

Growing Anti-racist UU's: A Curriculum for Children

www.uucharlottesville.org/anti-racist-curriculum/

Wealth Gap - Lesson 8 for Grades 3-5+

by Linda Dukes and Dinny Jensen

LESSON OVERVIEW

Introduction

This lesson deals with the influence that redlining had on the racial wealth gap in the United States. Redlining represents White Supremacy at an insidious, systemic level, yet many Americans don't know about it.



This is a full lesson and could be split into two! **If you don't have one long session or two shorter sessions for the topic of the Wealth Gap, you will need to choose either Activity 2 or 3.** The authors believe both are valuable!

This lesson would also be appropriate for all ages from 6th graders through adults with just a bit of modification. With older participants, perhaps the role playing would be omitted and participants be offered the opportunity to explore the Mapping Inequality website during the session using laptops or pads.

Goals

- To teach how redlining affected whether Black and White families could build family wealth through home ownership.
- To change the narrative about racial poverty.

Learning Objectives

To understand that redlining was unfair and that it led to a large average gap in family wealth between white, African Americans, and Latinx Americans.

Acknowledgments

- Video "Adam Ruins Everything - The Disturbing History of the Suburbs" <https://www.youtube.com/watch?v=e68CoE70Mk8&feature=youtu.be>
- Website "Mapping Inequality: Redlining in New Deal America"
- Role Play about Redlining – adapted from "Why is This the Only Place in Portland I See Black People/" by Katharine Johnson <https://www.rethinkingschools.org/articles/why-is-this-the-only-place-in-portland-i-see-black-people-teaching-young-children-about-redlining>
- Article from Washington Post, "Democracy Dies in Darkness," 9-28-17.

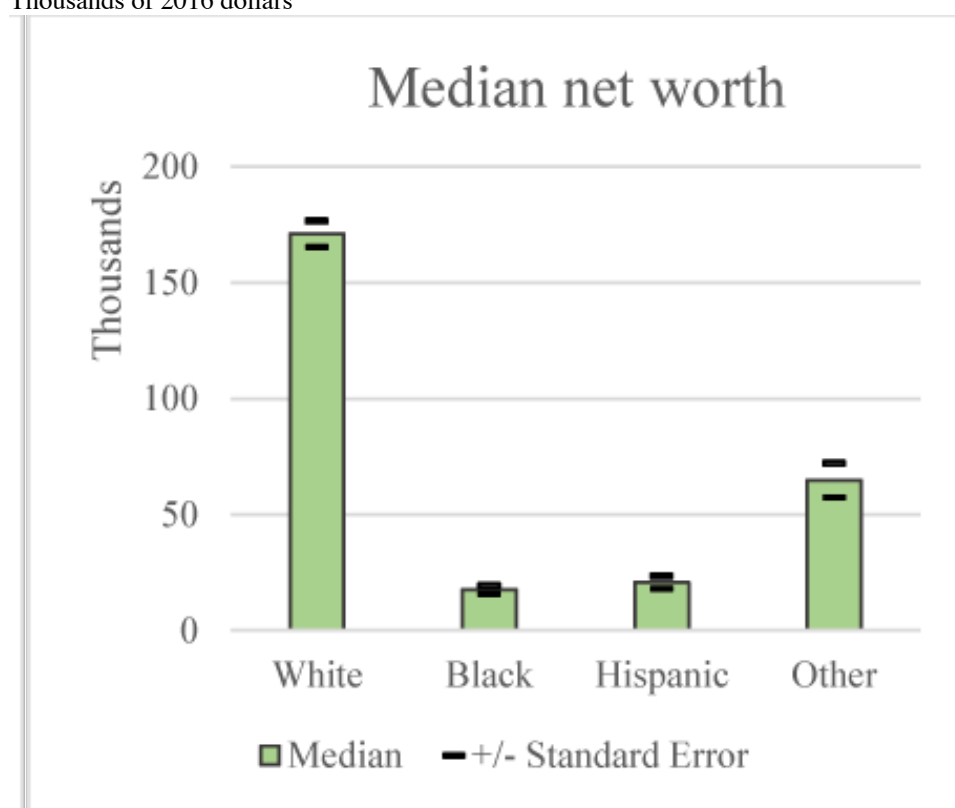
Lesson-at-a glance

Opening	5 minutes
Activity 1: Introduction to the Racial Wealth Gap	15 minutes
Activity 2: Redlining Case Study	12-20 minutes
Activity 3: Redlining Role Play	25 minutes
Closing:	5 minutes

LEADER PREPARATION

Please read both this section and the Leader Resources near the end of this lesson plan. Decide which resource should be reproduced as a handout for parents.

Thousands of 2016 dollars



Source: Federal Reserve Board, Survey of Consumer Finances.

<https://www.federalreserve.gov/econres/notes/feds-notes/recent-trends-in-wealth-holding-by-race-and-ethnicity-evidence-from-the-survey-of-consumer-finances-20170927.htm>

- In 2016, white families had the highest level of median family wealth: \$171,000.
- Average Black and Hispanic families had considerably less wealth than average white families.
- Black families' median net worth was less than 15 percent of white families, at

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\$17,600.

- Hispanic families' median net worth was \$20,700.
- Other families--a diverse group that includes those identifying as Asian, American Indian, Alaska Native, Native Hawaiian, Pacific Islander, other race, and all respondents reporting more than one racial identification--had lower net worth than white families but higher net worth than black and Hispanic families.

Materials for Lesson

- Tech set up to show youtube video
- Pictures of houses from simple to more elaborate from Leader Resources
- Graph of United States racial wealth gap from Leader Resources
- Flip chart paper
- Markers
- *For Activity 2:*
 - Color copy of Redlining Map of Richmond, VA (or another city)
 - Two or three copies of descriptions of Red, Blue and Green zones from web site (some from Richmond are in Handout 1)
- *For Activity 3:*
 - Posterboard signs labeled with names of various characters for role play with yarn to go around children's necks to hold on the signs
 - Copies of roles (cut apart) from Handout 2 (See note at beginning of Activity 3 in case you wish to change the roles to substitute Latinx or Indigenous people.)
 - Copies of fill-in forms for role play from Handout 3 (cut apart)
- Copies of article "Democracy Dies in Darkness" (Handout 4) for parents (and email it after class).

LESSON PLAN

Welcoming and Entering (follow usual routine for class) (5 minutes)

Light Chalice

Reading: We come today to look for some of the truth behind why some people are rich and others poor. It's a complicated story that includes the U.S. government and racism. As we look into the flame of this chalice, we hope to understand this truth.

Share Joys and Concerns

Activity 1: Introduction to the Racial Wealth Gap (15 minutes)

Ask why do children think some people are poor and others are not? Discuss.

Give basic information on racial wealth gap, adapted to a 3-5th grade level:

Here is one way to look at how much wealth a family has (how rich or poor they are): If you add up everything they own (car, bank account, part of a house they own, etc.) and subtract whatever they owe (to credit cards, banks, etc.), you have the family's wealth.

White family wealth (median*) was 10 times greater than black family wealth and 8½ times greater than Hispanic family wealth in 2016.

*half above and half below

Briefly show graph (Leader Resource 1)

Ask why children think this gap might exist. Discuss and make a list of reasons that children believe may cause today's wealth gap. Be sure someone says that many people think that if you work hard enough and also get a good education, you will get ahead. Also if it's not mentioned, be sure to ask about further back in history – slavery, using the labor of millions of Black people without paying them led to White people getting richer.

Briefly explain how a home loan (mortgage) works to builds equity (wealth). White families could get home loans to buy a small house, and then later sell it for more money and buy a bigger house. (Use pictures of houses from Leader Resource 4 to show how wealth can grow from real estate investments.) Black and Brown families couldn't get these loans and so couldn't build up their money in the same way. Let's see how that worked in this video.

Show youtube video, "Adam Ruins Everything - The Disturbing History of the Suburbs" <https://www.youtube.com/watch?v=e68CoE70Mk8&feature=youtu.be> (6 minutes). (This is a quick and engaging way to explain redlining.)

Add to list of why wealth gap exists.

Answer questions about video or lead directly to Activity 2.

Activity 2: Redlining case study (12-20 minutes)

Redlining was a discriminatory practice in banking and real estate. Bank lenders refused to lend money or extend credit to borrowers in certain areas of town. These areas were where people in poverty or people of color lived. It is against the law today, but at one time redlining was perfectly legal. There are still people who violate the laws and use unfair ways to decide who can get a loan to buy a house and who can't.

If you pay careful attention, you might be able to teach your family or teachers something, because many Americans still don't know about redlining!

Teacher preparation: do a web search for "Mapping Inequality" and choose a city. If you choose Richmond, VA, see Handout 1 for the redlining map of Richmond and copies of the actual forms used by banks to make decisions about home loans. Examples in Handout 1 are for neighborhoods labeled as Blue, Green and Red (for simplicity, Yellow has been left out). Because the screen shots of the website that are

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included here are much more difficult to read than the website itself, some of the key parts are typed below the documents.

Show redlining maps of Richmond or a city near you. Say that redlining happened all over the country, not just in the south. Discuss the meaning behind the descriptions of the colors on the map.

Divide the class into three groups and give each group a neighborhood of a different color (Red, Green, or Blue). Have groups read actual descriptions used on redlining maps together (see pages of Handout 1) and then tell the whole class about the neighborhood that they were assigned. It helps to have an adult with each group. Discuss what this meant to African American and Hispanic/Latinx families in terms of ability to buy homes and build wealth, leading to one reason for wealth inequality today. **Discuss how—now that they know about redlining and how it led to a racial wealth gap--this may change how we think about the “working hard” story of how people get ahead. Yes, many families – from all racial groups – have worked hard, but Black and Latinx families have had added barriers put in their way by policies of the U.S. government, banks, and real estate companies – plus, of course, the racism of White people.**

Activity 3: Redlining Role Play (25 minutes) – Use this activity if you have a long enough overall session.

Role Play about Redlining – adapted from “Why is This the Only Place in Portland I See Black People?” by Katharine Johnson (Some of the questions and the roles are taken almost directly from this article.)

<https://www.rethinkingschools.org/articles/why-is-this-the-only-place-in-portland-i-see-black-people-teaching-young-children-about-redlining>

Note to teachers: If you live in an area with few African Americans but many Latinx or Indigenous people, you may want to adjust these roles accordingly.

To teachers: everyone can have a role, including two adults. If you have many children, you can simply have more than one person playing some of the roles. If someone really doesn't want to take a role, they can be asked to be an observer and notice what is happening. See Handout 2 for the roles to copy and pass out.

Say to the children: You each have a role of someone affected by redlining. If you decide later that you don't want to act out that role, someone else will do it for you. Some roles are people of a different race from you; some are the same race as you.

The role you have (“your person”) might want something different from what the real you wants. Remember, we are *acting* the way someone else would act. Imagine yourself as that person. Use what you already know to help you imagine being someone else.

(Pass out papers with written roles and signs with yarn to go around their necks, so everyone can tell who is playing what role. This also helps children realize they are speaking in that role, not for themselves.)

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Invite everyone to share aloud information about their roles. Suggested order:

African American renter (an adult has this role)

White real estate agent

African American homeowner

White banker (Both an adult and a child have this role. The adult will act it out in the first scene with the child beside them. In later scenes the child can do it, if they feel comfortable.)

White homeowner

White mayor

Does the situation sound like something people should change?

Will it be easy to change this injustice (something that's not fair)?

Most children will say "no" but a possible answer might be "My person doesn't want to let Black people into the neighborhood. My person doesn't want change."

Who (else) has a person who will not want change to happen? (probably White Homeowners, White Banker, White Real Estate Agent, White Mayor)

So different people want different things. Some want justice and some don't. Remember, if your character doesn't want justice that *does not mean that you*, the real you, doesn't want justice. It is your job to play your role so our story about redlining seems true. **Playing your role doesn't mean you believe what your character believes.**

Now you get to invent a name for your person and answer these questions as if you are that person. (Handout 3)

My name is . . .

I want . . .

I worry about . . .

OK, now we are ready to do our role play. Let's see what might have happened when African American families tried to buy a house.

(Start with adults playing an African American renter going to Banker for a loan.)

To teachers: throughout role plays, as needed, prompt with "**What do you think your character would do now? What should happen next?**"

Other suggested scenes:

- African American Homeowner going to White Real Estate Agent
(You could prompt the real estate agent "How can you be sneaky about refusing them? You can't come right out and say no loans for Black people. What can you do or say?")
- African American Homeowner going to Banker for loan
- White Homeowners learn that an African American family wants to move to their neighborhood. What do they say/do?
- African American Homeowner and Renters and White Homeowners go to White Mayor.

To teachers: When both African American renters and owners are denied by realtors, bankers, and the mayor, ask:

"What action can you take? You need a house. You have a right to a house. What might someone who wants justice do?"

(perhaps a student will organize a protest . . .)



De-briefing

How did you feel?

What did you learn?

How did injustice show up again and again?

How did people act for justice?

Have you seen a situation like this in real life?

Has anyone in your family ever told you about a situation like those we saw in the role plays?

How could you explain redlining to your family, friends, or teachers?

Closing (follow your usual closing routine)

We can't understand what is happening today if we don't search into the past for truth. When we find injustice, we can work for change and fairness today. Our Unitarian Universalist faith calls us to work for justice!

Extinguish Chalice

Hand out article to families

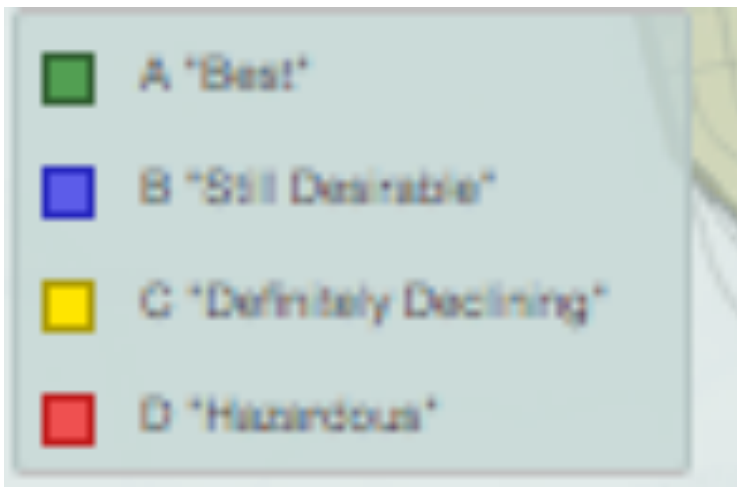
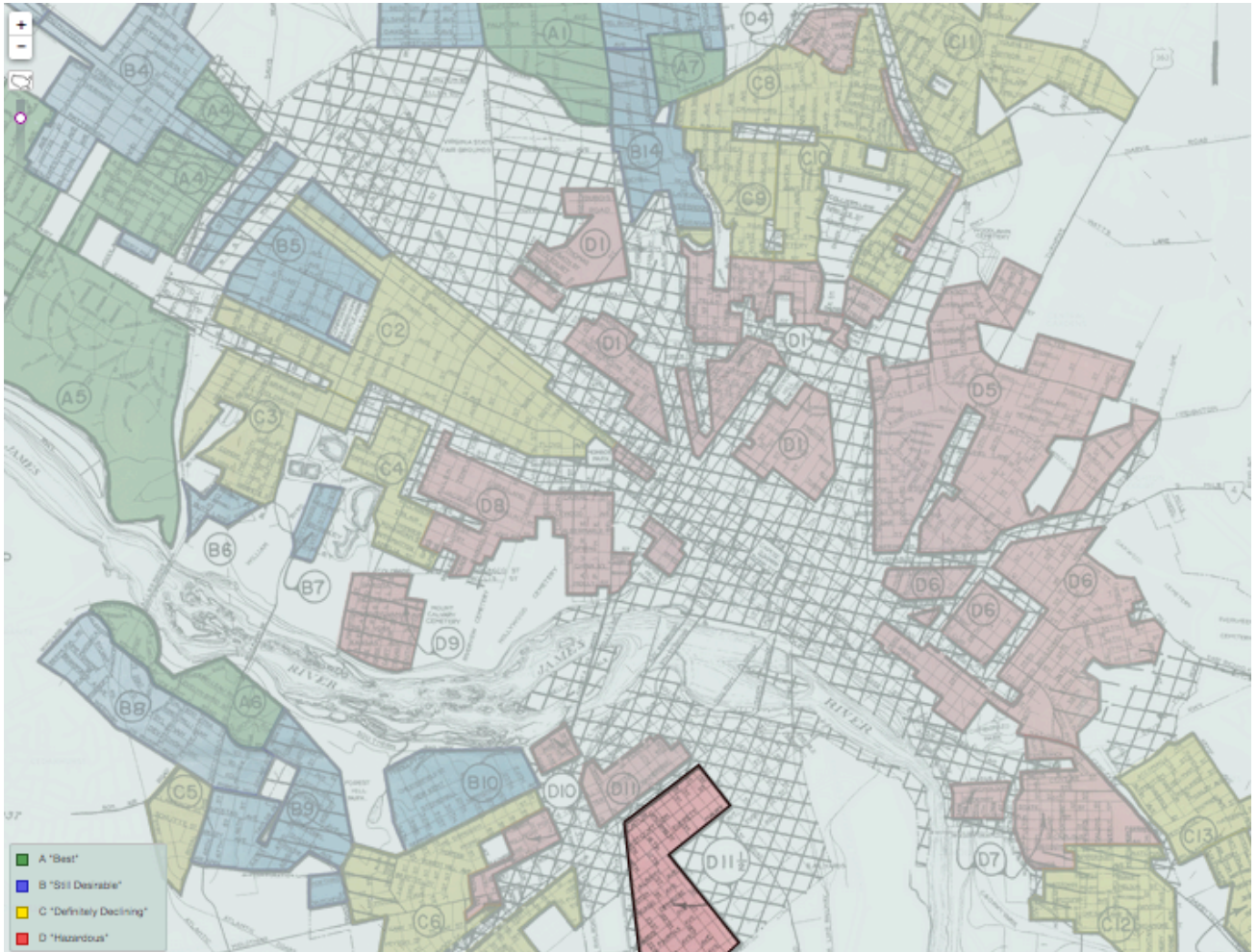
Leader Reflection and Planning

When class ends, please stop for a minute with your co-teacher to...

- Take a deep breath together and acknowledge that you have done one thing today for racial justice. Sometimes the problems seem so huge that we need to find specific actions we can take, and this is one of them.
- Discuss if any children weren't fully included in the lesson and how they might be in the future.
- Note any issues that you want to follow up on in the next class.
- Note any issues that you want to mention to your congregation's racial justice curriculum planners or your religious educator.

Taking It Home (hand out article “Democracy Dies in Darkness” for families, Handout 4)

HANDOUT 1 (4 pages) – only a few copies are needed – at least the map in color
Redlining Map of Richmond – note key at bottom



Green A "Best"

Blue B "Still Desirable"

Yellow C "Definitely Declining"

Red D "Hazardous"

Richmond area A 5 (green, "Best")

MS FORM-6
2-3-37

AREA DESCRIPTION
(For Instructions see Reverse Side)

Windsor Farms: Cary St. Road, Portland Place, Avon Road, Lock Lane,
Southeastern tip of Green known as Rothway

1. NAME OF CITY Richmond, Virginia SECURITY GRADE A AREA NO. 5

2. DESCRIPTION OF TERRAIN. Windsor Farms rolling, except on the river where it is hilly. Rothway is hilly.

3. FAVORABLE INFLUENCES. Most desirable area in or about Richmond.

4. DETRIMENTAL INFLUENCES. None.

5. INHABITANTS:

a. Type Best people ; b. Estimated annual family income \$7,500 & upward

c. Foreign-born 0 % ; d. Negro 0 %
(Nationality) (Sex or No)

e. Infiltration of 0 ; f. Relief families 0 ;

g. Population is increasing yes ; decreasing no ; static.

6. BUILDINGS:

a. Type or types Brick on 100 ft. ; b. Type of construction Some stone houses ;
lots up to 10 & 15 acre estates

c. Average age 2 to 3 years ; d. Repair Excellent

7. HISTORY:

YEAR	SALE VALUES			RENTAL VALUES		
	RANGE	FREEDOM- INATING	\$	RANGE	FREEDOM- INATING	\$
1920 level	Few built at this time		100%	Owner Occupied		100%
1929 low	\$85,000-100,000	\$20,000		All built during the depression		
1937 current		30,000				

Peak sale values occurred in _____ and were _____ % of the 1920 level.

Peak rental values occurred in _____ and were _____ % of the 1920 level.

8. OCCUPANCY: a. Land 20 % ; b. Dwelling units 100 % ; c. Some owners 100 %

9. SALES DEMAND: a. Good ; b. \$20,000 ; c. Activity is Year

10. RENTAL DEMAND: a. Owner occupancy ; c. Activity is _____

11. NEW CONSTRUCTION: a. Types Single family ; b. Amount last year 25

12. AVAILABILITY OF MORTGAGE FUNDS: a. Home purchase Good ; b. Home building Good

13. TREND OF DESIRABILITY NEXT 10-15 YEARS Upwards

14. CLIPPING REMARKS: Toward the river front there are a number of homes worth \$50,000 and upward. One home in Rothway sold at \$85,000. On one a life insurance company owns a mortgage at \$30,000.

3. FAVORABLE INFLUENCES: Most desirable area in or about Richmond.

5. INHABITANTS

- a. Type: Best people
c. Foreign Born: 0%
- b. Estimated annual family income: \$7,500 & upward
d. Negro: 0%

6. BUILDINGS d. Repair: Excellent

12. AVAILABILITY OF MORTGAGE FUNDS: a. Home purchase: Good b. Home building: Good

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Richmond area B 5 (blue, "Still Desirable")

HO FORM-6
2-3-37

AREA DESCRIPTION
(For Instructions see Reverse Side)

Known as West End

1. NAME OF CITY Richmond, Virginia SECURITY GRADE 2 AREA NO. 5

2. DESCRIPTION OF TERRAIN Flat, but well drained.

3. FAVORABLE INFLUENCES.

4. DETRIMENTAL INFLUENCES.

5. INHABITANTS:

a. Type Salaried class ; b. Estimated annual family income \$ 2,000-3,000

c. Foreign-born 0 % ; d. Negro 0 %
(Nationality) (Yes or No)

e. Infiltration of 0 ; f. Relief families 0 ;

g. Population is increasing No ; decreasing No ; static. Yes

6. BUILDINGS: Apts., Duplexes

a. Type or types and singles ; b. Type of construction Brick ;

c. Average age 10 to 25 years ; d. Repair Fair

7. HISTORY:

YEAR	SALE VALUES			RENTAL VALUES		
	RANGE	FREEDOM- INATING	\$	RANGE	FREEDOM- INATING	\$
1929 level	All mixed up. Values from \$75,000 to \$,000		100%	Rentals run from		100%
1933 low	"	"		\$40 to \$75		
1937 correct	"	"		" "		

Peak sale values occurred in _____ and were _____ % of the 1929 level.

Peak rental values occurred in _____ and were _____ % of the 1929 level.

8. OCCUPANCY: a. Land 100 %; b. Dwelling units 100 %; c. Home owners 100 %

9. SALES DEMAND: a. Fair for _____ ; b. \$5,000 to 7,000 ; c. Activity is limited
small homes only

10. RENTAL DEMAND: a. Good ; b. \$40 to 60 ; c. Activity is filled up

11. NEW CONSTRUCTION: a. Types none ; b. Amount last year none

12. AVAILABILITY OF MORTGAGE FUNDS: a. Home purchase Good ; b. Home building Good

13. TREND OF DESIRABILITY NEXT 10-15 YEARS _____

14. CLARIFYING REMARKS: This area has everything from abandoned homes at one time worth \$100,000, to small homes worth \$5,000. There are any number of apartment buildings anywhere from 2-family to 12-family apartments; will not sell on less than 25% gross return.

5. INHABITANTS

- a. Type: Salaried class
c. Foreign Born: 0%
- b. Estimated annual family income: \$2,000-3,000
d. Negro: 0%

12. AVAILABILITY OF MORTGAGE FUNDS: a. Home purchase: Good b. Home building: Good

Richmond area D 11 1/2 (red, "Hazardous")

NO FORM-8
2-3-37

AREA DESCRIPTION
(For Instructions see Reverse Side)

1. NAME OF CITY Richmond, Virginia SECURITY GRADE D AREA NO. 11 1/2

2. DESCRIPTION OF TERRAIN.

3. FAVORABLE INFLUENCES.

4. DETRIMENTAL INFLUENCES.

5. INHABITANTS:

a. Type Negro ; b. Estimated annual family income \$ 500-750

c. Foreign-born 0 % ; d. Negro Negro : 95 %
(Nationality) (Yes or No)

e. Infiltration of 0 ; f. Relief families Relatively high ;

g. Population is increasing 0 ; decreasing 0 ; static. Yes

6. BUILDINGS:

a. Type or types Single ; b. Type of construction Frames ;

c. Average age 25 years ; d. Repair Bad for whites; Fair for darkies

7. HISTORY:

YEAR	SALE VALUES			RENTAL VALUES		
	RANGE	FREEDOM- INATING	\$	RANGE	FREEDOM- INATING	\$
1929 level		\$2,000	100%		\$17	100%
1933 low		1,200			12.50	
1937 current		1,200			12.50	

Peak sale values occurred in _____ and were _____ % of the 1929 level.

Peak rental values occurred in _____ and were _____ % of the 1929 level.

8. OCCUPANCY: a. Land 50 % ; b. Dwelling units 100 % ; c. Home owners 25 %

9. SALES DEMAND: a. None ; b. _____ ; c. Activity is _____

10. RENTAL DEMAND: a. Good ; b. \$12.50 ; c. Activity is Good

11. NEW CONSTRUCTION: a. Types None ; b. Amount last year _____

12. AVAILABILITY OF MORTGAGE FUNDS: a. Home purchase 35% to ; b. Home building No building
40% of appraisal

13. TREND OF DESIRABILITY NEXT 10-15 YEARS _____

5. INHABITANTS

- a. Type: Negro
c. Foreign Born: 0%
- b. Estimated annual family income: \$500 - 750
d. Negro: 95%
f. Relief families: Relatively high [on govt. Welfare]

6. BUILDINGS

d. Repair: Bad for whites; Fair for darkies

12. AVAILABILITY OF MORTGAGE FUNDS: a. Home purchase: 35-40% of appraisal
b. Home building: No building

Roles for Redlining Role-Play

(cut apart for each person – you may need more than one of some roles if your class is large)

African American Homeowner

You are an African American homeowner. You live in a segregated neighborhood called Church Hill. Most of the people who live in your neighborhood are also African American. You like your neighbors a lot.

Most of the businesses in your neighborhood are owned by African Americans. You like going to Darrell's Ice Cream Shop with your family and getting your hair cut at Calvin's Barbershop.

You like your house, but you want to move so you can be closer to your job. You want to sell your house and buy a new one.

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White Homeowner

You are a White homeowner. You live in a segregated neighborhood. All of your neighbors are White families. All of the businesses in your neighborhood are owned by White people.

An African American family wants to move into the house on your block that is for sale. Some of your neighbors want to stop them. Your neighbors tell you they are worried their houses will be worth less money if Black people live in the neighborhood.

--

White Real Estate Agent

You are a White real estate agent—someone whose job it is to sell houses. You are selling a house in a segregated neighborhood where only White people live.

A Black family asks you to show them the house because they might want to buy it. You know that the White community will be angry if you sell a house to an African American family.

You know you might get in trouble at your job. You could even lose your job if you sell to African American families outside the red line. The other real estate agents and you all promised not to sell houses to African American families in White neighborhoods.

White Banker

You are a White banker. Your bank makes loans to help people buy houses. Your boss has told you that you are not allowed to loan money to African American families who want to buy a house. He said you absolutely cannot loan money to Black people who want to buy in a White neighborhood.

Your boss gave you a map with a red line drawn around the neighborhoods where African American people can live.

The bankers all agreed to pretend that the loans African American people tried to get were not for enough money. You are supposed to say that the loan is too small when African Americans ask for a loan. That way you won't get in trouble for being racist, but you won't have to give a loan to African Americans customers.

Even if they want to buy a house in a segregated black neighborhood, you are not supposed to loan any money to African American people.

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White Mayor

You were elected by the people of your town to be their mayor. Some African American families are trying to buy houses in neighborhoods where only White families live.

The White people are asking you to stop them.

The African Americans are asking you to help them be able to buy houses.

Some of the town's bankers and real estate agents have asked you to keep things just the way they are.

What can you do?

--

African American Renter

You are a young African American parent. You have been saving up your money to buy a house for you and your family. You are ready to buy a house, but you need a loan from a bank.

The house you want to buy is near where you live now. The house is in a segregated Black neighborhood called Church Hill. You like living in that neighborhood because all your friends are there and you like to feel safe and comfortable.

You try to get a loan for your house, but no bank will give you one. You have heard about a company called Lincoln Loan that might make a loan to you. You are worried that Lincoln Loan is not fair and honest because you have heard about other people who got cheated by them.

My name is _____.

I am a _____.

I want _____

_____.

I worry about _____

_____.

--

My name is _____.

I am a _____.

I want _____

_____.

I worry about _____

_____.

Washington Post, 3-31-17

Democracy Dies in Darkness

White families have nearly 10 times the net worth of black families. And the gap is growing.

By [Tracy Jan](#) September 28, 2017



Harmony Bryant, 13, and Jayla Bryant, 10, ride their bikes in their Kettering, Md., neighborhood in 2014. The Bryants were part of an expanding black middle class in Prince George's County, but the housing crash stripped half the value from their home. (Michel du Cille/The Washington Post)

Despite gains in income and wealth, the economic chasm between black and Hispanic families and their white counterparts widened between 2013 and 2016 — even when it comes to Americans with comparable levels of education, according to [data](#) released Wednesday by the Federal Reserve.

The median net worth of whites remains nearly 10 times the size of blacks'. Nearly 1 in 5 black families have zero or negative net worth — twice the rate of white families.

While white families largely recovered from the Great Recession by 2013, black and Hispanic families did not begin to see economic gains until now. And still, the median income for black and Hispanic households has not yet reached 2007 levels.

So what explains the simultaneous truths of black and Hispanic families accumulating wealth at a higher rate than white families AND the increasing racial economic disparities? Simple math, economists say.

Black and Hispanic families have far less money than whites to begin with, so any bump as a result of the nation's economic recovery would appear to be disproportionately large.

“White households had a head start in rebuilding wealth relative to black and Hispanic households,” said Valerie Wilson, director of the Economic Policy Institute's program on race, ethnicity, and the economy. “Black and Hispanic households see larger percentage gains simply because they were starting from a lower level.”

*[\[White people are really confident that things are getting better for black people\]](#) **

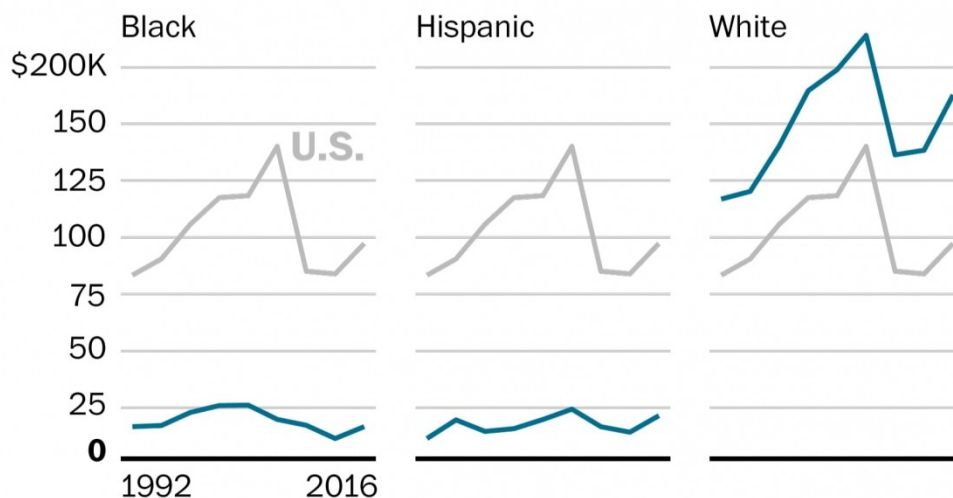
While net worth for all racial groups fell by about 30 percent during the Great Recession, black and Hispanic families experienced an additional 20 percent decline between 2010 and 2013 at a time when wealth stabilized for white families.

“If you're poor and you go through a tough period, you use all your savings to get through it,” said Jeffrey Eisenach, an economist and managing director at NERA Economic Consulting, which released a [study](#) in

December on Latino prosperity. “If you go from having very little to doubling that, you still may not have very much, but you see a big percentage gain.”

Whites’ net worth is substantially higher than the rest of the country

Median net worth (in 2016 dollars)



Source: Triennial Survey of Consumer Finances

THE WASHINGTON POST

Between 2013 and 2016, net worth increased 46 percent for Hispanic families, 29 percent for black families, and 17 percent for white families, according to Wednesday's Fed report.

But the wealth gap between black and white families grew by 16 percent during that time, and by 14 percent between Hispanics and whites. In 2016, white families had a median net worth of \$171,000, compared with \$17,600 for blacks and \$20,700 for Hispanics.

Put another way, nearly half of black and Hispanic households had a net worth of less than \$50,000 in 2016, compared with about a fifth of whites. At the other end of the income spectrum, 15 percent of white households reported a net worth of more than \$1 million, compared with about 2 percent of blacks and Hispanics.

Incomes also increased across all racial groups between 2013 and 2016, marking a dramatic shift from the previous three-year period, when income fell for all groups except whites.

In 2016, white families earned a median income of \$61,200, a 6 percent increase from 2013. Black family income rose 10 percent to \$35,400, and Hispanic family income rose 15 percent to \$38,500.

[*\[Bolster black banks — and in the process, uplift a community that has been systematically marginalized for generations\]*](#) **

The Fed reports its Survey of Consumer Finances every three years, surveying more than 6,200 households about their income, debt, stock holdings and other financial assets. It's considered one of the deepest dives into the total net worth of American families.

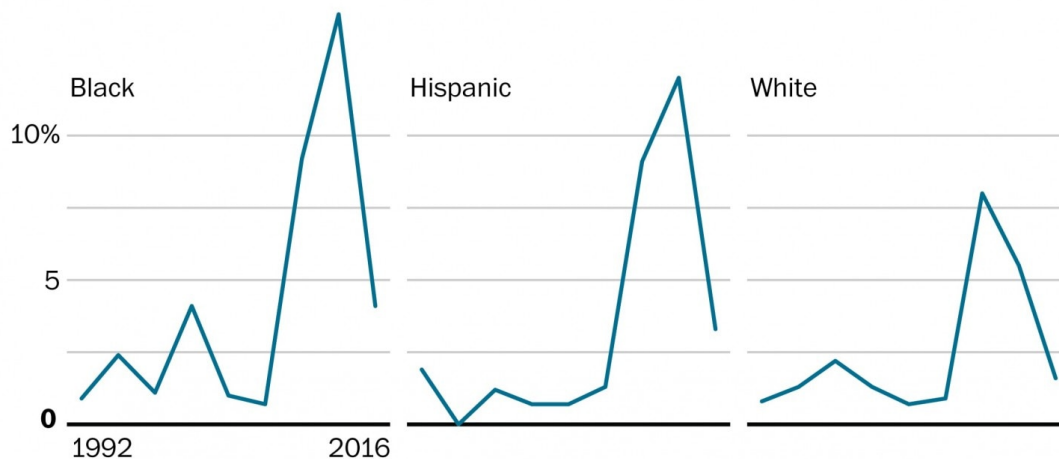
Among the factors that contribute to disparities in net worth: homeownership rates, retirement savings and student debt.

More than 70 percent of white families own their homes, compared with less than half of black and Hispanic families. White families also hold higher levels of equity in their homes.

However, the percentage of black families whose [homes were underwater](#) fell dramatically, from 14 percent in 2013 to 4 percent in 2016. Hispanic families experienced a similar drop in negative equity, from 12 percent in 2013 to 3 percent in 2016. But they still lagged behind white families, with less than 2 percent owing more than the value of their homes in 2016.

Fewer families have mortgages underwater

Share of homeowner families with negative equity



Source: Triennial Survey of Consumer Finances

THE WASHINGTON POST

Sixty percent of white families reported having retirement savings, about double the rate of black and Hispanic families. White families are also twice as likely to own a business.

And black families were the most burdened by education loans, with 31 percent reporting college debt, compared with about 20 percent of Hispanics and whites.

Fed economists offer other potential reasons for the racial wealth gap: white households are older, more highly educated, more likely to have received an inheritance, and are less likely to be headed by a single parent than their black and Hispanic counterparts.

But even among families headed by someone with a college degree, median net worth for white families is substantially higher at \$397,100 — compared with well below \$100,000 for black and Hispanic families.

“In dollar terms, blacks and Hispanics are continuing to fall further behind,” said Caroline Ratcliffe, a senior fellow at the Urban Institute who focuses on asset and wealth building.

Many black and Hispanic families were stripped of their wealth in the aftermath of the housing crisis, when they were disproportionately preyed upon by subprime lenders and lost their homes, she said. Nonwhite families were also more likely to withdraw money from their retirement savings during the recession.

“They were pulling money out while more affluent people could continue putting their money into the stock market when the value was low so they won on the upside,” Ratcliffe said.

Tax policies favoring homeowners and people saving for retirement also are tilted to benefit wealthy, mostly white Americans, further helping them build their assets, she said. The tax code allows homeowners to deduct their mortgage interest and gives preferential treatment for retirement savings.

“There is a tendency to think that people who have lower wealth can be cured by individual behavioral changes such as spending more wisely, but that’s not what is driving this wealth gap,” said Kilolo Kijakazi, an Urban Institute fellow whose research focuses on the racial wealth gap. **“It really requires getting at the underlying problems that contributed to the huge gap in the first place. And that’s about structural barriers, policies, institutional practices and programs that created this huge divide.”**

Ted Mellnik and Heather Long contributed to this report.

Tracy Jan covers the intersection of race and the economy for The Post. She previously was a national political reporter at The Boston Globe.

see also:

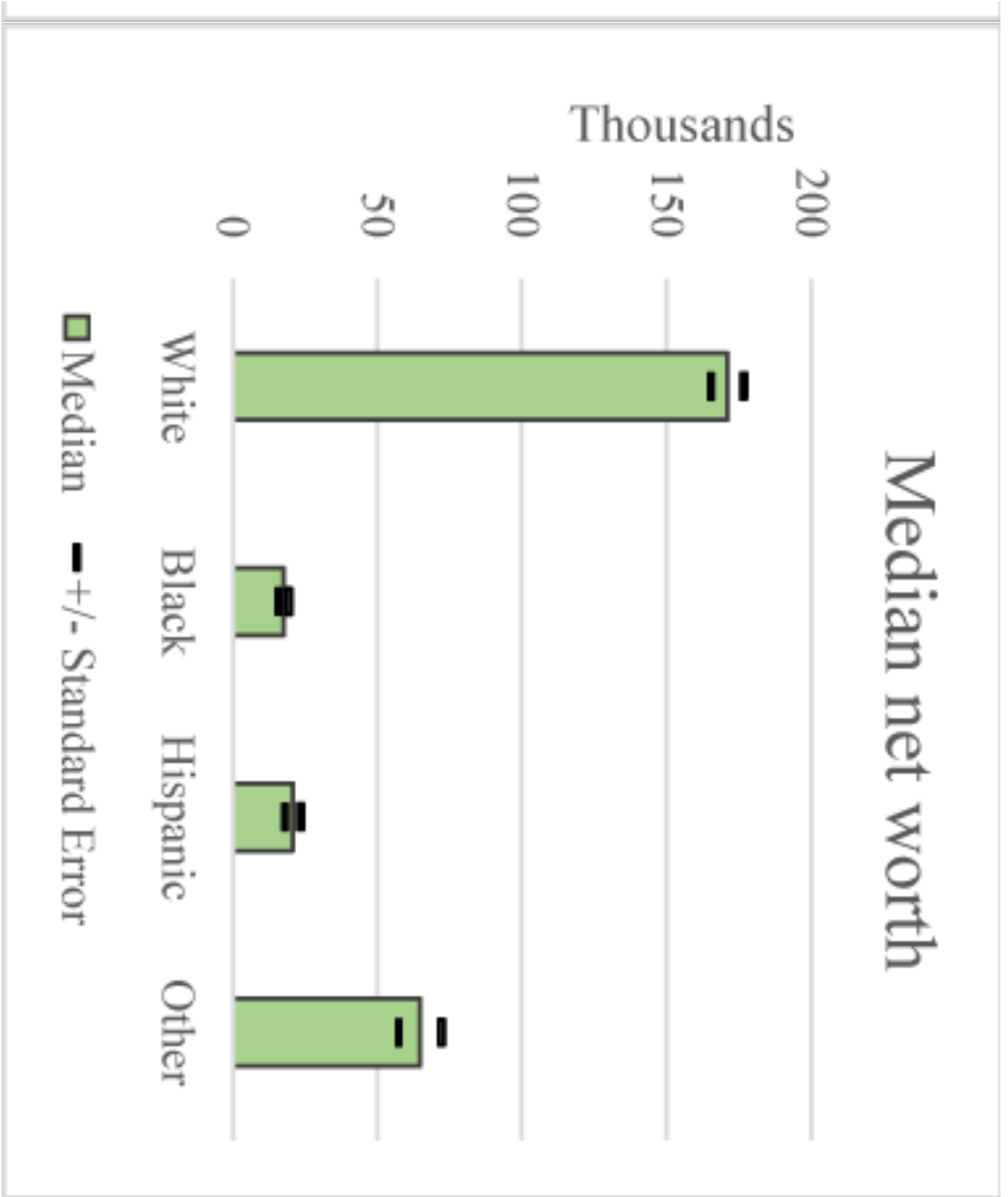
*** White people are really confident that things are getting better for black people** By [Tracy Jan](#)

September 18, 2017, Washington Post

https://www.washingtonpost.com/news/wonk/wp/2017/09/18/white-people-are-really-confident-things-are-getting-better-for-black-people/?utm_term=.e77a3c4899cb

**** Move your money, move society?** By [Tracy Jan](#) March 31, 2017, Washington Post

https://www.washingtonpost.com/business/economy/move-your-money-move-society/2017/03/31/68cb95c8-036d-11e7-b9fa-ed727b644a0b_story.html?utm_term=.c5e7c2b1e2f6



<http://www.bostonfairhousing.org/timeline/>

This information is about the Boston area but is common nationwide.

1934–1968: FHA Mortgage Insurance Requirements

Utilize Redlining

Race and ethnicity are used to determine mortgage eligibility in communities such as Roxbury, Dorchester and Hyde Park, thus perpetuating housing segregation.

The Federal Housing Administration (FHA) Institutionalizes Racism

Through an overt practice of denying mortgages based upon race and ethnicity, the FHA played a significant role in the legalization and institutionalization of racism and segregation. *The Underwriting Manual* established the FHA's mortgage lending requirements, ultimately institutionalizing racism and segregation within the housing industry. The following presents information about the national context of redlining and is not specific to Greater Boston.

The FHA was instrumental in alleviating the home ownership crisis. However, despite its positive impact, the FHA also had significant negative effects. FHA insurance often was isolated to new residential developments on the edges of metropolitan areas that were considered safer investments, not to inner city neighborhoods. This stripped the inner city of many of their middle class inhabitants, thus hastening the decay of inner city neighborhoods. Loans for the repair of existing structures were small and for short duration, which meant that families could more easily purchase a new home than modernize an old one, leading to the abandonment of many older inner city properties.

Redlining

The FHA also explicitly practiced a policy of “redlining” when determining which neighborhoods to approve mortgages in. Redlining is the practice of denying or limiting financial services to certain neighborhoods based on racial or ethnic composition without regard to the residents' qualifications or creditworthiness. The term “redlining” refers to the practice of using a red line on a map to delineate the area where financial institutions would not invest.

The FHA allowed personal and agency bias in favor of all white suburban subdivisions to affect the kinds of loans it guaranteed, as applicants in these subdivisions were generally considered better credit risks. In fact, according to James Loewen in his 2006 book *Sundown Towns*, FHA publications implied that different races should not share neighborhoods, and repeatedly listed neighborhood characteristics like “inharmonious racial or nationality groups”

alongside such noxious disseminates as “smoke, odors, and fog.” One example of the harm done by the FHA is as follows:

In the late 1930’s, as Detroit grew outward, white families began to settle near a black enclave adjacent to Eight Mile Road. By 1940, the blacks were surrounded, but neither they nor the whites could get FHA insurance because of the proximity of an inharmonious racial group. So, in 1941, an enterprising white developer built a concrete wall between the white and black areas. The FHA appraisers then took another look and approved the mortgages on the white properties.

1948–1968: Unenforceable Restrictive Covenants

Practice continues unofficially, perpetuating segregation

- The Federal Housing Administration’s *Underwriting Manual* recommended the use of restrictive covenants as they “provide the surest protection against undesirable encroachment and inharmonious use.”
- The continued use of racially restrictive covenants and “steering” of black residents to non-white neighborhoods by real estate agents, severely limited access for buying homes.
- While no longer legally sanctioned, the residential patterns created by racially restrictive covenants still persist today.

The following addresses the national context only as it is unclear if the practice of restrictive covenants was widespread in Massachusetts:

Racially-based Covenants Continue

Despite the Supreme Court decision declaring the enforcement of racially-based restrictive covenants (see [*Shelley v. Kraemer*](#)), the practice remained commonplace. The Court found that the covenants themselves were not invalid, thus allowing private parties to continue to voluntarily adhere to the restrictions.

These “unenforceable” covenants served as powerful signals to potential homeowners, realtors, and insurers about who was welcome in a given neighborhood. Government agencies also continued to rely upon the covenants as substitutes for overt exclusionary practices.

As a result of continued use of racially restrictive covenants and “steering” of black residents to non-white neighborhoods by real estate agents, access for minorities to purchase homes remained severely limited. It was not until [1968](#) that the actual inclusion of racially-restrictive covenants into deeds was deemed illegal, although many such covenants can still be found within the language of deeds today. While no longer a legally sanctioned practice, the residential patterns created by racially restrictive covenants still persist.

1968–Present: Housing Discrimination

Through testing, the FHCGB has found that: African Americans and Latinos experience discrimination in half of their attempts to rent, purchase, or finance homes in greater Boston.

Families with children and people with Section 8 vouchers are discriminated against two-thirds of the time when seeking rental housing.

What Form Does Discrimination Take?

African Americans and Latinos were:

- Shown **fewer homes** and told about **fewer listings**
- Asked **more questions** about their qualifications
- **Steered to other communities**, to lower priced homes or to open houses
- Required to **provide 24 to 48 hours notice** before viewing houses
- Quoted **higher loan rates** and offered **fewer discounts** on closing costs

Advantages of Whiteness:

- White testers presumed **more qualified**
- White testers given **greater access to properties**
- White testers given **more information**
- White testers given **lower loan rates, better discounts**
- White testers **more likely to succeed** in home buying

Evidence of Discrimination in Newton (audit completed in 2005)

- Overall, testing showed evidence of discrimination in 11 of the 24 paired tests, or **45.8%**.
- Discrimination based on National Origin was the most common: **66%**.
- Discrimination based on Race happened in **50%** of the tests.
- Families with children and discrimination based on Source of Income both happened **33%** of the time.

Evidence of Discrimination in Lowell (Audit completed in 2004)

- Overall, testing showed evidence of discrimination 31 of the 66 paired tests conducted, or **47%**.
- Latino testers experienced the highest incidence of discrimination: **63%**.
- African Americans experienced discrimination in **52%** of the tests
- Asians experienced discrimination in **38%** of the tests
- Families with children faced discrimination in **33%** of the tests

Mortgage Lending Discrimination Today:

- Mortgage discrimination testing revealed differences in treatment that disadvantaged homebuyers of color **45% of the time.** (FHCGA Audit 2005-2006)
- Upper income African Americans are **8 times more likely to have high cost loans** than their white counterparts. (MA Community Banking Council)
- The presence of high-risk lenders is **3.7 greater** in minority neighborhoods than in white neighborhoods (*Paying More for the American Dream*, 2008)
- Upper and middle income African Americans and Latinos are **10 times more likely** to have high cost loans than low income whites. (MA Community Banking Council)

Redlining: Still a thing

By [Emily Badger](#), May 28, 2015, Washington Post

"Redlining" just sounds like an old-timey term, a practice that exists only in history and [our re-tellings of it](#). The word has [particular roots in the 1930s](#), when the government-sponsored Home Owner's Loan Corporation first drafted maps of American communities to sort through which ones were worthy of mortgage lending. Neighborhoods were ranked and color-coded, and the D-rated ones — shunned for their "inharmonious" racial groups — were typically outlined in red.

This government practice was swiftly adopted by private banks, too, during an era of massive homeownership expansion in the U.S. And the visual language of the maps became a verb: To redline a community was to cut it off from essential capital. *To be* redlined was something even worse.

The federal government eventually retreated from the practice, and it was outlawed by the Fair Housing Act in 1968. But black communities have warned that it still exists in subtler and changed forms, in bank tactics that have targeted these same neighborhoods for predatory lending, or in new patterns [like "retail redlining."](#) Some of the persistent redlining, though, still looks an awful lot like the original.

Case in point: This week the Department of Housing and Urban Development [settled with the largest bank headquartered in Wisconsin](#) over claims that it discriminated from 2008-2010 against black and Hispanic borrowers in Wisconsin, Illinois and Minnesota. The bank, Associated Bank, denies wrongdoing [in the settlement](#), but HUD itself is declaring victory in "one of the largest redlining complaints" ever brought by the federal government against a mortgage lender.

HUD's analysis of Home Mortgage Disclosure Act data concluded that the bank disproportionately denied qualified loan applicants in predominantly minority neighborhoods in Chicago, Milwaukee, and Minneapolis, compared to other lenders operating in these same communities. Now Associated Bank has agreed to a long list of actions to make amends over the next three years: It must finance nearly \$200 million in home loans in majority-minority census tracts within these cities, and pay nearly \$10 million in down payment assistance to borrowers or in lower interest rates. It must also open four new offices in minority neighborhoods in Chicago and Milwaukee, and invest \$1.4 million in marketing loans in many of these same underserved communities.

The case is not about doling out mortgages to minority households that wouldn't otherwise qualify for them — it's about offering equal access to families that look just as eligible on paper as white homeowners nearby.

It is, however, a reality that historic redlining makes homeownership beyond reach for many families in these communities today, regardless of how big banks behave now. If your family was denied a mortgage in the 1930s, or the 1950s, or the 1970s, then you may not have the family wealth or down payment help to become a homeowner today. In that way, the consequences of past redlining transcend time, even as new forms of it continue.

LEADER RESOURCE 4 (4 pages) Suggestion: print 1 copy of each page to show progression of houses that could have been bought by some white families over 60 years.



THE BROCKTON — Inexpensive — Charming — Buy Over On Installment Plan Now **And We Pay The Freight**

The Brockton is one of the best priced cottages known for the past year. It carries a wide variety of decorative and artistic details that make it a charming, comfortable and well-arranged home. It is especially well adapted for the small family. The No. 2 Plan designed for use without a basement by incorporating a utility room. The No. 3 Plan shows a utility room which is convenient to part of the main kitchen, a separate bath room being open to the main hall which offers a world of added comfort. The Brockton has low cost features of equipment for the kitchen, bath and living room can be added, but is not included. Write for the model specifications.







LEADER RESOURCE 5

The *stories* we tell to explain things really matter. Today I'll tell my own family's story about money.

A White Teacher's *Sample* Story

My grandparents immigrated to the U.S. from England, **worked hard** and started businesses.

My parents fought in WWII and were able to use the GI Bill (government funding) to pay for education and to buy a house, which increased in value over time. They sold that first house, making money on it, and bought a bigger one. (What our family story doesn't tell is that African American families didn't have a chance to do these things because all the rules worked against them.)

[Use pictures of houses from Leader Resource 4 to show how wealth can grow from real estate investments. Briefly explain how a home loan works (mortgage) to builds equity (wealth).]

I was able to go to college without loans.

And I had help from my parents to buy my first home.

My children were able to go to college without loans

I have helped my children buy their first homes.