

THE URBAN PROSPECT

Housing, Planning and Economic Development in New York

January/February 2002

Volume 8, Number 1

Gentrification and Displacement

Buoyed by a booming national economy, a dramatic decline in crime, and continuing waves of immigration, New York City experienced a renaissance of sorts at the close of the 20th century. To college students who might have previously been deterred by New York's infamous crime, dot comers who might once have drifted West, and retirees who have flocked to Florida in years past, the rejuvenation of New York made it an increasingly attractive place to live. The downside of this renaissance, however, was an increased demand for housing in an already expensive and tight housing market.

One effect of the growing housing pressure was that neighborhoods formerly considered forbidding became attractive to more affluent New Yorkers. Places like the Lower East Side, Williamsburg, and Fort Greene all became popular residential destinations of the young professional class. With many affluent professionals moving in, however, communities became increasingly concerned that rising rents would push existing residents out of their neighborhoods. Some community activists even began to question the desirability of community improvement, fearing it contributes to rising rents and the displacement of low-income people.

Varieties of Displacement

The term "displacement" has been used to cover a variety of neighborhood phenomena. Unfortunately, the indistinct meanings attached to it muddle policy discussions and may even contribute to stoking community fears of gentrification.

The traditional form of displacement involved the direct removal of low-income families from their homes to make way for a highway or an urban renewal project. Such direct displacement by government or private action often caused great hardship for poor families, and reaction against it undermined support for the large-scale development projects that characterized the 1950s and 1960s.

At the other extreme, some now use "displacement" to

refer to all processes through which one demographic or ethnic group succeeds another in an urban neighborhood. Such neighborhood succession has always occurred in America's cities. It may not cause hardship to any individual families, and its effects may even be progressive if, for instance, it promotes racial integration or immigrant assimilation. Objections to demographic change through normal housing succession have often been rooted in racial or ethnic prejudice.

The form of displacement that now raises the most controversy is more accurately known as "secondary displacement." This occurs when new development or gentrification triggers rising market rents in a neighborhood, causing existing, lower-income families to relocate because they can no longer afford to pay them. In extreme cases, this may be accompanied by harassment of tenants or by the deliberate withholding of building services to force low-rent tenants to move. While some free-market conservatives may deny that private housing displacement is a legitimate public concern, community activists may argue that any and all secondary displacement must be prevented. Most mainstream observers, however, would probably agree that community improvement is a good thing, but that municipal policies should seek to mitigate secondary displacement.

Secondary displacement has become a significant community concern in revitalizing urban communities across the country. In New York, it even has a certain legal legitimacy. In *Chinese Staff and Worker Assn v. City of New York*, the state's Court of Appeals ruled that secondary displacement can affect "existing community or neighborhood character" and must be given consideration under the State Environmental Quality Review Act. The issue has since become a conventional part of environmental analysis in the state and city. Aside from any legal considerations, displacement has the potential to aggravate the housing

problems of the poor and even to create a backlash against community revitalization.

Tracking Movers

Despite community fears about gentrification, there is relatively little empirical research on the extent and nature of displacement occurring in New York or other cities. In part, this is due to the difficulty of collecting information on the displaced. By definition, they are no longer at their initial location, so it is difficult to gather information about them.

The longitudinal file of the New York City Housing and Vacancy Survey (HVS), however, does provide some opportunity to study displacement in city neighborhoods during the 1990s. The HVS asks respondents when and why they moved into their current residences and those responses can be used to identify households who may have been displaced by private actions or market forces. In addition, the longitudinal features of the HVS allow one to track mobility out of housing units over time and to observe whether neighborhood gentrification increases the likelihood that a low-income household will move, as would be expected if displacement were common. The most significant limitation of the data is that we do not know, except in general terms, where displaced households previously lived.

Using data from the 1991, 1993, 1996 and 1999 HVS, we estimated how many current residents were displaced from their previous home during each period. Tenants were classified as displaced if they reported that they: 1) Moved because previous housing costs were too high. This reason captures those individuals who were forced to move because of rising rents, although it also includes those who could afford their former unit but simply wanted a lower rent, or those who could not afford their former home because of a loss of income; 2) Moved because of landlord harassment. 3) Moved because of private displacement. This last category includes renters whose units were converted to condominiums or coops but who did not have the desire or means to stay. In effect, our definition of displacement includes direct private and secondary displacement, but not normal neighborhood succession. Although the inclusion of anyone who listed a preference for a cheaper residence overstates displacement, it is counterbalanced by the fact that the displaced who relocate outside of the city, and those who become homeless, are not captured in our estimates.

Recent movers were classified as those who moved in the three preceding years (two in the case of the 1993 HVS). Our calculations show that among recent movers, a relatively small but significant number of New Yorkers were displaced from their prior residence. For example, in 1999 the overwhelming majority of recent movers were not displaced,

as evidenced by a displacement rate of 5.47 percent. Yet, this represents almost 40,000 New York households who had been displaced from their previous residence during the previous three years. The flat trend line we find is mirrored by data on evictions and possessions, which according to the Bureau of City Marshals averaged 23,800 per year in both the 1987-91 and 1996-99 periods.

As might be expected, the displaced tend to be relatively

Estimated Displacement Rate For NYC Renters

Period	Number of Movers	Number Displaced	Displacement Rate
1987-91	561,747	33,385	5.94%
1991-93	376,988	26,627	7.06%
1993-96	571,159	28,992	5.08%
1996-99	690,861	37,766	5.47%

disadvantaged when compared to other movers. For example, during the observation period the median income of the displaced was \$24,760; for other recent movers it was \$30,000. Likewise, the poverty rate of the displaced, 25 percent, was substantially higher than that for other movers.

It is difficult to determine how many of those who moved to lower their monthly rent burden were actually displaced by gentrification. One-quarter of the displaced movers had incomes above \$50,000, so may have been more motivated by life cycle factors than by rising rents. About 57 percent of those under \$50,000 in income previously lived in Manhattan or Brooklyn, virtually the same percentage of all such renters living in those boroughs, providing little evidence that our measure of displacement is correlated with the extent of gentrification within a borough. Moreover, a negligible percentage of movers cited landlord harassment as the reason they moved from their previous apartment.

Given the housing inflation of the late 1990s and the continued divergence in income between the rich and poor in New York City, one might have expected to find more widespread evidence of displacement. Our analysis, however, reveals no upsurge in displacement of low-income tenants during the economic boom of the late 1990s. One possible explanation for this is Rent Stabilization. Our calculations show that rent regulation is quite effective in suppressing rent increases, even in gentrifying areas. For example, between 1996 and 1999, average rents for unregulated

apartments in gentrifying neighborhoods (see below) rose by 43 percent, compared to 19 percent in other areas. But average rents for regulated apartments (controlled or stabilized) rose by only 11 percent in gentrifying neighborhoods compared to 7 percent elsewhere.

Immobile Homes

We can get a sense of the extent to which gentrification causes displacement by examining mobility patterns. Specifically, are low-income households more likely to move out of gentrifying neighborhoods than other neighborhoods?

If gentrification causes displacement among the poor and disadvantaged, then compared to nongentrifying neighborhoods, we should observe more residential mobility among the disadvantaged as rising rents force them to seek cheaper housing elsewhere. This approach also allows us to consider an equally plausible, albeit seldom considered hypothesis: that gentrification could encourage households to stay put. Because gentrification is typically associated with neighborhood revitalization, a gentrifying neighborhood may become more attractive and families of all income groups may be more reluctant to leave. Disadvantaged households in gentrifying neighborhoods thus face two competing pressures: improving neighborhood conditions may make them more desirous of staying in the community while rising rents make it less possible for them to do so. Mobility rates will be lower or higher, relative to neighborhoods not experiencing gentrification, depending on which of these factors exerts the stronger effect.

To examine the relationship between residential mobility and neighborhood gentrification, we utilized HVS data on 55 subborough areas, geographic units which correspond closely to the city's community board districts. Based on recent trends in neighborhood change we classified Chelsea, Harlem, the Lower East Side, and Morningside Heights in Manhattan, and Fort Greene, Park Slope and Williamsburg in Brooklyn,

as gentrifying neighborhoods. Using the longitudinal characteristics of the HVS to identify households who subsequently moved, we were able to evaluate their characteristics. Since displacement due to gentrification should be most apparent among disadvantaged households, we focused on poor households and households without a college-educated head as the most vulnerable to displacement. The household head's educational level is a useful check because it is not subject to fluctuation. We excluded from our analysis households living in *in-rem* and public housing, as those types of units would not be expected to be affected by gentrification pressures.

Using logit regression, a type of statistical analysis that allows a researcher to evaluate the probability of an event occurring, we analyzed renter mobility. When compared to poor households not residing in one of the seven gentrifying neighborhoods identified above, poor households residing in those neighborhoods were found to be 24 percent less likely to have moved during the 1991-1999 period. When we use the lack of a four-year degree as our measure of disadvantage, this relationship is still evident. Households without a college degree were 15 percent less likely to have moved if they lived in a gentrifying neighborhood. Based on this analysis it appears that gentrification actually suppresses, rather than raises, the probability that a disadvantaged household will move out of its apartment.

Before fully accepting this conclusion, however, it is worth considering the possibility that disadvantaged households in gentrifying neighborhoods differ systematically from their counterparts elsewhere, in a manner that makes them less likely to move. For example, social scientists have shown that older households are less likely to change residence. Consequently, if the disadvantaged households residing in gentrifying neighborhoods were older than disadvantaged households residing elsewhere, this fact, and not gentrification, could be responsible for the lower mobility rates observed in those neighborhoods. To control for factors that might affect residential mobility, we constructed a more complete logit model that included age, race, income, educational attainment, immigrant status, gender, marital status, presence of children in household, respondent's rating of neighborhood, length of tenure, contract rent, number of maintenance deficiencies in the unit, overcrowding in the unit and whether a unit was rent controlled or stabilized.

Even after controlling for all of these other factors, poor households residing in one of the seven gentrifying neighborhoods were still found to be 20 percent less likely to move than poor households residing elsewhere. When we control for the factors listed above and use the lack of a four-year college degree as our measure of disadvantage, they

CITIZENS HOUSING AND PLANNING COUNCIL

**50 East 42nd Street Suite 407 New York NY 10017
Please call (212) 286-9211 for membership information.**

Officers

Marvin Markus, *President*
James Lipscomb, *Chairman*
Sander Lehrer, *Secretary*
Robert Berne, *Treasurer*

Staff

Frank Braconi, *Executive Director*
Kimberly Miller, AICP, *Policy Analyst*
Elaine R. Toribio, *Policy Analyst*
Martha Gálvez, *Policy Analyst*
Jasper Shahn, *Staff Associate*
Sally Moon, *Staff Associate*

CHPC is a nonprofit, non-partisan membership organization founded in 1937. Contributions are tax deductible.

<http://www.chpcny.org>

were still 17 percent less likely to move than non-college graduates residing elsewhere. Thus, even after statistically controlling for a host of other factors, gentrification appears to dampen the likelihood of a low-income household moving. Our findings are, incidentally, similar to those recently reported by Jacob Vigdor in his study of gentrification in Boston.

Although the seven neighborhoods we identify as gentrifying would probably concur with most knowledgeable observers' designations of gentrifying neighborhoods, it is

Changes in Mean Contract Rents, 1996-1999 Private Rental Apartments

Non-Gentrifying Neighborhoods	
Unregulated Apartments	19.04%
Regulated Apartments	6.65%
Gentrifying Neighborhoods	
Unregulated Apartments	42.71%
Regulated Apartments	11.42%

possible that our measure overlooks some important dimensions of neighborhood change that lead to displacement. More specifically, the rate of increase in market rents might be the most important determinant of whether or not disadvantaged households are forced to move. After all, it is the notion that gentrification leads to increased demand in a neighborhood, and consequently rising rents, that is thought to spur displacement. It is also in unregulated rents where the largest increases would be expected to occur.

To consider this possibility, we examined the relationship between the average rate of rental inflation among unregulated units in a neighborhood and the likelihood of a disadvantaged household residing in that neighborhood moving. Put another way, in this test we did not classify neighborhoods as "gentrifying." Rather, we examined directly the effect of changes in market rents on the mobility of disadvantaged households. Increases in rent, we found, are indeed related to the probability of a disadvantaged household moving. But, as was the case when we focused on gentrifying neighborhoods, increases in rent are associated with a lower probability of moving, not a higher one. The probability of a poor household or a non-college graduate moving from a unit declined as the rate of rent inflation in their neighborhood increased. Moreover, this relationship persisted even when we statistically controlled for the other factors associated with residential mobility that were described above. As in the other tests, rent stabilization was found to significantly reduce the likelihood of a move-out.

Gentrification Reconsidered

The growth of an affluent professional class in a number of the nation's cities during recent decades has been perceived as a mixed blessing by many social scientists, policymakers, and community activists. Most recognize the beneficial effects, which include renewed housing investment, improved retail services and a revived tax base. Some even hope that the gentrification of urban neighborhoods can be managed to promote greater racial and economic integration than currently exists. But there is also a backdrop of suspicion: some see gentrification as a new type of "land grab" that will work to the disadvantage of the poor and the powerless.

Our research sheds new light on the gentrification process. Although it does not prove that secondary displacement of the poor does not occur in gentrifying areas, it suggests that demographic transition is not predicated on displacement. Low-income households actually seem less likely to move from gentrifying neighborhoods than from other communities. Improving housing and neighborhood conditions appear to encourage the housing stability of low-income households to the degree that they more than offset any dislocation resulting from rising rents.

Our research also indicates that the role of rent regulation cannot be overlooked. The argument that community revitalization leads to displacement of the poor assumes that market rents can rise unimpeded to levels beyond the means of low-income residents. But the data indicate that rent stabilization is quite effective in restraining rent increases in gentrifying neighborhoods, thus weakening the link between gentrification and secondary displacement. In the on-going debate about rent regulation in New York, critics must recognize this function of rent stabilization, just as opponents of gentrification must recognize that, in a regulated environment, an influx of middle-income residents may not pose a threat to the poor.

Our results ultimately lead to a more nuanced view of the gentrification process. The primary mechanism seems to be normal housing succession; when rental units become vacant in gentrifying neighborhoods, they are more likely to be leased by middle-income households. Only indirectly, by gradually shrinking the pool of low-rent housing, does the reurbanization of the middle class appear to harm the interests of the poor. In a broad policy context, that must be balanced against the improved living conditions low-income households experience and the apparently greater housing stability that, ironically, results from neighborhood change.

--This article was written by Lance Freeman, Professor of Planning, Columbia University, and Frank Braconi, Executive Director, CHPC.