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The "Segregation Tax": The Cost of Racial Segregation to Black Homeowners

"Whether the value of the family home declines, is stable, or grows is vital to a family's economic future."

By David Rusk[1]

Findings

An analysis of the wealth-creating potential of homeownership for owners of different ethnic and racial groups (comparing home values to homeowner incomes) in the nation's 100 largest metropolitan areas in 1990 found that:

- **Equalizing for income, black homeowners received 18 percent less value for their homes than white homeowners.** For every dollar of income, white homeowners owned $2.64 worth of house. By contrast, black homeowners owned only $2.16 worth of house.
- **This gap in home values, or "segregation tax" imposed on black homeowners, primarily results from a high degree of racial segregation in neighborhoods.** The only factor that explained variations in the black/white home value-to-income ratio among metropolitan areas was the degree of residential segregation. The higher the segregation, the wider the black/white gap. The lower the segregation, the narrower the gap.
- **Generally, black homeowners in metropolitan areas in the Midwest were subject to a higher "segregation tax" than their counterparts in other parts of the U.S.** Metropolitan areas in the Midwest were also places where racial segregation was usually highest.
- **An examination of one major metropolitan area—Philadelphia—confirms that both black and white homeowners were hurt by high levels of racial segregation.** Analyzing almost 1,200 census tracts reveals that even on the neighborhood scale, the ratio of home value-to-income dropped precipitously as the percentage of minority residents in a neighborhood rose. Within a majority black neighborhood, both white and black homeowners were hurt by a "segregation tax."

I. Introduction

Home equity is the typical American family's most important financial asset, and an important vehicle for transmitting wealth from generation to generation. Whether the value of the family home declines, is stable, or grows is vital to a family's economic future.

Over the past decade federal policy has emphasized increasing the percentage of Americans who own homes, and especially increasing minority homeownership, since their ownership rates have lagged behind those of whites. By 2000, homeownership had reached record levels, including among blacks, Hispanics, and Asians. How well has this policy worked for wealth creation?

This study provides a baseline for 1990 against which economic information from the 2000 census will be measured, when available. It compares home values and incomes for different racial and ethnic groups in the nation's 100 most populous metropolitan areas, where almost 6 out of 10 people lived in 1990. By racial and ethnic composition, the 147 million residents of these regions were 75 percent white, 13 percent black, 8.5 percent Hispanic, 3 percent Asian, and 0.5 percent Native American. These 100 metropolitan areas were home to 57 percent of all Hispanics, 58 percent of all whites, 63 percent of all blacks, and 64 percent of all Asians (but to only one-third of all Native Americans).

Homeownership is important for each of these population groups. In the 100 metropolitan areas, 39 percent of Hispanic households, 40 percent of black households, 46 percent of Native American households, 53 percent of Asian households, and 67 percent of white households owned their own homes.

This study is built around three analyses:

1) a review of the relationship between home value and homeowner income, and possible factors influencing this relationship, for the five racial/ethnic groups in the 100 largest metropolitan areas;

2) a case study of home values and homeowner incomes, racial and poverty characteristics, and the age and condition of homes in 1,192 census tracts of the Philadelphia metropolitan area; and

3) a close inspection of 379 census tracts in the Philadelphia metropolitan area for which the 1990 census reported specific information for black residents.

Thus, this study paints a broad picture of relative home values by racial and ethnic group in America's 100 largest metropolitan areas. The study also puts one major metropolitan area under a neighborhood-level microscope.

II. Methodology and Definitions

A. Methodological Approach

The 1990 census provided new insight into America's metropolitan housing markets. For all census tracts in the 320 U.S. metropolitan areas, the Census Bureau calculated both the mean value of owner-occupied homes and the mean value of homeowners' household incomes. It further reported mean home value and mean homeowner income for whites, blacks, Hispanics, Asians, and Native Americans.[2]

What insights can this data give? By converting mean home value and mean household income into a standardized measure—home value per dollar of income—I made an earlier study that controlled for differences in average income among different racial groups in Baltimore. In a perfectly functioning market that responded solely to economic factors (supply and demand), all homeowners of equivalent income—regardless of race—would own houses of equivalent value (within a narrow range of variation).

In 1990 in the six-county Baltimore metropolitan area, the data shows that black homeowners owned houses with a mean value of $69,600, while black homeowners' mean household income was $41,466. In other words, for every dollar of household income, black homeowners owned $1.68 worth of house. White homeowners had a higher mean household income ($55,429) and a higher mean home value—a *much* higher valued house ($133,000). For every dollar of household income, white homeowners owned $2.40 worth of house. In effect, for a dollar of income, black homeowners were getting only 70 percent of the home value that white homeowners received ($1.68 is 70 percent of $2.40). Or, black homeowners were receiving 30 percent less home value per dollar of income than white homeowners.

What would account for the substantial home value-to-income gap between blacks and whites in the Baltimore metropolitan area? Knowing that the area was still highly segregated, I characterized this disparity as a 30 percent "segregation tax."[3] This paper is a deeper investigation into that phenomenon.

B. Definitions

"Metropolitan area" refers to a Metropolitan Statistical Area (MSA) or a Primary Metropolitan Statistical Area (PMSA) as they were defined for the 1990 census.[4] The 100 most populous metropolitan areas ranged in size from the New York, NY PMSA (8,546,846) to the Mobile, AL MSA (476,923).

"White" refers to non-Hispanic whites. Though Hispanics could be of any race, the 1990 census provided

separate population counts for non-Hispanic blacks, non-Hispanic Asians, and non-Hispanic Native Americans. However, all housing and income data were reported by racial categories that included Hispanics within the groups. Thus, some double counting of Hispanics has occurred in this report, though it is minimal.[5]

There are two basic measures that are generally used to capture the degree of residential segregation within an American metropolitan area: a "dissimilarity index" and an "isolation index." The "dissimilarity index" (D-index) is a measure of the proportion of a given group that would need to move across census tracts to get a perfectly even distribution of that group across the entire MSA. It is usually calculated by comparing the distribution of a given minority population (blacks, Hispanics, poor persons, etc.) with the distribution of the majority group (whites, non-poor persons, etc.). A score of 100 indicates total segregation—for example, all blacks (and only blacks) live in certain neighborhoods, and all whites live everywhere else. A score of 0 indicates that every neighborhood has the same percentages of whites and blacks as the regional averages. An "isolation index" (I-index) measures what proportion of a person's neighbors are of the same race or ethnicity (or are also poor).[6]

III. Findings

A. Equalizing for income, black homeowners received 18 percent less value for their homes than white homeowners.

Table 1 shows the disparity in 1990 in home value per dollar of income in the 100 largest urban housing markets. In 1990, white homeowners had a mean income of $54,015 and a house with a mean value of $142,637. Thus, for every dollar of income, white homeowners as a group owned $2.64 worth of house.

By contrast, black homeowners had a mean income of $38,293 and a house with a mean value of $82,630. For every dollar of income, black homeowners owned $2.16 worth of house. In short, for a dollar of income, black homeowners received only 82 percent of the housing value that white homeowners received. Nationally, black homeowners "paid" an 18 percent "segregation tax" (mean value) or a 13 percent "segregation tax" ("typical" value, or "mean of the mean values").[7]

Table 1 shows that, nation-wide, the mean Hispanic, Asian, and Native American homeowners benefited from higher mean home-value-to-income ratios than did the mean white homeowner. Was that really true? Only as a national mean. For example, Asians had such a dramatically higher value-to-income ratio than whites when we examine all 100 metropolitan areas, because over half of Asian homeowners lived in the ten highest housing value metropolitan areas.[8] Almost one-third of Hispanic homeowners lived in the same high-value areas. By contrast, only 13 to 15 percent of white, black, and Native American homeowners lived in these areas. Within those ten metro areas, minority value-to-income ratios were roughly equal to white levels—always with the exception of black homeowners who usually paid a "segregation tax." The typical values (mean of the means) listed in the final column of Table 1 more accurately reflect the situation of Asian, Hispanic, and Native American homeowners.

Homeowners in black neighborhoods do not actually "pay" such a "segregation tax" in cash to a government. "Tax," in this context, can be considered similar to the high domestic prices for sugar and steel that result from import quotas and tariff barriers– which are often characterized as a "tax" paid by American consumers. Like high sugar and steel prices, the depressed values of homes, and reduced equity for homeowners in highly segregated neighborhoods reflect the impact of past (and, to some degree, present) public policies.

Some may argue that since homes

Table 1: Mean Home Value & Homeowner Income by Race and Ethnicity in 100 Largest Metropolitan Areas, 1990

Racial/Ethnic Group	Mean Value of Owner-Occupied Home	Mean Homeowner's Income	Home Value per $ of Income	% of White Home Value per $ of Income (Mean)	% of White Home Value per $ of Income (Typical) #
White	$142,637	$54,015	$2.64	n/a	n/a
Black	$82,630	$38,293	$2.16	82%	87%
Hispanic	$128,842	$43,916	$2.93	111%	93%
Asian	$224,744	$63,881	$3.52	133%	96%
Native American	$113,459	$40,850	$2.78	105%	94%

 # "Typical" indicates "mean of the means." See Footnote 7. Source: Author's calculations based on U.S. Census Bureau 1990 CPH series, tables 9 and 32

Table 2: Segregation Indices and Segregation Taxes in the 100 Largest Metropolitan Areas, 1990

Racial/Ethic Group	# of Metropolitan Areas	Typical Racial Dissimilarity Index	Typical Racial Isolation Index	Typical Level of Segregation Tax
Black	96	64*	50*	13%
Hispanic	69	45**	32**	7%
Asian	38	38**	19**	4%
Native American	12	32**	12**	6%

**Statistically significant **Not statistically significant*
Source for segregation indices: Harrison and Weinberg (1992).

are less expensive in black neighborhoods, there is actually a benefit because it enables new homebuyers to purchase a house for less than they would pay for a comparable home in white neighborhoods. There is certainly a tradeoff between initial price and increase in value. In a number of low-cost housing markets there is definitely good news and bad news for buyers. The good news is that housing is relatively cheap, modest-income households can become homeowners relatively easily, and low housing costs could be an economic development selling point. However, the bad news is that homes in these neighborhoods are poor long-term investments, making it very difficult to build equity through homeownership for retirement, for example. (Generally, low-cost markets have lagged behind national means in terms of the growth in value of the housing stock.) Blacks in such neighborhoods are at a significant disadvantage because of the leveraging effect that a home gives an owner for future borrowing. As mentioned earlier, it is the *equity* in one's home that is often one's most important financial asset.

B. This gap in home values, or "segregation tax" imposed on black homeowners, primarily results from a high degree of racial segregation in neighborhoods.

For each minority group, this study examined several factors to determine what was behind the variations in the black/white home-value-to-income ratio. Three factors were analyzed for all groups: total size of the metropolitan area and two measures of the overall level of economic segregation (dissimilarity and isolation indices). Four others were minority group-specific: each minority group's percentage of the metropolitan area's total population, the percentage of homeownership within each minority group, and the same two measures applied to racial and ethnic segregation (dissimilarity and isolation indices).

Only the dissimilarity and isolation indices for blacks had a significant value in explaining the "segregation tax."[9] The higher the segregation, the wider the black/white gap in home value per dollar of income. The lower the segregation, the narrower the gap. Metropolitan area population size, each minority's percentage of the population, each minority's percentage of home owners, and economic segregation indices had no statistically significant impact on variations in the home-value-to-homeowner-income ratio between whites and different minority groups.

Table 2 summarizes dissimilarity and isolation indices for the four minority groups in the 100 metropolitan areas. Indices were developed only for minorities that were at least 2 percent of a region's population (1 percent in the case of Native Americans).[10] The black percentage fell below 2 percent in only four of the 100 most populous regions. These were Allentown-Bethlehem, PA; Anaheim-Santa Ana, CA; Salt Lake City, UT; and Scranton-Wilkes Barre, PA.

For blacks the typical values were 64 (D-index) and 50 (I-index), whereas the typical value of the black homeowner segregation tax was 13 percent. In other words, in the typical metropolitan area (with a 13 percent black population), the typical black resident lived in a neighborhood that was 50 percent black, and almost two-thirds of black residents would have to move in order for every neighborhood to be 13 percent black.

Dissimilarity and isolation indices were substantially lower for other minority groups—as was the typical gap between their home-value-to-homeowner-income ratios and those of whites. The typical Hispanic lived in a neighborhood that was 32 percent Hispanic. Only 19 percent of the typical Asian's neighbors were also Asian. Eighty-eight percent of the typical Native American's neighbors were non-Native American. Though variations in home-value-to-income ratios existed (plus or minus) for each minority group with regard to white levels, there was no statistically significant relationship between the variations and the lower levels of racial dissimilarity and racial isolation for minorities other than blacks. In 1990, the "segregation tax" was a persistent

Table 3: Black Segregation Tax for 100 Largest Metropolitan Areas in 1990, by Region

Metropolitan Area	Typical White Home Value	Typical White Homeowner Income	White Home-Value-to-Income Ratio	Typical Black Home Value	Typical Black Homeowner Income	Black Home-Value-to-Income Ratio	Typical Black Segregation Tax
West (23 metro areas)	$186,887	$55,059	$3.21	$137,017	$43,673	$2.98	-7%
South (34)	$102,162	$48,560	$2.08	$60,474	$32,461	$1.85	-10%
Northeast (23)	$158,687	$54,857	$2.80	$117,504	$46,123	$2.46	-13%
Midwest (20)	$90,175	$48,111	$1.84	$51,225	$34,718	$1.46	-21%

Source: Author's calculations based on US Census Bureau 1990 CPH series, tables 9 and 32

Table 4: Ten Best and Worst Metropolitan Areas in 1990 for Size of Segregation Tax on Black Home Values Compared with Segregation Indices (100 = Total Segregation)

Metropolitan Area	Region	Black/White Home Value/Income Ratio	Black Segregation Tax or Bonus on Home Value	Typical Black Dissimilarity Index	Typical Black Isolation Index
Ten best metropolitan areas		**105%**	**+5%**	**58**	**42**
Riverside-San Bernardino, CA	West	111%	+11%	44	23
Baton Rouge, LA	South	107%	+7%	64	64
Providence, RI	Northeast	107%	+7%	67	33
Honolulu, HI	West	106%	+6%	43	18
Albuquerque, NM	West	105%	+5%	39	12
New Orleans, LA	South	105%	+5%	69	72
San Francisco, CA	West	104%	+4%	64	48
Boston, MA	Northeast	102%	+2%	68	51
Tulsa, OK	South	101%	+1%	62	50
Oklahoma City, OK	South	101%	+1%	60	45
Typical value for 96 metropolitan areas[11]		*82%*	*-18%*	*64*	*50*
Ten worst metropolitan areas		**69%**	**-31%**	**79**	**70**
Ft. Lauderdale-Hollywood-Pompano Beach, FL	South	76%	-24%	68	58
Buffalo, NY	Northeast	76%	-24%	82	68
Toledo, OH	Midwest	73%	-27%	74	59
Milwaukee, WI	Midwest	71%	-29%	83	72
Chicago, IL	Midwest	71%	-29%	86	84
Baltimore, MD	South	70%	-30%	71	71
Gary-Hammond, IN	Midwest	70%	-30%	90	84
Harrisburg-Lebanon-Carlisle, PA	Northeast	67%	-33%	76	48
Philadelphia, PA-NJ	Northeast	61%	-39%	77	72
Detroit, MI	Midwest	57%	-43%	88	82

Sources: Author's calculations based on 1990 CPH-3; Harrison and Weinberg (1992)

reality only for most black homeowners and not for other minority homeowners.

C. Generally, black homeowners in metropolitan areas in the Midwest were subject to a higher "segregation tax" than their counterparts in the other parts of the U.S.
Metropolitan areas in the Midwest generally had by far the highest "segregation tax." Table 3 calculates the black "segregation tax" for the 100 largest metropolitan areas in 1990 by geographic region. The ratio of homeowner income for blacks and whites is relatively even among all regions. Home value, on the other hand, fluctuates a great deal. Blacks' typical home value is more than two-and-a-half times greater in the West than in the Midwest. At the same time, blacks' typical homeowner income is only 25 percent higher in the West than in the Midwest—and it is higher in the Midwest than it is in the South. Further, the black home-value-to-income ratio of $2.98 in the West is actually higher than the national mean of $2.64 for whites. Clearly, home value is the driver of the "segregation tax" when examined on a regional level.

Table 4 lists the ten best and ten worst metropolitan areas with regard to the "segregation tax" for blacks. See the Appendix for the "segregation tax" for each of the 100 largest metropolitan areas.

For blacks, the ten best metropolitan areas averaged a 5 percent bonus vis a vis white home-value-to-income ratios. Typical D- and I-indices were 58 and 42, respectively, significantly better than typical values for all 96 metropolitan areas (64 and 50, respectively). As anticipated, for the ten worst metropolitan areas (with typically a 31 percent "segregation tax"), the typical D-index was 79 and the typical I-index was 70, significantly worse than typical values for all 96 metropolitan areas. As can be seen from the table, the nine worst metropolitan areas in terms of the black "segregation tax" are all older, industrial areas around the Northeast and Midwest where racial segregation is high and persistent.

D. An examination of one major metropolitan area - Philadelphia - confirms that both black and white homeowners were hurt by high levels of racial segregation.
Among the nation's 320 metropolitan areas in 1990, the 4.9 million-person Philadelphia metropolitan area was one of the most racially and economically segregated. In 1990, the dissimilarity index for blacks (77) was ninth worst; for Hispanics (67), it was third worst. The economic dissimilarity index was 49, the sixth worst (out of the 100 largest metropolitan areas).

Concentrated poverty was highly racialized. Seventy-seven percent of all census tracts with more than 20 percent of residents living poverty were majority-minority; 94 percent of tracts with a poverty level below 20 percent were majority-white. Hyper-poverty conditions were even more racially skewed. Out of 61 hyper-poverty tracts (with poverty rates above 40 percent), 42 were majority black, 12 were majority Hispanic, four had a majority of blacks and Hispanics combined, and one was majority Asian. Only two out of 61 hyper-poverty tracts had a white majority. In short, 97 percent of hyper-poverty tracts

Table 5: Racial and Poverty Characteristics and Home Value per Dollar of Homeowner Income by Census Tracts in Metropolitan Philadelphia, 1990

Census Tract Group	Range of Home Value Per $ of Household Income	Typical Home Value Per $ of Household Income	Black Percentage (Typical value)	Black & Hispanic Percentage (Typical value)	Poverty Percentage (Typical value)
1st	$3.19-5.83	$3.38	3.8%	5.5%	5.1%
2nd	$3.02-3.18	$3.08	2.6%	3.9%	3.6%
3rd	$2.89-3.01	$2.95	2.9%	4.0%	4.0%
4th	$2.81-2.88	$2.85	4.2%	5.7%	3.0%
5th	$2.72-2.80	$2.76	4.2%	5.8%	4.6%
6th	$2.64-2.71	$2.67	3.3%	4.7%	4.0%
7th	$2.56-2.63	$2.59	7.0%	8.7%	4.4%
8th	$2.50-2.55	$2.53	6.4%	7.8%	4.6%
9th	$2.42-2.49	$2.46	6.2%	8.0%	7.4%
10th	$2.35-2.41	$2.38	10.6%	12.2%	5.5%
11th	$2.28-2.34	$2.31	5.4%	7.3%	5.5%
12th	$2.22-2.27	$2.25	11.3%	13.4%	6.5%
13th	$2.15-2.21	$2.18	7.4%	9.7%	6.5%
14th	$2.04-2.14	$2.10	17.4%	20.6%	8.6%
15th	$1.89-2.03	$1.98	16.1%	18.4%	9.1%
16th	$1.70-1.88	$1.79	26.7%	29.7%	11.3%
17th	$1.43-1.69	$1.58	32.7%	36.7%	18.4%
18th	$1.19-1.42	$1.30	56.2%	62.5%	24.0%
19th	$0.96-1.18	$1.05	67.7%	77.2%	29.0%
20th	$0.57-0.95	$0.88	70.6%	85.8%	38.0%

Source: author's calculations based on 1990 CPH-3-259A: tables 8, 9, and 19

were majority-minority.

At the other end of the income scale, there were 849 low-poverty tracts with poverty rates below 10 percent. Almost 97 percent of low-poverty tracts were majority-white.

In Table 5, the Philadelphia metropolitan area's 1,192 census tracts were ranked by the value-to-income ratio and divided into 20 groups of about 60 tracts each. The value-to-income ratio declined as the minority population of a tract increased and poverty levels rose.

Using linear regression analysis, the percentage of minority homeowners and the poverty rate explained 80 percent of the variation in value-to-income ratios among the twenty groupings; the percentage of minority homeowners had substantially greater impact than the poverty rate.[12] Analyzing all 1,192 tracts individually, the same two factors explained 50 percent of the variation in value-to-income ratios. Racial mix had about twice the influence of the poverty rate.[13]

1. Wealthy minority neighborhoods had less home value per dollar of income than wealthy white neighborhoods.

With one exception, the Philadelphia metropolitan area's 151 wealthiest census tracts (ranked by homeowner income) were majority-white neighborhoods.[14] Farther down the relative rankings, as Table 6 summarizes, Philadelphia tract 120 was both majority-minority (70 percent black and Hispanic) and had a high mean homeowner income ($73,137). Seventeen suburban tracts and two other central-city tracts were tract 120's economic peers (that is, their mean homeowner incomes fell within a 2 percent range of tract 120's mean homeowner income). Tract 120's value-to-income ratio ($1.88) was only 67 percent of the typical value of its 17 suburban peers ($2.79) and only 68 percent of its two central city peers' typical value ($2.76).

Tract 120 had a lower proportion of homeownership than its suburban peers (50 percent vs. 84 percent), older housing (typically, 57 year-old stock vs. 27-year-old stock), and a higher poverty rate (typically, 7.4 percent vs. 2.0 percent). However, the two central-city peer tracts exceeded tract 120 on each of these counts. The decisive difference seemed to be racial composition. Tract 120 was 70 percent minority; its suburban and central-city peers were typically 95 percent and 90 percent white, respectively. In 1990, the high concentration of blacks in Philadelphia tract 120 was exacting a 33 percent "segregation tax" from tract 120's homeowners.

Table 6: Five Majority-Minority Tracts with Highest Homeowner Income Matched with Comparable Income, Majority-White Tracts in Metropolitan Philadelphia 1990

Target Tract and Comparative Category	Census Tract Number	Homeowner Household Income	Home Value per $ of Homeowners Income	Black & Hispanic %	Poverty %	Owner Occupied %	Typical Age of House in 1990
Philadelphia	120	$73,137	$1.88	70.2%	7.4%	50.2%	57
Suburban Peers	n = 17		$2.79	4.8%	2.0%	84.0%	27
Central City Peers	n = 2		$2.76	9.6%	12.9%	31.6%	58
Willingboro	7028.10	$64,778	$2.41	53.9%	3.5%	97.1%	25
Suburban Peers	n = 22		$2.54	3.7%	2.1%	79.4%	32
Central City Peers	n = 1		$2.99	12.4%	11.4%	38.3%	61
Willingboro	7028.11	$60,944	$2.22	71.3%	1.3%	97.1%	21
Suburban Peers	n = 31		$2.66	6.9%	2.5%	78.8%	29
Central City Peers	n = 1		$2.11	18.6%	8.6%	46.5%	53
Philadelphia	250	$56,713	$1.36	88.0%	28.6%	55.0%	62
Suburban Peers	n = 31		$2.73	5.5%	3.1%	71.5%	30
Central City Peers	n = 1		$2.19	5.9%	10.5%	66.7%	37
Pemberton Township	7022.03	$51,897	$2.09	88.0%	6.6%	66.1%	25
Suburban Peers	n = 49		$2.69	5.4%	3.4%	79.7%	33
Central City Peers	n = 4		$2.02	5.2%	6.2%	57.5%	25

Source: author's calculations based on 1990 CPH-3-259A: tables 8, 9, 19, and 32

These patterns held true throughout the comparison of five high-income, majority-minority tracts in Philadelphia and suburban Willingboro and Pemberton, New Jersey with their peers (Table 6).[15] For eight of ten pairings, the "segregation tax" in the five wealthy, majority minority tracts ranged from 5 percent to 50 percent.[16] Overall, the typical "segregation tax" for high-income, majority-minority neighborhoods was 25 percent.

Among wealthy tracts, only two factors—percentage of minorities and age of housing—had a statistically significant impact on value-to-income ratios. The greater the percentage of minority residents and the older the age of the housing stock, the greater the home-value-to-income gap.[17]

2. Poor white neighborhoods had more home value per income than poor minority neighborhoods.
Although most poverty-impacted tracts were minority tracts, there were a handful of poor white neighborhoods. Table 7 matches up the five poorest majority-white tracts with their majority-minority economic peers. With the exception of one tract in suburban Pottstown, all target tracts and their peers were located in the region's three central cities (Philadelphia, Camden, and Chester).

Overall, though value-to-income ratios were much lower than in wealthier neighborhoods, home values in poor white neighborhoods were 58 percent higher than home values in poor minority neighborhoods with equivalent homeowner income levels. Unlike the match-up of wealthy neighborhoods, however, there may have been factors other than racial composition at work. Poor minority neighborhoods consistently had more rental properties, more vacant units, more boarded up properties, and, most significantly, higher poverty rates. On the other hand, with the exception of the Pottstown neighborhood, houses in poor white neighborhoods were somewhat older.

However, a multivariate regression showed that, with the exception of the percentage of homeowners, these additional factors (percentage of vacant and boarded up properties, age of housing) had no statistically significant impact on value-to-income ratios. The three statistically significant factors were percentage of minority residents, poverty rate, and percentage of homeowners.[18]

Contrary to conventional wisdom, these five white neighborhoods were not poor because they had large numbers of fixed-income retirees. They did not have significantly more elderly residents than their minority peer neighborhoods or the region as a whole. Twenty percent of the residents of the five poor white neighborhoods were 60 years of age or older compared with almost 18 percent in their 49 poor minority peer neighborhoods and 18 percent of the regional population.

3. Within a majority black neighborhood, both white and black homeowners were hurt by a "segregation tax."
To gain greater insight into the regional housing market's dynamics, I also separately analyzed 379 tracts for which the 1990 census provided specific data

Table 7: Five Majority White Tracts with Lowest Homeowner Income Matched with Comparable Income, Majority-Minority Tracts in Metropolitan Philadelphia, 1990

Target Tract and Comparative Category	Census Tract Number	Homeowner Household Income	Home Value per $ of Homeowners Income	Black & Hispanic %	Poverty %	Owner Occupied %	Typical Age of House in 1990
Philadelphia	297	$19,099	$1.67	1.3%	9.3%	84.2%	71
Central City Peers	n = 4		$1.09	98.0%	52.3%	48.3%	60
Philadelphia	194.00	$21,830	$1.27	31.0%	25.5%	70.0%	75
Central City Peers	n = 8		$1.06	95.0%	39.6%	53.9%	63
Philadelphia	161	$22,470	$0.92	8.6%	32.7%	65.4%	74
Central City Peers	n = 10		$1.06	93.4%	42.2%	47.2%	58
Pottstown	2088.01	$23,359	$2.73	5.0%	15.6%	37.6%	58
Central City Peers	n = 10		$0.98	96.6%	38.7%	53.2%	63
Philadelphia	159	$24,528	$1.58	1.1%	21.8%	80.2%	77
Central City Peers	n = 15		$1.05	93.9%	35.1%	61.7%	66
[White peer alternatives]	[n = 4]		[$1.36]	[11.7%]	[22.5%]	[76.9%]	[74]

Note: There were no majority white tracts with equivalent low incomes in Philadelphia's suburbs.
Source: Author's calculations based on 1990 CPH-3-359A, tables 8, 9, 19, and 32.

for black residents. Though almost 60 percent of these tracts had white majorities, these 379 tracts were home to 93 percent of all black homeowners. Only 19 percent of white homeowners lived in these areas.[19]

The previous section showed that race and poverty were the only statistically significant factors influencing home-value-to-homeowner-income ratios for *all* homeowners for all 1,192 tracts. As would be expected, for these 347 tracts (eliminating those with insufficient data), the percentage of black residents and the poverty level also were negatively correlated with value-to-income ratios for *black* homeowners.[20] But both white and "non-black" value-to-income ratios generally tracked changes in black ratios. Within a majority black neighborhood, white homeowners as well as black homeowners were victimized by the "segregation tax."

4. Willingboro: a study in middle class racial change

With a 56 percent black population, the town of Willingboro, NJ, was probably the pre-eminent black suburb of metropolitan Philadelphia in 1990. It contained one-third of the entire region's 27 above-average income, majority-minority tracts.

Willingboro's black population steadily increased from just 11 percent in 1970. The poverty rate remained low, and black household income was higher than white household income. But Willingboro's remaining white population was aging; proportionally, twice as many whites as blacks were elderly. The town's mean household income dropped from 37 percent above the regional mean in 1970 to only 17 percent above in 1990 (in part, because of the rising proportion of white retirees).

For the whole town, the home-value-to-income ratio was almost identical for black and white homeowners ($1.96 for black homeowners, $1.99 for white homeowners). From neighborhood to neighborhood, the value-to-income ratios between blacks and whites generally tracked each other. Within Willingboro, there was no "segregation tax" uniquely imposed on black homeowners.

However, within a regional context, the "segregation tax" was being exacted from black and white homeowners of Willingboro alike. Matching Willingboro's seven wealthiest tracts with almost 300 tracts that were their economic (but majority white) peers throughout metropolitan Philadelphia showed that, tract by tract, in Willingboro the segregation tax averaged 23 percent.

Why had this occurred? One probable cause: during the 1970s, there were 77 white homebuyers for every 100 black homebuyers; in the 1980s, only 56 white homebuyers for every 100 black homebuyers; and by 1989, only 40 white homebuyers for every 100 black homebuyers.

Clearly, white prospective homebuyers increasingly ruled out buying in Willingboro. Eighty-four percent of the Philadelphia region's homebuyers were white. As more and more white homebuyers shunned Willingboro, demand for housing and price competition were reduced, home values were depressed, and the segregation tax grew.

IV. Policy Implications and Recommendations

Eliminating the "segregation tax" requires achieving stable, integrated neighborhoods throughout metropolitan areas where large numbers of white homebuyers will bid for homes with significant numbers of black neighbors. Achieving such neighborhoods requires promoting economic diversity as well as racial balance and stability. Many older neighborhoods in cities and inner suburbs cannot become attractive communities for middle class families again unless their current concentration of poverty is greatly reduced. This requires creating housing alternatives for low-income, minority households on a regional scale. In addition, schools largely determine where young, middle-class families choose to buy homes. High-poverty, inner-city schools cannot be incrementally improved; they must, in effect, be converted into majority middle-class schools through changes in enrollment policies.

1. Economic diversity can be promoted through state laws and local ordinances that institute inclusionary zoning. Such policies could require that a certain proportion of housing units in new subdivisions and apartment complexes (typically, 15 percent) must be affordable for modest-income households (those below 65 percent of median income). These opportunities should be extended to very low-income households by requiring that one-third of affordable units be purchased by a regional public housing authority, as Montgomery County, MD, has done for 28 years.[21]

2. Economic diversity can also be promoted by rethinking school enrollment policies. For example, La Crosse, WI, has adopted controlled choice pupil assignment policies within its district with the goal of achieving greater economic integration. Where possible, such controlled choice policies should be adopted not only within school districts but also between adjacent public school districts to create more economically balanced, predominantly middle-class student bodies. Albuquerque, NM, is working to establish middle-class schools in poor neighborhoods by splitting at least two local schools' enrollments between neighborhood children (primarily poor) and children of nearby office workers (primarily middle-class). The school district is using extended-day programs for all children to help out working parents.

3. In order to promote racial balance and stability, federal, state, and local fair housing and fair lending laws must be vigorously enforced. Shaker Heights, OH, established a program of recruiting black homebuyers for predominantly white neighborhoods and white homebuyers for predominantly black neighborhoods. Oak Park, IL, has long prevented panic selling by white homeowners in integrating neighborhoods by pledging to buy any home at 80 percent of its appraised value.

V. Postscript … and Prelude: The View from Census 2000

Early Census 2000 results reveal an America that is more diverse but still highly segregated. Black segregation declined, but in many metropolitan areas progress was slower in the 1990s than in the previous two decades.[22] In many regions, the Hispanic population expanded rapidly, but so did Hispanic barrios.

What will Census 2000 reveal about the "segregation tax"? Perhaps the widening of the Hispanic/Anglo gap into a systematic "segregation tax" affecting Hispanics. Perhaps some slight closing of the black-white gap in some metropolitan areas, reflecting the slow progress on residential desegregation. But I suspect the "segregation tax" will have increased for Willingboro, New Jersey. During the past decade, Willingboro's percentage of black residents increased further from 56 percent to 67 percent. There were clearly even fewer new white homebuyers interested in Willingboro in the 1990s than in the 1980s.

And that is the unsurprising fact of the "segregation tax": it arises not from the actions of black homebuyers but from the actions of white homebuyers. In most American communities, it is no longer the case that the arrival of the first black residents triggers white flight, urged on by unscrupulous realtors' block-busting tactics and abetted by mortgage lenders' "red-lining" neighborhoods (both now illegal). But year by year, as more and more white homebuyers shun the country's Willingboros (not to mention less advantaged black neighborhoods), demand for housing and price competition are reduced, home values are depressed, and the "segregation tax" continues.

The antidote is integration—*stable,* integrated communities. As this study has also shown, the "segregation tax" diminishes, even disappears, when metropolitan regions are more racially integrated. White homeowners have nothing to fear but their own fear itself. In recent decades, championing integration has also become unfashionable in some African American circles. This study adds further evidence about the costs of accommodating to "separate, but equal." "Separate" is not "equal" in racially segregated metropolitan housing markets.

Appendix: Black Segregation Tax for the 100 Largest Metropolitan Areas, 1990

Metropolitan Area	White Mean Home Value	White Mean Homeowner Income	White Home-Value-to-Income Ratio	Black Mean Home Value	Black Mean Homeowner Income	Black Home-Value-to-Income Ratio	Black Segregation Tax or Bonus
Akron, OH	$78,300	$43,779	$1.79	$44,800	$32,971	$1.36	-24%
Albany-Schenectady-Troy, NY	$112,600	$46,173	$2.44	$97,900	$40,475	$2.42	-1%
Albuquerque, NM	$108,000	$48,046	$2.25	$81,000	$34,313	$2.36	5%
Allentown-Bethlehem, PA-NJ	$117,000	$44,645	$2.62	$97,000	$42,202	$2.30	-12%
Anaheim-Santa Ana, CA	$292,100	$70,511	$4.14	$256,800	$63,930	$4.02	-3%
Atlanta, GA	$120,200	$57,745	$2.08	$71,800	$38,955	$1.84	-12%
Austin, TX	$102,000	$53,484	$1.91	$59,400	$33,917	$1.75	-8%
Bakersfield, CA	$100,800	$44,018	$2.29	$74,600	$32,318	$2.31	1%
Baltimore, MD	$133,000	$55,429	$2.40	$69,600	$41,466	$1.68	-30%
Baton Rouge, LA	$83,300	$44,831	$1.86	$52,300	$26,366	$1.98	7%
Bergen-Passaic, NJ	$249,600	$70,513	$3.54	$185,600	$59,957	$3.10	-13%
Birmingham, AL	$83,200	$42,871	$1.94	$43,600	$26,200	$1.66	-14%
Boston, MA	$217,800	$64,559	$3.37	$176,400	$51,444	$3.43	2%
Bridgeport, CT	$219,600	$59,575	$3.69	$153,800	$50,920	$3.02	-18%
Buffalo, NY	$85,500	$42,906	$1.99	$47,200	$31,315	$1.51	-24%
Charleston, SC	$100,900	$43,677	$2.31	$59,400	$26,027	$2.28	-1%
Charlotte, NC-SC	$95,400	$45,745	$2.09	$56,000	$33,024	$1.70	-19%
Chicago, IL	$143,900	$58,488	$2.46	$70,800	$40,482	$1.75	-29%
Cincinnati, OH-KY-IN	$90,100	$48,327	$1.86	$60,700	$35,794	$1.70	-9%
Cleveland, OH	$94,600	$47,765	$1.98	$52,200	$34,642	$1.51	-24%
Columbia, SC	$95,300	$45,747	$2.08	$57,600	$32,355	$1.78	-15%
Columbus, OH	$89,300	$47,094	$1.90	$58,100	$35,903	$1.62	-15%
Dallas, TX	$113,600	$59,504	$1.91	$64,400	$35,136	$1.83	-4%
Dayton-Springfield, OH	$78,500	$43,907	$1.79	$49,400	$33,731	$1.46	-18%
Denver, CO	$105,600	$51,975	$2.03	$79,800	$40,525	$1.97	-3%
Detroit, MI	$91,500	$51,431	$1.78	$36,700	$36,065	$1.02	-43%
El Paso, TX	$86,300	$48,188	$1.79	$66,200	$36,706	$1.80	1%
Fort Lauderdale, FL	$125,200	$45,080	$2.78	$73,400	$34,882	$2.10	-24%
Fort Worth, TX	$90,900	$49,895	$1.82	$54,500	$31,957	$1.71	-6%
Fresno, CA	$108,100	$49,353	$2.19	$72,800	$33,703	$2.16	-1%
Gary-Hammond, IN	$73,800	$43,753	$1.69	$39,300	$33,425	$1.18	-30%
Grand Rapids, MI	$81,700	$45,723	$1.79	$49,100	$35,352	$1.39	-22%
Greensboro-Winston-Salem, NC	$89,400	$44,014	$2.03	$59,700	$33,778	$1.77	-13%
Greenville-Spartanburg, SC	$76,100	$39,843	$1.91	$46,000	$30,506	$1.51	-21%
Harrisburg, PA	$84,900	$42,229	$2.01	$50,700	$37,530	$1.35	-33%
Hartford, CT	$194,600	$62,359	$3.12	$155,200	$50,732	$3.06	-2%
Honolulu, HI	$357,200	$70,342	$5.08	$273,900	$50,660	$5.41	6%
Houston, TX	$96,800	$58,712	$1.65	$49,500	$33,803	$1.46	-11%
Indianapolis, IN	$82,400	$47,922	$1.72	$49,400	$34,452	$1.43	-17%
Jacksonville, FL	$90,100	$45,157	$2.00	$46,800	$27,699	$1.69	-15%
Jersey City, NJ	$168,300	$51,873	$3.24	$117,700	$47,522	$2.48	-24%
Kansas City, MO-KS	$81,300	$47,047	$1.73	$44,600	$31,334	$1.42	-18%
Knoxville, TN	$72,300	$38,762	$1.87	$49,100	$30,387	$1.62	-13%
Lake County, IL	$188,100	$76,244	$2.47	$88,000	$46,083	$1.91	-23%

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Metropolitan Area	White Mean Home Value	White Mean Homeowner Income	White Home-Value-to-Income Ratio	Black Mean Home Value	Black Mean Homeowner Income	Black Home-Value-to-Income Ratio	Black Segregation Tax or Bonus
Las Vegas, NV	$114,700	$49,700	$2.31	$83,000	$41,185	$2.02	-13%
Little Rock, AK	$74,600	$41,123	$1.81	$44,800	$27,240	$1.64	-9%
Los Angeles, CA	$308,200	$70,928	$4.35	$170,900	$45,579	$3.75	-14%
Louisville, KY-IN	$71,800	$42,342	$1.70	$40,600	$30,778	$1.32	-22%
Memphis, TN-AR-MS	$92,900	$49,715	$1.87	$49,000	$28,376	$1.73	-8%
Miami, FL	$138,100	$58,794	$2.35	$67,000	$34,730	$1.93	-18%
Middlesex-Somerset-Hunterdon, NJ	$198,500	$64,620	$3.07	$170,700	$60,594	$2.82	-8%
Milwaukee, WI	$92,200	$49,398	$1.87	$47,500	$35,669	$1.33	-29%
Minneapolis-St. Paul, MN-WI	$103,800	$52,120	$1.99	$81,200	$42,289	$1.92	-4%
Mobile, AL	$73,200	$38,881	$1.88	$42,800	$22,999	$1.86	-1%
Monmouth-Ocean, NJ	$179,000	$53,779	$3.33	$134,100	$47,758	$2.81	-16%
Nashville, TN	$97,900	$47,018	$2.08	$63,600	$33,015	$1.93	-8%
Nassau-Suffolk, NY	$224,400	$69,451	$3.23	$160,600	$58,281	$2.76	-15%
New Haven-Meriden, CT	$198,800	$58,789	$3.38	$147,300	$49,922	$2.95	-13%
New Orleans, LA	$91,900	$44,333	$2.07	$60,000	$27,666	$2.17	5%
New York, NY	$255,600	$75,821	$3.37	$166,300	$50,408	$3.30	-2%
Newark, NJ	$229,000	$74,510	$3.07	$142,500	$52,111	$2.73	-11%
Norfolk-VA Bch-Newprt News, VA	$111,000	$47,879	$2.32	$71,100	$35,055	$2.03	-13%
Oakland, CA	$266,400	$64,405	$4.14	$161,900	$43,567	$3.72	-10%
Oklahoma City, OK	$66,100	$41,397	$1.60	$49,800	$30,822	$1.62	1%
Omaha, NE-IA	$69,500	$45,023	$1.54	$41,700	$31,249	$1.33	-14%
Orlando, FL	$107,400	$47,693	$2.25	$67,100	$31,742	$2.11	-6%
Oxnard-Ventura, CA	$286,500	$64,510	$4.44	$248,800	$68,915	$3.61	-19%
Philadelphia, PA-NJ	$133,100	$54,084	$2.46	$51,300	$34,184	$1.50	-39%
Phoenix, AZ	$107,700	$47,561	$2.26	$75,600	$38,707	$1.95	-14%
Pittsburgh, PA	$68,400	$41,110	$1.66	$42,500	$32,017	$1.33	-20%
Portland, OR	$88,200	$46,858	$1.88	$56,100	$33,793	$1.66	-12%
Providence, RI	$152,600	$58,397	$2.61	$110,600	$39,739	$2.78	6%
Raleigh-Durham, NC	$118,500	$53,559	$2.21	$70,600	$34,716	$2.03	-8%
Richmond, VA	$104,200	$52,468	$1.99	$62,300	$35,870	$1.74	-13%
Riverside-San Bernardino, CA	$158,700	$48,460	$3.27	$169,200	$46,740	$3.62	11%
Rochester, NY	$99,600	$48,744	$2.04	$70,800	$43,193	$1.64	-20%
Sacramento, CA	$163,000	$50,338	$3.24	$115,400	$45,327	$2.55	-21%
Salt Lake City, UT	$84,300	$43,760	$1.93	$64,300	$32,092	$2.00	4%
San Antonio, TX	$88,400	$48,712	$1.81	$53,600	$31,724	$1.69	-7%
San Diego, CA	$235,100	$58,233	$4.04	$144,800	$45,302	$3.20	-21%
San Francisco, CA	$378,200	$76,157	$4.97	$239,600	$46,251	$5.18	4%
San Jose, CA	$342,000	$72,088	$4.74	$260,900	$61,476	$4.24	-11%
Scranton-Wilkes Barre, PA	$78,800	$35,759	$2.20	$96,200	$39,993	$2.41	9%
Seattle, WA	$166,600	$54,288	$3.07	$125,100	$42,723	$2.93	-5%
Springfield, MA	$139,700	$46,830	$2.98	$108,500	$41,662	$2.60	-13%
St. Louis, MO-IL	$90,700	$47,180	$1.92	$50,100	$33,113	$1.51	-21%
Stockton, CA	$144,300	$46,733	$3.09	$99,900	$35,896	$2.78	-10%
Syracuse, NY	$87,500	$44,257	$1.98	$67,100	$42,907	$1.56	-21%
Tacoma, WA	$100,600	$42,988	$2.34	$77,400	$39,890	$1.94	-17%

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Metropolitan Area	White Mean Home Value	White Mean Homeowner Income	White Home-Value-to-Income Ratio	Black Mean Home Value	Black Mean Homeowner Income	Black Home-Value-to-Income Ratio	Black Segregation Tax or Bonus
Tampa-St Petersburg, FL	$91,200	$38,003	$2.40	$54,300	$28,880	$1.88	-22%
Toledo, OH	$74,200	$43,420	$1.71	$41,400	$33,307	$1.24	-27%
Tucson, AZ	$101,200	$42,746	$2.37	$69,900	$33,364	$2.10	-12%
Tulsa, OK	$72,600	$42,475	$1.71	$43,500	$25,123	$1.73	1%
Vallejo-Fairfield-Napa, CA	$180,900	$52,360	$3.45	$149,700	$48,232	$3.10	-10%
Washington DC-MD-VA	$216,700	$74,057	$2.93	$129,500	$52,736	$2.46	-16%
West Palm Beach, FL	$145,400	$53,899	$2.70	$69,400	$30,844	$2.25	-17%
Wichita, KS	$67,900	$43,905	$1.55	$45,900	$31,436	$1.46	-6%
Wilmington, DE-NJ-MD	$129,400	$52,363	$2.47	$78,400	$38,956	$2.01	-19%
Worcester, MA	$154,900	$50,731	$3.05	$152,600	$55,966	$2.73	-11%
Youngstown-Warren, OH	$59,900	$37,354	$1.60	$33,000	$26,277	$1.26	-22%

Endnotes

1 David Rusk is a former mayor of Albuquerque, a New Mexico state legislator, and a federal Labor Department official. He has been a speaker and consultant in over 100 metropolitan areas as well as in Canada, England, Germany, The Netherlands, and South Africa. He is author of *Cities Without Suburbs* (Woodrow Wilson Center, 1993), *Baltimore Unbound* (Johns Hopkins, 1996), and *Inside Game/Outside Game* (Brookings Institution Press, 1999).

2 The aggregate data source is 1990 CPH-3, tables 9 and 32. Table 9 provides both mean and median values for owner-occupied housing. However, table 32 provides only mean (and not median) homeowner's income data. Thus, the study could only compare home-value-to-income ratios based on mean values, not on median values. For blacks, the data sources are tables 11 and 36; for Native Americans tables 12 and 38; for Asians tables 13 and 40; for Hispanics tables 14 and 42; and for non-Hispanic whites tables 15 and 44. The same limitation discussed for the aggregate numbers also applies to the race-specific data.

3 See *Inside Game/Outside Game* (Washington, D.C.; Brookings Institution Press: 1999), pp. 93–5 and appendix A-7 for an additional discussion. Also *Baltimore Unbound* (Baltimore, MD; Johns Hopkins University Press: 1996), pp. 103–122.

4 PMSAs are sub-regions of mega-regions called Consolidated Metropolitan Statistical Areas (CMSAs). In 1990, the 18-million person New York-Northern New Jersey-Long Island NY-NJ-CY CMSA was composed of 11 PMSAs.

5 In the 1990 census, most Hispanics classified themselves as "white" or "other." Within minority group classifications, double counting occurred more in metropolitan areas of the Northeast where larger numbers of Hispanics were black Puerto Ricans and other Caribbeans of African descent.

6 See Glaeser, Edward (2001) "Racial Segregation in the 2000 Census," Center on Urban and Metropolitan Policy, Brookings Institution.

7 In this study, a "mean" indicates a "weighted mean"—that is, all values are added up and then divided by the number of units. Mean home value, for example, adds up the value of all homes in a region and then divides by the number of homes. The mean values in Table 1 weigh the results according to relative numbers of homeowners by different groups. This calculation gives the New York area about 18 times as much importance as the Mobile area. What I have called a "typical" value is really the mean of the various mean values (or "non-weighted mean") of values in many metro areas or, in the case study, in many census tracts. A composite typical value, for example, for the 100 metropolitan areas gives equal weight to the New York area and the Mobile area. The word "average" refers to data that are "typical" or "mean of the means" values.

8 In 1990, the ten highest housing value metropolitan areas were (in order) San Francisco, CA; Honolulu, HI; San Jose, CA; Los Angeles-Long Beach, CA; Anaheim-Santa Ana, CA; Oxnard-Ventura, CA; Oakland, CA; New York, NY; Bergen-Passaic, NJ, and San Diego, CA.

9 In a linear regression analysis, with the black segregation tax as the dependent variable and the black D-index as the independent variable, the adjusted r-square is .25 (F value = 31.7; t value = -5.632). Contrary to expectations, the racial I-index has a lesser explanatory value (adjusted r-square = .15). The racial I-index's effect disappears in multi-variate regressions, subsumed by the influence of the racial D-index.

10 Harrison, Roderick J. and Daniel H. Weinberg (1992) "Racial and Ethnic Segregation in 1990," U.S. Bureau of the Census.

11 Only metropolitan areas for which racial D- and I-indices were calculated are included. In other words, Allentown-Bethleham, PA; Anaheim-Santa Ana, CA; Salt Lake City, UT; and Scranton-Wilkes Barre, PA were not included because the black population was less than 2 percent of a region's population (see previous discussion).

12 The adjusted r-square for the 20 groupings was .804, the F value was 39.9, and the t values were—1.58 for minority percentage and—0.17 for poverty rate. The size of the sample (20) was too small to be statistically significant.

13 The adjusted r-square for the 1,192 census tracts was .507, the F value was 612.4, and the t values were—14.79 for minority percentage and—8.96 for poverty rate—that is, statistically significant.

14 The exception was Philadelphia tract 46 (90 percent minority and a mean homeowner income of $90,952). However, of 799 housing units, only 19 were owner-occupied (four by blacks and 15 by whites). The poverty rate was 80 percent, and 63 of all housing units were vacant. Some 92 percent of housing units were row houses (three-quarters of which had been built before 1949). Without personally visiting tract 46, I assumed that the tract was home to a large number of rent-subsidized, poor households in old row houses. Within the tract's boundaries, there was a small enclave of wealthy, single family, detached owner-occupied homes (seven were valued between $150,000 and $199,000.) Based on this profile, I concluded that Philadelphia tract 46 was not a valid example of a majority-minority tract with a significant homeowner population.

15 I compared 16 such high-income majority-minority tracts with their economic peers. Table 6 illustrates those target tracts whose range of peers excluded any overlap with other examples. The patterns described above held true for all tracts studied.

16 The exceptions were Willingboro 7028.11, where homeowners received a 5 percent "bonus" over homeowners in its single, central city peer, and Pemberton 7022.03, which received a 3 percent bonus over its four central city peer tracts. In both cases, the two wealthy, majority-minority suburban tracts fell well short of value-to-income ratios in the numerous majority-white suburban peers.

17 For the 172 wealthier tracts, with the value-to-income ratio as the dependent variable, the adjusted r-square was a relatively weak, but still statistically significant .142 with an F value of 5.71. The t value for minority percentage was - 2.66, and for the average age of housing, - 1.99.

18 For the 49 poorest tracts, with the value-to-income ratio as the dependent variable, the adjusted r-square was a fairly strong .424 with an F value of 6.88. The t value for minority percentage was - 2.99; for poverty rate, - 3.13; and for percentage of homeownership, - 3.58.

19 For these tracts I analyzed detailed information on both white and "non-black" homeowners. Since there were few tracts with more than 70 percent black residents where the census reported separate data for whites, I calculated data for "non-blacks" as the residual of subtracting black homeowners from the total pool of homeowners in each tract.

20 Using multivariate linear regression analysis, with black home value-to-household income as the dependent variable, the five independent variables accounted for .421 (i.e. adjusted r-square) of the variation in black home value-to-household income. The F value was 51.329, and t-values were percent of black residents, -7.26, and poverty percentage, -4.86. The percent of vacant housing units (t value = -1.73), the percent of boarded up units (t value = 1.21), and the percent of units more than 50 years old (t value = -1.84) were not statistically significant.

21 Montgomery County's Housing Opportunities Commission (HOC) actually has the right of first refusal to buy the units. Of the approximately 6,500 units built for sale, HOC purchased about 23 percent. HOC rents its full share of the approximately 3,600 rental units.

22 For metropolitan Philadelphia, the black dissimilarity index improved modestly from 77 to 72; the Hispanic D-index dropped from 63 to 60. For both groups, greater Philadelphia remained among the ten most segregated regions.

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