Neighborhood Evolution and Infrastructure Provision *

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[PRELIMINARY AND INCOMPLETE]

September 28, 2024

Abstract

This paper examines the long-run socioeconomic impact of highway construction on U.S. neighborhoods. I construct a balanced panel of neighborhood-level characteristics from 1930 to 2020 for 62 metropolitan areas by combining data from historical census records and decennial censuses. Neighborhood-level aggregates for 1930 and 1940 are created by geocoding address-level information from historical files and then aggregating the data to match census tract boundaries. Using a matched difference-in-differences design, I find that highway construction reduces the total population of neighborhoods. The effects are driven by a relative decline in the Black population, with no significant effect on the white population. There is no evidence of changes in rents, but homeownership rates decrease following highway construction. The analysis suggests that these effects are more pronounced in suburban areas and in neighborhoods with a low initial share of Black residents. Additionally, I find evidence of spillover effects on adjacent neighborhoods.

*First version: September 2024. I want to thank Pascuel Plotkin, Raffaele Saggio, Valentina Rutigliano, and Fernando Secco for valuable comments and suggestions.