

Gentrification and the Evolution of White Demand

If the growing prevalence and durability of three- and four-race neighborhoods has subtly smoothed the path of urban integration over the past two decades, this trend has a much noisier, more attention-getting sibling: gentrification. In central cities around the country, developers and mayors alike have found that young, educated professionals and technical workers have an appetite to live in dense urban neighborhoods, particularly those close to downtown districts or other interesting cultural scenes. What the gentrification boom implies for black integration is our subject in this chapter.

For more than half a century the idea of broad urban gentrification has been a lively topic for urbanologists and a fond hope to many who love cities.¹ In the late 1970s, much was made of a “back-to-the-city” movement. The rediscovery of the charms of brownstones by taste mavens, the realization by developers that the condominium concept offered a way to make money from new construction or rehabilitation projects in dense neighborhoods, and the rise of elite service jobs staffed by “yuppies” all seemed to provide fuel for this shift. But while many large cities could indeed point to gentrified neighborhoods around the turn of the 1980s, this trend was dwarfed by larger urban forces: large-scale abandonment in many neighborhoods close to urban cores; the decline of housing prices in predominantly black neighborhoods; increasing crime; the decay of many urban downtowns; substantial net losses of white population in major cities; and a worsening ratio of median income between central cities and their suburban rings. The “urban crisis” was in full throttle.

Recovery came in three waves. In the late 1980s, and accelerating during the 1990s, the volume of legal immigration rose significantly and shifted in

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composition. Immigration from places like China and the Philippines flat-lined or even slowed a bit, while immigration from Europe, Russia, Africa, and the Caribbean accelerated. Over half of the new immigrants lived, at least initially, in one of just seven major metropolitan areas: New York, Los Angeles, San Francisco, Chicago, Miami, Washington, D.C., and Houston.² And within these metropolitan areas, immigrants were about twice as likely as other residents to live in the central city. Even large cities not normally thought of as immigrant destinations had substantial numbers of new arrivals; Columbus, Ohio, had about seventy-four thousand new immigrant residents over the 1990–2009 period, and Indianapolis had about fifty-nine thousand. By 2009, the foreign-born made up about a quarter of the residents of the largest twenty-five cities in America—but only about 10 percent of the rest of the nation’s population.³

The wave of immigration was a tonic for many cities. New York City’s population began growing again at the end of the 1980s and rose nearly 10 percent between 1990 and 2000—an extraordinary reversal in the context of late-twentieth-century urban decline. Population growth resumed in other older cities, and, where it did not, population loss slowed. Immigrants opened small businesses at a rate greatly disproportionate to their numbers, many of them in poor communities whose commercial districts had badly faded from 1960 to 1990. The new immigrants often rented or bought housing along the fringes of core black neighborhoods which, along with the slowing of black neighborhood expansion (Chapter 14) helped to stabilize and restore modest price appreciation to black housing markets.

A second wave of recovery began around 1992, when murder rates in several major urban areas peaked and then began a twenty-year pattern of decline. The new immigrants—who generally had quite low rates of criminal activity—may have been a contributing factor, but there were many others: a waning of the “crack” epidemic; improved police methods, including both better logistical deployment of forces and more “community policing”; the maturing of a generation of central-city residents exposed to much lower concentrations of lead; and self-reinforcing, “tipping” patterns, like increased activity in city parks and on nighttime sidewalks as crime fell. Here again, New York City was the exemplar; its murder rate fell an astonishing 80 percent from 1992 to 2012, to levels below those of most suburban and rural counties in the United States. The broader urban trend has been less extraordinary but still quite remarkable: violent crime rates fell 50 percent from 1990 to

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TABLE 18.1 Relative, average two- and three-bedroom home prices in distance zones of major cities

Year	Average housing prices in zone, as % of prices for homes 20–35 miles from CBD		
	0–3 miles from CBD	3–10 miles from CBD	10–20 miles from CBD
1980	58%	69%	95%
2010	128%	95%	98%

Data source: Analysis of data from Lena Edlund, Cecilia Machado, and Maria Micaela Sviatchi, “Bright Minds, Big Rent: Gentrification and the Rising Returns to Skill” (NBER Working Paper No. 21729, 2015), <http://www.nber.org/papers/w21729>.

2014, and property crime rates fell 49 percent.⁴ Robbery rates fell by 60 percent and signified a broad perception that predatory crime against the middle class was dropping in particularly sharp ways.

A new sense of urban vitality, declines in crime, and the rise in ethnically diverse neighborhoods all set the stage for the third wave: the substantial migration of Anglos to cities. To reemphasize, gentrification had been observable in particular neighborhoods of many cities since the late 1970s. But after 2000, it became a palpable national phenomenon.⁵ Palpable, but still difficult to quantify. In the enormous literature on gentrification, there are abundant case studies of neighborhoods but few concrete analyses of gentrification’s overall impact on urban areas. We therefore advance the following empirical generalizations not because they are well understood and widely accepted, but because we think some tangible propositions are helpful to advance discussion.

Pattern One. In many major metropolitan areas, gentrification has altered the housing price gradient. During the 1970–1990 era, and perhaps ever since World War II, home values tended to increase with distance from an urban area’s central business district (CBD). By 2010, this pattern had changed decisively (see Table 18.1). Average housing prices now tend not to vary much at all with distance from the CBD, except for a substantial premium in and around the CBD itself. Indeed, perhaps the most widespread and relatively new urban pattern associated with gentrification is the growth of “downtown” housing markets: in cities all over the country, developers have successfully created large condominium and apartment complexes at the center of cities, generally aimed at affluent renters and buyers. These developments have tended to make CBDs more interesting, with more restaurants, nightlife, and parks, in turn stimulating development around the edges of downtowns.

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Pattern Two. In those metro areas where significant gentrification has occurred, this has been sufficient to roughly stabilize the Anglo presence, but Anglo populations are still very disproportionately suburban. Some gentrification writers contend that under current trends, central cities will become Anglo centers, with blacks and Hispanics displaced to inner-ring suburbs. Thus far, that is not what has happened; Anglo populations in urban dense neighborhoods have increased, but in most cities this growth has been roughly offset by the continued out-migration of other urban Anglos. Thus, even in New York City and San Francisco—perhaps the two most widely cited examples of widespread gentrification—the total Anglo population slightly declined from 2000 to 2013 (see Table 18.2), even though in many neighborhoods close to CBDs, the Anglo population increased in both absolute and relative numbers. Of course, since the Anglo population share in the largest metropolitan areas has been steadily declining, simply maintaining population levels in central cities is a major development.

Pattern Three. Quite generally, as Table 18.2 shows, black populations in central cities are no longer increasing or actually declining. This is happening for at least four reasons. First, as immigrant populations grow and settle in central-city neighborhoods, they often push against and into old borders of black districts (for instance, East Harlem and Chicago’s West Side). Note, for example, the large growth in New York City of Hispanic (mostly non-Puerto Rican) and Asian residents during the 2000–2015 period. Second is the rise of gentrification, where affluent residents (including, but obviously not limited to, African-Americans) are pushing back borders of traditional black districts (such as north-central Washington, central Atlanta, and Harlem). Third, the ongoing black migration to the South from Northern cities like Chicago and New York, which started on a large scale in the 1970s, has continued into the twenty-first century. (Note, though, that these black migrants are not greatly augmenting central-city populations in the South, since these intermetropolitan migrants still tend to settle in “outlying” neighborhoods.) Fourth, the center of gravity of major urban black populations has continued to edge toward suburbia, as middle-class blacks continue to move (albeit at a much slower rate) into “border” tracts along the affluent edge of predominantly black districts, and as all the other forces we have described shift inner-city black neighborhoods into more multiracial ones.

The simple dichotomy between “central city” and “suburban” areas can easily mislead, because central cities vary so widely in geographic size and,

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TABLE 18.2 How population composition is changing in major “older” cities, 2000–2015

Central city	Period of count	Count of major ethnicities, in '000s				Total population, in '000s
		Black	Hispanic	Asian	Anglo	
Atlanta	2000	256	16	8	130	416
	2011–2015	237	22	18	165	440
Boston	2000	149	85	44	292	589
	2011–2015	164	122	66	296	650
Chicago	2000	1065	754	141	907	2896
	2011–2015	878	791	185	875	2717
New York City	2000	2130	2160	873	2801	8008
	2011–2015	1885	2437	1131	2740	8427
Philadelphia	2000	655	129	74	644	1516
	2011–2015	665	208	117	557	1555
San Francisco	2000	61	110	240	339	777
	2011–2015	49	122	268	338	805
Washington, D.C.	2000	343	45	15	159	572
	2011–2015	316	66	24	230	647

Data sources: Authors' calculations from 2000 Census and 2011–2015 five-year ACS data. See Note on Sources.

thus, the relative share of metropolitan populations they contain. An alternative approach is to classify all of the census tracts in a metropolitan area into four even divisions (quartiles) according to their population density. Density generally increases with proximity to a metro area's CBD, but not always—which is part of the point: outlying but relatively dense areas may attract gentrifying pioneers for the same reasons that CBD areas do.⁶

Using our longitudinal census tract database, we examined the twenty-five largest metropolitan areas and divided the tracts in each area into quartiles of density for each of the census years from 1970 through 2010. Table 18.3 charts the population share of Anglos and African-Americans across density quartiles through this forty-year period.

For such a simple table, the numbers in Table 18.3 are remarkably illuminating. On the Anglo side, of course, the general pattern is one of relative decline: all non-white populations in the largest metro areas have grown much faster than the Anglo population, so it is unsurprising that the Anglo

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TABLE 18.3 Distribution of Anglos and African-Americans by metropolitan density quartile, 1970–2010

Density quartile	Share of Residents who are Anglo in:				Share of residents who are African-Americans in:			
	1970	1990	2000	2010	1970	1990	2000	2010
Least (1)	95%	89%	85%	80%	4%	4.9%	6.4%	8.6%
Less (2)	94%	83%	76%	70%	5%	9%	12%	15%
More (3)	90%	73%	65%	59%	8%	16%	20%	22%
Most (4)	77%	57%	51.7%	51.4%	21%	27%	27%	26%

Data sources: Authors' calculations from Geolytics Neighborhood Change Database (NCDB) 1970–2010, 25 largest SMSAs (as of 1980). See Note on Sources.

percentages generally drift downward. Over the 1970–1990 period, the decline in Anglo share was highly correlated with tract density, falling twenty points in the densest quartile, but only six points in the least dense quartile. In the 1990s, this pattern started to shift; on the whole, the Anglo share declined most in what we might regard as the outer fringes of central cities and the inner-ring suburbs. By 2000–2010, Anglo decline had essentially stopped in the densest quartile, while falling five to six points in all the other three regions. In the face of the broader trend, the Anglo stability in the densest quartile is impressive, but it is worth emphasizing that it is only a net stability, not a growing share.

The African-American patterns are no less revealing. The black population in these metro areas has steadily grown, sustained first by the completion, in the 1970–1990 period, of black emigration from rural to urban areas (blacks are now substantially more urbanized than whites), and in the 1990–2010 period by immigration from Africa and the Caribbean. The black share has been growing at a decreasing rate, however, and will probably stabilize by 2020. In proportional terms, black shares grew most dramatically in the second and third quartiles of density from 1970 to 1990, mainly reflecting the big expansion of black “core” and “border” areas past city limits and into inner-ring suburbs. Since 2000, however, the rate of black share growth has been inversely proportional to density, with the black share rising by a third in quartile one, a fifth in quartile two, a tenth in quartile three, and slightly declining in quartile four.

Of course, the fact that whites and blacks are becoming, relative to one another, more evenly distributed across the four density quartiles is

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TABLE 18.4 Average household incomes across the density gradient, twenty-five major metro areas, 1970–2010

Density quartile	Average household income as % of overall average, by year		
	1970	1990	2010
Least (1)	108%	121%	124%
Less (2)	109%	112%	110%
More (3)	102%	93%	90%
Most (4)	81%	73%	75%

Data sources: Authors' calculations from Geolytics Neighborhood Change Database (NCDB) 1970–2010 and 2006–2010 five-year ACS data, 25 largest SMSAs (as of 1980). See Note on Sources.

promising—a development consistent with, if not necessarily producing, greater integration. The trend has already drawn criticism, however, as perhaps leading toward a future where outlying suburbs are poor and minority, while the core of cities becomes rich and white.

It is true that highly segregated suburbs can sometimes be a worse outcome for African-Americans than highly segregated central cities. It is also true, as Table 18.1 and Edlund et al.'s research suggests, that areas *very* close to CBDs have dramatically appreciated in housing value and now house pockets of great affluence. But the general, positive relationship between lower density and higher affluence remains quite strong, as Table 18.4 suggests, and the aggregate effects of gentrification have not been large enough—at least as of 2010—to change it much. Again, what is striking about recent trends is not that cities and suburbs have switched places, but that the dramatic erosion of income in the densest areas, so worrying during the 1970s and 1980s, has on the whole stopped.

However, if gentrification has, in a macro sense, brought more stability than change to urban patterns, it is also a dynamic process of change, with very important implications for our broader story. If the Anglo share of populations in dense neighborhoods has stabilized in some aggregate sense, this means that white demand for housing in dense areas is sufficient to sustain some demographic parity. If incomes in dense areas have largely stabilized, that implies that neighborhoods with rising incomes are as common as neighborhoods with falling incomes.

We can test this idea directly with our data, in Tables 18.5 and 18.6.

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TABLE 18.5 Direction of change across tracts, by density quartile, metropolitan New York, 1970s versus 2000s

Characteristic	Period	Density quartiles			
		Least (1)	Less (2)	More (3)	Most (4)
Percent of tracts with rising household income	1970–80	60%	27%	15%	7%
	2000–10	46%	47%	48%	53%
Percent of tracts with rising numbers of Anglo residents	1970–80	59%	16%	10%	5%
	2000–10	42%	24%	39%	48%
Percent of tracts with rising percentages of Anglo residents	1970–80	17%	13%	7%	4%
	2000–10	14%	15%	32%	49%

Data sources: Authors' calculations from Geolytics Neighborhood Change Database (NCDB) 1970–2010 and 2006–2010 five-year ACS data, 25 largest SMSAs (as of 1980). See Note on Sources.

Note: All income changes adjusted to real dollars.

TABLE 18.6 Direction of change across tracts, by density quartile, ten other major metro areas contrasted, 1970s versus 2000s

Characteristic	Period	Density quartiles			
		Least (1)	Less (2)	More (3)	Most (4)
Percent of tracts with rising household income	1970–80	71%	54%	36%	28%
	2000–10	42%	34%	35%	37%
Percent of tracts with rising numbers of Anglo residents	1970–80	87%	66%	34%	17%
	2000–10	65%	41%	35%	49%
Percent of tracts with rising percentages of Anglo residents	1970–80	33%	16%	9%	10%
	2000–10	16%	14%	25%	48%

Data sources: Authors' calculations from Geolytics Neighborhood Change Database (NCDB) 1970–2010 and 2006–2010 five-year ACS data, 25 largest SMSAs (as of 1980). See Note on Sources.

Notes: All income changes adjusted to real dollars. The metropolitan areas included here are Atlanta, Boston, Chicago, Dallas, Houston, Los Angeles, Miami, Philadelphia, San Francisco, and Washington, D.C., which (as metro areas) are collectively ranked second through eleventh in total population in the 2010 census.

Perhaps the most germane parts of these tables are the patterns in the right-most columns, showing the contrast between the 1970s, when the densest census tracts had predominantly falling incomes and falling Anglo populations, to the 2010s, when these dense tracts are balanced—roughly half becoming more affluent and half more Anglo, and half becoming less affluent and half less Anglo. What these trends suggest—again, at a very macro level—is not the dominance of gentrification, but a general stabilization of

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the white presence and income levels and, thus, an opportunity for increased social and economic integration.

How does gentrification look at the micro level—not in the CBDs, but in residential urban neighborhoods? In some ways, gentrification creates an optical illusion. If, in a neighborhood of one thousand housing units, two hundred are substantially rehabilitated over five years' time, and the number of Anglo households rises from one hundred to two hundred and fifty, that can look like dramatic change, and *prima facie* evidence of displacement. What tends to go unseen are the less visible, more gradual processes of decline across a much broader swath of neighborhoods: deferred or inadequate maintenance, tax or mortgage delinquencies by apartment-building owners, the gradual exhaustion of aging infrastructure.⁷ Also largely unnoticed are the normal processes of turnover in all neighborhoods. We demonstrated in Chapters 5 and 9 that white-to-black neighborhood transition was often perceived as “white flight” when in reality most of what happened was simply a higher proportion of blacks, rather than whites, filling units that became vacant through normal renter and owner turnover. In similar fashion, gentrification often involves less disruptive change—and in particular, less displacement—than one might assume from casual observation.

Indeed, scholars who have studied the effects of gentrification generally conclude that direct displacement is relatively rare. The rate at which low-income households move out of gentrifying neighborhoods is comparable to the rate at which they move out of other neighborhoods, and respondents from these households report similar levels of satisfaction with their new locations.⁸

On the other hand, the “tipping” of gentrifying neighborhoods, and the steady escalation of housing costs so that low-income families rarely *enter*, can easily happen if there are affluent neighborhoods nearby, and both scholars and journalists have documented this process in a number of case studies. From a pro-integration perspective, the question posed by gentrification in the early twenty-first century is quite similar to the question posed by the burst of black mobility that occurred in the 1970s. In both cases, a large demographic shift has the potential to produce either broad integration or iterative resegregation. How can the demographic energy bound up with gentrification be captured in ways that actually maximize long-term integration? We will return to this crucial question in Part V.

Scholars disagree about the key forces driving gentrification; what theory one holds influences one's view of whether we are beholding an ephemeral

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fad or a long-term shift in the structure of metropolitan areas.⁹ Urbanologist Alan Ehrenhalt contends that we are witnessing a fundamental re-orientation of living preferences, particularly among young adults, that favors more cultural variety, more “vibe,” and more alternatives to driving than standard suburbs usually afford.¹⁰ For him the key question is whether urban areas will have the wisdom to foster the development and infrastructure that will cultivate and build on these shifts long-term, both in central cities and in other dense nodes around the metropolis. For some economists like Edlund, Machado, and Sviatschi,¹¹ the key driver of gentrification is the shortage of leisure time among young technocrats and professionals. If both partners in a marriage work jobs that often require more than forty hours per week, a long commute from the CBD to the suburbs for both of them makes no sense; residential centrality itself becomes a large advantage. And it is easy to conceptualize this as a “tipping” phenomenon; once enough high-skill, affluent people perceive the advantages of centrality, then other changes reinforce the trend: locational choices by employers, interest by developers, infrastructure and service investment by central cities, and so on. In this worldview, one could imagine a long-term “inversion” of metropolitan populations favoring the center—though we note again (Table 18.4) how far we yet are from observing this on a general scale.

Ingrid Gould Ellen, Keren Horn, and Davin Reed have persuasively argued that sharp drops in crime are associated with higher levels of gentrification,¹² while authors like Richard Florida suggest that changes in the very nature of what high-paid workers produce—which often involve more artistic and cultural creativity than in the past—favor central locations as places that feature innovation and a marketplace of ideas.¹³ Here again, it is easy to imagine feedback loops that strengthen these trends.

It seems to us likely that all of these factors and others play a cumulative role in stimulating gentrification. It is perhaps too soon to judge whether we are witnessing the beginning of a long-term trend or a fad, but the array of causes contributing to gentrification suggests a lasting phenomenon.¹⁴ Moreover, it seems indisputable that fueling gentrification is the growing willingness—nay, desire—of Anglos and middle-class persons of all races to live in diverse communities, and a secular decline in the salience of race for Anglos (and others) choosing neighborhoods in which to live.

The available data on white attitudes toward integration certainly suggests a steady progression toward tolerance of, or actual interest in, residential

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integration. As reported earlier (Table 8.1), the proportion of whites in national surveys who said they would not move away “if blacks came to live next door” rose from 63 percent in 1966–1967 to 86 percent in 1978 and 97 percent in 1997. The proportion of whites who said they would not move if “blacks came to live in great numbers in your neighborhood” rose from 28 percent in 1966–1967 to 46 percent in 1978 and 75 percent in 1997.

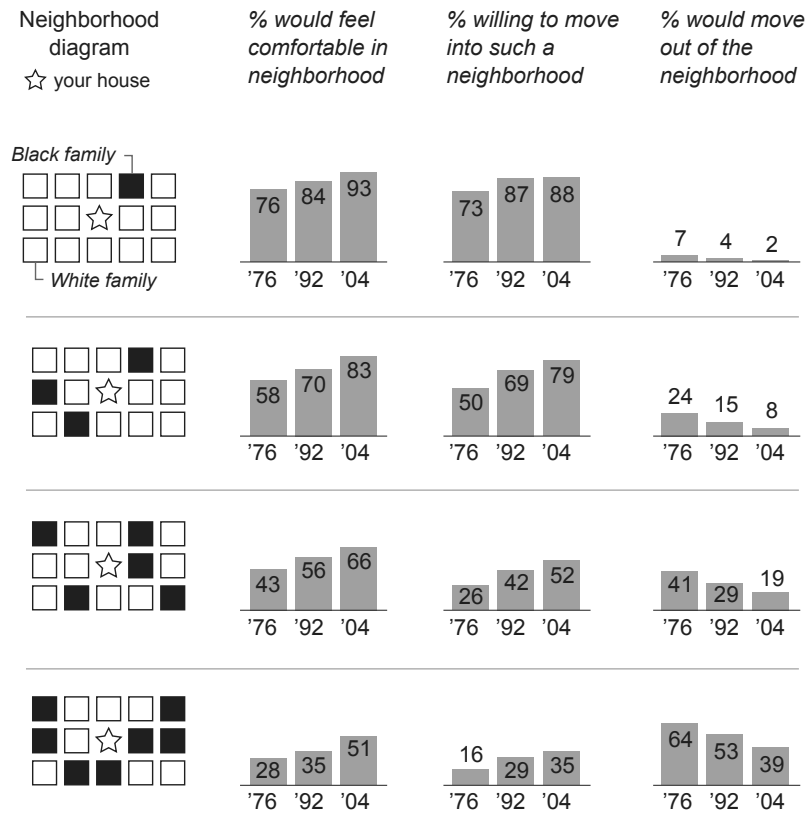
The innovative use of stylized neighborhood diagrams to measure attitudes toward integration (Chapters 8 and 17) has been deployed in three successive surveys of whites in metropolitan Detroit by Reynolds Farley and his colleagues: in 1976, 1992, and 2004.¹⁵ As Figure 18.1 illustrates, the share of whites who say they would be willing to move into an integrated black/white neighborhood (the middle column of results) has steadily risen over time, with, for example, 35 percent of whites responding in 2004 that they would be willing to move into a neighborhood with a 50/50 racial composition. These rising numbers might be dismissed as an artifact of spreading political correctness; but even if that were true, it would signify a growing awareness that the idea of integration is considered socially praiseworthy. One should also not overlook the great slowing in the rates of racial transition (Chapter 14), which means that respondents will not see a 50/50 neighborhood as merely a way station on the path to complete resegregation.

In any case, we need not rely on survey evidence alone to infer changes in white beliefs or behavior; we can observe behavior directly.¹⁶ Table 18.7 compares the rate at which urban whites moved into neighborhoods with varying thresholds of black presence, in 1970 and in 2010. At every point in the distribution of racial makeup, the rate at which whites move into neighborhoods with a significant black presence has increased substantially. Some of the increase can be attributed simply to the broader presence of African-Americans in metropolitan areas. Some can be attributed to gentrification. But the data also reflect a secular, sustained acceptance (or pursuit) of the idea of racial integration.

Any discussion of integration in the context of gentrification should take note of an important question: Is this the sort of racial integration that fair housing advocates had in mind? In his ethnographic work in gentrifying neighborhoods, Lance Freeman has observed the degree to which interactions between the arriving gentry and the in-residence poor or working class are likely to be superficial at best.¹⁷ The nexus of integration is very different from middle-class homeowners of different races mingling in a

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FIGURE 18.1.
Change in attitudes toward racially integrated neighborhoods, Detroit-area whites,
1976–2004.



Note: Methodology of this research is discussed in Chapter 8.
Data source: Nicholas O. Stephanopoulos, “Civil Rights in a Desegregating America,”
83 *Univ. Chicago L. Rev.* 1329, 1356 (2016).

suburb; in a gentrifying neighborhood, the anonymity of the city can be compounded by differences of class, the sort of buildings in which one lives, and the ways one makes use of one’s residential base.

But Freeman’s real point, we think, is not that gentrification cannot produce meaningful benefits for all concerned, but that this is a complex, multi-dimensional phenomenon onto which we should not readily graft tropes from other contexts. For one thing, Anglo moves into dense neighborhoods are by no means limited to one specific class; moves occur across the socio-economic spectrum. For another, residents of neighborhoods experiencing

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TABLE 18.7 Anglo move-in rates into integrated neighborhoods, 1969–1970 and 2009–2010

African-American presence in tract	Proportion of all Anglo moves into tracts with at least the indicated black presence	
	1969–1970	2009–2010
50% black or more	1.4%	2.5%
20% black or more	6.5%	10.2%
10% black or more	11.9%	23.0%
5% black or more	18.4%	38.9%

Data sources: Authors' analysis of restricted census tract data for 60 major metro areas, 1980 boundaries. See Note on Sources.

affluent in-migration benefit in ways other than direct neighbor interactions: the range of services in the neighborhood, the cultural life, and the funding of public goods are all likely to improve.

We should also be careful not to axiomatically equate Anglo entry with gentrification. Hwang and Sampson found that, in Chicago, gentrification rarely occurred when the Anglo presence in a neighborhood was less than 35 percent; in other words, non-white communities could become significantly more integrated without sharp shifts in the economic “class” of the neighborhood.¹⁸

One of the key questions about the migration of Anglos into dense neighborhoods is whether attachment to urban life is limited to the young and childless, or whether it can survive the arrival of children and their eventual entry into school. In many big cities, whites regularly cite the racial composition of schools as a marker of quality, while minority households distinguish among schools based on factors like safety, leadership, and school culture.¹⁹ Households with children in these cities tend to be somewhat more segregated than the general population, and minority children are exposed to white children even less than minority adults are exposed to white adults.²⁰ But while having school-age children elevates the chances that an Anglo family will move out of an integrated neighborhood, it does not predict the racial composition of where they will move next.²¹ Moreover, we will see (Chapter 20) that when metropolitan housing is reasonably desegregated, school integration follows and Anglo families are more likely to keep their children in public school.

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We have a lot to learn about the patterns, causes, and consequences of Anglo and/or upper-middle-class migration to dense urban areas. But we do know that this type of migration has been occurring for decades in the “desegregating” urban areas (Chapter 7) and that in those areas the most evident beneficiaries of desegregation have been the African-American poor and working class (Chapter 16). Developing policies that foster gentrification’s potential to generate large positive externalities is a crucial part of any successful strategy for expanding integration in our most segregated cities.

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and data collected through it, can be found at <http://www.icpsr.umich.edu/icpsrweb/ICPSR/studies/2535>.

5. Camille Zubrinsky Charles, “Neighborhood Racial-Composition Preferences: Evidence from a Multiethnic Metropolis,” 47 *Social Problems* 379 (2000).
6. It is worth noting that the Hispanics and Asians in the survey included a large number of foreign-born respondents. When we break out their responses separately, they are strikingly more inclined to create neighborhoods that have a majority of “own-group” residents. Native-born Hispanics and Asians created ideal neighborhoods that were particularly diverse, and which included higher percentages of blacks. All of this fits with the assimilation framework discussed in Chapter 12. It suggests both that recent immigrants were more likely to value the ethnic homogeneity of the “port of entry,” and that native-born Hispanics were more likely to both favor integration and to know the politically correct answers to survey questions.
7. We also used restricted census data to test the effect of diversity on white demand. This work is still in progress, but we find that neighborhood diversity—measured in terms of how present members of the four racial groups are in a given census tract—is an increasing magnet for Anglos over time (i.e., from 1980 through 2010), and that diversity is a more important magnet when the non-white presence in a tract is large.
8. John Logan and Charles Zhang, “Global Neighborhoods: New Pathways to Diversity and Separation,” 115 *American Journal of Sociology* 1069 (2010).
9. We use the entropy index and scale it so that the index is zero when a tract is entirely comprised of one group, and one when the tract is evenly divided among multiple groups. We define a “low-diversity” tract as one where the entropy value is less than 0.37, which generally means that the dominant group constitutes over 80 percent of the population. A “moderate-diversity” tract has an entropy index between 0.37 and 0.74, and a single group that has over 45 percent of the tract population. A “high-diversity” tract has an entropy index of more than .74, with no single group having more than 45 percent of a tract’s population.
10. Specifically, tracts that remain MDB from census to census, compared to those that change from MDB to some other category, are more likely to have a significant presence of both Anglos and Hispanics.

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1. British urbanologist Ruth Glass gave the term currency in her 1964 book *London: Aspects of Change*, vol. 3 (London: MacGibbon & Kee, 1964).
2. U.S. Bureau of the Census, *Statistical Abstract of the United States: 2003*, 123rd ed. (Washington, D.C.: U.S. Department of Commerce, 2003), 51.
3. U.S. Bureau of the Census, *Statistical Abstract of the United States: 2012* (Washington, D.C.: U.S. Department of Commerce, 2012), 43, Tables 38 and 39.

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4. Bureau of the Census, *Statistical Abstract 2012*, 196 (Table 306); Federal Bureau of Investigation, “Crime in the United States: 2014,” at <https://www.fbi.gov/about-us/cjis/ucr/crime-in-the-u.s/2014/crime-in-the-u.s.-2014>.
5. Victor Couture and Jessie Handbury, “Urban Revival in America, 2000 to 2010,” working paper (2015); Jackelyn Hwang and Jeffrey Lin, “What Have We Learned about the Causes of Recent Gentrification,” 18 *Cityscape* 9 (2016).
6. Alan Ehrenhalt, *The Great Inversion and the Future of the American City* (New York: Random House, 2012).
7. An early but very insightful analysis of these processes is in Rolf Goetze, *Understanding Neighborhood Change* (Cambridge, MA: Ballinger, 1979).
8. See, e.g., Derek Hyra, “Commentary: Causes and Consequences of Gentrification and the Future of Equitable Development Policy,” 18 *Cityscape* 3, 169, 171 (2016); Lance Freeman and Frank Braconi, “Gentrification and Displacement: New York City in the 1990s,” 70 *Journal of the American Planning Association* 39 (2004).
9. A sophisticated recent analysis is by Nathaniel Baum-Snow and Daniel Hartley, “Accounting for Central Neighborhood Change, 1980–2010” (Federal Reserve Bank of Chicago working paper, No. 2016-09, 2016), which both documents the sharp change in migration patterns to neighborhoods close to CBDs that occurred around 2000, and uses clever methodologies to tease out the relative roles of housing prices, class, and tastes for amenities to examine how these core neighborhoods became more attractive to college-educated whites.
10. Ehrenhalt, *Great Inversion*.
11. Lena Edlund, Cecilia Machado, and Maria Sviatschi, “Bright Minds, Big Rent: Gentrification and the Rising Returns to Skill” (NBER working paper, No. 21729, 2016).
12. Ingrid Gould Ellen, Keren Mertens Horn, and Davin Reed, “Has Falling Crime Invited Gentrification?” (Furman Center working paper, 2016).
13. Richard Florida, *Rise of the Creative Class* (New York: Basic Books, 2002) and *The New Urban Crisis: How Our Cities Are Increasing Inequality, Deepening Segregation, and Failing the Middle Class—and What We Can Do about It* (New York: Basic Books, 2017).
14. Victor Couture and Jessie Handbury, in “Urban Revival in America, 2000 to 2010” (NBER working paper, No. 24084, 2017), use techniques that parallel those of Baum-Snow and Hartley and find that “these stark new trends within cities have important implications for the future of America’s downtowns, whose current revival does not appear to be driven by temporary trends” (1).
15. Reynolds Farley, “The Waning of American Apartheid,” 10 *Contexts* 36 (Summer 2011).
16. While we focus here on migration behavior, there are other types of clues based on actual behavior. See, for example, Eric Aldrich, Peter Arcidiacono, and Jacob Vigdor, “Do People Value Racial Diversity? Evidence from Nielsen Ratings,” 5 *B.E. Journal of Economic Analysis and Policy ISSN (Online) 1935–1682* (2005), which finds a clear “taste for diversity” based on patterns of football viewership.

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17. Lance Freeman, *There Goes the 'Hood: Views of Gentrification from the Ground Up* (Philadelphia: Temple University, 2006), chapter 5.
18. Jackelyn Hwang and Robert J. Sampson, “Divergent Pathways of Gentrification: Racial Inequality and the Social Order of Renewal in Chicago Neighborhoods,” 79 *American Sociological Review* 726 (2014). The authors caution, however, against generalizing their results beyond Chicago.
19. Anna Rhodes and Stefanie DeLuca, “Residential Mobility and School Choice among Poor Families,” in Annette Lareau and Kimberly Goyette, eds., *Choosing Homes, Choosing Schools* (New York: Russell Sage, 2014), 137–66.
20. Paul A. Jargowsky, “Segregation, Neighborhoods, and Schools,” in Rhodes and DeLuca, “Residential Mobility and School Choice,” 97–136; John R. Logan, Deirdre Oakley, Polly Smith, Jacob Stowell, and Brian Stults, *Separating the Children* (Albany, NY: Lewis Mumford Center, 2001).
21. Crowder and South find no difference in the out-mobility and in-mobility patterns of white families with or without children. Goyette, Iceland, and Weininger find that households with school-aged children in more integrated neighborhoods are more likely to move, but once they move, their destination neighborhoods are no different in racial composition compared to the destination neighborhoods of their childless counterparts. Kyle D. Crowder, “The Racial Context of White Mobility: An Individual-Level Assessment of the White Flight Hypothesis,” 29 *Social Science Research* 223 (2000); Scott J. South and Kyle D. Crowder, “Leaving the 'hood: Residential Mobility between Black, White, and Integrated Neighborhoods,” 63 *American Sociological Review* 17 (1998); Kimberly Goyette, John Iceland, and Elliot Weininger, “Moving for the Kids: Examining the Influence of Children on White Residential Segregation,” 13 *City and Community* 158 (2014).

19: The Mortgage Crisis and the Great Recession

1. An excellent examination of the 2007–09 financial crisis is Alan Blinder, *After the Music Stopped: The Financial Crisis, the Response, and the Work Ahead* (New York: Penguin Books, 2013).
2. In 1980, only two U.S. banks had assets exceeding \$200 billion (in 2017 dollars), and only three American banks were among the world’s twenty largest. The largest U.S. banks in 2017, in contrast, had over \$2 trillion in assets. <http://www.thebanker.com/Banker-Data/Banker-Rankings/New-World-Order/Top-20-world-banks-1980>; Hubert P. Janicki and Edward Simpson Prescott, “Changes in the Size Distribution of U.S. Banks: 1960–2005,” 92 *Federal Reserve Bank of Richmond* 291 (2006).
3. The development of this market is an important subplot in Michael Lewis’s classic first book, *Liar’s Poker* (New York: W.W. Norton, 1989).

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