

Redlining: Yesterday and Today

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The Basics: What is redlining?

- Laws and policies by which banks and other institutions refuse to offer mortgages or offer worse rates to customers
- Only applied to certain neighborhoods based on their racial and ethnic composition.
- Represents one of the clearest examples of institutionalized racism in the history of the United States.
- Formally outlawed in 1968 with the passage of the Fair Housing Act, but its impacts and influences are still in effect today.



Creating Federally-Sanctioned Redlining

- In 1934, the Federal Housing Administration (FHA) was created as part of the New Deal.
- The goal of the FHA was to restore the housing market after the Great Depression by incentivizing homeownership and introducing the mortgage lending system we still use today.
- Instead of creating policies to make housing more equitable, the FHA required that the properties they insured used racially-restrictive covenants.
- The FHA introduced redlining policies in over 200 American cities.



The National Practice of Redlining

- Beginning in 1934, in the FHA Underwriting Handbook, the Home Owners' Loan Corporation (HOLC) used “residential security maps” for mortgage underwriting to help the government decide which neighborhoods represented secure mortgage lending and which ones would not be considered for lending/issuing mortgages.



The Historical Role of Municipalities


- Fifty years after the abolition of slavery, local governments continued to legally enforce housing segregation.
- Exclusionary zoning laws and city ordinances were written and enacted to ban the sale of property to African-Americans.
- In 1917, the U.S. Supreme Court ruled such zoning laws unconstitutional.





The Role of Our Local Government

- Winston-Salem was one of the first municipalities to legally-sanction redlining through local ordinances and zoning laws/policies.
- Urban renewal plans and designs were used to justify redlining.
- The City officially upheld the practice of redlining until the federal government made it illegal with the passage of the Fair Housing Act in 1968.



How did redlining practices impact Winston-Salem?

- Beginning around 1960, urban renewal and planning were used as pretexts to develop policies and laws that displaced more than 4,000 predominately African-American Winston-Salem families, in order to build Interstate 40 and US Highway 52, which destabilized historic African-American neighborhoods.
- During the Jim Crow era, cities like Winston Salem and Asheville enforced racially-segregated housing. The legacy of these practices has led to many of the poverty-related consequences that are apparent in present today.
- The downtown and East Winston areas were, primarily, the most negatively-impacted areas.



How did redlining impact African-American homeownership in Winston-Salem?

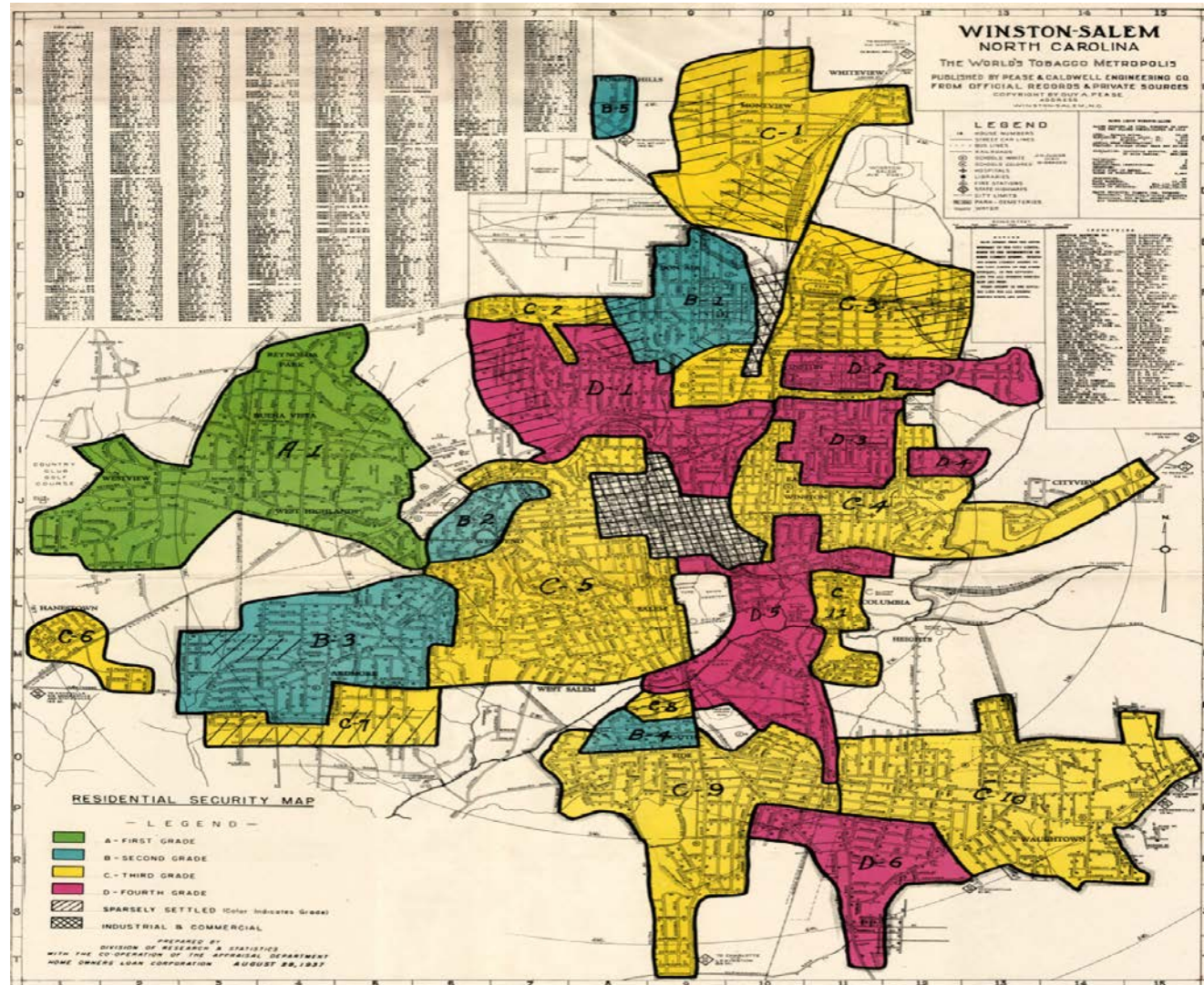
- From 1938-1952, local maps clearly showed the red lines that outlined where banks should not lend to residents or approve mortgages.
- Those redlined areas clearly outlined the East Winston and downtown areas, which were comprised of African-American neighborhoods.
- Current 2020 Census maps still show formerly-redlined neighborhoods as being high-poverty, majority African-American areas of Winston-Salem that are, primarily, in East Winston.
- Former redlined areas continue to suffer the economic repercussions of redlining, including the presence of food deserts and the lack of access to basic services like jobs, banking, healthcare, and transportation.

The Color-Coded Maps

- **Green** (“Best”): Green areas represented in-demand, up-and-coming neighborhoods where “professional men” lived. These neighborhoods were explicitly homogenous, lacking “a single foreigner or Negro.”
- **Blue** (“Still Desirable”): These neighborhoods had “reached their peak” but were thought to be stable due to their low risk of “infiltration” by non-White groups.
- **Yellow** (“Definitely Declining”): Most yellow areas bordered Black neighborhoods. They were considered risky, due to the “threat of infiltration of foreign-born, Negro, or lower-grade populations.”
- **Red** (“Hazardous”): Red areas were neighborhoods where “infiltration” had already occurred with an “undesirable population” ineligible for FHA backing.

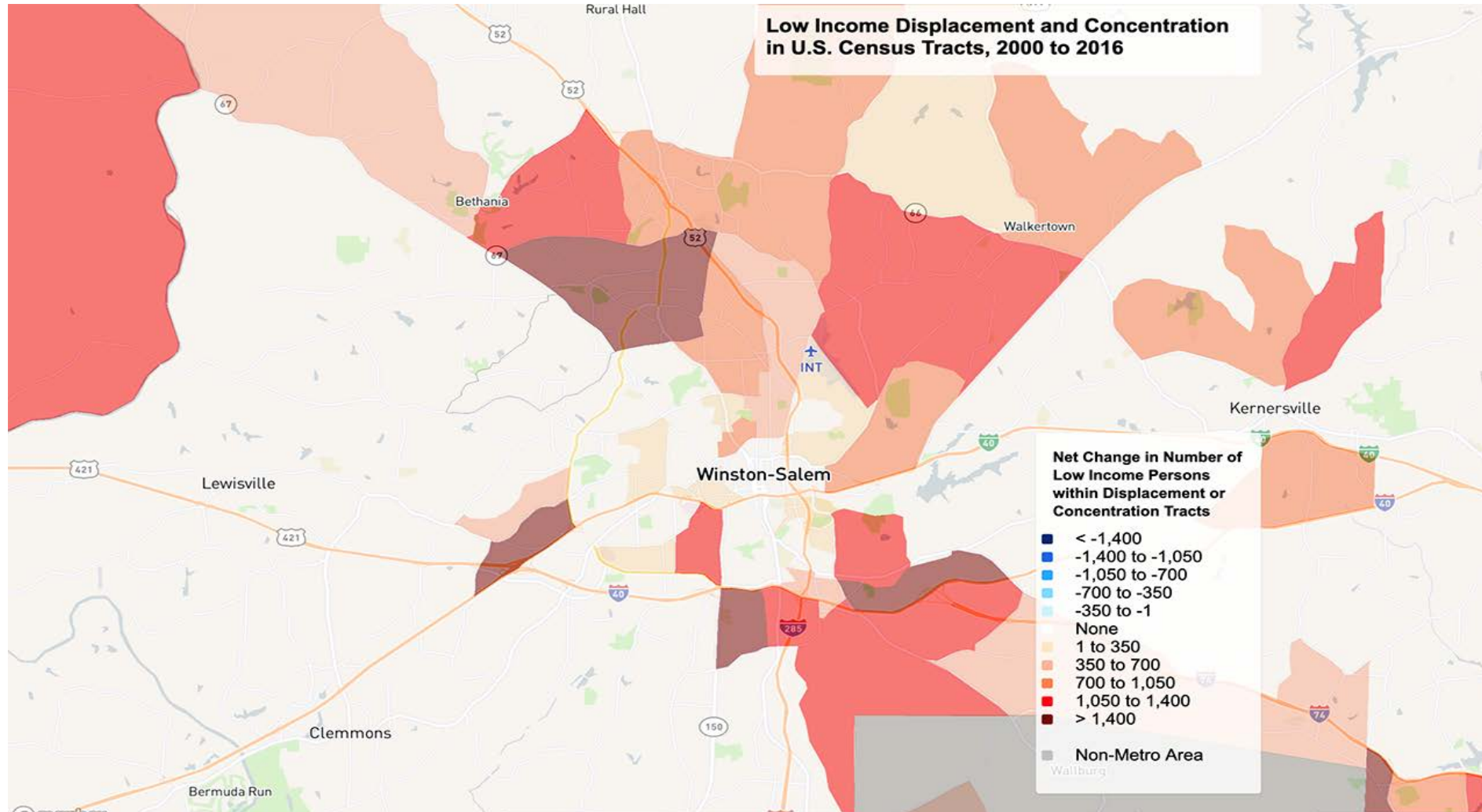
Winston-Salem Home Owners' Loan Corporation (HOLC) FHA Map- 1937

Center for Design Innovation



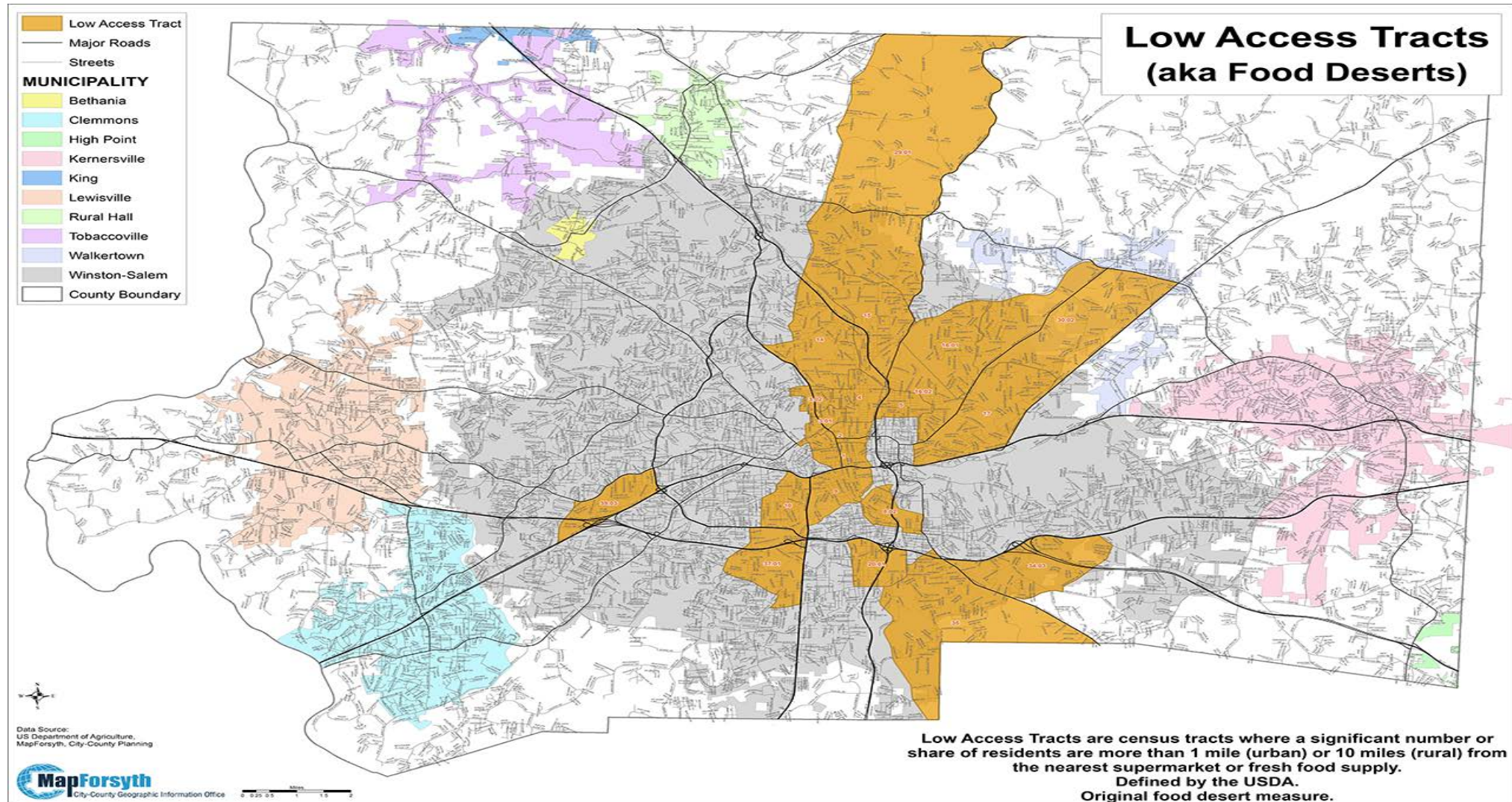
Low Income Displacement and Concentration in U.S. Census Tracts, 2000-2016

Center for Design Innovation



Winston-Salem Food Deserts

Center for Design Innovation/Map Forsyth



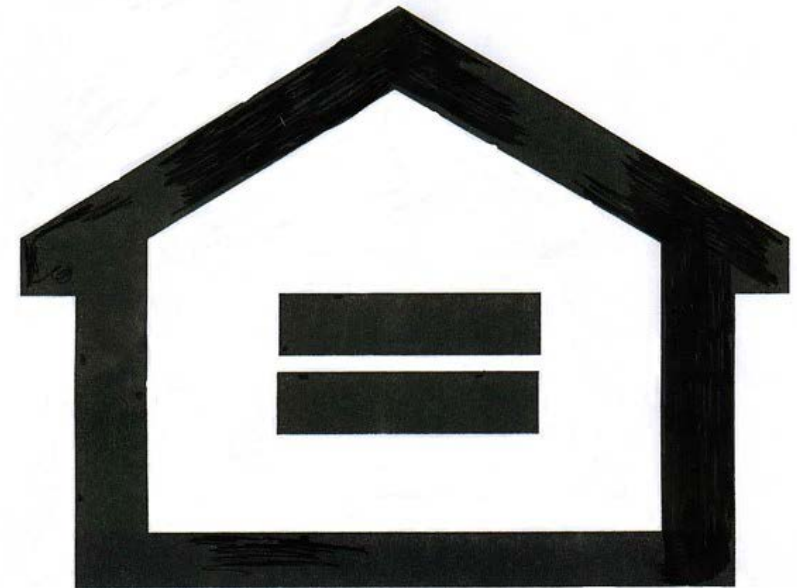


How did the federal government address restrictive covenants, as a result of redlining?


- In response to the banning of redlining and the passage of the Fair Housing Act, White homeowners quickly replaced prohibited zoning laws with racially restrictive covenants.
- Restrictive covenants were legally-enforceable agreements, within deeds, that prohibited the sale or rental of homes to certain races of people.
- Restrictive covenants are no longer enforceable, but many older deeds still contain restrictive language to this day.
- By the time the U.S. Supreme Court found racially restrictive covenants themselves unconstitutional in 1947, the practice was so widespread that these agreements were difficult to invalidate and almost impossible to reverse.

The Fair Housing Act

- The Fair Housing Act of 1968, which explicitly prohibited racial discrimination, put an end to legally sanctioned redlining policies like those used by the FHA.
- However, like racially restrictive covenants, redlining policies were difficult to eliminate and have continued even in recent years.
- Examples include predatory lending practices and gentrification in areas that have higher concentrations of African-American residents.
- The Human Relations/Diversity, Equity, and Inclusion Department continues to enforce the fair housing laws through our local fair housing ordinance.



**EQUAL HOUSING
OPPORTUNITY**



UN DESIGN THE REDLINE

AN INTERACTIVE EXHIBIT

SEPTEMBER 14 - NOVEMBER 14, 2021
FORSYTH COUNTY CENTRAL LIBRARY

Additional Information and Questions

- The Human Relations/Diversity, Equity, and Inclusion Department, as well as the African-American Heritage Initiative (AAHI) are two of a wide variety of community partners that have collaborated with the Winston-Salem Foundation to bring the “Undesign the Redline” exhibit to Winston-Salem.
- The interactive timeline and curriculum explore the history of racism and inequality, reflecting how these concepts were compounded by and shown in 1938 redlining maps. It also focuses on Winston-Salem's own redlining history, including how and why our own city's physical layout evolved in the way it did.
- **The exhibit has been extended through January 15, 2022.**