En præsentation

En substitel, *wow*

John McClane & Kier Eagan

Institut for Pseudovidenskab

Colors of UCPH

Darks (Standard for UCPH)

Medium

Light

Contents

The music experience is cancelled.

… With a gradient background

Overview

- **Motivation**:
- **Research Question**:
- **Methods**:
- **Resulus**:
- **Heterogeneity Analysis**:
- **Conclusion**

Overview

Very cool, much wow:

$$\hat{\beta} = (X'X)^{-1}X'y$$

123

123[1]

[1] Cool!

Introduction

Theoretical Background:

- You can cite things too. Wow!! Schelling (1971) proposed that neighborhoods may "tip" when minority share reaches a threshold

insert image over here

Methods

Identification Challenge

$$V_{i,j,t} = f(Z_{i,t}, X_{j,t}, \xi_{j,t}) + \sum_k g(Z_{i,t}, Z_{k,t}, D_{i,k}) + \delta E[V_{i,j,t+1}] + \varepsilon_{i,j,t}$$

Where:

- $f(\cdot)$: Utility from neighborhood amenities
- $g(\cdot)$: Utility from characteristics of each neighbor k at distance $D_{i,k}$
- Z_i: Observable household attributes
- X_j: Observable neighborhood attributes
- ξ_j: Unobservable neighborhood attributes
- $\varepsilon_{i,j,t}$: Idiosyncratic preferences

Key identification challenges:

- Unobserved neighborhood amenities
- Dynamic preferences (expectations of future changes)
- Selection effecus (who moves where is not random)

Nearest neighbor research design

Innovative approach from Bayer *et al.* (2022):

Compare households within the same neighborhood who receive different-type neighbors. Why does this work? Consider two households:

- Household a: New different-type e' neighbor among their nearest (rank 1-3) neighbors
- Household b: New different-type e' neighbor slightly further away (rank 4-6)

Difference in moving propensity:

$$\begin{aligned} Y_a(e', k_{\text{nearest}}) - Y_b(e', k_{\text{near}}) &= (\mathbb{P}[e', k_{\text{nearest}}]) - \mathbb{P}[e', k_{\text{near}}])) \\ &+ (\xi_a B(e', k_{\text{nearest}}) - \xi_b B(e', k_{\text{near}})) \\ &+ (\rho_a - \rho_b) + (\omega_j - \omega_j) \leftrightarrow \\ &= \mathbb{P}[e', k_{\text{nearest}}]^* + \rho_a - \rho_b \end{aligned}$$

1. $\mathbb{P}[e', k_{\text{nearest}}]) - \mathbb{P}[e', k_{\text{near}}]) > 0$
2. $\xi_a B(e', k_{\text{nearest}}) - \xi_b B(e', k_{\text{near}}) \approx 0$: (almost) no difference in future neighborhood quality expectation
3. $Y_a(e', k_{\text{nearest}}) - Y_b(e', k_{\text{near}}) \perp \rho_a - \rho_b$: For existing households, location of new neighbors are not related to idiosyncratic factors ρ.

Nearest neighbor research design

- **Treatment group**: Households with new different-type neighbors among their 3 nearest neighbors
- **Control group**: Households with new different-type neighbors "just down the road" (ranks 4-6)

$$Y_{i,j,t} = \beta_1 I[e', k = n_{\text{nearest}}] + \beta_2 I[e', k = n_{\text{near}}] + \beta_3 I[e', k = n_{\text{close}}] + \gamma Z_{i,j,t} + \omega_{j,t} + \varepsilon_{i,j,t}$$

Parameter of interest:

$$\beta_1 - \beta_2$$

This design addresses key identification challenges by comparing households experiencing same neighborhood conditions but different micro-geography of new neighbors.

Data

Results

Conclusion

Key Findings

1. Native Danish households increase moving propensity by 1.6% when receiving non-Western neighbors
2. Non-Western households show no significant response to new native neighbors
3. Heterogeneity by SES: Low-SES native households responding to low-SES non-Western neighbors show strongest effecus (2.8%)
5. Magnitude in Denmark (1.6%) more modest than in U.S. context (4-6%)

Extensions

- Do native households respond to new Western neighbors?
- How much are native households willing to pay in premium to live in a more homogenous neighborhood?
  - Variation?
- Those who show Schelling behavior, where do they move to?

Thank you for your attention!

Questions?

References

Bayer, P. *et al.* (2022) "Distinguishing Causes of Neighborhood Racial Change: A Nearest Neighbor Design," *Social Science Research Network* [Preprint]. Available at: https://doi.org/10.3386/w30487.

Schelling, T.C. (1971) "Dynamic models of segregation," *Journal of mathematical sociology*, 1(2), pp. 143–186.

Appendix