



Black Homeownership Under Racial Capitalism: A Review of Keeanga-Yamahtta Taylor's *Race for Profit*

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Reviewed: Keeanga-Yamahtta Taylor, *Race for Profit: How Banks and the Real-Estate Industry Undermined Black Homeownership*, Chapel Hill, University of North Carolina Press, 2019

Keeanga-Yamahtta Taylor's Race for Profit examines the urban homeownership programs of the 1960s and 1970s, and shows how they exploited rather than enriched black homeowners and communities, and set the stage for the retreat from racial liberalism.

In *Race for Profit: How Banks and the Real-Estate Industry Undermined Black Homeownership*, Keeanga-Yamahtta Taylor explores black urban homeownership in the 1960s and 1970s, with a focus on the public–private partnerships that facilitated homeownership programs. She argues that government incentives, coupled with exploitation by the real-estate industry, and set against a backdrop of racial discrimination and segregation, resulted in widespread foreclosures in black urban communities. The real-estate industry used black people to extract value—racial capitalism in a nutshell. Taylor grounds her analysis in extensive archival research and in conversation with the historiography that it both extends and challenges. The book draws from a wide range of sources including Congressional reports and testimony, archives of government agencies and advocacy organizations, legal complaints, interviews, and media coverage. *Race for Profit* makes a compelling argument for the decommodification of housing as the only durable solution to the persistent housing crisis.

Race for Profit complicates the standard urban-crisis narrative of white suburban flight and black inner-city subsidized housing. The Federal Housing Administration (FHA)'s redlining of black urban neighborhoods beginning in the 1930s is well-known—it guaranteed loans to white suburban homebuyers and penalized urban areas with nonwhite populations (Jackson 1985; Hirsch 1983; Rothstein 2017). The screen often goes blank on the FHA in the late 1960s, however, when the focus typically shifts to the urban crisis, disinvestment, and public housing (Sugrue 1996; Hirsch 1983). Taylor shows how the FHA, from within the US Department of Housing and Urban Development (HUD), returned to the city with the goal of encouraging black homeownership by guaranteeing loans to black urban residents. The FHA's black homeownership program was in large part a response to the civil unrest of the 1960s. In 1968, the Kerner Commission found that housing discrimination and segregation were drivers of that unrest. Lyndon B. Johnson and Richard Nixon both sought to defuse the fury and resistance of black city residents by offering them the perception of inclusion in postwar affluence via homeownership.

A few journalists and scholars have looked at this period in the history of the FHA: most well-known is *Cities Destroyed for Cash*, by *Detroit Free Press* reporter Brian Boyer (1973). Other descriptions of the program, including Boyer's, do not incorporate a full understanding of the importance of private-sector actors, however. To be sure, as Taylor describes in detail, the FHA and

HUD were filled with incompetent, racist actors, from the top to the bottom, and black employees faced systemic discrimination. Taylor argues convincingly, however, that the decision to design the homeownership programs as collaborations with the real-estate industry, coupled with the federal government's refusal to substantively promote desegregation, led to devastation for individuals and communities.

Taylor frames this period between the late 1960s and early 1970s as a shift away from state-sponsored approaches to low-income housing, to market-based solutions. She traces how the 1968 Housing and Urban Development Act made explicit the influence of the private sector in the provision of low-income housing. Lyndon B. Johnson's Great Society, with its promises of expanded opportunity and inclusion, simultaneously drew its inspiration from big-government liberalism (the conservative historian Amity Shlaes (2019) makes the extreme and inaccurate argument that the Great Society failed because it constituted socialism) and introduced the concept of public-private partnerships in order to address the urban housing crisis. Johnson lauded the use of these public-private partnerships as "the genius of private industry." The invisible hand of capitalism made strategic use of state resources and powers. Even those who categorized themselves as liberals, and wanted to improve the living conditions of black city residents, thought of the market as color-blind once freed from the restrictions of discrimination. But the market itself was rooted in racial inequality, as David Freund (2007) has detailed, so that the structure of the enterprise was inherently predatory.

Taylor explains how the HUD/FHA homeownership programs constituted *predatory inclusion*: operating with terms that were unequal and discriminatory, the programs held out the promise of homeownership to black homebuyers, only to strip individuals and communities of equity. The FHA approved mortgages for homes that were in terrible shape, and approved buyers who could not afford the combined costs of mortgage payments and the maintenance that the homes needed. Appraisers inflated property values. Real-estate brokers convinced prospective renters that they should buy instead. Despite their poverty, black urban neighborhoods had plenty of capital flowing through them, and thus were ideal sites for racialized investment and extraction, in the tradition of racial capitalism. Because the FHA guaranteed mortgages, lenders valued borrowers who had little chance of being able to make payments. Unregulated mortgage banks extended loans and then packaged and sold them to investors. When new homeowners were unable to make payments, mortgage defaults and foreclosures grew alarmingly, and by the early 1970s HUD took ownership of swaths of city neighborhoods.

The same brokers who facilitated HUD/FHA homeownership programs in black communities opposed efforts toward fair housing in white communities, with tacit government support. Under the Nixon administration, the federal government focused on economic rather than racial integration, thereby declining to address racial segregation and housing discrimination. By 1971, Nixon announced that his administration would "not attempt to impose federally assisted housing upon any community" (p. 126), and "[a]n open society does not have to be homogenous, or even fully integrated ... what matters is mobility: the right and the ability of each person to decide for himself where and how he wants to live" (p. 127). Inclusion, when mediated through the racialized market, looks no better than exclusion.

This description of how predatory inclusion and racial discrimination worked together, combined with Taylor's forensic examination of the symbiotic relationships between the state and real-estate interests, gives the book contemporary relevance. Her explanation of how public and private interests nurtured a racialized real-estate market, in which fair-housing laws were neither tested nor enforced, sets the stage for the recent *Newsday* investigation of housing discrimination on Long Island,¹ which seems inevitable rather than surprising. And the story of *Race for Profit* is eerily similar to the predatory practices of subprime mortgage lenders in the lead-up to the 2008 housing crisis.

¹ See: <https://projects.newsday.com/long-island/real-estate-agents-investigation>.

The FHA/HUD programs targeted black women in particular. Taylor's descriptions of these women's experiences, in the tradition of historians like Rhonda Williams (2004), Premilla Nadasen (2005), Robin D. G. Kelley (1994), and Joe William Trotter, Jr. (1985), depict them as active shapers of their own lives and communities, not passive victims. Women homeowners were activists: like welfare-rights organizers, they spoke out, traveled to Washington, and joined lawsuits. They resisted their individual injustices, but also organized their neighborhoods to resist the predatory approaches of public and private actors.

These portraits of black women homeowners and of black urban neighborhoods are jarring when set against the racist language of elected and appointed officials. As Taylor shows, after the HUD/FHA urban homeownership programs ended in foreclosures and abandonment in the early 1970s, conservatives shifted blame from the private-sector actors who sought to extract wealth from black neighborhoods to the residents and neighborhoods themselves, and to the largesse of the welfare state. In this narrative, public-housing residents and public-assistance recipients constituted the underclass, and they, along with crime and drug use, were responsible for urban decline. Whereas Taylor's history explains how the real-estate industry preyed on black people and communities, the right wing used the failures of the HUD/FHA homeownership programs to attack the urban poor and government social-welfare programs. These attitudes contributed to an increasingly broad embrace of neoliberalism in the 1980s and beyond.

Market-based strategies, since their inception, have produced housing that is predominantly unaffordable and inequitable. A recent Brookings study² found that owner-occupied homes in black neighborhoods were undervalued by an average of \$48,000 per home. As Taylor notes, the continued housing crisis "is not history repeating itself. It is the predictable outcome when the home is a commodity and it continues to be promoted as the fulfillment and meaning of citizenship" (p. 262). It is time to dismantle racial capitalism.

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² See: www.brookings.edu/research/devaluation-of-assets-in-black-neighborhoods.

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