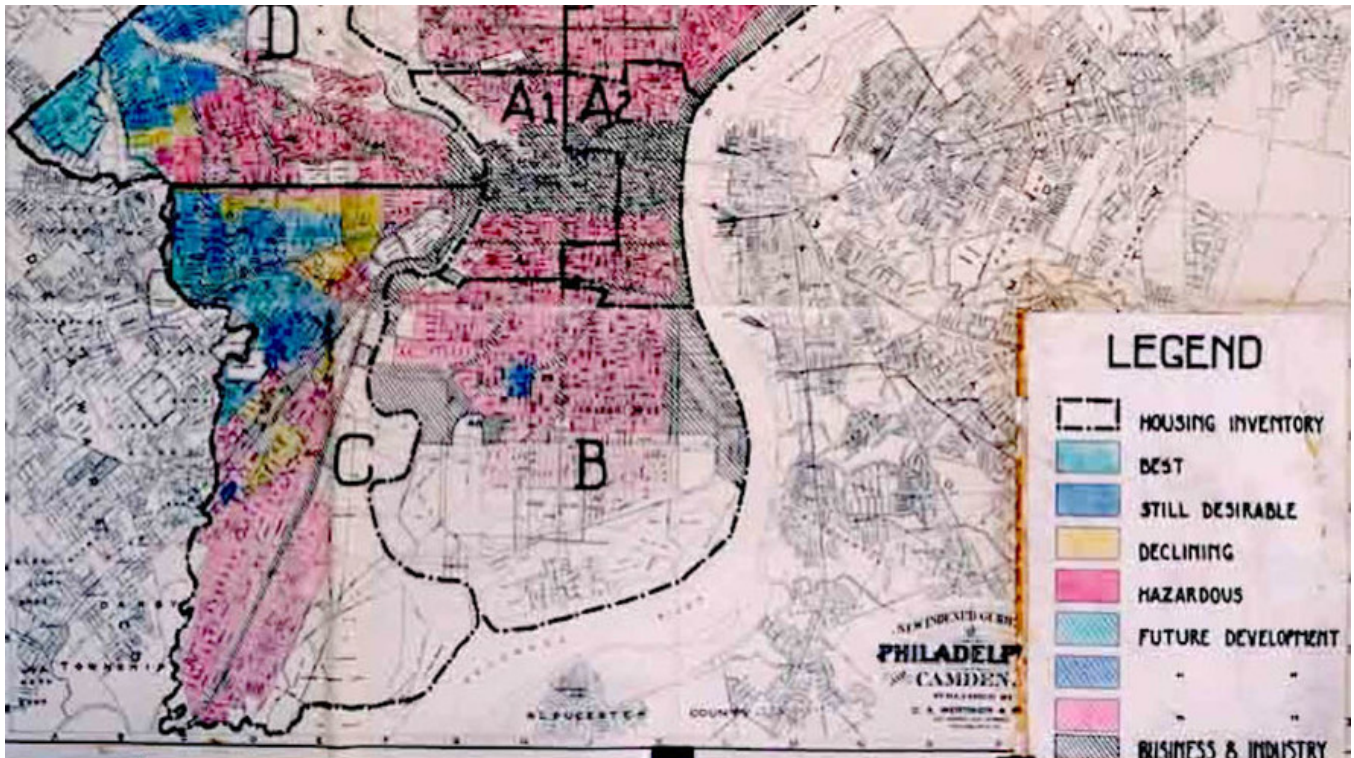


Redlining prevents minority families from becoming homeowners

By Washington Post, adapted by Newsela staff on 05.08.17

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A 1936 Home Owner's Loan Corporation map of Philadelphia, Pennsylvania. The neighborhoods in red are labeled "hazardous" and the neighborhoods in blue are labeled "best." Photo from Wikimedia

On the surface, "redlining" can seem harmless, even boring. In the 1930s, banks used red lines on maps of American communities to symbolize which ones had less money.

But the red lines had crushing effects on poor people, particularly anyone who wasn't white.

Communities Are Cut Off

At the time, the government sponsored a program called the Home Owner's Loan Corporation. It first drafted maps of American communities to sort through which ones were worthy of mortgage loans. In a mortgage loan, banks lend people money to help them pay for a house.

In the map, neighborhoods were ranked and given special colors. The D-rated ones — shunned for their "inharmonious" racial groups — were typically outlined in red.

During this era, homeownership was expanding rapidly in the U.S. This government practice of redlining was swiftly adopted by private banks, too. And the visual language of the maps became a verb: To redline a community was to cut it off from essential money and resources. To be redlined was something even worse.

A Lot Like The 1930s

The federal government eventually retreated from the practice, and it was outlawed by the Fair Housing Act in 1968. But black communities have warned that it still exists in subtler and changed forms. Banks have tactics that have targeted these same neighborhoods for predatory lending — that is, forcing someone into a loan they cannot pay.

There are also new patterns like "retail redlining." That is when companies and governments don't build grocery stores or restaurants in areas that have a certain ethnic or racial group.

Some of the persistent redlining, though, still looks an awful lot like the redlining of the 1930s.

"One Of The Largest Redlining Complaints"

The Department of Housing and Urban Development (HUD) is the government group in charge of providing affordable homes for all. In May 2015, HUD punished Associated Bank, the largest bank headquartered in Wisconsin. The government claims that from 2008-2010, the bank discriminated against black and Hispanic borrowers in Wisconsin, Illinois and Minnesota.

The bank denies wrongdoing. Still, HUD itself is declaring victory in "one of the largest redlining complaints" ever brought by the federal government against a mortgage lender.

After an analysis, HUD concluded that Associated Bank unfairly denied people who were eligible for loans compared to other banks. This took place in predominantly minority neighborhoods in Chicago, Milwaukee and Minneapolis. Now Associated Bank has agreed to a long list of actions to make amends over the

next three years. It must finance nearly \$200 million in home loans in areas the bank neglected within these cities. The bank also must pay nearly \$10 million in assistance to borrowers. It must also open four new offices in minority neighborhoods in Chicago and Milwaukee, and invest \$1.4 million in advertising its loans in many of these same underserved communities.

The case is not about doling out mortgages to minority households that wouldn't otherwise qualify for them. It's about offering equal access to families that look just as eligible on paper as white homeowners nearby.

The Consequences Of Redlining

It's a reality that historic redlining makes homeownership beyond reach for many families in these communities today. And that's regardless of how big banks behave now.

If your family was denied a mortgage in the 1930s, or the 1950s, or the 1970s, then you may not have the means to become a homeowner today. For example, if your family lived through redlining then, you may not have been passed down wealth from them to help pay for it. In that way, the consequences of past redlining can last longer than we realize, even as new forms of it continue.

Quiz

- 1 Which two of the following sentences from the article include CENTRAL ideas of the article?
1. *On the surface, "redlining" can seem harmless, even boring.*
 2. *In the 1930s, banks used red lines on maps of American communities to symbolize which ones had less money.*
 3. *In a mortgage loan, banks lend people money to help them pay for a house.*
 4. *In that way, the consequences of past redlining can last longer than we realize, even as new forms of it continue.*
- (A) 1 and 2
- (B) 1 and 3
- (C) 2 and 3
- (D) 2 and 4
- 2 Which of the following details is MOST important to the development of the MAIN idea?
- (A) A bank was recently caught discriminating against black and Hispanic people looking for home loans.
- (B) HUD stands for the Department of Housing and Urban Development.
- (C) Associated Bank is going to open four new offices in minority neighborhoods in Chicago and Milwaukee.
- (D) D-rated neighborhoods were outlined in the color red on old maps.
- 3 What is the MOST important reason WHY redlining is a problem?
- (A) because it hurts the economies of neighborhoods in Chicago and Milwaukee
- (B) because it is against the Fair Housing Act of 1968
- (C) because it excludes community residents from the opportunity to improve their lives
- (D) because it makes communities less diverse than they should be

- 4 WHY were the practices of the Associated Bank discriminatory?
- (A) because they lent more money to minority communities than they did to qualified white people
 - (B) because they lent more money to people in urban neighborhoods than in other places
 - (C) because they lent less money to poor people than they did to wealthy people
 - (D) because they lent less money to qualified people from minorities than white people