What is the Relationship Between the Rise of Private Communities and Increasing Socioeconomic Stratification?

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In 1991, Robert Reich argued that the rise of private communities represented the "secession of the successful." The "fortunate fifth" of the income distribution "…have in effect withdrawn their dollars from the support of public spaces and institutions shared by all and dedicated the savings to their own private services. Private communities, he contended, "…undertake work that financially strapped local governments can no longer afford to do well – maintaining roads, mending sidewalks, pruning trees, repairing street lights, cleaning swimming pools, paying for lifeguards and, notably, hiring security guards to protect life and property." (Reich 1991, 16) So, for Reich, there was a physical and institutional secession going on, and private communities were at the heart of those processes.

Private communities, many featuring relatively high levels of security that distinguish them from their surroundings, have become a highly visible symbol of residential segregation by income. However, it is unclear what the relationship is between these two trends. There is no definitive empirical answer to the question at this point, but there are numerous studies that shed light on what is in fact a complex relationship that involves multiple variables.

Certain facts are beyond serious dispute. From the early 1970s to the present, two trends have been well documented in metropolitan areas across the US. The first trend is an increase in residential segregation by income and wealth in many parts of the nation. It appears that there may be a growing physical separation between the most affluent, the least affluent, and the rest.

A second widely noted trend is an increase in income inequality. The growing gap between upper income earners and people of middle income is the most dramatic aspect of that trend. It is widely believed that increasing income inequality is an important contributor to residential socioeconomic segregation. As people's economic fortunes diverge, their opportunities grow or shrink, and they find themselves living in different neighborhoods with different lifestyles. There are research findings that support the existence of this relationship.

But there is a third trend that developed during the same time frame, and that may contribute to a fuller explanation for rising segregation by income and wealth. That trend is the rise of common interest housing developments, most notably the spread of new suburban and exurban subdivisions run by private homeowners' associations, and urban condominium and townhome developments. In 1970 there were only about 10,000 private communities housing an estimated 2.1 million people. Today, however, there are nearly 324,000 community associations that are home to over 63 million Americans. (CAI 2014)

Table One: Increase in private communities, 1970-2012

Year	**Communities**	**Housing Units**	**Residents**
1970	10,000	701,000	2.1 million
1980	36,000	3.6 million	9.6 million
1990	130,000	11.6 million	29.6 million
2000	222,500	17.8 million	45.2 million
2002	240,000	19.2 million	48.0 million
2004	260,000	20.8 million	51.8 million
2006	286,000	23.1 million	57.0 million
2008	300,800	24.1 million	59.5 million
2010	309,600	24.8 million	62.0 million
2012	323,600	25.9 million	63.4 million

Source: CAI 2014

Private communities offer developers a variety of tools that could facilitate segregation of people into neighborhoods of people with similar socioeconomic characteristics. These tools include private governments that offer a range of exclusive services and amenities to those who can afford them; master planning; targeted marketing strategies; and the enforcement of elaborate property-oriented rules by private community associations.

This chapter explores and analyzes the existing literature that might help illuminate the relationship between the spread of private communities and the trend toward residential segregation by income and wealth. The chapter begins by explaining what common interest housing is. Next, it presents an overview of major theoretical perspectives that suggest how and why people might become segregated by income. Then it moves to a discussion of the evidence documenting increasing residential segregation by wealth since 1970. Next, it moves to a consideration of the factors that have been put forward as explanations for or causes of that trend. First and foremost is the increase in income inequality that occurred during approximately the same time frame as the rise in income segregation. After considering the literature on that relationship, the chapter focuses on trends in the development of residential real estate that may be contributing to segregation by income, leading to consideration of the role of common interest housing, including so-called "gated communities."

The chapter concludes this review of the literature by observing that, while a number of empirical studies show a relationship between common interest housing and residential income segregation, it is difficult to isolate exactly how much of the total increase in residential income segregation is due to this one factor. The form of residential development is linked in complex ways to many other variables. The most durable finding is that common interest housing facilitates self-segregation by the affluent. It has been argued that common interest housing also contributes to segregation of the poor from the middle class, but there are also findings to the contrary suggesting that some of the features of private communities, such as security measures, facilitate creation of mixed income communities. And within the middle class, CID housing is an effective tool to target-market housing to small slices of the income distribution, as well as to people with similar demographic and lifestyle characteristics.

What is Common Interest Housing?

Common interest housing is a form of residential real estate in which owners acquire two property interests. One is a common interest, which is a share in the "common elements" of the project that links all owners together as co-owners of real estate. The other is an individual interest, which is what the owner can call his or her own. All owners become mandatory members of a private association that either owns or manages the commonly-owned property, and that association has quasi-governmental power over them.

There are three different ways to arrange common interest housing: homeowner associations, condominiums, and housing cooperatives. In homeowner associations the individual interest is typically a single-family home, and the common interest is the "common areas" of a planned subdivision, which might include private streets, water features, recreation centers, parks, private sewer and water systems, and other things that municipalities would otherwise be providing. A private homeowner association elected by the owners owns the common elements, collects assessments that are the equivalent of property taxes, and governs the subdivision.

Condominiums are a form of property ownership typically found in multi-family construction in which the individual interest is just the airspace within an apartment that is called a unit, and the entire physical building is owned in common by the unit owners and managed by the condominium association. Despite the fact that they are a form of multi-family housing, condominium units are sold individually, as if they were separate property interests. Many condominium documents provide that the board has a right of first refusal, but this is not often exercised because few associations have the means or the desire to purchase units.

In a housing cooperative, each owner has a corporate share interest in the building or buildings, and a lease that grants the exclusive right to occupy a particular unit. The governing boards of housing cooperatives typically require that potential new owners submit to an interview with the board, which has the power to deny permission for the sale without the cooperative being required to purchase the unit. The purpose of the interview is to determine if the prospective purchaser would be a suitable addition to the cooperative. One critical factor is whether the purchaser can afford the cooperative unit, and such screenings probably result in fewer foreclosures than in comparable condominium units (Stellin 2012) There is some evidence that this power has on occasion be exercised to exclude racial and other groups that are protected by fair housing statutes (Strahilevitz 2006; Maldonado and Rose 1996). However, income discrimination does not violate fair housing laws. It is conceivable that these screening procedures could also contribute to greater income segregation than in condominiums, but no empirical study that directly compared condominiums and cooperatives on this specific dimension came to light in the course of this study.

All three forms of common interest housing have common property ownership, private governing documents, and mandatory membership associations that function as private governments. Many also have some degree of master planning and varying degrees of security measures. (McKenzie 2011, 7-18)

The institutional features of common interest housing could be conducive to creating segregated patterns, if that were the developer's intent, but local governments and consumer decisions are also involved. Common interest housing is created by real estate developers with approval by local governments, and has the potential to cater to a wide range of consumer preferences. Developers can offer residents their own private amenities, including security measures. However, these assets must be paid for in addition to paying real estate taxes to local government for similar functions. This suggests that there must be additional costs associated with living in private communities—costs that presumably only the relatively affluent would choose to pay. On the other hand, in some parts of the country, local governments, seeking the tax windfall from having residents pay taxes for public services and amenities that they do not receive, have been mandating that all new residential construction must be in private communities with homeowner associations. (Siegel 2006) This might to cut against the argument that such developments increase income segregation.

Consequently, while one can see how private communities might contribute to income segregation, in fact it is necessary to consider both the theoretical perspectives on segregation and the empirical evidence.

Theoretical Perspectives on Residential Segregation and Sorting

Whatever contribution common interest housing makes to residential income segregation takes place in a social, political, and economic context that has been studied for decades. There are a number of well-known theoretical perspectives that would suggest the likelihood of people being sorted, over time, into relatively homogenous neighborhoods, with income being one of the factors that must be taken into account. Among the most relevant are Charles Tiebout's (1954) model of residential sorting; Thomas Schelling's "tipping point" model; Anthony Downs' analysis of the "trickle down" dynamics in the housing market; and the "homophily" literature that focuses on what is called the "birds of a feather" dynamic.

Based on theories of micro-economics, Tiebout's seminal article was a response to Paul Samuelson's (1954) theoretical demonstration that governmental decisions about taxing and spending for public goods always lead to overproduction, because there is no market mechanism operating, and therefore those decisions are always made with insufficient information about people's preferences. Tiebout responded by asserting that this would not hold true for local governments, under a particular set of conditions. If the residents of a metropolitan area were viewed as mobile consumers with varying preferences who could "vote with their feet" without high transaction costs; if there were many municipalities offering different packages of services and different tax burdens; and if the consumers had full information about the differences; then a residential sorting process could take place that would produce a sort of equilibrium and efficiency. The consumers would be able to maximize their own preferences.

Tiebout's model has been influential among academic advocates for the spread of common interest housing, because they believe that private communities are even better participants in this process than municipalities. Being private organizations that are free of constitutional restraints and created by contract, they can offer a greater range of choices. Presumably this could lead to greater efficiency and satisfaction. (Nelson 2005, 250-251) To the extent that people have a preference for living with people of similar income and socio-economic status, developers of new housing could try to satisfy those preferences. They could offer neighborhoods comprised of housing priced within similar price bands. As Watson observes, "The simplest form of the Tiebout model implies that residential segregation by income should be complete." (Watson 2009, 822)

Game theorist Thomas Schelling (1971) developed a "checkerboard" or "tipping point" model that demonstrated how relatively small differences in individual preferences for neighborhood composition could lead to rapid segregation. Once a sorting process based on a salient characteristic begins, he argues, it accelerates until total or near-total segregation results. When those with the highest preference for homogeneity move in response to diversity, the neighborhood becomes more diverse, which then triggers those next most sensitive, and so on. While it is true that this model is most often invoked in the context of racial segregation, it could apply to income segregation as well, and would produce rapid segregation by income.

Anthony Downs described a "filtering" or "trickle down" process that leads to economic segregation, especially in the context of suburbanization. He argues that,

"…nearly all new housing units in the United States…are too expensive for low- and moderate-income households to occupy—and even for many middle-income households. There is nothing 'natural' about this condition. Rather it results from legally preventing landowners from building whatever types of new dwelling units they desire on their land. But it has profound consequences for the entire urban development process." (Downs 1974, 3). New neighborhoods, he observes, are typically comprised of a cluster of similar houses, priced the same and built by a single developer or a group of developers, and aimed at one target market. This housing, he says, "is initially occupied by households in the upper half of the national income distribution, because lower income households cannot afford to live there." (3) But over time, these housing units become older and less fashionable and less desirable; the occupants who are most economically successful move out; and the neighborhood becomes occupied by less affluent people. Then deterioration sets in, and eventually it "trickles down" to "the lowest income groups in society and falls into extreme disrepair." (4)

In later work, Downs referred to a "self-reinforcing hierarchy" among suburbs, facilitated by fragmented government and suburban separatism, that was contributing to "an increasing geographic separation of socioeconomic groups" (Downs 1994, 47):

> To the extent that each suburban income group segregates itself from others with notably lower incomes, it creates a hierarchy based on income levels; high-income households cluster in high-prestige areas, middle-income in middling-prestige areas, and so forth. But low-income households are compelled to gather in low-prestige areas because they cannot afford any alternatives. This produces neighborhood conditions reasonably congenial to all except the poorest. Of course, there is some heterogeneity in all communities, but such a socioeconomic hierarchy exists in most metropolitan areas. At the top are a few high-prestige communities with expensive homes; at the bottom are a larger number of low-prestige communities of often deteriorated housing in the central cities or close-in suburbs. (Downs 1994, 22)

Sociology has developed a theory that is relevant to residential sorting by income and other characteristics. "Homophily" is the tendency for "birds of a feather" to flock together. "Since people generally only have significant contact with others like themselves, any quality tends to become localized in sociodemographic space…Homophily is the principle that a contact among similar people occurs at a higher rate than among dissimilar people. " (McPherson, Smith-Lovin, and Cook 2001, 415-416). The social dynamic of homophily suggests that people would prefer to live and socialize with other people of similar socio-economic status. If it is true that common interest housing developments facilitate a sorting process by income, that would allow for easier operation of the homophily principle.

Increasing Residential Segregation by Income

All the foregoing theories suggest that, long before the spread of common interest housing, there were forces at work that would facilitate residential sorting by income. Interestingly, the rise of common interest housing began in the 1970s, and that happens to coincide with a rapid increase in residential segregation by income.

It is well-documented that there has been a significant increase in residential segregation by income in the US from as long ago as 1970 to the present, although many studies focus on the period from 1980 to the present. (Massey, Rothwell, and Domina 2009; Massey 1996; Fischer 2003; Taylor and Fry 2012). Typically these studies use census data at the tract or block group level. The amount of change found in different studies varies, depending on the data source, the way the income distribution is sliced, and the statistical measure of segregation used. Several indices have been used (Rey and Folch 2011), including the dissimilarity index that is more often used to measure racial segregation, Jargowsky's (1995) neighborhood sorting index, and Watson's (2009) centile gap index. The dissimilarity index shows the relative segregation of groups in the neighborhoods or other subunits that are part of a larger area, such as a city or metro area. The neighborhood sorting index is better adapted to income segregation, being expressed as the square root of the ratio of the income variance between tract income to the total variance in income of the larger area. Watson's centile gap index is intended to more accurately depict income segregation that does not compare small areas with the larger metro area. Instead, "[t]he Centile Gap Index (CGI) estimates how far the average family income within a tract deviates in percentile terms from the median family income in the tract, compared to how far it would deviate under perfect integration." (Watson 2006, 14). In a metropolitan area that is completely integrated by income, every census tract would contain the entire income distribution, and it would have a CGI of 0. A city consisting entirely of economically homogeneous neighborhoods segregated by income, in which every neighborhood contained only one income level, would have a CGI of 1.0.

However segregation is measured, the clear consensus is that in recent decades, Americans have become increasingly segregated by income. According to one major study, "Residential segregation by income has increased during the past three decades across the United States and in 27 of the nation's 30 largest major metropolitan areas," with 28% of lower-income households being in majority lower-income census tracts, and 18% of upper-income households being located in majority upper-income tracts. The corresponding figures for 1980 were 23% and 9%, respectively. (Fry and Taylor, 2012).

Another large-scale study that focuses on the decline of middle-income neighborhoods concluded that:

> "Middle-income neighborhoods as a proportion of all metropolitan neighborhoods declined from 58 percent in 1970 to 41 percent in 2000…Between 1970 and 2000, lower-income families became more likely to live in lower-income neighborhoods, and higher-income families in higher-income neighborhoods. Only 37 percent of lower-income families lived in middle-income neighborhoods in 2000, down from 55 percent in 1970. The proportion of neighborhoods that were middle-income shrank faster than the proportion of families that were middle-income in each of 12 large metropolitan areas examined…Only 23 percent of central-city neighborhoods in the 12 large metropolitan areas had a middle-income profile in 2000, down from 45 percent in 1970." (Booza, Cutsinger, and Galster 2006, 1)

Jargowsky (1995) finds that economic segregation increased during the 1970s and 1980s for whites, blacks, and Hispanics, but that the increases were especially large for blacks and Hispanics during the 1980s. Massey, et al. (2009) find that "During the last third of the twentieth century, the United States moved toward a new regime of residential segregation characterized by moderating racial-ethnic segregation and rising class segregation," and emphasizing that segregation may now be less the result of prejudice and actual discrimination, and more the result of land use decisions. (Massey, Rothwell, and Domina 2009, 74)

Reardon and Bischoff (2011) find that, from 1970 through 2009,

> "Mixed income neighborhoods have grown rarer, while affluent and poor neighborhoods have grown much more common. In fact, the share of the population in large and moderate-sized metropolitan areas who live in the poorest and most affluent neighborhoods has more than doubled since 1970, while the share of families living in middle-income neighborhoods dropped from 65 percent to 44 percent. The residential isolation of the both poor and affluent families has grown over the last four decades, though affluent families have been generally more residentially isolated than poor families during this period." (1)

It is clear from the literature on income segregation that Americans are increasingly living in economically-homogeneous neighborhoods. Poor households are more likely than before to be clustered together, and affluent households even more so. The middle-income neighborhood is becoming less the norm that it was in the years before the 1980 census.

Some observers believe that this is a dangerous trend because it may be the case that the characteristics and behaviors of neighbors and schoolmates impact children's chances for success in school and in the economy. And it may be true that this form of residential sorting increases the likelihood of spatial mismatches between affordable housing for the poor, and the jobs they can hope to find. Moreover, neighborhoods with concentrated poverty may also have lower quality schools and public services. Spatial separation of affluent and poor may contribute to declining political support for public services upon which the poor depend. (Watson 2007)

Rising Income Inequality and Segregation by Income

Those who have sought to explain rising income segregation in the US have tended to identify rising income inequality as a leading cause. There is widespread consensus that income inequality has increased in the US since the early 1970s, and a great deal has been written about the impact of this trend.

Income inequality is generally measured using the GINI coefficient, which is in turn based on the Lorenz curve that plots on its x axis the cumulative percentage of a nation's population, and on its y axis the cumulative share of the income earned by each percentage of the population. The lower the GINI coefficient, the greater the nation's income equality, and the higher the GINI coefficient, the higher the inequality. A GINI coefficient of 0 equals perfect equality of income, with every member of the population having the same income, and a coefficient of 1 equals perfect inequality, with one person receiving all the nation's income and the rest of the population receiving none.

Between 1967 and 2012, the GINI coefficient for all US households rose from .397 to .477. (Census Bureau 2014a). The levels of income inequality in the US are among the highest of all member nations of the Organization for Economic Cooperation and Development, consisting of the 34 nations with developed market economies and systems of representative democracy. The increase in the US started earlier and has been greater than in nearly all OECD nations, although there is also a broader international trend toward rising income inequality among more developed nations. As a recent OECD report notes,

> "[Income inequality] first started to increase in the late 1970s and early 1980s in some English-speaking countries, notably the United Kingdom and the United States, but also in Israel. From the late 1980s, the increase in income inequality became more widespread. The latest trends in the 2000s showed a widening gap between rich and poor not only in some of the already high inequality countries like Israel and the United States, but also – for the first time – in traditionally low-inequality countries, such as

> Germany, Denmark, and Sweden (and other Nordic countries), where inequality grew more than anywhere else in the 2000s." (OECD 2011, 22)

With US households divided into quintiles, the change can be quantified. In 1967, the poorest one-fifth of the population earned 4% of the national aggregate income, and the wealthiest one-fifth earned 17.2%. By 2012, the poorest one-fifth took home only 3.2% of aggregate income, and the top one-fifth earned 22.3% of income. (US Census Bureau 2104b)

The nature of this rise in income inequality in the US, its causes, and its consequences have recently become the subject of considerable academic and political discussion. Doing justice to that literature is beyond the scope of this paper. However, some findings have special relevance to the relationship between rising income inequality and increasing segregation by income.

There are different ways that income inequality could increase. For example, those at the bottom of the income distribution could fall farther behind, those at the top could race farther ahead, or both top and bottom could move farther from those in the middle. In the case of the US, the most significant trend seems to be a shift in income in favor of those at the top. According to one study, "Between 1973 and 2000, the inflation-adjusted income of the bottom one-fifth of American families rose by about 12 percent, while that of the top one-fifth grew by about 67 percent." (Watson 2007, 2)

But the most significant increases are not within the top 20%, but the top 1%. Recent decades have seen the top one percent of the income distribution receiving an increasingly large share of the economic pie. One recent study by economist Emmanuel Saez analyzed income data from 1917 to 2012 and found that the top percentile has outpaced the rest:

> Interestingly, the income composition pattern at the very top has changed considerably over the century. The share of wage and salary income has increased sharply from the 1920s to the present, and especially since the 1970s. Therefore, a significant fraction of the surge in top incomes since 1970 is due to an explosion of top wages and salaries. Indeed, estimates based purely on wages and salaries show that the share of total wages and

> salaries earned by the top 1 percent wage income earners has jumped from 5.1 percent in 1970 to 12.4 percent in 2007. (Saez 2013, 5)

It seems clear that the rise in US income inequality was driven largely by an increasing income share in the top 1% of the income distribution (Saez 2010). Several macro-level causes of this shift have been suggested. Globalization has brought with it changing demands for labor that markedly favored better-educated and higher-skilled workers over those with lower skills. Technological transformations have also contributed, in the sense that an economy that relies heavily on increasingly sophisticated information technology favors those with higher skill levels. And in the US and elsewhere, the years after 1980 brought public policies and economic transformations concerning taxation, unions, part-time work, deindustrialization, pensions, health care, bankruptcy, and other aspects of life that may have benefited top income earners over others. However, the interactions among these variables are complex and there are some aspects of these changes that have reduced inequality in some places (OECD 2011, 24).

Real Estate Development Practices and Income Segregation

It appears that certain features of the housing market are also related to this connection between income inequality and income segregation. Economist Tara Watson has examined that relationship. She finds that "Growing income inequality within a metropolitan area changes the residential location of rich and poor families in ways that cause neighborhoods to become more segregated by income." (Watson 2007, 2)

The overall increase in income inequality in the US varies among regions, states, and metropolitan areas. Watson explores these variations, and while finding "rapidly growing segregation by income" (2007, 1) also shows that there are major differences among the nation's metropolitan areas in the nature of income segregation, and that they can be sorted into categories. Watson argues that US metro areas can be classified into four types, based on population growth and economic growth from 1960 to 2000. "Distressed" areas are in the bottom one-third of metro areas in both types of growth" The non-distressed metro areas include those that are "supply-constrained," with strong economic growth and housing price increase that exceeded population growth";

"rapidly-growing" areas are in the top third of population growth; and "other non-distressed" areas contain places with moderate growth and some degree of distress.

While both distressed and non-distressed areas experienced rapid growth in income segregation, Watson found that, in distressed areas, greater income segregation was associated with excess housing construction, or overbuilding.

Watson's analysis begins with the Tiebout model. If we simply assumed that all households have the same preferences for neighborhood characteristics—good schools, low crime, scenic views, and so forth—and that some neighborhoods were more desirable than others with respect to those characteristics, then income segregation would occur because the wealthy could outbid the less affluent in order to live in the better neighborhoods. The poor would be priced out of the better neighborhoods. Moreover, "As inequality increases, it becomes less likely that rich and poor households are willing to pay similar amounts to live in a given neighborhood. In this sense, income inequality is a primary determinant of the market pressure for segregation. In addition, the income distribution may affect residential sorting by differentially changing neighborhood quality and thereby changing the relative price of a high-quality neighborhood." (Watson 2006, 5)

Watson argues that income inequality leads to overbuilding, which in turn contributes to rising income segregation. She models the relationship in this way:

> …rising income inequality creates pressure for income sorting in residential markets. In rapidly growing metropolitan areas, changing preferences are rapidly reflected in the housing stock and in the level of segregation. In slowly growing metropolitan areas, however, the housing stock reflects the preferences of previous generations of residents. If existing housing costs less than the price of new construction or retrofitting (which may be the case in severely depressed areas), there is little incentive for construction or renovation. Rising segregation occurs in slow growth areas only if the change in market pressure for segregation is sufficient to overcome the costs of retrofitting or new construction. A key feature of the model is that changes to the housing stock are necessary to allow the resorting of income groups. (Watson 2006, 3)

What happens in rapidly growing areas is especially relevant to understanding the role of common interest housing as a contributor to income segregation. CID housing is a large and increasing share of the new housing stock. In the locations that are growing rapidly, a great deal of the suburban housing growth is in planned developments with HOAs, and in redeveloping urban areas, new condominium and townhome developments are the norm. If there is overbuilding in these areas, it is an overbuilding of common interest housing. Watson finds that, "Booming new construction is expected in places with rapid employment and population growth, such as Las Vegas and Tucson…new housing is constructed to respond to the influx of new residents. If income inequality is rising as the metropolitan area is built, new neighborhoods will tend to be homogeneous, reflecting market pressures for segregation by income." (Watson 2007, 3)

And in distressed metro areas such as Detroit, where there is little growth in population or the economy, Watson finds that "…land prices are low, making it relatively inexpensive to build new housing. Therefore, when the rich want to segregate themselves from the poor, they move into new high-income neighborhoods….market pressure for income segregation leads to new housing construction in excess of what would be expected given population growth alone." (Watson 2007, 3).

This overbuilding of new urban housing, which would be comprised largely of condominium and other CID developments, can accelerate neighborhood decline, according to Watson.

Common Interest Housing Characteristics and Income Segregation

Clearly housing industry practices are related in complex ways to income segregation. But how can the impact of CID housing be isolated from the many other factors involved, such as volume, location, and pricing? Put differently, what is the significance of the fact that since about 1980 so much of the new construction has been in CIDs? Common interest housing has certain characteristics that could contribute to residential segregation by income and wealth. Two of the most significant are the use of master planned and target-marketed subdivisions that cater to narrow slices of the income distribution and particular household types; and the use of security features to create so-called "gated communities."

Master planning and targeted marketing

Before the rise of common interest housing, many residential neighborhoods were constructed with comparatively little planning. Municipalities laid out streets, ran utility lines, set up zoning and building codes, and issued building permits. Housing was then constructed either by home builders who sold them to the public, or by home owners, who bought lots and plans and hired contractors to build for them. Neighborhoods grew up in a relatively organic fashion, with different housing types, sizes, color schemes, and other features chosen by owners in accordance with their preferences. Common interest housing developments, however, always involve some degree of master planning. Typically the plan involves multiple construction phases, a set of housing plans that owners can choose from, a set of price ranges for each type of home, a color palette, and detailed arrangements for financing private amenities and utilities. Thought is given to how people will live in the development, where they will play, how they will meet each other, and above all who they will be. In other words, common interest housing is typically target-marketed to particular demographic groups, including careful consideration of their socio-economic characteristics.

Common interest housing has been a preferred tool for large-scale residential developers since the 1970s, and leading industry publications explain how to set up associations as a critical part of the development process. Common interest community associations, these publications explain, are part of the marketing process and are essential to long-term governance of the project. These publications also explain in detail the importance of understanding the income ranges of the "target market," and show how to focus on increasingly smaller "niches" of the market. Associations have become the enforcement tool for making sure that the developer's vision is carried forward and the project looks and functions as it was set up for its intended niche population. In that way, associations are intended in part to maintain whatever segregation by income, household types, and other factors the developer originally put in place during the marketing phase.

The Urban Land Institute is the leading educational and research organization in the real estate development field. Their Residential Development Handbook has long been perhaps the most widely used guide to developers. I use the second edition from 1990 and the third edition from 2004. The handbook repeatedly emphasizes the importance of understanding the income ranges in the target market in order to set prices at exactly the right levels:

> An analysis of median household income within the target market area indicates the economic welfare of the region and provides valuable insight into the scope and magnitude of the available purchasing power for housing…This part of the analysis involves tracking historic changes and projections in median and average household income for the primary, intermediate, and regional target market areas, including the rate at which incomes rise and the number of households in each income bracket…Such information is invaluable in determining a range of prices that a significant portion of the population can afford…In residential development, income of consumers is a most important factor in demand. As incomes rise, people generally demand and can pay for larger, customized houses in neighborhoods with more amenities." (Urban Land Institute 1990, 22-23)

The handbook in 1990 also documented the trend that began in the 1980s toward increasingly specialized niche markets:

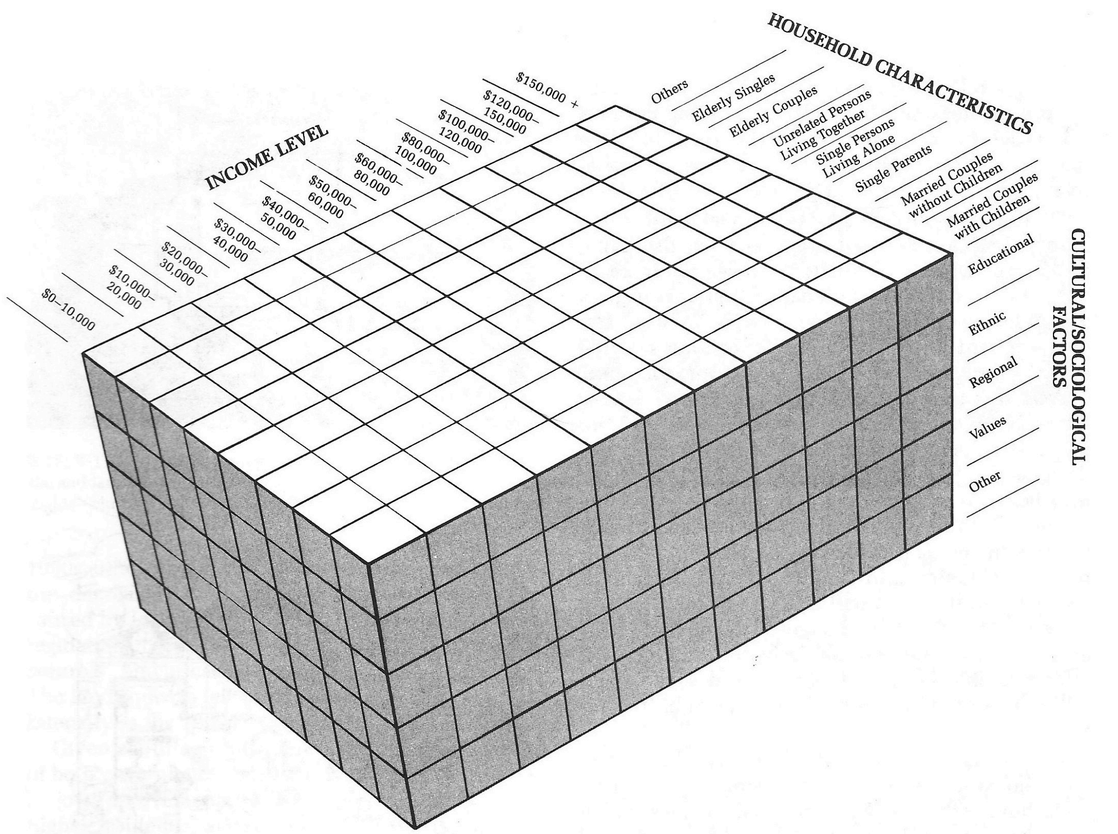
> A trend that developed during the 1980s and is expected to continue into the 1990s is the specialization of housing products designed for very specific markets (often referred to as 'niche markets.') Such niches include houses for first-time buyers, "move up" houses for second- or third-time buyers, housing for the elderly, housing for low- and moderate-income households, and second-home or resort-oriented products…In the years ahead, designing for particular market niches is likely to become much more complex. (Urban Land Institute 1990, 166)

And looking into the future, ULI anticipated increasingly sophisticated targeting of potential buyers, using income ranges, household types, and other factors to market a neighborhood precisely to a clearly defined demographic:

> "During the 1990s and beyond, residential markets will become increasingly segmented. In the past, developers targeted their products to market niches based on a two-dimensional matrix—one matrix consisting of income levels and the other consisting of household characteristics. In the future, however, consideration of a third matrix accounting for diverse sociological and cultural characteristics will also need to be considered. The number of "cells" or market niches is thus increased dramatically. Successful marketing will require careful targeting to specific cells within the matrix." (Urban Land Institute 1990, 370)

For illustrative purposes, the handbook then presents a three-dimensional matrix with one axis depicting eleven income levels, a second axis depicting eight household characteristic types, such as married couples with children, elderly singles, etc.; and a third axis that shows "cultural/sociological factors," including "educational," "ethnic," "regional," "values," and "other." (370)

Figure One. Real estate market segmentation



Source: Urban Land Institute, *Residential Development Handbook, 2nd Edition*, 1990, p. 370.

In the 2004 handbook, the emphasis on research into the income ranges of the area is renewed: "Demographic trends and projections form the basis for determining the demand for housing. Four demographic factors are of primary importance in analyzing the market potential for a project: employment, population, households, and income." (Urban Land Institute 2004, 42) ULI then explains why developments must be targeted to the specific characteristics of the area in which they are constructed, emphasizing the essential nature of real estate: "Real estate is different from other consumer products in that it cannot be moved to the consumer: the consumer must move to the product.

Location is real estate's primary characteristic. Most projects must be custom tailored to the local market and cannot be mass produced for all markets. Because housing markets are so localized, the demographic data must be for the local area." (Urban Land Institute 2004, 43)

The handbook always contains an entire chapter on "community governance," which means creating a homeowner or condominium association. ULI has been a strong advocate for creating associations since the early 1960s, when ULI published the first handbook for creating homeowner associations (Urban Land Institute 1964). ULI portrays creating associations as part of "stewardship of the land," explaining,

> "A more formal mechanism for the maintenance of the development is the creation of an organization that can assume responsibility for governance, maintenance, and provision of services necessary to the development. Such organizations are generally grouped under the category of "community associations"…The association forms the basis of governance that preserves the architectural integrity, maintains the common open space, and protects the development's property values." (Urban Land Institute 1990, 289)

And the association, according to ULI, is a selling point to be used in marketing the carefully-targeted project to its intended niche: "A well-conceived program for community governance and maintenance can be a strong selling feature for a new residential community. Prospective property owners will be interested in preserving the quality of the neighborhood while they live there and in the potential appreciation of property values that can accrue to a well-planned and well-maintained community." (290). ULI's heavy emphasis on creating associations continues through the 2004 edition: "Governance is frequently the last thing a developer wants to consider or spend time addressing; in many ways, however, governance is one of the most important parts of project planning and execution." (Urban Land Institute 2004, 185)

The association's enforcement functions are central to maintaining the project's unique characteristics, according to ULI: "It should be recognized that if a residential development is to have a distinctive quality and character, it is highly likely that at least one or more special protective covenants will be needed to assist in the preservation and maintenance of its special characteristics. If reasonably and diligently enforced, CC&Rs are in many ways stronger and more effective than zoning or other publicly enforced land use controls." (Urban Land Institute 1990, 299) ULI then explains,

> "Unless adequate machinery is set up initially for proper enforcement, covenants may become ineffective through nonobservance and conscious violation. CC&RS are typically enforced by the community association, although they can also be enforced by private individuals. Enforcement of suitable CC&Rs assures each owner that no other owner within the development can use property in a way that will destroy values, change the character of the neighborhood, or create a nuisance. Strict enforcement of the CC&Rs, however, can best be assured by the creation of a viable community association." (300)

All this advice is carefully phrased so as to portray strict covenant enforcement as a universal, uncontroversial public good. However, when one looks at the suggested list of "typical items subject to use restrictions," i.e., things that the CC&Rs would prohibit and the association would enforce, they include behaviors that connote issues of social class. Associations are tasked with enforcing prohibitions on matters of taste that put them in the position of enforcing the aesthetic tastes of upper income groups on those who may not share them. A sample of "prohibited activities and objects" includes parking vehicles in front of the house, including "boats, trailers, motor homes, or vehicles being repaired"; visible outdoor and garage storage of building materials and maintenance equipment; clotheslines; operating businesses from the home; and "Excessive ornamentation: Driftwood, statues, animal skulls, wagon wheels, windmills, etc., in areas visible to your neighbors are not allowed." (301)

Examination of these industry standard publications suggests that common interest housing facilitates marketing homes to increasingly smaller market niches of income and household type. Associations reflect and enforce a vast housing industry consensus that residential developments should be targeted to very specific segments of the population. Income is one of the most crucial components of that segmentation. This effort at market segmentation includes enforcing in perpetuity a set of governing documents that are aimed primarily at protecting property values. This approach, however, is based on the assumption that property values are enhanced by architectural sameness and prohibition of certain activities and ornamentation that are associated with lower social classes. In the absence of an association neighborhood residents would be freer to paint their houses different colors, park in their own driveways, and put wagon wheels on the front lawn. But in association-run projects, the developer's original marketing vision is reified and becomes a fully-enforceable way of life, long after all the units are sold.

Recalling Anthony Downs' explanation of how housing "trickles down" the income distribution, it appears that in common interest housing the industry has found a way to counter the forces that make up that process. Associations have the power to force owners to fund upkeep of the common areas; maintain their properties to a certain prescribed standard; and conduct themselves in accordance with the norms of property use that were anticipated in the original marketing plan. So, on the one hand the project would not tend, as a whole, to descend down the income distribution. But on the other hand, to the extent that it began its life as a homogenous neighborhood that was target-marketed to a small slice of the income distribution and a particular household type, it would tend to stay that way. This can be seen as contributing to long-term neighborhood homogeneity.

Security features: Gated communities and the search for security through separation

Virtually all gated communities are common interest communities, and for that reason the entire conversation about gated communities can be viewed as a subset of the larger conversation about privately governed residential communities. Gated communities are hard to define precisely, because many, if not most, CIDs have some private security features and deciding at what point the "gated community" label applies is somewhat arbitrary. There are three main types of security offered: *entry controls*, such as gates and guardhouses, with or without guards; *hardened perimeters*, including fences, walls, and natural barriers such as water features; and *internal surveillance*, such as video cameras, roving security personnel, or neighborhood watch volunteers.

Blakely and Snyder define gated communities as "residential areas with restricted access in which normally public spaces are privatized. They are security developments with designated perimeters, usually walls or fences, and controlled entrances that are intended to prevent penetration by nonresidents." They contend that gated communities should be viewed as part of an effort by upper income Americans to separate themselves from the poor and other perceived conditions of urban American life. The gated community, they argue, is a visible symbol of a campaign for separation that includes other tools as well. "Gates, fences, and private security guards, like exclusionary land-use policies, development regulations, and an assortment of other planning tools, are means of control, used to restrict or limit access to residential, commercial, and public spaces." (Blakely and Snyder 1997, 2) Gated communities, they say, "exist to wall out crime or traffic or strangers as well as to lock in economic position. Greater control over the neighborhood is presumed to mean greater stability in property values. " (Blakely and Snyder 1997, 154). They argue that the boom in gating that occurred in the 1980s and 1990s was a response to increasing diversity, particularly in suburbia, when it became clear that

> …poverty and economic inequality are no longer limited to the inner cities…flight to the suburbs has not meant avoiding all the aspects of poverty associated with the urban core. The Los Angeles area is the new archetype of metropolitan spatial segregation, in which poverty is no longer concentrated in the central city but is suburbanizing, racing farther and farther out from the metropolitan center. The demand for gates and walls is created and encouraged by these new social changes. (Blakely and Snyder 1997, 145)

Case studies on private communities

The literature on private communities, with or without security features, includes by now a large number of case studies. Some focus on particular subdivisions, while others deal with part or all of a metropolitan area.

Many of these studies are part of a growing international literature that examines urban and suburban areas in Europe, Asia, Africa, Australia and New Zealand, and the Americas. These studies almost always use the term "gated community," which is useful in that it provides a useful rubric under which many scholars can share their research. However, this is a term that tends to crumble under careful scrutiny. Neither of its terms is sufficiently precise for social scientific study. The word "gated" is used to characterize many different types and levels of security; residential neighborhoods of single family homes with walls and real gates that are opened and closed by security personnel; electronically-controlled entry systems with gates that open or arms that go up and down; places that have perpetually empty guard houses at the entrance but no actual physical barrier to entrance; urban condominium buildings with card-key access or doormen; and all sorts of other variations on the theme of private residential security.

And the term "community" is one of the most imprecise words in all of social science. It has been given dozens of meanings by scholars and could mean anything from the oxymoron "international community" to a planned subdivision or condominium building, or even a single census tract or block group.

When the two words are put together, especially when used in different national contexts, they can mean a number of different things. However, on balance it is probably true that there are so many similarities in real estate and private governmental institutions and practices that more is gained by grouping these studies under the gated community rubric than would be lost by separating them.

Common themes include the design and marketing of projects and the segregative nature or impact of the developments in question. Segregation by income or class appears as a recurrent issue in many of these studies, and these discussions are often illuminating because they deal with similar real estate industry practices in different social contexts. Many international scholars are focused on the physical, "gated" nature of developments, which seems a novelty in their national context, to the point where the institutional elements are not examined as closely as perhaps they should be. Moreover, laws of property vary across nations and that can make comparison difficult. However, in general there are enough similarities that these international authors regard themselves as being engaged in writing about the same basic phenomena, and they publish in the same journals and meet in specialized conferences to present their research.

The gated communities case studies can be grouped into two categories for purposes of this chapter, according to whether or not they see these developments as contributing to residential segregation by income. Most of the studies in the gated communities literature highlight the segregative attributes and impacts of private communities. However, there are other studies that take a different view of the matter. They argue that the impact of private communities is more complicated, and contend that in some ways private communities with security features make it possible for upper income people to live in closer proximity to those of lesser means.

Analyses finding evidence of contribution to income segregation

There is no shortage of studies of private communities, or gated communities, that claim to demonstrate their potential for creating income segregation and in many cases their substantial contribution to segregating cities and suburbs by income or class. It is impractical to summarize all of them, and it would probably serve little purpose as the main themes and findings are found in multiple studies.

A widely cited study by Atkinson and Flint (2004) studies gated private communities in the United Kingdom. They found that there were approximately 1000 such communities. They see private communities as part of larger social systems of segregation and exclusion:

> …gated communities provide a refuge that is attached to social networks, leisure, schooling and the workplace via paths which are used to avoid unwanted social contact. Our argument is that each of
> these spaces more or less segregates its occupants from social contact with different social groups, leading us to suggest that the impact of such residential division resembles a seam of partition running spatially and

> temporally through cities, what we term time-space trajectories of segregation. (877)

They conducted interviews with residents and officials and found concerns about the communities' segregative effects that go beyond the income:

> Many expressed concern that GCs were not adequately integrated, physically or socially, into the local area. As one planning officer put it: 'Gated communities are separated and isolated from the rest of the community. They are clearly not part of the fabric of their local areas.' The case study GCs were viewed as exclusive, both by residents within the developments, and by the residents of surrounding neighbourhoods, who largely viewed the residents of the gated communities, in the word of the Chair of one local residents' association, as 'those people behind the gates.' This lack of integration was partly the result of the exclusive nature of the gated communities, and this distinction in the view of many respondents, was deliberately generated by both developers and the residents of the communities… (884)

Interestingly, they found that gated community residents were generally supportive of this perspective, citing lack of contact with and disengagement from their local neighborhood surroundings. (886)

Atkinson and Flint ultimately characterize private gated communities as "secessionary spaces." (889) However, they also acknowledge that the picture is more complex than this:

> Arguably gated communities and current urban policy seek similar ends, namely the promotion of the city as a place to live for the middle classes. In this the small scale and number of GCs helps in a case for their immunity from wider planning frameworks. It is possible to argue that they cater for an elite fraction who need security by virtue of their status and that security is a right to which freedom of choice should be ascribed. However, our case studies suggest that GCs range from off-street fiatted

units in small northern towns to feudal fortresses on huge sites implying a much wider market appeal and that a wider demographic is seeking this kind of spatial withdrawal. (890)

Blinnikov, et al. (2006) offer a detailed study of the spread of private communities in the suburbs of Moscow. They found 260 private communities, most of them having security features such as gates and walls. Their findings supported the view that private communities in the Moscow suburbs evidenced significant income segregation:

It is clear with the average asking price for homes in the neighbourhood of $300,000 in 2004 (prices have risen 30–40% in 2005) and an average household income (family of three) in Moscow in July of 2004 of about $24,000 per year, that it would require more than an average salary to afford any suburban detached housing. In fact, only so-called "very rich" and "simply rich" … would be able to afford such individual homes ("cottages"). Some in their "upper middle class" will be able to afford condos and newer, larger apartments in the city, but not individual houses in any of the developments discussed here." 76

They also stress the significance of the privatized infrastructure and services as an aspect of this form of segregation:

Most of them exist as self-contained gated enclaves with complete infrastructure to promote U.S.-inspired car-oriented commuter lifestyle quite disconnected from the reality outside the secured and gated perimeter…Many such developments now begin to include schools and churches in addition to shops and gyms suggesting that the long-term occupation by families is the desired goal. This ensures that the current pattern of increasing segregation based on income and relational capital will continue to be perpetuated well into the middle of this century, just as the last wild patches of suburban Moscow forest succumb to another successful experiment in creating socially fragmented consumer society. (80)

Almatarneh and Mansour (2012) study the advertising and marketing of gated private communities in Cairo, Egypt. In looking at this form of housing and in an international context, they note that, although private communities originally were intended for high-income buyers, in recent years they have been aimed at middle-income groups. However, in Cairo they were target marketed to young families "who shared the same socio-economic status. Thus, affluence, health, vitality, and age were uniformly portrayed." (514). They see private communities and their marketing as part of a "global culture of consumption" in which "exclusivity, prestige, privacy, shared identity, privilege, homogeneity,
companionship, luxury, and security…achieved through gates and walls" (515)

They find that, in the Cairo housing market,

> "…gated communities are offered as a modern urban alternative lifestyle that provide privileged living spaces for individuals in the upper and upper-middle classes of the social hierarchy in terms of their economic and cultural capital. As such, these developments are promoted as homogeneous places in comparison to the heterogeneity of the open city. The fact that gated communities offer privileges to a certain segment of the society is often criticized because it causes separation in the spatial and social structure of the city. However, our findings indicate that developers of gated communities establish their marketing strategies based on exactly this factor, thus marketing the gated communities under the claim that they offer "a privileged exclusive lifestyle". (526)

Renaud LeGoix (2005) and Elena Vesselinov (2008) have separately studied the impact of private communities on segregation, both of them finding evidence that these effects are present. They also undertook together (Le Goix and Vesselinov 2013) an empirical study of Southern California gated private communities, comparing them with similar non-gated tracts. They found a complicated relationship between gating and property values:

> First, GCs are very heterogeneous and diverse in kind, ranging from average standardized products for the middle class to high-end coastal communities. It is significant that gated communities were more likely than non-gated communities to have experienced either 'recent depreciation' in the wake of the foreclosure crisis, or 'constant growth'. But on average, the wealthier the area, the more GCs contributed to fuelling price growth, as these GCs offer better rent-gap opportunities and are situated in more desired locations in metropolitan areas. There is a significant correlation between gating and securing a neighborhood and price growth trends at the census tract level. (2141)

When gated and non-gated neighborhoods are compared, they found that gated communities contribute to housing price inequality: "GCs are more likely to be found in local contexts that introduce greater heterogeneity and instability in price patterns, thereby contributing to a local increase in price inequality that destabilizes price patterns at neighborhood level, compared to non-gated communities." (2144) A number of factors are involved here. For example, they find that creation of a gated neighborhood causes spillover of crime to nearby neighborhoods.

Ultimately, LeGoix and Vesselinov conclude that gating common interest housing developments enhances their segregative effects:

> …gated communities are more likely to generate inequalities than nongated CIDs, and are indeed more likely to produce a filtering of residents, which has a profound impact on segregation patterns. The dynamics of prices in gated communities show that homeowners are more likely to profit from price bubble periods, and more likely to resist a sudden drop in value during downturns, such as the foreclosure crisis, at the same time contributing not only status and 'snob value' but also providing a means to differentiate themselves from others economically…

> price premiums for GCs are detrimental to property values in nearby non-gated developments and demonstrates a long-standing hypothesis about the unfavorable effects of gated communities on the value of properties located outside GCs' walls. (2146)

Other studies finding or suggesting that private communities promote some type of income or class segregation abound. (Dinzey-Flores 2013; Graves 2010; Kovacs and Hegedus 2014; Low 2001; Marcuse 1997; Roitman 2005; Schill and Wachter 1995; Smigiel 2014; Caldeira 1996; Vesselinov 2008; Vesselinov 2012; Vesselinov, Casessus, and Falk 2007; Vesselinov and Le Goix 2009)

Analyses finding no contribution to income segregation

A number of empirical and theoretical studies have offered a very different view of the relationship between private communities, gated and ungated, and income segregation.

Csefalvay and Webster (2012) ask why are there so many private communities in some countries, and not in others. "If gated communities constitute a successful model, why have they become a widespread global phenomenon only in the last few decades and why are they missing in the majority of European countries?" (294) They acknowledge the most common explanation--fear of crime; rising individualism; growing social and economic polarization—but then go on to argue that the rise of private communities may be a response to a demand for a way to escape from centralized city government decision making that is inefficient and overly regulatory. They argue that the private community realm offers residents the ability to share club goods and thus more efficiently satisfy their preferences, while conceding that this explanation alone is also insufficient.

They explain that private communities have a more complex relationship to income segregation than is often acknowledged:

> Residents of gated communities are therefore taxed twice for civic goods – once by the local municipalities and again through residents' contributions to their own micro-government. The affluent classes find this easy to cope

> with, although the fees for lower-income gated developments will tend to reflect resident's willingness to pay for shared goods and services – which are more basic. Club developments tend, therefore, to foster housing market segregation, but often at a finer spatial scale than found in conventional open neighbourhoods. This may yield positive social and economic benefits as income groups can live spatially closer than in the typical city where they are segregated by distance rather than by membership and gates." (296)

Gordon (2004) presents a careful empirical analysis of the contribution of planned residential development with community associations to racial and income segregation in California. Based upon 1990 Census data and real estate data, she concludes that, "The study finds support for the contention that planned developments are more homogenous than other neighbourhoods with respect to race. They are more heterogeneous than other neighborhoods due to greater representation of middle- to high- income categories." (456) She found that the planned developments had fewer black and Hispanic residents compared with comparable non-planned development areas. But on the issue of income diversity, her analysis used an entropy measure that was not sensitive to equal representation at the top and bottom of the income distribution. Consequently, the apparent higher income diversity was because the planned developments included more people in the upper income categories than the non-planned development suburban block groups.

She concludes that the overall contribution of planned developments to segregation is minor, when the many other relevant factors are taken into account. However, she emphasizes that, because she used 1990 data, the overall proportion of planned developments in the housing stock at the time her data were collected was relatively low. The rapidly rising share of such developments in post-1990 construction means that "the effects of these communities on residential segregation may become more pronounced." (456)

Manzi and Smith-Bowers (2005) challenge what they see as a standard perception of private gated communities as institutions that promote social separation and benefit the wealthy to the detriment of the rest. They note that these perceptions have informed public policies: "Central and local governments in the UK have therefore attempted to prevent a replication of the spatial polarisation of North American inner cities, by discouraging gated developments, restricting planning approval and encouraging neighbourhood renewal schemes based on more 'traditional' design layouts." (346)

But their study, using Buchanan's (1965) "club goods" theoretical model and two case studies of housing developments, one in outer London and the other in inner London, supports different conclusions. They dispute the notion that there is necessarily an antipodal relationship between gated communities and social cohesion, and demonstrate that gated communities are not just for the wealthy. On the contrary, they argue, "…whilst formerly associated with elite groups who could afford the luxury of these kinds of purchases, rising real incomes and the comparative fall in security and monitoring costs are bringing these goods within the budgets of middle-income households." (348) Through interviews with residents, officials, and others, they document that the security features of these communities enabled home-owning residents to live in neighborhoods that would otherwise have been exclusively occupied by renters of lower incomes. In that sense, an admittedly homogenous gated community can facilitate creation of a mixed-income, mixed-tenure neighborhood: "This case study suggests that one way to promote mixed tenure developments in areas of deprivation is to acknowledge community members' concerns for safety and security. The study suggests this can be done by developing gated sub-subsections in the neighbourhood." (354)

Moreover, they argue, the use of gates and other security measures, they argue, is often a real response to genuine fears of crime rather than an irrational response to a "culture of fear." Security measures are a club good, and the private community structure allows residents to solve this and other problems collectively in ways that are neither fully public nor fully private. So, while such communities admittedly separate people into "beneficiaries" and "non-beneficiaries" of the club goods they provide, such developments do not necessarily foster income segregation, and in fact "…help to reduce residential segregation in areas that otherwise would have accommodated either multi-deprived households exclusively or have been used for other purposes." (357)

Rosen and Grant (2011) offer a comparative study of gated communities in Canada and Israel that examines the complexity of the social separations that private communities engender, going beyond the notion of simple segregation of races or social classes. They argue that,

> Physical mechanisms for managing and reproducing social difference persist both in political contexts that celebrate diversity (such as Canada) and in political circumstances that seek to manage conflict rooted in difference (such as Israel). An examination of gated communities in differing cultural and historic contexts demonstrates the ways in which culture and politics mediate how this urban form is implemented and interpreted, and contributes to ongoing efforts to develop theory to explain the phenomenon. (790)

They highlight the many different functions that these institutions can perform in different cultural contexts. These functions include: keeping "the other" out, or in; keeping factions or social classes apart; empowering or giving advantages to certain social groups over others; creating community identity and cohesion for some groups; and as a marketing tool that developers use to appeal to particular populations. They note that, "In societies where categories of individuals (for example, single women, elderly persons) feel vulnerable in mixed neighbourhoods, security systems may provide a substitute for social networks." (790)

In a study often cited by those who challenge the dominant view of private gated communities, Sanchez, Lang, and Dhavale (2005) use US Census data to show that the common perceptions of these locations as enclaves for the exclusionary wealthy are not necessarily supported by the data:

> While much of the attention has focused on the demographic characteristics and geographic distribution of upscale gated communities,

> little attention has been devoted to other dimensions of enclosed communities represented by low-income, renter households. Recent data released by the U.S. Census Bureau as part of the 2001 American Housing Survey (AHS), shows that low-income renters are actually more likely to live in walled or gated communities compared to affluent homeowners. Because class and race are correlated in the United States, the owner and renter distinction translates into a separation of high-income from low-income and Whites from non- Whites. While affluent White homeowners in gated communities have been extensively profiled, the gated, low-income, non-white renters have not. We suspect these two worlds reflect a divide between gated communities, one the result of status versus one motivated by concern for security. (281)

There were differences between gated and non-gated owners, and between both groups of renters. For example, gated community owners had a mean income of $87,794, versus $73,172 for non-gated owners—almost 20% more. Renters in gated communities earned a mean income of $39,735 versus $35,461 for non-gated renters, or 12% more. But they found that, "Contrary to the notion that primarily affluent homeowners live in gated communities, the results of the AHS survey show that renters are nearly 2.5 times more likely to live in walled or fenced communities and over 3 times as likely to have controlled entries. These renters include households in public housing projects, which often have walled and gated design elements." (285) This study highlights the importance of understanding social and economic segregation in context and in detail.

Walks (2014) undertakes an empirical study of twenty gated communities in Canada and find that, contrary to the American experience, the major motivation is not fear of crime but "prestige, privacy, and the provision of leisure amenities and activities." (44) They view private communities in Canada as often being more about age segregation, as the elderly seek to self-segregate during their "golden years." And, they say, "Gated communities, in the aggregate, are not concentrating the wealthy." (52). Ultimately, Walks finds that Canadian gated private communities are not contributing to segregation as the term is usually understood. However, they do note that there is the potential that this institution could promote certain types of social segregation:

> Within the Canadian context, these findings primarily support a perspective in which gated communities are developed to provide specialised amenities and features not elsewhere available – which may include the collective 'club realm' governance of local services – instead of arising out of a desire for social exclusion. Gated communities in Canada may serve as neighbourhood innovations that facilitate the spatial concentration of those who share similar residential preferences, rather than similar socio-demographic characteristics, perhaps dispelling the hypothesis necessarily linking gating to segregation. This does not preclude gated communities from potentially becoming vehicles for segregation in the future, but for this to happen the factors spurring on the demand and supply of gating would have to change considerably
> from those uncovered herein… (62)

Webster, Wu, and Zhao (2006) study private communities in China, and find an amazing diversity that includes not just luxury gated communities, but condominiums for retired teachers and other government workers, in a variety of price ranges: "The contemporary Chinese walled *cities within a city* are all the more interesting in that they are a genre of development adapted to all income levels – from the poor still living in courtyard housing to the rich in Beijing and Shanghai's Californian-style residential theme-parks, and the old-ownership and middle-income condo dwellers in between." (168)

Conclusion

Theory suggests that residential segregation by income is to be expected in the US housing market, as the result of processes of sorting that appear inevitable. Different preferences and varying ability to pay for desirable features and neighborhood attributes would lead to some degree of income segregation, according to several theories.

Moving from the world of theory to the realm of empirical reality, we see an interesting convergence. It happens that the rise of private communities temporally coincided with two other observable trends: an increase in income inequality and an increase in residential segregation by income. All three of these trends occurred, or accelerated, from the 1970s to the present. Clearly, the trends are related to each other somehow. The relationship between two of the three variables appears to be directional: empirical evidence supports the conclusion that increasing income inequality contributes to increasing residential segregation.

However, the role of the third variable—the rise of private communities, many of them gated—is more complex. This is an institution that clearly has the potential to create segregated neighborhoods, if that is a developer's intent, and if the demand is there. CID housing facilitates the niche marketing practiced by large developers, who use increasingly sophisticated, data-driven techniques to sell housing to narrow slices of the income distribution, and cater to the demands of consumers for neighborhoods that suit their household characteristics and lifestyles. Private amenities appeal to those who can afford to pay for them, while also paying their full share of property taxes.

Yet, the empirical evidence that focuses on private, often gated, communities offers more than one view. The bulk of the existing studies argue, or suggest, that private communities promote a multi-faceted segregation that divides people by income and class, and in other ways as well. They believe that CID housing, especially when it includes private security measures, caters to affluent people who wish to be spatially and institutionally separated from their surrounding environments, where the people are less affluent and more committed to the institutions of the public realm.

However, other empirical studies find that even private communities that are internally homogenous can contribute to overall neighborhood diversity, because they facilitate bringing middle and upper-middle income residents into neighborhoods that they would otherwise avoid entirely. Moreover, they argue that private communities, and especially those with security, are not limited to the affluent, and indeed that many lower income people live in such communities. This is true not just in the US, but in other countries.

It appears that CID housing facilitate the process of the rich becoming segregated from everyone else. However, beyond that observation, reality is more complex. The specific contribution of private communities to residential income segregation is hard to quantify, and may vary depending on the context. Ultimately common interest housing is a real estate development tool, an instrument of public policies, and an expression of individual consumer preferences. It can be, and has been used for exclusionary and segregative purposes. It can also be a vehicle for inclusionary policies and practices that aim to house the middle and upper middle classes in redeveloped urban neighborhoods. If we view common interest housing as a tool, then ultimately the responsibility for its impact on our society rests with developers, policy makers, and consumers.

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