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# Housing Discrimination and Economic Opportunity in the Chicago Region

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## Human Relations Foundation of Chicago

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While there have been improvements over the last thirty-five years in housing opportunities for people of color in the Chicago region, African- and Hispanic-Americans are still concentrated in neighborhoods of weak economic health. Chicago is the third most segregated city in the United States after Detroit and Gary. At the same time, America is increasingly becoming a diverse nation--at least in terms of summary statistics. It is predicted that "by the middle of the 21st century, today's minorities will comprise nearly one-half of all Americans" (O'Hare 1992). Looking at projected population changes in the Chicago region from 1990 to 2020, it is expected that we will also become more diverse. It is predicted that the non-Hispanic Black population will grow by 44 percent (from 1,408,000 to 2,033,000) and the Hispanic population will grow by 141 percent (from 837,000 to 2,018,000). It is expected that the Asian population growth will be even higher than that predicted for the Hispanic population. The remaining non-Hispanic and non-Black population is expected to decline by 0.5 percent during this same period.[1] This begs the question, will we become a nation of

[1]Given the way in which the NIPC Research Services Department completed their projections this non-Hispanic, non-Black population, summary includes the fast growing Asian population. However, given its small size, its inclusion has little impact on overall calculation for the predominantly white population counted here. Given the small size of the Asian population in the region, NIPC chose not to complete a separate projection for this group. (Northeastern Illinois Planning Commission 1996).

cooperating or comfortably coexisting racial and ethnic groups or will some of us continue to be segregated into communities of limited opportunity while others protect themselves behind gated enclaves or exclusive communities?

Continued racial and ethnic segregation has continuing implications for the social, political, cultural, and economic vitality of Chicago region. Not only does this segregation affect how and where residents of our communities interact with each other, but by limiting free access to housing, education, and jobs a significant portion of the region's population is being held back from sharing in opportunities and from realizing their full potential social, economic, cultural, and political contributions to Chicago and its surrounding communities. This report demonstrates the reality of such concentrations, and analyzes why they persist. We are particularly interested in assessing the impact of housing discrimination on job and wealth opportunities for people of color. Findings and recommendations are drawn from reports on this subject written since the last series of reports commissioned by the Human Relations Foundation of Chicago ten years ago.[2]

## Improvements in housing opportunities for people of color

In recent decades, people of color have moved into areas of the metropolitan region once restricted to Whites only. In 74 percent of municipalities in the Chicago region, the percentage of African-Americans and other Blacks increased from 1980 to 1990, as we have shown in previous

[2]Portions of this report are also being published as part of a report being prepared for an upcoming Chicago Assembly on Racial and Economic Opportunity in the Chicago Metropolitan Area.

research (Leachman, et al 1998, p. 14-16). The number of municipalities with no Black households declined during the 1980s from 23 to 11. People of Hispanic heritage similarly increased their percentages throughout most of the region. One hundred, or 85 percent, of municipalities saw a percentage increase in Hispanic-Americans during the 1980s. The percentage of Asian-Americans rose in 75 percent of the region's communities. During the 1990s, people of color have continued to increase their suburban percentages. The *Chicago Reporter* estimates that more than 131,000 African-Americans will move to the suburbs between 1990 and 2002. According to the *Reporter*, Latinos will exceed 5 percent of the population in 122 suburbs by 2002.

Such movement does not necessarily translate into the formation of diverse neighborhoods. Much of the movement of African-Americans and Latinos from city to suburbs has been to suburbs experiencing resegregation from White-Anglo to African-American or Latino populations. However, Kale Williams, former executive director of the Leadership Council for Metropolitan Open Communities, observes that during the last ten years, the rate of resegregation in both suburban and city communities has slowed compared to earlier decades (Williams). A noticeable example of this contrast would be the stunning five-year resegregation of Chicago's Austin neighborhood in the 1970s versus the much slower shift in Chicago Lawn's ethnic and racial make-up in the 1980s and 1990s. The effective intervention of community organizations, civil rights groups, economic development agencies, and church coalitions, along with stronger fair housing laws, has been successful in preventing the kind of "panic" selling that has characterized population changes in city neighborhoods in earlier decades. In fact, compared to many other Chicago community areas, Chicago Lawn has been able to maintain an

image of relatively stable diversity for the past fifteen years (HUD 1998).

The increased presence of African-Americans and Latinos in city and suburban communities does reflect a weakening of the racial and ethnic caste system dominant before the Civil Rights Movement. In part, this has been produced by increased racial tolerance in the broader society. At the same time, increased presence of racial and ethnic minorities in more communities has broken down some stereotypes and racial/ethnic barriers. According to the National Opinion Research Center, the percentage of Whites nationally who said they preferred a neighborhood that was "all white" declined from 28 percent in 1976 to 13 percent in 1994 (Schuman et al 1997, p. 149). In the Chicago region, a 1996 survey conducted by the Metro Chicago Information Center found that just three percent of Whites said they wanted racial "separation" by neighborhood. At the national level, the percentage of Whites who told pollsters they would move if Blacks moved into their neighborhood "in great numbers" shrunk dramatically, from 72 percent to 18 percent, over the last thirty years (The Gallup Organization 1997, p. X).

In fact, according to a recent review of data collected by all the major survey organizations on racial attitudes in the U.S. since the 1940s (Schuman et al 1998, p. 191):

> On questions concerning principles of equal treatment of blacks and whites in the major public spheres of life . . ., there has been a strong and generally steady movement of white attitudes from denial to affirmation of equality - so much so that some questions have been dropped by survey organizations because answers were approaching 100 percent affirmation.

On the other hand, the review cautioned, Whites are substantially less enthusiastic about programs designed to implement equal treatment than about the principle itself. In addition, White

objections rise in proportion to the numbers of Blacks involved. Finally, the review found that, "When white Americans are asked to account for black disadvantage, the most popular explanation is that blacks lack motivation or will power to get ahead" (p. 193).

Improvements in White attitudes over the last 30 years are supplemented by improvements in what had been weak enforcement mechanisms available to fair housing regulators and activists. The Fair Housing Amendments Act of 1988 dramatically improved the capacity of private fair housing agencies and the federal government to uphold fair housing laws. The Fair Housing Initiatives Program (FHIP) provides federal funding for private fair housing agencies for monitoring and enforcement activities. The Act also allowed the U.S. Department of Justice to investigate and litigate cases on behalf of victims, established more significant fines, and removed the cap on punitive damages (Massey and Denton 1993, p. 210). Some fair housing advocates argue that dollar-for-dollar the small amount of money spent on FHIP has been far more effective in bringing about fair housing than the dollars spent on enforcement by the federal government (Williams 1999). Nevertheless, both private and public enforcement changes were sorely needed.

The latest research suggests that the 1988 changes have not yet resulted in a major decrease in the level of housing discrimination in the United States (Goering and Squires 1999, p. 6). However, given the strong network of fair housing advocates in the Chicago metropolitan area (for example, the Leadership Council for Metropolitan Open Communities, Latinos United, Hope Fair Housing, the Interfaith Housing Council of the Northern Suburbs, and the South Suburban Housing Center), this

region has seen improvement in fair housing enforcement. During the first half of the 1990s, fair housing groups in Illinois recovered more than $3.7 million in damages for victims of discrimination (Brown, et al 1997, p. 17-18). In addition, because the Department of Justice is now able to pursue cases aggressively, Chicago area fair housing groups are able to pursue cases that previously would have been unwinnable. Legal cases brought respectively by the Leadership Council for Metropolitan Open Communities and the U.S. Justice Department, challenged an economic development program employed by suburban Addison to demolish homes in the Hispanic part of town and challenged an "overcrowding" law used by Waukegan to evict predominantly Hispanic families. Both cases were settled with favorable results for the plaintiffs. Addison agreed to retain and build affordable housing, build two parks and a community center, and to pay $4.3 million to the plaintiffs (Novak and Ryndak 1997).

At the same time, Chicago-area banks appear to be providing more loans to people of color. African-American home purchases in the Chicago region increased 127 percent from 1990 to 1996, far outpacing purchase increases among the population as a whole (Immergluck 1999, p.7). The region's poorer residents, moreover, were buying many more homes in the mid-1990s than they were at the beginning of the decade. Between 1990 to 1996, the number of home purchases made by low- and moderate-income applicants in the Chicago region approximately doubled. The investments were, however, concentrated in Cook County and in lower-income communities (Bush and Bianchi 1998, p. 1, 2; Leachman et al 1998)

The real estate industry has also been making significant efforts to provide fair housing training

for its members. Both the National Association of Realtors and the National Association of Home Builders have developed training programs over the past two decades. However, while these programs have made inroads in altering some racist practices, it has not produced affirmative marketing and selling practices. The structure of the industry itself can help to perpetuate segregated communities. White Anglo realtors in white Anglo communities offer properties to white Anglo buyers who walk in the door; there is typically no effort to market aggressively to African-American, Latino, or other minority communities. Furthermore, the improvement that the realtor and home builders associations have made primarily apply to home buying and selling and does not effect the substantial rental market (Williams).

## Models of stable racial and ethnic diversity

Although stable racially and ethnically diverse communities have been more the exception than the rule, such neighborhoods do exist in Chicago. A recent U.S. Department of Housing and Urban Development study of fourteen stable diverse neighborhoods in nine cities, included an analysis of four community areas in Chicago: Rogers Park, Edgewater, Uptown, and Chicago Lawn (U.S. HUD 1998). The focus of the study was to determine what factors lead to the development of such diverse communities and what has helped them remain stable over periods of 20 years or more. The intention was to then use these models as blueprints for preserving diversity--and economic opportunities for all racial and ethnic groups--in more urban communities. Given that there is a stronger demand for stable diverse neighborhoods than there are stable diverse neighborhoods available (Ellis 1988), there clearly

is room for more stable diverse communities in the American marketplace.

The study found that strong community-based organizations were critical in serving as advocates for the diverse community and countering false "common sense" notions that diverse neighborhoods are "changing" neighborhoods. In such communities there were "social seams"-- parks, schools, shopping districts, and ecumenical groups--that often helped to hold together people from diverse racial, ethnic, and class backgrounds.

At the same time, the study pointed out a new challenge. A new kind of diverse community is emerging in our nation's cities and suburbs. Many older stable diverse communities were the product of strong, intentional efforts to sustain diversity--efforts growing out of the civil rights movement and efforts to bridge a single Black-White racial divide. A newer set of communities is emerging: communities which are "diverse by circumstance." These communities tend to be multi-racial and multi-ethnic, typically produced by the influx of old and new immigrant groups. These communities are stable not because of intentional planning, but because of the need for various ethnic, racial, and immigrant groups to accommodate one another in light of the fact that there is no dominant group in the community. Rogers Park, Edgewater, and Uptown fall into this category of new diverse communities. The HUD study concludes by saying that given the increased racial and ethnic diversity in the U.S., these communities represent one of the greatest opportunities in promoting inter-racial and inter-ethnic cooperation in the upcoming century.

As noted earlier, it is projected that the U.S. will be 50 percent "minority" by the year 2050 (O'Hare 1992). This is fueled by population growth among younger Asian and Hispanic families, as

well as by continued immigration from abroad. Given this and the fact that Chicago ranks third in metropolitan area destinations for new immigrants (Gibson 1999), such models of multi-racial and multi-ethnic diversity should become of greater interest to policy makers in both cities and suburbs. Although the HUD study focused on central city neighborhoods, efforts to produce stable diversity in the suburbs have been led by elected officials, community leaders, and residents in suburbs such as Matteson, Park Forest, Oak Park, and Evanston.[3]

**Remaining patterns of segregation and concentrations of poverty**

Despite these improvements, the region remains heavily segregated by race. Two-thirds of all African-Americans living in Chicago's suburbs are concentrated in only 18 of the 260 suburban municipalities (Johnson 1999, p. 17). The pattern of segregation, moreover, appears to be at least holding steady. From 1980 to 1990, the greatest percentage increase of Black and Hispanic households occurred in municipalities where Blacks and Hispanics were already concentrated (Leachman, et al 1998, p. 14, 15). Further, as the Woodstock Institute recently reported, "African-American home buying is disproportionately concentrated on the city's far west side, far south side, in a cluster of western Cook County suburbs, and in parts of southern Cook County, east of I-57" (Immergluck 1996, p. 2). The Institute found that in 1990-91, 27 percent of African-American home

[3]There are also less successful efforts in creating racially- and ethnically-diverse communities. University Park, Harvey, and Markham had all shown promise to be racially- and ethnically-diverse communities. However, the enormous pressures against stable diversity--most notably the stereotype that a diverse community is a "changing" community--served to undermine these efforts. Yet, as noted before the rate of resegregation in even these communities occurred at a slower pace than had been seen in earlier decades.

buyers in the region purchased houses in neighborhoods where at least 75 percent of home buyers were African-American. By 1995-96, a much higher 45 percent of all African American buyers were finding homes in neighborhoods with the highest concentrations of Blacks (p. 1).

The predominant pattern of segregation in the Chicago region seriously damages economic opportunities for most Blacks and Hispanics. In 1990, 86 percent of all Black households and 77 percent of all Hispanic households lived in municipalities that had either lost jobs or gained no jobs over the 1980s. By contrast, only 36 percent of White households lived in such communities (Leachman, et al 1998, p. 34). Taking the City of Chicago out of the calculations does not much improve the picture. Only five percent of all suburban Black households and 9 percent of suburban Hispanic households lived in those suburbs that saw the regions highest job gains (p. 35). Relatedly, just one-half of one percent of suburban Black households and 3 percent of suburban Hispanic households live in municipalities with the strongest tax bases. Moreover, the majority of Blacks and Hispanics in the 1980s moved to municipalities with weak tax bases (p. 37, 38).

In the 1990s, these trends were exacerbated by the continued decline in the number of jobs in the region's older, inner core. According to the Woodstock Institute,

> In the 1990s, job sprawl - the flow of jobs out of older communities into newer and outer suburban areas - is proceeding at least as fast as it did in the 1980s. The City of Chicago, for example, is actually losing jobs at a slightly greater pace than in the 1980s, driven by a decline of almost 40,000 manufacturing jobs between 1991 and 1996 (Immergluck 1998, p. 1).

The City lost a total of about 91,000 jobs over the course of the 1980s, while the region as a whole gained some 424,000 jobs (Brown, et al 1997, p. 37).

The region's racial segregation also serves to concentrate poverty, with disastrous effects. Eight of the ten Chicago neighborhoods that form the core of the city's historic "Black Belt" had poverty rates exceeding 45 percent in 1990. Twenty years earlier, in 1970s, only two of these neighborhoods had rates over even 40 percent (Johnson 1999, p. 17).

Moreover, there are stunning differences in how the poor in different racial and ethnic groups are concentrated in the metropolitan area. In 1990, 83 percent of poor Blacks lived in census tracts with 20 percent or higher poverty rates. At the same time, 62 percent of poor Hispanics and only 16 percent of poor Whites lived in such tracts. Looking at "high poverty" tracts (tracts with greater than 40 percent poverty), the differences are even more stark. Forty-six percent of poor Blacks live in high poverty tracts while only 13 and two percent, respectively, of Hispanics and Whites live in such tracts (Rusk 1999a, 347). Given strong evidence that residence in mixed- or middle-income neighborhoods provides significant social and economic opportunities for poor families (Rosenbaum 1995), such levels of concentration of Black, and to a lesser extent Hispanic, families in poor neighborhoods is distressing.

During the 1980s, several communities, concentrated in the south suburbs, saw dramatic increases in the number of desperately poor preschool children, while suburbs with powerful tax bases concentrated in the north and west outer-ring generally saw decreases. For example, the percentage of preschool children living in poverty in 1990 stood at 52.7 percent in Robbins, 43.9 percent in Harvey, and 37.6 percent in Chicago Heights (Orfield 1996, p. 4).

## Analyzing the causes of segregation

The realities of racial segregation, the concentration of poverty, and the resulting impact on economic opportunities for Blacks and Hispanics in the region are beyond dispute. But what causes these patterns?

### *Discrimination*

Audits of real estate agents in the Chicago area reveal that many agents continue to discriminate against people of color. The most extensive audit study of recent years, conducted in 1991, estimated that Black and Hispanic home buyers in the Chicago region faced discrimination 40-45 percent of the time (Turner, et al 1991, p. ?). More recent testing conducted by the Leadership Council for Metropolitan Open Communities between 1992 and 1997 found that Chicago-area agents discriminated against Blacks and Hispanics 32.5 percent of the time, on average. The Leadership Council data were based on the experiences of 1484 sets of testers in both City and suburban markets, with an emphasis in the southwest, near west, and northwest suburbs and in the northwest and southwest sides of the City. The Interfaith Housing Center for the Northern Suburbs drew similar conclusions from its audits of 12 northern suburbs. In these audits, African-American and White testers conducted eighty tests in both the home purchase and rental markets. Indications of discrimination were found in 36 percent of the tests, and another 27.5 percent of the tests were inconclusive or incomplete.[4]

[4]Audit data from Chicago are consistent with conclusions reached in other parts of the country, despite some regional variation. Tests conducted by a fair housing organization in Louisiana in 1995 discovered discrimination favoring whites in 77 percent of the cases (Goering and Squires 1999, p. 6). A series of audits in the Washington D.C area showed rates of discrimination in the 1990s ranging from 54 percent in 1990 to 35 percent in

Discrimination by real estate agents is supplemented by lender bias. The Leadership Council for Metropolitan Open Communities's recent audits of 38 regional banks concluded that half of the banks failed to treat clients of color equally (Leachman, et al 1998, p. 12). Nationally, the Federal Financial Institutions Examination Council's 1997 report found that Hispanic, Black, and Native American loan seekers were much more likely to be denied loans than Whites. Blacks and Natives were denied at rates more than double those of Whites (p. 11, 12).

Finally, discrimination by home insurance companies further adds to the burden carried by home buyers of color. Illinois Public Action (1993) found that, in the early 1990s, State Farm and Allstate agents were heavily concentrated in White areas of the City of Chicago and rare in heavily Black and Hispanic areas. Home insurance policies were similarly distributed. State Farm, for instance, represented an average of 1527 policies per zip code in the predominantly Black Seventh Congressional District and an average of 6415 policies per zip code in the predominantly White Fifth District.

***The dearth and concentration of affordable housing***

According to the Center for Budget and Policy Priorities, there is a 113,000-unit gap between the number of rental units affordable to low-income people available the Chicago metropolitan area and the need for such units (Leachman, et al 1998, p. 25). Those units that are available, moreover, are concentrated in the City of Chicago and in the south suburbs, in racially segregated communities with

1997 (p. 8).

few economic opportunities (see Leachman, et al 1998, p. 30-38). Through much of the southern suburbs, over 75 percent of homes were selling in 1990 for less than 80 percent of the metropolitan median. At the same time, several wealthier municipalities in the region offered no homes so affordable (p. 32). People of color, more likely to need affordable housing than Whites, are thus less able to live in communities with the most job opportunities and the most heavily-resourced schools.

This situation was created over decades of refusal by suburbanites to accept affordable housing developments. In the early 1970s, when federal court decisions generated a substantial momentum behind affordable housing construction, the likelihood that Chicago suburbs would be forced to build at least some low-income units seemed, to many local officials, inevitable. The loosening of zoning and land use laws employed for decades as barriers against both people of color and poor people, was viewed as a natural extension of integration policy. But most Chicago suburbs successfully resisted the pressure, by and large avoiding low-income housing construction until federal activism deteriorated in the 1980s (see Leachman 1999, Chapter 3).

The history of opposition to low-income housing in Chicago's suburbs is clearly linked to racial discrimination, other factors have also served to segregate people of lower incomes in less attractive neighborhoods. Importantly, because property taxes form a major source of municipal revenue, suburban officials and residents are encouraged to avoid affordable developments. As the Chicago Metropolis 2020 report puts it:

> Metropolitan Chicago has suffered mightily because of a governance and tax system that pits hundreds of municipalities against each other in a competition for property-tax dollars. Local officials are motivated by this structure and by the residents of their

> towns and villages to employ exclusionary building and zoning codes that maintain homogenous communities and maximize tax revenues. [As a result,] . . . poorer municipalities often suffer from underfunded municipal services, overcrowded schools, and higher property-tax rates (Johnson 1999, p. 18).

In the process, poorer communities desperate for revenue are forced to accept an overabundance of lower cost units and are less able to compel high quality construction practices from developers. Chicago suburbs deteriorating under the weight of these burdens are, moreover, further isolated by their political autonomy from more wealthy suburbs.

The region's calamitous decisions to concentrate the region's poorest residents in dense and racially segregated public housing projects is now widely recognized as a failure. Recently, HUD, the Chicago Housing Authority, and the City of Chicago have been cooperating to destroy the old high-rises and construct mixed-income villages in their place. While these projects await our hopes and evaluations, past experiences with the deconcentration of poverty suggest that it does increase opportunity for low-income families. After tenants charged that public housing in Chicago segregated poor Blacks in Black neighborhoods, the Chicago Housing Authority was forced to scatter 7100 subsidized tenants in other sorts of communities, as part of the *Gautreaux* decision. Those tenants who moved through the program to suburban communities fared much better than their counterparts who stayed in the City (Rosenbaum 1995).

The Leadership Council for Metropolitan Open Communities, which administered the Gautreaux placements, worked successfully to locate placements for clients in mostly White suburbs and provided follow-up support. Those Section 8 voucher and certificate recipients receiving their

subsidies through the Housing Authority of Cook County (HACC) have, by contrast, concentrated heavily in areas that are predominantly Black and relatively poor. According to Fischer (1993, p. 6), 71 percent of Black Section 8 families receiving assistance from HACC in the early 1990s lived in the south suburbs. In a more recent study of use of Section 8 vouchers to relocate families displaced by CHA unit demolition, Fischer found that "Almost 80 % of relocation families are living in census tracts that are over 90% black and over 90% are in census tracts that are under $15,000 in median income" (1999, p. 1-2) The political scientist adds that "If one purpose of tearing down the high rises was to improve the quality of the lives of the vacating tenants, indications so far are not very hopeful (p. 2).

It remains unclear whether tenants receiving Section 8 vouchers after their high-rises are demolished will gain access to an adequate supply of affordable housing or will receive the necessary individual counseling and housing search assistance. Unless such counseling and other region-wide housing reforms are implemented, the pending relocation of up to 12,000 poor, African-American public housing families will only lead to further concentration of race and poverty. With appropriate intervention and assistance there is a major opportunity to counter the debilitating and opportunity-reducing concentration of poor African-Americans in high poverty city neighborhoods.

***Income and wealth disparities***

The racial distribution of people in the Chicago area is not simply due to disparities in income between people of color and Whites. As we've shown in previous work (Leachman, et al 1998, p. 17-21), Black and Hispanic households are under-represented in an overwhelming number of Chicago-

area municipalities, even after controlling for income. Using 1980 and 1990 census data, we constructed a model metropolitan area in which people were distributed based solely by income, not by race. The resulting model, we found, was dramatically more integrated than the actual Chicago region. Black household percentages were predicted by our model to vary in 1990 from 8.5 percent of the total in Winnetka to 22.6 percent of the total in Harvey. In actuality, Winnetka had no Black households listed on the census in 1990, while Harvey's households were 76.4 percent Black. In *only 12* of 117 municipalities was the actual percentage of Blacks within 5 percentage points of the predicted value. Moreover, some of these 12 were suburbs in the process of racial change and did not represent stable diverse communities. For Hispanic-Americans, only ten of the region's municipalities nearly matched our model's predictions.

Table 1 presents a sampling of findings for municipalities throughout the Chicago region. David Rusk (1999b), who ran a regression analysis of our 1990 data, found that income explained only 13 percent of the distribution of Blacks in the suburbs. He also found that income explained 43 percent of Hispanic distribution and 45 percent of Asian distribution.

TABLE 1

ACTUAL HOUSEHOLDS VS. "COLOR BLIND" MARKET COMPARISON, 1990
SAMPLE MUNICIPALITIES

| | Total HH | Pred Blk | Act Blk | Difference | Pred His | Act His | Difference |
|---|---|---|---|---|---|---|---|
| Barrington | 3489 | 12.2% | 0.1% | -12.1% | 5.7% | 0.7% | -5.0% |
| Evanston | 27,955 | 16.3% | 19.3% | 3.0% | 7.3% | 2.3% | -5.0% |
| Harvey | 9110 | 22.6% | 76.4% | 53.8% | 8.9% | 4.7% | -4.2% |
| Hinsdale | 5897 | 11.3% | 0.8% | -10.5% | 5.5% | 0.9% | -4.6% |
| New Lenox | 3339 | 15.8% | 0.0% | -15.8% | 7.6% | 1.0% | -6.6% |
| West Chicago | 4701 | 16.4% | 1.7% | -14.7% | 7.7% | 19.3% | 11.6% |
| Winnetka | 4346 | 8.5% | 0.0% | -8.5% | 4.1% | 0.3% | -3.8% |

Source: Leachman, Mike, Phil Nyden, Bill Peterman, and Darnell Coleman. 1998. Black, White, and Shades of Brown: Fair Housing and Economic Opportunity in the Chicago Region. Commissioned and published by the Leadership Council for Metropolitan Open Communities. See Appendix B.

Of course, income is not the sole determinant of one's ability to purchase a home. Wealth might be a more accurate measure, since potential home buyers typically draw upon all their financial assets when preparing for their purchase. And since national studies have shown that Blacks hold much

less wealth than Whites, even when matched by income, financial considerations may be more important than our earlier work suggests.

In a nationwide study, Oliver and Shapiro (1997, p. 7) found that the typical middle-class Black holds just fifteen cents for every dollar of wealth possessed by the typical middle-class White. Nearly all of the wealth controlled by middle-class, college-educated, and white-collar Blacks, moreover, is housing equity, while the wealth held by Whites with similar socio-economic characteristics includes substantial holdings of other financial assets (p. 94, 95). The median net worth for all Blacks is $3700; for all Whites, it is $43,800 (p. 86).

Unfortunately, data on wealth by racial group are so scant that precise evaluations of the effect of wealth disparities on segregation patterns is difficult to judge. Indeed, no data are available that would allow us to evaluate precisely the effect of wealth holdings on segregation in the Chicago region. The measure we employ below does, however, provide some insight.

Using 1990 Census data,[5] we find that in the Chicago region, Whites controlled $162.9 billion of housing value, or 91 percent of the value of all housing in the region. Whites owned just 85 percent of all owner-occupied housing units in the metropolitan area. Thus, not only do Whites own a greater proportion of housing in the region than their proportion in the population (71.6 percent), but the value of the housing is higher than that of Blacks and Hispanics (see Table 2). By contrast, Blacks (who made up 19.2 percent of the Chicago metropolitan-area population) owned $9.4 billion in housing, or

[5]The 1990 census asked Americans to report the value of their homes. The Census Bureau tallied these responses to estimate the aggregate housing value held by different racial groups.

five percent of the region's total holdings. Because Blacks owned 11 percent of the region's homes, they accrued much less than their share of housing value. Figures for other racial groups can be gleaned from Table 2 below.

TABLE 2

AGGREGATE HOUSING VALUE
BY RACE AND ETHNICITY OF HOUSEHOLDER IN CHICAGO REGION, 1990
(Specified owner-occupied housing units in Chicago CMSA)

| | Aggregate housing value, by race (in billions) | Percent of all housing value in region | Owner occupied housing units in region, by race | Percent of the region's population |
|---|---|---|---|---|
| White | 162.92 | 91.0 | 84.6 | 71.6 |
| Black | 9.41 | 5.3 | 10.9 | 19.2 |
| American Indian, Eskimo, Aleut | 0.15 | 0.1 | 0.1 | 0.2 |
| Asian or Pacific Islander | 4.89 | 2.7 | 2.2 | 3.2 |
| Other race | 1.68 | 0.9 | 2.3 | 5.9 |
| Total* | 179.05 | 100 | 100 | 100 |
| Not of Hispanic origin# | 174.25 | 97.3 | 95.2 | 89.2 |
| Hispanic origin# | 4.81 | 2.7 | 4.8 | 10.8 |
| Total* | 179.06 | 100 | 100 | 100 |

*Difference in some totals is due to rounding errors.
#Race and Hispanic origin are different categories and not mutually exclusive, i.e. Hispanics can be divided into

White and Black racial categories.

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Using these figures, we can roughly estimate the mean value of homes owned by Whites in the Chicago region in 1990 to have been $107,297. For Blacks, the mean was about $48,269. For Hispanics, it was $55,909. And for people of Asian heritage, it was $125,466.

These data suggest that Whites and Asian-Americans in the Chicago region control substantially more housing wealth than Blacks and Hispanics. Since housing wealth represents the bulk of the household wealth maintained by most Americans (and especially, Oliver and Shapiro suggest, for Blacks), these figures suggest major disparities in wealth holdings by race in the region. It is likely, then, that Blacks and Hispanics are less able to purchase relatively expensive homes, when compared to Whites and Asians, because they control less wealth.

Wealth disparities are complexly generated, but clearly reflect both historic and contemporary discrimination in some measure. Oliver and Shapiro (1997), whose extensive national study of the issue has set the standard for future study, conclude that discrimination is the primary factor determining differences in wealth holdings between Blacks and Whites. Just one generation away from Jim Crow and still faced with less pervasive discrimination, Blacks have been less able than Whites to accrue wealth over time.

The process is exacerbated by sprawl-inducing "growth" policies. As Myron Orfield (1996, p. 12). writes, ". . . the loss of value in older poorer communities is one of the costs of economic

polarization and urban sprawl. Regions spend billions of dollars building infrastructure such as schools, freeways, and sewers which add enormous value to outer-ring land. To the extent that these public expenditures serve to transfer value, they are wasted."

We can conclude that Blacks and Hispanics have been segregated - thanks largely to historic and contemporary discrimination and to the concentration of affordable housing - in areas of poor economic health. Since housing values appreciate more slowly, if at all, in these neighborhoods, Black and Hispanic households are left with less housing wealth than their racial counterparts. As a result, they have fewer opportunities to move to more financially attractive communities and so are more likely to remain segregated.

***Choice***

Survey data suggests that African-Americans prefer neighborhoods that are about 50 percent black and 50 percent White, while the majority of Whites would avoid such a neighborhood if they were house hunting (Farley 1993, p. 165-173). Given the numerical dominance of White home buyers, the integrated neighborhood preferred by most African Americans is rarely available. White choices carry more weight than Black ones.

Asian and Hispanic Americans also appear predominantly to prefer housing in neighborhoods with sizable White populations (for example, see Bobo and Zubrinsky 1996, p. 888-891). Perceptions of healthier school systems, more attractive municipal services, and lower crime rates in heavily White areas help determine these preferences. Whites, by and large, are the most averse of any racial group

to heavily integrated neighborhoods. And, because of the relative wealth and size of the White population, the choices made by Whites most powerfully drive racial patterns within the housing market.

Within this context, people of color do often choose neighborhoods in which minorities are already concentrated, despite the weak investment potential often associated with such moves. Given high levels of residential segregation, people of color seeking homes in heavily White areas often must be willing to live in communities where they are overwhelmingly in the minority. These racial "pioneers" not only must live in a state of racial conspicuousness, but also often without the social supports we normally associate with home, including nearby family and religious institutions. In addition, fear of racism, undergirded of course by actual racism, also helps determine the choices of people of color. The possibility of discrimination and racial disdain looms over the prospect of moving to integrated neighborhoods.

In making housing choices, then, people of color must weigh their likely return on investment against the benefits of a home in a community where their group is concentrated. Unlike Whites, people of color must confront a contradiction between the best "house" on financial terms and the best "home" on emotional terms. While all individuals are, by law, free to pursue housing in any neighborhood they can afford, their choices take place within a social context shaped by racism and continuing discrimination.

## Conclusions and Recommendations

Along with America in general, the Chicago metropolitan area is seeing increasing racial and ethnic diversity in the region. The work of fair housing advocates, some government officials, some business leaders, and community advocates have yielded progress along the road to fair housing and improved quality of life for all families living in our city and suburbs. Organizations such as the Leadership Council for Metropolitan Open Communities have gained national recognition for their work in this field.

At the same time, a variety of forces continue to restrict the access of many of our citizens to the jobs, affordable housing, safe communities, and other resources our metropolitan area has to offer. Continued segregation of poor African-American families and a lesser extent of poor Hispanic families, into city and suburban neighborhoods with high poverty rates and few opportunities for social and economic advancement, remains a prominent feature of our metropolitan area's social landscape. There is a need for all sectors of our metropolitan area to maintain and strengthen their efforts to create communities of opportunity for all citizens regardless of race, ethnicity, or immigration status.

Based on findings of the various reports and data presented we have a number of policy recommendations :

***Support diverse communities as an option to racial segregation***

> Chicago contains models of stable racially, ethnically, and economically diverse communities which provide opportunities for all families living in their neighborhoods. There are indications that there is a stronger demand for housing in such neighborhoods than there are stable diverse neighborhoods available. Greater government, business, and community support for these neighborhoods can provide a way for a broader segment of the residents to enjoy a full range of

social and economic opportunities.

***Elected officials need to take a leadership role in creating welcoming communities, promoting positive inter-racial and inter-ethnic relations***

There have been significant changes in attitudes toward race in the past 30 years. These positive changes provide a wide open door through which our elected officials can help in breaking down barriers to fair housing and access of all Chicago area residents to housing, jobs, and a better quality of life.

***Business leaders also need to take the lead in promoting fair housing and economic opportunities for all Chicagoans***

The business sector through plant/store location decisions, hiring policies, and marketing policies have a profound effect on the economic well-being of individuals and larger communities. Business resources and decision-making is more powerful than government decision-making and should be recognized as a powerful force in bringing about positive changes in the area of fair housing, race relations, and equal opportunity.

***Develop programs to reduce poverty and particularly the concentration of poverty***

Isolation of low-income families into communities with high rates of poverty has contributed to the persistence of poverty and opportunities to gain access to quality jobs, schools, child care, quality housing, and health care. Policies that can reduce the concentration of poverty can help to eliminate this damaging cycle. Such policies include:

- increasing the availability of affordable housing throughout the region, in all city neighborhoods as well as in both city and suburbs.
- creating more mixed-income housing developments and neighborhoods
- improving regional transportation systems so that city job seekers can get better access to jobs in suburban growth areas
- deconcentrating both public housing and Section 8 certificate and voucher use

***Make strong efforts to keep low-income families in neighborhoods experiencing reinvestment, allowing them to benefit from the new opportunities provided by better housing, improved***

***stores, and safer neighborhoods***

As new investment is brought into previously dis-invested communities, low-income, minority families, are displaced and moved around the metropolitan area like pieces on a chessboard. Government and business need to adopt policies that assure a place for low-income families in communities experiencing investment booms if the improvements are to benefit a broad segment of Chicago rather than a well-to-do few. This cycle of investment and displacement has undermined efforts in both low-income African-American and Hispanic communities to build a foundation on which to build stronger, safer communities which provide opportunities for all. In the City of Chicago, an anti-displacement policy would provide a way of "growing a middle-class" by providing opportunity, thus supplementing parallel policies aimed at attracting existing middle-class residents to the city.

***Continue and increase support for fair housing activities and fair housing organizations***

As noted, activities of private fair housing agencies in the Chicago metropolitan area have been very effective in promoting improved access to housing by all racial, ethnic, and economic groups. This force, combined with more effective government efforts (at local, state, and federal levels), needs to be enhanced.

***Recognize the need for fair housing agencies to reach out to new immigrant groups who are contributing to America's growing "minority" population***.

Fair housing organizations have traditionally dealt with discrimination against Black households and more recently against Hispanic households. Today, the Chicago area is rapidly becoming a multi-cultural mosaic of ethnic and racial groups. Fair housing organizations need to be sensitive to the changing demographics of the region and to address the housing needs of new immigrant groups, to better understand the new tensions between different racial and ethnic groups, and to educate new immigrant groups with respect to their fair housing rights.

***Encouraging regional planning, regional economic development, and regional affordable housing plans to make sure that the obligations for providing support to low-income families, including the low-income African-American, Hispanic, and recent immigrant families, do not fall on the City of Chicago and a smaller group of suburbs.***

The history of suburban development has been one of racial and ethnic exclusion. While some of these barriers have broken down, only a regional and state plan to provide fair housing and ample affordable housing will change the high level of segregation that has long tarnished the image of the metropolitan area. City community areas and suburban municipalities that have

not been proactive in these areas need to be politically, economically, and legally encouraged to do so.

***Continued work with regional and national realtor and builders associations to develop affirmative fair housing policies and expansion of fair housing training to owners of rental housing***

National associations have been responsive to efforts to promote fair housing. This momentum should not be lost, but rather pushed further to encourage affirmative marketing efforts. With support from government and private organizations (e.g. large employers), fair housing education and advocacy efforts in the large rental housing market also need to be expanded.

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