

Research [in] Brief

Why Do Black and White Households Still Live in Such Different Neighborhoods?



Primary issue

Access to schools and job-referral networks found in neighborhoods with a high socioeconomic status—opportunity neighborhoods—could be a pathway to economic mobility for Black Americans. Yet, regardless of household income or wealth, Black and white Americans still often live in separate neighborhoods, with predominantly Black neighborhoods overwhelmingly economically poorer than white ones.



Key findings

Individual household income and wealth are not the sole drivers of Black families' decisions about where they live. Cleveland Fed researchers have established that racial differences in neighborhoods are more likely a result of housing discrimination, the strength of social networks in mostly Black neighborhoods, and Black individuals' psychological safety concerns in mostly white neighborhoods.

- Data suggest that many Black households must choose between living in predominantly Black neighborhoods that are lower socioeconomic status (SES) and non-Black neighborhoods that are higher SES and that this choice involves difficult tradeoffs with respect to accessing job referral networks and employment for adults and schools, safety, and future job referral networks for children.
- Black households tend to live in lower SES neighborhoods when they live in Black neighborhoods rather than in any other type of neighborhood. Moreover, high-income, high-wealth Black families tend to live in neighborhoods with an SES that is comparable to that of the lowest-income, lowest-wealth white families.



The bottom line

Race still determines economic opportunity in the United States. If high-income Black households are residing in lower-SES neighborhoods because of discrimination in the housing market, additional focus should be placed on seeking out and stopping such discrimination. If high-income Black households are residing in lower-SES neighborhoods to avoid racial hostility, as these findings indicate is probable, then this research represents a way of quantifying the price of this hostility to Black households and prompts us all to think about how to promote neighborhood inclusion.

Want to find out more? Read “The Racial Wealth Gap and Access to Opportunity Neighborhoods” at clevelandfed.org/ec202118.

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