

# Long Term Neighborhood Effects of Religious Diversity

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## Abstract

This paper investigates how religious exposure in childhood affects neighborhood choice later in life. Using a panel of individuals with reported religious beliefs, socioeconomic status and residential locations over twenty years, I estimate a residential sorting model where preference for neighborhood religious composition varies by the largest religious group in childhood neighborhood (defined as “religious background”) and current income. Results suggest religious homophily is the strongest for low income individuals with Roman Catholic and other religion backgrounds in Glasgow, Scotland. Regardless of income, those with Protestant and secular backgrounds prefer living in secular neighborhoods while those with Catholic and other backgrounds prefer living in religious neighborhoods (for all religions). The heterogeneity in religious preferences contributes to inequality across religious backgrounds as reflected in average neighborhood income. Absence of such preference heterogeneity would lead to reduced segregation and a 3.8% increase in average neighborhood income for those with Catholic and other backgrounds at the lowest income quartile. This paper contributes to a growing literature on long term neighborhood effects and quantifies the cost of historical segregation on current urban structure.

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