

Displacement of Lower-Income Families in Urban Areas Report

May 2018



Displacement of Lower-Income Families in Urban Areas Report

Introduction

Gentrification is a form of neighborhood change that occurs when higher-income groups move into low-income areas, potentially altering the cultural and financial landscape of the original neighborhood. In the most recent decade, gentrification has been manifested in the return to the cities, with redevelopment and investment in many downtown areas of the nation. Greater demand for centrally located housing, particularly amidst an existing affordability crisis, may be fueling community change in many American metropolitan areas. With increased demand and housing costs comes increased housing-cost burdens, the potential for displacement of long-term low-income residents, long-run resegregation of neighborhoods, and heightened barriers to entry for new low-income residents looking to move to places of opportunity.

In the press, news about gentrification in cities such as San Francisco, Chicago, and New York highlight tensions between newcomers and existing residents and raise opposing perspectives about neighborhood change. Alongside the change in culture that is happening in gentrifying neighborhoods, significant increases in rents and evictions have escalated the hostility felt toward newcomers. On the opposite end of the spectrum, other articles claim that “gentrification is no longer a dirty word,” praising the reductions in crime and greater access to amenities that even long-time residents appreciate (Nevius, 2014). In the middle of the debate, a third set of articles recognize that both of these trends and tensions occur and that, although gentrification brings increased investments and has the potential to decrease crime, higher-income residents benefit disproportionately and displacement is a real concern (PBS, 2003).

This report is in response to the House and Senate Committees on Appropriations’ request for the U.S. Department of Housing and Urban Development (HUD) to examine the effects of rapidly rising rents in urban areas across the nation and avoid displacement. This report reviews the recent research on the causes and consequences of gentrification and identifies key steps policymakers can take to foster neighborhood change that is both inclusive and equitable. Best practices on the ground have varied, but they all include a focus on the preservation and production of affordable housing and are strengthened by

collaboration and partnership with other local agencies. This report suggests four key strategies that could address displacement of lower-income families and long-time residents in urban areas and alleviate the pressures on housing affordability and community resistance to change.

- 1. Preserve existing affordable housing.** Normally market forces increase housing supply to meet demand from demographic changes, and rents of older units decrease with time and obsolescence in a process known as filtering down. Since the turn of the century, however, the supply of affordable rental units has shrunk despite rapid growth in the number of very low-income renters. As of 2011, 710,000 units annually were lost to disinvestment and disrepair or owner conversions, even as increased demand was causing 1.5 million affordable units annually to filter up to unaffordable levels (Eggers and Moumen, 2015). Losses of about 10,000 public housing units annually points to the need for programs such as HUD’s Rental Assistance Demonstration (RAD) that help the private market invest in decent, safe, and affordable housing.
- 2. Encourage greater housing development, including but not limited to affordable housing.** Housing costs have increased since the 1970s, building to today’s affordability crisis, and are particularly pronounced for renters. Issues of affordability are widespread and reach beyond the hottest coastal markets and gentrifying neighborhoods. Federal and local policies that incentivize greater development of housing can ease pressures on overall housing affordability.
- 3. Engage existing community residents.** Renewed investment in urban areas may produce some benefits that long-time residents in gentrifying neighborhoods can harness. However, a common complaint among existing residents is political displacement. The new services and amenities that gentrification brings, such as dog parks and bike lanes, are seen as intended for and attracting new, higher-income residents. Neighborhood change can often take place without regard for the concerns and requests of existing residents. Recognizing that housing affordability and residential displacement are not the only concerns and seeking the active participation of residents could capture the buy-in of residents and ensure that other coping strategies are successful.

4. **Take a broader look and using regional, rather than localized, strategies.** Effective tools will focus on regional coordination, looking above the neighborhood level and beyond housing. The federal government could be particularly helpful in encouraging regional cooperation and coordinating with multiple agencies on issues such as transportation and education.

This report is divided into four sections that give context to these solutions. First, the report describes the causes of gentrification and explores the trends of urban revitalization since the 1970s. Second, the report summarizes the recent research on some consequences of gentrification, both positive and negative, including displacement potential, poverty concentration, and neighborhood conditions. Third, the report suggests policy tools in the four categories in the preceding list. Finally, the report highlights new innovations in gentrifying areas.

Patterns and Causes of Gentrification and the Broader Urban Revitalization

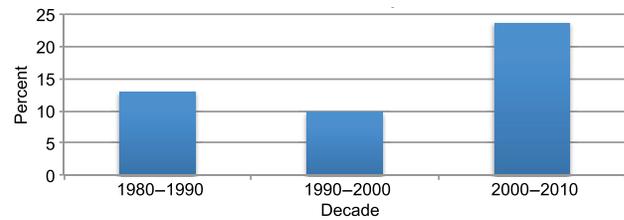
Gentrification Trends

Gentrification, particularly of downtown areas, has increased since the 1990s. However, from 2000 to 2014, a greater number of low-income, city census tracts experienced accelerated gains in income and the number of White residents, over and above the increases experienced in the larger metropolitan area, than in previous decades (Ellen and Ding, 2016). Not only is gentrification affecting a broader set of markets than during the 1990s, but it has also resulted in more dramatic economic changes. The biggest difference between the two periods has been the greater prevalence of significant rent increases in the current period. The share of initially low-income city census tracts that saw large gains in rents relative to the metropolitan area more than doubled from 10 percent in the 1990s to 24 percent in the 2000s (Ellen and Ding, 2016).

A compositional shift in the urbanizing population, not a surge in population growth in urban neighborhoods, has driven recent neighborhood change. As in previous decades, the nation continues to suburbanize, with population growth in the nation's suburban neighborhoods nearly three times faster than growth in urban cities (Kneebone and Berube, 2013).

Beginning in the 2000s, however, the young, college-educated demographic has grown faster in urban rather than in suburban

Share of Low-Income City Tracts in U.S. Metropolitan Areas Seeing Large Gains in Rents Relative to Metropolitan Area



Source: Ellen and Ding (2016)

neighborhoods (Baum-Snow and Hartley, 2016; Couture and Handbury, 2015). Zeroing in on downtown neighborhoods in the largest metropolitan areas of the nation, where much of the urban revival has occurred, the growth in this current set of gentrifiers has been particularly pronounced. Downtown residents represented only 5 percent of the total population during 2010 but, from 2000 to 2010, accounted for 24 percent of the total increase in the college-educated population ages 25 to 34 and nearly 12 percent of the total increase in the college-educated population ages 35 to 44 (Couture and Handbury, 2015). Contrary to claims that retiring baby boomers, aged 45 to 65, are increasingly likely to choose to live in urban locations, this demographic continues to suburbanize, along with households 65 and older. The urbanization of the college-educated is a relatively new phenomenon, irrespective of age group. During the 1990s, the college-educated population grew faster in downtowns than in the suburbs in less than one-fourth of the 50 largest metropolitan areas. Between 2000 and 2010, however, the college-educated population urbanized in most of the same 50 metropolitan areas (Couture and Handbury, 2015).

The racial compositions of downtown urban neighborhoods have also reversed previous trends of *White flight*, when the proportion of White residents within close proximity to central business districts declined from 1970 to 1990. Baum-Snow and Hartley (2016) attributed this reversal to the probability that White residents with low socioeconomic status (SES) indicators, such as educational attainment status, migrated out of city centers between 1980 and 2000 but were stable in their neighborhood choice after 2000. In addition, the probability that high-SES White residents migrated to city centers increased after 2000, prompting growth in the proportion of White residents in downtowns by 2010 (Baum-Snow and Hartley, 2016).

This current period of gentrification represents a broader urban revitalization, marking a reversal in the previous trends of significant population losses and the poor performance of downtowns relative to the larger metropolitan areas (Baum-Snow and

Hartley, 2016). During the 1970s and 1980s, two-thirds of all census tracts within a central city experienced a loss in income, relative to the larger metropolitan area. By the 1990s, more than 40 percent of all central-city census tracts experienced a relative gain in income (Ellen and O'Regan, 2009a). Similarly, the number of people living in high-poverty neighborhoods declined 24 percent in the 1990s compared with a doubling of the population in high-poverty neighborhoods from 1970 to 1990 (Jargowsky, 2003).¹ Sharp declines in the general population in urban neighborhoods occurred in the 1970s and were reversed in the 1980s and 1990s but only for neighborhoods within a relatively short distance to central business districts (Baum-Snow and Hartley, 2016). Although the benefits of urban revitalization for downtowns have been meaningful, it is critical to consider the full effects of these changes, including whether benefits have been distributed equally to both new and existing residents.

Causes of Gentrification

Understanding the mobility motivations of the young, college-educated gentrifying demographic is important, because their choices are the ones that shape neighborhood change most significantly. The public and private investments during the 1990s that spurred redevelopment of many downtowns, with greater availability of services and amenities that attracted the current set of gentrifiers, may have laid the foundation for the current urban revitalization (Couture and Handbury, 2015).

Public Redevelopment Efforts and HOPE VI

Federal and local spending on dog parks and bike shares, among other amenities, during the 1990s is likely to have influenced the urbanization of the young, college-educated demographic today. One particular redevelopment initiative, HUD's Housing Opportunities for People Everywhere (HOPE VI), which began in 1992, may have influenced recent trends in changing communities. HOPE VI demolished 96,200 units of severely distressed public housing throughout the nation, with the goal of revitalizing public housing projects and deconcentrating poverty.² A study on the impact of HOPE VI found that many severely distressed public housing projects were replaced with high-quality, lower-density, mixed-income housing that contributed to the revitalization of entire inner-city communities, along with improving conditions for surrounding neighborhoods (Popkin et al., 2004). Several HOPE VI developments were

successful in attracting a mix of market-rate, affordable, and low-income tenants. In all sites, most residents in new developments reported being satisfied with their units and neighborhoods. Revitalization efforts also led to new community amenities such as police substations, community centers, and job training centers (Popkin et al., 2004).

Despite its successes, some researchers argued that the program's aims resulted in gentrification of previously blighted neighborhoods and led to the permanent displacement of many low-income households (Goetz, 2013; Vale, 2013). The HOPE VI Panel Study, which tracked residents from five sites, asked public housing residents about their replacement housing preferences. Most responded that they would like to return to the site when completed (Popkin et al., 2002). However, in an updated 2016 study of all HOPE IV sites, original tenants occupy only an estimated 21 percent of all units that have been produced (Gress, 2016). Part of the discrepancy suggests that some residents who would have liked to return could not because of a loss in public housing units. As of the third quarter 2014, of those that were receiving services, about one-third of preresidentialization residents remained relocated with a housing choice voucher and about one-fourth relocated to other public housing (Gress, 2016). Evidence has shown that those individuals who utilized vouchers often had improved outcomes in terms of housing and neighborhood quality over those who chose to relocate to another public housing development. Some anecdotal information suggests that some displaced households

HOPE VI

The Housing Research Foundation's study on eight HOPE VI communities found generally positive neighborhood outcomes, including—

- A 57-percent faster increase in average resident per-capita incomes than in neighborhoods citywide.
- An average unemployment decline of 10 percentage points compared with no significant net change at city levels.
- A decline in the poverty concentration of low-income households during the 1990s.
- An average decline in the violent crime rate that was 30 percent greater than in the overall city.
- Higher rates of mortgage lending than in the overall county, implying increasing rates of residential development.

Source: Zielenbach (2003)

¹ Defined as neighborhoods where the poverty rate is 40 percent or higher.

² The number of units demolished as of fiscal year 2010. Congress has not funded HOPE VI since 2011.

opted not to return to the redeveloped HOPE VI sites for a variety of reasons, including improved neighborhood quality and seeking not to disrupt their children's education again. The reductions in density and the mixed-income strategy of HOPE VI resulted in a net loss of about 44 percent of units that would have received the deep, permanent public housing subsidies that would make units affordable for very low-income households. However, with the addition of affordable units financed with the low-income housing tax credit (LIHTC), units intended to be affordable to low- and moderate-income residents replaced roughly 85 percent of the original public housing units (Gress, 2016).

Amenity Preferences

Public redevelopment can also be an impetus for expanded private investment in a neighborhood, with amenities that may attract a higher-income customer base. In recent research, Couture and Handbury (2015) posited that a greater preference for urban amenities—retail, entertainment, and service establishments—is the primary motivation for the movement of the young, college-educated demographic into the central core of cities. They concluded that labor market dynamics could not explain the movement into downtowns, because a rise in reverse commutation patterns (from downtown to suburbs) signals the importance of urban amenities. The empirical results on the types of businesses near growing central business districts suggest that the preference of this set of gentrifiers differs from their nongentrifying counterparts. In particular, this demographic is more attracted to proximity to amenities, such as theatres and bars, and less sensitive to changes in house prices (Couture and Handbury, 2015). The recent income growth among the college-educated, as hypothesized by Rappaport (2009) and by Gyourko, Mayer, and Sinai (2013), increased their willingness to pay for locations with a perceived high quality of life.

Rental Affordability Crisis

At the same time the composition of urban neighborhoods has been changing, average rents across the nation have been rising, with the fastest rent growth in gentrifying neighborhoods (Ellen and O'Regan, 2011). Rising housing costs, particularly for renters, may have forced households to consider a broader set of neighborhoods that they may not previously have considered. Ellen, Horn, and O'Regan (2013) studied the motivations of households that move into relatively low-income neighborhoods and found that households that place less value on services, such as renters and childless households, and those with greater housing choice constraints, such as first-time homebuyers and minority households, are more likely to do so. They found no

evidence that the chosen neighborhoods were more accessible to employment but, rather, movers had a lower total cost of housing, because they moved to less-expensive neighborhoods. These findings may suggest that the national affordability crisis may have played a role in the recent change of urban neighborhoods.

Racial Composition and Crime

It is likely, however, that a combination of several factors, including falling citywide crime rates, has contributed to gentrification of downtown areas. Much like the presence of highly distressed public housing, high violent crime rates may have inhibited investment and in-migration into downtowns during the 1970s and 1980s. Between 1990 and 2012, the crime rate fell 44 percent nationally and even more significantly in central cities (Ellen and O'Regan, 2009b). Ellen, Horn, and Reed (2016) found that declines in citywide crimes were associated with increases in the probability that high-income and college-educated households chose to move into both high- and low-income central-city neighborhoods, relative to cities where the crime rates did not fall. They posited that high-income households have a greater sensitivity to crime, because they *can*; that is, because their resources, and therefore residential options, are greater, enabling them to outbid lower-income households in lower-income but accessible neighborhoods (Ellen, Horn, and Reed, 2016; O'Sullivan, 2005).

Outcomes of Gentrification for New and Existing Residents

This section discusses the research on the outcomes of gentrification and the different impact it may have on new versus existing residents.

Displacement and Increasing Rent Burdens

Research on Displacement

The most common critique of gentrification is its potential to displace long-term, low-income residents. Displacement can happen in many ways: direct displacement, in which residents are forced to move out because of rent increases, building rehabilitation, or a combination of both; exclusionary displacement, in which housing choices for low-income residents are

limited; and finally displacement pressures, when the entire neighborhood changes and the services and support system that low-income families relied on are no longer available to them (Slater, 2009).

Although displacement may be the most common concern, most quantitative studies find little evidence of direct displacement occurring. In fact, Ellen and O'Regan (2011) found that turnover rates, or the share of households that left their housing units, did not rise among even the most vulnerable populations or in the neighborhoods with the largest gains in relative income. Surprisingly, their research found that exit rates were actually lower in gentrifying neighborhoods than in nongentrifying neighborhoods, even among renters or poor households. Similarly, Freeman and Braconi's (2004) research on displacement in gentrifying neighborhoods of New York found that low-income households were actually less likely to move. Racial and ethnic minorities were significantly less likely to report displacement, after controlling for age and income, in other research (Newman and Wyly, 2006).

Even studies that find some evidence that gentrification and displacement are linked, such as Freeman (2005), found only a modest relationship, at best. Moreover, Freeman (2005) did not find evidence that poor renters appeared to be particularly vulnerable to displacement or elevated mobility rates from gentrification. Similar to Ellen and O'Regan (2011), he concluded that housing succession through voluntary entries and exits, not displacement, was likely the "primary mechanism through which gentrifying neighborhoods undergo socioeconomic change" (Freeman, 2005: 480).

Measures of Displacement Are Imperfect

Measures of displacement generally focus on exit from a unit, rather than exit from a neighborhood, which can tell an incomplete story on the varying pressures of low-income households. Freeman and Braconi's (2004) research found little evidence of displacement, as measured by exit from a specific unit, from the seven gentrifying boroughs in New York City and concluded that the primary potential for harm to low-income families in gentrifying neighborhoods is normal housing succession, in which a vacant rental unit is more likely to be leased by a middle-income household or the gradual shrinking of low-rent housing.

Subsequent research inquired whether using turnover rates would fully capture all types of displacement that have occurred. Newman and Wyly (2006) noted that displacement pressures from gentrification should be viewed over the longer run, rather than a snapshot in time. It is likely that few low-income

residents continued to stay in the gentrifying areas of New York after 1990, and that those who remained were able to do so through a combination of "regulatory protection and individual sacrifice or creativity" (Newman and Wyly, 2006: 28). Displacement may be artificially low when measuring exit rates after two decades of intense gentrification, because the most vulnerable residents would have exited earlier.

The researchers performed different variations of the previous research and noted the difficulties in fully capturing displacement effects with the New York City Housing and Vacancy Survey data used by Freeman and Braconi, because the survey does not identify persons who were previously displaced and doubling up with a friend or relative nor anyone who leaves the city, rather than leaving to another unit within city boundaries (Newman and Wyly, 2006). Indeed, Freeman and Braconi (2004) acknowledged that using turnover rates may understate displacement by including households that move to cheaper living arrangements within New York City but understate it by failing to incorporate those who leave the city, become homeless, or double up with friends or relatives. Although Newman and Wyly (2006) found similarly small displacement rates using different data techniques, they acknowledge that thousands of displaced persons, even in cities of millions, are not insignificant and should not be dismissed, but also that the task of tracking the outcomes of low-income people is challenging and akin to "measuring the invisible."

Freeman and Braconi's (2004) work also demonstrated the limited amount of choice for low-income families in gentrifying neighborhoods. Rent increases in gentrifying neighborhoods were associated with a decrease in the probability of poor households moving, and the same result was seen for college-educated households. Although the researchers, along with many others, associated this decline in the probability of moving to the desire of low-income households to stay in improving neighborhoods, with the services and amenities to which they are accustomed, others argued that rising rents effectively trapped poor households to stay in place (Freeman and Braconi, 2004). As housing costs rise and the affordable housing stock falls, the options for poor households diminishes, severely limiting their residential mobility (Slater, 2009).

Not only do exit rates fail to capture the limited choices of low-income households to cope with rising housing costs but also the exclusionary effects of gentrification. For families looking to move into areas of opportunity, some neighborhoods are inaccessible because of high rents, forcing low-income households to lower-cost neighborhoods with less investment than gentrified neighborhoods (Newman and Wyly, 2006).

Differing Outcomes

Although exit rates may increase for low-income renters who are unable to cope with higher housing costs, they may decline for those who realize the benefits of neighborhood improvements. On net, then, exit rates may move very little or even decline, even in the presence of some displacement. In addition to the difficulty of measuring displacement, studies on gentrification and displacement were based on changes occurring in the 1990s, when rent increases were not as prevalent as they are today.

Despite the difficulty in using turnover in gentrifying neighborhoods as a measure of displacement, evidence suggests that those who move face worse outcomes than those who are able to stay. Recent work from Ding, Hwang, and Divringi (2015), which looked specifically at pathways of moves, found that vulnerable households that do move are generally renters and are at greater risk of moving to neighborhoods that are worse off than the original neighborhood, in terms of home values, unemployment rates, median incomes, and public school performance. Ding, Hwang, and Divringi (2015) posited that gentrification's pressures on rents and home values are significant drivers in mobility decisions of residents. Indeed, Newman and Wyly's (2006) study found that cost considerations such as unemployment, income, and rising rents were cited among the top reasons for moves. Similar to the results by Ding, Hwang, and Divringi (2015), renters who moved were forced to look for housing in the outer boroughs of New York and into neighbors further into Brooklyn, Queens, and the Bronx, as Manhattan was becoming increasingly gentrified (Newman and Wyly, 2006). Even if exit rates, on net, did not suggest that displacement was occurring, outcomes from these studies suggest that moving from gentrifying neighborhoods has negative impacts on vulnerable renters.

These factors may have contributed to the previously muted public policy response when HUD investigated the potential for displacement and found that the scale of displacement was not sufficient to warrant concern during the 1980s. The agency concluded that disinvestment accounted for a greater proportion of displacement than neighborhood revitalization (HUD, 1979). Whereas the earlier focus was on stemming urban decline rather than gentrification, recent trends in the compositional shifts of downtowns and significantly higher rent growth in gentrifying areas put gentrification back on HUD's agenda. HUD's current concerns with neighborhood change have been informed by what the agency has heard from some cities around the nation, particularly regarding tensions around the significant increases rents in high-demand neighborhoods now compared with previous periods.

As part of a recent HUD initiative, HUD facilitated discussions in cities and regions around the country on expanding affordable housing opportunity and increasing economic mobility. In areas where neighborhood change is particularly intense or advanced and displacement of minority and low-income households occurs at a rapid pace, local leaders highlighted the need for policies that encourage equitable neighborhood change. Tools that help areas amplify the upside potential of renewed interest and investment in low-income urban areas, while limiting the potential downsides of displacement or long-term segregation, were an important part of the policy discussion between local communities and HUD.

Loss of Affordable Housing Units: Exclusionary Displacement

As mentioned previously, displacement can also occur when neighborhood choices become limited from the lack of affordable housing units, excluding them from the realm of possibilities for low-income families. Exclusionary displacement from the loss of affordable housing units occurs across the nation, even in nongentrifying neighborhoods, due to the rental affordability crisis. HUD's most recent worst-case housing needs assessment estimated that the number of renter households with worst-case needs—defined as renters with incomes less than 50 percent of the Area Median Income who do not receive government housing assistance and who pay more than one-half of their incomes for rent, live in severely inadequate conditions, or both—increased to 8.3 million in 2015, up from 7.7 million in 2013 (HUD, 2017). Several demographic changes accounted for an increased demand for rental units, including a pronounced shift from homeownership. Although the supply of rental units also increased, new inventory is generally for more expensive units; HUD reported that, “[f]or a growing population of very low-income renters, the expanding supply of rental units in 2015 failed to translate into increased availability of affordable housing. Unlike more expensive units, the stock of rental housing affordable to very low-income renters shrank between 2013 and 2015, the vacancy rates remained highest among the most expensive units. For renters with extremely low incomes, the ratio of affordable and available units decreased... to 38 units per 100 renters” (HUD, 2017: xi).

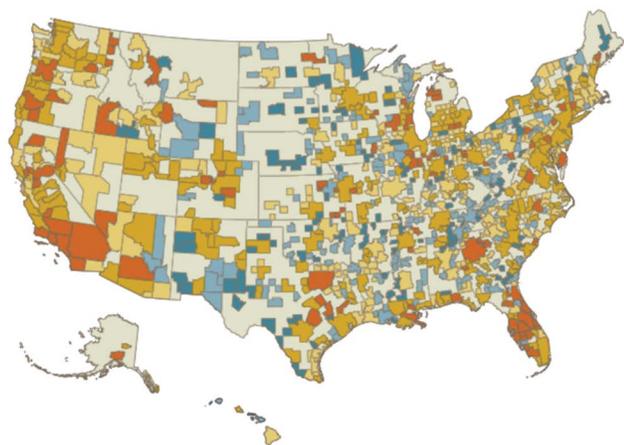
Higher Rent Burdens for Low-Income Households

Unsurprisingly, rents increased significantly faster in gentrifying neighborhoods than in nongentrifying areas during the 1990s, a trend that is happening to a more significant degree since 2000 (Ellen and O'Regan, 2011). Freeman and Braconi's

(2004) study found, for example, that, in New York during the 1990s, three-fourths of low-income renters in gentrifying neighborhoods were paying more than the generally recognized standard of affordability (30 percent of their income) toward rent, and one-half of low-income renters were paying up to 67 percent of their income toward rent. The average rent burden for poor households living in gentrifying neighborhoods, at 61 percent, was also higher than the average rent burden for poor households living outside of gentrifying neighborhoods, at 52 percent (Freeman and Braconi, 2004). These average rent burdens for both gentrifying and nongentrifying neighborhoods are far above the recognized standard of affordability, demonstrating that more affordable housing development is needed across the board. The patterns also show that these pressures can be exacerbated in rapidly changing neighborhoods.

Rent burdens have been even more pronounced because of a greater prevalence of rent increases in urban neighborhoods than in the 1990s, a cause for greater concern during the recent period. As of 2016, 72 percent of the lowest-income renters (earning less than \$15,000) face severe housing cost burdens, paying more than 50 percent of income toward rent (JCHS, 2016).

In Most of the Country, a Large Majority of Lowest-Income Renters Are Severely Cost Burdened



Share of Renters with Incomes Under \$15,000 with Severe Burdens (Percent)

- 25-49
- 50-59
- 60-69
- 70-79
- 80-99

Notes: Severely cost-burdened households pay more than 50 percent of income for housing. Data are for Core Based Statistical Areas.

Source: JCHS (2016)

Although the existing literature focuses primarily on the potential for housing and neighborhood displacement of low-income residents, the impact of neighborhood change extends beyond housing alone. A primary motivation for existing residents' desire to stay is the services and support systems on which low-income families rely, such as affordable mass

transit, economic and workforce development, and other basic services. Urban revitalization often brings new amenities that attract higher-income in-movers but that are not always aligned with the needs of existing residents.

Cultural displacement of a neighborhood—defined at least partly by the mix of shops and restaurants—is another often-cited critique. Recent research by Meltzer (2016) on small business exit rates in changing New York neighborhoods provided only mixed support for this concern. Small businesses do not appear to be at heightened risk of displacement from gentrifying neighborhoods, and retention rates among small businesses are generally higher than exit rates in both gentrifying and nongentrifying neighborhoods. However, gentrifying neighborhoods have a somewhat higher share of businesses that leave without any replacement. When businesses are replaced, they are generally in a different sector than the original, with the highest gains in businesses providing services, such as art and entertainment venues and employee placement services, and losses in goods-producing industries, such as manufacturing. Replacements are also more often chain stores, changing the feel of a neighborhood entirely (Meltzer, 2016).

A common view of the new amenities that gentrification brings to a neighborhood is that they are not meant for existing residents (Ellen and Torrats-Espinosa, 2016). Along with the loss of services crucial for low-income families, one of the perceived downfalls is a loss of minority political representation, as new residents successfully advocate for amenities and services they want while the needs of existing residents are pushed aside (Hyra, 2015). Even as existing residents cite neighborhood improvements, such as reductions in violent crime, they recognize that these gains may be only because more affluent residents have a stronger voice to demand greater policing and services (Tach, 2014).

Benefits to Residents Who Stay

Deconcentration of Poverty

During the 1990s, gentrifying neighborhoods experienced a decrease in poverty rates of 5 percentage points compared with a 3-percentage-point gain in nongentrifying tracts (Ellen and O'Regan, 2011). Similarly, Ellen and Torrats-Espinosa (2016) found that, as rents rise, Housing Choice Voucher (HCV) Program tenants tend to live in lower-poverty neighborhoods. Given the influx of higher-income residents and an increase in investment and likely employment, the reduction in poverty in these tracts is perhaps unsurprising. In fact, the primary goal

of HOPE VI revitalization efforts was to deconcentrate poverty and encouraged mixed-income development. One of the successful outcomes of HOPE VI neighborhoods studied was the decline in poverty concentration of low-income households from 81 percent in 1989 to 69 percent in 1999 (Zielenbach, 2002).

Neighborhood Improvements

In recent research on the outcomes for public housing residents in gentrifying tracts of New York City, Dastrup and Ellen (2016) found improvements in a variety of neighborhood indicators. They found that public housing developments in gentrifying tracts have lower neighborhood violent crime rates and are zoned for public elementary schools with higher standardized test scores than their counterparts in lower-income communities. Residents of these neighborhoods are also more often employed, have slightly higher incomes, and have greater educational attainment levels. Similarly, Ellen and O'Regan's (2011) work found increased satisfaction among original renters who stayed in gentrifying neighborhoods, likely due to the improved neighborhood conditions.

As communities change, low-income homeowners may face increased property taxes. If not paid, often a lien is placed on the property and can result in foreclosure. One recent policy to address this issue was tested in Washington, D.C., where the government forbade the sale of liens on homes whose owners owe less than \$2,500 in taxes and granted a year-long tax deferral to homeowners who owe less than \$7,500 in taxes (Cenziper and Sallah, 2014).

Greater Access to Services

Broader urban revitalization is also likely to bring a greater number of services that were previously absent in the neighborhood. A number of studies have demonstrated that low-income and minority neighborhoods have fewer and smaller retail stores, such as supermarkets, banks, and drug stores, than higher-income neighborhoods (Alwitt and Donley, 1997; Carr and Schuetz, 2001; Helling and Sawicki, 2003; Powell et al., 2007; Zenk et al., 2005). This limited choice and lack of competition may lead families to pay more for basic goods and services (Caplovitz, 1967; Hayes, 2000; Kaufman et al., 1997). Meltzer and Schuetz's (2012) study on retail establishments in New York City found that lower-income and minority neighborhoods had lower densities of commercial businesses and employment, smaller businesses, and a higher proportion of unhealthy restaurants. Growth of retail establishments increased between 1998 and 2007 and was particularly strong in gentrifying neighborhoods.

An increase in the access of a greater number of services can be a potential benefit of neighborhood change, especially if the type of establishment can promote better outcomes for its residents, such as mainstream financial institutions or healthy food establishments (Ding and Hwang, 2016). Meltzer and Schuetz's (2012) research demonstrates that poor neighborhoods and predominantly Black and Hispanic neighborhoods had a greater proportion of unhealthy food chains compared with higher-income areas. Although their research is silent on the effect of a rise in healthy establishments, some anecdotal instances suggest that gentrification has been associated with bringing healthy food options in a previous food desert, such as Harlem. Prior to the early 2000s, Harlem lacked larger grocery stores, leaving little choice for low-income residents except to shop at local bodegas (mini markets) with few healthy options. With urban revitalization from the Upper Manhattan Empowerment Zone spreading into underserved areas such as Harlem, the area has seen an increase in the number of chain grocery stores such as Whole Foods and, at the same time, increasing rents that have forced out older soul food restaurants (Abellard, n.d.).

To be sure, the research has demonstrated that potential benefits accrue from gentrification. However, many of those benefits are available only to those who stay in changing neighborhoods. With rising housing costs often associated with neighborhood improvements, it is likely that a smaller proportion of lower-income residents have the means to stay. Federal housing policies, such as public housing and HCVs, have had a meaningful impact on protecting some renters from displacement but are not the only solution to a multifaceted issue.

Policy Responses to Gentrification

A common theme echoed throughout conversations between HUD and local policymakers is that a broad-based approach to housing affordability is necessary for its success—one that both encourages housing development and affordable housing preservation, as well as community engagement from all residents. This section suggests four key strategies that could alleviate pressures on housing affordability and community resistance to change at all policy levels.

Preserve Existing Affordable Housing

Between 2001 and 2015, the number of affordable rental units decreased by 2.5 million, while the number of very low-income renters increased by 4.2 million (Watson et al., 2017). Normally

the rent for a given unit is expected to filter down as the unit ages, but insufficient construction of new affordable units drives up rent. As of 2011, 710,000 units annually were lost to disinvestment and disrepair or owner conversions, even as increased demand was causing 1.5 million affordable units annually to filter up to unaffordable levels (Eggers and Moumen, 2015). These rates are up significantly from 400,000 units lost from stock and 140,000 filtering up in an average year during the 1991-to-2001 period (Schwartz et al., 2016). The units lost from stock include about 10,000 public housing units annually. In this context, programs that preserve existing affordable housing, particularly in gentrifying neighborhoods, are important tools for ensuring that long-term, low-income residents who want to stay have the ability to do so.

Rental Assistance Demonstration

Public housing developments, in which subsidies are attached to particular units, may be an effective tool for helping low-income families stay in place. However, the current structure and level of funding, which is through annual appropriations, has been inadequate to address the \$26 billion backlog of deferred maintenance that can result in a permanent loss of public housing units (Finkel, 2010).

In response, HUD proposed, and Congress authorized, RAD in 2013. RAD's main goal is to give public housing agencies (PHAs) a tool to preserve and improve public housing properties by moving units from the public housing program to more stable funding platforms, such as long-term project-based Section 8 contracts like project-based vouchers or project-based rental assistance. Through the movement from a funding platform of annual appropriations to long-term contracts, RAD enables PHAs to leverage external resources in order to invest in the public housing stock. PHAs can obtain mortgages to finance capital improvements and are eligible for LIHTCs. As of October 2015, more than \$2.5 billion of external funding was raised for about 19,000 units. To date, 185,000 units have already been awarded RAD status, which is the current cap on RAD set by Congress (Econometrica, Inc., 2016). The funding for units that move to long-term project-based Section 8 contracts through RAD must be renewed by law, ensuring that these units remain permanently affordable to low-income households.

Under RAD, residents continue to pay 30 percent of their income toward rent and maintain the same basic rights, and RAD maintains the public stewardship of the converted property through clear rules on ownership and use.

Given the central location of the oldest public housing stock in the country, the existing public housing stock may be an important tool in anchoring long-term affordable housing in and near gentrifying neighborhoods.³ For example, in New York City, 58 percent of public housing units are in community districts that are classified as gentrifying, and block groups that had average incomes above the city median in 2010 surround nearly two-thirds of public housing block groups (Dastrup and Ellen, 2016). RAD can be a means for ensuring that the existing stock of public housing is maintained and remains permanently affordable for low-income families to stay in place or move to places of opportunity.

Housing Choice Vouchers

HUD's HCV program is the largest federal rental housing program, providing housing subsidies for more than 2.2 million low-income households (Center on Budget and Policy Priorities, 2015). Voucher holders pay 30 percent of their income toward rent, and the subsidy covers the difference between that and an allowable payment standard, determined largely by the Fair Market Rent (FMR). HCVs and other forms of tenant rental assistance may be useful in broadening neighborhood choice for low-income families and help to alleviate some of the exclusionary displacement that occurs in central neighborhoods. The Urban Institute notes that, without federal rental assistance programs, the affordability crisis would be even worse, and the share of families who could have afforded adequate housing in 2013 would have fallen from 28 to 5 percent (Johnson, 2015). Subsidies can be particularly helpful in keeping low-income families in gentrifying neighborhoods, where some evidence suggests positive outcomes for voucher holders who remain, including living in neighborhoods with lower poverty rates (Johnson, 2015).

However, recent research suggests that, even for those with subsidies, this protection is far from complete. Ellen and Torrats-Espinosa (2016) found that, in metropolitan areas where rents are increasing more rapidly, voucher households tend to move more frequently to other neighborhoods, experience higher rent burdens, and become more spatially concentrated. It is particularly likely that a voucher holder will face a higher rent burden in a tight housing market, such as a gentrifying neighborhood, where housing units that meet program requirements become increasingly difficult to find (Finkel and Buron, 2001). Similar results were found for families who relocated after HOPE VI. Evidence from the HOPE VI Resident

³ A caveat to the potential of keeping affordable housing developments in gentrifying neighborhoods is the ability of the PHA to move a RAD project to a different location.

Tracking Study suggested that former residents ended up in neighborhoods with lower poverty rates, lower crime rates, and better housing conditions than families living in public housing awaiting revitalization, but these benefits were tempered by some residents' financial insecurity (Buron et al., 2002).

One limit to the ability of rental vouchers to keep residents in place as rents increase may be how the FMR, on which payment standards are largely based, is calculated. Currently, the FMRs provide a single rent standard for an entire metropolitan area, which may understate the rapid rent growth occurring in certain central-city neighborhoods. HUD's final rule on Small Area Fair Market Rents (SAFMRs), published on November 16, 2016, may provide greater flexibility in this instance.⁴ Unlike metropolitan-level FMRs, SAFMRs and their associated payment standard amounts are calculated at the ZIP Code level. SAFMRs recognize that neighborhoods within a single metropolitan area can be drastically different in terms of opportunity, services, and, thereby, rents and give greater choice to voucher households in determining their housing locations. For residents of gentrifying neighborhoods, SAFMRs may help to stem displacement by granting higher payment standards than the overall metropolitan area.⁵

Preservation-Friendly Incentives

On the local level, aligning incentives for existing affordable housing owners with the community's preservation priorities can be effective in maintaining affordable units. Examples of preservation-friendly policies include tax abatements to lower property taxes for owners who agree to preserve units as affordable, such as the Class 9 program in Chicago. The Class 9 program reduces the assessment rate on substantial-rehabilitation or new-construction rental projects to the same lower rate as single-family property assessments when a minimum of 35 percent of units is affordable (CRN, n.d.a.).⁶

In addition to Class 9, Chicago's Class S property tax incentive program provides rate cuts to preserve more than 3,000 Section 8 housing units at risk of conversion to market-rate rental or condominium units, which are particularly at risk in gentrifying neighborhoods. Because Housing Assistance Payment contracts began expiring in 1997, owners of more than 1,000 Section 8 units have chosen to opt out in Illinois, reducing the supply of subsidized housing in the state (CRN,

n.d.b.). The Chicago Rehab Network estimates that hundreds of rental homes have been preserved as a direct result of the incentive (CRN, n.d.a.).

Preservation Catalog

Because of uncertain congressional appropriations, localities are asked to do more with less when it comes to affordable housing development and preservation. Using existing resources in the most efficient way can help governments react in an uncertain budgetary environment.

Lubell (2016) suggested numerous policy responses that could improve the efficiency of resource utilization, including a preservation catalog that identifies when subsidies or rental assistance will expire. The national online preservationdatabase.org currently identifies when assistance will expire but focuses on federal subsidies and would greatly benefit from information on state and local subsidies (Lubell, 2016). This database can assist communities in prioritizing preservation targets well ahead of subsidy expirations and help them react with the appropriate tools. Currently, the database shows that 2 million federally assisted rental units with affordable use restrictions will expire during the coming decade (JCHS, 2016).

Encourage Greater Development

In addition to preserving existing affordable units, encouraging greater development of rental units at all levels can lower housing costs and expand housing choice for residents, particularly in areas with significant rent growth. Most of the current affordable housing stock is not subsidized but rather consists of older units that no longer command the highest rents or have filtered downward. Lubell (2016) described such units as "market-rate affordable" or "naturally occurring affordable": units that are affordable for low-income households without direct government subsidies (JCHS, 2016; Lubell, 2016). However, older housing stock that could be market-rate affordable is often housing higher-income households due to a shortage in rental housing at all levels (JCHS, 2016). The Joint Center for Housing Studies of Harvard University estimated that downward-filtered units increased the supply of affordable units 4.6 percent between 2003 through 2013, which was more than offset by the loss of 7.5 percent of similarly priced units due to unit

⁴ "Small Area Fair Market Rents in Housing Choice Voucher Program Values for Selection Criteria and Metropolitan Areas Subject to Small Area Fair Market Rents." *Federal Register* 81 (221) November 16, 2016.

⁵ Note, however, that SAFMRs are mandated only for 24 metropolitan areas in which voucher households are particularly concentrated in high poverty neighborhoods. PHAs in other metropolitan areas are permitted to voluntarily adopt SAFMRs.

⁶ The effectiveness of the program has been limited, as the county reduced assessment factors to the same level for all multiunit apartment buildings.

upgrading that increased rents, or *upward filtering* (JCHS, 2016). Given the tightening of rental markets nationwide, the number of low-income renters far exceeds the number of available and affordable units, such that both preservation and development of new units are necessary. Indeed, a National Low Income Housing Coalition study found that, in 2014, 31 rental units were affordable *and available* for every 100 extremely low-income renters (Arnold et al., 2014).

Federal Policies To Encourage Supply of Affordable Housing

At the federal level, in addition to efforts to preserve the existing stock, HUD has been looking for ways to promote the expansion of the affordable supply, including a review of Federal Housing Administration (FHA) policies such as condominium guidelines and rulemaking related to the production and installation of manufactured housing.

Another opportunity lies with condominiums, traditionally a mainstay of affordable housing for both first-time homebuyers and seniors. HUD is in the process of revising condominium project approval requirements in order to provide a Final Rule and updated policies. HUD anticipates that the updated condominium project-approval regulations will be more flexible, less prescriptive, and more reflective of the current market than existing condominium project-approval provisions.

HUD also recently announced a top-to-bottom review of its manufactured housing rules to assess their compliance costs and whether those costs are justified against the backdrop of the nation's shortage of affordable housing. Manufactured housing plays a vital role in meeting the nation's affordable housing needs, providing nearly 10 percent of the total single-family housing stock. Estimates suggest that more than 22 million American households reside in manufactured housing.

Property Acquisition

Beyond federal efforts, local governments have had some successes in developing affordable units in some neighborhoods where such units would be cost prohibitive through the use of property-acquisition funds. For example, the New York City Acquisition Fund grants up to \$190 million in loans to affordable housing developers through major financial institutions that are protected by a guarantee (Lubell, 2016). More than 7,650 affordable units have been created or preserved as a result of the fund.⁷

A particularly promising approach to applying property acquisition funds in gentrifying neighborhoods is to target existing or upcoming transit development. The Urban Land Conservancy's fund purchases and holds property in key sites in Denver for the construction and preservation of more than 1,000 affordable housing units in "current and future transit corridors" (Lubell, 2016: 146). Similarly, the Bay Area Transit-Oriented Affordable Housing (TOAH) Fund is a \$50 million fund that is focused on the production and preservation of affordable housing in transit-oriented neighborhoods that also sets aside funds for neighborhood amenities such as community facilities, health clinics, and grocery stores (Lubell, 2016). These types of funds can be particularly useful for renters in and around gentrifying neighborhoods. Low-income households are often forced to trade location for affordability to such a degree that they can spend nearly three times more on transportation when living in neighborhoods with lower-cost housing (JCHS, 2016). Creating and preserving affordable housing near transit options can alleviate some of the high cost burdens that low-income renters in these neighborhoods face.

Housing Supply and Local Regulations

Given rising rents, the question remains—why has the supply of housing not caught up to demand? Researchers have increasingly focused on the role of restrictive land zoning regulations, which have risen since the late 1970s, in increasing construction costs. Glaeser, Gyourko, and Saks (2005a) found that, until the 1970s, rising quality of both housing and construction drove housing price increases. The authors concluded, however, that price increases instead reflect the difficulty of obtaining regulatory approval for new home construction. Similarly, Gyourko, Mayer, and Sinai (2013) demonstrated that the widening of real home price distributions is correlated with variation in the adoption of land use restrictions by communities.

A collection of work draws direct connections between local zoning restrictions and the cost of housing for specific cities. For example, Glaeser, Schuetz, and Ward (2006) found that a 1-acre increase in a Boston-area town's minimum lot size was associated with about a 40-percent drop in housing permits. In areas with increased demand, such as Manhattan, land use regulations are credited with constraining the supply of housing and leading to increased prices (Glaeser, Gyourko, and Saks, 2005b).

These patterns of increased housing costs and restrictions on supply since the 1970s suggest that this problem is not temporary and that we are not waiting for the market to catch up. In fact,

⁷ <http://www.nycacquisitionfund.com/>.

these regulations can be particularly restrictive for multifamily housing and incentivize expensive housing development more than moderately priced housing (Quigley and Raphael, 2005). Indeed, local governments often discourage or prohibit the type of economical design that could encourage prompt, efficient, and affordable development of housing, such as modular units (White, Wilkins, and Pinto, 2016). At an average asking rent of about \$1,381 per month, housing development currently under way is typically more expensive than the average renter can afford (Anderson, n.d.). Whereas a household income of \$55,000 would be required to afford that level of rent without incurring a high housing cost burden, the average income for a renter is only \$35,000. As housing construction and maintenance costs increase, units “rarely filter down to become affordable for low-income people” (Anderson, n.d.).

The Obama White House’s “Housing Development Toolkit” highlighted the costs of local regulatory barriers to development, including exacerbating the housing affordability crisis, creating a drag on the national economy, and reducing the number of families that HCVs could serve because of higher per-unit costs.

The Housing Development Toolkit suggested a variety of strategies that state and local governments could take to promote greater housing development in the face of challenging political barriers to reform and improvement. Specifically, some of the actions emphasized include—

- Establishing by-right development, particularly in conjunction with affordable housing, transit-oriented development (TOD), or energy-efficiency policy goals to shorten the building approval process.
- Requiring vacant property registration and increasing fees the longer a property remains vacant, encouraging owners to put properties to more productive uses, such as redevelopment or donating land to nonprofit developers.
- Reducing minimum lot sizes and eliminating off-street parking requirements, which significantly add to housing costs and can impede the affordability of a project.
- Allowing for accessory dwelling units that can address a greater trend toward intergenerational living.
- Establishing density bonuses or development taxes that incentivize the addition of affordable housing units. (The White House, 2016)

The Toolkit recognized that greater political influence of some neighborhoods provides increased ability to implement strict local barriers. Such barriers often result in pushing any new development to low-income, gentrifying neighborhoods. By actively working to minimize these restrictions on further growth and to encourage greater regionwide development, state and local governments can reduce the displacement potential for neighborhoods with particularly strong rent or housing price increases.

Inclusionary Zoning Policies

An empirical debate is ongoing about the magnitude of benefits and associated negative effects of inclusionary zoning policies.

Some experts have noted that inclusionary zoning policies often fall short of their goals and, in hot housing markets, can raise construction costs significantly (Quigley and Raphael, 2005). They can potentially lead to a decrease in unit production and, ultimately, affordability.

Other empirical studies have suggested that the number of affordable housing units produced from inclusionary zoning programs is underestimated and that these policies do not lead to significant declines in overall housing production or to increases in rents and prices (Sturtevant, 2016).

A recent report by the Center for Housing Policy notes that the success of inclusionary zoning policies depends on different factors; for example, offering additional incentives that offset the cost to developers, such as fee waivers or expedited permit and approval times (Sturtevant, 2016). Therefore, aligning regulations that attempt to increase the supply of affordable housing with the correct incentives and in the correct markets may be instrumental to their success.

The current Administration is interested in reducing regulatory barriers to the production of affordable housing that has constrained supply and left many American families cost burdened.

Engage Community Residents

Greater development is needed to meet current demand and to compensate for decades of restricted supply. High-density and affordable housing development is often met with community resistance, however. Successful development plans will seek the buy-in of the community in a variety of ways that reach beyond only housing.

State and Local Measures on Affordable Housing Development

Complementing federal incentives for new affordable housing development, local governments have sought new means for affordable housing construction while garnering public support. In San Francisco, Proposition A, a \$310 million bond measure for affordable housing, was passed with 74 percent of voters supporting the bond during the November 2015 referendum (Brooks and Pickoff-White, 2015). The measure is expected to finance the construction or rehabilitation of 30,000 affordable units, and a significant portion of the bond will be used to target affordable housing development specifically in the gentrifying Mission District neighborhood. Although the city has been concerned with the displacement of minority and low-income households, on top of affordability pressures from the technology boom, placing the bond for a public vote shifted which actors prioritize housing affordability. By doing so, San Francisco leaders already garnered widespread public support before any affordable units have been constructed.

Support for Community-Led Organizations

Although residential displacement is a primary concern of many changing neighborhoods, communities should also act to ensure that residents who can remain are not alienated from neighborhood changes. Stemming the social tensions that come with the potential for cultural and political displacement of long-term residents can encourage meaningful social interactions with newcomers and foster greater integration (Hyra, 2017). Researchers, such as Chaskin and Joseph (2015), recognize that meaningful integration will require more than policy responses geared toward housing. If communities are not intentionally “activating the mix,” as they call it, or working to ensure that increased mixing currently occurring in cities is “real,” then diversity, if achieved, is much less likely to remain. Indeed, Hyra (2016: 171) argued that, “we must look beyond residential and small business displacement... impacts to understand how to effectively facilitate community conditions in economically transitioning neighborhoods that better support social cohesion and interaction among traditionally segregated populations.” One way for all levels of government to support this kind of meaningful integration is through current funding that can be directed to support community-led organizations that encourage cross-race and cross-class connections (Hyra, 2016).

South End Boston provides a good example of the need for these types of policy responses. Despite the area’s racial and economic diversity, with high-income and generally White homeowners living in close proximity to minority renters,

micro-level segregation continues to occur (Tach, 2014). Higher-income residents often avoid areas immediately surrounding subsidized developments they consider unsafe, and lower-income residents are often priced out of establishments that high-income residents frequent. These patterns show up in neighborhood organizations that are designed to serve the needs of particular interest and social groups, as well. For example, block associations that attract higher-income residents promoted activities such as wine tastings and historic preservation, whereas associations based in affordable housing complexes focused on social services and ethnic cultural celebrations (Tach, 2014).

Clearly, meaningful integration involves more than merely mixed-income neighborhoods. The most successful neighborhood organizations at promoting social cohesion in South End Boston were those that reflected broad-based interests and were not cost prohibitive (Tach, 2014). For low-income residents to garner the benefits of neighborhood change, communities should also pursue policy objectives further than affordable housing by supporting neighborhood organizations that foster greater connections between newcomers and long-time residents and that encourage civic engagement among all groups.

Regional Cooperation and Strategies

As the number of lower-income and poor households continues to grow faster in the suburbs than in the nation’s biggest cities, local suburban agencies struggle to keep up with demand for services, because they lack the fiscal and nonprofit architecture (Kneebone and Berube, 2013). Historically, social service resources were more likely to be supported and funded in urban centers, where large concentrations of poor households resided. However, gentrification, along with the rental affordability crisis and housing bust in the mid-2000s, has resulted in an influx of lower-income and poor households into suburban communities.

Murphy and Wallace (2010: 1164) found that, at the start of the 2000s, the suburban poor were more isolated than their city counterparts from organizations that could help them with their daily needs and “even more so from those offering opportunities for mobility.” This finding illustrates the interconnectedness between neighborhoods and communities. A shortage of housing in one city, and any policies that contribute to it, spill over to surrounding communities. An ecosystem of neighborhoods and communities exists. The impact of gentrification is not isolated to the changing neighborhood, and addressing the forces behind it requires regional strategies.

Affirmatively Furthering Fair Housing

Beyond stemming discrimination, the 1968 Fair Housing Act requires that HUD and other federal agencies affirmatively further fair housing in the administration of housing programs. This obligation applies to jurisdictions and grantees receiving HUD funds. HUD's Affirmatively Furthering Fair Housing (AFFH) final rule sets forth the requirements and process for those program participants.

Key parts of the rule relevant to this discussion are—

- Program participants receiving HUD funding are required to complete an Assessment of Fair Housing (AFH), identifying fair housing issues.
- The AFH is done with a standardized assessment tool and associated data and maps to help in assessing patterns of segregation and what those patterns may mean for access to important neighborhood services, for example.
- Grantees then set forth their priority goals for addressing those issues and incorporate this analysis into their follow-on planning processes—such as the Consolidated Plan for Community Development Block Grant (CDBG) grantees and the PHA plans—which include strategies and steps to be taken (O'Regan, 2016).

Grantees are required to have meaningful community participation as part of identifying issues and setting goals. HUD also strongly encourages joint or regional submissions, so that multiple jurisdictions and entities work together on the assessments and goals. The coordination and planning for these assessments may serve as a backdrop for broader conversations on how to support efforts to maximize the upside potential of increased investment into gentrifying neighborhoods while minimizing some of the downsides, including displacement.

Neighborhoods that are currently undergoing gentrification, or are likely to in the near future, could pose an opportunity for a particularly impactful strategy within AFFH. These areas frequently already contain minority households and already experience increased investments such that neighborhood services and conditions are improving. Employing strategies here to minimize displacement and secure affordable housing has the potential for securing longer-term diversity.

AFFH might provide an opportunity for localities and regions to address the housing affordability and displacement pressures from a more holistic perspective.

Convening and Sharing Best Practices

HUD recently joined local communities in five regions around the country to talk about the most challenging issues of class, race, and housing's role in accessing opportunity. San Francisco held one of the initial five convenings, in which significant change in the Mission District neighborhood was at the forefront of the conversation. The Mission District historically has been populated by Mexican and Central American immigrants but is currently seeing an influx of younger, White technology professionals.

HUDUser.gov also documents and elevates policies, case studies, and best practices that state and local leaders can use in ensuring inclusive community development (HUD, n.d.a.). Online resources are an example of how the federal government can support local efforts to respond to community change and can encourage the coordination and cooperation of multiple localities and agencies.

Data Sharing

In support of regional coordination, data sharing among agencies and municipalities can help communities respond appropriately to the shifting makeup of their neighborhoods and needs. Utilizing existing networks, such as the National League of Cities and the National Association of Counties, can assist in this effort by providing data and technical assistance to inform local leaders of trends and best practices across cities and counties. Local organizations can take a leadership role in creating and supporting scaled and integrated solutions across jurisdictions and agencies.

Within the federal government, interagency efforts to promote region-level planning decisions have also proven successful thanks to cooperation between departments on a similar goal. In the Sustainable Communities Initiative, HUD worked closely with the U.S. Department of Transportation and the U.S. Environmental Protection Agency to provide grants that sought to improve regional and local planning efforts to integrate housing, transportation, economic and workforce development, and infrastructure investments (HUD, n.d.b.). Programs that encourage a broader look at neighborhood change beyond housing and that integrate agency resources and tools can be especially helpful in assisting gentrifying areas.

Award Coordinated Efforts

AFFH, along with work across jurisdictions and agencies, are good examples of coordinated efforts that can respond more effectively to the pressures of broad community change.

However, both federal and local governments can go further by acknowledging these interjurisdictional groups as qualified grantees, by explicitly rewarding collaborative and integrative approaches within existing funding streams, such as awarding more points to grant applications, or both (HUD, n.d.b.). For example, HUD's HOME Investment Partnerships Program recognizes the importance of flexibility in empowering communities to create affordable housing and awards grants to collaborative entities that contain both entitlement and nonentitlement communities. However, only entitled cities and counties are eligible for CDBGs for viable urban community development and expanding economic opportunity.

In addition to providing direct incentives for coordination, the federal government can also assist in the data-sharing efforts of local collaboratives by aligning data requirements and reporting systems across agencies and programs, when possible (Knee-bone and Berube, 2013). Standardizing data systems could help municipalities see an immediate effect on administrative costs but encourage greater cooperation and communication.

New Innovations in Responding to Gentrification

Local governments and organizations are also looking at innovative and comprehensive ways to ensure equity in neighborhood development and change. This section highlights several communities whose innovative work incorporates elements of the four strategies discussed previously.

1. Preserve existing affordable housing—
 - Rental Assistance Demonstration.
 - Housing choice vouchers.
 - Preservation-friendly incentives.
 - Preservation catalog.
2. Encourage greater development—
 - Federal Housing Administration insurance rate cuts.
 - Property acquisition.
 - Housing supply and local regulations.
 - Inclusionary zoning policies.
3. Engage community residents—
 - State and local measures on affordable housing development.
 - Support for community-led organizations.

4. Regional cooperation and strategies—
 - Affirmatively Furthering Fair Housing.
 - Convening and sharing best practices.
 - Data sharing.
 - Award coordinated efforts.

Local Policy Platforms That Address Equitable Development

Philadelphia, Pennsylvania

Strategies employed—

- ✓ Preserve existing affordable housing through property acquisition and rehabilitation of units in disrepair.
- ✓ Encourage greater housing development including, but not limited to, affordable housing.
- ✓ Engage and educate existing community residents on tools needed to participate in planning and zoning decisions and incentivize local and minority hiring.
- ✓ Improve data collection to adequately address the degree of displacement and craft effective policy solutions from these findings.

In Philadelphia, the development boom in center city has resulted in rapid price appreciation for housing and gentrification of neighborhoods in the downtown core. The Philadelphia Association of Community Development Corporations (PACDC) has attempted to address these issues with its equitable development policy platform, entitled *Beyond Gentrification, Toward Equitable Neighborhoods*. Among a multitude of policy recommendations, the platform highlights the need to preserve quality affordable housing through the repair of existing mixed-income properties, encourage more market-rate development and increase the dedicated funding for the Philadelphia Housing Trust Fund and attack blight through consolidated public ownership of land and acquiring delinquent properties through the Philadelphia Land Bank, implemented in 2014, and improved code enforcement on vacant properties to hold owners accountable to their neighbors (Hahn and Brey, 2015). PACDC also encourages inclusive communities with resident engagement and education. Through the Philadelphia Planning Commission's Citizens Planning Institute, PACDC encourages that community residents be given the tools and knowledge to participate in the Registered Community Organization process and other planning and zoning decisions. Along these lines, the initiative

hopes to expand economic opportunities on neighborhood corridors with programs like storefront improvements for small business; increased hiring for minority-, women-, and disadvantaged-owned business enterprises; and incentivizing large employers to hire locally.

PACDC has been endorsed by 42 member organizations and calls on the city to develop a coordinated effort with partners, such as housing counselors to track data on displacement and rent increases in order to inform appropriate policy actions. Local policy platforms such as PACDC's may be helpful in garnering support for comprehensive responses that go beyond affordable housing and beyond neighborhoods.

Washington, D.C.

Strategies employed—

- ✓ Encourage greater affordable housing development through property acquisition in partnership with nonprofits.
- ✓ Engage existing community residents in the development of a plan, along with policy experts, government officials, and business owners to create the 11th Street Bridge Park Equitable Development Plan (EDP).
- ✓ Improve access to quality education through early learning centers, adult education and services for the youth and arts, and stimulating economic development.
- ✓ Supporting healthy environments through services by providing medical care, food and nutrition, and services for seniors.

In Washington, D.C., Local Initiatives Support Corporation (LISC DC) contributed \$50 million to the Elevating Equity Initiative to ensure equality in development around the 11th Street Bridge Park (LISC DC, 2016). Recognizing the potential for displacement once the park is complete, LISC DC's initiative aims at early action in five different areas within a 1-mile radius of the future park. Like PACDC's policy platform, the EDP was developed by LISC DC in coordination with government officials, business owners, policy experts, and community members and stakeholders to employ the strategies discussed previously. In addition to the policy plan, LISC DC will provide grants, loans, and technical assistance in achieving these four goals around the 11th Street Bridge area.

Chicago, Illinois

Strategies employed—

- ✓ Preserve existing affordable housing by acquiring foreclosed properties and rehabilitating units.
- ✓ Encourage greater housing development including, but not limited to, affordable housing through creation of a land bank.
- ✓ Taking a broader look and using regional, rather than localized, strategies by cooperating with multiple agencies and securing funds through a wide range of programs.

Some cities, such as Chicago, grappling with changing urban downtowns alongside growing suburban poverty already cooperate on a regional and interagency level. The Chicago Southland Housing and Community Development Cooperative and the West Cook County Housing Collaborative consist of 29 Chicago municipalities that collectively secured \$44 million for housing and community development initiatives (Snyderman and Dever, n.d.). With funds from various government grants from programs such as the HUD's Neighborhood Stabilization Program, CDBG Disaster Recovery Program, and the Sustainable Communities Initiative, the two collaboratives began the process of rehabilitating or demolishing foreclosed properties, started a TOD fund and a land bank for the acquisition of foreclosed properties, and created a geographic information system to map demographic and economic trends (Snyderman and Dever, n.d.).

San Francisco, California

Strategies employed—

- ✓ Encourage greater housing development including, but not limited to, affordable housing along transit lines in the region.
- ✓ Partner with private and public organizations and use regional strategies to address high traffic to centralized city locations.

The San Francisco Bay Area's TOAH Fund is a \$50 million public-private financing resource collaboration of the nonprofit and philanthropic organizations, public agencies, Community Development Financial Institutions, and banks, including the Great Communities Collaborative, the Association of Bay Area Governments, and the Metropolitan Transportation Commission. The fund will provide financing for affordable housing development, retail services, and services like childcare centers and health clinics along transit lines throughout the nine-county

Bay Area (Kneebone and Berube, 2013). The fund has financed several developments, including the Eddy and Taylor Family Housing, 5th and Howard in San Francisco, Leigh Avenue Senior Apartments in San Jose, and West Grand Development in Oakland (Seifel Consulting Inc., 2013).

Minneapolis and St. Paul, Minnesota

Strategies employed—

- ✓ Create and preserve access to affordable housing.
- ✓ Encourage a strong local economy by connecting people to construction and permanent jobs.
- ✓ Create vibrant and transit-oriented places through place-making and maintaining the character of individual neighborhoods.
- ✓ Facilitate effective communication and collaboration among diverse partners.
- ✓ Engage existing community residents.
- ✓ Take a broader look and using regional, rather than localized, strategies.

A collaborative of public, nonprofit, and philanthropic partners is working together to mitigate displacement along the Metro Green Line, which connects the central business districts of Minneapolis and Saint Paul, as it continues to expand (Sage-Martinson, 2016). This work began with the Central Corridors Funders Collaborative and eventually expanded to other transit corridors in the region thanks to HUD’s Sustainable Communities Initiative.

The collaborative has succeeded, 5 years in to the initiative, in preserving or building 3,573 affordable units and serving 968 households with resources to help stabilize lower income families in their homes. Beyond the quantitative metrics, a key indicator of success was the degree to which multistakeholder collaboration took place. The collaborative facilitated the coordination of several partners across sectors (HUD, n.d.c.).

Other communities can learn from the collaborative’s experience. Lessons learned include how to maximize coordinated investments, convene partners, and utilize existing resources and programs to target shared goals. For more information on this work, see “Corridors of Opportunity Along the Green Line” on HUDUser.gov.

Atlanta, Georgia

Strategies employed—

- ✓ Encourage multimodal transportation options.
- ✓ Preserve existing affordable housing.
- ✓ Encourage greater housing development including, but not limited to, affordable housing.
- ✓ Engage existing community residents.
- ✓ Taking a broader look and using regional, rather than localized, strategies.

Atlanta is currently undergoing a transformative infrastructure investment that has the potential to drastically change the way residents move around and interact with their city. The idea for the Atlanta Beltline grew from a 22-mile network of unused railroad corridors. The project will eventually connect 45 neighborhoods via a system of transit, trails, and greenways.

The Atlanta Beltline thoughtfully incorporates multimodal transportation options and affordable housing into the plan. The initiative will include 33 miles of biking and walking trails, as well as streetcar service. Getting ahead of the expected increased demand along the corridor, the city of Atlanta and other partners are creating and preserving affordable housing in the neighborhoods connected by the Beltline. Of the 28,000 housing units included in the strategic implementation plan, 20 percent will be affordable (HUD, n.d.d.).

The Beltline serves as an example of how to advance equitable development through large infrastructure projects. The project has spurred both public and private investment across the city. By creating new linkages between neighborhoods, the project addresses longstanding patterns of segregation and opportunity. For more information on the project, read the full article, “The Atlanta Beltline,” on HUDUser.gov.

Portland, Oregon

Strategies employed—

- ✓ Preserve housing affordability, by not only acquiring and setting aside land for affordable housing development, but also providing information to residents about tenant rights, foreclosure and home values, and providing direct assistance and information to lower home utility and maintenance costs.
- ✓ Retain existing neighborhood businesses by providing assistance to small business owners.

- ✓ Help families achieve economic self-sufficiency by connecting priority populations to targeted employment and preparing them for long-term success and by providing affordable childcare to working parents.
- ✓ Engage existing community residents and organizations, such as neighborhood associations, churches, and government agencies.

Like so many cities across the country, Portland, Oregon has experienced a sharp increase in housing demand in the past 15 years. This demand has driven up housing costs in many neighborhoods, pushing lower-income residents to other parts of the city or further out in the suburbs. In the neighborhood of Cully, an effort to address this displacement sheds light on strategies cities can utilize to ensure that low-income residents can remain in their neighborhoods.

The organization, Living Cully, is comprised of community development organizations working together to meet the needs of residents in Cully. Living Cully works closely with the local government to advance their mission. Additionally, they look beyond their own neighborhood to understand how citywide and regional policies and broader market forces affect their residents (HUD, n.d.e.).

More details on Living Cully's strategies to mitigate displacement in a rapidly changing neighborhood can be found on HUDUser.gov.

Concluding Remarks

A recent study by *Governing* suggests that gentrification is still rare nationwide, with only 8 percent of neighborhoods reviewed experiencing gentrification since 2000 (Maciag, 2015). Many researchers agree that the larger issue is concentrated poverty, with 75 percent of high-poverty neighborhoods staying poor from 1970 to 2010 (Cortright and Mahmoudi, 2014). By introducing high-income households into previously predominately low-income neighborhoods, gentrification may be a part of the solution to concentrated poverty. Indeed, Ellen and Torrats-Espinosa (2016) described the observed decline in poverty levels for voucher neighborhoods as the gentrification effect.

Communities undergoing gentrification have a particularly ripe opportunity to harness the upsides of neighborhood change and to address concentrated poverty, which some observers describe as the biggest urban challenge the nation currently faces (Cortright and Mahmoudi, 2014). However, to create stably diverse neighborhoods and communities, policy responses are needed beyond the neighborhood and beyond housing.

The policy responses this report suggests attempt to amplify the benefits of gentrification, and the increased investments it brings, while minimizing the costs, such as potential displacement of low-income families and long-term resegregation of cities. Although greater housing production is necessary in communities struggling to keep up with the increased demand for affordable housing, for the outcome of community change to be shared opportunity, efforts at meaningful integration across socioeconomic and racial lines are just as important.

References

- Abellard, Natasha. n.d. "Gentrification Brings Health Food to Harlem." <http://projects.nyujournalism.org/voicesofharlem/gentrification-brings-healthy-food-harlem/>.
- Alwitt, Linda, and Thomas Donley. 1997. "Retail Stores in Poor Urban Neighborhoods," *The Journal of Consumer Affairs* 31 (1): 139–164.
- Anderson, Bendix. n.d. "New Construction Is not Enough." http://www.sms.hanleywood.com/specialreports/SMS_SpecialReport_July16-FullArticle-AHF.htmlHF.html.
- Arnold, Althea, Sheila Crowley, Elina Bravve, Sarah Brundage, and Christine Biddlecombe. 2014. *Out of Reach 2014*. Washington, DC: National Low Income Housing Coalition.
- Baum-Snow, Nathaniel, and Daniel Hartley. 2016. "Causes and Consequences of Central Neighborhood Change, 1970–2010." Paper presented at the Research Symposium on Gentrification and Neighborhood Change, May 25.
- Brooks, Jon, and Lisa Pickoff-White. 2015. "S.F. Election: Lee Re-Elected, Peskin Wins, Airbnb Curb Fail." <http://ww2.kqed.org/news/2015/11/03/san-francisco-2015-election-results/>.
- Buron, Larry, Susan Popkin, Diane Levy, Laura Harris, and Jill Khadduri. 2002. *The Hope VI Resident Tracking Study: A Snapshot of the Current Living Situation of Original Residents from Eight Sights*. Bethesda, MD: Abt Associates Inc.; Washington, DC: Urban Institute.
- Caplovitz, David. 1967. *The Poor Pay More: Consumer Practices of Low-Income Families*. New York: Free Press.
- Carr, James, and Jenny Schuetz. 2001. *Financial Services in Distressed Communities: Framing the Issue, Finding Solutions*. Washington, DC: Fannie Mae Foundation.
- Center on Budget and Policy Priorities. 2015. "Policy Basics: The Housing Choice Voucher Program." <http://www.cbpp.org/research/housing/policy-basics-the-housing-choice-voucher-program>.

- Cenzi, Debbie, and Michael Sallah. 2014. "Groundbreaking Protections Proposed for D.C. Homeowners Behind on Taxes," *The Washington Post*, March 18.
- Chaskin, Robert, and Mark Joseph. 2015. *Integrating the Inner City: The Promise and Perils of Mixed-Income Public Housing Transformation*. Chicago: University of Chicago Press.
- Chicago Rehab Network (CRN). n.d.a. "Class 9." <http://www.chicagorehab.org/policy/class9.htm>.
- . n.d.b. "Property Tax: New Class S Incentive." http://www.chicagorehab.org/resources/docs/policy/class_s.pdf.
- Cortright, Joe, and Dillon Mahmoudi. 2014. "Lost in Place: Why the Persistence and Spread of Concentrated Poverty— not Gentrification—Is Our Biggest Urban Challenge." http://cityobservatory.org/wp-content/uploads/2014/12/LostinPlace_12.4.pdf.
- Couture, Victor, and Jessie Handbury. 2015. "Urban Revival in America, 2000 to 2010." faculty.hass.berkeley.edu/couture/download/Couture_Handbury_Revival.pdf.
- Dastrup, Samuel, and Ingrid Gould Ellen. 2016. "Linking Residents to Opportunity: Gentrification and Public Housing," *Cityscape* 18 (3): 87–107.
- Ding, Lei, and Jackelyn Hwang. 2016. "The Consequences of Gentrification: A Focus on Residents' Financial Health in Philadelphia," *Cityscape* 18 (3): 25–53.
- Ding, Lei, Jackelyn Hwang, and Eileen Divringi. 2015. Gentrification and Residential Mobility in Philadelphia. Working paper 15–36. Philadelphia: Federal Reserve Bank of Philadelphia.
- Econometrica, Inc. 2016. "Evaluation of HUD's Rental Assistance Demonstration (RAD): Interim Report." https://www.huduser.gov/portal/publications/RAD_Evaluation.html.
- Eggers, Frederick J., and Fouad Moumen. 2015. *Rental Market Dynamics: 2009–2011*. Washington, DC: U.S. Department of Housing and Urban Development, Office of Policy Development and Research.
- Ellen, Ingrid Gould, and Lei Ding. 2016. "Advancing Our Understanding of Gentrification." Paper presented at the Research Symposium on Gentrification and Neighborhood Change, May 25.
- Ellen, Ingrid Gould, Keren Horn, and Katherine O'Regan. 2013. "Why Do Higher-Income Households Choose Low-Income Neighborhoods? Pioneering or Thrift?" *Urban Studies* 50 (12): 2478–2495.
- Ellen, Ingrid Gould, Keren Mertens Horn, and David Reed. 2016. "Has Falling Crime Invited Gentrification?" Paper presented at the Research Symposium on Gentrification and Neighborhood Change, May 25.
- Ellen, Ingrid Gould, and Katherine O'Regan. 2009a. "Reversal of Fortunes? Lower-Income Urban Neighborhoods in the US in the 1990s," *Urban Studies* 45 (4): 845–869.
- . 2009b. "Crime and U.S. Cities: Recent Patterns and Implications," *The Annals of the American Academy of Political and Social Science* 626: 22–38.
- . 2011. "How Low-Income Neighborhoods Change: Entry, Exit, and Enhancement," *Regional Science and Urban Economics* 41: 89–97.
- Ellen, Ingrid Gould, and Gerard Torrats-Espinosa. 2016. "High-Cost Cities, Gentrification, and Voucher Use." Paper presented at the Research Symposium on Gentrification and Neighborhood Change, May 25.
- Finkel, Meryl. 2010. "Revitalizing Public Housing: What Will It Take?" http://abtassociates.com/Noteworthy/2010/Revitalizing-Public-Housing--What-Will-It-Take-.aspx?utm_source=SEP+newsletter+WORKING+DRAFT&utm_campaign=Housing+enews-+June&utm_medium=email.
- Finkel, Meryl, and Larry Buron. 2001. *Study on Section 8 Voucher Success Rates*. Washington, DC: U.S. Department of Housing and Urban Development.
- Freeman, Lance. 2005. "Displacement or Succession? Residential Mobility in Gentrifying Neighborhoods," *Urban Affairs Review* 40 (4): 463–491.
- Freeman, Lance, and Frank Braconi. 2004. "Gentrification and Displacement: New York City in the 1990s," *Journal of the American Planning Association* 70 (1): 39–52.
- Glaeser, Edward, Joseph Gyourko, and Raven Saks. 2005a. "Why Have Housing Prices Gone Up?" NBER Working Paper No. 1129. Cambridge, MA: National Bureau of Economic Research.
- . 2005b. "Why Is Manhattan so Expensive? Regulation and the Rise in Housing Prices," *The Journal of Law and Economics* 48: 331–369.
- Glaeser, Edward, Jenny Schuetz, and Bryce Ward. 2006. *Regulation and the Rise of Housing Prices in Greater Boston*. Cambridge, MA: Harvard University, Rappaport Institute for Greater Boston.
- Goetz, Edward. 2013. *New Deal Ruins: Race, Economic Justice, and Public Housing Policy*. Ithaca, NY: Cornell University Press.

- Gress, Garyn, Seungjong Cho, and Mark Joseph. 2016. "HOPE VI Data Compilation and Analysis." <https://www.huduser.gov/portal/sites/default/files/pdf/HOPE-VI-Data-Compilation-and-Analysis.pdf>.
- Gyourko, Joseph, Christopher Mayer, and Todd Sinai. 2013. "Superstar Cities," *American Economic Journal: Economic Policy* 5 (4): 167–199.
- Hahn, Ashley, and Jared Brey. 2015. "PACDC Hopes Candidates Will Focus on Equitable Neighborhood Development." <http://planphilly.com/articles/2015/02/19/pacdc-hopes-candidates-will-focus-on-equitable-neighborhood-development>.
- Hayes, Lashawn. 2000. Do the Poor Pay More? An Empirical Investigation of Price Dispersion in Food Retailing. Working paper 446. Princeton, NJ: Princeton University, Department of Economics, Industrial Relations.
- Helling, Amy, and David Sawicki. 2003. "Race and Residential Accessibility to Shopping and Services," *Housing Policy Debate* 14 (1–2): 69–101.
- Hyra, Derek. 2015. "The Back-to-the-City Movement: Neighborhood Redevelopment and Processes of Political and Cultural Displacement," *Urban Studies* 52 (10): 1753–1773.
- . 2016. "Commentary: Causes and Consequences of Gentrification and the Future of Equitable Development Policy," *Cityscape* 18 (3): 169–177.
- . 2017. *Race, Class, and Politics in the Cappuccino City*. Chicago: The University of Chicago Press.
- Jacobus, Rick. 2015. *Inclusionary Housing (Policy Focus Report)*. Cambridge, MA: Lincoln Institute of Land Policy.
- Jargowsky, Paul. 2003. *Stunning Progress, Hidden Problems: The Dramatic Decline of Concentrated Poverty in the 1990s*. Washington, DC: Brookings Institution Press.
- Johnson, Matthew. 2015. "Stepping Up: How Cities Are Working To Keep America's Poorest Families Housed." <http://www.urban.org/features/stepping-how-cities-are-working-keep-americas-poorest-families-housed>.
- Joint Center for Housing Studies of Harvard University (JCHS). 2016. "The State of the Nation's Housing 2016." http://www.jchs.harvard.edu/research/state_nations_housing.
- Kaufman, Philip, James MacDonald, Steve Lutz, and David Smallwood. 1997. *Do the Poor Pay More for Food? Item Selection and Price Differences Affect Low-Income Household Food Costs*, Agricultural Economics Report No. 759. Washington, DC: U.S. Department of Agriculture.
- Kneebone, Elizabeth, and Alan Berube. 2013. *Confronting Suburban Poverty in America*. Washington, DC: Brookings Institution Press.
- Local Initiatives Support Coalition Washington DC (LISC DC). 2016. "LISC DC Launches a \$50 Million Elevating Equity Initiative." <http://www.liscdc.org/home-story/lisc-dcs-50-million-elevating-equity-initiative/>.
- Lubell, Jeffrey. 2016. "Preserving and Expanding Affordability in Neighborhoods Experiencing Rising Rents and Property Values," *Cityscape* 18 (3): 131–150.
- Maciag, Mike. 2015. "Gentrification in America Report." <http://www.governing.com/gov-data/census/gentrification-in-cities-governing-report.html>.
- Meltzer, Rachel. 2016. "Gentrification and Small Business: Threat or Opportunity?" *Cityscape* 18 (3): 57–85.
- Meltzer, Rachel, and Jenny Schuetz. 2012. "Bodegas or Bagel Shops? Neighborhood Differences in Retail and Household Services," *Economic Development Quarterly* 26 (1): 73–94.
- Murphy, Alexandra, and Danielle Wallace. 2010. "Opportunities for Making Ends Meet and Upward Mobility: Differences in Organizational Deprivation Across Urban and Suburban Poor Neighborhoods," *Social Sciences Quarterly* 91 (5): 1164–1186.
- Nevius, Charles W. 2014. "Gentrification no Longer a Dirty Word." <http://www.sfgate.com/bayarea/nevius/article/Gentrification-no-longer-a-dirty-word-4302093.php>.
- Newman, Kathe, and Elvin Wyly. 2006. "The Right To Stay Put, Revisited: Gentrification and Resistance to Displacement in New York City," *Urban Studies* 43 (1): 23–57.
- O'Regan, Katherine. 2016. "Commentary: A Federal Perspective on Gentrification," *Cityscape* 18 (3): 151–162.
- O'Sullivan, Arthur. 2005. "Gentrification and Crime," *Journal of Urban Economics* 57: 73–85.
- Popkin, Susan, Bruce Katz, Mary Cunningham, Karen Brown, Jeremy Gustafson, and Margery Turner. 2004. *A Decade of HOPE VI: Research Findings and Policy Challenges*. Washington, DC: Urban Institute.
- Popkin, Susan J., Diane Levy, Laura E. Harris, Jennifer Comey, Mary K. Cunningham, and Larry Buron. 2002. *HOPE VI Panel Study: Baseline Report*. Washington, DC: Urban Institute.
- Powell, Lisa, Sandy Slater, Donka Mirtcheva, Yanjun Bao, and Frank Chaloupka. 2007. "Food Store Availability and Neighborhood Characteristics in the United States," *Preventive Medicine* 44: 189–195.

- Public Broadcasting Service (PBS). 2003. “Flag Wars.” <http://www.pbs.org/pov/flagwars/what-is-gentrification/>.
- Quigley, John M., and Steven Raphael. 2005. “Regulation and the High Cost of Housing in California,” *American Economic Review* 95 (2): 323–328.
- Rappaport, Jordan. 2009. “The Increasing Importance of Quality of Life,” *Journal of Economic Geography* 9 (6): 779–804.
- Sage-Martinson, Jonathan. 2016. *Remarks at the Research Symposium on Gentrification and Neighborhood Change*. Philadelphia: Federal Reserve Bank of Philadelphia.
- Schwartz, Heather, Raphael Bostic, Richard Green, Vincent Reina, Lois Davis, and Catherine Augustine. 2016. *Preservation of Affordable Rental Housing: Evaluation of the MacArthur Foundation’s Window of Opportunity Initiative*. Arlington, VA: RAND Corporation.
- Seifel Consulting Inc., 2013. “Bay Area Transit-Oriented Affordable Housing Fund: Assessment and Lessons Learned.” http://www.greatcommunities.org/wp-content/uploads/pdf/TOAH_report.pdf.
- Slater, Tom. 2009. “Missing Marcuse: On Gentrification and Displacement,” *City* 13 (2–3): 293–311.
- Snyderman, Robin, and Beth Dever. n.d. “Building Capacity Through Collaboration in Chicago’s Suburbs.” <http://confrontingsuburbanpoverty.org/case-studies/building-capacity-through-collaboration-in-chicagos-suburbs/>.
- Sturtevant, Lisa. 2016. *Separating Fact From Fiction To Design Effective Inclusionary Housing Programs*. Washington, DC: Center for Housing Policy.
- Sullivan, Brian. 2016. “FHA To Cut Insurance Rates on Multi-family Mortgages.” http://portal.hud.gov/hudportal/HUD?src=/press/press_releases_media_advisories/2016/HUDNo_16-008.
- Tach, Laura. 2014. “Diversity, Inequality, and Microsegregation: Dynamics of Inclusion and Exclusion in a Racially and Economically Diverse Community,” *Cityscape* 16 (3): 13–45.
- U.S. Department of Housing and Urban Development (HUD). n.d.a. “Prosperity Playbook Toolkit.” <https://archives.huduser.gov/portal/pp/home.html>.
- . n.d.b. “Sustainable Communities Initiative.” <http://portal.hud.gov/hudportal/HUD?src=/hudprograms/sci>.
- . n.d.c. “Corridors of Opportunity Along the Green Line.” <https://www.huduser.gov/portal/casestudies/study-09082016-1.html>.
- . n.d.d. “The Atlanta Beltline.” <https://www.huduser.gov/portal/casestudies/study-12052016.html>.
- . n.d.e. “Mitigating Displacement in a Rapidly Changing Neighborhood.” <https://www.huduser.gov/portal/casestudies/study-09282016-3.html>.
- . 1979. *Displacement Report. Report on Housing Displacement*. Washington, DC: U.S. Department of Housing and Urban Development.
- . 2017. “Worst Case Housing Needs. 2017 Report to Congress.” <https://www.huduser.gov/portal/sites/default/files/pdf/Worst-Case-Housing-Needs.pdf>.
- Vale, Lawrence. 2013. *Purging the Poorest: Public Housing and the Design Politics of Twice-Cleared Communities*. Chicago: University of Chicago Press.
- Watson, Nicole Elsasser, Barry Steffen, Marge Martin, and David A. Vandenbroucke. 2017. *Worst Case Housing Needs: 2017 Report to Congress*. Washington, DC: U.S. Department of Housing and Urban Development, Office of Policy Development and Research.
- White, Tom, Charlie Wilkins, and Edward J. Pinto. 2016. *Economic Rental Housing by Design for Communities That Work*. Washington, DC: American Enterprise Institute.
- White House, The. 2016. “Housing Development Toolkit.” https://www.whitehouse.gov/sites/whitehouse.gov/files/images/Housing_Development_Toolkit_f.2.pdf.
- Zenk, Shannon, Amy Schulz, Barbara Israel, Sherman James, Shuming Bao, and Mark Wilson. 2005. “Neighborhood Racial Composition, Neighborhood Poverty and the Spatial Accessibility of Supermarkets in Metropolitan Detroit,” *American Journal of Public Health* 95 (4): 660–667.
- Zielenbach, Sean. 2002. *The Economic Impacts of HOPE VI on Neighborhoods*. Washington, DC: Housing Research Foundation. <http://www.housingresearch.org>.
- . 2003. “Assessing Economic Change in HOPE VI Neighborhoods,” *Housing Policy Debate* 14 (1): 621–655.

Appendix. HUD's Regulatory Barriers Clearinghouse Database Records: Displacement and Gentrification, as of June 9, 2017

Gentrification Response: A Survey of Strategies To Maintain Neighborhood Economic Diversity

Publication date: 2016

Location: New York

Organization: New York University, Furman Center

Web location: http://furmancenter.org/files/NYUFurmanCenter_GentrificationResponse_26OCT2016.pdf.

This report describes policies that local governments can use to address concerns about displacement in gentrifying neighborhoods. The authors present policies that create or preserve affordable housing in gentrifying neighborhoods and assist displaced tenants or those at risk of displacement. Several measures that reduce regulatory barriers are included to address concerns that such policies inhibit housing development.

To preserve affordable housing, property tax relief can be used for apartments occupied by targeted income groups and owner-occupied properties where low-income seniors or long-term residents live. Inclusionary zoning, along with transferable development rights and linkage fees, can be used to produce new affordable housing. To ensure that voluntary inclusionary zoning is attractive to developers and that mandatory inclusion does not inhibit market-rate development, these programs can be supplemented with subsidies, allow for relatively higher maximum rents, and provide waivers for developments with constraining economic conditions.

To reduce regulatory barriers for policies that protect tenants from displacement, the report notes that rent stabilization programs can limit the number of protected units, allow for greater rent increases at vacancy, and limit the regulatory period of units, as well as provide tax reductions for stabilized properties. The report also identifies programs requiring permits for substantial construction activities to avoid tenant harassment. Some communities provide fast-track permitting to reduce costs for landlords who have records of respecting tenants' rights. For tenants who are displaced, communities can use unified tenant screening reports, which can be efficient for both tenants and landlords. Jurisdictions can provide incentives to landlords who agree to use the unified report.

Confronting San Francisco's Housing Crisis in 2015

Publication date: 2015

Location: San Francisco, California

Organization: Council of Community Housing Organizations

Web location: <http://www.sfcho.org/wp-content/uploads/2015/02/CCHO-Housing-Agenda-2015-FINAL-1-14-2015.pdf>.

This paper presents the Council of Community Housing Organizations' strategies to relieve San Francisco's affordable housing crisis. In general, the strategies seek to confront the displacement of low-income residents and add affordable housing units at a rate that is balanced with the growth of market-rate developments.

Actions to reduce regulatory barriers include incentivizing private-sector development of low- and moderate-income housing by adjusting the inclusionary zoning fee structure and providing new incentives for offsite affordable buildings constructed to meet the zoning requirement. The paper also proposes the reinstatement of tax increment financing and the dedication of a portion of hotel taxes on short-term rentals to be used for affordable housing. Also, fees are proposed to capture some of the value gained when public land is used for private development and when property is rezoned for more intensive use.

Displacement: The Gnawing Injustice at the Heart of Housing Crises

Publication date: 2016

Location: Seattle, Washington

Organization: Sightline Institute

Web location: <http://www.sightline.org/2016/08/10/displacement-the-gnawing-injustice-at-the-heart-of-housing-crises/>.

In this article about displacement in Seattle, author Dan Bertolet states that "the root cause ... is a shortage of homes, and the only real solution is to build lots more housing of all types..." Bertolet also notes that this citywide market-rate construction could be supplemented by targeted affordable housing preservation in low-income neighborhoods where large displacement is expected and in high-income neighborhoods where population diversity may be lost.

Noting that regulatory restrictions prevent new construction that meets the demand for more housing in growing cities like Seattle, the author claims that a development moratorium and rent control would not stop displacement. Further, Bertolet states that zoning regulations that limit the number of houses that can be developed—in particular the single-family districts that apply to half of the city—are the “key roadblock” to building more housing. The author acknowledges that public regulations can be crafted to increase the supply of affordable housing, such as tax exemptions for affordable multifamily development and mandatory inclusionary housing that carefully balances density increases with affordability requirements.

Transit-Averse Development? The Challenges of Infill

Publication date: 2015

Location: Los Angeles, San Francisco Bay Area, California

Organization: University of California, Berkeley, Urban Displacement Project

Web location: <http://www.urbandisplacement.org/blog/transit-averse-development-challenges-infill>.

This blog analyzes the effects of transit investment on housing development and displacement near rail stations in the San Francisco Bay Area and Los Angeles. Based on records of development between 2000 and 2014, authors Karen Chapple and Mitchell Crispell find that transit-oriented development occurs in only a few neighborhoods.

The authors attribute the lack of development near transit stations to several factors. One is low-density zoning that is still in place, despite the Association of Bay Area Governments having classified station areas as Priority Development Areas. Even where the zoning has changed, according to the authors, development costs—land costs and construction costs because of the tight construction market, difficult building sites, and costs associated with buildings more than eight stories—are so high that investments may be infeasible. In addition, neighbors anxious about change often threaten legal action under the state’s environmental regulations. The authors also note that the exemption from those regulations that SB 375 allows to promote sustainable development is not as useful as it could be, because obtaining an exemption is costly and time consuming.

These infill challenges, according to the authors, can make development infeasible. In those cases, affordable housing would require deep subsidies. Market-rate developers might delay their projects until area rents increase, or they might develop sites farther away from the transit station.

Urban Displacement Policy Tools Map

Publication date: 2016

Location: Bay Area, Los Angeles County, San Francisco Bay Area, California

Organization: University of California, Berkeley, Urban Displacement Project

Web location: <http://www.urbandisplacement.org/policy-tools-2>.

The Urban Displacement Project at the University of California, Berkeley website provides resources for communities in the San Francisco Bay area and Southern California to retain affordable housing in the face of neighborhood change. One of the resources is the Policy Tools Map, an interactive map presenting 14 antidisplacement policies adopted by more than 100 cities in the San Francisco Bay Area. The map displays the cities grouped by the number of adopted policies, as well as the cities that have adopted specific policies.

The policies to reduce regulatory barriers include permitting single-room occupancy housing, giving density bonuses for affordable housing, offering incentives for inclusionary housing, and establishing rent control that enables reasonable returns for apartment owners. The website includes white papers on rent control, inclusionary housing, and condominium conversion and case studies of neighborhoods vulnerable to displacement.

Gentrification and Neighborhood Change: Helpful Tools for Communities

Publication date: 2015

Location: National

Organization: Nathalie P. Voorhees Center for Neighborhood and Community Improvement, University of Illinois at Chicago

Web location: http://media.wix.com/ugd/992726_7c881aaf56724952a4d8fd30039f35a0.pdf.

In this report, the Nathalie P. Voorhees Center for Neighborhood and Community Improvement provides a toolkit of strategies to address gentrification, defined as the displacement of low-income households when housing costs rise as higher income households move into a neighborhood. The strategies are categorized for use before gentrification occurs, at its mid-stage, and in the late-stage, and the report defines each strategy, identifies key stakeholders, and lists opportunities and challenges. As an important step for any program dealing with gentrification, the authors urge neighborhood residents, local businesses, nonprofit organizations, officials, and other interested parties to build partnerships.

The strategies addressing regulatory barriers include tax abatements that keep property taxes at preredevlopment levels for ownership and rental properties occupied by lower income households or long-time residents. Similarly, the report lists tax relief as a tool to encourage employer-assisted housing. Inclusionary zoning is a helpful antigentrification tool although, if not carefully structured, it can lead to concentrated affordable housing in low-income neighborhoods or to housing affordable to moderate- rather than low-income households. Inclusionary housing is most useful when in-lieu fees are not accepted and the affordable units are built in the neighborhood where the market development occurs, according to the authors. The report also includes activities to strengthen protections for tenants, such as rent control, but warns that low- and moderate-income households may not gain benefits from this strategy.

Equitable Development Promising Practices To Maximize Affordability and Minimize Displacement in Nashville's Urban Core

Publication date: 2014

Location: Nashville and Davidson Counties, Tennessee
Organization: Vanderbilt University, Community Research and Action Program

Web location: http://www.nashville.gov/Portals/0/SiteContent/Planning/docs/NashvilleNext/ResourceTeams/Housing_Gentrification_EquitableDevelopment.pdf.

This research report written for NashvilleNext by the Community Research and Action Program at Vanderbilt University, highlights best practices for the creation of affordable housing and prevention of residential displacement. The authors emphasize the need for such strategies by stating that residents of increasingly desirable neighborhoods are at risk of displacement, homeowners and renters alike. The authors propose an equitable development toolkit with 15 tools in four categories: fund it, build it, preserve it, and retain residents. The paper also identifies which tools are appropriate for neighborhoods with weak, improving, and strong housing markets.

Several tools reduce regulatory barriers to affordable housing. These tools include affordable infill housing in the Build It category, which is proposed for accessory dwelling units and mixed-use developments, which could assume or explicitly require the housing to be affordable. In the same category is inclusionary housing, which may offer density bonus, height bonus, or other incentive (such as reduced setbacks and parking requirements, expedited permitting, fee reductions or waivers, and tax exemptions).

The white paper also proposes several tools related to taxes, including tax exemptions for multifamily developments that include a certain percentage (such as 15 or 20 percent) of affordable units and tax freezes, credits, or deferrals for seniors and those on fixed incomes, which can be especially useful in areas where property taxes rise quickly. In addition, the authors suggest that communities can create tax increment financing districts in which a portion of increased tax revenues is devoted to constructing or preserving affordable housing, especially for households that may be displaced by development pressures.

DC's First Right Purchase Program Helps To Preserve Affordable Housing and Is One of DC's Key Anti-Displacement Tools

Publication date: 2014

Location: Washington, D.C.

Organization: DC Fiscal Policy Institute

Web location: http://www.dcfpi.org/wp-content/uploads/2013/09/9-24-13-First_Right_Purchase_Paper-Final.pdf.

The white paper highlights the District of Columbia's First Right Purchase program, a key tool that has preserved nearly 1,400 affordable housing units since 2002. This program provides financial and technical assistance to a tenant group to purchase and, in many cases, rehabilitate their building when the owner decides to sell. However, author Jenny Reed contends that the program's lengthy and complicated process for applying for assistance has limited the effectiveness of the program.

The white paper proposes several solutions for shortening the application process. For example, the author recommends starting the review process before the required studies are completed, making revisions to the application form to facilitate underwriting, and waiving requirements that do not apply to tenant purchases of multifamily buildings. Moreover, the white paper suggests having benchmarks during the application process to help tenants meet deadlines for information and decisions.

The Growing Transit Communities Strategy

Publication date: 2013

Location: Puget Sound region, Washington

Organization: Growing Transit Communities Partnership, Puget Sound Regional Council

Web location: <http://www.psrc.org/assets/9539/GTCStrategyReport2013-10-03.pdf>.

The Puget Sound Regional Council's Growing Transit Communities Partnership prepared a strategy for directing growth to areas accessible to the region's rapid transit system. To accommodate the 25-percent growth in housing projected in the region's Vision 2040 plan, the Partnership recommends that local governments implement land use reforms, reductions in developmental barriers, and fair housing strategies to provide affordable housing choices near high-capacity transit service.

Eight proposed strategies would provide affordable housing choices near transit stations, with actions to be taken by the state, regional council, transit agencies, local governments, and housing providers. In addition to increased funding for affordable rental and ownership housing, the strategies include actions by local governments to reduce barriers to affordable housing. Where affordable housing exists, the Partnership calls for minimal displacement through incentives to preserve or replace the existing housing as new development occurs. The Partnership also calls for new affordable units to be provided either by requiring them in all developments or by encouraging them at the developer's option through more intensive zoning or density bonuses. Suggestions to reduce barriers include market-driven parking requirements, reduced parking for seniors and other special populations, maximum parking limits, shared parking, parking for carsharing, as well as parking costs unbundled from housing costs. Expedited permitting and waivers of impact or permit fees for affordable housing projects are proposed, as well as tax exemptions based on the duration and depth of affordability.

The Partnership also recommends that local governments enact standards for universal design and promote fair housing through education, as well as through training for community groups to provide outreach services. Finally, the Partnership calls on the state to adopt legislation prohibiting discrimination against households using rental subsidies.

Austin, Texas: The East Austin Neighborhood

Publication date: 2008

Location: Austin, Texas

Organization: Federal Reserve Bank of Dallas

Web location: http://www.frbsf.org/cpreport/docs/austin_tx.pdf.

This report studies the effects of gentrification of low-income neighborhoods on housing affordability in Austin, Texas. According to the report, the increased demand for housing in the area increases housing prices in low-income neighborhoods, creating a housing affordability gap. The report highlights the SMART Housing program that offers fee waivers, expedited reviews, and tax increment financing to increase housing affordability. In addition, the Homestead Preservation District will use land banks and land trusts to enable community organizations to purchase and hold land for residential housing to maintain affordability through 99-year leases.

Homestead Preservation Districts and Reinvestment Zones

Publication date: 2007

Location: Texas

Organization: State of Texas

Web location: <http://tlo2.tlc.state.tx.us/statutes/docs/LG/content/htm/lg.012.00.00373a.00.htm>.

This Texas state statute allows for the creation of municipal homestead preservation districts to increase homeownership opportunities, provide low- and moderate-income housing, and prevent loss of affordable housing units. Establishing these new development districts enables cities to utilize a number of tools, including community land trusts, land banks, and reinvestment zones to preserve homeownership in disadvantaged neighborhoods and help ease the effects of gentrification. The statute also authorizes incentives such as density bonuses and tax increment financing to promote housing development.