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**Publication Date**

2014

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UNIVERSITY OF CALIFORNIA

Los Angeles

“It was like dancing on a grave”: Eviction and Displacement in Los Angeles 1994-1999

A dissertation submitted in partial satisfaction of the  
requirements for the degree of Doctor of Philosophy  
in Urban Planning

by

John Revel Sims

2014



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## ABSTRACT OF THE DISSERTATION

“It was like dancing on a grave”: Eviction and Displacement in Los Angeles 1994-1999

by

John Revel Sims

Doctor of Philosophy in Urban Planning

University of California, Los Angeles 2014

Professor Jacqueline Leavitt, Chair

Little is understood about displacement in urban contexts. Some of the difficulties that have impeded previous research are methodological as the data necessary for displacement research tends to be speculative, prohibitively expensive, or difficult to obtain. The greater problem I argue is conceptual. Outside of Neil Smith’s rent gap hypothesis or the philosophy of property rights, there is little theoretical ground that explains urban displacement or facilitates analysis. Within the literature on urban change, where displacement would seem to have a strong theoretical foundation, displacement tends to exist uncomfortably between a range of theories from the neoclassicist’s preference for atomized rational choice, the Chicago School’s tenacious equilibrium mechanisms, and most recently, a version of demographic invasion based in economic restructuring. This research on evictions in Los Angeles seeks to challenge these conceptual and empirical shortcomings. Through a spatial pattern analysis of over 70,000 geographically referenced evictions, four distinct geographies of displacement are shown to have existed between 1994 and 1999 in Los Angeles including Downtown, Hollywood, Koreatown, and South Los Angeles. Logged transformations of

eviction rates in the 381 census tracts comprising the area of study are furthermore regressed to three factors for each of the six years of the study. Results provide evidence that two of these factors are statistically correlated with eviction rates. The first factor is negatively correlated with eviction rates and describes deterrence to eviction based on relative affluence, educational attainment, and racial segregation in the form of high proportions of whites relative to other racial groups. The second expresses investment in desirable locations through average property sales and nonfamily households and is positively correlated with eviction rates. Taken together, the spatial pattern and spatial regression analyses confirm that evictions are socio-spatial phenomena forming three types of displacement in Los Angeles: (1) poverty- and race-related; (2) investment-related; and (3) a combination of poverty-, race-, and investment-related displacement. The four geographies of displacement are furthermore investigated using exploratory data analysis and archival methods to uncover the specific role that property owners played in each. The results of this research demonstrate that gentrification only partially explains one of the four displacement geographies while the other three are non- or pre-gentrifying contexts more appropriately described through growth machine strategies, uneven development, negative spillover effects, and financial restructuring. The dissertation ends with a call for a number of policy recommendations including a right to counsel in eviction cases and increased tenant organization.

The dissertation of John Revel Sims is approved.

Leobardo Estrada

Edward Goetz

Vinit Mukhija

Jacqueline Leavitt. Committee Chair

University of California, Los Angeles

2014

*To all the students of la escuela del mundo al revés.*

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## **ACKNOWLEDGEMENTS**

While at times it may seem like an isolating process, graduate school, like most meaningful endeavors in life, is a project that is best done with others. In that I have been fortunate to have had the generous support and kind, often unknowing, participation of many people who have helped me in some shape or form and to whom I owe a tremendous debt of gratitude.

I am first of all understandably grateful for the financial support I have received throughout the doctoral program. Most recently, the Bette and Hans Lorenz Fellowship bridged a critical gap in my funding and allowed me to proceed into the final stretch of this long project. The Dissertation Year Fellowship was particularly rewarding, offering me the opportunity to focus exclusively on the manuscript throughout much of the previous year. I am also honored to be the recipient of the Vanessa Dingley and Mimi Perloff Awards that in addition to their supplemental financial contributions, conferred an amount of confidence at a time when, looking up at the mountain above me early on in the process, I felt that everything seemed far too difficult to grasp.

I am also very privileged to have had a wonderful committee. In so many ways, Jackie Leavitt has been an amazing source of strength and inspiration to me. Through her sharp critique and incessant wit, she has, more often than I'd like to admit and definitely more than she would give herself credit for, rescued me from my own rather structuralist tendencies teaching me to acknowledge the forest, but never forgetting to also see the trees. Jackie has not only read my work and tolerated my disagreements, but she has also provided me with regular sustenance through teaching assistant positions where I have had the added, invaluable opportunity of working toward becoming a better educator. More than anything however, I am delighted that throughout this process I have gained more than a mentor, I have gained a friend.

I am also extremely fortunate to have Ed Goetz on my committee. Without knowing much about me, he agreed to take me on as a student. His genuine interest in my work and sincere

manner has not only been a tremendous motivational support, but it has also helped to restore my belief that there is hope among academics. From the beginning, Leo Estrada, a fantastic adviser that has helped so many students push through the department, has been especially important to me. I suspect he is aware of the effect it has had on previous students, but when he asked me to read every one of my field papers out loud to him in his office over several meetings I was first surprised and then immediately petrified. Looking back, it is clear that the process was one of the first times that I was required to take ownership of my academic self and I am grateful for the uneasiness that helped me find my own voice. Finally, I am thankful for Vinit Mukhija who, from his classes to his critique, has encouraged me to think carefully, often beyond my comfort zones and into new territory where my convictions are less secure.

One other person who was not on my committee but who deserves special acknowledgment for the help they provided is Bridget Freisthler. Through Bridget's weekly meetings I was introduced to many essential concepts and problems in statistical analysis, however most importantly, the space she provided showed us all what a good method for mentorship looks like. It is something that I hope take with me and emulate in the future.

There are of course many others who are significantly less aware of their participation in this project, but to whom I owe appreciation. The Urban Planning Department staff—Marsha Brown, Robin McCallum, Jennifer Crowe, as well as our most recent addition, Alexis Sexauer—all play a crucial and often underappreciated role in our academic lives. The further along I have gotten in academia, the more I realize that we have some of the best people making our work possible. On a similar note, I would be remiss if I did not also acknowledge our program analyst, Juan Tan, for always responding to my computer crises.

Some of my closest friends also deserve my acknowledgement. Joshua Moody, who is not only the most punk rock shepherd I know, but without his ethics or programming skills this

research would have certainly taken a radically different path if any at all. Gilda Hass' dedication to making the world a better place never fails to inspire me. I feel extremely lucky to have been able to bounce ideas off her. Even if they came back less secure, they were always enriched by her compassion and insight. In many ways, Mike Manville has been an unofficial mentor to me. Throughout the program, his honesty and collegiality have been both refreshing and rewarding.

Throughout it all, my family has been my deepest support. Papa Jim, you have always given me a reason to feel proud. I hope that with this small accomplishment I can humbly return the gift. Aunt Ann, throughout this whole process and our far too infrequent conversations, I believe I have gotten to know you so much more than before. Your pioneering effort along this academic journey has opened the path while saving me the wounds. Thanks so much for always taking the time to give encouragement and helpful advice. Mom, your infinite love is the kind of love only a mother could share. Thank you for everything and more. Dad, I can't remember all the times you read my essays and writing assignments as a kid; in editing them, you taught me to think about words, structures, and ideas. Looking back, all those seemingly small acts mean more to me now than ever before. Carolina, you have had the unfortunate experience of sharing a desk with me for a good portion of this project. Because of that you have been forced to tolerate all my idiosyncrasies, fatal music selections, and the occasional, somewhat random crisis. At the same time, your presence and gift for seeing through the madness has been the best escape for me, an escape that has more often than not, brought me back to where I needed to be. I look forward to sharing this world together.

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- 2012    “Putting Displacement in its Place”, presentation given at the annual ACSP conference
- 2011    “Displacement & Gentrification in Los Angeles: The Pattern of Evictions 1994-1999”, presentation given at the annual ACSP conference
- 2011    “The Spatial Relationship Between Evictions & Gentrification in Los Angeles”, Presentation given at the annual AAG conference
- 2010    “Façades of Progressive Gentrification” (with Carolina Sarmiento), presentation given at the Just Metropolis Conference, Berkeley, CA

### Guest Lectures & Community Presentations

- March 5, 2014    “Geographies of Displacement”, presentation given in Urban Planning 275
- April 20, 2013    “Gentrification”, presentation given at El Centro Cultural de México, Santa Ana, CA
- Aril 17, 2013    “An Introduction to Underdevelopment and Neoliberalism”, guest lecture given for Poverty in Developing Countries (PPD 113) at UCI
- May 29, 2012    “A Case for the Right to Place in the City: American Urbanization, Gentrification & Displacement”, guest lecture given for Urban Planning 82

- May 12, 2012 “Gentrification & Eviction”, subject matter expert presentation given for the Rapid Health Impact Assessment (RHIA) of the proposed Farmers Field Convention Center expansion at Los Angeles Community Action Network
- April 5, 2011 “Neoliberalism”, guest lecture given for Urban Planning 82
- May 6, 2010 “The Problem of Urban Change: Theories of Urban Change”, guest lecture given for Urban Planning 184
- October 28, 2009 “Gentrification”, presentation given for ARTES (Artists Revitalizing The East Side)
- July 3, 2008 “A Primer on Gentrification”, guest lecture given for Urban Planning 121  
 “Urban Policy and Planning”

### **Publications**

Williams, N., B. Freisthler, R. Sims & S. Martin. (2012). Evaluating Medical Marijuana Dispensary Policies: Spatial Methods for the Study of Environmentally-Based Interventions.” *American Journal of Community Psychology*

### **Works in Progress**

Revel Sims. “Putting Displacement in its Place: A Critical Examination of Displacement within the Gentrification Literature” (currently being revised for submission at the International Journal of Urban and Regional Research)

Revel Sims. “More than Gentrification: Geographies of Capitalist Displacement in Los Angeles 1994-1999” (currently under review at Urban Geography)

Revel Sims and Carolina Sarmiento. “Façades of Equitable Development: Santa Ana and the Affordable Housing Complex” (currently being revised for submission at the Journal of Planning, Education and Research)

Revel Sims. “A Cross Sectional Analysis of Eviction in Los Angeles from 1994-1999”

Revel Sims. “Ellised in Los Angeles and San Francisco: A Comparative Analysis of Ellis Act Evictions”

## 1. Introduction

*He tried to read an elementary economics text; it bored him past endurance, it was like listening to somebody interminably recounting a long and stupid dream. He could not force himself to understand how banks functioned and so forth, because all the operations of capitalism were as meaningless to him as the rites of a primitive religion, as barbaric, as elaborate, and as unnecessary. In a human sacrifice to deity there might be at least a mistaken and terrible beauty; in the rites of the moneychangers, where greed, laziness, and envy were assumed to move all men's acts, even the terrible became banal.<sup>1</sup>*

—Ursula Le Guin

I began this study with several pre-formed notions about the process of urban and demographic change in Los Angeles. As a native *angelino* and a student of gentrification, I have witnessed tremendous transformations in the last decades, particularly in northeast Los Angeles in and around the communities of Echo Park, Silver Lake and east Hollywood. My personal observations were certainly biased given my familiarity with the recent past and the current state of northeast L.A., however it would be a disservice to assume that my opinions were merely my own. Not only were they shared by many other residents and observers who I have had contact with over the years, but they were often reinforced in the popular imagination as the tensions of urban change resurfaced on the street and in various media portrayals. With a customary rebranding reminiscent of SoMa (South of Market) in San Francisco or DUMBO (Down Under the Manhattan Bridge Overpass) in New York, NELA (North East Los Angeles) had, by the late 1990s, become the quintessential space of *angelino* gentrification. For many, the process was deceptively simple and went something like this: the mostly Latino, low-income and working class communities, effectively denied entry into more affluent neighborhoods, had come to reside in these areas when no one else wanted them until they were threatened and then gradually displaced by new residents and businesses—mostly young whites, but other avant-garde groups as well—who moved in slowly at first, but ultimately to the

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<sup>1</sup> (Le Guin, 1974, pp. 130-131)



point where a critical mass significantly transformed the character of the neighborhood. The demographic transition was accompanied by a more noticeable transformation in the physical environment as well. On one hand, houses were remodeled in the romanticized imaginations of their new owners who, unlike previous residents, appreciated the inherent architectural value of their unique properties. Remodeled houses were now exhibited prominently, complete with light cream, brown, and green makeovers and often adorned with modest earth-toned trims to echo the natural colors of the temperate climate; gentrification landscaping in the form of drought-resistant plants for those that eschewed the suburban fetishization of lawns; and of course the necessary fortifications in the form of stained wooden barriers to reify the social distance and fear just below the shallow surface. Apartment buildings, so typical of Los Angeles' landscape, were also re-imagined. Speculating on gentrification trends, apartment owners remodeled and resold their buildings to others that would remake them from the dilapidated symbols of a previous era to a nostalgic type of southern California architectural chic that has since come to characterize many of these gentrified areas. This residential shift, rather than taking place directly within or immediately adjacent to the central business district, tended to occur along commercial corridors that stretched through communities in northeast Los Angeles and thus the shift in business types and forms often became a distinct marker of gentrifying spaces neighborhoods.

There were several aspects of this transition that interested me. For one, I felt it was important to "tell the story" so-to-speak. In the literature on gentrification, very little attention is given to Los Angeles. In my mind, much of this is due to the way gentrification has been presented and consequently understood, that essentially limits where and how gentrification is presumed to occur. Thus while gentrification is now undoubtedly a truly global phenomenon that exists within a new political and economic environment, its meaning is probably more uncertain today than ever in its long 50-year history. Part of this has to do with the dominance of certain gentrification narratives

that emerged from cities whose built environments pre-dated the Fordist metropolis. These first sites of gentrification tended to be cities that underwent neoliberal restructuring earlier and in many cases in more dramatic fashion. The image of Zukin's account of *Loft Living* or Scorsese's movie, *After Hours* that have come to dominate the image of gentrification contrasts sharply with what was occurring in Los Angeles during the same time periods or even in the period after the 1992 uprising that concerns this study. With no residential center, and few of the loft spaces overly characteristic of New York and other northeastern cities, *angelino* gentrification was an unexplained anomaly that slid between something loosely associated with the general process and something possibly completely different.

A second destabilizing aspect emerged from what might be considered the most dominant forms—in global terms—of urbanization that have been taking place in non-Western geographies, particularly in China. As urban transformations assume new scales and scopes in such places as Tiu Keng Leng in Hong Kong, the foundation of the concept of gentrification itself is falling apart. We might now ask ourselves is it gentrification when the state removes an entire community and constructs a completely new built environment over the remains? How does the role of the state influence or deviate from gentrification processes as the case of Urban Renewal suggests? Or turning to Mumbai, India, home of some of the world's largest slums as well as what some consider to be the most expensive home in the world—a 27-story building known as Antilla, owned by Mukesh Ambani—what can we make of the intense urban polarization between the super-haves and the extreme have-nots that instead of pretending to redevelop or beautify, is primarily an expression fortified income and extreme cultural stratification. Or closer to home, the recent sale of brownstone in Harlem for \$4.2 million is more akin to *the Onion's* satirical reporting of the “aristicratization” of gentrification than what we might typically think of when we think of artist-, yupi-, or hipster-led gentrification (The Onion, 2008). The examples compel us to ask: is it

gentrification when even the pretense for community transformation is removed? Is it gentrification when gentrifiers are replaced by the most affluent? These new forms of urban change are testing the concept of gentrification precisely because they raise the question of the role that conflict plays, both in terms of physical environments and social groups, that I believe lie at the ontological heart of gentrification. For these reasons and others, certain spaces in Los Angeles seemed to demonstrate an underappreciated type of gentrification that challenged many of the underlying concepts behind a changing process and therefore deserved to be studied. More than anything, I hoped that such an endeavor would help to show how the process of gentrification had unfolded into a new, less spatially centered or, possibly, a less spatially dependent form of urban change.

As I began to investigate gentrification, a second aspect of the process called my attention. There seemed to me a stark disparity between the popular image of gentrification-induced displacement and the results of academic research to evaluate its importance. Most of the non-academics I talked to could easily, and with little doubt, express their dismay at the loss of community and general dislocation that gentrification caused. New stores would open and residents would quickly identify these distinct commercial spaces and their patrons as harbingers of future displacement. While it's not surprising, academics were less convinced. Not only were there few attempts to systematically measure displacement within the literature, but squabbles over theory and methodological critique had become the most important pursuits within the field. Lost in the uncertainty of gentrification—its meaning, usefulness as a term, or even its overall affect, whether on the whole positive or negative—was displacement. To me, if gentrification was to have any meaning at all, displacement needed to be re-placed at the center of the debate.

My initial attempt was therefore to study the process of gentrification through the lens of displacement. Assuming that displacement was an indicator of gentrification, I set out to ask whether or not displacement could be measured in Los Angeles as academics had attempted in other

cities? If so, where were there concentrations of displacement that could be identified? If concentrations of displacement did indeed exist, then these might demonstrate the important role of landlords as agents who both respond to gentrification signals and produce them through displacement and tenant turnover. And ultimately, could factors associated with gentrification be related to displacement in a way that would confirm the fears and observations of residents who I knew and interacted with? These questions led me to construct a database of evictions that I hoped could be used as a suitable proxy for the empirically slippery concept of displacement. Thus, while the geographical and statistical analysis of these events consumes the majority of this research, more substantial questions about the relationship between gentrification, eviction, displacement and urban change lie at the heart of the work.

From where I stand now, I am at a much different place than I was when I began. In many ways the work remains embedded within an analysis that owes much to the literature on gentrification, but as I carried out my work, I realized that the real story behind my research was actually the question of displacement itself. Displacement, in short, has become much more complex than I initially assumed it to be and consequently a good deal of effort has been given to an summarizing previous analyses of urban change in order to formulate a new foundation for urban displacement. For example, rather than being the simple by-product of gentrification where the unspoken assumption is that people in non-gentrifying neighborhoods tend to stay put, I came to realize that there are actually various forms of displacement that need to be understood. Some of these are certainly gentrification-induced; however other forms, unrelated to gentrification, but often interacting with and influenced by gentrification forces, have also shown to be important. Taken together, I have come to see that displacement can no longer be imprisoned as an aberration in the urban experience, but may actually play a part of the normal functioning of capitalist urbanization. The allusion to David Harvey is intentional. Not only do I lean on his analysis, but it could be

argued that centering displacement in this way is a concrete manifestation of some of Harvey's key concepts—the most important of which being the centering of crisis within urbanization and the shift to dispossession as a major form of accumulation in the contemporary period.

With these thoughts as a preliminary point of departure, the following dissertation is comprised of a literature review where I explore some of most basic theories of urban change as well as some of the important derivatives that have borrowed from and branched off of these fundamental theories of urban development. I believe that placing the discussion of displacement within these theories is essential to understanding both the importance of displacement as well as some possible reasons for its general under appreciation. This foundational section is followed by an attempt to lay out a new concept of displacement that ties together many of the critical insights from the existing literature. While admittedly premature, I feel that this section is a much-needed first attempt at reconceptualizing the issue of displacement as a central subject of urban development. The following section discusses the research design and methods used in this investigation. It describes how the data on evictions was acquired and how it was analyzed using GIS and spatial regression models. The sixth chapter on hot spots is the first cut at analyzing the data. In this chapter I approach the question of the spatial patterning of evictions. From this, four basic communities or hot spot areas are formed—Downtown, Hollywood, Koreatown, and South Los Angeles—each of which is discussed descriptively. These communities form the geographic basis of most of the subsequent analysis. In the seventh chapter, a more in-depth view of these communities is presented that demonstrates their relative diversity as well as their particular forms of change. The eighth chapter, “Spatial Regression Analysis and the Question of Displacement,” is a cross-sectional spatial regression analysis that explores the relationship between three latent social constructs and eviction rates. This chapter shows that two factors—one related to the average value of property sales and non-family households, and a second that weights race, income and

educational attainment highly—are significantly correlated with evictions. It also demonstrates that the distribution of these factors, what might be considered to be a display of the susceptibility to displacement, closely align with the community boundaries produced in the hot spot analysis. The eighth chapter also takes up the question of gentrification by operationalizing a modified version of Lance Freeman’s (2008) definition of the problem and comparing it to the results of the analysis here. The results show that gentrification alone is not a sufficient explanation of displacement in Los Angeles during the 1990s.

These findings are a springboard to advance the argument in the ninth chapter, “Geographies of Capitalist Displacement,” that four distinct forms of displacement occurred during the 1990s. These forms are best explained according to the conceptual model of capitalist displacement presented in the fourth chapter as well as specific type of property owner development that unfolded in each of the four communities. Here I argue that displacement in Downtown Los Angeles was primarily caused by a combination of existing tensions between property owners and the area’s traditional denizens as well as significant agglomeration economies that operated within a global city framework. Property owners in Downtown organized themselves into new organizations that sought to project their vision and interests on to the landscape in way that would be more conducive to consumption and higher returns. In Koreatown, the conflict between property owners and tenants took a different path; here a Korean “immigrant growth machine” accessed both local and transnational resources to shift a community distressed by disinvestment and urban unrest toward high-end housing, retail and commercial space. The transformation raised rents, contributed to increased property sales, and threatened the large Latino-oriented housing sub-market. South Los Angeles, by comparison, is radically different. In this historically African American community, the legacy of racial and economic segregation was compounded by financial restructuring at the national level that resulted in the dispossession of many single-family homeowners and contributed to the

decimation of black wealth in the region. And finally, Hollywood represents a form of displacement that most closely resembles established notions of gentrification processes. Here, state actors along with large commercial and real estate interests pushed through a redevelopment project that significantly altered the relationship between landlords and tenants in the surrounding neighborhoods. I conclude the dissertation by attempting to tie together the four forms of displacement identified in this research on Los Angeles within the theoretical framework provided in the fourth chapter. The effort functions as a critical intervention into the literature on gentrification and urban change that calls for a greater emphasis on the interaction between development on one hand and tenure and land rent on the other in the process of displacement.

## 2. Literature Review

*a geographical space which is abstracted from society is a philosophical amputee*<sup>2</sup>  
—Neil Smith

### 2.1 Introduction

At its core, the study of cities is the study of change with the most important point of focus being the relationship between people and space. Neil Smith (2008) has argued that this relationship is a dynamic and dialectical process of spatial production. If Smith's argument is correct, then the production of space, and in particular the production of distinctive, albeit changing, patterns that demarcate one place from another, is critical to any understanding of our modern *urban* world. During the last century, several important theories of urban change have emerged attempting to explain the roots of this process. A handful of these have proven more or less profound in the sense that the production of space is argued to unfold according to a clearly identifiable logic. Given that these theories are abstractions from conceptual foundations, I have termed these "meta-theories." The following literature review is consequently organized around first describing and delimiting these meta-theories. This preliminary section is then followed by an important corollary section elaborating several "derivative theories" that while based in the foundational logic of a certain meta-theory, nevertheless deviate to reveal important modifications that test, complicate, and expand the horizons of our ideas about why and how cities change. The goal of this review is to set the stage for the place of displacement in the literature and subsequently lead into my own conceptual framework for understanding displacement in the following chapter that will be examined in the dissertation.

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<sup>2</sup> (N. Smith, 2008, p. 107)



## 2.2 Meta-Theories of Urban and Neighborhood Change

I propose three meta-theories of urban change. These are the ecological school of Burgess and Park, the neoclassical framework, and Marxist/neo-Marxist varieties of urban theory. The interesting work of Homer Hoyt is presented here as a bridge between the ecological tradition and the neoclassical theorists.

### 2.2.1 Invasion-Succession and the Ecological Model of Urban Change

One of the earliest theories of urban change comes from the collective work of Robert Park and Ernest Burgess who would, along with other scholars and researchers such as Roderick McKenzie and Vivien Palmer, form the basis for the Chicago School of human ecology. As the name alludes, the school borrowed from work in the natural sciences—and plant biology in particular—to describe the spatial organization and development of cities. In addition, it is clear from their work that Charles Darwin's theory of evolution was also influential, albeit in a fashion owing more to Herbert Spencer's "survival of the fittest" than to Darwin's evolutionary theory of "natural selection."

The key concepts of the human ecology perspective originate in the notion that the urban landscape is a relatively closed ecological system similar to a forest or a prairie. According to this view, the city is a unified being where people and commercial enterprises form spatially defined relational groupings. These groupings are "natural" in two ways. First, they are natural in the sense that they reflect the *spatialized* desires of individuals and groups. And second, they are natural in the metabolic sense that they are the result of an unyielding internalized mechanism pushing the urban system as a whole toward a state of equilibrium or balance. The primary driver of metabolic equilibrium for Park and Burgess was the principle of domination that resulted from the process of competition and selection. In short, all spatialized groups compete and those that are more successful ultimately secure advantageous locations. Using a legitimizing language reminiscent of *lebensraum*, Park was in fact more specific stating that "land eventually goes to the race or people that

can get the most out of it” (1936b, p. 174). The “principle of dominance” he argued, “operates in the human as well as the plant and animal communities. The so-called natural or functional areas of a metropolitan community—for example, the slum, the rooming-house area, the central shopping section and the banking center—each and all owe their existence directly to the factor of dominance, and indirectly to competition” (R. E. Park, 1936a, p. 8).

The dominance of groups or uses is functionally important because it brings about a temporary balance until new factors provoke destabilizing changes. McKenzie explains, “The community tends to remain in this condition of balance between population and resources until some new element enters to disturb the *status quo*, such as the introduction of a new system of communication, a new type of industry, or a different form of utilization of the existing economic base” (1984, p. 68). The introduction of new factors necessarily destabilize because they disrupt the competitive relations within the larger urban ecosystem as well as those within specific communities. Park characteristically referred to these changes as “readjustments,” reflecting their essentially benign and natural qualities. “An organization which is composed of competing individuals and of competing groups of individuals,” wrote Park, “is in a state of unstable equilibrium, and this equilibrium can be maintained only by a process of continual readjustment” (R. E. Park, 1984, p. 17).

Park and Burgess identified at least two primary and inter-related forms of readjustment. The first mechanism of readjustment was urban expansion through the now famous pattern of concentric rings. In this prototypical urban spatial pattern, the city is divided into zones of “natural economic and cultural groupings” (Burgess, 1984, p. 56) as well as spontaneous patterns of segregation in the form of what Park called, “moral regions” (1984). Population increases, whether by what they termed “natural growth”—i.e., more births than deaths—or immigration, were considered a persistent cause of readjustment in the Chicago School’s *industrial* city that forced the urban landscape to expand outward. The spatial process and pattern of immigrants in the urban

ecology was of particular importance to the Chicago School since it unified many of the School's underlying assumptions. For example, Burgess commented that "immigration into a metropolitan city....Their invasion of the city has the effect of a tidal wave inundating first the immigrant colonies, the ports of entry, dislodging thousands of inhabitants who overflow into the next zone, and so on and on until the momentum of the wave has spent its force on the last urban zone" (Burgess, 1984, pp. 57-58).

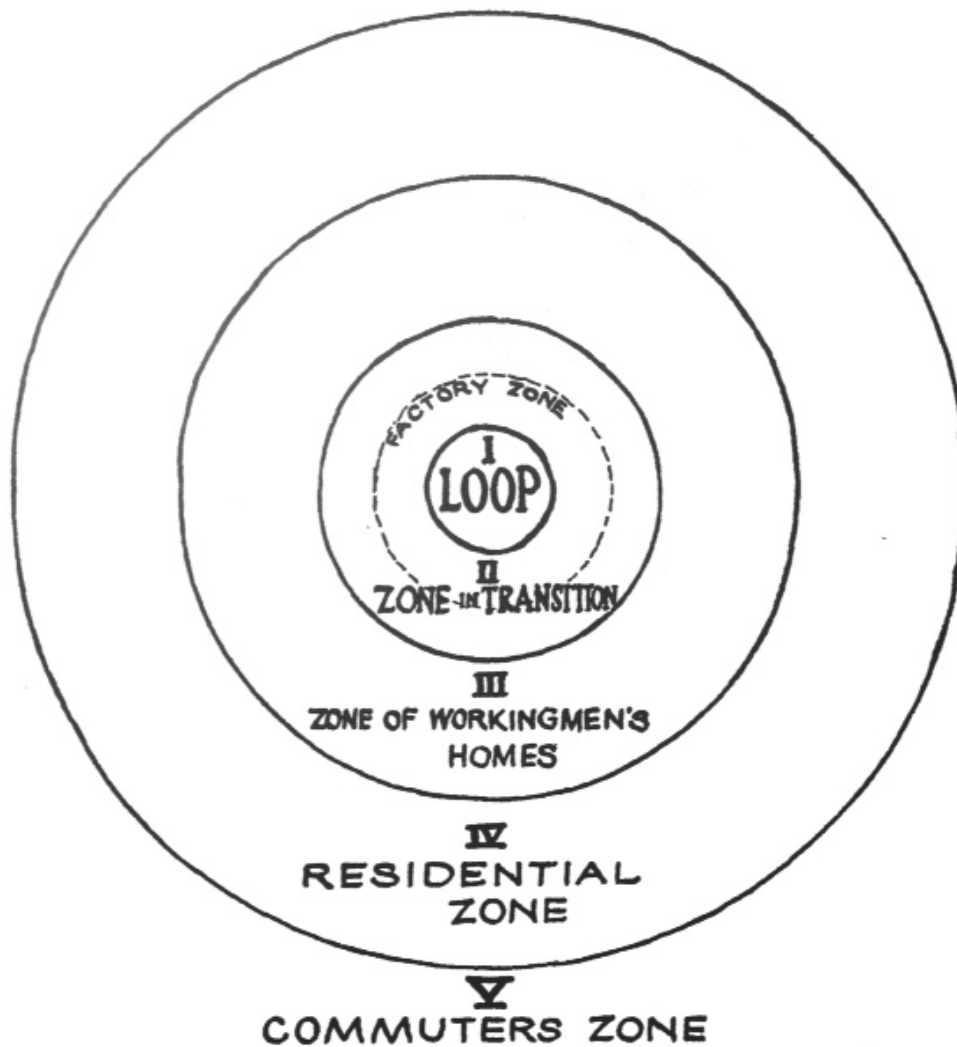


Figure 1: Reproduction of Burgess' Concentric Model of Urban Areas<sup>3</sup>

<sup>3</sup> Permission to duplicate obtained Sept. 27, 2013.

The “tidal wave” metaphor is especially apt because it speaks not only to an overwhelming “ecology of fear” as Mike Davis might say, but also, in the metabolic sense as an intense release of energy and its eventual subsiding into a normal state of equilibrium. The metaphor also suggests that while the main determinant of urban form lies in domination and competition between groups, the actual source of change is *external* to any particular urban system. Additionally, once this externally-derived force hits an urban system the movement is decidedly outward as groups assumed to be the least able to compete locate in areas occupied by the relatively weak or vulnerable populations who have previously occupied some of the more undesirable locations near the city center. Park consequently observes

that immigrant peoples ordinarily settle first in or near the centers of cities, in the so-called areas of transition. From there they are likely to move by stages...from an area of first to areas of second and third settlement, generally in the direction of the periphery of the city and eventually into the suburban area...from a less to a more stable section of the metropolitan region. (R. E. Park, 1936b, p. 171)

According to this paradigm, the “invasion” of newcomers, and immigrants in particular, disrupts both inner- and inter-community relationships and provokes a pressure-releasing movement outward toward the periphery. The series of invasions that result from a disruption to a pre-existing natural patterning create the second process of readjustment that Park and Burgess referred to as “succession.” Park argues for example, that “The two ecological principles, dominance and succession, which operate to establish and maintain such communal order as here described are functions of, and dependent on, competition. In every life-community there are always one or more dominant species” (R. E. Park, 1936a, p. 7). Displacement by succession in the human ecological perspective is therefore tied to the relative internal and external forms of community strength. On one hand, communities that can successfully resist external disruptions or invasions by other types of land uses or people, do so because they have developed the necessary institutions and corollary sustaining mechanisms. Under circumstances of increased competition within a community,

“weaker elements either are forced into a lower economic level or are compelled to withdraw from the community entirely” (McKenzie, 1984, p. 71). Continuing, McKenzie states, “a community which has reached the point of culmination and which has experienced no form of release is likely to settle into a condition of stagnation. Its natural surplus of population is forced to emigrate” (1984, p. 71). Relatively fragile communities are then subject to internal divisions as opportunities wither away and disorganization and social unrest increase ending in the dissolution of the community.

According to the ecological perspective, such dissolution and migration should not be lamented. Burgess explicitly reminds us that “disorganization must be conceived not as pathological, but as normal” (Burgess, 1984, p. 54). Indeed, it is even to be considered as a movement toward an end that is “vaguely or definitively regarded as progressive” (1984, p. 54). The entire process is therefore esteemed since it connotes a sense of urban vitality. Here, Park’s assessment of mobility is rather informative. He states that mobility of any kind is a useful indicator of a city’s metabolism, “mobility is perhaps the best index of the state of metabolism of the city...it is a process which reflects and is indicative of all the changes that are taking place in the community, and which is susceptible of analysis into elements which may be stated numerically” (Burgess, 1984, p. 59).

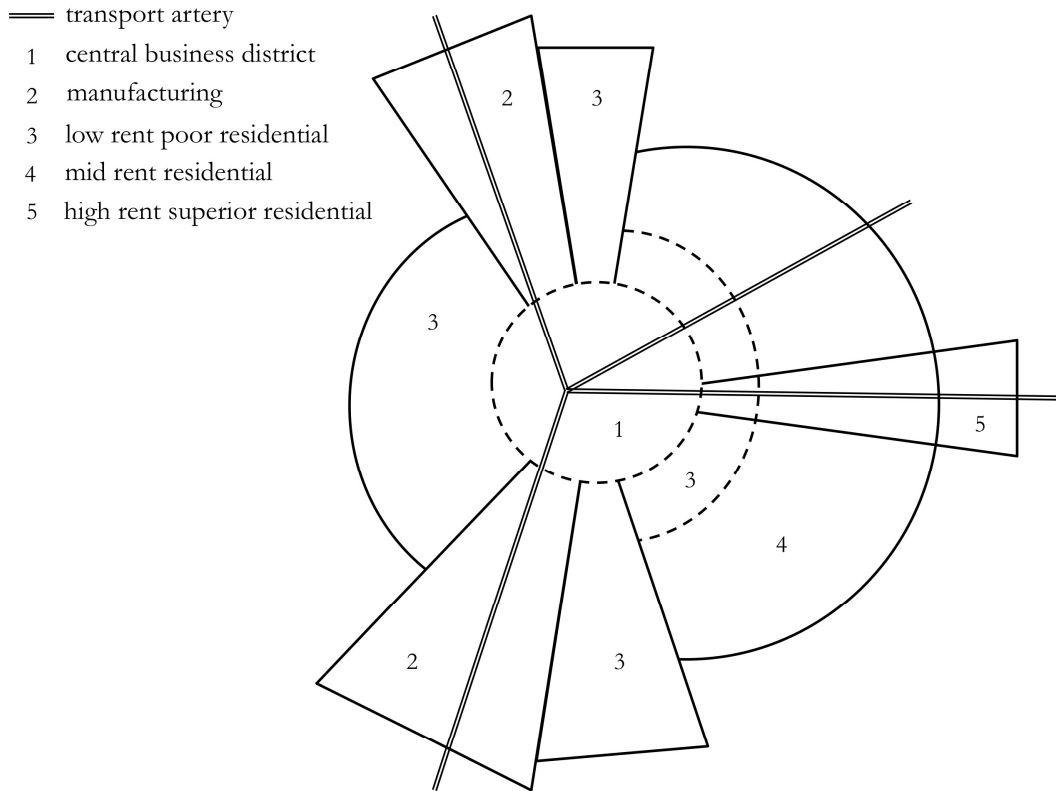
Reducing mobility to displacement moves only, the idea that this is an indicator of deeper forces that can be identified is appealing even if the theory from which it is based is conceptually erroneous. The major failing being that community impoverishment, disorganization, and susceptibility to displacement is normalized at the system level and internalized within at the community level such that within the ecological perspective groups are weak because they are weak, the poor are poor because they are poor, and no systematic explanation of power and control over space is ever offered. This reinscription of socially constructed power onto social actors essentially assumes an uncritical urban geography where immigrants are not only presumed to be the “weakest” in the urban hierarchy, but they also form the exogenous source of urban transformation since their

movement into the city disrupts the urban equilibrium. In this way, the ecological model privileges a horizontal expansion as the primary mode of urban growth. Here, the least desirable zones closest to the manufacturing spaces toward the urban core are continually occupied by the “lowest” groups who push those sociologically above them outward toward the periphery. Displacement in this context is ultimately normalized and even becomes a barometer of urban vitality.

### **2.2.2 Homer Hoyt and the Beginnings of Rational Consumer Choice**

Working as the Principal Housing Economist for the Federal Housing Administration, Homer Hoyt developed an important critique of the Chicago School’s concentric ring model of urban form in 1934 that was later published as the acclaimed work, *The Structure and Growth of Residential Neighborhoods in American Cities* (Hoyt, 1939). In this work Hoyt introduced his evaluation of Park and Burgess’ urban form by claiming that while it was representative of some major urban centers during the 1920’s, it was an idealized pattern established on spurious empirical grounds. He noted for example that “By utilizing the land-use maps and real property surveys... numerous factors may be mentioned that lend support to... criticism. The limitations and qualifications thus brought out seem to render the theory doubtful even as a statement of an ideal pattern of land uses” (Hoyt, 1939, p. 17). Hoyt then went on to outline his arguments against each of Burgess’ zones. The first foray of his attack was directed at what he saw as inconsistencies between the concentric model and an emerging industrial form organized around transportation corridors. “The present pattern of industrial land use,” he noted, “is frequently so different from this original concentric zone pattern that it is doubtful whether it can be asserted that there is any general tendency for a concentric zone of heavy industry to surround the central business district” (1939, p. 20). In contrast to the concentric model, Hoyt pointed to satellite business centers and specialized industrial districts beyond the urban core and the “factory zone” where the Chicago model hypothesized that they would be found. Instead, as Hoyt demonstrated, they tended to locate “near suburban railway

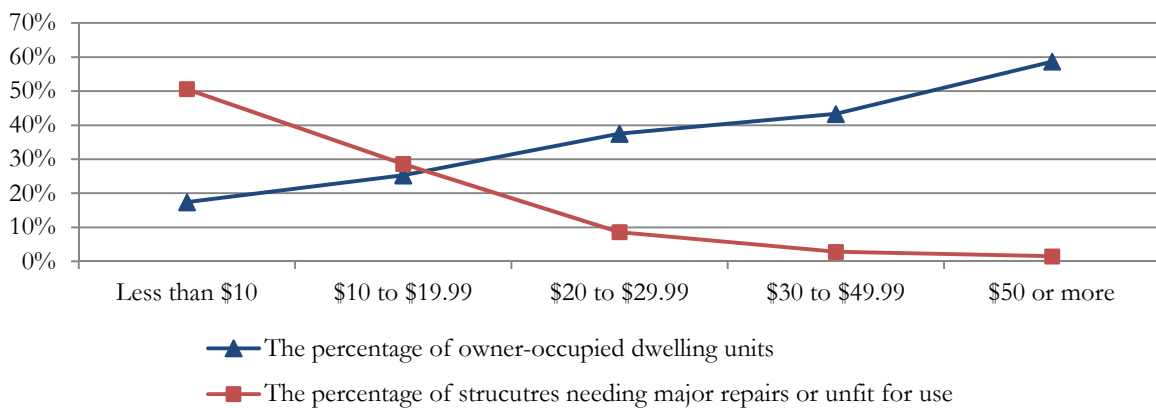
stations, elevated or subway stations, intersecting points between radial and crosstown street-cars lines, or intersecting points of main automobile highways” (1939, p. 20).



**Figure 2: Reproduction of Hoyt's Sector Model of Urban Form**

The reasons behind this organizational form were crucial to Hoyt's own model of urban development, as well as his ideas concerning neighborhood change. Rather than locating in the central urban region as the concentric model hypothesized, Hoyt observed that heavy industry often located toward the periphery due to improved transpiration systems which had made proximity less important relative to other factors such as land costs and taxes. The importance of alternative factors or neighborhood characteristics distinguished Hoyt's "sector model" from the concentric ring model because rather than assuming a natural equilibrium that needed to be maintained or a

condition of perpetual competition and dominance between groups and uses, Hoyt introduced a simple, albeit patterned, cost-benefit scheme to analyze locational patterns. When applied to residential areas, Hoyt’s model revealed that rents, and particularly average block rents, were the primary measure of neighborhood qualities. Rent, Hoyt argued, brought together factors that both property owners and residents believed were important. They were thus a useful proxy for a variety of neighborhood characteristics. Hoyt emphasized this point stating, “a single factor, rent, is representative of a series of other housing factors. Since the average rent of dwelling units in a block reflects the characteristics of the block which can and cannot be measured, patterns of rent may be fully relied upon to serve as a guide to the structure of residential neighborhoods” (1939, p. 72).



**Figure 3: Example of the Basic Urban Pattern Observed by Hoyt<sup>4</sup>**

Based on the analytical primacy of rent, Hoyt studied the relationship between the distribution of rent and a number of other factors including the average age of structures, tenure, the condition of units, the availability of private baths and central heating, over-crowdedness, and non-white occupancy. Hoyt’s analysis revealed that higher rents “tend to cluster around certain axes or around a certain pole in one or more sections of the city” (1939, p. 34). At same time, owner-

<sup>4</sup> Adapted from (1939, p.39)



occupied housing tended to locate toward the periphery where housing was newest. The opposite was also true in that older buildings were located toward the center. Higher concentrations of aged buildings were subsequently associated with higher proportions of renters, which Hoyt explained was due to their lack of income relative to other groups. The average age of structures was therefore one of the most important factors influencing rents, and consequently the distribution of residents as well. These factors came together in a distinctive urban pattern:

The greatest proportion of structures 35 years or more, of tenant occupancy, of dwellings in poor condition, of units lacking a private bath, of occupants of a race other than white, of units lacking central heat and of overcrowded dwelling units, were all shown to be in the blocks in which rents averaged less than \$10 per month. As the average block rent increased, each of the factors enumerated became less prevalent. (1939, p. 49)

An example of this pattern is displayed in Figure 3 where data from Hoyt's tables on Richmond, Virginia shows a negative relationship between owner-occupied units, rents and the condition of structures.

High rent areas did not form neat concentric rings in Hoyt's sector model. Instead, high rent areas occurred in clusters, usually around new developments and transportation corridors. Areas of decreasing gradients of rent in turn surrounded these high rent peaks. Thus while Hoyt emphasized that no constant geometric pattern was observable in all cities, cities were organized around the overriding structure of rent.

In every city there are one or more clusters or blocks in which the average rents paid for residences are the highest in the city. From these high-rent poles, there is a gradation downward on all sides, with successive rings of blocks of lower and lower average rent until the worst slum in the city is reached. There is frequently no sharp dividing line between blocks of different average rents....[but] transition zones, in which there is an intermingling of the higher rental blocks with blocks in which the average rent of the residences is slightly lower. (1939, p. 74)

Urban areas, organized around rents, took the form of wedges that extended outward toward the periphery. The sector, rather than concentric, pattern of urban landscapes was therefore adopted by Hoyt and presented in the following abstract maps with the darkest areas representing the highest rents.

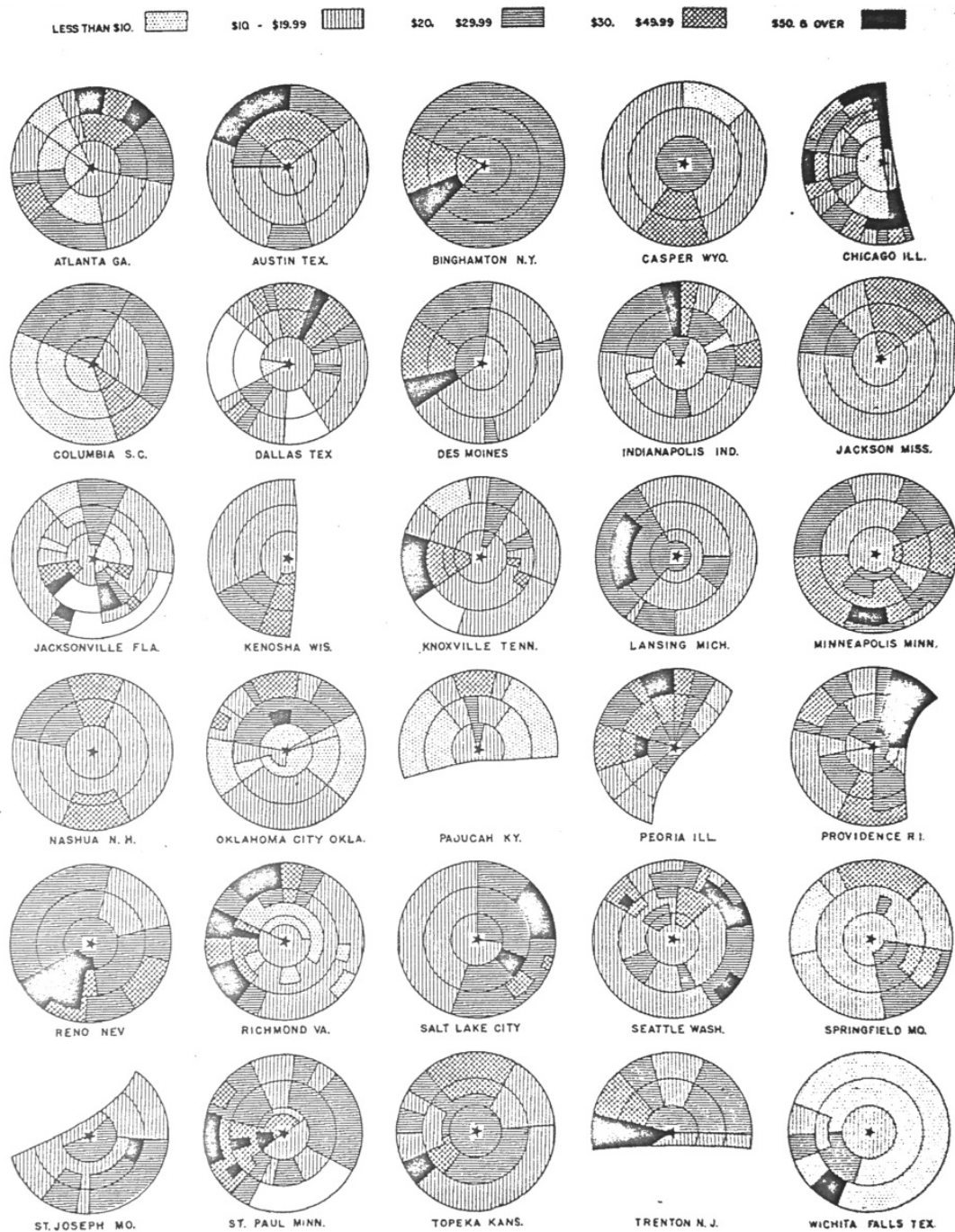


Figure 4: Hoyt's "Theoretical pattern of distribution of rent areas in 30 American cities"<sup>5</sup>

As with the Chicago model of human ecology, Hoyt also placed great importance on population growth as a driver of urban change. According to Hoyt, population growth is found in

<sup>5</sup> This image comes from page 77 of Hoyt's *The Structure and Growth of Residential Neighborhoods in American Cities* which is in the public domain.

any combination of two variations: the net increase in births over deaths and/or the net difference between immigration and emigration. While it was observed that population growth did not occur ubiquitously or uniformly across the urban landscape, its affects were nevertheless constant in that it always functioned as form of pressure on housing markets. For example Hoyt remarks that “the rapidity of population growth is one of the most important determinants of the differences in the speed with which high grade neighborhoods move to new locations” (1939, p. 84). According to Hoyt, the force of population growth, particularly from foreign immigrants or domestic migrations of nonwhite populations such as African Americans, provoked a dual process of housing construction and inner-urban migration. Thus the growth of the city in Hoyt’s model, while sensitive to population increases, favored new construction as the most important measure for neighborhood change. Hoyt described the logic of this process accordingly:

- as industry expands, workers are drawn in by increased economic opportunity;
- the influx of workers puts pressure on the housing market and vacancy rates decrease;
- as demand increases, rents and the value of property rise;
- if the cost of constructing new buildings stays stable relative to rising rents, and thus the value of buildings, then a building boom ensues.

Property booms, drawing from the power of industrial development, were seen as the ultimate result of migration and urban population growth. Hoyt’s sector model consequently placed great emphasis on these new developments and their locations as the driver of neighborhood change.

Hoyt explained this process further noting that while building booms can occur in three, non-mutually exclusive ways—i.e., vertically as in the replacement of single-family homes by multi-family units, in-fill, and peripheral expansion—peripheral expansion in the form of axial growth or isolated nuclei was the dominant pattern. A rise in construction released pressure on the housing market and allowed populations to change locations according to their economic means. Thus while Hoyt argued that “It is not a movement of buildings but a shifting and a change in the character of occupants that produces neighborhood change,” neighborhoods “shift” within a framework that

Hoyt termed, the sector theory of neighborhood change (1939, p. 112). In short, this meant that development tends to occur in sectors according to the original design and intended residential profile.

If one sector of a city first develops as a low rent residential area, it will tend to retain that character for long distances as the sector is extended through process of the city's growth. On the other hand, if a high rent area becomes established in another sector of the city, it will tend to grow or expand within that sector, and new high grade areas will tend to establish themselves in the sector's outward extension. (1939, p. 114)

As high-end housing is built within wedge-like sectors toward the periphery, "lower and intermediate rental groups filter into the homes given up by the higher income groups" (1939, p. 116).

In a quote that would prove interesting for future gentrification theory, neoclassical models, and Urban Renewal, Hoyt argued that the filtering model maintained a certain direction or flow. "High rent or high grade residential neighborhoods must almost necessarily move outward toward the periphery of the city. The wealthy seldom reverse their steps and move backward into the obsolete houses which they are giving up" (1939, p. 116). And while Hoyt believed this was a general pattern, he also noted there were exceptions. One of these was what he termed "de luxe high rent apartment areas." High-end residential housing can be "a renaissance of an old neighborhood" when "some wealthy families desire to live in a colony of luxurious apartments close to the business center...Such apartments can rise even in the midst of a poor area because the tall building itself, rising from humble surroundings like a feudal castle above the mud huts of the villeins, is a barrier against intrusion" (1939, p. 118). The racial patterns of the cities Hoyt analyzed were another important exception to his model that would anticipate the work of later scholars in the 1980s and 1990s who focused on the process of ghettoization. According to Hoyt, African Americans were concentrated in segregated, low-rent and older neighborhoods and do not demonstrate "a gradual thinning out in the percentage of Negroes from the heart of a colored area

to a border line fringe” (1939, p. 42). In fact, nonwhite racial segregation was seen as particularly concentrated. Within the 64 cities Hoyt sampled, “Over 90 percent of the nonwhite population...lived in enumeration districts where 50.0 percent or more of the population were nonwhites” (1939, p. 65). Chicago’s Cottage Grove Avenue was illustrative of this concentrated racial pattern, “The cleavage is sharp and distinct,” Hoyt noted, “There is no penumbra or scattered fringe of nonwhites between the two solid sections, but an absolute and definitive dividing line” (1939, p. 68).

While these exceptions may have added some doubt to the overall generalization of the model, they nevertheless became important foci of Hoyt’s theory in practice. Hoyt’s theory formed a basis for not only his on practice as a speculative landowner, but also as a rationale for more infamous examples of urban planning such as red-lining and Urban Renewal, which Hoyt actively<sup>6</sup> participated in (R. A. Beauregard, 2007). As Kenneth Jackson (1985) explained, the Home Owners Loan Corporation (HOLC), signed into law in 1933, codified Hoyt’s assumptions into their rating schemes. Jackson wrote that

assuming that change was inevitable, [HOLC’s] appraisers accepted as given that the proposition that the natural tendency of any area was to decline—in part because of age and obsolescence of the physical structure and in part because of the filtering down of the housing stock to families of ever lower income. Thus, physical deterioration was both a cause and an effect of population change. (1985, p. 198)

The only logical solution was therefore to select obsolete neighborhoods for demolition in order to forcibly renovate them and end the cycle of blight. Nonwhite populations and African Americans in particular were the primary victims of this analysis.

In sum, Hoyt’s model positions two factors above all others as the most important movers of urban change: development in the form of transportation and industry on one hand and the

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<sup>6</sup> Robert Beauregard’s review of Hoyt’s life work revealed that one of Hoyt’s primary objectives at the FHA was to identify “blighted areas that needed to be demolished and rebuilt” (2007, p. 253). In addition, in the private sector, Hoyt’s consulting firm carried out land use studies for redevelopment agencies in preparation for Urban Renewal projects in Philadelphia and Los Angeles.

relative income of groups on the other. Together these factors underlie the sifting and sorting of urbanization patterns. The housing market is consequently seen as secondary. Residential neighborhoods essentially *grow up* next to developments based on the initial demand, whether working class or affluent, and the quality of the structures built last as anchors for future development and the type of residents. Hoyt describes this relationship as such:

neighborhoods in which homes are well constructed of enduring materials and with a stable architecture will remain themselves for greater periods of time than areas of flimsy constructed homes....deterioration in the quality of neighborhoods will result from the obsolescence and decay of the existing structures, and from the change in the character of the residents as the first inhabitants grow old and are replaced by a younger generation or by newcomers. (1939, p. 88)

Within Hoyt's sector model the totality of these dynamics were brought together in the form of rent that served as the basic building block of analysis.

The advance over the ecological model is significant. First, investments in urban space are placed at the center of the model as the primary driver of change. Second, critically specious notions of domination are dropped in favor of more easily quantifiable indicators. Third, rent, unlike some of the qualitative assumptions used by the ecological perspective, is elevated to a new position as the ultimate signifier of urban patterns allowing for greater generalizability across and between urban spaces. At the same time however, by privileging rent as a proxy for industry, housing development, and residential demographics, Hoyt's model loses three important factors that are important for the analysis of displacement as a force of neighborhood and urban change. First, even though domination is dropped, there is no way of incorporating sociological or legal forms of power that (re)produce both the uneven development of spaces and the segregation of people. Income by itself in an insufficient measure of such forces because it cannot explain how it is differentiated spatially or obtained historically. Similarly, the role of the state and regime actors

generally are minimized such that it appears as if an agent-less industry makes its important locational decisions without regard to either restrictions or the facilitating functions of the state. Finally, by ignoring the role of local interactions among agents that the ecological perspective emphasized—albeit in problematic form—Hoyt’s model fails to provide for the possibility that people and places can interact through a process of dynamic spatialization. The result is that displacement is lost within an homogenizing structure of rent and income.

### **2.2.3 William Alonso and the Neoclassical (Re)Turn**

Hoyt’s trickle-down filter theory of urban transition was premised on the relationship between rents and development. It was presumed that wealthier residents would migrate toward newer structures built around new industry and transportation corridors. While the general assumptions behind this particular urban behavior were left unexamined in Hoyt’s work, they would be elevated to a central position in the models of neighborhood change developed by neoclassical theorists during what has been referred to as the quantitative revolution. William Alonso, one of the primary scholars in this field, regarded Hoyt’s sector model as a variant of Burgess’ concentric rings, and both theories as “historic” (Alonso, 1964b). By comparison, he termed his own theory of urban form, “structural” given its basis in neoclassical economic conceptions of land rent. Neoclassical theories of land rent initially emerged from an analysis of the spatial distribution of agricultural production during the 19<sup>th</sup> century. Critics have added that neoclassicism represents an especially *capitalist* mode of analysis in that it prioritizes harmony over conflict, factor prices over labor theories of value, and exchange over production (Edel, 1977; Storper & Walker, 1989). The major authors that defined this field built upon the pioneering effort of the nineteenth century economist, Johann Heinrich von Thünen (1966),<sup>7</sup> and include the following: William Alonso, *Location and Land Use* (1964a) and “A Theory of

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<sup>7</sup> von Thünen’s model contained the following geographical assumptions: (1) the existence of a single central market, (2) a perfectly uniform plain, (3) ubiquitous transportation, and the existence of perfect competition.

the Urban Land Market” (1960); Richard Muth, *Cities and Housing* (1969); and Edwin Mills, *Urban Economics* (1972).<sup>8</sup> Among these, the work of Alonso was particularly important.

Alonso developed two categories of rent. The first, and most important, of these was the concept of bid-rent, or rent-paying ability, which was expressed as a mathematical function. In order to create his bid-rent curves, Alonso relied on a number of important assumptions that while expedient for his analysis were eventually shown to suffer from extreme abstraction. The first of these are that: (1) farmers’ profits are tied to location, and (2) farmers make decisions about land based on profitability and thus location. Within his schema, Alonso separated farmers from landowners in order create a situation where farmers bid against each other for better and more profitable locations. Alonso expressed this relationship as a “profit curve” or a bid-rent function. Significantly, the profit curve assumes profits along the line will be the same for all actors, and thus represents the price per acre farmers of the same product will be willing to pay for land at different locations. The x-axis in this scenario represents miles/distance from a geographical center defined as the market while the y-axis represents price per acre. Price per acre in this case is actually a bundle of prices that may be thought of as return. Return is then calculated as the price of the produce on the market minus production costs and minus shipping costs. Thus, according to Alonso’s representation, the market price for a good determines the price—and thus location—a farmer can pay for land with a certain use. Alonso demonstrates this through s series of examples that increase in complexity. The first of these, wheat production, contains the following components:

- the price of wheat produced from a single acre on the market equals \$100;
- production costs for wheat on a single acre equal \$50; and
- transport costs for moving the wheat produced on this single acre equal \$5 per mile.

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<sup>8</sup> Other scholars were crucial to neoclassical theory. A few of these are: Philip Wicksteed’s notion that land rent is determined by the value of its marginal product (1955); Vilfrado Pareto’s notion of optimality and efficiency; and Léon Walras’ contribution, the general equilibrium theory (1954).



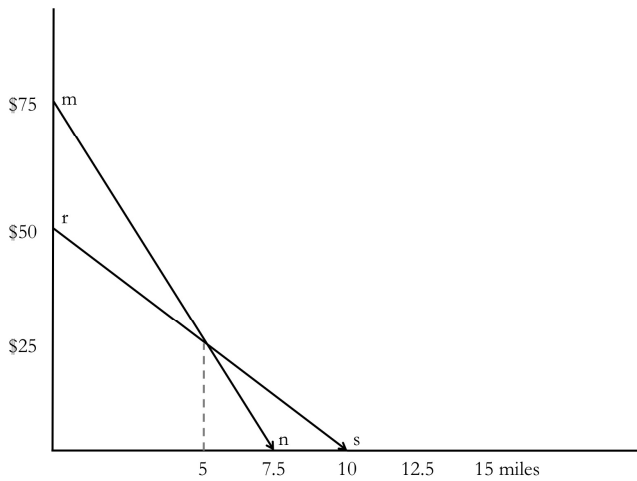
And thus, after production costs are subtracted from the price of wheat on the market, the “return” for production of a single acre of wheat is zero at 10 miles. In order to show how changing demand for a single product—in this case, wheat—affects the locational preference—expressed in terms of potential returns—of producers, Alonso compares two bid-rent curves at different market prices for wheat. He explains:

If demand increases, and the price of wheat at the market rises to \$125 (while production and transport costs remain constant), profits or bid rent at the market will be \$75; at 5 miles, \$50; \$25 at 10 miles, and zero at 15 miles. Thus, each bid rent curve is a function of rent vs. distance, but there is a family of such curves, the level of any one determined by the price of the produce at the market, higher prices setting higher curves. (1960, p. 151)

Alonso was well aware that in actual land markets there are multiple producers that not only compete against producers in the same industry, but also across industries for the same land. In order to represent this inter-producer/industry competition he added an additional level of abstraction and included a bid-rent curve for pea production to compare with the curve for wheat production. Being a distinct production process, pea production was assumed to involve different transport and production costs. The assumptions for pea production are as follows:

- the price of one acre’s production of peas at the market equals \$150;
- production costs of pea production on a single acre equal \$75; and
- transport costs for peas produced on this single acre equal \$10 per mile.

Therefore, subtracting the market price from production costs gives us a return of \$75 for each acre of pea production. Given the particular transport costs, the bid rent curve for pea production will begin at \$75 and be zero at 7.5 miles. Now, putting the two together in a “family of bid rent curves,” with pea production representing line MN and wheat production representing line RS, gives us the following expression.



**Figure 5: Pea and Wheat Bid-Rent Curves**

Based on these ideal functions, Alonso sought to show that bid-rent curves for particular industries correspond to spatial patterns that reflect the profit-maximizing behavior of individual producers. “It will be seen,” Alonso states, “that pea farmers can bid higher rents in the range of 0 to 5 miles from the market; farther out, wheat farmers can bid higher rents. Therefore, pea farming will take place in the ring of 0 to 5 miles from the market, and wheat farming in the ring from 5 to 10 miles” (1960, p. 152). The notion that capitalist producers would spatially organize themselves according to profit-maximizing behavior that would in turn result in certain a certain distribution of production activities led Alonso to make the three important observations:

- “(1) land uses determine land values, through competitive bidding among farmers;
- (2) land values distribute land uses, according to their ability to pay;
- (3) the steeper the curves capture the central locations” (1960, pp. 152-153).

Using his model of multiple bid-rent curves for agricultural products as a theoretical basis, Alonso aimed at constructing a second model to represent the larger urban land market. This larger model combines two sub-models: one for businesses/firms and a second for residential uses. The assumptions for these models are similar to those shown above but with several modifications that deepen the level of abstraction. For example, in the case of the former, like agricultural producers,

firms are assumed to be motivated by profit; however, whereas agricultural producers are understood to be highly sensitive to transportation costs, firms are imagined to be more responsive to conditions that affect operating costs.

Since in most cases the volume of business of a firm as well as its operating costs will vary with its location, the rate of change of the bid rent curve will bear no simple relation to transport costs....The rate of change of the total bid rent for a firm, where profits are constant by definition, will be equal to the rate of change in operating costs. Therefore the slope of the bid rent curve, the values of which are in terms of dollars per unit of land, will be equal to the rate of change in the volume of business minus the rate of change in operating costs, divided by the area occupied by the establishment. (1960, p. 154)

Ultimately, this means that where the farmers' bid-rent curve is determined by the price of the produce—i.e., demand—with urban firms, the curve is determined by the level of profits while “the price of its products may be regarded for our purposes as constant” (1960, p. 154).

In the case of housing, Alonso becomes deeply entrenched within a scaffolding of assumptions that seem to make his residential curves more representative of the dominant spatial patterns of his time rather than a mode of critical inquiry. The major difference that separates firms from households is that where firms are motivated by profit, Alonso argues that households are motivated by a notion of satisfaction that in turn depends on a particular conceptualization of transportation and living arrangements: “A consumer, given his income and his pattern of tastes, will seek to balance the costs and bother of commuting against the advantages of cheaper land with increasing distance from the center of the city and the satisfaction of more space for living” (1960, p. 154). This defining assumption involves a set of qualifications that are detailed in the table below.

**Table 1: Alonso's Assumptions for Residential Location**

Assumption	Explanation
Commuting costs	Households are assumed to pay for mass transit or drive personal automobiles and not ride bikes or other alternative forms of transportation whose costs might be minimal.
Living space	More space for living is preferred rather than less—i.e. smaller, dense living arrangements. Thus, the pattern of tastes is assumed to be specifically, a preference for low-density living with larger land lots and larger houses such as is the case with urban residential patterns favoring single-family detached homes.
Equal satisfaction	A household is assumed to be equally satisfied at any given point along the curve—i.e. at any location within the limits satisfaction defined by the curve.
Income	The main difference with residents is assumed to be income such that the bid curves for wealthier households would be flatter than those of poorer households, subsequently allowing them more freedom to distance themselves from the city center. For example, “the price the individual will bid for land will decrease with distance from the center at a rate just sufficient to produce an income effect which will balance to his satisfaction the increased the increased costs of commuting and bother of a long trip” (Alonso, 1960, p. 154).

The last assumption made by Alonso regarding income is crucial and deserves some elaboration.

Alonso argues that:

The reason for this is not that the poor have greater purchasing power, but rather that they have steeper bid rent curves. This stems from the fact that, at any given location, the poor can buy less land than the rich, and since only a small quantity of land is involved, changes in its price are not as important for the poor as the costs and inconvenience of commuting. The rich, on the other hand, buy greater quantities of land, and are consequently affected by changes in its price to a greater degree. In other words, because of variation in density among different levels of income, accessibility behaves as an inferior good. (1960, p. 156)

At this point, it should be evident that neoclassical models are fundamentally based in marginal productivity theory. However, unlike in the Ricardo/von Thünen model, modern neoclassical theory assumes commodities are produced with several inputs that are continuously variable and substitutable. The markets for these inputs are also assumed to be competitive. As Mills explains:

The marginal product (*MP*) of a factor of production is the change in production that results from a small change in the amount of the input employed. The *VMP* [value of the marginal product] is the output price multiplied by the *MP* of the input. It shows the change in the firm's revenue resulting from a small change in the employment of an input, holding constant the amounts of other inputs. (Mills, 1972, p. 43)

Furthermore, classical and neoclassical theories are equivalent only in situations that permit input and output markets to be perfectly competitive. For example, Ricardo believed that land rent equals residual revenues remaining after other inputs are compensated at competitive prices. Neoclassical writers on the other hand believe that land rents were set, like other factor prices, by marginal productivity. Similar to Hoyt's model, the economic role of rent therefore assumes a coordinating function that is defined by the market for land such that equilibrium is reached between supply, demand, and use. In short, neighborhood changes result from an assumed equilibrium between supply and demand as well as competition among a variety of different actors. Residential preferences, rather than being the result of social structures, history, or even culture, are assumed to be relatively static. The only difference then is one's ability to actualize on these desires. The image of the city under the neoclassical model becomes an urban landscape of desire where people and space are governed by effective demand. Lost is the principle of domination or the exogenous affect of immigration that were central to the ecological model. Missing as well are the spatial relations between different groups of urban actors whose particular activities affect the development of space in neighboring sectors that Hoyt hypothesized. Space in the neoclassical model is therefore a rearticulation of Margret Thatcher's extreme individualism, "there is no such thing as society. There are individual men and women," however in this case, these individuals all come with de-historicized preferences and pockets of cash. Those *individuals* without the necessary means are consequently free to chose from what ever is left over after wealthier individuals choose their desired locations.

The neoclassical model furthermore obscures the process of displacement. As a process that affects specific groups of people with unique spatial and historical trajectories, displacement is

essentially dismissed; in part because leans toward a-historicism and a-spatiality, but also because in place of displacement lies only choice and ability. If those with less choice are forced to move, it is only because, individually, they are limited by their means. In this schema, the concepts of force and structure are reduced to aberrations. Not only are moves essentially the expressions of desire and thus ultimately voluntary, but any condition that forces a tenant to move—regardless of her ability to pay—or prevents her from moving to certain places are only considered within a framework of efficiency. Displacement, if it exists at all, is therefore merely an obstruction to the optimal distribution of space within a market based on effective demand.

#### **2.2.4 Uneven Development and Marxian Theories of Urban Change**

Where Burgess and Park saw an unrelenting ecological field of competition for space and assumed the primacy of industrial uses over others, Alonso's conception dismisses the a priori supremacy of any single use and constructs a theory based on the ubiquity of utility maximizing behavior. The problem with this was not that neoclassical dynamic models failed to produce results that were dramatically different than existing urban patterns, but rather, as a new group of political economy scholars with decidedly Marxist proclivities would point out in the 1970s, the models essentially functioned as passive, obfuscating, and even legitimizing descriptions of spatial injustice. Thus rather than offering a critique useful for changing actual urban relations, it was argued that neoclassical models failed to question what many saw were the fundamental cause of urban patterns: the various manifestations of unjust power relations that enter into "the market" as structuring forces. To provide critical insight into these fundamental processes, many political economists turned to Marxian explanations which conceptualized the shifting and sorting of urban land *not only* as a function of purchasing power and differential costs, *but also* one tied to the contingent development of the capitalist system as a whole.

David Harvey's important critique of neoclassical marginal utility theories in his pioneering work, *Social Justice and the City* (1973), was a valuable inroad toward a Marxist theory of urban change. In writing against the concentric model of urban form, Harvey began his critique by stating that Burgess and Park's theory suffered from deficit of intent and critical perspective. Thus when approaching the question of the concentration of poverty, "They did not ignore the issue, of course, but it was of secondary importance to them. As a result, the urban land-use theory which they developed has a critical flaw when it is used to explain the ghetto" (1973, p. 132). Harvey essentially leveled the same critique at the neoclassical economists. The argument is well organized and worth quoting at length.

Urban land use, it is argued, is determined through a process of competitive bidding for the use of the land. The competitive bidding proceeds so that land rents are higher nearer the centre of activity....If we now consider residential choice open to two groups in the population (one rich and one poor) with respect to one employment centre, we can predict where each must live by examining the structure of their bid rent curves. For the poor group the bid rent curve is characteristically steep since the poor have very little money to spend on transportation; and therefore their ability to bid for the use of land declines rapidly with distance from the place of employment. The rich group, on the other hand, characteristically has a shallow bid rent curve since its ability to bid is not greatly affected by the amount of money spent on transportation. When put in competition with each other, we find the poor group forced to live in the centre of the city, and the rich group living outside....This means that the poor are forced to live on high rent land. The only way they can adjust to this, of course, is to save on the quantity of space they consume and crowd into a very small area. The logic of the model indicates that poor groups will be concentrated in high rent areas close to the city centre in overcrowded conditions. Now it is possible to construct a number of variants to the model....If congestion costs increase in the central city, for example, and the rich decide that the time and frustration are not worth it, then they can with ease alter their bid rent function and move back into the centre of the city....All this actually means is that the rich group can always enforce its preferences over a poor group because it has more resources to apply either in transport costs or to obtaining land in whatever location it chooses. (1973, pp. 134-135)

Thus, Harvey argued that the basic problem of ghetto formation—or any other problem of urbanization for that matter—was found within the capitalist system itself and neoclassical theorists, while cognizant of the micro-economic behavioral mechanisms in operation, nevertheless offered theories that simply explained an unjust pattern rather than providing an alternative. Harvey

consequently termed these models “liberal” because, in his words, “they recognize inequality but seek to cure that inequality within an existing set of social mechanisms” (1973, p. 136).

To demonstrate the connection between neoclassical theory and the maintenance of an unjust system Harvey exposed the relationship between scarcity and the notion of Pareto optimality at the core of neoclassical models. Scarcity, Harvey argued, was not a natural phenomenon, but was in fact a social creation that served certain objectives. Scarcity, more than any other factor underlay the production and exchange of goods within the so-called market. “A market system,” Harvey wrote, “becomes possible under conditions of resource scarcity, for only under these conditions can price-fixing commodity exchange market arise....We therefore find a paradox, namely that wealth is produced under a system which relies upon scarcity for its functioning” (1973, p. 139). To get rid of scarcity would be to get rid of capitalism all together since “It follows that if scarcity is eliminated, the market economy, which is the source of productive wealth under capitalism, will collapse” (1973, p. 139). Scarcity is therefore maintained through a method, referencing Engels’ (1979) work on the subject, that was pioneered by Haussmann—that is, by moving poverty and poor people around.

This crucial point, while relatively underdeveloped in *Social Justice and the City*, would become an especially important element to what Soja termed the “‘marxification’ of urban scholarship” (2000, p. 100). To tackle it, Harvey and other authors would turn to a more elaborate model of urban development based in a conception of capitalism and its relationship to land rent that developed over several phases. In the first phase, Anne Haila (1988) notes, “Marx’s theory of rent was investigated and developed while the neoclassical concept was criticized. Special emphasis was laid on attempts to apply rent theory to urban questions” (1988, p. 80). These applications often attempted to outline the different categories of rent along explicitly Marxist lines. Marxian scholarship in this early phase was therefore preoccupied with understanding the development and consequences of absolute, monopoly and differential rent as they related to urban problems. The



three categories of rent were originally put forth by Marx as a criticism of Ricardo's singular emphasis on differential rent. Since then, the categories have been subjected to a variety of criticism and reformations. David Harvey has described them accordingly:

#### *Monopoly rent*

Monopoly rents occur when competitive conditions do not exist. Harvey gives two examples. In both cases, the rent depends on the ability to realize a monopoly price for the product and the monopoly rent is a deduction out of surplus value produced in society as a whole. The first example describes a situation where landowners own land that either has a special quality or location to a certain kind of activity. In this first case, the monopoly price creates the rent. The second example involves a case where "landowners may refuse to release unused land under their control unless paid such a high rent that the market prices of the commodities produced on that land are forced above value" (Harvey, 2006, p. 350). In this case, the rent charged creates the monopoly price.

#### *Absolute rent*

Absolute rent is a purely Marxist category and has historically referred to the lower organic composition of capital<sup>9</sup> in a particular sector that prevents an equalization of the rate of profit in that industry as compared to the average. Edel has described this as a situation when

land owners, either by insisting on a minimal rent for marginal land on which no surplus profit could be produced, or through other barriers to use of land by capitalists, restrict the flow of capital into a sector of production...thus preventing competition from reducing the price of the products of that sector to the price of production. The price is, however, stated to remain below the value of the product, so that absolute rent is only possible for sectors in which the price of production is below value. (Edel, 1976, p. 102)

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<sup>9</sup> The organic composition of capital generally refers to the ratio of constant to variable capital; or, in other words, the amount of capital invested in production including materials and machinery to the amount invested in labor.

### *Differential rent*

Harvey, following Marx, distinguishes between two types of differential rent, abbreviated as “DR-1” and “DR-2”. The two forms of differential rent hinge on a notion of permanent versus transient qualities, however because both of these are subject to significant human action the lines between them are often blurred since it is practically impossible to distinguish what is owed to what—i.e., what is owed to permanent features of the landscape and what is owed to capital investments. DR-1 refers to relatively permanent differences in land quality and is based in Ricardian concepts such as soil fertility and location. Harvey explains:

The market value of products in which land is used as a basic means of production is fixed by the price of production on the worst land—that land which has the highest price of production because of its particular combination of fertility and location. Producers on better land therefore receive excess profits....In other words, DR-1 is fixed by the difference between individual prices of production and the market value determined by conditions of production on the worst land. (Harvey, 2006, pp. 353-354)

DR-2 on the other hand, refers to more transient differences in land quality that result from shifting flows of capital into improvements made to land. DR-2 emerges because of an assumption made in determining DR-1—i.e., that producers invest exactly the same amount of capital on their land; “But if producers invest more than the ‘normal capital’, and gain returns to scale on the capital they invest, then their individual price of production will be lower than the market value fixed by the application of the ‘normal’ capital. All or some of this difference may then be appropriated as DR-2” (Harvey, 2006, p. 355).

### *Class monopoly rent*

Class monopoly rent is a concept owed to David Harvey who introduced it in his essay “Class-Monopoly Rent, Finance Capital and the Urban Revolution” (1974). “Class-monopoly rents arise because there exist owners of ‘resource units’—the land and the relatively permanent improvements incorporated in it—who are willing to release the units under their command only if they receive a

positive return above some arbitrary level” (Harvey, 1974, p. 241). There is debate about whether or not class monopoly rents can be considered a separate category of rent. Harvey himself has stated that he believes they should technically fall under absolute rent (1974). However, the basis of Harvey’s concept lies in the question of class power and whether or not landlords act collectively as a group according to their interests. Harvey describes two cases that elaborate on the concept. The first concerns low-income tenants who are “trapped within a particular housing sub-market” and have “no alternative but to seek accommodation in the low-income rental market” (1974, p. 241). The second involves a situation where a class of speculator-developers use their political influence to create high-end housing for middle- and upper-income groups. In the former case, landlords are encouraged to under maintain and disinvest in order to secure sufficient returns; in the latter, speculator-developers realize class-monopoly rents through their ability to manipulate land use decisions and persuade upper-income groups of the unique virtues of a the ‘right’ neighborhood.

Other authors have provided alternative articulations of Marxian categories of rent. Among these, Alain Lipietz’s (1974) and Mathew Edel’s (1976) have stood out for their careful considerations of Marx’s categories. Edel (1992) has conveniently organized the various articulations into a table that I have modified to include Walker’s “redistributive rent” which Harvey, as well as Edel it seems, do not consider a distinct category of rent.

**Table 2: Marxian Typology of Rent<sup>10</sup>**

Type of Rent	Basis of Category
I. <ul style="list-style-type: none"> <li>• Marx ‘Absolute rent’;</li> <li>• Lipietz ‘Tribut à la Marx’</li> </ul>	“Based on value differential in a model of transformation between prices and values (rent = value – price of production)”
II. <ul style="list-style-type: none"> <li>• Edel ‘Quasi-absolute rent’;</li> <li>• Lipietz ‘Tribut à la Engels’;</li> <li>• Harvey ‘Class monopoly rent’</li> </ul>	“This category and category I rent are based on the power of a significant class fraction, and may affect prices of basic goods in value of labor power (VLP) living standard”
III. <ul style="list-style-type: none"> <li>• Marx ‘Monopoly rent’</li> <li>• Harvey ‘Absolute and monopoly rent’</li> </ul>	“This category and categories I and II are rents that may drive prices above the price that would prevail without monopoly. (For this category only, not for basic goods affecting VLP.)”
IV. <ul style="list-style-type: none"> <li>• Ricardo ‘Rent’</li> <li>• Marx ‘Differential rent I’</li> </ul>	“Rent due to differentials in site quality or location at constant capital composition”
V. <ul style="list-style-type: none"> <li>• Marx ‘Differential rent II’</li> </ul>	“Rent due to differentials in site quality or location only manifest via interaction with changing capital composition” (Edel, 1992, p. 69)
VI. <ul style="list-style-type: none"> <li>• Walker Redistributive rent</li> </ul>	Rent increases due to specific government activity

The early interest in Marxian categories of rent—especially its monopoly and absolute forms—led the Marxist discourse on urban land valuation because they were seen to play a significant role in the production of urban problems that particularly affected the poor and working classes and thus were considered key to informing strategies of resistance. For example, Edel has commented:

But the main point is that, to a greater or lesser extent [sic] landlords or other monopolists can limit capital investment in land-using activities. And the rent collected may be passed on in higher prices, which can affect the cost of living for all or some of the working class. There is thus a chance that labor will have a direct interest in the amount of absolute rent (and perhaps monopoly rent); it will be in direct conflict with landlords. (Edel, 1977, p. 6)

In the 1980s, Marxian debates over the theory of rent moved in new directions. In particular, they were concerned with the role of land rent within the overall development of the capitalist system. Following Ricardo, Marx had originally conceived of landowners as an essentially unnecessary, parasitic group. This view is summarized in the passage below:

Although landownership is now part of capitalism, it was a precapitalist institution....Under capitalism, the main regulating and exploiting process is the employment of labor power by capital. Surplus is appropriated as surplus value by ‘industrial capital’ and accumulated by capitalists. The landlord does not receive earnings directly by purchasing labor power and selling

<sup>10</sup> Adapted from Edel (1992, p. 69).

its product, although by owning land necessary for production, he receives a return for renting it out. Thus, in Marx's view, rent is not a primary form of surplus in capitalism, but a secondary or derivative form: like taxes and interest it is a 'tribute', or a 'deduction from surplus value'. (Edel, 1992, p. 59)

Since Marxists view rent as a deduction from surplus value, they have tended to see landlords in a negative fashion as parasites that neither create value nor employ capital, but merely charge for the use of space and its resources. In response, Edel has convincingly argued that at least during the initial phases of capitalist development—i.e., when peasants were stripped of the means of production and driven from their lands—landlordism played a crucial, stabilizing role. During this period, private ownership was necessary to prevent workers from turning to independent production on their own land. However, as capitalism developed into a more totalizing system under new and evolving modes of accumulation, this initial role could now be seen as a barrier to further accumulation. For example, in urban situations, individual landlords sometimes prevented development through a number of possible actions:

- the refusal to lease or sell land by large landowners;
- the control of urbanizable land by transit or utility monopolies;
- the fragmentation of land by individual landowners that prevents larger assemblages necessary for certain forms of development;
- speculative holding of land;
- the restriction of development by a capitalist group or industry;
- limitation of density by the state; or
- limitation of the flow of investment (capital) through a financial monopoly or high interest rates (Edel, 1992).

At a very general level then, Marxists explained this problematic through a dialectic between exclusion and accumulation. On one hand, exclusion is codified through property rights. Property rights in turn bestow monopoly powers that can potentially aid the process of accumulation by allowing almost unilateral powers of investment (or disinvestment) in space. On the other hand, when property rights are extended to various social agents they may not only assist relatively less powerful groups such as workers against other more powerful social actors such as the state or

capitalists, but they may also disrupt accumulation when the behavior of particular landowners prevents development. Indeed, contrary to determinist opinion, the behavior of individual landowners has been shown to differ remarkably (D. Massey & Catalano, 1978) and rather than uniformity, heterogeneity has been recognized as a dominant urban pattern resulting from such divergent behavior (Ball, 1977, 1985). Nevertheless, authors such as Anne Haila have taken aim at this conclusion since to claim that because heterogeneity exists, no general pattern or theory of land rent can be formulated is essentially a *reductio ad absurdum* (Haila, 1990). Haila's point is not so much directed at establishing a new theory of land rent—although she does take on this task in a earlier essay (1988)—but it is instead meant to reaffirm the utility of the theory of urban land valuation for analyzing urban phenomena and, in particular, the formation of spatial patterns. Thus for Haila, like Harvey before her, the question of the role of decision-makers in land-use—e.g., landlords, developers, and financiers—was of crucial importance despite the relative diversity of their individual behavior.

David Harvey's work, *Limits to Capital* (1982), provided the initial direction for this hypothesis by proposing the then controversial position that rather than acting as a barrier to accumulation, landlords, responding to and simultaneously producing processes of land valuation, aided capital accumulation through their coordinating actions. Beginning his section on this subject, Harvey posits the question:

why the revolutionary force of capitalism, which is so frequently destructive of other social barriers that lie in its path, has left landed property intact (albeit in a transformed state) and permitted the appropriation of rent (a part of the surplus value that would otherwise accrue to capital) by 'a class that neither works itself, nor directly exploits labour, nor can find morally edifying rationalisations for its continued existence'?' (Harvey, 2006, pp. 358-359)

He answers this by arguing that the barriers placed on land and investment through the privileging of property rights was not only essential to the early development of capitalism, but in addition to a certain ideological and legitimizing role, it has come to play an important part in "forcing the *proper*

allocation of capital to land” (Harvey, 2006, p. 360). The key dynamic that makes this possible is the existence of systemic competition (and the search for enhanced rents) that forces landowners to invest, or allow investment, in their properties such that urban space is rationalized and coordinated according to the drive toward accumulation. In Harvey’s words, “competition forces producers into further development of the productive forces and further rationalization of production. The principle carries over...to the rationalizing of the spatial organization of capitalism through competition” (Harvey, 2006, pp. 360-361). There thus exists a ‘terrain of compromise’ between landlords and capitalists due to the fact that while improvements may be made by capitalists, they eventually become the property of the landowner and thus it is in the interest of the landowner to promote the ‘highest and best use’. Anne Haila, who built on and extended Harvey’s thesis put it this way: “In contemporary society rent is no longer a barrier, unlike during earlier stages of capitalism. Once rent is accumulated, it enters immediately into the stream of new investments generally, where it contributes directly to the accumulation process” (1988, p. 81).

For Haila and Harvey, the bridge between landowners and accumulation occurs because rather than separating landowners from capitalists, as previous analyses almost universally did, both of these authors see them as a special type of capitalist which deals with a unique type of capital, *fictitious capital*. Harvey describes the important category of fictitious capital in this way:

The theory of ground-rent resolves the problem of how land, which is not a product of human labour, can have a price and exchange as a commodity. Ground-rent, capitalized as the interest on some imaginary capital, constitutes the ‘value’ of the land. What is bought and sold is not the land, but title to the ground-rent yielded. The money laid out is equivalent to an interest-bearing investment. The buyer acquires a claim upon anticipated future revenues, a claim upon the future fruits of labour. Title to the land becomes, in short, a form of *fictitious capital*. (Harvey, 2006, p. 367)

In this way, many Marxists have come to see landlords as active participants in the circulation of interest-bearing capital through land markets such that land-use tends to be (1) coordinated and (2) pushed into its ‘highest and best use’ in search of enhanced future ground rents that in turn function

to aid the process of accumulation. The implications that branch off from this observation tend to suggest that the ‘normal’ functioning of capitalism is the primary mover behind urban and neighborhood change.

One thing is to say that landlords and the private ownership of land play a key facilitating role in the process of accumulation, it is quite another thing however to explain exactly how that change occurs and when it does. To explain this, Marxists have tended to rely on the theory of uneven development and its corollary, “spatial fixing.” The theory of uneven development derives principally from Marx’s critique of capitalism. In particular, it surfaces in three areas of Marxist thought: (1) the relationship between capitalist competition and the physical separation between production, distribution, exchange and consumption; (2) the question of colonialism, free trade, and progress; and (3) Engel’s observations of working class districts in Manchester. It is also found in the statement that there is a characteristic tendency to annihilate space in favor of time within capitalism. Neil Smith (2008, p. 126) appropriately points out that while Marx is not the originator of the phrase, “the annihilation of space by time,” the passage in the *Grundrisse* where Marx references it has nevertheless become an important (Marxist) statement about the special relationship between capitalism and space to which many later scholars have turned. In the section, Marx reiterated that capitalism depends on the circulation of all forms of capital, a point that he would later clarify in more detail in the first volume of his work by the same name, *Capital*. He also stressed that the unyielding competition between capitals increases the incentive to reduce the time and costs of circulation. This tendency is *inherent* in that it exists “so that the expanded capital can be returned more quickly to the sphere of production and accumulation can proceed more rapidly” (N. Smith, 2008, p. 126). Given that most forms of capital must be transported, capitalism was understood by Marx to strive incessantly toward “spacelessness”—what he referred to as the annihilation of space by time—in order to realize competitive returns.



In Marx's work, the capitalist effort toward spacelessness was generally described as a tendency toward *equalization*. That is, through technological innovation and the development of built environments, or what Harvey termed the "space economy for production," capital drives to equalize material conditions across space in order to facilitate the unhindered circulation of capital and thereby reduce the costs associated with barriers to time and space. Here, the full passages of Marx's reference are useful. In the first of these, Marx describes how a society based on the production of exchange values—capitalism—is inherently driven toward the creation of built environments and technologies that reduce spatial barriers since the cost of transporting commodities—circulation—is incorporated into the production process.

However, in so far as circulation itself creates costs, itself requires surplus labour, it appears as itself included within the production process. In this respect circulation appears as a moment of the direct production process. Where production is directly oriented towards use, and only the excess product is exchanged, the costs of circulation appear only for the excess product, not for the main product. The more production comes to rest on exchange value, hence on exchange, the more important do the physical conditions of exchange—the means of communication and transport—become for the costs of circulation. Capital by its nature drives beyond every spatial barrier. Thus the creation of the physical conditions of exchange—of the means of communication and transport—the annihilation of space by time—becomes an extraordinary necessity for it. (1973, p. 524)

In this second passage, Marx builds on the ideas of the first and describes how this powerful internalized feature of capitalism leads to the geographic extension of urbanization and tendencies toward equalization.

Thus, while capital must on one side strive to tear down every spatial barrier to intercourse, i.e. to exchange, and conquer the whole earth for its market, it strives on the other side to annihilate this space with time, i.e. to reduce to a minimum the time spent in motion from one place to another. The more developed the capital, therefore, the more extensive the market over which it circulates, which forms the spatial orbit of its circulation, the more does it strive simultaneously for an even greater extension of the market and for greater annihilation of space by time. (1973, p. 539)

The unparalleled result of this tendency, vis-à-vis other modes of production, is witnessed in the advance in both the scale and quality of the various means of communication and transportation developed over the last two hundred years. Smith highlights only a few as exemplary examples:

“Roads, railways, factories, fields, workshops, warehouses, wharves, sewers, canals, power stations, dumps for industrial waste....and the myriad other facilities are the geographically immobilized forms of fixed capital” (2008, p. 159).

In the larger body of Marxist literature, equalization is also dialectically related to its opposite tendency, *differentiation*. And while it may be surprising that Marx gave such little attention to differentiation in his work, Smith notes that his emphasis on equalization over differentiation was mostly due to the historical moment in which he was writing. “Marx focused on the equalizing tendency of capital and viewed it in context of an expanding world market....His relative lack of concern for the differentiation of geographical space is undoubtedly a product of the time in which he lived; the development of the railroads and the European colonization of the globe were at the forefront of the production of space in this period” (N. Smith, 2008, p. 128). Smith also notes that Marx’s preoccupation with equalization was also due to the fact that it was both necessary for the development of his arguments—i.e., the assumption that capitalism was everywhere already established and a closed economic system—as well as the result of his belief that capitalism’s equalization tendencies would eventually lead toward a universalization of spatial conditions. Capitalism was, in Marx’s words, a great leveler and during the 19<sup>th</sup> century at the dawn of the industrial revolution, it was this tendency that Marx sought to emphasize critically. Differentiation would consequently be left to later authors to explore.

During the period following Marx’s death, one that the historian Eric Hobsbawm termed the *Age of Empire*, 1875-1914, many observers recognized the increasingly apparent differentiation occurring across the globe between a rapidly industrializing Western Europe and the United States and the so-called “backward” countries. There were few who did so more memorably than Vladimir Lenin. Lenin, like Marx before him, argued that spatial differentiation occurred as the productive capital necessary for accumulation became concentrated in developed national regions which led in

turn to the different conditions and levels of production in the developed and less developed nations. However, unlike Marx, Lenin argued for a crucial and *strategic* link between the concentration and centralization of capital, on one hand, and its expansion on the other. According to Lenin, capitalism inevitably tended toward monopoly and over-production, forcing it to expand into “backward” or less developed regions in search of new markets that could serve as release mechanisms for surplus capital. Lenin, like many others, identified this process as imperialism, the domination of one nation’s capitals over the political and economic conditions of another. Lenin described this process as such:

The possibility of exporting capital is created by the fact that a number of backward countries have already been drawn into world capitalist intercourse; main railways have either been or are being built there, the elementary conditions for industrial development have been created, etc. The necessity for exporting capital arises from the fact that in a few countries capitalism has become “overripe” and (owing to the backward stage of agriculture and the impoverished state of the masses) capital cannot find a field for “profitable” investment. (Lenin, 1970, pp. 73-74)

In this way, Lenin was somewhat unique in that he saw geographical differentiation not as a barrier, but as a survival mechanism for capitalism. Reviewing Lenin’s contribution, Smith argued that “because [Lenin] sees the roots of geographical differentiation in capital itself, he does not immediately equate the progress of capital with the elimination of such differences. In fact, Lenin goes so far as to insist that the differentiation between “backward” and advanced nations is increased not decreased by imperialism” (2008, p. 130). Lenin’s “survivalist” contribution to the theory of uneven development would have a profound impact on later Marxists who not only attempted to further the understanding of the relationship between capitalism and space, but also the peculiar role crisis plays in capitalist geography.<sup>11</sup>

David Harvey—and Neil Smith after him—would greatly strengthen and theoretically deepen the argument that differentiation assumes a strategic position within capitalist development.

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<sup>11</sup> It was also especially important to Marxists and fellow travelers associated with the dependency school in the 1950s and 1960s.

In *Limits to Capital*, Harvey outlined a theory of capitalist development and crisis that placed geography and the built environment at the center. According to the view presented in this work, the very creation of the built environment, so crucial to equalization and the annihilation of space by time, has the contradictory effect of *imprisoning* capital in certain spatial forms. Harvey's notion of imprisonment is meant to reveal fundamental tensions within capitalist development such as those between fixity and motion in the circulation of capital or between concentration and dispersal.

Harvey summarizes this contradictory process eloquently.

We here encounter a version of that contradiction that Marx described as the domination of dead over living labour. The circulation of capital is increasingly imprisoned within immobile physical and social infrastructures which are crafted to support certain kinds of production, certain kinds of labour processes, distributional arrangements, consumption patterns, and so on. Increasing quantities of fixed capital and longer turnover times on production check uninhibited mobility. The growth of productive forces, in short, acts as a barrier to rapid geographical restructuring in exactly the same way as it hinders the dynamic of future accumulation by the imposition of the dead weight of past investments. (2006, p. 428)

Capital imprisonment furthermore occurs due to two primary mechanisms. First, fixed capital is created according to a specific technological mix and thus its physical form, while not necessarily immutable, manifests such a mix. It is, in other words, the embodiment of obsolescence. Second, fixed capital, compared to other forms of capital, has a relatively longer turnover rate, which Harvey defines as "the time taken for the value of a given capital to be realized through production and exchange" (2006, p. 62). And therefore, given the greater geographical and temporal inertia embedded within the fixed capital that comprises the space economy of production, the built environment is particularly susceptible to forces of geographical disequilibrium that ensue from newly forming capital and technical innovation. New capital of this sort, readjusts the socially necessary turnover time and devalues investments with relatively longer turnover rates. Harvey emphasizes the ultimate consequences of this relationship stating that "Herein lies a basis for understanding the processes of crisis formation and resolution within the space economy of

capitalist production. A break with past technological mixes and spatial configurations often entails massive devaluation” (2006, p. 394).

This view therefore positions devaluation, the result of the inherent tendencies of competition and overaccumulation, as the primary source for capitalist crisis. In order to stave off crisis, capital employs a number of strategies. First, individual capitals attempt to shift devaluation to other competitors through technological innovation and various geographic strategies. Factional conflicts between the different types of capital can also unfold. “Money capitalists may be at loggerheads with merchants and both may conflict with producers, while those with a stake in preserving the values sunk in physical and social infrastructures are threatened by the fluid motion of credit money, runaway shops, and the like. The mobility of capital of one sort can be a threat to the value of another sort” (Harvey, 2006, p. 411). Factional crises furthermore expose that the fluid circulation of capital is crucial to the process of accumulation. As devaluation occurs, the circulation of mobile capital—as opposed to fixed capital—assumes greater importance.

To the extent that capital cannot find a spatial fix in the production of an immobile environment for production, it resorts to complete mobility as a spatial fix; here again, spatial fixity and spacelessness are but prongs of the same fork. Capital seeks not an equilibrium built into the landscape but one that is viable precisely in its ability to jump landscapes in a systemic way. This is the seesaw movement of capital, which lies behind the larger uneven development process. (N. Smith, 2008, p. 198)

Herein lies the dominant Marxist explanation of neighborhood and urban change. Neil Smith demonstrates this point exactly when discussing the relationship between the growth of the suburbs and inner city decline in the post-war period: “but it is vital to see suburbanization as complementary to inner-city decline in a wider pattern of uneven development at the urban scale. Suburbanization is the product of the interplay of the processes of equalization and differentiation at the urban scale. Fundamentally, it represents a considerable historical emancipation of urban social form from space” (1996, p. 84). The same process is not restricted to the urban scale, but also emerges both below and above the urban. At higher scales, we see the annihilation of space through

the transformation of entire regions or imperial domination. And at the local scale, gentrification and place-specific devaluations attempt to counteract the falling rate of profit, ultimately fracturing neighborhoods.

The process of uneven development, of equalization and differentiation, unfolds within a landscape of diverse land uses. Residentially, people are segregated first of all by income and specializations of social reproduction—i.e., middle class, working class, etc. They are furthermore divided by race and other forms of division in order to maintain “the islands of strength already established” (Harvey, 2006, p. 384). Some of these divisions are encouraged by capital while others are broken down partially due to the particular interests of territorialized capitalists. Workers, segregated by wage and other divisions, but organized within a larger production process, are consequently free to move. Paraphrasing Marx, Harvey remarks, “[workers] must be ‘in principle’ always ready and willing to accept every possible variation in...[their] activity with promises higher rewards.’ Wage differentials then provide the means to co-ordinate workers’ moves to capital’s requirements. The universality and geographical mobility of labour power...are essential to the ‘fluidity of capital’” (2006, p. 381). This freedom is by no means absolute, and capital restricts it in various respects. Workers are not only pulled by certain social relations but they are also confined in the sense that capital desires access to labor reserves. Again, Harvey elaborates

This proposition is not free of contradiction. If the geographical mobility of labour power is to meet capital’s needs, then the absolute freedom of the labourer to move must be strictly circumscribed. The reserve army of the unemployed, for example, so unceremoniously ‘freed’ from its means of livelihood by technological change, can create conditions favorable to further accumulation only if it remains available to capital. This often means they must stay in place. (Harvey, 2006, p. 381)

Partial confinement and residential differentiation are therefore necessary and facilitating processes for capitalism. How this works is especially important to Harvey and Smith’s analysis of urban change and constitute the other half of the dynamic of uneven urbanization.

Thus the fluid circulation of capital necessary for equalization runs into a barrier that must be overcome when it approaches residential uses. Fluidity occurs in the form of capital investments in what Harvey calls a “space economy for production.” Much of this includes the built environment and other aspects related to specific sectors of the economy such as housing that are necessary for accumulation. “Capitalism increasingly relies upon fixed capital (including that embedded in a specific landscape of production) to revolutionize the value of productivity of labour, only to find that its fixity (the specific geographical distribution) becomes the barrier to be overcome” (Harvey, 2006, p. 394). Some of these Marxists would point to earlier examples to support the role of differentiation in the development and survival of capitalism. In this effort, Engels’ work on the working class in Manchester figured prominently. Engels showed how working class spaces were both a form of differentiation in the Lefebvrian (1991) sense—in that it represents the inscription of class struggle onto space—and at the same time an opportunity for accumulation. In this Marxist framework, urban residents and users of space are, for the most part, at the mercy of the interests of capital. Territorialized struggles against displacement consequently assume the form of class struggle around the form of accumulation

### **2.3 Derivative Theories of Urban Change**

Derivative theories are theories about urban change and structure that do not propose an independent or overarching analysis, but instead borrow from and modify the central tenants of meta-theories. And while in some respects their modifications and assemblages make them contradictory, they represent some of the most important contributions to urban theory since they attempt to reconceptualize persistent and complicating problems with less adherence to reductionist perspectives. Five of these will be discussed below: racial segregation and ghettoization, neighborhood effects, racialization and the essentialist organization of bodies, growth machines and the regulationist approach, gentrification.

### 2.3.1 Racial Segregation and Ghettoization

Underlying the ecological, neoclassical, and Marxist schools of thought on urban and neighborhood change is the notion that rational forces mediate and direct both individual and collective behavior. Within the ecological paradigm, the principle of competition and dominance was understood as the determining framework governing the pattern of neighborhoods and their concentric movements. Neoclassicists for their part argued that utility-maximizing behavior was not only logical, but that it was so unquestionably fundamental that contrary actions were dismissed as aberrations. Marxists, with their attention on systems and crisis, privileged the deep logic of capitalist structure to coordinate uses and facilitate urban patterns. But at least as far back as Sigmund Freud's psychoanalytic theory, scholars began to understand, or at least entertain, the idea that logic and rational action are continually frustrated by an unruly and unpredictable unconscious. While the actual role of the unconscious has been questioned, what has remained is the notion that people, especially in groups, are often motivated by ideas, feelings or forces that are not easily understood nor tied to rational motives, let alone discernable benefits. One pernicious example of power of forces that belie reasoning emerges through the interaction of racism and urban form.

Racism is particularly remarkable in that it has the dual character of being both a monster and a magician at the same time. On one end it attacks and dehumanizes and on another it dismisses, ignores and removes from view its own process such that it mystifies itself behind a veil of ubiquity and a false sense of naturalness. It is therefore not surprising that many of the early contributors to the broad subject of urban change presented here, while not racists *per se*, nevertheless fell under the spell of racist omission and failed to see how forces without a clearly identifiable logic could play such vital roles in the pattern of urban development. For example, neoclassicists' penchant for defining preferences essentially posited a trickle down, filter theory of urban change where older structures would be passed down to lower income groups as those with



the most means occupied the newest housing further and further out toward the periphery. The concept that any single group would remain at the bottom while other incoming groups superseded them did not seem possible without significant modifications to the model. Similarly, the presence of limitations on specific groups entering into the process of transition from one area to the next was also dismissed as intrinsically enigmatic within a system premised on universal mobility. Due to its radical presumptions, Marxist urban theory, probably more than others, also suffered under its inability to explain the persistence of racist segregation; limiting it as it were to a form of false consciousness or a residual of economic segregation in the form of labor market segmentation or exclusion.

Due to a combination of the apparent inadequacies of these dominant paradigms as well as a wave of studies that focused on the importance of race and identity, a loose amalgam of theories emerged during the mid- to late-1980s to explain the pattern of urban and neighborhood change according to race and racism. Key to this group of scholars was the fact that looking back on history of urban development during the twentieth century few patterns seemed as conspicuous as the dialectic between urban expansion and white suburbanization on one hand and racial ghettoization, particularly of African Americans, on the other. Most authors saw some version of racial turnover and concentration as the explanation behind the seemingly contradictory paradox. Among these, at least three sources of racial turnover were identified: preferences, barriers and class.

The first of the three, preferences, is exemplified in the work of Thomas Schelling and the concept of racial “tipping points” (1971, 1972). The notion of tipping points—originally put forward, but only partially analyzed, by Morton Gordzins (1958)—is essentially a modification of the neoclassical model that adds discriminatory individual behavior to the larger bundle of consumer preferences. In a couple of influential works on the subject, Schelling argued that discrimination is “an awareness, unconscious or conscious...that influences decisions on where to live, whom to sit

by, what occupation to join or avoid, whom to play with or whom to talk to” (1971, p. 144). These preferences did not equate to pernicious forms of observable racism, but when aggregated together in the form of collective action by many individuals, a racist result, in the form of segregation could result. Thus while Schelling argued that segregation was linked to intentional strategizing and economic inequality, noting that “It is not easy...to draw the lines separating ‘individually motivated’ segregation, the more organized kind, and the economically induced kind,” he nevertheless opted for atomized “agent-based modeling” to explain the pattern and production of segregated neighborhoods (1971, p. 145).

Like other agent-based models, Schelling’s spatial models were grounded in changing assumptions about individual preferences and spatial constraints organized in the form of agents that operate according to simple rules. Beginning first with a linear, idealized two-dimensional model, Schelling showed that two groups of undifferentiated people—or rather groups of “0” and “+”—would distribute themselves in the form of self-segregation based on various tolerance levels for neighbors of the opposite group. In order to produce his model, Schelling assumed the following:

a population exhaustively divided into two groups; everyone’s membership is permanent and recognizable. Everybody is assumed to care about the color of the people he lives among and able to observe the number of blacks and whites that occupy a piece of territory. Everybody has a particular location at any moment; and everybody is capable of moving if he is dissatisfied with the color mixture where he is. (1971, p. 149)

In all variations that altered the “neighborhood” size, the number of “whites” and “blacks,” as well as their color preferences, segregation was maintained.

Next Schelling created a grid and divided it into a fixed number of spaces. As in the linear model, “blacks” and “whites” were represented by characters—in this case, “0” and “#”—that occupied positions on the grid like chips on a checkerboard. However, in this scenario, Schelling left some spaces necessarily vacant so that dissatisfied “people” could move into them based on the

rule that “an individual discontent with his own neighborhood moves to the nearest vacant spot that surrounds him with a neighborhood that meets his demands” (1971, pp. 154-155). The objective was to see how hypothetical people would distribute themselves according to the color ratio within the whole neighborhood. In this model as well, Schelling showed that polarized forms of segregation resulted even under situations with relatively high levels of tolerance for opposite characters.

In a final model, Schelling created a what he called a “bounded-neighborhood” where “there is one particular bounded area that everybody, black or white, prefers to its alternatives” (1971, p. 167). In this model as well, Schelling demonstrated that segregation resulted from even small moves by blacks into white neighborhoods which caused whites to leave and blacks to move in *en masse*. The result of these models suggested to Schelling that white neighborhoods would eventually tip to majority black neighborhoods not because of systemic racism *per se*, but rather as a response to the aggregated effects of individuals’ discriminatory preferences. An example from Schelling’s concluding remarks is telling:

A possibility is that the number of blacks willing to live as a small minority in this white neighborhood is not zero but is too small to attract other blacks, but nevertheless reaches a large cumulative total over time, so that a slow process of black entry may gradually bring the black-white ratio up to where more blacks are attracted and, by entering, attract still more, and more and so on in the cumulative process....we might say that a ‘tipping-in’ has begun. This is the point which blacks will surge in if houses become available, rather than merely show up from time to time. (1971, pp. 182-183)

In all, Schelling’s model, like other neoclassical location theories before it, was entirely based in a notion of equilibrium and a set of pre-determined preferences. Racial segregation, rather than being a problem of urban regimes or political economy, was seen as a form of spatial equilibrium that was maintained because choices resulted in racialized urban patterns regardless of any minor variations.

A second explanation of racial turnover focused on the barriers to mobility. In their influential book on the subject, *American Apartheid* (1993), Douglas Massey and Nancy Denton

investigated the origins of racial segregation in the United States with particular emphasis on the ghettoization of African Americans. Their partially-structuralist argument is conveniently summed up in the first lines of the book, “extreme racial isolation did not just happen; it was manufactured by whites through a series of self-conscious actions and purposeful institutional arrangements” (1993, p. 2). In so doing, they attempt to show how the black ghetto, rather than being a product of a so-called “culture of poverty” or supposedly misguided federal wellfarist policies, was actually the product of systematic racism. Accordingly, “Residential segregation,” the authors argue, “is the institutional apparatus that supports other racially discriminatory processes and binds them together into a coherent and uniquely effective system of racial subordination” (1993, p. 8).

Massey and Denton’s work takes a long historical view of segregation and traces the development of this system from its origins in the postbellum period of the previous century to the 1980s when inner city poverty and disinvestment began to take center stage within debates on urban restructuring. From their book, a rough periodization can be drawn out which highlights not only each stage’s distinctive characteristics, but also the most radical stage of ghettoization that formed during the post-war period of American urbanization.

**Table 3: Massey and Denton’s Periodization of Racialized Ghettoization**

Stage	Time Period	Defining Characteristics
Postbellum urban industry-based residential pattern	1865 – 1900	Before 1900, blacks were more likely to share a neighborhood with whites than with blacks. Black residential patterns existed, but they weren’t predominately black and nor did a majority of the black population live in them. Post-Civil War urban structures were not conducive to segregation because: (1) crude or nonexistent public transportation systems; (2) little differentiation between residence and work; (3) land use was not highly specialized; and (4) the primary form of segregation existed in employment, not in housing.
The emergence of the racialized ghetto	1900 - 1940	Two factors, the increased migration of blacks to the industrializing urban centers of the northeast and the mid-west, led to a confrontation among blacks and non-black populations that resulted in racial segregation and ghettoization. Racial ghettoization was differentiated from segregated white ethnic enclaves in that white “immigrant enclaves were never homogenous and always contained a wide variety of nationalities, even if they were publicly associated with a particular national origin group” (1993, p. 32). Furthermore, European immigrants tended not to live in racially or nationally isolated ghettos, while blacks did. And finally, “whereas ghettos became a permanent feature of black residential life, ethnic enclaves proved to be a fleeting, transitory stage in the process of immigrant assimilation” and the degree of European immigrant segregation fell steadily after 1910 (1993, p. 33).
Systematic ghettoization	1940 – 1980s	The increased involvement of the federal government in the housing market after the Second World War helped to create the conditions for white suburbanization and increased isolation for blacks in and around the inner city. Not only were FHA lending practices explicitly racist, but they also contributed to the decline of central city locations by all but prohibiting loans to central city residents thus contributing to devaluation and disinvestment.

Despite the veneer of a more fully structuralist argument, the book was less of an attack on Schelling’s essentially neoclassical theory of self-segregation and more of a progressive modification that emphasized the role of barriers. Massey and Denton acknowledge this explicitly stating that

By itself, the Schelling model is incomplete. Although it accurately captures the dynamic effects of prejudice, it accepts as a given the existence of racial discrimination. Black entry leads to neighborhood racial turnover not simply because of the interaction of white and black preferences but because the model implicitly assumes a racially segmented housing market maintained by discrimination. (1993, p. 97)

Consequently, whereas Schelling presented a model that highlighted the “unconscious” aggregated effects of discriminatory behavior, Massey and Denton attempted to show that these preferential

dynamics operated within a larger system that combined barriers for blacks with opportunities for white mobility. The authors subsequently posit two explanatory factors behind the postwar pattern of ghetto formation: “*discrimination* [emphasis added] against blacks to keep them from entering all neighborhoods except those near the ghetto border and the *avoidance* [emphasis added] of those neighborhoods threatened with racial turnover” (1993, p. 79).

According to Massey and Denton, the key mechanism that combined these dual processes of white discrimination and avoidance into a coherent urban pattern came about through the institutionalization of housing reforms during the New Deal and immediately following World War II. Based on Kenneth Jackson’s previous and highly influential work, *Crabgrass Frontier* (1985), Massey and Denton argued that above all, the Federal Housing Administration (FHA) and the Veterans Administration (VA) were primarily responsible for instituting the new urban regime of ghettoization and suburbanization through a significant restructuring of the financial apparatus behind home mortgages and, subsequently, the real estate industry as a whole. Prior to the FHA, home mortgages came in a number of different forms. Most did not cover the entire value of the house and many required balloon payment schemes with some money up front, a short period of amortization, and then a large lump payment at the end. The FHA reorganized the industry by standardizing the mortgage lending process, extending the duration of payments to twenty-five or thirty year periods, and fully amortizing the loans. The FHA also guaranteed up to 90 percent of the collateral for private loans thus reducing down payments, lowering lenders’ risk, shrinking average monthly payments, and increasing the total amount of lending ultimately making home ownership more accessible to many Americans.

In return for its commitment, the FHA demanded that lenders ensure that homes met certain uniform standards determined by the FHA. These regulations included “minimum standards for lot size, setbacks, and separation from existing structures that essentially eliminated from

eligibility many inner-city dwellings” (1993, pp. 53-54). In this way, FHA policies had the effect of contributing to the systematic suburbanization of American cities and essentially making (white) avoidance possible. For example, FHA loans went almost exclusively to new developments in the periphery. Kenneth Jackson provides three reasons for this. “First, although the legislation nowhere mentioned an antiurban bias, [the FHA] favored the construction of single-family projects and discouraged construction of multi-family projects....Second, loans for repair of existing structures were small and for a short duration, which meant that a family could more easily purchase a new home than modernize an old one” (1985, p. 206). And lastly, in a manner that would have deeper ramifications, Jackson remarked that “The third most important variety of suburban, middle-class favoritism had to do with the ‘unbiased professional estimate’ that was a prerequisite to any guarantee...the aim was to guarantee that at any time during the term of the mortgage the market value of the dwelling would exceed the outstanding debt” (1985, p. 207).

Massey and Denton stress that while the “unbiased professional estimate” did not originate with the FHA, the FHA nevertheless bureaucratized the Home Owners Loan Corporation’s practices and raised them to a significantly larger scale. The national rating system subsequently incentivized white migration outward, stripping inner cities of their middle class tax base. Jackson noted that “the Federal Housing Administration allowed personal and agency bias in favor of all-white subdivisions in the suburbs to affect the kinds of loans it guaranteed—or, equally important, refused to guarantee” (1985, p. 207). Eight criteria, displayed below, were established to judge the quality of residential neighborhoods.

**Table 4: FHA Underwriting Criteria**

Criteria	Weight
relative economic stability	40%
protection from adverse influences	20%
Appeal	10%
adequacy of transportation	10%
freedom from special hazards	5%
adequacy of civic, social, and commercial centers	5%
sufficiency of utilities and conveniences	5%
level of taxes and special assessments	5%

The first two criteria, accounting for over half of the assigned weight, were not only “interpreted in ways that were prejudicial against heterogeneous environments,” such as those characteristic of older and denser inner cities, but were actually a much more explicit policy of urban racial segregation (Jackson, 1985, p. 207). Quoting from the FHA’s 1938<sup>12</sup> *Underwriting Manual*, Jackson demonstrates that risk, hidden behind a notion of adverse influences or economic instability, was actually code for non-white “inharmonious racial or nationality groups” (1985, p. 208). Continuing he noted that the FHA believed “If a neighborhood is to retain stability, it is necessary that properties shall continue to be occupied by the same social and racial classes” through the use of restrictive covenants (1985, p. 208). Through this methodology, the FHA produced a pattern of lending and investment that was repeatedly demonstrated in their notorious Residential Security maps. At the same time, the FHA also contributed to an unambiguous geography of racialization through the practice of redlining. The combination of racial covenants—a strategic form of Schelling’s discriminatory preferences—with the structural practice of redlining and systemic real estate bias ultimately ensured that in the post war period, whites would follow the investment in the suburban periphery while nonwhite populations were restricted to the increasingly disinvested inner city.

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<sup>12</sup> In his text, Kenneth Jackson refers to “The 1939 *Underwriting Manual*” (1985, p. 207) However the FHA’s guidelines were first published in 1938. The second edition was not published until 1947; a point he alludes to in the endnotes but with no explanation to the discrepancy.



A final view on racial turnover sees increasing class stratification as an important and often underappreciated element behind both racial segregation and the overall distribution of urban populations. This loosely class-based<sup>13</sup> perspective emerged partly as a response to the view that race was the primary organizing principle behind urban form. The class-stratification view also sought to explain changes resulting from the suburbanization of nonwhites and the desegregation of particular nonwhite groups such as Hispanics/Latinos and Asians. Above all, two factors were identified as crucial contributing forces behind the new urban paradigm (Jargowsky, 1996; Jargowsky & Bane, 1990, 1991; Wilson, 1987, 1996). These were policy reform and economic restructuring. For example, on one hand Title VIII of the 1968 Civil Rights Act and Title VI of the Civil Rights Act of 1964 prohibited racial discrimination in the sale and renting of housing as well as any programs receiving federal aid, respectively. These Acts effectively ended redlining, racial covenants and many overt and *de jure* racial discrimination practices, thus dismantling the important barriers that restricted the suburbanization of nonwhite populations. On the other hand, it was argued that “post-industrial” economic restructuring reorganized the relationship between jobs and residential patterns. Massey and Fischer (2000) summarized this shift in their introduction to their piece on the subject:

The past two decades have been hard on many Americans. The structural transformation of the US economy from goods production to service provision generated a strong demand for workers with high and low levels of schooling, but offered few opportunities for those with modest education and training. Central cities lost hundreds of thousands of high-paying, unionized manufacturing jobs because these were replaced by non-union service positions that paid high salaries to an expanding class of managers and professionals, but low wages to displaced factory workers and new job seekers who lacked educational credentials. In the post-industrial economy that emerged after 1973, labour unions withered, the middle class bifurcated, income inequality grew and poverty deepened. This new stratification in the socio-economic sphere was accompanied by a growing spatial separation between classes in the spatial sphere. As income inequality rose so did the degree of class segregation, as affluent and poor families increasingly came to inhabit different social spaces. (2000, p. 670)

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<sup>13</sup> These are considered loosely class-based analyses because class is inadequately conceptualized within their statistical models that rely on income—which is continuous and must be arbitrarily divided—as well as other problematic proxies like education, and occupation as proxies.

However, while racial segregation tended to decrease, these scholars explained that not only was this decrease uneven across racial groups, but also, that segregation by class was becoming more important. No non-Marxist author is more closely associated with this group of class-based theorists than William Julius Wilson. In his widely read and significant book, *The Truly Disadvantaged* (1987), Wilson sought to counter conservative “culture of poverty” critics as well as, more directly, liberals who he felt had “failed to address straightforwardly the rise of social pathologies in the ghetto” (p.12). Wilson argued that the liberal reliance on racism as the primary explanatory mode for the urban problems he observed was not only unconvincing and unimaginative, but it also unintentionally enhanced conservative views regardless of their relative flaws. With a certain amount of reservation, Wilson accepted the term, “underclass,” and argued that the underclass was special form of class stratification that emerged in post-1950s urban America. Attempting to move away from conservative cultural analyses and liberal avoidance of the subject, Wilson promulgated the argument that this spatialized group was behaviorally deviant vis-à-vis “mainstream” America and “Included...individuals who lack training and skills and either experience long-term unemployment or are not members of the labor force, individuals who are engaged in street crime and other forms of aberrant behavior, and families that experience long-term spells of poverty and/or welfare dependency” (1987, p. 8).

Similar to other class-based authors, Wilson identified three factors that, in his view, combined to create the underclass: historic racism and discrimination, migration, and economic transformation. Wilson stressed that while racism is undoubtedly a fundamental contributing issue, it must be unraveled into an “historic” form of discrimination that existed before the middle of the twentieth century and a contemporary, post-civil rights form. This separation was crucial to his argument because, unlike liberal theories that fell back on notions of a persistent undifferentiated racism, contemporary facts obligated scholars to contend with the paradox of how “the economic

position of poor urban blacks actually deteriorated during the very period in which the most sweeping antidiscrimination legislation and programs were enacted and implemented” (1987, p. 30). Accordingly, Wilson turned to other factors that explained not only the periodization of racialized ghettoization, but also the disproportionate presence of African Americans within the so-called underclass. Echoing previous theories of urban change, Wilson positioned migration, above other factors, as “perhaps the most important single contributor to the varying rates of urban racial and ethnic progress” (1987, p. 33). Acknowledging that black migration had receded from its post-WWII peak, Wilson argued that migration had nevertheless skewed the average age of black populations toward the younger end of the spectrum. Younger populations not only tend to be disproportionately associated with “pathological” factors such as crime, out-of-wedlock births, female-headed households, and welfare dependency, but they are also understood to interact negatively with racial discrimination and Wilson’s third factor, structural economic transformation, making poor urban blacks particularly vulnerable. Thus Wilson declared that “as the shift from goods-producing to service-producing industries, the increasing polarization of the labor market into low-wage and high-wage sectors, technological innovations, and the relocation of manufacturing industries out of the central cities” began to restructure urban life economically, urban blacks, more than other racial groups, experienced severe affects of a new post-civil rights, post-industrial paradigm (1987, p. 39). The consequences of which were expressed most fully in terms of long-term joblessness and dependency.

The importance of Wilson’s underclass to theories of urban change is that despite its attempted shift away from race, it posited a particular form of Weberian class analysis that elevated the role of individual skills and cultural attributes in a changing labor market. Partly due to the difficulties of measuring class, but also and more importantly due to a conceptual shift away from Marxian frameworks that understood class as a relationship to the means of production, it was

argued that changing labor markets made education, skills and other cultural traits more important in one's relative employment opportunity. Social distance in these forms was in turn manifested as physical distance through mobility and locational choice. Freed from the constraints of the most overt forms of racial segregation, upper and middle class blacks as well as the most upwardly mobile could now disassociate themselves from their lower-class counterparts ultimately leaving behind only the most disadvantaged in concentrated ghettos. In Wilson's view, by the 1980s, the black ghetto had become more than a product of racism, it was also the result of a changing economy and a new political regime that was particularly harmful to those populations that were unable to secure the necessary skills and attributes to determine their own location.

### **2.3.2 Neighborhood Effects**

The collective scholarship of Massey, Denton and Wilson was highly controversial. For one, they highlighted the problems of racism and class in contemporary American urbanism. For this reason, many on the left praised their works. At the same time, they had the somewhat unanticipated effect of contributing to a growing body of literature on neighborhood effects that would take hold within a variety of academic circles. Very generally, the idea of neighborhood effects is a more sophisticated articulation of environmental determinism. In this sense, it is not new. However, during the debates over the underclass and the culture of poverty, it would take on a decidedly reactionary form. Indeed, the singular emphasis on neighborhood effects over the other intentions and subjects stressed by Wilson, Massey and Denton is reinforced by Mario Small and Katherine Newman's critical observation that "the only component of the underclass still debated is the neighborhood" (2001, p. 25).

Nor are these authors all that innocent either. For example, even though Massey and Denton made an effort to stress the importance of external factors in the process of ghetto formation, they nevertheless argued that the hyper ghetto was dialectically rooted in the residents

themselves through their interaction with each other. The clearest example of this lies in the following statement:

The socioeconomic health of black neighborhoods is fragile and easily jolted into a pattern of decay because of a subtle interaction between individual and collective behavior that comes into play whenever independent actors make decisions that affect the welfare of the community. This interaction occurs because a neighborhood's socioeconomic status is, to a large extent, determined by the decisions and behaviors of its inhabitants. *Each individual decision affects the social and economic context within which subsequent decisions are made, creating a powerful feedback loop between individual and collective behavior* [emphasis added]. (1993, p. 131)

Wilson was similarly focused on the relationship between community wellbeing and the character of its residents. His notion of the underclass specifically tied poverty to behaviors that were spatially produced. The ghetto, or any other urban pattern, was just as much a creation of structural factors as the cumulative effects of individuals in shared spaces.

At this point there should be some familiarity found in these points. The underlying premise of the neighborhood effects literature is that there is a relationship between space and people, a resurrection of sorts of the one of the most poignant arguments of the Chicago School. However, as some critics have pointed out (Slater, 2013), as a whole the literature is very under-theorized and because of this, it lends itself to a variety of perspectives that are often contradictory. At its best, the neighborhood effects literature informs us that space is not an empty bowl that is occupied by independent people and forms, but which is in fact a spatialized creature created dialectically between people and their uses. It stresses the horizons of opportunity that are constructed and the infinite number of effectual relationships that are formed from these dynamic interactions that can be either delimiting or liberating. Yet at the same time, it lacks the conceptual sharpness of Marxist critiques which not only recognized a form of spatialization, or spatial construction *a la* Neil Smith, but also an important sense of real forms of power that operate not only within spaces, but also around them. The neighborhood effects literature is consequently overly interested in the poor and their negative influences on each other than non-poor actors whose control over resources and the

parameters of interaction than their less privileged contemporaries. In another alternative example that will be discussed in more detail in the next chapter, Allen Scott's *The Urban Land Nexus* (1980) offers a much more analytical presentation of neighborhood effects based on the existence of property rights and the capitalist structure of production and exchange. Together, Scott argues that these forces generate patterns that encourage certain forms of behavior based on the dynamic of the overall capitalist system such that each place and each actor is influenced by others in accordance with each one's socioeconomic position, privileges, and interests. Arguments such as these are unfortunately absent from the neighborhood effects literature and because of this, racial segregation, the lack of educational attainment, health and environmental maladies are blamed more on their victims than on those who perpetuate them.

Considered as a function of neighborhood effects, displacement is understandably vague and can assume different meanings. At the most general level, it can be understood as the consequence of the cumulative effects of the spatialized behavior of landlords and tenants, as well as other actors. To take Wilson's underclass example, poor tenants in impoverished communities may be negatively affected by the actions of neighboring tenants in ways that threaten their security of tenure. Graffiti, willful property destruction, drug use, and other illicit behavior may develop, overcome an area, and subsequently lead landlords to displace undesirable tenants. Landlords in gentrifying neighborhoods may be similarly encouraged by the rehabilitation and beautification efforts of neighboring landlords to improve their properties at the peril of tenants who are displaced in the process. There is no doubt that a certain amount of these "feed-back loops" occur. However, as Slater has suggested, there is much to be desired theoretically with such a behaviorist approach. An alternative argument that falls within the neighborhood effects literature is that displacement can occur through the economic concept of externalities. First developed by the English economist Arthur Pigou, externalities are the costs or benefits that are experienced by those who are not the originators of

these costs or benefits. In this scenario, displacement is a social, psychological, and economic cost born by tenants due to the actions of landlords. In effect, through displacement, tenants assume the costs of development while landlords and newcomers seize the benefits. The concept will be discussed in more detail in the following section.

### **2.3.3 Racialization and the Essentialist Organization of Bodies**

One position that sought to go beyond the dispute over class and whether or not it was a more important factor than race for structuring place, was the theory of racialization that was put forward by Michael Omi and Howard Winant in their important book, *Racial Formation in the United States* (1994). Omi and Winant critiqued the idea that class and race could be detached from each other. In doing so, they were responding to an idea shared by Wilson as well as a rising group of neoconservatives who believed that non-white—and in particular, black—social and physical mobility proved that structural racism had effectively ended. In their minds, these were examples of new post-civil rights reality which proclaimed that “since the mid-1960s a genuinely egalitarian racial state has existed in the U.S.” (Omi & Winant, 1994, p. 28). Attention to race in this context was now seen as archaic and even “racist” while color-blindness was elevated as the new “racial” consciousness.

Countering this trend, Omi and Winant argued that the triumph of the civil rights movement was ambiguous at best. The reaction to the more radical movements of the late 1960s and early 1970s which sought to transform society according to the principles of the civil rights era showed that racial inequality and injustice “were not simply the product of prejudice, nor was discrimination only a matter of intentionally formed action” (1994, p. 69). Balancing between a critique of the essentialist and fixed biological underpinnings of race on one hand and the idea that race is somehow an illusion on the other that “we can somehow ‘get beyond,’” Omi and Winant developed a theory of racial formation where race is continuously constructed through hegemonic *projects*.

They argue that race is “an unstable and ‘decentered’ complex of social meanings constantly being transformed by political struggle....[it] is a concept which signifies and symbolizes social conflicts and interests by referring to different types of human bodies” (Omi & Winant, 1994, p. 55). Race according to this view is therefore a sociohistorical as well as spatialized process that is always in formation as it is shaped through “a process of historically situated *projects* in which human bodies and social structures are represented and organized” (1994, pp. 55-56). Race and racism are furthermore distinguishable in that a “racial project can be defined as *racist* if and only if it *creates or reproduces structures of domination based on essentialist categories of race*” (1994, p. 71).

Beyond its contribution to race/ethnic studies, the work is important for the purposes of this research for two reasons: the notion of projects and the theoretical blending of state policy with everyday actions. Omi and Winant argue that race occurs through historically situated projects. Racial projects can take a variety of forms from the micro-level of everyday experience all the way up through various scales of collective action and state practices all while forming the reality of race. “A vast web of racial projects,” they state, “mediates between the discursive or representational means in which race is identified and signified on the one hand, and the institutional and organizational forms in which it is routinized and standardized on the other” (1994, p. 60). Through this combination, racialization and the formation of ‘common sense’ racial conceptions and organization practices become structured into distinct historical moments that operate hegemonically. Omi and Winant argue that following the Civil War, the dominant racial regime has essentially shifted from one of racial domination to a racial democracy. Racial democracy rather than being an egalitarian state raises the role of politics and mingles them with other forms of oppression that elevate consent and participation above coercion—hence the allusion to Gramscian terminology.



The current neoliberal racialization project builds off of neoconservative colorblindness as well as the anti-welfarist and privatization arguments of the early neoliberal reformers. In commenting on this origin, Omi and Winant state “The culprit behind this new form of ‘racism’ was the state itself. In attempting to eliminate racial discrimination, the state went too far. It legitimated group rights, established affirmative action mandates, and spent money on a range of social programs which, according to the right, debilitated, rather than uplifted, its larger populations” (1994, p. 117). Hence, the solution to poverty and disadvantage should instead be found in market-driven entrepreneurialism and ingenuity rather than social equality. The neoliberal racial project, by ignoring the racial conceptions of the left, has rearticulated them within a new language of racial uplift found in the market. Here, Omi and Winant are especially poignant: “Unlike the neoconservative project, the racial neoliberalism of the 1990s does not claim to be colorblind; indeed it argues that any effort to reduce overall inequality in employment, income, education, health care access, etc., will disproportionately benefit those concentrated at the bottom of the socioeconomic ladder, where racial discrimination has its most damaging effects” (1994, p. 148).

This conception of race and urban structure offers a number of useful insights into urban change and displacement. First of all, it places urban change within the hands of agents that act strategically in the form of projects. In this way it is similar to the growth machine model Logan and Molotch presented. It differs however in two respects. It introduces a dynamic notion of identity that allows us, in addition to the intensification of uses and rents, to see racialization as a product of regime strategies. Through their historicization of specific regime projects and neoliberal racial formation in particular, it offers an introduction to the particular type of urban change relevant to contemporary urbanism. We are therefore invited to see *neoliberal* displacement as a form of urban change that structures people and race according to hegemonic projects. We might also recognize that contemporary displacement is accompanied with its own market-based justification.

In the world of “colorblind” urbanism, displacement is essentially individualized, resulting from the competition for urban space. Those who are able to secure advantageous positions have done so because of their own efforts; and those who do not cannot claim redress due to histories of racial segregation or discrimination.

### **2.3.4 The City as a Growth Machine**

In 1976 Harvey Molotch published an important essay on urban development titled, “The City as a Growth Machine” (1976). The article was important for its attempt to systematically link the interests of property owners to urban form through coalitions that seek to influence government activities and resource distribution in order to enhance future growth. Molotch’s underlying claim is that “this organized effort to affect the outcome of growth distribution is the essence of local government” thus re-formulating the essential conception of contemporary urbanization as one where growth machines dominate the pattern of development (1976, p. 313). Molotch’s initial work was later expanded into a full-length book, *Urban Fortunes* (1987), co-written with John Logan. Beginning this more detailed work, Logan and Molotch position their analytical framework against two competing theories of urbanization. They first criticize the spatial determinism and market assumptions underlying the human ecology perspective of Burgess and Park that had found its way into other fields such as urban economics and geography. In what they term a “social Darwinism of space” they critique the notion that spatial distributions represent the efficient outcome of users who compete for land based on relative buying power. Their attack on the myth of an independent or free market was intended to show that not only are markets socially and culturally constructed, but also that at its basis human behavior tends just as much toward coalition and organizational action as it does toward individualism. Collective endeavors of this sort, rather than individual autonomy, produce unevenness between developed and less developed areas, between high and low rents, or between industrial and residential uses. They state for example that “Both property owners

and residents make great efforts, often organized ones, to guarantee that various kinds of production and consumption occur in one place and that other activities occur in another place. Among the consequences of these efforts are changes in prices, which then lead to still more social effects in other realms” (Logan & Molotch, 1987, pp. 9-10). This statement for a sociology of place-based markets and urbanization could easily be re-written around themes of gentrification and displacement, with “rents” replacing “prices” and “people” replacing “production and consumption” leaving only the actors to be identified.

More important than this critique however was their sympathetic argument against neo-Marxist urban analysis from such authors as Manuel Castells, David Harvey, and Richard Walker. Logan and Molotch argue that just as the ecological theorists preferred space and markets in such a way that removed non-rational and non-individualistic actions, Marxists excessively privileged the logic of capital accumulation to the extent that they became too functionalist to appreciate either the role of agency in the development process or the importance of urban use values themselves.<sup>14</sup> In Marxist analysis, “The only actors that matter,” Logan and Molotch write, “if any actors matter at all, are the corporate capitalists, whose control of the means of production appears to make them, for all practical purposes, invincible” (1987, p. 11). In turn they argue that a new “sociology of cities” is needed that raises the role of people and organizations, and specifically “place entrepreneurs,” who they describe as “people directly involved in the exchange of places and collection of rents” (1987, p. 29). Place entrepreneurs are key actors in the growth machine who make decisions about development based on a common interest in increasing property values and reinforcing the

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<sup>14</sup> Logan and Molotch convincingly argue that Marxian analysis generally treats residential neighborhoods as undifferentiated sites for labor reproduction. In doing so they ignore the “tenacity of neighborhood sentiment” that bonds people to place and which creates important use values for residents. They identify six important use values in neighborhoods: the daily round, informal support networks, security and trust, identity, agglomeration benefits, and ethnicity.

monopoly character of property. They “attempt, through collective action and often in alliance with other business people, to create conditions that will intensify future land use in area” (1987, p. 32).

Moving from these critiques, Logan and Molotch argue that the intensification of land use which results from growth does not simply refer to the development of higher uses, but also to an intertwined ideological legitimizing apparatus for increasing ground rents in a way that both Marxists and non-Marxists view the concept. Through such an ideology, the growth machine apparatus ties a wide range of elites together around strategies for increasing ground rent through development. The machine adopts what Logan and Molotch term, a “growth machine ethic” which prioritizes the exchange value of urban space over use value or other countervailing concerns such as regulation or negative externalities. Moreover, the growth machine ethic suggests that all users benefit from development. In this way it functions similarly to the ideological role that “trickle-down” economics played for Reagan’s supply-side policies. Logan and Molotch note,

By claiming that more intensive development benefits virtually all groups in a locality, growth machine activists need pay no attention to the distinction between use and exchange values that pervades our analysis. They assert that growth strengthens the local tax base, creates jobs, provides resources to solve existing social problems, meets the housing needs caused by natural population growth, and allows the market to serve public tastes in housing. (1987, p. 85)

However, the actual affects of growth are clearly not shared equally, nor does everyone benefit.

Through the distribution of rents in particular, the differentiation process of growth is felt structurally. “Growth disproportionately increases the value of strategic parcels, generating monopoly effects for their owners. Thus in terms of rental wealth, urban growth increases inequality” (1987, p. 95).

The actual costs of growth are made clear in their discussion of migration and urban revitalization. It is here as well that Molotch and Logan come closest to an analysis of displacement through the use of three arguments. The first of these is a critique of the theory of autonomous action and choice that is often assumed in migration. They contend that the spatial strategies of

place entrepreneurs function to facilitate the (locational) interests of capital. Yet people, due to constraints from both their internal attachment to place as well as external barriers, but primarily the former, are less mobile. Thus Logan and Molotch observe that despite the relatively high rate of mobility (17 percent), most people who move tend to stay within the same jurisdictional boundary. They conclude from this that most people move only reluctantly, preferring to stay in place, close to the use values that their neighborhoods provide. Residential moves for Logan and Molotch are for the most part “contingent on the market mechanisms that induce, or coerce, mobility” (1987, p. 102). In other words, they are forced.

The growth machine model comes nearer still to an analysis of displacement when it approaches the issue of the way in which growth not only differentiates places, but people as well. Citing a number of sources, they point out that growth has been shown to have a great impact on housing costs—i.e., high growth areas tend to have higher rents and vice versa. When growth occurs in low-income neighborhoods, it causes tremendous disruption. On one level, when development is led by a particular industry or sector, specific types of workers or those in certain labor segments may be negatively affected. Furthermore, when these workers live in specific communities, entire neighborhoods can become affected by the consequences of labor dislocation and industrial reorganization. Disparities that can result from growth are ultimately magnified by the poverty that poor people endure due to their marginalization in the labor market and society in general which makes displacement a continual threat. “Marginality in the job market, vulnerability to changing welfare rules, and inability to cope with unexpected financial emergencies cause poor people to miss rent payments and be evicted from their dwellings” (1987, p. 114).

Logan and Molotch are more to the point when they assert that “the issue is the *kind* of growth that is involved, and the degree....Otherwise, local growth may be only a matter of making the local rich even richer, or, alternatively, of moving those already privileged in their jobs from one

part of the country to another part of the country” (1987, p. 93).<sup>15</sup> The statement aptly brings the crux of their model toward the question of displacement. Growth affects different groups of people and different neighborhoods differently. Some groups are more vulnerable to change than others. Vulnerability is clearly a factor of privilege and wealth, however it is also a question of power; thus Logan and Molotch state that a neighborhood’s stability is tied to its “strategic utility of the growth machine apparatus” (1987, p. 14). Wealthier neighborhoods institutionalize their privilege and protect their neighborhoods from the threat and depreciation effects of poor people through defensive measures. “They oppose public housing, dense residential development...they favor large-lot zoning” (1987, p. 120). On the other hand, the power of poor people, and especially the racialized poor, have been systematically circumscribed through exclusion and harassment. The racialized poor have been structurally excluded through political restrictions limiting the ability to manipulate zoning and other municipal codes, through discrimination they have been systematically denied credit, certain groups have also been dispossessed of their assets as was the case for Native Americans, Japanese Americans during WWII, or Mexican Americans following the Treaty of Guadalupe Hidalgo, and of course many endured outright violence with some of the most horrendous examples brought against Chinese and African Americans. This sample of instances that Logan and Molotch cover suggests a pattern of “geographically organized vulnerability” that has made certain groups of people less able to defend their neighborhoods from the negative effects of growth. “The special vulnerability of poor people’s neighborhoods also stems from the low standing of their residents in the larger systems of economic and political power, not only because of their poverty, but also because of the relative ineffectiveness of the organizations that represent their

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<sup>15</sup> Despite an attempt to distance themselves from Marxist analysis, this quote is strikingly similar to the argument made by Harvey (1973) and Engels (1979) referenced an earlier section—i.e., that capital, rather than resolving its unevenness, resorts instead to geographical fixes, moving poor people and poverty to other locations.

interests” (1987, p. 113). In the period in which Logan and Molotch were writing the American urban “ghetto” was the supreme representation of this. They note that

The critical fact is that in the ghetto, the pursuit of exchange values is almost totally in the hands of outsiders; the daily round is worth little to anyone with an exchange interest and the resources needed to back up those interests. The people who own and control the ghetto, through their market holdings or their bureaucratic positions, live elsewhere and thus have little stake in enhancing the use values of residents” (1987, p. 132)

Thus displacement can be read as a struggle over use and exchange values between those who have the power to control capital and development and those who do not.

### 3. Gentrification and Displacement

*What must be heard in these stories of [displacement]—their emotional core—is the howl of amputation, the anguish of a calamity unassuaged, the fear of spiraling downward without cessation, and the rage at poverty imposed through repeated dispossession<sup>16</sup>*

—Mindy Fullilove

The gentrification literature presents a distinct and complex set of analytical frameworks that are based in many of the most important arguments from both the meta- and derivative-theories of urban change. Turning to this literature, a historical approach is helpful so that the subject of gentrification is problematized as a historically and spatially contingent process instead of being seen uncritically as a natural or taken-for-granted phenomenon of contemporary urbanization. This perspective permits analysis of both the empirical process as well as the divergent theoretical paths that have characterized the field. To begin we might ask, “Where does gentrification fit within the overall schema of this literature?” Most writers who have embarked on similar endeavors usually begin with the word itself since it is actually a rather unusual expression for what it signifies. Gentrification, as it is frequently noted, is attributed to the British sociologist, Ruth Glass, who coined the term in 1964 to describe the movement of wealthy individuals—gentry—from the English countryside into London neighborhoods (Glass, 1964). However, when we think about episodes where wealthier, privileged, or culturally distinct people essentially take over space previously occupied by other communities with less relative power, a number of possibilities arise that question the distinct usefulness or the originality of the concept that Glass presented. For example, a few authors have suggested other moments that could possibly be seen as precedents to gentrification:

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<sup>16</sup> (Fullilove, 2004, p. 224)



- The mass evictions resulting from the revocation of the Edict of Nantes 1685 (N. Smith, 1996);
- Haussmann's bourgeoisification of Paris that began in 1852 (Lees, Slater, & Wyly, 2008; N. Smith, 1996);
- The uprooting of working class people in 19<sup>th</sup> century Manchester, England (Engels, 1968);
- The forced displacement of first nation peoples beginning in the 17<sup>th</sup> century, peaking in the Indian Removal Act of 1830 (Keating, Hartman, LeGates, & Turner, 1982); and
- The removal and internment of Japanese Americans from the West Coast during World War II (Keating et al., 1982).

Yet at the same time, I think it is safe to say, that none of these seem to capture the meaning that “gentrification” attempts to signify for contemporary audiences. There is something qualitatively different about gentrification as an explicitly contemporary, capitalist urban phenomenon that differentiates it from these experiences. One compelling answer to this question has been provided by Neil Smith who locates the specificity of gentrification in two factors: first, its extent and, second, its systematic nature. He states for example, “So what makes all of these experiences ‘precursors’ to a gentrification process that began in earnest in the postwar period? The answer lies in both the *extent* [emphasis added] and the *systemic nature* [emphasis added] of central and inner-city rebuilding and rehabilitation beginning in the 1950s” (N. Smith, 1996, p. 37). If we assume this is accurate, then what is special about gentrification, or what separates it from similar processes in the past, is its relationship to larger structures and patterns of urbanization.

As noted, the term gentrification came into existence in 1964, however most authors in the literature have recognized that the first instances of what we call gentrification initially began in the decade prior. The “emergence of gentrification proper...” write a group of scholars in an important text on the subject, began “in postwar advanced capitalist cities. Its earliest systematic occurrences were in the early 1950s in large metropolitan cities like Boston; Washington, D.C.; London; and New York City” under the direction of the federal government through such programs as urban renewal (Lees et al., 2008, pp. 5-6). Urban renewal was a unique and especially controversial program that came out of the 1949 Housing Act. It was ostensibly intended to “renew” disinvested

inner city areas through a process where communities were first deemed blighted by local authorities so that the federal government could then subsidize the purchase and acquisition of land through the use of eminent domain. Once land was acquired, it was finally turned over to private developers for modern housing and infrastructure development. Given the thoroughly racialized urbanization patterns of the post-World War II era, urban renewal essentially occurred in a context that necessarily resulted in the displacement of racialized populations living in the disinvested urban core, and especially racialized black populations. This fact ignited tremendous indignation from organized community groups and an emerging class of community development-oriented intellectuals like Jane Jacobs, whose collective work and effort helped build support for a popular resignification of the program away from a concept of renewal to “negro-removal,” which, in the language of the time, was meant to expose its explicitly racist consequences.

Under a combination of factors that included the Vietnam War and the reduction of available federal funds as well as a declining interest in progressively solving inner city problems from the dominant political regime at the federal level, urban renewal withered away during the late 1960s and early 1970s (Keating & Krumholz, 1999). Yet irrespective of its demise, two impressions can be fashioned from this moment. The first has to do with argument presented in the prior chapter about the power of dominant accumulation strategies. In this regard we can see—temporarily putting aside the important opposition that formed in response to urban renewal and its role in defeating the program—that, as a counter-hegemonic attempt to fundamentally challenge the prevailing pattern of capitalist valuation away from the periphery and back towards the urban core, urban renewal ultimately failed. And yet at the same time, despite this failure, it marks the first instance of a new (state-led) spatial project that would gradually take shape over the following decades. Second, and importantly, from this experience we can begin to draw out two central expressions affirmed in the concept and empirical substance of gentrification: (1) the displacement

of racialized, socially, and economically marginalized populations; and (2) the movement of capital into disinvested areas in and around the central core of cities. Despite the uniqueness of urban renewal, the fact that this second set of ideas has remained as important pillars upholding the notion of gentrification is testament to their enduring meaning beginning with urban renewal through the important period of the 1970s and onward as fundamental characteristics of gentrification in the present. In this sense, we can begin by suggesting that urban renewal represents the first step in the complicated development of gentrification.

In the late 1970s, several factors would come together to push gentrification into a new and more complex phase of its development. Those who attempted to describe these changes initially expressed them in similar and overlapping ways as either a “back to the city” movement (Bradley, 1978; James, 1977; Laska & Spain, 1980) or second, as neighborhood “revitalization” (Clay, 1979; Lipton, 1977; London, 1978). While there were some minor differences between the two—primarily in terms of a topical focus on either demographics or physical neighborhood changes—both views shared a few fundamental characteristics that indicate that they are best seen as facets of one singular expression. The back to the city movement/revitalization argument was first of all based on the notion, similar to the one presented by Glass, that middle-class people from outlying regions, such as the suburbs, were returning to the urban core and renovating their newly acquired housing. With hindsight, we now understand this as a rudimentary response by scholars to the differences in class, race, and culture that became immediately apparent between the “gentrifiers”—as they became known as—on the one hand and the non-gentrifying people of inner city communities on the other (U. S. Department of Housing and Urban Development & Office of Policy Development and Research, 1981). It is therefore no surprise that such considerations eventually found their way into an important work on the subject by Sharon Zukin, *Loft Living*, which sought to explain gentrification explicitly through the lens of culture (Zukin, 1982). More

importantly however, it was not long until research showed that the evident cultural juxtaposition was not based in the supposed suburban origin of in-movers and the idea was shown to lack any real basis in empirical evidence (Beauregard, 1993; Gale, 1979; P. Marcuse, 1985).<sup>17</sup> And thus contrary to opinion, in-movers and gentrifiers, like those whom they displaced, were essentially urban in origin, and in at least in one case, anywhere from one half to ninety percent of these in-movers originated from somewhere within municipal boundaries (Gale, 1979). The intra-urban movement that this represented was nevertheless one that was based in a spatial differentiation of value that was socially constructed and which fashioned disinvested inner cities amidst a landscape of selective and valued urban space.

The dissolution of the early debate about where gentrifiers came from quickly evolved into more profound questions and concerns about what was happening to urban centers throughout the country in the late 1970s and early 1980s. The main issues that emerged, in respect to gentrification, were three:

- 1) What was the *extent* of the change or, as one author described it, “the extent to which the revitalization of some inner-city neighborhoods reflects a major shift in residential investment patterns”? (Hodge, 1981, p. 188)
- 2) What were the ultimate *costs* or negative consequences of neighborhood transition?
- 3) What were the root *cause(s)* of this urban transformation?

To a greater or lesser degree, these three foci have endured as the defining concerns within the literature on gentrification. Together, the responses to each collectively represent the “answer” to the question posited earlier in this chapter: *where does gentrification fit?* Moreover, it is significant that these concerns came to the fore when they did, that is they emerged precisely when gentrification developed into a more chaotic, complex, and popular form rather than the result of federally-assisted urban programs such as urban renewal (Beauregard, 1986b).

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<sup>17</sup> While most studies showed this to be the case, the Seattle Displacement Study gave data to the contrary, demonstrating that most of the movement into the city for the five years prior came from outside the SMSA and a full 8 percent of all Seattle households moved into the city from the suburbs (Hodge, 1979, p. 119).

The question of extent is probably the easiest of the three issues to describe since it has generally occurred in a certain progressive pattern that roughly follows larger trends in urban development and theory. Toward the beginning, or at least in the post-urban renewal phase of “anarchistic” or “chaotic” gentrification—what was often described as revitalization—very little was understood about what was happening. During this early period of gentrification research Mark Baldassare introduced one of his essays by writing, “Little is actually known about the existence, causes, and consequences of inner city revitalization” (Baldassare, 1982, p. 25). Looking back, what is not so interesting is his frustration with a dearth of data, but rather the terms in which he framed his question. For one, as was discussed earlier, the question was very much linked to a fascination with inner city revitalization as a unique or even improbable phenomenon. For most of the post-war period, as well as many years prior, the fact that academic research had continued to demonstrate the impressive expansion of cities outward along with a corresponding change of land uses, moving from middle-class residential to working class to slum and then to commercial/industrial, led some social scientists to forget the contingency of this urbanization pattern. Following in the footsteps of the pioneering Chicago School of Sociology they assumed that urbanization was similar to a wave that flowed outward from central business districts (CDBs), first converting agricultural land to residential areas with more progressively urban uses following slowly behind.

More contemporary authors have shown that these models were based on a neoclassical theoretical framework that was common and possibly even hegemonic at the time and which, as a school of thought, sought to explain urbanization through notions of spatial equilibrium, economic competition, and consumer sovereignty (Lees et al., 2008). The same authors have argued for example, that “These models explained suburbanization in terms of an overriding consumer preference for space, combined with differences in the ability of high- and low-income households

to engage in locational trade-offs between access to centralized employment and the cheaper land prices available on the lower density urban fringe” (Lees et al., 2008, p. 45). Included within this model was also a notion of residential ‘filtering’ which, according to Homer Hoyt (1939), the principle proponent of this argument, showed that new houses and new neighborhoods were almost always populated by higher-income households. As these neighborhoods aged and became swallowed up by urban expansion, pushing them relatively closer to the core, their occupants were eventually replaced by progressively poorer populations and thus “filtered.” Under such assumptions it was hard to imagine how new households from higher income categories would choose to locate near the urban core in older structures that were located within comparatively underinvested neighborhoods. Consequently, the early literature on revitalization is preoccupied with an attempt to grasp its unifying patterns as it unfolded within various urban landscapes across the United States (Clay, 1979; National Urban Coalition, 1978).



**FIGURE 2** DISTRIBUTION OF PUBLICIZED REVITALIZATION ACTIVITIES (Beauregard and Cousins 1981, using *HUD Challenge, Journal of Housing, and Planning* for the years 1970-1980)

**Figure 5: The Geography of Revitalization During the 1970s<sup>18</sup>**

The emerging geography of revitalization seemed to suggest that urban reinvestment activities were spreading from a group of major metropolises that were undergoing deindustrialization pressures, and which were for the most part concentrated in the Rust Belt region of United States, to other cities throughout the nation. However, what was considerably less well understood was the affect that this process was having on the residents of reinvesting neighborhoods. It is at this point that we see the discourse move decidedly toward questions connecting displacement and gentrification rather than those dominated by the chimera of inner city revival.

Neil Smith has argued that during this period gentrification was relatively atypical and isolated; it was essentially “sporadic, quaint, and [a] local anomaly” (N. Smith, 2002, p. 427). This idea is ironically supported by data from Howard Sumka who, as the Deputy Director of the Division of Community Research at the U.S. Department of Housing and Urban Development

<sup>18</sup> Reprint from (Holcomb & Beauregard, 1981). Permission to duplicate obtained from the American Association of Geographers January 29, 2014.

(HUD), released a major report on the subject showing that displacement was not a significant national phenomenon (Sumka, 1979). Sumka's report sought to confirm that despite a growing concern over the various consequences of rising gentrification pressures—epitomized in the book, *Displacement: How to Fight It* (1982)—only 0.8 to 1.1 percent of all households in the U.S. were displaced in a single year (Sumka, 1979). Significant controversy emerged about the methodology used to produce these numbers and authors such as Chester Hartman took aim at his research. In a vehement exchange with Sumka, Hartman had this to say:

HUD officials may be too insulated from the displacement problem at the neighborhood level to realize how serious and pervasive it is. Sumka's treatment of existing data suggests at best an insensitivity to the real problem. In placing "some perspective" on (i.e., belittling) the displacement problem, Sumka notes that in none of these years [1974- 1976] did the number of displacement movers exceed four percent of all moves. This figure nonetheless amounts to over a half million households per year (probably 1 ½ -2 million people), and the "serious potential biases" in that figure are not "of an indeterminable direction." For instance, he points out that moves due to rent increases are excluded from the displacement data. Yet it is the process of upgrading and revitalizing that prices tenants out of the market in a given neighborhood and leads them to move. Excluding such moves vastly understates the magnitude of the displacement problem. (Hartman, 1979, pp. 488-489)

Later reports by HUD would maintain Sumka's initial cautionary tone but qualified their denial of a nationwide urban problem by inserting scalar modifications that suggested displacement was more significant in cities and neighborhoods experiencing revitalization. They showed, for example that in certain urban areas, displacement caused by reinvestment was all but alarming, even when displacement reached as high as 25 percent of all movers in one case (U. S. Department of Housing and Urban Development & Office of Policy Development and Research, 1981).



**Table 5: Hackworth and Smith’s Periodization of Gentrification**

Stage	Time Period	Defining Characteristics
First-wave	Pre-1973	“Prior to 1973, the process is mainly isolated in small neighborhoods in north eastern USA and Western Europe”(2001). It was sporadic, highly localized and usually involved significant participation from the state. Some gentrified neighborhoods in this wave included South of Houston (SoHo) in New York City and Society Hill in Philadelphia.
1 <sup>st</sup> Transition period	1973-1981	Spurred by the economic recession, developers invest in neighborhoods devalued by the recession.
Second-wave	1981-1988	Gentrification becomes “anchored” in disinvested central city neighborhoods and spreads to “non-global cities”. The process in this stage becomes embedded within larger cultural, political and economic developments. For instance, not only does the conflict between artists as gentrifiers and strong organized community resistance assume greater proportions, but gentrification itself becomes more closely linked to the transformations pushing cities into new roles within emerging glocalization processes.
2 <sup>nd</sup> Transition period	1988-1993	Recessionary pressures constrict the flow of investment into disinvested neighborhoods which consequently affects the degree of gentrification.
Third-wave	1993-early 2000s	The economic aspects of the process—vis-à-vis culture—is strengthened by greater associations with large-scale capital investment that expand the scale of gentrification to entire neighborhoods. Additionally, gentrification in this period receives more support from the state and spreads to neighborhoods further away from the city center. Anti-gentrification groups who were active in combating the process in previous stages morph into housing service providers.

The question of extent was additionally complicated by developments within the process of gentrification itself. In short, gentrification did not simply begin and then spread from city to city or from neighborhood to neighborhood in an easily identifiable or consistent pattern beyond what was put forth in much of the revitalization literature. Accordingly, the question of extent and “movement” is best viewed with a little historical distance. Jason Hackworth and Neil Smith, in their piece, “The Changing State of Gentrification” (2001) have attempted to force the history of gentrification into a periodization that should help to reveal more. In their analysis, gentrification has occurred in three primary waves with two intermediary periods. The first wave generally refers to the urban renewal projects of the 1950s and 1960s and stands out for the high degree and top-down character of state involvement. This first and somewhat exceptional period is followed by the

first transition period from about 1973 to 1981. It is during this period that the question of revitalization occurs. Significantly, it is also a period of severe economic crisis, what was referred to as the hegemonic destabilization of the Keynesian Welfare National State (KWNS) and the appearance of competing neoliberalization projects (Jessop, 1999). During this moment, gentrification assumes a more cultural relationship as young, primarily artist and professional households moved into disinvested urban centers, invested in their buildings and “revitalized” local neighborhoods (Zukin, 1982). Partially spurred by these individual actions—frequently characterized as “chaotic” or “pioneer”—investors in the 1970s increasingly looked on disinvested areas as sites for speculation, further encouraging neighborhood transitions (Beauregard, 1986a; N. Smith, 1979, 1979b).

In the second wave, gentrification sheds its more transitory character and effectively “anchors” itself as a central urban process. Accordingly, earlier notions about central city revitalization give way to more sober calculations of urban reinvestment. Investment in inner city locations during this period, especially those located around CBDs, is notably less disorganized and becomes more selective and structured through policy at a various scales and the more intentional participation of local regimes. The dual notions of selection and structuration are meant to reference the rising importance of neoliberalization and associated glocalization pressures as specifications of Neil Smith’s critical assessment of the importance of structure to the notion of gentrification. Cities and regions with important command and control functions or specialized agglomeration economies for the restructured global economy rising out of the crisis of the 1970s subsequently became the preferred sites for reinvestment. Gentrification in this context now becomes less hinged to a geography of deindustrialization and revitalization that it was associated with in the first wave and increasingly moves into other cities and regions where it takes hold with many forms including entrepreneurial urbanism (Harvey, 2002).

Finally, following the pattern of the growing involvement of international capital and investment—vis-à-vis local or individual capital—in the important urban geographies of the new political economy, recessionary pressures at the end of the 1980s consequently force the partial retreat of capital from the built environment and temporally lessen the impact and development of gentrification in the second transition period until the resurgence of the economy in the mid-1990s heralds its return. In the third and last wave of Hackworth and Smith’s periodization, gentrification radically deepens its role with respect to larger patterns of urban development. As a fully neoliberal effort, gentrification in this period portends to become the new “global urban strategy” of the 21<sup>st</sup> century and the dominant pattern of a new regime of accumulation (N. Smith, 2002). This notion is supported by Rowland Atkinson and Gary Bridge who in their edited work, *Gentrification in a Global Context: The New Urban Colonialism* (2005), unambiguously put forth the view that gentrification has advanced to become the dominant pattern of urban development.

### **3.1 The Place of Displacement within the Literature**

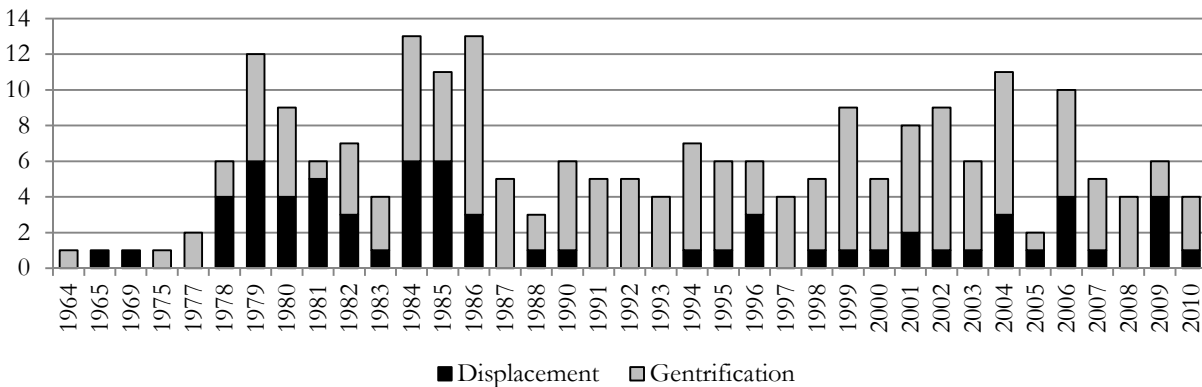
The question of displacement requires a somewhat more detailed approach. Beginning with Ruth Glass’ original elaboration of the term in 1964 as a starting point, I selected academic articles based on whether or not the main thrust of each work’s content dealt with the issue of gentrification. This preliminary selection process eliminated many articles that while important to the subject, nevertheless fell outside the field. For example, many of the important legal studies exploring unlawful detainers or the creation of special housing courts in tight housing markets were not included since they did not locate the source of their respective issues within the process of gentrification regardless of the fact that they often included useful statistics on eviction and other forms of landlord harassment (Brescia, 2009; Epstein, 1979; Fusco, Collins, & Birnbaum, 1979; Jolin, 2000; McDonough, 2009; Monsma & Lempert, 1992; Nebron & Ides, 1978; Seron, Frankel, & Van Ryzin, 2001). Second, all full-length books, non-academic periodicals, and gentrification studies that

focused *exclusively* on locations outside the United States were also excluded. In total, this process netted 221 scholarly articles and reports on gentrification.

These works were then organized into two broad categories—i.e., gentrification or displacement—according to the degree of importance the topic of displacement was given. In addition to the relative amount of space given to the topic, a key discriminating factor was whether or not the author viewed displacement as resulting from the processes of gentrification. The subtlety of this important step is illustrated in the difference between two pieces, one by Peter Byrne (2002) and another by John Powell and Marguerite Spencer (2003). Byrne’s piece argues that the benefits of gentrification ultimately outweigh the costs, of which displacement is only one. He states, for example, “gentrification is good on balance for the poor and ethnic minorities. The most negative effect of gentrification, the reduction in affordable housing, results primarily not from gentrification itself, but from the persistent failure of government to produce or secure affordable housing” (2002, p. 406). Powell and Spencer take issue with Byrne’s analysis and among many critiques, take time to emphasize that that displacement is much more significant than Byrne assumed. Accordingly, Byrne’s essay was categorized as a gentrification piece and the latter a displacement essay.

The results of this analysis—partly illustrated in the chart below—show that while displacement has certainly maintained an important place within the gentrification literature, *vis-à-vis* other topics such as historic preservation or gender, its presence and character have changed significantly. For example, during the 1970s and early 1980s, gentrification research was especially preoccupied with displacement. In fact, almost half of all studies in the 1970s could be described as being displacement-oriented. Many of these early pieces were attempts at measuring the magnitude of displacement (B. Lee & Hodge, 1984b; LeGates & Hartman, 1981; S. Newman & Owen, 1982; Sumka, 1979). Part of the reason gentrification-induced displacement became an important issue for

scholars during this period was due to the on-the-ground effort of activists and community organizers (Grier & Grier, 1980). The relative success of these agents is subsequently represented in the disproportionate number of governmental and non-governmental reports published during this period. The pressure from below was even significant enough to force provisions in the Housing and Community Development Act of 1978 requiring the Department of Housing and Urban Development (HUD) to actually report on displacement. This in turn led to the first study seeking to measure the extent of displacement at a national scale by Howard Sumka (1979).



**Figure 6: Displacement within American Gentrification Literature**

Sumka’s study was important for several reasons. First of all, it represented an attempt by the principal governmental housing organization in the United States to quantify displacement across the entire country. In this way, the report validated the efforts of many community organizations and activists who had been pushing for more data on the emerging gentrification-displacement phenomenon. Yet at the same time, the report’s conclusion that displacement was not a significant problem quieted calls to intervene with policy. Spurred by skepticism and discontent, a few progressive academics took Sumka’s study as an opportunity to challenge the report’s findings, initiating an ongoing methodological dispute in the literature. Thus, whereas Sumka argued that displacement was not a significant problem, other scholars using the same data, critiqued his work

and found that 1.4 million people were displaced in a single year, more than double Sumka's estimate (LeGates & Hartman, 1981). A year later Newman and Owen found that roughly 5 percent of urban families moved for displacement reasons (1982).

Beginning at the end of the 1980s and through almost the entire decade of the 1990s, the study of displacement declined relative to the total amount of gentrification research. Yet, while the actual number of displacement articles decreased, the character of displacement research during this period changed in important ways. Paralleling similar trends in gentrification literature, displacement research expanded beyond the urban centers along the east coast where gentrification was first noticed such as New York, Philadelphia, and Washington, D.C. and widened its scope moving westward and incorporating suburban, international and even rural geographies. In an intriguing shift, displacement research during this period also began to move away from efforts to quantify the magnitude of involuntary moves and shifted into new frameworks for calculating the costs of gentrification such as psychological and social health measures (Carr, 1994; Fullilove, 1996). Yet by far, the most important transformation during this period was a change in the concept of gentrification itself. In a series of widely acclaimed articles beginning in the mid-1990s, Lance Freeman significantly modified the way the relationship between gentrification and displacement was understood. His studies not only attempted to show that displacement was less significant than had been previously assumed, but also, by delinking displacement from the gentrification process, gentrification essentially became a tide that lifted all boats. Once the "bad word" of urban planning, gentrification now fused into a more celebratory discourse while displacement research—with few exceptions, interestingly enough around questions of industrial displacement (Curran, 2004, 2007)—became either a political or methodological counter to Freeman's work.

Much of the inability to produce a more comprehensive understanding of the gentrification process lies in the inability of displacement research to deal with its particular methodological and

conceptual dilemmas (Atkinson, 2000b; Slater, 2006). Rowland Atkinson (2000a) for example has emphasized the futility of attempts to quantify displacement saying that in effect they are an attempt at “measuring the invisible”. Newman and Wyly (2006) further elaborate on the character of this unique problem lamenting that “Measuring how gentrification affects low-income residents is methodologically challenging and estimating the scope and scale of displacement and exploring what happens to people who are displaced have proved somewhat elusive. In short, it is difficult to find people who have been displaced, particularly if these people are poor.” Continuing, these same authors state, “By definition, displaced residents have disappeared from the very places where researchers or census-takers go to look for them” (2006, p. 27). Regrettably, the breadth of literature offers few redeeming examples as the same problem has surfaced in previous investigations all the way back to seminal works such as Marc Fried’s *The World of the Urban Working Class* where he commented on the difficulties of obtaining responses from people who relocated before they could be surveyed (Fried, 1973, p. 264).

Contemporary research has not sufficiently resolved this persistent difficulty despite the fact that the question of the negative consequences of gentrification, and displacement in particular, has returned as an issue within the literature. Much of this is due to three essays by Lance Freeman—and to a lesser extent his occasional co-author, Frank Braconi—who has emerged as an influential scholar both in the field and beyond (Freeman, 2005, 2006; Freeman & Braconi, 2004).<sup>19</sup> What makes Freeman’s work important within the field of gentrification scholarship is the methodology used to capture displacement. His approach begins by first categorizing gentrification studies into either succession-based or displacement-based methods. He writes:

When social scientists attempted to empirically quantify displacement in gentrifying neighborhoods...their findings typically failed to find evidence of widespread

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<sup>19</sup> The influence of these pieces can be partly judged by their acceptance and use among popular periodicals like *USA Today* which picked up Freeman’s work as the basis for the piece, “Studies: Gentrification a Boost for Everyone” (Hampson).

displacement...The first wave of displacement studies generally used two types of methods to measure displacement due to gentrification. One was a succession methodology that examines how the characteristics of in-movers differ from those of out-movers...The other common approach was to retrospectively ask people why they had moved from their former residence. (Freeman, 2005, p. 465)

Freeman notes that both methodologies involve certain weaknesses. He argues for example that succession studies cannot fully show the impact of displacement and displacement studies generally suffer from an inability to identify the location of respondents' former residences. In order to improve on these deficiencies, Freeman and Braconi (2004), and later Freeman (2005) on his own, would conduct studies that employed new methods. These studies sought to improve on previous work that tended to restrict analysis to gentrifying neighborhoods alone by incorporating a model of comparison between gentrifying and non-gentrifying neighborhoods. Here Freeman employed a counterfactual, or a control neighborhood of sorts, that could presumably provide a baseline displacement rate. This rate could in turn be used to evaluate the level of displacement in a neighborhood with what would be expected if gentrification were not taking place. The point, in Freeman's words was that in order "To determine whether gentrification causes an increased number of poor households to be displaced, there must be a basis of comparison to other neighborhoods in which gentrification is not occurring" (Freeman, 2005, p. 466). Based on these improvements, Freeman produced the following findings:

- 1) "the relationship between mobility and gentrification is not statistically significant"
- 2) "Although displacement was significantly related to gentrification, the substantive size of this relationship is very small"
- 3) "poor renters do not appear to be especially susceptible to displacement" (Freeman, 2005, p. 480).

The provocative conclusion that succession is a more accurate way of approaching the issue of gentrification than forced displacement and that concern for the displaced is overstated has tremendous consequences. As might be anticipated, it also ignited much controversy. The first work to comprehensively attack Freeman's methodology and counter it with a competing method



was an important piece by Katherine Newman and Elvin Wyly (2006). The two most important critiques of Freeman's work found in this essay were: First, that displacement is more accurately understood as a long-term process that cannot be effectively measured with short time frames. They note, "Measuring displacement in the heart of gentrified neighborhoods in the late 1990s creates considerable selection bias: after two generations of intense gentrification, any low- and moderate-income renters who have managed to avoid displacement are likely to have found ways to adapt and survive in an increasingly competitive housing market" (2006, p. 28). And second, in order to form a base rate of displacement, Freeman created control groups based on moves from non-gentrifying neighborhoods. This mode of comparison is especially problematic since "it includes residents from some of the poorest areas of the city including all of the Bronx and parts of Brooklyn and Queens with high poverty rates" (2006, p. 28). They note that "We might expect that these residents move more frequently than those in other areas of the city, producing an artificially high standard to use as the comparison for displacement rates from gentrifying neighborhoods" (2006, p. 28). Using an alternative methodology based on these critiques, the authors found that Freeman's numbers understated the problem of displacement. For example, while Freeman and Braconi used two New York City Housing and Vacancy Surveys (NYCHVS) to show that between 1996 and 1999, a total of 37,766 renters were displaced—equaling 5.47% of all moves by renters—Newman and Wyly used five surveys (1991, 1993, 1996, 1999, and 2002) to report a higher displacement rate that fluctuated between 6.2% and 9.9% of all moves by renter households. In explaining these numbers, the authors concluded that "The vast majority of these households were forced to move by cost considerations....*Cost drives the overall trend, with fluctuations in unemployment, income and rental inflation combining to force households into various relocation or adjustment strategies* [emphasis added]" (2006, pp. 29-30).

The methodological critique of Freeman's work was only one aspect of Newman and Wyly's piece. More importantly, these authors sought to speak more generally about the problem of available data that can be used to measure displacement. In speaking on the NYCHVS specifically, they argue that the survey is a particularly poor instrument for measuring displacement.

NYCHVS asks only about the move of the 'reference person', it does not identify persons who were displaced from a previous home and who now live with a householder who was not displaced, or who has lived in the same unit for a number of years; in other words, the single most logical strategy that can be used by a victim of displacement (doubling-up with relatives or friends) immediately renders the family invisible from official estimates of displacement. (2006, pp. 30-31)

The authors go on to argue that most survey data sets, the NYCHVS included, are deficient at capturing other situations that are possible consequences of displacement but which are important to the actual experience. In addition to surveying the 'reference person' or the head of a household, a more accurate instrument would need to include displaced people who move outside the city or region of focus and those who become homeless or enter the shelter system. Currently, these moves are not counted by such instruments as the American Housing Survey. Furthermore, the reduction of respondents choices for explaining the reason for their move to a single option "ignores a variety of scenarios in which displacement pressures are embedded in the social and economic complexity of everyday life" (2006, p. 31).

This last complaint underscores a significant, but frequently ignored, problem within the literature on gentrification that relates directly to any discussion on the negative costs associated with gentrification-induced displacement. The problem, in short, is that the concept of displacement itself has not been appropriately appreciated as a subject of debate among scholars. Tom Slater, for example, has argued that the lack of substantive debate on the definition of displacement has meant that most often, studies which seek to measure it have come up short; which in turn comes with a greater price for scholars and policymakers: "In the neoliberal context of public policy being

constructed on a ‘reliable’ (i.e. quantitative) evidence base, no numbers on displacement meant no policy to address it. It was almost as if displacement didn’t exist” (2006, p. 748).

The reasons for this absence are complicated. On one hand, a strong argument can be made that ideology can be blamed as notions of displacement have been shown to vary greatly according to political viewpoints (B. Lee & Hodge, 1984a). As these authors demonstrate, conservative views of displacement tend to limit its definitional boundaries to extreme forms of harassment and eviction while more liberal formations include indirect forms of eviction where tenants are essentially priced out as Newman and Wyly showed. At the same time, outside academic circles the view is much more homogenous, generally reducing displacement to the ‘natural’ workings of the housing market or the succession of population groups. Political divergence is crucial since it highlights the conceptual environment where displacement is understood. Due to a lack of critical analysis or possibly submission to tradition, most authors have adopted the pragmatic definition of displacement developed by George and Eunice Grier, itself now over thirty years old (1978b).<sup>20</sup>

Displacement occurs when any household is forced to move from its residence by conditions which affect the dwelling or its immediate surroundings and:

1. are beyond the household’s reasonable ability to control or prevent;
2. occur despite the household’s having met all previously imposed conditions of occupancy; and
3. make continued occupancy by that household impossible, hazardous, or unaffordable.

This definition of displacement is methodologically practical since it separates the household from the world outside and reduces the totality of its relationships to a landlord-tenant dichotomy.

Interestingly, however, it is this very reductive separation that calls its value into question when conceptual clarity is needed to check the instrument against the subject that is meant to be understood—specifically, gentrification-induced displacement. To their credit, the Griers’ definition

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<sup>20</sup> I was unable to locate the 1978 version of this essay; however it was reprinted in 1980 in a collected work, *Back to the City: Issues in Renovation* (Laska & Spain, 1980). All further citations will come from this version.

essentially allows for two general sets of causes, economic and physical, which are covered in their elaboration of possible displacement factors. They explain these as:

- “a formal notice to vacate...”;
- “failure of the landlord to provide heat or other vital services;
- lack of maintenance of partial abandonment of the building, bringing about conditions hazardous to health and safety;
- withdrawal of essential services from the neighborhood; and
- sudden large increases in taxes or rents, which raise them beyond the occupants’ ability to pay” (Grier & Grier, 1980, p. 256).

However, they continue by noting that the following factors cannot be considered:

- “default on rent, mortgage or taxes—except in cases of unaffordable increases;
- occupant behavior that violates the ‘previously imposed conditions’;
- voluntary moves to acquire more suitable housing, where the previous housing was still habitable; and
- job-related moves, since these do not involve conditions affecting the dwelling or its immediate surroundings” (Grier & Grier, 1980, pp. 256-257).

And it is primarily here, in the set of situations not included within the realm of possible displacement factors, where the problem lies. We can identify two interrelated weaknesses in this definitional framework. These are: first, the absence of a critical conceptualization of the factors that influence personal, or what is framed as “voluntary”, choice; and second, the lack of any mechanism to recognize the variety of ways in which asymmetrical power relationships act against the tenant both within the specific tenant-landlord relation as well as the larger tenant-society relation. In regard to the former, Peter Marcuse has argued that the concept of displacement should be broadened and separated into four sub-categories in order to incorporate a critically-driven understanding of displacement (1986). These are:

- 1) *last-resident displacement*: “If one looks simply at the housing units involved, and counts the last residents in that unit, then one gets a measure of ‘last-resident displacement’. Yet it is possible that that prior households occupying the same building were also displaced” (1986, p. 156). Last-resident displacement can be covered by the Griers’ definition.
- 2) *chain displacement*: the displacement of multiple residents from a single unit or group of units. Chain displacement can also be covered by the Griers’ definition.
- 3) *exclusionary displacement*: “When a particular housing unit is voluntarily vacated by one household and then gentrified (or abandoned), so that another similar household cannot

move in, and the total number of units available to such a household has thereby been reduced” (1986, p. 156). Exclusionary displacement is not covered by the Griers’ definition.

- 4) *Displacement pressure*. “displacement affects many more than those actually displaced at any given moment. When a family sees its neighborhood changing dramatically, when all their friends are leaving, when stores are going out of business and new stores for other clientele are taking their places. . . , when changes in public facilities, transportation patterns, support services, are all clearly making the area less and less livable, then the pressure of displacement is already severe. . . . Families under such circumstances may even move as soon as they can, rather than wait for the inevitable” (1986, p. 157). Displacement pressure is not covered by the Griers’ definition.

Looking at Marcuse’s taxonomy of displacement, we begin to see a complexity within the question of displacement that is lost within less theoretically sophisticated articulations. The case of eviction, which is partly included within the Griers’ definition, is an excellent example of this as well as reaffirmation that gentrification and displacement operate in a field of structural power relationships that further complicate attempts to accurately measure the costs. In an essay, “Evictions: The Hidden Housing Problem” (2003) Chester Hartman and David Robinson argue that the existing data on evictions grossly underestimates the problem. They, like Marcuse in his piece on displacement, argue for a broad understanding of eviction that reaches beyond the unlawful detainer processes that usually reduces causes to a short list that includes: non-payment of rent, substantial lease violations, damaging the premises, using the unit for illegal purposes, denying the landlord reasonable access to the property, or refusing to renew a lease (Hartman & Robinson, 2003, p. 463). In turn they argue that other situations are hidden outside this narrow framework that could also constitute a type of eviction. They show that in addition to the variety of extra-legal methods used by landlords to harass tenants and push them to leave, when given a notice by a landlord, tenants may “voluntarily” move out before or during an eviction process even before a judge decides on the case. In this case where the former is covered by the Grier’s definitional framework, the latter is not and they are both equally difficult to document and thus quantify. The larger point Hartman and Robinson are making is that institutionalized power dynamics obscure what gets counted since only one possible end result is measurable. This situation is reinforced in

those cases where tenants actually decide to challenge an eviction. “Key to understanding evictions,” Hartman and Robinson write, “is grasping the legal process involved. Tenants are usually evicted through general civil courts, special housing courts, or small claims courts....The vast majority of tenants are underrepresented by counsel, face a landlord’s attorney, and consequently are unsuccessful in court (2003, p. 476). Ultimately, the complexity behind the question of eviction speaks to the larger issue of structural marginalization that lies at the root of the question of displacement and the costs of gentrification. Gentrification studies that seek to quantify these costs, whether they are in terms of the number of people actually displaced or the wide range of negative effects dispossession and dislocation have on individuals, groups of people, or the urban reality generally suffer from a tendency toward myopia and exclusion such that the negative costs are almost always undervalued.

### **3.2 Concluding Comments on the Literatures of Urban Change and Gentrification**

Contrary to what might be assumed at this point, this broad review of the literature, including those of gentrification and displacement, was not meant to inundate the reader in seemingly unrelated concepts. Rather, because the problem of displacement is not dealt with sufficiently or even explicitly by any single group of studies, there are a variety of fields that touch on its causes and circumstances through different theoretical approaches. I have tried to present the theories that I believe contribute foundationally in some form or fashion to an understanding of displacement within an urban context. At the same time, I have also attempted to present the limitations of each approach in a way that leans on other perspectives and at the same time exposes my own sympathies. For example, through the ecological approach we are able to appreciate that space is not an empty container in which events occur, but that urbanization is a process that creates a number of dynamic and distinct, albeit relational, spaces. The collective actions and cumulative uses that take place in localities essentially work back on the people and activities that occur within. It is this aspect that

the neighborhood effects literature, which essentially emerged from the ecological perspective, highlights. And yet while these literatures seek to revive the important connection between space and behavior, they do so rather uncritically. It is not enough to argue that social and spatial relations are correlated since this does little to tell us why specific events, with all of their ramifications and feedbacks, happen in one place and not in another. Similarly, displacement cannot be understood simply as the cumulative result of landlord and tenant behavior; there is more to urban change than individual action alone.

The neoclassicists have tried to offer a way toward resolving the question of causality through the notion of individual rational behavior where actions are reduced to preferences and land to a simple commodity. But as a variety of urban scholars have argued—e.g, Marxists, growth machine theorists, racial segregation and racialization scholars, etc.—urbanization is not simply the result of individuals guided by rational choice and land is much more than any ordinary commodity. In this the neo-Marxists are correct to argue that not only the mode of production, at a broad theoretical level, but also the structure of private property and the formation of land value are fundamental agents in structuring urban outcomes. Thus, while displacement can be modeled as a function of a variety of variables, little more can be made of this other than correlation and we are no closer to understanding the *structure* of displacement or its changing and location-specific form.

The various derivative theories that have spun off from the meta-theories I have discussed add important insights. For example, growth machine theorists remind us that space is not only created by the forces of capitalist accumulation as Marxists contend or markets as neoclassicists claim, it is instead created by groups of actors that work strategically to increase the exchange value of places. Displacement in this context is tied to the actions of specific groups and the strategies they institute. In addition, geographies of non-displacement are partially theorized as those areas where access to the growth machine apparatus creates sufficient community resilience.

The most striking failure of all of these theories however is the peripheralization of race. Even in those fields where race is addressed specifically—e.g., racial segregation—it tends to be subsumed under other modes of analysis as the outcome of preferences, barriers, or class; with the notable exception of racial formation theory. This literature introduces the important subjects of hegemony and regime projects as a way off understanding how race is inscribed into the landscape through the construction of places, the distribution of resources, and the organization of bodies. Learning from this research we can appreciate how the process of specialization is not only about the unevenness of development or the intensification of uses, but also a project where identities are created. By extension, displacement can then be considered to be tied to racial projects. Where non-whites are displaced disproportionately, displacement becomes intertwined with racialization so that to “be” white or to “be” black, for example, also connotes a relative and expected security of tenure. In this and other forms, the gentrification literature gets us closest to a notion of displacement. The scholars associated with this field, and especially those who focus on the negative consequences of the process, have tried to present a historical conception of the construction of urban space that brings together capitalist accumulation strategies with landlord behavior and historical constructions of race. However as I have attempted to show, the thrust of literature does this in such a way as to relegate displacement to a particular type of urbanization—e.g., gentrification and urban revitalization—to the detriment of a more fundamental analysis of displacement. The problem then with all of these is that they do not, either explicitly or sufficiently in any regard, conceptualize the role of displacement in the process of neighborhood change and urban development. The next section seeks to outline a rough theory of displacement based in the perceived strengths and weaknesses of these theories of neighborhood change and gentrification.



## 4. Toward a Conceptual Framework of Urban Displacement

*precisely because urban land development is privately controlled, the final aggregate outcomes of this process are necessarily and paradoxically out of control*<sup>21</sup>

—Allen Scott

It may seem somewhat odd, an antiquated vestige of tradition, that in a time when the ‘end of theory’ (Anderson, 2008) is being proclaimed, that we should devote any time at all to a theoretical framework. Academic habit, euphemistically stated, has also tended to direct us toward methods and results before any thing else. However, if Fukuyama’s (1992) ‘end of history’ is any lesson, and Slavoj Žižek’s sharp critique of both the idea and those who have essentially failed to counteract it in practice, then theory and a reevaluation of scholarly practice more generally is called for. It is furthermore somewhat ironic that while theory has been one of the most important contributions of the gentrification literature specifically, the question of displacement is one of the most under-appreciated subjects among urban scholars. Mark Davidson’s (2009a) recent critique of the displacement literature in this regard is appealing in that he encourages us to delink our focus on reducing displacement to a singular spatial event. However, when it comes to displacement, numbers are important<sup>22</sup> and a sound method for measuring displacement is still lacking. Much of this, I believe, has to do with a poor theoretical model for understanding displacement, what it is and where it might possibly occur.

It is generally understood that displacement is often the predictable result of major disruptions such as war or natural disasters. Less can be said about the role of displacement within

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<sup>21</sup> (Scott, 1980, p. 138)

<sup>22</sup> According to Chester Hartman (1971), concern over displacement “peaked” during the mid-1960s. There is little doubt that such concern was tied to both the experiential and quantifiable magnitude of displacement. He cites two studies for support: one which claims that 1,054,000 dwelling units had been demolished due to urban renewal (1949-1967), highway (1958-1967), and public housing (1937-1967) programs, and a second stating that 2.38 million units had been demolished by all public programs between 1950 and 1968.

the everyday urban context. Within the literature on urban change, the notion of displacement tends to exist somewhere between a rational consequence of other more significant social and economic forces and an internalized ecological mechanism to maintain equilibrium. Even within the literature on gentrification, which places a relatively disproportionate emphasis on the issue, it mostly does so as either the result of economic transformations at various scales or an associated revanchist neoliberal policy regime. In other words, it can be argued that the main conception of displacement is one that combines demographic invasion with economic restructuring. It is my view that this is only partially correct. A new approach to displacement that moves us forward is therefore needed. Ideally, this conceptual framework will not only reinforce the place of displacement within the gentrification perspective referenced above, but it will also broaden it to encompass the possibility that displacement is also part of the normal functioning of the capitalist urban system. This view consequently draws on the strengths of a wide variety of research into how and why urban landscapes form the way they do. It is also why the previous sections were rather lengthy—i.e., in order to understand urban displacement, we not only need to see how economic forces are tied to political regimes that operate within a context of uneven development, but also how racialized landscapes can reproduce the forces of displacement within non-gentrifying contexts. In order to construct this new conceptual framework for displacement, I therefore rely on elements from three broad literatures: capitalist urbanization and uneven development as well as loose overlap between the regulationist approach's notion of regime strategies and racialization theory. For the sake of clarity, and less for analytical precision, the framework will be presented in the following three subsections.

#### **4.1 Capitalism and Uneven Development**

The capitalist mode of urbanization, unlike other urbanization processes, is distinguished by the fact that its primary expression results from the struggle for the greater accumulation of capital. The

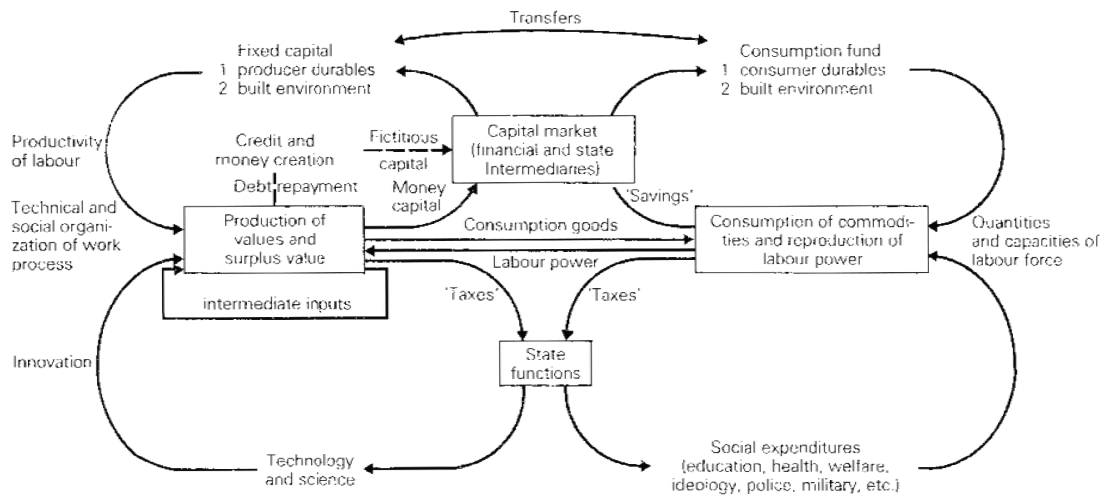
special character of capitalist urbanization has been identified by a number of authors, but probably none more famously than Harvey who declared unequivocally, “My objective is to understand the urban process under capitalism. I confine myself to the capitalist forms of urbanization because I accept the idea that the ‘urban’ has a specific meaning under the capitalist mode of production which cannot be carried over without a radical transformation of meaning (and of reality) into other social contexts” (Harvey, 1981, p. 91). I accept this basic postulation and therefore begin with what I believe to be is the foundation of any concept of displacement—i.e., capitalist urbanization. As described earlier in the section on Marxist literature, property ownership has evolved with capitalism as a fundamental aspect of urban development despite its contradictory tendencies. The primary contradiction here being between the monopoly powers that private ownership entails, on one hand, and the necessary drive toward greater accumulation that ultimately functions to coordinate land uses and development on the other. This tension between what individual landowners—a special type of capitalist dealing with fictitious capital—and capitalists at the aggregate level is best explored through the notion of circuits of capitalism.

Building on the work of Henri Lefebvre in *The Urban Revolution*<sup>23</sup> (2003), Harvey expanded on Marx’s laws of accumulation to construct a vision of capitalism in constant motion as reconstituted and redirected capital flows through three essential circuits. The primary circuit, what is typically thought of in terms of exploitation and innovation, involves the drive to create surplus value through absolute and relative terms—i.e., by extending the length of the working day (absolute surplus value) or by increasing the productivity of labor through revolutionizing production forces and/or reorganizing the work process (relative surplus value). The secondary circuit refers to the

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<sup>23</sup> Lefebvre’s contribution was twofold. He first questioned the distinction between use and exchange values created within the built environment arguing that urban reality “becomes a productive force” (2003, p. 15) that “intervenes in production and the relations of production” (2003, p. 47). Second, he argued that the built environment was capable of absorbing economic shocks. He observes, “Capitalism appears to be out of steam. It found new inspiration in the conquest of space—in trivial terms, in real estate speculation, capital projects...the buying and selling of space...Capitalism, to ensure its survival, took the initiative in this...it attempts to completely reorganize production as something subordinate to the centers of information and decision making” (2003, p. 155).

production, consumption and use of certain commodities with working and circulation periods that cannot be reduced to one simple phase of time. Among these, Harvey gives special attention to the *peculiar* production of fixed capital. Fixed capital is peculiar because its production and realization are unique in that even though “fixed capital items can be produced in the normal course of capitalist commodity production...*they are used as aids to the production process rather than as direct raw material inputs* [emphasis added]. They are also used over a relatively long time period” (Harvey, 1981, p. 96). Complicating matters further, fixed capital is varied and can be divided into two general categories—that which is contained within the production process and that which “functions as a physical framework for production” (1981, p. 96). The physical framework for production is what Harvey refers to when he speaks of the *built environment for production*. This framework consists of commodities that are enclosed within the consumption process (“consumer durables, such as cookers, washing machines, etc.”) as well as those that make up the physical framework for consumption (“houses, sidewalks, etc.”). Together, these two are referred to as the *consumption fund* and are joined by still other items whose functions are more nebulous and can be used jointly for both consumption and production such as transportation systems. Harvey’s original representation of these flows is reproduced in the figure below.



**Figure 7: Reproduction of David Harvey's Flows of Capital<sup>24</sup>**

The flow of capital from the primary to the secondary circuit is critical to Harvey's formulation of capitalist geography, in part because he argues that this movement is only possible when a surplus in the primary circuit exists, thus the claim that speculation in the secondary circuit generally precedes crisis. Furthermore, fluctuations between the primary and secondary circuit are understood to account for the uneven development of urbanization. As was presented earlier, the basic Marxian schema of capitalist urbanization is that it occurs as a spatial project according to the dynamic of equalization and differentiation that together result in a landscape of constant uneven development. The specific form of uneven development is however contingent on territorialized regime formations as well as the particular moment of capitalist accumulation. That is, the capitalist tendency toward crisis forces shifts in the process of accumulation to mediate or displace crisis. These shifts are essentially coordinated through a strategic nexus of capitalists, place entrepreneurs, and the state that facilitate development. In this way, periods of development occur, each with its own distinctive geography and unevenness. Uneven development is furthermore strategic in the

<sup>24</sup> Permission to reproduce this image was obtained from John Wiley and Sons on September 23, 2013.

sense that it is utilized as a crisis alleviation tool for capital—what Harvey referred to as the ‘spatial fix.’ Capital’s spatial strategies are then inscribed in space through the construction of built environments conducive for capitalist accumulation at each particular historical moment. As a result, this process produces attempts at the valorization of space which simultaneously represent strategies that produce spaces of devalorization.

Most of the literature covering displacement<sup>25</sup> tends to see displacement as a result of valorization, and in particular, gentrification. The best example of this is Smith’s ‘rent gap’ thesis. In his analysis, gentrification emerges when the difference between potential and actual land values—expressed as potential and capitalized ground rent—become wide enough to encourage speculative development. The theory is based on the argument that the land market is integrated into the broader capitalist economy. Landlords and private property, which form the basic building blocks of urban space, are rationalized according to ground rents that ultimately function to sort both people and uses. Smith explains:

The pattern of ground rents in an urban area is highly functional in that it is the mechanism by which different activities are allocated through the land market to different spaces. While managing or mediating this differentiation of urban space, ground rent is not in itself the origin of differentiation. Rather, the ground rent surface translates into a quantitative measure of the actual forces tending toward differentiation in the urban landscape. (1996, p. 81)

Thus gentrification is made possible, first by the differentiation of uses and people, primarily by race and class, into different spaces. During the Fordist period of accumulation, the main thrust of equalization and valorization was the extension of capital and people outward toward the urban periphery. In turn, inner cities in many metropolises were devalorized and their structures, built for previous modes of urbanization, left to depreciate. As part of a new spatial and economic restructuring project during the 1970s, gentrification emerged around certain inner city locations strategically positioned against new spaces of valorization. Certain previously devalorized spaces

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<sup>25</sup> Peter Marcuse’s (1985, 1986) work on abandonment and gentrification—which will be discussed shortly—is one notable exception to this trend.

were re-valORIZED as existing residents became subject to displacement forces and a new round of sorting and spatial differentiation ensued. In this way then, gentrification-induced displacement is the result of capitalist processes of uneven development.

Rationalization of land use according to real and potential ground rents furthermore rests on the different forms of rent and the power of landowners to appropriate it. Such foundations not only explain the form of gentrification-induced displacement, but they also open less-appreciated and seemingly contradictory forms of displacement that will be addressed later in this chapter. In order to understand this, it is helpful to briefly revisit the Marxian concept of rent and how it applies to urban land markets. Monopoly rents form the basis of this framework. They arise “because social actors can realize an enhanced income stream over an extended time by virtue of their exclusive control over some directly or indirectly tradeable item which is in some crucial respects unique and non-replicable”—in this case land (Harvey, 2009, p. 94).

Landowners are also able to appropriate higher rents under other forms. The first is through differential rent. Differential rents involve differences in relative “natural” qualities and locational characteristics (DRI) and levels of capital investment (DRII). The two forms are understood to be loosely distinct, existing within a state of constant “systematic interplay” given that the first is the basis for the latter and that natural qualities are themselves somewhat produced (Clark, 2004; N. Smith, 2008). The case of London is illustrative of the production of locational benefits, “the high rent for a price of land in the centre of London may be due to its higher productivity, but that productivity has been *created* by the construction of the vast man-made resource system that is London” (Harvey, 1974, p. 240). They are thus, as Eric Clark reminds us, essentially analytical categories based on a concept of normal capital investment. “In reality of course we find neither equal capital applied to unequal lands nor unequal capital applied to equal lands, but rather *unequal* capital applied to *unequal* lands [emphasis added]” (2004, p. 151). In either case, above-normal levels

of capital applied to land produces higher returns. The potential for higher returns evokes the profit maximizing efforts of other capitals. Equalization tendencies then ensue until the level of investment becomes the norm, effectively restructuring the relationship between locations and turning DRII into DRI. It is this geographical interplay that describes the process beneath Smith's rent gap thesis. Development at certain locations at one moment may have reflected the highest and best use, and the normalization of investment. However as circumstances change and development unfolds in neighboring sites, pressure in the form of a potential rent gap develops and encourages a more intensive and 'higher' use. Higher and better uses often entail the removal of those tenants through rehabilitation or demolition and it is here that we see how investment induces displacement.

A second way in which landowners can appropriate higher rents is through the application of absolute rent. Originally, absolute rent was restricted to agriculture, however when absolute rent was applied to urban circumstances scholars emphasized certain land use controls and development restrictions such as zoning which prevented capitalist investment and hindered the tendency toward equalization. Such restrictions could be seen as increasing demand for the "product" or resource tied to the land. In the case of housing, zoning restrictions limiting where housing can be built or other exclusionary restrictions allow surpluses to be extracted over and above what might be allowed given the free flow of capital to shape these landscapes according to demand. Using Baltimore as an example, Harvey describes a situation where, through financial and governmental actions, housing sub-markets are created and essentially form "absolute spaces" where class-monopoly rents (a form of absolute rent) are appropriated. His analysis includes the inner city, white ethnic areas, the black residential area of West Baltimore, areas of high turnover, and the middle-income sub-markets of North-east and South-west Baltimore. They are, in Harvey's words, a relatively rigid "geographic structure" that in the short run "permits class-monopoly rents to be realized within sub-markets (as classes of providers face classes of consumers)" (1974, p. 249).



Sub-markets of absolute rent in the way that Harvey referred to them subsequently produce two types of displacement. The first occurs at the fringe where the boundaries of sub-markets meet. Here, conflicts between groups of speculator-developers conflict with each other. Again, gentrification provides the example for such conditions. In this case gentrification-oriented speculator-developers struggle to push the boundaries of revitalization against the controls of less developed sub-markets and their own group of 'hood' speculator-developers resulting in a shifting geography of residential and commercial patterns. The second type of displacement emerging from this dynamic occurs within certain sub-markets themselves. Harvey identified one in particular, areas of high turnover, where financial and governmental institutions, mediated by speculator-developers, produced conditions that encouraged white flight. He noted for example that "Operating through the D2 programmes [FHA 221(d)(2)] makes it less easy to extract the 'black tax' but if whites move (as they are likely to do if a low-income black family moves in), speculators can pick up houses cheaper than appraised value, put in some cosmetic repairs to meet FHA quality standards, and sell through the D2 programme" (1974, p. 248). And while such forms of mobility do not constitute displacement in the normal sense, they nevertheless constitute a situation where consumer preferences are produced systematically such that whites displace themselves. A more cogent example might be drawn from the activities of speculator-developers within low-income neighborhoods of color. In these sub-markets, racial restrictions that circumscribe the mobility of non-whites create a situation where class-monopoly rents can be appropriated from the lack of mobility and resulting absolute space. The 'black tax' described by Harvey represents such a situation: "The problem was that a comparable house sold to a person in a comparable income bracket in white ethnic areas cost \$7000 compared to the \$13,000 registered in the black community" (Harvey, 1974). In this case, the relatively closed sub-markets allow higher rents to be appropriated, essentially doubling the exploitation low-income people of color already experience in the labor

market. With little income and less job security, such rents often cause increased, and repetitive displacement within a community.

## 4.2 Negative Spillover Effects

As we saw in the previous section, both spaces of valorization and devalorization are dynamic in the sense that there are internalized consequences to each spatialized tendency. One mechanism of internalization is through spillovers. Allen Scott has argued that spillover effects are crucial to understanding urbanization and its particularly capitalist form. According to Scott, spillovers emerge first from the privatization of land and the inefficiencies that are produced within a system he called the “urban land nexus” (1980). To begin, Scott draws attention to some of the special characteristics of land that make it different from other commodities. In particular, he points to the fact that land cannot be reproduced in the ordinary sense and that it is a necessarily spatial object that forms the site and the sinew of human activities. Both of these aspects make land especially prone to inefficiencies as Scott contends, stating:

precisely because urban land is privately appropriated, exchanged, and utilized, and yet can never be produced or consumed in discrete packages like tons of wheat or yards of cloth, but is replete with locational interdependencies that constantly evade the integrative logic of the market, the urban land nexus is endemically susceptible to deviations from even so mild a criterion of efficiency. (1980, p. 139)

The key threat to efficiency alluded to here is the “discrepancy between the existence of formal legal rights in capitalist society to private land-use control, and the actual absence of real private control over the aggregate outcomes of any specific decision” (1980, p. 137). In other words, property owners are entitled to use their land as they wish—albeit under certain restrictions and regulations—however they are not necessarily responsible for the outcomes that result from their land-use choices, be they either positive or negative. The negative consequences can particularly disruptive and often require intervention. Scott therefore argues that private ownership operates within the intersection of three spheres of human action that make up the larger urban land nexus and which

create, intervene, mediate, or deepen some of the outcomes that result from private land use decisions. These are: (1) “the spontaneous decisionmaking calculus of private firms and households in urban space”; (2) “the rationality of collective political decisionmaking”; and (3) the resulting land-use relationships in urban space (1980, p. 135).

Scott’s first sphere of spontaneous decisionmaking is similar to neoclassical formulations of rational choice in that, at the surface, it can be seen as the simple “cost-benefit calculations of individual firms and households” (1980, p. 136). However, Scott stresses that it should not be confused with the idea of choice preferred by neoclassical theorists. Instead Scott sees private decisionmaking as a structured practice shaped by existing property relations as well as historical trajectories what he terms, “historically determinate motives” (1980, p. 136). Private decisionmaking is furthermore chaotic in that it is not absolutely subsumed to a profit-maximizing framework (for producers) or a circumscribed neoclassical rationality (for consumers) and thus it resists the optimality and equilibrium tendencies that neoclassicists assume. In place of an efficient system brought about through accurate price signals and actors who behave rationally, the private ownership of land produces a landscape that is continuously complicated from inefficiencies of development, exchange, and utilization.

The private decisionmaking of landowners is furthermore problematic because their land-use choices have consequences that reach beyond their individual property lines. A situation therefore emerges where landowners have private control over the development, exchange, and utilization of their land while at the same time they lack any real control over the larger or aggregate outcomes that emerge from these collective decisions. Within the field of economics, the out-of-control consequences are generally referred to as externalities whose costs are not borne by the costs’ originators. Externalities result from locational events that interact negatively and positively with each other and which are not effectively structured by markets. In Scott’s words, positive spillovers

“are neither credited to producers nor debited to consumers,” and “if negative they are neither debited to producers, nor credited to consumers” (1980, p. 148). Thus, the externalization of benefits or costs causes both consumers and producers to function at suboptimal levels, further complicating efficiency.

At times, negative spillovers can be destructive to capitalist accumulation. Collective intervention, Scott’s second sphere, is called to manage the effects of private decisionmaking that are beyond the “accessible range of the active potential of private decisionmakers, but whose resolution is crucial for the continued success and viability of the capitalist system” (1980, pp. 139-140).

Collective action is commonly carried out by the state, and much of planning literature focuses on this particular role of state functions—e.g., the regulation of public goods—however other non-state actors may also participate in forms of collective action to mitigate negative spillovers. Scott cites the following examples: labor unions, business cartels, trade associations, and social clubs. The state, for its part, usually intervenes in order to manage the production and reproduction relations of capitalism, while these other non-state actors attempt to accomplish *specific* sorts of collective action.

Collective action is also never assured. In locations where negative spillovers predominate, state neglect may be especially apparent as was the case with many inner-city neighborhoods from the Fordist period of accumulation onward. However, what may appear to be the lack of collective action at the level of the state may actually facilitate the collective action of certain non-state actors at different scales that may attempt to shape the landscape of accumulation according to their own interests, perceived or otherwise. With the case of devalorized communities that form absolute spaces, landowners form an important set of non-state actors precisely because their decisions play such a dominant role in shaping neighborhood characteristics when other forms of capitalist activity are minimized. Under these circumstances, negative spillovers tend to make landowners more reluctant to improve on their land while other landowners under-invest or under-maintain their

properties. Together this results in depreciative effects on the neighborhood. For example, when discussing the connection between gentrification and abandonment in New York City during the 1970s and early '80s, Peter Marcuse (1985) argued that the “Abandonment of an entire neighborhood occurs when public or private parties, or both, act on the assumption that long-term investment in the neighborhood, whether in maintenance and improvements or in new construction, is unwarranted” (1985, p. 200). The argument that depreciation, devaluation, and under-maintenance are logical responses to systematic neighborhood decline finds some support in the literature on housing markets (Lowry, 1960). Thus through negative spillovers—which first emerge by means of the structure of capitalized ground rents—landowners in specific disinvested urban locations are encouraged to further underinvest in their properties as opportunities for higher returns exist elsewhere. This action, albeit negative, can potentially form a significant type of collective action in devalorized spaces that contributes to its relative unevenness.

The entire process is also somewhat counterintuitive in that underinvestment and neighborhood decline can actually lead to unexpected consequences such as higher rents. Neil Smith explains this seemingly contradictory relationship accordingly:

Under these conditions it becomes very difficult for the individual landlord or owner to struggle against the economic decline which they have helped to induce. House values are falling and the levels of capitalized ground rent for the area are dropping below the potential ground rent...The individual who did not undermaintain his property would be forced to charge higher than average rent for the area with little hope of attracting tenants earning higher than average income which would capitalize the full ground rent. (1996, p. 65)

Thus poor households, exploited by both the labor market and the housing market, are forced into areas that are underinvested because they lack sufficient effective demand. Higher rents, relative to the neighborhood average at the building level or to the average effective demand of the neighborhood's residents, can thus cause displacement. Tenants who knowingly rent sub-standard units may also illegally improve on those units to accommodate overcrowding and thus may also face eviction for these improvements (Kennedy, 2002). Indeed, underinvestment taken to its

extreme as complete abandonment can also cause extra-legal displacement as Marcuse observed: “They are displaced when abandonment takes place because the buildings and the neighborhoods are unsuitable to provide decent housing” (P. Marcuse, 1985, p. 201). Under these contradictory circumstances, eviction for nonpayment of rent or lease violations are re-conceptualized as an additional cost that tenants pay for their own segregation as well as a consequence of an urban land rent regime that permits property owners to exact absolute rents.

This version of negative spillovers reaches beyond the simple concept of nuisances. It argues instead that the interaction between the private and the public gives rise to a field of land-use relationships in urban space and a corresponding system of differential locational advantages that are capitalized in the form of privately appropriated ground rents. Ground rents differentiate uses and people which in turn create a dynamic landscape of positive and negative spillovers. In locations where negative spillovers emerge, consumers of space bear many of these negative outcomes. “At the very least,” Scott notes, “these negative effects cause households to incur unwelcome psychic or monetary costs, and, in their more extreme forms, they may seriously undermine the very logic of reproduction in urban space” (Scott, 1980, p. 151). However, they are much more than this.

William Grigbsy and Louis Rosenburg (1975) have described the overwhelming weight of many of these costs on poor people in great detail:

Low-income families are deprived with respect to housing in a number of different ways. Their homes are frequently in disrepair, as well as lacking in: space, privacy, and ventilation; cooking, bathing, and heating facilities; basic furnishings; and protection from weather, fires, accidents, and vermin. Their neighborhoods are often crowded, strewn with trash, unsafe at night, interlarded with obnoxious uses, devoid of green space, and underserved by community and commercial facilities. To obtain even unsatisfactory living quarters, they are forced to such a high proportion of their income for housing that have insufficient funds of remaining for other necessities of life. Having secured a place to reside, not a few of them live in the knowledge that an interruption in income may suddenly force them to move. Were this not enough, the poor find themselves discriminated against in the home ownership market by onerous financing terms, and prevented, by zoning restrictions and poor public transit facilities, from having access to housing, job, and educational opportunities at the urban fringe. (1975, p. 31)

Thus, one of the many costs that tenants in poor communities are forced to internalize is displacement. Displacement in this light is not simply a question of legally determined fault or the violation of lease agreements, but is instead a socio-political and thoroughly spatialized process of injustice that combines labor market exploitation, racism, housing inequities and scarcity, with property rights, along with other forms of oppression, that disproportionately affects low-income populations in poor neighborhoods.

By means of comparison, positive spillovers in gentrifying or revitalizing neighborhoods also affect low-income households and tenants. For example, gentrification tends to redistribute the positive effects to those who can appropriate their benefits such as property owners, place entrepreneurs, and gentrifiers. Those who cannot afford the higher rents are displaced while those who benefit from gentrification do not assume the cost of their displacement. This process was specifically identified by James Durham and Dean Sheldon who wrote, “One of the major costs of revitalization is that the present residents of the areas experiencing revitalization will probably have to move without being compensated for their expenses. The result is a redistribution of wealth from residents to revitalizers because the revitalizers need not internalize the costs incurred by the residents” (Durham & Sheldon, 1986, p. 2). At this point then we can form a rudimentary typology of displacement based on spillovers and uneven development that will carry the analysis into the third level of abstraction.

**Table 6: Rudimentary Typology of Displacement Based on Spillover Effects**

	Negative Spillover Locations	Positive Spillover Locations
Displacement	induced through an interaction between a differentiated labor and housing markets	gentrification-induced
Valorization	devalorized; underinvestment	valorization at the ground rent frontier; highly valorized; hyper-investment
Production	dilapidated and under-invested/under-maintained structures; vacancies and high turnovers	rehabilitation; new-build construction; conversion of uses
Consumption	Under-consumption	over-consumption
Collective Action	state-neglect; intentional siting of harmful uses; slumlords; supplemental-state activities	state-led investment; growth machines; speculative landowners; real-estate agents; commercial entrepreneurs

### 4.3 Regime Strategies and Racialization

Capitalist urbanization is not the simple product of some Hegelian necessity. Rather, it unfolds through a contested process that results in identifiable and distinct regimes of accumulation that operate hegemonically (Purcell, 2002). This distinctly regulationist approach “focuses on the changing combinations of economic and *extra-economic* institutions and practices that help secure, if only temporarily and always in specific economic spaces, a certain stability and predictability in accumulation” (Jessop & Sum, 2006, p. 4). Regimes are distinguishable at many levels, from their privileging of certain scales of governance (Purcell, 2003); to the special political alliances that struggle to provide the political conditions for accumulation (Harrison & Bluestone, 1988); and importantly, in the overall creation of *cityspace* (Harvey, 1985; Soja, 2000).

Much of the discourse within this field has centered on delimiting and identifying each successive stage and its specific logic resulting in a rich debate<sup>26</sup> and a cacophony of names for each particular stage of capitalist development ranging from industrial capitalism, Fordism, post-industrialism, post-Fordism, post-modernism, flexible accumulation, late capitalism, to most recently, the cognitive-cultural economy. One of the major authors in this field, Ed Soja, has described the

<sup>26</sup> For an exemplary contrary position, see Ann Markusen (Markusen, 2007).



rhythmic process unifying regimes and the particular strategies for accumulation within larger patterns of boom and bust, always with his characteristic emphasis on the ever-present tendency towards crisis:

Three distinct periods of crisis-generated restructuring can be clearly identified. Each represents unusually turbulent times of experimentation, redirection, and change, when to use more contemporary terms, long-established economic, political, and cultural practices are selectively deconstructed and reconstituted in new and different forms. The first of these periods of restructuring and turbulent change followed the Age of Capital [1848-1878] and lasted to the end of the nineteenth century, a period called the Long Depression in Europe and looked back on today as the *fin de siècle*. The second stretched from the 1920s through the Great Depression and the end of the Second World War. The third began in the late 1960s and early 1970s and is still with us today as we enter the twenty-first century.

A recurrent feature of these macroeconomic cycles has been a tendency for distinctive new modes of capitalist development to emerge during the restructuring phase. The most successful lead the new growth period of the next cycle, consolidate as its dominant developmental paradigm, and then peak in their own distinctive period of crisis. (2000, p. 110)

In this quotation, Soja not only identifies the cyclical pattern of capitalist development which he argues resulted in “new modes of capitalist development,” but he is also keen to stress that while these modes emerge from periods of crisis, they do not do so automatically or in any *a priori* sense, but are rather the most successful formulations among many competing alternatives forged by a variety of actors within a range of complex political and scalar associations. Capitalist urbanism according to this view is far from an undifferentiated process of vulgar determination but is instead the tenuous, unpredictable, and at times accidental outcome of intense political and cultural struggles over the process of accumulation. There are, in short, many different capitalisms.

For regulationists, the fundamental arena for securing hegemony lies in the state. “We begin,” note an early group of American authors on the subject, “with a structuralist model of the state, meaning we assume that the state [sic] role will be broadly determined by the relations of production in society....But we also expect that at any particular moment capital interests, political organizations, and urban social movements can immediately affect as well as indirectly bias state behavior” (Fainstein & Fainstein, 1983, p. 245). This view, both determinist and flexible at the same

time, rejects the notion that phenomena can be explained purely through an economic analysis but nevertheless locates such phenomena within a complex field of actors and institutions whose political associations and decisions mediate economic and political activity through the formation of strategic political negotiations manifested in state action. The state holds a special position for these groups of actors due to its elevated role within capitalist societies that, as Fainstein and Fainstein (1983) point out, is based on its four distinguishing factors: (1) it helps private capitalists to act collectively; (2) it carries out needed functions that are inherently unprofitable; (3) it subsidizes activities that are only profitable because of the state's subsidies; and (4) it mediates conflict among opposing social groups or capitalists.

Thus for regimes, the state acts as a necessary facilitating mechanism for accumulation. Regime strategies are furthermore spatialized in that they direct state action toward specific spaces either facilitating accumulation or hindering it. In a relatively older piece by Donald Bryant and Henry McGee (1983), the relationship between regime strategies and gentrification was made clear through the use of legal structures that in effect, 'pushed' gentrification. The difference between these structuring, or regulationist, elements and demographic 'pull' factors is highlighted by the authors: "legally structured forces have stimulated the return of the gentry to the central urban areas of the United States. Unlike virtually all of the studies to date which emphasize the socio-economic dimensions of the problem, this article concentrates on what might be called the law of gentrification" (Bryant & McGee, 1983, p. 49). Such strategies are either local, as with the case of local historic preservation zones that effectively raise necessary income levels for disinvested communities with desirable architectural structures, or a mix of strategies that operate through relationships at different scales. For example, in the same article, Bryant and McGee (1983) describe the connection between neoliberal restructuring at the federal level and local growth machine politics in the early 1980s.

Reflecting the deregulation policy of President Reagan, in 1981 Congress also amended the Housing and Community Development Act of 1974 to change significantly the block grant program. The 1981 amendments reduced HUD's ability to require localities to remedy dislocating effects of the program. Comprehensive application requirements were eliminated. Instead, a locality must only submit a simple statement of funding objectives and activities. HUD's application review authority is effectively eliminated, and now it can only scrutinize performance. No longer can it require that sufficient information be submitted for evaluation before funds are released....With the decrease in HUD's oversight authority and the easing of the standards for determining whether block grants benefit lower income people, it is now easier for localities to fund activities that aid more affluent urban pioneers....Instead, the agency has retreated to a posture of minimum intervention at the national level to brunt the effects of gentrification. (Bryant & McGee, 1983, pp. 104-105)

The example illustrates how policy decisions regarding deregulation and devolution in HUD's lending programs contributed to local revitalization efforts. Through block grants, two scales of complimentary regime strategies combined to encourage development in certain low-income neighborhoods without any substantive regulatory mechanisms to counteract the ensuing displacement process.

For similar reasons, the literature on racial formation also prioritizes the role of the state. Like the regulationsist approach, racial formation scholars see race as the result of racial projects that emerge through the ascendancy of racialized regimes within the state. In their important piece on the subject, Omi and Winant (1994) argue that "race is constructed and transformed sociohistorically through competing political projects, through the necessary and ineluctable link between the structural and the cultural dimensions of race in the U.S." (1994, p. 71). Race, rather than being a fixed identity, is constructed through regimes that successfully manage state institutions to organize people and resources in ways that "*reproduce structures of domination based on essentialist categories of race*" (1994, p. 71). Racialization theory thus folds nicely into the regulationist approach—or visa versa—to describe how at the same time crisis-generated/-generating regime strategies organize accumulation, they also organize people and places around essentialist categories of race.

Using this model we can understand how ghettoization—understood as an absolute space of devalorization—was a racist regime strategy connected to a specific moment of capitalist

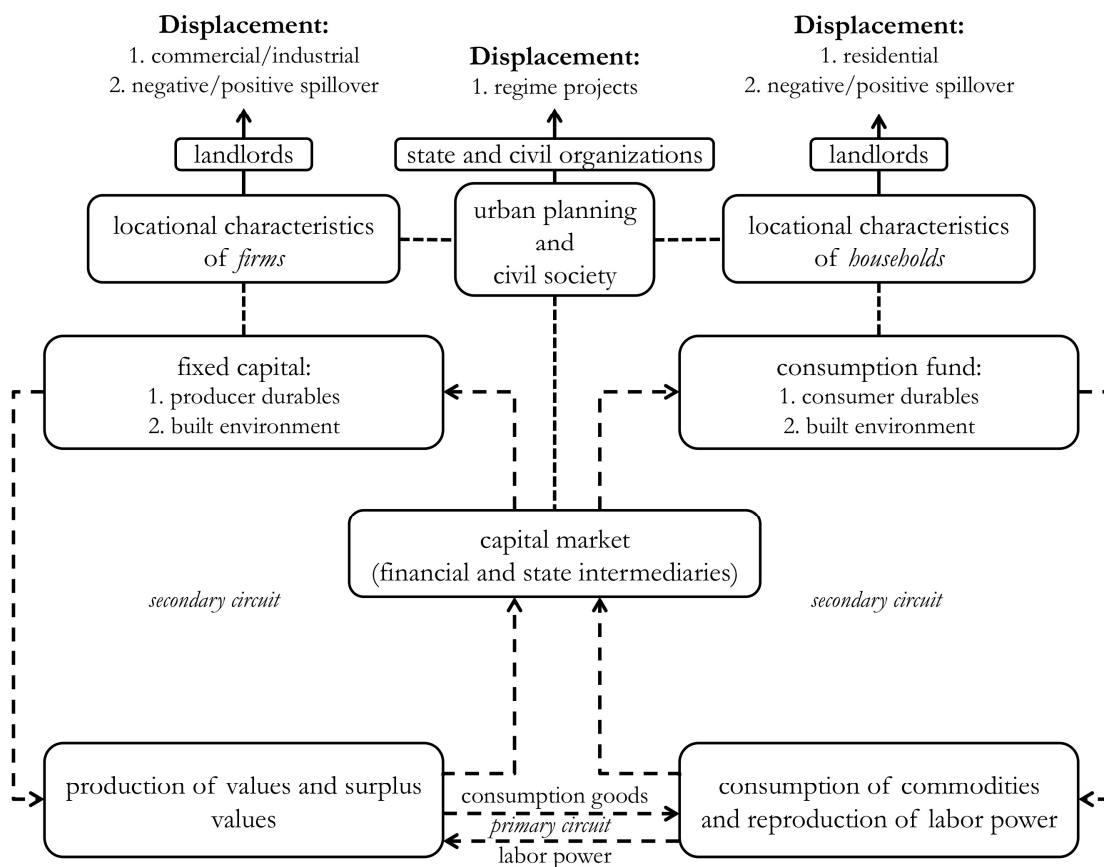
development particular to the United States. Through this process geographies have consequently been inscribed with race as well as development and underdevelopment. For example, during the much of the Fordist period, the disinvested inner city became 'black' and suburbia became both 'white' and valorized. Both represented the simultaneous, but differentiated and uneven, outcome of regime policies that organized resources and people such as FHA lending practices, racial covenants, the intentional siting of noxious uses, as well as a complementary form of geographic differentiation in the labor market with its own set of associated policy structures. Writing on the transformation of Los Angeles' West Adams district, Henry McGee observed how the area went from 'white' to 'black' through changing regime strategies and geographies of accumulation:

During the 1900s, West Adams was the place for the rich and famous of Los Angeles to build their Victorian, California Craftsman, and Colonial Renewal mansions. For nearly half a century, the area was almost all white because of private legal restrictions known as "racial covenants." In the documents transferring ownership there were prohibitions against anyone "not entirely of the Caucasian or white race" from living in the district except as servants....By the 1950s...white-flight ensued with an almost overnight exodus of the residents....The growing use of automobiles in the 1920s led to the creation of new suburbs and the introduction of commercial zoning into the major arterial highways which border the area also caused many whites to look elsewhere for exclusivity. The process of decline was accelerated during the Great Depression when many residents lost their homes to banks, or had to rent them out. By the end of the Second World War, many of the larger houses had been subdivided into apartments and were beginning to deteriorate as blacks moved into the area. (McGee, 1991, pp. 31-32)

The Fordist racist regime consequently set the backdrop for contemporary forms of displacement. For example, not only did it contribute to the pattern of negative spillovers and its associated form of displacement in underinvested racialized inner city communities, but it also organized the ground rent structure in such a way to enable development-oriented growth projects that sought to alter the racialized landscape of accumulation. Urban Renewal, or 'negro-removal' in James Baldwin's reformation, was one notable example of an attempt to reorganize space and people according to a new regime strategy. However, other projects such as the more state-led

forms of gentrification also show how racialized regime strategies produce racialized forms of displacement (Davidson, 2008).

Uniting the ideas of the three analytical sections, we can now revisit Harvey’s accumulation schema in light of displacement. The figure draws together the production of the built environment in the secondary circuit and adds levels of abstraction related to the state and the locational characteristics of firms and households that produce urban displacement.



**Figure 8: Displacement within Harvey’s Schema of Capital Flows**

The figure is intended to bring together the three forms of displacement into a single representative diagram. The main point is to illustrate how displacement is an internalized mechanism of capitalist urbanization. Thus, instead of positioning displacement as the result of an exogenous source such

as immigration or some ecological equilibrium function, the figure locates displacement within the circuits of capitalism itself. Here displacement can be many things. It can be the result of the rent-seeking speculative behavior of property owners in gentrifying contexts—itsself the result of capital switching from the primary to the secondary circuit. It can be the result of the locational decisions of households who are responding to changing socio-economic conditions and their spatial representations. It can be the result of property owners who are responding to negative spillovers that have emerged from the locational and land use decisions of other property owners and uses that affect the ground rent structure. It also allows for the possibility of a type of displacement that results from regime strategies such as urban renewal or local state-led revitalization schemes to facilitate accumulation. Furthermore, all of these forms of displacement are spatialized patterns connected in an overall urban system. Over-accumulation in the primary circuit drives the system, resulting in the production of uneven built environments or consumption patterns. Capital markets, and specifically the financial intermediaries together with the state, organize the availability of capital and facilitate its recomposition and flow into the secondary circuits and ultimately into specific spaces that create the urban landscape.

## 5. Research Design and Methodology

Roland Atkinson (2000a) has argued that measuring displacement is like trying to measure the invisible because, in essence, you are trying to quantify people who are no longer there.

The problem is magnified if the people of interest are poor and marginalized. This difficulty is further compounded by the fact that most surveys are not designed to capture many of the ways people are displaced and their special coping mechanisms—e.g., most surveys focus on interviewing heads of households about relatively permanent household compositions, not a temporary relative sleeping on the couch, or those who move to new locations outside the city or state. As Kathe Newman and Elvin Wyly (2006) have argued, displacement is also a long-term process and cannot be effectively measured in short time frames. Consequently, studies that rely on data from relatively short time periods may not be able to adequately capture the process.

Given these limitations, the general model for displacement research tends to involve a combination of “succession” methods that measure demographics at two points in time combined with inferences about displacement versus non-displacement moves from post-facto surveys that ask respondents about the reason for their housing change. The most common source for such data is the American Housing Survey (AHS). However, not only do these methods tend to undercount displacement, but data sources such as the AHS are geographically and temporally inconsistent making analysis and generalizability problematic. Illustrating this point, the last AHS for the LA-Long Beach Metropolitan Area was issued more than a decade ago in 2003.

To deal with these difficulties, some improvements have been made in displacement research. In particular, the work of Lance Freeman (2005; 2004) stands out for the use of counterfactuals. Freeman correctly identified a weakness in the literature—i.e., the failure to create comparison measures. In short, Freeman’s work attempted to show that without an estimate of

“normal” displacement in non-gentrifying neighborhoods, then it would be impossible to get an accurate sense of the relative magnitude of displacement in gentrifying neighborhoods. Freeman’s methods however were sharply critiqued for errors that biased his results. For example, Freeman’s choice of non-gentrifying areas, from which he formed his baseline measures of displacement, were some of the poorest parts of the city. Newman and Wyly argue that not only did the choice of these neighborhoods create an arbitrarily high baseline displacement rate, but it gave the erroneous conclusion that “rather than speeding up the departure of low-income residents through displacement, neighborhood gentrification in New York City was actually associated with a lower propensity of disadvantaged households to move” (Freeman & Braconi, 2004, p. 51).

The methodological problems of measuring displacement are essentially rooted in conceptual difficulties. Lee and Hodge (1984a) have shown that notions of displacement tend to vary greatly according to the political view points of authors. Conservative views limit displacement to extreme forms of landlord harassment while more liberal formations include indirect actions. A good example of this distinction can be found in the divergence between the work of George and Eunice Grier (1978a), who established the most widely accepted and relatively pragmatic definition of displacement, and the work of Peter Marcuse (1985), whose displacement taxonomy is often cited by those on the left of the political spectrum (see table below). The two conceptions diverge along key lines: the primary relationships considered in the process of displacement and the causal factors behind it. In addition to broadening the question of displacement beyond the individual household unit or tenant to future prospective tenants and the larger community from which a certain group of tenants come from, Marcuse’s definition complicates the important distinction between voluntary and involuntary moves. Unlike the Grier and Grier conception, Marcuse’s broad understanding incorporates the hypothesis that households are sometimes displaced “voluntarily” due to pressure in a radically changing neighborhood. Voluntary displacement of this sort incorporates the concept



of white flight proposed by Harvey—i.e., one rooted in absolute space—as well as rational consumer behavior in response to the externalities produced by property owners in Scott’s vision of land markets. The critical difference between reducing displacement to a singular spatial event—i.e., the out-migration of residents as Mark Davidson (2009b) refers to it in his critical piece—not only makes measuring displacement problematic, but it also complicates analysis within a neoliberalized policy regime that relies on a reliable or quantitative evidence base (Slater 2006).

**Table 7: Conceptual Divergence in Displacement Research**

	Grier & Grier (1978)	Marcuse (1985)
Primary relationships	landlord-tenant	landlord-tenant landlord-tenant-tenant landlord-tenant-community
Permitted causes	economic and physical aspects of the unit	economic aspects of the unit exclusionary displacement of future tenants displacement pressure in the community

One aspect of displacement research that is noticeably deficient and which exposes the conceptual limits of displacement research is the study of evictions. At the surface, evictions are a legal process involving property owners, tenants, and the state—represented by the court and law enforcement agencies such as Sheriffs or U.S. Marshals. In this inherently limited context, disputes are restricted to questions involving violations of lease agreements. Important outside factors essentially become extraneous. When they are considered they are almost exclusively limited to residential cases while in commercial eviction cases they are removed entirely. For example, the warranty of habitability that is guaranteed in California law and municipal rent control ordinances which often restrict landlords to “just cause” evictions have no parallel in commercial agreements despite the fact that businesses also experience the effects of the larger accumulation processes. Moreover, in neither situation, residential nor commercial, do tenants maintain a right to counsel—a

fact that is especially important to residents considering their need for shelter.<sup>27</sup> The few studies on the relationship between counsel and victory in the court are dated—from the early 1990s—but show that an overwhelming number of tenants lack representation and almost always lose their cases, indeed at an astounding rate of 99 percent (Barlow, Bullock, Delwiche, & Montgomery-Randolph, 2006). The disparity in representation is further magnified by social disparities that enter into both the courtroom and the larger society, but which are rarely studied. For example, despite the general paucity of eviction research, a few scholars have demonstrated the importance of several factors in the eviction process. Success in the courtroom seems to be closely tied to the ability to obtain legal counsel (Monsma & Lempert, 1992; Seron et al., 2001) and certain demographic factors, such as poverty (Mayer & Jencks, 1989), race (Chadha, 1996), and gender (Bezdek, 1992) have also been shown to be positively associated with eviction. The failure to analyze eviction critically in this fashion has led many to claim that evictions are a “hidden housing problem” (Hartman & Robinson, 2003), or even a socio-spatial process akin to the “elimination of economic others” (Skirtz, 2012). Thus the role of evictions within the displacement process essentially remains underappreciated.

While the gentrification literature is decidedly larger and encompasses much of the displacement discourse, it suffers from considerable debate over what actually causes gentrification and whether gentrification is beneficial or not. Most scholars agree that there are at least two main theoretical groups that have distinguished themselves. The dominant position comprises those who see explanatory value in the notion of a post-industrial society popularized by Daniel Bell (1973). This group, sometimes referred to as “consumption” theorists, adheres to neoclassical assumptions about rational consumer choice and sees a renewed desire for central urban living resulting from an emerging post-industrial demographic. Neil Smith (1979) and other Marxist-inspired “production”

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<sup>27</sup> A need, it should be said, which is explicitly recognized—although not legally binding—in Article 25 of the Universal Declaration of Human Rights as well as Article 11 of the International Covenant on Economic, Social and Cultural Rights.

theorists generally form the opposing camp and argue that gentrification, rather than being the choice of gentrifiers, is actually a constructed reality formed by powerful elites who are able to direct policy and speculate on “rent gaps” between the existing and potential ground rent.

Even though the intent of this study is to refrain from engaging in the consumption-versus-production debate directly, it nevertheless seeks to provide a methodological approach that is favorable to production theorists while at same time capable of incorporating the gentrifier actions preferred by consumption theorists. Indeed, it is the unification of these two views that the conceptual framework was meant to bring about. The hypothesis is therefore that evictions are not random events, but are a form of displacement concentrated in space and time. The concentration of evictions represents the collective, spatialized action of landlords who are *simultaneously* creating and responding to the process of gentrification through the practice of eviction. The asymmetrical power relations conferred on landlords through property rights assures that landlords are disproportionately powerful actors whose decisions play a primarily causal, or productive, force in the process even if they are responsive to signals in the market or other changes such as the presence of changing demographics or financial and governmental policies. Thus through the spatial and temporal patterning of evictions, a mode of displacement can be revealed that exposes a relationship to changing housing and labor markets, capitalist investment and disinvestment strategies, and an urban landscape in formation.

### *Hypotheses*

Based on the conceptual framework above, this research seeks to answer three, inter-related questions. At the base is a fundamental question about evictions themselves. Can evictions function as a proxy for displacement at all? If the answer to this is yes, as I assume, then two operationalizable questions become possible. First, is there a relationship between evictions and gentrification? And second, are evictions related to other factors of urban landscape that are not

related to gentrification but which may reveal non-gentrification related forms of displacement?

From these questions, I propose three hypotheses:

- 1) evictions are a socio-spatial process that are concentrated in particular places and times;
- 2) eviction “hot spots” expose a form of collective, spatialized landlord action where property owners simultaneously respond to and at the same time create either the process of gentrification or the negative spillover effects forced on low-income, racialized groups; and
- 3) both gentrification-induced displacement and non-gentrification, negative spillover displacement are observable in the relationship between eviction and changes in demographic and property market signals.

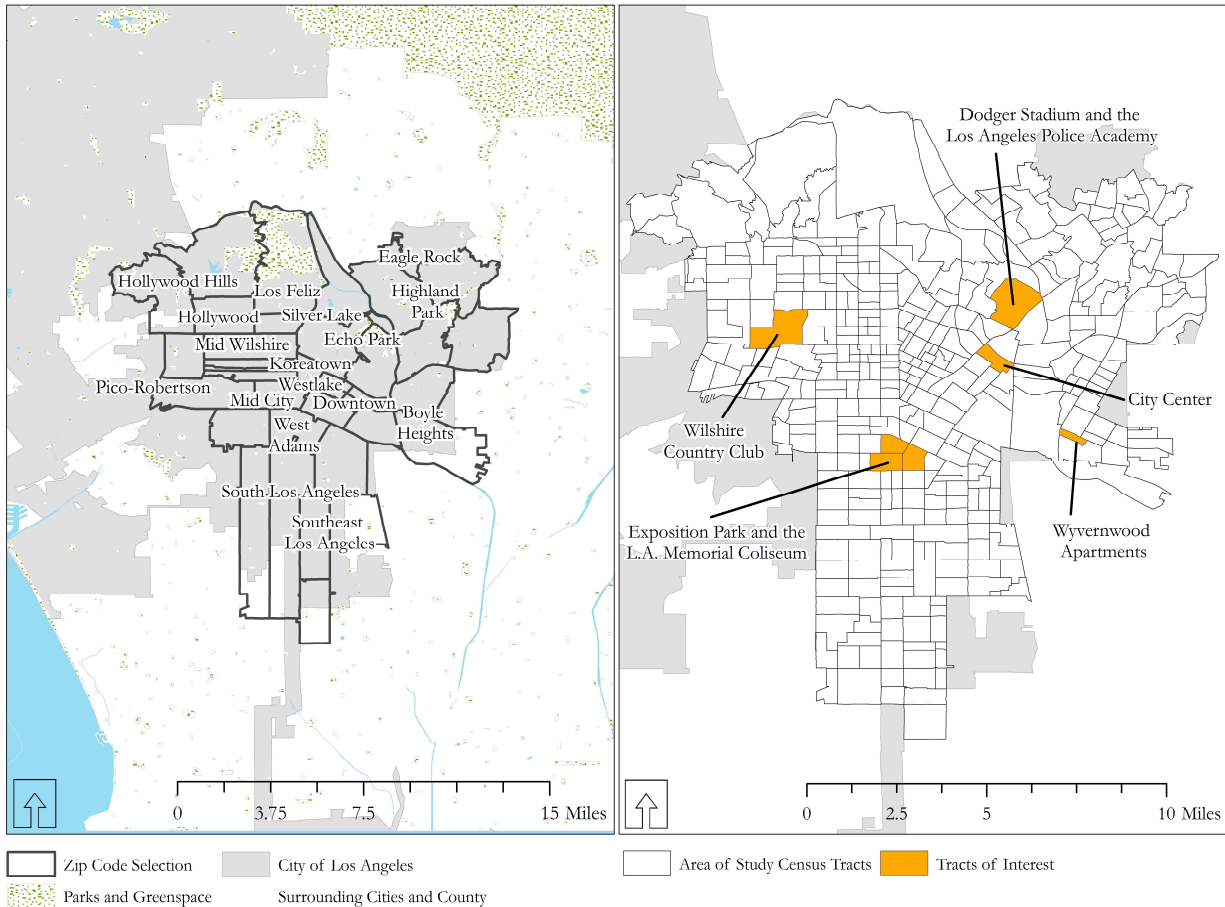
In order to model the hypothesized relationship between eviction and the gentrification dynamics that both consumption and production theorists prefer, the following variables were constructed. Data on evictions were obtained through a LexisNexis search of “unlawful detainer” for forty zip codes in and around the central region of the City of Los Angeles. The group of forty contiguous zip codes were chosen in order to achieve an area of study large enough to encompass communities such as Hollywood and Silver Lake where it is believed that a style of “weak-center” gentrification (Reese, Deverteuil, & Thach, 2010) particular to Los Angeles first took hold during the 1990s, as well as other, non-gentrifying neighborhoods within the central region of the city. This search retrieved 84,152 cases that were organized and cleaned in order so they could be ‘geocoded’ or geographically referenced using ArcMap GIS software. Over 99 and half percent (99.515%) of the eviction addresses were successfully matched leaving 408 (0.485%) unmatched points. The point-referenced eviction data were then aggregated to the 381 tracts<sup>28</sup> within the study area resulting in 70,460<sup>29</sup> total georeferenced eviction points. Using the associated dates for each eviction case, the data was then recoded by year and normalized by yearly population estimates based on a straight line,

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<sup>28</sup> Four hundred and forty-one tracts were originally included within the area of study however some tracts around the boundary were clipped so that only a portion of their areas resided within the area of study. Those tracts with a majority of their total area residing outside the area of study were removed from the analysis.

<sup>29</sup> Due to a lack of confidence in the data from 1990 to 1993, these evictions were removed from the analysis resulting in 70,607 evictions from 1994 through to the end of 1999. For example, data for 1991 totaled 94 eviction cases, 1992 totaled 2891, and 1993 totaled 9006. While the total eviction cases in 1993 are closer to the yearly totals for the following time points, it was sufficiently less than average (12027), and was therefore also removed. Eviction totals from the original data for 1994 through 1999 are: 11464, 12518, 12337, 12101, 12168, and 11573.

geometric rate of change to produce eviction rates for each tract. Eviction rates formed the dependent variable in the study.



Sources: ESRI 2006 Zip Code Areas; 2000 TIGER/Line Shapefiles; Zillow Neighborhood Boundaries

**Figure 9: Area of Study in Context**

Demographic and property data for the predictor variables were obtained from two sources, Geolytics' Neighborhood Change Database (NCDB) and DataQuick. Developed in association with the Urban Institute, the NCDB is an ideal source for demographic indicators at multiple time periods because it adjusts for changes in tract boundaries by normalizing data to the 2000 decennial census tract ID, thus allowing comparisons over time. Tract-level demographic data were accordingly retrieved from the 1990 and 2000 censuses. Yearly data for each variable was formed from these sources by taking a geometric, straight-line rate of change and applying it to each year of

the study to produce the following twelve variables: percent White, percent Black/African American, percent Asian, percent Hispanic/Latino, percent foreign born, percent female-headed families with children under eighteen years old, percent below the poverty line, percent nonfamily households, percent educational attainment, percent White educational attainment, median rents, and average household income. Dollar amounts for the latter two variables were adjusted according to the Bureau of Labor Statistic's Consumer Price Index (CPI) to 2009 values.

In addition to these demographic variables, property sales data were acquired from DataQuick. The data available to UCLA faculty and students at the University Research Library is searchable only by three large and undefined regions for Los Angeles: "north", "southeast", and "southwest".<sup>30</sup> Of the 53,327 property sales records obtained from the three undefined areas, 39,967 had census tract identifiers that fell within the original area of study (441 tracts). Three thousand five hundred and forty seven of these did not have complete addresses and had to be excluded leaving 36,420 addresses of property sales. Almost all (99.79%) of these addresses were matched successfully. Using the final 381 census tracts of the area of study, these georeferenced points were "clipped"—or dropped—leaving 36,069 total property sales. The data was subsequently cleaned, recoded by year, and adjusted using the CPI so that all dollar amounts for assessed property values matched 2009 values. These data were then similarly aggregated to the 381 census tracts in the area of study such that the average assessed value for each tract and each year could be attained. In addition to the average assessed value of property sales, the quantity of property sales was also added since in addition to the value, the intensity of investment could be analyzed.

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<sup>30</sup> One problem with this data set is that while it is free, it is not complete. DataQuick's property sales records only contain the last sale for each year. Thus, in cases where a property was sold multiple times in a single year, such as with house-flipping, only the last instance is captured.

**Table 8: Summary of Initial Independent Variables**

Independent variables	Expected relationship with eviction rate within single year, cross-sectional OLS model
Percent White	(-)
Percent Black/African American	(+)
Percent Asian	(+)
Percent Hispanic/Latino <sup>31</sup>	(+)
Percent foreign born	(+)
Percent female-headed families with children under 18 years old	(+)
Percent below the poverty line	(+)
Percent nonfamily households	(-)
Percent educational attainment	(-)
Percent White educational attainment	(-)
Median rents	(-)
Average household income	(-)
Average assessed value of properties sold	(-)
Number of property sales	(+)

### *Dimension Reduction*

To test for multicollinearity among predictor variables, Pearson’s two-tailed correlation tests were conducted for each year. While minor changes between the years are present, significant correlations exist between many predictor variables. Given that the presence of multicollinearity violates the principle independence and would undermine results, a factor analysis was carried out so that variables describing similar underlying social constructs could be combined into common factors. Preliminary Bartlett’s tests and Kaiser-Meyer-Olkin measures were run to see if a factor analysis was then feasible. For all years of the study, Bartlett’s measures of sphericity are significant, thus the null hypothesis that the intercorrelation matrix is an identity is rejected and there is sufficient correlation among the variables. Kaiser-Meyer-Olkin measures of sampling adequacy also

<sup>31</sup> In this research, “Latino” will be used in place of “Hispanic.”

support the use of a factor analysis ranging between 0.706 for 1996 and 0.720 for 1999 when values close to 1.0 indicate that the factors are unique and not correlated.<sup>32</sup> Factors with eigenvalues larger than 1 were used in this analysis according to Kaiser's rule resulting in 3 factors in each year.<sup>33</sup> A varimax rotation was also used to identify those variables that load highly on each factor (see Appendices Table 28 and 29). The analysis resulted three underlying or latent constructs:

- 1) wealth and educational attainment;
- 2) non-white and foreign-born; and
- 3) non-family property investment.

Within the context of gentrification, racial segregation, and uneven development the three factors can be further understood as proxies for gentrification and relative susceptibility to gentrification investment that potentially represents rent gaps. For example, the first unique factor, "wealth and educational attainment," emphasizes the variables for educational attainment, average income, median rents, and female-headed households in a way that makes it a proxy for white affluence and thus a deterrent to gentrification. The second unique factor, "non-white and foreign-born," emphasizes variables for Asian, Latino, and foreign-born populations in a way that allows it to be considered as a factor of gentrification risk. Finally, the third unique factor emphasizes variables for non-family households, the average assessed value of property sales, and the number of property sales in order that it might be seen as a proxy for investment and gentrification.

### *Exploratory Spatial Data Analysis*

Eviction rates for all years of the study are low with associated means ranging between 0.0067 and 0.0073. The low averages should not be surprising considering that they are population-based

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<sup>32</sup> Kaiser-Meyer-Olkin measures of sampling adequacy for all years are: 0.707, 0.712, 0.706, 0.716, 0.718, and 0.720.

<sup>33</sup> Data from 1996 resulted in four factors with the fourth factor having an eigenvalue of 1.042. Not only was there little variation in the primary factors for this year and the others, but in the interests of keeping a consistent and comparable method of all years, only three factors were created for 1996.



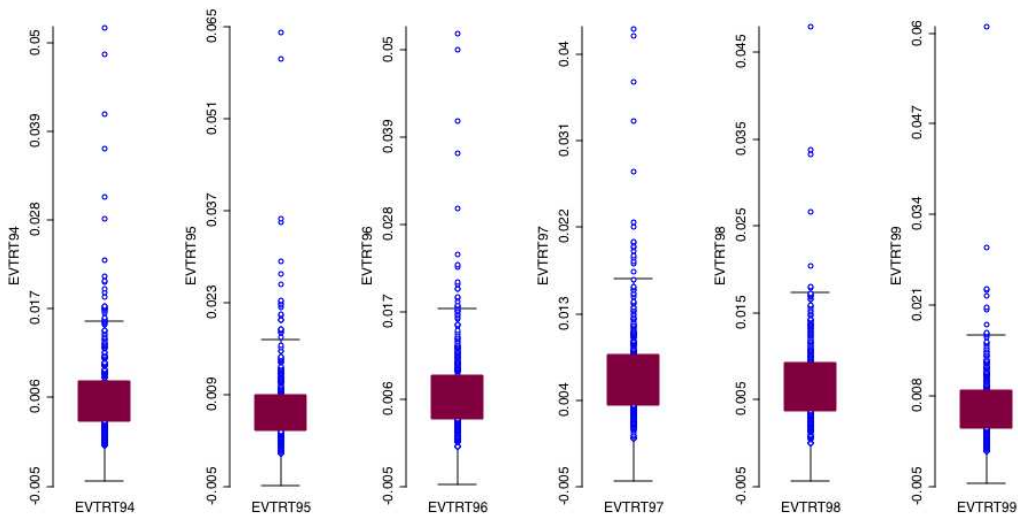
percentages (see Appendices Table 30). They are also somewhat positively skewed with a few observations pulling the respective tails toward higher values resulting in a skewness ranging between 2.5 to 3.9 and a Kurtosis statistic between 12.6 and 33.4 for the different years. Given the non-normal distribution of the eviction rates, several transformations were carried out and tested for normality based on the Shapiro-Wilk test (See Appendices Table 31 and 32). While none of the transformations produced a normally distributed variable, the natural logarithm<sup>34</sup> was a considerable improvement on the un-transformed rate reducing skewness to between -1.1 and -1.7 and kurtosis to between 2.8 and 4.9. The log of the eviction rate was therefore used as the dependent variable in the analysis (see Appendices Table 33 and Figure 40).

As we might suspect given the positively skewed distribution of eviction rates, potential outliers were also checked to see if they needed to be removed. Eviction rates were ranking and displayed using percentile maps for the six years of the study to highlight extreme values. These maps show four potential outliers for all years in the top one percent of the distribution—i.e., greater than 99 percent. However, given that these values are based on rankings and are not statistically formulated, they merely suggest the presence of outliers. To confirm the suggestion, I turn to more robust analyses using box plots and local indicators of spatial association (LISA) statistics. In addition to displaying several outliers above the inner fence of the third quartile, the box plots reaffirm that the data are positively skewed for all years of the study (see figure below). Box maps with hinge values at 1.5 and 3.0 times the interquartile range were also mapped. The results of these maps show the consistent presence of outliers ranging between seven and twenty-six outliers 1.5 times the interquartile range and two to seven outliers 3.0 times the interquartile range (see Appendices Table 36 and 37). Two facts stand out from this test. First of all, it is notable that only ten of the thirty-eight outlier tracts are statistical outliers for four or more of the six years,

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<sup>34</sup> There were between 52 and 59 tracts with zero eviction rates. To correct for these, all tracts with zero evictions were given a rate of 0.0001 and the logarithm transformation was conducted after.

meaning that almost three-quarters of the identified outlier tracts are only present as outliers half of the study years or less. Indeed, almost sixty percent of the outlier tracts are only outliers one or two years and thus lack consistency. Second, of the eight extreme outlier tracts at the 3.0 hinge, only four are present as outliers at least half of the years. In other words, there are few tracts that are consistently outliers, many of which are extreme outliers, suggesting that special housing, commercial, or social circumstances may explain the extreme eviction rates in these tracts. For these reasons, outliers were not removed from the analysis.



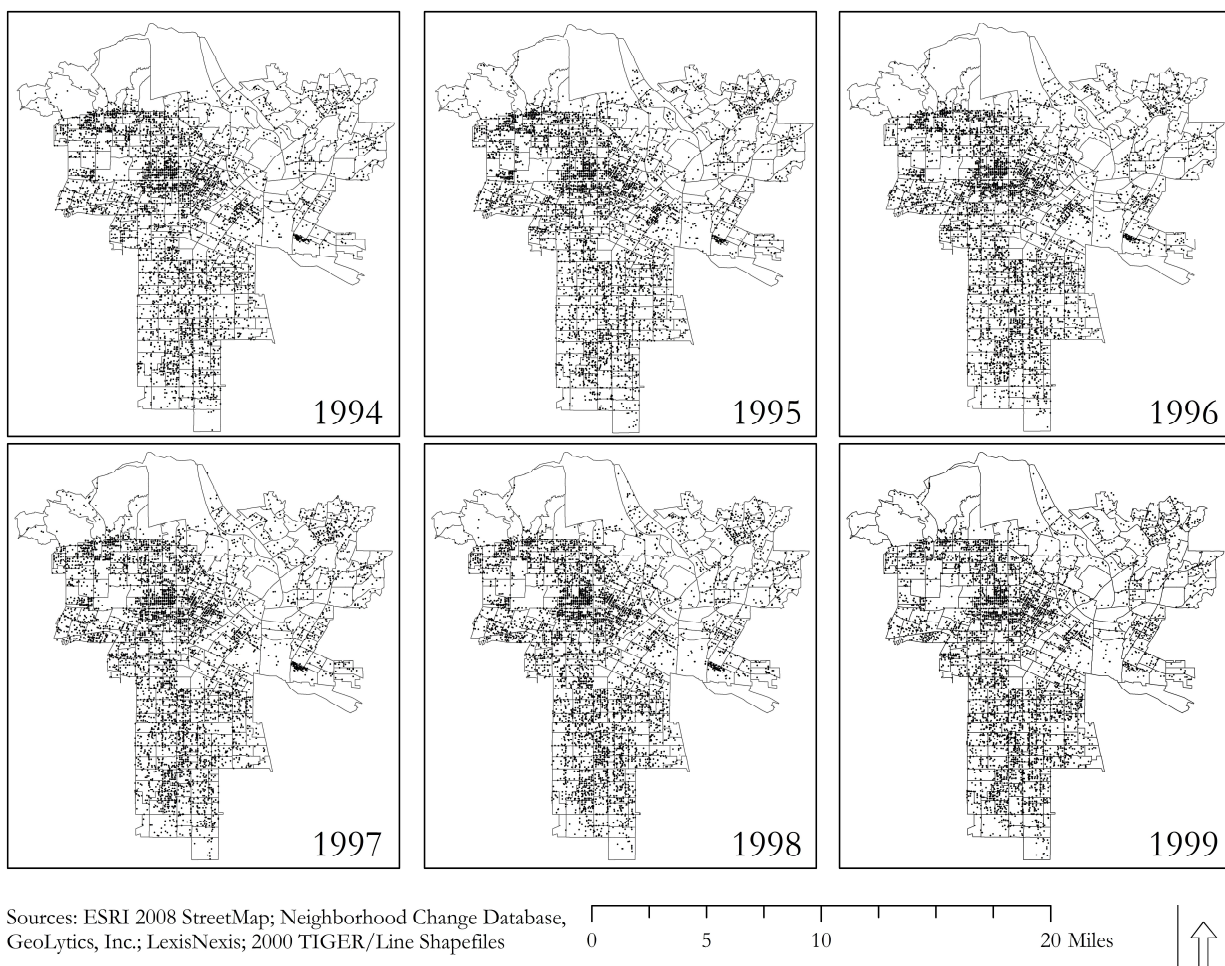
**Figure 10: Box Plots for Eviction Rates**

Using this data, eviction rates were tested to see if they formed patterns using ArcGIS software’s point pattern analysis. Displacement ‘hot spots’ were then identified based on these patterns and descriptive data on the communities is provided. This particular method and the results are discussed in the following section. To test for relationships between the predictor variables and eviction rates, a spatial regression model was employed. The model and the result will likewise be presented in a section below. These two methods seek to answer the second and third questions of the study—i.e., are evictions concentrated in particular places and times and whether or not evictions are correlated with gentrification. A final section seeks to build off of these results and

organize the major evictors for each community based on the number of evictions each carried out and the type of property owner they represent. This penultimate section combines basic descriptive analysis with investigative and archival research.

## **6. The Spatial Patterning of Evictions: Hot Spot Analysis**

Evictions are spatial and temporal events. Their occurrence can be quantified and referenced geospatially in order so that they can be analyzed, not as arbitrary instances, but as geographically patterned events. By uncovering the pattern of evictions we can thus begin to think about evictions as the function of factors outside the courtroom, and thus as a form of displacement with concrete causes and relationships. In order to move forward along this path, I turn to spatial pattern analysis. Spatial pattern analysis is a general class of techniques used to interpret spatial data and identify spatial relationships such as clusters or other forms of spatial abnormality. As described above, data on evictions were obtained through a LexisNexis search of unlawful detainers for forty zip codes in and around the central region of the City of Los Angeles. The resulting georeferenced points were then mapped and aggregated to the 381 census tracts making up the area of study (see figure below).



**Figure 11: Geocoded Evictions for Each Year of the Study**

An initial review of the point data reveals a couple of patterns worth noting. First, evictions seem to be more or less evenly distributed throughout much of the study area with a few exceptions. While it is difficult to accurately ascertain real concentrations from an areal perspective, at least two areas of eviction density are apparent. One rather large concentration falls near the center of the study area and covers much of the Koreatown and Westlake neighborhoods. A second concentration is restricted to a single tract in an eastern branch of the study area. This tract, identified earlier in the contextual area of study figures, makes up a large, privately-owned housing project called Wyvernwood Garden Apartments. Opening in 1939, the sprawling 70-acre complex

was built according to Garden City Movement planning principles and houses roughly 6,000 residents in 1,200 apartments and 153 buildings (Los Angeles Conservancy, n.d.).<sup>35</sup>

A second feature evident in the figures above is the few large areas that lack evictions. The lack of evictions in some of these areas are understandable in the sense that are covered by either parks or mountainous regions where housing and commercial activity are either restricted or circumscribed by code. This is certainly the case in the northern stretches of the area of study covering the Hollywood Hills and Griffith Park (see Figure 9 above). Other areas are not as easily explainable. At least four additional areas that are relatively free of evictions are also visible. These are: (1) the large area toward the northeastern edge of the study area where evictions are lightly scattered, (2) the large, single census tract within this area almost entirely devoid of observations, (3) the isolated area in the east adjacent to the Koreatown/Westlake concentration, and (4) the small area in the northern section of South Los Angeles covering roughly three census tracts. The second and fourth areas of dispersal are explainable for obvious reasons. The large census tract in the north is the site of Dodger Stadium and the Los Angeles Police Academy and the three census tracts in South Los Angeles make up Exposition Park and the Los Angeles Memorial Coliseum, both of which are essentially devoid of commercial and housing uses. The third and first areas are less understandable. In the case of the third, while a large area of land is covered by the Wilshire Country Club,<sup>36</sup> much of the area is occupied by expensive single-family residential and commercial uses mostly within the community of Hancock Park<sup>37</sup> as well as a partial section of Fairfax covering the Park La Brea project.

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<sup>35</sup> Wyvernwood is also the site of a current struggle over redevelopment, new urbanism, displacement, and the future of rent control in the city.

<sup>36</sup> The Wilshire Country Club is an 18-hole, private golf course. According to one source, membership is on referral only and comes with a one-time fee of \$70,000, plus \$725 per month.

<sup>37</sup> According to the L.A. Times' "Mapping L.A." project, Hancock Park is exceptionally wealthy and white with a median income at \$85,277 (2008 dollars) and 70.7% of its population white.

Initial observations of this sort are important, but they are also potentially misleading. As Walter Tobler’s first rule of geography reminds us, “Everything is related to everything else, but near things are more related than distant things” (1970, p. 236). In other words, more rigorous methods, such as spatial pattern analysis, are needed for analyzing the relationships between individual observations and their patterns. Spatial pattern analysis works off of the null hypothesis of randomness, or technically, Complete Spatial Randomness (CSR). CSR is a function of the concentration of points within a given area and is defined mathematically. In this investigation, I use ArcMap’s hot spot analysis tool to categorize points based on their spatial association. In this analysis, points are first weighted and then the degree of association between these weighted points and all other weighted points are produced. The procedure returns a statistic known as a Getis-Ord  $G_i^*$  statistic (pronounced G-i-star), named after its developers Getis and Ord (1995), in the form of z-scores and p-values. The p-value allows us to determine whether or not the null hypothesis can be rejected based on significance levels. For example, at a 0.01 confidence level, it means that there is a one in one hundred chance that the observed pattern is occurring randomly. In other words, the pattern is extremely unusual and in all probability due to an *underlying socio-spatial process*. The  $G_i^*$  statistic uses the following three-step calculation:

$$G_i^* = \frac{\sum_{j=1}^n w_{i,j} x_j - \bar{X} \sum_{j=1}^n w_{i,j}}{S \sqrt{\frac{n \sum_{j=1}^n w_{i,j}^2 - \left( \sum_{j=1}^n w_{i,j} \right)^2}{n-1}}}$$

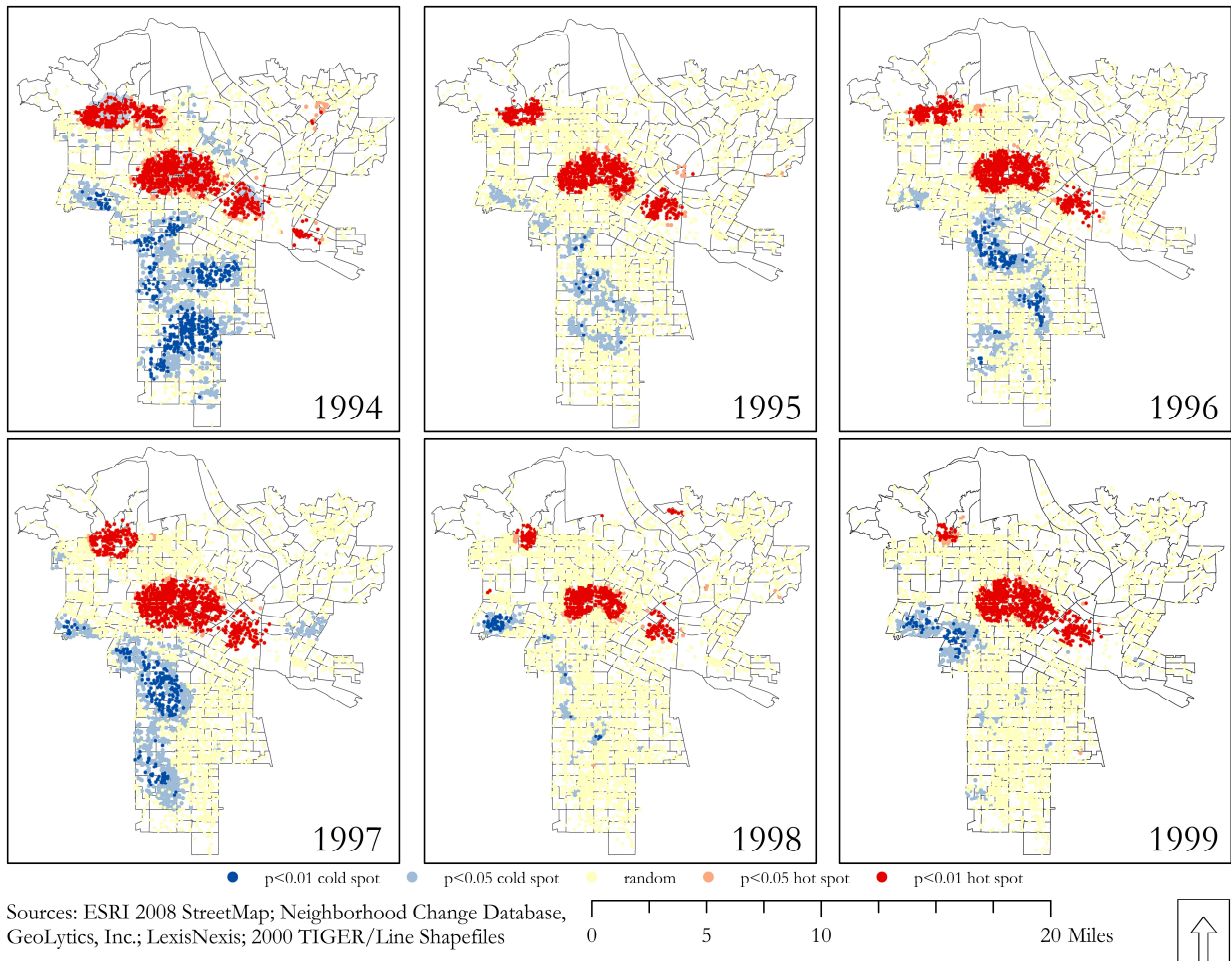
where  $x_j$  is the attribute value for feature  $j$ ,  $w_{i,j}$  is the spatial weight between feature  $i$  and  $j$ ,  $n$  is equal to the total number of features and:

$$\bar{X} = \frac{\sum_{j=1}^n x_j}{n}$$

$$S = \sqrt{\frac{\sum_{j=1}^n x_j^2}{n} - (\bar{X})^2}$$

The resulting  $G_i^*$  statistic is a z-score. The z-scores are then categorized by their significance level and displayed accordingly. The figure below provides the results of this analysis for each year of the study. Easily apparent are at least three consistent and well-defined hot spots located in Hollywood, Koreatown/Westlake and Downtown Los Angeles. In one year, 1994, the single tract that encompasses the Wyvernwood Garden Apartments is also a hot spot of evictions. There are also a few scattered, but inconsistent and less well-defined hot spots in Highland Park (1994), Chinatown (1995), and Glassell Park (1997). The presence of statistically significant cold spots is also interesting in that it seems to shift around, appear and re-appear in South Los Angeles during the earlier portion of the study period.



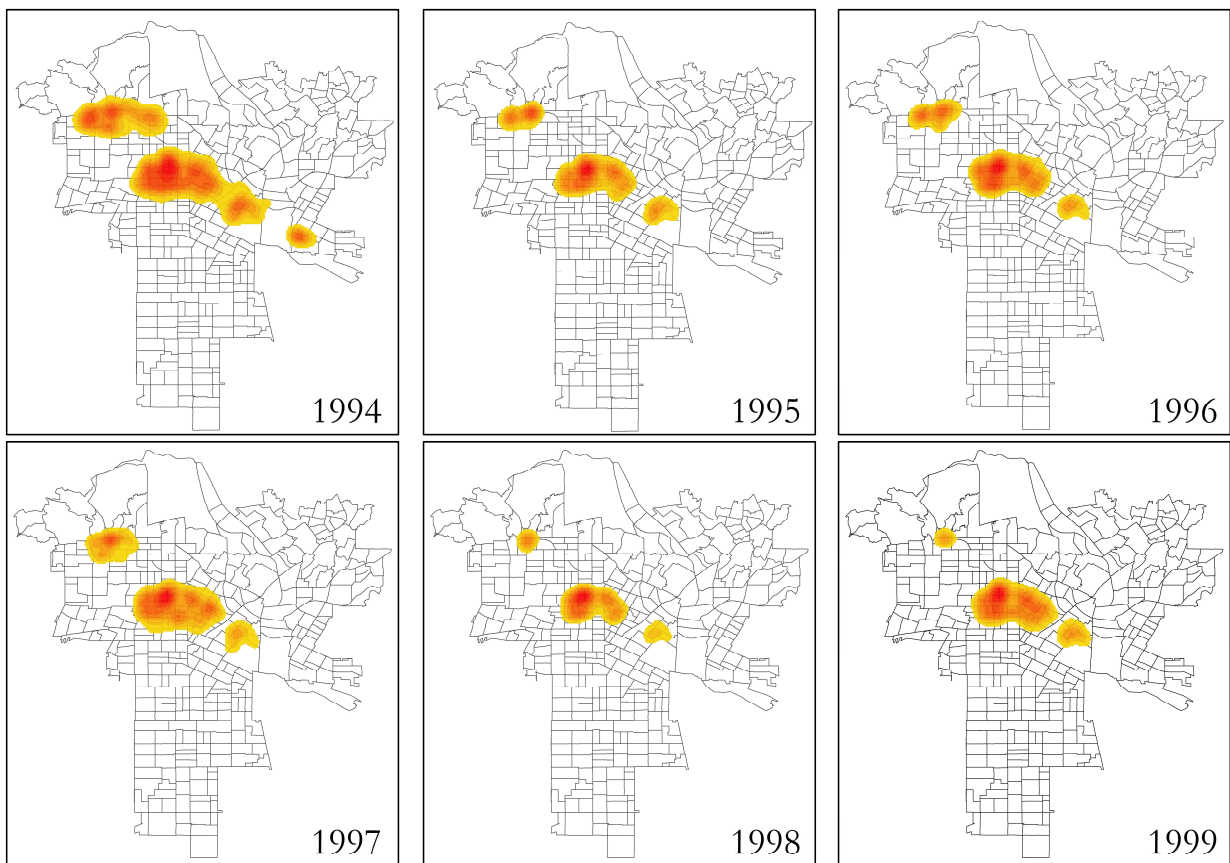


**Figure 12: Hot Spot Analysis of Eviction Points**

In order to further clarify the clusters of significant hot spots I use another ArcMap tool, kernel density estimation (KDE). Compared to other forms of hotspot analysis, KDE has proven to be a fairly accurate (Chainey, Tompson, & Uhlig, 2008). Essentially, KDE fits a smoothly tapered surface to points based on a calculation of density. ArcMap uses the quadratic kernel function described in Silverman (1986) to complete the task. Basically, this function adds all the kernel surfaces that fall within a cell and give the cell a statistic according to this value. The equation for KDE is defined as such:

$$g(x) = \frac{1}{Nc^2} \sum_{i=1}^N K\left(\frac{1}{c}(x - x_i)\right)$$

The results of KDE, computed for *only* the statistically significant hot spot points, is shown Figure 5.3 below. The figure essentially refines the hotspot clusters and illuminates four clear hotspots: Hollywood, Koreatown, Westlake, and Downtown Los Angeles—note that in this result, Koreatown and Westlake seem to form two separate, but overlapping hot spots. A fifth hotspot at Wyvernwood is visible only in 1994. In addition, the other less well-defined hot spots have disappeared from the analysis.



Sources: ESRI 2008 StreetMap; Neighborhood Change Database, GeoLytics, Inc.; LexisNexis; 2000 TIGER/Line Shapefiles

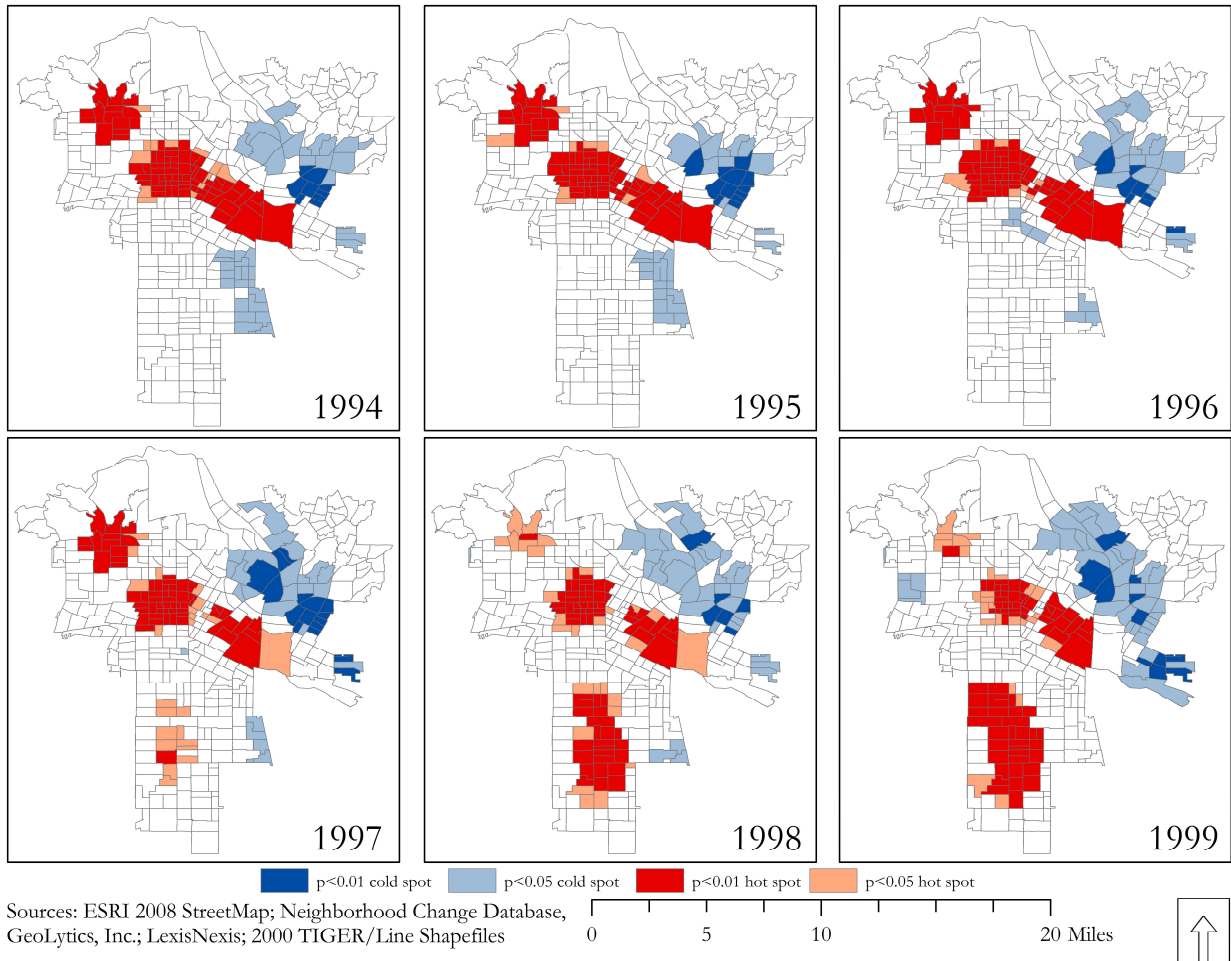
0 5 10 20 Miles



**Figure 13: Kernel Density Estimation of Significant Eviction Hot Spots**

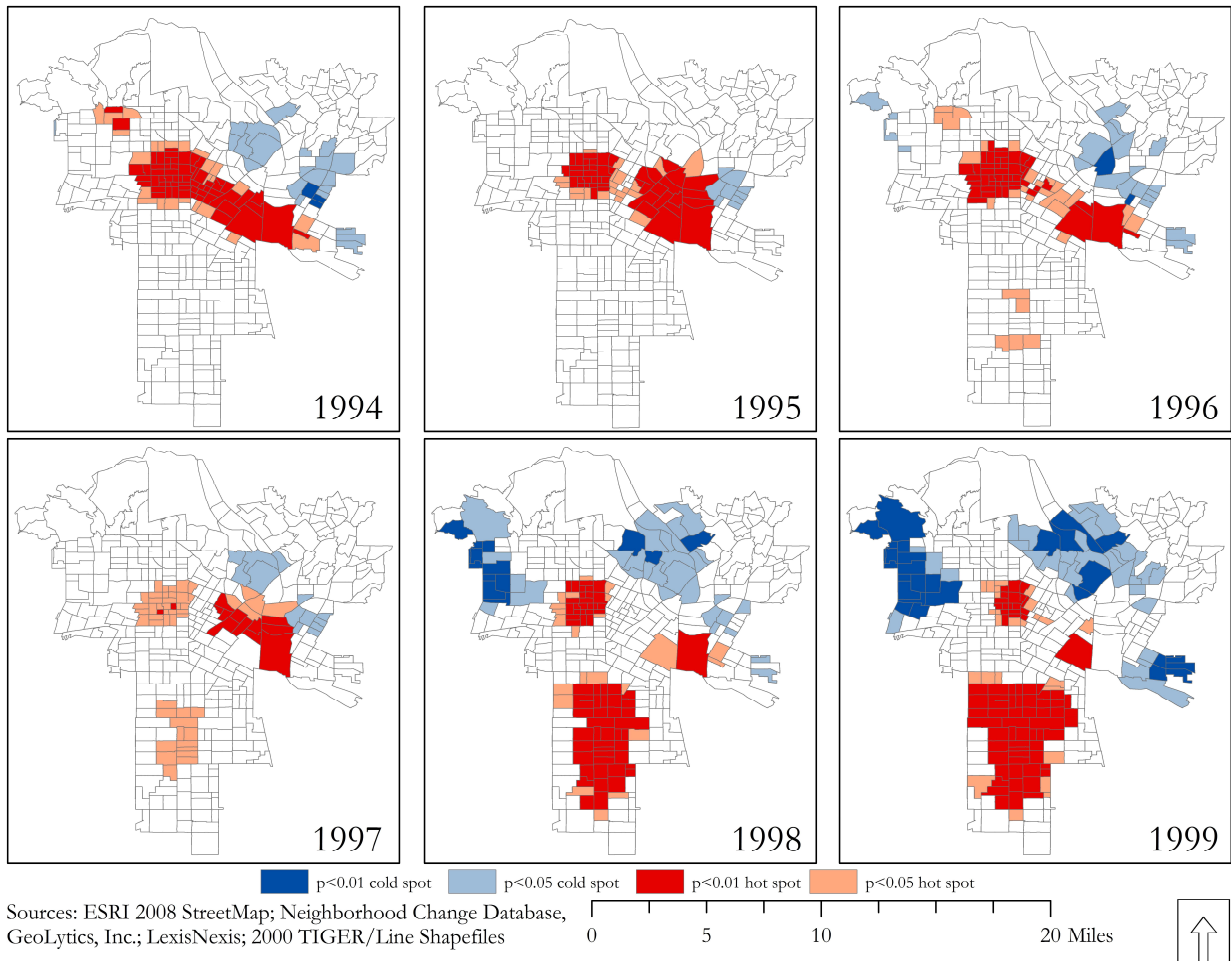
Point pattern analysis is revealing however in and of itself it is not sufficient. Evictions, represented as points, may actually demonstrate existing concentrations of housing or a density of

uses rather than any abnormal or hyper levels of eviction. In other words, we would expect that higher concentrations of housing or commercial uses would also lead to more evictions. To rule out these potential disturbances, evictions were aggregated to the census tract level and normalized. The hot spot analysis was then re-run based on tract characteristics for total housing units and total population for each tract.<sup>38</sup> The results are contained in the following two figures.



**Figure 14: Eviction Hot Spots Normalized by Population**

<sup>38</sup> Population and housing variables for individual years were computed geometrically as straight-line estimates between the two decennial censuses.



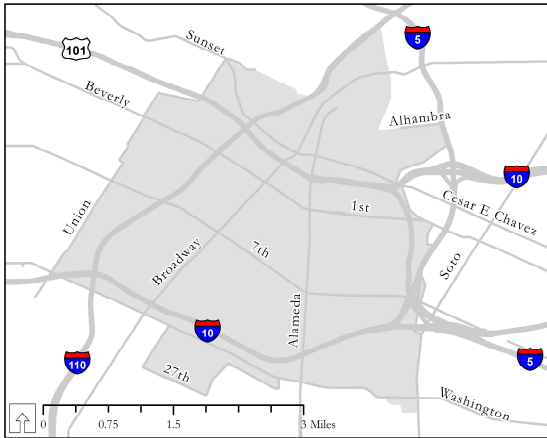
**Figure 15: Eviction Hot Spots Normalized by the Number of Housing Units**

Normalized by both total population and total housing units, the hot spot analyses reaffirm the persistent presence of the three hot spots identified in the point pattern analysis—i.e., Downtown, Hollywood, and Koreatown. However, there are some important differences. The most obvious distinction is the large hot spot that emerges in South LA basically from 1997 through 1999. The South LA hot spot first appears in 1996 at the 0.05 significance level when evictions are normalized by total number of housing units. After which it becomes a large and statistically unusual hot spot by both measures until the end of the study period. The second notable distinction is found in the Hollywood hot spot. While Hollywood was a prominent hot spot in the point pattern analysis, when normalized by total housing units, it is only statistically significant in two years,

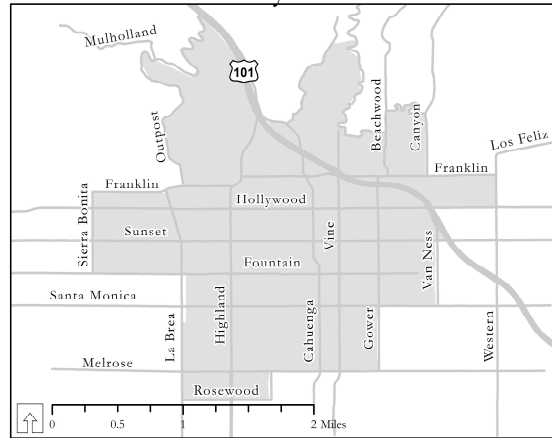
1994 and 1996. When normalized by total population however, Hollywood is a statistically significant hot spot for all years of the study. Third, housing density in Koreatown seems to have reduced the statistical concentration of evictions in Koreatown—indeed, it almost disappears completely, reduced in extent and significance, when normalized by housing units. Fourth, the Wyvernwood hot spot, visible in only one year of the point pattern analysis, is a statistically significant hot spot in 1994 and 1996 at the 0.01 significance level when normalized by housing units. The same tract is not statistically significant when normalized by total population most likely reflecting the low-density, garden architectural style and use of the development. Fifth, the shifting cold spot in South LA all but disappears in the normalized analyses. It appears in southeast LA when population is a factor, and is less significant, but is otherwise a less persistent result. In place of South LA, a large cold spot instead emerges in northeast Los Angeles in both measures. A second cold spot appears in West Hollywood in 1998 and 1999 using housing units.

Based on these findings I identify four communities that deserve further analysis as significant hot spots of evictions (see figure below). These are: Downtown, Hollywood, Koreatown, and South Los Angeles. I have formed boundaries for the communities based on the census tracts that were statistically significant hot spots at either the 0.05 or the 0.01 level. Using these boundaries, the four communities are described in the section below and through some measures, compared to the city and the county.

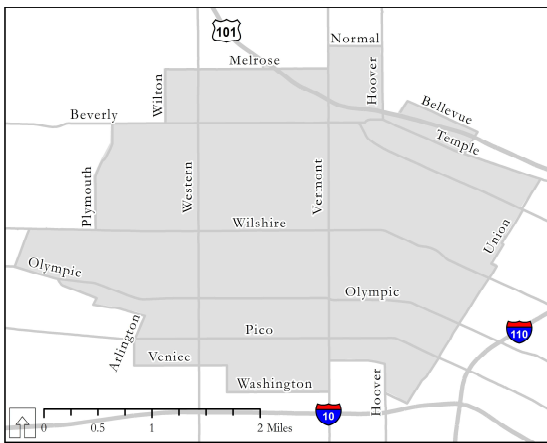
### Downtown



### Hollywood



### Koreatown



### South Los Angeles

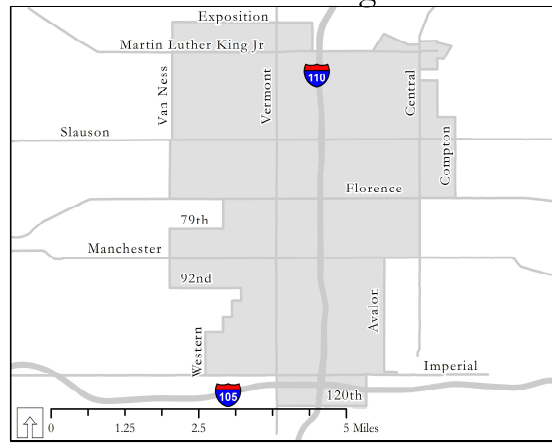


Figure 16: Hot Spot Communities

## 7. Profiles of Eviction Hot Spot Communities

The four communities identified in the previous analysis are unique compared to the larger geographic units that surround them. In this section, I survey these communities and briefly describe some of their economic and demographic characteristics in order to orient the reader toward the context in which these evictions occur. To begin, the four communities vary greatly in their geographic extent. The largest community, South Los Angeles, covers over twenty square miles. The smallest, Hollywood, is just under four. The geographic extent of each of these hot spot communities is determined by the census tracts considered, however by comparison, the County of Los Angeles covers over 4,000 square miles and the city roughly 130. The varying extent of each of the four communities does not correspond to the distribution of their respective populations however. Some areas, particularly Koreatown, are much denser than the others with over 32,000 people residing in each of its eight square miles. Hollywood, the smallest of the hot spot communities, has over 18,000 people per square mile and is in fact the only area to have actually lost population—over 1,800 people or 2.5 percent—from 1990 to 2000. Following Hollywood is South Los Angeles with over 16,000 people per square mile. Considering that commercial and industrial land uses dominate Downtown, it is not surprising that the area has the lowest population density—approximately 10,000 per square mile. What is interesting however is that despite the relative lack of housing, it is more closely representative of citywide densities than any of the other communities.<sup>39</sup> This is undoubtedly due to the fact that Downtown as it is configured here, represents a larger area than the downtown CDB and includes parts of Chinatown to the north and the northernmost peripheries of South Los Angeles to the south.

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<sup>39</sup> Density here is calculated as a simple ratio and is not weighted.

**Table 9: Land and Population Profiles<sup>40</sup>**

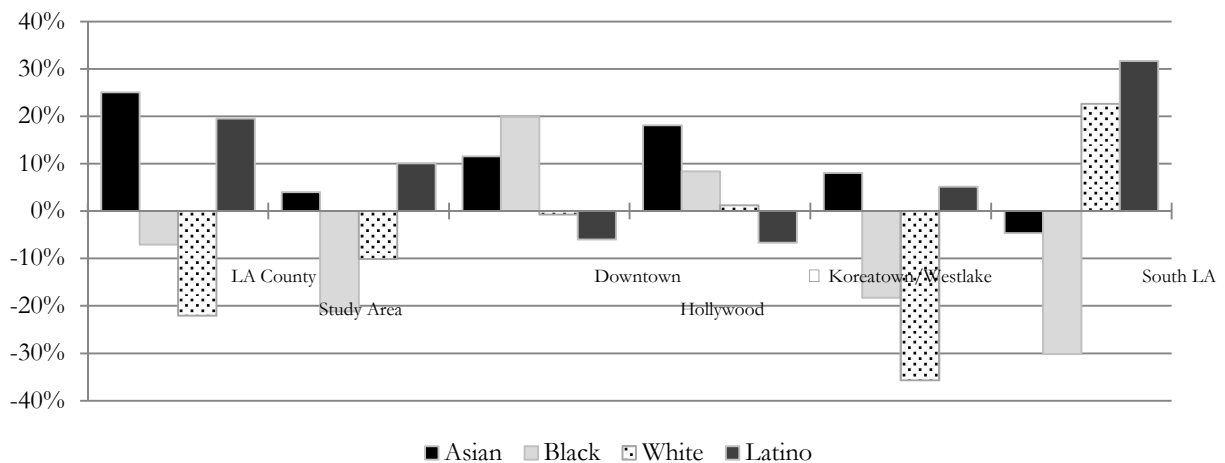
	Square Miles (2000)	Census Tracts (2000)	Total Population		
			1990	2000	% Change
LA County	4,060.90	2054	8,862,508	9,519,338	7.4%
Area of Study	129.7	381	1,642,039	1,679,755	2.3%
Downtown	10.4	27	103,057	105,850	2.7%
Hollywood	3.9	15	73,018	71,174	-2.5%
Koreatown	8.1	66	262,831	280,511	6.7%
South LA	20.5	74	330,991	345,442	4.4%

## 6.1 Characteristics of Racialization

Racialization is one area where the differences between the areas considered in this research are especially obvious. Not only are there strong differences between the racial compositions of each area, but each underwent significant racial transformation between 1990 and 2000. The chart below visually displays these changes for the four major racial groups. However while the chart reveals significant differences between both the four individual hot spot communities as well as the larger surrounding areas, a word of caution is required. As a display of *rates of change*, small changes in small, absolute values are essentially exaggerated. For example, in the South Los Angeles community hot spot, whites make up a very small minority of the population in an area roughly the size of the entire City of Torrance. In 1990 whites comprised one percent—or just 3,211 people. By 2000, their proportion rose to 1.2 percent to 4,109 people. The increase represents a seemingly impressive percentage change of over 22 percent. However, compare this to the change of Latinos in the same area and the difference between the two methods is exposed. In South Los Angeles, Latinos rose almost 32 percent from 46.3 percent of the population in 1990 to 60.9 percent in 2000. The absolute numbers are even more remarkable moving from 153,229 to 210,546 people.

<sup>40</sup> Census tracts and corresponding areas were standardized according to the 2000 decennial census by GeoLytics, Inc.





**Figure 17: Comparative Rates of Racial Change 1990-2000**

With this in mind, there are a few changes that are important to highlight. At the County level, the proportion of Asians and Latinos increased reflecting both transnational immigration trends and intra-urban population shifts, particularly toward the periphery. In this context, the white population declined and Latinos, who grew from 37 to 45 percent of the population, replaced them as the largest racial group in the county. Within the area of study more specifically, the decline of the black population exceeded those at the county-level suggesting an intra-urban shift similar to that of other populations of color. Thus, the proportion of blacks in the area of study dropped four percentage points from 21 to 17 percent, while in the county as a whole, they declined less than a percent. The relative and absolute decline of the black population in the region indicates a significant out-migration of the black community that was characteristic of similar trends across the country. Indeed, black emigration from South Los Angeles during the late 1970s and 1980s and continuing into the 1990s essentially reversed a 100-year pattern and significantly restructured the landscape in South Los Angeles and the city as a whole. Consequently, the most notable change in South Los Angeles was the decline of the black population in both real and relative terms. Once, an essential cultural and historical bastion of black Los Angeles, South L.A. went from majority black

to majority Latino during the decade, declining 27 percent while the Latino population experienced an inverse trend increasing 37 percent. This dramatic shift was accordingly described as a dual process of increasing spatial inequality that brought together racial and ethnic demographic changes—a brown-to-black population succession and, to a lesser extent, a Jewish-to-Korean commercial shift—with the economic restructuring that contributed to the “decline of traditional, highly unionized, high-wage manufacturing employment” in South L.A. and the Alameda corridor in particular (Johnson, Farrell, & Guinn, 1997, p. 1073).<sup>41</sup>

Compared to other areas, racial change in Downtown and Hollywood was more or less stable. The Latino population, the largest racial group in Downtown, declined in both absolute and relative terms from 65,418 (63.5%) to 63,175 (59.7%) people. At the same time, the proportion of whites remained at just under 9 percent reflecting a slight increase of only 181 persons in an area with a population of over 100,000. Both the Asian and black populations in Downtown rose only slightly in real and absolute terms. Similarly, Hollywood exhibited a certain amount of racial stability overall during the decade. Blacks and Asians both rose absolutely and relatively. However, the growth of the Asian population by 681 people represented a significant, 18 percent jump for the area and a larger change than any other racial group. The second major distinguishing feature of Hollywood is that of all the four hot spot communities, it is the only area where whites represented a majority. On one hand, this reflects a more general distribution in the region since the proportion of whites in Hollywood somewhat resembles those in the County. But not only is the proportion of whites in Hollywood greater than any other area considered here, but other than in South Los Angeles where the absolute numbers of whites is almost negligible, Hollywood is the only area where whites actually gained *proportionally* even while in real terms their population declined from 37,270 to

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<sup>41</sup> Interestingly, the same report cites evidence of a concern amongst blacks in South Los Angeles that they were experiencing a form of “displacement that is motivated by racism and economic gain...similar to the kind of block busting that takes place when blacks move into a white neighborhood” however with Latinos taking their place (Johnson et al., 1997, p. 1074).

36,782 people. The proportional gain and simultaneous loss in absolute numbers is only explained by the fact that the Latino population in Hollywood declined at a greater rate than whites, dropping 7 percent, or 2,378 people. We can therefore understand the white population in Hollywood experiencing two opposing trends. On one hand, the white population in Hollywood declined just as they did everywhere else (except for South L.A.), while at the same time they exhibited a higher and more stable concentration relative to other areas.

Next to South Los Angeles, Koreatown experienced the most intensification of existing trends in racial transition during the 1990s. The two largest populations, Asians and Latinos, both saw significant increases. Latinos, the majority racial group, increased 19,047 people increasing their share of the community's population from 59 to 62 percent. The Asian population grew at a greater rate, almost double that of Latinos, but less in absolute numbers. The Asian population increased by over 8 percent, or 9,509 people, from 23.6 to 25.5 percent of the community's population. Together, the Latino-Asian population in Koreatown went from an 83 percent majority to 88 percent, meaning that almost 9 out of every 10 residents were either Latino or Asian. On the other hand, both whites and blacks decreased in both relative and absolute terms. The black population, which of the four racial groups considered here constitute the area's smallest, declined 2,256 people or a fall of 18 percent. The decrease in whites was even more dramatic, decreasing 36 percent from 27,738 to 19,040 people. The drop in whites, although somewhat small in real terms, represented the largest proportional decline of all the six areas considered here.

**Table 10: Racial Change 1990-2000**

	LA County				Study Area			
	1990	%	2000	%	1990	%	2000	%
Asian	924,089	10.4%	1241467	13.0%	174,426	10.6%	185,520	11.0%
Black	990,381	11.2%	988399	10.4%	346,644	21.1%	279,523	16.6%
White	3,634,461	41.0%	3043171	32.0%	268,012	16.3%	246,404	14.7%
Latino	3,305,939	37.3%	4243487	44.6%	862,922	52.6%	971,629	57.8%

	Downtown				Hollywood			
	1990	%	2000	%	1990	%	2000	%
Asian	17,058	16.6%	19,541	18.5%	4,506	6.2%	5,187	7.3%
Black	11,076	10.7%	13,639	12.9%	4,733	6.5%	5,001	7.0%
White	9,203	8.9%	9,384	8.9%	37,270	51.0%	36,782	51.7%
Latino	65,418	63.5%	63,175	59.7%	26,407	36.2%	24,029	33.8%

	Koreatown				South LA			
	1990	%	2000	%	1990	%	2000	%
Asian	62,024	23.6%	71,533	25.5%	2,238	0.7%	2,227	0.6%
Black	17,626	6.7%	15,370	5.5%	179,928	54.4%	131,133	38.0%
White	27,738	10.6%	19,040	6.8%	3,211	1.0%	4,109	1.2%
Latino	155,965	59.3%	175,012	62.4%	153,229	46.3%	210,546	60.9%

## 6.2 Housing, Income and Other Demographics

There are significant differences in tenure between the four community hotspots, the area of study, and the county. At the county level, about half of the population was split between renters and those who owned their housing units, with renters outnumbering owners by roughly four percentage points. This relationship changes dramatically within the area of study, an area that represents just under 28 percent of the City of Los Angeles' total square mileage. Within this central area, renter-occupied units represent the vast majority of housing units at almost three quarters; this is more than the city as a whole where around 60 percent of households are renters. The proportion of renters is even greater in all of the four hot spot communities save one, South Los Angeles where renters make up slightly more than two-thirds of the occupied housing units and more closely

reflecting citywide ratios as well as South L.A.'s large single-family housing stock. By comparison Downtown, Koreatown, and Hollywood can all easily be considered almost exclusively renter communities as the proportions of renter-occupied units for each are 92, 91, and 90 percent respectively.

The overwhelming proportion of renters does not however correspond to relative wealth or poverty. During the 1990s, Los Angeles County was one of the poorest counties in the state and suffered the consequences of the early 1990s recession disproportionately compared to other metropolitan regions. One report noted that “The poverty rate in Los Angeles [County] soared upward along with unemployment during the 1990s recession, reaching levels much higher than the national average” and “peaked at 23.8 percent in 1993” (Myers, Calnan, Jacobsen, & Wheller, 2012, p. 4). While by comparison this proportion did not represent the highest percentage of poor people among the areas considered here, it was part of an especially high rate of change. For example, within the county as a whole, the percent of people with incomes below the poverty line rose an alarming 19.2 percent between 1990 and 2000. This rate of change was followed by Koreatown which saw a growth of 16.5 percent or 18,311 people below the poverty line, the highest of any community in absolute numbers. Within the area of study, and every hot spot community, the ratio of poor people was actually higher with Downtown and South Los Angeles experiencing the greatest proportion of people below the poverty line. While these areas did not see the same increase that the county, the area of study, or Koreatown experienced, they nevertheless increased and in South Los Angeles, the number of people below the poverty line increased by 16,788 people. Significantly, only one area saw a decrease in poverty rates, Hollywood, which witnessed a decline of 5.6 percent.

**Table 11: Persons with Income Below the Poverty Line**

	1990		2000		% Change
	Persons Below Poverty Line	% of Population	Persons Below Poverty Line	% of Population	
LA County	1,308,214	14.80%	1,674,599	17.60%	19.20%
Study Area	434,350	26.50%	494,072	29.40%	11.20%
Downtown	34,429	33.40%	37,348	35.30%	5.60%
Hollywood	17,654	24.20%	16,205	22.80%	-5.80%
Koreatown	75,169	28.60%	93,480	33.30%	16.50%
South LA	110,950	33.50%	127,738	37.00%	10.30%

The rise in poverty throughout the region was reflected in a decline in median household incomes that one report attributes to the recession. “Los Angeles County,” the authors note, “...saw significant losses in median household income during the 1990s recession. The nation...experienced a much more modest decline in income. Specifically, while the Los Angeles County median household income dropped by \$9,006 the United States experienced a decline of only \$3,316 (a decline of 15.4% versus 6.0%)” (Myers et al., 2012, p. 4). Such discrepancies are even more pronounced at the community level. Average household incomes fell during the 1990s for all areas considered here except two, Downtown and South Los Angeles, which experienced slight average income gains of 3 and 3.5 percent respectively. By comparison, declines in household income were sharpest in Koreatown, where they dropped 5.6 percent. Interestingly, in the two areas where average household incomes increased—i.e., Downtown and South L.A.—they were experienced differently by renters and owners. Thus, despite a rise in the poverty rate across the region, renters in both South L.A. and Downtown saw average household incomes increase—2.2 percent in South L.A. and 5 percent in Downtown. Average household incomes for owners did not follow the same trajectory in the two areas; in South L.A., average household incomes rose by 8 percent while in Downtown they fell 1.1 percent from 1990 to 2000. It should be noted however, that in absolute terms, the relatively large increase in average household incomes in South L.A.

amounted to a gain of only four thousand dollars on average for owners. Comparatively low average incomes in South L.A., especially for owners, reduced this gain in real terms. The fact that owners in South L.A. earn the least of the areas considered here, almost half of what owners at the county and area of study earn on average and barely more than renters at the county level, is illustrative of the concentration of poverty in this community. The increase in average household incomes experienced in South L.A.—again, despite a simultaneous increase in poverty—was more representative of owners in the area of study and Hollywood.

Other than the increase in average incomes in South L.A., what is most interesting is the decline of incomes in Koreatown for all groups, renters and owners alike. No other community considered here experienced similar declines. Such a reduction might be explained by a number of factors including the 16.5 percent increase in poverty rates, immigration of lower-income groups, or a combination of domestic and transnational crises such as the American recession in the early part of the decade and the Asian financial crisis in the latter part.

**Table 12: Average Household Income<sup>42</sup>**

	Average Household Income			Average Household Income for Owner-Occupied Units			Average Household Income for Renter-Occupied Units		
	1990	2000	% Change	1990	2000	% Change	1990	2000	% Change
LA County	81,750	79,594	-2.6%	110,363	109,155	-1.1%	53,458	51,793	-3.1%
Area of Study	56,012	55,299	-1.3%	92,205	92,965	0.8%	42,196	42,166	-0.1%
Downtown	39,675	40,857	3.0%	89,657	88,698	-1.1%	34,918	36,674	5.0%
Hollywood	53,750	52,769	-1.8%	125,768	129,653	3.1%	45,162	45,055	-0.2%
Koreatown	45,692	43,123	-5.6%	105,781	99,147	-6.3%	39,271	37,514	-4.5%
South LA	41,386	42,835	3.5%	54,524	58,876	8.0%	33,358	34,103	2.2%

The basic relationship between income and access to quality housing is fairly well understood by most researchers. For most, the relationship is conceptualized within a notion that

<sup>42</sup> All dollar amounts have been adjusted for inflation to 2009 value according to the CPI.

sees “affordability” as a tradeoff between means and efficacy similar to the one Michael Stone provides in the introduction to his work on the subject: affordability is “the quest to secure the housing we need and desire with the resources we have or can attain” (1993, p. 1).<sup>43</sup> However, as is the case with most cities, affordability is not a problem shared equally by all groups. A special report by the Southern California Association of Non-Profit Housing (SCANPH) noted that during the 1990s

Low-income households bear a disproportionately large share of the overpayment burden in [the City of] Los Angeles. Households earning under \$35,000, which represent 47.4% of the city’s households, carry 81.4% of all affordability problems. Furthermore, very low-income renters earning under \$20,000 represent only 22.7% of households but experience 52.1% of all affordability problems. Thus affordability problems are concentrated much more severely among low-income renters. (O’Hara, 2002, p. 8)

SCANPH’s report furthermore noted that overpayment was more highly concentrated among renters and the elderly with almost 40 percent of all renters and over half (51.8%) of elderly<sup>44</sup> renters overpaying relative to their incomes. In terms of the overall share of affordability burdens in the city, the report also found that affordability problems disproportionately fell on non-elderly populations.

To a certain extent, the issue of affordability is tied to the availability of housing for the populations that need it the most. Housing development across the region and within all the communities in the area of study declined precipitously during the 1990s with few exceptions. Most areas saw a greater proportion of housing units built during the 1980s and previous decades. At the county level, housing construction dropped by almost by half. In Hollywood, the decline was greater, dropping more than 60 percent of what it was in the previous decade. Other communities experienced similar, but less drastic declines. South Los Angeles was the notable exception to this pattern and actually saw housing construction increase minimally by 240 units. The construction of

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<sup>43</sup> It would be unfair to quote Stone on the question of affordability and not include his important critique of this conventional view: “This context [the dynamics of capital accumulation, the reproduction of the social order, and the prevailing ideology] determines the institutional mechanisms within which the major actors in the housing, land, and mortgage market shape the objective housing choices, constraints, and conflicts confronting individuals households” (1993, p. 5).

<sup>44</sup> Elderly households were those that were headed by someone 65 years or older.



rental units as a percentage of total housing units built follows a similar trend but also exposes the fact that the overwhelming majority of new construction was for ownership and not for rent. Downtown and South L.A. were minor exceptions. In Downtown, the construction of rental units was not only higher than in other areas, but of all those that declined, the construction of rental housing in Downtown declined the least. Also, as was the case with housing in general, in South L.A. the proportion of rental housing built slightly increased during the decade.

**Table 13: Housing Development**

	Percent of Total Housing Units Built				Renter-Occupied Units as a Percent of Total Housing Units Built			
	1990-2000	1980-1989	1970-1979	Before 1970	1990-2000	1980-1989	1970-1979	Before 1970
LA County	6.9%	12.3%	15.6%	65.2%	3.4%	6.6%	9.2%	30.8%
Area of Study	5.7%	8.7%	11.3%	74.3%	4.6%	7.0%	9.3%	49.0%
Downtown	10.5%	15.4%	10.5%	63.6%	9.4%	12.8%	9.0%	52.7%
Hollywood	5.7%	14.3%	14.0%	66.1%	5.1%	12.5%	12.4%	55.7%
Koreatown	7.8%	12.2%	15.1%	65.0%	7.1%	11.0%	14.2%	55.0%
South LA	5.6%	5.4%	10.0%	79.0%	4.2%	4.1%	7.4%	42.6%

The lack of housing development contributed to a severe housing shortage in Los Angeles. The previously cited SCANPH report demonstrated that within the city vacancy rates for the decade were 5 percent. More importantly, they showed that while the city’s population grew by 6 percent from 1990 to 2000, total housing units increased by only 2.9 percent (O'Hara, 2002). My data show that while this discrepancy was similar at the county level, it did not hold within the smaller communities of this study. Within the study area borders, total housing units increased by a slightly greater rate than population. In Downtown, housing increased at a faster rate than population by almost seven percentage points, yet when compared in absolute terms the increase in housing closely matched that of population at almost a one-to-one ratio. Indeed, only in the hotspot communities of Koreatown and South L.A. did population increase faster than housing production in any

significant manner. In South L.A. the discrepancy was the greatest as population grew by more than six times that of housing units. The one area that differed from the rest was Hollywood where both population and housing units declined with population falling by a greater rate than total housing units. Possible explanations for the fall might lie with the number of red-tagged buildings scheduled for demolition after the 1994 Northridge earthquake or the housing that was destroyed as a consequence of the Metro Red Line extension.

Further examination of the changing housing circumstances in each of the four hot spot communities shows that they are more accurately described as housing sub-markets. The rate of homeowners with mortgages<sup>45</sup> slightly increased at the county level rising from just over 76 to under 79 percent, a 3.4 percent increase. A greater increase was experienced within the area of study which saw mortgage rates rise almost 15 percent within the decade. Within three of the four hotspot communities—Downtown, Hollywood, and South Los Angeles—the rate of homeowners with mortgages increased substantially. In Downtown in particular, the rate jumped almost 25 percent, reflecting the comparatively high rate of housing development in the area. While the rate of homeowners with mortgages in Koreatown rose during the decade, it did so at a rate lower than the area of study generally. Such differences are complicated even more by the peculiar mix of mortgage rates and vacancies. In Downtown, where the rate of homeowners with mortgages increased most dramatically, the vacancy rate dropped slightly, essentially remaining constant. Not only is this odd compared to the other areas, but when separated by vacancies for rent and vacancies for sale, we see that while for-rent vacancies declined, the rate of vacant housing units for sale increased 132 percent. The increase in vacant for-sale units most likely represents the growth of the housing market in Downtown in anticipation of the Adaptive Reuse Ordinance (ARO) that was passed by the City Council in 1999 and which allowed for the conversion of industrially and

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<sup>45</sup> In the Census a mortgage refers to all forms of debt for which the property is pledged as security for payment of the debt and thus includes home-equity lines-of-credit and vendors liens.

commercially zoned properties for residential use. Other changes are less explicable. In Koreatown where the mortgage rate increased the least, housing vacancies dropped 42 percent demonstrating an unusually tight housing market. This significant drop in available units occurred exclusively in the rental market since the rate of vacant housing units for sale increased during the same period. Across the board, Hollywood was the tightest housing market. Here, mortgage rates increased almost twenty percent and vacancies for both for-sale and for-rent units declined. The especially tight market might be attributed to the overall decline in housing units, however the simultaneous decline in population, and thus demand, suggests that other forces were at play in Hollywood. Finally, South Los Angeles is the most peculiar of all the areas considered here. Like most other communities, the mortgage rate increased in South L.A. Yet South L.A. was also the only area to see vacancies rise during the 1990s. The rise in available units was overwhelmingly felt in the for-sale sector as available units here rose almost 400 percent. The simultaneous increase in mortgage rates and housing vacancies suggests that rather than reflecting housing investment, mortgage rates in South L.A. refer to other forms of lending activity such as refinancing and equity liens.

**Table 14: Population Growth and Total Housing Units**

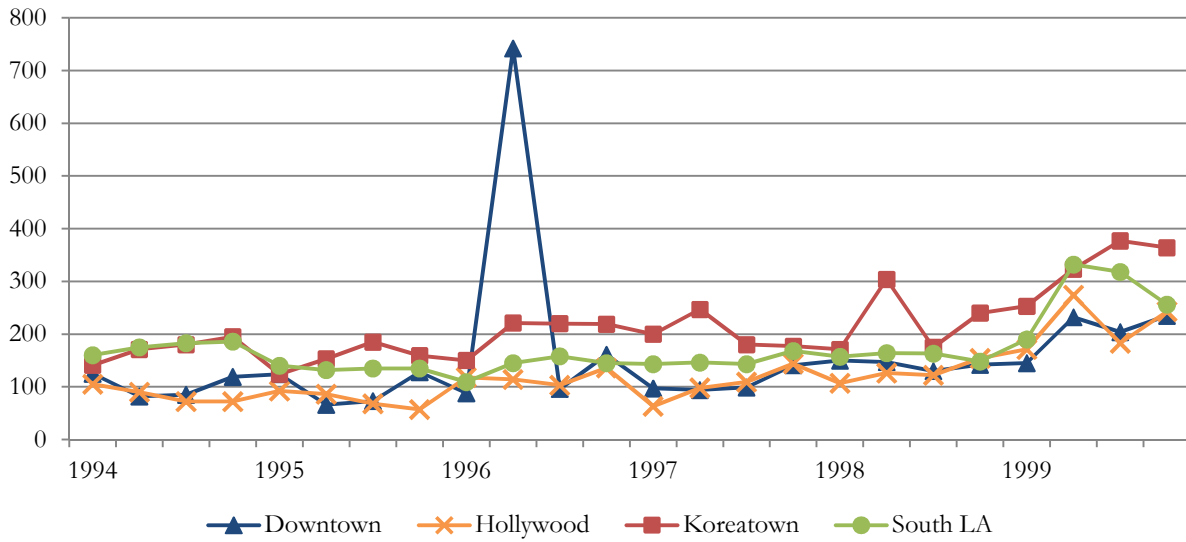
	Total Population			Total Housing Units		
	1990	2000	% Change	1990	2000	% Change
LA County	8,862,508	9,519,338	7.4%	3,163,142	3,270,909	3.4%
Area of Study	1,642,039	1,679,755	2.3%	563,565	580,427	3.0%
Downtown	103,057	105,850	2.7%	32,325	35,372	9.4%
Hollywood	73,018	71,174	-2.5%	38,000	37,427	-1.5%
Koreatown	262,831	280,511	6.7%	93,557	98,795	5.6%
South LA	330,991	345,442	4.4%	99,079	101,320	2.3%

**Table 15: Mortgages and Vacancies**

	Percent of Owner-Occupied Housing Units With a Mortgage			Percent of Vacant Housing Units			Percent of Vacant Housing Units for Rent			Percent of Vacant Housing Units for Sale Only		
	1990	2000	% Change	1990	2000	% Change	1990	2000	% Change	1990	2000	% Change
LA County	76.20%	78.80%	3.40%	5.50%	4.20%	-23.70%	3.10%	1.90%	-40.30%	0.80%	0.90%	4.80%
Area of Study	65.50%	75.10%	14.70%	6.90%	5.90%	-13.80%	4.60%	3.20%	-30.70%	0.40%	0.90%	123.80%
Downtown	54.40%	67.90%	24.80%	9.10%	8.80%	-3.40%	7.10%	6.10%	-14.70%	0.30%	0.70%	132.00%
Hollywood	63.40%	76.00%	19.80%	10.10%	4.40%	-56.60%	7.90%	3.00%	-62.30%	0.70%	0.40%	-41.50%
Koreatown	66.00%	73.10%	10.80%	7.80%	4.50%	-42.00%	6.50%	3.30%	-49.70%	0.20%	0.40%	106.60%
South LA	64.30%	77.00%	19.80%	6.90%	9.40%	37.10%	3.60%	4.10%	13.20%	0.50%	2.30%	394.20%

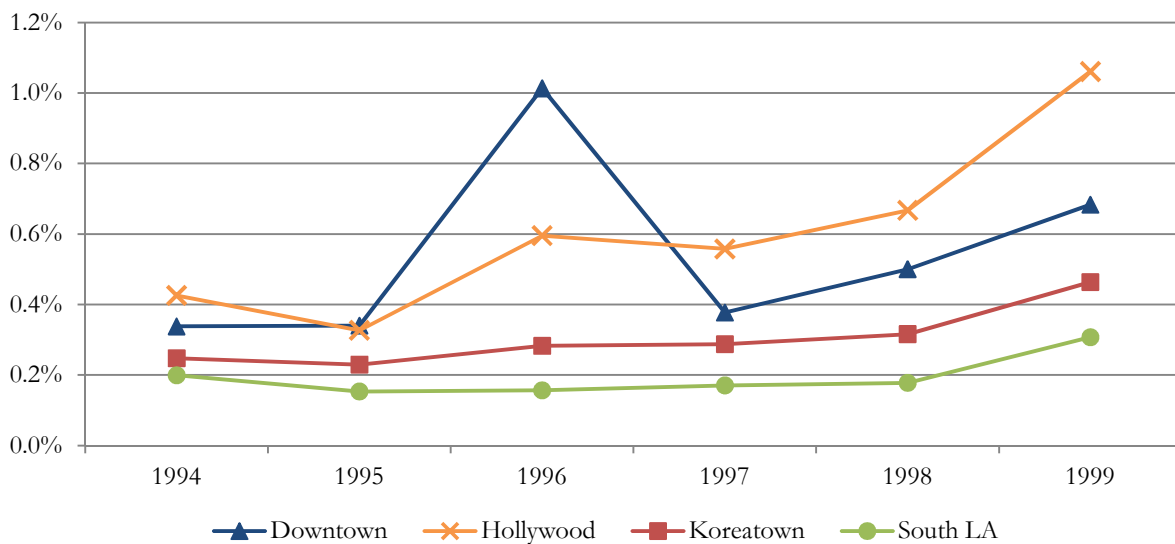
### **6.3 Property Sales and Evictions**

The sale of property is one of the strongest indicators of the magnitude of investment. Compared to each other, the four hot spot communities of this study follow a relatively similar pattern with two notable exceptions. Generally, property sales for each of the communities range between 100 and 200 sales for each quarter until 1998 when they begin to rise during the last quarter. This increase closely parallels an upsurge in permits for new housing construction and house prices in the county that began in 1996 and which reversed six years of depressed prices and construction (Myers et al., 2012). Besides this upward swing at the end of the period, there is one obvious exception—i.e., the dramatic spike in property sales (742) in Downtown in the second quarter of 1996. Most of these property sales (648) occurred in a single building, a condominium development that is now named the “Museum Tower Apartments.” The second, less obvious, exception is the magnitude of investment in Koreatown during the period relative to other communities. The Koreatown area is actually fairly large, covering 66 census tracts and 8.1 square miles (see Figure 16). So in this sense, it seems logical that Koreatown would be the location for more property sales than the other areas. The same point highlights the other end of this comparison, that is, the fact that Downtown and Hollywood, both geographically smaller, maintain similar levels of investment compared to the two larger areas.



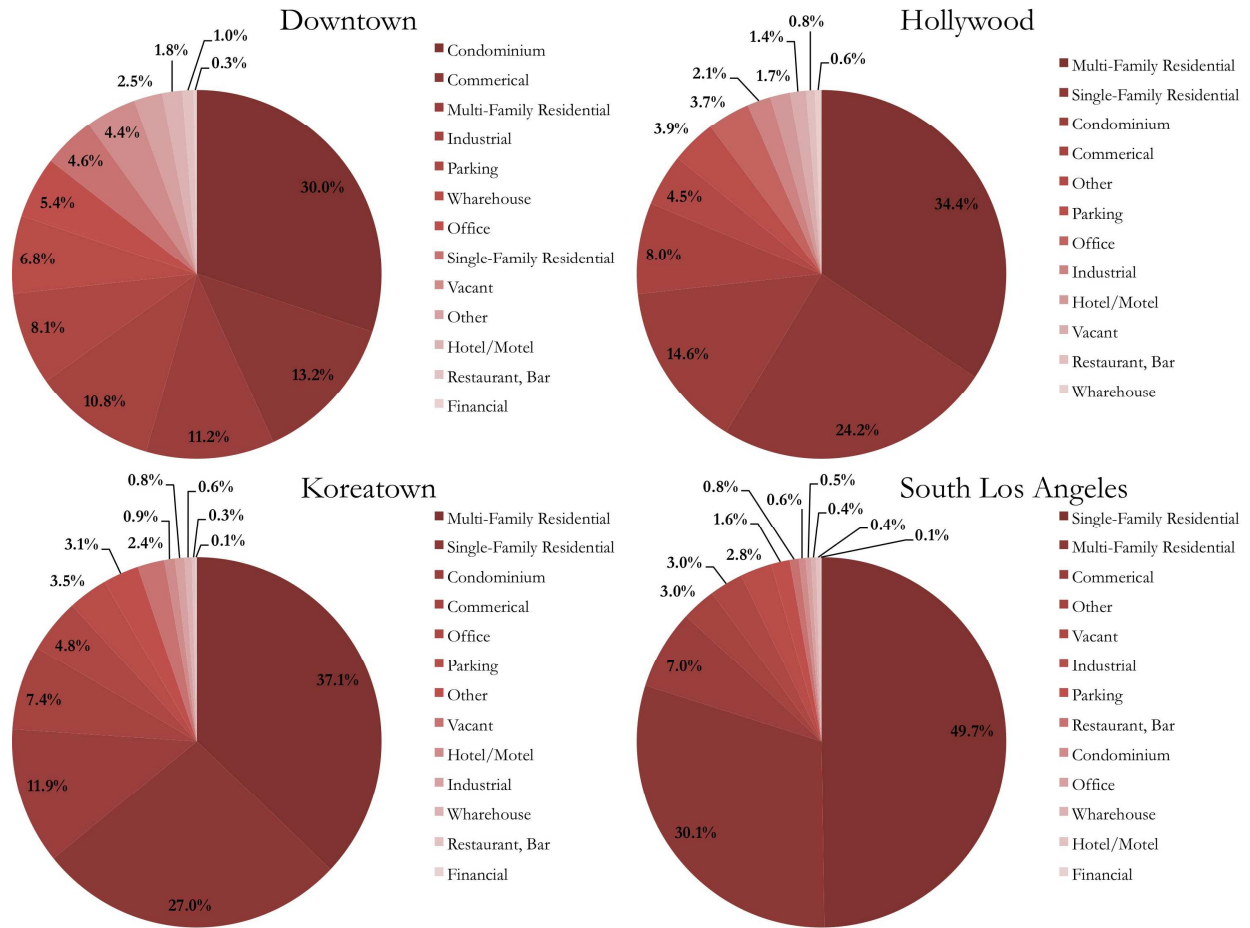
**Figure 18: Property Sales by Area**

Normalizing by population gives an alternative insight. This approach demonstrates that relative to their area’s population, property sales in Hollywood and Downtown are relatively higher than Koreatown or South L.A. It should be remembered however, that while Hollywood is relatively dense, Downtown on the other hand has the lowest population density of all the four communities and the area of study.



**Figure 19: Property Sales by Population**

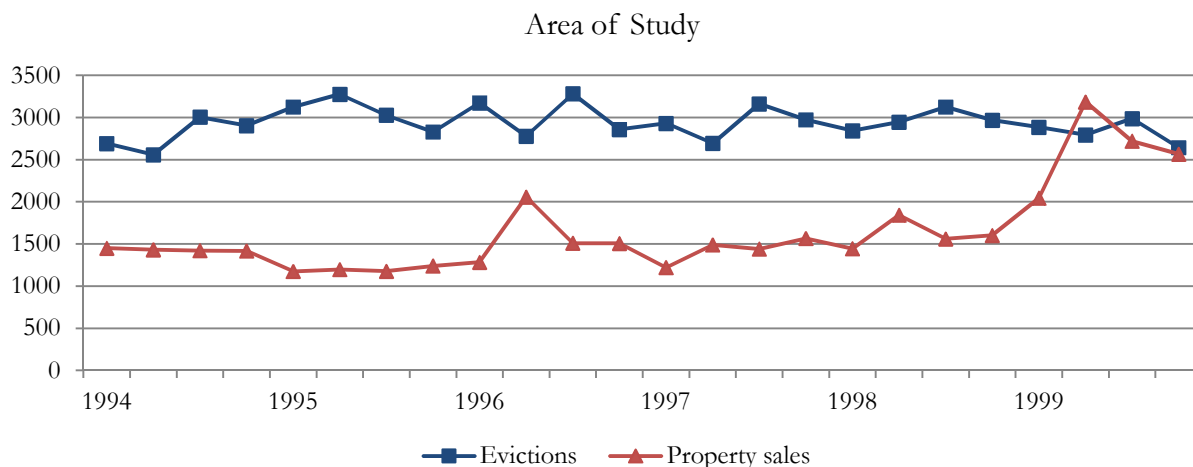
By comparing the use of the properties sold we find that property markets in each of the four communities are distinct. Property sales in South Los Angeles most closely resembled those across the area of study. Here, 80 percent of property sales were either single-family units (49.7%) or multi-family units (30.1%) followed by commercial properties (7%). Koreatown and Hollywood were slightly similar in that single- and multi-family units made up the majority of sales. However in both these cases, not only were there more multi-family units sold than single-family homes, but condominiums were also significant making up 11.9 and 14.6 percent of all sales, respectively. Property sales in Downtown were the most diverse. At 30 percent, sales of condominiums made up the majority of all property sales in the decade. These were followed by commercial (13.2%), multi-family (11.2%), industrial (10.8%), parking lot (8.1%), warehouse (5.4%), and office (4.6%) sales.



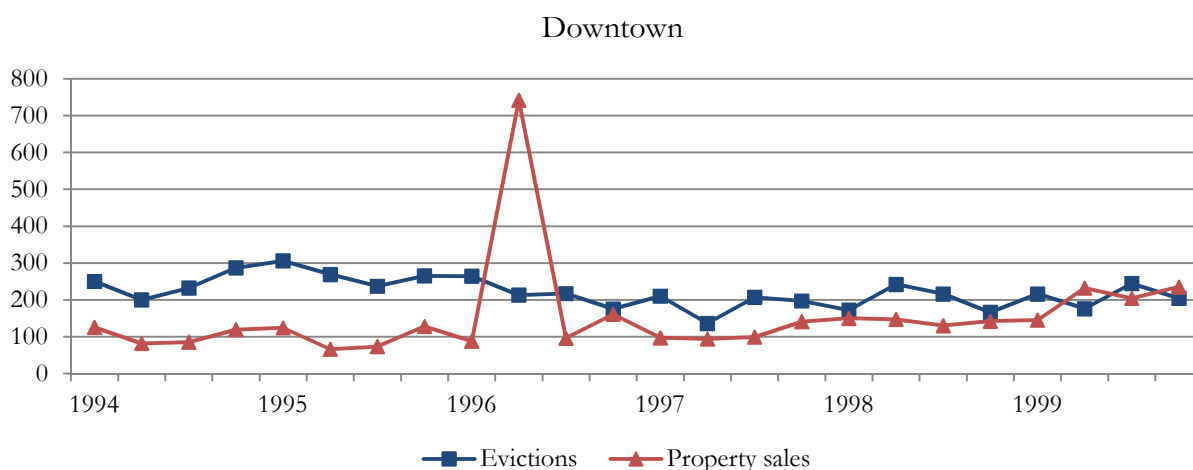
**Figure 20: Property Sales by Use**

As might be expected, the number of evictions exceeded the number of property sales within each of the hotspot communities. However, where property sales rose throughout the decade, in most cases, evictions declined as evidenced by the following figures. Within the area of study, evictions remained relatively constant ranging between 2,558 and 3,282 cases per quarter year. The only area where evictions rose was in South L.A. where eviction cases increased steadily from 445 to 825 cases by the end of the decade.

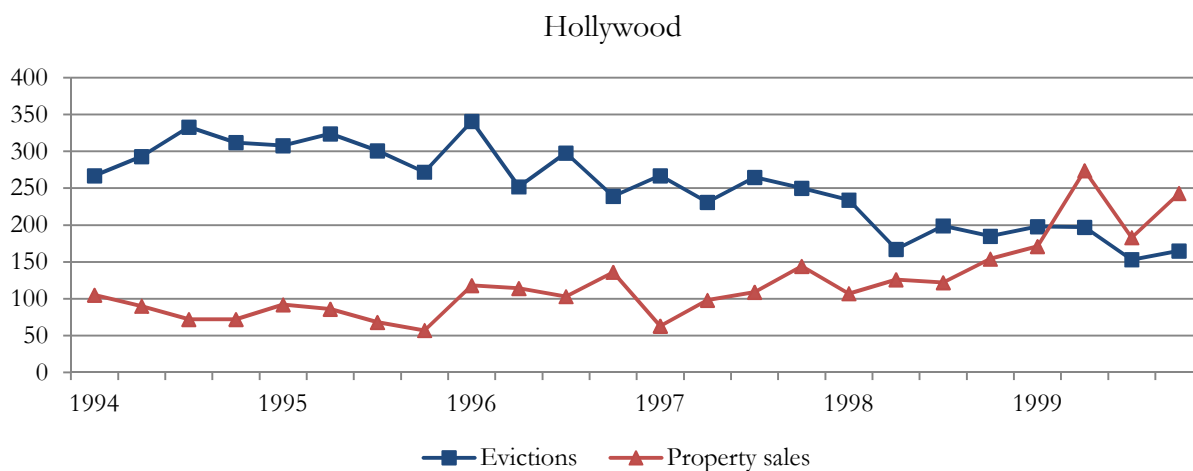




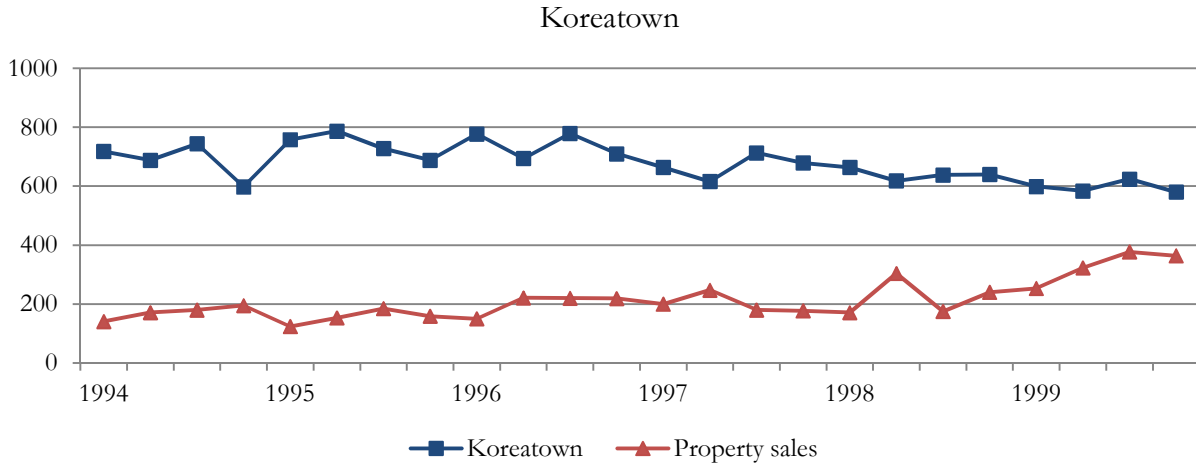
**Figure 21: Comparison of Property Sales and Evictions within the Area of Study**



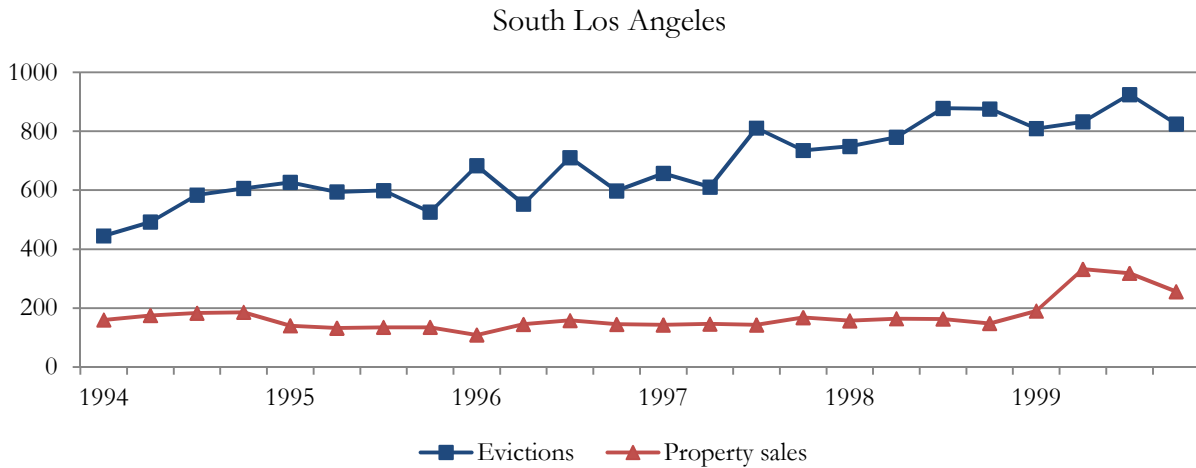
**Figure 22: Comparison of Property Sales and Evictions within Downtown**



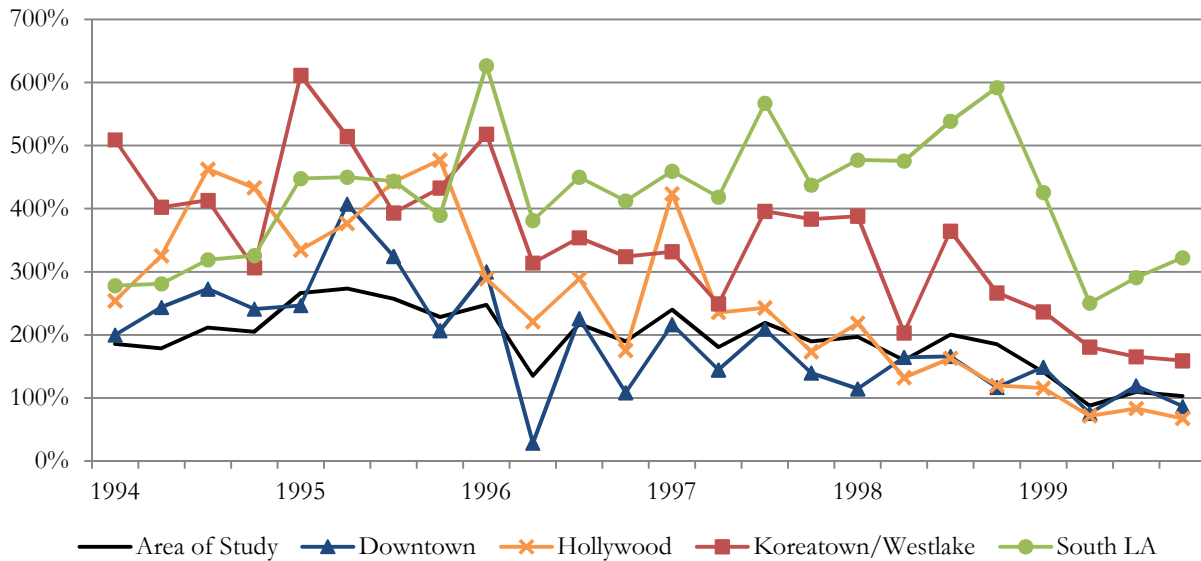
**Figure 23: Comparison of Property Sales and Evictions within Hollywood**



**Figure 24: Comparison of Property Sales and Evictions within Koreatown**



**Figure 25: Comparison of Property Sales and Evictions within South Los Angeles**



**Figure 26: Evictions as a Percentage of Property Sales**

### 6.4 Conclusions and Commonalities

During the 1990s, the City of Los Angeles was hit hard by a combination of events that acted like bookends to a difficult decade: the urban unrest in 1992 and a recession in the latter half of the decade. The impact of these events not only affected jobs and incomes negatively, but they contributed to rising poverty levels and greater insecurity—especially in those areas directly impacted by the unrest in 1992. At the same time, the period was marked by significant racial transformations through immigration and population shifts. In this dynamic, historic forms of segregation that artificially reduced the land values of locations like Koreatown and South L.A. became key locations for new immigrants from Asia and the Americas who in their search for jobs and housing challenged and simultaneously reinforced existing patterns of racial formation. In response, many groups left the urban core for opportunities in other parts of the city, the county and the region. Together, the combination of immigration, increasing poverty, and a reinscription of forms of racial segregation contributed to a decline in housing production; in those locations where housing was actually produced, it was reduced primarily to housing for the ownership market.

These factors generated a tight housing market that was characterized by polarization. In places like South L.A. and Koreatown, both sites of significant immigration and poverty, as well as Hollywood to a lesser extent, the housing market became split between low-income, low-quality housing for the poor and immigrants next to a isolated pockets of housing for relatively more well-off owners.

These conditions not only produced forms of speculation, represented in the increased, albeit diverse, lending activity within the four hotspot communities, but also a certain power transfer to property owners who benefited from increased demand for both housing and commercial space.

## 8. Spatial Regression Analysis and the Question of Gentrification

The previous chapters demonstrated that evictions are spatially concentrated events and that, in fact, four distinct and persistent eviction hot spots existed between 1994 and 1999. This chapter seeks to test the relationship between evictions and certain demographic and property variables. As previously discussed in Chapter 5, fourteen predictor variables were reduced to three latent constructs. These constructs, or factors, weight variables based on their loading values. A principal component analysis shows three persistent factors (see Appendices for specific loading values and communalities). High rates of educational attainment, high proportions of whites, wealth, including elevated rents, and the number of property sales load highly on the first factor. The first factor also shows the importance of the *absence* of female-headed households with children under 18 years old and Latinos as these variables loads highly, albeit negatively. The second factor, by comparison, shows a high negative loadings of the proportion of the black population and high positive loadings of foreign born, Asian, and Latino populations meaning that this factor more accurately represents the non-white (but not black) and foreign-born population. In addition, it is notable that the second factor also loads female-headed households negatively. Finally, the third factor loads average value of property sales and high rates of non-family households highly. I believe these factors can be summarized accordingly:

- 1) white wealth and educational attainment;
- 2) non-white and foreign-born; and
- 3) non-family property investment.

Prior to testing the relationship between these factors and eviction rates, it is useful to remember that proximity matters when evaluating spatial processes. Thus, rather than assuming the spatial independence, we should test for spatial dependency or the covariance of attributes across census boundaries. To test for the geographic pattern of eviction rates and clustering, LISA analyses

were carried out. Local Indicators of Spatial Association (LISA) statistics are particularly useful for displaying clusters and outliers. In this case, LISA statistics also serve to evaluate the normalized hotspot analyses and confirm the essential patterns that were identified. As a measure of spatial autocorrelation, LISA statistics average the values of neighboring units—in this case census tracts—based on a defined spatial weights matrix, and compare this value with each unit’s value. Contiguity matrices were therefore formed using first- and second-order rook weights matrices to include tracts that share boundaries—and first- and second-order queen spatial weights matrices—that, in addition to those with shared boundaries include tracts that meet at vertices.<sup>46</sup> The resulting Moran’s I statistic for each year and each spatial weights matrix show that eviction rates tend to cluster in neighboring tracts regardless of how they meet. However, given that many of the tracts in the southern and central region of the area of study tend to meet at vertices, in more or less of grid pattern, a first-order queen contiguity matrix was chosen for the study.

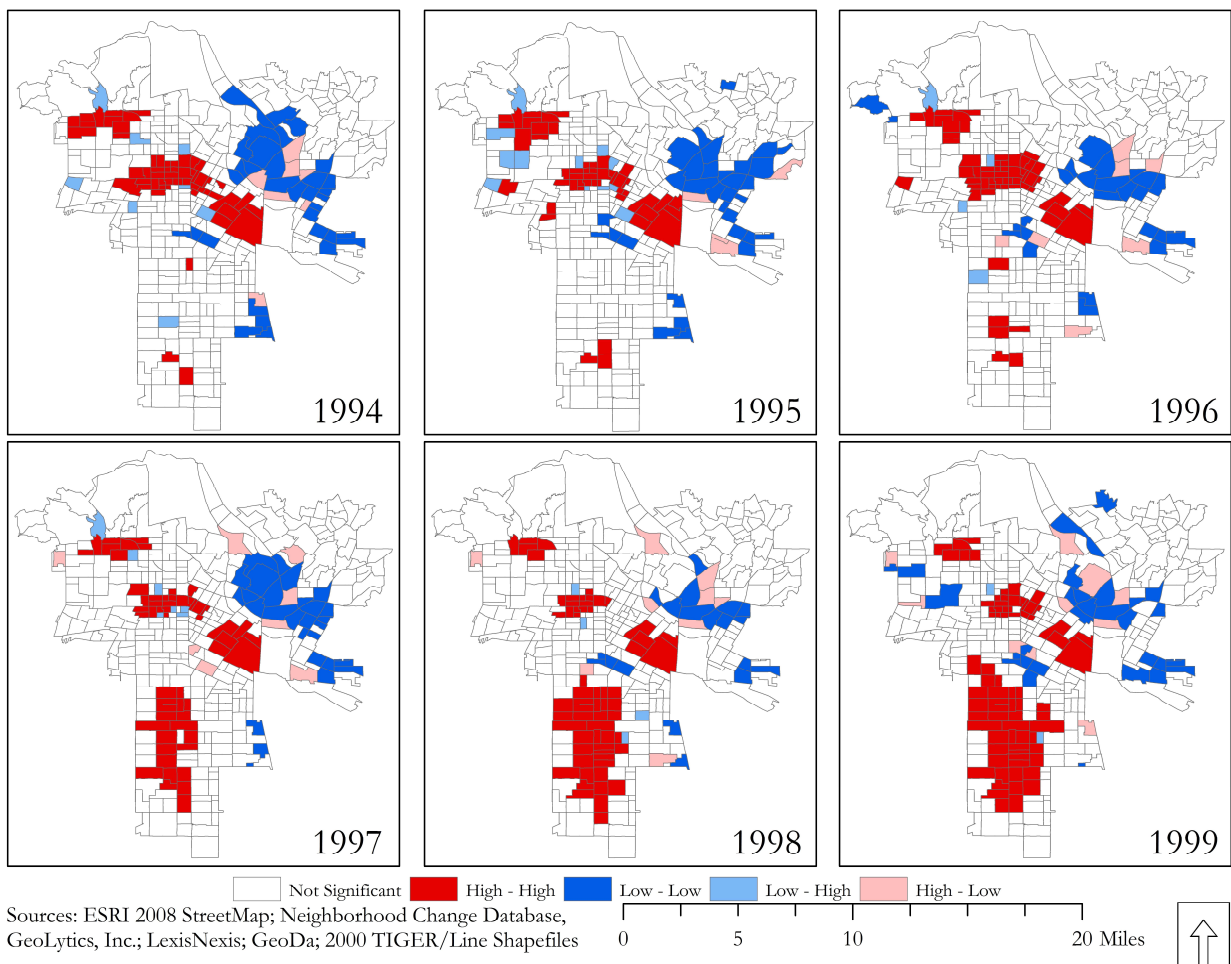
**Table 16: Summary for Moran’s I Statistic for Contiguity Matrices**

	1994	1995	1996	1997	1998	1999
Rook 1st order	0.32270	0.32628	0.31805	0.32966	0.26183	0.35694
Queen 1st order	0.32083	0.32013	0.32076	0.32990	0.26363	0.34111
Rook 2nd order	0.23185	0.23656	0.21298	0.23548	0.16131	0.19862
Queen 2nd order	0.22444	0.23370	0.20689	0.21441	0.13517	0.17946

Using the first-order queen contiguity spatial weights matrix, LISA statistics and accompanying maps were generated for each year of the study (see figure below). The maps generate five categories: not significant, high-high, low-low, low-high, and high-low. High-high and

<sup>46</sup> Contiguity spatial weights matrices are usually one of three types—i.e., rook, queen, or distance-based. These matrices are essentially indices that are used to determine which units can be considered neighbors of a unit and thus be incorporated into the analysis. Distance-based matrices generally use a fixed distance from the centroid of a unit to create a radius in order to determine neighboring units. Rook and queen matrices follow the rules of movement for chess pieces such that rook matrices include units that meet along sides while queen matrices include units that meet along sides as well as corners/vertices. In these cases, first- and second-order matrices refer to the number of levels outward.

low-low refer to those units that have statistically significant positive correlations with their neighbors' values and thus show clustering. Low-high and high-low units are spatial outliers that have statistically significant negative correlations with their neighbors' values. The results show at least four prominent high-high eviction rate clusters—i.e., census tracts with high eviction rates surrounded by tracts with similarly high values—in Hollywood, Koreatown, Downtown/Boyle Heights, and in the latter years, in South Los Angeles. Significant low-low clusters—i.e., tracts with low eviction rates that are surrounded with tracts with similarly low values—are relatively less prevalent but nevertheless more consistently present around the peripheral regions of the study area, notably in the northeastern area of the study area.



**Figure 27: LISA Eviction Clusters at the 0.05 Significance Level**

Initial diagnostics for spatial dependence produced highly significant Moran’s I scores ranging between 0.20107 and 0.269929, meaning that there is considerable spatial autocorrelation, and thus possible misspecification in a non-spatial model. We are therefore interested in two other tests, the robust variants of the Lagrange Multiplier tests. While the robust measure for error is not statistically significant for any of the years, the lag measure is significant four of the six years of the study, suggesting that a model with a spatially lagged dependent variable is preferable (see table below).

**Table 17: Diagnostics for Spatial Dependence**

	Moran's I (error)	Lagrange Multiplier (lag)	Robust LM (lag)	Lagrange Multiplier (error)	Robust LM (error)
1994	0.21549***	66.5891753***	<b>21.47869***</b>	48.7948758***	<b>3.6843905</b>
1995	0.210701***	58.3106731***	<b>12.7085491***</b>	46.6499779***	<b>1.0478539</b>
1996	0.231508***	66.6782623***	<b>10.5484412**</b>	56.3183422***	<b>0.1885211</b>
1997	0.256909***	77.2919724***	<b>8.1321792**</b>	69.3553292***	<b>0.195536</b>
1998	0.20107***	45.161947***	<b>2.7661554</b>	42.4830467***	<b>0.0872552</b>
1999	0.269929***	75.9304575***	<b>1.5381666</b>	76.5629951***	<b>2.1707042</b>

\* significant at  $p < 0.05$ ; \*\* significant at  $p < 0.01$ ; \*\*\* significant at  $p < 0.001$

## 7.1 Regression Results

The logged transformation of eviction rates was regressed to the three predicting factors using an ordinary least squares model. This model was then compared to a spatially lagged model to evaluate the relative fitness of each. The results of the two models are presented in the tables below. While the r-squared statistic shows substantial improvement in the spatially lagged model, traditional OLS estimations of fit are not equivalent in spatial analysis. Thus rather than focusing on r-square statistics, which are actually a pseudo r-squared value, spatial regression requires attention to the Log-Likelihood, Akaike Information Criterion (AIC), and Schwarz Criterion. In all of these measures, the spatial lag model also shows improvement over the non-spatial OLS model.



The difference is also evident in the significance levels and coefficients of the factors. For example, while the factor representing investment is significantly correlated with evictions in both the classic OLS and spatial lag models, in the in spatial lag model the slope coefficients are reduced for each year of analysis. The diverging results suggest that when spatial autocorrelation is taken into consideration as it is in the spatially lagged regression model, investment explains less of the variation in eviction rates than when space is not considered. Thus, in terms of eviction, investment can be considered a spatialized phenomenon subject to diffusion processes that stretch into neighboring tracts. In addition, while neither model shows a consistent statistical correlation between the non-white and foreign-born factor and eviction, there is discernible variability between the models. Not only does the non-spatial model show a stronger relationship, but interestingly, this relationship is often negative, while in the spatial model it is positive five out of the six years. The comparison demonstrates a more inconsistent relationship between eviction and non-white and foreign-born tracts. Finally, of notable importance is the fact that both models demonstrate that wealthy tracts with similarly high levels of educational attainment have a high statistically significant negative relationship with evictions. In fact, it may be argued that this factor explains more of the variability in evictions than any other factor. In other words, predominantly white tracts with high incomes and rents as well as educational attainment are strong deterrents to eviction. The results not only confirm the hypothesis that evictions are socio-spatial events experiencing strong neighborhood effects, but they suggest that race and income may be some of the most important indicators of susceptibility to eviction.

**Table 18: Results of Classic OLS Regression**

	1994	1995	1996	1997	1998	1999
<b>FACTOR ONE:</b>						
white wealth & educational attainment	-0.09348627* (0.04442)	-0.05200829 (0.04276)	-0.1666426*** (0.04313)	-0.1298895** (0.04272)	-0.217827*** (0.04104)	-0.3273215*** (0.04417)
<b>FACTOR TWO:</b>						
non-white & foreign-born	0.02996344 (0.04442)	0.01389998 (0.04276)	-0.02225601 (0.04313)	-0.07043925 (0.04272)	-0.04795695 (0.04104)	-0.1079081* (0.04417)
<b>FACTOR THREE:</b>						
non-family property investment	0.362666*** (0.04442)	0.3728674*** (0.04276)	0.346603*** (0.04313)	0.2752619*** (0.04272)	0.2267643*** (0.04104)	0.178996*** (0.04417)
CONSTANT	-5.356449*** (0.04424)	-5.24203*** (0.04259)	-5.248338*** (0.04296)	-5.264198*** (0.04255)	-5.235069*** (0.04088)	-5.320984*** (0.04399)

\* significant at  $p < 0.05$ ; \*\* significant at  $p < 0.01$ ; \*\*\* significant at  $p < 0.001$

**Table 19: Results of Spatially Lagged Regression**

	1994	1995	1996	1997	1998	1999
<b>FACTOR ONE:</b>						
white wealth & educational attainment	-0.1067178** (0.04044)	-0.07040444 (0.03926)	-0.1516743*** (0.03973)	-0.1220983** (0.03923)	-0.1707695*** (0.03995)	-0.2296314*** (0.04314)
<b>FACTOR TWO:</b>						
non-white & foreign-born	0.03840 (0.04032)	0.02574 (0.03936)	0.00381 (0.03898)	0.00153 (0.03820)	0.00139 (0.03794)	-0.03482 (0.03947)
<b>FACTOR THREE:</b>						
non-family property investment	0.2447899*** (0.04128)	0.2575031*** (0.04107)	0.2369701*** (0.04051)	0.1771684*** (0.03910)	0.1697723*** (0.03861)	0.1256541** (0.03947)
CONSTANT	-2.759353*** (0.32040)	-2.910461*** (0.32792)	-2.709315*** (0.31295)	-2.602701*** (0.31403)	-2.893913*** (0.32979)	-2.568911*** (0.30999)
LAGGED VARIABLE	0.4897597*** (0.05888)	0.4486042*** (0.06170)	0.4882491*** (0.05878)	0.5087248*** (0.05889)	0.451755*** (0.06215)	0.5210721*** (0.05736)

\* significant at  $p < 0.05$ ; \*\* significant at  $p < 0.01$ ; \*\*\* significant at  $p < 0.001$

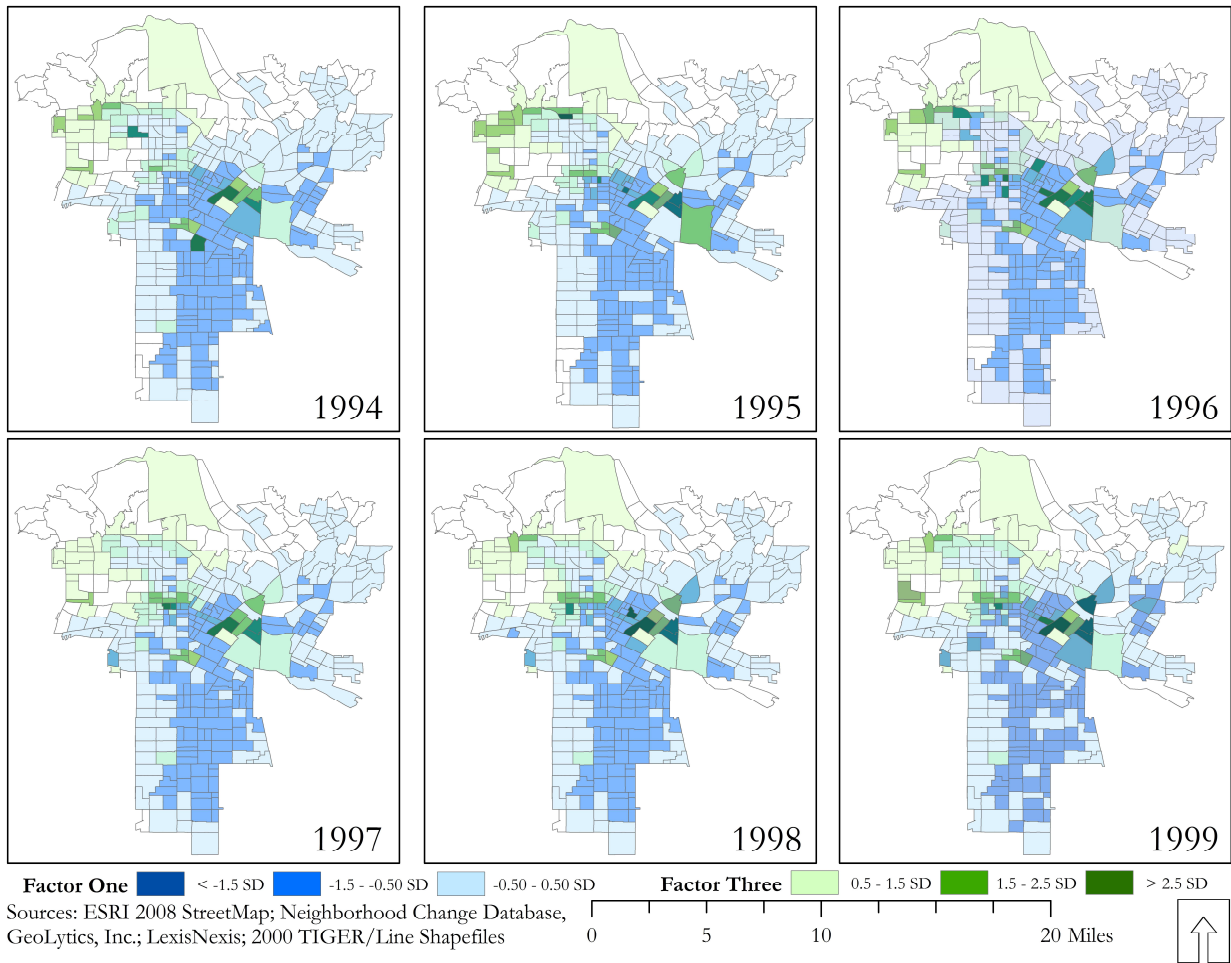
The regression results show highly statistically significant positive and negative relationships with specific social constructs across all years of the study. On one hand, eviction rates are negatively correlated with Factor One. This factor was described as being an index of wealth, educational

attainment, a high proportion of whites, and a lack of Latinos and female-headed households with children. On the other hand, eviction rates were also positively correlated with the third factor that was described as high average property sale values and non-family households. While it is difficult to explain the effect of each factor on eviction rates specifically because the log of the dependent variable was used, we can nevertheless say with confidence that high value property sales in areas with high rates of non-family households and low incomes as well as low proportions of whites are more susceptible to higher rates of eviction. The results are therefore not entirely surprising in that they reflect a relationship between property sales and the income and demographic make up of communities, however they confirm that there *is* indeed a relationship. The existence of such a relationship therefore adds doubt to notion that eviction courts are judicating based on the facts of lease agreements alone. In other words, social factors including demographics and the investment decisions of property owners—including those in nearby tracts—play a significant role in the magnitude of eviction judgments in specific locations within the city. At the same time they raise the issue of landlord behavior and whether or not landlords act as a class. While the evidence presented here is not sufficient to make the claim that property owners within certain geographic areas do in fact work collectively, it does confirm that given the presence of certain neighborhood conditions such as poverty, a high proportion of non-white populations, and high value property sales, as a group, landlords are more likely to seek eviction.

## **7.2 The Question of Gentrification**

The question at this point becomes what kind of displacement is occurring and whether or not we can consider such displacement to be a construct of gentrification; and if not, what other forces or processes might better explain the relationship between these factors and eviction rates. A first cut at addressing this is to render the distribution of the two statistically significant factors to see how they unfold geographically. The following figure overlays the critical standard deviations of factors

one and three. Here, we can see the potential for three types of displacement processes at work: (1) poverty- and race-related eviction; (2) investment-related eviction; and (3) a combination of poverty-, race-, and investment-related eviction. For the first factor, three standard deviations just above the mean and below are displayed as progressively darker shades of blue representing the negative relationship with evictions. In other words, they show non-whites—particularly Latinos—low educational attainment levels, low rents and high poverty rates. Factor three is displayed in three progressively darker green standard deviations above the mean. Factor three is more heavily distributed in northwestern and central regions of the area of study showing the geography of high value property sales and nonfamily populations. Factor one on the other hand stretches north-to-south and branches off toward the eastern periphery of the city. The predominately blue sections therefore represent the potential for poverty- and race-related eviction that are concentrated in the central and southern sections of Los Angeles. Where the green and the blue overlap into dark blue-green tracts a mix of both poverty-, race-, and investment-related evictions are displayed that form a third type of eviction primarily in the central region of the area of study in Koreatown and Downtown.



**Figure 28: Overlaid Standard Deviations for Factors One and Three**

Gentrification is more than property investment and, by most accounts, involves significant demographic change. Lance Freeman (2005) has developed a two-stage methodology for identifying gentrifying tracts. His methodology begins by identifying disadvantaged and disinvested neighborhoods within the inner-city and then determines which of these undergoes improvement based on educational attainment and housing values (2005, pp. 471-472). The method, while capturing certain subtle and important demographic changes, is nevertheless an insufficient metric for identifying gentrifying neighborhoods in Los Angeles. First of all, there are the important contextual differences that set the parameters for how the method operationalizes gentrification. During the 1990s, New York City underwent a situation where household incomes fell while

housing values appreciated during a boom in the later half of the decade. This was not the case in Los Angeles. Not only did household incomes decline but housing values also depreciated for most of the 1990s. This means a couple of things, the first of which being that Los Angeles was more generally “disadvantaged” than New York. Comparatively large disadvantaged areas with small absolute increases in educational attainment and housing values can therefore produce seemingly large relative gains when applying Freeman’s method to Los Angeles. The second problem with Freeman’s methodology is what is absent. Missing is any metric for race—a startling point considering the importance of racial transition within the literature on gentrification—as well as any alternative measure of gentrification such as industry demographics or density reductions according to the idea that gentrifiers “under-occupy” their properties (Bailey & Robertson, 1997; Wagner, 1995).

Using Freeman’s basic methodology for identifying gentrifying tracts as a foundation, I modify it and include additional steps. The first of these requires a change in the question of disadvantage. Since even small changes to low absolute values can be considered improvement, I remove the most disadvantaged tracts from the analysis according to the idea that Los Angeles-style gentrification didn’t take hold in the absolutely poorest neighborhoods. Second, to more appropriately adapt to the nascent period of gentrification occurring during the time period in Los Angeles and the idea that gentrification-related improvements may not yet have been fully capitalized into increases in housing values, I use increases in average rents over housing values. Third, considering the fact that the proportion of whites declined in the entire region during the 1990s, I add an additional step and select tracts based on whether the percent increase of whites during the intercensal period is greater than the percent change at the county and the area of study. For simplicity, and given the location of the area of study relative to the larger Los Angeles region, all tracts are considered to be located in the inner city. And finally, because the county and the area

of study are sufficiently unique, I use both the county and the area of study for base values and display them in separate rows for comparative purposes. Gentrified tracts are therefore those that meet all the following conditions:

*Disadvantage*

- have a proportion of housing stock built between 1970 and 1990 that is less than the same proportion at either the county or the area of study level<sup>47</sup>
- have an average household income in 1990 that is less than the same average at either the county or the area of study level, but greater than the 10<sup>th</sup> percentile<sup>48</sup>

*Demographic change*

- have a percent increase in educational attainment that is greater than the percent change at the either the county or the area of study level<sup>49</sup>
- have a percentage increase in non-Hispanic whites that is greater than the percent change at either the county or the area of study level<sup>50</sup>

*Gentrification*

- have an increase in average rents<sup>51</sup>

The results of this modified analysis are presented in the figure below.

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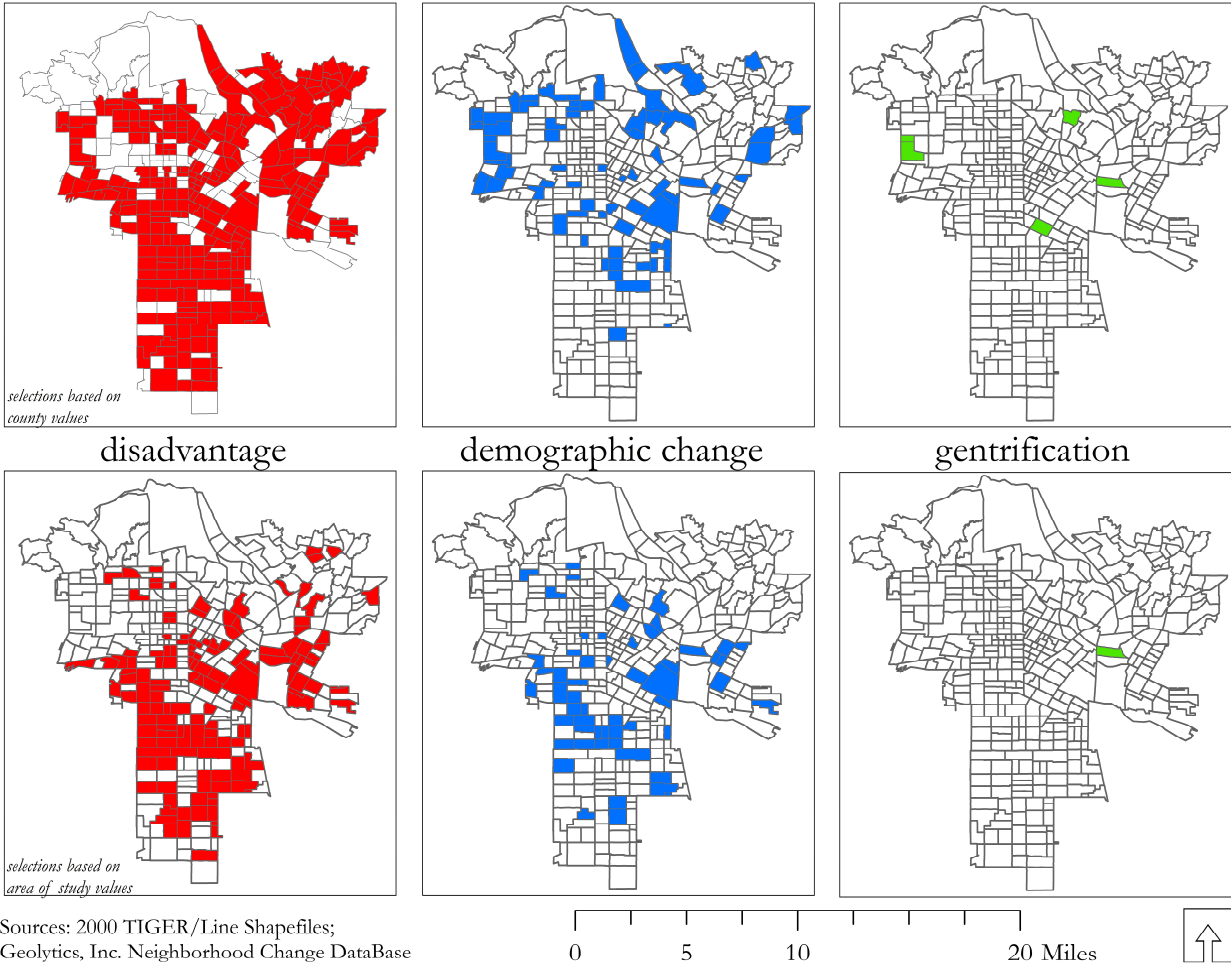
<sup>47</sup> The proportion of housing stock built between 1970 and 1990 for the county and area of study levels are 30% and 21%, respectively.

<sup>48</sup> Average household incomes for the county and area of study levels are \$47,252 and \$32,375, respectively.

<sup>49</sup> Educational attainment is defined as Persons twenty-five years or older who have an associate degree but no bachelors degree as well as persons twenty-five years or older who have a bachelors or graduate/professional degree. The percent increase for educational attainment at the county level is 4.8% and -27.4% at the area of study level.

<sup>50</sup> The percent of non-Hispanic whites declined by approximately 22 percent in the county and 10 percent within the area of study.

<sup>51</sup> Average rent is defined as the aggregate gross rent of specified renter-occupied housing units paying cash rent (adjusted to 2009 dollars) divided by the total number of specified renter-occupied housing units paying cash rent.



**Figure 29: Modification of Freeman's Methodology for Identifying Gentrified Tracts**

The figure displays a substantial improvement over the unadulterated version (see Appendices). For instance, only a few tracts emerge as gentrifying neighborhoods which seems accurate considering the time frame. My analysis reveals, depending on whether the county or area of study values are used as baseline figures, that at most three neighborhoods—or four tracts—can be considered gentrified/gentrifying. Starting from the western most neighborhood and working clockwise, these are the neighborhoods around: Park La Brea, the northern hills of Echo Park just bordering Elysian Park, the eastern edge of Little Tokyo, and the area just east of the University of Southern California. It is also interesting to note that when a reduction in population density is



considered in addition to other gentrification proxies, three of the four neighborhoods remain, leaving out Echo Park (this was not displayed in the figure above).

When compared to the eviction hotspot and LISA maps in a previous chapter, we see that Los Angeles-style gentrification and eviction do not match up. The point pattern kernel densities display no overlap with the gentrified tracts identified here. The two sets of normalized maps also show discrepancies between the two measures. Normalized by population, eviction rates are actually statistically significant cold spots at the .05 level for Echo Park from 1997 to 1998 and USC in 1996. Normalized by the total number of housing units, evictions are statistically significant cold spots in Echo Park in 1994, 1997, 1998, and 1999; around USC in 1996, and in Park La Brea in 1996, 1998, and 1999 (see table below). The only neighborhood that is not a cold spot during the years of the study is Little Tokyo which is actually statistically significant hot spot at the 0.01 level in 1995 and 1997.

**Table 20: Overlap of Statistically Significant Cold Spots and Gentrified Neighborhoods**

		Echo Park	Little Tokyo	Park La Brea	USC
1994	Evictions by Population				
	Evictions by Housing	0.05			
1995	Evictions by Population				
	Evictions by Housing				
1996	Evictions by Population				0.05
	Evictions by Housing			0.05	0.05
1997	Evictions by Population	0.05			
	Evictions by Housing	0.05			
1998	Evictions by Population	0.05			
	Evictions by Housing	0.01		0.01	
1999	Evictions by Population			0.05	
	Evictions by Housing	0.05		0.01	

Alternatively, when compared to the eviction susceptibility maps produced using the factor analysis, we see that at most three of the gentrified/gentrifying neighborhoods identified though

Freeman's analysis match up. The two tracts that make up the Park La Brea neighborhood experienced investment-related eviction and the Little Tokyo and USC tracts showed a strong relationship to poverty- and race-related eviction. In none of the years did the tract around Echo Park show factors associated with eviction rates. The comparison of the two methods suggests that the case for gentrification-led displacement in the 1990s is inconclusive. The larger Hollywood region—including Park la Brea—and Koreatown offer the strongest case for a type of displacement related to investment and certain demographic variables, but do not show a sufficient corresponding increase in the white population to qualify as typical gentrification—at least not enough when compared to baseline values within the area of study. There certainly remains the possibility that these areas experienced non-white forms of gentrification, but this is doubtful. Instead, I believe that the best explanation lies in an alternative conception of displacement, based in the theory presented above, and applied to the specific conditions within each of the four communities. This analysis is presented in the following chapter.

## 9. Geographies of Capitalist Displacement

This chapter combines the results of the previous analyses and applies them to the specific conditions in each of the four eviction hot spot communities. Based on the results from the hotspot analysis as well as the spatial regression, it argues that four forms of displacement occurred in Los Angeles during the 1990s. While these forms of displacement are partially explained by the distribution of the two statistically significant factors, certain community-specific dynamics help draw out how evictions are structured in each.

### 8.1 Downtown

During the 1980s and 1990s, the greater downtown region of Los Angeles underwent a transition similar to what Soja has called post-Fordist restructuring (1989). At the tail end of decades of redevelopment led by the Los Angeles Community Redevelopment Agency (CRA/LA), Downtown continued to reinvent itself according to a new image. Rather than succumbing to conceptions of a de-centered metropolis, planners, government actors, property and business owners envisioned a “new” downtown that would act as the center for important capitalist command and control functions as well as greater returns from investment. From a distance, the change could be seen in the altered skyline as a significant number new skyscrapers and office spaces were constructed in the 1980s and early 1990s. According to Emporis, a private company that provides information on buildings worldwide, more than half of the high-rise buildings in the CBD were built in a twelve-year span from 1980 and 1992 (Emporis, n.d.).<sup>52</sup> Writing in the late 1980s, Soja remarked somewhat vaguely, albeit accurately, that “Nearly all of the landmarks of the new LA CBD have been built over the past fifteen years” (1989, p. 238). The “new” downtown that he referred to was a mix of state-

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<sup>52</sup> After 1992, no high-rise buildings were built until 2003 when the Constellation Palace was constructed.

led speculative development particularly oriented toward finance and insurance. Mike Davis' prose captures the dynamic colorfully:

Two billion dollars of public tax subsidies have enticed big banks and corporate headquarters back to a central city they almost abandoned in the 1960s. IN a waiting grid, cleared of tenement housing by the city's powerful and largely unaccountable redevelopment agency, local developers and offshore investors (increasingly Japanese) have planted a series of block-square complexes: Crocker Center, the Bonaventure hotel and Shopping Mall, the World trade center, California Plaza, Arco Center, and so on....the new financial district is best conceived as a single, self-referential hyperstructure, a Miesian skyscape of fantastic proportions. (1990, p. 155)

Less notable but possibly more significant was the major concentration of state agencies which represented "the largest concentration of government offices and bureaucracy in the country outside the federal capital district" including a significant proportion (25 percent) of the state's prison population (Soja, 1989, p. 236).

In the midst of the "new" downtown lay an arguably more important pattern of land use and economic activity. A few blocks from the new skyscrapers on Bunker Hill are found various labor-intensive, low-wage industrial districts connected to global markets of production and exchange that exist to this day. Some of these have been officially designated and include: the garment and fashion districts, the toy district, the flower district, the seafood district, the warehouse district, the central industrial district, and the produce district. Within these specialized agglomeration economies masses of laborers, many of them immigrant and undocumented, produce products for an expansive network of firms making Downtown Los Angeles one of the most significant manufacturing centers in the country. These agglomeration economies are furthermore connected to a bustling stretch of retail and small commercial shops on Broadway that some have renamed, "Latinoway," due to the importance of Latino and Mexican populations that have traditionally worked and frequented the district (Roseman & Vigil, 1993). Latinoway was described as a place where

The shops are small; retail activities and displays crowd the front stores. Clothing racks, shoe displays and sundries tables spill into the sidewalk, and salespeople can be seen on the sidewalks waving items in front of passerby....The product range suggests a "street K-Mart"; inexpensive

clothing, shoes, toys, jewelry and a wide range of consumer and electronic gadgetry dominate the retail scene. (Roseman & Vigil, 1993, p. 25)

From my experience growing up in Los Angeles, I feel that the description is fairly accurate. Yet despite the portrayal of a bustling center, during the 1990s it was also clear that the area was in a state of transition. Many Latinos who once occupied the central core were now moving out into the suburbs and new forces, particularly within the CRA/LA, sought to redefine the area once again through strategic planning.

The juxtaposition that embodies Soja's post-Fordist industrial restructuring, combining agglomerations of financial capital and localized state functions next to sites of significant industrial and commercial activity, closely resembles Sassen's global city thesis. According to Sassen, "global cities are (1) command points in the organization of the world economy; (2) key locations and marketplaces for the leading industries of the current period—finance and specialized services for firms; and (3) major sites of production, including the production of innovations, for these industries" (Sassen, 2006, p. 7). The concentration of capital within an increasingly transnational framework exists simultaneously with a deeper segmentation and polarization of the labor market, including the informalization of a range of economic activities. Together, the two extremes meet at a central location forming a new Downtown Los Angeles that has captivated urban scholars for the past 30 years.

As a description of activity, the global city thesis captures the profile of much of the urban landscape; however it does little to explain how this particular formation evolved. In addition to planners and city officials, property and business owners were at the forefront of directing development and creating the new Downtown around their interests. The first organization representing property owners explicitly organized around revitalization was started in 1985 as the Central City East Association (CCEA). According to its website, it sees itself as "the principal advocate for property owners, businesses, employees and residents" and currently represents over

1,200 businesses and more than 1,000 property owners on 97 blocks in Downtown (Central City East Association, n.d.). The CRA/LA played a major role in promoting and sustaining the organization and its offshoots. In 1987 a group of merchants on Broadway were assisted by the CRA/LA with a \$400,000 grant to start the city's first business improvement district (BID), Miracle on Broadway, between 2<sup>nd</sup> Street and 9<sup>th</sup> Street. Key figures behind the process were Ira Yellin, a developer responsible for many projects along the corridor including "the \$75-million rehabilitation of the Grand Central Market, the 102-year-old Bradbury Building, the Lyon office building and the Million Dollar Theater Building with its spiffy new apartments" as well as Estella Lopez, who was hired by Yellin, Bruce Corwin of Metropolitan Theatres, and John Lopez of McDonalds to head the nascent organization (Oates, 1987; Torres, 1995). Miracle on Broadway eventually "opened an office hired street sweepers, got an extra four tons weekly of trash removal, bought bicycles for police patrols, found space for a police substation and persuaded Metropolitan Transit Authority police to patrol the area because of the volume of bus traffic along the street" (Torres, 1995). Yet despite its relative success, Miracle on Broadway failed to secure the necessary support from the street's mostly Latino merchants who felt they were being unfairly taxed for gains that would go to developers and speculation.

A second wave of efforts began in 1994 when the Los Angeles Fashion District BID was established "following a two-year organizing drive initiated by two prominent Fashion District owners" (Morcol, Hoyt, Meek, & Zimmermann, 2008, p. 206). Learning from the collapse of Miracle on Broadway, it's notable that the BID was first formed as a merchant-based BID and then was soon transformed into a property-based BID in 1995 to eventually encompass 580 property owners and 1,118 parcels (Morcol et al., 2008). Following the formation of the Fashion District

BID, the CCEA<sup>53</sup> then moved to create two more BIDs: the LA Downtown Industrial District (LADID) in 1998 and the Toytown BID in 1999.<sup>54</sup> Both were intended to provide security in the form of teams of private security guards, maintenance services such as trash collection, and marketing. In addition to these, the Downtown Center Business Improvement District (DCBID) was incorporated in 1997 and approved in 1998 making Downtown Los Angeles into a patchwork of officially recognized districts each with their own teams of privatized security guards and specialized beautification efforts, all at the behest of organized property owners.

The stated activities of these BIDs are to promote safety and cleanliness for the enjoyment of the general public. However, on the ground, both of these objectives have become especially problematic as many contend that they are a cover to target the area's street people and make way for an atmosphere more amenable to consumption. The issue eventually made it to court when in 1999 lawyers from the American Civil Liberties Union (ACLU) and the law firm, Morrison & Foerster, filed a class action suit on behalf of twelve homeless people associated with the Skid Row community center, Las Familias de Pueblo. The group alleged that the private security teams from four of the BIDs had engaged in a "systematic, concerted campaign" to harass homeless people, forcing them to move from public spaces, subjecting them to unlawful searches, photographing and interrogating them illegally, and falsely imprisoning them (Dickerson, 1999). The case was ultimately settled out of court in 2001 by the Fashion District BID with the others claiming that they would comply with legal practices (Dickerson, 2001; Ehrenreich, 2001).

The BIDs have also created significant disruption within certain merchant segments. For example, an LA Times writer covering the conflict noted that many merchants were significantly less

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<sup>53</sup> After Miracle on Broadway collapsed, Estella Lopez would then move on to become the executive director of the CCEA.

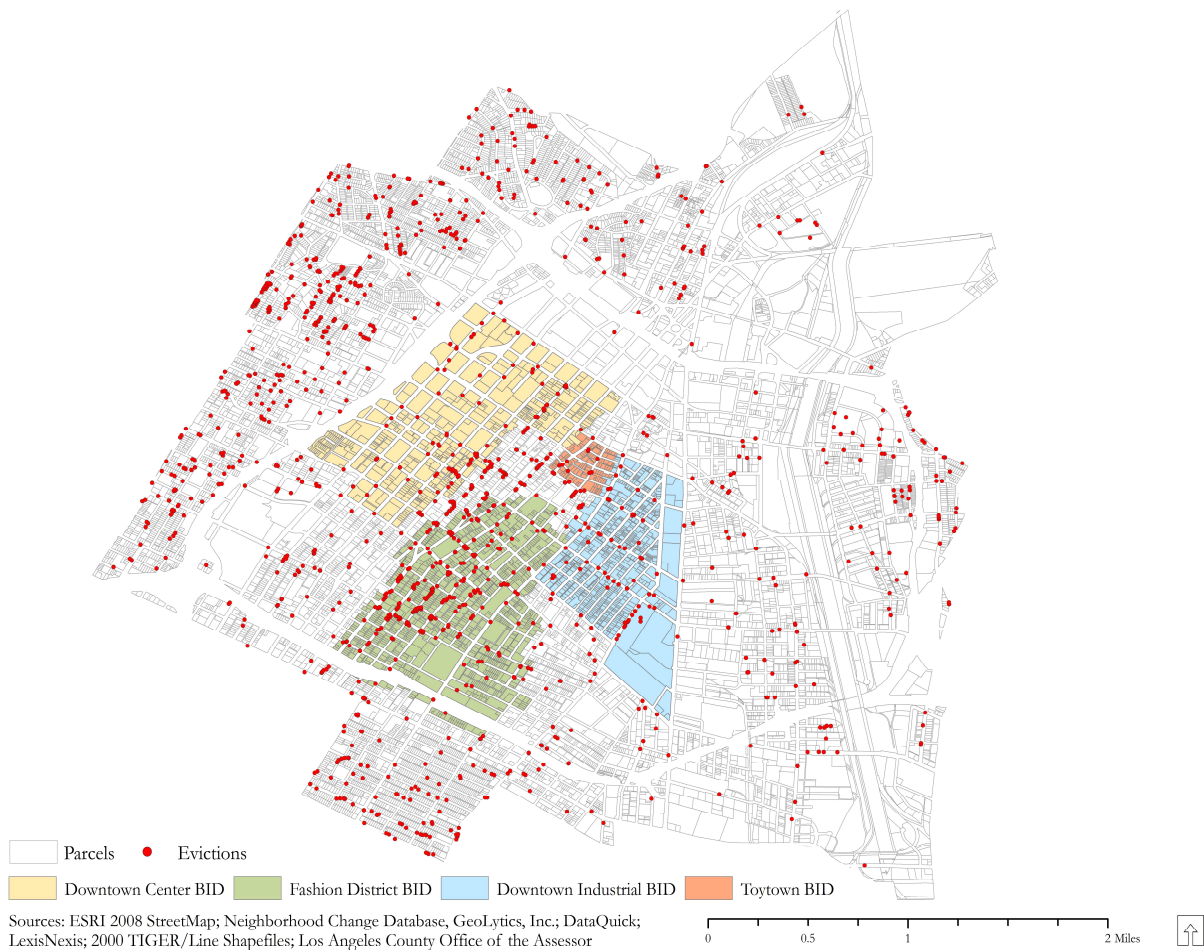
<sup>54</sup> While the Toytown BID eventually expired on December 31, 2009 after property owners refused to renew it, other BIDs have been established in the area including the Chinatown BID in 2000, the Little Tokyo BID in 2003 (the only merchant-based BID in Downtown), the South Park BID in 2005, the Arts District BID in 2006 (which was recently forced to dissolve in 2013), and the Historic Downtown Los Angeles BID also in 2011.

enthusiastic about the early BID structure. She noted that “the worries expressed by the street-level merchants, many of whom are preoccupied with getting landlords to lower their monthly rents to enable them to survive. Eight hundred square feet of retail space, for example, now rents for about \$4,000 to \$6,000 a month. And a cleaner, safer street hasn’t meant any more business, merchants say” (Torres, 1995). One specific merchant, Morris Aghaei, shrugged when asked about the assessments saying “I’ll pay it...But truthfully, I may be out of business by December. I can’t afford to keep losing money day after day, day after day” (Torres, 1995).

The early efforts of property owners to seize control of the development of Downtown Los Angeles was propelled even further with, what is possibly, the most important project in the area’s recent history, the Staples Center. Planning for the Staples Center began around 1996 when Anschutz Entertainment Group (AEG) and the City of Los Angeles started talks that were formalized in the Los Angeles Arena Motion of Understanding By and Between the City of Los Angeles and the L.A. Arena Development Company, a subsidiary of AEG, on January 15, 1997. The agreement declared that the area where the proposed sports complex would be built, known as South Park, was “blighted and in need of economic revitalization” (Parlow, 2002, p. 529). Revitalization was central to the city’s justification for the project. For example, when the Disposition and Development Agreement (DDA) was finally approved in October 1997, “The City Council defended its action by pointing to its governmental duty to encourage economic development...in a manner that will encourage redevelopment in surrounding areas” (Parlow, 2002, pp. 529-530). The optimism that these statements embraced was not entirely blind. Instead, they embodied a larger plan in which the Staples Center was merely the first step. Thus, while construction on the Staples Center was under way, AEG expanded to create an entire sports-retail-entertainment complex, a “Times Square of the West,” that it termed, “L.A. Live.” The complex included



the 4 million square foot / \$2.5 billion downtown Los Angeles sports, residential & entertainment district featuring venues such as Nokia Theatre L.A. LIVE, Club Nokia and The Conga Room; the GRAMMY Museum...a 54-story, 1001-room convention “headquarters” destination (featuring The Ritz-Carlton and JW Marriott hotels and 224 luxury...Regal Cinemas L.A. LIVE Stadium 14 movie theatre, “broadcast” facilities for ESPN, along with entertainment, restaurant and office space making it the region's most active live content and event campus. (Staples Center, n.d.)



**Figure 30: Downtown Evictions and BIDs 1994 to 1999**

The dual disruption of Downtown’s street people and low-end merchants serving the Latino community caused by the formalized efforts of property owners and entertainment-led development is partially reflected in the pattern of property sales and eviction. Commercial sales represented a significant proportion of all property sales in Downtown and in fact, if the 648 property sales that occurred at a single site in 1996 are reduced to one, commercial sales made up the majority (16.2%)

of all sales in the area. These were followed by sales of multi-family residential buildings, condominiums, and industrial sites at 13.8, 13.7, and 13.3 percent respectively. Together, the four types of land uses made up just under two-thirds (57.1%) of all property sales. The mix shows that despite the centrality of office and financial activities that Downtown is generally known for and which made up most of the “new” Downtown, during most of the 1990s, development was led by commercial, residential and industrial uses and evictions followed suit.

Statistical analysis of the evictions within three of the four BIDs that existed during the time period of the study demonstrates that the change in evictions after the implementation of each BID is not statistically significant and there remains a fare amount of explanatory noise. While the lack of probability is greatest within the Toytown and Downtown Center BIDs, there was almost a 90 percent chance that the relative *decline* of evictions after the Fashion District BID was established in 1995 was due to the implementation of the special assessment district. Across the entire Downtown hot spot, higher rates of eviction tended to occur during the first three years of the study period suggesting that while increases in eviction may not have been due to the establishment of BIDs *per se*, there was substantial conflict between property owners and tenants both prior to and after the establishment of the Downtown BIDs. It might be argued that this conflict, represented as a hot spot of eviction, may have actually encouraged property owners to establish BIDs in the first place, as a way of promoting externalized conditions more conducive to development and the generation of higher revenues.

**Table 21: Evictions Within Downtown BIDs**

	Year Established	1994	1995	1996	1997	1998	1999	Total	Probability Change is Due to Chance
Fashion District BID	1995	173	241	136	105	95	84	834	11.3%
Downtown Center BID	1998	104	106	91	93	102	120	616	19.9%
Industrial District BID	1998	92	109	111	80	46	101	539	26.8%
Toytown District BID	1999	8	12	2	12	13	15	62	

In the end, it is difficult to pinpoint the precise cause of the abnormally high rate of eviction in Downtown during the 1990s, however it is apparent that certain forms of property development and investment, notably commercial and multi-family residential, were critical to a new group of property owners and planners who sought to transform Downtown. The vision of these early property actors has largely been fulfilled. Not only have a more BIDs emerged to cover almost the entire area of Downtown, but through the lobbying of speculative property owners set on transforming Downtown into an area of increased consumption as well as well production, the Adaptive Reuse Ordinance was passed in 1999. Once approved, the ordinance enabled owners to convert their industrial and commercial buildings to residential use which consequently set the stage for the significant gentrification that would unfold in the first decade of the new century.

## **8.2 Koreatown**

Koreatown is a place that defies many conceptualizations. For example, despite what the name might suggest, Koreatown is not a typical ethnic enclave. Originally, Koreans did not cluster in what we now call Koreatown. Nor have Koreans, until only very recently, ever made up the dominant

ethnic group.<sup>55</sup> Indeed, when Koreatown was officially designated in 1980, Koreans only made up 7 percent of the area's residents (Light & Bonacich, 1988). Koreatown, as Lee and Park describe, "is more of a commercial district than a neighborhood community" (2008, p. 249). Within the census tracts covered in this study, the community maintained an almost two-thirds majority of Latinos between 1990 and 2000—59 to 62 percent respectively. Asians, of which Koreans make up the majority, were the second largest racial group accounting for 24 percent of the community's population in 1990 and just under 26 percent in 2000. About half of the 92,000 Korean Americans in the City of Los Angeles lived in Koreatown by 2000 (Kyeyoung Park & Kim, 2008). And despite many challenges and opposing suburbanization trends, the Korean population in Koreatown grew by 33.7 percent between 1990 and 2000. This increase "may be explained by the influx of new Korean transnational migrants from South Korea and first or second generation Korean American professionals from suburbia or from outside of the city" however other dynamics influencing population demographics are also at work (Kyeyoung Park & Kim, 2008, p. 134).

Much of this unique situation is explained by the special circumstances surrounding Korean immigration and settlement. The first Koreans came to Southern California as farm laborers and railroad workers early in the 20<sup>th</sup> century after diplomatic relations between Korea and the United States were established in 1882. White racial discrimination played a major part in Korean settlement. In 1920, eighty-nine Koreans lived in the Bunker Hill neighborhood of downtown Los Angeles, restricted by racial covenants from living elsewhere (Kyeyoung Park & Kim, 2008). "By the 1930s, the center of the Korean population (about 650) had shifted to Jefferson Boulevard between Western Avenue and Vermont Avenue" (Kyeyoung Park & Kim, 2008, p. 128). The population began to shift north after the Watts revolt in 1965 to a predominately white area that was then called the Mid-Wilshire district where vacancies increased due to white flight. In 1969 the first

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<sup>55</sup> Using Integrated Public Use Microdata (IPUMS), a recent report states that Koreans make up the single largest national origin group within Koreatown (Sanchez, Auer, Terriquez, & Kim, 2012).

Korean grocery store opened and this was followed by the first Korean restaurant in 1971 (Kyeyoung Park & Kim, 2008). “By the late 1970s, Koreans were operating the majority of businesses on Olympic Boulevard and 8<sup>th</sup> Street, between Hoover Street and Western Avenue” (Yu, Choe, Han, & Yu, 2004, p. 29). Thus, Olympic Blvd became the center of Korean commercial activity, eventually expanding its borders to nearby 8<sup>th</sup> Street, Western Avenue, Vermont Avenue, and other major streets” (Kyeyoung Park & Kim, 2008, p. 129). By 1976 it was estimated that 40,000 Koreans lived in Koreatown (J. Smith, 1976, p. 36). When Koreatown was officially renamed in 1980, “Koreatown housed 300 Korean businesses, major Korean cultural and civic associations and 13,000 Korean immigrants, who represented 21% of Los Angeles’ total Korean population” (Light, 2002, p. 221).<sup>56</sup> This trend continued such that by the beginning of the 1990s, Koreans were operating a majority of the stores on Wilshire Boulevard and 6<sup>th</sup> Street between Hoover Street and Wilton Place (Yu et al., 2004). By the early 2000s it was estimated that there were at least 3,200 Korean-owned small businesses in Koreatown (Kyonghwan Park & Lee, 2007).

Although not all of the Korean-owned small businesses in Koreatown were owned by Koreans who actually lived in Koreatown, the high-proportion of Korean self-employment, relative to other racial and immigrant populations, helps to explain some of the other important differences between Koreans and other groups within the community (Light & Bonacich, 1988; Kyonghwan Park & Lee, 2007).<sup>57</sup> First of all, Koreans are generally wealthier than other groups in Koreatown. For example, as a racial group, Asians are less poor than others. While the percentage of Asians in poverty grew four percentage points from 19 to 23 percent between 1990 and 2000, whites, blacks and Latinos all began the period with higher rates of poverty and, in some cases, experienced

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<sup>56</sup> There seems to be a large discrepancy between the figures provided by Smith and Light. Smith’s estimate of 40,000 Koreans living in Koreatown in 1976 seems closer to the mark considering that the total Asian population for the tracts I use was over 62,000 in 1990. Light’s estimate of 13,000 “Korean immigrants” may refer to sub-section of the Korean population in Koreatown such as non-citizens or the foreign born, however it is difficult to verify given that his number comes from a 1986 masters thesis.

<sup>57</sup> Another source claims that the rate of self-employment among Korean Americans is the highest of any ethnic group in the United States (Yun, 1997).

dramatic increases—e.g., the black poverty rate rose from 22 to 34 percent, Latinos from 36 to 39, and whites from 29 to 35 percent. Self-employment and independent commercial activity is certainly behind some of these distinctions, but it does not explain some of the more important differences. One especially important way that Koreans in Koreatown distinguish themselves is through property investment and ownership that have been structured through the formation of a local regime and transnational capital.

Koreatown, it has been argued, was built by “immigrant entrepreneurs” who accessed South Korean capital through local organizations such as the Koreatown Development Association (KDA) and the Korean Association of Southern California (KASC) (Light, 2002; Light & Bonacich, 1988). These organizations used public relations, marketing, and government relations to secure investment from predominately South Korean banks as well as other, less formal, means such as social networks. Because of this, some authors have found value in the concept of growth machines to describe the formation of places like Koreatown (Light, 2002; Kyeyoung Park & Kim, 2008). “Growth machines include more constituents than only entrepreneurs. Growth machines enroll labor unions, insurance companies, newspapers, churches, universities and businesses around a common, heavily promoted program” geared toward population growth and economic development (Light, 2002, p. 216). The model argues that Koreatown did not emerge from “the leaderless process version of neighborhood formation that Robert Park endorsed in 1916” (Light, 2002, p. 222). Thus, immediately after the Immigration and Naturalization Act of 1965 opened immigration to Asians, Korean organizations began to form in order to create a Koreatown for the anticipated immigrants. The KDA, a group of Korean immigrant real estate promoters led by Hi-Duk Lee—owner of the first Korean restaurant in Koreatown—and the KASC, a group of Korean merchants, promoted the areas through strategic actions. The KDA bought land and promoted it as a Koreatown in Seoul (Light & Bonacich, 1988). The KASC and the KDA both offered to put up signs for free for any Korean business that wanted

them essentially creating Koreatown on their own (Light, 2002; Light & Bonacich, 1988; J. Smith, 1976). The KDA also promoted the area by hosting the first annual Korean Street Festival in the mid 1970s as well as ensuring greater security for Korean consumers through private police forces and raising funds to finance a sheriff's substation in Koreatown (Light, 2006; Yu et al., 2004).<sup>58</sup>

The 1992 uprising would prove to be especially important to this process. On one hand, the riots were particularly destructive to Korean-owned businesses. One estimate figures that 1,867 Korean-owned businesses were destroyed causing \$347 million in damages (Min & Kolondy, 1994).<sup>59</sup> Another article reported that up to half of all Korean-owned businesses were either looted or destroyed, many of them located in Koreatown (Y. Lee & Park, 2008). In the aftermath, much of the property in Koreatown temporarily lost value and many Koreans fled the area for more desirable locations in the suburban periphery. This situation proved to be a unique catalyst, accelerating the process of development and ownership that began in the 1980s. It was during this downturn for example that “Korean property developers *expanded* their holdings. By 1999, Koreans owned an additional 3.5 million square feet of commercial property in nearby mid-Wilshire, of which the Korean and Korean American businesses occupied only 40%” (Light, 2002, p. 223). Between 1990 and 1999, Korean investors purchased more than half of the buildings along Wilshire Center—between Hoover Avenue and Wilton Place (Fulmer, 1999). One key figure in this expansion was David Lee, owner of Jamison Properties. David Lee bought his first office building in 1995 on Wilshire Boulevard. By 2005, Jamison Properties would own 13 medical office buildings, 6 shopping centers, and controlled 20 million square feet of space making him the largest owner of commercial property in Los Angeles County (Flanigan, 2005). Another was the multimillionaire,

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<sup>58</sup> Light places the date for this parade in 1975 while Yu and his coauthors in 1974.

<sup>59</sup> These figures, cited by Min and Kolondy as well as many other authors, were compiled by Radio Korea and published in Korea Times Los Angeles on May 11, 1992.

Kyung Mook (Edward) Cho, who built his fortune in restaurants and real estate until he hanged himself in 1994 after being convicted of child abuse.

Korean property owners and developers were aided by favorable factors outside Koreatown as well. As major American firms abandoned many of the high-rise office spaces along Wilshire Boulevard, conditions opened that facilitated the flow of transnational capital into Koreatown, especially along this corridor. Park and Kim (2008) argue that the transnational flow of South Korean capital into Koreatown represents a more general pattern of foreign capital investment that is partly due to the relative decline of American economy vis-à-vis other economies. However, while this may be true, investment was not distributed evenly and places like Koreatown became special locations for foreign capital seeking higher and more secure returns. One crucial factor was the change in immigration regulations that encouraged speculative investment. Among a number of significant alterations to federal immigration policy, the passage of the Immigration Act of 1990 and an amendment in 1997 called the Immigration and Nationality Act (INA) created new opportunities through the formation of a new visa. The new, E-2 visa allowed immigrants who make a “substantial investment” between \$150,000 to \$250,000 to remain in the United States with their immediate families under “non-immigrant status”—a significantly lower threshold than the EB-5 visas which required a minimum investment of \$500,000 but which allowed permanent residency (Kyeyoung Park & Kim, 2008). The impact of this rush was summed up by a realtor in Koreatown who revealed a story of one South Korean investor

who purchased a small coin laundry shop in Koreatown. The average market value of the shop was around US 160,000 dollars, generating around 2,500 dollar net profits per month. But the Korean investor requested to pay over 200,000 dollars for the shop, saying that he didn't care about the amount of sales of the laundry shop. Later the agent found out that the Korean investor was planning to apply for E-2 visa and the lawyer advised him to invest over 200,000 dollars in order to assure the issuance of the E-2 visa. (Kyonghwan Park & Lee, 2007, pp. 209-210)



The Asian financial crisis during the latter half of the decade further incentivized foreign investment. As living costs soared in the aftermath of the international Monetary Fund's (IMF) structural adjustment policies, South Koreans increasingly began to look elsewhere for opportunities. Park and Kim describe how higher living costs, the strength of South Korea's foreign exchange, and a liberalization of laws governing the transfer of funds, combined to promote foreign investment and emigration (2008, p. 134). By the middle of the first decade of the new century, South Korea's direct overseas investment amounted to \$40 billion and were estimated to account for up to a third of assets of the eight Korean banks in Los Angeles (Kang, 2004; Kyeyoung Park & Kim, 2008).

Korean organizations were also pivotal in securing local government participation in development. For example, organizations such as the Korean American Chamber of Commerce and the Koreatown Youth and Community Center played important roles in convincing the redevelopment agency to turn a sizeable amount of Koreatown into a special project area in 1994. The project was ultimately approved by the City Council in December 1995 and encompassed 1,200 acres of land in Koreatown—roughly a quarter of land area considered here—with the specific goal of increasing investment and intensifying land use in the larger community. Indeed, CRA/LA not only altered existing zoning codes to encourage investment, but it also broadened its scope to include large-scale, high-end projects outside of the project area like the Aroma Wilshire Center which the agency believed would benefit the overall development of the area and boost the local economy (Kyonghwan Park & Lee, 2007).<sup>60</sup> Other people like Gary Russell were also important. As the director of the business improvement district, Gary Russell, elicited the help of then mayor, Richard Riordan to rename the “Mid-Wilshire” district, “Wilshire Center” in order to avoid the

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<sup>60</sup> Park and Lee add that “Interestingly, Christopher Park, Chief Designer of Aroma Wilshire Center, was not only the owner of the Archeon international, a private development and planning company located in Koreatown, but also the Lead Planner for the Wilshire Center/Koreatown Redevelopment and Revitalization project. He is also the Chair of the Board of Zoning Appeals in the City of Los Angeles, which frequently put pressure to convert residential zones in Koreatown into commercial zones” (Kyonghwan Park & Lee, 2007, p. 213).

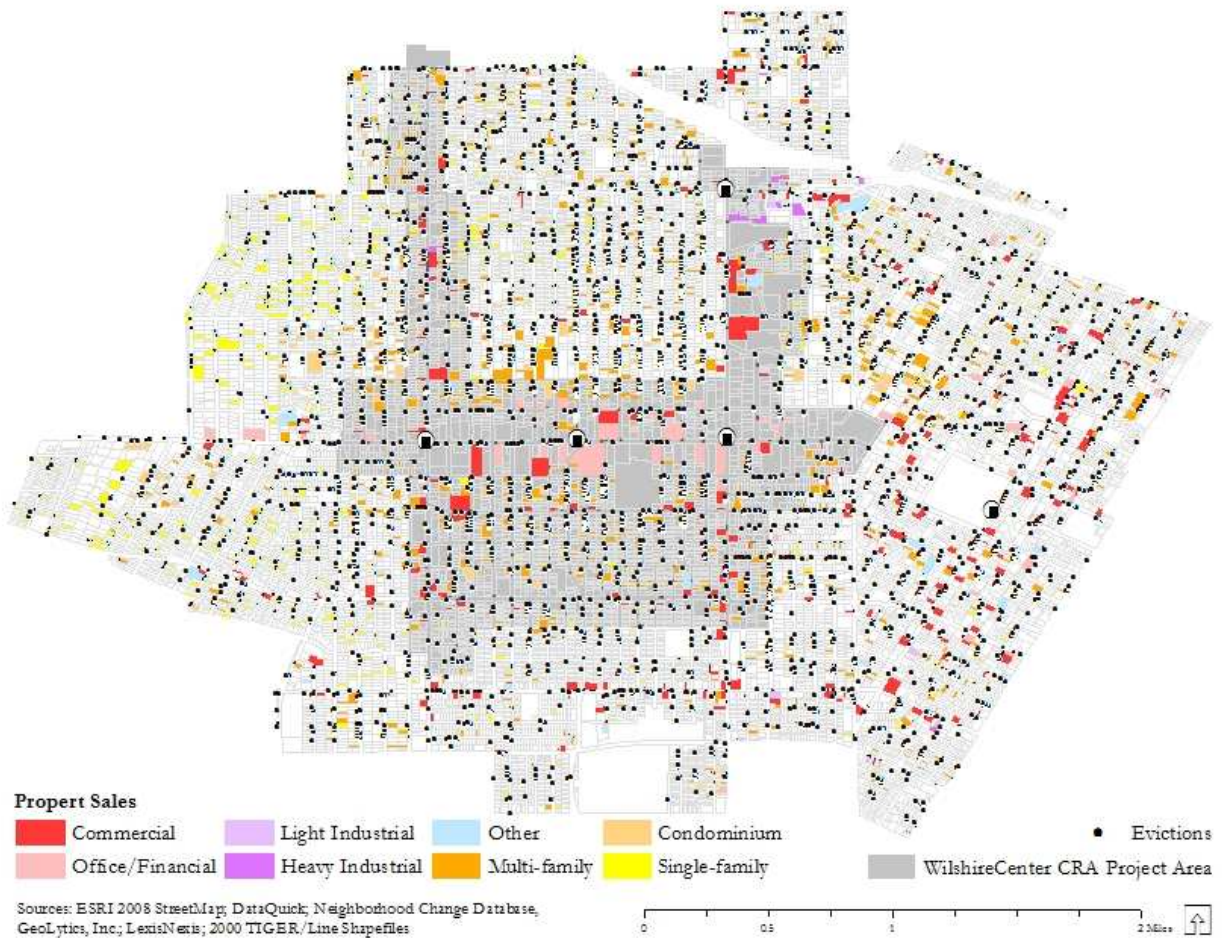
stigma of the riots. Through property assessments, the organization rebranded the area with signs and spent nearly \$6 million on improving the medians along Wilshire Boulevard (Fulmer, 1999). These infrastructural improvements were augmented by other significant transportation-oriented developments. The Metropolitan Transportation Authority (MTA) opened some of its first subway lines in Koreatown extending from Downtown Union Station to Westlake/MacArthur Park in 1993 and three additional stations in Koreatown that opened in 1996. The Southern California Association of Governments (SCAG),<sup>61</sup> a major proponent of increased densities, commented on the effect of many of the projects which they championed: “The new subway and rapid bus lines also reinforced Koreatown’s proximity to Downtown Los Angeles, sparking a building boom. Taking advantage of the neighborhood’s central location, transit access, and high-density zoning, developers began proposing high-end residential, mixed-use, and commercial projects in the late 1990’s” (SCAG, 2008, p. 5).

**Table 22: Evictions, Property Sales, and the Koreatown CRA Project Area**

	Year Established	1994	1995	1996	1997	1998	1999	Total	Probability Change is Due to Chance
Evictions Within Koreatown CRA Project Area	1996	907	1000	958	899	832	711	5307	7.29%
Evictions Outside Koreatown CRA Project Area	1996	1841	1961	2002	1773	1728	1676	10981	11.79%
Property Sales Within Koreatown CRA Project Area	1996	176	100	195	202	211	349	1233	3.52%
Property Sales Outside Koreatown CRA Project Area	1996	497	528	583	594	670	951	3823	5.90%

<sup>61</sup> SCAG is also the largest metropolitan planning organization in the country.

The change in land use and development brought about by the Korean “immigrant growth machine” significantly altered the situation for low-income renters and low-revenue commercial spaces. On the surface, it was hard to miss and many celebrated the transformation including SCAG which summed up the change stating “Since the late 1990’s, Koreatown has experienced an unprecedented building boom. The neighborhood’s prominent location and excellent accessibility have started to attract new luxury condominiums, high-end retail and entertainment centers, and trendy restaurants and nightlife” (SCAG, 2008, p. 4). Other commentators have been less enthusiastic. Lee and Park have argued that the housing market in Koreatown is divided into three submarkets which experienced the development process differently. These are: “(1) the Latino-occupied inexpensive old apartment buildings; (2) the Korean-occupied refurbished apartment buildings and renovated rooming houses whose rents are recently skyrocketing; and (3) the gentrified middle-class houses whose market price amount to at least \$400,000” (2007, p. 212).



**Figure 31: Koreatown Evictions and Property Sales by Use**

Given that the new development has specifically targeted higher income groups, much of the housing that is primarily oriented toward working class Latino families has come under threat. Lee and Park observed for example that from 1997 to 2000, rents increased from 60 to 120 percent in Koreatown (2007). As a result, both housing and office vacancy rates in Koreatown dropped during the latter half of the decade with office vacancy rates declining eleven percentage points from a high of 34 percent in 1994 to about 25 percent in 1999 (Fulmer, 1999). Property sales and evictions within the Koreatown redevelopment project area in particular seem to have been positively influenced by its implementation. By the beginning of the 2000s, prices for homes and such businesses as gas stations or liquor stores have doubled (B. J. Lee, 2004). For property owners, the

change was certainly a boom. Rater unabashedly, SCAG showed its uninformed bias of property-oriented development commenting that

The community has largely welcomed the new development and the wealthier demographic attracted by the new luxury condos and high-end shopping centers. Most of the new projects are adaptive reuses of old office buildings, thus few if any community members have been displaced. And while the upper-end projects may eventually cause rents and housing costs to rise throughout Koreatown, gentrification has not been a problem to date. (2008, p. 6)

However, the magnitude and concentration of displacement demonstrated in this research shows that such investment was not universally welcomed. Neither was it distributed equally. Single-family homes and multi-family units in areas directly surrounding investment corridors were especially hit by mass eviction. The situation was magnified by the increasing disparities brought about through investment that reached beyond the home. One recent Korean immigrant worker arriving in 2001 commented to an LA Times reporter: “It did not take much time to figure out that my income is not even close to what it needs to be to cover the basic needs of my family,’ Park, 50, who has held a variety of unskilled jobs in Koreatown grocery stores and makes about \$6.75 an hour, said....‘It was impossible to make a living with this low hourly wage’” (Simmons, 2005). Such transformations across all areas of life in Koreatown, from the labor to the housing market, found their way in the form of displacement that was partially captured in a survey by the Koreatown Immigrant Workers Alliance which documented that 10 percent of respondents said they had been evicted or faced eviction threats through no fault of their own (KIWA, 2007).

### **8.3 South Los Angeles**

Both *de facto* and *de jure* racial segregation forced non-whites, and especially blacks, to concentrate in South Los Angeles in the period following World War 2. Like many inner-city areas throughout the country that suffered under redlining and forms of racialized spatial segregation, these communities became property rich, but credit starved, adding to the severe deterioration that occurred in the

latter part of the century. Through a series of reforms in the financial industry, many residents who were not only excluded from other neighborhoods and systematically denied credit, would then be pushed into predatory and secondary mortgage markets that further contributed to the history of dispossession and loss of opportunity these community members faced.

While much attention has been given to deindustrialization and its destabilizing affect on South Los Angeles, relatively little has been paid to financial restructuring and its consequences during the pivotal decade of the 1990s. Increased competition and rising inflation during the 1970s decreased the profitability of U.S. financial institutions. In response, banks lobbied for a strategic restructuring of the financial system through deregulation. For almost half a century from when it was created during the New Deal, the housing finance regulatory framework was relatively stable and relied on segmenting real estate from other capital markets. Gregory Squires describes how the financial structure functioned prior to the reforms of the 1980s:

specific financial activities were delineated for various segments of the industry and restrictions were established to maintain a separation of functions. For example, commercial banks were permitted to offer checking accounts but were prohibited from interstate operations. Banks were also prohibited from offering insurance on trading in securities. Investment bankers and securities dealers were permitted to cross state lines, but they could not accept deposits or make loans. Savings and loans were also prohibited from operating across state lines, offering checking accounts, or making commercial loans. Rather they were required to invest in housing; but they were provided tax benefits to do so and they were permitted pay higher interest rates on savings accounts than banks as a inducement to attract capital for mortgages. (Squires, 1992, p. 26)

Beginning in 1980 the Federal Home Loan Banks changed their regulations and Congress enacted several laws<sup>62</sup> that deregulated the banking industry by removing interest ceilings, introducing adjustable rate mortgages, allowing investment in non-housing activities, and permitting cross-state acquisitions that together encouraged more speculative behavior. The previous system that separated and delimited banking activities was effectively replaced by one where banking

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<sup>62</sup> The Depository Institutions Deregulation and Monetary Control Act of 1980 and the Garn-St. Germain Depository Institutions Act of 1982.

institutions, rather than holding loans into maturity, could originate a variety of home loan products in order to sell them in an evolving securities market.<sup>63</sup> The securitization of the housing market, argues Gary Dymksi, depended on the commoditization of mortgages in ways that lead to extremely adverse effects and risky behavior, what economists refer to as moral hazards. He writes:

In the 1980s, securitisation necessitated standardised eligibility-criteria. The criteria that emerged privileged customers with minimal default-risk. This risk aversion had several sources. First, the computational challenges embodied in combining multiple dimensions of riskiness—and especially in calculating default risk on a given bundle of mortgages that were also subject to pre-payment risk—required that default-risk *per se* be standardised to the extent possible. Second, two federally-chartered agencies, FNMA (the Federal National Mortgage Association) and FHLMC (the Federal Home Loan Mortgage Corporation) were buying an increasing share of mortgage-debt. These entities accounted for just 16 per cent of all mortgage-debt outstanding in 1979; but their share surpassed 25 per cent by 1986, and grew steadily until it reached a peak of 43 per cent in 2003. Most agency-bought debt was then at least implicitly guaranteed and sold onto the market. The agencies then insisted on low-risk (“plain vanilla”) mortgages, which set minimal levels for down-payment/loan- ratios and for mortgage-payment/income-ratios. This leads to the third factor: a large share of the customers for agency-backed mortgage-securities were overseas wealth-holders, who were relatively risk-averse. (Dymksi, 2009, pp. 159-160)

The combination of deregulation and securitization accomplished two things. First it allowed the U.S. housing market become an important source for international investors seeking higher returns than what could be obtained in their own slow-growth economies as well as relative stability from political insecurity. Second, it fundamentally altered the incentive structure regulating lending practices. Kathleen Engel and Patricia McCoy explain this within their concept of a structured financial model, “Lenders have incentives to cherry-pick their loans and sell the worst ones to investors. And knowing that they can unload the worst loans onto investors, lenders have less reason to underwrite loans carefully. Thus securitization gives rise to the problem of adverse selection” (2007, pp. 2048-2049).

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<sup>63</sup> The secondary market for mortgages was created in 1938 when the Federal National Mortgage Association (FNMA) was established to provide liquidity in the housing market. In 1968, Congress split FNMA into two organizations, the Government National Mortgage Association (GNMA) and FNMA with the latter becoming a private corporation with a special line of credit with the U.S. Treasury. In 1970 Congress further expanded the secondary market by empowering FNMA and FHLMC to buy and sell both conventional and federally insured loans. In the same year, GNMA began a program for purchasing pooled FHA-insured loans, thus initiating the securitization of home mortgages.

The commodification of mortgage finance and deregulation would create disastrous conditions for areas like South Los Angeles in the form of high-risk loan products and predatory lending practices. The 1992 Federal Housing Enterprise Financial Safety and Soundness Act (FHEFSSA) further deepened the impact of this shift by establishing (and increasing) the proportions of loans purchased by the Government Sponsored Enterprises (GSEs)—specifically Fannie Mae and Freddie Mac—from low-income and “high minority” neighborhoods. These, essentially well-intentioned efforts that were meant to counter decades of redlining and racial discrimination, had the unforeseen effect of encouraging the proliferation of subprime lending. Daniel Immergluck (2008) has categorized these loans, identifying three types of subprime lending:

*Subprime mortgages*

“home loans with relatively high interest rates (and often higher up-front fees) that are generally intended for borrowers whose credit histories are insufficient to qualify for prime mortgages”

*Exotic mortgages*

“include interest-only loans, payment option loans, negative amortization loans, piggy-back mortgages, and Alt-A loans. While some subprime loans included one or more exotic mortgage features, many exotic loans are made at prime or near-prime interest rates to borrowers with good credit”

*Zero-down-payment mortgages*

“home purchase loans that do not require borrowers to put up any money for equity in the home. This category also includes down-payment assistance programs, in which third parties or developers



provide the down payment as a grant to the homebuyer. A zero-down-payment mortgage can be priced at as prime or subprime, and may contain exotic features” (Immergluck, 2008, p. 2).

Predatory lending often occurs in concert with the subprime market, but is less precise. A joint HUD-Treasury Task Force<sup>64</sup> defines it broadly as lending practices by creditors, brokers or home improvement contractors that “involves engaging in deception or fraud, manipulating the borrower through aggressive sales tactics, or tacking unfair advantage of a borrower’s lack of understanding about loan terms” (U.S. Department of Housing and Urban Development & U.S. Treasury Department, 2000). The same report identifies four main categories of repeated abuse:

#### *Loan flipping*

“Some mortgage originators refinanced borrowers’ loans repeatedly in a short period of time. With each successive refinancing, these originators charged high fee, including sometimes prepayment penalties, that stripped borrowers’ equity in their loans”

#### *Excessive fees and “packing”*

“While subprime lending involves higher costs to the lender than prime lending, in many instances the Task Force saw evidence of fees that far exceeded what would be expected or justified based on economic grounds, and fees that were “packed” into the loan amount without the borrower’s understanding”

#### *Lending without regard to the borrower’s ability to repay*

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<sup>64</sup> The National Task Force on Predatory Lending was convened by HUD Secretary Andrew Cuomo in March 2000 and co-chaired, rather ironically, by Treasury Secretary Lawrence Summers. Summers, it is widely known, was a key proponent of deregulation, particularly in the derivatives market, while he was Deputy Secretary of the Treasury.

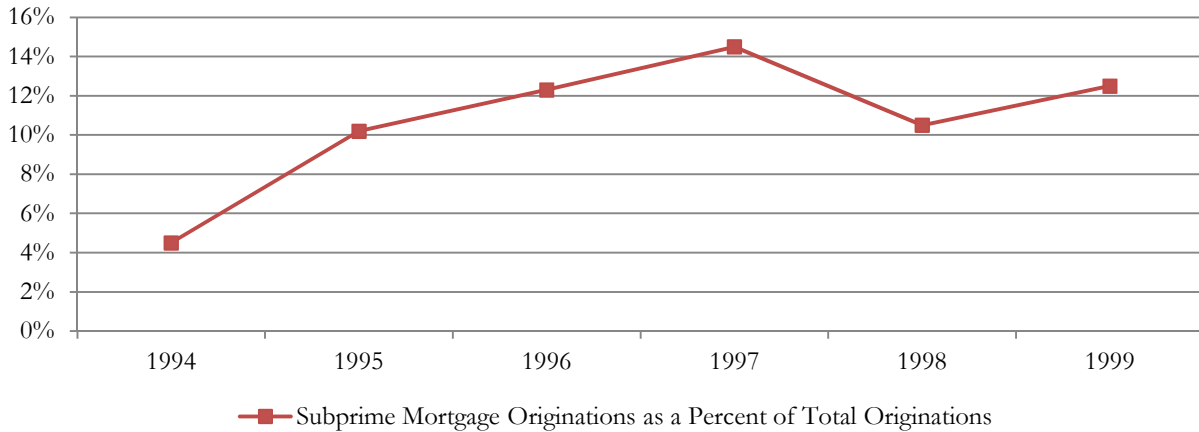
“One troubling practice involved lending based on borrowers’ equity in their homes, where the borrowers clearly did not have the capacity to repay the loans. In particularly egregious cases, elderly people living on fixed incomes had monthly payments that equaled or exceeded their monthly incomes. Such loans quickly led borrowers into default and foreclosure”

*Outright fraud and abuse*

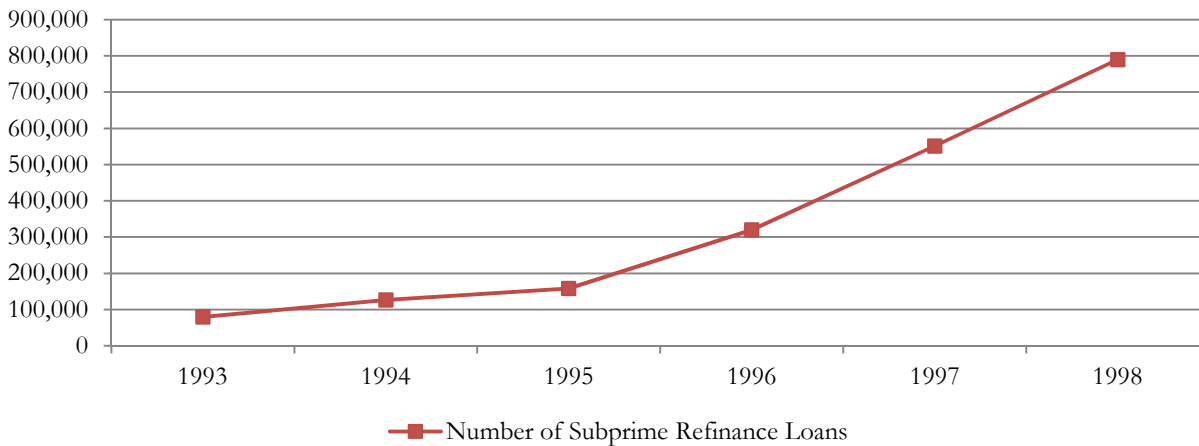
“in many instances, abusive practices amount to nothing less than outright fraud. We heard many stories from borrowers who testified at the regional forums of fraud perpetrated by unscrupulous mortgage brokers, lenders, home improvement contractors, appraisers, and combinations thereof. Unscrupulous actors in these markets often prey on certain groups – the elderly, minorities, and individuals with lower incomes and less education – with deceptive or high-pressure sales tactics” (2000, p. 2).

To this list, Engel and McCoy (2007) in their review of the subject add loans that require borrowers to waive their right to legal redress, intentional discrimination against protected groups, and abuse that originates from servicers once the loans has been securitized. For this reason, their definition adds culpability to the issue insisting that predatory lending is designed to benefit certain actors at the expense of borrowers.

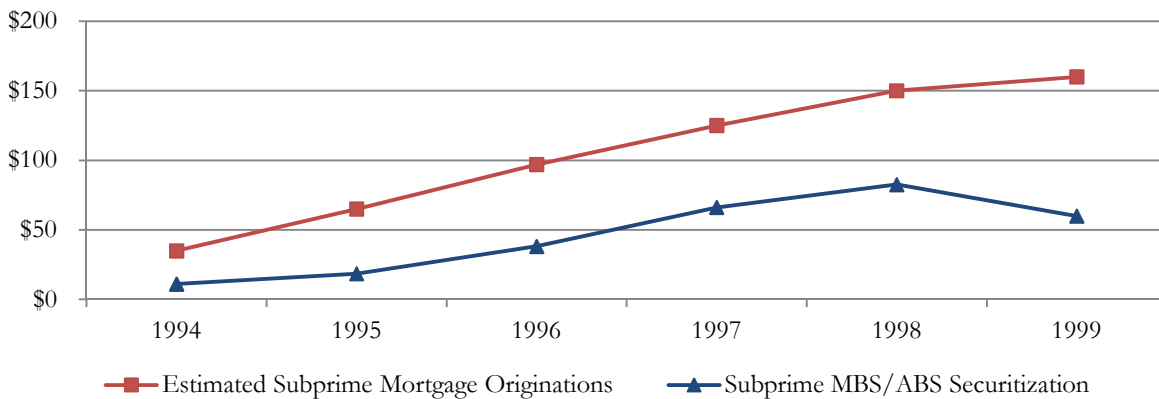
Nationally, subprime lending rose dramatically during the 1990s. The joint HUD-Treasury Task Force estimated that between 1993 and 1999, subprime refinances grew tenfold from 104,000 to one million. Likewise, in 1994, subprime mortgages represented 5 percent of all originations and by 1999 subprime mortgages represented 13 percent (2000). Home refinancing made up a majority of subprime lending and also grew during the same period from 80,000 in 1993 to almost 790,000 in 1998 (2000).



**Figure 32: Growth of Subprime Originations<sup>65</sup>**



**Figure 33: Growth in Subprime Refinancing<sup>66</sup>**



**Figure 34: Growth of Subprime Securitization in Billions<sup>67</sup>**

<sup>65</sup> Adapted from National Task Force on Predatory Lending data (U.S. Department of Housing and Urban Development & U.S. Treasury Department, 2000).

<sup>66</sup> Adapted from HUD data (U.S. Department of Housing and Urban Development, 2000b)

A number of studies have also shown subprime and predatory lending disproportionately occurred in low-income, African American neighborhoods (Immergluck & Wiles, 1999; U.S. Department of Housing and Urban Development, 2000b; Wyly, Atia, Lee, & Mendez, 2007; Wyly & Holloway, 1999). For example in 1998, 11 percent of refinancing loans were subprime, but in low-income neighborhoods subprime refinances were 26 percent and in the poorest communities, where families make only 50 percent of the median income, subprime refinances were 44 percent (U.S. Department of Housing and Urban Development, 2000b). “In predominantly black neighborhoods, the high-cost subprime lending accounted for 51 percent of home loans in 1998—compared with only 9 percent in predominately white areas. Comparable 1993 figures were 8 percent in black neighborhoods and 1 percent in white neighborhoods” (U.S. Department of Housing and Urban Development, 2000b, p. 2). When race and income were combined, the results were magnified. The joint HUD-Treasury Task Force noted that

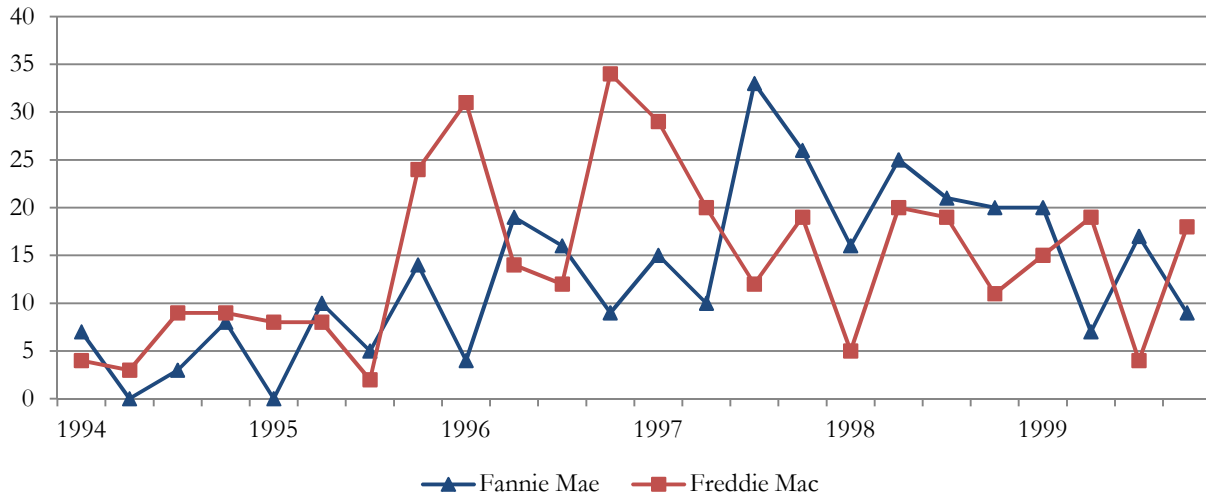
Combining the income and race of the borrower showed that more than half of low-income black borrowers refinance in the subprime mortgage market. In 1998, subprime lenders provided approximately 50 percent of all refinance loans going to low-income black borrowers. Low-income black borrowers accounted for 8 percent of subprime refinance mortgages, compared to only one percent of overall refinance mortgages. (U.S. Department of Housing and Urban Development & U.S. Treasury Department, 2000, p. 35)

The GSEs, Freddie Mac and Fannie Mae, contributed to this dynamic. Freddie and Fannie were originally chartered to provide liquidity to the housing market and through later reformation, sustain homeownership in underserved communities. The role of GSEs in the subprime market was accelerated with the passage of the FHEFSSA in 1992 that established new goals for what loans these GSEs should purchase. Specifically, the Act requires that Freddie and Fannie purchase a certain proportion of their loans from “high minority” and lower income neighborhoods. The result

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<sup>67</sup> Adapted from National Task Force on Predatory Lending data (U.S. Department of Housing and Urban Development & U.S. Treasury Department, 2000)

has been that because subprime borrowers are more likely to become delinquent in their payments, “borrowers, neighborhoods, and cities bear the brunt of abusive lending which securitization insulates investors from having to internalize those costs” (Engel & McCoy, 2007, p. 2076).



**Figure 35: Fannie Mae and Freddie Mac Evictions in South Los Angeles**

Statistics in Los Angeles are similar to those at the national level. The number subprime refinance loans in Los Angeles increased by 170 percent from 9,351 in 1993 to 25,384 in 1998 (U.S. Department of Housing and Urban Development, 2000a). Low-income communities were over-represented in this growth. In 1993, 7 percent of refinance mortgages in low-income neighborhoods were subprime, however, by 1998 this would rise to 23 percent; and in the poorest communities where families earned 50 percent or less of the area median income, subprime refinances accounted for 31 percent of all refinance loans. Subprime loans also accounted for one third of all refinances in black neighborhoods compared to only 9 percent in predominately white neighborhoods (U.S. Department of Housing and Urban Development, 2000a).

The proliferation of subprime and predatory lending in South Los Angeles not only influenced to the process of displacement through bank repossession, but also aggravated historic

wealth disparities by contributing to a significant loss of wealth for Latinos and blacks. For example, one study showed that the average value of assets for black and Latino households in country increased dramatically from 1989 to 1998. However, while the average value of assets increased, blacks households actually saw their average housing equity decline 17.8 percent from \$33,700 to \$27,700 during the same period (Mishel, 2012). The same source shows that the median black household debt increased dramatically during the 1990s from \$1,400 in 1989 to \$7,400 in 2001, an increase of 429 percent. The fact that a majority of Latino and black households' assets are almost entirely in their homes means that dispossession can be especially harmful—a point that was made poignant during the Great Recession (Kochhar, Fry, & Taylor, 2011; Wolff, 2010)

Using data obtained through the Home Mortgage Disclosure Act (HMDA), Randall Scheessele (2002) was able to show that predominantly low-income and black and Latino neighborhoods were statistically correlated with subprime lending. In Los Angeles, the proportion of subprime refinance lending to blacks was more than twice as much as the proportion of the same lending for whites for all income groups (See Table 8.2).

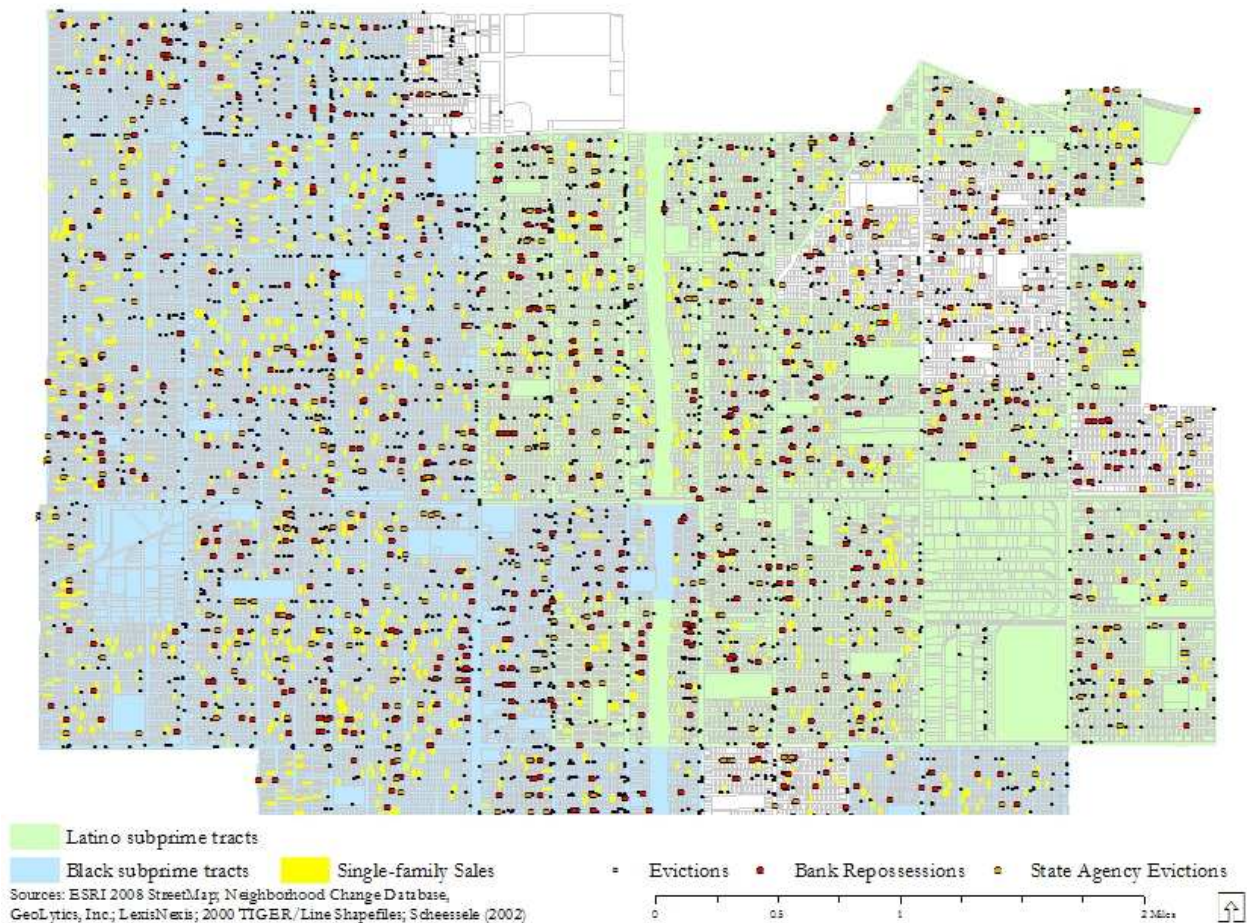
**Table 23: Subprime Refinance Lending by Race of Borrower and Income in Los Angeles<sup>68</sup>**

	Low	Middle	Upper	Missing	All
Black	45.5%	45.8%	36.0%	9.4%	40.0%
Hispanic	23.3%	25.6%	25.5%	3.6%	22.8%
White	22.9%	21.9%	14.6%	8.6%	16.5%
Other/Missing	29.1%	23.0%	17.8%	5.8%	19.3%
Total	27.9%	25.7%	18.2%	6.3%	20.5%

In addition, Scheessele was able to map subprime refinance lending for 27 individual metropolitan areas. His analysis shows that subprime lending was heavily concentrated in central and South Los

<sup>68</sup> Adapted from data provided in report, Black and White Disparities in Subprime Mortgage Refinance Lending (Scheessele, 2002). Income categories are defined as: “low-income tracts have median incomes that are less than 80 percent of the metropolitan area median income (AMI); middle-income tracts, between 80 percent and 120 percent AMI, and upper-income tracts, greater than 120 percent AMI” (2002, p. 5).

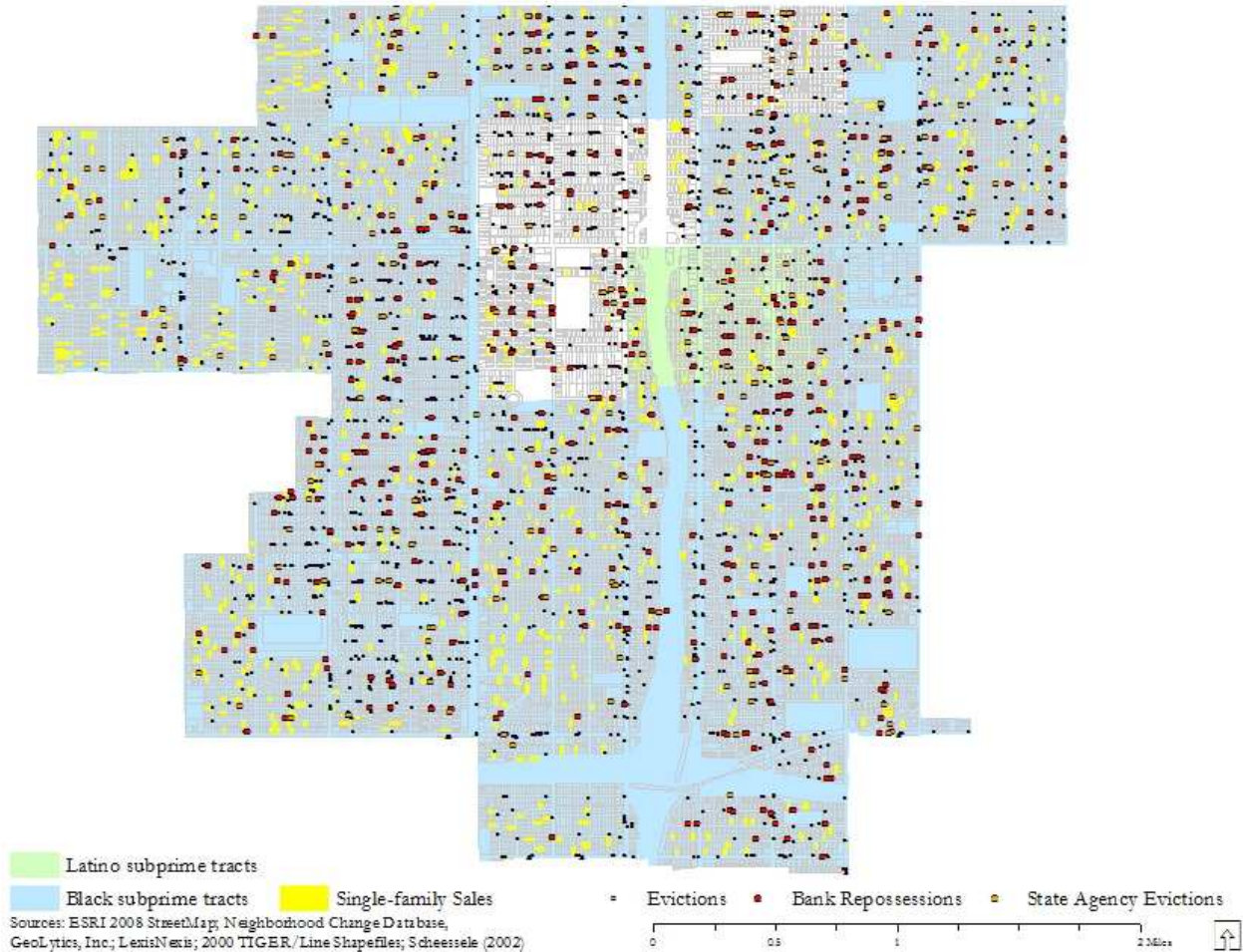
Angeles. The results of his analysis are partially represented in the figures below. Neighborhoods where blacks comprised at least 50 percent of the population and where subprime lending made up at least 25 percent of refinance loans are represented in blue. The same is shown for Latinos in green.<sup>69</sup>



**Figure 36: Evictions and Subprime Lending in South Los Angeles (northern section)**

<sup>69</sup> Scheessele's analysis was based on 1990 Census tract boundaries. Although the tract boundaries represented here from the 2000 Decennial Census are not the same, a close fit was achievable given the minor modifications between 1990 and 2000.





**Figure 37: Evictions and Subprime Lending in South Los Angeles (southern section)**

The maps show that the South Los Angeles eviction hot spot community was also an area of high rates of subprime lending to blacks and Latinos. They also show that GSEs and other state agencies like the U.S. Department of Veteran Affairs were also especially active. My research shows that in all, repossessions by banks, consumer credit agencies and the GSEs accounted for 32 percent of all evictions in the South Los Angeles hot spot. Single-family home sales, which comprised the majority of all property sales in South Los Angeles, are also displayed demonstrating the connection between refinancing, subprime lending, and displacement that was characteristic to this community during the 1990s.



## 8.4 Hollywood

Unlike the previous three hot spot communities, Hollywood underwent a significant amount of state-led development. This development was coupled with other mechanism led by property owners and business interests to revitalize Hollywood and promote tourism. Using data provided by the Los Angeles Convention and Visitors Bureau, David Gladstone and Susan Fainstein showed that despite the relative dispersal of tourism through the county, “Hollywood is the most visited area within the county,” with many tourists coming from outside the United States (2001, p. 26). During the late 1980s and 1990s however, tourism in the region declined for a variety of reasons. Gladstone and Fainstein noted that “In Los Angeles a combination of local (earthquakes, floods, fires, civil disturbances) and international events (severe recessions in Mexico and Japan) discouraged both domestic and foreign tourists; 1998 arrivals were 10% below their 1989 peak of 25.2 million” (2001, p. 28). The decline in tourism reified the distinction between the notion of Hollywood and Hollywood the place. A number of commentators have observed that, especially within the commercial district, Hollywood had become sufficiently underinvested that the place of Hollywood was overtaking the concept. The duality was captured nicely by authors Giorgio Curti, John Davenport, and Edward Jackiewicz who elaborated the problematic this way:

“Hollywood” is variously treated as an industry, an image, a state of mind, a stigma, a political consciousness, a value system, a style, a particular group of the glamorous and beautiful...a catchword for entertainment, or a synonym for megalopolis that is Los Angeles. Hollywood is, through different folds, forces and trajectories of varying degrees, simultaneously all of these. *Yet it is also an enfolding of and enfolded by dwelled space(s) and place(s)* [emphasis added]. (Curti, Davenport, & Jackiewicz, 2007, p. 51)

The italicized sentence is particularly important. Since 1970s, Hollywood the place had become the home for a large homeless population. It had also become relatively underinvested and poor. By the mid-1980s the area’s average income was estimated to be more than half of average citywide incomes (Fanucchi, 1986a). One LA Times staff writer colorfully described the problem with

Hollywood saying: “Hollywood's major commercial streets, at one time the glittering main boulevards of the thriving film capital, have been in their present seedy and run-down state since the 1960s, when the so-called “hippies,” homeless people, panhandlers, drunks, drug users and prostitutes began moving in” (Fanucchi, 1986b).

Due to the decline in tourist revenue as well as a belief that “undesirables” and crime had overtaken the area, efforts materialized among city officials and business interests to, as one author put it, “realign the place with its social representation” in the form of an ambitious \$922-million redevelopment plan led by the CRA/LA (Hyde, 2000, p. 76). Immediately after the Hollywood Redevelopment Plan was approved in April 1986 it was met with significant protest, primarily over the affect it would have on local residents and fears of eminent domain. The plan was halted by two legal challenges. The first challenge came from a coalition of Hollywood businessmen led by, David Morgan, a camera shop owner on Sunset Boulevard, that objected to the Environmental Impact Report (EIR). A second suit was brought by a coalition of residents, business people, and environmentalists called, Save Hollywood Our Town (SHOT), which challenged the legality of the redevelopment plan itself. Members of SHOT were concerned with increased densities and the lack of resident participation in the planning process, particularly on the official 25-member community advisory group to the CRA/LA, the Project Area Committee (PAC). The group argued that the Hollywood Chamber of Commerce and outside commercial interests unfairly dominated the PAC with only four seats given to the area’s tenants. One of the group’s members, Susan Nelson, was vocal in her protest stating, “We believe that Hollywood residents, who, after all, will be impacted most by redevelopment, should have the majority voice on redevelopment....To this day, residents have been under-represented on redevelopment matters” (Fanucchi, 1986a). The conflict between business interests and SHOT often became rambunctious and at one point Brian Moore, a member of SHOT and the Hollywood Coordinating Council with a seat on the committee, was removed due

to his statements that the committee was overwhelmingly dominated by big business interests that silenced resident participation. Difficulties within the committee as well as increased representation from critics of the plan eventually led it being dissolved by City Councilman Michael Woo who replaced it a new 36-member Hollywood Advisory Council in 1989.

After successfully defending the project in court, millions of dollars in funds that were held in escrow were released for use in 1991. Redevelopment efforts soon began including \$750,000 for a security detail to assist tourists, uprooting twenty-four mature trees, painting stars along Hollywood, and a \$4.3-million experimental beautification project involving “glassphalt.” However, the first real major project taken up by the CRA/LA was a massive retail-entertainment complex inspired by D.W. Griffith’s Babylon scene from *Intolerance* on the corner of Hollywood Boulevard and Highland Avenue with a \$90 million subsidy from the city. A majority—\$60 million—of this would go to the construction of a parking garage and the rest to a theater that would host the Academy Awards’ annual presentations. An LA Times reported outlined the details of the agreement:

Under the CRA agreement, the city would own the parking lot and the 3,300-seat theater. TrizecHahn [a Toronto-based real estate firm] would operate the theater, pay the city a \$12.5-million licensing fee over 20 years and guarantee the theater debt for at least 11 years. The CRA expects to pay the theater debt with overall revenue from the project and use parking fees from the site to repay the garage debt. (Boxall, 1998)

In true Hollywood fashion, musical performances, red carpets, confetti, and breakfast catered by Wolfgang Puck accompanied more than 800 guests when construction on the project began in October 1998.

A second major project within the redevelopment plan’s area was undertaken by property owners who collaborated to form the Hollywood Entertainment District BID (HED BID). The HED BID currently “spans an 18-block stretch of Hollywood Boulevard and is funded by 240 property owners. The district provides security, cleaning, and marketing services. It is generally

intended to make the area a visitor destination and an inviting location for business investment” (Mitchell, 2001, p. 117).<sup>70</sup> Rather than emerging all at once, the BID developed over phases. According to information provided by the BID, a small group of about 40 property owners along a small stretch of Hollywood Boulevard were inspired by other BIDs and “agreed to spend \$600,000 annually for five years to improve Hollywood” in 1995 (Hollywood Entertainment District, n.d.). Based on the perceived success of “Phase I”, a second BID known as “Phase II” contiguous with the first, was formed with the support of an additional 150 property owners in 1998 and commenced in 1999. Phase II was given a three-year life span so that it would expire along with Phase I in 2001; both of which were eventually renewed under the management of the nonprofit organization, Hollywood Property Owners Alliance in 2001. Like the redevelopment plan, the HED BID prioritized security. The BID spends almost half of its operating budget (47%) on private security guards that patrol the district “seven days a week during evening hours, initiate citizen arrests when they observe violations of the law and work closely with the Los Angeles Police Department (LAPD)” (Cook & MacDonald, 2011). It also installed closed circuit cameras at major intersections for use by the LAPD.

**Table 24: Property Sales Within Development Areas in Hollywood**

	Year Established	1994	1995	1996	1997	1998	1999	Total	Probability Change is Due to Chance
Property Sales Within HED BID Phase I	1997	3	0	15	0	9	6	33	37.09%
Property Sales Within HED Phase II	1999	15	0	36	33	12	9	105	
Property Sales Within Hollywood CRA Project Area		105	69	138	130	120	270	832	

<sup>70</sup> As of January 2014, the website for the Hollywood Entertainment District reported that only 225 property owners fund the BID.

**Table 25: Property Sales Outside Development Areas in Hollywood**

	Year Established	1994	1995	1996	1997	1998	1999	Total	Probability Change is Due to Chance
Property Sales Outside HED Phase I	1997	304	235	412	399	467	749	2566	8.74%
Property Sales Outside HED Phase I and II		289	235	376	366	455	740	2461	
Property Sales Outside Hollywood CRA Project Area		202	166	289	269	356	485	1767	

In many ways, the development areas succeeded in transforming the commercial district of Hollywood and facilitating the conditions for increased revenue. Property sales both inside and outside the different development areas increased during the period. Cecelia Estolano, the former Chief Executive Officer of CRA/LA reflected on the role that the agency played in revitalizing the area emphasizing that “It [CRA/LA] built the infrastructure and laid the foundation for Hollywood’s renaissance from a faded, high-crime center for drug deals, prostitution, and homelessness into a trendy hot-spot for entertainment, restaurants, nightclubs, and the creative class” (Estolano, 2013). Many significant redevelopment projects did in fact follow, the Warner Hollywood Theater was reopened in 1997 and the Egyptian Theater, renovated by the City of Los Angeles, was reopened in 1998. Labor and CBOs also celebrated the redevelopment project in particular given that through a grassroots organizing campaign spearheaded by the Los Angeles Alliance for New Economy (LAANE), the nation’s first Community benefits Agreement (CBA) was launched establishing local hiring processes, a Worksource Center to help local job-seekers find employment in the project, and living wages for half of the permanent jobs created (Wolf-Powers, Reiss, & Stix, 2006).

Others remain less convinced. Curti and his co-authors argue that the Hollywood and Highland Babylon Center represents an “attempt to match the material landscape to that of the

“social imaginary” through the gentrification of spaces and places....Buildings are being demolished, small businesses displaced, and rents increased” (Curti et al., 2007, p. 57). Some reporters seem to agree citing the mass displacement of low-income tenants and Latinos in particular. In a recent article, Patrick McDonald suggested that over the last two decades, Hollywood had experienced the largest exodus of people since the “black exodus” from South Los Angeles during the 1980s. He noted that the “Hollywood Redevelopment Project Area helped fueled [sic] a Wild West of land speculation, building flipping, profit-seeking—and skyrocketing rents” (McDonald, 2013). He quotes long-time community activist Larry Gross, Executive Director of the Coalition for Economic Survival (CES), saying that what happened was in effect “an economic tsunami that pushed low-income people out. There was massive displacement” (2013).

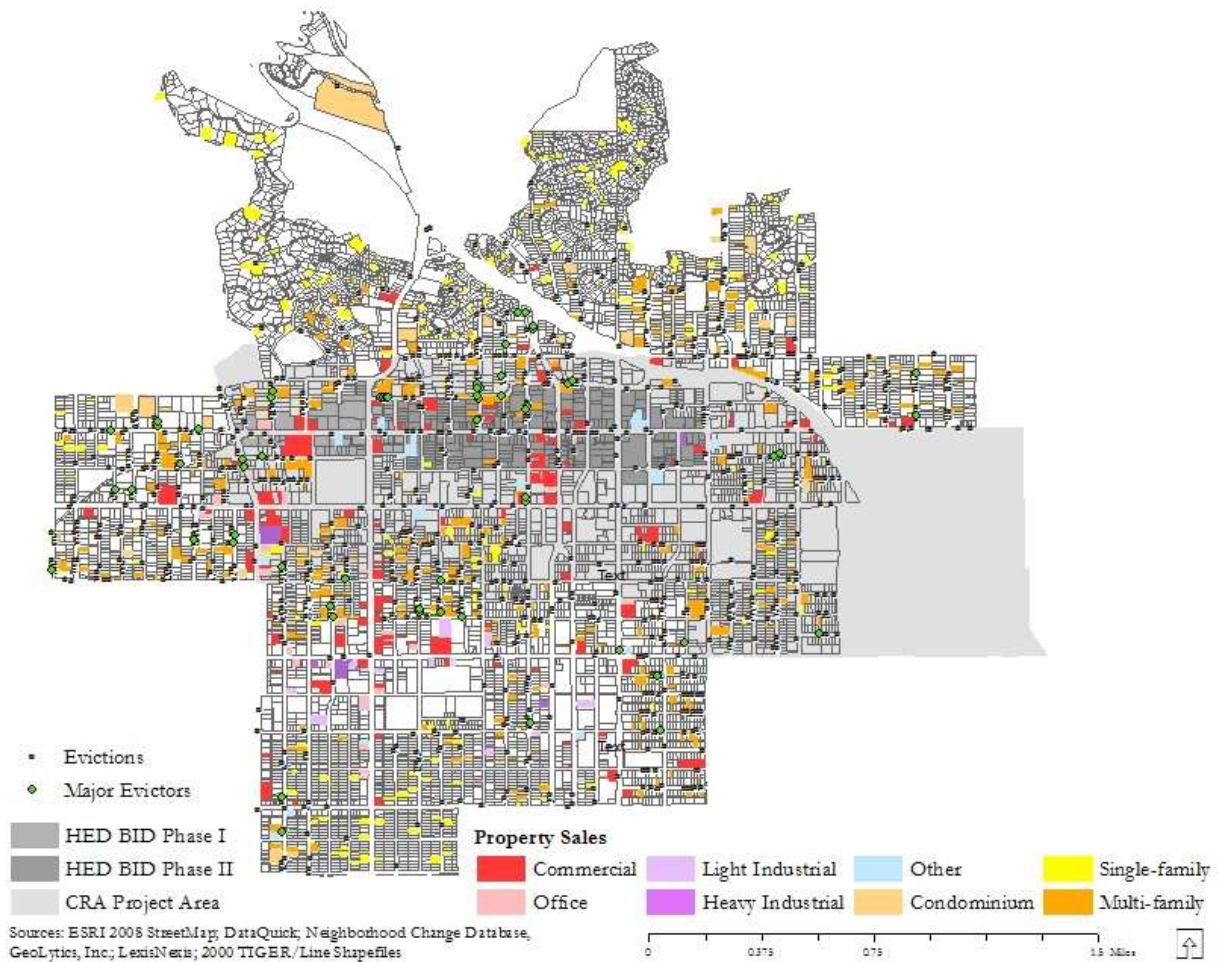
**Table 26: Evictions Within Development Areas in Hollywood**

	Year Established	1994	1995	1996	1997	1998	1999	Total	Probability Change is Due to Chance
Evictions Within HED BID Phase I	1997	9	22	18	9	6	1	65	2.1%
Evictions Within HED BID Phase II	1999	114	120	98	119	81	82	614	
Evictions Within Hollywood CRA Project Area		580	582	576	492	408	347	2985	

**Table 27: Evictions Outside Development Areas in Hollywood**

	Year Established	1994	1995	1996	1997	1998	1999	Total	Probability Change is Due to Chance
Evictions Outside HED BID Phase I	1997	1196	1183	1112	1004	779	712	5986	3.20%
Evictions Outside HED BID Phase I and II		1082	1063	1014	885	698	630	5372	
Evictions Outside Hollywood CRA Project Area		625	623	554	521	377	366	3066	

As was shown earlier, Hollywood did in fact experience a decline in population throughout the 1990s, and was the only area considered here to do so (See Table 9). My data also show that Latinos were overrepresented in this drop as the community hot spot area lost 2,378 Latinos between 1990 and 2000. Latinos were also the only racial group in Hollywood to decline in both absolute and relative terms. The trend would continue into the next decade as the larger Hollywood region would see a net population plunge of 12,878 people between 2000 and 2010 (McDonald, 2013). And yet, while Hollywood was a hot spot for eviction in general, on the whole, evictions tended to decline in the area. In fact, there is some suggestion that the redevelopment areas and Phase I of the HED BID might have actually contributed to the declining pattern of eviction in Hollywood. We see, for example, that the decline in evictions after the implementation of the HED BID Phase I, both inside and outside this area, was statistically significant.



**Figure 38: Evictions, Property Sales and Redevelopment Areas in Hollywood**

The pattern of eviction suggests a complicated, interrelated process between property owners and economic conditions. On one hand, property investment seems to be tied to redevelopment efforts. As evidenced in the increase in property sales, organized property owners with the help of the state can create the conditions for less speculative investment both within special development areas as well as in the neighborhoods that surround them. At least in temporal terms, evictions seem less tied to the implementation of development areas in Hollywood. They do however show both a strong spatial association both within Hollywood generally and in terms of their proximity to the redevelopment project area. This is especially true of any of the area's largest



serial evictors who own large, multi-family units. The pattern is similar to Koreatown where evictions also tended to occur in the neighborhood surrounding the project area.

## 10. Conclusion

*Whatever may be said for the institution of private property in land, it is therefore plain that it cannot be defended on the score of justice.*<sup>71</sup>

—Henry George

This research set out to investigate the process of displacement in Los Angeles during the 1990s through the use of geographically referenced eviction data, spatial analysis, and archival research. A major assumption underlying the work was that evictions could function as a limited proxy for a larger process of displacement that has thus far eluded many researchers. This foundational assumption guided the research questions that followed. The first of these sought to uncover the socio-spatial character of evictions in Los Angeles. The results of the hotspot and local indicators of spatial association (LISA) analyses showed that evictions were clustered in four particular locations throughout the six years of the study—these being Downtown, Hollywood, Koreatown, and South Los Angeles. Through these methods evictions were shown to belie randomness and instead display strong forms of geographic patterning confirming the argument that they are in fact spatialized events.

The bridge connecting the spatial considerations of evictions with sociological concerns was made more precise through spatial regression analysis. Here, eviction rates were regressed to three factors, two of which showed statistically significant correlations. The first of these, Factor One, stressed the proportion of whites, educational attainment, and measures for wealth such as average incomes and median rents. Predictably, this factor held a negative relationship with evictions. This result was described as a mix of social and historical conditions that together acted as localized deterrents to eviction. On the other hand, from an investigative perspective, the converse of this

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<sup>71</sup> (George, 1935, p. 338)

relationship is more interesting in that it shows that low average incomes, low educational attainment, and non-white populations—particularly Latinos—are more susceptible to eviction in Los Angeles. The second statistically significant factor (“Factor Three” in the analysis) showed a positive relationship with eviction rates and loaded non-family households and the average value of property sales highly. This factor was understood to describe property investment in relatively desirable neighborhoods.

Brought together geographically, the two statistically significant factors showed a layered typology of eviction susceptibility that included: (1) poverty- and race-related eviction, (2) investment-related eviction, and (3) a combination of poverty-, race-, and investment-related eviction. The two levels of analysis—spatial pattern and spatial regression—confirm the hypothesis that evictions are a socio-spatial process rather than simply the result of random lease violations. However, while less can be said about the contention that landlords act as a class, the combined results suggest that landlords are sensitive to neighborhood characteristics and thus a type of spatialized landlord action is exposed at the neighborhood and community level that demonstrates a link between eviction and a Marcusian form of displacement. Moreover, the geographic typology of eviction demonstrates that three latent constructs of neighborhood circumstances are particularly important in describing susceptibility to eviction. Within this schema, the case for gentrification-induced displacement in 1990s Los Angeles is not fully supported. Average property sales and the number of nonfamily households represented in Factor Three by itself is not a sufficient measure of gentrification; nor does the geographical model of gentrification reveal a strong enough parallel distribution with this factor to argue that gentrification forces can be considered a cause of eviction in this research. Instead, as the case studies reveal, the concentration of high average value property sales in Hollywood—and to a lesser extent Koreatown and Downtown—reveal a special type of

displacement tied to the formation of districts such as redevelopment zones and business improvement districts (BIDs).

These special districts present valuable insights into the process of urbanization and displacement. First of all, they represent attempts by a coalition of agents including the state, community organizations, developers, and property owners to facilitate investment and aid the production of spaces for increased consumption. Only in Hollywood was this effort accompanied by notable demographic shifts—i.e., the decline in the Latino population and the proportional increase of whites—that *imply* a gentrification process was underfoot. By comparison, the effort to remake Downtown was led more by commercial property owners who sought to transform the area into a site of significant exchange and consumption tied to the area's specialized agglomeration economies and can, in retrospect, be considered a pre-gentrification effort substantiating the so-called production thesis. The poverty- and race-related forms of eviction strongly characteristic of South Los Angeles—and, again, to a lesser extent Koreatown and Downtown—show an alternative form of displacement rooted in a combination of histories of racialized housing and labor segregation along with predatory and subprime lending practices. This finding lends support to the notion that negative spillover effects do in fact contribute to eviction through historic forms of devaluation and segregation that created a space for class-monopoly rents. The cases of Downtown and Koreatown extend these analyses by merging the two types of eviction susceptibility into a third form of displacement. In these locations, absolute spaces of poverty and racialization processes merged with unique investment strategies to create special conditions for displacement through eviction. In the case of Koreatown, this effort was led by an immigrant growth machine that harnessed resources both locally and transnationally to further polarize a dual housing market while in Downtown property owners sought to reclaim both public and commercial space in order to counteract negative externalities and facilitate development.

Thus, the four geographies of eviction demonstrate complex patterns of displacement in Los Angeles that are more than the result of gentrification forces. Displacement in this context is instead represented as an essentially normal, albeit diverse and spatialized, process of capitalist urbanization. Seen in this light, displacement can be understood as the localized response of property owners to major changes such as financial restructuring at the national scale as well as the increased interconnectedness of markets and specialized agglomerations within global cities and regions. At the same time, the more or less conventional conception of property ownership is expanded from a triad of banks, owners, and tenants to include new actors at a variety of scales such as (multinational) investors and state agencies. In some cases, new forms of ownership and investment are directed by non-traditional, immigrant and racialized actors who employ growth strategies in underinvested areas making the question of gentrification especially problematic.

The diversity of these forms of urban displacement thus questions the near exclusive residency displacement holds within the gentrification literature and calls for a reconceptualization of displacement toward one situated more firmly within the process of contemporary capitalist urbanization. The Marxian framework of rent presents a theoretical starting point for this endeavor. Rent, in Marxist terms, is regarded as a deduction from surplus value, a transfer of money and wealth to landlords according to their legal right to possess property. It is considered an unproductive form of valuation because, as Susan Fainstein puts it, “it involves a mere transfer rather than an addition to value or a lowering of production costs” (2001, p. 13). On one level, this specific type of transfer raises several issues that are important to this research. The first concerns the purpose of public subsidies for redevelopment. In both Koreatown and Hollywood significant public funds were used to subsidize the development process. However, if the subsidies essentially become capitalized as returns to landowners, then they are in effect a transfer of public money to private hands. The increase in property investment in both of these communities following the implementation of these

zones shows that property owners were at least aware that such a process existed and that higher, unearned, rewards could be made through property ownership and eviction. Indeed, it is this exact process that is the explicit justification for redevelopment areas—i.e., public initiative spurs private development which in turn raises property values that are then returned to the redevelopment agency to pay off debts or to promote further development. In the words of Roger Keil, “Redevelopment, thus, is intended to finance itself through expected results” (1998, p. 155). A development model based on the unearned transfer of public money should not only be a concern to tax payers and residents, but considering the accompanying increase in land values and property sales, it also displays an additional upward distribution to wealthier elites who are able to purchase properties at elevated prices. Such redistribution essentially polarizes the process of development along at least two axes. On one hand, it distinguishes those within the community who benefit from redevelopment—e.g., tenants versus landowners or small business owners versus larger commercial interests—and on the other hand it disrupts local conditions and relationships, as outside interests with even greater resources become actors in the process.

Another issue raised by this research is the problem of the production of space and the relationship between development, land value, and displacement. Certainly, greater efficiency and benefits from agglomeration can be created through certain development projects—as well as more favorable conditions for increased revenue and investment for property owners and businesses—however, the problem of development quickly becomes tangled around questions of access and beneficiaries. Much of the redevelopment and reappropriation efforts in Hollywood, Koreatown, and Downtown created spaces of exclusion in the form of increased surveillance, private police forces, and architectural formations designed for and against specific bodies marked by their human and sociological conditions. Not only were the spaces themselves intentionally exclusionary, but the effects spilled out into surrounding locations. Thus the spatialized concentration of eviction of low-

income residents and small commercial tenants demonstrates that through the ground rent structure, transfers in the form of rent encourage the exclusion of the least privileged in neighboring locations who experience a community-level type of displacement similar to the process of exclusionary displacement articulated by Marcuse. The process underscores the relational quality of land value and the coordinating function of externalities on the behavior of property owners as increases in ground rents at one location directly affect values in neighboring sites. We can therefore infer that redevelopment in the commercial sectors of Hollywood and Koreatown contributed to the increased potential ground rent in neighboring residential districts. This relational quality inherent in land valuation suggests that landlord sensitivity to changing ground rents may inspire them to act, to seize opportunities, and evict undesirable tenants that were not sufficiently undesirable when alternatives were not present.

The findings furthermore reaffirm another aspect of the concept of rent, namely that property ownership is a right to the use of space and not an actual material possession. The sale of these rights often involves several parties and not merely the direct buyers and sellers—which is in fact one of the main reasons governments regulate these rights. In the case of South Los Angeles, domestic financial restructuring fundamentally altered the framework of debt, incentivizing speculative and predatory behavior in housing markets. This shift essentially resulted in the dispossession of the little wealth many low-income homeowners in South Los Angeles were able to attain despite generations of systematic exclusion and discrimination. The fact that such spatialized actions targeted specific racialized geographies suggests that what occurred in South Los Angeles during the 1990s requires a deeper appreciation, particularly with regard to the proposed difference between displacement and dispossession. In his stimulating book, *Unsettling the City* (2004), Nicholas Blomley makes an important distinction between these two concepts. Displacement, he argues, is the continuing process where a certain discourse and ideology of property rights are employed to

deny people a right to occupy a specific space. Dispossession on the other hand, runs deeper and refers to the foundational acts of colonial displacement that lie, not so subtly, below the surface of daily life, structuring spatial relationships between people and places. The distinction highlights the “ownership model” of property that places it within a binary relationship between “atomized individuals” and “a threatening collective” (2004, p. 5). In so doing it presents property as a spatially fixed, finite and bounded object and “determines which property relations are assigned a value as rights” (2004, p. 11). It also allows quotidian displacement—or in this case, eviction—to be placed within a larger framework of dispossession that is thoroughly racialized and deeply historical. Thus, the urban dispossession of nonwhites, and blacks and Latinos in particular, represents the latest round in a series of episodes of spatialized disenfranchisement that first restricted black and brown bodies from residing in certain locations as well as from using spaces of consumption and exchange only to strip them of the assets that were effectively won after civil rights legislation removed such *de jure* restrictions.

The financialization of property within global capital flows allows for the introduction of new actors at a variety of scales with interests in ownership within particular urban spaces. The case of Koreatown and South Los Angeles demonstrates this in dramatic fashion. In South Los Angeles, investment banks, previously restricted from bundling mortgage debt, became heavily involved with lending in the community. Along with them, they brought a whole series of actors including many smaller financial institutions that would originate mortgages or provide refinancing products and who would then package and sell them to larger institutions such as the government-sponsored enterprises (GSEs) that were required to focus on underserved, low-income and nonwhite areas. In this financialized structure of lending, ownership became increasingly complicated leaving those residing in homes with the least claim to space. The creation of this special submarket became a space of class-monopoly rent where, in place of the slumlords in Harvey’s (1974) analysis of 1970s



Baltimore, investment banks became the new owners of black and Latino property who were pushed into mortgaging through unfair practices. This is exactly the argument Elvin Wyly and his co-authors came to when they stated, “Yesterday’s local landlords and speculators financed by local or regional banks have been replaced by today’s network of local brokers, working independently or for various kinds of non-bank mortgage companies or bank subsidiaries” (Wyly, Moos, Hammel, & Kabahizi, 2009, p. 338). In Koreatown, the new actors were increasingly transnational in scale. Through an immigrant growth machine on-the-ground in Koreatown, local Korean entrepreneurs and state actors accessed South Korean capital in search of higher returns and relatively safe investment environments in order to transform the local landscape in a way that was more favorable to further investment and higher returns. In the process, small businesses were evicted and the situation for low-income renters became increasingly unaffordable, overcrowded, and precarious due to the augmented threat of displacement.

The struggle for revenue in Downtown reaffirms the formation of spaces of class monopoly rent. Commercial property owners within Downtown’s industrial districts rely on the benefits of existing agglomeration tendencies to charge higher than average rents and displace unwanted tenants. Within the residential sectors, years of redevelopment in the financial district and systematic efforts to concentrate homelessness and marginality in Skid Row produced special housing submarkets that existed between the contested boundaries of corporate space, industrial space, and homeless space. Caught in between these forces of exclusion and concentration, homeless residents use General Relief (GR), panhandling, and other resources to secure temporary, slum housing in many of the areas numerous single room occupancy properties where the rents street people pay is often above what could be charged for similar units in other areas. Under these circumstances it seems logical that residential property owners in Downtown, who comprise only one of several groups of actors at a variety of scales that contribute to the spatialization strategies producing the special

circumstances in the area, therefore embraced eviction as an ordinary part of property ownership. The struggle to alter these conditions through self-assessment and BIDs by neighboring commercial property owners furthermore demonstrates that without sufficient intervention from the state and larger business interests, efforts by individual property owners were essentially reduced to harassment, trash collection, and eviction.

And finally, the eviction hotspot cases raise important questions about the structure of property within the larger system of human settlement and production. As a right to use space, *whose claims are enforceable when conflicts over development inevitably occur?* This issue is magnified when the neighborhoods affected by displacement and redevelopment are the locations where poor and racialized communities reside due to previous regimes of exclusion and segregation. Any real expansion of claims to property immediately leads to further questions about whether property can be separated from the market economy, and capitalism in particular. The difference between a view that favors the individualization of property rights and a more expansive perspective further emphasizes the problem of associating displacement exclusively within the realm of gentrification and redevelopment. It seems that considering the way in which spaces of class-monopoly rent intersect with forms of racial and class-based subjugation suggests that capitalist geographies of displacement often expose the normal, even ritualized habitus of dispossession within capitalist property regimes that goes beyond the notion of “accumulation by dispossession” that Harvey has articulated (2003). Displacement, as witnessed through the process of eviction in Los Angeles, therefore reveals an entire structure of power embedded within capitalist urbanization that works against non-owners even when the land they live on is found within the devalued side of uneven development.

Ultimately, if Lefebvre is correct and the production of urban space has effectively supplanted industrialization as the dominate mode of valuation, then it would seem, as Lefebvre

himself acknowledged, that rights themselves would have to be restructured. A spatial justice then must be molded, not only through a Rawlsian (1971) distributive framework and an embrace of Young's (1990) faces of oppression, but also through a positive right to live, consume, exchange, and produce in the urban world. A shift toward this direction would undoubtedly require that the right to evict become more than a simple question of lease violations or nonpayment of rent and include the rights of those who use space but do not have title to it. Short of a radical redistribution of wealth and a restructuring of property relations, there are few potential options available to policymakers and planners who wish to make change in this area. One obvious policy to begin however would be a guaranteed right to counsel in all eviction cases. Presently, no state offers what legal scholars term, a type of "civil Gideon"—a reference to the ruling in *Gideon v. Wainwright* in 1963 that required courts to provide counsel to defendants in criminal proceedings who are unable to afford them.

Providing legal counsel in eviction cases would certainly help to even the playing field in the courtroom, however it would do little to combat inequalities outside the justice system. To this end, policies that support the social ownership of housing have been proposed by radical scholars in order to begin to shift housing toward a "social resource rather than a commodity yielding private windfalls" (Stone, 2006, p. 240). As Michael Stone argues, social housing can take a number of forms from ownership by a public agency, a nonprofit organization, or residents themselves, but the defining characteristic would be that it is not owned and operated for profit, sold for speculation, and that it provides security of tenure for residents. Under this model, residents would be detached from the threat of eviction or displacement and freed to secure a number of community and economic advantages. A related option would be to end regressive "indirect" subsidies to property owners that are provided through the tax code. In an important compilation, *A Right to Housing*, Peter Dreier reminds us, "By far, the largest federal housing subsidies are the tax breaks for

homeowners, totaling \$103.1 billion in 2000 (in 2001 dollars). These include deductions on mortgage interest payments...deductions on property tax payments...and the deferral of capital gains on home sales” (2006, p. 107). Such tax breaks principally benefit homeowners and investors and contribute to the commodification of housing and property, and thus displacement.

More moderate interventions might also include special taxes on property sales or foreign investment in disinvested neighborhoods in order to provide a market-driven revenue stream for the production of social housing or funds for tenants to purchase their apartment buildings through a right of first refusal when they come on the market. The impetus and implementation of such policies would be facilitated by more data on evictions and displacement. An obvious place to start is therefore to require standardized guidelines for the documentation of eviction for all major municipalities. Properly recorded and accessible, this data could not only be used to identify the type and location of eviction hotspots for a number of special policy interventions at the neighborhood and citywide level, but it could also contribute to a much more comprehensive reconceptualization of the relationship between property, people, and urbanization that is needed in the field of urban planning particularly. Such connections are crucial for urban planners and policy makers who frequently assume revitalization schemes essentially benefit entire communities. Without the necessary data to document who is evicted or where eviction is occurring, it is difficult make the argument that individual cases, hidden in the courtrooms, amount to a displacement process or that there is in fact a relationship between redevelopment, the organized efforts of property owners to remake space, and displacement at the community level.

One of the most important points however is what tenants can do themselves. In their work on the growth machine, Logan and Molotch come to the challenging conclusion that the reason the (racialized) poor are vulnerable is not only a function of their poverty within the larger capitalist system, but also, and importantly, because of the “relative ineffectiveness of the organizations that

represent their interests” (1987, p. 113). With this in mind, one of the most surprising questions for researchers of this period is why a significant tenant movement did not surface in Los Angeles? Thus rather than evaluating the relative effectiveness of tenant organizations in the 1990s, we are faced with the difficult task of trying to understand why tenant organizations were, apart from a couple of notable exceptions, absent from struggles surrounding displacement or tenant-based policy decisions. The problem is made more perplexing when the period is placed in context with those that directly followed and preceded it when tenants’ organizations were more numerous and active. For example, during the 1970s a number of tenant organizations were formed at every scale from the local to the national. Locally these included the Coalition for Economic Survival (CES), Little Tokyo People’s Rights Organization (LTPRO), Pico Union Neighborhood Council (PUNC), Route 2 Tenants’ Association, United Tenants Action Council (UTAC), the Valley Tenants Association (VTA), and the Santa Monica Fair Housing Alliance (SMFHA)—which, together with the Campaign for Economic Democracy (CED), formed the well-known organization, Santa Monica for Renters Rights (SMRR). These organizations worked closely with others at the state level including the California Housing Action and Information Network (CHAIN) and the California Renters Coalition (CRC). More organizations formed at the national scale to provide needed services to the growing movement such as the National Tenants Union (NTU), the National Tenants Organization (NTO), the National Low Income Housing Coalition (NLIHC), and the Low Income Housing Information Service (LIHIS). The services these organizations provided were part of a national “effort to build a grassroots, low-income constituency base for housing advocacy and production efforts by supporting local anti-displacement efforts and statewide coalitions” (Gladora, 2009, p. 22).

While many of these organizations continued into the 1980s, and a few new ones were added such as Housing Los Angeles and the Campaign for Critical Needs (CCN), by the 1990s most

had either dissolved or become overly professionalized, distancing themselves from direct action and grassroots mobilization. It is unclear what contributed to this trend. Roger Keil (1998) suggests that regime organizations like the redevelopment agency (CRA/LA) assuaged conflict by becoming more sophisticated and incorporating moderate reformers and artists into their decision-making processes. Others like Larry Yates (2006) and Peter Marcuse (1999) argue that the housing movement's historical failure to produce a radical critique of the overall housing system that could link it to other social movements merged with a growing sector of nonprofit housing organizations and CDCs to effectively stifle the development of tenant struggles in this period. Following a series of setbacks including the Costa-Hawkins Rental Housing Act in 1995 that circumscribed the expansion of rent control and a surge in gentrification-induced displacement during the early 2000s, it became clear to many housing activists in Los Angeles that a significant reorganization and redirection of political forces was required. Based in this renewed spirit, several community organizers and tenant activists came together in 2006 as part of the Department of Urban Planning's Community Scholars Program at UCLA in order to address the inadequacies in the local housing movement (Leavitt & Heffernan, 2005). Historicizing the problem, they spelled out the connection between tenant organizing and policy shifts arguing that "In the seven years (1972-1979) since the Birkenfeld decision, the tenant movement went from being a few housing activists and lawyers to a mass political movement. Through strong organizing efforts, tenant protections such as rent control were established and condo conversions were curtailed" (Avila-Hernandez et al., 2007, p. 20).<sup>72</sup> Following this, the organizers called for a new organizational structure, declaring that "It is important to note that in recent history, tenants were the feared political opponents of the real estate lobby. It is the goal of tenant organizers to get back the political power they once harnessed in the

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<sup>72</sup> The "Birkenfeld decision" and the years given by the organizers is a reference to a 1972 voter initiated amendment to the City of Berkeley, California's charter that created a form of rent control. The amendment was found later found to be unconstitutional in *Birkenfeld v. The City of Berkeley* in 1976.

1970s in order to assert rights for tenants today. The formation of a tenants union in Los Angeles is the first step” (Avila-Hernandez et al., 2007, p. 20). To this end, as well as other related efforts to combat gentrification and displacement from Occupy Los Angeles to the Right to the City Alliance, tenant organizing and housing struggles are now on the rise again (Gladora, 2009).

Although it is difficult to pinpoint the exact reasons behind the lack of tenant-based organization in the 1990s, the research presented here is consistent with the analysis provided by the organizers in the Community Scholars Program. At the same however it also offers a challenge. One of the major conclusions drawn from this work is that displacement is more than a housing issue and affects all those who lack security of tenure and thus encompasses a wide range of users of space including for example small businesses and homeless populations who are often left out of anti-displacement and anti-gentrification struggles. Without the organization of tenants, broadly defined, there can be no meaningful change in property relations or a successful challenge to the current process of accumulation through dispossession. Today, possibly even more than it was thirty years ago when Allan Heskin wrote about its struggles in Santa Monica, California, the “tenant movement appears a sleeping giant” (Heskin, 1983, p. 255).

## Appendices

**Table 28: Rotated Component Matrix with Factor Loadings**

**Rotated Component Matrix<sup>a</sup>**

	1994			1995			1996			1997			1998			1999		
	Component			Component			Component			Component			Component			Component		
	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3
EDU	.920	.082	.288	.911	.064	.330	.883	.057	.400	.909	-.003	.340	.917	-.002	.310	.886	-.006	.388
WEDU	.905	.106	.198	.906	.085	.213	.890	.085	.271	.925	.042	.147	.925	.040	.127	.913	.030	.196
NONFAM	.564	.049	.696	.557	.041	.691	.494	.003	.764	.561	-.047	.676	.581	-.053	.664	.536	-.044	.698
FHWKID	-.642	-.572	-.088	-.667	-.546	-.048	-.650	-.545	-.160	-.670	-.484	-.174	-.669	-.475	-.164	-.666	-.464	-.167
PCTBLK	-.117	-.932	.043	-.132	-.928	.049	-.122	-.935	.014	-.169	-.937	.030	-.156	-.938	.031	-.161	-.934	.037
NHWT	.852	.126	.293	.844	.106	.330	.826	.098	.364	.872	.056	.230	.875	.053	.215	.858	.047	.280
NHA	.207	.597	.235	.204	.591	.296	.158	.560	.379	.190	.512	.500	.202	.505	.506	.158	.504	.533
HSP	-.728	.402	-.400	-.706	.400	-.466	-.676	.409	-.503	-.691	.451	-.461	-.708	.439	-.451	-.667	.422	-.524
FORBRN	-.478	.811	.019	-.472	.817	.042	-.487	.803	.040	-.446	.818	.110	-.450	.810	.126	-.454	.812	.093
LTPOVL	-.852	-.011	.097	-.856	.015	.097	-.858	.003	.021	-.832	.059	.026	-.830	.056	.058	-.828	.069	.014
AVGINC	.858	-.024	-.189	.865	-.042	-.193	.872	-.017	-.118	.858	-.053	-.176	.848	-.048	-.209	.865	-.063	-.183
MDRENT	.878	-.097	-.099	.867	-.117	-.045	.888	-.085	-.033	.855	-.132	-.090	.853	-.118	-.145	.840	-.131	-.048
AVGAV	-.129	.104	.683	-.132	.102	.583	-.157	.162	.729	-.111	.076	.665	-.130	.070	.638	-.076	.053	.609
PSALE	.586	.171	.062	.588	.213	.035	.292	.174	.222	.631	.155	.157	.581	.154	.230	.591	.133	.224
Eigenvalue	6.53	2.46	1.44	6.50	2.43	1.44	6.05	2.38	1.97	6.52	2.31	1.66	6.51	2.26	1.63	6.28	2.23	1.81
Percentage of total variance	46.6	17.5	10.3	46.4	17.4	10.3	43.2	17.0	14.1	46.5	16.5	11.9	46.5	16.2	11.6	44.9	15.9	12.9

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.



**Table 29: Factor Communalities**

	1994		1995		1996		1997		1998		1999	
	Initial	Extraction	Initial	Extraction	Initial	Extraction	Initial	Extraction	Initial	Extraction	Initial	Extraction
EDU	1.000	.936	1.000	.943	1.000	.942	1.000	.941	1.000	.937	1.000	.936
WEDU	1.000	.870	1.000	.873	1.000	.873	1.000	.880	1.000	.874	1.000	.873
NONFAM	1.000	.805	1.000	.789	1.000	.828	1.000	.773	1.000	.781	1.000	.776
FHWKID	1.000	.748	1.000	.746	1.000	.745	1.000	.714	1.000	.701	1.000	.687
PCTBLK	1.000	.884	1.000	.881	1.000	.889	1.000	.908	1.000	.905	1.000	.899
NHWT	1.000	.828	1.000	.833	1.000	.824	1.000	.817	1.000	.814	1.000	.817
NHA	1.000	.454	1.000	.478	1.000	.482	1.000	.549	1.000	.552	1.000	.563
HSP	1.000	.852	1.000	.876	1.000	.877	1.000	.895	1.000	.898	1.000	.898
FORBRN	1.000	.886	1.000	.892	1.000	.883	1.000	.881	1.000	.874	1.000	.874
LTPOVL	1.000	.735	1.000	.743	1.000	.737	1.000	.696	1.000	.695	1.000	.690
AVGINC	1.000	.772	1.000	.788	1.000	.775	1.000	.769	1.000	.765	1.000	.785
MDRENT	1.000	.790	1.000	.768	1.000	.797	1.000	.757	1.000	.762	1.000	.726
AVGAV	1.000	.494	1.000	.367	1.000	.582	1.000	.460	1.000	.428	1.000	.379
PSALE	1.000	.377	1.000	.393	1.000	.165	1.000	.446	1.000	.415	1.000	.417

Extraction Method: Principal Component Analysis.

**Table 30: Distribution of Eviction Rates**

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
EVTRT94	381	0.0000	.0517	.006693	.0060770	3.319	.125	17.493	.249
EVTRT95	381	0.0000	.0641	.007342	.0066577	3.854	.125	24.926	.249
EVTRT96	381	0.0000	.0520	.007234	.0060736	3.214	.125	17.315	.249
EVTRT97	381	0.0000	.0427	.006944	.0054464	2.733	.125	12.570	.249
EVTRT98	381	0.0000	.0480	.007017	.0050833	2.530	.125	13.950	.249
EVTRT99	381	0.0000	.0610	.006651	.0051359	3.822	.125	33.358	.249
Valid N (listwise)	381								

**Table 31: Shapiro-Wilk Normality Tests for Transformed Eviction Rate Variables**

	Square Root Transformation			Inverse Trigonometric Sine Transformation			Inverse Transformation			Natural Logarithm (base e) Transformation		
	Shapiro-Wilk			Shapiro-Wilk			Shapiro-Wilk			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.	Statistic	df	Sig.	Statistic	df	Sig.
1994	.937	369	.000	.722	369	.000	.558	369	.000	.980	369	.000
1995	.926	369	.000	.693	369	.000	.494	369	.000	.984	369	.000
1996	.942	369	.000	.740	369	.000	.641	369	.000	.980	369	.000
1997	.950	369	.000	.776	369	.000	.621	369	.000	.986	369	.002
1998	.973	369	.000	.825	369	.000	.518	369	.000	.967	369	.000
1999	.965	369	.000	.765	369	.000	.499	369	.000	.947	369	.000

**Table 32: Distribution of Transformed Eviction Rates**

	N		Mean	Skewness	Std. Error of Skewness	Kurtosis	Std. Error of Kurtosis	Minimum	Maximum
	Valid	Missing							
EVTRTSQRT94	381	0	.0755	.971	.125	3.004	.249	0.00	.23
EVTRTSQRT95	381	0	.0794	1.066	.125	3.978	.249	0.00	.25
EVTRTSQRT96	381	0	.0791	.771	.125	2.914	.249	0.00	.23
EVTRTSQRT97	381	0	.0779	.647	.125	2.308	.249	0.00	.21
EVTRTSQRT98	381	0	.0787	.408	.125	1.775	.249	0.00	.22
EVTRTSQRT99	381	0	.0762	.444	.125	3.097	.249	0.00	.25
EVTRTSIN94	381	0	.0067	3.320	.125	17.509	.249	0.00	.05
EVTRTSIN95	381	0	.0073	3.857	.125	24.963	.249	0.00	.06
EVTRTSIN96	381	0	.0072	3.216	.125	17.332	.249	0.00	.05
EVTRTSIN97	381	0	.0069	2.734	.125	12.579	.249	0.00	.04
EVTRTSIN98	381	0	.0070	2.531	.125	13.964	.249	0.00	.05
EVTRTSIN99	381	0	.0067	3.826	.125	33.417	.249	0.00	.06
EVTRTINV94	378	3	345.9773	7.934	.125	81.377	.250	19.33	8868.50
EVTRTINV95	376	5	261.0375	5.705	.126	41.682	.251	15.61	3710.00
EVTRTINV96	375	6	253.0337	3.340	.126	13.083	.251	19.23	1899.90
EVTRTINV97	376	5	268.9732	9.035	.126	99.225	.251	23.40	5689.80
EVTRTINV98	377	4	254.3858	4.722	.126	31.991	.251	20.85	3285.50
EVTRTINV99	375	6	308.6277	11.640	.126	174.711	.251	16.40	10909.00
EVTRT94LN	381	0	-5.3564	-1.124	.125	2.848	.249	-9.21	-2.96
EVTRT95LN	381	0	-5.2420	-1.300	.125	4.224	.249	-9.21	-2.75
EVTRT96LN	381	0	-5.2483	-1.442	.125	4.350	.249	-9.21	-2.96
EVTRT97LN	381	0	-5.2642	-1.522	.125	4.929	.249	-9.21	-3.15
EVTRT98LN	381	0	-5.2351	-1.447	.125	4.237	.249	-9.21	-3.04
EVTRT99LN	381	0	-5.3210	-1.669	.125	4.487	.249	-9.30	-2.80

**Table 33: Distribution of Logged Dependent Variables**

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
EVTRT94LN	381	-9.21	-2.96	-5.3564	.93824	-1.124	.125	2.848	.249
EVTRT95LN	381	-9.21	-2.75	-5.2420	.90935	-1.300	.125	4.224	.249
EVTRT96LN	381	-9.21	-2.96	-5.2483	.91939	-1.442	.125	4.350	.249
EVTRT97LN	381	-9.21	-3.15	-5.2642	.88396	-1.522	.125	4.929	.249
EVTRT98LN	381	-9.21	-3.04	-5.2351	.85572	-1.447	.125	4.237	.249
EVTRT99LN	381	-9.30	-2.80	-5.3210	.93889	-1.669	.125	4.487	.249
Valid N (listwise)	381								

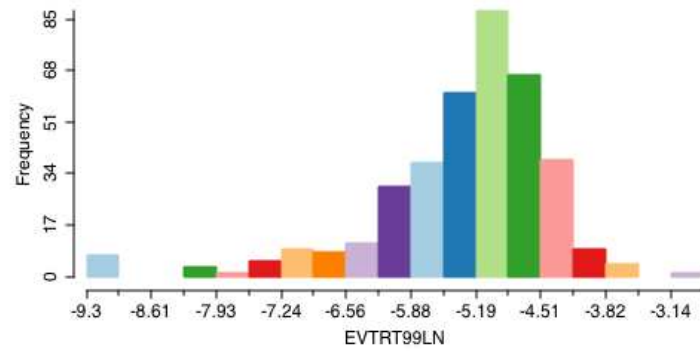
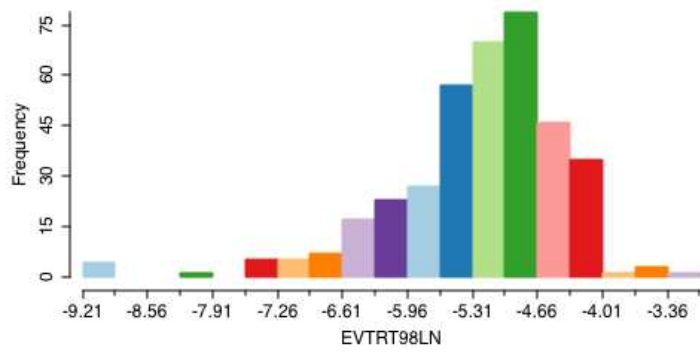
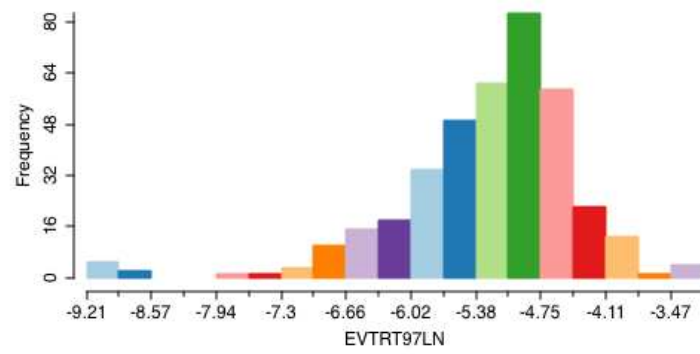
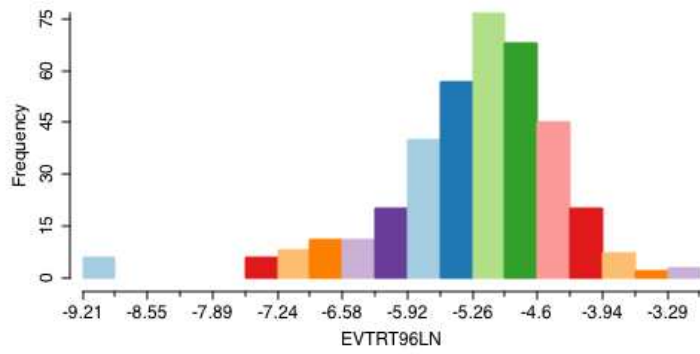
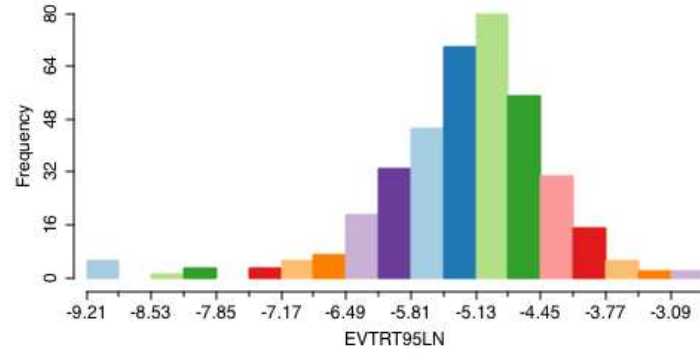
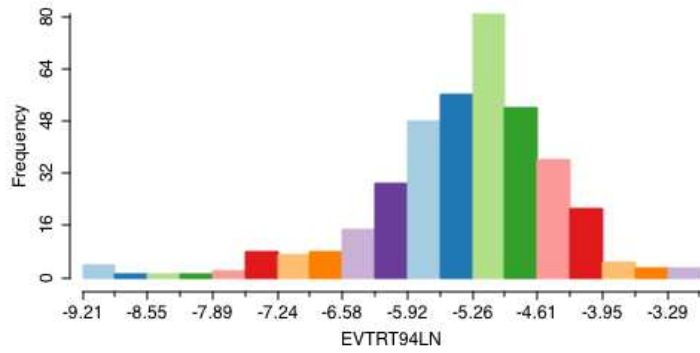


Figure 39: Distributions of Logged Dependent Variables

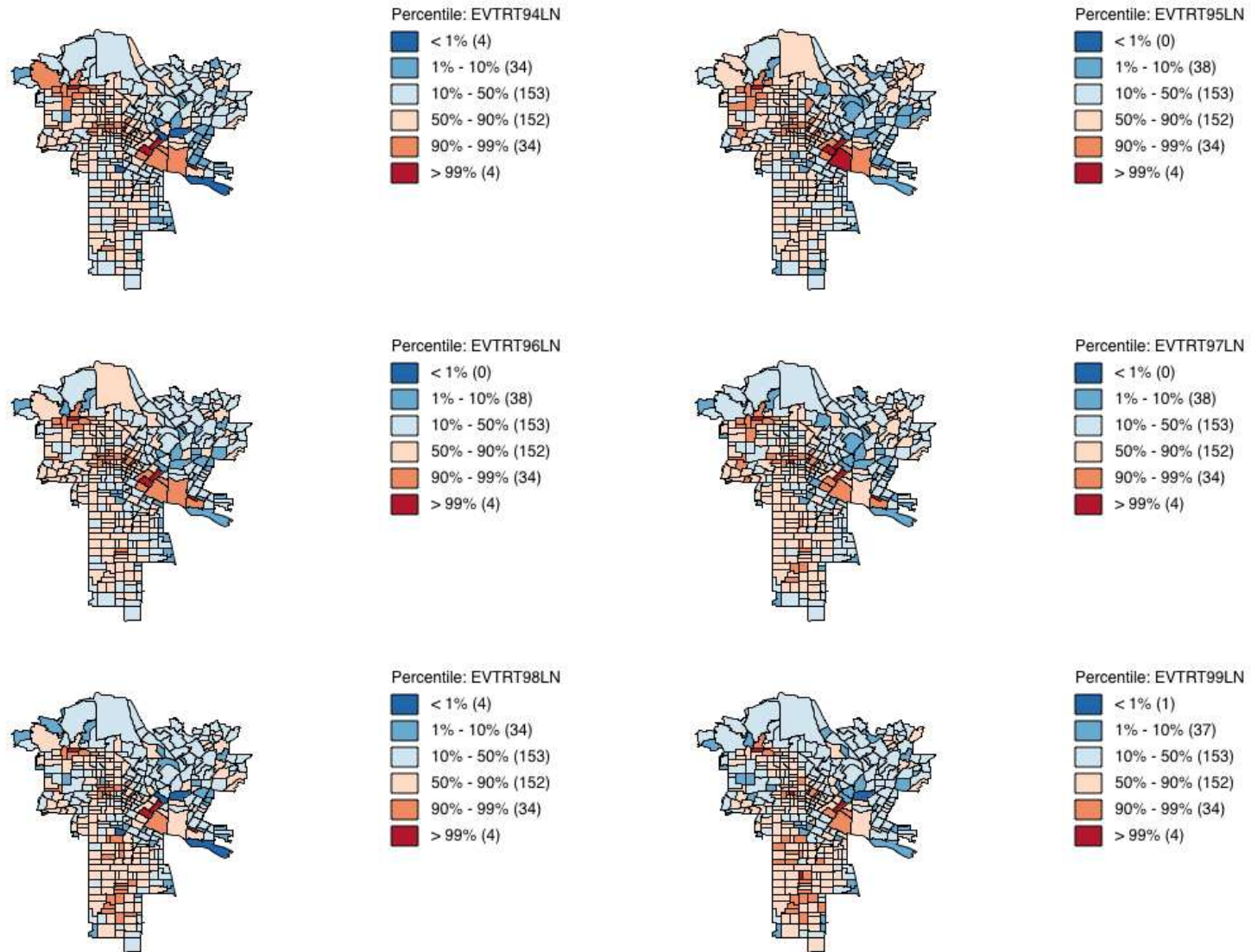


Figure 40: Percentile Maps for Logged Eviction Rates

**Table 34: Box Map Outlier Results 1994-1999**

Hinge	1994		1995		1996		1997		1998		1999	
	1.5	3.0	1.5	3.0	1.5	3.0	1.5	3.0	1.5	3.0	1.5	3.0
Lower outlier	0	0	0	0	0	0	0	0	0	0	0	0
Less than 25%	95	95	95	95	95	95	95	95	95	95	95	95
25% to 50%	96	96	96	96	96	96	96	96	96	96	96	96
50% to 75%	95	95	96	96	95	95	95	95	95	95	95	95
Greater than 75%	69	88	70	87	76	90	78	90	88	91	84	93
Higher outlier	26	7	24	7	19	5	17	5	7	4	11	2

**Table 35: Hinge Outlier Tracts 1994-1999<sup>73</sup>**

Tract	1994	1995	1996	1997	1998	1999	Total
1 6037189600	1	1	1	1			<b>4</b>
2 6037189901	1						1
3 6037189902	1						1
4 <b>6037190100</b>	1	1	1				<b>3</b>
5 <b>6037190200</b>	1	1	1	1	1	1	<b>6</b>
6 6037190700	1	1	1				3
7 6037191000			1	1		1	3
8 6037191900	1						1
9 <b>6037205110</b>	1	1	1	1	1		<b>5</b>
10 6037205120				1			1
11 6037206050	1	1	1				3
12 6037206300	1		1			1	3
13 <b>6037207300</b>	1	1	1	1	1	1	<b>6</b>
14 6037207710		1					1
15 <b>6037207900</b>	1	1	1	1	1	1	<b>6</b>
16 6037208620		1	1				2
17 6037208710	1	1					2
18 6037208800						1	1
19 6037209402	1		1	1	1	1	<b>5</b>
20 6037211120	1	1					2
21 6037211310	1		1				2
22 6037211802	1	1					2
23 6037211910		1	1				2
24 6037211920	1	1					2
25 <b>6037212100</b>	1	1	1	1			<b>4</b>
26 6037212303	1	1					2
27 <b>6037212304</b>	1	1	1	1	1	1	<b>6</b>
28 6037212410		1		1			2

<sup>73</sup> Tracts that are outliers at the 3.0 hinge level are bolded. Counts of more than half are also bolded to show consistency.

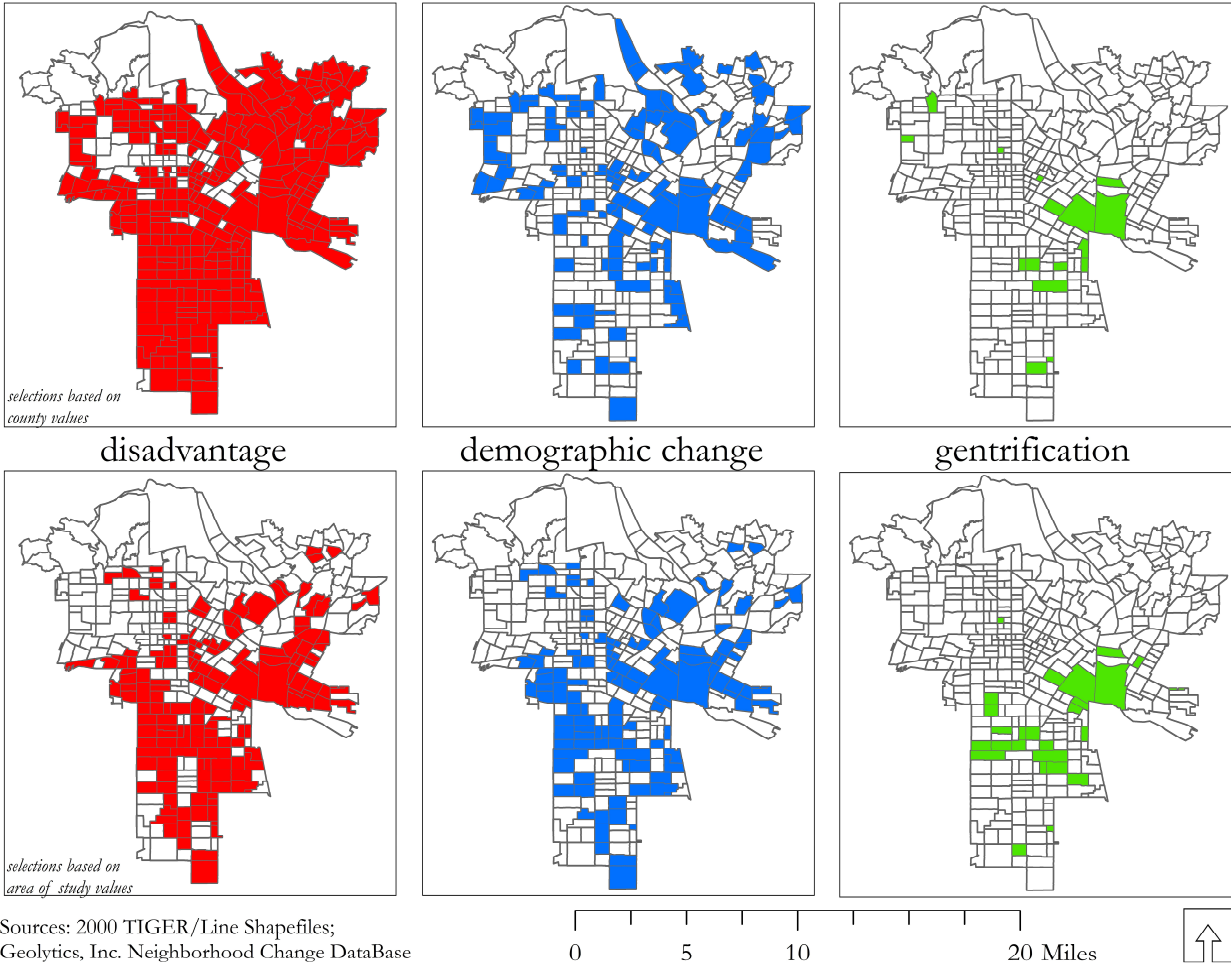
29	6037212500		1	1	1				3
30	6037212610	1			1				2
31	6037212620	1	1						2
32	6037215100	1	1						2
33	6037224010	1	1	1	1				<b>4</b>
34	<b>6037226000</b>	1	1	1	1				<b>4</b>
35	6037237500				1		1		2
36	6037237710						1		1
37	6037237720					1			1
38	6037600100				1		1		2
		26	24	19	17	7	11		

**Table 36: 3.0 Hinge Outlier Tracts 1994-1999<sup>74</sup>**

Tract	1994	1995	1996	1997	1998	1999	Total
1 6037190100		1					1
2 6037190200	1	1	1	1			<b>4</b>
3 6037205110	1	1	1	1	1		<b>5</b>
4 6037207300	1	1	1	1	1	1	<b>6</b>
5 6037207900	1	1	1	1	1		<b>5</b>
6 6037212100	1						1
7 6037212304			1	1		1	3
8 6037226000	1	1					2
		6	6	5	5	3	2

<sup>74</sup> Counts of more than half are bolded to show consistency.





**Figure 41: Adaptation of Freeman’s Methodology for Identifying Gentrifying Tracts**

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