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## "The Chaos and Complexity of Gentrification"

From *Gentrification of the City* (1986)

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The essence of gentrification is hidden from view. One can walk through Adams-Morgan in Washington, DC, or Queen Village in Philadelphia, through Islington in London, or the Victorian inner suburbs of Melbourne, even Over-the-Rhine in Cincinnati, and visually assess the gentrification process as expressed in rehabilitated buildings, stores and restaurants designed for the new, affluent and well dressed inhabitants. Yet the forces underlying gentrification have yet to be fully uncovered. Different layers of meaning still clothe the historical specificity of gentrification, and mask the particular confluence of societal forces and contradictions which account for its existence. Journalistic immediacy, redevelopment ideology and positivist research have obscured the essential meanings and the underlying causes.

The purpose of this chapter is to present a theoretical analysis of the process of gentrification which penetrates these various meanings, but which avoids a simple explanation of what is essentially a complex phenomenon. In fact, there can be no single theory of an invariant gentrification process. Rather, there are theoretical interpretations of how the "gentry" are created and located in the cities, how "gentrifiable" housing is produced, how those to be displaced originally came to live in inner-city neighborhoods, and finally how the various processes of gentrification unfold given the establishment of these three basic conditions. These different theoretical arguments must be combined in a fashion compatible with the specific instances of gentrification that we wish to explain. The emphasis, therefore, must be placed on contingency and complexity, set within the structural dimensions of advanced capitalism. The substantive focus of

the analysis is gentrification as it has taken place in the United States. But before addressing these issues, we should understand how our comprehension of gentrification has been distorted, and then set forth epistemological standards for the subsequent investigation.

### MEANING AND EPISTEMOLOGY

#### Stratifications of meaning

The thinnest and outermost layer of our comprehension of the gentrification process is that of journalistic and public-relations hyperbole fostered by its "boosters:" redevelopment bodies, local newspapers, "city" magazines, mayors' offices, real-estate organizations, financial institutions, historic preservationists and neighborhood organizations comprised of middle-class homeowners. Each has an interest in increased economic activity within the city and an affinity for the middle class who function as gentrifiers. Their descriptions, analyses and advertising both present and misrepresent the phenomenon as it exists, and convey an ideology meant to foster continued gentrification.<sup>1</sup>

Within this layer we find the theme of the "urban pioneers" who are risking themselves and their savings to turn a deteriorated and undesirable neighborhood into a place for "good living." A new, urban life-style is touted, one which represents the consumerism and affluence of those unburdened by familial responsibilities and economic stringencies (Alpern 1979, Fleetwood 1979). These gentrifiers live in historically preserved or "high tech" domestic environments which reflect their sense of "taste."

They shop at specialty stores where unique and higher quality clothing and food convey and reinforce a sense of status. Trendy restaurants provide them with places to be seen and admired. The comforts of "civilized" living are everywhere. Urban culture is now a commodified form, leagues removed from the sense of "community" which it was once meant to convey (Williams 1977: 11-20).

This is one ideology of gentrification, part of its reality, but not representative of its essential form. The image of the city and its neighborhoods is manipulated in order to reduce the perceived risk and to encourage investment. Moreover, to believe that such description objectively captures the process of gentrification is to be deluded.

A portion of the previous chapter was devoted to unmasking this "frontier imagery of gentrification" with its pioneers, invisible natives, urban homesteading, myth of upward (through spatial) mobility and the city as a wilderness to be recaptured and tamed. Elsewhere Holcomb (1982) and Holcomb and Beauregard (1981: 52-64) have discussed the image management generally attendant on urban redevelopment schemes. The resultant hegemonic boosterism makes opposition difficult and attracts investors. More importantly, it erroneously presents gentrification as beneficial for the city as a whole. But rather than becoming implicated in the assumptions and pertinences of this ideology (Ley 1980), the point is to penetrate a way through it.

The next layer is composed of the numerous empirical assessments of gentrification, almost all of which have proceeded from a positivistic methodology which often presents empirical regularities in the guise of causal explanation.<sup>2</sup> These empirical investigations include both survey research (Gale 1979) and case studies (Laska & Spain 1980: 95-235), with fewer attempts to assess gentrification utilizing secondary data (Smith 1979b, Black 1980a, Spain 1980). For the most part, they focus upon changes in the built environment over time but fail to explain the dynamics that bring about these changes. The processes of gentrification are not often emphasized: Richards and Rowe (1977), London (1980), and DeGiovanni (1983), are exceptions. Moreover, the concern is almost wholly with housing redevelopment rather than with the gentrification of neighborhood commercial districts. (Aristedes 1975, Chernoff 1980, Van Gelder 1981). Lastly, the intent of most of these works is to create a Weberian "ideal-type" description of a gentrifier, a gentrifying neighborhood or a process of gentrification. Highly salient characteristics are distilled into a simplified form which lacks any sense of historical and spatial contingency.

The ostensibly prototypical gentrifier is a single-person or two-person household comprised of affluent professionals without children (Gale 1979, 1980). These "gentry" are willing to take on the risk of investing in an initially deteriorated neighborhood and the task of infusing a building with their sweat equity. Presumably, they desire to live in the city close to their jobs, where they can establish an urbane life-style and capture a financially secure position in the housing market. Their lack of demand for schools, commitment to preserving their neighborhoods, support of local retail outlets and services, and contribution to the tax base are all viewed as beneficial for the city.

The neighborhoods to be gentrified are deteriorated, and occupied by lower- and moderate-income, often elderly, households. These residential areas are located close to the central business district, and often have peculiar amenities such as views of the skyline, access to parks, or some historical significance. The housing is run-down but still structurally sound, except for the existence of abandoned and gutted buildings more popularly known as "shells." Moderate rehabilitation, for the most part, will make most housing suitable for "gentry," and facade improvements will enhance the architectural qualities and contribute to major increases in its market value.

The gentrification process involves the purchasing of buildings by affluent households or by intermediaries such as speculators or developers, the upgrading of the housing stock, governmental investment in the surrounding environment, the concomitant changeover in local retail facilities, the stabilization of the neighborhood and the enhancement of the tax base. Although residential displacement is recognized and empirically documented by researchers operating at this level, its extent and existence as a problem have been debated (Hartman 1979, Sumka 1979, LeGates & Hartman 1981).

Beneath this, and closer to the essence of gentrification, lies a third level of more theoretical analyses. Notable among these are two papers by Neil Smith. Both begin with a strong theoretical base in marxist historical materialism and attempt to unearth the underlying structural forces that have created and currently drive the process of gentrification. One of Smith's arguments (1979a) focuses upon the uneven development of metropolitan land markets. The basic theme is that disinvestment in certain areas of central cities, a disinvestment paralleling suburban investment and further exacerbated by the financial dynamics of construction and land interests (Smith 1979b), has resulted in residential areas whose capitalized ground rent is significantly below

their potential ground rents. The search for local metropolitan areas almost fully deteriorated discover these real estate actions (e.g. speculation) to be capitalized and positioned. It is argued that gentrification is an uneven development.

Neil Smith's (1982) is compatible place at another uneven development. Capitalism is now valorization and devaluation is now related to the periodicity of the "rent gap" (Smith, N. 1982). The rate of profit and the rate of accumulation have led to a situation where only be attenuated investment opportunities. Smith maintains that the rate of capital investment in the built environment to the built environment. The most profitable accumulation are those areas of capitalized ground rent. The point, however, is that the rate of accumulation is embedded more in the rate of advanced capital accumulation than simply in the rate of accumulation. It operates primarily in the rate of profit" (Smith, N. 1982). A statement than off.

However, although the rate of accumulation are commendable appearances and the rate of accumulation, they suffice. The "rent gap" argument is a necessary condition for the sufficient ones. The areas of central cities are in excess of those areas. The areas cannot easily explain. The areas becomes gentrified. The areas ground rents are expropriated. The areas advantages relative to the areas. The areas facilities are on a. Moreover, there is a. The areas ground rent is perceived. The areas element in determining



their potential ground rent. The value of the buildings themselves is considered of little moment. In the search for locations of profitable investment in metropolitan areas where suburban land has been almost fully developed, finance and real-estate capital discover these undervalued locations and undertake actions (e.g. rehabilitation, new construction, speculation) to capture the difference between the capitalized and potential ground rents. Thus it can be argued that gentrification results, in essence, from the uneven development of metropolitan land markets.

Neil Smith's second theoretical explanation (1982) is compatible with this argument, but takes place at another layer of meaning. The historically uneven development of national and international capitalism is now the starting point. The cycle of valorization and devalorization in regional land markets is now related to the "... broader rhythm and periodicity of the national and international economy" (Smith, N. 1982: 149). The inevitable falling rate of profit and the overproduction of commodities have led to a crisis of capitalism which can only be attenuated through the discovery of new investment opportunities. Following Harvey (1978), Smith maintains that such crises result in a shift of capital investment from the sphere of production to the built environment. Within that arena, the most profitable opportunities for capital accumulation are those devalorized neighborhoods where capitalized ground rent is significantly below potential ground rent. Thus the two arguments merge. The point, however, is that now gentrification is embedded more deeply in the structural dynamics of advanced capitalism in its organic totality, rather than simply in uneven development. Gentrification "operates primarily to counteract the falling rate of profit" (Smith, N. 1982: 151). This is a more incisive statement than offered previously.

However, although these theoretical explanations are commendable, since they penetrate empirical appearances and unsheath an "essence" of gentrification, they suffer from a number of problems. The "rent gap" argument provides only one of the necessary conditions for gentrification and none of the sufficient ones. Observation shows that many areas of central cities have rent gaps greatly in excess of those areas that gentrify. Thus the theory cannot easily explain why Hoboken (New Jersey) becomes gentrified, but Newark – where capitalized ground rents are extremely low and whose locational advantages relative to Manhattan and transportation facilities are on a par with Hoboken's – does not. Moreover, there is the question of how the potential ground rent is perceived, thus establishing a crucial element in determining the rent gap.

Both the "rent gap" argument and the argument focused upon the falling rate of profit suffer three additional theoretical weaknesses. One is the treatment of uneven development. Uneven development is used to explain gentrification and the rent gap, rather than the latter two phenomena being conceived as attributes of uneven development, all of which have to be explained initially by the structural tendencies of capitalism.<sup>3</sup> Secondly, no attempt is made to address the diverse nature of gentrification. It is collapsed into an "ideal type" concept. Lastly, the arguments are characterized by a lack of attention to the role of reproduction and consumption in gentrification. They begin and end in the economic base, the sphere of production, and do not consider how changes in these other two spheres structure, produce and even represent gentrification. Needless to say, these three weaknesses are interrelated.

### Epistemological comments

From the above, albeit brief, overview of the three levels of explanation to be found in the literature, a number of epistemological issues can be identified as a means to guide any theorizing about gentrification. The objective here is to penetrate these successive layers of meaning and peer further into the core of the process. This is the first theoretical requirement: that our theory not be deluded by ideology or misrepresent empirical regularities as causal explanation. Rather, we must look beneath the phenomenal forms of gentrification, as indeed some have attempted, in order to understand both its dynamics and significance.

Secondly, "gentrification" must be recognized as a "chaotic concept" connoting many diverse if interrelated events and processes; these have been aggregated under a single (ideological) label and have been assumed to require a single causal explanation (Sayer 1982, Rose 1984). Encompassed under the rubric of gentrification are the redevelopment of historic rowhouses in Philadelphia's Society Hill initiated by an urban renewal project (Smith 1979b), the transformation of a working-class neighborhood of Victorian houses in San Francisco by gay men (Castells & Murphy 1982), the rampant speculation and displacement occurring on the Lower East Side of New York City involving multifamily structures (Gottlieb 1982), the redevelopment of abandoned housing in the Fells Point area of Baltimore, and the conversion of warehouses along the Boston waterfront to housing for the affluent. Each of these instances not only involved different types of

individuals, but also proceeded differently and had varying consequences. The diversity of gentrification must be recognized, rather than conflating diverse aspects into a single phenomenon.

Thirdly, the above observations suggest that a diversity of social forces and contradictions within the social formation cohere in some fashion to bring about various types of gentrification. Moreover, it additionally suggests that gentrification is not inevitable in older, declining cities. In effect, gentrification is a conjuncture of both those structural forces necessary for its general form, and the contingent forces that make it appear at distinct points in time and in diverse ways in certain cities and not others (cf. Althusser 1977: 87–128, Beauregard 1984). Certainly the last 50 years have witnessed numerous instances where people have been displaced from cities; young and affluent households have bought property and even rehabilitated it; neighborhoods have deteriorated; governments have provided assistance to real-estate interests; and financial institutions have manipulated land markets. But only during the 1970s and 1980s did these and other forces coalesce and intensify to produce the diversity of processes referred to as gentrification.

Thus we wish to explain gentrification using both structural tendencies and historical specificities, but without extracting it theoretically from the social formation of which it is a part. More precisely, gentrification must be theorized as part of the organic totality of the social formation. This means, even more precisely, not searching for the causes of gentrification solely in the sphere of production. Rather, it is at the conjuncture of production, reproduction, and consumption, at least initially, that we must theorize (Markusen 1980, McDowell 1983, Rose 1984). Gentrification is not simply a facet of capital accumulation.

Given these various epistemological insights, the following discussion places emphasis upon those individuals commonly labeled the gentrifiers, those who serve as the proximate investors in the gentrified housing. The concern is to explain how they came to be located in central cities with reproduction and consumption needs and desires compatible with a gentrification process. After establishing their potential as gentrifiers, the next step is to explain the creation of "gentrifiable" housing and the prior placement of economically and politically vulnerable (i.e. easily displaced) individuals and families into that housing. With these three pieces of the puzzle in place, we can then explore the various processes by which they are brought together to produce gentrification itself.

## THE POTENTIAL GENTRIFIERS

The explanation for gentrification begins with the presence of "gentrifiers," the necessary agents and beneficiaries of the gentrification process, and the directions taken by their reproduction and consumption. First, the demand for inexpensive, inner-city housing is not a new phenomenon, nor is the existence of politically and economically vulnerable social groups. However, the existence of affluent, professional and ostensibly "afamilial" households in central cities has become much more pronounced during these last few decades. Secondly, and more importantly, the gentrifiers are often, though seldom alone, the "agents" of the gentrification process, and thus provide the motivations and aspirations that shape it. In this way, agency is structured into our theorizing (Beauregard 1984). Lastly, without this group the whole process ceases to exist. Different types of housing stock might be rehabilitated, and diverse individuals and families displaced, but the characteristics of the gentrifiers are remarkably similar across specific instances of gentrification.

Changes in the industrial and occupational structure of the United States brought about in part by the international restructuring of capital (Bluestone & Harrison 1982: 140–90), and specifically changes in the types of economic activity which are growing and declining in the cities, have resulted in an increasingly bimodal urban labor market (Black 1980b).<sup>4</sup> Before World War II a strong manufacturing sector dominated central cities and provided semiskilled, medium-wage jobs with some possibility of advancement. That manufacturing sector has since declined both absolutely and relatively, and has been replaced by personal-service, administrative and professional, retail and governmental activities. In the one mode are the lower wage service jobs in the retail, office, hospitality and governmental sectors; in the other, the professional-managerial employment in the same sectors but also in corporate headquarters and business and legal services. Many lower-middle-income workers have left the city to locate nearer the manufacturing jobs now in the suburbs, and most of the unemployed poor and working poor remain in the city to engage intermittently in the growing service sector and its low-skill, low-wage employment. The professional-managerial jobs are filled with both city residents and commuters. It is within this urban, professional-managerial fraction of labor that the gentrifiers are situated.

These changes in the sphere of production are part of a long-term trend embodying the decline of the manufacturing sector and the rise of professional

and managerial employment. The manifestation over time of the demand for gentrification is the absolute and relative decline of managerial jobs in professional and administrative occupations. The labor force from 1950 to 1977. Craft and laborers declined from 30.9 percent to 30.9 percent. Service workers increased from 46.5 percent (City of Chicago, recent analysis of the 1980 census) (Stenson 1983). The share of employment in the service sectors from 1950 to 1977. Security and community services, banking, and business services are discernible in other data that employment of managers are becoming a major part of the city. Admittedly, the professionals and managers since they could not establish, however, an urban gentry to

In order to explain why managers do remain in the city, in gentrification, we must look at the sphere of production and consumption activities. They say that they desire to remain within the city of suburban out-migration, in addition, is especially compatible with consumption activities.

One part of the explanation for the behavior of many individuals to biologically reproduce in the city is the decline of manufacturing jobs and the rise of more and more consumption activities. Despite a more recent decline in their employment, gentrification are the single individual households whose consumption have traditionally been in the city. Individual behavior in the city is a consequence of the decline of the manufacturing sector and the rise of professional



and managerial employment, but it is their spatial manifestation over the past two decades which is pivotal for gentrification. Of greatest importance is the absolute and relative expansion of professional and managerial jobs in the central cities. For example, professional and technical workers, managers, and administrators expanded their share of Philadelphia's labor force from 15.5 percent in 1960 to 22.6 percent in 1977. Craft and kindred workers, operatives and laborers declined from 40.1 percent during that period to 30.9 percent, whereas sales, clerical and service workers increased from 38.4 percent to 46.5 percent (City of Philadelphia 1978). More specific data on these potential gentry exist in a recent analysis of New York City's employment (Stetson 1983). Service industries increased their share of employment from 69.6 percent in 1960 to 83.8 percent in 1982. The fastest growing employment sectors from 1977 to 1982 were social services, security and commodity brokers, legal services, banking, and business services. Similar patterns are discernible in other central cities. The point is that employment opportunities for professionals and managers are becoming dominant within central cities. Admittedly, this could result in no additional professionals and managers living within these cities, since they could commute from the suburbs. It does establish, however, a necessary condition for an urban gentry to arise.

In order to explain why these professionals and managers do remain within the city and also engage in gentrification, we must move away from the sphere of production and focus upon their reproduction and consumption activities. Moreover, it is not enough to say that they desire to live in an urban environment. The issue is *why* a fraction of this group elects to remain within the city, rather than to follow the trend of suburban out-migration. What is it about an urban residence, in addition to the proximity to work, which is especially compatible with the reproduction and consumption activities of this fraction of labor?

One part of the answer involves the attitude and behavior of many professional and managerial individuals to biological reproduction. Over the last few decades there has been a trend toward the postponement of marriage and of childrearing, and, in more and more cases, decisions to remain childless, despite a more recent rise in childbearing among women in their early thirties.<sup>5</sup> The implications for gentrification are that these decisions create more single individual households and childless couples whose consumption needs differ from those who have traditionally migrated to the suburbs.

Individual behavior concerning biological reproduction is a complex and diverse phenomenon.

One factor is the movement of women into the labor force: from 1960 to 1980 the labor-force participation rate for women increased from 37.7 to 51.5 percent (US Bureau of the Census 1982: 377). Economic necessity, the expansion in service-sector and professional-managerial jobs, feminist pressure and affirmative-action legislation have all contributed to making paid employment an available and acceptable option for many women. Certainly holding a paid job has usually been a necessity for working-class women, but economic decline has required even middle-class women to work. The desire of educated women to establish professional careers, coupled with the continued minimal childrearing participation by men, make it likely that child-bearing will be postponed or rejected. This option is facilitated by the widespread availability of birth control and the legalization of abortion in 1973. A career orientation also contributes to the postponement of marriage. A full explanation, however, requires that we consider the sphere of consumption within which both female and male professionals and managers exist.

The consumption style of this urban, professional-managerial group is partly one of conspicuous consumption, the acquisition of commodities for public display. It is facilitated by the postponement of familial responsibilities, and the accumulation of savings. Clothes, jewelry, furniture, stereo equipment, vacations, sports equipment, luxury items such as cameras and even automobiles, *inter alia*, are part of the visual and functional identity of the potential gentrifiers. In addition, more and more consumption takes place outside of the household in "public" realms: home cooking replaced by restaurants; home entertainment (with the exception of the video recorder which allows freedom from television schedules) by clubs, movies, plays, and shopping; and quiet respites at home are replaced by travel. Admittedly, these consumption habits are not dissimilar from those of other professional, middle-class individuals not in the city, but what makes them important for gentrification is their intersection with decisions on biological reproduction.

The postponement of marriage facilitates this consumption, but it also makes it necessary if people are to meet others and develop friendships. Persons without partners, outside of the milieu of college, must now join clubs and frequent places (e.g. "singles" bars) where other singles (both the never-married and the divorced) congregate in order to make close friends. Couples (married or not) need friendships beyond the workplace and may wish to congregate at "public" places. Those social opportunities, moreover, though possibly no more numerous

in cities than in suburbs, are decidedly more spatially concentrated and, because of suburban zoning, tend to be more spatially integrated with residences. Clustering occurs as these individuals move proximate to "consumption items" and as entrepreneurs identify this fraction of labor as comprising conspicuous and major consumers. Both the need to consume outside of the home and the desire to make friends and meet sexual partners, either during the now-extended period of "search" before marriage or a lifetime of fluid personal relationships, encourage the identification with and migration to certain areas of the city.

At the same time, these tendencies are also and obviously important for the gentrification of commercial districts. The potential gentry represent an "up-scale" class of consumers who frequent restaurants and bars, and generally treat shopping as a social event. The objective for the entrepreneur is to capture the discretionary income of the consumer by offering an experience that is more than a functional exchange. Implicated in the purchase, be it of gourmet ice cream, a nouvelle cuisine meal, or a dance lesson, is the status of being at that shop in that neighborhood and buying that particular brand. Thus the dynamic of capital accumulation, fueled by affluence, is wedded to conspicuous consumption. Moreover, the purchase and rehabilitation of existing commercial establishments as a neighborhood begins to gentrify contribute to further residential gentrification. The two are mutually supportive.

Yet the transformation of urban, middle-class professionals into gentrifiers requires more than conspicuous consumption and postponement of marriage and childrearing. It also involves threats to their continued consumption and to their long-term economic security, threats which lead them to purchase housing in the city. This fraction of labor is not immune either to inflation or to reductions in their employment status. Both have differing but serious impacts upon the ability of this class to consume in the ways described here. Moreover, these are "educated" consumers who understand the need to engage in financial planning, whether it be through tax lawyers, voluntary savings, or investments. Even while engaging in conspicuous consumption and, at least initially, postponing major savings, they are also sensitive to the advisability of planning for the future. The maintenance of their consumption patterns in the long run cannot be left to the workings of the economy. It must be actively pursued. That becomes immediately obvious as this group begins to cluster in certain areas of the city causing a "heating up" of the housing market (and thus rising

rents, condominium conversions and the like) and an increase in the price to be paid for consumption items.

As this "potential gentry" establishes an area as desirable, especially for those in similar life situations, the demand increases for housing and for restaurants, bars, movie theaters and other facilities for public but individualized consumption. Prices respond to the amount of money available, and are raised accordingly, reaching what the market will bear. Although this is not a major problem as regards most consumption items, it is as regards housing, particularly rentals. The rental market inflates, and individuals find it more and more difficult to move into these areas. For those who are already there, both "early" gentrifiers and older residents, the costs of staying in place may become onerous, and conspicuous consumption for the former is threatened. These factors encourage defensive actions to protect oneself against the vagaries of the housing market and, at the same time, to avoid the ravages of the effects of inflation on one's salary. Yet there is still the desire to live in a location with other, similar individuals and with numerous amenities of a particular quality and style. The combined search for financial security, a desirable location, access to amenities, and involvement with people of similar desires and affluence prepares these individuals to become gentrifiers. That there is a status to be gained from "home" or "apartment" ownership and a potential for high capital gains and tax benefits, not to mention the opportunity to express one's affluence and "taste" in physical surroundings, also contributes to the probability of gentrification as a solution to these problems.

Not all of the "gentry," however, will purchase a rowhouse or a condominium; some will rent luxury apartments in converted single-room-occupancy hotels or formerly working-class apartment buildings. Some of the potential gentry may be unable to amass a down payment, or wish to avoid the responsibility of home-ownership. But they should not be considered as lesser gentrifiers because of this; the conversion of apartment buildings to luxury status is also part of the gentrification process.

Still to be explained is why these potential gentry select an urban location over a suburban one, and how certain barriers to home-ownership direct them to deteriorated or lower-income residential areas. The selection of an urban location is mainly explained by the consumption and reproduction activities described earlier, and also by increasing commuting costs in metropolitan areas as rising energy costs have forced up operating costs for

the automobile, and become increasing commuting costs a interfere financially tion activities. P suburban living attracted housing areas. Throughout housing has been city providing long because of its rapid value, not to ment investments.<sup>7</sup> In fa both new and ex well as the cities, 1970 to 1980.<sup>8</sup> Bo ing costs, then, se a suburban house.

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Given the limit their desire to be ment, their pecu derivative desire t ment item and affluence and tas ing to project, it for inner-city loca with amenities an housing stock w bilitated and re are, for the mom are likely to ris forces is the der in specific types recognized by commercial inve of potential gen the same as th size, inner-city large amount o much of it enti not is left for abandoned.



the automobile, and as mass transit systems have become increasingly expensive.<sup>6</sup> Moreover, high commuting costs and long commuting times would interfere financially and temporally with consumption activities. Reinforcing this disincentive toward suburban living is the rising cost of newly constructed housing, both in the suburbs and in urban areas. Throughout most of the postwar period, housing has been a prime investment opportunity, providing long-term financial security, precisely because of its rapid appreciation and thus high resale value, not to mention its use as collateral for other investments.<sup>7</sup> In fact, the average purchase price of both new and existing housing, in the suburbs as well as the cities, has risen faster than wages from 1970 to 1980.<sup>8</sup> Both transportation costs and housing costs, then, serve as barriers to the purchase of a suburban house.

At the same time, these individuals cannot compete in just *any* housing submarket. Both encouraging and discouraging the purchase of housing is the inflation of wages and salaries relative to housing prices. Additionally, since these potential gentrifiers tend to be relatively new to their careers, and young, they are unlikely to have extensive savings. Even though parents may contribute to a down payment, the amassing of the capital needed to purchase a well-maintained house in an already "established" and stable middle-class urban neighborhood is likely to be difficult.<sup>9</sup> There are thus limitations on their demands in the urban housing market.

Given the limited capital of this potential gentry, their desire to be close to their places of employment, their peculiar consumption needs, and the derivative desire to treat "housing" as both an investment item and as a statement of the image of affluence and taste which these individuals are trying to project, it is not surprising that they search for inner-city locations near central business districts, with amenities and with an architecturally interesting housing stock which has the potential to be rehabilitated and redecorated, and where housing costs are, for the moment, relatively inexpensive but prices are likely to rise. That is, the end result of these forces is the demand for a specific type of housing in specific types of residential area. That this is also recognized by developers, real-estate agents, and commercial investors reinforces the housing choices of potential gentrifiers. The point is that this is not the same as the generalized demand for inexpensive, inner-city housing. In most cities, there is a large amount of inexpensive housing, but not very much of it entices the gentrifiers. That which does not is left for lower-income groups, or is simply abandoned.

## CREATION OF GENTRIFIABLE HOUSING

The next step in this theoretical penetration of the gentrification process is to explain the existence of inexpensive, inner-city housing capable of being "taken over" by "outsiders." There are two issues here: (a) the creation of gentrifiable housing, and (b) the creation of prior occupants for that housing who can easily be displaced or replaced – that is, who are unable or unwilling to resist. These are theoretically separable but interdependent processes.

The devaluation and deterioration of inner-city housing and land is a much discussed and explored phenomenon (Harvey 1973: 130–47, Smith 1979a: 543–5, 1979b, Solomon & Vandell 1982). Most importantly for the argument here, devaluation may or may not result in gentrification. Rather, the processes of residential change have the potential for numerous outcomes, ranging from gentrification to total abandonment of a neighborhood. Thus neighborhood decline is necessary but is not sufficient for gentrification to occur. Vulnerable neighborhoods may begin as areas of working-class housing, housing for the middle class, or even mixed-use (i.e. industrial, commercial, and residential) structures with a significant amount of housing interspersed.

To take the first case, there are working-class neighborhoods where housing has been well maintained for many decades, with working-class families replacing working-class families of the same or different ethnicity and race. Relative to other parts of the city, the housing may be inexpensive and thus entice the potential gentry. It is worth emphasizing that neighborhoods and housing need not be deteriorated before being gentrified. The price of housing within a given city is spatially relative. Its affordability and "acceptability" are regionally determined by prevailing wage rates, the overall cost of living, and the spatial structure of inflation in housing values. Gentrified neighborhoods of this origin seem characteristic of certain "gay" areas in San Francisco (Castells and Murphy 1982), and of traditional working-class neighborhoods comprised primarily of apartment buildings (Gottlieb 1982).

In the second case, where the residential area began not as a well maintained working-class neighborhood but as a neighborhood of middle-class homeowners, the process leading to the creation of inexpensive housing is different.<sup>10</sup> The devaluation of these areas is often described as one where the original middle-class residents move outward from the central city as they establish families and as their incomes rise. They are replaced by households of lower income. These replacement households may maintain the property for a time, but they soon

move on the same trajectory of upward and outward mobility as those they replaced. Reproduction and consumption activities are thus central to the production of deteriorated housing. Eventually, the neighborhood is "invaded" by a group of households with a low and virtually stagnant income stream. The costs of maintenance and reinvestment in the housing exceed their financial wherewithal, and significant deterioration begins.

The result is the further in-migration of households unable to maintain their dwellings, overcrowding, the subdivision of large households into rental units in order to produce a rent roll acceptable to their owners (some of whom may be absentee landlords), and the eventual transition of home-ownership to rental tenure. The landlords may continue to invest in the property, and this process of devaluation might be averted, or at least temporarily halted. If not, disinvestment escalates as the tenants become poorer and poorer, as profits erode in the face of inflation, and as other investment opportunities compete for the landlord's capital. This leads to more rapid deterioration, actual destruction (e.g. "torching" for insurance purposes) and abandonment. The housing stock in this area is now "inexpensive."

Peculiar to even fewer cities than gentrification is "loft conversion," the creation of inexpensive housing from mixed-use districts, particularly industrial or waterfront districts with many small-scale manufacturing plants or warehouses established prior to World War II. This is the third case we shall consider. Often, these mixed-use areas are adjacent to central business districts. Cities such as New York, Philadelphia and Boston have had areas of this type abandoned, but without replacement by other industrial tenants. The buildings have remained empty, or have been rented or purchased by marginal industrial or commercial tenants who have failed to maintain them. The result has been both devaluation and deterioration. Enclosed space in these areas is thus relatively inexpensive, even though it may require significant rehabilitation before being habitable as housing. Nonetheless, the transformation of mixed-use areas and the takeover of inexpensive working-class housing are as much a part of gentrification phenomena as the more prototypical case of the redevelopment of deteriorated but once middle-class neighborhoods.

### LOCATING THE GENTRIFIED

The people most likely to be gentrified (i.e. displaced) are those living in inexpensive but

architecturally desirable housing near central business districts. Many are marginal to the labor market or outside it: unemployed males and working-class white, black and Hispanic youth, the elderly, "welfare" mothers, and many working-class households and underemployed individuals near the poverty line. Some are "redundant" workers, but many are part of the urban labor market.<sup>11</sup> They are living in these locations for a variety of reasons: the rents may be cheap, the location may hold historical and emotional significance, there may be spatial advantages in terms of private and public services needed for reproduction and consumption, or employment opportunities may be nearby. Their location may be a matter of choice; it may have stemmed from a lack of choice. Nonetheless, their existence here is a matter of the creation and location of the inner-city poor.

The explanation for the inner-city poor under capitalism is complex, involving not only the migration of black agricultural workers after World War II but also that of poor whites from rural lands (e.g. Castells 1976b). The lure of low-wage manufacturing jobs in the cities brought them there, and the subsequent diminution of such jobs left them in marginal economic straits. The opportunities for the sons and daughters of these migrants, moreover, are limited. Low-wage, unskilled manufacturing and service jobs compete with unemployment and public assistance. The link between the potential gentrifiers and the potential gentrified begins here in the labor market. The forces that have generated employment opportunities for the professional-managerial class have also diminished low-wage manufacturing jobs with opportunities for advancement, and given rise to service and clerical employment in retail establishments and offices. These latter jobs are often of low pay and with little possibility for career mobility. In the retail and hospitality sectors, for example, turnover is high and employment stability is virtually nonexistent. The restructuring of the urban labor market is thus part of the explanation for the existence of both the potential gentrifiers and the potential gentrified. The former are provided with the reasons and wherewithal to undertake gentrification; the latter are limited to certain neighborhoods within the city and are unable, because of their low economic status, to resist gentrification.

These individuals occupy housing which has the potential to be gentrified and, secondly, are themselves economically and politically powerless relative to the gentrifiers. Because they are in the low-wage sectors of the labor market, or outside it on "fixed" incomes, they have few economic resources and find themselves renting in these neighborhoods, or

else barely able to maintain in which they have lived seen their relative economic market erode. At the same time, the potential for gentrification is weak relative to the city's population, particularly in the inner city, and thus their attraction to redevelopment, usually middle-class affluence, is limited. Households, additionally, may have large numbers of children, or may be elderly, thus requiring a greater range of services ranging from education to health care. The hypothetical gap between the needs of these households and the provision of governmental services and contribute to the overall pattern of consumer expenditures to afford decent housing, which is often considered undesirable to local government.

Thus, because these households lack economic power, and are in the lower stages in the realms of consumption (e.g. low purchasing power, respectively), they also result in that these households are not "rented out" by the more affluent and unlikely to mobilize for the encouragement of gentrification. It is uncommon to find older homeowners anxious to sell and move, and it has been shown to be a major factor in the displacement consequent upon gentrification. The group merely points to the nature of gentrification as a "law" of capital, and the conditions for gentrification are not gentrified always (Auger 1979). Instead, and politically weak neighborhood at a particular time with the inner city, among other things, the culture which is labeled

### GENTRIFICATION

To this point, a number of gentrifications have been identified. The potential gentrification is the potential gentrification, among other things, the culture which is labeled



else barely able to maintain and hold on to houses in which they have lived for years, years that have seen their relative economic influence in the housing market erode. At the same time, their consumption potential is weak relative to other segments of the city's population, particularly the potential gentry, and thus their attractiveness to proponents of redevelopment, usually intent on creating a city of middle-class affluence, is also weak. Many of these households, additionally, are characterized by large numbers of children, or are female-headed and poor, thus requiring a greater share of local governmental services ranging from education to law enforcement. The hypothetical gap between what they demand in governmental services and what they pay in taxes and contribute to the circulation of capital through consumer expenditures combines with their inability to afford decent housing to make them relatively undesirable to local-government officials.

Thus, because these individuals and families lack economic power, and because of related disadvantages in the realms of consumption and reproduction (e.g. low purchasing power and family instability, respectively), they also lack political power. The end result is that these households are easily exploited by landlords if they are renting, unable to resist "buy-outs" by the more affluent if they own their housing, and unlikely to mobilize to resist local-government encouragement of gentrification. Of course, it is not uncommon to find in gentrifying neighborhoods older homeowners and small landlords who are anxious to sell and move. However, this has not been shown to be a major proportion of those potentially gentrified, and therefore does not obviate the displacement consequences of gentrification. This group merely points up, once again, the chaotic nature of gentrification. The location of these "powerless" households in gentrifiable residential areas is not a "law" of capitalism, which inevitably produces the conditions for gentrification, nor do those potentially gentrified always succumb without a struggle (Auger 1979). Instead, the location of economically and politically weak households in certain types of neighborhood at a particular historical time combines with the inner-city location of the potential gentry, among other factors, to produce the conjuncture which is labeled gentrification.

### GENTRIFICATION PROCESSES

To this point, a number of components of gentrification have been explained: the production of the potential gentry, the generation of the potentially gentrifiable neighborhoods, and the creation of

the potentially gentrified. This analysis has included the possibility that any of these "productions" might not lead to gentrification. It remains to (a) identify the "facilitators" or active agents of gentrification, in addition to the potential gentry themselves, and (b) more specifically to explain why only *certain* inner-city areas with inexpensive housing opportunities occupied by the "powerless" become gentrified. Many parts of any city remain in a deteriorated condition, despite the existence within the city boundaries of potential gentry, and despite the presence of inexpensive housing occupied by the lower class.

Gentrification is partly facilitated by the federal government's inducements to home-ownership, making a housing purchase economically beneficial (Stone 1978). Basic to this policy is the tax deduction for interest payments on mortgages. There are also more recent tax deductions and credits for weatherization and energy-conservation projects (e.g. solar panels), as well as for the rehabilitation of historic structures. The purchase and rehabilitation of a house can benefit the buyer significantly, particularly in the first few years of the purchase when interest rates comprise a large proportion of mortgage payments and when rehabilitation is likely to be done. This applies, of course, to home-ownership regardless of location, though Federal Housing Administration mortgage insurance has historically favored suburban sites.

The local government often plays a more active and direct role in the gentrification process (Smith 1979b). It stands to benefit directly from the dislocation of lower-class groups which burden it through social programs, and from their replacement by middle-class consumers whose income will circulate in the local economy and whose investments will enhance the tax base. Thus one finds local governments advertising the potential for gentrification in certain of their neighborhoods; providing tax abatements for rehabilitation (e.g. the J-51 program in New York City); devoting community development funds to rehabilitation and to improving public services in these neighborhoods; using code enforcement to force landlords and homeowners to rehabilitate or to sell their properties; actively engaging in the designation of historic districts or the labeling of "neighborhoods" (e.g. the "creation" of Tribeca by the New York City Planning Commission); and diminishing public service provision elsewhere in order to encourage decline before then facilitating reinvestment (Hartman *et al.* 1981). Moreover, the local government can rezone a mixed-use district to make it easier to gentrify, or it can fail to enforce zoning statutes in a mixed-use district, thus facilitating an easier transition to residential land use.

The local government and the various tax provisions of the federal government, however, are not determinant, and their actions may not even be necessary. What is necessary, but not sufficient, is for financial and property interests to foresee the opportunities involved in the transformation of a residential area from low to middle income through investment in rehabilitation. Landlords, developers and real-estate agents, both large and small, play an important role in "steering" the potential gentry to a neighborhood, buying property and speculating (i.e. "flipping" a building by purchasing it and then selling it a short time later without adding any value to it), and displacing residents (directly or indirectly) by raising rents in order to empty a building in preparation for sale or for complete rehabilitation. In addition, rental properties are turned into condominiums or cooperatives, and even rehabilitated as rental units (Richards & Rowe 1977, Smith 1979b, Gottlieb 1982). In all these instances, property interests are exploiting those short-term investment opportunities created by other components of the gentrification process. In fact, the ways in which profits may be realized are numerous, as are the combinations of small, medium and large developers, real-estate interests and landlords who might pursue them.

Property interests, nonetheless, cannot operate without the assistance of financial entities able to lend large sums of capital (Smith 1979b). Investments in the built environment are large and usually of long duration. More importantly, the profits to be made from such investments are contingent upon low equity-to-debt ratios, which allow tax advantages, high profits and easy withdrawals (i.e. escape) from both good and bad investments. Savings and loan associations, local banks, and other financial institutions make capital available over long terms for mortgages and over shorter terms for construction and rehabilitation. Insurance companies and pension funds may also buy property and invest in neighborhoods. In the case of large buildings or complexes, new forms of creative financing (such as limited-equity partnerships) allow numerous and various fractions of capital and even labor to provide money for gentrification, and to reap the rewards from the rapid escalation in housing costs.

All of these agents, inclinations and forces must come together in specific spatial locations. These sites are often characterized by architecturally interesting housing or commercial and industrial structures "with potential:" a unique spatial amenity such as access to a waterfront, a hilltop location or a spectacular view; substandard but not structurally unsound buildings clustered relatively close together

to allow for a contagion effect to occur and for gentrifiers to "protect" themselves; proximity to the central business district (Lipton 1980) or at least good mass transportation links; and local neighborhood commercial areas with an initial attraction to the early gentrifiers but also with the potential for transformation to the types of shops, restaurants and facilities most compatible with the reproductive decisions and consumption activities of the gentry.

The actual gentrification process, though it may involve all of these actors to varying degrees, has not unfolded similarly in different cities, nor is it likely to unfold in the future. Theory must explain multiple gentrification processes.<sup>12</sup> The most commonly accepted version is that in which a deteriorated neighborhood is initially invaded by "pioneers." Then the process quickens as gentry, along with small real-estate interests, financial institutions and construction firms, participate in the purchase and rehabilitation of single-family dwellings (London 1980). The dynamics are different in those neighborhoods in which large-scale developers and speculators purchase multifamily housing and the area is transformed into luxury condominiums and cooperative apartments (Richards & Rowe 1977, Gottlieb 1982). One can also identify a gentrification process in which the local government takes the initiative through a major urban renewal project (e.g. Society Hill) or through homesteading programs (e.g. in Baltimore). Each of these processes (and there may be others) brings together the various actors and conditions in a different manner with varying implications for the distribution of the resultant financial and social benefits and costs.

Recognition of the complexity of processes involved furthers our sensitivity to "gentrification" as a chaotic concept. No one or even two factors are determinant. Conversely, the absence of any one factor does not mean that gentrification will not occur. Just as possible is their fusion into another form of neighborhood transformation unlike what we currently label gentrification. A sensitivity to these various possibilities is what characterizes the present theoretical analysis. It is a sensitivity both to the structural elements of advanced capitalism, which establish some of the necessary conditions for gentrification, and to the specific and contingent factors and historical timing, which must occur for gentrification to materialize. What is essential, nonetheless, is the production of that fraction of labor from which the potential gentry are drawn, the production of areas where gentrification might proceed, and the creation of a "gentrifiable" fraction of labor. That these components may exist without gentrification ensuing attests to the view of gentrification as an

historical event created by forces and contradictions which is itself characterized by contingency (Beauregard 1981).

Thus, a recognition of the chaotic and complex nature of the theoretical goal was to understand the social and positivist social science, yet not to reduce its concrete manifestations to a rediscovery of the essential structure and dynamic of the phenomenon. Only in this view can it be seen as a process.

## ACKNOWLEDGMENTS

Damaris Rose, Neil Smith, and two anonymous reviewers have been most helpful in discussing the gentrification phenomenon. I would like to thank them.

## Notes

- 1 It is within this context that the notion that gentrification is the future of urban development is a curious fact that, in the context of small-scale production, is not surprising.
- 2 Rose (1984) argues that the "marxist theoretical framework" method of analysis is not appropriate to produce an understanding of the process.
- 3 Moreover, it is not clear that gentrification exhibits uneven development in this important sense.
- 4 International reproduction of labor power is a potent force that thus influences the process of gentrification.
- 5 From 1970 to 1980, the birth rate fell from 62.4 per 1,000 to 11.2 of all live births, which itself is a reflection of the declining birth rate due to population (Lipton 1980).



historical event created by the fusion of disparate forces and contradictions within a social formation which is itself characterized by both structure and contingency (Beauregard 1984).

Thus, a recognition of gentrification as both chaotic and complex has guided this work. The theoretical goal was to penetrate the layers of ideology and positivist social research which clothe gentrification, yet not to probe so deeply as to pass by its concrete manifestations. The intent was not to rediscover the essence of capitalism, but to use its structure and dynamics to explain a specific social phenomenon. Only by having gentrification clearly in view can it be scrutinized effectively.

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## Notes

- 1 It is within this layer of meaning that we find the notion that gentrification is a template for the future of urban neighborhoods, despite the obvious fact that, albeit highly visible, it is as yet a small-scale phenomenon.
- 2 Rose (1984) makes the point that even marxist theorists are prone to a "mix-and-match" methodology in which marxist categories are combined with positivistic empiricism to produce an eclectic and epistemologically inconsistent theoretical argument.
- 3 Moreover, it is not just capitalist countries that exhibit uneven development of sorts. However, this important theme cannot be discussed here.
- 4 International restructuring also affects the accumulation potential of different investments and thus influences gentrification. The variation in profit rates across industrial sectors, however, is always operative at the national level under capitalism and thus is not sufficient for explaining gentrification.
- 5 From 1970 to 1980 the following changes occurred: the percentage of married individuals fell from 62.4 to 60.8; the percentage of nonfamily, two-person households increased from 8.0 to 11.2 of all nonfamily households, a category which itself increased by 66.4 percent; and the birth rate decreased from 17.8 to 16.2 per 1 000 population (US Bureau of the Census 1981).

As for the fertility rate of women in their early thirties, the rate among women 30 to 34 years of age rose 22.5 percent from 60 births per 1000 women in 1980 to 73.5 births in 1983. In addition, "forty-four percent of the women in this age range who gave birth last year either held jobs or were seeking jobs" (Pear 1983).

- 6 The consumer price index for public transportation increased by 131.7 percent from 1970 to 1980, and that for private transportation by 148.4 percent. Private non-agricultural gross weekly earnings in current dollars rose by 96.2 percent (US Bureau of the Census 1981: 468).
- 7 This suggests that sale value, and not ground rent, is a more salient financial issue in gentrification, though primarily for the gentry and not for property or financial interests (cf. Smith 1979a). Of course, the two "values" are difficult to separate in reality.
- 8 Whereas the consumer price index for housing increased by 122.3 percent from 1970 to 1980, private non-agricultural gross weekly wages rose by 96.2 percent in current dollars (US Bureau of the Census 1981: 468). The median sale price of a new privately owned one-family home increased by 176.1 percent over this decade, and the sale price of an existing, privately owned single-family home by 170.4 percent (US Bureau of the Census 1982: 249).
- 9 Omitted from this argument, because it seems less important where gentrification has occurred, is the construction of middle-income housing on vacant land in central cities. If such land were to exist, it is difficult to predict whether it would detract from the process of gentrification.
- 10 This is the case most often discussed in the literature and an example of particular interest to urban sociologists of the human ecology school.
- 11 To the extent that they are redundant, the displacement of these marginal and working-class households may not interrupt the smooth reproduction of labor for capital. See Smith, N. (1982: 153).
- 12 DeGiovanni (1983) has demonstrated empirically the discontinuous nature of gentrification and its variability across gentrifying neighborhoods.

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