

URBAN RENEWAL, HOUSING AND DISCRIMINATION IN LARGE URBAN POVERTY AREAS

Daniel Singer and Norman Walzer*

Overview

One of the most disturbing aspects of American Life over the past three decades has been the persistent growth of urban slums and ghettos in the midst of an increasingly affluent society. The continued deterioration of the urban environment during this period has provided a focal point for social and governmental concern. This concern has been reflected in legislation designed to eliminate urban blight.

The development and implementation of urban renewal legislation has generated more controversy than warranted by the apparent achievements of these programs [1, pp. 31-38]. Indeed, the conflict surrounding urban renewal programs has reached such an extent that the disputes themselves threaten the effectiveness of the programs [1, Ch. 13]. Much of this conflict arises from the fact that although billions of dollars have been channeled into urban renewal projects, very little knowledge is available with respect to the impact of such projects on the affected members of the community.

This paper reports an attempt to examine one dimension of the urban renewal program and thus offer more insight into the impact of these programs. An important element in the urban renewal controversy involves the fidelity with which the participating institutions have pursued the espoused goals. In general, it has been charged that urban renewal has been used for purposes other than those indicated in the enabling legislation, viz., the realization "as soon as feasible the goal of a decent home and suitable living environment for every American family."¹ Two particular criticisms are that urban renewal has been used as a vehicle to further minority-group discrimination [2, Ch. 1-4 and 7, pp. 537-557] and that it has been used to advance the interests of the wealthy [2, Chs. 2, 7; 1, Chs. 5, 7]. An investigation of these charges requires a detailed study of the impact of urban renewal activities and a close examination of the results actually achieved by the projects.

The data necessary to validate or refute such charges are simply not available. However, a special tabulation of census tracts undertaken by the Bureau of the Census in 1967 makes it possible to approximate the characteristics

*Department of Economics at Western Illinois University.

¹Housing Act of 1949, as amended, Housing Goals (Washington: U. S. Government Printing Office, 1969), Section 1.

of the population in those areas selected for large urban renewal projects in major metropolitan areas. This tabulation identifies the census tracts in poverty areas whose character was substantially altered by urban renewal activities between 1960 and 1967.

The findings of this study indicate that housing in those areas selected for large-scale urban renewal was of significantly poorer physical quality than comparable areas not selected. Moreover, a statistical analysis failed to reveal discrimination and/or improper profit-seeking activities as significant factors employed in the selection of these urban renewal sites. While this study does not provide conclusive evidence that racial bias or the profit incentive in the urban renewal program was not an influential factor in implementing urban renewal activities, the findings of this paper would place the burden of proof on those who make such claims.

Goals and Urban Renewal Legislation

Although federal interest in the urban environment expressed itself in legislation as early as 1892, a substantive effort to solve this problem was not forthcoming until the darkest days of the great depression.^{2, 3} Widespread economic hardship in the 1930's generated sufficient political pressure to overcome the American predisposition against expanding the powers of the Federal Government in traditional local government matters and resulted in the Housing Act of 1937 (Wagner-Steagall Act) [10, pp. 15-16]. This first slum-clearing effort consisted of dismantling offensive slums and replacing them with publicly subsidized housing. It was hoped at the time that a real start would be made in the direction of "wiping out . . . city slums."⁴

Popular dissatisfaction with the public housing program, the accelerating spread of urban blight, and fears of a depression in the post war period led to a political climate favoring a further expansion of Federal Government activities in this area. After considerable controversy, a bipartisan coalition introduced legislation that eventually became the Taft-Ellender-Wagner Bill, the Housing Act of 1949.⁵ Although this law included provisions modifying earlier legislation concerning public housing and mortgage insurance, its basic thrust supported a comprehensive urban renewal program directed at slum clearance and land redevelopment. The Housing Act of 1949 represents the first effort by the Federal Government to eliminate slums and blight in some manner other than a house-by-house basis.⁶

²Congress approved \$20,000 to investigate slum conditions in New York City, Philadelphia, Boston, and Baltimore.

³A good account of legislation preceding the National Housing Act of 1937 can be found in [5] and [13].

⁴New York Times, September 3, 1937, p. 16, Col. 3.

⁵For an excellent history of the urban renewal law, see [6, pp. 635-84].

⁶HUD: What it is, What it does, Department of Housing and Urban Development (Washington: U. S. Government Printing Office, 1968), p. 4.

Although the 1949 Housing Act is a complex, multi-faceted program, it does contain a set of fairly specific goals:

The Congress hereby declares that the general welfare and security of the Nation and the health and living standards of its people require housing production and related community development sufficient to remedy the serious housing shortage, the elimination of substandard and other inadequate housing through the clearance of slums and blighted areas and the realization as soon as feasible of the goal of a decent home and suitable living environment for every American family, thus contributing to the development and redevelopment of communities and the advancement of the growth, wealth, and security of the Nation.⁷

Section 2 of this Act specifically discusses urban renewal activities and states that:

. . . appropriate local public bodies shall be encouraged and assisted to undertake positive programs of encouraging and assisting the development of well planned, integrated residential neighborhoods, the development and redevelopment of communities, and the production, at lower costs, of housing of sound standards of design, construction, livability, and size for adequate family life. . .⁸

The Housing Act of 1949 continues to be the basic law of the land with respect to urban housing conditions, but over time, a number of amendments have reinforced the original broad goals.⁹

The goals of this legislation must be achieved within a number of stringent constraints.¹⁰ Foremost among these restrictions is the fact that any program under this legislation can be brought into being only with the consent of "appropriate local public bodies" and only through the market mechanism provided by private enterprise--with the exception of certain types of public housing. Requiring consent and minimal support from the community was meant to guarantee both the cooperation of the local community and its commitment to the program. The enforced reliance of urban renewal authorities on the market mechanism was meant to ensure a concordance between local priorities and the goals of the program.

⁷The Housing Act of 1949, op. cit., Section 1.

⁸Ibid., Section 2.

⁹Refer to [16] and [1, Chs. 5, 6] for a running account of the specific impact of these modifications.

¹⁰The effect of these various constraints upon the actual operation of urban renewal activities is discussed in [14].

Although this legislation is relatively specific, considerable leeway is open to administrative interpretation of the program by the responsible organization at the federal level. As early as 1954, the interpretation of the legislation, first by the Housing and Home Finance Agency and later by the Department of Housing and Urban Development, was embodied in the concept of a "Workable Program" which detailed the responsibilities of the local public authority in qualifying for urban renewal funds. Although the concept of a "Workable Program" has been modified in the intervening years, it has remained remarkably unchanged in substance. One scholar has identified seven elements as consistently being an integral part of the Workable Program [10, p. 10]. These are:

1. adequate codes and ordinances for structures and use, adequately enforced,
2. a comprehensive community plan for land use and public capital development,
3. neighborhood analysis for the determination of blight,
4. administrative organization adequate to an all-out attack on slums and blight,
5. a responsible program for relocation of displaced families,
6. citizen participation in the program,
7. adequate financial resources for carrying out the above requirements.

In summary, whatever the purposes ascribed to urban renewal legislation, the actual goals of this program in general have been oriented toward the physical manifestation of urban blight and the procedure by which urban renewal activities are implemented has been structured to reinforce the emphasis on the observable characteristics of urban blight.

Characteristics of Poverty Areas

To evaluate the social and economic characteristics of the population in those tracts selected for urban renewal, one must identify the relevant universe from which such tracts are drawn. As many regions in the SMSA would obviously not qualify for urban renewal, a comparison of population characteristics in the selected tracts with those in all areas within the SMSA is meaningless. An assessment of the charges against urban renewal practices (discussed above) necessitates a comparison of the population characteristics in census tracts selected for urban renewal vis-a-vis the social and economic characteristics of the population in all census tracts potentially eligible for urban renewal.

Identification of the appropriate target area is a most difficult task since the legislation does not clearly define a slum or blighted area. Adopting a solely physical criterion for this purpose would be inappropriate because of the widely recognized fact that the urban housing crisis is a multi-dimensional phenomenon [9]. The vagueness of "slum" or "urban blight" forces any differentiation of blighted areas from nonblighted areas to be arbitrary. For the present analysis, we will consider those tracts designated according to a 1966 Bureau of the Census study as being in a central city poverty area to be the universe from

which urban renewal tracts could have been chosen.¹¹ This study, which considered the one-hundred and one SMSA's with 1960 population of 250,000 or more, first identified poverty areas.¹² Then, employing a Bureau of the Census survey of appropriate Federal, state and local agencies, it identifies census tracts whose character had been substantially altered by urban renewal activities.¹³ In all, fifty-seven census tracts in twenty-eight SMSA's were so designated.

Inasmuch as the population characteristics in central city poverty tracts differed substantially from the characteristics of those located outside the central city, and because all census tracts identified as substantially affected by urban renewal were found in the central city, the poverty tracts outside of the central city were excluded from the universe of potential urban renewal tracts for our analysis.¹⁴ The result is a universe of 3,783 census tracts in

¹¹All of the census tracts affected by urban renewal fell into this set of poverty areas between 1960 and 1967. However, the data are not available on those urban renewal activities not substantially affecting the character of a census tract.

¹²Some 20,915 census tracts and minor civil divisions in these SMSA's were ranked according to the presence of five equally-weighted characteristics. The five socio-economic characteristics used to build this poverty index were:

1. Per cent of families with money income under \$3,000 in 1959,
2. Per cent of children under 18 years old not living with both parents,
3. Per cent of males 25 years old and over with less than 8 years of school completed,
4. Per cent of unskilled males (laborers and service workers) in the civilian labor force,
5. Per cent of housing units dilapidated or lacking some or all plumbing facilities.

Those tracts falling into the lowest quartile of the index (i.e., those with the highest percentage of each characteristic) were then designated as "poor." In order to develop spatially homogeneous poverty areas, the location of each tract was studied with reference to the location of all other poor and nonpoor tracts within the urban area and certain modifications were made. A description of this process is available in "Poverty Areas in the 100 Largest Metropolitan Areas," Supplementary Reports, PC (S1)-54, November 13, 1967.

¹³The criteria used indicated that if more than 50 per cent of the 1960 census tract population were displaced as a result of clearance, rehabilitation or code enforcement such an area was described as having its character substantially altered.

¹⁴Poverty areas outside the central city were located exclusively in the South and Southwest. In the South, there was a tendency for a ring of poverty areas populated largely by whites to surround the central city poverty area, which was populated largely by nonwhites. In the Southwest, this same tendency was evident with the suburban ring of poverty areas populated largely by Spanish-surnamed whites.

the one-hundred and one SMSA's. Because of the large numbers, a sampling process was used. If the characteristics of the census tracts are assumed to be normally distributed, a random sample of 359 census tracts will ensure that the sampled means are within five per cent of the population's mean with a ninety-five per cent confidence [17, pp. 572-589]. Since the number of census tracts in poverty areas is disproportionately concentrated in large cities, a stratified random sample was necessary to insure an adequate representation of poverty tracts in smaller metropolitan areas. In order to calculate the appropriate sample size in such a situation it was necessary to know the i -th attribute sample variance [4, pp. 237-255]. The calculation of such a statistic was not feasible given the form and the volume of the data under consideration. On a priori grounds it may be expected that attribute sample variance within a city is greater in large cities than smaller cities. For this reason, a random sample of eight per cent of the "poor" census tracts in each SMSA with a 1960 population of one million or less and a twelve per cent random sample of "poor" census tracts in larger SMSA's was used. The resultant sample numbered 394 census tracts and meets the condition outlined above.

One major drawback with this method of defining the universe is that such a procedure ignores the potentially large number of smaller pockets of poverty strewn throughout the urban landscape. An additional limitation is that the characteristics of the population not affected by urban renewal activities in the designated census tracts are ignored, as are the characteristics of those affected by urban renewal activity who did not reside in the designated census tracts. Another potential weakness is that poverty defined in terms of a national aggregate may not be actual poverty when regional or local characteristics are considered. Tests conducted by the Bureau of the Census for such a bias, however, indicate that this is an unlikely possibility. Nevertheless, for all their limitations, these data allow a unique glimpse into the social and economic characteristics of the urban poor and, in particular, those urban poor affected by urban renewal activities.

A comparison of the social and economic characteristics of poverty area populations selected or not selected for large-scale urban renewal suggests that these programs, in general, reached the poorest and most poorly housed segment of the poverty population. Moreover, the racial composition of the poverty population was not a statistically significant factor in the selection of urban renewal areas. As may be seen from Table 1, median family income is significantly lower among the population subgroup affected by urban renewal. The fact that the ratio of nonwhite median family income to all median family income is not significantly different between the two population groups is interpreted to imply that urban renewal activities are not biased toward the poorest nonwhites.

Those variables reflecting physical housing conditions--percentage of dilapidated residences and percentage of bathrooms shared--indicate significant differences in the quality of housing between the two groups. Dilapidated housing is defined in the 1960 Census of Housing as follows:

Dilapidated housing does not provide safe and adequate shelter. It has one or more critical defects, or has a com-

TABLE 1: Population Characteristics in Selected and Nonselected Urban Poverty Tracts

Variable	(57 obs.)		(394 obs.)
	Selected for Urban Renewal ^a		Not Selected for Urban Renewal
Percentage of dilapidated residences	(mean)	.184*	.069
	(std dev)	.201	.051
Percentage of bathrooms shared		.361*	.194
		.236	.162
Median family income		\$3,880*	\$4,497
		1,553	895
Median gross rent per month		\$58*	\$78
		14	15
Per cent nonwhite		.415	.431
		.379	.372
Nonwhite median family income/ all median family income		.618	.630
		.578	.800

^aFrom the following SMSA's: Fresno, Los Angeles-Long Beach, San Francisco-Oakland, Hartford, Washington, Atlanta, Chicago, Kansas City, Boston, Detroit-Highland Park, Nevada, Charlotte, Cincinnati, Dayton, Portland, Beaumont-Port Arthur, Milwaukee, Louisville, New York, Utica-Rome, New Haven, Cleveland and Pittsburgh.

*Significant at one per cent level.

SOURCE: Calculated from 1960 Census of Population data.

bination of intermediate defects in sufficient number to require extensive repair or rebuilding, or is of inadequate original construction. Critical defects result from continued neglect or lack of repair or indicate serious damage to the structure.¹⁵

Approximately one of every six families in census tracts selected for urban renewal lives in such housing, a rate almost two and one-half times that of the population residing in other poverty areas. In addition, of the families residing in poverty areas subject to urban renewal, one in three had a shared bathroom or none at all (a characteristic feature of older housing). This is a rate twice that of families residing in the remaining poverty tracts. These findings indicate that the population in tracts selected for substantial urban renewal operations have substandard and inadequate housing in absolute terms as well as relative to the quality of housing in the remaining urban poverty areas.

The average gross rent per month is significantly lower in the selected areas than in the remaining poverty areas.¹⁶ These lower rents may be presumed to represent either substantially lower quality of housing in selected areas or lower incomes of those found in selected tracts.¹⁷ The implication is that housing in selected tracts has a lower economic value than housing in the other poverty areas. As such, the use of such areas for urban renewal activities will simultaneously be the most beneficial to society as well as the most profitable to resource owners, ceteris paribus. It would seem that at least some of the profits made in urban renewal speculation result from a reaction to legitimate price mechanism signals. However, the welfare implications of this situation are ambiguous without the knowledge of a Samuelson-Bergson social welfare function.

The lack of a significant difference in the per cent nonwhite between selected and nonselected poverty tract populations was interpreted to imply that this factor was not a major factor determining the location of urban renewal activity. Because of the limitations in the data, this finding does not preclude the possibility that urban renewal has been used to further de facto discrimination. However, this result does indicate that the issue is not as one-sided as some have suggested [2, pp. vii-xix].

The conclusion which may be drawn from the characteristics presented in Table 1 is that large-scale urban renewal projects, insofar as they are confined to urban poverty areas, have been placed in areas consistent with the proclaimed goals of urban renewal legislation. Moreover, the data do not indicate that

¹⁵U. S. Census of Population and Housing: 1960, Census Tracts, PHC (1)-3, p. 6.

¹⁶The phenomenon has already been widely noted [15, p. 95].

¹⁷An alternative argument may be made that the direct benefits accruing to those affected by urban renewal activities will be larger if rents are higher [3, pp. 425-438].

racial discrimination or illicit economic gain was a statistically significant factor in selecting housing for urban renewal.

Regression and Probit Analysis

Methodology

In order to more rigorously examine the charges against large-scale urban renewal activity multivariable regression techniques were employed to predict whether or not a particular census tract had been chosen for urban renewal based on its physical, social and economic characteristics.¹⁸ Two problems complicate this mode of analysis. The first concerns the homoskedasticity assumption of classical least-squares regression analysis. Obviously with a dichotomous dependent variable this condition is not met. A second problem concerns prediction. The dependent variable ranges from 0 to 1; the predicted value of Y is a point on a straight line and its range may be from $-\infty$ to $+\infty$.¹⁹

Several options exist for dealing with these problems. First, the dichotomous regression problem can be treated as an ordinary linear regression problem. The "... conditional expectation of y given the x's may be interpreted as the conditional probability that the event will occur given the x's."²⁰ Another possibility involves the use of probit analysis and its maximum likelihood estimation techniques.²¹ The approach followed in this paper was to apply least-squares regression techniques to the problem, recognizing the limitations, and then use multivariate probit analysis as a check on the results.²²

Regression Results

The regression coefficients and standard errors are presented in Table 2. Particular attention is focused on the signs and significance of the variables which can shed light on the criticisms of urban renewal which have been discussed above. The per cent nonwhite in the tract does not show up statistically as being a significant "determinant" of whether a particular tract was selected

¹⁸The form of the regression involved a dichotomous dependent variable: $y = 1$ if chosen for renewal; $y = 0$ if not chosen.

¹⁹For a discussion of these problems, see Kmenta [12].

²⁰This technique is described by Goldberger [8, p. 249] as the "linear probability function."

²¹Goldberger [8, pp. 250-51].

²²This decision was based on the familiarity of researchers in the social sciences with regression techniques and the relative unfamiliarity with probit analysis which has been used quite frequently in the biological sciences.

TABLE 2: Regression Results

Variable	Coefficient	Standard Error
Percentage nonwhite	.0327	.042
Percentage dilapidated	.6037*	.116
Percentage with bath shared	.3487*	.076
More than one person/room	-.4012*	.164
Percentage moving into unit from 1958-60	-.0819	.123
Gross rent	-.0005	.001
Constant = .085	F Ratio = 11.318	
D. F. = 445	Coeff. of Mult. Correlation = .57	

Dependent variable = 1 if selected for renewal; 0 if not selected.

*Significant at 5 per cent level (two tail test).

for urban renewal. This, of course, does not rule out the possibility that within the census tract the specific sites or buildings which were selected for renewal were occupied predominantly by nonwhites. Currently, the most detailed data unit is the census tract.

The percentage of homes classified as dilapidated and the percentage with shared or no bathrooms are both positively related to changes in the dependent variable. These results are consistent with the observation that removing physically deteriorated buildings is an important objective of urban renewal programs.

The measure of density is negatively associated with changes in the dependent variable. One rationalization for this result is that the housing selected for renewal is so inadequate that even the poor are reluctant to inhabit these buildings. Thus a lower population density would be associated with a greater likelihood of a poverty area tract being selected for renewal.

The coefficient of gross rent carried the expected sign but was not significant at the 5 per cent level. One explanation may be that the variations in the rents among census tracts in poverty areas are so small that they are not detected in the regression analysis.

Probit Analysis²³

The results obtained from the probit analysis are quite consistent with those reported above with the exception of gross rent. This variable was found to be significant using the latter technique. This would suggest that tracts with higher rents were less likely to have been selected for renewal. If the housing market were operating efficiently, higher rents would be found in areas with the better housing. In the absence of more detailed data, it may be assumed that the forces of supply and demand operate within these poverty areas and that this negative relationship is consistent with the possibility that renewal administrators are choosing the poorest (lowest rent) housing for urban renewal.

Among those variables neglected in this study, perhaps the most significant fall into the "real politic" category. City, state, and federal officials vie with each other in using urban renewal as a vehicle to achieve their goals. Political relationships among interest groups within the city, between city and state officials, and among city, state, and federal officials play a role in deciding who shall receive urban renewal funds and how they shall be used. A priori, the size of this role or its nature cannot be evaluated. The nature of this study is such that no apparent method of assessing this role or its direct impact on the urban renewal process exists. At the same time, no consistent bias is known to have been introduced by the omission of variables reflecting the interplay of these forces.

²³Because of space limitations the maximum likelihood estimates and standard errors have not been presented here.

Summary and Conclusions

At the outset, this paper was described as an attempt to shed light on two major charges against urban renewal--that it has been used as a vehicle for minority group discrimination and as a device for furthering the interests of the already well-to-do. The limited findings of this paper do not support the first of these criticisms. No statistically significant difference was observed between the percentage of nonwhite in the census tracts chosen for renewal and those not chosen. Further, the lack of discrimination in the urban renewal selection practices was supported by the absence of a statistically significant relationship between this variable and the selection of a census tract in either the regression or probit analysis. These findings are, of course, subject to the limitations outlined above.

With respect to the second charge, the results of the analysis are less clear. Part of this uncertainty arises from the ambiguity of the charge involving illicit profiteering. The examination of gross rents suggests that, for whatever reasons, the housing units selected for urban renewal were generally those least desirable and of the lowest economic value.

In conclusion, it may be said that the population and housing characteristics of those poverty area census tracts which were chosen for large-scale urban renewal were not consistent with the charges made against urban renewal activities. The analysis, of course, does not disprove these allegations, but does raise questions with regard to them.

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