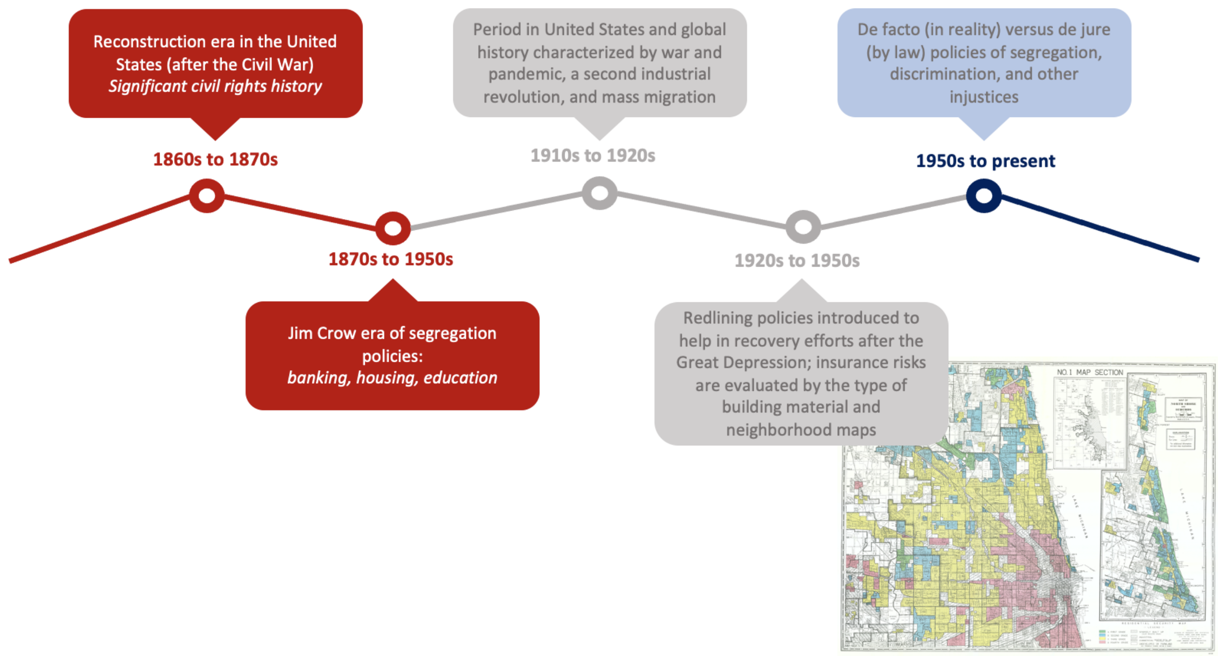
Reading: Disinvestment in Communities

An example: Historical Segregation and Redlining

Historical Timeline: Race, Communities, and Systemic Oppression



The United States has a long history of racial **segregation**, from slavery to Jim Crow laws to **redlining**. Jim Crow laws legalized segregation in some states using a set of laws that enforced a "separate but equal" policy in public spaces, such as restaurants, libraries, and public transportation. Policies, such as redlining, did not directly call for segregation but led to neighborhoods being separated by race. Redlining was a practice used by the US government and local governments in the 1930s and 1940s to deny services to people based on the neighborhoods in which they lived. Neighborhoods with a majority of Black residents were labeled "hazardous" and denied services and investments into the community. For example, Black people in those neighborhoods were denied access to banking and insurance services to buy houses. It also meant that Black people were denied access to buying homes in "desirable", or mostly White, neighborhoods. These practices also led to these neighborhoods with a majority of Black residents being systematically denied access to other services and businesses, such as health care, grocery stores, or other businesses.

Racial segregation was ended during the civil rights movement in the 1960s with the passage of several laws, including the Civil Rights Act in 1964 and the Voting Rights Act in 1965. Other laws were passed in the 1960s and 1970s to stop the practice of redlining and other discriminatory practices related to housing, banking, and education. However, there is evidence that these discriminatory practices exist today in other forms, sometimes making it difficult for Black people to get access to a **loan** for purchasing a home.

Disinvestment in Communities

Historical policies, such as segregation and redlining, and current discriminatory practices result in Black and Hispanic/Latinx communities across the United States experiencing **disinvestment** in their communities. *Disinvestment* is the purposeful withdrawal of investment from communities, meaning developers and builders no longer spend their money to improve neighborhoods, businesses, or shared spaces in the community. Over time, this lack of investment in a community means there is less infrastructure to support a healthy and vibrant community (e.g., housing, health care, school buildings, grocery stores).

It is difficult for neighborhoods to overcome decades of disinvestment. The following are examples of how communities are impacted when they experience disinvestment:

- It is more challenging for members of these communities to secure a home loan to buy a new house. If a family member cannot get a loan for a home of their own, this leads to more family members sharing a single home together.
- Grocery store companies build new grocery stores in “more-desirable” neighborhoods. Their disinvestment in Black and Hispanic/Latinx communities means that these communities have very few grocery options. Fresh groceries, such as vegetables, fruits, fresh meats, and bakeries, can be hard to find in these communities.
- Homes in “desirable” communities are worth more money. Higher home values generate more property tax money for schools in the community. Disinvestment in communities keeps home values low, which generates less money for schools. Schools with less money to spend cannot upgrade their buildings, purchase new materials and technologies for classrooms, or pay teachers the same wage that other schools can pay.
- There are few job opportunities *within* a community experiencing disinvestment because there are not as many businesses hiring workers. People in these communities must seek jobs in other communities. Many will need to ride public transportation to and from their jobs in other communities.
- These communities can experience higher unemployment because of a low number of job opportunities, which creates a lack of access to health care. Individuals in these communities may not have health insurance, which could prevent them from seeing a doctor when they are sick. These communities also have few clinics and medical providers *within* the community so they have to travel to other communities to see a doctor.
- These communities also have fewer green spaces or spaces for sports and outdoor recreation than the majority-White neighborhoods, making exercise and recreation much harder for people who live there.

Investment in Communities

Sometimes, large community investments do happen. There are typically two ways this could happen. First, an investment in a community could come from the outside. A builder might purchase cheap land or housing because the values have been kept low for so long. They then build new housing and offer it up at a higher price. This can increase the economic value of the neighborhood and at the same time make it harder and more expensive for some current residents to live there.

Another approach is community-led solutions to investments. In this approach, people from the community determine what their community needs and develop investment solutions that meet those needs. For example, the Greater Auburn Gresham Development Corporation in South Chicago is working to redevelop an abandoned building and nearby empty lot to create a health and wellness facility, a Black-owned restaurant, and an urban farm along with hundreds of jobs that pay a living wage. Often these types of investments can work together, but comprehensive, community-based solutions are needed to support the people in these communities so they are able to live and thrive in their local communities.

Definitions of terms in this reading
Segregation: a purposeful separation of people into racial or ethnic groups. Redlining: a historical practice the United States government and local governments used in the 1930s and 1940s to deny services to people based on the neighborhoods in which they lived. Neighborhoods with a majority of Black residents were labeled “hazardous” and not worth investment. Loan: the lending of money, usually by a bank. The person who gets the loan needs to pay back both the loan and interest on the loan, which is a percent of the loan. The borrower must pay interest until the entire original loan amount is paid back. Disinvestment: the purposeful withdrawal of investment (i.e., money and development) from communities.

References

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