



# Who's Buying Where?

## The Second of Two Reports on Home Buying and Neighborhood Change in the Chicago Area in the 1990s

### Part II. Diversity in Home Buying is Increasingly Common, But *Stable* Diversity Remains a Challenge

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February, 2002

#### Executive Summary

This report is the second in a pair of analyses that provide in-depth information on neighborhood-level home-buying patterns in the 1990s for the six-county Chicago metropolitan area, with a closer look at the city of Chicago. Our goal is to provide policy makers, planners, and communities with key information on changes in neighborhood demographics and housing markets. These brief reports are aimed at going beyond anecdotes to answer questions on how various communities are changing.

The first report focused on changes in city and suburban home buying from 1993 to 2000 by income of homebuyers.<sup>1</sup> This report examines the extent to which neighborhoods within the Chicago area have obtained significant levels of income and racial diversity in home buying and maintained such diversity over the 1990s.<sup>2</sup> To do so, we compare compositions of buyers in neighborhoods across the metro area in 1993 and 1994 (combined) to those in 1999 and 2000 (combined).

#### Key Findings on Neighborhood Income Diversity

Key findings on income diversity include:

- In the region as a whole, the portion of buyers who were low- and moderate-income (LMI) increased significantly from 1993 to 2000, from 30.5 percent to 36.2 percent. As a result, we should expect to see increasing income diversity in many neighborhoods as well as a shift of some diverse neighborhoods to low- and moderate-income status. In fact, the proportion of census tracts in which 50 percent or more of buyers were low- or moderate-income (called "LMI tracts" here) increased from 28 to 40 percent.
- Despite the overall increase in LMI buying, there was a modest decline in the number of tracts categorized as either moderately or highly income-diverse, from 408 to 364, or from

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<sup>1</sup>The text of the first report, *Home Buying By Income*, is available at <http://www.woodstockinst.org/whosbuyingwhere.pdf>. Maps are available <http://www.woodstockinst.org/mapswhosbuyingwhere.pdf>.

<sup>2</sup>Low-income includes buyers with family incomes under 50 percent of the metropolitan median family income; moderate-income includes those from 50 to 79 percent of the median; middle-income includes those from 80 to 119 percent; and upper-income includes those from 120 percent or above the median.

27.8 percent to 24.8 percent of metropolitan census tracts.<sup>3</sup> However, there was a small increase in the number of these tracts falling into the highly income-diverse category, from 67 to 85.

- There is some moderate-income diversity in home buying in many parts of the suburbs. This is especially true in parts of Kane, McHenry, and Will Counties, especially in areas farthest from Chicago. There is also significant income diversity in parts of DuPage County and segments of northwestern and southwestern/southern Cook County.
- In the city of Chicago, income diversity in home buying occurs primarily on the far North and Northwest sides and a few other scattered tracts throughout the rest of city. The city has significant concentrations of income-restrictive tracts on the North Side.<sup>4</sup>
- In terms of stability, many suburbs and outer city neighborhoods experienced increases in LMI buying levels. Conversely, many parts of the city's North and Northwest Side saw increasing gentrification pressures.
- The number of *stable* income-diverse tracts is not very large, but is still significant.<sup>5</sup> As of 2000, there were 72 stable, moderately income-diverse census tracts and 21 stable, highly diverse tracts. While some of the stable, highly diverse tracts are in familiar neighborhoods such as Rogers Park and Uptown, many others are outside the city of Chicago, including some in Palatine, Countryside, Lombard, Vernon Hills, and other suburbs.
- While there are a significant number of stable, income-diverse tracts, they account for only about 7 percent of LMI buyers, 7.4 percent of middle-income buyers, and 4.7 percent of upper-income buyers.
- While some (8.5 percent) LMI tracts experienced significant decreases in the proportion of LMI buyers, most (75 percent) saw greater than a five percentage-point increase in the LMI proportion. While a significant number of neighborhoods (42) moved from being diverse to restrictive, only 7 of 409 tracts that were LMI in 1993 became restrictive by 2000. So, the typical picture of extremely rapid gentrification occurring over a few years seems to be less appropriate -- at least for LMI tracts -- than a more gradual process.

## Key Findings on Racial and Ethnic Diversity

Key findings on racial diversity include:

- In the region as a whole, the proportion of buyers who were nonwhite increased significantly from 1993 to 2000, from 24.9 percent to 30 percent. (Hispanics and Asians accounted for the vast majority of the increase in minority share.)

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<sup>3</sup>Moderately income-diverse tracts are those where 30-40 percent of homebuyers are low- or moderate-income, or 40-50 percent are LMI and fewer than 20 percent are upper-income. Highly diverse tracts are those where 40-50 percent are LMI and at least 20 percent are upper-income.

<sup>4</sup>Income-restrictive tracts can be either highly restrictive (where 0-15 percent of buyers are LMI) or moderately restrictive (where 15-30 percent are LMI).

<sup>5</sup>Stability is defined as less than a 5 percentage-point change in the proportion of buyers who are LMI (for income stability) or nonwhite (for racial stability).

- There was an overall decline in the number of predominantly white (less than 10 percent nonwhite) tracts, from 443 to 301. There was a large shift from this category to the modestly diverse (10-25 percent nonwhite) category.
- There was a significant increase (from 206 to 271) in the number of “nonblack-diverse” tracts, although the number of black-diverse tracts remained roughly constant.<sup>6</sup>
- The number of predominantly black tracts held roughly constant, while the number of predominantly Hispanic tracts actually declined slightly. The latter is somewhat surprising given the increase in Hispanic home buying. This suggests that Hispanic home buying is becoming less concentrated.
- Thirty-two percent of white buyers were buying into predominantly white neighborhoods in 1999-2000. Only 24 percent of Hispanic buyers were buying in predominantly Hispanic neighborhoods. But 43 percent of African-American buyers were still buying in predominantly African-American neighborhoods.
- While home-buying patterns in the Chicago area remain highly segregated by race, some diversity does exist. All six counties contain at least some areas of modestly diverse home buying. However, with the exceptions of southern Cook County, a portion of western Cook County, and areas around Waukegan/North Chicago (Lake County), Bolingbrook (Will County), and Joliet (Will County), much of this racial diversity was driven by Hispanic and Asian homebuyers. Racially diverse home buying with significant African-American buyers is less common and more concentrated. Hyde Park, Beverly, the Near South Side, and Rogers Park are Chicago neighborhoods that exhibited racial diversity that included significant levels of African-American home buying.
- More than half of modestly diverse tracts have recently shifted toward greater racial diversity.
- Much of the home buying in suburban areas was either racially stable or increasingly minority. This is somewhat expected given the general increase in minority home buying throughout the metropolitan area.
- In the city, home buying became significantly more white in many areas, especially on the North and Northwest Sides. Substantial portions of Lincoln Square, West Town, the Near West Side, and Logan Square are experiencing significant white transition in home buying. Meanwhile, some other areas of the city, such as parts of Archer Heights and West Elsdon, experienced significant transition to minority home buying.
- Even more than in the case of income diversity, most racially diverse tracts are not stable. This is particularly true for nonblack-diverse tracts, of which only 10.7 percent are stable. Of black-diverse tracts, 17.7 percent are stable. However, more black-diverse than nonblack-diverse tracts (32 percent versus 18.5 percent) experienced increases in the nonwhite share of more than 20 percentage points.

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<sup>6</sup>Nonblack-diverse tracts are those where nonwhite buyers are 25-75 percent of all buyers and where African-American buyers are less than 10 percent of all buyers. Black-diverse tracts are tracts where nonwhite buyers are at 25-75 percent of all buyers and African-American buyers are at least 10 percent of all buyers. See the remaining sections of the report for full descriptions of diversity and stability categories.

- Although the numbers are not large, there are a significant number of stable, racially diverse neighborhoods in the region. There are 134 stable, modestly diverse neighborhoods, 22 stable, black-diverse neighborhoods, and 29 stable, nonblack-diverse neighborhoods in the Chicago area. Examples of stable, black-diverse city neighborhoods include tracts in Rogers Park, the Loop, Hyde Park, and Beverly. Suburban tracts include some in Evanston, Oak Park, Park Forest, Joliet, and Chicago Heights. Stable, nonblack-diverse areas include tracts in West Ridge, North Park, Dunning, Armour Square, as well as in Skokie, Morton Grove, Wood Dale, and Elgin.
- Few (2.1 percent) white buyers are buying in *stable*, highly diverse tracts. A more significant number (12.8 percent) are buying in stable, modestly diverse tracts. A small proportion of African-American buyers (6.1 percent) buy in either stable, modestly diverse or stable, highly diverse tracts. The figure is slightly higher (7.4 percent) among Hispanics.

### Implications for Public Policy

The increasingly diverse nature of homebuyers in metropolitan America will continue to put pressure on racially and economically diverse neighborhoods. If white homebuyers avoid -- or are steered away from -- diverse communities, these areas will continue to see high levels of transition into becoming predominantly minority. At the same time, if low- and moderate-income residents are unable to afford to buy homes or maintain existing ownership in areas experiencing revitalization, these areas will succumb to large-scale gentrification and displacement. Conversely, if middle-income buyers -- especially those with families -- are discouraged from considering mixed-income communities not experiencing gentrification, many of these areas will become predominantly low- and moderate-income.

Despite the sober findings illustrating the continuing persistence of economic and racial polarization, this report shows that there are a significant number of stable, diverse neighborhoods in the Chicago area, whether looking at income or race. Once more, these areas are not confined simply to those traditional diverse areas such as Rogers Park, Hyde Park, Evanston, and Oak Park, but also include tracts in neighborhoods and suburbs such as Dunning (income-diverse tracts), West Ridge (two black-diverse tracts, three nonblack-diverse tracts, and two income-diverse tracts), Austin (one black-diverse), Skokie (five nonblack-diverse and two moderately income-diverse tracts), and Bensenville (income-diverse tracts).

More needs to be known about how these communities have been able to maintain stable diversity.<sup>7</sup> But more importantly, more resources are needed to foster diversity and fair housing efforts. A more rigorous enforcement of the nation's fair housing laws is clearly in order. Although some minority or modest-income groups may be seen as "choosing" to live in segregated neighborhoods, this choice is severely constrained by the perception and reality of being unwelcome in many white and more affluent communities, as well as the limited supply of affordable homes in many places. Without aggressive enforcement of fair housing laws, the increased development of affordable housing opportunities in income-restrictive and gentrifying areas, and proactive efforts to improve and maintain racial diversity, many groups will continue to fear moving into diverse areas. And without such efforts, many white and more affluent home buyers will maintain their fears that diversity will lead to neighborhood instability and decline.

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<sup>7</sup>For more on strategies for promoting and maintaining income diversity, see [www.policylink.org/gentrification/](http://www.policylink.org/gentrification/). For strategies on promoting racial diversity, see [www.community2000online.org](http://www.community2000online.org), [www.opensoc.org](http://www.opensoc.org), and [www.lcmoc.org](http://www.lcmoc.org).

## **Introduction: The 1990s Chicago Area Home-Buying Market**

Over the last decade, there has been increasing interest in prospects for the development and sustainability of mixed-income and racially diverse communities. The long economic expansion in the 1990s helped many cities, including Chicago, achieve a slowing and, in some cases, a complete turn around in the population losses they suffered in the 1970s and 1980s. Chicago, like some other large cities, experienced a significant increase in the interest of middle- and upper-income families in the central city. Moreover, home buying by low- and middle-income and minority families increased nationally and regionally. In some ways, then, the 1990s provided at least the potential for the growth and sustainability of mixed-income, and perhaps even racially diverse, communities.

However, as minority and lower-income residents move from entrenched minority neighborhoods toward more diverse areas, they may put some demographic pressure on their new communities – either in outlying city neighborhoods or in more diverse suburbs. That is, displaced homebuyers may be disproportionately steered (either by housing costs or other forces) to diverse areas. These areas may then see their home buying turn increasingly lower-income or minority, which may result in a destabilization of diversity.

In many ways, the Chicago metropolitan area in the 1990s is an ideal laboratory in which to examine the degree to which sustainable economic and racial diversity occurs in the context of an otherwise economically healthy metropolitan area. The region and the city are large enough to contain many different communities that have (or in some cases, have not) attempted to deal with economic and racial diversity in many different ways. Certainly, there are overarching problems that constrain communities' abilities to respond to gentrification and segregation pressures (e.g., the dearth of funding for affordable housing). However, there are also many differences in how neighborhoods and municipalities deal with these larger forces.

### **What We Learned in Part I:**

In Part I, *Home Buying by Income*, we identified a number of key trends in home buying from 1993 to 2000, including:

- LMI home buying increased at a much faster rate from 1993 to 2000 than middle- and upper-income buying.
- Almost one-half of the increase in home buying in the city was due to upper-income buyers. The majority (58 percent) of the increase in upper-income homebuyers in the metropolitan area occurred in the city.

- Unlike the city, the rate of increase in LMI home buying exceeded that of middle- and upper-income buying in all five collar counties as well as suburban Cook County. In many suburban areas, LMI buyers accounted for a large portion of the increase in homebuyers. LMI buyers comprised 86 percent of the increase in home purchases in suburban Cook County; 84 percent in DuPage County; 61 percent in McHenry County; and 54 percent in Lake County.
- The suburbs accounted for 76 percent of the increase in the metropolitan area's low- and moderate-income buying. Suburban Cook County now has more low- and moderate-income buyers, as a share of all local buyers, than the city of Chicago does (41.7 percent versus 38.2 percent).
- The bulk of the increase in upper-income home buying in the city of Chicago occurred on the city's North Side and in and around the downtown area. Only three percent of the increase in upper-income buyers occurred on the city's West, Southwest, and South Sides.
- Large segments of the older-inner ring suburbs, especially in western and southern Cook County, are experiencing significant shifts to LMI home buying. At the same time, some of the farthest out newer suburbs in outer Kane, McHenry, and Lake Counties are also experiencing a shift to low- and moderate-income buying.

### **The Next Question: Have Some Neighborhoods Been Able to Attain Stable Income or Racial Diversity?**

In this report, we analyze some large-scale patterns as well as some "micro" changes in racial and economic home-buying trends in different neighborhoods. Given significant changes in home-buying patterns, we attempt to identify areas where stable income or racial diversity has been sustained.

Recently released 2000 census data gave us some information on changes in the racial composition of residents at the neighborhood level.<sup>8</sup> More data on changes in incomes at the neighborhood level will become available later this year. However, small area census data are inherently limited by their aggregate nature -- they do not provide information at the household level. These data also do not distinguish between new and old residents or between new and old homeowners. So, although some information is available on the current income and racial distribution of tract populations, these data do not identify the composition of recent homebuyers or in-movers in a neighborhood.

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<sup>8</sup>For an analysis of 1990-2000 changes in population by race and ethnicity for the Chicago area, see John A. Powell, "Envisioning Racially Just, Opportunity-Based Housing for the Chicago Region," June 2001, commissioned by the Leadership Council for Metropolitan Open Communities at <http://www1.umn.edu/irp/publications/clcpresentation.html>.

This is a critical limitation of most census data. There is substantial evidence that the racial or economic diversity and stability of a neighborhood is determined primarily by changes in the composition of in-movers, and much less so by changes in those leaving an area.<sup>9</sup> Flow information on in-movers -- such as home-buying data -- are, in many ways, much more useful than cross-sectional stock data on neighborhood demographics, such as those provided in the decennial census data.

There is a source of data on homebuyers that is quite comprehensive and that provides information at the household level: The Home Mortgage Disclosure Act (HMDA) data set that is collected and assembled by federal mortgage regulators. These data are estimated to capture more than 85-90 percent of home purchases in large metropolitan areas. The vast majority of banks, thrifts and mortgage companies lending in metropolitan areas must report home purchase loans under HMDA. The data include race/ethnicity, gender, and income of homebuyer.

Although the HMDA data have many advantages in exploring homeownership and buying patterns, they will not answer all questions about residential change. These data give no information on rental housing units. They also do not provide information on the characteristics of home *sellers*. While most homebuyers are in-movers into a census tract, we do not know where they came from -- whether it was from the same city, the same region, etc. Despite these limitations, the mortgage data provide invaluable information on the demographics of homebuyers at the neighborhood level. And because the data describe recent homebuyers, they can be more indicative of future neighborhood composition (at least for the owner-occupied segment of the neighborhood) than decennial census data, which do not adequately distinguish the demographics of recent in-movers from those of other residents.

### **What Do We Mean by Racial and Income Diversity?**

Neighborhood diversity is a loaded term. Different people have different definitions of what is diverse, both by race and by income. We certainly do not suggest that we are able to provide some universal, objective definitions of income or racial diversity. In considering race, for example, some have argued that any neighborhood that exceeds the metropolitan-wide share of nonwhite residents is "diverse." Under such a definition, however, a neighborhood that is 6 percent nonwhite in a metro area that is 5 percent nonwhite would be considered diverse, while a neighborhood that is 20 percent nonwhite in a metro area that is 21 percent nonwhite would not be considered diverse. Such "relative" measures of diversity can be problematic. On the other hand, it is wise to consider the metropolitan context in determining various thresholds for what might be considered diverse.

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<sup>9</sup>Ingrid Gould Ellen, *Sharing America's Neighborhoods: The Prospects for Stable Racial Integration*. Cambridge, MA: Harvard University Press, 2000.

Another challenge is the distinction between different nonwhite groups. For example, in Chicago and many older cities, segregation levels have historically been highest between whites and African-Americans, and generally remain so today. Although Hispanics and other groups experience segregation (and in some cases such segregation is worsening), the levels tend to be significantly lower. So, we have chosen to distinguish between diverse neighborhoods (those with substantial portions of both nonwhite and white buyers) with relatively few African-American buyers and those with substantial numbers of African-American buyers.

In terms of income diversity, some of the same challenges present themselves. Merely using the metropolitan distribution as a threshold for defining diversity is problematic, because many observers consider a neighborhood with a somewhat larger (but not *too* large) proportion of low- and moderate-income buyers more diverse than one with the metropolitan proportion (in Chicago's case about 30 percent).

We follow the approach of Ellen, Galster, and others who rely heavily on conventional wisdom and intuition to establish fixed thresholds for defining diversity levels.<sup>10</sup> As Galster argues, this approach allows a measure that involves what we think of as a nontrivial degree of diversity -- regardless of the metropolitan context -- and yields comparability over time and across regions. Moreover, it is not any more atheoretical than relative approaches. The goal here is not to develop some purely objective definition of diverse neighborhoods, but rather to indicate the general trends of diversity across the metropolitan area.

### Neighborhood Income Diversity in the Chicago Area

Based on the general distribution of homebuyers in the Chicago area and some of the literature on neighborhood demographics, we define the following categories of neighborhood income diversity:

<b>Income Diversity Level</b>	<b>Composition of Homebuyers</b>
Highly Restrictive (HR)	0-15 percent of buyers have low- or moderate-incomes (LMI)
Moderately Restrictive (MR)	15-30 percent of buyers are LMI
Moderately Diverse (MD)	30-40 percent of buyers are LMI; <b>OR</b> 40-50 percent are LMI and fewer than 20 percent are upper-income
Highly Diverse (HD)	40-50 percent of buyers are LMI and at least 20 percent are upper-income
Low- or Moderate-Income (LMI)	50 percent or more of buyers are LMI

<sup>10</sup>Ellen, 2000, and George Galster, "A Stock/Flow Model of Defining Racially Integrated Neighborhoods," *Journal of Urban Affairs* 20 (1998): 43-51.

With no more than 15 percent low- and moderate-income buyers in a period, highly restrictive neighborhoods have a share of LMI buyers that is less than one-half the metropolitan share in the 1999-2000 period. Moderately restrictive neighborhoods are those that have less than 30 percent LMI buyers, so are generally less open to LMI borrowers than the region as a whole. Moderately diverse neighborhoods are those with above-average LMI buying (30-40 percent) or with fairly high LMI buying (40-50 percent) but that see relatively few upper-income buyers. Highly diverse neighborhoods both have substantial LMI buying (40-50 percent) and a significant level of upper-income buyers (at least 20 percent). Finally, LMI tracts are those where at least half of buyers are LMI. There are a few (less than 10) LMI neighborhoods that have large percentages of upper-income buyers, but these tracts have very small middle-income segments. (They might be more appropriately labeled "polarized" than diverse.) Due to the extremely small number of such areas, we do not bother to disaggregate them here.

It is one thing to identify neighborhoods that, at one point in time, have significant income diversity among homebuyers. It is another to identify tracts that are likely to remain diverse over time. It may be that many diverse neighborhoods are in transition to much less diverse buying patterns – to being dominated by either lower- or upper-income buyers.

In order to identify both the distribution of neighborhoods across these income types and the changes that occurred in this distribution during the 1990s, we first identify both the classification of the tract at the beginning of the period (1993-1994) and its classification at the end of the period (1999-2000). Table 1 indicates the number of census tracts falling into each income category in 1993-1994 and in 1999-2000. It also indicates the transition of tracts between categories.

In the region as a whole, the portion of buyers who were low- and moderate-income increased significantly from 1993 to 2000, from 30.5 percent to 36.2 percent. Therefore, we should expect a significant number of restrictive and more affluent neighborhoods to see increasing diversity among homebuyers as well as a shift of some diverse neighborhoods to low- and moderate-income status. The overall composition of the home-buying market shifted, so this should have ramifications on the composition of buyers at the neighborhood level.

Indeed, there was an overall decline in the number of restrictive neighborhoods – especially moderately restrictive ones. However, there was also a decline in diverse neighborhoods – especially moderately diverse ones. (There was actually some increase in the number of highly diverse tracts.) In effect, there was a significant net shift to LMI neighborhoods, which increased from 28 to 40 percent of neighborhoods. Again, this was due primarily to an overall increase in LMI buyers.

**Table I.**  
**Transition of Chicago Area Neighborhoods between Income Diversity Categories**  
**1993-1994 to 1999-2000**

Income Diversity 1993-1994	Income Diversity 1999-2000					
	HR	MR	MD	HD	LMI	Subtotal
<b>Highly Restrictive</b>	189	78	5	0	0	272 18.5%
<b>Moderately Restrictive</b>	53	150	142	24	11	380 25.9%
<b>Moderately Diverse</b>	7	31	100	43	160	341 23.2%
<b>Highly Diverse</b>	1	3	17	15	31	67 4.6%
<b>Low- and Moderate-Income</b>	0	7	15	3	384	409 27.8%
<b>Subtotal</b>	250 17.0%	269 18.3%	279 19.0%	85 5.8%	586 39.9%	1,469 100%

\*Includes only census tracts with at least 10 loans with income information in each of the 1993-94 and 1999-2000 periods.

In fact, of the 272 tracts that were highly restrictive in 1993-1994, 83 became more diverse, with 78 of those falling into the moderately restrictive category (15-30 percent LMI buyers). The other 5 actually moved into the moderately diverse category. Of the 380 moderately restrictive neighborhoods in 1993-1994, 142, or 37 percent, moved into the moderately diverse category by 1999-2000, with another 24 moving into the highly diverse category. Significantly fewer (53) moved into the highly restrictive category.

Of the 341 moderately diverse neighborhoods in 1993-1994, 143, or 42 percent, remained in either the moderately diverse or highly diverse categories. However, a similar number (160) transitioned into becoming majority LMI areas. Thirty-one of the 67 highly diverse tracts became LMI by 1999-2000. But many moderately diverse and moderately restrictive tracts became highly diverse, so that there was a significant net increase in highly diverse tracts.

The analysis in Table 1 indicates the migration of tracts across income-diversity categories. Such an analysis is not a sufficient measure of the stability of home-buying patterns. A neighborhood may experience a significant shift in the income of buyers without changing categories. Or, a tract may be right on the border of a category so that a very small change in composition causes it to change categories. A better way to detect stable income-diverse neighborhoods is to identify those that were both economically diverse at the end of the 1990s

and did not see a substantial amount of change in the proportion of LMI buyers since 1993-1994.

Table 2 shows the distribution of tracts by both diversity category in 1999-2000 and stability level. The following categories are used to describe the income stability of a neighborhood:

<b>Income Stability Level</b>	<b>Change in Income Composition of Buyers</b>
Stable	Less than +/- 5 percentage points in proportion of buyers who are LMI
Increasing LMI	5 to 20 percentage point increase in proportion LMI
LMI Transition	20 to 100 percentage point increase in proportion LMI
Losing LMI	5 to 20 percentage point decrease in proportion LMI
Severe Gentrification	20 to 100 percentage point decrease in proportion LMI

Of highly restrictive tracts, most were stable and very few saw a significant shift to LMI buying. However, more than 30 percent of these tracts saw more than a 5 percentage-point drop in LMI buying. Thus, despite the overall market shifting to more LMI buying, these tracts generally resisted increasing income diversity and a significant number became even less diverse.

**Table 2. Stability of Neighborhood Income Diversity, 1993-2000**

Income Diversity 1999-2000	Income Stability 1993-2000					
	Stable	Increasing LMI	LMI Transition	Losing LMI	Severe Gentrification	Subtotal
Highly Restrictive	157 62.8%	17 6.8%	0 0%	69 27.6%	7 2.8%	250 100%
Moderately Restrictive	107 39.8%	113 42.0%	0 0%	39 14.5%	10 3.7%	269 100%
Moderately Diverse	72 25.8%	172 61.6%	12 4.3%	19 6.8%	4 1.4%	279 100%
Highly Diverse	21 24.7%	54 63.5%	6 7.1%	4 4.7%	0 0%	85 100%
Low and Moderate-Income	93 15.9%	337 57.5%	106 18.1%	43 7.3%	7 1.2%	586 100%
Subtotal	450 30.6%	693 47.2%	124 8.4%	174 11.8%	28 1.9%	1,469 100%

The experience for moderately restrictive tracts, however, was quite different. Forty-two percent of these tracts experienced significant increases in LMI buying. A substantially smaller portion (18.2 percent) shifted toward less LMI buying. Approximately 66 percent of moderately diverse tracts saw increases in LMI buying, and only 26 percent were stable. Somewhat surprisingly, highly diverse tracts performed similarly, with almost 25 percent of tracts being quite stable.

Although on their face these figures show that most diverse tracts are not stable, this is somewhat expected. Many changing neighborhoods are likely to fall into a "diverse" category at any one point in time. At the same time, this analysis shows that there are a significant number of stable moderately and highly diverse neighborhoods in the region. By these classifications, there are 72 stable, moderately diverse neighborhoods and 21 stable, highly diverse neighborhoods in the Chicago area. (Listed below in Table 3.)

Low- and moderate-income tracts are generally becoming increasingly LMI, with more than 75 percent of LMI areas experiencing significant increases in LMI buying since 1993. Some (50) tracts that are still LMI experienced gentrification pressures. While a few tracts that were LMI in 1993-1994 experienced enough gentrification pressure to become restrictive, they are the exception at this point.

Figures 1a and 1b map income diversity in Chicago area home buying for 1999-2000. These maps show that, compared to the city of Chicago, there is a significant amount of income diversity in many parts of the suburbs. Figure 1a shows areas of moderate diversity in Kane, McHenry, and Will Counties, especially in tracts farthest from Chicago. There is also significant income diversity in many parts of DuPage County and in parts of northwestern and southwestern/southern Cook County. Looking at the city map, Figure 1b, income diversity occurs primarily on the far North and Northwest sides and a few other scattered tracts throughout the rest of city. The city has significant concentrations of both restrictive and LMI tracts however. The South, Southwest, and West Sides are predominantly LMI, while the North Side is predominantly restrictive. Figure 1a shows that, with the exception of northern Cook County, there are large numbers of LMI tracts in the suburbs closest to the city and in southern Cook County. The major concentration of restrictive census tracts in the suburbs is along the North Shore of Cook County and extending into central Lake County.

Figures 2a and 2b map income stability in home buying from 1993-1994 to 1999-2000 for the Chicago area. These maps show that there were larger areas of stability in the suburbs -- especially in more affluent, established areas -- than in the city for this period. Substantial portions of suburban Cook, DuPage, Kane, Lake, and Will Counties remained stable. In Chicago, there were a number of stable tracts, but few substantial concentrations of stability. Affluent neighborhoods on the North and Northwest Sides (such as Lincoln Park and Forest

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Glen) and more modest-income areas on the far South Side (such as South Chicago and Washington Heights) were some of the exceptions to this. The city contains the only tracts in the metropolitan area that are classified as severely gentrifying. Those on the North Side fit with conventional notions of where gentrification in Chicago has occurred, but pockets of gentrifying tracts on the South and Southwest Sides in neighborhoods like Englewood, New City, Burnside, and North Lawndale are interesting cases that bear watching in the future. As mentioned earlier, throughout both the city and suburbs there were substantial increases in LMI home buying. Thus, the substantial numbers of increasingly LMI tracts throughout both areas are not unexpected. LMI transition tracts are also spread throughout the region with the largest numbers falling on the South and Southwest Sides of Chicago and in southern and western Cook County.

Table 3 lists the stable, income-diverse census tracts in the metro area. It also provides more specific information on the income and racial distribution of homebuyers. What is clear from this list is that income diversity is not unique to the city. In fact, there are more stable, highly diverse tracts in the suburbs than in the city. There are also more stable, moderately diverse tracts in the suburbs. Some of the highly diverse neighborhoods in the city are somewhat well recognized as diverse areas: parts of Rogers Park and Uptown, for example. At the same time, there are a couple of surprises in the city: a tract in Dunning and one in New City, and a significant number of stable, highly diverse tracts in the suburbs, including tracts in Palatine, Countryside, Streamwood, Lombard, Vernon Hills, and other areas.

Table 4 indicates the distribution among homebuyers of different income levels across different types of neighborhood income diversity and stability. It shows that the majority (72 percent) of upper-income buyers purchased homes in restrictive tracts. At the other end of the spectrum, 46 percent of LMI borrowers purchased homes in LMI tracts. Because of the volume of moderately restrictive tracts, a substantial portion of LMI buyers (17 percent) bought in such neighborhoods. As expected relatively few buyers buy in stable diverse tracts. This is especially true for upper-income buyers.

**Table 3. Chicago Area Census Tracts with Stable, Income-Diverse Home Buying, 1999-2000**

<b>Highly Diverse and Stable</b>									
Tract	Town (Community Area)	County	Loans in 1999-2000	Pct LMI 1999-2000	Pct LMI 1993-1994	Pct Upper 1999-2000	Pct White 1999-2000	Pct Black 1999-2000	Pct Hispanic 1999-2000
101	Chicago (Rogers Park)	Cook	214	42.50%	38.6%	22.9%	67.0%	19.0%	4.0%
105	Chicago (Rogers Park)	Cook	174	48.30%	45.6%	28.2%	86.0%	6.0%	3.0%
107	Chicago (Rogers Park)	Cook	197	48.70%	51.6%	26.4%	64.0%	14.0%	10.0%
204	Chicago (West Ridge)	Cook	110	41.8%	43.3%	32.7%	58.0%	10.0%	14.0%
313	Chicago (Uptown)	Cook	209	49.30%	44.4%	27.3%	76.0%	8.0%	5.0%
314	Chicago (Uptown)	Cook	379	40.60%	39.3%	29.6%	82.0%	5.0%	4.0%
1701	Chicago (Dunning)	Cook	111	49.50%	46.4%	21.6%	85.0%	0.0%	7.0%
6108	Chicago (New City)	Cook	33	45.50%	47.6%	21.2%	93.0%	4.0%	4.0%
8027.01	Mount Prospect	Cook	217	41.50%	37.6%	27.2%	68.0%	2.0%	12.0%
8039.01	Palatine/Rolling Meadows	Cook	193	43.50%	42.1%	26.4%	88.0%	2.0%	3.0%
8043.06	Streamwood	Cook	221	48.90%	44.7%	20.4%	65.0%	0.0%	25.0%
8201.04	Countryside	Cook	175	45.10%	44.0%	29.1%	88.0%	2.0%	6.0%
8408	Bensenville	DuPage	307	44.30%	41.7%	20.2%	50.0%	2.0%	37.0%
8409.03	Glendale Heights	DuPage	707	44.60%	45.9%	21.2%	55.0%	4.0%	23.0%
8443.01	Lombard	DuPage	633	43.10%	43.7%	30.8%	77.0%	5.0%	5.0%
8455.01	Westmont/Willowbrook	DuPage	473	41.40%	43.6%	35.3%	81.0%	2.0%	3.0%
8460.02	Lisle	DuPage	254	46.10%	46.8%	32.3%	90.0%	2.0%	3.0%
8529.02	Aurora	Kane	376	45.20%	41.3%	26.6%	59.0%	6.0%	30.0%
8609.03	Fox Lake	Lake	240	48.80%	46.3%	20.4%	93.0%	0.0%	5.0%
8639.02	Vernon Hills	Lake	447	43.40%	46.0%	34.2%	79.0%	0.0%	8.0%
8838.02	Willowbrook CDP	Will	28	42.90%	38.5%	32.1%	39.0%	57.0%	4.0%
<b>Moderately Diverse and Stable</b>									
108	Chicago (Rogers Park)	Cook	39	38.5%	37.9%	38.5%	49.0%	8.0%	23.0%
207	Chicago (West Ridge)	Cook	167	35.9%	35.4%	32.3%	58.0%	1.0%	9.0%
305	Chicago (Edgewater)	Cook	158	31.0%	34.6%	34.8%	89.0%	5.0%	6.0%
318	Chicago (Uptown)	Cook	88	30.7%	32.0%	48.9%	84.0%	2.0%	9.0%
701	Chicago (Lincoln Park)	Cook	373	31.1%	34.1%	42.4%	92.0%	0.0%	1.0%
1401	Chicago (Albany Park)	Cook	47	31.9%	27.5%	34.0%	53.0%	4.0%	19.0%
1402	Chicago (Albany Park)	Cook	48	37.5%	37.5%	18.8%	53.0%	0.0%	29.0%
1406	Chicago (Albany Park)	Cook	122	39.3%	37.4%	21.3%	44.0%	1.0%	38.0%
1510	Chicago (Portage Park)	Cook	150	38.7%	38.0%	18.0%	33.0%	1.0%	57.0%
1512	Chicago (Portage Park)	Cook	103	39.8%	34.9%	20.4%	59.0%	2.0%	28.0%
1604	Chicago (Irving Park)	Cook	101	31.7%	30.1%	31.7%	60.0%	4.0%	26.0%
1702	Chicago (Dunning)	Cook	112	41.1%	38.1%	17.0%	69.0%	2.0%	25.0%
1706	Chicago (Dunning)	Cook	79	39.2%	36.2%	13.9%	83.0%	0.0%	11.0%
1709	Chicago (Dunning)	Cook	67	40.3%	37.8%	16.4%	83.0%	3.0%	9.0%
1903	Chicago (Belmont Cragin)	Cook	131	35.1%	31.7%	16.8%	23.0%	0.0%	70.0%
1914	Chicago (Belmont Cragin)	Cook	30	46.7%	45.2%	10.0%	28.0%	0.0%	62.0%
2001	Chicago (Hermosa)	Cook	95	35.8%	34.8%	16.8%	16.0%	1.0%	67.0%
2305	Chicago (Humboldt Park)	Cook	42	45.2%	41.2%	16.7%	0.0%	5.0%	88.0%
2309	Chicago (Humboldt Park)	Cook	99	43.4%	47.7%	19.2%	36.0%	4.0%	54.0%
3904	Chicago (Kenwood)	Cook	22	36.4%	33.3%	45.5%	38.0%	62.0%	0.0%
4107	Chicago (Hyde Park)	Cook	39	35.9%	38.9%	33.3%	68.0%	12.0%	9.0%
4306	Chicago (South Shore)	Cook	27	44.4%	48.1%	18.5%	12.0%	88.0%	0.0%
5609	Chicago (Garfield Ridge)	Cook	144	34.7%	36.8%	25.0%	70.0%	1.0%	26.0%
6101	Chicago (New City)	Cook	16	43.8%	40.0%	18.8%	56.0%	19.0%	19.0%
6401	Chicago (Clearing)	Cook	35	48.6%	50.0%	17.1%	43.0%	3.0%	49.0%
7205	Chicago (Beverly)	Cook	56	30.4%	26.3%	30.4%	91.0%	6.0%	0.0%
7502	Chicago (Morgan Park)	Cook	115	33.0%	32.1%	39.1%	52.0%	40.0%	3.0%
7503	Chicago (Morgan Park)	Cook	56	35.7%	34.7%	25.0%	87.0%	6.0%	4.0%
7707	Rosemont	Cook	56	35.7%	38.9%	28.6%	82.0%	2.0%	12.0%
8025.02	Wheeling	Cook	171	38.0%	37.2%	20.5%	58.0%	5.0%	24.0%
8051.1	Arlington Heights/Mount	Cook	144	32.6%	33.3%	41.7%	86.0%	1.0%	5.0%
8063	Des Plaines	Cook	205	34.6%	29.8%	22.0%	83.0%	1.0%	12.0%
8069	Skokie	Cook	105	33.3%	34.5%	24.8%	51.0%	3.0%	7.0%
8070	Skokie	Cook	120	35.0%	32.1%	30.0%	58.0%	5.0%	7.0%
8083.01	Morton Grove	Cook	139	31.7%	30.4%	36.0%	62.0%	0.0%	8.0%
8087.02	Evanston	Cook	49	30.6%	27.3%	53.1%	85.0%	6.0%	2.0%
8105.01	Norridge	Cook	145	36.6%	36.0%	27.6%	87.0%	0.0%	8.0%
8106	Harwood Heights	Cook	100	36.0%	38.7%	20.0%	84.0%	0.0%	4.0%
8108	Elmwood Park	Cook	186	37.6%	36.0%	17.2%	85.0%	1.0%	11.0%
8156	North Riverside	Cook	179	39.7%	35.2%	22.3%	77.0%	3.0%	19.0%
8174	Maywood	Cook	99	46.5%	46.4%	17.2%	24.0%	22.0%	54.0%
8181	Westchester	Cook	79	31.6%	31.1%	31.6%	68.0%	15.0%	13.0%
8191	Lyons/Riverside	Cook	119	46.2%	42.3%	17.6%	69.0%	1.0%	28.0%
8193	Brookfield	Cook	123	37.4%	39.0%	16.3%	84.0%	2.0%	12.0%
8230.02	Chicago Ridge	Cook	137	49.6%	50.4%	14.6%	92.0%	0.0%	4.0%
8245.05	Oak Forest	Cook	271	48.0%	43.8%	13.7%	84.0%	3.0%	7.0%
8252	Oak Forest	Cook	132	34.1%	37.1%	17.4%	56.0%	24.0%	12.0%
8282.02	Lansing	Cook	142	48.6%	47.9%	19.0%	69.0%	16.0%	12.0%
8284.01	Homewood/East Hazel Crest	Cook	148	48.0%	45.8%	18.9%	72.0%	19.0%	5.0%
8299.02	Flossmoor/CC Hills/Hazel Crest	Cook	349	38.4%	35.0%	32.1%	16.0%	76.0%	2.0%
8400	Bensenville	DuPage	102	39.2%	36.1%	18.6%	54.0%	1.0%	33.0%
8407.01	Bensenville/Addison	DuPage	123	31.7%	30.1%	40.7%	79.0%	3.0%	14.0%
8417.01	Carol Stream/Glendale Heights	DuPage	382	31.4%	31.4%	42.9%	85.0%	2.0%	4.0%
8426.03	Wheaton	DuPage	314	32.8%	28.3%	35.7%	92.0%	1.0%	3.0%
8426.04	Wheaton	DuPage	173	35.8%	34.4%	41.6%	92.0%	2.0%	3.0%
8435	Lombard	DuPage	214	30.8%	26.5%	31.8%	92.0%	1.0%	3.0%
8442.01	Lombard/Glen Ellyn	DuPage	247	35.6%	31.2%	25.9%	82.0%	2.0%	4.0%
8458.03	Downers Grove/Woodridge	DuPage	189	37.6%	40.1%	36.0%	76.0%	7.0%	6.0%
8458.04	Darien/Downers Grove	DuPage	304	34.9%	30.7%	35.9%	85.0%	3.0%	5.0%
8504	East Dundee	Kane	110	30.9%	27.2%	25.5%	93.0%	0.0%	5.0%
8523	St. Charles	Kane	64	31.3%	26.8%	34.4%	89.0%	0.0%	2.0%
8530.04	North Aurora	Kane	208	33.7%	29.3%	28.8%	86.0%	4.0%	6.0%
8609.02	Fox Lake	Lake	327	38.2%	39.0%	24.5%	91.0%	0.0%	7.0%
8614.02	Round Lake	Lake	360	34.4%	38.0%	23.9%	78.0%	4.0%	11.0%
8615.04	Park City/Waukegan	Lake	216	48.6%	45.0%	14.8%	56.0%	5.0%	24.0%
8802.01	Romeoville	Will	791	43.2%	43.6%	14.9%	77.0%	7.0%	10.0%
8802.02	Romeoville	Will	327	46.5%	45.7%	10.4%	70.0%	11.0%	13.0%
8805.02	Lockport	Will	293	35.2%	32.7%	22.9%	93.0%	0.0%	6.0%
8833.02	Elwood	Will	176	31.3%	29.0%	21.6%	96.0%	2.0%	1.0%
8836.02	University Park	Will	569	43.6%	47.8%	17.4%	62.0%	33.0%	3.0%
8839.01	Peotone	Will	156	32.1%	28.5%	19.2%	97.0%	0.0%	1.0%
8839.02	Beecher	Will	125	33.6%	36.5%	22.4%	98.0%	0.0%	2.0%

**Table 4. Distribution of Homebuyers in 1999-2000  
By Income Diversity and Stability of Neighborhood**

1999-2000 Neighborhood Income Type	Income of Buyer					
	LMI	Middle	Upper	LMI	Middle	Upper
Highly Restrictive	4,414	9,303	34,391	4.5%	11.8%	36.4%
Moderately Restrictive	17,036	23,958	33,322	17.4%	30.5%	35.2%
Moderately Diverse - Stable	4,345	4,267	2,917	4.4%	5.4%	3.1%
Moderately Diverse - Not Stable	17,527	17,121	11,924	17.9%	21.8%	12.6%
Highly Diverse - Stable	2,535	1,604	1,559	2.6%	2.0%	1.6%
Highly Diverse - Not Stable	6,906	4,689	4,020	7.0%	6.0%	4.3%
LMI	45,350	17,569	6,444	46.2%	22.4%	6.8%
TOTAL	98,113	78,511	94,577	100.0%	100.0%	100.0%

### Neighborhood Racial and Ethnic Diversity

To examine racial diversity in home buying at the neighborhood level we use a similar approach as in the case of income diversity. We distinguish between neighborhoods that have very few nonwhite buyers (0-10 percent) and those that have a modest amount (10-25 percent). Among neighborhoods that have substantial diversity (25-75 percent nonwhite), we distinguish between those where a significant proportion (at least 10 percent) of buyers are African-American and those where few buyers are African-American. We also distinguish between predominantly minority neighborhoods where African-American or Hispanic buyers constitute at least 75 percent of buyers and those where no one group is so dominant. So, we define the following categories of racial diversity:

Racial/Ethnic Type	Composition of homebuyers
Predominantly white (PW)	90 percent or more of buyers are white
Modestly Diverse (MD)	75-90 percent of buyers are white
Black-diverse (BD)	25-75 percent white; at least 10 percent African-American
Nonblack-diverse (ND)	25-75 percent white; less than 10 percent African-American
Predominantly black (PB)	75 percent or more African-American
Predominantly Hispanic (PH)	75 percent or more Hispanic
Mixed-Minority (MM)	75 percent nonwhite; but not 75 percent African-American OR Hispanic

In order to identify the distribution of neighborhoods across these categories of racial diversity and the changes that occurred in this distribution during the 1990s, we identify both the classification of the tract at the beginning of the period (1993-1994) and its classification at the end of the period (1999-2000). Table 5 indicates the number of census tracts falling into each

**Table 5.**  
**Transition of Chicago Area Neighborhoods between Racial Diversity Categories**  
**1993-1994 to 1999-2000**

Racial Diversity 1993-1994	Racial Composition 1999-2000							Subtotal
	PW	MD	BD	ND	PB	PH	MM	
Predominantly White	253	176	9	5	0	0	0	443 30.3%
Modestly Diverse	35	177	29	92	0	0	0	333 22.8%
Black Diverse	3	10	68	9	7	5	18	120 8.2%
Nonblack Diverse	10	20	8	134	0	16	18	206 14.1%
Predominantly Black	0	0	4	0	169	0	12	185 12.7%
Predominantly Hispanic	0	3	2	19	0	75	14	113 7.7%
Mixed Minority	0	0	4	12	10	8	28	62 4.2%
<b>Subtotal</b>	301 20.6%	386 26.4%	124 8.5%	271 18.5%	186 12.7%	104 7.1%	90 6.2%	1,462 100%

\*Includes only census tracts with at least 10 loans with race information in each of the 1993-94 and 1999-2000 periods.

income category in 1993-1994 and in 1999-2000. It also indicates the transition of tracts between categories.

In the region as a whole, the proportion of buyers who were minority increased significantly from 1993 to 2000, from 24.9 percent to 30 percent. (Hispanics increased from 10.9 percent to 12.9 percent of buyers, and Asians increased from 3.7 percent to 5.5 percent. African-Americans increased only slightly from 9.4 percent to 9.7 percent.) Therefore, we should expect some predominantly white and less diverse neighborhoods to experience increasing diversity among homebuyers as well as a shift of some diverse neighborhoods to predominantly minority status. The overall composition of the home-buying market shifted, so this should have ramifications on the composition of buyers at the neighborhood level.

In fact, there was an overall decline in the number of predominantly white neighborhoods – from 443 to 301. In particular, there was a large shift from the predominantly white category (less than 10 percent nonwhite) to the modestly diverse category (10-25 percent nonwhite). There was a substantial increase in the number of nonblack-diverse tracts – which is expected given the growing numbers of Asian and Hispanic homebuyers – while the number of black-diverse tracts remained relatively constant. The number of predominantly black neighborhoods remained very stable, with the bulk of such neighborhoods remaining in this category over the 1993-2000 period. The number of predominantly Hispanic neighborhoods actually decreased somewhat. Thirty-eight, or 34 percent, of predominantly Hispanic neighborhoods moved into some less Hispanic category by 1999-2000. Although most of these were replaced by other neighborhoods becoming predominantly Hispanic, there was a decline from 113 to 104 predominantly Hispanic tracts. This is surprising given the overall regional increase in Hispanic home buying. It suggests that Hispanic home buying, even in the face of overall increases, is being distributed more broadly than black home buying.

Table 5 indicates the migration of tracts across income-diversity categories. As in the analysis of income, however, it is not a sufficient indicator of the stability of home-buying patterns. A neighborhood may experience a significant shift in the race or ethnicity of buyers without changing categories. Or, a tract may be right on the border of a category so that a very small change in composition causes it to change categories. A better way to detect stable race-diverse neighborhoods is to identify those that are both diverse at the end of the 1990s and did not see a substantial amount of change in the proportion of nonwhite buyers since 1993-1994.

Racial diversity is particularly vulnerable to destabilizing forces. White buyers, for example, often avoid or are steered away from purchasing homes in integrated neighborhoods. In order to detect the presence of stability in racially diverse home buying, we identify tracts where there is no substantial change (less than 5 percent) in the proportion of buyers who are white between 1993-1994 and 1999-2000. We also identify neighborhoods where there is transition to increasingly minority home buying and where the proportion of buyers who are white is increasing significantly. The following categories are used to describe racial stability:

<b>Racial/Ethnic Stability Level</b>	<b>Change in Racial Composition of Buyers</b>
Stable	Less than +/- 5 percentage points in proportion of buyers who are white
Increasingly Minority	5 to 20 percentage point increase in proportion nonwhite
Rapid Minority Transition	20 to 100 percentage point increase in proportion nonwhite
Increasingly White	5 to 20 percentage point decrease in proportion nonwhite
Severe White Transition	20 to 100 percentage point decrease in proportion nonwhite

Table 6 breaks out the tracts by their diversity category in 1999-2000 and their stability over the 1993-2000 period. It shows that of the 301 predominantly white tracts, 231 (77 percent) were stable. Moreover, despite the regional shift to increased minority home buying, many of these tracts are moving toward even higher levels of white home buying. However, there are many modestly diverse tracts that have been moving toward greater diversity. In fact, more than half of these tracts have become more diverse (increasingly minority) during the 1993-2000 period.

As might be expected, many predominantly black neighborhoods appear to be fairly stable, with 60 percent falling into this category. The remaining tracts are evenly split between those seeing increases in minority buying (perhaps some of it nonblack) and those seeing increases in white home buying. The fact that 20 percent of predominantly black tracts, 24 percent of nonblack-diverse tracts, and 18 percent of black-diverse tracts have seen a significant increase in white home buying may be somewhat surprising. It suggests that racial instability does not always move in the nonwhite direction. Predominantly Hispanic neighborhoods are generally less stable than predominantly black tracts.

**Table 6. Stability of Neighborhood Racial Diversity, 1993-2000**

Racial Diversity 1999-2000	Racial Stability 1993-2000					Subtotal
	Stable	Increasingly Minority	Rapid Minority Transition	Increasingly White	Severe Racial Gentrification	
Predominantly White	231 76.7%	21 7.0%	0 0%	38 12.6%	11 3.7%	301 100%
Modestly Diversity	134 34.7%	206 53.4%	0 0.0%	30 7.8%	16 4.1%	386 100%
Black Diverse	22 17.7%	40 32.3%	40 32.3%	14 11.3%	8 6.5%	124 100%
Nonblack Diverse	29 10.7%	126 46.5%	50 18.5%	29 10.7%	37 13.7%	271 100%
Predominantly Black	112 60.2%	35 18.8%	2 1.1%	37 19.9%	0 0%	186 100%
Predominantly Hispanic	42 40.4%	33 31.7%	16 15.4%	13 12.5%	0 0%	104 100%
Mixed Minority	29 32.2%	24 26.7%	20 22.2%	15 16.7%	2 2.2%	90 100%
Subtotal	599 41.0%	485 33.2%	128 8.8%	176 12.0%	74 5.1%	1,462 100%

Even more so than in the case of income diversity, these figures show that most racially diverse tracts are not stable. This is particularly true for nonblack-diverse tracts, of which only 10.7 percent are stable. Of black-diverse tracts, 17.7 percent are stable. At the same time, a larger portion (32 percent versus 18.5 percent) of black-diverse tracts are experiencing very rapid minority transition. At the other end of the spectrum, more nonblack-diverse tracts are experiencing severe shifts to white home buying than are black-diverse tracts.

The limited number of stable, racially diverse neighborhoods is somewhat expected. Many changing neighborhoods are likely to fall into a "diverse" category at any one point in time. Although the numbers are not large, this analysis shows that there are a significant number of stable modestly diverse, black-diverse, and nonblack-diverse neighborhoods in the region. By the classifications used here, there are 134 stable, modestly diverse neighborhoods, 22 stable, black-diverse neighborhoods, and 29 nonblack-diverse neighborhoods in the Chicago area. Table 7 lists and describes the stable, black-diverse and nonblack-diverse tracts.

Chicago has historically had a very racially segregated housing market. Figures 3a and 3b, which map race and ethnic diversity in Chicago area home buying for 1999-2000, show that, while in large sections of the metropolitan area this is still the case, some diversity does exist. Each county had at least sections of modestly diverse home buying in this period. However, with the exceptions of southern Cook County, a portion of western Cook County, and areas around Waukegan/North Chicago (Lake County), Bolingbrook (Will County), and Joliet (Will County), much of this diversity was driven by Hispanic and Asian homebuyers. In Chicago, typical patterns of segregation still exist. Home buying in large portions of the South and West Sides was predominantly African-American; much of buying on the Southwest Side was predominantly Hispanic; and much of the buying on the North Side was predominantly white. The Northwest side has a number of diverse tracts. This was due in some cases to an increase of Hispanic buyers, but in other cases, such as in West Town and Logan Square, to an increase in white buyers. Hyde Park, Beverly, the Near South Side, and West Ridge/Rogers Park are Chicago neighborhoods that exhibited diversity with a significant number of African-American homebuyers.

Figures 4a and 4b map the racial and ethnic stability of Chicago area home buying from 1993-1994 to 1999-2000. These maps show that home buying in much of the suburbs is becoming increasingly minority while home buying in some parts of the city is becoming increasingly white. Figure 4a shows that much of the suburban metropolitan area was either racially stable or increasingly minority. This is somewhat expected given the general increase in minority home buying throughout the metropolitan area. Few areas in the suburbs became increasingly white during this period and almost no suburban tracts experienced white transition. This is in contrast to the city, where home buying became significantly more white in many areas. A significant portion of the city's North and Northwest Sides, especially Lincoln Square, West Town, Near West Side, and Logan Square, experienced white transition.

**Table 7. Chicago Area Census Tracts with  
Stable, Racially Diverse Home Buying in 1999-2000**

**Black Diverse and Stable**

Tract	Town (Community Area)	County	Loans in 1999-2000	Pct. LMI 1999-2000	Pct. Upper 1999-2000	Pct. White 1999-2000	Pct. White 1993-1994	Pct. Black 1999-2000	Pct. Black 1993-1994	Pct. Hispanic 1999-2000	Pct. Hispanic 1993-1994
103	Chicago (Rogers Park)	Cook	133	51.7%	18.9%	69.0%	65.0%	16.0%	19.0%	2.0%	9.0%
201	Chicago (West Ridge)	Cook	145	64.5%	13.8%	51.0%	54.0%	15.0%	11.0%	21.0%	20.0%
204	Chicago (West Ridge)	Cook	100	41.8%	32.7%	58.0%	60.0%	10.0%	9.0%	14.0%	10.0%
2505	Chicago (Austin)	Cook	285	41.3%	23.0%	45.0%	46.0%	27.0%	36.0%	22.0%	14.0%
3302	Chicago (Near South Side)	Cook	287	9.8%	68.5%	65.0%	62.0%	20.0%	27.0%	4.0%	0.0%
4110	Chicago (Hyde Park)	Cook	55	27.1%	45.8%	56.0%	57.0%	33.0%	37.0%	2.0%	1.0%
7202	Chicago (Beverly)	Cook	102	21.4%	40.2%	42.0%	46.0%	55.0%	50.0%	3.0%	3.0%
7203	Chicago (Beverly)	Cook	88	6.4%	62.8%	63.0%	58.0%	32.0%	40.0%	6.0%	0.0%
8096	Evanston	Cook	80	18.4%	46.0%	59.0%	58.0%	26.0%	35.0%	11.0%	6.0%
8102	Evanston	Cook	230	48.4%	23.0%	65.0%	65.0%	20.0%	26.0%	7.0%	5.0%
8103.02	Evanston	Cook	110	20.3%	43.1%	75.0%	71.0%	20.0%	20.0%	3.0%	4.0%
8121	Oak Park	Cook	172	19.9%	41.4%	74.0%	70.0%	17.0%	24.0%	4.0%	3.0%
8131	Oak Park	Cook	161	32.0%	23.4%	72.0%	71.0%	17.0%	20.0%	5.0%	6.0%
8159	Forest Park	Cook	198	60.4%	20.3%	57.0%	58.0%	29.0%	35.0%	8.0%	2.0%
8160	Forest Park	Cook	89	54.5%	19.2%	71.0%	73.0%	18.0%	20.0%	8.0%	4.0%
8268	Dixmoor/Blue Island	Cook	78	87.7%	3.7%	31.0%	33.0%	36.0%	55.0%	29.0%	11.0%
8290	Chicago Heights	Cook	16	58.8%	11.8%	31.0%	33.0%	50.0%	53.0%	13.0%	13.0%
8294.02	Park Forest	Cook	91	84.7%	2.0%	36.0%	37.0%	55.0%	56.0%	4.0%	6.0%
8299.01	Country Club Hills	Cook	287	46.6%	23.3%	34.0%	32.0%	59.0%	64.0%	2.0%	3.0%
8628	North Chicago	Lake	20	65.0%	15.0%	30.0%	31.0%	15.0%	42.0%	55.0%	22.0%
8820	Joliet	Will	33	70.6%	11.8%	39.0%	36.0%	18.0%	14.0%	42.0%	50.0%
8831	Joliet	Will	102	69.6%	8.8%	46.0%	44.0%	43.0%	43.0%	10.0%	12.0%

**Non-Black Diverse and Stable**

Tract	Town (Community Area)	County	Loans in 1999-2000	Pct. LMI 1999-2000	Pct. Upper 1999-2000	Pct. White 1999-2000	Pct. White 1993-1994	Pct. Black 1999-2000	Pct. Black 1993-1994	Pct. Hispanic 1999-2000	Pct. Hispanic 1993-1994
202	Chicago (West Ridge)	Cook	169	35.8%	33.0%	64.0%	59.0%	8.0%	6.0%	9.0%	14.0%
205	Chicago (West Ridge)	Cook	112	72.2%	14.8%	46.0%	50.0%	4.0%	4.0%	20.0%	13.0%
207	Chicago (West Ridge)	Cook	161	35.9%	32.3%	58.0%	62.0%	1.0%	2.0%	9.0%	9.0%
1204	Chicago (Forest Glen)	Cook	104	20.7%	45.9%	68.0%	73.0%	0.0%	1.0%	13.0%	19.0%
1303	Chicago (North Park)	Cook	73	29.1%	34.2%	49.0%	48.0%	1.0%	2.0%	15.0%	30.0%
1305	Chicago (North Park)	Cook	108	29.2%	33.3%	56.0%	54.0%	1.0%	3.0%	12.0%	20.0%
1405	Chicago (Albany Park)	Cook	77	23.8%	30.0%	52.0%	55.0%	1.0%	0.0%	35.0%	25.0%
1507	Chicago (Portage Park)	Cook	117	36.2%	19.0%	68.0%	72.0%	1.0%	2.0%	25.0%	22.0%
1601	Chicago (Irving Park)	Cook	62	30.5%	37.3%	56.0%	60.0%	0.0%	7.0%	27.0%	31.0%
1702	Chicago (Dunning)	Cook	108	41.1%	17.0%	69.0%	67.0%	2.0%	1.0%	25.0%	28.0%
1710	Chicago (Dunning)	Cook	239	40.2%	17.5%	75.0%	78.0%	1.0%	1.0%	20.0%	15.0%
1802	Chicago (Montclare)	Cook	171	44.8%	16.6%	36.0%	34.0%	0.0%	3.0%	59.0%	55.0%
2410	Chicago (West Town)	Cook	14	50.0%	28.6%	29.0%	25.0%	0.0%	8.0%	71.0%	67.0%
3403	Chicago (Armour Square)	Cook	34	48.6%	20.0%	26.0%	26.0%	0.0%	0.0%	6.0%	11.0%
6003	Chicago (Bridgeport)	Cook	14	66.7%	13.3%	36.0%	38.0%	0.0%	0.0%	0.0%	15.0%
7708	Skokie	Cook	154	54.3%	9.9%	70.0%	66.0%	1.0%	0.0%	22.0%	25.0%
8072	Skokie	Cook	185	21.2%	38.9%	59.0%	63.0%	5.0%	9.0%	6.0%	5.0%
8073	Skokie	Cook	198	35.7%	28.0%	59.0%	62.0%	3.0%	3.0%	8.0%	6.0%
8074	Skokie	Cook	166	32.0%	33.7%	65.0%	70.0%	1.0%	3.0%	4.0%	4.0%
8075	Skokie	Cook	83	29.4%	35.3%	59.0%	61.0%	2.0%	6.0%	13.0%	9.0%
8076	Skokie	Cook	223	24.2%	30.9%	53.0%	54.0%	2.0%	4.0%	8.0%	7.0%
8083.02	Morton Grove	Cook	91	33.0%	23.0%	67.0%	68.0%	2.0%	1.0%	7.0%	3.0%
8084	Morton Grove	Cook	165	19.6%	47.6%	59.0%	63.0%	1.0%	0.0%	8.0%	8.0%
8117.01	Franklin Park	Cook	56	61.4%	5.3%	46.0%	51.0%	0.0%	7.0%	46.0%	39.0%
8165	Melrose Park/Stone Park	Cook	94	71.0%	5.0%	29.0%	27.0%	5.0%	0.0%	61.0%	67.0%
8401.02	Wood Dale/Addison	DuPage	283	45.7%	12.3%	70.0%	75.0%	2.0%	1.0%	21.0%	20.0%
8403.02	Addison	DuPage	320	45.0%	17.0%	57.0%	59.0%	1.0%	1.0%	32.0%	31.0%
8513	Elgin	Kane	207	61.2%	6.4%	33.0%	35.0%	5.0%	5.0%	56.0%	57.0%
8514	Elgin	Kane	190	68.9%	6.3%	33.0%	36.0%	3.0%	4.0%	57.0%	55.0%

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Parts of the Southwest Side, especially Archer Heights and West Elsdon, experienced minority transition. Substantial segments of the North and South Sides were stable with pockets of increasingly white census tracts found in both areas.

Table 8 describes the numbers of white, African-American, and Hispanic buyers buying in different types of neighborhoods in 1999-2000. It shows that only 31.5 percent of white buyers are buying into predominantly white neighborhoods.<sup>11</sup> Forty-three percent of African-American buyers are buying into predominantly black tracts, but only 24 percent of Hispanics are buying into predominantly Hispanic tracts.

For African-Americans the most common type of neighborhood to move into is predominantly black, but for Hispanics, it is the nonblack-diverse tract. This is consistent with the generally lower segregation levels faced by Hispanics vis-a-vis African-Americans. For whites, the most common destination is the modestly diverse tract.

**Table 8. Distribution of Homebuyers in 1999-2000  
By Racial/Ethnic Diversity and Stability of Neighborhood**

1999 – 2000 Neighborhood Race Type	Race/Ethnicity of Buyer					
	White	Black	Hispanic	White	Black	Hispanic
Predominantly White	56,908	516	1,478	31.5%	2.2%	4.4%
Modestly Diverse – stable	23,105	545	1,259	12.8%	2.3%	3.8%
Modestly Diverse – not stable	60,372	2,108	4,493	33.4%	8.9%	13.5%
Black-diverse – stable	1,592	816	265	0.9%	3.4%	0.8%
Black-diverse – not stable	8,335	4,559	2,287	4.6%	19.3%	6.9%
Nonblack-diverse – stable	2,241	86	932	1.2%	0.4%	2.8%
Nonblack-diverse – not stable	24,881	1,218	10,498	13.8%	5.1%	31.4%
Predominantly Black	841	10,191	443	0.5%	43.1%	1.3%
Predominantly Hispanic	825	239	7,989	0.5%	1.0%	23.9%
Predominantly Minority	1,530	3,380	3,741	0.8%	14.3%	11.2%
All Tracts	180,630	23,658	33,385	100.0%	100.0%	100.0%

The table also shows that, while the numbers are not large, significant numbers of white buyers are buying into stable, modestly diverse neighborhoods (12.8 percent) with smaller numbers moving into stable, black-diverse (0.9 percent) and stable, nonblack-diverse (1.2 percent) tracts. In terms of appreciable numbers of whites buying into stable tracts with some level of diversity, the bulk are moving into modestly -- and not highly -- diverse neighborhoods. Again, this is consistent with the notion that whites avoid -- are steered away from -- highly diverse neighborhoods.

<sup>11</sup>More whites (46.2 percent) are buying in modestly diverse tracts -- albeit many of them not stable -- than in predominantly white tracts.

## Implications for Public Policy

The increasingly diverse nature of homebuyers in metropolitan America will continue to put pressure on racially and economically diverse neighborhoods. If white homebuyers avoid -- or are steered away from -- diverse communities, these areas will continue to see high levels of transition into becoming predominantly minority. At the same time, if low- and moderate-income residents are unable to afford to buy homes or maintain existing ownership in areas experiencing revitalization, these areas will succumb to large-scale gentrification and displacement. Conversely, if middle-income buyers -- especially those with families -- are discouraged from considering mixed-income communities not experiencing gentrification, many of these areas will become predominantly low- and moderate-income.

Despite the sober findings illustrating the continuing persistence of economic and racial polarization, this report shows that there are a significant number of neighborhoods that have achieved either stable racial or income diversity. Once more, these areas are not confined to simply those traditional diverse areas such as Rogers Park, Hyde Park, and Evanston and Oak Park, but also include tracts in neighborhoods and suburbs such as Dunning, West Ridge, Austin Skokie, and Bensenville.

More needs to be known about how different communities have been able to maintain stable diversity -- both by income and race.<sup>12</sup> But more importantly, more resources are needed to foster diversity and fair housing efforts. A more rigorous enforcement of the nation's fair housing laws is clearly in order. While some minority and modest-income homebuyers may be seen as "choosing" to live in segregated neighborhoods, this choice is severely constrained by the perception and reality of being unwelcome in many communities, as well as the limited supply of affordable homes in many places. Without aggressive enforcement of fair housing laws, the increased development of affordable housing opportunities in income-restrictive and gentrifying areas, and proactive efforts to improve and maintain racial and economic diversity, many groups will continue to fear moving into diverse areas. And without such efforts, many white and more affluent home buyers will maintain their fears that diversity will lead to neighborhood instability and decline.

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<sup>12</sup>For a case study of 14 stable racially diverse neighborhoods, with suggestions of key factors promoting diversity, see P. Nyden, J. Lukehart, M. Maly, and W. Peterman. "Neighborhood Racial and Ethnic Diversity in U.S. Cities," *Cityscape* 4, no. 2 (1998): 1-17.