Majority-Minority Relations, 6/e

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12 Living Apart: Housing Segregation in America

Today, in twenty-first-century America, our race and ethnicity still largely determine where we live. This reality affects nearly every aspect of race and ethnic relations in America, and most forms of racial and ethnic inequality—in education, employment, access to health care, even vulnerability to natural disasters—can be tied to segregation in some way or other. In this chapter, we will examine the nature and extent of housing segregation, its causes, and its many consequences.

HOUSING DISCRIMINATION AND SEGREGATION

Housing Segregation—What It Is and How We Measure It

When sociologists talk about **housing segregation** (also sometimes referred to as *residential segregation*), they are referring to the tendency for people in any two groups or races to live in separate areas. For example, when all or most of the blacks in a city live in one neighborhood or set of neighborhoods and all or most the whites live in other neighborhoods, the city is highly segregated. Sociologists have a number of measures of residential segregation, but probably the most widely used is the **index of dissimilarity**, sometimes called the *segregation index*. This index can range from 0 to 100, with 0 being no segregation and 100 being total segregation. As we use it here, this measure is based on urban neighborhood areas called *census tracts*. For any two groups, such as blacks and whites, the segregation index tells us what percentage of a city's black or white population would have to move to another census tract to have no segregation at all.

HOUSING SEGREGATION BETWEEN BLACKS AND WHITES

African Americans, Hispanic Americans, and Asian Americans are all segregated from non-Hispanic whites to some degree. However, the level of segregation for African Americans is considerably higher than that for any other racial or ethnic group. For that reason, we shall first examine racial housing segregation between black and white Americans and then examine segregation among other groups.

The index of dissimilarity, or segregation index, between African Americans and whites has been computed for every U.S. metropolitan area, using census data, from 1950 through 2000. In 2000, the average black-white segregation index for all 331 metropolitan areas in the United States was about 50, down from about 54 in 1990 and the low 60s in 1980 (U.S. Census Bureau, 2003m, Table C1; *USA Today*, 1991). For metropolitan areas with a black population of at least 3 percent or 20,000—the cities for which the index is most meaningful—the average segregation index was 55 in 2000, a reduction of about 4 points since 1990 (U.S. Census Bureau, 2003m, Table C1). Segregation levels are higher in cities where most blacks live, however. When the averages are weighted for race, a more segregated picture emerges. With such weighting, the average rises to about 64 in 2000, meaning that the average African American living in a metropolitan area lives in an area with a segregation index of 64. In other words, the average African American lives in an area that is nearly two-thirds of the way toward the segregated end of the scale. This is down from about 68 in 1990 and 73 in 1980. Segregation has been declining since about 1970, but there was a bigger decline in the 1970s than in either decade since (Glaeser and Vigdor, 2001, Figure 1; see also Logan, 2001).

Because segregation levels are highest in the metropolitan areas where most African Americans live, two things accordingly follow. First, many African Americans experience levels of segregation considerably higher than the weighted average of 64 suggests. As can be seen in Table 12.1, levels in the range of 75–85 are found in many metropolitan areas with large African American populations, including Chicago, Cleveland, Detroit, New York

Table 12.1 Segregation Indexes for Selected Metropolitan Areas, 1960–2000

Metropolitan Area	2000	1990	1980	1970	1960
Atlanta	65.6	67.7	81.7	77.1	
Birmingham	72.9	71.7	64.1		
Boston	65.7	69.4	79.3	80.8	
Buffalo	76.7	81.7	80.0	85.7	86.8
Chicago	80.8	85.5	87.2	91.2	91.2
Cincinnati	74.8	75.7	78.1	81.8	83.2
Cleveland	77.3	85.0	87.7	90.2	89.6
Dallas	59.4	63.1	77.5	86.9	81.2
Denver	61.8	64.0	68.5	84.7	84.6
Detroit	84.7	87.6	87.5	88.9	87.1
Indianapolis	70.7	74.2	78.8	83.8	78.7
Little Rock	61.3	60.5	64.2	70.8	65.0
Los Angeles	67.5	72.8	79.1	88.5	89.2
Louisville	64.5	69.4	73.6	82.8	80.4
Milwaukee	82.2	82.6	83.8	89.5	90.4
Newark	80.4	82.2	80.4	78.8	72.8
New Haven	69.0	70.2	69.6	67.0	65.4
New Orleans	69.3	68.7	71.0	74.2	65.0
New York	81.8	81.5	77.5	73.8	74.4
Philadelphia	72.3	77.1	78.3	78.0	77.1
Phoenix	43.7	50.2	59.6	75.4	81.1
Pittsburgh	67.3	71.0	72.9	74.5	74.4
Portland, Oregon	48.1	66.3	68.4	80.2	81.3
Richmond	57.0	59.0	76.6	74.9	
Sacramento	56.0	55.6	66.1	72.1	
St. Louis	74.3	76.9	81.9	86.5	85.9
San Diego	54.1	57.9	61.9	76.2	79.5
San Francisco	60.9	63.8	71.1	77.3	79.4
Seattle	49.6	56.1	67.4	78.1	83.3
Tucson	38.8	42.0	46.6	63.6	73.0

Sources: Indexes for 1960 and 1970 reprinted from Thomas L. Van Valey, Wade Clark Roof, and Jerome E. Wilcox, "Trends in Residential Segregation: 1960–1970," *American Journal of Sociology* 82:830–35, by permission of The University of Chicago Press. Copyright 1977 by the University of Chicago. (Blank cells in the table represent metropolitan areas/years for which data were not reported in this study.) Indexes for 1980 prepared by John F. Jakubs and printed by permission. Indexes for 1990 are from U.S. Bureau of the Census, Residential Segregation Summary Tables, World Wide Web, http://www.census.gov/hhes/www/housing/resseg/sumtabs.html. Indexes for 2000 are from Lewis Mumford Center (2002).

City, and St. Louis. Second, whites and blacks are often most isolated from one another in the areas with the largest African American populations. In Chicago, Detroit, and Cleveland, for example, the majority of African Americans live in neighborhoods where more than 90 percent of the residents are black and fewer than 6 percent are white (Farley and Squires, 2005; Farley, 2005a). Similarly, in these same areas, the majority of whites live in neighborhoods that are less than 2 percent black, despite the large black population of these areas. In fact, in every region of the United States except the South, the majority of whites in metropolitan areas live in neighborhoods that are less than 2 percent black (Farley, 2008d).

Housing segregation largely arose in the twentieth century. The foundations of segregation were laid in the 1920s and 1930s, when many urban areas began to experience large increases in their African American populations. As is discussed elsewhere in this book, the African American population was predominantly southern and rural at the

start of the twentieth century, but after that time it began to move northward and from the rural South to cities. As a result, the racial composition of large metropolitan areas began to change. In Chapter 6, we examined ways in which the rigid competitive system of race relations, involving extensive segregation, was institutionalized in the late nineteenth and early twentieth centuries. The establishment of racial segregation in housing was part of this pattern, and it can clearly be traced to the time in the early twentieth century when the African American population of large urban areas was growing most rapidly. Massey and Denton (1993, p. 21) have shown that nearly every large city had a dramatic increase in racial segregation between 1910 and 1940. In the North, the average index of dissimilarity rose from 59 to 89 during this time period; in the South it rose from 38 to 81. According to Massey and Denton, these increases reflect the reactions of whites to a growing black population in the cities, especially in a period of industrialization and competition for jobs. White workers saw the African Americans as an economic threat, and whites of all classes were prejudiced against them. These reactions were often heightened by employers who played off black and white workers against one another. When the black population rose, the fears and prejudices of whites became more salient, and they tried to control blacks and isolate themselves from them by instituting a system of segregation.

Among the techniques used to create this system of segregation were court-backed *restrictive covenants* (neighborhood association or deed restrictions that forbade the sale or rental of a house to minority groups), and Federal Housing Administration (FHA) guidelines that virtually required racial segregation for home-buyers to receive mortgage assistance from the government (Farley, 2008a, 2008b). As a result of the FHA guidelines, 98 percent of loans underwritten by the federal government between 1934 and 1968 went to whites (Mueller and Feagin, 2008). These actions by the political and legal system, which are discussed in detail in Chapter 13, represented important government support for creating a system of housing segregation and discrimination. Similarly, real estate boards (similar to today's associations of Realtors) insisted that their members act in ways that would create and maintain a system of segregation (Massey and Denton, 1993; Feagin, 2000). Finally, whites commonly resorted to violence to keep African Americans out of white neighborhoods. The rise of segregation corresponded to one of the most violent times in U.S. race relations, as major riots consisting of mass attacks by whites against blacks occurred in many U.S. cities from around 1910 into the early 1940s, precisely the period when segregation as we know it today was being created in American cities. (These riots are described in greater detail in Chapter 6.) Additionally, there were many individual acts of intimidation and violence, such as cross burnings, vandalism, threats, and racist graffiti, directed against African Americans and other people of color who sought to move into predominantly white areas (Farley, 2008a; Feagin, 2000).

Often, such acts of violence worked hand-in-hand with more institutionalized forms of discrimination as ways of keeping African Americans and other minorities out of areas where they were not wanted. For example, Loewen (2005) has identified thousands of municipalities as "sundown towns"—places where African Americans were kept out by not allowing them to be in the town after sunset. Sometimes, this rule applied in entire counties. In many cases, these "sundown towns" were created by mob violence, or the threat of it, against African Americans—usually between about 1890 and 1930, the period of rapid south-to-north and rural-to-urban migration by blacks. Decatur, Indiana, where a mob of 50 whites drove out the entire black population in 1902, is typical. Similar events occurred in Romeoville, Illinois, in 1893 (where eight African Americans were killed in the process), and in at least ten other Illinois towns between then and 1928. Similar events occurred in Monett and Pierce City, Missouri, in 1894 and 1901 respectively, and then in other Missouri and Arkansas cities. These occurrences resulted in the expulsion of blacks from nearly all of the Missouri and Arkansas Ozarks, except the larger cities of Joplin and Springfield, which also experienced race riots by whites against blacks, but in which only part of the black population was driven out (Loewen, 2005, pp. 90–96). Following these violent expulsions, a combination of informal and legal/governmental methods were used

to keep minorities out. The city of Eureka, California, may have begun this trend in 1895 when a mass meeting following the violent expulsion of Chinese Americans from the city passed an ordinance banning Chinese from living there—which was not repealed until 1959. At least twenty-five cities in Illinois had ordinances banning blacks from the city limits after sundown, along with up to twenty in Indiana and twenty-two more in eleven other states from California to Iowa to Maryland (Loewen, 2005, p. 100). Although they typically did not ban minorities from the entire city, San Francisco, Baltimore, Atlanta, St. Louis, Dallas, and other large cities had ordinances requiring segregation. These ordinances were ruled unconstitutional in 1917, but the sundown ordinances in many smaller towns continued to be enforced, both formally and informally, long after that. And in many cases, police action, supported by local authorities, kept minorities out of towns after dark with or without a formal ordinance (Loewen, 2005, pp. 100–105)

As a consequence of these various discriminatory actions, black-white housing segregation increased sharply between 1910 and 1940, and despite some declines in recent decades, the average African American today lives in a much more segregated area than a century ago. Compared with today's average of 64, the average African American living in a metropolitan area a century ago lived in an area with an index of about 50, or 14 points less segregated than today.

In general, levels of black-white segregation are higher in the Midwest and Northeast and in larger, older cities with larger black populations (Jakubs, 1986; Massey and Denton, 1987, 1988, 1989; *USA Today*, 1991; Farley and Frey, 1992, 1994; O'Hare, 1992; Glaeser and Vigdor, 2001; Logan, 2001; U.S. Census Bureau, 2003m). Regionally, the lowest levels of segregation are found in the West (O'Hare and Usdansky, 1992; Farley and Frey, 1994; Glaeser and Vigdor, 2001), reflecting large declines in many western metropolitan areas in the 1970s. Data for selected metropolitan areas, from 1960 through 2000, are shown in Table 12.1. As can be seen in this table, a number of U.S. cities, including some of the largest, still have extremely high black-white segregation indices above 80, and numerous large cities have indices above 70.

As noted earlier, one result of housing segregation has been to largely exclude African Americans from the suburbs. The percentage of African Americans living in the suburbs has risen in recent decades, reaching 33 percent of the black population by 2000 (U.S. Census Bureau, 2003c). However, blacks are still very underrepresented there relative to whites, more than half of whom live in the suburbs. Increased black suburbanization has brought a little more interracial contact because blacks and whites are somewhat less segregated in the suburbs than in the central cities (Hwang and Murdock, 1983; Logan and Schneider, 1984; Farley, 1987c, 2002b; Massey and Denton, 1988, 1993). Also, research based on the 1990 census indicates that in highly segregated metropolitan areas such as St. Louis, many neighborhoods that had been all white became at least minimally integrated (Farley, 1993). Nonetheless, many blacks in suburban areas still live in areas that are extensions of black neighborhoods in the central city (J. E. Farley, 1983, 2002b; see also Winsberg, 1983), and most whites still live in areas that are overwhelmingly white (Farley, 2008d).

CAUSES OF CONTINUING BLACK-WHITE SEGREGATION

It is obvious from these data that the level of housing segregation of blacks and whites in most American cities is quite high and that in many cities there has been little reduction over the past decade or two. How can this persistence be explained? A number of possible explanations have been offered, and the topic has been researched widely enough to suggest some fairly clear answers.

Economic Explanations of Housing Segregation

One explanation frequently offered for housing segregation is economic. As we have seen, the black population has a significantly lower average income than the white population. Accordingly, some people have argued that a major reason for housing segregation

is that most blacks cannot afford to live in many of the neighborhoods where whites live. It turns out that it is possible to measure the extent to which this is the case. Through use of a measure called *indirect standardization*, sociologists can estimate quite precisely the number of blacks and whites that one would expect to live in each neighborhood of a city based on the neighborhood's income distribution. From these estimates, it is possible to compute what the segregation index for the city would be if income differences between blacks and whites were the only reason for housing segregation. A different way of answering the same question is to compute segregation between whites and blacks of the same income or who live in similarly priced housing. If affordability were the main cause of segregation, we would expect these segregation indices to be much lower than overall area-wide segregation indices.

Studies using both of these methods have been very consistent in showing that very little racial housing segregation can be explained by socioeconomic differences between blacks and whites. Consistently, segregation indices expected on the basis of income or housing cost are much lower than actual segregation indices. Also consistently, segregation indices among whites and blacks of similar income or in similarly priced housing are very close to overall area-wide segregation indices. Studies using one or both of these techniques have been performed on data for various cities and metropolitan areas from the 1940, 1950, and 1960 censuses (Taeuber and Taeuber, 1965), the 1970 census (Hermalin and Farley, 1973; Schnare, 1977; Logan and Stearns, 1981; Farley, 1982); the 1980 census (Farley, 1986; Darden, 1987; Kain, 1987), the 1990 census (Farley, 1995; Clark and Ware, 1997; Darden and Kamel, 2000), and the 2000 census (Farley, 2005b; Iceland, Sharp, and Steinmetz, 2003). Although there are minor variations in the findings depending on which methods are used and which geographic areas are studied, all except one of these studies found that only a small proportion of housing segregation between whites and African Americans could be explained by either income or housing cost differences between whites and African Americans. The only study reflecting an exception to this pattern is Clark and Ware's study of the Los Angeles region, and it is only a partial exception. This study found lower levels of segregation within income categories in the suburbs, but in the city, it found high segregation levels within income categories, just as most other studies have. It must be remembered that Los Angeles is unusual in that its suburban areas are less segregated than in most large metropolitan areas, and it is in the least segregated part of the country, the West. Overall, then, these many studies give strong support to the conclusion that racial housing segregation is tied to race and cannot be explained by income differences between African Americans and whites. For example, my data for the St. Louis area in 2000 indicate that if income differences were the only reason for housing segregation, the segregation index between white and black households would have been 10.8. In fact, it was 73.0 (Farley, 2005b, Table 2).

There are also studies using other methods, such as assessing the extent to which whites and blacks of various income levels are able to move into neighborhoods with the racial composition that they prefer, or, similarly, comparing the racial composition of where African Americans and whites say in surveys that they prefer to live compared to where they actually live (Freeman, 2000; Squires, Friedman, and Saidat, 2002; Ihlanfeldt and Scafidi, 2002, 2004). These studies show that, even when their incomes are similar, whites are much more able than blacks to obtain housing in neighborhoods with the racial mix that they prefer. This suggests that neither income nor preferences regarding neighborhood racial composition (discussed further below) can explain why blacks live in such segregated neighborhoods. The bottom line is that studies using a wide variety of methods are quite consistent in showing that income differences between blacks and whites cannot explain the high levels of housing segregation between these two racial groups. A recent review of numerous studies concluded the following: "[R]ecent evidence suggests that racial differences in income alone are insufficient to explain much of the observed pattern of black-white residential segregation" (Dawkins, 2004, p. 384).

Black Preferences

Another explanation offered for housing segregation is that black people prefer to live in all-black neighborhoods. Undoubtedly many do, but research suggests that this factor, too, probably cannot account for anywhere near the level of segregation that really exists. Teams of researchers headed by Reynolds Farley (Farley et al., 1978, 1993, 1994; Farley, Bianchi, and Colasanto, 1979) conducted large-scale surveys of the housing and neighborhood preferences of blacks and whites in the Detroit metropolitan area in 1976 and again in 1992. These surveys were replicated in Boston, Atlanta, and Los Angeles between 1992 and 1994 as part of the Multi-City Study of Urban Inequality (Zubrinsky Charles, 2001; Ihlanfeldt and Scafidi, 2002, 2004). Those responding to the surveys were shown cards depicting various combinations of blacks and whites in hypothetical neighborhoods (see Figure 12.1). They were then asked about their willingness to live in the neighborhoods and their neighborhood preferences. In all the surveys, blacks expressed a clear preference for integrated neighborhoods: Most picked neighborhoods
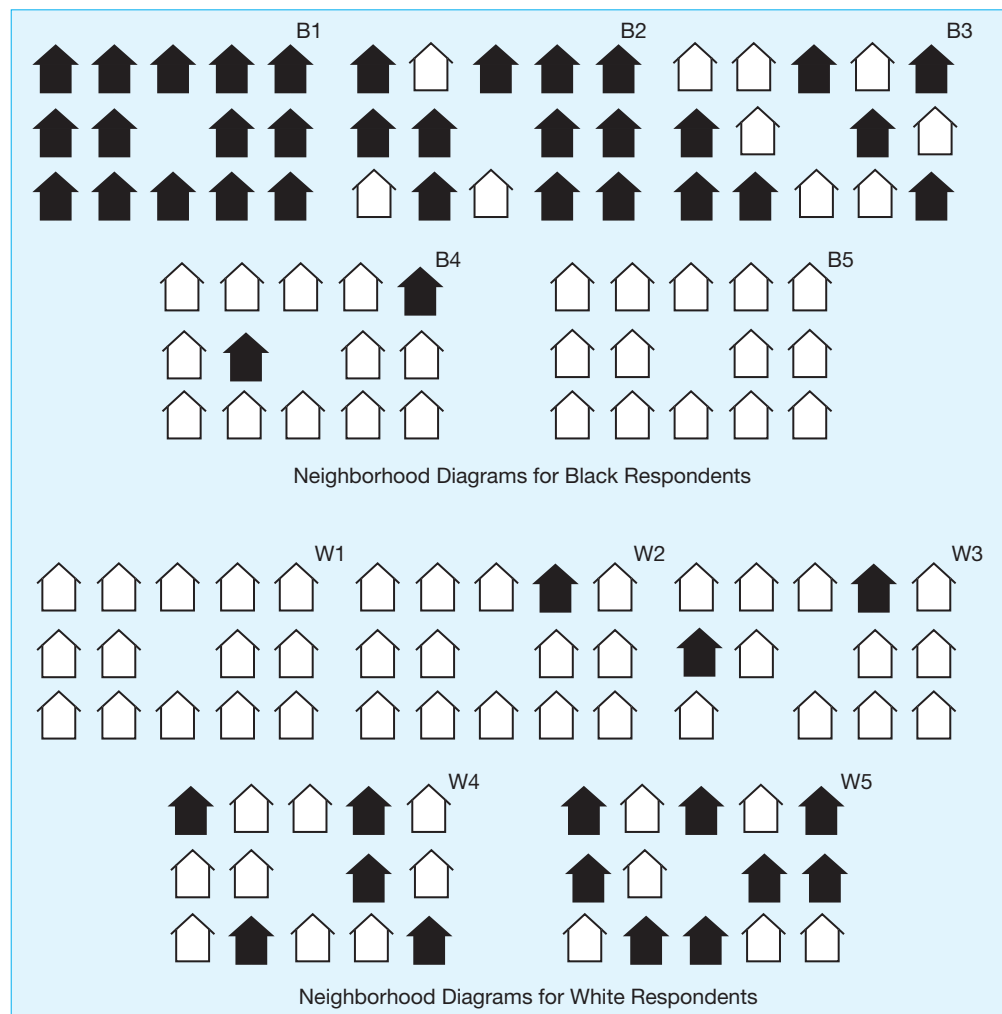
FIGURE 12.1 Pictures of neighborhood diagrams presented to black and white respondents.

Source: Reprinted from "Barriers to the Racial Integration of Neighborhoods: The Detroit Case," by Reynolds Farley, Suzanne Bianchi, and Diane Colasanto in volume 441 of *The Annals of the American Academy of Political and Social Science*. Copyright 1979 by the American Academy of Political and Social Science.

that were either 50 percent black or two-thirds black as their first choice, and only small minorities chose either an all-black neighborhood or an all-white neighborhood. The most common reason given for preferring integrated neighborhoods was the need to get along with whites, particularly given the power and influence that whites hold in society. A similar study done in suburban New Jersey (Lake 1981, p. 132) also found that blacks overwhelmingly preferred integrated neighborhoods over mainly black neighborhoods.

This 1992 Detroit survey showed a slight shift toward a preference for neighborhoods with more African Americans compared with the 1976 survey, but the dominant preference was still clearly for integrated neighborhoods. Almost all blacks in all four cities indicated a willingness to move into neighborhoods anywhere from one-fifth black to three-quarters black, and only 20 percent indicated a preference for an all-black neighborhood—more than in 1976, but still a small minority. However, there was some increase in resistance to being the first African American in an all-white neighborhood: 38 percent in Detroit were willing to do this in 1976, but only 31 percent were in 1992 (Farley et al., 1993, 1994), although the percentage was a little higher in the other three areas. Research by Clark (1991) also found that blacks in several cities preferred neighborhoods with roughly equal numbers of blacks and whites.

Clearly, then, housing segregation cannot be explained primarily by black preferences, and the studies' findings are quite consistent with those of a number of previous studies (for a review, see Pettigrew, 1973, pp. 43–58). Whereas blacks in recent years probably have been a little less enthusiastic than in the past about residential integration, that is still clearly their dominant preference.

White Preferences

Another commonly suggested explanation for housing segregation is that white residents prefer all-white neighborhoods and behave in such a manner as to exclude blacks from their neighborhoods. The Detroit studies by Farley and his associates (1978, 1979, 1993, 1994) and the studies in the 1990s in Los Angeles, Boston, and Atlanta reported by Zubrinsky Charles (2001) and by Ihlanfeldt and Scafidi (2004) provide significant evidence for this explanation. When whites who answered the surveys were shown cards depicting various neighborhood racial mixes, they expressed preferences very different from those of blacks. Sizable minorities of the white respondents would not be willing to move into a neighborhood that was 20 percent black, and some were unwilling to move to a neighborhood with even one black household. The majority of the whites across the four cities in the 1990s indicated that they would not be willing to move to a neighborhood that was one-third black, and many said they would try to move out of such a neighborhood if they already lived there.

Although the 1992 Detroit survey showed some change, there was still significant resistance to integration, there and in the other three cities studied in the 1990s. The percentage of Detroit whites willing to move into a neighborhood that is 20 percent African American rose from 50 percent in 1976 to 69 percent in 1992. This level was similar to that found by Zubrinsky Charles (2001) in the other three cities between 1992 and 1994. However, in Detroit, for example, this still means that 31 percent of whites were unwilling to move into a neighborhood that reflects the overall racial composition of the Detroit area. In addition, the majority of whites across the four cities were still unwilling to move into a neighborhood that was one-third black in the 1990s, although it was a smaller majority then in Detroit and elsewhere than it was in 1976 in Detroit. In 1992, three out of ten Detroit whites said they would try to move out of their neighborhood if it reached a racial composition of three blacks out of ten residents, and the majority said they would try of move out of a neighborhood that was 50 percent black and 50 percent white (Farley et al., 1994). Similar findings about white attitudes were obtained in suburban New Jersey by Lake (1981), although Lake's study found whites' expectations about the future racial mix of the neighborhood to be more important than its current mix.

And research on the actual behavior of whites shows that they often move out once substantial numbers of African Americans begin to move in (Cummings, 1998).

These findings are instructive in several respects. Although they do show that some whites—and more today than in the past—are willing to live in minimally integrated neighborhoods, they also show that there are definite limits to the degree of integration that most whites will accept. In addition, many whites prefer exactly the kind of neighborhood that most whites now live in: all white or nearly all white. Ihlanfeldt and Scafidi (2004) show that such preferences do in fact influence the racial composition of the neighborhoods in which whites choose to live. Furthermore, the studies show that the integrated neighborhoods that most blacks prefer to move into—around 50 percent black—are exactly the kind of neighborhoods that most whites want to move out of and, even more so, refuse to move into. This can be illustrated by findings from Clark (1991). As noted, he found that most blacks prefer neighborhoods with roughly equal numbers of whites and blacks. He also found that a large number of whites are willing to live in integrated neighborhoods, but *integration* means something different to whites than to blacks. Most whites who indicated a preference for integrated neighborhoods wanted to live in an area about 20 percent black. Thus, neighborhoods with 30 or 40 percent black populations are highly attractive to blacks but not to whites, even whites who want to live in integrated neighborhoods. In part because a large proportion of whites oppose even this much integration, the actual neighborhood percentage of blacks that whites will accept usually is well under 20 percent. Based on actual patterns of residency, Massey and Gross (1991) argue that because of white resistance to living in mixed areas, the average white person will live in a neighborhood that is not more than 5 percent black in most metropolitan areas. They demonstrate from census data that segregation in most cases does not fall below the level needed to limit the percentage of blacks in the average white person's neighborhood to about 5 percent or less. Research from the 2000 census shows that this remains true in most large metropolitan areas, although there are some, mostly in the South, where the majority of whites live in areas with larger percentages of African Americans (Farley, 2005a). In fact, if one considers the percentage black in neighborhoods where the majority of whites actually live, Massey and Gross's 5 percent estimate may even be too optimistic: Farley (2008d) found that except in the South, the majority of whites in the average metropolitan area live in neighborhoods that are less than 2 percent African American.

It appears that once a neighborhood becomes integrated, the following sequence of events, though far from inevitable, often occurs: (1) The neighborhood becomes more attractive to blacks, so blacks move in at an accelerated rate; (2) whites stop moving into the neighborhood; (3) in some neighborhoods, whites may move out at a faster than normal rate. Taken together, these processes tend to turn the neighborhood rather quickly from all white to all (or nearly all) black. Some social scientists refer to the racial composition at which this occurs as a *tipping point*. Because so many whites are unwilling to move into integrated neighborhoods, it becomes difficult for neighborhoods to remain integrated once they have become integrated. For the neighborhood to stay integrated, both blacks and whites must continue moving in (Ellen, 2000). The data show that most blacks will continue moving into an integrated neighborhood; many whites will not. Even in the absence of white flight, the failure of whites to move into the neighborhood guarantees that it will become predominantly black (see Molotch, 1972; Cummings, 1998). There is evidence that this kind of racial turnover is not as rapid, abrupt, or universal today as it was in the past, and it clearly does not always occur when a neighborhood becomes integrated (Maly, 2005; Ellen, 2000; Saltman, 1990). Thus, stably integrated neighborhoods do exist, and there are more of them today than in the past (Maly, 2005). Nonetheless, the process of racial transition described above still does commonly occur.

As suggested above, it appears that whites have become somewhat less resistant to neighborhood integration in recent years. This is suggested by the attitudes expressed in the studies in the four cities discussed earlier: More whites than in the past were willing to live in neighborhoods that are 20 to 33 percent black, with the majority indicating that

they would be willing to live in a neighborhood that is 20 percent black. Studies of racial change in neighborhoods suggest the same thing. A study of St. Louis, one of the most segregated metropolitan areas in the country, found that between 1980 and 1990, much less change took place in the racial composition of mixed areas than had occurred in the preceding decade. In the 1970s, some municipalities in the St. Louis area had increases in their black population of 30, 40, or even 50 percentage points. In the 1980s, changes were much smaller: almost always less than 20 percentage points, and usually a good deal less (Farley, 1993). Similar results were also obtained in a study of five cities by Wood and Lee (1991): After 1970, racial turnover decreased and the stability of racially mixed neighborhoods increased. The St. Louis study also showed a dramatic decline in the proportion of whites living in areas that were less than 1 percent black, suggesting a real decrease in the number of all-white neighborhoods. Additionally, there are growing numbers of neighborhoods in a number of cities that have remained racially integrated over time (Ellen, 2000). Despite these changes, however, the overall pattern in St. Louis and in most other large, industrial cities in the Midwest and Northeast remains one of racial segregation.

Another factor that undoubtedly preserves the pattern of housing segregation is harassment by whites of blacks who move into all-white neighborhoods. Incidents of this nature have been reported in most large metropolitan areas in the past and continued to occur in various areas through the 1990s. Many such incidents are violent, with vandalism to homes, automobiles, and other property; in some cases, shots have been fired through windows and houses burned down. In the spring of 1993, for example, blacks living in or moving into predominantly white areas encountered vandalism, harassment, or cross burnings in nine cities in Ohio, California, Oregon, Alabama, Kentucky, and North Carolina (Southern Poverty Law Center, 1993a). Such incidents undoubtedly have blocked the integration of some all-white neighborhoods. The 1976 Detroit study (Farley, Bianchi, and Colasanto, 1979) found that 90 percent of the blacks who were reluctant to move to all-white areas expressed the view that whites would not welcome them, and one-sixth expressed fears of serious violence against themselves or their house. And in the 1990s, the growing minority of blacks who preferred all-black neighborhoods usually explained their preference by saying such things as "because white people are prejudiced against us." Similarly, many black respondents, when asked to explain why housing segregation exists, gave such answers as "whites don't want to live around us" (Farley et al., 1994, p. 767).

Practices in the Real-Estate Business

Not all racial segregation can be explained by the behaviors and preferences of white residents, however. Although many whites do not want to live in integrated neighborhoods, a significant and apparently growing minority clearly is willing and in some cases even desires to live in racially integrated neighborhoods (Farley, Bianchi, and Colasanto, 1979; Taylor, 1979; Lake, 1981; Farley et al., 1994). In fact, when whites in the four cities studied in the 1990s were asked to describe the ideal mix of white, black, Latino/a, and Asian residents in a neighborhood, the average composition picked was around 52 percent white and around 14 to 15 percent each black, Latino/a, and Asian (Zubrinsky Charles, 2001, p. 259). Furthermore, a significant portion of the white objection to living in integrated neighborhoods arises from fears that the neighborhood will "tip" and become all black (Taylor, 1979; Lake, 1981).

This suggests that there may be other important reasons for the pattern of housing segregation, and one that has been most often suggested is the behavior of some real-estate agents and speculators. Discrimination in the sale and rental of housing has been illegal in the United States since 1968, but there is ample evidence that this discrimination continues.

Racial Steering. One common practice is the selective showing of houses to blacks and whites, commonly called **racial steering**. One of the first studies of this practice, conducted

Although the National Association of Realtors today offers fair housing training for real-estate agents, studies have continued to show that some agents steer African Americans toward neighborhoods with larger minority populations, keep them waiting longer, and show them fewer houses.

by Diana Pearce (1976), showed that this practice was widespread in the Detroit area. Couples with similar social characteristics except race approached a number of real-estate agents. Each real-estate agent was approached a few weeks apart by a black couple and a white couple. The results were striking: The white couples were shown more houses, on the average, and blacks and whites were shown houses in different areas. The whites were shown houses in white neighborhoods, usually in the same community as the real-estate agent's office. The black couples were shown houses in either racially mixed or all-black neighborhoods, usually outside the community where the real-estate agent's office was located. A CBS news team, conducting an investigation for the program *60 Minutes*, found essentially the same pattern in the Chicago area, also by sending black and white couples to real-estate agents.

More recently, widespread discrimination and racial steering were found in both sales and rental housing in government-sponsored studies in the 1970s and again in 1989 and 2000 (U.S. Department of Housing and Urban Development, 1979, 1991; Turner et al., 2002). The 1989 and 2000 studies were specifically designed to detect racial steering, and showed that steering continues to be common. These studies found that black home seekers were directed toward neighborhoods with higher percentages of blacks than were white home seekers. African Americans also encountered other forms of discrimination, such as being kept waiting longer, being told units were unavailable when they were made available to whites, and being told about fewer houses available for sale (Yinger, 1995; Turner et al., 2002; U.S. Department of Housing and Urban Development, 2005). Overall, African American home seekers encountered discrimination around 17 to 22 percent of the time when visiting real estate or rental offices (U.S. Department of Housing and Urban Development, 2005). According to Yinger, these findings are consistent with the findings of about thirty-five studies of steering conducted in the 1970s and 1980s. Many found that houses shown to African Americans were in neighborhoods with higher percentages of blacks than houses shown to whites. The studies also found that real-estate agents made comments to whites that discouraged them from living in integrated areas in a number of cities, including Chicago, Grand Rapids, Cincinnati, and Boston (Yinger, 1995, p. 56; Turner et al., 2002).

Recent evidence suggests that studies like the ones above, which mostly involve visits to real estate or rental offices, may actually understate the amount of discrimination that occurs. That is because some of the discrimination occurs over the phone, before a visit is arranged. In many cases, real estate or rental agents are able to judge the race of the caller by how they sound on the phone, and this affects the availability of the units. Baugh (2007) found, for example, that in the San Francisco Bay area, when callers sound black or Hispanic on the phone, they are considerably more likely than white-sounding callers to be told that rental housing is unavailable when it is located in white areas. This is much less the case if the housing is located in black or Hispanic neighborhoods (Baugh, 2007, Figure 2). In fact, if the housing is in a black neighborhood, it is often more available to black callers. Clearly, this has a powerful racial steering impact.

Lake's (1981) survey of both homebuyers and real-estate agents in New Jersey suburbs is enlightening, because many of the agents he interviewed in effect admitted to illegal racial steering. Most indicated that they would warn blacks about the prejudice they would encounter if they bought in white neighborhoods—clearly something that discourages blacks from buying in such areas. They also indicated that they often provided more advice and assistance to whites than to blacks. Racial steering also happens to whites, as they are often discouraged from buying in racially mixed areas or areas with large minority populations. Sometimes it is quite direct, as discrimination-testing studies have found real estate agents telling white customers to avoid certain areas because there are "too many" blacks or Hispanics (Galster and Godfrey, 2005).

A Hispanic woman calls rental offices to ask about apartments she has seen listed on the Internet. Recent studies have found increasing evidence of voice discrimination: If the caller sounds Hispanic or African American, he or she finds it harder to rent or insure a home.

Such patterns of behavior are illegal, and to its credit, the National Association of Realtors, which once opposed fair-housing laws, has in many areas undertaken training programs in recent years to instruct agents about their obligations under the law. However, many real-estate offices are not affiliated with the association, and even among those who are, many offices and individual agents continue to disregard the law. Indeed, it is often difficult for whites willing to buy in integrated or mostly black neighborhoods or for blacks willing to buy in all-white neighborhoods to do so: Many real-estate agents still actively discourage such home buying.

Combating Racial Steering. Although illegal, racial steering is difficult to prove to a court or civil rights commission: To do so would require a careful and time-consuming study, such as those discussed earlier, and of course, most potential complainants do not have the resources to do such a study. As an alternative, some communities (mostly in racially changing areas) have proposed affirmative marketing ordinances to require people of all races to be made aware of available houses in areas with the full range of racial composition. These efforts have led to charges of reverse steering or discrimination by some whites and blacks, particularly those who are associated with the real-estate industry. However, unless effective measures are taken to curb the practice of racial steering, substantial reduction in the amount of housing segregation is unlikely.

Because of the difficulty of enforcing the 1968 Fair Housing Act, efforts began in 1979 to strengthen its enforcement mechanisms. After several unsuccessful attempts, these efforts came to fruition in the passage of the 1988 Fair Housing Act Amendments. The 1988 law makes suing for housing discrimination easier and increases the damages that can be collected. It also gives the Department of Housing and Urban Development greater authority to enforce the law by establishing a system of administrative law judges to review discrimination complaints, which can be brought either by the department or by

an individual. If discrimination is found, the administrative law judge can issue injunctions, order payment of damages, and impose civil fines of $10,000 to $50,000. Either party can appeal a decision to the federal courts. Finally, the 1988 amendments contain new provisions that protect the rights of people with disabilities to accessible housing and forbid discrimination on the basis of familial status. The latter means that it is illegal to discriminate against families or individuals with children in the sale or rental of housing, except in the case of housing complexes developed specifically for senior citizens.

After the results of the U.S. Department of Housing and Urban Development's (1991) study of steering were released, the Department of Justice announced that it would undertake a new program to investigate violations of the fair-housing law and to enforce the law. In 1993 and 1994, investigations conducted under this program resulted in fines and settlements totaling more than $1 million for several Detroit-area apartment complexes that were caught in acts of illegal discrimination. The program also resulted in discrimination lawsuits by the department in St. Louis; Los Angeles; Sioux Falls, South Dakota; and other cities. Several apartment complexes in these and other cities paid substantial fines or settlements. More actions have been taken against racial steering in recent years, often by nonprofit fair-housing organizations. For example, in St. Louis, a fair-housing organization with which I work closely, funded largely by the Department of Housing and Urban Development, took legal action together with a local municipality against two real-estate offices (Equal Housing Opportunity Council, 1998). Both offices, and others in the municipality, had been warned previously after discrimination testing showed that white and black home seekers were being directed to different parts of the municipality. Further testing showed that even after the warning, agents in the two offices continued to steer blacks to one side of a major thoroughfare in the community, whereas whites were shown housing on the other side. Ultimately, a substantial settlement was paid (Parish, 2001), and the real estate offices agreed to obtain fair-housing training for their staff.

Although enforcement of fair-housing law has improved somewhat, most acts of discrimination still go undetected. An inherent problem is that home seekers know only what they are told about, not what they are not told about or whether someone of a different race is treated differently. For example, an African American who is seeking an apartment may be told that there are no vacancies. He or she has no way of knowing whether a white visiting the same rental office would be told the same thing. Similarly, black and white home seekers who are steered have no way to know that people of a different race are being directed toward different housing. The only way to detect this is through testing studies such as those of Pearce (1976), the CBS news team, and the U.S. Department of Housing and Urban Development (1991). The discrimination-testing movement is discussed in greater detail in Chapter 15.

More studies of this type, tied to enforcement actions against those caught discriminating, are clearly needed if fair-housing law is to be effectively enforced. However, the resources put into such efforts are, overall, quite limited. There were modest increases in federal funding for such efforts in the 1990s; as a result, fair-housing organizations were able to do more testing for discrimination. Unfortunately, this trend was reversed after about 1995. In FY 2002, for example federal funding for fair housing organizations that enforce the law through testing like that described above was reduced 17 percent from the previous year (adjusting for inflation), and a further decrease of about 15 percent was proposed for the following year (U.S. Commission on Civil Rights, 2002, Figure 8). By FY 2007, funding for fair housing organizations was less than it was in FY 1994 (National Fair Housing Alliance, 2008, p. 60). Several fair housing organizations went out of business after 2000 as a result of losing funding. In all of 2005, 2006, and 2007, HUD brought just 2 cases to the administrative law judges set up by the 1988 Fair Housing Act (National Fair Housing Alliance, 2008, p. 54). Clearly, the level of resources devoted to enforce fair housing laws is now falling well short of what is needed for effective enforcement.

Blockbusting. At one time, it was common for real-estate agents to openly profit from discrimination through a practice known as **blockbusting**, which played on the fears of whites and the housing predicament of blacks to make a fast buck by encouraging rapid racial turnover. It occurred in all-white neighborhoods near black neighborhoods or in areas undergoing racial change. Agents would approach people living in the neighborhood and tell them that blacks were about to move in and that property values would go down. They pressed whites to sell quickly, while they could still get their money, intending to panic whites into selling their houses at a low price. Commissions were collected, and the house could often be sold to a black family at an inflated price because of the limited market of housing available to blacks. Of course, such practices are illegal under the 1968 and 1988 laws against housing discrimination. It is illegal for a real-estate agent to even volunteer information about the racial composition of the neighborhood because that can be a form of racial steering. As a result, the incidence of open blockbusting has been reduced since 1968. There are ways of getting around the law, however. In some cities, anonymous letters have been distributed in the middle of the night; anonymous phone calls, saying "sell now," are not unheard of. In addition, both blockbusting and racial steering can be accomplished through subtler comments such as "You'll get better appreciation on the value of your house if you buy elsewhere than you will if you stay here" or "You really wouldn't be interested in looking south of the freeway."

The Marxist theory of the economics of discrimination (Reich, 1986) appears to apply to blockbusting. Both black and white homeowners are harmed by the practice: Whites sell their houses for less than they are worth, and blacks pay an inflated price. Furthermore, the practice would not work were it not for the fears and prejudices of the white population. If whites did not believe that blacks in the neighborhood lead to lower property values, they could not be frightened into the panic selling that creates falling property values. In short, racial prejudice appears to serve the interests of real-estate speculators and unscrupulous agents at the expense of both black and white homeowners. Although blockbusting is less common today than in the past, its effects linger in the form of segregated neighborhoods and white fears about the consequences of racial change.

To summarize briefly, we have seen that income differences between blacks and whites and the preferences of blacks are relatively unimportant as causes of housing segregation. The main causes appear to be the preference of most whites not to live in substantially integrated neighborhoods and real-estate practices such as racial steering and blockbusting, which preserve the pattern of racial housing segregation. Housing segregation is also maintained by discrimination in the insurance and lending industries. However, because the impact of these forms of discrimination goes far beyond perpetuating black-white segregation, these forms of discrimination are discussed later in this chapter.

HOUSING SEGREGATION AMONG LATINOS/AS, ASIAN AMERICANS, AND NATIVE AMERICANS

Thus far, we have addressed only black-white housing segregation because it is the most severe and persistent form of racial housing segregation. Historically, though, Latinos/as and Asian Americans have also encountered considerable housing discrimination and segregation, although not usually on the scale encountered by African Americans. In 2000, the average segregation index between Hispanics and non-Hispanic whites for all 333 metropolitan areas was 37.3. Among metropolitan areas at least 3 percent Hispanic or with at least 20,000 Hispanics, the average index was 43.2. Again, however, segregation tends to be higher where there is a larger minority population, so the average Hispanic individual in 2000 lived in a metropolitan area with a Hispanic-Anglo segregation index of about 51, about 13 points lower than the comparable average for African Americans (U.S. Census Bureau, 2003m, Table C-1). On the other hand, whereas the

African American index has been declining, the index for Hispanics has changed very little over the last three censuses. (However, it did fall prior to 1970 and before notable declines in black-white segregation occurred.) In general, Puerto Ricans—who are more likely than other Hispanic groups to also be black—experience higher levels of segregation than other Latino/a groups such as Mexican Americans (Guest and Weed, 1976; Hershberg et al., 1978; Kantrowitz, 1979; Lopez, 1981; Hwang and Murdock, 1982; O'Hare, 1992, p. 27). In most large cities with sizable Latino/a populations, the segregation index for Latinos/as and Anglos is between about 45 and 65 (U.S. Census Bureau, 2003m, Table 6-4). However, in no case is the index for a large city in the 70s or 80s, as is commonly the case for African Americans.

One reason why the level of segregation among Hispanics is not falling may be that, unlike African Americans, Hispanics in the rental housing market in recent years are encountering more housing discrimination than in the past. The most recent National Housing Discrimination Study in 2000 found slightly higher levels of discrimination against Hispanics than against African Americans, with Hispanics encountering discrimination about 26 percent of the time when attempting to rent and 20 percent of the time when attempting to purchase a home (U.S. Department of Housing and Urban Development, 2005). Moreover, Hispanic renters encountered an *increase* in discrimination from the precious national study in 1989. It could be that this represents a similar reaction to what occurred for African Americans in the early twentieth century—a surge in discrimination tied to rapid population increases. Numerically, the Hispanic population in the United States has grown more than that of any other racial or ethnic grouping over the past couple of decades, from under 15 million in 1980 to more than 44 million today.

Although they are significantly less segregated than African Americans, Latinos/as remain somewhat more segregated than Asian Americans (U.S. Census Bureau, 2003m, Table C-1; *USA Today*, 1991; Farley and Frey, 1992; Harrison and Weinberg, 1992a, 1992b; Alba and Logan, 1993). Although like Hispanics, Asian Americans were the targets of open housing discrimination in the past, today they are the least segregated group among people of color in the United States. In 2000, for example, the average Asian American lived in a metropolitan area with a segregation index between Asian Americans and non-Hispanic whites of about 41, a level about 10 points lower than that experienced by the average Latino/a and 23 points lower than that experienced by the average African American (U.S. Census Bureau, 2003m, Table C-1). As with Hispanics, this level of segregation has changed little over the past three censuses.

In metropolitan areas with large Asian populations, such as Los Angeles, New York, and Chicago, Asian Americans are less segregated than Hispanics; in all three of these cities, the Asian segregation index was at least 15 points below the Hispanic index in 2000. In San Francisco, the Asian index was about 5 points lower than that for Hispanics. In each of these cities, African Americans experienced the highest level of segregation from non-Hispanic whites, followed by Hispanics, with Asians the least segregated (U.S. Census Bureau, 2003m, Tables 4-4, 5-4, and 6-4). One study of Asian Americans in the suburbs of New York City found that for practical purposes, they were fully integrated in suburban neighborhoods. In contrast, Hispanics were only somewhat integrated, and blacks remained largely segregated (Alba and Logan, 1993). In light of these findings, it is significant that recent research on attitudes regarding housing shows that, among all groups, whites are always seen as the most desirable out-group neighbors, then Asians, then Hispanics, with African Americans least preferred. The fact that the attitudes match the degree to which Asians, Hispanics, and African Americans are segregated suggests strongly that racial attitudes play a significant role in perpetuating segregation (Zubrinsky Charles, 2001, p. 260). Even so, Asian Americans do encounter discrimination. The National Housing Discrimination Study in 2000 found that Asian Americans experience discrimination on about one out of five visits to both rental agents and real estate offices (U.S. Department of Housing and Urban Development, 2005).

Because the Native American population is a small percentage of the U.S. population and less urban than other groups, little research has been done on the residential segregation of Native Americans. However, the Census Bureau has recently computed segregation indices for the Native American population, with detailed analyses for the thirteen metropolitan areas that are at least 3 percent Native American or that have at least 20,000 Native Americans. These indices, computed for the last three censuses, show that Native Americans are becoming less segregated in most areas. Although their segregation indices are quite variable, ranging from around 61 in Yakima, Washington, to just 21 in Oklahoma City, the average levels of segregation experienced by Native Americans are similar to those of Asian Americans. In the thirteen metropolitan areas with sizable Native American populations, the average Native American lived in an area with a segregation index of 39. Among all Native Americans living in metropolitan areas, the average was about 33 (U.S. Census Bureau, 2003m, Tables 3-1, 3-4). Although their level of segregation is low in many areas, Native Americans do experience considerable discrimination The National Housing Discrimination Study in 2000 conducted tests in three states with large Native American populations—Minnesota, Montana, and New Mexico. Across these three states, it found discrimination against Native Americans seeking to rent housing 28 percent of the time.

In summary, Hispanic Americans and, even more so, Native Americans and Asian Americans are much less segregated today than African Americans. Nonetheless, recent studies or investigations have found evidence of discrimination and steering targeted against Latinos/as, Asians, and Native Americans. However, this discrimination has not resulted in the pervasive segregation experienced by African Americans. In fact, both Asian Americans and Hispanic Americans are more segregated from blacks than they are from whites, again illustrating that housing segregation has increasingly become a pattern that applies distinctively to African Americans. This is consistent with survey data showing that blacks are less preferred as neighbors by whites, Asians, and Latinos than other groups (Schuman and Bobo, 1988; Feagin, 2000, p. 156; Zubrinsky Charles, 2001), although many indicate no preference. Taken together, data on segregation, discrimination, and attitudes indicate that there is greater white resistance to black-white neighborhood integration than to integration with Hispanics, Asians, or Native Americans.

DISCRIMINATION IN HOME FINANCE AND INSURANCE

To own your home, it is necessary in nearly all cases to get a mortgage (a loan secured by the home) to purchase the home, and insurance against fires, windstorms, and other hazards. There is a long history of discrimination in both the home-loan and insurance industries. At one time, mortgage lenders and insurance companies regularly engaged in the practice of **redlining—**refusal to make loans or issue insurance in certain neighborhoods based on the racial composition or average income in the neighborhood, regardless of the characteristics of the individual homeowner. Like many other discriminatory practices in housing, government played an important role: The Federal Home Loan Bank Board (FHLBB) directed the Home Owner Loan Corporation (HOLC), another government agency, to identify neighborhoods as "high risk" based on high percentages of minority population, and financial institutions were advised not to make loans in these areas (Cesario, 2008; Crossney and Bartelt, 2005). This seems to be advice they were ready to take, as the views of most in the real estate and banking industries matched those in the federal agencies (Crossney and Bartelt, 2005). The term *redlining* refers to the fact that color-coding was used to categorize neighborhood risk, and neighborhoods where loans were not to be made were marked off using a red line. Under fair housing law, redlining is now illegal, but there is considerable evidence of subtler forms of discrimination in both home finance and insurance.

Lending Discrimination

Lending discrimination can occur in many ways. It doesn't just consist of denying loans on the basis of the applicant's race or the racial composition of the neighborhoods where the house is located. For example, it can occur through decisions by lenders about where to place their offices. An example can be seen in Decatur Federal Savings and Loan, in Atlanta. Between 1927 and the late 1980s, Decatur Federal opened 43 branches, 42 of which were in predominantly white areas, and just one of which was in a predominantly black area. In the same period, it closed 2 branches—the one that opened in the black neighborhood, and another in a white neighborhood that transitioned to predominantly black (Turner and Skidmore, 1999). This was sufficient evidence for the Justice Department to file a discrimination suit, which was settled in 1992. In addition to the office placement issue, it came to light that Decatur Federal instructed employees not to market loans in the area where many of Atlanta's black neighborhoods were located (Turner and Skidmore, 1999, p. 7).

Discrimination can also occur in the form of different behavior toward white and minority loan-seekers. For example, discrimination testing in seven cities showed that white customers were coached more on how to get a loan and given more information, while black customers were disproportionately discouraged and told how hard it would be to get a loan (Turner and Skidmore, 1999, pp. 8–9). Of the cities tested, the highest level of discrimination was found in Chicago, one of the most segregated metropolitan areas in the country, while the lowest level was found in Oakland, California. The West has the lowest segregation levels of any region.

On the issue of discrimination in loan approvals, an important source of data is the Home Mortgage Disclosure Act (HMDA), which publicizes data on areas in which banks make loans and on approval rates for white and minority loan applicants. These data have shown consistently that loan applications by white applicants are more likely to be approved than loan applications from minority applicants, which are more frequently denied. This is true even when their income is similar (Turner and Skidmore, 1999; Apgar and Calder, 2005). However, this by itself does not prove discrimination, since many other factors such as credit history, debt, and asset ownership legitimately factor into approval decisions, and if any of these are correlated to race, it could lead to a racial difference in approval rates. Nonetheless, after a reanalysis of the data in the largest study based on the HMDA study, one sponsored by the Boston Federal Reserve Bank, Turner and Skidmore (1999, p. 11) reached the following conclusion: "The Boston Fed Study results provide such strong evidence of differential denial rates (other things being equal) that they establish a presumption that discrimination exists, effectively shifting the 'burden of proof' to lenders." Additionally, the racial gap in availability of loans may be even larger than suggested by differences in loan rejection rates: a community study in St. Louis found that the racial gap in loans actually issued was larger, because sometimes African Americans simply gave up and withdrew their applications (Focus St. Louis, 2000). There are also several studies showing that when minority group members do get loans, they are charged higher interest rates, and that these differences persist after statistical controls for factors such as income (Turner and Skidmore, 1999, Chap. 4).

There is also evidence that redlining persists today in subtler forms. A number of studies have compared rates of home lending in predominantly minority census tracts to those in predominantly white tracts with similar socioeconomic characteristics. While some of these studies show little difference, a number show that fewer loans are issued in the predominantly minority areas (Turner and Skidmore, 1999).

Subprime and Predatory Lending. A major problem, which has been highlighted recently by a spiraling housing crisis, is that when loans are made to minority group members, and to residents of predominantly minority neighborhoods regardless of race, they are less likely to be conventional loans and more likely to be either FHA or *subprime* loans (Turner and Skidmore, 1999; Apgar and Calder, 2005). The good news is

that, since the mid-1990s, considerably more home loans have been made to minorities than in the past. For example, between 1993 and 2005, home purchase loans to Hispanics were up 159 percent and to blacks up 93 percent, compared to a 29 percent increase to whites (Apgar and Calder, 2005). The bad news, however, is that many of these loans were **subprime loans**—types of loan made to lenders perceived as riskier and which carry substantially higher interest rates, and sometimes otherwise less favorable terms, than conventional loans. If a lender is legitimately a greater credit risk, a subprime loan may be the only option available and can make homeownership possible when it otherwise would not be. But the problem is that many subprime loans are *predatory*—that is, either they lead borrowers into the subprime market when they could qualify for a lower-interest conventional loan, or they are made without disclosure to the borrowers of the true cost of the loan, often with the expectation that the borrowers will default.

Unlike the past, when the majority of loans were arranged by banks, savings and loans, and similar institutions, today loans are arranged much more often by *brokers,* who do not lend the money at all, but simply arrange the loan for someone who does (Apgar and Calder, 2005). These brokers lose nothing if the borrower defaults; rather they make their money from fees to originate the loan. Thus, brokers have an incentive to make as many loans as possible without worrying about whether the loan will really be paid off. In many cases of predatory lending, homebuyers are lured into loans with very poor terms, or without being properly qualified for the loan, and often with no disclosure of the loan's terms, which may include such things as big jumps in the interest rate after a year or two. Moreover, these predatory lending practices occur very disproportionately in minority neighborhoods. Not all subprime loans are predatory, but the much higher rates of subprime lending in minority neighborhoods place African Americans and Hispanics at a far greater risk of being victimized by predatory loans.

Millions of these predatory loans have now defaulted or are in danger of doing so, leading to what is called the *subprime loan crisis.* Defaults and foreclosures have occurred both because people were qualified for loans who should not have been, and because people were given loans with unfavorable terms that were not explained to them, like big jumps in interest rates and monthly payments; in other cases, hidden problems with the homes were not disclosed to the purchaser. This led to many cases where people could not make the payments and others where homes were not worth the value of the loan. This led to defaults, and as more and more homebuyers defaulted on their mortgages, housing prices fell in many areas, leading to more situations where homes were worth less than the loans on them.

Minorities are more likely to receive subprime loans than are whites. In fact, *low-income* whites living in *low-income* neighborhoods have a better chance of getting a conventional home refinance loan than *high-income* African Americans living in predominantly African American areas (Apgar and Calder, 2005, p. 2). Overall, subprime refinance loans are five times as common in African American neighborhoods as in predominantly white ones. Analyses of data on subprime lending show that these differences are simply too large to be explained by racial differences in creditworthiness (Apgar and Calder, 2005, p. 13). In the case of home purchase loans, nearly three-fourths of all loans to whites in 2001 came from prime conventional lenders, but this was the case for less than half of loans to Hispanics and only about 40 percent of loans to African Americans (Apgar and Calder, 2005, p. 10). And, similar to home refinance loans, a black borrower with *above-average* income is only about as likely to get a conventional loan as a white borrower with *below-average* income (Apgar and Calder, 2005, p. 10).

Because of their disproportionate dependence on subprime and sometimes predatory loans, blacks and Hispanics have been disproportionately affected by the subprime loan crisis (Campbell, 2008; Bunce et al., 2007; Rivera et al., 2008). Largely because of foreclosures, the homeownership rate among African Americans actually fell from its high of nearly 50 percent in 2004 to just under 48 percent in 2006—and that was before the worst of the subprime loan crisis (Richardson, 2008). By late 2007, the subprime crisis had led to an estimated 1.7 million foreclosures, disproportionately involving black and

Hispanic homebuyers (National Urban League, 2007). Even as early as 2000, foreclosures from subprime loans were occurring disproportionately in African American and Latino/a neighborhoods (Bunce et al., 2001), and the problem has only gotten worse since then. One recent study estimated that the ultimate loss of wealth due to the subprime crisis will reach $71 to $92 billion for African Americans and $75 to $98 billion for Hispanic Americans (Rivera et al., 2008).

On a practical level, these differences in lending add up to one conclusion—it is harder to get financing that will allow you to buy and keep your home if you are black or Hispanic, or if you live in a predominantly black or Hispanic neighborhood. This, in turn, contributes to the continuation—even recently a worsening—of the substantial racial differences in homeownership rates, and also to racial segregation, since it creates economic incentives for whites who can get conventional loans in white neighborhoods to avoid more racially diverse neighborhoods where such loans may be harder to get. And what this also means is that it remains more possible for whites to amass wealth through homeownership than it is for blacks or Hispanics to do so—which helps explain the tenfold racial difference in wealth that was described in Chapter 11.

Insurance Discrimination

There is less research on discrimination in insurance than on either housing sales and rentals or home lending. We do know that minority neighborhoods have fewer of their homes insured by private insurance companies, and that the insurance policies issued there are more expensive and not as good (Galster, Wissoker, and Zimmerman, 2001; Klein, 1997; Squires, 1997). As in the case of mortgage loans, however, insurance companies contend that this is not discrimination, but reflects legitimate differences in risk, and that the differences can be justified by loss histories. As with other forms of discrimination, testing with white and minority applicants provides better evidence of whether or not discrimination is occurring, especially if testers seek housing in predominantly black and white neighborhoods that the researcher has determined have similar levels of risk (Galster, Wissoker, and Zimmerman, 2001). The first such study was conducted in Milwaukee by Squires and Velez (1987), and it found that while insurers did not discriminate in the price or availability of policies, they did try harder to sell policies when testers wanted to insure houses in white neighborhoods than when the houses were in minority neighborhoods. They were more willing, for example, to offer policy quotes over the phone without requiring inspections. Another study was conducted in 1994 in New York and Phoenix by Galster, Wissoker, and Zimmerman (2001). This study matched white and minority neighborhoods in the same insurance rating territories, so that the risk of losses in the neighborhoods was similar. Testers were also matched on income and other characteristics, and white and minority testers were used so that both discrimination based on the race of the tester and discrimination based on the predominant race in the neighborhood could be detected. The study did not find much evidence of discrimination, except on coverage for personal property in the home. In that case, willingness to offer replacement cost coverage was greater for white neighborhoods than for Hispanic and black neighborhoods. An important limitation of this study, however, is that it only covered first-time home-buyers in moderate-price neighborhoods. Results may have been different in more or less costly neighborhoods, or with policy renewals.

Between 1992 and 1999, over 200 tests were done in nine cities by fair housing organizations. These tests used houses in white and racially mixed neighborhoods, with white testers seeking insurance for the houses in the white neighborhoods and blacks seeking insurance for houses in racial mixed neighborhoods (Smith and Cloud, 1997; H.O.M.E., 1999, Squires,.2006). The houses were of similar size, price, and condition, except that the houses in the black neighborhood were selected to have slightly *superior* risks owing to more recent plumbing, heating, or roof replacements. Nonetheless, white testers were favored the majority of the time with regard to price, quality of coverage, callbacks, information given, and requirements imposed.

Testing was conducted in 2001 in and around Chester, PA. This testing used black and white testers, with the black testers seeking insurance in a house in a black neighborhood in Chester, while white testers sought insurance for a house of similar size and price in a white Chester suburb. The tests found that, about 10 percent of the time, insurance was offered to the white tester, but not the black tester. About a quarter of the time, the policy offered to the black tester carried higher premiums than similar coverage offered to the white tester. Like the Milwaukee tests, the largest differences were in agent responsiveness (e.g., willingness to give written quotes), and in what requirements the agent specified for the tester to get a policy, with agents more responsive to white testers and imposing fewer requirements on them (Fair Housing Council of Suburban Philadelphia, 2001). One could argue that some of the differences may have reflected difference in area risk that were not as carefully controlled as in the Phoenix–New York study, but some of the findings are hard to explain away in that manner. For example, at one company, a black tester was required to give a social security number, while no social security number was required from a white tester. In another instance, a black tester left several phone messages over five days before being called back, while a white tester was called back after one call.

This illustrates another form of discrimination of which researchers are becoming increasingly aware—discrimination on the basis of voice (Squires and Chadwick, 2006; Baugh, 2007, 2000). Analyzing paired telephone tests conducted by fair housing organizations, Squires and Chadwick (2006) found that (1) insurance agents can usually tell the race of someone who calls them on the telephone and (2) that this in turn affects the services that are offered to the caller. Black callers were asked earlier than white callers about the location of the house, and the earlier this question was asked, the worse the black tester was treated in terms of cost and quality of the policy offered, whether calls were returned, and the amount of information given to the tester. Discrimination has been found in other areas of insurance company activity as well. Like lending institutions, insurance companies have sometimes been found to have avoided minority areas in the placement of their offices, and there is also evidence of discrimination in processing of claims (Squires and Chadwick, 2006; Squires, 2003).

Some insurance companies have contended that they are not covered by the federal Fair Housing Act and that they must answer only to state insurance regulatory agencies. The Fair Housing Act does not specifically mention insurance, but the act as amended in 1988 does prohibit discrimination "in any activities relating to the sale or rental of dwellings, in the availability of residential real-estate-related transactions, or in the provisions of services and facilities in connection therewith" (Fair Housing Council of Suburban Philadelphia, 2001). The courts on the whole have ruled that this means that insurance is covered by the Fair Housing Act. Indeed, testing by fair housing organizations in the 1990s led to settlements of insurance discrimination complaints under fair housing law against some of the nation's largest insurance companies, including Allstate, State Farm, and Nationwide (Smith and Cloud, 1997; Lynch, 1997).

It is clear that, despite the law, discrimination in both lending and insurance continues to occur. It is usually more subtle than in the past, however, and may be decreasing. But it has undoubtedly caused the subprime mortgage crisis to have large and disproportionate consequences on black and Hispanic Americans, and the continued occurrence of discrimination means that the lending and insurance companies are contributing both to the perpetuation of housing segregation and to denying African Americans the opportunity to build wealth through homeownership.

IMPACTS OF SEGREGATION

Obviously, housing segregation is in certain ways harmful in itself: It deprives people—especially black people—of their free choice of places to live and restricts the housing available to blacks and other minorities. But housing segregation can also have an impact

in other important ways. First, it can aggravate the minority unemployment problem by restricting minorities to exactly the areas where employment opportunities are disappearing (Kasarda, 1989a, 1989b, 1990; Ihlanfeldt and Sjoquist, 1998). Both blacks and Hispanics have higher unemployment rates than whites when they are more concentrated in the central city (Farley, 1987b). Second, it can lead to segregated schools. And third, by concentrating poverty, it increases the vulnerability of the minority poor in a wide variety of ways and generates problems among the minority poor that simply are not faced by the white poor, who are much less geographically concentrated. We turn first to the impacts of segregation on employment.

Job Decentralization and Housing Segregation

As we have seen, the majority of black Americans and nearly half of Hispanic Americans, but fewer than a quarter of the non-Hispanic white population, live in the central cities. The black and Latino/a populations became increasingly concentrated in the central cities between World War II and the 1970s.

During the same period and continuing ever since, however, employment opportunities have been moving out of those central cities. This is true for business and retail sales jobs, as well as for the industrial jobs that in the past were especially important as a source of relatively high-paying work for black and Latino/a workers. In addition to the shifts in the locations of jobs, there has been a major decline in the overall number of such manufacturing jobs as a result of automation and globalization, a trend often called *deindustrialization*. Because most of these disappearing jobs were located in central cities, the impacts of deindustrialization have been especially severe there, and thus for the disproportionately African American and Latino/a populations who live there. These trends have been especially notable in the larger metropolitan areas, which are also the home of a disproportionate share of African Americans and Latinos/as (Sternleib and Hughes, 1976, p. 30). Whereas the number of jobs simply stopped growing in some smaller cities, it fell in many of the larger cities and in some smaller ones with large minority populations, especially beginning in the 1970s and in some cases earlier. For example, New York City lost 600,000 jobs between 1970 and 1980, and Chicago lost 200,000 (Wilson, 1981). East St. Louis, Illinois, a small industrial city that is overwhelmingly black, lost more than half of its manufacturing jobs between 1950 and 1970 (Illinois Capital Development Board, 1977). Nationally, between 1947 and 1967, manufacturing employment in central cities declined by 4 percent; it rose by 94 percent in the suburbs during the same period. A similar movement to the suburbs can be seen in wholesale and retail trade (Barabba, 1976, p. 56). These declines have continued in more recent years. In Chicago, for example, the number of manufacturing jobs fell from about 367,000 in 1976 to fewer than 100,000 by 2006, and comparable percentage declines occurred in New York, Detroit, Philadelphia, and Baltimore (Testa, 2006).

The rate of overall job loss declined in some central cities in the 1980s and 1990s, but in most cities, there has continued to be a major shift away from the higher-paying industrial jobs that had been an economic mainstay for many blacks and Hispanics (particularly men) and toward much lower-paying service jobs. As the industrial jobs have declined, employment in the service sector has increased. Service jobs pay only a small fraction of the pay of manufacturing jobs, so the shift from manufacturing to service employment in the city contributed to the further impoverishment of Chicago's African American and Latino/a populations (Wilson, 1987, 1996). Chicago is typical of most large cities with a historical industrial base in this regard. As shown by Testa (2006), there have been large declines in industrial employment in most such cities over the past thirty years.

While jobs continued to disappear in the city of Chicago, they continued to grow in the suburbs and fringe areas, which are overwhelmingly white. In the portion of the Chicago consolidated metropolitan statistical area outside the city, the number of jobs grew by about 150,000 between 1977 and 1987, even as it fell by about 50,000 in the city.

Job growth in this area continued through the 1990s, while the number of jobs in the city remained flat. This shift to the suburbs harms minority group members because, just as they are overrepresented in the central cities, they are underrepresented in the suburbs. Thus, jobs leave areas where blacks and Latinos/as live and to move into areas where white Anglos live. This creates what researchers have called a **spatial mismatch** between minority populations and job opportunities: The minority populations are largely in one place (central cities), while job opportunities are largely in another (suburbs). This is a condition that has a very specifically *racial* impact: Research based on the 2000 census shows that job sprawl creates this kind of spatial mismatch for African Americans, and, to a significant but lesser extent for Latinos, but does not do so for whites, who are much more suburbanized and thus closer to the jobs (Stoll, 2005). Stoll found the largest mismatches between African Americans and jobs in the same metropolitan areas where housing segregation between whites and blacks is the highest: Detroit, Chicago, Newark, Philadelphia, St. Louis, and Cleveland.

Because a sizable segment of the urban minority population cannot afford to own an automobile and many cities lack adequate mass transportation, this spatial mismatch means that many minority workers cannot get employment unless they can move to the areas where jobs are growing. Housing segregation often makes this difficult, restricting minorities to areas with increasingly fewer jobs. Studies of St. Louis, Chicago, Cleveland, and Detroit indicate that housing segregation has kept the numbers of blacks in the suburbs far below what would be expected on the basis of the black and white income distributions (Darden and Kamel, 2000; Farley, 2005b; Hermalin and Farley, 1973). Exclusionary zoning practices make it even more difficult for lower-income minority people—the ones most in need of decent employment—to move to where the jobs are.

Numerous studies suggest that these factors are an important cause of high black unemployment (Kain, 1968; Mooney, 1969; Hutchinson, 1974; Shanahan, 1976; Raphael, 1998; for reviews of this literature see Kain, 1992, 2004; Ihlanfeldt and Sjoquist, 1998). My studies (Farley, 1981, 1987b), using data from all U.S. metropolitan areas, show that black and Hispanic unemployment in 1970 and 1980 was higher relative to white unemployment in areas where black and Hispanic populations were more concentrated in the central city and where jobs were more suburbanized. In 1980, this remained true even after adjustment for racial differences in education. Moreover, research by Kasarda (1989a, 1989b, 1990) indicates that minority group members living in the central cities have higher unemployment rates than minorities in the suburbs, and as increasing numbers of jobs have left the city, this gap has widened. This tendency has been aggravated by urban sprawl, which has increased the distance many people must travel from home to work (Brookings Institution, 2000). Research by Holzer and Ihlanfeldt (1996) has shown that firms closer to black residences and to public transportation are more likely to have black employees, again emphasizing the importance of the relative location of employers and the minority population as well as the role transportation plays. As would be expected, access to employment is especially difficult for those who don't have automobiles: lower car ownership rates increase unemployment rates for both men and women (Ong and Miller, 2005; see also Blumenberg and Manville, 2004). And it is important to keep in mind that many minority inner-city residents *do not* own automobiles. In Chicago, for example, 38 percent of African American households did not have an automobile available in 2000. In Detroit—the "Motor City"—about 23 percent did not. The same was true of 36 percent of black households in St. Louis, and 35 percent in New Orleans (U.S. Census Bureau, 2003d).

These studies and others (such as Lichter, 1988) indicate that today's high unemployment rates among blacks and Hispanics do in part result from the aforementioned *spatial mismatch* between job opportunities and the residence locations of many African Americans and Latinos/as. The effects are particularly great for black and Hispanic men, many of whom once relied on manufacturing jobs for good-paying, stable employment. Today, many or most of those jobs have been eliminated or relocated out of the central

The effects of spatial mismatch on unemployment among African Americans are worsened by the fact that in many major cities, 25 to 40 percent of African American households do not own any motor vehicle and must thus rely on slower and less reliable bus transportation for access to potential employment.

city. According to Marcuse (1997, p. 314), this process has reached the point where many central-city minority neighborhoods have been effectively "excluded from the economic life of the surrounding community." Marcuse calls these neighborhoods "excluded ghettoes." The effects of spatial mismatch are also large for minority youths. In the 16- to 19-year-old and 20- to 24-year-old age groups, between 15 and 35 percent of the unemployment gaps between blacks and Latinos and whites can be explained by differences in access to job locations (Ihlanfeldt and Sjoquist, 1990, 1991; Ihlanfeldt, 1992, 1993). A more recent study by Steven Raphael (1998), emphasizing access to locations where jobs are growing, found even bigger effects, with access accounting for up to 50 percent of the racial gap in youth unemployment.

Clearly, the movement of jobs from minority neighborhoods and the inability of these workers either to commute to distant jobs or to live near them is one more major handicap imposed on many urban blacks and Latinos/as. Even if there were little or no deliberate racial discrimination by employers, the result of the increasing separation of minority neighborhoods and job openings is still fewer opportunities for blacks and Latinos to obtain meaningful employment. Moreover, research now indicates that a similar pattern may be developing in suburbia: As black neighborhoods have developed and grown in suburban areas, job growth has tended to be greater in predominantly white suburbs than in those with sizable black populations (Schneider and Phelan, 1990). If this pattern continues, it may eventually place many suburban minority populations in a situation similar to that of their counterparts in the central cities: They may face rising unemployment because of separation from the areas that have the most job openings This is especially true if there is hiring discrimination against blacks in white suburban areas (Gottlieb and Lentnek, 2001).

There is little doubt that job shifts in recent decades have reduced opportunities for minority group members, which in turn partially explains their higher unemployment

rates. Mouw (2000), for example, estimated based on a study of Detroit that job decentralization accounted for 3 or 4 points of the 14-point unemployment gap between blacks and whites there in 1990. This pattern raises two important questions: Why have these detrimental changes occurred? What, if anything, can minority group members do to minimize the effects of these job shifts?

Reasons for Job Shifts. There are numerous reasons why employment opportunities have moved out of central cities. Some have nothing to do with race or ethnicity, but others suggest at least some race consciousness on the part of corporate decision makers.

One reason is that modern manufacturing is more efficient in sprawling, one-level factory complexes than in the once-typical multistory factory. The one-story complexes occupy much more land than the old factories, and this land is available and affordable only in urban fringe areas and rural areas. Nonetheless, the shift to such areas probably would never have happened without the development of truck transportation and the interstate highway system. Because transportation is crucial to manufacturing, it was at one time necessary for industry to locate on a major waterway or near a rail junction. Generally, this meant locating in a major city. Today, however, most industries can locate wherever there is an interstate highway because much more shipping is done by truck. It is significant that the greatest growth in manufacturing activity and in population in rural areas has been in counties with an interstate highway.

Also, the loss of manufacturing jobs in the central cities reflects the deindustrialization trend discussed earlier in this chapter. This trend has occurred for a number of reasons, including (1) continued automation of manufacturing processes; (2) relocation of manufacturing jobs to other parts of the world, part of a general trend of *globalization*; and (3) a decline in the importance of manufacturing relative to other kinds of economic activity, most notably services. All these trends have had a disproportionate effect on inner cities because there the manufacturing plants are the oldest and most economically vulnerable. Consequently, deindustrialization has had disproportionate effects on African American and Latino/a workers, although many whites have also been affected (Wilson, 1987, 1996).

Other factors in the loss of industrial jobs may be more directly linked to race and ethnicity. Some movement of jobs out of central cities probably is the result of prejudices and fears on the part of whites that make them reluctant to keep their businesses in predominantly black or Hispanic areas (Kirschenman, 1989, 1990; Kirschenman and Neckerman, 1991; Tilly et al., 2001). Some employers have also complained about the work habits and lifestyles of inner-city employees, which may be significantly different from their own (Holzer, 1996; Tilly et al., 2001; Moss and Tilly, 2001a, 2001b). Thomas and Ong (2006) found widespread negative attitudes toward African Americans among employers, but they found them in both predominantly black areas and whiter, more suburban areas. Finally, some of the movement seems aimed at avoiding unionization, and in some cases, this probably means deliberately avoiding black areas. In the South, particularly, white workers are less pro-union than black workers, which may be one reason that companies largely move to white areas (Thompson, 1976, p. 190).

Moreover, much of the movement of jobs out of the United States is really an effort to cut costs by using cheaper labor. About half a million jobs were shifted between 1994 and 1998 to just south of the Mexican border, for example (Gruben, 1998), as American companies relocated plants to take advantage of low wages and weak labor and environmental protection laws. A job that might pay $12 per hour in an industrial city in the Great Lakes region will pay just $1 to $2 an hour in Mexico; consequently, thousands of *maquiladora* manufacturing plants are now operating near the Mexican border. The number peaked in the 1990s at about 3,900 (Quinones, 1998) and declined somewhat thereafter, but as of 2002 there were still about 3,250 such plants (Villalobos et al., 2004). Similar or greater labor cost savings can be attained by shifting jobs to China or any number of other countries, which have also received large numbers of jobs shifted from the United States and other industrialized countries. In fact, the main reason the number

of *maquiladora* plants decreased was increased competition from China (Scott and Ratner, 2005). These job shifts have been facilitated by free trade agreements such as the North American Free Trade Agreement (NAFTA) and the Global Agreement on Trade and Tarrifs (GATT); the Bureau of Labor Statistics estimates that in the textile and apparel industries alone, 650,000 U.S. jobs were lost by 2003 through free trade agreements (Neff, Wagner, and Rives, 2003). By 2004, the total number of jobs lost was estimated at 1 million (Scott and Ratner, 2005). Many of these jobs were held by African Americans and Hispanic Americans. Although it is true that free trade has also created jobs by enhancing international markets for U.S. products, most job growth has occurred outside the areas where most minority group members live, as discussed earlier. Additionally, many more jobs were lost than were created by NAFTA, and states with large minority populations, such as Michigan, California, Texas, and Mississippi, were hit hard (Scott and Ratner, 2005, Tables A-1 and A-2).

Not only manufacturing jobs are leaving U.S. central cities. The movement of retail and wholesale trade to the suburbs appears largely to be the result of the movement of population—especially wealthier (and mostly white) people with money to spend—to the suburbs. Fear of crime and the reluctance of white consumers to shop in minority neighborhoods may also be a factor in the decentralization of these businesses.

Whatever the intent of those who decide to relocate business and industry, the result clearly contributes to racial inequality by taking jobs out of the areas where minorities live and putting them into the areas where whites live (when jobs are relocated to suburban and rural areas). In the following section, we shall examine the alternatives available to minorities to adjust to this changing distribution of job opportunities.

Adjustment to Job Shifts. Two responses to job shifts are possible. One is increased commuting from city to suburb. Undoubtedly, some minority workers have responded in this way, but many others cannot. Only a few American cities have rapid transit systems, and for many minority group members, private transportation is simply not an alternative. As noted above, many cannot afford to own an automobile. In 2000, about one out of four African American households and more than one out of six Latino/a households had no motor vehicle (U.S. Census Bureau, 2003c, Tables HCT33a–g), and among those who live in central cities, the numbers are higher. Among those who do have cars, the cost of gasoline, reaching $4 per gallon by the spring of 2008, increasingly limits the feasibility of long-distance commuting.

The other alternative is to move to the areas where the jobs are located. In fact, a Chicago study in which impoverished black women were given an opportunity to relocate from the central city to subsidized housing in the suburbs showed that relocation produced significant increases in employment rates (Rosenbaum and Popkin, 1991). A second study in Cincinnati obtained similar findings (Fischer, 1995). The cost of moving to the suburbs is often prohibitive, however, and as we have seen, African Americans and Latinos are steered away from predominantly white areas in many cases. Furthermore, restrictive zoning and public opposition to low-income housing have largely kept the minority poor out of the suburbs. In fact, the relocation opportunities given to African Americans in the studies just mentioned resulted from settlements of lawsuits by fair housing organizations against the concentration of low-income housing in inner-city areas (Yinger, 1995, pp. 152–53; Farley, 2008c). There has been an increase in migration of blacks to the suburbs in recent years, but much of it has been into "suburban ghettos," large concentrations of black populations, mostly in the older parts of the suburbs, which are also losing employment opportunities. Also, much of it has involved blacks who have already attained middle-class status and are least in need of employment opportunities. Probably the most important factor, however, is the pervasive pattern of discrimination and segregation in housing discussed in this chapter.

In addition to whatever harmful effects housing segregation has on minority employment opportunities, it has probably affected the racial attitudes of both whites and minorities. It greatly restricts the amount of day-to-day neighborly contact between

the races, and contact can be an important source of improved race relations. In its absence, prejudices and stereotypes often go unchallenged. Lack of contact as neighbors is undoubtedly an important reason why, when asked to list their three best friends, only 6 percent of whites listed an African American (Smith, 1999). Furthermore, when housing is segregated, the racial contacts that do occur can be of a highly destructive type. Sometimes, the racial composition of a neighborhood changes rapidly, as with block-busting, creating a situation that is highly threatening to both blacks and whites and probably ends up making intergroup relations worse. Finally, controversies over school desegregation and busing are largely rooted in the pervasive pattern of housing segregation in American cities.

Research by Massey and his colleagues has identified two additional impacts of housing segregation. First, based on a study of Philadelphia in 1980, they conclude that segregation reduces the quality of life of the black middle class. Because of segregation, middle-class blacks must live in neighborhoods with fewer resources and amenities, poorer schools, and higher rates of poverty, crime, and mortality than do whites of comparable background (Massey, Condran, and Denton, 1987).

Second, and very importantly, residential segregation is a major reason that poor blacks are so much more likely than poor whites to live in neighborhoods where many or most of their neighbors are poor. As noted elsewhere in this book, black poverty is much more concentrated than poverty among other groups, especially whites, and Massey argues that housing segregation is a major reason. A residential location pattern that segregates any group with a high rate of poverty, such as African Americans, tends to produce concentrated poverty. Computer models suggest that black poverty is more concentrated than it would be were it not for housing segregation (Massey, 1990; Massey and Eggers, 1990; Massey and Denton, 1993). The fact that black poverty is concentrated produces additional problems: It deprives young, poor blacks of role models of economic achievement and subjects blacks to increased risks of problems associated with poverty, such as crime and drug abuse (Wilson, 1987, 1996). Many social scientists have argued that if poverty among African Americans were less geographically concentrated, it would be easier to escape. Concentrated poverty also results in fewer services, such as stores and hospitals, because people who are poor can purchase fewer goods and services. Lack of medical facilities in areas of concentrated poverty is discussed elsewhere, in Chapter 11, but it is important to note here that there is a connection with segregation. To the extent that segregation concentrates poverty, it also reduces the availability of health care in the neighborhoods affected. Research has shown that mortality rates of African Americans are higher when they live in segregated areas (Guest, Almgren, and Hussey, 1998).

Some social scientists have argued, contrary to Massey's analysis, that integration has led to this increased concentration of poverty, as middle-class African Americans have moved out of inner-city neighborhoods. On one hand, it is certainly true that middle-class blacks have left inner-city neighborhoods and that this has increased the concentration of poverty there (Wilson, 1987). However, there are several flaws with attributing this to integration. Most important is that middle-class blacks are only modestly more likely to live in integrated neighborhoods than poorer blacks. For example, the segregation index for high-income blacks and whites in most areas is only slightly lower than it is for blacks and whites as a whole, and in some places it is even higher (see Farley, 1995; 2003a). Thus, although they are moving out of inner-city areas into more affluent neighborhoods, middle-class blacks are not for the most part moving to white neighborhoods. Also, the most important cause of increasing concentration of poverty among inner-city African Americans is that jobs have left their neighborhoods. As this has occurred, wages have fallen, unemployment has risen, and the percentage of poor has increased (Wilson, 1996). Finally, it is true, as Massey has argued, that if a population has an above-average poverty rate, concentration of that population in one area produces a neighborhood with an above-average poverty rate. The effects of concentrated poverty and the relative importance of class and race in producing it are discussed further in Chapter 16.

SUPPORTING INTEGRATIVE MOVES: ONE STATE'S INITIATIVE

In response to the high interest rates of the early 1980s, the state of Ohio established a mortgage revenue bond program to offer low-interest home loans to first-time buyers. In 1983 and 1984, about $750 million of mortgage revenue bonds were issued and used to finance such low-interest loans. By making loans available at rates of less than 10 percent (compared with the rates of 15 percent and higher that were typical at that time), the program enabled people to buy homes who otherwise could not afford to. In the 1980s, many states established programs similar to the one in Ohio, but Ohio's program had one important difference: In response to pressures from the fair-housing groups that were and are very active in Ohio, along with support from Gov. Richard Celeste, the program included a component designed to encourage housing integration. In 1985, and again from 1988 to 1991, a portion of the money allocated for the program was set aside for "integrative moves." Integrative moves are moves that increase the diversity of a neighborhood, for example, when a black family moves into a predominantly white area or vice versa. Because there were far more applicants than the number of loans that could be subsidized under the state program, a strong incentive for people to make integrative moves was created: A portion of the scarce mortgage-subsidy money could be obtained only by people willing to make such moves.

Evaluations of the program showed that it accomplished several things: It increased the proportion of black families participating in the mortgage-subsidy program, led black families to extend their housing search beyond traditionally black neighborhoods, and led white families to make moves that reinforced racial integration in areas where it existed (Bromley, 1992). Significantly, however, the program aroused the opposition of both white and black real estate agents, who saw it as social engineering that infringed on their rights to do business as they saw fit. It was this opposition that led to the temporary elimination of the program in 1986 and 1987. In fact, were it not for the support of the governor and his staff and the ability of supporters to generate data showing that the program worked, it probably never have would been reinstated (Bromley, 1992). Nonetheless, the Ohio program offers an interesting model for other states in that it supports the reduction of housing segregation by creating incentives for people to take voluntary actions that promote integration rather than relying exclusively on enforcement of laws against discrimination. Moreover, evaluations of the program indicate that its incentives were successful in encouraging integrative moves and reduced the previous underrepresentation of blacks among those receiving state-financed mortgage subsidies.

Finally, segregation may reduce job opportunities for African Americans in other ways. For example, it may be that in predominantly white areas, employers are more likely to discriminate against African American or Latino/a job applicants because they fear antagonizing white workers or neighbors (Yinger, 1995, p. 151). It is true that suburban employers hire fewer blacks, relative to the number who apply, than central-city employers (Moss and Tilly, 2001a, pp. 144–46). Even when jobs are close enough to black residents to get to, blacks are less likely to be employed when an employer is located in an all-white area (Anonymous, 1997). This finding is also consistent with the idea that blacks may avoid employers in white areas for fear of discrimination or that prejudiced employers may seek out areas that are all-white. Presumably, all these processes would be less likely if there were not the kind of housing segregation that results in all-white neighborhoods within racially mixed metropolitan areas.

For all these reasons, housing segregation is widely viewed as a problem that worsens race relations and adds to the difficulties faced by the black community. Not everyone agrees, however. Some point out that it enhances black political power by making possible cities and suburbs where blacks are in the majority and can elect their own political leaders. Also, some blacks clearly prefer to live in all-black or nearly all-black neighborhoods, although surveys show that most favor mixed neighborhoods. On the other hand, it is also true that because of the concentration of poverty, mostly black cities often lack the tax base to address their problems effectively. Cities such as Detroit, Newark, and Gary, Indiana, have faced difficult economic situations, requiring them to cut city services and lay off city workers because of a poor tax base, a condition that obviously limits the ability of black elected officials to improve the quality of life of their constituencies.

Ultimately, the key issue may turn out to be one of encouraging choice, making it possible for people to move to and live in a neighborhood with whatever racial composition they prefer, uninhibited by racial steering, sales and rental discrimination, and resistance

from white neighbors. Judging from public opinion polls, segregation would decline at least somewhat if people were free to move where they wish, uninhibited by such practices. Expanded efforts to enforce fair-housing laws would be an important step toward such free choice. For a different approach to encouraging neighborhood integration, see the box, "Supporting Integrative Moves: One State's Initiative."

Nothing illustrates the impact of segregation and concentrated poverty more powerfully than what happened in 2005 when Hurricane Katrina slammed into New Orleans—a city that exemplifies the pattern of segregation and concentrated poverty discussed in this chapter. Predictably, African Americans suffered disproportionately in every aspect of the hurricane, from who suffered the most damage to the failed government response to the hurricane to the experiences that hurricane victims endured in the days, months, and years afterwards. In the remainder of this chapter, we will examine that suffering and what it tells us about race, segregation, and concentrated poverty in the United States.

RACE, SEGREGATION, AND HURRICANE KATRINA

Few who saw them will ever forget the images of people—by the thousands, all-told—standing on roofs, gathered on the few sections of New Orleans freeways that remained above water and seeking shelter in and around the Superdome and the Louisiana Convention Center. These images were broadcast for up to five days, as the victims of modern America's greatest natural catastrophe waited in vain for someone to rescue them. The images looked like ones seen after disasters in faraway developing countries—but this time, the images came from the United States of America. And one other thing was striking about the images: *It was undeniably evident that the large majority of the people in the images were black*.

Of the thousands of New Orleans residents left stranded on rooftops and freeway segments for up to five days after Hurricane Katrina, it was an undeniable reality that the large majority were African American.

Hurricane Katrina was a disaster of a magnitude many times beyond any other U.S. natural disaster in the lifetime of anyone reading this book. Hundreds of thousands of people of all races were affected in some way. But research since the hurricane has confirmed what the images broadcast in the days immediately following the hurricane showed: The people affected by the hurricane were disproportionately black. Research by sociologist John Logan (2006) shows that this is the case. In the broad region affected by Katrina, along the Gulf Coast from the New Orleans area eastward into southern Mississippi and Alabama, the population of areas damaged by the hurricane was 46 percent African American, compared to just 26 percent of the areas undamaged. In other words, in the areas damaged by the hurricane, the percentage of African American population was nearly double what it was in the areas that were not damaged. The exact death toll from the hurricane may never be known, but the official death toll from all states affected as of early 2008 stood at 1,836, with another 700 or so missing, many of whom were presumably washed into the Gulf of Mexico or Lake Ponchartrain. Of those for whom race could be determined, 46 percent were African American (Scripps-Howard News Service, 2008)—exactly the percentage of African Americans in the damaged areas. It is true, on the one hand, that (1) *within the damaged areas*, both whites and African Americans died in similar proportions to their populations, and (2) about half of those who died in the hurricane were white. But although this is true, it is also true that African Americans living in the Gulf Coast region had a considerably greater chance of dying in the hurricane than whites in the region. This is because African Americans were much more likely to live in the areas that were damaged by the hurricane, especially the city of New Orleans. And in addition to the regional disparity in deaths, there were even larger differences in regard to who was stranded for days on end, who was displaced on a long-term basis, and who suffered long-term, uncompensated financial losses.

Why did these disparities occur? Disaster research has shown us quite consistently that groups with fewer resources are more affected by disasters (Barnshaw and Trainor, 2007, pp. 83–97). This is true for a number of reasons. They are more likely to live in areas prone to natural disasters, such as low-lying areas that flood regularly. They are more likely to live in poorly built or deteriorating homes that do not stand up to the elements. For example, when Hurricane Andrew hit Florida in 1992, the poor and elderly were most affected because they were most likely to live in mobile homes, nearly all of which that were in the storm's path were destroyed (Powers, 2006). Groups with fewer resources cannot get out of harm's way as readily because they often lack automobiles or other means of transportation. And finally, they have a harder time recovering from disasters because they have less to begin with and have worse insurance, if they have any at all (Pastor et al., 2007) These patterns did not begin with Katrina. Earlier disasters in which people with lower incomes and/or minorities were disproportionately affected include the Chicago heat wave in 1995 that killed over 700 (Klinenberg, 2002), Hurricane Andrew in 1992 (Peacock and Girard, 1997; Powers, 2006), the 1997 flood in Grand Forks, North Dakota (Enarson and Fordham, 2001), and even such historical disasters as the San Francisco earthquake and subsequent fires in 1906, the sinking of the *Titanic* in 1912, and even longer ago, the destruction of Pompeii by Mt. Vesuvius in A.D. 79 (Dyson, 2006).

Not surprisingly, then, an analysis of disaster vulnerability in coastal areas published three years *before* Hurricane Katrina noted disparities between rich and poor and racial segregation as factors affecting vulnerability to coastal disasters (Heinz Center, 2002, p. 29) One reason, as noted above, is that the poor and racial minorities are more likely to live in vulnerable locations, especially low-lying areas subject to flooding (as is much of the city of New Orleans, which lies several feet below sea level). The least-desirable, most vulnerable areas are also the least expensive areas, and accordingly, disadvantaged groups are most likely to live there. Just as he found that the percentage of African Americans was higher in the damaged than in the undamaged areas, Logan (2006) also found that the percentage of poor people was higher in the damaged areas. Both were the case because poor people and black people were especially likely to live in

the city of New Orleans, 80 percent of which was flooded by the hurricane. For African Americans, this affordability effect is compounded by racial housing segregation. For example, African Americans were not just more likely to live in the largely flooded city of New Orleans, a fact itself attributable in large part to racial segregation. In addition, *within* the city of New Orleans, African Americans were more likely than whites to live in the low-lying areas that were badly flooded (Powell et al., 2006; Muro and Sohmer, 2005). In fact, the problem of concentrated poverty, discussed earlier in this chapter as a consequence of housing segregation, was worse in New Orleans than in nearly any other U.S. city, with nearly 50,000 poor people living in neighborhoods that are around 40 percent poor (Dyson, 2006, p. 6; Hartman and Squires, 2006, p. 3). These neighborhoods were among the ones that experienced the worst flooding.

But it is not just a matter of who got flooded and who didn't. At least as great a factor in the consequences of the hurricane are two other matters: (1) who could evacuate and who couldn't, and (2) what happened after the hurricane, from the disastrous failure of the government to respond effectively to longer-term issues ranging from insurance coverage to rebuilding plans. As the television images showed, the thousands of people who were trapped for days after the hurricane were very disproportionately African American. This was the case because African Americans—in large part due to their below-average incomes—were more likely than whites to be unable to evacuate on their own (Elliott and Pais, 2006), and the emergency management system failed to either evacuate them or to provide adequate alternative shelter. The most important reason that so many African Americans were unable to evacuate was lack of access to an automobile. As noted earlier in this chapter, at the time of the 2000 census, 35 percent of African American households in New Orleans—more than a third—did not have access to an automobile. Hence, they could not simply drive out of New Orleans when the evacuation order was issued. Many did manage to get out by carpooling with friends or relatives, but many thousands were still unable to evacuate. These households without cars were overwhelmingly (about 80 percent) poor or near-poor, and they were more likely than other New Orleans households to include children and/or elderly people (Dyson, 2006, p. 6).

A second reason that many could not evacuate was that their household included someone with a disability who could not easily be evacuated (Powell and Gilbert, 2006). In fact, nearly three-quarters of those who died in New Orleans were age 60 or older— an age group with a high rate of disabilities (Powell and Gilbert, 2006). The emergency response plan called for school buses to be used to evacuate people who could not evacuate on their own, but the plan was abandoned due to a lack of drivers (DeBose, 2005), many of whom presumably had fled the hurricane themselves and were unavailable. A more limited number of city buses were used to take people to the Superdome and other evacuation centers, where about 12,000 people rode out the storm, but thousands were in their homes when the hurricane struck and the levees later broke (Barnshaw and Trainor, 2007, p. 99). Many of them, like Benilda Caixetta, a quadriplegic whose family tried for two days to get her evacuated to the Superdome, drowned in their homes (Powell and Gilbert, 2006). Between 100,000 and 120,000 people (out of 460,000 in the city of New Orleans) were unable to evacuate (Barnshaw and Trainor, 2007, p. 99), so subtracting those who went to the shelters, somewhere between 90,000 and 110,000 had to escape from or be rescued from their homes. After the storm, many ended up at either the Superdome or the Convention Center (which was not supposed to be a shelter), with more than 45,000 eventually stuck for several days at these two locations (Barnshaw and Trainor, 2007, p. 100). Around that many more had to be rescued from their flooded homes.

It is at this point where the failed federal response became critical. The Superdome did not have provisions for nearly this number of people and was itself damaged by the hurricane. The Convention Center had no supplies because it was not intended to be used as a shelter. It took several days of deplorable conditions and little or no food and water before the thousands of people stranded at these locations were finally "rescued"—and

then more than 25,000 of them ended up in several mass shelters in Houston, Texas. In the meantime, people were stuck in worsening conditions at the Superdome and Convention Center, and thousands of others waited to be rescued from their flooded homes, often in the attic or on the roof because everything else was under water. Many died waiting to be rescued.

The long wait can be largely attributed to the failed federal response. With upwards of 100,000 people in need of rescue, the scope of the catastrophe was simply so great that nobody but the federal government had the resources to provide an adequate response. Yet the federal government was nowhere to be seen. The director of the Federal Emergency Management Agency (FEMA), Michael Brown, and the Secretary of Homeland Security, Michael Chertoff, did not even know that the Convention Center was being used as a shelter until September 1, more than two days after the levees burst and people began gathering there (Barnshaw and Trainor, 2007). In fact, the first levee was breached late Monday morning, August 29, and late that evening, there were live reports from CNN on massive flooding in the Lower Ninth Ward. Yet Chertoff claimed that the breach did not occur until late Monday night or Tuesday and that he did not know until noon on Tuesday that most of the city was going to be flooded (MSNBC, 2005). On the day New Orleans was flooded, President George W. Bush (now infamously) played the guitar at an event in Colorado and returned to his ranch for the last night of his vacation. Two days later, he said, "I don't think anybody anticipated the breach of the levees" (MSNBC, 2005), and a few days after that, Chertoff said, "Government planners did not predict such a disaster could ever occur" (CNN, 2005). These statements were made despite the fact that multiple studies and disaster experts, and even FEMA itself, warned that was exactly what would happen should a Category 3 or stronger hurricane hit the area (Federal Emergency Management Agency, 2004; Innovative Emergency Management, 2004; *New Orleans Times Picayune*, 2002). Additionally, a 2002 study eerily warned that "100,000 people without transportation will be especially threatened. A large population of low-income residents do not own cars and would have to depend on an untested emergency public transportation system to evacuate them" (*New Orleans Times Picayune*, 2002)

Nonetheless, Bush and others initially defended the federal response as adequate, or better. On September 2, Bush told Brown, "Brownie, you're doing a heck of a job." (Brown was later very publicly fired, but Chertoff was not; he remained in office as of late 2008). And on August 30, a Pentagon spokesman said that National Guard troops in the states affected were adequate to handle the hurricane needs. All these things occurred while tens of thousands of New Orleans residents, mostly African Americans, remained stranded at the Superdome and the Convention Center, at high spots on freeways that remained above water, and in their homes. It was not until five days after the levees broke that the Superdome was fully evacuated.

Clearly, much of the incompetent federal response was the result of changes made in the years before Katrina that dramatically weakened FEMA (Tierney, 2006). After the September 11, 2001 attacks, resources were shifted away from natural disasters toward terrorism prevention, and FEMA was placed under the Department of Homeland Security, which did not regard disaster preparedness and response as a major focus (Tierney, 2006). And in addition to that, the Bush administration, far more than its predecessor, used FEMA as a place to reward political cronies with little or no disaster management experience, including Brown, but a number of other people as well. Social scientists with experience in disaster research were no longer consulted (Tierney, 2006), and five of the top eight officials in FEMA had essentially no disaster management experience. Rather, the top three officials came from Bush's 2000 campaign and the White House advance operations staff (Dyson, 2006). The result of all this was a federal emergency response operation that was almost totally unprepared for a disaster the magnitude of Katrina.

One additional issue has been raised by many who have spoken and written about Hurricane Katrina: Did the fact that so many of those who were affected were African American itself have an effect on the response? There is no question that (1) segregation

and concentrated poverty made blacks more vulnerable to the hurricane than whites, and that (2) blacks' disproportionate lack of automobiles also made them less able to evacuate and more dependent on the response effort. It is equally unquestionable that the federal response was grossly deficient and that despite ample warnings, government on all levels was unprepared for a catastrophe of this magnitude. However, an additional important question about the response is perhaps best summed up by Kanye West's statement during a fundraiser for hurricane victims that "George Bush doesn't care about black people." Although West's comment was in stark terms and directed specifically toward the president, many social scientists have raised a similar, if broader issue: Was the situation was treated less urgently than it would have been if most of the victims had been white (Molotch, 2006; Dyson 2006, Chapter 2; Weisberg, 2005)?

Dyson (2006) argues that, because those in charge of the federal response—Bush, Brown, Chertoff—were white, they did not identify with those affected by the storm the same way they would have if those affected were mostly white. Specifically, he argues, they did not act with the same degree of urgency they would have if the victims had been of their own racial group. A comparison of the response to the much smaller hurricanes that hit Florida the year before Katrina provides some support for this perspective: Bush visited hurricane victims (who in that case were mostly white) four times in six weeks, and Brown's response was so swift and effective that local authorities praised FEMA (Weisberg, 2005). The sociologist Harvey Molotch (2006) outlines one way that race may have come into play in the very different response to Katrina. He points out that people in government agencies normally follow bureaucratic rules—but in times of emergency or other urgent need for action, they also set the rules aside to act as quickly as possible. In such situations, they do whatever is necessary to get the job done. According to Molotch, however, this did not happen in the case of Katrina: No person in a position of high authority pushed the panic button and ordered that things just get done. Lukes (2006) presents some examples of this. Firefighters were required to go to Atlanta for training in community relations and sexual harassment before being allowed to go to New Orleans. Truckloads of bottled water were turned back because they lacked "tasker numbers." And when the state of Arkansas offered to send buses and planes to help in the evacuation, the offer was refused. Federal troops were not sent because of fears about usurping local authority, even though the governor, before the hurricane hit, said "I need everything you've got." So why wasn't there a sense of urgency that would have led bureaucrats to bend rules and get things done? Molotch (2006) writes, "Anything that inhibits empathy for the victims or weakens the assumption that others share it undermines the likelihood of effective rescue." He adds, "And now we see how a little bit of racism can go a long way. It amplifies into the vast realm of business as usual. . . . No one with power reached over, pressed down, or pushed up to make the rescue. I think race was at hand."

Regardless of whether race played directly into the poor federal response, there is no question that it contributed in all kinds of ways to the overall catastrophe, from segregation and concentrated black poverty in the most flood-prone areas to the lack of vehicles that made blacks so dependent on the failed government response to the hurricane. And since the hurricane, African Americans have remained disproportionately affected: They were more likely to have their families split up in the evacuation (Haney, Elliott, and Fussell, 2007; CNN, 2006), and they have been less able to return to their original homes than have whites (Quigley, 2008; Falk, Hunt, and Hunt, 2006). And, as noted at the start of this section, the news reports at the time of the hurricane made it impossible to deny that (1) most of those trapped and waiting for help were black, and (2) poverty and racial inequality continue to be important parts of contemporary American life. But has this led to a heightened awareness of race and poverty as social problems in the United States?

Unfortunately, most data would suggest that this has occurred to only a limited extent. In general, it did not lead to any widespread discourse about poverty in the United States (Danzinger and Danzinger, 2006), and opinion surveys showed little

change in the views of white Americans about poverty and race. After the hurricane, by a 2-1 margin, Americans still said that blacks who can't get ahead are mostly responsible for their own condition, as opposed to saying that racial discrimination holds them back (Pew Research Center, 2005). The percentage saying that the poor have a hard life due to inadequate benefits (about half the respondents) actually fell one point after the hurricane, and the percentage of whites saying that the position of blacks in society has improved (72 percent) fell only slightly after the hurricane. Gilman (2006) suggests one reason for this lack of change: whites, for the most part, do not think of racism as an institutional process, even though, as discussed throughout this book, it is. Rather, they think of it in terms of individual acts of discrimination (Gilman, 2006; Dyson, 2006; Powell et al., 2006). For example, the lack of interaction of most whites with African Americans is not because they consciously avoid them or don't like them; rather, things "just work out" so that they don't. What they fail to recognize is that patterns of segregation and institutionalized inequality (such as living in a segregated neighborhood with a high poverty rate and not having a car in a place that floods) are the reasons that they don't. And of course, whether or not it is true that "George Bush doesn't care about black people," these patterns also go a long way in explaining why black people suffered so disproportionately in Hurricane Katrina (Powell et al., 2006).

SUMMARY AND CONCLUSION

Housing segregation, created in the early twentieth century through a combination of government actions, policies in the real estate, home lending, and insurance businesses, and many acts of discrimination, continues to be an issue today. The highest levels of segregation today are found between African Americans and whites. It remains true that the average African American lives in a city or metropolitan area that is nearly two-thirds of the way toward the segregated end of the scale most commonly used to measure segregation. In the average metropolitan area outside the South (which is actually less segregated than the Midwest and Northeast), the majority of whites live in neighborhoods that are less than 2 percent black. And in some of the cities with the largest black populations, the majority of African Americans live in neighborhoods that are more than 90 percent black and less than 6 percent white. Hispanic Americans and Asian Americans also have experienced considerable housing segregation and discrimination. Today, Hispanic Americans are more segregated than Asian Americans, though not as segregated as African Americans. Segregation levels for African Americans have declined somewhat over the past few decades, but in the last decade, the segregation level of Hispanic Americans has held steady.

Housing segregation cannot be explained away by income differences between whites and minorities, and the high levels of segregation of African Americans in particular, but also Hispanic Americans, also cannot be explained by group preferences to live in such neighborhoods. White preferences for segregation play some role, but even whites sometimes live in neighborhoods more segregated than they prefer. Discrimination testing shows that discrimination in the sale and rental of housing remains common against blacks, Hispanics, Asian Americans, and Native Americans. Between one out of six and one out of four visits to a real estate or rental office results in discrimination.

Housing segregation and discrimination carry considerable costs with regard to employment, education, and wealth. This is particularly true because they have largely limited minorities to living in central cities, while employment opportunities and quality education are increasingly to be found in the suburbs. They have also limited the extent to which minorities can build wealth through homeownership, and they have contributed to the geographic concentration of poverty among African Americans and other minorities. Hurricane Katrina revealed the devastating consequences of segregation and concentrated poverty as upwards of 100,000 people, nearly all black, were caught in the most vulnerable neighborhoods of New Orleans, unable to evacuate. There is no doubt that segregation and concentrated poverty made a very bad situation worse and ensured that African Americans suffered more, on average, as a result of the hurricane than did white people. But despite the graphic pictures of thousands of African Americans trapped in the flooded city, it is not evident that Hurricane Katrina led to major changes in the thinking of Americans about race, poverty, or segregation.

CRITICAL REVIEW QUESTIONS

1. How do urban sprawl, the decentralization of jobs, and housing segregation elevate the unemployment rate of African Americans relative to that of whites? What can be done about this problem?

2. African Americans experience more housing segregation than any other racial or ethnic group. Why?

3. How do home lenders and insurance companies contribute to housing discrimination and segregation?

4. Describe changes in the home lending industry that led to the subprime lending crisis. Why were minorities disproportionately affected?

5. Why are minorities and the poor more affected by disasters than those in the majority group and those who are more affluent? More specifically, why were African Americans more affected by Hurricane Katrina than whites?

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