

Gentrification

Senate Committee on Commerce, Science, and Transportation

Introduction

Gentrification is essentially the process by which neighborhoods are transformed to add value. It was defined by the Brookings Institution as “the process by which higher income households displace lower income residents of a neighborhood, changing the essential character and flavor of that neighborhood.” This definition addresses both the economic and social aspects of gentrification that make it such a complex issue. It has dual effects in both spheres, often raising median incomes and encouraging development in neighborhoods, but also contributing to racial homogenization and the destruction of cultural hotspots. Because of this, gentrification has become an important issue in today’s world.

Gentrification most commonly occurs when wealthier home-buyers move into low-value neighborhoods. Middle class families often bring with them more expensive home improvement projects, which are intended to raise and succeed in raising the value of their homes. When this occurs as part of a larger trend in a neighborhood, the value of real estate in that neighborhood goes up because there are more expensive houses and properties. This rise in value leads to the last part of the process, which is the rise in the cost of living. As the value of a neighborhood goes up, the costs of living in that neighborhood go up as well, because higher property taxes are applied to each household in the community. Property taxes are calculated using the value of a property and the mill rate. The mill rate, which is applied to an entire community, is what causes property taxes to increase or decrease, because it is calculated based off the value of a community. As the value of the neighborhood increases, so does the mill rate, and the property tax, and therefore the cost of living increases as well. When the poorer original residents of neighborhoods can no longer afford the raised cost of living, they are economically forced to move out of the neighborhood or their property is foreclosed upon, and wealthier people buy their houses, raising the value of the neighborhood even further.

Gentrification is sometimes praised for its positive effects. The biggest economic effect of the process is that it raises median incomes. It also allows for less management of housing by local government, freeing up local revenue tied down by vacated lots and urban housing projects funded by city governments. Another economic effect is the draw for business. Businesses are often drawn to rehabilitated or revitalized neighborhoods, which is the term for neighborhoods that have been gentrified because they are more stable. Gentrified neighborhoods also have less crime, another positive factor. However, gentrification does have negative effects. Gentrification does lead to homelessness for those who are evicted from their homes. In addition, it often homogenizes neighborhoods. The vast majority of those displaced by gentrification are African Americans, and the vast majority of those replacing them are Caucasians. Because of this, it has often been attacked as being a tool for racial segregation and political gerrymandering. An example can be found in the gentrification of the West Bank in Israel, where over 240,000 Palestinians have been displaced by Israeli settlers.

History of the Problem

Gentrification has its roots in the 3rd century Roman Empire, when upper class Romans began to form neighborhoods composed of extravagant villas, and forcibly removed lower class citizens in order to do so. The modern word for this process comes from the word “gentry,” which means the upper or ruling class, according to the Merriam-Webster dictionary. The word “gentrification” was coined in 1964 by Ruth Glass, a British sociologist who observed upper and middle class families buying out property in London’s Islington district from immigrant families. In 1976, the Urban Land Institute conducted a study that concluded that 250 American cities had experienced gentrification. The study defined it as “a marked expansion in middle-income housing in the form of rehabilitated single-family dwellings, mostly in historic districts, initiated by affluent, educated young professionals with an increasing desire for the kind of cultural and intellectual pursuits which are generally found only in the central cities—performing arts, museums, libraries, seminars, etc.” This event was the first recognition of gentrification in the United States. However, it ignored the cultural assimilation which the gentrification caused, instead focusing the report on “the potential for middle-income housing for white [people]”.

It was about this time that gentrification began to get attention from the American public. In 1974, Robert Caro published *The Power Broker*, a biography of Robert Moses, an urban planner in New York City who helped build extensive public housing projects in the city. Caro accused Moses of creating African American communities and raising the property values of predominantly white communities. The book was widely read and critically acclaimed. Then, in 1978, Congress got involved with urban development, passing the Federal Historic Preservation Tax Credit, which was a credit given to developers for renovating a building equal to 10% of the cost of the renovation. This caused an increase in the revitalizing of urban centers. In 1981, Congress increased the maximum tax credit to 25%.

In 1984, gentrification met its first big opposition in the form of the Pittsburgh Trust Fund. The non-profit established a cultural district in the city to help prevent gentrification and invested in the neighborhood to spur further development on the district. This helped inspire cities to offer tax credits to developers who invested in these “cultural districts.” However, in 1985, the pendulum swung the other way in California with the passing of the Ellis Act. The Ellis Act prohibits government from forcing landlords to stay in business. This enables landlords to charge market price for their rental units, because they are no longer forced into lower prices to stay in business. As a result, many low-income families were evicted from their homes in California, and wealthier tenants who could afford the market prices moved in, contributing to increased gentrification.

In 2003, Loretta Lees coined the term “super-gentrification” in response to observations of Brooklyn Heights. She defined it as ““intensified re-gentrification in a few select areas of global cities like London and New York that have become the focus of intense investment and conspicuous consumption by a new generation of super-rich ‘financiers.’” This “super-gentrification” was brought on by the boomer generation, by this time in their mid-forties. As the boomers began to find more job security and make more money than they ever had before, they invested in low-income neighborhoods in mass numbers. The enormous size of this generation has led to the modern trend of gentrification that has continued to the present day.

Recent Developments on the Issue

In recent years, however, the effects of gentrification have become visible throughout the entire United States in cities such as Miami, Philadelphia, Atlanta, Washington, D.C. and San Francisco. For example, East Side Atlanta has been experiencing suburban colonization, often referred to as urban flight, since the 1970s in what used to be upper and upper-middle class neighborhoods. Since then, with the creation of new gathering places in the city, the once quaint neighborhood of Inman Park has become the center of Atlanta's inner-city filled with desirable real estate. Even more prominent in Boston are the effects of gentrification. Real estate in the South End and Bay Village neighborhoods has increased in price from an average house price of \$100,000 in 1980 (\$306,000 in today's money) to \$3 million in present day, which displaced over 93% of the original house owners. The neighborhood is now comprised of 92% white collar workers. 42% of this 92% of buyers (39% of the total buyers) were aged 28-38 years old.

In Washington D.C., the U Street Corridor has experienced turbo-gentrification, a name for rapid and extreme gentrification, in which the neighborhood became majority Caucasian and Asian from majority African American in approximately two decades. The 2010 census showed that actively-revitalized areas of Washington D.C. saw an increase from 24% to 47% of the population with college degrees from 2000, while other areas saw only a 3% growth during that time. The former residents of these areas were pushed to Charles County and Prince George County in Maryland, which saw a spike in violent crime through 2008 and 2009. There has been no legislation regarding gentrification passed in Congress, although individuals, non-profit groups, and local and state governments are taking measures to reduce the current trend. For example, "Take Back the Land" is a controversial organization combating gentrification. The group illegally seizes foreclosed homes and redistributed them to the homeless. It has been both widely praised and condemned, and is not being prosecuted. Inclusionary zoning and zoning ordinances are also in place across the United States to mix properties to stabilize housing prices in cities such as Boston and Richmond. Finally, cities like Philadelphia and Detroit are putting caps on property taxes to make current housing more affordable for people already living there.

Democratic Point of View

Democrats tend to focus on the issues exacerbated by gentrification- homelessness and income inequality. These issues are part of baseline Democratic platform, with the main view being that they need to be reduced and hopefully eventually eradicated. Democratic candidates for government also get the most support from the economic classes and minority groups that oppose gentrification as a process. The poor, African-American, and Hispanic communities tend to vote in more solid Democratic blocks. However, gentrification has occurred in the biggest cities under Democratic and even minority mayors. Norm Rice, the first African-American mayor of Seattle and a Democrat, expressed the complexity of the situation, saying "I am concerned and I am frustrated because I don't know what the alternatives to gentrification are. The process clearly isn't racist; it's economic. The real question you have to ask yourself is: Is this good or bad?" Other Democrats have been criticized for promoting gentrification. Byron Brown, the Democratic mayor of Buffalo, and also the first African-American mayor of that city, has been criticized for his Gum-Buy-Back program, designed to buy gum to prevent it from dirtying neighborhoods, and thereby hoping to increase investment in the city. This effort was criticized by minority groups who claimed that the

program promoted gentrification. To recap, Democrats have struggled to condemn gentrification, but are generally thought to disapprove of the process as an extension of their constituencies.

Republican Point of View

Republicans tend to focus on the economic aspects of gentrification, because they play to their platform emphasizing a self-correcting economy. The fact that the movement of people can cause average incomes to increase in an area and spur economic development without government intervention lends credence to laissez-faire government and conservative economics. Gentrification also gets richer people back into cities, increasing the Republican minority in inner-city neighborhoods and making Republicans more competitive there. Republican mayors have instituted some of the most supportive gentrification policies. Greg Ballard, the Republican mayor of Indianapolis, instituted in that city the RebuildIndy Initiative, a series of public housing projects designed to relocate people displaced by gentrification. It has been interpreted as encouraging the process. However, Republicans have also introduced measures designed to prevent cultural gentrification. Republican mayor Mick Cornett of Oklahoma City has fought to preserve the city's oldest ethnic neighborhoods and their cultural identities, like Asia District and Eastside, a majority African-American neighborhood in Oklahoma City. To recap, Republicans generally fall in line with the economic benefits of gentrification but cannot all be put into a group of gentrification supporters.

Conclusion

In conclusion, gentrification is a complex and multi-sided issue with no clear outstanding positive or negative. It both helps struggling communities by revitalizing them and bringing industry and business, and hurts those struggling with poverty by leading to increased homelessness among the poor. Historically, gentrification has been seen as a tool of the established power to gerrymander districts and force the poor further into poverty. However, in the last 10 years, it has garnered growing support for the economic effects it provides and its ability to energize the housing market. Its critics argue that it is only perpetuating income inequality, while its supporters claim it has the ability to transform struggling communities for the better long term. The fact remains that gentrification is an integral part of the modern society and the globalized world, which is why it remains an important issue to local, state, and national governments, as well as non-profit and even international welfare groups. The current trend of increased gentrification will no doubt lead to an increasing awareness of it and more debate on what place it should occupy in our society, and this will surely be important in determining the future values and policies implemented by the United States government.

Questions to Consider

1. Should gentrification be considered an important issue by the national government? Why or why not?
2. If the federal government was to introduce legislation regarding gentrification, what should it entail and why?
3. How could city governments combat gentrification, if they so desired, without infringing on business interests and development?
4. In your opinion, is today's gentrification more marked by economic or social conflict?
5. Do organizations like Take Back The Land have a right to illegally seize vacant properties and redistribute them? Why has the group not been widely prosecuted? Should they be?
6. Is the loss of cultural identities a big issue stemming from increased gentrification? Should governments strive to preserve or blend these "ethnic neighborhoods"?
7. Gentrification is a complex issue. In your own words, define it addressing all its aspects.
8. How can proponents and opponents of the gentrification trend find common ground in policy? What policies could strive to get the good of gentrification without the bad?
9. How do taxes play a role in gentrification? Is forcibly lowering property taxes a viable way to combat homelessness and foreclosure? On the other hand, does it get in the way of development?
10. How do our positions in life shape our beliefs? Ask yourself how you would feel about gentrification if you led a different lifestyle or lived in a different part of the country.

Sources for Additional Research

- <http://geography.about.com/od/urbaneconomicgeography/a/gentrification.htm>
This source provides a short explanation of gentrification, including a history, causes and effects, the process, and costs and benefits.
- http://www.slate.com/articles/news_and_politics/politics/2015/01/the_gentrification_myth_it_s_rare_and_not_as_bad_for_the_poor_as_people.html
This source explains how simple out and in-migration is often confused as gentrification.
- <http://www.citymayors.com/development/us-cities-gentrification.html>
Here you can find comments and policies of some U.S. mayors about gentrification.

- <https://sites.google.com/site/gg2wpdermotmitchell/home>

This is an excellent and comprehensive source that provides a definition, history, explanation of the process, and impacts of gentrification, as well as a case study of a neighborhood.

- http://www.pbs.org/pov/flagwars/special_gentrification.php

This source provides an overview of gentrification, and it explains the different aspects of it.

- <https://nextcity.org/gentrificationtimeline#intro>.

This source is a timeline of gentrification events from 1964 to the present day.

- <http://curbed.com/archives/2014/11/05/tracing-the-history-of-a-word-as-gentrification-tu-rns-50.php>

Here you can find a review of the history of gentrification.

- <http://www.calvin.edu/~jks4/city/litrevs/gentrification.pdf>

This and the following source are articles that provide comprehensive analyses of gentrification.

- <http://forumonpublicpolicy.com/summer08papers/archivesummer08/wharton.pdf>

This article is a bit more scholarly than the one above.

- http://www.nytimes.com/2014/03/04/us/cities-helping-residents-resist-the-new-gentry.html?_r=0.

Here you can find an overview of some of the methods cities are using to combat gentrification.

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