



# **Inequality Within The United States Housing System: The Past and Present of Black Homeownership**

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## Abstract

This research project aimed to study how past historical discriminatory practices and policies contributed to modern housing inequality for African American homeowners. This was done through an organized methodology that allowed me to select sources with specialized criteria, examine source content for important evidence with a content analysis, and analyze the evidence within the sources using a Critical Race Theory framework. Analyzing the evidence collected from the sources revealed that redlining, government policy and action, and private policy and action were strong contributors to modern housing inequality for African American homeowners in the United States because it created structural disparities that affected African Americans' ability to become a homeowner on the level of White homeowners.

## Introduction

Housing discrimination is a significant problem that still exists today throughout the United States housing systems, with many African-American individuals being directly affected by factors that make it difficult for them to obtain housing. Consequently, things like access to resources, economic and educational opportunities, as well as physical health, among other factors, are affected. While it is true that specific laws or policies do not directly create housing discrimination and inequality, many experts believe that the reasons for this problem of modern housing inequality are actually rooted in the past, when racism and discrimination affected the daily lives of African-Americans. Things such as redlining, gentrification, the GI Bill rejections, and other historical practices have pointed towards a historical cause of modern housing inequality against African-American people trying to become homeowners. To study and analyze the connection between housing discrimination and modern barriers to equality in the United States housing system, This study will be using a content analysis through the perspective of a Critical Race Theory framework. Consequently, this study will answer the question: How have historical housing discrimination policies against African-Americans contributed to current systemic barriers for disparate homeownership for African-American populations in the U.S.?

## Literature Review

### I. Historical Housing Discrimination Against African-Americans

Housing discrimination against African-American people started around the early 20th century and continued until the mid-late 20th century, with multiple systemic, discriminatory practices such as redlining, GI Bill exclusion, restrictive covenants, and other things creating residential segregation in the past. Redlining was one of the main causes of residential segregation, and also contributed to many obstacles within the African-American community. Redlining is the practice of racial or ethnic discrimination through the indirect prevention of equal opportunity within the area of effect. (Egede). McGrew highlights how the Federal Housing Association would practice redlining on these African-American neighborhoods and areas, denying mortgages, inflating prices, and lowering property values. Maps from the University of Richmond's Not Even Past project, which shows redlined areas in the U.S. using HOLC data, indicated that neighborhoods of color were in lower rated neighborhoods than white neighborhoods, which meant that getting a loan in those areas was harder. Despite the integration of the Fair Housing Act of 1968, redlining had already retained its significant impact on the Black population in the U.S. (Asante-Muhammed 16). Consequently, homeownership of African-Americans was negatively impacted by these factors, and the residential segregation created by this practice created historical roots that still affect today.

Furthermore, the GI Bill, which was introduced after WWII for war veterans, provided financial benefits that would help with housing and other things. However, racist ideas

embedded within the majority white Veterans Administration (VA) caused them to only give financial assistance to white veterans rather than Black veterans (Herbold 105). African-American veterans were often rejected when providing applications for loans, unemployment benefits, or waived tuition costs. Instead, the VA redirected African-American veterans toward job opportunities, but with job discrimination during the same time, their wages were significantly lower than other white individuals in the U.S. (Herbold 105). Ultimately, the rejection of the GI Bill for African-Americans prevented many of them from being able to afford proper housing, or prevented many of them from owning housing at all. As the wealth gap widened, it set the stage to create divides between Black homeownership and white homeownership later on.

Lastly, restrictive covenants and urban renewal plans also significantly contributed to obstacles with obtaining housing for Blacks in the U.S. Restrictive covenants, in the context of housing discrimination in the 20th century, were contracts that restricted Blacks from buying certain housing. These restrictive covenants barred African-American individuals from certain neighborhoods or houses, which often left them in other poorer or less exclusive neighborhoods. Urban renewal plans were plans that improved area development of cities, raising property rents and prices, and also displacing lower income African-American families and individuals. Urban renewal also caused the barring of African-Americans from certain housing, causing the extensive development of urban areas once in poorer Black neighborhoods, and often preventing the new, better neighborhoods from being accessible to lower-income Black people (Chronopoulos 297). Restrictive covenants do not exist anymore, however, urban renewal still exists with underlying tones of racism, showing how residential segregation may still be a real issue.

## II. Effects on Modern Black Homeownership

The effects of these historical roots in housing discrimination against African-Americans has been shown in the current racial distribution of housing, which may reflect broader issues like economic inequality between races. Young and her colleagues at Urban Institute explain that economic problems such as rent burdens, lower wages, higher mortgage and interest rates, high unemployment rates, and a lack of affordable housing established by systemic racism may partly explain why there is a homeownership divide between Blacks and whites as of recent. In fact, data shows that 79% of those who make \$103,466 or more annually are white, while both Hispanic and Black people made up a combined 13% of that total, showing that on average, white individuals are more likely to have a higher income. O'neil also states how lenders do not commonly approve mortgages if the neighborhood is mostly minorities or it is a poorer neighborhood. Furthermore, Reid explains that Black-owned homes depreciate faster in value, while white-owned homes retain their value with help from financial institutions.

The varying effects of modern housing discrimination are also apparent, with the existence of gentrification, proper housing availability, and even health deterioration. The idea of gentrification was shown in Chronopoulos' article, which talked about past gentrification, and how it still exists because of the exclusivity of the gentrified urban areas and how they transitioned from predominantly Black to predominantly white over time, and how that will likely not change back in the future. Additionally, proper housing availability has also decreased, especially for minorities such as Blacks. Marcy Rein, an established author on social problems explains the factors behind the San Mateo Housing Crisis, a real life example of housing discrimination. In this event, rents and house prices spike to high amounts, causing homeowners of color to be evicted or displaced from their homes, and the effects of this seemed

to last until about 2014. On top of this, San Mateo only issued permits for 34% of the low-income housing needed in the area. With the rising prices of rentals and homes, and the lack of low-income housing, many people, primarily African-Americans, were excluded from certain neighborhoods. Lastly, Robert D. Bullard, an environmental racism activist, highlights an interesting concept: health deterioration by modern housing discrimination and modern racial segregation. He explains that toxic facilities exist in higher numbers in neighborhoods of color because of the lack of political power to prevent the placement of these facilities. This shows how African-Americans are somewhat limited to places with environmental disadvantages. Not only does it hurt the health of the people, but it affects the environment around them as well.

### III. Similar and Differing Perspectives

Many researchers have similar and different perspectives on how they think about homeownership inequality and whether it is influenced by the past, current factors, or both. Chronopoulos, McGrew, Herbold, and the University of Richmond research team at DSL all share the perspective that the modern homeownership issue is mostly a result of past factors. They believe that things like redlining, the GI Bill rejections, and urban renewal/gentrification are the main drivers of this inequality. Bullard and Rein take an opposite stance, believing that modern factors are causes for the modern problems in housing, such as things like the poor environment highlighted by Bullard, or the mortgage and loan prevention, as well as other financial effects against African-Americans shown by Rein. However, Asante-Muhammad, Reid, and Young and her colleagues, believe that a combination of the two are what is contributing to homeownership inequality. Their perspective is that the connection between things like redlining in the past and modern wealth gaps are to blame for the current issue with homeownership for people of color.

### IV. Gap + Research Question

While many experts have established that there is a problem with homeownership today, and that modern housing discrimination has caused racial disparities in the ability to own a home for people of color, there are not many experts that have established a connection between the multiple factors of the past and present to look at how it affects this modern structural inequality. To complete this research and establish this connection, This study will still need to look at more modern causes. To fill this gap, this study will answer the question: How have historical housing discrimination policies against African-Americans contributed to current systemic barriers for disparate homeownership for African-American populations in the U.S.?

### **Methodology**

#### 1. Research Design

This study suggests that discriminatory housing practices against marginalized minority groups throughout history, such as redlining, GI Bill Inequality, and the implementation of other discriminatory policies have resulted in current systemic barriers for African-American populations acquiring homes in the United States. By applying the Critical Race Theory framework and creating a methodology to analyze discriminatory historical housing policies, the study can successfully display the relationship between these policies and the disproportionately low homeownership rates for African-Americans in the U.S. This study utilized a content analysis of quantitative and qualitative data from historical policies and modern academic texts to examine the effects of discriminatory housing policies in the past on current socioeconomic barriers affecting African-American homeownership rates. The data collected throughout the research process consisted of items such as maps, historical policies, past and modern perspectives, and other information.

For this study, a content analysis was used because much of the data found comes from external sources collected online. A content analysis requires researchers to analyze visual, written, and verbal documents to show trends and connections within the researched data (Wilson). Because the project's research question requires me to interpret data and form relationships between different data, this would help effectively form trends or patterns that were found in the sources about historical discrimination policies and current disproportionate homeownership rates for African-Americans. While it is important to recognize that while content analysis cannot establish causality, it can aid in establishing strong connections between subjects.

## 2. Data Collection

The data collection was done mostly online, through academic databases such as JSTOR and EBSCOHost with a device with access to the internet. These databases consisted of many academic journals and texts that aided with collecting data and information. Additionally, Google Scholar was used to find data through established research projects, which helped significantly in finding things such as maps or key information. For the online data collection, a developed search strategy was used, which was to check popular, relevant, and time-accurate sources, which was around the early 20th century for historical policy data and the 2000s and up for modern texts displaying socioeconomic barriers to African-American homeownership. This was done through the filtering options within the databases to help specify and find useful sources. Keywords that assisted in finding sources included: African-American, Housing Discrimination, Redlining, Homeownership, Systemic Racism, as well as other related topics to the research.

Throughout the process of collecting data, many sources were sifted through in order to properly select which sources would be used in the final rendition of the research project. There were about twenty sources at the end of the data collection process, which were the specific, chosen sources that were looked through for relevance, strength, and accuracy. These sources, along the research process, were organized into categories based on their time period and perspective. A specific amount of sources were grouped into a category for discriminatory historical policies in the past, while a specific amount of different sources were grouped into a category for issues with African-American homeownership in the modern era. The rest of the sources were used for extra information or other useful factors in keeping them. This streamlined the research process and allowed for effective organization and conversation between the different sources.

## 3. Criteria for Sources

Throughout the research process, many sources were left out of the final sources used within the project. This was due to the sources needing to pass certain criteria before they could be of use in the research project. Without the integration of these criteria, the sources may be inadequate, inaccurate, untrustworthy, among other things. Two criteria were implemented, exclusion criteria and inclusion criteria, which then were divided into smaller factors that follow those criteria. The exclusion criteria would aim to remove sources that had the following: non-academic sources, ideas or concepts that were already in another source, opinionated sources not backed up with evidence, sources that may deal with African-Americans but are not directly related to homeownership or past historical housing policies, and sources that may have large amounts of bias. By excluding articles that may have one of these traits of the exclusion criteria, the research would be stronger as well as being more credible in its content. The inclusion criteria would allow the drafting of sources that would support the research project's



aims, which needed the following: relevant to the research topic, peer-reviewed academic sources, slight to no bias, strong and unique historical or modern data, and any sources that filled a gap in the research. This inclusion criteria formed a way to find effective sources that would be beneficial in accurately researching the project's topic.

#### 4. Source Analysis

Analyzing sources is one of the most important parts of this research process, as it allows for greater understanding of the topic and builds the basis for collecting, organizing, and interpreting data. The first step in the analysis of the source was to skim through the source's content to ensure that it was relevant to the topic and that it contained unique data that may be useful for the research project. If the source was seen to contain good content and was relevant, it would then be read while highlighting key points and annotating certain parts of the source as needed. Any substantial statistics, themes, facts, or ideas would be noted down to bring attention to them, or saved for later use.

Next, in the source analysis process, was to recognize patterns and themes between sources based on their content and which category they were in (past or present). The sources of the past, which dealt with historical housing policies and practices that were discriminatory towards African-Americans in the United States helped recognized patterns such as the effects of redlining, common housing policies or practices that aimed to negatively affect African-Americans, social and economic divides between African-Americans and non-minority races, and other themes that may emphasize prejudice in the history of the U.S. housing system. With the sources of the modern era, which dealt with modern barriers to African-American homeownership, and data showing the causes and effects of disproportionately low African-American homeownership helped recognize patterns such as high mortgage and interest rates, continued wealth divides, and environmental causes of disproportionate homeownership in the African-American population of the U.S.

Lastly, these patterns and themes would be used to cohesively draw connections between the two time period categorized sources, and connect past discriminatory housing policies to modern era systemic racism shown through the ability of African-Americans in the U.S. to gain homeownership. This is where bridge sources, or sources that helped examine the time between these two periods, would be integrated in order to draw conclusions as to what continuities, changes, or effects occurred from one period to the next. This is where the Critical Race Theory (Duignan) framework was used to analyze the collected information. By connecting the past to the present, the analysis allowed for the drawing of conclusions and ideas about systemic racism in the United States, specifically through the housing system.

#### 5. Limitations

Within this project, there were certain limitations to this research which may weaken the overall results or conclusions drawn from study. Things such as bias, gaps in research content, or obstacles in establishing proper conclusions may exist as a result of the method used within the research process. With bias, large amounts of it within certain sources were recognizable, such as when they lacked perspectives, lacked evidence, made overgeneralizations, etc. However, small amounts of hidden bias may still remain in the sources chosen for the final version of the research project. To combat this as effectively as possible, chosen sources showed differing perspectives in order to reduce the bias of singular authors and prevent dependence on certain sources. Gaps in research content were attempted to be filled as much as possible, and when sources could not fill certain gaps, it may diminish the overall results drawn from the study. However, the impact of the gaps can only be reduced by addressing the

gaps and what may be caused as a result of the lack of information needed. As for the obstacles in establishing proper conclusions, this can result from misinterpretations or other factors that can affect the ability to draw completely accurate conclusions. In order to lessen the negative effects of these obstacles, the research process was tightened in order to prevent misinterpretation or incorrect conclusions.

**Data Section**

Figure 1: Coding Table for Referenced Sources

Source	Category	Theme(s)	Findings
Ossey	Historical, Bridge	Segregation, Redlining	<ul style="list-style-type: none"> <li>- "Areas graded 'D' (most risky) became more heavily African American than nearby C-graded areas over the twentieth century."</li> <li>- "These results suggest the HOLC maps had meaningful and lasting effects on the development of urban neighborhoods through reduced credit access and subsequent disinvestment."</li> <li>- "On the other hand, the maps may have also acted as a coordination mechanism for the outward expansion of African American neighborhoods by lowering house values in primarily White neighborhoods that were near African American neighborhoods."</li> </ul>
thstein	Bridge	Segregation, Redlining, Government Policy	<ul style="list-style-type: none"> <li>- "In 1984, investigative reporters from the Dallas Morning News visited federally funded developments in forty-seven metropolitan areas. The reporters found that the nation's nearly ten million public housing tenants were almost always segregated by race and that every predominant white-occupied project had facilities, amenities, services, and maintenance that were superior to what was found in predominantly black occupied projects."</li> <li>- "I remembered that account when, in 2007, the U.S. Supreme Court prohibited the Louisville school district from carrying out a racial integration plan, on the ground that the segregation of Louisville is a 'product not of state action but of private choices'.</li> </ul>



apiro et	Bridge	Wealth Inequality, Housing	<p>- "Among households with positive wealth growth during the 25-year study period, as shown in Figure 2, the number of years of homeownership accounts for 27 percent of the difference in relative wealth growth between white and African-American families, the largest portion of the growing wealth gap."</p> <p>- Together, these fundamental factors account for nearly two-thirds (65 percent) of the proportional increase in the wealth gap. In the social sciences, this is a very high level of explanatory power and provides a firm foundation for policy and reform aimed at closing the gap.</p>
ronson et	Historical, Bridge	Redlining, Lending Discrimination, Housing	<p>- "Neighborhoods inappropriately deprived of credit could suffer from insufficient investment and become magnets for an array of social problems related to poverty."</p> <p>- "Borrowers are denied access to credit due to the demographic composition of their neighborhood."</p>
Grew	Historical	Segregation, Government Policy	<p>- "The FHA, also, refused mortgage insurance to minorities in urban neighborhoods. FHA policies meant that blacks were denied mortgages for the only housing available to them in inner city neighborhoods, which caused deterioration in the black housing stock and precluded blacks from accumulating the wealth that accrues from home ownership."</p>
rbold	Historical	Wealth Inequality, Government Policy	<p>- "After World War II ended, many black veterans learned how the Veteran's Administration (VA) kept them from receiving unemployment benefits. When blacks refused employment at wages considerably below subsistence level... benefits were terminated."</p> <p>- "Staffed almost entirely by whites empowered to deny... the VA became a formidable foe to many blacks in search of an education."</p>



<p>iversity chmond gital nolarship o</p>	<p>Historical</p>	<p>Redlining, Restrictive covenants</p>	<ul style="list-style-type: none"> <li>- "Yet even before the implementation of FHA policies, during the late 1910s and 1920s, banking policies and court rulings, at both the municipal and state level, promoted the use of deed restrictions.</li> <li>- "HOLC and FHA redlining served to institutionalize discriminatory practices that, in many cases, were already in use locally. However, these agencies... ensured that they would be employed all across the country.</li> </ul>
<p>ung et al.</p>	<p>Modern</p>	<p>Housing, Wealth Inequality</p>	<ul style="list-style-type: none"> <li>- "The Black-white homeownership gap is wider now than it was in 1960, when the Fair Housing Act had not yet been passed and housing discrimination was still legal."</li> <li>- "As of 2019, the median wealth of white families was \$188,200 compared with just \$24,100 for Black families and \$36,100 for Hispanic families."</li> <li>- "People of color then had to rely on costlier, riskier, and often predatory alternatives that did not allow them to build strong credit in the same way."</li> </ul>
<p>id</p>	<p>Modern</p>	<p>Housing, Wealth Inequality</p>	<ul style="list-style-type: none"> <li>- "Only 42 percent of Black households owned a home, compared to 73 percent of non-Hispanic white households."</li> <li>- "The federal government has played an outsized role in promoting policies that have historically discriminated against Black individuals in housing and mortgage markets."</li> </ul>

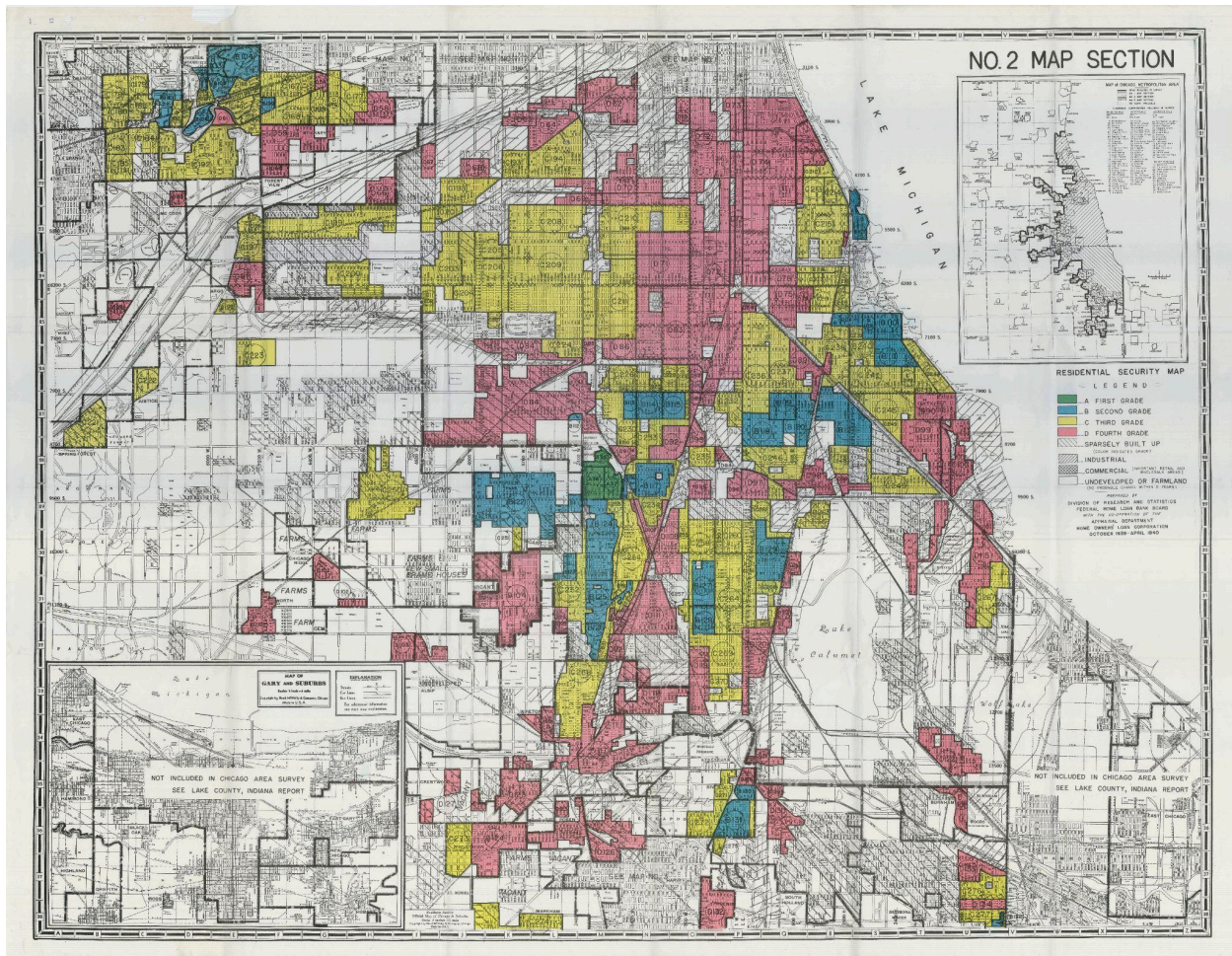


Neil	Modern	Government Policy, Housing	<ul style="list-style-type: none"> <li>- "Violations of the Fair Housing Act surfaced, including disparate impact towards minorities."</li> <li>- "Minority status and segregation deter mortgage approval beyond any plausible correlation with ability to repay."</li> </ul>
ronopoul	Bridge	Gentrification, Housing	<ul style="list-style-type: none"> <li>- "The replacement of low-income populations in a specific neighborhood by more affluent ones is not something natural or neutral but reveals antagonistic class relations based on geography."</li> </ul>
llard	Modern	Environmental Inequality	<ul style="list-style-type: none"> <li>- "Growing grassroots community resistance emerged in response to practices, policies, and conditions that residents judged to be unjust, unfair, and illegal. Discrimination is a fact of life in America."</li> <li>- "The ability of an individual to escape a health-threatening physical environment is usually related to affluence. However, racial barriers complicate this process for many Americans."</li> </ul>
ede et al.	Bridge	Redlining, Wealth Inequality, Housing	<ul style="list-style-type: none"> <li>- "While the Civil Rights Acts of 1964 and the Fair Housing Act of 1968 intended to implement race-neutral housing policy... could not be undone by simply making housing discrimination illegal. Rather, it left a status quo..."</li> <li>- "Hospital closures not only represent the removal of access to care, but also remove employment opportunities and asset building through increased economic capacity."</li> </ul>



in	Bridge + Modern	Lending Discrimination, Housing	<ul style="list-style-type: none"> <li>- "Housing availability in San Mateo County has never been determined solely by the market; decades of public policy decisions have excluded poor people and people of color."</li> <li>- " From 1988 to 2014, the county issued permits for only 34 percent of the low- and very low-income housing required."</li> </ul>
uce	Historical	Segregation, Restrictive Covenants, Government Policy, Private Policy	<ul style="list-style-type: none"> <li>- "In many instances private individuals may do that which to the legislature is prohibited."</li> <li>- "Not the least of these problems is that which is presented by the migration of the colored man into what were formerly white, and often aristocratic, residence districts, the consequence of which is usually, and almost inevitably, not merely a lessening of property values... mingle and congregate."</li> </ul>
ante-Muh med	Bridge + Modern	Wealth Inequality	<ul style="list-style-type: none"> <li>- "By and large, the G.I. Bill is greatly credited with providing millions of largely low-income returning veterans with the opportunity to access wealth-building opportunities... during the second half of the century."</li> <li>- Although the Internal Revenue Service (IRS) does not collect race or ethnicity data, recent research has found that an overwhelming amount of the spending done through the tax code goes to White households at every income quintile."</li> </ul>

Figure 2: Scan of the Chicago Illinois HOLC Map (University of Richmond Digital Lab)



Here is the University of Richmond Digital Lab’s explanation of HOLC Maps: “Between 1935 and 1940, an agency of the federal government, the Home Owners’ Loan Corporation, graded the ‘residential security’ of thousands of American neighborhoods. By ‘security,’ they meant the relative security or riskiness of those areas for banks, saving and loans, and other lenders who made mortgages. For each of these cities, they produced maps showing those grades. Neighborhoods they deemed ‘best’ and safe investments were given a grade of A and colored green. Those that were deemed ‘hazardous’ were given a grade of ‘D’ and colored red. In most cases they also generated an ‘area description’ for each of these neighborhoods providing descriptions of the houses, the sales and rental history, and of the residents. If those residents were African Americans or, to a lesser extent, immigrants or Jews, HOLC deemed them a threat to the stability of home values and described their presence as an ‘infiltration’.” (University of Richmond Digital Lab)

### Data Analysis/Discussion

The analysis of historical discriminatory policies and how they have developed has revealed important ways that African-Americans have been placed in a state of systemic inequality within the United States housing system. The analysis of sources displayed the relationship between the past and present of African American homeownership. A Critical Race Theory framework (Duignan) was applied to examine racism as integrated within the system as well as establish reasoning behind disparities between White and Black populations that cause

homeownership inequality to occur. This study has determined four main contributors to modern housing inequality for African-American populations in the U.S. These four contributing factors include: redlining, government policy and action, private policy and action, and socioeconomic divides.

### I. Redlining

Redlining was the process of denying mortgages and other services based on the racial composition of neighborhoods. This practice was first formed around the 1930s by the Home Owners' Loan Corporation, or HOLC for short as a way to improve their lending, investing, and financial benefit activities. As seen in figure 2, a map of HOLC redlined Chicago, neighborhoods and other areas were graded from grades A through D based on factors such as racial makeup, investment risk, etc. Typically, areas with a higher proportion of White households were graded as an A, which was seen as desirable to the HOLC, while areas with a higher proportion of Black were graded as a D.

While the practice of redlining started on a local scale, it later spread across the entire country, also expanding discriminatory practices along with it as well (University of Richmond Digital Scholarship Lab). This created a powerful impact on African-Americans of the 1930s-1960s, preventing them from gaining mortgages and lending, while White households were more likely to get mortgages and lending opportunities. Additionally, by lowering house values in White neighborhoods, the HOLC maps led to the formation of segregated areas by pushing African-Americans outward (Massey 27).

While historical policies and practices created immediate effects such as segregation and the expansion of discriminatory practices, this was reinforced by transitioning periods to the modern era. The Civil Rights Act of 1964 and Fair Housing Act of 1968 were implemented to directly counteract the discrimination of the previous period, however because of the previous effects, it simply left African-Americans at a lower status quo (Egede et al.). This left a perpetuating gap between African-Americans and White populations that became hard to overcome. According to Massey, "areas graded 'D' (most risky) became more heavily African American than nearby C-graded areas over the twentieth century". Massey continues to explain that the HOLC maps have caused persisting effects through reduced access to credit and disinvestment as a direct result. This emphasizes the persisting nature of these historical policies and how they transformed into discrimination that was much harder to recognize and remove.

The direct result of these transitioning periods from past historical discriminatory policies and practices was that the past effects were able to contribute to the modern barriers to equal African American homeownership. A 1984 study done in forty-seven metropolitan areas revealed that segregation patterns at the time were highly similar to the patterns that existed prior to the 1960s. Furthermore, segregated areas containing predominantly White people had better amenities, services, and facilities than compared to segregated areas containing predominantly African American people (Rothstein 47). The existence of this disparity between White and Black populations can be explained by the resulting effects of minority status and segregation, which O'Neil states that it deters "mortgage approval beyond any plausible correlation with ability to repay". This shows how not only has the practice of redlining led to widespread housing disparities in the United States between African Americans and Whites, but that simply being born as African-American in segregated areas may suggest disproportionate housing benefits.

### II. Government Policy and Action



Discriminatory Government policy and action throughout history was also a key contributor to modern housing inequality for African Americans. Historically, government housing agencies, such as the Fair Housing Administration (FHA) and the Veterans Administration (VA) refused equal economic benefits to support housing finance. The federal agents of the VA kept African American veterans from receiving the same benefits that were given to White veterans, instead offering jobs that had wages “considerably below subsistence levels” (Herbold 105). With this, the VA was able to suppress wealth building and financial benefits that would allow African Americans to become homeowners on the same plane as Whites. Furthermore, the FHA refused mortgage insurance for minorities occupying urban areas, which typically was the only housing available in inner city neighborhoods . This resulted in negative impacts on Black housing stock and housing-based financial benefits which in turn hurt an already poor population of African Americans (McGrew 25).

However, evidence suggests that government agents and administrations only further supported the use of discriminatory practices and policies. Not only was this carried out by federal government sectors, but also by local government sectors, which both reinforced disparate homeownership for African Americans. One of the biggest examples of how the federal government supported the effects of prior discriminatory practices and policies was an example in 2007 where the U.S. Supreme Court refused desegregation efforts in Louisville due to segregation being something driven not by the government but by the people (Rothstein 159). This directly shows how the federal government reinforced the effects of past discriminatory practices and policies, and how they refused to take any accountability for patterns of segregation. Local government reinforcement of past housing discrimination was shown in Rein’s study of the San Mateo Housing Crisis. Their research shows that, “from 1988 to 2014, the county issued permits for only 34 percent of the low and very low-income housing required.” Through creating an inability for African Americans to occupy low income housing within the city, the county of San Mateo contributed to displacement and homeownership barriers for African Americans.

Even now, we see that these effects still persist in research that shows us disparities between African Americans and Whites that create homeownership inequality. O’Neil shows us how violations of the Fair Housing Act have not completely been stopped. Additionally, the Black-White homeownership gap is something that has quite literally widened since the 1960s, where housing discrimination was still in use (Young et al. 3). The direct result of this homeownership gap has also caused the wealth gap to widen along with it (Shapiro et al. 2). This modern research identified that there is a contributing factor towards modern housing inequality that has resulted in what effects are shown today. The analysis of past historical housing discrimination through government policy and action may suggest that past historical discrimination may be a strong contributor to what is happening in the modern era that is shown in the inequitable housing system.

### III. Private Policy and Action

Government policy and action and private policy and action co-existed and worked in tandem in early implementation of discriminatory practices and policies. However, private policy and action was different in the way that it allowed for discrimination to occur in ways that the government could not do (Bruce 533). Previously, discriminatory policies and practices were used in private institutions to deny things such as loans and credits using the HOLC maps and area grades (Aaronson et al. 356). This showed how even when government agents could no



longer use discriminatory practices or policies, private institutions still continued this type of discrimination in the same ways that the government did.

This discriminatory private policy and action contributed to modern barriers to equal homeownership for African Americans through unequal intergenerational wealth transmission creating wealth inequality. Intergenerational wealth transfer is the passing down of wealth from one generation to the next generation, which often also was aided by the previous generation being homeowners and having transferable properties (O'Neil 60-61). African American families were typically poorer and had less to transfer between generations, which resulted in a wealth gap from accumulated wealth across generations.

The modern effect of the past historical effects of discriminatory private policy and action was that in the modern era, people of color struggle to build strong credit when compared to White households, as well as the persistence of a wealth gap. People of color now often had to use riskier and more predatory methods that often were different than how White individuals built credit (Young et al. 9). Additionally, looking at the year 2019, data shows that the median wealth gap was \$188,200 for White families and \$24,100 for Black families. This is an enormously wide difference between White and Black families which just shows how the quality of homeownership and homeownership rates have been so different between White and Black individuals.

### **Conclusion**

This research study found that historical housing discrimination against African Americans has greatly contributed to modern barriers in homeownership equality within the United States. Major factors that acted against African American households included redlining, government policy and action, as well as private policy and action. As a result of these factors, African Americans were impacted with negative effects such as being segregated and housed in lower quality neighborhoods, having lower homeownership rates, and typically having a low credit combined with lower wealth, which in turn created disparate housing between African American and White households which still exists today. However, limitations to this research exist in which it is important to recognize. This research is not able to establish causation as it is a content analysis and does not directly analyze how these variables affect housing disparities. Also, the methodology, source collection, and analysis may introduce personal bias as it was done through personal perspectives and ideas. Implications of this research should be for future policy implementation that helps to mitigate the effects of these past historical policies and practices on what is occurring today. Ideas for policies or reform include equalizing credit building, reducing the wealth gap, and subsidizing housing to reduce homeownership inequality.

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