

THE HOUSING LOAN

The Federal Housing Administration program of placing millions of dollars at the disposal of the people for home repairs, remodeling, renovating and modernizing, should attract the attention of every citizen throughout the metropolitan area. In order to clarify the provisions of the housing act, a list of thirteen questions and their answers as to how these loans can be made, has been made available.

We are advising all who need loans for the purpose herein described, to make the proper application to the proper department in your city. Such applications can be made to any national bank, state bank, trust company, savings bank, loan association or finance company approved by the Federal Housing Administration.

The income of the one desiring the loan will decide the amount borrowed. These notes may run from one to three years and may be extended from thirty-seven months to five years by the Federal Housing Administration if the necessity requires. It will be necessary for the borrower to show in addition to other qualifications herein stated that he owns the property, that the mortgage is in good standing, that the proceeds will be used solely for the property improvement.

Signatures of property owners will be required of both husband and wife. It is also of importance to know that those handling the loan are not allowed to collect in excess of five dollars per year per hundred on the original face amount of the note.

Those who are seeking to extricate their property from the clutches of racketeering real estate men and bankers should take advantage of this opportunity afforded by the Federal Housing Administration in securing their homes and property. It is believed that there will be no discrimination in local communities, and if such should be found to be the case you are advised to take up the matter with the officials at Washington through the congressman in your district.

EXPOSES 'COLOR LAW' IN FEDERAL HOUSING PLANS

Manual On Mortgages Outlines Jim Crow Ruling On Loans

NEW YORK, Dec. 30—The Federal Housing Authority was discovered this week to have definite rules which enforce rigid residential segregation upon the Race. The N.A.A.C.P. has secured a copy of "Underwriters Manual" issued by the FHA which, in effect, prevents members of the Race from securing guaranteed mortgages in any except strictly "Negro districts."

Two months ago the N.A.A.C.P., which had had complaints about FHA mortgages, wrote to Washington and was assured that there were no rules discriminating against Race citizens.

However, persistent complaints from the Jamaica, L. I., branch uncovered the fact that the FHA has in its "Underwriters Manual" a rule which prohibits the guaranteeing of a mortgage for a Race home buyer in a neighborhood which is considered "white."

The FHA has turned down Race home buyers in neighborhoods where as many as 30 per cent of the residents are members of the Race, according to the N.A.A.C.P.

Mark Out Districts

In Jamaica, the FHA local administrator admitted to Thurgood Marshall, N.A.A.C.P. attorney, that in each city the FHA has marked out certain districts as "white" and others "Negro." Any areas between the two districts are known as "cushion" districts.

No Race citizen is granted a guaranteed mortgage in the white neighborhoods and no white person is given a guaranteed mortgage in the Race neighborhoods.

In the "cushion" area, neither race may secure a FHA mortgage, although if home buyers are able to secure a mortgage from a bank or loan company, they may do so.

Branding the FHA as enforcing racial residential segregation as well as implanting patterns of race segregation in communities where it was unknown, the N.A.A.C.P. has sent a strong protest to Stewart McDonald, director of the Federal Housing Authority.

The N.A.A.C.P. points out that in

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Exposes—

(Continued from page 1)

Jamaica, L. I. for example, a member of the Race now located in an area which has been taken over for slum clearance for the Race wishes to build elsewhere.

But the "Negro" district is full and he is not able to secure a FHA mortgage in either a "white" or "cushion" district. Therefore, he is unable to secure government assistance in building a home.

The N.A.A.C.P. also points out that prosperous members of the Race of the country who may wish to build fine homes are prevented from doing so with FHA assistance because the amount they are willing and able to invest in a home is greater than the amount permitted in the average "Negro" district.

Cites Case

Suppose the homes in the average Race area are valued at \$3,000. A Race man who wishes to build a \$10,000 home would not be granted FHA assistance for this area. Neither would he be permitted to build in a \$10,000 area inhabited mostly by whites. The only way he could solve his problem would be to build a three or four thousand dollar home in the Race district or to try to secure private financing for a more expensive home in a so-called white area.

The N.A.A.C.P. letter charges that the Federal Housing Authority is using the public tax money of all citizens to force Race Americans into black ghettos.

"This policy is a definite discouragement to Negro citizens who wish to improve themselves and secure better housing and better environments for their children," the letter stated. "Colored people have been branded as slum-dwellers without ambition to live in good houses and yet when they seek better housing, they are told by the government that they must remain within certain areas."

The N.A.A.C.P. letter demands the cancellation of Section 233 of the "Underwriters Manual" of the FHA and the establishment of a policy of guaranteeing mortgages for our race on the same basis as mortgages are guaranteed for whites.

Canada Lee Pickets Jim Crow Housing Concern

Defender New York Bureau

The Chicago Defender (National edition) (1921-1967); Dec 14, 1946;

ProQuest Historical Newspapers: Chicago Defender (1910-1975)

pg. 7

Canada Lee Pickets Jim Crow Housing Concern

(Defender New York Bureau)

NEW YORK—Canada Lee, who recently dramatized the problem of Jim Crow in housing in the Broadway hit, "On Whitman Avenue," hammered home his point last week by picketing the Mortgage Conference of Greater New York, along with several civic organizations.

Operators of the Savings Banks Trust Co., of New York, the Mortgage Conference and its 37 member banks and insurance companies were charged in August by the U. S. Department of Justice with conspiracy to control mortgage lending and segregate Negro and Spanish-speaking people in certain residential districts of the city.

Since the case has not yet come to trial the purpose of the mass demonstration that took place in Wall Street, as announced by the sponsoring groups, was to focus attention upon it and urge vigorous prosecution.

Picketing groups included the Brotherhood of Sleeping Car Porters, Congress of Racial Equality, Workers Defense League, Socialist Party, United Tenants League, Fellowship of Reconciliation and the Modern Trend Progressive Youth Group.

THE MONEY DESPOTS OF GOTHAM

An investigation in New York revealed that the policies followed by real estate mortgage companies in that city are sinister as restrictive covenants in keeping Negroes in the American "ghettoes."

The system by which home building is financed throughout the country allows financial institutions an undreamed of power over construction. These despots of money can say when, where and who shall build a home.

In order to protect the mortgage investment in the old buildings in Harlem, the money lenders are vigorously denying all funds for new construction in that section. Further, a map of New York was drawn up showing block by block areas inhabited by Negroes. No construction loans are to be made in any of these neighborhoods.

Aside from obstructing new buildings for our people, the money policy makers charge a higher rate for loans to Negroes for the improvement of existing buildings. Not only are Negroes denied new housing but the conspiracy prevents any improvement to the run-down slum condition in their sections. These are some of the facts which the Justice Department will uncover in its current investigation of the mortgage trust in New York.

The denial, as well as the higher rate charge for financing construction, is not confined to New York alone. Throughout the country Negroes have found it extremely difficult to qualify for loans. Some firms state that the low economic status of Negroes disqualifies them. Others declare that the depreciated condition of buildings in Negro sections will de-value any new buildings erected there. All in all, the whole pattern is just a vicious plan to confine colored citizens to the old dilapidated houses of the cities.

Although there is a general surface opinion that loan-making to Negroes has now greatly improved due to FHA, this New York investigation proves otherwise. A new culprit is uncovered as a bottleneck for new Negro homes. The restrictive covenants receive the brunt of attack for ghetto conditions. But aiding, abetting and profiting by the sordid conditions are the sedate financial institutions that remain in the background with their greedy grasping hands.

The main requisite for improved Negro housing is, of course, more public housing. This is the only means by which many low-income citizens can ever gain decent housing. However, on the other hand, private financing must be available, at fair interest rates, for colored citizens who wish to build or make major improvements on their present property.

When the courageous foes of restrictive covenants unite to perfect plans for further campaigns against this un-democratic practice in American life, they should smoke out some of the vicious mortgage-making companies. A peek into the corrupt practices of these outfits will reveal that restriction in housing for Negroes has a strong financial angle as well as the more played-up social aspect.

Outlawing Restrictive Covenants Saves Negroes Millions Of Dollars

WASHINGTON.—Since the U. S. Supreme Court outlawed restrictive covenants in 1948, thousands of Negro families throughout the nation have moved into white residential neighborhoods, a recent United Press survey shows.

When the high court ruled that written agreements by owners which barred selling their homes to Negroes could not be enforced, it meant a saving of millions of dollars to Negroes who intended to buy in white communities.

A Washington broker explained how the money was saved. He said when Negro brokers purchased homes for members of their own race in white neighborhoods, a white broker was needed to act as a "go-between" in the deal. This concealed the real identity of the buyer.

Paid Two Brokers

When the new owner occupied his new home he paid commissions to two brokers rather than one and in addition he needed funds for a lawyer to fight eviction suits. The broker said the additional costs usually were as much as \$2,000 per house.

Officials of most big cities reported that the Negro influx into fringe areas is succeeding with very little violence.

However, in Dallas, Texas, last year, five Negro homes were

bombed. In Birmingham, Ala., a Federal Court struck down last year the city's attempt to restrict their residential areas on the basis of race.

Real estate dealers and civic leaders in cities with a large Negro population, report that discrimination still flourishes in communities.

Behind The Scenes

White supremacy advocates are putting up a strong behind-the-scene battle to keep Negroes in ghettos by refusing to loan money or grant mortgages to them on homes they purchase in white neighborhoods.

White property owners continue to enter into oral "gentlemen agreements" not to sell to non-whites, even though they are aware that such agreements cannot be enforced.

Last fall two different suits were brought against persons who broke their oral agreement but the cases were thrown out of Federal Courts.

To help break the race barriers, the Federal Housing Authority refuses to insure any housing which is covered by a restrictive covenant.

Negroes and whites in fringe areas disagree as to whether the influx of Negroes is being accept-

ed. One citizen's association official in Washington said:

"The two races still won't live together. White people are constantly being driven into suburban areas. As soon as a Negro buys in a white neighborhood, the other residents become panicky and sell out as fast as they can."

A Negro broker said: "Whites don't rush out so fast anymore when a Negro moves into the neighborhood. This movement has probably decreased 50 percent in recent months. People are becoming reconciled to the idea. They realize that property values remain high in neighborhoods because good housing for Negroes is scarce."

Venice Fla

June 9 1937.

The National association for
the advancement of colored
people I live in Venice Fla
It is a Good place to live
There is about 150 one
hundred and fifty or more negro
here living in old dingy shack
we cant rent house to live
in an colored people cant
by land here I'm writing
the association asking
can there be any thing done
Please advise me what to do

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Law Offices
HYLAND AND HYLAND
15 Niagara Street
Between Main and Pearl
Buffalo, New York

Washington 0044

9300 Lakeshore Road
Derby, N. Y.

Derby 885

DEAN HYLAND
LEONA RZOSKA HYLAND

January 6, 1939

Mr. Walter White
Association for Colored People
Washington, D. C.

Dear Sir:

Last fall I sold two colored families property in an unimproved subdivision in West Seneca near Buffalo where some twenty families are building of salvage materials and cheap lumber.

Because the Township, rather than the poor people in this tract who paid \$10 to \$95 per lot, is outraged by these colored settlers, a policy of discrimination and discouragement has been pressed and I am told that zoning is on the horizon. In the tract is nothing but dirt roads, and the buyers bought agreeing to clear and cinder the roads in front of their own property.

The discrimination has taken the form of announcing they will never take over or improve the roads and in refusing building permits to the Cleggett (colored) family for an addition to their house (although a permit for the same addition was given a white family this June) and a refusal to give permits to anyone in the tract.

The Township is an old backward German district and surrounding buildings are much worse than any these poor people are building. The owners are using wells, outdoor toilets, and yet, W.P.A. roads and viaducts are being pressed in other parts of the Township.

It seems strange that Government funds should be available to such communities and particular peoples and races withheld from the benefits.

I am writing you at the suggestion of Mr. A. J. Smitherman, editor of the local colored newspaper.

Very truly yours

HYLAND AND HYLAND

Signed: Dean Hyland

DH:HK

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NEGRO'S HOUSE TOO GOOD;
FHA REFUSES LOAN

East St. Louis, Ill. Aug. 20.-- Because his home is valued at twelve thousand dollars and is located (because of segregation) in a neighborhood where the homes range in value from one thousand to twenty-five hundred dollars, Atty. Frank N. Summers of this city has been refused a loan by the Federal Housing Administration.

Mr. Summers has taken up the matter with the N.A.A.C.P. in New York which in turn wrote Clyde L. Powell, assistant deputy administrator of the FHA. Mr. Powell cites a technical rule of the FHA relating to the value of surrounding property in determining loans.

While the FHA may be technically correct, the N.A.A.C.P. and Mr. Summers are insisting that it is not the fault of Negroes if they are forced by segregation and jim crow into certain neighborhoods and that if the FHA refuses to loan money on property in these neighborhoods, it is thereby forcing Negroes not only into jim crow areas, but into sub-standard homes. The N.A.A.C.P. also contends that this technical rule about the value of surrounding property has been waived in some cases involving white people.

In his letter to the N.A.A.C.P., Mr. Summers asserts that wherever white people are refused loans on property in certain neighborhoods, they are free to go to other neighborhoods to build, whereas Negroes are restricted to certain areas and if the FHA does not grant them loans to build the kind of homes they wish in these areas, it is racial discrimination, regardless of how technically correct the FHA may be.

Negotiations are being continued to see if some relief cannot be secured for Mr. Summers.

October 12, 1938

NOTE TO WW:

This is the letter I sent out today to the
Federal Housing Administration

RW

WW

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F. H. M.

October 12, 1938

Mr. Stewart McDonald, Director
Federal Housing Administration
Washington, D. C.

My dear Mr. McDonald:

For some time now, the National Association for the Advancement of Colored People, which has 400 branches in 40 states, has been receiving complaints that the Federal Housing Administration is restricting the opportunities of Negro citizens to purchase or build homes.

At the outset we felt that perhaps these complaints were merely isolated instances of local prejudice, but the complaints have increased in volume and they come from widely separated sections of the country. The conclusion is inescapable that the Federal Housing Administration has a general procedure with respect to guaranteeing mortgages on property purchased or built by Negroes.

From the complaints we have received, we judge that the FHA refuses to guarantee mortgages on individual homes sought to be purchased by Negroes if those homes are located outside of what is considered locally as a "Negro district"; that the FHA refuses to guarantee mortgages on housing developments for Negroes if the site of such developments is outside what is considered a "Negro district"; that in many instances, the FHA will refuse to guarantee a mortgage on property sought to be purchased by individual Negroes even though it is within what is considered a "Negro district".

It is reported to us that in the City of New York, it is virtually impossible for a Negro to secure assistance from a bank in order to finance the purchase of property. We are informed that in the whole state of New York, only one housing development for Negroes has been approved by the FHA and the mortgages guaranteed by it. We understand, also, that at the

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Stewart McDonald
October 12, 1938
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time the application for this development was made, it was stated that the neighborhood was 30% Negro and that in the first instance the application was denied because the FHA did not consider that 30% Negro population was sufficient to warrant the approval of a new Negro residential area.

This association is deeply concerned with problems of Negro Americans and particularly with the problem of housing. We are unalterably opposed to any discrimination against Negroes, and one of our cardinal principles is opposition to residential segregation. We do not believe that the federal government, through one of its agencies, should use the public tax money to restrict instead of extend opportunities for home ownership and to enforce patterns of racial segregation.

It is a curious and ironic circumstance that white America is wont to point the finger of scorn at Negro citizens for their failure to improve their living conditions. This is cited by would-be social scientists as "a racial characteristic". The Negro is supposed to have a natural racial desire to live in slums, near railroad tracks, in squalor, and to scorn better housing. Yet whenever colored people seek to secure better housing, they find all manner of obstacles placed in their path.

We wish to ask you to state whether the Federal Housing Administration is pursuing a policy which acts to restrict or regulate the purchase of homes by Negro citizens by the methods outlined above or by any other methods.

Very sincerely yours,

Assistant Secretary.

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PRESS SERVICE OF THE NATIONAL ASSOCIATION

NAACP II-L-17 Folder: Housing - Federal 1938-39, ProQuest History Vault/LOC Manuscript Div.

FOR THE ADVANCEMENT OF COLORED PEOPLE

1938

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Telephone Algonquin 4-3551

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FEDERAL HOUSING AUTHORITY HAS JIM-CROW RULES FOR MORTGAGES

New York, December 23.- The Federal Housing Authority was discovered this week to have definite rules which enforce rigid residential segregation upon Negroes.

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However, persistent complaints from the Jamaica, L. I., branch uncovered the fact that the FHA has in its "Underwriters Manual" a rule which prohibits the guaranteeing of a mortgage for a Negro home buyer in a neighborhood which is considered "white."

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No Negro is granted a guaranteed mortgage in the white neighborhoods and no white person is given a guaranteed mortgage in the Negro neighborhoods. In the "cushion" area, neither race may secure a FHA mortgage, although if home buyers are able to secure a mortgage from a bank or loan company, they may do so.

Branding the FHA as enforcing racial residential segregation as well as implanting patterns of race segregation in communities where it was unknown, the N.A.A.C.P. has sent a strong protest to Stewart McDonald, director of the Federal Housing Authority.

The N.A.A.C.P. points out that in Jamaica, L.I., for example, a Negro now located in an area which has been taken over for slum clearance for Negroes wishes to build elsewhere. But the "Negro" district is full and he is not able to secure a FHA mortgage in either a "white" or "cushion" district. Therefore, he is unable to secure government assistance in building a home.

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Suppose the homes in the average colored area are valued at \$3,000. A colored man who wishes to build a \$10,000 home would not be

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granted FHA assistance for this area. Neither would he be permitted to build in a \$10,000 area inhabited mostly by whites. The only way he could solve his problem would be to build a three or four thousand dollar home in the Negro district or to try to secure private financing for a more expensive home in a so-called white area.

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"This policy is a definite discouragement to Negro citizens who wish to improve themselves and secure better housing and better environments for their children", the letter stated. "Colored people have been branded as slum-dwellers without ambition to live in good houses and yet when they seek better housing, they are told by the government that they must remain within certain areas."

The N.A.A.C.P. letter demands the cancellation of Section 233 of the "Underwriters Manual" of the FHA and the establishment of a policy of guaranteeing mortgages for colored people on the same basis as mortgages are guaranteed for whites.

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*B. H. H.
Stone*

June 11, 1938

Dear Gertrude:

We were tipped off by a young fellow in Brooklyn who is doing some work with the Federal Housing Administration that unofficially the FHA is making as one of its requirements for guaranteeing mortgages that the builders insert a clause prohibiting sale, rental or occupancy to persons of African descent. He tells us that we will not get anywhere with a frontal attack or a direct inquiry to the FHA, but he suggests that we might have methods by which we could run it down.

I thought of you and Bob Weaver and already have written him at his home address. I have told him that I am also writing to you.

Any sleuthing which you and Peter can do to uncover any facts will be appreciated. Then we can devise a method of attack.

Sincerely,

Assistant Secretary.

Mrs. Gertrude Stone
2242 Hall Place, N. W.
Washington, D. C.

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Underwriting Manual, Federal Housing Administration

Part II - Risk Rating Instructions

Section 2. Rating of Location

Paragraph 226: "This feature has a total weight of 20, making it one of the most important features in the Rating of Location. Protection from adverse influence is not concerned merely with zoning and deed restrictions. These are of great importance, but they do not represent all of the protection which is or may be afforded a location. Where little or no protection is provided against adverse influences the Valuator must not hesitate to make a reject rating of this feature."

Paragraph 228: "Deed restrictions are apt to prove more effective than a zoning ordinance in providing protection from adverse influences. Where the same deed restrictions apply over a broad area and where these restrictions relate to types of structures, use to which improvements may be put, and racial occupancy, a favorable condition is apt to exist. Where adjacent lots or blocks possess altogether different restrictions, especially for type and use of structures and racial occupancy, the effect of such restrictions is minimized and adequate protection cannot be considered to be present. A location lying in the path of business expansion is often unprotected from the business encroachment even though deed restrictions for residential use may be present. It must be realized that deed restrictions, to be effective, must be enforced. In this respect they are like zoning ordinances. Where there is the possibility of voiding the deed restrictions through inadequate enforcement of their provisions, the restrictions themselves offer little or no protection against adverse influences. In other words the property so situated that its logical use is other than for residential purposes, even though it is restricted to such residential use, will inevitably be put to its highest and best use in the course of time."

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Phone JAMAICA 6-6873

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**NATIONAL ASSOCIATION FOR THE
ADVANCEMENT OF COLORED PEOPLE**

JAMAICA, N. Y. BRANCH

Official Organ: The Crisis



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143-01 Shore Avenue

FREDERIC N. CRAEBB
140-02 Linden Boulevard

January 18, 1939.

Mr. Roy Wilkins
Asst. Secretary N.A.A.C.P.
59 Fifth Avenue
New York City.

My dear Mr. Wilkins:

I wish to submit names of the following persons who have been rejected F.H.A. loans, because they applied in these so-called "cushion" areas, which in my opinion is direct discrimination.

(1) Wm. K. Braddon - 111-20 177th Street - prospective buyer - A Post Office employee - His wife is employed by the Board of Education - Has substantial bank account - Rejected January 6, 1939 by the local Bureau.

(2) Mrs. Elizabeth Wardell - School Teacher and her husband, Harold E. Wardell, a Contractor. Proposed building on vacant lot at 111th Ave. corner 176th Street - Substantial bank account.

(3) Mr. George Briggs - Prospective buyer 111-11 173rd Street - Owner of Beauty Shop - Income of approximately \$2400. a year - Excellent credit - Rejected on a house that is next door to one already occupied by a Negro

(4) Major Peterson, whose case you already have.

Very truly yours,

John A. Singleton

DR. JOHN A. SINGLETON, President

JAS:CF

"To uplift the colored men and women of this country by securing to them the full enjoyment of their rights as citizens, justice in all courts, and equality of opportunity everywhere."

REPRODUCED FROM THE COLLECTIONS OF THE MANUSCRIPT DIVISION, LIBRARY OF CONGRESS

January 14, 1939.

MEMORANDUM

TO: President Franklin D. Roosevelt
IN RE: Federal Housing Authority restrictions on Negro residences.
FROM: The National Association for the Advancement of Colored People
69 Fifth Avenue, New York, N.Y.

This matter was first brought to the attention of the N.A.A.C.P. by its Jamaica, Long Island, N.Y. Branch, of which Dr. J. A. Singleton, 163-01 South Road, is President.

Numerous complaints came to Dr. Singleton that colored people who sought to secure FHA guaranteed mortgages in certain Long Island areas had their applications disapproved because the neighborhood in which they sought to erect homes was not considered by the FHA a "strictly Negro neighborhood".

Persistent investigation by Dr. Singleton and by Thurgood Marshall, member of the legal staff at the N.A.A.C.P. headquarters, finally uncovered a copy of the "Under-Writers' Manual" of the FHA, containing the following section under which the discrimination against Negroes has been carried out:

"Section 233. The valuator should investigate areas surrounding the location to determine whether or not incompatible racial and social groups are present, to the end that an intelligent prediction may be made regarding the possibility or probability of the location being invaded by such groups. If a neighborhood is to retain stability it is necessary that properties shall continue to be occupied by the same social and racial classes. A change in social or racial occupancy generally leads to instability and a reduction in values. The protection offered against adverse changes should be found adequate before a high rating is given to this feature. Once the character of a neighborhood has been established it is usually impossible to induce a higher social class than those already in the neighborhood to purchase and occupy properties in the various locations."

Interviews with FHA officials in Long Island have established that even where a neighborhood has been as much as thirty per cent colored, prospective colored home builders have been denied guaranteed mortgages. Also, in areas which have been judged to be neither "white" nor "colored", prospective colored home builders have been denied FHA mortgages on the ground that these areas were "cushion" districts, between purely white areas and purely Negro areas, and that the FHA would not guarantee a mortgage for either white or Negro builders.

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Memorandum to President Franklin D. Roosevelt - #2.

In effect this policy puts the Federal Government in the position of enforcing residential segregation. The policy is unfair to Negro home seekers because it condemns them to areas, many of which are unsuitable for decent homes. For example, a Negro family which has been living in an undesirable district because of restrictive customs in effect in that area or because of economic status, finds itself after a time in a better economic position and able to purchase a better home in a better neighborhood. The F.H.A. policy prevents this family from moving and building.

On the other hand, the F.H.A. policy operates to prevent this family from erecting a home in the slum area costing more than a certain sum. Some years ago this Association had a complaint from a middle-western city in which a colored man sought government assistance in financing a nine thousand dollar home. The government's reply was that the area in which he was forced to live had homes on the two thousand five hundred dollar level and that they could not permit him to exceed that valuation.

The National Association for the Advancement of Colored People set forth this whole matter to Mr. Stewart McDonald, Director of the Federal Housing Authority, in a letter dated December 23, 1938, and called for the abandonment of Section 233 of the "Under-Writers' Manual". The restrictions against Negroes improving their housing are many and varied in all sections of the country, but we believe that wherever it is possible for colored people to improve their housing through their own efforts, and where they have accumulated the means to build and maintain decent homes, the Government ought not to impose out-worn patterns of segregation upon them.

RW:LB

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January 23, 1939.

MEMORANDUM TO SECRETARY, MR. WHITE FROM MR. MARSHALL

The suggested letter to President Roosevelt should be along the following lines:

I think we should mention that we are following in his suggestion and will take the matter up further with McDonald.

Next step will be for me to go back to Jamaica as soon as possible this week and make a thorough investigation of each of the several complaints. This should be followed by a conference in Washington with Stewart McDonald.

We should then send either a letter or a brief to Stewart McDonald setting out the entire vicious system and send a copy of this letter or brief to the President.

TM:FEA

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RES. PHONE 4-8548

OFFICE PHONE 3-0281

LAW OFFICES

J. CHESTER ALLEN
ELIZABETH FLETCHER ALLEN
FIRST FEDERAL SAVINGS AND LOAN BLDG.
124 N. MAIN STREET
SOUTH BEND, INDIANA

October 21, 1939

Mr. William Pickens
c/o The National Association for the Advancement
of Colored People
Fifth Avenue
New York, New York

1939

OCT 21 1939

Dear Mr. Pickens:

I have just had a flagrant example of discrimination
in the Federal Housing Administration.

Will you kindly advise me as soon as possible as to
whether or not the constitutionality in any case of
denial of a FHA loan to Negroes, purely on the grounds
as stated by the FHA officials that:

"changes in social occupancy at a given
neighborhood frequently contribute to
instability of residential property
value levels." (from the Underwriters'
Manual of the Federal Housing Administration)

has been tested.

With best regards to the family and hoping that Mrs.
Pickens, whom I hear has been seriously ill, has improved,
I am,

Very truly yours,

Elizabeth Fletcher Allen
Elizabeth Fletcher Allen

EFA:ss

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Miss FB: - Over

So TM

✓

Oct 28 1944

FILE-ONLY COPY

RETURN TO
N. A. A. C. P.
69 FIFTH AVENUE
NEW YORK 3, N. Y.

MEMORANDUM

PREPARED BY THE

NATIONAL ASSOCIATION FOR THE
ADVANCEMENT OF COLORED PEOPLE

Concerning the Present Discriminatory
Policies of the Federal Housing Administration

All informed observers recognize that the basic housing needs of Negroes are (1) housing accommodations at rates they can pay and (2) more important, additional living space to relieve congestion and to provide for normal expansion. The Census of 1940 revealed a significant number of Negroes with incomes attractive to the private housing market. This number has mounted rapidly through the employment of Negroes in war industries in recent years. The same Census indicates the high congestion in areas occupied by Negroes and the extent of substandard housing conditions. In 1940, two out of every three urban homes occupied by Negroes were substandard. These housing conditions have deteriorated and congestion increased by the extensive in-migration of the past two or three years.

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The Administrator and other officials of the National Housing Agency in recent addresses and statements have specifically recognized the fundamental, acute need of Negroes for added living space and housing accommodations. The National Association of Real Estate Boards has recently pointed out to their local boards the sound market for private housing among Negroes, which private builders had neglected and the importance of providing additional space as well as improvement of present neighborhoods. While the only significant contribution of private developers for some 70 years to the housing needs of Negroes has been to allow them to inherit second, third, and fourth-hand houses ill-adapted to family size and incomes, they have shown during the war period under the specific encouragement of the Office of the Administrator of the National Housing Agency increasing interest in the Negro housing market. But in efforts to meet this need they have been largely balked by the difficulty of securing sites available for Negro occupancy as a result of the wide existence of racial restrictive covenants and neighborhood opposition. All present plans and proposals for housing and urban redevelopment point to the large place of private enterprise in the housing of people of all income groups and segments of the community. It is in

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this field that the Federal Housing Administration since its inception has wielded an increasing influence upon improved home financing, building standards and neighborhood planning. This influence has served increasingly to orientate and direct the operations of private builders. Through this Agency the Government has provided definite leadership in the private housing field.

There is evidence here, then, that there is a large and growing market among Negroes for private builders; through the FHA the Federal Government should be able to supply the leadership and influence necessary to bring this market and this interest together. But FHA is preventing the Federal Government from assisting Negro citizens in meeting their housing needs. It does this by demanding as one of the bases of its guarantee, the "protection" of racial restrictive covenants; by insisting upon the extension of these racial covenants into new areas and, with the use of Federal funds and power, thereby requiring residential segregation. All of this is done not only without legislative authority, but in plain violation of ministerial duty. The impropriety and illegality of this conduct is further emphasized by the fact that the FHA tends to crystallize and extend through Federal influence segregation of residence by race, which

the Supreme Court itself has decided cannot be effected by municipal ordinance or state law.

In a letter addressed by Abner H. Ferguson to Senator Radcliffe on October 2, 1943, appearing in the Congressional Record for October 7, 1943, page 8250, the Commissioner of the Federal Housing Administration objected to the inclusion of a general non-discrimination clause as an amendment to the National Housing Act. This letter claims that "the act does not permit such discrimination and that our rules, regulations, policies, and procedures are drawn and administered impartially and without the slightest discrimination against any group or individuals on account of race, color or creed". He reinforces this claim by stating "We do not have one set of property standards and construction requirements for Negro housing and another for housing designed for white occupancy, but insist that both meet the same standards and requirements in order to become eligible for F. H. A. insurance." If these protestations were true, we fail to see in the first place why the Commissioner would have any objection to the inclusion of the non-discrimination clause. But closer examination of the policies and procedures of this Administration reveals conclusively that it has discriminated grossly against Negroes in the operation of its program.

The National Housing Act is basically implemented by the Underwriting Manual, issued by the Federal Housing Administration. The Manual describes the techniques used by FHA to determine whether or not mortgages are eligible for insurance under Title II of the National Housing Act. Eligibility is determined by risk rating. This process consists of an examination of mortgage risk and embraces evaluation.

In rating mortgage risks the Manual lists "Protection from Adverse Influences" as one of the features to be rated in order to determine eligibility of loan. "Where little or no protection is provided from adverse influences, the Valuator must not hesitate to make a reject rating of this feature." (Paragraph 932) ". . . . adverse influence . . . includes prevention of the infiltration of business and industrial uses, lower class occupancy, and inharmonious racial groups." (Paragraph 935) (underscoring ours)

The Manual further states "If a neighborhood is to retain stability, it is necessary that properties shall continue to be occupied by the same social and racial classes." (Paragraph 937) (underscoring ours)

Even greater emphasis is placed upon these considerations in the case of undeveloped or other sparsely developed areas. The Valuator is warned that deed restrictions

should include the following provision: "Prohibition of the occupancy of properties except by the race for which they are intended." (Paragraph 980 (3), (g))¹ FHA has also issued "Outline of Protective Covenants" containing the exact language of proposed racial restrictive covenants as follows:

"No person of any race other than the _____ shall use or occupy any building or any lot, except that this covenant shall not prevent occupancy by domestic servants of a different race domiciled with an owner or tenant".

In a conference in Washington last May attended by officials of the N.H.A. and leaders of Negro and housing organizations, the Secretary of the N. A. A. C. P. called to the attention of the Administrator of the National Housing Agency and the representatives of the F. H. A. the indictment of the Federal Housing Administration by Gunnar Myrdal in An American Dilemma^{1a} and asked a direct question regarding FHA policy relative to the guaranteeing of

¹
The Manual includes other references to racial distinctions as in paragraphs 951; 980(3), (g); 982(1); 1412(3); 1850. We have been advised that some of the sections in the Manual are being revised. We were, however, unable to get the revisions.

^{1a}
An American Dilemma, vol. 1, p. 349-350

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loans for Negroes for developments outside of traditional "Negro neighborhoods". The response of the FHA representative was that this Agency did not approve of loans on developments for occupancy by Negroes in what he called "white neighborhoods" or vice versa. He stated in effect that FHA was merely following "business practice". This statement in Commissioner Ferguson's letter to Senator Radcliffe and the racial references in the Underwriting Manual ~~add up~~ conclusively to two inescapable conclusions-- First, that the FHA as a matter of policy is using Government power to crystallize current residential segregation patterns and more, guarantees the extension of such racial patterns of living; and secondly, fosters the spread and acceptance of the fallacious conception that property values or deterioration is associated with race rather than economic factors. This fact of segregation becomes increasingly evident in light of the experience of public or private agencies seeking sites for housing developments. All open areas have become or are rapidly being considered as "white areas" generally confining Negroes in the already overcrowded and congested neighborhoods. Such operations can only serve to tighten the walls of the Negro ghettos in American cities as though by Government edict with the

resultant baneful economic and social consequences.

One inevitable result of Government support to racially restricted housing is to discriminate against Negroes by preventing their bidding in an open housing market. Racial ghettos represent a housing monopoly with the result that the Negro generally pays a larger part of his income for shelter, pays more for what he gets and is forced to live in accommodations where lack of competition does not require adequate maintenance. The result of this complex is the familiar run-down Negro neighborhoods occupied by people of various culture and income levels. Generally, FHA either does not approve loans to Negroes in these run-down neighborhoods or provides smaller guarantees after it practically helps to require them to live in those areas.

The FHA explains that their racial policies follow from local acceptance of the belief that occupancy of property by Negroes automatically produces "blight" and deterioration of property values. Instead of helping to reorientate the thinking based on this outmoded concept, FHA has been guilty of allowing its operations to be charged with supporting the misconception by withdrawal or decrease of loans on property in areas newly occupied by Negroes.

In addition to discriminating against Negroes as

bidders in the housing market these FHA operations actually serve to prevent the use of new and open areas to relieve congestion and provide for the normal expansion of Negroes. By its control of planning and its insistence upon racial restrictive covenants FHA operations further oppose the present trend of judicial decisions regarding the invalidity of residential segregation. In the Louisville segregation case² the Supreme Court decided that a municipal ordinance restricting residential areas by race was unconstitutional. Mr. Associate Justice Day in the opinion for the United States Supreme Court in this case stated:

"It is said that such acquisitions by colored persons depreciate property owned in the neighborhood by whitepersons. But property may be acquired by undesirable white neighbors, or put to disagreeable the lawful uses with like results."

This decision has been reinforced by subsequent decisions.⁵ More recently there is an increasing sign of the recognition by the courts themselves of the social implications of these conflicts as being against the public interest. In Washington, D. C., and other areas the courts have declared

²
Buchanan v. Warley, 245 U. S. 60 (1917)

³
Harmon v. Tyler, 273 U. S. 668 (1926)
City of Richmond v. Deans, 281 U.S. 704 (1930)

racial restrictive covenants invalid because population shifts had already changed the neighborhood occupancy pattern. In the most recent decision on this point Justice Roger Traynor, of the Supreme Court of California, in a concurring opinion indicated that the ultimate result of such covenants was to preclude and shut off the normal growth and expansion of the Negro population, and as such was definitely opposed to the interest of all citizens. In his opinion Justice Traynor stated:

"Race restriction agreements, undertaking to do what the state cannot must yield to the public interest . . . The courts, as agencies of the state must consider all the factors that affect the public interest . . ."4

In a recent decision by the Court of Appeals of the District of Columbia Justice Rutledge, now Mr. Associate Justice of the United States Supreme Court, in a concurring opinion directly challenged the validity of any racial restrictive covenants. With the Courts moving in this direction the FHA is moving inevitably in conflict with the law. Instead of using the funds and power of all the citizenry on the side of sound housing and social policies

4

Advance Sheets, 24 Calif. Sll (1944)

5

Hundley v. Gorowitz, 132 F (2d) 23; 77 App. D. C. 48 (1942)

FHA is rapidly moving into a reactionary and untenable position.

In the face of segregation and racial discrimination, the great hope of minority groups in a democracy is the fact that such segregation and discrimination are not Government policy. The NAACP and other Negro organizations and the Negro press have continuously criticized the various federal housing agencies for siding with the segregationists and for recognizing and increasing residential segregation. The experience in Detroit and other tension areas reveals that there was no conflict in areas where different racial groups lived side by side as neighbors but occurred where the groups were spatially separated and remained alienated to one another through social isolation. Our experience with the Japanese-Americans during the War epitomizes the terrible consequences of such isolation. In the years of residency among us we knew so little, apparently, about this group in our midst that we could not separate the loyal from the disloyal as we did with our Italian and German enemies. Instead we abrogated one of the fundamental American civil liberties by herding an entire racial group into isolated areas away from their homes and properties. Residential segregation thus strikes at the very

roots of the democratic process and precludes the full contribution of all groups to the total culture and fibre of the nation. In a day when the Good Neighbor Policy is supposed to govern our relationships with the great majority of the colored peoples of the World such operations at home serve to question our integrity and decrease our influence abroad. Therefore, the entire structure of residential segregation by Government edict as a matter of national and international policy is to be fought with all the force and skill possible; instead we find the FHA lending the forces of the Government in the exact opposite direction.

In light of the considerations we urge upon you the necessity of taking the following action at once:

1. To instruct the Commissioner of FHA to revise its policies and procedures so that the Agency will cease
 - a. the extension of racial restrictive covenants in new areas
 - b. basing the guaranteeing of loans on the use of such covenants.
2. To remove all reference to race from the Underwriting Manual and issue instructions to all per-

sonnel that no distinction on the basis of race shall be made in considering applicants for FHA mortgage insurance.

3. To accept the responsibility for encouraging and assisting private builders to meet the needs of the private housing market among Negroes by gathering and disseminating accurate information on

- a. the Negro as a good financial risk
- b. the Negro as a tenant and owner in the maintenance of property and
- c. the effect of Negro occupancy upon property values as shown by the experience of recent years in housing financed by the Government.

4. The use of racial relations techniques which have been found effective for public housing and other governmental programs to (1) implement sound racial policy, (2) assist in the gathering of data, (3) interpret needs of Negroes to the Agency and (4) to promote the FHA program among Negroes.

October 28, 1944

NAACP

NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE



HOUSING BULLETIN

SEVENTEEN NINETY BROADWAY

NEW YORK, NEW YORK 10019

(212) 245-2100

ROY WILKINS
Executive Director

File 3/1/71.

WILLIAM R. MORRIS
Director of Housing Programs

OCTOBER 1970

" HOUSING SEGREGATION "

IN NO AREA OF CIVIL RIGHTS IS THE NEED FOR NATIONAL ACTION MORE COMPELLING THAN IN THE FIELD OF HOUSING! (1970 NAACP RESOLUTIONS)

HOUSING SEGREGATION virtually assures racially segregated schools and a lower quality of education for both black and white children.

HOUSING SEGREGATION severely limits the opportunity for, and access to, better and higher paying jobs.

HOUSING SEGREGATION creates slums and overcrowding - It breeds poor health and increases sanitary problems - It leads to greater crime, vice and poverty.

HOUSING SEGREGATION results in permanent damage to the mind and spirit of our youth - It ingrains the feeling of inferiority and furthers unequal separation of people by race and color.

HOUSING SEGREGATION is the single most underlying cause of racial unrest, social disorder and rioting.

THE NAACP BELIEVES THAT FREEDOM OF MOVEMENT IN THE NATION'S HOUSING MARKETPLACE IS ESSENTIAL TO THE ACHIEVEMENT OF NATIONAL GOALS IN CIVIL RIGHTS, EDUCATION AND EMPLOYMENT.

IT IS ALSO THE POLICY OF THE ASSOCIATION TO SUPPORT THE REPLANNING, REBUILDING, IMPROVEMENT AND TRANSFORMATION OF ALIENATED RACIAL GHETTOS INTO DECENT INTEGRAL PARTS OF OUR CITIES WITH ECONOMIC AND RACIAL DIVERSITY.

RESIDENTIAL RACIAL SEGREGATION MUST GO!

MODEL CITIES

TENANT RIGHTS

BUSINESS OPPORTUNITIES

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701

12/30/70

NAACP
VI: F16
Folder: NAACP
Housing
Bulletin
1968-76

NAACP
HOUSING
DEPARTMENT