

## *Race for Profit: How Banks and the Real Estate Industry Undermined Black Homeownership*

By Keeanga-Yamahtta Taylor  
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### Introduction

Researchers and practitioners interested in advancing social equity in public administration should be familiar with Professor Keeanga-Yamahtta Taylor's (2019) book, *Race for Profit: How Banks and the Real Estate Industry Undermined Black Homeownership*. While *Race for Profit* has been widely praised among historians, urban planners, business scholars, and other social scientists, its lessons have not been fully unpacked for the field of public administration. The question driving Taylor's book is: Why do vast racial disparities in housing and economic outcomes persist decades after the end of formal Jim Crow segregation? Why—after achieving legalistic equality under federal civil rights laws of the 1960s—has racial inequality in housing persisted? Ending legal regimes of overt racial discrimination should theoretically boost prospects for equality and the leveling of socioeconomic outcomes. Yet, we often observe just the opposite: persistent and even widening inequality, especially in housing.

*Race for Profit* traces the ways the exclusionary policies and practices of the Jim Crow era did not end with civil rights legislation, but rather morphed into what Taylor calls “predatory inclusion” (p. 5). Readers learn about the failures of elected officials, political appointees, and public administrators to uphold the U.S. Constitution's prohibition against discrimination in the implementation of fair housing legisla-

tion, and how these failures enabled a new form of exploitative racial capitalism. In sum, the racial liberals of the 1960s and advocates of the Great Society sought to open the housing market to Black people and other people of color who had been excluded by discriminatory zoning, redlining, racial covenants, and other segregationist practices. However, this expansion of Department of Housing and Urban Development (HUD)-Federal Housing Administration (FHA) credit and homebuying opportunities were channeled through private banking and real estate interests that maintained residential segregation while using their outsized influence in the policy process to create new ways of extracting wealth from Black families seeking homeownership.

The history of redlining and exclusionary FHA housing practices from the end of World War II to the Civil Rights Movement is well-documented in historical accounts and seminal books like Richard Rothstein's (2017) *The Color of Law: A Forgotten History of How Our Government Segregated America* (Trochmann 2023). However, few accounts push beyond that history to tell a more contemporary story following the legalistic inclusion of racial minorities in U.S. society. Taylor expands our knowledge of how the housing market changed by documenting both the political and administrative history of HUD-FHA and the people, especially Black women, who were taken advantage of in their efforts to become homeowners.

## From Racial Exclusion to Predatory Inclusion

*Race for Profit* is composed of six chapters with an introductory and conclusion section. The initial chapter of the book, “Unfair Housing,” prepares the reader to understand the transition to predatory inclusion by summarizing the U.S. history of segregationist housing policy. In particular, the chapter describes how the FHA began backing mortgages through federal authority in the 1930s with underwriting that explicitly favored white homeownership in exclusionary and newly constructed single-family suburbs, while actively disinvesting from central cities. Public policy and administration in the early 20th century overtly discriminated against racial minorities, particularly Black people. Social equity and the pursuit of equal treatment were essentially nonexistent in both private and public sectors. While this topic has been explored in existing legal and public affairs scholarship, Taylor’s writing is inviting and incisive as urban historiography.

Chapter 2, “The Business of the Urban Housing Crisis,” traces the challenges that unfolded as Black joblessness, isolation, and rebellion garnered media attention and took hold of America’s social conscience. Politicians and administrators in the federal government viewed the opening of the housing market as a critical way to boost the economic prospects of poor people in the city while revitalizing distressed residential neighborhoods. To support this revitalization, chapter 2 outlines how federal policymakers acted upon Section 221(d)(2) in the Housing Act of 1954 and Section 235 in the HUD Act of 1968, which expanded the capacity of FHA to back mortgages and subsize housing for those displaced by urban renewal and slum clearance in “blighted” areas.

Unearthing these lesser-known sections of civil rights legislation is intrinsically instructive, but how this new authority was used is where the story becomes most informative for scholars of public administration. Detailed further in chapter 2, key institutions of American capitalism like banks, real estate appraisers, and real estate brokers now formed an unlikely alliance with the federal government, purportedly to enhance residential access for racial minorities. Utilizing Sections 235 and 221(d)(2) to expand homeownership resources for formerly excluded populations potentially represented a leap forward for residential equity; however, HUD-FHA put these capitalist actors in charge of implement-

ing fair housing. With vivid storytelling, Taylor details the relationships between HUD-FHA and the real estate and banking industries, and the power dynamics that emerged, including the devastating effects these public-private partnerships had on the people who tried to benefit from the new “services.”

Chapter 3, “Forced Integration,” sets the background of policy failure in fair housing. President Richard Nixon’s choice for HUD Secretary, George Romney, plays a prominent role in *Race for Profit*, especially with regard to chapter 3. The chapter details Romney’s failed effort to implement fair housing legislation with few resources for adequate frontline execution. Romney initially sought to integrate resourced suburban housing markets, but he was reprimanded by the Nixon administration who asserted they would not support “forced integration” (93). Yet without suburban participation, no fair housing could be achieved as residential segregation remained firmly in place. In chapter 3, Taylor also reminds readers that any egalitarian effort will be muted without intertwining race and class consciousness. For example, federal intervention in the housing market on behalf of civil rights was not allowed unless race was explicitly invoked, such as in overtly racist zoning codes or residential covenants. Working within these new legal parameters, the Nixon administration harnessed the classist logic of the market to maintain segregation while shedding the racist justifications of Jim Crow. In other words, the separation of rich and poor and white and nonwhite was cast as nothing more than the natural outcome of different residential preferences in a free market. According to Nixon, continued racial segregation in housing reflects, “the free choice of individuals and families in both majority and minority communities” (125). This is emblematic of the neoliberal turn in American political economy; unequal residential outcomes are treated as acceptable arrangements that stem from “colorblind” market forces and individual preferences as opposed to historic or structural forces (Freund 2007).

In chapters 4 and 5, Taylor highlights how a cross-sector alliance perpetuated racial inequality through housing policies that favored profit over people. HUD-FHA efforts injected mortgage backing into declining neighborhoods and poor citizens, but this had the primary effect of enriching real estate interests with new sales in previously redlined markets, while saddling the new low-income homeowners with the old problems of sub-

standard properties. In chapter 4, “Let the Buyer Beware,” Taylor recounts numerous stories of new entrants who purchased subsidized homes through real estate brokers operating under Section 235 and 221(d)(2). Take for example the newly purchased home of 27-year-old Black mother of three, Wilhelmina Gause, in which “rain seeped through the rear wall . . . The main drain pipe in the basement leaked, filling the basement with sewage to the depth of one foot” (142). Chapter 5, “Unsophisticated Buyers,” continues to describe the inner workings of predatory inclusion in which federal officials continually approved “criminally defective houses” (194) to low-income homebuyers without additional resources for maintenance. In turn, many of the homes financed under the HUD Act fell into disrepair and were razed, with HUD officials casting blame directly on the poor claiming, “those people just don’t know how to take care of a home.” (90). Chapters 4 and 5 outlining the frontline implementation of fair housing policy remind administrators to design and implement programs with robust checks and balances to prevent industry capture and ensure that the benefits of public policies reach the intended populations.

The echo of personal failings and innate inferiority underlying housing policy failure with lack of focus on structural deficits continues with chapter 6, “The Urban Crisis Is Over—Long Live the Urban Crisis.” This final chapter details the testimony of Secretary Romney explaining away HUD policy failures by reverting to the familiar narrative of blaming the individual habits of “people with problems” (226) and the “welfare poor” (229). Instead of addressing the structural issues of putting profit-maximizers in charge of fair housing that operates in already segregated and under resourced neighborhoods, chapter 6 brings the story back to the starting line of American inequality. The urban crisis is cast by government officials, media, and public consciousness as the inevitable and intractable problem of the irresponsible, undeserving urban underclass.

Finally, Taylor explores the long-term consequences of predatory inclusion and the urban crisis, including the financial devastation of Black homeowners amid the fallout of the Great Recession and its perpetuation of the racial wealth gap. The conclusion of the book “Predatory Inclusion,” illustrates the human cost of policy failures and the importance of learning from past mistakes, including the skyrocketing rate of foreclosures. The reflective public administrator reading *Race*

*for Profit* will see the need to reevaluate policy and implementation in ways that focus on the power dynamics of public-private partnerships and the socioeconomic outcomes for the communities served. Therefore, we conclude with four reflections.

## Lessons for Social Equity and Public Administration

Taylor’s book offers several important lessons for public administrators and scholars committed to advancing social equity.

### 1. *Historical Awareness and Social Justice Ethics*

Understanding the historical context of discriminatory policies is essential for developing equitable policies and practices today. Public administrators must be aware of past injustices to avoid replicating them in contemporary forms. Savvy administrators need to train their managerial eye on past cases to learn how unjust practices morph and adapt to new legal regimes. Throughout American history, governmental actors have played a vital role in maintaining racial hierarchy and inequality. Woodrow Wilson exemplified this racist practice when he infamously segregated the federal workforce (Yellin 2013). In the 20th century, residential segregation was perpetuated by racist housing covenants and exclusionary zoning codes, endorsed and enforced by local governments (Rothstein 2017). Federal agencies like Veterans Affairs and the Federal Housing Administration supported these local practices with discriminatory underwriting that excluded people of color from federal housing assistance programs (Rothstein 2017). When public administrators gain awareness of racial injustice, especially those injustices propagated by administrators with public service missions, they are better equipped to recenter the “spirit of public administration” (Frederickson 1997) and pursue social equity in public affairs.

### 2. *Critique of Public-Private Partnerships*

Taylor’s book highlights the risks inherent in public-private partnerships, particularly when private-profit motives are at odds with the public good. The heart of the book highlights unhealthy exploitation that arises from profit-seeking real estate involved with “fair housing” provisions. Chapter 4, “Let the Buyer Beware,” demonstrates this issue in the implementation of the Fair Housing Act by describing how the limited in-

house capacity of HUD led to problematic contracting arrangements with private sector appraisers who were reimbursed by the volume, not the quality, of their appraisals. This created perverse input-based incentives for brief drive-by appraisals or “windshield inspections” (152), which were lacking in professional standards of investigation and artificially inflating housing values. These contractors were motivated foremost by profit maximization, not public service. Research demonstrates that contracting and new public management strategies can come at the expense of social equity (Wang and McFadden 2016). Consequently, public administrators should advocate for transparency, accountability, and equity-focused reforms in these cross-sector collaborations.

### 3. *Representative Bureaucracy*

Taylor’s discussion of HUD’s white-dominant culture and the experiences of minority bureaucrats within HUD underscores the importance of representative bureaucracy. Taylor reports that rampant, widespread discrimination was directed toward underrepresented groups within HUD, echoing concerns with “racialized organization” (Ray 2019) rooted in white supremacy and minority exclusion. For example, Taylor states that “deeply embedded racist attitudes about African Americans within the HUD-FHA bureaucracy guaranteed a hostile climate for fair housing attempts from the beginning” (156). Taylor highlights the concerns of minority bureaucrats working within HUD, who faced discrimination in employment and professional advancement within the agency. Investigations from the Urban League and Equal Employment Opportunity Commission uncovered racial discrimination toward Black employees, who described their place in the organization as “basement occupancy” (161), relegated to the lowest-tier positions and pay scales. Public administrators will note the importance of representative bureaucracy, which emphasizes demographic congruence between organizational leaders, frontline bureaucrats, and the communities they serve (Meier 2019, 2023). Fair housing programs targeted within disproportionately Black

and low-income parts of central cities should aim for improved congruence between HUD-FHA administrators and local service recipients.

### 4. *Intersectionality*

Taylor highlights the exploitation of poor Black women in central cities. Taylor’s focus on the intersection of race, gender, and class within segregated residential settings should alert public administrators to the importance of making intersectional concerns explicit in policy formation and implementation. Taylor reminds us that public administrators must consider how multiple identities intersect to shape individuals’ experiences and outcomes. Indeed, Kimberlee Crenshaw’s (1989) foundational work highlighted the unique combination of discrimination faced by Black women experiencing both racism and sexism in the workplace. Taylor’s book reminds public administrators to balance the typical goals of efficiency, economy, and effectiveness with the public service spirit of social equity—and that this social equity practice requires an intersectional lens.

Overall, Taylor’s *Race for Profit* makes a powerful call for justice in U.S. housing policy. While many historians and urban planners have heard the call, it is vital that elected officials and public administrators also take note and make reforms that prioritize people over profit in the human search for shelter and belonging. Additionally, *Race for Profit* can be used by educators in public administration classrooms. For example, the book can be used to illustrate breaches of public administration ethics in introductory and leadership courses. Similarly, the book can also be used in an introductory course to highlight examples of social equity as a pillar of the field. The book can be used in policy analysis or policy process courses with examples of problem definition, in particular, elite framing of societal problems and solutions. Lastly, the book can be used in research methods courses to highlight examples of content analysis and archival research approaches. Taylor’s *Race for Profit* is useful as it is insightful for students and public service professionals alike.

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