

REDLINING AND GENTRIFICATION

Redlining

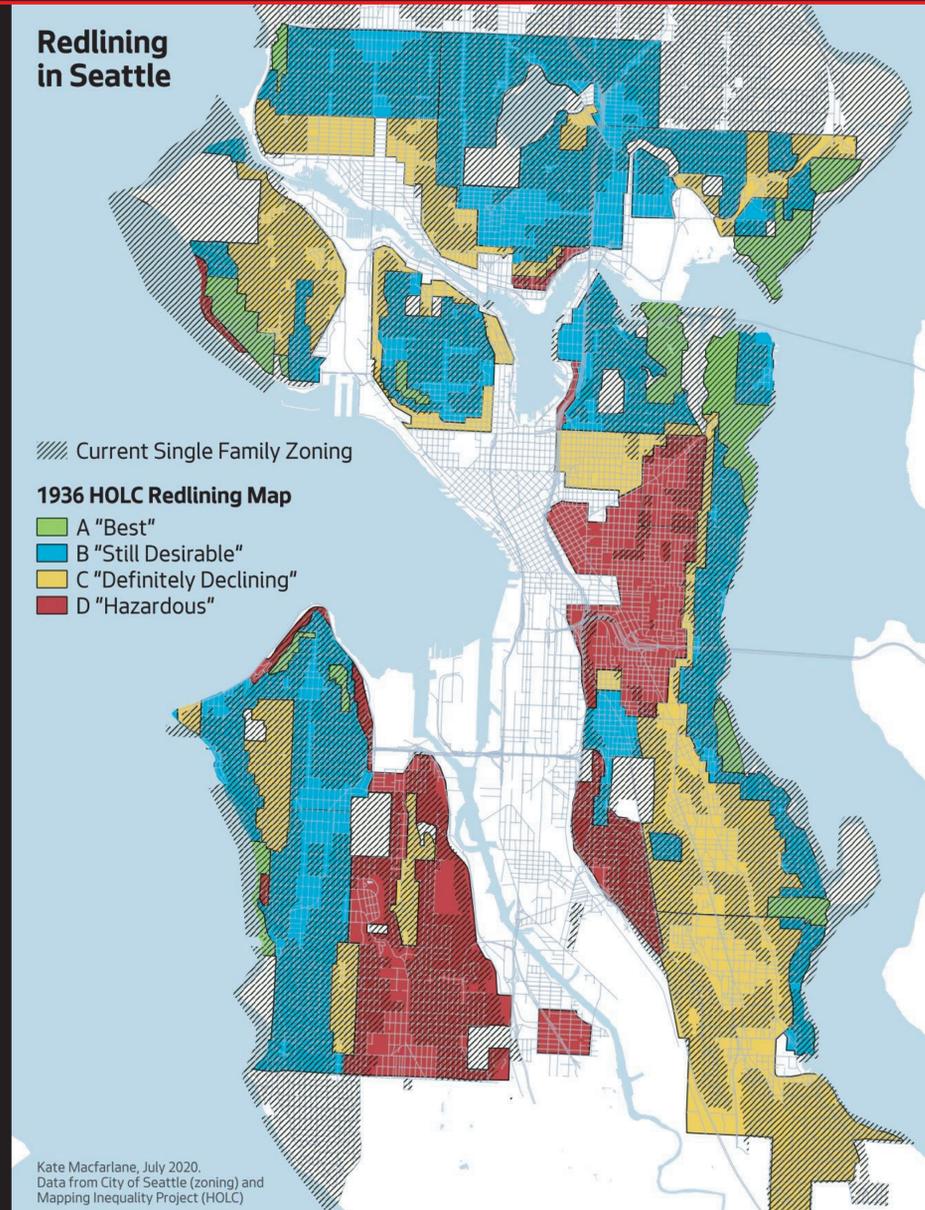
Color coded maps from A to D to pinpoint areas graded by "riskiness" for housing investment and mortgage lending and insurance. The Federal Housing Administration (FHA) was established during the Great Depression to stimulate homeownership and construction. Redlining was developed in the late 1930s by the Home Owners Loan Corp (HOLC) and adopted by the FHA and Veterans Administration (VA).

Inequitable FHA Standards

Redlining blocked communities of color, particularly black people, from home ownership based on race, ethnicity, and religion. Neighborhoods with majority black populations were designated the highest risk and coded as D "hazardous" with the color red on redlining maps.

Impacts of Redlining

- Redlining is associated with greater neighborhood poverty levels & lower labor market engagement.
- Redlining is often found to correlate with environmental inequalities, such as areas with less tree canopy, green-space, as well as increased temperatures and emissions exposure.



Efforts to End Redlining Practices

- Large settlements in the millions have been won from banks perpetuating racist lending practices. In one settlement, a \$12 million homeownership fund was created to increase mortgage lending opportunities to underserved communities of color (i.e., financial assistance with purchasing and maintaining homes, and insurance).
- Restitution programs to compensate black residents and direct descendants who were harmed by past housing discrimination and land use policies:
 - The Right to Return Program, Santa Monica, CA
 - The Local Reparations Restorative Housing Program

Gentrification

Gentrification is a process that involves the revitalization and renovation of declining urban neighborhoods, often tied to lower-income areas with a history of racial segregation, government neglect, and white flight. The actors involved include developers, builders, mortgage lenders, government agencies, and real estate agents. Gentrification is sparked by redevelopment, rising prices, tearing down of older homes, and the building of new residences and commercial space. It usually unfolds in waves, with the first wave of in-movers being lower income and highly educated, such as artists. Second and third waves consist of higher income professionals. Gentrification often results in the rebranding of neighborhoods as "up and coming," ignoring or coopting their cultural history. While gentrification can bring benefits, such as increased economic activity and improved infrastructure, it can also result in displacement and rising housing costs for low-income families.

Impacts of Redlining

- Median home prices skyrocket.
- A majority of current residents are historically excluded people of color who need to move to more affordable areas.
- Have led to fast growing neighborhoods with a majority of white residents, many in formerly red lined areas.

