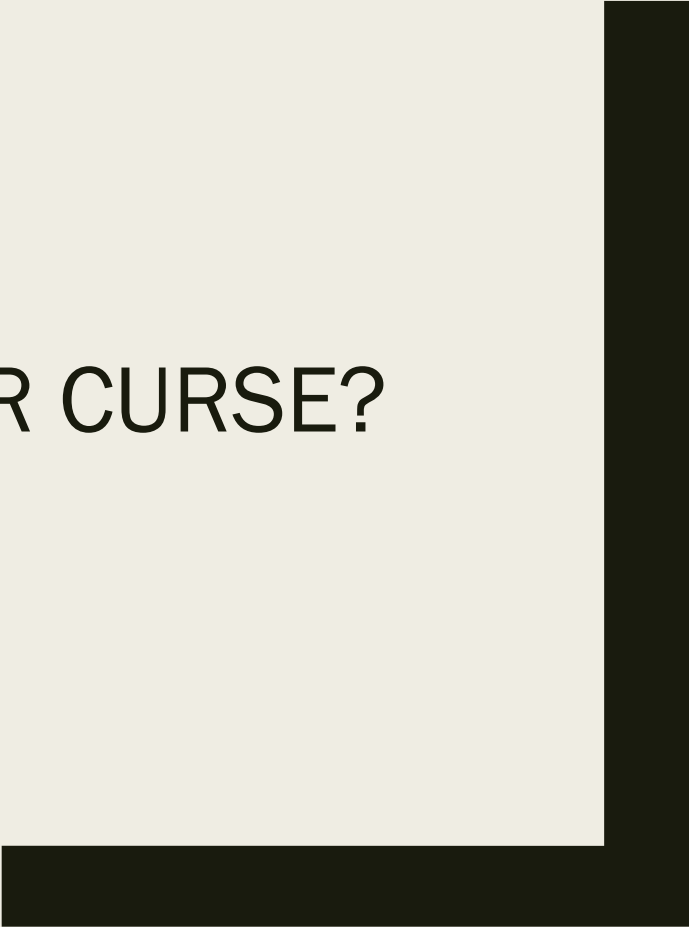




# GENTRIFICATION: BLESSING OR CURSE?

Lance Freeman, PhD  
Quebec City Housing Forum  
June 13, 2019



# Outline

- Defining Gentrification
- North American Trends in Gentrification
- Causes of Gentrification
- Impacts of Gentrification
- Policy

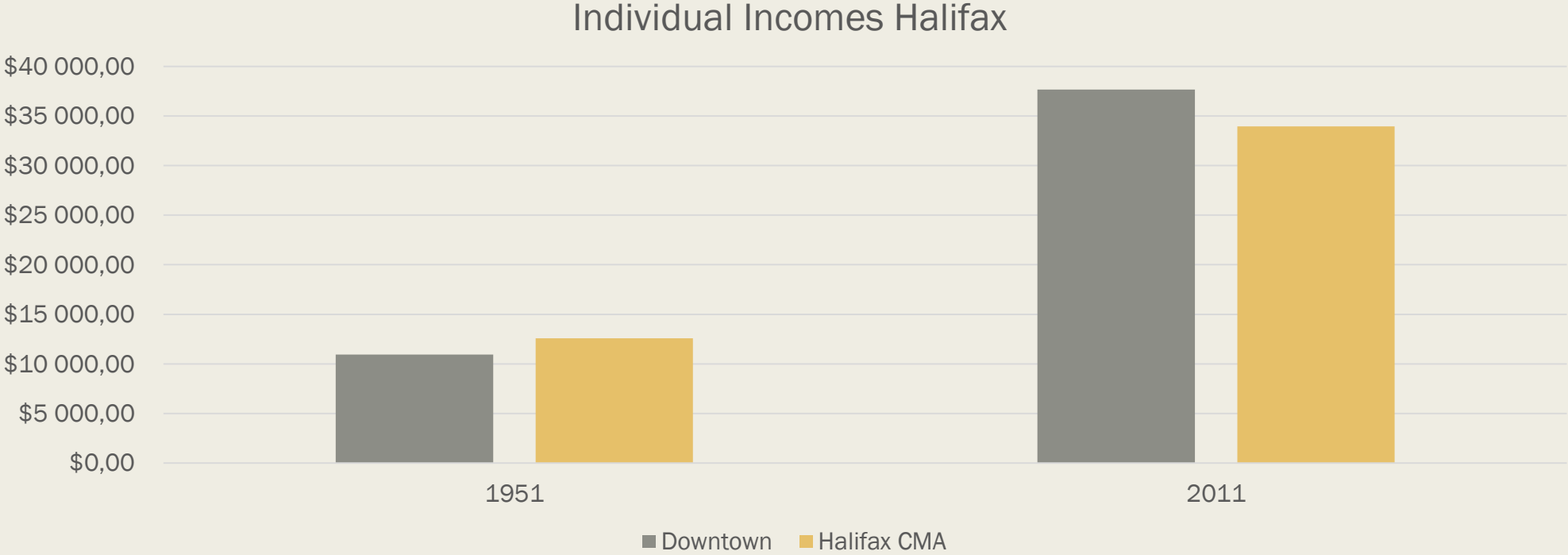
# DEFINITION

- *Relatively poor, disinvested, inner city neighborhood experiences an influx of higher socioeconomic status households and investment*
- **Gentrification** [jen-truh-fi-key-shuh n ]
- *Noun*  
The buying and renovation of houses and stores in deteriorated urban neighborhoods by upper- or middle income families or individuals, raising property values but often displacing low-income families and small businesses.
- The process of conforming to an upper- or middle-class lifestyle, or of making a product, activity, etc., appealing to those with more affluent tastes: *the gentrification of fashion.*

# TRENDS

- In Montreal, Toronto and Vancouver, some 18.4% of all neighborhoods experienced gentrification 1961-2001 (Walks and Maaranen 2008)
- 22% of Toronto neighborhoods experienced some gentrification 2006-2015 (King 2016)
- In United States, 9% of disinvested neighborhoods experienced gentrification between 2000 - 2009/2013

# TRENDS



# Why Gentrification? Economics

- Urban economy shifted from manufacturing to post-industrial economy
  - *Rise of FIRE industries*
  - *High Tech*
  - *Professional and Business Services*
- Importance of access to central city
- Financialization of Housing

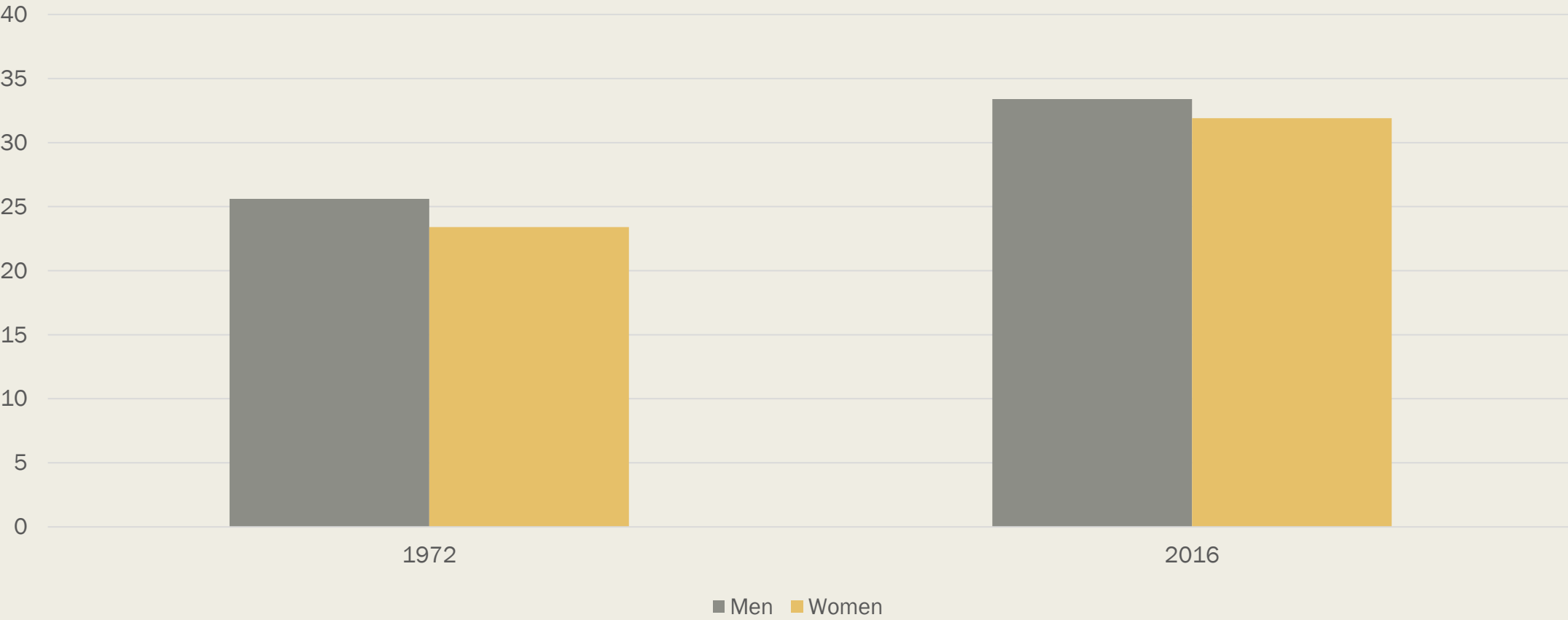
**BIG DEAL**

## Pied-à-Neighborhood



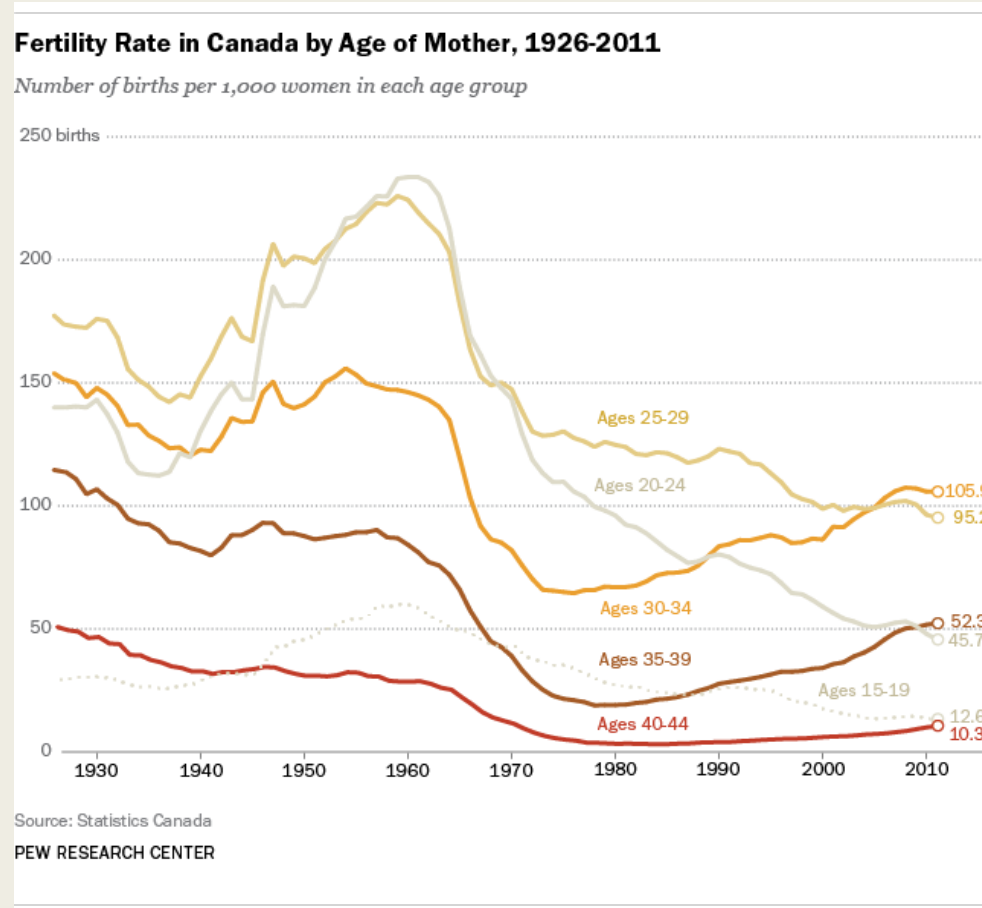
Almost half the apartments on a stretch of Park Avenue are empty most of the year.  
Joshua Bright for The New York Times

# Why Gentrification? Demography: Age at First Marriage



Source: <https://www.thestar.com/news/canada/2017/08/01/census-data-likely-to-show-that-fewer-canadian-couples-are-getting-married.html>

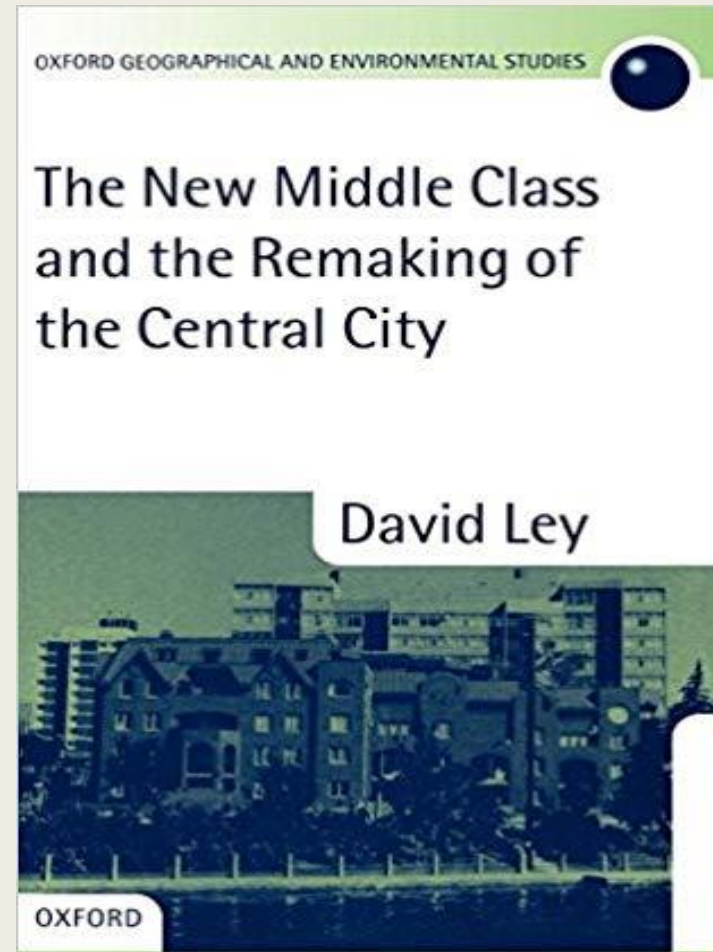
# Why Gentrification? Demography: Fertility



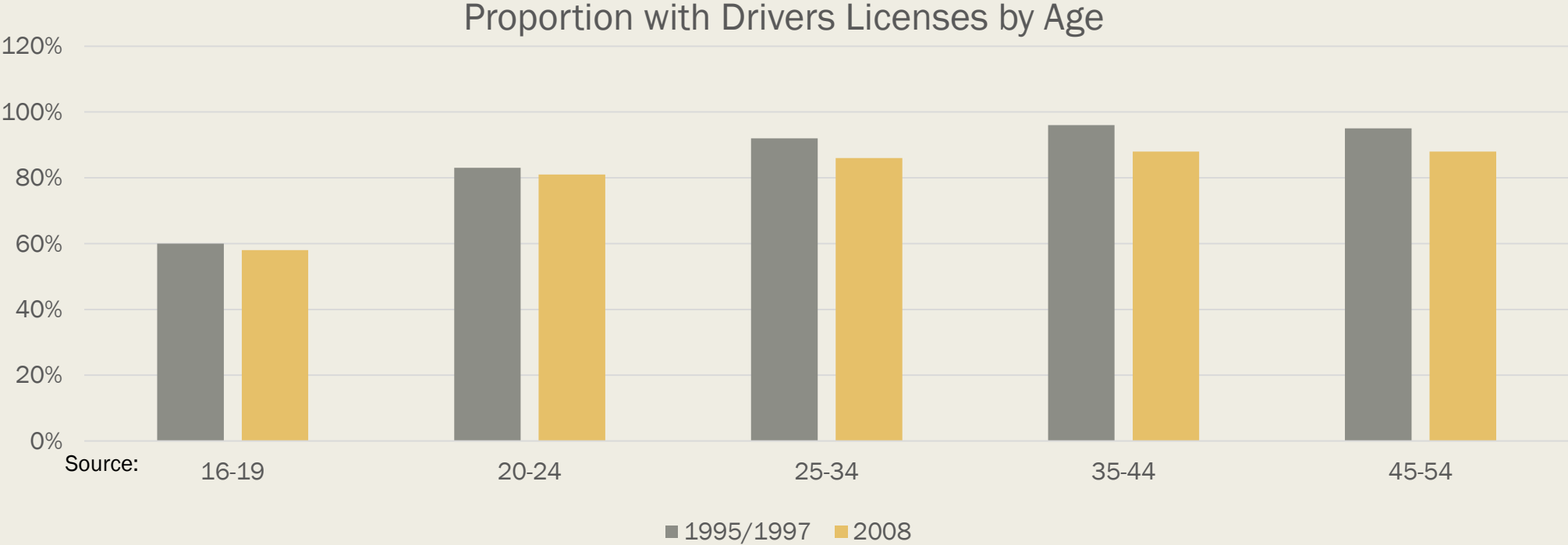


# Why Gentrification? Culture

- Cultural Changes
  - *Hipster Culture*
  - *Appreciation for older, walkable neighborhoods*
  - *Historic Preservation movement*



# Why Gentrification? Culture: Changing Tastes



SOURCE: RECENT CHANGES IN THE AGE COMPOSITION OF DRIVERS IN 15 COUNTRIES

# Why Gentrification: Public Policy

## Subsidies

- Extension of subway line
- Tax Increment Financing
- Tax breaks for Developers
- Foreign Investments in exchange for Visas

## Hudson Yards



# Impacts of Gentrification

- Gentrification leads to higher housing prices/rents
  - *Displacing low income households and renters?*
- But, several studies have found low income households and renters no more likely to move in gentrifying neighborhoods
  - *Vigdor (2002)*
  - *Freeman and Braconi (2004)*
  - *Freeman (2005)*
  - *McKinnish, Walsh and White (2010)*
  - *Freeman, Cassola and Cai 2015*
  - *Ding, Hwang and Divringi (2016)*

# But we know gentrification leads to displacement

- Low Income households move/displaced frequently (e.g. *Evicted* by Matthew Desmond)
- Residential turnover is higher in poor neighborhoods
- Residents move out of poorer neighborhoods more quickly than other neighborhoods
- In-movers into gentrifying areas likely to be of higher socioeconomic status

# GENTRIFICATION AND SOCIAL MIX

## Canada

- Gentrification associated with
  - *Greater Income Polarization*
  - *Less Immigrant concentration (Toronto, Vancouver)*
  - *Less ethnic diversity (Toronto, Vancouver)*

Walks and Maaranen 2008

## US

- Gentrification associated with
  - *Greater Socioeconomic Diversity*
  - *Greater Racial/ethnic diversity*

*Freeman 2009*

# How do people experience gentrification?

## ■ Beyond Displacement

- Some appreciation of improved amenities and services
- Cynicism
- “Pushed out”

# The Good

- Better Services
- “For example if they weren’t here we would have still had those old supermarkets with their dried out vegetable and spoiled meat- Where in now we don’t have that.” *There Goes the Hood*
- “Complain about gentrification?” he said, incredulously. “I can’t say there’s many things I’ve loved that have gone away. I’m trying to think of the more gritty aspects of our neighbourhood that I’ve appreciated, and I can’t identify anything. Everything I’ve liked seems to be here.” Source: *The Star Sept. 13, 2016*



What good is a nice neighborhood if you cant live there?

- Specter of Displacement
- Landlord harassment
- Knew or heard of others being displaced
- Could not move within neighborhood
- Feeling of being pushed out pervasive

# “Pushed Out”

- If we on the corner or stoop with a beer the police is coming. Meanwhile Max’s (the restaurant) put a patio out and people is sitting out there drinking wine. But I can’t have a beer? -54 year old Harlem resident—*There Goes the Hood*
- Not everybody can afford to keep up with the changes on Jones Ave—“there are places I can’t afford to go; \$12 a glass of wine isn’t my cup of tea...” *The Star Sept. 13, 2016*

# “Pushed Out”

- "I don't frequent those businesses because I don't feel welcome," Town Hall event in Halifax.
- Why are they trying to clean up the neighborhood now as opposed to in the past? “It’s for the white people. Obviously, I mean it’s not for us” *There Goes the Hood*

The Current

## 'Call it what it is — white ignorance': Gentrification frays the social fabric in Halifax's North End



CBC Radio · Posted: Feb 21, 2018 8:00 AM ET | Last Updated: June 28, 2018

# Pushed Out

## Montreal



## Vancouver



# Pushed Out



# MORE “CHEAP” HOUSING

- Smaller = cheaper
- Relax regulations (e.g. SROs, small units, occupancy standards)
- Well suited for young, single, childless adults (i.e. gentrifiers)



# The Role for Public Policy: Affordability and displacement

## Rent Regulation

- Temporary Moratorium on rent increases during housing emergencies

## Promote affordable homeownership

- *Subsidized mortgages*
- *Down payment assistance*
- *Tax relief to prevent exorbitant property tax burdens*

# The Role for Public Policy: Affordability and displacement

- Targeted Subsidies
- Inclusionary zoning
  - *New development includes affordable housing*
  - *Density bonus offsets costs of subsidy*



# The Role for Public Policy: Affordability and displacement

- Targeted subsidies
  - *Tax Abatement Program*
- Property owner develops affordable housing
- Property owners receive tax abatement in return
  - *Tax Increment Financing*
- Gentrification increases property values
- Gentrification increases property taxes
- Increments in property taxes set aside to fund affordable housing

# The Role for Public Policy: Inclusion vs. “Pushed Out”

- Mobilize Residents
  - *Strengthen Social Capital*
  - *Involve residents in local planning decisions*
- Cooperative Economic Arrangements
- Participatory Budgeting at Local level

# What have we learned?

- Gentrification reverses trends in disinvestment
- Gentrification is the result of macrolevel forces and public policy
- Gentrification won't always lead to direct displacement
- Gentrification can improve amenities and services
- But many fear being “pushed out” literally and figuratively

# What should we do?

- For communities that have experienced severe disinvestment gentrification can be a boon
- Policy
  - *Aim to maintain socioeconomic diversity*
  - *Tap wealth generated by gentrification to fund affordable housing*
  - *Target subsidies to gentrifying neighborhoods*
  - *Encourage Inclusion instead of exclusion*