Race and Place: New Evidence from the 1940 Censuses of Population and Housing

Price V. Fishback, University of Arizona and NBER

Jonathan Rose, Federal Reserve Banks of Chicago and St. Louis

Kenneth A. Snowden, University of North Carolina at Greensboro and NBER

Thomas Storrs, University of Virginia

New Dataset on Mortgages from the 1940 Census /of Housing

- Today, we are introducing a dataset, stating questions to be answered by it, and displaying some initial observations.

- Two main features of this dataset: 1) data on mortgages and housing 2) at the Census Tract level in 1940.

- This is about as good as it gets from published records. The Census Bureau destroyed the original Census of Housing schedules.

Data Sources

Volume IV 1940 Census of Housing

Table 9.—DEBT AND VALUE, HOLDER OF FIRST MORTGAGE, AND AVERAGE INTEREST RATE FOR 1-FAMILY PROPERTIES, FOR TRACTED AREAS BY CENSUS TRACTS: 1940

[Percent not shown where less than 0.1; average and percent not shown where base is less than 25]

CITY AND CENSUS TRACT OR OTHER AREA	All 1- to 4-family mortgaged properties	Reporting debt and value	Value of property		Outstanding indebtedness (first and junior mtgs.)			Reporting holder	Holder of first mortgage								Av. interest rate—first mtg. (%)
	Total		Total (dollars)	Average (dollars)	Total (dollars)	Average (dollars)	Percent of value		Building and loan assn.	Commercial bank	Savings bank	Life insurance co.	Mortgage co.	HOLC	Individual	Other	
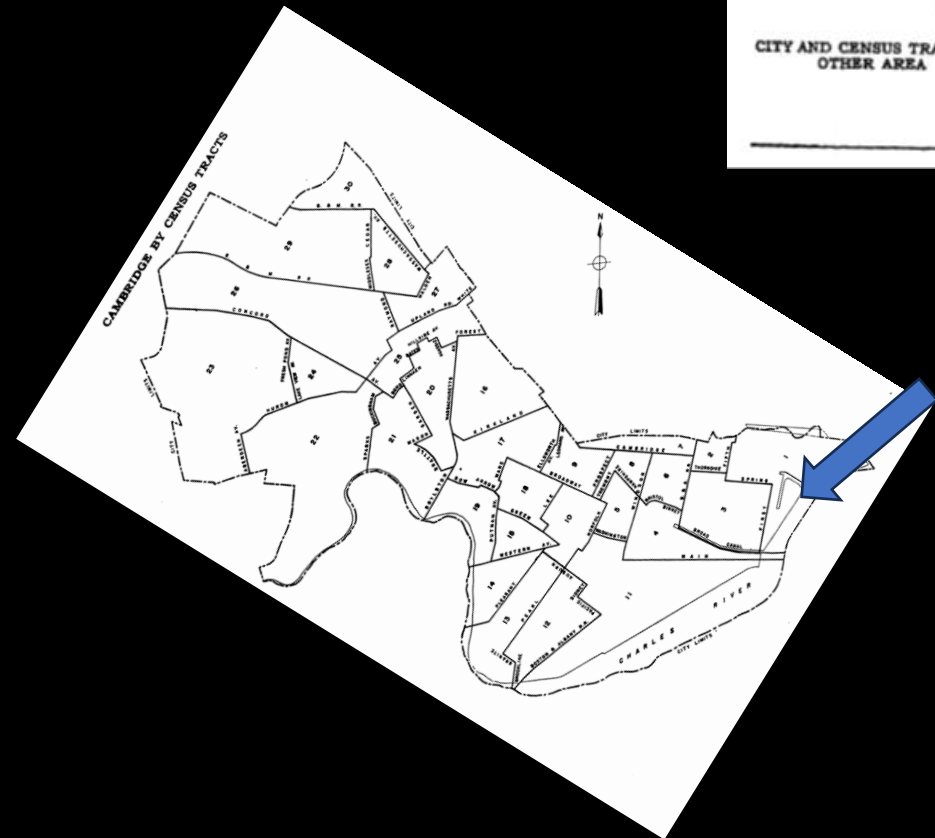
Data By Census Tracts 1940: Bogue (ICPSR 2930)

You Are Here

Table 1. Population By Race And Nativity , Occupied Dwelling Units

Table 2. Age, Race, and Sex

Table 3. Years Of School, Employment Status, Occupation Group, Country Of Birth, Citizenship , by Sex

Table 4. - Dwelling Units By Occupancy Status And Race Of Occupants

Table 5. Value Of Owner-Occupied Dwelling Units , Rent Of All Dwelling Units

Table 6. Type Of Structure , State Of Repair And Plumbing Equipment, Size Of Household , Persons Per Room , Radio , Refrigeration And Heating Equipment

ALL DWELLING UNITS, BY YEAR BUILT				
Number reporting	1930 to 1940	1920 to 1929	1900 to 1919	1899 or earlier

Coverage of Dataset

~1/3 of the US

>1/2 of Principal Metro Areas

	United States	Principal Metro Areas	60 Census Tract Cities	% of US	% of PMAs
1-4 Family Nonfarm Homes					
Total Occupied	27,747,973	15,565,041	10,473,080	37.7%	67.3%
Owner Occupied	11,413,036	5,690,571	3,297,006	28.9%	57.9%
1 Family Owner-Occupied Nonfarm Homes					
Mortgaged	4,025,815	2,473,556	1,382,748	34.3%	55.9%

LIST OF CENSUS TRACT CITIES

Akron, Ohio.*
Atlanta, Ga.*
Atlantic City, N. J.
Augusta, Ga.*
Austin, Tex.

Baltimore, Md.
Berkeley, Calif.*
Birmingham, Ala.
Boston, Mass.
Buffalo, N. Y.

Cambridge, Mass.
Camden, N. J.
Chicago, Ill.
Cincinnati, Ohio.*
Cleveland, Ohio.*
Columbus, Ohio.

Dallas, Tex.*
Dayton, Ohio.*
Denver, Colo.
Des Moines, Iowa.
Detroit, Mich.*
Duluth, Minn.

Elizabeth, N. J.

Flint, Mich.*

Hartford, Conn.*
Houston, Tex.

Indianapolis, Ind.*

Jersey City, N. J.*

Kansas City, Mo.

Long Beach, Calif.*
Los Angeles, Calif.*
Louisville, Ky.*

Macon, Ga.*
Memphis, Tenn.*
Milwaukee, Wis.
Minneapolis, Minn.*

Nashville, Tenn.
Newark, N. J.
New Haven, Conn.
New Orleans, La.
New York City.
    (Statistics for health areas.)

Oakland, Calif.*
Oklahoma City, Okla.*

Paterson, N. J.
Philadelphia, Pa.
Pittsburgh, Pa.*
Portland, Oreg.
Providence, R. I.

Richmond, Va.
Rochester, N. Y.

St. Louis, Mo.*
St. Paul, Minn.*
San Francisco, Calif.
Savannah, Ga.*
Seattle, Wash.
Syracuse, N. Y.

Toledo, Ohio.
Trenton, N. J.

Washington, D. C.

Yonkers, N. Y.

*Suburban tracts included.

Questions to Answer

1. From whom did Black borrowers obtain home mortgages? What part did individual and non-FHA institutional lenders play?

2. What impact did HOLC lending have on home ownership and home values?

3. How much did FHA augment new construction between 1936-40?

4. How did borrowers, locations, and loan terms vary among conventional lenders?

The National Mortgage Market in the 1930s and Black Borrowers Position in it in 1940

Total Mortgage Debt on 1 to 4 Family Homes ($millions)
Shares of Total Mortgage Debt

Chart showing HOLC Loans, Loans Held by Private Institutions, Insured by FHA, Uninsured by FHA, and Individual Investors from 1930 to 1940.
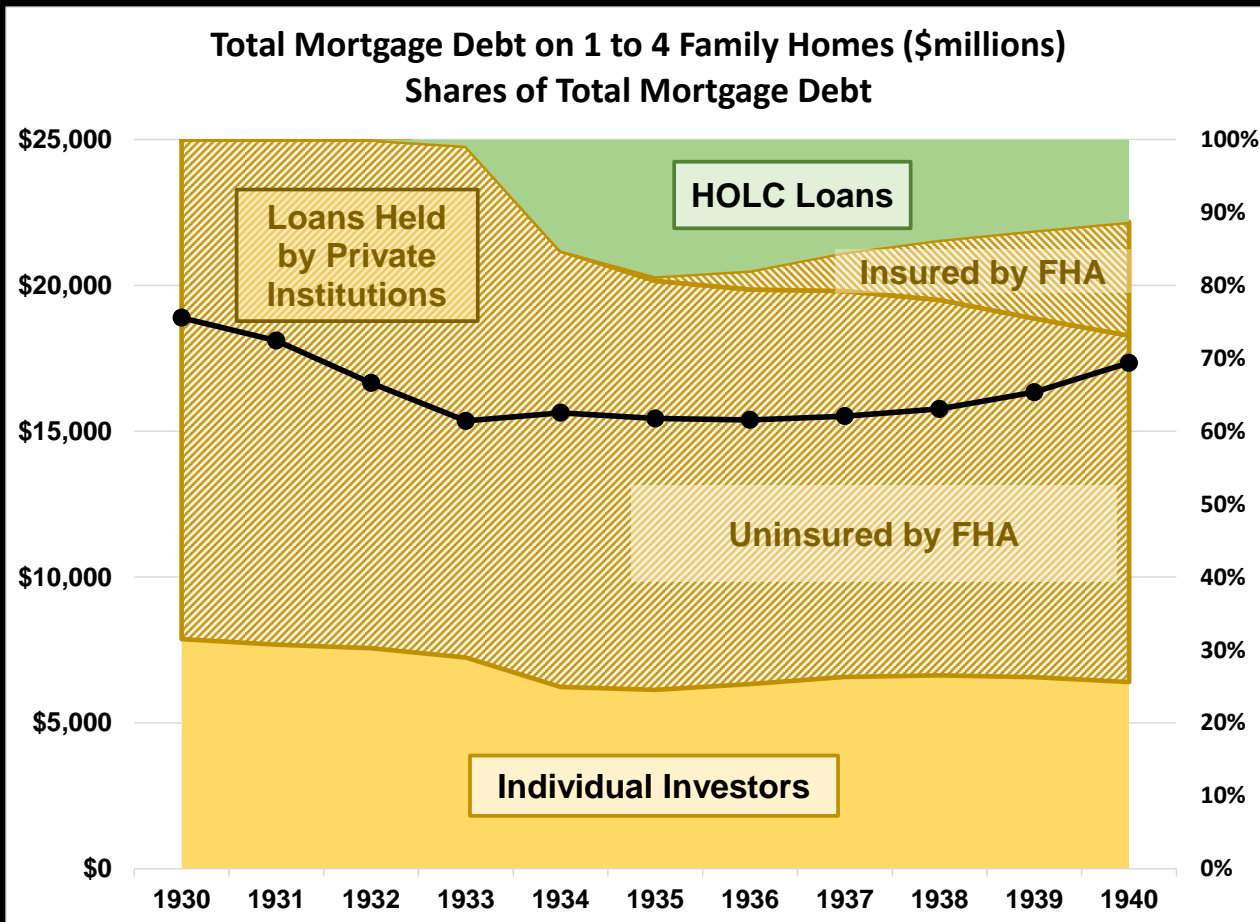
First Mortgages in 1940	Interest Rates			Black Share
Institution	Black	White	Black Minus White	
All Lenders Reporting	5.86	5.54	0.32	3.0
HOLC	4.50	4.50	0.00	4.6
Individual	6.52	5.79	0.73	3.8
Building and loan	6.04	5.92	0.12	3.5
Mortgage Co	6.11	5.60	0.51	2.8
Other	6.02	5.46	0.56	2.7
Commercial bank	6.11	5.65	0.46	1.8
Savings bank	5.89	5.56	0.33	1.3
Life Insurance Co	5.92	5.41	0.51	0.7

Preliminary Results of Census Tract Regressions by Type of Lender

- Controls
  - Distribution of Housing Quality
  - (age, value bins, home ownership, people per room, access to toilets, running water, mechanical refrigerators)
  - Population Characteristics
  - (LF Participation, Employment, and Work Relief status, occupations of males, ages, and schooling)
  - Metro Area Fixed Effects
  - Weighted by Population

- Results show that HOLC, individuals, and savings banks were the lenders most likely to lend in areas with larger black population.
- Are also going to examine lending to other ethnic groups.

Lender's Shares of Mortgages in Tracts by Percent Nonwhite in Tract

	Percent Nonwhite in Tract					
	Zero	.01-1	1.01-5	5.01-25	25.01-50	Over 50
HOLC	16.7	14.0	15.3	16.1	18.9	24.2
Building and Loan	18.4	15.5	20.5	25.5	22.9	26.6
Individual	22.0	21.2	18.1	18.7	23.4	21.0
Commercial Bank	11.4	13.4	12.1	9.3	8.0	6.0
Savings Bank	12.8	14.0	11.1	8.9	8.6	5.8
Life Insurer	4.5	6.7	8.2	7.7	3.2	1.8
Mortgage Company	6.3	7.2	7.0	6.8	6.4	6.4
Other	8.0	8.0	7.7	7.2	8.6	8.2
Total	100	100	100	100	100	100
Number of Tracts	1241	2653	1133	851	275	427

Estimating FHA Lending

- Fundamental constraint is Census of Housing did not categorize separately loans with FHA insurance
- Combination of Information from State and County Information on Types of Lenders Insured
- Interest rates at or below 4.5 and 5 percent by Type of Lender in State (and some cities)
- Shares of mortgages on houses built after 1935 along with interest rates at or below 4.5 and 5 percent by Type of Lender in State.
- The Redlining Lab (Faber, Xu, Storrs, and Thomas,) in a separate project, is digitizing FHA maps and gathering FHA data from the National Archives

Conclusions

The home mortgage market was not a monolith!

Who loaned in "redlined" areas?
1. As long suspected, banks and life insurance companies avoided these areas almost uniformly
2. But these areas were served to some extent by HOLC, building & loans, and individuals

How did the other half borrow?
1. The differences in lenders cannot be fully explained by observables like age, location
2. There remains much to be learned about the business of lending to Black borrowers

Incredible HOLC?
1. The largest lender to Black borrowers
2. Future research can examine variation, regional and intracity, in HOLC's relending on its foreclosures

FHA?
1. A view of the entire home mortgage market enhances our understanding of FHA's exclusionary role
2. Need to infer FHA-insured mortgages from this dataset

Atlanta Mortgages by Lender Type (Red Dots)
with Percentage Black (100% to 80%=white...20% to 0%=black)

HOLC   Life Insurers   Building & Loans   Individuals
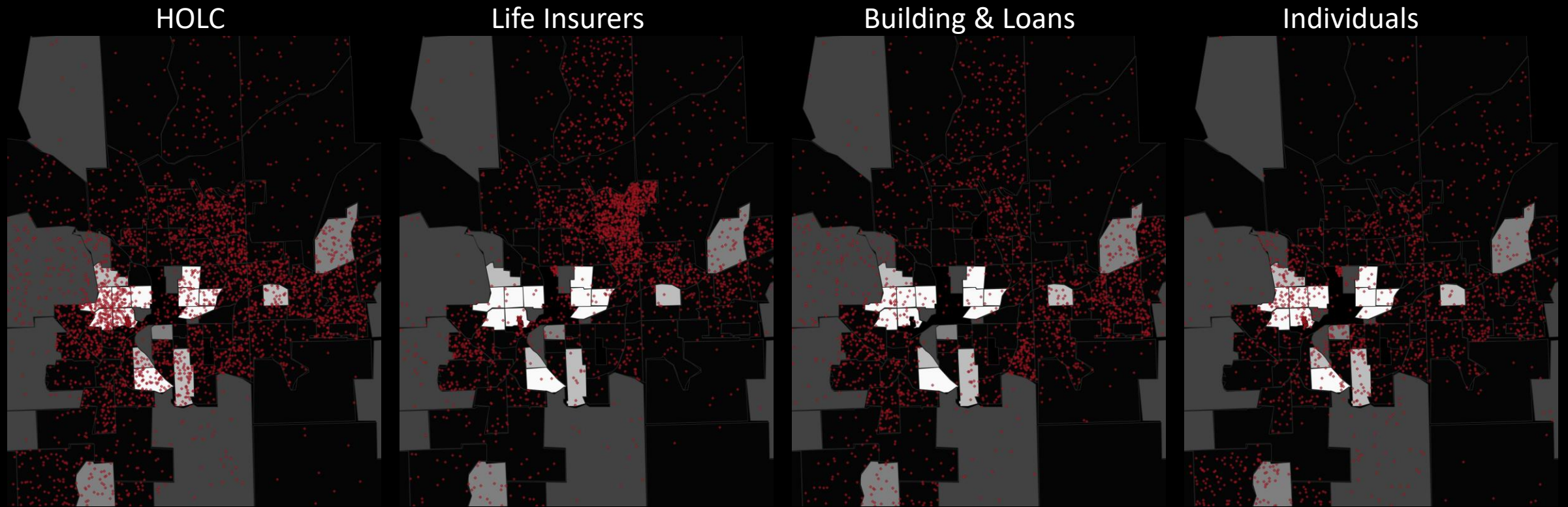
One red dot is one mortgage randomly placed within its Census Tract