

LIKELIHOOD OF A HOUSING PURCHASE AND NEIGHBORHOOD PREFERENCES: AN EXPERIMENT IN THE MICRO-SOCIOLOGY OF HOUSING

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Abstract

This study allowed potential white home buyers to indicate preferences regarding neighborhood location and the racial composition of a neighborhood from a context-free perspective. A vignette analysis was used to obtain the data. The information was then compared with findings from previous work in the same field. The results show that, by itself, location may not be a factor which affects consideration of buying a house. This supports most previous works studying racial composition. In regards to white male subjects, the greater the percentage of same-race neighbors, the greater the likelihood that they will consider buying. For white females, the results are more ambiguous. Neighborhoods with 90 percent or more same-race or less than 50 percent same-race are seen as equally preferable and receive similar consideration ratings. Females may be less likely to consider neighborhoods with 50 to 89 percent same-race as subject.

Introduction

Housing choice and preference, an area of research which has been dominated by survey research and *ad hoc* analysis of market data, has generally focused on values and norms concerned with privacy, space, and home ownership. This literature generally has concluded that for many Americans, the ideal is owning a single-family, detached house in a white suburban neighborhood (Dillman, et al., 1979; Morris, et al., 1976; Morris and Winter, 1978; Trembley, 1981, 1983).

The literature also addresses but does not provide definitive information regarding preferences between central city and suburban neighborhoods and the role that racial composition plays in such decisions. These are the two major locational factors in the housing market. Yet, Rossi and Shlay (1982) argue, for example, that

Although people may express housing preferences in terms that refer to the dwelling unit per se, embodied in these narrow definitions of housing may be desires for other housing characteristics. People may prefer to live within neighborhoods that are characterized by a certain housing composition, density level and racial and socioeconomic composition, and set of locational characteristics (e.g., distance to work, to schools, to shopping). A preference for owning a single-family home may also reflect [a preference] for a low density neighborhood of residents of one's own race (p. 31).

In other words, housing has meaning for people at different levels and these meanings may be lost in the type of research typically reported in the literature.

Recent research has focused more directly on choices relative to alternatives in housing types and locational factors (Banner, et al., 1982; Michelson, 1977; Shlay, 1984). What remains unanswered is the extent to which the decision to purchase a single-family dwelling, to the exclusion of other housing types, is truly independent of the two major locational factors in the housing market. "In essence, the proper question is

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of the determinants of residential location once families have decided to move" (Rossi and Shlay, 1982, p. 25). A major issue is to what extent various specific aspects of the housing bundle--housing type, neighborhood characteristics, location in the larger community, etc.--influence the final choice of whether or not to purchase the home.

There is a need to examine housing choice in a way that allows the potential buyer to indicate preferences independent of the housing market. This need, and a way of approaching such a study, is particularly well-stated by Rossi and Shlay (1987).

Housing preferences ought to be studied in ways that extract them from the housing market constraints in which they are ordinarily found. Such "market-free preferences" can be studied, in principle, along with trade-offs that are imposed on households by budget and market constraints. One way of approaching the measurement of market-free preferences is through the "vignette analysis" approach used by the senior author in other contexts (Rossi and Nock, 1982). Vignette analysis consists of presenting individuals hypothetical choice situations, constructed so as to force choices among contradictory characteristics. A market-free preference study of housing would include descriptions of hypothetical dwellings, whose characteristics were systematically varied (e.g., the same dwelling presented as a rental or an owned unit), with subjects asked to state their preference along some scale of desirability (p. 32).

This study reports such an effort in which choices with respect to neighborhood location and neighborhood racial composition were clinically controlled.

Review of the Literature

There is a great deal of support in the literature for the idea that an overwhelming proportion of Americans would, if they could, purchase their own home, and that their preference would be for a single-family, detached dwelling. This ideal has been noted in the general population as well as in the study of college-age students (Hohm, 1983a, 1983b). Although preferences concerning both tenure and dwelling type may have been influenced and shaped by government policy (Rossi and Shlay, 1986; Shlay, 1982), it is clear, nevertheless, that the idea of purchasing a home is one that Americans, especially those in college, will find a plausible option.

An issue which needs further analysis is the impact of locational decisions concerning the possible purchase of a home. As the analysis of residential mobility has shifted from a more ecological to a socio-psychological emphasis, so also the focus of the analysis has pointed to the adjustments that influence family decisions. Indeed, Rossi notes that residential mobility reflects adjustments by the family to changing needs and emerging opportunities (Rossi and Shlay, 1982).

Subsequent research has noted the importance of locational factors on the decision-making process regarding the selection of a home. Early studies of suburbs and suburbanization such as Bell (1956) and Gans (1967) have indicated the "pull-effect" for households with a strong family orientation. More recently, Michelson (1977) has shown that the desire to find neighbors of comparable social status has an impact on the selection process.

Thus, there is a long-standing notion that people prefer to live in residential areas with individuals like themselves. And while the area need not be completely homogeneous with respect to race, they "want to be sure that the social, cultural, and economic milieu and values of their own group dominate their own residential environment and the educational environment of their children" (Downs, 1968, p. 1338). In general, lifestyle considerations have stimulated a strong preference for suburban neighborhoods, especially for families in the child rearing stage of family development.

What is not so clearly established is what type of neighborhood would be the choice of younger American households, particularly in a "market free," "best-of-all-possible-worlds" context. Consider the question of racial composition. Given the above cultural considerations, the literature generally shows that whites who live in predominantly white, suburban neighborhoods are more likely to express satisfaction with their neigh-

neighborhood than are blacks (Marans and Rodgers, 1975). Hence they are more likely to prefer such a neighborhood when contemplating a residential move (Downs, 1982.). For blacks, however, the literature is less clear. Hiatt, Gruber and Shelton (1987, p. 188) report that "... while some research suggests that black residents prefer to live in integrated neighborhoods (Farley, et al., 1979; Pettigrew, 1973), other studies find that black residents more strongly identify with black neighborhoods" (Campbell, 1981). The literature generally suggests that blacks will be somewhat less concerned about living with other races than whites, but does not provide definitive information on the extent to which this factor, if taken alone, will influence the likelihood of purchasing a specific house.

Gender, like race, is also discussed in the literature. Women are more likely to live in central cities, probably because it provides more flexible arrangements than suburbs (Holcomb, 1984). Women's transportation needs, for example, are different and greater than those of men since women are less likely to have cars (Hayden, 1980). The transportation need is noteworthy when considering a suburban location. Women are more likely than men to use public transportation and have a more favorable attitude toward mass transit (Choldin, 1986; Freeman, 1980).

The limitations of suburbia pose further problems for young mothers without a car, for older women, and for female-headed households. Carol Brown (1978) reports that those urban residential areas often designated as declining or disorganized are more likely to provide services such as public transportation, welfare services, apartment buildings, stores, and child care which are needed by women; these services are not likely to be found in suburbs (Banner, et al., 1982).

Stated simply, while suburbs have been characterized as appealing to households with a strong family orientation, they do not always meet the needs of low-income families or families which are female-headed. Thus, one might expect that women would be more likely than men to choose a central city location over a suburban location. The problem is that there is actually very little discussion in the literature about neighborhood preferences or about the neighborhood choices households make when looking for a home to purchase. This does not square with the familiar aphorism that there are only three considerations when purchasing a home: location, location, and location.

If one were to examine the implications of the literature, one would expect to find the following:

1. Female home purchasers will be more likely than their male counterparts to choose a central city over a suburban location when purchasing a home.
2. Minority home purchasers will be less likely than majority home purchasers to choose a suburban location over a central city location.
3. Minority home purchasers will be more likely than majority home purchasers to choose a neighborhood as its racial composition becomes more divergent from that of the subject.
4. There will be no differences by gender in likelihood of purchase as the racial composition of the neighborhood become more divergent from that of the subject.

In counterpoint, Rossi and Shlay suggest that preferences for a certain type of dwelling or a certain type of location may, in fact, mask other more salient concerns. In the case of racial composition, if the price of the home indicates a middle-class neighborhood, then racial congruence may be less important than the degree to which its inhabitants are perceived to share similar social status and values. In this case, one might not expect the racial composition of the neighborhood to have any real impact on the purchasing decision.

Methods

In order to test the effects of location and racial composition on housing preferences for white men and women, a 2x2x3 factorial design was used. The factors included gender --male vs. female; location--central city vs. suburban; and percent same-race as respondent --less than 50 percent, 50 to 89 percent, 90 percent or more.

A total of 352 white students were randomly assigned to one of the twelve treatment conditions. Subjects were recruited from the general population at the Auraria campus. Participants were paid five dollars.

The study was conducted at the social research laboratories at the University of Colorado at Denver. Each student was placed in a room by him or herself and was given one of the housing vignettes. The general vignette read as follows:

Below you will find a description of a house. Please read the description and then indicate how likely you would be to *consider buying* such a house.

Suppose that you are currently looking for a 2,000 square-foot house located on 60 x 120 ft. lot which has been built within the past ten years, has 3 bedrooms, 2 bathrooms, 1 den or study, 1 family room, 1 dining room, 1 living room, a full kitchen, a full unfinished basement, a partially-fenced back yard and a 2 car garage.

You have found such a house, one that you really like, and are in a financial position to afford with no problem.

This house is located in a [SUBURBAN, CENTRAL CITY] neighborhood.

It is a neighborhood where [less than 50%, 50%-89%, 90% or more] of the neighbors are the same race as you.

On a scale of 1 to 10, where 1 is DEFINITELY WOULD NOT and 10 is DEFINITELY WOULD, please indicate the extent that you would consider buying this house? [PLEASE CIRCLE ONE NUMBER]

DEFINITELY 1 2 3 4 5 6 7 8 9 10 DEFINITELY
WOULD NOT WOULD

Following the literature, a number of hypotheses amenable with this design arise. Of them, the following hypotheses are specifically examined in this study:

H1: White students will express a higher likelihood to consider buying a house in the suburbs than in the central city.

H2: The greater the percentage of same-race neighbors, the higher the likelihood of the white subject to consider buying the house.

H3: White women will express a greater likelihood to consider buying a house in the central city than will white males.

H4: There will be a significant two-way interaction between location and percent same race as the white subject.

H5: White males will express a greater likelihood to consider buying a house in a neighborhood of similar race than white females.

Results

The one-way analysis of variables shows the effects of location on housing preference as shown in Table 1. The F score for the effect of location is not significant indicating that, for our sample, suburban and central city locations were equally preferable. Therefore Hypothesis one is not confirmed.

The F score for percentage same-race as white respondent is significant at $p=.002$. A further analysis using a Tukey b *post hoc* test shows two homogeneous subgroups: 90 percent or more and 50 to 89 percent were the first group; less than 50 percent was the second. This result indicates a clear preference by the group tested for houses in a neighborhood where at least 50 percent of the neighbors are the same-race as the home buyer.

In order to test the interaction of gender and location, stated in Hypothesis three, we must examine the F for location by gender.

The F score is not significant at $p=.068$, indicating no significant interaction in this study. Therefore, Hypothesis three is not confirmed.

The F score for the two-way interaction of location by percent is not significant at $p=.984$. This refutes Hypothesis four and indicates that location and racial composition do not affect housing preferences for the group tested.

The F score for percent by gender is significant at $p=.006$. This suggests that white women do not view racial composition of neighborhoods in the same way as white men. A further examination of the data reveals that as the percent of same-race declines, the likelihood of considering the house declines uniformly for white males. For white females, however, the results are less clear. Percentages of 90 percent or more or those

Table 1. Analysis of variance testing the effects of score, location, percent same race as white respondent, and gender on propensity to purchase.

Source of Variation	Sum of Squares	DF	Mean Square	F	Significance of F
Main Effects	103.049	4	25.762	4.043	0.003
Location	4.408	1	4.408	0.6918	0.406
Percent same as Respondent	81.390	2	40.695	6.387	0.002
Gender	18.783	1	18.783	2.948	0.087
2-Way Interactions	87.948	5	17.590	2.761	0.018
LocationxPercent	0.211	2	0.106	0.017	0.984
LocationxGender	21.380	1	21.380	3.355	0.068
PercentxGender	66.303	2	33.152	5.203	0.006
3-Way Interactions	19.888	2	9.944	1.561	0.211
Explained	210.885	11	19.171	3.009	0.001
Residual	2166.385	340	6.372		
Total	2377.270	351	6.773		

at less than 50 percent same-race receive the same evaluation whereas the middle category, 50 to 89 percent, are clearly the least preferable for females. We have no *a priori* explanations for this. However, *post hoc* speculation may suggest that white women are less willing to live in “transitional” neighborhoods. As such, Hypothesis five is supported.

Finally, at $p=.211$ the Table shows no significant three-way interaction. We had no *a priori* hypotheses regarding the effects of a three-way interaction but it is interesting to note that none existed.

Discussion

The results from this experiment infer that, by itself, location may not be a factor that affects consideration of buying a house. This result is somewhat puzzling given the general findings of previous research that suggest a clear preference for suburban houses. This finding may not, in fact, be inconsistent. As noted, suburban houses may be preferred for the accompanying amenities rather than the location *per se*. In our study, the house description was identical across the board suggesting that if the house has the appropriate amenities then location becomes a secondary concern. We suggest that future research should isolate the effects of location from services and amenities. For example, some central city houses are preferable if they are in exclusive neighborhoods. Again, this preference may reflect amenities rather than location.

On the other hand, our results support most previous works pertaining to racial composition. In general, for white respondents, the greater the percentage of same-race neighbors, the greater the likelihood to consider buying the house. The result does vary by gender however. White men in this study clearly rate houses in neighborhoods

with 90 percent or more same-race as the most preferable with consideration decreasing uniformly as the number of same-race neighbors decline. In fact, in neighborhoods with less than 50% same-race, the likelihood to consider buying is unfavorable with a rating below 5 on the ten point scale. This suggests that white males may be unlikely to consider such houses.

For the white females in this study, the results are more ambiguous. Neighborhoods with 90 percent or more same-race or less than 50 percent same-race are seen as equally preferable and receive similar ratings. For neighborhoods 50 to 89 percent same-race, the score is significantly lower though not as low as the men's lowest choice. This suggests that white women may be less likely than men to react to the racial composition of the neighborhood and may be sensitive instead, to the transitional nature of such neighborhoods. In the Denver area, traditional neighborhoods have a high turnover of houses. Hence, among women it may be that race is less a factor than stability. Admittedly, this is speculation but it seems plausible. Future studies should attempt to look at this issue in detail and include samples across all races.

In sum, the use of such vignette studies, although reflecting the limitations of experimentation in natural settings (Winter, 1983), clearly offers some insight into housing preferences. The main effects of a variety of factors can be examined independent of other factors. Such an approach leads to a clearer understanding of the factors affecting housing decisions.

Moreover, our results are specific to factors that affect consideration of a house. This attributional data is useful even though it may not provide direct information about whether or not people will actually purchase such a house. Still, if a person is unlikely to even consider a house then purchase becomes an extremely remote possibility. Getting a person to consider a house is clearly the first step to inducing them to buy it. This study is designed to provide information pertinent to those ends. Whether it successfully predicts purchasing behavior remains to be seen. As we know, people will consider many more homes than they will buy. Therefore, it is important to remember that we are only attempting to understand affective components and not behavioral ones. Both are important concerns for housing researchers. This study helps to provide a greater understanding and a clearer picture of what factors may affect such considerations.

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