

# Race, Class, and Real Estate

By Sheryll Cashin

**H**ousing or geography is at the core of the opportunity structure in America. Where you live largely defines what type of people you will be exposed to on a daily basis, and hence, who you have the opportunity to relate to. It defines what schools you will go to, what employers you will have access to, and whether you will be exposed to a host of models for success.

Since 1970, with each passing decade we have made glacially slow improvements in opening up housing markets and decreasing racial segregation. During this period we have also seen a marked increase in class segregation. In the 2000s, then, it remains the case that the neighborhood where you live is highly likely to reflect both your race and class.

## Segregation and Separatism

In my book, *The Failures of Integration*, I identify three main factors that contribute to race and class segregation in United States housing markets: (1) the pull of personal preferences; (2) the push of discrimination; and (3) a host of public and private institutional policies that value homogeneity over inclusion.<sup>1</sup>

Although in opinion polls the majority of all races say they would prefer an integrated neighborhood, similar majorities also state a preference for living in a neighborhood in which their own race is a majority or plurality. Whites, blacks, Latinos, and Asians typically do not want to be vastly outnumbered by "others." That prospect is inherently threatening, particularly for whites. As a result, residential integration necessarily has been limited.

The most recent national audit of racial discrimination in housing, conducted in 2000, shows that while there has been considerable improvement since the last audit in 1989, whites are still consistently favored over racial minorities.<sup>2</sup> Researchers for the study, com-

missioned by the Department of Housing and Urban Development, sent minority and white testers out to attempt to rent or purchase homes in 23 metropolitan areas with significant black or Latino populations. The test partners had virtually the same income, assets and debt liabilities, and education levels.

Overall, Latinos experienced more discrimination than blacks. The group most discriminated against were Latino renters; landlords favored whites over this group one quarter of the time. They favored whites over black renters one fifth of the time. In particular, whites were more likely to receive information about available housing units and had more opportunities to inspect available units. The numbers were only slightly better for blacks and Latinos seeking to buy, rather than rent, a home.

Our separatism exists, but it is not inherently natural. Through a series of public and private institutional choices, we created a separatist social order. It did not have to be this way; separation was not our preordained fate. At the dawn of the 20th century, economic and racial integration was the norm. It was not at all uncommon in American cities to find blacks living in close proximity to other races, or to find blue collar workers living among the elite. This was especially the case in southern cities.

## Segregation as Public Policy

Four seminal public policy choices made in the 20th century contributed mightily to the racially and

economically divided landscape, the bastions of affluence and of need, now familiar to metropolitan America. First, we adopted a system of local governance premised on a religion of local autonomy that has fueled the proliferation of new, homogenous communities. Chief among the local powers that are wielded to exclude undesired uses of land and undesired populations is the zoning power.

Second, the federal government, through its Federal Housing Administration (FHA) mortgage insurance program, adopted and propagated the orthodoxy that homogeneity was necessary to ensure stable housing values. The FHA, the largest insurance operation in the world in its heyday, essentially chose to underwrite mortgages only for new single family homes in predominately white neighborhoods, inventing and propagating the notion of redlining—a legacy we live with to this day—and initially locking out whole races and classes of people from the largest wealth-producing program in our nation's history.<sup>3</sup>

Third, the interstate highway program—the largest public works program in the history of the world—opened up easy avenues for escape from the city while at the same time destroying vital black, Latino, and white ethnic neighborhoods.

Fourth, the federal government, through a number of urban development programs, created the black ghetto. Urban renewal, famously renamed by black folks as “Negro Removal,” destroyed mostly black-occupied housing strategically located near the central business district, ostensibly to help cities prepare for a post-industrial economy and to eliminate “blight.” The federal government spent about \$3 billion to remove almost 400,000 units of affordable, largely black-occupied housing that was strategically located. Those people who were displaced had to move somewhere, which typically meant to public housing or more marginal neighborhoods.

Any one of these policies, individually, would have altered the metropolitan landscape in a way that advantaged some and greatly disadvantaged others. But these policies were cumulative. Coupled with the federal government's tepid resistance to housing discrimination, these policies worked in concert to create a systemic bias in favor of racial and economic segregation rather than inclusion.

### **Racial Profiling by Zip Code**

Private actors, particularly those in the real estate industry, have contributed mightily to the racial and economic segmentation of our life space. Most critically, the real estate, banking, and insurance industries embraced the federal government's orthodoxy that racial and economic homogeneity were necessary to protect property values. Private developers tend to develop to meet a certain class niche.

However, something even more insidious is going on. Every zip code in America has been racially profiled. Marketing companies create databases that rate each zip code based upon their demographics. In turn, all of the actors that shape real estate markets—land use planners, real estate developers, financial institutions, insurance companies, and retailers—rely on these databases to decide where to invest, develop, and do business. One company, for example, has developed the Claritas PRIZM system of categorization—40 socioeconomic rankings of “zip quality,” ranging from ZQ1 (known as “Blue Blood Estates”) to ZQ40, “Public Assistance.”<sup>4</sup> All of these profiling databases establish a hierarchy of neighborhood types that skew investment decisions heavily in favor of predominately white suburban communities.

### **Hope through Coalition Building**

The stratospheric costs we are enduring, individually and collectively, as a result of race and class separation reflect our failure to deal with the truly hard questions left over from the civil rights movement. The civil rights movement largely stopped once the barriers of formal Jim Crow segregation were dismantled. While the delegitimation of discrimination was the chief success of the civil rights movement, we never reached any national consensus about whether integration of the races and classes—that is, the sharing of neighborhoods, schools, and life space—was an important objective to be affirmatively pursued.

I believe there is no substitute for taking “the hard path” not yet chosen, explicitly tackling segregation. Our nation's history shows that only when we choose the hard path of attacking issues of race and racial inclusion frontally do we make meaningful progress. Indirect approaches are no substitute for a frontal



attack on what is ailing us as a nation. They will simply delay the inevitable adjustment that is needed—as happened when the infamous case of *Plessy v. Ferguson* installed the “separate-but-equal” doctrine for 60 years, until the Supreme Court jettisoned it in *Brown v. Board of Education*.

I dare to imagine an America that has experienced a transformative integration of the races. By this I do not mean the assimilationist model of the 1970s. Instead, I envision an America where the majority of citizens, especially whites, have developed a true comfort with racial difference, or what I call “cultural dexterity.” A culturally dextrous person—former President Clinton comes to mind—can walk into a room and be completely outnumbered by a different race or ethnic group and experience this with a sense of wonder, even celebration, rather than fear.

There is no shortage of sound ideas for bringing about more race and class integration in our neighborhoods by creating more integrated islands. What is missing is an insistent movement to alter our present separatist course in all communities. We lack a broad advocacy base for inclusive and more equitable public policies. Any movement for race and class integration must come from the grassroots. As Myron Orfield has so eloquently stated, national and state political leaders “do not create social movements around race,” rather they “mediate energy for change that is created below the surface.”<sup>5</sup>

Revolutionary change can be wrought by powerful new multi-race, multi-class coalitions that pursue smart new policies. Without doing the difficult, labor-intensive work of building sustainable coalitions that command at least 51 percent representation in any given policy-making arena, no change will be forthcoming. As my hero Frederick Douglass eloquently stated in the context of the abolition movement, “Power concedes nothing without a demand. It never did, it never will.”

Any effort that is serious about reducing regional

inequity must have racial and economic integration as its central goal. Among the policies that could bring about more race and class integration at the neighborhood level is inclusionary zoning (or fair share affordable housing). Since 1973, for example, Montgomery County, Maryland, has required that 15 percent of all new housing

developments above 35 units be affordable to low- and moderate-income families. In addition, the black ghetto can be broken up through policies that give people trapped in high-poverty communities the assistance they need to find decent housing in middle class settings. On the school front, I recommend universal choice options. Why should a family’s ability to choose a good school for their child be limited to their ability to pay their way into an exclusive neighborhood?

These are just a few of the revolutionary policies we have not considered because of our separated way of living and the defensive parochialism it engenders. Such possibilities are achievable, however, if the majority of people who now suffer under American separatism organize and act to reclaim democratic processes. It is time for people who care to imagine a different, more inclusive order, one that will benefit everyone. ■

### Endnotes

1. Cashin, S. *The Failures of Integration: How Race and Class are Undermining the American Dream* (Cambridge: Public Affairs, 2004).
2. Turner, M. A., et al., *Discrimination in Metropolitan Housing Markets: National Results from Phase I HDS 2000, Final Report*, November 2002. Available at [http://www.huduser.org/Publications/pdf/Phase1\\_Report.pdf](http://www.huduser.org/Publications/pdf/Phase1_Report.pdf), no. 3 pp. 1-19.
3. Hall, P. *Cities of Tomorrow: An Intellectual History of Urban Planning and Design in the Twentieth Century*. Oxford: Blackwell, 1988. pp. 291-294; Jackson, K. *Crabgrass Frontier: The Suburbanization of the United States*. New York: Oxford University Press, 1985. pp. 203-218.
4. Metzger, J. T. “Clustered Spaces: Racial Profiling in Real Estate Investment.” Paper prepared for the International Seminar on Segregation and the City, Lincoln Institute of Land Policy, Cambridge, Massachusetts, July 26-28, 2001.
5. See Orfield, M. “Comment on S. A. Bollen’s ‘In Through the Back Door: Social Equity and Regional Governance,’” *Housing Policy Debate* 13 (2003): 659 and 666 (noting that Abraham Lincoln initially opposed the abolition of slavery and Lyndon Johnson initially opposed civil rights, but both leaders were ultimately forced by grassroots movements to pursue the progressive course).

Photo:

Sheryll Cashin reads at Politics and Prose Bookstore, August 2008.

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*Sheryll Cashin is a professor of law at Georgetown University. Her newest book is, The Agitator's Daughter: A Memoir of Four Generations of One Extraordinary African-American Family (Public Affairs, 2008). This article is adapted from Breakthrough Communities: Sustainability and Justice in the Next American Metropolis edited by M. Paloma Pavel, to be published in June 2009 by The MIT Press.*

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