

Diversity and Economic Development in Urban Neighborhoods:  
A Case Analysis of Columbia City, Seattle

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ABSTRACT

The purpose of this study is to explore the ways racial and socio-economic diversity potentially affect economic development in Columbia City, one of Seattle's most diverse neighborhoods. Case studies of diverse metropolitan neighborhoods have not considered the impacts of diversity on economic development directly, and quantitative studies regarding diversity and economic development have produced conflicting results. Therefore, this exploratory research will attempt to answer the question, how do neighborhood actors perceive the relationship between racial and socio-economic residential composition and economic development in a diverse, urban neighborhood? For this study, the author conducted 22 semi-structured interviews with neighborhood stakeholders including nonprofit leaders, government officials, business owners, and residents. The author used the interpretive approach to analyze the interviews. Results derived from the perspectives, accounts, experiences, opinions, and understanding of neighborhood informants suggest an important connection between diversity and economic development.

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## Introduction

The purpose of this study is to explore the ways racial and socio-economic diversity potentially affect economic development in an integrated urban neighborhood, Columbia City in Seattle, Washington. I address the question, how do neighborhood actors perceive the relationship between racial and socio-economic residential composition and economic development in diverse, urban neighborhoods? Other case studies of diverse metropolitan neighborhoods (Maly 2005) have not considered the impacts of diversity on economic development directly, and quantitative studies regarding diversity and economic development have produced conflicting results. While Ratna, Grafton and Kompas (2009) and Alesina and La Ferrara (2005) suggest a positive relationship between diversity and development, other studies fail to reveal a link between population diversity and economic growth (e.g., Lian and O Neal 1997; Sands and Reese 2008) or show a negative relationship between population diversity and economic growth (e.g., Grafton, Knowles and Owen 2004; Montalvo and Reynal-Querol 2005).

Neighborhoods have historically been segregated places. Scholars of urban development, city officials, real estate agents and even neighborhood residents have generally considered diverse neighborhoods unstable and transitional (Maly 2005; Orfield 2002), but today there are many examples of diverse neighborhoods that are stable, maintaining their diversity and prospering (Nyden et al. 1998; Maly 2005). Researchers have given little attention to the impacts of diversity on economic development in neighborhoods presumably because stable, diverse neighborhoods are a relatively new phenomenon (Maly 2005). National level quantitative studies suggest a negative relationship between diversity and economic development or prosperity (Grafton, Knowles and Owen 2004; Lian and O Neal 1997; Montalvo and Reynal-Querol 2005). Similar research on state, county, and city levels has not shown evidence of a causal relationship

between diversity and economic development. Only Sands and Reese (2008) report a correlation between diversity and “economic health” in a city-level study.

None of the research mentioned above considers the effect of racial and ethnic diversity on community economic development when the diverse population is integrated. Marschall and Stole (2004) warn that researchers’ inability to account for changes in context and levels of integration across cities, counties, states and countries has led to many inconclusive studies. Neighborhoods may be the ideal place to study the effects of diversity because individual neighborhoods represent a consistent context and level of integration. Gordon, Locke and Ulberg (1998), in a *Cityscape* volume dedicated to “successful, stable, racially and ethnically diverse neighborhoods,” suggest that Southeast Seattle may be an ideal place to study integrated neighborhoods. They explain that Southeast Seattle became integrated as minority populations in Seattle increased and their communities expanded south. Southeast Seattle has remained integrated “because of the hard work of many people within and outside the area who are committed to maintaining a diverse community (Gordon et al. 1998: 201).”

I collected data for this study through semi-structured interviews with neighborhood residents, business owners, political representatives, community organization representatives, planners, economic developers and other relevant parties and used an interpretive approach to assess this qualitative information. This case study is among the first to consider the effects of socio-economic, ethnic and racial diversity on economic development at neighborhood level. I have uncovered themes that will help other researchers more effectively use quantitative analysis to further explore the relationship between economic development and diversity for a larger neighborhood sample. In addition, the methodology I use to analyze the neighborhood case can be used as a model for other case studies.

I expected to find evidence of a relationship between diversity and economic development while studying Southeast Seattle. Consistent themes in my interviews provide evidence of the ways in which diversity contributed to economic development in Columbia City. These themes are organized in the paper as 1) perceptions of diversity, 2) perceptions of economic development, and 3) perceptions of a link between the two. Most informants viewed diversity as a positive aspect of their community. Among the informants some drew a clear positive connection between diversity and economic development. Others were unsure about the relationship or saw no connection between diversity and economic development. Nonetheless, the evidence detailed in this paper makes a strong case for further research to better understand the relationship between diversity and economic development in urban neighborhoods. My hope is that this information will help other researchers more effectively understand and explore the role of racial and ethnic diversity in producing neighborhood revitalization and community change using quantitative methods.

## Literature Review

Throughout the 20<sup>th</sup> Century, U.S. urban neighborhoods have been segregated, both racially and in terms of income. Massey and Denton (1993) argue that institutional racism is the main driver of this circumstance. They explain that minorities are generally poorer than whites because of job discrimination and residential discrimination that has led to a concentration of low-income minorities in particular neighborhoods. Economic marginalization of minority neighborhoods persists as various forms of institutional racism continue to block capital flows to areas with predominately minority residents (Immergluck and Smith 2003). Maly (2005) finds evidence that segregation is not just relegated to low-income areas. He explains that throughout

the U.S. in 2005 the average white person lived in a neighborhood that is more than 80% percent white, and the average black person lived in a neighborhood that is mostly black.

Racially and ethnically diverse neighborhoods are becoming more prevalent (Ellen 2000). Turner and Fenderson (2006) find that “more than half of all neighborhoods in the [100] largest [U.S.] metro areas are home to significant numbers of whites, minorities, and immigrants, with no single racial or ethnic group dominating the minority population.” They also find that six in ten metro neighborhoods are “mixed-income—dominated neither by households in the highest income quintiles nor by those in the lowest” (Turner and Fenderson 2006: 2).

Scholars who study diverse neighborhoods suggest that residents accept or encourage diversity in their neighborhoods for a number of reasons. Some of these reasons are related to neighborhood economic development. For example, the University of Chicago encouraged Hyde Park to become a diverse neighborhood to prevent it from becoming a minority dominated neighborhood (Hirsch 1988). University leaders believed that if Hyde Park became a predominately black neighborhood, the school would no longer be able to attract enough students; therefore, pro-integrative housing interventions became an important strategy for the University. Chicago’s Rogers Park neighborhood illustrates another example of neighborhood diversity. Berrey’s (2005) account of Rogers Park politicians and real estate professionals indicates that these leaders promote racial and income diversity as part of the neighborhood’s cultural value. Both of these instances suggest that neighborhood leaders encourage diversity among residents in order to advance or maintain the economic position of the neighborhood.

Other reasons for neighborhood diversity are related to city-wide policy and other factors beyond neighborhood control. For example, some scholars suggest that long-standing racial, ethnic and income diversity in Southeast Seattle can be partially attributed to policy developed

by former Seattle Mayor Norm Rice and other subsequent city mayors. The Rice administration undertook “energetic efforts...to ensure that diversity is taken seriously” (Gordon et al. 1998: 202). Moreover, in Milwaukee’s Sherman Park neighborhood, city-wide school choice policy quelled fears that a growing black population would lead to a decline in school quality and thereby prevented the stimulus of white flight (Nyden et al. 1998). Lastly, Alba, Logan and Stults (2000) find that immigration is increasing the diversity of neighborhoods generally, even in affluent and suburban neighborhoods.

Some scholars of economic development have developed theories that associate diversity with economic development. Florida and Gates (2001) argue that diverse communities attract and nurture creative, innovative people that foster economic growth. Florida and Gates have established correlations between diverse city populations and the technological success of metro areas, to support their theory. Other quantitative studies produced similar results. Sands and Reese (2002) test Florida’s “creative class” theory in mid-size Canadian cities. They find that areas with higher ethnic diversity scores also have higher overall economic health. Rupasingha, Goetz and Freashwater (2002) find a significant, positive relationship between ethnic diversity and economic growth using county level data. In addition, Rupasingha et al. find a negative relationship between income inequality and growth. Ottaviano and Peri (2005), using a rigorous quantitative approach, isolate the effect of ethnic diversity on the productivity of U.S.-born workers and they find that “a more multicultural urban environment makes US-born citizens more productive” (39). Sparber (2009, 2010) analyzes U.S. industries and argues that racial diversity generated productivity gains for most sectors of the economy. He suggests that diversity positively effects decision making in industries, especially in industries which benefit from creativity. In an earlier paper, Sparber (2008) develops a Solow-type growth model to



understand the microeconomic effects of diversity. Sparber's model reflects concern for the effect of integration. Sparber asserts, "The net macroeconomic effects of diversity critically depend upon whether minority groups evenly distribute themselves across regions or instead form segregated clusters" (Sparber 2008: 211).

Other scholars, while not addressing economic development directly, suggest outcomes from living in a diverse setting may contribute to increased economic development. For example, Marshall and Stolle (2004) find that "individuals who live in more racially diverse neighborhoods are more likely to agree that most people can be trusted than are individuals who live in more racially homogenous neighborhoods" (139). Furthermore, Stolle, Soroka and Johnston (2008) study the relationship between diversity and trust on the neighborhood level and find that diversity has a negative effect on trust, although they qualify that these negative effects can be mitigated by increased social interaction. In general, their findings contradict those of Marshall and Stolle (2004), but they present a similar warning: studies must be able to account for context and level of integration. Stolle et al. (2008), report that diversity has a negative effect on trust, but also suggest that this evidence is influenced by the degree to which neighbors interact with each other. These scholars explain, "...our most important finding is that not everyone is equally sensitive to context. Individuals who regularly talk with their neighbors are less influenced by the racial and ethnic character of their surroundings than people who lack such interaction" (Stolle et al. 2008: 57).

Some economic development scholars point to economic consequences related to diversity. Iyer, Kitson and Toh (2005) develop a model of economic growth that includes social capital. They theorize that social capital is a legitimate capital form contributing to economic growth. Their findings indicate that ethnic diversity diminishes social capital and thereby growth.

Norton (2000) suggests that diversity is associated with attenuated property rights and higher investment risk and thereby lower economic performance in a national level study.

Further, some scholars suggest that the relationship between diversity and economic development cannot be characterized by a simple linear relationship. Tiemann, Das, and DiRienzo (2006) reason that ethnic homogeneity provides for more efficient decision making, a necessary condition for less-developed countries in the process of building infrastructure; whereas, developed countries which have infrastructure in place need a diverse population to promote creativity and innovation. They argue that diversity's relationship to economic growth fits an inverted U-shaped curve—ethnic homogeneity is positively related to economic growth, up to a point, then ethnic homogeneity has a negative effect on economic growth.

Business and management fields have also produced a large body of research regarding the effects of diversity on performance. Researchers in this field are working to evaluate the hypothesis that diversity produces positive effects on organizational outcomes when it is managed properly (McLeod et al. 1996). A number of conclusions from this research are relevant to the exploration conducted in this study.

Scholarship investigating the value of diversity in workgroups has produced mixed results. One of the main reasons is that types of diversity, contextual aspects, and intervening variables all affect whether or not group diversity contributes to positive outcomes (Jehn et al. 1999; Williams and O'Reilly 1998). Some scholars caution that ability to overcome conflict and communicate will affect the performance of diverse groups. For instance, Harrison et al. (2002) show that social integration in diverse workgroups has a strong positive impact on team performance. This conclusion supports my assertion that diverse neighborhoods, rather than larger areas such as cities, states or countries, may be the best place to study the effects of

diversity on economic development because they are more likely to have constant levels of integration.

Additionally, authors in the management and business field cite benefits from working in a diverse team that may also apply to neighborhood development. For example, research suggests that ethnic diversity may be related to increased creativity and flexibility, and that insights from people of different ethnic background may help companies reach a larger market (Cox and Blake 1991; McLeod et al. 1996). Increased creativity, flexibility, and insight may also help neighborhood stakeholders develop more sustainable and profitable economies.

Columbia City, Seattle might provide further evidence that diverse neighborhoods are being sustained by citizens and prospering. Like Roger's Park, Columbia City's leaders talk about diversity as part of the neighborhood's value. A number of informants mention that the neighborhood's diversity is an attribute that contributed to their decision to move to or open a business in the community. They also mentioned that diversity attracts visitors to the neighborhood. However, it is not clear whether Columbia City is experiencing a "creative class" effect. Columbia City offers some evidence that people living in diverse neighborhoods may be more agreeable and trusting. Many informants talked about learning from multi-cultural experiences, becoming more flexible, and developing empathy for people of different backgrounds and economic or social classes. There is less evidence from this case that diversity diminishes social capital. Some interviewees indicated that increasing diversity may have stalled or changed the trajectory of economic development. In the Columbia City case, this stall or change in direction seems to support the hypothesis that ethnic homogeneity is positively related to economic growth, up to a point. After that point, ethnic homogeneity has a negative effect on

economic growth. Business owners often attest that diversity increased their businesses' flexibility and allow them to reach and serve a larger market.

## Research Question

Research regarding the relationship between diversity and economic development has produced conflicting results. Part of the reason researchers have not been able to establish a clear relationship between diversity and economic development may be that they are not able to control for integration. Neighborhoods may be the ideal place to study the effects of diversity because individual neighborhoods represent a consistent context and level of integration. Further, neighborhoods may be a good place to study the relationship between diversity and economic development, since qualitative data suggests that neighborhood leaders are maintaining diversity for economic reasons.

This study analyzes the perceptions of diversity, economic development, and the relationship between diversity and economic development that are held by people living and working in Columbia City, Seattle. Individual perceptions and preferences are central to understanding the potential effects of diversity on economic development. Researchers cannot expect to develop an abstract model to describe the relationship between racial and socioeconomic diversity of the residents of a place and the economic development of that place until they observe the interaction between residents' perceptions of their neighbors, of economic development outcomes, and of the connection between the two. Therefore, this exploratory research attempts to answer the question, how do neighborhood actors perceive the relationship between racial and socio-economic residential composition and economic development in diverse, urban neighborhoods?

In this study metropolitan neighborhoods are defined as distinct residential areas that have businesses and organizations, which at a minimum, focus on serving the people who live in that area. People living in a city usually refer to their area of residence by name. Neighborhood boundaries may be defined by historic context, physical barriers like green space, water or roads, and/or by changes in character from one place to another. Neighborhood boundaries are often formally defined by municipal governments, however they may be perceived differently based on where area residents shop, work or typically travel. For example, Columbia City seems to be defined by its historic context. Columbia City was a mill town before it was annexed by Seattle. Now, many historic buildings remain, making up the core of the neighborhood. Seattle officials and residents of the neighborhood seem to define the boundaries of Columbia City based on the early development of residential and commercial spaces.

Census data can easily characterize a neighborhood's racial composition, but it does not represent the way that neighborhood actors perceive racial diversity. Likewise, researchers can use demographic data to estimate the variety of income levels within a neighborhood, but that estimate is not necessarily related to neighborhood residents' or business owners' perceptions of socio-economics in a neighborhood. It is critical for researchers to investigate neighborhood actors' perceptions of racial and socioeconomic diversity to understand the potential effects of diversity on a neighborhood. Individual perceptions of diversity may be shaped by personal experiences, education, policies, peers, etc. Leaders or representatives of a neighborhood may be able to generalize how their constituents perceive diversity.

Columbia City is a diverse neighborhood. A number of races and ethnicities are represented and minorities represent a larger proportion of the neighborhood population compared to the city's overall population. Affordable housing policies help maintain income

diversity since Columbia City has become an increasingly desirable place to live (e.g. it is close to the city's central business district, it has shopping and other amenities within the neighborhood, and residents have easy access to public transit). In addition, the neighborhood is not large enough for minority enclaves to form within the neighborhood. Most of the people in the neighborhood shop and do business in many of the same places. Neighborhood residents undoubtedly travel using similar routes, many using the same forms of public transportation. Since the neighborhood is relatively integrated, its residents have experiences that involve people of different races and socioeconomic backgrounds. The perceptions residents develop based on those experiences compounded with their own background are very important to this study.

Researchers and economic development professionals use property values, the number of new businesses, the number of existing business, the number of community organizations, the distance to a grocery store, and many other quantitative indicators to measure economic development in neighborhoods. However, these indicators do not necessarily reflect individual perceptions of economic development. Individual perceptions of economic development may be shaped by personal hardship or success, aesthetics, access to goods or transportation, peers, education, policies, etc. Leaders or representatives may be more likely to determine levels of economic development based on quantitative indicators.

Individuals' perceptions of what *causes* or *affects* economic development are even more likely to be based on personal experience, education or policies, than those held in academia. Economic development scholars would likely explain that an influx of capital, labor or technology might cause economic development in a place. They might also indicate that changes in supply of goods or services, or demand for goods or services might affect economic

development. They may even indicate that community perception might affect economic development.

Columbia City experienced economic decline after the neighborhood's heyday. City and neighborhood officials, neighborhood organizations, business owners and residents have all worked to improve the neighborhood, reviving them from perceptions of danger and blight. Some people I interviewed have seen the full transformation of their neighborhood over many years. Almost all of the informants have experienced the most recent developments. City and neighborhood officials know about how the neighborhood has developed over its history. Understanding the perspective and perceptions of development within these neighborhoods has been an important step in my analysis. An understanding of how neighborhood actors connect diversity and development is the key portion of data I have collected.

## Methods

This study investigates the relationship between diversity and economic development through a case study method (Yin 2003), where Seattle's Columbia City neighborhood is the unit of analysis. I investigate the conditions in the community, both diversity and development, by conducting semi-structured interviews with neighborhood residents, business owners, community organization representatives, planners, economic developers and other relevant local stakeholders. My interview sample was constructed first by targeting, through a website search, city officials, neighborhood officials, neighborhood organization representatives, neighborhood business owners and neighborhood residents that appeared to be knowledgeable of the community. I contacted these individuals and if granted an interview asked them to recommend others, thus I developed a snowball sample based on referrals.

I conducted interviews using a two-part, semi-structured interview guide, which was tailored for each type of informant (i.e., officials, business owners, neighborhood organization leaders and residents). The first part of the interview protocol included questions about the neighborhood's development. My goal was to gain a good understanding of how the informant experienced neighborhood development, his or her perceptions of and opinions about the development, and factors that he or she thought influenced development. Part-one questions probed informants about new infrastructure improvements, businesses, and development funding sources. With these questions I hoped to learn if and why the neighborhood was receiving additional development funding, why new businesses chose to locate in the area, why infrastructure improvements were needed and what characteristics of the neighborhood were important considerations or assets to residents and key stakeholders as the neighborhood developed.

The second part of the interview guide included questions about the neighborhood's racial and economic characteristics. I also probed for informants' ideas about the relationship between diversity and economic development. If the informant had already mentioned diversity as a key characteristic influencing the development of their neighborhood, the interview flowed easily from part-one to part-two. If the informant did not mention diversity, I segued by mentioning that Columbia City is known as being one of the most diverse neighborhoods in the nation and made a careful effort to distinguish between the informant's own organic perceptions and perceptions that are new, caused by the Hawthorne effect. Informants may have tried to make connections between diversity and neighborhood development based on the interview protocol.



Interviews typically lasted an hour. I completed four phone interviews before visiting the neighborhood. Completing phone interviews ahead of visiting Columbia City, gave me leeway to follow up with informants during the visit and conduct additional interviews in person. I conducted fourteen interviews in person and four more after returning from Seattle. I devoted approximately one-fourth of the interview time to part-one of the interview protocol and three-fourths of the time to part-two. I documented information during the interview with hand written notes and added details to these notes immediately after each interview. The additional details included flagging information the informant emphasized as well as highlighting information that seemed particularly important to my central research question.

I used several procedures to assess the data. First, I reviewed my notes to find reoccurring themes that spanned the majority of the interviews. Additionally, I compared groups of interviews: resident interviews versus official interviews, business owner interviews versus neighborhood organization interviews, resident and business owner interviews versus neighborhood organization staff and official interviews. Differences and similarities emerged between people who have relatively large personal financial investments in the neighborhood (homeowners, property owners, business owners, some organization leaders) and those whose work is their primary connection to the neighborhood (city and neighborhood officials and most neighborhood organization staff).

I obtained additional information by reviewing archival records and from direct observation of the community. For instance, I collected much of the information about Columbia City by reading planning documents, neighborhood organization websites and documents, and newspaper articles. Visiting Columbia City for 10 days, between March 4 and March 14, 2011, helped to clarify and contextualize information in these archival records.

## Interviewee Characteristics

I conducted 22 interviews: two with city officials, one with a city organization leader, five with neighborhood organization leaders, six with neighborhood business owners, two with close relations of business owners in order to overcome language barriers, one with a neighborhood business employee, two with neighborhood residents, two with neighborhood residents who were formally neighborhood organization leaders, and one with man who regularly gets his hair cut in the neighborhood. Many of the people I interviewed fit into more than one of these categories. For example, I have counted Rob Mohn as a business owner, but Rob also lives in a neighborhood adjacent to Columbia City, owns property in Columbia City, and is an important community leader. Many other people I interviewed referred to Rob as the unofficial mayor of the neighborhood. Tino Ganacias, owner of Empire Espresso, grew up in Columbia City and still lives there today. Joanne Kelly, who I have listed as an organization leader, was the president of the Columbia City Business Association (CCBA), but also owned a neighborhood business and lived in the neighborhood. There are many other examples of people who fit in to more than one of the categories listed above.

Since this study considers racial, ethnic and socioeconomic diversity, the demographic make-up of the interviewees is an important consideration: 10 interviewees were white, seven people were black, one was Latino, one was of Asian descent, one person was mixed race, of both Filipino and Mexican decent, one was Ethiopian, and one was Vietnamese. I did not ask informants about their income; however informants voluntarily revealed some information about their economic status. All of the informants had regular sources of income. At least half of the

interviewees were homeowners and in some cases owned additional property. Three informants rented.

Based on this information, the interview sample is similar to the population of the greater neighborhood area, defined as the three census tracts in which Columbia City is contained.<sup>i</sup> Generally, white, black, and mixed-race people are overrepresented in the interview sample, while Latinos, Native Americans, Pacific Islanders, and people of Asian descent are underrepresented, as compared to 2010 Census data.

### Development of Columbia City

The initial development of Columbia City stemmed from the development of Seattle. Columbia City's timber industry profited from the growth machine that drove Seattle. However, Columbia City seems to be enduring evidence of Park and Burgess's (1925) human ecology theory of urban development, after the town was established initially. As Seattle grew between 1900 and 1940, Columbia City became a part of the "commuter zone" and as Seattle expanded further between 1940 and 1970 Columbia City became a "residential zone." The neighborhood arguably became part of the "zone of workingmen's homes" in the 1970's and has struggled to keep low and middle income residents in the area by practicing exclusionary zoning and promoting affordable housing. Today, Columbia City competes as a business and entertainment center within Seattle.

Farmers settled in the Columbia City area in the 1870s, but most historians cite the construction of a railway to Columbia City and the first commercial enterprise in Columbia City, a lumber mill, as the genesis of the town. J.K. Edmiston built an electric railway south from downtown Seattle into the Rainier Valley and sold the first lots in Columbia City in 1891, shortly after establishing regular railway service (Tate 2001a). The settlement thrived as its lumber

industry helped supply Seattle with timber for reconstruction after the 1889 fire (Cline and Lynch 2004). The town was incorporated in 1893 and continued to grow even after its residents voted to be annexed by Seattle in order to gain access to municipal services in 1907 (Tate 2001b). Columbia City grew rapidly between 1900 and 1907. Many of the buildings built during that time still stand today (Seattle Department of Neighborhoods).

Columbia City had established itself as a business hub by the time it was annexed. The town's industry expanded to include a manufacturer of fireworks and a company that manufactured hats, gloves and jackets, among other articles (Tate 2001a). These companies survived the Great Depression, but the Seattle to Rainier Valley Railway failed (Tate 2001a). Nonetheless, World War II offered new prospects for the area. Tate (2001a: HistoryLink.org Essay: 3327) reports, "Government contractors built temporary housing for defense workers..." and "Hitt Fireworks switched to military production of flares and other products..."

Some sources suggest that the late 1930s and 1940s marked the initial decline of Columbia City. Tate (2001a) suggests that the failure of the railway and the city's landfill nearby may have been at the source of the neighborhood's decline. She describes the landfill as an eyesore and health hazard, even after dumping ended in 1963. In addition, Lake Washington which makes the east boarder of southeast Seattle was "a smelly, polluted lake dying from the raw sewage being dumped directly into the lake," by the mid-1950s (Gordon et al. 1998: 201). Histories of the area do not discuss other factors that may have led to the decline of Columbia City which reached its low in the 1970s, although there may be a race related explanation.

Rapid growth in Seattle and the surrounding areas between 1880 and 1900 created opportunities for wealthy and middle-class residents to move to the newly annexed suburbs, leaving poor citizens in the areas around the city harbor. This economic segregation fostered

minority enclaves: Yesler-Jackson, a black working-class neighborhood south of downtown; East Madison Street at the northeast edge of the city became a black middle-class neighborhood; Seattle's Chinatown; and Nihonmachi, the city's Japanese settlements (Taylor 1991).

Seattle's black population remained almost exclusively segregated in the Central District of Seattle until 1964, when civil rights groups began encouraging black families to move into white neighborhoods. After the city passed an open housing ordinance in 1968, "[t]he early 1960's trickle out of the Central District became a flood by the 1970's as numerous black homeowners and renters moved south into the Rainier Valley..." (Taylor 1995: 7). Columbia City with a deteriorating housing stock probably experienced "white flight" as a large, likely poorer black population moved in (Massey and Denton 1993; Gordon et al. 1998; Maly 2005). This migration along with the aging buildings and infrastructure may have led to the "nadir" described by Tate: "...the business district was pocked with empty storefronts and the community became associated with crime and gang violence" (Tate 2001a: HistoryLink.org Essay: 3327). Tate quotes a retired business owner who described the neighborhood change: "People started moving out, and crime started moving in (Tate 2001a: HistoryLink.org Essay: 3327)."

Even as the community seemed to be "hitting rock bottom," community and municipal organizations were working to stabilize and improve Columbia City and the surrounding Rainier Valley/Southeast Seattle area. The Forward Thrust, a series of bond propositions, provided funding to turn the city landfill into a park extending about a mile from Columbia City in 1968 (Tate 2001a). The South End Seattle Community Organization (SESCO) began efforts to unify low- and moderate-income residents and promote diversity in southeast Seattle in 1975 (Gordon et al. 1998). Gordon, Locke and Ulberg (1998) note that SESCO staff insisted that

representatives from a variety of ethnic background be represented in community projects the organization developed. South East Effective Development (SEED), a non-profit community development corporation (CDC), also began working in the Community in 1975. SEED continues to be influential in Columbia City's development and southeast Seattle as a whole. The Columbia City Development Association created a local improvement district that financed streetscape improvements in 1976. The Columbia City neighborhood was deemed a Seattle Landmark District in 1978, crowning the previous decade of improvement projects.

The Rainier Valley lost retail and commercial businesses, including basic retail and grocery stores, throughout the 1970s and early 1980s despite improvement projects. Poverty increased. The entire Rainier Valley was viewed as blighted and an unsafe place (The Columbia City et al. Neighborhood Plan 1999). Nonetheless, community development continued. SEED coordinated the development of Rainer Valley Square, a 104,000 square foot commercial space in 1988. The development was one of Seattle's largest and most important projects in the 1980s. The Columbia City Revitalization Committee (CCRC), founded in 1995, led the community's next important steps (anonymous student). The CCRC held annual town meetings and coordinated BeatWalk, a monthly summer music festival, and the now very successful Columbia City Farmer's Market.

Also, in 1995, Seattle began engaging neighborhoods in comprehensive planning efforts. The City of Seattle Neighborhood Planning Office sponsored a comprehensive neighborhood plan for the Columbia City area beginning in 1997. The plan facilitated Seattle's strategy to concentrate growth within existing neighborhoods and was completed as "[t]he *Seattle Times* noted in an article on Columbia City on January 3, 1999, that 'suddenly people are using words like *up and coming* and *trendy* to describe and ethnically diverse, mostly working class district

that was all but forgotten until a few years ago” (Columbia City et al. Neighborhood Plan 1999: 8).

Seattle’s growth-oriented plans seemed to have encouraged and facilitated the growth of Columbia City. The 1999 neighborhood plan ushered Columbia City into the rapid development pace that the community engages today. A number of themes have influenced the last decade of development in Columbia City: Seattle’s *Urban Village* neighborhood based urban development strategy; the cooperative nature of Seattle’s government, neighborhood organizations and the Columbia City business community; and the community desire to maintain ethnic and income diversity within their neighborhood.

Columbia City is designated as a residential urban village. The Seattle comprehensive plan defines residential urban villages as neighborhoods that focus on providing goods and services for residents, but that are not necessarily a concentration of employment. As such, housing goals and policies as well as strategies to increase residents’ access to employment opportunities outside the neighborhood dominate Seattle’s plans for Columbia City. In the 2005 comprehensive plan neighborhood transit-oriented strategies focused on preparing for the anticipated light rail station in Columbia City, in addition to improving the safety of the neighborhood’s two main thoroughfares. The city also emphasized that the neighborhood should develop new transit-oriented housing around the light rail station, but the majority of housing plans were focused on maintaining housing options for people with a variety of income levels. Seattle encourages high density mixed-use development to achieve housing goals in Columbia City. The Seattle Department of Planning and Development completed zoning changes, the Seattle Housing Authority began the redevelopment of Rainer Vista, and the Seattle Department

of Transportation completed major improvements to Martin Luther King Jr. Way South before light rail service began at the Columbia City Station in 2009.

As Columbia City and southeast Seattle have developed they have maintained their ethnic and income diversity. In 2000, the U.S. Census Bureau identified zip code 98118, the area encompassing Columbia City and some of the greater Rainier Valley, as the most diverse zip code in the U.S. in 2000. The variety of racial and ethnic groups represented in the neighborhood includes black, white, Latin, and Asian American populations as well as Vietnamese, Ethiopian, Eritrean, and Somali immigrant populations. Policies that promote diversity in Columbia City have been established at the city level. Neighborhood organizations reinforce those policies and neighborhood plans develop strategies to maintain the neighborhood's focus on diversity.

The Race and Social Justice Initiative (RSJI) and the Immigrants and Refugees Initiative are notable city efforts to maintain diversity in neighborhoods. RSJI is a city-wide effort to eliminate institutional racism and race-based inequalities. Since 2005, RSJI has established teams in almost every Seattle government department, secured translation and interpretation policy, created a more racially equal recruiting policy, and more than doubled the city's contracting with women and minority owned business (RSJI 2008). The Seattle Department of Neighborhoods leads the Immigrant and Refugee Initiative. The department helps immigrants and refugees become active citizens of Seattle by providing a range of services.

Many neighborhood organizations promote diversity in Columbia City and the Rainier Valley area. HomeSight is one of the most important supporters of both racial and socioeconomic diversity. HomeSight, a non-profit organization that promotes homeownership in southeast Seattle, has built hundreds of affordable homes in the area and helped more than 1,400



people become homeowners (Gura 2001; HomeSight). A clear majority of HomeSight buyers have been people of color and/or people with low incomes (Gura 2001).

Elements of neighborhood plans illustrate the importance of diversity in the neighborhood and lay out neighborhood policies to maintain ethnic and income diversity. For example, the 2005 Southeast Action Agenda outlines community strategies to preserve the diverse ethnic mix of local entrepreneurs. Additionally, the plan articulates community intent to support businesses that *serve* customers representing a variety of ethnicities. Strategies to promote these businesses include developing appropriate loan products through the Rainer Valley Community Development Fund and increasing immigrant access to business financial and technical assistance. Diversity has consistently appeared as a primary element in Seattle-sponsored Columbia City plans from 1999 to 2009.

#### Today's Diversity and Development in Columbia City

Columbia City's racial and income diversity make the neighborhood unique, although a comparison of 2000 and 2010 Censuses shows signs of gentrification. The neighborhood population was approximately 26 percent white, 26 percent black, 34 percent Asian, 7 percent Hispanic or Latino, and 7 percent other races including native Americans, Alaskans and Hawaiians in 2000 (U.S. Census SF-3 Block Groups Estimates 2000). About 40 percent of the population was foreign born with 35 percent of the population speaking a language other than English at home (U.S. Census SF-1 and 3 Block Groups Estimates 2000).

According to 2010 Census estimates, the census tracts encompassing Columbia City have a population that is approximately 41 percent white, 23 percent black, 21 percent Asian, 8 percent Hispanic or Latino, and 6 percent other races including native Americans, Alaskans and

Hawaiians as well as people who consider themselves to be two or more races (U.S. Census tracts 101,102, and 103, King County Washington). Data about foreign-born population and language spoken at home are not yet available for 2010. The 2005-2009 American Community Survey (ACS) estimates that approximately 29 percent of the Columbia City area population is foreign born and that 35 percent of the populations speaks a language other than English at home.

Median family income was near \$49,849 and per capita income was near \$19,414 in 2000 based on U.S. Decennial Census estimates. Housing statistics are a better indication of income diversity and also show signs of gentrification in Columbia City. In 2000, Columbia City's housing stock was about 67 percent renter occupied and 32 percent owner occupied. About 11 percent of rented units required \$750 or more in rent and utilities. About 33 percent required between \$500 and \$749. About 25 percent required between \$300 and \$499. And, 29 percent required less than \$300. The median gross rent for Seattle was near \$721 (U.S. Census SF-3 Block Groups Estimates 2000).

The 2005-2009 ACS estimates the Columbia City housing stock is now closer to 38 percent renter occupied and 61 percent owner occupied. About 56 percent of rented units require \$750 or more in rent and utilities. About 38 percent require between \$500 and \$749. About two percent require between \$300 and \$499. And, three percent require less than \$300. The median gross rent for Seattle is near \$923. Columbia City remains one of the more affordable neighborhoods in Seattle, but is steadily losing its affordable housing stock.

Residences and rights of way dominate land use in Columbia City. Single-family homes represent about 21 percent of residential development and multi-family development represents 20 about percent, based on the 2005 comprehensive plan. These proportions are zoned to shift

toward multi-family residence, so current development patterns may reflect the intended shift. Commercial mixed-use development occupied about 9 percent of land use in 2005. Columbia City zoning indicates that the area intends to phase out limited institutional and industrial uses in favor of more commercial and mixed-use development (Seattle Comprehensive Plan 2005).

The neighborhood has two main thoroughfares: Martin Luther King Jr. Way South and Rainier Avenue South. The Columbia City light rail station is located on Martin Luther King Way, near the middle of the neighborhood. Residences are concentrated on Martin Luther King Way. Retail, entertainment and services are located primarily along Rainier Avenue. (Seattle Department of Planning and Development 2009) Figure 1 depicts north, central and south Seattle with Columbia City highlighted in pink. (Seattle City Clerk’s Office Neighborhood Map Atlas Map: NN1315) Figure 2 is a street map of Columbia City (Seattle City Clerk’s Office Neighborhood Map Atlas Map: NN1315).



Figure 1: (left) Location of Columbia City in the City of Seattle

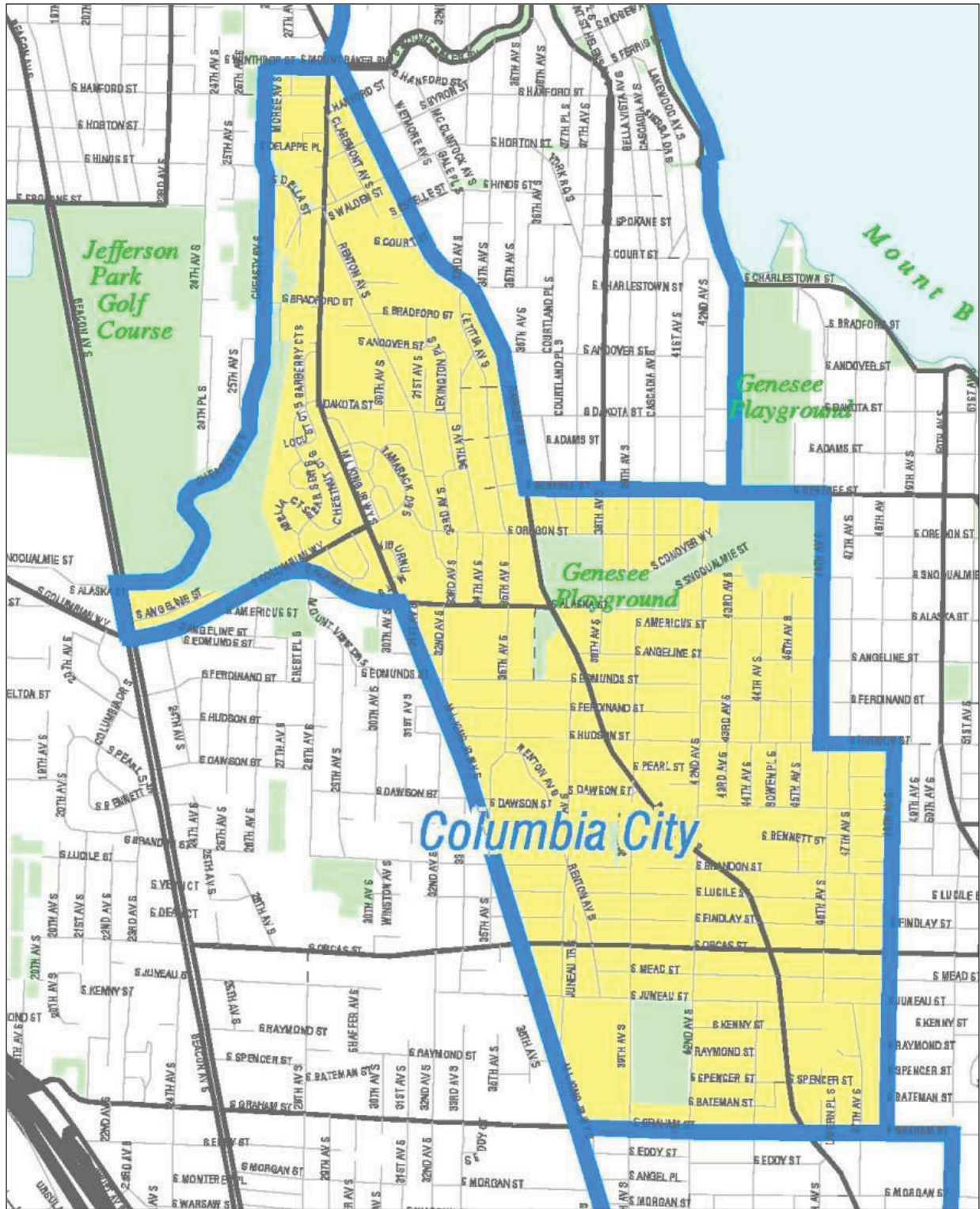


Figure 2: (above) Street Map of Columbia City

## Findings

In this section I will first present interviewee perceptions of diversity, followed by their perceptions of development. These subsections will establish that diversity and development are occurring simultaneously in Columbia City. Finally, I discuss resident perceptions of the link between diversity and economic development, and present my argument regarding the ways in which diversity and economic development are connected.

### *Perceptions of Diversity*

Nearly half of the people interviewed mentioned diversity as a definitive element of the neighborhood. Steve Johnson, the Director of the Seattle Office of Economic Development, explained that diversity is part of what makes Columbia City “authentic.” Approximately one-third of the interviewees described the neighborhood as very diverse in terms of race and ethnicity. Susan Davis, the executive director of the Rainier Valley Chamber of Commerce noted that diversity is the biggest thing that makes the neighborhood and surrounding area unique.

Those who viewed the neighborhood as less diverse explained their perspective. For example, Susan Davis explained that people who are familiar with the Rainier Valley do not view Columbia City as being particularly diverse relative to other parts of the Valley. Mikala Woodward, an area historian and resident, and Carol Versey, a long-time neighborhood business owner, both noticed that ethnic and racial diversity are decreasing and expressed that the neighborhood seemed much less diverse than it has in the past.

City officials, neighborhood organization leaders, and business owners agreed that community leadership reflects the ethnic diversity of the neighborhood and the area. Organization leaders and city officials pointed to prominent politicians and city officials who began their careers in the Columbia City area and who played important roles in the

neighborhood's revitalization. These politicians and officials include Gary Locke, the current U.S. Secretary of Commerce, who is Asian; Ron Sims, the Deputy Secretary of the U.S. Department of Housing and Urban Development (HUD), who is black; and Norm Rice, Seattle's first black mayor. These three men co-founded Southeast Effective Development (SEED), a community development corporation (CDC) that is located in Columbia City, owns property in the Columbia City business district, and has been an important player in Columbia City's re-development. Darryl Smith, the current Deputy Mayor of Seattle, who is black, is from Columbia City and was an important leader in the community's revitalization. Finally, Jim Diers, who established the Seattle Department of Neighborhoods, began his Seattle career as a community organizer in the Columbia City area and is white.

Neighborhood business owners emphasized the diversity of business owners and their representation in the CCBA. Rob Mohn suggested that the business owner biographies and pictures on the CCBA website demonstrate the diversity of CCBA members. The website highlights approximately 22 white owned businesses, five black owned businesses, four businesses whose owners are of different races, two Asian owned businesses, two businesses owned by African immigrants, and one business owned by a person of Indian decent. The racial composition of CCBA members roughly reflects the Columbia City area's population racial composition, although whites are notably overrepresented and Asians are notably underrepresented. Bull Stewart, a neighborhood business owner pointed out that there is no shortage of black owned businesses in the neighborhood—he counted seven.

All of the respondents who discussed neighborhood diversity, viewed diversity as an asset. Although some interviewees recognized that demographic change can be painful for long-time community members, almost everyone mentioned that people enjoy the multicultural

experience that accompanies diversity. They explained that diversity makes the neighborhood vibrant and more interesting. Greg Bem, who recently moved to the neighborhood, said that diversity is part of what attracted him to Columbia City. Tony To, executive director of HomeSight, Inc., suggested that Columbia City will attract racially diverse residents, no matter the income of those potential residents. He said, “People who want to be in a monochromatic neighborhood just won’t move here.” A number of informants suggested that people visit Columbia City to enjoy diversity. Karen Kinney, resident and founder of the Columbia City Farmer’s Market, said that people come to the Columbia City Farmer’s Market to experience culture and chaos they don’t find in other parts of Seattle. Steve Johnson said that people come to Columbia City to enjoy the authenticity the neighborhood’s diversity and acceptance expresses.

Informants consistently mentioned that the community takes deliberate action to reach across racial barriers; although, a substantial number of informants question whether or not these efforts were genuine or well-intended. Residents and business owners in this category feel that “lip service” is paid to diversity, but that people don’t consistently act on what they say. Joanne Kelly used her own experience as an example. She said, “...because I’m white, I’m able to live wherever I want to, including an ethnically diverse neighborhood. For the people of color who grew up there, gentrification of the neighborhood... has much different significance. You end up with a juxtaposition of those with agency, and those who feel trapped in an economic structure that's not in their favor. And I know from my work with CCBA that not everyone sees it that way or even sees it at all.” Tino Ganacias explained that difference is more accepted in Columbia City, but that people are not willing to be truly integrated. He said, “If you want to participate there is a place for you. It might not be equal, but there is a place.”

An equal number of interviewees suggested that it is impossible to live in Columbia City without being culturally sensitive and tolerant or without showing respect for all people. Informants mentioned that in Columbia City you *must* live and work near people with cultures different from your own. Mikala Woodward expressed that to live in a place like Columbia City a person must be willing to learn about other cultures and willing to share his or her own culture. Zed Aschenaki, a neighborhood business owner, gave an anecdote to illustrate the level of acceptance and overarching sense of community in Columbia City. She stated, “In the morning when you go into Empire, the coffee shop, there are people standing there [she gestured to signify a line] and then you’re standing there and then people talk to you, and then you’re in a conversation. Even though you don’t know them, they talk to you because they know it’s okay. That’s not how it used to be. That’s something we lost in society a long time ago, but it’s here now. I want everyone to experience that.”

While the neighborhood’s racial and ethnic diversity was noted on several occasions, fewer interviewees described Columbia City as economically diverse. Approximately half of the interviewees discussed income diversity. Organization leaders and city officials pointed out the neighborhood’s HOPE VI projects (mixed-income housing developments) and other affordable housing as being an important element of the neighborhood. They also discussed the planned housing developments and agreed that they would promote income and racial diversity in the neighborhood. Residents mentioned the area housing stock when they described the neighborhood’s income diversity, also. They pointed out affordable housing complexes, the differences between their houses and their neighbors’ homes, and the new apartments slated to be built. Lyle Bicknell, the Principal Urban Designer for the Seattle Department of Planning and



Development, highlighted that affordable retail space in Columbia City contributes to the neighborhood's economic and racial diversity.

Informants often addressed gentrification in conjunction with their discussion of income diversity. Gentrification is another important theme exhibited across half of the interviews. Lyle Bicknell described Columbia City as a “poster child for gentrification.” Jeri white, the executive director of Southeast Youth and Family Services explained that the neighborhood is flourishing, but said that long-term residents are being priced out, are not hired by local businesses, and cannot afford to patronize the new shops and restaurants. DeCharlene Williams, along with other organizations leaders, explained that property taxes are rising so much that people are forced to sell their homes. Lyle Bicknell added that some cannot afford rising rents or no longer feel comfortable in the neighborhood.

Tino Ganacias astutely observed that the standard view of gentrification involves black and white people—white people changing neighborhoods and pushing out the poor black population. This observation may be particularly accurate in Columbia City. The black population in the Columbia City area has steadily decreased since the 1980s and 90s. The majority of black people I interviewed discussed forms of institutional racism that cause black people to leave Columbia City. DeCharlene Williams and Tony Brooks, a neighborhood business owner, explained that black people could not get loans to improve their property, so they eventually sold those properties and moved out of the neighborhood. Devon and Mark Edward discussed police brutality that once plagued black residents of Columbia City. Many informants both black and white mentioned that many black people were displaced while the Seattle Housing Authority (SHA) remodeled HOPE VI projects, New Holly and Rainier Vista. They explained that many of those people did not return either because they did not have the

opportunity or because they had no incentive. Mikala Woodward explained how mandatory desegregation policies and the subsequent Seattle bussing program led to the degradation of the areas schools which are now disproportionately populated by low income, minority students. Many of the informants perceive the legacy of white-black racism, and at least a quarter the interviewees believe that racism and racial tensions still exist in the neighborhood, although primarily “under the surface.”

### *Perceptions of Development*

Informants explained why Columbia City was a good candidate for redevelopment and how the neighborhood’s redevelopment occurred. They discussed the neighborhood’s heritage, the active community and engaged property owners, the impact of neighborhood organizations, support from the City of Seattle, and the neighborhood’s location along with many other characteristics. Informants mentioned neighborhood improvements as evidence of development. They noticed that the neighborhood is cleaner and that empty store fronts of been replaced by businesses. They enjoy the variety of restaurants and much of the retail. In addition, they discussed crime reduction as both stemming from re-development and as a driver of further development. Informants also mentioned negative effects of development. For example, many people said that parking in the area is becoming difficult and business owners noted that their customers complain about the lack of parking. Many people also mentioned that the neighborhood is becoming more expensive. Along with rising rents, some people mentioned that there are no more cheap, “grab and go” restaurants.

Most of the long-term residents and business owners as well as the city officials mentioned “turning points” for the neighborhood. They explained that Beatwalk, a weekly neighborhood local music event, and the Columbia City Farmer’s Market not only attracted

people to the neighborhood, but gave residents confidence that the neighborhood could revitalize. A quarter of interviewees described Tuta Bella, a gourmet pizzeria, as the first business to anchor the Columbia City business district. Karen Kinney explained that when Tuta Bella opened everyone working to revitalize the neighborhood had a feeling that they had achieved something and that the neighborhood had finally overcome its inertia—that the “ball was rolling.”

Almost every interviewee mentioned the hardworking, engaged and active community as the main force behind Columbia City’s re-development. Pat Chemnick said, “Even in the bleakest days Columbia City had community engagement—there was never a time when somebody didn’t care about this neighborhood.” But, she also explained, “it was when the neighborhood people sort of got it together that the neighborhood began to improve.” More than half of the informants cited the Columbia City Business Association (CCBA) as an organization that “got it together.” The CCBA and its partner organization the Columbia City Business Investment District (CCBIA) are the organizations that represent the neighborhood’s businesses and property owners. The organizations share a common vision for the Columbia City Business District and work together to shape the neighborhood’s development. The CCBIA uses the money assessed from property owners to keep the business district clean and safe. A number of business owners and organization leaders mentioned the street and sidewalk cleaning afforded by CCBIA. Few of the informants recognized that the CCBIA also works with the city and property owners to achieve façade, lighting and other atmospheric improvements that are within Historic Landmark District requirements.

The informants who are active in the CCBA and other neighborhood organizations as well as city officials discussed the ways CCBA has promoted and improved the business district.

Karen Kinney discussed polling residents to find out what types of businesses that would shop at if they were located in Columbia City. With information from the poll, Karen Kinney, Rob Mohn and other members of the CCBA and CCBIA recruited businesses to the neighborhood. In addition, commercial property owners carefully lease their property to businesses that will contribute to the neighborhood and thrive in Columbia City. Steve Johnson explained that any business would move to Columbia City and that is why Rob Mohn and other property owners have to carefully select business that will preserve the “brand” and atmosphere of the neighborhood.

Another prominent example of the CCBA’s efforts to promote and improve the Columbia City business district was centered around the Columbia City light rail station. CCBA and SEED with the help of the Seattle Office of Economic Development successfully persuaded Sound Transit to name the MLK and Edmunds station the Columbia City station. After the station opened, CCBA used OED funds to make banners and a kiosk to lead light rail passengers to the Columbia City business district. They had an opening day celebration with petty cabs to bring people from the station to the business district and restaurants offered light rail themed specials (Joanne Kelley).

The CCBA and particularly CCBIA were established in part by concerned property owners. Owners of commercial and residential property in or near Columbia City’s retail district have been dedicated to the community’s economic and community development plans. Since these property owners live in Columbia City or near by, they frequent Columbia City to access the goods, services and entertainment the neighborhood offers. These property owners have more than a financial interest in the community’s development. Since they derive use-value from access to goods and services, community networks, and infrastructure provided by the

neighborhood, they use their property to support community development. Their impact on the neighborhood seems to be very positive, especially compared to the more-typical absentee landlords that represent a drain on neighborhood economies and a barrier to development.

The informants recognize that the neighborhood-based CDCs, HomeSight and SEED, were integral in the beginning of Columbia City's revitalization. Approximately half of the people I interviewed mentioned SEED and Home Sight. SEED was founded by three long-term residents, Ron Sims, Gary Locke and Norm Rice. These leaders developed an initial vision to revitalize the neighborhood. SEED has been an important property owner in the neighborhood since the 90s and directly manages 147 affordable housing units throughout Columbia City and Southeast Seattle. SEED founded HomeSight in 1990. HomeSight is also a property owner in Columbia City, but the organization's most important influence in the neighborhood has been its support of the CCBA. Tony To explained, HomeSight received a LISC grant that staffed the business association for the first three years, funded staff for events and façade improvements. HomeSight remains the fiscal agent for CCBA today.

The City of Seattle has also played a very supportive role in Columbia City's revitalization. Informants mentioned the Seattle Department of Neighborhoods, the Seattle Department of Planning and Development and the Seattle Office of Economic Development (OED). CCBA leaders primarily talked about OED's support. OED provided funding and paid for a consultant to help Columbia City property owners establish the CCBA (Steve Johnson). OED has granted Columbia City five to fifteen thousand dollars a year over the past ten years through its neighborhood economic development grant program (Steve Johnson). The CCBA recently received an OED grant to hire a full time staff member (Rob Mohn and Joanne Kelly). Finally, OED has acted as an advocate for Columbia City. Steve Johnson gave two examples:

OED advocated to Sound Transit to find ways to connect the Columbia City light rail station to the business district and OED helped a business owner resolve a service problem with Seattle City Light, Seattle's electric power utility.

Lyle Bicknell described the Department of Planning and Development projects as "small and strategic." For example, the department did lighting and landscaping to connect the light rail station to the Columbia City business district. Generally, the City seems to have remained a discrete investor, allowing the neighborhood to take the lead on development and revitalization. This method is the typical "Seattle way" and may be part of the reason that only organization leaders mentioned the city's involvement in Columbia City's revitalization. Some of the people I interviewed complained that the city had not provided any support to the neighborhood, while others talked about the city as a great partner and an integral part of Columbia City's revitalization.

Many informants pointed out the advantageous physical characteristics of the neighborhood. Over a quarter of the interviewees said that the neighborhood has "good bones," beautiful historic buildings that gave people a reason to revitalize the neighborhood. Pat Chemnick said that the architectural heritage is part of the reason SEED focused its initial efforts on Columbia City. Many informants mentioned the small town character of Columbia City as being something important in attracting new residents and development to the neighborhood. Pat Chemnick suggested that the business district's small scale made the district's revitalization "doable." Lyle Bicknell spoke to the human scale of Columbia City and the neighborhood's walkability. Greg Bem describes Columbia City as a microcosm, he said the neighborhood is like a little town and that his home is in walking distance of a post office, a grocery store and all the things one might need. Many residents said that they spend their free time in the neighborhood

and that they don't find a lot of reasons to leave. In addition, informants described the location of the neighborhood, close to downtown Seattle, major highways, the light rail and the airport as an important asset in the neighborhood's development.

Practically all of the residents, business owners, organization leaders, and city officials who have been in or involved with Columbia City for the past decade said Columbia City is safer. Crime reduction was among the goals of the community's revitalization efforts. Crime deterred many potential patrons from visiting the neighborhood. Mikala Woodward explained that when she moved to the Columbia City area in the 1990s co-workers and friends would not even give her a ride home because their perceptions of the neighborhood were so bad. Informants described drug dealers, prostitution, and gang activity that characterized the neighborhood in the 1980s and much of the 90s. As more residents and business owners became involved in the re-development of Columbia City and the police presence increased, crime has moved out and the neighborhood has felt safer. Decreased crime has attracted new residents, businesses and visitors. Zed Aschenaki, said that 10 years ago she and her friends were approached by drug dealers and had to "watch each other's back", but that now families are out in the evenings, and people jog and walk their dogs in the morning.

Although each informant appreciates that they now feel safer where they live and work, some pointed out that the increased safety may be a sign of inequality and gentrification. Carol Versey said that the police respond quicker because of the type people who are in Columbia City now. Jeri White explained that some long-term neighborhood residents question why police presence increased only recently—"why weren't the police here before when it was [only] us, when we were here?"

The closure of Angie's Bar is another example. Many people I talked to explained that Angie's was rowdy bar where fights frequently broke out and drunks hung around outside. Steve Johnson described the bar as a source of drug dealing, violence and over drinking. Despite efforts to work with the bar's owner to reduce negative activities at the bar, residents eventually organized to push bar out of the neighborhood. Although, most of the people who mentioned the bar were happy to see it go, some people missed the bar. They said that the bar had provided a relaxed environment and welcomed a diverse mix of people.

#### *Perceived Connections between Diversity and Development*

This case study exhibits substantial evidence that diversity, both racial and economic, was an important part of explaining Columbia City's recent economic development. Informants described events that embrace and celebrate diversity as being important to revitalization. They said that income, ethnic, and racial diversity attracted both visitors and new residents to the neighborhood. A number of informants indicated that the community's desire to reach across racial boundaries improved communication among business owners, organization leaders, and residents. These informants gave examples to show that the improved communication that accompanied the community's efforts to be inclusive helped the neighborhood develop. Finally, many felt that the diversity of the neighborhood represented an opportunity for them to learn and become more flexible. Organization leaders and many business owners expressed that their organizations and businesses would not be successful if they did not serve the array of races, ethnicities and social classes represented in Columbia City and that experience serving a diverse group of people has made their businesses more adaptable and better prepared for the future.

Across the interviews, the Farmer's Market emerged as an important example where diversity has been an integral part of the neighborhood's revitalization. The Columbia City



Farmer's Market was one of the first steps in the neighborhood's revitalization. The Farmer's Market served eight to ten neighborhoods surrounding Columbia City and was a place where people of all racial, ethnic and socioeconomic backgrounds meet (Steve Johnson, Karen Kinney). Karen Kinney played an integral role in establishing the market and managed the market for many years. She explained that the Farmer's Market would not have been successful without a creative and aggressive marketing strategy that the Farmer's Market intentionally directed toward people of many different backgrounds. The Farmer's Market disseminated information about the market in eleven different languages, they had a church based outreach strategy, and sent kids door to door in the Holly Park and Rainier Vista to hand out fliers and give information.

The market has taken many additional measures to include and celebrate people of many different backgrounds. Karen Kinney also mentioned that the Columbia City market was one of the first markets to use cell phones to accept food stamps, and was later one of the first markets to accept food stamps electronically. In the Farmer's Market Nutrition program, the Columbia City Market scored high in terms of money received from low income and senior customers (Karen Kinney). She said that the market has had ethnic themed days and has partnered with a local daycare center to host a large Juneteenth celebration.

As a result of the diverse demographics within the neighborhood and the efforts of the market's managers to include the Rainier Valley's diverse population, the market has become known as a lively and diverse event. Both farmers and shoppers are diverse. Steve Johnson and Karen Kinney pointed out that the Columbia City Farmer's Market is a place where immigrant farmers sell specialty produce and where immigrant shoppers can come to buy produce native to their country of origin from a person who speaks their own language. In addition, Karen said that

the market had a reputation of being a place where one can see clothes from all over the world and where one can experience some degree of chaos that doesn't exist in most of Seattle. Today the Columbia City market is one of the most popular markets in Seattle.

Neighborhood leaders used the diverse participation in the farmers market to include neighborhood residents in the economic development planning process. They conducted both a dot survey and a paper survey at the farmer's market. The survey asked residents what types of businesses were missing in Columbia City and whether the respondents would shop at those businesses if they were located in the neighborhood. The community hired translators to make the surveys accessible to all residents. The survey received a terrific response as Columbia City residents were excited to be involved in the planning process. Community leaders used the survey results to strategically recruit businesses to the area. Columbia City's diversity encouraged neighborhood leaders to conduct an extremely organized and engaging survey in order to elicit responses from a representative sample of the population. The resulting participation in the survey allowed community leaders to make more informed decisions about Columbia City's economic development.

The diversity of the market does present some challenges in communication, but Karen explained many ways by which they overcame those challenges. She gave an anecdote about senior Chinese shoppers. She said that they wanted to shop on "Chinese time" rather than when the market was open. They would hassle vendors and sometime steal things before the market was open. She described how she had tried to explain and control the seniors, but failed until the market hired a security guard. The guard, a large black man, began by lining the seniors up to wait for the market to open, in the coming weeks he connected with them, made them laugh and

finally the guard and the Chinese seniors became friends, socializing and taking pictures together before the market opened.

A number of informants discussed the connection between the neighborhood's diversity and communication. They explained that diversity enriches their connections with people in general. Thereby, diversity may actually improve the communication skills of Columbia City's population and create a more cohesive community. Informants also explained that the communication challenges presented by diversity seem to have encouraged Columbia City community members to go about communication in a very systematic and complete way. The survey discussed above exemplifies how diversity has encouraged communication and thereby, contributed to more informed community and economic development decisions. When I asked informant how they might facilitate economic development in Columbia City, a number suggested that continuing to improve communication across racial and economic boundaries is an important strategy. This response demonstrates the high value community members place on suggestions and opinions of their diverse neighbors.

The Farmer's Market is only one example of how diversity has impacted revitalization and economic development in Columbia City. The celebration, embrace, tolerance and respect of diversity exhibited in Columbia City are important economic development themes across the majority of interviews. Many people mentioned that the celebration of diversity is a focal point in the community. People cited the Heritage Parade, a celebration of resident's ethnic heritages, as an important yearly event that has contributed to the neighborhoods revitalization. Pat Chemnick, economic development manager for SEED, explained that SEED created SEED Arts in order to take advantage of ethnic diversity and celebrate individual ethnicities. Susan Davis mentioned that the Rainier Valley Chamber hosts luncheons to appreciate the ethnic holidays

that area residents celebrate. Some interviewees expressed that more of these celebratory initiatives would further enhance the neighborhood and develop the community.

Business owners also said that serving a diverse clientele is an important part of their business strategy. Bull Stewart gave a detailed explanation of how diversity is part of his business plan. Bull explained that when he was in Mississippi his gym could only attract black clients, but because of the diversity in Seattle and the Columbia City area, he and his clients have moved beyond racial barriers and are able to “get down to business.” Bull told me that many different kinds of people work out in his gym; he described the diverse backgrounds of his clients; and said he was proud to provide a place where they could workout together and communicate. Bull said that respect for all types of people and communication among all different types of people is what makes his business and the area grow. He said, “you can’t just be a black business—you have to diversify your business if you really want to grow.” Bull gave examples of businesses that failed because they were not flexible and others that are doing well because they make efforts to market and serve a diverse set of people.

Bull, along with other business owners pointed out that having a diverse staff attracts a diverse clientele and thereby draws clients from a larger market. Zed Aschenaki said that hiring a diverse staff was one step that helped her get the word out that her salon serves all types of people. Tino Garnacias, who is Mexican-Filipino, said that having a white business partner sends a message to people who come into Empire Espresso that the shop is a diverse, accepting place that will not allow racism.

Tino Garnacias has also included serving a diverse clientele as part of his business plan. Tino explained that he wants his coffee shop to be “a catalyst for relationship building.” Tino plays soccer on the televisions in the shop because it is an international game. He said that during

the world cup he and his business partner put up a screen in the courtyard adjacent to the shop and that “tons” of people with different backgrounds gathered to have a good time. He said that people value the fact that everyone is welcome. Tino said his experiences serving the diverse group of people in Columbia City gives Empire Espresso the flexibility it needs to open another shop anywhere in the city.

Informants also discussed the importance of inclusion and acceptance in the community as a whole. They explained that racial intolerance and economic exclusion can stall economic development because it creates divisions in the community. They argued that wide participation among diverse residents and business owners of Columbia City significantly contributes to both resident’s quality of life and the success of local businesses.

People with long-term community development in mind recognized that income and ethnic diversity leads to a diverse mix of businesses. Each of these informants felt that a good mix of businesses is an important aspect of the area. Tony To explained that neighborhoods need income diversity to support an array of businesses. He said that racial and ethnic diversity is a selling point to attract businesses to Columbia City. He explained that because of diversity there is a market for almost any *kind* of business, but qualified that Columbia City is a good place for start-ups, but does not have the density to support mid-sized businesses.

By extension, a number of informants recognized that diversity attracts consumers to the neighborhood. Neighborhood informants said they themselves were attracted to the neighborhood because of its diversity and some worry that the neighborhood is becoming less diverse. In addition, they noticed that visitors enjoy the neighborhood’s diversity. Steve Johnson described Columbia City as a place where people are able to sample different cultures in an atmosphere that feels authentic. Tony To indicated that the integrated neighborhood makes it so

that no one is an outsider—everyone can feel comfortable. Recognizing diversity as a unique and attractive quality, the Rainier Valley Chamber of Commerce has adopted diversity as an important marketing point for both Columbia City and the Rainier Valley as a whole.

It is also important to note that some people hinted that there may have been negative effects on economic development related to diversity. Diversity may have postponed revitalization. Although Columbia City's revitalization began in the 1980s, there is some indication that the neighborhood's diverse population may have slowed or postponed revitalization. Tony To said that people were afraid to come to Columbia City in the early 1990s. He attributed this fear partially to the diverse population living in Columbia City. He explained that Seattle was approximately 70 percent white and that Columbia City had a proportionate distribution of a number of minorities and whites. Tony indicated that this racial diversity was uncomfortable for many Seattle residents at the time.

Also, Columbia City became more diverse as a large portion of the black population moved out. This demographic change caused a significant cultural shift, which many black business owners lament. Many informants explained that the demographic and cultural shift caused many black long-term business owners to leave Columbia City, following their original clients.

Finally, it is important to note that not all informants made a connection between diversity and economic development. Some informants did not mention the neighborhood's diversity until I asked about it directly. Some expressed directly that they felt that the neighborhood's diversity is *not* connected to the economic development of the area.

## Discussion

This study has delineated the perceptions of diversity, development, and the connection between diversity and economic development held by neighborhood stakeholders in Columbia City, Seattle. I used this categorization to draw conclusions about how racial, ethnic and socioeconomic diversity has effected economic development in the neighborhood. A number of important themes emerged from interview data. Foremost, many neighborhood stakeholders perceive diversity as positively affecting economic development.

There are many ways Columbia City residents, business owners, organization leaders, and government administrators perceive diversity affecting economic development. Primarily, they see diversity as creating an environment where people learn to be more creative, flexible and accepting. These effects are similar to those discussed by business and management scholars, Cox and Blake (1991) and McLeod et al. (1996), as well as Sparber (2008, 2009, 2010) in his studies of U.S. industries. Each of these scholars argues that diversity increases creativity and flexibility, leading workgroups and businesses to make better decisions. Evidence from the Columbia City case suggests that small neighborhood businesses experience similar effects and that these trends extend beyond the business environment to neighborhood-based organizations. Columbia City business owners were particularly able to identify economic outcomes related to diversity. For example, some business owners described the flexibility their businesses had developed because of the diverse clientele they serve. They also discussed the importance of having a diverse staff and serving a diverse clientele to attract enough customers to keep their businesses afloat.

Residents, business owners and organization leaders seem to believe that through the learning experiences diversity has provided, people in Columbia City have become better

neighborhood citizens. As residents became more accepting, communication among neighborhood stakeholders improved. Enhanced communication encouraged more people to be involved in the community. More engaged citizens propelled economic development.

Many interviewees described improving communication among different racial and economic groups as something the community could do to achieve further economic development. This suggestion demonstrates the value the community places on communication and the results they have seen when they improve communication and participation throughout their diverse community. A few interviewees mentioned the very deliberate efforts to reach across racial barriers and establish networks of communication through both business associations and community groups. They indicated that diverse participation helped them vet ideas and achieve more complete planning and successful economic development. Respondents' emphasis on communication suggests that economic benefits of diversity are partially dependent on the level of communication between different groups. The Columbia City case demonstrates that when a diverse set of neighborhood actors communicate successfully and work together to achieve economic development goals, the communication not only mitigates negative effects of diversity as Stolle et al. (2008) suggest, but allows neighborhood stakeholders to reap significant benefits from diversity.

Many informants mentioned that people enjoy multicultural experiences and that diversity can be used to attract visitors, residents and business owners. A number of residents mentioned that the neighborhood's diversity attracted them to the neighborhood. Business owners and neighborhood organization leaders also noticed that the neighborhood's diversity attracts visitors and business prospects, and is part of the reason for the variety of businesses located in the area. The Rainier Valley Chamber of Commerce and the City of Seattle take



advantage of this observation and use the neighborhood's diversity as an element of neighborhood branding and marketing. Although the evidence in this case study does not demonstrate a "creative class" effect (Florida and Gates 2001, Sands and Reese 2002), it seems that the cultural and income mix in Columbia City is one desirable quality that perpetuates the economic success of the neighborhood.

Nonetheless, gentrification is an important issue for Columbia City. Since many informants indicated connections between economic development and diversity, economic development will certainly be effected as the neighborhood becomes less affordable and possibly, less racially diverse. Tony To observed that the economic downturn has spared Columbia City from rapid gentrification. In a sense, the economic downturn has given Columbia City citizens the opportunity to deliberately take steps to preserve socio-economic diversity and thereby, racial diversity, to some degree. Still, some informants pointed out that the neighborhood is becoming less diverse. To date, studies of diverse neighborhoods often consider the effects of diversity in the context of increasing diversity. Columbia City stakeholders may soon have the opportunity to verify the effects of diversity, especially income diversity, on economic development as the neighborhood becomes more homogenous. Studies that consider the economic effects of homogenization may be an interesting method by which to further investigate the relationship between diversity and economic development.

One of my most significant observations is that diversity seems to be a catalyst, and a brand, but is not the main reason for development in Columbia City. The case does not exhibit evidence that diversity alone will produce positive economic outcomes. Instead, it shows that in some circumstances diversity is an asset which community stakeholders can successfully integrate into neighborhood development strategies to achieve economic development outcomes.

Development can happen without diversity; diversity simply affects the character of the development outcome. In the case of Columbia City, the atmosphere of the neighborhood, the diverse mix of businesses, and the success of those businesses all seem to be related to the income, racial and ethnic diversity of the neighborhood. However, in each interview neighborhood informants expressed that the root of Columbia City's development is active citizens and a neighborhood-based development strategy in the city. The combination of engaged residents, dedicated property owners, active neighborhood organizations, and municipal support makes Columbia City particularly well positioned for development. As the relationship between diversity and economic development in Columbia City is often indirect, this case suggests that OLS estimation of diversity's effect on growth is far from ideal and that studies employing simple OLS (Rupasingha et al. 2002; Grafton, Knowles and Owen 2004; etc.) to examine this relationship may not produce meaningful results. A more sophisticated or multifaceted approach as in studies by Ottaviano and Peri (2005) and Alesina and La Ferrara (2005) seems imperative.

Since perceptions are central to this study, it is important to note that the ways people perceive diversity and integration are heavily affected by their experience. Some informants were reluctant to talk about the diversity of the neighborhood; others placed diversity at the center of their discussion. Only a few people identified a possible negative connection between diversity and economic development. Reluctance to talk about the challenges or negative effects of diversity may be related to informants' fear of being considered discriminatory, or at the very least, not in favor of diversity.

Throughout this paper I argue that a consistent level of integration is an important element in understanding diversity's effect on economic development. Therefore, it is also important to discuss Columbia City's degree of integration. The diversity of business owners is

established through their racial diversity and the widespread participation in the CCBA. However, residents are separated by race and income in many cases. Tony To explained that there are pockets of segregation and pockets of residential diversity. He said that about 60% of homebuyers are people of color, but most people try to buy where there are people of similar races. Despite a degree of separation, residents note that they still interact with neighbors of diverse socio-economic backgrounds and diverse races. They note that some degree of separation is normal, since people may be most comfortable moving into an area with people of similar cultural backgrounds.

#### Limitations and Further Research

Both the Hawthorne effect, as well as my personal biases may have influenced the quality and accuracy of the collected data. I cross checked interviewee responses with information that was available in the secondary sources outlined above, such as newspaper articles, to verify information given during the interviews. Additionally, my sampling procedure may have affected the quality of the data. Asking interviewees to recommend other people to interview is convenient, but may not have led me to interview a representative population sample. Other data limitations including language, informant and information availability, interviewee perceptions of graduate study, etc., have also influenced my ability to collect data from a representative sample. Also, time was a constraint. With more time I might have been able to conduct more interviews and more numbers may have produced more accurate and insightful data.

This research suggests that socio-economic, ethnic and racial diversity has important implications for economic development in Columbia City; however, more case studies need to be conducted to better establish whether similar themes emerge in other diverse neighborhoods.

Comparative studies would help researchers to more effectively isolate specific mechanisms by which diversity effects economic development.

This study suggests that neighborhood-level data might help other researchers develop quantitative models to understand how diversity effects economic development, foremost because neighborhoods are likely to have a consistent level of integration. The research of Marschall and Stole (2004), Harrison et al. (2002), and Sparber (2008) suggests that level of integration is an important control variable to include in a model that explains diversity's effect on economic growth and the research presented in this paper supports that claim. Level of integration might be further controlled using data regarding the racial make-up of neighborhood schools, the proportion of area businesses that are minority owned, or ideally survey data that reflects how often neighborhood residents interact with people of different racial or socioeconomic backgrounds in their neighborhood.

Information regarding perception of diversity is also important to include as a control variable. The research presented in this paper suggests that perceptions of diversity held by individuals at regional-, city-, and neighborhood-levels may affect whether the potential benefits of diversity are incorporated into economic development strategies. In addition, these perceptions may directly influence integration. Data could be compiled from neighborhood and city plans and media sources to create a "perception of diversity" index, however it is important to note that this a "perception of diversity" index may correlate with any variable used as a proxy for integration, and thereby distort the model.

Finally, composite measures of the dependent variable, economic development, and the independent variable, diversity, will most likely be necessary to capture the subtle effects of diversity on economic development. An index that includes crime rate, net number of new

businesses, infrastructure improvements, variety of businesses, and local business revenues would be ideal to characterize neighborhood economic development. Employment may serve as a good proxy for business revenues where employment data is more readily available. Diversity should most likely be represented by two independent variables: one characterizing racial or ethnic diversity and one characterizing socio-economic diversity. Ethnolinguistic fractionalization indices are often used to characterize ethnic, racial or religious diversity, however the polarization measure developed by Montalvo and Reynal-Querol (2005) may be better suited where many racial and ethnic groups make up the population of a neighborhood because ethnolinguistic fractionalization indices increase as the number of groups in the index increases (Montalvo and Reynal-Querol 2005). Fractionalization and polarization indices can also be adapted to measure socio-economic diversity. Here, it is also important to be aware of possible correlation between dependent variables. Levels of socio-economic diversity and racial diversity may correspond such that it is not prudent to include both measures in a single model, especially in US cities.

These suggestions for the composition of quantitative studies could be used to improve simple OLS models, however more sophisticated tools or a multifaceted, multistep approach should be considered by researchers since the relationship between diversity and economic development is indirect in most cases. Panel data, tracking multiple neighborhoods over time, would be extremely desirable, as it would help isolate the effects of increases in diversity on economic development and would likely make the indirect relationships between diversity and economic development less cumbersome. Ottaviano and Peri provide a good example of a multifaceted approach which researchers studying diversity and economic development should consider. Ottaviano and Peri (2005) use panel data for 160 metropolitan areas over 20 years.

They test a model in “which ‘diversity’ affects both the productivity of firms and the satisfaction of consumers through a localized effect” (Ottaviano and Peri 2005: 18). Their model is based on a framework developed by Roback (1982). To test the model, they use a multi-step approach which includes correlation analyses and a variety regression analyses. In addition, they perform robustness and validity checks that many other authors neglect. Although an in-depth discussion and critique of Ottaviano and Peri (2005) is beyond the scope of this paper, I highly recommend that researchers wishing to conduct research regarding diversity’s effect on economic development consider adapting the Ottaviano and Peri (2005) approach.

## Conclusion

This study explored the ways racial and socio-economic diversity affect economic development in an integrated urban neighborhood, Columbia City, Seattle. I collected data through semi-structured interviews with neighborhood residents, business owners, political representatives, community organization representatives, planners, economic developers and other relevant parties. I employed the interpretive approach to analyze perceptions held by informants of diversity, economic development, and the relationship between diversity and economic development.

I addressed the question, how do neighborhood actors perceive the relationship between racial and socio-economic residential composition and economic development in diverse, urban neighborhoods? Many neighborhood stakeholders perceived diversity as positively affecting economic development. Informants explained that population diversity encouraged better communication and flexibility which improved neighborhood organization and business performance. The success of these organizations and businesses contributes to economic

development. The variety of experiences, perceptions and skills represented in the diverse population seemed to improve economic development decisions. According to interviewees, diversity has attracted visitors, residents and businesses. Neighborhood stakeholders and the City of Seattle have leveraged the attractiveness of diversity and the associated multicultural experience to brand and market the Columbia City area. Finally, diversity shapes the local market. The wide variety of goods and services offered in the neighborhood reflects the diversity of Columbia City business owners, and the diversity of neighborhood patrons allows these businesses to thrive.

This case study is among the first to consider the effects of socio-economic, ethnic and racial diversity on economic development at neighborhood level, therefore it offers unique insights which are valuable for other researchers who are considering the economic outcomes stemming from a diverse population. The Columbia City case suggests that the relationship between diversity and economic development is often indirect. For example, the level of communication among different groups can effect whether communities benefit from population diversity. When a diverse set of neighborhood actors communicate successfully and work together to achieve economic development goals, neighborhood stakeholders can reap significant benefits from diversity. Level of communication in Columbia City is related to the perceptions and integration of the neighborhood actors. Since the neighborhood is fairly integrated, business owners need to serve a diverse clientele to sustain their businesses. Since many community members enjoy the multicultural setting and value the contributions of their diverse neighbors, each racial, ethnic, and income group makes efforts to work together to achieve economic development goals. With these incentives, Columbia City has explored the benefits of its diverse population, and achieved important economic outcomes.

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<sup>i</sup> Census Tracts 101, 102, and 103 in King County, Washington.