

HOUSING DISCRIMINATION IN URBAN LOW-INCOME AREAS

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During the past decade one of the more actively researched questions involves discrimination and housing expenditures in urban areas. Specifically, whether blacks and other minority groups pay more for housing than whites has been considered. For the most part, attention has focused on the notion that blacks and those in poverty are relegated to areas with low quality housing--slums and ghettos. The argument is that by restricting the housing available to minority groups, they are forced to pay more for housing of inferior quality [1].

Although the existence of discrimination within the metropolitan area has been studied in great depth, very little attention has been paid to the question of discrimination within the slums and ghettos. In particular, this paper reports on the regional distribution of housing expenditures in ghetto areas, by population subgroup, within a sample of 42 selected urban low-income areas. The specific cities studied are indicated in the Appendix. Interracial discrimination within the slums was not found consistently in any of the regions examined in this study.

Prior Empirical Research

Research on the discrimination question has been largely inconclusive. Kain and Quigley, on the one hand, observed that:

Evaluation of the diverse empirical studies leads us to conclude that blacks may pay between five and ten percent more than whites in most urban areas for comparable housing [5, p. 263].

Similar results are reported by a government team while studying costs in poor neighborhoods. This group found that poor families receive less for their rent dollar than higher income families, considering the condition of the housing, heating and plumbing facilities, number of rooms, and quality of the neighborhood [2].

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Students of the housing market are by no means unanimous in this view. Bailey, in studying two Chicago southside neighborhoods, found that:

On the major question . . . whether slum-dwellers and non-Caucasians pay more than others for equivalent housing, these data not only fail to support this idea but on the contrary point to the opposite situation [1].¹

Several reasons exist for these somewhat incompatible findings. First, there may be differences among the cities studied. Metropolitan areas in various parts of the country may have sufficiently different institutional frameworks that discrimination exists in one area to a greater extent than in another. Secondly, the quality of housing is difficult to measure as is evidenced by elimination of certain measures of dilapidated housing from the 1970 Census:

. . . information on condition had been based on subjective appraisal made by the enumerator of the physical condition of the structure. Post-Census evaluation studies disclosed that the information on condition was not reliable and in 1960 was highly inaccurate as well. Furthermore, data on condition have been found to be highly inadequate and incomplete as measures of indicators of urban blight [4].

If the housing market operates efficiently, housing of better quality will command a higher price and whether or not one race or ethnic group has higher expenditures may be a function of their tastes and preferences for housing size and quality.²

There is no question but that public policy formulation is limited by the inconsistent findings presented above. The more detailed examination of housing expenditures and housing quality presented below suggests that discrimination may exist in some sections of the metropolitan area but not in others. Particular attention is paid to conditions within the poorest section

¹A somewhat similar view was expressed by Victoria Lapham based on a comparison of the prices paid by blacks and whites for common housing characteristics. A statistically significant difference between the prices paid by both groups was not found [6].

²A related issue concerns the quantity of housing purchased. If the price per unit of housing varies, expenditures will be more a reflection of the price elasticity of demand for housing. This would represent a serious problem if housing expenditures for families in slums were compared with those in wealthy suburbs. Unfortunately, data on quantity of housing purchased was not available within the resources of this study. See [7, p. 69].

of the metropolitan areas.³

Distribution of Housing Expenditures

In examining housing expenditures, the heterogeneity of both the population and housing stock must be considered. The researcher should examine the entire distribution of expenditures rather than concentrating on the mean or median. The distributions of expenditures by white and black families are presented in Table 1. These data indicate a sizeable group spending less than \$40 per month on mortgage, rent and utility (MRU) payments.⁴ The percentages in this class are noticeably higher in the case of whites but there does not seem to be much difference between the poverty group and the more affluent for either race. This may be because of older residents who own their homes and thus pay only utilities. This view is strengthened by the relatively small number of residents in the \$40-\$59 range. Apartments for a family might begin at \$60, but utility payments are unlikely to be greater than \$40. The majority of the residents pay between \$60 and \$125 per month. Black families appear to have a slightly higher concentration in the \$125-\$149 range than whites. For comparison purposes, these expenditures must be adjusted for housing quality. Unfortunately, aggregate measures of quality are not available for this sample at the present time.

For all practical purposes, \$150 is the highest monthly housing expenditure in these areas. The data do suggest a noticeable difference in the tendency for whites to be in the less than \$40 class. This percentage among the poor whites is substantially higher than for black families.

³Data used in this study are taken from CENSUS ON POPULATION: EMPLOYMENT PROFILES OF SELECTED LOW INCOME AREAS, Final Report PHC (3), Washington, 1972. Of the 51 urban SLIA's for which data are available, 9 SLIA's were eliminated from this study because of noncomparable formatting. Data on black families were calculated by subtracting data on white families from data on families of all races. These "low income" areas were selected by the Bureau of Census by updating an earlier study of census tract characteristics in large metropolitan areas. POVERTY AREAS IN THE 100 LARGEST METROPOLITAN AREAS PC (51)-54, Washington, 1967. The groups of census tracts identified as poverty areas were determined by ranking all large metropolitan census tracts according to (1) percent of families with income less than \$3,000 in 1959, (2) percent of children under 18 years of age not living with both parents, (3) percent of males 25 or older with less than eight years of schooling completed, (4) percent of unskilled males in the labor force, and (5) percent of housing units dilapidated or lacking some or all plumbing facilities. Each of these factors were then entered equally into an index, the highest fifth of which was arbitrarily designated as "poor." These "poor" census tracts were then grouped into poverty on the basis of a minimum size constraint.

⁴Data were available only for combined mortgage, rent and utility expenditures.

TABLE 1: Percentage Distribution of Mortgage, Rent, and Utility Expenditures by Expenditure Level

(42 Selected Low-Income Areas)

<u>Monthly Charge</u>	<u>White Families</u>		<u>Black Families</u>	
	<u>All</u>	<u>Poor</u>	<u>All</u>	<u>Poor</u>
Less than \$40	23.9	22.9	12.8	13.3
\$40-\$59	4.8	4.8	4.2	4.3
\$60-\$79	21.2	26.2	20.4	26.0
\$80-\$99	18.4	21.9	19.3	20.4
\$100-\$124	15.6	13.8	21.5	19.8
\$125-\$149	7.9	5.7	12.2	10.2
\$150-\$174	2.1	1.4	4.5	3.1
\$175-\$199	3.0	1.4	2.7	1.5
\$200-\$224	1.9	1.0	1.3	.6
\$225-\$249	.6	.0	.8	.6
\$250 or more	.3	.0	.3	.0

Source: Census of Population: 1970 Employment Profiles of Selected Low-Income Areas, Final Report PHC (3), Washington, 1972.

The mean MRU payments for the SLIA residents, by population subgroup, are shown in Table 2. Families with male heads, on the average, pay more than those with female heads but the difference is quite small given the variation within groups.

According to these data, blacks in all categories pay more than whites. Again, given the large standard deviations, these differences are not as startling as they first appear. An examination of the 42 SLIAs on a more detailed basis indicates that the black-white differential is not consistent. As shown in Table 3, in 32 low income areas blacks pay more than whites, but in 10 SLIAs whites either pay more than blacks or there is no significant difference. For female heads in poverty, in 26 cases blacks pay more than whites, but in 16 cases whites pay more than blacks or there is no significant difference. There is a tendency for blacks to pay more but this situation is by no means universal.

Quality of Housing

Very little can be said of housing expenditure differences without explicit consideration of housing quality. Since a comprehensive measure of housing quality was not available for the sample, other measures had to be developed. Because the percentage of dilapidated or substandard housing in an area was not available, data were gathered from a sample of census tracts on five indices of housing quality: percent lacking some or all plumbing facilities, percent lacking kitchen facilities, percent built in 1939 or earlier, percent with 1.00 or fewer persons per room, and percent with other than conventional heating or no heating.⁵ A sample of 150 census tracts was divided into those with 90 percent or more black residents, those with 90 percent or more whites, and those with 40 to 60 percent white. The contract rent and measures of housing quality for each group are presented in Table 4.

According to these measures of housing quality, with the exception of crowding, residents in black census tracts appear to have better housing than those in the white tracts. The mean contract rent paid by blacks is less than that paid by whites although the standard deviation is quite large in the latter case. In the integrated tracts the blacks pay a lower rent but the difference is not significant. However, data are not available with respect to housing quality by race of occupant within these tracts. A much more powerful test could be attempted if data on the housing conditions of individual residences were available but disclosure limitations prevent this. On the basis of this sample there is very little support for the view that blacks are being discriminated against in terms of housing quality within these low income areas. In fact, they may be obtaining better housing for their money than many whites.

⁵These measures were suggested in [4].

TABLE 2: Mean Mortgage, Rent, and Utility Expenditures

(42 Selected Low-Income Areas)

	<u>Male Head Families</u>		<u>Female Head Families</u>	
	<u>All</u>	<u>Poor</u>	<u>All</u>	<u>Poor</u>
All Races	\$83.84 (16.46) ^a	\$75.43 (16.29)	\$79.83 (17.76)	\$80.89 (18.72)
White	81.01 (16.58)	73.00 (15.90)	74.41 (16.45)	77.65 (17.72)
Black	90.19 (19.74)	81.58 (19.12)	84.56 (20.21)	83.16 (19.75)

Source: Calculated from Census of Population: 1970 Employment Profiles of Selected Low-Income Areas, Final Report PHC (3), Washington, 1972.

^aStandard deviations shown in parentheses.

TABLE 3: Comparison of Mean Expenditures on Mortgages, Rents, and Utilities in 42 Low-Income Areas

Family Group	Do Blacks Pay More Than Whites?			No Significant Difference Between White & Black Expenditures
	Black Expenditures Greater than White Expenditures	White Expenditures Greater than Black Expenditures		
Male Heads	32	7		3
Male Heads in Poverty	35	5		2
Female Heads	32	5		5
Female Heads in Poverty	26	7		9

TABLE 4: Housing Characteristics in Selected Low-Income Area Census Tracts, 1970

	<u>Black</u> <u>Census Tracts</u>	<u>White</u> <u>Census Tracts</u>	<u>Integrated</u> <u>Census Tracts</u>
Contract Rent:			
All Race	\$72.02 (14.61) ^a	\$85.24 (37.50)	\$78.23 (21.82)
Black			\$75.79 (21.49)
Percent of All Housing Units:			
Lacking Some or All Plumbing Facilities	4.7 (4.8)	9.0 (12.8)	5.3 (6.4)
Lacking Kitchen Facilities	2.7 (2.2)	8.0 (12.5)	4.5 (5.8)
Built in 1939 or Earlier	68.6 (26.2)	80.0 (23.9)	70.8 (26.4)
With 1.00 or Less Persons per Room	77.8 (7.9)	84.8 (9.1)	78.2 (9.0)
With Other or No Heating	24.7 (22.8)	24.0 (19.0)	25.5 (20.0)

Source: Calculated from sample of census tracts in 1970 Census of Housing.

^aStandard deviations shown in parentheses.

The results of the above tests suggest that even though the average rents in the predominantly white tracts are noticeably higher than in black tracts, the quality of housing seems to be poorer. Although the test is limited, it does indicate that discrimination is not commonplace in these slums. The findings of this study are based on the notion that blacks and whites residing in the slum consume housing of comparable quality or that the quality of housing consumed by blacks is superior to that consumed by whites in this market segment.

Housing Expenditure by Region

The argument throughout this paper has been that although significant black/white housing expenditure differentials may exist within the metropolitan area, interracial housing expenditures are not consistently observed in the least desirable residential areas of the city. As institutional factors may play a dominant role in determining the existence of price discrimination in the housing market, an examination of the structure of housing expenditures is undertaken in the five separate regions shown in the Appendix. This analysis is undertaken in an attempt to provide insight into the nature of those forces which result in the creation of discriminatory housing practices. Since the pricing structure in each of the five regions reflects the unique evolution of a set of institutional and economic forces, the observation of a pattern in the structure of interregional housing prices can prove suggestive of the forces contributing to the existence of discriminatory pricing practices in this market segment.

A comparison of the housing expenditures by region shown in Table 5 indicates a similar pattern of interracial housing expenditures regardless of poverty status of family head. Housing expenditures were consistently highest in the east and lowest in the South and Southwest. The largest black-white differentials among families with male heads occurred in the East and West with a smaller differential observed in Midwest and Southwest. Housing expenditures for black and white families were nearly equal in the South.

Although families with black male heads paid more for housing than white families with male heads in all regions except the Midwest (except for those families in poverty), a less consistent pattern was indicated for families with female heads. White families with female heads had higher housing expenditures in the Midwest and Southwest and lower payments in the remaining regions. A similar pattern of housing expenditures was found for poor families with female heads. For all population groups examined, the interracial housing differential was negligible in the South and greatest in the East.

Summary and Conclusions

In the research on the housing expenditures of blacks versus whites the commonly held view is that discrimination against blacks persists and they are relegated to housing of inferior quality. When the metropolitan area as a whole is considered it is true that this discrimination exists. However, an

TABLE 5: Regional Mean Mortgage, Rent, and Utility Expenditures

	<u>Region</u>				
	<u>South</u>	<u>East</u>	<u>West</u>	<u>Midwest</u>	<u>Southwest</u>
<u>All Families</u>					
Male Head:					
White	78.4	91.8	93.4	73.9	78.3
Black	78.7	110.2	110.0	83.8	83.8
Female Head:					
White	68.5	83.4	95.4	107.5	73.0
Black	70.9	103.8	108.3	80.8	70.0
<u>All Families in Poverty</u>					
Male Head:					
White	68.6	83.9	83.8	108.9	67.1
Black	69.8	102.7	93.3	76.8	72.3
Female Head:					
White	65.7	89.1	99.1	74.1	73.6
Black	67.1	101.8	106.8	76.9	67.8

Source: Calculated from Census of Population: 1970 Employment Profiles of Selected Low Income Areas, United States Bureau of the Census, Final Report PHC (3), Washington, 1972.

analysis of the conditions within the slums and ghettos indicates that blacks live in housing of at least the same if not better quality than whites and in many instances do not pay significantly more. In a large number of metropolitan areas, whites residing in the least desirable residential areas apparently pay more for comparable housing than blacks.

On a regional basis a substantial degree of variation exists with respect to housing expenditure differences by race. In the south the mean black-white differential is virtually nonexistent while in other areas (particularly the East) the interracial housing expenditure differential adds substantially to the housing costs of blacks.

The findings in this paper indicate the existence of substantial variation in housing expenditures by both city and region. Discriminatory housing prices within the low income areas however appear to be less intense than in the remaining metropolitan area. The reasons for the variations in discrimination in the housing market within a city and between cities await further research.

APPENDIX

Regional Distribution of SLIA's

South	East	West	Midwest	Southwest
Baltimore, MD	New York, NY	Los Angeles, CA	Chicago, IL	Houston, TX
Atlanta, GA	Philadelphia, PA	San Francisco, CA	St. Louis, MO	Dallas, TX
Miami, FL	Boston, MA	San Diego, CA	Milwaukee, WI	Fort Worth, TX
New Orleans, LA	Newark, NJ	Oakland, CA	Cincinnati, OH	Oklahoma City, OK
Tampa, FL	Buffalo, NY		Kansas City, MO	Tulsa, OK
Louisville, KY	Rochester, NY		Indianapolis, IN	
Memphis, TN	Jersey City, NJ		Columbus, OH	
Birmingham, AL	Bridgeport, CT		Dayton, OH	
Norfolk, VA			Toledo, OH	
Charlotte, NC			Akron, OH	
Washington, DC			Youngstown, OH	
			Omaha, NB	
			Wichita, KS	

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