

for the very poor. Baltimore's Sandtown initiative is worth reading about (Edward Goetz), if only to see what \$60 million can accomplish for housing and social programs in a devastated inner-city area.

Four other themes emerge from these case studies. First is the growth of the institutional and "people" capacity at the local government level to plan and develop housing and revitalization projects. Second, money matters. As Peter Marcuse notes, the cost to rehabilitate the public housing projects in this review ranged from \$60 thousand to \$100 thousand per unit. Third, what money there is comes from multiple sources. Therefore, a successful housing project must piece together funding from a large variety of sources, an effort that requires considerable resources and talents. Finally, it is now politically correct to screen tenants in the name of community. Although this raises the question of how hard-to-house tenants will be served, it also underscores the importance of the relationship between housing and social services. Our "fragile human capital" (Avis Vidal, xii) cannot just be warehoused.

The essays also contain a wealth of new housing ideas or new ways of using old ideas. Among these are housing trusts for low- and moderate-income housing subsidies and a mixed income approach for public housing. The interim tenant lease program in New York City that turns foreclosed buildings into limited-equity co-ops and the lease-purchase program in Cleveland for single-family units are ideas that could be replicated elsewhere in the country.

The volume would have been more powerful if the individual contributions had been more consistently organized around the central theme. An overview relating the cases to the recent "community government" efforts around the country might have been helpful. The next wave for local government programs is to provide "seamless" government: to focus all the resources of the city on neighborhoods in order to break down artificial institutional barriers. Housing is just one piece of an overall strategy for a neighborhood, as many of the authors in the review suggest. In addition, many of the cases echo themes which characterized the Model Cities program, and some

analysis of these roots might also have been appropriate.

One minor quibble is that the dizzying array of initials of all the organizations within each case study makes it hard to follow when one reads all the articles together. Another is that this is essentially an east coast book that does not examine the many fine community housing efforts in the Bay Area, Seattle and Portland. And certainly Berkeley has insisted upon social programs for its inner city population along with housing and community organization for the past twenty five years.

Overall, this book is designed more for the housing practitioner than the academician. The exceptions are the two Boston case studies, the overview of federal housing policy, and the housing trust fund article. These would be suitable readings for a graduate course in housing as would the delightful notes and introductory comments by Peter Marcuse, Holly Sklar, Susan Fainstein, and Avis Vidal.

Vicki Elmer

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Insurance Redlining: Disinvestment, Reinvestment and the Evolving Role of Financial Institutions

Gregory D. Squires, editor. The Urban Institute Press, Washington, DC, 1997. 280 pp. \$67.50, \$24.95 (paperback).

This edited volume focuses on price and product discrimination in the urban residential insurance industry. It is timely and thorough, pulling together work by a number of scholars that pertains to this important, yet unglamorous topic. After I finished the book, I was convinced the problem was real and important. Lack of reasonably priced homeowner's insurance has played a significant but not widely recognized role in slowing revitalization of our urban areas.

The main debate is whether the insurance industry is simply minimizing its risk exposure in legitimate ways, which

would explain why products are not available or priced too high, or whether their actions are an unlawful form of discrimination. The research generally supports the latter conclusion.

The organization of the book is logical and satisfactory. It begins with an overview chapter by the editor, followed by two chapters on legal rules which place the insurance issue in the context of the Fair Housing Act. Part of this discussion focuses on the applicability of the Act to the insurance industry; apparently the jury is still out on this topic.

The book continues with an overview of insurance products and services. Race and access to insurance is an underlying theme. The next several chapters provide support for the notion that insurance redlining exists and describe who has been discriminated against, how, and to what effect. The evidence is convincing because the methodologies appear to be the best available and the results are believable and consistent between studies. For example, chapters three and four used regression analysis to show that minorities pay higher premiums, and that there are differential outcomes with respect to obtaining appointments with insurance agents. On the issue of racial discrimination, the empirical results (using testers) presented in chapter five found that African Americans and Hispanics were offered inferior insurance products, or the same products at a higher price, and/or were deterred from obtaining insurance altogether. Chapter six examines the discriminatory effects of underwriting guidelines such as credit, age of property, and location (redlining in its traditional sense). Chapter seven uses a methodology featuring comparison of odds ratios to assert that claims adjustment and claim payouts were significantly quicker for Whites than for Hispanics after Hurricane Andrew.

Moving on to enforcement and other issues, chapter eight looks at using private sector lawsuits to enforce the Fair Housing Act, especially a suit filed by the NAACP against a major carrier, which yielded about \$16 million. Chapter nine examines the role of the U.S. Department of Justice. The final chapter addresses a more constructive approach to the insurance redlining problem. It features the activities of the Neighborhood Reinvest-

ment Corporation, whose member organizations have worked with residents and insurance companies to improve communication and make property and casualty insurance more readily available in inner-city neighborhoods.

This book is especially timely because insurance redlining is heating up as an active area in the housing discrimination arena. The problem is closely associated with two issues: the ability of prospective homeowners to obtain mortgage financing, for which insurance is a requirement, and the ability of homeowners to maintain their property with insurance proceeds after claims have been filed.

In the first instance, unavailable insurance or lack of competitive markets will drive up the cost of borrowing, and fewer prospective borrowers would qualify for a loan. Potential buyers may become discouraged about obtaining adequate insurance and abandon their quest for home ownership. This would lower the price of inner-city housing. The problem is particularly acute among minorities, especially those attempting to climb the first rung of the equity ladder.

In the second situation, insurance deductibles may be high, or coverage insufficient, to repair damage in the event of a claim. Or, in a more insidious vein, insurance companies may deny more claims in the inner city. The insurance companies are inadvertently aided by our cumbersome court system, which prevents claimants with insurance from pursuing denied claims, due to very high transaction costs (e.g., legal fees). The rules of the denied claim game clearly favor the insurance companies, because, in general, plaintiffs in contract disputes cannot collect legal fees. For example, a good friend of mine living in an inner-city neighborhood in Cleveland recently filed a claim against her carrier because of a water main break which damaged her basement. The claim was denied, so she took the insurance company to court. After two years of elapsed time, four days in court (taking time off from work, with no pay), she won her case, but lawyers, expert fees and court costs ate up over 2/3 of her gain. She is left with \$1,500 to fix a \$6,500 problem. Thus, the book's thesis is clearly relevant to urban revitalization.

Although the book is loaded with good information, it reads slowly and is

somewhat disjointed in form and style, as edited volumes by different authors often are. Also, the reference to financial institutions in the book title is not fully explored.

Overall, the book is a very solid and timely resource volume for those interested in urban revitalization, housing discrimination, housing advocacy, fair housing litigation, urban lending, and race issues.

Robert A. Simons, AICP

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Segregation in Federally Subsidized Low-Income Housing in the United States

Modibo Coulibaly, Rodney D. Green, and David M. James. Praeger, Westport, CT, 1998. 168 pp. \$65.00.

Segregation in Federally Subsidized Low-Income Housing in the United States addresses the extent to which racial segregation and income separation have been a part of subsidized housing programs over time. The authors argue that segregation by race and income has been an integral element of federal housing policy from its inception. They provide a historical examination of project-based housing programs. They find that during the pre-civil rights era, individual buildings and projects were segregated by race, and that the facilities were generally concentrated in neighborhoods with high poverty rates. In the post-civil rights era, de facto segregation has been the rule with white flight from these projects, especially those located within declining neighborhoods. The authors suggest that federally subsidized low-income housing in the United States has rarely been a true welfare program, but rather it has been "an adjunct to corporate city central business district redevelopment" (131).

In the empirical section of the book, the authors build indexes of racial mixing and income dispersion for project-based housing assistance over time. These indexes are modeled after Karl Taeuber's in-

dexes of racial integration. Generally, they examine the extent to which projects have tenants with a racial composition that follows the profile of the eligible population as whole. If the racial composition of the tenants is mixed, the index for racial separation approaches zero; if the tenants tend to be of a single race, the race index is greater. Similarly, if the subsidized units are distributed throughout a jurisdiction, the index for income separation is zero; if the units are concentrated in low-income areas, the income index is greater. The work examines a host of housing data from the 1930s to the present and finds racial and income segregation to be pervasive. They find that the civil rights legislation of the 1960s did not significantly improve this condition.

The analysis suffers from the problems of inconsistent data sources and different levels of aggregation. Some of the data are available at the levels of individual projects, other data are aggregated at city and even state levels. Some of the data permit fine-tuned analysis across several racial groups, other data simply distinguish between whites and blacks. This means that all of the analysis is suggestive rather than definitive, as the authors freely admit.

This book does not succeed in demonstrating that the income and racial separation found in housing projects throughout the nation is a function of "corporate city central business district redevelopment" (131). Certainly the urban renewal program was guilty of a wealth of sins. However, that federally subsidized low-income housing is located in low-income areas does not mean that siting the housing in these areas is part of a master plan implemented by business elites to accumulate additional wealth.

This book does demonstrate that the segregation in our cities is so powerful that the federal government cannot overcome it, even when it tries. Finding sites for low-income housing is always problematic, and the government cannot seem to find a solution that will foster both racial and income integration. White suburbanites will fight the entry of assisted housing into their enclaves. Generally, the sponsors of low-income suburban housing find themselves limited to elderly housing occupied by politically non-threatening whites. Neither can the gov-