

## Welcome to Part 3 of 5

### The Rise of a Dual Housing Market and Extreme Segregation (1917—1940s)

The new strategies of segregation that evolved in Chicago during the 1920s to 1940s and that predominated in the post-WWII era were more sophisticated than ever before. These are the policies that shaped the Chicago of today as the most segregated U.S. city.

Map showing “restrictive covenants” in place throughout Chicago; see map key to the right.

In 1917, the **Chicago Real Estate Board** (CREB) decided to respond to the “invasion of white residence districts by the Negroes,”



as they put it, and quietly declared Chicago to be a segregated city. Instead of advancing housing equity, ensuring safe and dignified living conditions, or building a truly democratic multi-cultural society, the real estate powers sought to support White ethnic enclaves and confine Blacks folks to the vast **Black Belt**. Many Chinese were pushed into a small **Chinatown** district, and Mexicans into four local pockets.

By 1924, the CREB pushed the National Association of Real Estate Board to adopt the pioneering racial codes and block club structures that helped carve out a **dual housing market**: What’s a dual housing market? Essentially, it was low prices and multiple housing choices for White buyers while Black and other families paid higher prices with minimal choices in Black-only (other-only) areas. This dual housing market, to a large extent, still plagues Chicago. It was established by systematizing racist tactics from business higher-ups in unison with local White block club residents.

One such club, the Hamburg Athletic Club resided in **Bridgeport** and was led by a young **Richard J. Daley** from 1924 to 1939. Although not explicitly known as a real estate block club, this Irish gang engaged in sports, conducted Democratic Machine activities, and viciously attacked Blacks and other ethnic groups who stepped foot in Bridgeport. This became their strategy for maintaining segregation (See *American Pharaoh*).

Another tactic, **restrictive covenants**, were already in effect by the early 1900s against Jews, but they became legally binding documents in the 1920s. In essence, these covenants were racial agreements between and amongst landlords, real estate agents, and home sellers stating that, “at no time shall said premise...be sold, occupied, let or leased...to anyone of any race other than Caucasian.” By the 1940s, Chicago led the nation in applying and upholding these insidious documents—restricting thousands of Black

families with money to purchase good homes from establishing themselves almost anywhere except the ghettoized space of **Bronzeville, Grand Boulevard and further south (also called “Black Metropolis”).** Unlike the tactic of brute force employed by working class White communities such as Bridgeport and South Deering, restrictive covenants were enacted in middle and upper class White residences with more access to necessary legal tools, such as lawyers, courts, and legalize documents. This upper class access also included the rising desires to live lavishly, or, “high on the hog.”

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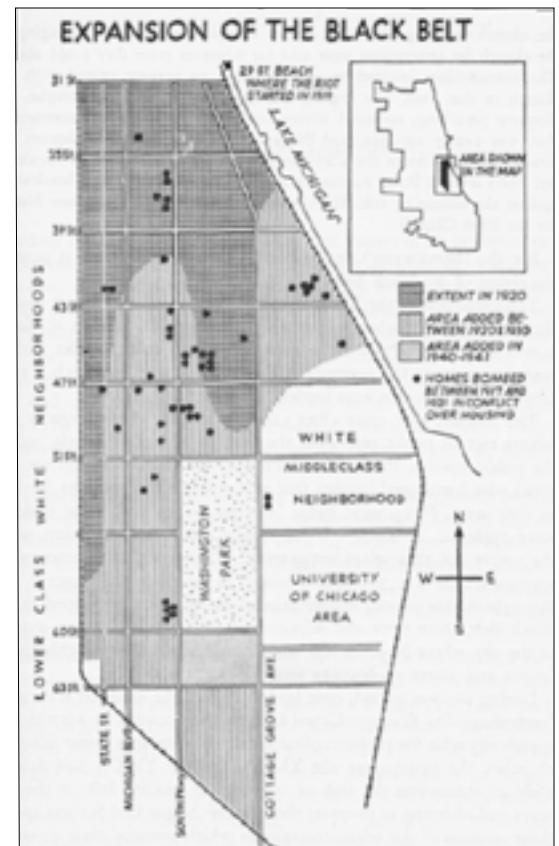
### **The Gilded Age—a Time of Extreme Wealth and Materialism for Some (1920s) turns into the Great Depression—a Time of Extreme Poverty for Many (1930s)**

As real estate interests continued to develop the Chicago area and leading industries continued their march towards the multi-millionaires club, the United States entered what’s referred to as the **Gilded Age**. Business was booming. Corporate stocks began to soar. Pegg (Chicago Real Estate Board) mentions how “getting-rich-quick had become the national pastime. Money was available for speculation.”

One popular “get rich” scheme had to do with selling a person a sheet of paper called a bond. During these boom times, many real estate developers offered small bonds (a sort of investment) at cheap rates so middle and working class people could own a small piece of a larger property. The developer would raise enough money using this method to get all his money out, still own the property, and invest the money in new deals. The small-time investors “never received statements of how the property was managed and were unaware of unpaid tax bills and declining rents. Because the bonds were not listed in any public market, the owners had no way of knowing their true value,” explains Pegg (CREB).

Then—it hit! The Crash of 1929. A series of economic events left people in desperate economic times of evictions, foreclosures, long food lines, homelessness, hustling, and Hoovervilles. Chicago’s great Hooverville was built at the “foot” of Randolph Street with hundreds of makeshift or cardboard shelters with newspaper blankets in the cold winters. In 1931, the Bailiff’s Office had to forcibly evict 1,400 families. Many suffered this fate—and worse. By 1932, 750,000 people were unemployed; as studies showed, Chicagoans had taken one of the hardest hits—that is mostly poor, working, and middle class Chicago. Some of these were among those hustled by Chicago realtors. Many didn’t collect a dime on the property bonds they purchased in the 1920s as the properties went into default. Most people lost out.

Another small real estate class, one with the means to capitalize on this horrible situation, saw the Depression as a great blessing to receive the homes people lost. They could take these foreclosed homes over, buy low, rent it out, manage it, and sell higher later. One Chicago real estate group, **Baird & Warner** did just this—and greatly increased their building management department in the Depression. It did quite well... “increasing during the Depression as the court appointed the firm to act as receiver for many foreclosures.” CREB also stated that Baird & Warner opened three new branches in **South Shore, Hyde Park, and Oak Park**, then an exclusive sales office in **Winnetka** (1933). Simultaneously, many Chicagoans became



Map showing the expansion of the Black Belt, South Side; dots represent housing bombing against Black families; see map key above.