Neoliberal Housing Policy and the Gentrification of the American Urban System

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Abstract: Recent calls by Lees and Slater for a "geography of gentrification" establish an ambitious research agenda, challenging us to consider 1) geographical contingency in the balance, validity, or relevance of the literature's traditional dualities, as well as 2) variations in the imprint of each type of process. In this paper we offer a limited yet provocative examination of the latter issue; if American neoliberalism has turned gentrification into Smith's revanchist city, we ask, then what is its geography? Drawing on a database of gentrified neighborhoods and mortgage loan files in 23 large U.S. cities, we measure inter-urban variations in the class character of gentrification, its connection to anti-homeless ordinances, and its intensification of racial and ethnic discrimination. Our analysis reveals a complex urban system of gentrification, exclusion, and discrimination. The new urbanism may be rooted in the global reconfiguration of local places, but it inscribes important contingencies in the face of exclusion and discrimination in the inner city.

> As the Nation celebrated a new era, its home ownership rate had moved to an historic high....Public housing -- especially the isolated, distressed clusters of high-rises scarring cities from Newark to Chicago to St. Louis to Oakland -- had experienced a rebirth....And in cities like Atlanta, Baltimore, and Washington, D.C., public housing tenants now lived side-by-side with neighbors who, a few years earlier, might not have considered visiting the area, much less settling down in it.
> (U.S. Department of Housing and Urban Development, 2000, p. 50).

> The spotlight of the Olympics provided the catalyst to 'remove the problem' of public housing from the doorstep of the corporate and academic institutions that could not abide or accommodate the proximity of poor people....a national landmark was sacrificed to the 'downtown business agenda' and partially funded by unsuspecting U.S. taxpayers who financed a public relations program instead of providing necessary support for public welfare.
> (Keating and Flores, 2000, pp. 305-306).

> The revanchist city is a city of occasionally vicious revenge wrought against many of the city's most dependent -- unemployed and homeless people, racial and ethnic minorities, women and immigrants, gays and lesbians, the working class. It has everything to do with a defence and reconstruction of the lines of identity privilege....
> (Smith, 1997, p. 129).

These three quotes, torn out of the context of wildly divergent debates and discourses, offer a glimpse of the complex reconstruction of American urbanism in the 1990s. The U.S. Department of Housing and Urban Development (2000), in a lavish, glossy compendium of its accomplishments targeted to the new Presidential Administration, celebrates the transformation of contemporary U.S. urban policy -- a "vision for change" emphasizing homeownership, privatized devolution, and the use of market forces to rebuild low-income inner-city neighborhoods devastated by generations of discrimination and disinvestment. Larry Keating and Carol Flores (2000), in a rich history of the nation's first federally subsidized public housing development, highlight the hard-edged realities of displacement and gentrification in this new policy regime, where race and class isolation are invoked to justify redevelopment schemes that often yield even more severe forms of segregation and exclusion. And Neil Smith (1997), in a penetrating analysis of the fate of theory and praxis in urban movements for social justice since the 1960s, draws a clear link between the vengeful, 'revanchist' spatial politics of gentrification and the white middle classes' appropriation of the tactics of raced and gendered identity politics pursued with a steadfast commitment to liberal individualism and private property rights. The 1990s, it seems, have given us something different, a new political-economic configuration of poverty and wealth at the core of the U.S. city. What do these changes mean for those living in the new urban frontier of different cities? If the resurgence of capital investment and the reinvention of federal housing policy have solidified the lines of class and race privilege in the revanchist city, what does the new U.S. urban system look like? Can we discern any clear patterns in the geography of discrimination, exclusion, and segregation?

In this paper, we offer a theoretical and empirical analysis of the new urban system created by intersecting trends in capital investment, public policy, and the ascendance of gentrified neighborhoods as durable features of the contemporary built environment. Our central argument is that neoliberal housing policy in the U.S. has reinforced the economic and political commitment to homeownership, and has helped to funnel a wave of mortgage lending to selected parts of the inner city -- thereby unleashing powerful gentrification forces. These trends reinforce and reflect the revanchist discrimination, exclusion, and discipline associated with the privilege of white middle- and upper-class enclaves; but the new contours of privilege and discrimination inscribe a complex urban system, creating a geography of gentrification that signifies important contingencies that endure regardless of the common roots of the new urbanism.

The New Political Economy of American Gentrification

Our analysis is premised on a stream of recent inquiry that has exposed the linkages and interdependencies among housing finance, public policies and public subsidies, and the resurgence of gentrification in many American cities (Authors, 1999, 2000; Hackworth, 2001, 2002a, 2002b; Hackworth and Smith, 2001; Smith, 1996; Smith and DeFilippis, 1999). Each of these topics, of course, taps into a rich vein of scholarly and applied research going back to the debates over the role of public housing, the establishment of the Federal Housing Administration, the race and class politics of urban renewal, the belated recognition of systemic redlining and disinvestment, and the interdisciplinary fascination with a nascent "back to the city" movement. In the 1990s, however, several forces came together to alter the patterns and processes of neighborhood change at the urban core.

The details of this transformation are elaborated elsewhere (see Authors, 1999, 2000; Hackworth, 2002a, 2002b), but the essence of the story can be briefly summarized here. After the collapse of the remnants of the halfhearted redistributive Great Society urban social policy in the U.S. after the macroeconomic shocks of the 1970s and 1980s, centrist and conservative factions of the Democratic Party seized power by forging a synthetic compromise of liberal social goals pursued through conservative, market-oriented means. The neoliberal ascendance emerged from and in turn reinforced political-economic shifts across the globe and across nearly all domains of policy; but many of its clearest victories lie in the housing market, where the uniquely "hidden" nature of U.S. urban policy created a vacuum for new types of market intervention (Glickman, 1980, 1984). Beginning in the late 1980s and accelerating after Clinton's election in 1992, explicit shifts in federal housing policy combined with the imperatives of financial services competition to strengthen the ties between inner-city neighborhoods and national and international capital markets. Conceived as a fusion of the goals of revived capital accumulation and a commitment to economic justice, the new policy regime emphasized the untapped potential of "underserved" new markets of inner-city neighborhoods, low- and moderate-income households, recent immigrants, and other groups traditionally excluded from mainstream financial institutions. The rush to serve new markets was centered on homeownership and financed through progressively flexible terms on mortgage credit along with targeted subsidies, and provided lucrative opportunities for lenders and investors. Despite loudly-proclaimed concerns over the risks of delinquency and default in affordable loan portfolios in the early 1990s, investors flocked to mortgage-backed securities for their relative safety, and for their utility as hedges against the more volatile yield profiles of alternative investments; indeed, the securities of the dominant "Government Sponsored Enterprises" (GSEs), Fannie Mae and Freddie Mac, have become so attractive that many investors now see them as implicit replacements for the benchmark 30-year U.S. Treasury Bond (sales of which were discontinued in October, 2001). Primary-market lenders, as well as insurers, appraisers, and other real estate agents who stood to gain from expanded volume, responded enthusiastically as many of the risks of new loans were securitized on the secondary market. All of these trends combined to yield the desired result: a boom in lending to inner-city neighborhoods and minorities, and a steady rise in the homeownership rate. But intensified reinvestment also unleashed powerful gentrification forces, and this result was much more than an incidental, unintended byproduct of enlightened neoliberal policy. Mortgage capital, instrumental in the creation of rent gaps in the 1950s and 1960s, fueled the fires of gentrification by lubricating the dynamic sorting of "highest and best use" functions.

The effects of these changes are being documented in a new wave of research on gentrification, public housing, and urban policy (Bennett, 1998, 1999; Hackworth, 2002a, 2002b; Keating and Flores, 2000; Lees, 2000; Slater, 2002; Smith and DeFilippis, 1999). But the continued popularity of neighborhood-scale case studies has foregrounded local contingencies in the links between local places and global flows -- at the expense of broader, comparative analyses. After several generations of research, we still know surprisingly little about the extent and consequences of gentrification in different cities. In this paper, we seek to analyze two facets of context and contingency in the effects of gentrification in large U.S. cities. First, we wish to understand the nexus between the residential preferences of the urban elite and the new processes of class segregation and spatial discipline that shape the American urban system. Our nod to the lexicon of the classic literatures on urban systems is direct and explicit: thanks to the work of Brian Berry and other geographers in the 1950s and 1960s, we know that urban growth and economic expansion can be understood in terms of local systems operating within the context of an integrated, interdependent network of cities of varied size and function. But now we also know, from the work of Davis (1992), Mitchell (1995, 1997), Smith (1996), and other critical urbanists, that today's urban network is shaped by the coercive powers of local capital and the local state, working in tandem to maintain and contain class and racial inequalities in the urban environment to provide an attractive "quality of life" for the footloose firms and professional cadres working for globalized capital. Such processes are most clear in the spatial policies of squatter evictions, aggressive privatization of public spaces, rampant proliferation of security and surveillance technologies, "broken windows" - inspired sciences of crime mapping and policing strategies, and the vicious use of panhandling laws and other anti-homeless policies. Gentrification provides one kind of spatial crucible for these processes, and thus we anticipate important links, if not perfect correlation, between wealthy urbanites' preference for gentrified enclaves and the creation of urban environments of severe inequality and exclusion.

Second, we seek to explicate the role of gentrification in reinforcing and intensifying processes of racial and ethnic discrimination. Much of the history of American urban studies can be read through the rich and contentious literatures on bank discrimination (e.g., banks' refusal to lend to minority borrowers, regardless of where they live) and racial redlining (refusing to lend to borrowers, including 'whites,' who live in minority neighborhoods). Steve Holloway (1998; Holloway and Wyly, 2001) has recently shown that these two facets of racial bias, once tightly linked and nearly synonymous, have been unhinged in the dynamism of today's residential migration patterns: the severity of racial and ethnic discrimination thus depends in part on the race and class character of the place in which it occurs. Holloway's work has focused on the intensification of exclusion in lily-white, elite suburbs; but there is also a clear consensus that gentrification magnifies racial and ethnic exclusion as well as class inequality. We seek to re-map the classical conceptual architecture of urban systems in terms of current understandings of racial and ethnic discrimination.

The remainder of the paper is organized in four sections. In the next section we describe our field methods and data source, and we sketch an initial portrait of the surge in capital investment in urban neighborhoods in the 1990s. The following section presents an analysis of the locational choices of wealthy homebuyers in large cities in the U.S. urban system; we use a series of multivariate logit models to examine distinctive characteristics of those choosing gentrified areas in the 1990s, and we evaluate the link between elite locational choice and the proliferation of local anti-homeless ordinances. The next section examines the relations between gentrification and middle-class inequalities, testing theories of contingent discrimination in gentrified areas; we find consistent evidence of intensified exclusion of racial and ethnic minorities from the new urban frontier, but variations in the burden of discrimination suggest an uneven, complex urban system. Finally, in our concluding section we analyze the implications of our findings for gentrification theory and public policy in an age of privatization and market discipline.

Mapping the New Inner City

Our general research approach is informed by the rich theoretical and empirical literatures of critical urban studies, and synthesizes 1) analyses of the Byzantine provisions of U.S. housing finance and neoliberal public policy, and 2) adaptations of econometric models used widely in the literatures on mortage lending discrimination.

Over the last eight years, we have compiled a database of gentrified neighborhoods in large U.S. cities (Table 1). The empirical details and theoretical justifications for our field methods are described at length elsewhere (Authors, 1996, 1999), and so here we offer only a brief summary of our three main steps. First, we use standard census reports from 1960 and 1970 to identify those neighborhoods that endured sustained disinvestment in the postwar wave of urban development and suburbanization; we designate these neighborhoods, which were poor at the end of the 1950s or the 1960s,[1] as the "inner city." We then consult the scholarly and applied literatures and the popular press, before going into the field in the inner city in each metropolitan area to conduct block-by-block surveys of visible housing reinvestment as an indicator of gentrification. We distinguish between intensely-redeveloped "core" gentrified areas, and "fringe" neighborhoods where reinvestment is weaker or in its early stages.[2]

Mortgage Lending Data

In the third stage we can link the neighborhoods identified in our field survey with any data reported at the census tract scale; here, we make extensive use of one dataset that measures key facets of the homeownership market. The Home Mortgage Disclosure Act (HMDA) requires most of the nation's lending institutions to report detailed information on every home loan application received, including certain borrower characteristics as well as the decision rendered by the underwriter. The data are far from perfect, and the omission of rental transactions, retail investment, and small business activity results in a limited, partial

[1] Given the varied historical geographies of urban disinvestment and suburban expansion, we defined the inner city in Northern and Eastern cities as those census tracts with 1960 median incomes (for families and unrelated individuals, roughly analogous to 'household' income) below respective citywide medians. We used 1970 data for cities in the South and West, where spatial disparities between center and edge generally developed later. Cities where the 1970 criterion was used are Atlanta, Dallas, Fort Worth, New Orleans, Oakland, Phoenix, San Diego, San Francisco, and San Jose.

[2] The criteria used in our field surveys are discussed at length in Authors (1996), where we also provide detailed assessments of the neighborhood taxonomy based on discriminant analysis of tract-level census estimates. Maps and tabulations of 1960-1990 census data for four of our case study cities are presented in Authors (1998).

Table 1. Neighborhood Field Surveys, 1994-2001.

City	Date of Baseline Fieldwork	Number of census tracts	
		Core	Fringe
Atlanta	October 2000	9	2
Baltimore	September 2001	4	9
Boston	March 1998	14	11
Chicago	August 1995	37	32
Cincinnati	October 2000	4	5
Dallas	October 2000	10	5
Denver	October 2000	6	8
Detroit	July 1998	3	4
Fort Worth	October 2000	1	0
Indianapolis	October 2000	4	1
Kansas City	October 2000	2	3
Milwaukee	August 1995	6	7
Minneapolis-St. Paul	January 1994	7	19
New Orleans	October 2000	4	3
Oakland	October 2000	1	3
Philadelphia	July 1998	13	7
Phoenix	October 2000	1	2
Saint Louis	October 2000	3	4
San Diego	October 2000	8	9
San Francisco	October 2000	21	13
San Jose	October 2000	2	4
Seattle	July 1998	9	12
Washington, D.C.	July 1995	17	11
Total		186	174

view of the dynamic capital flows in urban neighborhoods;[3] nevertheless, these data are the only publicly available source of information on household-level credit market transactions at the neighborhood scale.

Recentralization and Reinvestment

The mortgage files reveal the importance of homeownership and accelerated capital investment in the landscapes we documented in our field surveys. Half a century of decentralization in the fragmented American "galactic metropolis" (Lewis, 1983) pulls most investment to the suburbs, of course, leaving a seemingly minor trickle of capital washing back into the urban core. Between 1993 and 2000, total single-family loans in the suburbs of our twenty-three metros topped $1.5 trillion, while gentrified areas attracted only $35.3 billion (Table 2). At the scale of the inner city, however, the infusion is quite significant: it remakes the urban core by enhancing property values, inciting direct and indirect displacement of low-income renters, magnifying incentives for the dispersal and *de facto* privatization of public housing, and sharpening the tensions between urban working-class residents and professional gentry. The 1990s brought a dramatic infusion of capital into these areas. Measured in terms of the *growth* of home purchase and home improvement lending, core and fringe gentry neighborhoods stand out from the rest of the metropolis (Table 2). Capital commitments to homebuyers in core districts advanced faster than twice the suburban rate, while fringe gentry areas accelerated more than three times as fast. Refinance investment provides no clear distinction between the categories, but this is to be expected with the mixture of old and new residents and the varied balances of loans made during previous peaks in the interest rate cycle. Similarly, multifamily loans display no clear pattern (Table 3). Nevertheless, purchase and rehab loans provide critical indicators of the substantial risks accepted by residents and financial institutions, and on these benchmarks the evidence points to a strong surge of gentrification in the long boom of the 1990s.

The broad aggregate picture, however, conceals enormous metropolitan variations in the historical context, pace, and nature of inner-city transformation. We can appreciate the significance of this contingency by standardizing investment growth in gentrified areas according to the suburban growth rate (Figure 1; Figure 2). The resulting pattern highlights extraordinary complexity in the local and regional character of inner-city class turnover, but suggests no obvious regional or economic explanation. Core reinvestment kept ahead of suburban expansion yet stayed at a modest pace in well-known centers of gentrification (Chicago, San Francisco, Boston), but skyrocketed from a small base in Fort Worth and New Orleans (Figure 1). Core areas in San Jose also boomed in the 1990s, as intense housing market inflation forced a recentralization of middle-class demand into once-unpopular areas (cf. Wyly et al., 2001). In fringe gentrified areas, the pattern does seem to reflect an outward diffusion from wealthy outposts in northern rustbelt cities: with the exception of Cincinnati and Milwaukee, fringe gentry investment was at least twice as fast as the suburban rate in all northern and midwestern cities. Fringe activity was particularly rapid in Philadelphia, St. Louis, and Detroit, although growth rates for the latter two began from a small base. Other facets of the pattern, however, defy easy interpretation (Figure 2). Let us be absolutely clear: searching for a definitive causal model to "explain" these variations is not our purpose, although such an effort could well be a valuable contribution to the gentrification literature. We simply wish to draw attention to the intimate contingency of gentrified landscapes --

[3] HMDA records provide adequate coverage of "traditional" borrowers who request loans from mainstream financial institutions. But disclosure requirements are irrelevant for anyone who does not go to a bank -- buyers with enough cash to buy homes outright, as well as people who inherit homes or borrow from wealthy relatives. For information on small business lending data, see Blanton, Williams, and Rhine (1999).

Figure 1. Home Purchase Reinvestment in Core Gentrified Neighborhoods, 1993-2000.

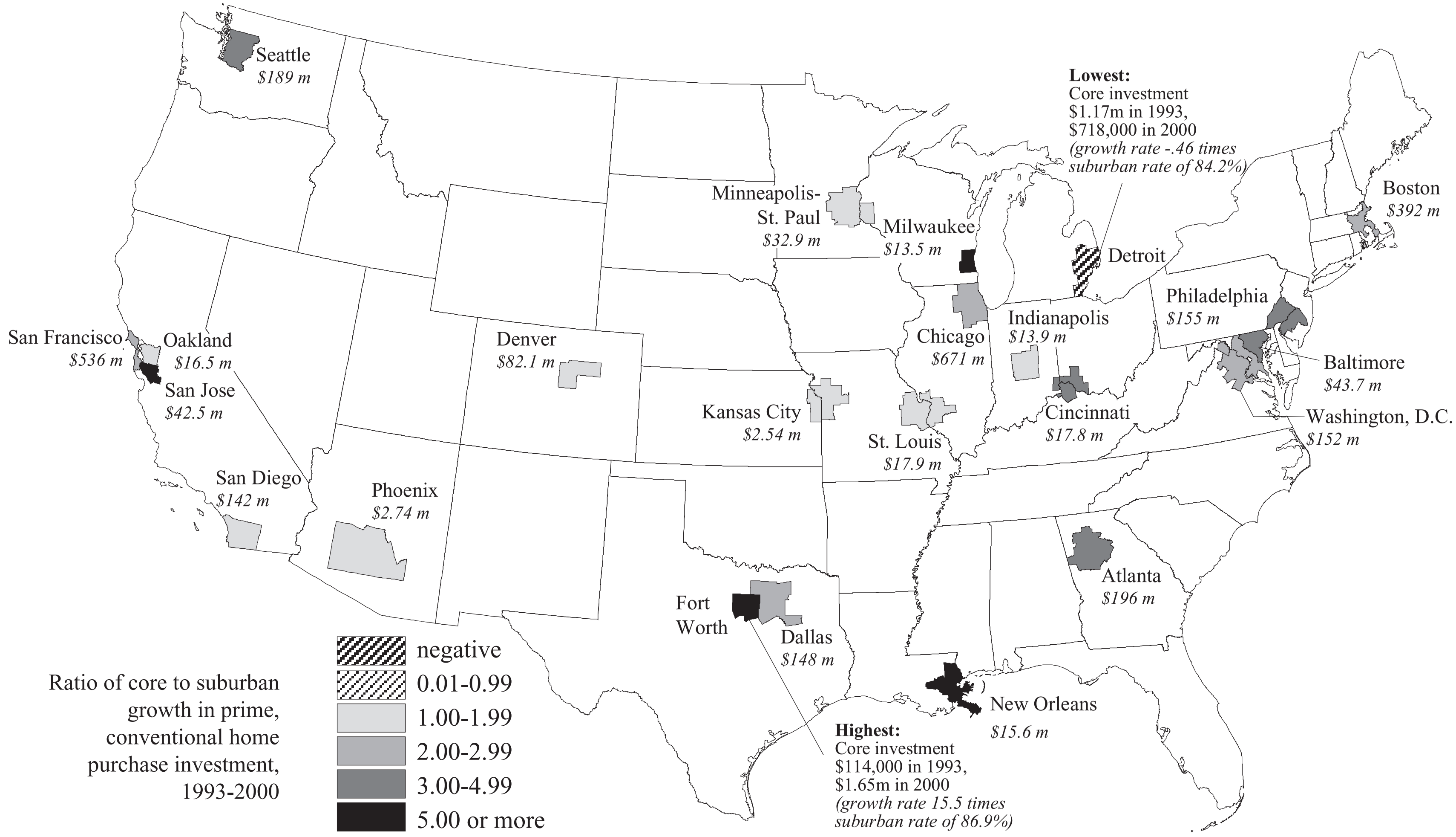

Figure 2. Home Purchase Reinvestment in Fringe Gentrified Neighborhoods, 1993-2000.

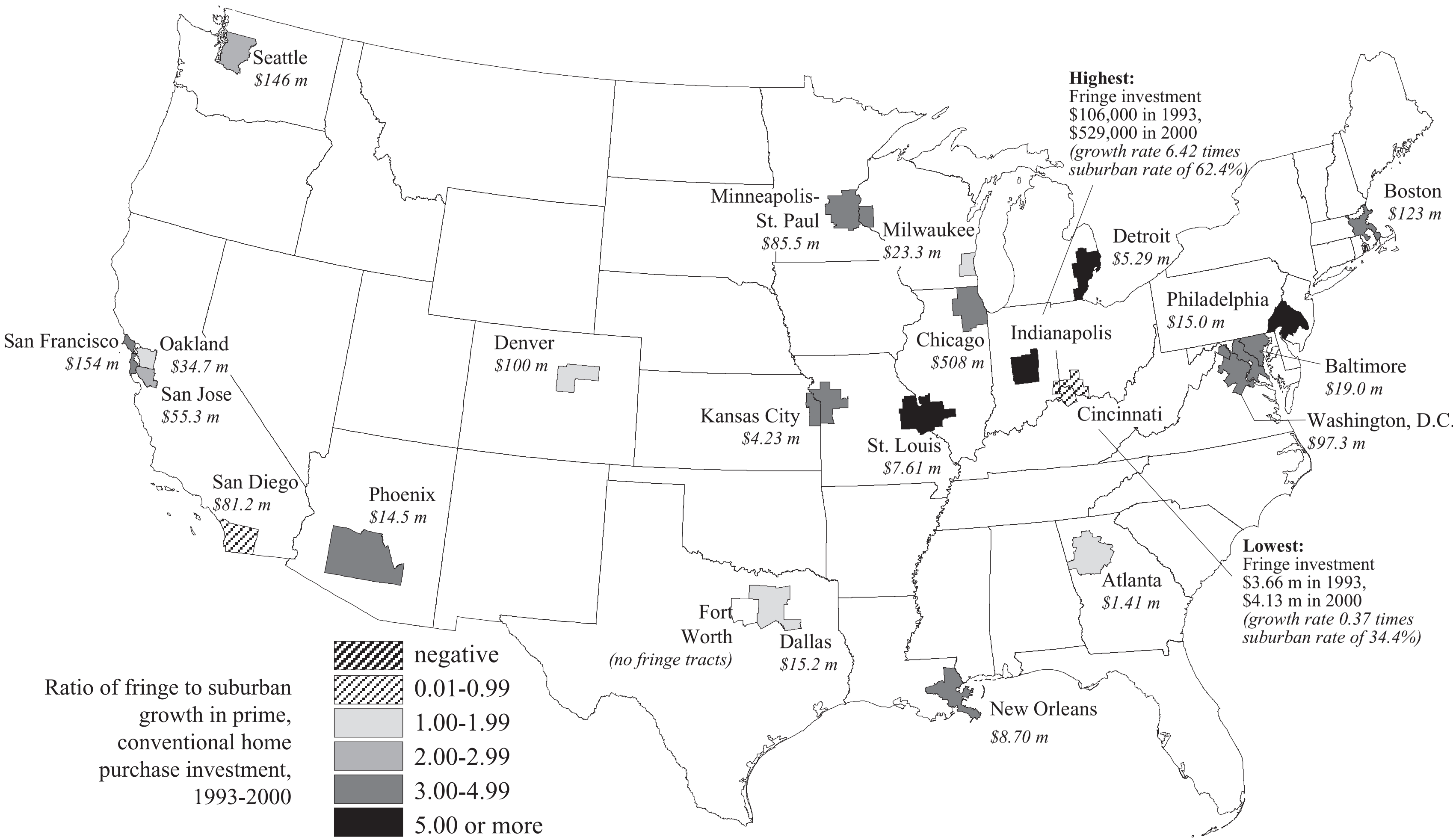

Table 2. Single-Family Capital Investment, 1993-2000.

	Percent change in inflation-adjusted commitments of prime, conventional mortgage capital				
	Home Purchase	Home Improvement	Refinance 1995-1998	Refinance 1999-2000	Total loan commitments, 1993-2000 (billions of 2000 dollars)
Core gentrified	219	37.9	364	-47.8	24.2
Fringe gentrified	279	42.9	408	-41.9	11.1
Inner city	177	5.4	337	-35.7	55.3
Rest of central city	104	3.75	417	-49.1	460
Suburbs	81.7	-20.1	404	-53.5	1,507

Source: Authors' tabulations of loan records reported to the Federal Financial Institutions Examination Council (1994-2001).

Table 3. Multifamily Capital Investment, 1993-2000.

	Commitments of prime, conventional mortgage capital, in millions of 2000 dollars.								
	1993	1994	1995	1996	1997	1998	1999	2000	Percent change, 1993-2000
Core gentrified	192	219	223	241	267	560	577	447	132.7
Fringe gentrified	230	210	110	246	188	365	478	373	62.6
Inner city	2,360	2,486	1,973	2,562	3,201	4,747	5,809	4,590	94.5
Rest of central city	478	486	361	481	629	904	1,291	1,077	125.3
Suburbs	4,695	4,969	3,872	5,116	6,166	9,351	10,992	9,205	96.1

Source: Authors' tabulations of loan records reported to the Federal Financial Institutions Examination Council (1994-2001).

spaces and places created by diverse and often countervailing processes, by artists and architects, builders, buyers, and speculators, whose collective decisions inscribe new environments into widely divergent metropolitan settings. These considerations are more than idle methodological details: in the overheated cities of the San Francisco Bay Area, for instance, the tensions and dilemmas of intense housing market competition are not confined to the region's gentrified neighborhoods; but the same kind of class and cultural processes in, say, Philadelphia's Society Hill stand out as a stark contrast to the surrounding depopulation and demolition in pockets of the inner city of a slack housing market. We contend that the contextual contingency of gentrified landscapes yields a corresponding variation in *consequences*. We offer a reversal of the heated debates of the 1980s (which sought to adjudicate between varied and contradictory theories of *causes*) in order to focus scrutiny on two aspects of the contingent outcomes of gentrification: the new locational choices presented to wealthy homebuyers searching for distinctive residential environments cleansed of undesirable people or behaviors, and the intensification of racial and ethnic discrimination. We present our theoretical analysis and empirical evidence for each of these issues in turn.

At the Top, in the Center

For half a century, the axiom of consumer sovereignty has anchored most of urban theory and public policy in the United States. People choose where to live by searching for their best options in light of their employment and household circumstances within the limits of their financial resources; by implication, observed patterns of segregation represent the cumulative product of individual decisions, and can be considered Pareto optimal. Considerable effort has been invested to translate this simple notion into different formalized disciplinary languages (neoclassical economics, regional science, urban planning, housing demography, etc.), and to incorporate some recognition of constraints on choice; but the unifying assumption of individual choice remains pervasive and remarkably consistent. As the interdisciplinary gentrification literature gathered momentum in the 1980s, the axiom of choice emerged as a nexus of incendiary debate over empirical evidence, theory-building, ideologies of public policy, and epistemological foundation (e.g., Beauregard, 1986; Berry, 1985; Hamnett, 1991; Laska and Spain, 1982; Smith, 1979, 1996; Smith and Williams, 1986). Why did increasing numbers of middle-class and wealthy households move into poor and working-class urban neighborhoods? Did the trend imply an underlying shift in the calculus of affluent consumer preference, or was it nothing more than an aberration of the baby boom cohort, a brief countercultural backlash against suburban conformity, and simultaneous crises in the energy and housing construction sectors? Why was it called "revitalization" and "renaissance" when new choices of the middle class and wealthy took such a heavy toll on poor and working-class communities? What was the meaning of choice itself for urban residents searching for places to live in cities remade by global capital, transnational investment priorities, and the decisions of powerful urban regimes?

Gentrification research flourished in the 1970s because the process exposed fundamental flaws in conventional urban theory and economic assumptions of locational choice, lending credence to institutional and political economy accounts of urban redevelopment and capital accumulation (Smith, 1979; Smith and Williams, 1986). Within a few years, a rich proliferation of dueling explanations for an inner-city turnaround began to splinter urban research along dualities of choice/constraint, demand/supply, consumption/production, and culture/economics. The subsequent disagreement promoted valuable scholarly advances through the 1980s (Clark, 1987; Hamnett, 1991; Marcuse, 1985, 1989; Smith and Williams, 1986). Over time, however, these dichotomies have proven less useful (Lees, 2000; Slater, 2002). We suggest that more than thirty years of gentrification have created durable spatial submarkets at the urban core, and that these enclaves in the built environment now constitute part of the landscape in which all of the actors of gentrification interact -- deep-pocket developers, maverick speculators, revenue-conscious mayors, order-minded urban planners, and, of course, affluent professionals in search of good homes close to downtown. Few of these people recognize the names of Beauregard, Berry, Hamnett, Ley, or Smith; they do not care about the underlying causes of a complex socio-spatial process, so long as it gives them the chance to live or invest in Lincoln Park, Back Bay, or Inner Harbor.[4] But if their individual and collective decisions reinforce the attraction of a place for the urban elite, certain *consequences* will be unavoidable: sustained house price appreciation (viewed as 'equity' by owners, as 'cost' by renters and those trying to buy), an enhanced local market for luxury retail development, changes in the claims on different types of public services, and increased popular support for more aggressive police action against the homeless, petty criminals, and those believed to be criminals by virtue of race, age, or residence (Mitchell, 1997; Waldron, 1991). In many cases, decades of gentrification have attracted wealthy residents to within a stone's throw of public housing projects built in the 1950s and 1960s, creating vivid tensions in relations between public authorities and private developers, between poor African American mothers and wealthy white dot-commers working downtown (Authors, 2000; Bennett, 1998, 1999). The clearest example is Chicago's Cabrini-Green, nestled in the pocket of an increasingly popular part of the North Side near the city's historic Gold Coast; but the long boom of the 1990s created similar gradients in cities throughout the urban system. Indeed, several analysts have suggested that at least one Federal program (the HOPE VI "revitalization" of severely distressed public housing) is premised largely on the varying local configuration of wealth and poverty in different cities (Authors, 1999; Bennett, 1999; Hackworth, 2002a, 2002b; Keating and Flores, 2000). Our goal here is to determine where gentrification has established the most significant enclaves for the urban elite, and to assess the consequences for social polarization. Our approach is to test the hypothesis that gentrified neighborhoods have become increasingly attractive to the urban elite, and to offer a preliminary sketch of the kind of urban system that has been created at the nexus of new urban wealth and disinvested inner-city poverty.

Modeling Elite Choice

Consider a homebuyer's decision to choose a gentrified neighborhood:

$$\ln\left[\frac{P_{Gentrified}}{1-P_{Gentrified}}\right]=\beta_{MSA}MSA_i+\beta_A A_i+\beta_D D_i+\beta_R R_i+\beta_L L_i+\beta_Y Y_i+e_i \qquad [1]$$

where MSA_i is coded for different metropolitan housing markets, A_i is a set of applicant financial characteristics (income, type and amount of loan requested, etc.), D_i is the decision rendered by the bank (approved, denied, withdrawn, etc.), R_i is coded for applicant racial/ethnic identity, L_i captures variations among lending institutions, and Y_i is coded to account for annual changes in demand and market conditions. When estimated without an intercept term, the MSA_i coefficients measure the unconditional market share held by gentrified areas. Other terms in the model provide a valuable (if partial) view of the demographic and class profile of homebuyers in reinvested neighborhoods, and the kinds of financial institutions enabling these locational choices. We hypothesize that more than thirty

[4] Sometimes they do. Among the many book reviews written on Smith's (1996) *New Urban Frontier* was a curious and not altogether unsophisticated interpretation that appeared in *National Hotel Executive*, unter the title "Gentrification: Capitalism and the Paradox of Urban Revitalization" (*National Hotel Executive*, 2001).

years of gentrification have established durable housing niches near the top of the homebuyers' market; that these enclaves are maintained by exclusivity in terms of race as well as class; and that the demand side of gentrification intensified in tandem with the long boom of the 1990s. We expect that all of these effects, however, are conditioned by metropolitan contextual variations in the history, character, and trajectory of change in inner-city neighborhoods. To evaluate these hypotheses, we estimated Equation 1 with all home purchase loan requests filed by the most affluent borrowers in each metropolitan market -- applicants with income in the top tenth of all home loan applicants in their respective metropolitan area.[5] A total of 1.03 million of these affluent buyers sought loans between 1993 and 2000, and only a comparatively tiny number (about 26 thousand) chose core or fringe gentry neighborhoods; but they are distinctive in many respects. We estimated separate models for core and fringe gentry locational choice, coding a comprehensive list of borrower, loan, and institutional variables used widely in lending research (see Authors, 1999; Holloway, 1998; Holloway and Wyly, 2001; Munnell et al., 1992, 1996; Turner and Skidmore, 1999). We present separate models to capture broad-brush contrasts between metropolitan and central-city housing markets.

Results

The upper echelon of most metropolitan housing markets is dominated by wealthy suburbanites, whose housing careers typically follow an outward trajectory through the urban ecology produced by decades of suburban development (Berry and Kasarda, 1977; Walker, 1981; Wyly, 1999). Those who choose gentrified neighborhoods, however, do have a distinctive profile (see Table 4). Money matters. Even among the most well-to-do buyers, a one standard deviation increase in income yields a 27 percent increase in the odds that a buyer will choose a gentrified neighborhood. Demographic contrasts are also important. Traditional white families (white males submitting applications together with white female co-applicants) are less than half as likely to apply in a core or fringe neighborhood than otherwise identical single white males. Affluent minorities are much less likely than their white peers to seek out gentrified areas. There is some evidence of higher denial rates among those choosing gentrified neighborhoods (note the 1.22 odds ratio for denials in core areas, 1.37 in the fringe), but the effect is not a sign of bad credit histories; appraisals, mortgage insurance practices, income documentation, or any number of other underwriting concerns may be responsible. On the crucial hypothesis of strengthening demand, however, the evidence is clear: the boom of the 1990s focused a small but steadily growing share of the urban elite into the reinvented environs of Zorbaugh's *Gold Coast and the Slum* (Zorbaugh, 1929). Even after accounting for income, loan amount, and many other factors, a wealthy homebuyer in 2000 was 1.4 times as likely to choose a house in a core gentrified neighborhood than in 1993; in the fringe, the ratio jumps to 1.8. Nevertheless, these changes have affected only a small fragment of the metropolitan housing market. Gentrified areas capture more than a tenth of the elite buyers' market in only three metropolitan areas: Chicago, San Francisco, and Boston. The fraction is negligible (below 1 percent) in Oakland, Kansas City, Detroit, Phoenix, and Fort Worth.

At the scale of the central city, however, the significance of class transformation becomes quite clear (see Table 5). Among high-income buyers unwilling to live in suburbia, the distinctive environments constructed by several generations of economic and cultural change have created quite attractive options. Those choosing core gentrified areas are more likely to

[5] We identified applicants in the top tenth of the distribution of incomes reported by all home purchase applicants between 1993 and 2000, adjusted for inflation and classified by metropolitan area. The cutoffs for the 90th percentile range from $100,000 in St. Louis (in 2000 dollars), to $231,000 in San Francisco.

Table 4. Neighborhood Choice Models for High-Income Buyers.

	Core Gentry Model				Fringe Gentry Model			
Variable	Parameter Estimate		Odds Ratio	Standardized Coefficient	Parameter Estimate		Odds Ratio	Standardized Coefficient
Applicant income	0.00194	***	1.002	27.0	0.00035		1.000	4.4
Applicant income squared	-0.00000179	***	1.000	-17.2	-7.5E-07	*	1.000	-7.6
Payment ratio	-0.00111		0.999	-0.7	-0.0286	***	0.972	-17.4
Payment ratio squared	-0.00067	***	0.999	-11.9	-0.00035		1.000	-6.5
Loan exceeds GSE limit	0.0819	**	1.085	4.2	0.1202	**	1.128	6.2
FHA insured loan	-0.6848	***	0.504	-9.3	-0.0945		0.910	-1.3
Owner occupancy	-0.3683	***	0.692	-11.1	-0.4977	***	0.608	-14.7
Female applicant	0.00524		1.005	0.2	-0.00361		0.996	-0.1
Traditional white family	-0.8841	***	0.413	-35.6	-0.8396	***	0.432	-34.1
Native American	-0.5405	***	0.582	-3.1	-0.1101		0.896	-0.6
Asian/Pacific Islander	-0.6864	***	0.503	-12.9	-0.7048	***	0.494	-13.3
Black	-0.1946	***	0.823	-3.5	-0.165	**	0.848	-3.0
Hispanic	-0.5684	***	0.566	-6.9	-0.4825	***	0.617	-5.8
Other race	-0.6812	***	0.506	-7.0	-0.5743	***	0.563	-5.9
Race unreported	-0.3825	***	0.682	-9.9	-0.3784	***	0.685	-9.8
Denied	0.1975	***	1.218	5.0	0.3179	***	1.374	8.2
Declined by applicant	0.00521		1.005	0.1	0.177	***	1.194	4.1
Withdrawn	0.0172		1.017	0.5	0.0786		1.082	2.1
Closed incomplete	-0.0554		0.946	-0.6	0.1653		1.180	1.9
Denied for bad credit	-0.3539	***	0.702	-4.2	-0.3474	**	0.707	-4.1
1994	0.0168		1.017	0.5	0.0365		1.037	1.1
1995	0.1267	**	1.135	3.8	0.0246		1.025	0.7
1996	0.1018	**	1.107	3.2	0.0413		1.042	1.3
1997	0.1589	***	1.172	5.3	0.1203	*	1.128	4.0
1998	0.2091	***	1.233	7.7	0.241	***	1.273	8.9
1999	0.2529	***	1.288	9.8	0.5028	***	1.653	20.5
2000	0.3257	***	1.385	13.4	0.587	***	1.799	25.5
OCC-regulated lender	0.1115	***	1.118	4.8	0.1092	**	1.115	4.7
FRB-regulated lender	0.174	***	1.190	6.4	0.1017	*	1.107	3.7
FDIC-regulated lender	0.0361		1.037	1.1	0.122	**	1.130	3.7
OTS-regulated lender	0.1507	***	1.163	6.4	0.2458	***	1.279	10.7
NCUA-regulated lender	-0.1005		0.904	-1.0	-0.3053		0.737	-2.9
Subprime institution	-0.3859	***	0.680	-8.5	-0.2231	***	0.800	-5.0

(continued)

Table 4 (continued).

	Core Gentry Model			Fringe Gentry Model			
	Parameter Estimate		Intercept Probability	Parameter Estimate		Intercept Probability	Total, core and fringe
Chicago	-2.5548	***	7.2%	-2.8586	***	5.4%	12.6%
San Francisco	-2.4395	***	8.0%	-3.4103	***	3.2%	11.2%
Boston	-2.459	***	7.9%	-3.5694	***	2.7%	10.6%
Seattle	-2.9113	***	5.2%	-3.2496	***	3.7%	8.9%
Milwaukee	-4.2171	***	1.5%	-3.0926	***	4.3%	5.8%
Denver	-3.9093	***	2.0%	-3.7121	***	2.4%	4.4%
Philadelphia	-3.2315	***	3.8%	-5.3913	***	0.5%	4.3%
Minneapolis-St. Paul	-4.5732	***	1.0%	-3.4308	***	3.1%	4.2%
San Diego	-3.7801	***	2.2%	-4.1151	***	1.6%	3.8%
Baltimore	-3.8817	***	2.0%	-4.3098	***	1.3%	3.3%
New Orleans	-4.0708	***	1.7%	-4.2452	***	1.4%	3.1%
Dallas	-3.7006	***	2.4%	-5.344	***	0.5%	2.9%
Washington, DC	-4.3113	***	1.3%	-4.5929	***	1.0%	2.3%
Cincinnati	-4.299	***	1.3%	-5.0643	***	0.6%	2.0%
Atlanta	-4.0054	***	1.8%	-8.0617	***	0.0%	1.8%
San Jose	-5.0372	***	0.6%	-4.6341	***	1.0%	1.6%
St. Louis	-4.5445	***	1.1%	-5.5943	***	0.4%	1.4%
Indianapolis	-4.6149	***	1.0%	-7.2304	***	0.1%	1.1%
Oakland	-6.3528	***	0.2%	-5.253	***	0.5%	0.7%
Kansas City	-5.8894	***	0.3%	-5.8621	***	0.3%	0.6%
Detroit	-7.6049	***	0.05%	-5.7557	***	0.3%	0.4%
Phoenix	-7.6745	***	0.0%	-6.1435	***	0.2%	0.3%
Fort Worth	-7.6424	***	0.05%				0.0%
Number of observations	1,020,277			978,578			
Percent correctly classified	79.5			79.3			

Table 5. Neighborhood Choice Models for Central City High-Income Buyers.

	Core Gentry Model				Fringe Gentry Model			
Variable	Parameter Estimate		Odds Ratio	andardized Coefficient	Parameter Estimate		Odds Ratio	andardized Coefficient
Applicant income	0.00117	***	1.001	16.8	0.000547		1.001	7.5
Applicant income squared	-0.000000975	***	1.000	-10.7	-0.000000631		1.000	-7.0
Payment ratio	0.0547	***	1.056	46.4	0.0292	***	1.030	22.7
Payment ratio squared	-0.00191	***	0.998	-31.7	-0.00153	***	0.998	-26.5
Loan exceeds GSE limit	-0.1122	***	0.894	-5.4	-0.0966	*	0.908	-4.7
FHA insured loan	-0.74	***	0.477	-11.0	-0.1065		0.899	-1.7
Owner occupancy	0.038		1.039	1.4	-0.0783	*	0.925	-2.9
Female applicant	-0.0334		0.967	-1.1	-0.0412		0.960	-1.4
Traditional white family	-0.3096	***	0.734	-14.3	-0.2768	***	0.758	-12.9
Native American	-0.1168		0.890	-0.7	0.3979	*	1.489	2.4
Asian/Pacific Islander	-0.2755	***	0.759	-5.7	-0.282	***	0.754	-5.9
Black	-0.4629	***	0.629	-9.0	-0.6013	***	0.548	-11.7
Hispanic	-0.5621	***	0.570	-8.0	-0.4731	***	0.623	-6.8
Other race	-0.3599	***	0.698	-3.8	-0.2638	*	0.768	-2.8
Race unreported	-0.1259	***	0.882	-3.5	-0.1361	***	0.873	-3.8
Denied	0.1039	**	1.110	2.9	0.2022	***	1.224	5.7
Declined by applicant	0.0714	*	1.074	1.7	0.1976	***	1.218	4.8
Withdrawn	-0.00621		0.994	-0.2	0.0635		1.066	1.8
Closed incomplete	-0.0325		0.968	-0.4	0.147		1.158	1.8
Denied for bad credit	-0.2832	***	0.753	-3.6	-0.264	*	0.768	-3.4
1994	0.1651	***	1.180	5.0	0.1633	*	1.177	4.9
1995	0.276	***	1.318	8.3	0.1476	*	1.159	4.3
1996	0.2234	***	1.250	7.1	0.1382	*	1.148	4.3
1997	0.2787	***	1.321	9.4	0.2164	***	1.242	7.2
1998	0.3172	***	1.373	11.7	0.3146	***	1.370	11.6
1999	0.3313	***	1.393	13.2	0.5496	***	1.732	22.8
2000	0.3543	***	1.425	15.1	0.5815	***	1.789	26.0
OCC-regulated lender	0.00642		1.006	0.3	0.0452		1.046	2.0
FRB-regulated lender	0.0992	***	1.104	3.6	0.074		1.077	2.6
FDIC-regulated lender	0.00724		1.007	0.2	0.094	*	1.099	2.5
OTS-regulated lender	0.0163		1.016	0.7	0.1371	***	1.147	5.8
NCUA-regulated lender	-0.2323	*	0.793	-1.9	-0.483	**	0.617	-4.0
Subprime institution	-0.5294	***	0.589	-12.9	-0.3535	***	0.702	-8.9

(continued)

Table 5 (continued).

	Core Gentry Model			Fringe Gentry Model			
	Parameter Estimate		Intercept Probability	Parameter Estimate		Intercept Probability	Total, Core and Fringe
Boston	-0.5382	***	36.9%	-1.8959	***	13.1%	49.9%
Philadelphia	-1.2936	***	21.5%	-3.6972	***	2.4%	23.9%
Chicago	-1.8394	***	13.7%	-2.3379	***	8.8%	22.5%
Milwaukee	-2.7678	***	5.9%	-1.9069	***	12.9%	18.8%
Washington, DC	-2.1407	***	10.5%	-2.5872	***	7.0%	17.5%
San Francisco	-1.9533	***	12.4%	-3.1683	***	4.0%	16.5%
Seattle	-2.3085	***	9.0%	-2.7985	***	5.7%	14.8%
Baltimore	-2.3559	***	8.7%	-3.0284	***	4.6%	13.3%
Minneapolis-St. Paul	-3.3683	***	3.3%	-2.398	***	8.3%	11.7%
St. Louis	-2.5196	***	7.4%	-3.7811	***	2.2%	9.7%
Detroit	-4.6019	***	1.0%	-2.9998	***	4.7%	5.7%
Cincinnati	-3.3301	***	3.5%	-4.2459	***	1.4%	4.9%
Dallas	-3.2295	***	3.8%	-5.0246	***	0.7%	4.5%
New Orleans	-3.8667	***	2.0%	-4.1631	***	1.5%	3.6%
San Diego	-3.8029	***	2.2%	-4.3049	***	1.3%	3.5%
Atlanta	-3.3748	***	3.3%	-7.5422	***	0.1%	3.4%
Oakland	-4.9115	***	0.7%	-3.9913	***	1.8%	2.5%
Denver	-4.4989	***	1.1%	-4.4419	***	1.2%	2.3%
Kansas City	-5.122	***	0.6%	-5.2309	***	0.5%	1.1%
Indianapolis	-4.5392	***	1.1%	-7.2938	***	0.1%	1.1%
San Jose	-5.8459	***	0.3%	-5.64	***	0.4%	0.6%
Phoenix	-8.2887	***	0.0%	-6.8881	***	0.1%	0.1%
Fort Worth	-7.0976	***	0.1%				0.1%
Number of observations	279,712			261,199			
Percent correctly classified	85.7			84.9			

be drawn from the ranks of the best-paid single applicants (both male and female) buying the most expensive homes they can afford; note that a one-standard deviation increase in the amortized cost of carrying the loan increases the odds of core choice by 46 percent, while wealthy Black buyers are only 0.62 times as likely to seek homes in core gentrified areas than similarly-qualified whites (see core gentry model, Table 5). These findings are generally consistent with popular perceptions and scholarly accounts of the new urban gentry, although our methods certainly lend a sterile quantitative flavor to the rich diversity of identities of class, race, sexuality, and consumption among residents of urban neighborhoods. Our analysis also confirms strengthened demand as downtown job markets boomed in the 1990s: a wealthy buyer in 2000 was 1.4 times more likely to choose the core than in 1993; the ratio jumps to 1.8 in the fringe. The accumulated sediments of reinvestment and disinvestment since the 1960s, coupled with a vibrant proliferation of demanding professional jobs wired into globalized capital flows, unleashed a powerful cycle of competition in desirable urban neighborhoods. Not surprisingly, where a dispersed or decentralized settlement fabric or an elastic, annex-happy city created upscale options in outlying areas, the center lost its appeal; "gentrification" typically means a rehabbed 1970s-era technology park or a dilapidated strip mall in sun belt metropoli such as Fort Worth, Phoenix, and San Jose (where gentry areas hold less than 1 percent of the city market for elite buyers). But the picture is different on tightly-packed peninsulas and in cities laid out in pre-automotive stages of metropolitan evolution (Borchert, 1967). In these places, the new urban frontier has become quite an elite boundary zone: gentrified areas claim half the city market for wealthy buyers in Boston; a fifth or sixth in Philadelphia, Chicago, Milwaukee, Washington, DC, and San Francisco; and more than a tenth in Seattle, Baltimore, and the Twin Cities (see right-hand column, bottom of Table 5).

A New Urban System?

These results provide a glimpse of the strength of one facet of gentrification in different cities, following a comparative thread in the literature that has been sorely neglected in recent years. Beyond the descriptive benchmarks, however, the numbing tables of parameter estimates and odds ratios confront us with a critically important question: are these statistics simply measuring a contemporary urban system inscribed by the urbanization of injustice, of a new urbanism born of America's devolved, privatized, and market-based social policy in the face of globalized capital flows? Framed this way, the question requires that we exploit the productive tensions among several literatures -- the historical and positivist quantitative revolution work on economic base theory and urban system development (e.g., Berry, 1967, 1972; Doxiadas, 1968; Pred, 1977), the critical social theory inquiry on questions of justice and difference in an increasingly polarized, globalized political arena (e.g., Harvey, 1973, 1996, 2000; Merrifield and Swyngedouw, 1997; Young, 1990), and the richly-textured case studies of social and spatial relations in specific city neighborhoods situated at the confluence of multiple processes at different scales (e.g., Beauregard, 1990; Bennett, 1998; Hammel, 1999; Lees and Bondi, 1995; Ley, 1981). We are certainly not the first to suggest such a synthesis. Don Mitchell (1997) offers the best example, in "The Annihilation of Space by Law: The Roots and Implications of Anti-Homeless Laws in the United States." Mitchell argues that the widely-cited realities and myths of accelerated capital mobility have forced cities into fundamentally new ways of trying to attract investment in a world where places seem to be rendered interchangeable by wage competition and race-to-the-bottom subsidies:

> ...the ideology of globalization allows local officials, along with local business people and property owners, to argue that they have no choice but to prostrate themselves before the god Capital, offering not just tax and regulatory

> inducements, but also extravagant convention centers, downtown tourist amusements, up-market, gentrified restaurants and bar districts, and even occasional public investment in such amenities as museums, theaters, and concert halls.... When capital is seen to have no *need* for any particular place, then cities do what they can to make themselves so attractive that capital...will *want* to locate there (Mitchell, 1997, p. 304, emphasis added).

The implication is clear. In classical theories of urban system development (e.g., Pred, 1977), cities fought through constant product innovation to reap the profits of locally-distinctive exports and to thus claw their way up the urban hierarchy. Now the competition is an innovative race to create an interesting and attractive -- and *safe and sanitized* -- playground for the professional elites employed by global capital. "In city after city concerned with 'livability,' with, in other words, making urban centers attractive to both footloose capital and to the footloose middle classes, politicians and managers have turned to...a legal remedy that seeks to cleanse the streets of those left behind by globalization and other secular changes in the economy by simply erasing the spaces in which they must live...." (Mitchell, 1997, p. 305). Mitchell's (1997) qualitative mode of inquiry yields a magisterial theoretical analysis drawn from philosophies of justice and conceptions of the public, along with a critical examination of court decisions and legislation in various local jurisdictions in the United States. But we believe that this perspective, rooted as it is in a broad stream of research concerned with a vicious new American urbanism (Davis, 1992; Fainstein, 1997; Mitchell, 1995; Smith, 1992, 1996, 1997; Soja, 1992; Sorkin, 1992; Zukin, 1997) has important lessons for quantitative empirical studies of neighborhood change, affordable housing, and credit discrimination and redlining. As urban politics has become "a defense and reconstruction of the lines of identity privilege ... in the context of rising economic insecurity" among the white, Anglo bourgeoisie (Smith, 1997, p. 129), we should expect to see a discernible regional geography in the backlash against the homeless, poor, racial minorities, and recent immigrants. If globalization has remade the scales and conditions of cities as sites of collective consumption and social reproduction, then it is reasonable to expect corresponding variations in the severity of the revanchist city.

We suggest that part of this story can be captured in the residential preferences of affluent homebuyers and the associated hierarchy of gentrified enclaves in different cities. Sustaining this argument, of course, involves establishing a connection between our model results and the localized practices of discipline, surveillance, and policing in the revanchist city. The most valuable and rigorous link is provided by the National Law Center on Homelessness and Poverty (NLCHP), which has undertaken extensive legal and policy research, litigation, and advocacy since its establishment in 1989. Over the years, the NLCHP has published five reports based on systematic, comparative surveys of local practices in the criminalization of homelessness; the most recent (in partnership with the National Coalition for the Homeless) surveyed advocates and service providers in 57 municipalities in 29 states (National Coalition for the Homeless/National Law Center for Homelessness and Poverty, 2002). As a first-cut test of our hypothesis, we matched our case study cities to the findings summarized in the report's "Prohibited Conduct Chart," a compendium of local ordinances codifying the kinds of principles and (often unconstitutional) legal remedies analyzed by Mitchell (1997), Smith (1996, 1997), Waldron (1991), and others. Here, we focus on ordinances explicitly banning the following activities: urination and defecation in public; begging in public places; "aggressive" panhandling; sleeping in public; camping in public; loitering, loafing, and vagrancy; and obstruction of sidewalks and public places (see NCH/NLCHP, 2002, pp. 241-

244).[6] As Mitchell (1997) points out, these are the kinds of things a homeless person simply must do in order to survive -- and these are precisely the activities that inspire indignation and activism among otherwise politically apathetic segments of the professional classes. To be sure, local authorities in any city usually move quickly against street people doing any of these things; but our reasoning is that the policies are formalized only under certain circumstances, and that gentrification is one of the processes that helps to broaden the base of support for explicit, city-wide 'quality of life' ordinances.

The results of this simple comparison provide qualified support for our hypothesis. Among our 23 cities, all but one have explicit ordinances against two or more of the specified activities -- and in any case, the sole exception (Chicago) earns the dubious distinction of ranking as one of the nation's "meanest cities" for homeless people, on the basis of anti-homeless practices not captured in formal ordinances.[7] Six of the cities ban five of the specified activities, while one (Atlanta) bans six. There is a persuasive, although not definitive, link between these ordinances and the residential preferences of the urban elite. Of the cities ranked in the top ten according to the market share held by gentrified neighborhoods (Table 5), six also achieved top rank in terms of local anti-homeless ordinances (defined here as banning five or more of the specified activities, or earning a spot on the NLCHP "meanest cities" list either in 1996 or 2002); these cities are Philadelphia, Chicago, San Francisco, Baltimore, Minneapolis-St. Paul, and St. Louis. By contrast, the bottom thirteen cities in Table 5 include only three meeting the same criteria: Atlanta, Oakland, and Indianapolis. It is tempting to attribute the latter to a traditionally conservative political climate (moreso, perhaps, than the interests of gentrifiers),[8] and Oakland's bans must be seen in the context of intense housing inflation and a "race to the top" in anti-homeless policies across the entire Bay Area. And it is also worth noting that the other apparent anomaly on this list -- Atlanta, with only 3.4 percent of high-income buyers choosing gentrified areas -- is particularly famous for an ordinance specifically tailored to a low-density, auto-reliant built environment. In Atlanta, it is a crime to cut across or loiter in a parking lot unless you have lawfully parked your own car there; an estimated 18,000 to 19,000 people are cited annually for assorted "quality of life" infractions (NCH/NLCHP, 2002, p. 15). If we set aside the residuals of Atlanta, Oakland, and Indianapolis, however, the pattern is fairly clear: gentrified enclaves claim a prominent place in elite housing markets where municipal policy incorporates provisions designed to cleanse the city of certain people and behaviors. There is a clear inter-urban geography of the revanchist city.

Gentrified Exclusion

Our findings thus far are remarkably underwhelming: gentrification boomed in the 1990s; it advanced unevenly throughout the urban system, transforming key housing submarkets in some cities while affecting only a tiny slice of the land market in others; and it went hand-in-

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[6] Many municipalities have established ordinances banning one or more of these activities only in specified districts. To maintain the most conservative approach, our tabulations are restricted to *citywide* ordinances banning the specified activities.

[7] In Chicago, "police are using old, vague ordinances and charging people with vagrancy, begging, loitering, etc. ... The City has also closed and even destroyed many transient hotels as part of conscious gentrification plans to recreate neighborhoods. ... Sweeps of homeless individuals are conducted whenever there are major events in the downtown area." (NCH/NLCHP, 2002, pp. 133-134). The other cities on the report's "meanest" list are New York, Atlanta, San Francisco, Salt Lake City, Jacksonville, FL, Pontiac, MI, Santa Cruz, Austin, TX, Honolulu, Baltimore, and Palm Beach County, FL.

[8] Six years ago, Indianapolis went so far as to ban the homeless from voting, before advocates managed to convince the state legislature to pass a law reaffirming voting rights. One homeless shelter requires those admitted to undress and don prison-style orange jumpsuits. (NCH/NLCHP, 2002, p. 135).

hand with the spatial discipline of "quality of life" policing and the criminalization of homelessness. The empirics are unsurprising, and also undisputed; it is the interpretation that generates controversy. Critical urbanists see these processes as indicative of a worsening cycle of polarization and social injustice, while neoliberal economists and policy analysts are more optimistic for a new urban revival bought for the quite reasonable price of a bit of inconvenience for displaced poor renters and unruly street people. We are reluctant to be forced into a choice between villainizing the gentry and rationalizing the daily violence committed against the urban poor; it is quite clear, however, that the process is fundamentally about the social and spatial constitution of exclusivity, and thus its growth is tied into a broader restructuring of inequality. Its consequences, therefore, go well beyond the treatment of poor renters or the homeless. If gentrification magnifies exclusion, it should be evident not just in disparities between rich and poor, but also among different middle-class homebuyers. To explore this issue, we hypothesize that gentrification alters well-documented processes of racial and ethnic discrimination in mortgage credit (e.g., Browne and Tootell, 1995; Munnell et al., 1992, 1996; Turner and Skidmore, 1999).

Theories of Contingent Discrimination

Several streams of theoretical and empirical inquiry in housing economics and policy studies suggest that neighborhood context mediates lending discrimination. The most well-developed framework comes from the work of Steve Holloway (1998; Holloway and Wyly, 2001), who has examined neighborhood-level variations in a variety of economic and institutional facets of lending industry practices. Holloway's work emphasizes the worsened bias faced by minority homebuyers in mostly-white, high-income suburbs; but several aspects of his work are directly relevant in parts of the inner city. First, the gentrification process alters many of the exclusionary housing market practices that take place outside a bank office (but that nevertheless lead to adverse impact discrimination by lenders) (Turner and Skidmore, 1999; Yinger, 1995).[9] Even if we accept the notion that competition will help to root out blatant discrimination (an irrational forfeiture of profit opportunities to satisfy a preference for bigotry), these "non-bank" practices are crucial. Realtor steering and borrower pre-selection will change if new upscale units are built in a neighborhood full of working-class households in older homes; the arriving gentrifiers will benefit from the coordinated lending, insurance, and appraisal relationships established by developers, and will escape the information externality problems facing previous residents and buyers.[10] In other cases, where gentrification creates a diverse stream of minority and white applicants, it will magnify the cultural affinity dimensions of discrimination -- worsening the relative treatment of

[9] In the early 1990s, U.S. Federal regulators issued a clarification of the principles and criteria they intended to use in stepped-up enforcement of fair housing laws that had been on the books since the 1960s. Their statement distinguished among three types of discrimination. *Overt evidence of discrimination*, outright denial of services to members of protected classes, was believed to be a thing of the past. *Disparate treatment* involves the use of different criteria to evaluate members of protected classes (for example, using reported income for credit decisions for whites, but verifying employment history and stability for minorities). *Disparate impact* discrimination, the most subtle but still illegal form of bias, involves the use of a seemingly neutral business practice that has disproportionate negative effects on members of a protected class and that cannot be justified on the basis of business necessity. One of the most controversial questions is whether the use of credit scoring is a form of disparate impact discrimination. See Interagency Regulatory Task Force (1994).

[10] The information externality hypothesis portrays bank lending in the inner city as a prisoner's dilemma: banks are reluctant to lend in areas where other banks do not lend (and where there are thus too few loans to accurately judge risk and profitability potential). In the long run, gentrification could actually ease information externality problems by re-acquainting lenders with long-neglected neighborhoods; but this comes at the price of magnified disparities during a transitional period.

African American buyers, for example, in neighborhoods where they are competing with high-income (but perhaps poor-credit) white professionals.[11]

Second, certain lenders may have an interest in the course of race and class turnover in gentrifying areas. Lenders holding large numbers of loans previously granted in a neighborhood have a considerable interest in the stability of the value of the collateral, and will obviously avoid doing anything that might undermine this value.[12] Whites invariably equate an increase in minority population with neighborhood decline, and define an "integrated" community in lily-white terms (see Farley et al., 1997). In the race-conscious context of American housing markets, then, lending to minorities will reduce the bid prices offered by whites in those *places* where minorities are seen as "out of place," or as too numerous (Holloway, 1998; LaCour-Little, 1999). Indeed, certain themes in the gentrification literature corroborate this interpretation, showing how mainstream banks remain hesitant to lend in gentrifying areas until they see the results achieved by maverick developers or sweat-equity white professionals; perhaps gentrification only gets underway with full force once a "reverse tipping point" is reached (cf. Schelling, 1972). There are also reasons to suspect that property insurance companies -- which have been implicated as much as lenders in illegal redlining -- have a vested interest in preserving the class and race exclusivity of gentrification. There is widespread evidence, from numerous court cases, paired-testing audits, and other techniques, of insurance discrimination against minority *buyers* and *neighborhoods* (see Squires et al., 2001, for a detailed review); but it is not possible to analyze the relations between the treatment of individuals and places, since the industry is not subject to the same reporting requirements that govern banks. To the degree that insurance discrimination persists, insurers will be encouraged by gentrification that creates white, upper-middle class enclaves -- and will be reluctant to insure minorities or lower-income households trying to enter these enclaves, for fear of helping to drive a process of neighborhood change that they believe will increase risks of fire, theft, and other compensable losses. Since lenders usually cannot approve a loan without property insurance, seemingly discriminatory bank decisions may be a product of insurance industry practices.

Modeling Exclusion

To evaluate the empirical relevance of these arguments, consider a model of the underwriter's decision whether to approve or reject a loan request:

$$\ln\left[\frac{P_{Deny}}{1-P_{Deny}}\right] = \beta_{MSA} MSA_i + \beta_A A_i + \beta_R R_i + \beta_L L_i + \beta_Y Y_i + e_i \qquad [2]$$

[11] Cultural affinity explanations hold that discrimination involves the differential treatment of marginally qualified applicants. Loan officers (usually white) may unconsciously feel a greater affinity for the needs and circumstances of white buyers, and will be more likely to take the effort to coach them to ensure approval (for example, prodding borrowers to obtain extensive documentation to explain credit blemishes). This phenomenon is often called the "thick file" syndrome. (Hunter and Walker, 1995).

[12] The portfolio risk argument is applicable only to a certain segment of the mortgage market, since most lenders now sell their conforming conventional loans to Fannie Mae or Freddie Mac. For large "jumbo" loans, however, banks choose between selling to another investor (another bank, an investment trust, life insurance company, etc.) or to holding the note in portfolio. The interest in excluding minorities to avoid frightening whites is likely to be strongest for banks with large portfolios of jumbo loans concentrated in neighborhoods where racial transition is underway or believed to be likely.

where all of the variable arrays are as defined in Eq. 1. We exclude the vector of decision codes from the right-hand side, since our goal here is to predict the likelihood of denial. Statistically significant, positive β_R coefficients are consistent with bias against racial and ethnic minorities, although it is not possible with this approach to distinguish among various types of discrimination. The approach is also vulnerable to the charge of omitted variable bias: higher rejection rates among minorities could result from unmeasured differences in credit history. If this argument is used to discount the meaning of the β_R parameters, however, it cannot be used also to dismiss geographical inequalities in loan rejection:

$$\ln\left[\frac{P_{Deny}}{1-P_{Deny}}\right] = \beta_{MSA}MSA_i + \beta_A A_i + \beta_R R_i + \beta_L L_i + \beta_Y Y_i + \\ +\beta'\left(R_i * CORE\right) + \beta''\left(R_i * FRINGE\right) + e_i \qquad [3]$$

In this model, the β' and β'' parameters test the hypothesis that racial disparities in gentrified neighborhoods are significantly different from inequalities elsewhere in the metropolis. We estimated logistic regression models with all home purchase loan applications filed in each of our 23 metropolitan areas. We estimated separate models for 1993 (900 thousand applications) and 2000 (1.65 million) to test for systematic changes in lending practices and racial and ethnic segmentation. Our models include applications filed in all parts of each metropolitan area, and also include additional interaction terms to test whether income and other underwriting criteria are applied differently in gentrified areas.

Results

We find a subtle interaction of continuity and change in urban credit markets in the 1990s (Table 6). First, note that fundamental underwriting criteria remained stable: parameter estimates, odds ratio, and standardized coefficients changed little between 1993 and 2000 for applicant income, estimated debt burden, jumbo loans, and owner occupancy. Institutional divisions did change somewhat, with an increase in selectivity among some banks and thrifts alongside more aggressive innovation and flexibility in FHA programs (see Pennington-Cross and Yezer, 2000). The proliferation of high-risk subprime lenders has dramatically increased the odds of rejection for buyers filing requests at these types of companies (and in any case, owners wind up with credit on usurious terms if they are approved at these firms).[13] We also find support for the consensus view that public policy, market competition, and community activism have helped to reduce racial disparities. In 1993 an African American applicant was 2.4 times more likely to be rejected than a white Anglo with the same income, debt burden, etc; after the market changes of the 1990s, this ratio dropped to 1.5. Similar improvements are apparent for Latinos, Asians, Native Americans, and other minorities, although disparities have not disappeared completely.[14]

[13] The high odds ratios for subprime lenders appear counterintuitive, in light of widespread public concern that these "predatory" lenders actively seek to make high-risk loans to obtain properties through foreclosure. The most egregious predatory abuses, however, are in the home equity loan and refinance markets, and not the purchase market analyzed in our models. See HUD-Treasury Joint Task Force (2000).

[14] These findings are important, but by no means definitive. If conservative analysts dismiss findings of discrimination by claiming that these ratios result from omitted measures of applicant credit history, then it is also possible that the reduction in the race-ethnicity parameter estimates reflects a broader pool of minorities with better credit. It is possible that lenders have not changed their ways, so much as responded to a rising tide of well-qualified minorities helped along by the unprecedented economy of the 1990s.

Table 6. Loan Denial Models, 1993 and 2000.

	1993				2000			
Variable	Parameter Estimate		Odds Ratio	Standardized Coefficient	Parameter Estimate		Odds Ratio	Standardized Coefficient
MSA *(average of 24 intercepts)*	-1.22983				-1.50151			
Applicant income	-0.0101	***	0.990	-52.7	-0.0124	***	0.988	-56.3
Applicant income squared	0.000008857	***	1.000	59.5	0.000014	***	1.000	61.5
Payment ratio	-0.0172	***	0.983	-16.4	-0.0178	***	0.982	-17.2
Payment ratio squared	0.000058	***	1.000	10.6	0.000067	***	1.000	10.2
FHA insured loan	-0.0969	***	0.908	-4.0	-0.284	***	0.753	-10.3
Loan exceeds GSE limit	0.555	***	1.742	17.7	0.5624	***	1.755	20.3
Owner occupancy	-0.2119	***	0.809	-3.8	-0.1721	***	0.842	-4.0
OCC-regulated lender	0.3781	***	1.460	14.2	0.4403	***	1.553	21.7
FRB-regulated lender	0.0115		1.012	0.4	0.1422	***	1.153	4.5
FDIC-regulated lender	0.253	***	1.288	7.4	0.223	***	1.250	6.5
OTS-regulated lender	-0.0135		0.987	-0.6	0.3283	***	1.389	12.8
NCUA-regulated lender	0.2365	***	1.267	2.0	0.00427		1.004	0.0
Subprime institution	1.3096	***	3.705	28.2	1.8228	***	6.189	100.7
Female applicant	-0.1679	***	0.845	-6.7	-0.0309	***	0.970	-1.3
Traditional white family	-0.2	***	0.819	-9.5	-0.2541	***	0.776	-10.8
Native American	0.2862	***	1.331	2.0	0.0112		1.011	0.1
Asian/Pacific Islander	0.0917	***	1.096	1.9	0.0242	*	1.024	0.6
Black	0.8614	***	2.366	25.2	0.3951	***	1.485	12.6
Hispanic	0.3856	***	1.470	8.3	0.2631	***	1.301	7.1
Other race	0.3229	***	1.381	2.6	0.1695	***	1.185	2.0
Race unreported	0.5867	***	1.798	10.5	0.3577	***	1.430	12.8
Core gentrified tract	0.0342		1.035	0.3	-0.0145		0.986	-0.1
Fringe gentrified tract	-0.0163		0.984	-0.1	-0.3111	***	0.733	-2.4
Income * Core	0.00126	***	1.001	1.7	0.000505		1.001	0.8
Income * Fringe	0.00129	**	1.001	1.0	0.00182	***	1.002	1.9
Jumbo * Core	-0.132		0.876	-0.5	0.1592	**	1.173	0.8
Jumbo * Fringe	0.2766		1.319	0.5	-0.0846		0.919	-0.3
Payment ratio * Core	0.000888		1.001	0.2	0.000811		1.001	0.2
Payment ratio * Fringe	0.00441		1.004	0.6	0.00722	**	1.007	1.2
Black * Core	-0.0273		0.973	-0.1	0.2149	**	1.240	0.5
Black * Fringe	-0.0514		0.950	-0.1	0.1443		1.155	0.3
Hispanic * Core	0.5651	***	1.760	0.7	0.3324	**	1.394	0.5
Hispanic * Fringe	-0.5555	**	0.574	-0.8	0.417	***	1.517	0.7
Asian * Core	0.0865		1.090	0.1	0.2326	*	1.262	0.5
Asian * Fringe	-0.2079		0.812	-0.3	0.3066	**	1.359	0.5
Other * Core	-0.9878		0.372	-0.5	-0.0707		0.932	-0.1
Other * Fringe	-0.3897		0.677	-0.2	-0.0488		0.952	0.0
Unreported * Core	0.0842		1.088	0.1	-0.1394	*	0.870	-0.5
Unreported * Fringe	-0.3584		0.699	-0.4	0.0716		1.074	0.2
Number of observations	899,784				1,648,312			
-2 Log Likelihood	564,756				1,086,075			
Chi-Square vs. Null Model	682,609				1,198,971			
Percent correctly classified	67.9				76.5			

*Significant at P<0.10; **P<0.05; ***P<0.01.

The most important findings, however, are revealed by the estimates for the gentry variables and interaction terms (Table 6). In 1993, lending decisions in gentrified neighborhoods were not significantly different from those rendered elsewhere in the metropolis; to be sure, capital market relations display enormous variability among different neighborhoods -- but all of these can be explained in terms of the wealth and needs of buyers, and the interests and competition of banks and other lenders.[15] By the end of the decade, however, a loan request in a fringe tract was only 0.73 times as likely to be turned down after accounting for all borrower and lender characteristics. Several of the interaction terms suggest that lenders are somewhat more reluctant to lend to high-income buyers in gentrified areas compared to wealthy buyers in the rest of the city and the suburbs -- at least when the risk cannot be quickly shifted to Fannie Mae or Freddie Mac (see the coefficient for jumbos in core areas in 2000). Nevertheless, the extensive list of controls and the inclusion of applications in the entire metropolitan area makes this approach an especially conservative and rigorous test for the effects of gentrification.

A decade of reinvestment into the urban core may have helped minorities in some city and inner-suburban neighborhoods (Listokin and Wyly, 2000); but discrimination and exclusion appear to have worsened in gentrified districts. In 1993, African Americans and most other minorities faced no different chances in these areas, after controlling for all other factors in the model. But in 2000, Blacks trying to buy homes in core gentrified neighborhoods were 1.24 times more likely to be turned down compared to their identically qualified African American peers looking in other neighborhoods. Disparities are even more severe for Asians, in both core and fringe tracts.[16] Latinas and Latinos seem to have witnessed the most turbulent changes in fortunes. In 1993, Hispanic buyers faced severe exclusion from core gentrified areas, but were actually less likely to be rejected in fringe tracts (note the odds ratios of 1.76 and 0.57 respectively). The boom of the 1990s pushed reinvestment outward from the core to an advancing frontier in fringe neighborhoods, and in the process exacerbated racial and ethnic exclusion at the edge. By the end of the decade, Hispanic applicants in fringe gentrified tracts faced denial odds 1.5 times greater than otherwise identical Latinos trying to buy homes in other neighborhoods. Taken together, these results provide strong corroboration for the hypothesis that gentrification has worsened racial discrimination in urban credit markets.

Local Trajectories of Exclusion

On theoretical grounds, neighborhood change and racial stratification may be understood as necessary social relations in contemporary American urbanization. But in concrete terms, these processes interact in contingent and locally specific ways. Our analysis thus far does

[15] The meaning of this empirical finding should not be overlooked. Since applications filed in the suburbs constitute the vast majority of the records used to estimate these models, the absence of a significant core or fringe parameter estimate means that lending in the new inner city is indistinguishable from the suburbs. In light of the well-documented recalcitrance of U.S. financial institutions during the early years of gentrification in the 1960s and 1970s, this provides an important reminder of the changes wrought by thirty years of decisions by households, developers, and local governments actively working to promote gentrification. Reinvestment has inscribed suburbia into favored quarters in the urban core.

[16] The results for Asian homebuyers are extremely difficult to interpret. “Asian,” much like “Hispanic” and indeed all of the race-ethnicity categories in HMDA and other datasets, is an extremely broad and epistemologically problematic reification of complex identities (Anderson and Fienberg, 2000; Wyly and Holloway, 2002). The vast majority of lending research focuses on the deeply-entrenched disparities between native-born, non-Hispanic Whites and African Americans or Hispanics. There is very little comparable research on Asian homebuyers (but see Listokin and Listokin, 2001). Rotating credit associations and other wealth-building strategies among some Asian groups have the effect of magnifying omitted-variable bias, and usually lead to significantly lower rejection rates in comparison to Anglo Whites.

capture the rough outlines of metropolitan-level variations (with the inclusion of MSA intercepts in Table 6),[17] but the approach obscures the local trajectories of exclusion in different outposts of gentrification. To examine these localities of bias, we estimated a new set of denial models for the 144,165 households who asked for loans in core or fringe gentrified neighborhoods between 1993 and 2000.[18] We also refined our analysis to respond to the most widespread criticism of these kinds of denial models (see Browne and Tootell, 1995; Munnell et al., 1992, 1996; Turner and Skidmore, 1999). It is possible to construct an instrumental variable measuring, for each applicant, the likelihood that an underwriter will recommend rejection specifically for reasons of poor credit (see Abariotes et al., 1992; Holloway, 1998; Holloway and Wyly, 2001). This approach is by no means perfect, in part because the denial reasons used to construct the credit variable are optional (and thus banks are able, if they choose, to hide discrimination behind the veil of "bad credit" denials). But adding this instrument allows an especially conservative test for bias in credit markets. We estimated separate denial models for each racial and ethnic group, including applicants with no reported racial information. We used the parameters of these denial equations to calculate the probability of rejection for an "average" applicant (mean income, debt burden, etc.) in gentrified neighborhoods in each of these cities. Dividing the minority probabilities by those for non-Hispanic Whites gives us an intuitive and conservative indicator of racial and ethnic exclusion in local mortgage markets (see Table 7).

The results of this analysis are striking, and troubling (Table 7). Even after giving every benefit of the doubt to the supply side (including a measure of credit history that may itself capture discrimination), it is clear that minority homebuyers in gentrified neighborhoods are much more likely than whites to be turned away. On average, Blacks are 2.32 times more likely to be excluded than identically qualified whites; this ratio is almost as high for applicants identifying themselves as "other," and only slightly lower for Latinas and Latinos and racially "unknown" applicants. The severity of racial exclusion in the new inner city, however, varies widely -- and local manifestations of racism affect different groups of minorities in different settings. In a plurality of the cities, results are in line with the half-century of sustained research on the distinctively American Dilemma of race (Myrdal, 1944); exclusion effects are borne most heavily by African Americans in Atlanta, Boston, Chicago, Dallas, Detroit, Indianapolis, Kansas City, Philadelphia, San Jose, and Washington, DC. Polarization in gentrified neighborhoods follows a stark black-white dichotomy in cities of the East and South (with the glaring exception of Silicon Valley). In other places the bias seems directed towards Latinos and Latinas (Cincinnati, Oakland, San Diego, San Francisco, and Seattle). In no city does exclusion of Asians exceed that faced by other 'minority' groups. The "other" endures the worst treatment in Baltimore, Denver, Minneapolis-St. Paul, New Orleans, and St. Louis. In Milwaukee and Phoenix, the most severe exclusion falls on applicants without reported race and ethnicity information -- the result of a complex intersection of industry changes and regulatory loopholes (see Huck, 2001; Wyly and Holloway, 2002). It is also possible to interpret the results in an alternative comparison: relative to whites, African Americans have the best chance at equal treatment in gentrified areas in Indianapolis, New Orleans, and Phoenix; they face the worst exclusion in the white-

[17] These metropolitan controls effectively account for regional variations in overall credit selectivity due to local economic conditions, the competition between publicly-backed FHA credit and conventional lending (Pennington-Cross and Yezer, 2000), and the relative profitability of mortgage lending in relation to alternative business investments available to regulated institutions. In the models reported in Table 6, the unconditional denial probabilities in 1993 ranged from a low of 12.0 percent (Milwaukee) to a high of 28.9 percent (Oakland). In 2000, the corresponding probabilities ranged from 11.7 percent (Kansas City) to 19.1 percent (Fort Worth).

[18] Due to the small number of applications involved, these models exclude Fort Worth. We also chose not to estimate denial models for American Indians and Alaskan Natives.

Table 7. Racial Exclusion Effects.

Minority/white ratio of intercept probabilities from logistic regression denial models, estimated with applicant, loan, and institutional controls and credit instrument.

City	Black	Hispanic	Asian	Other	Unreported
Atlanta	2.33	1.44	0.99	2.28	2.09
Baltimore	2.82	1.37	2.36	3.21	1.65
Boston	1.83	1.56	1.16	1.57	1.42
Chicago	2.48	2.13	1.16	1.53	1.74
Cincinnati	1.79	3.48	…	3.23	1.53
Dallas	2.61	1.73	1.03	1.30	1.30
Denver	2.12	2.16	1.16	2.59	2.15
Detroit	3.23	…	…	…	2.46
Indianapolis	1.37	1.22	…	…	1.08
Kansas City	2.21	1.74	…	…	1.62
Milwaukee	2.55	2.70	0.80	2.04	3.14
Minneapolis-St. Paul	3.00	2.15	1.49	3.01	2.43
New Orleans	1.58	1.00	0.35	2.43	1.52
Oakland	2.54	2.57	2.35	2.04	1.62
Philadelphia	2.58	2.21	1.53	1.17	2.25
Phoenix	1.64	1.66	0.98	…	1.79
San Diego	1.81	1.93	1.18	1.48	1.60
San Francisco	1.66	2.52	1.47	1.48	1.40
San Jose	3.59	2.22	1.79	1.64	1.39
Seattle	1.89	2.05	1.30	1.38	1.14
St. Louis	2.74	1.49	0.32	4.16	2.26
Washington, DC	2.59	1.93	1.69	1.67	1.80
Unweighted mean ratio	2.32	1.96	1.28	2.12	1.79
Number of observations	10,772	4,818	6,407	1,492	11,719
Total denial rate for buyers in core and fringe areas	19.1	18.5	13.8	16.2	15.4

... Indicates insufficient number of applicants to estimate denial probability (or intercept parameter not significant at P<0.10).

hot housing market of San Jose, but also in the chronically weak land market of Detroit. Only twenty-six Hispanic buyers sought homes in New Orleans' gentrified districts between 1993 and 2000, but these households appeared to enjoy equal chances as whites; by contrast, Latinos and Latinas faced exclusion rates over 2.5 in Cincinnati, Milwaukee, Oakland, and San Francisco.

Atop the Revanchist Hierarchy

How can we make sense of this new urbanism and its consequences? Are there clear divisions in the kinds of places created by the intersection of neoliberal federal policy, the political climate of city councils or police cultures, and the dynamics of discrimination in local housing markets? Phrasing the question in this way hauls us right into the urban taxonomy literature, the venerable tradition of city classification born in the 1960s and revived in today's world cities debates "poised somewhere on a conceptual and epistemological borderland where positivism, structuralism, and essentialism meet" (Smith, 1999, p. 119; cf. Berry, 1964, 1972). The epistemological dangers are clear, but we simply cannot resist the temptation to aim for something provocative, perhaps an insightful invitation to debate. If we were to draft a *City Classification Handbook* (Berry, 1972) for today's gentrification, we might begin with something like this: a standard numerical taxonomy based on measures of urban growth, the prevalence of anti-homeless ordinances, the severity of the affordable rental housing crisis, the strength of elite gentrification forces, and the severity of black-white racial discrimination in mortgage credit in gentrified neighborhoods (see Table 8).[19] It's only a start, of course, and any number of other variables could have been chosen; but the results are certainly suggestive.[20] Boston, San Francisco, and San Jose each stand out as distinctive centers in classes by themselves, shaped by uniquely extreme combinations of discrimination, elite gentrification, and housing market competition. Elsewhere, gentrification tightens rental markets in stable or slow-growing northern cities (Washington, DC, Seattle, Chicago), but concides most clearly with revanchist local policies and African American exclusion in the declining rust belt (Baltimore, Philadelphia, Milwaukee, St. Louis, Detroit, and the Twin Cities). A more ambiguous picture emerges in old industrial cities bypassed by the urban elite (Kansas City, New Orleans, Cincinnati, Indianapolis), whereas the new outposts of metropolitan growth in the sunbelt are build on perpetual affordable rental housing crises, spatial discipline, and racial inequality. Gentrification inscribes inequality into the existing built environment in older quarters of the urban system, but constitutes only a small part of the new urbanism created in the sprawling, disciplined suburbs sprouting in the nation's new growth centers.

[19] The urban growth variable is the ratio of central-city to metropolitan population growth between 1990 and 2000. The prohibited activities variable is calculated as described above (NCH/NLCHP, 2002, pp. 241-244). The housing wage variable measures the hourly pay required for a full-time worker to afford the "fair market rent" for a two-bedroom apartment in each metropolitan area (NLIHC, 2001). The variables for high-income homebuyers and African American exclusion effects are as defined earlier for Tables 5 and 7. Table 8 shows city and MSA growth rates separately, as well as city population, in order to facilitate interpretation.

[20] Our taxonomy was developed using the FASTCLUS procedure in SAS, which is a non-hierarchical, iterative disjoint clustering procedure that minimizes within-group Euclidian distances based on orthogonal quantitative measures (in this case, five variables each standardized to a mean of 0 and a standard deviation of 1). The overall R-squared (which measures how a variable can be predicted from its cluster) is 0.73; the ratio of between-cluster to within-cluster variance $[R^2/(1-R^2)]$ is encouragingly high (between 2.5 and 9.5) for all variables except prohibited activities (0.55). The low value for this indicator, which persisted through dozens of alternative clustering specifications with a variety of additional variables, indicates that these types of ordinances have proliferated across all kinds of cities -- even if their ultimate effect is mediated by gentrification and other conditions.

Table 8. City Classification Results.

	City Population, 2000	City Growth, 1990-2000	PMSA Growth, 1990-2000	Prohibited activities, 2000-01	Housing wage for 2BR apt., 2001	Core and fringe share of city high-income buyers, 1993-2000	African American Exclusion effects, 1993-2000
Gentrified Exclusion							
Washington DC	572,059	-5.7	16.6	3	16.60	17.5	2.59
Seattle	563,374	9.1	18.8	3	15.56	14.8	1.89
Chicago	2,896,016	4.0	11.6	1	15.15	22.5	2.48
Cities of Revanchist Decline							
Baltimore	651,200	-11.5	7.2	5	12.71	13.3	2.82
Philadelphia	1,517,550	-4.3	3.6	5	14.52	23.9	2.58
Milwaukee	596,974	-5.0	4.8	3	12.17	18.8	2.55
St. Louis	348,189	-12.2	4.5	5	12.02	9.7	2.74
Detroit	951,270	-7.5	4.1	3	12.81	5.7	3.23
Minneapolis-St. Pau	669,769	4.6	16.9	5	13.50	11.7	3.00
Boston	589,141	2.6	5.5	2	18.83	49.9	1.83
San Francisco	776,733	7.3	8.0	4	33.60	16.5	1.66
Third-tier metropoli							
Kansas City KS-MC	588,411	0.6	12.2	4	11.48	1.1	2.21
New Orleans	484,674	-2.5	4.1	2	10.13	3.6	1.58
Cincinnati	331,285	-9.0	7.9	2	10.71	4.9	1.79
Indianapolis	791,926	-7.5	16.4	5	10.75	1.1	1.37
Cities of Disciplined Decentralization							
Denver	554,636	18.6	30.0	3	14.71	2.3	2.12
Phoenix	1,321,045	34.4	45.3	4	14.62	0.1	1.64
San Diego	1,223,400	10.1	12.6	3	19.46	3.5	1.81
Dallas	1,188,580	18.0	31.5	3	15.02	4.5	2.61
Oakland	399,484	7.3	13.5	5	23.90	2.5	2.54
Atlanta	416,474	5.7	38.9	6	15.29	3.4	2.33
San Jose	894,943	14.4	12.4	3	30.62	0.6	3.59

It's a deliberate provocation, of course, built on the shaky methodological and epistemological foundations of partitional thinking: the choice of variables defines the space that is then partitioned, and thus when used uncritically the process "reminds one of a lunatic hacking apart a pumpkin with a broadaxe" only to be astonished that "No matter what clustering routine is applied, points close together in the space (pumpkin) will often appear in the same groups (pieces hacked apart)" (Gould, 1999, p. 298). But that's the point. If we are to avoid seeing the gentrified American neighborhood as "an objectified and essentialized reality, a 'thing' operating outside the social construction of meaning" (Smith, 1999, p. 119), then we must define the taxonomic space to reveal its context, in different cities, each shaped by distinctive configurations of neoliberal housing policy, federal-local relations, intersections of capital flows, and regional geographies of homelessness and racial-ethnic relations. Our sketch of a revanchist urban hierarchy is a primitive first step towards this comparative analysis of the contemporary American inner city.

Conclusions

Our goals in this paper were to document the contemporary urban system of gentrification, and to test for contingency in its consequences. Our analysis reveals important contextual variations anchored by the commonalities in the structural reinvention of the inner city. Measured with the benchmark of private, conventional mortgage loans, gentrified neighborhoods enjoyed capital expansion at a rate more than twice the suburban rate; but the pace of new investment varied widely, as gentrification pushed beyond established enclaves and into lower tiers of the urban hierarchy. Among the top echelon of homebuyers who approach banks for mortgage loans, those choosing homes in gentrified neighborhoods include a disproportionate share of white men with the highest incomes and the highest debt burdens. Even after accounting for differences among buyers, there is clear evidence that gentrified districts became more popular among the urban elite in the 1990s; most of the cities attracting a large share of affluent buyers to gentrified areas, however, also achieved distinction for aggressive anti-homeless ordinances and other features of the revanchist city. Among all homebuyers, the evidence points to intensified racial and ethnic discrimination in mortgage lending in gentrified neighborhoods; this finding persists even after calibrating the most rigorous, multivariate models and accepting the most conservative neoclassical assumptions. But the burdens of discrimination are not endured equally, as gentrification inscribes contingent forms of segregation and exclusion in different housing markets. Barriers in gentrified areas are focused most clearly on African Americans in cities of the East and South, while in the West exclusion appears directed more towards Latinos and Latinas; but even buyers of the same racial or ethnic identity face varying levels of discrimination in different cities.

The implications are unsettling. We do not wish to render a dystopian image of an evil class of gentrifiers. But we do believe the evidence clearly points to a more turbulent, polarized, and sometimes hostile inner-city landscape. To the degree that contemporary rounds of gentrification are at least partially a product of American neoliberalism, we should aim our analytical weapons at the policy fortress, not middle-class urbanites. And policy trends in the last few decades have not been encouraging. A generation ago, Harvey (1973, p. 11) conceived of urbanism "as a vantage point from which to capture some salient features in the social processes operating in society as a whole -- it becomes, as it were, a mirror in which other aspects of society can be reflected." Gentrification may affect only a tiny slice of the contemporary, dispersed metropolis, but in the United States it certainly provides an important vantage point from which to see some of the social processes of our time -- accelerated economic growth, aggressive Guiliani-style 'quality of life' policies, the privatization of public authority, and the imposition of market discipline on an ever-broader array of social relations. After three decades of reinvestment, it is now possible to develop an historiography of the roots of gentrification, its immediate and indirect consequences, and the origins and possibilities of activist challenges to the process (Hackworth, 2001, 2002a, 2002b; Slater, 2002). From the vantage point of 2002, it is hard to avoid a nostalgic celebration of what gentrification (could have) meant in the 1960s and 1970s. Discursively and culturally constructed as a rejection of suburban conformity, it presented a hope of stemming the urban crisis in favor of European-style urbanization -- at a time when the U.S. Federal government maintained at least a nominal commitment to a minimal safety net for the urban poor. Even when the process frayed the delicate fabric of inner-city neighborhoods, community-based organizations were sometimes able to mitigate tensions between longtime residents and newly-arrived gentry -- or, failing that, organizations could mount effective challenges, using savvy organizing and militant innovation to resist city planners, developers, and landlords.

Today, public policy facilitates gentrification amidst a wholesale retreat from the urban collective consumption responsibilities of the 1960s. Changes in finance capital have funneled new waves of investment into the urban core, while “renaissance” and “revitalization” are used to legitimate the dispersal of public housing residents from neighborhoods that have become attractive to the middle classes, and to justify the de facto privatization of assisted housing policy. City councils and police forces have developed sophisticated regimes of spatial discipline and surveillance to criminalize poverty -- sometimes as independent policy, sometimes in direct response to the complaints, fears, and insecurities of the new urban gentry. Yet despite all this, the tradition of creative nonviolent protest and anti-gentrification protest endures. Much as the early 1990s predictions of the end of gentrification were premature, it would be wrong to conclude that activism is dead. Although much of the academic literature is suffused with a jaded sense of familiarity and exhaustion, anyone doing research in this area finds many audiences in the inner city, gatherings of residents, organizers, clergy, nonprofit staff, all of whom are concerned and sometimes quite angry at the changes they see around them. The word has a very clear and charged meaning to them, and thus it is not surprising that neoliberal officials avoid the term. Ultimately, the new urban system will not go unchallenged. Sketching the outlines of exclusion and discrimination, in ways that bear relevance for the few remaining neoliberal avenues of recourse (e.g., fair lending litigation) may offer one step towards an alternative inner city.

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