



# A SHARED FUTURE

Fostering Communities of  
Inclusion in an Era of Inequality

## What More Do We Need to Know About How to Prevent and Mitigate Displacement of Low- and Moderate-Income Households from Gentrifying Neighborhoods

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This paper was presented as part of Panel 6 at the symposium, entitled “What would it take... For cities experiencing gentrification pressures to foster inclusion rather than replacement?”

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## **Introduction**

The extent to which gentrification results in the displacement of low- and moderate-income households from neighborhoods undergoing significant change is still the subject of study and debate among urban policy researchers.<sup>1</sup> Recent evidence suggests that, at least in areas outside low-vacancy “superstar cities”<sup>2</sup> with intense gentrification, renters who likely are the most vulnerable to displacement generally do not move away from gentrifying neighborhoods at higher rates than such households move from nongentrifying areas.<sup>3</sup> Elected officials, housing advocates, and the public, on the other hand, have no doubt that gentrification can and does cause displacement.<sup>4</sup>

There are a number of reasons the research findings on displacement may be less accurate or complete than reports from affected neighborhoods. First, there is considerable disagreement, especially early in the process, about which neighborhoods actually are gentrifying. Second, data tracking people’s moves to and from neighborhoods is limited because of concerns about the confidentiality of tax, social service, and other governmental data files that follow individuals over time, and because private sources of linked data, such as credit reporting bureau files, are incomplete in a variety of ways (some households don’t have credit files, for example). Third, even if residents of gentrifying neighborhoods may move no more often from gentrifying neighborhoods than similar households in other areas, they may move for different reasons. Residents of non-gentrifying neighborhoods may more often move voluntarily—seeking better neighborhoods or jobs, for example—while residents of gentrifying neighborhoods may more often move involuntarily, wanting to stay in the neighborhood but unable to afford it. Fourth, residents of gentrifying neighborhoods may be displaced earlier, or later, in the cycle of neighborhood change than researchers have typically studied. Finally, residents of gentrifying neighborhoods in high-cost cities with low vacancy rates may

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1. For a recent review of the academic debate, see Ding, Hwang, and Divringi (2016); see also Florida (2015).

2. Gyourko, Mayer, and Sinai (2013).

3. Ding, Hwang, and Divringi (2016), 49.

4. For a taste of the public discussion, see Knafo (2015); Coscarelli (2014); Sanneh (2016).

experience different pressures to leave the neighborhood than such residents in the cities with less constrained housing markets that have been the subject of some displacement studies.

Further, few would dispute that households and advocates fear the rent increases associated with gentrification, in part because they worry that those increases may result in displacement.<sup>5</sup> Also, the most recent research shows that when vulnerable households do move from a gentrifying area, they are more likely to move to lower-income neighborhoods than similar households moving from non-gentrifying neighborhoods.<sup>6</sup> Even residents of gentrifying neighborhoods who have not been physically displaced may experience what feels to them as displacement—changes in the look, feel, or culture of the neighborhood, or a feeling of being unwelcomed by, or unconnected to, recent arrivals to the neighborhood—but remain in the neighborhood nevertheless.<sup>7</sup> The common belief that gentrification causes displacement, fear of rent increases regardless of whether they actually cause displacement, concern about those who do move from gentrifying areas, and the contested nature of what constitutes displacement all affect the public’s perception of the desirability of new development and therefore make land use approvals all the more difficult. Local governments, land use and housing officials, and affordable housing providers and advocates accordingly are scrambling to find effective ways to counter concerns about displacement. The tools available for that task, however, have not been sufficiently tested to ensure that jurisdictions are deploying the best tool or combination of tools to address the particular issues their changing neighborhoods face.

This paper will briefly summarize the strategies currently in the toolbox and outline a research agenda for filling gaps in our understanding about how effective those strategies are in various circumstances.

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5. For examples of expressions of that fear, see Duggan (2016a).

6. Ding, Hwang, and Divringi (2016).

7. See, for example, Freeman (2006); Godsil (2013); Hutson (2016).

## **Anti-Displacement Strategies**

At a recent conference on gentrification and displacement, Jeff Lubell<sup>8</sup> provided a helpful typology of current tools local governments can use to achieve those goals:

1. *Preservation* of existing affordable rental units.
2. *Protection* of long-time residents who wish to stay in the neighborhood.
3. *Inclusion* to ensure that a share of new development is affordable.
4. *Revenue generation* that harnesses growth to expand financial resources for affordable housing.
5. *Incentives* for developers of affordable housing.
6. *Property acquisition* of sites for affordable housing.<sup>9</sup>

The Furman Center's report, "Gentrification Response," also explores a variety of strategies, categorized somewhat differently.<sup>10</sup> Others have suggested additional strategies ranging from rental assistance vouchers for current residents of gentrifying neighborhoods,<sup>11</sup> condominium conversion restrictions<sup>12</sup> and preservation of single-room occupancy hotels (SROs),<sup>13</sup> to minimum wage requirements and other income-boosting strategies.<sup>14</sup>

## **What More Do We Need to Know to Determine How Well Those Tools Work?**

While various of those tools have been evaluated in general,<sup>15</sup> or in contexts other than neighborhood changes that may threaten displacement or fear of displacement, little research

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8. Lubell is the director of Housing and Community Initiatives at Abt Associates, <http://www.abtassociates.com/About-Us/Our-People/Associates/Jeffrey-Lubell.aspx#sthash.vjCtCVLk.dpuf>

9. Lubell (2016), 132; see also Bay Area Regional Health Initiative (2016) on "the five 'P's' of housing stability": Protection; Preservation; Production; Participation; Placement. For a literature review regarding anti-displacement tools, see Metropolitan Area Planning Council (2015).

10. Herrine, Yager, and Mian (2016).

11. See Godsil (2013), 335-37, proposing a voucher that people in gentrifying areas could use to pay increases in rent or to move elsewhere if they wished.

12. Gorska and Crispell (2016). See also Crispell (2016).

13. See the Urban Displacement Project's map of tools in use, <http://www.urbandisplacement.org/policy-tools-2> (accessed June 30, 2017).

14. Mock (2016).

15. See, for example, the literature evaluating inclusionary zoning, such as Freeman and Schuetz (2017); Schuetz, Meltzer, and Been (2011).

evaluates how well these strategies work specifically to prevent or mitigate displacement. There are a number of reasons to worry about how effective these tools will be in addressing the concerns local governments may have about displacement and fears of displacement. First, gentrification and other neighborhood changes take many forms, in many different kinds of communities with different housing market conditions, so it is unlikely that any particular tool will be equally appropriate in all circumstances. Tools that have been effective in addressing other problems will not necessarily transfer successfully to the gentrification context.<sup>16</sup> Because the tools address different aspects of the threat of displacement, they may need to be used in specific combinations. Further, some tools come with high costs that should be avoided if less costly means can accomplish the goal.<sup>17</sup> Finally, some tools may have unintended consequences that make them inefficient or unfair. The discussion below outlines some of the potential issues with the various tools, and suggests what more we need to know in order to evaluate each tool's potential for preventing or mitigating displacement, and to fine-tune the tool to be most effective.

### **Preservation**

Preservation of our affordable housing stock<sup>18</sup> is absolutely critical for many reasons, and may be necessary to preserve the economic diversity of neighborhoods undergoing change.<sup>19</sup> First, preservation is essential to prevent displacement of the households living in buildings that are reaching the end of affordability restrictions in changing neighborhoods. When such a building opts out of affordability restrictions, its residents may enjoy some

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16. See for example Chen (2016) (noting the “uncharted waters” of translating the community land trust model to urban areas facing gentrification).

17. Rent regulation, for example, may impose high costs, concentrate those costs on a limited subset of property owners who are no more responsible for neighborhood change than many other beneficiaries, and provide incentives for people to use rental properties inefficiently. See for example Godsil (2013), 335; Epstein (1989), 1293-94.

18. As Lubell points out, preservation shouldn't be limited to extending the regulatory agreements of projects that received subsidies in the past, but should include attempts to bring so-called “naturally occurring affordable housing” into affordability regimes, as well as programs to preserve the viability of public housing; Lubell (2016), 135-36. See also Center for Community Progress (2017a).

19. See for example Schwartz et al. (2016); DC Preservation Network Preservation Strategy Working Group (2014); HUD (2013).

protections (such as enhanced vouchers and protection through rent regulations), but some are likely to be displaced.<sup>20</sup>

Even the most robust preservation efforts, however, are unlikely to be a sufficient antidote to displacement pressures and fears. The Furman Center's analysis of subsidized properties in New York City, for example, found that as of 2011, of 234,000 units financed through affordability programs, 62,000 (or 27 percent) were no longer subject to the affordability restrictions of those programs, despite the City's robust preservation programs.<sup>21</sup> Similarly, large numbers of subsidized units across the nation have left affordability programs.<sup>22</sup> A fair number of the affordable housing projects eligible to exit affordability programs in the coming years are in the gentrifying neighborhoods,<sup>23</sup> and preserving those units will be particularly difficult and costly because of the significant gap between market and restricted rents when property values are increasing.<sup>24</sup>

Further, even if a jurisdiction can afford the cost and can convince owners to renew affordability restrictions, households fearing displacement pressures may consider preservation efforts irrelevant to them for various reasons. Families in need of public affordable housing may feel unlikely to receive it: turnover in affordable housing projects, at least in high-cost cities, is typically low,<sup>25</sup> and many projects have long wait lists for people hoping to move in as vacancies arise.<sup>26</sup> Furthermore, re-rentals (lease-up of units that have been vacated through tenant turnover) are not always distributed in a transparent process like a housing lottery. Finally, when residents of gentrifying areas are asked to weigh in on land use approvals that might ease

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20. Begley et al. (2011).

21. *Ibid.*, studying housing subsidized under the Low-Income Housing Tax Credit; HUD's project-based rental assistance, insurance or financing; and the state's Mitchell Lama financing program). Note that some of the units may have continued to be rent-regulated, or may have renewed affordability restrictions under a different program than the original source of financing.

22. See, for example, JCHS (2015), 33, summarizing research on loss of projects in various subsidized housing programs. See generally Siegesmund (2000), 1135.

23. Lens and Reina (2016); Ellen and Weselcouch (2015).

24. See Lens and Reina (2016), 714; Reina and Begley (2014).

25. For 2016, across all HUD programs nationwide, the percentage of tenants who had moved in the past year was 12 percent; HUD (2016).

26. New York City's public housing, for example, has a wait list of almost 260,000 families, and another 133,000 families are on the wait list for housing choice vouchers; NYCHA (2017). See also National Low Income Housing Coalition (2016).

housing pressures, local governments are often not yet able to provide assurance that owners whose affordability restrictions will expire in the coming years will agree to preservation offers.

Research on the following questions would help policymakers better shape preservation efforts in gentrifying neighborhoods:

***What happens to the residents of subsidized or other affordable housing in gentrifying areas?*** Do buildings that remain affordable have lower turnover than they did prior to the gentrification, or compared to similar projects in non-gentrifying areas? When residents of affordable buildings in gentrifying neighborhoods leave, where do they go, and do their destinations differ from those of residents leaving similar subsidized buildings in non-gentrifying areas, or from those of residents leaving non-subsidized buildings in the gentrifying neighborhood?

***What are the costs and benefits of gentrification for the residents of affordable housing in gentrifying neighborhoods?*** Do the residents of subsidized housing see income gains from greater economic opportunity in the neighborhood that may make it possible for them to pay more rent in their subsidized housing or to find and afford housing in non-subsidized buildings?<sup>27</sup> Do they enjoy more or better job opportunities, improved schools, better healthcare, increased transit options? Do children living in affordable housing in gentrifying neighborhoods achieve better educational, employment, or other outcomes than those in similar but non-gentrifying neighborhoods? How do the benefits and costs of gentrification for households compare,<sup>28</sup> and how do households assess costs such as changes in the culture or cohesiveness of the neighborhood,<sup>29</sup> loss of autonomy,<sup>30</sup> feelings of alienation,<sup>31</sup> conflicts over space,<sup>32</sup> or discrimination by newcomers?

***Does the presence of subsidized or public housing in a neighborhood affect the***

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27. Dastrup and Ellen (2016); Ellen and O'Regan (2011). See also McKinnish, Walsh, and White (2010) (finding income gains, which could be caused either by increasing incomes of stayers or by the changing composition of the neighborhood).

28. See Vigdor (2010).

29. Freeman (2006); Hutson (2016).

30. Godsil (2013), 322.

31. Dastrup and Ellen (2016), 105.

32. See for example Gainza (2017).



***existence or pace of gentrification?*** The government’s investment in affordable housing in a neighborhood may help to stabilize it and moderate house price appreciation or depreciation.<sup>33</sup> Conversely, some argue that investments in affordable housing may spur gentrification.<sup>34</sup> Knowing more about whether either new construction of subsidized housing or the presence of subsidized housing reaching the end of its affordability restrictions affects the extent of gentrification in a neighborhood is critical to efforts to assess the value (or cost) of preserving affordable housing in different kinds of neighborhoods.

***Are gentrifying neighborhoods with a significant share of subsidized or public housing more diverse than gentrifying neighborhoods with little such affordable housing?*** The preservation of existing affordable housing as a neighborhood gentrifies seems likely to protect the neighborhood from re-segregation by preserving economic and racial diversity. But the level of protection may differ if, for example, the residents of the affordable housing are of the same race or ethnicity as the people moving into neighborhood. It is also possible that turnover in the affordable housing could undermine its role in preserving diversity in the neighborhood. The effects, if any, of public housing may differ from the effects of subsidized privately owned housing, and may vary with differences in the incomes served by the various kinds of affordable housing. As a first step to addressing these issues, it would be helpful to analyze how the characteristics of households living in, applying for, or moving into subsidized and public housing units in gentrifying neighborhoods differ from the characteristics of residents of the neighborhood who are not in such housing, and then to study how characteristics of applicants and residents of affordable housing change as the neighborhood changes. There may also be some threshold of affordable housing necessary to prevent a neighborhood from becoming re-segregated by race, so researchers should examine how the demographic characteristics of changing neighborhoods vary with the neighborhoods’ share of affordable housing.

***What happens to “naturally occurring affordable housing” when neighborhoods***

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33. The Furman Center found a strong correlation between government investment in affordable housing in a neighborhood and the neighborhood’s rates of depreciation in falling markets; investment in affordable housing was somewhat associated with larger increases in price appreciation in upturns. See Furman Center (2009), 17.

34. For discussion of the role that public investments in transit play in gentrification, see for example Barton and Gibbons (2017); Zheng and Khan (2013).

**gentrify?** Does the volume of sales of those buildings (often small buildings owned by landlords who are not professional property managers) change in gentrifying neighborhoods? Are the buyers of those buildings different from buyers in non-gentrifying areas or from buyers in the neighborhood before it began to gentrify? How much of the increased values of the homes in gentrifying areas are captured in sales by homeowners versus by investors?

### **Protection**

The Furman Center and Lubell both suggest a variety of ways to protect current residents of gentrifying areas from displacement: restricting conversion of rentals to condominiums; giving current tenants the option to buy their buildings when they are offered for sale; regulating rents; imposing just-cause eviction protections; helping low- and moderate-income homeowners deal with increases in property taxes; giving preferences for subsidized housing or rental assistance vouchers to people at risk of displacement; and adopting shared equity ownership models (including community land trusts).<sup>35</sup> Other potential protections include legal services for tenants facing eviction in gentrifying areas,<sup>36</sup> vouchers or low-interest loans to give current residents of gentrifying communities the choice of staying or moving,<sup>37</sup> and changes in zoning and building codes to allow homeowners to use accessory dwelling units and other rental units to help pay for increased taxes and other costs (and to expand the rental housing stock).<sup>38</sup>

Assessing whether those strategies are likely to achieve the various goals of local governments must start with a better understanding of the problems we are attempting to solve. We know little about how gentrification increases costs for particular types of households, how people who face increasing housing costs manage to stay in place, or what happens to people who cannot stay in place. Research on the following issues would help local governments better focus their efforts:

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35. See Herrine, Yager and Mian (2016), 15; Lubell (2016), 136-38.

36. See for example City of New York Office of the Mayor (2015) (announcing \$36 million to provide free legal services for tenants facing harassment, building neglect or eviction proceedings in neighborhoods being rezoned).

37. Godsil (2013), 335-37.

38. Center for Community Progress (2017b).

***To the extent that housing cost increases (or other pressures that may lead to displacement) are not evenly distributed across residents, what explains this uneven distribution?*** Tenants in rent-regulated apartments should see lower rent increases than those in unregulated apartments, and if they don't, the protections of rent stabilization may need to be re-examined.<sup>39</sup> Senior citizens may be protected in part<sup>40</sup> through special programs designed to help senior homeowners, such as Boston's Senior Home Repair Loan program,<sup>41</sup> or through rental assistance programs for seniors, such as New York City's Senior Citizen Rent Increase Exemption program.<sup>42</sup> Long-term renters may be protected from rent increases through their relationships with landlords, especially in smaller buildings.<sup>43</sup> On the other hand, members of racial and ethnic groups may be especially vulnerable to rent increases because of discrimination by landlords.<sup>44</sup> How long have households who face housing cost increases lived in the neighborhood? Were those people subject to discriminatory practices that made the neighborhood less desirable or, conversely, kept them there in the past when they might have preferred other areas?<sup>45</sup> Sorting out who is most at risk from displacement pressures will allow local governments to prioritize those households for assistance.

***How do households facing increasing rent or housing cost burdens adjust their income or spending habits to pay those higher costs?*** Households may attempt to increase their income by working more hours or taking a different or an additional job, or by having more members in the household seek employment. They may also (or instead) attempt to pay rising housing costs by cutting back on other expenditures, reducing the size or quality of their housing, delaying the formation of new households, or expanding the size of the household (taking in relatives, friends, or boarders, or using Airbnb and other services).<sup>46</sup> Knowing more

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39. See Waters and Bach (2016), (explaining how the use of preferential rents might lead rent regulated tenants to see larger increases than market rate tenants).

40. Lei Ding and colleagues find low outward mobility from gentrifying areas by senior citizens. Ding, Hwang, and Divringi (2016), 33 n. 25.

41. See City of Boston (2017).

42. See City of New York (2017).

43. See Furman Center and Johns Hopkins (2013).

44. See for example Kirkland (2008).

45. See Godsil (2013), 324-29.

46. See Cox (2017).

about the strategies people use would help local governments target assistance more effectively.

***What leads a household to move to a new neighborhood rather than stay in the neighborhood?*** Which households do move? For example, are the movers more likely to be families with children rather than single person households or seniors? Were those who leave considering moving even before the neighborhood changed, with the change merely serving as a final deciding factor? Do those tenants who move leave when their lease is up and the rent increase for renewal is steeper than usual? Or, do they leave because they are the subject of eviction actions? What percentage of those who leave receive “buy-out” payments from their landlord, and how much are those payments?

***Where do those who leave go?*** Lei Ding and his colleagues concluded from their study of Philadelphia that households with higher credit scores have somewhat higher mobility in gentrifying neighborhoods than in non-gentrifying areas, and that they move to higher-quality neighborhoods.<sup>47</sup> While they find that disadvantaged residents of gentrifying areas move no more than such residents in other areas, their research shows that the most vulnerable residents who do move from gentrifying neighborhoods suffer downward mobility and move to neighborhoods with lower incomes than the gentrifying neighborhood.<sup>48</sup> We need to understand more about who moves where, and whether moves to more disadvantaged neighborhoods are driven simply by the availability of housing at lower rents in those neighborhoods, or are influenced by other factors such as discrimination on the basis of race, disability, or source of income; time pressures on finding a new home; search behavior of the displaced household; or the influence of informal networks.

***What effect do moves associated with gentrification have on residential income and racial segregation?*** If, as Ding’s research shows, gentrification results in middle-class residents moving to more homogenous middle-income areas, might we see the gentrifying areas become bimodal—home to the rich and to the poor (particularly if the neighborhood has a large stock of subsidized housing), but not to the middle class? Or might the areas to which those

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47. Ding, Hwang, and Divringi (2016), 50.

48. Ibid.

households move become solidly middle-and upper-class, with little room for lower-income families?<sup>49</sup> Similarly, Ding’s troubling finding that “gentrification redistributes less advantaged residents into less advantaged neighborhoods”<sup>50</sup> may mean that we could see poorer neighborhoods become even more uniformly poor. All these questions depend in part upon better information about the race, ethnicity and income of those who stay, those who leave, and those who move into, areas undergoing change.<sup>51</sup>

***To the extent those moving from a gentrifying or changing neighborhood receive buyouts, relocation assistance, vouchers, or other subsidies to help them relocate, how do those payments/subsidies affect the characteristics of the housing and neighborhoods to which the recipients move?*** What might happen if such tools were conditioned upon (or their amounts vary depending upon) the household moving to a higher opportunity neighborhood? How could the value of buyouts be communicated to tenants in light of the choices they are likely to face in using that buyout to relocate? Is there a way to structure buyouts or relocation assistance to make them more protective — should the buyouts be regulated, for example? Are movers staying within the jurisdiction, so that the jurisdiction can provide help with the move, or are they moving across jurisdictions, in which case a local government might want to work with the communities to which people are most likely to move to provide portable vouchers, for example?

***How are homeowners in changing neighborhoods harmed and benefitted by gentrification?*** Are homeowners in gentrifying neighborhoods capturing the increasing value of their properties in sales prices, and if not, why not? Where do homeowners who have enjoyed increases in value move when they sell? To the extent that they are capturing the increases in value, do the disadvantages of moving nevertheless outweigh the increased sales price they received for the home? If homes are increasing in value, but owners’ incomes do not allow them to pay for increases in costs, such as property taxes, are there financing tools that allow

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49. See Cashin (2004).

50. Ding, Hwang, and Divringi (2016), 50.

51. That information is not available in the credit bureau files Ding and colleagues used, and the micro-level census files that might allow access to that information pose other methodological limits. But see McKinnish, Walsh, and White (2010) for some evidence about the demographic shifts in gentrifying neighborhoods.

them to borrow against the increased value to pay current expenses? If so, what are the barriers to using those tools?

The answers to all those questions will help local governments better target tools to the particular needs of households living in areas undergoing gentrification. But it would be difficult to limit many of the protections to those neighborhoods, both because of the difficulty of identifying gentrification soon enough to implement programs in those areas alone, and because of the difficulty of predicting whether particular investments will result in gentrification. Further, even if our predictions about neighborhood change were found to be accurate enough to rely upon, some of the tools (such as community land banks) have long lead times, so it might be inefficient to try to target them precisely rather than diversifying efforts across neighborhoods at risk of gentrification. Other tools (such as rules on rent regulation) have significant implementation costs, which might render it impractical to apply them only in changing areas.

Furthermore, many of the tools have not been validated in general, much less in the particular case of displacement pressures. The value of community land trusts, for example, depends upon the cost-effectiveness of the long-term stewardship of the property by the trust entity.<sup>52</sup> The effects of just-cause statutes, legal representation of tenants facing eviction, and other tenant protections on tenants' long term mobility and well-being have not been subject to sufficient study.<sup>53</sup>

## **Inclusion**

Many analysts have suggested that one of the best ways of keeping gentrifying areas diverse is to ensure that a share of new construction be reserved for affordable housing through inclusionary zoning.<sup>54</sup> That makes intuitive sense, of course, but such programs could be fine-tuned in gentrifying areas with better information about questions such as the

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52. See for example Davis and Jacobus (2008), 28-33. The experience with conservation land trusts is more robust than that for community land trusts, and has revealed a number of problems with the tool. See for example McLaughlin (2013), 31-37; Korngold (2007a); Korngold (2007b); French (2006), 2526; Mahoney (2002).

53. Existing studies include Seron et al. (2001); Super (2011).

54. For the most recent review of the literature about what we know, and don't know, about how well inclusionary housing programs work in appreciating markets, see Freeman and Schuetz (2017).

following:

***What are neighborhood residents' perceptions of subsidized housing as an antidote to displacement?*** Many residents of neighborhoods in which new housing is proposed do not trust that the new affordable housing will be available to them. They express concerns that without a preference in the housing lottery for community members, the huge demand for affordable housing citywide will make their chances of winning the lottery too low. Some worry, rightly or wrongly, that other factors will keep them from securing the housing, even if they “win” the lottery: bad or no credit records, criminal justice involvement, eviction histories, and other factors may, in fact, prevent those vulnerable to displacement from qualifying for subsidized housing. Similarly, current residents may worry that the affordability levels are too high or too low for them to qualify. The mere availability of affordable housing, then, may have little effect on people’s worries, or on their opposition to changes in the neighborhood. Additional policies may be required, such as preferences for local residents, public awareness campaigns about how to qualify for housing, and financial empowerment counseling to improve credit records and help households prepare for the application and qualification process.

***In inclusionary housing provided to take the pressure off rising rents in gentrifying areas, what is the turnover, and what explains that turnover?*** It may be that factors other than rents are responsible for mobility from gentrifying neighborhoods: people may feel like the neighborhood no longer welcomes them, for example, or may see their support networks (doctors, childcare providers, social service agencies) move away as the neighborhood changes.<sup>55</sup> So, even those households who stay in the neighborhood for some period of time with the help of inclusionary housing may leave sooner than they otherwise would have. Studying the rates, and causes, of turnover from inclusionary housing as neighborhoods gentrify therefore would help policymakers craft better solutions to displacement pressures.

***What kinds of affordable housing are most successful in gentrifying neighborhoods, and what is the cost/benefit ratio for that kind of housing?*** There may be differences in the turnover rate, tenant satisfaction, and tenant outcomes in inclusionary housing depending upon whether that housing is provided in the same building as the market-rate housing, or off-

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55. Freeman and Schuetz (2017), 163.

site within the same neighborhood. To design the most effective inclusionary program for gentrifying areas, any such differences need to be considered. For example, if the most successful but also most expensive housing is located in the same building as the market-rate housing, are the benefits worth the cost? Or, might those worried about displacement prefer more affordable housing, built off-site but in the neighborhood, to on-site affordable housing?

***What incomes should be targeted in new housing built in gentrifying neighborhoods?***

While some advocates who fear displacement call for new housing to be targeted to the incomes of people currently in the neighborhood, it is not clear that that will lead to the most diverse neighborhoods over the long run. As noted above, we don't yet know enough about whether gentrifying areas resegregate—change from disproportionately high percentages of low-income and/or racial and ethnic minority residents to disproportionately wealthy and/or white residents. To prevent resegregation, is it preferable to direct affordable housing only to the lowest-income households, or to provide affordable housing to a range of very low-, low-, and moderate-income households? Is there some mix of incomes that slows or stops gentrification? Even if resegregation were found not to be a threat, what distribution of incomes in a mixed-income neighborhood results in the best outcomes for all income groups?

**Revenue Generation and Incentives**

Many of the questions raised above about the effectiveness and design of preservation, new construction, or tenant protection programs will inform discussions about how to generate revenue that can be used to finance those programs. In addition, answers to the following questions can help jurisdictions design the most efficient revenue mechanisms:

***To the extent that fees, inclusionary housing requirements, tenant protections, or other anti-displacement tools impose costs on developers, do those costs merely delay gentrification in the neighborhood, or do they redirect the gentrification (or even just divert growth) to other neighborhoods or jurisdictions?*** If public policies simply delay or divert gentrification, then policymakers need to evaluate whether the benefits are worth the costs



overall.<sup>56</sup> Courts and policymakers also may need to consider whether a jurisdiction seeking to prevent gentrification imposes costs upon neighboring jurisdictions that should be taken into account in the decision.<sup>57</sup>

***Who bears the ultimate cost of fees and other revenue measures in jurisdictions that are trying to manage gentrification?*** Economic theory would predict that the owners of land will bear some of the costs of fees imposed upon land development or requirements such as inclusionary housing, as long as the supply of land is somewhat elastic. But further work needs to be done to understand the incidence of those costs in gentrifying neighborhoods,<sup>58</sup> especially those in so-called “superstar” cities.<sup>59</sup>

## **Conclusion**

The need for anti-displacement tools is acute and immediate, but policymakers considering potential remedies should be mindful of how little we know either about the problem those tools are being called upon to resolve or about how effective the potential remedies are. Without a better understanding of how gentrification affects existing residents of the gentrifying neighborhood, other neighborhoods, and other jurisdictions, our tools for fighting displacement are fairly blunt instruments, and may have many unintended consequences. That is not to say that jurisdictions should ignore the tools available; doing nothing is not necessarily better than trying tools that ultimately fail or turn out to have costs that outweigh benefits. Decision-makers often must act on incomplete information. Rather, the point is that researchers could provide significant value to policymakers by helping to fill some of the gaps this article has identified.

As this review of the outstanding questions reveals, there is a need for both quantitative and qualitative research. Learning more about why people move away from gentrifying areas, for example, likely would best be answered through well-designed qualitative studies such as

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56. Measures to tax foreign investment or non-resident owners in order to control gentrification, for example, may cause those buyers to shift to similar jurisdictions that have not yet imposed such fees. See for example Dubinsky (2016).

57. See for example *Associated Home Builders v. City of Livermore*, 557 P.2d 473 (Cal. 1976) (en banc).

58. See for example Huguen and Read (2014); Ihlanfeldt and Shaughnessy (2004).

59. Gyourko, Mayer, and Sinai (2013).

focus groups based upon thoughtful sampling strategies. Understanding how various tenant protections work likely will require both quantitative analysis of causes and effects and qualitative studies of why some tenants don't use particular protections.

Answers to all the questions outlined were needed years ago. Unfortunately, the questions will require years to answer. Because policymakers don't have the luxury of waiting for perfect information when communities are demanding solutions, it would be helpful for researchers to talk with local policymakers about which questions they would prioritize. Researchers, along with foundations and others who play coordinating roles, should then act on those priorities by developing a logical order for their research, by dividing responsibility to avoid duplicative efforts and allow research to build on emerging knowledge, and by designing an optimal means of sharing data and analysis. For local governments, the stakes are high, so the research community should do all it can to provide the information policymakers need efficiently and in the most concrete and policy-relevant form possible.

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