Responding to Gentrification and Displacement in Urban Communities

May 12, 2016

Organized by the Federal Reserve Bank of Philadelphia

The Connecting Communities® audio conference series is a Federal Reserve System initiative intended to provide timely information on emerging and important community and economic development topics with a national audience. The audio conference series complements existing Federal Reserve Community Development outreach initiatives that are conducted through our regional Reserve Bank offices and at the Federal Reserve Board of Governors in Washington, D.C.
Welcome

Thank you for attending today’s session. How to join (remember, this session is being recorded):

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• Conference code: 8758-6805#
• Webinar link: https://www.webcaster4.com/Webcast/Page/584/14550

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• Email us at: communities@stls.frb.org
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An archived recording of this session will be available on the Connecting Communities® website shortly after the session ends. Please visit www.stlouisfed.org/connectingcommunities/

In connection with this session, you can find a variety of additional resources on this topic, available at www.fedcommunities.org. We encourage you to browse through this site and to contact your regional office if you would like additional information on any of these items.
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Community Development

- The Community Development (CD) function within the Federal Reserve System—consisting of individual departments at each of the 12 Federal Reserve Banks as well as at the Board of Governors—promotes economic growth and financial stability for low- and moderate-income (LMI) communities and individuals through a range of activities, including:
  - **Convening stakeholders**, including practitioners, financial institutions, nonprofits, governmental agencies, and the philanthropic and private sectors
  - **Conducting and sharing research** to examine economic challenges facing low- and moderate-income communities and attendant policy implications
  - **Identifying emerging issues**
Today’s Presenters and Agenda

• **Ingrid Gould Ellen**, *Paulette Goddard Professor of Urban Policy and Planning and Faculty Director, Wagner School and Furman Center for Real Estate and Urban Policy, New York University, New York, New York*

• **John Chin**, *Executive Director, Philadelphia Chinatown Development Corporation, Philadelphia, Pennsylvania*

• **Harry Smith**, *Director of Sustainable Economic Development, DudleyNeighbors, Inc., Roxbury, Massachusetts*

• The following will be discussed:
  – Gentrification in the 21st century: emerging lessons from research
  – Development without displacement: the community land trust strategy
Gentrification in the 21st Century
Emerging Lessons from Research

Ingrid Gould Ellen
Paulette Goddard Professor of Urban Policy and Planning
and Faculty Director, Wagner School and Furman Center for
Real Estate and Urban Policy, New York University
New York, NY
ingrid.ellen@nyu.edu
Growing Concern About Gentrification

“Transformation has always been part of city living, and part of life. But in neighborhoods like East Boston and South Boston, rents are rising so fast that they’re dramatically speeding up the natural order of things.”

—Boston Globe, March 25, 2016

“The transformation of Pittsburgh echoes the challenges of cities across the country where gentrification is changing neighborhoods after a generation of economic decline.”

—Michel Martin, NPR, March 7, 2016

“With hyper-gentrification has come hyper-anxiety.”

Even in Detroit

Don't Brooklyn
my Detroit.
What Is Gentrification?

• Operational definition:
  – Significant increase in relative income, education, or rents in initially low-income, central city neighborhoods (census tracts with incomes in bottom 40th percentile of the metropolitan statistical area tract income distribution)
Share of Low-Income City Tracts in United States Seeing Large Gain in Income Relative to Metro Area

Source: NYU Furman Center
Share of Low-Income City Tracts in United States Seeing Large Gain in Percent College Educated Relative to Metro Area

Source: NYU Furman Center
Share of Low-Income City Tracts in United States Seeing Large Gain in Percent White Relative to Metro Area

Source: NYU Furman Center
Share of Low-Income City Tracts in United States Seeing Large Gain in Rents Relative to Metro Area

Source: NYU Furman Center
Why Now?

• Changing industry mix in cities
  – Increasing demand for high-skilled workers

• Changing demographics
  – Delayed marriage and child-bearing

• Changing tastes
  – Growing demand for urban consumption amenities
  – Growing demand for central locations among time-starved, high-income workers

• Changing environments and amenities
  – Reduction in crime
Consequences of Gentrification: Displacement?

• Research to date finds little evidence of direct displacement
  – Gentrification driven by selective entry, not exit
  – No evidence of elevated exit rates among poor in gentrifying areas

• BUT most research focused on the 1990s
  – New evidence that low-income households who left gentrifying areas in Philadelphia tended to go to lower-income areas
  – Displacement may be real threat in some markets
  – Rising rents make it difficult for new lower-income households to move in.
Consequences of Gentrification: Implications for Those Who Remain

• Threats:
  – Rising rents and rent burdens
  – Increased crowding
  – Anxiety about displacement

• Opportunities:
  – Reductions in violent crime
  – Increase in business activity
  – Potential for longer-run, economic integration?
Policy Responses

• Develop early warning system
• Protect against displacement
  – Monitor landlord behavior
  – But also focus on rehousing and stabilizing tenants in place
• Help link residents to new opportunities
• Encourage long-run economic integration
  – Leverage hot market to develop/preserve affordable housing
  – Use federal housing subsidies strategically
  – Incentivize private owners to keep rents affordable
Philadelphia Chinatown: At a Crossroads

John Chin
Executive Director, Philadelphia Chinatown Development Corporation
Philadelphia, PA
jchin@chinatown-pcdc.org
A Short History of Chinatown

Source: Philadelphia Chinatown Development Corporation
Environmental Injustice
Battle for Preservation
Aftermath of Urban Renewal
2000s: Economic Development and Physical Transformation

• 2004 neighborhood plan
• Physical interventions such as bridging Vine Street
• Economic development
Lemon into Lemonade
Community Development at Its Best
Today: How Has Chinatown Changed?

- Low-income community in Center City
- Growth
- Socioeconomic and racial diversity
- Regional hub
- Stable and invested core residents
Philadelphia Chinatown Statistics

Count of Primary Language

- English: 50%
- Mandarin: 11%
- Cantonese: 22%
- Fuzhou: 6%
- Other: 3%
- English and a Chinese Dialect Equally: 8%
Philadelphia Chinatown Statistics (Continued)

### Income

<table>
<thead>
<tr>
<th>Income</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>$9,999 or less</td>
<td>44%</td>
</tr>
<tr>
<td>$10,000-$19,999</td>
<td>17%</td>
</tr>
<tr>
<td>$20,000-$29,999</td>
<td>10%</td>
</tr>
<tr>
<td>$30,000-$49,999</td>
<td>6%</td>
</tr>
<tr>
<td>$50,000-$69,999</td>
<td>8%</td>
</tr>
<tr>
<td>$70,000 or more</td>
<td>15%</td>
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</table>
Philadelphia Chinatown Statistics (Continued)

Length of Residence

<table>
<thead>
<tr>
<th>Length of Residence</th>
<th>Percent</th>
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<tbody>
<tr>
<td>&lt;1 year</td>
<td>11.59%</td>
</tr>
<tr>
<td>1-5 years</td>
<td>23.19%</td>
</tr>
<tr>
<td>6-10 years</td>
<td>14.49%</td>
</tr>
<tr>
<td>11-20 years</td>
<td>14.49%</td>
</tr>
<tr>
<td>21-30 years</td>
<td>10.14%</td>
</tr>
<tr>
<td>&gt;30 years</td>
<td>26.09%</td>
</tr>
</tbody>
</table>
Present Day

• Challenges
  – Affordability
  – Physical challenges
  – Mixed-income population
  – Continued engagement on developments which impact Chinatown
  – Leadership development
  – Poverty and attending challenges
  – Political participation

• Strengths:
  – Strong community organizations
  – History and tradition of activism
  – Existing affordable housing
  – Time
  – Opportunities for growth and development
Opportunities

• Leadership development
• Political participation
• Coalition building
• Advocacy – local and national
• Community benefit agreements
• Philadelphia Association of Community Development Corporation’s “Strategic Housing Plan”
• National Coalition for Asian Pacific American Community Development’s “Asian American and Pacific Islander Anti-Displacement Strategy”
Closing

• What is Chinatown? What is (a) Chinatown? Is it fragile or strong?
• What does success look like for Chinatown and Chinatown North?
• Rich history of struggle and culture
• Context of change and reinvention
Development without Displacement:
The Community Land Trust Strategy

Harry Smith
Director of Sustainable Economic Development
Roxbury, MA
hsmith@dsni.org
The Dudley neighborhood is located in the Roxbury/North Dorchester section of Boston
- 1,300 vacant lots (20 percent of Dudley land)
- Abandoned commercial sites
- A disproportionate number of brownfields
Dudley Street in the Mid-80’s (Continued)

“Don’t Dump on Us”
“Take a Stand, Own the Land”
What Is a Community Land Trust (CLT)?

• A CLT owns and stewards land permanently for the common good by providing:
  – Affordable housing
  – Commercial spaces
  – Community services
  – Farming or open space
Building Family and Community Wealth

Family owns the house
- Family purchases home at an affordable price.
- Homeowner secures mortgage and builds equity.
- Family sells home at affordable price.

Community owns the land
- Future low- and moderate-income homeowners can still afford the home due to deed restrictions.
- CLT can intervene to prevent foreclosure.
- CLT provides support around home repair and other issues.
Perpetual Affordability

Lower price initially

Lower price at resale

Again, again, and again
End of 2008-2010 Percentage of Foreclosure Proceedings by Loan Type

- Subprime
- Total Loans
- Prime
- FHA
- VA
- CLT loans
Dudley Triangle 1989 Versus 2016
What’s on Dudley Neighbors’ Land in 2016?

- 96 units of permanently affordable homeownership
- 77 cooperative housing units
- 53 rental units
- Playground
- Community gardens and orchard
- 2 acres of community farms
- 10,000 square feet of community greenhouse
- Community nonprofit office space
- Commercial space
Dudley Before
Dudley After
Questions?
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Thank you to today’s presenters and to all participants for joining this session.

Next steps:

• All session materials are available on our website, and in the next few days we will post an audio file of today’s session.

• If you have topical suggestions for future sessions, or any questions about this program, please feel free to contact us at communities@stls.frb.org

• Information about future sessions will be posted on our website along with archived materials from past sessions: www.stlouisfed.org/connectingcommunities
In connection with this session, you can find a variety of additional resources on this topic, available at www.fedcommunities.org.

It provides an array of practical resources to help you in your role as a community development professional, whether your work involves supporting people, places, the practice of community development, or small business development.