

Gentrification Commentary: Causes, Consequences, and the Future of Equitable Development Policy

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In American cities gentrification, that is an influx of upper-income people to low-income areas, has become much more pervasive in the 2000s, compared to the 1990s (Freeman and Cai, 2015; Maciag, 2015; Owens, 2012). This essay critiques and adds to this timely *Cityscape* edition on the causes, consequences, and needed policy responses associated with the contemporary community change wave sweeping over much of urban America. I argue that gentrification's causes and consequences are complex and multi-layered. I conclude with a few remaining research puzzles and policy proscriptions to facilitate equitable gentrification, ensuring low- and moderate-income people receive maximum benefit from the revitalization of their neighborhoods.

Causes. The forces driving the current gentrification pattern stem from multiple levels including global, national, and city dynamics (Hyra, 2012). Foremost, as research in this volume and elsewhere demonstrate, the disproportionate movement of the educated Millennials, those 20- to 30-somethings, to the central city, particularly in large municipalities, is a primary element of this urban renewal trend (Hwang and Lin, 2016). Articles by Baum-Snow and Hartley (2016), Couture and Handbury (2016), and Ding, Hwang, and Divringi (2015) provide clear evidence that the movement of young professionals to central business district (CBD) areas has stimulated the redevelopment of nearby low-income neighborhoods. But why is this group, that once might

have preferred the suburbs or other more expensive urban neighborhoods, entering low-income areas once labeled as the “no-go” zones?

These are several explanations but none alone sufficiently explicates the country’s contemporary urban revitalization story. Ellen, Horn, and Reed (2016) suggest that decreasing violent crime rates have made certain low-income neighborhoods more enticing and tolerable. Reductions in crime might diminish stigmas placed on certain places; however, crime alone cannot be the sole or direct redevelopment determinate as crime rates fell in the 1990s with little corresponding gentrification. While dipping crime levels are correlated with neighborhood redevelopment, the effects at this point are far from direct and causal (see Couture and Handbury, 2016; Papachristos et al., 2011). So what beyond crime explains the central city “March of the Millennials?”

Edlund, Machado, and Sviatchi (2016) argue that the rising number of work hours, and lack of leisure time, is driving the desires of the Millennials to live in close proximity to the CBD. By moving near work, Millennials commute less and can spend more time enjoying the amenities of the city. However, a sizeable number of Millennials do not work in the CBD and reverse commute out to certain job-rich suburbs. So something else, besides the short commutes, attracts Millennials to inner-city neighborhoods. As suggested by Couture and Handbury (2016), might it be that educated Millennials prefer the central city, versus the suburbs, due to its density of service amenities, such as third wave coffee shops, craft beer gardens, and bike shares.¹

While certain amenity-packed cities are drawing Millennials in the 2000s, we would be wise to better understand how prior public policies of the 1990s aimed at bringing the middle class back to the urban core, relate to the current back-to-the-city movement. For instance, the

¹ For an ethnographic analysis of changing Millennial preferences and their association with central city gentrification see my soon-to-be-released book, *Making the Gilded Ghetto: Race, Class, and Politics in the Cappuccino City* (Hyra in press).

Housing Opportunities for People Everywhere Program (HOPE VI) deployed billions of federal dollars to demolish distressed public housing in neighborhood on the periphery of many CBDs (Goetz, 2013; Vale, 2013). The decreased concentration of high-rise public housing and development of new market rate housing might have helped to spur gentrification of some low-income neighborhoods near the CBD. Furthermore, many city leaders listened to and acted on the advice of certain urban scholars who espoused that amenity-rich CBDs would lure the creative class to downtown neighborhoods (Clark, 2011; Florida, 2014; Glaeser and Shapiro, 2003). Federal housing policy and city-level spending in the 1990s on things such as public housing demolition, mixed-income housing developments, parks, and bike shares should be part of our gentrification analysis (Buehler and Stowe, 2016; Hyra 2012; Tissot, 2011).

Beyond federal and local economic development policies, there might be other important gentrification predictors. For example, the Millennials, on average, are more racially tolerant than prior generations (Hochschild, Weaver, and Burch, 2012). Increased racial tolerance might be an important predictor, beyond and in addition to housing, work hours, and crime, in explaining why young professionals are flocking to low-income minority neighborhoods. Furthermore, as noted by U.S. Department of Housing and Urban Development Assistant Secretary Katherine O'Regan, the population leading back-to-the city movement is educated but their average wage increases are outpaced by rising housing costs (O'Regan, 2016). Therefore, they may choose to live in less desired urban neighborhoods where housing costs are relatively more affordable compared to other more expensive parts of the urban metropolis (Ellen, Horn, and O'Regan, 2013). Lastly, many 20-and 30-somethings seem to choose their residential location, in part, based on their desire to be cool by living in what is perceived to be edgy, hip

urban areas (Hyra, in press; Parker, 2016; Ocejo, 2014), and we need investigations to account for these alternative gentrification causes.

In specifying the gentrification drivers, we must also better account for supply side explanations. For instance, credit continues to be cheap, with historically low interest rates, and this is helping to facilitate the private market production of luxury apartments in low-income neighborhoods. Thus, our gentrification models must grapple with both supply and demand side gentrification explanations to more fully grasp the comprehensive set of factors facilitating major central city demographic shifts and neighborhood change.

Consequences. Perhaps the most controversial gentrification topic is its residential displacement consequences (Wyly and Newman, 2006). However, there is near empirical consensus that mobility rates among low-income people are equivalent in gentrifying versus more stable low-income neighborhoods (e.g., Ding, Hwang, and Divringi, 2015; Ellen and O'Regan, 2011; Freeman, 2005; Freeman and Braconi, 2004; Freeman, Cassola, and Cai, 2015; McKinnish, Walsh, and White, 2010). This fact should not be interpreted as evidence gentrification is unrelated to a shrinking supply of affordable housing units (which it often is), but rather that low-income people tend to move at a high rate from all neighborhood types (Desmond, 2016).

While understanding the relationship between gentrification and residential displacement is critical, there are other important gentrification consequences. Gentrification, in some places, is associated with political and cultural displacement (Hyra, 2015). Some gentrifying areas once dominated by low-income minorities demonstrate an association between the movement of upper-income people and a loss of minority political representation. Remember it was presumed upper-income people moving to low income neighborhoods would bolster civic society (Wilson,

1996), and it appears in some circumstances it has. But often newcomers take over political institutions and advocate for amenities and services that fit their definition of community improvement. This process of political displacement can be linked with cultural displacement, which is a change in the neighborhood norms, preferences, and service amenities. In certain respects changing norms might be positive in terms of counteracting norms of violence or a lack of health-producing amenities and activities. But do the new norms and incoming amenities in gentrifying neighborhoods sufficiently cater to the preferences of low-income people or do they predominately represent newcomer tastes and preferences?

Through my own gentrification research, I have witnessed how political and cultural displacement breeds intense social tensions, limits meaningful social interactions between longtime residents and newcomers, and results in micro-level segregation (Hyra, in press). Without ample social interactions across race and class, the promise of mixed-income living environment benefits for the poor seems unlikely. I am not the only scholar to highlight the challenges of equitable development outcomes in mixed-income communities (e.g., see Chaskin and Joseph, 2015; Tach, 2014), and it is clear the we must look beyond residential and small business displacement (as noted by Meltzer's article in this volume) impacts to understand how to effectively facilitate community conditions in economically transitioning neighborhoods that better support social cohesion and interaction among traditionally segregated populations.

Further Research and Policy. It is difficult methodologically to sort out all of the complex causes and consequences of gentrification, but the accumulation of knowledge in this volume and elsewhere can point towards some promising research and policy directions. The gentrification research front still presents a variety of under-researched areas. First, how do both demand and supply side explanations contribute to gentrification and neighborhood change?

Plenty of studies argue one side over the other but in reality both are important in igniting community revitalization, and we need carefully constructed investigations that consider both policy and economic investments and changing living preferences when trying to pinpoint the causes of gentrification (Brown-Saracino, 2010; Lees, Slater, and Wyly, 2008). Second, we need to better understand the changing role of race in both supply and demand side gentrification explanations. More specifically, how have changing perceptions of race contributed to gentrification processes and associated outcomes? Some gentrification studies claim persistent racial stereotypes and discrimination perpetuates neighborhood revitalization patterns that maintain urban inequality and racial segregation (e.g., Hwang and Sampson, 2014; Timberlake and Johns-Wolfe, 2016). Other investigations (e.g., Freeman and Cai, 2015; Owens, 2012) suggest increased racial tolerance is related to the unprecedented proliferation of gentrification in low-income minority neighborhoods, which slightly disruptions traditional racial neighborhood hierarchies and metropolitan-wide patterns of segregation (Glaeser and Vigdor, 2012). We need to better understand how changing racial prejudices, biases, and inequalities drive, and mediate the outcomes of, America's contemporary urban gentrification wave.

We also need investigations that more precisely account for a complete and accurate set of gentrification benefits and consequences, particularly for low-income residents. Several studies claim displacement among low-income people does not occur with more frequency in gentrifying areas compared to more stable low-income neighborhoods (e.g., Ding, Hwang, and Divringi, 2015; Ellen and O'Regan, 2011; Freeman, Cassola, and Cai, 2015; Freeman, 2005; Freeman and Braconi, 2004; McKinnish, Walsh, and White, 2010). But these studies only proxy for displacement through understanding and comparing mobility rates among the poor in different neighborhood contexts. Equivalent rates of mobility among the poor in different

neighborhood types, does not necessary mean the drivers of mobility in different areas are equivalent. We need residential and commercial displacement investigations that better isolate the drivers of mobility in different neighborhood settings before we settle on the determination that gentrification does not drive displacement.

It is still unknown the extent to which low-income people benefit in mixed-income neighborhoods, particularly ones that experienced gentrification. A few recent studies suggest growing up in mixed-income neighborhoods compared to high-poverty places is associated with higher lifetime earnings (Chetty, Hendren, and Katz, 2015; Sharkey, 2013). But these studies do not test the mixed-income neighborhood effect for children that stay within formerly low-income neighborhoods as they gentrify. Investigations in gentrifying neighborhoods suggest that for low-income people gentrification is associated with increased feelings of safety, greater amenity options (Freeman, 2006) but also a loss of political representation (Hyra, 2015), declining rates of civic engagement (Knotts and Haspel, 2006; Michener and Wong, 2015), and limited, if any, employment gains (Meltzer and Ghorbani, 2015). To better determine the comprehensive set of gentrification benefits and drawbacks, we need further longitudinal analysis tracking low-income residents who stay in place as their neighborhood economically transitions.

While there is still much to learn about gentrification, policy reforms at the federal, state, and city level could increase the chances that low- and moderate-income people benefit from the process of gentrification. The first step is to ensure affordable housing opportunities in neighborhoods as they gentrify. In these economically transitioning neighborhoods, poor people are moving out, and once they do, their housing units typically command higher prices. If we prize racial and economic integration, we must ensure that affordable housing opportunities remain in gentrifying neighborhoods. As Lubell (2016) explains, affordable housing can be built

and maintained in economically transitioning areas through a variety of policy programs, such as LIHTCs, NMTCs, CDBG, HOME, project-based Section 8, TIFs, inclusionary zones, and housing trust funds. However, beyond housing, we must ensure low-income and upper-income people interact in meaningful and productive ways in mixed-income communities. Housing alone will not address micro-level segregation or build social cohesion in these burgeoning mixed-income spaces. Federal, state, city, and private foundation funding must support community-led organizations to provide programming and events that help stimulate meaningful cross-race and class connections in “third spaces” within gentrifying neighborhoods (Oldenburg, 1999). We also need to ensure that poor people maintain a certain level of political power and control when upper-income people enter their neighborhoods. To ensure a more equitable (re)distribution of political power, we should reform housing policies that allow for market-rate actors to fully control mixed-income developments supported by public subsidies. By preserving affordable housing, encouraging interactions across difference, and providing opportunities for low- and moderate-income civic engagement, we will increase the chances the gentrification wave sweeping across the country will leave behind a more sustainable, just, and equitable urban landscape that will benefit us all.

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