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# IMMIGRATION **and** **the** REVIVAL **of** AMERICAN CITIES:

From Preserving  
Manufacturing Jobs  
to Strengthening the  
Housing Market



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## From Preserving Manufacturing Jobs to Strengthening the Housing Market

—September 2013

**Jacob L. Vigdor** of Vigdor Measurement & Evaluation LLC prepared this report and is grateful for the assistance of **Gretchen Calcagni** and **Mayuri Valvekhar**, whose data analysis efforts were instrumental in this study.

At Americas Society/Council of the Americas, **Jason Marczak**, director of policy, leads the AS/COA Immigration and Integration Initiative under which this report was produced. **Richard André**, senior policy associate, helps to oversee the organization's immigration work. **Susan Segal**, president and CEO, has led the organizations into the present-day immigration discussions.

At Partnership for a New American Economy, **John Feinblatt**, the chief advisor for policy and strategic planning to New York City Mayor Michael R. Bloomberg, oversees the organization's work. **Jeremy Robbins**, policy advisor and special counsel in the office of Mayor Bloomberg, serves as director of the Partnership. **Angie C. Marek**, a senior writer and researcher for PNAE, edits white papers and leads the organization's research efforts.

**Paula Daneze** designed this publication.

# TABLE **of** CONTENTS



- 2 Executive Summary**
- 4 Introduction**
- 5 Immigration and Manufacturing Jobs**
- 11 Immigrants and the U.S. Housing Market**
- 18 Turning Communities into Magnets  
for U.S.-Born Residents**
- 20 Civic Engagement**
- 23 The Financial Costs of  
Turning Away Immigrants**
- 24 Appendix**
- 33 Endnotes**

# Executive Summary

**E**very day, across America, immigrants are choosing to make the United States their new home. In 2011, almost 1.1 million immigrants received green cards allowing them to remain in the country permanently—a rate of almost 3,000 people per day. At the same time, millions of students, agricultural laborers, high-tech employees, and others have arrived in the United States on a temporary basis. These new Americans leave an indelible mark on small towns and bustling urban communities alike, often dramatically changing them for the better. It is a story that has been told many times—from the struggling meatpacking towns in Iowa that

**For every 1,000 immigrants living in a county, 46 manufacturing jobs are created or preserved that would otherwise not exist or have moved elsewhere.**

found new life when immigrant workers arrived, to Lewiston, Maine, which had a once-decaying downtown that now bustles with Somali-owned grocery stores and restaurants.

Regardless of their immigration status, immigrants settling in American towns and cities contribute to their communities in countless ways. They increase demand for housing, often in areas that would be in decline without them, raising the value of local homes and the wealth of

American homeowners and families. They become new customers at local businesses like restaurants and hair salons. These new Americans also create and preserve jobs in the U.S.: they start businesses at higher-than-average rates and fill critical labor needs in sectors like manufacturing, adding new skills to allow manufacturing to grow and remain here in America.

This report uses data from the U.S. Census Bureau and the American Community Survey to measure the impact of immigration on three leading indicators of community vitality: (1) the number of middle-class manufacturing jobs; (2) the health of the housing market; and (3) the size of the local U.S.-born population.

The report analyzes data for almost 3,100 counties—nearly every county in the United States—for the 40-year period from 1970 to 2010. The results are clear: Immigrants are a key part of the American success story at the community level, revitalizing local areas and creating economic growth and jobs for U.S.-born workers.

## Key Findings:

- **Immigrants are creating and preserving U.S. manufacturing jobs—positions that are a lifeline for many middle-class American towns.** Immigration adds a talented workforce that helps bolster the manufacturing industry and protects U.S. manufacturing jobs. For every 1,000 immigrants living in a county, 46 manufacturing jobs are created or preserved that would otherwise not exist or have moved elsewhere.
- **Immigrants are increasing U.S. housing wealth.** Each of the 40 million immigrants in the U.S. adds, on average, 11.6 cents to the value of a home in their local county. This adds \$3.7 trillion to U.S. housing wealth nationally.
- **Immigrants are making once-declining areas more attractive to the U.S.-born population.** For every 1,000 immigrants that arrive to

a county, 270 U.S.-born residents move there in response.<sup>1</sup> These residents are drawn by the increasing demand for service-oriented businesses ranging from restaurants to law firms and by the employment that is preserved in sectors like manufacturing.

Immigrants are also boosting civic engagement through participating in their communities and in the military while creating American jobs through entrepreneurship. The rate of immigrant self-employment is roughly three times the rate among the U.S.-born population.

Immigrants' impact on American communities is not limited to one geographic area or communities of a certain size. The data show that immigrants have stanching the decline of housing prices in Rust Belt cities and stabilized declining rural areas. Within major U.S. cities like New York and San Francisco, immigrants have helped revitalize once-declining neighborhoods on the outskirts of the urban core. The arrival of high-skilled immigrants as well as workers that are part of the essential economy has also greatly contributed to the growth of the manufacturing industry in places like Los Angeles, Houston, and in southern Arizona.

But the role that immigrants will play helping to create prosperity in American communities in the future is far from certain. Congressional action on immigration reform will have major implications on the number of new immigrants that arrive in American cities and towns in the coming decades. This

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study shows that immigrants are more than just our neighbors; they're a key part of the way local areas grow and thrive. The data show that if the 11 million undocumented immigrants currently in the U.S. were deported, U.S. housing wealth would drop by \$1 trillion and the manufacturing sector would shed an additional half-million U.S. jobs. The American military would also be deprived of a promising source of new recruits, and millions of potential taxpayers would be turned away. Attracting 100,000 new immigrants per year, on the other hand, would create or preserve 4,600 American manufacturing jobs and grow U.S. housing wealth by \$80 billion annually.

# Introduction

**B**etween 1970 and 2010—the period examined in this study—a dramatic number of immigrants settled in the United States. During that period, the U.S. foreign-born population quadrupled, from fewer than 10 million in 1970 to more than 40 million by 2010. Immigrants now account for one in eight U.S. residents.

This report aims to quantify how these new immigrants have affected communities across the United States with a focus on manufacturing jobs, the housing market, and civic engagement.

Urban economists have traditionally used housing prices to measure the vitality of local areas. Communities marked by economic opportunity and high quality of life generally attract new residents, who tend to bid up the price of housing. Housing prices also serve as an important barometer of the wealth of American families. About 65 percent of U.S. households own the homes they live in, and home equity is the most important store of wealth for the typical family. A large proportion of families have little in the way of financial assets aside from their homes.

Simply documenting that immigrants raise housing prices, however, does not demonstrate that immigrants have enhanced the vitality of American communities overall. To establish this, it is critical to consider whether immigrants have helped stabilize communities that would have been in decline without them.

Community decline most often begins with job loss. A major industry or business may close for a variety of reasons, such as foreign competition or a management decision to ship jobs to low-wage countries overseas. While some of the luckier unemployed workers might find new jobs locally, more often extensive community-wide job loss results in residents moving to areas with more vibrant economies and greater job prospects.<sup>2</sup> As the population shrinks, local businesses—including restaurants, shops and auto repair garages—face shrinking revenues because of their dwindling customer base, often times forcing them eventually to

fold. As businesses close and families leave, local governments see their tax base shrink, making it harder to fund the essential public services such as high-quality policing and public education that make a community an attractive place to live.

At the same time, families that remain employed react to the effects of decreased local revenue—increasing crime and deteriorating schools—by moving to the suburbs or to other regions of the country altogether. Some of the families that stay behind may not do so by choice, but because poverty, old age or disability makes it difficult, if not impossible, to relocate. The end result of this vicious cycle is exemplified by the bankruptcy filing of Detroit, once the nation's fourth largest city. By 2012, Detroit, a city of roughly 700,000 people, had lost more than 1 million residents in the decades since its population peaked in 1950.

The cycle in which communities decline also points to how immigration can intervene at multiple points in the process to stem this downward spiral. For example, immigration may help convince employers to refrain from shipping jobs overseas. At the same time, once a decline has started, an influx of immigrants stabilizes the customer base for local businesses, cuts housing vacancy rates and helps local governments make payroll. The impact of immigration on declining areas may even be strong enough to reverse outward flows of the U.S.-born population.

Most American metropolitan areas feature some combination of expensive neighborhoods and areas in decline. Immigration may, in fact, ease affordability problems in the expensive neighborhoods by raising quality of life in the formerly declining areas to the point where they become a viable option for a wider array of middle-class families. In this sense, immigration produces a rare two-pronged effect on the local housing market—simultaneously boosting home prices and easing affordability issues all at once. By examining the impact of immigration at the county level, this report will explore whether immigration does indeed have such a powerful double-dividend impact.

# Immigration and Manufacturing Jobs

Immigrants impact communities in a number of ways, from improving local real estate markets (see the following section on the housing market) to boosting civic engagement (discussed in a later report section) to filling gaps in the local labor force. But immigrants also play an outsize role in one very important measure of community vitality: the creation and preservation of American jobs. Here, it is particularly important to look at the impact of immigrants on the manufacturing sector—a segment of the economy on which millions of American middle-class jobs depend.

The U.S. manufacturing industry has undergone dramatic changes over the last half century with the rise of both global manufacturing operations and the increasing prominence of high-skilled manufacturing. The skills the manufacturing industry requires are more diverse and the wage pressures are more severe than they were a generation ago.

By adding more individuals with the requisite skills sets needed and by adding more workers to the labor pool, immigration changes the way corporations think about the costs and benefits of keeping operations on American soil.

The data in this report only reinforces this argument: communities with higher rates of immigration are able to retain more manufacturing jobs than those without as many immigrants. Foreign-born residents, in other words, are helping to grow the U.S. manufacturing sector and prevent much-needed U.S. manufacturing jobs from moving elsewhere.

## Immigration and Employment Opportunities

Labor economists have long debated the nature of immigration's impact on the job market.<sup>3</sup> A natural concern surrounding immigration will always be that immigrants may take jobs away from workers born in the U.S., particularly desirable jobs in manufacturing and other sectors that employ the middle class. The notion stems from the idea that the amount

of work to be done in the United States is finite and immutable. This, however, is not the case.

Work can be divided into two categories: work that must be done in the United States and work that could be done anywhere in the world given modern transportation and communications technology. Jobs that must stay on U.S. soil (fixed-location work) are found in a broad array of service industries ranging from retail trade to legal representation, as well as construction and a small subset of manufacturing, like the production of U.S. military weapons. But jobs that depend on specific skills or competitive labor costs, and are not tied to a fixed location, are for obvious reasons more easily moved outside of the United States. These include much of the manufacturing industry, as well as a variety of traditional office or customer service tasks that can now be completed by workers globally.

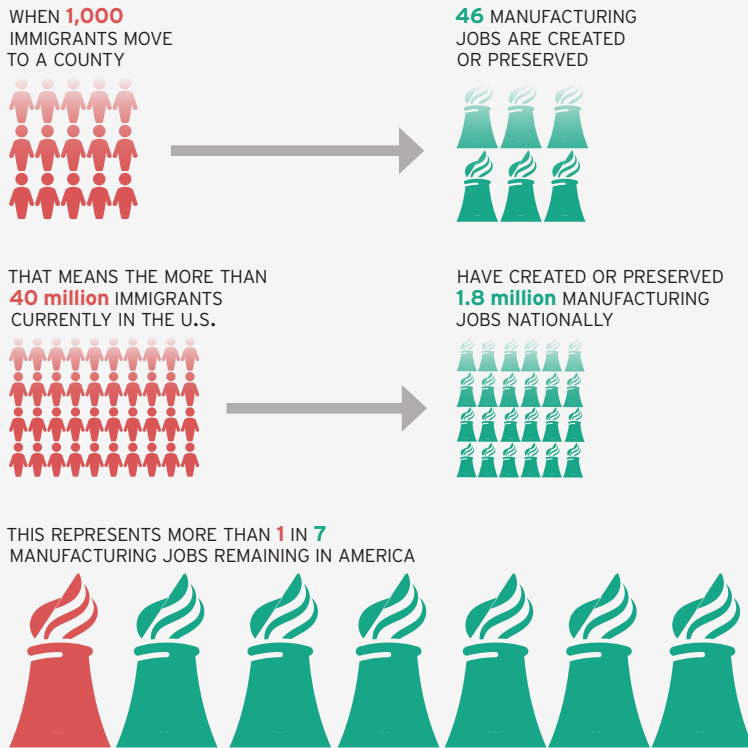
The amount of fixed-location work to be done in the United States is fundamentally a function of the population. By increasing the number of people in a local area, immigrants increase the amount of demand for a variety of services, from clothing sales to automotive repair to hair care.

Their need for basic shelter leads to construction work as well. U.S. Bureau of Labor Statistics data indicate that approximately 79 percent of all American jobs are currently in the service industry, the vast majority of which is fixed-location work.<sup>4</sup>

For an American business that produces complex machinery for a global market, however, the amount of work to be done is not necessarily governed by the size of the U.S. population. These jobs depend on global demand, and are not intrinsically tied to U.S. soil. If the skill sets necessary to produce these goods are not available, or if the cost of labor is not competitive, these jobs can move elsewhere. Indeed, a major trend over the past half century or more has been for mobile employers to outsource work, primarily to take advantage of lower labor costs abroad. Domestic firms have also had to downsize as foreign-owned firms



## Figure 1. How Immigrants are Preserving U.S. Manufacturing Jobs at the County and National Levels



undercut them on price.

By introducing a new labor force into the United States—sometimes with skills in short supply in the broader U.S. population—immigration actually prevents some mobile employers from moving their operations elsewhere. This has a major impact on the U.S. economy. Manufacturers that remain on American soil employ workers at a variety of skill levels, from laborers on the factory floor to secretaries and executives.

Having manufacturing companies remain in America is also helpful to other U.S. companies—like part providers and human resources firms—that support the manufacturers' work locally. Such job preservation has an indirect effect on housing prices as well.

### The Data: Immigrants Bolster the Manufacturing Sector and Protect U.S. Manufacturing Jobs

**T**he argument that immigration leads companies to keep jobs in the United States that would otherwise have been shipped abroad applies to a number of industries, but none more than manufacturing.

The manufacturing industry employed 18 million workers in 1970, more than a quarter of the nonagricultural workforce. Today, only 9 percent of American nonagricultural jobs are in the manufacturing industry. Six million manufacturing jobs were lost between 1970 and 2010—a period that saw the size of the American workforce double.<sup>5</sup> There are many reasons for this change, including the increasing mechanization of

manufacturing work, competitive pressures from abroad and the increasing prominence of the service industry, to name just three.

Leaders in the manufacturing industry have often said that having access to the best talent at all skill levels is critical to keeping their businesses running, making immigration reform a top priority for industry groups like the National Association of Manufacturers.<sup>6</sup>

Our findings reveal that immigrants are indeed playing a critical role in driving the U.S. manufacturing industry to create more jobs and to keep existing ones in America. In the last four decades, communities with more immigrants have maintained manufacturing jobs at a greater rate than would be expected, based on the nature of their local manufacturing industries in 1970. This impact is not a small one: for every 1,000 immigrants that arrive in a county, 46 manufacturing jobs are created or preserved [SEE FIGURE 1].

When viewed at the national level, it becomes clear that foreign-born residents are having a profound impact on the U.S. manufacturing industry. Our results indicate that the presence of 40 million immigrants in the United States is responsible for the retention of 1.8 million manufacturing jobs nationally, or about 15 percent of all employment remaining in the sector.

At the same time, while it makes intuitive sense that employers will want to locate their companies in communities with a strong supply of potential workers, it also makes sense that immigrants will gravitate toward areas where large numbers of jobs are available. This, of course, introduces a fundamental problem that could easily complicate this report’s effort to measure the impact of immigration on manufacturing employment. While areas with more

immigration also appear to have more manufacturing jobs, the question is whether this means that immigrants helped preserve or create jobs or whether immigrants went to where jobs were available.

To address this issue, this analysis makes use of a widely accepted statistical method—an instrumental variables regression—that is used to distinguish correlation from causality in immigration studies.

Calculations take advantage of the fact that immigrants tend to move to cities where a community of their compatriots are already living. Looking at the distribution of immigrants of different nationalities across counties in 1970, the report forecasts which counties would be expected to gain immigrants over the next 40 years, paying no attention to the local growth or decline of the manufacturing industry during the same period. The next step is to examine whether counties with higher forecast immigrant growth retain more manufacturing jobs than those with lower forecast growth, and if so, the overall strength of that relationship. (See the Appendix for a more detailed methodology description, as well as data on the impact of immigration on local manufacturing employment for the 200 largest counties by population.)

### The manufacturing analysis reveals three key findings:

#### 1 Immigration has kept America’s top manufacturing hub on top.

Over the last 40 years, the greatest concentration of manufacturing jobs has been nowhere near the Rust Belt; instead, it has been in Los Angeles County, California. In 1970, Chicago and surrounding Cook County, Illinois, came in a close second: both

Table 1:

### MANUFACTURING AND IMMIGRATION IN LOS ANGELES AND CHICAGO

	Manufacturing employment		Percent change in employment	Foreign-born population		Percent change in foreign-born population
	1970	2010		1970	2010	
Los Angeles County	824,507	406,878	-51%	793,209	3.5 million	+341%
Cook County (Chicago)	802,763	202,540	-75%	500,742	1.1 million	+120%

had more than 800,000 manufacturing jobs, twice as many as the next biggest counties, and more than 43 of the 50 states.

In the years since 1970, both counties have lost manufacturing jobs, as have more than 2,000 other counties in the United States. But Los Angeles has fared much better than Chicago. While the number of manufacturing jobs in Los Angeles County was only 3 percent larger than the number in Cook County in 1970, today Los Angeles has more than twice as many manufacturing jobs and remains the largest major manufacturing center in America [SEE TABLE 1].

Why has Los Angeles fared so much better than Chicago? One important factor: immigration.

A wave of new foreign-born residents moved to both areas between 1970 and 2010, but the growth was proportionately much larger in Los Angeles. There, the immigrant population nearly quintupled, compared to the doubling experienced in Cook County. Bearing in mind that when 1,000 immigrants move to an area 46 manufacturing jobs are created or preserved, the fact that Los Angeles added 2.7 million immigrants over this time period—rather than Cook County’s 600,000—accounts for about half of the difference in total manufacturing jobs between the two areas in 2010. Immigrants now account for more than 35 percent of the population in Los Angeles County, a substantial share of the population.

While some critics might argue that the departure of immigrants from Los Angeles would free up jobs for U.S.-born workers, the reality is that virtually all of the jobs they now hold would disappear—along with many jobs held by U.S.-born Americans. From aerospace firms facing a shortage of qualified engineers to a garment industry fighting for market share against foreign competition, companies hiring both immigrants and U.S.-born workers would find it impossible to stay in business. It is nearly inconceivable to imagine Los Angeles County without 3.5 million of its inhabitants, but estimates indicate that about 40 percent of the county’s manufacturing jobs would vanish without these immigrant residents.

More immigration could have also made a large difference in other counties hard hit by manufacturing job losses. Wayne County, Michigan, which includes the city of Detroit, bled 80 percent of its manufacturing

jobs from 1970 to 2010; the combined city and county of Philadelphia witnessed a 90 percent drop in manufacturing jobs. Neither Wayne County nor Philadelphia was a major magnet for immigrants in recent decades, especially compared to Chicago, which welcomed large waves of Mexican immigrants coming to work in the manufacturing industry.<sup>7</sup> For every immigrant in Philadelphia, there are more than 20 immigrants in Los Angeles County. The comparable ratio for Wayne County is even higher.

In such areas, a slack job market obviously contributes to the low levels of immigration experienced. But the absence of immigrants and their entrepreneurial and workforce contributions only compounds the employment problems in both areas. This is clearly illustrated with Wayne County. As of 2010, Wayne County’s population was 7.6 percent foreign born. If the area had a foreign-born population comparable to Cook County, where 21 percent of residents were born abroad, calculations indicate that the area would have retained more than 14,000 additional jobs in the manufacturing sector.

## **2** The new manufacturing epicenters are also immigration epicenters.

Manufacturing employment has declined in roughly two-thirds of American counties. Not coincidentally, the counties that have experienced the largest expansion of the manufacturing sector are also areas that have become home to large numbers of immigrants.

The following table shows the five American counties with the largest raw increases in manufacturing employment between 1970 and 2010 [SEE TABLE 2]. In some cases, the source of the increase is fairly well-known: Santa Clara County is home to Silicon Valley, where semiconductors and computer equipment are produced. Harris County, including Houston and the surrounding suburbs, boasts a robust petrochemical industry. Other counties on the list have a diversified modern manufacturing base: pharmaceuticals and medical devices, plastics, semiconductors, and aerospace equipment figure prominently in San Diego County, Maricopa County and Orange County; San Diego is also home to a significant shipbuilding industry.

These counties are home to strong and

Table 2:

## THE TOP FIVE U.S. COUNTIES WITH THE MOST MANUFACTURING GROWTH, 1970-2010

	Manufacturing employment		Job increase	Number of manufacturing jobs attributable to immigration, 2010
	1970	2010		
Harris County, TX	136,915	180,214	43,299	45,000
Maricopa County, AZ	73,273	114,091	40,818	27,000
Orange County, CA	124,056	162,207	38,151	42,000
San Diego County, CA	67,817	102,820	35,003	32,000
Santa Clara County, CA	124,982	157,457	32,475	7,200

growing industries, but, in reality, immigration accounts for the majority of the manufacturing employment increase in four of the five counties. In fact, in two cases—Harris and Orange Counties—the projected impact of immigration on manufacturing exceeds the increase between 1970 and 2010, indicating that the manufacturing sector would have shrunk rather than grown if not for immigration. Besides immigration, other factors helped to account for the growth in manufacturing employment, but the long-standing presence of immigrants played an important role.

The exception to this general pattern is Santa Clara County in California, where the manufacturing sector—focused on semiconductors, analytical laboratory instruments and wireless communication equipment—would have grown significantly with or without immigration. Nonetheless, although the majority of the increase in manufacturing jobs in Santa Clara County cannot be tied directly to immigration, the impact was still substantial. More than 7,000 manufacturing jobs in the area—at firms like Intel, Advanced Micro Devices, Cisco Systems, and Hewlett Packard—can be attributed to the presence of immigrants.

It also should be of no surprise that immigrants are a large part of the story in areas of the country like Harris and Orange Counties where sophisticated technology and research and development activity is at the heart of the manufacturing industry. In recent years, more than 42 percent of graduates receiving advanced-level degrees in science, technology, engineering, or math (or STEM fields) from the most research-

intensive U.S. universities have been foreign-born residents on temporary visas.<sup>8</sup>

### 3 Immigration has kept manufacturers in small towns open for business.

Immigrants, as discussed in the next section, have helped reverse the trend of declining home values in many rural areas. But new Americans have also contributed to the vitality of small-town America in another critical way—by preserving valuable manufacturing jobs in areas where they could easily be vanishing.

In Buena Vista County, Iowa, for instance, the main source of employment is the meatpacking industry, a manufacturing category that has seen heavy foreign competition in recent years, from countries like Argentina and New Zealand. As of 1980, Buena Vista County had fewer than 1,200 manufacturing jobs and counted about 300 foreign-born residents among its 20,000-person population.

Over 20 years, however, more than 2,000 immigrants moved to Buena Vista County, and the area added nearly 1,700 manufacturing jobs. While meatpacking remains the mainstay of the local economy, the recent economic growth in Buena Vista has trickled down to other industries and sparked a wave of local entrepreneurship. Some of the new businesses exist to serve the manufacturers—such as Tasler Inc. a wooden pallet company that created a facility in Buena Vista County in the late 1990s. Others serve the expanded base of local consumers, including Tortillas El Lago, a wholesale bakery.

These same patterns are found in North

Carolina's coastal plain, an area sandwiched between booming beach communities and the prosperous cities of Charlotte and Raleigh. Traditionally an agricultural region, the coastal plain was also once home to food processing and textile manufacturing—businesses that have since largely shuttered. The result: today many counties in this region have patterns of manufacturing job loss that mirror the Rust Belt on a smaller scale. Washington County, for instance, lost more than half its manufacturing jobs between 1970 and 2010; Jones County lost more than three quarters over the same time period. Neither county has seen much immigration.

The story is very different, however, in the coastal plain counties that have attracted immigrants in the last several decades. While neighboring counties shed jobs, Duplin County added more than 2,000 positions concentrated in poultry processing between 1970 and 2010—growth that was possible due to the arrival of more than 7,000 immigrants. Pitt County, which also added 7,000 immigrants over the same time span, saw its manufacturing workforce swell by nearly 1,000 people, with the growth of the local pharmaceutical industry making up for losses in more traditional sectors like tobacco products and textiles.



All across the country, the manufacturing jobs that once provided families a sure route to the middle class are much less plentiful than in earlier decades. In those communities that have managed to buck the trend, immigration has played a critical role. Areas that have failed to attract immigrants tend to lack plentiful job opportunities for the U.S. born; on the contrary, the dominant trend in such communities has been the wholesale loss of jobs.

## About 40 percent of Los Angeles County's manufacturing jobs would vanish without immigrants.

At a national level, immigration reform—particularly reforms that increase the nation's ability to target shortages of workers at specific skill levels—could mean the difference between a renewal of the American manufacturing industry and its continued decline. High-skilled immigrants play an invaluable role in pharmaceutical and computer industries, two areas of manufacturing that continue to grow and add jobs. Lower-skilled, or essential-economy, immigrants address a second shortage area as well, replenishing a labor pool that has shrunk as increasing numbers of Americans pursue higher education or retire.

The importance of immigration should not be discounted. In the most recent recession alone, the manufacturing sector shed more than 2 million jobs. In nearly four years of postrecession recovery, only one-quarter of these jobs—a half-million—have returned. Our findings show that a loss of the 11 million undocumented workers in the United States today would wipe out these modest gains. Reform that permitted the legal entry of 100,000 additional immigrants per year, on the other hand, would retain 4,600 jobs in the manufacturing sector—or 46,000 every decade.

# Immigration and the U.S. Housing Market

Immigration contributes to the vitality of American communities first and foremost by creating and preserving job opportunities. Immigrants help American businesses compete and expand, and often become employers themselves, spending a significant portion of their income at local businesses. This increased vitality is reflected in housing prices—a barometer of local economic vitality—in the very areas where immigrants have settled.

The American housing market is, in reality, a collection of thousands of local housing markets. In most of these markets, housing is reasonably priced and relatively available. Some communities, however, exhibit a more extreme pattern. In some areas marked by sustained declines in population over decades, vacant housing stock—and the issues that stem from it—can lead to a decline in housing prices over time. And in a select number of markets, particularly desirable neighborhoods in large coastal cities, the number of families seeking homes far outpaces available housing stock, which leads to significant affordability problems.

With so many different dynamics within individual housing markets then, the simple assessment that “immigrants buy houses, therefore the price of housing rises” is of little use in understanding the true role immigration has on the American housing market.

Instead, it is important to examine closely the individual communities where immigrants play a major role in the housing market. If immigrants moved to America’s expensive neighborhoods, pushing high prices even higher, one might conclude that U.S.-born families would be better off without immigration. In fact, as will be shown below, immigrants tend to avoid these neighborhoods, gravitating instead to more affordable regions—Sun Belt cities with ample housing supply, and cities or neighborhoods that have fallen out of favor in recent decades. By lifting up declining areas and making them attractive to a wider group of families,

immigration actually lessens affordability problems in expensive areas nearby.

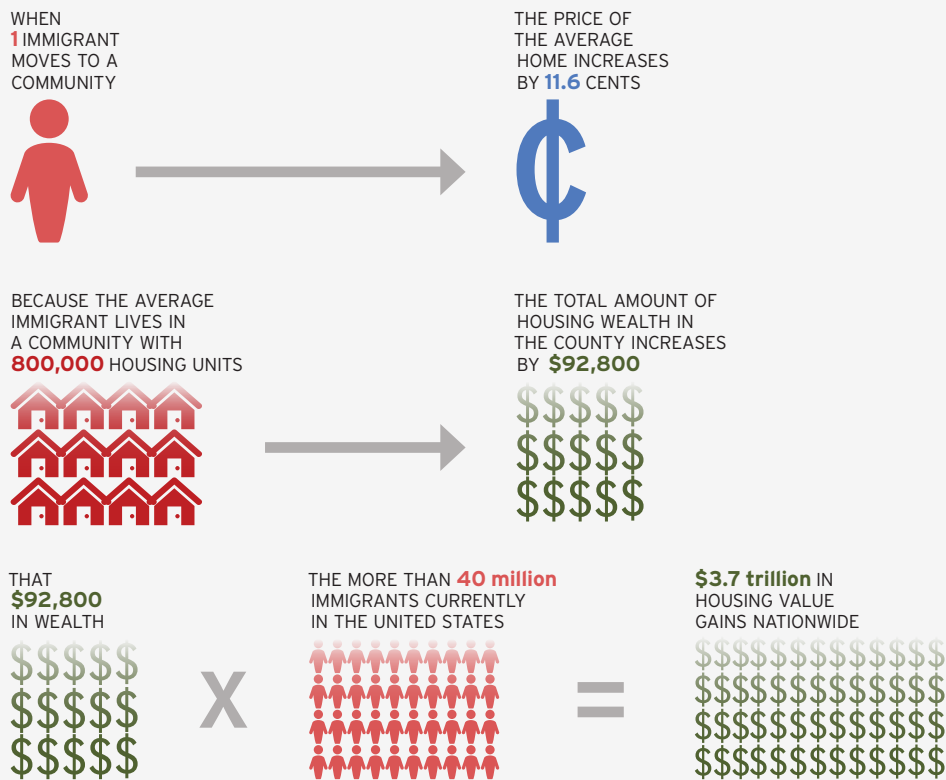
Immigration also has a powerful indirect impact on housing values. Vacant housing is closely tied to quality of life. Housing that is vacant or in disrepair fosters crime, and research has shown that then results in more population decline, creating a vicious cycle that also leads to falling property values.<sup>9</sup> Since local governments typically depend on property taxes more than any other revenue instrument, many must then either raise tax rates or cut valuable public services like education—moves that cause even more families to move elsewhere.

Immigration—and particularly the arrival of low-income immigrants who must find inexpensive housing—has the potential to turn around such vicious cycles. By keeping properties on the tax rolls, immigrants support local government. By moving into once-vacant homes, they help reduce crime. When the vicious cycles stop, potential residents—both immigrants and U.S.-born individuals—have an incentive to look at a neighborhood differently, moving in rather than out. This explains what at first might be seen as a contradiction in terms—that immigrants can simultaneously boost housing prices in some areas while easing housing affordability problems elsewhere.

## The Data: Immigration Boosts Housing Values in Communities Across the Country

Immigration yields a significant impact on home values across the country, occurring most notably in relatively affordable metropolitan areas and neighborhoods. Controlling for other factors, when an immigrant moves into a community, the price of the average home rises by 11.6 cents.<sup>10</sup> Since the typical immigrant lives in a county with 800,000 housing units, the average immigrant raises the total value of housing wealth in his or her local area by \$92,800. The significance of this effect becomes clearer at the national level: the nation’s more than

## Figure 2. How Immigrants Build U.S. Housing Wealth at the Household, County and National Levels



40 million immigrants are responsible for an estimated \$3.7 trillion boost to home equity nationwide [SEE FIGURE 2].<sup>11</sup>

But the true boost to the U.S. economy is likely much greater than \$3.7 trillion. When immigrants move to a local area and demand more housing, work is often generated in the construction industry. Construction requires significant labor, which must be provided by workers residing in the United States, including U.S.-born workers. The failure to count the income generated by these jobs is one reason why this report likely underestimates the impact of immigration on the housing market.

Much like the manufacturing data, these figures are calculated to take into account other variables that could be attracting immigrants to move to a given area. One

potential concern with an analysis of this sort, for instance, would be that immigrants could be attracted to places because of their affordability or the ample job opportunities already available. So it could be interpreted that instead of causing communities to improve, immigrants move to places that are already experiencing an upswing.

To avoid confusion of such causes and effects, this analysis used a widely-accepted statistical technique (instrumental variables regression)—also used in the manufacturing section—to analyze the data. This involved first looking at areas that already boasted immigrant communities of specific nationalities as of 1970. Because new immigrants often move where their compatriots are, the analysis then projected where immigration would be expected to occur in the decades

after 1970—regardless of actual economic conditions on the ground. Rather than compare communities like Los Angeles to Detroit, the analysis then examined whether housing prices in Los Angeles alone (as well as Detroit alone) tended to increase more in decades when immigration was forecast to be more significant. (See the Appendix for a complete methodology discussion.)

**The housing analysis reveals four key findings:**

**1 The effects of immigration are strongest in booming Sun Belt cities.**

Twelve counties nationwide have seen the impact of immigration on housing raise the value of the average home by more than \$10,000 over the last decade. For the most part, these communities are in the Sun Belt, an area spanning the South and Southwest that has attracted large numbers of immigrants and U.S.-born residents in recent years.

But the effect of immigration on these communities has not necessarily been to make them overly expensive. For example, Harris County, an area that includes Houston and its closest suburbs, experienced the largest increase in home values due to the direct and indirect effects of immigration, with the price of the average home increasing by more than \$26,000 in the last decade [SEE TABLE 3] Even with that 20 percent rise in the value of the average home, how-

**The average immigrant raises the total value of housing wealth in his or her local area by \$92,800.**

ever, median home values in Harris County remain well below the national average of \$186,200 revealed in the latest American Community Survey. The same is true in several other counties, which have experienced the largest percent increase in home values due to immigration but still maintain below-average housing prices. Examples include Hidalgo County, Texas, a border community that includes the city of McAllen, and Bexar County, Texas, which includes greater San Antonio [SEE TABLE 4].

**2 Immigrants tend to avoid places with the worst housing affordability problems, in many cases becoming part of the solution.**

Although immigrants have raised housing values, they have not contributed to U.S. housing shortages and affordability problems. Some of the most expensive places to live in the country—including Manhat-

Table 3:  
**COUNTIES WHERE IMMIGRATION HAD THE LARGEST IMPACT ON HOUSING VALUES, 2000-2010**

County	Value added by immigration to the price of the average home
Harris County, TX	\$26,700
Riverside County, CA	\$20,600
Clark County, NV	\$19,700
Maricopa County, AZ	\$18,000
Broward County, FL	\$14,500
San Bernardino County, CA	\$13,200
King County, WA	\$12,100
Miami-Dade County, FL	\$11,700
Gwinnett County, GA	\$11,400
Palm Beach County, FL	\$10,700



Table 4:

**COUNTIES WHERE IMMIGRATION HAD THE LARGEST PERCENT IMPACT ON HOUSING VALUES, 2000-2010**

County	Impact of immigration as a percent of 2010 median value	2010 median value
Harris County, TX	20%	\$131,700
Clark County, NV	7.7%	\$257,300
Tarrant County, TX	7.5%	\$134,900
Maricopa County, AZ	7.5%	\$238,600
Hidalgo County, TX	7.5%	\$73,000
Riverside County, CA	6.3%	\$325,300
Dallas County, TX	6.3%	\$129,700
Gwinnett County, GA	5.9%	\$194,200
Broward County, FL	5.9%	\$247,500
Bexar County, TX	5.6%	\$117,100

tan, San Francisco and resort communities such as Jackson, Wyoming—attracted few if any new immigrants over the past decade. The result is that immigration itself gives little insight into why these areas are expensive. Instead, immigrants have flocked to less expensive metro area and to the cheaper neighborhoods of expensive cities, often raising housing values in the process and making these communities more attractive to potential home buyers. This eases competition for housing within nearby expensive areas, making them more affordable in turn.

There is no overlap between America's 10 most-expensive counties and the 10 counties

that have seen the most dramatic growth in housing values due to immigration. In most of the nation's 10 most-expensive counties—places where the cost of the average home is at least \$650,000—the impact of immigration has been modest, or even negative [SEE TABLE 5]. Only three of the most expensive counties, all of which are in the San Francisco Bay Area, have experienced any sizable growth in home values on account of immigration, and these areas attracted large numbers of highly educated, highly skilled immigrants and U.S.-born workers alike.

If immigration does not explain the nation's worst affordability problems, what does?

Table 5:

**IMPACT OF IMMIGRATION ON THE 10 MOST-EXPENSIVE U.S. COUNTIES, 2000-2010**

County	Value added by immigration to the price of the average home
Dukes County, MA	\$93
Marin County, CA	\$660
Nantucket County, MA	\$84
New York County (Manhattan), NY	-\$39
Pitkin County, CO	\$51
San Francisco City/County, CA	-\$517
San Mateo County, CA	\$1,300
Santa Clara County, CA	\$8,100
Santa Cruz County, CA	\$87
Teton County, WY	\$93

Several places on this list, including New York (Manhattan) and counties in the San Francisco Bay Area, have housing affordability problems driven largely by a limited supply of developable land and local economies that rely on highly skilled, highly compensated workers. Some of these workers are foreign born, but with or without immigration these would be America's most expensive communities.

### **3** Immigrants revitalize less desirable neighborhoods in costly metropolitan areas, opening up new alternatives for middle- and working-class Americans to buy homes.

With or without immigrants, Manhattan would be the most desirable residential address in the New York City metropolitan area. The less popular addresses are found in nearby areas—the so-called outer boroughs, along with nearby satellite cities like Newark and some inner-ring suburbs. In New York City and other major U.S. cities, the impact of immigration is most dramatic in these peripheral areas.

Since 2000, the strongest impact of immigration in New York City has been in the Bronx, where the average home value is estimated to be nearly \$7,000 higher because of the arrival of new immigrants. The Bronx remains the city's least expensive borough, as measured by median home values. Immigration has raised the price of the average home in Queens by more than \$3,000, on Staten Island by nearly as much, and in Newark and surrounding Essex County, New Jersey, by almost \$2,000 [SEE FIGURE 3]. A generation ago, these areas were in the midst of a population and housing market decline.

Similar patterns are seen in other expensive metropolitan areas. In the Bay Area of Northern California, immigration has had essentially no impact on the high prices in the city of San Francisco, or in the wealthy enclave of Marin County across the Golden Gate Bridge. It has, however, had a more tangible impact on the peripheral areas. In Alameda and Contra Costa counties in the East Bay—the historically less affluent areas home to cities such as Oakland and Richmond—the price of the average home went up by more than \$7,000 due to the inflow of over 60,000 new immigrants in each county from 2000 to 2010 [SEE FIGURE 4].

In the relatively expensive region around Washington DC, the largest effects of

immigration have been felt in suburban counties in Maryland and Virginia. Within the District of Columbia the impact of immigration was less than \$300 per home, and it was similarly small in the nearby Virginia communities of Arlington and Alexandria. By contrast, the over 55,000 immigrants who settled from 2000 to 2010 in Prince George's County, Maryland—the least expensive of the suburban counties ringing DC—have raised the value of the average home by more than \$6,000 [SEE FIGURE 5].

The role of immigration in supporting housing prices in once-declining areas is critical to local government agencies that depend on property tax revenue to fund public services. An expanded tax base provides municipal and county governments with the opportunity to deliver higher-quality services like education, police and fire protection, and park maintenance at a lower cost per family.

## **The more than 40 million immigrants are responsible for an estimated \$3.7 trillion boost to home equity.**

The role of immigration in revitalizing urban areas can also be illustrated by taking a closer look at major cities that have not experienced major immigration increases in recent years. If the immigrant population of Wayne County, Michigan, had grown at the same rate as the national average between 2000 and 2010, the typical homeowner would have \$4,000 more in home equity today—a meaningful boost to the wealth of the average family. The average homeowner in Cuyahoga County, Ohio—the area including Cleveland and its closest suburbs—would be \$2,700 richer.

Immigrants have often avoided large swaths of the country, in some cases due to state legislation that aims to restrict immigration. In Montgomery County, Alabama, which includes the state capital of Montgomery, just under 4 percent of

## A Tale of Three Cities: The Impact of Immigration on Housing Values in the New York City, San Francisco and Washington DC Metropolitan Areas

Figure 3:  
THE EFFECT OF IMMIGRATION ON MEDIAN HOME VALUE IN COUNTIES IN THE NEW YORK CITY METROPOLITAN AREA (2000-2010)

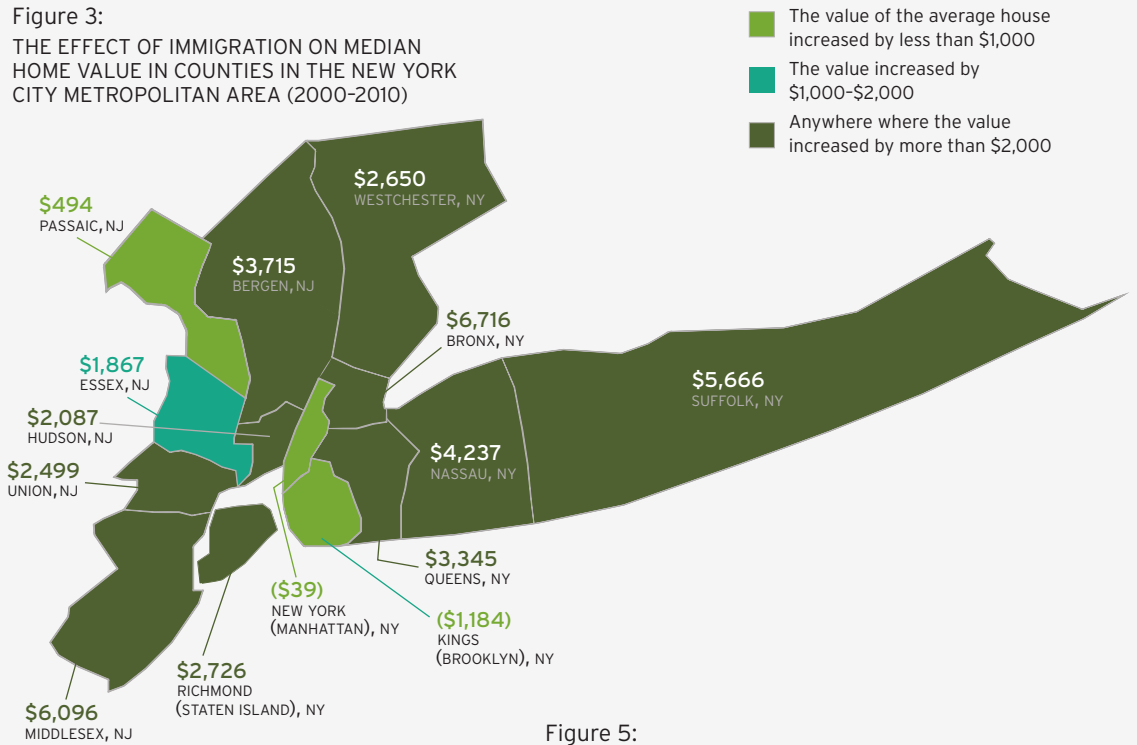


Figure 4:  
THE EFFECT OF IMMIGRATION ON MEDIAN HOME VALUE IN COUNTIES IN THE SAN FRANCISCO METROPOLITAN AREA (2000-2010)

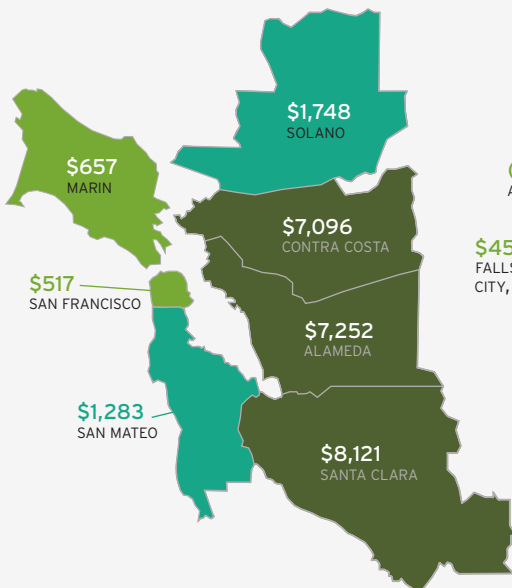
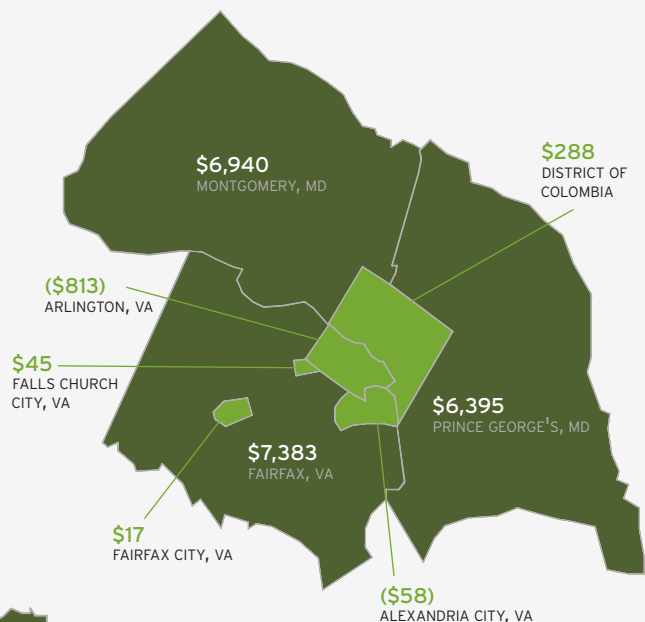


Figure 5:  
THE EFFECT OF IMMIGRATION ON MEDIAN HOME VALUE IN COUNTIES IN THE WASHINGTON DC METROPOLITAN AREA (2000-2010)



the population was born abroad, less than one-third of the national average. If Montgomery County were to attract enough foreign-born families to match the national immigrant average, local homeowners would see their home equity jump by more than \$2,500 apiece.

## **4** Immigration has stabilized declining rural areas and stanching the decline of Rust Belt cities.

Many rural communities across America have experienced population declines over the last century. The trend is so well established now that over the last four years alone, more than 50 percent of rural counties have seen their populations fall.<sup>12</sup> That has led to declining property values and vacant storefronts in many once-vibrant small towns. Here, once again, immigrants have played a role in helping to reverse this cycle of decline. Although housing prices tend to be modest in rural areas—and the number of immigrants arriving tends to be modest as well—immigrants still make a notable impact on housing values in rural communities.

North Carolina's coastal plain region is a region that has seen broad economic decline, as noted in the earlier section on manufacturing jobs. Duplin County counted only 1 immigrant per 1,000 residents in 1970. After a notable population decline in the 1980s, 6,500 immigrants have settled in the county, helping to reverse falling population levels and provide a \$200 boost in the value of the typical home, which costs, on average, \$83,800. Today, Duplin mirrors the nation, with one in eight residents born abroad.

The rural impacts of immigration, however, can be seen well beyond North Carolina. Many areas that could have easily seen home prices decline in the last decade have actually seen increases. Skagit County, Washington, has witnessed a tripling of the foreign-born population since 1990, boosting the price of the typical home by about \$350 since 2000. While this represents a small boost to the owners of the more expensive, ocean-view properties in the area—the average price of a house in Skagit is more than \$278,000, in part because of such housing stock—a pricing increase is notable in the agricultural part of the county just a few miles inland, where more affordable housing is widely available. In Buena Vista County, Iowa, where the U.S.-born population has dropped by about

15 percent since 1980, an influx of more than 2,500 immigrants, drawn to opportunities in local meatpacking plants, has helped to maintain stability in the housing market.

Immigrants have also played a role slowing population decreases in America's Rust Belt region. The number of U.S.-born Americans residing in Chicago and surrounding Cook County, Illinois, has declined by 900,000 since 1970. The arrival of nearly 600,000 immigrants over the same time period offset most of that decline—and most likely kept additional people from leaving—blunting what could have been a catastrophic impact on the local housing market along the lines of what was seen in Detroit and the surrounding area of Wayne County, Michigan. Estimates indicate that if the share of immigrants in the population of Wayne County were to grow to match the level of Cook County—from 7.6 percent to 21 percent—average housing prices there would increase by more than \$32,000. Immigration to greater Chicago, in fact, has even helped to stabilize the neighboring region around Gary, Indiana: some 13,000 immigrants have settled there since 1990, adding \$1,500 to the value of the average home, which costs \$135,400.



Immigration has provided a valuable boost to housing markets all over the country. From metropolitan New York City to rural North Carolina, the value of the average home has risen over the last decade because of the arrival of immigrants. In many cases, these new Americans have chosen the very communities that would be in decline without them, creating unexpected success stories and eroding affordability issues elsewhere.

By necessity, this report focuses on only a small fraction of the communities where immigrants are making a difference. Our analysis collected data from 3,091 counties in the lower 48 states. A more complete set of data, along with notes on the methodology used in the analysis, can be found in the Appendix to this report. A map with complete data for each of the counties studied can also be found online at: [www.renewoureconomy.org/housingmap](http://www.renewoureconomy.org/housingmap) or [www.as-coa.org/interactive-impact-immigration-housing-market](http://www.as-coa.org/interactive-impact-immigration-housing-market).

# Turning Communities into Magnets for U.S.-Born Residents

Immigrants are playing a critical role in adding to the vitality and success of American communities—largely by raising home values, becoming customers to local businesses, and preserving or creating American jobs. To understand fully how these factors interact, however, it's useful to look at the role immigrants play in making American communities more attractive to U.S.-born residents. This is a particularly important dynamic because immigrants often gravitate toward neighborhoods or cities that were formerly in decline.

This study finds that when 1,000 immigrants move to a given county,

**When 1,000 immigrants move to a given county, roughly 270 U.S.-born residents settle in the area as a direct result within the next decade.**

roughly 270 U.S.-born residents settle in the area as a direct result within the next decade. But the number of U.S.-born individuals who settle in a community due to immigrants actually grows by more than that amount. Federal government statistics show that a group of 1,000 immigrants would be expected to then give birth to 150 U.S.-born children during that same period. These children—who aren't counted in the 270 figure above—become customers at

service-oriented businesses and potential entrepreneurs themselves. They are also some of America's most successful business executives and entrepreneurs including everyone from Henry Ford, the founder of Ford Motor Company, to the visionaries behind McDonald's, Home Depot and Apple.

Given findings from previous sections, it is not surprising that immigrants attract U.S.-born residents. The American population is highly mobile, and families—especially younger ones—have long tended to move away from areas lacking opportunity to those where opportunities are plentiful.

By helping businesses grow and starting their own firms, immigrants create the very opportunities that make communities attractive to others. This analysis, in fact, found that immigrants in communities all across America have played an outsize role as entrepreneurs and job creators in recent years. American Community Survey data indicate that there are more than 3.2 million self-employed immigrants in the United States. In a country where less than 13 percent of the population is foreign born, immigrants account for more than a third of all workers who have created their own jobs. The rate of immigrant self-employment is roughly three times the rate of the U.S.-born population.

Immigration has helped to stabilize and grow the U.S.-born population in some areas already highlighted in this report, including the Bronx in New York City and Lake County, Indiana. The effects of immigration, however, go well beyond these areas. Portland, Oregon, is today considered a city offering strong opportunities and a high quality of life. Yet as recently as the 1970s, Multnomah County, which includes Portland, had a U.S.-born population in decline. As U.S.-born residents left, immigrants moved in, stabilizing the population and eventually sparking an economic turnaround. Today, Multnomah has 70,000 more immigrants

**By helping businesses grow and starting their own firms, immigrants create the very opportunities that make communities attractive to others.**

than it did in 1970, along with nearly 85,000 additional U.S.-born individuals.

Similar stories can be told about Providence, Rhode Island; Minneapolis,

Minnesota; and Louisville, Kentucky—three cities with reputations for providing a high quality of life. These cities, along with others, share a recent history of population decline that stabilized right around the time immigrants began to arrive in significant numbers.

This pattern is repeated in both rural and urban parts of the country. Colusa County, California, a rural area in the state's Central Valley, witnessed a decline in the U.S.-born population in the 1970s, but then saw a doubling of its immigrant population between 1980 and 1990—drawing a new wave of U.S.-born residents. Bartholomew County, Indiana, lost U.S.-born residents in the 1980s, but an influx of more than 4,000 immigrants in the years since 1990 has helped stem the tide. Immigrants have also helped older suburban communities—from Cicero, Illinois, to Fairfax County, Virginia—maintain their vitality in the face of population movements to both gentrifying urban areas and far-flung exurbs.

# Civic Engagement

**T**oday’s immigrants are intrinsically linked to the future of the country. Children of immigrants, along a wide variety of dimensions, are nearly indistinguishable from those who can trace their heritage back generations. They occupy positions of great prominence in American civic life, up to and including the presidency. But first-generation immigrants are also an integral part of U.S. society, many becoming fully participating members of their communities and showing a strong devotion to America and its values.

## Citizenship

**O**f the over 40 million foreign-born residents now living in the United States, nearly 18 million—or more than 40 percent—are naturalized citizens. This is notable considering that an estimated 11 million immigrants are undocumented and thus are unable to naturalize under current law. For documented immigrants, the naturalization process also imposes long waiting periods for permanent residency and citizenship. Despite this, the clear majority of immigrants who are eligible to become citizens choose to do so.

Naturalization matters to communities for a number of reasons. By becoming citizens, immigrants make a long-term commitment to the United States—a

decision that often leads them to contribute more to the communities they call home. Numerous studies have also documented that naturalized immigrants, who seek out higher education at greater rates than noncitizens, are more valuable contributors in the labor market.<sup>13</sup> They outearn migrants who are not citizens—by as much as 16 percent, according to some estimates—giving them more income to patronize local businesses.<sup>14</sup>

Naturalized citizens are also eligible to work in a number of occupations that require citizenship—most notably, government-service positions or scientific research posts requiring a security clearance. And due to the increased ease with which they can apply for licenses and insurance, naturalized citizens are also more likely to establish U.S.-based businesses, creating U.S. jobs in the process.<sup>15</sup>

The table below lists the counties that boasted the largest number of naturalized citizens from 2005 to 2010, according to the American Community Survey [SEE TABLE 6]. As the figures show, hundreds of thousands of naturalized citizens live in America’s largest cities. These citizens share the burden of making American democracy work: they pay taxes, serve on juries, hold elected office, and work jobs that keep communities safe and secure. In

Table 6:  
COUNTIES WITH THE LARGEST ESTIMATED  
NUMBERS OF NATURALIZED CITIZENS

Los Angeles County, CA	1,580,000
Miami-Dade County, FL	630,000
Queens County, NY	563,000
Kings County (Brooklyn), NY	513,000
Cook County (Chicago), IL	491,000
Orange County, CA	438,000
Santa Clara County, CA	334,000
San Diego County, CA	331,000
Harris County, TX	316,000
Broward County, FL	275,000

Table 7:

### COUNTIES WITH THE HIGHEST ESTIMATED NATURALIZATION RATES (AT LEAST 100,000 FOREIGN BORN)

San Francisco County, CA	62%
Nassau County, NY	62%
Bergen County, NJ	57%
Honolulu County, HI	57%
Kings County (Brooklyn), NY	55%
San Mateo County, CA	55%
Queens County, NY	53%
DuPage County, IL	52%
Wayne County, MI	52%
Pinellas County, FL	52%

New York City, for example, the most recent class of new police officers included hundreds of immigrants who came to the United States from a total of 46 countries.<sup>16</sup> Like many cities, New York will hire only U.S. citizens to serve on its police force.

To understand fully the American communities most affected by naturalization trends, it is also useful to look at the rate of naturalization among immigrants [SEE TABLE 7]. In counties with a foreign-born population large enough to dispel concerns about sampling error, naturalization rates surpass 60 percent in two cases and exceed 50 percent in many others.<sup>17</sup> Again, bearing in mind that many immigrants have either no path to citizenship or a very long path under current

law, this is a clear indicator that immigrants in these areas are thriving and wish to see themselves as permanent members of the communities where they live. For those who rely on immigrants as employees, employers and neighbors, this commitment reassures them of immigrants' long-term investment in the area.

Naturalized immigrants and green card holders are also eligible to serve in the U.S. armed forces. Findings show that the rate of active-duty military service among immigrant citizens age 30 and younger—the largest group eligible to serve—is not very different from the rate of service for U.S.-born residents of the same age group.<sup>18</sup> In fact, estimates by the U.S. Census Bureau indicate that more than 800,000 foreign-born residents currently living in the United States have served in the American armed forces, including roughly 75,000 individuals who are now on active duty [SEE TABLE 8].

These figures are in many ways larger than would be expected. In many other countries, including France, foreign-born servicemen are recruited abroad, with military service used as a carrot to gain legal entry into the country. This is far different from the model used in the United States, where only naturalized citizens and permanent residents can enlist. Despite this, however, France—a country that has similar levels of military participation as America among the population as a whole—observes a lower rate of immigrant military enlistment.<sup>19</sup> Canada, which has a similar enlistment model to the United States, has

**Of the more than 40 million foreign-born residents now living in the United States, nearly 18 million—or more than 40 percent—are naturalized citizens.**



## Naturalized immigrants are more valuable contributors in the labor market, and outearn migrants who are not citizens by as much as 16 percent.

an immigrant military participation rate that is less than half the rate in America.<sup>20</sup>

In recent years, the U.S. military has also often missed recruitment targets, making the foreign-born residents that do enlist a valuable part of the overall American recruitment effort. The immigrants that enlist also provide valuable skills to the U.S. military, filling its need for linguists and other specialists. Given the United States' relatively high immigrant military

participation rate, any future legislation that allows a wider share of U.S. immigrants to become citizens would likely only boost American military enlistment numbers further. This is especially true of the Development, Relief, and Education for Alien Minors (or DREAM) Act, a bill that would allow some of the young undocumented immigrants brought to the United States as children to become permanent residents if they served two years in the U.S. military or earned a college degree.

...

In the end, it is immigration reform that will in large part determine whether more immigrants become citizens. Making more foreign-born residents of the United States eligible for citizenship will encourage them to make even greater long-term investments in their communities. These investments range from simple acts such as improving their English-language skills or making charitable contributions, all the way up to large-scale commitments like building or expanding American businesses or committing to multiyear tours with the U.S. military.

Table 8:

### ELIGIBLE IMMIGRANTS ARE NEARLY AS LIKELY AS THE U.S. BORN TO SERVE IN THE MILITARY

For every 10,000 citizens age 18-30, number who are:	U.S. born	Immigrants
Currently on active duty	126	106
Currently in reserves/National Guard	59	46
Veteran, active duty within the past year	70	76
Veteran, active duty more than a year ago	158	135
<b>Total, all forms of past/present service</b>	<b>413</b>	<b>363</b>

Source: American Community Survey, 2010 and 2011.

# The Financial Costs of Turning Away Immigrants

**T**he U.S. Census Bureau estimates that more than half of the over 40 million immigrants in the United States today are not citizens of this country. Some of these new Americans lack legal status; some are green card holders with permanent residence; and others are temporary visa holders. Current debates about immigration policy could have a major impact on whether these noncitizens stay in the country and how many arrive in the future. This report shows that welcoming immigrants is critical

**Our research shows that if the United States welcomed 100,000 immigrants each year, housing values would grow by \$80 billion annually.**

to enhancing the vitality of American communities and making them more attractive places to live.

The estimates produced in this report show the real costs that the United States would incur if future policy caused the immigrants currently in the country to leave, or substantially decreased the number of immigrants arriving in the future. In the manufacturing sector alone, deporting the estimated 11 million immigrants without legal status would lead to the loss of more

than half a million jobs. Such a move would also reduce American housing values—and by extension, the wealth of many American families—by more than \$1 trillion. Drawing more immigrants to America, on the other hand, would dramatically impact U.S. housing wealth. Our research shows that if the United States welcomed an additional 100,000 immigrants each year, housing values would grow by \$80 billion annually.

This impact on both job preservation and housing wealth translates into much more than just additional money and professional opportunities for American families. A strong job picture and growing housing market are key markers of community vitality. And living in a more successful and thriving local community can result in better educational and job opportunities for all Americans—foreign born or U.S. born, homeowner or renter.

By showing the contributions immigrants are making to the prosperity of local communities, this report also demonstrates why immigration reform is needed now. Today, an outdated immigration system makes it difficult for U.S. employers to recruit the talent needed to expand businesses and create more jobs. At the same time, 11 million undocumented immigrants exist in the shadows of society—not fully contributing to American life as workers or consumers. Because they are stuck in this limbo, their full potential to contribute to U.S. economic growth and community success remains untapped.

Immigration reform would deal with both of these issues, providing a sizable boost to the success and health of towns and cities across the United States. The increased flow of immigrants that would likely result from reform would do much more than just grow the local population—it would boost the housing market, keep more jobs at home, and result in greater levels of civic participation.

# Appendix Data and Methodology

To assess the impact of immigration on local housing markets, this report utilizes data on housing and population characteristics for a set of more than 3,000 counties across the United States, covering the period between 1970 and 2010. The study examines data from five years: 1970, 1980, 1990, 2000, and 2010. The data for these years are derived from the Census enumerations conducted each decade. The data for 2010 is taken from the 5-year sample of the American Community Survey (ACS), which reflects data collected between 2006 and 2010.

The basic statistical strategy used in the report consists of examining whether counties with more immigrants tend to have higher housing prices. While there is sound economic logic behind the prediction that immigration will boost housing prices, a potential concern is that immigrants might gravitate toward growing communities where prices would have risen with or without them, for example, because the local economy is booming and jobs are widely available. Similarly, if immigrants tend to settle in low-cost areas, we might erroneously infer that immigration has a negative association with housing prices, actually causing prices to decline.

Both worries were addressed with a sophisticated statistical strategy, known as

an instrumental variables (IV) regression. This technique, which is a widely adopted method for distinguishing correlation from causality in immigration studies, relies on the existence of a factor known to increase the immigrant population. This factor must have no other link to housing prices in a community—at least no link remaining after adding control variables to the regression model. Our model uses the well-established factor that immigrants tend to favor communities that already have an existing population of immigrants from the same country. This pattern has been verified in numerous studies using both historical and contemporary migration patterns.<sup>21</sup>

Because of this pattern, the number of immigrants residing in a community can be forecast on the basis of historical demographic data—which by definition do not reflect local economic characteristics. These predictions, rather than the actual number of immigrants observed in a county in a given year, form the basis of the analysis. For example, counties with large numbers of Asian or Latin American immigrants in 1970 would be predicted to witness a significant expansion of the foreign-born population after 1970, specifically among immigrants from those regions.

The forecasts generated by using this method are not completely accurate. This inaccuracy, however, is highly beneficial. The reasons for inaccuracy—situations where the foreign-born population grew more or less rapidly than one would predict on the basis of historical patterns—most likely reflect the heavy influence of the local economy in driving immigration. The table to the left [SEE TABLE A1] shows results of the statistical procedure that yields the synthetic measure of foreign-born population used in the analysis.<sup>22</sup>

The tendency for the forecasts to become less accurate over time is understandable: the greater the time interval, the greater the opportunity for unforeseen circumstances to introduce a deviation from the forecast.

The statistical procedure underlying these

Table A1:

## ACCURACY OF FORECASTS BASED ON HISTORICAL DATA AND NATIONAL PATTERNS

Year	When the foreign-born population is forecast to increase by 1,000, the average actual increase observed is:
1980	372
1990	390
2000	311
2010	246

forecasts of foreign-born populations in future years, a simple regression model, also controls for a number of housing market characteristics, and controls (known as fixed effects) for the year of observation and for each of the 3,091 counties used in the analysis. These controls are also employed in the housing price analysis. In terms generally applied to instrumental variables regressions, the foreign-born population forecasts serve as the first stage and housing price regressions the second stage.

The forecasts based on historical patterns and national trends are transformed into a “synthetic” foreign-born population measure using the information in Table A1, which accounts for the average degree of inaccuracy in the forecasts. The synthetic measure, by design, cannot incorporate any positive or negative local economic trend taking place after 1970.

The analysis of housing prices proceeds by evaluating whether housing prices tend to be higher in counties where the synthetic foreign-born population measure is higher. Housing prices, in this analysis, are median home values derived from the U.S. Census of Population and Housing, which are based on owners’ self-reports of how much their homes would be worth on the market at the time they complete the decennial surveys. Housing prices are adjusted to account for inflation; the housing effects reported here are in terms of 2010 dollars.

To address concerns about the causal relationship between immigration and housing prices further, the regression also incorporates a set of controls that effectively forces the analysis to consider only variation in the immigrant population within a county over time. Thus, estimates of the impact of immigration on housing prices never rely on comparisons of Manhattan to rural areas in the Great Plains. In addition to these variables, the regressions control for a number of “lagged” housing market variables, capturing essential features of the housing stock 10 years before the observation of foreign-born population and median value. These indicators include lagged median value, vacancy rate, proportion of single-family detached homes in the housing stock, median age of housing units, and the total number of housing units. Similarly, the regression accounts for broad national changes in the housing market over time. This, and the timing of the data

collection, implies that the inflation of the housing “bubble” between 2002 and early 2006 does not affect the analysis.

The results of the data analysis reflect the estimated impact of immigration to a county on housing prices in that county. It should be noted that the results do not specify the impact of immigration on nearby counties. For example, the settlement of 600,000 immigrants in Chicago, Illinois, can be expected to influence the housing markets in neighboring counties even if no migrants move to those counties. For this reason, this analysis most likely understates the effect of immigration on housing prices in smaller counties at the periphery of large metropolitan areas.

To come up with the calculations showing the impact of 100,000 additional immigrants per year on total U.S. housing wealth, we assume that migrants will continue to settle in counties with an average of 800,000 housing units. Housing data for the 200 target counties is available in this Appendix [SEE TABLE A2].

### Manufacturing Analysis

To evaluate whether immigration stems the outgoing tide of manufacturing jobs, we used data from the Social Security Administration—the County Business Patterns (CBP) dataset—to determine the number and type of jobs in the manufacturing sector for each county as of 1970. The CBP dataset reports the number of employed workers in each of roughly 20 manufacturing sectors.<sup>23</sup> Using a procedure similar to that used to forecast the foreign-born population, we then predicted the number of manufacturing jobs in each county as of 2010.

For example, counties with large numbers of primary metals manufacturers such as steel mills were forecast to lose a large number of jobs between 1970 and 2010. By contrast, counties with a large representation in the rubber and plastics industries were forecast to gain manufacturing jobs—since that is the only manufacturing sector where employment actually grew between 1970 and 2010. The forecast of manufacturing jobs in 2010 can be interpreted as follows: How many jobs would exist in this county if the various industries present in 1970 had each grown or declined at the national average rate?

We then considered how counties actually

fared relative to the forecast. The forecast, based on 1970 employment totals and national trends, was subtracted from the actual number of 2010 manufacturing jobs, as reported in the CBP dataset. This yields a positive number in counties where the manufacturing industry did better than expected, and a negative number in counties where it did worse than expected.

The difference between actual manufacturing jobs in 2010 and the forecast was then used as a dependent variable in a regression analysis where the main independent variable of interest was growth in the foreign-born population in a county between 1970 and 2010. To address the concerns regarding the potential for migrants to gravitate toward successful counties, we once again use the IV strategy.

In this case, we begin with a forecast of foreign-born population growth in each county between 1970 and 2010 and look at whether individual groups present in the county in the first year grew at the national rate over the subsequent four decades. This forecast, which cannot incorporate any information on local economic conditions in the county after 1970, is used in place of the actual change in foreign-born population.

The basic result indicates that counties forecast to experience immigration growth between 1970 and 2010 retained a higher number of manufacturing jobs than expected on the basis of the 1970 industry mix and nationwide trends. (Once again, like the housing analysis, immigration growth forecasts were tied to immigrant settlement patterns that existed in 1970.) This strategy yielded a calculation showing the causal impact of immigration on manufacturing employment. This result is dependent upon the condition that the size of the immigrant population in 1970 has no bearing on whether manufacturing shrinks or grows more than expected over the next 40 years, except by determining how many immigrants will move to the area over that period.

The regression analysis also controls for the initial size of the manufacturing industry in the county. These two variables—initial size and the growth in foreign-born population forecast between 1970 and 2010—explain about 74 percent of the variation in the dependent variable.

The regression analysis makes use of data for 2,156 counties. Counties were excluded from the analysis when the specific number of manufacturing jobs in those counties in either 1970 or 2010 were not reported, which is generally done to protect the confidentiality of individual employers in those counties. This primarily affects counties with very little manufacturing employment.

The CBP data were also used to derive specific information about industries that have expanded or contracted in particular counties. Manufacturing data for the 200 largest counties is available in this Appendix [SEE TABLE A2].

### Additional Analyses

To assess the growth of the U.S.-born population in an individual county, or those pulled to an area by immigration, we used a variant of the IV strategy outlined above, substituting the U.S.-born population instead of housing value as the variable to be explained. When analyzing the attractive impact of immigration on the U.S.-born population, we subtracted 150 people from our estimate. That figure represents the number of U.S.-born youth living with a foreign parent in the typical county, according to ACS statistics.

To determine the rate of immigrant entrepreneurship, we use ACS data to estimate the number of foreign-born individuals in a country who are self-employed.

Statistics presented regarding military service and citizenship are derived directly from the ACS. The ACS samples of 2010 and 2011 were used to compute the likelihood of past or present military service for citizens ages 18 through 30. The ACS five-year sample spanning 2007 to 2011 was used to estimate rates of citizenship for the foreign-born population in large counties. Because the ACS is subject to sampling error—the five-year ACS surveys the equivalent of five percent of the U.S. population—attention was restricted to the set of counties with a sufficiently large sample of immigrants surveyed. The threshold of 5,000 surveyed immigrants corresponds to an approximate threshold of 100,000 immigrants in the total population.

Table A2:

**DATA FOR THE 200 MOST POPULOUS COUNTIES  
IN THE UNITED STATES**

County, State	Population 2010	Foreign-born population 2010			Median home value 2010	Manufac- turing jobs 2010	Contribution of immigration to:	
		NUMBER	PERCENT	CHANGE SINCE 2000			HOME VALUES	MANUFAC- TURING JOBS
Los Angeles, CA	9,758,256	3,477,823	35.6%	28,379	\$508,800	375,787	\$3,292	159,980
Cook, IL	5,172,848	1,086,881	21.0%	22,178	\$265,800	179,271	\$2,573	49,997
Harris, TX	3,950,999	987,697	25.0%	231,149	\$131,700	147,281	\$26,813	45,434
Maricopa, AZ	3,751,410	596,802	15.9%	155,562	\$238,600	92,267	\$18,045	27,453
San Diego, CA	3,022,468	698,486	23.1%	92,232	\$486,000	91,592	\$10,699	32,130
Orange, CA	2,965,525	903,037	30.5%	53,138	\$607,900	142,424	\$6,164	41,540
Kings, NY	2,466,782	921,519	37.4%	-10,250	\$562,400	20,250	\$(1,189)	20,250
Miami-Dade, FL	2,445,374	1,248,803	51.1%	101,038	\$269,600	31,369	\$11,720	31,369
Dallas, TX	2,321,014	533,817	23.0%	70,243	\$129,700	104,232	\$8,148	24,556
Queens, NY	2,199,169	1,057,296	48.1%	28,957	\$479,300	22,910	\$3,359	22,910
Riverside, CA	2,109,464	471,927	22.4%	178,215	\$325,300	40,317	\$20,673	21,709
San Bernardino, CA	2,005,287	432,631	21.6%	113,984	\$319,000	47,691	\$13,222	19,901
Clark, NV	1,895,521	418,443	22.1%	170,692	\$257,300	18,910	\$19,800	18,910
King, WA	1,879,189	372,845	19.8%	104,560	\$407,700	69,406	\$12,129	17,151
Wayne, MI	1,870,362	142,564	7.6%	4,795	\$121,100	63,944	\$556	6,558
Tarrant, TX	1,743,300	271,238	15.6%	88,015	\$134,900	70,617	\$10,210	12,477
Santa Clara, CA	1,739,396	643,430	37.0%	70,300	\$701,000	89,570	\$8,155	29,598
Broward, FL	1,734,139	535,828	30.9%	125,441	\$247,500	21,028	\$14,551	21,028
Bexar, TX	1,650,052	208,511	12.6%	57,171	\$117,100	31,996	\$6,632	9,592
New York, NY	1,583,345	452,102	28.6%	-338	\$825,200	20,200	\$(39)	20,200
Philadelphia, PA	1,504,950	172,415	11.5%	35,210	\$135,200	24,256	\$4,084	7,931
Suffolk, NY	1,482,548	207,577	14.0%	49,052	\$424,200	53,099	\$5,690	9,549
Middlesex, MA	1,479,491	272,296	18.4%	48,831	\$420,800	56,239	\$5,664	12,526
Alameda, CA	1,477,980	455,439	30.8%	62,783	\$590,900	63,520	\$7,283	20,950
Sacramento, CA	1,395,144	273,770	19.6%	76,575	\$324,200	19,487	\$8,883	12,593
Bronx, NY	1,365,725	443,968	32.5%	58,141	\$386,200	6,677	\$6,744	6,677
Nassau, NY	1,329,083	275,091	20.7%	36,677	\$487,900	17,772	\$4,255	12,654
Palm Beach, FL	1,299,356	289,118	22.3%	92,266	\$261,900	11,031	\$10,703	11,031
Cuyahoga, OH	1,293,825	90,526	7.0%	1,765	\$137,200	67,051	\$205	4,164
Allegheny, PA	1,223,066	56,870	4.6%	8,604	\$115,200	37,704	\$998	2,616
Oakland, MI	1,201,113	134,834	11.2%	15,616	\$204,300	39,576	\$1,811	6,202
Hillsborough, FL	1,200,236	181,108	15.1%	65,957	\$198,900	18,062	\$7,651	8,331
Franklin, OH	1,141,117	101,511	8.9%	37,024	\$155,300	29,381	\$4,295	4,670
Hennepin, MN	1,136,522	143,183	12.6%	32,687	\$247,900	68,876	\$3,792	6,586
Orange, FL	1,116,094	213,644	19.1%	84,740	\$228,600	25,308	\$9,830	9,828
Fairfax, VA	1,048,554	301,594	28.8%	63,917	\$507,800	8,470	\$7,414	8,470

Table A2:

**DATA FOR THE 200 MOST POPULOUS COUNTIES  
IN THE UNITED STATES**

County, State	Population 2010	Foreign-born population 2010			Median home value 2010	Manufac- turing jobs 2010	Contribution of immigration to:	
		NUMBER	PERCENT	CHANGE SINCE 2000			HOME VALUES	MANUFAC- TURING JOBS
Contra Costa, CA	1,024,809	241,913	23.6%	61,425	\$548,200	16,838	\$7,125	11,128
Salt Lake, UT	1,000,155	120,414	12.0%	27,138	\$237,500	46,039	\$3,148	5,539
St. Louis, MO	999,454	62,114	6.2%	19,412	\$179,300	35,608	\$2,252	2,857
Travis, TX	979,712	175,449	17.9%	52,828	\$200,300	23,719	\$6,128	8,071
Pima, AZ	964,462	127,491	13.2%	27,441	\$198,300	27,401	\$3,183	5,865
Montgomery, MD	947,230	293,071	30.9%	60,075	\$482,900	8,613	\$6,969	8,613
Westchester, NY	939,406	228,371	24.3%	22,942	\$556,900	11,952	\$2,661	10,505
Milwaukee, WI	937,616	80,336	8.6%	16,688	\$165,700	49,551	\$1,936	3,695
Honolulu, HI	936,984	183,140	19.5%	14,894	\$559,000	9,817	\$1,728	8,424
Shelby, TN	922,696	55,019	6.0%	20,646	\$135,300	25,926	\$2,395	2,531
Erie, NY	921,202	56,368	6.1%	13,482	\$117,700	41,933	\$1,564	2,593
Pinellas, FL	918,263	102,522	11.2%	14,837	\$185,700	26,073	\$1,721	4,716
DuPage, IL	911,481	167,072	18.3%	28,416	\$316,900	50,919	\$3,296	7,685
Fresno, CA	908,830	197,495	21.7%	28,778	\$257,000	23,430	\$3,338	9,085
Fairfield, CT	905,342	182,327	20.1%	33,289	\$477,700	35,737	\$3,862	8,387
Bergen, NJ	896,482	254,459	28.4%	32,158	\$482,300	33,494	\$3,730	11,705
Marion, IN	890,976	70,722	7.9%	31,336	\$122,200	44,702	\$3,635	3,253
Hartford, CT	887,976	126,216	14.2%	25,523	\$247,400	47,270	\$2,961	5,806
Fulton, GA	886,982	114,966	13.0%	36,347	\$253,100	17,333	\$4,216	5,288
Mecklenburg, NC	882,761	119,409	13.5%	51,060	\$185,100	23,857	\$5,923	5,493
New Haven, CT	856,688	97,623	11.4%	23,196	\$273,300	32,295	\$2,691	4,491
Duval, FL	854,848	76,905	9.0%	31,254	\$175,900	20,480	\$3,625	3,538
Prince George's, MD	854,722	165,844	19.4%	55,363	\$327,600	8,585	\$6,422	7,629
Wake, NC	850,546	107,693	12.7%	47,091	\$222,300	13,895	\$5,463	4,954
Macomb, MI	837,490	81,095	9.7%	12,088	\$157,000	46,791	\$1,402	3,730
Kern, CA	815,693	167,349	20.5%	55,405	\$217,100	11,513	\$6,427	7,698
Ventura, CA	809,080	185,011	22.9%	29,098	\$568,700	21,899	\$3,375	8,511
Hamilton, OH	802,194	37,145	4.6%	8,566	\$148,200	44,236	\$994	1,709
Baltimore, MD	799,195	82,103	10.3%	28,319	\$269,900	17,299	\$3,285	3,777
Middlesex, NJ	798,882	234,531	29.4%	52,770	\$356,000	28,410	\$6,121	10,788
Worcester, MA	791,855	84,881	10.7%	25,818	\$282,800	31,279	\$2,995	3,905
Montgomery, PA	790,497	73,171	9.3%	21,019	\$297,200	39,666	\$2,438	3,366
San Francisco, CA	789,172	281,062	35.6%	-4,479	\$785,200	7,164	\$(520)	7,164
Pierce, WA	782,681	73,334	9.4%	16,809	\$269,300	15,040	\$1,950	3,373
Essex, NJ	780,872	184,327	23.6%	16,162	\$395,700	18,605	\$1,875	8,479
Gwinnett, GA	778,022	198,622	25.5%	99,104	\$194,200	18,208	\$11,496	9,137

County, State	Population 2010	Foreign-born population 2010			Median home value 2010	Manufacturing jobs 2010	Contribution of immigration to:	
		NUMBER	PERCENT	CHANGE SINCE 2000			HOME VALUES	MANUFACTURING JOBS
El Paso, TX	772,280	207,746	26.9%	21,578	\$101,800	13,053	\$2,503	9,556
Monroe, NY	741,274	61,941	8.4%	8,198	\$130,400	36,222	\$951	2,849
Collin, TX	738,745	126,739	17.2%	61,460	\$199,000	*	\$7,129	*
Hidalgo, TX	736,973	215,709	29.3%	47,494	\$73,000	5,265	\$5,509	5,265
Essex, MA	735,642	106,918	14.5%	24,879	\$372,400	37,346	\$2,886	4,918
Jefferson, KY	729,452	41,927	5.7%	18,032	\$145,900	35,298	\$2,092	1,929
Multnomah, OR	712,036	97,800	13.7%	13,835	\$281,600	30,074	\$1,605	4,499
Suffolk, MA	704,460	194,835	27.7%	18,804	\$384,500	9,688	\$2,181	8,962
San Mateo, CA	704,327	239,225	34.0%	11,107	\$784,800	*	\$1,288	*
Oklahoma, OK	704,023	68,862	9.8%	21,033	\$117,500	19,264	\$2,440	3,168
Lake, IL	697,179	125,549	18.0%	30,013	\$287,300	42,044	\$3,482	5,775
Snohomish, WA	694,219	94,702	13.6%	35,688	\$338,600	48,713	\$4,140	4,356
DeKalb, GA	685,371	111,640	16.3%	10,320	\$190,000	11,562	\$1,197	5,135
Cobb, GA	677,402	103,016	15.2%	32,577	\$211,000	*	\$3,779	*
San Joaquin, CA	673,613	156,981	23.3%	47,169	\$318,600	18,954	\$5,472	7,221
Will, IL	667,977	75,927	11.4%	40,212	\$240,500	19,092	\$4,665	3,493
Jackson, MO	666,997	36,833	5.5%	8,513	\$129,900	27,430	\$988	1,694
Norfolk, MA	662,077	99,554	15.0%	22,822	\$408,100	19,658	\$2,647	4,579
Jefferson, AL	656,912	26,735	4.1%	11,243	\$138,300	24,415	\$1,304	1,230
Bernalillo, NM	646,881	70,951	11.0%	22,878	\$188,800	12,910	\$2,654	3,264
Providence, RI	628,413	110,248	17.5%	13,572	\$258,000	22,695	\$1,574	5,071
Monmouth, NJ	628,112	81,482	13.0%	17,675	\$424,800	8,737	\$2,050	3,748
Denton, TX	628,084	85,656	13.6%	45,065	\$178,300	9,394	\$5,228	3,940
Bucks, PA	622,859	50,653	8.1%	15,211	\$321,500	25,747	\$1,764	2,330
Hudson, NJ	622,123	252,667	40.6%	18,070	\$383,900	7,928	\$2,096	7,928
Baltimore city, MD	620,538	43,571	7.0%	13,933	\$160,400	13,000	\$1,616	2,004
Davidson, TN	612,884	70,318	11.5%	30,722	\$164,700	16,495	\$3,564	3,235
Lee, FL	606,165	92,740	15.3%	52,378	\$210,600	3,888	\$6,076	3,888
El Paso, CO	599,988	43,183	7.2%	9,875	\$216,800	10,031	\$1,146	1,986
Kent, MI	599,432	43,879	7.3%	5,725	\$147,600	47,135	\$664	2,018
Polk, FL	590,116	63,026	10.7%	29,507	\$141,900	13,427	\$3,423	2,899
Tulsa, OK	589,757	44,112	7.5%	13,882	\$126,200	32,455	\$1,610	2,029
Washington, DC	584,400	76,058	13.0%	2,497	\$443,300	*	\$290	*
Denver, CO	578,087	96,230	16.6%	-371	\$240,900	15,842	\$(43)	4,427
Ocean, NJ	569,374	44,157	7.8%	11,005	\$294,100	4,817	\$1,277	2,031
Delaware, PA	556,468	47,358	8.5%	10,723	\$232,300	13,847	\$1,244	2,178



Table A2:

**DATA FOR THE 200 MOST POPULOUS COUNTIES  
IN THE UNITED STATES**

County, State	Population 2010	Foreign-born population 2010			Median home value 2010	Manufac- turing jobs 2010	Contribution of immigration to:	
		NUMBER	PERCENT	CHANGE SINCE 2000			HOME VALUES	MANUFAC- TURING JOBS
Arapahoe, CO	552,860	82,414	14.9%	28,972	\$232,300	8,117	\$3,361	3,791
Bristol, MA	546,433	65,725	12.0%	2,912	\$306,600	27,739	\$338	3,023
Summit, OH	543,150	22,707	4.2%	4,978	\$141,200	25,195	\$577	1,045
Fort Bend, TX	541,983	132,774	24.5%	67,896	\$171,500	11,344	\$7,876	6,108
Brevard, FL	540,583	46,462	8.6%	15,461	\$186,900	19,176	\$1,793	2,137
Montgomery, OH	538,461	17,769	3.3%	3,962	\$119,100	24,279	\$460	817
New Castle, DE	533,514	51,419	9.6%	18,578	\$252,800	14,420	\$2,155	2,365
Johnson, KS	531,228	41,834	7.9%	16,303	\$209,900	20,380	\$1,891	1,924
Union, NJ	529,547	152,549	28.8%	21,633	\$397,200	23,540	\$2,509	7,017
Jefferson, CO	528,614	33,700	6.4%	5,300	\$259,300	17,114	\$615	1,550
Anne Arundel, MD	527,020	39,737	7.5%	16,526	\$370,100	13,452	\$1,917	1,828
WA, OR	516,665	86,613	16.8%	23,175	\$303,700	26,143	\$2,688	3,984
Camden, NJ	513,574	51,693	10.1%	16,343	\$223,700	12,448	\$1,896	2,378
Lancaster, PA	511,250	22,242	4.4%	7,205	\$184,400	33,981	\$836	1,023
Stanislaus, CA	509,682	103,821	20.4%	22,206	\$285,200	18,229	\$2,576	4,776
Douglas, NE	505,545	41,701	8.2%	14,283	\$141,400	20,733	\$1,657	1,918
Ramsey, MN	503,113	65,549	13.0%	11,286	\$222,700	23,465	\$1,309	3,015
Kane, IL	502,628	89,802	17.9%	26,286	\$245,000	27,062	\$3,049	4,131
Passaic, NJ	496,204	134,571	27.1%	4,280	\$382,600	19,179	\$496	6,190
Volusia, FL	496,053	38,061	7.7%	9,708	\$186,300	7,213	\$1,126	1,751
Lake, IN	494,417	33,083	6.7%	7,235	\$135,400	22,782	\$839	1,522
Plymouth, MA	490,784	38,702	7.9%	9,110	\$360,700	10,108	\$1,057	1,780
Chester, PA	490,571	40,791	8.3%	17,021	\$334,300	14,971	\$1,974	1,876
Morris, NJ	489,811	91,447	18.7%	18,809	\$474,700	14,478	\$2,182	4,207
Sedgwick, KS	486,123	37,184	7.6%	7,113	\$117,300	46,253	\$825	1,710
Utah, UT	486,067	35,190	7.2%	12,003	\$233,800	14,363	\$1,392	1,619
Dane, WI	477,748	35,228	7.4%	8,442	\$230,800	22,126	\$979	1,620
Guilford, NC	475,786	43,534	9.1%	16,217	\$153,800	30,888	\$1,881	2,003
Sonoma, CA	474,047	78,628	16.6%	12,902	\$524,400	17,147	\$1,497	3,617
Onondaga, NY	463,704	31,374	6.8%	5,445	\$124,400	20,480	\$632	1,443
Richmond, NY	463,450	96,258	20.8%	23,601	\$461,700	1,050	\$2,738	1,050
Hampden, MA	462,270	40,109	8.7%	7,076	\$200,500	20,243	\$821	1,845
Spokane, WA	461,262	23,228	5.0%	4,517	\$187,900	13,473	\$524	1,068
Pasco, FL	456,514	41,989	9.2%	17,860	\$157,400	2,437	\$2,072	1,931
Burlington, NJ	447,861	41,652	9.3%	14,971	\$270,200	16,844	\$1,737	1,916
Lucas, OH	444,046	16,433	3.7%	1,951	\$122,400	18,550	\$226	756

County, State	Population 2010	Foreign-born population 2010			Median home value 2010	Manufacturing jobs 2010	Contribution of immigration to:	
		NUMBER	PERCENT	CHANGE SINCE 2000			HOME VALUES	MANUFACTURING JOBS
Greenville, SC	436,437	34,427	7.9%	16,007	\$148,100	26,408	\$1,857	1,584
VA Beach City, VA	435,996	38,988	8.9%	10,712	\$277,400	6,005	\$1,243	1,793
East Baton Rouge, LA	435,815	21,331	4.9%	5,857	\$156,100	10,232	\$679	981
Genesee, MI	433,054	10,108	2.3%	755	\$118,000	10,066	\$88	465
Jefferson, LA	431,019	45,950	10.7%	11,888	\$175,100	10,984	\$1,379	2,114
Tulare, CA	429,404	99,273	23.1%	16,149	\$211,200	12,040	\$1,873	4,567
York, PA	428,175	15,054	3.5%	6,774	\$175,500	32,894	\$786	692
Montgomery, TX	427,717	51,900	12.1%	26,624	\$157,100	8,254	\$3,088	2,387
Adams, CO	425,330	64,313	15.1%	18,725	\$196,100	8,773	\$2,172	2,958
Knox, TN	423,748	17,158	4.0%	7,590	\$152,300	10,830	\$880	789
Polk, IA	419,301	32,868	7.8%	10,706	\$149,700	14,299	\$1,242	1,512
Seminole, FL	417,330	47,797	11.5%	14,512	\$241,000	6,071	\$1,683	2,199
Santa Barbara, CA	416,051	98,785	23.7%	13,959	\$576,500	11,955	\$1,619	4,544
Clark, WA	414,816	41,960	10.1%	12,603	\$260,800	11,657	\$1,462	1,930
Washoe, NV	412,844	63,309	15.3%	15,316	\$295,700	12,925	\$1,777	2,912
Solano, CA	410,042	81,629	19.9%	15,133	\$389,800	9,715	\$1,755	3,755
Mobile, AL	408,620	13,024	3.2%	3,891	\$120,700	15,051	\$451	599
Monterey, CA	407,435	122,788	30.1%	6,229	\$566,300	5,504	\$723	5,504
Berks, PA	407,310	26,347	6.5%	10,315	\$170,400	27,536	\$1,197	1,212
Hillsborough, NH	399,555	32,330	8.1%	6,537	\$269,900	26,177	\$758	1,487
Cameron, TX	393,566	99,367	25.2%	13,644	\$74,000	5,699	\$1,583	4,571
Dakota, MN	393,380	30,958	7.9%	12,909	\$243,700	16,432	\$1,497	1,424
Williamson, TX	391,715	40,311	10.3%	21,862	\$172,200	6,012	\$2,536	1,854
Waukesha, WI	386,130	16,919	4.4%	3,902	\$262,200	39,494	\$453	778
Ada, ID	380,718	22,203	5.8%	9,339	\$214,500	14,580	\$1,083	1,021
Prince William, VA	379,415	80,860	21.3%	48,674	\$377,700	1,952	\$5,646	1,952
Pulaski, AR	377,060	19,925	5.3%	9,089	\$134,300	13,253	\$1,054	917
Stark, OH	376,346	7,396	2.0%	722	\$128,000	21,918	\$84	340
Sarasota, FL	376,200	43,482	11.6%	13,066	\$235,100	4,521	\$1,516	2,000
Richland, SC	372,597	19,665	5.3%	7,019	\$146,300	10,557	\$814	905
Clackamas, OR	370,479	31,382	8.5%	7,282	\$331,100	15,109	\$845	1,444
Orange, NY	370,201	41,601	11.2%	12,891	\$312,100	6,534	\$1,495	1,914
Westmoreland, PA	365,841	5,805	1.6%	528	\$126,800	17,660	\$61	267
Mercer, NJ	364,445	71,936	19.7%	23,277	\$309,300	6,757	\$2,700	3,309
Butler, OH	363,465	17,850	4.9%	8,703	\$160,600	16,585	\$1,010	821
Allen, IN	351,332	19,063	5.4%	5,669	\$113,200	25,062	\$658	877

Table A2:

**DATA FOR THE 200 MOST POPULOUS COUNTIES  
IN THE UNITED STATES**

County, State	Population 2010	Foreign-born population 2010			Median home value 2010	Manufac- turing jobs 2010	Contribution of immigration to:	
		NUMBER	PERCENT	CHANGE SINCE 2000			HOME VALUES	MANUFAC- TURING JOBS
St. Charles, MO	350,606	12,034	3.4%	6,193	\$197,300	9,656	\$718	554
Lane, OR	347,156	19,492	5.6%	3,531	\$230,000	12,622	\$410	897
Washtenaw, MI	343,947	38,122	11.1%	4,958	\$216,200	12,324	\$575	1,754
Lehigh, PA	343,946	31,002	9.0%	11,671	\$203,200	14,555	\$1,354	1,426
Forsyth, NC	342,989	30,523	8.9%	10,687	\$149,000	14,566	\$1,240	1,404
Charleston, SC	342,434	19,227	5.6%	8,103	\$242,100	9,257	\$940	884
Placer, CA	336,477	34,019	10.1%	16,457	\$427,600	3,796	\$1,909	1,565
Nueces, TX	334,370	24,946	7.5%	4,440	\$103,900	7,390	\$515	1,148
Pinal, AZ	329,297	34,601	10.5%	18,358	\$164,000	2,827	\$2,130	1,592
Hamilton, TN	328,960	15,140	4.6%	5,843	\$147,200	23,377	\$678	696
Anoka, MN	327,544	22,727	6.9%	11,956	\$223,100	19,457	\$1,387	1,045
Marion, FL	326,833	25,403	7.8%	12,051	\$150,700	5,362	\$1,398	1,169
Madison, AL	323,080	17,792	5.5%	6,816	\$155,600	18,488	\$791	818
Somerset, NJ	319,347	70,244	22.0%	16,307	\$431,200	10,458	\$1,892	3,231
Luzerne, PA	319,120	13,143	4.1%	6,972	\$113,300	16,162	\$809	605
St. Louis city, MO	318,809	21,256	6.7%	1,714	\$122,200	17,326	\$199	978
Manatee, FL	318,619	39,303	12.3%	17,068	\$214,000	7,395	\$1,980	1,808
Collier, FL	316,931	74,872	23.6%	28,801	\$357,400	2,457	\$3,341	2,457
Cumberland, NC	312,994	17,809	5.7%	1,884	\$116,900	7,180	\$219	819
Marion, OR	309,894	43,832	14.1%	7,863	\$205,100	8,869	\$912	2,016

**Note:** Contribution of immigration to home values evaluates the change in foreign-born population 2000-2010. Contribution of immigration to manufacturing considers the total magnitude of the immigrant population. See the appendix for methodological details.

\* Manufacturing employment data redacted by the U.S. Census Bureau to protect the employer confidentiality.

# Endnotes

- 1 A pre-release of data from this report (June 20, 2013) estimated that for every 1,000 immigrants settling in a county, 250 U.S.-born individuals follow. Updated calculations show that in fact 270 U.S. born move to a county in response.
- 2 See Olivier J. Blanchard and Lawrence F. Katz (1992) "Regional Evolutions." *Brookings Papers on Economic Activity* v.23 n.1 pp. 1-76.
- 3 See, for example, George Borjas (2003) "The Labor Demand Curve Is Downward Sloping: Reexamining the Impact of Immigration on the Labor Market," *Quarterly Journal of Economics* v.118 n.4 pp. 1335-1374. See also David Card (2001) "Immigrant Inflows, Native Outflows, and the Local Labor Market Impacts of Higher Immigration," *Journal of Labor Economics* v.19 n.1. In studying the labor market impacts of immigration, both these studies restrict their attention to the effect of immigration of specific skill-level immigrants on natives of the same skill level. This is a more narrow examination than the one contemplated here; most labor economists would agree that the arrival of immigrants at one skill level is unambiguously positive for immigrants at other skill levels.
- 4 Current employment statistics are available through the U.S. Bureau of Labor Statistics at [www.bls.gov/data](http://www.bls.gov/data).
- 5 Data on long-term trends in manufacturing employment can be found online at <http://research.stlouisfed.org/fred2/series/MANEMP>.
- 6 National Association of Manufacturers (2013). NAM chief calls for comprehensive immigration reform as a key building block for America's workforce [Press release]. Retrieved from <http://www.nam.org/Communications/Articles/2013/02/NAM-Chief-Calls-for-Comprehensive-Immigration-Reform-as-Key-Building-Block-for-Americas-Workforce.aspx>
- 7 "Mexicans" (2005). In *Encyclopedia of Chicago*, retrieved July 20, 2013, from <http://www.encyclopedia.chicagohistory.org/pages/824.html>.
- 8 U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System, 2009 data, compiled July 26, 2012.
- 9 See Julie B. Cullen and Steven D. Levitt (1999) "Crime, Urban Flight, and the Consequences for Cities." *Review of Economics and Statistics* v.81 n.2 pp. 159-169.
- 10 The report's methodology is explained at greater length in the appendix.
- 11 Compare Albert Saiz (2007) "Immigration and Housing Rents in American Cities," *Journal of Urban Economics* v.61 n.2 pp. 345-371; Gianmarco Ottaviano and Giovanni Peri (2011), "The Effects of Immigration on Wages and Rents: A General Equilibrium Approach" in *Migration Impact Assessment: New Horizons*. Nykamp, Poot, and Sahin, eds. London: Edward Elgar.
- 12 Christopher Doering. (2013, Jan. 13). "As More Move to the City, Does Rural America Matter?" *USA Today*. Retrieved from <http://www.usatoday.com/story/news/nation/2013/01/12/rural-decline-congress/1827407/>.
- 13 A discussion of naturalization appears in Jacob L. Vigdor (2009) *From Immigrants to Americans: The Rise and Fall of Fitting In*. Rowman & Littlefield. See also Bernt Bratsberg, James F. Ragan, and Zafar M. Nasir (2002) "The Effect of Naturalization on Wage Growth: A Panel Study of Young Male Immigrants," *Journal of Labor Economics* v.20 n.3.
- 14 Robert Lynch and Patrick Oakford, "The Economic Effects of Granting Legal Status and Citizenship to Undocumented Immigrants," Center for American Progress, March 20, 2013.

- 15 Pastor and Scoggins, "Citizen Gain: The Economic Benefits of Naturalization for Immigrants and the Economy," Center for the Study of Immigrant Integration, University of Southern California, December 2012. (Summary fact sheet: [http://csii.usc.edu/documents/Citizen\\_gain\\_infographic\\_web.pdf](http://csii.usc.edu/documents/Citizen_gain_infographic_web.pdf))
- 16 New York City Police Department. (2012). "Mayor Bloomberg and Police Commissioner Kelly Preside Over Graduation Ceremony for 1159 New Police Officers" [Press release]. Retrieved from [http://www.nyc.gov/html/nypd/html/pr/pr\\_2012\\_police\\_officer\\_graduation\\_2012\\_12\\_28.shtml](http://www.nyc.gov/html/nypd/html/pr/pr_2012_police_officer_graduation_2012_12_28.shtml)
- 17 Specifically, the criterion is that at least 5,000 immigrants must be observed in the sample for the 5-year ACS; given that it is a 5 percent sample of the underlying population, this is equivalent to 100,000 in the county.
- 18 By necessity, our report examines only the enlistment rate among immigrants who have become naturalized citizens. The American Community Survey data used does not allow us to identify green card holders, the other group of immigrants who are eligible to enlist.
- 19 Université de Sherbrooke, "Personnel militaire (% de la main d'oeuvre totale)," Perspective Monde. Accessed on August 12, 2013 at <http://perspective.usherbrooke.ca/bilan/servlet/BMTendanceStatPays?langue=fr&codePays=FRA&codeStat=MS.MIL.TOTL.TF.ZS&codeStat2=x> and <http://perspective.usherbrooke.ca/bilan/servlet/BMTendanceStatPays?codeTheme=12&codeStat=MS.MIL.TOTL.TF.ZS&codePays=USA&codeTheme=2=12&codeStat2=x&langue=fr>. Eva Baradji, Salah Idmachine, Amandine Schreiber, "Les descendants d'immigrés dans la fonction publique," Dossier: Immigrés et descendants d'immigrés en France, édition 2012, INSEE, 2012. [http://www.insee.fr/fr/ffc/docs\\_ffc/ref/IMMFRA12\\_f\\_D4\\_fp.pdf](http://www.insee.fr/fr/ffc/docs_ffc/ref/IMMFRA12_f_D4_fp.pdf).
- 20 Jungwee Park, "A profile of the Canadian Forces," Statistics Canada, July 2008. <http://statcan.gc.ca/pub/75-001-x/2008107/pdf/10657-eng.pdf>. Canadian Armed Forces, "About the Canadian Armed Forces: Who We Are," [www.forces.gc.ca/en/about/canadian-armed-forces.page](http://www.forces.gc.ca/en/about/canadian-armed-forces.page). Last modified on July 27, 2013. Accessed on August 14, 2013.
- 21 For an example of a prior peer-reviewed study employing this methodology, see Saiz, *op cit*. The use of initial immigrant population as an instrument for later flows can be attributed to Joseph Altonji and David Card (1991), "The Effects of Immigration on the Labor Market Outcomes of Less-Skilled Natives," in Abowd and Freeman, eds., *Immigration, Trade and the Labor Market*. Chicago: University of Chicago Press. Altonji and Card in turn credit Ann Bartel (1989), "Where Do the New U.S. Immigrants Live?" *Journal of Labor Economics* v.7 pp. 371-391 for the initial insight. William J. Carrington, Enrica Detragiache, and Tara Vishwanath (1996), "Migration with Endogenous Moving Costs," *American Economic Review* v.86 n.4 pp. 909-930 further analyzed the tendency for migrants to choose destinations with a preexisting population of co-ethnics.
- 22 The two-stage least squares procedure operates best when the instrumental variables strongly predict the value of the endogenous regressor. In this exercise, this condition is satisfied: the set of instruments includes a control for a simulated foreign-born population, plus interactions of that simulated variable with three year effects (1980 being the omitted year effect). Each of the four variables is statistically significant individually, with the main simulation variable having a t-statistic of 17.6.
- 23 In some cases, actual employment figures are redacted in order to protect the confidentiality of individual employers. In such cases, we allocated manufacturing employment in equal numbers across redacted sectors. Counties where the manufacturing industry total was itself redacted in 1970 were excluded from the analysis.

