

# WHITE FLIGHT AND GENTRIFICATION IN HYDE PARK, CHICAGO

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*Against a backdrop of increasing polarisation and racial tensions in the US, in this essay, Conor Bolger explores Hyde Park, Chicago as an oasis of diversity in what has been called America's most segregated city. He looks to historical factors and demographic trends, examining the impact of policy decisions made throughout the 20th century to deepen our understanding of urban economic phenomena in modern day Chicago.*

## Introduction

Chicago is often perceived as one of America's most diverse cities. The Washington Times (2009) details the "wealth of ethnic neighbourhoods" there are to explore, from Little Italy to Chinatown and onto Greektown. This cultural diversity is exemplified in the Chicago Cultural Centre, which allows local artists to display their work and educate visitors on the cultural diversity of the "Windy City". Silver (2015) finds Chicago to be the 7th most diverse city in the U.S.

However, despite its diversity at a macro level, Silver identifies Chicago as the U.S.' most segregated city due to the low level of diversity at a neighbourhood level. This neighbourhood level segregation is evident from graphics that plot ethnicity onto a map of Chicago. One such example is Dustin Cable's Dot Map (Cable, 2013). The largely green South side of the city depicts predominantly black neighbourhoods, while the white neighbourhoods on the outskirts are symbolic of the 1950s "white flight". This segregation makes Chicago one of the most intriguing cities to study from an urban economics point of view with significant changes in its demographic makeup in the last century.

One neighbourhood of particular interest is that of Hyde Park. It is located on the south side of the city and contains the University of Chicago campus. It is an unusually diverse neighbourhood, making it unique on the South side of the city which is made up of mostly black neighbourhoods. In the early 20th Century, Hyde Park was characterised by a very high proportion of white people - 98% in 1930 (Rob Paral and Associates, 2014). A variety of legal constraints prevented integration for several years in the early 20th Century. Housing contracts were restricted to whites in some areas but these were abolished in the late 1940s. In addition, The Federal Housing Authorities and its affiliates such as the Chicago Housing Authority enforced regulations such as "neighbourhood

*composition rules*” which set a racial composition to communities. However, by 1960, whites made up only 59.7% of Hyde Park’s population (Rob Paral and Associates, 2014). Examining the dynamics of this change must be salient in understanding its current status as a “*cultural Mecca reflecting the social, cultural and racial diversity of its residents*” (Woods, 2016). Its vibrant atmosphere is a result of the current mix of students, faculty, entrepreneurs, writers, medics, businesspeople, retirees and families that has developed throughout the 20th Century.

## A Rush for the Suburbs

The post-depression years were marked in Chicago by significant migration of African-Americans from the Southern States. Between 1940 and 1960, the black population in Chicago increased from 278,000 to 813,000 with blacks making up 23% of Chicago’s population by 1960. Hirsch (1998) describes that there was, at this time, strong sentiment for legal segregation of blacks due to their portrayal as being uneducated and violent as well as a belief in their potential to bring about urban decay. Legal restrictions imposed as a result of these fears meant 75% of the black population was located in an area composed of 90% blacks. The creation of what Hirsch describes as the Second Ghetto meant that many whites from those areas and surrounding communities moved to the suburbs in what has been described as “*White Flight*”.

Shertzer and Walsh (2016) find that White Flight began as early as the 1910s and accelerated throughout the following three decades. Their instrumental variable (IV) approach finds that one black arrival resulted in 1.9 whites leaving in the 1910s and 3.4 in the 1920s. Incentives such as the Home Owners Loan Corporation and the Federal Housing Association encouraged and supported white suburbanisation. “*White Flight*” left large areas vacant for black migrants to move into. The creation of a ring of slums in the Loop generated fear in Hyde Park that encouraged urban renewal by private parties, particularly the University of Chicago, which demolished 600 houses. Hirsch (1998) argues that physical deterioration was not really an issue, but rather that a fear of slum creation resulted in these actions. The Urban Community Conservation Act of 1953 and University of Chicago’s interest in maintaining a “predominantly white and economically upgraded community” ultimately failed as increased diversity was established in Hyde Park, as previously discussed.

Boustan and Margo (2013) contend that the mass movement of whites to the suburbs increased the supply of housing near the city centre and resulted in more affordable housing for black families migrating into the cities. These families would have previously been on the cusp of buying a home and, with more affordable prices as well as favourable credit conditions, black home ownership increased. They find in their IV analysis that on average across the country, for every 1,000 white households that moved to the suburbs, 108 black households moved from the rented market to the owner-

occupied market. Chicago, they find, demonstrated stronger results than the model predicted, with an increase of over 10,000 black owner-occupied houses throughout the 1960s. However, by the 1980s, the efforts of the University of Chicago proved successful as the black population in Hyde Park were largely limited to the northwest with the growth of a middle-upper class community through higher house prices and rents.

## The University Hub

In more recent times, the University of Chicago has increased its influence on the surrounding Hyde Park. Its academic and hospital systems act as a hub of employment. The university employs 2,274 full time staff, while the hospitals employ over 9,000 (The University of Chicago, n.d; University of Chicago Medicine, n.d). This does not account for the 15,000 students on campus. While the increased employment of high-skilled labour may have had the effect of increasing housing prices, the growing student population from outside Chicago that spills over the capacity of on-campus accommodation has likely increased rents along the university bus routes. An important question to ask is whether the University of Chicago has exerted its influence to gentrify Hyde Park in recent years.

The University of Chicago has enforced a “*Wall around Hyde Park*” through its on-campus police force (Fan, 2014). The UCPD (University of Chicago Police Department) was formally created as a fully-fledged police department in 1968 (Larson, 2012). To Hyde Park’s west is Washington Park, which has a poverty rate of 51% and experiences high levels of crime; between 2000 and 2009, there were 81 murders (Worley, 2011). It tops one list of homicides per 100,000 and Woodlawn, another border neighbourhood to Hyde Park, is not much further down that list (Moser, 2012). Despite this, it appears that the UCPD have created an increased sense of security in Hyde Park that has facilitated its maintenance as a relatively affluent area. In the last census, median income in Hyde Park was at \$48,643 compared with \$22,059 in Washington Park. This security comes at a cost, though, and there is a significant amount of anecdotal evidence of racial profiling (Fan, 2014). While Hyde Park may display high levels of diversity overall, this is not to say that divisions along racial lines are not prevalent. This may have been a factor in the 25% reduction of blacks living in Hyde Park since 1980 (Rob Paral and Associates, 2014).

Another factor in the development of a middle-class community is the maintenance of relatively high house prices in Hyde Park. The classical approach to understanding land values oriented itself around distance to the central business district (CBD). However, McMillen (1996) has found that Chicago has moved towards being more of a polycentric city, although still remaining monocentric in that land values do tend to decrease with distance from the CBD on aggregate. In particular, he identifies O’Hare Airport as a hub of employment, which has increased land values around the area. Similarly, the university system in Hyde Park is likely to have acted as a hub in the

past century. Woods (2016) describes the great employment opportunities offered by Bernard Mitchell, University of Chicago Hospital and University of Chicago Children's Hospital. It can be expected that the faculty and surrounding medical centres attract middle to high income earners with a high-level of education, which must have had a profound impact on housing characteristics and pricing in the last century. Therefore, Hyde Park's distance to the Loop of Chicago may not play a role in housing prices but should be considered regardless.

In addition to employment opportunities, the university has had a profound impact on the demographic makeup of the neighbourhood, which acts as a significant social factor in determining housing prices. Naik and colleagues (2015) have attempted to understand the relationship between social and physical factors influencing a city. They find that denser areas and areas with a higher proportion of college educated individuals have higher StreetScores, a measure of how safe people perceive areas to be. Over 71% of the residents in Hyde Park have a BA or higher compared with just 18% in the nearby Washington Park (Rob Paral and Associates, 2014). This differential is likely to impact on perceived safety in the two areas, and also on wages which result in higher house prices in Hyde Park.

## **Hyde Park: Diversification or Gentrification?**

Two key characteristics of gentrification are that it is more likely to occur in lower-income areas close to the CBD and in areas with a lot of pre-1940 building, as identified by Kolko (2007). The reason for the latter characteristic is that older buildings are more likely to be targeted in urban renewal programmes which usually increases their value and takes them out of reach of lower-income individuals. This is supported in their finding that gentrification is positively correlated with a higher growth of housing stock.

Lin (2002) has determined a method of identifying gentrification by testing the changes in residential property prices, a method also used in O'Loughlin and Munski's 1979 paper. Lin finds an extremely rapid increase in property prices from 1985 to 1991 of 98% signifying the realisation of gentrification. Lin also tests the wave theory whereby gentrification may start in one particular area, perhaps somewhere close to desirable amenities, and then spread out into neighbouring communities. Naik and colleagues (2015) also find that there is a tendency for clustering of areas experiencing urban change. Therefore, it would be expected that areas near the university, which received police protection earliest, would spread gentrification outwards throughout Hyde Park. It is possible that the expansion of the area under the UCPD's control since 1968 encouraged this wave of gentrification in Hyde Park also. This is supported by Kolko (2007) who also finds a spillover effect particularly in high density areas, suggesting a spatial proximity effect.

The fact that there hasn't been a significant change in the median income or even the proportion of individuals in high income brackets suggests that Hyde Park may be escaping the fate of gentrification. The housing stock in Hyde Park is in neither category that Kolko (2007) highlights as susceptible to gentrification, in that the housing stock is neither close to the CBD nor is it particularly old. This would strengthen the hypothesis that gentrification is not taking place. This is especially true for buildings in close proximity to the university which had been part of the 20th Century fight against racial succession and were therefore well maintained and updated to prevent urban decay. This topic merits further research, and with new datasets on house prices and features in Chicago in the 20th Century, there presents an opportunity for this question of gentrification to be addressed.

## **Conclusion**

Hyde Park has certainly undergone much change over the past century. The racial makeup of this unique area has morphed from being almost exclusively white in the 1930s to the cultural melting-pot it is today. Legal constraints preventing integration being lifted and housing policy promoting diversity being introduced were important factors in urban change in Hyde Park, however the University of Chicago has exerted arguably the largest influence on the development of this area. While the University initially took direct responsibility through urban renewal schemes, it continues to exert an indirect but undeniable influence on everything from house prices to the socioeconomic makeup of the Hyde Park area. While Hyde Park is undeniably more diverse than other areas, this is not to say divisions and tensions along racial lines do not exist. In a city characterised by a lack of integration, it must do it's best to be the exception to the rule.

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