



Mortgage Capitalization Ratio, 2003. The ratio between house prices and rents provides a simple benchmark that is often used as a price-to-earnings ratio for the national housing market, and sometimes for metropolitan areas. We adapted this technique to examine capital flows at the *neighborhood* scale. For each census tract, we calculate the median amount of home purchase and refinance loans approved and originated, and then divide by the estimated annual rent paid by the median renter household. This index is subject to certain biases (since we cannot distinguish single-family loans from, say, four-unit townhomes), but it clearly identifies low-rent areas where homeownership is creating substantial gentrification pressures. In the darkest areas on this map, median mortgage loans are more than fifty times the corresponding local rent. Sources: U.S. Bureau of the Census (2002), *Summary File 3, Census Tract Data*, 2000 Census; FFIEC (2004), *2004 HMDA Raw Data*.