

## A history of residential segregation in the United States

This article summarizes the May 2018 Robert J. Lampman Memorial Lecture, “The Color of Law: A Forgotten History of How Our Government Segregated America,” given by Richard Rothstein at the University of Wisconsin—Madison.

*Richard Rothstein is Distinguished Fellow of the Economic Policy Institute and Senior Fellow, emeritus, at the Thurgood Marshall Institute of the NAACP Legal Defense Fund.*

### TAKEAWAYS

**Racial inequality in the United States** is due in large part to government policies from the 1930s to the 1960s that mandated residential segregation of African Americans.

**These government policies bear significant responsibility** for a substantial black-white income gap, and an enormous black-white wealth gap that remains today.

**While ameliorating residential segregation** is more challenging than abolishing other types of racial segregation, it is possible, and Rothstein believes that it is incumbent upon Americans to remedy civil rights violations by demanding that these changes be made.



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**While civil rights efforts have worked to abolish segregation** in education and in public spaces from buses to lunch counters to swimming pools, some 50 years after the Civil Rights Movement residential segregation remains in virtually every metropolitan area in the United States. Richard Rothstein contends that housing segregation is in large part the result of government policies, for example: (1) public housing policy that disconnected African Americans from integrated neighborhoods, and (2) policies of the Federal Housing Administration, which facilitated the purchase of single-family suburban homes by white working-class families, while explicitly preventing African American families from doing the same. Rothstein notes the wide-ranging effects of segregation on poverty, inequality, criminal justice policy, and health in the United States, and asserts the imperative to both acknowledge this history and to work to remediate its effects.<sup>1</sup>

In his talk, Rothstein contends that the residential segregation of African Americans is not, as many believe, something that evolved informally, without government participation, but instead is largely the result of explicit government policies. He notes that this distinction has important implications for how to respond to segregation. If segregation had in fact been the result of personal choices, it could be unconstitutional to take racially explicit governmental action to desegregate neighborhoods. However, Rothstein argues that since housing segregation is largely the result of unconstitutional federal, state, and local government actions, the United States is in fact constitutionally compelled to desegregate through proactive government policies that open up wealth-building housing options closed to African Americans in the past.

Rothstein contends that the residential segregation of African Americans is largely the result of explicit government policies.

### Urban housing patterns before the New Deal

In the early 1930s, many urban neighborhoods in the United States were populated by both white (largely immigrant) and black working-class families. At the time, factories were typically located in downtown, and their employees generally lived nearby and walked to work. Because of the diversity of men employed by the factories, these neighborhoods tended to be integrated. At the heart of many of these same cities and towns was a railroad station. Since railroads hired many African Americans as baggage handlers or porters, these men and their families also lived in downtown neighborhoods. For example, West Oakland, California, a mostly white neighborhood with a small African American population, was integrated because the Pullman Company employed only African Americans as sleeping

car porters, and those porters needed to live near the Oakland station, the end of line for westbound cross-country trains.

## How our government segregated America

President Franklin D. Roosevelt's New Deal programs, beginning in 1933, segregated some of these previously integrated urban neighborhoods. Although other factors contributed to this change, Rothstein contends that there were a number of government policies that ensured that African Americans and whites would not reside amongst each other, and that these policies were consistent and self-reinforcing on the federal, state, and local levels. This summary of his lecture highlights two such New Deal era federal policies: public housing, and Federal Housing Administration subsidies for suburban development.

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## Public housing

While public housing may bring to mind an image of concentrated poverty, Rothstein notes that this is not how public housing began in the United States. The first civilian public housing in the United States was constructed as part of the Roosevelt administration's New Deal at the start of the Great Depression. This housing was not for the 25 percent of the population that was unemployed at the time. Rather, this public housing was built for working-class families with employment who could not find housing during the Great Depression.

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The Public Works Administration was the first federal agency to address the housing shortage, while also providing construction jobs for those who were out of work. The Secretary of the Interior, Harold Ickes, who directed the government's housing efforts, was committed to providing housing not only for white families, but also for African Americans. Indeed, one-third of the new public housing units were occupied by African Americans; however all of the projects were segregated, either by project or by building. Ickes proposed a rule whereby federal housing projects would reflect the racial composition of the neighborhoods in which they were built, so that only neighborhoods that were already integrated could host projects housing both whites and blacks. However, this principle of respecting neighborhoods' prior racial makeup was not always followed. In many cases, the

new projects segregated neighborhoods that had previously been integrated, demolishing the previous housing stock to erect segregated housing projects. In these communities, the public housing created a pattern of residential segregation that would not otherwise have existed. For example, even Atlanta, Georgia, despite its segregated schools, water fountains, buses, and lunch counters, had an integrated downtown neighborhood, called the Flats, which was about half black and half white. The Public Works Administration demolished housing in that neighborhood and built a whites-only project, displacing African Americans who then had to double up with relatives, or find less adequate housing elsewhere.

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The government's creation of segregated housing only increased during World War II, with the inflow of workers into cities for the many new war industry jobs that were created. In many cases, the flood of workers was much greater than the pre-existing population, and certainly much greater than the available housing stock could accommodate. To ensure that the war work could be completed, the federal government had to provide housing. For example, during the war, the small city of Richmond, California, became home to the largest U.S. shipyard on the west coast, bringing 100,000 workers and their families into the white community of about 20,000. Government housing for white workers was built in the residential areas of the city, where white families already lived. African American workers, however, were housed in temporary buildings along the railroad tracks and in the industrial area. The projects extended south into Berkeley, accompanied by local officials' pronouncements that the black workers would have to leave the area after the war once the jobs disappeared. This pattern was repeated in many areas of the country.

After World War II ended, the country faced a serious housing shortage. In order to house the millions of returning veterans, President Harry Truman proposed a new public housing effort. Conservatives in Congress, believing that the government should not be in the business of providing housing, sought to block this legislation. In order to do this, they employed a "poison pill" strategy, attaching an amendment to the bill that they expected would have majority support, but that would then cause the bill as a whole to fail. Thus, conservatives proposed an amendment to the 1949 Housing Act requiring that all future public housing be operated on a non-discriminatory basis. Their expectation was that northern liberals would join them in voting for this amendment, creating a sufficient majority to attach the amendment to the bill, but when the final bill proposing a desegregated public housing program came up for a vote, the conservatives would join with southern Democrats to defeat the bill.

Instead, northern liberals, reasoning that segregated public housing was better than no public housing, voted against the integration amendment to save the bill. As a result, the 1949 Housing Act, which funded the creation of large high-rise public housing projects across the country, did so with explicit permission for the government to continue to segregate their occupants. For example, the Pruitt-Igoe project in Saint Louis consisted of one development for African Americans, and a separate development for whites. Rothstein emphasizes that none of this was hidden; the congressional debate had been public, and the resulting public housing projects were clearly designated by race.

Only a few years after the 1949 Housing Act was passed, local housing authorities opened all the projects, even those previously designated for whites only, to black families. This was in response to the emergence of large numbers of vacancies in the white projects, while there were long waiting lists for the black projects. As more and more whites left, public housing came to be occupied overwhelmingly by African Americans. Meanwhile, industry left the central cities as highways were constructed that allowed manufacturers to receive parts and ship final products by truck, rather than relying on nearby deep water ports or railroad terminals. As industry left, so did the better jobs, leaving the increasingly black population of urban housing projects with few options for well-paid employment. With tenants no longer having sufficient income for the full rental cost, public housing came to be subsidized, maintenance declined, and projects became the settings of concentrated poverty and disarray that we subsequently came to associate with public housing. However, Rothstein notes, this is neither how public housing began, nor how it needs to be.

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### The Federal Housing Administration

The Federal Housing Administration, established in 1934, the year after the establishment of the Public Works Administration, is the second major New Deal program that Rothstein cites as a source of government-mandated residential segregation. The high vacancy rates of white public housing units were the result, at least in part, of opportunities provided exclusively to white families by the Federal Housing Administration, which enabled them to move to single-family homes in all-white suburban neighborhoods. Beginning in the 1940s and continuing through the 1950s and into the 1960s, this agency undertook a program to move the white working-class population into single-family homes in all-white suburban neighborhoods.

Levittown, east of New York City, is a prominent example of these developments; it comprised 17,000 homes. Rothstein explains that the only way that William Levitt and other developers could come up with the capital needed for such large projects was to apply to the Federal Housing Administration for guarantees of bank loans for land acquisition and construction. This required submitting plans for approval, including specifying construction materials to be used, architectural designs, and street layouts, and making an explicit agreement that no homes would be sold to African Americans. The Federal Housing Administration also required that deeds to the homes include a prohibition against reselling or renting to African Americans. The underwriting manual prepared by the Federal Housing Administration and distributed to appraisers across the country even prohibited approval of white developments in the proximity of African American neighborhoods. This policy left black residents stranded in pockets of poverty far from neighborhoods with greater economic opportunity.

Although these federal prohibitions no longer exist and racial clauses in home deeds are no longer enforceable, Rothstein contends that the consequences of this policy remain with us to this day. The homes that were built in the mid-twentieth century and sold, by federal decree, only to white families, cost approximately \$8,000 to \$10,000 at the time, equivalent to about \$100,000 in current dollars. However, these same homes now sell for up to half a million dollars. When these developments were built, a white

working-class family could move out of public housing and into a suburban home (with a mortgage insured by the Federal Housing Administration or guaranteed by the Veterans Administration) for a monthly cost that was often less than the rent that the family had been paying in public housing. Because they owned these homes, and the homes' values appreciated, these white families gained equity in their homes and wealth that could be used to send their children to college, buffer temporary income shocks such as unemployment or unexpected medical costs, and provide money to their children and grandchildren that allowed them to make down payments on their own homes.

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African Americans, in contrast, were excluded by federal policy from participating in the move to suburban homeownership, and thus continued to rent in areas with diminishing job prospects, and gained none of the wealth accumulated by white homeowners. Today, the median family income for African Americans is about 60 percent of that for whites, but the median net worth of black households is only 10 percent of that for white households. Rothstein argues that the huge disparity between a 60 percent income ratio and a 10 percent wealth ratio is almost entirely attributable to unconstitutional federal housing policy that was practiced in the mid-twentieth century and has never been remedied.

The Fair Housing Act of 1968 was intended to address this disparity, but Rothstein views the promises of that act as nearly empty, given the scope of the problem. Although the Fair Housing Act was passed in 1968, enforcement mechanisms were not added until 1988. Further, while the act took away the restrictions on African Americans purchasing homes in suburban developments like Levittown, the suburbs were rapidly becoming unaffordable to working class families, as home prices rose precipitously during the intervening years. In the 1950s and 1960s, when many of these suburban white neighborhoods were built, the homes' \$100,000 cost was approximately twice the national median income, putting them within reach of working-class families. Today these same homes sell six to seven times the median income (or more), effectively pricing out working-class families of either race unless they have family wealth to help them. Rothstein argues that one need only look to the racial makeup of Levittown today to assess the effectiveness of the Fair Housing Act in rectifying the segregation imposed by the Federal Housing Administration. While the broader area around the development is 15 to 20 percent African American, the population of Levittown is only about 2 percent African American.

### Nongovernmental causes of residential segregation

Rothstein notes that there are many other unconstitutional federal, state, and local governmental policies that created and enforced residential segregation, though public housing and the Federal Housing Administration's drive to suburbanize only whites were two primary ones. He observes that white prejudicial attitudes, which often led to violence,



supported residential segregation. Still, he claims that without government sponsorship, white prejudice could not have segregated this country. For example, if the federal government had built integrated public housing in Atlanta's Flats neighborhood, some white families might have refused to live in an integrated development but the pressure of the housing shortage would have led other white families eagerly to take their places. And if the Federal Housing Administration had provided similar opportunities to both white and black renters to buy homes at prices similar to or less than the rent they were paying, the United States would not have nearly the racial wealth gap that we have today.

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### **Why residential segregation matters today**

Rothstein contends that the government-mandated racial segregation of neighborhoods underlies the most serious social problems we face in this country today. It underlies the persistence of multi-generational poverty, as young African Americans live in segregated neighborhoods with little access to the formal economy, and little hope for improvement. Research has shown that African Americans who grow up in segregated neighborhoods are less likely to have middle-class incomes as adults than equally poor African American children who grow up in less segregated neighborhoods. Segregated neighborhoods predict differences in life expectancy and health between African Americans and whites. Segregation also certainly underlies the high incarceration rate among African American men, and the conflicts between police and young men in black neighborhoods.

Many of these inequalities are also tied to educational outcomes and, as Rothstein's prior research has shown, the achievement gap between African American and white children is caused primarily by the child's social and economic conditions. These conditions, including racial segregation, predict average achievement levels irrespective of teachers' expectations, school accountability, or the quality of instruction. For example, African American children in urban areas have asthma at four times the rate of white middle-class children, because of poor environmental conditions in the housing and in the broader low-income neighborhoods in which they live. Children with asthma are more likely to come to school sleepless or drowsy, from having awakened at night, wheezing. Asthma is the most common cause of chronic school absenteeism in the United States. Considering two groups of children who are equal in every respect except that one group has a higher rate of asthma than the other, it stands to reason that the group with asthma will have lower average school achievement, simply because they attend school less alert and less often. The same story can be told regarding other conditions, such as exposure to lead, stress from parental economic insecurity, and homelessness. Rothstein notes that if every, or almost every child in a school has one (or more) of these disadvantages, it is inconceivable that the school could produce the same average level of achievement as a school attended by children without these disadvantages. He notes that schools where every child has such disadvantages are called "segregated schools"; the schools are segregated because the neighborhoods in which they are located are segregated. In fact, schools are more segregated today than they have been at any time in the last 45 years, and this is due to neighborhood segregation.

Rothstein says that as a nation we spend too much time worrying about the symptoms of segregation rather than dealing with the underlying cause of racial residential segregation, which we have convinced ourselves is something that happened by accident, not by public policy and therefore not a matter for governmental remediation.

### Teaching the history of housing policy

Addressing the underlying causes of residential segregation is unlikely if Americans continue to believe that segregation happened primarily because of private discrimination. Rothstein argues that reforming how we understand history ourselves and teach it to middle and high school students, including the history of New Deal policies that played a pivotal role in creating contemporary segregation, is essential to making change. As part of his research on the history of residential segregation in the United States, Rothstein looked at how this history is being taught in American schools. After reviewing the most commonly used history textbooks, he concluded that this history is largely omitted, and what is taught is misrepresented. Therefore, he exhorted his audience to take up the issue of how this history is taught with teachers, principals, school board members, and school superintendents in their own local communities. He suggests that if the omission of the history of government-mandated segregation becomes an issue, then the conversation will spread into the larger community, and may help to build the type of new civil rights movement that will eventually be required to address what he believes to be a national crisis.

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### Addressing residential segregation through public policy

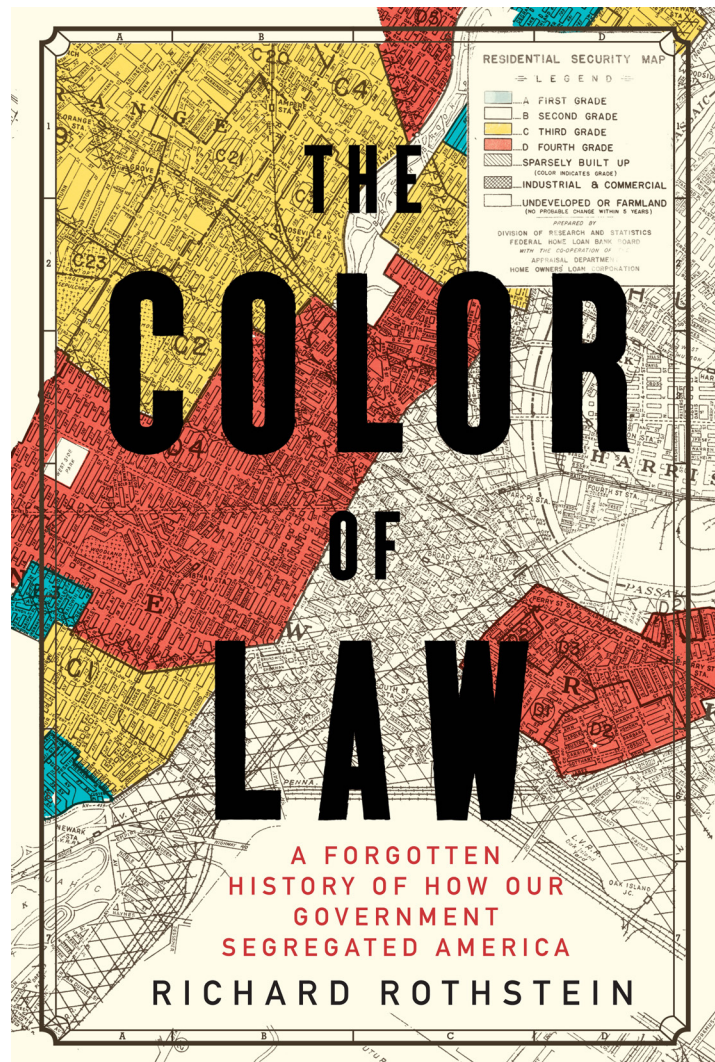
Rothstein concludes that if we can understand as a nation that government policy bears significant responsibility for residential segregation and that we thus have an obligation to address it, there are indeed policy interventions that could help to desegregate neighborhoods. He admits that these interventions would be much more complex than integrating public spaces like water fountains and swimming pools; he also notes that the political consensus to enact such policies is currently absent. Still, he offers several suggestions for policies that could ameliorate residential segregation in the United States.

Two of the three current major federal housing programs, the Low Income Housing Tax Credit, and the Housing Choice Voucher Program (commonly referred to as Section 8), are designed to support housing for low-income families, and both could potentially be modified to reduce residential segregation. The Low Income Housing Tax Credit is a federal subsidy given to developers of low-income housing. Low-income housing tax credit developments are predominantly placed in already low-income, segregated neighborhoods, intensifying their segregation. The incentive structure for these credits could be changed to persuade developers to build in higher-opportunity neighborhoods, thus helping to integrate those neighborhoods.

The Section 8 voucher program that subsidizes the rents of low-income families also contributes to segregation, since a family with a low-income housing voucher is more likely to find housing in a segregated neighborhood. Again, the federal rules governing local

housing authorities could be changed to encourage tenants to use their vouchers in integrated, low-poverty neighborhoods, and to require landlords in those neighborhoods to accept vouchers when presented.

The largest federal housing program, however, is the mortgage interest deduction. While the provisions of this deduction were changed in 2017, this program continues to offer a subsidy to single-family homeowners in predominantly middle-class communities. Rothstein suggests that while the political will to leverage this deduction to promote desegregation does not currently exist, it would potentially be possible to withhold the mortgage interest deduction from families living in suburbs that refuse to take steps toward racial and economic integration by, for example, repealing zoning ordinances that prohibit the construction of townhouses, or low-rise apartments, or even single-family homes on smaller lot sizes. These ordinances prevent lower- and middle-income families from living in affluent suburban neighborhoods. Though such reforms are not currently feasible on a national level, some progress could be made through state and local efforts. Rothstein concluded by stating that changing public policy to address segregation is achievable, and it is incumbent on Americans to demand that these changes be made. ■



<sup>1</sup>Detailed evidence for the claims made by Richard Rothstein in his Robert J. Lampman Memorial Lecture is available in R. Rothstein, *The Color of Law—A Forgotten History of How Our Government Segregated America* (New York: Liveright Publishing Corporation, 2017); R. Rothstein, *Class and Schools: Using Social, Economic, and Educational Reform to Close the Black-White Achievement Gap* (New York: Teachers College Press, 2004); and in other reports and articles found on the author's web page at <https://www.epi.org/people/richard-rothstein/>