

Updates and Comments on Historical Research re Paul Cornell in Chicago

Karl T. Muth

The University of Chicago

Who was Paul Cornell?

Paul Cornell was a billionaire in today's dollars who controlled the largest contiguous piece of urban real estate in America during his lifetime.

A New York white supremacist who moved to Chicago, he worked for decades to ensure Chicago's lakefront would be a whites-only Protestant shoreline.

He moved Confederate soldiers' bodies onto his property and worked with local leaders to limit access for Blacks to schools, beaches, and social gatherings.

How Much Land Are We Talking About?

Paul Cornell owned about 987 acres in and near downtown Chicago. To give a sense of size, that's about 10% larger than New York's Central Park.

The entire campus of the University of Chicago was controlled by Cornell during his lifetime and that only represented about a fifth of his real estate holdings.

He controlled so much valuable land in Chicago that when Chicago proposed a land value tax, Cornell would have been by far the person hit hardest (it failed).

Legal Legacy

Paul Cornell installed a series of racially-restrictive covenants to prevent southern Europeans, Blacks, Asians, and Catholics from living on his land.

As these covenants ran with the land, they affected who could inhabit the land after he sold it, binding subsequent owners to his white supremacist policies.

We know a great deal about Cornell's attempts to draft racist language because deeds he drafted came before the Supreme Court in 1940 and 1948.

Economic Legacy

Paul Cornell vastly changed the fortunes of Black people in Chicago by distorting markets and forcing them to live inland in undesirable areas.

Cornell also used his influence to bar Black people from other important parts of Chicago, including during the Columbian Exposition in the late 1800s.

Today, his real estate portfolio is fragmented and within the area he once controlled the University of Chicago is the largest single landowner.

Research Questions in Last Year's Paper

I have already published some of my historical research and conclusions from that research (K. Muth, *Apartheid-Era Chicago*, 55 UIC L. Rev. 2019 (2022)).

This paper published with the University of Illinois's Law Review focuses on precisely what language was used to bar Black residents and with what effect.

The paper also delves into specific cases, particularly the two Supreme Court cases involving Cornell's drafting language and effects of that litigation.

Work Currently in Progress

Work currently in progress focuses on comparing very-long-timescale data taken from Cook County tax records, county recorder information, municipal transfer and deed records, and census data to understand Black home ownership.

It appears, in early research, that effects of Cornell's racial limitations on residency have detectable and durable effects five generations (~120 years) after Cornell's death, including on housing values and access to housing.

Today, metrics from quality of housing stock to appreciation 1968-present to foreclosures 2008-2014 suggest significant and negative effects on Black people.

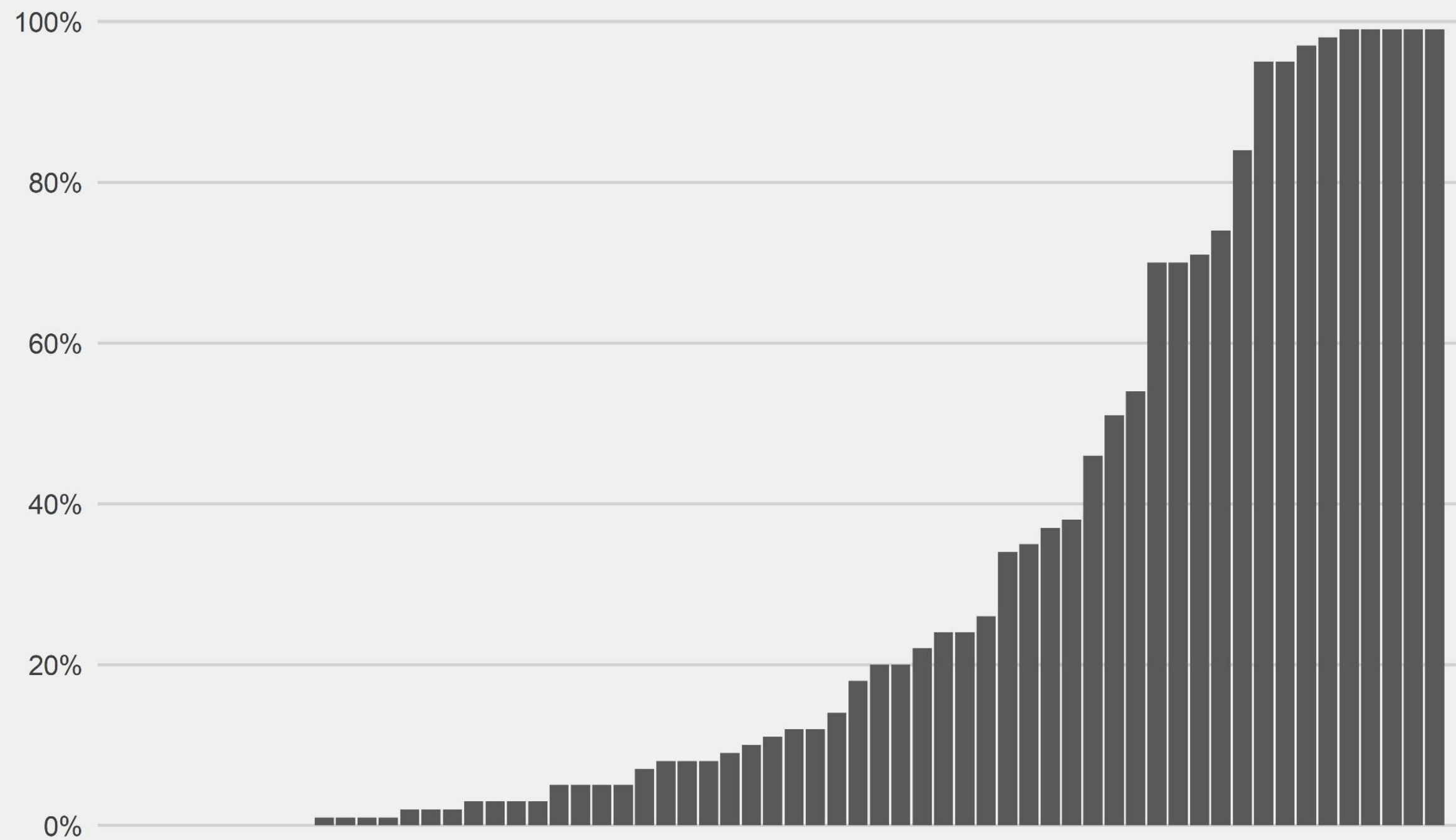
Long Timescale Taxonomical Challenges

In descending order of 1940-2010 consistency and availability, the areas within the city studied are: Census Categories (IPUMS), Census Tracts (w/ Derenoncourt crosswalks and CCCD overlay), Aldermanic Wards, IHS (uses ACS data), Police Precincts, Postcodes, Census Tracts (raw), Chicago Official Neighborhoods Map, and PUMA (not readily available pre-1990).

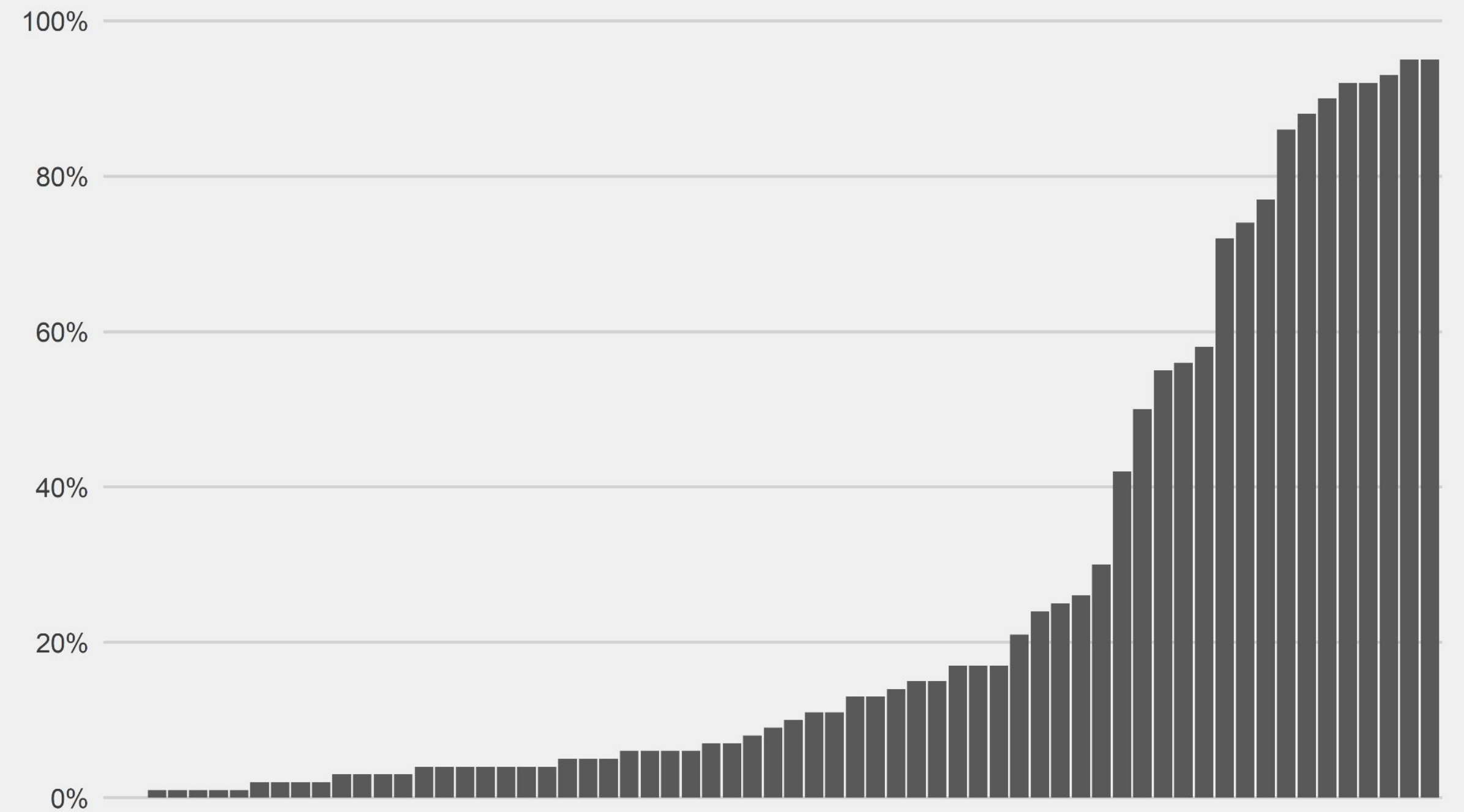
Sizing of the subsamples matters also, and the smallest PUMA (public use microdata area) unit exceeds the size of a standard census tract by a factor of 20+ in many cases; this demands substantial consistency engineering.

High Demographic Inertia 1990-2020 (606xx)

1990 Black Population Proportions, Chicago Zip Codes



2020 Black Population Proportions, Chicago Zip Codes



Access to Capital and Intracity Mobility

The vast majority of Black families who move in Chicago stay in the city but change addresses (this is picked up as a pre-move ZIP that begins 606 and a post-move ZIP that is still 606xx).

Guaranteed Rate aka Rate.com (a Chicago-HQ'd discount mortgage lender) boasts of its friendliness to minority borrowers and purchased the naming rights to the White Sox stadium on the south side. Of its \$8.2B in recent loan origination in Chicago, only 4.9% reached majority-Black ZIP codes (Chicago's population is 29% Black and its homeowners are 23% Black). However, Rate.com does outperform JPMChase in this respect, which made just 23 mortgage loans in the entire Chatham-and-adjacent mostly-Black area from 2012 through 2018.

Cornell-Era Policies Depress Collateral Values

The creation of low-real-estate-value enclaves that are relatively racially homogeneous and not easily commutable (Cornell was also one of the top investors in rail in Chicago and did not build any light rail to Black areas) means that even families with intergenerational wealth in the form of a principal residence have difficulty accessing the capital tied up in that home, because either 1) banks will not lend against the home or 2) appraisals of the home's value are far below comparable homes in similar, but mostly-white, areas.

Lenders lent more money into one relatively small majority-white neighborhood, Lakeview, 1990-present than into all majority-Black neighborhoods combined.

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Relationship to Literature

Initial findings are consistent with Derenoncourt, *Can you move to opportunity? Evidence from the Great Migration* (2019) and durability of effects seems consistent with Andrews et. al., *Location Matters: Historical Racial Segregation and Intergenerational Mobility* (2017) (segregation within commuting zone of cities 1880-1940 related to intergenerational income mobility today (2010s)).

Families that were among the first to violate Cornell's covenants were not rewarded with windfall real estate wealth and as more Black families moved into areas Cornell once controlled (post-1968) these areas became less valuable, a well-documented phenomenon found elsewhere in the law and econ literature.

Zoning Research (Other Cities vs. Chicago)

Other exciting recent work from Webster & Furth (Twin Cities) and Resseger (Boston) looks at similar trends with consideration of zoning as a major factor.

In Chicago, RS-3 zoning is relatively easy to achieve and change, even for properties with non-residential histories like the lot where I'm building a home.

Though I was interested in zoning as a potential explanation for difficulties in mobility, this does not seem explanatory in the Chicago context.

Thanks to Timmy Knudsen, Zoning Board (Chair), for working with me on this.

Next Steps

Currently, we are compiling a dataset that harmonizes census and demographic data with block-by-block data on whether Cornell's covenants were in effect in a given year or survived a specific conveyance. This is accomplished using title and conveyance records fed into a BBML taxonomical tool that attempts to classify language found in deeds as either race-neutral or race-discriminatory.

The system is currently being developed using 8,920 example deeds from Cook County as a teaching and bounding set and 12,840 example deeds from the south side of Chicago classified by law students as a test set; the system is currently close to human performance on this task and the goal is to run the entirety of the deed dataset through the system by July 2023.

Thanks

Thanks to friends and allies for making this work possible, including many clerks at the Cook County records division, two research clerks at Chicago Title Co., and Illinois Assistant Attorney General Nancy Jack.

Most of all, thank you to my research assistants in these past two years: Zahoor Khan, Amira Khatib, Luke Laurence, Tal Roded. And thanks, of course, to the two dozen or so law students who've spent countless hours reading deeds!

If you'd like to learn more about this research or would like to be kept up-to-date as further research on Cornell develops, reach out: karl.muth@chicagobooth.edu