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

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

Causes

The forces driving the current gentrification pattern stem from multiple levels, including global, national, and city dynamics (Hyra, 2012). Foremost, as research—in this symposium, by Jackelyn Hwang and Jeffrey Lin, but also elsewhere—demonstrates, the disproportionate movement of the educated Millennials, 20- to 30-somethings, to the central city, particularly in large municipalities, is a primary element of this urban renewal trend (Hwang and Lin, 2016). Articles by Baum-Snow and Hartley (2016), Couture and Handbury (2016), and Ding, Hwang, and Divringi (2015) provide clear evidence that the movement of young professionals to central business district (CBD) areas has stimulated the redevelopment of nearby low-income neighborhoods. Why, though, is this group, that once might have preferred the suburbs or other more expensive urban neighborhoods, entering low-income areas once labeled as the "no-go" zones?

Several explanations offer answers, but none alone sufficiently explicates the country's contemporary urban revitalization story. Ellen, Horn, and Reed (2016) suggest that decreasing violent crime rates have made certain low-income neighborhoods more enticing and tolerable. Reductions in crime might diminish stigmas placed on certain places; however, crime alone cannot be the sole or direct redevelopment determinate because crime rates fell in the 1990s with little corresponding gentrification. While dipping crime levels are correlated with neighborhood redevelopment, the

effects at this point are far from direct and causal (see Couture and Handbury, 2016; Papachristos et al., 2011). So, what beyond crime explains the central city "March of the Millennials" (Chang et al., 2013)?

Edlund, Machado, and Sviatchi (2016) argued that the rising number of work hours and lack of leisure time are driving the desires of the Millennials to live in close proximity to the CBD. By moving near work, Millennials commute less and can spend more time enjoying the amenities of the city. A sizable number of Millennials, however, do not work in the CBD but reverse commute out to certain job-rich suburbs. So something else, besides short commutes, attracts Millennials to inner-city neighborhoods. Couture and Handbury (2016) suggested educated Millennials prefer the central city versus the suburbs because of its density of service amenities, such as third-wave coffee shops, craft-beer gardens, and bike shares.[1]

Whereas certain amenity-packed cities are drawing Millennials in the 21st century, we would be wise to better understand how previous public polices of the 1990s aimed at bringing the middle class back to the urban core relate to the current back-to-the-city movement. For instance, the Housing Opportunities for People Everywhere Program (also known as HOPE VI) deployed billions of federal dollars to demolish distressed public housing in neighborhoods on the periphery of many CBDs (Goetz, 2013; Vale, 2013). The decreased concentration of highrise public housing and the development of new market-rate housing may have helped to spur gentrification of some low-income neighborhoods near the CBD. Furthermore, many city leaders listened to and acted on the advice of certain urban scholars who espoused that amenity-rich CBDs would lure the creative class to downtown neighborhoods (Clark, 2011; Florida, 2014; Glaeser and Shapiro, 2003). Federal housing policy and city-level spending in the 1990s on things such as public housing demolition, mixed-income housing developments, parks, and bike shares should be part of our gentrification analysis (Buehler and Stowe, 2016; Hyra, 2012; Tissot, 2011).

Beyond federal and local economic development policies, might there be other important gentrification predictors? For example, Millennials are, on average, more racially tolerant than previous generations (Hochschild, Weaver, and Burch, 2012). Increased racial tolerance might be an important predictor—beyond and in addition to housing, work hours, and crime—in explaining why young professionals are flocking to low-income minority neighborhoods. Furthermore, as noted by the U.S. Department of Housing and Urban Development's Assistant Secretary for Policy Development and Research Katherine O'Regan, the population leading the back-to-the city movement is educated, but their average wage increases are outpaced by rising housing costs (O'Regan, 2016). Therefore, they may choose to live in less desired urban neighborhoods, where housing costs are relatively more affordable compared with other more expensive parts of the urban metropolis (Ellen, Horn, and O'Regan, 2013). Finally, many 20- and 30-somethings seem to choose their residential location, in part, based on their desire to be cool by living in what is perceived to be edgy, hip urban areas (Hyra, in press; Ocejo, 2014; Parker, 2016), and we need investigations to account for these alternative gentrification causes.

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

In specifying the gentrification drivers, we must also better account for supply-side explanations. For instance, credit continues to be cheap, with historically low interest rates, and these low rates are helping to facilitate the private market production of luxury apartments in low-income neighborhoods. Thus, our gentrification models must grapple with both supply- and demand-side gentrification explanations to more fully grasp the comprehensive set of factors facilitating major central city demographic shifts and neighborhood change (Brown-Saracino, 2010).

Consequences

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

Although understanding the relationship between gentrification and residential displacement is critical, other important gentrification consequences exist. Gentrification, in some places, is associated with political and cultural displacement (Hyra, 2015). Some gentrifying areas once dominated by low-income minorities demonstrate an association between the movement of upper-income people and a loss of minority political representation. Remember, it was presumed upper-income people moving to low-income neighborhoods would bolster civic society (Wilson, 1996), and it appears, in some circumstances, it has. Often, however, newcomers take over political institutions and advocate for amenities and services that fit their definition of community improvement. This process of political displacement can be linked with cultural displacement, a change in the neighborhood norms, preferences, and service amenities. In certain respects changing norms may be positive in terms of counteracting norms of violence or a lack of health-producing amenities and activities, but do the new norms and incoming amenities in gentrifying neighborhoods sufficiently cater to the preferences of low-income people or do they predominately represent newcomers' tastes and preferences?

Through my gentrification research, I have witnessed how political and cultural displacement breeds intense social tensions, limits meaningful social interactions between longtime residents and newcomers, and results in microlevel segregation (Hyra, in press). Without ample social interactions across race and class, the promise of mixed-income living environment benefits for the poor seems unlikely. I am not the only scholar to highlight the challenges of equitable development outcomes in mixed-income communities (for example, see Chaskin and Joseph, 2015; Tach, 2014), and it is clear that we must look beyond residential and small business displacement impacts (as noted by Rachel Meltzer's article in this symposium [Meltzer, 2016]) to understand how to effectively facilitate community conditions in economically transitioning neighborhoods to better support social cohesion and interaction among traditionally segregated populations.

Further Research and Policy

It is difficult methodologically to sort out all the complex causes and consequences of gentrification, but the accumulation of knowledge in this symposium and elsewhere can point toward some promising research and policy directions. The topic of gentrification still presents a variety of underresearched areas. First, how do both demand- and supply-side explanations contribute to gentrification and neighborhood change? Plenty of studies argue one side over the other, but, in reality, both are important in igniting community revitalization, and we need carefully constructed investigations that consider both policy and economic investments and changing living preferences when trying to pinpoint the causes of gentrification (Brown-Saracino, 2010; Lees, Slater, and Wyly, 2008). Second, we need to better understand the changing role of race in both supply- and demand-side gentrification explanations. To be more specific, how have changing perceptions of race contributed to gentrification processes and associated outcomes? Some gentrification studies claim persistent racial stereotypes and discrimination perpetuate neighborhood revitalization patterns that maintain urban inequality and racial segregation (for example, Hwang and Sampson, 2014; Timberlake and Johns-Wolfe, 2016). Other investigations (for example, Freeman and Cai, 2015; Owens, 2012) suggest increased racial tolerance is related to the unprecedented proliferation of gentrification in low-income minority neighborhoods, which slightly disrupts traditional racial neighborhood hierarchies and metropolitanwide patterns of segregation (Glaeser and Vigdor, 2012). We need to better understand how changing racial prejudices, biases, and inequalities drive and mediate the outcomes of America's contemporary urban gentrification wave.

We also need investigations that more precisely account for a complete and accurate set of gentrification benefits and consequences, particularly for low-income residents. Several studies claim displacement among low-income people does not occur with more frequency in gentrifying areas compared with more stable low-income neighborhoods (for example, Ding, Hwang, and Divringi, 2015; Ellen and O'Regan, 2011; Freeman, 2005; Freeman and Braconi, 2004; Freeman, Cassola, and Cai, 2015; McKinnish, Walsh, and White, 2010), but these studies only proxy for displacement through understanding and comparing mobility rates among the poor in different neighborhood contexts. Equivalent rates of mobility among the poor in different neighborhood types do not necessarily mean the drivers of mobility in different areas are equivalent. We need residential and commercial displacement investigations that better isolate the drivers of mobility in different neighborhood settings before we settle on the determination that gentrification does not drive displacement.

It is still unknown the extent to which low-income people benefit in mixed-income neighborhoods, particularly ones that experienced gentrification. A few recent studies suggest growing up in mixed-income neighborhoods compared with high-poverty places is associated with higher lifetime earnings (Chetty, Hendren, and Katz, 2015; Sharkey, 2013), but these studies do not test the mixed-income neighborhood effect for children that stay within formerly low-income neighborhoods as they gentrify. Investigations in gentrifying neighborhoods suggest that, for low-income people, gentrification is associated with increased feelings of safety and greater amenity options (Freeman, 2006) but also with a loss of political representation (Hyra, 2015), declining rates of civic engagement (Knotts and Haspel, 2006; Michener and Wong, 2015), and limited, if any,

employment gains (Meltzer and Ghorbani, 2015). To better determine the comprehensive set of gentrification benefits and drawbacks, we need further longitudinal analysis tracking low-income residents who stay in place as their neighborhood economically transitions.

Although much still remains to be learned about gentrification, policy reforms at the federal, state, and city levels could increase the chances that low- and moderate-income people benefit from the process of gentrification. The first step is to ensure affordable housing opportunities in neighborhoods as they gentrify. In these economically transitioning neighborhoods, poor people are moving out, and once they do, their housing units typically command higher prices. If we prize racial and economic integration, we must ensure that affordable housing opportunities remain in gentrifying neighborhoods. As Jeffrey Lubell's article explains, affordable housing can be built and maintained in economically transitioning areas through a variety of policy programs, such as the Low-Income Housing Tax Credit Program, New Markets Tax Credit programs, Community Development Block Grant program, HOME, project-based Section 8 programs, tax increment financing programs, inclusionary zones, and housing trust funds (Lubell, 2016). Beyond housing, however, we must ensure low-income and upper-income people interact in meaningful and productive ways in mixed-income communities. Housing alone will not address microlevel segregation or build social cohesion in these burgeoning mixed-income spaces. Federal, state, city, and private foundation funding must support community-led organizations to provide programming and events that help stimulate meaningful cross-race and cross-class connections in "third spaces" within gentrifying neighborhoods (Oldenburg, 1999). We also need to ensure that poor people maintain a certain level of political power and control when upper-income people enter their neighborhoods. To ensure a more equitable (re)distribution of political power, we should reform housing policies that allow for market-rate actors to fully control mixed-income developments supported by public subsidies. By preserving affordable housing, encouraging interactions across differences, and providing opportunities for low- and moderate-income civic engagement, we will increase the chances the gentrification wave sweeping across the country will leave behind a more sustainable, just, and equitable urban landscape that will benefit us all.

Acknowledgments

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