

CLOSED DOORS, OPPORTUNITIES LOST

The Continuing Costs of Housing Discrimination

John Yinger

Russell Sage Foundation • New York

The Impact of Housing Discrimination on Housing Quality, Racial Segregation, and Neighborhood Change

■ SEPARATE AND UNEQUAL

The Sherman Park neighborhood in Milwaukee appeared to demonstrate the promise of stable racial integration. Thanks to an active community organization that was committed to integration, Sherman Park had grown from less than 1 percent black in 1970 to about one-quarter black in 1980. Moreover, Sherman Park was an island of integration in a sea of separateness, as half of the blacks in Milwaukee lived in neighborhoods that were at least 90 percent black. By 1990, however, almost half of Sherman Park's residents were black, and its white population had declined by over 60 percent since 1970.¹ Prospects for continued stable racial integration were poor, indeed.

This pattern has been repeated throughout our history in neighborhoods across the country. Despite the civil rights movement, fair housing laws, and a softening of white prejudice, blacks and whites, and to a lesser extent Hispanics and whites, tend not to live in the same places. Islands of integration occasionally arise, and, with concerted effort, a few remain stable for long periods of time, but the forces that produce residential segregation are powerful and persistent. Not surprisingly, racial and ethnic discrimination makes a key contribution to the power these forces retain.

Housing market outcomes of blacks and whites, or of Hispanics and whites, are not only geographically separate, but profoundly unequal, with housing discrimination again playing a major role. This chapter examines racial and ethnic disparities in homeownership

and housing quality as well as racial and ethnic segregation and explores what is known about the success of private and local government actions to promote and maintain integration.

■ HOMEOWNERSHIP AND HOUSING QUALITY

Current discrimination in housing and mortgage markets combined with centuries of past discrimination in all aspects of economic life have left their mark on housing outcomes for black and Hispanic households. Current discrimination shuts off housing opportunities and induces many minority households to cut short their housing searches, that is, to settle for less desirable housing than that obtained by their white counterparts. Past discrimination has resulted in lower incomes, less wealth, more central residential locations, and less information about owner-occupied housing for minority than for white households. Thus, blacks and Hispanics are far less likely than whites to be homeowners and far more likely to live in deficient or overcrowded housing.

Homeownership

The stark facts are these: In 1990, 69.1 percent of white households owned their own homes, compared to 43.4 percent of black households and 42.4 percent of Hispanic households.² This large difference between white and minority homeownership rates has not narrowed for at least two decades.³ Moreover, minorities are not only less likely to own homes, the values of the homes they do own are far lower than the values of the homes owned by whites. To be specific, the average house value in 1990 was \$116,570 for white homeowners, \$73,145 for black homeowners, and \$111,376 for Hispanic homeowners.⁴

A household's expected housing wealth equals its probability of owning a house multiplied by the expected value of a house if it does own. These numbers imply, therefore, that white households have an expected housing wealth of $(0.691)(\$116,570) = \$80,550$, whereas the expected wealth of black households is less than half as much, namely $(0.434)(\$73,145) = \$31,745$. Without any past or current discrimination, black households could expect to have the same housing wealth as whites, so the difference between these two figures, \$48,805, is a measure of the impact of racial discrimination on housing wealth.⁵ In 1990 there were 9.976 million housing units with a black house-

holder (to use the census term for the head of the household), so the aggregate impact of discrimination on the housing wealth of blacks is \$48,805 multiplied by 9.976 million, which comes to \$487 billion.⁶ To put it another way, without any past and current discrimination to prevent blacks from accumulating housing at the same rate as whites, the housing wealth of blacks in the United States would be \$487 billion higher than it actually is.

The expected housing wealth of Hispanic households is their homeownership rate, 0.424, multiplied by their average house value, \$111,376, or \$47,223. Hence, the impact of past and current discrimination on Hispanic housing wealth is \$33,327 per household. In 1990 there were 6.001 million households with an Hispanic householder, so the total impact of discrimination on the housing wealth of Hispanics comes to \$23,327 multiplied by 6.001 million, or \$200 billion.⁷

These figures give gross, not net, housing wealth: they do not account for the fact that most homeowners still owe money to a lender. Accounting for outstanding mortgages lowers the housing wealth gap between white and minority households, but not by as much as one might think. If homeowners in all three groups still owed the bank, say, 45 percent of their house value, on average, then the net wealth gaps would equal only 55 percent of the above gross wealth gaps. In fact, however, blacks and Hispanics are less likely than whites to have paid off their mortgage (or never to have borrowed), and the outstanding mortgage balance is a larger fraction of house value, on average, for blacks and Hispanics than for whites.⁸ Thus, average net wealth in 1990 equaled \$47,925 for black homeowners and \$70,510 for Hispanic homeowners, compared to \$82,436 for white homeowners. Combining these figures with the homeownership shares for each group reveals that expected net housing wealth is \$20,799 for black households, \$29,896 for Hispanic households, and \$56,963 for whites. Hence the aggregate impact of discrimination on net wealth is \$361 billion for blacks and \$163 billion for Hispanics.

These calculations apply to 1990. The consumer price index increased at a 3.5 percent annual rate between 1990 and 1993. With continued growth at this rate, the 1994 aggregate gap in net housing wealth would be \$414 billion for blacks and \$186 billion for Hispanics, for a grand total of \$600 billion.⁹

These findings add perspective to the earlier result that current discrimination alone imposes an annual cost of about \$2.6 billion on black households and \$1.5 billion on Hispanic households. The current discrimination results represent annual flows, whereas the household wealth calculations presented here represent asset values. Using well-known formulas for the determination of an asset price,

these asset values can be translated into equivalent annual flows.¹⁰ In particular, the above impacts of past and current discrimination on housing wealth correspond to a long-term annual loss of about \$12.4 billion per year for black households and about \$5.6 billion per year for Hispanic households. Roughly speaking, therefore, current discrimination as observed by HDS and the recent mortgage discrimination studies accounts for one-fifth to one-fourth of the gap in housing wealth between whites and minorities, and past discrimination, including discrimination in markets other than housing, accounts for the rest.

A key component of these housing wealth differences is the difference in homeownership rates between white and minority households. A recent study based on national data from the 1989 American Housing Survey (AHS) provides a careful, sophisticated estimate of the extent to which the homeownership deficit for minority households is due to the fact that they have lower endowments, particularly lower permanent incomes, than whites. The study finds that "81 percent of the differences between the predicted probability of ownership between black and white households are due to differences in group endowments."¹¹ The comparable figure for Hispanics is 78 percent. In other words, 19 percent of the homeownership gap for blacks (and 22 percent for Hispanics) is due to "direct effects," which most scholars associate with current discrimination in housing and mortgage markets. Previous studies based on earlier data obtained similar results.¹²

In short, recent evidence indicates that roughly 20–25 percent of the minority–white gaps in both homeownership rates and overall housing wealth can be attributed to current discrimination. The rest of these gaps represents the legacy of past discrimination in housing and other markets. The cumulative impact of past and current discrimination is very large; the share of minority households that own their own homes is over 20 percentage points lower than the share for white households, and the net housing wealth of minority households is estimated to be \$600 billion lower than it would be in a world without discrimination.¹³

Because homeownership is the principal method by which American households accumulate wealth, these differences in net housing wealth shed light on the likely magnitude of the overall wealth differences between white and minority households. In 1992 net housing wealth constituted 31 percent of total net household wealth in the United States.¹⁴ If past and current discrimination have the same proportional impact on the ability of minority households to accumulate nonhousing wealth as they have on their ability to accumulate hous-

ing wealth, then discrimination lowers the total net wealth of black households by \$1,335 billion and of Hispanic households by \$600 billion. Adding these together gives \$1,935 billion; by this rough estimate, the legacy of discrimination is a wealth gap of almost two trillion dollars.¹⁵

Housing Quality

Black and Hispanic households are far more likely than white households to live in overcrowded conditions, to live in housing with severe or moderate structural problems, or to devote an excessive share of their income toward housing.¹⁶

According to the 1989 AHS, fewer than 2 percent of white households, compared to 5 percent of black households and 15 percent of Hispanic households, had more than one person per room, which is the census definition of overcrowded conditions.¹⁷ These intergroup disparities are even greater among poor households. Only 4 percent of poor white households were overcrowded, compared to 9 percent of poor black households and 26 percent of poor Hispanic households. In fact, the share of *nonpoor* Hispanic households living in overcrowded conditions, 11 percent, was over two and one-half times as great as the comparable share for *poor* whites. Moreover, the 1990 census, which is based on a larger sample than the AHS, finds even larger overall disparities in overcrowding, with a rate of 3 percent for whites, 10 percent for blacks, and 27 percent for Hispanics.¹⁸

The U.S. Bureau of the Census, in conjunction with the U.S. Department of Housing and Urban Development, has developed a detailed definition of deficient housing, which includes all housing with severe or moderate physical problems. A housing unit is placed in the "severe" category if it has one or more of the following problems: a lack of complete plumbing; frequent plumbing breakdowns; serious electrical problems or a lack of electricity; a lack of hallway lighting, hallway railings, adequate stairs, or adequate elevators; and at least five basic maintenance problems, such as water leaks.¹⁹ A housing unit's deficiencies are said to be "moderate" if they include one or more of the following: occasional plumbing breakdown; unvented heaters as a primary heat source; lack of sink, refrigerator, stove, or oven; three of the four above hall or stairway problems; and three of the five basic maintenance problems.

According to this definition, 9 percent of white households lived in deficient housing in 1989, compared to 20 percent of black households and 17 percent of Hispanic households.²⁰ As in the case of overcrowding, these disparities are larger among the poor. Housing was

classified as deficient for 13 percent of poor white households but for 29 percent of poor black households and 23 percent of poor Hispanic households. Moreover, the likelihood of deficient housing was the same, 12 or 13 percent, for nonpoor black and Hispanic households as for poor whites.

Despite the fact that they live in poorer quality housing and more overcrowded conditions than whites, black and Hispanic households are also more likely than whites to pay more than 30 percent of their income in housing expenses, which include rent and utilities or mortgage payments, utilities, property taxes, housing insurance, and housing maintenance. In 1989, 25 percent of white households, 39 percent of black households, and 42 percent of Hispanic households devoted more than 30 percent of their income toward housing.²¹ In addition, the housing cost burden exceeded 50 percent of income for 9 percent of white households, compared to 18 percent of black and Hispanic households. These disparities do not exist among poor households, for whom the share paying more than 30 percent of income is slightly higher for whites (76.8 percent) than for blacks (72.8 percent) and for Hispanics (76.4 percent).

These disparities reflect both current discrimination and endowment and other differences associated with past discrimination. No recent study provides evidence on the extent to which these disparities still exist after accounting for racial and ethnic differences in endowments.²² On the basis of evidence concerning homeownership disparities, however, it seems safe to conclude that both past and current discrimination contribute to the relatively high incidence of overcrowding, housing deficiencies, and excess housing cost burdens among minority households.

■ RESIDENTIAL SEGREGATION

Racial and ethnic residential segregation is one of the most dramatic features of urban areas in the United States. Blacks and whites, and to a lesser extent Hispanics and whites, tend not to live in the same neighborhoods.

The Extent of Segregation

The most popular measure of residential segregation is the so-called dissimilarity index, which indicates the extent to which two groups live in different neighborhoods.²³ A value of 100 for this index indicates complete segregation of the two groups from each other, and a

value of zero indicates that the two groups are evenly spread throughout all neighborhoods. Intermediate values can be interpreted as the share of the population of either group that would have to move to achieve an even distribution.

Black-white segregation indexes have been quite high, above 70, for many decades. Between 1950 and 1970, black-white segregation increased somewhat in the average metropolitan area. One study of 137 metropolitan areas found that the average black-white segregation index went from 74.3 in 1960 to 74.7 in 1970.²⁴ The trend then shifted and black-white segregation indexes exhibited a slow but widespread decline between 1970 and 1980. Among the thirty metropolitan areas with the largest black populations in 1980, which contain over one-half of the black population in the United States, the index dropped almost 6 percentage points on average over this period, from 81.3 to 75.4.²⁵

This downward trend in segregation continued during the 1980s. As shown in Table 7.1, a recent study reveals that among the twenty-three urban areas with the largest black populations in 1990, which together contain about 46 percent of the nation's black citizens, the average segregation index dropped from 78.8 in 1980 to 74.5 in 1990.²⁶ Similar results appear in other samples. Among the 232 metropolitan areas with at least 20,000 blacks in 1990, the average index fell from 68.8 in 1980 to 64.3 in 1990.²⁷ Moreover, segregation decreased in all the forty-six central counties with 50,000 or more black residents, except for no change in Essex County (Newark) and increases of one point in Fulton County (Atlanta) and two points in Wayne County (Detroit).²⁸ Segregation also decreased in six of the seven suburban counties with more than 50,000 blacks and remained unchanged in the seventh.²⁹

Despite these widespread declines, however, black-white segregation remains high in metropolitan areas with large black populations, with an average 1990 index of 74.5.³⁰ On average, three-quarters of the blacks (or of the whites) would have to move in these areas to achieve an even racial distribution. Only one of these twenty-three metropolitan areas, Norfolk, has a 1990 index below 60, and only six others, five in the South plus Oakland, have a 1990 index below 70. Moreover, six northern areas have 1990 indexes above 80.³¹ Among the forty-six central counties with at least 50,000 black residents in 1990, the average index is 72.0, only two counties have an index below 60, and only eighteen more have indexes below 70.³² Seven of these central counties, including Fulton and Baltimore counties in the South, have indexes of 80 or more.³³

Hispanics are considerably less segregated from non-Hispanic

TABLE 7.1 1980 AND 1990 INDEXES OF BLACK-WHITE SEGREGATION FOR THE 23 METROPOLITAN AREAS WITH THE LARGEST BLACK POPULATIONS IN 1990

	1980	1990
Northeast		
Boston	76	70
Newark	84	83
New York	78	78
Philadelphia	83	82
Midwest		
Chicago	91	87
Cleveland	89	86
Detroit	89	89
Kansas City	81	76
St. Louis	85	81
South		
Atlanta	79	73
Baltimore	78	75
Birmingham	80	79
Charlotte	68	65
Dallas	81	66
Houston	78	69
Memphis	76	76
Miami	81	75
New Orleans	76	74
Norfolk	65	57
Richmond	68	64
Washington, D.C.	71	68
West		
Los Angeles	80	71
Oakland	75	69
Average	78.8	74.5

SOURCE: Farley and Frey (1993, Table 9) and appendix table supplied by Farley. These dissimilarity indexes are calculated using a census block group as the neighborhood scale.

whites than are blacks, but Hispanic-white segregation is moderately high and is growing in many urban areas. Table 7.2 presents the Hispanic-white dissimilarity index for the twenty urban areas with more than 200,000 Hispanic residents. These areas contain 59 percent of the nation's Hispanics. The background of the Hispanic population is largely Puerto Rican in New York, Cuban in Miami, mixed in Washington, D.C., and Mexican in the other areas. The average

TABLE 7.2 1980 AND 1990 INDEXES OF HISPANIC-WHITE SEGREGATION FOR THE 20 METROPOLITAN AREAS WITH THE LARGEST HISPANIC POPULATIONS IN 1990

	1980	1990
Northeast		
New York	55.0	54.0
Midwest		
Chicago	66.0	66.0
South		
Brownsville	46.0	50.0
Dallas	49.0	50.0
El Paso	56.0	52.0
Houston	50.0	49.0
McAllen	52.0	53.0
Miami	57.0	56.0
San Antonio	57.0	53.0
Washington, D.C.	33.0	41.0
West		
Anaheim	43.7	52.7
Denver	48.7	46.7
Fresno	47.3	46.3
Los Angeles	53.1	53.1
Oakland	33.7	34.7
Phoenix	50.5	48.5
Riverside	39.0	38.0
San Diego	39.1	43.1
San Jose	43.0	45.0
San Francisco	41.4	45.4
Average	48.0	48.9

SOURCE: Farley and Frey (1993, Table 2). These dissimilarity indexes are calculated using a census block group as the neighborhood scale.

segregation index for these areas increased slightly during the 1980s, from 48.0 to 48.9. Nine areas experienced an increase in segregation over this period, and two areas experienced no change. Although two areas, Washington, D.C., and Anaheim, experienced increases of 8 points or more, and three others, Brownsville, San Diego, and San Francisco, experienced an increase of 4 points, only two areas, San Antonio and El Paso, experienced declines of as much as 4 points.

The highest Hispanic-white segregation can be found in Chicago, where the index is 66. Nine other areas, only two in the west, have indexes of 50 or above, and two areas in California, Riverside and

Oakland, have indexes below 40. These levels are not high by the standards of Table 7.1, but they do represent significant segregation. Similar results are found in a larger sample; in the 153 metropolitan areas with more than 20,000 Hispanics, the average 1990 index was 42.7, up one half a point from 1980.³⁴

The racial dimension of the Hispanic designation reveals itself in the extent of residential segregation between Hispanics who place themselves in different racial groups. A study of Caribbean Hispanics in the United States in 1980 found that black and white Hispanics were highly segregated from each other, with a segregation index averaging 60.9 in ten major metropolitan areas.³⁵ Black Hispanics also were far more segregated from non-Hispanic whites, with an average index of 80.0, than were white Hispanics, with an average index of 51.9.

Moreover, Hispanics identifying themselves as something other than white or black, which presumably means they have a mixed racial ancestry, were almost as segregated from non-Hispanic whites as were black Hispanics, with an average 1980 index of 71.9. This result suggests that even though mixed-race Hispanics do not identify themselves as "black," the social and economic forces they encounter in the housing market are similar to those encountered by black Hispanics.³⁶ Finally, the average index for the segregation of mixed-race and black Hispanics, 56.7, was much closer to the average index for white and black Hispanics, 60.9, than to the average index for mixed-race Hispanics and white Hispanics, 40.0. This result suggests that "it is race and not class that is crucial to understanding patterns of residential segregation among Caribbean Hispanics in U.S. cities."³⁷

Residential segregation is a complex phenomenon, and the dissimilarity index measures only one of its dimensions. Scholars have discovered that exclusive focus on this index can lead to a misleading impression of racial and ethnic residential patterns. The dissimilarity index focuses on the extent to which the members of a minority group are evenly distributed across neighborhoods. Other dimensions of residential segregation include the extent to which a group is isolated from other groups, the extent to which a group is clustered in a contiguous area, the extent to which a group is concentrated in a small area, and the extent to which a group is centralized within an urban area.³⁸

A recent study provides one simple measure of the isolation of blacks from whites in 1990. As shown in Table 7.3, the share of the black population that lives in a neighborhood that is 90 percent or more black declined slightly between 1980 and 1990 in most urban areas.³⁹ Declines of more than 10 percentage points were experienced

TABLE 7.3 ISOLATION OF BLACKS IN SELECTED LARGE METROPOLITAN AREAS: 1990 AND 1980-1990 CHANGE

	<i>Percentage of Blacks in Isolation, 1990</i>	<i>Percentage Point Change in Black Isolation, 1980-1990</i>
Chicago	71	-9.1
Cleveland	67	0.4
Detroit	61	4.0
Memphis	58	-0.6
St. Louis	54	-3.3
Baltimore	53	-5.4
Philadelphia	53	0.1
Buffalo	48	2.6
New Orleans	47	-3.2
Kansas City	44	-6.0
Atlanta	43	-6.1
Milwaukee	42	-7.0
Newark	41	-2.6
Indianapolis	39	-6.0
Washington, D.C.	37	-9.3
Cincinnati	34	0.5
Fort Lauderdale/Hollywood	34	-29.6
Miami/Hialeah	33	-8.3
Orlando	32	-22.4
Charlotte/Gastonia	32	-0.9
Pittsburgh	32	-2.4
New York	31	3.0
Nashville	31	-4.6
Houston	30	-19.5
Tampa/St. Petersburg	30	-11.0
Average for 50 Areas	37	-6.7

SOURCE: Gillmore and Doig (1992, p. 50). "Isolation" is defined as living in a block group that is at least 90 percent of the same race." The average is for the 50 largest metropolitan areas. Isolation typically is higher within central cities; for example, the index is 69 within Washington, D.C.

by three urban areas in Florida, Fort Lauderdale, Orlando, and Tampa, and by Houston, Texas. In contrast, however, several urban areas in the Midwest and Northeast, namely, Buffalo, Cincinnati, Cleveland, Detroit, New York, and Philadelphia, experienced small increases in black isolation during the 1980s. The largest increase occurred in Detroit, which lost 200,000 white residents over this decade. Despite a slow trend toward lower black-white segregation by

some measures, other dimensions of black-white segregation in many cities appear to be remarkably resistant to change.

In some urban areas, black-white segregation is high on many dimensions, not just the dimensions in Tables 7.1 or 7.2. One study defines a hypersegregated area as one that is highly segregated on at least four of the five dimensions defined above.⁴⁰ In 1980, sixteen urban areas were hypersegregated: Atlanta, Baltimore, Buffalo, Chicago, Cleveland, Dallas, Detroit, Gary, Indianapolis, Kansas City, Los Angeles, Milwaukee, New York, Newark, Philadelphia, and St. Louis. These areas contained 35 percent of the nation's black population in 1980.

All sixteen of these areas were still hypersegregated, or close to it, in 1990.⁴¹ Moreover, five new urban areas appeared on the hypersegregation list: Birmingham, Cincinnati, Miami, New Orleans, and Washington, D.C.⁴² In general, the measures of segregation in these urban areas did not change very much between 1980 and 1990, but a few areas experienced increases in several dimensions of segregation. In Newark and Buffalo, for example, segregation increased on all five dimensions, and in Detroit it increased on four dimensions, two of them substantially. Overall, the share of the nation's black population living in hypersegregated areas reached 44 percent.

Hypersegregation is not experienced by Hispanics, however. In most metropolitan areas with significant Hispanic populations, Hispanics faced extensive segregation on only one of the above five dimensions (usually centralization), and they did not face extensive segregation on more than three dimensions in any metropolitan area. In some areas, including Miami, Hispanics do not face extensive segregation on any of these dimensions. Overall, therefore, "Despite their immigrant origins, Spanish language, and high poverty rates, Hispanics are considerably more integrated in United States society than are blacks."⁴³

A final irony in the story of segregation is that some of the most segregated neighborhoods in the country can be found in housing projects that are publicly owned and operated. In 1990, for example, nine of the twelve family housing projects run by the Houston Housing Authority were between 87 and 99 percent black. The other three projects all had a black majority, and two of them were 20 percent or more Hispanic.⁴⁴ At the national level, blacks and Hispanics made up half the tenants in all federally assisted housing in 1989. This concentration is even more striking in federal public housing, for which the minority share in FY1993 was 69 percent in all units and 90 percent for the units operated by the largest public housing authorities.⁴⁵ Housing projects with so few white tenants make a powerful symbolic

and substantive contribution to the perpetuation of residential segregation.

Racial and Ethnic Transition

The relative stability of segregation over time masks considerable racial and ethnic change at the neighborhood level. In fact, many neighborhoods undergo transition from largely white to largely black, but only a few make a transition from largely black to largely white or remain integrated for a long period of time.⁴⁶

In urban areas where segregation declined between 1970 and 1980, two-thirds of the largely white census tracts with a significant increase in black population also experienced a decline in white population during that period.⁴⁷ Moreover, in the nation's twenty-five largest cities, only about one census tract in twenty began the 1970s with a mixture of black and white residents and did not experience racial transition during the decade.⁴⁸ Finally, for a sample of sixty major metropolitan areas, the probability that a census tract would experience a decline in its white population between 1970 and 1980 increased both with the share of the tract's population that was black and with the proximity of the tract to a largely black neighborhood. In a largely white suburban tract located 25 miles or more from the nearest black neighborhood, for example, the probability of a loss in white population during the decade was only 16 percent, whereas in a city neighborhood that was 30-40 percent black and within 5 miles of a largely black neighborhood, the probability was 92 percent; that is, white population loss was almost certain.⁴⁹

A broad consensus has emerged among scholars on the link between racial attitudes and neighborhood racial or ethnic transition.⁵⁰ In particular, stable integration cannot be maintained unless the preferences of whites and blacks (or whites and Hispanics) meet certain conditions. Consider an existing all-white neighborhood. No racial integration will take place there unless at least one black family is willing to be a pioneer. Moreover, once blacks move in, integration cannot be maintained at any given percentage white unless enough whites are willing to live there to maintain that percentage. For example, a neighborhood cannot remain at 90 percent white unless enough whites are willing to live there to make up 90 percent of the population. If this condition is not met, if an insufficient number of whites is willing to live there, the neighborhood has passed what is called a "tipping point," and it will "tip" from all-white to all-black.

What are the actual neighborhood preferences of whites and blacks? A 1992 Detroit survey provides the necessary information.⁵¹

This survey found that the vast majority of blacks prefer to live in an integrated neighborhood where blacks make up at least 50 percent of the population, and that almost all blacks would be willing to move into an integrated neighborhood where the black population share fell between one-third and three-quarters. Only 20 percent of blacks state a preference for an all-black neighborhood, and only 4 percent prefer to be in an otherwise all-white neighborhood. However, 79 percent of blacks would be willing to move into an all-black neighborhood, whereas only 28 percent are willing to be pioneers, that is, to be the first black to move in. Blacks' reluctance to live in a largely white neighborhood has increased over time. In a 1976 Detroit survey, only 66 percent of blacks were willing to move into an all-black neighborhood, and 38 percent of blacks were willing to be pioneers.⁵²

A survey of black attitudes in 1990 by the National Opinion Research Center paints a similar picture for the nation as a whole. Sixty percent of blacks said they were in favor of, and only 6 percent said they were opposed to, living in a neighborhood that was half black and half white.⁵³ The limited available evidence indicates that Hispanics' attitudes toward integration with non-Hispanic whites are similar to those of blacks.⁵⁴

These survey results indicate that, at least on average, black attitudes do not constitute a major barrier to stable integration. Enough blacks are willing to be pioneers for integration to be started, and most blacks state a willingness to live in a neighborhood with a significant white population. The same conclusions probably hold for Hispanics. Nevertheless, there are some signs that blacks are now somewhat more hesitant about integration than they were in 1980.

In the case of white attitudes, the 1992 Detroit survey reveals that 4 percent of whites would move out of a neighborhood that was 7 percent black, 15 percent would move out of a neighborhood that was 20 percent black, and 41 percent would move out at 33 percent black.⁵⁵ With an average set of whites (at least an average for Detroit), integration therefore could be maintained in the short run at 7 or 20 percent black, but not at 33 percent black.⁵⁶ White prejudice may be stronger in Detroit than in other metropolitan areas. In Cleveland in 1991, for example, only 14 percent of whites said they would move out of a neighborhood that was one-quarter black, and only 35 percent of whites would move out when a neighborhood had an equal share of blacks and whites.⁵⁷ The limited available evidence suggests that whites' aversion to living with Hispanics is similar to, but somewhat weaker than, their aversion to living with blacks.⁵⁸

These are only short-run results, however, because many people move for nonracial reasons. Stable integration in the long run requires whites to be willing to move into an integrated neighborhood.⁵⁹

On this point the Detroit survey results are less encouraging for stable integration. In particular, 27 percent of whites said they would not be willing to move into a neighborhood that was 7 percent black, and this percentage increased to 50 percent at 20 percent black and to 73 percent at one-third black.⁶⁰ With an average set of whites from Detroit, therefore, integration cannot be sustained in the long run at any racial composition.⁶¹

The Causes of Segregation

This type of analysis has led some observers to conclude that white prejudice, which appears here as a white unwillingness to move into neighborhoods with a significant black or Hispanic population, is the key cause of residential segregation.⁶² After all, the argument goes, segregation cannot be expected to decline unless integrated neighborhoods can be sustained. Indeed, this view has been expressed by the U.S. Supreme Court. In a 1992 school desegregation decision, *Freeman v. Pitts*, the majority opinion said, in part:

The District Court has heard evidence that racially stable neighborhoods are not likely to emerge because whites prefer a racial mix of 80 percent white and 20 percent black, while blacks prefer a 50 percent-50 percent mix. Where resegregation is a product not of state action but of private choices, it does not have constitutional implications. It is beyond the authority and beyond the practical ability of the federal courts to try to counteract these kinds of continuous and massive demographic shifts.⁶³

Despite the imprimatur of the Supreme Court, however, this conclusion is simply not correct. For six important reasons, one cannot say that white prejudice is the key cause of segregation.

First, not all neighborhoods contain whites with average preferences.⁶⁴ The Detroit area, for example, contains over one million white households. According to the Detroit survey, 30 percent, or over 300,000 households, are willing to move into a neighborhood that is 53 percent black; and 44 percent, or over 440,000 households, are willing to move into a neighborhood that is one-third black. Even in Detroit, which appears to have unusually strong white prejudice, there are enough willing white households to fill many integrated neighborhoods.

A recent study of racial transition in Cleveland during the 1970s explores this issue in detail.⁶⁵ This study finds that the extent to which whites leave a neighborhood in response to a given concentration of black residents depends heavily on the degree of white prejudice in the neighborhood.⁶⁶ For the most prejudiced neighborhoods, tipping

will occur as soon as the first black moves in, but in the least prejudiced neighborhoods integration might be sustained at a composition of 50 percent black or more.

Indirect evidence from other cities also supports the view that white attitudes sometimes are conducive to integration. One study found, for example, that "About one-tenth of the metropolitan Chicago white population in 1980 lived in areas where there had been a significant black or Hispanic population for more than a decade and no major racial change was taking place."⁶⁷ Most of these areas were in the suburbs and away from the path of the ghetto expansions to the west and south of the city. And in the twenty-five largest cities, about one census tract in twenty remained stably integrated throughout the 1970s.⁶⁸ Thus, racial transition is by no means inevitable, at least not within a fairly long time span.

Second, whites' neighborhood preferences reflect both their racial and ethnic prejudices and their opportunities in other neighborhoods. If all neighborhoods were integrated, not even the most prejudiced white would have an incentive to move out of a neighborhood because a black family moved in.⁶⁹ Hence, whites' neighborhood preferences as expressed in the Detroit and other surveys are influenced by racial discrimination in housing and by any other factor that preserves all-white neighborhoods to which whites can flee.

The third reason is that white prejudice itself is a product of past and current discrimination in housing and other markets.⁷⁰ The distinction between blacks and whites (or between Hispanics and whites) has no intrinsic power but has gained power in this society because of a long history of discrimination against blacks and Hispanics and the resulting disparities in social and economic outcomes. Whites prefer white neighborhoods because they are taught that blacks or Hispanics are inferior,⁷¹ find support for this view in the relatively poor average outcomes for these minority groups, and, because of extensive segregation, rarely experience the kind of interracial contact that breaks prejudice down.⁷² The fiction of black or Hispanic inferiority that is at the heart of white prejudice is thus supported by a powerful vicious circle: Prejudice builds on observed disparities in social outcomes, is protected by the lack of contact that goes with segregation, and then supports the continuing discrimination by which these disparities and this segregation are preserved.⁷³

Stating that white prejudice is a cause of segregation is equivalent, therefore, to the statement that past discrimination continues to promote segregation through its legacy of white prejudice. The common conclusion by scholars that segregation is caused by both prejudice and discrimination provides a way to separate the role of past and current discrimination, but the scholarly literature gives no support

to the claim that segregation is inevitable because whites "simply" do not want to live with blacks or Hispanics.⁷⁴ Thus, it is profoundly disturbing that the Supreme Court would justify a passive acceptance of racial segregation on the basis of white prejudice that would not persist if racial segregation were to disappear.

Fourth, a household's neighborhood preferences are influenced by many factors other than current or expected racial composition. Households care, for example, about crime rates, school quality, and housing deterioration. Racial or ethnic transition by itself has no significant impact on these amenities. However, because neighborhood amenities tend to decline as income declines and because racial or ethnic transition often is accompanied by income transition,⁷⁵ many people associate racial or ethnic transition with a decline in housing quality or an increase in crime. Moreover, governments may provide poorer services in poorer neighborhoods or even discriminate against minority neighborhoods, so many people also may associate racial or ethnic transition with a decline in public services, such as education and police protection. Some surveys of prejudicial attitudes attempt to account for neighborhood amenities in the wording of their questions, but no survey can determine the extent to which expressed prejudice reflects perceptions about events that accompany transition as opposed to attitudes about racial or ethnic composition as such.

One study in Chicago in the early 1980s, for example, found that white households' intentions to move were strongly associated with their expectations about neighborhood tipping and with their racial prejudices.⁷⁶ However, when their perceptions about neighborhood crime and housing deterioration were introduced into the analysis, the impact of racial factors disappeared. Moreover, a 1991 survey in Cleveland asked whites "what it would take for them to move into a mostly minority neighborhood."⁷⁷ Sixty percent of whites said a better education for their children, 58 percent said a guarantee of their personal safety, and 52 percent said an improvement in city services.⁷⁸ Racial and ethnic attitudes are not so strong for most people that they cannot be overcome by other neighborhood factors.

Fifth, current racial and ethnic discrimination plays a major role in promoting segregation quite apart from its link to whites' racial attitudes. Audit studies demonstrate that discrimination sometimes serves to exclude minorities from certain neighborhoods.⁷⁹ Even when the discriminatory barriers are not absolute, however, steering and other forms of discrimination channel black and Hispanic demand for housing into certain integrated neighborhoods and thereby hasten racial transition there.⁸⁰

Discrimination also can lower the likelihood that blacks and His-

panics will move at all.⁸¹ Moreover, minority households' willingness to be pioneers in an all-white neighborhood, which appears to be declining, undoubtedly reflects the possibility that they will encounter blatant discrimination or even violence after making such a move.⁸² Thus, discrimination pushes minority households toward minority neighborhoods. This effect now appears in suburbs as well as in central cities. In 1990, 32 percent of urban blacks lived in the suburbs, compared to 26 percent in 1980; and the appearance of stable, middle-class communities in some urban areas, including Miami, St. Louis, Atlanta, and Washington, D.C., pulls some middle-class blacks away from the largely white areas to which they might otherwise turn.⁸³

A recent study provides clear, direct evidence of the link between current discrimination and residential segregation.⁸⁴ Using 1980 data for a large sample of metropolitan areas, this study finds that two dimensions of segregation for blacks—centralization and exposure to whites—are influenced by current discrimination. All else equal, the higher the incidence of sales market discrimination in the area, as measured by fair housing audits, the more centralized blacks are relative to whites and the lower the index of residential exposure.⁸⁵

The final reason is that an exclusive focus on white prejudice does not consider the important role of neighborhood, market, and government institutions. In some cases, the actions of real estate brokers, lenders, and government officials magnify the forces that cause racial or ethnic transition. In other cases, community groups, real estate brokers, and public agencies have acted together to break the vicious cycle and maintain integration. The underlying process that promotes racial or ethnic transition is strong, but as the case studies in the following sections reveal, institutional factors can boost the speed with which this transition takes place or, under some circumstances, prevent it from happening at all.

Overall, therefore, residential segregation is one outcome of a complex system in which prejudice, segregation, discrimination, and racial or ethnic economic disparities are simultaneously determined.⁸⁶ Each of these phenomena influences the others. Because of their complexity, these relationships are difficult to study, but most scholars now recognize that racial and ethnic prejudice and discrimination are both causes and consequences of residential segregation.

Blockbusting and Neighborhood Decline

The recent history of Boston's Mattapan neighborhood, which was stable, white, and largely Jewish in 1970, shows how powerful institutional factors can be in promoting racial transition.⁸⁷ After Martin

Luther King, Jr., was assassinated in 1968, Boston, like many other cities, experienced riots in its low-income black neighborhoods. In response, Mayor Kevin White and most of the banks in Boston set up the Boston Banks Urban Renewal Group (BBURG) to expand homeownership opportunities for blacks. When the program started in 1968, blacks in Boston were largely confined to a poor neighborhood called Roxbury, and BBURG made available \$20 million in FHA-insured mortgages to help blacks in Roxbury buy houses in better neighborhoods.

Whatever the intentions of the mayor, however, the BBURG program was a disaster. Perhaps the most striking feature of the BBURG program was that, for both political and economic reasons, the participating banks drew, literally, a line around Roxbury, Mattapan, and parts of nearby neighborhoods and issued BBURG loans only inside this line.⁸⁸ The BBURG line had the effect of focusing all the increased black demand for homeownership in a small area and magnifying all the pressures for racial transition.

In addition, many banks skimmed on the inspections that were required for the FHA loans. In fact, one survey discovered that almost two-thirds of the houses purchased with BBURG loans required major repairs within two years.⁸⁹ Because the loans required little or no down payment and were given to people with little or no savings, the new homeowners were left in the impossible position of living in houses with major structural defects or defaulting on their loans. Many of them chose default; and abandoned properties, which often fell victim to vandalism or structural deterioration, soon started to appear within the BBURG line. This decline lowered the value of neighboring houses. The lenders were not upset by all this because the FHA loans were fully insured by the federal government.

Finally, many unscrupulous real estate agents took advantage of the situation by engaging in aggressive blockbusting and speculation activities. These agents called white households in Mattapan and told them that they should sell immediately before blacks moved in. Indeed, "Telephone calls by the realtors became a daily routine."⁹⁰ Panic selling ensued. These agents not only made commissions when houses turned over but also profited from speculation. Before the BBURG banks stopped the practice in 1969, agents often purchased a property from a frightened white family and resold it within one or two weeks to a black family at twice the price. The city did not step in until 1971, when it passed an anti-blockbusting ordinance.

The rate of racial transition in Mattapan was phenomenal. One white resident said ". . . it became a nightmare. . . . Out of 141 white families on my street, only 7 were left within 2 years." The Welling-

ton and Blue-Hill/Norfolk neighborhoods in Mattapan, which had been 99.9 percent white in 1960, were 48 percent black by 1970 and 85 percent black by 1976.⁹¹

Although the story of Mattapan is a particularly tragic example of racial transition, similar stories can be told about neighborhoods in several other cities, including Chicago and Detroit, during the 1960s and 1970s. Blockbusting is explicitly outlawed by the 1968 Fair Housing Act, and many communities have passed anti-blockbusting ordinances, such as bans on for-sale signs. Perhaps as a result, the incidence of such dramatic episodes of racial transition appears to have abated. Nevertheless, the potential for exploitation of racial fears remains.

■ INTEGRATION MAINTENANCE AND AFFIRMATIVE HOUSING

With the help of community groups and, in most cases, local governments, several communities have sustained racial or ethnic integration for a long period of time or otherwise eased racial or ethnic tensions in their housing markets. These communities include Oak Park and Park Forest, suburbs of Chicago; Shaker Heights and Cleveland Heights, suburbs of Cleveland; Park Hill in Denver; West Mt. Airy in Philadelphia; Butler Tarkington in Indianapolis; and the 19th Ward in Rochester.⁹²

Integration Maintenance and Affirmative Housing Programs

A wide range of programs has been employed to maintain integration and ease racial and ethnic housing conflicts. These programs fall into four broad categories.⁹³

The first category consists of programs that improve the flow of information in the housing market:

Race-conscious housing counseling by a private or government housing center. This type of counseling encourages homeseekers to consider moving into neighborhoods where their own racial or ethnic group is not concentrated.

Affirmative marketing by real estate brokers. Marketing of this type, which might be required or encouraged, involves making an effort to inform customers about housing possibilities in neighborhoods

where their own racial or ethnic group is not concentrated and thereby to expand their choices.⁹⁴

*Collection and dissemination of racial or ethnic information about neighborhoods by a private or government housing center.*⁹⁵ The information collected usually includes the racial or ethnic composition of the residents and current homeseekers in various neighborhoods. This information can help to prevent the rumors and misperceptions that often arise in unregulated episodes of racial transition.

Requiring or encouraging notification, to a private or government housing center, of the desire to sell one's house. This policy is designed to ensure that all housing can be included in a program of race-conscious counseling or affirmative marketing before it is sold.

A second category of program is designed to improve neighborhood quality and thereby to offset the common perception that neighborhood quality declines when racial or ethnic transition occurs. This perception may lead whites either to keep minorities out or to leave once minorities start to move in—actions that do not support integration. Programs to break this cycle include:

Programs to maintain housing quality in changing neighborhoods. These programs, which involve strict code enforcement or financial assistance for housing maintenance, are designed to directly counter the perception that racial or ethnic transition inevitably leads to a decline in neighborhood housing quality.

Programs to maintain or even boost public service quality in changing neighborhoods. These programs are intended to reassure residents that the local government is committed to maintaining public service quality in all neighborhoods. Programs to boost school quality may be particularly important because many parents are more concerned about school integration than about neighborhood integration.⁹⁶ Programs to boost police protection also can offset the perception that neighborhood transition leads to more crime.⁹⁷

Programs to promote intergroup understanding. Negative perceptions about neighborhood transition and about entering groups also can be addressed directly through educational, recreation, and other programs.

The third category involves programs aimed at preventing behavior that fosters neighborhood transition:

Programs to combat housing discrimination, especially racial and ethnic steering. Steering and other forms of discrimination by real estate agents have the opposite impact of affirmative marketing; that is, they promote segregation. Programs to combat housing discrimination therefore can play an important role in promoting integration.

Anti-blockbusting ordinances, such as solicitation bans or the prohibition of for-sale signs. Blockbusting tactics by real estate agents can undercut efforts to maintain integration. Bans on unwanted solicitation of homeowners by agents and bans on the posting of for-sale signs in front of houses help prevent some of the worst kinds of blockbusting behavior.

The final category of programs provides financial or other incentives for individuals to take pro-integrative actions. These programs are designed to offset the reluctance of many households, particularly white households, to move into integrated neighborhoods:

Low-interest loans for households who move into neighborhoods where their group is underrepresented. This approach provides a financial incentive for households to help maintain an integrated neighborhood. Similar financial incentives can be provided through lower downpayment requirements, tax credits, or rent relief.

Home equity insurance. Many whites believe that house values decline when racial transition occurs.⁹⁸ Home equity insurance, or assurance as it often is called, is designed to reassure people that they will not lose money even if this belief is correct.

Oak Park

The Chicago suburb of Oak Park has employed most of these tools in its efforts to maintain integration.⁹⁹ These efforts began in 1963 when the Oak Park village government established the Community Relations Commission to oversee the real estate industry and the housing market. In 1968, the village passed a Fair Housing Ordinance, which prohibited discrimination and forbade panic selling and unrequested solicitation of homeowners by real estate brokers, as well as requiring licensing of all real estate businesses in the village. Fines and injunctive powers gave the ordinance some teeth, and it was later complemented by a ban on for-sale signs and a testing program to uncover discrimination. The Commission, which enforced the ordinance, be-

gan, with the cooperation of the local real estate community, a race-conscious counseling program in the fall of 1971 and was reorganized into the Community Relations Department of the village government in 1972. The counseling program was complemented by the activities of a private Housing Center, which began operations in 1972, and various other community organizations.

The village's objective was officially expressed in an April 1973 resolution called "Maintaining Diversity in Oak Park." This resolution said, in part, "Efforts to achieve diversity are nullified by the resegregation of neighborhoods from all white to all black. . . . A free and open community—equal and diverse—can only be achieved through dispersal: a mixture of racial and ethnic groups throughout the Village."¹⁰⁰ Throughout the 1970s additional policies were enacted to promote this objective. The village required licensing of apartments along with annual inspections, required reports on the race of occupants, and strengthened code enforcement. It also set up a program to inspect the exterior of owner-occupied housing and suggest repairs to the owners. It made certain that the quality of garbage collection, police protection, and other public services was maintained in integrated neighborhoods. Finally, in 1978 Oak Park set up an "equity assurance plan," "that reimburses residents for up to 80 percent of any losses incurred in the sale of their homes after 5 years."¹⁰¹ This program was designed to offset white homeowners' fears that they would lose money on their houses if their neighborhood underwent racial change.

These efforts had success for many years, but their long-term impact is not yet clear. Oak Park was 11 percent black in 1980 and increased to 18 percent black by 1990.¹⁰² These figures suggest stable integration, but the white population of Oak Park has declined rapidly, by 24 percent between 1970 and 1980 and by 33 percent between 1980 and 1990. Moreover, despite the city's affirmative marketing program, the tracts on the city's eastern border, which are next to black tracts in Chicago, are all 25–40 percent black. It is not clear, therefore, whether white flight from Oak Park can be slowed in the 1990s.

Shaker Heights and Cleveland Heights

Similar plans were implemented in two Cleveland suburbs, Shaker Heights, an upper-middle-income community, and Cleveland Heights, its middle-income neighbor. In Shaker Heights, community groups devoted to integration arose in response to the bombing of a black resident's home in 1954.¹⁰³ These groups gained foundation support and eventually turned to the task of attracting white families into integrated neighborhoods. This same objective was embraced by the

city of Shaker Heights, when it established the Shaker Heights Housing Office in 1967.¹⁰⁴

Meanwhile, community efforts in Cleveland Heights were also triggered by the bombing of a black person's home.¹⁰⁵ The city of Cleveland Heights focused on preventing racial steering by brokers and filed a highly publicized lawsuit against a large real estate company in 1979. The suit contended that this agency steered whites away from Cleveland Heights and blacks to Cleveland and thereby "contributed to the erosion, interference and obstruction of integrated housing opportunities."¹⁰⁶

From these beginnings, the efforts in these two suburbs expanded to include:

- (1) information dissemination designed to convince blacks that the communities welcomed integration and to convince whites that integration would not lead to racial transition;
- (2) aggressive enforcement of tough fair-housing laws;
- (3) stringent housing codes coupled with home maintenance subsidies;
- (4) enhancement of public service quality (especially education);
- and (5) housing brokerage services that explicitly attempted to allocate vacancies in ways which created and maintained racial balances in all neighborhoods.¹⁰⁷

These city and community activities were complemented by a loan program of the Ohio Housing Finance Agency. This program set aside a pool of mortgage money for whites or blacks who moved into neighborhoods where their racial group was underrepresented. By 1991, 115 pro-integrative mortgages were provided, most of them to whites.¹⁰⁸ This program has been followed by similar programs, financed by area foundations, to provide small second mortgages for people who make pro-integrative moves.¹⁰⁹

Although the racial balance is not the same in every neighborhood, these two communities appear to have achieved relatively stable integration. Shaker Heights went from 13 percent black in 1968 to 29 percent black in 1986 and Cleveland Heights went from 3 to 30 percent black over the same period. The late 1980s brought little additional change; by 1990, the black population share was 31 percent in Shaker Heights and 37 percent in Cleveland Heights.¹¹⁰

Conclusion:

When Can Integration Maintenance Succeed?

Although formal evaluations of the effectiveness of these programs, either individually or in combination, have not yet been conducted,

several scholars have identified circumstances under which integration maintenance programs do or do not succeed. One recent study identified two "important, but not critical" conditions for the success of an integration maintenance program, and two other conditions that are absolutely necessary.¹¹¹ The first two conditions are that the community or neighborhood must have housing quality and neighborhood amenities of sufficient quality to be successfully marketed and that the program must be supported, if not conducted, by local government. These two conditions clearly were met in the cases discussed above.

The second two conditions are the absence of a concentration of public housing in the community and the absence of racially identifiable schools. The presence of public housing seems to promote whites' perception that a community is going to undergo both racial and income transition, thereby making it difficult to prevent white flight. Moreover, the presence of racially identifiable schools appears to encourage white flight by magnifying whites' fears about the extent and nature of impending racial transition.¹¹² Some cities or neighborhoods have no control over the racial or ethnic character of their schools because they are part of a larger school district. Places that do have control, however, can minimize white fears by making integration as even as possible and by aggressively maintaining school quality.

The Sherman Park area of Milwaukee, which was described at the beginning of this chapter, appears to have faltered on several of these conditions. It was hit by "a school redistricting plan that has resulted in racially identifiable schools, the development of large amounts of publicly assisted housing within the area, the withdrawal of state funding for a prointegrative program, and internal instability of the community organization" that was promoting integration.¹¹³

Starrett City

The problems and possibilities for integration maintenance are particularly well demonstrated by the story of Starrett City, a large, subsidized, middle-income rental housing project in Brooklyn, New York.¹¹⁴ This project, which opened in 1974, was built with extensive loans from the New York State Housing Finance Agency. It contains about 15,000 residents in 5,881 apartments and 46 buildings. The developer was Starrett City Associates, an affiliate of the Starrett Housing Corporation, which has built many other housing projects in the New York metropolitan area as well as the Empire State Building.¹¹⁵

Starrett City's site has many disadvantages for attracting middle-income households, particularly middle-income whites. Moving clockwise from the southeast, Starrett City is surrounded by landfill mounds, 50 or 60 feet high, which block the view of Jamaica Bay, at least for the lower stories; the wide, polluted Fresh Creek basin, with high, litter-strewn banks; a large junk yard; large housing projects; and a sewage treatment plant. The only pleasant view is to the east, where residents can see the remains of the marsh that once covered the entire site. The housing projects on the northern corner of the site were integrated in 1974 when Starrett City opened, but they are now almost entirely black. The closest projects are for middle-income families, but numerous lower-income projects appear as one moves northward away from Starrett City. Moreover, East New York, one of the poorest black neighborhoods in the city, is located just a few blocks to the north. Canarsie, an all-white, working-class neighborhood, lies to the southwest of Starrett City, but it is separated from the site by the above-mentioned creek. Overall, it is ironic that such an important experiment with integration took place on a site where integration would prove to be so expensive to maintain.

When Starrett City opened in 1974, no whites applied. So the Starrett City management began a three-part strategy to attract whites and maintain integration. The first part was to provide amenities that would make the site more attractive to whites, and in particular to counter whites' perceptions that crime, school decline, and neighborhood deterioration inevitably accompanied racial integration.¹¹⁶ Starrett City built a large fence around the project, hired a large security force with guard dogs, and placed a large sign at the northern entrance to the project proclaiming its commitment to safety. It convinced the city to build two schools inside the project; constructed parks and playgrounds; hired a large maintenance crew to keep the grounds attractive; built tennis courts, a swimming pool, and a community center; put up a shopping center; and provided an express bus to Manhattan.

The second part of the strategy was an extensive advertising campaign designed to attract whites. Starrett City advertised extensively in white ethnic newspapers, emphasizing its commitment to safety and to neighborhood stability.¹¹⁷ No comparable advertising campaign was conducted in black neighborhoods. When no whites applied at first, Starrett City altered its construction plans to start at the southern edge, near the Belt Parkway, instead of at the northern edge, nearest East New York.¹¹⁸ Moreover, it placed a large, welcoming sign at the southern entrance to the project, right by a parkway exit, where it would be seen by thousands of commuters, most of whom were white.¹¹⁹

The third, and most controversial, part of the Starrett strategy was to impose a ceiling quota on the number of minority residents, not only within the project as a whole, but also within each building and even on each floor.¹²⁰ This quota originally was set at 30 percent minority. Because of the quota, black and Hispanic families made up 9,000 of the 14,000 people on the Starrett waiting list in the early 1980s.¹²¹ A black family on the list could expect to wait 20 months for a two-bedroom apartment, whereas the wait for a white family was only 2 months, on average.

These policies ultimately produced a stably integrated community. As one observer put it: "Starrett City thrives on the paradox of achieving integration by discriminating against blacks."¹²² Because the number of white applicants was so low at the beginning, the project filled up slowly, and was not fully occupied for several years. The original ceiling quota was loosened somewhat over time, and by the early 1980s, the project was 65 percent white and 35 percent minority.¹²³ About three-quarters of the minority residents were black; almost all the rest were Hispanic.

In 1979 five black applicants, with the support of the NAACP, sued Starrett City for discriminating through its quota.¹²⁴ Because of its financial involvement with the project, the State of New York also was named as a defendant. After 5 years of litigation, this suit was settled out of court. Starrett agreed to add 175 black families to the project over the next 5 years but did not agree to eliminate its ceiling quota. New York State agreed to ask for voluntary affirmative action programs from the eighty-six projects (involving 69,755 units) funded under the same program as Starrett City. By one estimate, between one-quarter and one-half of these projects were 85 percent or more white.¹²⁵ Moreover, Starrett agreed to distribute waiting list announcements from state projects to minorities on the Starrett waiting list. Starrett did not agree to affirmative action programs at any of its own other projects, however, or even to inform minorities on the Starrett waiting list about its vacancies elsewhere.

In June 1984 this settlement was challenged in court by the U.S. Justice Department, on the grounds that it continued to rely on an illegal quota.¹²⁶ Lower courts agreed, and the suit eventually went before the U.S. Supreme Court, which ruled in favor of the Justice Department in November 1988.¹²⁷ Thus, Starrett City no longer employs a quota of any kind, although it remains committed to maintaining integration.¹²⁸ Between 1988 and 1990, the share of whites in Starrett City dropped sharply from 62 to 50 percent. However, the project remained very diverse, as the population share increased from 23 to 26 percent for blacks, from 8 to 16 percent for Hispanics, and from 5 to 8 percent for Asians.¹²⁹ It remains to be seen whether Starrett City

can find tools to replace its quotas to maintain this degree of racial and ethnic integration.

This case illustrates four key lessons about integration maintenance programs. The first lesson is that racial and ethnic integration can work. Residents of Starrett City consistently give strong support to the integrated nature of their community.¹³⁰ Blacks, Hispanics, and whites can learn to live together.

Second, this case shows that the dynamics of neighborhood change and particularly the so-called tipping point are subject to some control and manipulation. Because of its site, Starrett City could not attract any whites when it first opened, but by aggressively altering its amenities and influencing whites' perceptions about the project, Starrett was able to attract many whites, indeed almost two-thirds of its population, into an integrated environment. These steps were facilitated by Starrett City's scale; that is, by the ability of the developer to directly influence such amenities as safety and recreation. More typical neighborhoods with fragmented ownership require community or government organizations to carry out the same steps.

The third lesson from Starrett City is that policies to eliminate discrimination and policies to promote integration sometimes are in conflict with each other. The managers of Starrett City believed that their quota was necessary to maintain integration, but this quota clearly discriminated against blacks on the waiting list. Any policy to maintain integration must address this conflict or find a way to avoid it.

Finally, the Starrett story shows how difficult it is to promote integration in a single neighborhood, even a large one, especially near a low-income minority neighborhood.¹³¹ In the first place, the net impact of Starrett City on integration may have been quite modest because of the white flight it apparently caused from the housing projects immediately to the north. Moreover, all three aspects of the Starrett strategy—the amenities, the advertising, and the quota—were dramatic and expensive. The cost of the quota did not fall on Starrett or its residents, but instead fell on minority applicants; this cost, like the cost of housing discrimination in its other forms, may have been quite high. The original settlement with the state explicitly recognized this issue by making a connection between Starrett City and other comparable housing projects. In other words, the requirement that waiting list applications for these projects be made available to minorities on the Starrett City waiting list was a step, although a limited one, toward removing the cost of the ceiling quota from minority households.¹³²

Thus, the great limitation of the original settlement and the trag-

edy of the subsequent Justice Department suit are that more direct connections were never made, either by the Starrett Corporation or by New York State, between the minority applicants on the Starrett City waiting list and opportunities at other housing projects. Starrett City clearly had (and indeed still has) the power to promote integration without imposing costs on minority applicants by offering such applicants information about available housing at its other projects as well as at state-financed projects. If offering information proved insufficient to induce racial balance on the Starrett waiting list, the Starrett Corporation could demonstrate its commitment to integration by offering moving expenses or a free month's rent or some other inducement to people on any of its waiting lists who were willing to move to other Starrett projects where their racial or ethnic group was underrepresented. The state could take similar steps. In any case, efforts to maintain integration in a single neighborhood face enormous obstacles when blacks and Hispanics do not have information and access to all other neighborhoods and when whites have many all-white neighborhoods to which they can flee.

■ CONCLUSIONS

Discrimination has had, and indeed continues to have, a dramatic impact on urban housing markets.

Blacks and Hispanics are far less likely than whites to own their own homes. The homeownership rate is only 43.4 percent for blacks and 42.4 for Hispanics, compared to 69.1 percent for whites. Moreover, the homes that minorities do own are worth far less than the homes owned by whites, and minorities are much more likely than whites to live in crowded conditions or in deteriorated housing or to face a high rent burden. Overall, discrimination has produced a deficit in net housing wealth of about \$414 billion for blacks and \$186 billion for Hispanics.

Racial residential segregation continues to be extremely high, especially in metropolitan areas with large black populations. In the average such area, three-quarters of the black population (or of the white population) would have to move to achieve an even population distribution. Hispanics live in less segregated conditions, but in the areas with the largest Hispanic populations, about half of Hispanics (or whites) would have to move for an even population distribution to be achieved.

Using this measure of the evenness of segregation, black-white segregation declined somewhat and Hispanic-white segregation in-

creased slightly during the 1980s. However, black-white segregation increased on other dimensions, such as racial isolation, in many cities, and the number of hypersegregated cities, which are cities highly segregated on at least four of the five dimensions identified by scholars, increased significantly during this period.

Segregation remains high despite frequent neighborhood change because of the predominance of complete racial and ethnic transition: most neighborhoods into which minorities enter eventually become dominated by minorities. This transition is influenced by existing patterns of segregation, continuing discrimination, and racial and ethnic prejudice, all of which influence each other. It is not correct to say that racial and ethnic transition, and hence segregation, is simply the product of white prejudice against living with minorities. After all, white prejudice itself is heavily influenced by group separation and by the intergroup disparities in economic and social outcomes that are the legacy of past discrimination. Moreover, complete neighborhood transition, although common, is not inevitable.

Community organizations, local governments, and the real estate business can either encourage rapid neighborhood transition or promote stable integration. Cities around the country provide examples of both types of response. Communities that have successfully sustained integration over long periods have used a wide range of programs, including "public relations and advertising; education; promotion of sales and rental housing, including the use of financial incentives; liaison with the real estate industry and affirmative marketing; maintenance of the housing stock through zoning, point-of-sale inspections, and code enforcement; fair housing monitoring; commercial redevelopment and revitalization; and school desegregation."¹³³