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# America's Most Diverse Mixed-Income Neighborhoods



# America's Most Diverse, Mixed-Income Neighborhoods

In a nation increasingly divided by race and economic status, where our life prospects are increasingly defined by the wealth of our zip codes, some American neighborhoods are bucking the trend.

These neighborhoods—which we call America's most diverse, mixed-income neighborhoods—have high levels of racial, ethnic and income diversity. This report identifies, maps and counts the nation's most diverse mixed-income neighborhoods. In these neighborhoods, residents are much more likely than the average American to have neighbors from different racial/ethnic groups than themselves, and neighbors with different levels of income. We find that:

- **Nearly 7 million Americans live in neighborhoods with both high levels of racial/ethnic and economic diversity.**
- **Roughly half of these neighborhoods are found in three of the nation's largest, most diverse metropolitan areas: New York, Los Angeles and San Francisco.**
- **Most large metropolitan areas have several neighborhoods that are among the nation's most diverse and mixed income. Forty-four of the nation's 52 largest metro areas have at least one diverse, mixed-income neighborhood.**
- **The racial and ethnic diversity of a metropolitan area sets the context for having diverse, mixed income neighborhoods. Whether metropolitan diversity is reflected in the lived experience in the typical neighborhood depends on how segregated a metropolitan area is by race, ethnicity and class.**
- **Some metropolitan areas come much closer to realizing their potential for neighborhood racial/ethnic diversity, given their metropolitan demographic composition.**

We identified the nation's most diverse, mixed-income neighborhoods using census data on the race, ethnicity and household income of neighborhood residents. For each of more than 31,000 urban neighborhoods, we computed a Racial and Ethnic Diversity Index (REDI), which corresponds to the probability that any two randomly selected individuals in a neighborhood would be from different racial/ethnic categories. (Using Census data, we tabulated the number of white, black, Asian, Latino and all other persons in each neighborhood). We used a similar approach to compute an Income Diversity Index (IDI) which measures the variety of household incomes. Neighborhoods that ranked in the top 20 percent of all urban neighborhoods nationally on both of these measures were classified as diverse, mixed-income neighborhoods.

## DOES GENTRIFICATION MEAN LESS RACIAL AND INCOME DIVERSITY?

Many of the highly diverse, mixed-income neighborhoods identified in this report are frequently described as gentrifying. In fact, the largest concentration of diverse, mixed-income neighborhoods is in cities like San Francisco, New York and Los Angeles, where gentrification is believed to be widespread. It may seem paradoxical that a "gentrifying neighborhood" could also be diverse and mixed income.

People often assume that gentrification means that the entire character of a neighborhood changes (from people of color to white, or from low income to affluent). For the neighborhoods identified here, this has not yet been the case. These neighborhoods are more diverse, and more inclusive, as measured by the variation in household income levels, than more than 90 percent of all urban neighborhoods in the United States.

Because the statistics presented in this report represent a moment of time, a big question going forward is whether the diversity in race, ethnicity and income in these neighborhoods will be maintained. The long term national view is that once neighborhoods become more racially and ethnically diverse, they tend to stay that way. A review of census data for the period from 1970 to 2010 by Kwan Ok Lee showed that 90 percent of urban neighborhoods that became racially diverse between 1970 and 1990 were still diverse in 2010.

In addition, whether a neighborhood remains diverse and economically inclusive in the face of gentrification also hinges on public policy. Zoning restrictions and building approval processes that make it difficult or expensive to build new housing make it more likely that existing residents will be displaced. Cities can also directly protect low-income housing. For example, Portland has dedicated a significant portion of the tax increment funds it raises in redeveloping neighborhoods to subsidize affordable housing in those same neighborhoods, which has produced thousands of units of low-and-moderate income housing adjacent to new market rate housing. Investments in public space that encourage socioeconomic mixing in changing neighborhoods can help build connections between new and long-time residents.

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## The benefits of economic and racial diversity

A growing body of social science research confirms the importance of diversity to economic success. Greater socioeconomic mixing is facilitated in neighborhoods that reflect America’s racial and ethnic diversity, and which offer housing that is affordable to people with a range of incomes. In a series of studies led by Stanford’s Raj Chetty and his colleagues at the Equality of Opportunity Project, racial and economic segregation have been shown to reduce intergenerational economic mobility (the probability that children of low income families will, as adults, earn higher incomes than their parents).

For a long time, we’ve known that neighborhoods of concentrated poverty are toxic to the life prospects of children who grow up there. Rothwell and Massey have shown that your neighbors’ educational attainment is nearly half as large as your parents’ educational attainment in shaping your life prospects. Living in a neighborhood with greater diversity and a mix of incomes generally means that families enjoy better-resourced public services and civic assets (including schools, parks and libraries) and develop stronger, more diverse social networks. Diverse, mixed-income neighborhoods are a platform for helping kids from lower-income families to escape poverty and realize the American dream.

## Measuring diversity across cities

Our analysis examined the racial and ethnic composition and economic characteristics of more than 31,000 urban neighborhoods in the nation’s 52 largest metropolitan areas. For each neighborhood, we computed a racial and ethnic diversity index and an income diversity index. Neighborhoods that ranked in the top 20 percent of all neighborhoods on both indicators were classified as “diverse, mixed-income neighborhoods.” Table 1 reports the total population living in such neighborhoods in each of the largest metropolitan areas, and reports the share of the population in that metropolitan area living in a diverse mixed-income neighborhood. Metropolitan areas are ranked by the share of their population living in such neighborhoods.

TABLE 1: METRO AREAS RANKED BY NUMBER AND PERCENTAGE OF POPULATION IN MOST DIVERSE MIXED-INCOME NEIGHBORHOODS

METRO	POPULATION	PERCENT	DIN TRACTS
San Francisco	568,808	14.0%	126
San Jose	201,664	11.3%	38
New York	1,686,921	9.7%	383
Los Angeles	1,052,921	8.4%	224
Boston	262,758	8.0%	55
Sacramento	136,063	7.5%	25
Seattle	194,366	6.8%	37
Houston	351,972	6.8%	63
Washington	295,747	6.1%	61
Atlanta	232,875	6.0%	35
Orlando	96,922	5.5%	15
San Diego	130,078	4.5%	23
Chicago	350,559	4.3%	78
Miami	179,438	4.2%	33
Las Vegas	70,408	3.8%	16
Jacksonville	34,062	3.5%	4
Dallas	183,546	3.4%	38
Riverside	120,279	3.3%	16
Hartford	21,762	3.0%	6
Baltimore	62,299	3.0%	14
New Orleans	24,919	2.7%	6
Philadelphia	108,111	2.3%	23
San Antonio	38,876	2.2%	7
Oklahoma City	18,204	2.1%	4
Tampa	47,964	2.0%	11
Charlotte	23,321	1.9%	5
Minneapolis	41,572	1.8%	9
Grand Rapids	7,059	1.7%	1
Denver	31,709	1.4%	7
Raleigh	9,781	1.3%	2
Nashville	9,995	1.1%	2
Indianapolis	13,327	1.1%	3
Portland	17,426	1.0%	3
Phoenix	31,850	0.9%	8
Providence	6,015	0.6%	2
Salt Lake City	5,247	0.5%	1



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TABLE 1 CONTINUED.

METRO	POPULATION	PERCENT	DIN TRACTS
Buffalo	3,389	0.4%	2
Austin	5,436	0.4%	2
Virginia Beach	4,956	0.4%	2
Milwaukee	3,718	0.3%	1
St. Louis	4,481	0.2%	1
Detroit	7,324	0.2%	3
Cleveland	2,789	0.2%	1
Columbus	2,418	0.2%	1
Birmingham	-	0.0%	61
Cincinnati	-	0.0%	35
Kansas City	-	0.0%	15
Louisville	-	0.0%	23
Memphis	-	0.0%	78
Pittsburgh	-	0.0%	33
Richmond	-	0.0%	16
Rochester	-	0.0%	4

The typical metropolitan area has about two percent of its population living in such neighborhoods. San Francisco, San Jose, New York and Los Angeles have the largest share of their metro area populations living in diverse, mixed-income neighborhoods. Eight metropolitan areas, including Pittsburgh, Louisville, Cincinnati and Kansas City have no neighborhoods that rank among the nation’s most diverse, mixed-income, based on the criteria used in this report.



## Metropolitan diversity and neighborhood diversity

A principal determinant of whether a region has a large share of its population living in such neighborhoods is how racially and ethnically diverse the region is as a whole. In general, larger metro areas and those on the coasts are more racially and ethnically diverse, while smaller metro areas and those in the interior are generally less diverse.

One of our core measures of diversity is the racial and ethnic diversity of the typical neighborhood in each metropolitan area. We construct a population-weighted median index of diversity, which represents the level of diversity experienced by a region’s median household; half of all households live in neighborhoods with higher diversity and half live in neighborhoods with lower diversity. This represents our best measure of the lived diversity in the typical neighborhood.

Table 2 shows our two different ways of summarizing the racial/ethnic diversity of a metropolitan area. The racial/ethnic diversity index for the median neighborhood reflects the lived experience of diversity in the typical (median) neighborhood. The metropolitan racial/ethnic diversity index reflects the overall diversity of the metropolitan area. The closer these two numbers, the more the diversity of the typical neighborhood mirrors the overall diversity of the metropolitan area. We’ve ranked metropolitan areas by how close median neighborhood diversity comes to overall metro diversity. The most integrated metro areas are at the top of our list; the least integrated are at the bottom.

Mathematically, the diversity of the median neighborhood can’t be any higher than the overall diversity of a metropolitan area. (If every neighborhood had the same racial ethnic composition as the region as a whole, the median would just equal the regional average). We look to see how close each metro area comes to reaching its maximum possible neighborhood diversity score.

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**TABLE 2:** METRO AREAS RANKED BY RATIO OF MEDIAN NEIGHBORHOOD RACIAL/ETHNIC DIVERSITY TO OVERALL METROPOLITAN DIVERSITY

METRO AREA	MEDIAN	METRO	RATIO	METRO AREA	MEDIAN	METRO	RATIO
Seattle	53.6	56.6	94.7%	Atlanta	53.4	66.9	79.9%
San Antonio	53.1	56.4	94.2%	Boston	42.4	53.1	79.7%
Portland	42.1	44.8	94.1%	Columbus	39.3	49.5	79.5%
Riverside	56.4	62.5	90.2%	Los Angeles	53.3	67.5	79.0%
Sacramento	59.9	66.5	90.1%	Richmond	47.1	60.3	78.1%
Las Vegas	61.3	68.1	90.0%	Hartford	45.1	59.2	76.2%
Virginia Beach	54.0	61.2	88.2%	Miami	49.0	64.4	76.1%
Grand Rapids	44.9	51.5	87.2%	Indianapolis	38.6	51.3	75.2%
Austin	53.9	62.1	86.7%	Kansas City	36.7	49.8	73.7%
Orlando	57.2	66.3	86.3%	Louisville	34.0	46.2	73.6%
San Diego	57.1	66.2	86.3%	Providence	34.6	47.0	73.5%
Jacksonville	49.9	57.9	86.2%	Baltimore	43.6	61.2	71.3%
Raleigh	50.8	59.2	85.8%	New York	49.6	69.9	71.0%
San Francisco	61.1	71.8	85.1%	New Orleans	42.3	61.7	68.5%
Tampa	46.1	54.3	84.9%	Pittsburgh	23.1	34.0	67.9%
Oklahoma City	49.6	58.8	84.4%	Philadelphia	39.7	58.5	67.8%
San Jose	59.0	70.1	84.1%	Chicago	43.6	65.6	66.5%
Nashville	46.0	54.7	84.1%	Memphis	37.0	57.7	64.1%
Denver	45.5	54.4	83.6%	Rochester	31.7	49.5	64.1%
Charlotte	52.2	62.5	83.6%	Cincinnati	25.2	40.1	62.8%
Phoenix	48.1	57.9	83.0%	Milwaukee	34.1	57.7	59.0%
Washington	58.0	70.7	82.0%	Birmingham	32.7	57.2	57.2%
Dallas	55.8	68.3	81.7%	St. Louis	27.4	48.1	56.9%
Minneapolis	38.3	46.8	81.7%	Detroit	29.0	53.5	54.1%
Houston	57.0	70.0	81.4%	Buffalo	24.1	44.8	53.6%
Salt Lake City	35.5	43.7	81.3%	Cleveland	26.0	51.3	50.8%

## PROFILE OF A DIVERSE, MIXED-INCOME NEIGHBORHOOD: HILLCREST, QUEENS, NEW YORK

Located on a ridge between Jamaica and Flushing, Hillcrest is a predominantly residential neighborhood of small homes and apartments. It is home to St. John’s University. Residents include Asian, Russian, Latino and African-Americans, and the neighborhood is also home to a substantial Orthodox Jewish community.

Hillcrest’s census tract is one of the most diverse, mixed-income tracts in the U.S., ranking in the top 2 percent of all tracts nationally in measured racial ethnic diversity and income diversity. The neighborhood is 35 percent Asian, 29 percent white, 16 percent Latino and 12 percent black, with the remainder mixed race or other. Nearly equal segments of its population are in each of the five income categories we examined. Other neighborhood indicators show a mixing of homeowners (58%) and renters (42%), single family residents (55%) and apartment dwellers (45%). The neighborhood’s poverty rate is about 18 percent, slightly higher than the U.S. average. Median income is about \$58,000, roughly the same as the rest of New York City.

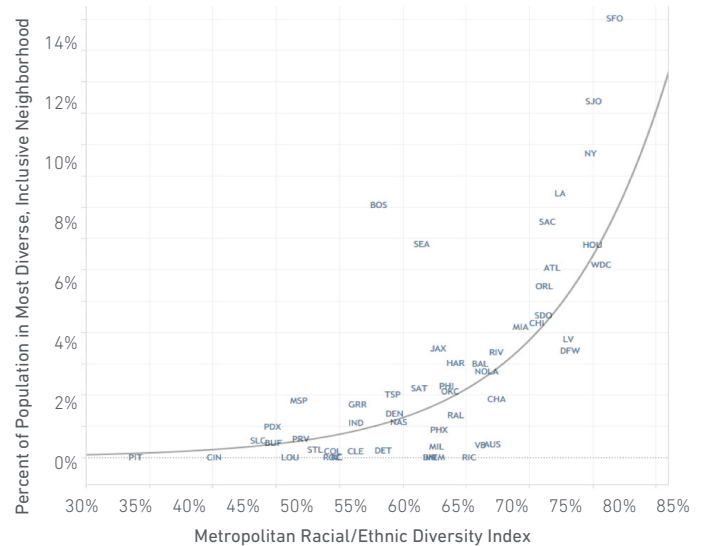
Like many New York neighborhoods, it has its local pizza and deli shops, like Boureka Bachar on Union Turnpike and the Double J near the St John’s campus. On most weekends, you’ll see the neighborhood’s diversity much in evidence at the bustling St. Nicholas of Tolentine Flea Market.

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In the typical metropolitan area, the median neighborhood has a racial and ethnic diversity index score of about 46, compared to a median metropolitan racial and ethnic diversity index of 58. This means, in a typical metro area, the median neighborhood is about 82 percent as diverse ( $46/58=.82$ ) as would be possible given the region's demographic composition. Some metropolitan areas have a much higher level of median neighborhood diversity, relative to their overall metro diversity, than others. Seattle, San Antonio and Portland all achieve at least 94 percent of their potential in the median neighborhood. On the other hand, some metropolitan areas have much lower levels of diversity in their median neighborhood relative to their metropolitan diversity. Detroit, Buffalo and Cleveland achieve less than 55 percent of their potential diversity in their median neighborhood.

A metropolitan area's overall diversity isn't necessarily reflected in the diversity of its typical median neighborhood. Some metropolitan areas that have relatively low levels of overall diversity have similar or higher levels of neighborhood diversity as metropolitan areas with higher overall diversity. For example, Atlanta, with a metropolitan racial and ethnic diversity index of 67 is much more diverse than Seattle, which has a REDI of only 55. But the median resident of Atlanta lives in a neighborhood with a REDI of 53.4, which is slightly less than the median resident of a neighborhood in Seattle (53.6). Metro Atlanta is more diverse than Metro Seattle, but the typical Seattleite lives in a neighborhood with the same level of diversity as the typical Atlantan.

The racial/ethnic composition of a metropolitan area is a key determinant of the fraction of a region's population that lives in diverse, mixed-income neighborhoods. Figure 1 plots the relationship between the percentage of the population living in diverse, mixed-income neighborhoods (from Table 1) against the metropolitan racial and ethnic diversity index (from Table 2).



**FIGURE 1: METROPOLITAN DIVERSITY V. POPULATION LIVING IN DIVERSE, MIXED INCOME NEIGHBORHOODS**

In Figure 1, each three-letter abbreviation on the chart corresponds to a particular metropolitan area. The line plotted on the chart shows the overall relationship between racial/ethnic diversity and share of the population in most diverse, mixed-income neighborhoods. The upward sloping nature of the line shows that metro areas with more diverse populations have proportionately more of their population living in diverse, mixed-income neighborhoods (as we would expect). San Francisco, San Jose and New York metro areas are all very diverse, and have a high fraction of their residents living in diverse, mixed-income neighborhoods. In contrast, Pittsburgh and Cincinnati metro areas have very low levels of racial/ethnic diversity (and actually zero neighborhoods that meet our criteria as diverse, mixed-income). Conversely, Austin, Virginia Beach and Richmond metro areas are all well below the line, with fewer people living in diverse, mixed-income neighborhoods than we would expect, given the level of diversity of each metro area.

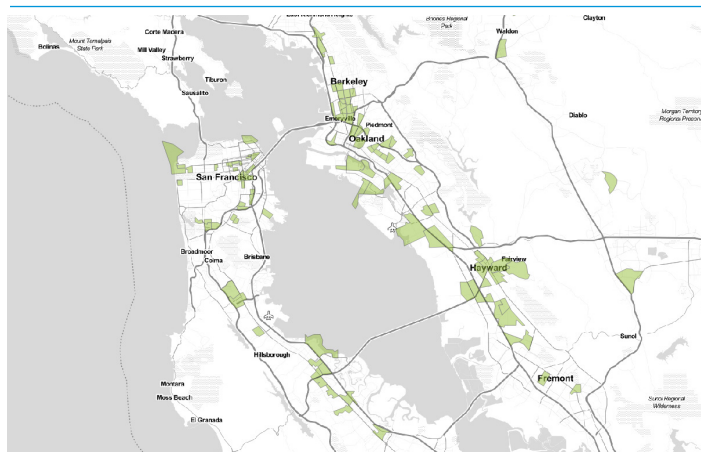
Whether a particular metropolitan area is plotted above or below the average line is an indicator of how much more (or less) of its population lives in diverse, mixed-income neighborhoods than we would expect, given its metropolitan demographic composition. Boston and Seattle are both outliers, and have markedly more of their population living in diverse, mixed-income neighborhoods than we would expect.

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## The geography of metropolitan diversity



**FIGURE 2: MAP OF DIVERSE MIXED INCOME NEIGHBORHOODS IN SAN FRANCISCO**

This map highlights the neighborhoods (Census Tracts) in the San Francisco-Oakland metropolitan area that meet both our criteria for diversity and mixed income. Each neighborhood has a racial and ethnic diversity index of at least 62.7 and an income diversity index of 76.2, which puts it in the top 20 percent of all urban neighborhoods in the U.S. for both indicators. Diverse, mixed-income neighborhoods are found in many parts of the region, including the cities of San Francisco and Oakland, other close East Bay cities (such as Hayward). In contrast, there are relatively few such diverse neighborhoods on the peninsula south of San Francisco and in the more distant East Bay suburbs, and virtually none in Marin County (north of San Francisco).

Detailed, neighborhood level maps showing the level of racial/ethnic diversity and income diversity in each of the nation's 52 largest metropolitan areas are available online at: [cityobservatory.org/maps/admin/](http://cityobservatory.org/maps/admin/)

## Conclusions

Despite the focus on America's wide geographic divisions, there are a significant number of neighborhoods in metropolitan areas around the nation where residents represent both the racial/ethnic diversity and economic diversity of the nation. There is still considerable variation among metropolitan areas in the lived experience of diversity, as indicated by our estimates of racial/ethnic diversity in the median neighborhood of each metro area. Many cities have relatively strong records of having the diversity of their typical neighborhood come close to mirroring the overall diversity of their metropolitan area.

Given the strong correlations that many studies have identified between racial and economic integration and intergenerational mobility, especially for those growing up in low-income households, the presence of these diverse, mixed-income neighborhoods is an indication that it is possible to bridge many of the divides that have separated Americans. Research indicates that once established, multi-racial neighborhoods tend to remain multi-racial. Public policies can play a key role in assuring that neighborhood change minimizes displacement and maintains a range of housing choices affordable to all.

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This report is produced by City Observatory, a virtual think tank, contributing original data-driven research and regular commentary on what matters to city success, focused on how building great places to live can attract, develop and harness talent to create widely shared opportunity.

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