Gentrification
An updated Literature Review

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Introduction

In the past several decades, scholars in urban studies have defined and redefined the term "gentrification." Davidson and Lees (2005) suggest that a holistic definition of gentrification should include the following four elements to allow the term to be applicable and relevant in varying contexts. They are: "(1) reinvestment of capital; (2) social upgrading of locale by incoming high-income groups; (3) landscape change; and (4) direct or indirect displacement of low-income groups" (Davidson and Lees 2005, p.1170).

This review reveals that gentrification is a dynamic and multi-layered process in which the roles of different actors and components continuously change over time and space. Neighborhoods undergoing gentrification may experience the process differently depending upon their respective social, political, and geographic contexts. Thus, the policies designed to mitigate its negative social consequences is also context-driven. This review begins with highlights of the main arguments surrounding gentrification, both historical and contemporary. The threat of direct or indirect displacement is still prevalent (Davidson 2008), but intentional preservation and residential integration strategies have the potential to minimize displacement impacts while achieving the goal of improving and redeveloping neighborhoods.

Theories of gentrification: an introduction

To analyze the current arguments regarding the theories and realities of gentrification, there is a need to understand its historical trajectories. Ever since the concept of "gentrification" was introduced in 1964 by Ruth Glass, urban scholars have been trying to establish its theoretical foothold. One well-cited debate was between David Ley and Neil Smith during the late 70s and early 80s which revolved around finding the causal factors of gentrification. Neil Smith, in a 1979 essay, theorized that the production-side or supply-side arguments based on the classical theory of economics may explain the emergence of gentrification. According to Smith's "rent gap" thesis, gentrification occurs when there is a mismatch or a "rent gap" between potential economic returns from a centrally located building and the actual economic gains from its current use. The investment in rehabilitation, reconstruction, or new construction takes place only when it is profitable, or in other words, if the gains that the structure can generate from its future

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use is more than the cost of investing in it. Later, Lees et al (2010) argue that although the rent gap thesis seems logical, it is difficult to measure empirically. They further explain that this measurement issue was the main point of contention between Neil Smith and David Ley.

Contrary to Smith, Ley (1981, 1994) argues that the process of gentrification starts with changing societal needs and demands rather than the structural changes in the housing market. He posits that the post-industrial economic restructuring which shifted the demand from blue-collar to white-collar workers was one of the main factors in instigating a change in inner cities. According to Ley, the new white-collar workforce had high purchasing power and different consumption patterns from the traditional workers in the manufacturing sector. For instance, the new white-collar workers had different preferences in housing location and amenities possibly accelerating the process of gentrification. However, Hamnett (1991) states that these discussions only focused on either consumption-side or production-side arguments which ended up answering some questions while failing to answer others. He calls for a more "integrated theory of gentrification," one which does not concentrate solely on the existence of cheap housing in prime locations or the gentrifiers' demands (p. 175).

Many urban scholars have also investigated the relationship between gentrification and displacement of low-income individuals and families. Gentrification-induced displacement is said to occur when economically well-off groups move into neighborhoods thereby increasing the rent and the cost of goods and services which over time pushes out low-income original residents (Atkinson 2000). Researchers have pointed out that displacement may be the most "difficult aspect of urban revitalization to examine systematically" (Sumka 1979, p. 483). To make matters difficult, the causal linkage between gentrification processes and displacement are unclear due to numerous, often times unobservable, intervening factors that causes low-income individuals to move out of a neighborhood (Atkinson 2000).

The measurement challenge did not discourage researchers from trying to track and build a profile of the "displacees" (Sumka 1979, Hartman 1979, Marcuse 1986). Amidst the supply and production-side conundrum and research highlighting the negative consequences of gentrification, the academic research even reached a point where some scholars started a dialogue about a post-gentrification era indicating that gentrification was a transient phenomenon of the 70s and will not be relevant in the future (Bourne 1993).

Recent gentrification research: focus on policy interventions

Contrary to Bourne's prediction about the end of the gentrification era, there was a renewed interest in gentrification among researchers and policymakers during the early 2000s (Vigdor 2001, Slater 2006). Researchers began exploring the factors that lead to gentrification of a neighborhood partly in hopes that communities could prepare for an impending change (Chapple 2009). Thus, it has been suggested that gentrification is more likely to occur in areas which are – closer to richer neighborhoods (Guerrieri 2013), near city center or downtown (Helms 2003, Kolko 2007), well-served by mass transit (Helms 2003), and have older housing stocks (Kolko 2007).

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Other researchers have focused on the major actors driving the changes in a neighborhood. In their study, Hackworth and Smith (2001) highlighted the increasingly powerful role played by states and local governments in aiding the current gentrification process. Known as the *third wave gentrification,* Hackworth and Smith (2001) argue that states' role in gentrification became stronger due to the devolution of power from the federal to the state and local governments. Decrease in federal funds put enormous pressure on local governments to increase their tax bases and were therefore attracted to pursue strategies to increase their revenues. They invested in projects that improved their tax bases by revitalizing their neighborhoods to attract middle- income residents. Gentrification came to be viewed as a "welcome result of sound economic redevelopment policy" (Eckerd and Reams 2012). Furthermore, since gentrification became spatially dispersed, corporate investors looked towards the local government to share the risk of potential losses. In the U.S., referred as "redevelopment" and "social mixing," gentrification was seen as a practical solution to the tackle concentrated poverty (Lees 2008). Similarly, Slater (2006) stated that gentrification regained its popularity partly due to the "demise of displacement as a defining feature of the process and as a research question" and a rise of social mixing strategies (p. 737).

In some recent literature, it seems as if gentrification has undergone an "image makeover" (Davidson 2008). Some studies have found little to no evidence of gentrification-induced displacement and laud gentrification for promoting urban revival and development (Betancur 2011). Using American Housing Survey's data on residential turnover, Ellen and O'Regan (2011) did not find increased displacement of vulnerable original residents in neighborhoods that experienced large economic gains during the 1990s. They also did not observe any drastic change in racial composition of the neighborhoods in the 1990s. This finding is significant because gentrification is usually associated with exodus of low-income minority residents from transitioning neighborhoods. In fact, there was increase in level of neighborhood satisfaction among original residents in growing neighborhoods. Similarly, Freeman's (2009) research suggests that gentrification does not impact neighborhood level diversity negatively. Likewise, Mckinnish (2010), analyzing the census tract data, found no evidence of displacement among minority households in gentrifying neighborhoods.[1] In fact, he suggested that these diverse neighborhoods were attractive to middle class black families who were likely to move into these areas. Vigdor (2010), also using data from American Housing Survey, found that revitalization is generally beneficial for all residents as increases in prices due to changes brought about by urban revitalization processes is less than what most residents are willing to pay for the resulting benefits in the neighborhoods. However, he urges policymakers to observe these results cautiously as aggregate data might overlook impacts of these projects at an individual level.

Contrarily, other researchers were skeptical about the growing conclusion that there was a "demise of displacement" notion in gentrifying neighborhoods (Wacquant 2008). Wacquant (2008) alluded that urban research, in general, was moving away from studying the working class population. Furthermore, he posits that the adverse effects of revitalization efforts on low-income original residents, in reality, may have been stronger

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[1] Mckinnish (2010) identifies gentrifying neighborhoods to be those low-income neighborhoods (average incomes less than $30,079) which experienced economic gains of at least $10,000 from 1990 to 2000.

as local governments were shifting away from catering to needs of their disadvantaged residents.

State sponsored redevelopment

During the 1990s and 2000s, state and local governments invested millions of dollars in demolishing public housing projects to make way for mixed income development and promote social mixing to tackle the ills of concentrated poverty (Chaskin 2012). The U.S. Department of Housing and Urban Development (HUD) launched a program called HOPE VI which demolished around 63,000 units and redeveloped 20,300 units by 2004 (Lees 2008).

Other researchers have raised doubts over the effectiveness of HOPE VI program to promote desegregation and provide affordable housing. For example, displaced residents of the demolished public housing projects were rarely able to come back to the mixed income houses that were built in its place (Fullilove and Wallace 2011). There was further evidence that even state-led gentrification had a high potential to cause displacement (Davidson 2008). For example, Chicago's attempt to deconcentrate poverty by replacing public housing with mixed income housing is largely unmet (Chaskin 2013). There were also documented instances of anti-gentrification movements and resistance, for example, post-Katrina HOPE VI project in New Orleans drew large number of protestors, who were unable to come back to their dwellings, speaking against demolitions of public housing (Lees et al 2010). Additionally, there was other evidence of harmful effects of displacement on low-income resident arising from the erosion of neighborhood level support structures. As a result of limited resources, low-income and racially/ethnically diverse individuals relied largely on the place-based platforms for support and advancement. For example, Latinos is Chicago were heavily reliant on place based social fabric for their day to day activities (Bentacur 2011). Therefore, displacement for these individuals not only implied loss of place but also translated to a loss of these social support structures. Even seemingly harmless projects involving new construction in previously vacant brownfields do not produce positive "social mixing" results (Davidson 2010). Studying three London communities qualitatively, Davidson (2010) finds that "spatial cohabitation does not lead to shared social identification." In these neighborhoods, he finds that new build gentrification brought about less evidence of interaction and more evidence of increasing social distance and tensions among residents. In the U.S., interaction between various parties involved in mixed-income developments in Chicago produced results contrary to its intentions. These mixed income development projects aiming to move low-income families to other areas brought different communities closer spatially, but might have resulted in new forms of exclusion for low-income residents. Chaskin (2013) suggests that social mixing policies that did not promote relationship building among old and new residents did little to alleviate segregation.

Public policy interventions to manage gentrification

Policies encouraging some form of residential integration as part of the gentrification or redevelopment process are potentially promising. However, more effort is needed to – bridge the potential social gap between older and newer residents, establish a sense of

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community among them, and give a choice to older renters and homeowners to remain in their homes and apartments. Researchers have suggested more structured policy alternatives to provide assistance and empower original renters and homeowners. These solutions essentially help vulnerable renters and homeowners who could be priced out of their homes due to rising rents and increasing property taxes. For example, Godsil (2013) proposed that these at-risk residents can be provided with special vouchers designed to cover the increases in housing prices. Another researcher suggested that rent controls in gentrifying neighborhoods can assist in helping the low-income renters to stay in their neighborhoods (Chapple 2009). For example, rent stabilization policies and public housing projects have helped in cushioning the impacts of gentrification in New York (Wyly 2010). These structural solutions are to be viewed with caution as it may help to maintain the affordability of some of these homes and apartments, but they do little in decreasing the social distance among the old and the new resident.

Other researchers and practitioners have offered a few ways in taking a step towards this goal of making a truly inclusive community. In Portland, OR, policies such as a cap on property tax increases have helped many African American residents to keep their homes and remain in their neighborhoods. As a complement to this tax policy, community organizers in these neighborhoods attempt to diminish the negative impacts of gentrification on community relations through social dialogue and communication (Drew 2012). Based on a concept called "restorative justice," this project known as the "Restorative Listening Project" engages community in conversations about race and how gentrification impacts their neighborhood. Though a first step, the organizers see story telling among neighbors about the racial history of the community as an important facet to foster relationships. Levy (2007) explains that the type of intervention undertaken by communities is also dependent upon the stage of gentrification that the neighborhood is going through. He examines several neighborhoods at different levels of gentrification and documents polices of each neighborhood. The solutions range from preserving current stock of affordable housing through rehabilitation to expanding the supply of affordable housing. It also includes a combination of rent stabilization program designed to cushion against sudden increases in rent, and voluntary inclusionary zoning which sets aside a portion of units to remain affordable.

Conclusion

Gentrification in the form of revitalization, redevelopment, and social mixing of older and at-risk neighborhoods has received renewed attention from policymakers. Localities experiencing such transformations will need to be cognizant of the main players, the state of gentrification, and historical and racial context of the neighborhood, to be able to design programs that aim to promote social justice and equitable development in the gentrifying neighborhoods. As mentioned earlier, policymakers and advocates must take steps to ensure that redevelopment is truly inclusive through opening the lines of communication between the old and the new and involving community members in the decision making process.

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