

Race, Place, and Privilege:
How Policy Shapes the Opportunity Structure in Urban America

Gregory D. Squires and Charis E. Kubrin

George Washington University

The housing market and discrimination sort people into different neighborhoods, which in turn shape residents' lives – and deaths.

Bluntly put, some neighborhoods are likely to kill you.

John Logan

Real estate mantra tells us that three factors determine the market value of a home: location, location, and location. The same could be said about the factors that determine access to virtually any aspect of the good life in metropolitan America. Place matters. Neighborhood counts. Neighborhoods are not simply areas where people live, work, and play. They are, as Laura Pulido noted, “constellations of opportunities.” Access to decent housing, safe neighborhoods, good schools, useful contacts and other benefits is largely influenced by the community in which one is born, raised and currently resides. Individual initiative, intelligence, experience and all the elements of human capital are obviously important. But understanding the opportunity structure in the United States today requires complementing what we know about individual characteristics with what we are learning about place. Privilege cannot be understood outside the context of place.

A central feature of place that has confounded efforts to understand and, where appropriate, alter the opportunity structure of the nation's urban communities is the role of race.

Racial composition of neighborhoods has long been at the center of public policy and private practice in the creation and destruction of communities and in determining access to elements of the good life, however defined. Place and race have long been, and continue to be, defining characteristics of the opportunity structure of metropolitan areas. Disentangling the impact of these two forces is difficult, if not impossible. But where one lives and one's racial background are both social constructs which, on their own and in interaction with each other, significantly shape the privileges (or lack thereof) that people enjoy.

The impacts of place and race are not inevitable. If place matters, policy does as well. The uneven development of metropolitan America is a direct result of a range of policy decisions made by public officials which shape actions taken in the private and non-profit sectors. Policy decisions could be made to alter that pattern of development and some steps are being taken in that direction.

Race, Residence, and Uneven Development

“Do the kids in the neighborhood play basketball or hockey?”

Anonymous Insurance Agent

The dominant forces of metropolitan development in the post World War II years are sprawl, concentrated poverty, and segregation. Clearly, these are not separate, mutually exclusive patterns and processes. Rather they are three critical interrelated underpinnings of the uneven development of place and privilege.

The non-randomness of sprawl and concentrated poverty are most vividly reflected in the racial composition of metropolitan areas. As populations have expanded outward away from city centers and from traditional suburban communities, segregation, particularly between blacks and

whites, persist at high levels while Hispanic/white segregation has increased in recent years. Although blacks account for about 12 percent of the nation's total population and Hispanics for about 13 percent, the typical white resident of metropolitan areas resides in a neighborhood that is 80 percent white, 7 percent black, 8 percent Hispanic, and 4 percent Asian. A typical black person lives in a neighborhood that is 33 percent white, 51 percent black, 11 percent Hispanic, and 3 percent Asian. And a typical Hispanic resident lives in a community that is 36 percent white, 11 percent black, 45 percent Hispanic, and 6 percent Asian. Thus, while racial minorities tend to live in relatively diverse neighborhoods, whites remain highly isolated. If concentrated poverty declined during the 1990s, it remained higher in 2000 than in 1970 or 1980, with poor blacks three times as likely to live in poor neighborhoods as poor whites and poor Hispanics more than twice as likely to do so.

The Costs of Spatial and Racial Inequality

These patterns are not just statistical or demographic curiosities. These spatial and racial inequalities are directly associated with access to virtually all products and services associated with the good life. Sprawl, concentrated poverty, and racial segregation target a host of problems and privileges in different neighborhoods and among different racial groups. These “concentration effects” shape opportunities and lifestyles throughout the life-course and across generations.

For example, the black infant mortality rate in 1995 was 14.3 per 1,000 live births compared to 6.3 for whites. More troubling is the fact that the ratio of black to white infant mortality increased from 1.6 to 2.4 between 1950 and the 1990s. These patterns reflect, in part, uneven access to medical services. In the Washington D.C. area the affluent and predominantly

white suburb of Bethesda, Maryland has one pediatrician for every 400 children while the poor and predominantly black neighborhoods in the District's southeast side have one pediatrician for every 3,700 children. The predominantly black and Latino South Central Los Angeles community has one primary care physician for every 12,993 residents while a few miles away in the wealthy community of Bel Air the ratio is one to 214.

Education has long been regarded as the principal vehicle for ameliorating various forms of inequality and associated social problems. Yet reliance on property taxes to fund public education nurtures ongoing inequality in the nation's schools that is explicitly tied to place. Though some communities have introduced equalization formulas, wealthier communities still provide substantially greater financial support for public schools, with a lesser tax effort, than poorer ones. Given the demographics of metropolitan areas, spatial inequalities are readily translated into racial disparities. After two decades of progress in desegregating the nation's schools, it appears that progress may have come to a halt in the 1990s or perhaps even been reversed. Gary Orfield reported that in 2000 40 percent of black students attended schools that were 90 to 100 percent black compared to 32 percent of black students who attended such schools in 1988. And the share of Latino students attending schools that were 90 to 100 percent minority grew from 23 percent during the late 1960s to 37 percent in 2000.

If there is one single factor that most directly determines access to the good life, it might be employment. But unemployment among Blacks and Hispanics persists at twice the white rate and they earn approximately 60 percent of what whites make. The wealth gap is much larger with the median wealth holdings of non-white families being approximately 10 percent that of whites. Contributing to these troubles are the "mental maps" many employers draw in which they attribute various job-related characteristics (e.g. skills, experience, attitudes) to residents of

certain neighborhoods. A job applicant's address often has an independent adverse effect, beyond his or her human capital, that makes it more difficult, particularly for racial minorities from urban areas, to secure employment.

Another critical quality of life factor is access to, and cost of, financial services. In recent years a two-tiered financial services marketplace has emerged with conventional lenders (e.g., commercial banks, savings institutions) concentrated in outlying urban and suburban areas and so-called fringe bankers (e.g. check cashers, payday lenders, pawn shops) in central city neighborhoods. And they are big business. Today check cashers process approximately \$60 billion in checks annually and they charge two or three percent of the check's value generating fee income of more than \$1 billion every year. Often, however, the fringe bankers are financed by, or are partners with, mainstream financial services corporations including household names like Citibank, Bank of America, and Wells Fargo Bank.

Access to safe streets is a primary neighborhood attraction for many families. Alternatively, exposure to and fear of crime constitute major deterrents to city living among those who choose to reside in suburban and ex-urban rings. If indices of serious crime have declined in recent years, crime remains concentrated in central cities and selected inner-ring suburbs. For example, in 2000 the violent crime victimization rate per 1,000 population in urban areas was 35.1 compared to just 25.8 in suburban areas. And in 2002, for every 1,000 people, 7 urban, 4 suburban, and 3 rural residents were victims of an aggravated assault. Race enters the picture. Surveys of 12 cities in 1998 found that black residents in urban areas experienced a higher rate of violent crime than whites in a majority of cities.

More provocative is the evidence that all parts of metropolitan areas are adversely affected by sprawl, concentrated poverty, segregation, and uneven development generally.

Central city per capita income is correlated with suburban income. Consequently, as cities do well, so do their suburbs. Conversely, where city income declines, so does suburban income. And regional economies with relatively large city/suburban income disparities grow more slowly than those communities with lower levels of inequality. Once again, race enters in. According to the National Research Council, high levels of racial segregation lead to a 3 to 6 percent decline in metropolitan level productivity while increasing costs of policing a disadvantaged group that believes it has been unfairly denied opportunities.

Residence and race are inextricably linked. The tragedies surrounding Hurricane Katrina illustrate all too vividly how these costs can be so devastatingly concentrated. Unfortunately, they reflect policies and practices that long pre-date this particular incident with costs that far exceed those incurred in the Gulf Region in 2005. A depressing feature of these developments is that many of these differences reflect policy decisions which, if not designed expressly to create disparate outcomes, have contributed to them nevertheless. The upside is that if policy contributed to these problems, it likely can help ameliorate them as well.

Policy Matters

Inequality has long been explained by economists to largely be a function of varying levels of human capital that individuals bring to various markets, particularly the labor market. Human capital consists primarily of a combination of skills, experience, and education. More recently the role of culture, attitude (e.g. work ethic) and other attributes individuals bring to the market have been noted as contributing to the varying rewards people receive. But the basic model prevails whereby individual buyers (e.g. employers) and sellers (employees) enter into voluntary exchanges in the labor market with each trying to maximize their “utility.” Inequality

of place also has been explained in terms of individualistic characteristics and voluntary market exchanges. It has long been argued that individuals or households make voluntary choices, based on their financial capacity, in selecting their communities when they “vote with their feet” by moving to those areas offering the bundle of services for which they are willing or able to pay.

But individualistic models of labor market inequality have been challenged by institutional theorists in economics who identify a number of structural characteristics of those markets that impede consummation of individual, voluntary exchanges (e.g. race and gender discrimination, internal and dual labor markets, labor law including minimum wage statutes, union activity). Likewise urban scholars have noted the role of public policies and institutionalized private practices (e.g. tax policy, transportation patterns, land use planning) that serve as barriers to individual choice in housing markets and contributors to spatial inequality in metropolitan areas.

Individuals do make choices, of course, but not under circumstances of their own choosing. If suburbanization and sprawl reflect the housing choices of residents, these are choices that have been constrained for some and advanced for others by explicit public policies and private practices. Suburbia has been sold as much as it has been bought. Creation of the long-term 30-year mortgage featuring low downpayment requirements, availability of federal insurance to protect mortgage lenders, federal financing to support a secondary market in mortgage loans (e.g. Fannie Mae and Freddie Mac) which dramatically increases availability of mortgage money, tax deductibility of interest and property tax payments, and proliferation of federally funded highways created sprawling suburban communities that would not have been possible without such public largesse.

The federal government's underwriting rules for FHA and other federal mortgage insurance products and enforcement of racially restrictive covenants by the courts along with overt redlining practices by mortgage lenders and racial steering by real estate agents virtually guaranteed the patterns of racial segregation that were commonplace by the 1950s. Concentration of public housing in central city high-rise complexes (many of which are now being torn down) reinforced the patterns of economic and racial segregation that persist today. Exclusionary zoning ordinances of most suburban municipalities that created minimum lot size and maximum density requirements for housing developments (often prohibiting construction of multi-family housing) complemented federal policy.

Government policy also has encouraged the flight of businesses and jobs from cities to surrounding suburban communities and beyond. Financial incentives including infrastructure investments, tax abatements, and depreciation allowances favoring new equipment over reinvestment in existing facilities all have contributed to the deindustrialization and disinvestment of urban communities. The pursuit of lower wage and tax bills, and fewer government regulations also has encouraged the flight of business from cities and regions viewed as high cost areas to other regions of the country, and other nations altogether, that present capital with lower costs and the proverbial "good business climate." In order to "meet the competition" localities often believe it is necessary to provide incentives to businesses that they cannot afford and which undercut their ability to provide traditional public services for less privileged communities more dependent on those services.

Research has generally failed to demonstrate that these incentives encourage new investment or employment or target development to economically distressed communities. Often, incentives are offered but little effort is made to assure that the terms and conditions

recipients are supposed to meet (e.g. job creation goals) are in fact met. And frequently such expenditures are offered for development that would have occurred without the benefit. As Lyle Wray, a St. Paul reporter, observed, “Subsidizing economic development in the suburbs is like paying teenagers to think about sex.” The end result is often an unintended subsidy of private economic activity by jurisdictions that compete in a “race to the bottom” in efforts to attract footloose firms and mobile capital, starving traditional public services – like education – for resources in the process. A downward spiral is established that further undercuts the quality of life, including the business climate, and deindustrialization becomes both a cause and consequence of uneven development.

Race, Place, and the Politics of Privilege

Bad neighborhoods defeat good programs.

David Rusk

Who gets what, and why? That is how Gerhard Lenski defined the study of social inequality 40 years ago in his classic book *Power and Privilege*. If the distribution of privilege today is less determined by ascriptive characteristics and more determined by achieved characteristics than was the case during most of the centuries examined by Lenski, meritocracy is hardly around the corner. This state of affairs has not occurred simply or even largely due to differences among individuals in terms of their skills, abilities, and other attributes. Key determinants of who gets what and why today are social realities associated with place and race.

Knowing what to do constitutes part of the challenge. Equally if not more critical is having a political strategy that will encourage those who need to act to, in fact, act in appropriate ways, if the distribution of privilege is to change. Basically, this comes down to understanding

self-interests and how they can be molded to alter realities that in many ways currently benefit powerful and privileged interests. Sometimes such interests can be mobilized by organizers who can get seemingly disparate groups to recognize their common ground. On other occasions litigation, legislation and other actions are necessary to force people to do things they would not otherwise voluntarily do. Below we outline a number of strategic approaches and specific tactics for severing the links between place, race, and privilege.

Regional Responses to Inequities of Place and Race

A linchpin of spatial and racial inequality is the flight of people, jobs, and other resources to the outlying parts of metropolitan areas, a process subsidized in part by taxpayers throughout the region who are paying for the roads, schools, and other infrastructure required by the new development. Any effective response must find a way to capture the wealth that is accumulating at the edge for reinvestment throughout the region. Such regional responses include old fashioned fair housing and fair lending enforcement, regional tax-based revenue sharing (where a portion of the increasing tax revenues from growing commercial and residential property in the outlying suburbs is utilized for development throughout the region), fair share housing programs or inclusionary zoning (requiring jurisdictions throughout metropolitan areas to provide a reasonable number of affordable housing units for working and poor households), and land use planning initiatives (like urban growth boundaries that encourage development in or near the central city and discourage further sprawl) to stimulate balanced development throughout the region.

Uncommon Allies

Many constituencies that traditionally find themselves at odds with each other can find common ground on a range of policies designed to combat sprawl, concentrated poverty, and segregation. Identifying and nurturing such political coalitions is perhaps the key political challenge.

For example, many suburban employers (some of whom may have left their respective cities as part of the sprawling pattern of local development) are unable to find the workers they need in part because of the high cost of housing in their local communities. Often there are local developers who would like to build affordable housing and lenders who are willing to finance it, but local zoning prohibits such construction. These interests could join with anti-poverty groups, affordable housing advocates, civil rights organizations, and others who are generally on the other side of the development table to effectively challenge traditional exclusionary suburban zoning ordinances. Such groups came together in Wisconsin and secured passage of a state land use planning law that provided financial incentives to local municipalities who developed plans for increasing the supply of affordable housing units in their jurisdictions.

Welfare reform advocates and affordable housing groups are often on opposing sides of political controversies yet there are common interests on which they could unite. One objective of welfare reform is to enable people who have been dependent on government services to become economically independent. For many, access to safer neighborhoods where jobs are more readily available can be a critical step to achieving self-sufficiency. In fact, some states have begun to coordinate federal and state housing and welfare services to simultaneously facilitate the entry of former welfare recipients into the work force and help them find better housing.

Similarly, school choice and fair housing groups – two groups that rarely ally – might recognize that severing the link between the neighborhood in which a family lives and the school to which children must attend may well reduce homebuyers' concerns with neighborhood racial composition. This would reduce one barrier to both housing and school segregation while giving students more schooling options.

This list is hardly meant to be exhaustive. The point is simply that there are some creative political alliances that have begun to be made, and others waiting to be made, that can exercise a positive impact on some longstanding, and seemingly intractable problems. Sprawl, concentrated poverty, and segregation have many identifiable causes. The confluence of place, race, and privilege becomes less mysterious over time. At least some approaches to reduce uneven development and its many costs are available. With emerging, and yet to be discovered, political alliances and strategies, what has long been viewed as the seemingly inevitable uneven and inequitable development of metropolitan areas can be reversed.