

Session 2: Interactions of SES with Race/Ethnicity, Racism, Segregation and Early Childhood Experiences

The Impact of Place and Segregation on Equal Opportunities and Access to Resources

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Hi everyone. Thank you for the invitation to be here today to discuss disparities in health and especially the implications for policy action.

My presentation will focus on racial disparities in health between African-Americans and whites in metropolitan areas. I will briefly summarize what we know about neighborhoods and health and segregation and health. I will present distributions of various social indicators for blacks and whites in metropolitan areas to illustrate that the opportunities available to African-Americans in metropolitan areas are sharply different than the opportunities available to white Americans. And I will finish by suggesting a few policy areas which, I think, could potentially be used to address some of the disparities in health that we have in this country.

What do we know about neighborhoods, segregation and health? First, we know that some privileged individuals experience better health; for example, better mental health and lower obesity rates in low poverty neighborhoods than in high poverty neighborhoods. Some of the best empirical evidence and strongest empirical evidence that we have today comes from the Moving to Opportunity policy demonstration which tested whether the health of low-income minority families would improve if they received Section 8 housing vouchers to move from public housing projects in high poverty to low poverty areas. We also know that, in metropolitan areas where residential segregation is high, African-Americans experience higher adult and infant mortality rates and higher low birth weight rates than white Americans.

Why may neighborhoods and metropolitan areas matter for health disparities? First, metropolitan areas are highly residentially segregated along racial lines across neighborhoods. For example, in 2000, in more than half of the 100 largest metropolitan areas, African-Americans lived in neighborhoods in which typically 60 percent of the residents were African-American, although African-Americans constituted only a minority in all of these metropolitan areas. Associated with and reinforced by racial residential segregation, there are sharp

disparities in neighborhood environment along racial lines, and also the opportunities available to racial minorities in metropolitan areas are far more limited than the opportunities available to the majority population.

For example, we can compare differences in neighborhood median income between black and white households in 2000. In this graph we see that in the D.C. metro area the average poor white lives in a neighborhood where the median household income is about \$60,000 while the average poor black lives in a neighborhood where the median household income is about \$41,000. This represents a disparity of more than \$18,000.

Even middle- and high-income minorities live in more disadvantaged neighborhoods than whites with comparable incomes. We see that the average affluent white household lives in a neighborhood where the median household income is about \$80,000, while the average poor black household lives in a neighborhood where the median household income is about \$61,000. This again represents a disparity of more than \$18,000.

Other indicators of neighborhood environment show similar racial disparities. For example, in the D.C. metro area we can compare differences in neighborhood home ownership rates between white and black households. We see that the average poor white lives in a neighborhood where 62 percent of households own their home, while the average poor black lives in a neighborhood where only 43 percent of households own their home. We see that the average middle-income and high-income households also live in neighborhoods where the homeownership rates are higher than for comparable black households.

Let's see now a few indicators of health and access to opportunity for African-Americans and whites in the 100 largest metro areas. In these graphs, the horizontal axis shows values of the indicators of interests while the vertical axis shows the number of metro areas where the indicators takes on that value. As shown in this figure, the distribution of the proportional lower-weight babies for blacks, the blue bars, is distinctly worse than for whites, given by the pink bars. In no metropolitan area did blacks have a lower rate of low birth weight rate than white babies.

On average, blacks experienced over twice the rate of low birth weight as whites. The mean rate of low birth weight across these 100 metro areas was 4.8 for whites but 11.3 for blacks. This figure illustrates that in 51 of these metropolitan areas the low birth weight rate for white babies is only between 4 and 5 percent, while for blacks in 69 of the metro areas, given by these tall bars here, the low birth weight rate was between 10 and 13 percent. And I want to note here that, as you can see, these distributions don't overlap. They're totally distinct.

In the 100 largest metro areas, rates of home ownership are considerably lower for blacks than for whites. The mean home ownership rate in 2000 for blacks in these areas was 42 percent compared to 71 percent for whites. These figures show that the entire distribution of home ownership rates is approximately 30 points lower for blacks than for whites. The highest blue bar illustrates that in 50 of the 100 largest metro areas, the home ownership rates for blacks lies between 40 and 49 percent. In contrast, the tallest pink bar illustrates that in 65 of the 100 largest metro areas, white homeownership rates are between 70 and 79 percent. These distributions, again, barely overlap, suggesting that even the metro areas with high homeownership rates for blacks do not approach the average white homeownership rate.

Home loan rejection rates, the proportion of mortgage loan applications for financing the purchase of a home which are rejected by banks, are another indicator of housing opportunities. We calculated these rates among high-income applicants, that is, applicants whose income is about 120 percent of their metro area median income. The mean home loan rejection rate for affluent blacks in the largest 100 metro areas was 21 percent, well above the 8 percent mean for whites. Only in one metro area affluent blacks achieved a lower denial rate than whites. In the remaining 99 metro areas, however, the rate of black rejections exceeded that of whites by a factor of three on average.

This figure illustrates that the distribution of home loan denials for affluent whites compared with affluent blacks. Note the tall pink bar on the left illustrating that in 73 percent of these metro areas, whites are rejected for home loans only 5 to 10 percent of the time. On the right of the figure, the three tallest blue bars show that in 86 metro areas, affluent blacks experience a home loan rejection rate between 15 and 30 percent.

I will now discuss three areas where I believe there is potentially room for policy action to address health disparities. The majority of U.S. minorities live in metropolitan areas where, as I have tried to illustrate today, there are clear racial disparities in access to opportunity, including goods such as neighborhood income and education, which research has shown are important inputs for achieving good health.

Fragmentation in metropolitan governance contributes to residential segregation and unequal access to opportunities. For example, local control over land use and taxes and public services creates segmentation of municipalities by property values, which in turn, results in segregation by income and race/ethnicity and unequal spatial access to public goods such as education. A challenging feature of the governance structure of U.S. metropolitan areas is that they are rarely politically accountable to one political entity. Some metropolitan areas often cover more than one state or counties or multiple municipalities. Political entities may have limited power to rectify disparities occurring within metro areas.

In 1999, the National Research Council recommended addressing metropolitan fragmentation as a vehicle for addressing disparities in opportunity in U.S. urban areas. However, at the same time the National Research Council recognized that in the U.S. the political feasibility of metropolitan governance may be limited and we have a long history of trying to do that and being unable to do that. Therefore, it is important to examine other policies, such as the concentration of low-income housing and housing anti-discrimination.

The Section 8 voucher program has been shown to improve neighborhood conditions for households receiving housing assistance. In the late 1990s, research by the Urban Institute showed that while only 15 percent of recipients of Section 8 vouchers live in high-poverty areas, 54 percent of individuals living in traditional public housing projects live in high-poverty areas.

The bipartisan Millennial Housing Commission recommended strengthening the Section 8 program. Others have recommended supplementing Section 8 with other strategies, such as anti-discrimination in housing, housing search assistance, and regional schemes to allow participants to search for housing in the entire metropolitan area. Current proposals to reduce the budget for Section 8 and to weaken some of the features of the program that favor low-

income families may weaken the potential of the program to improve the lives of low-income families, including their health.

And finally, housing anti-discrimination policy: Recent estimates from the U.S. Department of Housing and Urban Development and the Urban Institute show that while housing discrimination has decreased since 1989, it still persists against African-Americans and Hispanics searching for homes in major metropolitan areas. When African-Americans and Hispanics visit real estate or rental offices to inquire about availability of homes or apartments they face a significantly – statistically significant risk of receiving less information and less favorable treatment than comparable white customers. Strengthening enforcement of housing anti-discrimination may be another vehicle to enhance minority access to better neighborhoods within metropolitan areas.

And, in closing, let me just reiterate what I've said today. Research has shown that poor neighborhood conditions and residential segregation are detrimental to health. We have empirical evidence to that effect. We also have a lot of evidence that metropolitan areas provide markedly different opportunities for black Americans than for white Americans. Therefore, I think that the link that I've tried to make today, in a simple way, is given the policies that we have we can potentially use them to correct disparities in opportunities in metro areas – I think these have a large potential of being used also to address the racial disparities that people have discussed before me in these two sessions.

Thank you very much.

(Applause.)