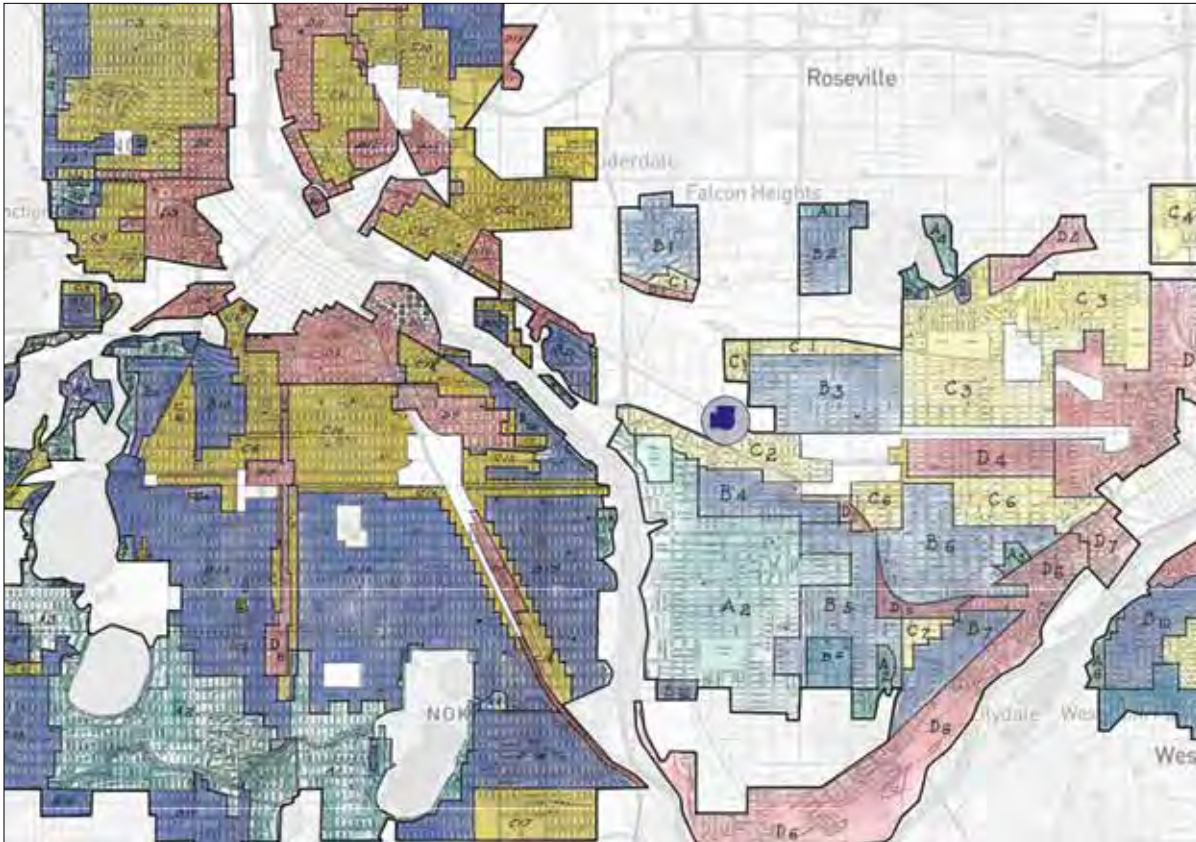


Racial disparities in housing

Learning from the past to build a better future



During the 1930s, the U.S. government published maps to guide lending practices. The neighborhoods marked red were considered “hazardous” for lending simply because people of color lived there. This sparked a ripple effect of disinvestment still felt today.

Image courtesy of Mapping Prejudice Project

Whether we see it or not, our home impacts everything. It influences our health and education outcomes. It contributes to family stability and quality of life. And

homeownership is the primary way we build wealth and pass it on to our children.

Unfortunately, too many families in our community didn't and still don't have the opportunity to feel those positive effects of homeownership. Minnesota has one of the highest rates of homeownership at nearly 70%. However, Minnesota's racial gap in

The Twin Cities' racial disparities in housing didn't happen by accident. Racist policies created them. That's why we must be intentional in fixing them.

homeownership is one of the widest in the nation: 3 in 4 white households own homes compared to 1 in 4 black households.

The Twin Cities' racial disparities in housing didn't happen by accident. Racist policies created them. That's why we must be intentional in fixing them. Join Twin Cities Habitat to advocate for policies to expand homeownership, especially among communities of color.

Together, we can ensure everyone can share in the prosperity of the Twin Cities.

Racial Housing Policy Landmarks

1910–1948

Racially restrictive housing covenants blocked families of color from buying or living in homes in many Twin Cities neighborhoods.

1930–1968

Bank redlining restricted neighborhoods of color from accessing mortgage lending.

1956–1968

The I-94 freeway development bulldozed the homes of one out of every eight African American households in St. Paul and divided North Minneapolis from the rest of the city.

1968

The Fair Housing Act was passed to protect people from discrimination in housing.

1968 – present

Illegal discriminatory practices in lending and renting continue to harm communities of color.

2008

The housing collapse disproportionately impacted communities of color due to predatory lending practices.

Today

Minnesota has the nation's widest racial divides in homeownership, wealth, and education achievement.

Racist housing policies created segregation, exclusion, and inequality.

People of color across the country and here in Minnesota have been systematically shut out of homeownership for generations. Following centuries of slavery, government policies continued to intentionally block families of color from accessing good housing, home financing, and wealth-building opportunities.

E. No persons of any race other than the Aryan race shall use or occupy any building or any lot, except that this covenant shall not prevent occupancy by domestic servants of a different race domiciled with an owner or tenant.

Example of a racial covenant used in Hennepin County
Mapping Prejudice Project

The “American Dream,” but not for everyone

Racism was baked into every effort to expand homeownership following the Great Depression and WWII.

When Franklin D. Roosevelt created the Federal Housing Administration (FHA), guidelines explicitly discouraged racial integration in neighborhoods.²

Later, World War II veterans benefited from the G.I. Bill—but most black vets were denied loans based on the myriad policies preventing their access to homeownership.



Harvard Civil Rights - Civil Liberties Law Review

98% of all FHA loans were given to white people between 1934 and 1968.³

If a neighborhood is to retain stability it is necessary that properties shall continue to be occupied by the same social and racial classes. A change in social or racial occupancy generally leads to instability and a reduction in values.

Federal Housing Authority (FHA) Underwriting Manual, 1935

Courtesy of HathiTrust

Homeownership is the key to building wealth and opportunity



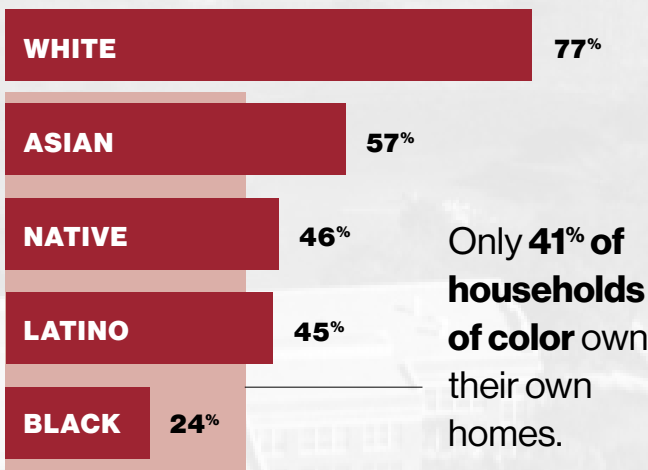
Photo by Bruce Silcox

Homeownership is the primary way Americans build wealth and pass it on to future generations.

Owning a home results in net wealth increases of \$9,000–\$10,000 for each year a home is owned. Renter wealth growth is near zero.⁴

Plus, the stability of homeownership means families are healthier, kids do better in schools, parents stay in their jobs longer, and overall quality of life is increased.

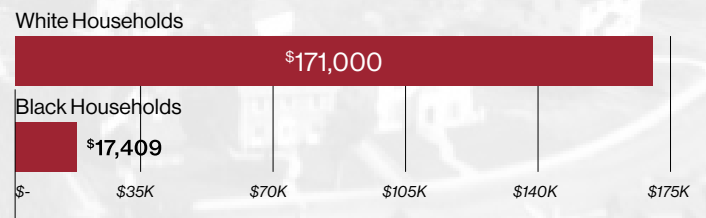
Minnesota Homeownership Rates by Race⁵



\$10,000

Average family **wealth gain** per year of homeownership⁶

Median U.S. Family Wealth, 2016⁷



Footnotes

1. Minnesota History Center, Gale Family Library
2. Federal Housing Administration, Underwriting Manual, 1935. Part II, pg 233-235
3. Lipsitz, George. The Possessive Investment in Whiteness, 2006, pg 6
4. Harvard University, Joint Center for Housing Studies, September 2013

5. Norton, G., Minnesota Housing Partnership, State of the State's Housing, 2019
6. Harvard University, Joint Center for Housing Studies, September 2013
7. Urban Institute calculations from Survey of Financial Characteristics of Consumers 1962 (Dec. 31), Survey of Changes in Family Finances 1963, and Survey of Consumer Finances 1983–2016



Big changes are needed to create an equitable Minnesota

We have to be as intentional about solving these disparities as we were about creating them. We all benefit when we expand homeownership, create opportunities for wealth building, and build an equitable community where everyone can thrive.

Twin Cities Habitat was involved in the 2018 Minnesota Task Force on Housing, which unveiled **six important systems-level changes** to boost homeownership.

The recommendations help address our racial disparities in homeownership and jumpstart the generational wealth building families of color have been denied for centuries.

Housing Task Force Recommendations¹

1. Increase access to homebuying resources for income-ready families of color
2. Create alternatives to lower cost barriers: i.e. land trusts, co-ops,

manufactured homes

3. Encourage employers and foundations to support home purchases
4. Fund education and counseling for first-time homebuyers
5. Offer affordable mortgages; provide extra support to community banks
6. Offer down-payment assistance



Photo by Bruce Silcox

Why Habitat is part of the solution

Many Americans get help buying their first home. In fact, nearly one-third of first-time homebuyers get gifts from family or friends to help with their down payment,² and white homebuyers are twice as likely as black homebuyers to get family help for a down payment.³

Habitat for Humanity provides that boost for first-time homebuyers. This lays the foundation for better health and education outcomes, higher quality of life, and generations of wealth building.

You Can Take Action

- **Advocate** for housing policy at the State Capitol.
- **Learn and share** the history of this topic, and follow our Race & Housing blog series.
- **Donate** to create more homeownership opportunities.

All ways to take action and more information about this topic is available at tchabitat.org/race

Footnotes

1. Minnesota's Task Force on Housing. More Places to Call Home: Investing in Minnesota's Future: Goals and Recommendations, 2018
2. Housing Wire. More first-time homebuyers enlisting help from family, friends, 2019 <http://www.housingwire.com/articles/more-first-time-homebuyers-enlisting-help-from-family-friends>
3. Shapiro, Thomas M. Toxic Inequality: How America's Wealth Gap Destroys Mobility, Deepens the Racial Divide, and Threatens Our Future, 2017