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ABSTRACT

Though Congress long ago declared housing discrimination illegal, there is very little enforcement of the law, and in 2000, the isolation of minority families remains high. The most recent federal and local studies of the housing market and of lending practices indicate continued and widespread discrimination. Segregated black communities extend well into sections of some suburban rings. In many housing markets, most black families have been segregated for generations. Large, segregated Latino barrios are emerging in cities that are major migration destinations. The numbers of families living in areas segregated by race and poverty have grown rapidly. This paper examines the history of housing segregation and discrimination, discussing institutionalized practices and expectations and questioning whether the government's fair housing is a real cure. After presenting facts about housing segregation (e.g., economic differences explain only a small fraction of existing segregation, and most new housing is developed on the edge of suburbia and sold to an overwhelmingly white clientele), the paper discusses the need for a new concept of suburbia, then offers recommendations in such areas as preventing ghettoization and resegregation, ending discrimination and opening white areas, and broadening the concept of community development. Illustrative policy approaches are included. (SM)

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Causes, Effects, Possible Cures.

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**Housing Segregation:
Causes, Effects, Possible Cures**

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A third of a century ago Congress declared housing discrimination illegal. Since then the prohibition on racial discrimination has been extended to include a variety of groups, including discrimination against families with children and the handicapped. The white public tends to believe that the problem has been solved, almost nine-tenths believing there is equal opportunity to get housing.[1]

There has never been more than a very small enforcement effort, however, and, as the 2000 data shows, the isolation of minority families has always been high. Though there may be millions of incidents of discrimination each year, there have never been more than a few dozen enforcement cases filed by federal officials, so a very small risk of exposure of discrimination exists. Even with the additional efforts of private fair housing groups and lawyers for individual plaintiffs, discrimination is still widespread. The Clinton Administration did take some positive steps, including Justice Department tests of the housing market as a means for developing evidence, using cases that were more systemic pattern and practice remedies, working on mortgage discrimination, launching suburban access experiments, and commissioning a national study of housing market practices. These were positive but modest steps, and HUD continued to struggle under the burden of an unmanageable case backlog.[2] The ultimate weapon in fair housing enforcement is litigation by the Justice Department. The 1998 data show that the Justice Department filed 64 total cases of which 29 dealt with issues of racial and national origin discrimination. This is not the kind of effort needed to resolve out one of the most deeply rooted problems of urban America.

Few aspects of urban history are clearer than that governments at all levels fostered residential segregation for generations. Housing segregation was initiated and institutionalized with massive official support. Most minority neighborhoods that were segregated during the period of overt segregationist policies remain segregated today, and that segregation has spread outward from those centers decade after decade.

The most recent federal and local studies of the housing market and of lending practices indicates continued and widespread discrimination. Segregated black communities now extend well into sections of some suburban rings. In many housing markets most black families have been segregated for generations. The physical isolation of those in the core of the minority communities, of course, becomes more extreme as the borders of the ghetto expand and middle class black families abandon the core. We are seeing very large segregated Latino barrios emerge in cities that are major migration destinations. The numbers of minority families living in areas segregated by both race and poverty has grown rapidly.

Segregation s Origin in Discrimination

It is easy to prove a variety of types of housing discrimination existed in most housing markets and to show that the segregation they helped to institutionalize remains. In very recent times, courts have found both HUD and local authorities guilty of both past and current discrimination. [3] A number of public housing authorities charged with discrimination decided that it was better to settle the cases than to try to defend their records. Federal officials enforcing fair housing and fair lending policies freely concede that their efforts have been far too weak to end discrimination.[4] Segregation is related to regulations, laws, practices of officials and lax enforcement of anti-discrimination laws, dating to early times for blacks in the South and Mexican Americans in the Southwest.

Discrimination by a variety of public agencies and officials in the North dates from the black exodus from the rural South that was triggered by World War I and World War II labor shortages. Public and private forces worked together to confine blacks to overcrowded, overpriced and deteriorating ghettos whose inferior city services included inadequate segregated schools. Local decisions included police toleration of white racial violence, use of zoning and planning powers to foster separation, planned segregation of subsidized housing and other administrative policies and practices that fostered residential and school separation.

The first mass migration coincided with the rise of zoning as leading cities of the Southern and Border States, including St. Louis, Baltimore, and Atlanta, enacted zoning laws prescribing where blacks could live--official apartheid laws. [5] In San Francisco early zoning was used to try to exclude Chinese businesses. The Supreme Court has struck down such laws but some cities continued to enforce them.

Although outlawing racial zoning, the Supreme Court authorized court enforcement of private agreements that accomplished the same purpose. [6] In the 1920s there were neighborhood organizing campaigns for restrictive covenants that attached racial exclusions to deeds on homes. The courts enforced the covenants and the federal government, in its home mortgage programs, encouraged their use, officially adopting the false theory that black residents lowered property values, something that became written into banking practices across the nation. Indeed, they spread rapidly after the Court upheld covenants in *Corrigan v. Buckley*. [7] Black communities were almost totally cut off from significant growth by an iron curtain of legally enforceable covenants on all of their boundaries. [8] This created incredible housing demands, massive overcrowding, a "race tax" on housing prices, and deterioration of overused housing within the ghettos. These housing discrimination policies were part of vicious self-perpetuating cycles that grew up around the ghetto system. Those fears contributed to discrimination and flight from integrated neighborhoods long after fair housing laws were enacted.

Not until 1950, after the Supreme Court finally reversed its thinking about covenants, did the Federal Housing Administration (FHA) stop formally requiring covenants in new developments receiving federal insurance, greatly increasing the market for housing and builders helped in financing developments. [9] However, the post-war suburban boom was set within a framework of segregation by that time. Massive mortgage finance flowed to FHA and Veterans Administration (VA) buyers in white subdivisions and almost none to older communities or minority home seekers, even black veterans. [10] No significant FHA and VA financing became available to minority families until the late 1960s. Minority veterans missed the extremely favorable terms offered to white veterans moving to suburbia after the War. Those homes were the first step on a very powerful economic escalator for millions of white families. This helps account for the differences in family wealth that are many times greater than the income differences in the country.

The entire system was one of government-sponsored segregation and a denial of even "separate but equal" opportunities for minority families. The lack of mortgage capital, of course, contributed powerfully to the decline of minority communities and the inability of minority families to enter the housing market under the extraordinarily favorable conditions that led to the housing wealth of millions of families.

It is not surprising that when urban renewal came along in the 1950s as a strategy to save downtown areas, most of the areas where "blight" was eliminated through "slum clearance" were minority communities. [11] With no fair housing rights, and no serious plan for replacement housing, leveling black communities to produce new developments near downtown pushed displaced families into segregated housing markets, rapidly resegregating neighborhoods and creating new ghettos. Suburbs which had small minority pockets often used renewal dollars to level those communities and redevelop the land, sending the residents to live in the new housing projects in the inner city. These programs produced sudden expansion of ghetto communities, serious conflicts with working class white areas, and reinforcement of stereotypes about the instability of residential integration. Construction of high-rise segregated public housing projects in inner cities compounded the problem. Projects were segregated because local politics blocked construction of lower density subsidized housing in outlying white areas. [12] In the early 1970s, when the federal approach shifted from building public housing projects to reliance on the private market and nonprofits for subsidized housing, the results once again reinforced segregation and inner city decay. For example, the low income homeownership program known as "Section 235," provided subsidies which allowed poor families to purchase small homes at the cost of living in public housing. By virtually eliminating down payments and subsidizing mortgage interest down to 1%, hundreds of thousands of families were able to buy homes. Since the program pumped dollars into segregated markets without challenging their basic features, it enabled many low income white families to obtain subsidies and leave integrated areas, buying small new homes in outlying white areas. Black buyers, however, tended to end up in old homes in ghettos or racially changing areas. In some cities many black buyers were stuck with old homes with severe deficiencies. The result was abandonment of many black communities, particularly in inner cities, and the loss of hundreds of millions of dollars for the government. [13]

The next, much smaller, program that emerged, Section 8, relied even more strongly on private developers and owners. Local agencies gave rent subsidy certificates to eligible tenants and landlords rented to tenants who passed their screening. Although there were "affirmative marketing" requirements about advertising when a new development was subsidized by Section 8, there was no significant outreach to minority tenants from most suburban sites that filled up with whites. The result was subsidized housing for white families in suburban school districts, with reinforced minority concentration in urban districts, facilitated by

the increased buying power of poor minority families with limited knowledge in a segregated market.[14] President Reagan, in turn, drastically cut back those programs in the 1980s.[15] No significant new housing programs have been enacted since the 1970s.

A 1994 HUD report concluded that the public housing tenants living in the "poorest tracts" are "almost exclusively (91 percent) African American. [16] Most white tenants lived in low poverty areas where the proportion of residents living in public housing was one fiftieth that of the poorest tracts. [17] A significant portion of the total black enrollment in some central city school districts live in public and subsidized housing and are segregated because of housing policy decisions.[18]

Courts examining the history of public housing have often found unambiguous discrimination and they continue to make such findings. A federal district court found that the site selection and tenant assignment of the Chicago Housing Authority were unconstitutional, [19] leading to incontrovertible evidence that the public housing system was racially segregated, with four overwhelmingly white projects located in white neighborhoods and 99.5% of the remaining family units located in Negro neighborhoods.[20]

In Yonkers, where the Justice Department brought its first combined lawsuit against both school and housing officials in the same community, the court found that 97.7 percent of public housing for poor people was located in the city's southwest quadrant where about 80 percent of black residents lived.[21] The Dallas Housing Authority was convicted of intentional segregation in 1989.[22] A HUD-funded study of housing in metropolitan Dallas had earlier concluded that public housing had "obvious implications for segregation in public schools" since 97 percent of the units had been built in all-black areas or areas in the path of transition that became virtually all-minority.[23]

Subsidized housing is a small part of the housing market, though it provides homes for a substantial fraction of the low income African American families. The much broader effects of the history of housing discrimination are built into a variety of institutions serving the white and minority housing markets.

Institutionalized Practices and Expectations

Sets of attitudes, practices, contacts, and business specialists grew up around the color line. In several markets, sales and rental professionals maintain offices on particular sides of the color line, specializing in white or minority areas. In addition, there are separate and unequal capital and mortgage finance markets that until recently rarely provided conventional mortgage financing in minority communities.

The ghettoization process that came out of generations of discrimination is self-perpetuating.[24] Minority families are unfamiliar with housing options in outlying white areas and often fear white resistance. Minority sales and rental offices usually get listings only in minority and racially changing areas. Dual markets, mutual fears, and lack of positive models of successful integration made the momentum of past discrimination very powerful. These factors also highlight the striking differences in wealth between minority and white families of similar incomes; minority families that did own homes usually had to invest in areas that produced smaller gains, and therefore have accumulated much less wealth to provide down payments on bigger homes.

Some of the principal barriers to housing integration are clearly rooted in the history of discrimination and continue to have effects today. Black fears of violence and intimidation in some white communities are still serious obstacles to housing choice. In a 1997 Gallup Poll, only 7% of blacks expressed a preference for living in an all-black area while 83% favored an interracial neighborhood.[25] Blacks, however, frequently perceive discrimination in a variety of settings including restaurants, stores, and police contacts.[26] 86% of whites but only 58% of blacks believed that blacks had as good a chance to get housing. Blacks below 50 were more pessimistic.[27] The recent Multi-City Study of Urban Inequality conducted for the Russell Sage Foundation found that blacks were cognizant of the unwelcoming attitudes and the hostility they faced in certain communities.

Whites and white realtors almost never look for housing in what are defined as minority communities and real estate operations are often organized along racial lines. Minority brokers are seldom employed by white offices and rarely get listings in white areas unless racial transitions are well under way. In addition, segregation has become self-perpetuating because most people shop for housing in familiar areas, and minorities have had limited opportunities to gain knowledge and make acquaintances outside their own communities. In these and many other ways, the history of housing discrimination continues to shape communities and, therefore, schools. [28]

Residential segregation was such a pervasive part of the American past that it is built into many institutions, fears and expectations but there is no way to scientifically prove just how much of contemporary segregation is directly linked its past. The research findings, including major studies and market audits, show serious discrimination in housing markets decades after 1968. They demonstrate that the government failed to seriously enforce both the notoriously weak 1968 fair housing law, even after the 1988 amendments.[29]

Is Fair Housing a Real Cure?

In theory, the federal government pledged itself to the principle of fair housing in 1968, but the commitment was limited and little was done. In spite of the language in the 1968 law that required all federal urban programs to foster fair

housing principles, the 1970s and 1980s actually brought large additional federal investments in policies that promoted housing segregation.[30] The weakness of the 1968 law, which gave HUD no power to impose sanctions even in the face of clear violations, was criticized by HUD Secretaries from both Republican and Democratic Administrations, most of whom called for stronger enforcement tools. Only the Justice Department could pursue sanctions through lawsuits, and on average brought 20 fair housing suits per year, although estimates indicate that 2 million violations occurred annually. [31] Congress strengthened the law in 1988, but problems continued. In early 1995 Roberta Achtenberg, HUD Assistant Secretary for Fair Housing, conceded that "the federal government, including HUD, has a long history of having precipitated and perpetuated housing discrimination." After detailing the ways in which various housing and urban development programs had increased segregation and damaged integrated and minority neighborhoods, she noted that "federal fair housing law has been weak and inadequate." [32]

There was no serious effort to use federal housing and urban development tools to increase integrated housing in metropolitan areas until the administration of HUD Secretary Henry Cisneros beginning in 1993, except for the brief period of leadership from HUD Secretary George Romney.[33] Cisneros was hampered by very severe cutbacks in the HUD budget and his major legislative initiative to subsidize suburban mobility by the poor was defeated in Congress.[34]

Normally, federal and local housing subsidy programs simply fed money into a segregated housing market. Although HUD-funded research showed that minority home seekers had little information about white areas and many were fearful of white resistance, HUD and local housing authorities usually did nothing to address the problems of limited knowledge and fear by tenants and discrimination by landlords.[35] When HUD succeeded in encouraging more subsidized housing in suburbia in response to the 1974 Housing and Community Development Act's requirement for "spatial deconcentration of the poor," there was no serious effort to make sure that minority families obtained access to that housing.[36] Similarly, efforts to change suburban exclusionary zoning policies in New Jersey, where the Mt. Laurel decisions led to development of subsidized housing in the suburbs, with almost complete exclusion of urban minority households.[37]

There were alternatives. Experiments with housing counseling for subsidized tenants in Chicago and Louisville showed that if minority families were taken to look at housing outside of segregated and racially changing areas a large fraction of low income black households were prepared to consider moves even into virtually all-white areas. Moreover, the evidence shows that such moves were highly successful for the children's education.[38] Such a model implemented in Louisville in the mid-1970s was described in research reports and policy debates a generation ago. In the years since fair housing has been enacted, there has been much larger federal involvement in subsidizing new housing segregation and resegregation than in ending housing discrimination.

What is Known about Housing Segregation

- 1) There has been a history of overt housing segregation for Latinos in the Southwest and blacks.[39] Puerto Ricans in Greater New York City have long faced very high levels of segregation.
- 2) Housing segregation, particularly concentrated among blacks, remained almost unchanged through 1980 and improved modestly, mostly in areas with small proportions of black residents, during the 1980s.[40] New data show a similar pattern between 1990 and 2000. The ghetto system is still very powerful where there are large black populations.
- 3) Economic differences explain only a small fraction of the existing segregation. Though incomes differ substantially by race, there is enough overlap of income and variation in housing prices within communities so that there would be no all black or all white Census tracts in most metropolitan areas if economics determined residence. [41]
- 4) We still have spreading ghettos and barrios, which are now encompassing major sectors of suburbia.
- 5) We continue to have massive discrimination in housing and home finance markets. Federally-funded tests of housing sales and rentals show persisting discrimination against black and Latino home seekers.[42] The most recent national HUD study found that 53% of black renters and 46% of Hispanics confronted discrimination during a typical housing search. Among buyers, 59% of blacks and 56% of Latinos faced discrimination. [43]
- 6) Minority families prefer integrated communities by large majorities but their ideal level of integration differs from white preferences. [44]
- 7) White attitudes toward residential integration have changed substantially in a favorable direction in the last generation even in highly segregated areas but whites still prefer lower levels of integration than blacks.[45]
- 8) Most whites also deny that there is any continuing problem of housing discrimination and do not believe that government action is needed to solve the problem.

- 9) Most suburban middle class communities exclude subsidized housing and affordable rental housing for families through official decisions about housing and land use.
- 10) Most new housing is developed on the edge of suburbia and is sold to an overwhelmingly white clientele.[46]
- 11) Housing subsidies often are administered in ways that help resegregate integrated neighborhoods and their schools and that pattern continued long after fair housing became law. [47]

Attitudes may very well be products of the illegal practices of the past. Evidence is very strong that blacks do not want segregation and they would be highly integrated if they lived in the same neighborhoods occupied by whites of similar income.[48] Surveys conducted in the Detroit metropolitan area, showing blacks and whites cards with different racial mixes in a block have been widely cited to show that incompatible preferences actually exist.[49] Latinos and Asians in recent surveys also express a strong preference for integrated neighborhoods and white neighbors.

Although differing preferences do present real difficulties for stable integration, there are substantial numbers of stably integrated communities, things that should not have happened according to the preference theory. Attitudes are changing. For example, when white households were asked, If black people came to live in great numbers in your neighborhood, would you move? the percentage who responded "yes" declined consistently from 78% in 1963 to 32% in 1990.[50] Although people may prefer a particular racial mix, most say that racial composition is not high among their considerations in housing searches. The fact that the best known surveys of incompatible preferences came from metropolitan Detroit, which had the most severe segregation among large urban communities in 1990, means that the incompatibilities may be less in other cities. Attitudes changed substantially even among Detroit area whites between 1976 and 1992. [51] Since white attitudes have been based primarily on experiences with white-black transitions, there may be less fear of change and greater possibility of stability in the emerging multi-racial neighborhoods in many cities. The new Census data suggests that white isolation from minorities is gradually declining, particularly in metropolitan areas with smaller numbers of minorities.

In fact, racial preferences are related to a long history of destructive racial change supported by public policy and may prove as changeable as many other kinds of racial stereotypes and prejudices have in the last half century if people come to see lasting integration as a real possibility and residents of such neighborhoods learn that their stereotypes are incorrect. There is considerable evidence from recent studies of diversity in schools and colleges that interracial experiences can have highly positive outcomes.

The Need for New Concept of Suburbia

As Frey and Geverdt point out (1998), the standard city/suburb classification used by the federal government and in statistical reports is no longer as useful as it was earlier in the century. A number of scholars are beginning to offer new frameworks for understanding that will serve us better in grasping the realities and needs of communities in the coming decades.[52] Minorities tend to settle in only a few communities on the periphery of central cities. Guy Stuart shows, for example, that while black and Hispanic homebuyers in metropolitan Boston are making inroads into the suburban housing market, they are concentrated in seven out of 126 communities (2000, 1). Kim (1998), Orfield (1998) and Austin-Turner (1998) point out similar patterns in Fairfax County, Virginia; suburban Chicago; and suburban Maryland.

The inner suburbs and old satellite cities where many minorities settle tend to be the oldest, and most deteriorating sections of suburbia. The continued construction of affluent white residential communities on the periphery of suburban regions and the disproportionate share of jobs and infrastructure spending accompanying this growth while inner suburbs slowly starve has led to the segmenting of suburbs into identifiable regions, which Orfield labels High-Need, Stressed Middle-Class and Affluent. [53] The high-need communities suffer the most significant decline and blight, and affluent communities are supported with a strong tax base, developmental priority, and world-class resources.[54] It is long past time to begin to develop a more differentiated idea of suburban sectors that will help us understand the significance of different types of suburbanization.

The clustering along lines of race and class has had significant implications for families of color.° Often, as Patillo-McCoy points out, the opportunities black middle class families thought would be afforded to them by virtue of middle class living are limited or unavailable. Such families often live in close proximity to regions marked by significant social distress, and share resources and institutions such as stores and schools. The close proximity to crime and drugs put families at risk, and compromise the futures of children. Patillo-McCoy notes that while the rise of a black middle-class is celebrated, many black families leaving ghettos do not obtain the kinds of opportunities and isolation from social disruption that white suburbanites normally receive.

We must consider suburban communities as very internally differentiated and offering strikingly different patterns of opportunity depending on their stage of development or social difficulties.

RECOMMENDATIONS

Housing segregation and the preferences that are built around it arise from a history of discrimination and a vicious cycle of isolation and ghettoization. With a vast increase in minority population and huge changes under way or coming soon to the suburban rings that now dominate U.S. society, we need better answers both for ending discrimination and for creating successful interracial communities with integrated schools rather than spreading ghettos and barrios in which few members of any racial or ethnic group want to live. There are three basic kinds of problems that need solution. The first is access for minorities to remaining almost all-white areas, including many of the nation's most affluent communities with exceptional educational and economic opportunities. The second is the stabilization of the large number of existing interracial communities, and the third is urban rebuilding that produces socially and economically diverse communities while offering new opportunities to lower income older residents. Each of these issues need attention and, together with closely related school issues, should be much higher on the suburban agenda than is true at present.

Ending Discrimination and Opening White Areas

- 1) Expand resources for enforcement at federal, state, and local levels; fund private fair housing centers. Fair housing groups receive far more complaints than the federal agencies and should be given resources to do on-going testing, training, and prosecution of discrimination cases. There are no such independent centers in many of our large metros. All need them. Federal agencies should be given the goal of continual monitoring of housing markets, funding audits, and expanding the tiny number of cases on race and national origin carried to completion each year by several fold. Central emphasis should be placed on cases with broad impacts since it is impossible to make significant changes with a handful of individual cases each year.
- 2) Act on exclusionary zoning, construct affordable housing and make it available to urban minority families.
- 3) Operate all programs subsidizing rental housing in the private market with housing counseling to help families see housing outside of traditional minority and multiracial areas. Both the Gautreaux program in Chicago and the Moving to Opportunity research of the 1990s show major benefits from such approaches.
- 4) Hire minority staff for suburban governments and school districts to help prepare successful transition; invest in human relations training for all local officials.

Preventing Ghettoization and Resegregation

Within a generation, policies for housing integration could make a significant difference in neighborhoods and schools in a society where the average family moves every six years and the average young family moves every three years. Much of what appears to be integration in 2000 will be shown to be a mere moment on a path to resegregation in the 2010 Census if policies and practices are not in place to support lasting integration.

- 1) Conscious positive plans about integration must be made; segregation expansion is almost never stopped by ignoring it.
- 2) Avoid school resegregation, use choice, magnets, redistricting and other mechanisms to avoid creation of segregated schools whenever possible.
- 3) Address symbols of decline that will trigger fears of urban decay: housing deterioration, empty storefronts, poor police protection, etc. to prevent activation of stereotypes.
- 4) Strongly monitor and enforce laws against residential steering and mortgage discrimination.
- 5) Focus housing subsidy programs serving the urban poor away from excessive reliance on already diverse communities that can

easily be re-segregated if the programs fund excessive demand for a handful of communities; encourage regional approaches.

6) Collaborate with other neighborhoods and suburban communities, since regional action will be needed on some questions, especially schools. Many suburbs are too small to develop viable stabilization plans within their own borders.

Broadening the concept of Community Development

We have a vibrant community development movement in the country and a number of communities that have had some significant success in producing reinvestment. They tend to focus on rehab and finance for the housing stock and to ignore issues of race and education. Unless these issues are addressed, these neighborhoods will not attract and hold middle class families and unless the area is plugged into the larger housing and investment markets, not just one racial segment, it will receive neither the investment flow nor the capital gains other areas do.

One key to appealing to the broader market is to recognize the obvious--most households searching for housing have or plan to have children who will need schools. Virtually all middle class families will be attracted to high quality interracial schools, and will avoid high poverty segregated schools. This means, for example that magnet and charter schools could play a role in this process if properly designed and marketed.

Illustrative Policy Approaches

**** Fair Housing Counseling in Rent Subsidy Programs

After the Chicago Housing Authority and HUD were found guilty of generations of intentional housing segregation in metropolitan Chicago the courts ordered a set of changes, including a larger and more complex approach to using housing subsidy programs to intensify segregation. Black families from Chicago housing projects were given counseling, escort service, and personal support after their moves.

The program was designed to overcome their lack of knowledge about housing in white areas and their intense fears of violence and intimidation from whites. Although it began slowly, interest mushroomed after the first groups moved successfully. Once the word got back about the experience of the early participants thousands applied for the available slots each year.

The program moved the children from segregated city schools with low achievement and graduation levels to vastly more competitive outlying suburban schools. The city children had surprisingly successful and positive experiences in the suburbs.[55] The same model has now been expanded under court order to several other cities and is a centerpiece of HUD Secretary Henry Cisneros' "Moving to Opportunity" program.[56] Although the programs have reached only a very small share of segregated minority families, it showed the possibility and possible impacts of expanding housing choices for the poor.

Special Mortgage Financing for Pro-Integration Moves

Ohio, Washington State, and Wisconsin all have policies providing financial incentives for families whose moves help housing and school integration. Many states have special programs in which they offer a relatively small number of first-time home buyers special low-cost financing to purchase homes. Since mortgage interest is by far the largest cost of owning the home this is a powerful subsidy. Given the normal operation of the housing market, these funds are most likely to be used for moves that reinforce segregation unless there is an intentional effort to do the opposite.

Civil rights organizations have persuaded three states to set aside some subsidies for families whose moves increase integration. This reaches relatively few people but it illustrates the possibility of using a number of small programs in different ways to produce overall changes.

The consent agreement settling the metropolitan Milwaukee school desegregation case clearly recognized the housing issue in one of the nation's most segregated areas. It provided state funds for a program to provide families with counseling and information about making moves that promote racial integration. It offered low-interest loans to people moving into areas where their racial group comprises less than 15% of the population. The state provided 15% of the state's low-income housing federal tax credits to encourage the development of new affordable integrated housing. The state housing agency also committed itself to issuing \$5 million in mortgage bonds for pro-integration sales.[57]

Seattle school officials won an agreement with the Washington State housing officials to provide up to a \$2,000 tax

credit to low and moderate income home buyers who bought homes in places that would aid school integration. The credits reduced average mortgage payments by 20%. The school superintendent noted that even fifty families making such moves would save annual busing costs exceeding the cost of the tax credit in the first year. [58]

State and Local Policies for Scattered Site Subsidized Housing

Several highly urbanized states now have considerable experience in developing subsidized housing in normally closed suburban areas as a result of state court decisions or legislation limiting suburban land-use controls. The *Mt. Laurel* plan resulted from New Jersey Supreme Court's 1983 ruling that exclusionary zoning regulations blocking low and moderate cost housing in many communities conflicted with the state constitution. Each New Jersey municipality was required to provide a "fair share" of low and moderate income housing based on an assessment of the needs of the state as a whole. [59] The remedy made it easy for developers to sue for and win exemption from zoning regulations in areas that had totally excluded subsidized housing. [60] The production of many thousands of units of housing under this remedy has shown its potential power. Relatively few of the outlying units, however, have gone to black families since there is an immense unmet need for subsidized housing for whites suburbanites and blacks are unlikely to hear about the units unless integration is a specific goal. This shows clearly the need for more tenant outreach and counseling and integration goals along the Louisville and Chicago lines.

There are similar court orders or state laws in Massachusetts, Pennsylvania, and Connecticut. Local policy has instituted a requirement for affordable units in all major developments in Montgomery County, Maryland, one of the nation's richest suburbs. Clearly there are now ample models to show that such approaches are viable, and are compatible with both good design and excellent housing markets. If they could be carried out more broadly and tied to housing counseling for potential minority residents, they could have a significant positive effect on school desegregation.

School Construction Choices as Leverage for Integration

Many growing school districts have to make decisions on building schools. Districts, particularly in the Sunbelt and in the newer suburbs, must build. Site decisions are important to housing markets and to school segregation. A school makes a new housing development much easier to market. School boards usually build wherever developers expand, regardless of the racial consequences. Experiences in several communities show that developers are willing to negotiate if necessary to obtain schools. [61]

During the 1980s Denver began several creative efforts to deal with the housing issues underlying school segregation. Denver developed positive policies to integrate both newly developed and older communities to reduce busing and also moved toward scattered site public housing. The city council adopted a strong scattered-site policy. More than 800 units of scattered site housing were built and a study by the *Rocky Mountain News* shows that its residents were much more likely than the residents of the old projects to finish high school.

Obviously school desegregation requirements were one of the levers for producing innovations in housing desegregation efforts. Now, because of Supreme Court decisions in the 1990s, many of these plans are gone. Denver's plan has been terminated by a court order and Seattle has ended its plan. School segregation is increasing in the country and will have to be ended, if at all, by residential integration under the current legal framework. In the absence of desegregation plans educational opportunity and the opportunity for integrated education will depend much more on housing policy and housing markets.

State school and housing officials should be especially sensitive to developing problems of suburban segregation. Projections show vast growth of suburban minority school enrollment in the next generation, but most suburbs have no experience and few tools for dealing with segregation and racial transition which can very rapidly transform a community. Without early and effective planning, many older suburbs will face relatively rapid racial resegregation in schools, accompanied by a dramatic change in their housing markets. A recent study by University of Texas Professor John Kain reported that the suburbs all of the large metropolitan areas of Texas experienced more than 25% increase in black students during just 5 years in the 1990s. By 1996, suburban black and Latino students in the suburbs of large metropolitan areas across the U.S. were attending schools that were more than two-thirds nonwhite even through most suburban rings had large white majorities. Clearly there is a risk of consolidating large scale suburban segregation as in Prince George's County, MD and DeKalb County, Georgia. Such changes can take place very rapidly in small suburban jurisdictions.

School districts should work with housing and community development agencies to support racial integration. Such polices need to assure a continued presence in the market of both white and nonwhite buyers and renters and avoid massive

steering of minority housing demand into presently interracial communities.

Conclusion

There are no simple answers about how to build a society that is successfully integrated from the diverse and rapidly changing communities in metropolitan America. What is clear is that the problems of segregation and inequality are not solving themselves and are severely impacting not only many millions of black citizens but also very large numbers of our newer and more rapidly growing minority communities. If we understand that these problems have deep roots, that they are built into our institutions and attitudes, and that they can and must be changed if there is to be equal opportunity and a society that turns away from racial and economic polarization, it will be apparent that we need to understand more deeply the trends that are emerging and apply ourselves seriously to using the tools and the knowledge that are at hand, while developing new initiatives at the local level across the country. The trends in the 2000 Census should be taken as a warning that our historic problem of black exclusion is taking on new and complex dimensions. It is unlikely that we can have positive outcomes moving toward successful multi-racial metropolitan communities without seriously facing the issues and collaborating across our institutions and across the boundary lines within the metropolitan map which often divide us into communities too small to successfully cope with large problems. At the beginning of this century we have a warning and a challenge and a set of choices that could move us toward balkanization or toward forms of metropolitan diversity that could provide a strong foundation for society in rapid demographic transition.

[1] Gallup Poll, *The Gallup Poll Social Audit on Black/White Relations in the United States*, (Princeton: Princeton, N.J., June 1997) 26.

[2] John P. Relman, A Federal Fair Housing Enforcement: The Second Clinton Administration at Mid-term, in Corrine M. Yu and William L. Taylor, eds., *The Test of Our Progress: The Clinton Record on Civil Rights*, (Washington, DC: Citizens Commission on Civil Rights, 1999), chapter 19.

[3] *Hills v. Gautreaux*, 425 U.S. 284 (1976).

[4] HUD Asst. Secretary Roberta Achtenberg, Address at University of Pennsylvania Law School, March 24, 1995.

*[5] Clement E. Vose, *Caucasians Only: The Supreme Court, the NAACP, and the Restrictive Covenant Cases*, (Berkeley: Univ. of California Press, 1967) 3.

Oklahoma City was one of the cities that originally set out racial zoning, see *Dowell*, 244 F. Supp. 971 (1965), at 975.

[6] *Corrigan v. Buckley* 299 F. 2d 899 (D.C. Cir., 1924), appeal dismissed, 271 U.S. 323 (1926). In dismissing the case, Justice Sanford found the challenge "so insubstantial as to be plainly without color of merit and frivolous." Two decades would pass before the issue would come back to the Supreme Court (Vose, 18).

[7] *Corrigan v. Buckley* 271 U.S. 323 (1926).

[8] Gunnar Myrdal, *An American Dilemma*, vol. 2. (New York: Harper Torchbooks, 1944 - 1964 reprint), 623-624.

[9] Charles Abrams, *Forbidden Neighbors*, (New York: Harper and Row, 1955) 235.

[10] Massey, Douglas and Nancy Denton, *American Apartheid: Segregation and the Making of the Underclass*, 54

[11] U.S. National Commission on Urban Problems (Douglass Commission), *Building the American City: Report of the National Commission on Urban Problems to the Congress and to the President of the United States*, House Document 91-34 (Washington, DC: Government Printing Office, 1968), 163.

[12] Gary Orfield, "Ghettoization and its Alternatives," in Paul Peterson ed., *The New Urban Reality* (Washington, DC: Brookings Institution, 1985); Gary Orfield, "The Role of Local and Federal Governments in Neighborhood Segregation," *Integrated Education*, 48:53; Gary Orfield, "Federal Policy, Local Power, and Metropolitan Segregation," in Alan Shank, ed., *Political Power and the Urban Crisis* (Boston: Holbrook Press, 1976).

[13] Brian D. Boyer, *Cities Destroyed for Cash: The FHA Scandal at HUD*, (Chicago: Follett Publishing, 1973); Leonard Downie, Jr., *Mortgage on America* (New York: Praeger Publishers, 1973), chapter 3.

[14] See statistics on Section 8 programs in Robert Gray and Steven Tursky, "Local and Racial/Ethnic Occupancy Patterns for HUD- Subsidized Family Housing in Ten Metropolitan Areas," in John Goering, ed., *Housing Desegregation and Federal Policy*, (Chapel Hill: Univ. of North Carolina Press, 1986) 235-252.

[15] The number of authorized additional subsidized housing units was cut nearly in half in the first year of the Reagan Administration. See John William Ellwood, ed., *Reductions in U.S. Domestic Spending*, (New Brunswick: Transaction Books, 1982) 268.

[16] John Goering, Ali Kamely, and Todd Richardson, *The Location and Racial Composition of Public Housing in the United States*, Washington: U.S. Department of Housing and Urban Development, December 1994, p. 2.

[17] Ibid.

[18] Gary Orfield, "Housing and School Integration in Three Metropolitan Areas: A Policy Analysis of Denver, Columbus and Phoenix," submitted to U.S. Department of Housing and Urban Development, HUD Order No. 5007-80, February 17, 1981.

[19] *Gautreaux v. Chicago Housing Authority*, 480 F. 2d 210 (7th Cir. 1973, cert. denied, 414 U.S. 1144 (1974)).

[20] *Gautreaux v. Chicago Housing Authority*, 296 F.Supp. 907, summarized in *Hills v. Gautreaux*, 425 U.S. 284, 288 (1976).

[21] It is worth noting that President Reagan actually took steps to further hinder integration when he rescinded a regulation requiring housing authorities to report racial statistics. See, U.S. Department of Housing and Urban Development, Notice H 81-12 (Oct. 18, 1981).

[22] *Walker v. U.S. Department of Housing and Urban Development*, 734 F. Supp. 1289 (N.D. Tex 1989).

[23] Scott Cummings and Wayne Zatopek, "Federal Housing Policy and Racial Isolation in Public Schools: The Case of Dallas," in Scott Cummings, ed., *Racial Isolation in the Public Schools: The Impact of Public and Private Housing Policies, Report to U.S. Department of Housing and Urban Development by Institute of Urban Studies* (University of Texas at Arlington, 1980) 194-195.

[24] Gary Orfield, "Ghettoization and its Alternatives," in Paul Peterson (ed.) *The New Urban Reality* (Washington, DC: Brookings Institution, 1985).

[25] Gallup Poll, 18.

[26] Ibid., 26.

[27] Ibid. 36.

[28] Orfield, "Ghettoization and its Alternatives" in *The New Urban Reality*; Orfield, "Federal Policy, Local Power, and Metropolitan Segregation," *Political Science Quarterly*, 89 (Winter 1975): 777-802; Orfield, "School Segregation and Housing Policy: The Role of Local and Federal Governments in Neighborhood Segregation," 48-53.

[29] Beth J. Lief and Susan Goering, "The Implementation of the Federal Mandate for Fair Housing," in Gary Tobin ed., *Divided Neighborhoods: Changing Patterns of Racial Segregation* (Newbury Park: Sage Publications, 1987) 227-267. HUD's failure over 20 years to enforce civil rights requirements for subsidized housing was documented in the Dallas Morning News Pulitzer-Prize winning series, "Separate and Unequal: Subsidized Housing in America," (2/10/85 - 2/18-85); later shortcomings were documented in U.S. Commission on Civil Rights, *The Fair Housing Amendments Act of 1988--The Enforcement Report*, (Washington, DC: Government Printing Office, 1994).

[30] U.S. Commission on Civil Rights, 1971.

[31] During the Reagan years the Justice Department began asking for more narrow remedies than had been requested earlier and used some of this scarce litigation resources to sue those trying to manage stable integration with racial quotas in their buildings, an enterprise supported by Jesse Jackson and part of a consent agreement with the NAACP which the Justice Department intervened in a successful effort to overturn.

[32] Address at University of Pennsylvania Law Review Forum, Philadelphia, February 24, 1995.

[33] President Nixon fired Secretary Romney in part because of his advocacy of subsidized housing in suburbia.

[34] "Outcry Stalls Housing in Baltimore Suburbs," *National Fair Housing Report*, 4 (November-December 1994), 6.

[35] Daniel H. Weinberg, "Mobility and Housing Change: The Housing Allowance Demand Experiment," in W.A. V. Clark and

Eric G. Moore (eds.), *Residential Mobility and Public Policy* (Beverly Hills: Sage, 1980), 168-193, shows limited mobility; U.S. Department of Housing and Urban Development, *Gautreaux Housing Demonstration*, (Washington, DC: Government Printing Office, 1979) documents fear and lack of knowledge as basic barriers to using Section 8 subsidies in suburbs for city black residents during startup period of Gautreaux program.

[36] Richard Stuart Fleisher, "Subsidized Housing and Residential Segregation in American Cities: An Evaluation of the Site Selection and Occupancy of Federally Subsidized Housing," (Ph.D. dissertation, University of Illinois, Urbana, 1979); Robert Gray and Steven Tursky, "Location and Racial/Ethnic Occupancy Patterns for HUD-subsidized Family Housing in Ten Metropolitan Areas," in John M. Goering, ed., *Housing Desegregation and Federal Policy* (Chapel Hill: Univ. of North Carolina Press, 1986) 235-252.

[37] Charles M. Haar, *Suburbs Under Siege: Race, Space, and Audacious Judges*, (Princeton, NJ: Princeton University Press, 1996); Naomi Bailin Wish and Stephen Eisdorfer, *The Impact of the Mt. Laurel Initiatives: An Analysis of the Characteristics of Applicants and Occupants*, (East Orange, N.J., Center for Public Service, Seton Hall University, October 1996).

[38] J.E. Rosenbaum, L.S. Rubinowitz, and M.J. Kulieke, *Low Income Black Children in White Suburban Schools* (Evanston: Northwestern University Center for Urban Affairs and Policy Research, 1986).

[39] Charles Abrams, *The City is the Frontier*, (New York: Harper Colophon, 1967) chapter 5-8; Richard Griswold del Castillo, *The Los Angeles Barrio, 1850-1890*, (Berkeley: Univ. of California Press, 1979); Richard Romo, *East Los Angeles: History of a Barrio*, (Austin: University of Texas Press, 1977); Mario Barrera, *Race and Class in the Southwest*, (Notre Dame, IN: University of Notre Dame Press, 1979).

[40] Denton, 1994.

[41] Massey and Denton, *American Apartheid: Segregation and the Making of the Underclass*; Kain, 1993.

[42] Margery A. Turner, "Discrimination in Urban Housing Markets: Lessons from Fair Housing Audits," *Housing Policy Debate*, 3 (1992), 185-215; George Galster, "Racial Discrimination in Housing Markets in the 1980s: A Review of the Audit Evidence," *Journal of Planning Education and Research* 9 (1992), 165-175.

[43] Turner, 197.

[44] *USA Today*, Sept. 22, 1989. In a 1989 national poll, only 10% of blacks expressed a preference a "mostly black" neighborhood, but 53% lived in one.

[45] Farley, Steeh, Krysan, Jackson, and Reeves, 1994.

[46] A 1995 study by the Federal Reserve Bank of Boston found that the 40 communities in greater Boston with the highest housing price growth in the 1988 to 1994 period had the highest scores on standardized tests and the communities with the lowest scores had housing prices rising only one-seventh as fast. See Steve Bailey, "Top Schools, Pricy Homes Linked," *Boston Globe*, May 22, 1995.

[47] U.S. Commission on Civil Rights, *Low Income Homeownership*; Fleisher, 1979; Gray and Tursky, 1986.

[48] Gallster, George C. "Residential segregation in American cities: A Contrary Review," *Population Research and Policy Review* 93, 95 (1988), cited in Boger, John Charles. "Toward Ending Residential Segregation: A Fair Share Proposal for the Next Reconstruction," 71, *N.C.L. Rev.* 1573, June, 1993.

[49] Reynolds Farley, Howard Schuman, Suzanne Bianchi, Diane Colasanto, and Shirley Hatchett, "Chocolate City, Vanilla Suburbs: Will the Trend toward Racially Separate Communities Continue?" *Social Science Research*, vol. 7, (December 1978), pp. 319-44.

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[52] William Frey. & D. Geverdt, (1998). *A Changing Suburban Demographics: Beyond the A Black-White, City-Suburb*

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[55]Rosenbaum, 1991.

[56]National Fair Housing Advocate, vol. 5, no. 1. (January-February 1995: p. 5.

*** [57] Leadership Council for Metropolitan Open Communities, Recent Developments in Housing, October 1989, pp. 3-4.

****[58] Seattle Post-Intelligencer, June 1, 1989: p. B1.

The assessment is made by a state agency, the Council on Affordable Housing (COAH).
Id. at 452-453.



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