



# Policy Forum

## Racial Segregation in Metropolitan Chicago Housing

By Tyrone Forman and Maria Krysan

The United States is experiencing rapid demographic changes that are altering its racial and ethnic landscape, particularly in urban centers. According to the 2000 census, 56 percent of residents of the 100 largest U.S. cities are nonwhite. Moreover, there is diversity in the composition of this nonwhite population. For instance, Chicago, historically a black and white city, is now 36 percent black, 31 percent white, and 28 percent Latino, with the remaining 5 percent mainly being Asian. Growing racial and ethnic diversity has not always meant increasing racial integration in the nation's major metropolitan areas. The Chicago metro area ranks as the fifth, sixth, and ninth most residentially segregated metropolitan area in the United States for blacks, Latinos, and Asians, respectively.<sup>1</sup> Residentially segregated neighborhoods in our urban centers like Chicago remain among the most salient reminders of our nation's history of racial injustice.

Extreme housing segregation is connected to persistent racial discrepancies in quality of health care, education, jobs, and other public and private sector services. Studies investigating the effects of residential segregation for young African Americans have concluded that the elimination of residential segregation would lead to the disappearance of black-

white differences in earnings, high school graduation rates, and unemployment.<sup>2</sup>

Why does residential segregation in Chicago persist 40 years after the passage of the Fair Housing Act of 1968? Effective policies to counteract segregation require a clear understanding of why it persists. We address this question using survey data collected in Cook County in 2005 and the 2000 Census.

### Measuring Segregation in Chicago

Residential segregation is the degree of physical separation between groups (e.g. racial and ethnic) in terms of where they live. One popular measure is the dissimilarity index, which gauges how evenly or unevenly different groups in a metropolitan area are dispersed across neighborhoods. A value of 100 indicates total segregation of two groups, as when, for instance, all neighborhoods are either 100 percent Latino or 100 percent white. A value of zero (complete integration) means every neighborhood has the same percentage of whites and Latinos as there are in the metropolitan area. The City of Chicago would score zero on the Latino dissimilarity index if every neighborhood were 28 percent Latino. Values above 60 indicate a very high level of segregation, values between 30 and 59 indicate moderate segregation, and values of less

## About the Authors

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than 30 indicate low segregation. In the City of Chicago, black-white separation has been high for decades, with the dissimilarity index peaking at 92 in 1970 and remaining as high as 81 in 2000. Values for Latinos and Asians are lower, but still moderately high, roughly 60 and 45, respectively, in recent decades.

### Explanations for Racial/Ethnic Residential Segregation

The three most common explanations for racial residential segregation are: 1) in-group preferences; 2) economic status; and 3) discrimination.

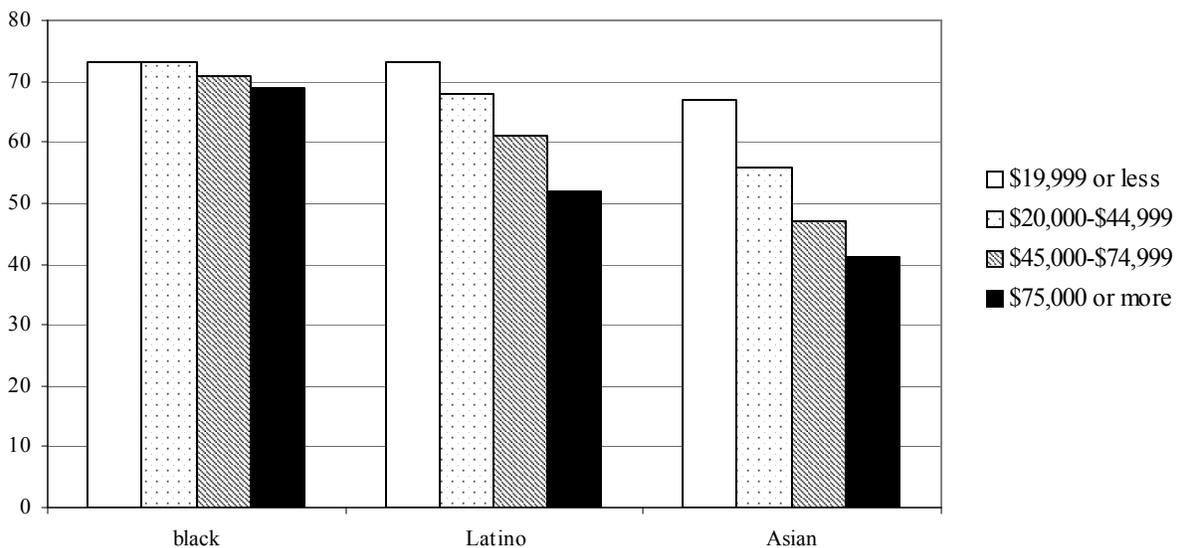
Residential segregation could persist because most members of most racial and ethnic groups feel more comfortable living with their own kind. One elaboration on this theory posits that white reluctance to live with blacks is rooted, not in racial antipathy, but in fear of economic liability, as whites associate integrated neighborhoods with higher crime and diminished property values.<sup>3</sup> The research evidence on this point is inconclusive. A second elaboration posits that black segregation comes from a strong and unchanging African American preference for densely black neighborhoods. However, no studies have found many blacks preferring totally black

neighborhoods; more typical is a preference for 50 percent black/50 percent white neighborhoods.<sup>4</sup>

A second possible explanation for residential segregation is economic. Racial/ethnic minorities might not live near whites, generally, because they have fewer financial resources and thus cannot afford to live in the same areas. Are the high levels of residential segregation in Chicago income-based? For blacks, no; for others, yes, in part. According to Figure 1, black-white dissimilarity indices within income groups in the Chicago metropolitan area barely change as income rises: the most affluent blacks are nearly as segregated as their poorest counterparts. In contrast, dissimilarity indices for Latinos and Asians fall by about one-third when comparing those with higher incomes to those with lower.

A third explanation for racial segregation is persistent discrimination against racial/ethnic minorities within the housing market. Even as explicitly racial covenants have vanished, it could be that subtle steering and marketing practices take their place. Social scientists typically measure differences in the treatment of white, black, and Latino home seekers by means of a housing audit. White-black or white-Latino auditors are matched on social background characteristics, and then sent to randomly selected landlords/real estate agents to rent

**Figure 1. Average Segregation Levels of Blacks, Latinos, and Asians from Non-Latino Whites by Income, Chicago Metropolitan Area, 2000**



an apartment or purchase a home. The best available nationwide housing audit data indicate that minorities encounter unlawful discrimination approximately one out of every five times they inquire about renting or purchasing a home.<sup>5</sup>

### Data and Findings

The survey data reported here were collected by the University of Illinois at Chicago’s Survey Research Laboratory (SRL) between August 2004 and August 2005. SRL conducted face-to-face interviews with 789 randomly selected black, Latino, and white Cook County householders aged 21 and older. The interviews were conducted in English or Spanish depending on respondent preference.

We know from audit studies that housing discrimination remains a problem nationally. However, while audit studies measure subtle aspects of housing discrimination that might not otherwise be revealed, they fail to measure a range of other aspects of housing bias. In our survey, we asked if, based on their race or ethnicity, respondents felt that they had experienced a landlord/real estate agent not renting or selling to them, racial steering, bias in the mortgage industry, or neighbors who made life difficult for them. Figure 2 shows that four in 10 blacks (41 percent), one-third of Latinos (32 percent), and just one in five (18 percent) whites report experiencing at least one form of housing discrimination based on their race/ethnicity. We also asked our respondents if they

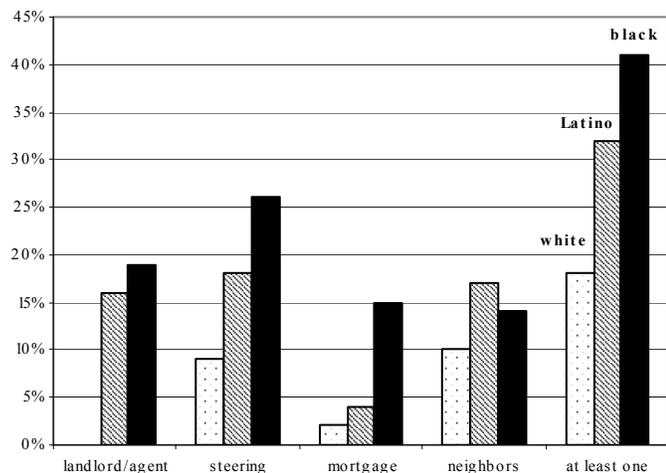
were aware of a friend or relative who had experienced at least one of these forms of housing discrimination. The results closely matched the first-hand reports: almost half of African Americans (44 percent), approximately one-third of Latinos (30 percent), and a little more than one in 10 whites (13 percent) responded affirmatively. In short, racial/ethnic discrimination in housing appears to be an ongoing reality in the lives of African American and Latino Chicagoans.

We now turn to neighborhood preferences. What are the preferences of Chicagoans? To answer this question we asked Cook County residents to imagine their ideal neighborhood (where they would feel most comfortable) and describe the racial and ethnic mix of it. In general, it appears that Chicago blacks, Latinos, and whites report a similar commitment to living in racially and ethnically diverse neighborhoods. First, all three groups choose a racial/ethnic mix that includes a substantial proportion of other racial/ethnic groups. For example, whites put equal numbers of blacks (13 percent), Latinos (12 percent), and Asians (12 percent) in their ideal neighborhood. Second, blacks, Latinos, and whites in Cook County want their own group to be largest in their ideal neighborhood. Yet, whites are the only group that prefers that their racial group be in the majority (56 percent).

Although these data about “ideal neighborhoods” shed light on the environs people say they prefer, we know very little about how these preferences play out in the real world. The data just reported are based on a hypothetical neighborhood, and in many cases the neighborhoods people describe are simply not available in the metropolitan area. So, what happens if we ask about real-life communities? We can learn about neighborhood preferences by examining the racial composition of the communities in which Cook County residents have actually searched for housing.

We showed our survey respondents a map that identified 41 communities in the Chicago metropolitan area that differed in important ways with respect to racial composition, social class characteristics, and geographical location. Blacks, Latinos, and whites were asked, among other things, whether they had searched for housing in any of these communities in the past 10 years. We sought to

**Figure 2. Percentages of Respondents Reporting Housing Discrimination, by Race**



answer the question, “What are the racial/ethnic characteristics of the communities in which white, black, and Latino Cook County residents have actually searched for a place to live?”

Figure 3 classifies the communities named by respondents according to whether they have majorities of the respondent’s own race, some other race, are a mix of those two types, or were not among the communities on our map. A number of important contrasts emerge. First, 45 percent of whites have searched only in communities where whites are in the majority (that is, constitute more than 50 percent of the population); and just 4 percent have searched where any other group is in the majority. Second, approximately one in four whites have looked in both neighborhoods where they are the majority and where they are the minority. (The remaining one-fourth of white respondents have either not searched for housing in the last 10 years, or have searched in communities that were not identified on our map, whose racial composition we do not know.) For blacks and Latinos in Cook County, house hunting is a very different experience. Just 8 percent of blacks have looked only in majority (more than 50 percent) black communities. Moreover, one in five blacks has searched exclusively in communities where blacks are in the minority. Mostly, then, blacks have searched in both kinds of communities—those where they are in the majority and those where they are in the minority. Indeed, 81 percent of blacks included in their search locations a community where they are in

the minority. These results severely challenge the view that blacks prefer to self-segregate in majority-black neighborhoods.

Latinos show a similar pattern. Fully 35 percent of Latinos searched only in communities where another group was in the majority. An additional 37 percent of Latinos searched in both communities where they were in the majority and ones in which they were in the minority.

### Conclusion and Policy Implications

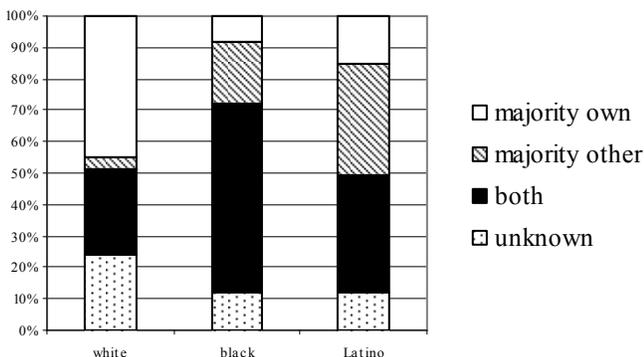
Our analysis reveals several things. First, money is not the powerful explanation that conventional wisdom might suggest. Although segregation levels are reduced for Asians and Latinos with greater financial means, the same is not true for African Americans.

Second, our results demonstrate the complexity of the preference explanation. While Cook County residents of all three racial/ethnic groups included in the study profess an interest in diverse neighborhoods in principle, when we examine the expression of those preferences in the form of actual search locations, we discover far less evidence of a commitment to diversity on the part of whites. African Americans and Latinos seek out many different community types, even though, given patterns of segregation, we know they end up in communities that are highly segregated (especially blacks). This disjuncture between blacks' and Latinos' preferences and their actual neighborhoods probably originates, at least in part, in barriers presented by discriminatory treatment, in the form of exclusion, steering, and unfriendliness.

Third, our analysis indicates that 42 years after the most ambitious effort to end housing discrimination in Chicago (i.e., the Chicago Freedom Movement led by Martin Luther King Jr. and Al Raby), African Americans and Latinos in Cook County continue to report substantial levels of unfair—and illegal—treatment in the housing industry.

What are the policy implications of these findings? First, our survey data reveal a need for increased federal and state resources for the vigorous enforcement of anti-discrimination laws in housing (i.e., Title VIII of the Civil Rights Act of 1968).

**Figure 3. Racial Composition of Neighborhoods in Which Respondents Report Having Searched for Housing**



Discrimination still occurs, and enforcement is necessary.

Second, given the limited financial capacity of blacks and Latinos as compared to whites (in Chicago in 2000, median household incomes for blacks, Latinos, and whites were \$29,000, \$37,000, and \$49,000, respectively), we need land-use policies which reverse decades of exclusionary zoning laws that set minimum floor space and lot size requirements and maximum density limitations. While usually appearing racially neutral, these policies often restrict suburban housing opportunities for racial and ethnic minorities by limiting affordable housing in these areas. Illinois has adopted inclusive legislation (e.g., 2003 Affordable Housing Planning and Appeal Act), but more is needed. One example is Montgomery County, Maryland's ordinance requiring that in developments of 50 or more units, 15 percent of the units must be affordable to households below 65 percent of the median income. A policy prescribing mandatory set-asides in communities lacking affordable housing may lead to more racially/ethnically and economically diverse communities.

Third, altering preferences that work against integration is a far more complicated policy goal. However, according to our data, members of all three racial/ethnic groups report, in the abstract, a desire for greater levels of integration than presently exist. The challenge is to create situations where those abstract preferences can be translated into behavior. The affirmative marketing component of fair housing legislation is consistent with this need. Affirmative marketing refers to the active promotion of racially diverse, majority black, and majority Latino neighborhoods to whites and the encouraging of

Asians, blacks, and Latinos to consider moving into majority-white neighborhoods. Organizations and entities that make individuals of all races and ethnicities aware of housing opportunities that are pro-integrative, and that help break down the barriers to integrated housing decisions, should be promoted and funded aggressively. In sum, dismantling the rigid housing color line that exists in Chicago will take concerted effort by residents, real estate agents, developers, community leaders, and legislators.

<sup>1</sup> Iceland, John, Daniel H. Weinberg, and Erika Steinmetz. 2002. *Racial and Ethnic Residential Segregation in the United States, 1980-2000*. U.S. Census Bureau, Special Report Series, CENSR-3. Washington, DC: U.S. Government Printing Office.

<sup>2</sup> Cutler, David and Edward Glaeser. 1997. "Are Ghettos Good or Bad?" *The Quarterly Journal of Economics* 112: 827-872.

<sup>3</sup> Harris, David R. 2001. "Why are Whites and Blacks Averse to Black Neighbors?" *Social Science Research* 30: 100-116.

<sup>4</sup> Farley, Reynolds et al. 1994. "Stereotypes and Segregation: Neighborhoods in the Detroit Area." *American Journal of Sociology* 100: 750-780. Also see Krysan, Maria and Reynolds Farley. 2002. "The Residential Preferences of Blacks: Do They Explain Persistent Segregation?" *Social Forces* 80: 937-980.

<sup>5</sup> Ross, Stephen and Margaret Austin Turner. 2005. "Housing Discrimination in Metropolitan America: Explaining Changes between 1989 and 2000." *Social Problems* 52: 152-180.

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