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The Crooked Foundations of Federal Housing Programs in America

Aarav Agrawal
aarav_agrawal27@milton.edu

Fig. 1. St. Louis Post-Dispatch, *The Destruction of Pruitt-Igoe.*, April 22, 1972, photograph, accessed February 19, 2026, https://failedarchitecture.com/wp-content/uploads/2013/06/3000px_IconicImplosion_Pruitt-IgoeMyth_Credit-STL-Post-Dispatch.jpg.

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ABSTRACT

This paper examines the racially disproportionate impact of mid-twentieth-century United States federal housing initiatives. Specifically, it delves into the federal government's efforts in slum clearance, federal mortgage lending, and public housing between 1930 and 1970. While these programs were ostensibly designed to revitalize urban centers and stabilize national homeownership after the Great Depression, their implementation resulted in the systematic displacement and economic isolation of minority communities, particularly African Americans. By analyzing federal policy documents, local zoning ordinances, and archival media reports, this paper argues that the outcomes produced by these housing programs do not reflect discriminatory intent of the federal government, but rather the hostile urban environment that arose from a racist time period. These programs unknowingly institutionalized pre-existing Jim Crow-era stereotypes that had crystallized in the American urban psyche following the Great Migration of the early 1900s. This study uses a disparate impact framework to organize the lifecycle of three distinct social programs as evidence of social prejudice being codified by the federal government. Some examples of this cycle include how early twentieth-century fears of neighborhood infiltration and property devaluation became embedded into the foundational logic of the Home Owners' Loan Corporation (HOLC) and subsequent urban renewal projects. Ultimately, the paper concludes that the failure of these promising urban experiments was an inevitable consequence of a system stacked against minority agency, where federal efforts to uplift communities were fundamentally skewed by the very prejudices they sought to overlook.

INTRODUCTION

In 1976, the final building of the Pruitt-Igoe housing projects, one of America's most promising urban experiments, crumbled to the ground. With that, all 33 housing blocks of the project, built less than 25 years earlier, had been demolished, sorely contrasting St. Louis's towering skyline. The broader scheme in question, America's infamous public housing program, had been on the decline for years, culminating in 1974 with congress's decision to terminate the program's federal funding. Progressive policy-makers in the 1930s and '40s saw public housing as a chance to uplift America's urban residents, however by its end, public housing was overwhelmingly composed of minority groups and the extremely impoverished. Two other housing programs from the same time, slum clearance and federal mortgage lending, embodied similar inequalities, despite their well-meaning intentions. Why did these programs designed to level housing access for the American public tip the balance even further away from the disadvantaged? Contextual factors from the 1930s and '40s, the times when these programs began, reveal that the racially disproportionate impacts of the federal government's slum clearance, mortgage lending, and public housing initiatives were not direct products of the programs themselves, but more likely a reflection of Jim Crow era stereotypes circulating through urban centers during the arrival of African-American migrants in the early 1900s.

African-American workers' mass migration into urban centers was a central shift that compelled White lawmakers to discriminate against and disenfranchise minority groups. The Great Migration itself was born out of the dismal social and economic outlook for African-Americans in America's agrarian south.

By the time World War 1 rolled around, millions of African-Americans eyed industrial jobs in the north, along with their possibility of fair employment and social freedom. Historians estimate that between 700,000 and 1,000,000 African-Americans migrated from rural settlements to urban centers during World War 1. Following World War 1, another 800,000 to 1,000,000 African Americans moved northward.[1] The magnitude of these movements led urban African-American populations to swell and White American populations to create pressure for "protecting" local neighborhood composition. Mounting fears of neighborhood decline and dysfunction caused by the presence of minority populations led hostile White residents and authority figures to impose new restrictions, both explicit and implicit, on the freedoms of urban African-American communities.[2] One historian reflects on this time period, commenting on how White Americans "penn[ed] the migrants into black-only districts that proved to be embryonic ghettos."[3] This paper will use a disparate-impact framework to examine how the discriminative urban ecosystems shaped by Jim Crow are evidenced by the effects of the three federal housing programs that followed: mortgage lending, slum clearance, and public housing.

METHODOLOGY

Rather than treating mortgage lending, slum clearance, and public housing as three isolated case studies, this paper analyzes them together because the evidence suggests they were very driven by a shared mechanism: pre-existing, Jim Crow-era stereotypes about neighborhood "stability" that had already hardened into local zoning practice by the time each federal program was drafted. Read in isolation, each program's disproportionate impact on minority communities might distinctively appear to be a policy failure. Read together, chronologically, the three programs reveal a pattern: administrators using different tools across different agencies arrived at the same racially skewed outcome by relying on the same inherited assumptions about neighborhood decline and resident riskiness. The comparative scope of this paper is therefore not incidental but structural, since it creates a robust framework for the central claim to be tested. This approach positions the paper in conversation with, and in partial tension with, the historiography of federal housing discrimination. Richard Rothstein's *The Color of Law*, drawn upon throughout this paper, argues that residential segregation in America was deliberately created by the government through multi-tiered federal design. This paper does not dispute that federal housing produced racially discriminatory outcomes, since significant evidence exists to illustrate the extent of inequality that these programs produced. Instead, this paper departs from Rothstein's framework in explaining how these outcomes were created, arguing that the racial disparities of mortgage lending, slum clearance, and public housing are better explained as the absorption of already-existing social bias into ostensibly race-neutral administrative criteria.

Evaluating that claim requires a clear standard, since intent and impact are not interchangeable measures. While individual actors can be assessed by their motives, institutions are more reliably evaluated by the outcomes of their decisions, since institutional intent revolves around a high number of independent

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[1] Joe William Trotter, Jr., "The Great Migration," *OAH Magazine of History* 17, no. 1 (2002): 31, JSTOR.
[2] Chudacoff and Baldwin, *Major Problems*, 416.
[3] Richard Turner et al., "Creating the Black Ghetto: Black Residential Patterns before and during the Great Migration," *The Annals of the American Academy of Political and Social Science* 660 (July 2015): 23, JSTOR.

variables, which are difficult to recover from the historical record. This paper therefore evaluates each program using a disparate impact framework: it treats the racially unequal outcome of facially neutral policy as sufficient evidence of the policy's failure, independent of the hopes of its designers. Applying this framework does not resolve the moral question of who is at fault, but it does allow the same standard to be applied consistently across programs administered by different agencies, each with its own internal history and record of stated intentions. Methodologically, this paper uses a historical-institutional analysis. It draws on three types of evidence: federal policy documents and legislative statements, such as presidential addresses and Housing Act of 1937; contemporaneous local records and press coverage, including municipal ordinances, court cases, and newspaper reporting from the 1900s through the 1950s; and retrospective quantitative studies conducted by later historians and social scientists, such as spatial and interest-rate analyses of HOLC lending, census, and poverty data on public housing residents. The paper moves chronologically across these sources, from the social conditions of the Great Migration through the drafting and administration of each program, in order to trace how a set of racialized assumptions about neighborhood decline and property risk migrated from public rhetoric into supposedly neutral federal criteria.

ORIGINS OF REDLINING

This remark testifies to the damage local administrators exacted upon minority populations by promulgating disparaging claims. Rumors that incoming migrants sought to amalgamate, or have children with, white Americans created harmful stereotypes of minority groups. Milton Dashiel, the architect behind one of the first city ordinances in the country that hindered the freedom of settlement for African-Americans, claimed that African-Americans "appear to have an intense desire to… get as close to the company of white people as circumstances will permit." In the same spirit, a New York Times headline read: "Invasion by negroes of fine old residential sections of Baltimore."[4] The word choice of "desire" and "invasion" in these media sources are examples of how public informers heavily supported and spread the idea that minority groups threatened the security of the White individual. A second stereotype–that minorities brought dysfunction and conflict to the neighborhoods they inhabited–also worked to the detriment of minority populations' settlement freedom. A 1910 Baltimore ordinance cites "friction and disorder between the races" as the primary reason for enacting segregational zoning laws while the Federal Housing Administration warned city planners against "incompatible racial and social groups."[5] These warnings against minority groups instilled fear into the minds of white Americans, and as

[4] Special to The New York Times, "MOB BALTIMORE NEGROES.: WHITE RESIDENTS RESORT to VIOLENCE in PROPERTY SEGREGATION.," *New York Times (1923-)* (New York, N.Y.), August 19, 1925, ProQuest Historical Newspapers: The New York Times (103659665).
Rothstein, *The Color*, 44-45.
[5] Schill and Wachter, "The Spatial," 1285.
Special to The New York Times, "TO SEGREGATE NEGRO HOMES: BALTIMORE COUNCIL for BARRING THEM from WHITE RESIDENTIAL SECTION.," *New York Times (1857-1922)* (New York, N.Y.), November 22, 1910, ProQuest Historical Newspapers: The New York Times (97077125).

these myths gained traction, assertions from laws and ordinances further crystallized these baseless concerns into the red lines that marked neighborhoods.

These connections drawn by local authorities between African-Americans and neighborhood decline led the majority of white Americans to see African-Americans first as undesirable neighborhood tenants and consequently, a cause of depreciating property values. City planner Robert Whitten urged that neighborhoods must be protected from “any further damage to values resulting from inappropriate uses, including the encroachment of the colored race."[6] The New York Times reported that “the depreciating effect on property values in the residential section by the blacks becoming tenants therein” justified a discriminatory zoning ordinance. The FHA issued a warning about how “A change in social or racial occupancy” of a neighborhood “generally contributes to instability and a decline in values.”[7] These accusations continuously linked financial loss and neighborhood infiltration with the arrival of minority populations. White Americans' conviction that the safety of their communities was at risk because of the presence of minority groups contributed the most out of any myth to minority neighborhoods' continued isolation. Created out of fear of declining urban property values, hundreds of restrictive covenants, ordinances and laws enacted between 1900 and 1950 limited the residential mobility of minority populations across the country. Louisville, New Orleans, Richmond, St. Louis and Birmingham, all issued laws which explicitly forbade any breakage of neighborhood homogeneity.[8]

The following decline of neighborhoods chosen to contain minority populations was clearly caused by the wave of residential restrictions. The implications of such widespread, unrelenting discrimination during the Great Migration was that around the country, minority neighborhoods had no defense against decline. Since zoning ordinances relegated all minority residents to the areas and neighborhoods which were already in poor condition due to overcrowding and the absence of municipal support, incoming families and individuals were forced to further strain neighborhoods which already suffered from substandard housing quality. The situation of these neighborhoods often slipped even further, since schools were written off and local city servicers deserted the area.[9] As such, minority neighborhoods faced a continual spiral of limited housing supply and quality, caused by extreme demand, which then was forced to support an even higher number of tenants. The federal government' s solution, three post-depression era housing programs, only reskinned this system of redlining. Their bid to improve housing quality in minority neighborhoods led to the destruction of affordable housing options, their goal of reducing crowding in cities only alleviated white neighborhoods since minority groups had no mortgage access, and their attempt to supplement the inadequate volume of private housing development with public housing created hardly improved, higher density red-lined districts that still contained only minority populations.

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[6] Rothstein, *The Color*, 46.
[7] Schill and Wachter, "The Spatial," 1285.
[8] Banks v. Housing Authority, 106 P.2d 879, 149 (9th Cir. Aug. 26, 1953). Accessed April 3, 2025. https://law.justia.com/cases/california/court-of-appeal/2d/120/1.html.
[9] Chudacoff and Baldwin, *Major Problems*, 400.
Hillier, "Spatial Analysis," 139.

FEDERAL MORTGAGE LENDING

The first of these programs, federal mortgage lending, came from the uncertainty of income for homebuyers during the Great Depression. These programs were created in order to address the nation's floundering homeownership rates. Since the depression stifled income opportunities for many Americans, by its height a significant portion of the population struggled to pay off their home mortgages and defaulted on their payments. Home mortgages had previously been structured as lump sum loans: where one owed interest on a principal sum until the end of a term at which they would pay the principal in full. Since this mortgage structure relied on financial certainty and stability, the Great Depression rendered this structure nonviable to many prospective homebuyers, since income was not dependable. This newfound unaffordability in the suburban housing market not only strained cities' faltering housing supply, it also eliminated a major avenue for wealth accumulation among many Americans. To address this growing crisis, the federal government created the Home Owners' Loan Corporation (HOLC) to help Americans restructure their home loans. In order to give Americans more feasible loan payment plans, the HOLC ended up adopting the self amortizing loan. This structure mandates that one pays the principal sum over a series of installments while providing interest on the amount still owed.[10] This new system insured families against financial instability while they paid off home mortgage loans, and still is the most common home mortgage loan structure used today. Although this new structure benefitted homebuyers, lenders (including the federal government) still had to be wary of foreclosures which oftentimes incurred financial loss. In order to protect themselves and other lenders against payment defaults, the HOLC compiled neighborhood appraisal surveys in order to assess a given homebuyer's risk of payment default. This information allowed lenders to dodge perilous clients or charge them a premium for their liability, essential practices for lenders to remain profit-making and available to consumers. Combined with risk appraisal records, the HOLC's implementation of the self-amortizing loan in home mortgages allowed millions of Americans to stabilize their families during and after the Great Depression, and contributed overall to higher rates of home ownership in America.[11]

This program, despite its successes, had an acutely discriminative outcome. Firstly, even though the federal government financed 60 percent of all home mortgage loans, fewer than 2 percent of these loans made their way to nonwhite buyers.[12] A retrospective study also found that the proportion of nonwhite residents in a neighborhood strongly correlated to higher interest rates for home mortgage loans in the area.[13] This meant minority groups were forced to remain in urban neighborhoods, while an estimated 92.2 percent of White, middle class homebuyers received approved mortgages for suburban living.[14] According to Amy Hillier's spatial analysis of Philadelphia in the *Journal of Housing Research*, three

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[10] Michael H. Schill and Susan M. Wachter, "The Spatial Bias of Federal Housing Law and Policy: Concentrated Poverty in Urban America," *University of Pennsylvania Law Review* 143, no. 5 (1995): 1308-1309, JSTOR.
[11] Schill and Wachter, "The Spatial," 1308-1309.
[12] Teron McGrew, "The history of residential segregation in the United States and Title VIII.," *Black Scholar* 27, no. 2 (1997): 24, https://doi.org/10.1080/00064246.1997.11430856.
[13] Amy E. Hillier, "Spatial Analysis of Historical Redlining: A Methodological Exploration," *Journal of Housing Research* 14, no. 1 (2003): 153-154, JSTOR.
[14] Chudacoff and Baldwin, *Major Problems*, 416.

Philadelphia neighborhoods with a nonwhite population greater than 25% "received fewer mortgages than expected", "paid higher interest rates" and had transformed into the poorest parts of the city.[15] With the advent of suburban shopping centers, urban consumer economies also lost most of the white middle class. As such, the federal government' s home loan program allowed White Americans to prosper as the suburbs grew while minority groups and urban centers faced continual isolation and decline.[16]

SLUM CLEARANCE

Another Depression-era social housing program was slum clearance, which aimed to remove poor quality housing and its residents from urban areas. Cities' need to clear their slums emerged from the explosion in size and population of blighted neighborhoods during the Great Depression. Despite the prior existence of overcrowded and poorly constructed neighborhoods, the massive influx of opportunity-seeking workers in the 1930s caused an acute shortage of accommodations. Certain neighborhoods collapsed under the massive burden, due to their limited housing infrastructure. Such areas quickly descended into dysfunction and crime, entering the "blighted" neighborhood category. Emerging from the Great Depression, the federal government identified that the situation of blighted areas and slum-dwelling families needed to be remedied fast. For the two decades that followed, Presidents Roosevelt, Truman, and Eisenhower all promised the extinction of the slums.[17] The premise for their urgency was well founded, because in addition to signifying urban dysfunction and draining local resources, slums were also shown to be geographically contagious and a key motivation for middle class suburban flight.[18] As slum clearance efforts commenced, their shortcomings, specifically their destruction of usable housing, became a widespread problem. Public officials acknowledged that slum clearance "merely accentuate[d]" housing shortages and overcrowding.[19] The New York Times discovered that many residents displaced by slum clearance were forced to relocate to sites later zoned for slum clearance themselves.[20] One couple

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[15] Hillier, "Spatial Analysis," 159-162.

[16] Lizabeth Cohen, *A Consumers' Republic : the Politics of Mass Consumption in Postwar America* (New York: Vintage Books, 2004), 265-273.

[17] "Franklin D. Roosevelt: Fireside Chat on Economic Conditions (1938)," *American History*, last modified 2025, https://americanhistory-abc-clio-com.ezproxy.milton.edu/Search/Display/1288521.
"Harry Truman: State of the Union Message (1949)," *American History*, last modified 2025, https://americanhistory-abc-clio-com.ezproxy.milton.edu/Search/Display/255200.
"Dwight D. Eisenhower: State of the Union Message (1954)," *American History*, last modified 2025, https://americanhistory-abc-clio-com.ezproxy.milton.edu/Search/Display/254221.

[18] William J. Collins and Katharine L. Shester, "Slum Clearance and Urban Renewal in the United States," *American Economic Journal: Applied Economics* 5, no. 1: JSTOR.

[19] "HOUSING PROGRAM HELD OUT OF DATE: Two State Officials Call for Restudy and New Attack on Entire Problem Here MORE TO IT THAN SLUMS Experts Agree That Needs, Costs, Land and Relocation Policies Offer Challenges The Problem Summed Up," *New York Times* (New York, NY), May 7, 1956, accessed April 8, 2025, https://www.proquest.com/hnpnewyorktimes/docview/113616062/4625A63ACB8E42C2PQ/3?accountid=4038&sourcetype=Newspapers.

[20] Paul Crowell, "MAYOR TO CHANGE RELOCATION RULE IN TITLE I HOUSING: Inspection of New Quarters to Be Speeded -- Double Moving to Be Barred CHELSEA AREA ASSURED Jack Sets Up Committee to

lamented that despite investing their life savings into a home, "[they] were torn out by Urban Renewal", "lost... Five Thousand Dollars", and upon settling elsewhere, were removed again, only they were "too old to try to relocate."[21] Furthermore, the statistics about slum clearance show near universal signs of greater harm to minority groups than to White-Americans. According to data from 1966, of the 300,000 families displaced due to slum clearance, the majority were nonwhite.[22] One study estimated that 80% of people forced to relocate from slum clearance sites were African-Americans, earning these initiatives the moniker, "Negro removal."[23]

PUBLIC HOUSING

The last of the federal government's housing solutions for the Great Depression was public housing, designed to supplement the low numbers of affordable housing units in urban areas. Public housing originally aimed to broaden the range of housing options for middle class families and extract them from declining areas.[24] From the early 1930s to the termination of the program in 1974, 1.1 million units serving approximately 2.2 million residents were built.[25] Although the quantity of housing units may indicate that public housing served its purpose, this high-volume development created a myriad of other social problems for the program. Firstly, the development of public housing took off during the same period in which home mortgage loans were being revamped. Given that these mortgages incentivised the urban middle class—also the target crowd for public housing—to live in the suburbs, public housings' primary clients deserted the program. As a result, the program ended up catering to poor, less mobile tenants.[26] The next core flaw was that these projects were often built upon slum clearance sites as an aspect of larger urban renewal initiatives. With the Housing Act of 1937's "equivalent elimination requirement", public housing became a vessel for displaced slum dwellers, further cementing its place in urban society's margins. Thirdly, housing authorities felt inclined to maximize the land value of public housing developments, leading them to build residential towers at high densities. Because the program was designed to sustain itself with the rent paid by tenants, the poor resident demographic left the program without funds for maintenance, leading many projects to decline beyond repair.[27] Public housing's outcome, as one historian put it, was "a new, vertical ghetto [which] supplemented the old."[28]

Ease Displacement -- Rift With Wagner Is Healed MAYOR TO CHANGE RELOCATION RULES," *New York Times* (New York, NY), August 27, 1959, ProQuest Historical Newspapers.

[21] Chudacoff and Baldwin, *Major Problems*, 401.

[22] Collins and Shester, "Slum Clearance."

[23] Leland Ware, "Plessy's Legacy: The Government's Role in the Development and Perpetuation of Segregated Neighborhoods," *RSF: The Russell Sage Foundation Journal of the Social Sciences* 7, no. 1 (2021): 102, https://doi.org/10.7758/rsf.2021.7.1.06.

[24] Richard Rothstein, *The Color of Law : a Forgotten History of How Our Government Segregated America* (New York: Liveright Publishing Corporation, a division of W.W. Norton & Company, 2018), 17-18.

[25] U.S. Department of Housing and Urban Development, "HUD's Public Housing Program," U.S. Department of Housing and Urban Development, accessed April 16, 2025, https://www.hud.gov/helping-americans/public-housing.

[26] Rothstein, *The Color*, 6.

[27] Schill and Wachter, "The Spatial," 1292-1293.

[28] Chudacoff and Baldwin, *Major Problems*, 416.

Statistics support this conclusion, as 75% of public housing's residents have income levels that classify them below the poverty line and over 50% of residents lack high school diplomas, while the annual median family income of public housing residents is beneath $6500. Furthermore, 70% of families living in public housing are African-American, while 20% are Hispanic. Even worse, the poverty rates of neighborhoods with public housing developments have been documented to climb to 500% of the average from neighborhoods without public housing.[29]

UNDERLYING BIASSES

Statistical figures dictate that all of these housing programs affected minority groups at much higher rates than white Americans. In fact, some of the policies have exclusively harmed minority groups. A simple inference from this data could easily find fault with the federal government for deliberately planning their housing programs to undercut minority groups. While this claim may be justified by the numbers created by these programs, contextual factors from the 1930s and 40s, when these programs were born, add color to their shortcomings. Further exploration of these programs suggests that their disparate impact is better explained by preexisting social and structural issues, glazed over when these programs were first drafted, than by any deliberate federal design. For example, while the results of the slum clearance programs suggest that administrators may have intended to discriminate, sources regarding the legal options for minority groups' settlement suggest that a racially unequal outcome for the program was inevitable. One reason was that the composition of slums at that time was mostly nonwhite.[30] Considering that slum clearance was intended to target slums' residential population, and that slums had mostly nonwhite residents, slum clearance was required to impact minority populations since they were the ones who lived in slums. If the federal government had only sought to remove minority groups from centers of wealth and opportunity, they would have been unlikely to spend nearly 80 billion USD to redevelop depreciated housing and relocate underprivileged residents to updated urban accommodations.[31] If the program was meant to disenfranchise minority groups, it could have been done at a low expense, however former president Roosevelt pledged "three hundred million dollars worth of additional slum clearance projects" to the public, an especially high sum for the Great Depression.[32] These kinds of details reveal that slum clearance was an unlikely avenue for federal discrimination, and rather, the prior neighborhood demographics of cities led slum clearance programs to impact minorities more acutely than white Americans.

The impact of mortgage lending practices is similarly difficult to attribute to governmental design. Although during the early expansion of the suburbs, instances occurred where authorities forbade

[29] Schill and Wachter, "The Spatial," 1299-1307.
[30] U.S. Department of Commerce, "1970 Census of Population," last modified May 1974, PDF.
[31] Scott Beyer, "Tax Increment Financing Is The New Urban Renewal," The Market Urbanist, Forbes, accessed July 24, 2018, https://www.marketurbanist.com/blog/tax-increment-financing-is-the-new-urban-renewal#:~:text=But%20urban%20renewal%20also%20had%20a%20private,2%2C100%20projects%2C%20affecting%20cities%20great%20and%20small.
[32] "Franklin D. Roosevelt."

minorities from buying into private housing, trends which have spanned the lifetime of the program illustrate why minority groups were destined to experience hardship.[33] One study of America's ten largest metropolitan areas found that "price, upkeep, and age of housing… were robust estimators" of the HOLC's assignment of mortgage risk.[34] These findings infer that due to their risk of defaulting, residents in communities with poorer quality housing and lower home prices were subject to higher home loan interest rates, and a higher likelihood of having mortgages declined. When combined with the fact that minorities received almost zero home loans in comparison to white Americans, we can reason that minority homebuyers struggled much harder to find home mortgage support because they tended to reside in less desirable, higher risk neighborhoods. Although Public Housing underwent a more extensive history of segregation, the logistics of the program refute most prospects that it had a strategic architecture aimed at segregation. Projects developed early in the program saw white residents admitted at more than twice the rate of nonwhite residents, and the segregation of white tenants and minority tenants between buildings.[35] As the program matured however, the trajectory of the program began to resemble that of slum clearance and mortgage lending. From 1950 to the mid 1960s, 97% of public housing was developed in neighborhoods with an African American population greater than 84%.[36] Although these statistics demonstrate an explicitly discriminatory outcome, we can recall that public housing was almost always built over cleared slums, and that developments were required to accommodate displaced slum dwellers. Since slums had majority non white populations, public housing's greater impact on minority residents boiled down to the fact that the program was meant to uplift struggling communities, which were primarily minority neighborhoods.

COUNTERARGUMENTS AND LIMITATIONS

The strongest counterargument to this paper's central claim is that the record cited above sounds less like inherited bias than like conscious design. Milton Dashiel's words that African-Americans possessed an "intense desire" to live near white residents, the New York Times' description of Black homeownership as an "invasion," Robert Whitten's warning against the "encroachment of the colored race," and the Federal Housing Administration's own caution against "incompatible racial and social groups" are all explicitly, not implicitly, racist. A reader could reasonably conclude that officials who used this language knew exactly what they were doing, and that the resulting disparities were not an unintended side effect but the intended outcome of policy built by people who said, in writing, what they wanted to accomplish. This paper's response to that counterargument rests on a distinction between the actors who used explicitly racial language and the administrative criteria that federal programs ultimately codified. The city ordinance author, newspaper editor and a city planner quoted above were describing and justifying racial

[33] Rothstein, *The Color*, 6.

[34] James L. Greer, "Historic Home Mortgage Redlining in Chicago," *Journal of the Illinois State Historical Society (1998-)* 107, no. 2 (2014): 221, https://doi.org/10.5406/jillistathistsoc.107.2.0204.

[35] Banks v. Housing Authority, 106 P.2d 879, 879 (9th Cir. Aug. 26, 1953). Accessed April 3, 2025. https://law.justia.com/cases/california/court-of-appeal/2d/120/1.html.

Chudacoff and Baldwin, *Major Problems*, 417.

Rothstein, *The Color*, 5.

[36] Schill and Wachter, "The Spatial," 1295.

exclusion in racial terms. But the mechanisms that the federal programs actually used to allocate mortgages, clear slums, and zone public housing projects were not framed in racial terms at all: HOLC risk appraisals turned on price, upkeep, and the age of housing; slum clearance targeted neighborhoods by measures of physical blight and overcrowding; public housing eligibility turned on income and displacement status. None of these criteria mentioned race. This paper argues that this is precisely the mechanism by which discrimination became structural rather than intentional at the federal level: the racial prejudice openly stated by local actors and earlier ordinance-writers had already reshaped which neighborhoods counted as "blighted," "risky," or "declining" by the time federal administrators wrote supposedly neutral rules for evaluating them. The bias entered the system through the categories themselves, not through an explicit federal instruction to discriminate. This distinction is admittedly a fine one, and a reader who weighs the explicit language quoted above more heavily than the facial neutrality of the federal criteria could reasonably reach the opposite conclusion.

This paper's argument is also limited in several respects. First, much of its quantitative evidence like mortgage approval rates, interest-rate disparities, and public housing demographics are drawn from secondary scholarly analysis rather than from primary archival sources. Direct examination of the HOLC's original residential security maps or FHA underwriting manuals could have either strengthened or complicated this paper's claims about how neutral federal criteria actually were. Second, this paper's case evidence clusters around cities in the Northeast and Midwest, and may not generalize to federal housing programs' administration in regions with different demographic histories, such as the rural South or the West Coast. Third, the paper's method is qualitative and historical rather than statistical; it does not attempt to isolate, through regression or other quantitative controls, how much of each program's disparate impact is explained by ostensibly neutral criteria, such as housing age, price, and income, as opposed to residual discrimination in each program's day-to-day administration. Future research using digitized primary sources alongside quantitative controls for housing stock and income could test this paper's central claim more rigorously than a chronological, document-based analysis is able to do.

CONCLUSION

These three programs share a disproportionate minority impact because of the same, fundamental problem: high minority occupancy of slums. Given that slums' elimination was the foundation of all revitalization initiatives, no matter the shape or form these programs took, their disparate impact mandated that minority groups shoulder the burden of the program. Even though their primary goal was urban revitalization, federal housing initiatives unknowingly designated minority groups as their targets before even a single policy was enacted. Because of this, minority groups' suffering from federal housing programs was not a direct result of the initiatives themselves, but rather the preceding movements which resulted in higher minority occupancy of these blighted areas. From the start of the 20th century leading up to the Great Depression, the penetration of anti-minority images and stereotypes into white Americans' collective psyche skewed the racial impact of valiant federal efforts to disrupt and improve urban housing situations in the three decades that followed the Great Depression. The devastating impacts of these programs which were intended to not only support, but uplift underserved urban communities question how much room for change really exists in an ecosystem with deeply rooted biases.

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