Modern Redlining: Quantifying the Causal Effects of American Zoning Law on Spatial and Multidimensional Urban Inequality

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I use "spatial capital" to refer to the potential for socioeconomic mobility in urban locations. I hypothesize that spatial capital adhere's to Piketty's r > g dynamic for financial capital, his theory of financial capital concentration and inequality. I hypothesized that the segregation of urban space and restrictions on urban diversity and accessibility via exclusionary zoning law creates hyperlocal concentrations of spatial capital and inequality. To test this hypothesis, I use difference-in-differences causal inferencing to quantify the causal impact of American zoning law on spatial and multidimensional manifestations of urban inequality. Using Minneapolis's 2040 zoning reform as a natural case study, I compare outcomes across five midwestern cities over four ACS time periods. Using a variety of segregation and inequality metrics that improve upon traditional measures, I quantify how Minneapolis' upzoning policies impacts urban inequality. The findings reveal reduced overall bilateral racial segregation and income segregation, with increased socioeconomic mixing, housing diversity and housing affordability. The results suggest that land use deregulation and increased urban diversity through zoning reform can effectively legalize the mitigation of spatial capital concentration and inequality. This research contributes to our understanding of how zoning policy interventions can create more equitable urban environments. While the analysis faces limitations such as a short post-reform period, the consistent pattern of effects across multiple dimensions suggests meaningful early impacts of Minneapolis' reforms, and a remarkable potential to mitigate the process of spatial capital inequality and urban inequality in American cities.

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