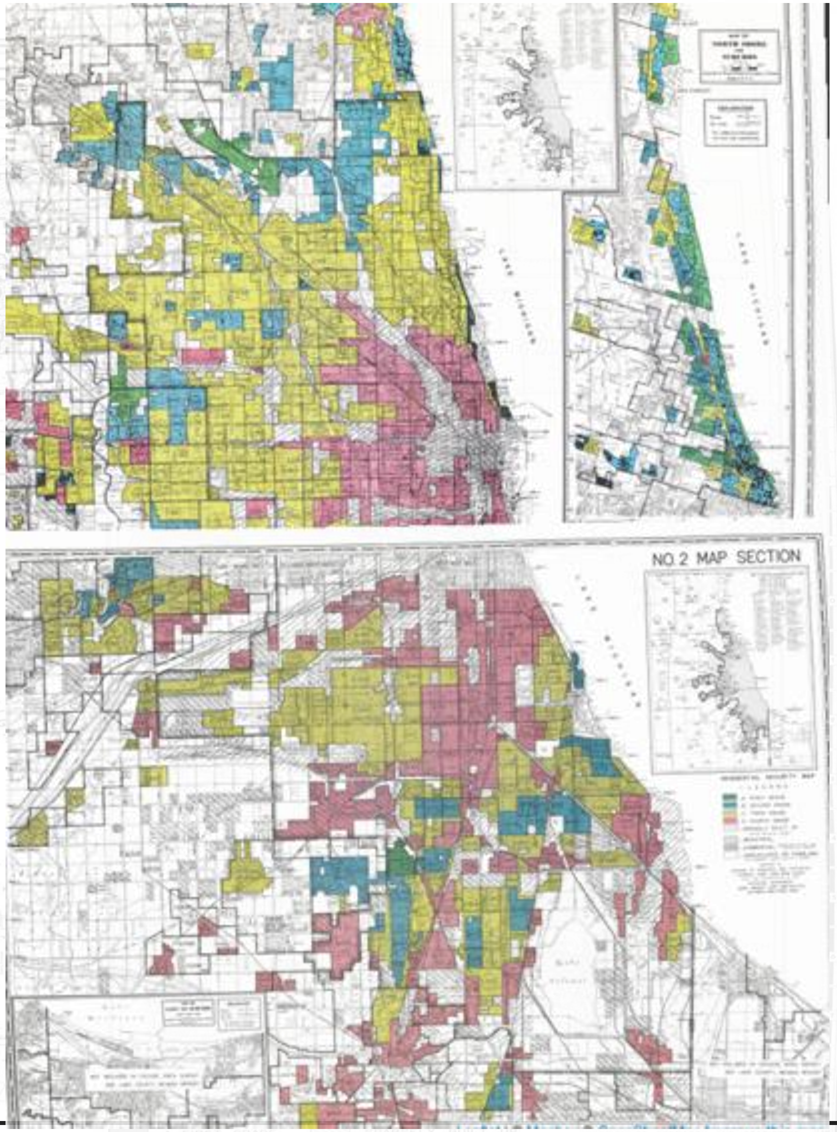
NCRC
National Community Reinvestment Coalition

CHICAGO ASSOCIATION OF REALTORS®
AUGUST 5, 2026

RESEARCH · CHICAGO, IL

DECADES OF DISINVESTMENT.

Historic redlining & mortgage lending in Chicago, Illinois.



SPEAKER
Bruce C. Mitchell, PhD · NCRC Research

FIVE THINGS TO TAKE AWAY

The essential outline.

1

SEGREGATION CAME FIRST

It existed before redlining, but redlining intensified it

2

THE FEDERAL "ON/OFF" SWITCH

Black presence flipped lending on or off, by design

3

IT LASTED FOR DECADES

Chicago: 1930s to 1968 — a generation

4

THE EFFECTS

A stairstep pattern of disadvantage across every outcome

5

THE FIX

What can realtors and banks do about it

POINT 1 — SEGREGATION CAME FIRST

Redlining didn't invent racial segregation. It intensified it.

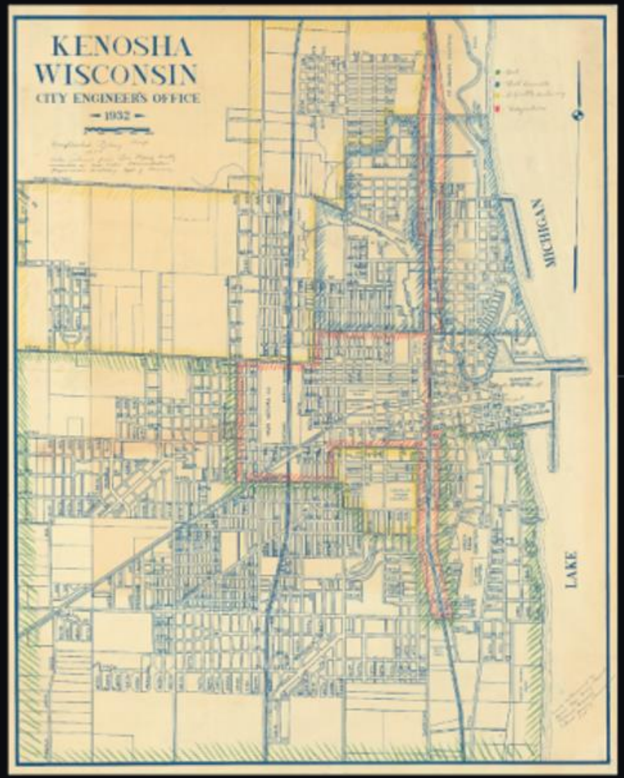
BEFORE THE MAP

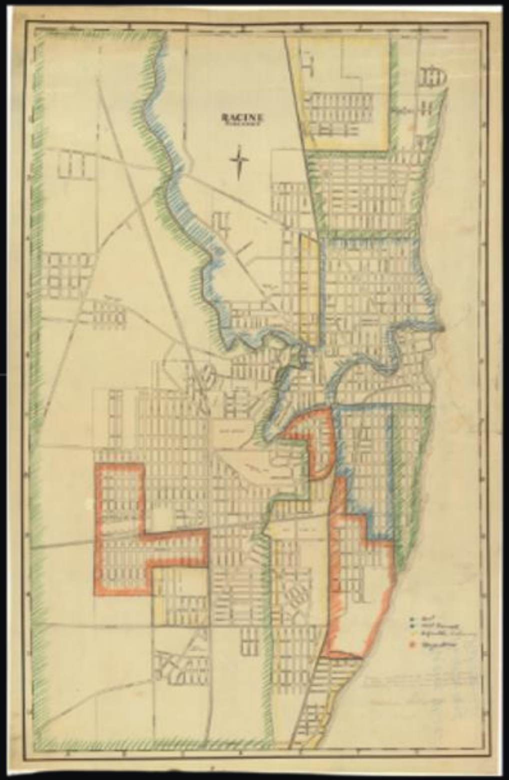
Pre-Depression Chicago was already segregated — by restrictive covenants and deeds, land-use decisions, and outright violence against Black families who crossed the line. The HOLC did not invent this geography.

Chicago's own sociologists and economists supplied the theory a federal government would use to justify formalizing it:

Robert Park & Ernest Burgess, The City (1925) — neighborhood "infiltration," "succession," and "filtering" theorized as a natural, predictable order.

THEN THE MAPS MADE IT PERMANENT

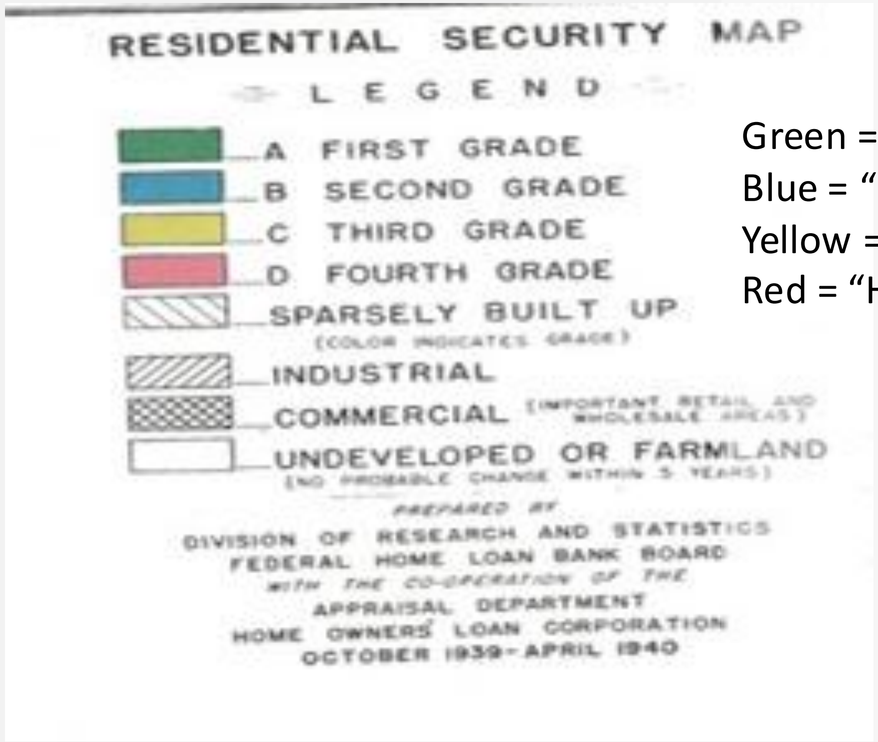




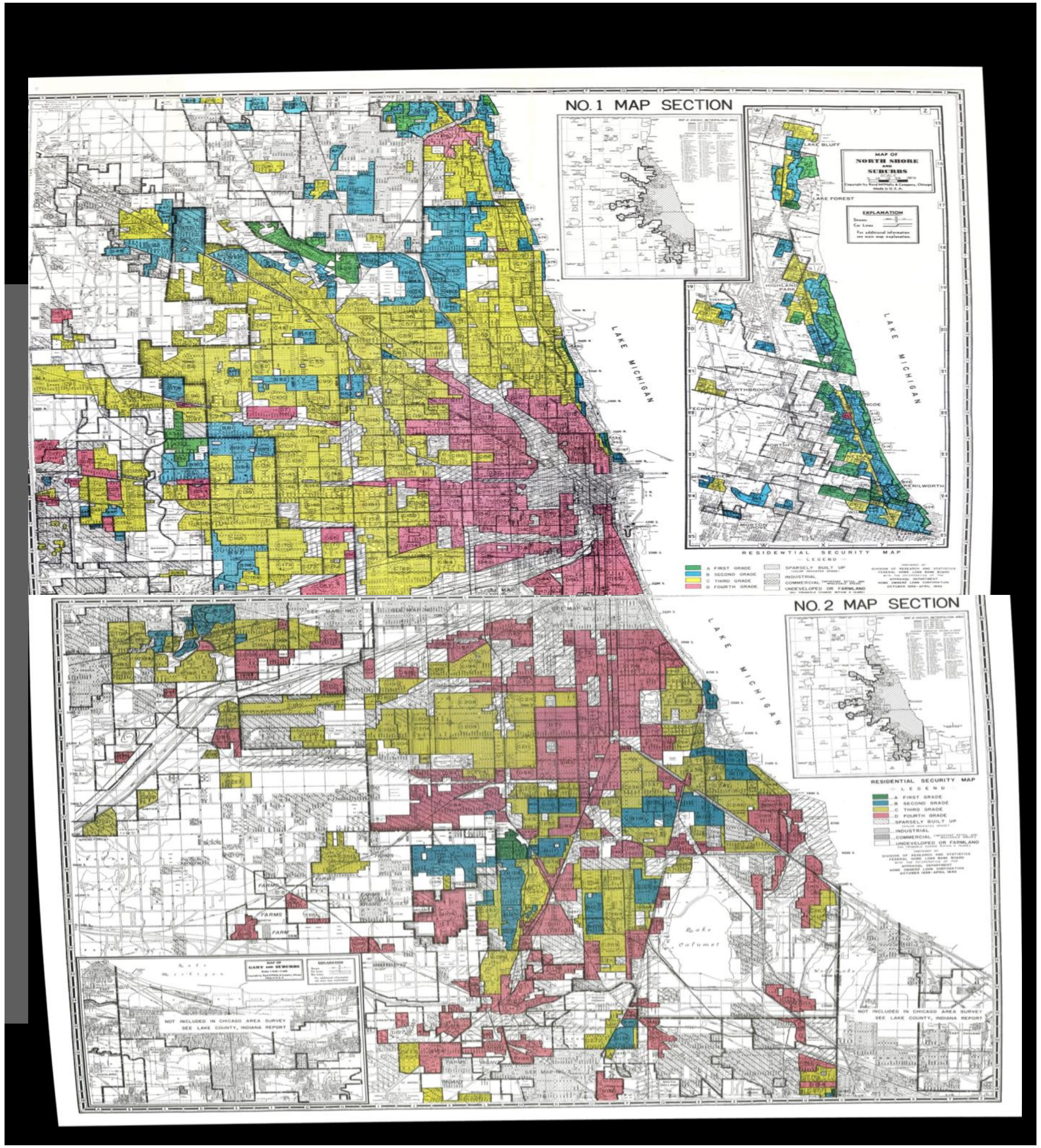
The first FHA "redlining" maps by Homer Hoyt - 1934

HOLC's Residential Security Maps.

Beginning in the mid-1930s, the Home Owners' Loan Corporation drew standardized security maps for every U.S. city over 40,000 people



Green = “Best”
Blue = “Still Desirable”
Yellow = “Definitely Declining”
Red = “Hazardous”



POINT 2 — THE FEDERAL “ON/OFF SWITCH”

Black presence was a loans on / loans off switch.

NO BLACK RESIDENTS RECORDED

ON

LOANS FLOW

Grade A, B, or C. Underwriting proceeds normally; the FHA insures the mortgage.

30% of the D-graded neighborhoods had some Black population.

ANY BLACK RESIDENTS — ANY PERCENTAGE

OFF

LOANS STOP

Grade D — “Hazardous.” The FHA refuses to insure a mortgage anywhere inside the line, for anyone.

POINT 3 — IT LASTED DECADES

An entire generation of Chicago homebuyers.

28

YEARS

The FHA underwriters and maps, not any single loan officer, is what did the discriminating for at least 28 years between Chicago's 1940 HOLC map and the 1968 Fair Housing Act.

1940

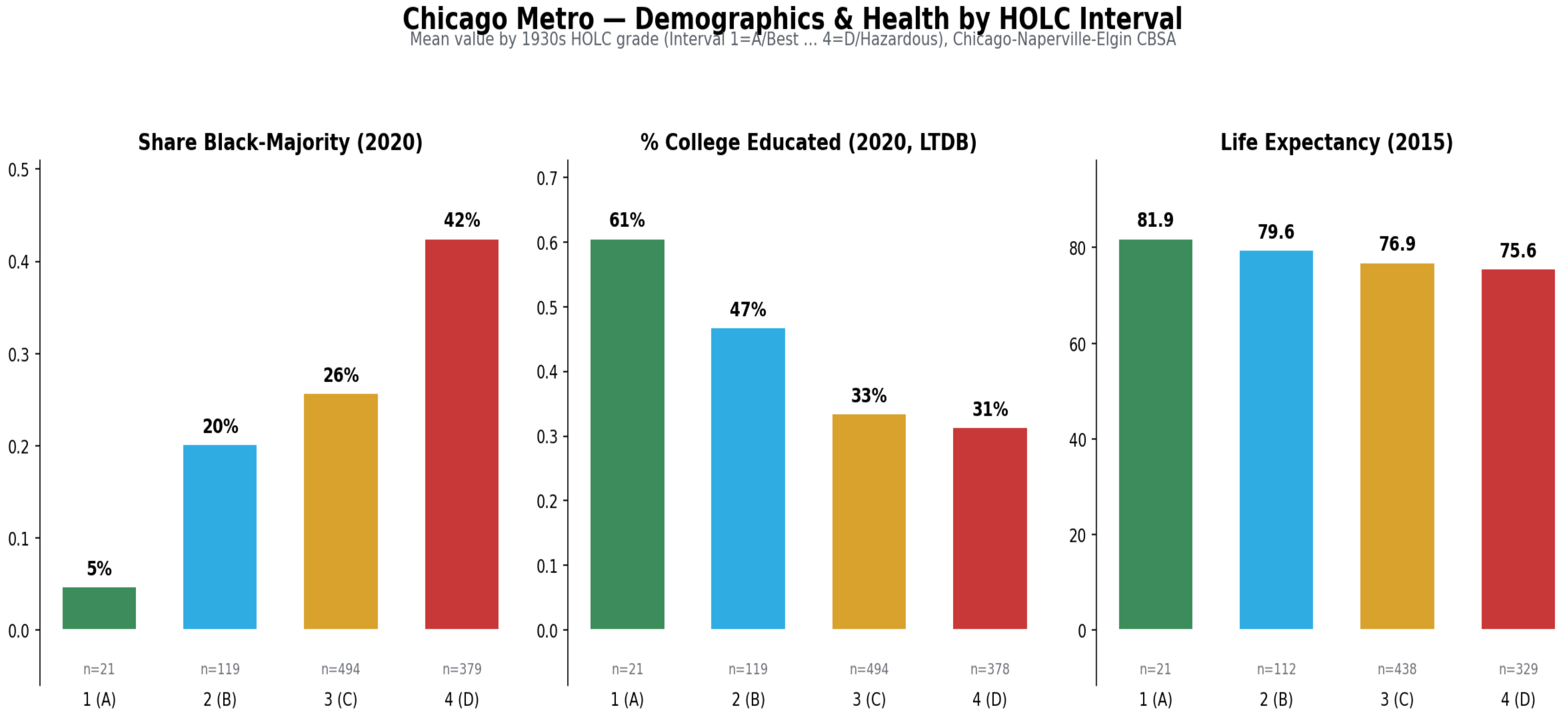
Chicago's HOLC map drawn

1968

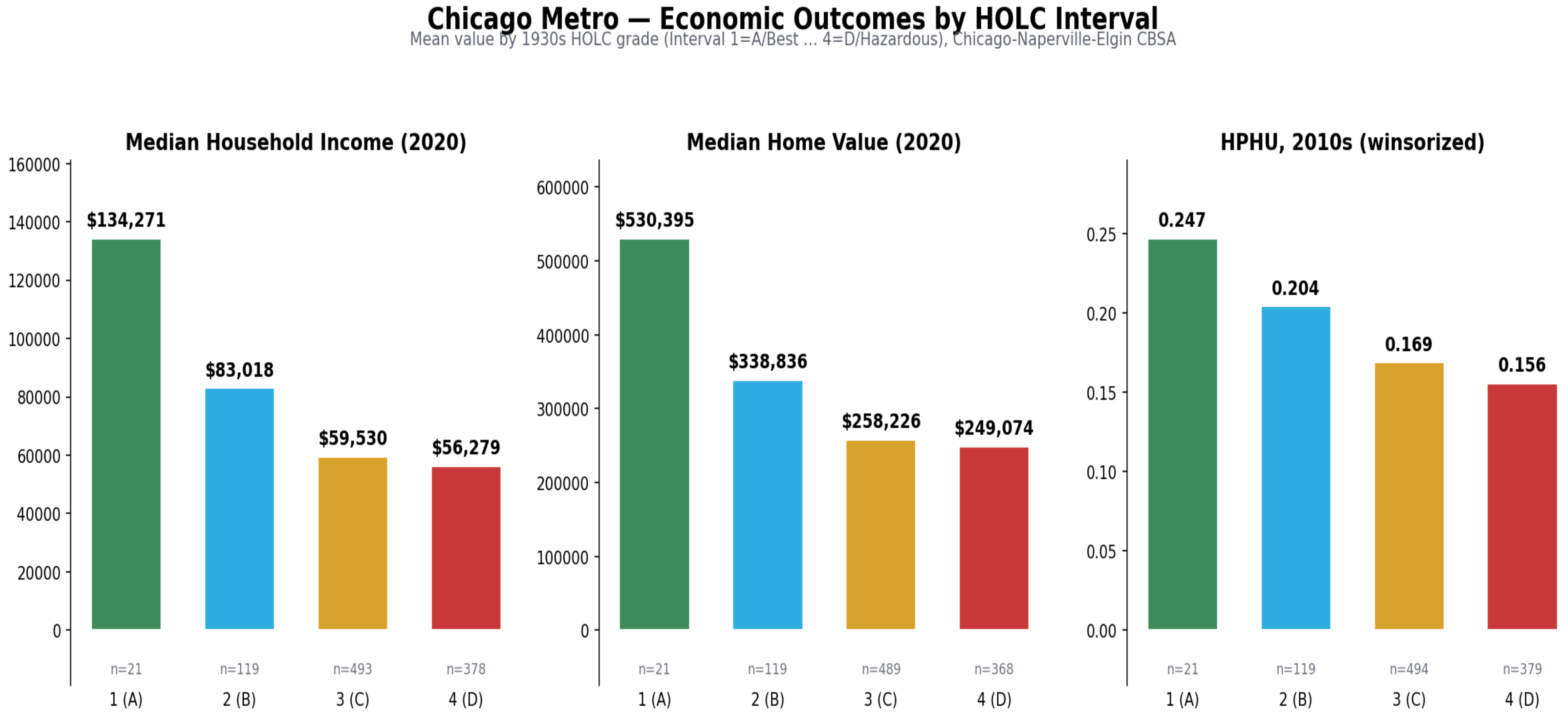
Fair Housing Act passed

POINT 4 — EFFECTS

Chicago metro: Stairsteps of social disadvantage



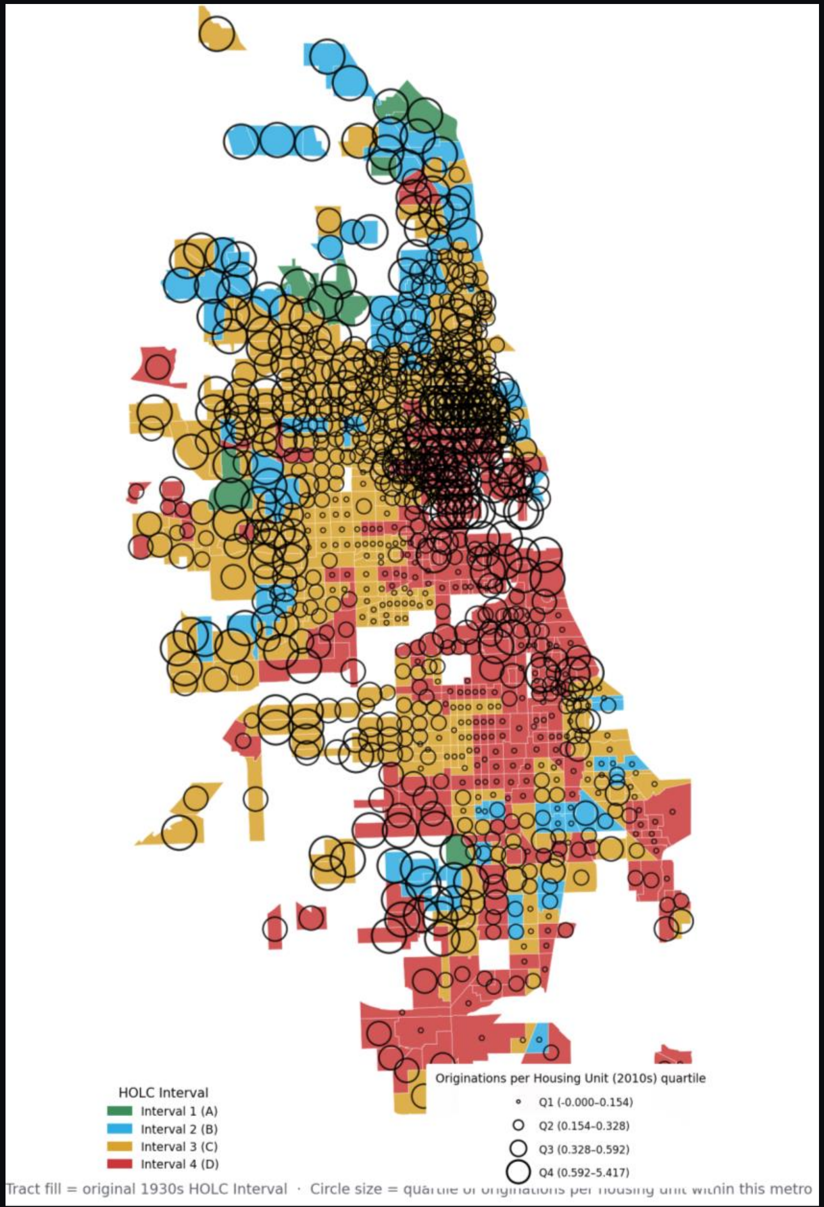
Chicago metro: Stairsteps of economic disadvantage



POINT 4 — EFFECTS

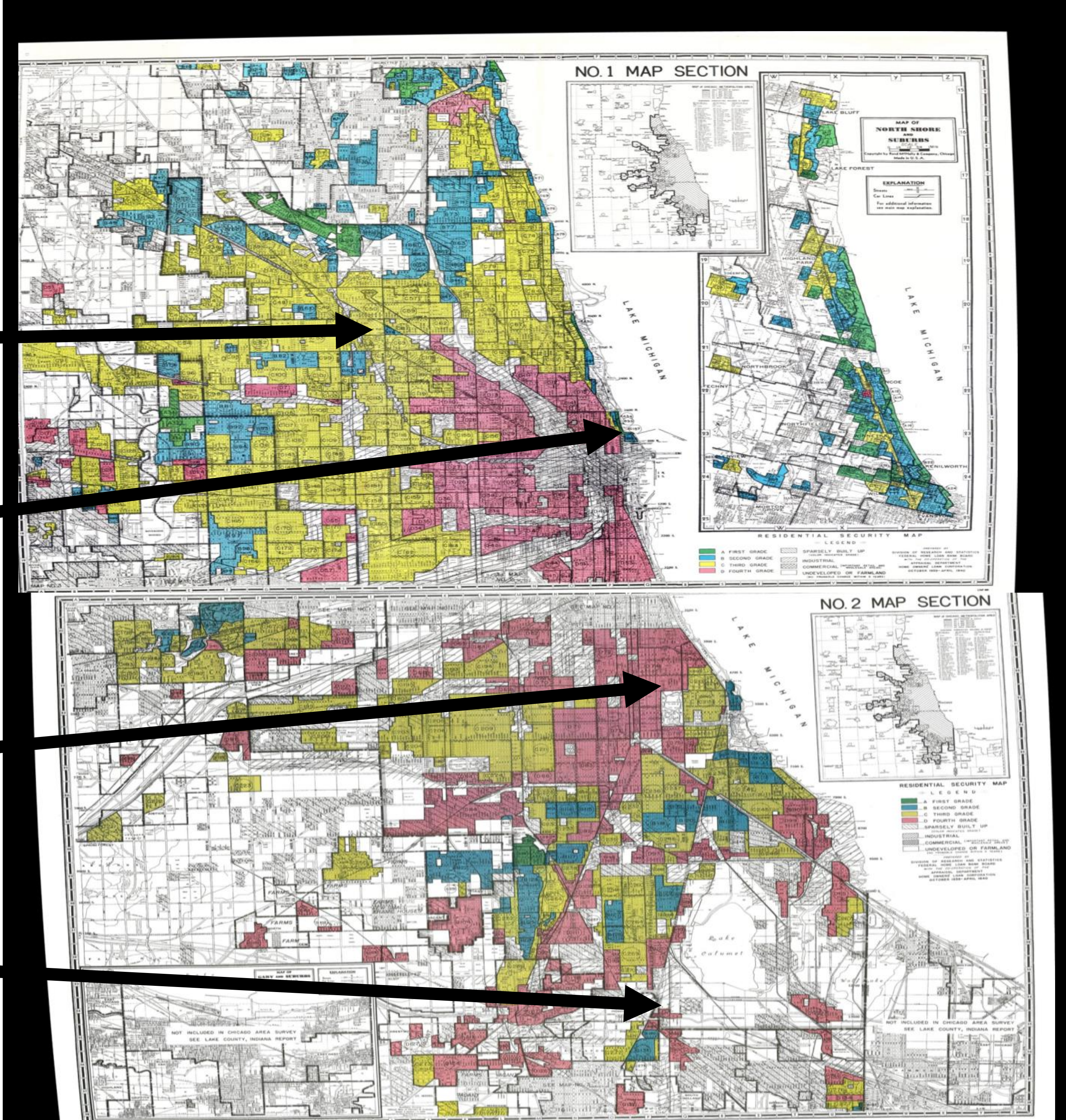
Chicago metro: Lending in the 2010s

For every 10 mortgages made in a former "A" (green, “Best”) neighborhood, only 3 were made in a former "D“ (red, “Hazardous”) neighborhood in the 2010s — even after adjusting for the number of homes in each area.
That's a lending gap of roughly two-thirds, eight decades after these grades were assigned.



Four Neighborhoods

- Mayfair
- Gold Coast
- Bronzeville
- Eden Green/Riverdale

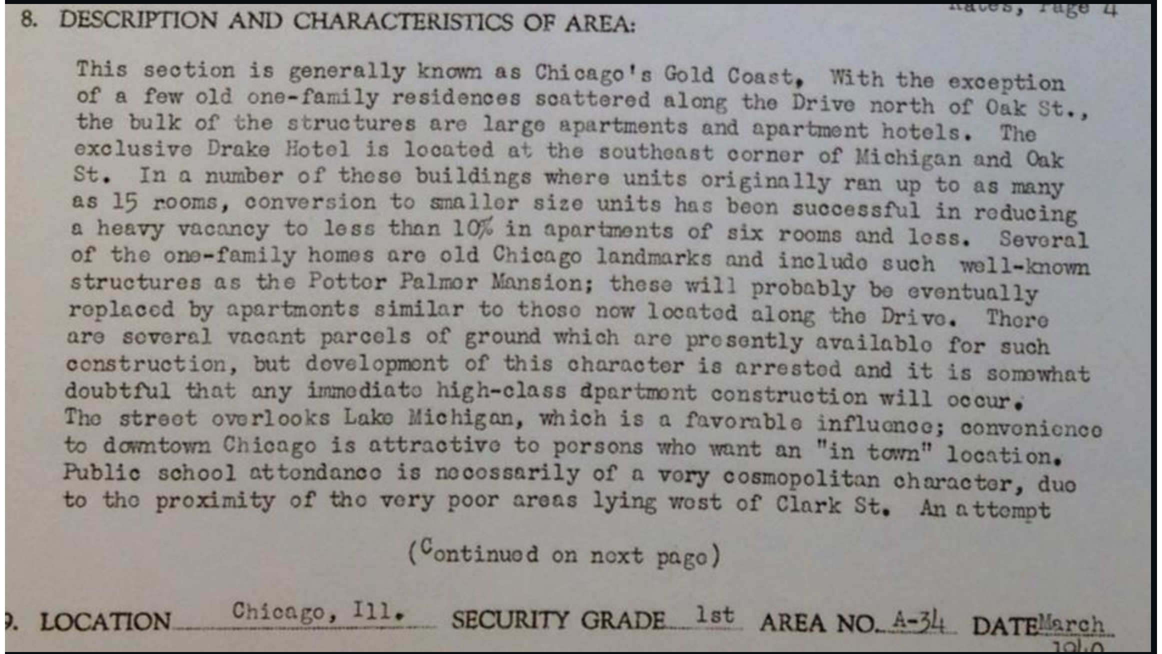


A

HOLC GRADE A — “BEST”

Gold Coast / Oak Street

HOLC AREA A-34 · c. 1939


8. DESCRIPTION AND CHARACTERISTICS OF AREA:

This section is generally known as Chicago's Gold Coast. With the exception of a few old one-family residences scattered along the Drive north of Oak St., the bulk of the structures are large apartments and apartment hotels. The exclusive Drake Hotel is located at the southeast corner of Michigan and Oak St. In a number of these buildings where units originally ran up to as many as 15 rooms, conversion to smaller size units has been successful in reducing a heavy vacancy to less than 10% in apartments of six rooms and less. Several of the one-family homes are old Chicago landmarks and include such well-known structures as the Potter Palmer Mansion; these will probably be eventually replaced by apartments similar to those now located along the Drive. There are several vacant parcels of ground which are presently available for such construction, but development of this character is arrested and it is somewhat doubtful that any immediate high-class apartment construction will occur. The street overlooks Lake Michigan, which is a favorable influence; convenience to downtown Chicago is attractive to persons who want an "in town" location. Public school attendance is necessarily of a very cosmopolitan character, due to the proximity of the very poor areas lying west of Clark St. An attempt

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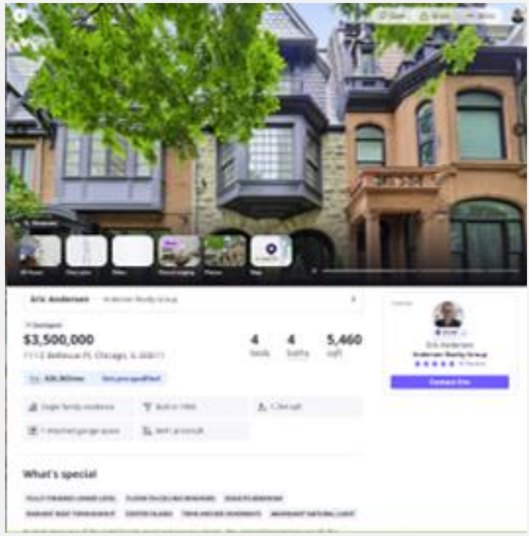
9. LOCATION Chicago, Ill. SECURITY GRADE 1st AREA NO. A-34 DATE March 1940

Foreign families 0%; Negro 0%; upper middle / upper class; the Drake Hotel.



87.5

Life expectancy (years)

5.8%

Poverty rate

4.5%

Black population

7.7%

Frequent poor mental health

$801,100

Median property value

$154,569

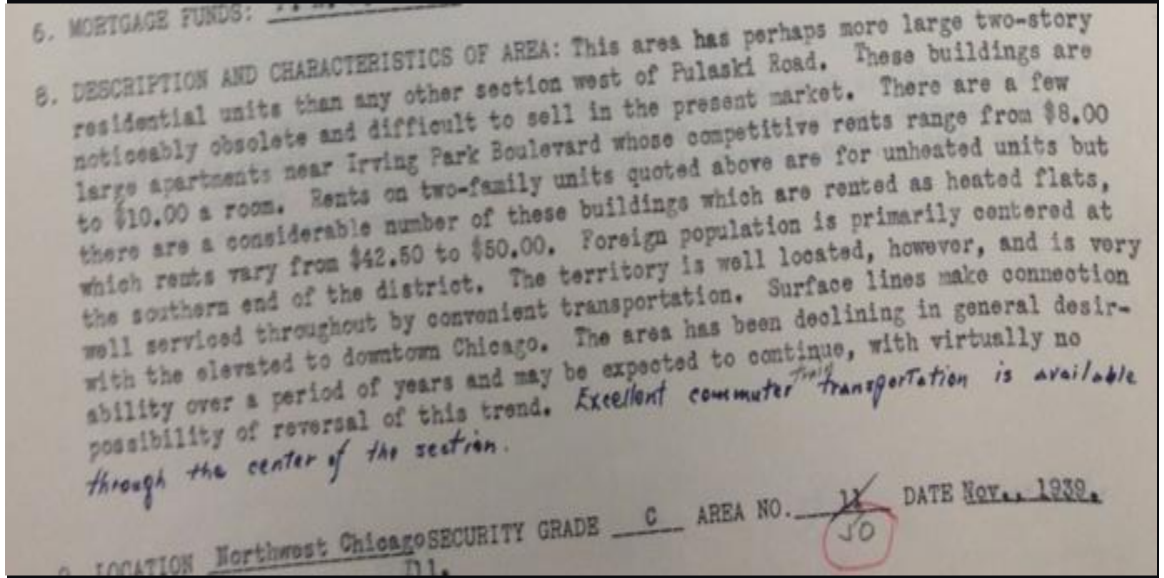
Median household income

C

HOLC GRADE C — “DEFINITELY DECLINING”

Mayfair

HOLC AREA C-50 · c. 1939

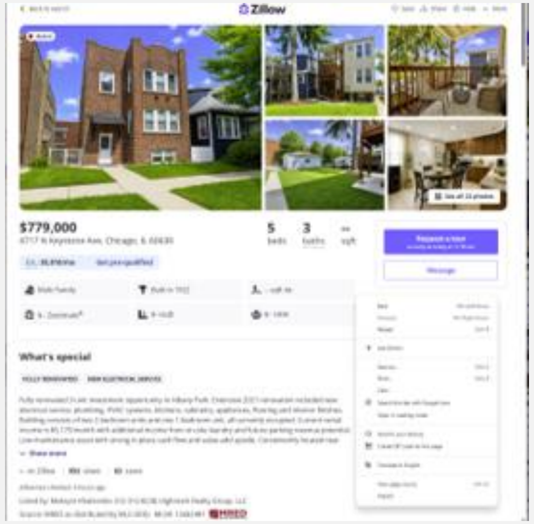


6. MORTGAGE FUNDS:

8. DESCRIPTION AND CHARACTERISTICS OF AREA: This area has perhaps more large two-story residential units than any other section west of Pulaski Road. These buildings are noticeably obsolete and difficult to sell in the present market. There are a few large apartments near Irving Park Boulevard whose competitive rents range from $8.00 to $10.00 a room. Rents on two-family units quoted above are for unheated units but there are a considerable number of these buildings which are rented as heated flats, which rents vary from $42.50 to $50.00. Foreign population is primarily centered at the southern end of the district. The territory is well located, however, and is very well serviced throughout by convenient transportation. Surface lines make connection with the elevated to downtown Chicago. The area has been declining in general desirability over a period of years and may be expected to continue, with virtually no possibility of reversal of this trend. Excellent commuter train transportation is available through the center of the section.

9. LOCATION Northwest Chicago, Ill. SECURITY GRADE C AREA NO. ~~11~~ 10 DATE Nov., 1939.

Foreign families 15% (mixture); Negro 0%; middle class.



80.2

Life expectancy (years)

12.1%

Poverty rate

1.3%

Black population

2.4%

Frequent poor mental health

$430K

Median property value

$110K

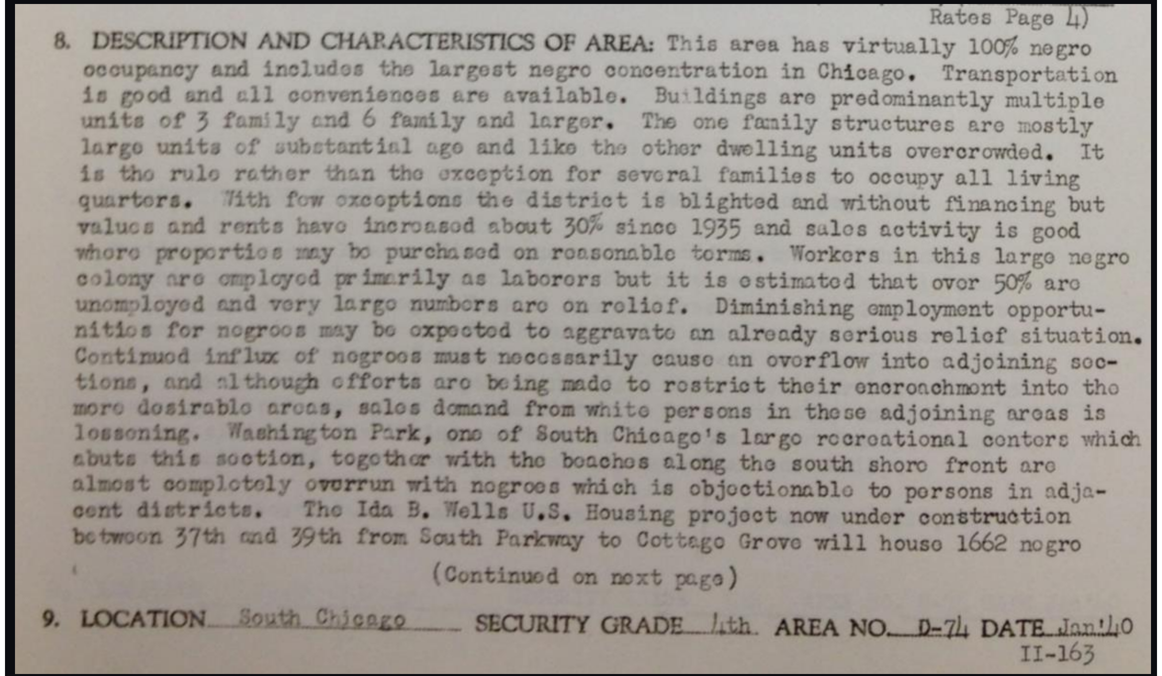
Median household income

D

HOLC GRADE D — “HAZARDOUS”, NOW GENTRIFYING

Bronzeville

HOLC AREA D-74 · c. 1940


Rates Page 4)

8. DESCRIPTION AND CHARACTERISTICS OF AREA: This area has virtually 100% negro occupancy and includes the largest negro concentration in Chicago. Transportation is good and all conveniences are available. Buildings are predominantly multiple units of 3 family and 6 family and larger. The one family structures are mostly large units of substantial age and like the other dwelling units overcrowded. It is the rule rather than the exception for several families to occupy all living quarters. With few exceptions the district is blighted and without financing but values and rents have increased about 30% since 1935 and sales activity is good where properties may be purchased on reasonable terms. Workers in this large negro colony are employed primarily as laborers but it is estimated that over 50% are unemployed and very large numbers are on relief. Diminishing employment opportunities for negroes may be expected to aggravate an already serious relief situation. Continued influx of negroes must necessarily cause an overflow into adjoining sections, and although efforts are being made to restrict their encroachment into the more desirable areas, sales demand from white persons in these adjoining areas is lessening. Washington Park, one of South Chicago's large recreational centers which abuts this section, together with the beaches along the south shore front are almost completely overrun with negroes which is objectionable to persons in adjacent districts. The Ida B. Wells U.S. Housing project now under construction between 37th and 39th from South Parkway to Cottage Grove will house 1662 negro

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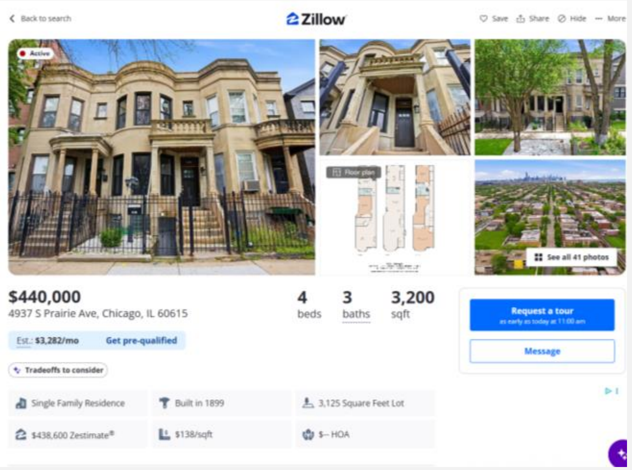
9. LOCATION South Chicago SECURITY GRADE 4th AREA NO. D-74 DATE Jan'40

II-163

Negro 100%; laborers. relief



70.2

Life expectancy (years)

19.6%

Poverty rate

97.9%

Black population

16.2%

Frequent poor mental health

$275K

Median property value

$43K

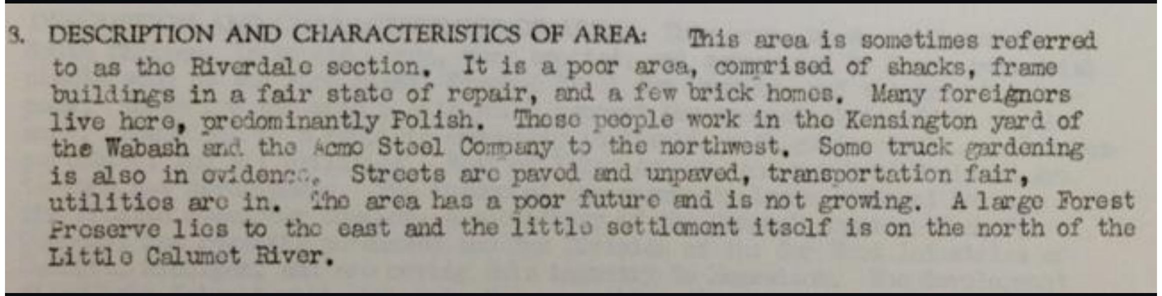
Median household income

D

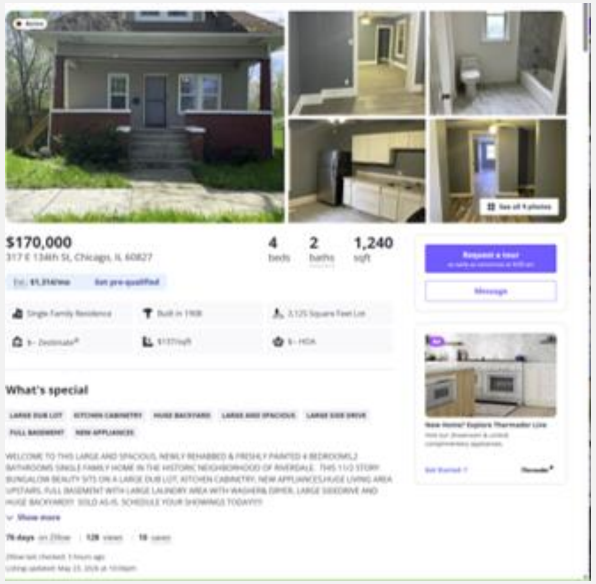
HOLC GRADE D — “HAZARDOUS”

Riverdale / Eden Green

ROSELAND SHEET · AREA D-121 · NOVEMBER 1939


3. DESCRIPTION AND CHARACTERISTICS OF AREA: This area is sometimes referred to as the Riverdale section. It is a poor area, comprised of shacks, frame buildings in a fair state of repair, and a few brick homes. Many foreigners live here, predominantly Polish. These people work in the Kensington yard of the Wabash and the Acme Steel Company to the northwest. Some truck gardening is also in evidence. Streets are paved and unpaved, transportation fair, utilities are in. The area has a poor future and is not growing. A large Forest Preserve lies to the east and the little settlement itself is on the north of the Little Calumet River.

Foreign families 50% (Polish); Negro 0%; laborers, Kensington rail yard & Acme Steel.



67.7

Life expectancy (years)

60.9%

Poverty rate

91.8%

Black population

23.1%

Frequent poor mental health

$121K

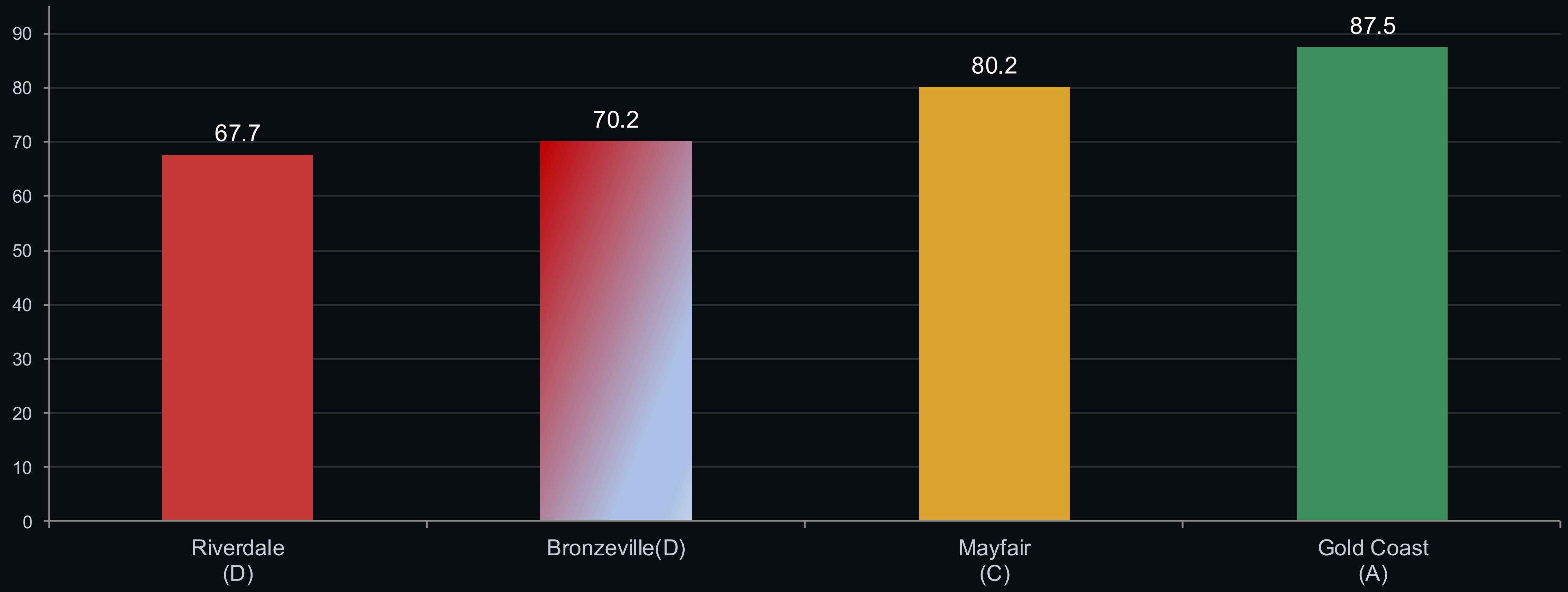
Median property value

$14K

Median household income

ACROSS THE FOUR

A 20-year life-expectancy gap — in one city.



POINT 5 — THE POLICY RESPONSE

The Community Reinvestment Act, 1977.

1977

Congress enacted the CRA directly in response to redlining and disinvestment patterns like the ones this talk has traced across Chicago. The state-level CRA also extends to state-chartered banks and credit unions.

It obligates banks to help meet the credit needs of the entire community where they are chartered — including low- and moderate-income neighborhoods.

WHAT IT MEANS FOR THIS ROOM

- Regulators examine banks on lending, investment, and service to LMI communities — including neighborhoods like Bronzeville and Riverdale that we just looked at.
- Bank mergers can be challenged, conditioned, or delayed on CRA performance — a lever community and realtor groups can weigh in on.
- Realtors, lenders, and community organizations can partner on reinvestment: mortgage products, down-payment assistance, and community development lending in long-disinvested tracts.

What realtors can do.

1

Know your CRA lenders

Learn which banks in your market are strong CRA performers, promote lenders that actually reinvest in the neighborhoods you sell in.

2

Use the tools available

Down-payment assistance and community-development lending exist for long-disinvested tracts like Riverdale — know what's available and put clients in front of it.

3

Partner on reinvestment

Realtors, lenders, and community organizations can partner directly. You have day-to-day contact with where the money does and doesn't flow — that's leverage.

The burdens were placed deliberately — so they can be lifted deliberately.

THE TAKEAWAY

A map drawn in 1940 still influences who gets a mortgage in Chicago today. We can do something about that by promoting fair lending and responsible access to credit.

THANK YOU

Questions welcome.

Bruce C. Mitchell, PhD

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To View the Full Study (https://ncrc.org/decades-of-disinvestment/)

To View the Mapping Application (https://ncrc.org/hld/)