

Untangling the Housing Shortage and Gentrification

Untangling these related but different problems is important, because the tactics for solving one won't work for the other.

CityLab, by Devin Michelle Bunten, Oct 23, 2019

To a great extent, America's urban housing troubles can be summed up by one fact. In 1980, homes more than 10 miles from city centers were more expensive than those closer than 10 miles; today, that situation has reversed. "The ascendancy of housing prices in the city center forms the set piece of what is loosely referred to as gentrification," noted the economists who wrote the study from which this data point is drawn.

But casting an arbitrary 10-mile radius around American downtowns means we're going to miss a lot. Take, for example, the San Francisco Bay Area. West Oakland (median home value: \$647,400) is expensive and eight miles from San Francisco (\$1.35 million). It's gentrifying: It was home to 15,864 black residents in 2000, and the ensuing decade saw this figure decline by one-fifth. Sausalito (\$1.33 million) is seven miles from downtown. While it's as expensive as ever, Sausalito is not gentrifying.

West Oakland and Sausalito demonstrate twin, overlapping crises facing high-priced American cities: gentrification, which mutates particular neighborhoods, and a housing shortage that squeezes entire regions. Both crises raise prices, strain families, and reallocate wealth to the already privileged. But the problems are distinct. Solving both crises at once requires us to get the details right.

Gentrification is the territorial expansion of a wealthy community into a disinvested neighborhood, the installation of the social and legal regimes of the newcomers, and the deployment of new physical capital, both on a small scale—by homeowners undertaking renovations—and on a larger scale, by landed capitalists and public-sector officials keen to raise revenue. It is the disruption and displacement of the original residents and their spatially realized social networks.

Understanding gentrification requires understanding the neighborhood, which is two things: first, a community. The assemblage of people who call a place home collectively shape the types of shops and restaurants the neighborhood hosts, its religious institutions, its clubs and activities. These in turn attract new residents for whom the community is a good fit.

Second, a neighborhood is a geographic place. It has a physical climate, maybe streams and hills or perhaps a beach, subway stations, museums established long ago. Perhaps it has a freeway cutting through the landscape, or manufacturing facilities or oil wells, poisoning the air.

Unsurprisingly, the geography of a place and the community residing there are linked. Along the most measurable dimensions, richer people tend to live in places with attractive geographies. Conversely, places with undesirable attributes like industrial or transportation pollution, poor access to jobs, and uninviting climates are usually left for the poorest and most marginalized.

Usually—but not always. Occasionally, physically attractive locations come to be occupied by low-income communities, immigrant communities, black communities.

Neighborhoods like these are ripe for gentrification. Changes in labor markets, large investments by public or private institutions, or even just changing preferences among the wealthy move these neighborhoods into the sight lines of richer people, and then they gentrify.

The housing shortage, meanwhile, is a region-wide round of musical chairs, in which the winners sat down before the music even stopped. Whereas gentrification reshuffles which communities occupy which parts of the city, the housing shortage can operate at the scale of cities and regions as well as neighborhoods.

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Open land around cities is in scarce supply. Construction at the fringe—sprawl—once represented a release valve for high-pressure urban markets. But our cities are large enough now that the urban fringe is often hours from the center, making it less attractive to live there, and financing conditions since the recession have further crimped this pipeline. The land shortage is especially acute in coastal and mountainous areas like those around San Francisco and Seattle.

True, a few urban neighborhoods are being built (or rebuilt). New apartments are rising near downtowns, along waterways, on parking lots, and at the sites of public housing projects. The common thread? Places that build don't have residential neighbors—or at least none with sufficient power to resist change. Playa Vista, a shuttered aeronautics facility in Los Angeles, has added thousands of homes since 2000, when it had eight residents. Boston's Seaport and NoMa in D.C. have also shot up fast. Even this questionable strategy is near its end, though, because we are running out of those kinds of sites.

Nowhere in this country is a sizable multifamily building boom taking place in an existing neighborhood. And at no time in this century have we added units to backyards at such a pace that the alleyway becomes a de facto street. Almost everywhere, renters with stagnating incomes are forced to compete with one another in a *Hunger Games* of housing.

Rent burdens are rising in suburbs, in exurbs, in small towns. In Kansas. There is a straight, and short, line pointing from the shortage to housing unaffordability at this broad level. Yet plenty of middle-class and even working-class families could afford the lumber, nails, and labor required to put a house together in their preferred neighborhood. So what stops them? It would be illegal.

Housing policies are designed to ensure that new neighborhood entrants are as rich or richer than those who arrived before them. The typical resident of multifamily housing in the U.S. earns half as much as the typical resident of a detached single-family home. A ban on apartments is a ban on these families.

Within single-family-home neighborhoods, minimum lot sizes are wealth sieves. You can only enter such a neighborhood if you have enough wealth to hold 5,000 square feet of land (the baseline Los Angeles minimum), or even an acre and a half (most of Weston, Massachusetts, which happens to be the second-richest town in the state).

These wealth filters create a shortage at the local scale. Aggregated over the vast suburbs and suburb-like areas within cities, they've cut off our ability to build enough units anywhere.

Abolishing these filters would be a good start for resolving the shortage. This would likely ease gentrification pressures. Some people who might otherwise move to a gentrifying neighborhood would move elsewhere; more housing all over would slow rent growth in some neighborhoods and provide more options. But ending the shortage would not mean that neighborhoods don't change. Cities change. Seas rise, hillsides burn, transit opens, freeways close (or are widened).

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Policies introduced to fight gentrification—rent control and tenant protections—may ameliorate the effects of neighborhood change, but they won't build new homes. We must allow new construction somewhere, despite the changes this will bring. Of course, we must do so in a way that avoids gentrification.

Gentrification and the shortage are not the only housing crises in our cities. An increasing number of people are experiencing homelessness, and much of the U.S. has no official right to shelter. Official point-in-time counts miss a large share of the unhoused, especially women and children. Brushes with homelessness disrupt families, health care, education, and employment.

Rent control may keep some people from sliding past precarity into homelessness, and more homes will be necessary if we are to house everyone. But preventing homelessness requires more direct action. The same truth applies to other housing inequalities and insecurities—for instance, the fact that so much existing housing is not accessible to those with limited mobility.

Housing is on the agenda of presidential candidates, who are proposing funds for rent vouchers and new construction, incentives to abolish wealth filters, and even nationwide rent control. The abundance of plans reflects the urgency of the moment. But particular crises require particular solutions. Planning for transformational change requires getting the details right.

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