland Boundary

Source: Home Mortgage Disclosure Act (HMDA), Loan Origination and Foreclosure Matched Data File, Center on Urban Poverty and Community Development, Mandel School of Applied Social Sciences, Case Western Reserve University
Your next customer looks like your current customer

When growing your business and finding new customers is your goal, lookalike audiences is the right tool for the job. Connecting with your key audience is as easy as a few clicks.

Current customers are the best source

You can create Facebook lookalike audiences from your customer and prospect lists, people who have visited your website or app or people who have interacted with your Facebook Page or ads. You can also use a custom audience to build a lookalike audience.

Learn more about custom audiences