

**Experiencing Residential  
Segregation:**

**A Contemporary Study of  
Washington, D.C.**

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**Abstract**

Explicit considerations of race and unlawful racial discrimination persist as critical factors in the continuing segregation of urban housing markets. Based on a telephone survey of Washington, D.C. area households, this study finds that current black households were almost twice as likely as whites to not get their first choice when they moved into their current homes, more than one-fourth of black householders report that they or someone they know experienced discrimination in their efforts to obtain housing or housing finance within the past three years, and whites are more than four times as likely as blacks to believe that equal opportunity exists in the current housing market. These relationships persist after controlling on several socio-economic characteristics (income, education, housing tenure) of households. Several policy options are recommended for ameliorating racial segregation in urban housing markets.

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Racial segregation is as taken for granted as any feature of urban life in the United States. Whites, on average, live in neighborhoods that are nearly 83% white, blacks live in neighborhoods that are 56% black, while Hispanics, on average, reside in communities that are 42% Hispanic (Lewis Mumford Center 2001a). The fact of severe and persistent racial segregation of housing patterns in metropolitan areas is not contested, though the causes of segregation are hotly debated.

While researchers have documented well the basic facts of segregation, they have had less to say about how those facts are experienced by those who suffer their consequences. This study explores the types of neighborhood amenities and characteristics (including their racial composition) families seek out, the ways different racial groups pursue housing opportunities, the outcomes of those processes in terms of the housing that is ultimately secured, how racial minorities respond if they believe they have encountered discrimination, attitudes on the extent to which race and racial discrimination affect housing opportunities, and generally the extent to which race affects housing and neighborhood related preferences and practices. Understanding the experiences of various actors in urban housing markets can help explain the phenomenon of segregation and inform current policy debates.

This study focuses on Washington, D.C., which is an ideal setting for exploring racial segregation. Greater Washington typifies metropolitan areas in the U.S. in terms of the extent of racial segregation. Like other communities it has become increasingly diverse as Asians and Hispanics are among the fastest growing groups in the local population. And policy debates over the causes and consequences of racial segregation persist among community organizations, public officials, and academic researchers.

### **Perspectives on Segregation**

Most explanations of racial segregation center on three hypotheses. One perspective focuses on individual choice, arguing that most households generally prefer to live in culturally homogeneous neighborhoods. The housing market, from this perspective, reflects the freely chosen preferences of millions of buyers and thousands of housing providers who make voluntary decisions in a free market (Thernstrom and Thernstrom 1997; Glazer 1975).

A second explanation focuses on economics arguing that the spatial concentration of racial groups basically reflects the relative financial status of those groups. Since whites in general have higher incomes and control more wealth than racial minorities, whites have more (and non-whites have fewer) choices in the housing market (Becker 1957; Clark 1986). If whites are hesitant to move into non-white neighborhoods, it is argued, this reflects race-based neighborhood stereotyping (e.g. concerns about presumed correlations between racial composition and property values as well as other neighborhood characteristics) rather than discrimination per se (Ellen 2000). Housing

segregation, therefore, reflects primarily impersonal market forces from this perspective.

A third perspective points to a range of discriminatory private practices and public policies that restrict housing opportunities for non-whites and serve to create and perpetuate segregated housing. It is argued that these policies and practices, and the individual-level prejudices and stereotypes upon which they are based, are primarily responsible for the formation of racial and ethnic ghettos and for the persistence of segregation to this day in urban housing markets (Massey 2001; Massey and Denton 1993; Yinger 1995).

While each of these three sets of factors contributes to the segregation of metropolitan areas, the weight of social science evidence points to the latter set as the primary cause. Specific private industry practices include racial steering, blockbusting and the provision of different levels of service to whites and non-whites by real estate agents (Fix and Struyk 1992). Redlining and racially discriminatory practices by mortgage lenders (Munnell et. al. 1996; Goering and Wienk 1996) and property insurers (Squires 1997), including the refusal to serve and the provision of inferior products and services to minority markets, undercut property values and trap minorities in segregated neighborhoods. Racially discriminatory appraisal practices result in the under-valuation of properties in minority neighborhoods causing lenders to deny mortgages even when willing buyers and sellers had agreed to the price, thus further isolating minorities in segregated communities (Schwemm 1993; Pittenger 1996). When all else fails,

violence and intimidation have been utilized to maintain the color line (Massey and Denton 1993).

Public policies include Federal Housing Administration (FHA) lending practices that historically were explicitly discriminatory as illustrated by this statement from the agency's early underwriting manual, "If a neighborhood is to retain stability, it is necessary that properties shall continue to be occupied by the same social and racial classes" (U.S. Federal Housing Administration 1938:par 937). Enforcement of racially restrictive covenants, exclusionary zoning ordinances, concentration of public housing in central city neighborhoods, and construction of a federal highway system that facilitated suburban development are among a range of public policies that nurtured and reinforced racial segregation (Jackson 1985; Rusk 1999).

The most comprehensive analysis of housing market practices was conducted by HUD and the Urban Institute in 1989. Utilizing paired testing (where comparably qualified white and non-white "testers" posing as homebuyers approach housing providers to rent or purchase advertised, vacant units) researchers found that blacks and Hispanics encountered some form of unlawful discrimination in almost half their encounters with real estate agents (Fix, Galster, and Struyk 1992:22).

In addition, available evidence tends to undercut the "preference" and "economic" explanations as primary causal factors. Public opinion surveys demonstrate that racial minorities prefer integrated to segregated neighborhoods (Schuman et. al. 1997). And among those minority households who do choose

homogeneous communities, the motivation is often to avoid the harassment and intimidation they fear may occur in predominantly white areas (Feagin and Sikes 1994). Whites express preferences for predominantly white communities, which limits the choices that blacks have within the housing market, but whites' realization of their residential preferences is not the result of white preference alone. Instead, discrimination in the housing market allows whites to avoid co-residence with blacks (Massey and Denton 1993:97). Discriminatory practices keep blacks out of most white neighborhoods and in turn, allow whites to move to predominantly white neighborhoods.

The fact that, in the case of African Americans, indices of racial segregation vary little with socioeconomic status undercuts the economic perspective from being a viable explanation of the persistence of residential segregation (Massey 2001). Higher status African Americans may reside in neighborhoods with more whites than do those with less income and education. But middle-class African Americans live in less affluent and desirable neighborhoods than do middle-class whites. Race, in other words, still affects residential options available to middle class African Americans (Alba et. al. 2001).

Race and racial discrimination appear to continue to play a critical role in shaping the experiences of individuals in the segregated housing market that exists in urban America. But most of the housing segregation literature has focused on residential preferences (e.g., Clark 1991, 1992; Farley et al. 1994) and the geographic mobility of individuals that underlies segregation (e.g.,

Massey et al. 1994; South and Crowder 1997, 1998). What is missing from this research is any systematic exploration of the experience of segregation, particularly as it is felt by the participants and victims of these processes. How successful are racial minorities, compared to whites, in efforts to secure the home of their choice? How do they respond when they have been subject to racial discrimination? How do whites and non-whites assess available opportunities for racial minorities in the housing market?

Such questions are among those addressed in this research. This study explores the salience of race by examining differences between blacks and whites in the significance they attach to racial composition and other neighborhood characteristics in the selection of homes and communities, the home-seeking tactics of blacks and whites, initial outcomes of that process, the frequency with which home-seekers believe they or their friends have experienced discrimination in the housing market, what actions (if any) they have taken when they believed they were victims of unlawful discrimination, and general attitudes about the extent to which equal opportunity prevails in the housing market.

A key distinction among the competing explanations for housing segregation is the relative importance attached to race and racial discrimination. The preceding discussion of the perspectives explaining segregation lends itself to the development of a few key hypotheses. The racial discrimination perspective predicts that race will be significant in explaining the variation in the outcomes discussed above, even after controlling for differences that exist

between whites and blacks in socioeconomic and demographic characteristics. Indeed, if race is significant with respect to the outcomes related to the home search process, experience with discrimination, and attitudes about the extent to which equal opportunity exists in the housing market, the racial discrimination perspective will be reinforced while the preference and economic perspectives will be further undercut. If race is insignificant in the analyses, the choice and economic perspectives will be supported.

Among the policy implications of the controversy over the causes of housing segregation are debates over the extent to which race-specific as opposed to more universalistic remedies should be pursued and whether those policies should be “pro people” or “pro place.” (Wilson 1996, 1999; Massey and Denton 1993). Presumably, more informed policy decisions can be made as more is learned about the dynamics of segregation and the role of racial discrimination. Informing those policy debates is a primary objective of this research.

### **Data and Methodology**

The data for this study are derived from a telephone survey of 921 adults—480 from the District of Columbia and 441 from the nearby suburbs of Maryland and Virginia<sup>1</sup>—that was conducted in the spring of 2001 by the George Washington University Center for Survey Research. Through random-digit dialing

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<sup>1</sup> The specific jurisdictions that comprised the nearby suburbs are Arlington and Fairfax counties and the cities of Alexandria, Fairfax, and Falls Church in Virginia; and Montgomery and Prince Georges counties in Maryland.

techniques, telephone numbers were selected and an over-sample was drawn from the District of Columbia. When a call was answered, an interviewer representing the Center for Survey Research asked to speak to the “youngest male 18 or older who is at home.” If no eligible male was present, the interviewer asked for “the oldest woman 18 or older who is at home.” Previous research has established that such a selection method produces samples as representative as alternative techniques (Keeter and Fisher 1997; Srinivasan et al. 1996).

Out of 8,199 phone numbers contacted, 4,878 or 59% of the numbers were reached. Out of the 4,878 phone numbers reached, 42% were viable.<sup>2</sup> For the 41% of numbers that were not initially reached, up to 5 callbacks were made to attempt to reach the people at these numbers. The final cooperation rate was 45%.<sup>3</sup> Although the rate is low, which is a growing problem in telephone surveys, the sample used in the study is representative of the Washington, D.C. metropolitan area in terms of its demographics, particularly with respect to race, the key variable in this study (see below).

Washington, D.C. is fairly typical of metropolitan areas in terms of the segregated nature of its housing patterns. The index of dissimilarity<sup>4</sup> in

Washington has been similar to that of the nation’s major urban centers for at

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<sup>2</sup> Fifty-two percent of the numbers were not viable. These numbers were either disconnected or were numbers to businesses or fax machines.

<sup>3</sup> The cooperation rate is defined as: completed interviews/(completed interviews + refusals).

<sup>4</sup> Editor’s note: The index of dissimilarity is a commonly used measure of segregation that indicates the proportion of a minority population (in this case African Americans) that would have to move to another neighborhood in order to ensure that every neighborhood in the region had the same racial make-up.

least thirty years, reaching the mid-60s even among households with incomes greater than \$50,000 (Lewis Mumford Center 2001b; Massey and Denton 1993:86). The Washington, D.C. area has a slightly larger black population than most major metropolitan areas. The 2000 census data show that blacks comprise 26.0% of the population in the Washington, DC-MD-VA-WV Primary Metropolitan Statistical Area (PMSA), while in the Detroit, Chicago, New York, and Philadelphia PMSAs, they comprise 22.9%, 18.9%, 24.6%, and 20.1% of the populations, respectively (U.S. Bureau of the Census 2001a).<sup>5</sup> Like many other large cities, Washington, D.C. and the surrounding suburbs have become more diverse. In 2000, Asians comprised 6.7% of the Washington, D.C. metropolitan area's population, up from 5.2% in 1990 (U.S. Bureau of the Census 2001a).<sup>6</sup> The Washington, D.C. metropolitan area has also become a magnet for immigration (Singer et al. 2001). In 1998, one in six persons in the area was born outside of the United States (U.S. Bureau of the Census 2000), a striking contrast from 1970 when one in twenty-two persons was foreign born. In Washington, D.C., however, blacks remain the dominant minority group.

Despite the large presence of blacks in the area and the increasing racial and ethnic diversity of the metropolitan area's population, the black/white index of dissimilarity remained virtually unchanged throughout the nineties, going from

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<sup>5</sup> These percentages are derived from the population within the 2000 census that reported only one race. In these particular metropolitan areas, less than 5% of the population identified themselves with more than one race (U.S. Bureau of the Census 2001a).

<sup>6</sup> In the Detroit, Chicago, New York, and Philadelphia PMSAs, Asians comprise 2.3%, 4.6%, 9.1%, and 3.4% of the populations, respectively (U.S. Bureau of the Census 2001a).

65.7 in 1990 to 63.1 in 2000 (Lewis Mumford Center 2001b). Moreover, the area's current level of segregation dropped only 6.9% from the 1980 black/white index of dissimilarity of 70.0 (Massey and Denton 1993:76). The black/white segregation indices within the Washington metropolitan area in 1980, 1990, and 2000 were just about equal to the median indices of dissimilarity within the fifty largest metropolitan areas, which were 73.8 in 1980, 66.5 in 1990, and 62.5 in 2000(Lewis Mumford Center 2001b). The persistence of segregation in the area is illustrated by the fact that in 2000, approximately two-thirds of the black population in the Washington, D.C. metropolitan area lived in the District of Columbia and Prince George's county, areas where at least 60% of the population was black (U.S. Bureau of the Census 2001a, 2001b, 2001c). Thus, only one-third of the black population in Greater Washington lived in counties that were not predominantly black.

As is the case nationwide, racial discrimination appears to be a major contributor to the segregation that exists in the Washington, D.C. metropolitan area. In 1997, the Fair Housing Council of Greater Washington (now part of the Equal Rights Center) utilized paired-testing to investigate the home purchase, rental, and mortgage lending marketplace throughout the metropolitan area. Investigators found that blacks were discriminated against 33% of the time in their efforts to buy homes, 44% of the time when they attempted to rent, and 37% of the times they applied for mortgage loans. Discriminatory practices included racial steering, misrepresentation about the availability of homes, differences in rental rates for the same units and the number of units that were shown,

disparities in mortgage interest rates, differential application of particular standards, and others (The Fair Housing Council of Greater Washington 1997a; 1997b; 1998). (See Appendix, “*Examples of Discriminatory Practices in the Washington, D.C. Housing Market*” for specific examples of such practices.)

Because the focus of this study is on the Washington, D.C. metropolitan area, the data collected during the 2001 telephone survey are weighted in order to more accurately represent the area’s population.<sup>7</sup> Without weights, the data are an over-sample of the District of Columbia. The weights were created in three steps. First, the true population within the District of Columbia and the Maryland and Virginia suburbs was obtained from the 2000 census data. Then, the number of respondents from the sample, within the three areas, was determined. Finally, the true population in each area was divided by the number of respondents in each area. Thus, three weights were developed—for respondents in the District of Columbia, Maryland, and Virginia. The weights, when applied to each

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<sup>7</sup> Consistent with the jurisdictions from which the sample was originally collected, the Washington, D.C. metropolitan area is defined here as comprising the following jurisdictions: the District of Columbia; Arlington and Fairfax counties and the cities of Alexandria, Fairfax, and Falls Church in Virginia; and Montgomery and Prince Georges counties in Maryland. Consequently, the area is smaller in scope than the Washington, D.C.-MD-VA-WV Primary Metropolitan Statistical Area used in the 2000 census which also includes the following jurisdictions: Clarke, Culpeper, Fauquier, King George, Loudoun, Prince William, Spotsylvania, Stafford, and Warren counties and the cities of Fredericksburg, Manassas, and Manassas Park in Virginia; Charles, Calvert, and Frederick counties in Maryland; and Berkeley and Jefferson counties in West Virginia (U.S. Office of Management and Budget 1999).

individual in the sample, make each individual represent the number of persons within the metropolitan area's population, so that the 921 individuals in the sample are representative of the 2.7 million people, aged 18 and older, within the Washington, D.C. metropolitan area defined here.

The analyses of the data focus on white and black respondents.<sup>8</sup> After applying the weights to the data, which are scaled down to maintain unweighted sample frequencies, 53% of the sample is white and 29.8% is black. The weighted sample is quite representative of the racial composition of the Washington, D.C. metropolitan area, as defined in this study. Of the 2.7 million residents, aged 18 or older, within the metropolitan area, 50.4% are white and 29.2% are black (U.S. Bureau of the Census 2001b, 2001c, 2001d).

The 2001 survey elicited responses from individuals about the characteristics surrounding the search for their current home, their neighborhood satisfaction, experience with discrimination, and their attitudes about racial equality. Descriptive statistics were developed to indicate what differences, if any, were associated with race in each of these areas. Multivariate analyses were then conducted to determine the extent to which these differences were associated with race independent of age, socioeconomic status, measured in terms of income and educational level, housing tenure, length of stay in the current neighborhood, and geographic location (e.g. city or suburb). The primary objectives were to assess the extent to which selected preferences and behaviors as well as outcomes vary by race, the salience of race and racial

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<sup>8</sup> In the data, whites and blacks refer to whites and blacks of non-Hispanic origin.

discrimination in shaping the taken-for-granted segregated patterns of most urban housing markets, how attitudes about inequality are influenced by race, and finally what, if anything, can be accomplished via public policy to ameliorate racial inequality.

### **Findings**

Blacks do not have the same experiences and do not enjoy the same outcomes in the home search process as do whites. Even after controlling on a range of demographic characteristics, in the Washington, D.C. area racial disparities persist as salient features of the local housing market.

Table 1 presents the descriptive statistics, by race, of the dependent variables. With respect to the housing search, blacks and whites differed significantly on most of the characteristics that they rated as very important when they were selecting their current neighborhood of residence. For example, more than half of black respondents (58.13%) rated proximity to public transportation as very important as compared to about one-third of whites (33.96%). Blacks were also significantly more likely than whites to rate level of crime, neighborhood racial composition, taxes, and public services as being very important in the selection of their current neighborhood of residence.

Table 1: Race Differences in Housing Opportunities and Attitudes about Housing Equality (Weighted)

	Percentage:	
	White	Black
Housing Search:		
Neighborhood factors considered important when selecting current home:		
Affordability	68.52	68.87
School Quality	58.27	59.65
Proximity to Work	56.78	51.13
Proximity to Public Transportation	33.96**	58.13
Level of Crime	67.50†	73.09
Neighborhood Racial Composition	17.19**	33.76
Taxes	27.50**	44.93
Public Services	60.17**	69.64
Number of blacks in ideal neighborhood		
None	2.92*	0.92
Only a few	21.55**	10.60
Many but less than 1/2	40.20**	26.97
More than half	9.30**	50.05
It does not matter	26.03**	11.46

†p<=.10; \*p<=.05; \*\*p<=.01

Table 1: Race Differences in Housing Opportunities and Attitudes about Housing Equality (Weighted) (cont'd.)

	Percentage:	
	White	Black
<b>Most Helpful Source</b>		
Real Estate Agent	43.32	38.86
Major Daily Newspaper	20.18	21.97
Neighborhood Newspaper	4.86	3.01
Family/Friends	31.63	36.16
<b>Ability to Get First Choice ('yes')</b>		
	80.48**	67.43
<b>Reasons Unable to Get First Choice</b>		
Home taken off the market	16.92	18.46
Someone else made offer	37.20**	15.48
Unable to meet financial requirements	22.14	30.41
Other reason	23.75†	35.65
<b>Neighborhood Satisfaction</b>		
Satisfied	81.57**	72.26
Prefer somewhere else in D.C. area	7.11**	16.05
Prefer outside D.C. area	11.31	11.70
<b>Experience with Discrimination ('yes'):</b>		
Self: obtain house/apt or secure financing	2.21**	10.90
Know of others: obtain house/apt or secure financing	9.18**	25.40

†p<=.10; \*p<=.05; \*\*p<=.01

Table 1: Race Differences in Housing Opportunities and Attitudes about Housing Equality (Weighted) (cont'd.)

	Percentage:	
	White	Black
Responses to Discrimination*		
Looked for & found another home	68.71	61.24
Did not file complaint	100.00	95.13
Did not file lawsuit	100.00	95.36
Talk but no legal action	58.68	62.32
Reasons for no legal action*		
No time	37.16	29.83
Not enough funds	0.00†	20.12
Nothing would come of it	50.75	49.65
Did not know where to file	6.80	17.27
Attitudes about Racial Inequality:		
Same choices in housing market for:		
Whites & blacks	57.88**	16.07
Whites & Hispanics	55.30**	20.69
Reason for inequality:		
Blacks do not try hard enough	25.01	27.73
Slavery & discrimination make it difficult to work way up	44.50**	55.41

†p<=.10; \*p<=.05; \*\*p<=.01

\* Respondents could choose more than one response. Therefore, the sum of the percentages could exceed 100%.

Housing affordability, school quality, and proximity to work were equally important to blacks and whites. The fact that blacks were more likely than whites to rate neighborhood characteristics, like the proximity to public transportation and public services, as very important in the selection of their current neighborhood may reflect the fewer private resources blacks have to draw from

to obtain these services. Whites have more resources to provide for transportation (e.g. automobiles), security guards (e.g. gated communities), recreation (e.g. country clubs), and other amenities. Although the median household income of blacks is almost 70% of that of whites, blacks control less than one-tenth the wealth of white households nationwide (Oliver and Shapiro 1995:85-86). Therefore, blacks may believe they have to be much more selective in terms of the neighborhoods in which they decide to live.

The second variable examined in Table 1, neighborhood racial preferences, indirectly relates to the characteristics that blacks and whites might have looked for when choosing their current neighborhood. Respondents were asked, "If you could find your ideal neighborhood in the two or three blocks around your home, how many of the families would be black?"<sup>9</sup> As expected, Table 1 reveals that about 50% of whites, compared to 77% of blacks, would prefer a neighborhood that is racially mixed or where blacks comprise the majority of residents. The pattern of results for this question is consistent with the pattern of results found in other studies on residential preferences (Charles 2001; Farley et al. 1994), despite the fact that differences in the wording of the questions exist.

Interestingly, about 1 in 4 whites, as compared to 1 in 10 blacks, claim that in deciding upon an ideal neighborhood in which to live, the number of blacks present in the neighborhood does not matter to them. Whether these are whites'

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<sup>9</sup> Responses to this question were not open ended; instead respondents had to choose their answers from one of the following categories: none, only a few, many but less than half, more than half, and it does not matter.

honest answers to this question is somewhat questionable. Previous research has demonstrated that whites' answers to questions regarding racial issues are more liberal when they are engaged in a telephone or face-to-face interview as compared to when they have more privacy to respond to such questions as in a mail-back survey (Schuman et al. 1997).

The third characteristic in Table 1 refers to the most important source of information used by whites and blacks when they bought or rented their homes. Although blacks were less likely than whites to use real estate agents in their search, the difference is not statistically significant. Indeed, the results reveal that whites and blacks are no different, statistically, with respect to the sources of information that they found to be most helpful in searching for their current housing units.

The next set of characteristics in Table 1 focuses on the outcome of the search. Respondents were asked if they were able to get their first choice of available housing units when they were searching for the home in which they currently live. If they were unable to get their first choice, they were asked why this was the case.<sup>10</sup> Blacks were significantly less likely than whites to obtain their first choice. Approximately 33% of blacks were not able to move into their first choice, as compared to 20% of their white counterparts. Contrary to what might be expected according to the economic perspective, blacks who did not get their first choice were no more or less likely than whites in the same situation to

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<sup>10</sup> However, the follow-up question of why they were unable to get their first choice was not an open-ended question. They were asked to choose one of the reasons reported in Table 1.

report that they were unable to meet the financial requirements involved with obtaining their first choice. However, blacks were significantly more likely than whites to report some “other” reason for their inability to obtain their preference. Taken together, these results are consistent with the hypothesis that blacks may be experiencing discrimination in the housing market.

The findings for the next variable displayed in Table 1, neighborhood satisfaction, are not surprising considering that blacks were significantly less likely than whites to obtain their first choice of housing units. Table 1 shows that blacks are significantly less likely than whites to be satisfied with their current residence. More than 16% of blacks would prefer to live somewhere else in the Washington, D.C. metropolitan area as compared to 7.1% of whites. Considering that blacks were unable to get their first choice of housing units during the search for their current unit, it is likely they will have difficulty again if they try to move in order to find a more satisfactory home and neighborhood.

The next set of indicators in Table 1 speaks to the issue of discrimination directly. Respondents were asked if they, or anyone they know, encountered any form of racial discrimination within the past three years in their efforts to obtain housing or mortgage loans. Those who reported that they faced discrimination in the housing market were asked how they responded (e.g. filed a lawsuit or complaint, looked for another home).<sup>11</sup> Consistent with the racial discrimination perspective, blacks were significantly more likely than whites to experience

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<sup>11</sup> Respondents could choose more than one response. Therefore, in Table 1, the sum of the percentages of the responses to discrimination could exceed 100%.

discrimination themselves or know of someone who experienced discrimination in their efforts to obtain housing or secure financing for housing. Black respondents were more than three times as likely as white respondents to report that they had experienced discrimination themselves, and they were more than twice as likely as whites to report that they knew someone who experienced discrimination.<sup>12</sup> These results are consistent with the testing evidence described earlier (See Appendix, “*Examples of Discriminatory Practices in the Washington, D.C. Housing Market,*” for examples of such evidence).

More revealing is the response that blacks had to the discrimination that they encountered, the next set of characteristics displayed in Table 1. Just over 95% of blacks neither filed a complaint with a civil rights or fair housing organization nor filed a lawsuit. About 62% of blacks talked with family members,

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<sup>12</sup> With respect to experiencing housing discrimination in their efforts to obtain a house or apartment, black renters were 5.4 percentage points more likely than white renters to state that they experienced discrimination; black owners were 1.5 percentage points more likely than white owners to state they experienced discrimination (results are not shown but are available upon request from the authors). Research based upon national-level audit data from the 1989 Housing Discrimination Study (HDS) reveals that the net incidence of discrimination, with respect to the number of units available, is 23.3% for black renters and 19.4% for black owners (Yinger 1995:34). As stated earlier, in the Washington metropolitan area, data from audits conducted in 1997 by the Fair Housing Council of Greater Washington reveal that blacks were discriminated against 44% of the time when they attempted to rent and 33% of the time in their efforts to buy homes. Based upon the evidence from these two audit studies, it is evident that the self-reports of discrimination that are obtained in this study likely underestimate the true levels of discrimination that exist in the housing market.

friends, and neighbors about their encounter with discrimination but decided to take no legal action. The results for whites are similar to those for blacks, even though fewer whites said they experienced racial discrimination in their efforts to obtain a home or secure financing.

Why did the majority of blacks fail to take legal action even though they experienced discrimination? About 30% reported that they did not have the time; 20% did not have the funds; and 17.3% did not know where to file a complaint. Approximately 50% of blacks reported that they did not think anything would come of filing a complaint or a lawsuit.<sup>13</sup> Fifty percent of whites felt the same way. This clearly suggests a lack of confidence in the administrative and legal systems that are in place presumably to protect those subject to racial discrimination, but the small sample size of the sample that failed to take action suggests the need for further research into this issue. Such a lack of confidence could be grounded, in part, in the fact that between 1989 and 1997 less than six percent of complaints filed with HUD, that were not settled, resulted in a charge of discrimination against the respondent (Schill and Friedman 1999:66).

The final set of characteristics examined in Table 1 focuses on respondents' views on whether whites and non-whites with similar incomes experience equal opportunity in the housing market and their opinions regarding the extent to which racial disparities generally reflect unequal opportunities or different levels of effort on the part of various racial groups. While about 58% of

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<sup>13</sup> Respondents could choose more than one reason. Therefore, in Table 1, the sum of the percentages of the reasons for taking no legal action could exceed 100%.

whites believe that whites and blacks have the same choices and opportunities in the local housing market, only 16.1% of blacks feel the same way. A similar disparity exists between whites and blacks in their beliefs about the housing opportunities available to Hispanics as compared to whites. These findings are consistent with previous research (Kluegel and Smith 1986; Blauner 1989; Sigelman and Welch 1994).

Consistent with expectations derived under the racial discrimination perspective, blacks were significantly more likely than whites to agree with the opinion that generations of slavery and discrimination have created conditions that make it difficult for blacks to experience upward mobility. Whites, however, are no more or less likely than blacks to believe that the reason racial inequality exists is because blacks do not try hard enough to be as well off as whites.<sup>14</sup>

In summary, a number of key findings emerge from our descriptive analysis of respondents' experience with residential segregation in the Washington, D.C. metropolitan area. Various aspects of the housing search differ between whites and blacks. Blacks are significantly less likely than whites to obtain their first choice of housing units they visited and are, perhaps as a result, significantly less likely than whites to be satisfied with their residential

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<sup>14</sup> It should be noted that only two questions were asked to generate these responses, each of which posed a scenario, in which respondents were asked to agree or disagree with the following statements: 1) "It's really a matter of some people just not trying hard enough; if blacks would only try harder they could be just as well off as whites." 2) "Generations of slavery and discrimination have created conditions that make it difficult for blacks to work their way out of the lower class."

circumstances. Blacks were significantly more likely than whites to encounter discrimination and know others who have experienced it. Interestingly, however, out of the 10.9% of blacks who reported that they experienced discrimination within the housing market, more than 90% did not take legal action, and one of the key reasons for not doing so was because they thought that nothing would come of it.<sup>15</sup> Finally, whites are significantly more likely than blacks to believe that there is equal opportunity within the housing market for whites and minorities. Such attitudes make it more difficult to combat the discrimination that exists against minorities within the housing market.

Although the results in Table 1 are quite informative with respect to the experiences that whites and blacks have within the racially segregated housing market in Washington, D.C. and nearby suburbs, the descriptive analyses do not control for the socioeconomic and demographic differences that exist between the two groups. Table 2 reveals such differences. As might be expected, blacks are significantly less likely than whites to own their homes, have a household income above \$75,000, have a college or graduate degree, and live in the suburbs. In addition, blacks are more likely than whites to have a household income of less than \$30,000. A question that arises is whether, after taking into account the differences that exist between whites and blacks on these

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<sup>15</sup> About 93% of blacks neither filed a complaint nor filed a lawsuit. The reason this number is slightly lower than the two percentages presented in Table 1 is because of the missing values present for each of the variables that are deleted when examining the joint distribution.

socioeconomic variables, race continues to play an important role in the experiences of residents within the area’s housing market.

Table 2: Race Differences in Socioeconomic & Demographic Characteristics of Respondents (Weighted)

Characteristics	Percentage:	
	White	Black
Homeowner	68.59**	56.54
Length of stay in current neighborhood (mean years)	14.44**	13.28
Income		
less than \$30,000	14.71**	25.91
\$30,000 but less than \$75,000	43.00	47.61
\$75,000 or more	42.29**	26.49
Education:		
Less than high school	2.28**	9.30
High school graduate and some college	33.75**	59.66
College or graduate degree	63.97**	31.04
Age (mean)	47.95**	44.65
Living in the suburbs	90.32**	66.67

†p<=.10; \*p<=.05; \*\*p<=.01

Table 3 on page 26 reports the results of logistic regression models that address this question. Column 1 of Table 3 reveals that race continues to be salient with respect to respondents’ abilities to obtain their first choice housing unit when they were searching for their current home. Blacks are .6 times as likely as whites<sup>16</sup>—about half as likely—to obtain their first choice housing unit,

<sup>16</sup> We transformed the coefficient in the table (i.e., -0.5005) to an odds ratio (i.e.,  $e^{-0.5005}=0.61$ ) in order to arrive at such an interpretation of the results.

even after controlling for differences in income, education, housing tenure, length of stay in the current neighborhood, age, and their place of residence.<sup>17</sup> These results suggest that discriminatory forces are at work in limiting the ability of blacks to realize their mobility expectations and plans, consistent with the racial discrimination perspective.

Columns 2 and 3 reveal that blacks were no more or less likely than whites to either use a real estate agent or family and friends as sources of information in their search for housing, consistent with the descriptive results. Column 4 shows that blacks are no more or less likely than whites to be satisfied with their residential environment after controlling for socioeconomic and demographic characteristics. These results are consistent with the economic argument. Nevertheless, given that blacks have lower incomes and far less wealth than whites, the unadjusted results for these variables still indicate that blacks and whites have very different experiences which may well warrant new policy initiatives, as discussed below.

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<sup>17</sup> Controls for wealth and credit history are not included in the model. Therefore, it is possible that the effect of race is larger than would be the case with such controls. However, the model is not restricted to owners. Because blacks are significantly more likely than whites to be renters (see Table 2), it is unclear if the effect of race is indeed overstated.

Table 3. Logistic Regression Coefficients of Models Predicting Housing Opportunities, Experiences, and Attitudes about Housing Equality (Weighted)

Variables	Got first housing choice (1)	Used real estate agent (2)	Learned from family/friends (3)	Satisfied with neighborhood (4)	Experienced discrimination in housing or financing (5)	Family/friend experienced discrimination in housing or financing (6)	Blacks and whites have the same choices in housing (7)
Black	-0.5005* (0.2040)	-0.0091 (0.2088)	0.2286 (0.2077)	-0.1915 (0.2103)	1.8569** (0.4014)	1.5083** (0.2480)	-2.1536** (0.2308)
Homeowner	0.4113† (0.2128)	1.8795** (0.2367)	-1.0374** (0.2107)	0.2980 (0.2187)	-0.7146† (0.3911)	0.0719 (0.2614)	0.7826** (0.2238)
Length of stay in current neighborhood	-0.0150† (0.0082)	0.0116 (0.0079)	-0.0096 (0.0083)	0.0055 (0.0091)	-0.0167 (0.0194)	0.0082 (0.0102)	-0.0172* (0.0081)
Age	0.0319** (0.0071)	-0.0116† (0.0069)	0.0223** (0.0067)	0.0207** (0.0068)	-0.0070 (0.0137)	-0.0248** (0.0090)	-0.0119† (0.0067)
Income \$30,000 but less than \$75,000	0.2541 (0.2309)	-0.0007 (0.2397)	-0.4621* (0.2238)	-0.0872 (0.2330)	0.6811 (0.4736)	0.3240 (0.2975)	-0.7886** (0.2375)
\$75,000 or more	0.2952 (0.2603)	0.4441† (0.2525)	-0.6536** (0.2529)	0.3884 (0.2767)	0.3188 (0.5667)	0.3118 (0.3339)	-0.6744** (0.2549)
College or graduate degree	0.3455† (0.1974)	-0.0318 (0.1917)	0.1918 (0.1960)	0.5980** (0.2051)	0.6543† (0.3807)	0.7708** (0.2515)	-0.3603† (0.1955)
Lives in suburbs	-0.2273 (0.2536)	0.1717 (0.2641)	-0.0893 (0.2450)	-0.1627 (0.2584)	0.2918 (0.4472)	-0.1463 (0.2835)	0.2382 (0.2696)
Intercept	-0.3848 (0.4043)	-1.5827** (0.4451)	-0.7232† (0.4087)	-0.0961 (0.4086)	-3.9592** (0.8100)	-2.0576** (0.4999)	1.1817** (0.4261)
Model Chi-Square	53.17**	115.02**	56.22**	45.94**	37.92**	56.90**	146.47**
df	8	8	8	8	8	8	8
N	692	627	627	707	715	715	646

†p<=.10; \*p<=.05; \*\*p<=.01

NOTE: Standard errors are in parentheses.

The results in columns 5 through 7 all reveal support that is consistent with the racial discrimination perspective.<sup>18</sup> Columns 5 and 6 reveal that blacks are significantly more likely than whites to report that they, or someone they know, have experienced discrimination in their efforts to obtain housing or mortgage financing. Finally, column 7 reveals that blacks are significantly less likely than whites to believe that blacks and whites have the same opportunities within the housing market.

These findings support the hypothesis that racial discrimination persists and is at least one of the factors that contributes to the segregation that exists in the Washington metropolitan area's housing market. Coupled with the findings of the audit studies conducted by the Fair Housing Council of Greater Washington, the results here suggest a number of directions for policy initiatives to ameliorate discrimination and segregation in urban housing markets.

### **Policy and Research Implications**

Black home-seekers simply do not enjoy the same opportunities as whites in the Washington, D.C. area. Their priorities for neighborhood amenities differ from whites in part because they are more dependent on the provision of public services due to the fewer private resources they command. Blacks are far less likely to obtain their first choice when they are in the housing market. But even

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<sup>18</sup> It should be reiterated that the racial discrimination perspective maintains that discriminatory private practices and public policies, and the individual-level prejudices and stereotypes upon which they are based, are primarily responsible for the formation of racial and ethnic ghettos and for the persistence of segregation in urban housing markets.

when they believe they have been victims of discrimination, they are unlikely to take legal action, in large part because they believe such action would be futile. And one reason these conditions persist is because the majority of whites, compared to less than one-sixth of blacks, believe equal opportunity prevails in the housing market, at least for blacks and whites with similar incomes. These findings suggest a number of policy initiatives.

### **Community Reinvestment**

The greater importance blacks place on such neighborhood amenities as proximity to public transportation and public services in general reinforces the importance of public investment in basic services. Such investment improves the quality of life for all residents, increases the attractiveness of local communities to private business aiding economic development efforts, and helps ameliorate racial disparities on several quality of life measures. Some progress has been made along these lines as indicated by the “new urbanism” and “smart growth” experiments to improve public transportation and encourage job growth on mass transit lines and the growing population in recent years of many cities that had been losing population for decades (Grogan and Proscio 2000; Glaeser and Shapiro 2001; Bullard 2001).

At the same time, public investment must be complemented by private investment (Goldsmith and Blakely 1992; Squires 1994). The federal Community Reinvestment Act (CRA), passed in 1977, prohibits redlining and requires federally chartered depository institutions to affirmatively ascertain and be responsive to the credit needs of their entire service areas, including low- and

moderate-income areas. According to the National Community Reinvestment Coalition, this statute has led to more than \$1 trillion in new private investment for community development (Silver 1999). But the CRA applies only to depository institutions (e.g. banks, savings and loans), and these account for less than half of all mortgage loans in today's market. Independent mortgage banks, insurance companies, and other financial service providers account for an increasing share of housing finance and are not covered by the CRA. Enactment of the Community Reinvestment Modernization Act (HR 865), introduced by Congressmen Tom Barrett (D-WI) and Luis Gutierrez (D-IL) in 2001, would expand the CRA to independent mortgage banks and create comparable community reinvestment obligations for insurance companies, securities firms and other financial service providers.

Such "place based" approaches can ameliorate segregation in two general ways. First, by reinvesting in distressed neighborhoods those areas become more desirable places to live and property values increase. This increases the chances for residents (or at least homeowners) in these neighborhoods to move, if they should so desire. Second, revitalizing previously distressed neighborhoods would encourage greater socio-economic diversity, particularly if those communities offered amenities like proximity to downtown offices, cultural attractions and other traditionally appealing aspects of city life.

## **Enforcement**

These findings clearly reinforce calls for more effective enforcement of fair housing laws. One important step would be to increase the use of paired testing

along the lines carried out by the local Fair Housing Council. There is some evidence that where testing is employed, enforcement agencies secure larger settlements for complainants (Fix and Turner 1999). Most, but not all, fair housing and fair lending agencies utilize this investigative technique.

A second step would be for HUD to make greater utilization of Secretary initiated systemic investigations. By law HUD is required to investigate each complaint it receives. But the processing of even large numbers of individual complaints is not necessarily responsive to the broader, institutionalized practices of discrimination. Those practices could be more effectively targeted by carefully developed Secretary initiated complaints.

## **Education**

At the same time, HUD and private housing providers could more effectively educate the public about its rights under the law. Many protected class members may not realize that HUD is obligated to investigate each complaint it receives, or that the agency will provide complainants representation if the case is taken before an administrative law judge. In other words, processing such complaints would not cost plaintiffs anything. HUD already works with several state and local agencies and private housing providers on a range of initiatives. But the message is not getting through as effectively as it should. Perhaps public and private authorities should work more closely with faith-based organizations to deliver this message. The church has long been a vital part of civil rights initiatives in the black community. Today churches are increasingly active on a

range of community development initiatives. No doubt, their congregants could benefit from such efforts.

Enforcement and education can be mutually reinforcing. High visibility cases not only provide remedies for the immediate victims, but others hear and read about them. As residents become more informed about and confident in available law enforcement agencies and remedies, the more they will utilize those tools. As more people in more communities become informed about the prevalence of discriminatory housing practices, disparities between blacks and whites in their perceptions of the extent to which equal opportunity prevails will likely ameliorate. This, in turn, would lead to broader support for stronger enforcement efforts. Education and enforcement clearly go hand-in-hand.

### **Mobility Programs**

Another response to racial segregation has been a small number of programs designed to help low-income residents of central city neighborhoods, often in public housing complexes, move to outlying urban and suburban areas. Perhaps the best known is the Gautreaux program in Chicago, which helped 7,100 families relocate between the late 70s and 90s (Rubinowitz and Rosenbaum 2000). This led to HUD's Moving to Opportunity initiative which has assisted 4,610 low-income families relocate in five metropolitan areas including Baltimore, Boston, Chicago, Los Angeles, and New York (Johnson, Ladd, and Ludwig 2001).

The numbers of participants in these programs are quite small. Given the politically feasible level at which they are likely to be supported, they will not

substantially change indices of segregation. Another concern is that the neighborhoods left behind may lose key community leaders. But these programs appear to make a positive difference in the lives of program participants and they appear to demonstrate that, under the right conditions, low-income black residents can thrive, along with their new neighbors, in middle-income white neighborhoods.

### **Fair Share**

In order to maximize housing choice, some communities have taken steps to increase the availability of affordable housing in suburban jurisdictions where housing, in general, has been more expensive. One of the challenges confronting fair housing and affordable housing advocates has been the exclusionary zoning laws of most suburban municipalities. Restrictions on the number of multi-family housing units, minimum lot size and maximum density requirements, and front and rear setback requirements are just some of the rules that increase the cost and exclusionary nature of much suburban housing and have disproportionately limited housing options for racial minorities (Jackson 1985; Orfield 1997; Rusk 1999). A number of approaches have been taken to increase affordable housing choices and disproportionately benefit minorities in metropolitan regions throughout the nation.

After more than 20 years of litigation, legislation, and other political battles, the Mt. Laurel case in New Jersey resulted in the state requiring each municipality to develop a plan for housing their “fair share” of their community’s low-income households (Kirp, Dwyer, and Rosenthal 1995). The fair share

concept has driven other initiatives. In Montgomery County, a Maryland suburb bordering Washington, D.C.'s northwest side, new subdivisions must set aside 15% of housing units for moderate income households (Rusk 1999).

Such regional approaches offer the possibilities for some unique political alliances. Traditionally, fair housing and affordable housing community organizations have been lonely voices calling for elimination of exclusionary zoning laws and development of affordable housing throughout metropolitan areas. But in recent years, many suburban employers, unable to recruit the workers they need (in part because those workers cannot afford the housing near those suburban work sites), have become involved in affordable housing fights. Some suburban developers who would like to develop such housing, and local lenders who would like to finance these units, are also beginning to see how their financial interests are undercut by exclusionary suburban zoning laws. At least some members of these various groups have begun to work together to change local and state zoning laws in order to provide for more units of affordable suburban housing (Squires, O'Connor, Grover, and Walrath 1999).

### **A Modest Research Agenda**

Two findings stand out from this survey: 1) the disparity in the percentage of blacks and whites who were able to secure their first choice when they moved in to their current home and 2) the share of respondents who did not take any legal action after they believed they had been victims of racial discrimination because they thought nothing would come of it.

Further research into the question of why no legal action was taken should include in-depth qualitative interviews with white and non-white home-seekers and particularly those who believed they had experienced unlawful discrimination in the housing market. Respondents should be asked questions like the following: if they believed nothing would come of legal action, was that a result of their own previous experience or information they received from others; did anyone ever advise them of their rights under the law; would they have acted differently if they knew HUD would investigate their case at no cost to them; were they angry, hurt, shamed, intimidated or otherwise affected by the discriminatory treatment; if they spoke to an investigator with a fair housing enforcement agency or a private attorney, what kind of advice and information did they receive; and would they respond differently today?

The fair housing investigative process itself needs to be better understood. How decisions are made to pursue some cases and “no-cause” others and how aggressively different cases are pursued remain unclear. Participant observation techniques, personal interviews, and focus groups could be utilized to get inside HUD’s Office for Fair Housing and Equal Opportunity, the Housing and Civil Enforcement Section in the Civil Rights Division of the U.S. Department of Justice and other fair housing and fair lending enforcement agencies. Several questions should be explored including the following: what would an adequate budget consist of to do the job that is required by current law and regulations; to what extent, if at all, do politics—particularly the lobbying of interest groups and friendly elected officials—influence decisions to pursue certain kinds of cases

(e.g. race, gender, age, handicap) and not pursue others; are there pressures to close cases with no-cause findings in order to reduce backlogs; are incentives offered to investigators if larger settlements are reached; if new case law can be established, does that affect the treatment of a case; and how accurate is the information given to potential complainants when they contact the agencies? Complainants should also be interviewed to develop a more comprehensive understanding of the investigative process.

Closing these racial disparities may well require broad based macro-economic restructuring, increasing the human and social capital of racial minorities, educating all segments of the population about the opportunity structure confronting different groups, and other societal changes. But the often mundane details of how people react to adverse experiences they encounter in the housing market and how the relevant law enforcement agencies work constitute critical parts of urban housing markets which need to be better understood to ameliorate those disparities.

### **Conclusions—Making Race Matter Less**

Matters of race and practices of racial discrimination continue to be salient elements of the housing market and of neighborhood life generally in Washington, D.C. and in urban communities around the nation. Preferences and economic circumstances play a role. But it is difficult to disentangle the choices people make and the circumstances they find themselves in from attitudes and practices that have long been, and continue to be, grounded in the dynamics of race. Consequently, current research and policy debates often take on a rather

polarizing character. Should the focus be on race specific or universalistic policies? Should the target be people or places? In fact, it is not as easy (as much current debate suggests) to separate policy choices along these dimensions. And where specific policies appear to fit one label more closely than another, it also appears that each approach may be necessary. A few examples will illustrate these complexities.

Urban revitalization strategies are, arguably, universalistic. Improving schools, hiring police, repairing the roads should benefit entire communities, assuming these improvements are not explicitly racially gerrymandered as has often been the case historically. But in the minds of many, “urban” means black. And even when such stereotypes do not hold, given the reality of racial segregation, these “universalistic” strategies clearly disproportionately benefit non-whites. Affirmative action, arguably a race specific strategy, can benefit an entire community by enabling it to draw from the entire stock of human capital and not just those who have been privileged in the past.

Place-based strategies (e.g. creation of empowerment zones, implementation of community reinvestment agreements) obviously benefit those households that live in the target area receiving the resources—households that are usually considered the appropriate beneficiaries of public policy. Mobility programs that are directed to specific types of families (i.e. pro-people strategies) can benefit entire metropolitan areas by reducing the concentration of poverty and the many metropolitan-wide social costs associated with uneven development (e.g. policing and security costs, political unrest, declining social

capital). Each of these tools, and more, has a place in what Christopher Edley Jr. has referred to as “the opportunity agenda” (Edley, Jr. 1996:46). And each has a role in expanding housing opportunities specifically as well as in enhancing the overall quality of neighborhood life for racial minorities in urban communities.

One of the researchers who participated in Russell Sage’s recent multi-city study of urban inequality concluded that, “Race is woven into the fabric of residential and industrial location choices, of hiring and wage determination, and of the human perceptions that underlie all these processes” (O’Connor 2001:28). If this is the reality today, it is a reflection of policy choices that have been made. And this fabric can be unraveled with different policies. Racial segregation is not inevitable. It is clearly a fact of urban life, but it is not a healthy feature of cities and metropolitan areas. And it is not something a willing community must tolerate in perpetuity.

## **APPENDIX**

### **Examples of Discriminatory Practices in the Washington, D.C. Housing Market**

#### **Home Purchase**

In Silver Spring, Maryland, a real estate agent recommended that a black tester consider looking in Prince George's County, even though she asked to look at homes in Silver Spring. The previous day a white tester had met with the same agent, who only discussed opportunities in Silver Spring.

In McLean, Virginia, a Latino tester was required to give his social security number so the agency could investigate his credit before showing him any homes. When he refused, the broker came in and explained that it was the agent's first day on the job so she may have been rude in her approach—but that the tester still needed to be pre-qualified. The previous day the white tester had met with the same agent and he was shown three homes without any mention of pre-qualification.

In Laurel, Maryland, a black tester was informed by a real estate agent that the tester needed to meet with a mortgage lender before the agent would show homes. On the same day, a white tester was shown two homes without pre-qualifying. In addition, the white tester was steered to Howard County over Prince George's County, with claims by the agent that Howard County has better schools, lower taxes and better resale value than Prince George's County.

## **Rental**

A Latino tester inquired about one-bedroom apartments at a building in Northwest Washington, D.C. He was told there was only a two-bedroom apartment available at this building but he should check out another building that might have some available. A white tester, less than an hour later, met with the same agent and was told about an efficiency apartment available and was offered one month free rent if he signed a 12-month lease.

A black tester was quoted a rate of \$675 per month for a one-bedroom apartment in a building in Northwest Washington, D.C. One hour later, a white tester was quoted \$625 per month for the same apartment.

A black tester visited an apartment complex in Rockville, Maryland and was politely shown a model apartment and given basic information about the apartments. Fifteen minutes later, a white tester visited the same complex and was shown three actual apartments in addition to the model apartment. The white tester was also offered one month free rent if he signed a 12-month lease.

## **Lending**

A Rockville, Maryland lender advised a black tester that the lender does not make loans to first time homebuyers. The same lender met with a white tester, also posing as a first time homebuyer, who was given an appointment and encouraged to apply for the mortgage loan.

A black tester was steered to an FHA loan by a Greenbelt, Maryland lender, who thought the loan would be best for the tester because FHA allows a lower down payment and is more lenient on credit issues. This was after the

black tester informed the lender that her credit was good and she had enough money for a 10% down payment. The white tester was informed by the same lender that she could save about \$21,000 over 30 years with a conventional loan versus an FHA loan.

A Rockville, Maryland loan officer informed the black tester that the loan officer could not offer much information until the black tester consented to having his credit report pulled—that way, the loan officer would know what loans the tester could qualify for. The same lender offered the white tester detailed information about the loan products with no mention of pulling a credit report.

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