

SMITH, NEIL

THE NEW URBAN FRONTIER:
GENTRIFICATION & THE REVANCHIST CITY
LONDON: ROUTLEDGE
[1996] 2002

This material may be protected by copyright law (Title 17, U.S. Code).

6

MARKET, STATE AND IDEOLOGY

Society Hill

Emergent gentrification in the late 1950s and early 1960s quickly earned a symbolic currency that surely overreached its economic and geographical significance "on the ground." A small but highly visible outlet for productive capital seeking a profitable resting place, gentrification seemed to promise a reversal of postwar residential decline and decentralization. Ideologies of gentrification quickly fastened on healthy neighborhoods where once there had been decay, profit where there had been poverty, the middle class back in the city: gentrification was "a good thing." First conceived in the late 1950s, the gentrification of Society Hill in Philadelphia was an especially "good thing" and especially symbolic. Set between the Delaware River and Center City, the neighborhood occupied the site of William Penn's seventeenth-century "holy experiment": lying immediately to the south of Independence Hall, the Mall and the Liberty Bell, Society Hill was widely touted in Philadelphia tourist and historic preservation literature as part of "the most historic square mile in the nation" (Figure 6.1). By the late 1960s, this neighborhood of late-eighteenth- and early-nineteenth-century town houses had been repackaged both in the media and in academic urban geography, urban studies and sociology literatures as a centerpiece of a Philadelphia "renaissance" which, "since the 1960s," according to one writer, "has been the most widely illustrated example of on-going comprehensive restructuring and systematic renewal of an historic urban core" (Morris 1975: 148).

The gentrification of Society Hill was brought about by an intricate intertwining of state and financial institutions together with an early and influential prototype of the public-private development corporation. The context was the 1950s. Postwar economic expansion funneled capital toward the development of the suburbs and only very selectively toward existing urban centres. Whatever its distinguished past, Philadelphia more and more resembled a decaying east-coast industrial city in the minds of the ruling-class white elite. Major postwar urban renewal legislation was recently initiated at the federal level and the emerging model called for widespread slum clearance and urban renewal. The commitment to the rehabilitation of Society Hill's historic but crumbled housing stock was, in its time, a significant departure from renewal practices that would soon be pilloried in the popular press as much as the academic urban literature (cf. Anderson 1964).

Society Hill is always celebrated as the original home of Philadelphia's gentry, beginning in the seventeenth century and lasting to the Civil War. And

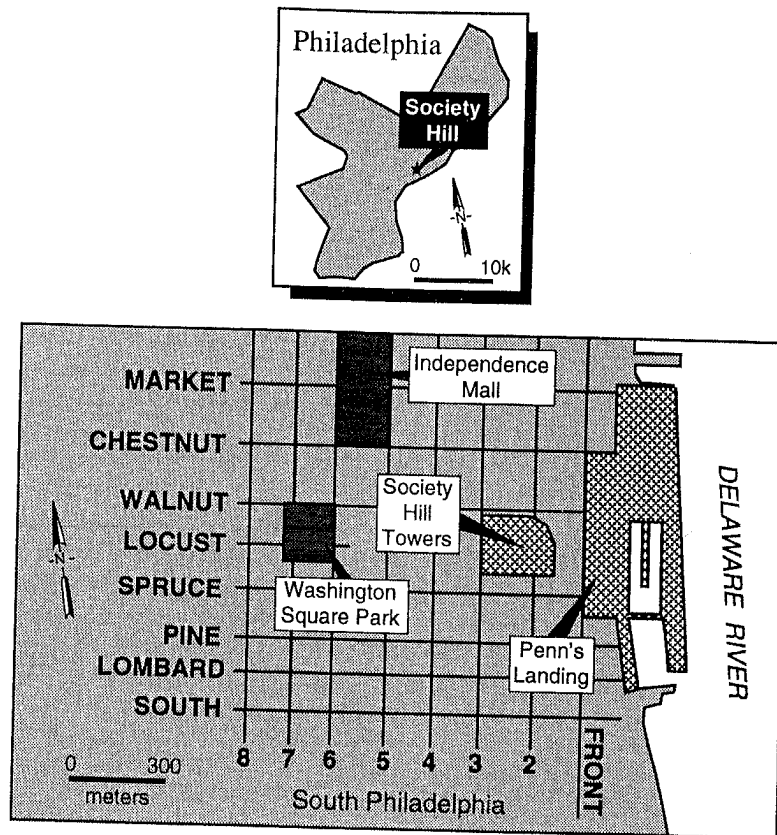
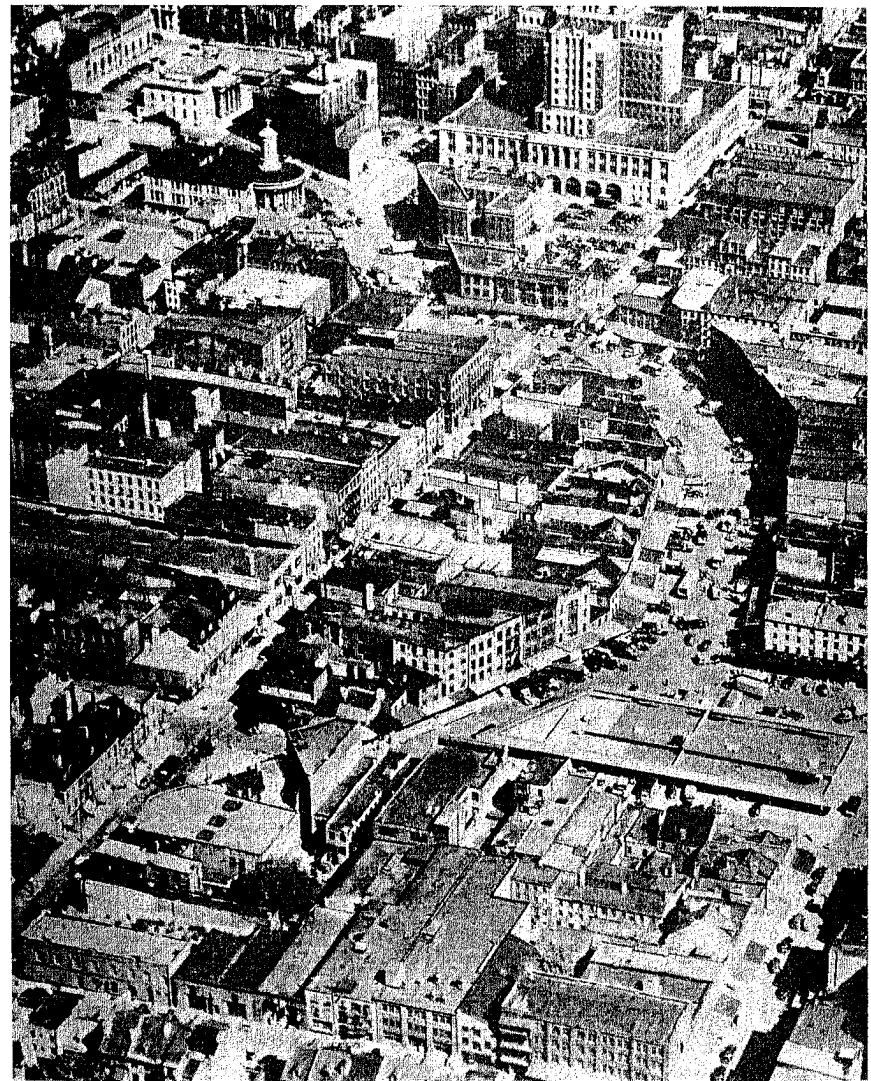


Figure 6.1 Society Hill, Philadelphia

since this was a slave-owning class, it was also home to an African-American community for just as long. With industrialization clustering around the adjacent Delaware waterfront (including the establishment of the city's major food market) and in neighboring South Philadelphia, and with the resultant urban growth in the second half of the nineteenth century, the city's upper classes moved west to Rittenhouse Square and to the first suburban communities over the Schuylkill River. African-Americans remained. This migration initiated a sequential disinvestment in Society Hill's housing stock that lasted for the best part of a century. By the 1950s many buildings lay vacant, abandoned by landlords, while others provided miserable, cramped, substandard accommodations for poor white and black working-class residents. During that decade, Society Hill's population fell by more than a half to 3,378, 21 percent of whom were "nonwhite"; the area lost 18 percent of its housing units, and a further 13.2 percent were vacant. An urban renewal plan was first drafted in the late 1950s, and from the start it involved public, quasi-public and private institutions. Its twin objectives were a revival of the city economy and the attraction of rich households "back from the suburbs."¹

Plate 6.1 Society Hill, Philadelphia, on the eve of gentrification
(Urban Archives, Temple University)

THE RECIPE AND THE RHETORIC

From the start, Society Hill was seen as a "new urban frontier," and the gentrifiers as proud "pioneers" (Roberts 1979; Stecklow 1978). Initiated in 1959, the gentrification of Society Hill achieved instant celebrity status. According to an analysis by the influential Albert M. Greenfield and Co., "many planning authorities view[ed] Society Hill as one of the foremost renewal undertakings in the United States" (Greenfield and Co. 1964: 10). Albert Greenfield was not only "the largest and richest real estate operator in the city" (Burt 1963: 10) but a former chairman of the City Planning Commission, and was presumably in a position to know. If, given his professional and financial interest in the success of Society Hill, we might reasonably be wary of exaggeration, we have no such cause to be wary of the novelist Nathaniel Burt (1963: 556-557):

The plan, now actually being put into effect, is one of the most daring and most tasteful pieces of town planning ever conceived, an attempt to salvage what is good of the old, add what is needed of the new, and in general transform that part of the city into a sort of urban residential paradise without making a museum-fossil out of it. When and if it all does get done according to plan, Society Hill will be an American show-place of city restoration.

Indeed, by the 1970s Society Hill had become just such a showplace with its tree-lined streets of red-brick Colonial and Federalist buildings, herringbone pavements, wrought iron streetlamps, and heavy stained front doors. So successful was the rehabilitation project, in fact, that residents quickly began to organize against the opening of any further commercial establishments which on weekends would bring yet further throngs of tourists into the neighborhood.

Society Hill's recipe for gentrification contained three essential ingredients: a private-public organization called the Greater Philadelphia Movement (GPM) and its offspring, the Old Philadelphia Development Corporation (OPDC); the state, at federal and city levels, mainly; and private financial institutions. Formed in 1952, GPM was no mere pressure group. According to J. S. Clark, who was elected mayor of Philadelphia in the same year, GPM was "predominantly a group of conservative but intelligent businessmen of integrity who have the interest of their city very much at heart" (quoted in Adde 1969: 35). Its membership list combined a who's who of Old Philadelphia families with newer corporate and public bureaucratic aspirants to the ruling class. Their aim was nothing less than the physical and financial revitalization of the entire city. The initial catalyst to gentrification, GPM immediately focused on Society Hill as the vital core of a "Philadelphia renaissance," and it perceived the city's food market on Dock Street (now the site of Society Hill Towers), along the eastern edge of Society Hill, as a major obstacle. It used its political clout to ensure the removal of the food market out to South Philadelphia in 1958, and thereby made the fledgling renewal plan a serious proposition.

In the meantime, the Greater Philadelphia Movement, which preferred to keep a genteel distance from the nitty-gritty of political implementation,

spawned an organization which it felt was more suited to the overseeing of redevelopment. The task of the OPDC was more practical and hard-headed. It liaised between local government, planners, investors, developers and homeowners, and promoted Society Hill in the local and national media.² If OPDC gave a populist spin to its vision, emphasizing that the city's revitalization was a "community project" involving everyone, its focus firmly connected a gentrified Philadelphia with the profitable futures of their firms. In the words of William Kelly, a former president of the First Pennsylvania Bank:

The future of our companies, all of them, is tied to the growth of our city. When I spend time on civic affairs I'm in effect working on the bank's business too. . . . The growth of our bank, its well-being in the years to come, depends on what is done here in Philadelphia.

(quoted in Adde 1969: 36)

Kelly might have added the converse: that revitalization of the city and its well-being depends on the cooperation of the banks, and it in turn stimulates *their* growth.

If GPM and OPDC provided the lubricant between the will of the state and the resources of the private sector, the private sector was nevertheless vital. Not only had private disinvestment set up the opportunity for reinvestment in the first place, but reinvestment by financial institutions would supply the bulk of reinvested capital in the form of mortgages and loans. These went to individual restorers as well as larger professional and corporate developers. From virtual redlining in the early 1950s, the neighborhood went in fifteen years to what would later be known as "greenlining": as we shall see, financial institutions increasingly sought to invest wherever they could in Society Hill.

The state, broadly conceived, constituted the third major ingredient in Society Hill's gentrification, acting variously as an economic, political and ideological agent for the project. Inspired by a poetic vision of Philadelphia's revival, the City Planning Commission devised the renewal plan. More than to anyone else, the vision belonged to the Commission's executive director, Edmund Bacon, who had himself been a member of GPM. More practical than visionary, the city government accepted the Commission's plans, made the necessary rezoning changes, and provided 30 percent of the state's project costs. As was the traditional practice at the time, the city government created an entirely new "local public agency" to implement this and other urban renewal schemes. The "Redevelopment Authority of Philadelphia" was run by a board whose members were appointed by the mayor; its funds came predominantly from federal sources as well as the city, and to a lesser extent the state of Pennsylvania.

The federal government's role was twofold. The gentrification of Society Hill was actually organized as a result of (and under the provisions of) the Housing Acts of 1949 and 1954. The 1949 Act established the basic legislation for federal involvement in urban renewal and what became widely known as the "Title I" provisions. The 1954 Act, among other things, provided for the rehabilitation of buildings (not just "slum clearance") as part of urban renewal,



Plate 6.2 The Dock Street market, Philadelphia, in the 1940s
(Urban Archives, Temple University)

and, as an amendment to Title 1, this was crucial for Society Hill. Under the legislation, the federal government provided 67 percent of the project costs, but since a condition of this legislation was that no Title 1 project should cost over \$20 million in public funds, the Society Hill project was renamed and split into three separate units, christened respectively "Washington Square East Urban Renewal Area, Units 1, 2 and 3." The second aspect of the federal government's involvement came with FHA-insured mortgages provided to a number of developers in Society Hill, particularly under Section 312, which financed urban "homesteading."

Although for analytic purposes it is convenient to view the public-private organizations, financial institutions and state bodies as distinct agents, in reality they were not. William Day, for example, president of OPDC in the late 1960s, was also board chairman of the First Pennsylvania Banking and Trust Co., which invested large amounts in Society Hill. He was succeeded to the presidency of OPDC by William Rafsky, director of the Redevelopment Authority, who also came to head Philadelphia 76 (the City-appointed group which organized Philadelphia's Bicentennial celebrations). But perhaps the most notorious case of overlap was Gustave Amsterdam. In the late 1960s Amsterdam was executive director of the Redevelopment Authority and executive vice president of OPDC. He was also Chairman of the Bank Securities

Corporation, a private financial enterprise which financed one or more Redevelopment Authority contracts held by a building firm with which he was also connected. When it was discovered in 1969 that he had used his public and quasi-public positions to enhance his private investments, he was forced to resign. This happy confusion of ruling-class interest and public largesse was no mere imperfection of an otherwise perfect plan; it was written into the rhetoric from the start and seen as fundamental to the very concept of Society Hill.³

STATE CONTROL

The state had both a political stake in realizing Society Hill and an economic role in helping to produce this new urban space. In implementing the plan, the Redevelopment Authority's primary responsibility was political control. In 1959 it began acquiring all the properties in Unit 1 of the renewal area. Invoking widespread authority of eminent domain and newly created building "conformity" codes, the Redevelopment Authority gave tenants two months to leave. cursory offers of relocation assistance were only sporadically adopted by tenants. To property owners, it offered "fair market price," which for some represented an unprecedented windfall insofar as their buildings were virtually unsellable, while for others it amounted to an unceremonious taking of property. The Redevelopment Authority proceeded where necessary to demolish buildings that were structurally unsalvageable, otherwise improved the sites, then resold properties and sites to designated developers at the "appraised site value." The Authority, in other words, absorbed the costs of converting lived and abandoned housing into redevelopment sites. The Authority also exercised control after the sale of a building or site was complete. To acquire a property, all developers were required to enter a legal agreement with the Authority, stipulating a building's structure, external architecture and function, and the date by which redevelopment would be completed. Defaulters were liable for prosecution, and numerous cases were indeed pursued in the courts by the Redevelopment Authority.

Part of its political control the Redevelopment Authority eventually delegated to OPDC. With a rising demand for historic houses, subsequent to the successful hyping of Society Hill, the Authority found itself spending increasing amounts of time just selecting individual developers. In 1967 it handed this task over to OPDC, giving it an initial portfolio of 190 properties. According to OPDC president and Redevelopment Authority director William Rafsky, the Corporation nominated developers according to three criteria: they had to demonstrate the financial ability to rehabilitate, the average cost of which in the early 1970s was around \$40,000 (Old Philadelphia Development Corporation 1975); architecture sympathetic to the historic character of Society Hill was "preferred"; and plans for single-family owner-occupied dwellings were also preferred. OPDC did not advertise properties. Interested developers, it was assumed, would hear through word of mouth, or private connections, or else would simply be inspired by glowing media accounts of the civic beneficence of Society Hill restoration.

The Redevelopment Authority's political control over the project was closely interlocked with its economic role, but here a somewhat converse aspect of the relationship between capital and the state begins to emerge. By July 31, 1976, by which time the project was effectively closed out, \$38.6 million of federal and city funds had been invested to ensure the success of Society Hill, virtually all of it funneled through the Redevelopment Authority. Much of the initial money was raised by municipal bond issues purchased by the city's largest banks and financial corporations. In other words, the largest financial institutions financed the state at zero risk to invest in an area where these same institutions would not get involved directly themselves without the state's involvement. They would then consider doing business. Put this way, of course, it is difficult to avoid the conclusion that state involvement was little more than a catalyst for the financial interests of the city's corporate elite and that gentrification was as much a workable means toward urban profitability as toward livability. From this point of view, the purpose of the state was to re-create the profitability of urban real estate. Where the private market had profited by the disinvestment from Society Hill, the state was now being required to invest funds to amortize the disinvestment so that the same neighborhood could be made profitable again for private reinvestment.

Of the \$38.6 million of public funds invested by 1976, approximately \$4.2 million was spent on surveying, legal services, interest payments, administrative costs, and the like. The net cost of property acquired and resold by the Authority was \$23.6 million, representing a state expenditure of "property capital" (Lamarche 1976); the remaining \$10 million was productively invested on demolition, clearance and site improvements.⁴ These expenditures represented direct subsidies to the developers, who not only faced proportionately lower redevelopment costs but also absorbed the surpluses and profits produced by workers in the public sphere.

SOCIETY HILL'S DEVELOPERS

Three kinds of developer were attracted to Society Hill. All were constrained on the one hand by the design established by the state and public-private institutions and on the other by the need for mortgage financing and construction loans from the private sector. They were:

- (a) Professional developers who bought property, redeveloped it, and resold it for profit;
- (b) Occupier developers who bought and redeveloped property but lived in it after completion; and
- (c) Landlord developers who bought and redeveloped property, and rented it to tenants after completion.

Landlord developers ranged from the single-property landlord and the professional landlord with numerous properties, to Alcoa (Aluminum Corporation of America), which, when its Society Hill project was completed in 1964, had \$300 million invested in property (Kay 1966: 280). Alcoa in

fact was simultaneously landlord and professional developer. A Pittsburgh-based multinational corporation and the world's largest aluminum concern, Alcoa was looking to diversify its operations as a hedge against the declining profit rates that began to affect extraction-based metal industries in the early 1960s. Real estate investment would provide high depreciation allowances in its tax returns as well as turn a high profit rate, so Alcoa became involved in the plan to build three thirty-storey towers with a total of 703 luxury apartments (together with thirty-seven low-rise town houses). Architecturally, the towers dominated the Delaware waterfront south of downtown. They were designed by the renowned architect I. M. Pei, who described the apartments thus: "The dwelling units themselves will be modern, air conditioned, and of ample dimensions, with rooms exceeding FHA [Federal Housing Administration] standards by comfortable margins."⁵ In early 1978 the monthly rents ranged as high as \$1,050 for a four-bedroom suite – a rent level that easily placed Society Hill Towers toward the top end of Philadelphia's luxury housing market.

Alcoa's involvement in Society Hill, as reconstructed mainly from Redevelopment Authority records, is a fascinating tale of real estate dealing. Alcoa became involved through its partnership with Webb and Knapp – a New York-based property company, owned and controlled by William Zeckendorf Sr., with assets approaching half a billion dollars. This probably made Zeckendorf's property empire the country's largest at the time. Certainly it was the most renowned. At different times he owned Manhattan's Chrysler Building and Chicago's Hancock Building; he built the Denver Hilton and Washington, DC's L'Enfant Plaza, and he assembled the land for New York's Chase Manhattan Plaza and, in earlier days, the UN Building (Downie 1974: 69–74).



Plate 6.3 Ground clearance for Society Hill Towers, 1961
(courtesy of Urban Archives, Temple University)

In May 1961, Webb and Knapp purchased the land designated for Society Hill Towers from the Redevelopment Authority. The company paid \$1.3 million and to finance construction it proceeded to secure a 3 percent FHA-insured mortgage for \$14.5 million under section 220 of the 1954 Housing Act. Alcoa, already a junior partner in the enterprise, bought out Webb and Knapp's interest in November 1962 when the developer suffered a periodic but severe short-term cash flow crisis. Through numerous incorporated subsidiaries inherited from Zeckendorf, Alcoa now held 90 percent of the contract for the Towers. The other 10 percent was owned by a British property development concern —Covent America Corporation — which was also a Zeckendorf partner. Such international partnerships in urban development were only beginning to come into existence as European capital, strengthened by postwar reconstruction, began to seek American investment opportunities in earnest. In any case, Society Hill Towers was completed and received its first tenants in 1964. Alcoa did not retain the building, however; it was resold in 1969 when the seven-year "double balance depreciation" period had expired and it no longer functioned as a tax write-off for the aluminum company. The new buyer was General Properties, a property company again associated with Zeckendorf. When, in the mid-1970s, General Properties' seven years of accelerated depreciation had in turn passed, they were confronted by a depressed property market with few prospective buyers. The owners attempted, instead of selling the Towers to a single buyer, to offload them onto the tenants as a tenant-owned cooperative. Too few tenants were willing to buy, however, and in 1976 General Properties finally managed to find a buyer in US Life, a Texas-based insurance company. And so the story continued. Through all of these tax-induced changes in ownership, the buildings were managed by Albert M. Greenfield and Co.

As the evolution of the Society Hill Towers illustrates, the gentrification of Society Hill was intimately tied into the rhythms and contours of wider national and international circuits of capital. Ownership and development interests were variously located from New York to Texas, Pittsburgh to London; the prime activities of the owners ranged from aluminum manufacturing to property development to life insurance; and the rationale for ownership had more to do with below-the-line profits and tax-reduction strategies than with a remake of the "most historic square mile" in the country.

And yet the gentrification of Society Hill was widely sold as a project of local "revitalization." If the Towers symbolize new construction by multinational capital, and the involvement of professional and landlord developers, the popular ideology of Society Hill emphasized the "occupier developers" — individual gentrifiers. The case of C. Jared Ingersoll and his wife Agnes was given early and prominent attention in the media as a means of boosting the area and igniting gentrification. Boasting an ancestor who signed the Declaration of Independence, Ingersoll was the scion of one of the city's "top families." As E. Digby Baltzell (1958: 311) put it in his study *Philadelphia Gentlemen*, even prior to the Society Hill affair, "the Ingersoll family . . . usually initiates the fashionable thing to do in Philadelphia." And so it was that the Ingersolls were persuaded to renovate a Society Hill "town house."

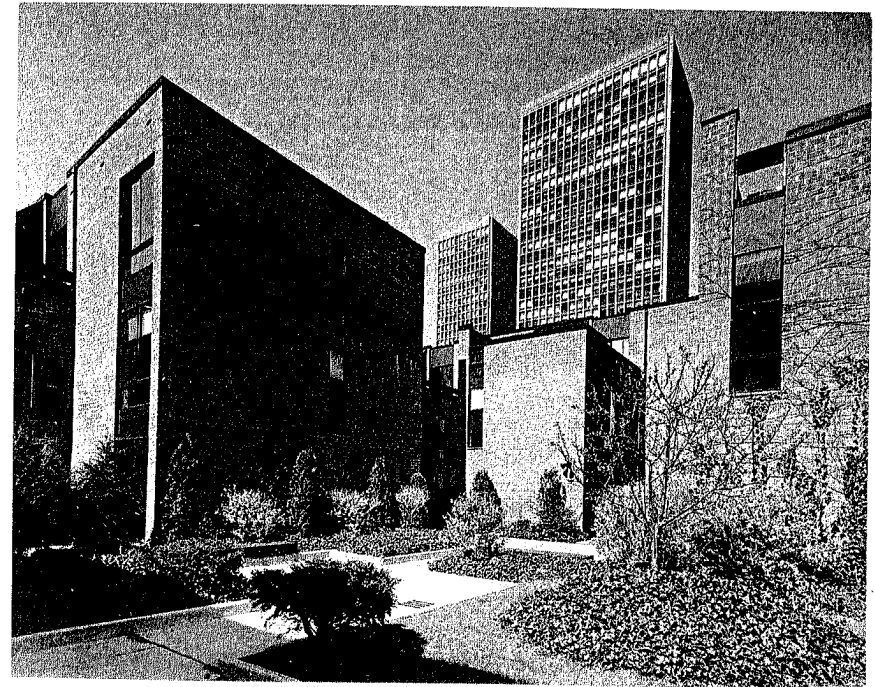


Plate 6.4 Society Hill Towers and townhouses, 1971
(Urban Archives, Temple University)

Restoration was presented as something of a civic duty for Old Philadelphia patrician families, whom the Ingersolls represented *par excellence*. C. Jared had been a director of US Steel and a member of the Philadelphia City Planning Commission when in 1959 he and his wife agreed with OPDC and the Redevelopment Authority to a highly publicized "restoration" in the newly declared "Unit 1" of the Washington Square East urban renewal area. They purchased a building shell on the once grand Spruce Street for \$8,000 and began a total rehabilitation of its Federalist facade and roomy interior. With work completed at a cost of \$55,000 and the building restored to pristine eighteenth-century condition, they moved into their rehabilitated town house at 217 Spruce in January 1961.

The Ingersolls were widely credited as the symbolic instigators of the Society Hill "revival," an impression enhanced by Agnes Ingersoll in an article for the Bryn Mawr alumnae magazine. After this symbolic move, a "Society Hill restoration" (Ingersoll 1963) did indeed become all the fashion: it was presented not simply as a civic duty but as something of a parlor game for Old Philadelphians. At this point, Society Hill gentrification shared more with Susan Mary Alsop's Georgetown of two decades earlier (Dowd 1993) than with the process it helped initiate. But with public financing as well as private financial backing, Society Hill flourished and was too lucrative for too many

people to let it be restricted to Philadelphia blue-bloods. Work officially began on Washington Square East Units 2 and 3.

FINANCING SOCIETY HILL

In addition to the state's role and that of developers, OPDC spearheaded an effort to convince banks and other financial institutions in the city to reverse their traditional redlining posture in Society Hill. These institutions played a vital role in providing mortgage and construction financing for the house-by-house reinvestment in the area, and this is revealed in greater detail in an analysis of mortgage lending activities (Tables 6.1 and 6.2). The figures refer to occupier and small landlord developers; that is, excluding large landlord and professional developers such as Alcoa.

Four discernible periods can be identified in the history of disinvestment and reinvestment at the heart of the gentrification of Society Hill. These are not rigidly defined, of course, but rather represent overlapping stages in the evolution of a gentrified landscape.

Pre-1952 Investment during the immediate postwar period was small scale and erratic. As real estate developers Albert M. Greenfield and Co. (1964: 16-17) put it:

Financing in the area showed all the characteristics of a high risk neighborhood: secondary financing was common; the typical conventional mortgage showed a 50 to 60 per cent ratio; and there was a large number of private lenders, finance companies and mortgage lenders, specializing in high risks. . . . Investors and speculators were subdividing houses into small, substandard apartment units.

"Investment," referring to this period, is a euphemism. The predominance of high-risk investors, low mortgage ratios (the ratio of mortgage to purchase price), speculation and subdivision provide a classic portrait of concerted disinvestment in the area. Little if any capital was invested productively in Society Hill. Larger, more stable lending institutions (including the state) were busy with low-risk, high-profit mortgages in the suburbs and even loans abroad. By refusing to lend capital for productive investment, not to mention the simple buying and selling of homes, the financial institutions contributed to the maintenance of the area as a "slum" as existing capital materialized in the built environment was further devalued.

1952-1959 With the well-publicized formation of GPM in 1952 and the focus of its attention toward Society Hill, interest in the area's investment potential was aroused. In 1954, as shown in Table 6.1, a third of all mortgages came from private sources. Private mortgaging can be a sign of affluent house buyers unconstrained by the need to take out a mortgage, but since the return to Society Hill was not yet under way, and since speculation was known to be rife, this latter cause is more likely. That an additional seventeen properties were purchased without mortgages (Greenfield and Co. 1964: 45) is a further

Table 6.1 The origin of mortgages in Society Hill, Philadelphia, for 1954, 1959 and 1962

Year	S&L	Banks	Insurance co.	Other insts.	Private	Unidentified	Total
1954	16	5	4	9	17	4	55
1959	29	6	3	0	15	2	55
1962	36	8	0	2	0	2	48

Source: Albert M. Greenfield and Co. 1964: Ch. 3. Figures for 1962 are based on half-yearly figures for January to June

Note: S&L = savings and loan institutions

Table 6.2 The origin of mortgages in Society Hill, Philadelphia, from 1963 at three-yearly intervals

Year	HUD/ FHA	Fed S&L	S&L	Comm. savings bank	Insurance co.	Finance corps.	Savings fund	Community assn.	Private	Unidentified	Total
1963	0	12	6	8	0	0	0	1	1	51	79
1966	1	12	5	15	2	1	3	1	5	31	76
1969	4	11	1	7	3	2	4	0	3	21	56
1972	2	12	2	22	0	5	1	1	0	12	57
1975	1	9	5	16	3	6	3	4	4	10	61

Source: Redevelopment Authority of Philadelphia, Washington Square East Urban Renewal Area, Units 1, 2 and 3, Files; Philadelphia Real Estate Directory

Notes: HUD = Department of Housing and Urban Development; FHA = Federal Housing Administration; S&L = savings and loans institutions

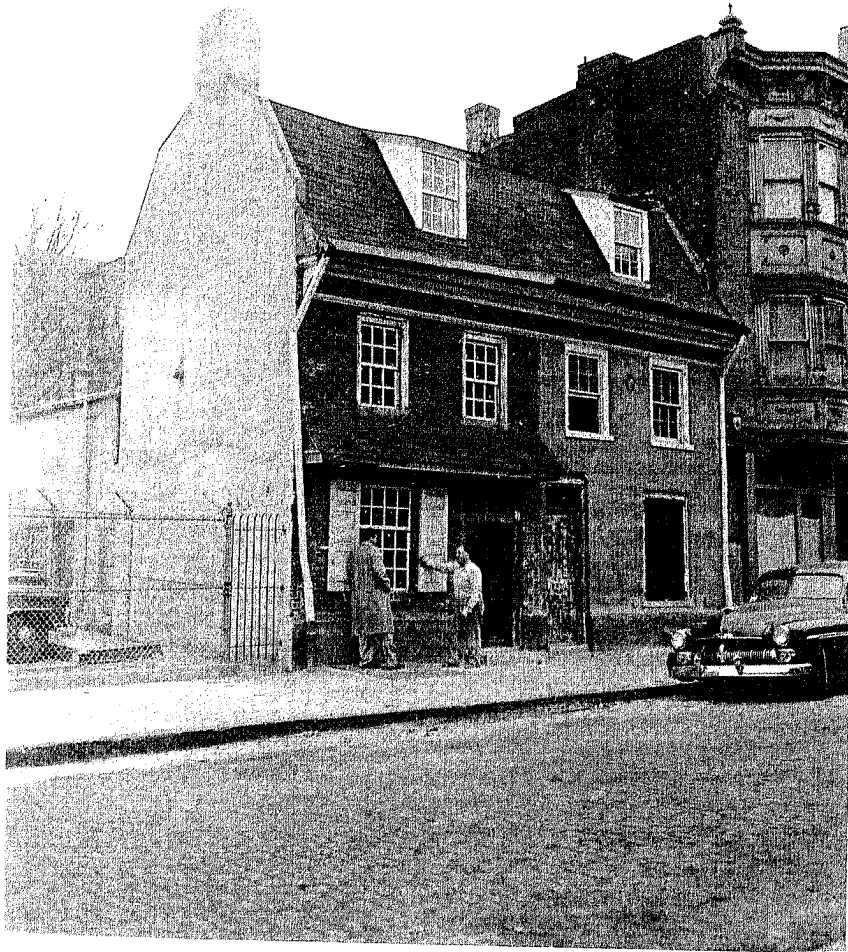


Plate 6.5 Eighteenth-century housing stock, Philadelphia, before gentrification (Urban Archives, Temple University Press)

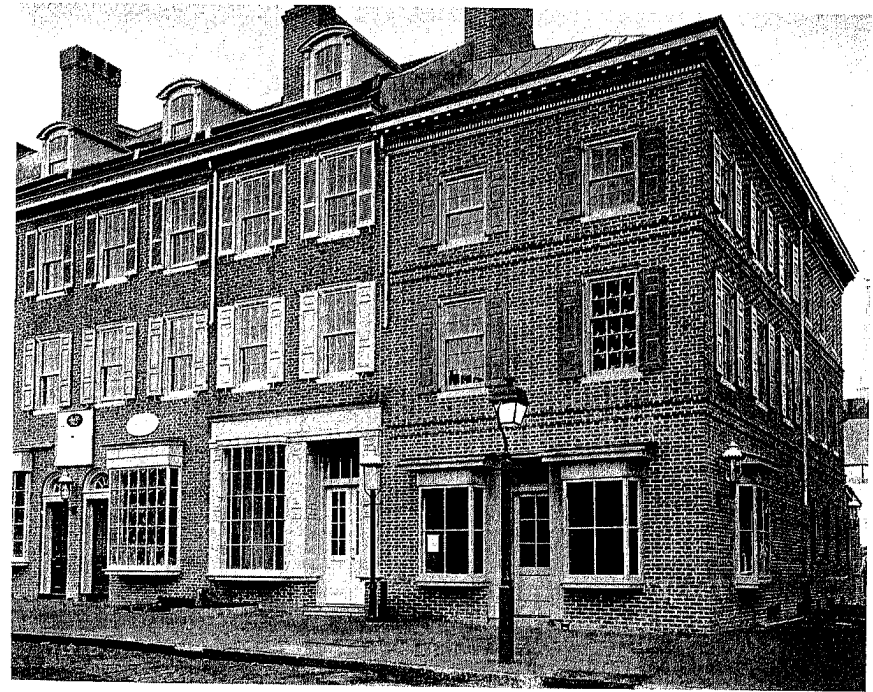


Plate 6.6 Restored buildings at the corner of Second Street and Pine Street, Philadelphia, 1965 (Urban Archives, Temple University)

indication of strong but small-scale speculation fueled by optimistic talk in high places. Speculative buying and selling remains pronounced into 1959, but the increased involvement of savings and loans institutions at the expense of smaller, higher-risk lenders suggests a relaxation by medium-sized institutions in their policies toward Society Hill. Although GPM's civic-minded agitation stimulated speculation, then, it did not yet convince the larger banks to enter the market, nor did it result in substantial investments of productive capital. Government action, not their own words, was what bankers wanted to see. Not until the state's renewal plan was implemented at the end of 1959 was capital reinvested in any quantity.

1960-1965 Once the redevelopment plan was implemented, and the symbolism of the Ingersoll gesture had resonated among the ruling classes, it did not take long for the largest institutions (banks and federal savings and loans institutions in particular) to achieve a virtual monopoly in mortgage lending. There was a simultaneous decline in mortgages from high-risk institutions, which were forced elsewhere. Speculative capital too was substantially reduced – in large part, no doubt, because of the Redevelopment Authority's strict control over rehabilitation once it took control in 1959. By 1963 the money flowing into Society Hill in the form of mortgages was

predominantly productive capital intended for building rehabilitation. Thus the mortgage ratio was over 200 percent in Unit 1, suggesting the dramatic extent of renovations; the average cost of a property was \$13,124 while the average mortgage taken out on these properties was \$26,700. Normal bank mortgages for housing purchase were between 80 percent and 90 percent of sale price. Thus the banks gave a virtual open line of credit to Society Hill's gentrifiers. By 1965, work had begun in all three units of the renewal area.

1966-1976 During this final stage, commercial and savings banks became the largest single source of mortgages. Their predominance is even more marked than the figures suggest, owing to the increased role played by real estate investment trusts, many of which were "affiliated" with the large banks. They are classified in Table 6.2 under 'finance corporations.' Society Hill had become a prime investment opportunity and its development was now led by the largest, most established and generally most conservative financial institutions. Theirs was the crucial role in sustaining development in this period, just as it had been in sustaining underdevelopment before 1959. Mortgages in this fourth period often exceeded \$50,000; the risk was low and competition was fierce, which may explain the reappearance of various smaller institutions in the interstices of the market. Their appearance, however, did not seriously threaten the monopoly of larger institutions, and can perhaps be explained as a result more of preexisting personal connections with these smaller institutions rather than policy. The unusually low interest rates for these loans supports this interpretation.

By the mid-1960s, therefore, the large financial institutions had displaced the state as the primary economic and political dynamic behind the gentrification of Society Hill. This was as it was meant to be. In 1966 the mortgage ratio had declined to 142 percent, suggesting that while much productive capital still flowed to Society Hill for purposes of renovation, the process had already peaked. Units 2 and 3 increasingly attracted the productive capital as Unit 1 neared completion. Unit 1's mortgage ratio declined to 116 percent in 1972 and 54 percent in 1975, suggesting that buyers by this period were sufficiently affluent to make significant downpayments for the now largely rehabilitated and expensive stock. The average mortgage in Unit 1 by 1975 was \$46,573, the average house price \$86,892. With the plan essentially complete, the planners basking in the warmth of professional prestige, and the residents lounging in Federalist opulence, mortgages no longer financed production; they financed individual consumption.

CLASS, CONTEXT AND HISTORY

The Society Hill story is, as its boosters unfailingly stress, unique in many ways, but it also shares much with other experiences of gentrification. In social terms, its earliest conception was virtually aristocratic in origin, emanating largely from the drawing rooms, gentlemen's clubs and boardrooms of Philadelphia's WASP elite. An exercise of *noblesse oblige* as much as class

self-interest, it harked back to a prewar model of incipient gentrification that could be found, for example, in New York's, Boston's or Washington's "best society." But neither Georgetown nor Beacon Hill nor Society Hill could remain the exclusive preserve of blue-book socialites. There were not, after all, enough Old Philadelphia WASP families to cover all of Society Hill, never mind gentrify the entire city, and so the process was quickly expanded to include the upper middle classes and professionals, whose breeding may have drawn sighs in some quarters but who at least had the money to do the job. By the 1970s, the patrician past may have lived on in a few chandeliered drawing rooms of those for whom gentrification was as much a lark as a civic duty, but by the 1970s real estate profits, tourist enticements and the *nouveaux riches* had taken over Society Hill. Patrician owners lived next door to well-heeled apartment renters, and by the 1980s an influx of yuppies had changed the tone of these neighborhoods entirely. The success of Society Hill had made its few quaint pubs and restaurants vibrant nightspots and the civic spirit of the 1970s was aimed less at abandoned buildings than at the Saturday night noise of visiting plebs.

Society Hill was in a second respect quite extraordinary. Although much gentrification in the US and in Britain has enjoyed public subsidy in one form or another, such strict orchestration of the process this early was rare. It has to be said, of course, that finance capital in particular was never far from the center of decision-making, and indeed organizations like GPM and the OPDC operated very much as pressure groups to manipulate local and federal initiatives in such a way that private-market operators would receive subsidies for rehabilitation and redevelopment while bearing very little of the risk. In institutional terms, Society Hill appears like a decentralized prototype for the kinds of larger downtown redevelopment schemes that mushroomed in the late 1970s and 1980s, from the Rouse arcades in Baltimore's Harborplace or San Francisco's Fisherman's Wharf (or indeed Philadelphia's Gallery) to Sydney's Darling Harbour or the London Docklands. Indeed, by the 1970s Society Hill built its own small commercial arcade. In different ways each of these cases combined similar coalitions of central and/or local government, public-private development corporations, business pressure groups and international development capital. But the parallel should not be overdrawn: the Rouse projects had become formulaic by the end of the 1970s while the Docklands involved an unprecedented scale of redevelopment and privatized control (A. Smith 1989; Crilley 1993), and it went bankrupt (see Fainstein 1994). By the other token, if Society Hill represents a more activist connection of state and private interests than was traditional in Europe until very recently, it actually stands in stark contrast to the experience of Amsterdam, where state regulation of the market significantly blocked large-scale gentrification, at least until the 1980s (see Chapter 8).

In Society Hill, as in gentrifying downtowns and inner cities in many countries, financial capital came into its own in the real estate markets of the early 1970s. Having assisted the devaluation of such neighborhoods in previous decades through redlining and the denial of housing finance, these increasingly globalized and diversified financial institutions, seeking

alternatives to increasingly languid investments in the industrial, consumer and other sectors, poured large amounts of capital into real estate with an unprecedented amount directed toward central urban development. In the United States this put gentrification in more direct competition not only with the suburbs, but with the Sunbelt, Europe and the Third World. In Britain, by contrast, the competition for funds is less extensive insofar as mortgages generally come from a specialized sector of capital that has traditionally been more restricted from other financial dealings. Likewise, British gentrification began in the 1950s with very little state support and largely without the stimulus of such powerful private organizations as GPM; only later, with rising concern over inner-city disinvestment, did the central government offer a variety of improvement grant schemes (Hamnett 1973) to encourage gentrification. And only in the 1980s did large-scale schemes such as those associated with the docklands appear. Building societies had rarely withdrawn so completely from the inner-city housing market as their US counterparts. The more active involvement of the US state at an earlier stage of gentrification therefore speaks both to the more instrumental relationship between capital and the state in the US and to the depth of disinvestment.

In the US context, then, it makes sense to see Society Hill as a transitional project. Postwar urban renewal legislation – especially the 1949 and 1954 Housing Acts – was primarily aimed at the revitalization of central urban *economies* through housing reconstruction, and in this respect Society Hill was a unqualified success. It took such extraordinary levels of state control and subsidy to demonstrate the possibility of “renewal” in the first place and to absorb the economic risks involved. Despite the ambitions of legislators and developers, however, gentrification at this stage remained largely a specific set of processes in the housing market, enjoying more or less state support. But two things happened by the early 1970s to change this. In the first place, the well-publicized financial success of projects like Society Hill encouraged other developers to invest in rehabilitating old working-class neighborhoods with the benefit of less generous state subsidies and without such a blanket absorption of the risk. The rent gap, in other words, was coming to be exploited profitably enough through the private market.

But second, gentrification ceased to operate as a relatively isolated process in the housing market but was instead increasingly bound up with a broader urban restructuring that followed the political upheavals of the 1960s and the global economic depression of the early to mid-1970s. Not only housing, but employment patterns, social relations of gender and class, and the functional division of urban space were all being restructured, and gentrification became a part of this larger urban restructuring. This meant both a lubricated access to global (or at least nonlocal) capital as well as to a whole new demography of housing consumers. The gentility of Society Hill gentrification, to the extent that it had in the first place existed beyond the superlatives of boosterist accounts, was truly swamped. Instead, Society Hill became a popular magnet from which gentrification spread southward into South Philadelphia and Penn's Landing (Macdonald 1993) and westward toward Rittenhouse Square.

The appearance of success, then, is everywhere in and around Society Hill – from the neat propriety of the renovated facades to the equally neat propriety of the personal and corporate ledgers of those involved. The contradictoriness of this successful appearance cannot be found in the fine historic architecture of Society Hill or in the prestigious plaques that designate historic houses, all of which erase their own past. But it can be found in a few statistics about the area. By the 1980s Society Hill had doubled its population as compared with that in 1960; 63.8 percent of the adult population was college educated in 1980 compared with 3.8 percent in 1950; median family income in 1980 was over \$41,000; the area boasted 253 percent of the median city income compared with 54 percent in 1950; and median house price had risen to \$175,000. Owner-occupied housing in Society Hill was priced at more than seven times the city average (Beauregard 1990).

The contradictoriness of Society Hill's “success” can also be found buried deep in Redevelopment Authority files. In the first place, it was a quite qualified success for the city as a whole. Gentrification is widely justified as an enhancement of a city's tax base, a “triumph” that can potentially bring higher property tax returns and thereby enhance the “economic vigor” of the city (Sternlieb and Hughes 1983). And this was one of the main justifications given for Society Hill. In fact, since less than 20 percent of Society Hill's early residents actually returned from the suburbs, most coming from elsewhere in the city (see Table 3.1, p. 54), any increased property tax revenue owing to the area's gentrification therefore overestimates from the start its true contribution to city coffers since nearly 80 percent of gentrifiers already paid city taxes. Not that the increase was significant in any case. Total annual property tax from Society Hill was \$600,000 in 1958 and only \$1.7 million by 1975 (Old Philadelphia Development Corporation 1975). Since part of this increase was due to a higher city tax rate, the project resulted in an extra annual income of well below \$1 million. The bulk of this remaining increase can be attributed to inflation over the seventeen years prior to 1975. By any reckoning, compared with the city's fiscal budget of \$1.5 billion in the same year, the enhancement of the tax rolls was not substantial.

The low tax revenues in the area are most likely a result of low assessed values in Society Hill. While house prices increased by over 500 percent in Unit 1 between 1963 and 1975, the total assessed value of property in Society Hill did not even double; it rose from around \$18 million in 1958 to approximately \$32 million in 1975. It is widely alleged that as a politically powerful community, Society Hill has succeeded in keeping its assessment values artificially depressed. The cost of Society Hill's success seems therefore to have brought a certain motionlessness to the bustle of urban renaissance. It has revitalized itself by bringing back those who already lived there; the city's benefits have just about matched its costs.

Second, Society Hill was successful, it is true, for its new residents, for its planners and for Alcoa, but, as the Redevelopment Authority files reveal, some 6,000 residents of Society Hill were displaced from 1959 onwards to facilitate the gentrification. To them, the success was surely far more qualified. Under the merest requirement from federal law, Redevelopment Authority personnel

evicted residents, mostly tenants, on short notice and with derisory relocation assistance and compensation, if any at all. No good statistics were kept on the evicted population, of course, but they were disproportionately poor, white, black and Latino working-class.

Society Hill was indeed one of the projects that earned urban renewal its sarcastic reputation as "Negro removal." But the "whiting of Society Hill," as a local newspaper put it, did not happen without a struggle. Claiming that they and their ancestors had been in the neighborhood for more than a hundred years, African-American women led the fight against forced displacement. A group known as the "Octavia Hill Seven," named for the Quaker-dominated real estate society that was evicting them, formed an organization devoted to providing local housing for families displaced by the gentrification of Society Hill. This nonprofit organization was called the Benezet Corporation, after Anthony Benezet, a French abolitionist who formed the country's first free school for black children at Lombard and Sixth. It proposed that some vacant land near the edge of Society Hill be used to build housing for people with roots in the neighborhood who would be displaced by gentrification, and that the housing would be managed by the Benezet Corporation. By 1972, when this initiative was viscerally opposed, the original patricians had shrunk very much into the background of the ensuing gentrification struggles. A younger white neighborhood bourgeoisie insisted that the Benezet plan amounted to "public housing" by another name. "What I want to know," argued one recent immigrant to the neighborhood, "is by what authority do these people have roots? If you don't own, you don't have roots. What have they planted, their feet in the ground? I'll tell you this, we're going to fight this thing to the end" (Brown 1973).

The Octavia Hill Association, which owned the contested housing, offered to relocate the few remaining families in 1973 to West Philadelphia. "It gets me that white people see blacks as all alike," responded Dot Miller of the Octavia Hill Seven:

[They] see nothing in plopping us down in a ghetto because they say, "You're black, you'll feel at home there," or something like that. Well I'll tell you I don't know how to live "black." I only know how to live period. This area has always been integrated and we were taught to see people as people. This is my home and I intend to stay.

(Brown 1973)

Dot Miller and the Octavia Hill Seven were eventually evicted. "The market" was the major vehicle through which the white establishment fought to the end and won.

William Penn's "holy experiment" initiated on the same site 280 years earlier – "that an example may be set up to the nations" (Penn, quoted in Bronner 1962: 6) – billed itself not only as a "good thing" but as a new thing and as a necessary thing, much like the reincarnation of Society Hill after 1959. The darker side of its success, however, suggests that while the details of Society Hill's gentrification were exhilaratingly new for those who could profit from it, the losses involved tell a much older story:

The intimate connection between the pangs of hunger of the most industrious layers of the working-class, and the extravagant consumption, course or refined, of the rich, for which capitalist accumulation is the basis, reveals itself only when the economic laws are known. It is otherwise with the "housing of the poor." Every unprejudiced observer sees that the greater the centralization of the means of production, the greater is the corresponding heaping together of the laborers, within a given space; that therefore the swifter capitalistic accumulation, the more miserable are the dwellings of the working people. "Improvements" of towns, accompanying the increase of wealth, by the demolition of badly built quarters, the erection of palaces for banks, warehouses, etc., the widening of streets for business traffic, for the carriages of luxury, and for the introduction of tramways, etc., drive away the poor into even worse and more crowded hiding places.

(Marx 1967 edn.: 657)