

THAT
SHIT'S
RACIST

volume 2 | issue 1

restrictive
covenants,

redlining
practices,

& housing
contracts



ISSUE 1: Housing discrimination: Restrictive covenants, redlining practices, and housing contracts

“The reason black people are so far behind now is not because of now. It’s because of then.”

Clyde Ross to Ta-Nehisi Coates, *The Case for Reparations*

Born in 1920s Mississippi, Clyde Ross was the son of sharecroppers. He moved to Chicago in the second wave of the Great Migration. Forced to buy a house “on contract,” he settled his family in a neighborhood that Ta-Nehisi Coates described as “now on the wrong end of virtually every socioeconomic indicator.” Exploring how and why this happened to Ross and so many black Americans will help to illustrate several mechanisms of housing discrimination that contributed to the poverty suffered by blacks today.

This chapter looks at the ways that people in midwestern and east coast cities developed a set of strategies for maintaining white supremacy that differed from the Jim Crow South in practice if not in sentiment. In particular, three strategies of housing discrimination—employed variously by individual realtors, neighborhood associations, and the federal government—significantly influenced the racial distribution of many urban populations during and after the Great Migration: racially restrictive covenants, redlining, and housing contracts.



Above and left: From the *Great Migration* series, Jacob Lawrence, 1940-41

Tempera on wood panels
Museum of Modern Art

We call it the Great Migration because it was massive, because it came in two large waves that spanned decades, and because it involved the relocation of scores of people leaving generations of suffering. We do not call it the Great Migration because it was a good journey.

Most of the people who migrated were aiming for some kind of escape from the racist tyranny of Klansmen and Dixiecrats. These burgeoning industrial cities offered at least the possibility of job prospects and racial tolerance.

But as soon as large numbers of blacks began to arrive in cities like Chicago, Milwaukee, Detroit, and Philadelphia, they were ghettoized and exploited according to a series of racist housing policies and practices.

Many of these cities still bear the evidence of these practices, all of which were at least nominally prohibited by 1968. Chicago, for example, remains one of the most racially segregated cities in the country, the result of countless aggressive campaigns to control where black people have lived for a century.



Among the early efforts of housing discrimination is the use of racially restrictive covenants. These were contractual agreements that homeowners in particular neighborhood associations were obligated to observe. In 1917 the Supreme Court ruled that “racial zoning” was unconstitutional, meaning that cities couldn’t pass ordinances prohibiting non-white residents. In response, the private neighborhood associations began using “restrictive covenants” to enforce rules about the race of its residents. Less than ten years later, the Supreme Court dismissed a case arguing that these racially restrictive covenants were unconstitutional. This facilitated the persistent use of restricted covenants well into the 1960s.

Around that time as well, a tactic called “redlining” was used to cut off economic investment in black neighborhoods by deeming them “too risky” for credit. Banks that provided home loans and mortgages, realtors who rented and sold properties, and landlords who managed buildings all relied on maps of the city which highlighted concentrations of black residents in red, signaling a neighborhood with the lowest creditworthiness rating. They cordoned off areas of each city where blacks ended up in the midst of racially restrictive covenants, and all the banks and real estate companies agreed not to lend.

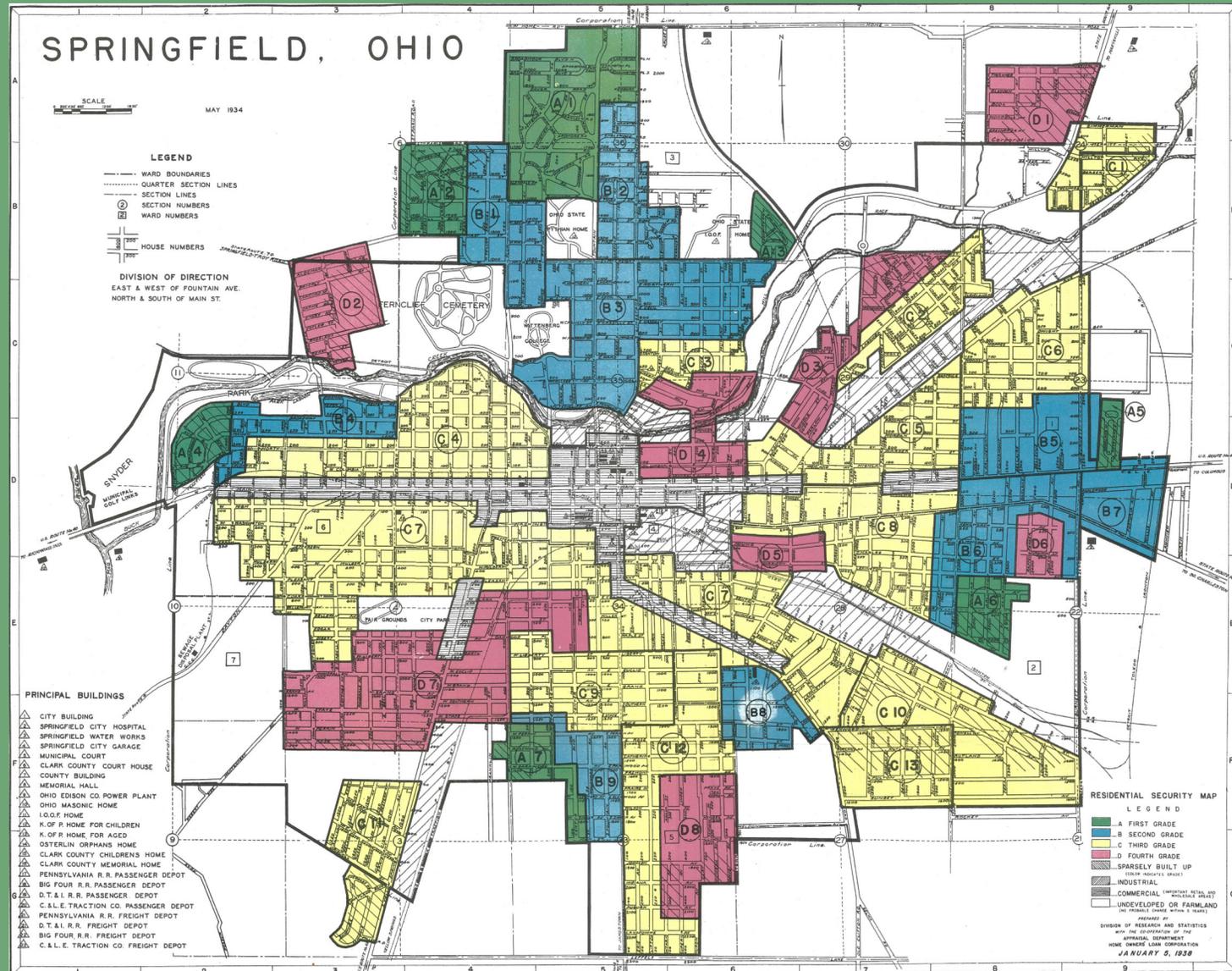
A sign placed across the street from the Sojourner Truth housing project, Detroit, 1940s

“Restrictive covenants can limit a variety of options for homeowners, from landscaping to structural modifications to circumstances of sale or rental. Racially restrictive covenants, in particular, are contractual agreements among property owners that prohibit the purchase, lease, or occupation of their premises by a particular group of people, usually African Americans. Rare in Chicago before the 1920s, their widespread use followed the Great Migration of southern blacks, the wave of housing-related racial violence which plagued the city between 1917 and 1921, and the U. S. Supreme Court’s 1917 declaration that residential segregation ordinances were unconstitutional. The high court’s subsequent dismissal of *Corrigan v. Buckley* in 1926 tacitly upheld these private, restrictive agreements and paved the way for their proliferation.”

(Encyclopedia of Chicago, <http://www.encyclopedia.chicagohistory.org/pages/1067>)

“I think that part of (why Chicago doesn’t have concentrated white poverty) has to get back to a larger history of structural racism in the United States. And what I mean by that is the ability for different races to move to different places. So whites have long had an ability to move around the country and to move to different places. African-Americans have historically just not had as many choices. And Chicago — and I can think of a couple other Midwestern cities — has had a really strong history of race relations that have not been positive for African-Americans. So staying in these neighborhoods is probably a result of having limited opportunities to move elsewhere.”

Janet Smith to Odette Yousef



A map of Springfield, Ohio, “residential security” ratings, with highest-risk areas colored red

(Source: Where are Chicago’s Poor White Neighborhoods? Curious City, WBEZ. August 12, 2015)

“Redlining destroyed the possibility of investment wherever black people lived.”

—Ta-Nehisi Coates, *The Case for Reparations*

Unsurprisingly, redlining led to the creation of black ghettos in cities throughout the country. It concentrated families which were both poor and black in certain “undesirable” neighborhoods, the negative conditions of which were exacerbated by municipal neglect and further systemic racism. It’s important to note that redlining was not a whispered or unofficial practice, but rather something that was overseen by the Federal Housing Administration when it was established in Roosevelt’s New Deal 1930s.

Even though Kennedy enacted a federal prohibition of housing discrimination in 1962, it wasn’t until Johnson’s Fair Housing Act of 1968 that a formal monitoring agency was established to enforce the ban. Still, informal redlining practices combined with new forms of geographic discrimination, exacerbating housing and wealth inequalities between whites and blacks.

Among the new forms of discrimination were exploitive housing “contracts,” offered to blacks once neighborhoods had been blockbusted (about which more in the next chapter). These contracts differed from traditional mortgages offered to white renters in that they required monthly payments, but provided none of the attendant benefits of a mortgage—namely, accrued equity and eventual ownership of the house. This meant that when families missed a (grossly-inflated) monthly payment, they were evicted in the same manner as if they’d been renting, and they lost all money they already paid toward the cost of the house.

Furthermore, most of the generous mortgage benefits available to white families during the postwar housing boom were denied to blacks. The GI Bill was written to be “colorblind,” but

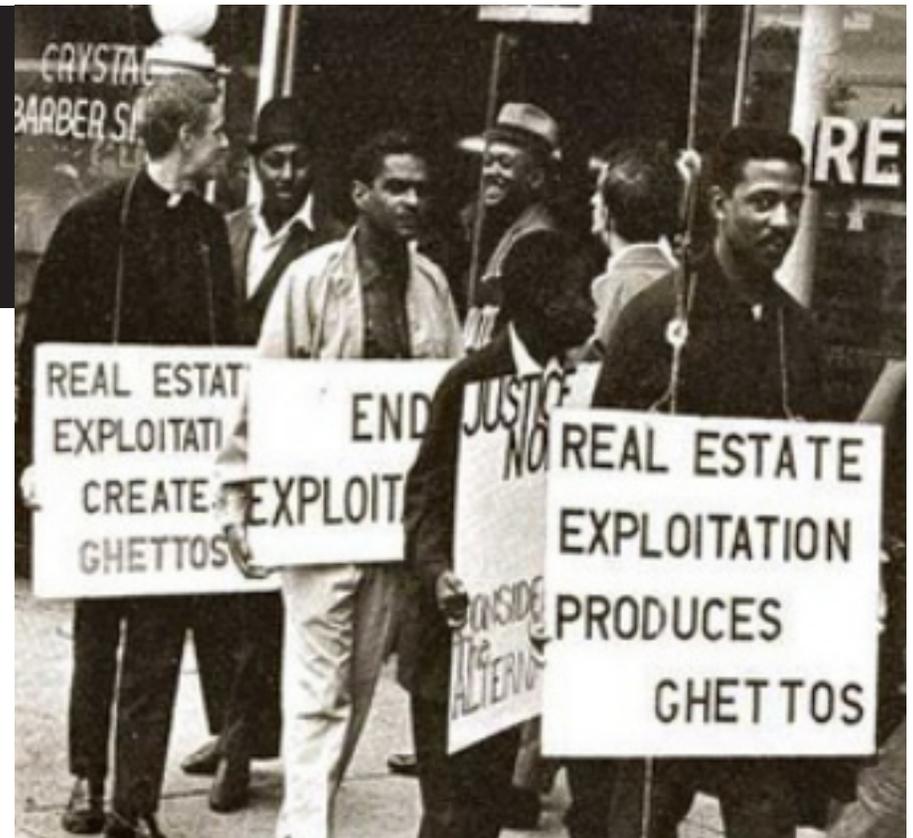


Image source: *The Jesuit Bulletin (Family Properties: Race, Real Estate, and the Exploitation of Black Urban America, Beryl Sattler)*

its implementation was often the responsibility of racist people and racist institutions.

Countless black families were deliberately denied the opportunity to build wealth during these decades of overt discrimination in real estate and banking. Redlining and housing contracts were designed to disallow black people from owning property or building wealth in the same ways that white people have in fact been incentivized to do through a variety of tax breaks and “earned” welfare benefits such as Social Security Insurance (more on white benefits later).

In some ways, this is a metaphor for the many ways the “American Dream” has eluded blacks: not only were many many black families and individuals denied the opportunity

“(A) number of twentieth-century laws and policies have benefited whites exclusively, despite the fact that the laws contain no overt racial provisions.

...After World War II, the Federal Housing Administration and private lenders helped create today’s segregation by channeling home-loan money away from the inner city and toward the suburbs. Because of racially biased categories in the FHA city surveys and appraiser’s manuals, almost all of the FHA loan money went to white homeowners.

to own their own homes at a time when this was the ultimate symbol of economic success and independence, but they were still exploited and forced to make the financial sacrifices necessary to own a home.

This resembles the narratives told about single black mothers on welfare, and its parallel narrative of the (white) Woman Who Has It All: husband, career, children & happiness. While we’ve set up so many barriers that prevent women of color from achieving the dream of Having It All, the rules of modern welfare receipt, the country’s abysmal family leave policies, and general attitudes about who does and does not deserve government assistance all demand that poor black moms get married and find a job and stop having kids & relying on handouts.

So in some ways, I guess I think that racism is not really about whether you “have a problem” with black people or whatever you say in public: it’s about participating and agreeing with a culture that withholds nearly all resources necessary for a group’s success and then blaming individual members of that group for falling short of that success. In so many arenas it seems that the history of America is the history of various exploitations of its black citizens.

The 1968 Housing and Urban Development Act could have addressed some of the problems with how FHA loans were distributed but was instead used by real-estate agents and speculators to create inflated sales and mortgage foreclosures that profited lenders and destroyed the value of inner-city housing for generations to come by making much of it ineligible for future loans.

Between the 1930s and the 1970s, urban renewal programs demolished 1,600 black neighborhoods, and 90 percent of the low-income units destroyed for urban renewal were never replaced.

Between 1934 and 1962 the FHA and Veterans Administration financed more than \$120 billion worth of new housing, but only 2 percent of this went to nonwhite families.”

—Eula Biss, Notes from No Man’s Land

This is a sobering example of “white privilege:” so much American policy has been structured and implemented to make blacks endure the hardships and consequences of citizenship while incurring none of the benefits. On the flipside, whites often enjoy the benefits of citizenship and avoid many of the consequences (e.g. we’re less likely to get arrested, to get convicted, to serve a harsh, to be killed/injured by police, etc).

In the next chapter, we’ll look at blockbusting, white flight (and whites mobs), and suburbanization. Just as whites established obstacles for black prosperity, they were also subsidizing and incentivizing their own prosperity, and have been claiming the difference in outcomes is due to superior character ever since.

Racial Restrictive Covenants on Chicago's South Side in 1947



Cover & above: map of neighborhoods with racially restrictive covenants in use, Chicago, 1947

Source: Chicago Historical Society