

## **Answers to Housing Quiz**

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### **1. E. 98 percent**

Beginning in the 1930s and 1940s, the federal government created programs that subsidized low-cost home loans, opening up homeownership to millions of Americans for the first time. At the same time, government underwriters introduced a national appraisal system tying property value and loan eligibility to race, inventing "redlining," and effectively locking nonwhites out of homebuying just as most middle-class white Americans were beginning to purchase homes.

### **2. D. Affirmative action quotas**

Federal affirmative action guidelines specifically prohibit quotas. Beginning in the 1930s, the Federal Housing Administration and related programs made it possible for millions of average white Americans to own a home for the first time and set off the post-WWII suburban building boom. The government established a national neighborhood appraisal system, explicitly tying mortgage eligibility to race, a policy known today as "redlining." The FHA and other government policies made possible the post-World War II all-white suburbs, while people of color in central cities were denied loans. Government policies and practices helped create two legacies that are still with us today: segregated communities and a substantial wealth gap between whites and nonwhites, much of which can be traced to the differential value of their homes.

### **3. B: Eight times as much**

Probably no one statistic better captures the cumulative disadvantage of past discrimination than wealth. Even at the same income levels, whites still have, on average, twice as much wealth as nonwhites. Much of this difference is due to the different rates of homeownership and the different values of homes in white and black neighborhoods. But wealth is not only the end point, it's the starting line for the next generation - helping finance your children's education, helping them through hard times, or helping with the downpayment of their own home. Economists estimate 50-80% of one's lifetime wealth accumulation can be traced to this head start. As wealth gets passed down from generation to generation, the legacy of past discrimination accumulates, giving whites and nonwhites vastly different life chances.

### **4. D. White net worth is more than two times greater**

See above (Question #3) for explanation.

### **5. C. Less than 1%**

According to the 2000 Census, whites are more likely to be segregated than any other group. This is largely a result of past housing discrimination, but it is perpetuated today by unfair practices such as predatory lending, racial steering and a substantial wealth gap between black and white families. Today, 71% of whites own their own home, compared to 44% of African Americans. Black and Latino mortgage applicants are 60% more likely than whites to be turned down for loans, even after controlling for employment, financial, and neighborhood characteristics. On average, nonwhites who are approved for mortgages still pay higher rates.

### **6. A. 1964 Civil Rights Act**

The Civil Rights Act made racial discrimination in public places illegal. The other programs are all examples of racial preferences - for white people. Over a 40-year period, the Homestead Act gave away, for free, 270 million acres of what had been Indian Territory, almost all of it to white people. The Naturalization Act allowed only "free white persons" to adopt citizenship, thus opening our doors to European immigrants, but barring Asians and other groups. Racial barriers to citizenship were not removed until 1952. The Federal Housing Administration made it possible for millions of average white Americans - but not others - to own a home for the first time. (see #2 above). And the Social Security Act specifically exempted two occupations from coverage: farmworkers and domestics, both largely nonwhite.