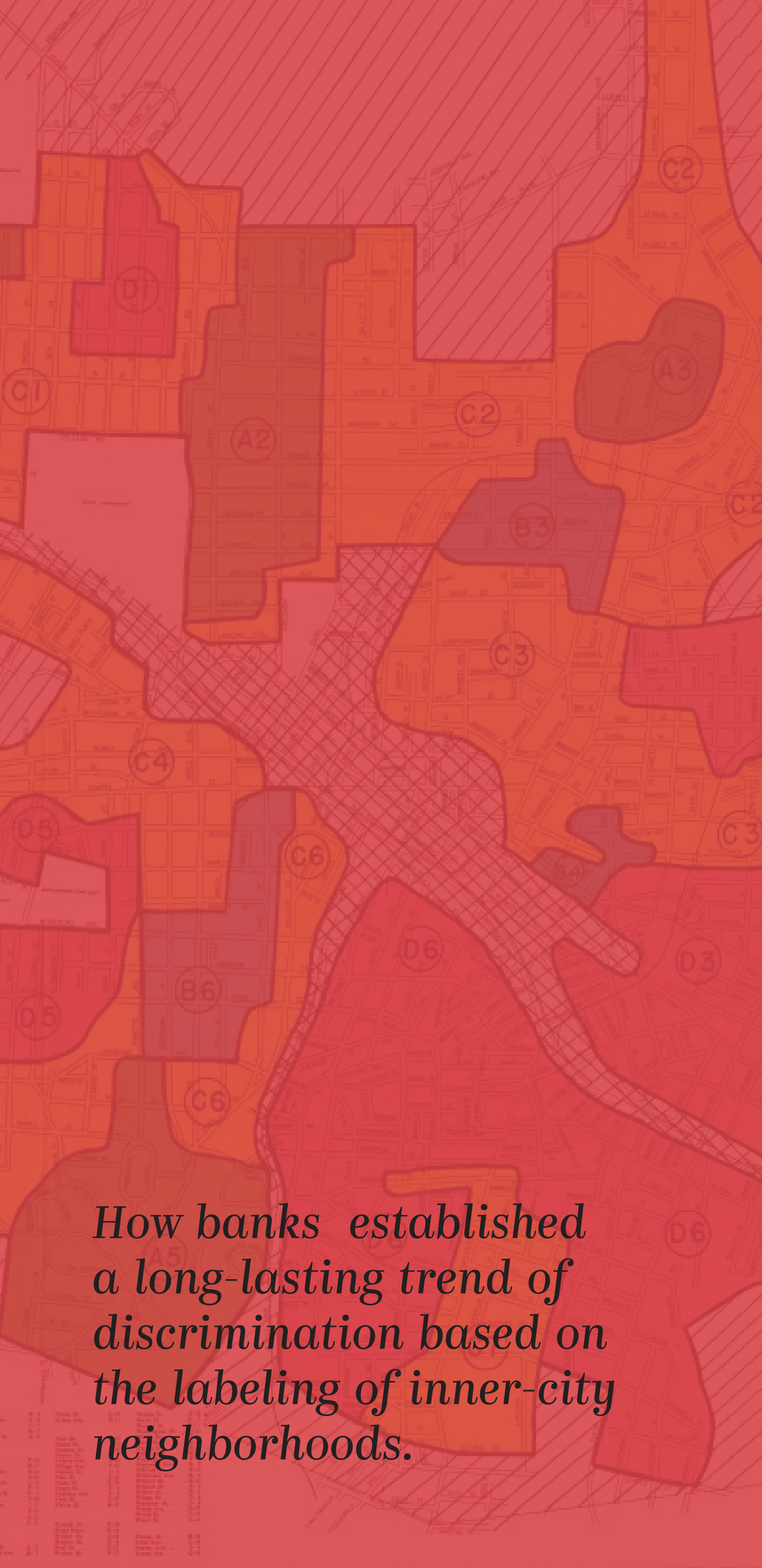
REDLINING



How banks established a long-lasting trend of discrimination based on the labeling of inner-city neighborhoods.

THE TERM REDLINING, *or red-lining, originates from the 1930s practice of color coding maps of cities based on different neighborhoods' eligibility to receive a loan or mortgage. The lowest ranked neighborhoods were often literally lined in red, and were almost always a community of color or other marginalized identity.*

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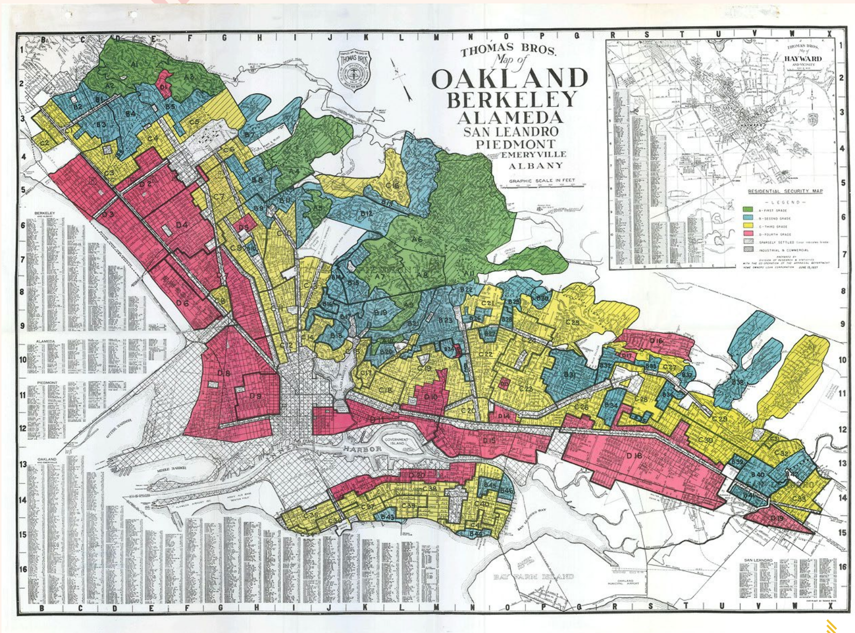
THE ORIGINS OF REDLINING

Redlining began in 1935 when the Home Owner's Loan Corporation began producing maps of virtually every major city upon request of the Federal Home Loan Bank Board. Neighborhoods were color coded based on their desirability, from "A - First Grade" to "D - Fourth Grade." Most often the "D" ranking neighborhoods were black communities, or other communities of minorities, while the "A" ranking neighborhoods were affluent white suburbs.[1]

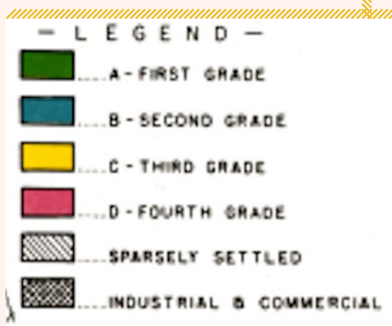
The maps were used by both public and private banks and loan offices to directly discriminate and refuse loans to residents of the "D" neighborhoods.

The Fair Housing Act of 1968 made discrimination during the process of selling a house illegal, yet redlining was not effectively outlawed until 1977. The Home Mortgage Disclosure Act of 1975 required transparency thus making redlining unfeasible, and was followed by the Community Reinvestment Act of 1977 that finally prohibited it.[2]



ABOVE *A redlinined map of Oakland, California, created by Home Owner's Loan Corporation.* BELOW *Detail of the legend describing the zones.*

ABOVE *A legend from a map of Philadelphia showing language used to describe neighborhoods.*



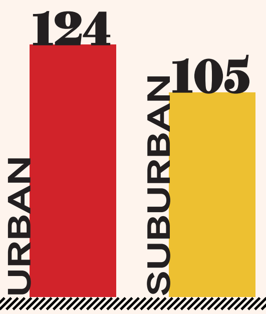
REDLINING IN II

FREQUENCY OF INSURANCE CLAIMS ARE

18%

HIGHER in cities compared to neighboring communities (less than 5 miles away)

CLAIMS PER 1,000 INSURED HOMES



THE AVERAGE CLAIM IS

20%

HIGHER in cities.

INDUSTRY COSTS PER INSURED HOME:

42%

HIGHER FOR URBAN VS. SUBURBAN RESIDENTS

(Insurance Research Council, 1997)

NSURANCE

Insurance is vital in the purchase of a home that requires a loan. Banks rarely approve loans without insurance, since their claim in the property is high as well. The vast majority of homeowners require a mortgage to purchase their house, and therefore, insurance. Yet there is a problem in finding insurance that will cover a neighborhood that is redlined, has historically been redlined, or is an inner-city community. The high density of housing increases fire risk, and there is an increased risk of theft and crime, so insurance companies set an extra high premium. The issue continues when insurance companies take the characteristics of high-density, inner-city communities, and apply them to communities that are similar in race or age of housing. Residents are at a disadvantage in a variety of neighborhoods because they cannot afford the high premium.[2]

Believe it or not, redlining can be observed in health insurance as well. Insurance companies' historical mistreatment of HIV/AIDS patients is extensive, from refusing to cover AIDS unless it was contracted through transfusion, to capping treatment costs for HIV. They have also been accused of not offering insurance to residents in historically gay neighborhoods, another form of redlining a marginalized group.[3]

As supermarkets became larger and more advanced throughout the latter half of the 20th century, they began to push out independent grocers. These stores were not occupying occupying the same space, though. Supermarkets grew in the suburbs of cities while most independent grocers were within. Even so, with the low prices the supermarkets were able to provide, whether ethically or not, they killed the small grocers, many of which were the regular food supply for inner-city communities.

Though more expensive, these local groceries were necesary, considering a significant amount of people in inner-city communities do not have cars, and often do not have the money to taxi to a suburban supermarket.

The markets available after independent grocers are pushed out often have a selection much less healthy, many could critique that the options are outright unhealthy. This contributes to lesser well-being of these communities, and could lead to “diseases of lifestyle,” such as obesity, coronary heart disease, and diabetes. Since these are seen as controllable diseases, people are often looked upon negatively for having these conditions. This only perpetuates negative views of urban poor.[4]

SUPERMARKETS & RETAIL REDLINING

10%-50%

OF PEOPLE IN INNER-CITY COMMUNITIES DO NOT OWN CARS.

$400-$1000

ANNUAL AMOUNT TO TRAVEL TO MARKET BY CAB (URBAN TO SUBURBAN.)

Retail redlining can exist in many different forms, depending on chain stores, franchisees, and employees. There may be higher fees charged to franchises operating in minority areas, refusal of service providers to serve customers, and even restricting minority owned franchises to minority areas only. This often hurts not only the customer, but the company and franchisee as well.[5]

LASTING EF

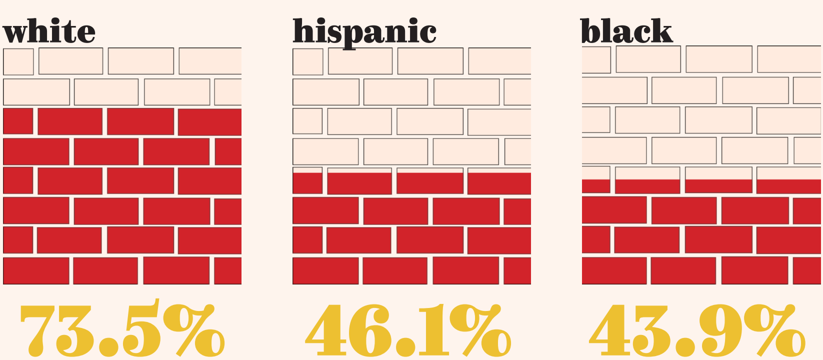
CRIMINALIZ

Housing *discrimination* and *geographic redlining* are outlawed today, but that doesn't mean that they're no longer in practice. Multiple companies have found to be discriminatory against communities that are predominantly minorities.

From 2008-2010, Wisconsin's largest bank, Associated Bank, denied qualified applicants from Hispanic and black communities at a much higher rate than equally qualified white applicants. This affected major cities such as Chicago, Minneapolis, and Milwaukee.[6]

Mortgage lenders in Boston have also been found to discriminate through redlining, though not through outright denial. It is common to include extra expenses and mortgage insurance that is often not required of white communities.[7]

HOMEOWNERSHIP RATE



(Center for Global Policy Solutions, 2014)

FECTS &

ATION

The combination of *housing discrimination* and *geographic redlining* creates a volatile and long lasting effect on communities of minorities. If a family living during heavy practice of this discrimination was denied the rental of a home in the suburbs, or denied a home loan in a community of their own, it's likely that family wealth would not be available to the descendents to obtain loans present day. Because of these unjust practices, people in targeted communities had little oppurtunity to grow their wealth in the ways that white communities of similar eligibility were.[6]

This leads to a greater likelyhood of *broken windows policing* (the targeting of minor crimes in order to prevent more serious ones). Many communities were unable to grow as a result of redlining. Vacant homes and poor housing give oppurtunity to minor crimes, and thus gave oppurtunity to *broken windows policing*, which often alienates community members and creates harmful relationships with law enforcement.

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