Racial Residential Integration in Urban America

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Raised in Philadelphia, Rebecca Labov developed both a deep appreciation for cities and a frustration with the inequalities that exist across geographic lines. She received her undergraduate degree from the University of Pennsylvania in architecture and urban studies. After gaining professional experience as both an architect and a public school educator, she is pursuing a Master of Urban Planning at the University of Michigan, with the ultimate goal of working to create a more equitable educational landscape for young people.
Racial residential segregation remains a serious problem that adversely impacts people of color in the United States more than 40 years after the passage of the Fair Housing Act. A review and analysis of policy approaches considers the effectiveness of regulatory, demand-based, and supply-based strategies to address segregation. Historically, the U.S. has relied heavily on housing regulation that has been unsuccessful because it lacks adequate enforcement. Demand-based strategies have consisted mainly of mobility programs which, despite some successes, do not represent a realistic solution to widespread segregation. Policies that address the supply-side of housing issues, including the Low Income Housing Tax Credit and HOPE VI, have indirectly targeted segregation with moderate success. Promising practices in Inclusionary Zoning have addressed integration more directly, although progress has been limited. The Obama administration’s 2015 Affirmatively Furthering Fair Housing rule is the most recent regulatory effort to address segregation; however, this rule was already under threat from Congress days after President Trump’s inauguration in January 2017. This underlines why anti-segregation strategies must be supported by quantitative measures and clean, results-based legal enforcement. In addition, demand- and supply-based programs are needed that provide state and local governments with the incentives and the means to work towards fair housing goals. Demand-based programs such as mortgage incentives and subsidies may be used to expand opportunities for marginalized groups. Supply-based programs that build off the successes of Inclusionary Zoning may serve as effective incentives for developers to provide housing that promotes integration.
must be backed not just by clear, results-based enforcement, but also by an array of demand- and supply-based programs that provide state and local governments with the incentives and the means to work towards fair housing goals.

**Residential Segregation in the United States**

There is no clear way to measure segregation because it is a complex social issue. Measures generally fall into one of two categories: *absolute* measures, which describe the ratios of racial and ethnic groups in an area, and *comparative* measures, which consider segregation relative to the demographic makeup of a region. Descriptive research often uses comparative measures to highlight two-way segregation between whites and marginalized racial and ethnic groups: most often black-white and Hispanic-white. The two most commonly used metrics today are the *index of dissimilarity*, which measures the percentage of one group that would have to move to achieve integration, and the *exposure index*, which describes the percentage of one group located in the average neighborhood of another.

Racial residential segregation persists as a defining feature of the U.S. housing landscape. In their influential 1993 work *American Apartheid*, Massey and Denton used both the index of dissimilarity and exposure index to illustrate that black and Hispanic Americans remained highly segregated from whites. Segregation waned little over the decade that followed; even in the 21st century, blacks are still considered hypersegregated in dozens of major metropolitan areas. Analysis of 2010 U.S. Census data reveals that black-white exposure scores have made little progress, and that unlike white neighborhoods, black neighborhoods have not become less homogenous. Racial discrimination continues to be a factor, as Department of Housing and Urban Development (HUD) fair housing audits (as recent as 2012) show that net discrimination in the rental market results in a difference of approximately 10 percent in access and favorability for black, Hispanic, and Asian renters.

Theoretical explanations of racial segregation generally fall into three categories—consumer preferences, socioeconomic limitations, or racial discrimination—though subscribing to only one may oversimplify a complex issue. Theoretical models based on consumer preferences rely on the premise that individuals self-segregate. Studies of racial preferences have shown that segregated patterns are mostly determined by the preferences of non-Hispanic whites, who exhibit self-segregating behaviors, although their resistance to integration has waned over time.

The idea that patterns of segregation are due solely to differences in socioeconomic status does not account for the fact that blacks do not see the same payoff as whites for improved socioeconomic status through homeownership. Camille Charles argues against the tendency to minimize the impact of racial discrimination in her framework of the *place stratification* model of segregation, which considers racial discrimination to be an important structural force shaping housing patterns: “Present-day racial segregation…is best understood as emanating from structural forces tied to racial prejudice and discrimination that preserve the relative status advantage of whites.”

Theoretical support for housing integration is expressed in terms of both the negative consequences of segregation and direct benefits of integration. Black and Hispanic households living in isolation face obstacles in terms of economic opportunities, education, mobility, crime, health, and neighborhood services.
Racial segregation has been shown to have a detrimental impact on economic growth due to poor infrastructure and discrimination in lending for small businesses. The isolation of poor black and Hispanic children in schools has also been shown to have detrimental and lasting impacts on education and achievement. These factors limit socioeconomic mobility and promote intergenerational poverty.

The benefits of integration are also significant, though less often observed. Integration has been shown to result in education and employment gains for black and Hispanic households participating in residential mobility programs. Integration may also have profound impacts on society; the contact hypothesis posits that proximity will improve relations between racial and ethnic groups. An Urban Institute report on the benefits of neighborhood diversity describes the link between integrated neighborhoods and “greater tolerance, fair-mindedness, and openness to diverse networks and settings.” While neighborhood diversity alone cannot guarantee a reduction in racism, it is a prerequisite for the mutual understanding needed to make meaningful progress.

Critics of integration argue that it does more harm than good for racially isolated neighborhoods, and that our resources would be better used to promote affordable housing and improve quality of life in those neighborhoods. There is also a concern that breaking up majority-minority communities results in reduced political strength. Integration may also further subjugate people of color by reinforcing stigma, reducing access to housing, and forcing integration. Deeper criticism of integration asserts that it allows us to ignore the structural forces that create segregation in the first place; Maya Dukmasova in Slate writes that integration efforts have “done nothing to challenge the processes through which black spaces in this country have become uninhabitable.” While there are clearly fundamental disagreements about the merits of integration, it is the prerogative of policy makers to look to integration as a solution only if it serves to remove barriers for the oppressed. The analysis that follows maintains a critical lens in examining past and contemporary integration policies.

Policy Approaches and Evaluation

Policy approaches to increase residential integration have been largely unsuccessful. This is in part a function of erratic policies that change with each presidential administration, and the difficulty of obtaining funding for housing programs even in a liberal administration. When HUD has prioritized equity goals, it has come under heavy criticism for spending on “social engineering” rather than providing housing for those in need. Additionally, there is a history of disagreement amongst policymakers on how federal resources should be used to promote desegregation, and how to monitor compliance. Below, I provide an overview of regulatory, demand-based, and supply-based policies, ranging from least aggressive (voluntary) to most aggressive (mandatory and/or strictly enforced).

Regulatory Approaches

Several legislative efforts were undertaken throughout the 1960s in the context of the Civil Rights Movement and increasing opposition to urban renewal, culminating in the Fair Housing Act of 1968 (Title VIII of the Civil Rights Act). Title VIII put an end to legal discrimination in sale, rental and financing of housing units based on race, religion, sex or national origin. It also included language concerning HUD’s
responsibility to “affirmatively furthering fair housing,” but the political resistance to enforcement of this clause was strong. It is often lamented that the law lacked “teeth”; George Romney, Richard Nixon’s appointee as HUD Secretary following the passage of the law, was stymied in his efforts to enforce fair housing practices at the state and local level. Ultimately, the presumption that the Fair Housing Act would bring about the end of residential segregation has been proven by Massey and Denton, Charles, and others to be incorrect.

The end of legal discrimination did lead to reduced segregation in select housing markets. Sander’s research on these markets underlines the importance of demographic characteristics. He points to San Diego and Minneapolis as cities that have maintained integration, while many other major cities have experienced resegregation over time. Sander found that the outcomes were dependent on demographic characteristics. Places that saw reduced segregation—or a “dissolving ghetto”—had a smaller black population and less closely knit white communities. This outcome supports the theoretical model that white flight occurs when whites begin to feel “outnumbered,” leading to neighborhood tipping and resegregation; on the other hand, whites are more tolerant of black neighbors if the black population is not large enough to pose a perceived threat to the white majority.

While the passage of the Fair Housing Act itself was not sufficient to create racial equity in housing, numerous lawsuits have attempted to hold HUD accountable to fair housing goals with varying degrees of success. In two landmark cases brought by a local National Association for the Advancement of Colored People (NAACP) chapter against the city of Mount Laurel, New Jersey, the New Jersey Supreme Court ruled that municipalities were required to plan and zone for the provision of low and moderate income housing to reduce income segregation; however, this ruling was not adopted by other states. Action by the Clinton administration to strengthen HUD’s responsibility of “affirmatively furthering fair housing” triggered a number of additional lawsuits against HUD and local public housing authorities (PHAs) for failing to uphold this portion of the law. If there are sufficient resources and mechanisms in place to support enforcement of fair housing laws, regulatory approaches may see more success in reducing segregation in the future.

**Demand-Based Approaches**

Demand-based integration programs are designed to alter households’ choice of location. The Gautreaux Assisted Housing Program, which was the result of litigation against the Chicago Housing Authority (CHA) for racially discriminatory actions, is a well-known demand-based example of integration. It is one of the few mobility programs that identifies racial integration explicitly in its goals; the CHA was mandated to provide housing for 7,500 black households scattered throughout predominantly white areas. Multiple studies on the effectiveness of the program show generally positive results for families in terms of employment, educational outcomes, and sustained integration.

Critics point to the relatively small size of the program—an intentional move to reduce the risk of white flight—and claim that this makes it difficult to generalize the results. Nonetheless, numerous mobility programs have been founded on the perceived success of the Gautreaux model.

Moving to Opportunity (MTO) is among these programs. MTO was conceived as a social experiment to determine whether moving to wealthier neighborhoods improved the quality of life for low-income households. Unlike
Gautreaux, MTO focused on income rather than race, although income often serves as a proxy for race when it comes to housing. Studies of outcomes for MTO households produced mixed results. A study by Chetty, Hendren, and Katz finds “robust evidence that children who moved to lower poverty neighborhoods saw substantial benefits” in terms of college attendance, individual earnings, college quality, marriage, and poverty share in ZIP code. However, other studies have shown a lack of convincing evidence regarding educational outcomes. Ultimately, as housing researcher Alex Schwartz writes, “the idea that movement away from a highly distressed environment can, by itself, enable low-income people to improve their economic and educational position is…open to question.”

While both Gautreaux and MTO were limited in size, the Section 8 Housing Choice Voucher program is a demand-based program that has grown dramatically since its inception in 1974, serving over two million households. The success rate of the vouchers varies by location, tightness of the housing market, and the presence of anti-discrimination laws. As of 2000, roughly 30 percent of households who received vouchers were unable to find a unit to accept them. For those who do find housing, the extent to which vouchers truly result in integration is only moderate. Section 8 vouchers perform marginally better than other public housing initiatives in terms of locating households in integrated areas, but are still more likely to locate households in neighborhoods with high poverty and a high minority population. Critics of vouchers find that even when recipients successfully integrate into new neighborhoods, they may be diverting political attention away from those residents who are left behind; in fact, problems in those neighborhoods may be exacerbated by population loss.

Demand-based incentives designed to encourage movement across racial lines are a method of integration with a controversial history. “Integration maintenance” programs have generally been used to maintain the white population in neighborhoods that may be “tipping” towards a high percentage of minorities, rather than to increase housing opportunities for people of color. These programs typically rely on comparative, rather than absolute, measures of integration. This type of integration maintenance occurred in Park Forest South, Illinois in 1977, when the Township instituted an “affirmative marketing plan” to encourage entry of underrepresented groups into neighborhoods with the goal of achieving representation equal to the racial and ethnic makeup of the region. A related technique of “minority dispersal,” observed in Shaker Heights, Ohio, was an attempt to disperse minority households evenly throughout an area to prevent concentration. Both of these strategies use a degree of residential steering, which is discriminatory in that it removes agency from minority households in the name of racial balance.

The Cleveland Racial Integration Incentive, developed in the mid-1980s, was the first large-scale integration maintenance program. Building off the dispersal practices in Shaker Heights, the Ohio Housing Finance Agency (OHFA) set out to provide low-interest mortgage funds that would encourage white and black buyers to move into neighborhoods where they were underrepresented. Similar to the Park Forest South integration plan, the program aimed to mirror the racial makeup of the metropolitan area, which was roughly 25 percent black. There was serious objection to the plan from the black community, and legal challenges surfaced under the premise that it was invasive, discriminatory, and would “dilute” black America. The plan was ultimately modified to be more inclusive,
but mortgage incentive-based integration remains legal. Further research is needed on the effectiveness of such a strategy in creating integrated communities.

The Low-Income Housing Tax Credit (LIHTC) program operates through market forces to encourage developers to provide low-income housing through the receipt of tradeable tax credits. This program has grown since it was established in 1984, providing more than 2.5 million units to low-income households as of 2011. However, there are limits to LIHTC’s ability to promote integration. First, the financing of these projects makes it more profitable to propose developments that are all low-income, rather than mixed-income. Second, research on the location of these projects indicates that they are more often located in low-income and minority areas than other market rental units.

Another recent HUD initiative is the requirement for developers receiving HUD funds to submit an Affirmative Fair Housing Marketing Plan, which describes how they plan to market units to attract those groups identified as “least likely to apply.” There is no evidence yet to point to the success of this program in achieving integration.

The Cleveland suburb of Parma, Ohio was forced to administer integrative practices under legal pressure after the U.S. Department of Justice sued the City for violation of the Fair Housing Act. The City resisted implementation of the court’s remedies, which attacked Parma’s zoning ordinance and required multiple steps to establish low-income housing. The terms of the “agreement” were renegotiated in 1996, and included affirmative marketing and mortgage incentives. The result has been only a marginal increase in the non-white population of Parma, suggesting limits to the impact of legal action in resistant municipalities to encourage demand.

The strictest form of demand-based integration strategies is ceiling quotas, which place explicit limits on sale or rental to racial groups based on pre-set quotas. In the 1970s, Oak Park, Illinois used ceiling quotas to curb black entry, with the goal of decreasing white fear of neighborhood tipping. This practice was often used to limit the numbers of non-whites in an area, and has since been found unconstitutional. Specifically, ceiling quotas undermine the Fair Housing Act’s prohibition of race-conscious behavior in the real estate industry that is not serving a remedial purpose. Additionally, quotas have the effect of reinforcing and affirming white prejudice.

Supply-Based Approaches

Supply-based integration incentives encourage the production of housing that will lead to integrated neighborhoods. Often, these efforts are aimed at creating mixed-income housing, which may indirectly lead to racial integration.

Public housing has also had an important role in supply-based integration efforts. Most of the integration achieved through public housing has been through the strategic location of units based on neighborhood income levels. The redevelopment of public housing projects through HOPE VI into low-density housing was partially an attempt to deconcentrate poverty, sometimes incorporating mixed-income housing within the developments. While desegregation is not the sole goal of the program, it has led to significant improvements in terms of the dispersal of public housing. Since the implementation of HOPE VI, more public housing is located in Census tracts with low poverty rates and low percentages of minorities. However, the largest share of public housing is still located in high poverty, high minority Census tracts, and there are significant political challenges in changing this pattern. Opponents of the program criticize the displacement of minority households.
Because HOPE VI did not require a one-to-one replacement of demolished units, many black and Hispanic households were in fact displaced and given housing vouchers, and they did not always find new housing.  

A practice that moves beyond incentives in housing supply and into requirements is Inclusionary Zoning (IZ), which requires developers to provide a percentage of affordable units in specific development areas—generally, those that are rapidly developing. IZ is a flexible practice; whether the program is mandatory or voluntary, the affordability requirements, and the duration of the requirements are all variables that can be adjusted to meet the needs of the local housing market. Montgomery County, Maryland was an early adopter of IZ in the 1970s, mandating that one-third of units be available to public housing residents. IZ has been successful in creating and sustaining diversity in Montgomery County. Like public housing, IZ is concerned with income rather than race, but if used effectively it can be an important way to preserve both income and racial diversity in rapidly developing housing markets. Studies have shown that density bonuses are related to increased production of affordable housing, and that IZ programs become more effective in the long run.

Legal mandates for municipalities to supply integrated housing have been met with resistance. As the result of a 2009 lawsuit over discriminatory practices, Westchester County, New York was required to build 750 low-income units in its least integrated municipalities, set aside funds for fair housing, and enforce fair practices. A federal housing monitor found that the City of Pound Ridge in Westchester had exclusionary zoning laws, and forced the City to make changes to its zoning code to allow all types of multifamily housing. Although legally it is the responsibility of the County to enforce fair housing practices in its cities, Westchester County has resisted the consent decree and refuses to act as enforcer. Much like the City of Parma with regard to demand-based approaches, Westchester highlights the challenges of enforcing legal mandates to desegregate housing in resistant localities.

The extent to which litigation can impact housing segregation in general is a matter of debate amongst policymakers. A study of fair housing enforcement by Ross and Galster examined whether fair housing enforcement agencies that have successfully exacted payouts through litigation have seen a decrease in discriminatory behaviors within the enforcement area. They found that there was a strong correlation, particularly in the rental sector, between litigation and reduced discrimination. However, financial penalties for failure to comply with fair housing laws are inherently problematic, given that the most exclusive communities are often those that can afford the penalties. The same problem applies where HUD funding is tied to compliance, since the biggest offenders are likely to be those who are least reliant on HUD funding. This issue is especially relevant when considering the current policy context and the implications of President Obama’s 2015 Affirmatively Furthering Fair Housing (AFFH) rule.

**Current Policy & Implications**

The political landscape surrounding housing issues remains uncertain, but recent years have seen substantial progress on combating racial segregation. The wording in the 1968 Fair Housing Act that HUD should “affirmatively further fair housing” was ignored for decades, with the exception of a handful of lawsuits, and HUD essentially never denied funding to a PHA for failure to live up to that requirement.
In 1994, Bill Clinton’s administration revived this clause, establishing the requirement that municipalities applying for HUD funding complete an analysis of impediments (AI) that identified obstacles to fair housing. However, the AI was often completed as an afterthought, and President Clinton’s work did little outside of inspiring additional litigation efforts. In response to the 2008 National Commission on Fair Housing and Equal Opportunity’s report of HUD’s failure to combat discrimination, the Obama administration dedicated itself to tackling issues of fair housing. These efforts culminated in the passage of the AFFH rule in 2015.\(^4\)

AFFH requires all entities receiving HUD funding to create a thorough plan for addressing fair housing issues. It also attempts to add legitimacy to the AI by providing tools to help applicants accurately identify fair housing obstacles. These tools include access to the relevant raw Census data and an online user interface. Applicants then create an Assessment of Fair Housing (AFH), which includes a summary of fair housing issues, capacity to address them, analysis of data on integration and segregation patterns, identification of areas of concentrated poverty, analysis of disparities in access, identification of fair housing priorities and goals, and a summary of community participation.\(^4\) The rule intends to help municipalities avoid litigation for violation of the Fair Housing Act. While there is no evaluative data around the impacts of this rule at this time, below I review the opportunities, limitations, and implications of this new standard in terms of promoting fair, integrated housing.

Shifting politics pose a threat to any meaningful progress that might be achieved through AFFH. In January of 2017, Utah Senator Mike Lee proposed the Local Zoning Decisions Protection Act that would nullify AFFH. Furthermore, it would prohibit HUD from considering racial disparities in designing future housing policy: “No Federal funds may be used to design, build, maintain, utilize, or provide access to a Federal database of geospatial information on community racial disparities or disparities in access to affordable housing.”\(^5\) If passed, this bill would strengthen the power of municipalities to develop in ways that may be exclusionary, and severely limit the possibilities for desegregation.

Another recent event that will have a significant impact on the future of fair housing is the 2016 Supreme Court ruling against the Texas Department of Housing and Community Development (DHCD). The DHCD was sued by a fair housing advocacy group for using LIHTC funds in areas that exacerbate racial segregation. In a decision that has since become known as the “disparate impact” ruling, the court ruled that any housing decision that results in perpetuating
the segregation of minorities is in violation of the Fair Housing Act, even if this result is unintentional. Such a ruling may enable more litigation against housing agencies. It will take years, however, to evaluate its full impact.

Moving Forward

Residential segregation is the result of widespread institutional discrimination rather than isolated incidents, and achieving integration requires intentional intervention. Determining the best policy for addressing segregation means walking a tightrope between measures that are too weak and too extreme. Those that are too weak, such as voluntary mobility programs, do not manage to move the needle on racial segregation. Those that are too extreme, such as racial quotas and steering, violate the race-conscious provisions of the Fair Housing Act and result in the subjugation rather than liberation of minorities. Litigation to enforce fair housing laws has also been unsuccessful in producing positive outcomes due to the resistance of local governments to comply.

The inability of the Fair Housing Act to “affirmatively further fair housing” suggests that legislation on its own is not sufficient to solve segregation. Fair housing law, even when enforced, fails to treat the systematic intersection of race and poverty that create conditions of

<table>
<thead>
<tr>
<th>Strategies to Promote Residential Integration</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Summary</strong></td>
</tr>
<tr>
<td>Legislation or court rulings that require local agencies to directly address segregation.</td>
</tr>
<tr>
<td><strong>Examples</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Limitations</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
racial segregation. As they are used to expand rather than limit opportunities for marginalized groups, could be effective in promoting healthy integration. Ideally, these incentives can be used to open previously exclusionary housing markets, and to curb the displacing effects of gentrification. Supply-based programs will be most effective if they build off the successes of inclusionary zoning, using density bonuses as an incentive for developers and tailoring affordability requirements to local needs.

Racial residential segregation remains a serious problem that adversely impacts people of color in the U.S. more than 40 years after the passage of the Fair Housing Act. The minimal progress in housing integration parallels the minimal improvements in educational and economic outcomes for black and Hispanic Americans, and the correlation between housing and life outcomes is well documented. While overt and legal discrimination may be a relic of the past, the policymakers of today have a responsibility to address racial segregation and its impacts. The current divided political climate is a reminder of the urgency in bridging gaps between racial and ethnic groups.

A mix of demand-based and supply-based strategies are crucial to support any legislative efforts to address segregation. In terms of demand-based strategies, it is clear that while mobility programs may serve as demonstrations of functional integration, they do not represent a realistic solution to issues of widespread segregation. The expansion of mobility programs will only lead to worsening conditions in the isolated neighborhoods the program draws from. The smart use of demand-based programs like mortgage incentives and subsidies, so long as they are used to expand rather than limit opportunities for marginalized groups, could be effective in promoting healthy integration. Ideally, these incentives can be used to open previously exclusionary housing markets, and to curb the displacing effects of gentrification. Supply-based programs will be most effective if they build off the successes of inclusionary zoning, using density bonuses as an incentive for developers and tailoring affordability requirements to local needs.

Endnotes
10. Ibid, 182.
11. Massey and Denton, American Apartheid.


24. King, “Affirmatively Further: Reviving The Fair Housing Act’s Integrationist Purpose.”


27. Schwartz, Housing Policy in the United States.


31. Ibid.


33. Goel, “Maintaining Integration Against Minority Interests.”


38. Ibid, 147.


41. Ibid.


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48. Ibid.

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50. Ibid.

