

Do Mixed-Income Neighborhoods Foster Cross-Class Friendships?

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Research shows that the neighborhood where children grow up significantly shapes their long-term economic opportunities (Chetty and Hendren, 2018a,b). A key factor behind this relationship is social interaction: where children live influences whom they meet, befriend, and ultimately rely on for support and opportunities throughout life (Chetty et al., 2022a,b).

During the 1990s, public housing projects in the United States faced widespread criticism. Critics argued these large developments created environments of extreme social isolation, segregating low-income residents from the broader community and limiting children’s opportunities to escape poverty as adults. In response, the federal HOPE VI program was introduced to transform some of America’s most distressed public housing projects into vibrant, mixed-income neighborhoods.

Recent studies demonstrate that HOPE VI successfully created higher-opportunity neighborhoods (Staiger, Palloni, and Voorheis, 2024; Chetty et al., 2025). Children who grew up in public housing projects revitalized under HOPE VI earned substantially more in adulthood compared to their peers in traditional public housing. Existing evidence suggests increased social integration—in which children in revitalized areas were more likely to interact with and form friendships with peers from more affluent families living nearby—was central to this improvement. However, previous research has been limited by the lack of direct data on social interactions.

Using unique data from Facebook, we directly examine how HOPE VI altered the social networks of low-income children attending schools near revitalized public housing sites. Specifically, we measure changes in *economic connectedness*, defined as the probability that a low-income student has a friend from a higher-income background.

Our analysis identifies schools closest to each public housing site and compares changes in outcomes for children near HOPE VI projects to those near similar public housing developments that did not undergo revitalization. Prior to the intervention, HOPE VI projects tended to be located in more distressed neighborhoods compared to the national average for public housing sites. This initial difference is illustrated in Figure 1(a), showing pre-award differences between schools near

HOPE VI projects and all other public housing projects. Figure 1(b) shows that we eliminate these differences by selecting a set of comparison sites that closely resemble HOPE VI neighborhoods prior to revitalization. We isolate the causal effect of the intervention by comparing changes in the HOPE VI sites to these observably similar matched control sites.

Figure 2a presents the main results, showing that the HOPE VI revitalization program substantially increased economic connectedness among students at nearby schools. In other words, revitalizing public housing increased the likelihood that low-income children in nearby schools befriended higher-income classmates. Figure 2b shows that this increase was driven primarily by increased *exposure* to higher-income peers, indicating that revitalization directly changed the socioeconomic composition of nearby schools. In contrast, Figure 2c shows little evidence of changes in *friendship bias*, suggesting students' willingness to befriend peers across socioeconomic lines remained stable.

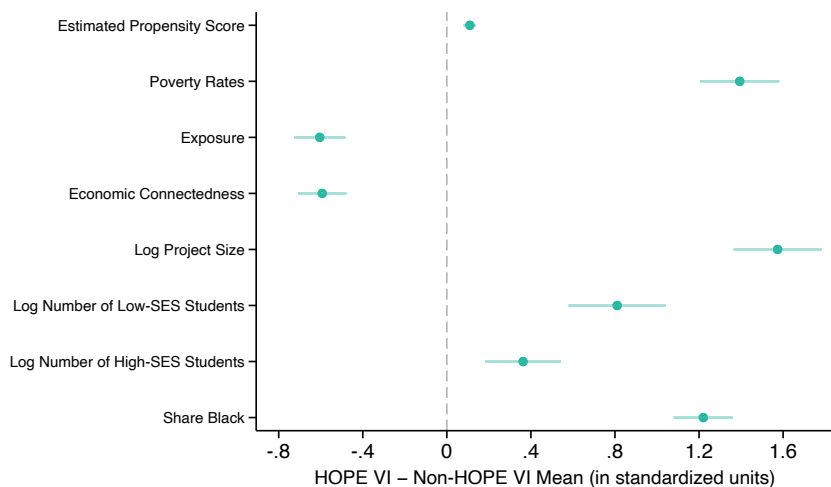
Because HOPE VI grants were not randomly assigned, one concern is that neighborhoods receiving these grants might have experienced improvements in economic connectedness even without intervention. We address this issue by examining two additional groups of schools: (1) schools near public housing projects that applied for but did not receive funding, and (2) schools located further away from HOPE VI projects. Figures 4 and 5 show no evidence of changes in economic connectedness among these schools, suggesting our estimates reflect the causal impact of the HOPE VI program.

Our findings demonstrate that revitalizing public housing projects through HOPE VI reshaped the social networks in nearby schools, significantly increasing interactions between low-income and higher-income students. This increased economic connectedness provides an explanation for why recent research has observed improved long-run outcomes for children living in revitalized communities. Future work aimed at understanding the mechanisms behind such social integration can inform policies designed to foster economic mobility through community development initiatives.

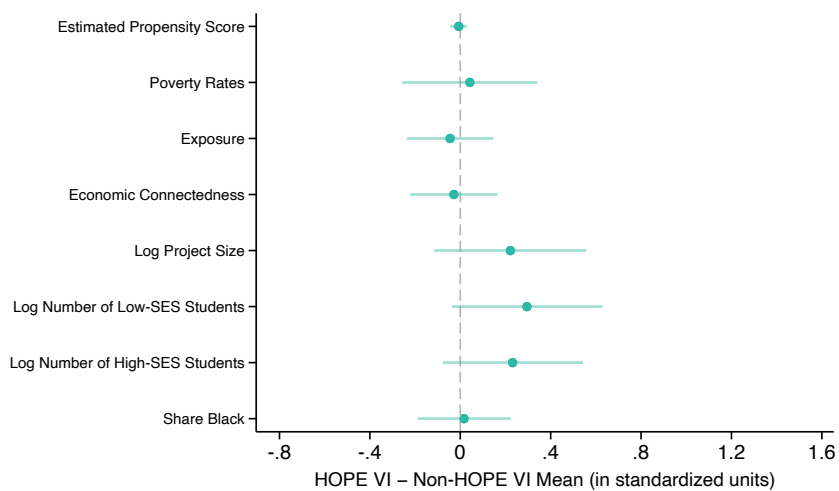
References

- Chetty, Raj, Rebecca Diamond, Thomas B. Foster, Lawrence Katz, Sonya R. Porter, Matthew Staiger, and Laura Tach. 2025. “Creating High-Opportunity Neighborhoods: Evidence from the HOPE VI Program.” Working paper.
- Chetty, Raj and Nathaniel Hendren. 2018a. “The impacts of neighborhoods on intergenerational mobility I: Childhood exposure effects.” *The Quarterly Journal of Economics* 133 (3):1107–1162.
- . 2018b. “The impacts of neighborhoods on intergenerational mobility II: County-level estimates.” *The Quarterly Journal of Economics* 133 (3):1163–1228.
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- Staiger, Matthew, Giordano Palloni, and John Voorheis. 2024. “Neighborhood Revitalization and Residential Sorting.” Working paper, US Census Bureau, Center for Economic Studies.

Figure 1: Pre-Award Differences in Observable Characteristics



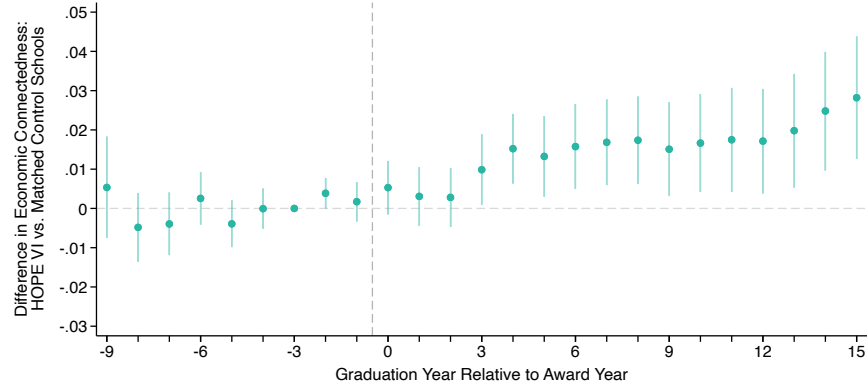
(a) Before Matching



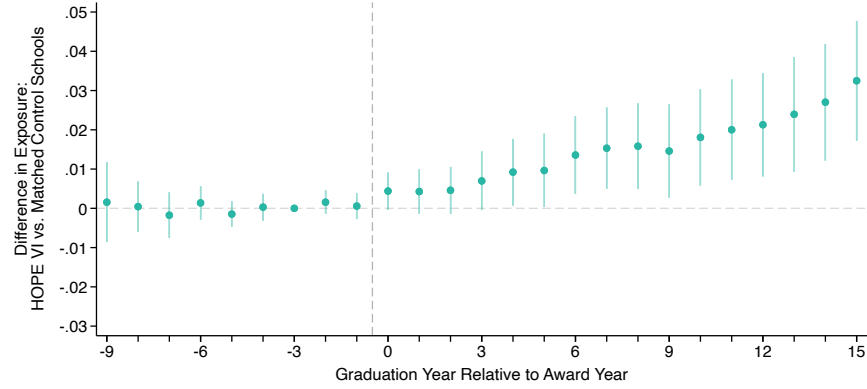
(b) After Matching

Notes: Each point represents a coefficient from a regression of a pre-award characteristic on an indicator for HOPE VI. All variables are standardized to have mean zero and standard deviation one.

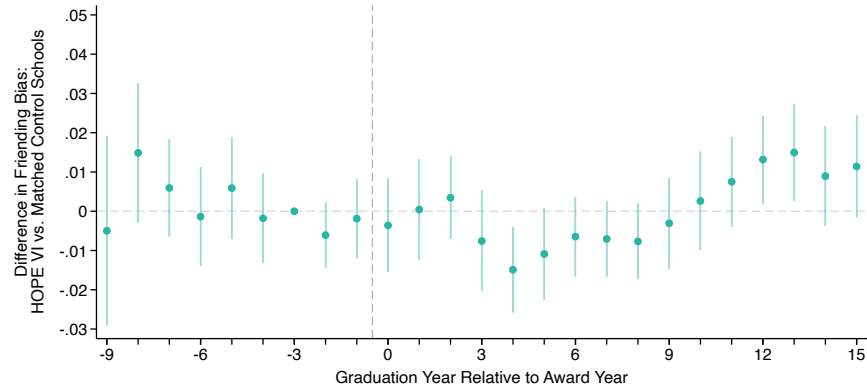
Figure 2: Impact of HOPE VI on Cross-Class Friendships in Nearby Schools



(a) Economic Connectedness



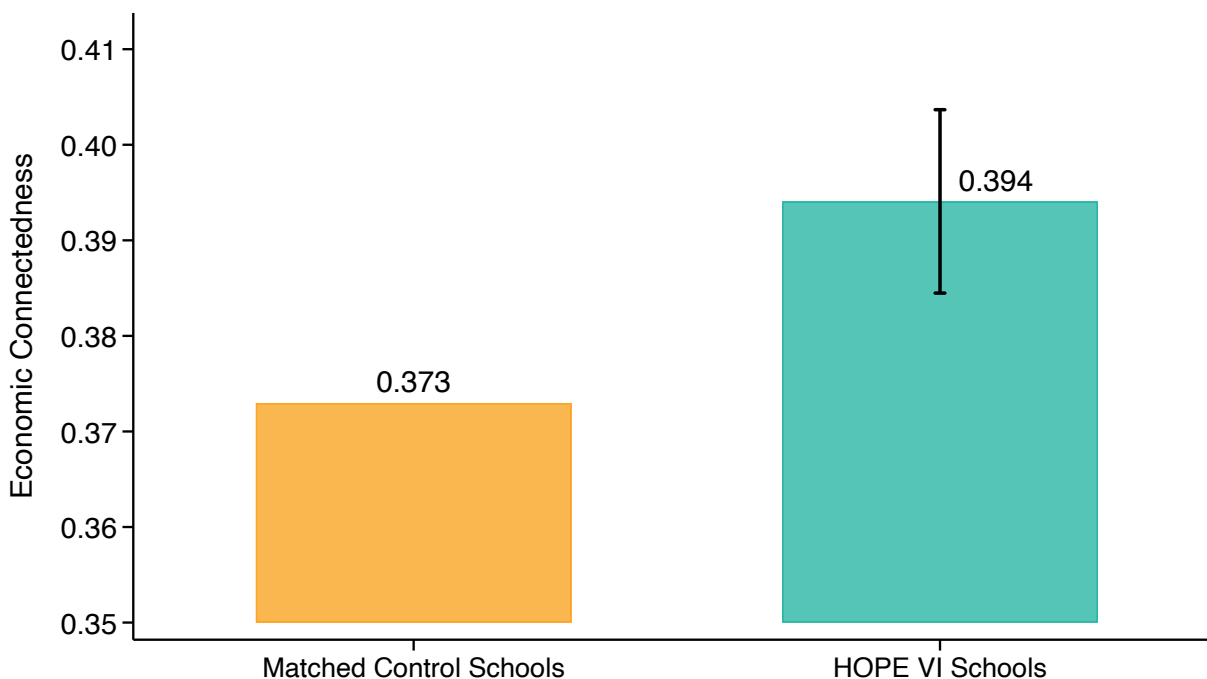
(b) Exposure



(c) Friending Bias

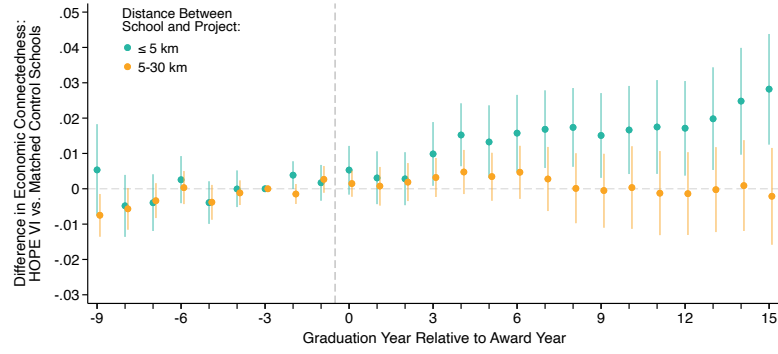
Notes: Each point represents an estimate from a separate regression of the change in the outcome variable (relative to three years before the intervention) on an indicator for HOPE VI and a vector of school-level covariates measured three years before the intervention. The outcomes in panels (a), (b), and (c) are economic connectedness, exposure, and friending bias, respectively.

Figure 3: Long-Run Impact of HOPE VI on Cross-Class Friendships in Nearby Schools

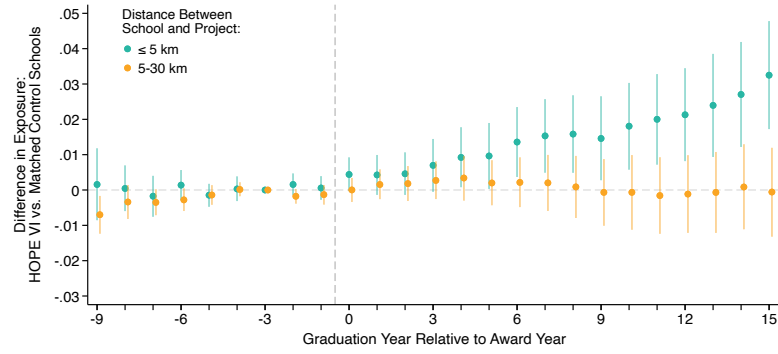


Notes: The orange bar (left) shows the mean level of economic connectedness in control schools matched to HOPE VI sites, measured 10–15 years after revitalization. The teal bar (right) presents the matched control mean plus the estimated treatment effect. Treatment effects are obtained from a regression of the change in economic connectedness—defined as the difference between the average value 10–15 years post-award and the value three years prior—on an indicator for HOPE VI treatment and a vector of school-level covariates measured three years before the intervention.

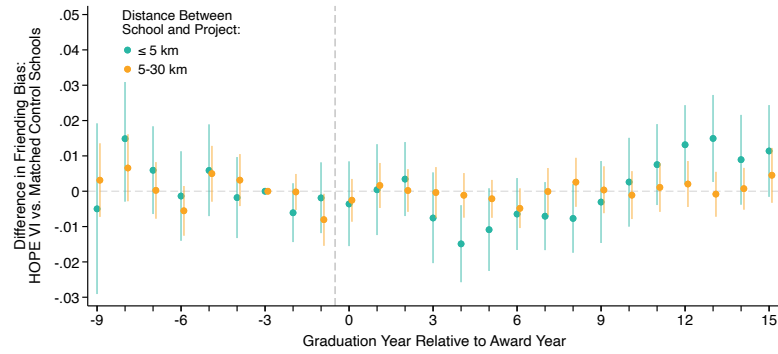
Figure 4: Impact of HOPE VI on Cross-Class Friendships in Nearby Schools, by Distance



(a) Economic Connectedness



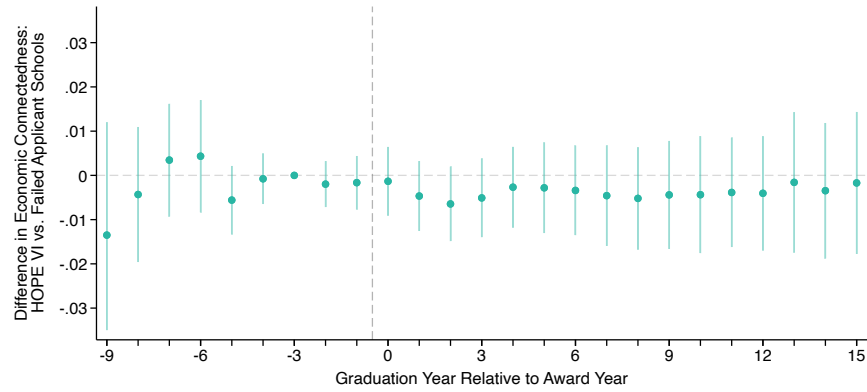
(b) Exposure



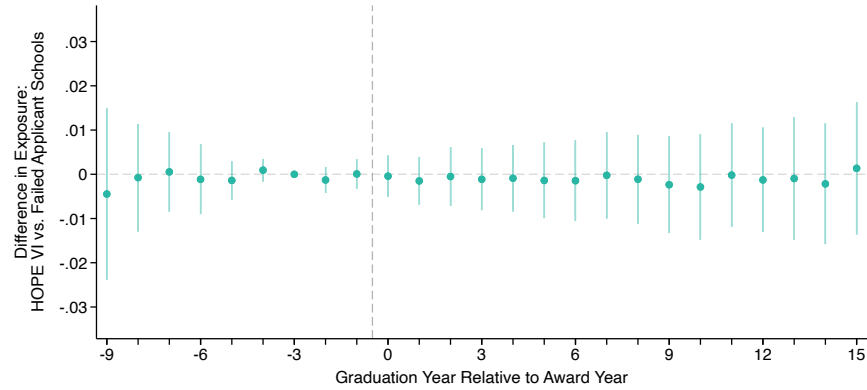
(c) Friending Bias

Notes: Each point represents an estimate from a regression of the change in the outcome variable (relative to three years before the intervention) on an indicator for HOPE VI assignment and a vector of school-level covariates measured three years before the intervention. The teal series shows results for schools located within 5 km of HOPE VI or matched control sites, while the orange series shows results for schools located 5–30 km from matched control sites. Panels (a), (b), and (c) report estimates for economic connectedness, exposure, and friending bias, respectively.

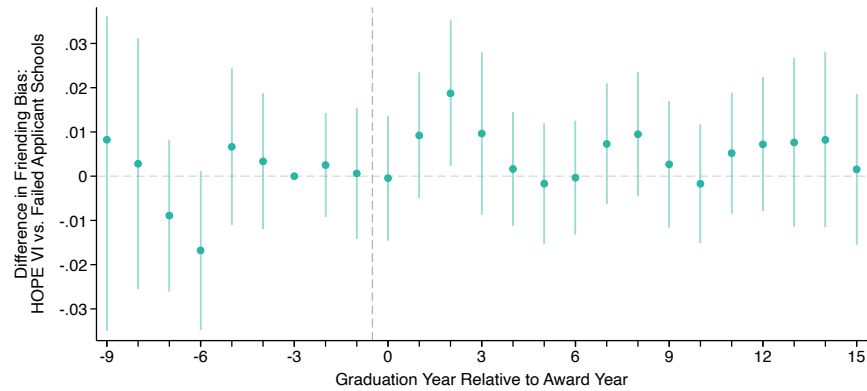
Figure 5: Changes in Cross-Class Friendships in Schools Near Failed Applicants to HOPE VI Program



(a) Economic Connectedness



(b) Exposure



(c) Friending Bias

Notes: Each point represents an estimate from a separate regression of the change in the outcome variable (relative to three years before the intervention) on an indicator for applying for but not receiving HOPE VI funding, along with a vector of school-level covariates measured three years prior to the intervention. Panels (a), (b), and (c) report estimates for economic connectedness, exposure, and friending bias, respectively.