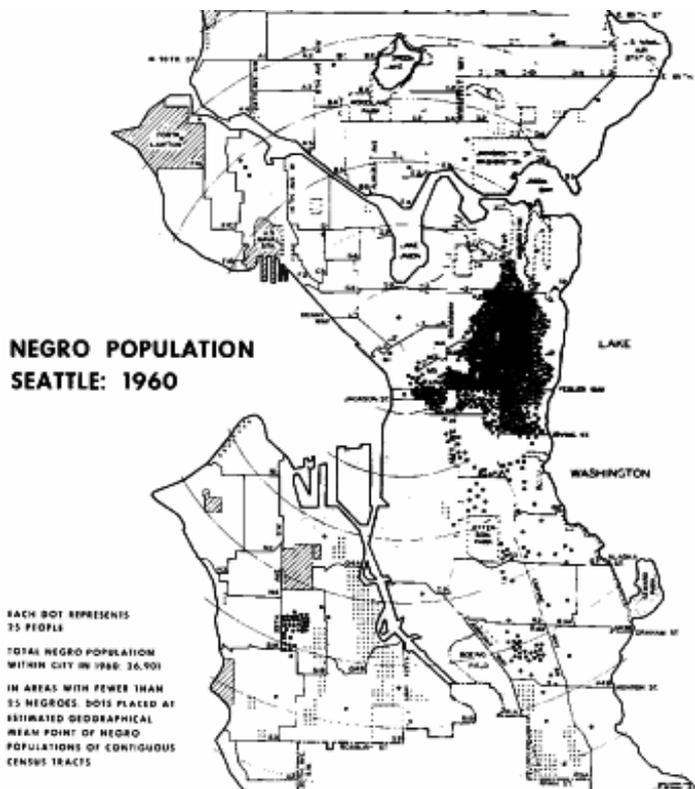

THE IMPACT OF REDLINING ON THE BLACK COMMUNITY

Posted by [Staff](#) / 20 - Mar - 2019

THE IMPACT OF REDLINING ON THE BLACK COMMUNITY By Seth Knox & Jose S. Gutierrez Jr.



"White Flight", "Black Codes", "Jim Crow" and more nicknames are affixed to the numerous man-made plagues that have impacted the tumultuous sojourn of African-American/Black people in the United States of America's history. Although these social traps possess funny names, they were and are as serious as a heart attack. These social concoctions have been used to undermine the efforts of Black people to achieve some semblance of justice and the 'American Dream' in the land of the free and home of the brave. It has been a difficult sojourn, where ignorance and fabricated barriers of entry to access have undoubtedly hindered and harmed Black people and entire communities. Another such, 'nickname' for one more member of the conspiracy-fact family, is "Redlining". "Redlining" is the name of the systemic effort to destroy the ability of Blacks to be upwardly mobile in the real estate, housing and property markets. This program led by banks and other financial institutions is further explained by Africatown Media contributor, Seth Knox.

Redlining is the mortgage lending policy whereby persons living in a particular area

are denied loans on the basis that they are considered to be a financial risk. In 1933, during the Great Depression, the Roosevelt administration created the Home Owners Loan Corporation (HOLC) in order to save homeowners from having their homes foreclosed on. To determine how these loans would be distributed, the HOLC created residential security maps in which neighborhoods were graded using a color scheme that decided who would be eligible for these funds. Green zones on the map were considered first rate areas and deemed safe for federal funding, while areas in decline were marked in yellow, and unlikely to qualify for these loans. The most pernicious aspect of this rating system became evident in those zones that were outlined in red, areas that were populated by Black residents, who were completely barred from this tax funded lending policy.

So, while the HOLC lent money to White homeowners, which not only saved their homes from being foreclosed, but also resulted in the primary means in which the White working class would accumulate wealth. This lending policy was completely denied to potential Black homeowners by unjustly devaluing their neighborhoods solely on the basis of race. The effects of this policy have been devastating to the Black community, contributing to the deteriorating conditions that continue to the present day.

The overriding cause of generational poverty is the lack of access for families to generate wealth. Redlining maliciously targets Black neighborhoods by denying residents the ability to build the same equity that Whites have used to maintain their communities and pass down wealth to their children. And following the federal governments lead, private lenders and insurance companies would also join in this discrimination act against potential Black home owners. Black neighborhoods were denied mortgages, home improvement loans, business loans, the effect evidenced by symptoms that reveal areas to be in steady decline.

Redlining also helped to usher in the mortgage lender predatory arrangement known as contract selling. This is the process where real estate agents sell houses to Black buyers, not under a mortgage, but under an installment plan known as a contract sale. Not only are these home buyers charged two to four times the amount than the house was sold, Black occupants must also pay a down payment, taxes, insurance and interest, and do so without the benefit of accumulating home equity.

These excessive charges create conditions that place many Black families in unavoidable precarious situations. Paying these inflated prices leaves almost no money for maintenance. Many times, extra tenants have to be taken in to make these payments affordable, creating overcrowding and potential fire hazardous conditions. These sales arrangements also destabilize Black families by forcing both parents to work long hours, even having multiple jobs, in order to keep up with these payments, leaving children at home unsupervised many hours of the day.

To make matters worse, many black residents were steered into these areas at a time when there was an availability of industrial jobs. These communities now face the danger of being relegated to a permanent underclass due to the disappearance of the manufacturing sector, along with their wealth and the taxes needed to pay for public services such as schools, city maintenance, and public transportation, further contributing to the downturn of these areas. Many of the damaging effects that continue to affect the Black community, redlining being just one example, are the result of these harsh economic policies that are used to support racists' self-interests.

