Contents

CHAPTER 1

Location Cubed

THE IMPORTANCE OF NEIGHBORHOODS

Any Realtor can tell you that "the three most important things about real estate are location, location, location." This oft-repeated refrain, which we might label "L^3," or "location cubed," underscores the importance of place in human affairs. Everyone needs somewhere to live, of course—a dwelling that confers protection from the elements and a private space for eating, sleeping, and interacting with socially relevant others. Naturally the quality of a dwelling has direct implications for the health, comfort, security, and well-being of the people who inhabit it, and matching the attributes of housing with the needs and resources of families has long been a principal reason for residential mobility in the United States (Rossi 1980). As income and assets rise, households generally seek to improve the housing they inhabit to match it more closely with their changing familial needs, either by moving elsewhere or by investing to modify the current dwelling.

When people purchase or rent a home, however, they not only buy into a particular dwelling and its amenities but also into a surrounding neighborhood and its qualities, for good or for ill. In contemporary urban society, opportunities and resources tend to be distributed unevenly in space, and in the United States spatial inequalities have widened substantially in recent decades (Massey and Fischer 2003; Reardon and Bischoff 2011). Where one lives is probably more important now than ever in determining one's life chances (Dreier, Mollenkopf, and Swanstrom 2001; de Souza Briggs 2005; Sampson 2012). In selecting a place to live, a family does much more than simply choose a dwelling to inhabit; it also selects a neighborhood to occupy. In doing so, it chooses the crime rate to which it will be exposed; the police and fire protection it will receive; the taxes it will pay; the insurance costs it will incur; the quality of education its children will receive; the peer groups they will experience; the goods, services, and jobs to which the family will have access; and the relative likelihood a household will be able to build wealth through home appreciation; not to mention the status and prestige, or lack thereof, family members will derive from living in the neighborhood.

For these reasons, real estate markets constitute a critical nexus in the American system of stratification (Massey 2008; Sampson 2012). Housing markets are especially important because they distribute much more than housing; they also distribute education, security, health, wealth, employment, social status, and interpersonal connections. If one does not have full access to the housing market, one does not have access to the full range of resources, benefits, and opportunities that American society has to offer (Massey and Denton 1993). Residential mobility has thus always been central to the broader process of social mobility in the United States (Massey and Mullan 1984; Massey and Denton 1985). As individuals and families move up the economic ladder, they translate gains in income and wealth into improved residential circumstances, which puts them in a better position to realize even greater socioeconomic gains in the future. By interspersing residential and socioeconomic mobility, over time and across the generations, families and social groups ratchet themselves upward in the class distribution. In a very real way, therefore, barriers to residential mobility are barriers to social mobility.

Historically, the most important barriers to residential mobility in the United States have been racial in nature (Massey and Denton 1993; Massey, Rothwell, and Domina 2009). Before the civil rights era, African Americans, especially, but also other religious and ethnic minorities, experienced systematic discrimination in real estate and mortgage markets and were excluded from federal lending programs designed to promote home ownership (Jackson 1985; Katznelson 2005). In addition, the practice of redlining, which was institutionalized throughout the lending industry, systematically denied capital to black neighborhoods (Jackson 1985; Squires 1994, 1997). Poor black neighborhoods were often targeted for demolition by urban renewal programs, displacing residents into dense clusters of badly constructed and poorly maintained public housing projects that isolated families by class as well as race (Hirsch 1983; Goldstein and Yancy 1986; Brauman 1987; Massey and Bickford 1992; Massey and Kanaiaupuni 1993; Jones 2004).

The end result was a universally high degree of urban racial segregation in mid-twentieth-century America that only began to abate in the wake of landmark civil rights legislation passed in the 1960s and 1970s (Charles 2003; Massey, Rothwell, and Domina 2009). Progress in eliminating racism from real estate and lending markets was slow and halting, however, and desegregation was only achieved slowly through a multitude of individual efforts undertaken in cooperation with civil rights organizations (Patterson and Silverman 2011). One such effort occurred in the New Jersey suburbs of Philadelphia in 1969, when a group of lower-income, predominantly minority residents joined together to form the Springville Community Action Committee (Haar 1996; Lawrence-Haley 2007).

Dismayed at their inability to find decent housing at a price they could afford in their hometown of Mount Laurel, New Jersey, committee members teamed up with a local contractor to build thirty-six units of affordable housing for themselves and other low-income families in the region.

Not surprisingly given the history of race and housing in America, the response from township officials to the proposed development of clustered town houses for low-income minority families was a firm and resounding "no." The proposed project, they said, would violate Mount Laurel's zoning policies and land-use regulations, which as in many suburban communities, favored large single-family dwellings set back from the street on large lots (Rose and Rothman 1977). In response, members of the Springville Action Committee joined with local chapters of the NAACP and Camden Regional Legal Services in 1971 to file suit against the township, arguing that its zoning rule effectively prohibited the construction of affordable housing and thus, in de facto if not de jure terms, excluded poor, predominantly minority families from living in the township and enjoying its resources and benefits.

After a prolonged legal battle, the New Jersey Supreme Court in 1975 found for the plaintiffs and handed down a decision that came to be known as Mount Laurel I. In it, the court defined a new "Mount Laurel Doctrine," which stated unequivocally that municipalities in the state of New Jersey had an "affirmative obligation" to meet their "fair share" of the regional need for low- and moderate-income housing (Kirp, Dwyer, and Rosenthal 1995). The decision and its associated doctrine provided a blueprint for fair-housing advocates and affordable-housing developers elsewhere to launch similar efforts on behalf of low-income residents, and in the ensuing years Mount Laurel I was cited frequently in housing litigation around the country (Burchell 1985; Haar 1996).

Although some community members supported the project from the beginning, such encouragement was not popular. In general, public officials, township inhabitants, and neighbors near the proposed development were none too pleased with the court's decision and decried it in vitriolic demonstrations, raucous public hearings, and vituperative letters to local newspapers. Ordered to amend its zoning to accommodate its fair-share housing obligations, Mount Laurel Township officials stalled for time and after a year begrudgingly rezoned three unsuitable properties while they appealed the initial court decision.

A second drawn-out court case ensued and in 1983 the Supreme Court reaffirmed its earlier ruling in a decision that came to be known as Mount Laurel II, ordering the township to recalculate its fair share of affordable housing and to redo its zoning amendments quickly. Two years later, Township officials and the plaintiffs reached a settlement that permitted multifamily zoning in the area and provided partial funding to enable the project finally to move forward (Haar 1996). Plans were submitted to local authorities but this action triggered another round of acrimonious public hearings attended by angry citizens who vehemently expressed fears that the development would bring vexing urban problems into their suburban utopia (Kirp, Dwyer, and Rosenthal 1995). Areas of specific concern were the perceived potential for rising taxes, increasing crime, falling property values, and a general disruption of the suburban ethos (Smothers 1997a, 1997b, 1997c).

The hearings and public protests dragged on for more than a decade, and it was not until 1997 that the Mount Laurel Planning Board finally approved plans for the project to begin construction. Even then, architectural blueprints had to be finalized, permits solicited, and numerous details negotiated with local officials before the project's nonprofit developer could break ground. It was not until the year 2000 that the project was finally completed and its developers could accept applications for entry into the project's one hundred units. Late in the year the first tenants began moving in—thirty-one years after the Springville Community Action Committee originally sought to launch the project, twenty-nine years after the filing of the lawsuit, twenty-five years after Mount Laurel I, and seventeen years after Mount Laurel II. Unfortunately it was also six years after the death of the lead plaintiff, Ethel Lawrence, and the project was duly named in her honor (Lawrence-Halley 2007). In 2004, forty additional units were added to the Ethel Lawrence Homes (ELH) and leased to a new set of tenants, bringing the development to its current size of 140 units.

ELH is unusual in that it is 100 percent affordable. Many affordable housing projects in New Jersey and elsewhere simply require setting aside a percentage of units for low-income families within larger market-rate developments, typically 20 percent. In contrast, ELH from the start was designed and built entirely for low- and moderate-income families. The project presently contains one-, two-, and three-bedroom apartments located within two-story town houses that are affordable to households lying between 10 percent and 80 percent of the regional median income. These criteria yield a remarkably broad range of "affordability," with units in ELH going to families with incomes that range from $6,200 to $49,500 per year. Given New Jersey's high-income economy and pricey real estate market, however, no inhabitant of ELH could be considered well-off or affluent, though obviously not everyone is abjectly poor either.

As the project's first residents moved in, a host of observers looked on with curiosity and no small amount of apprehension. Local officials braced for possible negative reactions from citizens and disruptions arising from the incorporation of poor, minority families into the community's social fabric. Neighbors, while hoping for the best, nonetheless feared that their premonitions about rising tax rates, declining property values, and increasing crime rates might indeed come true. Fair housing advocates in New Jersey and around the country mostly crossed their fingers and prayed that the disruptions would be few and that the development would enable the new tenants to forge a pathway out of disadvantage. The residents themselves entered with a combination of hope for the future and trepidation about how they would fit into a white suburban environment whose residents had made abundantly clear their skepticism and rancor about the development they were entering.

It is within this contradictory and contentious context that we undertake the present analysis, the first systematic, comprehensive effort to determine as rigorously as possible the degree to which the manifold hopes and fears associated with the Mount Laurel project were realized. In the next chapter we describe in greater detail the Mount Laurel court case and the controversy it generated. We then go on in chapter 3 to describe the construction, organization, and physical appearance of the Ethel Lawrence Homes and to assess the project's aesthetics relative to other housing in the area. In chapter 4 we outline our study's design and research methodology, describing the specific data sources we consulted to determine the effects of the project on the community and the multiple surveys and in-depth interviews we conducted to gather information on how the opening of the homes affected residents, neighbors, and the community in general.

Having set the stage in this fashion, we begin our analysis in chapter 5 by evaluating the outcomes that were of such grave concern to local residents and township officials prior to the project's construction, using publicly available data to determine the effects it had on crime rates, tax burdens, and property values. After detecting no effects of the project on trends in crime, taxes, or home values, either in adjacent neighborhoods or the township generally, in chapter 6 we move on to consider the effects of Ethel Lawrence Homes on the ethos of suburban life. Drawing on a representative survey and selected interviews with neighbors living in surrounding residential areas, we show that despite all the agitation and emotion before the fact, once the project opened, the reaction of neighbors was surprisingly muted, with nearly a third not even realizing that an affordable housing development existed right next door.

In chapter 7 we turn our attention to a special survey we conducted of ELH residents and nonresidents to assess how moving into the project affected the residential environment people experienced on a day-to-day basis. The design of the survey enables us to compare neighborhood conditions experienced by ELH residents both before and after they moved into the project, as well to compare them with a control group of people who had applied to ELH but had not yet been admitted. Both comparisons reveal a dramatic reduction in exposure to neighborhood disorder and violence and a lower frequency of negative life events as a result of the move. Chapter 8 moves on to consider whether the move—and the improved neighborhood conditions it enabled—were sufficient to change the trajectory of people's lives. Systematic comparisons between project residents and members of the nonresident control group indicated significant improvements in mental health, economic independence, and children's educational outcomes as a result of moving into the project. In chapter 9 we recap the foregoing results and trace out their implications for public policy and for social theory. We argue that neighborhood circumstances do indeed have profound consequences for individual and family well-being and that housing mobility programs constitute an efficacious way both to reduce poverty and to lower levels of racial and class segregation in metropolitan America.

Before turning to our analyses, however, in the remainder of this chapter we situate the Mount Laurel controversy in a broader theoretical and substantive context. Theoretically, we develop a conceptual understanding of the political economy of place to underscore the distinct character of real estate markets. In doing so, we shed light on the motivations and behaviors of the various participants in the Mount Laurel controversy—project developers, prospective residents, potential neighbors, and local officials, as well as ancillary actors such as housing advocates, civil rights leaders, and suburban politicians. Substantively, we describe the evolving spatial ecology of race and class in the United States, outlining recent trends in racial and economic segregation nationally and in New Jersey, and reviewing the role that housing policies have played in structuring these trends over the past several decades. We also review the evidence adduced to date on the role played by neighborhoods in determining the social and economic welfare of individuals and families.

Although the Mount Laurel controversy was fraught with much anger and animosity, and charged with an abundance of positive and negative emotion, we hope that our theoretical and substantive framing of the issues, along with our empirical analyses of the project and its consequences, will bring needed facts and reason to the debate, enabling citizens to reflect more calmly and policy makers to evaluate more objectively the efficacy of affordable housing developments such as the Ethel Lawrence Homes as social policy. We believe our empirical findings validate the use of affordable housing projects as a tool to address the pressing problems of housing scarcity, poverty alleviation, and residential segregation. We also believe that the study's methodology and data will be of interest to social scientists, enabling them to assess more definitively than hitherto possible the influence of neighborhood circumstances on individual and family outcomes.

The Political Economy of Place

In a capitalist society such as the United States', homes are exchanged through markets. Dwellings are offered for sale or rent by owners, landlords, or agents who seek to maximize monetary returns while renters and home buyers seek to obtain highest-quality housing at the lowest possible price. Americans often celebrate "the free market" and denigrate "government interventions" and their correlate "bureaucracy." But markets are not states of nature. They are social constructions, built and elaborated by human beings for the instrumental purpose of exchanging goods and services (Carruthers and Babb 2000). They do not arise spontaneously and they do not somehow spring into existence in a free and unfettered condition until disturbed by an intrusive state (North 1990; Evans 1995). Instead they are self-consciously constructed by human actors within specific societies and assume a variety of different institutional forms or "architectures," depending on how they are embedded within surrounding and often preexisting social structures (Hall and Soskice 2001; Fligstein 2001; Guillen 2001; Portes 2010).

In reality, governments create markets and markets cannot exist without government regulation (Massey, Behrman, and Sanchez 2006). Governments create and support a medium of exchange, define property rights, enforce contracts, specify the rights of buyers, delineate the obligations of sellers, and create infrastructures—social, physical, and virtual—to enable market exchanges to occur (Massey 2005a). Many Americans who believe they attained their suburban homes by pulling themselves up by their bootstraps, in fact received significant government help along the way from federally backed loan programs, mortgage interest deductions, subsidies for freeway construction, and other government actions. The issue is not whether governments are involved in markets or not, but whose interests are served by government actions taken to constitute the markets and how these actions influence market performance and the economic outcomes experienced by market participants. These are empirical and not philosophical questions.

For most of human history the things that people needed were exchanged outside of markets, through networks of reciprocal exchange, through inheritance within kinship systems, or by fiat within authoritarian regimes (Massey 2005b). It is only in the past two hundred years that markets have come to dominate human societies; and they did not spring to life fully formed, but emerged gradually over time as economies industrialized, monetized, and expanded to become more fluid, dynamic, and widespread. Compared with markets for goods, commodities, capital, and labor, real estate markets emerged relatively late in the capitalist game because, as we shall see, they are unlike other markets in many ways, making for a unique political economy of place in which the material stakes for market participants are high and emotion plays a salient but often unappreciated role in structuring transactions.

The exchange of homes through real estate markets entails a commodification of place in which market participants seek to maximize the value of property for private use or monetary exchange (Logan and Molotch 1987). A property's *use value* is determined by its suitability for carrying out the daily activities of life—eating, sleeping, and interacting with others inside the dwelling while consuming retail, educational, recreational, religious, social, and economic services in the surrounding neighborhood. A property's *exchange value* is determined by the amount of money it can command in the short run from rent or sale, or over the long term by the capital gain that can be achieved as a result of decisions made about land use, public investment, and private development in the property and its surroundings.

All places have both use and exchange values, but the relative importance of the two differs among different market participants, who often come into conflict with one another (Logan and Molotch 1987). The relative balance of use versus exchange values can even change over time for the same market participant. Renters are generally more concerned with the use value of places. Although they seek to minimize the rents they pay for their housing, they do not have a long-term interest in the exchange value of the places they inhabit and are more concerned with the daily quality of life than property values per se. Homeowners are concerned with both exchange and use values. Not only do they have a strong stake in the quality of daily life and an emotional bond to the local geography; they also have a long-term interest in property values. At the moment they decide to put their home up for sale, however, use value diminishes, and exchange value assumes paramount importance in their calculations. Real estate agents and property developers are the most focused on exchange values, of course, and seek to maximize the short-term returns from the rent or sale of properties and the long-term possibilities for wealth creation through development. They are less concerned with the quality of daily life within the neighborhood, except as it affects the returns on their investments.

It is government that must adjudicate between the competing, conflicting, and changing interests of renters, owners, sellers, buyers, developers, and agents, and somehow accommodate the shifting mix of use and exchange values they present (Logan and Molotch 1987). Naturally, government actors also pursue their own self interests in adjudicating policies, generally seeking to get reelected while promoting local prosperity and well-being for constituents. Early on, Charles Tiebout (1956) proposed a simple conceptual model of the metropolitan political economy in which separate municipalities offer different packages of costs (taxes) and benefits (services) to attract consumers (renters and home buyers), who then "vote with their feet" to yield a housing market that, at equilibrium, maximizes utility for all concerned, matching families with the housing they need and the services they desire at taxes they can afford.

The Tiebout model, however, has been criticized for not sufficiently taking into account the distinctive features of markets for real estate, as opposed to other goods and services (Logan and Molotch 1987). Perhaps the most distinctive feature of real estate markets is that people tend to be emotionally attached to places where they live. Within homes and neighborhoods they devote large amounts of time pursuing the fundamental activities of human existence—sharing food, sleeping, growing up, getting married, giving birth, raising families, and interacting with friends, relatives, and neighbors. These activities involve deep emotions and as a result humans acquire strong sentimental attachments to homes, schools, and neighborhoods (Logan and Molotch 1987). Emotions unconsciously color what humans like to think of as "rational" decisions (LeDoux 1996; Kahneman 2011), and for this reason, discussions and debates about land use, real estate practices, and neighborhood development are usually emotive and often fraught with intense feelings that color debate and decision-making.

Economic theory teaches us that incentives matter and that people tend to act rationally to maximize utility subject to informational and budget constraints. Based on these principles, the neoclassical economic model leads to strong theoretical predictions about the structure and organization of urban areas, and these are generally borne out in empirical research (Alonso 1964; Mills and Hamilton 1997; O'Sullivan 2008). Nonetheless, recent work in behavioral economics, psychology, and neuroscience indicates that human rationality is highly imperfect and subject to a variety of contradictions and limitations (Ariely 2009; Kahneman 2011). Moreover, human rationality, such as it is, is highly conditioned by emotional states rooted deep within the brain that may or not be consciously appreciated, but which strongly influence the formation of needs, wants, and desires and can interfere with or derail strict logic in making decisions (Ledoux 1996, 2002; Goleman 2006).

In addition to being imbued with emotion, places to live are different in another way: they are indispensable and not readily substitutable. Whereas one can decide not to purchase a new television or postpone buying a new car until one can afford it, one cannot decide to forgo housing. Likewise, whereas one might substitute a reliance on public transport for the purchase of a new car, there is no alternative for a place to live. As a result, if markets do not provide housing to families at prices they can afford, the result is homelessness, an outcome that is not simply a private consumer decision to substitute one product (a home) for another (the streets) but a structural imposition that is foisted on individuals by a fundamental mismatch between the distribution of income and the distribution of rents (O'Flaherty 1996).

Families are willing to go to extraordinary lengths to avoid homelessness, yielding a strong asymmetry in market power between the suppliers and consumers of housing. In addition, real estate agents and developers usually have greater access to information than renters or home buyers, and developers often collude with one another, acting collectively to form "growth machines" that influence markets, constrain competition, and manipulate government policies in self-serving ways (Logan and Molotch 1987). Although homeowners may also act collectively, their political power and influence is weaker and their mutual self-interest is held together by the fragile glue of shared use value rather than the strong cement of shared exchange value, and among renters, of course, the ability to act collectively is even more limited.

Within America's political economy of place, developers, investors, and other "place entrepreneurs" are also more mobile than renters, homeowners, and governments—able to shift investments across space with less friction than other market participants. Although renters are theoretically free to pick up and move on short notice without much sacrifice, when decent housing is scarce, as it is at the low end of the socioeconomic distribution, moving becomes difficult. Housing options for poor families are often quite limited, and their freedom of movement is generally more theoretical than real. Even homeowners are not so free to pack up and move if events within the political economy reduce property values below those that prevailed when they purchased their homes; and selling a home is certainly not a cost-free endeavor in any event.

Thus housing markets are unique in a variety of ways: the goods they trade are indispensable and not substitutable; consumption is collective in the sense that one acquires a neighborhood along with a dwelling; exchange and use values are unevenly distributed among buyers and sellers and often come into conflict; emotions are involved and people acquire strong sentimental bonds to specific places; the stakes in the exchange are usually high either financially or emotionally or both; and asymmetries of power, information, and mobility between buyers and sellers are common.

The foregoing characteristics produce a distinct political economy of place in which markets tend to be highly regulated and government actions and policies—particularly land use policies—play a huge role in determining outcomes. In the federal system of the United States, decisions about land use and construction fall to states, and through states to counties and municipalities, yielding a highly decentralized system of decision-making (Schwartz 2006). To the extent that the federal government wishes to influence housing outcomes, it must act through state and local governments (Rabinowitz 2004; Glaeser and Gyourko 2008). Until well into the twentieth century, however, land use, building standards, and housing markets were largely unregulated at all levels of government.

With the advent of industrialization and urbanization, however, land uses proliferated, competition for space grew, and demographic diversity and socioeconomic heterogeneity rose, leading to political demands for the control and regulation of development. In the demographic realm, certain socially defined subgroups were seen early in the twentieth century as inherently "incompatible" with the prevailing white, Anglo Saxon, Christian stock, leading to governmental efforts to separate black and white, rich and poor, Jew and Christian in space. In response to the rising tide of black migration from the rural South and immigration from abroad, early in the twentieth century cities throughout the United States passed ordinances to establish racially and ethnically separate neighborhoods within their municipal boundaries, essentially enacting the equivalent of the Group Areas Act that prevailed in the Union of South Africa under its apartheid system (Massey and Denton 1993).

The first municipal segregation ordinance was passed by the Baltimore City Council in 1910, legally demarcating separate areas of the city for black and white occupation (Massey and Denton 1993). Thereafter segregation ordinances spread rapidly from city to city throughout the United States. The movement toward legal apartheid was decisively stopped in 1917, however, when the U.S. Supreme Court decided in *Buchanan v. Warley* that racial segregation ordinances were unconstitutional, not because they victimized blacks but because they deprived white owners of their right to dispose of their property as they saw fit (Massey and Denton 1993). Thereafter, collective efforts to promote and maintain racial segregation were carried out mainly in the private sector, through such mechanisms as deed restrictions, restrictive covenants, and redlining, as well as institutionalized practices of discrimination in the real estate and lending industries that persisted openly through the 1960s and covertly thereafter (Massey and Denton 1993).

At the same time that city authorities sought to legislate the residential separation of "incompatible" racial groups, they also passed laws to enact the spatial separation of incompatible land uses, and in this effort, local authorities had greater success in the courts. The movement toward land-use regulation began in response to the rapid rise in building heights in New York City early in the twentieth century. The curtailment of access to sunshine and air irritated nearby residents and business owners, who naturally sought a means of controlling the spread of skyscrapers. In 1916, in response to popular demands for action, New

York's City Council enacted the nation's first zoning law, enforcing a height limitation in Manhattan and establishing setback requirements for high-rise buildings.

These actions provided a foundation for the steady accumulation of zoning rules and regulations, which ultimately evolved to comprise a complex code that was emulated in other towns and cities throughout the United States. In contrast to regulations that prescribed racially separate neighborhoods, however, in 1926 the Supreme Court affirmed the constitutionality of local zoning ordinances in the case *Village of Euclid, Ohio v. Ambler Realty Co* (Rabinowitz 2004). Since that date, local zoning has served as the primary means of local land-use regulation in the United States (Pendall 2000; Fischel 2004).

"Zoning" embraces a variety of different kinds of rules and regulations. Prohibitions on the mixing of land uses are common in American suburbia and have led to the spatial separation of commercial, administrative, industrial, residential, and civic functions (Duany, Plater-Zyberk, and Speck 2000). Containment regulations have been used to establish geographic boundaries limiting development within a specified suburban ring to reduce sprawl (Nelson, Sanchez, and Dawkins 2004). Some jurisdictions use ordinances or impact fees to restrict new development unless the developer pays for school infrastructure and other amenities (Pendall, Puentes, and Martin 2006). Other localities offer pro-development incentives, such as density bonuses in exchange for affordable housing and expedited permitting for the construction of affordable housing; and virtually all municipalities have building codes of one sort or another (Glaeser and Gyourko 2008). Gyourko, Saiz, and Summers (2008) have developed an overall index of the regulatory burden imposed on developers by zoning in different jurisdictions.

Although zoning regulations assume many forms and have been shown to influence both the supply and price of housing across areas (Malpezzi 1996; Glaeser and Gyourko 2003; Glaeser, Schuetz, and Ward 2006), the most widespread and powerful kind of land-use regulation is density zoning, which seeks to manage and control the number of residential units built per acre of land (Pendall, Puentes, and Martin. 2006). Glaeser, Gyourko, and Saks (2005) argue that homeowners and homeowner associations generally work to limit local development in order to foster the growth of home values and, hence, wealth. In contrast, Fischel (2004) points to class exclusion as the primary motive for zoning, whereas Fogelson (2005) underscores racist motivations that have permeated housing policy throughout American history. Whatever their motivation, density zoning rules have been found to exert the strongest effects on the cost and supply of housing relative to other forms of regulation (Glaeser and Ward 2006; Glaeser, Schuetz, and Ward 2006; Pendall, Puentes, and Martin

2006). As we outline below, it also has a very powerful effect in determining racial and class segregation. Density zoning, of course, lies at the heart of the Mount Laurel controversy.

The Ecology of Inequality

Human ecology is the study of how people distribute themselves in space, focusing on how different features of social structure and the built environment selectively channel people having different social, economic, political, and psychological traits into distinct segments of the urban geography. It also concerns itself with how residence in different ecological settings, in turn, shapes individual and family well-being along a variety of social and economic dimensions. The key point, originally made by theorists of the Chicago School of Sociology during the 1920s, is that social status and spatial location are very closely interconnected, and that to comprehend individual and group outcomes fully we must take both variables into account (Burgess 1925; Park 1926).

Although an appreciation of the close connection between social and spatial status lay at the core of American sociology for many decades, this linkage was submerged during the 1960s and 1970s as household surveys proliferated, computers came into widespread use, and statistical methods advanced to take advantage of the new abundance of data and computing power (Massey 2001). Detailed, nationally representative surveys, high-powered statistics, and complex methodologies allowed social scientists to undertake sophisticated analyses of social and economic processes unfolding among individuals and within households, the sampling units for most social surveys. Initially the surveys did not contain information on the neighborhoods in which respondents lived, and, as a result, quantitative research in social science became progressively disconnected from the ecological context within which decisions were made and social processes expressed.

The event that reintroduced space forcefully back into the mainstream of research, not just in sociology but in all of social science, was the publication of William Julius Wilson's 1987 book, *The Truly Disadvantaged*, in which he argued that whatever disadvantages individuals might experience by virtue of growing up and living in a poor family, they incurred *additional* penalties for growing up and living in a poor neighborhood. In other words, ecological context mattered in a very fundamental way that went well beyond individual characteristics or family circumstances. Wilson was the first American social scientist to realize that the world was changing in the 1970s and 1980s, and that poverty was becoming more *geographically concentrated*.

After 1987, space suddenly mattered a great deal to social scientists, and across disciplines, there was a sudden rush to measure ecological circumstances and estimate multilevel models that took into account the influence of neighborhoods on socioeconomic outcomes (see Sampson, Morenoff, and Gannon-Rowley 2002). Although the requisite contextual data files were initially scarce (Jencks and Mayer 1990), the situation soon improved, and research on housing, spatial segregation, and human ecology shifted from the back- to the front burner of social science research (Small and Newman 2001). In addition to the study of segregation by race, which had a long, unbroken history in the United States (Burgess 1928; Duncan and Duncan 1957; Taueber and Taueber 1965; Massey and Denton 1993; Iceland 2009), investigators took a new look at segregation by class and quickly discovered that accompanying the rise of income inequality was a simultaneous increase in the degree of residential segregation between rich and poor, and that it was not just poverty that was concentrating spatially, but affluence as well (Massey and Eggers 1990, 1993; Massey and Fischer 2003; Fischer et al. 2004; Reardon and Bischoff 2011).

Indeed, the past four decades have witnessed a remarkable surge in the degree of socioeconomic inequality within American society (Morris and Western 1999; Piketty and Saez 2003; Smeeding 2011). Since 1970, distributions of income and wealth have grown increasingly skewed as the affluent and wealthy have steadily pulled away from the rest of American society. According to statistics from the U.S. Census Bureau (2011a), the share of income earned by the top 5 percent of households grew from 17 percent in 1969 to 22 percent in 2009, and the Gini Index, which is the standard measure of income inequality, rose from 39.1 to 46.8 on a scale in which 0 indicates complete equality where all households exhibit the same income and 100 indicates complete inequality where one household earns all the money. The distribution of wealth is even more skewed, and from 1977 to 2007 the percentage of national wealth held by the top 1 percent of households went from 20 percent to 35 percent (Wolff 1996, 2010).

As economic inequality steadily increased, rich and poor households progressively sorted themselves into different kinds of neighborhoods to create a new ecology of poverty and privilege in the United States. Segregation is typically measured using the index of dissimilarity, which computes the percentage of two social groups (e.g., poor and affluent) that would have to exchange neighborhoods to achieve an even residential distribution (Massey and Denton 1988). When Massey and Fischer (2003) computed affluent-poor dissimilarity indices using census tract data for sixty metropolitan areas from 1970 to 2000, they found that the index rose from 29 to 37 over three decades, an increase of around 28 percent. Likewise when Reardon and Bischoff (2011b) computed an alternative measure of income inequality known as the rank-order information theory index, they found that the value had risen by 24 percent between 1970 and 2007, going from 0.115 to 0.143 in metropolitan areas of 500,000 or greater.

The uneven residential distribution of rich and poor across neighborhoods was accompanied by a growing spatial concentration of both affluence and poverty. The spatial concentration of people with any given trait is customarily measured using the P* isolation index (Massey and Eggers 1990). In measuring the concentration of poverty, the index gives the percentage of poor families in the neighborhood of the average poor person. When Massey and Fischer (2003) computed this index for the sixty largest U.S. metropolitan areas, they found that the spatial concentration of poverty had risen from 14 to 25 between 1970 and 2000, while the concentration of affluence had grown from 31 to 34. In other words, at the turn of the millennium, the average poor person lived in a neighborhood that was 25 percent poor and the average affluent person lived in a neighborhood that was 34 percent affluent.

Using more recent data on 287 metropolitan areas broken down by race and ethnicity, Rugh and Massey (2012) found a somewhat more complicated story in which the concentration of poverty among whites fell from 16 to 12 between 1970 and 1980 and then rose to 23 between 1980 and 1990 before declining slightly over the next seventeen years to reach 21 in 2007. The concentration of poverty among blacks similarly fell from 26 to 21 between 1970 and 1980 and then surged to 40 in 1990 before dropping back to 34 by 2007. Despite the modest declines from 1990 to 2007, however, the level of poverty concentration in 2007 remained well above its 1980 nadir for both blacks and whites. As of 2007, the average poor white person lived in a neighborhood that was 21 percent poor and the average poor black person lived in a neighborhood that was 34 percent poor.

Rugh and Massey (2012) found that the rise in the concentration of affluence was even more impressive than the growth in the concentration of poverty, beginning at a higher level in 1970 and rising more consistently in the ensuing years. Although the upward trend reached a plateau between 1980 and 2000, the increases from 1970 to 1980 and from 2000 to 2007 were sharp, and over the whole period the index of concentrated affluence went from 36 to 44 among whites and 19 to 34 among blacks, figures well above their original values. In general, the concentration of poverty rose most sharply for whites while the concentration of affluence rose most sharply for blacks.

In the end, however, racial differentials remain quite large with respect to the spatial concentration of both affluence and poverty. As of 2007 the typical poor black household lived in a neighborhood that was 34 percent poor compared with a figure of 21 percent for the typical poor white household, meaning that despite a narrowing of the gap, poor blacks still experienced a much greater concentration of poverty than poor whites. Likewise, in 2007 rich whites continued to enjoy a higher concentration of affluence than rich blacks, with the typical affluent white household inhabiting a neighborhood that was 44 percent affluent compared to a figure of 34 percent for the average affluent black household. Although the relative position of blacks improved in both cases, the improvement was disproportionately greater for affluent blacks than poor blacks. Thus the relative size of the black-white gap in concentrated affluence fell from 86 percent to 30 percent but the racial gap in concentrated poverty dropped only from 88 percent to 58 percent.

As class segregation increased and the spatial concentrations of both affluence and poverty rose in recent decades, however, the degree of black-white segregation steadily fell to create a more complex urban ecology characterized by a new interaction between race and class. Average black-white dissimilarity in the sixty largest metropolitan areas fell from 77 in 1970 to 60 in 2000 while the black P* isolation index dropped from 53 to around 30 (Massey, Rothwell, and Domina 2009). Whereas the average black person lived in a neighborhood that was majority black in 1970, by 2000 the typical African American lived in a neighborhood that was less than a third black.

Likewise, in their analysis of *all* metropolitan areas from 1980 through 2000, Iceland, Weinberg, and Steinmtez (2002) found that black-white dissimilarity dropped from 73 to 64 and black isolation fell from 66 to 59. Despite these declines, however, black segregation remains quite high in the United States, especially relative to other multiracial societies such as Canada (Fong 1994, 1996, 2006; Fong and Shibuya 2005) and Brazil (Telles 1992, 2004). Indeed, in 2000 roughly half of all urban blacks lived in metropolitan areas that could be defined as hypersegregated according to Massey and Denton's (1988) criteria, with African Americans living in ghettos characterized by exceptionally high levels of unevenness, isolation, clustering, centralization, and concentration (Massey 2004).

At the same time as these trends in black-white segregation were unfolding, the racial taxonomy of the United States was being radically transformed by immigration, shifting the nation from a binary division of people into black and white into a more variegated mosaic of hues that included Asians, Latin Americans, Caribbean Islanders, Africans, and Pacific Islanders, with many new and different phenotypes. Although other things equal, a rise in the number of Asian and Hispanics within U.S. metropolitan areas would tend to increase the demographic potential for segregation, the degree of Hispanic-white dissimilarity remained flat after 1980, rising from 50 in that year to just 51 two decades later;

and Asian-white dissimilarity likewise went from 40 to 41 over the same period (Iceland, Weinberg, and Steinmetz 2002). Although the degree of residential unevenness remained constant, however, rising numbers of Hispanics and Asians crowding into neighborhoods nonetheless brought about an increase in the degree of spatial isolation of both groups, with the P* isolation index for Hispanics rising from 45 to 55 and that for Asians going from to 23 to 31 (Iceland, Weinberg, and Steinmetz 2002). At the end of the twentieth century, in other words, the average Hispanic lived in a neighborhood that was 55 percent Hispanic and the average Asian lived in a neighborhood that was 31 percent Asian.

The foregoing trends were mirrored in the state of New Jersey. From 1970 to 2010, the number of Asians grew from around 23,000 to around 726,000 while the Hispanic population went from 310,000 to 1.555 million.[1] Over the same period, the black population grew from 770,000 to just 1.142 million, meaning that Hispanics surpassed them as the state's largest minority group. Black-white dissimilarity across New Jersey's census tracts peaked at 74 in 1980, and by 2010 had fallen to 67, while black isolation dropped from 56 to 43. Over the same period, Hispanic-white dissimilarity fell from 65 to 58; but owing to the huge increase in the number of Latinos, Hispanic isolation rose from 16 to 40. With respect to class, affluent-poor residential dissimilarity fluctuated around a value of 45 between 1970 and 2010, but because the number of poor and affluent surged as inequality rose, the poor isolation index rose from15 to 21 while the affluent isolation increased from 39 to 52. Thus, in the Garden State the typical affluent person lives in a neighborhood where more than half of that person's neighbors are also affluent.

In both New Jersey and the nation as a whole, after 2000, U.S. urban ecology was increasingly characterized by declining black-white dissimilarity, falling black isolation, steady levels of Hispanic-white and Asian-white dissimilarity, and slowly rising levels of Hispanic and Asian isolation. These racial trends were accompanied by rising class segregation and growing spatial concentrations of affluence and poverty. In sum, whereas the old ecology of inequality was structured by modest differences in income and purchasing power that produced low levels of class segregation, combined with high levels of prejudice and racial discrimination that produced high levels of black-white segregation, the new urban ecology was characterized by falling levels of racial discrimination and sharper differences in purchasing power to yield a trend of falling black-white segregation and rising class segregation. Moreover, although the moderation in discrimination produced flat trends in Hispanic and Asian

[1] The authors thank Jacob Rugh for the calculations reported in this paragraph.

segregation, their increased numbers nonetheless produced more spatial isolation for both groups.

As a result, purchasing power, rents, and housing prices increasingly dominate locational decisions and increasingly condition segregation patterns in the United States. Although real estate markets by definition discriminate on the basis of price and the ability to pay, high levels of class segregation do not necessarily follow from this fact alone. Whereas racial discrimination necessarily brings about the exclusion of minority groups from majority residential areas, price discrimination will do so only if expensive and affordable housing units are located in different neighborhoods. Everyone would like to live in a desirable residential area, of course, and the price of land in desirable locations is generally bid up to produce high land values (Mills and Hamilton 1997; O'Sullivan 2008). Nonetheless, even if land is expensive developers can still satisfy the demand for housing emanating from lower-class households by using it more intensively. Instead of building large single-family homes on large lots, they can simply buy a lot and erect a multi-unit structure to amortize the high cost of land over a larger number of buyers or renters.

In a totally "free" real estate market, therefore, developers—especially nonprofit developers—could buy land in affluent, desirable areas and erect apartment buildings containing affordable units for lower-income families; but of course real estate markets do not work this way in practice. As noted above, housing markets are not "free" but instead are structured by zoning and land-use regulations. Affluent residents in desirable areas, in order to preserve their privileges and maximize property values, enact government policies to prevent unwanted land uses (e.g., toxic waste facilities) and unwanted population groups (e.g., poor minorities) from entering the privileged confines of their enclaves (Orfield 2002; Fischel 2004; Fogelson 2005; Glaeser, Gyourko, and Saks 2005; Levine 2005; Massey 2008).

The more decentralized the system of government, the easier it is to enact this kind of exclusion. A locally concentrated population of economically homogenous people naturally share common use and exchange values and possess similar attitudes toward social and economic outsiders, and they can easily use their local majority to gain effective control over municipal government and compel local planning authorities to maintain a low maximum allowable residential density, thereby restricting the supply of housing and raising home values to prevent the entry of lower-income households (Massey 1996). Because Hispanics and blacks generally evince lower incomes than whites, this class-based exclusion perforce also forestalls the entry of minority households. With the municipality dominated by affluent households with few social problems, its affluent residents can give themselves lavish services while paying modest taxes (Massey 1996).

Density zoning uses regulations of various sorts to limit the number of dwelling units allowed per unit of land. These regulations may explicitly set a maximum allowable density, but they may also achieve low residential densities by less direct means, such as enforcing lot size restrictions, enacting setback requirements, and writing expensive and burdensome building codes. Although density zoning was sparingly deployed in the United States before 1970, since then it has risen to become increasingly prominent throughout the United States, especially in suburbs surrounding older central cities (Pendall 2000; Fischel 2004). In New Jersey, especially, a recent study found that land use has become substantially more exclusionary since the mid-1980s (Hasse, Reiser, and Pichacz 2011). As a result, half of all residential development since 1986 has occurred on lots of an acre or more, and two-thirds has occurred on lots of at least one-half acre.

Density zoning is now the most important mechanism promoting class and racial segregation, both in the United States generally and in New Jersey particularly (Rothwell 2011; Rothwell and Massey 2009, 2010; Hasse, Reiser, and Pichacz 2011). The greater the maximum residential density allowed in the suburbs of U.S. metropolitan areas, the lower the degree of racial segregation, the lower the level of black isolation, the lower the degree of class segregation, the lower the spatial concentration of poverty, and the lower the concentration of affluence. At the same time, higher allowable densities predict more rapid shifts toward racial and class integration; and instrumental variable regression estimates suggest these relationships are not simply associational, but causal (Rothwell 2011; Rothwell and Massey 2009, 2010).

Spatial Polarization and Public Policy

The simultaneous rise of zoning and the decline of racial discrimination in the production and maintenance of housing segregation is largely a product of the post–civil rights era. As already noted, local governments sought to achieve racial segregation by fiat early in the twentieth century, but in 1917 the Supreme Court held that laws mandating separate black and white residential areas were unconstitutional. Between 1920 and 1970 private discrimination replaced public policy as the principal motor of segregation (Massey and Denton 1993). During the 1920s the real estate industry developed devices such as deed restrictions and restrictive covenants to prevent the entry of blacks into white neighborhoods. The former attached a clause to property titles that forbade subsequent sale to

African Americans and other unwanted groups (e.g., Jews), whereas the latter were contracts between homeowners within a specific geographic area in which residents mutually agreed not to rent or sell properties to African Americans and other unwanted groups. The contracts became enforceable when a majority of owners had signed, and thereafter those within the area who violated the contract could be sued in civil court.

Although the Supreme Court declared restrictive covenants to be unenforceable in its 1948 *Shelly v. Kramer* decision, the FHA continued to require them for several years more (Massey and Denton 1993). Individual and institutional refusals to rent or sell to minority-group members remained perfectly legal for decades thereafter, and racial discrimination was widely practiced throughout the United States into the 1960s. It was the passage of four laws late in the civil rights era that finally turned the tide against housing discrimination and segregation (Metcalf 1988). In 1968 Congress passed the Fair Housing Act to outlaw racial discrimination in the sale and renting of housing. In 1974 it enacted the Equal Credit Opportunity Act to ban discrimination in mortgage lending; and it followed up in 1975 with the Home Mortgage Disclosure Act requiring lenders to publish data on the race and ethnicity of applicants, thereby enabling enforcement of the 1974 act. Finally in 1977 Congress passed the Community Reinvestment Act to prohibit the practice of redlining, which historically had cut off the supply of mortgage capital to black neighborhoods.

After the 1970s, overt discrimination declined and institutionalized practices to exclude minorities largely disappeared from view. Nonetheless, audit studies reveal that covert racial discrimination continues in real estate and lending markets in a variety of guises (Squires 1994; Yinger 1995; Turner et al., 2002; Charles 2003; Ross and Turner 2004; Squires 2007). In an audit study, researchers organize a series of encounters between minority and majority group auditors, who are trained to pose as buyers with equivalent characteristics, and sellers in some market of interest. Over a series of encounters, investigators keep track of systematic differences in the treatment of minority and majority auditors to reveal hidden patterns of discrimination. Audit studies indicate that new, surreptitious, and more subtle forms of discrimination have been invented in the wake of the civil rights era (Massey 2005). These include name discrimination against people with stereotypically "black" names (Bertrand and Mullainathan 2004), linguistic profiling against people with "black" accents (Purnell, Idsardi, and Baugh 1999; Massey and Lundy 2001; Fischer and Massey 2004; Squires and Chadwick 2006), predatory lending that targets black borrowers for subprime loan products (Lord 2004; Squires 2004), and reverse redlining that targets entire black neighborhoods to be sold risky financial instruments (Smith and DeLair 1999;

Turner et al. 2002; Friedman and Squires 2005; Brescia 2009; Rugh and Massey 2010).

Despite the covert continuation of discrimination in real estate and lending markets, however, black-white segregation has nonetheless steadily declined over the past decades (Massey, Rothwell, and Domina 2009). As overt discrimination has declined, moreover, differences in purchasing power have become more salient in determining where people live and density zoning rises as a key mechanism promoting and sustaining segregation on the basis of income and race (Rothwell 2011; Rothwell and Massey 2009, 2010). Although private fair housing groups, public authorities, and aggrieved individuals continue to combat discrimination by suing developers, lenders, and real estate agents in court, over time these actions have become weaker arrows in the quiver of antisegregation measures. In a world where overt discrimination has largely vanished from public view, subtle forms of discrimination are hard to detect, and density zoning now functions as a principal cause of segregation. In response, fair housing advocates have sought new ways to promote residential integration.

The most salient and visible of the new tools to which they have turned are programs designed to promote housing mobility for minorities and the poor. Indeed, housing mobility policies have been proposed not simply as a means to promote racial and class integration, but as a way to combat poverty and promote socioeconomic mobility more generally (de Souza Briggs, Popkin, and Goering 2010). Rather than striving to change real estate marketing and lending practices, housing mobility programs offer poor households the chance to escape distressed, disadvantaged neighborhoods and move into more attractive, advantaged areas, thus reducing threats to well-being and offering greater access to social and economic resources such as jobs and education (Goering and Fines 2003; de Souza Briggs 2005). Very often but certainly not always, the affluent neighborhoods are located in suburbs of large metropolitan areas (Rosenbaum and Rubinowitz 2000).

Historically, residential mobility programs have taken one of two forms: either they have supported the construction of subsidized housing projects containing affordable units and made these units accessible to poor families currently living in substandard units elsewhere; or as an alternative they have given poor families a direct subsidy, usually in the form of a housing voucher, that allows them to move into a better but more expensive unit in an advantaged residential area with some public authority covering the difference between the market rent and what the household can afford (Schwartz 2006; Varady and Walker 2007).

The construction of affordable housing and its allocation to poor families dates back to the New Deal and the National Industrial Recovery Act of 1933, which created the Public Works Administration. Under its authority, federal authorities razed slum neighborhoods and replaced them with low-cost public-housing projects, initially to house PWA workers. When the Supreme Court ruled that the PWA lacked the right of eminent domain and could not engage in the wholesale clearance of neighborhoods, Congress responded by passing the Housing Act of 1937, which authorized the creation of local public-housing authorities and set aside federal funds to allow these authorities to construct low-income housing projects (Hirsch 1983; Schwartz 2006).

Owing to the persistence of the Great Depression and the Second World War, however, little housing was constructed under the 1933 and 1937 Acts, and it wasn't until 1949 that amendments to the Housing Act increased its scope and funding sufficiently to launch large-scale urban-renewal projects and massive public-housing construction. Although federally funded housing projects were initially seen as providing temporary dwellings to deserving but poor working families who were temporarily down on their luck, during the 1950s and 1960s public housing was increasingly combined with large-scale urban renewal in an effort to contain the spread of black ghettos, reinforce the residential color line, and isolate families on the basis of class as well as race (Hirsch 1983; Turner, Popkin, and Rawlings 2008; Hunt 2009). Instead of temporary housing, by the 1970s, public housing had become home to a spatially immobile, quasi-permanent underclass living within new, high-rise ghettos (Hirsch 1983; Massey and Denton 1993).

As it became increasingly obvious that public housing was being used in discriminatory ways to perpetuate rather than ameliorate race and class isolation, in the late 1960s civil rights leaders took to the courts to challenge the policies of local housing authorities (Polikoff 2006). In 1966 Dorothy Gautreaux launched such a challenge by filing suit against the Chicago Housing Authority (CHA) and the U.S. Department of Housing and Urban Development (HUD) on behalf of herself and other public-housing tenants, alleging that the CHA and HUD had violated federal law by racially discriminating in the selection of project sites and in the allocation of people to projects (Hirsch 1983; Varnarelli 1986). In 1969 the U.S. Supreme Court decided in favor of the plaintiffs in *Hill v. Gautreaux*, but as was the case in Mount Laurel, a series of appeals delayed final resolution of the case until 1981, when a federal judge finally approved a consent decree under which CHA and HUD accepted responsibility for past racial discrimination and agreed to allocate some 7,100 subsidized rental vouchers to public-housing residents for use in securing private rental units in the city and surrounding suburbs (Rosenbaum et al. 199; Kaufman and Rosenbaum 1992).

Once the *Gautreaux* ruling put a stop to the selective razing of black neighborhoods and the systematic targeting of high-density family housing to adjacent areas, local authorities ceased proposing urban-renewal projects and ended the construction of high-density public housing (Massey and Denton 1993). The *Gautreaux* decision coincided with the end of Lyndon Johnson's War on Poverty and led to a scaling back of government programs and a shift toward market-based policy solutions under Richard Nixon. With public housing construction at a virtual standstill but housing needs still pressing, in 1974 Congress amended Section 8 of the 1937 National Housing Act to create two new housing voucher programs that relied on private markets rather than public housing authorities to make housing available to the poor. One program was "project based" and the other "tenant based." In the former, cooperating landlords and developers agreed to reserve a certain share of units for low-income families who were given "Section 8 Certificates" to cover the difference between the market rent and a third of their income. In the latter, these certificates were given directly to individuals or families to use in private rental markets, where they could apply the voucher toward a portion of the market rent demanded by a private landlord (Varady and Walker 2007).

By the 1980s, even liberals had come to see high-density housing projects for the poor as perpetuating rather than alleviating the endless cycle of urban poverty (Venkatesh 2000; Husock 2003; Polikoff 2006; Hunt 2009; Cisneros and Engdahl 2009). In this context, voucher-based residential mobility programs became increasingly attractive, despite their Republican origins. Notably, the remedy in the *Gautreaux* settlement required participating families to use Section 8 vouchers to move into integrated and suburban neighborhoods (Rubinowitz and Rosenbaum 2000). Some *Gautreaux* families, however, were allowed to move into predominantly black neighborhoods in Chicago if it was determined that they were "revitalizing" communities (Marelli 1986; Keels et al. 2005).

The Gautreaux Demonstration Project was set up after the fact to follow city versus suburban movers and to compare their subsequent socioeconomic trajectories (Rubinowitz and Rosenbaum 2000). Results indicated that city movers ended up in tracts that averaged 47 percent black and 27 percent poor whereas suburban movers ended up in tracts averaging 6 percent black and 5 percent poor (Keels et al., 2005). Although the two groups initially appeared statistically identical, once removed from the inner city, suburban movers were found to earn higher wages and to display higher employment rates while their children achieved better grades, lower dropout rates, and higher rates of college attendance than families who remained behind in the city (Rosenbaum, Kulieke, and Rubinowitz 1987; Rosenbaum and Popkin 1990, 1991; Rosenbaum 1991; Rosenbaum et al., 1991). Mendenhall, DeLuca, and Duncan (2006) also showed that women placed in predominantly white neighborhoods with resources evinced significantly higher earnings than those placed in predominantly African American neighborhoods with low resources.

Although results such as these suggested the efficacy of voucher programs in promoting both desegregation and socioeconomic mobility, the Gautreaux Demonstration Project was not based on an experimental design, and critics quickly questioned the validity of its conclusions. Nonetheless its findings were promising enough to help justify two new HUD housing initiatives in the 1990s. The first was the HOPE VI Program, authorized by Congress in 1993 to demolish distressed public-housing projects in cities around the country and construct new housing developments through public-private partnerships. HOPE VI also repealed federal regulations that had required housing authorities to replace demolished housing units on a one-for-one basis. It also rescinded the requirement that housing authorities give preference to extremely poor families, leading to a decline in the number of heavily subsidized units throughout metropolitan America (Popkin et al., 2004). In the course of redevelopment under HOPE VI, some of the displaced residents would be housed in new units rebuilt on-site whereas others would receive assignments to other housing projects or Section 8 vouchers to use in the private market (Schwartz 2006).

Although the original goals of HOPE VI were to reconstruct public housing at lower densities and to empower project residents, over time the program broadened to embrace the goals of economic integration, poverty deconcentration, inner-city revival, and social mobility (Popkin et al., 2004; Schwartz 2006; Cisneros and Engdahl 2009). Unfortunately the HOPE VI initiatives—and mobility programs more broadly—appear not to have adequately met the needs of the most troubled residents of the public-housing projects that were taken down, whatever their effects on other residents (Popkin et al 2004). The forced relocation of households disrupted families' social networks and support systems and disempowered residents—particularly the elderly, residents with disabilities, and children (Crowley 2009). Assessing the consequences of HOPE VI for public-housing residents, Crowley (2009) concluded that more people were harmed than were helped.

The second initiative was the Moving to Opportunity Demonstration Project (MTO). Unlike the Gautreaux Demonstration Project, it was designed as an experiment from the outset, with random assignment of public-housing residents in five urban areas to one of three comparison groups. Those in the experimental group were assigned Section 8 vouchers and required to use them to move into a neighborhood with a poverty rate of 10 percent or less; those in the traditional voucher group were given Section 8 vouchers but could use them to move wherever they wanted; and those in the control group were not offered vouchers and experienced no experimentally induced change to their residential circumstances (de Souza Briggs, Popkin, and Goering 2010).

The five cities targeted for the MTO experiment were Baltimore, Boston, Chicago, Los Angeles, and New York. To be eligible for participation in MTO, tenants had to live in high-poverty census tracts (greater than 40 percent poor), have children under the age of eighteen, and agree to go through Section 8 eligibility determination. Built into the program's design was a longitudinal survey of study participants that interviewed them prior to moving, kept track of subsequent moves, and surveyed them afterward (de Souza Briggs, Popkin, and Goering 2010). Although the project was designed as an experiment, in practice the experimental design didn't hold up for very long into the study (Clampet-Lundquist and Massey 2008).

Among those randomly assigned to be experimental subjects and move into low-poverty neighborhoods, only half accepted the proffered vouchers and moved, yielding a selective uptake process that was decidedly nonrandom (Clampet-Lundquist and Massey 2008). An additional layer of selection occurred after experimental subjects had relocated to nonpoor neighborhoods because they were under no obligation to remain in those neighborhoods for more than a year. Over time there was widespread and nonrandom movement of experimental subjects back into poor areas (Clampet-Lundquist and Massey 2008).

In addition to these departures from experimental control, the MTO Demonstration Project suffered from other drawbacks. The study's design, for example, confounded the effects of moving with the effects of living in a low-poverty neighborhood. Moves are always disruptive, and study participants necessarily experienced a rupture of their social networks in addition to entering new and unfamiliar social environments within neighborhoods that were not necessarily close to jobs, transportation, or services. Although the neighborhoods that experimental subjects occupied before moving may have been poor and disadvantaged, they were often centrally located close to public transportation and downtown job centers. In addition, most project residents were deeply embedded within extensive social networks of support after several generations of project residence (Clampet-Lundquist 2004a, 2004b, 2007, 2010). As a result, even those experimental subjects who would ultimately go on to forge a path out of poverty initially suffered setbacks and required an extended period of adjustment to come back from the shock of relocation. For most families, the required year of residence did not offer enough time to recover, and even for those who remained in low-poverty neighborhoods the benefits only accrued gradually whereas the costs of moving were immediate and powerful (Clampet-Lundquist and Massey 2008). After any move, even a beneficial one, it takes time to reconstruct the social networks and daily routines that make life easier.

Another problematic element of the MTO design was that experimental subjects were not required to use their vouchers to enter racially integrated or suburban neighborhoods (just low-poverty neighborhoods), as had been true of participants in the Gautreaux Demonstration Project. As a result nearly three-quarters simply traded locations within the ghetto by moving between high- and low-poverty black, inner-city neighborhoods; and the decision to enter an integrated versus segregated neighborhood was highly selective, as were later moves back into segregated, high-poverty circumstances (Clampet-Lundquist and Massey 2008). As a result of widespread selective migration after assignment, most experimental subjects accumulated relatively little time in low-poverty settings, and the time spent within low-poverty neighborhoods that were also racially integrated was particularly limited. By the time of the interim evaluation, nearly half of all experimental subjects who had moved were already living back in a poor, racially segregated neighborhood (Clampet-Lundquist and Massey 2008).

Possibly as result of these design problems, the MTO project yielded a mixed set of results. Although analyses indicated that MTO was indeed successful in moving people out of poor neighborhoods and that the move led participating adults to feel safer and more satisfied with their housing and neighborhood, which yielded positive effects for their mental health, over the longer term, investigators could detect no effect on labor-market outcomes or social-program participation. In addition, among children the move did not improve educational outcomes or math and reading scores; and although the move improved the mental health of girls and reduced the likelihood of their engaging in risky behaviors, it had the opposite effect among boys (Kling, Liebman, and Katz 2007; Ludwig et al., 2008).

Despite the mixed record of results, housing mobility programs continue to be discussed actively both as a remedy for racial and class segregation and for poverty reduction and social mobility. Indeed, the salience of such increased after a 2009 federal court decision (*Anti-Discrimination of Metro New York, Inc., v. Westchester County*) found a white suburban New York county guilty of falsely representing its efforts to overcome segregation on HUD funding applications. For many years HUD has required its grantees to exhibit “affirmative efforts” to overcome the legacy of housing segregation as a condition of funding (see Termine 2010). In the New York case, the court found that although Westchester officials had indeed been working to develop affordable housing in the county, they were doing so in a way that did not advance the goal of desegregation. HUD withheld an estimated $15–$20 million of funding to the county until it could develop a suitable integration plan. The Westchester controversy is ongoing.

In its settlement with the court, the county agreed to build 750 units of affordable housing at the cost of $52 million, with 750 of the units to be located in communities containing little ethnic and racial diversity. The decision mirrors an earlier 1985 desegregation case against Yonkers, New York, in which the city was found guilty of developing nearly all of its 700 units of affordable housing in areas that already had high percentages of poor racial and ethnic minorities. As a remedy, the town was ordered to desegregate its housing through the development of scattered site units throughout the municipality (Briggs et al., 1999).

Mount Laurel in Context

The mantra "location cubed" underscores the importance of place in human affairs. Dwellings are inevitably tied to neighborhoods, which in turn define a social, economic, cultural, and political environment that shapes life trajectories to affect individual and family well-being along a variety of dimensions (Sampson 2012). Urban housing markets are complex because homes and neighborhoods evince both use and exchange value to market participants, yielding divergent motivations across actors that often come into conflict. Places are also imbued with emotion, and living space is nonsubstitutable, producing a high-stakes arena for intense struggles over land use and market outcomes. Land-use decisions are controversial precisely because place does matter—indeed it matters a lot, and its importance only appears to be rising in the current political economy.

It is hardly surprising, therefore, that the Mount Laurel study occurs against a backdrop of controversy and debate both inside and outside the academic community. Outside the academy, the use of Section 8 certificates and the construction of affordable housing projects for poor families continue to constitute a "third rail" in suburban politics—too hot to touch without a politician getting shocked and burned. Whenever plans for an affordable housing project are announced, or the entry of Section 8 Certificate holders is projected, a firestorm of protest and opposition tends to erupt in suburban areas, as it did in Mount Laurel. The issue of affordable family housing is especially fraught in New Jersey, since it is the nation's most densely populated state in which property taxes are high, open space is scarce, and many communities see themselves as fully "built out."

Prior to the mid-1990s there was little systematic, methodologically defensible research to draw on in deciding how affordable housing actually influenced surrounding neighborhoods and communities; but since then a growing number of statistically sophisticated evaluations have been done, focused primarily on how affordable housing affects local property values (see Galster 2004; Nguyen, 2004; Koebel, Lang, and Danielsen. 2004). These studies generally focus on affordable housing for poor families rather than housing for the elderly, as the latter rarely spark significant controversy, and most examine central city areas rather than suburban areas, as in Denver (Santiago et al., 2001), Memphis (Babb et al., 1984), Minneapolis (Goetz et al., 1996), Philadelphia (Lee et al., 1999), and Portland (Rabiega et al., 1984). An exception is Funderburg and MacDonald's 2010 study of Low-Income Housing Tax Credit (LIHTC) developments in Polk County, Iowa, which includes portions of suburban Des Moines. Their study found that clustered LIHTC housing developments were associated with a 2–4 percent slowing of property-value appreciation among nearby single family homes that were matched with comparable homes elsewhere in the same county; but they also found that this effect was negligible when the housing was high quality and mixed-income.

The results of studies conducted through 2008 were summarized by Ahrentzen (2008) in a report to the Housing Research Synthesis Project at Arizona State University's Stardust Center for Affordable Homes and Families. Her review suggests that no one comprehensive answer exists to the question of whether affordable housing lowers property values. Instead, the size and direction of effects depends on five factors: whether the project replaces existing blighted property or is built on vacant land; the degree to which the housing is dense and geographically concentrated; whether the project is surrounded by a stable, low-poverty neighborhood or a vulnerable, high-poverty neighborhood; the quality of the project's management and maintenance; and the quality and aesthetics of the project's architecture and its compatibility with the surrounding stock of suburban housing. Although little work has been done on how tenant characteristics affect surrounding property values, three other characteristics of affordable housing projects have been found not to matter—namely type of ownership, type of subsidy, and whether the project consists of single family, multifamily, or town house units (Ahrentzen 2008).

Studies have long linked the construction of high-density family projects in inner cities to increased crime and social disorder in surrounding neighborhoods (Newman 1972; Roncek, Bell, and Francik 1981; Sampson 1990; Bursick and Grasmick 1992; Holzman 1996; McNulty and Holloway 2000: Popkin et al., 2000), but to date little research has considered the effect of low-density affordable housing projects in suburbs. In their study of affordable family housing projects in Baltimore and Denver, Galster et al. (2003) found no effect on crime rates, except in those cases where a development was constructed near an existing high-density housing project. In their study of affordable family housing developed under the federal Low-Income Housing Tax Credit Program, Freedman and Owens (2011) found that affordable housing developments were actually associated with a reduction in violent crime.

The relationship between affordable housing and crime has recently become the subject of extensive speculation and contentious debate in the non-academic arena. In a 2008 article in *The Atlantic*, Rosin (2008) suggested a direct causal link between public housing deconcentration under HOPE VI and a dramatic increase in violent crime in inner suburbs of Memphis and other cities, but her article was more anecdotal and impressionistic than analytical and has been strongly criticized by social scientists (see Briggs and Dreier 2008). In contrast to the attention paid to property values and crime rates, virtually no work has been done to consider the effect of affordable housing developments on property tax burdens experienced by residents of surrounding neighborhoods and the host municipality.

As evidenced by the foregoing citations, academics and not just suburban dwellers and politicians are keenly interested in the effects of affordable housing on communities and neighborhoods, though the issue and the results have been less emotional and not as controversial for scholars as for suburban homeowners faced with the prospect of affordable housing in their backyards. Rather than obsessing about the effects of poor people on neighborhoods, academics have spent more time and energy debating the effects of neighborhoods on poor people and the resulting “neighborhood effects” literature, largely spawned by Wilson’s 1987 book, remains quite controversial.

Although it is now well accepted that exposure to neighborhood advantage and disadvantage significantly and often strongly predicts individual and family outcomes with respect to a variety of key outcomes, including health, cognitive skills, education, labor-force participation, earnings, family formation, fertility, crime, and delinquency (Sampson, Morenoff and Gannon-Rowley 2002; Sampson, Sharkey, and Raudenbush 2008; Sampson and Sharkey. 2008; Sampson 2009, 2012), the controversy lies in whether these relationships are causal, stemming directly from neighborhood circumstances themselves, or spurious, emanating from some unmeasured endogenous variable associated with both neighborhood circumstances and social outcomes, or from a selective process of migration between neighborhoods in which poor people with serious problems concentrate themselves in space (Tienda 1991).

Many scholars hoped that MTO would settle the debate, but in the end it only extended the controversy. As already noted, however, MTO suggested that neighborhood conditions did influence the mental health of adults but had no effect on adult economic independence, leading some to conclude that, when it comes to the reproduction of urban poverty, "neighborhoods don't matter." In response, critics listed a variety of reasons why broader socioeconomic benefits may not have been detected: only the *offer* of a voucher was randomized; exposure to the experimental treatment was selective; residential mobility after assignment was widespread and nonrandom; low-poverty neighborhoods were still racially segregated; the design confounded improved neighborhood circumstances with the disruptions of moving; and in the end most experimental subjects spent relatively little time in advantaged settings before moving back to high-poverty neighborhoods (Clampett-Lundquist and Massey 2008).

Although ongoing debates about the effect of affordable housing on people and neighborhoods have yet to be resolved, the issues are critically important for the United States given the sharp polarization of America's urban ecology in recent decades. The racial diversification of metropolitan America, combined with rising class segregation and the moderation of racial segregation, has produced a complex social ecology in which density zoning plays a leading role in determining levels and trends in both racial and class segregation, which brings us back to the central issue in the Mount Laurel case. In filing suit against the township, plaintiffs argued that Mount Laurel's zoning regulations effectively prohibited the entry of poor minorities, in violation of New Jersey's Constitution. From the viewpoint of township residents and local officials, they were only protecting their hard-won piece of the American Dream by blocking the entry of land uses (multi-unit developments) and populations (poor families) that imperiled their community by threatening to raise taxes, increase crime, lower property values, and generally disrupt their suburban way of life.

From our discussion of the political economy of place, we can see that neighbors and community members were simply mobilizing in defense of the projected exchange value latent in their homes (fearing a decline of property values) and the perceived use value of their neighborhoods (fearing a rise in crime rates). Prospective tenants, in contrast, were mobilizing to improve the use value of their residential environment (upgrading the quality of housing and improving neighborhood conditions) while having little stake in the exchange value either at their places of origin or in the proposed place of destination (since they were renters and not property owners). Affordable-housing developers and fair-housing advocates, meanwhile, were seeking a mechanism to combat the powerful forces that enforced racial and class segregation in New Jersey and thus heaped disadvantage on poor minorities. Township officials, for their part, were compelled to adjudicate these conflicting values and interests and naturally sided with the township residents who had elected them (in the end, vigorously opposing the proposed development in court).

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