

## **APPENDIX 5B**

### ***Tests of Neighborhood Effects Models***

In addition to the models reported in the text, models for each sample were estimated using a dummy for each block group represented to remove all neighborhood effects. *F* tests were used to compare the explanatory power of these models with those that included neighborhood characteristics (e.g., average house size, average house age). The results of these tests reveal that for none of the samples do the neighborhood effects models have significantly greater explanatory power. The results of those tests appear in Table 5B.1 below.

The models using neighborhood effects dummies also use a substantial number of degrees of freedom. Given the reliance on asymptotics, the results from these models would be less reliable than those of the models with no neighborhood effects and the models that include neighborhood characteristics.

**Table 5B.1 Tests of Neighborhood Effects Models**

<b><i>Model</i></b>	<b><i>Number of Observations</i></b>	<b><i>Number of Groups</i></b>	<b><i>F-statistic</i></b>	<b><i>P value</i></b>
<b><i>Metropolitan</i></b>	2199	1041	1.04574	0.23135
<b><i>Suburban</i></b>	1937	886	1.01132	0.43184
<b><i>Outlying Areas</i></b>	956	316	1.06770	0.25690