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[Home](#) > Dealing with Neighborhood Change: A Primer on Gentrification and Policy Choices

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DWNC

Dealing with Neighborhood Change: A Primer on Gentrification and Policy Choices. The Brookings Institution Center on Urban and Metropolitan Policy and PolicyLink (April 2001): 1-70. Kennedy and Leonard. 2001. Source: <http://www.brookings.edu/~media/research/files/reports/2001/4/metropolitanpolicy/gentrification.pdf> [1].

Geographic Scale: City

Overview/Methods:

This paper provides a clear definition of gentrification; lays out its causes and consequences, both good and bad; clarifies the various stakeholder perspectives on gentrification; and offers practical strategies to address gentrification in the context of equitable development. Recent gentrification dynamics are examined in four cities featuring either hot economies or those with moderate growth rates: Atlanta, the San Francisco Bay Area, Cleveland, and Washington, D.C. The authors argue for equitable development, defined 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.

Recommendations & Reported Successes from Case Examples:

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. Strategies to remedy these issues include:

- **Offering aggressive tax abatements for new construction and rehabilitation of housing in the city (Cleveland).** Through the 1990s, the City permitted nearly 2,000 new housing units (virtually all of them subsidized with free land and tax abatements), compared to only 375 during the '80s. This has included market-rate subdivisions and affordable rental and homeownership housing built by Cleveland's sophisticated network of non-profit housing developers. Because of the widespread use of tax abatements, this

redevelopment activity generates an insignificant portion of City tax revenues. Instead, the City generates 60 percent of its revenues from a commuter tax on workers commuting from the suburbs.

- **Explore innovative lease-purchase arrangements (Cleveland).** Homeownership strategies in Cleveland are 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.
- **Prioritize redevelopment first and then renovation, and offer assistance to low-income homeowners through CDC-led programs (Atlanta).** The Historic District includes 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 Historic 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 down-payment 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 thus far, according to Youngblood. The experience in the Reynoldstown community further east has been similar, in part because of its very active CDC.
- **Be ahead of the curve of demographic change, and create forums for old and new residents to meet on common ground.** 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 to 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.
- **Ensure that housing programs are communicated appropriately to diverse groups.** Home-buying workshops are a frequent component of homeownership strategies for redevelopment. Their counterpart, home-selling workshops, is 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. Also, 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 acknowledges the program is rarely used.

- **Foster city and non-profit partnerships for preservation (San Francisco).** 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% 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.
- **Implement regulatory measures to maintain housing stock quantity even during rental-to-condo conversions (San Francisco, Washington, D.C.).** In order to maintain important rental or single-resident room occupancy (SRO) housing stock, San Francisco and Washington, D.C., control conversions of rental units to condominiums. The former city 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 variety 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 for developments using federal funds, but those constraints were lifted in 1994.

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