GENTRIFICATION—IT AIN'T WHAT YOU THINK

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Introduction

Not so long ago Thomas Denhart controlled about a 1000 units of subsidized low-income housing in Over-the-Rhine (OTR), far more than all the community based non-profit housing groups in the neighborhood combined. So it was quite ironic to hear Mr. Denhart, in fine form and to great applause at an April 4th public meeting on development at Memorial Hall, extol the virtues of 3CDC's market-rate housing based development strategy for OTR. It seems we are all for gentrification now.

We evoke Mr. Denhart because his comments convey, we believe, a commonsense consensus that market-rate housing and public spending that draws wealthier residents to OTR should be favored above all other forms of investment as *the* paths to a mixed-income neighborhood. This is a strange moment in Cincinnati, where terms such as "mixed-income housing" and "economic mix" enjoy near-universal purchase across a multitude of competing interests and groups. Yet their meanings are loose and slippery, allowing gentrification to be pursued at all costs as a strategy to address poverty-stricken communities of color like Over-the-Rhine, "impacted" by a "concentration" of low-income housing and social services. Gentrification, economic mix, and mixed-income development may not be interchangeable terms, but the new commonsense assumes the best way to achieve economic mix is through gentrification. Gentrification delivers economic mix.

This essay seeks to clarify two different conceptions of development: gentrification and equitable community development. Our concern is that a failure to distinguish between these two forms of development will lead, by default, to development via gentrification as services and subsidies for wealthier in-migrants to OTR squeeze out services and subsidies for current lower-income residents. Already a good amount of policy, investment spending, and marketing and planning rhetoric favor development by gentrification. We have our doubts about the presumed congruence between gentrification and mixed-income development, and argue for a more inclusive and fair conception and practice of development in OTR. Fairness and inclusion are not automatically delivered by gentrification, and thus distinguishing between gentrification and equitable development will be useful to effect what so many say they want in OTR—a sustainable mixed-income community.

In general terms, we define gentrification as development that privileges the interests of new residents over those of existing ones. By targeting subsidies, public policy incentives, public service amenities, and marketing-rhetoric toward higher-income potential residents and those who develop market-rate housing. Gentrification emphasizes the needs and interests of new, wealthier residents in such ways as to effect a 'class transition,' just as Ruth Glass noted in her pioneering study of inner London neighborhoods when she coined the term itself. Any development in OTR will change the neighborhood, but gentrification systematically facilitates a 'class transition' that marginalizes current (and recently displaced) residents from decision-making processes, and from defining and capturing a fair share of the benefits of development.

Equitable community development, in contrast, focuses on development that, as its first priority, enhances the capabilities of existing residents and local institutions. Such equitable development certainly includes developing market-rate housing and homeownership opportunities, among other forms of housing, and thus our critique of gentrification should not be confused with a rejection of market-rate housing. But equitable community development differs in its organizing principle. The key tenet of equitable community development is to foster development that enables current residents to reap benefits they value and to be integrally involved in development decision-making. The focus is on fairness and on a socially-just distribution of benefits, supported by democratic involvement of local residents and community-based institutions with long ties to the neighborhood.

Gentrification, the Poor, and Fairness

The problem with gentrification is not that it produces no benefits for low-income residents of OTR but that it does so in a way that fails the test of fairness, despite the intention of those who see it as the best way to help the poor in OTR. For decades inner-city neighborhoods in the industrialized cityscapes of the United States suffered from middle-class out migration, job loss, segregation, increased homelessness, in-migration of poorer populations zoned and discriminated out of other neighborhoods, the fiscal pressures of an aging infrastructure and declining tax bases, and city neglect. While this purely negative characterization of OTR fails to include the genuine assets of community institutions and people who have worked to support one another under such difficult conditions, there is no denying that the neighborhood suffers from a lack of public and private investment. Thus it is easy to understand how trying to 'return the middle class' to OTR and to direct investment in housing and key institutions (Findlay Market, the Art Academy etc.) may seem like logical responses to the decline of population and income in OTR. It is also easy to see how such "pioneering" may generate some benefits for all who live in OTR including long-time, low-income residents. After all, an increase in population and investment will result in fewer vacant buildings that conceal criminal activity and more stores, work opportunities, and eyes on the streets watching out for neighbors are surely improvements that will be shared by all. Further, public investments and city services in safety, cleanliness, beautification, and recreation are amenities for all who live and shop and visit in OTR.

These *are* real benefits, but the extent to which the poor enjoy them, they are spillover effects of investments and policy changes directed principally at new, higher income and higher status residents. They are benefits that only trickle down—what the late John Kenneth Galbraith defined as "feeding the sparrows through the horses." Development that directs the vast majority of its resources to newcomers implicitly pushes the needs and interests of current residents into the background as it foregrounds the interests of the rising, creative class. It unfairly defines and distributes benefits according to the needs of a relatively more privileged group and as such is not a fair development strategy.

Our thoughts about the extent to which gentrification can be fair and just borrows from the work of Nobel Prize winning economist Amartya Sen, specifically his short but compelling "Interdependence and Global Justice." Sen concerns himself with the economic relations of globalization, examining how those relations may be tweaked and combined with other policies to produce what he calls an "appropriate globalization," one exemplary of a more socially equitable distribution of benefits.

Sen believes that both the rich and poor can gain from globalization, but he is clear that such a deal is not automatic for marginalized groups. The possibilities for a fair deal need to be explicit, necessitating a shift in thinking that forces the question of distribution to the surface in evaluating the benefits of globalization. As he says, "It is necessary, therefore, to ask whether the distribution of gains is *fair or acceptable*, and not just whether there *exist* some gains for all parties..." (5-6). He develops this point through a provocative analogy.

> To argue that a particularly unequal and sexist family arrangement is unfair, it does not have to be shown that women would have done comparatively better had there been no families at all. That is not the issue: the bone of contention is whether the sharing of the benefits within the family system is seriously unequal in the existing institutional arrangements. The consideration on which many of the debates on globalization have concentrated, to wit, whether the poor too benefit from the established economic order, is inadequately probing—indeed it is ultimately the wrong question to ask. What has to be asked instead is whether they can feasibly

> have a fairer deal, with a less unequal distribution of economic, social and political opportunities, and if so, through what international and domestic arrangements. That is where the real issues lie (6-7).

If we refocus Sen's insights from globalization to gentrification, the question shifts from a narrow focus about whether the poor are better or worse off in a gentrifying neighborhood as compared with a neighborhood with no gentrification, and forces us to ask about fairness. As Sen notes, "Even if the poor were to get just a little richer, this need not imply that the poor are getting a fair share of the benefits of economic interrelations and of the vast potentials of [reinvestment]" (5).

Because gentrification is, by definition, a strategy focused on providing incentives to new residents and those who facilitate their in-migration, it of necessity directs primary benefits to those new residents and their agents. It does not provide a fair share of benefits to existing residents who receive only general, indirect benefits by virtue of sharing the neighborhood space. They are to consider themselves lucky bystanders to a process that has little to do with them directly.

The problem here is not only the distribution of the benefits of new investment, but the types of benefits that are dictated by the needs of new residents. Thus, resources needed by existing residents to improve their lives, to enhance their own development and that of local institutions are forced back in the queue, behind the requirements of those who are positioned as the "right stuff" to lift up the neighborhood. The message to long-time, low-income residents is, you will benefit in the longer run as those who are already more prosperous than you, get *direct* benefits and subsidies simply because they move to your neighborhood. Intended or not, gentrification entails a class chauvinism that positions existing residents and institutions as inert, passive props in the neighborhood who can only improve when the active ingredient, wealthier residents, are allowed to make their magic.

Existing residents are thus subject to what political theorist Iris Young calls 'cultural imperialism,' which "involves the universalization of a dominant group's experience and culture, and its establishment as the norm" since the interests of potential residents are the central ingredient of development by gentrificaiton. In such a process, "[t]he culturally dominated undergo a paradoxical oppression, in that they are both marked out by stereotypes and at the same time rendered invisible" (59). That is, existing residents are deemed 'bad for the investment climate' and pushed out of the marketing vision of a future OTR in order to create a class tableau that appeals to potential residents. To be sure, 'diversity' is an important aspect of the appeal of OTR to many new residents. But diversity must be an open-ended pluralism and not defined solely by the needs of new or potential residents. Such a view rarely sees the poor as they want to be seen. Usually positioned as props in the urban experience, the poor are rarely seen as full human beings, as gifts with their own contributions to make to the urban drama. Any development strategy that does not put the question of fairness to existing residents at its center is deeply flawed.

Gentrification has indeed become the dominant logic of development in OTR though the term itself is not embraced by key players. From Cincinnati's "Housing Impaction Ordinance" that pressures all new development to be market-rate, to 3CDC's focus on market-rate development, to the punitive efforts to control and police poverty and homelessness through the Panhandling Licensing process we see that almost all the eggs of public policy, public-private investment, and the rhetoric or development are in the basket of market-rate development (Diskin and Dutton). Coupled with the decline in building-based Section 8 and the more restrictive environment for producing low-income housing, a clear shift has been effected toward a development by gentrification strategy.

Toward More Equity

As we have noted, a development strategy organized around equity in defining and distributing benefits will entail producing mixed-income housing. The current strategy seems to be based on the assumption that benefits will flow from increased investment and then the magic of the market will distribute those benefits. But the market is not a sufficient institution for defining and distributing benefits in OTR. Markets are institutional arrangements embedded in local rules, business practices, and social mores. They guide via incentives and are not a substitute for a clear, conscious strategy of improving the capacities of people and institutions in OTR.

Further, as gentrification becomes more pervasive and property values in OTR rise, there will be market-based displacement as rents rise. Housing and land markets tend to cluster uses by income, taste, and function. Markets segregate uses in space and thus are very unlikely to produce a mixed-income neighborhood except as a brief transitional form. We are not against private investment and market activity in OTR. But a sustainable mixed-income neighborhood requires that markets and private activity be balanced with public policy, continuing housing subsidies, and a longer range set of mechanisms for equity and mixed-income. Again, prices, in time, will mitigate against an economically diverse OTR and it is incumbent on all who value diversity to plan for diversity even while private market activity is increasing and playing an important role in bringing investment to OTR. If central city land values rise and OTR becomes a the 'bohemian' or 'chic' neighborhood that, as historians Zane Miller and Bruce Tucker note, development boosters have long envisioned, OTR will be reduced to a few "lifestyle" enclaves for those who like some aspects of urban life, but who want to organize a sanitized public realm and be protected from unpleasant public experiences. Sociologist Tim Butler's detailed studies of contemporary gentrification in London makes clear there are several models and that some reduce rather than celebrate diverse public spaces (Butler). It not sufficient to rely on market processes alone as the mechanisms for spreading benefits in a fair way or to produce a vibrant, diverse, mixed-income OTR as envisioned in the approved OTR Comprehensive Plan of 2002.

Further, we cannot leave questions of equity and fairness to a point later-on in the development process. In the future, there will too many "facts of the ground," as the Israeli's say about their developments on occupied territory, too many entrenched interests to change the rules of the game. Finally, it is important to recognize that many, too many, people in the United States cannot afford housing (and other goods) on their income. Thus we should honor, not denigrate mercilessly, the tradition of self-organization and outreach to the least well-off among us in OTR. Markets are powerful incentive directing guides, but an equitable, diverse OTR that honors its recent past must be a mix of market and non-market forms of housing and uses of space. It is important at the outset to pay close attention to what development with equity entails and to build it into the ground rules.

Challenges and Contexts

Over-the-Rhine has the capacity to honor the history of its current residents; to stay focused on defining and distributing benefits of development in ways that help local residents and institutions develop their capacities more fully. To achieve this rare, worthy outcome, we must have clarity about our intentions as well as specific and thoughtful mechanisms for defining and distributing benefits of development. This requires public and private leadership. This prospect for a sustainable, diverse neighborhood will be lost if we rely on boosting markets alone and simply keep our fingers crossed that everyone's interests will be served in the end.

It is important to recognize that public policy and the state in all its functions operates today in a more global and a more 'neoliberal' context than in the past. Today the state, at all levels, is under pressure to privatize assets, and, as geographer Neil Smith argues about national states, to reframe "themselves as purer, territorially rooted economic actors in and of the market, rather than as external complements of it" (Smith 434).

The transformation of state and local governments in the above directions does not bode well for areas like Over-the-Rhine. Can cities in today's global conditions protect those most marginalized or who have fallen below the reach of the market? The evidence does not suggest so. As global forces play themselves out in the United States, "urban policy no longer aspires to guide or regulate the direction of economic growth so much as to fit itself to the grooves already established by the market in search of the highest returns, either directly or in terms of tax receipts" (Smith 441). Thus in Cincinnati, like many cities, "real-estate development becomes a centerpiece of the city's *productive* economy" (Smith 443), facilitated by a new integration of state and corporate powers. This is not a case of the state withering in the face of the market. The state is acting and asserting itself, but according to a market logic itself, resulting in what sociologist Andrew Barlow calls “the private investment state” (Barlow 74).

Such trends make poverty in the US intractable, where “poor people find themselves cut off from entry-level jobs, stripped of government social services like health care and housing subsidies, and forced to endure horrific conditions in crumbling public schools, all under the mounting presence of police and prisons” (Barlow 66-67). As these conditions worsen, an increased reliance on the use of repressive force, such as the military, the police, and prisons will ensue in order “to maintain social order and to manage those without a stake in the global economy” (Barlow 74).

The increase in inequality in the United States and the use of repressive force indicate, as geographer Don Mitchell notes, a priority for *order* over the right to *be* in public, and that it is a difficult time to call the state to its more humane, inclusive functions (Mitchell). But the importance of truly plural public spaces, a precious resource in today’s world, demands it. We hope to avoid what scholar Henry Giroux calls the “corporatization of civil society”, wherein the commons, public realm, and a democratic sphere vital for fostering public debate are severely diminished by commercialization (Giroux, 38).

Ironically, we believe that part of the appeal of OTR as a mixed-income neighborhood is rooted in this possibility of a plural public space not completely managed by commercial interests, a space where strangers mix and create something unique and unscripted. This is part of the reason why any reasonable strategy for development in OTR should encourage new residents from diverse backgrounds. We would add, however, that the benefits of a more diverse OTR, of publicity, of living in a stimulating, pluralist place, are benefits equally valuable to existing residents. If existing residents and local institutions are squeezed out or culturally and economically marginalized as the condition for development, their interests will have been sacrificed so others can leverage property values.

The Future?

In five to ten years we hope to see in Over-the-Rhine a truly diverse mixture of peoples, cultures, classes, and races, living within conventional and alternative forms of property tenure, from market-rate condos to below-market apartments to cooperatives to renter-equity programs, with business and entrepreneurial enterprises that cater to a spectrum of incomes and tastes. While we understand the drive for more market-rate housing and do indeed see it as one element of equitable development in OTR, we caution against market-rate development has become an end in itself. We do not believe that markets will produce the diversity and economic mix so widely claimed as a common goal. The future of OTR is too important to be left to the incentives that markets thrive on. And this is not an anti-market position. It’s more of an effort to say that mix, diversity, and multiplicity will require innovative thinking to achieve. We agree with Amartya Sen when he says: “It is certainly true that global capitalism is typically much more concerned with expanding the domain of market relations than with, say, establishing democracy, or expanding elementary education, or enhancing social opportunities of the underdogs of society. Mere globalization of markets, on its own, can be a very inadequate approach to world prosperity" (Sen, 9).

We challenge 3CDC and city officials to make equity for all in OTR more that rhetoric and to make it the guiding principle of development strategy, backed by real practices and programs. Market-rate housing will be part of the package, but must not become an end in itself that obscures our focus on defining and allocating benefits of development in a way that enlarges the capacities of local residents and organizations.

In order for development to be equitable, we would need an accounting and monitoring system that tracks the rise and fall of property values and demographics in the neighborhood in order to ensure a just distribution of benefits from development and to avoid a patchwork of wealthy, isolated enclaves amid deep poverty in OTR. In addition to a serious effort to gather information to inform decisions, we need to be able to direct some of the benefits of rising property values, local incomes, investment opportunities to local residents. While this is not the place to lay out a detailed plan – for that would require broad consultation and revision – we note that TIFs, Real Estate Transfer Taxes, inclusionary zoning, and development fees are among the ways that some of the increased value of property and opportunity in OTR could be captured for more inclusive purposes. These mechanisms are in addition to those already operating, such as housing round funding, the ABC, LISC managed community development operating support, and city spending on infrastructure, safety, transportation and so on.

Capacity building in OTR, as the work of the Asset Based Community Development group associated with John McKnight stresses, must identify and cultivate the substantial assets already present in the neighborhood. This includes the churches and many non-profits with long histories serving people in OTR as well as the formal and informal capacities of residents themselves.

Policy Link, a nonprofit research and capacity building organization that consulted with the OTR Comprehensive Plan working groups in 2002, has compiled an impressive database on equitable development policies and practices. Their 'best practices' focus on multiple forms of land tenure, including land banks, cooperative housing, and public policy that puts teeth into anti-displacement without deterring private investment (www.policylink.org).

We must not be shy about advocating for substantial housing subsidies and land that will not circulate on the market. We need a mix of market and non-market, and the creation of a public space that recognizes the contribution and legitimate right to belong for existing residents. This is especially important as substantial numbers of Section 8 buildings are converted to market-rate and the environment for building new low-income housing gets tougher and tougher. The guidelines for a mixed income neighborhood agreed to in OTR Comprehensive Plan are useful in this respect.

Increasing transparency and strengthening democracy are also first principles here. To that end we can make sure that people have a voice in defining the nature and distribution of benefits that are likely to flow from development, including increased property values. As Policy Link puts it,

> Equitable development connects the quest for full racial inclusion and participation to local, metropolitan, and regional planning and development. It is grounded in four guiding principles: the integration of people and place strategies; reduction of local and regional disparities; promotion of "double bottom line" investments; and inclusion of meaningful community voice, participation, and leadership (http://www.policylink.org/EquitableDevelopment/default.html#).

This is a big challenge, but the possibility exists to guide the market and to create a diverse, plural public space, few of which exist anywhere in the world. The fact that our real-estate market is not subject to the same kind of insane bubble as in other places gives us the hope of proceeding in a more thoughtful way to both encourage the benefits of market development while not allowing market incentives to re-segregate the neighborhood along class lines. The older mix that cities used to support is a relic of an economic structure whose time has come and gone. We can work toward a new, 21st century mix. We will only get there if we are clear that we must be inclusive from the beginning and not postpone benefits for long suffering residents of OTR until some future moment when the market has done its work.

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