Gentrification

The Controversal Topic of Gentrification and Its Impact on the Urban Core

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A new apartment building is under construction in Harlem, New York City in 2001. Spencer Platt/Getty Images

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Gentrification is defined as the process by which wealthier (mostly middle-income) people move into, renovate, and restore housing and sometimes businesses in inner cities or other deteriorated areas formerly home to poorer people.

As such, gentrification affects an area’s demographics because this increase in middle income individuals and families often results in an overall decline in racial minorities. Additionally, household size decreases because low income families are replaced by young single people and couples desiring to be closer to their jobs and activities in the urban core.

The real estate market also changes when gentrification occurs because increases in rents and home prices increase evictions. Once this happens rental units are often switched to condominiums or luxury housing available for purchase. As real estate changes, land use is also altered. Prior to gentrification these areas usually consist of low income housing and sometimes light industry. After, there is still housing but it is usually high end, along with offices, retail, restaurants, and other forms of entertainment.

Finally, because of these changes, gentrification significantly affects an area’s culture and character, making gentrification a controversial process.

History and Causes of Gentrification

Although gentrification has gotten much press recently, the term was actually coined in 1964 by sociologist Ruth Glass. She came up with it to explain the replacement of working or lower class people by middle class individuals in London.

Since Glass came up with the term, there have been numerous attempts to explain why gentrification occurs. Some of the earliest attempts to explain it are through the production- and consumption-side theories.

Production-side theory is associated with a geographer, Neil Smith, who explains gentrification based on the relationship between money and production. Smith said that low rents in suburban areas after World War II led to a movement of capital into those areas as opposed to inner cities. As a result, urban areas were abandoned and land value there decreased while land value in the suburbs increased. Smith then came up with his rent-gap theory and used it to explain the process of gentrification.

The rent-gap theory itself describes the inequality between the price of land at its current use and the potential price a piece of land could attain under a “higher and better use.” Using his theory, Smith argued that when the rent-gap was large enough, developers would see the potential profit in redeveloping inner city areas. The profit attained by redevelopment in these areas closes the rent-gap,
leading to higher rents, leases, and mortgages. Thus, the increase in profits associated with Smith’s theory leads to gentrification.

The consumption-side theory, professed by geographer David Ley, looks at the characteristics of people performing gentrification and what they consume as opposed to the market to explain gentrification. It is said that these people perform advanced services (for example they are doctors and/or lawyers), enjoy arts and leisure, and demand amenities and are concerned with aesthetics in their cities. Gentrification allows such changes to occur and caters to this population.

**The Process of Gentrification**

Although it sounds simple, gentrification occurs as a process that gathers significant momentum over time. The first step in the process consists of the urban pioneers. These are the people who move into run-down areas with potential for redevelopment. The urban pioneers are usually artists and other groups who are tolerant of problems associated with the inner city.

Over time, these urban pioneers help to redevelop and “fix-up” run down areas. After doing so, prices go up and the lower income people present there are priced out and replaced with middle and upper income people. These people then demand greater amenities and housing stock and businesses change to cater to them, again raising prices.

These rising prices then force out the remaining population of lower income people and more middle and upper income people are attracted, perpetuating the cycle of gentrification.

**Costs and Benefits of Gentrification**

Because of these drastic changes on a neighborhood, there are both positive and negative aspects to gentrification. Critics of gentrification often claim that commercial and residential developments in an area are too large after redevelopment. As a result of these big building footprints, there is a loss of urban authenticity and the gentrified areas become a boring monoculture with architecture that is too unified. There is also concern that large developments dwarf any historic buildings left in the areas.

The largest criticism of gentrification though is its displacement of the redeveloped area’s original inhabitants. Since gentrified areas are often in the run-down urban core, lower income residents are eventually priced out and are sometimes left with no place to go. In addition, retail chains, services, and social networks are also priced out and replaced with higher end retail and services. It is this aspect of gentrification that causes the most tension between residents and developers.

Despite these criticisms though, there are several benefits to gentrification. Because it often leads to people owning their homes instead of renting, it can sometimes lead to more stability for the local area. It also creates an increased demand for housing so there is less vacant property. Finally, supporters of gentrification say that because of the increased presence of residents in the downtown, businesses there benefit because there are more people spending in the area.

Whether it is viewed as positive or negative however, there is no doubt that gentrified areas are becoming important parts of the fabric of cities worldwide.