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Gentrification, urban displacement and affordable housing: Overview and research roundup



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The cost of renting a home has increased throughout the United States in recent years, most notably in urban areas. According to an April 2014 analysis by Zillow Real Estate Research, between 2000 and 2014 median household income rose 25%, while rents increased by nearly 53%. The

analysis also found that residents of Los Angeles, Miami, San Francisco and New York paid the highest portions of their income on rent — in Los Angeles, the figure was 35%. The U.S. Department of Housing and Urban Development considers housing to be unaffordable when its costs exceed 30% of a family's income. A 2014 report from Harvard's Joint Center for Housing Studies found that just over half of U.S. households paid more than 30% of their income toward rent in 2013, up from 38% of households in 2000.

Two trends accompany rising rents in the United States — growing urban inequality and a widening gap between the demand and supply of affordable housing. A 2014 Brookings Institution analysis of Census data found that economic inequality was higher in cities than the country as a whole, and a 2013 study from Cornell and Stanford determined that income-based neighborhood segregation rose between 1970 and 2009 (racial segregation slowly decreased from very high initial levels, however). Furthermore, an Urban Institute analysis found that for every 100 “extremely low-income” households in 2012, only 29 affordable rental units were available — a drop from 37 in 2000. Of the affordable units that are available, most involve federal housing assistance such as Section 8 vouchers, the Low-Income Housing Tax Credit program and government-owned public housing.

Background history

The term “gentrification” often arises in conversations about urban inequality and the increased cost of rental housing. Sociologist Ruth Glass coined the term in 1964, defining it as a process by which a neighborhood’s “original working-class occupiers are displaced” by influx of higher-income newcomers. More broadly, gentrification refers to a process of neighborhood change involving the migration of wealthier residents into poorer neighborhoods and increased economic investment. Since the term appeared in the lexicon, scholars have debated both its precise meaning and the phenomenon’s effects on society — particularly whether the process harms or benefits the original residents of gentrifying neighborhoods.

In the 2000s, researchers published some of the first longitudinal studies quantifying trends in gentrification. Challenging the long-held beliefs of many urban geographers, these studies generally found that the extent to which gentrification displaced low-income residents was limited. In 2005, Lance Freeman of Columbia University published an influential nationwide study that found that low-income residents of gentrifying urban neighborhoods were only slightly more likely to leave than those in non-gentrifying neighborhoods — 1.4% versus a 0.9%. Many journalists and some policymakers took the study to mean that gentrification had a negligible social cost while benefiting poor residents through improvements to neighborhoods — for example, an article by *USA Today* was headlined “Studies: Gentrification a Boost for Everyone.” However, in 2008 Freeman stated that more research was needed: “The empirical evidence [on gentrification] is surprisingly thin on some questions and inconclusive on others.”

Benefits or drawbacks?

Recent studies of neighborhood change have examined other effects of gentrification on low-

income residents. Research published in 2010 and 2011 found evidence that gentrification could boost income for low-income residents who remained and also raised their level of housing-related satisfaction. Examinations of gentrification's effects on crime have found mixed results, with a 2010 study of Los Angeles neighborhoods showing a rise in crime and a 2011 Chicago-based study showing a decrease (with the exception of street robberies in majority-black neighborhoods, which increased). A 2014 study from Grace Hwang and Robert J. Sampson of Harvard found that black neighborhoods were less likely to be gentrified than those with significant Asian or Latino populations.

Even if the proportion of low-income residents displaced by gentrification is low, research indicates that the aggregate number displaced can be high and the consequences of displacement particularly harmful. A 2006 study estimated that about 10,000 households were displaced by gentrification each year in New York City. Follow-up interviews found that among those displaced, many ended up living in overcrowded apartments, shelters or even became homeless. Further, there may be long-term political consequences for low-income residents of gentrified neighborhoods — a 2014 study found poor neighborhoods with rich enclaves spent less on public programs, for example.

Research deficits

The major studies on gentrification share several important limitations: They have not consistently examined the fate of displaced low-income residents; they do not look at the effects of gentrification over multiple decades; and most use data from the 1980s and 1990s — preceding major increases in rental prices throughout the 2000s and before the Great Recession. There is also no consensus on how to measure gentrification, so existing studies may be missing important demographic transitions in U.S. neighborhoods. More research is needed about the extent of urban displacement and the social effects of gentrification in the contemporary United States.

The following is a recommended selection of studies on gentrification and its effects:

"Displacement or Succession? Residential Mobility in Gentrifying Neighborhoods"

Freeman, Lance. *Urban Affairs Review*, 2005. Vol. 40, Issue 4. doi: 10.1177/1078087404273341.

Findings: "Overall, the models suggest at most a modest link between gentrification and displacement. The relationship between mobility and gentrification is not statistically significant. Although displacement was significantly related to gentrification, the substantive size of this relationship is very small, as indicated by the predicted probabilities. Finally, poor renters do not appear to be especially susceptible to displacement or elevated rates of mobility. Taken together, the results would not seem to imply that displacement is the primary mechanism through which gentrifying neighborhoods undergo socioeconomic change. Nevertheless, it is true that gentrification was related to displacement in this analysis, contrary to the findings of Vigdor (2002) and Freeman and Braconi (2004)."

"Divergent Pathways of Gentrification: Racial Inequality and the Social Order of Renewal in Chicago Neighborhoods"

Hwang, Jackelyn; Sampson, Robert. *American Sociological Review*, 2014. doi: 10.1177/0003122414535774.

Abstract: "Gentrification has inspired considerable debate, but direct examination of its uneven evolution across time and space is rare. We address this gap by developing a conceptual framework on the social pathways of gentrification and introducing a method of systematic social observation using Google Street View to detect visible cues of neighborhood change. We argue that a durable racial hierarchy governs residential selection and, in turn, gentrifying neighborhoods. Integrating census data, police records, prior street-level observations, community surveys, proximity to amenities, and city budget data on capital investments, we find that the pace of gentrification in Chicago from 2007 to 2009 was negatively associated with the concentration of blacks and Latinos in neighborhoods that either showed signs of gentrification or were adjacent and still disinvested in 1995. Racial composition has a threshold effect, however, attenuating gentrification when the share of blacks in a neighborhood is greater than 40 percent. Consistent with theories of neighborhood stigma, we also find that collective perceptions of disorder, which are higher in poor minority neighborhoods, deter gentrification, while observed disorder does not. These results help explain the reproduction of neighborhood racial inequality amid urban transformation."

"How Low-income Neighborhoods Change: Entry, Exit and Enhancement"

Gould Ellen, Ingrid; O'Regan, Katherine M. *Regional Science and Urban Economics*, March 2011, Vol. 41 Issue 2. doi: 10.1016/j.regsciurbeco.2010.12.005.

Findings: "The picture our analyses paint of neighborhood change is one in which original residents are much less harmed than is typically assumed. They do not appear to be displaced in the course of change, they experience modest gains in income during the process, and they are more satisfied with their neighborhoods in the wake of the change. To be sure, some individual residents are undoubtedly hurt by neighborhood change; but in aggregate, the consequences of neighborhood change — at least as it occurred in the 1990s — do not appear to be as dire as many assume."

"The Right to Stay Put, Revisited: Gentrification and Resistance to Displacement in New York City"

Newman, Kathe; Wyly, Elvin K. *Urban Studies*, January 2006. Vol. 43, Issue 1. doi: 10.1080/00420980500388710.

Findings: "We found that between 8,300 and 11,600 households per year were displaced in New York City between 1989 and 2002, slightly lower than the total number identified in earlier

estimates. However, our displacement rates are slightly higher, reaching between 6.6% and 9.9% of all local moves among renter households. We expect that both figures underestimate actual displacement, perhaps substantially, because the [New York City Housing and Vacancy Survey] does not include displaced households that left New York City, doubled up with other households, became homeless, or entered the shelter system—all of which were identified as widespread practices in the field interviews. The dataset also misses households displaced by earlier rounds of gentrification and those that will not gain access to the now-gentrified neighbourhoods in the future.”

“Who Gentrifies Low-Income Neighborhoods?”

McKinnish, Terra; Walsh, Randall; White, Kirk T. *Journal of Urban Economics*, 2010. Vol. 27, Issue 2. doi: 10.1016/j.jue.2009.08.003.

Findings: “[R]ather than dislocating non-white households, gentrification of predominantly black neighborhoods creates neighborhoods that are attractive to middle-class black households, particularly those with children or with elderly householders. One reasonable interpretation [...] is that because these neighborhoods are experiencing income gains, but also more racially diverse than established middle-class neighborhoods, they are desirable locations for black middle-class households. In contrast, for the gentrifying tracts with low black populations, we find evidence of disproportionate exit of black high school graduates. It is possible that in these neighborhoods, for black high school graduates, the rising housing costs are not offset by the same benefits of gentrification as in the predominantly black neighborhoods. Despite the exit of black high school graduates, in-migration of this group is sufficient to increase its proportion of the population slightly in these tracts, suggesting some sorting among households in this group with different neighborhood preferences. Perhaps even in the predominantly black neighborhoods, displacement has not occurred yet, but will in the future. It is of course, impossible for us to address this empirically. However, we point out that the neighborhoods we define as gentrified have already experienced massive income growth (in absolute and percentage terms), yet still have very sizeable fractions of non-white and non-college educated households, and sizeable in-migration of these same demographic groups. These facts alone suggest that the stark gentrification-displacement story was not the norm during the 1990’s.”

“Moving in/out of Brussels’ Historical Core in the Early 2000s: Migration and the Effects of Gentrification”

Van Criekingen, Mathieu. *Urban Studies*, 2009, Vol. 46, Issue 4. doi: 10.1177/0042098009102131.

Abstract: “Exploring migration dynamics associated with gentrification is particularly important in order to shed light on the nature and contested effects of such processes. Quite paradoxically, however, this aspect remains under-investigated in the gentrification literature. This paper explores the migratory dimensions of gentrification in Brussels’ historical core, hence offering a view from a

city wherein current rounds of middle-class reinvestment of inner urban space operate under circumstances that partially contrast with those reported from more prominent global cities. Findings stress that educated young adults living alone and renting from private landlords are predominant among both in- and out-movers to or from Brussels' historical core, suggesting in turn that renting in a gentrifying area is for most of them associated with a transitional step in their housing career. In addition, findings indicate that displacement of vulnerable residents is a limited but actual constituent of the migration dynamics in Brussels' historical core and point to other harmful consequences of gentrification in the area. In Brussels, gentrification and its effects operate under circumstances associated with the preponderance of a poorly regulated private rental housing market in the city's inner neighbourhoods."

"More Coffee, Less Crime? The Relationship between Gentrification and Neighborhood Crime Rates in Chicago, 1991 to 2005"

Papachristos, Andrew; Smith, Chris M.; Scherer, Mary L.; Fugiero, Melissa A. *City & Community*, September 2011. Vol. 10, Issue 3. doi: 10.1111/j.1540-6040.2011.01371.x.

Abstract: "This study examines the relationship between gentrification and neighborhood crime rates by measuring the growth and geographic spread of one of gentrification's most prominent symbols: coffee shops. The annual counts of neighborhood coffee shops provide an on-the-ground measure of a particular form of economic development and changing consumption patterns that tap into central theoretical frames within the gentrification literature. Our analysis augments commonly used Census variables with the annual number of coffee shops in a neighborhood to assess the influence of gentrification on three-year homicide and street robbery counts in Chicago. Longitudinal Poisson regression models with neighborhood fixed effects reveal that gentrification is a racialized process, in which the effect of gentrification on crime is different for White gentrifying neighborhoods than for Black gentrifying neighborhoods. An increasing number of coffee shops in a neighborhood is associated with declining homicide rates for White, Hispanic, and Black neighborhoods; however, an increasing number of coffee shops is associated with increasing street robberies in Black gentrifying neighborhoods."

"Endogenous Gentrification and Housing Price Dynamics"

Guerreri, Veronica; Hartley, Daniel; Hurst, Erik. NBER Working Paper No. 16237, July 2010. doi: 10.3386/w16237.

Abstract: "In this paper, we begin by documenting substantial variation in house price growth across neighborhoods within a city during city wide housing price booms. We then present a model which links house price movements across neighborhoods within a city and the gentrification of those neighborhoods in response to a city wide housing demand shock. A key ingredient in our model is a positive neighborhood externality: individuals like to live next to richer neighbors. This generates an equilibrium where households segregate based upon their income. In response to a

city wide demand shock, higher income residents will choose to expand their housing by migrating into the poorer neighborhoods that directly abut the initial richer neighborhoods. The in-migration of the richer residents into these border neighborhoods will bid up prices in those neighborhoods causing the original poorer residents to migrate out. We refer to this process as “endogenous gentrification.” Using a variety of data sets and using Bartik variation across cities to identify city level housing demand shocks, we find strong empirical support for the model’s predictions.”

Keywords: gentrification, urbanism, inequality, poverty, research roundup

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