The New Meaning of Housing in America

Elvin Wyly

Sage Ponder

Pierson Nettling

Dan Hammel

Abstract: A generation ago, financial innovation promised a future of post-materialist housing markets freed of the old limits of geographical and institutional scarcity. Yet deregulation and competitive financial innovation were shaped by America's enduring racial state, which created dangerous new inequalities in the unprecedented wave of deregulated speculation in American mortgage debt. Crucial in this process was the emergence of new spatial relations between local housing markets, national institutional and regulatory regimes, and transnational capital markets. In this paper, we map some of these spatial linkages, documenting how institutional reorganization and securitization have transnationalized the local spaces of housing and home in America.

Fig. 1. **Professor Anita Hill,** October 2011 (author)

> "In the twilight of materialism, the meaning of housing will be simplified and clarified, with a renewed emphasis on shelter and neighborhood. The false hope that everyone can get rich from real estate will be laid to rest for another fifty years, or perhaps for all time."
>
> John S. Adams (1986, p. 234)

> "Equality begins at home."
>
> Anita F. Hill (1995, p. 288)

October, 2011 marked the twenty-year anniversary of the televised U.S. Senate confirmation hearings for Clarence Thomas, whose nomination to the Supreme Court had been complicated by allegations of sexual harassment. The proceedings had become “the most riveting television” (Smith, 1995) when the Senate leadership reluctantly allowed testimony from Anita F. Hill, who had worked with Thomas at the Equal Employment Opportunity Commission in a hostile climate of repeated sexual harassment. Thomas, a prominent African American conservative Republican, “was able to swing the hearings in his favor ... when he played the most powerful card in his deck: the specter of lynching” (Malveaux, 1995, p. xiii). Thomas famously attacked the proceedings as “a high-tech lynching for uppity blacks who in any way deign to think for themselves” (Hill and Jordan, 1995, p. xxvi).

The riveting coverage showcased a pivotal moment in America’s racial state (Omi and Winant, 1994; Goldberg, 2002). A resurgent American Right was achieving notable success in attacking the explicit racial-equality legacies of the Civil Rights era. Conservatives were energized by the prospect of the hard-right Thomas replacing Thurgood Marshall, the lawyer who had argued *Brown vs. Board of Education* before becoming the first African American to serve on the high court; Thomas had attacked the race-based civil rights organizations for “wallowing in self-delusion,” (Thomas, 1985, p. 35), and had torn into Marshall’s defense of the “evolutionary constitution” as an “assault on the Bicentennial, the Founding, and the Constitution itself” (Thomas, 1987, p. B7). At the Hill-Thomas hearings, egregious procedural errors (Ogletree, 1995) and vicious attacks on Hill also achieved other goals: the hearings fostered disrespect for the entire process, demonstrating a new tactical possibility for the Right’s long march against a (mildly) progressive judiciary. Charles Ogletree (1995, p. 167), who served on Hill’s legal team, outlines the logic:

> “...if the Hill-Thomas hearing was like a trial and the hearing was a farce, then a trial is a farce; if a trial is a farce, then the law as it operates now is a farce; and if

the law as it operates now is a farce, then the law needs to be overhauled and the 'original intent' of the Framers restored."

In an America divided by culture wars and the rise of *individual*-level identity politics, such tactics demonstrated how conservatives could *individualize* and fracture the broad coalition politics that had sustained Roosevelt's New Deal and LBJ's Great Society. The Right learned the power of identity politics as a divide-and-conquer strategy -- and the power of real-time spectacle management -- at precisely the same time that conservatives were seeing the first major policy payoffs from the Chicago-School infrastructure of neoliberal economic ideology (Peck, 2010). The wholesale side of market fundamentalism had its obscure but powerful networks of ideology, law, and influence designed to advance the class project of restoring a pre-welfare state mode of accumulation (Harvey, 2005). Now, movement conservatives -- as well as the power brokers pushing for "New Democrat" transformations of that party's history of race- and class-based constituencies -- realized that market fundamentalism needed a refurbished retail display. The old conservative attempts to justify race-class-gender alignments of exclusion from capital and debt were downplayed in favor of a new, sunny language of inclusion, opportunity, and universal access to the wonders of the market. A strengthened bipartisan emphasis on inclusion and access found its clearest expression in housing -- and particularly the owned home financed by a long-term mortgage that had defined so much of the American Dream since the days of Levittown (Wright, 1981; see also Higginbotham, 1991, pp. 1022-1025).

Housing -- and its role in triggering the worst economic crisis since the Great Depression -- thus shaped the context of the twentieth-anniversary conference at Georgetown Law in October, 2011. Two decades had seen dramatic transformations in the American racial state.

Deeply entrenched racial disparities that had once been debated in the candid, explicit language of discrimination and bigotry were now invariably portrayed in terms of consumer choice, market innovation, and personal responsibility. Market fundamentalism, and a racial state whitewashed by economic theory, allowed conservatives to blame the subprime collapse and the global crisis on minority borrowers as well as government laws that grew out of the civil rights movement; Republican primary voters offer ecstatic applause when Ron Paul declares that "we know how the bubble happened," and when he draws a direct line between Federal monetary policy and "the Community Reinvestment Act, which is affirmative action, telling the banks they have to make these risky loans." (CNN, 2012).

This was the climate for *Context and Consequences: The Hill-Thomas Hearings Twenty Years Later*. The conference opened with a bittersweet mixture of historical reflection and forward-looking optimism. Speakers and panelists lamented the passing of the critical race theorist Derrick Bell the night before the conference began, but the discussions also offered hope for new visions of gender and racial equality. In her most recent book, Professor Hill (2011, p. 167) offered guarded optimism for what lie ahead:

> "Today I am privileged to witness the coming of age of a generation that seeks to move beyond historic race and gender divisions. For them, the American Dream means nothing if it is not inclusive. Because of the financial crisis, and because of their having grown up in an era of less strident racial discrimination and in homes where women are breadwinners, they will be less willing and able to pay a premium to live in a racially-isolated (predominantly white) community."

Hill's analysis suggests that we need new strategies to challenge the inequalities of American racial formation (Omi and Winant, 1994) in ways that recognize demography:

> "Individuals born of the passage of civil rights laws have never lived without legal protections against race and gender discrimination. For them, the rights discussion is abstraction. If we are to engage them in a struggle for progress, we must find a new way to talk about equality. ... For them, rights are a starting point, Equality 1.0. They are ready for the 4G version of equality. Before long they will no doubt be clamoring for the 10G version." (Hill, 2011, p. 167).

Hill makes a compelling case that the values and practices of community and home can be at the heart of a transformed legal and social policy landscape for greater equality in America. We are inspired by this vision. Yet we cannot forget how the public treatment of Anita Hill in 1991 foreshadowed the callous disregard of the experiences of millions of African American and Latina/Latino women and men in the massive expansion of predatory capitalism that culminated in the global financial crisis. The targeted discrimination and sophisticated deception used to push a disproportionate share of racially marginalized consumers into risky subprime credit was repeatedly dismissed as "anecdotal." Detailed stories of discriminatory targeting and abusive financial practices were invariably dismissed as isolated, singular problems that had nothing to do with the structures or laws governing housing finance. The trope of the *anecdote* has for too long protected the unequal structures of American neoliberalism, particularly in the realm of owner-occupied housing. In this paper, our purpose is to establish the connection between individual experiences of discrimination and the wider structures of America's racial state in an age of deregulation, speculation, and financialization. One of the papers presented at the *Context*

& Consequences conference, for instance, began with journalists' accounts of the predatory abuse of several individual African American women, and then drew on quantitative data to demonstrate the systemic extent of these kinds of abuses: across America's metropolitan areas, single African American women were almost five times more likely to wind up with high-risk subprime credit compared to traditional, White male-female couples -- even after accounting for income, loan amount, and other underwriting criteria (Wyly and Ponder, 2011).

Fig. 2. **"We the Corporations..."** Occupy DC, October 2011 (author). In the housing bubble, African American homeowners and homebuyers in the Washington metropolitan area were 2.4 times more likely to get high-risk subprime credit when compared with Whites in similar financial circumstances; for Latinas and Latinos, the disparity was 3.3.

In this paper, we map these kinds of inequalities across the American housing landscape in order to identify regional and local barriers and opportunities in the struggle for equality (Hill, 2011). While there is now a rich literature on the boom and the collapse (Immergluck, 2009; Tett, 2009; Sorkin, 2009; FCIC, 2011; Relman, 2010; Engel and McCoy, 2011), many of the spatial inequalities of American housing finance remain unexplored. Space, as it turns out, was a crucial part of the transformation of the old inequalities of America's postwar racial state into the purportedly colorblind 'ownership society.' The rest of the paper is structured as follows. In the next section, we review an important stream of housing research from a previous generation that helps us to see the current crisis in a new light. Then we outline the main trends in financialization, public policy, and the law that altered the spatial constitution of housing and home finance. Next we describe a valuable set of data that allow us to document these patterns in new ways. Then we narrate a set of measures and maps that highlight the dynamic and contingent relations among consumers, firms, institutions, and regulatory spaces of law. In the final section we offer a few concluding remarks on the implications of our analysis.

Fig 3. **Las Vegas,** December 2008 (author). Between 2004 and 2006, Wall Street and local lenders funneled more than $20 billion in high-risk, high-cost subprime mortgage credit to consumers in the Las Vegas area. Compared to otherwise similar non-Hispanic Whites, African American and Latina/o borrowers in Vegas were twice as likely to be pushed into subprime credit.

Post-Materialist Housing?

A generation ago, John S. Adams began an ambitious research agenda to analyze the social, spatial, and political transformations of the housing market in the United States. In his Presidential Address to the Association of American Geographers, Adams (1984, p. 515) reflected on “The Meaning of Housing in America,” and the way “housing decisions” make “...social and cultural categories of urban society visible, intelligible, and stable.” Yet Adams understood that the “intelligible” and “stable” expressions of home in America were being redefined by demography, immigration, shifts of real-estate wealth amongst different kinds of neighborhoods, and long-term inter-regional shifts in the nation’s space economy. Turbulent restructuring intensified the key role of housing as a site where social change collides with the deep-seated need for stability and security -- especially *financial* security. In "Housing Markets in the Twilight of Materialism," Adams (1986) redrew Galbraith's (1958) vision of *The Affluent Society*, and saw reasons for optimism. The demise of the industrial age, it seemed, was on the verge of erasing the old problems of scarcity, and reducing the opportunities to profit from the scarce resources of geographical or informational advantage: in the postindustrial global information society, the most crucial "terms of power and participation take on non-material forms." This was the unexpected bright side of a wave of deindustrialization that was destroying the individual values of craftsmanship, thrift, and upward mobility embodied in America's first half of the twentieth century. Adams's interpretation had the kind of principled sentimentalism for industrialism that would be echoed many years later by Paul Volcker, who recounted (in Suskind, 2011, pp. 289-290) meeting a "professor of civil reengineering at Princeton." The engineer told the Fed centurion who had slain the beast of 1970s inflation,

> "There's hardly an elite university in the United States that pays attention to civil engineering. What's the result? We hardly know how to build bridges; they tend to fall down."

Volcker told the engineer,

> "The trouble with the United States recently is we spent several decades not producing many civil engineers and producing a huge number of financial engineers. And the result is shitty bridges and a shitty financial system."

Volcker could have been commiserating with Adams when he reflected, in his "soft grumble," "I always wanted to build something in my life. All I did was stop inflation." But Adams was optimistic that postindustrialism, by eroding the established hierarchies of material production, would even out the presumed realities of scarcity that had sustained the long postwar boom of easy wealth accumulation through passive forms of property ownership. Housing seemed ready to lead America towards something post-materialist, through a partial de-commodification of one part of the social economy.

Adams's prediction of a post-materialist society looks a bit naive -- utopian, even -- when viewed from the far side of two dramatic housing booms, each more extravagant and dangerous than the last. It was only possible for Adams and other analysts to imagine a "post-shelter society," where the idea of "housing as investment as well as shelter," would "not return" (Hughes and Sternlieb, 1987, p. 15) because nobody imagined how the intense recession of the early 1980s would lead the Right to mount a steady, hard-fought assault on the entire infrastructure of the New Deal (cf. Harloe, 1987, p. 7). This is exactly what happened (Peck, 2010). "The fix was in," Harvey (2011, p. 229) warns; "This was the New Deal for neoliberalism: The New Deal for Wall Street." If troublesome banking regulations had made it hard for banks to do what households did in the Golden Age -- "get rich from real estate" -- the attacks on regulation would eventually make housing-related debt a large part of the financial sector's astonishing 41 percent share of total U.S. corporate profits on the eve of the crash. Thanks to America's strange hybrid of entrepreneurial innovation, media dominance, and aggressive geostrategic diplomacy in economic policy, many countries around the world followed America's lead in a massive transnational property boom. Once again, in another century, a shaken world looked to Wall Street, and saw in Lehman Brothers' collapse in October, 2008 “the worst financial crisis in global history, including the Great Depression” (Ben Bernanke, quoted in FCIC, 2011, p. 354).

Adams’s vision of the twilight of materialism presents an invitation to reconsider the housing boom in light of a global crisis that has shaken the foundations of American exceptionalism. What does housing now mean *in* America -- and what do housing inequalities imply *about* America? To focus the story, we examine one crucial empirical intersection -- the markets, institutions, and laws governing the risky and racially-stratified “subprime” sector of housing finance -- in relation to the ideas of *post-materialist geography* outlined by Adams (1984, 1986) and several of his contemporaries (Sternlieb and Hughes, 1980, 1987; Bell, 1973; Bourne, 1981). Adams (1986, p. 236) believed that deindustrialization was undermining all the old “hierarchies of power based on control of resources, ... of influence based on secrecy, ... of class based on ownership, ... of privilege based on early access to valuable resources, ... of politics based on geography.” The old divisions of exclusion were

> “crumbling...; secrets are harder to keep, and ownership, early arrival, and geographical location are of dwindling significance in getting access to the knowledge and wisdom that increasingly are the valuable legal tender of our time.” (Adams, 1986, pp. 236-237).

These ideas anticipated a wide range of contemporary debates over the spatial expression of social and economic change (Castells, 2010; Friedman, 2007; Hall, 2003; Marston et al., 2005; Smith, 2001), and are echoed in Sassen’s (2009, p. 411) diagnosis of the ways that “local housing becomes an electronic instrument.” The “global circulation of mortgages,” especially those targeted towards once-marginalized consumers, “opens up a global potential market comprising billions of households." (Sassen, 2009, p. 411). This is where utopias of social process collide with (white) America's utopias of spatial form (Harvey, 2000), where the spatial segregation of the metropolis keeps the "once-marginalized" populations at a safe distance to ensure the health of white property values in a racist society. Some of the old-fashioned materialist concepts of place and geography, we contend, still matter even amidst a twilight materialism of local housing financed by globally-traded electronic mortgage instruments. Locality matters especially at the site of innovation that was so crucial in the crisis -- the frontier between traditional, closely regulated "prime" credit governed by white privilege and scarcity (Stiglitz and Weiss, 1981) and newer forms of high-risk, deeply-racialized "subprime" credit driven by supply-side competition to maximize volume and velocity (Aalbers, 2008; Ashton, 2009; Immergluck, 2009; Crump et al., 2008). This frontier captures some of the essence of American structures and identities of capital, race/ethnicity, and law. And on the frontier, we suggest, post-materialist *processes* do not dictate post-materialist *geographies*. Postmaterialist processes arise from, engage with, and help to reproduce localized material spaces and places. The global circulation of de-territorialized housing and finance instruments has reconfigured many of the local and metropolitan dynamics central to our understandings of housing and home (Boyer, 1973; Listokin and Casey, 1980; Squires, 1992, 2003; Immergluck, 2009). But place-based inequalities persist. What has changed is that *local* inequalities are now more dependent on the strategies of actors in interconnected commodity-chains of local brokers, regional and national mortgage lenders, Wall Street investment houses, and transnational investors.

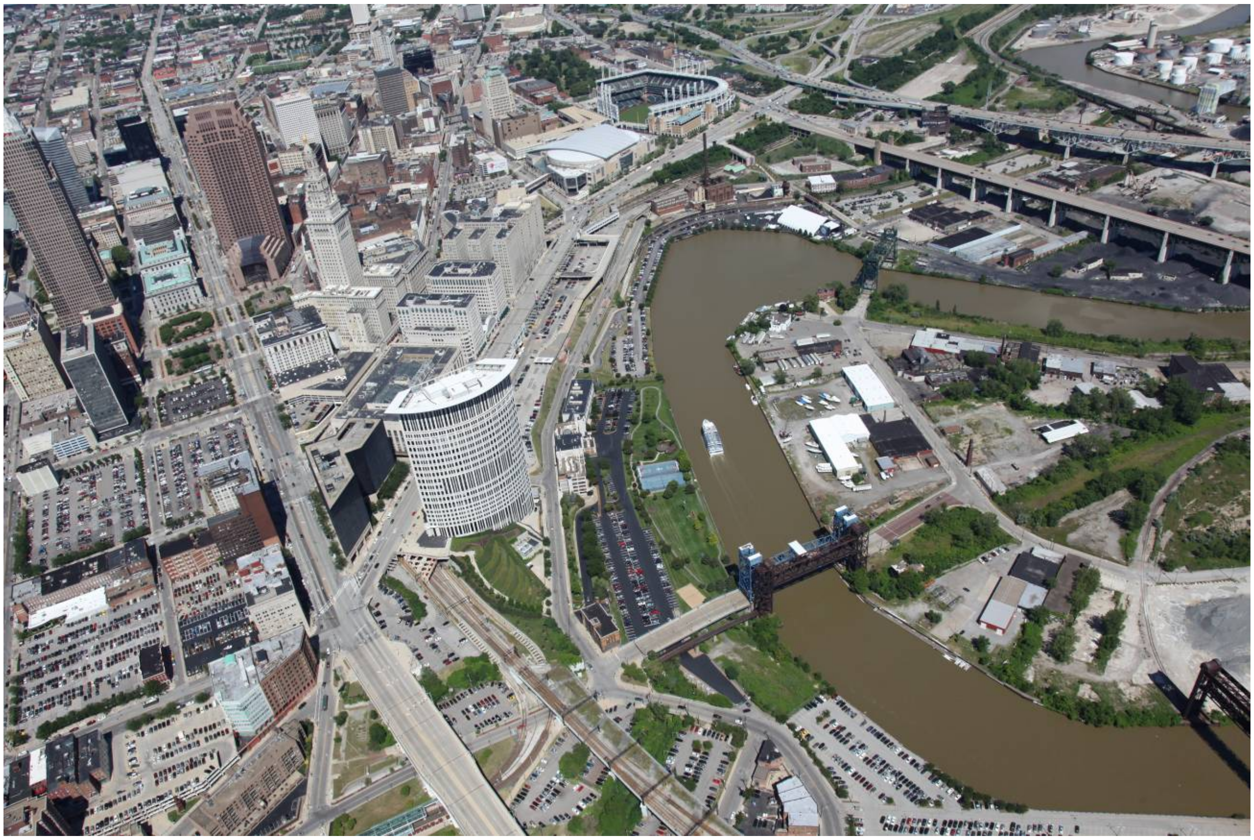

Fig 4. **The Root Canal of Community Development.** Cleveland, July 2010 (author). Cleveland was once an American icon, famous for making things. Then the place became famous for deindustrialization, environmental catastrophe, and depopulation. Then came the predatory lending boom, with tight connections between local deception and world financial markets. More than $5 billion in subprime loans were made in the Cleveland metropolitan area at the height of the boom; compared to conventional prime loans of the same size and other features, high-cost loans were about five times more likely to be sold immediately into the secondary market to Wall Street and other private investors. Now the ongoing foreclosure crisis is making Cleveland famous again, this time for tearing down houses. Faced with the prospect of code violations and other costs, banks are donating foreclosed properties while state and local officials revise laws to speed title clearance and demolition. Cleveland's stock of vacant and abandoned homes is now about 15,000. "While some widespread demolitions could risk hollowing out the urban core of struggling cities," wrote a reporter for the *Washington Post*, "advocates say that the homes being targeted are already unsalvageable and that the bulldozers are merely 'burying the dead.'" (Dennis, 2011, p. A1). Given the scale of foreclosure and abandonment in the city and its inner suburbs, the current pace of demolition may require a decade or more. "It is the root canal of community development that we're doing," noted the president of the county land bank; "it's not a quick fix." (quoted in Dennis, 2011, p. A1).

New Laws of Spatial Organization

It is now widely recognized that the stable, locally-oriented "golden age" of American housing and banking disappeared some time ago. Gone is the tightly-regulated regime dominated by savings and loans connecting local borrowers and savers, reliant on the standard, 30-year self-amortizing mortgage held on the lender's books; we now have something much more spatially complex, dynamic, and risky. But how did we get here? There are two main approaches to this question. The first is an economic narrative from political economy, and addresses the transformation of housing from an older arrangement in which it was primarily a consumption good, demand for which was derived from the fundamentals of an industrial economy, to a newer postindustrial sector with its own partially autonomous dynamics of production, consumption, and speculation. Lefebvre first hypothesized a switching process, in which declining profit rates in the primary circuit of capital accumulation gradually encouraged an increase in investment and then speculation in a secondary circuit of real estate. This idea inspired a central part of Harvey's analysis of urbanism and the connections between local, urban forms of exploitation and higher-level processes of capital accumulation and financial speculation (Harvey, 1973, pp. 312-314; Harvey, 1978, 1985). Harvey's work in turn encouraged generations of researchers to analyze various kinds of real estate trends to test the theory (e.g., King, 1989; Beauregard, 19994; Charney, 2001; Gotham, 2009). Ironically, the mixed results of these tests reflect data limitations that also blinded the neoclassical economists in charge of public policy -- making it impossible, for instance, to measure how mortgage-backed securities had become interwoven with a giant, unregulated, and undisclosed global market of trillions of dollars of credit default swaps. As the financial crisis swept the globe from the spring of 2007 into the fall of 2008, the daily headlines seemed to be summaries of Lefebvre and Harvey: Marxist analyses of accumulation and financialization were eerily echoed in the widespread discussion of Bernanke's (2005) discovery of a "global savings glut" flooding into U.S. financial instruments, and Greenspan's (2007) attempt to minimize the scale of the exploding subprime crisis by reassuring investors that "arbitrageable long-term assets are worth close to a hundred trillion dollars." Harvey's analyses of fictitious capital seemed almost mainstream by the time central bankers from around the world applauded the Federal Reserve's success at the annual conference in Jackson Hole, Wyoming, in August, 2009: "...economists say Mr. Bernanke's most important accomplishment was to create staggering amounts of money out of thin air." (Andrews, 2009, p. A1). All that is solid melts into TARP.

New Spaces of Law and Policy

A second approach to the question of America's new housing finance system involves the performative praxis of legal geographies -- the power of laws, regulatory actions, and judicial decisions based on particular assumptions of theory, historical circumstance, and political mobilization. The subfield of legal geographies is a relatively new, fast-growing specialization (see Blomley et al., 2001), and of particular interest for us is one of its antecedents -- research on the politics of scale (Cox, 1998).

Two of the most significant intellectual currents of the past generation -- the ascendance of poststructuralism and the popularity of inter-disciplinary theory -- have reoriented views of many taken-for-granted categories. Viewed from a distance, disciplines are clearly and essentially defined by objective, discrete concepts; but these concepts dissolve into contested, continuous, and socially constructed *processes* the closer we get to the heart of any particular field. In geography, this constructivist dissolution has revolutionized thinking on the concepts of space, distance, region, and scale (Smith and Dennis, 1987; Murphy, 1991; Schlemper, 2004; Sheppard and McMaster, 2004). Geographers, and scholars in other fields inspired by Lefebvre (1991) and the broader "spatial turn" in critical social theory, have challenged the conventional view of space in terms of Cartesian coordinates that correspond (with increasing technological precision) to physical locations on the Earth's surface (Krugman, 1998; Beck et al., 2006). Half a century ago, non-Euclidian spaces were theoretically valuable for new insights on the historical evolution of human settlement (Lukermann, 1965) but were rarely acknowledged in current events; today, the production of space is understood as a continuous, strategic process behind the daily news headlines (Brenner, 2000). In particular, scale -- the "level" or arena of decisions and actions that are usually divided into local, urban/regional, state, federal/national, or transnational/global -- has been a key feature of conflicts over government regulation and resistance (Adams, 1996; Anderson, 2002; Brenner, 2000; Peck, 2001; Wolch, 1990). In the United States, the defining scale conflict in law and politics involves the state-federal tension first enunciated in the Federalist Papers (Elazar, 1970). State-federal conflicts overshadow those few arenas for explicitly *urban* politics, and indeed federalism often redefines the very possibilities for urban politics.

Housing policy exemplifies these tensions of scale, especially in the federal government's response to private market failures in low-income housing. Housing assistance policies crafted in the federal welfare-state moments of Roosevelt and Johnson came under assault with the ascendance of anti-urban and states' rights conservatives beginning with Nixon. Eventually, the flaws built into public housing programs (deliberately crafted by industry lobbyists to ensure that nonmarket housing would never be a viable alternative) required major structural change. Clinton's urban appointees found a centrist solution in a series of small demonstration projects of the outgoing Bush I Administration, launched under the label of "Homeownership and Opportunity for People Everywhere" (HOPE). One of these programs grew out of a demonstration project in Chicago that sought to free local housing authorities from strict federal rules on tenant admission; authorities were allowed to experiment with "mixed income" criteria to bring a diverse range of household incomes to public housing developments. Crafted to deal with the specific local circumstances created by the history of public housing in Chicago, this pilot program was pulled out of context and used as a template for a broader federal attempt to break the link between concentrated poverty and government housing assistance (Wyly and Hammel, 2000). This "HOPE VI" program flourished amidst a general backlash against top-down government directives, but its flexibility actually intensified the hierarchical regulatory discipline of poor people. While the discourse emphasized how local housing authorities had been "freed" to consider income mixing in run-down projects, an array of federal incentives led many authorities to see no alternative to remapping the very geography of public housing. In those neighborhoods where old projects from the 1930s or the 1960s had been surrounded by new waves of reinvestment and gentrification, the program encouraged demolition and immediate redevelopment at reduced density, with tight behavioral regulations, pee-in-the-cup admissions criteria, and the latest new urbanist architectural principles. All of these protocols were intended to surround low-income tenants with middle-class role models. By contrast, for deteriorated projects located in less desirable parts of the city, demolition might be followed by a much longer delay before redevelopment. In both cases, however, demolition and reduced public housing density would transform most of the original tenants into couriers delivering federal assistance to private landlords through the Section 8 rental assistance program (subsequently renamed Housing Choice Vouchers). The details of these changes varied considerably, of course, because HOPE VI was entirely voluntary for local authorities. Yet the incentives nevertheless played a decisive role in creating a rather coercive process of *centripetal devolution*. Local officials had urgent, sometimes desperate needs -- for waivers from regulatory restrictions, for example, or money to pay for crucial, long-deferred renovations. Federal officials offered new kinds of money-with-strings, while showcasing particular developments as successful examples worth learning from: particular developments come to be known as “best practices.” Public housing authorities in some cities get to be known as “entrepreneurial.” Among some audiences, successful developments become one-word shorthands for a particular kind of best practice, and city names become synonymous with rapid government reinvention. Chicago’s Lake Parc Place became codeword for the right design and income mix. All of these processes sped up the velocity of urban entrepreneurialism (Harvey, 1989) that smoothly distills “freedom” into the snugly-fitting straitjacket of the market (Harvey, 2005). In this case the market goes beyond the demand for policy innovations among government representatives. There’s also (to reverse Tiebout) a public market for privately-provided services pushed by the growing legions of contractors, consultants, and counselors in the fields of economic development, corporate recruitment, social services, deregulation and privatization, and even studies of the consulting industry itself (McCann, 2010). This strange public-private hybrid is neither fully federal nor completely local: it occupies an indeterminate, ambivalent “between” space. This space is not entirely stable, since the effects -- waivers granted, money given -- depend on the decisions of particular people. There’s discretion in the higher ranks; some local officials are more enthusiastic than others in trying out new things, or abandoning old commitments to the needs of the poorest. Combined, this creates a strange, ambivalent, ‘in-between’ space of law and regulatory practice. It cannot be ignored. This is the essence of what geographers and other theorists now recognize as the *social production of space*.

Fig 5. **Subtraction** (see Easterling, 2003). South Side Chicago, July 2010 (author). The empty green corridor to the right of the Dan Ryan Expressway is where the Robert Taylor Homes once stood. Built in the late 1950s, Taylor was a development used by the iconic machine politician Richard J. Daley to achieve two opposing goals: 1) deal with a horrific concentration of poverty and dilapidated railroad-era slum housing in the heart of the "Black Metropolis" of the South Side, and 2) avoid triggering the fears of European-origin immigrants in the nearby crowded neighborhoods of a city riding the wave of post-World War II growth. The Taylor Homes changed the vertical height of the physical structures in the old Federal Street slum, but kept the horizontal segregation of the city with almost no change at all. Capital's private slum was replaced with a state-subsidized public slum. Capital's spatial fix for the contradictions of its racial state's management of housing policy was taken over by the state, but shortfalls quickly developed as capital went through a broader spatial fix of rustbelt disinvestment and globalization. Taylor become emblematic of the early hopes and dashed realities of the Great Society. "My mother comes from the Mississippi Delta," recounts the journalist Vest Monroe, "and she'd come up from shanties down there to one kind of tenement to another in Chicago. She was ecstatic when we moved into the Robert Taylor Homes -- this would be January of '64. I think she thought, I've got my children in a place where they'll be warm in the winter and they won't have to worry about being bitten by rats. And it *was* nice. It was without a doubt the best place that we had ever lived." (Monroe and Goldman, 1988, p. 33).

Over the years, everything got worse -- a lot worse.

Each year, the Taylor homes became more widely recognized as a symbol of policy failure. Images of the towers became visual epithets. There were redevelopment plans discussed for years, and the Chicago Housing Authority (CHA) called its own project "the worst slum area in the United States." The federal HOPE VI program finally made it possible to take down the complex. When the demolitions began, the *New York Times* (Belluck, 1998) observed that "The challenge is not just for the 11,000 people who will leave Robert Taylor, a population 99 percent black, so poor that nearly half of the adults live on less than $5,000 a year, and so isolated that many are unfamiliar with life beyond the grim monoliths that shadow the Dan Ryan Expressway on the South Side for nearly two miles." The Times had done a four thousand word special feature, focusing particularly one of the State Street buildings known as "the Hole." "In the final months of the Hole, anarchy was everywhere," the *Times* feature began. "The

Hole, the most oppressive section of Chicago's notorious Robert Taylor Homes housing project, was coming down. Gang members shot at a moving van outside one of the Hole's three high-rise buildings. Moving crews tried to hurry out each day before drug dealers commandeered the elevators." The plan was a strange descendant of Daley's attempt to protect white-ethnic neighborhoods while redeveloping the slum. Robert Taylor was built in the alignments of race and class that prevailed in Chicago at its peak of Postwar Golden Age capitalism. Taylor was demolished in the harsh new racialized class divide in the deindustrialized, globalizing city -- in which white, Latina/o, and African American homeowners have legitimate reasons to fear what all now know to call "the underclass." For the CHA, "The goal is to disperse the project's concentrated poverty without introducing or aggravating social problems in the new neighborhoods." The goal was a challenge not just because of the 'problem tenants,' but because landlords are not required to accept the vouchers given to those displaced from the projects, and because the ward machine still lived: "Aldermen have begun calling to say that their constituents are concerned about Section 8 tenants moving in..." (Belluck, 1998).

Chicago's $1.6 billion *Plan for Transformation* took a while, but after several years it became clear that "public housing's political base has been all but erased." Only a bit over a quarter of the people registered to vote in the projects "were found on the voting rolls in September 2007." The *Chicago Defender* noted, "The loss of these massive concentrations of public housing voters represents a diminished political voice for a population many already considered disenfranchised." (Lowenstein and Loury, 2008).

The experience of public housing redevelopment in Chicago illustrates a key theoretical point emphasized by theorists of geographical scale: centripetal devolution has the strategic benefit of causal camouflage: *Who did this?*, asked by displaced tenants watching a project demolition, is a question with no clear answer.

These "mobilized urban policies" (McCann, 2010) have become formidable adversaries for advocates, organizers, and anyone concerned with social justice. This is where the politics of scale matter in struggles over America's racial state in an era of transnational capital mobility. The definitive organizing victories of American liberalism -- the Civil Rights Movement and the Vietnam War protests -- progressed through a comparatively simple growth path, from local mobilizations to *national* imagery and status. Confronted with the new urban and housing initiatives of Republicans and New Democrats in recent years, most contemporary urban social movements began with the original script -- starting out locally by trying to pressure City Hall to do something. Yet while City Hall was often vulnerable and somewhat responsive, the dramatic acceleration of capital mobility had systematically reconstructed the scale of the "urban" itself in countries of the Global North. The urban entrepreneurialism (Harvey, 1989) of nation-state urban systems (Berry and Horton, 1977) has become a transnational urban circuitry of capital, competition, and policy innovation in the new era of "cognitive-cultural capitalism" (Scott, 2011; Harvey, 1974; Smith, 2001). This brings us back to the first set of explanations described above -- the political economy analyses of capital switching. We now know that the incomplete and inconsistent empirical measures of capital-switching in the 1970s and 1980s were the product of missing data (Christophers, 2011). Studies of investment flows at the national, regional, and urban scales were blind to the expanded role of transnational flows in housing finance -- either through direct purchases, bank lending, or secondary market loan sales -- securitization.

Legal Spatial Fixes

Capital's political reconstruction of scale went along with detailed changes in the rules governing the sector with the most fundamental and universal urban impacts -- housing. This meant changes in laws about mortgage lending, debt, and banking. The first significant cracks in the foundation of the stable post-war housing system appeared in the late 1970s. The Supreme Court's 1978 *Marquette* decision allowed national banks to "take their most favored lender status across state lines and preempt the usury laws of the borrower's home state." (McCoy and Renuart, 2008, p. 5). South Dakota and Delaware moved first to repeal usury limits as an economic development strategy, and soon the process of "regulatory exportation" intensified competition that weakened nearly all states' usury laws. Then, in response to the corrosive inflation and disintermediation of the late 1970s, Congressed passed the Depository Institutions Deregulation and Monetary Control Act (DIDMCA) of 1980. DIDMCA eliminated interest rate caps for first-lien residential mortgages, and allowed other types of depository lenders (not just national banks) to take advantage of the *Marquette* decision (McCoy and Renuart, 2008).

Shortly thereafter, the Alternative Mortgage Transactions Parity Act (AMTPA) preempted, for nearly all types of lenders, state restrictions on “alternatives” from the standard, fully-amortized fixed-rate loan -- allowing variable rate terms, negative amortization, balloon payments, and other creative options. The interactions between *Marquette,* DIDMCA, and AMTPA began to create intricate, non-Euclidian spaces of permissible financial transactions: Marquette disconnected the rules from the state where a borrower lived, DIDMCA freed depository lenders from common state restrictions, and MTPA liberalized certain types of non-traditional *loans*, regardless of whether they were made by deposit-taking banks or independent mortgage companies.

These laws provided the *necessary* conditions for the growth of high-risk mortgage lending, and by the 1990s the market was studded with a variety of niche subprime products targeted towards inner-city neighborhoods and mobile-home owners, particularly in the home improvement and refinance lending (Mansfield, 2000). The *sufficient* conditions for a broader expansion of subprime lending required other changes in technology, regulation, financial competition, and transnational investment. Enhanced consumer credit surveillance, credit scoring, default modeling, and automated underwriting promised increased accuracy in extracting profits from consumers once viewed as too risky to serve (Miller et al., 2003). Mortgage-backed securities, launched tentatively in 1968 by the government-sponsored Ginnie Mae, finally began to grow after the 1984 Secondary Mortgage Market Enhancement Act resolved tax issues and state regulations (Johnson and Kwak, 2010, p. 73). At the time, however, secondary market growth was slowed by the exploding savings and loan crisis -- itself a product of deregulation -- and the bad publicity made it hard for Wall Street’s lobbyists to achieve more sweeping relaxation of Depression-era laws on securities and banking. Yet whenever regulatory capture and pressures on lawmakers failed, entrepreneurial innovation in legal evasion took up the slack: Wall Street quickly found new ways to subvert the old laws through products that fell through the cracks of existing laws, regulations, or narrow paths of enforcement. The products fell through the cracks because they had been designed exactly for this purpose. One example comes from the bizarre, obscure legal entities that collapsed in 2007, sending shock waves through all the other kinds of institutions until the final crisis entered the disastrous weeks of September and October, 2008. These legal entities were the sole-purpose companies established to keep and manage the flow of mortgages and other asset-backed securities that were growing so rapidly. Sometimes these entities were called Special Purpose Entities (SPEs), sometimes Special Purpose Vehicles (SPVs). Much of what makes them special is that they break the chain of legal liability for certain violations of law committed when the borrowers signed the mortgage documents.

Another example comes from the market for currency and interest rate swaps. By the time regulators considered bringing the new instruments under the jurisdiction of the Commodities Futures Trading Commission in 1987, the constituencies were already too powerful, representing a vast derivatives market estimated at some $865 billion (Tett, 2009, pp. 26-27). The CFTC retreated in 1989. In 1993, after JP Morgan reluctantly granted a $4.8 billion line of credit to a longstanding client (Exxon was facing the threat of a large fine for the Valdez oil spill), bond traders inside the firm proposed selling the loan's credit risk -- but not the loan -- to the European Bank for Reconstruction and Development, in return for an annual fee. The deal was done, the "credit default swap" was born, and more deals followed; three years later, the Federal Reserve issued a letter allowing banks to reduce their capital reserves through the use of these kinds of credit derivatives (Tett, 2009, pp. 47-49). At the same time, many large banks had been moving aggressively into broker-dealer services through their subsidiaries, pushing the limits of the Depression-era Glass-Steagall banking restrictions; after an illegal merger permitted by a strange "grace period" allowed Citicorp and Travelers to become Citigroup, Congress repealed Glass-Steagall restrictions in the Gramm-Leach-Bliley Financial Services Modernization Act of 1999. Financial consolidation accelerated (Dymski, 1999). And in a now-forgotten irony, the final piece of the infrastructure for America's boom of leveraged risk came from the threat of budget surpluses at the end of the Clinton Administration. Projecting surpluses to infinity under then-current budget laws, the Treasury announced plans to retire its 30-year "long bond" in 2001. Suddenly, the universally-recognized global safe harbor and benchmark for evaluating debt and credit risk was set to disappear, and institutional investors around the world cast about for alternatives (Wiggins and Boland, 2001). The securities of the Government Sponsored Enterprises (GSEs), Fannie Mae and Freddie Mac, became popular replacements (Hershey, 2002). They were soon joined by the private-label mortgage-backed securities offered in ever-greater volume by the growing, deregulated Wall Street investment banks (Johnson and Kwak, 2010).

So far, so good. All of this regulatory history is now well known (Crump et al., 2008; Engel and McCoy, 2002; Immergluck, 2004, 2009; Newman, 2009; Squires, 2003). What makes it relevant to our claims about a new spatiality of home in America is the peculiar configuration of banking and financial regulation in American federalism. From the earliest days of the republic, the states viewed any kind of federal initiative in the realm of finance -- a common currency, the creation of a central bank -- as a dangerous threat to their sovereignty. Between Andrew Jackson's veto of the Second Bank of the United States in 1832 to the creation of the Federal Reserve in 1913, many of the state-federal tensions were negotiated only through a complex web of functional and geographical-legal divisions that placed careful limits on federal power. Once again, space was the fix. Only the Great Depression brought clear and consistent federal regulation -- and even then, the most potent interventions were laid atop the existing framework that already divided national and state banks. There has never been a single regulator, therefore, supervising institutions involved in mortgage finance. Supervision depends on whether an institution has a state or national charter; whether it accepts customer deposits or exists solely to make mortgages; and whether it serves a mixture of business and consumers, or functions solely as a savings and loan. By the late 1990s, the mortgage market was split across six regulatory agencies. The Office of the Comptroller of the Currency (OCC) supervised national banks and their subsidiaries; the Federal Reserve Board (FRB) regulated state members of the Fed system and subsidiaries of bank holding companies; the Federal Deposit Insurance Corporation (FDIC) supervised non-Fed member institutions; the Office of Thrift Supervision (OTS) supervised savings banks and savings and loans; credit unions were supervised by the National Credit Union Administration (NCUA); and the U.S. Department of Housing and Urban Development (HUD) collected disclosure data from (but had no regulatory authority over) non-depository independent mortgage companies. After Gramm-Leach Bliley, this matrix became even more complex, with large, consolidated institutions organizing into multi-subsidiary bank holding companies, financial holding companies, and foreign banking organizations (Acharya et al., 2010).

This was the legal-juridicial topography of American mortgage markets that awaited the Bush Administration in 2001. As industry lobbyists pushed federal regulators and Congress to drive further deregulation, the space of American financial federalism became rather strange indeed. In 2001, the OTS preempted state anti-predatory lending laws for the savings banks it supervised. Many banks are allowed to choose which regulator they will report to, so it was no surprise when the OCC responded to lobbying by national banks for the same preemption (Engel and McCoy, 2011, p. 158). Wachovia then went to court against a state regulator, culminating in a Supreme Court decision (*Watters v. Wachovia*) exempting the operating subsidiaries of national banks from even the minimal requirement of registering to do business in a state. After the OCC sided with national banks challenging a state attorney general's investigation into discriminatory subprime lending, a district court decision turned on the equivalence of an order to provide data with "visitation" as codified in the National Bank Act of 1864. When the state appealed to the U.S. Supreme Court in *Cuomo v. Clearinghouse*, the banks' trade lobbyist argued that while state antidiscrimination laws could not be preempted when substantively identical to federal law, a should nevertheless be preempted from enforcing such statutes in the case of national banks: only a *federal* agency should have the authority to enforce a *state* law for a national bank.

Even Justice Scalia found it hard to find the correct, original-intent conservative interpretation of *this* law of spatial organization.

All of these acronyms and attorneys, legislators and lobbyists, make for complicated geographies. While Adams (1986, p. 234) hoped for a "renewed emphasis on shelter and neighborhood," deregulation and financialization created an intricate landscape of institutions whose behavior could not be regulated by local rules (preempted by most states), or, increasingly, by state laws (preempted by weak federal rules). The *where* of a consumer's interaction with mortgage finance still mattered to local brokers and small-time mortgage firms, but more of these local actors brought their business to (or had been acquired by) the large, multi-subsidiary national banks and holding companies; for these dominant firms, subsidiary structure, preemption, and financial deregulation created a thoroughly post-Cartesian, non-Euclidian space of law and accumulation. It's not easy to map this space, but we need to try.

Data

To map some of the new meanings of American housing, we need detailed information on the *individuals* and *institutions* involved in housing market relations that operate at multiple spatial scales. We exploit several under-utilized features of a widely-used data source, the *Home Mortgage Disclosure Act*. Each year, portions of the raw loan-application register (LAR) and institutional transmittal sheet (TS) data are disclosed under HMDA (FFIEC, annual). HMDA records provide a limited set of variables measuring the characteristics of loan applicants, the outcome of applications, and a proxy of subprime status based on a "rate spread" calculated from a benchmark of prevailing interest rates.[1] These data are widely used to document various kinds of inequalities in the allocation of credit. We use the data for this purpose, but we also take advantage of the little-noticed possibilities for analyzing the characteristics of *institutions* in an industry that has undergone dramatic, turbulent innovation in recent years. We built several

[1] In 2002, Regulation C was revised to require lenders to calculate the Annual Percentage Rate (APR) cost of credit for originations, a measure designed to capture "not just the contract-based interest rate on a loan, but also the points and fees that a consumer pays and other finance charges such as premiums for private mortgage insurance." (FFIEC, 2006a, p. 4). If the APR is more than three percentage points above the yield for a Treasury security of comparable duration for a first-lien mortgage, the lender is required to report the value of the "spread." For subordinate liens, the rate-spread trigger is 5 percentage points (FFIEC, 2006b, p. 16, p. A-9). These "high-cost" or "rate-spread" loans capture only part of the high-risk loan market -- notably excluding the no-doc "liars' loans" that flourished in the growth of exotic instruments after 2005. Even so, rate-spread loans provide the most consistent and nearly-universal measure of mortgage credit publicly available.

databases for the peak year of the subprime boom (2006), aggregating the 34.1 million applicant records to develop market specialization measures for each of the 8,886 separate organizations filing disclosure reports.[2] These lender-level summaries are then merged with a more specialized institutional database compiled by the Federal Reserve (Avery, 2009) to track the increasingly complex structure of bank and financial holding companies and their many subsidiaries. Then we merge the detailed lender databases with the applicant records for conventional loan originations collateralized by single-family homes in the 1,086 metropolitan counties across the continental U.S. Finally, we enhance the database with the detailed analysis of state laws on subprime and predatory lending built by Bostic et al. (2008); their painstaking research yields carefully-documented ordinal measures of the coverage, restrictions, and enforcement provisions of the anti-predatory lending laws passed by more than half of the states and in force as of 2004-2005.

These databases provide an exceptionally detailed view of borrowers obtaining mortgage credit for homes in different cities and suburbs, *and of the various lenders providing that credit* -- banks, thrifts, and mortgage companies, and their "parent" conglomerates and bank holding companies. Since HMDA records also indicate whether a loan was sold in the same calendar year as origination, we also have a partial view of the securitization networks that were so decisive in transforming local mortgages into "electronic instruments" (Sassen, 2009) and "postindustrial widgets" (Newman, 2009) in an expanding transnational network of debt and investment (Gotham, 2009). We also explore whether and how state legal developments matter

[2] The lending statistics and coefficients discussed in the photograph captions come from another version of the HMDA database for several case-study metropolitan areas for 2004, 2005, and 2006. SAS Code files and other resources will be made available at a URL address once anonymous review is complete.

after accounting for lender and borrower characteristics. The database is far from perfect: industry lobbyists never tire of pointing out that HMDA includes no measures of applicant creditworthiness (an absence that reflects the hard work of lobbyists who fought proposals to add credit history to HMDA several years ago; see Immergluck, 2004). Yet the database provides the broadest possible coverage of the market and some of the corporate actors involved in the "front end" of loan origination. The database also has the not insignificant merit of free, unrestricted public availability.

Fig. 6. American Inequality, Old and New: Conventional Mortgage Denial Rates and Rate-Spread Market Penetration, by County. Circle sizes are scaled proportional to total number of rate-spread originations. *Data Source:* FFIEC (2007).

Two Views of Subprime America

Consider a simple graph of the relations between the old and new regimes of mortgage credit (Fig. 6). This graph is best understood as a simple geographical correlation for different counties across the nation's metropolitan areas -- the link between the likelihood of being denied credit, and the market share held by the new risky subprime products. Subprime market penetration rises smoothly with increasing local denial rates. Approximately half the variance in subprime market share in the nation's metropolitan counties can be attributed to a single factor -- differences in conventional mortgage denial rates. This relationship nicely captures the essence of the policy and ideological stalemate over predatory lending, regulation, and risk-based pricing. For de-regulatory conservatives, the relationship demonstrates that subprime lending serves those places where borrowers cannot qualify for mainstream, prime credit. For community reinvestment advocates and critical scholars, the relationship demonstrates that the new inequalities of high-cost, high-risk credit simply exacerbate the old-fashioned inequalities of exclusion, redlining, and discrimination. In previous research, econometric models of aggregate- and applicant-level characteristics provide little support for the predictions of risk-based pricing; for our purposes here, however, the key question involves geographical contingency. Is the *general* relationship between the old patterns of denial and the new contours of subprime inclusion more important than the exceptional *outliers* -- the distinctive circumstances of particular regions, cities, or suburbs? Not surprisingly, the eye is drawn to the large circles representing the big markets with the highest subprime market penetration -- Miami-Dade, Florida, and Wayne County, Michigan (Detroit).

Fig 6. **Global Subprime Capital Lands in Detroit.** July 2010 (author). The view is to the north-northwest, just beyond Detroit's downtown core. In the foreground are the Brewster-Douglass Housing Projects, built on the site of Detroit's Black Bottom community. In the Great Migration, restrictive covenants in Detroit forced African American migrants into the worst housing in the worst parts of the city, where they were attractive targets for slum landlords. Not long after the First World War, black migrants were paying more than four times the average rent paid by white Detroit renters, and getting the absolute worst housing conditions in return (Williams, 2009, p. 53). By the 1930s the slum conditions had gotten so bad that Detroit's white growth machine was forced to take action, and the Brewster Projects were planned after a slum clearance that involved "the destruction of some of the most densely populated black neighborhoods in the city. Plans to relocate blacks displaced by the projects utterly failed" (Williams, 2009, p. 58). The low-rise Brewster Projects, built between 1935 and 1938, were followed by the towers named after Frederick Douglass, built between 1952 and 1955. In 1991 the original Brewster homes were demolished, and replaced a few years later by the "New Brewsters" visible at center-left. At the peak, the entire Brewster-Douglass projects were home to 8,000 to 10,000 people, including those who would become part of Detroit's enduring black-capitalist gift to America and the rest of the world -- the "Motown Sound" of Diana Ross and the Supremes. Motown's founder Berry Gordy, Jr. learned his skills in the production of "content" while humming songs in his years working on an assembly line. But when he launched the record company that would become known as Motown, he began to learn all the postindustrial service skills of outsourcing, flex-spec, cognitive-cultural creativity, and brand management (Smith, 1999).

The entire complex was emptied a few years ago, but the City moved forward on mixed-income redevelopment plans in 2007, just as the financial crisis was accelerating.

With the long-term population decentralization that eventually halved the City's population, urban morphology and suburb-to-city filtering undermined central housing markets; banks, local builders and investors, and upwardly-mobile middle class homebuyers responded, too, sending centrally-located bastions of welfare-state housing into decades-long cycles of structural decline. By the time the complex was emptied to prepare for redevelopment, the "most densely populated black neighborhoods in the city" had scattered and decentralized, like so much of everything else in this automotive-oriented landscape. The freeway on the right is the Walter P. Chrysler freeway, built between 1963 and 1968, part of the urban-regional built environment that came to define so much of the expanding-galaxy spatial structure of Detroit -- and so many other American cities. By the time the Brewster-Douglass projects were emptied, the class-monopoly rents paid to slum landlords had been replaced by two successors:

> 1) the local expression of a Democratic welfare state, compromised not only by the white Detroit city machine, but also by the distinctive local racial meanings of a national Democratic coalition heavily reliant on racist Whites from the South.
>
> 2) Then, a generation later, "homeownership" and borrowing expanded dramatically, while conservatives at the national level destroyed the old Roosevelt Democratic coalition -- undermining urban and social policy, and gutting supports for the poorest of the poor. Those marginalized by race, gender, and class -- usually, all three in an ongoing process -- responded as best they could, and some managed to work their ways into the bottom rungs of the working class. The expansion of debt and ownership provided new benefits for expanding coalitions of private actors and public institutions. These coalitions were broad and shifting, of course, but they were all responding in various ways to the competitive pressures of making a living, or making investment returns, in a world where intensified competition meant constant "innovation." Postindustrialism ensured that some of the most rapid innovations took place at the part of the commodity chain most removed from individual homeowners' experiences in their homes -- in the financial products divisions of Wall Street investment houses -- while evolution goes the opposite way on the ground: we see stories of local brokers and storefront lenders behaving in ways that remind us of the indignation over inequality and financial exploitation in the stories told by Engels or Dickens.

In the boom, class-monopoly rents went out in a networked, shifting pattern of flows to different individual actors (brokers, lenders, appraisers, investors, builders, home improvement contractors, accountants) at different scales (from neighborhood to city, region, nation, and transnational, world urban system) of different positions of race, class, and ethnicity. But all of the human agency of these individual actors confronted the material imperative to earn a living within the structures created by the neoliberal project of the past half-century. So now Detroit, once the icon of America's Fordist industrial Golden Age, is now the deconstructed, post-Fordist metropolis of an unequal postindustrial world urban system. With apologies to Trenton: *Detroit* Makes, the World Takes, just like it used to. It's just fewer automobiles, more film-shoot locations for "ruingazers" (Steinmetz, 2008) and film and television series. In the long housing boom, one part of Wayne County's economic base was the $7.96 billion in subprime mortgage commitments, which generated a rich if bittersweet local economy of multiplier impacts and negative externalities -- while also providing abundant opportunities for others in the U.S. and around the world to earn income by providing specialized services or investing in mortgage-backed securities.

Wayne County, Michigan is the nation's largest urban area with the worst combination: high mortgage denial rates and deep subprime market penetration. Blacks were more likely to be pushed into subprime loans compared with whites with similar incomes, and this disparity was bound up with neighborhood segregation. Holding constant all other characteristics of borrowers and loans, the typical loan to an African American borrower was in a neighborhood with a 44 percent higher share of racial minorities. For Latinos, the disparity was 10 percent. Even after adjusting for these aspects of segregation and individual racial-ethnic identity, however, subprime credit still had a statistically significant preference for minority neighborhoods. Compared to a conventional prime loan, the typical subprime loan went to a neighborhood with a 13.7 percent higher share of racial minorities.

Yet even more extreme cases at the top of the graph highlight a vast, diverse array of landscapes across the South -- from the border cities of South Texas (Hidalgo County, just north of McAllen) to the growing suburban Black middle class communities south of Atlanta (Clayton

County, Georgia), to several small-town counties across Louisiana, Alabama, Mississippi, and Arkansas. Perhaps it is tempting to dismiss these extreme cases on the basis of small numbers: in Poinsett County, Arkansas, for instance, only 290 borrowers received high-cost loans in the peak year of the boom. Yet it is hard to ignore history and geography when we compare the market conditions of this predominantly White, rural county northwest of Memphis to others across Arkansas and along the Mississippi, some with quite severe Black-White lending disparities. This region is a "Land of Paradox," (Whayne and Gatewood, 1993), and for two centuries in the Arkansas Delta, "white culture became progressively blacker and black culture progressively whiter" (p. 14). The flood of subprime mortgage capital in recent years, however, brought a reassertion of old patterns of Black-White inequalities, and the results were anything but progressive.

Now consider a second set of views that focus explicitly on race/ethnicity and place (Figures 7, 8). The interaction between past and present becomes clear in the divergent landscapes of subprime loans to African American and Latinas/Latinos. For African Americans, the pattern still reflects the antebellum settlement fabric of small towns that emerged from the old plantation network across the Piedmont South, from Virginia to Mississippi (duBois, 1903). Yet the Great Migration between the First and Second World Wars also made the "dream of Black Metropolis" a reality in Harlem, Chicago's South Side, Detroit, and other expanding industrial centers of the North (Boyd, 2011). After the Civil Rights movement of the 1960s, service sector growth in the rising sunbelt nourished a growing black middle class in Atlanta, while federal efforts to rectify discriminatory hiring and promotion in the civil service made the suburbs of Washington, DC an epicenter of African American upward mobility. For Latinas and Latinos, by contrast, the housing and credit boom was deeply regionalized in the urban landscapes of Southern California, Florida, Texas, and Arizona. Even so, recent growth has also transformed the housing markets of Chicago, the Boston-Washington corridor, and a growing number of cities in the "New South" (Smith and Furuseth, 2006).

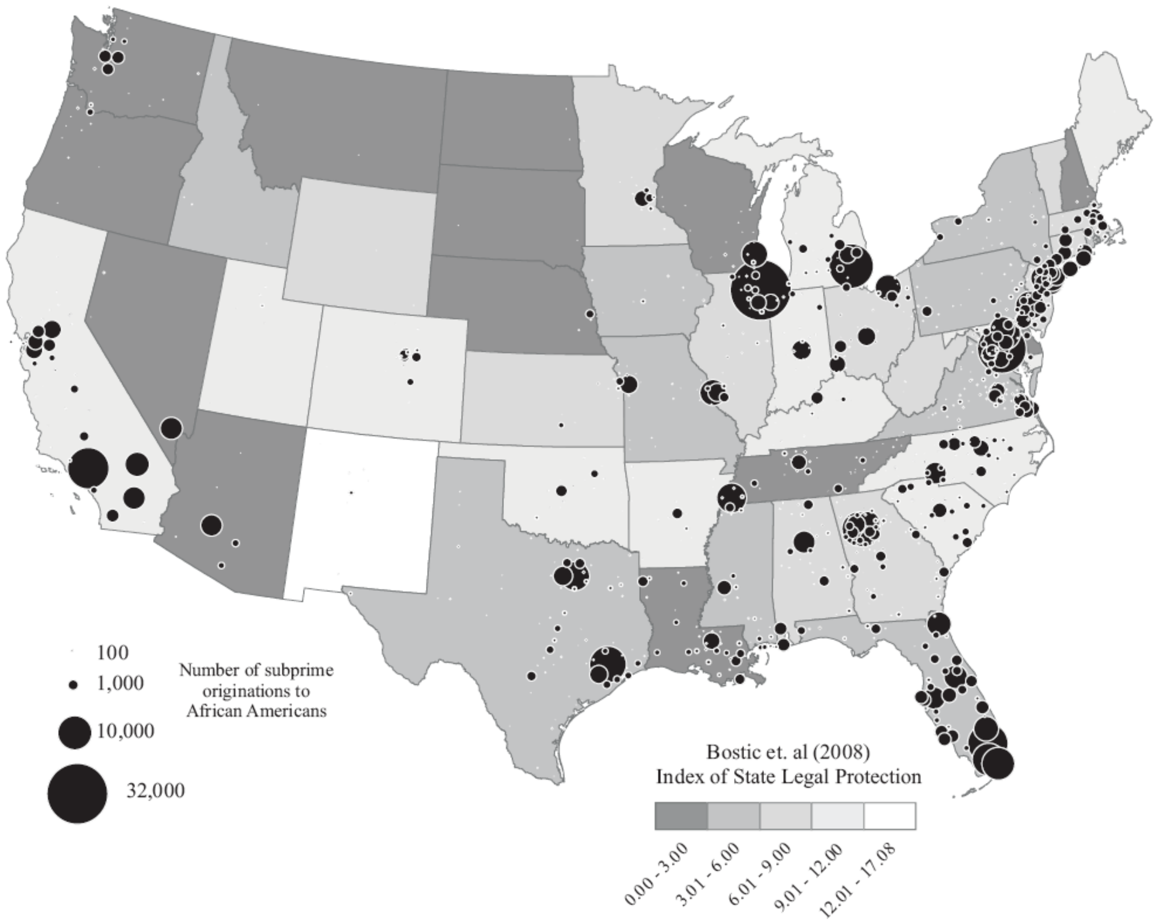

Fig 7. **Subprime Loans to African Americans and State Regulation.** *Data Sources:* FFIEC (2007), Bostic et al. (2008).

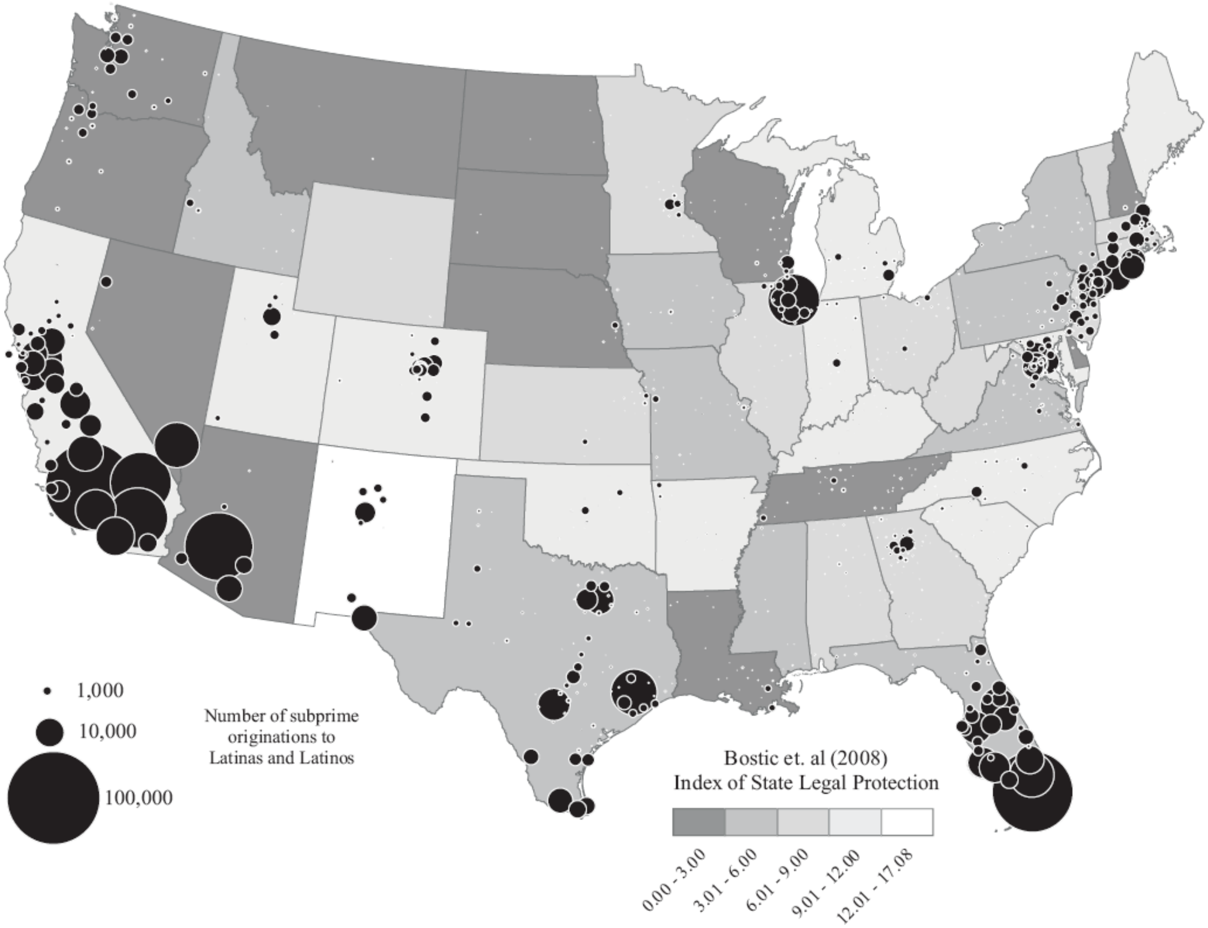

Fig 8. **Subprime Loans to Latinos and Latinas, and State Regulation.** *Data Sources:* FFIEC (2007), Bostic et al. (2008).

Geography clearly matters. Yet space and place cannot be reduced to simple, deterministic causal relationships. When individual borrower outcomes are modeled, a standard vector of county-level variables adds very little explanatory power to logistic regressions of the prime/subprime dichotomy after controlling for applicant income, loan amount, and other relevant characteristics. But the fact that geographies of credit are not always easy to model in a causal, additive framework does not mean that place is irrelevant. Market outcomes vary widely even after accounting for a wide range of borrower- and lender-level characteristics (Table 1). Compared with otherwise similarly qualified non-Hispanic Whites, African American

Table 1. The Subprime Urban System.

County	Rank	African American Odds Ratio	Number of subprime loans to African Americans	Subprime Market Penetration	Conventional Denial Rate
St. Louis MO	1	6.46	6,069	0.339	0.246
De Kalb GA	2	6.19	8,450	0.385	0.299
District of Columbia	3	6.05	4,984	0.257	0.204
Bibb GA	4	5.95	1,084	0.393	0.301
Charleston SC	5	5.67	1,080	0.224	0.206
Florence SC	6	5.55	575	0.380	0.298
Ramsey MN	7	5.53	726	0.302	0.219
Richmond VA	8	5.49	1,922	0.386	0.251
Jefferson AL	9	5.28	4,471	0.371	0.264
Durham NC	10	5.24	1,462	0.268	0.234
Hennepin MN	11	5.18	2,428	0.266	0.213
Milwaukee WI	12	5.15	5,978	0.403	0.264
Cook IL	13	5.10	31,583	0.373	0.261
Fulton GA	14	5.05	10,345	0.332	0.270
Erie NY	15	5.02	563	0.282	0.284
Cuyahoga OH	16	4.97	6,007	0.359	0.314
St. Louis city MO	17	4.92	3,055	0.446	0.290
Travis TX	18	4.84	655	0.196	0.189
Wake NC	19	4.70	2,490	0.199	0.182
St. Clair IL	20	4.69	991	0.341	0.264
East Baton Rouge LA	21	4.67	2,581	0.357	0.250
Douglas NE	22	4.64	768	0.260	0.215
Tuscaloosa AL	23	4.51	504	0.274	0.229
New Haven CT	24	4.51	1,995	0.297	0.240
Richland SC	25	4.51	2,089	0.332	0.282
Kent MI	26	4.47	877	0.295	0.247
Monroe NY	27	4.41	703	0.276	0.290
Wayne MI	28	4.38	16,984	0.502	0.356
Nassau NY	29	4.37	3,174	0.300	0.241
Pulaski AR	30	4.34	1,159	0.283	0.232
San Joaquin CA	155	2.65	1,572	0.360	0.267
Hampden MA	156	2.63	723	0.348	0.267
Prince William VA	157	2.57	1,930	0.304	0.194
Polk FL	158	2.56	2,101	0.423	0.254
Fresno CA	159	2.50	755	0.361	0.240
Broward FL	160	2.50	13,967	0.422	0.255
Kern CA	161	2.49	958	0.412	0.244
Maricopa AZ	162	2.47	4,114	0.337	0.211
Brazoria TX	163	2.46	688	0.299	0.241
Charles MD	164	2.43	2,651	0.371	0.222
Clark NV	165	2.42	4,397	0.366	0.227
Volusia FL	166	2.35	1,165	0.365	0.234
St. Lucie FL	167	2.34	1,777	0.422	0.241
Bexar TX	168	2.34	962	0.336	0.269
Kent DE	169	2.34	578	0.298	0.271
Brevard FL	170	2.32	1,362	0.305	0.213
Pinal AZ	171	2.31	573	0.372	0.223
Rockdale GA	172	2.30	1,174	0.428	0.284
Wyandotte KS	173	2.25	678	0.488	0.315
San Bernardino CA	174	2.25	5,296	0.413	0.246
Bronx NY	175	2.22	2,368	0.419	0.306
Stafford VA	176	2.17	589	0.268	0.188
Miami-Dade FL	177	2.16	9,351	0.494	0.266
Marion FL	178	2.16	872	0.377	0.256
Pasco FL	179	2.07	621	0.370	0.226
Spotsylvania VA	180	2.06	524	0.297	0.222
Lake FL	181	2.03	571	0.316	0.230
Clayton GA	182	1.83	4,148	0.562	0.348
Prince George's MD	183	1.74	20,283	0.447	0.240
Osceola FL	184	1.63	865	0.437	0.251

Note: Excludes counties with fewer than 500 subprime originations to African Americans.

Data Source: FFIEC (2007).

homeowners and homebuyers in the suburbs of St. Louis, Missouri are six and a half times more likely to wind up with high-cost credit. This ratio drops to 1.74 for African Americans in Prince George's County, one of the nation's largest communities of Black Middle Class professionals in the suburbs of Washington, DC. Variations in Black-White disparities are not entirely random: the worst inequalities appear in the South and East, with only three of the worst-thirty counties West of the Mississippi, in Arkansas, Nebraska, and Texas. The West, by contrast, is more prominent in the places with lower disparities towards the bottom of the list. But the odds ratios for the entire list[3] exhibit no correlation whatsoever with denial rates or subprime share. When loan transactions are analyzed at the individual level and the results aggregated to the county level, the resulting geographies of racial inequality cannot easily be explained in terms of risk-based pricing. Unequal geographies of credit seem to constitute a separate, independent axis of racial inequality.

[3] This analysis is restricted to the 183 counties in which lenders originated at least 500 subprime loans to African Americans.

Fig. 9. **St. Louis, Missouri**, August 2007 (author). Comparing the odds of receiving a high-risk subprime loans among Whites and otherwise similar African Americans gives us what we might call an “exploitation ratio” for America’s mortgage mode of accumulation. In the City of St. Louis, this ratio is almost five; in the County, it’s well over six. These inequalities are tightly integrated into transnational investment and debt markets. Even after considering the income and other financial circumstances of borrowers with different kinds of loans, if a mortgage exceeded the “high-cost” trigger, it was more than three times more likely to be sold immediately into the private secondary market **--** that is, to any non-government, private secondary market purchaser. These buyers range from banks and finance companies, to local private investors, national banks, insurance companies, and of course the Special Purpose Vehicles (SPVs) established by all the Wall Street investment houses. Reflecting on the transformation of the City of St. Louis in the 1920s, Isaac Lionberger (1920) observed, “He who has built for another’s use has had to contend with the shifting propensities of growth ... whole districts are deserted, and the means move continually ... the result of all these propensities ... is a broken and uneven city.” Today the city is broken and even, and so are many of the suburbs. The political scientist Todd Swanstrom (2011) estimates that direct and direct costs of recent foreclosures in St. Louis County approach $1 billion.

An Alternative Cartography

Presented with a standard reference map of the United States, any good historical geographer will immediately think of the majestic analysis in Meinig’s (1986-2004) *Shaping of America*, which animates the struggles and strategies that eventually produced the deceptively simple, mundane state boundaries we take for granted on today’s maps. Understanding

American housing today requires us to see the map from the perspective of finance capital, in an ongoing political and legal negotiation amongst state and federal powers. This means taking seriously Peter Gould's (1986, p. 202) quip that "space is not a wastepaper basket that sits there waiting for us to fill it with things, but something we define to suit our needs." Multidimensional scaling provides an alternative cartography that requires us to be very specific about needs and purposes -- replacing the Cartesian latitude-longitude coordinates with mathematical representations derived from a series of chosen measurements (Kruskal, 1964; Kruskal and Wish, 1978). Our chosen measures offer a portrait of the subprime lending boom and the housing crash in the context of state laws that were on the books in 2004-2005 (Bostic et al., 2008).[4]

The resulting two-dimensional mathematical projection[5] charts the contours of a painful housing collapse (Figure 10). This is not a chart, but a map: states to the "south" on this map have laws establishing standards well above the weak federal limits. The strongest state laws are found south of a line running just above New Jersey, DC, and New York, and extending south of Colorado to curve up, including Georgia and Texas. Highly-leveraged subprime borrowers with

---

[4] State housing booms were measured by calculating the trough-to-peak rise in the Federal Housing Finance Agency's home purchase index from 2001 to the peak, and then a "crash" value representing the decline from the peak until the first quarter of 2010. Measures of subprime market activity included a) the subprime share of conventional originations in metropolitan areas by state, from 2006 HMDA, and b) corporate datasets summarized and released by the Federal Reserve Bank of New York (2010). The Fed-derived measures describe the subprime market as of May, 2010, including the share of non-prime loans in foreclosure; the share of loans made to borrowers with loan-to-value ratios over 90 percent and FICO scores below 620; and the share of low-and no-doc loans.

[5] The MDS procedure was estimated with the classical routine, using standardized Euclidian distances; the two-dimensional representation achieves a reasonable absolute eigenvalue proportion of 69.3 percent.

low credit scores are more prevalent to the "east," while low-doc loans are more common to the "west." The housing boom drove prices up the most in the north-west quadrant of the map, and it is here where prices fell the furthest in the crisis: on the ride up from 2001, real house prices increased more than 90 percent in an arc stretching from New York through what the business press dubbed the "sand states" (California, Florida, Nevada, and Arizona) to Maryland; by early 2010, prices had fallen at least 39 percent in the sand states. Fully 30 percent of the subprime loans outstanding in Florida were in some stage of foreclosure in May, 2010.

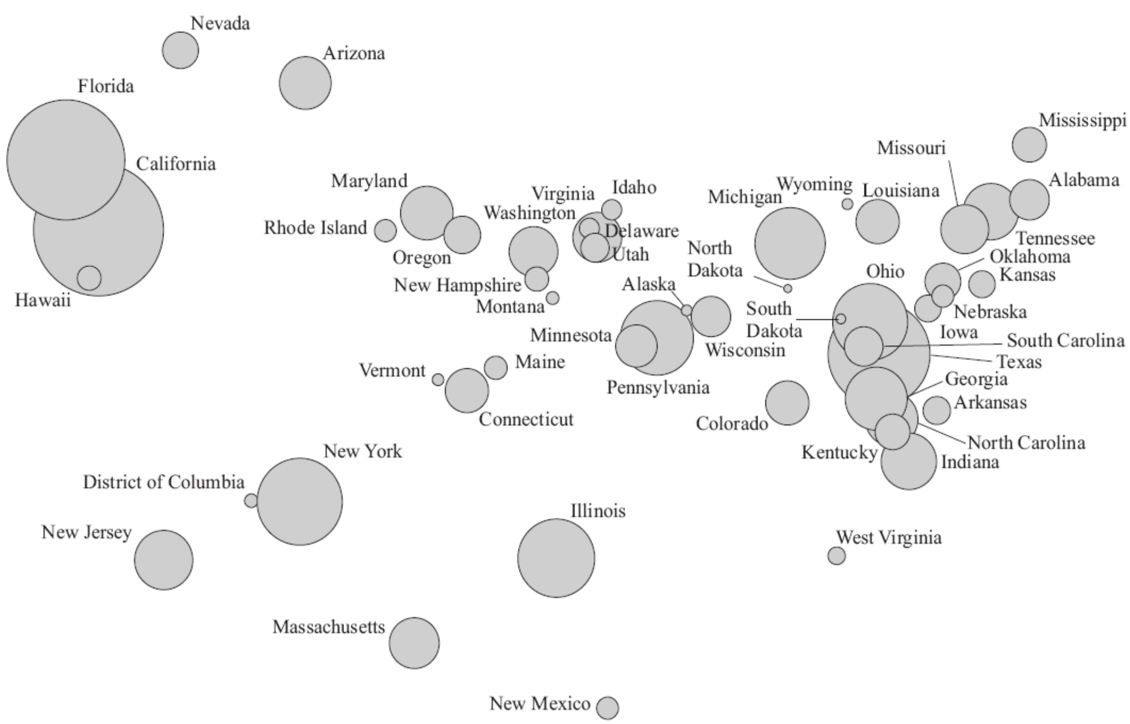

Fig. 10. **U.S. States in Housing Finance Space, 2004-2010.** Map created with classical multiple dimensional scaling algorithm. Circle sizes are scaled proportional to total number of rate-spread originations. *Data Sources:* FFIEC (2007), Federal Reserve Bank of New York (2010), FHFA (2011).

This alternative cartography presents an unusual view of the states, but it is not entirely abstract. The upper-right-hand section of the map has few state restrictions, generally higher subprime market penetration, and a subprime profile oriented towards highly-leveraged, low-credit borrowers; most of the Confederacy remains in this section of the map, a reminder that “a pall of debt” still “hangs over” the land more than a century after duBois’s (2003[1903], p. 92) eloquent analysis. From the perspective of lenders and the housing boom, the mid-section of the map stretches all the way from Oregon to Montana, Michigan, and Pennsylvania, with middle-range scores on most indicators. The regulatory battlegrounds are New Jersey, New York, Massachusetts, Illinois, and New Mexico. New Mexico stands out as exceptional, with Governor Bill Richardson working with a coalition of church officials to pass major predatory lending legislation in 2003 (Lampman, 2007). But in the non-Euclidian space of housing finance and regulation, the state next door is far away, at the epicenter of deregulatory growth that collapsed in California, Florida, Nevada, and Arizona (Combs, 2006). The contrasts in consumer protections between Arizona and New Mexico parallel other differences, such as immigration policies that attract national press attention: “They may sit side by side, they may share historical ties to Mexico; they may have once even been part of the same territory, but Arizona and New Mexico have grown up like distant siblings.” (Archibold, 2010, p. A13).

Other spatial contortions are apparent elsewhere on the map. New York is right next to Washington, DC -- but, of course, DC has been fighting for statehood for decades, while New York state law, in the Martin Act, gives its Attorney General broad authority to investigate financial practices. Despite these contrasts, curious institutions tether the two jurisdictions: from 2000 until the crash, a single tiny law firm with offices in New York and Washington helped write and review prospectuses for more than 3,300 mortgage-backed securities deals worth some $2.7 trillion (Browning, 2008, p. 6). The Washington region itself is reconfigured by legal geographies: in terms of consumer protection, the leafy streets of Northwest

Washington and the disinvested blocks of Anacostia are closer to the distant, working-class small towns of the Appalachian ridge-and-valley section of West Virginia than to the adjacent suburbs of Maryland and West Virginia. And in one of those Virginia suburbs, about half of all the debt claims of mortgage borrowers across all of America's states, cities, and suburbs are legally claimed by a single company on Library Street in Reston. Mortgage Electronic Registration Systems (MERS) claims title to about 60 million loans. MERS was founded in 1995 as a consortium by the GSEs and large banks, primarily to deal with the annoying legal requirement that every mortgage sale (and thus change of debt owner) requires filing deed liens and paying fees at the county land records office where the borrower lives; naming the MERS consortium as the owner of record allowed speedy secondary-market sales (i.e., from one part of MERS to another part of MERS), bypassing all the complications of county clerks (Powell and Morgenson, 2011).

Capital and law are constantly reconstructing this map of American federalism, and the ongoing struggles of governors, legislators, judges, and lawyers present a complex narrative of change in what kinds of activities are allowed and encouraged in housing finance. If we take a snapshot of the peak year in 2006, however, it is possible to test whether and how state laws and local geographies affected the subprime boom. No correlation appears between subprime market penetration and state legislative responses to predatory lending (Figure 11), and regional political cultures offer little guidance. The "human or cultural 'geology'" of America's competing political cultures of traditionalism, moralism, and individualism (Elazar, 1970, pp. 103 ff.) is eroded by demography and perforated by complex battles over banking law and federal-state jurisdiction. It is hard to discern any "traditional" geographical logic to the state-level pattern of consumer protection. With the exception of Louisiana, Alabama, and Tennessee, much of the

Old South eventually followed the lead of the "New South" after the passage of North Carolina's landmark predatory lending law in 1999. In the West, California eventually adopted some restrictions, even as Irvine County remained the headquarters for some of the nation's largest and most dangerous subprime firms. Oregon and Washington, by contrast, remained nearly as unprotected as Nevada. The gold standard for lending regulation was set by New Mexico's 2004 legislation.

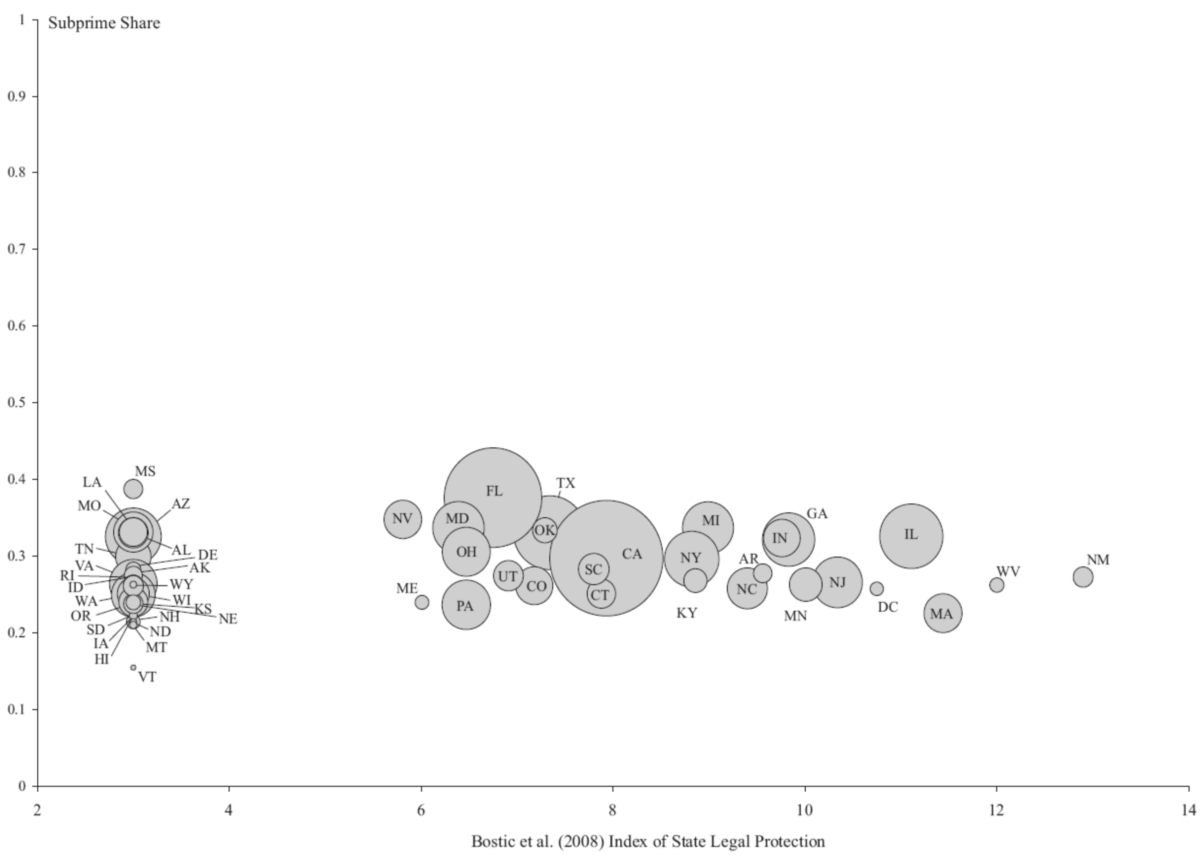

Fig 11. **State Anti-Predatory Lending Laws and Subprime Loan Share**, by State. Circle sizes are scaled proportional to total number of rate-spread originations in metropolitan areas within each state. *Data Sources:* FFIEC (2007), Bostic et al. (2008).

The state pattern strongly hints at overdetermination: states without serious predatory lending abuses have weak regulatory regimes, but so do the ravaged states where conservative legislators actively fought to protect the interests of lenders, brokers, and investors. State legislation, moreover, is fundamentally partial and contested: even in states with restrictive laws, federal banking laws as interpreted by federal regulators and judges exempt many kinds of institutions from state rules. The geography of state law became endogenous to the institutional and regulatory configuration of the mortgage business: institutions organized their operations to minimize regulatory oversight. The resulting geography of credit became a much more complex and multi-scalar affair, driven both by forces "above" and "below" the states. Below the state level, urban trajectories of racial and class inequality, deindustrialization, and suburban growth shaped the profit potential for high-risk lending; above the state level, the growth of national and transnational securitization markets fueled the "appetite for yield" (Ashton, 2009) that incentivized the search for borrowers to package into mortgage-backed securities. These incentives drove massive flows of high-risk capital through a proliferating array of institutional circuits, each of them subject to distinctive regulatory and legal supervision and liability (Table 2). Taken together, these processes further eroded the mid-twentieth century spatial hierarchy of American housing finance, creating new spaces at the interface between real, material geographies of housing and the more explicitly political-legal constructions of federal-state jurisdictional boundaries and corporate organization.

Table 2. Subprime Specialization and Private Capital Circuits by Institution Type.

							Dollar volume of loan originations						
		Dollar volume of loan originations										Subprime sold	Subprime
Entity type as defined by Federal Reserve	Avery code	Rate-spread	All others	Proportion Subprime	Market Share	Subprime Quotient	Sold to non-agency, private purchasers	All others	Proportion sold	Market Share	Sales Quotient	to non-agency, private purchasers	share of sales
Bank Holding Company	BHC	7,392,058,000	60,162,300,000	0.109	0.032	0.43	27,209,679,000	40,344,679,000	0.403	0.032	0.72	2,132,568,000	0.08
Cooperative Bank	CPB	16,546,000	938,854,000	0.017	0.000	0.07	77,910,000	877,490,000	0.082	0.000	0.15	940,000	0.01
Foreign Banking Organization as a Bank Holding Company	FBH	443,563,000	6,537,848,000	0.064	0.003	0.25	2,508,219,000	4,473,192,000	0.359	0.003	0.65	132,580,000	0.05
Foreign Banking Organization	FBO		13,021,000	-	0.000	-		13,021,000	-	0.000	-		
Federally Chartered Credit Union	FCU	539,964,000	27,824,403,000	0.019	0.013	0.07	3,692,210,000	24,672,157,000	0.130	0.013	0.23	210,459,000	0.06
Financial Holding Company as Bank Holding Co. (foreign/domestic)	FHD	144,647,220,000	718,512,217,000	0.168	0.407	0.65	404,273,297,000	458,886,140,000	0.468	0.407	0.84	102,642,874,000	0.25
Financial Holding Company as Foreign Banking Organization	FHF	21,161,990,000	57,652,396,000	0.269	0.037	1.04	23,295,846,000	55,518,540,000	0.296	0.037	0.53	10,532,678,000	0.45
Federally Chartered Savings Bank	FSB	50,441,345,000	163,984,573,000	0.235	0.101	0.91	83,235,470,000	131,190,448,000	0.388	0.101	0.70	34,152,991,000	0.41
Independent Mortgage Bank	IMB	271,631,597,000	404,886,750,000	0.402	0.319	1.56	533,879,712,000	142,638,635,000	0.789	0.319	1.42	228,313,693,000	0.43
Nationally Chartered Commercial Bank	NAT	106,255,000	864,775,000	0.109	0.000	0.43	447,946,000	523,084,000	0.461	0.000	0.83	31,989,000	0.07
State Chartered Commercial Bank, not Federal Reserve Member	NMB	36,561,688,000	50,575,595,000	0.420	0.041	1.63	65,417,247,000	21,720,036,000	0.751	0.041	1.35	30,054,504,000	0.46
Savings and Loan Association	SAL	12,776,041,000	53,787,277,000	0.192	0.031	0.75	29,693,243,000	36,870,075,000	0.446	0.031	0.80	7,968,775,000	0.27
State Chartered Credit Union	SCU	483,152,000	19,763,037,000	0.024	0.010	0.09	2,633,148,000	17,613,041,000	0.130	0.010	0.23	93,446,000	0.04
State Chartered Commercial Bank, Federal Reserve Member	SMB	29,941,000	293,009,000	0.093	0.000	0.36	54,544,000	268,406,000	0.169	0.000	0.30	400,000	0.01
State Chartered Savings Bank	SSB	401,645,000	8,609,043,000	0.045	0.004	0.17	2,131,263,000	6,879,425,000	0.237	0.004	0.43	119,722,000	0.06
Thrift Holding Company	THC	6,032,000	2,162,460,000	0.003	0.001	0.01	1,361,753,000	806,739,000	0.628	0.001	1.13	3,513,000	0.00
Totals		546,639,037,000	1,576,567,558,000				1,179,911,487,000	943,295,108,000					
Total: Dollar volume of conventional originations			2,123,206,595,000					2,123,206,595,000					

Note: tabulations exclude one unclassified lender (CU Mortgage Direct, LLC), with 225 originations valued at $30.4 million.

Data Sources: FFIEC (2007); Avery (2010).

Securities, Subsidiaries, and Space

Can we disentangle the individual, institutional, and geographical aspects of the subprime boom? One approach is to use a multivariate model to analyze the differences between borrowers who get prime, mainstream credit, versus those who wind up with high-cost subprime loans. Including controls for borrower characteristics -- and estimating models for the different organizational forms of mortgage lenders -- allows us to test for independent effects of securitization networks and regulation on the allocation of subprime credit (Table 3).

Table 3. Multivariate Models of Institutional Circuits.

	Standardized Odds ratios from Logistic Regression													
	Full	***Avery Code for Institution Type (see Table 2)***												
Variable	**Market**	BHC	FBH	FCU	FHD	FHF	FSB	IMB	NAT	NMB	SAL	SCU	SMB	SSB
Intercept	0.08	0.67	0.00	0.46	0.03	0.00	0.01	0.02	0.90	0.20	0.03	0.44	0.50	0.43
Applicant income*	0.88	0.74	0.93	0.63	0.77	0.74	0.96	0.98	0.54	0.80	0.77	0.69	0.72	0.76
Loan to income ratio*	1.10	1.15	1.00	1.19	1.10	1.29	1.10	1.03	1.13	1.42	1.11	1.10	1.28	1.13
Owner occupied	0.62	1.49	3.94	0.64	0.65	0.36	0.44	0.61	1.57	0.49	1.39	0.43	1.43	0.62
Subordinate lien	1.14	0.40	4.74	0.38	0.78	1.61	1.60	1.82	0.33	2.64	1.31	0.72	0.04	0.42
Jumbo loan	0.77	0.79	0.93	0.64	0.51	0.53	0.93	1.05	0.89	0.77	0.59	1.42	0.55	0.96
Pre-approval requested	0.34	0.66	0.89	0.25	0.35	1.20	0.71	0.33	0.98	0.35	0.32	0.57	0.23	0.74
Validity or quality edit failure	1.20	1.99	3.07	2.61	1.63	1.07	1.28	0.63	1.95	0.64	1.97	2.74	1.91	2.39
Home improvement	0.65	0.65	0.71	0.76	0.81	0.63	0.49	0.99	0.70	0.32	0.53	0.79	0.89	0.55
Refinance	0.85	0.88	0.56	0.58	0.84	0.70	0.70	0.95	0.93	0.72	0.56	0.62	1.11	0.65
Demographic information unknown	1.12	0.82	0.84	1.19	1.23	0.94	1.09	1.05	0.90	1.04	1.16	1.37	0.58	0.72
Female primary applicant	1.08	1.15	1.18	1.03	1.09	1.01	1.09	1.03	1.23	1.14	1.10	1.05	1.03	1.16
Hispanic	1.42	1.63	1.86	0.98	1.50	1.02	1.43	1.35	1.29	1.31	1.32	1.29	3.12	1.31
Native American	1.25	1.35	0.60	1.27	1.22	1.07	1.27	1.33	1.16	1.39	1.31	1.23	2.20	1.25
Asian	0.93	1.00	1.08	0.73	0.83	0.74	0.94	1.01	1.03	0.87	0.78	1.14	0.66	0.74
African American	1.74	1.50	1.36	1.23	2.08	1.38	1.77	1.46	1.22	2.10	1.75	1.62	0.75	1.51
Sold to GSE	0.23	0.13	0.61	0.25	0.23	2.08	0.41	0.30	0.03	0.31	0.21	0.39	0.00	0.23
Sold to private securitization	2.40	0.55	0.01	0.12	2.89	0.47	1.78	2.86	0.00	1.25	0.87	7.81	...	...
Sold to bank	1.47	0.22	0.08	0.10	2.01	1.22	0.80	1.29	0.09	0.11	1.30	0.41	0.00	0.38
Sold to finance company	1.78	0.30	0.69	6.52	2.13	66.72	1.85	1.46	0.45	0.25	0.13	2.01	0.00	0.24
Sold to affiliate	1.06	0.27	0.25	0.53	0.81	2.20	1.61	1.26	...	0.49	0.94	1.32	...	0.23
Sold to other purchaser	2.10	0.37	0.01	0.92	6.11	1.23	0.43	1.14	0.39	0.04	0.94	0.38	0.06	1.35
Lender share demographic unknown*	1.53	1.07	0.56	0.67	1.26	1.41	1.70	2.46	1.15	0.73	1.13	0.80	1.26	0.92
Lender share female*	1.16	1.03	1.08	1.12	1.44	1.23	1.46	1.32	1.15	1.42	1.21	1.10	1.20	1.28
Lender share Black*	2.40	1.28	2.16	0.80	1.41	6.78	2.67	2.83	1.04	2.61	1.82	1.11	0.93	1.43
Lender share Hispanic*	1.53	1.39	1.72	0.89	1.16	2.76	1.94	1.63	1.30	1.63	1.36	1.33	1.56	1.07
Lender share Native American*	1.09	1.11	1.38	1.08	1.02	1.44	0.71	1.10	1.11	1.05	1.04	1.13	1.51	1.14
Lender share Asian*	0.63	0.75	0.92	0.32	0.61	0.97	0.58	0.76	1.00	0.99	0.80	0.66	1.13	0.61
Bostic (2008) legal index*	0.98	0.85	0.98	0.92	0.99	0.98	1.00	0.98	0.86	0.99	1.02	0.77	0.34	0.57
Tract to MSA income percentage*	0.73	0.72	0.79	0.83	0.72	0.74	0.74	0.80	0.65	0.76	0.77	0.78	1.01	0.76
Tract minority percentage*	0.95	0.93	1.09	1.14	0.94	0.85	0.94	1.01	0.84	0.94	0.95	0.87	1.13	0.96
Number of observations, subprime	3,302,131	76,636	3,626	9,164	961,084	170,085	264,503	1,537,060	1,050	199,338	69,488	6,483	275	3,147
Number of observations, all other	7,698,334	424,553	27,657	250,325	3,426,637	342,994	627,489	1,869,298	5,239	227,910	240,064	187,754	2,042	53,508
Nagelkerke (1991) max-rescaled R-squared	0.47	0.20	0.30	0.22	0.41	0.77	0.65	0.47	0.25	0.65	0.38	0.11	0.35	0.24
Percent concordant	86.4	76.8	82.5	81.0	84.4	95.6	91.9	85.9	80.1	91.8	84.2	73	85.5	83.8

*Continuous variable; odds ratios for continuous measures report the change in odds with a one standard deviation increase in the respective predictor variable.
... Coefficient not estimated.

Data Sources: FFIEC (2007); Avery (2010).

For the market as a whole, the results for applicant and loan characteristics present a profile that is by now quite familiar (cf. Crump et al., 2008; Immergluck, 2004, 2009; Squires, 2003).[6] All else constant, high-cost credit is more likely among lower-income borrowers with higher estimated debt ratios, particularly African Americans (odds ratio of 1.74) and Latinas/Latinos (1.42). These inequalities are upwardly biased by the absence of creditworthiness controls, but they are *downwardly* biased by the models' inclusion of factors that are well beyond the influence of applicants' qualifications or choices -- in particular, the lender's decision whether to sell the loan on the secondary market. Secondary-market networks are crucial in driving subprime lending: compared to loans held on the books, a mortgage sold to a purchaser in the "other" category (typically, a special purpose vehicle or "SPV") is 2.1 times more likely to be subprime. Subprime credit is also closely tied to lender specialization: increasing a lender's African American share of originations by one standard deviation increases the likelihood that a borrower will wind up with a subprime loan by a factor of 2.40 -- even after accounting for the borrower's individual characteristics, including race and ethnicity. Credit outcomes, in other words, cannot be explained solely in terms of borrowers' needs or characteristics, but also depend on factors decided by industry actors. Lender specialization and secondary-sales networks shape the market and constrain the choices available to individual borrowers.

Regulatory climate also matters, but only for those institutions that have not reorganized themselves to evade restrictions. For the market overall, Bostic et al.'s (2008) measure of state lending laws proves statistically meaningless, with a standardized odds ratio of 0.98. State laws significantly alter the prime-subprime mix for only three kinds of lenders: state-chartered credit unions, state-chartered, Fed-member commercial banks, and state-chartered savings banks.

---

[6] The full market model suffers from no multicollinearity bias; the lowest tolerance values among all thirty predictors is 0.58, well above the 0.20 threshold that is cause for concern (Menard, 2002).

Together, these lender types account for only $915 million in subprime loan volume in this period -- only 0.18 percent of the $547 billion in rate-spread business. For all other types, state laws have no practical effect. Seven-tenths of the mortgage market flows through two channels: financial holding companies organized as bank holding companies, and independent mortgage companies. The odds ratios for these types are as close to parity as possible (0.99 and 0.98, respectively). These results change a bit with additional econometric adjustments, but not a great deal.[7] The insignificance of state laws reflects the interplay of longstanding federal *laissez-faire* attitudes towards high-risk industry innovations, and the success of conservative forces in Washington in promoting an "active obstruction of state and local legislative attempts to rein in predatory lending." (Engel and McCoy, 2011, p. 9).

Three aspects of the model results are crucial for understanding the spatiality of regulation and capital in the subprime boom. First, the individual profile of subprime borrowers varies widely across different institution types. Subprime borrowers tend to have slightly lower incomes overall, for instance, but the effect varies from a negligible 0.98 for independent mortgage companies to a more pronounced effect (0.54) for nationally chartered commercial banks. Likewise, racial and ethnic divisions vary, from institutional niches where Blacks or Hispanics are slightly less likely than Non-Hispanic Whites to have subprime loans, to more severe disparities for state-chartered, Fed-member commercial banks (Latino odds ratio of 3.12, Black odds ratio of 2.2). Institution-level racial segmentation is also highly variable. The links between specialization in the African American market and high-cost lending are weak for credit unions and commercial banks (both state and federally chartered); but for independent mortgage

[7] For financial holding companies as bank holding companies, the standardized odds ratio at the mean goes from 0.99 to 0.72 when a quadratic term is added; for independent mortgage companies, the ratio goes from 0.98 to 0.91.

companies, a one-standard deviation increase in African American share intensifies subprime segmentation by almost three times. The effect is even more severe -- a ratio of 6.8 -- for financial holding companies organized as foreign banking organizations.

Second, securitization circuits create an intricate web of dependencies between front-line originators and investors on Wall Street and other markets. While conservatives have moved quickly to blame Fannie and Freddie for the crisis, the evidence here corroborates the judgment that the GSEs "followed rather than led Wall Street and other lenders in the rush for fool's gold" (FCIC, 2011, p. xxvi). Compared to loans held on the books, GSE sales are only 0.23 times as likely to be subprime, and this effect holds across all but one of the regulatory categories -- financial holding companies organized as foreign banking organizations. The largest player in this category is HSBC, whose 2002 purchase of the notorious subprime lender Household International accelerated the transnational integration of high-risk American borrowing with the high net savings rates of Asian depositors (Sorkin, 2002; Lewis, 2010, pp. 16-18); excluding HSBC from the analysis reduces but does not eliminate the GSE odds ratio for this category of lenders (from 2.08 to 1.55). For the dominant categories, however, private securitization overshadows the GSEs. For independent mortgage companies, the main securitization channel for high-cost loans is private purchasers (odds ratio of 2.9). For financial holding companies as bank holding companies, high-cost sales are split between private purchasers (2.9) and "other," SPV circuits (6.2).

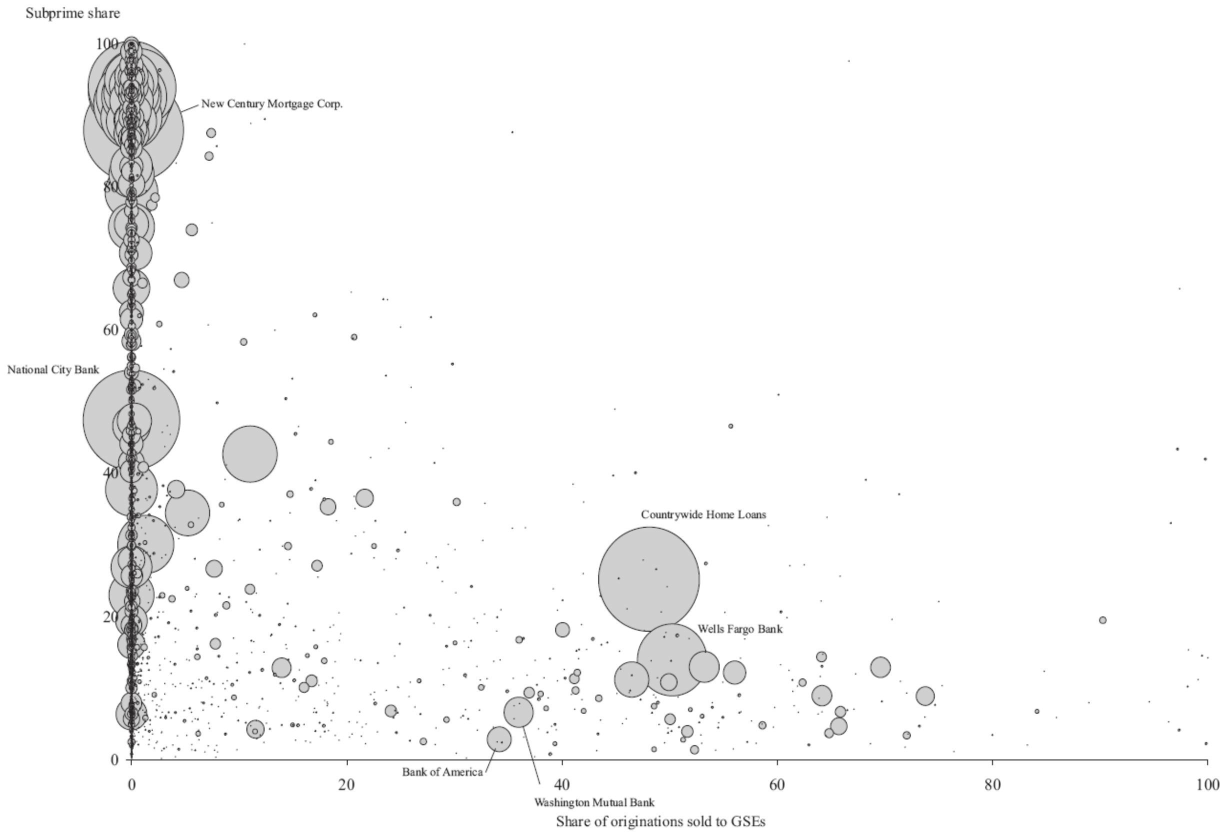

Fig. 12. **Same-Year Mortgage Sales to GSEs and Subprime Share**. Circle sizes are scaled proportional to total number of rate-spread originations. *Data Source:* FFIEC (2007).

For all 8,886 lenders in the market, the separation between GSE sales and private, subprime securitization is clear (Figure 12). The largest exception, Countrywide, is a deeply ironic case. Countrywide CEO Angelo Mozilo famously declared in Milken Institute speech that the firm had been forced by borrowers to lower its lending standards, and "The industry faced special pressure from minority advocates to help people buy homes" (Morgenson and Fabrikant, 2007, p. B1). Investigative journalists later discovered exactly where the pressure had come from. Shortly after becoming chief executive of Fannie Mae, Daniel H. Mudd traveled to Mozilo's California office, where Mozilo warned him that Fannie's reluctance to buy the firm's more risky loans threatened their longstanding partnership; Countrywide now had the option of bypassing the GSEs and selling directly to Bear Stearns, Lehman Brothers, and Goldman Sachs. "You're becoming irrelevant," Mozilo reportedly told Mudd; "You need us more than we need you ... and if you don't take these loans, you'll find you can lose so much more." (Duhigg, 2008).

Third, local geography is paradoxical. Clearly, geography does matter in the mixture of prime and subprime credit across the urban system -- high-cost market penetration ranges from about ten percent in Manhattan, San Francisco, and Arlington to more than fifty percent in the small towns of the Mississippi Delta, the Georgia piedmont, South Texas border counties, and Detroit (Figure 6). But when we control for the characteristics of borrowers and the decisions of lenders selling into the secondary market, geography virtually disappears. All else constant, in a census tract with median household income one standard deviation above the average in relation to the metropolitan level, an applicant is 0.73 times as likely to wind up with a subprime mortgage. The relationship is consistent with expectations, but the effect is rather modest. For neighborhood racial composition, the results are counter to expectations, with a standardized odds ratio slightly below 1.0. Tests for nonlinearity do not substantively alter these results.[8] This does *not* mean that minority neighborhoods enjoy an advantage, however; it simply means that neighborhood-level outcomes reflect bias against minority *individuals*, the market specialization of *institutions*, and lenders' connections to the secondary market. All of these institutional, supply-side factors can account for the widely-observed spatial disparities in high-cost lending. Inequalities once understood as local, neighborhood-level processes have been interwoven with national and transnational investment circuits.

Working in the complex, deregulated spaces of federalism, financial institutions quite literally created the unequal spaces of risk that culminated in the worst financial collapse and

[8] Adding quadratic terms accentuates the negative slope for both income and minority composition.

foreclosure crisis since the Great Depression. We can measure the institutional complexity of these inequalities by modeling racial disparities in subprime origination across all of the multiple regulators and parent-company corporate structures allowed by Gramm-Leach-Bliley -- a patchwork praised for its competitive "checks and balances" against regulatory rigidity (see Greenspan, quoted in FCIC, 2011, p. 54). Subprime selection models for the 41 separate combinations reveal remarkable variation, but consistent racial inequality (Figure 13).[9]

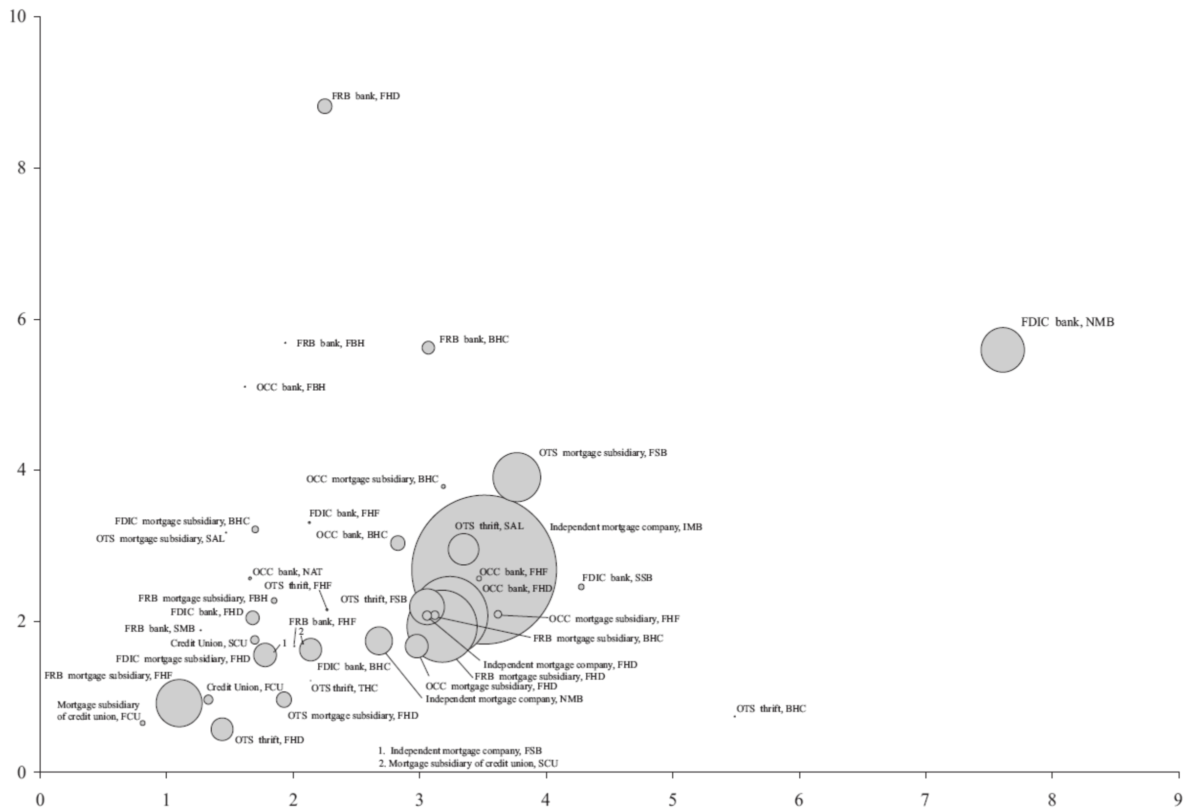

Fig. 13. **Racial Inequalities and Institutional Structure.** Odds ratios for subprime segmentation for non-Hispanic African Americans (horizontal axis) and for Hispanics (vertical). Circle sizes are scaled proportional to total number of rate-spread originations. *Data Sources:* FFIEC (2007), Avery (2010).

[9] These models include controls for applicant income, loan-to-income ratio, and loan purpose, but omit the measures of lender market specialization and securitization.

The single largest channel for subprime credit remains independent mortgage companies, which made 1.54 million high-cost loans in 2006 out of their total volume of 3.41 originations; African American applicants were 3.51 times more likely than similar non-Hispanic Whites to get high-cost loans, compared with 2.68 for Hispanics. The numerical dominance of the non-depositories is significant, and this is what allowed bank regulators (e.g., Dugan, 2010) to claim that their institutions were not as bad as the independent mortgage companies. Yet this is deceptive: *Marquette*, AMTPA, OCC and OTS preemption, Gramm-Leach-Bliley, and all the other deregulatory initiatives allowed more and more "mainstream" banks to pursue the risky exploitation that had once been confined to the bottom-feeder, niche subprime mortgage companies. Some of the racial disparities at traditional "banks" are quite severe. For Latinas and Latinos, the worst disparities (a 9 to 1 ratio) occur at Federal Reserve, non-member banks organized as bank holding companies. The largest number of Hispanic high-cost loans in this category were made by Resource Bank, a division of a mid-sized regional holding company (Fulton Financial) whose merger plans were challenged by activists on the basis of racial discrimination (O'Hara, 2005); only when investors lost money were the activists' warnings considered (Brubaker, 2007). For African Americans, the worst lenders are FDIC-regulated banks that are not members of the Federal Reserve system, with a collective disparity of 7.61. Nine-tenths of this category's subprime volume involves Fremont Investment & Loan, which held more than twice the share of the total national market of high-cost Black loans sold into private securitization, compared to its share of the national white market. Fremont led the subprime market by most measures in 2005 and 2006, but shut down its subprime unit in March, 2007 as investors demanded repurchases of early-default loans, and after the FDIC issued a long-overdue cease-and-desist order prohibiting a range of deceptive marketing practices. The State of Massachusetts later sued Fremont for violation of state consumer protection laws, culminating in a $10 million settlement in June, 2009 (Engel and McCoy, 2001, pp. 184-185).

Perhaps the inequalities of a Fremont can be dismissed as the exceptional bad apple. Yet Figure 13 provides more damning evidence right in the middle, with the "average" disparities between 3 and 4 for Blacks, between 2 and 4 for Hispanics. In the previous subprime booms of the 1990s, the worst offenses were confined to independent mortgage companies: name-brand banks were afraid of the reputational risks of abusive practices. Not anymore. Many types of mainstream banks have become indistinguishable from the "old predators," the independent mortgage companies. Examples include OTS savings and loans (including such luminaries as Indymac Bank), OCC regulated banks organized as financial holding companies (National City), and Federal Reserve mortgage subsidiaries owned by financial holding companies (Countrywide, Citigroup, Wells Fargo).

Conclusions: A Paler Shade of the American Racial State?

> "As he traveled across South Carolina on Tuesday, Mr. Santorum urged voters to dismiss the conventional wisdom that Mitt Romney has an upper hand in the nominating contest. He said the party can win back the White House only by offering a 'clear contrast' with President Obama.
>
> 'We need contrasts,' Mr. Santorum said, 'not just a paler shade of what we have.'"
>
> (Zeleny, 2012).

Housing in America, once the foundation of a national identity of domestic family security and economic upward mobility, is deeply unstable in today's rapidly-shifting racial state. Housing was at the birth of America's latest lurch to the right: Rick Santelli's call for "a tea party" went viral after the financial anchor screamed about "bailing out the losers" when news broke in early 2009 that the Obama Administration was considering plans to write down a small part of the principal for some mortgages. The Administration quickly backed off, and was only able to get Congress to agree to very limited programs helping borrowers -- most of them requiring the voluntary participation of mortgage servicers. By one measure -- the signs glimpsed by bank stock analysts scrutinizing earnings statements from the fourth quarter of 2006 -- we are now half a decade into the American Housing Depression. By the time the Republican primary contest heated up in early 2012, the American Right had managed to restore the ideological stability of capital accumulation, consumer responsibility, and corporate rights. Gone was the "shocked disbelief" of a Fed Chairman forced to admit in open Congressional testimony that his "whole intellectual edifice" had collapsed. Once again, the national conversation went back to the Right's familiar Reagan mantra: government isn't the solution to the problem, government is the problem (Harvey, 2005; Peck, 2010). It's all about debt and too much government spending.

American capital achieves its fixes through a hybrid racial state. One part of the racial state is the fluid, dynamic interplay of images, discourses, and ideologies used to fight over the meanings of racial categories, and their political mobilization (Omi and Winant, 1994; Goldberg, 2002; Peck, 2010). Thus we have Herman Cain's meteoric trajectory as a one-hit-wonder Republican primary candidate achieving popularity with his "9-9-9" tax plan that maps the way to the Steve Forbes flat-tax world. When sexual harassment allegations sent Cain's campaign into a nosedive, Cain joked that he wondered if Anita Hill might not endorse him. A few months later he appeared on Bill Maher's "Real Time" in front of a poster advertising the "documentary" film *Runaway Slave: From Tyranny to Liberty*. *Runaway Slave* "discovers the unknown history of the Civil Rights Movement," and "exposes the NAACP as a mouthpiece of the Democratic Party, and the NAACP's leaders as the ultimate 'race hustlers' who perpetuate -- and profit -- from a victim mentality that hurts the African American community." (Kibbe, 2012). Produced by Dick Armey's FreedomWorks, *Runaway Slave* declares that "while the African American community has triumphed over the scourge of physical slavery, many still suffer from a mental slavery -- to government." (Kibbe, 2012).

This simulacra racial state moves fast: racial images, categories, and politics move like mercury. It does have serious performative consequences, and thus the critical Left must always be in the arena to challenge the evasive new constructions of white privilege manufactured by the powerful coalitions of capital and racism. But another part of the project must devote attention to the old-fashioned material inequalities that are still quite literally *located* in real places and real neighborhoods. Geography is *not* dead. This part of the American racial state is much more stable, etched into the urban landscape by history, demography, and all the hidden biases of market practices and public policies. These local outcomes have remained deeply racialized since the 1960s, producing remarkably similar spatial inequalities even as the old forms of discriminatory exclusion were replaced by new forms of segmented inclusion into expanding circuits of risk. Consumers' access to capital is important. But without vigilant public protections, capital gains *access to consumers* (Newman, 2009) and finds ways to construct, price, and trade many of the individual sites of deception, abuse, and racial privilege that have been part of the urban experience of American housing markets ever since the Great Migration.

America's subprime boom reconfigured the scale of class-monopoly rent (Harvey, 1973). Local loan sharks were replaced by a vast food chain of predators in pinstripes, each claiming a share of the surplus value extracted from borrowers, or of the fee income thrown off by the manufacture of fictitious mortgage capital. Loan sharks know they're loan sharks. But today's predators deny all intent to deceive, or discriminate. For many, this claim may be an honest defense: millions of ordinary middle-class investors around the world received quarterly financial statements on portfolios that, inevitably, included substantial investments in mortgage-backed securities -- many of them those famous "tranches" backed by the monthly payments of subprime borrowers who may have been pushed into usurious obligations by deceptive local brokers. But we can acknowledge the absence of discriminatory intent in the newly transnationalized commodity chain of class-monopoly rent, without denying the persistence of deeply racist processes, structures, and outcomes: this is the crucial legal distinction between *disparate treatment* and *disparate impacts*. Individual agency matters less than the powerful structures of law and capital accumulation. And current struggles suggest that we may be living with the deeply racialized spaces of local, neighborhood segregation and white privilege in American housing for quite some time: the Supreme Court recently granted cert. in a case (*Magner v. Gallagher*) revolving around claims over municipal housing code enforcements and their effects on landlords with properties of low-rent private market housing; one of the issues splitting the lower courts is whether disparate impact claims of race discrimination should be permitted under the Fair Housing Act. We should be prepared if the familiar conservative five on the Roberts Court decide to gut this part of the civil rights movement -- perhaps with a majority opinion written by Clarence Thomas. But while these crucial struggles are taking place in the liminal judiciary spaces of American federalism, there are other unexpected spatial perforations underway in other places -- as the economic contradictions of capital accumulation are intensified by legal contradictions. Frightening signs of disaster have recently appeared in that brilliant and sophisticated scalar politics of mortgage capital in the MERS system -- that strange duck-billed platypus of the corporate world, the Mortgage Electronic Registration System headquartered in the Northern Virginia suburbs. The innovation of MERS, recall, was to cut out the local regulatory framework of America's nineteenth century landscape -- the land-records clerks at all those thousands of county courthouses established across the settlement landscape in the shaping of America (Meinig, 1986-2004). Established to lubricate the mercury-money flows in the boom of fictitious capital creation, MERS is now the single largest actor in foreclosure cases across America. MERS is often unable to provide the necessary legal documentation for the transfers of loan notes required to prove it has the right to foreclose, however; judges in more than a dozen jurisdictions have rebuffed MERS, deciding that the entity does not have the right to pursue foreclosure. Even when MERS lawyers are able to produce the proper documentation, the "innovation" of the MERS structure itself is sometimes subject to strict scrutiny for conformance with state law. In 2009, the Kansas Supreme Court adopted a strict reading of state law requiring a clear chain of title with public filings in county deed registrars, and in *Landmark vs. Kesler* ruled against MERS. The journalist Christopher Ketcham (2012, p. 33) spoke with a Florida foreclosure defense attorney who has become a specialist on MERS, who observed in one case that

> "...the banks had three years to produce the note showing the ownership of the loan, but they were not able to do so. Charney has defended hundreds of

> foreclosure cases in Florida state courts but said she has yet to see one securitized mortgage in which the loan documents were legally transferred to the trust. She said the evidence also points to investment banks having pledged loans into multiple trusts in order to double-sell the loans to investors -- which, if true, would constitute securities fraud. She suggested that investors in mortgage-backed securities had bought 'nothing-backed securities,' 'empty-sack trusts,' tranches of ethereality, worthless in the real world."

The tranches of ethereality could add up to the trillions, and Ketcham astutely reflects on the eerie parallels between Schumpeter's *Can Capitalism Survive?* and the reluctance of judges today to follow the law into an "abyss" by establishing precedents that could invalidate millions of MERS claims across the U.S. Fictitious capital is certainly nothing new. But America's Pay-Option Mortgage Boom did seem to create something new in the scale and velocity of flows between localized class and racial inequalities and transnational circuits (Christophers, 2011; Sassen, 2009; Aalbers, 2008). Now the crisis is exposing new and contingent spaces of contradiction and struggle, in the courts and on the streets as the Occupy movement engages in foreclosure defense actions. And we should not forget that the legal innovations of big Wall Street capital (the lawyers and bankers who dreamed up MERS) are reflected in the entrepreneurial savvy of small-time Main Street capital, in the one-lawyer firms across America. Some of them are too busy to read Schumpeter, Harvey, or Marx, because they're making too much money *writing* bizarre versions of Marxist theory in court cases dealing with the contradictions of capital accumulation. Ketcham (2012, pp. 33-34) profiles a Salt Lake City attorney named Walter Keane, who managed to use the Kansas Supreme Court case to get an entire mortgage debt cancelled for a Utah man who was not even facing foreclosure. In a Salt Lake City restaurant, Keane

> "...was in a celebratory mood. He ordered lobster-stuffed shrimp and a filet mignon and more wine. 'We are gaming the system as much as the motherfucking banks are,' he said, and laughed so explosively that the diners at the next table turned to stare. When he first arrived in Salt Lake City six years earlier, he had struggled to survive in his practice. 'Then I read the *Landmark* case. And I said, 'Fuck, I can do this.' I'm making four times the amount I made in my best year. I fuck the banks! I love it! I've got roughly, what, twenty to thirty new clients a month seeking quiet-title actions naming MERS.' In the previous ninety days, he had grossed more than $150,000. 'I only take MERS cases....'
>
> Keane raised a glass of red wine. 'So thank you, motherfucking banks. You now have Walt Keane as a crotch-cricket on your ballsack, and I have sunk my fangs. I am the Darwinistic response. The banks have scattered all these corpses across the land -- real estate properties where chain of title is broken, where there's no fucking record -- and natural selection has selected Walter the fucking lunatic to clean them up and adapt to this new environment.'"

America's economic conservatives have always felt uncomfortable with some of their coalition partners -- the home-schooled crowd who just *know* that Barack Obama is a Muslim, that his birth certificate is a fake, that global warming isn't happening, that evolution is "just a theory." The deep thinkers of economic conservatism see evolution in action on Wall Street and other global cities. They understand that with the adaptive brilliance of Black-Scholes options pricing, the ecosystem becomes the perfect habitat for an entrepreneur like Walter Keane. What we need to do now is to draw inspiration from Anita Hill (1995, 2011) -- as well as Manning Marable (2011), Malcom, Martin, and today's generation of civil rights activists -- to ask: how best to challenge America's unjust racial state of capital, inequality, and risk? Do we adopt strategic essentialism that begins with race? or Gender? or Class?

The explicitly geopolitical role of American debt is also somewhat new. When the equity and bond markets ignored Treasury Secretary Hank Paulson's "bazooka" in the Summer of 2008 and he was forced to reverse a quarter-century bipartisan policy consensus to nationalize the GSEs, it was a clear acknowledgment that American mortgage debt was owned by too many institutional investors and central banks around the world. Deregulation, high-risk leverage, and securitization do seem to have redefined the meanings of "ownership, early arrival, and geographical location" in American housing (Adams, 1986, p. 237). Still, continuity persists. Even at the peak of the easy-credit boom in 2006, 4.6 million applicants were rejected for mortgage loans, and African Americans were still twice as likely as similar Whites to be denied. Even as racial and ethnic "minorities" become majorities in more and more cities and suburbs, African Americans and Latinas continue to face the *old* inequalities of discriminatory exclusion, while also being targeted for the *new* inequalities of discriminatory, stratified inclusion. Reading the affidavits from Wells Fargo loan officers targeting Black churches in Baltimore for subprime prospects (Relman, 2010), one wonders: did Wells Fargo executives read Harvey (1973) and the rest of the housing discrimination literature of that era as a "how-to" manual?

The evidence presented in this paper documents the crucial role of institutional spaces: corporate organization and securitization became decisive factors in the allocation of prime and subprime credit, while executive, legislative, and judicial decisions helped to create a complex, post-Cartesian map of state-federal relations that shaped local experiences in regional housing markets. Our maps and models, of course, present just one snapshot of one kind of housing inequality at one point in time. Various provisions of the Dodd-Frank financial reform legislation passed in the summer of 2010 have the potential to create new maps, and new federal-state spaces. It remains to be seen, however, whether Republicans will succeed in their attempts to starve funding to prevent implementation of the law's more important reforms. What is clear is that if we want to redefine housing in the twilight of materialism, we will have to fight for it: a "renewed emphasis on shelter and neighborhood" will only be possible if we challenge all the institutions and people, from Baltimore to Brussels to Beijing, who remain enamored by "the false hope that everyone can get rich from real estate." (Adams, 1986, p. 234).

References

Aalbers, M.B. (2008) The financialization of home and the mortgage market crisis, *Competition & Change* 12(2) pp. 148-166.

Abler, R., J.S. Adams, and P. Gould (1971) *Spatial Organization: The Geographer's View of the World* (Englewood Cliffs, NJ, Prentice-Hall).

Acharya, V.V., T.F. Cooley, M.P. Richardson, and I. Walter (Eds) (2010) *Regulating Wall Street: The Dodd-Frank Act and the New Global Architecture of Global Finance* (Hoboken, NJ, Wiley).

Adams, J.S. (1986) Housing markets in the twilight of materialism, *Professional Geographer* 38(3) pp. 233-237.

Adams, J.S. (1984) The meaning of housing in America, *Annals of the Association of American Geographers* 74(4) pp. 515-526.

Adams, P.C. (1996) Protest and the scale of politics in telecommunications, *Political Geography* 15(5) pp. 419-499.

Anderson, J. (2004) Spatial politics in practice: The style and substance of environmental direct action, *Antipode* 36(1) pp. 106-125.

Andrews, E. (2009) Bernanke, a hero to his own, can't shake critics, *New York Times* August 20 p. A1.

Archibold, R.C. (2010) Side by side, but divided by immigration, *New York Times* May 12, p. A13.

Ashton, P. (2009) An appetite for yield: The anatomy of the subprime crisis, *Environment and Planning* A 41(6) pp. 1420-1441.

Avery, R. (2009) *HMDA Lender File, 2008 Filing Year* (Washington, DC, Board of Governors of the Federal Reserve).

Beauregard, R.A. (1994) Capital switching and the built environment, United States, 1970-89, *Environment and Planning A* 26 pp. 715-732.

Beck, N., K.S. Gleditsch, and K. Beardsley (2006) Space is more than geography: Using spatial econometrics in the study of political economy, *International Studies Quarterly* 50 pp. 27-44.

Belluck, P. (1998) End of a ghetto: A special report. Razing the slums to rescue the residents, *New York Times,* September 6.

Bernanke, B. (2005) *The Global Saving Glut and the US Current Account Deficit* (Richmond, Virginia Association of Economists, March 19).

Berry, B.J.L., and F.E. Horton (1970) *Geographic Perspectives on Urban Systems* (Englewood Cliffs, NJ: Prentice-Hall).

Blomley, N.K., D. Delaney, and R.T. Ford, eds (2001) *The Legal Geographies Reader: Law, Power, and Space* (Oxford: Blackwell).

Bostic, R.W., K.C. Engel, P.A. McCoy, A. Pennington-Cross, and S.M. Wachter (2008) *The Impact of State Anti-Predatory Lending Laws: Policy Implications and Insights* (Cambridge, MA, Harvard University Joint Center for Housing Studies).

Bourne, L.S. (1981) *The Geography of Housing* (New York, Halstead/Wiley).

Boyd, R.L. (2011) New York, Chicago, and the 'black metropolis' of the early 20th century, *Urban Geography* 32(7), 1066-1083.

Boyer, B. (1973) *Cities Destroyed for Cash* (Chicago, Follett).

Brenner, N. (2000) The urban question as a scale question: Reflections on Henri Lefebvre, urban theory, and the politics of scale, *International Journal of Urban and Regional Research* 23(2) pp. 361-378.

Brubaker, H. (2007) Fulton may be required to buy back failed loans, *Washington Post* March 28 p. C1.

Castells, M. (2010) *Rise of the Network Society, Second Edition* (Chichester, Wiley-Blackwell).

Charney, I. (2001) Three dimensions of capital switching within the real estate sector: A Canadian case study, *International Journal of Urban and Regional Research* 25(4) pp. 740-758.

Christophers, B. (2011) Revisiting the urbanization of capital, *Annals of the Association of American Geographers* 101(6) pp. 1347-1364.

CNN (2012) *Republican Primary Debate*, January 26. Atlanta: Cable News Network, Inc.

Combs, C.L. (2006) Banking law and regulation: Predatory lending in Arizona, *Arizona State Law Journal* 38 p. 617.

Cox, K. (1998) Spaces of dependence, spaces of engagement, and the politics of scale, or: Looking for local politics, *Political Geography* 17(1) pp. 1-23.

Crump, J.R., K. Newman, E.S. Belsky, P. Ashton, D.H. Kaplan, D.J. Hammel, and E. Wyly (2008) Cities destroyed (again) for cash: Forum on the U.S. foreclosure crisis, *Urban Geography* 29(8) pp. 745-784.

Dennis, B. (2011) The foreclosure crush, *Washington Post*, October 15, A1.

du Bois, W.E.B. (2003[1903]) *The Souls of Black Folk* (New York, Barnes and Nobles Classics).

Dugan, J.C. (2010) *Statement of John C. Dugan, Comptroller of the Currency, Before the Financial Crisis Inquiry Commission* (Washington, DC, U.S. Department of the Treasury, April 8).

Duhigg, C. (2008) Pressured to take more risk, Fannie reached tipping point, *New York Times* October 5, p. A1.

Dymski, G. (1999) *The Bank Merger Wave* (Armonk, NY: M.E. Sharpe).

Easterling, K. (2003) Subtraction. *Perspecta* 34, 80-90.

Elazar, D.J. (1970) *American Federalism: A View from the States, Second Edition* (New York, Crowell).

Engel, K.C., and P.A. McCoy (2002) A tale of three markets: The law and economics of predatory lending, *Texas Law Review* 80(6) pp. 1255-1381.

Engel, K.C., and P.A. McCoy (2011) *The Subprime Virus* (New York, Oxford University Press).

Federal Financial Institutions Examination Council (FFIEC) (Annual) *Home Mortgage Disclosure Act, Raw Data* (Washington, DC, Federal Financial Institutions Examination Council).

Federal Financial Institutions Examination Council (FFIEC) (2006b) *Frequently Asked Questions about the New HMDA Data* (Washington, DC, Federal Financial Institutions Examination Council).

Federal Financial Institutions Examination Council (FFIEC) (2006a) *A Guide to HMDA Reporting: Getting it Right* (Washington, DC, Federal Financial Institutions Examination Council).

Federal Reserve Bank of New York (2010) *Nonprime Mortgage Conditions in the United States* (New York, Board of Governors of the Federal Reserve).

Financial Crisis Inquiry Commission (2011) *The Financial Crisis Inquiry Report* (Washington, DC, National Commission on the Causes of the Financial and Economic Crisis in the United States).

Friedman, T.L. (2007) *The World is Flat* (New York, Picador).

Galbraith, J.K. (1958) *The Affluent Society* (New York, Houghton Mifflin).

Goldberg, D.T. (2002) *The Racial State* (Malden, MA: Blackwell).

Gotham, K.F. (2009) Creating liquidity out of spatial fixity: The secondary circuit of capital and the subprime mortgage crisis, *International Journal of Urban and Regional Research* 33(2) pp. 355-371.

Gould, P.R. (1986) *The Geographer at Work* (London, Routledge and Kegan Paul).

Greenspan, A. (2007) US moving closer to recession, Appearance on *ABC News This Week* 16 December.

Hall, P. (2003) The end of the city? 'The report of my death was an exaggeration,' *City* 7(2) pp. 141-152.

Harloe, M. (1987) Housing in an age of austerity, in: W.V.Vliet (Ed) *Housing Markets and Policies Under Fiscal Austerity* (New York, Greenwood Press).

Harvey, D. (1973) *Social Justice and the City* (London, Edward Arnold).

Harvey, D. (1974) Class-monopoly rent, finance capital, and the urban revolution, *Regional Studies* 8(3/4) pp. 239-255.

Harvey, D. (1978) The urban process under capitalism: A framework for analysis, *International Journal of Urban and Regional Research* 2 pp. 101-131.

Harvey, D. (1985) *The Urbanization of Capital* (Baltimore, Johns Hopkins University Press).

Harvey, D. (1989) From managerialism to entrepreneurialism: The transformation in urban governance in late capitalism. *Geografiska Annaler* 71B, 3-17.

Harvey, D. (2000) *Spaces of Hope* (Berkeley, University of California Press).

Harvey, D. (2005) *A Brief History of Neoliberalism* (Oxford: Oxford University Press).

Harvey, D. (2011) *The Enigma of Capital* (Oxford: Oxford University Press).

Hershey, R.D. (2002) Learning to love Fannie and Freddie, *New York Times* November 4 p. BU8.

Higginbotham, A.L. (1991) An open letter to Justice Clarence Thomas from a Federal judicial colleague. *University of Pennsylvania Law Review* 140, 1005-1028.

Hill, A.F. (1995) Marriage and patronage in the empowerment and disempowerment of African American women, in A.F. Hill and E.C. Jordan, eds., *Race, Gender, and Power in America: The Legacy of the Hill-Thomas Hearings* (Oxford: Oxford University Press) pp. 271-291.

Hill, A. (2011) *Reimagining Equality: Stories of Gender, Race, and Finding Home* (Boston: Beacon Press).

Hughes, J.W., and G. Sternlieb (1987) *The Dynamics of America's Housing* (New Brunswick, NJ, Center for Urban Policy Research).

Immergluck, D. (2009) *Foreclosed* (Ithaca, NY, Cornell).

Immergluck, D. (2004) *Credit to the Community* (Armonk, NY, M.E. Sharpe).

Johnson, S., and J. Kwak (2010) *Thirteen Bankers* (New York, Pantheon).

Ketcham, C. (2010) Stop payment! A homeowners' revolt against the banks, *Harper's Magazine*, January pp. 28-36.

Kibbe, M. (2012) *Runaway Slave Documentary Movie Poster.* Image and text posted to Flickr, January 15.

King, R. (1989) Capital switching and the role of ground rent: 1. Theoretical problems. *Environment and Planning A* 21 pp. 445-462.

Krugman, P. (1998) Space: The final frontier, *Journal of Economic Perspectives* 12(2) pp. 161-174.

Kruskal, J.B. (1964) Nonmetric multidimensional scaling, *Psychometrica* 29 pp. 115-129.

Kruskal, J.B., and M. Wish (1978) *Multidimensional Scaling* (Thousand Oaks, CA, Sage).

Lampman, J. (2007) Bill Richardson: A negotiator's faith in fairness and finding the common good, *Christian Science Monitor* December 6 p. 1.

Lefebvre, H. (1991) *The Production of Space.* Nicholson-Smith, D., trans. (Oxford: Blackwell).

Lewis, M. (2010) *The Big Short* (London, Allen Lane).

Listokin, D., and S. Casey (1980) *Mortgage Lending and Race* (New Brunswick, NJ, Center for Urban Policy Research).

Lownestein, K., and A. K. Loury (2008) Lost voters, lost voices. *The Chicago Reporter*, January 13.

Lukermann, F. (1965) Geography: de facto or de jure. *Journal of the Minnesota Academy of Sciences* 32, 189-196.

Malveaux, J. (1995) Foreword, in A.F. Hill and E.C. Jordan, eds., *Race, Gender, and Power in America: The Legacy of the Hill-Thomas Hearings* (Oxford: Oxford University Press) pp. xi-xvii.

Mansfield, C.L. (2000) The road to subprime HEL was paved with good Congressional intentions: Usury deregulation and the subprime home equity market, *South Carolina Law Review* 51 pp. 473-559.

Marable, M. (2011) *Malcolm X: A Life of Reinvention* (New York: Viking).

Marston, S., J.P. Jones III, and K. Woodward (2005) Human geography without scale, *Transactions of the Institute of British Geographers* 24 pp. 219-242.

McCann, E. (2010) Urban policy mobilities and global circuits of knowledge: Toward a research agenda. *Annals of the Association of American Geographers* 101(1) pp. 107-130.

McCoy, P.A, and E. Renuart (2008) *The Legal Infrastructure of Subprime and Nontraditional Home Mortgages* (Cambridge, MA, Harvard Joint Center for Housing Studies).

Meinig, D.W. (1986-2004) *The Shaping of America: A Geographical Perspective on 500 Years of History* (4 volumes) (New Haven, CT, Yale University Press).

Menard, S. (2002) *Applied Logistic Regression Analysis* (Thousand Oaks, CA, Sage).

Miller, M.J., ed. (2003) *Credit Reporting Systems and the International Economy* (Cambridge, MA, MIT Press).

Monroe, S., and P. Goldman (1988) *Brothers: Black and Poor: A True Story of Courage and Survival.* New York: William Morrow.

Morgenson, G., and G. Fabrikant (2007) Countrywide's chief salesman and defender, *New York Times* November 11 p. B1.

Murphy, A.B. (1991) Regions as social constructs: The gap between theory and practice. *Progress in Human Geography* 15(1), 23-35.

Newman, K. (2009) Post-industrial widgets: Capital flows and the production of the urban, *International Journal of Urban and Regional Research* 33(2) pp. 314-331.

Ogletree, C. (1995) The people vs. Anita Hill: A case for client-centered advocacy, in A.F. Hill and E.C. Jordan, eds., *Race, Gender, and Power in America: The Legacy of the Hill-Thomas Hearings* (Oxford: Oxford University Press) pp. 142-176.

O'Hara, T. (2005) Fulton Financial accused of biased lending, *Washington Post* November 23 p. D4.

Omi, M., and H. Winant (1994) *Racial Formation in the United States: From the 1960s to the 1990s* (New York: Routledge).

Peck, J. (2010) *Constructions of Neoliberal Reason* (Oxford: Oxford University Press).

Peck, J. (2001) *Welfare States* (New York: Guilford).

Relman, J.P. (2010) *Second Amended Complaint, Mayor and City Council of Baltimore v. Wells Fargo Bank, N.A.*, Case 1:08-cv-00062 JFM, filed April 10 (Baltimore, U.S. District Court for the District of Baltimore).

Sassen, S. (2009) When local housing becomes an electronic instrument: The global circulation of mortgages, *International Journal of Urban and Regional Research* 33(2) pp. 411-426.

Scott, A.J. (2011) Emerging Cities of the Third Wave. *City* 15(3-4), 289-321.

Schlemper, M.B. (2004) The regional construction of identity and scale in Wisconsin's Holyland. *Journal of Cultural Geography* 22(1), 51-81.

Sheppard, E., and R. McMaster (2004) *Scale and Geographic Inquiry: Nature, Society, and Method* (Oxford: Blackwell).

Smith, A.D. (1995) The most riveting television: The Hill-Thomas hearings and popular culture, in A.F. Hill and E.C. Jordan, eds., *Race, Gender, and Power in America: The Legacy of the Hill-Thomas Hearings* (Oxford: Oxford University Press) pp. 248-270.

Smith, H.A., and O.J. Furuseth, eds. (2006) *Latinos in the New South: Transformations of Place* (Surrey, UK: Ashgate).

Smith, M.P. (2001) *Transnational Urbanism: Locating Globalization* (Malden, MA, Blackwell).

Smith, N., and W. Dennis (1987) The restructuring of geographical scale: Coalescence and fragmentation of the northern core region, *Economic Geography* 63 pp. 160-182.

Smith, S.E. (1999) *Dancing in the Street: Motown and the Cultural Politics of Detroit* (Cambridge, MA: Harvard University Press.

Sorkin, A.R. (2009) *Too Big to Fail* (New York, Viking).

Sorkin, A.R. (2002) HSBC to buy U.S. lender for $14.2 billion, *New York Times* November 15 pp. C1, C10.

Squires, G.D. (Ed) (1992) *From Redlining to Reinvestment* (Philadelphia, Temple).

Squires, G.D. (Ed) (2003) *Organizing Access to Capital* (Philadelphia, Temple).

Steinmetz, G. (2008) Harrowed landscapes: White ruingazers in Namibia and Detroit and the cultivation of memory, *Visual Studies* 23 pp. 211-237.

Sternlieb, G., and J.W. Hughes (1980) *America's Housing: Prospects and Problems* (New Brunswick, NJ, Center for Urban Policy Research).

Stiglitz, J.E., and A. Weiss (1981) Credit rationing in markets with imperfect information, *American Economic Review* 71(3) pp. 393-410.

Suskin, R. (2011) *Confidence Men: Wall Street, Washington, and the Education of a President.* New York: HarperCollins.

Swanstrom, T. (2011) *St. Louis County's billion-dollar problem: Foreclosures.* (Berkeley: Institute of Governmental Studies, University of California).

Taylor, P. (2004) *World City Network* (London, Routledge).

Tett, G. (2009) *Fool's Gold* (New York, Free Press).

Thomas, C. (1987) Black Americans based claim for freedom on Constitution. *San Diego Union & Tribune*, October 6, B7.

Thomas, C. (1985) The Equal Employment Opportunity Commission: Reflections on a new philosophy. *Stetson Law Review* 15, 29.

Whayne, J., and W.B. Gatewood, Eds. (1993) *The Arkansas Delta: Land of Paradox* (Fayetteville, AR, University of Akansas Press).

Wiggins, J., and V. Boland (2001) U.S. Treasury completes the eclipse of the long bond, *Financial Times* November 2 p. 24.

Williams, J. (2009) *Detroit: The Black Bottom Community* (Mount Pleasant, SC: Arcadia Publishing).

Wolch, J. (1990) *The Shadow State: Government and Voluntary Sector in Transition* (New York: The Foundation Center).

Wright, G. (1981) *Building the Dream: A Social History of Housing in America* (New York: Random House).

Wyly, E., and C.S. Ponder (2011) Gender, age, and race in subprime America. *Housing Policy Debate* 21(4), 529-564.

Wyly, E., and D.J. Hammel (2000) Capital's metropolis: Chicago and the transformation of American housing policy. *Geografiska Annaler* 83B(4), 181-206.

Zeleny, J. (2012) Santorum cites a local legend. *New York Times*, The Caucus, January 12.