

RESOLUTION NO. 138, SERIES 2022

A RESOLUTION TO ADDRESS THE ADVERSE EFFECTS OF DECADES OF REDLINING.

SPONSORED BY: COUNCIL MEMBER DORSEY

WHEREAS, the Federal Housing Administration, which was established in 1934, refused to insure mortgages in and near African-American neighborhoods. in a practice that became known as “redlining;” and

WHEREAS, the name “redlining” derived from the color coding used by the Home Owners Loan Corporation, the Federal Housing Administration, and the Veterans Administration, with areas where, or near where, African-Americans were the primary residents were colored “red” to indicate to appraisers that these neighborhoods were too risky to insure mortgages; and

WHEREAS the Federal Housing Administration was subsidizing builders who were mass-producing entire subdivisions for whites — with the requirement that none of the homes be sold to African-Americans; and

WHEREAS, African-Americans were left out of the new suburban communities — and pushed instead into urban housing projects; and

WHEREAS, Richard Rothstein, author of “The Color of Law”, has written that housing programs initiated under The New Deal were tantamount to a "state-sponsored system of segregation” and were "primarily designed to provide housing to white, middle-class, lower-middle-class families”; and

WHEREAS, in 1968, the Kerner Commission, a bi-partisan group created pursuant to an Executive Order by President Lyndon B Johnson to study the causes for civil unrest

in America, issued a far-reaching report that touched on many points relevant to housing and redlining, for example:

- The Commission noted that “negroes in large cities are often forced to pay the same rents as whites and receive less for their money or pay higher rents for the same accommodations.” found that nonwhites were paying a definite color tax.

- The report highlights trends within the African American community that seem most unchanged even in today’s light. The report states the combination of high rents and low incomes forces many Negroes to pay an excessively high proportion of their income for housing.

- Many properties in majority Black neighborhoods are not well maintained and landlords refuse to repair them despite citations from code inspectors, resulting in substandard living conditions for tenants; if vacant structures are not repaired, enforcement officials eventually require owners to board them up, which decreases the value of the remaining occupied homes in the area.

- The Commission finds that “Federal building programs have been able to do comparatively little to provide housing for the disadvantaged. In the 31-year history of subsidized Federal housing, only about 800,000 units have been constructed, with recent production averaging about 50,000 units a year. By comparison, over a period only 3 years longer, FHA insurance guarantees have made possible the construction of over 10 million middle and upper-income units. Federal programs also have done little to prevent the growth of racially segregated suburbs around our cities”; and

WHEREAS, many scholars, news media, and researchers agree that the pernicious effects of redlining remain with us today; for example:

- Joshua Poe’s 2017 project, Redlining Louisville: The History of Race, Class and Real Estate, produced a report that illustrates the disparate impacts redlining has had and continues to have on Louisville neighborhoods.

- A 2020 article by the Kentucky Center for Investigative Reporting (KCIR) regarding a lawsuit filed by 10 plaintiffs alleging that online real estate broker Redfin was in breach of the 1968 Fair Housing Act noted that the two year investigation leading up to the lawsuit found “non-white neighborhoods in [Louisville’s] West End and South End received fewer Redfin services than white neighborhoods in the eastern parts of the county.”¹

- The 2019 State of Metropolitan Housing Report by the Metropolitan Housing Coalition provided an in-depth analysis of the pervasive effects of redlining in our community,² with an extensive focus on Shively, which over 30 years shifted a majority White population to a majority-Black population. In its news release for the report, the Coalition stated unequivocally:

“The gap in ownership rates between Black households and White households in Louisville is based on overt discrimination over decades in Louisville and the nation. In addition, our findings show that between 2000 and 2017, Black homeownership rates declined, Black homeowners experienced disproportionate losses in home values, Black household incomes continued to remain far below the median income of

¹ <https://kycir.org/2020/11/10/lawsuit-claims-redlining-in-louisville-has-moved-online/>

² <https://metropolitanhousing.org/annual-reports/>

Louisville/Jefferson County, and Black households earn a disproportionately smaller share of Louisville aggregate household income. All of these facts unveil the scale of the racial wealth gap and the obstacles Black households face in building and maintaining wealth. Addressing these disparities is imperative for a thriving Louisville as we look to the next decade.”³; and

WHEREAS, in 2021, in recognition of the ongoing adverse effects of redlining, the Department of Justice launched its Combatting Redlining Initiative, representing the department’s most aggressive and coordinated enforcement effort to address redlining, a practice which is prohibited by both the Fair Housing Act and the Equal Credit Opportunity Act; in the press release announcing the initiative the Department declared that that “redlining is not a problem from a bygone era but a practice that remains pervasive in the lending industry today.”⁴; and

WHEREAS, while an initial request has been made for \$13 million in American Rescue Plan funding to address the continued effects of redlining in Metro Louisville, there are other valuable projects also seeking the remaining ARP dollars, and less than the full amount of ARP funds may be approved.

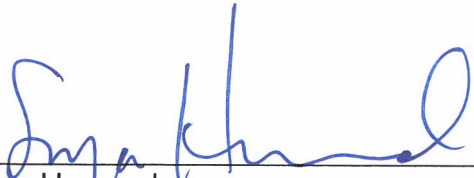
NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATIVE COUNCIL OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT AS FOLLOWS:

SECTION I: The Louisville Metro Council will commit to funding \$5.5M dollars to address the disparate impact on African American communities as a result of redlining.


SECTION II: This Resolution shall take effect upon its passage and approval or otherwise becoming law.

³ <https://metropolitanhousing.org/mhc-releases-the-2019-state-of-metropolitan-housing-report/>

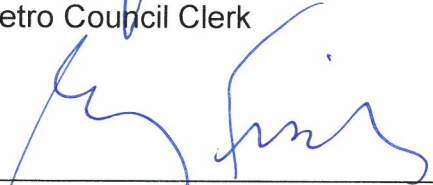
⁴ <https://www.justice.gov/opa/pr/justice-department-announces-new-initiative-combat-redlining>



Sonya Harward
Metro Council Clerk



David James
President of the Council



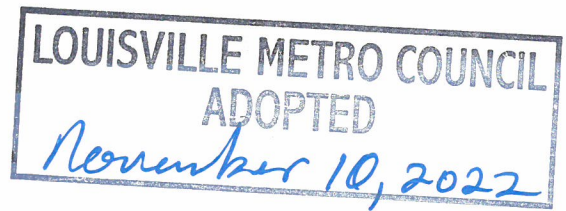
Greg Fischer
Mayor

11-28-22

Approval Date

APPROVED AS TO FORM AND LEGALITY:

Michael J. O'Connell
Jefferson County Attorney



By: _____

R-170-22 –Addressing Redlining v.1– hh