**Nature of the Dispute**

East suburban Cleveland is an area that has long been characterized as racially segregated. Black in-migration into Cleveland’s predominantly white east suburban neighborhoods has more often then not been synonymous with white out migration. The Cayahoga River divides the city between East and West sides with very little contact between residents on either side. In fact, by 1986 eleven East side neighborhoods were more than ninety percent Black. At the same time, almost all of the city’s West side remained predominantly white resident occupied. Overall, Cuyahoga County had 37/51 of its communities remain 95% percent or more white. The division between the east and west sides of Cleveland bothered community members and affordable housing advocates. Many of the predominantly Black neighborhoods were slum/blighted areas with high poverty and crime levels which ultimately lowered property values. Some of the residents within the east suburban communities believed the poor neighborhood quality was a result of the segregated character of the Cleveland suburbs. Therefore, to combat this problem of racial segregation, a consortium of suburban Cleveland groups sought intervention by state government in January 1989. The Ohio Housing Finance Agency (OHFA), which was responsible for providing low interest mortgage funds to first time homebuyers, proposed that those funds be used as leverage to encourage buyers to move to areas in which their race was “under-represented.” The OHFA commissioned the Metropolitan
Strategy Group to propose regulations that would inspire integration in East suburban Cleveland. “The group took as it’s working assumptions the ideas that Cuyahoga County’s black population should not remain overly concentrated or ghettoized, that newly integrated communities should be Created and that integrated communities should remain mixed (Kennedy School of Government,1989:5).” The strategy group proposed that no community should, ideally, diverge by more than 15 percentage points from the 25 percent countywide ratio of Blacks to Whites. The plan the strategy group developed would provide subsidies to Blacks only when they were under-represented by more than 15 percentage points divergence from the county average but would permit funds to go to whites only when they moved into neighborhoods in which Blacks were over-represented by more than 15 points. Essentially, a neighborhood would have to be 90 percent white in order for Blacks to qualify for “pro-integrative” assistance, but only 40 percent Black for whites to qualify for the loans. The OHFA commissioners adopted this plan unanimously; the plan was based on census tract numbers and looked as follows:

**Table 1.0: OHFA Integration Assistance Loan Guidelines**

<table>
<thead>
<tr>
<th>Census Tract Percentage/Neighborhood Composition</th>
<th>Loan Guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-10 percent Black</td>
<td>Blacks qualified for loans</td>
</tr>
<tr>
<td>10-40 percent Black</td>
<td>Neutral. No “set-aside loans”</td>
</tr>
<tr>
<td>40-100 percent Black</td>
<td>Whites qualified for loans</td>
</tr>
</tbody>
</table>
This proposal sparked much debate and opposition among community members/organizations, real estate brokers and activists within the suburban Cleveland communities. This paper will discuss the various stakeholders involved in this case/dispute and seek to understand the advantages and disadvantages associated with integration incentives in East Suburban Cleveland and the United States as a whole. In addition, this paper will discuss alternative conflict resolution approaches that the participants in this case would have benefited from using.

The Stake Holder Interests

There are several parties involved in this dispute with differing views on how the integration of these communities will affect the social/cultural composition of Cleveland. This list consists of both primary and secondary stakeholders.

A.) Donald DeMarco: Supported the 10/40 plan. He was the director of the Shaker Heights (one of the predominantly black communities) Community Development Corporation. He sought to bring both white buyers to neighborhoods, which seemed on the way toward all white and to somehow channel blacks toward all white areas they could afford but where they had not felt welcome. He believed integration was key to black upward mobility and that buyers would only respond to hard nose economic incentives. He was responsible for going to OHFA for funding and inspiring the agency to develop a plan that would foster integration of the
segregated suburban Cleveland neighborhoods. He believed that the issue in the black neighborhoods was competition, there was not competition for the homes in the black communities; “if your home does not appreciate in value the way the homes of whites do, then the economics aren’t working for you (Kennedy School of Government, 1989:7).”

B.) East Suburban Council for Open Communities (ESCOC):

Supported the 10/40 plan. This group came about as a result of DeMarco’s approach to integration of East Cleveland suburban communities. By 1986, this council had opened an office designed to interest blacks in the predominantly white neighborhoods. This council received funding from Shaker Heights/ Cleveland Heights organizations as well as their school boards.

C.) Ohio Housing Finance Agency (OHFA): Developed and supported the 10/40 plan. This group proposed the 10/40 plan to “both open new housing opportunities for blacks and to ensure that neighborhoods into which blacks were moving would not “tip” toward becoming all black, as had repeatedly happened (Kennedy School of Government, 1989:4).” This group was created by referendum in November 1982 in response to high mortgage interest rates and the impediment to home ownership they posed for those of low-and-moderate income potential
homebuyers. This group became involved as a result of DeMarco’s idea that a successful regional approach to racial change would require greater funds and the involvement of more communities. DeMarco saw OHFA as a major potential funding source.

D.) Shaker Heights Community Development Corporation: Supported the 10/40 plan. This group consisted of the predominantly Black suburb community members of Shaker Heights with the objective of “maintaining white demand for housing in racially-changing neighborhoods (Kennedy School of Government, 1989:3).” This group realized early on that there is a clear link between white demand and maintaining property values and integration.

E.) Charles Bromley: Supported the 10/40 plan. He served as the president of the fair housing group known as National Neighbors Inc. The idea of finding funds to support the opening of all-white communities to black buyers appealed to him. He was the leading lobbyist for the 10/40 plan. “Our notion has been that of balanced, integrated living replacing the pattern of racial segregation in Cleveland (Kennedy School of Government, 1989:7).” He believed steering by realtors played a key role in racial turnover rates. Ultimately, Bromley believed that the 10/40 plan was a big step toward Cleveland’s racial integration.
F.) Cleveland Association of Real Estate Brokers/Richard Harvey:  

Opposed the 10/40 plan. This group consisted of Black real estate brokers represented by Harvey, the chairman of the group and a broker active in Shaker Heights/Cleveland Heights. This group focused on the specific percentages (10/40) and believed that by allowing whites to qualify for loans under conditions different from those for Blacks, the plan was sending a message of black inferiority. Harvey-“It’s almost an apartheid type of consciousness; it says that black people must have 60 or 70 percent white people around them to live in a good neighborhood, that for blacks to have a good experience they must be surrounded by a predominance of whites (Kennedy School of Government, 1989: 7).” Harvey also believed that the OHFA sought to reduce the number of blacks in black communities to reduce the fear factor for whites. He said this places the burden of responsibility for white fears on Black people. Often times questions were raised by this group about the overall benefits of integration for Blacks. This group was not against the funding, but they did not believe there should be a stipulation that forced Black homebuyers only to purchase homes in white communities. 

G.) National Association of Realtors:  Opposed to the 10/40 plan. This group consisted of the white realtors previously accused of
racial steering by Donald DeMarco. They questioned whether any race-conscious housing program was in keeping with the goals of the Fair Housing Act of 1968. This group believed like Walter Mondale that “the future (of integration) does not require imposed residential and social integration…It does require that government protect the freedom of individuals to choose where they wish to live (Kennedy School of Government, 1989:6).” This group questioned whether participation in an integration program might be construed as a form of racial steering and they made the claim that their brokers would never practice racial steering because of the risks being too high.

H.) Winston Richie: Supported the 10/40 plan. Richie was a Black dentist and a prominent figure in the Shaker Heights community and had been one of the first Black residents in two Shaker Heights communities. He represented the ESCOC and believed that “a Black child raised in an all Black community suffers a severe handicap because the world is white.” Richie believed the realtor groups were acting in their own self-interest because the faster a neighborhood went from all white to all black, the more money the real estate brokers made. In a nutshell, Richie believed that integration was the best strategy for Black advancement.
Outcomes

As a result of these differing views and interests, the OHFA committee was constantly under fire. Each stakeholder had a different perspective about what should be done to inspire integration in suburban Cleveland. The OHFA scrambled to find a plan that would suit the needs and concerns of all the parties involved. By February of 1989, the agency had come up with a plan that they thought would be more advantageous to all groups involved. The OHFA replaced the 10/40 plan with the 25/50 plan, which followed the same lines as the 10/40 plan but was tied to the percentage of whites or Blacks in a public school district. “Because Blacks tend to constitute a higher percentage of public school population than the overall population, the plan was not expected to change the number of communities in which Blacks or whites could qualify for what was expected to be a $9 million pool of mortgage money.” In addition to this decision, the commission was also faced with Richard Harvey’s proposed plan that there be set-aside loans for Blacks who wished to purchase homes anywhere, not just predominantly white communities. This outcome satisfied the supporters of the 10/40 plan because they were concerned about integration incentives overall and the positive effects these incentives would have on both the white and Black communities. However, this plan was still not satisfactory to the realtors because Richard Harvey still proposed a plan that represented opportunities for Black across the board. The process that OHFA used did not appropriately
involve affected parties, but it did involve decision-makers, because in fact it was the OHFA commissioners who made the final decision to implement this plan. The fact that Richard Harvey’s proposed plan was placed on the schedule to be discussed at a later date does however indicate that the OHFA and supporters of integration incentives were interested in appeasing/satisfying the opposition and working collaboratively on a solution that would suit everyone’s concerns.

**Conclusion/ Recommendations**

One of critical challenges in this case was overcoming the white is right/ black is wrong attitude that many believed the 10/40 plan perpetuated. The black real estate brokers believed that the 10/40 plan by its very nature was a statement that blacks were inferior and needed whites in their neighborhoods for them to be successful and to improve the quality of life. The response/change by the commissioners really did not rectify this problem/issue; the OHFA did not do a good job of involving the people in opposition to the 10/40 plan in ways that would have given them a better understanding of their (the opposition) interests. Another critical challenge in this dispute was addressing the white real estate brokers claim that participation in an integration maintenance program might actually be construed as a form of racial steering. The OHFA never addressed this issue or sought to hear why the National Association of Realtors felt this was a major concern.
The fact that the real estate brokers from both groups opposed the original plan influenced the decision by the OHFA to amend the original plan. In addition, the support by Demarco, Richie, the ESCOC and the Shaker Heights Community Development Corporation influenced the outcome because the number dynamics only changed slightly. Again the overall outcome would have been more successful if the various interest groups had gone to mediation and done some consensus building to reach a collaborative decision.

This case could have benefited by using a mediator/facilitator that could have done some background information on the dynamics of integration incentives in other parts of the country. By looking at successes and failures, the mediator could have added a historical/fact based analysis that would have inspired more open discussion amongst parties. It is very apparent that the OHFA commissioner sought a conventional approach to dealing with this conflict; the commission sought to find a quick fix and basically avoided the concerns of opposition groups. The 10/40 plan was introduced to the public in January of 1989 and by February 1989, the commissioners had come up with the 25/50 plan as a solution to appease the real estate brokers. It is obvious that the commissioners felt extreme public pressure to do something; this solution appeared before the facts were clearly understood.

The systematic approach that would have been most beneficial to all parties involved in this dispute would have been an alternative approach to
managing conflict. The steps in this process include: 1) The decision maker becomes the facilitator, 2) the focus would shift from personal agendas to solving the problem, 3) parties would meet face-to-face to work out differences, 4) the parties would help shape the process and finally the decision would have been made by consensus. This process would have proved to be far more satisfying to all parties and the OHFA commissioners would not have felt rushed to construct an alternative plan.

Ways this alternative approach would have benefited the outcome of this dispute:

1) If the OHFA commissioners had chosen one among themselves, most likely the chair, to facilitate the discussion process it would have lessened the pressure the OHFA felt, because they would not have been the sole decision maker and it would have allowed all the parties in this case to come together to exchange information and develop solutions to the problem.

2) By choosing to place the focus on solving the problem of down trodden neighborhoods in Black neighborhoods and the lack of interaction among racial groups the parties would be encouraged to view the conflict as a problem to be solved instead of a battle to be won. Instead of asking the question whether integration incentives are right or wrong, the focus should have been asked how can growth and economic development be fostered in these slum/blighted communities and what can be done to inspire
interaction between residents on the East/West side of the Cayuhoga River.

3) If the stakeholders in this case had met face-to-face in this case to work out differences they could have defined the problem amongst each other and educated each other about the issues at hand. This would have prevented the groups from being aggressive and less receptive to each others concerns/needs.

4) If the parties involved in the 10/40 plan had worked collaboratively to develop a process for managing the conflict it would have taken the parties off the defensive and made them all feel that their opinions mattered.

5) Consensus building is probably the main step in the alternative conflict management approach that would have benefited this case/dispute. If this step had been taken done then the all parties would have been more pleased with the outcome because it would have enabled them to combine/synthesize solutions to the issues of concern (Carpenter & Kennedy, 2001).

The overarching purpose of this case study was to understand the advantages and disadvantages of integration incentives from the perspective of the stakeholders in suburban Cleveland. Essentially, this paper proves that the advantages/disadvantages are very much related to the stakeholders individual perspectives. However, the main issues associated with integration incentives in suburban Cleveland were
assimilation, feelings of inferiority, upward mobility, distrust and black in-
migration/white out-migration. None of these issues were effectively
addressed by the OHFA in the manner in which they amended the 10/40
plan. It is very clear that this case could have been resolved in a more
satisfactory manner had these issues been addressed in a group setting
that would have inspired collaboration and respect among stake holders.
Case Study: Integration Incentives in Suburban Cleveland

Spring 2003

URP 5122
# Table of Contents

Nature of the Dispute ................................................................................................. 1  
The Stake Holder Interests ......................................................................................... 3  
Outcomes ..................................................................................................................... 8  
Conclusion/ Recommendations .................................................................................. 9  
Appendices ................................................................................................................ 13

- Exhibit A: Suburban Neighborhood Composition Table
- Exhibit B: Cuyahoga County Census Tract Data
- Exhibit C: Cuyahoga County Population Trends Table
- Exhibit D: OHFA Fact Sheet
- Exhibit E: Richard Harvey Letter & Advertisement
- Exhibit F: Proposal for Integrative Mortgage Incentives/ Assistance
- Exhibit G: OHFA Policy Statement
References


Fannie Mae Foundation, Fannie Mae Invests More Than $340 Million to Provide More Than 8,700 Local Families with Affordable Housing to Exceed Goals of “HouseCleveland.” Fannie Mae, 1999.


