

Economics without Tears

Does gentrification equal displacement for existing communities?

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Before I even send this article to my editor, I am sending it to my friend Emmanuel in Montreal – and not without a little self-righteousness.

A few months ago, Emmanuel asked me what I was ‘doing’ in the UK. It’s a question that I hate, because the explanation takes ten minutes and most people glaze over half-way through. He doesn’t have that problem, because he’s a dentist – we all know what a dentist does. But for years I told people I was a travel agent.

On this occasion, however, I was feeling ambitious, so I gave Emmanuel the unexpurgated version. I told him about the work in urban regeneration and ‘place-making’; I described some of the more interesting projects; I talked about the issues we were confronted with; I explained the benefits of thoughtful mixed-use development. He not only ‘got it’ in a flash, but he reacted in his typical fashion. Emmanuel is always straightforward and he cuts right to the bone – qualities that I’m sure contributed to his becoming a dentist.

“So basically,” he said, by way of summary, “you help speed up the gentrification of neighbourhoods.”

“Of course not,” I objected, reacting, as one does, to that highly emotive term.

He then went on to explain – more convincingly than I would ever let on – that the version of urban regeneration that I had described was really just gentrification dressed up in policy jargon.

So you can imagine my delight at finding an article in a recent issue of *Urban Studies* that included a map of Montreal showing those neighbourhoods undergoing gentrification.¹ It’s a map that charts the places to which Emmanuel – as an up-and-coming dentist – has moved over the years. I know, because I always help him move – a thankless task for which I am only ever paid in pizza and beer. His apartments have consistently improved. The pizza is always the same.

When doing his bachelors degree, he lived on the corner of St. Catherine and St. Mathieu – which my gentrification map marks with a capital-U, for ‘university quarter’. Then he switched to dentistry and moved to St.-Henri – grey shading, to indicate ‘marginal gentrification through upgrading’. After graduating and finding his first job, he moved to Pointe St.-Charles, sandwiched between the St. Lawrence River and the Lachine Canal and shaded an even darker grey – ‘incumbent gentrification’. It is a trajectory that is taking him closer and closer to that area of deep black shading: Old Montreal, on the waterfront; all heritage buildings, gourmet restaurants, loft apartments and swanky condos.

Emmanuel recently married another dentist. Jackpot! Two dentist incomes and no children? I’m sure he’s booked the moving van already.

So he may be right. What I do may be part of the problem; but according to this map, he is the problem.

Fortunately, there may be hope for both of us – because I’m still not convinced that it’s that significant a problem.





Gentrification and its Consequences

Gentrification is a general term for the arrival of wealthier people into an urban area, normally accompanied by a rapid increase in rents and property values. There is no clear-cut economic definition, but it is characterised by a series of changes. Demographics alter markedly and at speed: median income goes up; household size goes down; working class residents are replaced by students, professionals and artists. Property prices increase, older homes are refurbished, homeownership increases, and new units are added – typically in the form of industrial building conversions and high-end mixed-use development. And the character of the neighbourhood changes as new arrivals bring their own demands and preferences to bear on factors like public policy, architecture, landscaping, education, retail and catering.

Once the gentrification process kicks off, it gathers its own momentum, which is precisely why it is such a powerful mechanism for regenerating deprived areas. It is catalysed by a community of “pioneer households” that are willing to venture into areas once considered undesirable. They are a cosmopolitan group, comfortable in unfamiliar surroundings, attracted to city living and in search of cheap space. If the local housing stock includes plenty of fixer-upper potential, this early wave may also include property speculators. All this sends a powerful signal to the market: that the area is trendy or, at

the very least, safe and secure. That drives up demand for housing in the area, which drives up rents and values. It's at this stage – when there is a so-called ‘rent gap’ – that the major house-builders and property developers become interested, flooding the area with proposals for new-build, refurbishments and infills.

A few standard economic effects are usually expected. New investment and higher purchasing power in the area

brings with it a more dynamic local economy and new amenities – notably a more diversified retail and catering offer (if, by diversified, you mean at least a dozen different places selling grande lattes). An improved tax base and increased demand – especially from a more politically vocal middle class – enables, or at least justifies, greater public investment. Older buildings are rehabilitated. Improvements are made to streets, parks, services and infrastructure. In planning terms, industrial uses – irrespective of their potential to soak up low-skilled labour – are eventually put under pressure by residents concerned about their environmental effects and aesthetic qualities. Instead, cultural, education and office uses are seen as a better fit to the changing local context.

So What's the Problem?

The problem, of course, is all down to displacement. That the term ‘gentrification’ has become so emotive is due to the supposed displacement that it creates – in particular, the displacement of lower-income residents by a new urban middle class (usually accompanied by the displacement of ‘large coffees’ by those pesky grande lattes). The benefits of gentrification are seen

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to be enjoyed disproportionately by new entrants, while current residents find themselves marginalised. This becomes an even more volatile issue when displacement occurs along racial or ethnic lines. Neighbourhood change is viewed as a travesty, in which wealthy, usually white, newcomers are credited with 'improving' a neighbourhood whose minority residents are then priced out of their own community.

No one is more vulnerable to these effects than renters and people in social housing. The first wave of gentrification normally drives up rents and – once the area becomes 'desirable' – housing estates with little or no architectural merit become ripe for redevelopment. Homeowners in these areas – even if they are in poor quality housing or on low incomes – can at least benefit from higher property values. They become intrinsically wealthier, even if their income remains constant. Non-homeowners enjoy no such benefit. As usual, in the shakeout of winners and losers, the less affluent come out on the losing end.

So it is not surprising that gentrification has become such a politically loaded term, hotly debated by the regeneration community on one side, and neighbourhood activists on the other. The threat of displacement looms so large over the word that people have become reflexively opposed to it, even

those who tacitly endorse it.

To look at it dispassionately, the question is whether or not the incidence or even the threat of displacement – and its ultimate effects – are significant enough to outweigh the very real economic benefits that gentrification brings? It's a question that needs to be answered because, the closer you look, the more it appears that gentrification of one form or another is the de facto urban economic policy in this country.



The study of gentrification in the UK has to date focused almost exclusively on London, particularly in areas like Islington, Hoxton and now Clerkenwell, which offer textbook examples of all the changes described above. It has, however, become a hot topic in major regional cities like Manchester, Leeds, Bristol and Newcastle, where the urban

regeneration agenda has focused on repopulating the inner city, often through large scale mixed-use schemes. Naturally, the word gentrification is never used and there is always comforting discourse on community consultation, social inclusion and affordable housing.

However, the sceptical can be forgiven for believing (as my friend Emmanuel does) that urban regeneration policy actively seeks to gentrify areas. A typical example is The Calls waterfront re-development in Leeds – it shows what happens when visions of private investment pouring into deprived areas dance like sugarplums in the heads of planners and public officials. Although The Calls originally included a number of affordable housing guarantees, many of these were systematically eroded as demand skyrocketed. One early Housing Association development promised "assured rents" to lower income residents. This was first sold off to a private landlord - with a subsequent increase in rents - and then re-sold to a developer who immediately applied to replace it with luxury apartments. It is a story repeating all over the country. That the flagship scheme in East Manchester was named – without a trace of irony - New Islington, appears to support the view that gentrification is good (as long you don't call it that).



How Serious a Problem is It?

Accepting, however, that gentrification is not the panacea that it appears to be, is it really as bad as its opponents suggest? Evidence on the extent to which displacement actually takes place, in the first instance, and why it takes place, in the second, is not altogether conclusive. Another recent paper details a study of demographic change in both gentrifying and non-gentrifying areas.² The findings suggest that out-migration by lower income residents plays a minor (if any) role in changing demographics. The major factor appears to be in-migration by more affluent residents, combined with a low rate of mobility more generally. In fact, this is exactly what you see in places like Islington. It is far from perfect – it suggests that lower and higher income

In other cases, the direction of causality can be confused. It is generally assumed that gentrification causes out-migration by poorer residents. However, it is just as likely that out-

show that the so-called 'stages' of gentrification are not stages at all, but four distinct types of gentrification, each with different causes and effects. The implication being that the term

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migration by lower-skilled residents – often chasing employment opportunities elsewhere – creates the conditions that attract new arrivals. By the time a gentrification process is identified and studied, it appears that the latter is causing the former, when in fact the opposite is true.

'gentrification' is just an oversimplification of processes that can have very different trajectories. Residents of the 'university quarter' will always refill the plastic coffee containers that are invariably hanging off their rucksacks. In St.-Henri, they will always spell it 'capucchino' and pronounce it 'expresso'. And whilst it may be possible to find a grande latte in Pointe St.-Charles, people will still need to go to Old Montreal for their gourmet decaf Rift Valley blend. The point being that whilst they are all upwardly mobile and seemingly gentrifying areas, the processes that are creating these changes are not and are unlikely to become identical.

It follows that when considering the potential gentrification of neighbourhoods, we need to think more carefully about the underlying economic conditions of each area with a view to identifying – on a case-by-case basis – the potential for causing displacement and its ultimate effects.

From now on, that's what I'm telling people I do! So, if you'll excuse me, I'm going to go out, buy myself a large Frappuccino and call my friend Emmanuel. I doubt he'll put up much of a fight – he still needs me to help him move.



residents can live cheek-by-jowl without ever really co-mingling. But it does defuse the idea that the less affluent are necessarily driven out of their own neighbourhoods by new arrivals.

There is further insight to be gained from my wonderful gentrification map of Montreal. Leaving aside the brazenly self-serving use to which I intend to put it, it was originally developed to

¹ Van Cirekingen and Decroly, Revisiting the Diversity of Gentrification: Neighbourhood Renewal Processes in Brussels and Montreal in *Urban Studies*, Vol. 40, No. 12.

² Freeman, L. Displacement or Succession: Residential Mobility in Gentrifying Neighbourhoods in *Urban Affairs Review*, March 2005.