

Understanding Racial Segregation: What is Known about the Effect of Housing Discrimination

Stephen L Ross
University of Connecticut

Empirical Facts on Racial Segregation

- High levels of racial segregation cannot be explained by economic factors
- Moderate declines in racial segregation, but mostly due to increased exposure to Hispanics
- Much lower levels of segregation among Hispanics mostly explained by economic factors especially among later generations

Housing Discrimination

- Historically, rigid neighborhood barriers, high housing prices and density, and blockbusting
- Paired testing documents high levels of discrimination in 70' & 80's, but shift of black Homeowners in 80's away from central cities
- HDS 2000: Declines in discrimination against blacks and Hispanics in sales, but segregation did not fall faster in areas with declines

Segregation and Housing Discrimination

- Restricted neighborhood opportunities should increase housing prices, but little evidence of any premia from the 1970's to Present
- Housing Discrimination did not prevent suburbanization in 80's and 90's and recent declines in discrimination have not lead to declines in segregation

Countervailing Views

- Rental market discrimination can be hidden from testers, but white suburbs mostly owner-occupied housing stock
- Evidence of neighborhood steering based on Race, but steering infrequent on visiting units and commentary aimed at whites

Persistent Segregation and Stereotypes

- Negative stereotypes predict willingness to live with blacks, decisions to move into integrated neighborhoods, and housing prices
- Past discrimination caused past segregation creating perceptions that promote segregation today
- Real estate agents reflect and are part of that reality as opposed to creating it

Stereotypes and Today's Papers

- Are Mixed Neighborhoods Unstable
 - Stable integrated equilibria possible below tipping points that are increasing over time
 - Could be capturing threshold associated with signal of bad neighborhood
- Preferences for Hispanic Neighborhoods
 - Evidence of self-segregation for both whites and Hispanics (price impact depends on composition)
 - Could part of this finding be ethnic information differences based on neighborhood composition

Conclusions

- Past, not current, housing discrimination key to persistent segregation due to stereotypes
- Stable integrated neighborhoods below critical tipping points – This may also be true for Hispanics
- Changes in attitudes and greater information access consistent with higher tipping points
- Information asymmetry important for understanding and possibly mitigating patterns of segregation