

The Impact of Policy: How Federal Housing Policy Shapes Citizenship in the United States

Significance: U.S. housing policy provides a platform to uncover hidden power in politics and the structural racial discrimination that exists. Examining the relationship between the government and program recipients through the lens of housing policy allows us to see disparate effects upon citizenship.

“[The] FHA is more interested in pointing out to prejudiced real estate interests ways and means of evading the clear intent of the Supreme Court decision...than in implementing an effective anti-discrimination policy.”

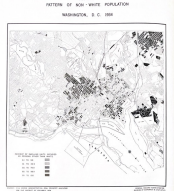
–Thurgood Marshall

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1934-1940: Homeownership for the White Suburbs

During the Great Depression many new government programs and agencies were created to spur the economy and provide a safety net to struggling Americans. Within this context the Federal Housing Administration (FHA) was created and with it came the FHA Mortgage Insurance program.

During this time period, the practice of “redlining” began



Map from “The Structure and Growth of Residential Neighborhoods in American Cities” published by the FHA in 1939

The FHA created an “Underwriting Manual” to dictate who would be eligible for mortgage insurance

GENERAL RATING INSTRUCTIONS

FACTORS	RATING				
	1	2	3	4	5
Relative Economic Stability					
Protection from Adverse Influences					
Freedom from Special Hazards					
Adequacy of Civil, Social, and Commercial Centers					
Adequacy of Transportation					
Adequacy of Utilities and Communications					
Level of Taxes and Special Assessments					
Age and					

TOTAL RATING OF LOCATION

Chart from the U.S. Federal Housing Administration Underwriting Manual of 1938

1968-1974: Homeownership for the Inner Cities

The Fair Housing Act passed in 1968 requiring, the end to housing discrimination by the government. The newly created Department of Housing and Urban Development began to implement homeownership programs for Black Americans who had previously been excluded from federal homeownership programs.

FHA Mortgage Scandal Blights Cities



Photo by Charles W. James, taken from the Philadelphia Inquirer article August 1, 1970

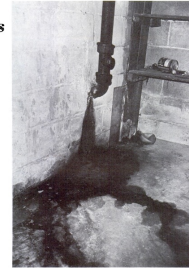


Photo taken from the Senate Committee on Banking and Currency Investigation And Hearing Of Abuses In Federal Low And Moderate-Income Housing Programs

1998-Present: Low-Income Rental Assistance

Following the FHA scandal of the 1970s the federal government began to focus on providing rental assistance for low-income people, instead of creating opportunities for homeownership. It is in this environment that the Section 8 Housing Choice Voucher program was created.

Even when people receive a housing choice voucher it can still be difficult to find a landlord that will accept it

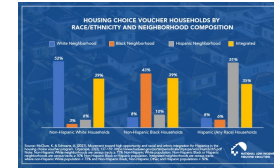


Chart from the National Low Income Housing Coalition



Photo from Barbara J. Perenic/Columbus Dispatch

	Surveillance	Psychological	Learning	Compliance
Examples	<ul style="list-style-type: none"> - Within the application process for mortgage insurance by homebuyers - Surveillance by neighbors to ensure racial segregation - FHA oversight of builders to ensure new developments remained racially segregated 	<ul style="list-style-type: none"> - Participants of the programs were blamed for the dilapidation of the houses they were sold and stigmatized by FHA officials, mortgage brokers, and real estate agents - Participants were exploited by FHA officials, mortgage brokers, and real estate agents 	<ul style="list-style-type: none"> - Real estate agents explained the programs to potential homebuyers who were often people just looking to rent but were steered into buying a house instead - Participants were expected by the FHA to inspect the house themselves before purchasing 	<ul style="list-style-type: none"> - Real estate agents provided the paperwork for the program and showed potential homebuyers where to sign, making the process easy
Conclusion	<ul style="list-style-type: none"> - The traditional FHA mortgage insurance program did not have formal surveillance mechanisms because of the exclusion of Black Americans 	<ul style="list-style-type: none"> - During this time Black Americans were being intensely surveilled by the welfare state. However, the lack of surveillance in these programs accomplished the same thing that welfare state surveillance did, which was to disadvantage people who were seen as undeserving 	<ul style="list-style-type: none"> - The Section 235 and Section 221(d)(2) programs were easy to participate in but had huge learning costs for participants who were expected to evaluate a house without experience 	<ul style="list-style-type: none"> - Participation in the Section 235 and Section 221(d)(2) programs had a low compliance cost due to the aid of real estate agents trying to make the process easy to navigate
Examples	<ul style="list-style-type: none"> - The program was advertised for everyone but actually was only for white Americans - Feeling of rejection when Black Americans were turned away from homeownership - Participants of the program were viewed as deserving of aid and faced no stigma 	<ul style="list-style-type: none"> - Participants of the program are often stigmatized by landlords and neighbors who are not on a housing voucher - Voucher recipients are usually concentrated in high poverty neighborhoods and face stigma 	<ul style="list-style-type: none"> - The process of applying for a voucher and remaining on the waitlist is difficult to navigate with new paperwork needing to be filled out yearly - Once participants receive a voucher they have to find a landlord who will rent to them 	<ul style="list-style-type: none"> - The process of applying for a voucher involves paperwork, sometimes done in person at the local PHA office or online. This process can be different in every jurisdiction - In order for a family to keep a voucher they have to follow all the rules set by the PHA
Conclusion	<ul style="list-style-type: none"> - The psychological costs of the FHA mortgage insurance program were felt entirely by Black Americans who were excluded from the program on the basis of race 	<ul style="list-style-type: none"> - The psychological cost of participation in the Housing Choice Voucher program is high with stigma coming from neighbors, landlords, and society/media as a whole 	<ul style="list-style-type: none"> - The learning cost of the voucher program is relatively high due to the number of different processes involved in receiving and using a housing voucher 	<ul style="list-style-type: none"> - The compliance cost of the voucher program is relatively high due to the number of rules and steps that must be taken to receive and use a housing voucher