

# From Awareness to Action

A guide for confronting modern racism in housing, policy, and communities.

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NEW  
PREJUDICE  
HOUSING  
PRINCIPLES

# Why Covenants Still Matter



## Who Benefitted ?

Racial covenants did more than steer people to certain neighborhoods. They also determined who could buy property and allowed white people to inflate the value of theirs. Today, Minneapolis has the lowest African American homeownership rate in the country. Over 59 percent of white non-Hispanic households own their home, compared to less than 21 percent of African-Americans.<sup>1</sup> Since most families amass wealth through homeownership, and wealth is built through generations, the homeownership gap feeds into our contemporary racial wealth gap. Due in part to racist practices like covenants in the real estate market over the last century, the average white household in the United States has **ten times as much wealth** as the average black household.

### *What are racial covenants?*

During the 20th century, racial covenants were embedded in property deeds all over the country to keep people who were not white from buying or even occupying land.

When the first racial covenant appeared in Minneapolis in 1910, the city was not particularly segregated. Covenants changed the landscape entirely. In the 1930s, federal housing administrators endorsed these legal instruments and required them for projects that used federally-backed financing. Lenders followed suit, accepting the rationale that covenants provided essential insurance for their investments in residential property. As racial covenants spread, African Americans were pushed into a few small areas of the city. This laid the groundwork for our contemporary patterns of residential segregation, which undergird race-based inequities.

5. That the said land or buildings thereon shall never be rented, leased or sold, transferred or conveyed to, nor shall same be occupied exclusively by person or persons other than of the Caucasian Race.

Once the U.S. Supreme Court rendered racial covenants unenforceable, white policymakers and bank lenders used new, "race-neutral" tactics to devalue black property, deny fair access to housing, and insulate white people as the predominant beneficiaries of homeownership policies. "Race-neutral" tactics cannot actually be race-neutral if groups are starting from different places due to a history of race-specific segregation and disinvestment. This handout describes examples of these policies and practices, as well as a list of policy recommendations that can start to address existing race-based inequities and repair the damage to the health, wealth, and stability of Black, Indigenous, and People of Color (BIPOC). We also suggest action steps for community members interested in becoming a part of the movement for housing justice.

# Modern Legacies:



## Persisting Exclusion & Denial of Fair Housing

Even after racial covenants were ruled illegal, housing policies and real estate practices continue to consolidate white advantage while perpetuating BIPOC disadvantage. Some of these policies and practices are summarized below.

### Tenant Screening Discrimination

Landlords may deny prospective tenants based on prejudices against those who were formerly incarcerated or rely on housing vouchers, although research has shown that these prejudices are largely based on false information.<sup>2 3</sup> The exclusionary impacts of this practice are disproportionately felt by people of color who are incarcerated at higher rates, are more likely to be unbanked, and are more likely to use housing vouchers.<sup>4</sup>

### Exclusionary Zoning

In the early 20th century, exclusionary zoning practices were used to explicitly keep Black people out of white neighborhoods. Today, exclusionary zoning may take different forms – such as single-family zoning, large minimum-lot-size requirements, and design and material standards – that make the cost of housing construction too high for prospective low-income homeowners and tenants. Research has proven that stricter zoning regulation is associated with higher prices and higher levels of segregation.<sup>5 6 7</sup>

### Racial Steering

Racial steering occurs when real estate agents only show homes to BIPOC clients in majority-Black, Latino, or mixed neighborhoods while steering white clients to homes in majority-white neighborhoods. Further, agents will provide positive commentary about majority-white neighborhoods and their amenities to white prospective buyers, but won't provide that same commentary to BIPOC looking in the same area.<sup>8</sup> This racial prejudice by real estate agents perpetuates the existence of two separate and segregated housing markets.

### Evictions

Surveys in Brooklyn Park and Saint Paul have shown that there is a large power dynamic in favor of landlords who are more likely to be represented by an attorney in an eviction hearing. In hearings where only the landlord was willing and able to show up, more than 75% of filings resulted in an eviction in both cities.<sup>9 10</sup> Demographic data from eviction studies, as well as American Community Survey (ACS) data, show that Black tenants are more likely to be evicted than white tenants.<sup>11</sup>

## Devaluation of Black Property

Implicit and explicit racism contributes to the systemic over-valuation of white homes and neighborhoods as well as the under-valuation of Black homes and neighborhoods. Policies like redlining, racial covenants, and contemporary home appraisal practices were designed to rob Black assets of their true value. Despite laws in the 1970s making it illegal to use neighborhood racial composition as an explicit factor in appraising home values, the racial composition of a neighborhood was a stronger determinant of appraised home values in 2015 than it was in 1980.<sup>12</sup> Appraisers continue to use a “sales comparison approach” which allows for racist historical appraisal values to influence current evaluations. They may also employ racist assumptions about certain neighborhoods based on demographic data.

## Discriminatory Access to Fair Credit

Though availability of credit has expanded in recent years, gaining access to loans with reasonable terms has become more of a problem. Mortgage lenders targeted Black and Latino borrowers with predatory loans at rates double that of whites leading up to the housing market crash in 2008.<sup>13</sup> Financial institutions used neighborhood composition to issue higher-cost and riskier loan products to Black and Latino borrowers, even to those who were eligible for prime loans.<sup>14</sup> These practices contributed to a disproportionate number of home foreclosures among Black and Latino households, disproportionate losses in Black and Latino household net worth compared to white households, and massive increases in vacant properties in Black and Latino neighborhoods.<sup>15</sup> <sup>16</sup> Black and Latino applicants continue to be denied home mortgages at rates 2.5 times and 1.75 times higher than white applicants, respectively.<sup>17</sup>

## Gentrification and Displacement

New investment has begun to flow into many neighborhoods that were systematically denied investment through racist policies and practices like redlining, racial covenants, urban renewal, and the foreclosure crisis. Because property values are lower in these neighborhoods, policymakers and developers see the opportunity to profit from new development that can lead to the displacement of long-time residents as rents rise beyond affordable levels and neighborhood businesses turn over to cater to newer, wealthier – and often whiter – clientele. Gentrification and displacement contribute to the ongoing housing affordability crisis by reducing the supply of naturally occurring affordable housing. It is also traumatic for BIPOC to be physically and cultural displaced through the closure of historical, culturally-relevant, community institutions.

# Looking Forward:

## Reparative Policy Possibilities



Solutions to address housing discrimination and inequities should be place-based. Strategies for Bloomington may not be what is needed in Anoka or West St. Paul. Meanwhile, although increasing the supply of affordable housing is necessary, supply strategies alone are insufficient to make housing fair and deeply affordable. The policies highlighted here are adapted from the Equity In Place Policy Agenda and conversations with planners, attorneys, researchers, and affordable and fair housing organizations and organizers in the Twin Cities Metro Area.

### Tenant Screening Reform



Under the Fair Housing Act, the reporting and use of criminal and eviction history as part of the tenant screening process may be unlawful because of its disparate impact on protected classes.<sup>18</sup> Tenant lawyers can pursue litigation against landlords or tenant screening companies who are discriminating against BIPOC. To increase transparency in the process and make litigation easier to pursue, landlords should be required to provide a written reason for all denials, a copy of their background check policy, and a summary of the denied tenant's rights. Regarding discrimination against housing vouchers, source of income (SOI) laws have been shown to improve housing voucher utilization rates and lead to better locational outcomes for voucher recipients.<sup>19</sup>

### Tenant Protections



**Just Cause Eviction Controls:** Just cause eviction controls require a landlord to have proper cause when evicting a tenant. It's worth noting that rent nonpayment is the most common reason for eviction, so just cause policies are only the bare minimum in tenant protections. Additionally, these policies need to include mechanisms of enforcement in order to be successful.<sup>20</sup>

**Right to Return:** Right to return policies allow tenants who were previously forced out of their communities to move back. These policies are meant to benefit BIPOC tenants who were historically displaced by urban renewal policies and are contemporarily displaced by rising living costs from gentrification.<sup>21</sup>

**Rent Stabilization:** The price of rent has outpaced the growth of median household income so that tenants today pay a large portion of their income to simply keep a roof over their head. Rent stabilization policies provide a clear schedule for reasonable increases in rent. Because nonpayment of rent is the leading reason for evictions, the ability to count on a known rental price from year-to-year will help stabilize highly mobile renters.

### Inclusionary Zoning



Inclusionary zoning (IZ) programs either require or encourage housing developers to make a certain percentage of new units affordable at a certain percentage of area median income (AMI) for a number of years. Some local governments use density bonuses as incentives to encourage developers to participate in optional programs. Research shows that IZ requirements must be clear and administered consistently so that developers can effectively predict when it is economically feasible to build projects that require inclusionary housing units.<sup>22</sup>

## Tenant Right to Purchase

Tenant right to purchase laws give tenants first “dibs” at purchasing their building if the owner plans on selling it. This is a proven alternative to maintain affordability and reduce displacement of renters in gentrifying neighborhoods. In Washington, D.C. tenant right to purchase helped to preserve 1,400 rental units between 2002 and 2013.<sup>23</sup> In 2020, Inquilinx Unidxs por Justicia organized residents to set up a renter cooperative and purchase rental apartments in the Corcoran neighborhood of Minneapolis.<sup>24</sup>

## Enforce Existing Anti-Discrimination Laws

The Fair Housing Act of 1968 and its 1988 amendment prohibit discrimination by real estate agents and other actors in the housing market on the basis of race, color, national origin, sex, familial status, or disability. The law has always been under-enforced and unevenly implemented due to changes in federal administrations.<sup>25</sup> Federal, state, and local officials and attorneys should devote more resources to fair housing audits, investigations of housing discrimination complaints, and proactive regulation and enforcement that holds real estate companies and lenders accountable.

## Community Ownership Models

Community ownership of land and homes removes them from the speculative real estate market in which shareholders extract value from communities and ensures community members share in creating an inclusive, participatory, and sustainable place-based economy. Examples include community land trusts, limited equity cooperatives, and community benefits agreements that ensure housing remains affordable and reduce displacement of long-time residents.<sup>26</sup>

## Reparations Policies

Reparations policies seek to redistribute the wealth that racist housing policies and practices stole from BIPOC. Some policies give BIPOC **preferential return** to public and affordable housing vacancies like those in Portland, OR and Austin, TX. Another example is a **value capture program** that would recoup and redistribute a portion of land value increases from historically racist practices and new public investments to BIPOC.<sup>27</sup>

There are also numerous, imaginative ideas for practical and symbolic programs that would pay reparations owed to descendants of enslaved people as well as return land to, apologize to, and honor treaties with Indigenous people and Tribal Nations in the United States.

You can learn more about these through UMN Libraries Reparations Syllabus at <https://reparations.lib.umn.edu/>.

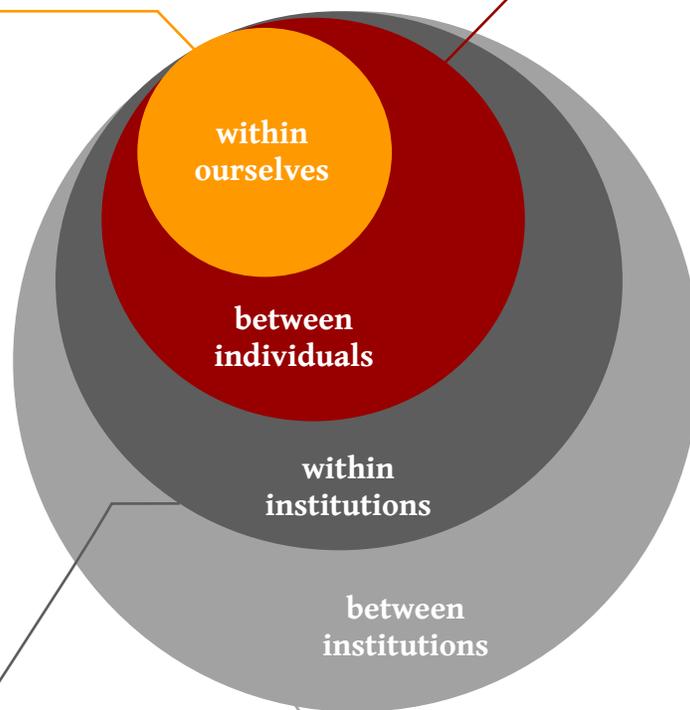
# Taking Action:

## Steps for a Just and Equitable Society



Racism and other systems of oppression are comprised of both **individual prejudice** and **social and institutional power**. Awareness of our own individual prejudices, while essential, is not sufficient. We must also move that awareness into actions to dismantle the oppressive systems that perpetuate negative treatment of and produce inequitable outcomes for BIPOC.

### Four Levels of Racism



#### Intrapersonal

Our personal beliefs and biases about race and racism, influenced by our culture

**Reflect:** Where do my beliefs about race and racism come from? In what ways am I invested in anti-Blackness?

**Build empathy, educate yourself, and understand** that affordable and fair housing is not for some outside other, but for people you know in your community.

**Challenge racially-coded language**, like "neighborhood character" you and others might use when discussing housing.

#### Interpersonal

Bias that occurs when individuals interact and their personal racial beliefs affect their public interactions

**Reflect:** What are the limitations of just focusing on individual acts of racism?

**Interrupt bias** by "calling out" harmful words and actions and "calling in" the opportunities to learn and build mutual understanding.

**Amplify the voices of those impacted!** Volunteer and donate to the organizations who are advancing fair and affordable housing.

#### Institutional

The unfair policies and discriminatory practices of institutions (schools, workplaces, etc.) that routinely produce racially inequitable outcomes for BIPOC and advantages for white people.

**Reflect:** How does institutional racism in the housing market harm BIPOC? How does it benefit white people?

**Show up to your local planning committee meeting** and voice your support for affordable multifamily housing in your neighborhood. Invite your neighbors! Are those at the meeting representative of your community? If not, call it out.

**Vote for and contact elected officials** to support affordable housing, antidiscrimination ordinances and tenant protections.

#### Systemic

The compounding effects of societal factors, including the history, culture, ideology and interactions of institutions and policies that systematically privilege white people and disadvantage BIPOC

**Reflect:** What do you think needs to be addressed to disrupt the systemic acts that harm BIPOC and privilege white people?

**Attend a community organizer training workshop** to learn strategies to build broader support for anti-racist housing policies and actions in your community.

\* This model was adapted from The Three Expressions of Racism by Dismantling Racism. (See [dismantlingracism.org/racism-defined.html](http://dismantlingracism.org/racism-defined.html))

Everybody has access to safe, secure, affordable housing.

Housing is a human right.

The decommodification of housing.

Eliminating the homeownership gap.

# What Does Housing Justice Look Like to You?

Power is not concentrated in the hands of those who own property.

**Donate or volunteer to those advancing housing justice in the region:**

- ACER
- The Alliance
- Black Visions Collective
- Habitat for Humanity Twin Cities
- Hope Communities, Inc.
- Housing Justice Center
- Jewish Community Action
- Nexus Community Partners
- Reclaim the Block

# Glossary of Key Terms



This glossary will help you engage in housing justice conversations with your friends and family, and local officials at your community's next planning meeting!

## Affordable Housing

Rental housing with rent and income restrictions (typically 60% of Area Median Income or below) or housing for homeownership with income restrictions (typically less than 80 percent of Area Median Income) as governed by local, state and federal housing assistance programs.

## Housing Affordability

Access to homeownership or rental options where price does not exceed 30 percent of household income.

## Area Median Income

The Area Median Income (AMI) is the midpoint of a region's income distribution – half of families in a region earn more than the median and half earn less than the median. For housing policy, income thresholds set relative to the area median income—such as 50% of the area median income—identify households eligible to live in income-restricted housing units and the affordability of housing units to low-income households.

## Built Environment

Consists of buildings, parks, roads, infrastructure, and other physical parts that set the stage for human activity within a city. Often defined as, "the human-made space in which people live, work, and recreate on a day-to-day basis."

## Credit Score

A measure used by banks and lenders to determine one's 'financial health' and the reliability of a creditor receiving a return on their investment. Your credit score determines whether you have access to a loan and the cost of those loan terms. Missing payments or defaulting on a student loan or mortgage, can lower your credit score. The system is somewhat paradoxical because in order to grow credit, you have to have credit. Credit scores can make it easier for already high-wealth and financially stable people to access capital and succeed financially while making it difficult for financially insecure people and low-wealth people from accessing capital or growing wealth.<sup>28</sup>

## Cooperative (Co-op)

An association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

## Design/aesthetic standards

Community design and the aesthetic standards aim to control the physical characteristics of their housing stock, preserve community character, protect property values, and attract certain populations of home buyers and renters. However, design standards can increase costs, limit consumer options, and price out certain populations, like BIPOC. Common examples of highly prescriptive design standards include: prohibiting or limiting the use of exterior materials such as vinyl siding and metal; requiring specific and often expensive materials for siding and fences; and dictating the amount of relief and surface area dedicated to windows and the number of architectural details on the roof.

## Displacement

A move by the occupant of a dwelling unit or commercial unit caused by a change in occupancy conditions which makes such unit unsuitable or unavailable for occupancy. This change may be due to major rehabilitation, demolition, or an unreasonable increase in occupancy costs.

## Fair Housing Act

The Fair Housing Act of 1968 prohibits discrimination by real estate agents and other actors in the housing market on the basis of race, color, national origin, sex, familial status, or disability.

## Foreclosure

The process when a financial institution recoups what is owed to them due to non-payment of mortgage or loan. Both Latino and African American home mortgage foreclosure rates were about double the rate for white households in 2012. Foreclosure causes more than a household to lose their home. It reduces the overall household wealth, damages a borrower's credit history, and produces often traumatic family and personal health impacts associated with displacement. Following the market collapse in 2008, the federal government gave a \$700 billion bailout to financial institutions that issued many subprime mortgages.

## Minimum lot size

A minimum-lot-size regulation is a requirement that every individual parcel of land in the regulated area be equal to or greater than a specified square footage." Such regulations can increase the cost of housing by requiring people to purchase more land, exacerbate segregation by income, and encourage sprawl.

## “Neighborhood Character”

The term “neighborhood character” is often used at planning meetings to oppose any new development, but especially affordable housing development.

## NIMBY

NIMBY is an acronym for the phrase "not in my back yard." It characterizes opposition by residents to proposed developments in their local area, as well as support for strict land use regulations. It carries the connotation that such residents are only opposing the development because it is close to them and that they would tolerate or support it if it were built farther away. Sometimes, NIMBY arguments are specific to types of housing which might be more accessible and affordable to low-income and BIPOC populations.

## Predatory Lending and Subprime mortgage loans

Subprime mortgages are home loans that are issued to borrowers with low credit scores. Many subprime mortgages issued leading up to the collapse of the subprime mortgage market in 2007 were predatory, in that mortgage lenders targeted disproportionately Black and Latino borrowers with riskier loan products with no/low documentation that had higher interest rates leading to a greater chance of default.

## Redlining

Redlining is the practice of identifying certain neighborhoods or areas as high credit risk – often on the basis of the race of those who live there – and, subsequently, denying loan applications from creditworthy borrowers, simply because they live in those neighborhoods.

## Urban Renewal

Urban renewal is the publicly-funded redevelopment of urban areas, including through the clearance of slums. Forms of urban renewal date back to post-World War II. The policy led to the destruction of entire neighborhoods and the tradition, culture, and history that accompanied them.

## YIMBY

YIMBY is an acronym for the phrase “yes-in-my-backyard,” used in contrast to NIMBY (not-in-my-backyard) by people who are pro-development. YIMBYs support new housing growth – both market-rate and subsidized – and engage in political activism. They often call for more flexible zoning changes at planning meetings and support pro-growth political candidates.

## Zoning

Zoning is the way governments control the physical development of land and the kinds of uses to which each individual property may be put. Zoning laws typically specify the areas in which residential, industrial, recreational or commercial activities may take place. Some of the first zoning ordinances were explicitly racist, prohibiting those not considered ‘white’ from living in White neighborhoods and vice versa. Today, racial zoning is illegal, but other types of exclusionary zoning rules exist to maintain high home values and keep low-income people from moving there.

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