RESIDENTIAL PREFERENCES & RESIDENTIAL CHOICE

Elizabeth E. Bruch
Sociology, Complex Systems, and Population Studies
University of Michigan

Background and Motivation

There is a longstanding interest among sociologists and demographers in the role that preferences and observed residential choice behavior play in patterns of differential neighborhood exposure and segregation. Since the 1970s, sociologists have used vignette studies in survey data to assess respondents' willingness to live in racially integrated neighborhoods (e.g., Farley 1978; Farley et al. 1993; Farley et al. 1994; Charles 2000; Krysan 2008). More recently, a number of studies have used data on individuals' actual mobility histories to estimate discrete choice or multinomial logit models of observed residential choice (e.g., Mare and Bruch 2003; Bruch 2011; Crowder, South, and Chavez 2006; Crowder and South 2008).

Vignette and mobility history data have several complementary strengths and weaknesses. The most important advantage of vignette data is that the hypothetical characteristics of neighborhoods are under the control of the investigator. Thus, it is possible to assign descriptions of neighborhoods that vary along one or more dimensions to different individuals or to administer to the same individual an array of possible neighborhood configurations. Also, stated preference designs elicit individuals' preferences; in theory these preferences are unconstrained by affordability constraints, housing supply, discrimination, and other factors that affect actual moves.

The weaknesses of neighborhood vignettes arise because they are administered in interviews, which poorly approximate the contexts in which actual choices are made. First,

preference for neighborhoods that vary in their racial makeup is potentially a sensitive subject and thus respondents may express socially desirable preferences. Second, it is impractical to vary more than two or three dimensions of neighborhood desirability in vignette studies (e.g., racial makeup, poverty rate, age of housing), precluding the investigation of complex interactions among determinants of housing desirability (Harris 1999). Third, because neighborhood vignettes are hypothetical, stated preferences abstract from the virtually limitless array of alternatives that people may have in a real choice situation, as well as the their substantial proclivity not to move (that is, to choose their current residence) as a result of the search and moving costs.

Actual mobility histories also have their own advantages and disadvantages. On the one hand, they provide true measures of real mobility decisions, albeit subject to constraints. Additionally, because they measure choices made by heterogeneous individuals for neighborhoods that vary in a wide range of attributes, they allow the analyst to represent mobility using a rich set of individual and neighborhood covariates. Finally, probability samples of individuals and households include both movers and non-movers and, in individual mobility histories, periods of stable residence as well as episodes of mobility. This enables the analyst to examine differences in how decision makers evaluate their own locations relative to other potential destinations, and thus explore how origins as well as destinations affect choice.

On the other hand, actual moves are not pure measures of residential preferences. Rather, they result from preferences about desired locations in the context of constraints on residential options. If the analyst can specify the true choice set for each individual, this will reduce the extent to which constraints dominate the choice process. In practice,

however, one seldom knows an individual's true range of alternatives. Additionally, mobility histories are comparatively expensive to collect. Because recent mobility is usually a relatively rare event, large amounts of data must be collected, whether through lengthy retrospective mobility histories, long prospective panels, or shorter residential histories obtained from large samples of individuals. The need for large numbers of observations is exacerbated, moreover, when the analyst wishes to look at the selection of relatively rare neighborhoods.

If both types of data are observed for the same individuals, one can in theory combine the strengths of stated and revealed preference data by pooling them into one model. This has a number of advantages. For example, one can compare actual mobility behavior (decisions made under constraints of housing affordability and knowledge of available vacancies) to "unconstrained" preferences as revealed in vignettes, and determine the extent to which these estimates depart from one another. This can reveal the extent to which actual mobility behavior reflects true preferences (at least as revealed in vignettes) and whether some subgroups (e.g., minorities and the poor) may be living in more suboptimal conditions than others. Louviere, Hensher, and Swait (2000) and others discuss the use of combined data on consumer choice, but the approach has never been used in social research on residential choice behavior.

Data and Methods

This study uses unique data from Wave II of the Los Angeles Family and Neighborhood Survey that include both respondents' stated preferences for neighborhoods and revealed mobility behavior. One unusual feature of this dataset is that the vignettes presented to survey respondents reflect the racial composition of actual neighborhoods

within Los Angeles, and one of those vignettes is based on racial composition of the respondent's current neighborhood. This makes the hypothetical choice set isomorphic with the real world potential destination neighborhoods available in Los Angeles. I will first present models that estimate stated preferences and residential mobility behavior separately to show how estimated coefficients vary across different measures. I then use mixed logit models to estimate a model that includes information about both stated preferences and behavior.

References

Charles, C. Z. 2000. "Neighborhood racial-composition preferences: Evidence from a multiethnic metropolis." *Social Problems* 47: 379-407.

Crowder, K. D. and S. J. South. 2008. "Spatial dynamics of white flight: The effects of local and extralocal racial conditions on neighborhood out-migration." *American Sociological Review* 73: 792-812.

Crowder, K, S. J. South, and E. Chavez. 2006. "Wealth, race, and inter-neighborhood migration." *American Sociological Review* 72-94:72.

Farley, R. and W. H. Frey. 1994. "Changes in the segregation of whites from blacks during the 1980s: Small steps toward a more integrated society." *American Sociological Review.* 59: 23-45.

Farley, R., H. Schuman, S. Bianchi, D. Colasanto, and S. Hatchett. 1978. "Chocolate city, vanilla suburbs: will the trend toward racially separate communities continue?" *Social Science Research.* 7:319-344.

Farley, R., C Steeh, T Jackson, M Krysan, and K Reeves. 1993. "Continued racial residential segregation in Detroit:" Chocolate city, vanilla suburbs" revisited." *Journal of Housing Research* 4:1-38.

R. Farley, H. Schuman, S. Bianchi, D. Colasanto and S. Hatchett. 1978. "Chocolate city, vanilla suburbs: Will the trend toward racially communities continue?" *Social Science Research* **7**: 319–344.

Farley, R., C. Steeh, M. Krysan, and T. Jackson. 1994. "Stereotypes and segregation: Neighborhoods in the Detroit area." *American Journal of Sociology* 100: 750-80.

Krysan, M. 2008. "Does Race Matter in The Search For Housing? An Exploratory Study of Search Strategies, Experiences, and Locations." *Social Science Research* 37: 581-603.

South, S. J. and K. D. Crowder. 1997. "Escaping Distressed Neighborhoods: Individual, Community, and Metropolitan Influences." *American Journal of Sociology* 4: 1040-1084.