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Red Lines, Real Consequences: A Review of Redlining and Its Enduring Effects on African American Communities

Author: Jahin Claire Oh

Archbishop Mitty High School
claireoh08@gmail.com

Abstract
This review paper will discuss Redlining, the discriminatory practice of denying financial services to neighborhoods based on race or ethnicity, began in the 1930s as a method of housing discrimination that profoundly shaped American society. Through the Home Owners' Loan Corporation (HOLC), neighborhoods were rated by "investment risk," with red lines drawn on maps to mark areas where banks and federal agencies refused to invest, predominantly targeting African American communities. This practice, combined with other discriminatory tactics like steering and blockbusting, denied African Americans access to homeownership and wealth-building opportunities while directing white families toward desirable suburban areas with favorable mortgage terms. The consequences extended beyond housing access, as redlined neighborhoods suffered from deteriorating infrastructure, underfunded schools, limited public services, and poor health outcomes, with residents experiencing a 3.6-year lower life expectancy. Although the Fair Housing Act of 1968 prohibited such discrimination, the legacy of redlining persists today through continued disparities in homeownership rates, educational opportunities, and health outcomes, demonstrating how historical housing discrimination continues to preserve racial inequalities in America today.

Introduction
In this review paper, the systematic practice of redlining and its profound impact on African American communities from the 1930s to the present day are reviewed. Through analysis of discriminatory lending practices, neighborhood disinvestment, and their lasting consequences, this paper demonstrates how historical housing discrimination continues to perpetuate racial inequalities in American society today.

An Intro to Discriminatory Practices
To begin understanding redlining, it's essential to consider the broader landscape of discriminatory housing practices that laid its foundation. Despite the expectation that markets should provide equal housing opportunities, African Americans were systematically denied access to essential resources needed to purchase or improve homes.

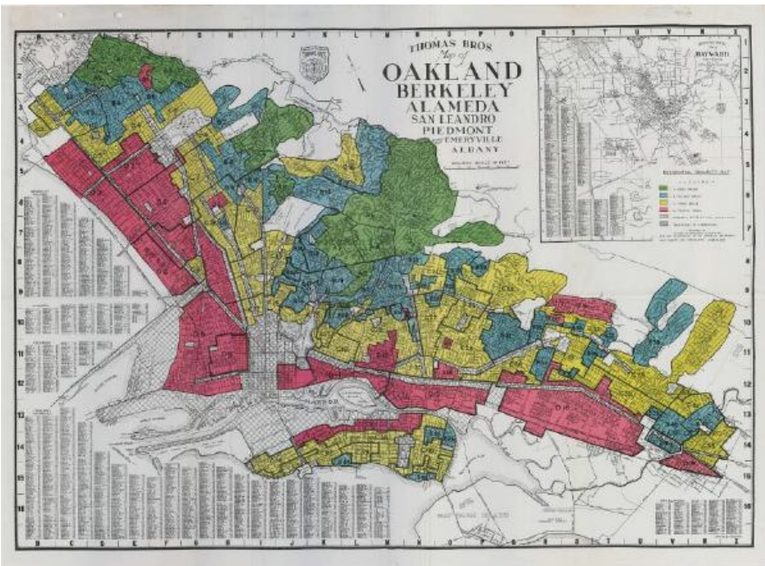
Discriminatory practices, such as steering, which was a common tactic used by realtors to segregate communities by guiding white buyers to predominantly white neighborhoods while directing African Americans to minority

areas (Galster, 1990), and blockbusting, which was when real estate agents pressured white homeowners to sell their homes at reduced prices (Orser, 1997) and later sold these same properties to Black families at significantly higher costs (Bisceglia, 1972), were commonly used in the mid-20th century to restrict African Americans from living in certain neighborhoods. These practices directly violated their right to residential security and freedom of choice in where they could live.

What is Redlining

Building on these practices, redlining emerged as the most common and well-known form of housing discrimination. The term "redlining" is known to have been popularized in the late 1900s by a sociologist named John McKnight. He often defined this term as "the discriminatory practice of denying financial services to neighborhoods based on race or ethnicity." Through the Federal Reserve's numerous definitions and explanations of the term, it can be paraphrased as the refusal to provide housing loans to creditworthy applicants based solely on their neighborhood's location.

Redlining began in the 1930s when neighborhoods began getting rated by "investment risk" through the influence of Home Owners' Loan Corporation (HOLC). The goal was to give white families access to desirable suburban homes, while minorities were forced into underfunded neighborhoods with little investment. Banks and federal agencies drew red lines on maps to mark neighborhoods they refused to invest in.



Along with this, people of color were denied home loans, regardless of financial responsibility, while white families were given better mortgage opportunities, allowing them to build wealth. Due to redlining, families of minorities were blocked from homeownership, preventing generational wealth accumulation, and redlined areas suffered from underinvestment, fewer businesses, and job shortages. This housing discrimination led to segregated neighborhoods, leaving an impact that still exists today.

Loans for the Minority

Closely tied to redlining was the systemic denial of fair mortgage access to African Americans. Owning a home often requires taking out a mortgage loan, where a borrower repays the lender over time. However, African Americans faced systemic discrimination in mortgage lending, making it difficult to access fair financing. Historical records reveal that mortgage lenders disproportionately denied loans to African Americans, even when they met financial qualifications. Studies showed that Black and Hispanic applicants had significantly higher denial rates compared to white applicants, further limiting their ability to buy homes and build wealth. This reinforced the effects of redlining, keeping African American communities financially disadvantaged and segregated.

How Were Homes & Communities Affected by Lack of Funding & Loans?

The consequences of limited loan access extended deeply into the physical conditions of redlined neighborhoods. Homes in redlined neighborhoods fell into disrepair because there was little to no investment in these areas. Many residents could not get loans, making it nearly impossible to fix or upgrade their homes. As a result, houses often had old plumbing, weak foundations, and unsafe electrical systems. Without the money to make improvements, these homes kept getting worse over time, creating poor living conditions (Lathan, n.d). This left many families stuck in unsafe and uncomfortable housing, with no real way to improve their situation.

In addition to declining housing stock, public infrastructure and services in these neighborhoods were also neglected. Redlined neighborhoods received far less funding for essential public services compared to wealthier areas. Schools, roads, and parks were often neglected, making life more difficult for residents. Many schools in these areas had outdated facilities and fewer resources, giving children fewer opportunities to succeed (Duncan, Hood & Neet, 1975). Roads and public spaces were also poorly maintained, making daily life less convenient and enjoyable. The lack of investment in these communities only widened the gap between redlined neighborhoods and those that received better funding (Vermeer, n.d.). Beyond infrastructure, the availability of essential services was also severely limited. Reliable public transportation, healthcare facilities, and grocery stores with fresh food were scarce, making it harder for residents to stay healthy, get to work, or access nutritious meals. There were also fewer green spaces, emergency services, and banks, limiting opportunities for growth and stability. Research from the NCRC shows that redlined communities had worse overall health, including higher rates of conditions like asthma, diabetes, and heart disease (Richardson & Meier, n.d.). On average, people in these neighborhoods had a life expectancy 3.6 years lower than those in areas that were historically rated as "best" by the HOLC. To address these disparities, the Fair Housing Act of 1968 was passed in response to widespread housing discrimination against minorities, particularly African Americans (Yinger, 1995). The Act was designed to address systemic housing discrimination by prohibiting discrimination in the sale, rental, and financing of housing based on race, gender, color, religion, and national origin (The Fair Housing Act, n.d).

Short-term Impact

In the immediate decades following the rise of redlining, the impact was substantial. In the 1940s–60s, FHA policies excluded Black families from mortgage access. Most loans went to white families, blocking Black wealth-building (Rothstein, 2017; Babcock, 1938). Redlining pushed Black families into overcrowded, underfunded areas, limiting access to social and economic mobility (Denton & Massey, 1993).

Long-term Impact

Even long after redlining was officially outlawed, its effects continue to shape communities today. Redlined neighborhoods were often placed in polluted zones. Residents still experience higher rates of asthma and related illnesses (Environmental Health Perspectives, 2020). Black Californians still face lower homeownership rates and limited access to mortgage loans, a direct legacy of redlining (California Department of Justice, 2021). Low property taxes in redlined areas led to underfunded schools. This continues to limit educational and career opportunities for students from these communities (California Budget & Policy Center, 2022).

Why This Matters

Recognizing the long-term consequences of redlining is critical. Redlining's impact explains many of today's racial inequalities. Understanding it is key to closing the wealth gap and creating fair access to housing and finance (California Budget & Policy Center, 2022).

Conclusion

The practice of redlining that emerged in the 1930s fundamentally shaped American society by systematically denying African Americans access to homeownership and wealth-building opportunities while placing them in underfunded and deteriorating neighborhoods. Despite the passing of the Fair Housing Act of 1968, the effect of these discriminatory practices persists today through continued disparities in homeownership rates, educational opportunities, and health outcomes, demonstrating that understanding redlining's historical impact is essential for addressing today's racial inequalities and developing effective steps toward justice.

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