Redlining in Oakland, CA

History of Redlining:

Redlining in Oakland emerged out of federal housing policy in the 1930s and helped lock racial inequality into the city's physical map. During the New Deal, the Home Owners' Loan Corporation produced "residential security" maps that graded neighborhoods from "A" (best) to "D" (hazardous). In Oakland's 1937 survey, areas in the flatlands—especially West Oakland and parts near the estuary—were routinely marked as higher risk, with evaluators explicitly linking "risk" to the presence of Black residents, immigrants, and working-class housing. These grades guided lending behavior and legitimized the idea that some communities were inherently poor investments.

At the same time, federal mortgage systems amplified the damage. Federal Housing Administration underwriting practices encouraged lenders to treat racial "infiltration" and neighborhood "congeniality" as indicators of financial risk, reinforcing denial of affordable credit in racially mixed areas while subsidizing white suburban homeownership elsewhere. Even after courts limited the enforceability of restrictive covenants, discrimination persisted through appraisal, banking, and real estate practices.

After World War II, redlined neighborhoods were also targeted for "urban renewal" and major infrastructure. In West Oakland, highway construction and redevelopment projects displaced families and removed housing, deepening disinvestment and isolation. Later projects like I-980 cut through historically marginalized areas, a pattern that state agencies now explicitly connect to earlier discriminatory planning and redlining. Although the Fair Housing Act (1968) and subsequent reforms made overt redlining illegal, Oakland still has gaps in homeownership and wealth, uneven neighborhood amenities, and concentrated environmental burdens in communities that were once labeled "hazardous."

Effects of Redlining:

The effects of redlining can still be seen in economic opportunities, environmental quality, and health in cities across the United States, including Oakland. Some of the major effects of redlining include the wealth gap between different races. It is also important to note that in the United States, home ownership has been the main way middle-class people have become wealthier. Therefore, the denial of mortgages to people in redlined neighborhoods meant that many black people in the United States could not become homeowners. It is for this reason that the median white household in the United States owns more than $285,000, while the median black household owns approximately $45,000. Therefore, the wealth gap can be attributed to redlining in the United States. In addition, the prices of properties in neighborhoods that were not redlined in the past, also known as greenlined neighborhoods, have been higher.

In comparison, properties in neighborhoods that were redlined in the past have been worth less than half as much as properties in greenlined neighborhoods. Redlining has also led to long-term environmental inequities. Communities that were once redlined tend to have fewer trees and parks, which contributes to the creation of “urban heat islands.” These communities tend to have much higher temperatures during heat waves, which can increase the risk of heat-related illness. Communities that were once redlined are also often closer to highways, industrial sites, and pollution sources. This has been shown to increase the risk of asthma, cardiovascular disease, and other health problems. These economic, environmental, and health inequities show that the effects of redlining did not simply cease when it was banned in 1968. Rather, past policies continue to impact communities today.

Current Status of Redlining:

Despite being outlawed by the Fair Housing Act in 1968, redlining persists today as a wealth and environmental crisis affecting certain residents. The most staggering economic effect is the persistent wealth gap between races. Today, the median White household holds over $285,000 in wealth, compared to approximately $45,000 for Black families. The denial of home equity largely drives this disparity. Home equity is the primary way middle-class wealth accumulates in America. Decades of denied mortgages meant families in these redlined areas were unable to build and pass down generational wealth. Homes in formerly redlined neighborhoods are often valued at less than half of those in “greenlined” areas, even when controlling for home size and age. This gap prevents families from leveraging home equity for education, entrepreneurship, or retirement. The lack of historical investment has also left these areas with fewer trees, leading to “urban heat islands” and higher exposure to industrial pollution, creating long-term healthcare costs as a result that further drain the finances of homeowners in the area.

In the modern internet, redlining has shifted from physical segregation to digital and algorithmic redlining online. Black and Hispanic borrowers are statistically more likely to pay higher interest rates or be steered toward non-bank lenders with fewer consumer protections. Today, roughly 65% of “A-graded” areas from the time of redlining remain highly affluent, underscoring the economic boundaries that continue to shape financial mobility in modern times.

As of 2026, the Justice Department's Combating Redlining Initiative – the most aggressive federal enforcement effort to battle redlining in US history – has secured over $137 million in recent settlements against lenders. Despite challenges, their efforts have focused on addressing digital redlining and biases. While federal momentum for these programs has slowed in some sectors, local municipalities in cities like Philadelphia and Lansing have launched their own movements against redlining. These programs are still in progress, but have remained active in the fight against segregation and inequality.