

## **Changing neighborhood preferences across income, education and age: findings from the Metropolitan Study of Urban Inequality**

Residential preferences and their role in creating neighborhood residential segregation continue to be a subject of debate in the ongoing discussions about race and residential outcomes in US metropolitan areas. Preferences are also relevant in the work on Schelling based preference and tolerance models of residential selection. The debates about the role of preferences are not easily resolved but by examining the way in which residential preferences change across incomes, education and age it is possible to show the way in which race and socio-economic status interact to create particular patterns of neighborhood preference in particular locations. In general there is a distinct shift to greater willingness to live in integrated settings for African Americans with increasing income but also a shift to "back up" choices of own race selections for neighborhood composition.

### **Extended abstract and discussion**

Race and ethnic issues are still important in the conversations about the high levels of housing segregation in America's Metropolitan areas. Even though there have been significant changes in both the legal context and in public attitudes, neighborhoods remain relatively segregated. Thus, it is not surprising to find a continuing and contentious debate about why segregation persists and the relative roles of economics, education, discrimination and own race selectivity in creating these patterns of separation. Perhaps because of the recent high levels of immigration and the spread of these new immigrants across America's Metropolitan areas there is a growing interest in how a multi-racial society will sort itself out. Will the past patterns of black white separation be replicated with Asian Hispanic, black and white separation?

Once, economics and housing affordability was largely dismissed as an explanation for the patterns of segregation. More recently, research has shown that while housing costs and affordability do not provide a substantial explanation for the separation, they do provide a context within which choices are made. African American households who move to the suburbs have higher incomes and more assets than African American households who move within the city. One way in which affordability may play a role in housing and neighborhood selections is when households are able to meet some minimum threshold for selecting a particular neighborhood. As in a budget constraint in economics we can imagine, a minority household African American, Hispanic or Asian, choosing neighborhoods subject to their income constraint. The fact that minority households and white households are not distributed equally across

neighborhoods to which they could have access by their budget constraint suggests the role of other factors in the choice process. Often wealth was raised as an explanatory factor but recent work by South, Crowder and Chavez, (2006) has challenged that finding too.

Residential preferences, either as revealed preferences from actual behavior in neighborhood selection or as preferred combinations of neighborhoods in survey experiments are central in the debates about continuing separation. While we know a good deal about residential preferences and their variation by race and ethnic groups we know much less about these preferences, by age, income and education. Even though a considerable amount all the research has used the data from the Metropolitan study of urban inequality, to examine preferences. Those studies have not decomposed preferences by socioeconomic status. The purpose of this study is to re-examine racial and ethnic preferences and to examine those preferences within the context of expressions of integrated living.

There is now a substantial body of research, which has documented that, by and large, African Americans prefer integrated neighborhoods, and specifically neighborhoods, which are equal combinations often, whites and African-Americans. To the extent that there has been research on their preferences for living with other groups, the research is less consistent. Still there is strong evidence for some sense of integrated living. The purpose of this paper, is to explore the nature of this expression for integrated living by minority households, to examine the implications of these responses and to place both these questions within the context of variations in socioeconomic status. In sum does income and education matter in the nature or expressions for integrated living. This study sets out to extend our understanding of the nature of expressed residential preferences and the potential for changes in the current patterns of neighborhood residential segregation.

The study is especially important at a time when an increasing number of African Americans are moving to suburban locations and increasing numbers of immigrants and the children of immigrants are also moving both into central cities and to the suburbs of large Metropolitan areas. Understanding how these groups view one another is important to predicting the likely patterns of future residential separation. Is true that the study is from the 1990s and does not reflect the most current patterns of immigration but all the evidence we have is that preferences change only slowly and it is thus likely that we can infer outcomes from these data.

The paper will examine the preference distributions by race and ethnicity and across income and education. Multi-nomial logit models will

estimate the relevant contributions of income and education to varying neighborhood preferences.

### **Previous Work and Context**

Farley initiated the research on residential preferences and choices with respect to race and ethnicity with a seminal paper in the 1980s. That paper was followed by several studies, which confirmed and expanded the Farley study and showed that indeed African Americans preferred integrated residential settings, while whites preferred majority white residential neighborhoods. There is no real question that there is at this point a disjunction between the preferences of black and white households. Nor does there seem to be any question that in general, African American households express a stronger desire to be in a mixed neighborhood. The studies were also extended to other groups and across other cities (Clark, 1992, Farley, et al 1997).

The continuing concern with fitting the pieces of the income, social status and discrimination nexus into a bigger picture of explaining neighborhood outcomes has created a large body of research. That research varies from specific studies of the income effects (Fischer, 2003) to studies of discrimination (Galster et al 1999) and actual mobility behavior (South and Crowder, 1998). In addition recent research on agent based modeling by Fossett (2006) and others, including Fossett and Clark (2007) provides yet another element of attempting to understand the neighborhood processes and the role of preferences and tolerance. The present paper is set within this context and attempts to enrich our understanding of how preferences may work in the neighborhood choice process.

There is still a divide between those who believe that more housing legislation will solve the continuing separation in the residential fabric and those who believe that there are deep seated own race preferences which underlie much of what we see happening in neighborhood choice processes. While this paper will not bridge this divide it will re-examine some of the underlying elements of the discussion and re-examine the role of social status in preferences. The fact that studies across ethnic groups show very similar preference patterns raises serious questions about how more fair housing legislation will solve residential separation. All racial and ethnic groups reveal similar patterns of expression for relatively lower levels of inter mixing and strong own race alone ethnicity preferences. How should we interpret these outcomes? Charles (2000) sees it as fears of white hostility but there is a plausible argument to be made for the role of social status. The empirical sections of the paper will attempt to provide a rationale for the social outcomes that we see in neighborhood processes.

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