BARRIERS TO BLACK HOMEOWNERSHIP

DISCRIMINATION IN HOUSING FINANCE

There is a long-standing practice in real estate that connects race with the perception of risk. It is considered "riskier" to loan to Black homebuyers, and the government has historically perpetuated this perception through ***redlining***.

Redlining was one of the earliest forms of institutionalized racism, developed out of public policy in the 1930s in response to the Great Depression. When millions of people were losing their homes and banks were no longer willing to lend money, the Federal Government created programs to help people refinance their homes.

As the Federal Government delineated in which neighborhoods they would guarantee a home, **they would draw a red line on a map around the neighborhoods they would not invest in based on demographics, marking “risky” neighborhoods for federal mortgage loans on the basis of race.**

Persisting Segregation

8.25 million people live in neighborhoods identified as "risky" by the Federal Government 80 years ago. According to US 2020 Census data, more than three-quarters of these Americans identify as belonging to a minority group.

Today, ***redlining*** refers to the discriminatory practice that makes it difficult for residents of certain areas to attain financial services based on race or ethnicity without regard to the residents' qualifications or creditworthiness.

Although ***redlining*** is illegal, the effect of state-sanctioned discriminatory practices continue to put homeownership out of reach for many prospective Black homeowners.