

How American Ghettos Were Made
Race, Real Estate and the Black Migration to Chicago
By David J. Garrow
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FAMILY PROPERTIES: Race, Real Estate, and the Exploitation of Black Urban America
By Beryl Satter
Metropolitan. 495 pp. \$30

In 1955, a young African American couple bought a house in Chicago's Hyde Park, the same neighborhood where Barack and Michelle Obama settled four decades later. Unlike the Obamas, Albert and Sallie Bolton had to purchase their home on an installment plan, because in the 1950s federal agencies refused to insure mortgage loans for buyers in racially integrated areas. Facing severely limited options, the Boltons contracted to pay the then-princely sum of \$13,900 for a 100-year-old cottage without central heat. The seller, a white real estate agent named Jay Goran, specialized in just this kind of deal: He sold properties for a down payment of only a few hundred dollars, but if the purchasers missed even one installment, Illinois law allowed him to quickly and easily obtain an eviction order for less than \$5.

After the Boltons signed the contract, Goran added extra fees to their monthly bills. When they called to complain, he refused to speak to them. Then came repeated visits from housing code inspectors: First the couple had to remove their shutters, then rebuild the front porch, then fix the back porch. After 18 months, the Boltons fell behind on a payment, and Goran filed for eviction. Prospective buyers were already showing up at the house when the young couple sought help from a hardscrabble Chicago lawyer, Mark Satter.

The novel lawsuit that Satter filed on behalf of the Boltons succeeded only in postponing their ouster until 1959. But in the meantime, Satter researched Goran's tactics, learning, for example, that the real estate speculator had purchased the house for \$4,300 just a week before he sold it to the Boltons for triple the price, and that he recently had filed repossession claims on 20 other properties. Satter used the information to publicize how the rigid racial segregation of Chicago's housing market cost the city's black citizens \$1 million a day in inflated prices and rents.

Now his daughter, Rutgers University history professor Beryl Satter, has turned the story of her father and the Boltons into a penetrating examination of the financial discrimination that thousands of African Americans encountered in their northward migration to cities such as Chicago.

Redlining is a familiar, if poorly understood, word for the refusal to insure mortgages in black neighborhoods. Satter shows how it worked in vivid, personal terms. Her painstakingly thorough portrayal of the human costs of financial racism is, in my view, the most important book yet written on the black freedom struggle in the urban North.

In "Family Properties," she explains that it was not poverty that made black Chicagoans vulnerable to the likes of Jay Goran, because in 1960 two-thirds of the city's whites and 63 percent of its black residents had comparably modest incomes. Rather, she contends, the blame belongs squarely on "the racially biased credit policies of the nation's banking industry" and particularly the pre-1965 Federal Housing Administration.

Following procedures in effect since the 1930s, appraisers rated properties using a color scheme: green for all-white areas, blue and yellow for areas with some foreigners or Jews, and red for areas with black residents. "The FHA's appraisal policies," Satter writes, "meant that blacks were excluded by definition from most mortgage loans" and that "the presence of a single black family usually led to mortgage redlining" of an entire neighborhood. Non-commercial purchasers (white as well as black) found themselves unable to obtain loans in those locations. Speculators like Goran pressed frightened white homeowners to sell, then quickly "flipped" the houses to families like the Boltons, who had no alternative method for buying a home.

For black purchasers struggling to make inflated monthly payments, dividing and overcrowding their properties to generate income was a common solution. But that choice sapped aging structures, and it strained the fabric of many communities. In Chicago's tough West Side neighborhood of Lawndale, for instance, school enrollment increased 286 percent between 1951 and 1965.

Even more than Hyde Park, Lawndale plays a central role in Satter's book, both because it experienced the worst concentration of Goran-style real estate sales and because it's where her father grew up. In the 1920s and '30s, when Mark Satter was a boy, the neighborhood was largely Jewish. He attended law school on scholarship, dabbled briefly in the Communist Party and gradually bought four small Lawndale apartment buildings to supplement his modest law practice.

Between 1940 and 1960, Chicago's African American population surged from 277,000 to 812,000, and Mark Satter was one landlord who happily rented to blacks. "He was passionately, ideologically dedicated to the ideal of an interracial community in Lawndale," his daughter writes.

In 1953, however, construction of what today is the Eisenhower Expressway "sliced the neighborhood in two and essentially destroyed it." The following year

Mark Satter moved his family to a more middle-class area, and in 1955 Lawndale's major Jewish institutions decamped as the neighborhood became predominantly black. Real estate rip-offs proliferated.

Satter was just 6 when her father died in 1965 at age 49, exhausted by his losing struggle to keep his Lawndale properties in respectable shape. Soon after his death, a grassroots group called the Contract Buyers League emerged and fought back against unfair real estate contracts by picketing banks and withholding payments to exploitative agents such as Goran. It had mixed success -- 70 families lost their homes -- but its battles led to congressional enactment of mid-1970s mortgage reform laws that improved banks' home loan practices and that Satter views as the "crowning achievement" of the activism her father pioneered.

Half a century after her 1959 eviction, Sallie Bolton, now 88, still lives on Chicago's South Side, although not as close to the Obama family's grand home as she once briefly did. Predatory lending practices have reemerged in the form of subprime loans, and Satter reports that "between 2004 and 2006 the American city with the most residents holding subprime loans was . . . Chicago." "Family Properties" is a superbly revealing and often gripping book, one that will remind Chicagoans on temporary assignment in Washington all too poignantly of home.

David J. Garrow is the author of "Bearing the Cross," a Pulitzer Prize-winning biography of Martin Luther King Jr. He is researching a pre-presidential biography of Barack Obama.