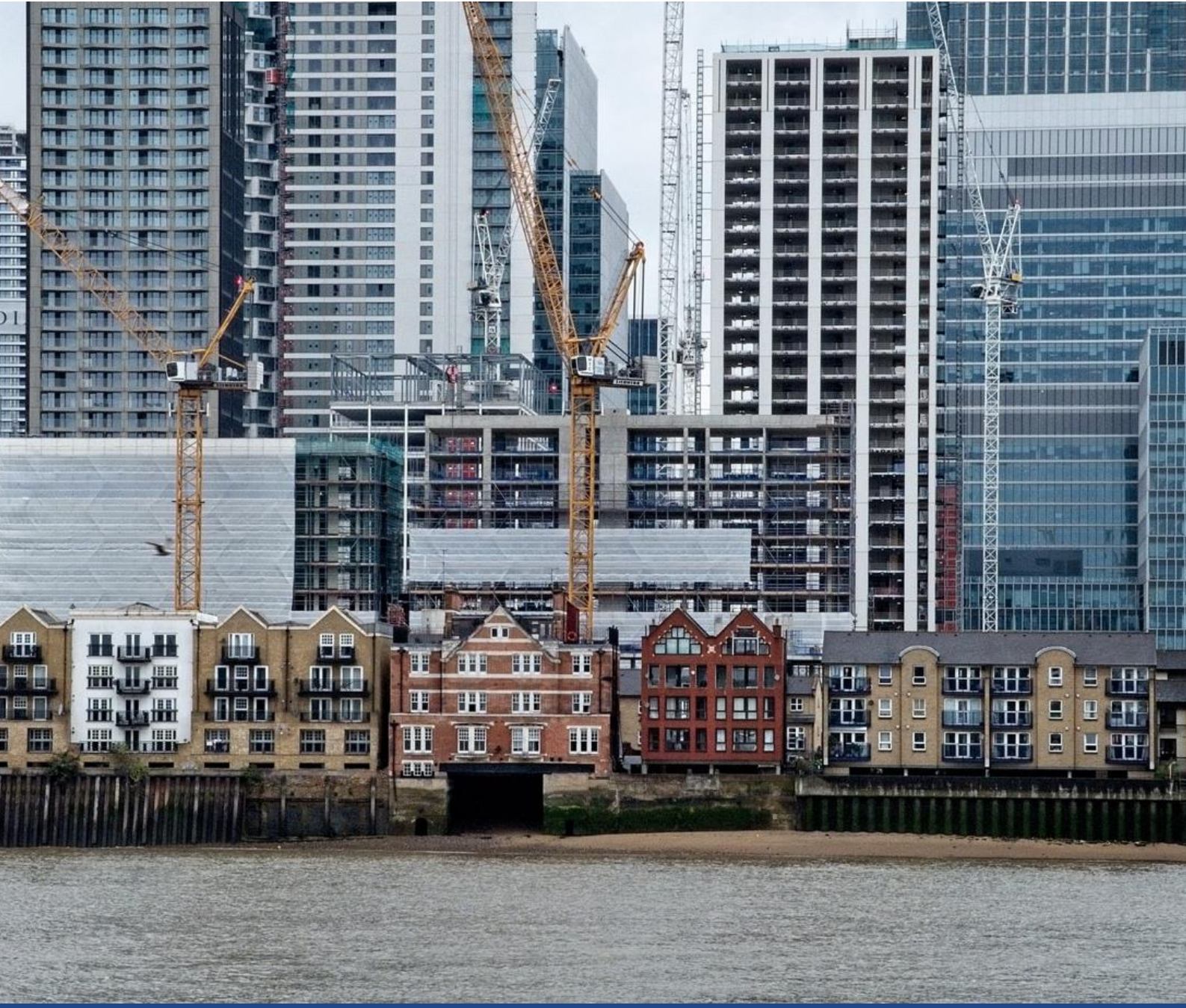

Managing Gentrification

Policy Brief

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INTERCULTURAL CITIES
CITÉS INTERCULTURELLES

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Introduction

Globalisation and neoliberal free market capitalism have impacted urban strategies in many cities. One such urban strategy is state-directed and private sector-sponsored investment in declining neighbourhoods with the intention of attracting higher-income residents. The transition from lower to high-income residents is fundamentally a class-based process, gradually displacing the existing working-class residents through eviction or being priced out. This urban strategy by which working class residential neighbourhoods are rehabilitated by middle class homebuyers, landlords and developers is called **gentrification**.

"Gentrification is the process by which higher income households displace significant numbers of lower income residents of a neighborhood thus changing the essential character and flavor of the neighborhood' - Brookings Institute

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Three factors are indicators of the gentrification process:

(1) Rent Gap:

Disinvestment in an area provides a rational incentive for developers to buy up discounted property. The rent gap appears between the ground rent (value) of the property at the point of buying, and the potentially higher value at which the property could be sold after improvements.

Gaps can also appear when:

- Converting rental to owner-occupied and vice versa depending on the market.
- Changes to land use to more profitable land uses.
- Locations that improve due to proximity to new services.
- Transport links make places more accessible.

(2) Affordability:

The definition of affordability is the ability of households to purchase or rent property that satisfies the needs of the household without subsidy.

Affordability can be measured as a ratio of household income in relation to the price of property to buy or rent, for example 3 to 4.5 times household income.

Also, affordability can be measured as residual income, i.e. money needed to cover cost of living after housing costs have been deducted; for example, housing costs should not exceed 25%-35% of gross household income.

(3) Displacement:

There are two types of displacement:

(i) **Direct/Physical dislocation:**
Caused by unfair increases in housing costs or eviction. Lower-income residents are forced to cheaper, poorer quality accommodation. The moving out of the area impacts the continuity of resident's social lives, relationships and networks.

(ii) **Indirect/Symbolic displacement:**
Urban changes and the influx of "gentrifiers" lead to existing resident's feelings of isolation or alienation, and a sense of loss of place. As more people are physically displaced, a sense of nostalgia arises from the changing social relations and lost connections, leading to an unwanted loss of social diversity.

The signs an area is undergoing gentrification include:

- Reinvestment of capital into a "declining neighbourhood".
- Social upgrading of the neighbourhood by incoming high-income groups.

- Landscape changes; such as streetscape improvement, public art and street furniture.
- Direct or indirect displacement of low-income groups.
- Conspicuous cultural consumption; designer shops, art galleries, bars, restaurants, cafés etc.

Gentrification is relevant to the Intercultural Cities network as migrants and low-income groups are disproportionately affected in three ways:

Segregation:

- Class-based displacement sharpens already existing social and economic divides.
- Neighbourhoods already segregated along the lines of migrant settlement and lower income, become a target for these urban strategies, eventually leading to more segregation.

"Gentrification is a spatial expression of economic inequality"- Tom Slater

Exclusion:

- Conflicts over "social difference" and perceived 'urban fears' are more visible between long-term residents and "gentrifiers".
- Gentrification accompanied by growth in "spaces of consumption" leads to exclusion by lack of affordability (direct displacement), as well as to a sense of "not belonging" to the neighbourhood (indirect displacement).

"Indirect displacement can occur when the norms, behaviors and values of newcomers and prevail over the tastes and preferences of longstanding residents" - Sharon Zukin

Displacement:

- Migrants can be part of the marketing of the neighbourhood as a multicultural and cosmopolitan hub, however, the structural inequalities they are subject to remain unaddressed, for example, education, employment and skill-level, making them more vulnerable in the housing market.
- Migrants can also sometimes be perceived as devaluing a neighbourhood because of these structural inequalities, serving as grounds for legitimising and pushing forward gentrification.
- Unmanaged social mixing urban strategies can also be a pretext for gentrification.

It is widely acknowledged that migrants, minorities and lower-income households are disproportionately affected by gentrification. The class-based displacement associated with gentrification sharpens already existing social and economic divides. In the context of diversity, this means that in the process of spatial class transformation, neighbourhoods already segregated along the lines of migrant settlement and lower income, become a target of these urban strategies, eventually leading to more segregation. When it comes to managing gentrification from an intercultural perspective, the three principles of diversity advantage, equality and interaction come into play.

Diversity advantage includes that the city undertakes positive action to preserve the diversity of places and public space (assets). The city should also recognise the value of diversity of individuals and groups in the city and its public spaces and promote a sense of shared belonging to places.

Equality means the city acts to ensure equality and non-discrimination in all actions towards

all residents of a place. This also means to extend the equality message not only to minorities but also to the "majority", and to direct policies and resources to everyone as well as to manage, plan and design inclusive places and public spaces for everyone.

Inclusive public space design can include:

- Physical access.
- Social access.
- Visual access.
- Access to activities.

Inclusive community engagement should include:

- Listening and learning from the citizen's everyday lives.
- Using a wide range of simple and easy methods to engage suited to needs (culture, gender, language, skills, etc.).
- Promoting governance and leadership.

Intercultural interactions include that the city creates conditions for positive and everyday encounters in public space across differences, ensuring activities to promote integration and trust as well as sufficient inclusive "meeting places".

Diverse neighbourhood spaces should include:

- Spaces with potential for community governance and entrepreneurship.

This policy brief summarises the findings of the research into gentrification in a number of global cities. It is a condensed résumé of a longer policy study which offers in-depth case studies and data from a survey into local officials' experiences of regeneration and gentrification.

It is intended that these findings support policy makers, planners, urban designers, architects and elected representatives in carrying out regeneration, change and development in their locations which respect and include longstanding residents and businesses, avoiding gentrification and the displacement of the original community, its culture and its broader social fabric.

We have identified four key areas that policy makers can focus on to avoid gentrification and promote pro-social regeneration. We describe these and their facets, making reference to locations where these have been successfully employed.

Manage rent gap and affordability in residential and non-residential settings

The guiding principle of "equality" in Intercultural Cities policy-making recognises the rights of all individuals to equality of life chances. In this policy brief, access to housing is a fundamental right. Original populations being "priced out" of an area has been observed as a clear sign of gentrification occurring, both in residential and other property. This leads to already vulnerable groups being disproportionately affected. The following policy solutions have been applied by cities to avoid this taking place:

- Increase the supply of public housing and provide a mix of housing tenures to improve affordability through new building and purchase, and through specifying the level of affordable housing provision in all new schemes.
- Encourage public-private partnerships as an affordable rent operator in a model where public power in creating affordable housing is complemented with the private power of non-profit organisations.
- Develop a "Housing Provision Law" in which housing companies expand their housing units geared towards a stronger

emphasis on low-income households.

- Enable co-operative models of housing through the provision of public land and support and participatory processes.
- Regulate the private sector to reduce speculation and introduce rent controls. This might include rent freezes, restriction on rent increases or a maximum price on rents.
- Control of number, quality and location of homes used for tourism to balance distribution in relation to existing residents, affordability and availability of rental units.
- Ensure access to affordable transport for local residents, recognising that property near transport interchanges is likely to be gentrified first. Use of planning interventions such as zoning and masterplans and making provision for easy and safe walking and cycling routes to enable access will be important. Access and transport for residents have been central to the Barcelona Superblock development.

Special Urban Plan for Tourist Accommodation (PEUAT) – Barcelona, Spain

The PEUAT is pioneering in its scope of regulating urban planning and management criteria for tourist accommodation with the aim to improve the quality of life for residents. The PEUAT operates in four distinctive zones with specific regulations that aim to achieve an urban equilibrium which is a sustainable mix of the tourist sector in relation to other economic activities and liveability of the city. Each zone depends on the distribution of accommodation in the zone; the ratio between the number of tourist dwellings offered and resident population; the relationship and conditions in which certain uses are allowed; the impact of activities on public spaces; and the presence of tourist attractions.

Chatsworth Road E5 Draft Neighbourhood Development Plan – London, UK

In the inner-city Borough of Hackney is an example of a community working together to endeavour to make policy at neighbourhood level. In 2011, the UK's Localism Bill for the first time gave communities the right to devise Neighbourhood Development Plans (NDP) to secure their compliance with a pro-growth agenda and increase the sites allocated for housing within defined neighbourhood boundaries according to their vision. The Chatsworth Road E5 Neighbourhood Development Plan has not been adopted and work appears to have ceased on its development. However, at the start of the Neighbourhood Development Plan process, Chatsworth Road Traders and Residents Association (CRTRA) carried out extensive community engagement to establish the vision for their plan. The NDP protects businesses by controlling the conversion of employment space to other uses, encouraging new commercial space and maintaining the level of shop units, offering flexibility for changes of use within defined limits.

Special Planning Programme, Lachine-East – Montreal, Canada

Montreal has a number of policies aimed at managing gentrification and promoting social interaction; 'Gentrification: Beyond Housing'; the 'Mixed Metropolis: Promoting Access to Suitable Housing for All 'Bye-Law; and the social development action plan "*Rassembler Montréal*" with strategies for promoting inclusive development and tackling poverty. The Special Planning Program (SPP) is a detailed plan of Lachine-East, a former Montreal industrial area, a vast territory of 63.8 hectares to be developed to set future goals for the area and describes how they can be reached through new urban planning bye-laws, improved public amenities, and programs and policies. To

prepare for the transformation of the entire area, major infrastructure work will be required. The conversion of this neighbourhood will take about 20 years and could eventually accommodate 4 800 new families. To prevent development that strictly meets the needs of real estate developers, the City of Montreal has placed the citizens and community of the Lachine borough at the heart of the development. The City of Montreal launched the Shared Project Office for the redevelopment of the Lachine-East sector. Lachine-East Workshop is the name given to the consultation and collaborative planning process for the redevelopment of this area.

Prevent displacement and protect tenants

Displacement is a process in which lower- and middle-income households in the rental and purchase market are forced to move and unable to benefit from the improvements to the neighbourhood. This can happen as a result of eviction, landlord harassment and high rent (direct displacement). It can also happen as indirect displacement of "stressed households" who remain but are awaiting to be priced out, leading to symbolic and emotional exclusion (indirect displacement). Below some solutions are presented.

Special zones for "Careful Urban Renewal"

Careful Urban Renewal programmes are aimed at preserving existing structures, preserving social composition, encouraging citizen participation, installing rent caps, and transferring land to public redevelopers. In Berlin, the Social Environment Law (*Milieuschutz*) preserves social composition of existing residents by limiting displacement due to upgrading property.

Managing tourism

Tourism can drive gentrification in some cities and regions, leading to "touristification". This is the process in which a place becomes an object of tourist consumption, thus leading to changes in that very place. Some changes as a result of touristification include increased housing prices, increased carbon emissions and the degradation of local sites.

This can be managed through increased regulation of tourist accommodation, strategic tourism planning and the zoning of Homes used for Tourism (HUTs) to manage their volume and distribution and thus their effects on the wider city.

Protect tenants

Protecting tenants involves avoiding decanting them to other locations whilst development is undertaken, ensuring they have the Right to First Purchase and the Right to First Refusal and managing and mitigating housing emergencies, aiming to reduce debt and the need to evict.

Protect local business

Changes in night-time economy businesses, especially those driven by tourism can have a substantial impact on residents. To mitigate this, there should be limits on night-time tourist-centred activities, restrictions on opening hours and protection of traditional bars, cafés and restaurants for residents. Business rents and rates also need to remain affordable to local residents, and business diversity encouraged to foster the prosperity of local markets serving residents, thus avoiding "ethnic commodification".

Social Environment Protection Law (*Milieuschutz*) – Berlin, Germany

Under this historic law, real estate is shielded against owners' attempts to renovate and modernise it to the extent that existing residents could be forced out. The law can work in conjunction with other measures, such as new rent control regulations, the right of authorities to block sales and the municipal right of first purchase (*Vorkaufsrecht*), should the district authorities be able to raise the money to buy the building themselves. In areas protected by the law, owners are forbidden to change floor plans, merge two flats into one or split large flats up into smaller units, add balconies or terraces larger than four square metres, install fitted kitchens or undertake luxury bathroom renovations – or to use the flat as a holiday let. District authorities can also secure property under the "communal right of first refusal" rule. Moreover, the "municipal right of first purchase" enables the city council to match any offer made by a prospective buyer of a property. Nevertheless, there are limitations to the widespread use of this law; (i) the municipal right of first purchase can only be used in areas of special protection, and (ii) it requires municipal funding to be available.

Fatima Mansions, Heberton – Dublin, Ireland

In Dublin, the City Council gives the example of the Fatima Mansions (Herberton) development as a model of pro-social regeneration in practice. Fatima Mansions is a former high-rise local authority housing estate beset with social problems which was demolished and replaced by 100 housing units known as Herberton. The new development was achieved without moving the council tenants out, thereby aiming to protect the sense of community and social connections. The Herberton development is intended to be socially inclusive, and was developed as a public/private partnership, offering better access, new community space, leisure facilities and play space. A subsequent phase has provided further substantial affordable, social and private housing. This was the first completed scheme to use Public Private Partnership funding principles and was formally opened by the President of Ireland in 2010. Avoiding displacement of communities is key to pro-social regeneration and was a deliberate strategy in the Herberton development, supported with funding.

Strengthen participatory processes, resident-led governance and civil society

There are many ways in which people can be engaged and invested in their city, and this sense of ownership helps to strengthen and empower the community. Below are some of the elements which would create an engaged population.

Participatory policies and processes

The opportunity to participate in budgetary decisions, providing citizens a say in how money is spent in their area creates greater local control and an active community. Interaction and dialogue between policy makers and citizens and online platforms to facilitate "community listening" help to foster positive and sustained relationships within the neighbourhood and better communication between agencies and residents. In Vinnytsia, Ukraine, this has been outworked as a "Budget of Public Initiative".

Co-production of policy

Engaging citizens in plan and policy making, through a clear and transparent process demonstrates an investment in "getting it right" for local people. This would mean bringing together neighbourhood associations, community-based grassroots organizations,

no-global movements, critical academics, trade unions, and the movement for free knowledge. An example of the successful working of this principle is in Barcelona, which works with a Municipal Advisory Board on Social Housing (ABSH).

Co-design of public space

Including and involving a range of users in the design of public space, bringing together people from all parts of the population in design processes such as co-design generates local ownership and pride, as shown in the Lisbon Marvila Cooperative.

A Budget of Public Initiatives - Vinnytsia, Ukraine

In Vinnytsia, residents have been invited to participate in regeneration, via a scheme known as "a Budget of Public Initiatives". This is a democratic process where citizens select the projects they want budgets to be spent on. The budget has been spent on renovating some of the historic buildings, while also encouraging tourism whilst supporting lower income residents to remain living there. There is no evidence that the properties have been sold or rented at a higher value after the renovation. Vinnytsia also uses a platform for participation processes where all regeneration issues can be openly discussed. The hub is used by active citizens, pro-active NGOs and city council representatives, including the mayor, for open discussions.

Co-operative model – Marvila (Lisbon), Portugal

In Marvila, a district of Lisbon, Portugal, "*Refugi.Arte Em Marvila*" has been implemented. The project focuses on the socio-spatial inclusion of refugees and economic migrants. It has been led by a local architectural cooperative known as 'Working with the 99%' and primarily aims to contribute to the inclusionary revitalisation of Marvila Street and surrounding areas through the rehabilitation of a municipal under-used heritage facility. The project recognises a struggle in the area, whereby gentrification and an upsurge of wealthy residents' conflicts with vulnerable refugees and economic migrants. The initiative, and its predecessor project, have been supported by the municipal authorities in terms of funding, and are driven forward by volunteer residents, migrants, refugees and students.

Municipal Advisory Board on Social Housing (ABSH) – Barcelona, Spain

The ABSH was formed in 2007 within the framework of the ''*Consorci de l'habitatge de Barcelona*'': the municipality's and the autonomous community's overarching body on housing at the municipal level. The ABSH was designed to function as a participatory and consultative structure concerning all issues of housing policy in Barcelona. It is the main tool for consultations and information on the city's housing policy. More than sixty members take part in it, with representatives from the Generalitat regional government of Catalonia and the City Council, municipal political party groups, public bodies and enterprises relating to housing planning and construction, sectoral municipal participation councils, non-profit social entities, associations and entities providing social support for housing access, cooperative-member entities, local-resident movements, unions, social foundations, universities, professional associations etc. The Observatory DESC, which collaborates closely with the Platform for the Victims of Mortgages (PAH), is member of the ABSH, as is the Federation of Neighbourhood Associations of Barcelona (FAVB). Also, the ombudswoman is always invited and informed as a visiting member of the board.

Achieve Inclusive Public Space

Spaces for citizens to enjoy, mix and carry out a range of activities are important in all urban locations, and these can at times be threatened by gentrification. The following actions, activities and interventions will help to keep public space free for all to enjoy.

Promote governance

In areas undergoing urban change, often changes to the way public space is used, and by newcomers, gradually excludes longer-term residents. One way to ensure that this process does not occur is through greater responsibility and control over a public space's governance by engaging with all diverse sectors of the local community, encouraging volunteering and local groups to organise into registered associations that reflect the cultural diversity of the area.

Manage privatisation of public space

Recognise the need for balance to provide for longstanding resident needs and newcomers, promoting freely available access, and a range of opening hours.

Promote places for social interaction

Protect and promote diverse neighbourhood spaces for casual encounters, as well as more structured festivals, events and celebrations that promote social interaction within and between all residents. An example of a public space where a diverse range of daily social interactions take place is at la Tabakalera in San Sebastian, Spain.

Manage conflict in public space

Encourage mixing with no imposed barriers, welcoming a range of users. Ensure easy physical accessibility for all and promote a shared identity and values.

Tabakalera, Egia, San Sebastian-Donostia, Spain

The district of Egia has a strong neighbourhood association which is active in campaigning for public space, accessibility, housing and community facilities, giving a voice to local people in the process of regeneration. The Tabakalera is a renovated tobacco factory, which attracts tourists and wider city inhabitants with its cultural activities. It is an inclusive neighbourhood space, used by people of all ages including the homeless, students and young migrants. The Tabakalera remains a well-used space and an important community focal point as a new centre for contemporary culture with a coffee bar and terrace restaurant. Its programme includes contemporary artistic practices, education, digital culture laboratories and the creation library. The free wi-fi invites in people of all backgrounds making it inclusive, although this has also led to tensions between different user groups.

The Superblocks Programme – Barcelona, Spain

The Superblocks programme is called "Let's Fill Streets With Life", initiated to improve people's quality of life by making the city healthier and more habitable. The superblock challenges air-pollution, traffic noise, road-accident rates, lack of greenery, and quality spaces for interacting, by closing down roads to traffic and claiming them back for pedestrian and sustainable use. A participatory process has been designed in order to accompany the entire deployment of the measures to be implemented, seeking at all times the involvement and joint responsibility of the social fabric of each area.

Summary and Recommendations

Intercultural policies that place value on the economic equality of residents and recognise their right to housing and 'belonging' to a place, promote the positive benefits of intercultural identities of neighbourhoods, and encourage social interactions in inclusive public spaces are of the utmost importance to foster integration through careful, pro-social, urban regeneration.

It is intended that this policy brief, and the fuller policy study containing case studies and examples, are used by those in local governments to provide guidelines, inspiration and a framework for regeneration which respects and sustains the identity and culture of the original community, amplifying local culture and integrating change within the social fabric.

By considering gentrification as the potential negative impact of urban regeneration on migrants and lower-income residents, city authorities can ensure their policies and practices are designed to protect those more at risk of housing vulnerability and displacement. Cities can take steps to build effective participatory processes in co-producing policy, distributing funds, and encouraging community-led governance models. City authorities that are able to forge strong links with civil society organisations and 'listen to' local activism is better equipped to prevent gentrification.

Public provisions such as making available more public housing and policies to protect long-standing residents ensures an effective rights-based approach to housing, whereby inclusion and integration rather than segregation, and preserving social composition rather than displacement, promote a more equitable city.