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The Origins of Redlining in Miami

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In an earlier article in this journal on the origins of Liberty City (FEUI, July 1985), it was argued that new federal housing agencies during the New Deal era permitted Miami's white civic and business leaders to reshape residential patterns in the Miami metropolitan area. In particular, Miami's civic elite was interested in pushing black citizens out of Overtown and expanding the downtown business district. One result of this policy was the establishment of Liberty Square as the nucleus of a new residential area for blacks several miles northwest of Overtown.

Another New Deal federal agency -- the Home Owners Loan Corporation (HOLC) — had an equally pernicious influence on the development of segregated housing patterns in Miami, as well as in other cities. Established in 1933, the HOLC was designed to grant long-term, low-interest mortgages to homeowners who were unable to secure regular mortgages, who were in danger of losing their homes through default or foreclosure, or who sought to recover homes already lost by foreclosure. But HOLC records in the National Archives in Washington reveal negative as well as positive consequences in the program's implementation.

The HOLC developed an elaborate appraisal and rating system by which to evaluate neighborhoods in every city. HOLC appraisers — usually local bankers and real estate men — assigned each neighborhood to one of four categories, beginning with the most desirable or "A" sections through the least desirable or "D" areas. These appraisal decisions were plotted on "residential security maps," on which the four categories were color-coded — green for those areas designated "A," blue for the "B," yellow for the "C," and red for the "D." These maps, the HOLC noted, "graphically reflect the trend of desirability in neighborhoods from a residential viewpoint."[1]

The HOLC appraisal system actually initiated "redlining," the practice by banks and other lending institutions of refusing to grant mortgages or other loans in older, poorer, and black neighborhoods.

How did redlining work in actual practice? The HOLC residential security maps were accompanied by detailed area descriptions compiled by the local appraisers. These area descriptions listed the characteristics of Miami neighborhoods, the economic and occupational status of residents, positive and detrimental influences in the neighborhood, and the type, age, and price of buildings. In addition, the appraisers noted any "restrictions set up to protect the neighborhood" — an obvious reference to discriminatory deed restrictions.[2] The HOLC made two such residential surveys in Miami during the 1930s, one in 1936 and another in 1938.

In the surveys of Miami, as well as of other cities, the HOLC began with a general statement describing the four different neighborhood categories. The "A" areas were new and well-planned, with a homogeneous population and well-built, high-priced homes; these sections of Miami, HOLC appraisers wrote in 1938, were "synonymous with the area where good mortgage lenders with available funds are willing to make their maximum loans." The "B" neighborhoods were slightly less good, although "still desirable." The houses were older, the residents less wealthy, the areas less uniform in architecture and building style, and the availability of mortgage money "slightly limited."[3]

The "C" category was assigned to sparsely developed sections on the metropolitan fringe and to areas of transition characterized by age, obsolescence, poor building or maintenance, inadequate transportation and utilities, lack of zoning or building restrictions, and closeness to black neighborhoods. They were, HOLC appraisers said in 1936, "definitely declining." The least desirable "D" rating went to so-called "hazardous" areas — "neighborhoods in which the things that are now taking place in the C neighborhoods have already happened." Specifically, the "D" sections were inhabited by blacks and "low grade white population" and characterized by such "detrimental influences" as a low percentage of home ownership, dilapidated housing, poor sanitation, industrial land uses, and nearness to trash dumps, incinerators, and railroads.[4]

Although the HOLC was a federal agency, its appraisal decisions were made by local mortgage brokers and real estate men. The 1936 survey, for instance, was prepared by an HOLC official and four Miami realtors. The 1938 survey was made by an HOLC man and seven local realtors and mortgage bankers. These Miami businessmen reflected the general attitudes of the downtown civic leadership. As in the case of the public housing agency, these men found in the HOLC program a new opportunity to shape Miami to their own liking.

As might be suspected, the HOLC appraisals of Miami neighborhoods reflected the bias of the local appraisers. The 1936 survey assigned the "A" designation to only a few small sections of the metropolitan area. These included a portion of Miami Beach north of Lincoln Road, sections of Coral Gables and Miami Shores, a few bay front neighborhoods north and south of the business district, and the Biscayne Bay islands between Miami and Miami Beach. These were neighborhoods of larger and more expensive homes on sizable lots; their residents were "native-born whites" who ranged from "the extremely wealthy" to professionals, "salaried executives," and retired businessmen. One would not be surprised to learn that the HOLC appraisers themselves lived in these same neighborhoods. Of the Miami Beach section, the appraisers noted with approval that "the northward movement of Jews from the southern part of the island . . . is limited in most cases by deed restrictions." The 1938 survey was even more parsimonious with the "A" rating, some of the north bayshore neighborhoods being downgraded to the "B" category.[5]

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The appraisers were relatively generous in the assignment of the "B" rating in 1936. A few Miami Beach, Coral Gables, and Miami bay front areas received this second-grade rating, as did a few older Miami neighborhoods (Riverside, Lawrence, Shenandoah, Shadowlawn, and Biltmore). However, the 1938 appraisal downgraded some of these areas to the "C" category because of the encroachment of businesses, tourist homes, and boarding houses, as well as the "infiltration of Cubans." (There is a sense of deja vu here in this reference to exiles from the Cuban revolution of 1933).[6]

There were no "C" designations in 1936, but virtually the entire remainder of the metropolitan area received the lowest "D" rating. As might be expected, this included the downtown black district near the CBD; it also included "some of the outlying southwest sections of Miami and practically all of the northwest sections, including Hialeah." It also included the brand new Liberty Square housing project of the PWA, even though it was not yet completed. The 1938 appraisers were even tougher in their real estate evaluations. Many "A" and "B" neighborhoods were downgraded, and a large number of new "C" and "D" areas were designated.[7] The 1938 HOLC map reveals a smattering of green and blue, and a vast expanse of yellow and red covering the entire metropolitan area. By 1938, Miami for all practical purposes had been redlined by the local real estate and banking community.[8]

The Miami appraisers of the HOLC noted the hesitancy of banks and mortgage lenders to invest in the "C" and "D" neighborhoods. Mortgage money for home purchase or home building generally was described as "ample" in "A" and even some "B" areas. But in the "C" areas mortgage money was "limited." For instance, in the white, working class Shadowlawn section mortgage money was "limited," even though the area was "close to good transportation and schools and shopping centers" and despite the fact that portions of the area were "being improved with houses too good for the area." In the judgement of the HOLC appraisers, the "trend of desirability" of Shadowlawn over the next ten to fifteen years was "down."[9]

Banks and other lending institutions were very reluctant to invest in these "C" neighborhoods, even though their populations were entirely white. According to the HOLC these areas were in the process of "transition" -- a code word then and now that meant they were near black neighborhoods and that they might soon be less white and more black. For the "D" neighborhoods, a single word described the availability of mortgage money from local financial institutions — "None."[10]

The impact of the HOLC in Miami, it should be clear, was to consign the city's black sections, as well as adjacent white areas, to a future of physical decay and intensified racial segregation. Some HOLC mortgage loans were made in "C" and "D" neighborhoods, but local financial institutions strengthened their earlier discriminatory loan practices. As one urban scholar, Kenneth T. Jackson, has written, "the damage caused by the HOLC came not through its own actions, but through the influence of its appraisal system on the financial decisions of other institutions."[11] HOLC residential security maps were available to local bankers (after all, they had an important role in drawing them up), and the HOLC appraisal categories were used in evaluating mortgage and loan applicants.

The Federal Housing Administration (FHA), which insured private mortages for home construction, also used the HOLC appraisal categories and probably the HOLC residential security maps. It is also clear that the FHA had a discriminatory loan record in Miami. According to Elizabeth Virrick, author of a 1960 study of Miami housing, it was "well-known locally that Negroes in Dade County were refused FHA commitments until recently."[12]

Thus, the Home Owners Loan Corporation, a federal agency originally designed to help poor homeowners combat the depression, was effectively turned against the people who needed help the most. The effect of federal "redlining" in Miami was to hasten the physical decay of the city and strengthen the process of residential segregation. Several studies have demonstrated that of more than one hundred large American cities, Miami had the highest degree of residential segregation by race in 1940, 1950, and 1960.[13] This was not a racial pattern that happened by accident. Residential segregation and the rapid physical deterioration of the black inner city, moreover, has had severe human and social consequences in Miami. Race riots in 1968, 1980, and 1982 revealed the extent of black anger and frustration. A succession of studies singled out housing as one of the most pervasive and serious grievances of Miami's blacks.[14]

The "redlining" of urban America, initiated in the New Deal era by the Home Owners Loan Corporation and carried through by the Federal Housing Administration, has had devastating and long term consequences for Miami and other American cities.[15] As in the case of public housing, the implementation of various New Deal urban programs was left to local governments and local leaders. In Miami, incredible as it may seem, federal "redlining" meant that much of the metropolitan area was written off as beyond salvation and condemned to a future of decay and deterioration.

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Notes

1. "Security Area Map, Miami, Florida," and "Analysis of Realty Area Map of Miami, Florida," both 1936, Records of the Home Owners Loan Corporation (hereafter cited as HOLC Records), Record Group 195, National Archives, Washington, D.C.; "Security Area Descriptions: Metropolitan Miami, Florida," September 24, 1938, ibid. On the history of the HOLC, see Lowell C. Harriss, History and Policies of the Home Owners' Loan Corporation (New York, 1951).

2. "Security Area Descriptions: Metropolitan Miami," 1938, HOLC Records.

3. Ibid.

4. "Security Area Map" and "Analysis of Realty Area Map of Miami," 1936, HOLC Records.

5. "Analysis of Realty Area Map of Miami," 1936, HOLC Records; "Security Area Descriptions: Metropolitan Miami," 1938, ibid.

6. Ibid.

7. Ibid.

8. "Security Area Map, Miami, Florida," 1938, HOLC Records.

9. "Security Area Descriptions: Metropolitan Miami," 1938, HOLC Records.

10. Ibid.

11. Kenneth T. Jackson, "Race, Ethnicity, and Real Estate Appraisal: The Home Owners Loan Corporation and the Federal Housing Administration," Journal of Urban History, 6 (August 1980), 430.

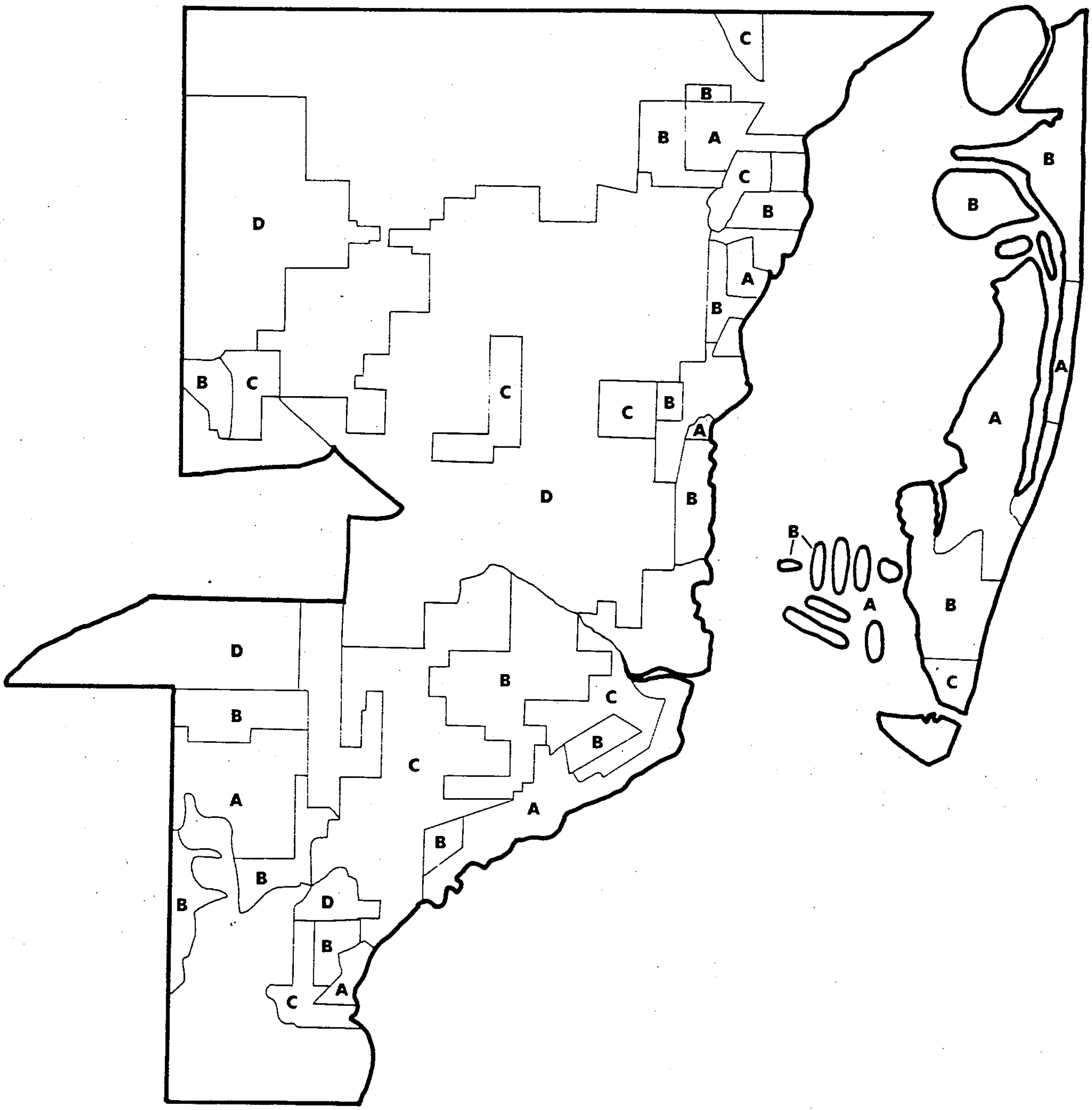
12. Ibid., 430, 449; Elizabeth L. Virrick, "New Housing for Negroes in Dade County, Florida," in Nathan Glazer and Davis McEntire, eds., Studies in Housing and Minority Groups (Berkeley, 1960), 140.

13. Donald O. Cowgill, "Trends in Residential Segregation of Non-Whites in American Cities, 1940-1950," American Sociological Review, 21 (February 1956), 43-47; Karl E. Taeuber and Alma F. Taeuber, Negroes in Cities: Residential Segregation and Neighborhood Change (Chicago, 1965), 40-41; Annemette Sorenson, et al., "Indexes of Racial Residential Segregation for 109 Cities in the United States, 1940-1970," Sociological Focus, 8 (1975), 125-142.

14. National Commission on the Causes and Prevention of Violence,

Miami Report: The Report of the Miami Study Team on Civil Disturbances in Miami, Florida, during the Week of August 5, 1968 (Washington, 1969); U. S. Commission on Civil Rights, *Confronting Racial Isolation in Miami* (Washington, 1982); Bruce Porter and Marvin Dunn, *The Miami Riot of 1980: Crossing the Bounds* (Lexington, Mass., 1984).

15. For the impact of the HOLC in Newark and St. Louis, see Kenneth T. Jackson, *Crabgrass Frontier: The Suburbanization of the United States* (New York, 1985), 190-218; for Richmond, Virginia, see Christopher Silver, *Twentieth-Century Richmond: Planning, Politics, and Race* (Knoxville, 1984), 142-145; for Gary, Indiana, see Raymond A. Mohl and Neil Betten, *Steel City: Urban and Ethnic Patterns in Gary, Indiana, 1906-1950* (New York, 1986), 66-70. See also Charles Abrams, *Forbidden Neighbors: A Study of Prejudice in Housing* (New York, 1955), 227-243.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