DEALING WITH NEIGHBORHOOD CHANGE:
A PRIMER ON GENTRIFICATION AND POLICY CHOICES

Maureen Kennedy
Paul Leonard

A Discussion Paper Prepared for
The Brookings Institution Center on Urban and Metropolitan Policy
www.brookings.edu/urban
and
PolicyLink
www.policylink.org

April 2001

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ACKNOWLEDGEMENTS

The Brookings Institution Center on Urban and Metropolitan Policy would like to thank the Surdna Foundation, Inc. and the Fannie Mae Foundation for their generous support of the Center and its work on competitive cities. PolicyLink is grateful for the support it receives from the Rockefeller Foundation, the Ford Foundation, the Annie E. Casey Foundation and the Open Society Institute.

ABOUT THE AUTHORS

Maureen Kennedy is a California-based policy consultant focused on housing and economic development issues, and high-leverage social change strategies. She served in the Clinton Administration, first in the White House, then as Deputy Assistant Secretary for Policy at the Department of Housing and Urban Development, and finally as Administrator of the Rural Housing Service. Paul Leonard is a policy consultant specializing in issues of housing, community development and welfare reform, based in Berkeley, CA. He served as acting Assistant Secretary for Policy Development and Research and Deputy Assistant Secretary for Policy Development at the U.S. Department of Housing and Urban Development. Comments on this paper can be sent directly to the authors at MaureenKennedy@aol.com and paleonard@home.com.

ABSTRACT

This paper serves as a primer on how to view the complex issue of gentrification. It reviews the findings, analyses and frameworks developed during the gentrification wave of the ‘70s and ‘80s. The paper outlines the complex ways that current and “original” residents view gentrification—and clarifies that long-time neighbors can take very different positions on the gentrification issue. Additionally, the paper shows the wide range in the way gentrification pressures play out in three very different cities and one multi-city region – Atlanta, Cleveland, Washington, D.C., and the San Francisco Bay Area – pointing out that gentrification is a much more urgent concern in some areas than in others, where it hardly exists at all. Finally, the paper suggests policies and strategies that can be pursued to advance equitable development by optimizing the benefits of neighborhood change while minimizing or eliminating the downsides of such change.

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PREFACE

The Brookings Institution Center on Urban and Metropolitan Policy's mission is : (1) to conduct empirical research on market, demographic, and policy trends that affect cities and metropolitan areas; (2) to produce new ideas about the challenges that emerge from these trends, in order to stimulate change; and (3) to create and nurture a broad network that will lead to shared learning and action.

The Center has produced or collaborated on analyses of growth patterns in the Los Angeles, Atlanta, Phoenix and Washington, D.C. regions and in North Carolina. We have worked with partners in Chicago, Cleveland, Philadelphia, Denver, Seattle, and elsewhere. This has made it clear to us that there is a wide range of economic, social, and growth conditions across, and within, different metropolitan areas. This paper's description of gentrification pressures in the San Francisco Bay Area, Cleveland, Atlanta, and Washington, D.C. further reinforces the idea of the diversity of metropolitan environments and neighborhoods.

However, there are some general trends we see, to varying degrees, across the country. The general trend in U.S. metropolitan areas is the steady movement of people and jobs toward the metropolitan fringe, and the concentration of poverty and distress in the central city and inner suburbs. We think that the movement of middle class people into central cities presents real opportunities—and challenges—for cities and neighborhoods, but it should not be mistaken for *the* story of national development.

Thus, the context for examining gentrification and its effects is one of diverse metropolitan areas and a general decentralization of economic and social life. Cities and metropolitan areas must understand where they fit into this context. If gentrification is a concern, leaders need to implement policies that are fair and balanced. We think that the equitable development framework presented in this paper is a promising source for these policies, which will have major implications for neighborhood planning, land use reform, and local tax policy. All of these implications need to be explored and experimented with as equitable development moves from a concept to a tried-and-true model of development. If a city is not gentrifying, leaders must explore what they can do to jumpstart their economy and revitalize their neighborhoods. Without a strong fiscal base and healthy markets, it is difficult for cities to help their residents thrive.

We would like to thank Maureen Kennedy and Paul Leonard, for their thorough, balanced examination of this issue, and the Fannie Mae, Surdna and Ford foundations for their support. We also appreciate the opportunity to work with PolicyLink, and look forward to working with them again.

Bruce Katz
Director
The Brookings Institution Center on Urban and Metropolitan Policy

Preface

PolicyLink, a national nonprofit research, communications, capacity building and advocacy organization, is dedicated to advancing policies to achieve economic and social equity based on the wisdom, voice and experience of local constituencies. Since our founding in 1999, few, if any, issues have galvanized these local constituencies as urgently as the phenomenon of gentrification. There is widespread concern that some neighborhood revitalization efforts are destabilizing communities that have strong traditional and cultural significance for low-income people of color. People living in areas of concentrated poverty hope that the renewed interest in their neighborhoods portends an improvement in the quality of their lives. However, as they watch property values and rents rise, they worry that without knowledge, strategies and allies, the physical improvements that they have long sought will not be theirs to enjoy. As a result, there is a powerful demand for reliable facts and useful policies that will enable community residents to embrace and fashion revitalization and maintain their residency.

The development patterns that lead to gentrification are shaped by a complex array of private and public actions at the local, regional, state and federal levels. The patterns of growth and decline, investment and disinvestment occurring throughout metropolitan regions reflect more than simply economic opportunity and changing values. They also mirror failures to come to grips with issues of race and societal inequity. Avoiding or addressing the adverse consequences of gentrification on low income people of color, therefore, will ultimately require policy solutions at all levels that promote a genuine vision of regional fairness and inclusion that benefits all residents in the region.

Working with community-based practitioners, PolicyLink is creating an equitable development framework that can achieve that vision. Equitable development policies and practices combine people-based and place-based strategies; create new tools and instruments to enable low-income residents to gain an equity stake in the revitalization of their communities; and actively build the voice of residents so that they become agents of change in the development process. This report is an important beginning in that it sorts out the causes and consequences of gentrification; explains the differences among cities' patterns of development; and illustrates the economic, social and political forces at work through several instructive case studies. The Brookings Institution Center on Urban and Metropolitan Policy and report authors Maureen Kennedy and Paul Leonard have been excellent partners, and we hope that this work adds value and raises the level of discussion on these important issues.

Angela Glover Blackwell
President
PolicyLink

DEALING WITH NEIGHBORHOOD CHANGE: A PRIMER ON GENTRIFICATION AND POLICY CHOICES

I. INTRODUCTION

Gentrification, the process of neighborhood change that results in the replacement of lower income residents with higher income ones, has changed the character of hundreds of urban neighborhoods in America over the last 50 years. Gentrification occurs in periodic waves: from the federally sponsored urban renewal efforts in the '50s and '60s, to the so-called "back-to-the-city" movement of the late '70s and early 1980s. A number of U.S. cities, whose populations and economies appear to have bottomed out and are on the rebound, are experiencing another wave of gentrification today.

Clearly much in the urban landscape has changed since the late 1970s and early 1980s. The nation has experienced unprecedented economic prosperity, though income inequality has widened and left the poor concentrated disproportionately in the urban core. Job growth predominates in suburban areas rather than the cities' cores. Cities now play a new role in metropolitan economies, as the hub of information services, arts and entertainment, rather than as industrial centers. Metropolitan areas have become ever more sprawling, sparking efforts to create more sustainable development patterns in many metropolitan regions. And a new corps of mayors has made attracting middle- and upper-income residents back to their cities a leading priority, to revitalize the tax base of their communities, the viability of their neighborhoods and the vibrancy of their downtowns.

If not an explicit intention of cities' redevelopment efforts, gentrification can be a byproduct, particularly in cities with little vacant land or few unoccupied buildings. For all the benefits it can bring, gentrification can impose great financial and social costs on the very families and business owners who are least able to afford them. If development is to be equitable, if revitalization is to have the essential support of those living in neighborhoods targeted for assistance, if the outcomes of these investments are to benefit more than those moving into the city, decisionmakers in the public and private sectors must anticipate these potentially harmful effects and take effective and timely steps to mitigate them now, and into the future.

A number of cities now experience gentrification in its many stages and intensities. However, it is important to point out that gentrification is not occurring across the country. Rather, it tends to happen in cities with tight housing markets and in a select number of neighborhoods. Many cities are still starved for new residents and revenues. The movement of new middle-class residents into U.S. cities is a small counter-trend; the dominant trend, by far, is movement away from central cities and towards the suburban periphery. And, as this paper points out, where gentrification is an issue, it plays out differently in different cities.

In the supercharged economy of the San Francisco Bay Area, gentrification creates noticeable changes in neighborhood character in a matter of months. Rapid gentrification is occurring in some neighborhoods of Boston, Seattle, Chicago and Portland. Less rapid, but significant, levels of gentrification are occurring in Atlanta, Washington, D.C. and Denver. Other cities like Cleveland and Detroit are attracting some higher income residents into their cities and experiencing modest levels of community revitalization, though they have not yet begun to experience displacement, and therefore do not meet the definition of gentrification set forth in this paper.

While gentrification's scale and pace may vary across the country, it is re-emerging for three basic reasons. First, the nation's strong economy creates great demand for labor and housing at the regional level, and in some cases this makes the housing in central cities and some inner suburbs newly attractive to more higher income newcomers. Second, the federal government, states, cities and non-profit organizations increasingly have the motivation, the resources and the specific policy levers and the overall strategies to direct revitalization efforts in targeted parts of central cities. Under some circumstances, these revitalization efforts can lead to gentrification. Third, in response to the increased concentration of poverty in the urban core of our nation's cities, public officials seek to reduce these concentrations by attracting higher income families into high-poverty neighborhoods or by helping some poor residents to move to other portions of the metropolis where poverty is less concentrated. Either way, these place-based and people-based strategies can result in gentrification.

The issue of gentrification has historically included a strong racial component—lower income African American residents are replaced by higher income white residents. In fact, in most (but not all) gentrifying neighborhoods examined in the case studies, minority households (African American as well as Latino) have predominated in recent decades, and some argue that this residential segregation occurs with the tacit support of public and private sector institutions and traditions. As a result, an influx of higher income households inevitably will put pressure primarily on historically minority communities.

Based on our interviews in the four case study cities included in this paper, however, the story gets more complex. The case studies suggest that higher income newcomers are racially varied. They include white households in all cases, but can also include large proportions of Asian households (for instance, in the case of Bayview/Hunters Point in the San Francisco Bay area), and of African American households (for instance, in Atlanta, Washington, D.C. and Cleveland). While, gentrification's adverse effects may fall predominantly on minority households, and as a result are important to resolve equitably, those moving into these neighborhoods may be minorities themselves.

In cities hit by gentrification pressures, residents, city officials and other interests frequently descend into rhetoric and factional fighting. This often occurs because different parties define gentrification differently, see different parts of the issue, or otherwise talk past each other. Moreover, the political focus is often on gentrification's character and consequences without linking these more pragmatically to its "end game," its causes and solutions. Our goal in this paper is to help all stakeholders—policymakers, neighborhood residents and community groups, business owners, and developers—better understand the dynamics of gentrification and address it productively. In this paper, we will:

1. provide a clear definition of gentrification;
2. lay out the causes and the consequences of gentrification, both good and bad;
3. attempt to clarify the perspectives of various stakeholders with regard to gentrification; and finally,
4. offer some practical strategies to address gentrification in the context of equitable development.

The methodology for this paper is multifaceted. Our work is grounded by four case studies in which we examine recent gentrification dynamics in both hot economies and those that have moderate growth rates (see Appendix A). The descriptions of Atlanta, the San Francisco Bay Area, Cleveland and Washington, D.C. add depth and perspective to our work, and demonstrate how differently those living, working, rehabilitating and making policy in these cities and regions view the gentrification issue. In addition, we reviewed the existing literature on the topic and interviewed academics, community activists, developers and others who are familiar with development dynamics at the national level and in a number of additional cities across the country. Insights from these are woven through the paper.

This paper does not provide a "silver bullet" to resolve the negative effects of gentrification. Gentrification is driven by an imbalance in housing supply and demand. The imbalance leads to many positive effects described in the paper, but also affordability problems, displacement, and unanticipated changes in the character of a neighborhood. The tools are available; many of the most effective strategies addressing these adverse effects of gentrification are already in place in some metropolitan areas. Often these tools were developed in other contexts, but can be put to effective use in addressing gentrification (see Appendix B.)

Rather than fine-tuning the tools, the more fundamental current challenges are organizational: how to anticipate gentrification pressures at a point when the process can still be affected, and to build the political capital needed to implement or expand the strategies in the neighborhoods undergoing gentrification.

This paper does not conclude that gentrification is simply either good or bad. Rather, we conclude that if residents, developers, officials and interest groups spent more time developing strategies to avert or address the adverse consequences of gentrification, and less time opposing or supporting the market-driven process itself, they could increase the chances of building strong, economically diverse communities in our cities. Therefore, before outlining the findings and insights from this research, we frame gentrification within the context of equitable development.

II. The Goal of Revitalization: Equitable Development

The process of gentrification is set in the context of the politically charged urban development process, and is best understood in that context. The market and the non-profit and public sectors work with each other and people and neighborhoods of urban America to produce economic and community growth, change, and development. As we will describe in greater detail below, sometimes these private-, public- and non-profit sector actions combine and result in the process of gentrification, producing some positive outcomes, some negative outcomes, and many outcomes that are positive for some and negative for others. Against what standard should we measure this process, its causes, consequences and prescriptions?

We argue that city officials, developers, policymakers, advocates, business owners and residents should support the goal of "equitable development." We define equitable development as *the creation and maintenance of economically and socially diverse communities that are stable over the long term, through means that generate a minimum of transition costs that fall unfairly on lower income residents.*[1] While public and non-profit officials may easily support such an idea, the business community should support it as well. Without equitable development, the long-term prospects of a neighborhood, or the metropolitan area in which it is set, can dim. Equitable development is something that should be planned for and facilitated whether gentrification pressures exist or not.

We leave it to others to further flesh out the concept of equitable development.[2] However, we believe it can form the framework for evaluating whether an aspect of the gentrification process is "good" or "bad," for debating whether it warrants hearty support or intervention, and for deciding the next steps to take in optimizing the positive aspects of gentrification and minimizing or eliminating its downsides. For example, gentrification, by definition, creates a greater income mix and can offer greater economic opportunity to those that need it, both of which are consistent with equitable development. At the same time, the displacement that is part of gentrification can pose very large financial and social costs on those it affects. While the government and private sector cannot be expected to reimburse original residents and businesses for all financial and social costs they bear as a result of gentrification, we should try to ensure that these costs of community change do not fall inappropriately hard on those least able to bear them.

With equitable development the goal, and gentrification a process that spurs *or* impedes that goal, we now turn to analyzing gentrification dynamics in greater detail.

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[1] It is increasingly clear that concentrated poverty and segregated neighborhoods are bad for children, bad for the viability of their communities, bad for the economic health of cities, and bad for surrounding suburban economies. Therefore, the definition includes social and economic diversity. We discuss the research on this issue later in the paper. In addition, a classic "market failure" warranting public intervention occurs when market forces generate inequitable effects, for instance, for poor people. As a result, the definition includes a caveat regarding transition costs.

[2] PolicyLink has produced several documents summarizing the literature and thinking of leading scholars and practitioners on the concept of equitable development, especially as it applies to urban areas in the regional context. See the bibliography entries under PolicyLink.

III. Gentrification Dynamics: Definition, Scale, Causes and Consequences

The term "gentrification" is both imprecise and quite politically charged. In both the substantial academic literature on the subject and in the popular discourse, gentrification has had a number of contrasting definitions.[3] Some studies frame gentrification within the decades-long process of disinvestment and re-investment in a particular neighborhood, suggesting that public policies and the owners of capital conspire, and enable higher income people to reap substantial profits from gentrification.[4] Others use the term interchangeably with urban revitalization, to describe any commercial or residential improvements in urban neighborhoods. Others consider gentrification to more narrowly refer to the physical upgrading of low-income neighborhoods. Others have focused primarily on the economic actions of newcomers, namely the renovation and upgrading of the housing stock. In contrast to these property-focused visions of the gentrification process, others describe gentrification as the class and racial tensions and dislocation—the socioeconomic or people-based effects—that frequently accompany the arrival of new residents into a neighborhood.

With so many notions of the term, it is important to specify the definition we apply to gentrification*. In this paper we define gentrification as the process by which higher income households displace lower income residents of a neighborhood, changing the essential character and flavor of that neighborhood.* Often, though not always, gentrification has a very clear racial component, as higher income white households replace lower income minority households, sometimes in the very same neighborhoods that experienced "white flight" and traumatic urban renewal in the '50s and '60s.[5]

It is worth noting three key features of our definition. First, gentrification requires the displacement of lower income residents from their neighborhoods. We are most concerned about involuntary displacement, that is, the displacement of those "original" residents who would prefer to stay in their neighborhood, but because of non-just-cause evictions, rapidly rising rents or increases in their property tax bills, cannot afford to do so. In addition to families that are directly displaced from changes in their neighborhood, researchers identify a form of exclusionary displacement, where changes in the neighborhood prevent *future* lower income households from moving in.[6] Second, gentrification has a physical as well as socioeconomic component that results in the upgrading of housing stock in the neighborhood. Third, gentrification results in the changed character of the neighborhood. This is a much more subjective feature of the definition, but one that is critical. Gentrification is not only attracting higher income households who replace lower income households

[3] For a good discussion of historical definitions, see Bruce London and J. John Palen, *Gentrification, Displacement and Neighborhood Revitalization*. Albany: State University of New York, 1984, pp. 6-10.
[4] Smith, Neil, *The New Urban Frontier: Gentrification and the Revanchist City*. London and New York: Routledge, 1996.
[5] As noted above, all of our cases included significant instances in which incoming households were non-white. Atlanta, Washington and Cleveland all have sizeable numbers of African American newcomers, while the African American community of Bayview/Hunters Point in the Bay Area is seeing an influx of Asian American households.
[6] Marcuse, Peter, "Gentrification, Abandonment, and Displacement: Connections, Causes, and Policy Responses," *Journal of Urban and Contemporary Law,* Vol. 28, pp. 206-207.

in the neighborhood; it is attracting a sufficiently large number such that the unique social fabric of the neighborhood is changed. Finally, we note that while our definition of gentrification is based at the neighborhood level, the process is driven by, and has implications for, the city and regional levels as well.

DEFINITION OF TERMS

Gentrification: the process by which higher income households displace lower income residents of a neighborhood, changing the essential character and flavor of that neighborhood.

Revitalization: the process of enhancing the physical, commercial and social components of neighborhoods and the future prospects of its residents through private sector and/or public sector efforts. Physical components include upgrading of housing stock and streetscapes. Commercial components include the creation of viable businesses and services in the community. Social components include increasing employment and reductions in crime. Gentrification sometimes occurs in the midst of the revitalization process.

Reinvestment: the flow of capital into a neighborhood primarily to upgrade physical components of the neighborhood, although reinvestment can also be made in human capacity.

WHAT GENTRIFICATION IS NOT

Under our definition, gentrification has three specific conditions which all must be met: displacement of original residents, physical upgrading of the neighborhood, particularly of housing stock; and change in neighborhood character.

Thus gentrification does not automatically occur when higher income residents move into a lower income neighborhood, for example, at a scale too small to displace existing residents, or in the context of vacant land or buildings. Nor does economic development activity – revitalization – necessarily imply gentrification. Tenants can leave their units for a range of reasons, so departures in a revitalizing neighborhood do not necessarily mean gentrification is occurring.

A. How Big a Trend Is Gentrification?

From most accounts, gentrification is occurring in a limited number of American cities and in a limited number of neighborhoods within those cities. This conclusion is tempered by several caveats, however. First, good data are very hard to find. This paper relies more on anecdotal evidence and less on hard data than the authors would like. Second, gentrification in city neighborhoods needs to be understood in the context of dramatically larger expansions of population and neighborhoods in the suburban rings. And third, *whatever its scale, gentrification can have significant positive or negative effects for impacted neighborhoods and households, and this is why city officials and supporters need to understand and act on it.*

1. Data on Gentrification

Efforts to characterize the gentrification trend are severely hampered by a dearth of hard data and a heavy reliance on anecdotal information. High quality data at the neighborhood level are generally only available at the time of the decennial census, meaning that change in intervening years is difficult to measure. Moreover, it is difficult to isolate the impacts of gentrification apart from a myriad of other factors that might contribute to observed changes in the census data. For example, in Ohio City, a Cleveland neighborhood commonly understood to have gentrified during the 1980s, close examination of the 1980 and 1990 census data at the tract level does not uncover the consistent changes one might expect. Changes in median income, racial makeup, education levels, vacant units, and poverty rates defy expectations.

Because gentrification occurs at such a localized level, it is often hard to detect by relying on city-level data sources. For example, the City and County of San Francisco do not collect business changeover, commercial vacancy and rent increase data at the neighborhood level; instead, the Mission Economic Development Association collects these data by hand in the rapidly gentrifying Mission neighborhood of San Francisco.

It is a significant challenge to determine which data are truly useful in predicting and acting on gentrification trends. For example, regional data on pressures that seem to spur gentrification, such as tightening and imbalanced labor and housing markets, may suggest the likelihood of gentrification in the future, but one runs the risk that no gentrification actually occurs despite the imbalance. Alternatively, local data that provide *leading* indicators of gentrification at the neighborhood level, such as ease of access to transit systems, relative housing prices, down payment levels, and housing tenure may be more useful in predicting gentrification, although some neighborhoods have exhibited these characteristics for years, and only now experience gentrification. Finally, descriptive data measuring gentrification largely *after* it occurs, such as increasing average incomes, a high rate of property turnovers, increasing housing values, declining minority populations, and displacement of original residents, could be useful in assessing gentrification but does little to aid policymakers and others as they attempt to address gentrification in progress. Even if good data at the census tract level were available, these data do not always unambiguously reflect the impacts of gentrification. For example, increasing average incomes does not necessarily mean gentrification is occurring, since the growth of incomes could be attributable to the growth in incomes of original residents.[7]

LEADING INDICATORS

Are there ways to anticipate *impending* gentrification? Those we interviewed for the case studies suggest that a combination of the following static and dynamic indicators may provide insight as to which communities are beginning the gentrification process.

Conditions indicating likelihood of gentrification

- High rate of renters
- Ease of access to job centers (freeways, public transit, reverse commutes, new subway stations or ferry routes)
- High and increasing levels of metropolitan congestion
- High architectural value
- Comparatively low housing values

Trends indicating gentrification in progress

- Shift from rental tenure to homeownership
- Increase in downpayment ratios, decline in FHA-financing
- Influx of households and individuals interested in specifically urban amenities and cultural niches (e.g., artists, young professionals, gay/lesbian households)
- Influx of amenities that serve higher income levels, for instance music clubs and galleries, valet parking, new Starbucks locations, etc.

2. Suburban Areas See Much Faster Growth

While gentrification is occurring in some urban cores, it is important to remember that the vast majority of homeowners buy outside gentrifying areas, and America's suburbs continue to expand much more rapidly than its city centers. Populations increased seven times faster on an annual basis between 1990 and 1996 in the American suburbs compared to its cities,[8] and 70 percent of loans made in 1997 financed properties in the suburbs.[9] In a recent examination of real estate trends in eight metropolitan areas, Wyly and Hammel found substantial increases in conventional home purchase loan volumes in what they considered to be core and fringe urban neighborhoods between 1992 and 1997. During this period, conventional home loans in areas they considered to be gentrifying grew from $358 million to $763 million, an increase of 129 percent over this period. While this growth rate substantially exceeded the growth rate for other parts of their

[7] See Strategic Economics, *Gentrification: Causes, Indicators, and Possible Policy Responses for the San Francisco Bay Area,* Berkeley, CA, September, 1999, pp. 37-41, for an extended discussion of gentrification measures, their complexity and limitations.
[8] Joint Center for Housing Studies of Harvard University, *The State of the Nation's Housing*, 1999, p. 33, Table A-5.
[9] Ibid., p. 34, Table A-6.

respective metropolitan areas, this activity represented only 1.6 percent of all conventional home purchase activity in these metropolitan areas.[10]

3. National Studies Conflict on Scale

Research on gentrification conducted during the 1970s and 1980s differed in the conclusions drawn about the scope of gentrification and displacement that was occurring during that period, based perhaps on the definition of gentrification used. A comprehensive look at gentrification in the mid-'70s found that renovation affected only 0.5 percent of the central city housing stock, [11] and that only 100 neighborhoods in the top 30 largest cities experienced any revitalization.[12] This work measured the *physical* dimensions of gentrification and explored rehabilitation efforts as a proxy for gentrification, in much the same way that Wyly and Hammel more recently used home loans extended to higher-income borrowers in lower-income communities.

Other studies in the late '70s and early '80s measured a *social* dimension, displacement, as a proxy for gentrification, and found much larger effects. One national study estimated that between 1.7 and 2.4 million people were displaced by private redevelopment in 1979, consisting primarily of tenants, the poor and female-headed families.[13] Another study estimated that between 10,000 and 40,000 households were displaced annually by gentrification in New York City in the late 1970s.[14] Yet another study of nine revitalizing neighborhoods in five cities found that 23 percent of tenants had been displaced over a two-year period.[15] These competing conclusions, varying definitions of displacement, and differing definitional frameworks from the '70s and '80s help us better understand the complexity of gentrification, but do little to answer the question of scale now. While it is hard to measure the overall scale of gentrification, it is clear that the impacts on the affected neighborhoods and cities can be quite substantial in both positive and negative ways.

B. What Are the Causes of Gentrification?

Academic literature features a long-running debate about whether gentrification is caused primarily by social/cultural factors such as changing family structures, by economic factors such as job/housing imbalances, or by some combination of both. The most recent research attempts to synthesize these two competing arguments, though there is no definitive resolution to this dispute. One such effort found empirical support for both demand-side and supply-side explanations.[16] Most

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[10] Wyly, Elvin K. and Daniel J. Hammel, "Islands of Decay in Seas of Renewal: Housing Policy and the Resurgence of Gentrification," *Housing Policy Debate*, Vol. 10 No. 4, pp. 733,734.
[11] Berry, Brian J. L., "Islands of Renewal in Seas of Decay," in *The New Urban Reality*, Paul E. Peterson, ed. Washington: The Brookings Institution, 1985, p. 73, citing Clay.
[12] Ibid., p. 73, citing National Urban Coalition.
[13] *Residential Displacement, An Update* (Washington, D.C.: Department of Housing and Urban Development, Office of Policy Development and Research, 1981) as reported in Ley, Dave*, The New Middle Class and the Remaking of the Central City*. Oxford: Oxford University Press, 1996, p. 65-66.
[14] Marcuse, Peter, pp. 216-17.
[15] Shill, Michael and Richard Nathan, *Revitalizing America's Cities: Neighborhood Reinvestment and Displacement.* Albany: State University of New York Press, 1983, as reported in Ley, p. 66.
[16] London, Bruce, Barrett Lee and S. Gregory Lipton, "The Determinants of Gentrification in the United States, A City Level Analysis," *Urban Affairs Quarterly,* 1986, Vol. 21, No. 3. See also Loretta Lees, "Rethinking

of the causes or drivers of gentrification listed below are also factors that are essential for urban success. Few would complain about rapid job growth or the market's increasing appreciation of cities' cultural amenities, for instance. And few of these factors—regional job growth, metro-wide housing market dynamics, etc.—are easily adjusted by pragmatic local intervention. Nevertheless we note instances in which policy change applied to drivers can reduce gentrification pressures.

Among the factors contributing to gentrification today are:

1. Rapid Job Growth

During the gentrification wave of the late '70s and early '80s, researchers argued that center city job growth was a key ingredient for gentrification in inner city areas. Rapid job growth continues to be a key factor, but it no longer appears that such growth must be concentrated in the heart of downtown to trigger gentrification. More recent experience in some places suggests that job growth along a city's periphery can be a strong a factor in the gentrification process.

- In the Bay Area, rapid job growth in Silicon Valley, the center of which is 45 miles south of the city of San Francisco, appears to be a primary driver of gentrification in the Mission District of San Francisco and other more affordable communities in the Bay Area.
- In Atlanta, new downtown loft construction provides housing for workers who can walk to their jobs. But new higher income households in close-in neighborhoods like Grant Park are just as likely to be employed in the reverse-commute, job-rich suburbs to the northeast as they are in the downtown area directly to the east.

2. Tight Housing Markets

Housing market dynamics appear to play a critical role in producing gentrification, though these dynamics vary from location to location. In many regions with gentrifying neighborhoods, metropolitan housing prices are high, housing is in short supply compared to job growth, and housing appropriate for the needs of workers is not located near jobs. Focusing on the late '70s and early '80s, Brian Berry identified a more complex force he considered essential for gentrification. Metropolitan areas saw large increases in suburban new construction, exceeding household growth in those areas. In turn, urban residents moved to suburban areas, housing in the city deteriorated and then left the stock, and this opened up opportunity for its rehabilitation by newcomers.[17] Our case studies found the following pressures:

- **Constrained supply:** In the San Francisco Bay Area, housing supply is extremely constrained, especially relative to the growth and location of new jobs. The numbers are stark: the nine-county Bay Area produced nearly 300,000 jobs between 1995 and 1997, but

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Gentrification: Beyond the Positions of Economics or Culture," *Progress in Human Geography,* Vol. 18, No. 2, pp. 137-50.
[17] Berry, p. 89-91.

built only 31,000 new homes.[18] The city of San Francisco expects to gain 52,000 jobs between 1995 and 2000 but will build just over 8,000 new homes. In 1998 alone, the city gained 10,000 jobs and built 874 new units.[19]

- **Relative affordability:** In the Washington, D.C. area, housing demand has been at record levels in the region's most desirable neighborhoods, leading many buyers to consider lower-cost neighborhoods as an alternative. Real estate professionals attribute this demand to increasing traffic congestion in the metropolitan area, ease of access to downtown for jobs and cultural amenities, optimism about the new mayor's ability to improve city services, and creation of a new homebuyer credit. This affordability draw is also true in the Bayview/Hunters Point neighborhood in San Francisco and in West Oakland, both of which are particularly accessible inexpensive neighborhoods with extensive single-family housing stock.

- **Lucrative investment potential in high risk neighborhoods:** Some investors seek out gentrifying neighborhoods or neighborhoods with gentrification potential to find bargain housing that can be renovated and re-sold for substantial profits. Housing speculation thrives in rapidly changing markets, where properties turn over quickly, where low income, often elderly original residents are anxious to pull out newfound equity, or where original residents may not have sufficient information to understand the increasing value of their homes.

- **Large rent gap:** Smith argues that supply constraints and speculative gains are further exacerbated when property owners and real estate interests deliberately disinvest from inner city housing markets until a "rent gap" emerges. When this gap is large, i.e., when the potential difference between the value of the property before renovation and after renovation is large, capital moves back into the neighborhood, hastening gentrification. Smith further argues that government at all levels amplifies this effect through various zoning, financing and fiscal policies.[20]

3. Preference for City Amenities

Certain demographic groups traditionally have preferred to live in urban neighborhoods with easy access to amenities, including vibrant culture and street life, ethnic and racial diversity, distinctive and often historic architectural styles, and close proximity to downtown entertainment and cultural venues. The presence of these amenities helps to identify which city neighborhoods are most likely to gentrify. These populations, including admittedly overly broad descriptors as "cultural creatives" like artists, young professionals, empty-nesters, and gay and lesbian households, often are less likely to have children in the local public schools and may be relatively more able than other

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[18] Yee, Cameron Y. and Julie Quiroz-Martinez, Urban Habitat Program, *There Goes the Neighborhood: A Regional Analysis of Gentrification and Community Stability in the San Francisco Bay Area*, 1999, endnote 2, p. 28.
[19] Smith, Matt, "Welcome Home," *SF Weekly*, Vol. 18, No. 28 (August 18, 1999) p. 18, p. 20.
[20] Smith, and Strategic Economics, p. 10.

types of households to cope with higher rates of crime associated with cities.[21] As the gentrification process unfolds one group of newcomers is succeeded by waves of usually more affluent residents. Thus the working artists, whose search for inexpensive studio space drove their initial move to a given neighborhood, are replaced by high-income professionals seeking the ambience of lofts and coffeehouses.

These preferences create higher demand-side housing pressures and are reinforced by changing demographics. The country's baby boomers are reaching the empty-nester stage of life and are often cited in our case studies as a factor in the gentrification process. In addition:

- Twenty-something workers at Silicon Valley firms are much more inclined to live in a dynamic city such as San Francisco than quiet and expensive suburbs near their jobs. Many young newcomers in the Mission District are attracted to the cultural diversity there.

- In Washington, D.C. and Atlanta, distinctive, but under-utilized architecture is clearly one of the attractions of the neighborhoods that are gentrifying.

4. Increased Traffic Congestion and Lengthening Commutes

Frustrations with increasing traffic congestion and long commuting times were expressed as factors contributing to gentrification in three of our four case studies (with Cleveland being the exception). As metropolitan populations rise and infrastructure ages, commutes (and therefore hours away from home) lengthen, congestion increases, and overall quality of life declines. Some new residents clearly desire the opportunity to walk or take a short subway ride to work, and some support "smart growth" policies that include "transit-friendly" housing. Even those who reverse-commute to suburban jobs may have quicker commutes from in-town neighborhoods than they would from a suburban residence.

5. Targeted Public Sector Policies

While economic forces seem to drive gentrification, government policies of the past or present can either facilitate or impede gentrification. Cities use a range of policy levers to revitalize neighborhoods or accomplish other goals, including direct investments, tax expenditures, and zoning regulations. In some cases (sometimes years after the implementation of the original policy or investment), these investments and their resulting effects can yield gentrification, often unintentionally. Many cities pursue revitalization policies with the expressed intention of providing incentives for middle- and high-income families to move into distressed communities, or inducements for original residents to upgrade their homes, including:

- **Tax Incentives:** These include tax credits and abatements for new city homebuyers, tax credits for historical preservation, below market land sales, and land bank purchases. As part of the federal commitment to revitalize Washington D.C. as the nation's capital, Congress

[21] Berry, p 75.

created a $5,000 first-time homebuyer tax credit which appears to have been a factor in a large number of recent home purchases there.[22] Both Cleveland and Atlanta have made aggressive use of tax abatements to lure middle and higher income households into the city. In San Francisco, the favorable tax treatment of live/work lofts, totaling in the tens of millions of dollars[23] is believed to have been an important factor in the development of large numbers of these upper income units in the South of Market area (SOMA).

- **Public Housing Revitalization:** Another direct policy lever that may have the indirect effect of increasing gentrification is the federal HOPE VI public housing revitalization program. This program is premised on the need to reduce the extremely high and problematic densities in many aging and dilapidated public housing developments, and to increase the income diversity of their residents. HOPE VI provides leveraged funding for the demolition of large projects and creation of replacement housing that is less dense, and has a substantially greater income mix. Many of the targeted projects are located in or near downtown areas. While these developments might have been significant deterrents to neighborhood revitalization before reconstruction, many now no longer are, and their reconstruction is attracting nearby investment. While it is clear that HOPE VI is reducing the crime, blight and density of public housing projects, it appears too early to tell whether HOPE VI is contributing to gentrification.[24] Nevertheless, observers in both Cleveland and Atlanta are bracing for gentrification pressures spurred by HOPE VI projects.

- **Consequences of Other Federal Policies:** Some federal policies may have the effect of contributing to gentrification. Wyly argues that the federal role in mortgage market regulation, among other changes in mortgage finance (including securitization and standardization) has reduced or eliminated many of the practices responsible for redlining, but in so doing has stimulated powerful gentrification pressures.[25] Marcuse also notes that affordable housing goals governing government-sponsored enterprises – Fannie Mae and Freddie Mac – may also have the unintended consequence of contributing to gentrification by directing mortgage capital into "under-served areas" which may be vulnerable to gentrification.[26] A number of contacts also indicated that federal Empowerment Zone incentives also contributed to gentrification pressures in several cities.

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[22] Philip Dearborn and Stephanie Richardson, *Home Buyer Credit Widely Used*, The Greater Washington Research Center, Washington D.C., May 5, 1999.
[23] Strategic Economics notes that "the San Francisco policy which waived certain requirements for developers of live-work units in SoMa has meant that the City has foregone $5.5 million in school fees, $2.6 million in planning fees, and 207 affordable housing units that would have been included under normal city rules. These breaks . . . may be fueling gentrification and displacement by raising land values and rents while doing nothing to add to the stock of affordable housing," p. 16.
[24] Wyly and Hammel. The authors argue that gentrification is a necessary but not sufficient condition for the successful inclusion of mixed-income and market rate housing in HOPE VI projects. Also, at this time, HUD has little data about the locations and satisfaction of those residents who do not return to newly renovated developments.
[25] Ibid p. 763. Note that this argument suggests that market barriers *prior* to these innovations and requirements had the effect of slowing natural tendencies toward gentrification.
[26] Peter Marcuse, "Comments on Elvin K. Wyly and Daniel J. Hammel's 'Islands of Decay in Seas of Renewal: Housing Policy and the Resurgence of Gentrification'" *Housing Policy Debate,* 1999 Vol. 10, No. 4, p. 796.

- **Local Economic Development Tools:** Cities utilize other economic development tools to spark revitalization, such as the construction of transit facilities, convention centers, and the disposition of city-owned property. These strategies may contribute to gentrification. In Washington, D.C., the two hottest gentrifying areas surround a newly opened subway station (Columbia Heights) and a new convention center (Shaw). Cleveland's land bank is the source of much inexpensive land being utilized for new home construction in downtown Cleveland. These public investments are *by design* intended to stimulate new economic activity, and those in Washington—but not Cleveland—appear to be contributing to gentrification pressures.

  Cities also can use their control of the zoning and code enforcement processes to moderate or stimulate gentrification. In San Francisco, observers argue that lax code enforcement has encouraged the construction of thousands of upper income live/work lofts in gentrifying neighborhoods.[27]

C. Consequences of Gentrification

Gentrification is a double-edged sword. It is often a productive byproduct of revitalizing city neighborhoods, but it can impose great costs on certain individual families and businesses, often those least able to afford them. In some cases, these consequences are clearly positive or negative; in other cases, there can be both positive and negative impacts, depending on the perspective of the stakeholder. In some cases, a single constituency may be divided on a given issue. For example, some "original" residents, those living in the neighborhood before gentrification pressures unfold, may miss the corner restaurant driven out by rising rents, yet welcome the arrival of a major chain drug store to replace yet another liquor store. Or some original homeowners may fear rising home prices because of the corresponding tax increases, while others may welcome price appreciation and the increased financial equity it brings.

Berry outlines three stages of the gentrification process, and variations among them may help to explain the diverging views above. In the first stage, newcomers buy and rehab vacant units, causing little displacement and resentment. In the second stage, knowledge of the neighborhood and the rent gap spreads, displacement begins to occur, and conflict erupts. Finally, as the effects of rehabilitation are more apparent, prices escalate and displacement occurs in force, new residents have lower tolerance for social services facilities and other amenities that they view as undesirable, and original residents are displaced at a larger scale, along with their institutions and traditions.[28]

Because the effects of gentrification vary by stakeholder, by Berry's stages, and by the intensity or pace of gentrification a community might experience, its consequences are hard to categorize, they are often tightly intertwined, and they cannot be considered strictly "good" or "bad." Thus, the discussion below describes the consequences, and then attempts to describe how these

[27] Strategic Economics, p. 16.
[28] Berry, pp. 78-79. Berry uses the term "revitalization," but it closely tracks our definition of gentrification.

consequences are perceived by varying stakeholders, often drawing examples from the case studies.

The consequences of gentrification include the following, each of which we will discuss in turn:

- involuntary or voluntary displacement of renters, homeowners and local businesses;
- increasing real estate values and equity for owners, and increasing rents for renters and business owners;
- increasing tax revenue;
- greater income mix and deconcentration of poverty;[29]
- changing street flavor and new commercial activity;
- changing community leadership, power structure and institutions;
- conflicts between old and new residents; and
- increased value placed on the neighborhood by outsiders.

1. Displacement

Displacement of low-income residents is one of the defining components of gentrification, and is also by far the most serious consequence of gentrification. As noted earlier, estimates of displacement in the '70s and '80s vary widely, depending on whether the researcher takes a place-based or people-based approach. There is little comparable research for gentrification in the 1990s and no serious examination of gentrification's displacement of small businesses has been undertaken. [30]

The amount of and nature of displacement seems directly tied to the tightness of local housing markets. Where housing markets are extremely tight, such as in the San Francisco Bay Area, the amount of displacement is likely to be greater and the impacts on those displaced are likely to be more serious. A recent city-sponsored report concluded that 881 rental units were converted to other purposes in San Francisco between July, 1999 and June, 2000, compared to just under 300 units during the previous year.[31]

Atlanta city officials recognize that escalating property taxes on homes in revitalizing areas can put pressure on elderly homeowners living on fixed incomes. The city offers a tax deferment program, under which a portion of taxes is deferred and due upon sale of the property, though

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[29] The extent to which the low income people who leave a gentrifying neighborhood relocate in an area of less concentrated poverty than their original home is a function of many housing market and public policy factors. But almost by definition there is a relative "deconcentration of poverty" for those remaining due to the new income mix.

[30] See Rowland Atkinson, "Measuring Gentrification and Displacement in Greater London," *Urban Studies*, Vol. 37, No. 1, pp. 149-165.

[31] Curiel, Jonathan, "S.F. Rise in Condo Conversion Evictions/Landlords cash in during hot market," *San Francisco Chronicle*, August 26, 2000.

officials there indicated that many current owners appeared uncomfortable with liens on their property, and the program is not well-known and rarely used.

Softer housing markets are likely to dampen the magnitude and the burden of displacement, or obviate it all together. In cities like Cleveland, with much vacant land and low-priced abandoned residential and commercial shells, developers can create attractive housing for newcomers without displacing existing renters or homeowners. In fact, rather than posing a problem and inciting opposition to community revitalization, the slow influx of newcomers seems a welcome change from decades of population loss and concentrated poverty.

Renters are clearly most vulnerable to displacement, especially when renters lack legal immigration status or do not speak English, as is often the case in San Francisco's Mission District. Lower income renters are ill equipped to afford price increases from owners who want to upgrade, charge market-based rents, or convert their buildings to condominiums. In a dwindling number of cities (including Washington and San Francisco), rent controls shield renters from dramatic rent increases, but frequently do not effectively target benefits to low income households who need affordability protection most.

Gentrification pressures often provide existing property owners with better choices. While gentrification can increase property values, and thus property tax burdens, many cities have protections in place to assist owners who cannot afford such increases, including deferment of property tax increases (sometimes limited to elderly residents). Moreover, existing owners usually enjoy appreciation in their property values as gentrification occurs. This allows owners to choose whether to sell their homes or commercial buildings with substantial profit, to stay and borrow against their new equity to improve their property or for other purposes, or to maintain the *status quo*.

The benefits of appreciation are likely to flow to some of the most vulnerable portions of the low-income population. National data suggest that nearly 30 percent of low-income homeowners have a single elderly head of household, over 50 percent of all low-income homeowners are female heads of household, and 25 percent include a minority household head.[32]

Whether property owners stay or sell can be a divisive issue in many gentrifying communities. In both the West Oakland and Kirkwood, Atlanta neighborhoods, low-level conflict has erupted among original homeowners, some of whom want to stay in place, and others who want to take their newfound equity and leave. A former Pittsburgh community development corporation director argues that individual residents should make decisions that are right for them, and none should be deterred from cashing out. He compared this choice for minority residents today to the same choice that white homeowners faced after riots in the late 1960s. "No one told white city

[32] Joint Center, p. 29.

residents they should stay in place during the period of white flight; why should anyone argue that black homeowners should stay in place when they see their best prospects elsewhere?"[33]

The San Francisco case study outlines the process of business displacement in the Mission District, where business operators saw large increases in rents and in building sales between 1997 and 1999. Displacement in the South of Market area is blamed for a loss of nearly 400 manufacturing jobs.[34] Some community development corporation staffers in the case study cities concede that some original businesses may be marginally operated or may be losing global competition battles, or their owners may be close to retirement—that is, jobs may be lost due to factors other than gentrification-induced displacement. While gentrification may push out some businesses whose markets have changed or whose lease has run out, a business able to shift with changing markets can do better when residents in the area have more disposable income.

Our case studies reinforced the basic point: Involuntary displacement is most likely to affect the poorest, most ill-equipped residents of a community. Because in many communities these residents include significant numbers of minorities, displacement tends to hit minorities disproportionately hard. With vacancy rates at record low levels in some cities, it is likely that most of those displaced were forced to move out to other surrounding communities with somewhat more affordable housing opportunities.

For these households, both the economic and social costs of displacement can be extremely high. Finally, when a household leaves a neighborhood through displacement, it misses out on the opportunity to share in the social and economic improvements the neighborhood might enjoy in future generations. Moreover, those future generations in the neighborhood miss out on the history and grounding those residents might have provided.

2. Increasing Tax Revenues

Tax revenues are the lifeblood of cities, and a cost to its residents and businesses. Expanding the tax base is particularly critical to city leaders since over the last 20 years cities have both lost many higher income tax payers and increased the number of lower-income residents who need city services. Each of our four case study cities has lost population and increased its concentration of poverty over the past two decades. For example, Atlanta's population declined by 20 percent between 1960 and 1994, and median incomes there declined by almost 25 percent in real terms.[35] Washington, D.C. is estimated to have lost nearly 35,000 residents between 1990 and 2000[36] and the number of households earning more than $50,000 declined slightly between 1990 and 1996.[37]

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[33] Interview with Stanley Lowe, January, 2000.
[34] Yee and Quiroz-Martinez, p. 2.
[35] Walker, Mary Beth*, A Population Profile of the City of Atlanta: Trends, Causes and Options*. Atlanta: Research Atlanta, Inc., 1997, p. iii and Table 6, p. 8.
[36] U.S. Census Bureau, Resident Population of the 50 States, the District of Columbia and Puerto: April 1, 2000 and April 1, 1990. http://www.census.gov/population/www/cen2000/respop.html#t2.
[37] Brookings, p. 16.

Cities that have lost substantial population look at a variety of ways to enhance their tax revenues, and attracting higher income residents is one way to do this. Based on our case studies, city support for these policies appears quite strong. An influx of higher income residents generally brings both higher property tax assessments and higher overall revenues to city coffers. Higher tax revenues can help pay for services and investments that city residents need and can spur further neighborhood revitalization.

The impact of gentrification on the local tax base varies dramatically depending on the local and state tax structure in place.

- In Cleveland, for example, 60 percent of city revenues come from an earnings tax on commuters who live outside the city. Thus, if gentrification were to occur, the new higher income residents, particularly if attracted from neighboring suburbs, would not have dramatic impacts on tax revenues for the city.

- Congressional opposition from neighboring legislators has made it impossible for the Washington, D.C. to enact a commuter tax. Washington also has the lowest proportion of households with incomes over $50,000 in 1996 – 30 percent—in the D.C. area. Mayor Anthony Williams has made attracting higher income residents into the city a priority.

- In Atlanta, city officials are trying to create a "virtuous cycle," where more middle class residents will promote both a stronger tax base and stronger services. The city's civic leadership, represented by the Renaissance Program Policy Board is determined to add 60,000 additional middle-income residents for the city, derived both by attracting families from the suburbs, and by affirmatively "growing" the low incomes of current residents. Without this influx (and the tax base and neighborhood change they will bring), the Board fears the city will continue its decline.

- Unlike the other case study cities, San Francisco's budget is flourishing, with or without new higher income residents. California's fiscal system has two distinct features that create incentives for gentrification. On the one hand, property tax assessment increases are capped at one percent per year under Proposition 13, and only rise to market levels at the time the property is sold, so local governments have a financial interest in residential turnover. On the other hand, the state tax system provides incentives for local governments to favor retail development (which is not constrained by Prop. 13) over new housing development, further limiting housing supply and adding to gentrification pressures.[38]

It is not clear whether cities use new revenues to maintain and enhance the services provided to lower income residents, either in gentrifying neighborhoods or in other low-income areas of these cities. Lang found "that gentrification produces increased revenues for municipalities

[38] Yee and Quiroz-Martinez, p. 17. In California, this is called the "fiscalization of land use."

and that these revenues are not erased by the demands of newcomers for civic improvements."[39] Some advocates we spoke with fear that new tax revenues generated by new higher income households will be earmarked for improvements in services in gentrifying neighborhoods, at the expense of other neighborhoods in the city.

A number of cities link appreciating real estate prices to affordable housing needs. They establish housing trust funds, which require developers who are granted zoning variances to contribute to a pool for the creation of more affordable housing. Boston's linkage-fee program historically funded affordable housing throughout the city, and often financed housing in less expensive neighborhoods, in part to increase the cost-efficiency of housing created. A new initiative ties at least a portion of the revenues to the neighborhood whose revitalization generated the fees. It is not clear whether such an arrangement enhances neighborhood equity or detracts from it, and the Lawyers Committee on Civil Rights recently filed suit, arguing that the agreement violates fair housing law. Within the private sector, the Silicon Valley Manufacturing Group, concerned about making housing affordable to its current and future employees but wary of government-mandated linkage fees or other requirements tied to expansion, is soliciting area corporations for money for a $20 million housing trust fund.

3. Greater Income Mix, Deconcentration of Poverty

Interest in increasing a withering tax base is not the only reason that many cities are actively trying to attract upper- and middle-income households. Cities are also desperate to reduce the high and costly concentrations of poverty households contained in their borders. A community development director in Cleveland noted, "I know it's not politically correct, but with an average poverty rate of 42 percent, what my target neighborhoods *need* is a little gentrification." Successful efforts to improve incomes, deconcentrate poverty and create a greater income mix in neighborhoods have significant impacts on the wellbeing of families and children, according to Turner and Ellen, in a summary of the existing research on so-called "neighborhood effects":

> The bulk of the empirical evidence conducted to date suggests that neighborhoods matter. Various neighborhood conditions appear to significantly affect a wide range of individual outcomes at every state in a person's life and across social and economic dimensions. High poverty rates, the absence of affluent or well-educated neighbors, high unemployment, high rates of welfare recipiency and the absence of two-parent families have all been found to play a role in one or more important outcomes for families and children. However, although the effects of neighborhood environment are found to be significant, they are consistently much smaller than the effects of family characteristics. [40]

[39] Lang, Michael, "Measuring Economic Benefits from Gentrification," *Journal of Urban Affairs,* Vol. 8, No. 4, p. 37.

[40] The best summary of the literature on neighborhood effects is Margery Austin Turner and Ingrid Gould Ellen, "Does Neighborhood Matter? Assessing Recent Evidence," *Housing Policy Debate*, Volume 8, No. 4.

The creation of greater income mixing in neighborhoods, in the hopes of better outcomes for families and high-quality jobs for workers, is a fundamental tenet of much of urban policy today. Both with HOPE VI and with relaxed income targeting for public housing overall, public housing is attempting to mix non-poor residents into public housing developments and nearby areas. Gentrification has not eliminated income and racial diversity in any of the neighborhoods we examined in our case studies. In each gentrifying neighborhood we visited, newer higher income residents live in the same neighborhood—if not the same block—as those who have lived there for years. The challenge is how to ensure that mixing families of differing incomes results in the benefits the research suggests it should. Clearly, the effective provision of social services support is important, but creating and conserving social capital also appears to be significant.

4. Changing Street Flavor and Cultural Fabric

Thriving communities need thriving commercial districts, and thriving commercial districts need thriving communities. In our case studies, many of the distressed communities encompassed anemic commercial districts before the onset of gentrification. An influx of higher income residents has a number of potential effects on the street life of a neighborhood. New residents and their purchasing power create potential customers for existing businesses. They stimulate the development of new businesses which might better serve both their own and perhaps the neighborhood's broader needs. In turn, increased competition for space and the market may lead to higher rents for businesses and service providers in the neighborhood. The presence of new competition may drive small, locally owned but marginally profitable businesses out of the marketplace.

Two examples provide some sense of how these dynamics can play out differently:

- A recent *New York Times* article describes the situation of Errol Joseph, a longtime dry cleaner located in south Harlem. His commercial strip serves a community long beset by crime and drugs, but now the new home of a thriving West African community and a broad mix of incomes and races.

> At Joe Pep Dry Cleaners on 116th Street, where West Africans take their ceremonial robes before Friday services at the mosque, the owners are jubilant. Four years ago, they closed for the summer. "We just weren't making it," [Joseph] said, sitting at a sewing machine with a tape measure around his neck. "Now, we're doing fine." [41]

- A contrasting story emerges from the Mission District in San Francisco. Under great pressure are the same Latino groceries and religious stores that give the neighborhood character and attract twenty-something newcomers. The owners of El Herradero Restaurant face a 63 percent increase in rent after 12 years in business, while the Los Jarritos Restaurant and Mi Rancho Market were displaced as the buildings' owner put them up for

[41] Rozhon, Tracie, "Grit and Glory in South Harlem," *New York Times*, Thursday, March 16, 2000, p. B1.

sale.[42] The street's mix of businesses is shifting gradually from those serving the basic needs of the Latino population, to the more eclectic preferences of its new upscale residents.

These examples provide a range of the potential local impacts and responses to different gentrification pressures. In some circumstances, when longstanding businesses can recognize the change in their market and respond to it effectively, the business owner can thrive, as Mr. Joseph has done in Harlem. Some rent increases associated with gentrification may too severe for savvy as well as marginal business owners.

Anti-gentrification forces in San Francisco appear to be driven by two agendas related to changing street character: Some lament the loss of original residents and businesses, and the flavor that their presence brought to the street, or the unique markets the businesses might have filled. Others, driven by an anti-corporate, anti-consumption agenda, seem to oppose gentrification in order to stop the influx of national franchises and firms, such as Starbucks and Home Depot. A recent *San Francisco Chronicle* piece reported:

> Starbucks' smiling green siren has come to symbolize all that is wrong with the new money that's ruining the unique flavor of The City's neighborhoods. . . . "It's the canary in the mine shaft," said neighborhood activist Aaron Peskin, who has led the fight against chain stores in North Beach. . . . Starbucks, says Peskin, is the "symbol of the chaining of corporate America."[43]

Community development officials and community leaders in the case study sites agreed that sometimes original residents heartily *support* a change in street character and composition. In many cases, neighborhood residents had lobbied unsuccessfully to get better public services – including effective sealing of abandoned buildings, police crack downs on crime and drug activity, and better access to groceries and other basic retail services. They prefer to have the variety and price advantages of a full-scale grocery rather than more expensive corner convenience stores. In Ohio City, a new Ralph's supermarket is the first full-service grocery store to open in a generation. The same *San Francisco Chronicle* story cited above described the efforts the Excelsior District Improvement Association undertook to attract Starbucks to its neighborhood.

> [They] invited Starbucks officials to tour their working-class neighborhood recently with the hope that a new Starbucks would revive the aging commercial district, attract more shoppers and ultimately attract more upscale stores. "You cannot buy a latte on Mission Street from

[42] Mission Economic Development Association (MEDA), San Francisco, "Small Business Displacement Hearing," materials presented to Supervisor Alicia Becerril on September 16,1999, p. 3.

[43] Lelchuk, Ilene, "Starbucking the Trend, Coffee chain that's shunned in some quarters now being courted elsewhere," *San Francisco Chronicle*, Sunday March 19,2000, p. C1. In December 2000, Peskin was one of several anti-gentrification community activists elected to the San Francisco Board of Supervisors. The new Board, the first to be elected under a new district elections system, now has a majority of opponents of the mayor, and their common focus is opposition to displacement and support for strong controls on development.

Silver to Ocean. The only place you can get a cup of coffee is at McDonald's," complained Rebecca Silverberg, president of the Excelsior District Improvement Association.[44]

5. Changing Community Leadership and Institutions

Gentrification often brings changes in a community's power structure, changes in its elected leadership, and often shifts in the character and number of its political, religious, and social services institutions. Newcomers bring with them concerns about both their neighborhood's improvement and their own financial investment. They often have contacts, knowledge and the political clout to more effectively engage public officials to improve public services in their community. Often the newcomers advocate for improved schools, lower crime and improved public services, reinforcing positions of longstanding residents. In Atlanta, Mtamanika Youngblood, the executive director of the Historic District Development Corporation in Atlanta, attributes her organization's success to the unity between old-timers and newcomers to the area.

But it is not unusual to have conflicts among newcomers and older residents. In Atlanta's Kirkwood neighborhood, an influx of white, gay householders threatens the seat of an African American city councilwoman. According to observers close to the situation, that threat undergirds the public conflict between the area's conservative church leaders and the newcomers.

Churches, other cultural institutions and non-profit service providers come under intense pressures as neighborhoods change. They must adapt to changing neighborhoods or follow their constituency elsewhere.

- In cities across the country nearly empty churches are saddled by high maintenance costs they can't pay out of paltry Sunday coffers. Meanwhile, some churches follow their congregations to the suburbs.
- In the Mission District of San Francisco, a dozen community service providers were displaced in mid-2000 as their leases ended and the building refitted for use by a dot-com firm. Several of the organizations plan to follow their clients to other neighborhoods; others are frustrated that administrative issues like hunting for a lease chew up time that should be devoted to serving clients.
- In West Oakland, it remains to be seen whether early indicators of impending gentrification will unite its often-fractured political leadership.

Finally, a community's schools are an essential and grounding institution. Many newcomers do not have children or look to private and parochial schools for their education, and so they bring little additional pressure to improve neighborhood schools. At the same time, cities have used the draw of magnet and charter schools to entice higher income families into the city. In some

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[44] Ibid., p. C5. The Excelsior District is where many Latino residents of the Mission District reside after leaving the Mission.

communities (such as in Cleveland) new residents *have* come together with original residents to secure more resources for and better quality from their local school. We saw no evidence in our case studies to suggest that political pressure from new residents is significant enough to spur the arduous process of improving schools citywide, however.

6. Increased Value Placed on the Neighborhood by Outsiders

Gentrification brings increased housing and property values and higher rents for apartments, and frequently for commercial real estate as well. Rising property values have disparate impacts on various stakeholders. For many, increasing property values are indisputably beneficial. Existing homeowners gain equity, city tax revenues rise, and the community and metropolitan area may gain a more vital and vibrant neighborhood and commercial strip. Cleveland community development corporation staff argue that their work is *focused* on increasing the market value in the neighborhood—that is how they measure their success. City observers argue that if the housing investment is at a reasonable scale, say a HOPE VI redevelopment project or a 35-unit new in-town development, the ripple effect of increased value extends for two or three blocks, and can attract more new residents to the area. On the other hand, higher market values over time can hurt low-income renters and the community at large.

Gentrification may allow previously unrecognized value in a neighborhood—quality housing stock, accessibility and proximity to downtown and/or other attractive neighborhoods—to be realized. Community leaders in Atlanta indicated that the string of neighborhoods to the east of Atlanta is now simply revealing the value that housing discrimination and segregationist attitudes had previously suppressed.

Thus, the process of gentrification can be displayed graphically, as shown below.

THE GENTRIFICATION PROCESS

CAUSES/DRIVERS/ENABLERS	PROCESS	CONSEQUENCES
Job Growth—CBD or regional		Displacement
Housing Market Dynamics	Gentrification	Increased Tax Revenues
Constrained supply		Increased Income Mix
Affordability		Deconcentration of Poverty
High demand		Changing Street Flavor
Preferences for Urban Living		Changing Leadership/Institutions
Public Incentives—Direct and Indirect		Changing Income Mix
Quality-of-Life Issues		Increased Property Values

Too frequently officials, developers and advocates suggest that gentrification is “good,” or “bad,” or “necessary,” or simply “the market at work.” We argue in this paper that gentrification is a process that emerges when a combination of factors collide. It is a very complex process with complex consequences that can be good, bad, or even good *and* bad, depending on the interests of the stakeholder. The challenge for city, private sector and neighborhood leaders, and for policy makers at the regional and national levels is to recognize the complexity of this process, to strive to manage the circumstances to promote equitable development, and to seek to take actions early to ease or eliminate adverse consequences that do emerge. In this way, broader economic revitalization efforts will have a greater chance of success, a greater chance of the broad community support that is so often essential to their effectiveness, and will provide more comprehensive benefits for neighborhood residents. Of course, politics can play a large role in how the gentrification issue plays out, as the following section describes.

IV. THE POLITICAL DYNAMICS OF GENTRIFICATION

A political analysis of gentrification centers around four key points:

- gentrification means different things to different people;
- stakeholders have varied, conflicting and often unexpected positions on the issue;
- the economic growth that frequently undergirds gentrification enables deals, new public and social investments, and solutions that might otherwise not be possible; and
- the quickly changing nature of forces driving gentrification conflicts with the methodical pace of bureaucracies and the long timeframes required by many of the financing- and construction-based strategies needed to address it.

The process of gentrification can be an integral part of a successful revitalization effort, or the clearest sign of a changing neighborhood that original residents feel they can no longer call their own. In some cases, a local government or developer will view the activity in a neighborhood as the former, while existing resident leaders will characterize the same activities as the latter. Clearly, the pace of this change and the level of distress in the neighborhood have much to do with how gentrification is perceived by residents, business owners, city officials, developers and local leaders. So, too, do the political dynamics of the gentrification process.

On its face, one would expect the political positions of various gentrification stakeholders to line up neatly along the following lines:

- Mayors and local governments would seek revitalization of high poverty neighborhoods both to enhance their tax revenues and to enhance the overall quality of their neighborhoods. This revitalization leads to gentrification.

- Real estate professionals and developers would attempt to identify new profitable market opportunities, and find unrealized value in gentrifying neighborhoods.

- Original residents, who often have a sense of history and ownership over their neighborhoods, would resist the entry of newcomers and be wary of new businesses that may not offer goods and services that they need.

- The larger population, to the extent that it is engaged, would be somewhat ambivalent. Some would be supportive of efforts to “clean up” downtrodden neighborhoods, bolster the city’s image, and attract new businesses that may cater to their desires. Others may be reluctant to allow unique neighborhoods to become homogenous.

The realities of the political dynamics that we found in our case studies were much more complex:

- In San Francisco, where rapid gentrification is occurring, gentrification became a central issue in the recent mayoral race and subsequent elections. San Francisco Mayor Willie Brown's opponent in the 1999 runoff election ran on an anti-gentrification platform, and in the final days of the election, Brown argued that he, too, was opposed to gentrification. Yet no gentrification policy emerged from his new Administration through most of 2000. Then, in the fall of 2000, a furious but thus far inconclusive election fight was waged over competing ballot initiatives that offered strong or moderate controls on property development in the Mission, South of Market, and other areas, with the Mayor and the development sector having put forward the moderate version. (Both versions failed, although the stronger one lost by a small number of votes; the moderate version lost by a wide margin.) This was followed in December by runoff district elections for the Board of Supervisors that put into office a large number of anti-gentrification activists who had run against the mayor's approach.

- In Washington, D.C., plans for a new retail development on city-owned parcels around a new subway station have sharply divided local residents on how to revitalize the Columbia Heights neighborhood. The division pitted a longstanding community development corporation against another well-organized group of neighborhood residents over both the type of development that will occur and the process for involving community residents in decision-making processes.

- A former Atlanta city planning commissioner fears impending displacement and knows that rent control would not fly in this city that prizes property rights.

- A CDC official in Cleveland confides that the neighborhoods he targets *need* some gentrification.

Stakeholders can and often do use gentrification in a very politically charged way to frame real impacts and attempt to stimulate an effective political response. For instance, neighborhood advocates can attempt to quantify the displacement created by gentrification, publicize "horror stories" of families displaced, and argue for more affordable housing, or for workable rent controls. Cities can recognize that gentrification is leading to increased values for planned housing units, and demand affordable housing set-asides and other concessions from developers.

Gentrification creates costs *and* financial resources that can offset them. At the regional level, the gentrification process as a whole is driven by factors that can help resolve its adverse consequences. The key issue is how best to link local residents and institutions with resources at the neighborhood, city or regional levels. For instance, in Washington, D.C. the Development Corporation Columbia Heights (DCCH) is a full partner with a private developer in the commercial development near the new subway station. Under this arrangement, DCCH will receive a portion of the profits of this development and will channel these profits into additional housing and economic development ventures to benefit the neighborhood's low-income residents. In East Palo Alto, CA, the development process made unexpected resources available to non-profits searching for space in advance of pending displacement:

> Nonprofit agencies that dawdled in moving from an East Palo Alto neighborhood on the brink of redevelopment have prompted the developer to come up with several hundred thousand dollars to keep the [$210 million] project on track. . . . In the push to relocate them, [the developer] decided to pay for immediate renovations to a local warehouse and office space so that the 12 nonprofits can move in within two months. The extraordinary measure goes well beyond the requirement by state law to give displaced tenants financial assistance for 42 months. [The managing partner said that] it was necessary to keep the project on schedule . . . .[45]

Likewise, job growth, whether in the city or in the region, can spark the gentrification process, while at the same time offering jobs to and raising incomes of neighborhood residents, if regional job opportunities are linked appropriately to those who are unemployed or underemployed. As many in Cleveland remarked, "it's not that our housing is too expensive, it's that our incomes are too low." Labor shortages that often drive gentrification can lead to improvements in incomes. Similarly, new market demand generated by gentrification can, if linked effectively, resuscitate marginal local businesses. During the periods of robust economic growth and high profits that appear to spur gentrification, the political environment may convince developers to set aside affordable housing units, contribute to housing trust funds, and hire and train local residents for construction jobs. Cities can turn over effective control of city land to a neighborhood organization or other entity, or site affordable housing in a community rapidly losing its affordable stock. Legislation mandating these policies can more easily pass in economically robust times as compared to periods of sluggish economic activity.

The timing intrinsic to the gentrification process makes for additional complexity. As Berry noted, when gentrification is just beginning, few original residents see cause for concern, even though steps taken early to limit adverse effects of the process seem to have greatest effect. As gentrification proceeds and both positive and negative effects become clearer, residents and policymakers have fewer opportunities for intervention, less time to pass laws or secure approval for and build affordable housing, fewer degrees of freedom. In a hot economy, the window for affecting change may be short, but many of the most effective tools take time to implement.

Thus, gentrification is an issue that is frequently defined differently by various political stakeholders, that creates a political environment that is complex and unpredictable, and that has an intrinsic timing problem that fosters more missed opportunities than successful interventions. From these characteristics, it is easy to understand how gentrification is susceptible to demagoguery.

[45] "Developer Pays to Move Businesses Out," *San Francisco Chronicle*, January 25, 2000, p. A16.

V. MAKING GENTRIFICATION WORK FOR THE COMMUNITY, CITY AND REGION: 10 STEPS TO A STRONGER COMMUNITY

A number of factors at the regional, city and neighborhood levels contribute to gentrification, and the unique combination of factors in any given city will affect the degree and pace of gentrification. Gentrification's impacts can have positive or negative effects, depending on both the circumstances of the neighborhood and metropolitan area, and on the constituency affected. The public and private sectors have historically taken a range of steps to either encourage revitalization or to dampen effects (such as rapid rent increases) that are also the adverse consequences of gentrification. These steps include tax abatements, housing trust funds, job linkage efforts, linkage fee programs, rent control, and so on, and many cities without a history of gentrification already have them on the books. While none of these latter actions can or should stop all gentrification, these efforts can dampen the adverse effects and can heighten the positive effects of rapid gentrification. There are, in our case study cities and elsewhere, strong indications that public and private actions taken to address displacement can have a positive impact. For example, it is likely that lower income households and gentrifying neighborhoods in San Francisco would have seen more displacement, and more rapid community change, without some of the longstanding protections the city has in place.

Responses to gentrification should be constructed in the context of "equitable development." Is the process of gentrification producing a kind of development that is inequitable in terms of economic and social diversity or long term stability? And how can the strategies to manage change increase the likelihood of equitable development outcomes in the future?

There are ten steps that can be taken to improve, if not optimize, the end result of gentrification. Rarely, however, have leaders so far developed the needed political capital and pulled these tools together in a timely and strategic fashion to positively affect the gentrification process. These strategies are consistent with longstanding community-building and economic development strategies, and many of the models have been tried and improved over the years. As a result, this paper does not describe the tools and tactics in great detail, but rather refers the reader to other sources that do so (see Appendix B).

These strategies are firmly based within the neighborhood, since that is the level at which gentrification plays itself out most directly. Yet cities and regions have a large stake in ensuring regional job/housing balance, in promoting sustainable economic growth, and in reducing the adverse effects of gentrification for their constituencies. Therefore, the strategies can and should be supported, implemented and funded by regional, city, private sector, non-profit sector and philanthropic interests, and they generally require the participation of public and private sector partners. They include:

1. knowing the context, and the growth dynamics in the city and region to determine the extent to which gentrification is a reality, a near possibility, or an unlikely occurrence.

2. increasing regional, city and community understanding of the dynamics of gentrification, and conducting analyses that can anticipate pressures;

3. getting organized, again at the regional, city and community levels;

4. developing a unified vision and plan (e.g., for jobs/housing balance at the regional level, for economic and housing needs and opportunities for residents at the city level, and for neighborhood stability and viability at the local level);

5. implementing regulatory and policy fixes at the regional, city and community levels, as appropriate;

6. gaining control of public and private property assets that can be taken out of the market and used to provide affordable housing and office space for neighborhood residents and service providers;

7. improving resident understanding of legal rights, and home-buying and selling strategies;

8. improving public education at the local and citywide levels;

9. preparing parties to negotiate for more equitable development in the midst of gentrification; and

10. creating forums to resolve conflicts and to re-knit the community.

1. Knowing the Context

Before thinking that gentrification is a challenge with which they must grapple, city leaders and neighborhood advocates must understand their city's unique housing dynamics, job growth rates, and real estate trends. Is displacement likely to occur, or are there large swaths of depopulated land that can absorb new development without displacement? Are middle-income people actually moving into the city, and if so, are they moving into low-income census tracts or into upper- or middle-class neighborhoods? Put bluntly, everyone concerned about gentrification must know whether or not the city economy is strong enough to make gentrification an issue. If not, then energy and attention are better spent in planning for equitable development rather than searching for a challenge that does not yet exist. Similarly, people must know their neighborhood context: are the conditions right for gentrification, or can higher income residents be absorbed without displacement, as has occurred in some Cleveland neighborhoods. Are property values likely to rise gradually enough that residents enjoy the benefits of revitalization without the challenges that gentrification can bring?

2. Anticipating the Pressure

Perhaps the most important task for neighborhood residents, local and regional government officials and other stakeholders is to identify gentrification pressures early, and to understand how gentrification dynamics will likely unfold. Predicting future metropolitan economic performance and how those trends will play out at the neighborhood level is notoriously hard. But an array of indicators exists that may help to signal gentrification pressures at its earliest stages (see chart above). Real estate and retail development specialists use some variants of these indicators to make investment decisions. There is no reason why local governments, community foundations and community organizations cannot be just as well informed about the prospects of their neighborhoods. City and regional officials, philanthropists and community organizations should periodically review the leading indicators to determine the potential exposure of their neighborhoods.

Further, if city leaders and developers have planned for targeted investment or large scale economic development in or near distressed neighborhoods, local leaders can put policies in place early, to stem the negative effects of gentrification and ensure that benefits of revitalization redound to the existing community. *If community groups, residents, foundations and city governments can anticipate gentrification early, they have a unique opportunity to capture benefits from the revitalization process for low-income neighborhoods and their residents, while working to avoid any adverse consequences of gentrification.*

3. Getting Organized

Leaders of the Bay Area's Mission District believe that their lack of neighborhood-wide organization and unity prevented them from affecting gentrification pressures in the neighborhood more productively. In contrast, Buck Bagot, a leader in the close-by Bernal Heights neighborhood, argued that the area's strong and unified organization both *made* Bernal Heights a neighborhood attractive to newcomers, and enabled that community to take advantage of the gentrification process, and reduce its adverse consequences. For instance, the Bernal Heights neighborhood association worked closely with the city to secure city-owned land and build affordable housing so the neighborhood could retain a strong income mix, and it has been a key partner in crime reduction efforts over the years.

The San Francisco experience is very different from that in Cleveland, Atlanta and Washington, although in each case, community capacity remains a key.

- In Cleveland, a web of community development corporations has evolved over the years, and receives active capacity building support from the city and from local and national foundations. The city, the CDCs and several private sector developers are united in a commitment to draw new residents into Cleveland's downtown. The CDCs are central players in efforts at the neighborhood level to attract new homeowners into the city and to create new affordable housing opportunities for lower income residents. The City spearheads neighborhood improvement efforts related to crime, education, fair housing, and so on; has organized an aggressive neighborhood marketing campaign; and provides key fiscal incentives and low-cost financing. The private sector now recognizes in a new way the amenities that downtown living offers, and with appropriate financial incentives, it is investing in selected downtown Cleveland neighborhoods. These entities seek revitalization, but are watching carefully for signs of adverse effects of gentrification.

- Atlanta's CDCs provide a similar focal point for neighborhood change. At the city and regional levels, they collaborate with the city planning department, a major area developer, a city-wide renaissance effort and a regional planning framework that advocate drawing higher income residents into Atlanta's downtown area, for fiscal, socio-economic and environmental reasons.

While advocating the value of community organization, we recognize that unity at the neighborhood level can be difficult to secure. Two neighborhood groups battled to determine the nature of a retail development plan for Washington's Columbia Heights neighborhood. Renters and homeowners often have different visions of their neighborhood's future, and often participate in community organizations at different rates. But the benefits that accrue to neighborhoods like Bernal Heights in San Francisco or the Historic District of Atlanta suggest that better-organized communities are more likely to end up with a community they remain pleased with than those communities that remain conflicted and unorganized.

4. Developing a Unified Vision and Implementation Plan

All communities, whether in hot or moderately growing economies, can increase the chances of equitable development if they and their public and private sector partners are united in their vision of the area's future. West Oakland and East Palo Alto among our case study communities had developed a recent community visioning process funded by local and national foundations. Gentrifying communities in Atlanta and Washington had undergone extensive community planning and visioning processes spearheaded by city agencies, prompted by the potential for city investments. Of course, creation of a plan is no guarantee of its implementation.

The multi-partner community visioning and planning efforts described above have two benefits: The process generates a shared vision and plan; and at its best, the process helps create working relationships and allegiances among participants. Community, private and public sector leaders will have a greater chance of securing city land for affordable housing if they have worked together before, and understand exactly how affordable housing and other plan components fit into the unified long-term vision of the neighborhood.

Development plans can be the catalyst that prompts a community, city or region to organize itself. Mtamanika Youngblood of the Historic District Development Corporation in Atlanta attributes much of the corporation's success to the development plan the corporation created with the city in anticipation of the 1996 Olympics. Likewise, the 1997 *Report to the Renaissance Program Policy Board* became the game plan for that organization, a document that helped translate a vision for

Atlanta's future into concrete steps toward success. A plan's development can be used strategically as an organizing and unifying tool, as a negotiating tool, as a funding document, as a political litmus test, as a touchstone for the future, and as a performance measurement tool. With appropriate buy-in built in from the beginning, the finished plan can drive the future of a neighborhood.

Volumes have been written about community and city planning processes, but based on the case studies, the following issues appear important to the efficacy of a plan that seeks to address gentrification, whether at the regional, city or community level:

- **Resident participation—**How can residents of revitalizing and gentrifying neighborhoods participate in an informed and powerful way in the future development of their regions, cities and communities?
- **Rental housing—**Where does rental housing fit in? Volume? Quality? Market and/or below-market rents? Location? Plan for new development?
- **Homeownership—**Where does homeownership fit in? Market and/or below-market financing?
- **Economic development—**What kinds of economic development projects are needed? What types of commercial and retail services should be preserved or attracted?
- **Social services—**To enhance their ability to increase incomes and remain in their neighborhoods, what social services and support do original residents need? How can they most effectively be provided?
- **Community amenities**— What are a neighborhood's needs, priorities and plans for public safety, education, recreation space and facilities, community services, traffic, groceries and other basic commercial needs, arts, elements of community character, density of development?
- **Commercial district amenities**—How do location, street character, and marketing fit together and work for local businesses?
- **Transition strategy** —How can original residents and businesses have the ability to remain in place and capture benefits of development? If some must leave, are there viable, affordable options within the region?
- **Uniting new and old residents**—How can original residents join with new residents in knitting themselves together in new, unified neighborhoods with a common vision of the future?

We would also argue that these planning processes should take as their starting point a commitment to the general elements of equitable development, and should translate these to respond to the characteristics of the specific community.

5. Implementing Regulatory and Policy Fixes

Perhaps most important, city and state officials should carefully review development policies and programs. Are they likely to instigate or exacerbate the adverse consequences of gentrification? Too often, a sound public investment in combination with a strong local economy (sometimes many years later) leads not to the equitable development that original residents and officials hoped for, but rather to displacement and the loss of community character. This isn't to say that carefully crafted revitalization or development investments should not be made, but rather they should be accompanied by regular reviews, and the development of strategies to address housing pressures, displacement, and so on that may emerge, both in the short term and the long term.

There are many public policy interventions that can be applied to stem the negative effects of gentrification without stalling a fast-growing economy. For example, local leaders can expand affordable housing, and use economic development tools to raise resident incomes . In some cases, policies that spur an influx of higher income residents (such as tax abatements) could be abolished for already-gentrifying neighborhoods. Likewise, a city might lift an assisted housing moratorium that made sense in a distressed community with more than its fair share, but now that the neighborhood is gentrifying, poses an obstacle to the provision of adequate affordable housing. In addition, there are affirmative strategies that cities can pursue, including:

Taxation Tools

In addition to strategic use of public assets, cities have the ability to spur revitalization, which in turn can lead to gentrification, and they hold revenue tools that can limit or slow gentrification's adverse consequences. Both Atlanta and Cleveland, for example, have tax deferral legislation on the books, which offers longtime homeowners the ability to defer incremental tax increases due to gentrification-driven appreciation until they sell the house.

For years, cities in some states have allowed specially organized districts to tax themselves at a higher rate in the future, in exchange for access to bond capital today, based on the premise that properties will increase in value as a result of the public investments, park or streetscape improvements, and the added tax revenues coming from area businesses and residents will cover the incremental amortization payments over time. Houston increasingly is taking advantage of tax-increment financing (TIF) legislation passed at the state level, with a housing set-aside. As mentioned earlier, Boston's housing trust fund recently changed its operations so that some fund proceeds are plowed back into the neighborhood from which the revenues came.

California's tax increment financing guidelines for redevelopment districts offer an additional opportunity to help ensure that increased neighborhood value redounds to lower income residents, without necessarily raising the tax rate for lower income residents. State redevelopment law requires that 20 percent of the bond capacity generated by TIF be devoted to affordable housing located not necessarily in the target area, but rather in the jurisdiction of the bonding authority.[46] Thus, a city such as Oakland can offer TIF financing for central business district improvements, but housing can be (and is) built throughout the Redevelopment Development Agency's jurisdiction, based on need. The TIF-funded housing could be built throughout the area, reducing overall housing pressures, or within a gentrifying neighborhood to address pressures there.

[46] Interview with Oakland-based community economic development and housing consultant David Paul Rosen.

Affordable Housing Preservation and Production

In hot housing markets, many of the long-established strategies outlined below become politically and financially viable. In slower markets, they can be difficult to put in place and operate. Unless these programs are already on the books, cities may run into a common problem—gentrification hits the city, but the political support, legislation and staff capacity needed to produce or protect affordable housing take months or years to put in place.

To ensure the continued *production of affordable housing stock* in a gentrifying market, many cities, including Boston and San Francisco, require that developers set-aside a portion of each development for affordable housing units. (In San Francisco, this local requirement is in addition to the California redevelopment law mandate described in the previous section.) In some cases, these set-asides are required as part of the give-and-take of zoning variance negotiations or other city concessions, and in some cases they are required of all new developments.

Because affordable housing built in prime locations can be extremely expensive, some cities require contributions or "linkage fees" to housing trust funds (for development of more cost-efficient affordable housing in other locations) rather than set-asides. Boston argues that downtown office building construction creates demand for affordable housing for office workers, and the city requires linkage fees from commercial developments as well as housing developments.

In California's Silicon Valley, the Housing Action Council of the Silicon Valley Manufacturing Group works closely with its private- and non-profit sector partners to advise developers and advocate at local planning and zoning meetings for affordable housing developments in the area. The Group recently embarked on a $20 million corporate fundraising effort to underwrite a housing trust fund. Other housing and land trust funds receive resources from foundations, city, and developer contributions.

California state law mandates "fair share" housing requirements, in which a community is required by state law to include affordable housing in addition to market-rate housing as part of its general plan—and then build it. This policy helps ensure that California cities remain open to varying incomes, and also attempts to ensure that affordable housing needs are met on a *regional* basis. Numerous housing policy studies suggest that the state's communities routinely disregard the requirement, however, and the law lacks adequate enforcement mechanisms.[47]

Cities often attempt to *protect tenants* living in rental housing by not only instituting landlord-tenant law requirements more stringent than state law, but also requiring relocation payments when landlords take the units out of the rental market. These benefits can be particularly important in a rapidly gentrifying market, and offer some protection to the original residents (rather than to the housing stock or other aspects of the built environment). San Francisco's requirement varies

[47] See for instance, Yee and Quiroz-Martinez, p. 17. Forty out of 108 Bay Area jurisdictions are out of compliance with their housing commitments.

according to the circumstances, but might include a $500 payment when the eviction notice is given, and $500 at move-out.

In order to *maintain important rental or single-resident room occupancy (SRO) housing stock*, San Francisco and Washington, D.C. among our case study sites control conversions of rental units to condominiums. San Francisco limits the circumstances under which owners can move into one of their units and take it out of the rental market, and limits the conversion of SROs into other forms of housing or hotels. San Francisco and Berkeley retain a variant of rent control to maintain housing affordability (although rent control generally is poorly targeted to those who need its rent-stabilizing benefits most). Many cities still require that when subsidized public housing units are redeveloped, they be replaced on a one-for-one basis, again to prevent unwanted loss of rental units. In the past, the federal government required this policy of developments using federal funds, but those constraints were lifted beginning in 1994.

Likewise, cities have numerous tools at hand to *help maintain owner-occupied housing* owned by lower income residents. Not only do cities often defer until sale the property tax bills due on the incremental assessed value in an appreciating market, they often also offer low-interest loans and grants for needed repairs.

With each of these policies, cities and advocates should look hard at ensuring long-term affordability for tenants and "original" homeowners, business owners and nonprofit organizations through features such as affordability covenants, use of Section 8 vouchers, Section 8 homeownership efforts, and property tax deferrals.

Market-rate Housing Preservation and Production

To reduce market-wide housing pressures, cities can build up, not out, consistent with smart growth and sustainable development principles. As noted in the Bay Area case study, San Francisco could build 80,000 units of transportation-efficient *new market-rate housing* on currently vacant land without changing zoning requirements if the approval process were streamlined and opportunities for community opposition to as-of-right development were limited. The Bay Area Alliance for Sustainable Development recently identified 150,000 infill sites for housing in the nine counties that comprise the area; these 200,000 acres could support as many as four million households in the future.[48]

Economic Development and Income-Raising Tools

Traditional economic development strategies, such as business assistance programs, loan funds and so on, can help a neighborhood's businesses take advantage of new markets presented by gentrification and make a successful transition as the neighborhood changes around them. Efforts to protect original businesses from competition from newcomers are much less common and

[48]George Brewster, California Center for Land Recycling (personal communication, January 21, 2000).

likely unproductive, although San Francisco recently passed legislation outlawing the siting of national-franchise juice and coffee shops in certain city neighborhoods.

At the city level, unions and city governments have in the past sought to link larger public facilities development (such as stadiums and transit facilities) to short- and long-term employment for local residents. Since original residents are often stymied by low incomes in their attempts to remain in place, these appear useful in cases of gentrifying communities as well.

In our case studies, we came across no case in which a link was formed between original residents and jobs in either the regional economic engines generating gentrification pressures or in new small businesses along a neighborhood commercial strip. There are very few examples of communities actively working to link regional job growth and job opportunity to lower income residents more generally. Existing efforts include the five-city Neighborhood Jobs Initiative sponsored by the Rockefeller Foundation, the U.S. Department of Housing and Urban Development and the California Endowment's *California Works for Better Health* initiative, and several sites of the Annie E. Casey Foundation's Jobs Initiative.[49] Nevertheless, linking strategies of these kinds to gentrifying communities seems promising, particularly given opportunity for leveraging the great economic resources that generally accompany a gentrifying community.

6. Maximizing Public Assets for the Public Good

Public assets and aging public facilities, such as city-owned land and school buildings, can become important tools to help leverage revitalization. In a gentrifying market, they can become key ingredients for needed resources such as affordable housing and community facilities. In a hot market and without local scrutiny, public land and buildings quickly can be turned over to the private sector and developed, exacerbating gentrification pressures and increasing the likelihood of rent spikes, displacement and an exodus of lower income residents. With advance planning, however, these assets can also be secured, decoupled from market price pressures, and used to spur development consistent with the neighborhood's vision.

In each of our case study communities, community organizations and the public sector have worked together to link public assets with community residential and business needs. For instance, Cleveland turns over city land to CDCs and for-profit corporations for the development of affordable housing or community services, and the City earmarks city land for for-profit development projects consistent with the city's overall downtown housing plan. In the Mission District of San Francisco, the historically significant Redstone Building may be bought with City and labor union support to house area non-profits hard pressed by rent hikes, and a city-owned garage is operated by the Mission Economic Development Association, generating an important revenue stream for the

[49] PolicyLink and The Funders' Network on Smart Growth and Livable Communities. "Advancing Regional Equity: Perspectives from Philanthropy on Promising Practices." February, 2001.

organization. James Carr notes that revenue streams such as this can be capitalized and securitized, making further financial resources available to the community.[50]

Buck Bagot, a former San Francisco housing commissioner, argues that in rapidly gentrifying areas, it is essential to secure resources to shield as much affordable housing as possible from market forces. After building affordable housing on public land, or buying and upgrading affordable homes or apartments, the units can remain affordable (and lower income tenants can stay in place) over the long term through cooperative ownership, limited equity ownership, federal Section 8 subsidies, and other long-term affordability strategies. He notes that 25 percent of the housing in the Tenderloin area of single-room occupancy hotels is now in non-profit hands, because non-profits there worked diligently to retain this essential component of the city's housing stock and to rebuff gentrification and pressures to extend the financial and tourist hotel districts into the Tenderloin area.

7. Educating Residents About Their Legal Rights and Other Options

Regulatory requirements like those outlined above can be very useful in prompting revitalization or slowing gentrification pressures, but they work only if their targets are aware of them. Community leaders in Atlanta recognize that increasing property tax rates for elderly homeowners on fixed incomes can lead to their displacement, but they were not aware of the city's tax deferment regulation, and city staff acknowledge the program is rarely used.

Mission District leaders express concern that the neighborhood's less-educated and sometimes undocumented Spanish-speaking tenants are less likely than most city residents to know their rights as tenants, and less likely to demand those rights even if they are aware of them. This lack of education about landlord/tenant law can significantly increase the chance that tenants will unduly bear transition costs due to gentrification, and it serves to hasten the gentrification process itself, since developers are drawn to this more vulnerable population.

Homebuying workshops are a frequent component of homeownership strategies for redevelopment. Their counterpart, home-selling workshops, are much less common, yet critical to ensuring that lower income homeowners in gentrifying areas get full value for their homes. Cleveland offers a plethora of redevelopment incentives, but its brochures describing these programs tend to be of poor quality. To be more effective, staff need to think and act like marketers rather than regulation enforcers.

8. Improving the Public Education System

As noted earlier, poor schools in neighborhoods ripe for gentrification rarely pose an obstacle, since many of those who move to these neighborhoods early do not have young children. As we pointed out above, the gentrification-driven influx of new residents into city school districts does not appear to have the effect of increasing school quality, and there are many neighborhoods

[50] "Community, Capital and Markets: A New Paradigm for Community Reinvestment," *The NeighborWorks Journal*, Summer, 1999, p. 20.

where the entering families with school-age children place them disproportionately in private schools, often translating their relatively lower housing costs (compared to the suburbs) into tuition payments.

Nevertheless, if incoming families were to strengthen local school quality, the benefits would accrue to new students as well as longtime residents of the area (assuming they had the wherewithal to remain in the district). Better schools increase life chances for original city residents, and increase their ability to stay in gentrifying communities and take advantage of improvements, or to go to other communities and succeed.

9. Preparing Groups to Negotiate

Many of the key components of the gentrification process—including job creation and increased commercial demand—can also offer solutions to original residents with low incomes, and original businesses with marginal demand for their products. Effective negotiation among community groups, developers and public sector officials can increase the likelihood of community buy-in for revitalization efforts and their ultimate success, can improve job opportunity and incomes (both goals shared by many stakeholders), can improve the community's fiscal and physical environment, and can improve a city or region's ability to promote revitalization and avoid the adverse consequences of gentrification.

When a well-organized community has a clear plan in hand and buy-in from local public officials, its negotiating power is enhanced dramatically. As noted earlier, the Tenderloin district of SRO housing in San Francisco has very strong non-profit leadership, which effectively forestalled redevelopment and gentrification of the area into an extension of the downtown hotel district. This feat was accomplished through intense negotiations with the City's leadership. In Cleveland, a for-profit developer was able to secure a large parcel of land from the city. The price: a commitment to build middle-class housing in an area that had seen no new development in generations, and to clean up a strategically-placed woodland area with a polluted creek and set it aside for recreational use.

Much of the linkage fee and set-aside activity described in the regulatory tool section above is successful only when advocates are well-placed to negotiate effectively. Finally, Mayor Jerry Brown of Oakland recently conceded that his effort to build housing downtown for 10,000 new residents should include a set-aside for affordable housing, after negotiations and give-and-take in the local press with anti-gentrification activists. In each of these cases, community residents and city officials were informed and powerful, both bottom line requirements for effective negotiation efforts.

10. Creating Forums to Unify the Gentrifying Community

Whether community members are affirmatively seeking new neighbors, or feeling overwhelmed by the recent influx of new neighbors, neighborhood change will occur. Community priorities change, leadership may shift, institutions may change, storefronts will change, and neighbors will change, some by choice and some perhaps not.

Demographic change is occurring among our case study communities and other neighborhoods cited, making community-building efforts more important.

- South Park in San Francisco may lose its elderly Filipinos, many of whom served in World War II, but don't have veterans' benefits.
- The Hough neighborhood of Cleveland is enjoying an influx of African American and white middle class homeowners—the residents of the first development built there in a generation.
- Kirkwood in Atlanta sees new white, gay homeowners moving into its traditionally African American homes.
- South Harlem's African American businesses are facing new customer demands from West African and non-Black residents in the area.
- Asian Americans from around San Francisco are moving into Bayview/Hunter's Point, a traditionally African American community.
- East Palo Alto and West Oakland, traditionally African-American communities, became more ethnically diverse <u>within</u> their low-income populations just a few years before the potential for an influx of higher income residents became apparent.

In most cases these shifts represent the replacement of lower-income residents with higher income residents, classic cases of gentrification. In all cases, however, these shifts mean that the fabric of the neighborhood is changing.

When corporations undergo mergers and changes in corporate values, they invariably hire "change management" consultants to help workers cope with their sense of loss of the old, and develop a new set of corporate values and organizational identity. Despite the fact that so much conflict and political infighting occurs around the change embodied in gentrification, no city or community we examined had embarked on a similar effort to unify new and old residents around a single community vision. No neighborhood was creating forums where both old and new residents could meet on common ground and re-knit themselves to incorporate the new and the old into a unified whole. There are certainly *conflict* management efforts underway. For example, the arts community in the South of Market Area of San Francisco is working closely with the affordable housing community to find common ground as artists and high-tech firms convert housing and manufacturing buildings into studio space and offices in the area.

Beyond the community visioning and planning processes referred to above, which would incorporate many residents' views into one common vision, there seem to be few models for this kind of community change management to draw on. It appears, however, that community-building should both honor the neighborhood's past, and create new institutions for the future; ones that draw from both old and new residents rather than expecting one or the other to subordinate their interests into those of the other.

VI. CONCLUSION

This paper provides a fresh look at the gentrification issue in the context of neighborhood revitalization and change occurring today. We have attempted to reframe gentrification in a productive way; one that recognizes both the tremendous value that new residents and higher incomes can bring to urban areas and neighborhoods, and the significant change and dislocation that gentrification can mean for lower income residents. Moreover, by reframing the issue, by setting it in a broader context of revitalization, by examining the socio-economic dynamics of gentrification, and by listening carefully to those facing the issue on the ground, we hoped to distill some hands-on advice for cities, communities, developers and others. We also hoped that the research and data analysis of the past generation would offer insights and guidance.

Ultimately, we found the literature to be less than fully satisfying. As noted by many before us, data on gentrification appear to be spotty, inconclusive, and often contradictory. Gentrification relates directly to neighborhood change, and neighborhoods change in myriad ways and for myriad reasons. The literature is too often driven by ideology rather than by a focus on concrete strategies to minimize adverse impacts associated with gentrification.

We draw the following conclusions, however:

- First, gentrification is a politically loaded concept that generally has not been useful in resolving growth and community change debates because its meaning is unclear. This paper attempts to move the focus away from the phenomenon itself, and pragmatically and productively towards its causes, consequences and solutions.

- Second, the process of gentrification can offer great benefits *and* great hardship to communities, businesses and families.

- Third, the current wave of gentrification, suggests that urban areas are again attractive to middle- and upper-income people, an essential benchmark if our cities and surrounding regions are to recover from their economic and environmental tailspin of the past thirty years.

- Fourth, the pace of change matters a great deal. Rapid gentrification brings with it many more problems than does slow but steady revitalization.

- Fifth, involuntary renter and commercial displacement is the most significant adverse consequence of gentrification, albeit among those hardest to affect. Strategies to minimize it should form the core of efforts to moderate gentrification.

- Sixth, gentrification is a politically powerful concept that can be manipulated to drive resources, jobs and housing into lower income communities that need them.

- And finally, if we can link the jobs and market demand that drive gentrification into the very communities most likely to feel its ill effects, we may accomplish a great deal.

APPENDIX A
RESPONSES TO GENTRIFICATION — FOUR CASE STUDIES

The authors visited four metropolitan areas in early 2000 to examine first-hand the dynamics of gentrification. These areas displayed a very broad range of gentrification. With its sizzling economy and constrained housing market, gentrification was widespread in the San Francisco Bay Area. Much more modest gentrification was occurring in the reviving cities of Atlanta and Washington, D.C. Cleveland appeared to be attracting some higher income households into only a few neighborhoods, but not at a level that was producing any noticeable displacement of original residents. The dynamics of each of these markets are explained in the following sections.

A. San Francisco Bay Area

Gentrification in the Bay Area of California is much more widespread than in any other city studied. Hard hit in past decades by defense base closings and the general economic slide in California during the early '90s, the Bay Area's economy now seems unstoppable. An economic tidal wave is washing over the Bay Area, originating in Silicon Valley, but affecting all parts of this massive and varied metropolitan area. The wave has lifted many boats, soaked some longstanding disadvantaged communities, and inundated other towns completely unprepared for the flood. The economic pressures in the area lead renters and owners to compete for housing either in the relatively few remaining affordable areas, many of which have historically been home to lower income and minority residents, or in the as-yet undeveloped perimeter areas.

1. Factors Driving Gentrification

The San Francisco Bay Area encompasses at least nine counties and the major cities of Oakland, San Francisco and San Jose. Nearly seven million people live in the area[51] and thousands move into the area annually from around the U.S. and other countries, attracted by its economic opportunity, moderate climate, and overall quality of life.

Two major factors underlie development in the Bay Area: unprecedented economic growth and constrained housing markets.

Rapid Job Growth. In addition to pressure from the state's strong economic boom, the Bay Area's explosion in high technology development and commerce has led to an unprecedented growth in jobs. Although the largest concentration of new jobs is in the Silicon Valley sub-region around San Jose, south of San Francisco, all counties in the region are currently experiencing substantial employment growth. Brennan and Hill's research concludes that job growth in San Francisco proper increased only 0.3 percent between 1993 and 1996, while that in the Bay Area's

[51] Demographic Research Unit, California Department of Finance, *Table 1: Historical City/County Population Estimates, 1991-1999 with 1990 Census Count*, retrieved March, 2000 on the World Wide Web: http://www.dof.ca.gov/html/demograp/Hist_E-4.xls.

suburban areas increased fifteen times faster.[52] The gross numbers are more impressive, however: between 1995 and 1997 alone, 286,675 jobs were created in the Bay Area.[53]

While traditional views of gentrification suggest that job growth in the central city is a key driver, the Bay Area displays a more contemporary phenomenon. There, job growth in suburban areas – Silicon Valley and the Tri-Valley area east of Oakland, for example – has created intense housing pressures throughout the Bay Area, but particularly in previously overlooked affordable downtown neighborhoods. The result has been intense gentrification in those communities. Job growth centered in Silicon Valley attracts hundreds of thousands of new workers to the area, but for every 17 jobs created in Santa Clara County, only one new housing unit is built.[54] And in older cities such as San Francisco, "new economy" firms in fields such as multi-media technology are increasingly locating in mixed residential/industrial neighborhoods such as the South of Market, rather than in the traditional central business district, further increasing the competition for dwelling spaces.

Tight Housing Markets Leave Renters Vulnerable. With that extreme job/housing imbalance, lower wage Silicon Valley workers scour the region for affordable housing, often spilling into the agriculture-rich Central Valley, enduring three-hour commutes each way, contributing to the air quality problem, and creating community conflict over land use and planning. Higher income workers drive an hour north to San Francisco, Oakland, or Berkeley, seeking the urban amenities, night life and unique cultural diversity, but adding to the Bay Area's tremendous congestion and environmental pressures.

San Francisco's housing has long been expensive, and the progressive city government has long wrestled with affordable housing issues. Some argue that high housing costs are tied directly to the density reductions included in the city's 1960 general plan, which roughly halved the allowable density compared to the plan prepared in the '20s. If the Bay Area's political culture allowed for more housing, built up, not out, its housing costs would be more modest. The city instituted rent control years ago. A landlord may increase rents to what the market will bear once a tenant leaves. This increases the pressure for tenant turnover.

As in most cities across the country, San Francisco's rental market is very complex, and often resembles a game of squeezing balloons: Laws protecting tenants are put in place, and loopholes are identified and exploited. Loopholes then are filled and another opportunity pops up. For example, San Francisco has adopted restrictions on the numbers of apartments that can be converted to condominiums, issued strict guidelines on how owners can move into units they own, and regulated the sale of tenancy-in-common sales of multi-family buildings. Despite these protections, in the seven years between 1988 and 1995, 25 buildings containing over 300 units were

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[52] Brennan, John and Edward W. Hill, *Where Are the Jobs?: Cities, Suburbs, and the Competition for Employment*. Washington: The Brookings Institution Survey Series, November, 1999, p. 6, Table 3.
[53] Urban Land Institute, Association of Bay Area Governments, and Bay Area Council*, Bay Area Futures: Where Will We Live and Work*, November, 1997, as quoted in the endnotes of Urban Habitat Program, p. 28.
[54] Yee and Quiroz-Martinez, p. 2

taken out of the San Francisco market; in the three following years, however, more than 300 *buildings* and a thousand units in San Francisco were emptied of their tenants.[55]

Tenants in other Bay Area cities generally have fewer protections than those in San Francisco, and pressures on some of the surrounding urban rental markets are building to San Franciscan levels. Oakland tenants in month-to-month leases can be evicted with a month's notice, and no "just cause." Vacancy rates are extremely low and rents remain high throughout the metropolitan area.

The homeownership market is extremely strong, only exacerbating the pressures on affordable Bay Area communities. The median home price in the Bay Area stood at $348,000 in 1999, a 10.4 percent increase from 1998. While housing demand is very high, supply is severely constrained. Close-in communities around the Bay, such as Berkeley and many in Marin County, have lowered housing density limits, strictly limited new housing development, and some have actually lost housing units in the past quarter century. But, San Francisco could build as many as an additional 80,000 units on currently vacant land consistent with current zoning laws, according to Planning Department staff.[56] One factor that limits multifamily production for market rate as well as affordable housing is strident neighborhood opposition, or NIMBYism (as in, "not in my backyard").

2. Gentrification Dynamics: Some Bay Area Examples

The gentrification story in the Bay Area has added layers of complexity: Some communities that face gentrification embrace it, while others abhor it. Some residents *within* these communities work to unite the resulting blend of old-timers and newcomers, while others fight the upper-income influx guerrilla-style. Finally, public and private sector leaders throughout the metropolitan area are coming to realize that unless the area can better manage growth, enhance housing opportunities, reduce the cost of living and improve quality of life, the region's unprecedented economic growth and prosperity could be threatened. In a recent San Francisco Chronicle op-ed, the president of the Bay Area Economic Forum, a corporation-led policy group, argued:

> The lack of housing, in turn, drives the region's looming transportation crisis, as more residents are forced to commute longer distances to homes they can afford. When that happens, our quality of life suffers.

Because they affect the Bay Area's ability to attract and retain the best faculty, engineers, researchers and workers, these constraints pose a serious threat to the region's continued economic success.[57]

a. The Mission District

[55] Rowen, Angela, "Pure Greed," *San Francisco Bay Guardian*, January 19, 2000, p. 18.
[56] Matt Smith, p. 18. Oakland has approximately 150 acres of available land.
[57] Randolph, R. Sean, "Bay Area Must Keep Pace with Global Economy," *San Francisco Chronicle*, March 15, 2000, p. A19.

San Francisco's Mission neighborhood, which extends more than a mile between and beyond two subway stations along Mission Street, is fast gentrifying. The home of Latino residents during the past two decades, the Mission was earlier home to Italian and Irish immigrants in San Francisco. The Mission has many amenities attractive to newcomers: the neighborhood gets a lot of sun (rare in San Francisco), the BART stations are only one stop from city hall and three stops from the financial district, and there is easy access to major freeways to get to Silicon Valley. The Mission's Latino population is particularly vulnerable to gentrification pressures: 84 percent are renters, incomes are low, language barriers are high, and American citizenship is not universal.

Over the past ten years, non-Latinos have very gradually moved into the area, drawn by its accessibility, its unique ethnic character, its growing club and restaurant scene, and its affordability. According to a recent *San Francisco* magazine story, these pioneers were followed by a major developer of live/work lofts who fills the huge demand for downtown housing by replacing older apartments with denser housing.[58] These simple-to-build units are taxed at a lower rate than conventional residential housing, so they act as a drain on the city's revenue stream, and its ability to serve the needs of its residents.

Based on city data, The Mission Economic Development Association (MEDA) estimates 925 households were evicted between 1990 and 1999 (the highest rate among city neighborhoods), and owner-move-in evictions accelerated from 112 between 1990 and 1996, to 350 between 1997 and May of 1999.[59] MEDA also tracks the impact of commercial gentrification. Per square foot rents in the Mission increased 41 percent in the Mission between 1997 and 1999, compared to an average 15 percent across the city. Sales of businesses climbed over 50 percent during that time, while they remained stable in San Francisco as a whole.[60] Eighty percent of Mission area businesses rent their space, and many have "shoddy" lease arrangements, including verbal agreements, according to MEDA staff. They point to four reasons for business displacement: sharp rent increases, new market competition, the regulatory environment,[61] and merchants' inability to adapt to new market opportunities.

The Mission District has experienced another symptom of gentrifying neighborhoods—the declining viability of community institutions. As lower income residents in the Mission leave for other parts of the metropolitan area, the neighborhood's non-profit community is losing its constituency. Departing residents, in turn, could lose the support they received from those providers. Non-profits are facing significant pressures; in one case, 20 small businesses and non-profit organizations operating out of a 10-story building on Mission Street were evicted to make room for a "dot-com" company. Citywide, Community Development Block Grant grantees face similar pressures.

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[58] Slater, Dashka, "Neighborhood Bully," *San Francisco*, February, 2000, p. 33.
[59]Mission Economic Development Association (MEDA), *Small Business Displacement Hearing*, September 16, 1999, p. 5.
[60]MEDA, p. 2.
[61] Existing businesses face hurdles as they expand or relocate that new businesses do not. For example, a liquor store displaced from its original location could not get community sign-off at its new location; existing but moving restaurants need health and safety code sign-offs from police while non-eateries avoid that layer of paperwork.

According to a recent survey, twenty of 58 responding agencies have leases that ended in 2000, and another 18 end by 2003. Of the 11 that had renegotiated leases as of January, 2000, six secured one-year leases, and only three have the more conventional five-year lease.[62] Non-profits in the "cheaper, rougher" mid-Market St. area face heavy competition for space from multi-media technology and other dot-com firms shunning high rents in more attractive parts of town.[63]

Community groups in the Mission were slow and ineffective in responding to gentrification, according to community leaders. Non-profit leaders who were already consumed by their own organizational agendas -- housing, business development or family services -- missed the early signs of impending gentrification pressures. Others outside the community report some political conflicts among the leadership in the community once gentrification issues were on the radar screen. Some non-profit leaders looked forward to the benefits that increased property values and new neighborhood businesses might offer longstanding residents and businesses. These leaders also hoped that neighborhood newcomers would add clout to improve local schools.

But a number of non-profit representatives believe in retrospect that a key opportunity was missed to educate neighborhood residents, businesses and city officials about the benefits and dangers of rapid gentrification. They acknowledged their inability to craft an effective agenda for public officials to help respond to the threats of displacement that they would face. For these community leaders, the gentrification war was lost before the first battle was even fought.[64] Meanwhile, the Mission's Latino residents are moving out in droves across the city, many to the Excelsior District and to other communities throughout the Bay Area.

Gentrification was a central issue in the November 1999 mayoral election, (challenger Tom Ammiano's campaign theme was, "declare war on gentrification!"), During Fall, 2000, the debates over development controls crystallized into two competing ballot propositions. The community-based proposal, opposed by the Mayor and most of the business sector, received more votes than a competing proposal, but lacked the votes to pass outright, once absentee ballots were counted. In such a hot economy, it is not clear that public action would have any productive—or cost-efficient—effect.

b. Oakland

While Mayor Willie Brown presides over San Francisco, Mayor Jerry Brown presides over Oakland. Both cities are facing gentrification, but their contexts and responses are quite different. Oakland's housing is expensive when compared to the rest of the nation, but remains one of the more affordable areas in the Bay region. Average rent for a two-bedroom/two-bath unit in 1998 was $1,217, [65] compared to $2,239 in San Francisco.[66] Oakland's 1998 median income was $34,600,[67]

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[62] Mayor's Office of Community Development, memo from Anna Yee to Director Pam David, January 21, 2000.
[63] Lazarus, David, "Tech Tames Tough Area," *San Francisco Chronicle*, March 14, 2000, p. C1.
[64] Interview with Mission area leaders, February 16, 2000.
[65] Yee and Quiroz-Martinez, p. 23.
[66] Smith, p. 17.
[67] Yee and Quiroz-Martinez, p. 23.

close to the national average, but quite a bit lower than the Bay Area's average of $56,300.[68] Poverty levels in Oakland also are higher than in surrounding cities. Nevertheless, San Francisco's Financial District is less than 15 minutes away from BART's downtown Oakland stations, and neighboring Emeryville is an important center for web commerce and biotechnology businesses. In fact, commercial vacancy rates declined from 12 percent in 1998 to three percent in early 2000 while rents have doubled during the same period. [69]

Brown's commitment to bring 10,000 new residents into downtown Oakland by 2003, dubbed "the10K-03 Plan," has been a lightning rod in the East Bay. While most politicians and voters strongly support his effort to bring residents and nightlife to Oakland's largely empty downtown, some critics attack the effort's lack of community participation, and lack of affordable housing units. They fear city-sponsored gentrification, the exodus of tenants from affordable if poor-quality, housing downtown, and the changing face of the city. Brown counters that 32 percent of downtown Oakland's housing now carries a government subsidy; more low-income housing will only exacerbate the area's distress. The Mayor's recent response to a critic of his efforts was, "What do you want: gentrification, or 'slumification'?"[70] In the give and take since the project's announcement, Brown now has committed to an affordable housing component, and the city approved the market-rate sale of several city properties to developers who plan to build 2,000 units of housing.

A growing arts community has expressed concerns about the gentrification of downtown and West Oakland. Mayor Brown has also directed funds to support the arts, which he sees as an anchor for downtown's revitalization, but many artists fear they will lose their convenient and inexpensive studio space downtown once the 10K-03 effort kicks in and gentrification builds steam. The period for obtaining inexpensive space in the industrial and mixed-use areas of West Oakland may also be coming to an end.

West Oakland will face gentrification pressures of uncertain magnitude, related to but distinct from those in the downtown area. Since West Oakland is not the focus of a unifying city-driven development push (e.g. "10K-03") the changes will likely be more the result of disaggregated private market forces and the responses of community-based coalitions. Formerly the "Harlem of the West Coast," West Oakland's 7th Street sits near freeways heading north to Berkeley, south to San Jose, and west to San Francisco. It has a BART station one stop from the Financial District's Embarcadero station, and sits adjacent to a key fiber-optic data-transmission interchange. Eighty percent of the area's residential units are rentals, and half of its extensive single-family housing inventory is owner-occupied, according to Fred Blackwell, coordinator of the San Francisco Foundation's community empowerment projects in the area. Rents have increased by 15 percent in each of the past two years, and 11 percent of West Oakland's lots are vacant.[71] Latinos and Asian-American families are moving into this traditionally African American community. Splits have

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[68] Harvey, Todd, et. al., *Gentrification and West Oakland: Causes, Effects and Best Practices*, submitted to the Department of City and Regional Planning, University of California at Berkeley, Fall, 1999, p. 35.
[69] Scholz, David, "What a Difference a Bridge Makes," *San Francisco Chronicle*, April 22, 2000, p. C1.
[70]Harvey, et. al., p. 2.
[71] Harvey, et. al., p. 36.

developed among long-standing African American leaders and between African-American and Latino community leaders. Businesses along 7th Street are quite marginal, and no major grocery store currently serves the area. A City initiative to combat "blight" through enforcement of building and sanitation codes has led to conflict over the costs imposed on low-income, often elderly homeowners and tenants of absentee landlords.

Blackwell has yet to see significant signs of gentrification. But with the neighborhood's small Arts and Crafts bungalows and striking Victorians so affordable and the real estate columnists in the *San Francisco Chronicle* heralding the neighborhood's amenities, he fears it is only a matter of time before West Oakland faces the same pressures as the Mission sees today. The community, together with the San Francisco Foundation, the William and Flora Hewlett Foundation and their city and philanthropic partners, has begun planning a detailed revitalization effort that includes, as one of its goals, eliminating displacement.[72] Blackwell sees the trickle of newcomers as a potential new market for West Oakland businesses. However, many long-time West Oakland residents worry that the tide could turn quickly and a rush of higher income white families could purchase the homes of the many elderly Black households, and their community could be lost to them forever.

c. Vallejo and East Palo Alto

According to a January, 2000 *San Francisco Chronicle* story, the situation is quite different in Vallejo, a North Bay community two hours by road but one hour by ferry from San Francisco during commute time. Long a conservative military community linked to the adjacent Mare Island naval base, the town prepared for the worst when Mare Island was slated for closure in the mid-'90s. In 1996 the city of about 100,000 lost nearly 10,000 jobs, housing values nose-dived, and the city's economic priority was keeping its massive but troubled theme park in black ink. Median home prices are now half those in San Francisco.[73]

In 1998 the Vallejo-to-San Francisco ferry route opened, and San Francisco's financial district became a comfortable commute away. Over the past 18 months, a steady stream of former city dwellers—many of them gay—has relocated to Vallejo, bought and rehabbed its architecturally significant Victorian and Craftsman housing with magnificent Bay views, and joined the community wholeheartedly. In fact, Gary Cloutier, an openly gay lawyer won election to the Vallejo City Council in November, 1999. That gay households would form the cutting edge of gentrification in Vallejo is no surprise: Gay and lesbian families, as well as artists, empty-nesters and twenty-somethings tend to be pioneers in many gentrifying communities nationwide, according to our case studies and research cited earlier.

Ironically, while some of Vallejo's neighborhoods are receiving an influx of higher-income newcomers, its relatively affordable housing stock and proximity to San Francisco also make it a

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[72] 7th Street McClymonds Corridor Neighborhood Improvement Initiative, *Neighborhood Community Plan*, San Francisco Foundation, p. 5.
[73] Heredia, Christopher, "Vallejo's All the Rage," *San Francisco Chronicle*, January 14, 2000, p. A1.

target destination for low-income residents who are being displaced by gentrification in other parts of the Bay Area.[74]

East Palo Alto, a predominantly African American and Latino community adjacent to Palo Alto, Stanford University, and the center of the computer revolution, has long been distressed. Over 60 percent of its residents have low incomes, and 17 percent are on public assistance.[75] This small community sits literally on the other side of the tracks from Silicon Valley, and appears likely to be transformed dramatically in the coming years. Two very large retail, office and hotel developments were newly opened or under construction in early 2000 (the time of the authors' research visit) generating substantial tax revenues that city officials hope will underwrite city services to new and old residents.[76] Several large housing developments are under construction, each of which is primarily market-rate but each includes some affordable housing units to replace some of the inexpensive housing demolished for the new development. All residents displaced by the new construction received relocation expenses and new housing, as mandated by California law. Little data are available yet on the recent patterns of displacement and turnover among residents of East Palo Alto's existing private housing stock, but there is at least anecdotal evidence that more homes are being sold to higher-income newcomers than in the past.

The major private sector investment is concurrent with significant philanthropic investments from the Rockefeller and Hewlett Foundations and the state and federal governments, and the rejuvenation effort is embraced by most East Palo Alto residents. While city and community leaders work hard to remain firmly in charge of the transformation, one can easily imagine how very different East Palo Alto is likely to be in just a few years.

3. Conclusion

Rapid economic expansion in Silicon Valley and throughout the 9-county metropolitan area, combined with limited housing development, have produced gentrification in a number of San Francisco neighborhoods and pose substantial challenges to communities in cities throughout the region. The speed and power of these market forces have limited the ability of either local governments or community groups to prevent significant displacement in the Mission and other affected communities. As the expansion is prolonged, other Bay Area communities including Oakland, East Palo Alto and Vallejo could face substantial challenges in ensuring that local residents can remain and benefit from the revitalization activity that is undertaken.

B. Atlanta

Until recently, the Atlanta metropolitan area experienced rapid growth in suburban and ex-urban population and jobs, while the central core experienced population and job reductions and

[74] Yee and Quiroz-Martinez, p. 15.
[75] Ibid., Table 1, p. 5.
[76] Zinko, Carolyne, "Mayor to Tout East Palo Alto's Route to Self-Sufficiency," *San Francisco Chronicle*, March 12, 2000, p. A16.

increased concentrations of minorities and the poor. A combination of recent targeted policy initiatives, redevelopment activities undertaken for the 1996 Olympics, and increasing concern about metropolitan sprawl have successfully attracted some new jobs and housing back into the center city. When combined with the continuing suburban and ex-urban boom, some Atlanta neighborhoods are experiencing gentrification pressures today. The resulting level of gentrification has varied by neighborhood, ranging from widespread gentrification in Inman Park to significant gentrification pressures in Kirkwood, to very controlled revitalization without displacement in the Martin Luther King Historic District.

1. Development Trends: Need for Core Development in Booming Region

Atlanta is the 13th largest metropolitan area in the nation, with the 36th largest city in the country at its center. Atlanta's large and robust suburban and ex-urban communities are growing at a very fast pace while the city center declines or remains stable.[77] Like many other cities, beginning in the 1950s Atlanta's inhabitants increasingly became minorities and the poor. [78] Atlanta's poor population is extremely concentrated in high-poverty neighborhoods; in 1990, nearly 85 percent of the city of Atlanta's poor lived in high poverty neighborhoods.

Income trends and job growth also reflect the same pattern of suburban strength and city stagnation.

Incomes. Median household income in the Atlanta region increased by nearly 20 percent in real terms between 1969 and 1989, but dropped by nearly 25 percent in the city. Reflecting the out-migration of middle class African Americans, the median income of central city Blacks declined by 26 percent during those 20 years, while incomes of African Americans in the suburbs increased by 42.6 percent.[79]

Job Growth. After suffering a loss of nearly 18,000 jobs between 1989 and 1992,[80] the central city gained 25,000 jobs during the economic boom of the mid-'90s (a ten percent rise). Jobs grew at twice that rate for the entire region, however.[81] Job creation is centered in the downtown, mid-town, Buckhead and airport areas, with the vast majority of new job growth occurring in the northern suburbs and airport areas. The job growth has not meant a significant change for many inner city African Americans, as two Georgia Tech researchers found: "…despite the incredible

[77] The City's population declined by 14 percent between 1970 and 1999, to 427,500 people. The Brookings Institution Center on Urban and Metropolitan Policy, *Moving Beyond Sprawl: The Challenge for Metropolitan Atlanta.* Washington: The Brookings Institution, 2000, p.9. Meanwhile, the region grew at a fast clip, by about 150 percent during the same period to nearly 3 million in 1994. (Walker, p. 3 and iii) Atlanta's growing north side gained more than 650,000 residents during the last decade. (Brookings, Atlanta, P. 8)

[78] Nearly 70 percent of the City's population was non-white in 1990, an increase from just over 50 percent in 1970. (Walker, p. 5) While the poverty rate for the Atlanta *region* is a relatively low ten percent, the City ranks fifth nationally among cities with a population over 200,000, with a poverty rate of 27.3 percent. (Walker, p. iii)

[79] Walker, p. 8 and Table 6.

[80] Smith, William J., *Trends in Atlanta's Employment Profile*. Atlanta: Research Atlanta, Inc., 1997, p. 3.

[81] The city's growth was just one-tenth of the of the region's additional 225,000 jobs during that same four-year period. (Brennan, John and Edward W. Hill, *Where Are the Jobs?: Cities, Suburbs, and the Competition for Employment*. Washington: The Brookings Institution Survey Series, Nov. 1999, Table 2.)

growth of the metropolitan economy, arguably the first or second best in the nation in the 1980s, a large proportion of central city blacks remained either unemployed or not in the labor force at all. The prime explanation found was that large numbers of in-migrants to Atlanta, mostly whites, were getting the entry-level jobs….In addition, in-migrants located disproportionately closer to the new entry-level jobs in the north central suburbs."[82]

2. Factors Driving Gentrification

A combination of policy initiatives, market forces and Atlanta's hosting of the 1996 Summer Olympics have helped to revitalize downtown Atlanta.

Tax Abatements. To help create demand for downtown commercial businesses, the city created housing enterprise zones in the mid-'80s, which offer 5-year tax abatements for new housing developments, followed by a five-year phase-out. The program has been very successful financially and spatially: tax revenues from these developments are now starting to flow into city coffers, and much vacant land in downtown Atlanta has been turned over to housing uses. More recently, the tax abatement effort has prompted the conversion of class C office space downtown into lofts, creating a downtown that is more commercially viable after dark. These developments represent only a fraction of the growth in both housing and jobs in suburban areas during the same time period.

Regional Initiatives. More than many metropolitan areas, Atlanta is beginning to recognize the interdependence of its city center and suburban areas. Under pressure from the federal government, the region developed the Georgia Regional Transportation Authority (GRTA) to encourage regional collaboration and transit-oriented development, although its tangible accomplishments remain relatively few. Atlanta is under heavy federal pressure to improve its air quality, and the average 35-mile inter-suburb commute is a major obstacle to improvement. The GRTA has the authority to reject new housing and commercial developments that increase rather than reduce the need for car trips, although it has yet to exercise that authority.

Market Demand for Housing. There has been a growth in market-rate in-town housing development, led by developer John Williams of Post Properties. In a recent *New York Times* article, Williams extols the value of in-town living, outlines changing market preferences, and argues that in-fill housing is financially more attractive than suburban developments that rely on the car (and its pollution) for their viability.[83]

Building the Middle-Income Resident Base. A 1997 report by the Atlanta Renaissance Policy Board laid out a strategic plan for the "post-Olympics era.." It concluded that the city of Atlanta needed a larger middle class to provide the region with the economic vitality needed to support an expanding and healthy metropolitan market. The report set out a goal for increasing Atlanta's middle

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[82] Sawicki, David S., and Mitch Moody. "Déjà Vu All Over Again: Porter's Model of Inner City Development." *The Review of Black Political Economy,* vol. 24, nos. 2 and 3, Fall 1995-Winter 1996, page 78.

[83] Tucker, Katheryn Hayes, "Saying Goodbye to the 'Burbs," *New York Times*, March 5, 2000, p. 1 Section 3.

class to 60-65 percent of the population, up from the current 53 percent, a gain of about 60,000 residents. This would be accomplished through both raising the incomes of existing residents and attracting new higher-income residents into the city. [84]

3. Gentrification Dynamics

Job growth in parts of downtown and the northern suburbs has created significant gentrification pressures in several neighborhoods located close to the state house. A necklace of old ten-block square neighborhoods that starts within a half-mile of the state house and extends several miles east of downtown constitutes most of these gentrifying areas**.**

a. Gentrification in Neighborhoods Generally

Inman Park, originally home to Coca Cola's founding Candler family, gentrified 20 years ago. In the past few years, inexpensive Craftsman and Victorian homes in the surrounding neighborhoods of Grant Park, Kirkwood, East Lake and Candler Park have begun gentrifying, while Reynoldstown, Cabbage Town and the close-in and culturally significant Martin Luther King Historic District are ripe for gentrification. A just-finished HOPE VI public housing redevelopment effort in East Lake eliminated major crime and blight problems in the Memorial Drive corridor, vastly improved housing quality for residents, thereby encouraging developers and rehabilitators to invest in nearby communities.

With the exception of Inman Park just south of the Carter Center, all of these communities are predominantly African American, and the area has a heavy elderly population. All neighborhoods are close to the eastbound MARTA line, whose stations have been revitalization tools in other areas of Atlanta. According to several representatives of community development corporations in the area, little involuntary displacement has taken place thus far, in part because most "original" residents are homeowners—those that sell leave with substantial equity. A drive east along Memorial Drive, Boulevard and DeKalb Avenue includes the upscale shops and restaurants of Euclid Ave. in Inman Park surrounded by renovated Arts-and-Crafts homes, the patchwork patterns of renovation next to dilapidation in other neighborhoods, the brand new housing in East Lake's HOPE VI development, and some hard-scrabble enclaves of poorly constructed and maintained housing.

Very little data on the neighborhoods' transformation is available: Census data is too old to reflect current incomes, tenure, and race changes, and the city does not perceive that gentrification is an issue it should track and document. City planners, researchers, neighborhood leaders and developers loosely estimate that housing surrounding redeveloped or gentrified blocks have experienced increases in value of between 20 and 120 percent in the past five years. There is no doubt that change is occurring, however, and it can be problematic or productive for original residents.

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[84] Renaissance Program Policy Board, *Building an Even Better Atlanta, Atlanta,* May, 1997, p. 13.

b. Kirkwood and the Historic District

The Kirkwood neighborhood sits perhaps two miles from the state Capitol, and but for East Lake, is the most easterly of the gentrifying neighborhoods. The city council member representing Kirkwood is particularly concerned about the changing face of her longtime neighborhood. She sees an influx of white and gay residents replacing longstanding African American residents, and is not pleased. The gay residents, like the empty nesters mentioned above, are generally not affected directly by the poor quality of the Atlanta school system, and they bring in substantial incomes and market demand. But the council member organized many of the community's conservative black ministers to voice opposition to the lifestyle of the newcomers, and the conflict in Kirkwood is more pronounced than in any other gentrifying community in Atlanta.

In contrast, the redevelopment process in the Historic District closer to downtown is proceeding smoothly, in part because many of the residents choose to stay, and in part because the neighborhood itself is more firmly in control. Mtamanika Youngblood runs the community development corporation operating in the Historic District neighborhood; her office is a couple hundred feet from Dr. King's birth home block. The CDC organized 20 years ago, and received an important shot in the arm with the technical and financial support the city offered to CDCs during the Olympics-driven redevelopment effort. Separated from Atlanta's city center by less than half a mile and a freeway interchange, the Historic District offers the walkability, cultural significance, and architectural value that some higher-income residents may desire. Many of the neighborhood's houses are poorly maintained, either by owners on fixed incomes or by landlords without an interest in investing in the neighborhood. Vacant lots abound.

The CDC seeks to transform the Historic District into a mixed-income, vibrant neighborhood of single-family homes that remain affordable to its current residents, many of whom are elderly widows. Youngblood's organization is revitalizing the area one unit at a time. For example, the Historic District identified vacant lots and houses for redevelopment first, understanding they were eyesores and drags on the neighborhood. After high quality housing was built with significant financing support from the city, the CDC encouraged renters in occupied units to move to this temporary housing until their homes could be renovated. Section 8 vouchers for tenants keep the rents affordable and stable.

To date, several blocks of the small district have been transformed, and all residents remain in the neighborhood, if not in their original houses. Eighty seven percent of the area was renter-occupied when the CDC was organized, but with downpayment assistance, homeowner education programs, low-cost financing and city-supported tax abatements, the homeownership rate is now much higher. With the CDC's work making a mark, the private sector is responding: individual buyers are fixing up homes in the neighborhood (one valued at $350,000), and locking into the community's institutions. Because the CDC has been so forthright about its vision and work, speculators have stayed away from the area thusfar, according to Youngblood. She says that the experience in the Reynoldstown community further east has been similar, in part because of its very active community development corporation.

4. Conclusion

Gentrification is proceeding at a modest pace in revitalizing Atlanta. Several city-wide and neighborhood organizations, most particularly the Atlanta Neighborhood Development Partnership, are working hard to help officials, leaders and residents understand the benefits and risks of gentrification. They have developed some strategies to maximize benefits and minimize inequity. At the same time, the city of Atlanta has relatively few tools to help original residents stay in place as their neighborhoods change. If the economy continues its hot pace and gentrification accelerates, problems may emerge.

C. Washington

The Washington, D.C. metropolitan area is experiencing substantial economic growth and prosperity. The city appears poised for a new economic lift, though the actual indicators of economic improvement are not yet reflecting dramatic progress. Optimism generated by a new mayor, the development of new city social and cultural attractions and some key public investments and policies seem to be the engines for the revitalization and potential gentrification of a number of neighborhoods close to downtown, particularly when combined with the metropolitan area's severe traffic congestion.

1. Development Trends: Cautious Optimism for City Within a Booming Region

Like many other major metropolitan areas, the Washington, D.C. region has grown rapidly in the past decade. A recent report published by the Brookings Institution documents that development in Washington, D.C. has not followed the usual doughnut pattern with rapid suburban growth and city stagnation. Instead, the benefits of growth and economic prosperity have fallen inequitably across an east-west divide. On the western side of this line, in both the city and its suburbs, one finds middle- and upper-income families, substantial public and private sector investment, job growth and good schools. On the eastern side are high concentrations of the poor, minorities, welfare recipients and much larger numbers of low- and moderate-income working families.[85]

At the heart of the metropolitan area, the city of Washington, D.C. appears poised for economic resurgence. Though the city continues to reflect the east-west divide, a number of recent trends suggest the city could be well positioned for economic growth in the future. Optimism about the city's future, combined with policy decisions made over the last several decades, have led to economic revitalization and in some cases gentrification pressures on the city neighborhoods that are close to this divide and to downtown.

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[85] The dividing line of the region generally follows Interstate 95 to the north and south of the city and cuts straight through the heart of the city down 16th Street, NW. (Brookings, Washington, p. 2)

For the first time in decades, the population of Washington, D.C. appears to be bottoming out and growth is forecast.[86] While Washington has had an overwhelming majority of African Americans, the proportion of African Americans in the population is shrinking, and the ethnic diversity of the city is growing.[87] However, poverty remains concentrated in the high poverty neighborhoods in the city. [88]

Overall, the Washington metropolitan area's economy is booming, though the city has just begun to share in the growth of the economy. Washington, D.C.'s housing market has been extremely hot in the last two years, with home sales skyrocketing after a decade of stagnation and new construction underway.[89] The city has also begun to add jobs[90] and is experiencing record low levels of unemployment. [91] In part as a result of the metropolitan area's economic success, traffic congestion is increasing.

2. Combination of Factors Driving Gentrification Pressure

A number of neighborhoods in Washington were decimated by the riots of the late 1960s. With the subsequent flight of large numbers of the remaining white households and a substantial portion of black working- and middle-class families, these neighborhoods, including the residential neighborhoods of Shaw and Columbia Heights that are located north and east of downtown, have yet to experience substantial revitalization,. A number of factors have combined to foster the revitalization efforts in those communities. These factors include:

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[86] Washington's population fell to approximately 572,000 in 2000, down from its peak of 802,178 in 1950. Population has declined 5 percent since 1990, although population reductions have slowed sharply in the late 1990s. U.S. Census Bureau, Resident Population of the 50 States, the District of Columbia and Puerto: April 1, 2000 and April 1, 1990. http://www.census.gov/population/www/cen2000/respop.html#t2. Moreover, the Census projects steady population growth for the early part of this century. (*Projections of the Total Population of States: 1995 to 2025*, U.S. Census Bureau. Retrieved from the World Wide Web in March, 2000, http://www.census.gov/population/projections/state/stpjpop.txt)

[87] The proportion of African Americans in the city is declining, from a high of 66 percent in 1990 to 62.3 percent in 1998. Both the white and the Hispanic share of the population has grown over the same period. Whites share of the population grew from 27.5 to 28.5; the Hispanic share grew from 5.4 percent to 7.2 percent. (*1990 to 1998 Annual Time Series of State Population Estimates By Race and Hispanic Origin*, Population Estimates Program, Population Division, U.S. Census Bureau. Retrieved from the World Wide Web in March, 2000: http://www.census.gov/population/estimates/st_srh.html.)

[88] Overall, the poverty rate in the District of Columbia was14.8 percent in 1996. (Brookings, Washington, p. 39). However, poverty is concentrated in a number of high-poverty neighborhoods east of 16th Street, NW. (Brookings, Washington, p. 12)

[89] Home sales in D.C. were 48 percent higher in the first six months of 1998 than in the same period in 1997. (Brookings, Washington, p.9) However, housing units in the District accounted for less than one percent *of total new metropolitan area* housing units for both 1999 and for the 1990-1999 period. (Dearborn, Philip M., *Housing for a Population Increase in the District*, Greater Washington Research Center, January, 2000, pp 1-2)

[90] After a downsizing of the federal workforce that led to a net reduction in jobs in the city, the city is beginning to add jobs. This growth accounted for only two percent of all new jobs in the metropolitan region. Washington has the largest concentration of jobs within the region, and accounted for 24 percent of the metropolitan area total, but this is down from one-third in 1990. (Brookings, Washington, p. 24)

[91] The unemployment rate for 1999 was 6.3 percent, a full 1.5 percentage point lower than any year since 1990. The unemployment rate for the entire metropolitan area for 1999 was approximately 2.6 percent. (Bureau of Labor Statistics, Local Area Unemployment Statistics. Retrieved from the World Wide Web in March, 2000: http://146.142.4.24/cgi-bin/surveymost).

Hot Housing Market. Perhaps the most significant driver of gentrification pressures in Shaw and Columbia Heights is the extremely hot housing market. Prices in these communities have risen rapidly over the last several years. The cost of housing shells for non-profit developers has more than doubled in the last two years and they are now selling for $75,000 to $100,000. Many who want to live in the more popular in-town neighborhoods like Dupont Circle and Adams Morgan can no longer afford to do so. The availability of deteriorated housing stock and the overall quality of the architecture, particularly the large Victorian homes in Columbia Heights, make the purchase and renovation of these properties both more affordable and potentially more profitable than other housing options. In addition to upgrades in the existing housing stock, there is substantial condominium/townhouse development activity under way in the southern portions of Columbia Heights.

New Downtown and Close-in Social and Entertainment Centers. A new privately financed sports arena in the city has anchored the development of many new restaurants, art galleries and other attractive social options in the heart of downtown. Another entertainment and cultural strip has sprung up on the traditionally African-American U Street corridor, anchored by the renovation of the Lincoln Theatre and supplemented with a range of stores, bars and restaurants catering to a mixed ethnic clientele. A new high-end grocery chain has opened its first center-city store just south and west of this area. These amenities appear to be a major magnet for the many newcomers who seem to be attracted to these neighborhoods.

Strategic Public Investments. Large public infrastructure investments – many of which were approved years earlier with the specific intent of stimulating economic resurgence – appear to be a key force in stimulating new development activity.[92] New entertainment and retail opportunities appear to be sprouting up around new Metro stations in Shaw and Columbia Heights.

Public Policy Interventions. A number of public policy interventions have played a role in stimulating development in neighborhoods that might have otherwise been overlooked. One is the $5,000 homeownership tax credit. This credit provides individuals with incomes of up to $90,000 and couples with incomes of up to $130,000 a tax credit when they purchase their first home in the District. An early survey of the utilization of the credit indicates that 70 percent of home purchasers in 1998 claimed this credit. Moreover, a substantial number of respondents indicated that the credit influenced their decision to purchase in the District.[93]

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[92] In 1968, the City put together final plans for the lines of the new Metro subway system, which was initially designed exclusively to bring suburban commuters into the downtown employment area in straight commute lines. A planning committee recognized the social, economic, and cultural significance of the African American community in this neighborhood – in part because of Howard University's historical presence - and its plans reflected the desire to guarantee the vibrancy of the area by redirecting the subway line from downtown up 7th Street, across 13th Street, and up 14th Street. As a result, the Green line in Columbia Heights/Shaw was purposely designed to create a major commercial sub-sector --the only such provision for any community anywhere in the region outside of Downtown itself. It was the last line in the District to be opened and final stations were added in 2000.

[93] Dearborn and Richardson.

In addition to the new homebuyer credits, the District's Department of Housing and Community Development administers a range of programs to dispose of D.C.-owned homes in need of rehabilitation and vacant land. These too can have substantial impacts on the nature of development in neighborhoods. A large number of the District-owned vacant homes are located Columbia Heights and Shaw.

Another important public policy issue that may require a future intervention is the impending expiration of project-based Section 8 housing subsidies, which subsidize privately owned affordable housing units in the city. There are large concentrations of these developments in the Shaw and Columbia Heights neighborhoods. Few owners of such subsidized properties in the city have so far opted out of their contracts, but the prospects of a more robust rental market could lead these owners to opt out, putting the long-term affordability of these units in jeopardy.

The opening of the new Metro station in Columbia Heights has stimulated intense competition from private firms to develop several large tracts around the Metro station. The city recently approved a development plan for that area which will be anchored by a new grocery store, movie theaters and other retail ventures in this location. Similarly, the city is building a new convention center in the Shaw neighborhood, which appears to be creating substantial additional demand for development of hotels and other secondary retail operations near this site.

Earlier city investment decisions also were intended to catalyze economic activity. For example, the city opened a large municipal office building in the early 1980s in the Shaw/Columbia Heights neighborhood. This investment has anchored a steady growth of commercial activity in this area, which has accelerated substantially in the last several years.

a. A Closer Look at Columbia Heights

Gentrification pressures are emerging in Columbia Heights, a neighborhood that is bounded by 16th Street on the west, 9th Street on the east, Spring Road to the north and U Street to the south. Columbia Heights was a thriving mixed-income, mixed- race community during the '50s and '60s, but was particularly hard hit by the riots in the late 1960s. In the wake of the flight of white and black middle class families, Columbia Heights was left with hundreds of abandoned properties, many of which fell into substantial disrepair. The rise of crack cocaine hit the neighborhood hard, increasing crime and the presence of several notorious drug markets. A modest number of middle-income families began to move back into the neighborhood in the 1980s.

Columbia Heights is home to one-third of all the subsidized housing in the city, including a large portfolio of scattered-site public housing. With more than 2,300 units of subsidized housing, the Columbia Heights neighborhood could be particularly vulnerable to the substantial loss of affordable housing opportunities if owners of those properties begin opting out of federal subsidy programs as their contracts expire.[94]

[94] HUD data, provided to Leonard by MDRC for Neighborhood Jobs Initiative.

The opening of the new Metro station in Columbia Heights has unleashed gentrification pressures that had been building steadily but quietly for the last five to ten years. Columbia Heights offers numerous amenities to urban pioneers. Perched atop a steep ridge, Columbia Heights offers panoramic views of the city. It has a stock of grand 100-year old Victorian homes, many with ten to twelve rooms, high ceilings and slate roofs. With the Metro station, it is now just minutes from downtown, and has close access to the vibrant social scenes on U Street and in Adams-Morgan. A substantial number of young white and black professionals have moved into the neighborhood to take advantage of the affordable housing and these amenities.

Columbia Heights has several well-organized community groups that have been working to promote economic development and the quality of life in the neighborhood. However, a recent city decision to award development rights on vacant properties next to the Columbia Heights Metro stations revealed deep divisions between residents over the nature of new development in the community.[95]

A more recent event is emblematic of the kind of rifts and pressures gentrification can generate. In March, 2000, the Mayor announced an effort to crack down on landlords who have failed to adequately maintain their apartment buildings. These buildings are concentrated in Columbia Heights, as well as the adjacent Shaw and Mt. Pleasant neighborhoods. The government would close buildings with major problems and help relocate tenants with new federal housing subsidies. Many residents, however, would not be eligible for housing subsidies because they are immigrants without green cards or U.S. citizenship. Many suspected that this enforcement effort will allow owners to easily remove their tenants and allow them to sell the buildings or transform them into luxury housing, especially given the proximity of the new Columbia Heights metro station. After much opposition from community groups, the first landlord who was charged with code violations and was aggressively pursued by the city sold the building to the tenants for $1 and provided the tenants with $275,000 to aid in the building's renovation as well as additional relocation assistance funding.[96]

Columbia Heights is unique in its ethnic mix. In addition to its large African-American population, it has been a traditional home for Latinos, mostly from Central American and Caribbean countries, who are new to the Washington metropolitan area. There is also a nucleus of Asian Americans, primarily from Vietnam, who live in certain sections of the neighborhood. Being

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[95] In 1997, the city undertook a community planning process for establishing priorities for these large sites. A broad range of community members participated in this "charrette" for one of the key sites.. The Development Corporation of Columbia Heights (DCCH), a nationally recognized community development corporation with a long history of developing housing and commercial projects, joined forces with a private developer on a proposal for the site. DCCH would get a share of the profits from the development to reinvest in other projects in the neighborhood. After extensive and contentious debate, the city ultimately chose the proposal in which DCCH was a partner over the proposal endorsed by a different faction in the community, including some of the residents who had participated in the city's planning process.

[96] Tucker, Neely, "Apartment Landlord Sentenced; Community Service Completes Deal with D.C.," *The Washington Post,* July 13, 2000. Pan, Philip, "Council Rejects Additional Rights for Slum Property Tenants," *The Washington Post*, March 22, 2000, p. B8.

overwhelmingly renters and least familiar with standard real estate protections, these minority families seem most vulnerable to rising rents. Many non-profit housing providers and representatives of social service agencies indicated that Hispanic families were already moving out of Columbia Heights, to abutting neighborhoods to the north and east, and to areas of Latino concentrations in Montgomery and Prince George's counties in Maryland. There are no good quantifiable estimates of the scale of this displacement to date.

b. Gentrification in Other Washington, D.C. Neighborhoods

Washington D.C. has a substantial history of gentrification in many of its neighborhoods. In the late 1950s, a government-sponsored urban renewal effort in Southwest Washington cleared the low-income slums in that neighborhood and replaced them with high-rise apartments and up-scale townhomes. The Georgetown neighborhood was also substantially gentrified in the 1960s (and the current residents are almost exclusively white and relatively wealthy). Other neighborhoods have experienced some gentrification, yet retain some economic diversity.

- On Capitol Hill, upper-income whites have gradually spread outward from the Capitol into the neighborhood that for many years housed lower income African American and white families, creating a gradually expanding boundary of gentrification. Yet, the presence of a significant number of public housing units creates a physical barrier that prevents a wholesale gentrification from occurring there.

- The Adams Morgan neighborhood has undergone a significant influx of higher-income households beginning in the late 1970s and coincident with the renovation of the commercial areas along 18th Street and Columbia Road. But a substantial core of lower-income African Americans and a large concentration of Hispanics have continued to live in the neighborhoods east of 18th Street and south of Columbia Road. The continued presence of lower-income minority households in this neighborhood has been assured because of the concentration of subsidized apartment buildings in the community. The permanently affordable housing stock has been critical to the preservation of a mix of incomes and ethnicities in this community. In addition, the commercial strip along Columbia Road between 16th and 18th Streets continues to feature small bodegas and other merchants that cater to a largely Hispanic market.[97]

- In Mount Pleasant, gentrification pressures are also on the rise. Single-family home prices in Mt. Pleasant have escalated rapidly in the last year. Large apartment buildings along 16th Street continue to provide reasonably affordable rental housing for many Hispanics. Some affordable housing advocates expressed concern that these buildings could be prime targets for condominium conversions. Tensions also mount over the future character of the major commercial strip in Mount Pleasant, with recent gentrifiers and the Hispanic residents at odds over the nature of the commercial operations that should be located there.

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[97] Much of this housing was acquired and developed by Jubilee Housing Corporation.

3. Conclusion

Optimism about the city's future, District and federal policies designed to attract higher income residents into the city, and a very hot housing market are creating substantial gentrification pressures in a number of close-in city neighborhoods. While little data are available to measure the amount of displacement that has yet occurred, lower income residents, particularly minority renters express concern that new revitalization efforts will lead to rent increases which they will not be able to afford. Conscious efforts must be undertaken now by residents, city officials and other stakeholders to ensure that lower-income original residents retain a foothold in their neighborhoods and enjoy benefits from revitalization efforts.

D. Cleveland

Cleveland represents a vivid contrast to gentrification occurring in Atlanta, the Bay Area and Washington, D.C. Cleveland has experienced modest but significant economic revitalization, but this has not resulted in the kind of gentrification pressures seen in the other cities studied. Only a few neighborhoods have experienced an inflow of higher-income households, with no noticeable displacement yet occurring. Cleveland's newcomers, middle-income whites *and* blacks, are primarily moving into new housing built on previously vacant land. But rather than posing a problem and inciting opposition to community revitalization, the slow influx of newcomers seems a welcome change from decades of population loss and concentrated poverty. A community development director in the city summarized the state of gentrification in Cleveland best, noting, "I know it's not politically correct, but with an average poverty rate of 42 percent, what my target neighborhoods *need* is a little gentrification."

1. Development Trends: From Decay to Revitalization

For years, the city of Cleveland was a powerful corporate-headquarter town, third in the country after New York City and Chicago. That corporate largesse enabled the city to build its strong university infrastructure, unparalleled cultural institutions, classic downtown, extensive stock of working-class housing, and beautiful upper income neighborhoods to the east. Beginning in the '50s, however, the city began to unravel. A city of nearly one million in the '50s, Cleveland lost half its population by 1970, and remains at the half million mark today. As with many other American cities, Cleveland's middle class and white population left for the surrounding suburbs or for other parts of the country, leaving its disadvantaged and African American citizens behind.[98]

The city of Cleveland is struggling to create jobs. Only 28 percent of the Cleveland metropolitan area's jobs are in the city proper, putting it in the bottom quarter of metropolitan areas

[98] The city's poverty rate stood at 22 percent in 1979 and 29 percent in 1989, while about 45 percent of the city population was African American during that period.[98] By one estimate, 75 percent of Cleveland's residents would live in impoverished neighborhoods by 2000. (Coulton, Claudia, Julian Chow and Shanta Pandey, *An Analysis of Poverty and Related Conditions in Cleveland Area Neighborhoods*. Cleveland, Case Western Reserve University, January, 1990)

nationwide.[99] In contrast to many of its cohort, however, job growth is positive in both the city and suburbs—job creation grew 4.5 percent in the city and 8.4 percent in the suburbs between 1993 and 1996.[100] Small businesses barely hang on along most of the city's main thoroughfares, and the low incomes of city residents pump little revenue to them.

Throughout the 1970s and 1980s, Cleveland's thousands of working class clapboard homes suffered from deferred maintenance and many were lost from the housing stock in the last quarter century. Even today houses in the city's strong and vibrant communities including Glenville, Tremont, Ohio City, and Fairfax are mixed in with thousands of empty lots.[101] In the slowly revitalizing neighborhoods of Hough, Tremont and Ohio City, more than 15 percent of the units were vacant in the 1980 and 1990 censuses.[102] Mixed in are sprinklings of recently built homes that look as if they were plucked from the suburbs and dropped into traditional urban neighborhoods.

2. Current Development Efforts Aim to Attract New Residents

Mayor Michael White, in office for the past ten years, grew up in Cleveland and is focused on its neighborhoods. Mayor White concentrates on the basics: neighborhood investments, job savings and expansion, downtown and neighborhood commercial redevelopment, crime reduction and public school improvement.

Neighborhood Revitalization. Mayor White continued the redevelopment of the downtown cinema district, converting a series of large dilapidated cinemas from the first half of the century into arts and meeting spaces. He ramped up the city's land bank, taking in tax delinquent property, razing burnt out shells, and recycling them back into productive use. The arson rate declined significantly, from 1,000 units burned in 1990 to just over 400 in 1998, as the city stepped up code enforcement and demolished many high-risk units, and non-profits targeted their resources to these dangerous eyesores.[103] Small business improvements have proceeded more slowly, and there is no indication that gentrification is producing any hardships for businesses located in the revitalizing neighborhoods.

Attracting New Residents. The city is aggressively trying to lure new residents. The low cost of land is generally matched by aggressive tax abatements offered for new construction and rehabilitation of housing in the city. Through the '90s, the city permitted nearly 2,000 new housing units (virtually all of them subsidized with free land and tax abatements), compared to 375 during the entire '80s.[104] This has included market-rate subdivisions and affordable rental and homeownership housing built by Cleveland's sophisticated network of non-profit housing developers. Nevertheless,

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[99] Brennan and Hill, Table 6, p. 9.
[100] Brennan and Hill, Table 3, p. 6.
[101] There are about 4600 lots in the city's land bank program.
[102] Center on Urban Poverty and Social Change, MSASS, Case Western Reserve University ("CANDO"). Retrieved from the World Wide Web in March, 2000: http://povertycenter.cwru.edu.
[103] City of Cleveland, *Cleveland's Neighborhoods in the 1990s . . .*, May, 1999, p. 3.
[104] Office of Mayor Michael R. White, *Living in Cleveland Center, Fannie Mae Foundation and Cleveland Cavaliers Team up for the 8th Annual Buying into Cleveland Home Show 2000 on April 8*. News Release, January 7th, 2000, p. 1.

just over seven percent of all permits issued in the entire Cleveland metropolitan area were issued in the city compared to the suburbs in 1998.[105]

Because of the widespread use of tax abatements, this redevelopment activity generates an insignificant portion of the city tax revenues. Instead, the city generates 60 percent of its revenues from a commuter tax on workers commuting from the suburbs.

Affordable Housing: Housing in Cleveland is extremely affordable—the median-priced home in the city cost $30,000 in 1980, $42,000 in 1990, and costs about $60,000 today.[106] The city, CDCs and city residents are all focused on homeownership for a range of incomes, increasing housing values (and thus their prices), and increasing the values of surrounding homes in neighborhoods. In fact, homeownership strategies in Cleveland appear very sophisticated, particularly when coupled with the low cost of housing and nearly free, tax-advantaged land that is available from the city land bank. For example, the Cleveland Housing Network and its member CDCs have created an innovative lease-purchase arrangement using the federal low income housing tax credit, which is generally used for rental housing. A housing affordability gap exists, but it is clearly due to low incomes rather than to high housing costs.

Middle Income Housing Needed. There appears to be a lack of housing appropriate for higher income families in Cleveland. Many observers indicated that when a family begins to earn higher wages, they quickly move to the suburbs, pushed by lack of housing options in Cleveland, and drawn by the traditional suburban American Dream. Nearly half of suburban home sales prices in 1997 were in the $80-130,000 price range, while nearly 80 percent of Cleveland's homes cost less than $80,000 to purchase in 1997.[107] Because commutes remain very easy in the Cleveland metropolitan area (a 25-mile commute might take only 30 minutes), the suburbs are a strong draw.

3. Modest Revitalization, But No Gentrification in Several Cleveland Neighborhoods

Nevertheless, a few neighborhoods in Cleveland have attracted some higher income households, but have not had seen noticeable displacement. Developers have converted commercial space into lofts in the historically significant Warehouse District downtown, resulting in virtually no displacement. Downtown executives and young professionals attracted by the nightlife in the Warehouse District and adjacent Flats occupy these units, although they have yet to create a real neighborhood.

Twenty years ago, young families slowly moved in and rehabilitated portions of the Franklin Circle area north of the West Side Market in Ohio City. Many of these families were tied together by their involvement in the Catholic Worker movement, and continue to take very seriously their

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[105] von Hoffman, Alexander, *Housing Heats Up: Home Building Patterns in Metropolitan Areas*. Washington: The Brookings Institution Survey Series, December, 1999, Figure F, p. 5.
[106] City of Cleveland, p. 5.
[107] Bier, Thomas*, Price Distribution of Single-Family, New Construction and Condo Sales, the 7-County Area*, Housing Policy Research Program, Cleveland State University, 1997.

obligations to lower income neighbors. In a peculiar twist, then, the little anti-gentrification fervor that exists in Cleveland is found in Ohio City, led by those who moved into the neighborhood two decades ago. Tremont, a community just across the Cuyahoga River and anchored by Lincoln Park, is seeing a modest inflow of higher income residents and sports a small but growing art scene.

The riot-ravaged Hough neighborhood north of Euclid Avenue between downtown, Case Western Reserve University and its surrounding hospital complex is changing slowly, with new residents drawn by its spacious Victorian housing stock and Beacon Place, a successful new townhouse development built by Zaremba Cleveland Communities, Inc., an area developer. While in other cities university and hospital complexes frequently draw higher income newcomers into surrounding neighborhoods, sparking gentrification, that does not appear to be the case in Cleveland. Observers suggest that African American and white families moving back into the Hough neighborhood generally prefer new infill housing rather than the architecturally significant rehabilitated housing their white counterparts in Ohio City prefer. But longstanding homeowners living near the new townhouse development are reaping a $20,000 equity increase, according to for-profit and non-profit sources alike. Moreover, Nathan Zaremba says that Cleveland-based Third Fed Savings Bank dropped its plans to leave the area. Instead, they proceeded with a $26 million expansion of a nearby office building—and the 400-600 new jobs that would be housed there—after the Beacon Place project showed that high quality housing near the facility would be available.

Zaremba's marketing surveys and homeowner feedback suggests that those moving into his new in-town developments (with units selling for as much as $260,000) are predominantly from the Cleveland suburbs, middle- and upper-class young professionals and empty nesters. Some make a reverse commute, while most work in the downtown area perhaps three miles away. Seventy percent of Beacon Place's owners are black while 30 percent are white, he estimates. Most surprising to Zaremba are the number of single white working mothers who live in his units; they like the short commute, close-by shopping, and new construction. "The property tax abatement works out to be the [private school] tuition subsidy," he says.

3. Conclusion

Developers, city officials, neighborhood organization leaders and academics all agree that virtually no displacement attributable to gentrification has occurred in Cleveland, so technically the results do not meet our definition of gentrification, which requires some displacement. Some displacement may be ramping up as project-based Section 8 development owners opt out of the program and raise their rents to market levels. Data documenting gentrification are very hard to come by, however. The 1980 and 1990 housing, income, education and census data are outdated and inconclusive, perhaps illustrating how small the gentrification movement is in the Cleveland market. To the extent that the numbers of newcomers remain quite small, it is likely that their effects on the neighborhood are subtle, without noticeable effect, and unlikely to lead to rapid neighborhood change (such as large rent increases) in the near future.

But neighborhood watchers see the changes as they unfold slowly—a new paint job here, an expansion there, increased housing sales prices near Beacon Place, a new full-service grocery store built in Ohio City, increased community interest and participation in the local parent-teacher association. Ron Register, former director of the Cleveland Community Building Initiative, says that longstanding residents in these communities “see they are losing something [in the neighborhood’s character], but the change in flavor is very slow. Neighborhoods change anyway and blame is not an issue.” Perhaps the gentrification in Cleveland is really just the gradual neighborhood change and improvement that so many in Cleveland have desired for so long.

APPENDIX B
ADDITIONAL RESOURCES

Dozens of resources describe in greater detail many of the strategies outlined in the paper. These documents, many of which are available on the world wide web, include:

- *City Deal Making*, Terry Jill Lassar, editor, Urban Land Institute, Washington, 1990.

- *The Community Visioning and Strategic Planning Handbook*, National Civic League, Denver, 1995.

- *Developing Affordable Housing: A Practical Guide for Nonprofit Organizations*, Bennett L. Hecht, the National Association of Housing and Redevelopment Officials, Washington, available at www.nahro.org.

- *Development without Displacement Task Force Background Paper*, The Chicago Rehab Network, The Nathalie P. Voorhees Center for Neighborhood and Community Improvement, Chicago, June, 1995, available at http://www.uic.edu/~pwright/dwd.html.

- *Housing and Local Government*, Mary K. Nenno and Paul C. Brophy, National Association of Housing and Redevelopment Officials, Washington, available at www.nahro.org.

- *Pulling Together: A Planning and Development Consensus-Building Manual*, David R. Godschalk, David W. Parnham, Douglas R. Porter, William R. Potapchuk and Stephen W. Schukraft, Urban Land Institute, Washington, 1995.

- *State and Local Affordable Housing Programs: A Rich Tapestry*, Michael A. Stegman and Diane R. Suchman, Urban Land Institute, Washington, 1999, available through ULI's website at www.uli.org.

- *Tax Increment Financing* (infopacket), Urban Land Institute, Washington, July 2000, and

- *A Workbook for Creating a Housing Trust Fund*, Center for Community Change, Washington, 1999, available at www.commchange.org. A quarterly housing trust newsletter is also available on-line.

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