



Gentrification and Residential Mobility in Philadelphia

Eileen Divringi
Research Analyst
Federal Reserve Bank of Philadelphia

Reinventing Our Communities Conference
September 22, 2016



Legal Disclaimer



The views expressed here are those of the presenters and do not necessarily reflect the views of the Federal Reserve Bank of Philadelphia or the Federal Reserve System.



Research Questions

1. Are vulnerable residents in Philadelphia's gentrifying neighborhoods more likely to move than similar residents in low-income non-gentrifying neighborhoods?
2. Are vulnerable movers from Philadelphia's gentrifying neighborhoods more likely to move to lower-income neighborhoods than similar residents in low-income non-gentrifying neighborhoods?
3. Are vulnerable movers from Philadelphia's gentrifying neighborhoods more likely to move to lower-income neighborhoods than more advantaged movers from gentrifying neighborhoods?
4. Do these outcomes differ by the stage or pace of gentrification of a neighborhood?
5. Do these outcomes differ by when they took place in the context of the housing boom and bust?



Research Questions (cheat sheet)

1. Are vulnerable residents in Philadelphia's gentrifying neighborhoods more likely to move than similar residents in low-income non-gentrifying neighborhoods? **(No.)**
2. Are vulnerable movers from Philadelphia's gentrifying neighborhoods more likely to move to lower-income neighborhoods than similar residents in low-income non-gentrifying neighborhoods? **(Yes.)**
3. Are vulnerable movers from Philadelphia's gentrifying neighborhoods more likely to move to lower-income neighborhoods than more advantaged movers from gentrifying neighborhoods? **(Yes.)**
4. Do these outcomes differ by the stage or pace of gentrification of a neighborhood? **(Yes.)**
5. Do these outcomes differ by when they took place in the context of the housing boom and bust? **(Yes.)**



Data and Methodology



Census Geographies and Variables

- Neighborhoods defined as census tracts
- Gentrifying neighborhoods identified based on tract-level changes between the 2000 decennial census and the 2009–2013 American Community Survey

Federal Reserve Bank of New York Consumer Credit Panel/Equifax (FRBNY CCP)

- Anonymized 5 percent, nationally representative random sample of individuals in the U.S. with a Social Security number and a credit report
- Follows the same individuals over time and reports the updated census geography for sample members each quarter beginning in 1999
- A “mover” defined as one who lives in a census tract different from where he/she lived one year ago
- Includes information on individuals’ credit use, Equifax Risk Score (credit score), and age
- Does NOT include information on individuals’ race/ethnicity, income, or tenure



Background

Drivers of Gentrification

- Growing interest in living downtown and in downtown-adjacent neighborhoods
- Strong local anchor institutions (e.g., University of Pennsylvania, Temple University)
- Large and growing presence of students in neighborhood rental markets



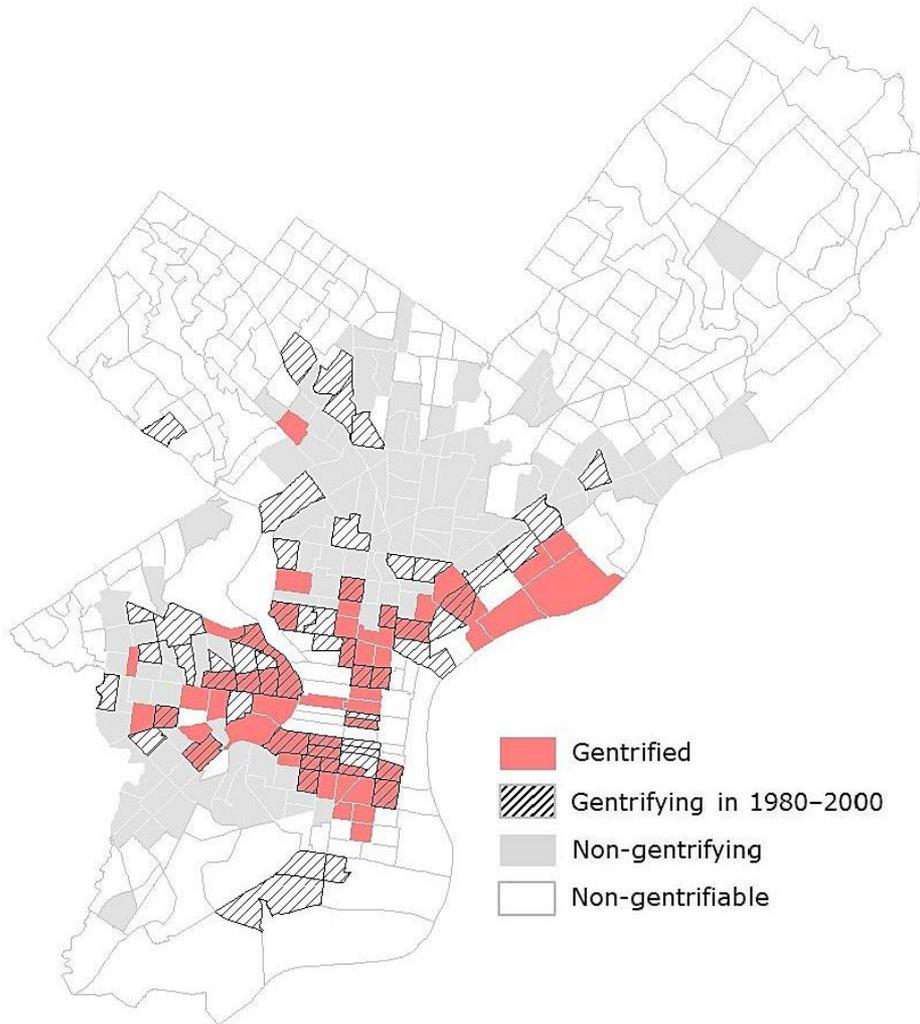
Background

Housing Market Context, 2003–2014

- Relatively high rates of rental vacancy and large numbers of vacant lots in many neighborhoods
- High rates of homeownership and lack of property tax reassessments
- Generous incentives for new development



Identifying Gentrifying Neighborhoods



Gentrifiable

Initial income is below the citywide median in 2000.

Gentrifying

Percent change in median rent or home value during 2000–2013 is above citywide median increase
AND

percent change in college-educated residents during 2000–2013 is above citywide median increase.

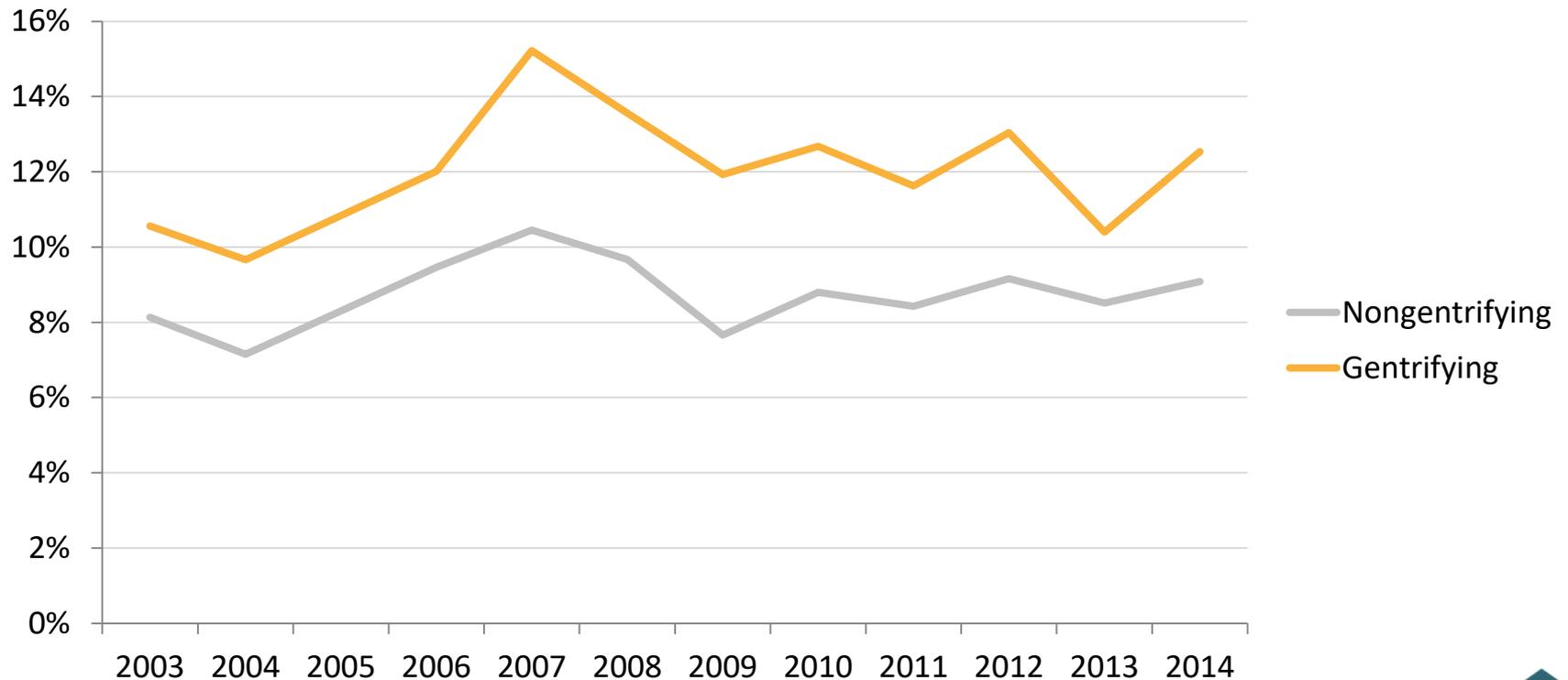


Source: Authors' definition based on 2000 Census and 2009-2013 ACS data; and US Census TIGER/Line Shapefiles

Findings: Residential Mobility

Are vulnerable residents in gentrifying neighborhoods more likely to move?

Annual Mobility Rate for All Residents by Neighborhood Type, Philadelphia, 2003–2014



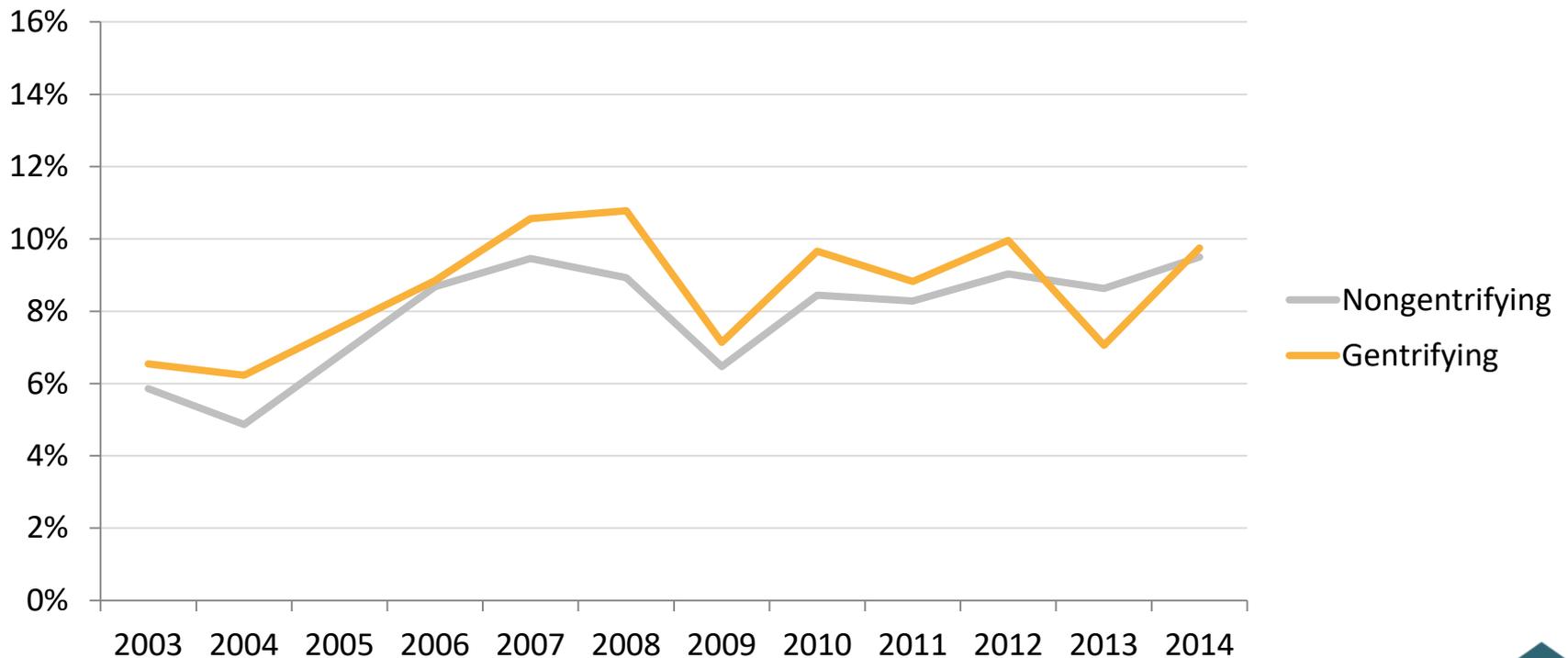
Source: Lei Ding, Jackelyn Hwang, Eileen Divringi, 2015. "Gentrification and Residential Mobility in Philadelphia." The Federal Reserve Bank of Philadelphia Working Paper No. 15-36/R.



Findings: Residential Mobility

Are vulnerable residents in gentrifying neighborhoods more likely to move?

Annual Mobility Rate of Low-Score (<580) Residents by Neighborhood Type, Philadelphia, 2003–2014



Source: Lei Ding, Jackelyn Hwang, Eileen Divringi, 2015. "Gentrification and Residential Mobility in Philadelphia." The Federal Reserve Bank of Philadelphia Working Paper No. 15-36/R.

Findings: Movers' Outcomes

Are vulnerable movers from gentrifying neighborhoods more likely to move to lower-income neighborhoods than similar movers from non-gentrifying neighborhoods?

Since many socioeconomic characteristics are not included in the CCP, vulnerable residents are defined as:

- **Low-score residents** – financially distressed, likely to be lower-income
- **Low-score residents without a mortgage** – best available proxy for low-income renters

Our findings indicate that, compared to similar movers from non-gentrifying neighborhoods, **vulnerable movers from gentrifying neighborhoods are more likely to move to a lower-income neighborhood.**

Note: Score categories based on Equifax Risk Score, which is analogous to a credit score; low-score residents include individuals with no Equifax Risk Scores.
Source: Lei Ding, Jackelyn Hwang, Eileen Divringi, 2015. "Gentrification and Residential Mobility in Philadelphia." The Federal Reserve Bank of Philadelphia Working Paper No. 15-36/R.

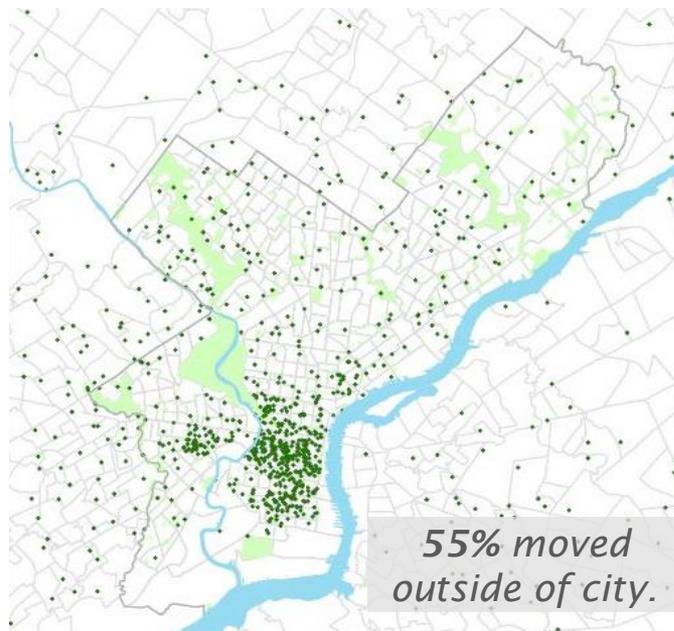


Findings: Movers' Outcomes

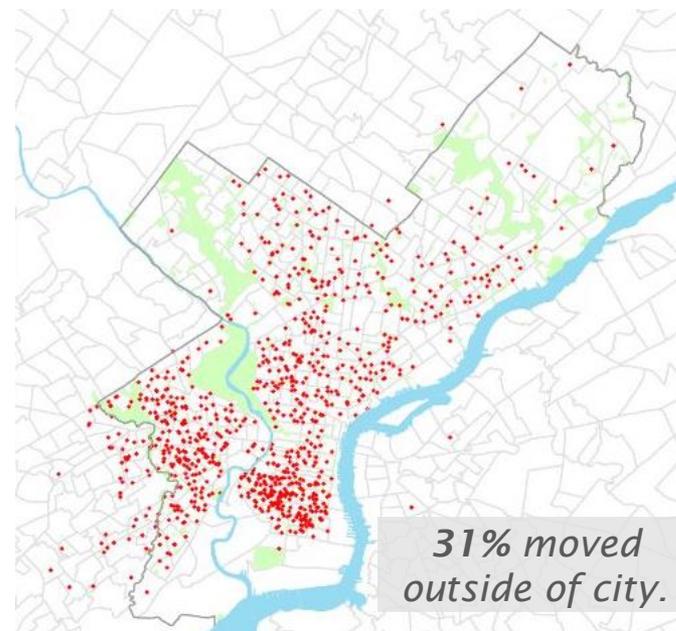
Are vulnerable movers from gentrifying neighborhoods more likely to move to lower-income neighborhoods than more advantaged movers?

Destination Tracts of Movers from Gentrifying Neighborhoods, 2003–2014

High-Score (≥ 720) Movers



Low-Score (< 580) Movers

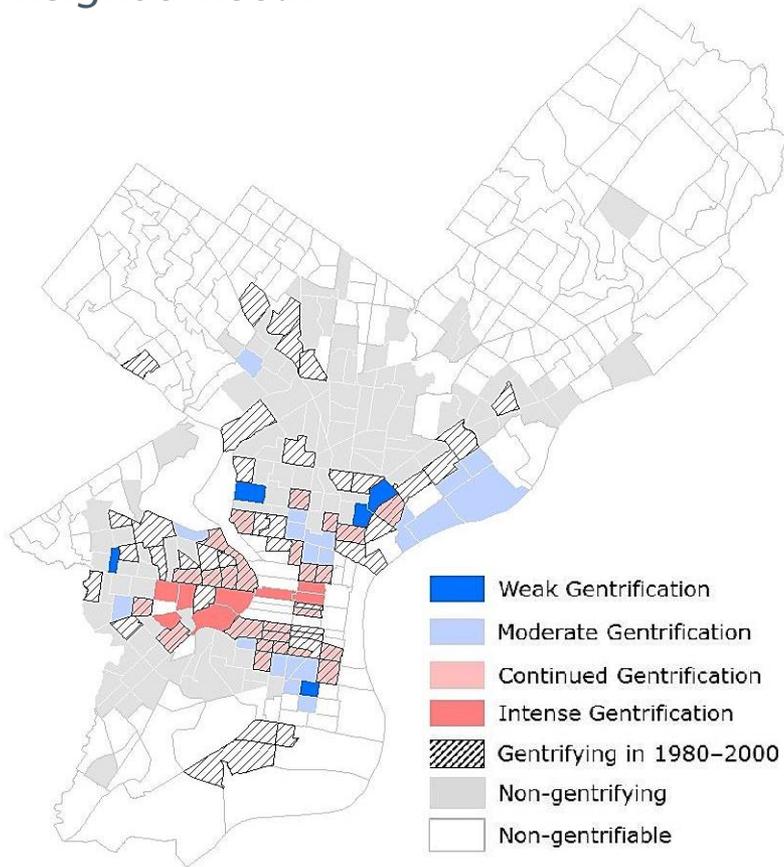


Note: A *mover* is defined as one who lives in a census tract different from where he or she lived one year ago; individuals ages 25–84 only; score categories based on Equifax Risk Score; low-score residents include individuals with no Equifax Risk Score or with an Equifax Risk Score below 580. Source: Lei Ding, Jackelyn Hwang, Eileen Divringi, 2015. "Gentrification and Residential Mobility in Philadelphia." The Federal Reserve Bank of Philadelphia Working Paper No. 15-36/R.



Findings: Movers' Outcomes

Do these outcomes differ by the stage or pace of gentrification of a neighborhood?



Continued Gentrification

Pre-2000 gentrification and gentrifying 2000–2013

Weak Gentrification

Gentrifying but in the bottom quartile of gentrifying tracts for rent and home value in 2009–2013

Moderate Gentrification

Gentrifying and in the 2nd or 3rd quartile for either rent or home value in 2009–2013

Intense Gentrification

Gentrifying and in the top quartile for rent or home value in 2009–2013



Source: Authors' definition based on 2000 Census and 2009–2013 ACS data; and US Census TIGER/Line Shapefiles

Findings: Movers' Outcomes

Do these outcomes differ by the stage or pace of gentrification of a neighborhood?

Compared to similar residents in non-gentrifying neighborhoods:

- Low-score residents without a mortgage are slightly more likely to move from neighborhoods with **Continued Gentrification**.
- Low-score movers without a mortgage are more likely to move to a lower-income neighborhood if they move from neighborhoods with **Moderate, Continued, or Intense Gentrification**.



Findings: Movers' Outcomes

Do these outcomes differ by when they took place in the context of the housing boom and bust?

Compared to similar residents in non-gentrifying neighborhoods:

- Vulnerable movers were more likely to move to a lower-income neighborhood if they moved during the recent **Housing Recovery (2011–2014)**.
- Vulnerable movers were no more likely to move to a lower-income neighborhood if they moved during the **Housing Bust (2008–2010)**, likely due to widespread economic strain during this period.
- Vulnerable movers were not significantly more likely to move to a lower-income neighborhood during the **Housing Boom (2003–2007)**.



Results Summary

- Vulnerable residents are not necessarily more likely to exit gentrifying neighborhoods. Still, roughly 6-11% of low-score residents moved each year.
- Compared to more advantaged movers from gentrifying neighborhoods and similar movers from non-gentrifying neighborhoods, vulnerable residents who do move from gentrifying neighborhoods are more likely to move to a lower-income neighborhood.
- Downward neighborhood mobility varies by the pace and stage of gentrification as well as the housing market context. Vulnerable movers are more likely to move to a lower-income neighborhood if they:
 - Move from an rapidly gentrifying neighborhood or a neighborhood that started gentrifying before 2000.
 - Moved during the housing market recovery (2011-2014).



Implications for Equitable Development

- To better understand how gentrification affects vulnerable residents, researchers and practitioners should pay attention to the *quality* of residential moves.
- Our results suggest that gentrification redistributes less-advantaged residents to less-advantaged neighborhoods, contributing to the persistence of economic segregation and neighborhood disadvantage.
- Negative outcomes for vulnerable movers have become more prevalent during the housing market recovery and in neighborhoods in more advanced stages of gentrification.

Source: Lei Ding, Jackelyn Hwang, Eileen Divringi, 2015. "Gentrification and Residential Mobility in Philadelphia." The Federal Reserve Bank of Philadelphia Working Paper No. 15-36/R.



Thank You

Eileen Divringi, Community Development Research Analyst

eileen.divringi@phil.frb.org

215-574-6461

Federal Reserve Bank of Philadelphia

Ten Independence Mall

Philadelphia, PA 19106

www.philadelphiafed.org/community-development/

