

Preserving the Character of Our Community
vs
Paying the Rent

Aug 22, 2020

How I became interested in housing

Housing in the 20th century

Housing changed a lot during the 20th century

- ▶ Popularization of the Automobile
- ▶ Suburbanization of America
- ▶ Government subsidization of home ownership¹
- ▶ Introduction of Zoning
- ▶ Housing as a form of Capital
- ▶ Housing policy as a means of Segregation
 - ▶ Redlining, FHA loans, etc
- ▶ ... slow rolling into a housing shortage

We're (mostly) going to talk about housing as policy tool for racial and economic segregation.

¹Restrictions apply.

Origins of Zoning

Zoning = the general term for land use regulations.

- ▶ Regulates building size (height, # stories, setbacks)
- ▶ Regulates uses (single family, apartment, supermarket, auto repair, hospital, dentists office, farmland, parks)

Humble beginnings:

- ▶ Separate residential and industrial uses
- ▶ Step-backs on sky scrapers

NYC had one of the first zoning laws in the United States – around 1916.

Shortly after the origins of zoning

Could we use zoning to segregate a community by race?

- ▶ Yup, we did that. Or at least we tried.

Racially-based zoning was declared unconstitutional in 1917

- ▶ Buchanan v Warley (US Supreme court case)
- ▶ Declared racially-based zoning a violation of the 14th amendment's right to "life, liberty, and property"
- ▶ Impinged upon a white property owner's right to sell property to a black family.

Single-family zoning

If you can't zone by race, zone by economic status

- ▶ Single-family districts vs apartments.
- ▶ Who would live where?


Upheld by the supreme court. *Ambler v Euclid* (1926)

- ▶ Court found that apartment houses were a nuisance to single-family homes; regulating them was a fair use of police power.
- ▶ Then Secretary of Commerce Herbert Hoover promoted the idea of zoning (and single-family zoning in particular) to communities.

Other recent world events (say, from 1917)?

Racial Covenants

Racially-based deed restrictions:



said lots. No sale or lease of any of said lots shall be made to colored people, nor any dwelling erected on any of said lots be sold to or occupied by colored people. No dwelling house shall be erected on any of said lots within five (5) feet of the side lines of said lot. The foregoing

- ▶ This example is from Arlington, MA – 1923
- ▶ Widely used (a group from Minneapolis found thousands in city deeds)
- ▶ Overturned on the basis of standing
- ▶ One factor in the formation of HOAs

Redlining

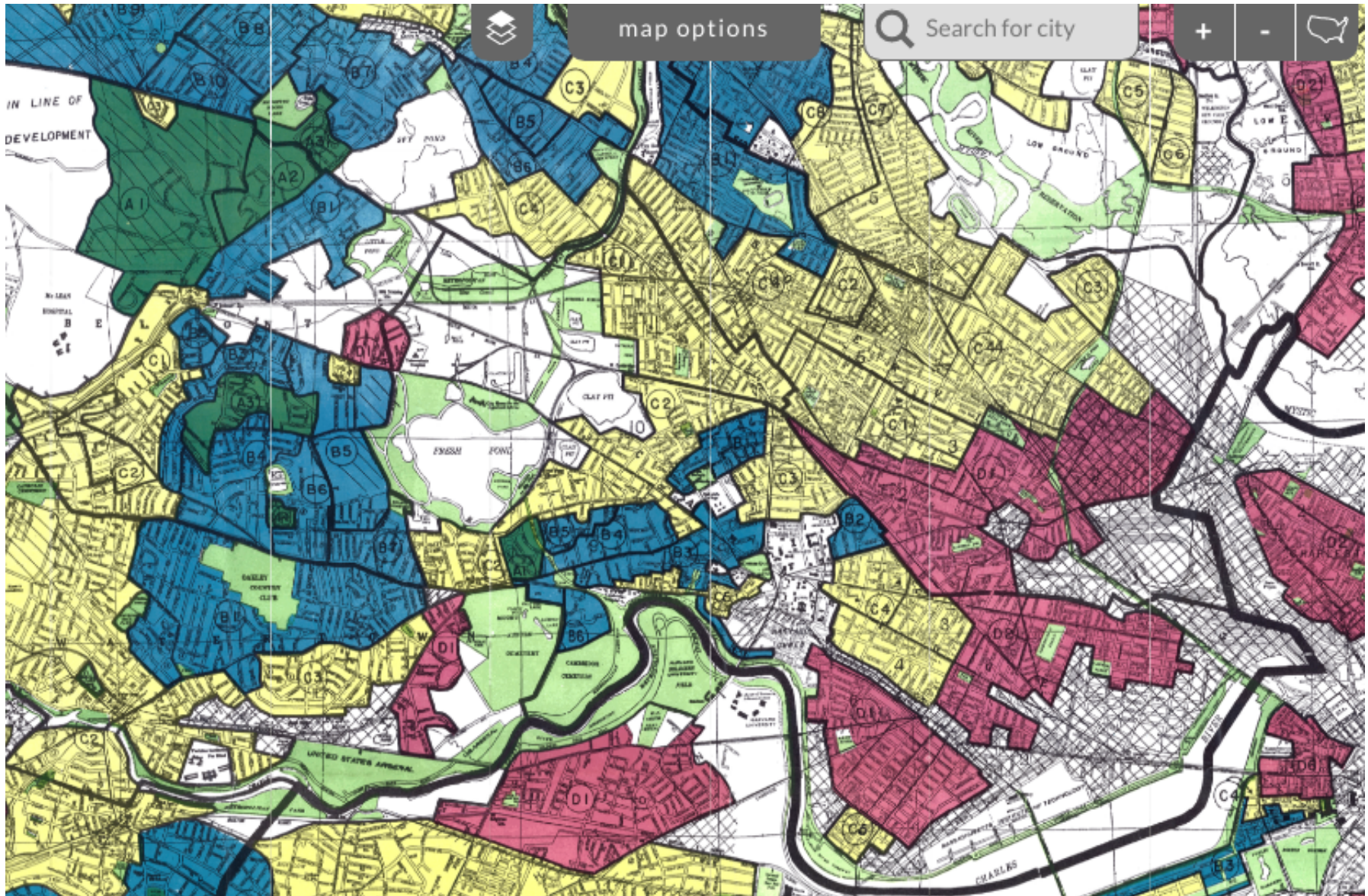
1930's: The Homeowner's Loan Corporation of America draws actuarial maps of cities and towns, to rate the "risk" associated with home loans in different areas

Four grades:

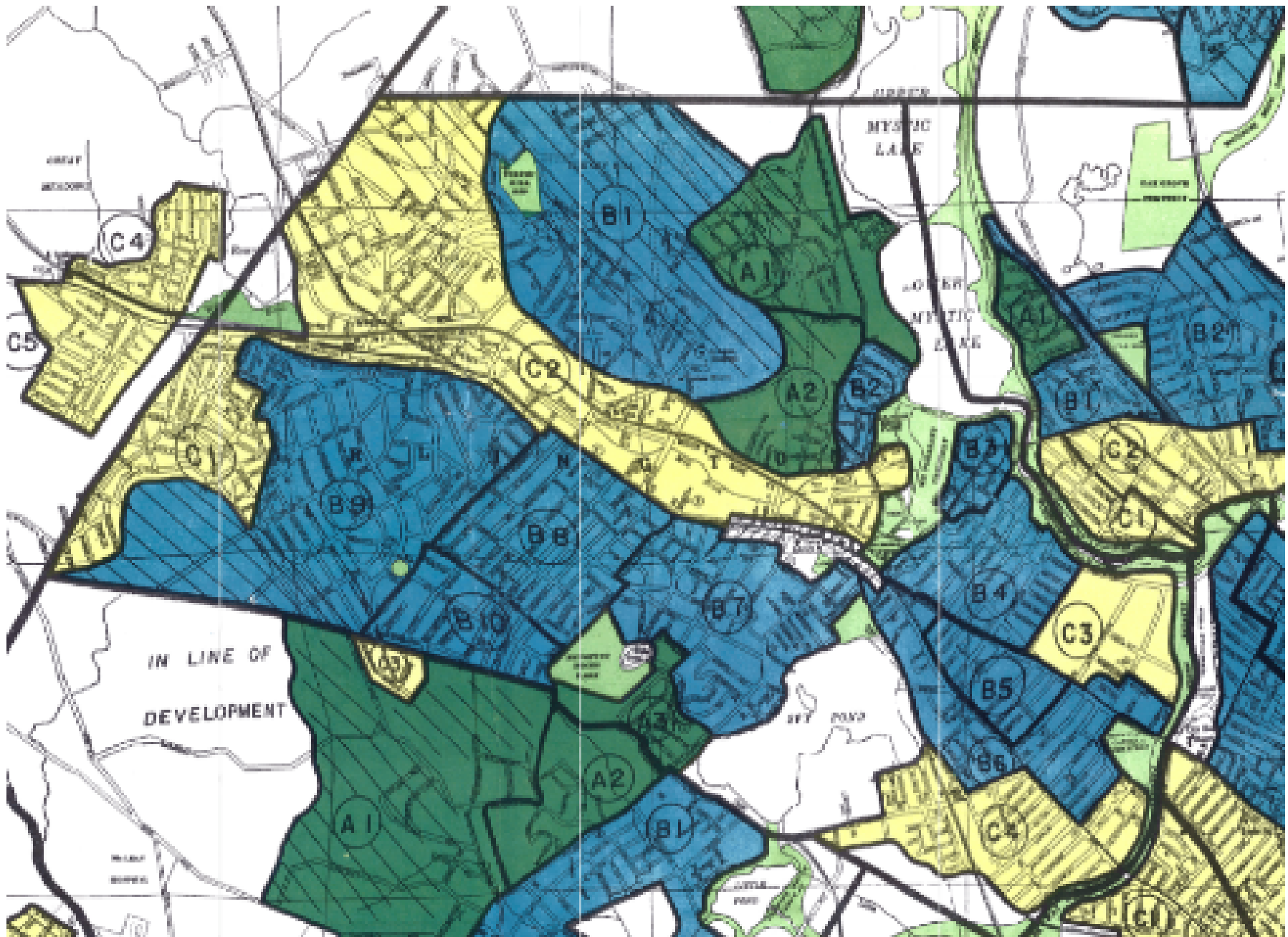
- ▶ Green ("best") White and affluent
- ▶ Blue ("Still desirable")
- ▶ Yellow ("Definitely Declining") Foreigners, Jews, "relief families".
- ▶ Red ("Hazardous") Areas with black populations

These maps were used as the basis for underwriting home mortgages. Red areas were not eligible.

Cambridge's 'redline' map



Arlington's 'redline' map



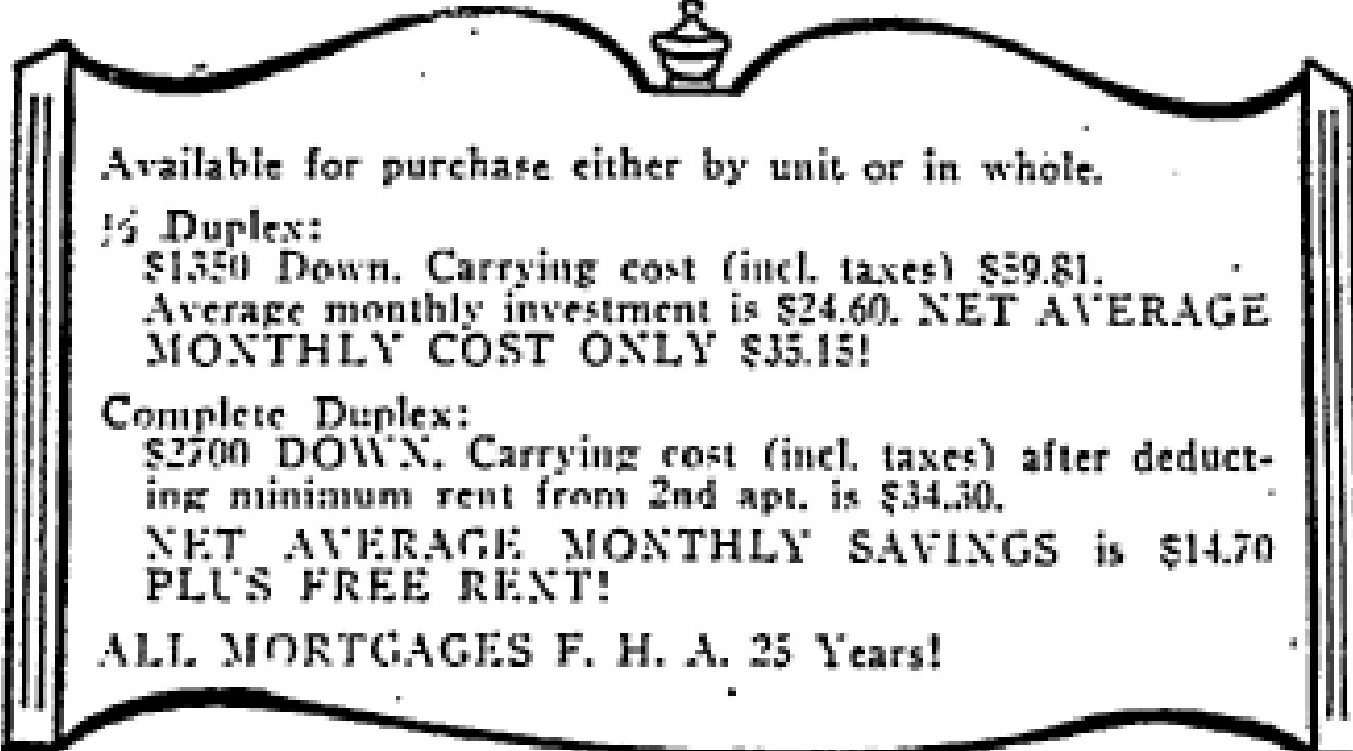
FHA Loan Program

Brand new concept: the 30-year home mortgage

- ▶ Prior to this, most home loans were for 5 years
- ▶ Federally Underwritten (government absorbs risk)
- ▶ Used extensively Post WWII (to promote suburban home ownership)
- ▶ FHA was in the business of underwriting loans to white families in white communities
- ▶ The FHA used the HOLC's 'redline' maps.

FHA Loan Programs

Late 1940's ad for homes on my street – featuring FHA mortgages



Available for purchase either by unit or in whole.

1/2 Duplex:
\$1350 Down. Carrying cost (incl. taxes) \$39.81.
Average monthly investment is \$24.60. **NET AVERAGE MONTHLY COST ONLY \$35.15!**

Complete Duplex:
\$2700 DOWN. Carrying cost (incl. taxes) after deducting minimum rent from 2nd apt. is \$34.30.
NET AVERAGE MONTHLY SAVINGS is \$14.70 PLUS FREE RENT!

ALL MORTGAGES F. H. A. 25 Years!

YOUR DIRECTIONS TO SUNNYSIDE:

From Massachusetts Ave., turn into Alewife Brook Parkway toward Arlington.
Turn **LEFT** on Broadway. Turn right onto 51st Street and follow signs to the model home.

Legacy of Redlining

Redlining was made illegal by the 1968 Fair Housing Act. However, its legacy lives on today:

- ▶ A lot of affordable housing is in formerly yellow- and red-lined zones.
- ▶ A lot of public housing is in formerly yellow-lined zones.
- ▶ Yellow- and red-lined zones are more prone to urban heat islands.
- ▶ People living in redlined areas never had the opportunity to build generational wealth via home ownership.

Plus, all of the other things your zip code determines.

And there's much more ...

- ▶ Blockbusting
- ▶ Public Housing (e.g. Pruitt/Igoe)
- ▶ The role of realtors
- ▶ Mob rule
- ▶ More restrictive zoning passed in the 1970's (after the Fair Housing Act became law)

Recap

20th century housing policy was a multi-layered system that promoted segregation

- ▶ Primarily oriented towards race-based segregation
- ▶ Gradually shifted to class-based segregation (class being a proxy for race)

Residential zoning, in particular, is an effective form of class-based segregation.

In terms of providing housing, single-family zoning is the most inefficient means possible.

Our current housing shortage

- ▶ Zoning can be a tool for limiting the amount of housing in an area (e.g., suburbs, particularly ones close to cities)
- ▶ Relatively fixed supply, not much new construction
- ▶ Increasing demand
 - ▶ Cities are job centers
 - ▶ White return flight

Since 2010 Boston + immediate suburbs (“MMC communities”):

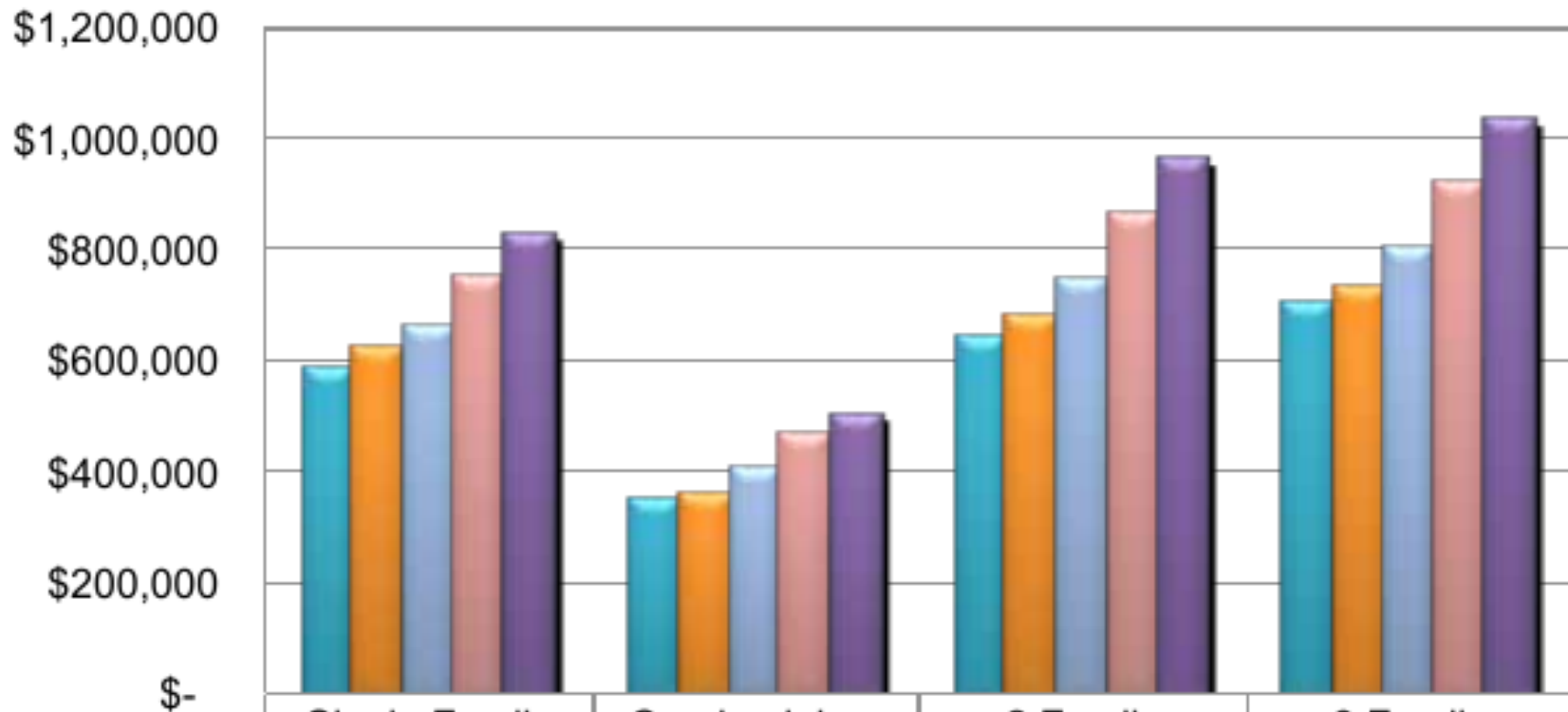
- ▶ Added 148,000 new jobs
- ▶ Added 110,000 residents
- ▶ Added (only) 32,500 new homes

There's more demand for housing than there's housing to go around.

Exclusionary zoning limits the amount of housing in an area. High demand + inadequate supply = higher prices.

Arlington's Home Prices

Average Assessed Values FY2016-FY2020

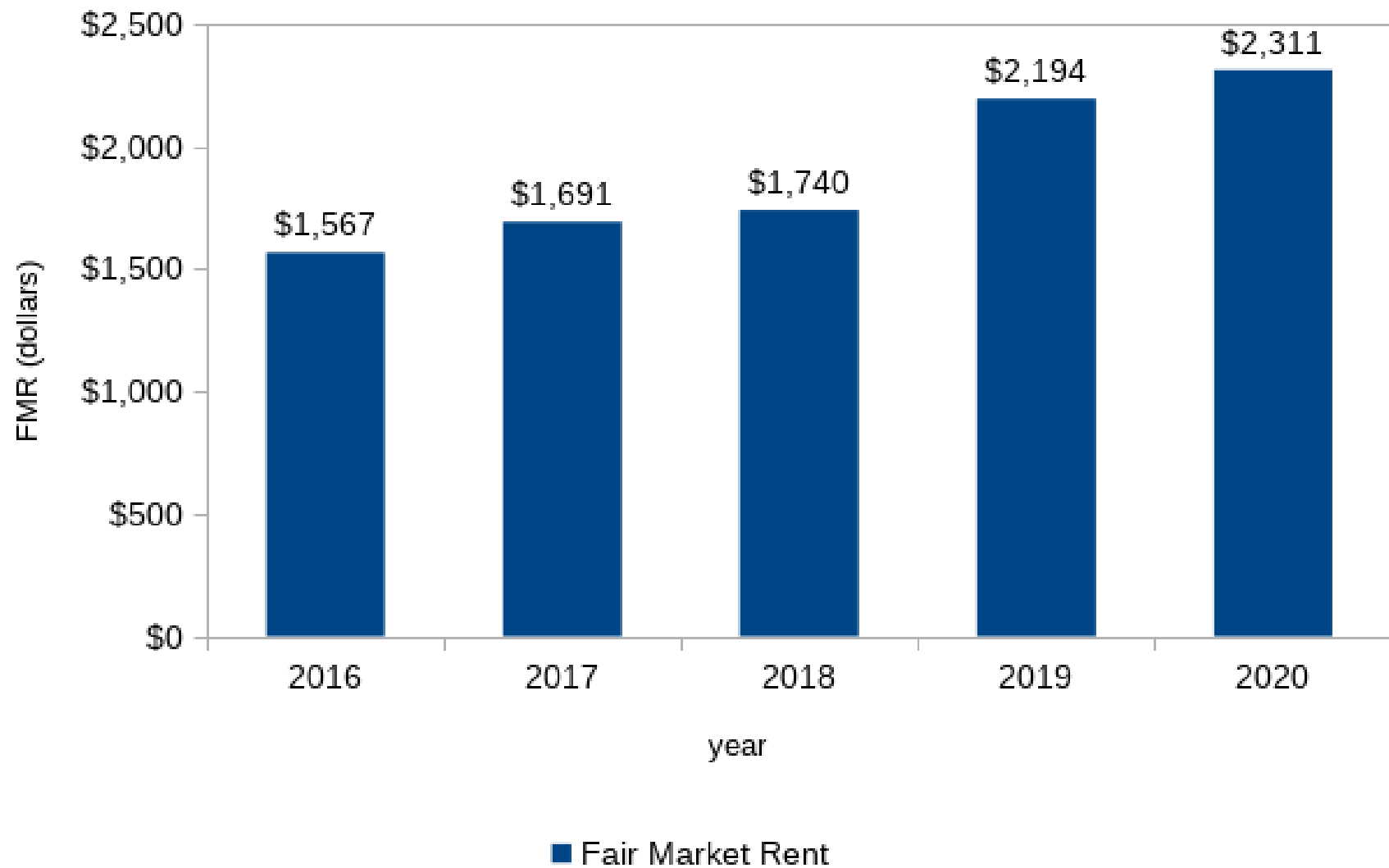


	Single Family	Condominium	2 Family	3 Family
2016	\$585,360	\$352,066	\$638,816	\$699,862
2017	\$621,249	\$359,008	\$679,421	\$729,868
2018	\$655,985	\$404,436	\$742,491	\$799,631
2019	\$752,184	\$464,794	\$860,757	\$915,450
2020	\$825,144	\$500,086	\$958,350	\$1,032,877

Fair Market Rents

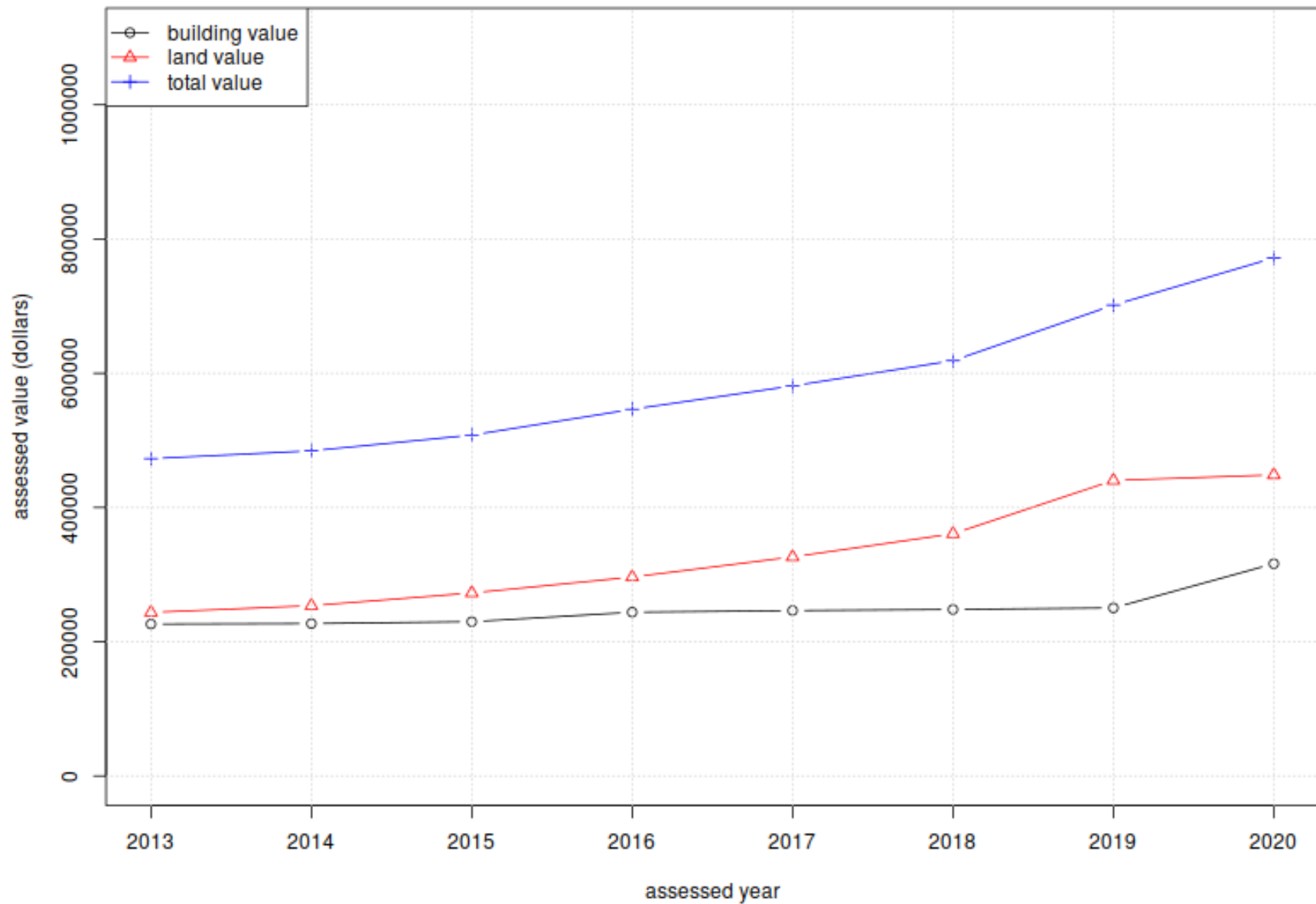
Fair Market Rents

(Boston, Cambridge, Quincy, MA-NH metro area)



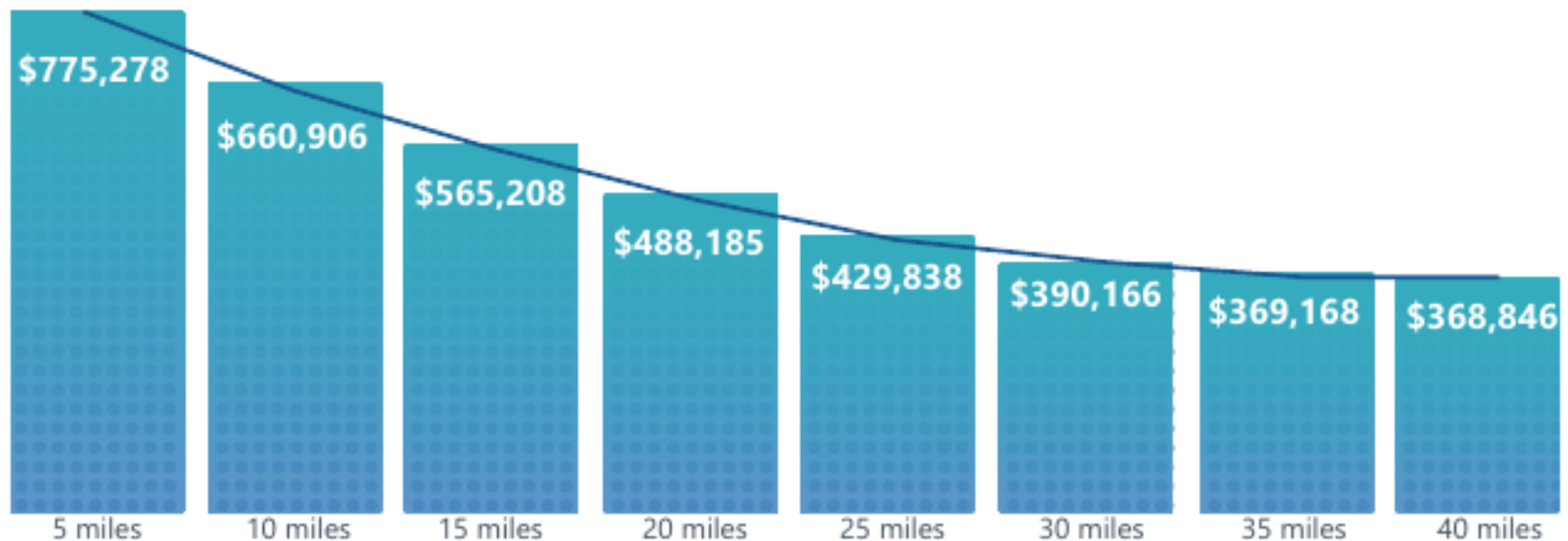
Land vs. Buildings (Arlington, MA)

Single Family: median land, building, and total value



Location, location, location

Figure 70. Greater Boston Housing Report Card,
Median Price vs. Distance from City of Boston in miles, 2017



Source: Warren Group Data; Authors' Analysis.

So Now What?

Discussion: what (if anything) should be done about this?

Points to consider:

- ▶ Different people have different housing needs. These needs change during the course of a person's life.
- ▶ Building more housing is necessary, but not sufficient.
- ▶ 20th century housing policies created advantaged and disadvantaged groups. These groups deserve separate considerations.
- ▶ Housing as a warm-up exercise for addressing climate change.

Resources

- ▶ Segregated by Design
<https://www.segregatedbydesign.com/>
- ▶ The House we live in
https://www.youtube.com/watch?v=mW764dXEI_8
- ▶ Mapping Inequality
<https://dsl.richmond.edu/panorama/redlining/>
- ▶ Metro Mayor's Coalition housing task force
<https://housingtaskforce.mapc.org/>
- ▶ The Color of Law (Richard Rothstein)
- ▶ Neighborhood Defenders (Einstein, Glick, Palmer)