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Planning/Communications hopes to obtain funding to update and expand this monograph into a book or guide of its own. Due to the attention the problems caused by segregation have garnered throughout the nation, this draft is being made available even though it is still subject to updating, extensive refinement, and corrections.

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Ending American Apartheid: How Cities Achieve and Maintain Racial Diversity

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Executive Summary

Whites who wish to live in an all-white community and blacks who wish to live in an all-black neighborhood have plenty of places to choose. But there are precious few to select from for those blacks and whites who wish to live in a stable, racially-diverse community. In the Chicago-area, a neighborhood that integrates is likely to have no choice but to resegregate no matter how much residents may wish to preserve its racial diversity.

American apartheid continues to flourish as forced resegregation turns one neighborhood after another from all-white to all-black in just a few years.

If American apartheid is to end, it won’t come from any proclamations issued by Washington or the courts — Congress and federal and state courts continue to chip away at the laws that fight housing discrimination, many of which were never intended to be effective in the first place. The end won’t come from some great epiphany of good will. The battle to end American apartheid will be won only neighborhood by neighborhood and city by city. The battle to conquer American apartheid will prevail slowly as individual cities manage to overcome the odds and achieve stable, racial diversity that reflects a colorblind housing market.

Although, or perhaps because, the Chicago area still ranks as the most racially segregated metropolitan area in the country, with Cleveland in hot pursuit of Chicago’s title, these two areas are the nation’s hotbeds of municipal and private efforts to preserve racial diversity in the face of institutional, governmental, cultural, and individual pressures that have historically made integration the period between the dates the first black moves into a neighborhood and the last white moves out.

There is nothing natural about the extreme segregation in the Chicago area. Differences in income between African-Americans and white Americans did not cause housing segregation 25 years ago nor does it explain segregation today. Segregation in housing is the product of a complex and inter-related set of discriminatory practices that institutionalize racial prejudice performed by private parties — particularly real estate brokers, lenders, developers, home sellers, and the media — in which the federal government and most local and state governments actively participate. Decades of their interaction produced a dual housing market, one exclusively for whites and one exclusively for blacks, that remains largely intact today.

During the past 40 years, a growing number of communities in the Chicago and Cleveland areas have defied the odds to preserve their racial diversity by attacking the discriminatory practices that perpetuate the dual housing market and force the resegregation of integrated neighborhoods. This study reports on their state-of-the-art efforts and explains why they are necessary. It identifies the factors and institutions that affect the ability of communities to achieve and preserve diversity and explores the efforts that have been taken to overcome the cultural, individual, institutional, and governmental forces that make racially diverse communities so rare. The study concludes with suggestions for research to be conducted and policies implemented to enable these communities and others to preserve their diversity.

Although efforts to achieve and preserve racial diversity generally arise out of the self-interest of whites who see diversity as a way to continue to live in their community after blacks start moving into it, the need to put an end to housing discrimination and segregation is much more essential to America’s welfare and security than just their interests. This is not a question of right or wrong. It is not a matter of any moral imperative. It’s
a matter of survival. The costs of resegregation are so high that this nation cannot continue to let “American apartheid” continue to drain its scarce resources much longer.

Resegregation has so divided the nation into two separate and inherently unequal societies that relatively few African–Americans are able to enjoy the trappings of the American Dream. Middle–class blacks who buy homes in all–black or resegregating neighborhoods rarely enjoy the same appreciation in equity that white homeowners savor — and that’s the chief source of wealth for most Americans. It’s no wonder that the average white household’s wealth is 11.5 times that of the average black household. As the ghetto expands, opportunities for quality education vanish — and quality education continues to be the main vehicle to middle–class jobs and income. As job opportunities move to ever more distant suburbs, blacks are unable to move with the jobs thanks to widespread discrimination in housing and exclusionary zoning practices. The move of Sears Roebuck and Company to the distant northwest Chicago suburb Hoffman Estates reflects this problem and how state and local government have worked together to exacerbate it.

This continuing segregation has built an increasingly isolated, but growing permanent underclass that drains the nation’s resources, threatens its citizens’ safety, and forces ever higher taxes for all Americans. The only beneficiaries of resegregation are politicians, real estate brokers, and others who are invested in segregation. As Dr. Winston Ritchie, a black who heads the East Suburban Council for Open Communities has written, “If segregation has increased [black political power], blacks would be the most politically potent of all ethnic groups.” Ending housing discrimination and the segregation it produces is an absolute necessity if this country is to ever break the debilitating and costly cycle in which the ghetto produces a growing permanent black underclass, and enable African–American to fully share the American Dream.

In the traditional model of resegregation, white flight produces the racial transition that resegregates a neighborhood. But even in communities where whites do not panic, complete racial transition is inevitable if white demand for housing in that community disappears and only blacks participate in the community’s housing market.

The following factors have combined to create and preserve this dual housing market that is at the heart of resegregation and threatens the stability of racially–diverse communities:

- Real estate agents
- Financial lending institutions
- Real estate appraisers
- Rental managers and landlords
- Builders and developers
- Community image and the mass media
- Schools
- Community organizations
- Location

Preserving racial diversity requires a two–pronged strategy to (1) maintain a sufficient level of white demand to keep the community stably integrated while (2) the long–term effort to replace the dual housing market with a single, unitary market proceeds. No single tactic will implement either strategy. Not every implementation tool described in this study is necessarily effective, nor even appropriate for every racially–diverse community.

**There are, however, a number of techniques that the experiences of the past 40 years have shown to be absolutely essential to short– and long–term success:**

- Whatever is done, it must start early before any neighborhood becomes racially identifiable.
- Integrate the public schools systemwide well before any schools are racially identifiable. Establish and maintain the same racial composition at each public school to take the public schools out of the equation when people decide whether or where to move into the community.
Strong, vocal support for diversity by both municipal government and public school officials at an early stage.

An aggressive community organization that adopts the goal of racial diversity before any neighborhood becomes racially identifiable.

Develop a coordinated and comprehensive plan for achieving and preserving diversity.

Educate, persuade, cajole, and, if necessary as a last resort, threaten local real estate brokers and rental agents to market affirmatively. Make them aware that they can make a fine living this way.

Establish both a local and subregional housing service center;

Plan and implement a public relations program to build the community’s image.

Maintain a high level of services to all neighborhoods within the jurisdictions.

Particularly in communities with an old housing stock, implement an aggressive housing and building code enforcement program with financial assistance for repair or rehabilitation.

Collect racial data from real estate and rental agents to spot trends, identify violations of local ordinances and the Fair Housing Act.

Do not allow any new public housing to be built in or close to the racially diverse neighborhood.

Foster economic development.

Coordinate racial diversity efforts with other racially diverse communities to attack the dual housing market at the subregional and metropolitan levels.

Maintain these efforts at full strength until the dual housing market is eliminated throughout the metropolitan region.

**New Directions in Research, Strategy, and Policy**

While researchers know that these techniques are vital to preserving diversity and why so many neighborhoods have resegregated, more information is needed to gauge the actual extent of discrimination and devise more effective local, regional, and national strategies to alleviate the unnatural pressures on racially diverse communities that force them to take extraordinary measures to preserve their diversity. Steps that need to be taken include:

**Conducting a systematic, multi-disciplinary study of racially-diverse communities.** A thorough, systematic, and multi-disciplinary study of stable, racially-diverse communities that compares them to analogous communities that resegregated would enable researchers to determine why certain techniques have worked for some communities but not for others. In addition to systematically examining the tools that have been used to preserve diversity, this type of study would enable researchers to also identify the demographic, attitudinal, physical, and political factors that affect the ability of communities to preserve diversity.

**Altering institutional and governmental impediments to preserving racial diversity.** Those institutional and governmental practices and policies that cause or hamper efforts to preserve racially diverse communities must be changed. For example, it’s essential that the institutionalized practices of the real estate industry be altered to enable African-Americans who wish to, to fully participate in the housing market throughout the Chicago area.

The federal government established a national policy of integrated housing long ago. To supplement the relatively ineffective case-by-case enforcement of federal and state fair housing laws, the federal government and state governments should condition virtually all programmatic and general funding to local governments on the progress they make toward achieving the proportion of minority population they would have in a color-blind housing market. But attaining this major policy change requires achieving the next step.

**Rebuilding a political constituency for racial diversity.** Government support for racial diversity will not come by merely appealing to the public’s rectitude. A politically-astute strategy must be developed to
bring the issue to the forefront of public policy debate and rebuild a political constituency for racial diversity in housing and education as well as employment. Such a strategy includes effectively demonstrating the costs of housing and school segregation that all Americans must bear. To effectively influence public opinion, these costs need to be quantified. In addition, it is essential to develop a public relations blitz to debunk the long-standing myths about housing and school integration that lead to the self-fulfilling prophecies that result in resegregation and its attendant problems.

- Conducting the following research will help implement these three inter-related steps:
  - Determine the extent of racial steering.
  - Determine the extent of housing discrimination experienced by minorities other than African-Americans, principally Hispanics and Asians.
  - Determine the extent to which enforcing fair housing laws change housing market practices.
  - Identify techniques that broaden the housing choices and counter self-steering.
  - Determine the impacts of neighborhood racial transition on employment opportunities within the community following transition, the types and quality of merchants and merchandise, types and quality of professional services and medical services.
  - Identify the extent to which businesspeople, lenders, landlords, and other investors believe that racial change causes economic deterioration. How do these expectations relate to actual investment decisions and how often do they produce a self-fulfilling prophecy?
  - Conduct an up-to-date study that identifies the hypothetical racial composition of each Chicago neighborhood and suburb in a color-blind housing market where residency is determined solely by income and cost of housing. This information could serve as a measure of the level of racial discrimination in housing. It would also serve as the standard against which to measure 1990 census data to determine which communities are progressing towards a unitary housing market.
  - Determine the rates of residential property value appreciation for comparable all-white neighborhoods, stably integrated neighborhoods, all-black neighborhoods, and resegregating neighborhoods in recent years.

All this research, though, will be for naught if there is no vehicle available to utilize it. A regional agency to coordinate local and subregional fair housing service centers and adequate funding for all three levels are essential to preserving racial diversity in the long run.

**Regional Coordinating Agency.** Lacking a major national constituency for the fair housing movement, resources for promoting racial diversity continue to be scarce. An ongoing, staffed agency is needed to coordinate these efforts and others on the metropolitan level. Such an organization could grow out of the Chicago Area Fair Housing Alliance. While it would not supplant any existing fair housing organizations, it would coordinate their efforts in such arenas as auditing. In addition to targeting real estate and rental firms suspected of discriminatory practices, there is a need to conduct random sample audits to determine the actual extent of racial steering throughout the metropolitan area and to heavily publicize the findings.

Since frequent, well-publicized audits tend to reduce steering and other discriminatory practices, this agency should also serve as the main public relations vehicle for the fair housing movement. It should develop a media kit that would explain the fair housing movement and the need for racial diversity efforts, explain how the media can inadvertently perpetuate stereotypes and how vital it is that the media exclude racial factors that are not relevant to a story, and supply an annotated list of experts on fair housing and racial diversity to contact when stories break or features are prepared.

Education and training are vital for many of the players in the housing market. This regional agency should develop training in fair housing and racial diversity for newspaper, magazine, television, and radio reporters and editors. Special training will be necessary for real estate section editors and writers.

The regional agency should build upon the quality affirmative marketing training for real estate brokers, rental agents, and lenders already conducted by municipal and subregional open housing agencies. It should
facilitate communication between the subregions. For example, there is a need to have brokers from Oak Park to speak with brokers in other parts of the region to explain how profitable, and desirable, a stable, racially diverse community is for real estate and rental agents.

**Funding.** Existing funding and staffing are clearly inadequate. There is a need for new housing service centers in the outer ring suburbs where most new jobs and the most desirable new housing are being created. In addition to using existing funding sources, both the proposed regional agency and existing fair housing agencies need to tap the business community for funding. Once the Chicago–area business community discovered how the low quality of the public education was leaving them with a shrinking qualified workforce, it started pouring hundreds of thousands of dollars into public school reform. Similarly, if the business community can discover how much continuing “American Apartheid” is costing business, its coffers could be tapped on behalf of open housing and racial diversity efforts. ■
Introduction

“The toughest obstacle to achieving and preserving diversity is the fear of offending folks who’ve come to be invested in segregation — folks who are black, white, and other.” — Donald DeMarco, then Director, Community Services Department, Shaker Heights, Ohio, April 1989

American apartheid continues to flourish as forced resegregation turns one neighborhood after another from all-white to all-black in just a few years.

If American apartheid is to end, it won’t come from any proclamations issued by Washington or the courts — Congress and federal and state courts continue to chip away at the laws that fight housing discrimination, many of which were never intended to be effective in the first place. The end won’t come from some great epiphany of goodwill. The battle to end American apartheid will be won only neighborhood by neighborhood and city by city. The battle to conquer American apartheid will prevail slowly as individual cities manage to overcome the odds and achieve stable, racial diversity that reflects a color-blind housing market.

Whites who wish to live in an all-white community and blacks who wish to live in an all-black neighborhood have plenty of places to choose. But there are precious few to select from for those blacks and whites who wish to live in a stable, racially-diverse community. In the Chicago-area, a neighborhood that integrates is likely to have no choice but to resegregate no matter how much residents may wish to preserve its racial diversity.

Although, or perhaps because, the Chicago area still ranks as the most racially segregated metropolitan area in the country, with Cleveland in hot pursuit of Chicago’s title, these two areas are the nation’s hotbeds of municipal and private efforts to preserve racial diversity in the face of institutional, governmental, cultural, and individual pressures that have historically made integration the period between the dates the first African-American moves into a neighborhood and the last white moves out.

There is nothing natural about the extreme segregation in the Chicago area. Differences in income between African-Americans and white Americans did not cause housing segregation 25 years ago (Tauber and Tauber 1965) nor does it explain segregation today. (Rabin 1985) Segregation in housing is the product of a complex and inter-related set of discriminatory practices that institutionalize racial prejudice performed by private parties — particularly developers, real estate brokers, lenders, sellers, and the media — in which the federal government and most local and state governments actively participate.

According to an early report of the U.S. Civil Rights Commission, “It is the real estate brokers, builders and the mortgage finance institutions which translate prejudice into discriminatory action.... The housing industry, aided and abetted by government, must bear the primary responsibility for the legacy of segregated housing.” (U.S. Commission on Civil Rights 1973:3) Decades of their interaction produced a dual housing market, one exclusively for whites and one exclusively for blacks, that has remained largely intact today.

The past 35 years have witnessed a growing number of communities in the Chicago and Cleveland areas defy the odds and preserve their racial diversity by attacking the discriminatory practices that perpetuate the dual housing market and force the resegregation of integrated neighborhoods. This chapter reports on their state-of-the-art efforts and explains why they are necessary. It identifies the different factors and institutions that affect the ability of communities to achieve and preserve diversity and explores the different efforts that have been taken to overcome the cultural, individual, institutional, and governmental forces that make racial, ethnic, and socioeconomic diverse communities so rare. This chapter concludes with further suggestions of the sort of research that needs to be undertaken and which policies implemented to enable these communities and others to preserve their diversity.
Although efforts to achieve and preserve racial diversity generally arise out of the self-interest of whites who see diversity as a way to continue to live in their community after blacks start moving into it, the need to put an end to housing discrimination and segregation is much more essential to America’s welfare and security than just their interests. It is no longer a question of right or wrong. It is no longer a matter of any moral imperative. Ending housing discrimination and the segregation it produces is an absolute necessity if this country is to ever break the debilitating and costly cycle of the ghetto’s increasingly permanent black underclass and enable black Americans to share in the American Dream. The damage caused by re-segregation has hurt both blacks and whites and weakened our national security. It has led to a growing permanent underclass that drains the nation’s resources, threatens its citizens’ safety, and forces ever higher taxes for all Americans.

Until the practices that foster housing discrimination end, the communities that have achieved diversity will be forced to continue to take extraordinary measures to overcome the individual, institutional, cultural, and governmental customs that have made segregated housing the norm in large portions of the United States and the commonly accepted standard in Chicagoland.

The High Cost of Housing Discrimination and Resegregation

The African–American experience has been unlike that of any other ethnic group in America. As soon as earlier migrants to America reached some occupational and economic stability, they moved away from the central city slums in which they first settled as quickly as they could. The black migrant inherited the blight left by earlier city migrants and also settled in and around the central cores of cities. But blacks were not able to leave these blighted areas as readily as the earlier migrants had thanks to four crucial reasons. (Saltman 1989:26)

First, migrating to northern cities at a later time in history, uneducated blacks arrived at a time when occupational skills and training were already necessary for economic opportunity and advancement. Second, unlike other migrants, African–Americans had spent most of the last 300 years in that peculiar institution called slavery where many states prohibited slaves from living as man and wife, learning English, congregating, and being taught how to read and write. Blacks had been treated as chattel which resulted in a slave psychology of whites and a continuing inferior status for blacks. Third, thanks to the color of their skin, blacks could not be easily absorbed into society. Earlier migrants could change their names and lose their foreign accents. But blacks could not change the color of their skin. Finally, these technological, historical, and cultural factors combined with increasingly covert and overt discrimination to force blacks to remain in and near the central city’s ghetto areas. No ethnic or nationality group currently suffers the extremely high levels of segregation as blacks. Segregation for those other groups declined rapidly over time while it has remained at exceptionally high levels for blacks. But of all the factors to have separated blacks from whites today, discrimination stands out as the one controlling force. (Saltman 1989:26–27)

Continued housing discrimination and its primary product, resegregation, exact a tremendous dollar and emotional toll on our entire society. The most immediate costs emanate from the almost inevitable component of racial change: economic decline and disinvestment in the changed neighborhood by both the private sector and local government. William Peterman, Director of the Natalie Voorhies Center for Neighborhood and Community Improvement at the University of Illinois–Chicago, has found that “anticipation of wholesale racial change causes the economic base to pull out of neighborhoods.” This disinvestment by the business community reflects its self-fulfilling prophecy that the newly black community cannot support many of the businesses that long been located in the community. Consequently, the municipality’s tax base shrinks from the loss of business and employment in the expanded ghetto. (Leadership Council for Metropolitan Open Communities 1987:1) At the same time, the quality of public services ranging from the public schools to garbage pick-up, decline as local governments traditionally cut back services to minority areas. Resegregation often leaves black residents as a captive market which is subject to
systematic exploitation by merchants and others. (Grier and Grier 1980:5)

Blacks are not the only ones who pay the price of residential discrimination and resegregation. Whites suffer directly and indirectly as well. Whole communities and their local institutions dissolve. Long-established businesses, social organizations, and churches close, sometimes permanently. (Leadership Council for Metropolitan Open Communities 1987:1) Long-time homes are left — a particularly painful experience for older citizens — well-established adult friendships are torn apart, and a whole way of life is shattered. (Molotch 1972:27) Children are forced to leave familiar surroundings and friends. Workers often find themselves moving to locales that leave them with a much longer commute to work and less time with their families. Air quality suffers as longer automobile commutes generate more air pollution.

But the costs run even higher. While a few segregated Chicago-area black communities have remained middle-class, most have experienced a second wave of black in-migration composed of lower-income households. As explained in detail later, many lenders fail to distinguish between middle-income and lower-income borrowers and eagerly sell houses to unqualified households who are financed by high-risk mortgages from the Federal Housing Administration or Veterans Administration with down payments of less than five percent. Strapped for cash, these unqualified buyers are unable to properly maintain their homes and all too often default on their mortgages. The result is deteriorated and abandoned houses.

The rental sector fares no better. Once the first African-Americans move into a neighborhood, some landlords immediately seek black tenants at premium rents which they pay for the same reasons pioneer homebuyers buy houses at inflated prices. As one researcher learned by surveying landlords in South Shore during its initial period of integration, most landlords felt their most profitable course was to either reduce expenditures for maintenance or modify maintenance policies so beautification of the building suffers. Interestingly, even with this decline in maintenance, the new black residents felt that their new apartment buildings were better maintained than the buildings they left behind in the slums. But to South Shore’s white residents, these buildings now looked like slums. (Molotch 1972:103–104)

This pattern of physical decline and disinvestment is one of the most obvious costs that the factors that perpetuate housing discrimination and resegregation produce. But the immediate and long-term costs are even more widespread among both blacks and whites.

As noted above, black in-migrants pay inflated prices for ownership and rental housing in the desegregating neighborhood thanks to the scarcity of appropriate housing options they have. But these black homeowners are denied the normal perquisites of middle-class status: “a home in a secure community where home values accrue and whose schools provide access to good jobs and further education.” (Leadership Council for Metropolitan Open Communities 1987:1) As the community resegregates with more and more lower-income blacks entering it, demand for homes declines and prices fall. Decaying homes abandoned by unqualified buyers further depress property values and often serve as havens for crime.

Blacks move to the suburbs for the same reasons whites do: better conditions, access to jobs, safety, and especially a good education for their children. (Slayton 1986:243) But the suburbanization of blacks in the Chicago area, and elsewhere, has rarely resulted in stable, integrated communities. (Rabin 1985:1) Although there was a measurable black presence in more than half of Chicago’s suburbs by 1984, there is still “piling up in a few largely black suburbs.” There is evidence that most of the other suburbs that have measurable black populations are not experiencing the rapid racial change that Chicago neighborhoods underwent. (Hartmann 1986:414) As will be suggested later, this slower racial change may be a result of demographic factors combined with the exceptional measures many integrated suburbs are taking to preserve their diversity.

However, despite the slower pace of racial change and greater number of suburbs into which blacks have been moving, the Chicago area “was and is marked by intense segregation of the races and while that situation may change, it will take a very long time before any word other than “segregated” is more appropriate to describe geographic patterns of residence.” (Hartmann 1986:414)
While suburban whites enjoy the advantages of homeownership and suburban life, moving to the suburbs has often failed to change much for the middle-class black homebuyer whose new community resegregates. "Suburbanization is not the avenue to capital accumulation for blacks that it has provided for generations of whites for whom equity in a home represented the best guarantee of membership in the middle class." (Lake 1981:240) Robert Lake’s extremely thorough research in New Jersey also found “strong evidence of a suburban housing market explicitly and implicitly organized along racial lines.” (Lake 1981:239) Generally, homeowners sell their homes for more than they bought them, the difference in price being their increased equity. But Lake found that suburban blacks in integrated communities sold their homes almost exclusively to other blacks while suburban whites sold them to both whites and blacks. This dual housing market has resulted in black sellers being unable to reach as wide and representative a market as whites when selling equivalent homes. This reduced market yields less demand and lower selling prices. (Lake 1981:244)

This continuing situation is generating yet another disparity between the African–American experience in America and other ethnic and immigrant groups. For these other groups, dispersal into the suburbs was typically synonymous with assimilation, breaking down ethnic enclaves, and un fettered upward mobility. If suburban resegregation continues unchecked, this disparity raises the question of whether black suburbanites will enjoy the same rewards as the white middle–class. (Lake 1981:44)

This pattern reduces the net worth of black families since equity in a home is the only substantial source of wealth for most American households. In turn, this reduced wealth makes black households more vulnerable to short-term economic reverses and lessens their ability to finance college educations and exercise the choice to trade-up to more costly homes. In 1986 the typical white family had 11.5 times the wealth of the typical black household. This homeownership problem is one of the reasons why the gap in wealth is much greater than the black–white income gap. (Leadership Council for Metropolitan Open Communities 1987:4)

It’s unknown how widespread this pattern is. Other studies have looked at housing appreciation in grosser terms than Lake did. Their findings contradict the myth that property values inevitably fall or appreciate less in neighborhoods with a sizeable black population than in virtually all–white areas. In the Cleveland metropolitan area, integrated neighborhoods, where there was both white and black demand for housing, enjoy the greater increases in value than either virtually all–white or virtually all–black areas. (Day 1982:15, 20) “A simple economic principle may explain their [integrated areas] housing success — the increased buyer demand for their homes has resulted in higher price appreciation.” The activities of government and private agencies to stimulate biracial demand helped keep white demand high in these communities. (Day 1983:20)

Keep in mind that in a dual housing market like that in the Chicago and Cleveland areas, only 20 percent of the population could compete for housing in the African–American market while 80 percent competes for it in the white market. In a single, unitary market 100 percent of the population competes for the housing.

In addition to undermining much of the progress that has been achieved in race relations, “serving as a symbol of fear and hatred to most whites and a perpetual reminder of segregation to most blacks,” the ghetto breeds a vicious cycle for blacks. “The ghetto isolates blacks from employment opportunities in the suburbs, perpetuates segregation in the schools, and creates an environment where crime, gangs, drug use, and a range of other social problems flourish.” The severe problems of the ghetto become yet another hurdle many young blacks must overcome to enter the mainstream of American life. (Sander 1988: 875)

But the costs don’t stop there. When neighborhoods resegregate the neighborhood school re segregates as well, even before housing does because the heads of the new black households are usually younger than the whites they replace and have more school age children than the families they replaced. In addition, those white families that pull their children out of the public schools for a private education pay an even higher price for education. Although extensive research suggests that there’s no reason a predominantly middle–class black school can’t provide as high a quality of education
as a middle–class integrated or white school, schools in resegregated neighborhoods rarely stay predominantly middle–class because lower–class households follow the middle–class pioneers into the community and soon outnumber them. Denying African–Americans the opportunity to live in desirable, stable, integrated communities, forecloses access to better education and mainstream socialization for their children. (Leadership Council for Metropolitan Open Communities 1987:4)

Obtaining a quality education that leads to completing high school and college is a key to improving employment and income. Where children go to school plays a major factor in determining school achievement and completion. There’s a highly significant difference in dropout rates and academic achievement between children in all–black versus pre–dominantly white and integrated schools. Consequently, children with identical abilities face very different educational and lifetime opportunities due to where they live. (Leadership Council for Metropolitan Open Communities 1987:4)

School dropouts pose an expensive drain on the taxpayer’s pocketbook. It’s well established that failure to complete high school and go on to college increases the probability of criminal behavior and welfare dependency. (Leadership Council for Metropolitan Open Communities 1987:4) For example, 43 percent of the Chicago’s high school graduating class of 1982 dropped out of school. Over their lifetime, these 12,804 dropouts will cost the taxpayer over $2 billion in terms of higher welfare expenditures, lost taxes due to being on welfare or working in low–paying jobs instead of fully participating in the economic system, and greater law enforcement and incarceration costs. (Lauber and Hess 1985:4)

While these phenomena persist, there’s the continuing pattern of industry and jobs moving to the increasingly distant suburbs. This isn’t a new pattern and it isn’t restricted to the Chicago area. (National Committee Against Discrimination in Housing 1970) Between 1972 and 1982, the City of Chicago lost 168,000 jobs while suburban Cook County gained 125,000 jobs and DuPage County 76,000 of the 237,000 jobs all suburbs gained. (McCourt and Nyden 1986:321) The 1989 decision of Sears, Roebuck and Company to leave Chicago’s downtown for northwest suburban Hoffman Estates illustrates the dilemma this trend poses. Because so much of the land in Hoffman Estates and its neighboring communities is exclusionarily zoned to prohibit the construction of housing many of Sears’ employees, especially black workers in clerical positions, can afford, many of them will be unable to move northwest with the company. Thanks to the dearth of public transportation from Chicago’s African–American community and the lengthy automobile trip (over two hours in rush hour), many of Sears’ black employees will simply be out of work. Restriction of black housing to the central city ghetto and inner–ring suburbs effectively eliminates access to where the job opportunities are growing.

(Given Sears’ alleged past treatment of minority employees, there is some plausibility to the theory that one of Sears motivations for choosing Hoffman Estates was to rid itself of much of its black workforce. A 1977 secret decision of the Equal Employment Opportunities Commission cited “patterns of sex, race, and national origin discrimination at all levels of the Sears organization” in violation of Title VII of the 1964 Civil Rights. (Tell 1979:1,3))
With educational and employment opportunities moving further away from the central city, the avenues of escape from the ghetto to a nice home in a desirable community are closed to middle-class African-Americans and to members of the growing and increasingly permanent black underclass. Unless resegregation can be halted, and stable, racially diverse communities achieved throughout the Chicago metropolitan area, even most middle-class African-Americans will be permanently consigned to the ghetto.

If this resegregation that destabilizes neighborhoods in our central cities and inner-ring suburbs is allowed to continue, we can expect to see a continued flight to increasingly remote suburbs by the white middle class and the black middle class that can gain access, as well as most of the capital investment and resulting tax base that give cities their vitality. As the central city becomes increasingly unable to support quality education and housing from its own resources, it will become ever more dependent on increasingly scarce resources from the state and federal governments. (Obermanns 1988:76–77)

Apparently many Americans recognize that the domestic problems that are exacerbated by continuing housing discrimination and resegregation draining so much of nation’s limited financial resources threaten the country’s national security. In March 1989, a political cross-section of 907 citizens participating in forums on the national defense at twelve sites across the country, chose domestic social concerns as the one of the three top priority threats to national security, behind nuclear/chemical proliferation and the global environment, and far ahead of drug trafficking, third world poverty and repression, global economic competition, the Persian Gulf, Defense Department waste, terrorism, nuclear war, and the spread of communism. (Roosevelt Center for American Policy Studies 1989:9–10)

Yet there are voices raised against efforts to preserve the racial diversity of neighborhoods and whole municipalities. The reappearance of the black separatist movement in 1966 has led to a gradual de-emphasis of the long-sought goal of integration by a relatively small, youthful, and very vocal minority of African-Americans. Although the unity of the national civil rights movement had been shattered, its momentum continued into the 1970s along with legal, political, and judicial decisions that aided the goals of equal access and racial integration. (Saltman 1989:32)

Many separatists argue that encouraging members of the black middle class to follow other ethnic groups out of the ghetto skims the cream off the top and leaves lower-class ghetto youths with few positive role models. Yet, among other ethnic groups, the middle-class left the ghetto before the lower-class. As suggested by the substantial presence of lower-income white ethnics in many suburbs and outer edges of the City of Chicago, discrimination, not economic status, has been the primary obstacle to lower-income blacks moving out of the ghetto. Middle-class blacks face a troublesome conundrum. Do they leave the ghetto to be close to where the jobs are and enjoy the middle-class trappings they have earned — a safer, better home and better education for their children — just like their white ethnic predecessors did, or do they remain in the ghetto to serve as role models for lower-income black youth and possibly sacrifice the future and safety of their own children? Why should they be expected to act any differently than their middle-class white ethnic predecessors?

Who benefits from housing discrimination and consequent resegregation? Clearly those white and black politicians who can be elected only on the basis of their race capitalize from maintaining concentrations of blacks within the ghetto and its expansions. While many would argue that integration dilutes African-American political power, Winston Ritchie, a black who heads the East Suburban Council for Open Communities outside Cleveland, responds, “If segregation increased this power, blacks would be the most politically potent of all ethnic groups.” (Ritchie 1989)

Given the highly segregated status of the real estate industry (Williams and DeMarco 1979:21), it’s not surprising that the many members of the real estate profession are perhaps the most ardent opponent of efforts to preserve racial diversity. Black realtors, and whites to a lesser extent, are prime beneficiaries of continued resegregation. As the detailed discussion of the real estate industry below points out, real estate sales is a highly territorial business. Black brokers depend almost exclusively on other blacks for business. White-owned firms serve white areas and black-owned firms serve
black communities. As neighborhoods undergo re-segregation, there's a major shift among real estate firms handling properties from white-owned to black-owned. (U.S. Department of Housing and Urban Development 1979:153–154) Simply put, black brokers expand their territory as neighborhoods re-segregate.

“Black brokers are hard hit by stable integrated communities. Still frozen out of the white real estate market, they find it easier to deal in black or racially mixed transitional markets.” (Brune 1979: 5) So black brokers often argue that nature should be allowed to take its course and governments should not try to prevent residential resegregation. However, as the section on the factors that contribute to resegregation explains, there is nothing natural about resegregation!

As long as black brokers are restricted to serving just the black community, they have near monopolistic control over their market. As long as a dual housing market persists, black brokers do not have to compete with white brokers in the larger broker universe.

Similarly, many white brokers may welcome continuance of the dual market because, under the classic resegregation model, it's the white brokers who list the houses that pioneer blacks buy at inflated prices — with concomitant higher commissions for the listing broker. By the time the neighborhood has started to resegregate and prices fall, the white brokers have abandoned the neighborhood to the black brokers. It remains a mystery why black brokers are so willing to merely pick up the pieces, although they then enjoy a monopoly on housing sales in the expanded ghetto.

Perhaps these factors explain why the extremely segregated real estate industry's leading professional organization, the National Association of Realtors, has historically fought every fair housing initiative and leads the fight against municipal and private efforts to preserve racial diversity.

It is unknown what other disadvantages there might be to achieving and preserving racial diversity. Overall, it would appear that the crucial need to break the costly, debilitating cycles of the ghetto, and to enable African-Americans to fully participate in the American Dream, far outweigh the interests of politicians, real estate brokers, and others who benefit from resegregation.

The only thing that has changed for African-Americans trapped in the growing underclass is the race of the plantation master. Today black politicians and civil rights leaders have become so invested in segregation that they seem willing to sacrifice the few racially diverse communities that are offering a way out of the ghetto's cycle. Their failure to support the efforts of racially diverse communities to preserve their diversity and achieve diversity in all-white communities is no less a national disgrace than the long-time failure of white politicians and leaders to embrace this goal.

**How the Classic Model of Housing Resegregation Works**

The Chicago area is overwhelmingly dominated by virtually all-white and virtually all-black municipalities and neighborhoods. (Hartmann 1986:414) Residential choices are few for the individual or family that wishes to live in a racially, or socioeconomically, diverse neighborhood. Until recently, Chicago-area neighborhoods enjoyed a very short life span as racially diverse communities. In the classic pattern of resegregation, diversity existed only between the time the first African-American household moved into the neighborhood and the last white household departed. To understand why a slowly growing number of communities have been able to achieve and preserve their racial diversity, it is essential to understand the resegregation process and the cultural, individual, institutional, and governmental actions and inactions that perpetuate it. And to appreciate why this resegregation process must end, it is essential to recognize the high costs it imposes on all Americans and how it threatens the nation’s security. The advantages, and disadvantages, of integration must be acknowledged.

Ever since the massive post–World War I African-American migration from the South to the big cities of the North, blacks had been consigned to residential ghettos within the central city. Throughout this period and into the last decade of the twentieth
Ending American Apartheid: How Cities Achieve and Maintain Racial Diversity
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century, the Chicago area has maintained two very separate, and inherently unequal, housing markets: one white and one black. As explained in the discussion of the real estate industry that follows, real estate brokers maintain a virtual stranglehold on information about available housing. Real estate brokers traditionally show home seekers whites houses or apartments only in all-white areas. Home seeking blacks are conventionally shown houses or apartments only in all-black areas or integrated communities. Once real estate brokers identify an area as integrated, they usher white prospects away from them to exclusively white neighborhoods instead, while directing African-American prospects to the integrated neighborhoods in addition to the ghetto. This still widespread practice of racial steering has been one of the key foundations of residential segregation despite being made illegal by Title VIII of the Civil Rights Act of 1968. Practically all by itself, it implements the self-fulfilling prophecy that so many Chicagoans and suburbanites readily believe: once blacks move into a neighborhood, it will become all black and suffer from reduced city services and disinvestment.

Many complex and inter-related factors cause resegregation. First this chapter will present a stripped-down description of the classic resegregation process. After examining the costs of housing discrimination and resegregation, each of these causative factors will be examined in depth and added to the resegregation model.

Resegregation begins with the entry of the first “pioneer” middle-class black households into an area adjacent to the ghetto where property values were already a bit depressed. (Openshaw 1973:51) Due to the nearly constant pent-up demand for housing emanating from within the black ghetto, these pioneer households pay a premium price for their new housing outside the ghetto as they compete with still continuing white demand for housing in the adjacent neighborhood. Research has found that property values continue to increase for several years as black in-migration continues. (Openshaw 1973:88)

Large numbers of Chicago-area whites hold the mistaken impression that property values decline with black entry despite media reports to the contrary. (Comarow 1973) One of the most extensive studies on property values in integrating neighborhoods appeared nearly 30 years ago. Luigi Laurenti’s massive five-year study of over 9,900 property transactions in Oakland, San Francisco, and Philadelphia found that houses in integrated areas sold for more than comparable ones in all-white ones 44 percent of the time. They sold for about the same price 41 percent of the time. Comparable houses in white neighborhoods sold for more only 15 percent of the time. (Laurenti 1961:51–52) “Considering all of the evidence,” Laurenti wrote, “the odds are about four to one that house prices in a neighborhood entered by nonwhites will keep up with or exceed prices in a comparable all-white area.” (Laurenti 1961:52)

Yet despite these facts, blockbusting and panic peddling real estate brokers have repeatedly convinced many whites to sell their houses to them at lower prices even before blacks move into their neighborhood. The brokers then sell them to entering blacks at an inflated price. Blockbusters and panic peddlers attempt to induce whites to sell their dwellings by representing that blacks are moving into, or about to enter, the neighborhood. (Openshaw 1973:12) To further their efforts, blockbusters have been known to hire people to create disturbances and damage property in order to panic whites homeowners.

Neighborhood transition from all-white to all-black gets another assist from widespread racial steering by real estate brokers that keeps those whites who would consider living in the now-integrated neighborhood from even looking at homes in it. At the same time, brokers are directing African-Americans to the neighborhood. With only a few neighborhoods open to blacks at any one time, black demand is concentrated, and exaggerated, on the integrating neighborhood. When a prospect requests to see homes in a neighborhood that would represent a nontraditional move (whites moving into an integrated neighborhood or blacks moving into a virtually all-white stable neighborhood not adjacent to the ghetto), many realtors, who have a near monopoly on access to housing availability, will tell a prospect that none is available or make overt or covert remarks to discourage him from considering the unconventional move. (Galster 1989:13–14)

Just ten years ago, two national studies examining real estate practices found that blacks could expect to encounter discrimination when buying a
home 62 percent of the time, and when seeking to rent, 75 percent of the time. Subsequent research in regional areas shows that not much has changed since then. (Saltman 1989:28)

This channeling of demand makes racial change inevitable even in the absence of blockbusting or panic peddling. For example, despite its best efforts, Chicago’s South Shore community was unable to preserve its diversity in the 1960s even though it never experienced any white flight or wave of panic selling. It underwent nearly complete racial change simply through a process of stable property turnover in which virtually all homebuyers and new renters were black. As long as housing demand is nearly exclusively black and discriminatory practices in the sale and rental of housing continue, re-segregation seems inevitable even in stable neighborhoods like South Shore was. (Molotch 171–173, 205)

Blockbusting appears not to be that common any more, particularly in the suburbs. More typically, as white households move out of the heterogeneous neighborhood for a variety of reasons, some of which are related to race, they are replaced by black households. Whites, who have many options of where to live, can easily choose from a wide variety of neighborhoods to live in. Blacks, who generally have a very restricted set of viable housing options, tend to concentrate in areas where apparent housing opportunities are available. These areas are limited to integrated and all-black segregated neighborhoods. The following model describes how these areas re-segregate: (Onderdonk, et al 1977:9)

- All-white neighborhood — no homes are sold to blacks
- Blacks move into the neighborhood — a few homes are sold to blacks
- Whites begin to leave the market for homes in the neighborhood — most homes are sold to blacks
- Neighborhood becomes identified as for “blacks only” and whites are excluded from the market for homes in the neighborhood — few homes are sold to whites
- Neighborhood becomes a black ghetto — no homes are sold to whites

To understand why their efforts work and why they are necessary, it is essential to understand the role each of the cultural, institutional, and governmental actors play in perpetuating housing discrimination and segregation. These roles are discussed below following an examination of the costs of housing discrimination and re-segregation.
Factors that Contribute to Preserving the Dual Housing Market and Residential Resegregation

The extreme segregation of the Chicago area and the transition of so many neighborhoods and municipalities from all–white to all–black results from a complex, inter–related set of discriminatory practices that have institutionalized racial prejudice and produced the dual housing market. How these practices cause and perpetuate the dual housing market were identified more than 30 years ago. Yet they persist today, nearly as strong as they were in 1960.

Until passage of civil rights and fair housing legislation in the 1960s, most of these practices were legal. It was not unlawful to discriminate on the basis of race in the sale or rental of housing. Restrictive covenants in property deeds that prohibited the transfer of property to blacks or Jews were enforceable until the U.S. Supreme Court ruled in 1948 that the courts and government could not enforce them. (Shelley v. Kraemer, 334 U.S. 1 (1948)) The real estate and lending industries considered discrimination to be normal. Black and other minority consumers were relegated to limited geographic areas while the rest of the market was open only to whites. (Onderdonk et al 1977:8)

Although the National Housing Act of 1968 and the Illinois Constitution of 1970 banned such discrimination on the basis of race, the legacy of decades of overt, legal discrimination in housing, preceded by more than 200 years of slavery, maintained their stamp on the market and has perpetuated a de facto dual housing market. The now unlawful patterns and practices of housing suppliers have been so deeply ingrained in the housing industry, coupled with past practices that have left a strong psychological residue in the minds of housing consumers, have maintained as nearly as rigid a dual housing market as before discrimination was outlawed. (Onderdonk at al 1977:8)

In order to design strategies and activities to preserve racially diverse neighborhoods and municipalities, it is first essential to understand the history of how each of the institutional, governmental, cultural, and individual factors that created and maintain the dual housing market contributes to prop ping up the dual housing market and forcing reseg regation of biracial neighborhoods.

Real Estate Practitioners

Probably no single actor has contributed more to perpetuate the discriminatory practices that created and maintain the dual housing market than real estate practitioners and the official representative of their otherwise most honorable profession, the National Association of Realtors and its predecessor, the National Association of Real Estate Boards. The real estate broker's nearly monopolistic grip on information about housing availability and the homebuyer's dependence on brokers, this highly segregated industry has been able to preserve a dual market almost all on its own. Without this industry's cooperation, extraordinary efforts to preserve racially diverse communities will always be necessary.

The realtor holds a special place in the home seeker's psyche. Buying a home is, of course, the largest financial investment most Americans ever make. Homebuyers, particularly first–time purchasers, usually need and want professional advice when looking to purchase a home. The real estate broker is the professional they rely upon for advice and counsel about where to buy, what to buy, and how to finance the purchase. Consequently, brokers strongly influence where people look for homes and what homes people actually get to see.

Today's real estate practices can best be understood within the contexts of how the real estate brokerage industry operates, its history of legal and later illegal, but institutionalized discriminatory practices, and its official consistent opposition to fair housing legislation and open housing policies.

Today's illegal, but common practice of racial steering has deep roots in the real estate industry's history. Real estate brokers have long considered themselves to be the "gatekeeper" of the community who protects against incursions "by undesirable and incompatible types" and against the loss of property values. Once the laws that required housing separation of the races were repealed or outlawed, the real estate community, with the positive
sanction of broad sections of society, took upon itself, with some exceptions, the responsibility for continuing this tradition. (Onderdonk et al 1977:53)

In 1917, while mandatory housing segregation laws were being terminated in other cities, the Chicago Real Estate Board adopted this policy: “Inasmuch as more territory must be provided [for Negroes], it is desired in the interest of all, that each block shall be filled solidly and that further expansion shall be confined to contiguous blocks with the present method of obtaining a single building in scattered blocks discontinued.” (Chicago Real Estate Board Bulletin XXV, No. 4 April 1917, p. 313, quoted in Helper 1969:225) Restrictive covenants that prohibited the transfer of a property to African–Americans were used to implement this policy.

For a quarter of a century, Article 34 of the Code of Ethics of the National Association of Real Estate Boards (NAREB) provided: “A realtor should never be instrumental in introducing into a neighborhood a character of property or occupancy, members of any race or nationality, or any individual whose presence will clearly be detrimental to property values in the neighborhood.” (Quoted in Laurenti 1961:17) One text used to train brokers and other textbooks of the period make the meaning of this article abundantly clear:

“It is a matter of common observation that the purchase of property by certain racial types is very likely to diminish the value of other property.” (Fisher, Ernest M. Principles of Real Estate Practice, New York: Macmillan Company. 1923. p. 116. Quoted in Laurenti 1961:9)

“With the increase in colored people coming to many Northern cities they have overrun their old districts and swept into adjoining ones or passed to other sections and formed new ones. This naturally has had a decidedly detrimental effect on land values for few white people, however inclined to be sympathetic with the problem of the colored race, care to live near them. Property values have been sadly depreciated by having a single colored family settle down on a street occupied exclusively by white residents.” (McMichael, Stanley L. and Bingham, Robert F. City Growth and Values. Cleveland: Stanley McMichael Publishing Organization. 1923. p. 181. Quoted in Laurenti 1961:9)

The intervening years saw real estate professionals soften their assessment of the effects of black in–migration very little. The major change came in the 1940s when a few appraisal experts began to question the inevitability of declining property values when blacks moved into a white neighborhood by actually studying the sale prices in such neighborhoods. However, even as the 1960s began, the real estate industry’s literature and policies were still dominated by the “axioms” that black in–migration inevitably led to white flight and community decline. (Laurenti 1961:10–20) As a public statement of the San Francisco Real Estate Board read:

“It is a matter of fact and experience that when a Negro or Chinese or Japanese or Filipino moves into a white district, the house values drop.... Other whites won’t buy into the district. Owners can only sell to other Negroes and so value goes down and down.... We don’t look at this as a social problem. That’s not our job. For us this is an economic problem. Looking at it this way, the Board has asked that its members “not introduce” into a residential district “any occupancy or race” which will have the effect of lowering values.” (“The Negro in San Francisco,” San Francisco Chronicle. November 6, 1950. Quoted in Laurenti 1961:20)

In 1950, the Article 34 was changed to read: “A realtor should never be instrumental in introducing into a neighborhood a character of property or use which will clearly be detrimental to property values in that neighborhood.” (Quoted in Laurenti 1961:17) Despite the change in language, brokers clearly recognized the continuance of the organization’s prohibition on introducing black residents into white neighborhoods. As one broker told Laurenti in the 1955, “Our Code doesn’t mention race, but certain things are understood.” Violations of the code could result in expulsion from the national organization. Local boards also adopted similar language, the violation of which would lead to suspension or expulsion from the local board, which would have devastating effects on the broker’s business. (Laurenti 1961:17)

Since then the National Association of Realtors and its many state and local boards consistently and officially opposed integration well into the 1970s.
Most local real estate boards still maintained a *de facto* prohibition against black members. (Lake 1981:216) Real estate boards actively opposed passage of state and local fair housing laws in Illinois, Ohio, California, and Michigan. The California Real Estate Board went so far as to try to overturn the state’s fair housing law by referendum. (Lake 1981:216) When anti-steering provisions became an inevitable provision of Illinois’ fair housing statutes in 1974, the real estate industry successfully lobbied for provisions that would seem to also make illegal any real estate agent’s attempt to influence someone so as to promote integration or avoid segregation. (Onderdonk et al. 1977:56)

The NAREB lobbied vigorously against the fair housing title in the federal Civil Rights Act of 1968. And just one week after Congress passed the Fair Housing Act, the NAREB issued a memorandum entitled “Some questions (and their answers) suggested by a reading of Title VII of Public Law No. 90–284, related to forced housing.” Distributed to local boards, this memorandum told brokers that they would not be in violation of the new law if they told a qualified black prospect that “the office has no listings in that category. . . . The law does not give any person the right to purchase or right to inspect dwellings whose identity is vague and uncertain. The essence of the offense is the discriminatory refusal to sell a dwelling which the purchaser wants to buy.” (Quoted in Grayson and Wedel 1969:15–16)

Once the legislative battle was lost, the unanimity in the real estate community was shattered. Some brokers continued to resist while others hoped “to make a commercial success of going with the current rather than continuing to paddle upstream.” (Onderdonk 1977:55) The National Association of Realtors adopted a “go-with-the-current approach,” the most fascinating example of which is the 1975 Affirmative Marketing Agreement it drafted with the U.S. Department of Housing and Urban Development for local boards to voluntarily adopt.

Three years earlier, HUD had issued affirmative marketing guidelines to developers of housing assisted or insured by any federal program. The guidelines defined affirmative marketing in terms of promoting balanced racial demand and required developers to take special care and design programs to attract minority or non-minority residents who were of underrepresented in residence, or might reasonably be expected to be underrepresented in residence or in the housing demand. While various special public interest groups started to exert pressure to make these guidelines meaningful and to cover the resale realty industry as well, the NAR warmed up to negotiating an agreement with HUD. But its Affirmative Marketing Agreement, which is still in effect, defined affirmative marketing as providing “information that will enable minority buyers to make a free choice of housing location.” Under the NAR–HUD agreement, affirmative marketing became a public relations tool for reaching out to minorities to sell them homes in areas they choose rather than a tool to achieve an unitary housing market. Since so many minorities self-steer themselves away from all-white neighborhoods, this agreement posed little threat to the dual housing market. (Onderdonk et al. 1977:56)

The agreement also includes a fascinating feature to protect real estate brokers against pressures from community groups and local governments seeking a unitary housing market with both white and black traffic. The NAR has told local realtors that they will lose their nationally-negotiated liability insurance if they enter into any locally-negotiated affirmative marketing agreement, effectively thwarting many local attempts to promote a racially representative market demand. (Onderdonk et al. 1977:56)

Three years later, only 25 percent of the NAR’s 1735 member boards had adopted the agreement. (Lake 1981:217–218)

Despite being illegal, racial steering has replaced the outright denial of housing to minorities as the real estate agent’s primary practice employed to maintain the dual housing market and frustrate the efforts of communities to preserve their racial diversity. Although no research has been funded to identify the precise extent of steering in the Chicago area or elsewhere, audits of suspected real estate firms that fair housing groups in the Chicago and Cleveland areas have conducted, confirm that racial steering in the sale and rental of housing exists, and is not lessening, despite substantial settlements and damage awards against agents and firms convicted of steering. (Peterman and Hunt 1986, South Suburban Housing Center 1988) The real estate audit techniques of testing brokers for steering are
explained in the discussion of successful techniques used to preserve racially diverse communities.

Racial steering simply involves a real estate agent directing white prospects only to all–white neighborhoods and discouraging them from considering a move to an integrated community, and directly African–American prospects only to all–black and integrated communities. As described earlier, the inevitable result of these practices is to artificially preserve a dual housing market, one for blacks and a separate one for whites. By working to curtail white demand for housing in integrated communities and funnel only blacks to racially diverse neighborhoods, brokers make sure that the prophecy of inevitable resegregation is self–fulfilled. And by excluding whites from the housing market in integrated communities, agents reduce demand enough to assure that the prophecy of lower property values in an integrated community is also self–fulfilled.

Why do so many real estate agents practice steering given the substantial penalties for this practice such as fines and loss of one’s real estate license? What incentives are there for brokers to maintain a dual housing market?

According to Bob Butters, Deputy General Counsel for the National Association of Realtors, the NAR and real estate agents are only trying their "level best to reflect societal values as they exist. The fact is, whites are willing to pay a premium to live in predominantly white neighborhoods, and blacks are willing to pay a premium to buy a damn house, period, where they feel comfortable. "We’re not the reason why whites pay a premium. We don’t make the market, we take it as we find it. It’s sad morally that that kind of prejudice exists. We as an organization would stand up and say it should be dealt with — but I don’t know how." (Quoted in Henderson 1987:30)

Given the practices and history of real estate agents and their organizations this century, it is tempting to dismiss Butters’ comments as lacking any credibility. However, Robert Lake’s in–depth examination of real estate brokers and their practices explains why Butters can say what he said with a straight face.

Lake found, "Racial discrimination is inherent in the structure of the real estate industry, the nature of day–to–day realty operations, and the broker’s perception of his professional role as guardian of neighborhood compatibility. To not discriminate puts a broker at a competitive disadvantage in a highly competitive and localized industry." (Lake 1981:232)

The real estate brokerage industry is extremely territorial and localized. While agents can list and sell homes anywhere in the state, they concentrate their practice within a much smaller geographic area, often within a single municipality and its neighboring communities. The broker’s bread and butter is the listings he obtains. Even if another agent sells a house a broker lists, the listing broker still gets a commission on its sale. In the highly segregated real estate industry, which seems to reflect highly segregated housing patterns, white brokers who rarely interact with black persons on a social basis, do not perceive blacks as likely to list with them, nor as sales prospects. Similarly, black brokers see only other African–Americans as likely to list with them. These patterns are broken only in racially–diverse communities like Oak Park, Illinois.

Brokers obtain listings primarily from referrals or repeats from previous clients, and from canvassing or "farming" (soliciting) in which an agent is assigned a specific area to get to know residents and make his firm’s name synonymous with real estate so homeowners will list their homes with his firm. This practice significantly narrows the broker’s focus and may help to explain so many brokers’ localized recommendations to buyers. But, this focus also helps explain why white brokers rarely have black clients. (Lake 1981:223–224)

This overwhelming importance of close local ties and the agent’s heavy investment in localized marketing constitute irrefutable incentives to protect local stability and the continuity of the status quo. From the white broker’s perspective, black prospects are not seen as potential future clients. To introduce blacks into one’s territory is to risk alienation of potential white clients and to replace whites with blacks in whose social networks one does not participate. The consequence for the broker is to undermine the carefully developed local contacts necessary to continue to obtain the listings which, as one real estate textbook puts it, “make the brokerage business.” (Lake 1981:219)

"Given the broker’s perception of strong racial preferences held by both prospects and
neighborhood residents, selection of appropriate neighborhoods inevitably involves racial considerations.” (Lake 1981:232)

Lake found that most of the basic elements of the real estate business provide substantial incentives to discriminate. These include:

- The importance of, and methods for, obtaining listings – this is broker’s primary activity.
- The significance of the broker’s social and personal reputation in the community as a primary business asset.
- The highly localized nature of brokerage activities.
- The brokers’ perception of racial submarkets.

These elements, which were discussed above, offer great incentives to preserve the dual housing market and discourage black in-migration. First, given the segregated nature of society, blacks from outside the broker’s territory are unlikely to be part of the white real estate agent’s social network, and therefore unlikely to use the local agent to find a house in the community.

Second, the self-fulfilling prophecy of inevitable racial change once a black moves into a neighborhood has been ingrained in the minds of real estate agents for at least 70 years through the industry’s textbooks and folklore. White brokers believe that black areas are lost to them as a source of listings and that there is no demand from white prospects for homes in neighborhoods with a black presence. In fact, in the very segregated real estate industry, sales in predominantly black neighborhoods are handled almost exclusively by black realtors. (Lake 1981:225)

As Mr. Butters comments suggest, many white brokers feel they are merely responding to white preferences for an all-white neighborhood — perhaps an institutionalization of the prohibition in the old NAREB’s Code of Ethics against introducing “incompatible” racial groups into a neighborhood. The governing consideration is the broker’s perception of the intransigence of white prejudice. (Lake 1981:228) Many brokers see preserving homogeneity as an important part of their function and necessary to maintain ties to the neighborhood. A broker certainly would not want to antagonize potential white clients by introducing unwanted blacks into the neighborhood; after all he has his reputation in the community to protect and cannot afford consumer reprisals that might reduce his number of listings. (Lake 1981:226)

Lake also found that most brokers would warn a black family interested in a white neighborhood of potentially inhospitable white neighbors. Volunteering such information, true or not, is a subtle form of steering blacks away from white neighborhoods. Most brokers felt it is their responsibility to transmit their perceptions of white neighborhood sentiment to their black customers. (Lake 1981:231)

It seems likely that operating under the present dual housing market is simply a comfortable arrangement for both black and white real estate agents. Each group has its designated submarket and by maintaining these they will rarely have to deal with the members of a different race. They don’t have to develop social networks with individuals of a different race or become involved with institutions with which they are unfamiliar. The status quo simply offers most brokers the path of least
resistance. They believe they are simply reflecting society’s preferences, and as members of one of the least flexible and segregated professions, they are not ones to rock the boat.

But as the section on implementation tools to preserve diversity shows, members of the local real estate industry in a small but growing number of municipalities have rallied behind municipal efforts to preserve racial diversity. Where these brokers once had exclusively white clients, they now enjoy a biracial clientele and still flourishing businesses despite all the disincentives the industry provides. For the real estate industry, the way it is in most communities is not the way it must be.

**Financial Institutions and Real Estate Appraisers**

The lending industry has always had a profound impact on the housing industry. When the credit is hard to come by or interest rates rise, home sales invariably falter. When interest rates decline and credit becomes more readily available, sales soar.

To keep it simple, the classic model of neighborhood resegregation described in the early pages of this chapter did not mention the lending practices that have played a well-documented major role in accelerating racial change and promoting a dual housing market. (Shlay 1986:112–113) But the lending industry has worked hand-in-hand with the real estate industry to foster rapid racial change—and a profitable very high volume of real estate and mortgage transactions.

Just as in the real estate industry, the lending industry believed that the entry of even a single black into a white neighborhood would depress property values. And as in the real estate industry, officials of banks and savings and loan associations felt they were only responding to societal values by refusing to issue mortgage loans to qualified blacks households who wished to purchaser in a white area. Many feared retribution from their depositors. (Laurenti 1961:20–22)

The property appraisers lenders rely upon when making mortgage loans have also long equated the presence of black residents with lower property values. Before issuing a loan on a piece of property, a lender hires an appraiser to estimate the value of the property and indicate the nature and future of the market. The value an appraiser places on a property heavily influences the lender since regulatory agencies may ask the lender to defend any loans that are out of line with an appraisal. (Onderdonk et al. 1977:44)

The courses and institutes sponsored by the Society of Real Estate Appraisers and the American Institute of Real Estate Appraisers shape how the decision-making process appraisers use. Even in the 1970s, these courses and texts state that neighborhood homogeneity affects the value of real estate in the neighborhood. These educational tools make the same assumptions about the effect on property values of blacks living in a neighborhood as the old real estate books examined earlier. (Onderdonk et al. 1977:44–45) A 1973 appraisers’ text states:

“No matter how attractive a particular neighborhood may be, it does not possess maximum desirability unless it is occupied by people who are reasonably congenial. This implies a community of interest based upon common social or cultural background.... Long bound together by vocational, social, racial or religious ties, a neighborhood may nevertheless tend to change its character.... This development tends to change the neighborhood’s social structure, and may alter values.” (American Institute of Real Estate Appraisers 1973:96–97)

These strongly negative racial references remained in appraisal manuals until 1977 when the U.S. Department of Justice issued orders to revise them. (American Institute of Real Estate Appraisers 1977) Even as late as 1975, the appraiser’s “bible,” Stanley McMichael’s *A Manual for Appraising*, still contained Homer Hoyt’s 52 year-old realtor’s rank ordering of minority groups according to their effect on property values. At the bottom of the list as the least desirable group were African-Americans. (Saltman 1989:28–29)

To the classic model of community resegregation, add the lenders who first underassess property in the newly-integrated neighborhood and then withdraw credit from the white neighborhoods when more black residents move in. With conventional financing mechanisms unavailable to support normal market processes, house prices would decline, white demand decrease, and an ensuing panic escalate the movement of white residents out of the neighborhood. Sales from whites to blacks would be
financed largely through other mechanisms and intermediaries such as the land installment contractor and mortgage banker, both of whom profited from speculating on pent-up black demand for housing as well as white panic. Neighborhoods would change rapidly as whites undersold and black overpaid. (Shlay 1986:113)

New black homeowners have often lost their homes due to unscrupulous terms in contract purchases or rapid foreclosures by mortgage bankers on mildly delinquent black-owned properties financed with Federal Housing Administration (FHA) or Veterans Administration (VA) loans. In addition, many of the black households who kept up their mortgage payments, could not afford maintenance costs. Racial change would be accompanied by high rates of foreclosure, abandonment, and property deterioration. (Shlay 1986:113)

Many of these practices are now illegal. Withdrawing credit for mortgages or home improvement loans for either racial or socioeconomic reasons that have nothing to do with the bona fide qualifications of borrowers is known as redlining and is illegal under both federal and state fair housing laws. (Obermanns 1989:1)

Yet redlining is still common in the Chicago area. Anne Shlay’s examination of residential lending practices by Chicago area depository institutions (savings and loan associations and banks) and the lenders of government insured mortgages (FHA) for 1980 through 1983 revealed that commercial banks, savings and loan associations, mortgage bankers, and other actors in the home finance system still use racial change as a guide for their investment decisions. (Shlay 1986:178)

Shlay found that depository institutions incrementally reduced conventional loans in areas as they approached minority dominance. Within the City of Chicago, race-based disinvestment starts when substantial numbers of blacks move into an area and picks up steam as racial change accelerates. Once the area is almost completely black, the depository institutions essentially write them off — redlines them. (Shlay 1986:179)

In the suburbs, depository institutions slowly start to disinvest when just small numbers of blacks or Hispanics first settle in a suburban neighborhood. Disinvestment gradually accelerates as these neighborhoods become more racially mixed. As minorities begin to become the majority in the neighborhood, disinvestment quickens again and more conventional financing is withdrawn. (Shlay 1986:179)

In Chicago, FHA financing replaces some, but not all of the lost conventional financing. Mortgage bankers originate the vast majority of FHA loans. These loans are targeted to Chicago neighborhoods which are in transition or which have black majorities. Those areas undergoing the most rapid and extensive racial change are the main targets for FHA loans, followed by those undergoing slower transition and those with African-Americans in the majority. Racial patterns did not affect the distribution of FHA loans in the suburbs. (Shlay 1986:179–180)

FHA loans have historically posed a problem because they are very high risk loans. Numerous statistical studies have established that the size of the downpayment is the most reliable indicator of mortgage risk. The higher the downpayment, the less risk there is to a mortgage loan. The more equity — represented by the downpayment — a household has in a property, the more money it has to lose if it defaults on its mortgage. Buyers who put down 20 percent or more are considered low risk and are not required to purchase mortgage insurance. Purchasers who put down five to 19 percent can still obtain conventional loans, but must purchase mortgage insurance from a private mortgage insurer. These are considered moderate risk loans.

But any loan with less than five percent down is considered to be a high risk. Because private mortgage insurers won’t accept that degree of risk, conventional loans are unattainable. A veteran can obtain a loan from a lending institution which is the Veterans Administration (VA) guarantees against loss in case of default. These loans usually require no downpayment. Buyers who are not veterans can obtain mortgage insurance through the Federal Housing Administration (FHA) which requires a minimum three percent downpayment. (Brier and Maric 1985:3–4)

Both insured and uninsured conventional loans carry about half the risk of VA or FHA government-backed loans. For example, for the state of Ohio, the Mortgage Bankers Association of America study of loan status 1984 found that 1.85 percent of all VA loans and 1.76 percent of all FHA loans were in
foreclosure compared to 0.88 percent of all conventional loans. Altogether only 1.45 percent of all Ohio mortgages were in foreclosure, but 77 percent of those were VA or FHA loans. (Brier and Maric 1985:4–5)

Normally these foreclosures would present no problem to any particular community. But when FHA loans are concentrated in a community, as they are in racially changing and predominantly black communities in the Chicago area, the effect can be devastating in neighborhoods where marginal FHA and VA purchasers have built up little equity in their property. These purchasers pay high monthly payments relative to their income and tend to be more vulnerable to foreclosure if they experience even a short term income loss. They may also tend to have inadequate disposable income available for unforeseen repairs or personal medical emergencies. (South Suburban Housing Center 1988:26)

The result is an unusually large number of boarded up and abandoned homes vulnerable to vandalism and poorly maintained properties that add to the visual degradation of the neighborhoods, exactly the sort of decline so many whites expect when blacks move into a neighborhood. This is exactly what happened in the 1970s when the Beacon Hills Development in Chicago Heights, Illinois, was developed almost exclusively with FHA Section 235 Homeownership Loan Guarantees and the project was marketed almost exclusively to African–Americans. Fraudulent practices by mortgage bankers obtained loans for many unqualified purchasers. Not only did this create an instant ghetto and slum, but it also contributed to block by block resegregation in the adjacent community. (Onderdonk et al. 1977:42)

Recent studies have found that blacks obtain FHA and VA financing more often than whites with comparable incomes. (Brier and Maric 1985:29, South Suburban Housing Center 1988:26) Are conventional lenders discriminating against blacks and redlining integrated and black neighborhoods? Did black buyers first approach an institutional lender and learn they could not qualify for a conventional loan and then go to a mortgage banker who obtained financing for them for property that was really beyond their means, thereby virtually guaranteeing default?

What explains the proclivity of real estate brokers to recommend FHA/VA lending, and not even mention conventional financing, to blacks who qualify for conventional loans? (South Suburban Housing Center 1988:25) Are these practices vestiges of long illegal lending and real estate industry customs? How ingrained are they?

Rental Managers and Landlords

In addition to ownership housing, the other major player in the housing market is rental housing. In those neighborhoods with a substantial proportion of rental housing, rental managers play a major role in perpetuating the dual housing market. Harvey Molotch's mid–1960s interviews with landlords and apartment managers in Chicago’s South Shore found a universally held belief of two separate housing markets, one for whites and one for blacks, a viewpoint supported explicitly in the most commonly used real estate textbooks and endorsed by the National Association of Real Estate Boards and local realty groups throughout the country. (Molotch 1972:22) As reported earlier, virtually all white property managers and landlords felt that once a property "goes Negro," the most profitable course to follow is to reduce expenditures for maintenance or cut back other services. (Molotch 1972:101) Once again, the prophecy that when African–Americans move into a neighborhood property maintenance will decline is self–fulfilled by others than the African–Americans.

It may actually be more difficult for blacks to enter the rental housing market than homeownership market, and once blacks do enter, it may be more difficult to achieve stable integration since it is easier to move from a rental than an ownership dwelling. Landlords or their managers, who are frequently realtors, often act as gatekeepers to their apartment buildings. Like real estate agents, they may see themselves as merely reflected societal values and protecting the interests of their white tenants by keeping blacks out. (Onderdonk et al. 1977:51)

Keeping black tenants out is easy. Recent audits have found rental agents telling black prospects that there are no vacancies while they show the vacancies to white prospects. (South Suburban Housing Center 1988:29) Delay and red tape are also
commonly used methods. Failing to follow-up an application also works effectively. Most minority applicants are easily turned away. Many are too proud to force the issue and are also worried about the time it takes to follow through on a complaint while they still need to find another apartment. (Onderdonk et al. 1977:51)

Landlords can control information about vacancies on a broader scale by placing advertisements that reach only the types of tenants they want. Failing to advertise in newspapers with substantial black readership limits the number of blacks who would learn about vacancies.

And as Molotch found in the mid-sixties, once a neighborhood has been integrated and white demand starts to falter, many apartment building managers not only let blacks in, but may even encourage rapid turnover. Blacks can be charged higher rents than whites — since blacks, with pent-up demand, have fewer choices of where to live — and receive fewer services or poorer maintenance for the same reason. Steering away white applicants and encouraging current white tenants to move can be accomplished pretty easily by playing on their fears and prejudices. (Molotch 1972:24, Onderdonk et al. 52)

**Builders and Developers**

As a group, builders and developers carry the same baggage of prejudice as real estate agents and financial institutions. Not only have they long believed that the presence of black residents reduces property values, but they also feel that black homebuyers will drive away white traffic and they will be unable to successfully market their homes. (Onderdonk et al. 1977:49, Laurenti 1961:22) They, too, may simply believe their discriminatory activities, albeit illegal, merely reflect society’s values.

Developers don’t even have to resort to overt discriminatory practices to assure the “racial purity” of their housing projects. Many passively let community practice determine the racial occupancy of their developments. Such passivity is clearly illegal for developers backed by federal subsidies. HUD’s affirmative marketing guidelines require efforts to attract and sell to African-Americans in communities where white demand predominates and to actively try to stimulate white demand in areas where black demand prevails. HUD has allowed far too many developers to ignore the affirmative marketing plans they submit. (Onderdonk et al. 1977:49)

Active discrimination still occurs. For example, after receiving discrimination complaints by bona fide black home seekers against several south suburban developers, the South Suburban Housing Center included these Oak Forest and Calumet Park subdivision builders in its eleventh annual set of housing audits. An audit involves sending separate pairs of white and black trained “testers” to pose as housing prospects. Each pair is assigned the same identify — the same income, credit history, housing needs, location of employment, etc. Their only difference is that one is white and the other black. A black tester may visit the developer’s sales office in the morning and the matched white tester in the afternoon.

The results are startling to the uninitiated. The developers’ sales representatives told every black tester that there were no lots presently available while 75 percent of the white testers were told lots are available. Over 80 lots were offered to white testers and none to African-Americans. When the builders’ representatives told whites no lots were available, they offered to arrange to find a lot for one-third of the white prospects and none of the black ones. They asked half the white testers for information about themselves so they could get back to them. They didn’t ask a single black tester for this information. Financing information was offered to 42 percent of the white inquirers and to none of the blacks.

None of the testers requested information about housing in any other project or area. While this information was not volunteered to any of the white testers, 27 percent of the black testers were told about home available several blocks west of one subdivision tested. These were all located on the same street in an integrated area and were owned by relatives of the builder who was being audited. (South Suburban Housing Center 1988:8–11)

Since most developments are heavily advertised, it is hard to keep African-American prospects from knowing they exist. But as the South Suburban Housing Center audits have consistently shown, developers and their salespeople utilize techniques that effectively steer away black prospects. In
addition to the technique just described, a salesperson can make no effort to sell or may even actively deflect a black prospect by pointing out defects rather than the usual selling points. A salesperson can make paper work difficult, delay, be “out,” or say the home is already sold when it really isn’t. Advertising can be done in a way to not suggest open housing. Prospective black buyers do not need or want these wrangles; most will get the message and continue their lengthy housing search elsewhere. (Onderdonk et al. 1977:50)

On the flip side, some developers have taken a “sell and get out quickly” attitude where they build the “instant ghetto:” a substandard subdivision marketed exclusively to low-income minority households, most of whom finance their home purchases with high-risk FHA or VA mortgage loans. (Onderdonk et al. 1977:21,50) Such an intense concentration of high-risk mortgages seems to inevitably lead to the self-fulfilling prophecy of black occupancy equals neighborhood deterioration; another prophecy fulfilled thanks to the decisions of those who make the prophecy.

**Community Image and the Mass Media**

Without a favorable community image, any integrated municipality faces great difficulty maintaining a biracial demand for housing. Since whites have so many choices of where to live, they can easily bypass communities to which the mass media assigns a bad reputation. African-Americans, however, have fewer residential choices and their demand for housing is concentrated on those few choices.

The mass media substantially influence people’s opinions and images of communities. Bad press can easily sour the public’s view of a city’s desirability. Unfortunately, the mass media routinely assigns unfavorable images to integrated communities as well as all-black neighborhoods. The media reports on neighborhood integration focus on troubled block-by-block expansion of big city ghettos. The media have a very limited understanding of racially stable neighborhoods and little commitment to the concept of maintaining racially diverse communities. That’s not surprising since it takes time and concerted effort to understand the process of neighborhood resegregation and a social awareness to understand the important role that the media can play in promoting racially stable neighborhoods. (Onderdonk et al. 1977:48) Given the increasingly “tabloid” nature of reporting today, few reporters have the time, much less the will, to make this effort.

One of the most recent examples of the media’s failure to fully investigate a news issue related to integrated housing has been the media’s reports on the efforts of all-white Chicago neighborhoods to win legislation, first from the City Council and then, successfully from the State Legislature, to allow communities to establish equity assurance programs similar to Oak Park’s. The General Assembly’s law allows voters to place a referendum on the ballot to impose a nominal tax themselves to build an insurance fund to reimburse home sellers for lost value upon sale of their homes. The whole concept is based on the patently false premise than black in-migration results in lower property values, a point the media failed to make in its coverage.

Second, the media frequently referred to Oak Park’s equity assurance program as an example of how such programs prevent white panic. No major Chicago-area media outlet ever bothered to carefully examine the Oak Park program. Had they bothered to investigate, they would have learned that the program has always been dormant in Oak Park. Only 156 of Oak Park’s 13,000 homeowner households have registered for equity assurance during its 12 years of existence. There have been no payouts. Had the media made any effort to understand Oak Park’s equity assurance program and the racial diversity issue, they would have learned that the village’s equity assurance program is but one of dozens of programs the village, community organizations, realtors, and other private entities have instituted -- all of which have combined to help Oak Park achieve its stable racial diversity. (See the section towards the end of this chapter on equity assurance programs.)

But the Chicago media never bothered to check out the claims made by proponents and opponents of this scheme that, admittedly caters to racist stereotypes. Reporting the facts on the effect of blacks entering all-white areas, reporting on the successful racial stabilization of communities in the Chicago and Cleveland areas, and reporting the facts on Oak Park’s equity assurance program would have gone a long way toward reducing stereotypes and myths to
which so many white Chicagoans and institutions still cling, and toward the public having a better understanding of integration maintenance and those communities that engage in it. Instead, Chicago’s television and radio stations and newspapers merely accepted racist myths as truths and did nothing to further racial understanding and reduce racial tensions.

This treatment is but the latest example of the media’s long–time insensitivity toward integrated communities. Even the Chicago Association of Commerce and Industry has been concerned with the media’s portrayal of the south side and south suburbs. Why, for example, does a favorable review of a south suburban restaurant have to be prefaced by remarks about the restaurant’s location in the dirty, grimy south suburbs? (Onderdonk et al. 1977:48)

Newspapers’ real estate section regularly feature promotional articles on individual suburbs and Chicago neighborhoods. They routinely report the racial/ethnic mix of the community — something a real estate agent cannot volunteer to a prospect — as well as the cost of homes — a very relevant fact. But why does a recent Chicago Tribune “Home Guide” feature on Cicero focus so heavily on the town’s racist attitudes? The article exudes the clear message to African–Americans that they cannot move into Cicero. It opens with an account of Dr. Martin Luther King’s march down Cicero Avenue 20 years ago and features former city attorney, now Criminal Court judge Christy Berkos comment that if a black family moved it even today, “I think there’d be an uproar.” (Myers 1989:1) The article makes no effort to explain the practices used to keep blacks out of Cicero are illegal. The message is clear to blacks: don’t even look for a home in Cicero!

The Chicago Tribune’s emphasis on race extends to its crime reporting. A July 31, 1989 front page article, “Holdups jar changing neighborhood,” reports on a series of delicatessen holdups in the Cragin neighborhood and indicates the neighborhood’s changing racial composition: “populated by blacks, Hispanics, and Asians.” The article states, “Now, Hispanics from Logan Square and Humbolt Park and blacks from Austin are moving in and changing the face of this community. Many Poles are leaving behind their two–story brick bungalows and migrating to the northwest suburbs.” The entire article carried the unsubtle suggestion that holdups were perpetrated by non–Caucasians. But when a white man was arrested for the crimes, did the Tribune report the arrest and the alleged perpetrator’s race as prominently as the first article? No, the Tribune did not even report it! Apprehension of the alleged criminal did not make it into the Tribune until the state senator wrote a letter to the editor. (Chicago Tribune August 19, 1989, Section 1, p. 10)

In both articles, the media unnecessarily focused on racial composition. The Cicero article made it abundantly clear that African–Americans should not even consider moving there. The Cragin holdups article emphasized the integrating nature of the neighborhood when it was completely irrelevant to the story. And after implying that a non–Caucasian committed the crimes, the Tribune ignored an opportunity to report that the alleged perpetrator actually was white. This type of reporting only reinforces false stereotypes and myths. If this is what it means when folks say “Chicago is a great newspaper town,” it would be frightening to see what a bad newspaper town is.

If a town has an open image, media coverage, although meant to be complimentary, tends to be of a nature that hyped minority demand and diminished white demand. (Onderdonk et al. 1977:48) The media fall into the trap of treating “open housing” and “equal opportunity housing” as code words for housing for minorities only. These perceptions which the media perpetuates work against maintaining racial integration within an apartment complex, a neighborhood, or a whole municipality. (Onderdonk et al. 1977:60)

Since 1977, little has changed to alter the finding that, “in general, the mass media tend to focus on racial matters as a problem rather as an opportunity for stable integrated living. The media can be an important agent in social change. Stable integrated living can work and the media can play an important role in making it work.” (Onderdonk et al. 1977:48) But the way the media usually covers racially diverse communities only throws obstacles in the way of their efforts to preserve their diversity.

**Schools**

Schools strongly affect housing choices. The racial diversity of one is intimately linked to the racial diversity of the other. (Obermanns and Oliver
How potential home seekers perceive the “quality of schools” is a major factor in choosing a home. Regardless of objective standards, predominantly white schools are usually perceived as superior and predominantly minority schools are seen as inferior. (Saltman 1989:629) White families, unaccustomed to being in the minority, will seldom choose to move to a school district which is majority African–American. (Obermanns and Oliver 1988:2) School officials who ignore racial imbalance only contribute to the resegregation of a community.

Real estate advertising and agents often use the quality of the schools to sway prospective buyers to or away from a community. (Engstrom 1983:18) In Illinois, the State Board of Education rule that implements the state law that mandates school report cards (Illinois Revised Statutes, chapter 122, para. 10–17a, 1987) requires school districts to annually publish the racial composition and test scores of each public school. The release of this data receives substantial coverage in the metropolitan and local media.

But the racial compositions nearly always overstate the proportion of blacks who live in racially diverse school districts. Blacks moving into new neighborhoods often are younger families with school age children. They tend to replace older white families without school age children which results in the percentage of African–American pupils in the schools probably being higher than the proportion of blacks in the overall population. (Husock 1989:15, Lauber 1974:15)

In addition, unless the initial black in–migration is dispersed throughout a community, blacks students are likely to be concentrated in a single school. Coupled with the just described demographic pattern, a sudden surge in minority enrollment could trigger resegregation by leading some whites to move out of the neighborhood (Onderdonk et al. 1977:70) and prospective white purchasers to steer themselves away from the neighborhood. School districts that replace neighborhood schools with grade centers with a district–wide attendance help prevent this situation and enable the community to buy time to take additional steps to preserve its racial diversity. District–wide attendance zones eliminate the neighborhood school as a visible measure of neighborhood racial change. (Lauber 1974:15) For example, realtors in Montclair, New Jersey, report that the elimination of neighborhood schools resulted in opening up the entire town and city staff report that neighborhoods have been reintegrated. (Obermanns and Oliver 1988:125)

Replacing neighborhood schools with grade centers with district–wide attendance is a more productive alternative to establishing magnet schools and retaining neighborhood schools. Not only does the latter fail to solve the problems caused by neighborhood schools, but far too many magnet schools skim off the best students and leave the neighborhood schools resegregated socioeconomically.

Community Organizations

Community organizations continue to influence the ability of communities to preserve their racial diversity. On the one hand, community organizations have spearheaded efforts to achieve and preserve diversity and forced local and state government to undertake the actions necessary to preserve diversity in a dual housing market so hostile to it. On the other hand, some community organizations have led the fight to preserve two entirely separate housing markets.

This latter category has included groups like Save Our Suburbs (SOS) and the Southwest Parish and Neighborhood Federation which have consistently, and often successfully, fought against any kind of open housing initiative that would enable African–Americans to live in their neighborhoods they “represent.” (Onderdonk et al. 1977:58) Albeit unjustifiable, their viewpoint is understandable. A great many members of their constituency have experienced classic block–by–block resegregation and honestly believe that resegregation is the inevitable result of black entry. These are the sort of groups that have more recently sought the “protection” of equity assurance as they recognize that it may be impossible to keep African–Americans completely out of their neighborhoods. And they have made support of open housing initiatives by their elected officials a form of political suicide.

Other community groups have literally forced local governments to formally undertake programs to preserve racial diversity. Such groups are much more influential in the suburbs than in Chicago. While the South Shore Commission was able to put
together a major redevelopment plan for integrating South Shore, it was such a small fish in a large pond that it could not garner the City Hall support necessary to implement its plans. With two members of the city’s Board of Education South Shore residents, it was finally able to get the Board to recognize the role of the public schools in preserving racial integration, years after changes in school attendance policies could make a difference. (Molotch 1972:95, 103–104) The Beverly Area Planning Association has, so far, been more successful at preserving racial diversity than the South Shore Commission, partially due to the lessons it learned and partially due to different demographic factors. But it also has been unable to win support for its efforts from any city hall administration. City Hall has continued to kowtow to dominant white and black political constituencies invested in segregated housing.

Community organizations in the suburbs have been much more successful at winning local government support for integration stability efforts. These groups are relatively large fish in comparatively small ponds. Suburbs are often the same size as a Chicago neighborhood. The community they represent is a much larger proportion of the total jurisdiction covered by the local government. Consequently, the political climate is much more conducive to preserving racial diversity — it’s an issue that immediately affects the whole municipality, not just a small portion of it.

One of the major obstacles community organizations face is what seems to be a natural tendency to focus solely on their local issue, an understandable focus. They are responding to local needs and fail to see how outsiders can contribute to achieving their goals. Such attitudes lead many local groups to work in isolation and duplicate or overlap other organizations’ programs. Local organizations fighting for racial diversity can sometimes fail to fully consider the need to open all communities for their own efforts to ultimately succeed. (Onderdonk et al. 1977:58)

In both the Chicago and Cleveland areas, many community organizations have recognized that the dual housing market functions at the local, regional, and national levels. Many have joined together, sometimes with local governments, to form metropolitan or regional associations like the Chicago Area Fair Housing Alliance and the South Suburban Housing Center to attack factors external to their communities that perpetuate the dual housing market.

This wider focus is essential because what happens in the rest of the metropolitan area influences the local community, and what occurs in the local community affects the larger region. When a racially diverse community seeks to open the minds of potential minority to consider making a nontraditional move, there must be predominantly white communities to which they can move. Merely shifting minority demand to another racially diverse community would fail to open additional housing choices and alleviate pressures toward resegregation from diverse communities. Failure to open up other communities could also serve to keep black demand pent up even more. A community organization that secures a degree of stability for its own area while ignoring or aggravating the situation elsewhere may serve itself for the short term, but harms itself and other diverse communities in the long run. (Onderdonk et al. 59)

**Location**

The location and distribution of minority households in the metropolitan area strongly affects the maintenance of racial integration. Neighborhoods on the edge of an expanding black concentration will often find it much more difficult to maintain the white demand for housing necessary to achieve and preserve racial diversity. (Onderdonk et al. 1977:68) A suburb, with its own government, has a much better chance of achieving and preserving diversity than does a neighborhood within a large city like Chicago where City Hall has won’t take the steps essential to preserving diversity. The independent suburb of Oak Park has been able to preserve its racial diversity, while the adjacent Austin neighborhood in Chicago never had a chance given City Hall’s antipathy toward biracial neighborhoods.

A community that is further removed from an area of African–American concentration will be more attractive to white home seekers than one adjacent to the expanding ghetto, and have a better chance of maintaining essential white housing traffic.

Historical patterns of household movement can also affect racial diversity. In the Chicago area, south
siders traditionally relocate to the south, west siders to the west, and north siders to the north. Since minorities have been concentrated on Chicago’s south and west sides, they have tended to gravitate to the south, and some south suburbs, and the west, and some western suburbs. This pattern results in unbalanced minority demand for housing in these suburban sectors and can lead to racial resegregation in parts of that sector. (Onderdonk et al. 1977:68)

**Homebuyers and Home Sellers**

Both black and white homebuyers are manipulated by the powerful market forces discussed above that are beyond their control (Shlay 1986:111–116, Onderdonk et al 1977:72) But perhaps the most manipulative of all is the fear white homebuyers have of racial change, a fear that has led geographer Dr. Brian Berry to conclude that race is the major determinant shaping our urban environment. (Onderdonk et al 1977:72)

Many majority homebuyers, who have a wide range of housing choices, simply want to isolate themselves from minority families. Minority homebuyers, with fewer housing choices, are more concerned with the overall quality of the house and neighborhood than its racial composition. They are less willing and less able to pay a premium for racial exclusivity. (Onderdonk et al 1977:72)

Many homebuyers address these interests through self-steering. Many majority homebuyers who feel their investment and status are enhanced if they live in an all-white neighborhood will not even look at houses in any neighborhood they think is integrated or about to become integrated. Minority buyers, however, are reluctant to be pioneers and tend to take the path of least resistance. They will limit their housing search only to neighborhoods and towns that already have a reputation for minority families. (Onderdonk 1977:72) This self-steering seriously hampers efforts of racially diverse communities to overcome the resegregation pressures of the dual housing market.

Few home sellers realize that they cannot refuse to show or sell their homes to someone on the basis of race. They may think that the Fair Housing Act applies only to real estate agents and developers. Consequently, some home sellers may illegally set a “skin tax” by establishing two asking prices, one for whites and a higher one for blacks to discourage blacks from buying.

In addition, many low- and moderate-income white homeowners see their socioeconomic status as tied to the racial composition of their neighborhood. Couple this perception with the higher level of overt racial prejudice among low- and moderate-income whites, and you get home sellers intent on keeping blacks out of their community. Economically depressed and depressing Cicero, Illinois, is a perfect example of such a community.

**Housing Stock Characteristics and Homeownership Patterns**

These two factors can play a role in resegregating a community. Even though older, obsolete housing may be predominantly sound, it depresses property values and sets up a community for resegregation by reducing white demand well before initial black in-migration, as may have been the case in South Shore. (Molotch 1972:9) Older communities may find themselves at a disadvantage at attracting white demand simply because whites have so many other residential location choices that allow them to live in newer communities with newer housing stocks that are not obsolete.

In addition, a large proportion of rental housing may increase the chances of resegregation. (Molotch 1972:9) As explained earlier, it may actually be more difficult for blacks to enter the rental housing than homeownership market, and once blacks do enter, it may be more difficult to achieve stable integration since it is easier to move from a rental than an ownership dwelling. (Onderdonk et al. 1977:51)

A large proportion of rental housing is a double-edged sword in another sense as well. Since African-Americans as a group, have lower incomes than whites as a group, they are more likely to rent than own a home. A large proportion of rental housing could lead to a rapid and large influx of blacks into a neighborhood. However, renters also have relatively little financial investment in their apartments. Consequently, unfounded white fears of the effects of the presence of black residents on property values will not lead white renters to panic. The key to
preserving diversity in an integrated municipality’s rental stock, of course, is to maintain biracial demand for it.

**Federal Government**

During the last 60 years, the federal government has gone from acting as a prime mover directly fostering racial segregation in housing, to a relatively brief fling with enforcing seemingly strong anti-discrimination laws in the late 1960 and the 1970s, to finally abdicating its civil rights enforcement responsibilities and becoming an active partner with the National Association of Realtors in efforts to dismantle pro-integrative strategies.

First through the Federal Housing Administration and later through a series of post-World War II programs, the federal government actively fostered segregated housing. Following World War II, more than 13 million homes were built for returning veterans and other moderate-income families in suburban areas. A substantial body of research confirms that FHA policies have long covertly and overtly excluded minorities from access to this housing (Saltman 1989:27) and contributed to creating and preserving racial concentrations. (Murphy 1977:8) Back in 1938, the FHA’s *Underwriting Manual* stated: “If a neighborhood is to retain stability it is necessary that properties shall continue to be occupied by the same social and racial classes.” (Quoted in Laurenti 1961:25) Consistent with that position, the FHA insisted on restrictive covenant against nonwhites as a prerequisite for FHA-insured financing. (Laurenti 1961:25) Since then, the FHA’s underwriting practices that have concentrated FHA loans in integrated neighborhoods, have fostered resegregation in the ways detailed earlier in this chapter.

Subsequent federally-subsidized housing programs partially intended to expand minority housing opportunities have instead concentrated new low- and moderate-income housing in minority and integrated neighborhoods. A local option clause enabled most white suburbs to refuse to allow public housing to be constructed within their borders which forced virtually all public housing construction into the central cities where politicians funneled most of it to existing minority neighborhoods, and sometimes to integrating communities. (Obermanns and Oliver 1988:26, Onderdonk 1977:62–63)

Other federal programs intended to extend housing opportunities and open exclusionary communities to persons of all incomes and races have been routinely twisted to do the opposite. One former assistant secretary of HUD asserts that the 701 comprehensive planning assistance program has paid for much of the exclusionary zoning legislation in this country. (Lauber February 1975:24)

When Congress consolidated many categorical programs into Community Development Block Grants (CDBG) under the Housing and Community Development Act of 1974, it established a clear mandate for open and integrated housing. Title I of the act directed that CDBG funds be spent for “the reduction of the isolation of income groups within communities and geographical areas and the promotion of an increase in the diversity and vitality of neighborhoods through the spatial deconcentration of housing opportunities for persons of lower income.” (42 U.S.C. para. 5301 (1974)) The act also provided that no persons could, on the ground of race, color, national origin, or sex, "be excluded from participation in, or be denied the benefits of, or be subjected to discrimination under any program or activity" funded under the act. (42 U.S.C. para. 5309

For a much more detailed documentation of the actions, policies, and laws the all levels of government employed to force housing segregation upon this nation, see Richard Rothstein’s tome *The Color of Law: A Forgotten History of How Our Government Segregated America*, 2017.
(1974)) Due to the disproportionately high concentration of African-Americans and Spanish-speaking Americans in the lower-income category, the sort of economic segregation the act was intended to overcome has always been accompanied by racial segregation as well. (Lauber February 1975:24)

In 1979, the U.S. Commission on Civil Rights noted that the Housing and Community Development Act calls for "promoting maximum choice within the community's total housing supply, lessening racial and economic concentrations and isolation, and facilitating desegregation and racially inclusive and diverse neighborhoods and use of public facilities, through the spatial deconcentration of housing opportunities." (U.S. Commission on Civil Rights 1979)

- Federal regulations for implementing the Housing and Community Development Act required HUD to consider three factors to determine if a community has achieved "reasonable results" in providing equal housing opportunities:
  - The extent to which housing units promote the geographical dispersal of minority families outside areas of minority concentration;
  - Whether housing choice is being promoted in all neighborhoods through participation in an areawide Affirmative Marketing effort or other fair housing activities; and
  - Whether relocation has expanded housing opportunities for minorities outside areas of minority concentration. (Saltman 1989:634–635)

Siting requirements for dwellings built under the Section 23 housing assistance program were considered to be the standard for the housing assistance plans the act required recipient municipalities to prepare. (Alexander and Nenno 1974:13) These standards precluded construction of assisted housing in an area of minority concentration or in "a racially–mixed area if the project will cause a significant increase in the proportion of minority to non–minority residents in the area." (Federal Register, April 22, 1974) But HUD has not implemented these regulations, nor the three stated just above. (Saltman 1989:635)

The federal government routinely approved funding for exclusionary municipalities under the Community Development Act of 1974 even though the act and its rules and regulations required that recipient municipalities submit and implement Housing Assistance Plans to meet the needs of low- and moderate-income households, both locally and regionally. HUD simply rubber-stamped the vast majority of plans with virtually no analysis. The overwhelming majority of municipalities that blatantly violated the act's provisions received their funding with nary a whimper from HUD. (Lauber 1977)

Since World War II, the federal government's action and inaction has probably done more than any other jurisdiction to make racially and socioeconomically segregated suburban American possible. By funding metropolitan area superhighways, the federal government furnished the essential vehicular transportation link to the central city that enabled increasingly distant suburbs to be established and flourish. By continuing to furnish these segregated communities federal assistance for everything from roads and infrastructure to major capital facilities without offering inducements to open their doors to minorities and low– and moderate–income housing, the federal government has missed key opportunities to break the ghetto's cycle. (Onderdonk 1977:62)

During the 1960s and 1970s, the federal government participated in a number of lawsuits to open up communities under the Fair Housing Act of 1968, commonly referred to as Title VIII. (42 U.S.C. para. 3601–3614 (1982)) The act created a three–pronged attack on housing discrimination by:
- Prohibiting discrimination by homeowners and landlords in 80 percent of the nation's rental and ownership housing stock and enabling those discriminated against to sue for relief and damages;
- Prohibiting discrimination by a wide range of institutional actors in the housing market, including real estate agents and mortgage lenders; and
- Given the federal government the responsibility of "affirmatively" promoting fair housing and creating specific administrative mechanisms for enforcing the act. The Secretary of Housing and Urban Development was made responsible for investigating complaints and the Attorney General was authorized to bring suits against parties engaged in a
“pattern or practice” of discrimination. (Saunders 1988:880)

With the federal government leading the charge, the courts interpreted the Fair Housing Act’s provisions as prohibiting blockbusting, racial steering, racial preferences in advertising, outright refusal to deal with black and devices that deterred black customers. (Saunders 1988:881–882) Even in the 1980s, the courts have liberally construed the act to allow “any person to receive truthful information about housing availability regardless of race.” (Havens Realty Corp. v. Coleman, 445 U.S. 363 (1982))

This decision enabled fair housing groups to use testers to detect discriminatory practices and gave them and the testers standing to sue on the basis of the testers’ experiences. But given this record, “it is all the more striking that fair housing laws have barely dented the persuasiveness of racial segregation in America.” (Saunders 1988:882)

The failure of the Fair Housing Act, and state and local fair housing laws, to curtail housing segregation derives from their focus on preventing specific, individual acts of discrimination from taking place. These laws failed to attack group behavior as well as individual behavior. (Saunders 1988:903) Hopefully this review of the factors that produce and preserve racially identifiable neighborhoods shows that the persistence of segregation is the result of the behaviors of many groups rather than just individual actions.

By the 1980s, the federal courts had certainly taken notice of these federal laws. In his 1988 decision generally upholding local and regional tactics to preserve racial diversity, District Court Judge Harry Leinenweber concluded, as a matter of law, “It is a fundamental national policy to promote stable, long–term racial diversity in the communities of the United States.” (South Suburban Housing Center v. Board of Realtors, 713 F.Supp. 1068, 1086 (1989)) Leinenweber noted that the U.S. Supreme Court had repeatedly ruled that there ‘can be no question about the importance’ to a community ‘of promoting stable, racially integrated housing.’ (Ibid.) And he noted the Seventh Circuit’s observation that the Fair Housing Act “was intended to promote ‘open, integrated residential housing patterns and to prevent the increase of segregation, in ghettos, of racial groups whose lack of opportunities the Act was designed to combat.” (Ibid., quoting from Metropolitan Housing Development Corporation v. Village of Arlington Heights, 558 F.2d 1283, 1289 (7th Cir. 1977), cert. denied 434 U.S. 1025 (1978), quoting Otero v. New York City Housing Authority, 484 F.2d 1122, 1134 (2nd Cir. 1973))

But despite the courts’ general ringing endorsement of policies intended to preserve racial diversity and integration, the past decade has seen the federal government become downright hostile to efforts to overcome the effects of segregation and preserve racially diverse communities. The Justice Department has repeatedly sought to reopen successful school desegregation suits and settlements. (INSERT CITATIONS) It has opposed municipal minority hiring plans and set asides. (INSERT CITATIONS, hey this is a draft, you know)

One of the federal government’s most revealing actions against efforts at racial diversity came in its successful suit against Starrett City to outlaw the racial quotas Starrett City employed to maintain racial diversity. Starrett City had been a stable, racially integrated self-contained community of 20,000 residents on the border of Brooklyn’s black ghetto. Because New York City’s supply of affordable housing is so tight and black demand is much greater than white demand, the developers established a quota system that had resulted in 64 percent of the units being occupied by white households, 22 percent by black, 8 percent by Hispanic, and 5 percent by Asian households. (United States v. Starrett City Associates, 660 F.Supp. 668, 670 (E.D.N.Y. 1987)) Without the quota system, the operators claimed the development would regroup from the highly concentrated black demand for housing in that part of New York. In October 1985, Starrett City’s waiting list was 21.9 percent white, 53.7 percent black, and 18 percent Hispanic. (Ibid. at 672)

The Justice Department successfully argued that the use of quotas led to discriminatory effects on the availability of housing in violation of the Fair Housing Act. The court held:

“We do not intend to imply that race is always an inappropriate consideration under Title VIII in efforts to promote integrated housing. We hold only that Title VIII does not allow appellants [Starrett City] to use rigid racial quotas of indefinite duration to maintain a fixed level of integration at Starrett City by restricting minority access to scarce and desirable rental accommodations otherwise available.
to them." (United States v. Starrett City Associates, 840 F.2d 1016, 1103 (1988) emphasis added)

The government’s likely motives, though, are revealed within the context of this suit. The Justice Department filed suit just a month after Starrett City settled a 1979 private lawsuit, which the Justice Department had declined to join, that challenged the quotas. In the settlement, Starrett City agreed to increase the proportion of blacks admitted to residency and the state housing officials agreed to push for integration of 86 all-white subsidized housing projects by giving preference to blacks and other minorities on Starrett City’s waiting list. Not one person on the 80,000 name waiting list objected to the 1984 settlement agreement. And then one month later, the Justice Department filed its suit which immediately put the 1984 settlement on hold, and eventually discarded it. (Hellman 1988:56) It is hard to believe that the federal government wishes to assure equal access to housing when it acts as it did with Starrett City. Why would a federal government that claims to support equal access to housing seek to discard the 1984 Starrett City settlement that would have opened so much more subsidized housing to minorities? And having done so, why doesn’t the federal government sue to open that all-white subsidized housing to minorities?

Not only has the federal government failed in its responsibility to insure equal access to housing, but it has now chosen to attack some of the tools communities, cities, and school districts use to overcome the effects of decades of discrimination, segregation, and the dual housing market.

**State Government**

State government actions, and acts of omission can affect the stability of diverse neighborhoods and the strength of the dual housing market.

In Illinois, the state has exclusive power to license real estate brokers. The Illinois State Real Estate Licensing Department can suspend or terminate the license of agents who engage in discriminatory practices like racial steering. Yet, despite all the successful private lawsuits over the years, it wasn’t until recently that the department suspended an agent’s license due for steering white prospects away from integrated communities. (South Suburban Housing Center April 1988:2) Similarly, the state’s Civil Rights Commission has been all but silent on racial discrimination in housing.

With the great control it has over awarding funds to developers, the Illinois Housing Development Authority could require genuine affirmative marketing of the developments it finances and site them to assist racially diverse communities. Instead, it has sat on its hands and continues to finance single-racial developments throughout the state.

Some federal programs, such as 701 Comprehensive Planning Assistance, have been administered through state agencies. As administrator of the 701 program for the Illinois Department of Local Government Affairs, this author’s superiors prohibited him from officially notifying Lake County, a 701 funding recipient, that the law required the county to submit a housing allocation plan for low- and moderate-income housing. Other 701 recipients continued to refuse to prepare housing allocation plans despite private, unofficial warnings from DLGA staff that such plans were required by law. Officials in the local HUD office declined to provide DLGA staff with any support and refused to cut off funding to jurisdictions that failed to comply with the rules and regulations for 701 funding.

When this author attempted to deny DuPage County’s application for 701 funding since it was being used to finance exclusionary zoning in direct contravention of the law, his superiors ordered him to conduct an very informal hearing on the application and to approve it “because DuPage is a Republican County and the Governor [Thompson] wants it funded.” DuPage County’s violations were so blatant that HUD cut off funding two years later.

The Illinois State Board of Education and General Assembly have done little to encourage the systemwide school integration so essential to preserving racially diverse neighborhoods. A bill to establish a pilot interdistrict desegregation program cannot get out of committee. A statute that enabled the State Board of Education to order desegregation in 45 school district, not including Chicago, was amended in 1982 to strip enforcement authority from the State Board and shift it to the Illinois Attorney General’s office through litigation. (Obermanns and Oliver 1988:47)
Local Government and Local Ordinances

Local government actions and practices that have, over the years, influenced residential location by race and promote housing segregation include: (Rabin 1985)

- **Laws requiring racial segregation in housing and/or public schools** (now clearly illegal);
- **Changing or failing to change school boundaries** (The racial composition of schools plays a major role in maintaining bi-racial housing demand. Failing to recognize this relationship and adjust school boundaries to maintain racial balance in schools in integrated neighborhoods provides an extra boost to resegregation.);
- **Discrimination in the provision of public services** (Cities are notorious for providing a lower level of municipal services to identifiable minority hoods. Many larger cities cut back on services to integrated neighborhoods thus reducing white demand for housing there. These blatant practices continue even today. On July 10, 2008, a federal court jury sitting in Columbus, Ohio, returned verdicts totaling $11 million against the City of Zanesville, Ohio, Muskingum County, Ohio, and the East Muskingum Water Authority for illegally denying water service to a predominantly African–American community on the basis of race from 1956 to 2003. *Jerry Kennedy, et al. v. City of Zanesville, Ohio, et al.* Case No. 2:03-cv-01047, S.D. Ohio. The 67 plaintiffs in the case alleged that the City of Zanesville, Muskingum County, and the East Muskingum Water Authority refused to provide them public water service for over 50 years because they live in the one predominantly African–American neighborhood in a virtually all–white county. Each one of the 67 individual plaintiffs described the hardships caused by living with the continuous practice of discrimination and without water for up to five decades.);
- **Exclusionary zoning** (By requiring large lots, severely limiting multi–family housing, and requiring expensive amenities, a large number of suburbs have kept out housing affordable to middle–, moderate–, and low–income households of all races. Such restrictions have a segregative effect by excluding a larger proportion of the minority community since there are relatively few minorities who can afford such expensive homes.);
- **Exclusion of public and/or subsidized housing:**
- **Locating public and/or subsidized housing in minority and integrated neighborhoods** (Rather than locate public housing in all–white neighborhoods close to potential jobs and away from the black ghetto, municipalities usually place public or subsidized housing that serves a largely minority clientele in an integrated neighborhood. This practice has been known to greatly reduce white and black middle–class demand in integrated neighborhoods and contribute to resegregation. Even in the late 1960s, Philadelphia’s city council passed an ordinance that restricted which houses could be purchased under a HUD Use House Program to the North Philadelphia ghetto.);
- **Segregative tenant assignments for public and/or subsidized housing:**
- **Clearance and elimination of minority residential areas as in urban renewal projects:**
- **Segregative relocation practices** (Officials have steered minorities dislocated due to urban renewal or other demolition to minority or integrated neighborhoods and away from white neighborhoods.);
- **Expulsive zoning** (When an otherwise all–white community has a black population concentrated in an area of very small homes, the city rezones the area to require larger homes. This makes the small homes nonconforming uses which must be demolished after a certain date. Meanwhile, the zoning ordinance prohibits major repairs or replacement with the same size house.)
Using racial criteria to identify and plan for neighborhoods;

Public pronouncements by public officials that reinforce discriminatory attitudes and practices (Public officials influence the public’s perception of what attitudes and behaviors are acceptable. When the mayor of a large city urges residents of a white neighborhood to resist the construction of public housing there, he has given legitimacy to their fears and racism. When public officials remain silent and apathetic to the pleas of local residents to help preserve the diversity of their neighborhood, as they did to South Shore, the public gets the message that integration is not acceptable.);

Decisions of public officials to deny building permits on the basis of race of the intended occupant.

Many of these activities continue today even if illegal. For example, in 1987 Pinnacle Builders could not obtain a building permit from Calumet City’s Building Department until the building commissioner learned the house was being constructed for a white buyer — a fact he learned from the city attorney who represented the white buyer.

But when the white buyer was unable to obtain financing, the house was sold to a black purchaser. The building commissioner made numerous racial remarks to the builder and told him that he “had lived in this neighborhood for 27 years” and would never grant an occupancy permit for the house. They city’s electrical inspector told the developer that the house would never pass inspection due to a problem with the hot tub. When asked what the problem was, the inspector responded he didn’t know, but would find something. These comments were made to the builder with his attorney present. After the building commissioner denied his application for an occupancy permit, the developer filed a lawsuit which is pending as at this writing. (South Suburban Housing Center August 1988:12–13)

In Chicago, even the city’s consultants have foisted segregationist policies on the city. Real Estate Research Corporation, the City of Chicago’s major consultant on urban affairs, prepared the most comprehensive report to the city, up to that point, on demographic trends, Economic Analysis of Housing and Commercial Property Markets in the City of Chicago, 1960–1975. The consultant wrote:

“Massive” neighborhood population transition is the only practical way to accommodate rapid growth of large low–income and low middle–income groups in the population. All other conceivable methods of providing housing for these fast–growing groups are simply not feasible. Members of these groups cannot move into new housing in the city or the suburbs because they cannot afford it. Random scattering of individual families in many neighborhoods, true, would eliminate “massive” neighborhood transition. However, it is impractical for the following reasons:

1) Members wish to live together with other people like themselves; hence they would not voluntarily adopt a randomized residential location pattern.

2) These families cannot afford housing accommodations in many middle–income or higher income neighborhoods.

The only two other alternatives are equally impractical. “Leapfrogging” movements would give rise to neighborhood population transition in various enclaves in outer portions of the city or the suburbs. Thus the location of transition would be shifted, but transition itself would not be eliminated. Finally, restriction of members of these groups to the areas they now occupy is totally unacceptable because this policy is both illegal and morally unacceptable because it is discriminatory. (Quoted in de Vise 1973:4)

Is it any wonder that Chicago’s City Hall has been apathetic, at best, and hostile, at worst, to neighborhood efforts to achieve stable racial diversity when the city’s consultants have pronounced such diversity impossible?

A Comprehensive Program to Preserve Racially Diverse Communities

So few of the big city neighborhoods that have experienced black in–migration have been able to stem the tide of resegregation, that the general
public has come to think that complete racial transition is the “natural” and inevitable outcome of residential integration. They've come to accept one housing market for whites and another for blacks as the “natural” way of things.

The extensive interdisciplinary body of research reviewed for this chapter shows that there is nothing natural about this process of resegregation. Instead, a broad array of complex and inter-related institutional, governmental, cultural, and individual factors work together to force continuation of a dual housing market, one for whites and one for blacks. This dual market obstructs any practical efforts to break the debilitating cycle of the ghetto that maintains a growing permanent underclass that threatens the nation's very security. All efforts to preserve racial diversity really focus on replacing the dual market with a unitary market in which all Americans participate. And to achieve that end, it is essential to continue to attract whites to integrated neighborhoods and municipalities, and blacks to all-white neighborhoods and municipalities. Efforts to preserve racial diversity, therefore, focus intensely on this objective.

Neighborhoods and municipalities that wish to achieve and preserve racial diversity will continue to have to take extraordinary measures to overcome these forces until a single, unitary housing market in which all Americans participate can be achieved. While this unitary market is the long-range goal of every community seeking to maintain its racial diversity, there are many effective strategies they can pursue in the meantime.

This effort, though, requires a broad-based, comprehensive attack on the many factors that promote resegregation. To succeed, communities must launch a concerted two-pronged strategy that focuses on policies, practices, and programs internal to the community, and on policies, practices, and programs external to the community at the regional, state, and national levels.

Although there are some universal truths and common themes in efforts to achieve and preserve racial diversity, there is no simple checklist of what steps a community should take. (deMarco 1989:3) Although each of the state-of-the-art activities that follows contributes to success, not every activity is necessarily appropriate for every integrating community and the exact manner of each implementing them will vary with each community’s unique characteristics.

Today, the leaders of the movement to preserve racially diverse neighborhoods know what the factors are that have caused the difficulties they must overcome. These leaders have learned from the efforts undertaken elsewhere, devised the comprehensive strategy most appropriate to their local situation, and worked together on the regional efforts that are essential to enable their local efforts to succeed. Their local and regional strategies are dependent upon each other. One strategy will not work without the other. The state-of-the-art strategies and implementation tools that complete this chapter will no doubt soon be augmented by even more creative methods from these innovative and dedicated leaders.

**Local Community Initiatives**

In the absence of effective state and federal support, the local level is where pro-integrative initiatives must be taken. Local laws on fair housing, for example, can supplement state and federal laws. Local elected officials and administrators can be the most convincing spokespeople for racial diversity. Local community residents are often the most knowledgeable and enthusiastic promoters of their own villages and neighborhoods to real estate agents and home seekers. Their efforts can be particularly effective when both black and white local residents are involved in the promotion process. The bottom line, though, is that the ultimate responsibility for success or failure rests with local leadership. (Obermanns and Quereau 1989:3–4)

Local governments, and non-profit community-based organizations must employ many inter-related strategies, policies, and programs to preserve racial diversity. This myriad of activities can be classified into the broad strategy categories that follow. Implementation techniques for each strategy are discussed either immediately below or in the section on implementation tools that follows the strategy categories.
Strategies for Achieving and Preserving Racial Diversity

Regulatory Measures. Laws and regulations have historically been used to correct abuses of the market place. Similarly, they can be used to constrain many of the behaviors of developers, real estate agents, and rental managers that contribute to the persistence of the dual housing market. Even though federal and state laws prohibit discriminatory practices, including racial steering, in the sale and rental of housing, the dual housing market has proven remarkably ingrained and resilient. Enforcement efforts which had been spotty at best, are virtually non-existent today, partially due to the lack of a sufficient national constituency for integrated housing.

But communities that are achieving or have attained residential integration are much more likely to possess the necessary constituency in support of integrated housing absent from the state and national scenes. Local governments are in a better position to shape laws that respond to their particular needs. And they can address regulatory questions that fall beyond the scope of the state or federal government. Enacting and implementing these laws help demonstrate the aggressive, prominently-displayed commitment municipal government must have to achieving and preserving racial diversity if a neighborhood is to remain racially diverse. Effective regulatory tools communities have, or can adopt include:

- Anti-solicitation ordinance
- “For Sale” sign regulations or informal ban
- Intent to sell ordinance
- Inspection ordinances/occupancy permit
- Fair housing ordinance
- Racial diversity policy statement
- Subdivision and zoning controls that condition building permits on preparing and implementing an acceptable affirmative marketing plan
- Amending the zoning and subdivision ordinances to require preparation of a social or racial diversity impact statement for parcel and major rezonings, zoning and subdivision text amendments, major developments, planned unit developments, public works projects, school and public facility new construction, and special use permits

These techniques are described below in detail in the section on implementation tools.

Public Relations, Communication, Education, and Building Community Image. Since perceptions guide so many of the actors in the housing market, it is vital that these perceptions be accurate. People often assume that past patterns will always hold true and assume that because white to black transition has occurred so often in the past, it will inevitably happen in their community too. Local governments must develop and use public relations skills necessary to deflate this myth and its concomitant myths about declining property values, schools, and services in integrated neighborhoods. (Onderdonk 1977:35)

First, local government must demonstrate its commitment to racial diversity in the community early in the integration process. Oak Park, Illinois, for example, built a new $4 million village hall in the eastern section of the village as a “vote of confidence” in the area at a time when the area’s residents were anxious about its future. In addition to the village board putting its money where its mouth was, this investment also stimulated economic growth in the surrounding commercial district. (Raymond 1982:88)

Local governments must convince prospective homebuyers and renters, real estate brokers and landlords, lenders, appraisers, and developers that integration is going to work in their communities, that the local government fully supports integration, and that their best interests are served by integration. Realtors and lenders, for example, usually do not engage in racial steering or redlining out of malice. They usually act in ignorance of the actual conditions that exist in an integrated setting. Local governments and their non-profit allies for racial diversity should operate formal training programs for each of these groups within their jurisdiction to educate practitioners on racial diversity issues, fair housing law, and affirmative marketing. See the sections that follow on housing service centers and affirmative marketing for more details.
Efforts should be made to schedule sessions at national, state, and regional conferences, workshops, and continuing education courses for real estate brokers, rental managers, lenders, appraisers, city planners, city managers, housing officials, school administrators, reporters, and corporate relocation officers, to explain the need for pro-integrative efforts, how they work, and how they benefit the audience’s clients.

Involving the Public Schools. The racial diversity of a neighborhood or municipality and its public schools are inexorably intertwined. (See Obermanns and Oliver 1988) Schools and whole school systems tend to resegregate before neighborhood and municipal housing markets. School resegregation often foreshadows housing market resegregation and disinvestment. (deMarco 1989:4) Unless a neighborhood’s public schools are empirically racially balanced, most white households with children will perceive the neighborhood as undesirable and will not move into it or will leave it. This concern is so vital, that Juliet Saltman labels the absence of systemwide school desegregation one of two “killer variables” that can doom a community to resegregation. The absence of racially identifiable schools eliminates one of the tools used to steer home seekers to or from different parts of a community.

Consequently, it is vital that municipal government, local agencies, and the schools work together to preserve racial diversity. Leaders in stably integrated Oak Park, Illinois, where the elementary school district and village share the same boundaries, have long recognized the role its public schools play in maintaining racial diversity. The village’s Racial Diversity Task Force has noted, “As long as a dual housing market exists, District 97 will continue to bear a major responsibility for maintenance of racial diversity in this village.” (Task Force on Racial Diversity 1984:8)

Even during the early days of integration, Oak Park leaders recognized that its schools had to adjust to accommodate racial and socioeconomic changes. In 1974, elementary school teachers began intensive training at the National College of Education to prepare them to teach an economically and racially mixed student population. According to the district’s hiring manual, teachers are also required to take training in human relations and an appreciation of cultural differences. (Lauber 1974:15)

Patterns of racially unbalanced enrollment emerged in the early 1970s as larger proportions of African–Americans moved into the village’s heavily rental east end. In 1976, the school district reorganized the schools to create two junior high schools in central locations and adjusted elementary school boundaries to achieve racial diversity in every school. Before reorganization, the percentage of minority students ranged from 6.1 to 33.6 percent. Reorganization reduced the spread to 11.7 to 22.8 in 1981. (Raymond 1982:89) As the proportion of black children grew, the district subsequently re-adjusted boundaries another time to preserve systemwide racial diversity. At the beginning of 1988 when the racial composition of the village was 80 percent white and 16 percent black, Oak Park’s elementary student body was 66 percent white and 26.5 percent black. Schools ranged from 20.4 percent black to 44.7 percent, with most around 35 percent. Community relations director Sherlynn Reid notes that there has been no movement of white children to private schools. Only 276 of the 1882 students in the village’s three private schools live in Oak Park. (Reid 1988)

Although school districts serving Oak Park and Park Forest have reorganized to facilitate racial diversity, no Illinois school district has become as closely involved with local governments in preserving racial diversity as in the Cleveland area. Both the city and school board finance and govern the Shaker Heights Community Services Department which manages the community’s housing services and other pro-integrative efforts. The municipal governments and school boards of Cleveland Heights, Shaker Heights, and University Heights jointly sponsor the East Suburban Council for Open Communities (ESOC), which promotes non-traditional moves by, for example, blacks to the predominantly white Hillcrest suburbs. (Obermanns and Quereau 1989:10)

In addition, local governments should:

- Carefully monitor school racial composition figures because changes in public school composition can foreshadow changes in the racial composition of housing. (Engstrom 1983:18)
- Widely disseminate a joint public policy statement prepared with local school officials that recognizes the links between school and housing segregation and the mutual responsibility of the schools and local government to alleviate it.

- Use their influence with both public and private schools to win their assistance for prospective minority home seekers with children and get them to address issues of racial diversity and equity. Some school districts in the Cleveland area started addressing these issues on their own.

- Invite school officials to serve on all municipal boards/commissions that deal with issues affecting housing integration. Request municipal representation on any school committees whose agenda affects balanced school enrollments.

- Discuss the potential for regional and metropolitan–wide solutions to patterns of segregation in housing and schools with municipal and school officials through the sub-region or metropolitan area.

While an effort should be made to integrate the entire metropolitan region’s public school systems, political and judicial realities make achieving this goal a remote possibility today. However, school integration throughout a single school district or throughout a suburban subregion has been accomplished and is still quite effective at helping to preserve neighborhood diversity.

A systemwide program for achieving and maintaining racially–balanced public schools removes the racial composition of the integrated neighborhood’s schools from the factors whites consider when choosing where to live since all the schools in the municipality or school district have roughly the same majority white student bodies. There is less reason for whites with children to move out of the integrated neighborhood because wherever they might move in the municipality or surrounding area, all of the public schools are likely to be integrated. (Saltman 1989:627) Equally important, systemwide integration makes the possibility that an individual school would resegregate much more remote. In addition, since blacks and whites are equally distributed throughout the whole school system, the integrated neighborhood is no longer identified as “the one with black schools,” a characterization that discourages white housing demand.

A school system should be desegregated at the earliest stages of black in–migration, particularly when new black residents are scattered throughout the community, and before people assign a racial identity to a school or neighborhood. (Lauber 1974:15, Saltman 1989:628) Successfully integrated municipalities and neighborhoods tend to replace neighborhood schools — about which there is nothing sacrosanct — with grade centers or magnet schools that draw pupils from throughout the school district or subregion. Replacing the neighborhood school system eliminates the local school as a measure of racial change and assures both black and white residents in those neighborhoods into which blacks are moving that their school will remain racially–balanced no matter what the composition of the immediate neighborhood may be. Neighborhood schools merely aid and abet the traditional pattern of block–by–block racial change. (Lauber 1974:15)

Systemwide school integration gets much of the credit for the successful stability of racially diverse neighborhoods in Indianapolis, Milwaukee, Denver, Nashville, Rochester, and the West Mt. Airy neighborhood in Philadelphia. (Saltman 1989:626) In the Chicago and Cleveland areas, suburbs like Oak Park and Park Forest, Illinois, and Shaker Heights, Ohio, have desegregated their schools systems as part of their comprehensive racial diversity strategies.

Advocacy. Local governments can influence all branches of the state and federal governments through lobbying, either individually or as a group. Local governments can seek state and federal policies and programs that further the goals of integration and elimination of the dual housing market.

Given the present political climate and the failure of so many black leaders and organizations who are invested in segregation to support racial diversity efforts, it is unlikely that widespread support can be found to better enforce state and federal fair housing laws, and change state and federal policies and regulatory practices to help preserve diverse communities and open all–white communities. However, incremental victories are possible as happened in Ohio where pro–integration groups banded together to twice persuade the Ohio
Housing Finance Agency to designate millions of dollars for below–market rate mortgage loans to first–time homebuyers who bought in neighborhoods where their race was underrepresented. See the discussion in the affirmative marketing section below. It is essential, however, to develop a coordinated and focused lobbying strategy.

Diverse communities should also do their best to persuade public housing authorities to agree not to build additional public housing in racially–diverse communities. Juliet Saltman, who has studied attempts to preserve racial diversity, describes the introduction of new public housing into a racially–diverse neighborhood a “killer variable” that has toppled otherwise effective efforts.

Professional and religious organizations can also be added to the lobbying coalition. Efforts by representatives of the East Suburban Coalition for Open Communities and The Cuyahoga Plan led to the National Presbytery to adopt a strong resolution on the Presbyterian Church’s responsibility for achieving fair housing in 1988. (East Suburban Council for Open Communities 1989:7) Winning support for pro–integrative national policies from the leading national associations involved in government, such as the National League of Cities, National Association of Housing and Redevelopment Officials, American Planning Association, American Society for Public Administration, International City Management Association, and others, can create an effective lobbying coalition at the national level. Most of these organizations maintain sophisticated lobbying operations in the District of Columbia.

Collect and Analyze Data. By maintaining accurate information on housing questions, a local government can quickly respond to rumors and half truths that inevitably are spread about a community’s integrated housing. (Onderdonk et al. 1977:37) Equally important, no municipality can determine what strategies it should employ unless it has an up–to–date racial profile of all neighborhoods and blocks so it can identify emerging trends that may reflect illegal activities and threaten the delicate balances integration maintenance requires to succeed before they become irreversible. Data that shows rapid racial change can alert a village to possible illegal real estate practices. (Perry 1983:1)

Both Matteson and Glenwood, Illinois, require real estate brokers to submit a monthly report that identifies the race of home seekers and the addresses of the properties they were shown, the addresses of homes prospects offered to purchase, and the address of the home if they ultimately bought. The realtors are required to keep a record of the name, address, and phone number of each prospect which is available to the village upon request. (South Suburban Housing Center v. Board of Realtors, 713 F.Supp. 1068, 1096–1097 (1989)) The ordinances require strict confidentiality in the use of the data, precisely define and limit access to the information, and impose substantial penalties for any violation. (Ibid. at 1098)

Judge Harry Leinenweber upheld these requirements against challenges under the Fair Housing Act and the U.S. Constitution. He noted that the municipalities’ interests in collecting data, to identify discriminatory practices and dispel unfounded rumors, are “clearly legitimate government purposes. Obtaining homeseeker information from Realtors enables the municipalities to monitor compliance with their fair housing ordinances and surely is rationally related to the foregoing purposes.” The judge found that the real estate associations that challenged the data collection provisions “failed to offer any credible evidence that these ordinances present any burden to their members, not to mention an unreasonable one.” (Ibid.)

Calumet Park and Park Forest, Illinois, both require multi–family rental complexes to periodically report the racial composition of occupants and rental traffic. (Engstrom 1983:15) In addition, Park Forest collects racial data through three other techniques implemented in 1983. Information acquired through these techniques is kept confidential. Only gross figures are ever made public. (Perry 1983:2)

Three data–gathering techniques provide information on the racial composition of new and departing residents, which real estate firms are active in the community, the characteristics of the community that attract new residents and which should be stressed in marketing the community, and evidence of steering. (Engstrom 1983:16) By identifying the race of real estate traffic, these techniques give the local government a better picture of future racial composition than the current occupancy.

☐ Entrance Interview. This very effective administrative tool is distributed by the Water Department when new residents arrange for water service.
Those who make arrangement by mail receive a letter that requests them to complete the interview form. These forms typically ask for the resident’s race or ethnic classification, place of employment, previous place of residence, what factors influenced his move to the community, and several questions that specifically relate to the real estate transaction and how the real estate agent marketed the community to the new resident. Completion of the interview form is voluntary. (Perry 1983:1)

Exit Interview. An exit interview form is sent with the final water bill along with a postage paid return envelope. Responses enable the village to learn if people are moving within the village or elsewhere, why they are moving, and the racial composition of those who move. Completion of the interview form is voluntary. (Perry 1983:1) Other south suburban communities that employ entrance and/or exit interviewing include Country Club Hills, Glenwood, Hazel Crest, Richton Park, and University Park. (Engstrom 1983:98)

Seller’s Register. The village used the multiple listing service to identify home sellers to ask them to voluntarily record information about the prospects who see their home. Information requested includes the date of showing, name of the real estate company and agent, and race of the prospect. (Engstrom 1983:16–17) This information enabled the village to monitor compliance with its fair housing ordinance and ascertain ownership housing traffic patterns. (Perry 1983:1) As of 1989, Park Forest has stopped using seller’s registers, but it does have the forms ready if needed. (Moore 1989) Other south suburbs that have used seller’s registers include Glenwood, Hazel Crest, Matteson, Richton Park, and University Park. (Engstrom 1983:98)

Homewood and Matteson both have used selling experience interviews as an alternative to seller’s registers which are difficult to administer. This tool has been used mostly in neighborhoods with the greatest potential for rapid change. Municipal fair housing staff works closely with homeowners’ groups to generate resident interest and participation. Longer than the seller’s register form, selling experience interviews ask more specific questions about the how long a home has been on the market, whether the sales agent mentioned there would be any difficulties selling the home, and what types of financing were suggested. Residents have generally been cooperative. (Engstrom 1983:17)

Some of the most valuable data that identifies discriminatory practices comes from real estate audits, or testing, conducted largely by the municipal and regional housing service centers discussed later in this chapter. This data can alert a municipality to the presence of illegal real estate and rental practices that threaten racial diversity.

An audit is a study used to determine if the clients of a real estate firm or rental property manager receive any differences in the quantity, quality, and type of information and service that could result only from a difference in the clients’ race. Under a coordinator’s supervision, trained pairs of home seekers, one white and one black, attempt to obtain identical housing at different controlled times and sequences from a specific real estate or rental agencies. (Peterman and Hunt 1976:447, Saltman 1978:92). Each testing pair is matched in terms of income, family size, housing needs, and other characteristics relevant to housing choice. The only difference is that one individual/couple tester is black and the other individual/couple is white. They visit the real estate office at different times, request the same type of housing, and give the same basic information to the agent. Immediately afterwards, the tester records her experience on a standardized form. By comparing the treatment each pair of the testers receive, or by comparing the treatment black testers as a group and white testers as a group receive, the level of racial discrimination, if any, can be measured. (South Suburban Housing Center August 1988:1)

Audits have been conducted in the Chicago area since at least 1972. Audits have generally been conducted of real estate and rental agencies against which discrimination complaints have been made. These audits have found virtually no blatant discrimination, such as an outright refusal to deal with a black tester. However, the evidence uncovered by nearly every audit strongly suggests that black prospects are likely to be treated differently than whites. Black testers were usually shown fewer houses than white testers. Often they were told nothing was available while white testers were told the opposite. (Peterman and Hunt 1986:447,481–482,485–486)
Audits have also uncovered considerable evidence of racial steering. Black testers are frequently told only about homes in areas with significant African-American populations while white testers were told only about homes in areas with few or no black residents. (Peterman and Hunt 1986:486–587) More recent testing confirms that steering and other discriminatory practices continue to this day. (South Suburban Housing Center 1988)

When testing is conducted largely at firms suspected of discriminating rather than on a random basis, it is impossible to state how extensive steering and other discriminatory practices are. However, these audits are still valuable because they identify agencies and agents who engage in illegal acts. Testers and housing service centers have standing to sue for damages and an injunction under the Fair Housing Act — and they have used it to win substantial penalties and settlements. (Havens Realty Corp. v. Coleman, 455 U.S. 363 (1982) Suits based on testing data have been used to impose affirmative marketing programs on recalcitrant real estate firms and agents.

As long as their results are well-publicized to the real estate community in particular, audits also serve as a deterrent. The more recent the audit, the less steering after its results have been released. When audits were not conducted recently, the level of discrimination increased. “Clearly, the more auditing done, and the more feedback and follow-up in the community, the greater the likelihood that discrimination will decrease.” (Saltman 1978:107–108)

**Plan for Racial Diversity.** To assure the most effective and coordinated efforts, municipalities should develop comprehensive policy plans to guide their endeavors to preserve racial diversity. Subregional and metropolitan-wide policy plans developed with input from all involved parties would also more effectively focus and coordinate each municipality’s and each community organization’s efforts within the larger regional framework where the dual housing market must be replaced by an unitary market.

In 1977, Park Forest produced a very comprehensive plan, *Integration in Housing: A Plan for Racial Diversity*, (Onderdonk et al 1977) which analyzed the causes of residential resegregation and set for a set of goals, objectives, and policies to remedy them.

Other jurisdictions have adopted less thorough plans for racial diversity. In the 1973, Oak Park’s Community Relations Commission established “The Fourteen Points,” (Lauber 1974:15) and Cleveland Heights formally adopted “The Nine–Point Plan” in 1976 to guide their respective diversity efforts. (Resolution No. 26–1976(MS))

**Attack the Dual Housing Market on the Local and Regional Levels.** Anything a local government can do to expand the housing choices of minorities will add to the stability of the city’s housing market and enhance the city’s prospects for preserving its racial diversity by easing the focus of black demand on the municipality. Actions that get white home seekers to consider integrated neighborhoods in their housing search will help maintain the biracial demand so crucial to preserving diversity.

To be effective, this effort to expand housing choices must be undertaken at both the local and regional level. Municipal and regional housing centers should be established to provide the housing counseling necessary to convince both black and white home seekers to consider non–traditional locations. See the discussion of housing service centers in the implementation tools section below.

To encourage non–traditional moves, some organizations have instituted advertising programs. For example, the South Suburban Housing Center, in the Chicago area, and the East Suburban Housing Service, in the Cleveland region, have published display ads in newspapers with significant black readerships welcoming readers to consider looking at homes in specific cities which just happen to be overwhelmingly white.

In California, the Fair Housing Council of the San Fernando Valley instituted a large–scale advertising and public relations blitz to convince African–Americans that they could move to the valley if they so chose. The campaign used newspaper advertisements, radio commercials on black–oriented stations, billboards, and four–color brochures distributed to 40,000 households in its target area. Of the 1100 respondents, 120 were referred to brokers. At least 12 households actually moved to the valley; an undetermined number went directly to brokers without going through the fair housing council. This
effort did succeed making blacks aware that they could move to the valley. Before it started, a random sample survey found that 20 percent of black respondents felt the valley was receptive to minorities. After the campaign, 75 percent felt the valley was receptive. The campaign did reveal, however, that blacks will not move for the sake of integration. As other research has found, blacks and whites tend to move for the same reasons. (Williams and Mister 1978:29-35)

Oak Park, Illinois, and the three Heights communities near Cleveland, have each operated extensive public relations and advertising programs for at least 20 years. Programs include building a favorable media image and advertising local real estate opportunities in metropolitan newspapers and magazines and in national magazines.

Since virtually every aspect of the real estate business provides incentives to discriminate, funding should be sought to furnish financial spurs to real estate brokers for making pro-integrative sales and to landlords/rental managers for implementing pro-integrative rental policies. Cleveland Heights, Ohio, and Hazel Crest, Illinois both operate a preferred real estate agents program where agents who successfully complete municipally-sponsored training seminars are certified to participate in the city’s home sales referral program and are included in on-going promotional literature. (Engstrom 1983:19,97) Cleveland Heights built upon this program to establish its cooperative Preferred Realty Office program which certifies real estate agents and apartment building managers to participate in affirmative marketing activities. “Through a variety of promotional services, these companies will be recommended to prospective home seekers and to residents who wish to sell their homes.” (Cleveland Heights City Council Resolution 26,1976 as amend December 3, 1979)

Since real estate brokering seems to be highly race-related, white firms should be encouraged to train and hire minority brokers and black-owned firms white brokers. Ending the extreme segregation in real estate brokering would help remove some of the motivation for real estate firms to fight racial diversity. The Metropolitan Washington Council of Governments instituted a program to recruit blacks into the real estate business in the 1970s in an attempt to change the real estate institution. (Williams and Mister 1978:13) A number of Chicago’s south suburbs are currently developing a program to integrate the real estate offices in the lily-white southwest suburbs under a FHAP II grant from the U.S. Department of Housing.

Some communities and private organizations have offered financial incentives to help build white demand in integrated neighborhoods and black demand in virtually all-white communities. Organizations and government entities offering these incentives include: (Obermanns and Quereau 1989:7)

- The Shaker Heights Community Services Department has sponsored the Fund the Future of Shaker Heights since 1986. With more than $300,000 provided by local foundations and private donations, the program offers 6 percent deferred payment loans of up to $4000 for down payments or to buy down mortgage interest rates, and loans of up to $4800 to be applied to monthly mortgage payments. Repayment of these loans is deferred for five years. (Husock 1989:11)
- A non-profit organization that sponsors the Heights Area Project.
- The East Suburban Housing Fund, run by the East Suburban Housing Service of the East Suburban Council for Open Communities which three cities and two school districts established in 1983. In May, 1985, the fund began offering 5-year, deferred payment loans of up to $3000 to black households who purchased a home in the virtually all-white nearby Hillcrest communities. This program has been revised several times to keep the incentive attractive to homebuyers. (East Suburban Council for Open Communities 1989)
- The Metropolitan Open Communities Fund, operated by the Cuyahoga Plan and Living in Cleveland Center.
- The Heights Fund which Cleveland Heights and University Heights joined ranks to establish in 1987 to encourage pro-integrative moves by blacks and whites throughout these two cities and the Hillcrest suburban region. The qualifications for prospects are typical:
The applicant must be racially under-represented in the census tract where the property is located.

The applicant must qualify for a mortgage loan with a mortgage financing institution.

The applicant must have at least 5 percent of unborrowed money for the down payment.

The home must be occupied by the purchaser as his principal place of residence.

In addition, the fund’s distribution committee considers factors such as the schools, number of children, and the impact of the specific purpose in the census tract. Loans may be prioritized according to these and other factors. The maximum loan is $5000 at five percent simple interest. Loan payments are deferred for one year and are then completed over a five year period under a constant monthly payment plan. The loan is secured by a filed second mortgage and/or promissory note. Loan funds may be used to pay for closing costs, points, and/or a portion of the down payment. The Heights Fund pays the loan amount directly to the escrow agent. Any remaining loan payments become due upon sale of the property. (Heights Fund 1987)

After intensive lobbying efforts by pro-integration groups led by the Metropolitan Strategy Group, the Ohio Housing Finance Agency (OHFA) has twice offered a Pro-Integrative Bonus Program to help “remedy the accumulated effects of discrimination which have limited housing opportunity for minorities and people with special housing needs.” (Ohio Housing Finance Agency 1988) In July, 1985, it set aside $6 million of its below-market rate mortgage loan funds to finance pro-integrative home purchases by eligible first time homebuyers. (Keating 1989:5) Sixty percent of these funds went to black homebuyers. (Husock 1989:13)

Political threats by State Senator Gary Suhadolnik, who represented segregated suburbs Parma and Parma Heights, forced a suspension of the pro-integrative loan program until the state’s attorney general could rule on its legality. It took 18 months before the attorney general issued his opinion upholding the legality of the integration assistance. In the meantime, the all-black Cleveland Association of Real Estate Brokers, led opposition to restoration of the pro-integrative set-asides, using language identical to that used by the National Association of Realtors’ in arguing against integration maintenance efforts in the Chicago area. (Husock 1989:13) Intensive lobbying efforts by pro-integration groups overcame this opposition and led to reinstatement of the set-asides.

The new $9 million set-aside program used the racial composition of the public schools to determine in which neighborhoods whites and blacks were underrepresented and, therefore eligible for a pro-integrative loan. An African-American homebuyer is eligible for a pro-integrative mortgage loan when moving into a school zone where the public schools are less than 25 percent black. Whites can qualify for a loan when moving into a school zone where the schools are at least 50 percent black. Loans are not available for school zones with black student populations of 26 to 50 percent. The percentage of blacks attending a neighborhood school tends to be greater than the proportion of blacks in the overall population. The Cleveland metropolitan area is 20 percent black and 80 percent white. Private and public elementary school enrollment is about 25 percent African-American and 75 percent white. (Husock 1989:15)

Legal Action. When real estate brokers and rental agents continue to steer or lenders still insist on redlining despite all the education, public relations, regulatory, and lobbying actions a community undertakes, then legal action may be the last resort. While all the lawsuits under the Fair Housing Act have failed to make much of a dent in housing discrimination (Sanders 1988:882), lawsuits can be effective on a “micro” scale. The South Suburban Housing Center has helped victims of racial discrimination win good-sized awards and court orders or settlements that halted illegal practices by some realtors and apartment managers. At least one realtor has had his license suspended thanks to the legal action. (South Suburban Housing Center August 1988) But these are often costly suits that require much data collection and discovery. Worse yet, they only affect the party charged with discrimination and they may counteract a community’s public relations effort by generating adverse publicity. (Onderdonk et al. 1977:36) But the possibility of a lawsuit can act as a deterrent to some potential lawbreakers. Obviously, the decision to take legal action will
rest on the facts and circumstances of each possible case.

**Delivery of Public Services.** It is vital that a municipality maintain or increase the level of services it provides integrated neighborhoods. Otherwise, white demand will almost surely falter as residents and housing prospects see one of the assumed results of black in-migration — deteriorating city services and property maintenance — appear. With their greater choices, whites can simply move. With their more restricted choices, blacks cannot.

Not all residents of the community will find a reduction in services disturbing. As was learned when South Shore was resegregating, even after the levels of city services and building maintenance were reduced in the integrating neighborhood, new black residents considered them to be higher than the levels they received in the ghetto. (Molotch 1972:103–104) Hence, while reduced services and property maintenance discourages whites from the integrated neighborhood’s housing market, it does not necessarily have the same effect on blacks who are leaving the ghetto.

**Tax Policies.** Similarly, the integrated community should strive to maintain a competitive tax rate. Since whites have so many more alternative living options than blacks, they are freer to seek homes in communities with lower tax rates. A high tax policy, at least in theory, can discourage white demand. However, despite its relatively high taxes, primarily for its public schools, Oak Park maintains a very high level of white demand for ownership housing.

### Implementation Tools to Preserve Racial Diversity

**Fair Housing Ordinance**

**Targeted Factor/Practice:** Discriminatory practices by real estate agents, lending institutions, landlords and rental managers, property owners. Builds confidence that local government is acting to preserve racial diversity.

Perhaps the most basic action a municipality can take to promote racial diversity is enacting, **publicizing, and implementing** a fair housing ordinance. While these laws generally track the language of the Fair Housing Act of 1968, as subsequently amended, a local ordinance enables a community to respond quickly to suspected violations through a local mechanism for initiating, investigating and prosecuting complaints. A local fair housing ordinance is vital during periods when the state and federal governments rarely prosecute violators. Many local government officials believe that a local fair housing ordinance functions as an effective deterrent. (Engstrom 1983:7)

Recognizing that local governments can deal with suspected fair housing violations more rapidly than the federal government, the U.S. Department of Housing and Urban Development refers fair housing complaints to the local jurisdiction’s fair housing agency if the local law and remedies are “substantially equivalent” to what the federal law provides. (Engstrom 1983:8)

Complaints are generally filed with the city's Community Relations Director who administers the law and monitors real estate activities. The local ordinance should provide for furnishing notice of a complaint to the person charged and for an attempt at conciliation between the two parties that normally requires some sort of affirmative relief by the violator. If conciliation fails, a formal hearing under due process standards is conducted, usually by the local Human Relations Commission or Fair Housing Review Board. The Fair Housing Ordinance can empower this hearing body to require injunctive relief and other remedial measures and impose fines. (Engstrom 1983:9)

Local fair housing ordinances, however, suffer from the same inherent weaknesses attributed to federal and state fair housing statutes earlier in this chapter.

Racially-integrated municipalities in the Chicago area that have adopted a Fair Housing Ordinance include: Calumet Park, Chicago, Evanston, Glenwood, Hazel Crest, Homewood, Matteson, Oak Park, Park Forest, and University Park. Both the Oak Park and Park Forest ordinances were adopted before Congress enacted the federal Fair Housing Act of 1968. (Engstrom 1983:97) In Ohio, racially-diverse Shaker Heights, Cleveland Heights, and University Heights have enacted and implemented fair housing ordinances.
Racial Diversity Policy Statement

**Targeted Factor/Practice:** Discriminatory practices by real estate agents, lending institutions, landlords and rental managers, property owners. Builds confidence that local government is acting to preserve racial diversity.

A racial diversity policy statement fills in the gaps left by traditional fair housing ordinances to more effectively address racial steering and other practices that generate pressures for resegregation. These statements, whether issued separately as Oak Park does, or incorporated into a fair housing ordinance, declare that promoting a stable, integrated living environment is a basis for policy and decision making by the local government. They discuss the social, economic, and professional benefits of integration over segregation and the importance of replacing the dual housing market with a unitary market. (Engstrom 1983:10) These statements often explain the city's commitment to racial diversity is made because it is “right” and “desirable” for the city's citizens and their children. (Village of Oak Park 1979:6)

The major value of a racial diversity policy statement is that it forcefully states the commitment of the community's elected leadership to preserve racial diversity. Such public pronouncements help build confidence among community residents.

Municipalities in the Chicago area that have adopted a racial diversity statement include Calumet Park, Glenwood, Hazel Crest, Matteson, Oak Park, Park Forest, Richton Park, and University Park. University Heights, Cleveland Heights, and Shaker Heights have adopted racial diversity statements. Over 31 Cleveland–area municipalities have adopted fair housing resolutions or proclamations, but few have publicized them. Without touting them, they can do little to promote racial diversity. (Obermanns and Quereau 1989:5)

Anti–Solicitation and Solicitation Regulation

**Targeted Factor/Practice:** Real estate agents who engage in blockbusting or panic peddling.

By regulating solicitation by real estate agents, a municipality will either discourage illegal panic peddling and blockbusting or make its detection much easier so a halt can be put to it. (Obermanns and Quereau 1989:6) Since the name of the game in real estate brokering is listings, real estate agents frequently contact homeowners by mail to make them aware of the broker's name so when the time comes to sell their home, they will list it with that broker. Some send just their business card; others send a periodic newsletter that does not solicit a listing, but just provides information a broker feels would interest homeowners.

Blockbusters and panic peddlers, however, go far beyond these practices to prey on people’s fears and prejudices to panic them into selling their home because blacks are about to move into the neighborhood or already live there. Such practices are plainly illegal under the Fair Housing Act of 1968 as amended through 1988.

Consequently anti–solicitation provisions, which usually appear in a local fair housing ordinance, cannot completely ban all realtor–homeowner contact, not just contact soliciting listings and sales. They must be narrowly focused to prevent blockbusting and panic peddling. In 1989, U.S. District Court Judge Harry Leinenweber that found the anti–solicitation ordinances of the Illinois municipalities of Country Club Hills, Glenwood, Hazel Crest, Matteson, and Park Forest were unconstitutional as applied to some realtors' mailings as a violation of constitutionally–protected free speech and due process, but not a violation of the Fair Housing Act. By effectively banning all mailings from realtors, the ordinances went too far. Judge Leinenweber found that the municipalities’ interests to prevent blockbusting and panic peddling “clearly could be met by a much less restrictive ordinance: the banning of solicitations actually seeking to induce the sale, rental or listing of a dwelling…" (South Suburban Housing Center v. Board of Realtors, 713 F.Supp. 1068, 1095 (1989))

On the other hand, some municipalities regulate solicitation by requiring any broker or agent who wishes to solicit homeowners for the purpose of selling their homes, to register in person. The agent is required to describe the area to be solicited and the method to be used. A village official issues administrative approval. Many cities will also require
agent to meet with city staff to discuss the city’s policy on racial diversity and sign a statement that the agent understand this policy.

Other communities allow residents to sign a statement that they do not wish to be solicited. The village then compiles a list of all residents who sign the “non-solicitation” statement and distributes it on a periodic basis to all real estate firms active in the village. The list should be arranged by street address to avoid unnecessarily burdening local realtors. Municipalities that use this approach frequently seek out residents to participate by obtaining names from homeowners associations, church groups, and other civic organizations. (Engstrom 1983:12–13)

To reach more residents, a community could annually send a “non-solicitation” statement, with an explanation of it, to each household with its water bill. Including a prepaid business reply envelope can significantly increase response rates. A village’s regular newsletter is another effective vehicle to use. If new residents have to appear at village hall in person to obtain any permits or registrations, they should also be given a “non-solicitation” form.

Racially diverse communities in the Chicago area that have enacted non-solicitation ordinances that require residents to sign a non-solicitation form include Blue Island, Calumet Park, Country Club Hills, Glenwood, Hazel Crest, Matteson, and University Park. Solicitation regulations that require a realtor to register with the municipality include laws in Homewood, Matteson, and Park Forest. (Engstrom 1983:97)

“For Sale” Sign Bans and Regulations

Targeted Factor/Practice: Blockbusting and panic peddling by real estate agents.

Several integrated communities have imposed bans or regulations on residential “for sale” signs because a proliferation of “for sale” signs is widely perceived to destabilize a racially diverse neighborhood. Blockbusting and panic-peddling real estate agents often use the presence of many “for sale” signs to panic residents into selling.

Most of the communities that have legislated to attack this problem have imposed restrictions on residential “for sale” signs rather than ban them altogether. These restrictions are placed in the fair housing ordinance, or more appropriately, the local zoning ordinance where other signs are also regulated. In 1989, U.S. District Court Judge Harry Leinenweber upheld the size and placement restrictions imposed by the Illinois municipalities of Country Club Hills, Matteson, Park Forest, and University Park. However, he invalidated Hazel Crest’s ban on “for sale” signs as required by the U.S. Supreme Court decision in Linmark Associates, Inc. v. Willingboro, 431 U.S. 85, 87–88 (1977). (South Suburban Housing Center v. Board of Realtors, 713 F.Supp. 1068, 1092 (1989)) Other Chicago area communities that regulate or ban “for sale” signs include Blue Island (through its zoning ordinance) and Calumet Park.

Other communities, like Oak Park, Illinois, and more recently Country Club Hills, have sufficiently educated their local real estate community as to the pitfalls of residential “for sale” signs and the benefits of maintaining a racially diverse community that realtors have informally agreed not to use “for sale” signs in the community. “The local Board of Realtors was willing to comply with our ban on ‘for sale’ signs even after the Supreme Court overturned such bans,” Oak Park Community Relations Director Sherlynn Reid explains. “They found that they did not lose business and it was in their best interest to comply because nobody else could put up a sign.” (Reid 1988)

This approach avoids the legal entanglements that an ordinance may engender. Note, though, that imposition of a voluntary ban illustrates the success of local efforts to educate the local real estate industry on racial diversity.

Intent to Sell Ordinance

Targeted Factor/Practice: Real estate agents; identifies areas of significant levels of market activity.

An intent to sell ordinance requires homeowners who put their homes on the market to notify the city of their intent to sell. The homeowner gives the city her address, the name of the listing real estate
broker and company, and sometimes how the home will be advertised.

The information this ordinance provides allows the city to monitor real estate activity in general and alerts the city to areas where there are suspiciously high levels of activity. This information also alerts the city to schedule a housing inspection if it requires one upon a change in occupancy.

Matteson and Park Forest have enacted intent to sell ordinances. (Engstrom 1983:12,97)

**Inspection/Occupancy Permit Ordinance**

**Targeted Factor/Practice:** Potential property deterioration

Fairly common outside the midwest, requiring an occupancy permit upon a change of occupancy in ownership and rental dwellings gives a municipality the opportunity to inspect the unit for code violations. Such ordinances typically require that the unit be brought up to code before an occupancy permit can be issued. Without such a permit, the new owner or tenant cannot move into the dwelling.

Some municipalities inspect residential property on an annual basis. Still others, require an inspection for code violations only upon the initial sale and resale of a condominium. Some, like Oak Park, Illinois, annually inspect the interior of 10 percent of their multi-family housing stock in addition to complete visual exterior inspections. The sale of a building of four or more units requires a certificate of compliance with the housing code. Through the use of a revolving loan fund financed by a $1.5 million housing bond, Oak Park provides below-market rate loans for apartment building rehabilitation. The village has also used Community Development Block Grant money to pay up to 25 percent of the cost of rehabilitating apartment buildings plus interest rate subsidies. In return, 25 percent of the units must be reserved for low- and moderate-income households for three years. (Village of Oak Park 1979:12)

As the village’s senior planner in the late 1970s, this author observed that although this program achieved its aim of improving living conditions, it effectively raised the rents of much of Oak Park’s low- and moderate-income housing beyond the reach of the village’s 7,000 low- and moderate-income households. Since 80 percent of Oak Park’s African-American population rents (comprising about 24 percent of the tenant population), Oak Park’s black population has probably been disproportionately displaced. At the same time, “condomania,” the wave of condominium conversions that swept the nation, was substantially reducing the supply of rental housing affordable to middle-, low-, and moderate-income Oak Park households, particularly the heavily tenant black population — a fact Oak Park officials fully understood. Suggestions that Oak Park restrict conversions like west coast and east coast cities were met with vigorous objections from the local real estate industry which was able to prevent any meaningful regulation of conversions.

Communities can avoid this problem by promoting the conversion of rehabilitated apartments to limited-equity cooperatives or placing their ownership in the hands of a mutual housing association. In the case of Oak Park where a local government agency has bought and rehabilitated a great number of apartment buildings, conversion to limited-equity cooperative is easily achieved.

Oak Park also conducts an annual Neighborhood Walk to inspect the exterior of single-family and two–household dwellings. Deficiencies that are not code violations are also cited. Homeowners with no deficiencies or code violations receive a letter of commendation. In addition, the Oak Park Residence Corporation helps homeowners obtain conventional home improvement loans and provides loans directly to homeowners unable to secure a conventional loan. (Village of Oak Park 1979:11–12)

Other racially diverse communities with an inspection ordinance include Calumet Park, Glenwood, Hazel Crest, Matteson, Park Forest, and University Park. (Engstrom 1983:98)

**Affirmative Marketing**

**Targeted Factor/Practice:** Real estate and rental agents practicing racial steering, self-steering, building community image

Getting both whites and blacks to consider non-traditional moves, both within and outside an integrated community, is essential to creating the
unitary housing market every racially diverse community ultimately needs to remain integrated. Traditionally, whites look at housing only in all-white neighborhoods and blacks see housing only in integrated and all-black communities. Real estate brokers and rental agents will often “steer” prospects in these directions. Many people steer themselves in these directions simply because they are unaware of other options. Many African-Americans fear possible violence and harassment for themselves or their children if they are among the first nonwhites to move into a previously all-white neighborhood. But some leaders of the racial diversity efforts ask, “How can ‘some’ harassment in a predominantly white neighborhood even compare to having your children recruited by gangs in ghetto schools?” Many whites steer themselves away from integrated neighborhoods because they believe the myths of inevitable resegregation, declining property values, and increasing crime.

Affirmative marketing is a positive race-conscious approach to housing that attempts to expand the housing choices of both black and white home seekers. To achieve maximum success, affirmative marketing requires the cooperation of local governments with realtors, rental agents, and landlords within and without racially diverse municipalities. (Engstrom 1983:10–11)

The precursor of modern affirmative marketing rests in the 1972 federal government requirement that all developers who use Federal Housing Administration insurance must file an affirmative marketing plan with the U.S. Department of Housing and Urban Development to encourage a racially integrated housing market. These plans are to specify “efforts to reach those persons who traditionally would not have been expected to apply for housing.” (Quoted in Nelson 1985:10)

For example, special steps might be needed to make members of minority groups aware of housing opportunities in virtually all-white suburbs and portions of the central city. Similarly, special efforts might be needed to make white home seekers aware of housing opportunities in areas where members of minority groups live, such as racially-diverse communities. When HUD issued its regulations, it acknowledged that a race conscious effort was necessary and important to achieving equal opportunity in housing. (Nelson 1985:10) Court cases during the 1970s identified a national policy to promote stable, racially integrated neighborhoods and stressed the affirmative duty of governmental bodies to promote racial integration through their housing policies. (Gladstone Realtors v. Village of Bellwood, 441 U.S. 91, 111 (1979); Lindmark Associates, Inc. v. Willingboro Township, 431 U.S. 85, 94 (1977); Trafficante v. Metropolitan Life Insurance Company, 409 U.S. 205, 211 (1972))

Affirmative marketing is completely different than racial quotas. Affirmative marketing makes home seekers aware of a wider array of housing choices available to them. The choice of where to look for housing and what housing to buy or rent remains with the home seeker.

In Illinois, Hazel Crest and Matteson have adopted ordinances to require developers to affirmatively market their new construction ownership and rental housing. A building permit cannot be issued until the village approves the developer’s affirmative marketing plan. (Engstrom 1983:11,97) Local governments can also develop affirmative marketing plans in conjunction with the management or owners of apartment complexes. Goals would be established and a record kept on the racial composition of current occupants and those looking for housing in the complex so the plan’s success can be evaluated. (Engstrom 1983:11) Affirmative marketing practices were upheld in South Suburban Housing Center v. Board of Realtors, 713 F.Supp. 1069, 1086.

For the developer, affirmative marketing means taking special steps to promote traffic from particular racial groups who are otherwise unlikely to compete for their housing. These steps can include:

- Advertising targeted to the non-traditional group in addition to normal marketing methods;
- Using press releases, photographs, promotions, and public service announcements to dispel stereotypes and myths concerning multi-racial living patterns;
- Upgrading housing appearance and tenant selection criteria;
- Cooperative advertising among promoters of similar housing;
- Training and educating all personnel participating in real estate sales/rentals and
marketing in affirmative marketing techniques and the facts about multi–racial living;

- Collecting occupancy and traffic data — accurate racial data is vital for achieving and preserving racial diversity;
- Using public relations to place newspaper and television features that focus on individuals and groups that represent racial diversity;
- Educating residents about multi–racial living. (Nelson 1985:12–36)

Local governments can also support and/or work with subregional and regional housing service centers that practice affirmative marketing to educate and train real estate and rental management professionals. See the discussion of Housing Service Centers below.

Affirmative Marketing Requirements as a Standard to Receive Zoning or Subdivision Approval

**Targeted Factor/Practice:** Maintain biracial demand for housing in the community and develop a unitary market in currently all–white communities

Zoning and subdivision regulations protect the health, safety, and general welfare of a community. Most municipalities set forth the goals and objectives they choose to promote health, safety, and the general welfare in their comprehensive plan. Many expand upon the plan’s goals in a racial diversity policy statement.

At least since 1978, it’s been clear that the federal courts have recognized a “national goal of integrated housing.” (Metropolitan Housing Development Corporation v. Village of Arlington Heights, 558 F.2d 1283 (7th Cir. 1977), cert. denied, 434 U.S. 1025 (1978)) It would seem that such a goal can be incorporated into a city’s comprehensive plan. When a municipality has set racial diversity as a goal, its zoning and subdivision ordinances, which are intended to implement and be in compliance with its comprehensive plan, certainly can require a developer to prepare and implement an affirmative marketing plan that meets the city’s standards in order to receive approval for a residential development. This requirement can be set for all residential housing or for developments that exceed a certain number of units, or for only planned unit developments and subdivisions. An exception should be made, of course, for someone building a house for himself.

The author is unaware of any municipality that has adopted this sort of zoning or subdivision provision.

Social/Racial Diversity Impact Statement

**Targeted Factor/Practice:** Maintain biracial housing demand

Virtually any action or policy decision a municipality makes can affect its ability to remain racially diverse. (deMarco 1989:1) To identify such impacts, a city would be wise to establish a policy to review all municipal spending and capital improvements for their “social impacts.” A community can amend its zoning ordinance to require a social impact statement for parcel and major rezonings, zoning and subdivision text amendments, planned unit developments, subdivisions, major developments, school and other public facility construction, and special use permits.

“Social” connotes such concerns as housing, education, physical and mental health, dislocation, recreation, personal safety, sense of community, personal mobility, crowdedness, sociability, equity, economic needs, and questions of income and job opportunities. (Lauber 1976)

While no racially–diverse municipality yet requires a social or racial diversity impact statement, Oak Park edged close to it with its “Proposal/Application Checklist for Compliance with Comprehensive Plan 1979.” This checklist listed all of the plan’s goals and objectives, including its racial diversity goal and objective. Space was provided to indicate how the proposal under consideration helped achieve or worked against achieving each goal and objective. (Village of Oak Park 1979:Appendix A) Unfortunately, the village board never mandated use of the checklist and it has largely gone unused.

A number of communities in the U.S. and Canada have informally and formally employed social
impact analysis in their reviews of zoning and development proposals. These include the Social Planning Department in Vancouver, British Columbia (Lauber March/April 1975); the housing impact statement required by Lakewood, Colorado; socially-informed comprehensive planning conducted by Cleveland, Ohio, during the 1970s; and the two-tiered review of social impacts used in Richfield, Minnesota. (Lauber 1976)

**Housing Service Center**

**Targeted Factor/Practice:** Real estate and rental agent racial steering, self-steering, community image

Some racially diverse municipalities and non-profit organizations have established housing service centers to assist in the affirmative marketing of their communities and develop a unitary housing market.

In the Chicago area, municipally-operated centers are fully funded by municipal moneys. Privately-operated centers receive an average of 53 percent of their funding from government sources, including Community Development Block Grants and federal Fair Housing Assistance Plan (FHAP II) funds.

During the first half of the 1980s, Chicago area housing centers largely served a mix of poor single black females with children who seek affordable housing, anxious middle-income black and white residents concerned about racial stability, and market rate clients who are potentially interested in an integrative move or who have faced an incident of discrimination. (Fischer 1986:72)

Among the basic services housing service centers provide is housing counseling to introduce prospective tenants and homebuyers to the wider range of housing choices that lies beyond traditional race-determined choices promoted by self-steering and racial steering by real estate agents. For example, the Home seekers Service operated by the South Suburban Housing Center counsels prospects to consider all options available to them in Chicago's southern and southwest suburbs and not limit their choices on the basis of race. The service recently inaugurated a Corporate Relocation Service to work with businesses to introduce the southern suburbs to employees moving to the Chicago area. In the Cleveland area, the East Suburban Council for Open Communities operates a similar housing service to encourage both whites and blacks to explore all their housing choices. Oak Park's counseling focuses largely on encouraging integrative moves to apartment buildings. (Fischer 1986:84)

Other housing service center functions include:

- Receiving, investigating, and pursuing complaints of violations of fair housing laws;
- Building morale to discourage racial turnover through public relations efforts to promote a positive image of the racially diverse community or communities;
- Auditing and testing;
- Litigation;
- Marketing, such as the South Suburban Housing Center's newspaper ads that encouraged African-Americans to look for housing in the overwhelmingly white southwest suburbs, and the Metropolitan Leadership Council's televised public service announcements where Chicago Bears players promoted open housing and pro-integrative moves;
- Operation of a corporate relocation center such as the ones run by the South Suburban Housing Center and Chicago Area Fair Housing Alliance.

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A housing service center like the Oak Park Regional Housing Center may be the single most essential component for a successful effort to facilitate stable housing integration.
Education and training workshops for real estate agents and rental managers and landlords, such as those conducted by the South Suburban Housing Center; and

Escort services for clients who may be reluctant to view a home by themselves in a non–traditional area. (Fischer 1986)

Fully–developed housing service centers, like those in Shaker Heights and Cleveland Heights, Ohio, also conduct tours of the community and schools, and refer homebuyers to real estate agents who have demonstrated a commitment to racial diversity and affirmative marketing by promoting areas where the buyer’s race is underrepresented. (Obermanns and Quereau 1989:7) Publicly recognizing and rewarding the efforts of real estate agents who promote integrated housing patterns through their sales practices appears to be effective. (Engstrom 1983:11) Recognizing that real estate brokering has so many built–in incentives to discriminate, it might be desirable to offer financial incentives, like a bonus commission, to real estate agents who generate pro–integrative sales.

Chicago–area housing centers include local centers in Bellwood and Oak Park. Regional and subregional centers include the South Suburban Housing Center (which serves Calumet Park, Chicago, Country Club Hills, Glenwood, Hazel Crest, Matteson, and University Park, among others), HOPE (serving DuPage County), Minority Economic Resource Corporation (northwest suburbs), Northwest Indiana Fair Housing Center, SER/Lake County (Illinois), North Suburban Housing Center, Near West Suburban Housing Center (in Westchester, serving western Cook County suburbs), and the Leadership Council for Metropolitan Open Communities. (Fischer 1976) Housing centers in the Cleveland area include those in Shaker Heights, Cleveland Heights, and University Heights, and the more regional and subregional Cuyahoga Plan’s Housing Information Service and East Suburban Council for Open Communities. (Obermanns and Quereau 1989:3)

Equity Assurance Program

Targeted Factor/Practice: Blockbusting and panic peddling; removing fear of declining property values

One of the most common, albeit inaccurate, fears that whites have of residential integration is that their property values will fall substantially. To allay that fear, Oak Park, Illinois, established the nation’s first Home Equity Assurance Program in 1977 after four years of discussion. Financed by bond funds, this program insures owners of single–family houses against depreciation in the market values of their homes. Under this voluntary program, a homeowner pays for an appraisal of his home (cost about $110) and registers it with the village. There is an initial five–year waiting period, during which the house must be owner–occupied, before a house is eligible for coverage. Once the owner notifies the Equity Assurance Commission’s part–time staff that she has put the house on the market, a 120–day cycle kicks in. During the first 90 days, no claim can be made. During the next 30 days, if the highest offer is less than the appraised value, the homeowner forwards the offer to the commission which can approve the offer and pay 80 percent of the difference between the offer and the five–year old appraised value, or buy the house itself at the offered price and pay 80 percent of the difference, or order that the house be kept on the market until the 120 days end. After the 120 days expire, the commission buys the house at the highest price plus the 80 percent difference. (Reid 1988)

In its first 12 years, only 156 homeowners have even registered for the Equity Assurance Program. Most of the owners who have registered live in the village’s overwhelmingly white northwest quadrant. Very few who lived in the southeast section where blacks were most heavily concentrated chose to participate. “By the time we adopted the ordinance, few people needed its security blanket,” explains Community Relations Director Sherlynn Reid. “We had openly discussed equity assurance for four years first. During that time realtors learned they could make money selling to both blacks and whites and residents had already developed a sense of confidence about Oak Park.” No claim has ever been made. (Reid 1988)

In recent years, equity assurance has become a hot topic in some Chicago neighborhoods. For the last three years, the Southwest Parish and Neighborhood Federation, whose constituency is largely composed of white ethnics who have previously experienced resegregation and who oppose
residential and school integration, very effectively used equity assurance as its organizing theme. Its constituency came to believe that with equity assurance would prevent white flight and protect their property values.

They, and other white ethnic community organizations, persuaded the state legislature to enact a law that allows neighborhoods to vote to tax themselves to establish an equity assurance fund and program. But according to Oak Parker Reid, they are in for a big disappointment. “We didn’t expect to ever have to use equity assurance. The problem in Chicago is that they expect to use it. If we ever have to pay a claim, then it isn’t working.”

“By itself, equity assurance is nothing. To have any value, it’s got to be accompanied by an array of other things,” explains Reid. “The mindset of people is what’s most important. Living in a racially integrated community is an Oak Park attitude.” (Reid 1988)

Reid is almost certainly correct. By itself, equity assurance can have little or no effect on the ability of a community to peacefully and successfully become and remain racially diverse. As the racially diverse communities examined for this chapter illustrate, it takes a veritable plethora of programs, and the right attitude, to achieve and maintain racial diversity. The community leaders and elected officials of these municipalities openly expressed strong support for racial diversity early in the process. Without local government’s broad commitment to diversity, an equity assurance program is almost certain to fail.

**Conclusion: Essential Strategies**

Preserving racial diversity requires a two-pronged strategy to (1) maintain a sufficient level of white demand to keep the community stably integrated while (2) the long-term effort to replace the dual housing market with a single, unitary market proceeds. No single tactic will implement these strategies. Not every implementation tool described above is necessarily effective, or even appropriate for every racially-diverse community.

There are, however, a number of techniques that a quarter of a century of experience has shown are absolutely essential to short- and long-term success:

- **Whatever is done, it must start early before any neighborhood becomes racially identifiable.**
- **Integrate the public schools systemwide well before any schools are racially identifiable. Establish and maintain the same racial composition at each public school to take the public schools out of the equation when people decide whether or where to move into the community.**
- **Both municipal government and public school officials must offer consistent and strong vocal support for racial integration both an early stage and in the long run.**
- **An aggressive community organization that adopts the goal of racial diversity before any neighborhood becomes racially identifiable is essential.**
- **Develop and implement a coordinated and comprehensive plan for achieving and preserving diversity.**
- **Educate, persuade, cajole, and, if necessary as a last resort, threaten local real estate brokers and rental agents to market affirmatively. Make them aware that they can make a fine living this way.**
- **Establish both a local and subregional housing service center.**
- **Plan and implement a public relations program to build the community’s image.**
- **Maintain a high level of services to all neighborhoods within the jurisdictions.**
- **Particularly in communities with an old housing stock, implement an aggressive housing and building code enforcement program with financial assistance for repair or rehabilitation.**
- **Collect racial data from real estate and rental agents to spot trends to identify violations of local ordinances and the Fair Housing Act.**
Do not allow substantial amounts of new public housing to be built in or close to the racially diverse neighborhood.

Foster economic development.

Coordinate racial diversity efforts with other racially diverse communities to attack the dual housing market at the subregional and metropolitan levels.

Maintain these efforts at full strength until the dual housing market is eliminated throughout the metropolitan region.

**New Directions in Research, Strategy, and Policy**

While researchers know that these techniques are vital to preserving diversity, and why so many neighborhoods resegregate, more information is needed to gauge the actual extent of discrimination and devise more effective local, regional, and national strategies to alleviate the unnatural pressures on racially diverse communities that force them to take extraordinary measures to preserve their diversity. Steps that need to be taken include:

- **Conducting a systematic, multi-disciplinary study of racially-diverse communities.** This chapter has only been able to touch the surface of all the efforts a growing number of communities have taken to achieve and preserve diversity. Some of these communities have remained stably integrated for over 20 years. Although, as in this chapter, it is possible to identify the techniques that have worked, researchers have had to rely on the word of the groups that are using these techniques. A thorough, systematic, and multi-disciplinary study of stable, racially-diverse communities that compares them to analogous communities that resegregated would enable researchers to determine why certain techniques have worked for some communities but not for others. In addition to systematically examining the tools that have been used to preserve diversity, this type of study would enable researchers to also identify the demographic, attitudinal, physical, and political factors that affect the ability of communities to preserve diversity.

- **Altering institutional and governmental impediments to preserving racial diversity.** Those institutional and governmental practices and policies that cause or hamper efforts to preserve racially diverse communities must be changed. For example, the predominant practices of real estate institutions are major factors that cause resegregation.

  There’s a crying need to reduce the intense segregation in real estate brokering. Programs should be implemented to not only promote greater African-American participation in real estate brokering, but also to encourage white-owned real estate firms to hire black agents and black-owned firms to hire white brokers. Incentives should be offered to brokers who promote pro-integrative moves. More effective enforcement of laws that prohibit steering and blockbusting is essential. It is vital that all Americans have equal access to housing market information. If the real estate industry won’t do it, an institutional structure must be developed to disseminate housing market information in a nondiscriminatory manner. Fair housing councils can play this role. Requiring homeowners to file an intent-to-sell notice with local or county government would make the availability of the home public information which housing centers could disseminate. (Lake 1981:247–248)

  While enforcement of federal and state fair housing laws needs to be stepped up, the case-by-case approach that underlies them are insufficient to relieve the systematic bias that bars African-Americans as a group from participating in the housing market on equal terms with whites. (Lake 1981:246) To break down barriers to achieving an unitary housing market, the federal government and state governments should condition virtually all programmatic and general funding to local governments on the progress they make toward achieving the proportion of minority population they would have in a color-blind housing market. But attaining this major policy change requires achieving the next step.

- **Rebuilding a political constituency for racial diversity.** Government support for racial diversity will not come by merely appealing to the public’s rectitude. A politically-astute strategy must be developed to bring the issue to the forefront of public policy debate and rebuild a political constituency
for racial diversity in housing and education as well as employment. Such a strategy includes effectively demonstrating the costs of housing and school segregation that all Americans must bear. To effectively influence public opinion, these costs need to be quantified. In addition, it is essential to develop a public relations blitz to debunk the long-standing myths about housing and school integration that lead to the self-fulfilling prophecies that result in resegregation and its attendant problems.

Conducting the following research will help implement these three inter-related steps:

☐ Determine the extent of racial steering.

☐ Determine if the extent of housing discrimination experienced by minorities other than African-Americans, principally Hispanics and Asians.

☐ Determine the extent to which enforcing fair housing laws change housing market practices. (Leadership Council for Metropolitan Open Communities 1987:6)

☐ Identify techniques that broaden the housing choices and counter self-steering.

☐ Determine the impacts of neighborhood racial transition on employment opportunities within the community following transition, the types and quality of merchants and merchandise, types and quality of professional services and medical services.

☐ Identify the extent to which businesspeople, lenders, landlords, and other investors believe that racial change causes economic deterioration. How do these expectations relate to actual investment decisions and how often do they produce a self-fulfilling prophecy? (Leadership Council for Metropolitan Open Communities 1987:6)

☐ Conduct an up-to-date study that identifies the hypothetical racial composition of each Chicago neighborhood and suburb in a color-blind housing market where residency is determined solely by income and cost of housing. This information could serve as a measure of the level of racial discrimination in housing. It would also serve as the standard against which to measure 1990 census data to determine which communities are progressing towards a unitary housing market.

☐ Determine the rates of residential property value appreciation for comparable all-white neighborhoods, stably integrated neighborhoods, all-black neighborhoods, and resegregating neighborhoods in recent years. The most recent research has focused on the early 1980s during which there was a recession in housing that may have skewed results.

All this research, though, will be for naught if there is no vehicle available to utilize it. A regional agency to coordinate local and subregional fair housing service centers and adequate funding for all three levels are essential to preserving racial diversity in the long run.

**Regional Coordinating Agency.** Lacking a major national constituency for the fair housing movement, resources for promoting racial diversity continue to be scarce. They must be used “more efficiently by significantly increasing the level of systematic monitoring of market practices, sharing of information, and targeting enforcement and other resources on the most important problems at any given period.” (Orfield 1986:32)

An ongoing, staffed agency is needed to coordinate these efforts and others on the metropolitan level. Such an organization could grow out of the Chicago Area Fair Housing Alliance. (Orfield 1976:32–33) While it would not supplant any existing fair housing organizations, it would coordinate their efforts in such arenas as auditing. In addition to targeting real estate and rental firms suspected of discriminatory practices, there is a need to conduct random sample audits to determine the actual extent of racial steering throughout the metropolitan area and to heavily publicize the findings.

Since frequent, well-publicized audits tend to reduce steering and other discriminatory practices, this agency should also serve as the main public relations vehicle for the fair housing movement. It should develop a media kit that would explain the fair housing movement and the need for racial diversity efforts, explain how the media can inadvertently perpetuate stereotypes and how vital it is that the media exclude racial factors that are not relevant to a story (as in the Cragin neighborhood holdup story), and supply an annotated list of experts on fair housing and racial diversity to contact when stories break or features are prepared.

Education and training are vital for many of the players in the housing market. This regional agency should develop training in fair housing and racial diversity for newspaper, magazine, television, and
radio reporters and editors. Special training will be necessary for real estate section editors and writers. An effort should be made to get newspapers to establish a policy that real estate section feature articles, like the one on Cicero discussed in this chapter, shall always include a side-bar that explains the provisions of the Fair Housing Act and emphasizes that persons of all races are free to move to the featured community.

The regional agency should build upon the quality affirmative marketing training for real estate brokers, rental agents, and lenders already conducted by municipal and subregional open housing agencies. It should facilitate communication between the subregions. For example, there is a need to have brokers from Oak Park explain to brokers in other parts of the region how profitable, and desirable, a stable, racially diverse community is for real estate and rental agents.

**Funding.** Existing funding and staffing are clearly inadequate. There is a need for new housing service centers in the outer ring suburbs where most new jobs and the most desirable new housing are being created. (Orfield 1976:33) In addition to using existing funding sources, both the proposed regional agency and existing fair housing agencies need to tap the business community for funding. Once the Chicago-area business community discovered how the low quality of the public education was leaving them with a shrinking qualified workforce, it started pouring hundreds of thousands of dollars into public school reform. Similarly, if the business community can discover how much continuing “American Apartheid” is costing business, its coffers could be tapped on behalf of open housing and racial diversity efforts.

For over 20 years, Oak Park and Park Forest, Illinois, and Shaker Heights, University Heights, and Cleveland Heights, Ohio, have proven that black immigration into a previously all-white community does not inevitably lead to any of the myths associated with integrated communities. These municipalities and a growing number of other cities are demonstrating that racial diversity can be achieved and preserved as long as the community and local government view integration as an opportunity, not a problem, and they take the steps necessary to overcome the pressures to resegregate generated by the dual housing market and all the institutional, cultural, governmental, and individual factors that continue to prop it up. Until this dual market is replaced with a single, unitary housing market in which all Americans participate, communities that have the opportunity to integrate will have to take extraordinary steps to overcome these extraordinary forces.

But until America builds a unitary housing market, the debilitating and costly cycle of the ghetto will continue, the black underclass will continue to grow and become more permanent, and the nation’s limited resources will continue to be fruitlessly drained to deal with a problem that would not continue were it not for the deeply ingrained racial prejudice that has shaped local, state, and national housing policy in the twentieth and twenty-first centuries.
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