

# Public Housing Desegregation: What Are the Options?

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## *Abstract*

This paper examines policy and programmatic options for the desegregation of low-income public housing. Desegregation is a strategy for relocating public housing residents or units to communities that offer a better quality of life. This paper considers the likelihood of achieving desegregation, given the factors that created segregation, by exploring the role of past and present policies and programs in producing segregation and the effects of efforts to ameliorate it.

The major finding is that public housing segregation is firmly entrenched in many major cities, and attempts to reverse it have produced marginal changes. Although the federal government has ceased to play a major role in perpetuating racial segregation, it has not taken a strong, consistent, and clear stand on desegregation policy. Some innovative desegregation programs with promising outcomes are currently under way, but it is unlikely that public housing segregation will be abated in the future.

## **Introduction**

Public housing is both a cause and an effect of segregation. It holds a prominent position in the segregated residential landscape of many American cities. Governmental policies and procedures are largely, but not solely, responsible for public housing segregation. The pervasive attitudes and conditions undergirding a widely segregated society have influenced and continue to influence public as well as private housing.

Segregated public housing is a reflection of the racial separation that exists within both cities and metropolitan areas. Segregation in metropolitan areas creates great disparities between the standard of living and the opportunities available to residents of central cities and those available to their suburban counterparts. The disparities are even greater for big-city public housing residents, who are often further isolated within the declining areas of central cities.

The historic role and intent of the federal government in segregating low-income public housing are much clearer than are its role and intent in desegregating such housing. Public housing was not

conceived as a means of racial integration. Instead, it conformed to the socially accepted racial separation that prevailed legally before the 1960s.

The earliest public housing developments were expected to aid two primary groups during the Depression era: the beleaguered construction industry and the temporarily submerged middle class. The composition of the public housing population changed after the 1950s as the middle class was replaced by the more long-term poor.

The changing makeup of the public housing population was a reflection of broader demographic changes that occurred in many central cities after World War II. The massive migration of black households from the South into central cities occurred as whites, spurred by economic prosperity and Federal Housing Administration (FHA) and Veterans Administration (VA) mortgage guarantees, migrated in a steady stream to the suburbs. The suburban boom deprived central cities of their base of stability—middle-income households, industrial and commercial enterprises, and jobs. One outcome of urban redevelopment, urban renewal, and highway construction programs was the further depletion of central-city vitality. This depletion, in turn, intensified racial separation within metropolitan areas.

Modifications in federal policies attempted to address the changing circumstances brought on by the preponderance of a new poorer and more minority clientele. During the 1970s the Department of Housing and Urban Development (HUD) issued directives to deconcentrate low-income households. Few opportunities existed for socioeconomic advancement in areas of public housing concentration. The sense of resident deprivation was highlighted by lawsuits filed during the 1970s and 1980s alleging discriminatory practices by cities, housing authorities, and HUD.

From the 1960s to the present, the federal government has advanced numerous initiatives with desegregation as an actual or potential objective. Despite the passage of some relatively significant legislation with the potential to affect public housing's racial composition (e.g., the Fair Housing Act of 1968 and the Housing and Community Development Act of 1974), regulations and programmatic actions to institute such change on a large scale did not ensue.

This paper presents an overview of the historical and contextual factors that contributed to racial isolation in most low-income public housing. Programmatic approaches to desegregating public housing and their outcomes are reviewed. Finally, the prospects for

successful future public housing policy are assessed on the basis of previous activities and current concepts.

### **Public housing within the metropolitan and central-city contexts**

High levels of racial segregation are apparent in virtually all major metropolitan areas with sizeable black populations. Massey and Denton (1988) analyzed 59 standard metropolitan statistical areas (SMSAs) and found high levels of segregation and persistent barriers to residential integration for blacks.<sup>1</sup>

In general, suburbanization has not alleviated segregated living for black households. Blacks continue to live in highly segregated sections of the nation's suburbs, especially in several major metropolitan areas, such as Cleveland, Chicago, Detroit, New York, Newark, St. Louis, Philadelphia, and Los Angeles (Massey and Denton 1988). The factors that contribute to these overall patterns—discrimination, income disparities, and personal choice—further diminish the potential for integration through public housing relocation policies.

These broader patterns of metropolitan segregation form the setting for segregation of public housing. Indeed, the largest public housing developments are located in highly segregated metropolitan areas (see table 1).

Given the highly segregated metropolitan context within which public housing developments are located, it is not surprising to find segregation within public housing itself. Bickford and Massey (1991) report that within 15 large U.S. metropolitan areas, blacks tend to be highly separated from whites in public housing. The generalizability and the timeliness of Bickford and Massey's findings may be questioned because they used 1977 data and the 15 metropolitan areas they studied hold a minority of all public housing units.<sup>2</sup> However, the most important predictors of public

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<sup>1</sup> Race seems to be more highly correlated with segregation than is ethnicity. Overall, Hispanics are less segregated than are blacks, but Hispanic segregation is increasing substantially, particularly where Hispanic immigration and population growth are occurring. There is little evidence that whites harbor significant discrimination against Asians when it comes to sharing residential space (Massey and Denton 1987).

<sup>2</sup> The SMSAs studied were Baltimore, Boston, Chicago, Cleveland, Dallas–Fort Worth, Detroit, Houston, Los Angeles, Milwaukee, Newark, New York, Philadelphia, San Francisco, St. Louis, and Washington, DC.

*Table 1. Segregation in SMSAs with Largest PHAs<sup>a</sup>*

SMSA	Dissimilarity Index <sup>b</sup>	Ranking
Atlanta, Georgia	.795	11
Baltimore, Maryland	.785	13
Boston, Massachusetts	.789	12
Chicago, Illinois	.906	1
Cleveland, Ohio	.882	2
Detroit, Michigan	.638	43
Miami, Florida	.775	15
Newark, New Jersey	.847	4
New Orleans, Louisiana	.618	47
New York, New York	.826	8
Philadelphia, Pennsylvania	.835	6
Pittsburgh, Pennsylvania	.765	17
Washington, D.C.	.756	22

*Source:* Compiled by author using data from Massey and Denton (1988) and the Council of Large Public Housing Authorities (1989).

<sup>a</sup>PHAs with more than 9,000 units.

<sup>b</sup>Dissimilarity indices between 0 and .300 generally indicate a “low” degree of residential segregation; those between .300 and .600 suggest a “moderate” level; and those above .600 indicate a “high” degree of spatial separation between groups.

housing racial segregation are trends that continued after 1977: the high rate of black population growth and a concurrent slow or declining rate of white population growth (Bickford and Massey 1991). Although segregation is manifested in different ways, the fundamental observation is that segregated public housing for blacks is almost universal in the nation’s largest cities.<sup>3</sup> No systematic study of Hispanic and Asian living patterns in public housing

<sup>3</sup> Bickford and Massey found that in some SMSAs, segregation results from the disproportionate concentration of minority and majority groups into different housing stock, with minorities in authority-owned, family housing and whites in elderly housing. In other SMSAs, segregation occurs through a combination of segregation within public housing developments and an unequal concentration of groups in different housing stock. Public housing segregation in some other SMSAs is the outcome of systematic segregation of minority groups.

has been done, perhaps because these groups are less likely than blacks to reside in public housing.

One factor that makes it difficult to achieve integration within public housing is racial differences in demand for public housing units. Demand for public housing is higher among black households than among others; hence, the majority of applicants for and residents of public housing are black. In 1992, 53.3 percent of public housing residents were black, 25.5 percent were white, 18.4 percent were Hispanic, and 2.4 percent were Asian/Pacific Islander. Income disparities for blacks and Hispanics, who are overrepresented among the poor, contribute to these demand differentials.

Relocating residents from public housing to achieve integration and better living conditions is also difficult. Public housing is typically located within low-income neighborhoods, bereft of employment opportunities, adequate educational facilities, and other public services. In major cities, residents of public housing are cut off from the economic, social, and political mainstreams. Faced with high levels of unemployment and inadequate incomes,<sup>4</sup> public housing residents are limited in their capacity to find decent housing alternatives in cities or suburbs. Access to housing in less distressed areas is also restricted by poor public transportation and by real and perceived barriers to black relocation in some city and suburban neighborhoods.

Desegregation efforts of the past 30 years have not been widely instituted and have not substantially reduced levels of segregation in public housing or metropolitan areas. The loosely structured desegregation strategies employed are worthy of consideration, particularly in light of current HUD policy initiatives. The historical policies and programs that contributed to the current state of public housing and metropolitan segregation, and those that have been employed to correct the situation, are discussed in the following sections.

## Housing policy

Federal government policies have perpetuated and sustained segregated housing patterns. The legacy of Depression-era housing programs compounds the difficulty of breaking established racial patterns (Hirsch 1983). The explicit policies and practices of the

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<sup>4</sup> The average annual income of public housing residents in 1992 was \$7,111. Unpublished data provided by HUD.

FHA from its inception in 1934 until at least the early 1950s not only encouraged the use of racially restrictive covenants but also helped to institutionalize the concept of racial homogeneity as a critical indicator in determining and maintaining property values (Leif and Goering 1987). From its founding in 1934, the FHA worked assiduously to promote segregated and not integrated patterns of urban residence (Bauman 1987).

In 1948, the U.S. Supreme Court ruled in *Shelley v. Kraemer et al.*<sup>5</sup> that restrictive covenants were not enforceable in the national courts. Soon thereafter, FHA underwriting guidelines were rewritten to no longer officially sanction racial segregation or restrictive covenants. The influence of restrictive covenants did not end for many years, however, since property transactions continued to recognize them.<sup>6</sup>

The FHA used appraisal standards that effectively redlined black neighborhoods. Through the late 1950s virtually all FHA-subsidized homes were located in the suburbs and less than 2 percent of all FHA loans were made to blacks.

At a time when federal housing and highway programs supported the flight of the white middle class from central cities to the suburbs, similar opportunities were closed to blacks. These programs further segmented the metropolitan area and intensified the erosion of central cities. Over time, federal policies fostered the environment in which racially divided public housing exists.

There is less consensus about the influence of public housing on residential patterns than there is about the influence of programs like FHA mortgage insurance. Goldstein and Yancey (1986) found the research literature contradictory about whether public housing specifically increases either urban blight or black population concentrations. There is more consensus that early policies, enacted for both the FHA and the public housing program, reinforced existing segregated housing patterns (Vernarelli 1986). The practice of racial separation in public housing was consistent with the patterns that existed throughout the larger community.

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<sup>5</sup> 334 U.S. 1 (1948).

<sup>6</sup> Hirsch notes that restrictive covenants tended to be a middle-class tool and were being ignored even before they were declared unenforceable by the Supreme Court. Hirsch assigns greater importance to communal traditions and institutions in maintaining racial homogeneity in certain Chicago neighborhoods. He concludes that real or anticipated racial violence did more to discourage black immigration in some communities than did racial covenants (Hirsch 1983).

### *Public housing policy background*

Conventional public housing was born in 1937 with the passage of the Wagner-Steagall Housing Act and the establishment of the United States Housing Authority (USHA). The USHA implemented the provisions of the act by making loans to local housing authorities for minimal slum clearance and the construction of housing projects. The bulk of public housing policy making and implementation was, and remains, decentralized. From the start, cities and states were authorized to make crucial decisions regarding site selection and resident selection. Federal guidelines established criteria for site selection, building materials, and safety standards, but the federal government carefully honored local patterns of racial segregation and local customs for determining which applicants were socially and economically worthy to live in public housing (Bauman 1987). Decentralized decision making in site selection and resident selection allowed local preferences and, in most cases, existing racially divided residential patterns to prevail.

Sites chosen for public housing after 1937 were loosely connected to federal slum clearance projects. Through the equivalent-elimination agreement, the Housing Act of 1937 required the elimination of unsafe or unsanitary dwellings in numbers substantially equal to the numbers of public housing dwellings provided with federal aid.<sup>7</sup> The emphasis on slum clearance was politically expedient to justify the taking of private property through eminent domain (Foard and Fefferman 1966). Many state constitutions would not permit the taking of private property against the will of the property owner unless the seizure was for a public purpose. The elimination of slums was more clearly a public purpose than was the construction of low-rent housing. This process destined public housing to be a central-city venture, located on land that had been cleared of housing deemed blighted.

The tenuous connection between slum clearance and public housing site selection was superseded by the defense housing controversy. Site selection criteria under the 1937 Housing Act were amended in the middle of 1940<sup>8</sup> to allow public housing to serve the shelter

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<sup>7</sup> The purpose of the 1937 act was “to provide financial assistance to the States and political subdivisions thereof for the elimination of unsafe and insanitary housing conditions, for the eradication of slums, for the provision of decent, safe and sanitary dwellings for families of low income, and for the reduction of unemployment and the stimulation of business activity, to create a United States Housing Authority, and for other purposes.”

<sup>8</sup> Amended by Public Law 76-671, approved on June 28, 1940.

needs of thousands of persons who poured into war materiel production centers (Mitchell 1985). From that time until the war's end in 1945, one battle was waged over whether defense housing should be administered by the USHA or by another war-related agency; another controversy concerned whether wartime housing should be built solely as temporary or permanent shelter for lower income workers.

The Housing Act of 1949 authorized the slum clearance and urban redevelopment program. The act provided financial assistance to local public housing authorities for the assembly, clearance, site preparation, and sale or lease of land for use in a redevelopment plan for the area of the project. A shift occurred when the Housing Act of 1954 took a broader and more comprehensive approach to the problems of slums and blight in the name of urban renewal. Additional public housing units authorized by the 1954 act were made available only to families displaced by governmental activities in a community where an urban redevelopment or an urban renewal project was being carried out. This limitation was repealed by housing amendments passed in 1955 (Foard and Fefferman 1966).

An association between slum clearance and public housing persisted in the operation of urban renewal programs. In Chicago and other cities, the post-World War II urban renewal and redevelopment policies combined with the public housing program to sustain racial separation. Demolition of substandard and blighted properties primarily displaced blacks, while the cleared land was used to build institutions and housing to benefit the white middle class. The black households displaced by urban renewal projects were eligible for priority on application lists for public housing.

The cumulative impact of urban renewal and public housing programs was to contribute to the residential segregation of low-income families and racial minorities. Both programs destroyed more slum housing than they replaced (Harrigan 1989). In a study of Chicago, Hirsch (1983) asserted that by 1960 the redevelopment and renewal legislation that shaped and conditioned the expansion of the ghetto [sic] were in place, including a massive public housing program explicitly designed to maintain the prevailing pattern of segregation.

Black officials greeted the initial construction of public housing with anticipation (Hirsch 1983). Robert Weaver, who became the first secretary of HUD, in his capacity as advisor on Negro affairs to Harold Ickes, praised the USHA for inaugurating a new era in black housing; he viewed black Americans as the real beneficiaries of the

program. Typically, public housing for blacks was built in black neighborhoods, but segregation was not a primary concern for the occupants. Public housing built to house black households, albeit in segregated settings, was a marked improvement over the conditions in which many blacks had lived.

### *Site selection*

The stage was set for the geographic isolation of public housing early in its life. Catherine Bauer, a USHA consultant, and Henry S. Churchill, an architect-planner, were among those who cautioned against the location of low-income housing projects in or adjacent to areas designated as slums. Their concerns that housing project siting should consider the inevitability of metropolitan decentralization and that planning for public housing should be conceived within a context of comprehensive city and regional planning were largely disregarded (Bauman 1987).

Even where slum clearance land was not used, early developments tended to be isolated in or near city centers. The first 30 years of public housing in Baltimore were associated with a general plan to reduce inner-city blight. As a consequence of this long-standing association, most public housing in Baltimore is located in a ring around the central business district (Gottlieb 1975).

The most important factor contributing to the siting of public housing is the power of local governments to determine the location of developments. After the 1949 Housing Act, the Chicago Housing Authority decided to build in slum clearance areas rather than on vacant land in the city. The logic of this approach was questioned because of the shortage of housing and the availability of vacant land. Local officials chose to demolish the structures under the belief that slums “were a cause of crime, poverty and disease” (Meyerson and Banfield 1955). Racial concerns were also omnipresent. In the case of Chicago, the biggest slum area was the Black Belt where the black population was concentrated. Most large tracts of vacant land were found in lower middle-class white neighborhoods (Meyerson and Banfield 1955). Placing public housing for black households in the Black Belt staved off conflict with whites.

During and after the 1950s, public housing location decisions were determined less by land availability than by efforts to avoid real or anticipated resistance to public housing. Public housing siting decisions during subsequent decades conformed to already established patterns and pressures. For example, between 1956 and

1978, the Philadelphia Housing Authority opened 16 new housing projects. With one exception, the housing authority avoided white strongholds, Italian-American bastions, sections of the city with a high concentration of homeownership, and vacant sites suitable for industrial or private residential development (Bauman 1987). Similarly, research on eight cities documents how segregation continued to dominate site selection decisions as late as 1969 (Luttrell 1970).

### *Tenant selection*

Site and tenant selection processes have worked separately and in tandem to produce segregated public housing. During the initial stages of the program, public housing management contributed to segregation by separating blacks and whites. Later, some public housing projects became racial enclaves as the population became predominantly black and minority.

Some housing authorities maintained separate waiting lists by race to facilitate racially based tenant placement. When blacks and whites lived in the same development, care was often exercised to separate them. Similarly, when applicants were allowed to choose from available units, selections were made along racial lines. In Chicago's Addams Homes, blacks and whites did not share stairwells, and blacks were kept on one side of the project (Hirsch 1983).

Prior to the passage of federal legislation to outlaw discrimination in public housing, the racial and ethnic composition of neighborhoods was upheld. A federal mandate that came to be known as the "neighborhood composition rule" required the makeup of the public housing population to mirror that of the cleared neighborhood. Compliance with the rule was sometimes difficult. Attempts by the Chicago Housing Authority to maintain the same racial proportions in Cabrini Homes as existed prior to slum clearance eventually proved futile owing to a dearth of white applicants.

As the racial and income composition of its clientele changed, the Boston Housing Authority (BHA) resorted to a segregation scheme. Until the mid-1950s, BHA residents were described as working class and middle class (Pynoos 1986). After that time, events changed the clientele mix. These events included the outmigration of whites to suburban homes, aided by federal mortgage guarantees and rising incomes; the imposition of income ceilings that required over-income households to move out of BHA housing; the effects of urban renewal policies that disproportionately displaced blacks, making them eligible for high-priority status on public housing

waiting lists; and the increased number of black persons migrating from the South who applied for public housing. The BHA adopted a strategy for segregating its new, very low income, largely black clientele from its traditionally white working-class tenants (Pynoos 1986).

Race-conscious tenant selection policies are now unlawful even for purposes of maintaining integration. However, opportunities for integration within many big-city public housing developments are limited because residents and applicants have become largely minority. In addition, the location of public housing within integrated neighborhood settings continues to face major obstacles.

### *Persistent barriers to public housing location*

The systems engaged to segregate public housing in its early years remain in place today; they are less conspicuous now because of the current inactivity in conventional public housing construction. Middle-class opposition and instruments of local control (zoning restrictions, cooperation agreements, city council site approval) are among the factors that prevent the location of public housing beyond existing neighborhoods.

Typically, public housing authorities are limited in where they can locate developments by their jurisdictional boundaries. A cooperation agreement must first be executed between the public housing authority and the locality proposed for a public housing development before a project can be undertaken. Municipalities have the express option not to participate in public housing programs.

Cooperation agreements require the municipality to indirectly subsidize the development by accepting a payment in lieu of property taxes (PILOT) equivalent to 10 percent of the rental amount received annually. This requirement amounts to a subsidy because the PILOT is likely to be less than the amount of taxes a similar taxable structure would ordinarily generate. The municipality also agrees to provide the usual municipal services (police and fire protection) and utilities (water and sewer) on the same basis as provided to private users (Daye et al. 1989). The expectation that the cooperation agreement might result in additional costs to suburban municipalities has been used as a reason for rejecting public housing.

Suburban opposition to public housing is evident in the relative absence of public housing authorities and units within suburbs. Smaller communities are least likely to have housing authorities.

Municipal housing authorities provide almost all of their public housing within strained city boundaries. Suburban zoning boards have taken overt action to exclude unwanted groups by means of minimum square acreage requirements, the exclusion of multifamily dwellings, and the withholding of required official approvals (Luttrell 1970).

The case of Parma, Cleveland's largest suburb and a city with a black population of less than 1 percent, demonstrates the controversy surrounding the location of public housing beyond traditional boundaries. The Cuyahoga Metropolitan Housing Authority (CMHA), the Cleveland-based public housing authority, has statutory jurisdiction in 58 of 59 county municipalities, including Parma. CMHA properties are located in only five cities.<sup>9</sup> In 1981, the U.S. District Court found that Parma officials had violated the Fair Housing Act by rejecting an offer to construct a subsidized multiple-family housing project and by passing ordinances with a racially exclusionary effect.<sup>10</sup> The court ordered the construction and affirmative marketing of housing to meet low-income housing needs. Parma officials, citing mismanagement at CMHA, sought and were given authorization to establish a separate housing agency to run Parma's housing program. In 1992, 44 percent of the persons in the public housing project were black, 54 percent were white, and 2 percent were Hispanic. The outcome of the Parma project has been distinctive; however, the circumstances are unusual. Few municipalities have been so blatant with discriminatory practices that court intervention has resulted.

The difficulty of using subsidized housing as a vehicle for achieving integration is compounded by the stigmatization of poor people, black people, and public housing residency. Suburban whites, who are largely middle class, do not want to live with low-income households or with blacks, let alone low-income blacks (Yinger 1986). Suburban elected officials are unlikely to risk their electoral support by promoting public housing.

In central cities, where city councils maintain the right to approve the proposed locations of public housing developments, political considerations also make siting decisions difficult. City council members and mayors have typically abided by neighborhood sentiment in disallowing the placement of units in their wards or communities.

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<sup>9</sup> The cities are Cleveland, East Cleveland, Berea, Cleveland Heights, and Oakwood Village.

<sup>10</sup> 661 F.2d 562 (1981).

## Attempts to address segregated public housing

There were few restrictions against segregation and discrimination in publicly assisted housing during most of public housing's formative years. Separate but equal accommodations were the law of the land until 1954, when the Supreme Court effectively overturned *Plessy v. Ferguson* with the *Brown v. Board of Education* decision. Hence, one could argue that until 1954, racially segregated public housing was in concert with national norms. By 1959, six states—Pennsylvania, Washington, Oregon, Massachusetts, New Jersey, and New York—had passed legislation prohibiting discrimination in publicly assisted housing (Bauman 1987).

Segregation was accepted in federal programs until 1962, when President Kennedy signed Executive Order 11063, which directed all federal departments and agencies to take “necessary and appropriate action to prevent discrimination in housing provided in whole or in part with federal assistance.” Because this policy affected only housing projects consummated after its execution, it had little bearing on established residency patterns in public housing. Enforcement under the order was minimal and covered less than 1 percent of the nation's housing (Leif and Goering 1987).

Title VI of the Civil Rights Act of 1964 established the authority of HUD to investigate and seek to remedy segregative practices in public housing and other federally assisted housing. Local governments are barred from discriminating in the choice of sites for new assisted housing under Title VI. The initial regulations to implement Title VI did not include affirmative efforts to eliminate discrimination or segregation. By 1973, HUD regulations required affirmative action to overcome the effects of prior discrimination under certain circumstances. HUD also required that real property transfers involving federal assistance utilize an instrument containing a nondiscrimination covenant. The enforcement and monitoring reach of these regulations has been narrow, as HUD monitored less than 3 percent of local public housing authorities for compliance (Leif and Goering 1987).

Title VIII of the Civil Rights Act of 1968, known as the Fair Housing Act, was enacted to eliminate discrimination based on race, color, religion, sex, or national origin (handicap status and family status were added later). The procedure for processing discrimination complaints and pursuing fair housing mandates through HUD has been criticized as ineffective and cumbersome (Lamb 1984). This law has not profoundly reduced levels of segregation, particularly for black households (Massey and Denton 1987).

The Fair Housing Act, other legislation, and executive actions required HUD to affirmatively promote fair housing but included little direction on how to accomplish this goal (Vernarelli 1986). The Housing and Community Development Act of 1974 entailed the specific goals of spatial deconcentration of housing opportunities for low-income persons and the revitalization of neighborhoods to attract persons of higher income to diversify and revive neighborhoods. The first goal was impeded by disagreement over how to define and undertake "deconcentration." The second goal, to revitalize deteriorated neighborhoods, may in some cases, be incompatible with promoting spatial deconcentration (Vernarelli 1986). The ambiguity of the goals precluded the effective implementation of desegregation objectives.

The Section 8 Existing, Substantial Rehabilitation, and New Construction programs created in the Housing and Community Development Act of 1974 were potential vehicles for meeting fair housing goals; however, issues regarding implementation of the deconcentration objective resurfaced. Section 8 Substantial Rehabilitation and New Construction programs met with resistance in site selection, particularly where the existing racial composition was threatened. In addition, site selection criteria were challenged by black politicians who were concerned that emerging black political power could be diluted by requiring the relocation of black households to take advantage of Section 8 subsidies (Vernarelli 1986).

Currently, the Section 8 Existing and Substantial Rehabilitation programs are the major tools available for pursuing the fair housing objective, but their widespread use for this purpose is unlikely. HUD has abandoned any attempt to strongly pursue fair housing goals. Instead, attention has been directed toward providing sparse redevelopment resources to minority areas.

## **Options for desegregation**

By the mid-1980s, it had become increasingly obvious that for most residents public housing was no longer a step on the road to economic independence. Residence in public housing was more frequently associated with barriers rather than avenues to opportunity. Housing officials became aware that a significant proportion of the families in public housing were long-time occupants; that second and third generations of families were living in the developments; that many heads of household had lived in public housing from birth; and that there appeared to be no motivation for these families to strive for anything better, either for themselves or their children

(Hayes 1990). The serious problems present in many public housing developments appeared to be beyond correction. Desegregation strategies could conceivably begin to remedy these predicaments.

A discussion of desegregation options for public housing must consider the means by which desegregation can occur. It is not clear that policy makers have made a conscious effort to define what constitutes public housing desegregation. The programs and policies that have been enacted over time fall into three categories that embody options for public housing desegregation.

### *Option 1: geographic dispersion of public housing units*

Public housing dispersion efforts began in the late 1950s and early 1960s, as public housing authorities began to deliver subsidized housing beyond areas of concentrated poverty (Hogan and Lengyel 1985). Small, scattered-site public housing developments became increasingly popular among housing reformers in the 1970s (Hays 1985). Yet, middle-income neighborhoods have proved quite successful in resisting even the smaller, scattered-site developments (Hays 1985).

Scattered-site public housing has been provided through programs such as the leased housing and rent supplement programs. During the 1960s and 1970s, public housing authorities participated in the Leased Housing Program. Private landlords contracted with housing authorities to accept persons qualified for public housing. Residents paid the statutory percentage of income for rent to the housing authority; in return, the housing authority paid the landlord the full amount of rent charged. Leased housing was described as an effective way to integrate public housing tenants into middle-class neighborhoods, because such tenants would be inconspicuous and therefore unobjectionable to the neighborhood residents (Luttrell 1970). The number of families who were actually housed in this way was small, and this program has been discontinued. Racial barriers were never surmounted by the Leased Housing Program.

The Rent Supplement Program was operational from 1966 to 1973. Instead of aiding poor persons, as did conventional public housing programs, this program subsidized rents of moderate- and middle-income families in new or rehabilitated structures privately owned and managed by nonprofit organizations. The program was apparently intended, in part, as a substitute for public housing and to promote a greater degree of economic and racial integration (U.S. Commission on Urban Problems 1969, cited in Mitchell 1985). The expectation was that a large percentage of residents would be

unsubsidized and that the subsidized households would not be distinguishable from the others. Viewed as a potentially more effective tool than public housing for achieving socioeconomic or racial integration or both, the program fueled concerns that the federal government would force the program on higher income areas. Persons hostile to racial integration successfully persuaded Congress to require the consent of a locality before rent supplements could be put into effect there. This stipulation virtually barred the program from the suburbs (U.S. Commission on Urban Problems 1969, cited in Mitchell 1985). The impact of the rent supplement program on increasing the low-income housing stock and advancing integration was insignificant.

Scattered-site units owned by the local housing authority constitute another variation on the geographic dispersion theme. The CMHA in Cleveland operates two such programs. One program consists of clusters of 12 to 25 units constructed in various locations throughout the city.<sup>11</sup> The second program, known as the Acquisition Housing Program (AHP), utilizes existing one- and two-family houses purchased and renovated by CMHA for rental to eligible families.<sup>12</sup> In Cleveland, most of the units in both programs are subject to a desegregation order, resulting from *Banks v. Perk*, which has dictated the placement of public housing units since 1976. *Banks v. Perk* allows CMHA to acquire additional units only in designated areas where little or no public housing previously existed. In Cleveland, just over 300 units of approximately 11,000 are part of the scattered-site inventory. Public housing construction, with the exception of units for the elderly, has been seriously curtailed since *Banks v. Perk* was handed down; therefore, the anticipated impact of *Banks v. Perk* was never realized.

A study of the AHP found that participation in this program yields some additional benefits for its residents. The majority of AHP participants are black households residing in predominantly white neighborhoods. Overall, participants in the program said they believed that their quality of life had been enhanced in their AHP homes. The majority expressed the belief that city services, employment opportunities, and their children's school performance had improved since their relocation. Transportation was the least improved service. Little change in employment rates was observed (Chandler 1991).

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<sup>11</sup> A total of 160 units are provided in this program.

<sup>12</sup> A total of 156 units are provided in the AHP.

The AHP in Cleveland suggests that relocation to a more positive living environment (whether integrated or not) is an important but small part of the self-advancement puzzle, even though some measure of integration was obtained. The labor force participation of those taking part in the AHP program remained impeded after their relocation by several factors, including inadequate transportation, inadequate day care, and insufficient job training and education (Chandler 1991).

A reduction in the number of new public housing units constructed after the promulgation of antidiscrimination policies is partially responsible for the limited success of geographic dispersion of public housing units. Expenditures for public housing construction have declined dramatically in recent years; the number of units in the authorization pipeline dropped from 224,810 in 1981 to 35,114 in 1987.<sup>13</sup> Further, a substantial amount of the more recent expenditures has been targeted toward housing for the elderly and handicapped rather than families. Neither federal policy directives, black suburbanization, nor efforts at metropolitan-wide public housing programs have substantially decreased public housing segregation.

### *Option 2: dispersion of public housing clientele*

The prospects for dispersing individual households eligible for public housing vary. This approach focuses on locating low-income persons in integrated settings rather than altering the locational patterns of conventional public housing.

In a 1989 case, the U.S. District Court for Massachusetts ruled against the regionwide placement of minority public housing applicants by the Boston Housing Authority (BHA), stating that such placement “runs afoul of the constitutional safeguards governing classifications based on race” (*Housing and Development Reporter* 1989, p. 492). Absent any allegations of discrimination by public housing authorities outside Boston, the court said an order for regionwide placement would violate the *Wygant* standard for justifying a race-conscious remedy. The Supreme Court had ruled in *Wygant v. Jackson Board of Education*<sup>14</sup> that race-conscious remedies must be justified by a compelling state interest and must be narrowly tailored to meet that goal. The regionwide placement of BHA applicants would violate the *Wygant* standard because the

<sup>13</sup> Figures taken from Council of Large Public Housing Authorities 1988, p. 12.

<sup>14</sup> 476 U.S. 267 (1986).

remedy would not be narrowly tailored to the jurisdictional area of the BHA.

Public housing authorities have had almost no opportunity to relocate residents outside their jurisdictional boundaries, but the Gautreaux Demonstration in Chicago is an exception. Plaintiffs successfully argued in *Gautreaux v. Hills* that the Chicago Housing Authority (CHA) and HUD had discriminated in tenant selection and site selection practices. After almost a decade of litigation, the Supreme Court ruled that discrimination had occurred. Subsequently, the CHA was invited to participate in a demonstration program. The Gautreaux Demonstration enabled public housing families to use Section 8 certificates to move anywhere within the Chicago metropolitan area. After 10 years, about 4,000 families had participated—a small number compared with the more than 100,000 households that reside in conventional CHA housing units. Notably, women and children who located to suburban communities were found to benefit from employment and educational opportunities (Rosenbaum 1991).

The Experimental Housing Assistance Program, a precursor of the Section 8 program, provided vouchers to more than 30,000 families in 12 cities throughout the country for three to ten years. Reports on the program indicate that minorities, very poor people, large families, and families residing in substandard housing were among those with the lowest participation rates. The experiment also showed that minority groups in many cities did not fare as well as others, bearing out the argument that discrimination would blunt some of the desired effects of cash payments for housing (Frieden 1985).

Section 8 housing certificates have become a central component of the new federal poverty program (Rosenbaum 1991). The use of housing subsidy dollars in this way addresses the criticism that the federal government has confined minority groups to the ghetto [sic] through failure to develop housing programs outside of the urban core areas (Luttrell 1970). Holders of Section 8 certificates can rent eligible units anywhere in the program area, city or suburb. However, moves made by Section 8 beneficiaries have contributed little to increasing integrated housing because most certificate holders tend to relocate in close proximity to their original homes (Leif and Goering 1987; Hays 1985). Employment, educational, and other benefits gained by a Section 8 move will likewise vary by the destination. The Gautreaux Demonstration and the Experimental Housing Assistance Program suggest that unless counseling and support services are provided in conjunction with the Section 8 certificates, participants are unlikely to make moves that desegregate.

### *Option 3: desegregation of existing public housing developments*

Public housing policies that required households with incomes over statutory limits to move out have often been the subject of criticism. Critics believe that this practice deprived public housing of a stable and diverse clientele. Current proposals seek to recapture that potential by allowing waivers for over-income households, setting ceiling rents, and attracting higher income persons to public housing.

HUD has authorized the Chicago Housing Authority (CHA) to set rent ceilings for residents. CHA sought the rent ceilings to counter the effects of the rule that requires residents to pay 30 percent of their income toward rent. The rule had effectively priced working families out of public housing (Cooper 1990). Ceiling rents reflect 30 percent of earnings up to a fixed limit, which is subject to negotiation. The motive is to provide an incentive for existing residents to seek work as well as to provide a financial inducement that will attract working families (Cooper 1990). CHA refurbished two vacant buildings located near Lake Michigan for use as models for socioeconomic mixing.

Vince Lane, chairman of the CHA, conceived one of the most innovative proposals for public housing restoration, the Mixed Income New Communities Strategy (MINCS) Demonstration. MINCS has two central components: leveraging funds to develop new housing units in which poor people can live, and creating incentives and support services to enable residents to regain full independence from the state and move out of public housing. Development capital to build units will come from the reallocation of public housing money. The units will be privately managed. Twenty-five percent of the units are to be reserved for families eligible for public housing. An equivalent number of units in existing public housing stock will be open to working families earning up to 80 percent of the median income in their locality. MINCS offers substantial incentives to participants, such as rent levels that will not increase with income during the first year and escrow accounts in which participants can save a percentage of their rent dollars toward homeownership. MINCS will also provide a range of support services, such as job training and preparation, remedial education, and child care. The program was authorized by Congress in 1991 and three additional demonstration cities are to be chosen.

Racial integration may be less likely than economic integration at most existing public housing sites. However, a novel attempt at economic and racial integration in Boston has met with some

success. Once mostly abandoned, the 50-acre Columbia Point public housing project in Boston's harbor has been converted into a 1,283-unit mixed-income development and renamed Harbor Point. About 400 low- and moderate-income units will be provided where 1,504 units of public housing previously housed lower income families. Harbor Point has been criticized because of the loss of low-rent units. There are also indications that the remaining low-income residents may be socially isolated from their middle- and upper income neighbors. Middle- and upper income whites and lower income blacks did clash during the early years.

The mixed-income strategy for desegregating public housing raises several important issues. The major source of uneasiness about socioeconomically diversifying public housing developments is the potential loss of units for poor persons with few other alternatives for affordable housing. There is concern about how needy poor persons will be housed or rehoused if low-income units are converted for other uses. HUD regulations now require replacement units for each public housing unit removed for a development venture. It is possible that greater segregation could result from the location of the replacement units. If housing officials are willing to accept the refurbishment of existing public housing units as replacement units, the outcome is even more likely to be segregative.

If, as in the case of Harbor Point, substantial public dollars are spent to subsidize mixed-income housing, the appropriateness of that expenditure could be questioned. The Harbor Point project involves \$27.3 million in initial federal and state subsidies, \$152 million in state tax-exempt mortgage bonds, and \$105 million over 30 years in rent subsidies for the 400 below-market units. Beyond the question of cost, integrating public housing in place does not directly address shortcomings in city services, schools, or employment. The ongoing projects and demonstration programs should permit analysts to assess the relative costs and benefits of achieving socioeconomic integration in this manner.

## **Beyond desegregation**

The ostensible appeal of public housing integration or desegregation efforts is an improved quality of life—access to better schools, safer environments, more employment opportunities—as well as a safe, decent, and sanitary residence. The record of various desegregation schemes suggests that their impact will be modest, owing to the relatively small number of persons who participate vis-à-vis the entire public housing population. Political considerations have also reduced the appeal of dispersal schemes among the black electorate

who have accrued political clout as a consequence of segregation. Another observation is that many localities would like nothing better than to get rid of some of their older public housing projects that, originally located on unappealing, out-of-the-way sites, are now hot properties, thanks to gentrification, new transit lines, and other factors (Hartman 1985).

A future public housing strategy might recognize the potential of public housing developments as communities and build upon the resources within them. Longevity of residence, for example, can be viewed as a sign of stability rather than pathology. A high level of transience can prevent the development of community norms and behaviors that form a social foundation. Where evidence of kinship and community spirit exist, public housing residence may be positive.<sup>15</sup> Economic integration could result if the level of employment and earnings among current residents increased.

A movement is developing to empower public housing residents in their neighborhoods and to enable them to use their dwellings as a mechanism to accrue assets and capital. Recent initiatives supported by HUD promote advancement for public housing residents in their developments rather than focusing solely on dispersal strategies.

One rule recently adopted by HUD will allow public housing authorities to use an alternative procurement process to contract with resident-owned businesses for a total amount not to exceed \$500,000.<sup>16</sup> With the temporary support derived from this provision, new and fledgling businesses may become more stable and competitive over the long term. In a similar vein, the Tampa Housing Authority has established a business incubator for various resident-owned enterprises that serves as a model for other authorities. The housing authority contracts with resident-operated businesses for such services as landscaping, extermination, and appliance repair.

A number of existing or proposed programs tie support services such as child care, job training, and education to the provision of housing to facilitate achievement of self-sufficiency goals. Cooperative agreements have been signed between the Secretary of Housing and Urban Development and the Secretary of Health and Human Services to develop and implement joint programs to serve clients who

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<sup>15</sup> See Gans' (1962) discussion about redeeming qualities of areas defined as slums.

<sup>16</sup> 24 C.F.R. Part 963, Public Housing—Contracting With Resident-Owned Businesses.

receive services from both agencies. The specific projects include demonstration projects to integrate human services components of the Job Opportunities and Basic Skills (JOBS) Program, including education, training, child care, transportation, and work opportunities, with housing assistance.<sup>17</sup> A similar interagency agreement has been reached with the Department of Labor to provide support for job training. The significance of interagency strategy is its potential for bridging the fragmentation that exists among departments, agencies, and policy arenas.

A great deal of optimism surrounds the empowerment approach. The programs have disregarded racial integration as a major element. While desegregation may take place, it is not an explicit policy objective of the current administration. Further, the programs do not provide substantial additional dollars, but focus on consolidation, public-private partnerships, and collaboration. Programs to alleviate poverty in public housing signal a return to the early notion that public housing could serve as a stepping-stone to economic improvement. The task that lies ahead of program officials is, nonetheless, a formidable one.

## Conclusion

Public housing segregation is firmly established in several major cities. Despite the adoption of relevant legislation and policies, the extent of public housing segregation, like that of private housing segregation, remains virtually unchanged. The most dramatic changes have resulted from legal actions that led to the Gautreaux Demonstration and to the location of public housing in hypersegregated Parma, Ohio. Federal orders to desegregate or deconcentrate low-income housing were followed by budget cuts for new construction and an emphasis on Section 8 programs, but the Section 8 program has not been widely operated to further desegregation. No housing program has had a far-reaching impact on integrating communities along racial lines (Harrigan 1989).

Two major factors limit the ability of federal housing programs to achieve desegregation objectives. First, resistance to locating public housing in unchartered areas still exists. Second, funds and programmatic support for explicit desegregation activities are nonexistent.

Because new public housing acquisition is likely to be limited, the two approaches with the greatest likelihood of achieving some

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<sup>17</sup> JOBS is commonly referred to as "workfare" and is included in the Family Support Act of 1988.

measure of desegregation are changing the population mix in existing units and directing future Section 8 moves to ensure a socioeconomic mix in nonpublic housing communities. The former approach is ambitious, but it may prove successful in the appropriate housing market environment. A public housing authority in a tight housing market may implement this strategy more easily. The latter approach—the strategy of the Gautreaux Demonstration—has produced hopeful signs that providing opportunities for racial integration does benefit the residents. More current research on the Section 8 program to determine its short-term and long-term impacts on desegregation is warranted. Researchers indicate that program data maintained on participants are not sufficient to assess program impacts accurately. Efforts should be made to assemble sufficient data routinely.

Housing authorities, the developments they operate, and their environments are diverse. The various programs with integration components have produced different outcomes depending on the context of their implementation. The Gautreaux Demonstration suggests that with direct counseling services, Section 8 certificate holders may make more integrative choices. Harbor Point in Boston indicates that conventional public housing can be made attractive to a wider range of income groups, at a cost. If undeterred by opponents, scattered-site developments can make a small dent in segregated living arrangements. No single strategy for providing housing assistance will expand housing opportunities for all lower income and minority families (Gray and Tursky 1986).

The low-income public housing situation cannot be isolated from the related problems of education, employment, transportation, and child care. The linkages being sought at the national level between HUD and the Department of Labor, the Department of Education, the Department of Transportation, and the Department of Health and Human Services should be evaluated and monitored for their impact on persons in segregated and desegregated settings. Future policy decisions should explore how variables such as segregation, desegregation, environment, employment, and education interact to affect socioeconomic status.

Of the three overarching variables that have shaped past patterns of segregation in public housing—middle-class opposition, local control, and federal policy—only the latter has changed markedly. Beleaguered integration programs, unable to combat attitudes and behaviors, now play a secondary role in public housing strategies. Desegregation efforts, however, must not be eliminated as a vehicle for seeking equity. Research has uncovered some institutional impediments that policy makers could address, such as eliminating

the need for local approval. Whether the will exists to overcome those obstacles remains an unanswered question. It is clear that policy makers cannot prudently divert their attention toward alternatives that disregard the effects of segregation. The long-term effect of inattention to segregation in public housing and beyond could be the worsening of a critical situation.

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