

The Gentrification Debate:

And How It impacts Housing and Planning

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Why Gentrification Matters in Planning for Housing

Gentrification influences the world

Population, density, diversity and therefore:

Equity, sustainability (VMT, GHG, etc.)

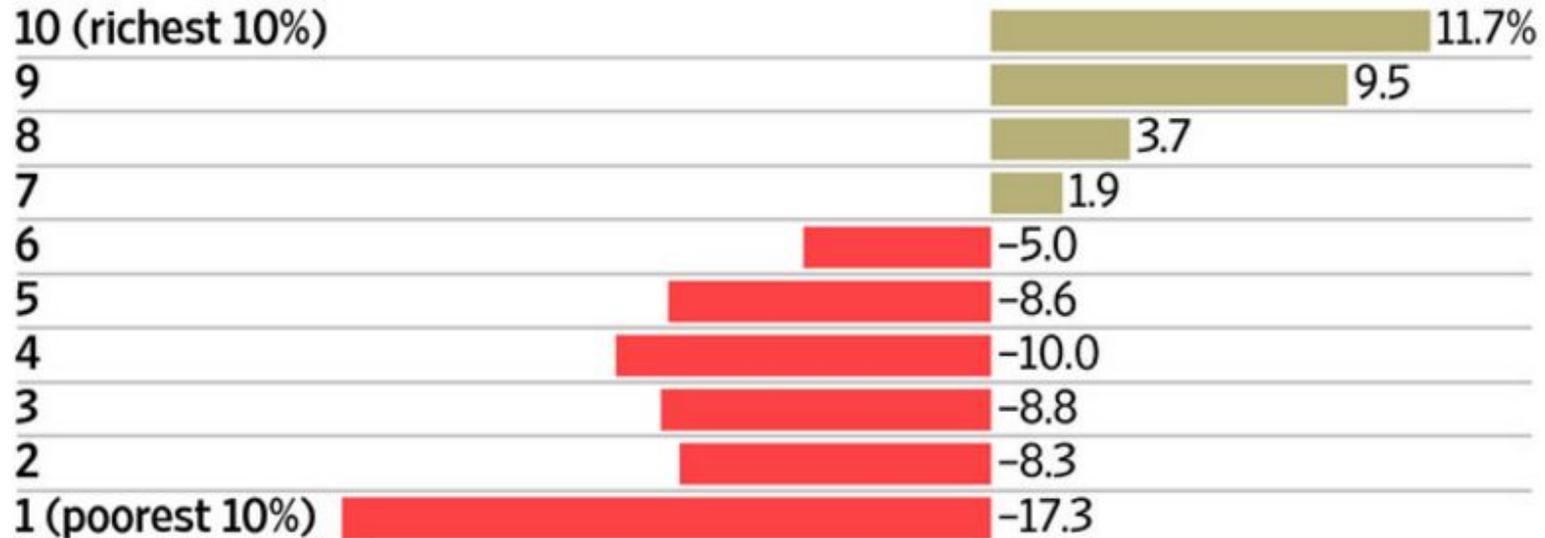
How we understand gentrification shapes decision-making:

Public investments / Planning analysis

Used to stop/modify development

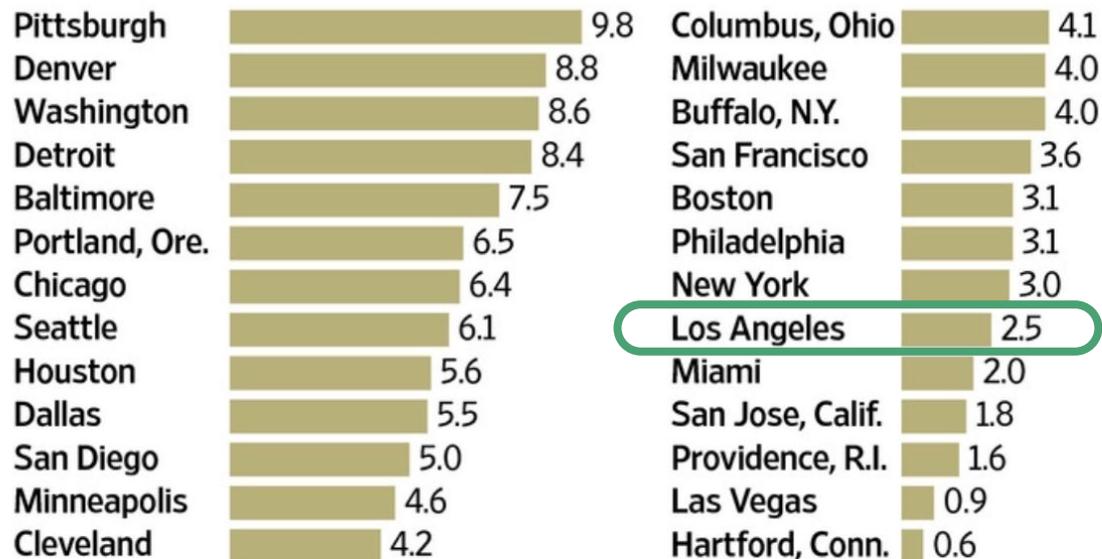
Yes, Central Cities in US are Gentrifying

Change in High Density Urban Population by Income Decile, 2000-2015



What Central Cities are Gentrifying Fastest?

Change in Young and Educated in High-Density Ares, 2000-2015



Q. What Caused This Urban Gentrification?

In 1980, housing prices in the main US cities rose with **distance to the city center**

By 2010, that relationship had reversed. Why?

- A. Reduced tolerance for commuting (NBER)
- B. Land values (Neil Smith)
- C. Interesting buildings / culture (S. Zukin)



Gentrification Index

11 Neighborhood Change Factors

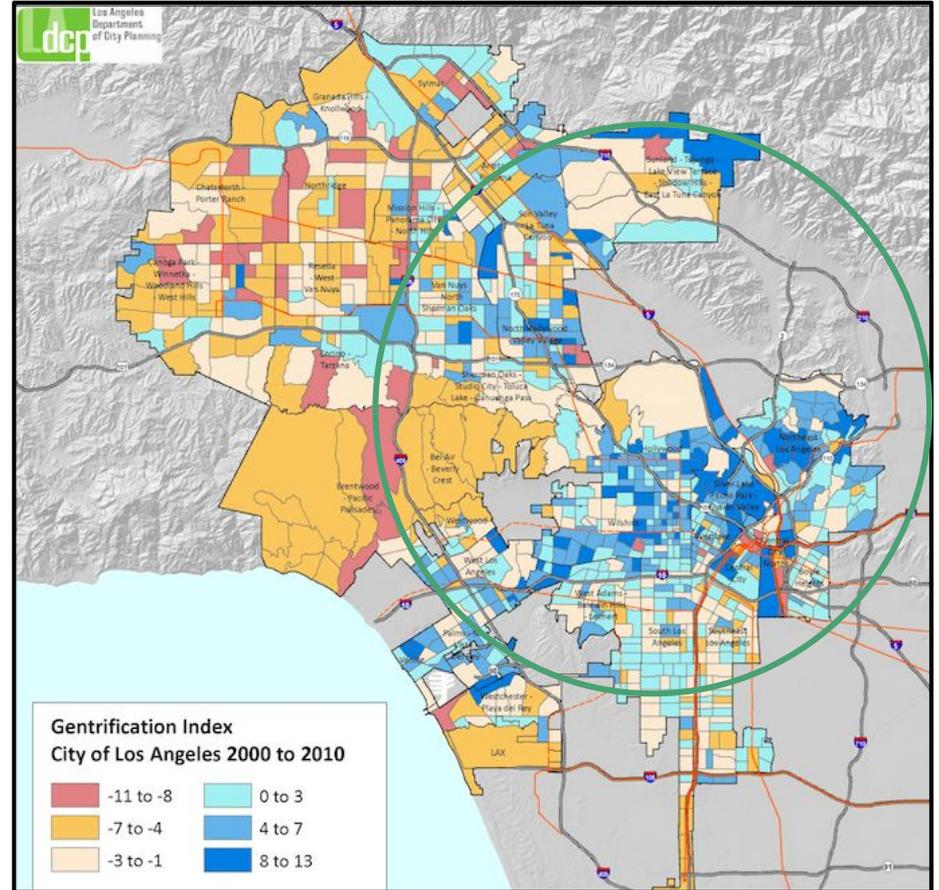
Poverty, income, education, etc.

Same weight; assigned +1 or -1

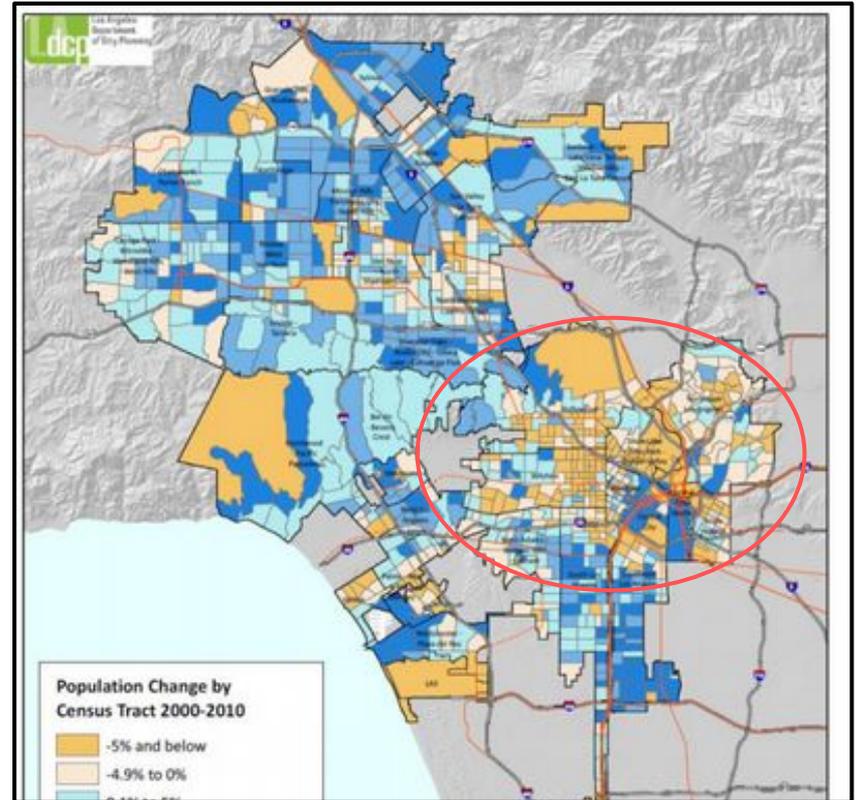
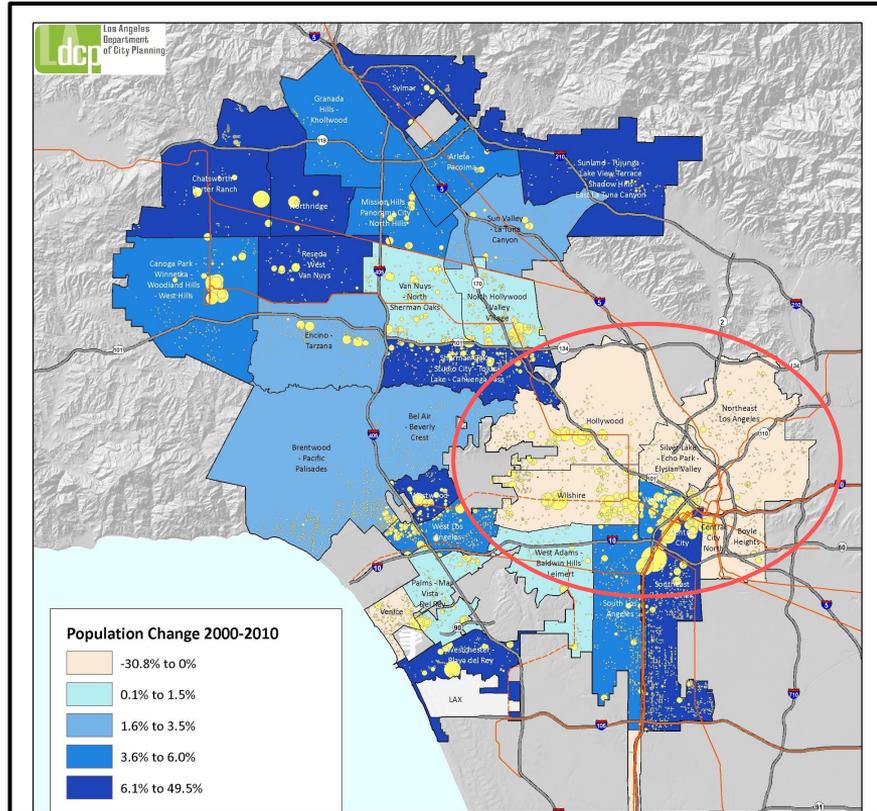
Core (gentrifying) vs. Periphery (not)

H/T Voorhees Center @ U. IL Chicago

Adapted for Los Angeles



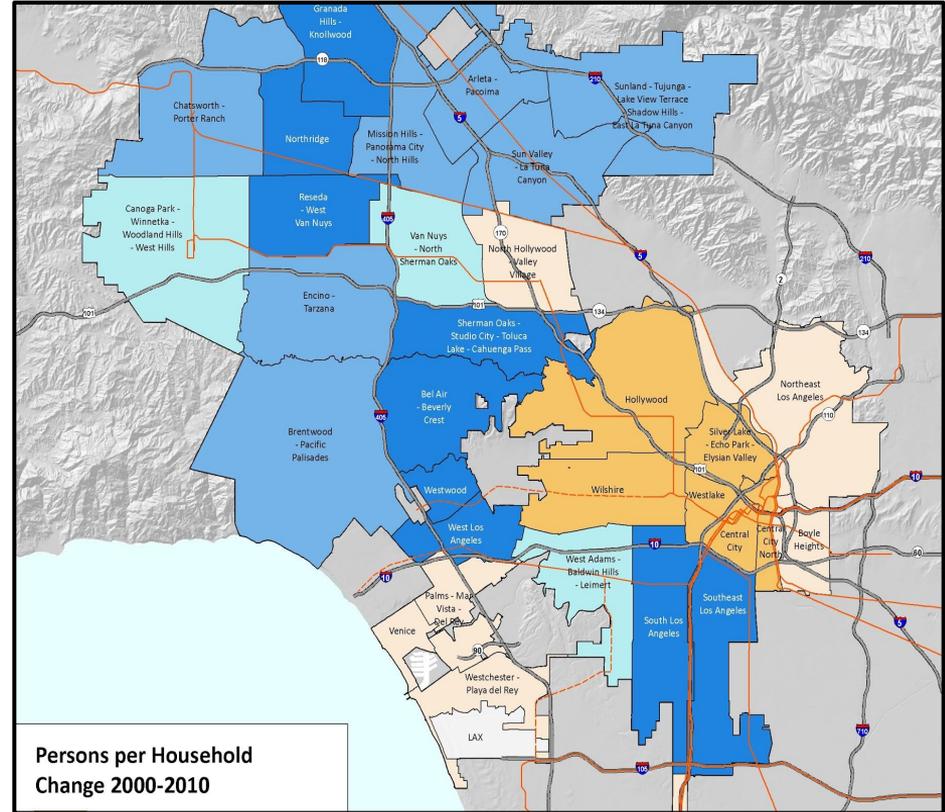
Population Falling in Core Urban Areas, 2000-2010



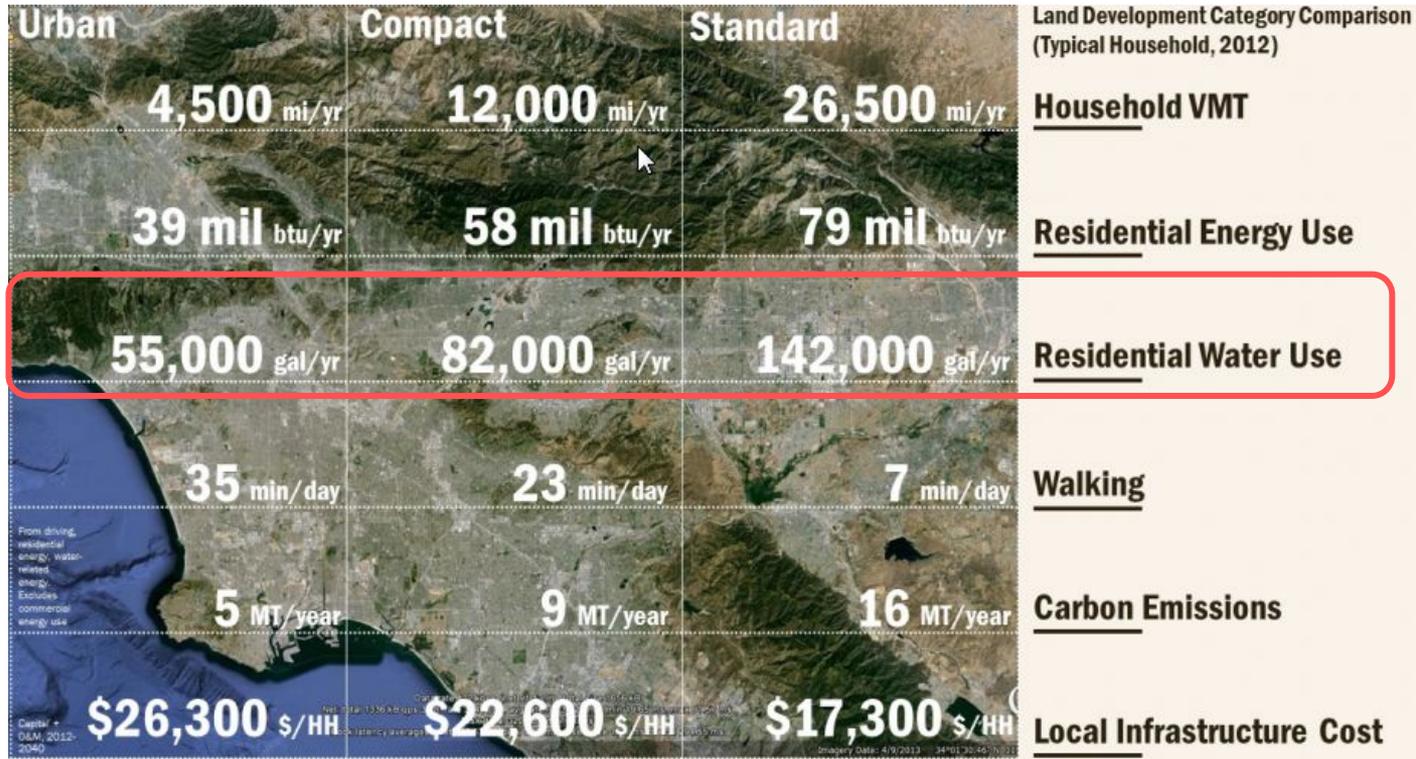
Why? Gentrification?

Change in Persons Per HH

Housing Growth \neq Pop Growth



Environmental Impact of Sprawl



Source: SCAG Urban Footprint

Gentrification - Lit. Review

- Neighborhood change is rare and pretty slow¹
- Few areas really gentrify
- Increasing poverty/spatial inequality is dominant
- Gentrification results from flows of capital and people
- Gentrification not all bad...
- Displacement is very bad...
 - Occurs in all neighborhoods, for many reasons.
 - Gentrification, at a minimum, leads to exclusionary displacement



Source: Zuk, Bierbaum, Chapple, Gorska, Ong, Loukaitou-Sideris, Thomas. 2015. Gentrification, Displacement and the Role of Public Investment: A Literature Review.

Change in Population & Poverty, 1970-2010

Chronic High Poverty (>30%)

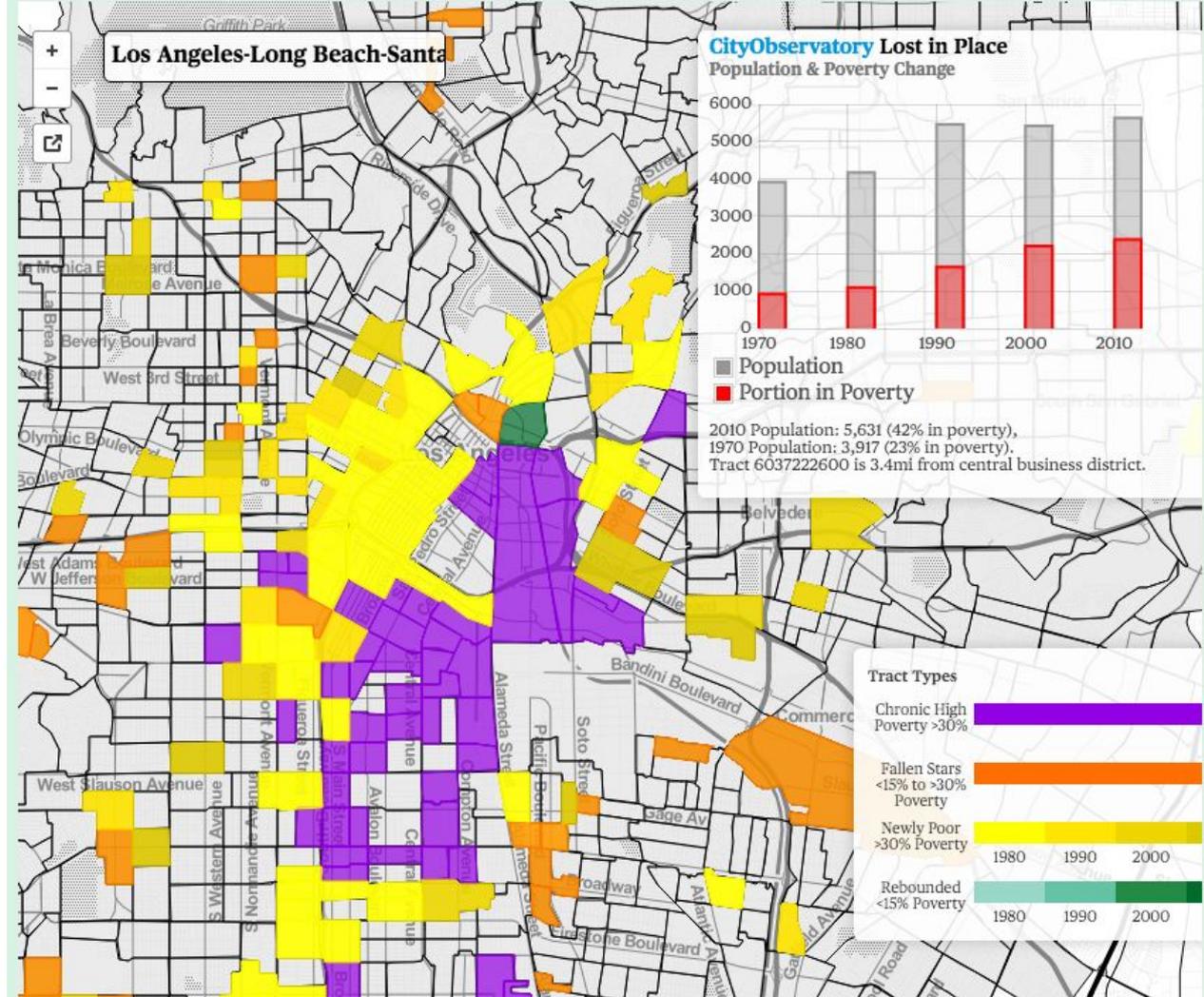
Newly Poor (>30%)

Fallen Star (<15% to >30%)

Rebounding (<15%)

Source: *Lost in Place*.

CityObservatory.com 2016



Gentrification and Transit Investment

Kahn (2007) - some - but not in LA

Dukakis Report (Bluestone/Pollack 2011)

TOD areas saw higher rent/income increases/vehicle ownership than non TOD

SCAG 2016 SCS Research (Environmental Justice Appendix)

| Variables | TOC | TOC vs. SCAG | |
|-------------------------|--------|--------------|---------|
| | Growth | Growth | p-value |
| Hispanic | 4.6% | 23.6% | *** |
| Seniors (+ 65) | 16.6% | 22.6% | *** |
| Household w/o cars | -17.7% | -18.2% | *** |
| Median Household Income | -5.8% | -9.7% | *** |
| Median Gross Rent | 19.1% | 17.6% | *** |
| Population | 2.9% | 9.4% | |
| Household | 7.1% | 6.7% | ** |
| Renter | 7.8% | 9.6% | * |

Source: SCAG

Gentrification and Residential Mobility in Philadelphia

Low Income residents do not move out of gentrifying neighborhoods any faster than non

But when do move, they often to lower income areas

Source: Federal Reserve Bank of Philadelphia

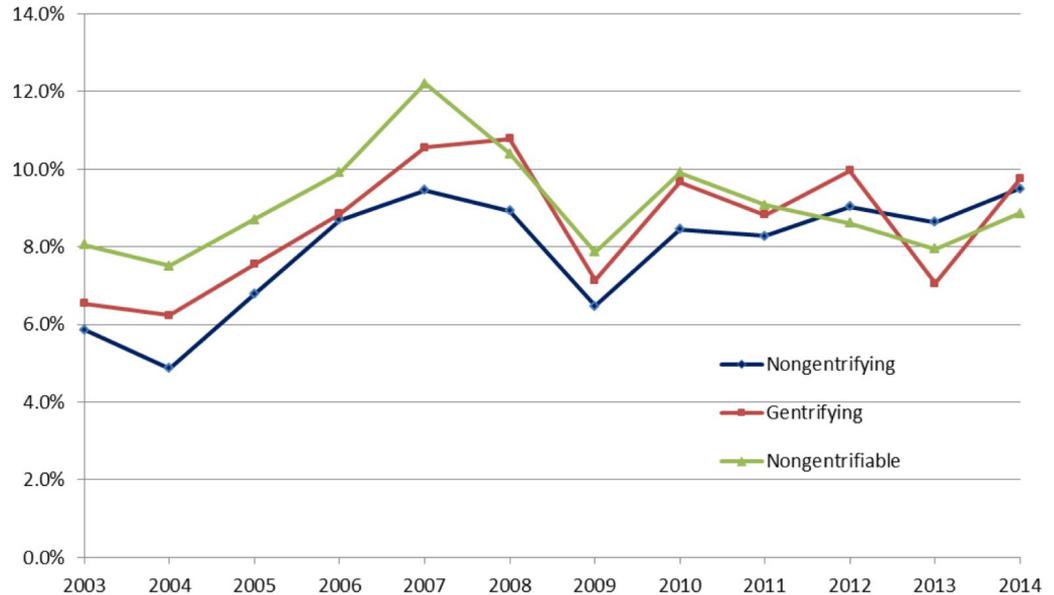


Figure 4 Annual Mobility Rate of Low-Risk Score Residents by Neighborhood Type, Philadelphia

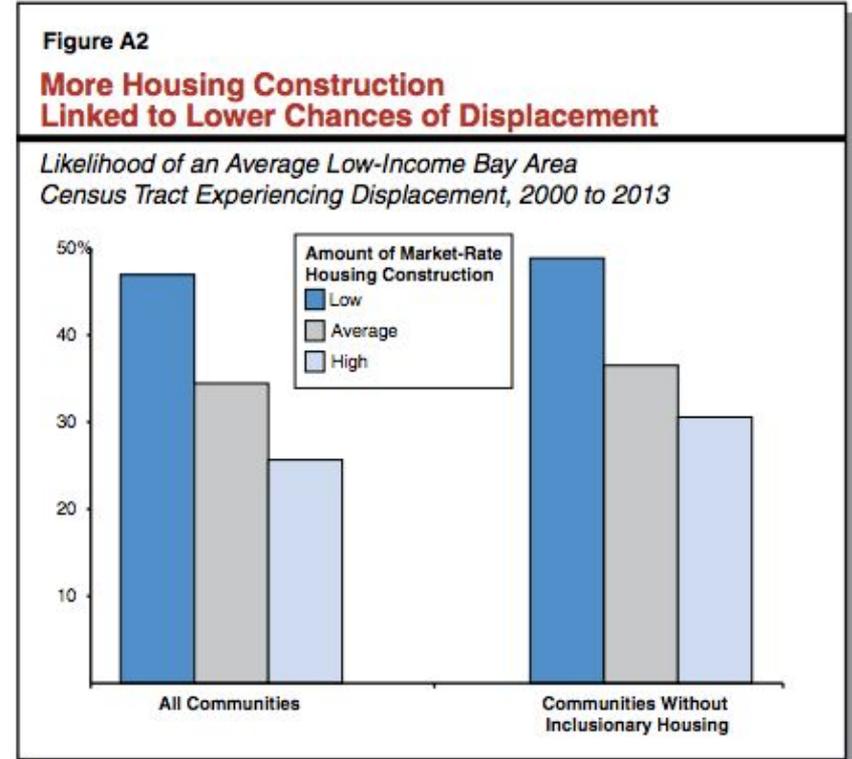
LAO: Market Rate Housing Lowers Displacement?

Lack of Total Housing Production:
Is primary cause of high costs
Increases displacement
Regardless of policies

Positive relationship between market rate
development and natural affordability

CA LAO. *California's High Housing Costs: Causes and
Consequences* (3/2015)

CA LAO: *Perspectives on Helping Low-Income Californians
Afford Housing* (2/2016)



Gentrification Exacerbated by Lack of Housing Supply

Demand for a neighborhood can change **quickly**

Housing **supply** usually changes **slowly**

A lot of gentrification occurs as a result of the prior next door neighborhood not absorbing demand.

Counter Argument

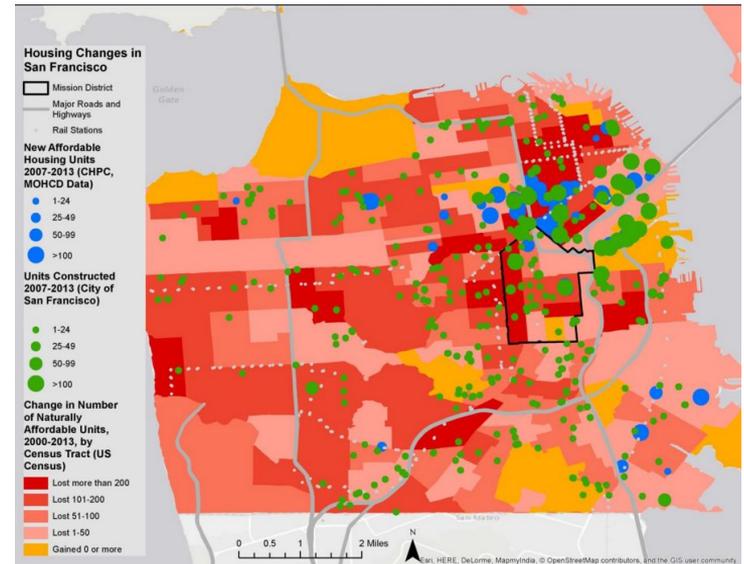
Yes.... (I.E. the Mission neighborhood (SF))

BUT “power” of affordable housing in 2x that of market rate development

BUT new luxury housing creates demand

MAY cause direct displacement

Source: UC Berkeley's Urban Displacement Project



Policy Response (aka Where Do We Put the Rich to Best Protect the Poor?)

Build housing! Both market with as much affordable as possible

Ex. NYC's inclusionary upzoning

But preserve strategically

No net loss provisions (SRO, AB 2222, Gov's "by right" bill)

Tenant protections and eviction controls

Upzone carefully (value capture), even strategic downzones

Legalizations of bootleg units