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**THE APPRECIATION OF PLACE:
A CASE STUDY OF METRO WASHINGTON, D.C. NEIGHBORHOODS**

**Nancy A. Denton
Elena Vesselinov
Glenn D. Deane
Lawrence E. Raffalovich**

**Department of Sociology and
Center for Social and Demographic Analysis
State University of New York at Albany
Albany, NY 12222**

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Abstract

Our paper is a critical examination of the relationship between median housing value and racial composition for neighborhoods in the Washington DC metro area. The effect of neighborhood racial composition on homeownership and the value of those owned homes have been the topics of considerable prior research, but little of that research has examined how the median home values, measured at the neighborhood level, behave across neighborhoods, for different racial groups within neighborhoods, and over time. Exploring the meaning of housing value in relation to racial composition is important for people purchasing houses in particular neighborhoods, but also for those who use neighborhood level data in multi-level models. The relationship between racial composition and housing value is quite complex, but even more complex is the relationship between racial composition and housing value change over a decade.

Using tract level data from the 1980 and 1990 Censuses, we estimate seemingly straightforward regressions and use model criticism, as well as other EDA techniques, to demonstrate the complexity of the relationship between racial composition and housing value. Specially, we ask: Is the relationship between housing value and residential racial composition adequately captured by “percent black?” Is there a “tipping” point in the neighborhood racial composition that shifts the direction of the relationship with housing value? What happens when we shift to housing appreciation rather than housing value as the dependent variable? Do political boundaries such as center city versus suburb or

county change the relationship between housing value and neighborhood racial composition?

For those who use tract data to measure neighborhood effects on individuals, the messiness of our results suggests caution. Neighborhood measures that sound simple cover a wide variety of different types of neighborhoods, and change in these measures is not all that easy to interpret.

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