

# Executive Summary

## Maps of Inequality: From Redlining to Urban Decay and the Black Exodus

July 2022

A new Cook County Treasurer's Office study details how federal government-sanctioned housing discrimination from the 1940s brought about urban decay and the ensuing exodus of Blacks from Chicago and other major U.S. cities.

The study found that vast tracks of vacant and abandoned properties in Chicago, Detroit and Philadelphia lie in areas where the U.S. government warned against mortgage lending. That government-sanctioned redlining — denying loans to homeowners in minority areas because they were deemed a financial risk — thwarted generations of Blacks from obtaining generational wealth through home ownership.

Redlining, combined with racist housing covenants that locked Blacks and other minorities out of white neighborhoods that were not redlined, led to predatory contract sales that came with excessive interest rates, bigger down payments and no equity until the entire loan was paid off. Subprime mortgages later replaced contract sales and often ended in default and investment loss.

Housing discrimination persists to this day in several forms, including sparse lending in minority communities, below-value real estate appraisals and regressive property taxation. As a result, hundreds of thousands of Blacks in recent decades have fled a number of cities, including Chicago.

Housing discrimination also has affected the county's Latino residents. More than 6,000 mostly vacant and abandoned properties offered at the 2022 Scavenger Sale — designed to return distressed properties to productive use — are in areas with majority Latino populations or majority-minority areas with significant Latino populations.

This study is the latest in a series of studies by Treasurer Maria Pappas' office that looks at inequities and inefficiencies in the property tax system.

Key findings include:

- The overwhelming majority of vacant and abandoned properties that plague Chicago's South and West sides, as well as many south suburbs and west suburban Maywood, were either redlined — deemed hazardous for lending — or drawn in yellow, meaning they were at risk of falling into the red category.
- Similar discriminatory patterns existed in Detroit and Philadelphia, two other major cities that struggle with urban decay and the departure of Black residents.
- Vacant and abandoned properties in the Chicago area fall almost exclusively in areas where majority Black, majority Latino or majority-minority populations are declining.

- At the same time, those neighborhoods suffer from high crime rates.
- So many homes and businesses are vacant and abandoned in some south suburbs that those towns collect a fraction of the property taxes needed to provide basic government services. That drives up tax rates on the remaining property owners to some of the highest in the nation and, in turn, drives up the cost of owning a home or business.
- The Scavenger Sale, a decades-old program meant to put distressed properties back to productive use — in combination with efforts by Chicago and the Cook County Land Bank Authority — has been insufficient to address the complexities of urban decay.

These findings were based on a review of data, maps and scholarly research from across the nation. The study features interactive maps, data and a review of research on the topics of housing discrimination, and vacant and abandoned properties.

The Treasurer's Office makes several recommendations, including replacement of the Scavenger Sale with a fairer, more effective system of restoring distressed properties to productive use, as well as the creation of a database that contains an exhaustive inventory of the Chicago area's vacant land and abandoned properties. The database would be used by governments, developers and non-profit agencies working together to rehabilitate struggling neighborhoods.