



# Economic Impact of Racial Covenants

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## Who are we?

Our research is part of a long-term collaboration with the Welcoming the Dear Neighbor? Project from St. Catherine University and the Mapping Prejudice Project from the University of Minnesota.

These projects both seek to understand the impact of racial covenants, engage communities in the realities of housing discrimination and inform policy creation and evaluation.

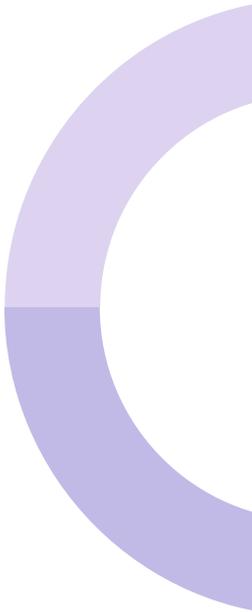


## What are racial covenants?

Racial covenants are clauses in deeds stating that houses can not be sold to people of color and were prevalent from the 1910s to the late 1940s.

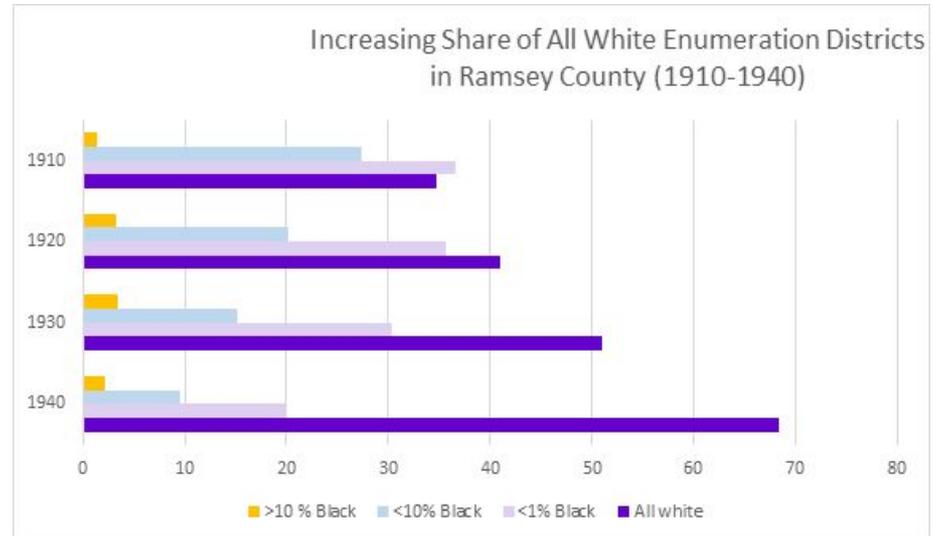
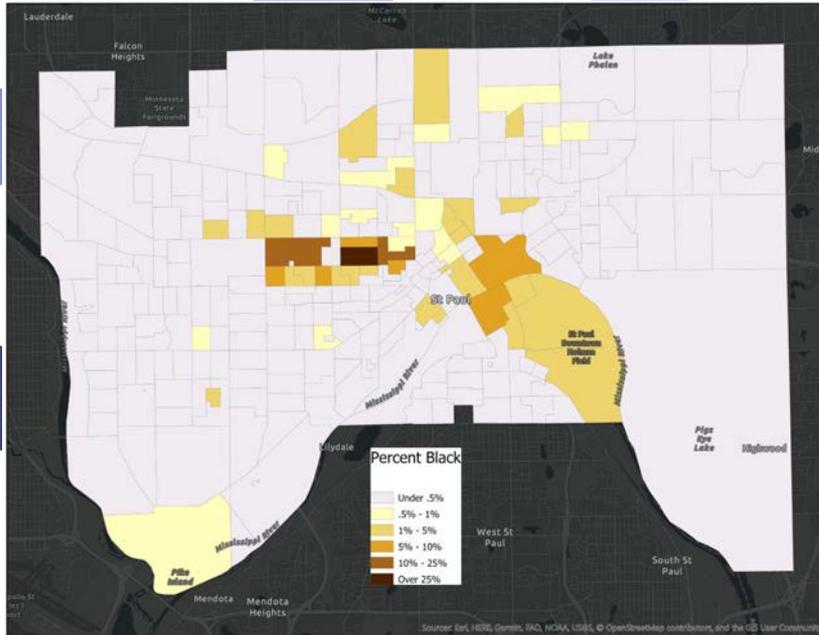
## What is Upward Mobility?

Upward mobility is a metric that is used to think about intergenerational outcomes. We use an upward mobility measure from Raj Chetty's Opportunity Atlas that looks at how neighborhoods affect children's later life outcomes.



# Initial Findings

We analyzed the impact of racial covenants on the racial makeup of neighborhoods in Ramsey County from 1910 to 1940, preceding the 1948 Supreme Court ruling that held those covenants as unenforceable. We find evidence that racial covenants pushed Black residents into fewer and more homogenous neighborhoods in Ramsey County.





Minnesota History Center, 345 Kellogg Blvd W, Saint Paul, MN



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CHILDREN'S OUTCOMES IN ADULTHOOD [show more](#)

HOUSEHOLD INCOME AT AGE 35 **\$34k**



INCARCERATION RATE 3.5%

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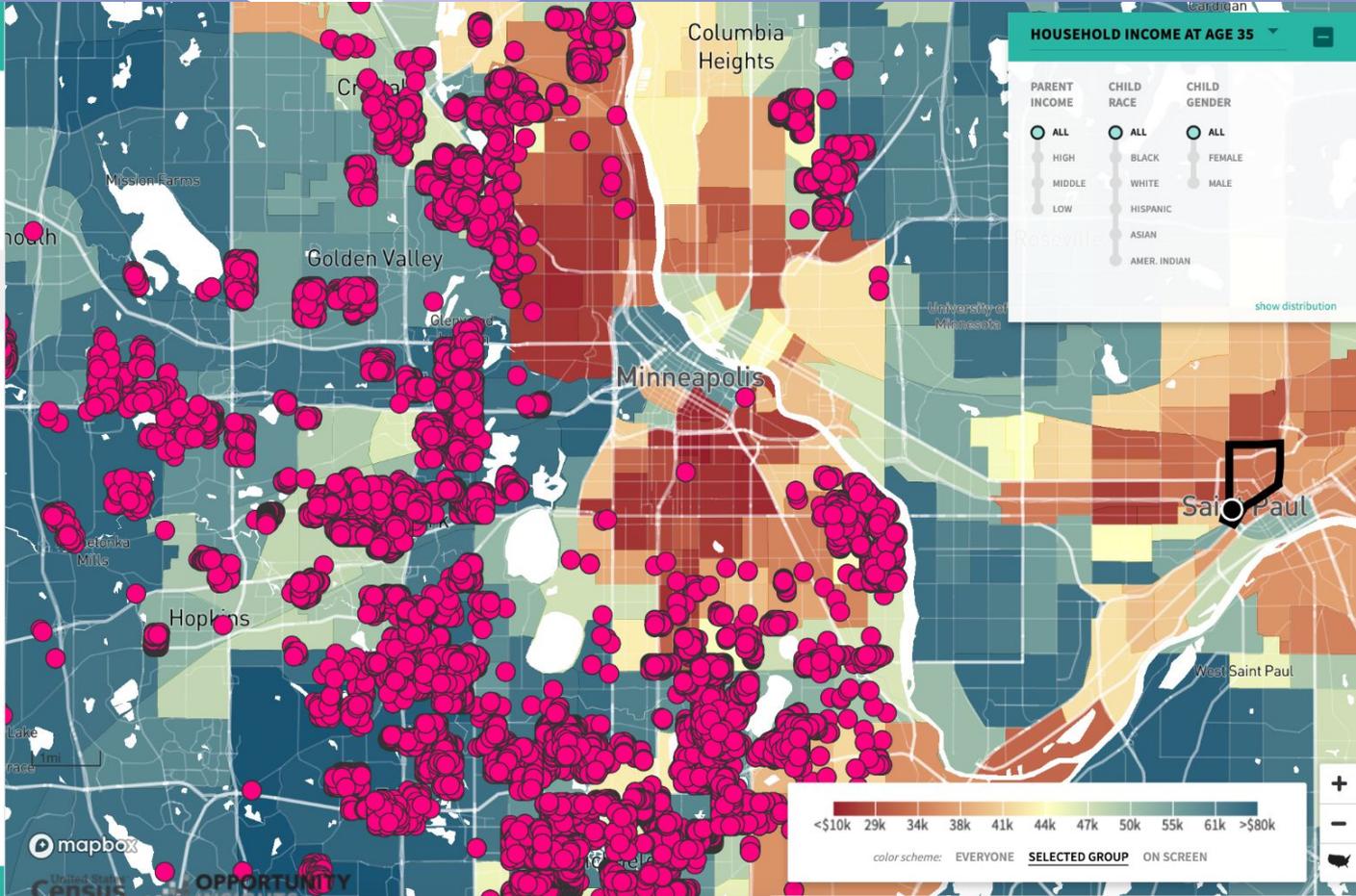
NEIGHBORHOOD CHARACTERISTICS

MEDIAN RENT 2012-16 \$429

JOB GROWTH RATE FROM 2004 TO 2013 -2.2%

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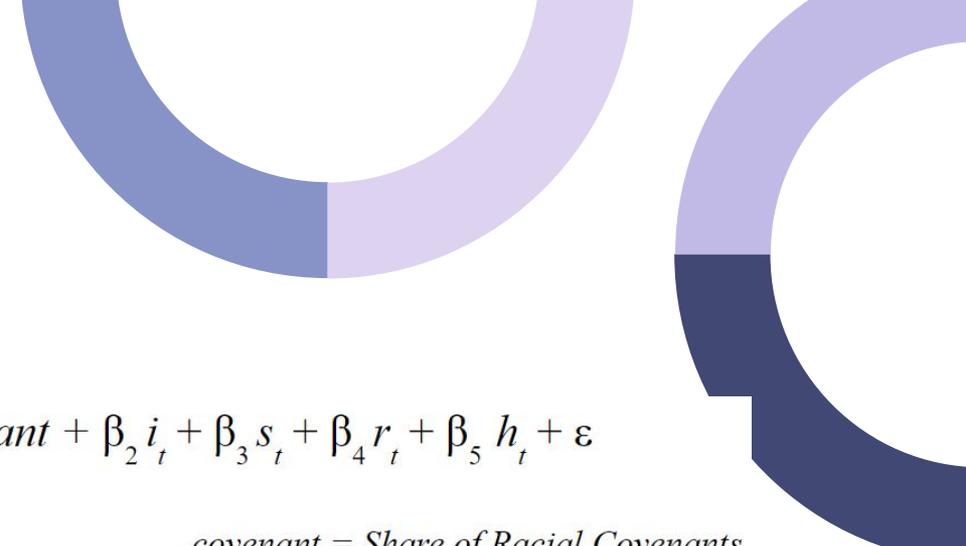


#### HOUSEHOLD INCOME AT AGE 35

- PARENT INCOME: ALL, HIGH, MIDDLE, LOW
- CHILD RACE: ALL, BLACK, WHITE, HISPANIC, ASIAN, AMER. INDIAN
- CHILD GENDER: ALL, FEMALE, MALE

[show distribution](#)




$$\text{Upward Mobility at } p25_{t+1} = \alpha + \beta_1 \text{covenant} + \beta_2 i_t + \beta_3 s_t + \beta_4 r_t + \beta_5 h_t + \varepsilon$$

*i* = 1990 Household Income

*s* = 1990 Single Parent Share

*r* = 1990 Median Household Rent

*h* = 1990 Median House Value

*covenant* = Share of Racial Covenants

*t* = 1990 (childhood)

*t+1* = 2014-2015 (adulthood)



### Upward Mobility for the 25<sup>th</sup> Percentile

	White		Black		Difference between White and Black	
	(1)	(2)	(3)	(4)	(5)	(6)
Share Covenants	10.157*** (3.794)	9.618*** (3.65)	.352 (4.142)	-3.119 (4.567)	9.805* (5.567)	12.737** (6.07)
1990 Median HH Income		.133 (.093)		.096 (.116)		.036 (.154)
1990 Single Parent Share		-.023 (.046)		-.068 (.057)		.045 (.076)
1990 Average Gross Rent		-1.35** (.571)		-.039 (.715)		-1.311 (.95)
1990 Average House Value		9.271*** (2.893)		-1.703 (3.62)		10.974** (4.812)
_cons	.462*** (.006)	.418*** (.041)	.355*** (.007)	.361*** (.051)	.106*** (.009)	.057 (.068)
Observations	93	93	93	93	93	93
R-squared	.073	.341	0	.066	.033	.117

*Standard errors are in parentheses*

*\*\*\* p<.01, \*\* p<.05, \* p<.1*



# Our Regressions

Our linear regressions compare the share of racial covenants to upward mobility for children born between 1978-1983 for Hennepin County.

## Covenants (White U.M.)

There is a significant positive coefficient when looking solely at the covenants and when adding in neighborhood statistics

## Covenants (Black U.M.)

There is a positive coefficient when looking solely at covenants, but a negative coefficient when neighborhood statistics is added in, however neither are significant.



# Future Research

- We will recreate our regressions in Ramsey County once the data becomes available
- Continue disseminating information on the Welcoming the Dear Neighbor? website
- Contribute to ongoing conversations ranging from housing equity to reparations
- Work with community organizations to illustrate housing discrimination in their neighborhoods



**Thank you!**