

Are mixed communities the answer to segregation and poverty?

Viewpoint
Informing debate

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Are mixed communities an effective way to reduce deprivation and social exclusion? Paul Cheshire argues that creating mixed neighbourhoods treats a symptom of inequality, not its cause. The problem, he says, is poverty – what makes people poor and what keeps them poor – not the type of neighbourhood in which people live.

Key points

- If it were true that creating mixed neighbourhoods could reduce poverty or improve individuals' life chances, then it would logically have to be true that living in a deprived neighbourhood must make you – or your children – worse off than you would otherwise have been. But the more carefully one looks the more difficult it is to find any convincing evidence that this is so. While the evidence does not show that the character of a neighbourhood causes poverty, there is important and obvious causation running from poverty to the sort of neighbourhood in which you live.
- Substantial money was spent in the US to see how enabling people to move from disadvantaged to more affluent neighbourhoods affected their lives but the experiment found no positive net outcomes. Those who moved did not become better off. There were some improvements in girls' educational performance and aspirations but this was offset by worse school performance and increased crime among boys.
- Research from the UK and Canada tracking people over time shows that the neighbourhoods they initially lived in had no influence on their prosperity later in life, while evidence from the US shows that moving people from deprived neighbourhoods to more affluent ones does not improve their economic prospects.
- 'Specialised neighbourhoods', with concentrations of similar people, have benefits. They help people find compatible neighbours and local amenities they value, provide support networks and help people – particularly less skilled people – find suitable jobs.
- These specialised neighbourhoods may seem divisive but in large cities they are shown to lead to improved productivity, welfare and overall living standards.
- All the attributes that make neighbourhoods attractive to more affluent people cost money and suit people with higher incomes, therefore pricing people on low incomes out of 'nicer' neighbourhoods. Although approaches to mixed income communities provide affordable housing, the fact that the community caters overall for those with relatively high incomes means that genuine 'access' to this community requires more than just an affordable home.

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Introduction

Tackling poverty and the relationship between poverty and place is a key issue for Government, particularly given increasing polarisation of incomes. The rich have become richer relative to those on low incomes. Increased separation into rich and poor neighbourhoods is the spatial manifestation of this wider economic and social process.

Residential segregation has had a bad press. Government policy now aims to create and maintain 'mixed communities'. Considerable efforts and resources are put into this. But there are crucial questions that need to be answered if this policy is to work and justify the scarce resources it consumes.

This study reviews the evidence on these questions and challenges the belief that mixed communities can effectively reduce deprivation and social exclusion. Whether mixed community policies can work in the way their advocates claim hinges on the direction of causation; do poor people live in poor neighbourhoods because living in affluent ones costs too much? Or does living in a poor neighbourhood make poor people significantly poorer?

Does the neighbourhood you live in affect your life chances?

The evidence shows that the amenities and attributes that are valued by richer households are fully reflected in house prices in affluent neighbourhoods (see, for example, Cheshire and Sheppard, 2004 or Anderson and West, 2006). People have to pay a premium to live in neighbourhoods with other affluent people. While some of these valuable attributes, like good schools, might benefit rich and poor equally, others, perhaps upmarket gastropubs or golf courses, are only useful if you can afford to use them.

Moreover, affluent neighbourhoods lack many of the amenities poorer households need. Some of these are tangible, such as shops selling goods one can afford to buy on a low income. Others are less tangible, such as social networks that give access to information about job opportunities for which poorer people are qualified.

There is surprisingly little evidence that living in poor neighbourhoods makes people poorer and erodes their life chances, independently of those factors that contribute to their poverty in the first place. There is evidence from the US that moving people from deprived neighbourhoods to more affluent ones does not improve their economic prospects.

During the 1990s a major experimental programme, Moving to Opportunity (MTO), was conducted in five major cities in the US. It was designed both to pilot a policy to relieve the perceived problems of concentrated neighbourhood poverty and as a scientific experiment to investigate – some claimed demonstrate – the benefits of policies to achieve more mixed communities. Families in poor neighbourhoods were offered help – with both housing costs and professional advice – to move to an affluent neighbourhood. The professional advice alone cost \$3,000 per treated family.

To help reveal the effects on poor people of moving to an affluent neighbourhood those families who qualified for the programme were divided into three groups. Group 1 had professional advice and financial help to move to an affluent neighbourhood; Group 2 just got financial help to move anywhere they wanted, away from their deprived neighbourhood; Group 3 got nothing. Some 4,600 families were accepted onto the programme – enough for statistical analysis.

These families have been subject to long-term follow-up. Essentially the families who moved to affluent neighbourhoods experienced no improvement in prosperity compared to the others. Not only that, although girls seemed to benefit in behavioural terms, long-term follow-up showed the move caused additional social and behavioural problems for young males. After an initial improvement boys got on worse at school, and had increased behavioural problems and property crime arrests (Kling et al 2005).

The other way of getting powerful evidence on how neighbourhoods influence people's life chances is to track individuals over a long period and find out if there is any tendency for the type of neighbourhood they were living in initially to influence their current prosperity. There is persuasive evidence from wholly independent studies of this type, in both the UK and Canada, that the character of the neighbourhood you lived in 10, 20 or even 30 years ago has no impact on current prosperity (Oreopoulos, 2003; Bolster et al, 2007).

Do people benefit from living amongst their peers?

There is evidence that 'specialised neighbourhoods' provide both economic and welfare benefits. Neighbourhoods with concentrations of particular types of people – rich, poor, ethnic, occupational – have been a feature of cities for 2,000 years or more. We should respect this fact. There is probably a good reason.

People directly gain from living with compatible and complementary neighbours. Specialised neighbourhoods increase the range of choice for people with respect to the types of neighbourhood in which to live; and people and families of similar incomes, tastes or stages in life tend to consume similar goods and services and require similar amenities. If you are a recent immigrant and want to be able to continue to speak your original language, engage in your native culture or religion and buy food or other items you have developed a taste for, then there are great advantages in living in neighbourhoods with concentrations of people of similar origin. This is one obvious source of the ethnic neighbourhoods of large American and European cities. A recent study found 300 different language-based neighbourhoods in London (Baker and Eversley, 2000). Only the largest cities can offer such choice.

But the advantages of being able to choose a compatible neighbourhood are not confined to ethnic groups. Families with young children will find benefits of networks and facilities, and mutual support as well as information, if they live in neighbourhoods with substantial numbers of families at the same stage in life. Young singles who eat out and have a taste for urban entertainment and culture will similarly find advantages if there are neighbourhoods in which large numbers of like-minded people are concentrated. More educated people, and people working in the liberal professions, may prefer to live in neighbourhoods with concentrations of similar types, sharing leisure and cultural pursuits and seeking similar local shops; business people may equally gain from concentrating in neighbourhoods in which other business people live. But like all consumption choices, the ability to gain from variety is constrained by one's income.

Neighbours and neighbourhoods play an important role in helping people to find jobs. Bayer et al (2005) conclude that social interactions within neighbourhoods between people similar to each other are a significant factor in how urban labour markets work and why living in large cities helps people find jobs. This was consistent with earlier findings, such as those of Blau and Robins (1992), about how

important social contacts were in finding not just jobs but more suitable jobs. Such informal networks, moreover, are more important for less skilled people.

The importance of such informal networks of family, friends and neighbours rises with city size; in cities of half a million or more, people are five times as likely to use such methods of job search as they are in cities of less than 100,000. This is consistent with larger cities – because they provide a greater choice of specialised neighbourhoods – enabling people to choose a more appropriate neighbourhood to live in. Such neighbourhoods may seem divisive but are one of the features of large cities which lead to improved productivity, welfare and overall living standards.

Conclusions

It seems from this review of the evidence that creating mixed neighbourhoods treats a symptom of inequality, not its cause. The problem is poverty – what makes people poor and what keeps them poor – not the type of neighbourhood in which people live.

Trying to create mixed neighbourhoods costs substantial resources that could be used directly to relieve poverty. The onus of proof should be on the advocates of mixed neighbourhoods to demonstrate that they are an effective way of relieving poverty and reducing social exclusion. A careful examination of the evidence does not provide much support for this conclusion.

There is a danger that trying to create mixed neighbourhoods diverts efforts away from tackling the underlying causes of poverty and social exclusion, lulling us into a comforting but false belief that we are doing something positive.

Effective policies to tackle poverty would include income redistribution. It seems fair that richer people should pay to tackle poverty effectively. That does not mean, however, that we should completely ignore the welfare of the more affluent. The evidence from a number of studies strongly suggests that not only does mixing neighbourhoods not effectively help the poor but it also detracts from the welfare of the better-off because it makes it more difficult for them to find neighbourhoods populated by other compatible households with similar tastes and lifestyles. Mixing neighbourhoods is not so much a redistribution of social welfare as its confiscation.

The policy issue is how to tackle poverty effectively. Poverty arises from many sources, including the changing structure of employment. Policies themselves may have contributed to this through both the tax structure and the welfare system.

There has been an increasing polarisation in the job market and the pay-off to high-level skills has risen, leaving the low skilled and less educated behind. As the rich have got richer relative to the poor, so residential segregation has intensified. Indeed what evidence there is shows an associated polarisation in house prices.

Redistribution of resources and opportunities from the richer to the poor seems to have had less emphasis over recent years. But this is likely to be a more effective, certainly a more cost-effective, way of helping the poor than trying to see that they live in more affluent neighbourhoods.

About this study

The Joseph Rowntree Foundation has been interested in balanced communities since its earliest days and is committed to searching for the causes of poverty and disadvantage within neighbourhoods. In doing so, it wishes to consider all the available evidence and all the implications of a policy of mixed income communities.

Paul Cheshire's paper, commissioned as part of the JRF's ongoing research on housing and neighbourhoods, is a valuable contribution to this important debate.

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For further information

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The full report, **Segregated neighbourhoods and mixed communities: A critical analysis** by Paul Cheshire, is published by the Joseph Rowntree Foundation.

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