

**Racial Disparities in Housing Value Appreciation: Six Metropolitan Areas, 1980-1990**

Lawrence E. Raffalovich  
Nancy A. Denton  
Glenn D. Deane

Department of Sociology  
University at Albany  
SUNY

Draft  
August, 2002

**DRAFT COPY – NOT FOR CITATION OR QUOTATION WITHOUT THE AUTHORS’  
PERMISSION**

**Abstract**

In this paper we investigate the relationship between race and appreciation in the value of owner-occupied homes with tract-level data for six metropolitan areas. Appreciation in the value of one’s home is important because it has historically been the primary mechanism for the accumulation of wealth among middle-class Americans. As Oliver and Shapiro (1995) have eloquently argued, racial wealth differentials are a major source of social and economic disadvantage for African-Americans.

With 1980-1990 tract-level data on appreciation in housing value for white and black homeowners, and 1980 tract-level data on housing characteristics, neighborhood quality, and neighborhood racial composition, we attempted to answer several key questions regarding disparate opportunities for the accumulation of wealth through home equity: Are there racial differentials in appreciation rates? Do appreciation rates covary with the racial composition of neighborhoods? Do the effects of neighborhood characteristics on appreciation rates differ between white and black homeowners? Are African-American homeowners differentially located in neighborhoods with low appreciation rates?

We find that white and black homeowners in the same neighborhoods face similar housing markets, but that white and black homeowners live together in only half of the 3035 tracts in our data. This suggests that housing-market segregation is the principal mechanism underlying racial disparities in housing value appreciation rates. This conclusion reinforces that in the prior research literature: racial differentials in opportunities for wealth accumulation are primarily due to segregation in the market for owner-occupied housing.

Presented at the 97<sup>th</sup> Annual Meetings of the American Sociological Association, August, 2002. Direct all correspondence to Lawrence E Raffalovich, Department of Sociology, University at Albany, Albany, NY 12222 ([L.raffalovich@albany.edu](mailto:L.raffalovich@albany.edu)). Support for this research was provided by NICHD grant (R03 HD39437). Support was also provided by grants to the Center for Social and Demographic Analysis from NICHD (PD30 HD32041) and NSF (SBR 9512290). We thank Elena Vesselinov, Jacqueline Villarubia, and Kerry Dohm for their assistance.