

# Memorandum



DATE February 15, 2019

CITY OF DALLAS

TO Honorable Mayor and Members of the City Council

SUBJECT **2019 Mayor and City Council Strategic Planning Session**

On February 20, 2019, the Dallas City Council will hold its annual strategic planning session. The final agenda and suggested pre-reading materials are attached.

As noted in our original memo, this year's retreat comes at a pivotal time for our City. We look forward to a productive discussion and an opportunity for an open dialogue about how we can move forward – equitably and without hesitation – to become the community we want to be and should be.

### **Logistics for the Session**

The retreat will be held at The Center for Brain Health, Brain Performance Institute. The location is at 2200 West Mockingbird Lane Dallas, TX 75235. A map and driving directions to the center are attached (Attachment 1). There's ample free parking in front of the Institute.

### **General Session Objectives**

As last year, the retreat is intended to be an informal, work-session style forum – collaborative and interactive in nature. Dress is casual.

Key objectives for the session include:

1. Provide a retrospective and update of key initiatives identified in the 2018 planning session for Year 1 and Year 2.
2. Reaffirm Year 2 priorities and identify new priorities for Year 3 (Council's list and proposed from Staff).
3. Through the "Dot Exercise," we will build consensus around 2019-20 strategic priorities for the City Council, including actionable items tied to policies.
4. Following this exercise, Leon Andrews, Director of the Race, Equity and Leadership program for National League of Cities, will select a key priority and walk us through how we as a City can apply an equity lens to that particular priority.

To maximize our time together, please review the attached full list of priorities resulting from the 2018 City Council Retreat (Attachment 6) and submit **3-5 new priorities** you feel are missing from the current list. **New priorities must be emailed to Kimberly Bizzor Tolbert, Chief of Staff by close of business, Tuesday, February 19<sup>th</sup>.**

Thank you for making time on your calendars for this session and for your participation. We look forward to a productive session. See you on Wednesday.



T.C. Broadnax  
City Manager

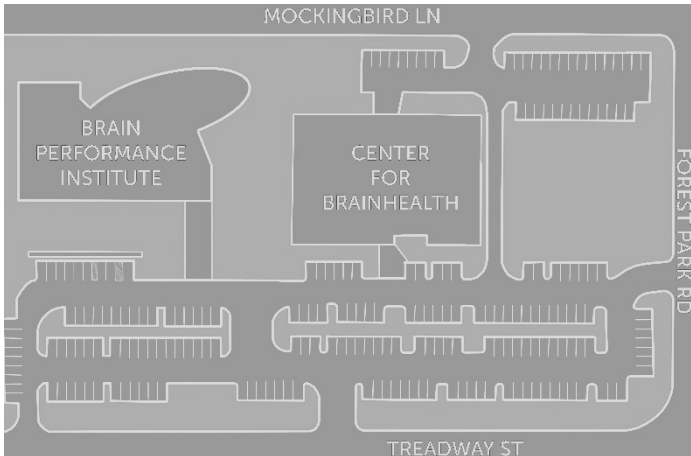
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- |  |   |
|--|---|
| Chris Caso, City Attorney (Interim)                        | Jon Fortune, Assistant City Manager                                       |
| Carol A. Smith, City Auditor (Interim)                     | Joey Zapata, Assistant City Manager                                       |
| Billieae Johnson, City Secretary                           | Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer |
| Preston Robinson, Administrative Judge                     | M. Elizabeth Reich, Chief Financial Officer                               |
| Kimberly Bizer Tolbert, Chief of Staff to the City Manager | Laila Alequresh, Chief Innovation Officer                                 |
| Majed A. Al-Ghafry, Assistant City Manager                 | Directors and Assistant Directors   |

Attachments:

1. Brain Performance Institute Directions and Parking
2. Council Planning Session Agenda
3. WiFi Information
4. Menu
5. Speaker Bios
6. 2018 City Council Overarching Initiatives
7. Beyond Gentrification: Towards More Equitable Urban Growth

## Brain Performance Institute Directions and Parking

**2200 W Mockingbird Lane**  
**Dallas, Texas 75235**  
**PH: 972-883-3400**



**Parking**



**Brain Performance Institute**

### Directions from downtown Dallas:

*Take Exit 45A and I-35E to N Stemmons Fwy. Take Exit 432A from I-35E.*

*Take Inwood Rd and Harry Hines Blvd to W Mockingbird Lane.*

*Turn right onto Forest Park Ln. Immediately after turn, turn right through gates into parking lot.*

*Continue through parking lot to the front of the Brain Performance Institute, the second building on the right (see parking map below).*

*Please park in any available spot and we will be in the lobby to greet you.*





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CITY SECRETARY  
DALLAS, TEXAS

**AGENDA**  
**CITY COUNCIL PLANNING SESSION**  
**FEBRUARY 20, 2019**

Brain Performance Institute, First Floor Conference Room  
2200 W. Mockingbird Lane, Dallas, TX 75235  
9:00 a.m.

- |            |   |   |
|------------|---|---|
| 8:30 a.m.  | Breakfast   |   |
| 9:00 a.m.  | Welcome/Order of Business   | Mayor Mike Rawlings   |
| 9:05 a.m.  | Grandest Challenge: Brain Health<br>Tactics to Optimize Brain Performance | Sandra Bond Chapman, PhD<br>Founder and Chief Director,<br>Center for BrainHealth<br><br>Jennifer Zientz, MS<br>Brain Performance Institute |
| 11:00 a.m. | Break   |   |
| 11:15 a.m. | 2017-18 Retrospective<br>and 2018-19 Policy Priorities                    | T.C. Broadnax<br>City Manager   |
| 12:00 p.m. | Lunch   |   |
| 1:00 p.m.  | The Future of Dallas Through<br>An Equity Lens                            | Leon Andrews<br>Director – Race, Equity, And<br>Leadership Program (REAL)<br>National League of Cities (NLC)                                |
| 2:00 p.m.  | Break   |   |
| 2:10 p.m.  | The Future of Dallas Through<br>An Equity Lens – Continued                | Mr. Andrews   |
| 3:15 p.m.  | Effective Leadership<br>in a Diverse Environment                          | Angeles Valenciano<br>Chief Executive Officer<br>National Diversity Council   |
| 4:30 p.m.  | Dinner & Debrief of Today's Session Topics                                |   |
| 6:45 p.m.  | Adjourn   |   |

The above schedule represents an estimate of the order for the indicated items and is subject to change at any time.

## EXECUTIVE SESSION NOTICE

A closed executive session may be held if the discussion of any of the above agenda items concerns one of the following:

1. seeking the advice of its attorney about pending or contemplated litigation, settlement offers, or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act. [Tex. Govt. Code  
a. §551.071]
2. deliberating the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.072]
3. deliberating a negotiated contract for a prospective gift or donation to the city if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.073]
4. deliberating the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing. [Tex. Govt. Code  
a. §551.074]
5. deliberating the deployment, or specific occasions for implementation, of security personnel or devices. [Tex. Govt. Code §551.076]
6. discussing or deliberating commercial or financial information that the city has received from a business prospect that the city seeks to have locate, stay or expand in or near the city and with which the city is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect. [Tex Govt. Code §551.087]
7. deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementations of security personnel, critical infrastructure, or security devices. [Tex. Govt. Code §551.089]

### Handgun Prohibition Notice for Meetings of Governmental Entities

**"Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun."**

***"De acuerdo con la sección 30.06 del código penal (ingreso sin autorización de un titular de una licencia con una pistola oculta), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola oculta."***

**"Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly."**

***"De acuerdo con la sección 30.07 del código penal (ingreso sin autorización de un titular de una licencia con una pistola a la vista), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola a la vista."***



Dallas City Council  
Strategic Planning Session  
Wednesday, February 20, 2019

## WIFI INFORMATION

### Network: CBHGuest or PBIGuest

A new internet window will open, if not, open your browser of choice. You should be redirected to this webpage. Enter your **email address** in the space provided and click **accept** to agree to the terms of service.

Welcome to the Guest Wi-Fi network.

**Ty Khien**  
**214.671.9494 (will roll to his cell)**

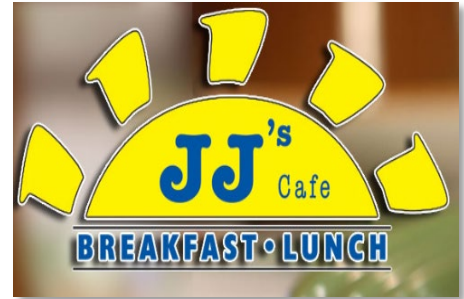


**Dallas City Council  
Strategic Planning Session  
Wednesday, February 20, 2018**

**Breakfast: J.J.'s Café**

**District 10**

Eggs, potatoes, bacon, sausage, toast,  
biscuits, coffee, orange juice



**Lunch: Mama's Daughter's Diner**

**District 6**



**Dinner: Pie Tap – District 2**





**Sandra Bond Chapman, PhD**  
**Founder and Chief Director, Center for BrainHealth**  
**Co-leader, The BrainHealth Project**



Sandra Bond Chapman, PhD – founder and chief director of the Center for BrainHealth® at The University of Texas at Dallas, where she holds the Dee Wyly Distinguished University Chair – is committed to maximizing cognitive performance and improving healthy brain development across the lifespan. A cognitive neuroscientist with more than 50 funded research grants and more than 200 publications, Dr. Chapman conducts scientific studies that apply novel approaches to advance creative and critical thinking, strengthen brain resilience and incite innovation throughout life.

Dr. Chapman collaborates with scientists across the country and around the world to solve important issues concerning the brain and its health. On the frontier of brain health research, her scientific study melds interdisciplinary expertise including cognitive neuroscience, rehabilitation, brain imaging, medicine and neuroengineering. The goals: to understand how to better evaluate higher-order, strategic cognition; and to develop, test and implement protocols to achieve optimal brain performance through enhancing and preserving frontal lobe function. The frontal lobe networks are the connections in the brain responsible for reasoning, planning, decision-making, creativity, emotional down-regulation, and judgment. Dr. Chapman coined the term “brainomics” to define the high economic cost of poor brain performance, and she sees the brain as the most significant path through which to raise the standard of living globally.

Dedicated to improving lives today and changing how the public thinks and acts about the brain and its health, in 2017 the Center for BrainHealth launched its Brain Performance Institute™ as the translational arm to deliver to the public rapidly emerging discoveries in cognitive brain health. In 2019, it opened the BrainHealth Imaging Center with a unique focus on human brain research.

Dr. Chapman is also the co-leader of The BrainHealth Project, an international, multi-year research collaboration of brain scientists and change-makers focused on harnessing the brain’s potential to lengthen and strengthen its functionality. This initiative is committed to establishing an objective, predictive and standardized set of brain health measures, and it will accelerate further discovery by making the largest cognitive data set ever collected freely available to researchers worldwide.

Her work to advance cognitive capacity aims to help people of all ages improve their lives, whether they have a healthy brain, a brain disease or brain injury. Her vision elevates people from all walks, including overstressed high achievers, veterans transitioning to civilian life, people who have experienced concussions or more serious forms of brain injury, people diagnosed with Alzheimer’s or related dementias, and people with attention deficit hyperactivity disorder (ADHD), autism spectrum disorder, bipolar disorder and more.





**Jennifer Zientz, MS, CCC/SLP**  
**Head of Clinical Services**  
**Center for Brain Health**



Jennifer Zientz is Associate Director and Head of Clinical Services at the Brain Performance Institute, the translational research arm of the Center for BrainHealth at The University of Texas at Dallas. She studies healthy cognitive function – with an emphasis in high performance – across the lifespan.

Her work focuses on cognitive resilience-building and regeneration by administering assessments that establish benchmarks of high-level cognitive function and training elite thinkers to reach beyond their perceived potential.

She facilitates high-performance brain training that was developed by BrainHealth neuroscientists and clinicians, with forward-thinking individuals and groups including C-Suite executives, executive leadership teams, active duty special ops teams, veterans and first responders.

She leads Brain Performance Institute teams that execute high-performance assessments and brain training. She is responsible for the development and oversight of training certification programs. Jennifer also administers assessments to study the cognitive effects of degenerative disorders such as Alzheimer's disease and Frontotemporal dementia, and the short- and long-term effects of concussion.

Jennifer has published papers in numerous peer-reviewed journals and is a frequent speaker on human cognitive performance development.

Jennifer obtained her Bachelor of Science degree from The University of Texas at Austin and her Master of Science degree from The University of Texas at Dallas.



**Leon Andrews**  
**Director**

**Race, Equity, And Leadership Program (REAL)**  
**National League of Cities (NLC)**



Leon T. Andrews, Jr. is the first director of NLC's Race, Equity And Leadership (REAL) Program. He was appointed to this position in 2014. Leon previously served as the senior fellow and program director for NLC's Institute for Youth, Education, and Families. For eight years, he led all of the Institute's youth development work with mayors and other municipal leaders around the country including in areas related to childhood obesity, disconnected youth, youth engagement and leadership, and youth master planning.

Before joining NLC, Leon completed a research fellowship at The Forum for Youth Investment. Leon has an extensive background working in government, the community, the private sector, and academia for the last 25 years, including the United States Department of Justice, the office of United States Senator Barbara A. Mikulski, the United States Public Interest Research Group, the Allegheny County Department of Human Services, YouthBuild Pittsburgh, the Development Corporation of Columbia Heights, and PricewaterhouseCoopers. Leon also served as an adjunct professor in the Department of Political Science at Eastern Michigan University. He is a published author, a presenter at several conferences and other forums both nationally and internationally. He serves on several national and local boards including ChangeLab Solutions (chair), National Recreation and Parks Association (past chair), National Council on Crime and Delinquency, and the National Network for Youth.

Leon received his Bachelor of Arts in Political Science from Howard University, a Master of Science in Public Policy and Management from Carnegie Mellon University, and is a PhD candidate in the Urban and Regional Planning program at The University of Michigan. Leon is married to an amazing woman, Dr. Kristine M. Andrews. They have three beautiful daughters – Jessica Austin, Julia Iris, and Joanna Jonas.



### **Angeles Valenciano Chief Executive Officer National Diversity Council**



Angeles Valenciano was recently appointed as chief executive officer of the National Diversity Council (NDC), becoming the first female CEO of this major nonprofit. In this role, she will continue to advance the NDC's mission of fostering diversity and inclusion in the workplace. She will also focus on strengthening partnerships with businesses, academia and the community at large.

Ms. Valenciano is a seasoned strategist with more than 20 years of experience in human resources, primarily focused on diversity, organizational change, and development. She was previously president of the Healthcare Diversity Council and executive vice president of the NDC. In the latter role, she oversaw the growth of several national markets, including California and Arizona. In addition, she also served as vice president of business development for the Texas Diversity Council (TXDC), one of the NDC state councils.

Ms. Valenciano was the TXDC's first executive director with responsibility over operations and policy implementation as adopted by the Board of Directors. She directed the agendas of the regional diversity council's advisory boards in Austin, San Antonio, Dallas, and Houston. Under her leadership, the annual Women in Leadership Symposium was created and is now a national and global event held in more than twelve states and several countries including England, Mexico, and Argentina.

Formerly, Ms. Valenciano was the director of diversity and inclusion for 84 Lumber Company. She provided leadership and direction for the infrastructure, design, formulation, implementation and execution of the organization's overall diversity strategy, which included external communications, public relations, and community engagement. She was also responsible for ensuring the efficacy of these business practices, processes, and procedures. Ms. Valenciano's role was carried out in the company's business expansion into Mexico and Canada.

As an assistant vice president and officer at JPMorgan, she served in the capacity of leadership development consultant in Credit Card Services and Organizational Development, and consultant to Customer Services' clients. Ms. Valenciano also managed the strategic direction and execution of organizational-wide development processes as well as diversity programs and initiatives. She served as subject matter expert on global diversity, overseeing the company's initiatives in Latin America, Canada and Mumbai, India.

Active in charitable and civic affairs, Ms. Valenciano is a graduate of the Instituto Tecnológico y de Estudios Superiores de San Luis Potosí located in the City of San Luis Potosí in Mexico with a degree in business and computer information systems. She holds a Professional in Human Resources (PHR) Certificate from University of Villanova. She has completed various leadership and professional development programs across the country and abroad.

Ms. Valenciano is fluent in English and Spanish. She serves on the board of the Science, Engineering and Technology at St. Mary's University in San Antonio, TX. She is a strong advocate and chairs several committees for people with disabilities in the workplace. She is a proud ally to the LGBT community and is active with several chambers of commerce across the country. Ms. Valenciano lives in San Antonio, TX, with her children Tony, Diego and Mario.

2018 City Council Planning Session

| Total | 17/18 | 18/19 | Overarching Initiatives   |
|-------|-------|-------|---|
| 11    | 9     | 2     | Comprehensive Housing Policy/Strategic Plan   |
| 9     | 6     | 3     | Strategic Plan to End Homelessness  |
| 8     | 4     | 4     | Comprehensive Economic Development Policy/Strategic Plan  |
| 8     | 2     | 6     | Develop and Implement a 5-year Infrastructure Management Program  |
| 8     | 7     | 1     | Sustainable Development and Construction Improvements "One Stop Shop"                                     |
| 7     | 3     | 4     | CDBG/HOME Consolidated Plan Alignment and Accountability  |
| 7     | 7     | 0     | Comprehensive Transportation and Mobility Strategy  |
| 7     | 1     | 6     | Develop a Comprehensive Database of all City-owned Building and Land                                      |
| 7     | 4     | 3     | Develop and Effective Strategy to Reduce/Eliminate Aggressive Panhandling                                 |
| 7     | 3     | 4     | Update the City's Comprehensive Plan  |
| 6     | 2     | 4     | Alley and Sidewalk Repair Improvement Programs  |
| 6     | 3     | 3     | Develop a Green Space Plan  |
| 6     | 1     | 5     | Mixed Use and Transit Oriented Development  |
| 6     | 2     | 4     | Multi-Family Recycling Ordinance  |
| 5     | 4     | 1     | Comprehensive Park Land Dedication and Tree Mitigation Policy/Ordinance                                   |
| 5     | 1     | 4     | Develop Senior Living Strategic Plan  |
| 5     | 3     | 2     | Develop/update Dallas Police Department Strategic Plan  |
| 5     | 2     | 3     | Fair Park Management & Operations Contract  |
| 5     | 1     | 4     | Redevelopment of Underutilized Commercial/Retail Centers  |
| 4     | 1     | 3     | Establish a Comprehensive Plan for Smart Streetlight Conversion   |
| 4     | 2     | 2     | Establish a Unified Development Code to Standardize Development Activities and Requirements               |
| 4     | 3     | 1     | Targeted Economic Development Programs  |
| 4     | 2     | 2     | Tax Relief and Spending Control Strategy  |
| 3     | 3     | 0     | Affordable and Mixed Income Housing Development   |
| 3     | 0     | 3     | Community Oriented Code Compliance and Responsiveness   |
| 3     | 2     | 1     | Dallas Animal Services Comprehensive Code Review  |
| 3     | 1     | 2     | Develop a Diversity, Equity and Inclusion Plan  |
| 3     | 2     | 1     | Develop a Smart City Strategy   |
| 3     | 1     | 2     | Gentrification Mitigation Strategy Development  |
| 3     | 1     | 2     | Improve the Use of Data Throughout the City Organization to Inform Policy Development and Decision Making |
| 2     | 0     | 2     | Availability and Disparity Study  |
| 2     | 1     | 1     | Develop a Citywide Litter Policy and Litter Abatement Plan  |
| 2     | 2     | 0     | Develop an Anchor Institution Program   |
| 2     | 1     | 1     | Programs to Improve the City's Housing Stock  |
| 2     | 1     | 1     | RIGHT Care Pilot Program Implementation   |
| 1     | 0     | 1     | City Council Professional Development and Training  |
| 1     | 0     | 1     | Creation of City Council District Scorecards  |
| 1     | 0     | 1     | Cultural Plan 2018  |
| 1     | 1     | 0     | Develop a Digital Equity Strategy   |
| 1     | 0     | 1     | Develop a Proactive Business Recruitment and Retention Plan   |
| 1     | 0     | 1     | Develop/update Dallas Fire Rescue Strategic Plan  |
| 1     | 1     | 0     | Street Feeding Ordinance and Policy Review  |
| 0     | 0     | 0     | Develop a Strategy to Eliminate Food Desert in Southern Dallas  |
| 0     | 0     | 0     | Develop Contractor Accountability Guidelines  |
| 0     | 0     | 0     | Downtown Parking Utilization and Parking Efficiency Study   |
| 0     | 0     | 0     | Fleet Management Efficiency Study   |
| 0     | 0     | 0     | Streamline/Automate the Assistance Programs Across All Providers  |

**Beyond Gentrification: Towards More Equitable Urban Growth**

*by Center for Opportunity Urbanism*

Synopsis: Review of the overall effects of gentrification in Chicago, Los Angeles/Orange County, and Dallas and general recommendations.

Dallas-specific recommendations:

1. Completely overhaul its zoning law and permitting process, as Detroit has done, accelerating approval times and deregulating over-restrictive code provisions.
2. Promote the creation of a large-scale non-profit land bank, and issuing bonds backed by co-investment equity stake in new affordable homes, so the city can recycle some of the profits from rising values.
3. Press the legislature to permit property tax breaks for community land trusts and allow long-term tax freezes on new owner-occupied homes in redevelopment zones, to induce buyers and foster a market for developers.
4. Support non-profit programs to advance stable home ownership among disadvantaged communities, in part through better financial education.
5. Development policies should prioritize locally owned businesses as engines of both revitalization and neighborhood stability.

# BEYOND GENTRIFICATION

Towards More Equitable Urban Growth



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## **ACKNOWLEDGEMENTS**

This project would have been impossible without the support of the Searle Freedom Trust in Washington, D.C. and the Fieldstead Foundation in Irvine, California. The initial backing came from the board of the Center for Opportunity Urbanism in Houston: Tom Lile, Chairman, Leo Linbeck III, vice-Chairman, Richard Weekley, Larry Johnson, Walt Mischer and Alan Hassenflu.

The work in Dallas and on the conference was supported by the George W. Bush Institute. We would like to thank Ken Hersh, Holly Kuzmich, Bill McKenzie, Ioanna Pappas, Kristin Kent Spanos, Jenny Villatoro, and Enisha Williams for their invaluable help and support in this project. The authors are also grateful to the Bush Center's remarkable Events and External Affairs teams for their help in organizing the event on "Policies to Promote Inclusive Urban Growth" in conjunction with the release of this report.

We would like to acknowledge many people who helped with this project, starting with Ali Modarres, who provided the maps. In Dallas we were helped and received sage advice from Tillie Borchers, Joseph Cahoon, Duane Dankesreiter, Klaus Desmet, Jon Edmonds, Jack Matthews, Christie Myers, Doug Newby, Linda McMahon, Pamela Stein, Todd Williams, and Philip Wise.

In Chicago, we would like to thank Daniel Kay Hertz, author and research director at the Center for Tax and Budget Accountability in Chicago. We would also like to thank Abraham Lacey, Far South Community Development Corporation; Jawanza Malone, Kenwood-Oakland Community Organization; Marisa Novara, Metropolitan Planning Council; Robert Paral, Rob Paral and Associates; Jose Requena, Pilsen Alliance; Richard Rothstein, author; Haas Institute, University of California-Berkeley and Janece Simmons, Far South Community Development Corporation.

In Southern California, we acknowledge Dr. Ken Murphy for his sage counsel in analytics, as well as Andre Cabrera and Matt Heinrichs for their help preparing the data. Also, we thank Ryan Chase for his insights into the Santa Ana development process. Chad Lonski from University of Southern California and Javell Valley, a recent graduate of Chapman, did important research for this report. We would also like to extend our appreciation to Damien Goodmon, Jill Stewart, Damon Grace Yoo, Vivian Escalante, Melissa Aloifaitouli, Gustavo and Manny Flores, Jorge Castañeda, Cesar Covarrubias, Julie Leopo, John Spiak, Nancy Mejia, Paul Diebel, and Pat Velazquez.



# Biographies of Contributors

## AUTHORS

**Cullum Clark** is Director of the George W. Bush Institute-SMU Economic Growth Initiative and Adjunct Professor of Economics at SMU in Dallas. As Director, he leads the Bush Institute's work on domestic economic policy, including programs focused on Opportunity and Ownership and on Fiscal Reform. Cullum worked for 25 years in the investment industry, at two Wall Street firms and then as founder and president of a Dallas family office. He has served on the board or investment committee of numerous non-profits and early-stage businesses. He earned his PhD in Economics at SMU in 2017. His research and policy interests include fiscal policy, monetary policy, economic geography and urban economics, and economic growth. He also earned his undergraduate degree at Yale and a Master's degree at Harvard. Cullum and his wife Nita live in Dallas and have three daughters.

**Wendell Cox** is a senior fellow at the Center for Opportunity Urbanism in Houston and the Frontier Centre for Public Policy in Canada. He was appointed to three terms on the Los Angeles County Transportation Commission, served on the Amtrak Reform Council and served as a visiting professor at the Conservatoire National des Arts et Metiers, a Paris university.

**Joel Kotkin** is the RC Hobbs Presidential Fellow in urban futures at Chapman University and director of the Chapman Center for Demographics and Policy and executive director of the Center for Opportunity Urbanism in Houston, Texas. He is author of eight books and co-editor of the recently released *Infinite Suburbia*. He also serves as executive director of the widely read website [www.newgeography.com](http://www.newgeography.com) and is a regular contributor to the *Orange County Register*, *Forbes.com*, *Real Clear Politics*, the *Daily Beast* and the *City Journal*.

**Karla López del Río** is a community development executive committed to supporting low- and moderate-income families build wealth and thriving communities. Her work fosters public-private-grassroots partnerships resulting in innovative community-led projects, affordable housing solutions, homeownership opportunities, and small business development across Southern California. Karla contributes to the field her insight as a first-generation immigrant, a background in real estate, experience in social enterprise management, as well as a Bachelor's in Development from the University of California, Berkeley. She has received awards from UC Berkeley's Blum Center for Developing Economies and NeighborWorks America in the categories of poverty alleviation and community building.

**Pete Saunders** is a writer and researcher whose work focuses on urbanism and public policy. Pete has been the editor/publisher of the *Corner Side Yard*, an urbanist blog, since 2012. Pete is also an urban affairs contributor to *Forbes Magazine's* online platform. Pete's writings have been published widely in traditional and internet media outlets, including the feature article in the December 2018 issue of *Planning Magazine*. Pete has more than twenty years' experience in planning, economic development, and community development, with stops in the public, private and non-profit sectors. He lives in Chicago.

**Marshall Toplansky** is Clinical Assistant Professor of Management Science at Chapman University's Argyros School of Business and Economics, and Research Fellow at the university's C. Larry Hoag Center for Real Estate. He is also Senior Advisor of The Cicero Group, based in Salt Lake City, Utah. A pioneer in the use of big data and sentiment analysis, Marshall is formerly Managing Director at KPMG, and co-founder of the firm's Lighthouse Center of Excellence for Data & Analytics.

## RESEARCH TEAM

**Andre Cabrera** (data and analytics) earned his Bachelor of Sciences degree in Business Administration in June 2018 from the Argyros School of Business at Chapman University. Currently, he is a data scientist and analyst in the Media & Entertainment industry.

**Matthew Heinrichs** (database expert) earned a Bachelor of Sciences degree in Psychology from Crean College of Health and Behavioral Sciences at Chapman University in 2016. He is currently enrolled in Chapman's Master of Business Administration program and will be graduating in the Spring of 2019.

**Zina Klapper** (editor) is a writer/editor/journalist with many years of national credits. Most recently, she edited and helped develop a signature 1,200-page volume of 52 essays for MIT's Center for Advanced Urbanism, scheduled for publication by Princeton Architectural Press in 2017. During the past decade, her international media outreach and writing for the Levy Economics Institute of Bard College has included numerous commentaries on major news outlets worldwide.

**Alicia Kurimska** (lead researcher and copyeditor) is a research associate at the Center for Opportunity Urbanism and Chapman University's Center for Demographics and Policy. She is also an editor for [NewGeography.com](http://NewGeography.com), a website focused on economics, demographics, and policy. She graduated from Chapman University with a degree in history.

**Kenneth E. Murphy** (technical consultant) is the associate provost responsible for leading the academic operations of Chapman University. He is a leader in implementing business analytics at the University with the goal of applying data driven decision-making to academic, business and social challenges. He is the business leader of the university-wide business intelligence project, "Panther Analytics", as well as a visionary for process improvement and technology implementation projects in academic operations. Additional duties include managing learning and office spaces, hiring of lecturers, scheduling of classes and allocating other academic resources to advance Chapman's mission of delivering a personalized education of distinction.

**Chad Lonski** (researcher) is a recent graduate of the University of Southern California holding a B.S. in Real Estate Development and a minor in Architecture. He currently works for Melia Homes, a residential developer based in Irvine, CA, serving as a Land Acquisition Analyst assisting with financial underwriting and forward planning research. During his time at USC he held internships with the County of Orange Development Services (Planning) Department, residential developer The Olson Company, and the Reason Foundation as a Transportation Policy Research Intern.

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## The Failed Promise: Gentrification and The American City

*Introduction by Joel Kotkin and Wendell Cox*

*A metropolitan economy, if it is working well, is constantly transforming many poor people into middle-class people, many illiterates into skilled people, many greenhorns into competent citizens... Cities don't lure the middle class. They create it.---* Jane Jacobs<sup>1</sup>

The past two decades have been heady times for America's urban cores. After drifting towards decrepitude since the 1970s, many core cities have experienced real, and often bracing, turnarounds, particularly in the urban centers of our largest metropolitan areas. Yet there is concern that revitalization has often left part of these cities better off, to the detriment of many residents whose neighborhoods have been transformed.

At the center of this perceived, and sometimes real, recovery has been "gentrification," which a 1978 U.S. Housing and Urban Development working paper described as "... a newly-coined term" that "has come to mean the process by which a neighborhood occupied by lower-income households undergoes revitalization or reinvestment through the arrival of upper-income households."<sup>2</sup>

The term was first used in 1964 to describe developments in Inner London by sociologist Ruth Glass, who wrote: "Once this process of "gentrification" starts in a district, it goes on rapidly until all or most of the original working class occupiers are displaced, and the whole social character of the district is changed."<sup>3</sup> By the 1970s and 1980s, gentrification had emerged in US inner cities.<sup>4</sup>

Gentrification is generally an urban core issue. It can occur either organically, as a result of market forces, as a result of conscious public policies, or a combination of both. The attention of this report is principally on measures that can be controlled by governments, especially public policies that can exacerbate the negative impacts on middle and working class residents through gentrification.

Direct policy interventions include examples such as tax incentives (like tax increment financing), subsidies or urban renewal projects, which typically rely on "eminent domain."<sup>5</sup> Other policy interventions could have a less direct but important impact, such as significant public infrastructure spending on urban rail lines or urban containment policies, which drive up the price of land.<sup>6</sup>

Nonetheless, displacement is real and a source of concern not only among low-income communities but also more broadly in public policy. The extent of displacement is dramatically illustrated in Washington, D.C. and Portland, OR, two major metropolitan areas (over 1,000,000 in population) that include the municipalities evaluated as having the third and fourth fastest gentrification rates by *Realtor.com*.<sup>7</sup> Both have seen substantial displacement of their African-American populations.<sup>8</sup> In Portland, 10,000 of the 38,000 residents of its historic African-American section, Albina, have been “pushed to other parts of the city.”<sup>9</sup> The concern about gentrification and its consequences on low-income and increasingly middle-income households is by no means abating.

Gentrification has often been perceived as a “back to the city” phenomenon, consisting of residents who forsake the suburbs for inner cities. There is virtually no evidence at the metropolitan area level (the functional city) that there has been any such net movement. Neil Smith of CCNY has been widely cited for his theory of gentrification work that concluded: “Gentrification is a back to the city movement all right, but of capital rather than people.”<sup>10</sup>

Urban revitalization induced displacement creates a conundrum described by the National Urban Coalition as: “The benefits of a strengthened tax base and some gains in residential and commercial revitalization are clashing with the deprivation, frustration and anger of those who are becoming the new urban nomads.”<sup>11</sup> The fundamental problem: a neighborhood “improves” through urban revitalization, but its residents are disadvantaged by being forced out.

Often, the new urban core residents are educated, young professionals. This notion has been further bolstered by decisions such as Amazon’s choice to locate its expanded headquarters near the urban centers of Washington and New York. The globalized urban core, it is argued, represents the future, with little need for them to worry much about their own periphery, as well as other cities and towns.<sup>12</sup> Some also proclaim that urban cores have emerged as the dominant drivers of the American economy.<sup>13</sup>

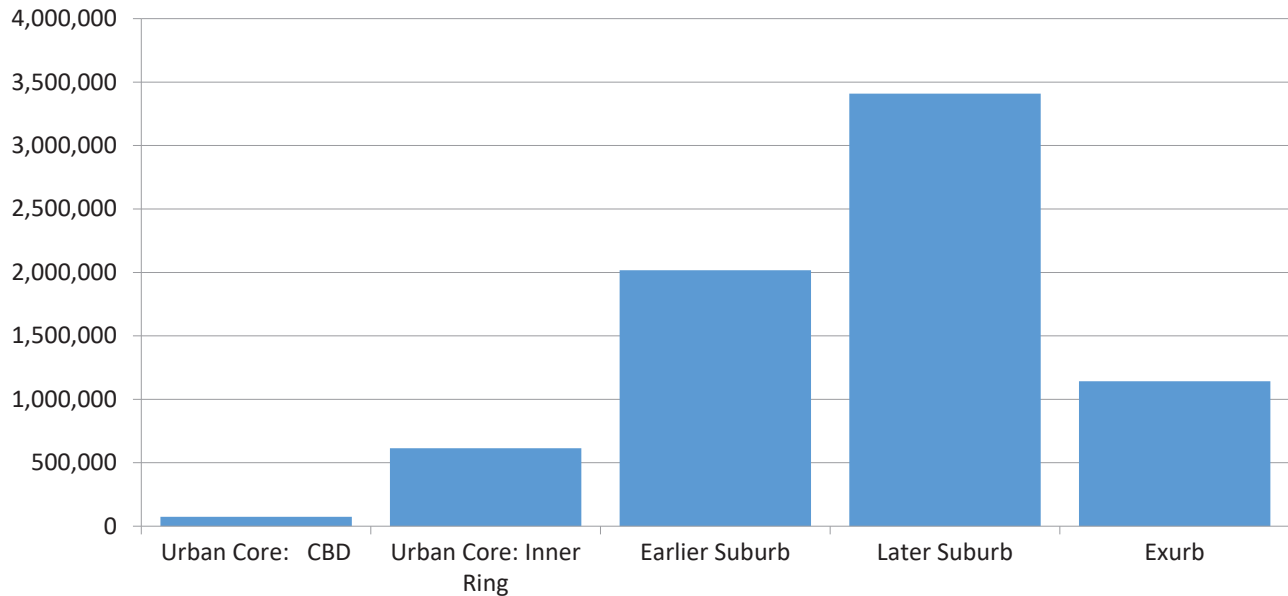
## **THE LIMITS OF GENTRIFICATION**

Yet upon closer examination this is a vast overstatement. The spurt of urban core growth that occurred immediately after the housing bust was short lived. The preponderance of metropolitan growth has returned to the suburbs and exurbs, as had been the case at least since the late 1940s.<sup>14</sup>

What occurred instead was significant in changing both perceptions and the reality in many cities. In what started as a largely organic process, certain groups, notably young people, began reclaiming parts of the urban core, albeit at the cost of rapidly rising rents and crowding for residents, a pattern that we see increasingly in many other cities.<sup>15</sup>

# Population Trend: 2010-2012/2016

## 53 MAJOR METROPOLITAN AREAS



Derived from Census Bureau data & City Sector Model

**Figure 2**

The initial success of gentrification inspired cities to focus their revitalization strategy on accelerating this movement, often using public funds of financial incentives. This conscious strategy rested in part on the ground-breaking work of University of Toronto’s Richard Florida. His central focus was on the importance of luring a “creative class” of young professionals who would not only come into the city for opportunity but stay there, re-creating the dynamic grassroots economy and thriving urban middle class. Yet today, even Florida admits that this phase of the great urban revival is now “over”.<sup>16</sup>

### City Sector Model Criteria

| CITY SECTOR & Relationship to City  | Criteria 1  | Criteria 2   |
|---|---|--|
| Pre-WW2 Urban Core :<br>Downtown<br>(URBAN CORE-CBD)<br>(in physical and functional city)               | Employment density >19,999 per square mile  |  |
| Pre-WW2 Urban Core:<br>Outside Downtown<br>(URBAN CORE-INNER RING)<br>(in physical and functional city) | In principal urban area (AND)<br>Population density >7,499 density per square mile (AND)<br>Transit, Walk & Bike Share >19.9% | (OR)<br>In pr. urban area (&)<br>Median year house built before 1946 |
| Post-WW2 Suburban : Earlier<br>(EARLIER SUBURB)<br>(in physical and functional city)                    | Not URBAN CORE (AND)<br>Not EXURB   | (AND)<br>Median year house built before 1980                         |
| Post-WW2 Suburban : Later<br>(LATER SUBURB)<br>(in physical and functional city)                        | Not URBAN CORE (AND)<br>Not EXURB   | (AND)<br>Median year house built after 1979                          |
| Exurban<br>(EXURB)<br>(In functional city, not physical city)   | Outside 2010 principal urban area (largest urban area in the metropolitan area).  | (OR)<br>Under 250 density per square mile                            |

**Figure 3**

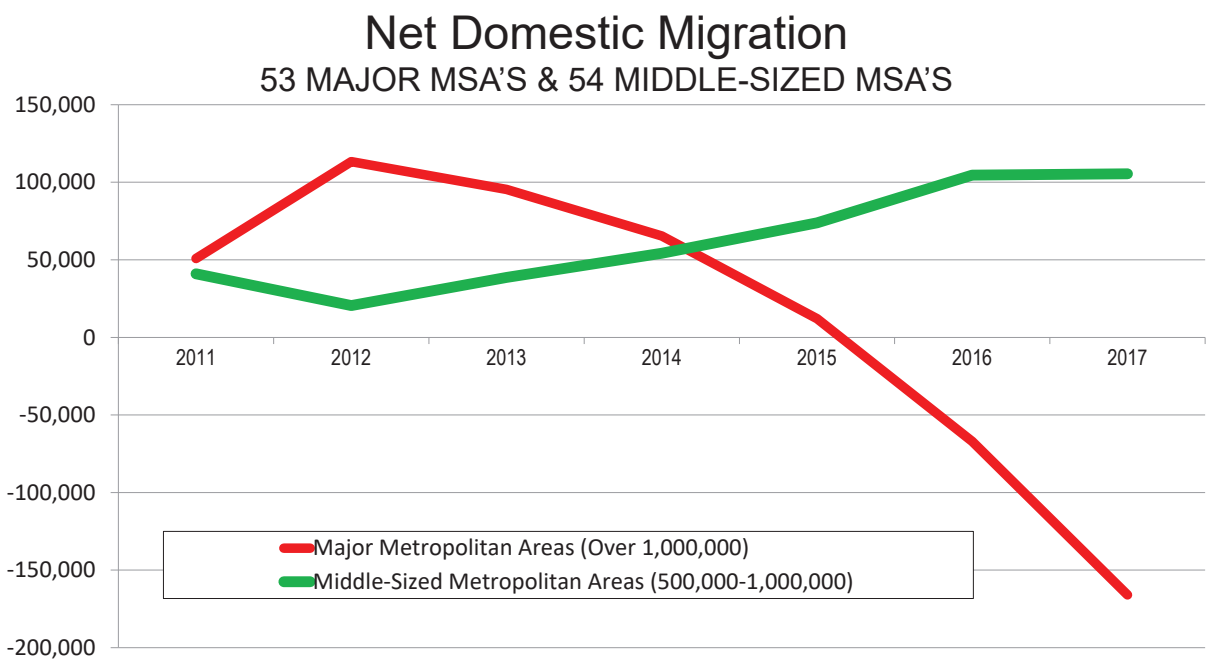
However, if the trend has changed, as Florida has suggested, policies remain stuck in the “creative class” paradigm. In their desperation to attract hipsters and tech workers, many cities invested heavily in arts districts, cultural installations, and sports stadia, often using scarce public dollars that could have been otherwise spent to improve basic infrastructure, education and create long-term jobs. Most economists believe stadia have little long-term economic benefit---except to the owners and those who can afford to attend the games.<sup>17</sup>



Many cities invested massively in transit, notably rail lines, hoping to reduce auto use. Despite implementation in many cities, transit ridership has either stagnated or declined, although this is rarely mentioned in reportage.<sup>18</sup> Bus service, critical to poor and working-class residents, has often been reduced while rail service, which serves more affluent riders, has expanded.<sup>19</sup>

Many others have emphasized the construction of high-density housing, which is in large part funded by foreign investors who often work through shell companies. This has created housing that is both expensive and often unoccupied for much of the year. Nationwide, as much as 80 to 90 percent of new product is luxury oriented and not for middle- or working-class families who desperately need affordable housing.<sup>20</sup>

The limits of gentrification can be seen by looking at the latest demographic and economic information. Over the past few years, the movement of people out of the largest core cities has increased, as they seek more affordable locales. Among the core districts of the metropolitan areas with more than 1,000,000 population, there was a small loss of only 10,000 net domestic migrants in 2012, which grew to an outflow of nearly 440,000 by 2017. Meanwhile, net domestic migration has turned negative among the metropolitan areas over 1,000,000 population, while turning more positive in those with 500,000 to 1,000,000 in population.

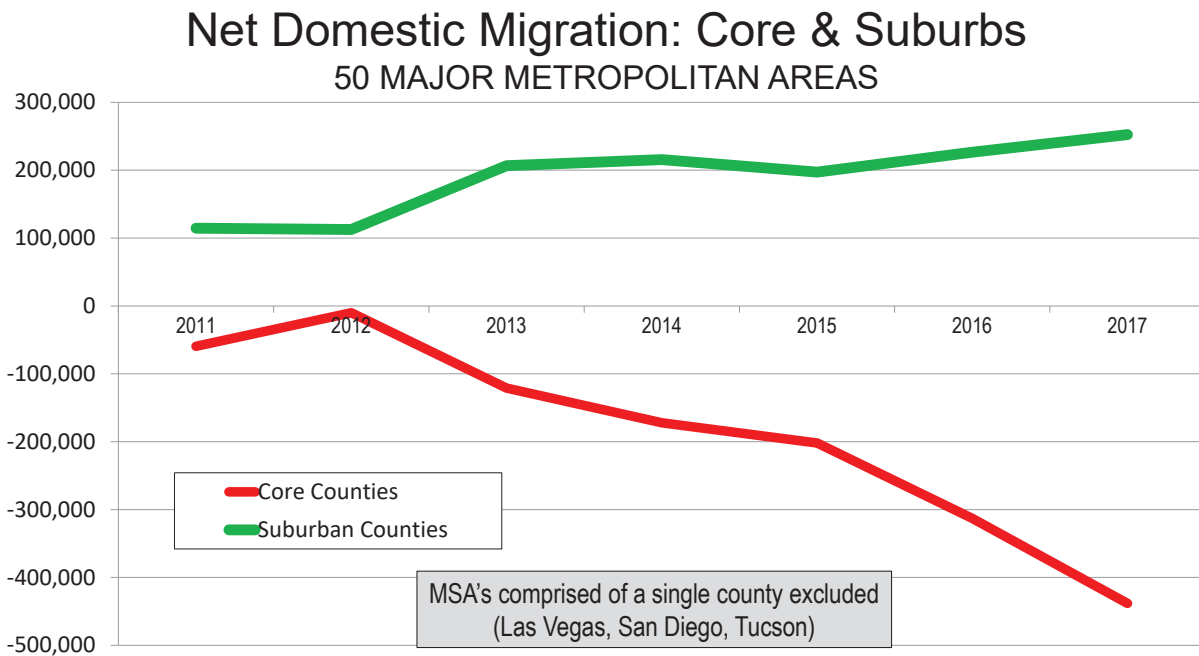


Derived from Census Bureau data

**Figure 4**

In New York, a city coterminous with five counties, the net domestic migration loss has been 1.1 million since 2010. New York's borough of Brooklyn, the epicenter of early 21<sup>st</sup> Century urban growth, lost population in 2017. Net domestic migration has plummeted in San Francisco by 80 percent since the early 2010s.<sup>21</sup> The key here has been surging prices which eat up much of the big city wage "premium" that some booster boasts about.<sup>22</sup>

Instead of clustering in large urban cores, nearly all the urban growth in the country continues to take place in suburbs and exurbs.<sup>23</sup> This is particularly marked among aging millennials who are headed, like their parents, to suburban areas. Most of the growth among millennials now takes place outside the urban core, which account for only 21 percent of the growth in our largest 53 metropolitan areas.

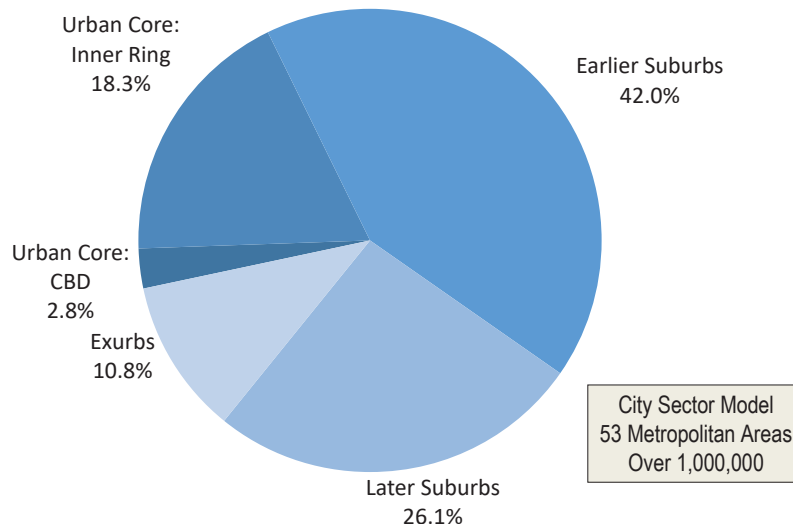


Derived from Census Bureau data

**Figure 5**

### Age 25-34 Mid-Decade Trend

#### SHARE OF POPULATION INCREASE: 2010 – 2013-2017



Derived from 2010 Census & ACS (2013-2017): City Sector Model

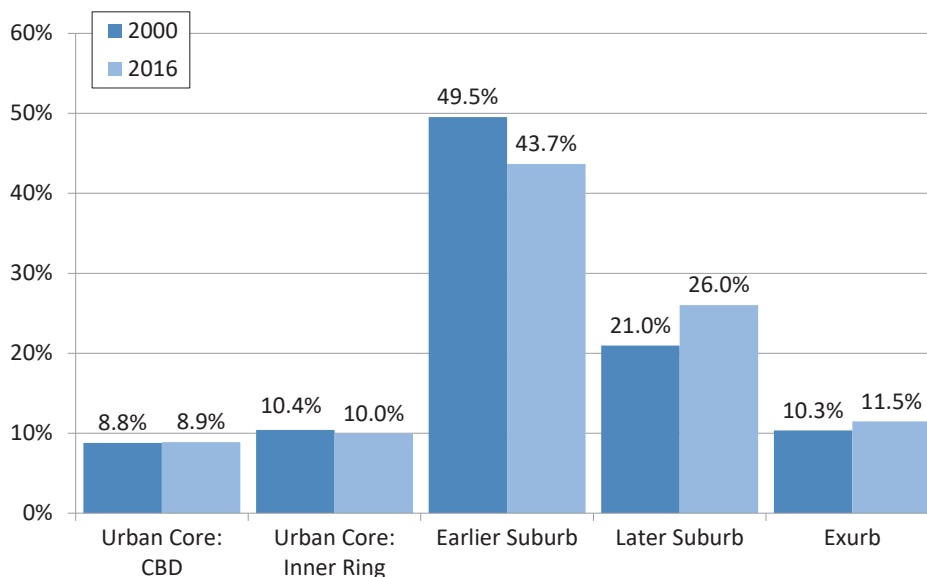
**Figure 6**

6



Much the same can be said about the economy. Over the past twenty years many core cities have improved, as HG Wells predicted over a century ago as “a bazaar, a great gallery. And places of concourse and rendezvous”.<sup>24</sup> But for the most part they have not generated more jobs. Today, the proportion of jobs in the urban core and adjacent areas remains largely as it was in 2000.

## Employment Share: 2000-2016 53 MAJOR METROPOLITAN AREAS



Derived from County Business Patterns & City Sector Model

**Figure 7**

To be sure, an elite, well-paid and educated demographic has raised incomes, sometimes dramatically, in the urban core. But these represent a minute portion of the urban population, much less the metropolitan area.

### NO PLACE FOR THE WORKING CLASS

Perhaps nothing demonstrates the limits of gentrification more than its inability to do anything to address the problems of middle- and working-class families. Richard Florida, in his book *The New Urban Crisis*, makes clear that the “creative class” gentrification strategy has failed to improve the lives of most city residents.

“If the old urban crisis was defined by the flight of business, jobs, and the middle class to the suburbs, the New Urban Crisis is defined by the back-to-the-city movement of the affluent and the educated—accompanied by rising inequality, deepening economic segregation, and increasingly unaffordable housing.”<sup>25</sup>

It is critical to understand the geography of cities. The relatively small populations of downtowns often have done better, but overall the surrounding areas have not. In the city of Philadelphia, whose central core has rebounded between 2000 and 2014, for every district that gained in income, two suffered income declines.<sup>26</sup> Similarly, research by urban analysts Joe Cortright and Dillon Mahmoudi shows that the number of high poverty (greater than 30% below the poverty line) neighborhoods in the US has tripled since 1970 from 1,100 to 3,100.<sup>27</sup>

It seems clear that gentrification has not benefited the poor and may well have harmed them by spiking housing prices and, perhaps less obviously, restructuring urban economies in ways that hurt blue collar workers. Reporters and politicians might swoon over the latest “hip” urban manifestation, but the poverty rate is still two-thirds higher in urban cores than in the suburbs.<sup>28</sup>

Crime, which was dropping during the period of the most intense gentrification, has begun to worsen in many cities. In the first six months of 2015 in Chicago, someone was shot every 150 minutes. Homicides have risen in such cities as Baltimore, New Orleans and St. Louis. This crime is heavily concentrated in poorer areas; five percent of city streets, according to one study, create half of city crime nationwide.<sup>29</sup>

Not surprisingly, many working-class urban core residents feel gentrification offers them little. Cities tussle to bring in high-tech jobs but few poor inner-city residents are likely to work as programmers for Google or Amazon.<sup>30</sup> The San Francisco area experienced population losses among African Americans from 2010 to 2017, ranging from 3.6 percent in Oakland to 7.2 percent in San Francisco and 10.1 percent in San Jose. The tech powerhouse city of Portland (Oregon) saw its African American population drop 8.4 percent. The cities of Chicago (10.7 percent), Detroit (9.7 percent) and Cleveland also suffered African American population losses.<sup>31</sup> There are serious concerns in each of these places about gentrification induced displacement. Notes Harry Alford, President of the National Black Chamber of Commerce:

“When I was growing up in Ventura County we would drive up and visit relatives in San Francisco. The city was about 30 percent Black and had thriving Black neighborhoods like the “Filmore” area. Then, one day in the 1970’s they came in with bulldozers and started leveling buildings and gutting the Filmore via eminent domain. The Black population of San Francisco quickly dropped to 18 percent by the 1970’s and now, today, it is below 3 percent. That 3 percent is predominantly living under the poverty level and is being pushed out to extinction. They first pushed the Black masses to Oakland. Now, the gentrification is happening in Oakland. Where do Black folks of modest means go? One thing is for sure, they are getting the Hell out of these gentrified areas.”<sup>32</sup>

These concerns have spread from the earlier locations to more recently gentrifying cities like Los Angeles, Atlanta, and Denver.<sup>33</sup> In some cases, this has even led to vandalism designed to repel potential gentrifiers.<sup>34</sup>

Overall, the cities most widely associated with urban revival also suffer some of the worst evidence of homelessness, poor sanitation and overall breakdown of society. They may be role models for real estate speculators and progressive politicians, but not so much for the working classes.<sup>35</sup>

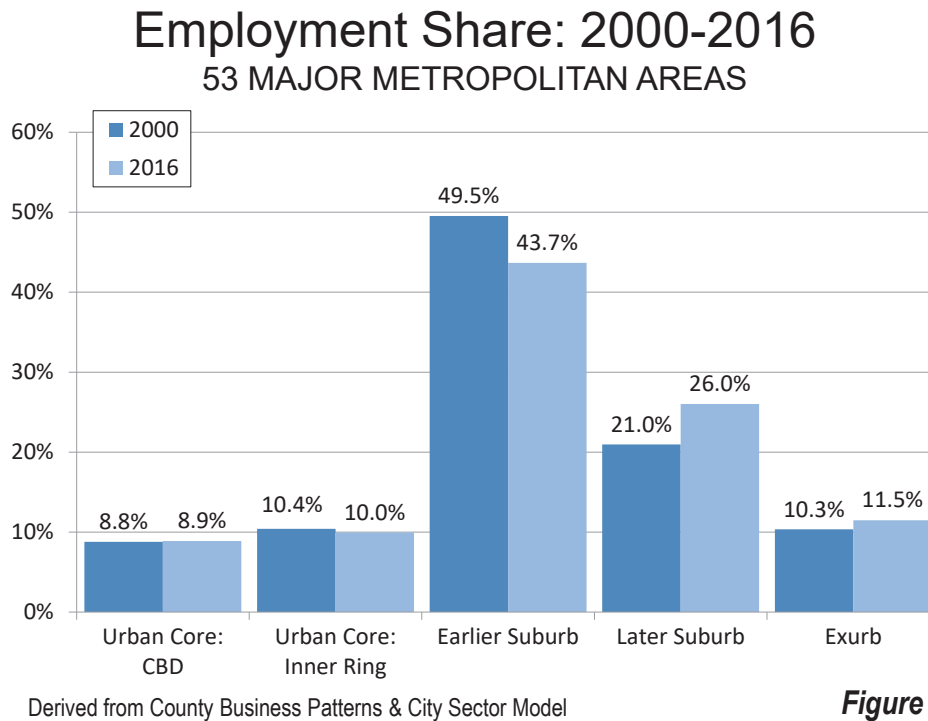


Yet despite these shortcomings urban analyst Aaron Renn suggests that city leaders are little concerned about these trends, and support policies that are likely to exacerbate them:

“None of these forces appear to make the upscale classes of Chicago sad. You certainly don’t hear anyone sounding the alarm about black population loss and saying that the city needs to do something about it. In fact, the city’s ineffective policing would appear to be a contributor to driving blacks out, meaning black population decline is de facto public policy.”<sup>36</sup>

## THE DECLINE OF THE URBAN MIDDLE CLASS

The largest gaps between the bottom and top quintiles of median incomes in the 53 major metropolitan areas, as reported by Pew Research, are in some of the most progressive metropolitan areas, such as San Francisco (#1), New York (#2), San Jose (#3), Los Angeles (#4), and Boston (#5).<sup>37</sup> Clearly the growth of downtown and the decline of middle class neighborhoods means that urban cores are going to continue losing families. Urban cores have dramatically lower percentages of children than suburbs and exurbs.

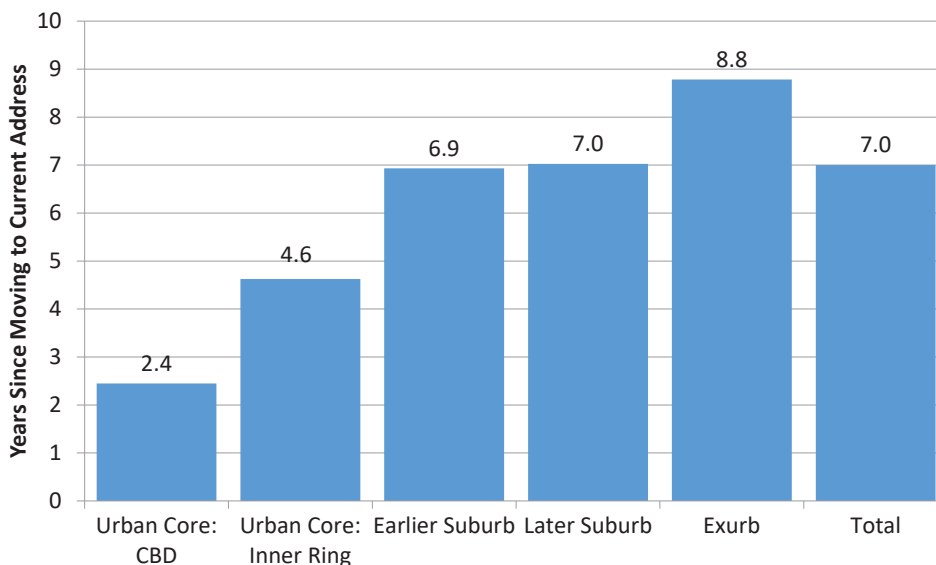


**Figure 8**

In many cases, gentrification resembles something of a “movable feast” as developers build expensive and dense housing for a relatively small sector of largely young, and childless, households. These populations tend to be short-timers who are indulging the “urban phase” of their life.

## Residing at Same Address: All Households

MEDIAN: 53 MAJOR METROPOLITAN AREAS: 2012/2016



Estimated from Census Bureau data & City Sector Model

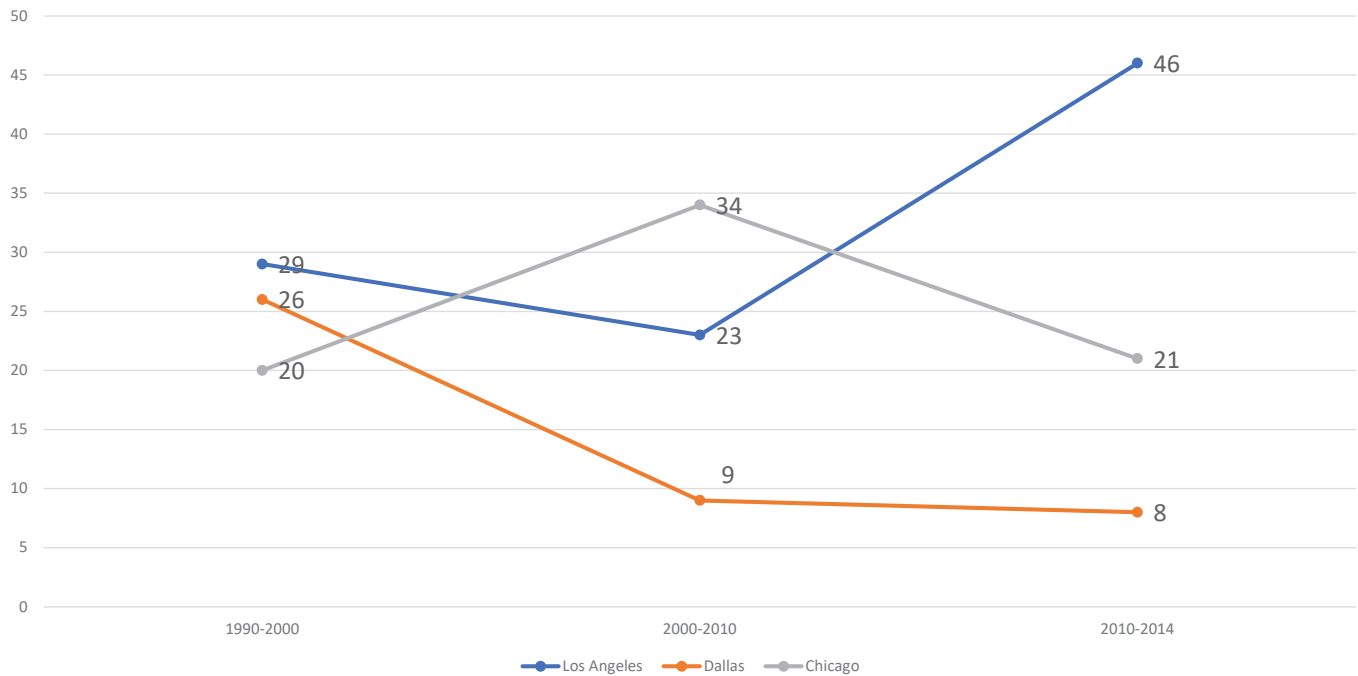
**Figure 9**

Allan Mallach, in *On the Edge: America’s Middle Neighborhoods*, points out that many of the middle and working class neighborhoods that served as the ballast --- and supplied the workforce --- for a diverse urban economy are systematically being undermined.<sup>38</sup> Teachers, firemen and police officers are struggling to afford homes in many of America’s major cities, according to a new study from *Trulia*, a real estate website.<sup>39</sup> This also applies to many skilled blue-collar professions such as technicians, construction workers and mechanics.<sup>40</sup> Inclusive economic growth --- the core value of this paper --- is now all too rarely found in American cities, and virtually never in those that have seen gentrification.<sup>41</sup>

### THE PLAN FOR THIS REPORT

People, of course, do not live in cities *per se* but in places with their own unique histories, social trajectories and economies. To understand what is going on in urban America, we looked deeply at three specific cities, with analysis conducted by people expert in that geography.

Number of Census Tracts Meeting Gentrification Income Criteria - 1990 to 2014  
Los Angeles, Chicago and Dallas-Fort Worth Metropolitan Areas



We start with Chicago, the quintessential American city, and among the first places in the country to experience large scale gentrification. Urban affairs analyst Pete Saunders, a longtime local resident, demonstrates how the city of Chicago has experienced a remarkable transition in and around its urban core, one of the most attractive central districts in the world. Yet this revival, he points out, has bypassed much of the city’s poorer wards, populated largely by African-Americans and Latinos, causing widespread resentment in these communities.

Following Chicago, we look at the Los Angeles area, with its more recent gentrification. Researchers Marshall Toplansky, Ken Murphy, and Karla López del Río note that Los Angeles has concentrated wealth in its long disdained downtown, fueled by massive investment from both the public and private sectors, causing gentrification in some nearby neighborhoods.<sup>42</sup> Yet, overall, the LA area suffers some of the nation’s worst levels of poverty, and soaring rents have convinced many in the city that real estate speculation will force them out either to further flung areas or, in all too many cases, the streets.<sup>43</sup>

Finally, we focus on Dallas, the core city of arguably one of the most successful large urban areas in this century. Dallas’s leaders have focused heavily on the downtown area, which has historically lagged the rest of the region. In Dallas, notes analyst Cullum Clark, virtually all economic and demographic growth continues to occur far from the urban core. Attempts to gentrify the central area have had some success, but the city’s predominately minority southside has continued to suffer from persistent disinvestment and rising poverty.<sup>44</sup>

After our three specific reports, we will summarize our findings and look towards possible alternative policies that can spark more inclusive growth. Our hope is that this discussion will lead policy-makers, business and community leaders to develop a new model for urban growth, one that does not leave so many of our neighborhoods, and the people who live there, as orphans in their own cities.

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## Chicago: A Tale of Two Very Different Cities

*By Pete Saunders*



*Figure 1: Chicago Skyline. Source: archdaily.com*

On its surface, the city of Chicago exhibits many of the characteristics associated with gentrification in the nation's top global cities, like New York, Boston, and Washington, D.C. on the East Coast, and San Francisco and Seattle on the West Coast. It has a gleaming downtown booming with new construction; surrounding neighborhoods with large concentrations of young, educated and affluent urbanites; and dense, walkable areas adjacent to transit, retail, entertainment and institutional development that has sprouted to serve the rapidly rising demographic. The revitalization apparent in the nation's 'superstar' cities is visible in Chicago.

A deeper look into Chicago, the Midwest's largest city, as well as its economic and cultural capital, shows that it exhibits just as many traits commonly found in its surrounding area. It is at the forefront of revitalization in a region that still suffers from the loss of manufacturing employment and from rigid segregation patterns established during the Great Migration.

## CHICAGO'S GENTRIFICATION CATALYSTS

It is becoming clearer that gentrification in Chicago has benefited from a series of local policy actions, along with the implementation of state and federal policies. Those policies, listed roughly chronologically, are:

- Public housing development and placement<sup>1</sup>
- Interstate highway development<sup>2</sup>
- Urban renewal clearance<sup>3</sup>
- Transit improvements on targeted Chicago Transit Authority lines
- City investment in targeted public facilities (parks, police and fire stations; selected schools)
- Widespread utilization of Tax Increment Financing (TIF) districts<sup>4</sup>
- Magnet and charter schools development and expansion
- Deconstruction of Chicago Housing Authority public housing complexes<sup>5</sup>
- School closures on a large scale by Chicago Public Schools<sup>6</sup>



*Figure 2: The new Morgan Station on the Chicago Transit Authority Green Line, which opened in 2012.  
Source: chicagotribune.com*

Sadly, however, the policy tools designed to create a better city have rarely been used in an equitable fashion. Chicago's broader gentrification pattern has been influenced by its legacy of segregation established in the aftermath of the Great Migration that brought African-Americans north from rural, southern states over the first half of the twentieth century. Early on, Chicago adopted a segregation strategy facilitated by the real estate industry, which was enforced by police and even mob violence. Chicago became a bifurcated city. The areas where the legacy of segregation was minimal thrive, and the other areas, starved of the investment that fuels growth elsewhere, lag.

## CHICAGO'S GENTRIFICATION PATTERNS

The focus of this analysis is on those Chicago neighborhoods that were working-class or low-income, or became so, generally following World War II, and not on those that remained steadily affluent and middle class. Chicago has had three iterations of revitalization since the 1950's, and is now experiencing a fourth.



*Figure 3: Scene from Chicago's Lincoln Park neighborhood. Source: wikipedia.org*

### THE FIRST WAVE (1955-1975)

The Near North Side, immediately north of the Loop, and Lincoln Park, adjacent to the Near North Side's northern border, were among Chicago's earliest recipients of gentrification activity.<sup>7 8</sup> Historically, both communities developed as working-class white ethnic enclaves in the early twentieth century, with Italians and Irish on the Near North Side and Eastern Europeans in Lincoln Park. Following World War II, residents that were worried about the deterioration of housing in both communities created new luxury housing in towers in Lincoln Park, and public housing — the Cabrini-Green housing projects — on the Near North Side. Through the 1970s and onward, both communities continued to change from low-income status to high-income status. Today, both are among the wealthiest areas in the entire Chicago metro.



Figure 4: The Edgewater neighborhood in Chicago. Source: [choosechicago.com](http://choosechicago.com)

### THE SECOND WAVE (1970-1990)

As home prices and rents steadily rose in the Near North Side and Lincoln Park, people seeking similar neighborhoods broadened their searches to adjacent areas. The Uptown neighborhood was perhaps the most diverse North Side community in the 1970s. About 23% of its residents were persons of color in 1970 (most North Side lakefront neighborhoods were in the 3-5% range at the time). Uptown failed to get significant gentrification activity during this period, despite being adjacent to strong revitalization on all sides.<sup>9</sup>



Figure 5: Residences in Wicker Park. Source: [bestchicagoproperties.com](http://bestchicagoproperties.com)

## THE THIRD WAVE (1985-2005)

Chicago's gentrified areas became more so, and gentrification moved inland. Lincoln Park, Lake View and Edgewater became affluent communities. Incremental expansion of gentrification in other areas included the Pilsen neighborhood on the Near Southwest Side, the first gentrification of the South Side.

Daniel Kay Hertz, a senior policy analyst for the Center for Tax and Budget Accountability in Chicago, a well-regarded urbanism blogger and the author of the upcoming book, *The Battle of Lincoln Park: Urban Renewal and Gentrification in Chicago*, has written:

The general pattern of gentrification in Chicago has been to reclaim low-income, white ethnic communities as artist's communities first, and then have them morph into affluent neighborhoods over time. A lot of effort during that time was put into finding ways to contain the growing African-American population on the South and West sides, mostly to 'protect' middle class and working class communities and residents who might be inclined to take off for the suburbs.<sup>10</sup>



Figure 6: Recent residential development in Chicago's University Village area.  
Source: [propecon.com](http://propecon.com)

## THE FOURTH WAVE (2000-PRESENT)

Chicago is currently in the middle of its fourth wave of gentrification. There continues to be affluence concentration in areas where gentrification started earliest, particularly in Wicker Park, Bucktown and Logan Square, and slow movement into adjacent areas like Humboldt Park and Bronzeville (the Douglas, Grand Boulevard and Oakland communities). Yet much, indeed most, of the city has not been gentrified, and after the housing collapse we witnessed the hollowing out of many West Side and South Side neighborhoods. Housing vacancies increased substantially in areas far from the strongest gentrification activity.

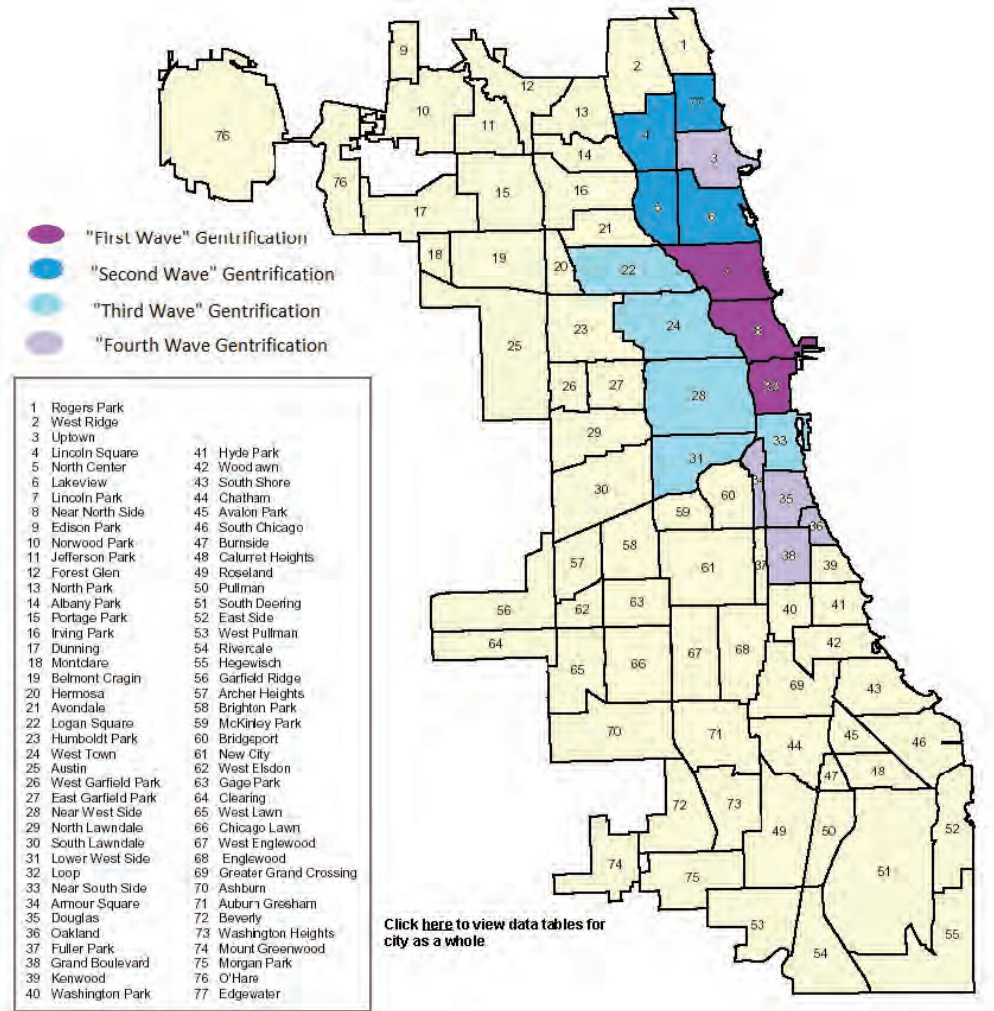


Figure 7: Chicago “Waves” of Gentrification. Map Source: Consortium of Chicago School Research

The census tract maps document how gentrification has spread through Chicago. The mapped data, taken from the U.S. Census and American Community Survey, includes changes in median household income by census tract from 1990 through 2016.

Green census tracts represent areas with median household incomes that were higher than that of the overall Chicago urbanized area at the time. Yellow census tracts show areas with income higher than Chicago’s median household income, but lower than that of the urbanized area.

The 1990 map captures a snapshot of a Chicago in the early stages of its third wave of gentrification. Affluent census tracts are concentrated in three areas: the far northwest, the far southwest, and the cluster of Loop, Near North Side and Lincoln Park on the north lakefront.

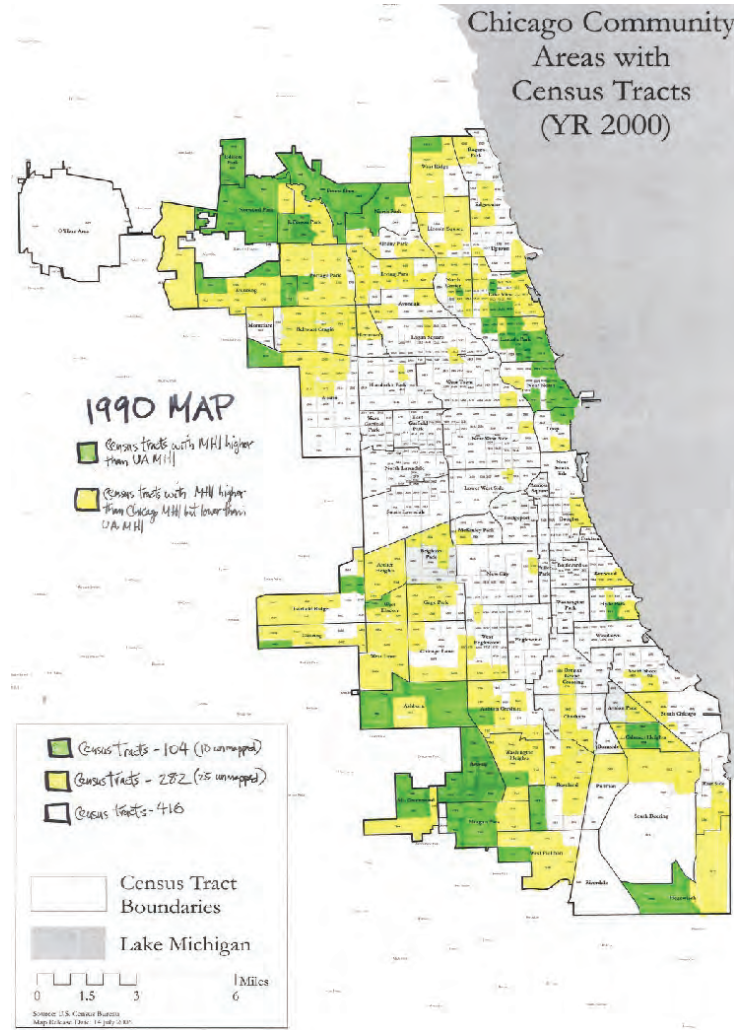


Figure 8: Gentrified and Gentrifying Census Tracts, 1990 (preliminary)

The 2000 map demonstrates how gentrification deepened along the north lakefront — how yellow (moderate) income tracts turned green — and how it spread to adjacent inland areas. The Logan Square, West Town, Near West Side and Near South Side areas saw rapid increases in median household income between 1990 and 2000, thrusting them from working class status onto a path toward affluence. This impacted largely white, ethnic enclaves: Polish and Ukrainian areas in West Town, Norwegian in Logan Square, and Italian on the Near West Side. Predominately African-American areas like the Douglas, Grand Boulevard and Oakland neighborhoods did not see the same kind of revitalization.

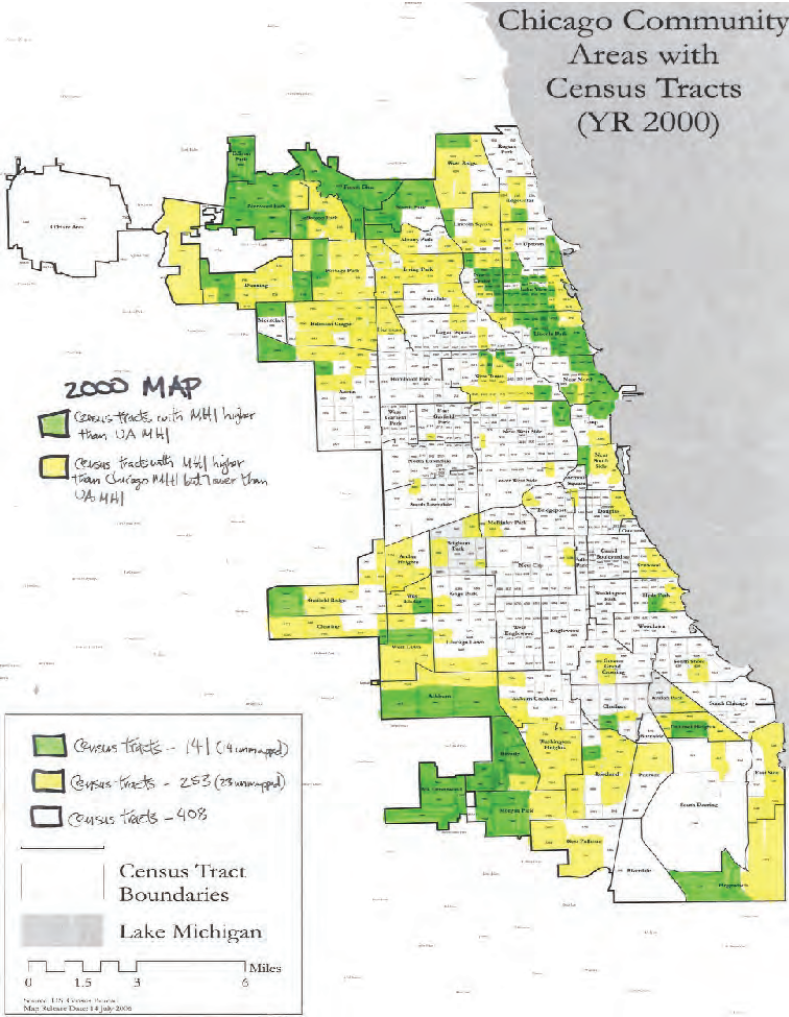


Figure 9: Gentrified and Gentrifying Census Tracts, 2000 (preliminary)



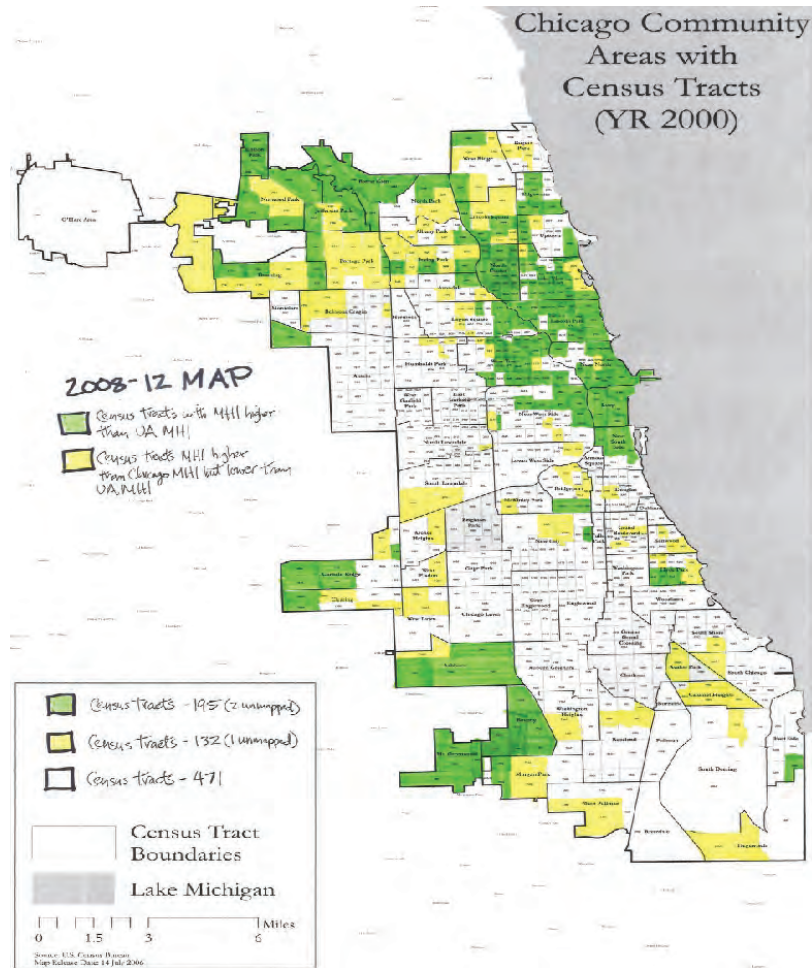


Figure 10: Gentrified and Gentrifying Census Tracts, 2008-2012 (preliminary)

## A DATA ANALYSIS OF CHICAGO'S TRAJECTORY

One notable characteristic of Chicago gentrification is that it is taking place largely within former working-class and low-income white ethnic areas, and not within majority African-American and Latino areas, irrespective of the area's income levels.

In its first and second waves on the city's North Side, gentrification activity moved swiftly northward and inward from North Side lakefront areas. But by the start of the third wave in the 1990's, the pace of expansion slowed significantly. During the third and fourth waves, gentrification largely deepened where it was already established, and expanded outward only when gentrified areas became saturated and housing became unaffordable.

Particular tools of public policy were used during each wave:

- Public housing construction, interstate highway development and urban renewal in the first wave;
- Targeted transit improvements and targeted city facility improvements in the second wave;
- Tax Increment Financing districts, expansion of the magnet and charter school network, and deconstruction of public housing in the third wave;
- School closures that aid in the hollowing out of neighborhoods in the fourth wave.

Much has been made by urbanists about Chicago's population loss since the start of this century, putting it in stark contrast with other cities nationwide. However, an argument could be made that, if not for Chicago's unique brand and pattern of gentrification, it would show signs of population increase. This becomes evident when viewing Figure 11.

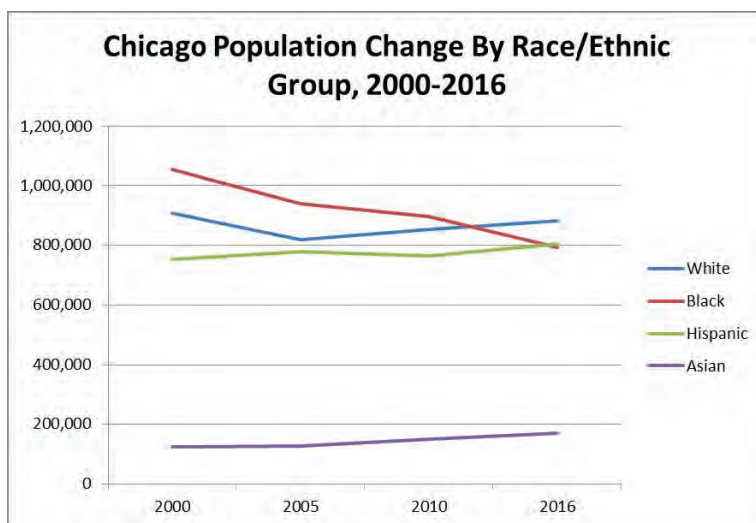


Figure 11: Chicago Population Change by Race/Ethnic Group, 2000-2016. Source: U.S. Census, American Community Survey

Chicago's population has fallen by nearly 7% since 2000, going from 2.9 million to 2.7 million over that time. Non-Hispanic white population dropped by nearly 10% between 2000 and 2005, but has since rebounded by nearly 8% since 2005. The city's rise in Hispanic population has slowed since its boom in the '80s and '90s, but it has still increased by 7% since 2000. Asian population has seen astounding growth since 2000, increasing 37%. Yet Chicago's African-American population has decreased by nearly 25% since 2000, singlehandedly contributing to the city's overall population loss.<sup>11</sup>

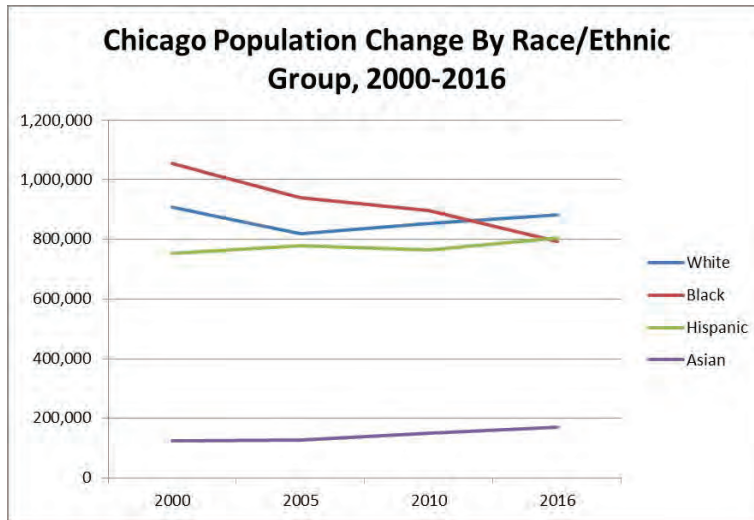


Figure 12: Chicago Median Household Income Change by Race/Ethnic Group, 2000-2016. Source: U.S. Census, American Community Survey

An examination of median household income values by race and ethnicity shows that the growing prosperity of the city is not shared equally.

Overall, Chicago’s median household income (all figures are in actual dollars) rose from \$38,000 to \$53,000 between 2000 and 2016. For non-Hispanic whites, the median grew by 56%, from \$47,000 to \$73,000. Asian households saw the largest gain, 61%, rising from \$41,000 to \$65,000. Hispanic households witnessed a 34% gain, rising from \$37,000 to \$49,000. African-American households, however, remained virtually unchanged over the period, rising just 6%, going from \$29,000 to \$31,000. The conclusion should not be drawn that the incomes of African-Americans are stuck in neutral. Rather, many middle class African-Americans have simply moved out of Chicago, to the suburbs or elsewhere.



**GENTRIFICATION TODAY:  
PILSEN, KENWOOD-OAKLAND, AND ROSELAND**

Tour Chicago today and you will find construction cranes dotting the prairie landscape from the South Loop to the North Shore. Indeed, for the third year in a row Chicago ranks second to Seattle for the number of construction cranes in major American cities.<sup>12</sup> Office and residential towers are sprouting up near the lakefront, taking advantage of wonderful views and easy access to one of the world’s most dynamic downtowns.

Figure 11: Chicago Figure 13: Construction of the 1345 Wabash condo tower, in 2015. Source: yochicago.com Population Change by Race/Ethnic Group, 2000-2016. Source: U.S. Census, American Community Survey

However, one does not have to go far to find evidence of disinvestment and neglect. A scant two or three miles south of the Loop, or just two or three miles inland from Lake Michigan, neighborhoods are full of vacant lots, abandoned or distressed buildings, and resignation and frustration among residents.

For example, the Pilsen neighborhood on the city's Near Southwest Side is one of the city's oldest neighborhoods. Once a pillar of Eastern European immigration, it became a destination for Latino immigrants in the 1950s and 1960s.

Jose Requena is a graduate student, studying urban planning and public policy at the nearby University of Illinois-Chicago (UIC), and a volunteer community organizer for Pilsen Alliance. Formed in 1998, the alliance was created in reaction to encroaching development from UIC and the creation of a TIF district to stimulate development.

“University Village is where I first experienced and understood gentrification in Chicago,” says Requena, “It’s where I learned that gentrification [is] a long-term real estate scheme. It’s a 40-year process.”

Starting in the 1990s, UIC took a lead role in redeveloping the area to match what it perceived as its own character — townhouses and condos that would be attractive to university faculty, staff, and to other professionals, with updated amenities.<sup>13</sup>

University Village would eventually replace Pilsen’s largely working-class homes, as well as the Maxwell Street market and bazaar (Maxwell Street had been the home of Jane Addams’ Hull House, and later became the place where the Chicago Blues sound originated). In the process, much of Chicago’s most precious heritage was lost.



Figure 14: Scene from Chicago's Pilsen neighborhood. Source: wikipedia.org



Figure 15: CTA Pink Line Damen Station, in Pilsen. Source: wikipedia.org

Today, Requena and Pilsen Alliance members are concerned about development patterns in central and western Pilsen, much of it based around the Chicago Transit Authority's Pink Line.

According to Requena, "TOD [transit-oriented development] is being used against neighborhoods. Don't get me wrong, I enjoy and prefer public transit. But the way the city targets its transit investments, it essentially encourages developers to harvest the profits of the surrounding land."<sup>14</sup>



*Figure 16: Aging greystone next to new development in Kenwood-Oakland. Source: yochicago.com*

Yet outside of Pilsen, many neighborhoods appear abandoned, rather than targeted for gentrification. Nearby Kenwood-Oakland is indeed known for being the home of President Barack Obama and his family, and has long been the neighborhood of many affluent and professional class residents. But just north of 47th Street, there are struggling commercial corridors along Cottage Grove Avenue and 43rd Street, and public housing complexes. Vacant lots have been scattered throughout the northern half of the community for decades.

Jawanza Malone, executive director of the Kenwood-Oakland Community Organization (KOCO), believes the north/south divide in Kenwood-Oakland “...isn’t natural; this was created.”

Malone is a firm believer that the area suffers from “displacement by disinvestment,” the process of driving residents and businesses out of a community, which pushes prices downward and sets the stage for future development.<sup>15</sup>



*Figure 17: New construction adjacent to vacant land in Kenwood-Oakland.  
Source: jamesiska.blogspot.com*

Malone cites the Chicago Housing Authority’s “Plan for Transformation,” which saw the demolition of thousands of public housing units on the South Side replaced by limited mixed-income housing development, and the round of school closures in 2013. He is currently wary of the development potential of the former U.S. Steel South Works site, an expansive (600+ acre) development site that could add as many as 20,000 housing units on the south lakefront. Development is currently stalled, but the megaproject has received considerable city assistance — site acquisition, demolition, environmental cleanup and more — since the late 1990s.

Malone has also been involved in the debate over the development of the proposed Obama Presidential Center about two miles south of Kenwood-Oakland. Activists like Malone have been pushing the Obama Foundation to agree to a community benefits agreement to mitigate the higher property values and rents they believe will result from the development. Obama Foundation officials say they do not believe the presidential center will have a displacement impact; activists like Malone say it already has. Indeed, a recent report by DePaul University’s Institute of Housing Studies says as much. The report developed a “displacement pressure” typology for all census tracts in Chicago, and found that Woodlawn was already experiencing increasing pressure on prices and rents. This was particularly the case for moderate income renters and homeowners.<sup>16</sup>



*Figure 18: Two-flats in Chicago's Roseland neighborhood. Source: [estately.com](https://www.estately.com)*

About five miles south of Kenwood-Oakland and ten miles south of the Loop, Chicago's Roseland community has become poorer, with the loss of steel and automotive jobs.

Abraham Lacey and Janece Simmons are the Executive Director and Director of workforce development and regional housing strategies, respectively, for the Far South Community Development Corporation. They believe that the city's use of TIFs — tax increment financing — starves essential services, like schools.

“The school closures by CPS (Chicago Public Schools) was an outcome of TIF policy,” says Lacey, referring to the closure of 54 schools citywide in 2013, mostly on the South and West sides.<sup>17</sup> “Many were in fact underperforming and underutilized, but the schools were starved for investment. CPS just didn't have the resources to make the improvements residents wanted...the lack of investment is often viewed as a lack of importance to the city. It's a signal that residents here aren't as important.”<sup>18</sup>



## THE BIFURCATED CITY

Marisa Novara, vice president of Chicago's Metropolitan Planning Council, says that the city's divided nature is nearly as old as the city itself. Novara led MPC's two-pronged effort over the last two years, in partnership with the Urban Institute, to examine Chicago's segregation. *The Cost of Segregation* quantified differences in wages, housing costs, educational attainment, crime and even lives lost due to segregation and *Our Equitable Future* outlined policies that would effectively reduce the city's strong segregation patterns.<sup>19</sup>

Researchers sought to learn what segregation costs the city, and what we can do to change the patterns of segregation. They found that if Chicago's level of segregation was at national median levels, it would result in an increase in total regional income of \$4.4 billion, led by a \$2,982 rise in income for African-Americans, per person, per year. Chicago's homicide rate would likely drop by as much as 30%, saving 229 lives, and 83,000 more people would have bachelor's degrees.<sup>20</sup>

As for segregation's impact on the city's residential patterns, Novara said, "There's a real disconnect in knowledge across city neighborhoods. Affluent residents aren't aware of affordable options in parts of the city they don't typically visit, and low income residents may not be aware of employment opportunities that go unfilled in affluent areas. Some low income residents may even resist going to affluent areas, for fear of negative interactions."

The challenges of Chicago's persistent segregation are often lost on many of the city's affluent residents, who view Chicago as more diverse and inclusive than at any time in its history. This is true in some ways, but gentrification appears to be widening the divides. Daniel Kay Hertz notes that "Chicago's north lakefront was once exclusively a white ethnic, working class bastion, but it's become more diverse as it's become more affluent." Chicago, he says, is at a demographic crossroads. "The inventory of old white ethnic enclaves in pre-World War II neighborhoods is drying up, and it's uncertain whether developers or residents are ready or willing to move into less familiar areas."<sup>21</sup>

This is, of course, a national issue. Richard Rothstein, a Senior Fellow at the Haas Institute at the University of California, Berkeley School of Law, and author of *The Color of Law: A Forgotten History of How Our Government Segregated America*, has examined the history of segregation in the United States, particularly as it relates to housing.<sup>22</sup>

He notes how public housing construction authorized by the Housing Acts of 1937 and 1949 was used to segregate American cities, including Chicago. The federal government guaranteed low-interest loans to finance the development of new homes on the urban periphery, but African-Americans were excluded at every level. Homebuilders explicitly excluded them from purchasing homes in burgeoning suburbia, and provisions of the G.I. Bill that offered mortgage financing were not offered to them. In an interview with *The New York Times* Rothstein said, "We have created a caste system in this country, with African-Americans kept exploited and geographically separate by racially explicit government policies. Although most of these policies are now off the books, they have never been remedied and their effects endure." The residue of policies meant to contain African-Americans in the Rust Belt remains to this day.<sup>23</sup>

## THE COMING WAVE?

Chicago's current trajectory is likely to heighten bifurcation, as it becomes a wealthier city in some places and a poorer one overall. The West and South Side are not likely to gentrify, but we are likely to see these neighborhoods continue to empty, further driving up racial and economic inequality. Some gentrification activity can be expected in previously untouched West and South Side areas.

The city is going to be even more subject to displacement by disinvestment. Five largely African-American South Side communities, and four largely African-American West Side communities, together have lost one-fifth of their population, from a combined 417,000 in 2000 to 335,000 in 2015. The population loss was most acute on the South Side, where the population of the five South Side communities fell by 23%.<sup>24</sup>



Figure 19: A vacant home being prepared for demolition in Chicago's Englewood neighborhood.  
Source: dnainfo.com



*Figure 20: Vacant lots dot the landscape of Englewood and other South and West Side Chicago communities.*  
Source: [openlistings.com](http://openlistings.com)

Cities that undergo significant displacement by disinvestment are marked by severe racial, ethnic and economic inequality. Affluence is likely to be concentrated in certain pockets, while poverty occupies larger parts of these cities. Few middle class communities, and the jobs that support them, are apparent.

Although Chicago leads this transition, Cleveland, Detroit, Milwaukee and St. Louis all show traits of affluence clustering at the same time that poverty spreads.

## **A BETTER WAY FOR CHICAGO**

In 2012, the International Organization for Economic Co-operation and Development (OECD) published a territorial review of the Chicago metropolitan area, the first created in the US.<sup>25</sup> The report identified many strengths for the region; it is affluent and well-educated, with a diversified economy. But it suffers from a serious skills mismatch that stymies economic growth, and, as a result, underperforms economically relative to its strengths. Persistent unemployment, it reports, particularly in African-American and Latino communities, have been made worse by spatial segregation, and play a significant role in the region's underperformance. The report received little public recognition, perhaps because Chicago's political and business leaders were critical of the conclusions.

Chicago follows a different path than many of the nation's superstar cities, or than its Sun Belt fast-growth brethren. The city's population continues to fall, but new commercial and residential towers continue to rise. Economic inequality deepens as poverty becomes more entrenched, yet overall city income is rising, as more affluent residents move in. Violent crime continues to plague vast segments of the city, but its affluent neighborhoods are as safe as similar neighborhoods in New York City, making them among the safest urban areas in the world. Chicago's split personality makes simplistic characterization difficult.

Although there has been some notable growth in the core city, nothing has altered the pervasive lack of inclusive growth. This heightens racial and class tensions, while putting a ceiling on the city's potential.

It may be the case that social and cultural factors have as much influence on future revitalization in Chicago as economic ones. The city's legacy of segregation influenced where gentrification would first start, and it has determined how gentrification would expand. It is also clear that the city's public policy influenced the where and how of gentrification, and continues to do so today.

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## Gentrification in Los Angeles

*By Marshall Toplansky, Karla López del Río and Ken Murphy*

Like Chicago, Los Angeles represents a distinct face of American urbanity. It has led the way toward the polycentric and dispersed form that now characterizes virtually all major metropolitan areas.<sup>1</sup> Unlike traditional, monocentric cities, Los Angeles accommodated growth by expanding outwards. Only in recent years has LA experienced gentrification of its older, urban core.

The process of gentrification — repairing or rebuilding homes and businesses in a deteriorating neighborhood, accompanied by an influx of the middle-class or affluent — often results in the displacement of earlier, usually poorer residents.<sup>2</sup> One criterion used to quantify gentrification is the movement of people from the 40th percentile (or below) of income to the 60th percentile (or above), a metric recommended by *Governing Magazine*.<sup>3</sup>

### THE TRAJECTORY OF LA GENTRIFICATION

Los Angeles has a lack of access to affordable housing, goods, and services in low-income neighborhoods that is arguably worse than in the early 90s, the time of the riots. Many in the area, according to surveys, feel a repeat is entirely possible, if not inevitable.<sup>4</sup> Since 1990, only a handful of LA neighborhoods have experienced gentrification. Within the Los Angeles-Anaheim Metropolitan Statistical Area (MSA), they represent between 1% and 2% of all census tracts.

Gentrification started later in LA than it did in Chicago or New York. Spurred by the city's 1999 Adaptive Reuse Ordinance, massive investment accelerated in the long neglected core. Affected sectors included housing and transportation (notably the subway and light rail lines). In addition, the library was restored, the convention center was improved, and the Staples Center, which cost city taxpayers an estimated \$71.1 million, was built.<sup>5</sup>



The map to the left represents the percentage of renting households in 2015 in LA County. Darker areas have higher concentrations of renters.

LA gentrification has not, for the most part, been created through organic growth, but rather through government policy and massive real estate investment from outside the city. The LA area ranked as the No. 1 choice in North America in a survey of global commercial real estate investors who had a combined total of \$1.7 trillion to spend on property in 2017.<sup>6</sup>

The motivations of city leaders and investors in LA are largely the same as in other cities. Peter Moskowitz, author of *How to Kill a City: Gentrification, Inequality, and the Fight for the Neighborhood*, describes gentrification as an unspoken effort to pull in richer residents who will boost tax revenues, as well as enact land-use policies and subsidies that reward developers and investors for building luxury housing.<sup>7</sup>

City leaders and investors are betting on converting LA into a launching pad for ambitious millennials that will fill up high-end residential vacancies. If this would lead to more mid-range jobs, including in manufacturing (LA remains the largest industrial area in the country), this might bring some succor to the poor. However, the impact has been stronger on real estate speculation than it has on broad-based economic growth. Sadly, job creation, particularly for upward mobility, is not the goal of gentrification.

According to one study that examined changes in median home value, household income, and population with a bachelor's degree, the 90014 area code in DTLA (downtown Los Angeles) absolutely crushed every other US ZIP Code. Home values increased 707%, household income nearly doubled, and the population with a degree increased a staggering 857%. The ZIP Code only holds about 8,000 people, but it is symbolic of a greater transition happening in the downtown area. The 90013 ZIP Code, containing a portion of Skid Row, was also in the US top 20.<sup>8</sup>

On May 1, 2015, *The New York Times* outlined the allure of Los Angeles to a creative class demographic attracted by an evolving art scene:

“More than 50 galleries have sprouted since late 2013... [A] fashion A-list is turning its sights west... entire neighborhoods, many clustered on the city's east side, are undergoing a much-documented haute-boho revival... [A repurposed downtown] has become a trend factory, brimming with Beaux-Arts loft condos, galleries, groundbreaking restaurants like Baco Mercat and, inevitably, a new Ace Hotel to serve as ‘Portlandia’ south.”<sup>9</sup>

Over the past decade the city has also allowed for densification in areas such as Hollywood and has made plans to increase density in vulnerable neighborhoods like the Crenshaw district, often overriding long-established zoning ordinances, and often against neighborhood desires.<sup>10</sup>

## THE POLITICS OF GENTRIFICATION

This conscious gentrification has created deep concerns in many neighborhoods. Under Mayor Eric Garcetti, the LA city planning commission has acceded to developers' plans to increase densities well beyond the amount allowed by the zoning in LA's 35 Community Plans about 90% of the time, and ignored established land use regulations, notes one *Los Angeles Times* study.<sup>11</sup>

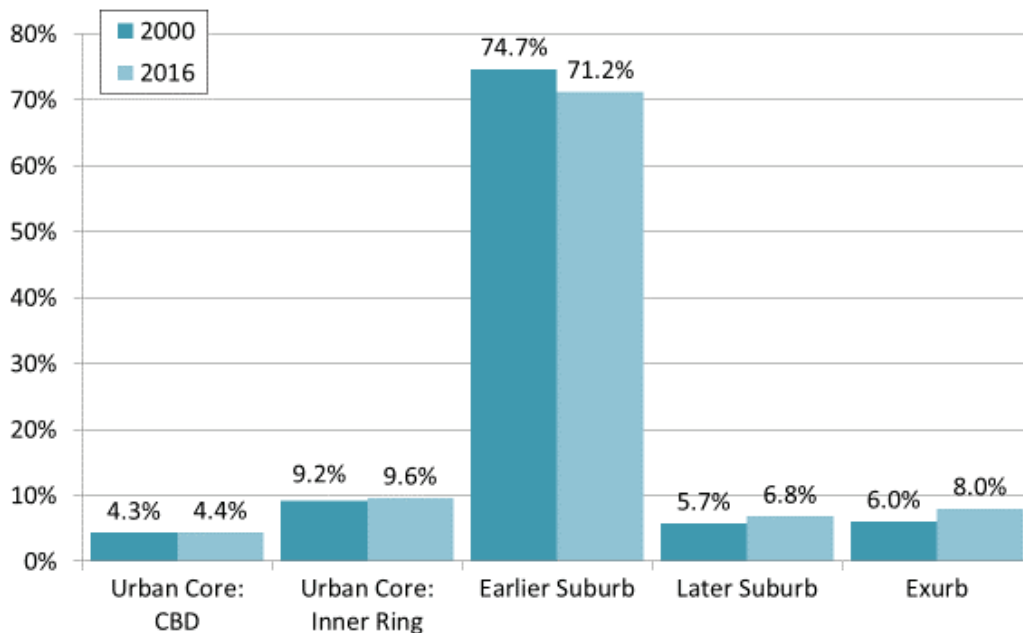
Changes in zoning are often warranted, of course, but the critical question is, “For what purpose?” To many community activists, these moves reflect a desire, as described by Moskowitz, to change the demographics of the city, replacing current residents in favor of a more affluent population. “The only jobs that LA is looking to bring in are in the tech industry,” suggests Crenshaw district organizer Damien Goodmon. “Wealthy white and Asian men... are the only ones who benefit from these jobs; LA seems to want to become a rich person’s paradise.”<sup>12</sup>

## THE RESULTS SO FAR

Neither downtown revitalization nor policies to boost densities have made the city richer. New sports stadia have created many lower-wage jobs, but the area has actually lost jobs that pay more than \$75,000 annually over the past decade.<sup>13</sup> And despite the notion that dense urban places spark high-wage growth, the LA area falls in the bottom half of major metropolitan areas for professional and business services growth, well behind not only Silicon Valley and San Francisco, but trailing boomtowns such as Nashville, Dallas-Fort Worth, Austin, Orlando, San Antonio, Salt Lake City, and Charlotte. Most California metros, including Los Angeles, fell in the bottom half of the rankings.<sup>14</sup> LA, by far the state’s largest metropolitan area, suffers among the highest poverty rates of major US metros.<sup>15</sup> From 2000-12, median rents increased by 25% in LA County. During the same period, income declined 9%.<sup>16</sup>

To be sure, the once desolate downtown has seen a considerable increase in housing, with more than 70,000 additional units planned by 2040.<sup>17</sup> Yet it has not become a major job center; since 2010, its share of total employment in the region is no larger. The most rapid job growth continues to be in newer suburbs and exurbs.<sup>18</sup>

## Employment Share: 2000 - 2016 LOS ANGELES METROPOLITAN AREA



Derived from County Business Patterns & City Sector Model

Nor has the surge of downtown housing relieved the city's severe shortage of affordable units. The new developments, many pushed by foreign investors, tend to be neither affordable nor highly desired. Landlords of luxury apartments in DTLA often offer free parking and periods of free rent.<sup>19</sup> In September of 2017, downtown vacancy rates hit an all-time high with about 2,000 empty units.<sup>20</sup>

Mayor Garcetti was warned by his own housing department chief, in a 2015 Housing and Community Investment Department report, that LA's luxury-housing overkill had created a huge 12% vacancy rate (5% is considered healthy) in all housing built since 2005. Savvy Chinese real estate website *Mingtiandi* is warning investors that DTLA is heading for "... an imminent glut of luxury condos, amid a wave of up to 30,000 new residential units to hit the city's market over the next three years."<sup>21</sup>

Other city-sanctioned high-density developments, many of them tied to transit projects, have made LA's housing woes worse. Efforts to densify areas around transit stops have had the effect of making property and rents higher cost, and, perversely, replacing mostly-poor transit riders with affluent residents who tend to drive. Some displaced poorer people, according to a recent University of California study, have been forced to move so far from convenient transit connections that they have felt compelled to purchase cars.<sup>22</sup>

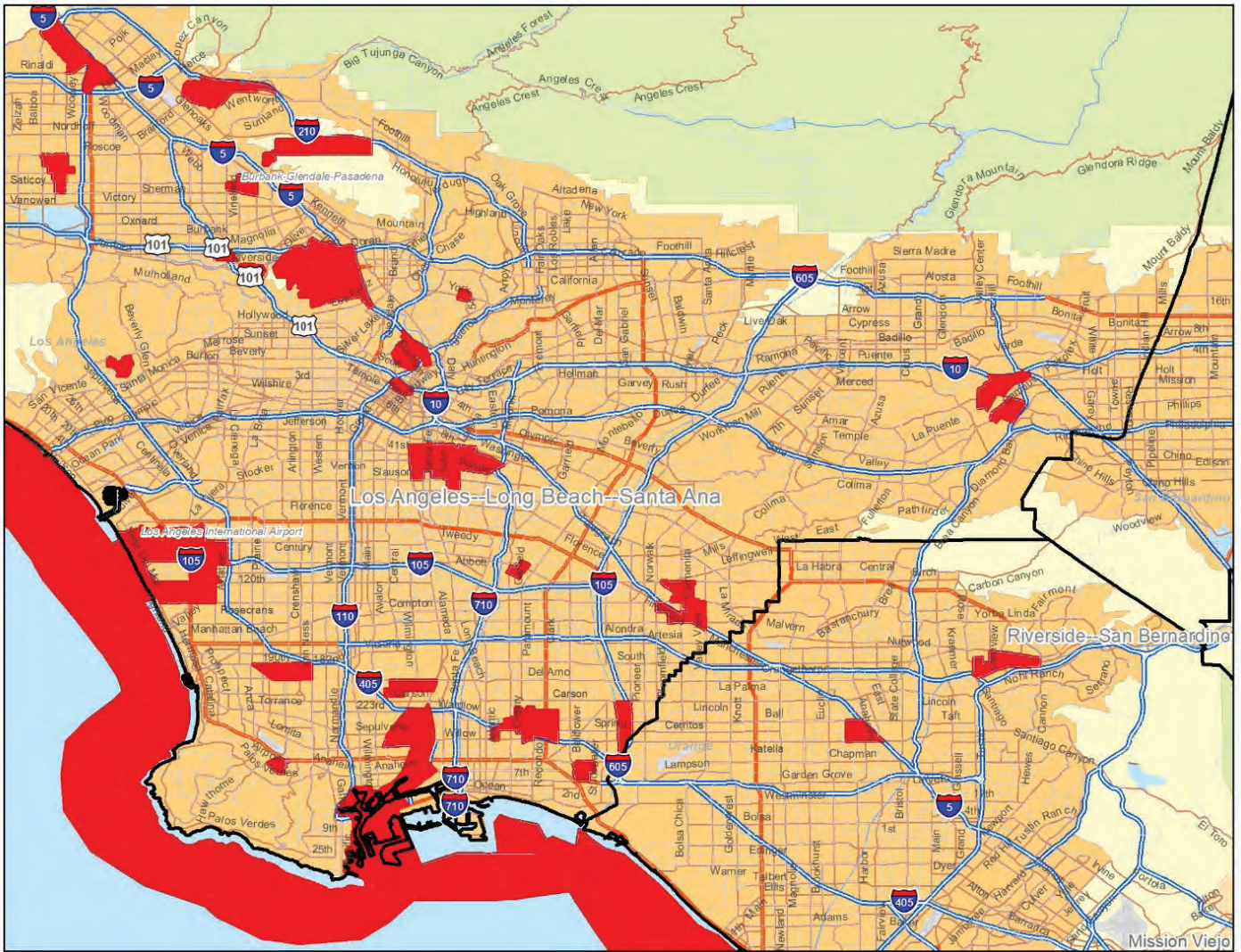
But perhaps nothing illustrates the futility of the city strategy better than the surge in homelessness. Last February, *The Los Angeles Times* launched an editorial board series that called the ever-worsening gentrification/homeless situation in Los Angeles "a national disgrace."<sup>23</sup> The LA homeless population soared again last year, from 28,464 to 34,189, and is now being called "our Katrina" by critical local groups.<sup>24</sup> Plans by the city to gentrify the Skid Row section, with its permanent homeless population of over 2000, have been opposed by those who say it would essentially be an eviction.<sup>25</sup>

## **THE POLITICS OF GENTRIFICATION**

Given the failures of gentrification and densification, those forces face considerable opposition in many neighborhoods.<sup>26</sup> Although most of the region has not seen the intense gentrification like in New York or Chicago, the fear of its effects are being strongly felt in many of the city's historically disadvantaged neighborhoods.<sup>27</sup>

The map of 46 census tracts that have increased in household incomes from the 40th to the 60th percentile from 2010-2014 shows the changes throughout the entire LA-Anaheim MSA. The red areas (on land, not sea) represent the census tracts that meet the income criteria for gentrification.





46 Census tracts meeting gentrification income criteria in Central Los Angeles, 2010 to 2014 (in red). Source: American Community Survey and Census data, U.S. Census Bureau. Census tracts normalized by GeoLytics across time periods.

LA’s current gentrification is driven both by city policy and by professional investors, who see gentrifying neighborhoods a great financial opportunity.<sup>28</sup> This does not favor middle or working-class homeowners, the traditional ballast in these neighborhoods, as it engenders lower home ownership rates and a higher percentage of renters. Nearly one in five LA census tracts have seen drops in home ownership since 2010.<sup>29</sup>

| Los Angeles Change In Home Ownership Rates  |           |           |           |
|---|-----------|-----------|-----------|
|   | 1990-2000 | 2000-2010 | 2010-2014 |
| <b>Number census tracts with significantly above average decline in home ownership*</b>         | 229       | 368       | 543       |
| <b>Total Number of Census Tracts in LA/ANA MSA* (adjusted for changes in tract definitions)</b> | 2876      | 2876      | 2876      |
| <b>Percent of census tracts with significantly above average decline in home ownership</b>      | 7.96%     | 12.80%    | 18.88%    |
| <b>Change in home ownership rate defined as “significantly above average” for the period</b>    | -7.46%    | -8.05%    | -6.37%    |
| <b>Average change in home ownership rate for the period</b>                                     | -0.01%    | -1.14%    | -1.49%    |

\*Significantly above average is defined as census tracts that have more than one standard deviation difference from the zero rate of decline in the metro market. Source: American Community Survey and Census data, U.S. Census Bureau. Census tracts normalized by GeoLytics across time periods.

Yet many LA working-class neighborhoods possess a strong homeowner ethos that developed over the last half-century. These neighborhoods may have intense poverty and rundown retail strips, but they remain human-scaled with pride of ownership.<sup>30</sup>

This ethos is keenly felt in many parts of South-Central Los Angeles and several neighborhoods south of downtown.<sup>31</sup> Once a predominately African-American community but now predominately Latino, South-Central is among the most overcrowded neighborhoods in the country.<sup>32</sup> The population is composed of nearly 80% renters and 45% in poverty. Conditions have worsened considerably since the 1992 riots.<sup>33</sup>



Picture Courtesy of Boyle Heights Beat, March 19, 2017, <https://boyleheightsbeat.com/boyle-heights-six-unit-property-listed-for-1-6-million/>.

New development in the area, such as the \$1.2 billion luxury apartment project called ‘The Reef,’ has engendered major neighborhood pushback from advocacy groups. A report from Human Impact Partners found that nearly 45,000 residents within two miles of the mega-project are at risk of displacement.<sup>34</sup>

Another particularly hot spot is in the predominately African-American Crenshaw district, long a stable community that includes not only poor people, but a considerable number of working and middle-class homeowners. There are fears about new development, including a high-end mall. Luxury apartments around the Crenshaw light-rail line, which will connect the area to both Downtown and LAX, promise to displace many current residents and black-owned businesses.<sup>35</sup>

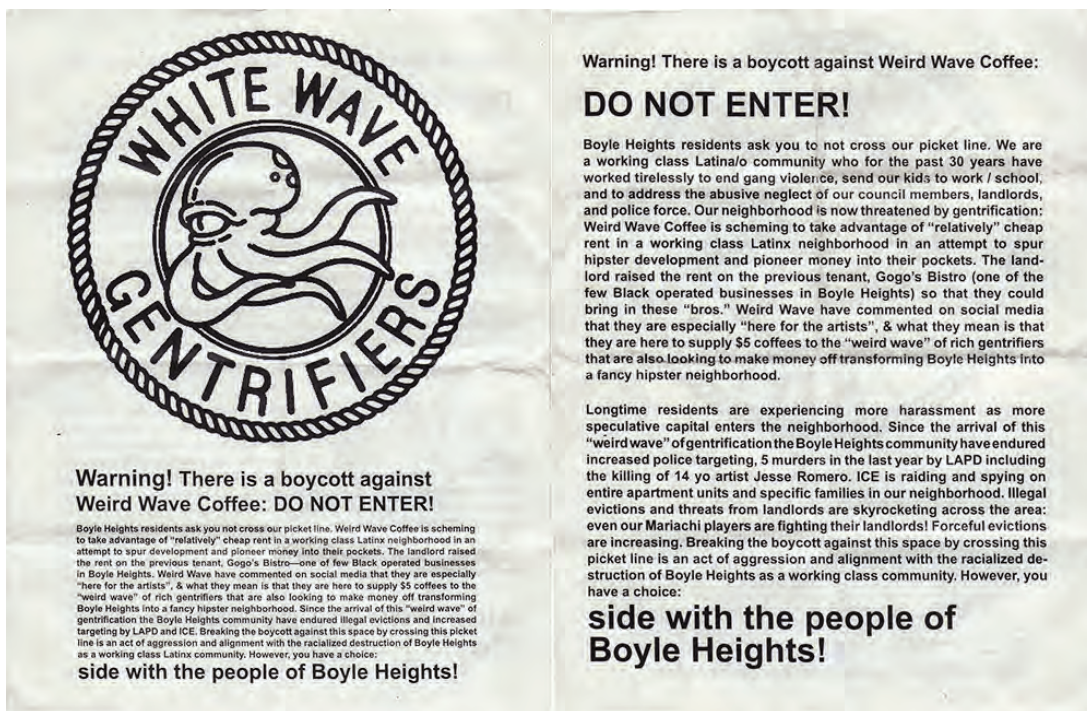
## IMPACTED NEIGHBORHOODS: LATINO BOYLE HEIGHTS/EASTSIDE; DTLA ARTS DISTRICT

Perhaps LA's sharpest conflict over gentrification is taking place in Boyle Heights, just east of downtown. Long an affordable, predominantly Latino area, it is experiencing an unprecedented wave of speculation. In 2017, for example, a Boyle Heights property listed for \$1.59 million, almost three times what the previous owner sold it for in 2015. Its value is driven by its rental potential on Airbnb.<sup>36</sup>

In Boyle Heights, single-family dwellings that abut noisy, pollution-spewing freeways can fetch \$600,000. These homes sold for approximately one-third their current value as recently as 2015.<sup>37</sup> "Home owners get offers for their homes even if they have not put them up for sale," says Vivian Escalante, a long-time Boyle Heights resident.

Older residents remember how the arrival of Dodger Stadium, just across the freeway, caused cultural and economic erosion in the long-existing Chavez Ravine community. The current fear of displacement centers not on stadia or huge projects, but hipsters and artists who themselves have been pushed out by downtown real estate speculation.

In 2015, Adaptive Realty littered downtown LA's Arts District with a "Why Rent Downtown When You Could Own in Boyle Heights?" flyer. Realtors promoted a bike tour through the "...charming, historic, walkable and bikeable neighborhood." After the realtor received messages like "Stay outta my hood" and "I hope your 60-minute bike ride is a total disaster," the event was canceled.<sup>38</sup>



Headlines have highlighted Boyle Heights anti-gentrification groups that have taken extreme actions. Desperate to make their concerns heard, they have vandalized property and sent intimidating messages to white, hipster newcomers.<sup>39</sup> Groups such as Defend Boyle Heights have created boycott campaigns and, with homemade flyers, picketed hipster businesses.

Nearby, LA's downtown Arts District used to serve as an edgy locale for local creatives but has experienced upwards of 140% in rent increases since the year 2000. Even long-tenured artists that have put LA on the map for decades are faced with eviction notices.<sup>40</sup>

One sign of impending gentrification: More than a dozen galleries have popped up in the industrial district along Anderson Street, nestled between the 101 and the LA River.

## IMPACTED NEIGHBORHOODS: LITTLE TOKYO/ KOREATOWN/ CHINATOWN



*The “Ugly Wall of Chinatown” planned to rise 7-14 stories above Chinatown.*

it would create what is being called “The Ugly Wall of Chinatown.” The development would be a physical barrier separating neighborhood residents from the park and inhibiting transit.<sup>42</sup>

Downtown Los Angeles is surrounded by several well-established Asian-American communities. These areas face challenges from gentrification that are often financed across the Pacific. Wealthy investors from China and other Asian countries are locally seen as threats that hurt the area's existing low-income Asian communities.<sup>41</sup>

Chinatown's proximity to downtown has made it attractive to speculators. New development plans like Elysian Parks Lofts, which hopes to capitalize on the recent \$20 million renovation of the LA State Historic Park, would not only be too expensive for residents,

Little Tokyo, located on the northern edge of downtown, also faces growing gentrification. The tenants of 800 Traction Ave, for example, are several prominent Japanese-American artists. Many of them had moved to the area during the 1990s to find a creative space within LA's Japanese community. But in January, residents were served eviction notices shortly after the property was bought, as the new owners tried to convert the building into luxury housing. These artists, many of them over 60 years old, will be forced to relocate from their current live/work spaces, most likely further away from the historic heart of the local Japanese-American community.<sup>43</sup>

Similar threats have risen in LA's HiFi — Historic Filipinotown — neighborhood. Located near Westlake, the area is predominantly Latino, but it has also served as an enclave for Filipino families and businesses in LA. Plans for a North Westlake Design District near HiFi, suggests Michelle Magalong, a prominent local activist, “...represent a cartoonish manifestation” of local residents' worst fears about gentrification. A 2014 draft of the plan included art galleries, bakeries, bars, cafes, and co-working spaces, but prohibited automotive repair shops, bail bond brokers, fortune telling services, drive-through restaurants, and public storage facilities, precisely the kinds of businesses that working-class Angelinos own, work out of, or patronize.<sup>44</sup>

Koreatown exhibits all the worst characteristics of gentrification and is perhaps the most advanced case of it in Los Angeles.<sup>45</sup> *Curbed LA* reports that, in Koreatown's roughly 20 square blocks, more than 52 commercial and residential projects are under development, one of the highest densities of development in the city.

Attorney Grace Yoo suggests that sweetheart deals between politicians and developers, many of them from overseas, push people out of these historical immigrant neighborhoods:

“Favorable terms for developers and the city plus the state are what pushes for this development of high-rises.”<sup>46</sup> Another factor is expanded public transportation, which the state said would be a huge incentive for the people that live in this area. However, studies have shown that there has been a steady decline in the number of transit riders, and the overall majority of the people riding are from lower income homes.<sup>47</sup>

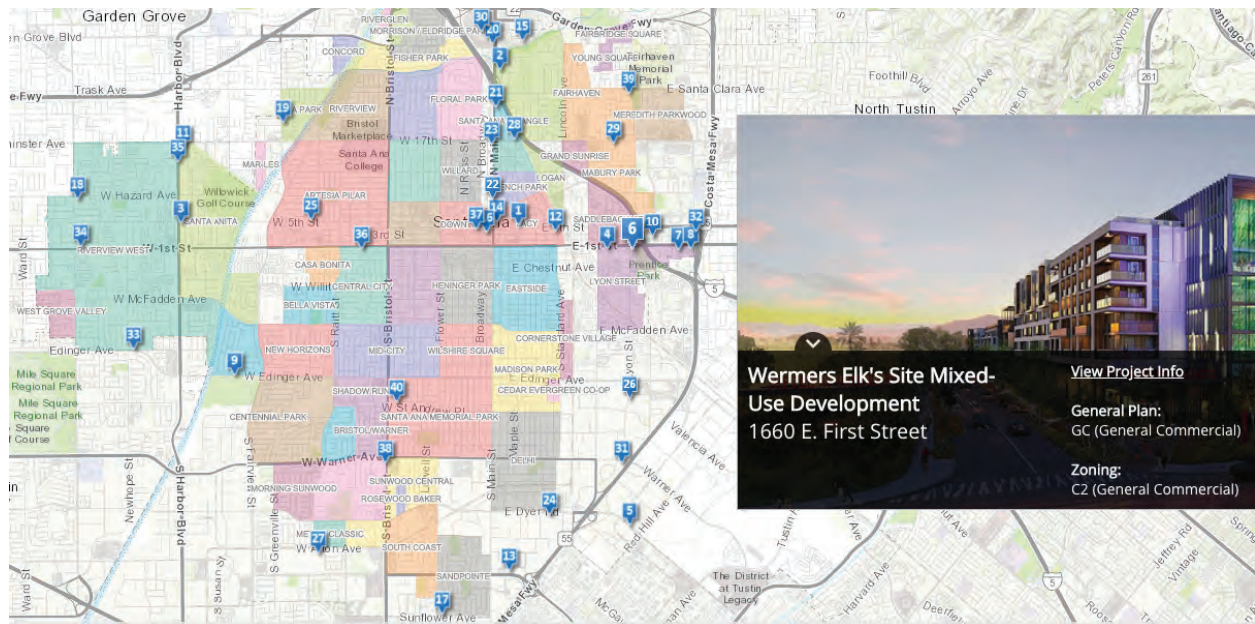
## **LEFT BEHIND BY GENTRIFICATION: SANTA ANA CASE STUDY**

Encircled by wealthier communities such as Orange, Irvine, and Costa Mesa, Santa Ana seems to be a prime spot for gentrification. With a population that is about 80% Latino, Santa Ana is a hub of Latino culture in a county that has relatively recently become majority-minority. The opening of upscale bars, eateries, and shops in downtown Santa Ana has given rise to outspoken criticism from residents. The Fourth Street Marketplace and the Artist Village in particular have been viewed as monuments to the forces of gentrification, as local businesses are pushed out in favor of trendier and more Instagrammable spots.

Santa Ana's recent developments ride the new gentrification formula, driven by city policy and funded by government and professional investors. The Renaissance Plan, introduced around 2008, painted a picture of a trendy downtown decorated by artists, with upscale restaurants and mixed-use apartment buildings.<sup>48</sup> Since then, the city has seen a rise in high-end developments centered around the Artist Village, Orange County's first subsidized artist colony, that included investments of about \$6 million from the city's own general fund and from federal funds.<sup>49</sup> Another \$22 million was invested in purchasing vacant lots around downtown for redevelopment purposes.<sup>50</sup> Santa Ana also attracted roughly \$300 million in federal and state funding to build an exclusive downtown street car that will connect a tiny fraction of the city with a nearby Metrolink station and is slated for completion in 2021.<sup>51</sup>

Santa Ana's Artists District and Fourth Street Marketplace have attracted retail businesses and a loyal following among contemporary consumers, both Anglo and Latino.

A cluster of developments is also underway in downtown Santa Ana, along Main Street and First Street, with easy access to the 5, 22, and 55 Freeways. The plan includes mostly high-end residential and commercial developments and hotels, sprinkled with little to none affordable projects such as Meta Housing's Santa Ana Arts Collective building. One can almost feel the push from the outskirts of the city towards the center, where we see almost no projects aimed at the wellbeing of low and moderate-income residents.<sup>52</sup>

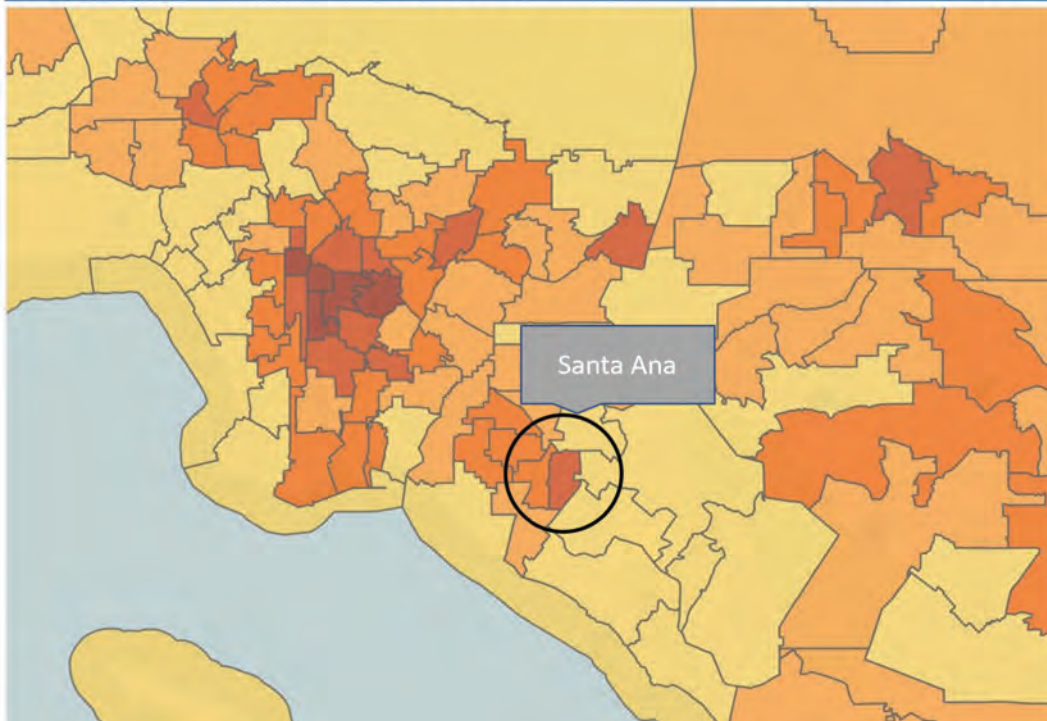


Source: “Santa Ana – Major Development Activity Report,” City of Santa Ana’s Website, Updated August 2018, <http://santa-ana.maps.arcgis.com/apps/MapTour/index.html?appid=b1721834401f4cf48012577a443f2b42&index=6>.

Despite two decades of attempts at gentrification, most Santa Ana residents are poor, the city does not have a strong middle-class base to attract new residents, and it does not have industries that provide enough jobs for residents, outside of the low-paying service jobs created in the newly renovated areas. This leaves Santa Ana with extraordinarily high levels of poverty, including some neighborhoods, according to United Way, that are among the poorest in California. Housing is far too expensive, given incomes, with a median multiple for housing at 7.6 (slightly lower than Orange County’s overall 8.6). The United Way Real Cost Measure Map shows Santa Ana as the most economically challenged city in Orange County, with 58% of the population estimated to earn below what is required by a family in the area.<sup>53</sup>

Research by the Kennedy Commission, a local affordable housing advocacy organization, found that “... it is common in Santa Ana for five to seven people to share a one-bedroom apartment.”<sup>54</sup> Some people, unable to find rooms to share, resort to makeshift shelters between single-family homes as a desperate way to cope. Santa Ana’s overcrowding issues are exacerbated by the lack of affordable housing in nearby wealthier cities; it houses many workers unable to afford higher rents near their workplaces in other parts of OC.

**Percentage of Households below Real Cost Measure**  
*Struggling to Stay Afloat: The Real Cost Measure in California 2018*



Map Source: United Way of California, "Struggling to Stay Afloat: The Real Cost Measure in California 2018," <https://www.unitedwaysca.org/realcost/neighborhood-maps>.



*Makeshift rooms between single-family homes for construction workers that are not able to find affordable rooms for rent. Photo by Julie Leopo.*



*Home renter, who sublets rooms in the home, offers cooking services for renters. Refrigerators stacked on top of each other belong to different families/individuals who live in the home. About nine households live in this house. Photo by Julie Leopo.*



*Grandmother helping granddaughter get ready for school in the kitchen/living room area where they spend most of their time since the grandmother rents all other rooms in the home to afford rent. Photo by Julie Leopo.*



As in Los Angeles, soaring rents have contributed to a swelling homeless population. “I have worked in Santa Ana for decades and had never witnessed people living on the streets passing right outside of my office until recent years,” says Pat Velazquez, a Santa Ana realtor.<sup>55</sup> The problem is growing exponentially. According to the latest point-in-time count in March 2018, Santa Ana’s homeless population had more than doubled from 2017.<sup>56</sup>

Yet perhaps more than other parts of the region, Santa Ana may have the potential to provide a new template for gentrification. Unlike its Los Angeles mega-sized neighbor to the north, smaller Santa Ana has the advantage of a closer community where private, public, and civic leaders could plan and implement policies with more ease.

Affordable housing is part of the city’s planning process. Although controversial in a fiscally conservative county, Santa Ana’s inclusionary housing ordinance forces leadership to incorporate workforce housing into the long-term vision. It is important to note, however, that Santa Ana builds at a much slower rate than other cities in the region. According to a report from the Southern California Association of Governments, in 2016, Santa Ana issued an average of 0.6 permits per 1,000 residents while the county averaged 3.4 permits per 1,000 residents. Nonetheless, 13.6 percent of new housing stock was single-family residences and affordable housing projects.<sup>57</sup>

Developers such as C&C Development have created innovative projects that have earned prestigious awards.<sup>58</sup> The Terraces at Santiago, a workforce housing development in the gentrifying Lacy neighborhood, won the Platinum award in the Best Urban Infill category from *Professional Builder Magazine*. If done right, Santa Ana’s investments in new single-family residences could provide critical homeownership opportunities for low- and moderate-income families.

Santa Ana’s downtown commercial corridor is still unique in the region, with a mix of authentic Latino establishments and new trendy developments. Ryan Chase, who owns the new Fourth Street Market, comes from a family that has

been in the city for almost a century. On a street that is still lined with Quinceañera dress shops, he purposely recruits local entrepreneurs for his innovative food court “start-up” kitchens.<sup>59</sup>

To avoid displacement, a similar platform that pays attention to the city’s existing Latino market, as noted in a California Endowment study, has the potential of bringing in more than \$137 million in new sales per year while offering much needed goods and services to current residents.<sup>60</sup> And according to a report by the Opportunity Fund, a statewide community development financial institution, working with small businesses that focus on local markets, including street vendors characteristic of Latino culture, can have a ripple effect for a city’s entrepreneurial community.<sup>61</sup> Maintaining a healthy balance between businesses that cater to residents and those geared to visitors can increase the city’s revenue and contribute to a unique downtown experience for those of various income levels.



## **CONCLUDING THOUGHTS**

Gentrification in LA over the past 50 years has been distinctly rental-oriented. The massive run up in residential real estate pricing across the region has fueled the quest by developers to gentrify lower cost properties and generate premium rents. At the same time, the displacement and economic impact on poorer people has been exacerbated.

Access to exceptionally inexpensive capital for developers has enabled this trend to accelerate during the past ten years. The supply of cheap money may, however, be dropping, as the Federal Reserve has announced it is aiming to increase interest rates. Another factor in this monetary supply equation is Asia. Regulatory restrictions on both sides of the Pacific could have a significant effect on gentrification projects.

Sensitivity to the impact of gentrification is growing. Local community organizers appear to be having greater success mobilizing people in affected communities to speak up and act. The likely outcome of these trends is greater scrutiny of development plans. There is also the potential to develop creative alternatives, which thus far have ranged from more active partnerships between developers and community organizations to somewhat increased access to lower cost housing for the displaced. However, no magic formula has emerged that solves the supply problem in a meaningful way— yet.

Endnotes:

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## Gentrification in Dallas

*By Cullum Clark*

The Dallas region is a microcosm of America's latest urban evolution.<sup>1</sup> The Dallas-Fort Worth metro area is booming, fueled by a range of thriving industries and a tremendous influx of people and businesses. The city of Dallas — home to 1.3 million of the 7.4 million in the DFW metro — has experienced a stunning resurgence from the dark days of the 1980s oil and real estate crash.

Yet for all its heady growth, Dallas still faces many of the defining challenges bedeviling other major cities and the nation as a whole: a dwindling middle class, growing bifurcation into “have” and “have-not” neighborhoods, an emerging home affordability problem, and rising numbers of poor citizens for whom twenty-first century prosperity seems a sham. In certain respects, the city's revival has compounded these challenges.

Dallas remains among the most economically and racially segregated cities in America, in part reflecting the heritage of Jim Crow. The poverty rate in the city of Dallas is nearly 23%, one of the highest among large American cities.<sup>2</sup> At the same time, Dallas has a greater opportunity to address these challenges than most of its peers, in view of the DFW area's economic vibrancy and the city's comparatively abundant and inexpensive land. Unlike most big cities, Dallas has the potential to build its way out of its current challenges.

Dallas urgently needs to pursue three policy directions in order to shift to a more inclusive and sustainable pattern of urban growth. First, it needs to spark a new home building boom focused on middle and lower-income families, especially in depressed southern Dallas. Second, it should adopt a range of smart policies to preserve and rehabilitate as much of the existing housing and commercial real estate stock as possible in less advantaged areas. And third, it needs to get considerably more creative about bringing urban amenities — innovative schools, stores, restaurants, health clinics, greenspace and arts facilities, and the middle-skilled jobs that come with them — to historically underserved areas. If it gets these things right, Dallas can become a national leader in reviving upward mobility and the promise of the middle-class American Dream.

### **FADING AFFORDABILITY IN TWENTY-FIRST CENTURY DALLAS**

The city's renaissance over the last generation has transformed the city center and the booming neighborhoods of North Dallas, the region's traditional center of affluence. Markers of urban success and opulence abound: the spectacular new performance halls, museums, and parks of the Arts District; the two graceful Santiago Calatrava bridges spanning the previously neglected Trinity River; the sleek offices, luxury apartment towers, and upscale eateries of Uptown; and the ubiquitous mansions of Highland Park and Preston Hollow. The city has become dramatically more interesting than it was in the 1980s.

It has also become far more expensive.

Over the last decade, median home prices in the DFW metro area have risen from 51% of the average level for top 40 US metros to 82%, adjusted for household income levels, based on data from the research group Demographia.<sup>3</sup>

The housing market is far more strained in the urban core. As of August 2018, the median transaction price for a single family home in Dallas County was \$268,200, up 73% since 2007.<sup>4</sup> Median house prices have reached 5.2 times Dallas's median household income. Dallas's ratio is far above the national average of 3.7 times, and 86% above "affordable" levels for the median family, based on conventional measures.<sup>5</sup>

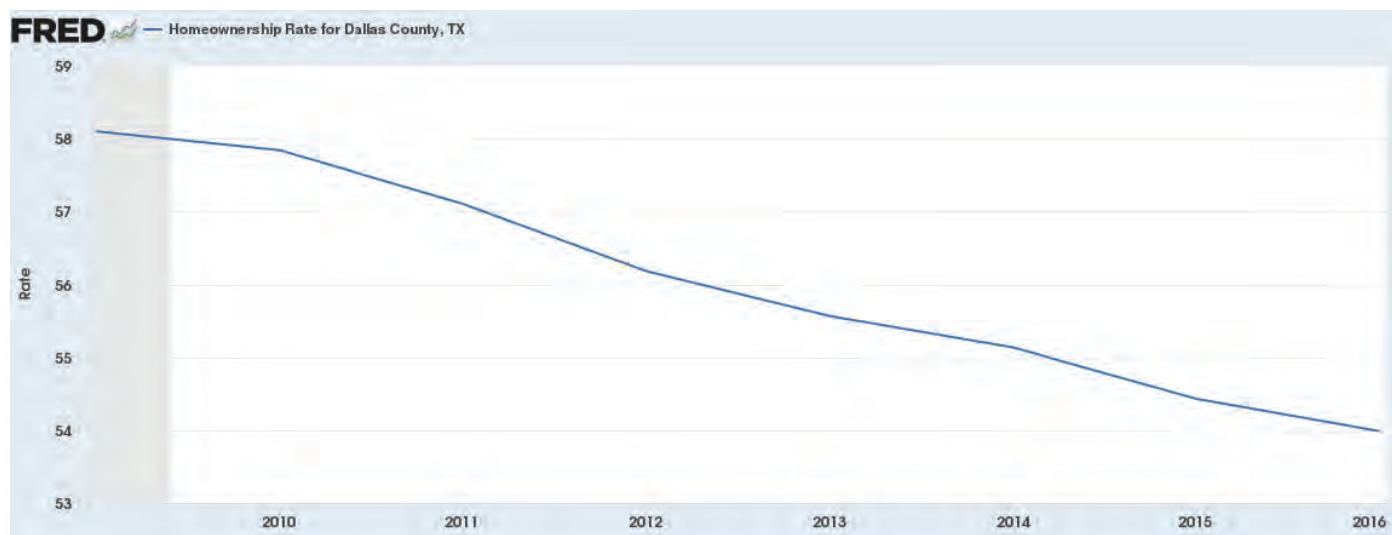
Average monthly rents, meanwhile, reached \$1,451 in the city of Dallas in 2018, 40% above the 2011 level, and slightly above the national average. One-third of homeowners and more than half of renters in Dallas County are now "housing cost-burdened," based on federal standards.<sup>6</sup>

As in other booming cities, the most severe price appreciation has been towards the low end of the housing market. Homes for sale at price levels considered attainable for the median family — \$150,000 or less, based on the convention that a family should spend at most 30% of income on housing — have virtually disappeared from the market. So have rental units affordable for households with income below \$40,000, amounting to about one-third of the city's population.<sup>7</sup>

Rising prices are pushing the dream of home ownership out of reach for more and more families in the city of Dallas. The share of households owning their home collapsed from 47% to 41% between 2006 and 2017. Dallas's ownership rate is now the lowest of the big Texas cities. Although still higher than the ultra-high-priced cities of the West Coast and Northeast, it has been falling even faster this decade than it has in Los Angeles.<sup>8</sup> The surge in renting among lower-income families means that the city's most vulnerable citizens increasingly do not have any hedge against soaring property values and rents, and little prospect for building household wealth.

Figure 1 illustrates the decline in the ownership rate over the last decade for Dallas County, which has experienced a slightly less severe drop than the city of Dallas proper.

### Dallas County Home Ownership Rate



Source: Federal Reserve Bank of St. Louis FRED database; U.S. Census data.

Recent data from the Pew Research Center shows that while the share of the population earning middle class incomes is falling in all of America's top 40 metro areas, it is holding up better than average in the DFW area as a whole. The middle class constitutes a higher proportion of the metro area population than it does in large coastal metros like New York, Washington, or Los Angeles.<sup>9</sup>

This position is under threat, particularly in the urban core of Dallas, as the lower and upper ends of the income distribution scale grow at the expense of the middle. One marker: the city's college-educated population, a proxy for middle-class or higher status, has grown only slightly as a share of population since 2000, even while increasing by 8% in the nation overall.<sup>10</sup>

At the low end, families are stuck. Non-profits serving the city's growing homeless population report that more of the people they serve are mothers with children who have been evicted from their rental units, rather than mentally ill and substance-addicted individuals.<sup>11</sup> Virtually all of the modest increase in the urban core's population since 2000 has been in the low-income population. While the DFW metro's population has grown 42% over this period, growth among middle and upper-middle class families has taken place almost entirely outside the city, despite Dallas's striking improvements in amenities for high-end professionals.

At its heart, the housing price challenge reflects inadequate growth and reinvestment in the housing stock. As in almost all thriving American cities, new construction has lagged far behind the home-building pace of the late twentieth century, adjusted for population size. New units per year in relation to population are down 32% over the past decade from the 1985-2000 level in the metro area. This drop has been less severe than in US coastal cities, but is nonetheless enough to leave what one *Zillow* economist called "a permanent scar" on the housing market.<sup>12</sup>

Slow expansion of the housing stock is not due to space constraints. A brief drive around Dallas leaves no doubt that the city has vast tracts of under-used land, and equally vast amounts of moribund retail and industrial real estate that could one day be repurposed for residential development.

It is also not due to a failure by the city to invest in its urban core. Dallas has spent more than \$5 billion over the last 20 years on an inefficient and under-used light rail system. Both the city and the booming suburbs to the north have created dozens of high-density, walkable mixed-use developments, fulfilling the wishes of "New Urbanist" thinkers. These neighborhoods, however, almost universally consist of upscale apartments catering to well-paid urban hipsters. They have not contributed much to sustaining the middle class in the city of Dallas, much less helping lower-income citizens.

## **GENTRIFICATION, DALLAS STYLE**

It is a mistake, finally, to attribute the troubles with the Dallas housing stock primarily to "gentrification." It is true that the development of Uptown in the 1990s resulted in a major displacement of the minority neighborhoods that previously existed just north of downtown, including the city's original Freedmen's Town and the Little Mexico community. But the extent of high-displacement gentrification in Dallas since then has been relatively modest compared to Southern California, San Francisco, or New York.<sup>13</sup>



On the contrary, one can point to several models of successful, low-displacement neighborhood revitalizations in the vicinity of downtown Dallas. For example, old East Dallas has managed, over the past four decades, to combine a moderate pace of new construction of middle-class homes, significant rehabilitation activity, economic and ethnic diversity, and considerable social cohesion. The neighborhood's success reflects thoughtful zoning decisions by the city in response to neighborhood pressure in the 1970s.

Another case: the red-hot Bishop Arts neighborhood, one of the most depressed areas of the city in the 1990s, has seen the rise of a highly walkable restaurant and retail community that attracts people from throughout Dallas along with a vibrant, diverse resident population.

And just south of downtown, the emergence of the Cedars neighborhood reflects an increasingly prevalent national pattern: African-American middle-class families moving "back" into rapidly improving black-majority neighborhoods, recreating the kinds of cohesive mixed-income communities that once thrived in American cities but became all too rare after the 1960s.<sup>14</sup> Finally, the roll-out of upscale apartment developments into West Dallas, lately considered ground zero for gentrification in Dallas, has so far displaced few families because it has largely occurred on the area's enormous store of vacant land.

That said, lower-income residents of all these neighborhoods are nervous. Given present trends, Dallas will likely follow the path of other large cities towards rising displacement, as soaring rental rates force out more low-income renters.

Dallas's experience is consistent with what economists have discovered on the emotional subject of gentrification. Neighborhood revitalization does not lead to greater displacement of low-income people than neighborhood stagnation and decay do. Rather than new construction, the factors that best predict high displacement in a neighborhood are constrained housing supply and a low home-ownership rate.<sup>15</sup>

## **THE FORGOTTEN SOUTH**

The city's increasingly stark bifurcation into the (mostly) prosperous north and the often-forgotten south explains much about why the city is facing a housing crisis and a vanishing middle class. The roots of the city's north-south divide lie deep in a painful history that most Dallas leaders would sooner forget.

Dallas became the first Texas city to impose racial housing segregation by law in 1916.<sup>16</sup> During the 1930s and after, the federal government reinforced segregation in Dallas and other cities through the policies of New Deal agencies like the Federal Housing Authority and the Works Progress Administration, as historian Richard Rothstein recounts in his book *The Color of Law*.<sup>17</sup> The FHA, moreover, financed the postwar build-out of North Dallas and white suburbs to the north, while virtually no public funds found their way to home construction in black South Dallas between the 1930s and the 1960s.<sup>18</sup>

In the 1960s and 1970s, the city, state, and federal governments obliterated numerous historic black neighborhoods to pursue “urban renewal” schemes and to make way for Central Expressway, Woodall Rogers Freeway, and other highways connecting outlying white neighborhoods with downtown. Shamefully, the city government seized more than 50 acres of private real estate near Fair Park by eminent domain at the behest of the State Fair of Texas in 1966, wiping out many black-owned businesses. The city’s stated objectives were to build a huge parking lot used three weeks of the year, and to relieve white visitors of what State Fair documents called the “intense emotional discomfort” of seeing “poor Negroes in their shacks.”<sup>19</sup>

In the 1960s, local authorities extended geographic segregation to the rising Hispanic population by using language proficiency tests to separate Hispanic students into separate schools in West Dallas and other ethnic enclaves.<sup>20</sup>

Explicit legal segregation ended in the 1970s, but the 1980s and 1990s saw the continuation of “redlining” practices by the banking industry that largely cut off Southern Dallas from private mortgage finance. In addition, stepped-up housing code enforcement resulted in the demolition of thousands of dilapidated minority-owned homes. Virtually no new construction nor public infrastructure investment took place in southern Dallas during these decades.

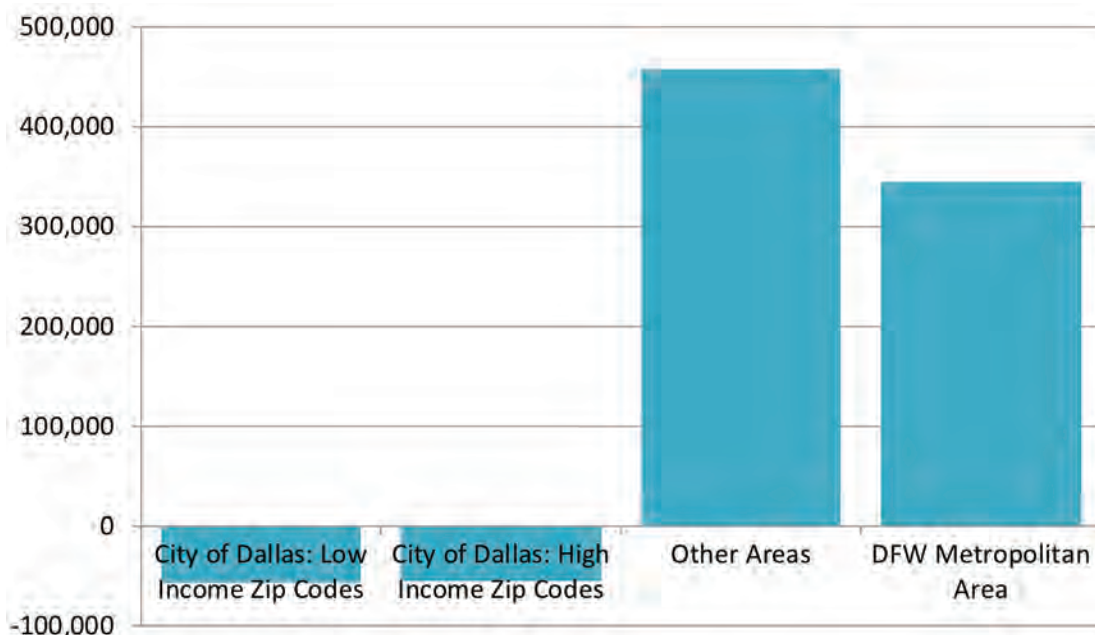
A Ford Motor plant near Fair Park that once employed more than 3,000 people, the largest employer in southern Dallas in the 1950s and 1960s, closed its doors in 1970. City Hall made little discernible effort to attract businesses to southern Dallas after this shock, largely ceding the corporate relocation market to the northern suburbs.<sup>21</sup>

The geographic patterns of today are Dallas’s physical inheritance from more than a hundred years of history that the city cannot easily reverse. Southern Dallas came into the twentieth century with an antiquated and crumbling housing stock, failing all-minority schools, an exodus of private-sector employers, and a near-total absence of modern amenities. Just as damaging, this history left a poisonous legacy of racial mistrust that still creates high barriers to revitalization policies. *Dallas Morning News* columnist Robert Wilonksy has written that the Fair Park neighborhood “has been betrayed so often by City Hall that no one trusts anyone.”<sup>22</sup>

Over the last two decades, the housing stock in southern Dallas has continued to shrink, despite the end of old-fashioned redlining. Reports from the Dallas Regional Chamber show that the number of permits for new homes as well as for commercial development remains tiny. New code-enforcement initiatives have driven a growing number of landlords out of the market, eliminating some dubious “slumlords” but failing to introduce any kind of replacement.

Opportunities for upward mobility remain meager in southern Dallas. The number of jobs in these lower-income zip codes, an area with more than 750,000 residents, has declined 16.6% since 2000, even as the area’s population has grown 7.1%.<sup>23</sup> The DFW metro area’s prodigious job growth since 2000 has occurred entirely outside the city of Dallas, as the figure below shows.

**Job Growth in the DFW Metro Area (2000 – 2014)**

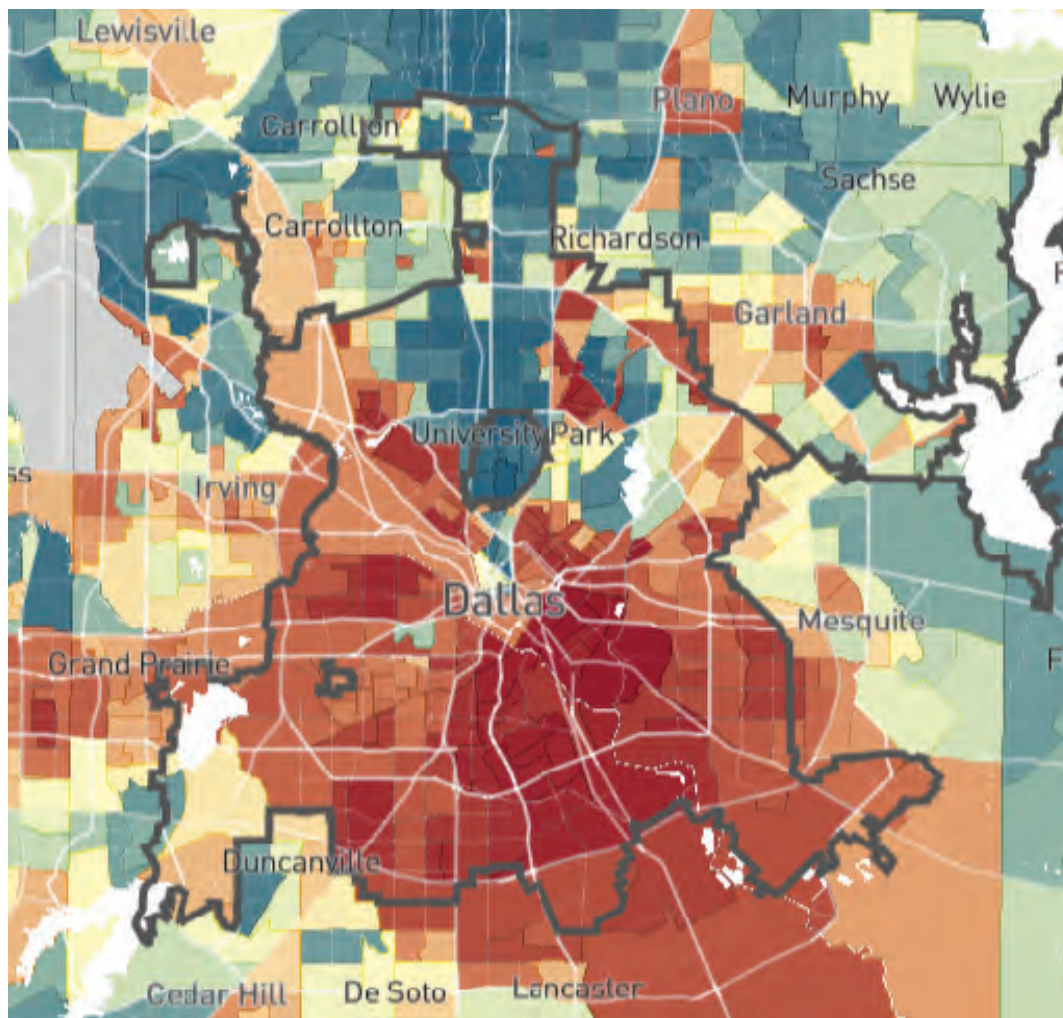


Source: Proprietary research by Wendell Cox, based on U.S. Census data

Public transit, often promoted as the solution to urban issues, does little to create opportunities for the South’s residents. Less than 1% of metro area jobs are reachable within a 30-minute commute by transit from the heart of southern Dallas. Only 11% are within a two-hour commute without a car.<sup>24</sup>

The city is experiencing not only high income inequality — Dallas ranked last in a 2018 Urban Institute ranking of 274 US cities for economic inclusiveness — but also rising economic segregation.<sup>25</sup> Economists have found that while housing segregation on racial lines has moderately declined in America since the 1970s, segregation on income lines has increased over the same period.<sup>26</sup> According to a 2015 study led by urban scholar Richard Florida, the DFW metro is the seventh most economically segregated of the 53 metros with more than a million people, and the second most segregated of the top ten.<sup>27</sup> Another study finds that 37% of children in the city of Dallas live in neighborhoods of concentrated poverty, far higher than all but a handful of US cities.<sup>28</sup>

## Upward Mobility in Dallas neighborhoods



Source: Raj Chetty et al., “The Opportunity Atlas: Mapping the Childhood Roots of Social Mobility,” <https://opportunityinsights.org>. Green signifies areas of relatively high upward mobility, while red signifies areas of relatively low upward mobility.

Dallas’s challenge in achieving a more inclusive pattern of growth is not primarily a result of high-displacement gentrification, as one might more accurately say of San Francisco, Seattle, and other coastal cities. It is a result of egregious dis-investment, particularly in southern Dallas. Policymakers have recently attributed the city’s housing supply problem to labor shortages, high raw material prices, and the rising value of fully permitted land, factors that have indeed played a role over the last several years. But the problem long predates these market fluctuations, and its causes are chiefly rooted in public policy.

## WHY POLICYMAKERS SHOULD FOCUS ON INCLUSIVE URBAN GROWTH

A skeptical economist might ask whether these patterns really call for policy intervention. Given an unequal distribution of incomes, one might argue, low and middle-income people have to live someplace. So what is wrong with the emerging pattern in which the poor live in economically segregated southern Dallas and the middle class live in outlying suburbs like Plano and McKinney?

This perspective ignores several economic realities. One is that urban real estate markets are already heavily regulated in Dallas and most other cities. Dallas's North-South divide is the result of decades of policy decisions, including choices over the investment of public and private resources. It is not just the "natural" working of private markets.

Economic segregation imposes an economic cost on the metro area as a whole. Rising geographic separation between workers and jobs implies increasing labor market inefficiencies, with labor shortages in high-opportunity areas and under-used talent in depressed areas. And vast zones of concentrated poverty block upward mobility for the families who live in them, and impose enormous costs on society, as Chetty and his colleagues have forcefully pointed out.<sup>29</sup>

If all metro area cities and towns believe that low-income housing markets are not their problem, then the metro area will become altogether unaffordable for part of its population, as the San Francisco Bay area has, raising questions of morality as well as of economic sustainability. The city of Dallas risks a "death spiral" scenario in which the North Dallas rich bear an increasing burden from supporting the growing southern poor, until the rich start leaving, as they are doing in Connecticut and New Jersey.

Policymakers must confront the reality that the private market, left to its own devices, simply cannot produce new homes that the city's lower-income citizens can afford. The city must also ask itself what it means for social cohesion and quality of life if virtually all its policemen, firefighters, teachers, artists, chefs, medical technicians, plumbers, and other middle-income professionals live far outside the city, as is increasingly the case.

## URBAN GROWTH POLICY IN DALLAS

Until very recently, one could fairly characterize the policy of the City of Dallas on affordable housing and neighborhood revitalization as one of inaction, for the most part, punctuated by occasional *ad hoc* and politically driven deals with developers. The city has sporadically toyed with "incentive zoning," that is, offering tax breaks or relaxing code restrictions to induce developers to set aside perhaps 10% or 20% of the units in a new middle-class development as "affordable." These efforts have accomplished little, however, as a result of poor definitions of "affordability," and economically senseless deals that offer far more in tax breaks for each affordable unit than it would have cost to build a free-standing house.<sup>30</sup>

The city government has provided useful support to a handful of non-profits and Community Housing Development Corporations that have achieved good progress in specific neighborhoods. CitySquare and Jubilee Park, two respected non-profits funded largely by wealthy North Dallas church communities, have made transformational changes over the past decade to a pair of neighborhoods near downtown. Inncity Development Corporation, a CHDO headed by former city councilwoman Diane Ragsdale, has built a number of attractive homes in another Fair Park neighborhood.

But these geographically targeted programs operate at small scale. CitySquare, for instance, has delivered several hundred homes over 10 years, while estimates of the city's need for new affordable units range from 20,000 to 60,000.

Dallas's Tax Increment Financing (TIF) program has also made a significant contribution. Since 2005, the program has generated market-price developments that have more than paid for themselves through incremental tax revenues, while delivering more than 2,300 "affordable" units, according to government figures. But the TIF program has failed to attract much private capital to southern Dallas, and very few of these new homes are within reach for families with incomes below \$50,000.

Dallas' permitting authorities are notoriously slow-moving and difficult to deal with. One measure of this problem is the near-total absence of national for-profit homebuilders from the Dallas market. (Remarkably, the largest builder of affordable homes is the non-profit Habitat for Humanity, whose construction pace is currently declining due to financial challenges.) The city has generally offered few incentives for restorative work on existing properties by homeowners or landlords, who often point out that investing in old structures yields negative returns because of the steep increases in assessed tax values that often follow.<sup>31</sup>

The Dallas Housing Authority, which administers the US Housing and Urban Development Department rental voucher system, mysteriously "ran out" of money in June 2018 and appears to be in disarray. City Hall has also been slow to pursue federal funding opportunities, such as the Low-Income Housing Tax Credit (LIHTC) program and the new tax law's "Opportunity Zone" incentives. Neither the government nor the non-profit sector has built a large-scale land bank to acquire cheap land in southern Dallas and elsewhere for future construction.

The last several years have seen early signs of reform. High-quality public charter school organizations like Uplift Education and KIPP Texas, as well as several "schools of choice" within the Dallas school district have achieved impressive learning gains, and now educate more than 25,000 low-income Dallas students, mostly in the south. Dallas's traditional public schools are showing hopeful signs of improvement. The "GrowSouth" initiative launched by Mayor Mike Rawlings has scored several early wins, including the re-launch of the formerly dilapidated Red Bird Mall and the emergence of an "Education Corridor" comprising the new South Dallas campus of the University of North Texas and the revitalized historically black institution Paul Quinn College.

In May 2018, City Hall passed a much-heralded housing policy. Its central promise is to promote the construction of 20,000 new affordable homes, including units that families earning as little as \$22,000 can afford. The policy also calls for targeting public funds towards a handful of redevelopment zones already showing signs of revitalization, based on an analysis of market trends at the neighborhood level.

## AN EMERGING DEBATE

Debates over housing and neighborhood revitalization policy have grown more intense as the challenges to Dallas have deepened. Advocates for anti-gentrification measures tend to exaggerate how much displacement has actually occurred, to neglect evidence that new investment actually helps to promote mixed-income communities, and to downplay the costs of neighborhood stagnation. As one group of economists concluded in a study of gentrification in 2015, “For many at the lower end of the economic spectrum, stability means imprisonment.”<sup>32</sup>

Another school of thought suggests that Dallas should promote greater neighborhood density as a means of increasing the supply of attainable living spaces. This simplistic solution misses a number of points, some of them specific to Dallas. Leaders on the ground indicate that high-density urban living is not what most people in the city’s disadvantaged neighborhoods want.<sup>33</sup> These residents believe that Dallas cannot replicate the unique charms of high-density New York or Boston, and should not throw away its own distinctive neighborhood vibes trying to do so. Greater density in the south would also mean paving over the area’s often beautiful greenspace, in a city that is already one of the fastest-warming urban heat islands in America.<sup>34</sup>

And evidence from Dallas as well as other cities confirms that promoting high-density multifamily development means scraping away relatively affordable parts of the housing stock and replacing it with upscale apartments, exacerbating the affordability problem. A fascinating recent issue of *D Magazine* devoted entirely to promoting New Urbanist design in Dallas listed a series of success stories in the Dallas area. Every example consisted of luxury units, surrounded by high-end amenities.<sup>35</sup>

One more debate focuses on whether the city should become more aggressive in adopting incentive zoning to promote attainable housing in high-income neighborhoods, or even mandatory “inclusionary” zoning for this purpose. (This would require new legislation by the Texas State Legislature, which currently bans it.) Advocates argue that dispersing low-income families among wealthier households in mixed-income neighborhoods would foster upward mobility.<sup>36</sup>

But political and economic realism argue against making inclusionary zoning in higher-income neighborhoods a centerpiece of city policy. Politically, the power of existing homeowners in high-income neighborhoods to block new developments on “NIMBY” (not in my back yard) grounds means that such policies are not likely to accomplish much, as most cities can attest.

National housing experts have also pointed out that inclusionary zoning policies that might prove effective in, say, New York City, will not transfer well to Dallas. Land is not scarce in Dallas, so developers can always forego deals offered by the city and take their capital elsewhere.<sup>37</sup>

## **A PATH TO MORE INCLUSIVE URBAN GROWTH**

A realistic plan to promote a more inclusive pattern of growth in Dallas should start with an all-out effort to ignite a house-building boom across the city, especially in the south. The city is taking steps in the right direction, but policymakers should de-emphasize the unrealistic goal of deploying federal tax credits primarily in higher-income neighborhoods, and instead prioritize advancing neighborhood revitalization.

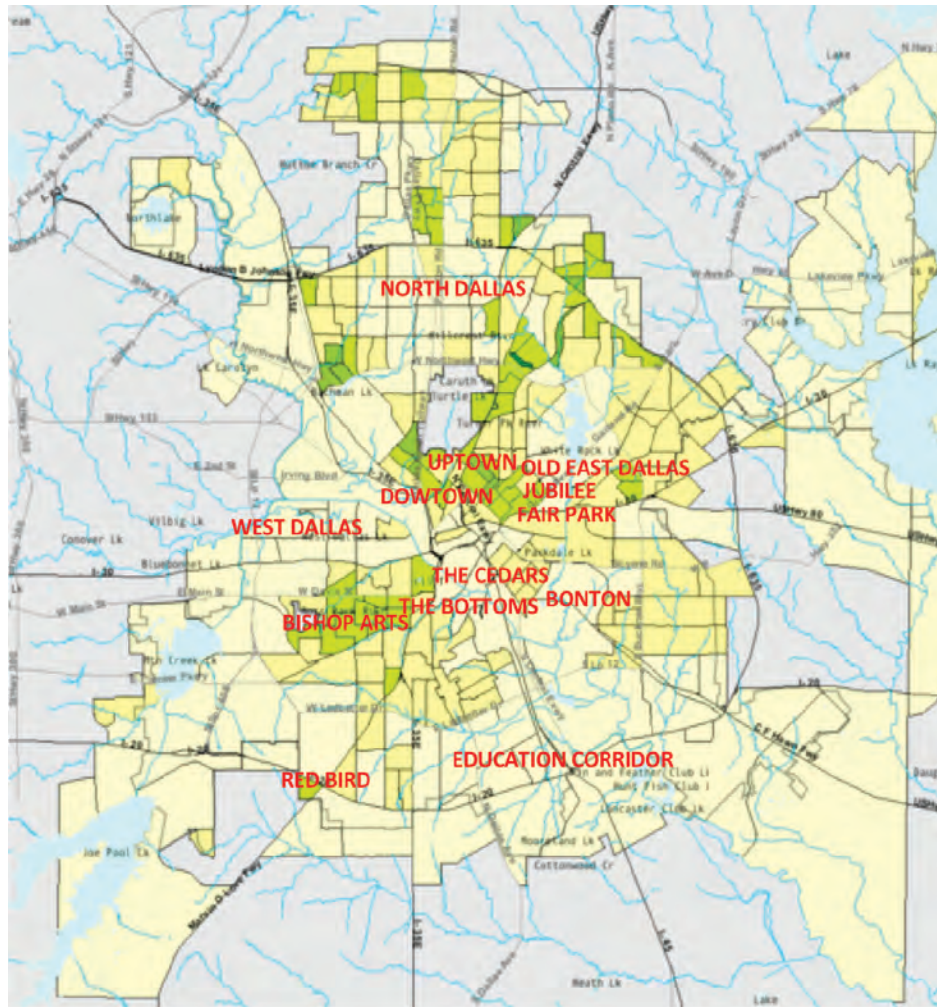
Dallas should completely overhaul its zoning law and permitting process, as Detroit has done, accelerating approval times and deregulating over-restrictive code provisions. The city should go from being one of the most inhospitable cities for national affordable housing developers to being one of the most welcoming.

It should also do what it can to help holistic revitalization efforts like Jubilee Park. And it should pursue innovative financial mechanisms to stretch dollars further, such as promoting the creation of a large-scale non-profit land bank, and issuing bonds backed by a co-investment equity stake in new affordable homes, so the city can recycle some of the profits from rising values.

The city's representatives in Austin should press the legislature to permit property tax breaks for community land trusts, as most other states have done. Preservation districts encouraging the city and the Dallas school district to use land it owns for attainable housing should also receive breaks. And the state should allow long-term tax freezes on new owner-occupied homes in redevelopment zones, to induce buyers and foster a market for developers.

What is needed is a light-bulb moment when Dallas recognizes the tremendous opportunity in the south. The vast land mass of southern Dallas exceeds the whole city of Atlanta. Real estate experts estimate that of its 250 square miles, 9 square miles are vacant and available for development. Non-profits commonly estimate that, in the neighborhoods they serve, one-third of the lots have an occupied home, one-third have an empty structure, and one-third are entirely vacant.<sup>38</sup> There are more than 170 acres of seldom-used parking lots and empty land in the Fair Park neighborhood, and dozens more in the Bottoms neighborhood, also close to downtown. Dallas's great opportunity is that its cheap and abundant land means it really can build 60,000 attainable homes over the next several years if it figures out how to mobilize private capital for the work ahead.





Source: U.S. Census Bureau; neighborhood labels added by the author. Figure 4 shows areas of greater and lesser population density, with dark green signifying high-density areas and light yellow representing the areas of lowest density. Southern Dallas generally features lower density than Northern Dallas.

## STABILIZING NEIGHBORHOODS

Rather than abandoning depressed neighborhoods, Dallas should prioritize the preservation and rehabilitation of the existing housing stock wherever possible. It should support the stability and social cohesion of neighborhoods, whether they are rich, poor, or mixed-income. It should promote what Dallas developer Monte Anderson calls the “gentle-fication” rather than the “gentrification” of disadvantaged neighborhoods, which means investment in new appropriately scaled homes alongside historic preservation and renovation efforts.<sup>39</sup>

“Gentle-fication” reflects the idea that the best defense against both displacement and disinvestment in a neighborhood is an ample housing supply, high ownership rates, and a moderate pace of new investment. “Gentle” revitalization should, as one leader with decades of experience in several cities said, “honor the wisdom and intelligence that’s already there in the neighborhood.”<sup>40</sup>

The city should offer long-term tax freezes as a reward for rehab activity, perhaps financed by tax revenues on new structures in the same neighborhood. Dallas Representative Eric Johnson unsuccessfully proposed a bill allowing such deals during the 2017 state legislative session. Promoting small-scale renovation activity by property owners would recognize the advantages of “thinking small,” as urban theorist Charles Marohn of *Strong Towns* emphasizes.<sup>41</sup> A wave of small improvements can make all the difference for a neighborhood, just as fixing broken windows has surprisingly strong effects on crime.

The city should also support non-profit programs to advance stable home ownership among disadvantaged communities, in part through better financial education. A large-scale effort in Indianapolis has delivered startling declines in mortgage defaults and notable progress in neighborhood stabilization.<sup>42</sup>

## **HOLISTIC REVITALIZATION**

A new inclusive growth path for Dallas, finally, requires bringing modern amenities and opportunities to the city’s blighted neighborhoods. In contrast to the enormous investments over the last two decades in downtown Dallas and the Uptown neighborhood, very little investment has made its way into southern Dallas. The 750,000-plus Dallasites living there deserve better.

An imaginative city policy would support creative efforts to roll out amenities that will make people want to move into today’s blighted neighborhoods. This includes new restaurants and retail venues like Red Bird Mall, affordable fresh food stores (perhaps in partnership with non-profits like Bonton Farms), well-maintained parks like Jubilee Park, quality health facilities like the community clinics operated by Parkland Hospital, and arts centers like the new project to revive the historic Forest Theater between downtown and Fair Park.

Policies to attract employers to southern Dallas should start from the premise that place-based economic development policies can only work if people want to live in targeted neighborhoods. Jobs follow people, in the sense that businesses will locate operations in places where qualified workers and paying customers wish to live. Development policies should prioritize locally owned businesses as engines of both revitalization and neighborhood stability.

Dallas has a talent for reinvention, as it showed by shaking off its history as a bastion of racial segregation after the 1960s and as an oil-dependent boom-and-bust town after the 1980s. It can point to a growing number of neighborhood success stories. With a better policy mix, and with concerted action by business, non-profit, and government leaders, Dallas just might reinvent itself as a model for inclusive urban growth in the 2020s and beyond.

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## Looking Forward: A New Agenda

*By Joel Kotkin and Wendell Cox*

*A city comes into being for the sake of life but exists for the sake of living well. - Aristotle.<sup>1</sup>*

Life may have improved for many in our urban centers, but, as we have seen, many others are being left behind. Gentrification strategies, often focused on the downtown core, have done little for either the remaining middle or the largely impoverished working class, who together comprise the majority of urbanites. A recent Brookings analysis found that from 2010 to 2015, of the 30 US metros that increased their productivity, average wages, and standard of living, only 11 metros achieved inclusive economic outcomes.<sup>2</sup>

Still, some urban writers embrace the idea of keeping poor neighborhoods as they are, with their low consumption rates and lack of cars, in part to reduce the area's carbon foot-print.<sup>3</sup> This seems a cruel and misplaced view. Rather than treating inner city residents as environmental lab rats, we should embrace the idea that cities, first and foremost, be places of opportunity, not only for the well-heeled and well-educated, but for all residents. The current approaches, as we have shown, lead to negative consequences in terms of higher rents and house prices, and even in reduced economic opportunity.

We believe it is time to move beyond the focus on gentrification led by the “creative class,” as Richard Florida, the term's own author suggests.<sup>4</sup> Overall, according to two recent Oregon studies, lower-income people in cities now experience less upward mobility than people from rural areas. The poorer people left in the urban core suffer from lack of opportunity, and seem to carry with them cultural and economic burdens that keep them from ascending to the middle class.<sup>5</sup>

This situation is not sustainable. History shows us repeatedly that huge income gaps and a sense of diminished opportunity can lead to disorder, alienation and a breakdown of the civic order, as evidenced by the growth of moves for rent control, greater housing subsidies and low levels of labor participation.<sup>6</sup> Ancient Rome, industrial-era London, Manchester, St. Petersburg and Shanghai, for example, all experienced revolts, and in some cases revolutions, led by the neglected classes. Substantial unemployment and economic insecurity can undermine social stability.<sup>7</sup>

How do we meet this challenge? The current resources for this report were not sufficient to lay out a specific strategy. Instead, we provided a set of new principles that should shape urban policy. We do not oppose gentrification that occurs naturally, as people seek out the urban core. However, the massive funds that are spent to attract more of the creative class and appeal to the hyper-affluent have not, and will not, improve life for most urbanites. For many, this approach can only mean further impoverishment, largely due to higher rents, or lead to mass migration out of the cities that, for some, have been home for generations.

As a policy, the revival of “enterprise zones” could lead to some investment in poorer areas, but also lead to great inequities. Tax breaks for Amazon, in addition to massive subsidies, are not likely to help working class people in Queens or elsewhere. Rather than focus on breaks or programs to lift real estate values, we need to re-center our urban policies on practices that could actually help middle and working class residents.<sup>8</sup>

## FIVE KEY PRINCIPLES FOR INCLUSIVE URBAN GROWTH

**1. Poor, underserved communities should serve as focal points for urban growth.** For example, critics charge that recent policies adopted by the city of Dallas amount to writing off most of the vast blighted areas of southern Dallas as irredeemable. One community leader blasts “the gall of the public sector” for systematically impoverishing southern Dallas for decades, and then pulling scarce resources away because property values became low.<sup>9</sup> A viable response may be for community groups to set up land trusts, as we see in Buffalo, New York and Santa Ana, California, where land can be held for development that serves the population, not mainly as a vehicle for speculation.<sup>10</sup> Low property taxes should not be seen as a hindrance. Rather, they suggest an opportunity for future growth. Contrary to the insistence of some that our cities are “built out,” they contain large tracts of undeveloped land. The South Dallas neighborhood is an estimated 160 thousand acres, larger than the land mass of Manhattan. A similar amount of land is classified as vacant (non-beach) and potentially buildable in Los Angeles and Orange County.<sup>11</sup> Large tracts of underutilized land — 7,559 acres of vacant land, or 11.8 square miles, 4.3% — can also be found in the city of Chicago.<sup>12</sup>

Many of these areas could be ideal for mid and low-density housing. Current national data suggests that single family houses are at least one-third less costly to construct than multi-family units.<sup>13</sup> Lower density housing particularly appeals to young families and could, as we see in southern Dallas neighborhoods such as The Cedars, spark the return of middle class minorities to historic ethnic areas.<sup>14</sup>

**2. Economic development needs to be aimed at creating middle skill, good paying jobs, including those provided by local entrepreneurs.**<sup>15</sup> Today’s gentrified approach, focused on tech and other high-wage jobs, also creates many low-end jobs, but creates few in the middle. City policy should focus on those mid-level jobs. For example, manufacturing, artisanal production and customer support provide good opportunities for families. There also needs to be a thoroughgoing reform of licensing practices, which serve to keep working class people away from opportunities in many service and light industrial fields.<sup>16</sup>

Few cities seem concerned with preserving industrial jobs, although some, such as San Antonio, Nashville and Grand Rapids, have embraced this strategy.<sup>17</sup> In 1960, 33% of black workers in Chicago were employed in manufacturing, according to a report by the Great Cities Institute. By 2015, just 5% of black workers were, leaving lower-skilled workers to compete with each other for the few jobs left. Middle-tier jobs could be brought into inner cities, rather than being shipped abroad or to remote exurban areas.<sup>18</sup>

**3. Urban redevelopment should be guided from the grassroots level.** Instead, in almost all cities it is centralized. One model might be Dallas’s Jubilee Park (see sidebar), which combines services like education and recreation with the building of affordable single family homes. Residents of middle and working-class areas are justifiably cynical about efforts emanating from City Halls that are often dominated by entrenched political interests, well-connected developers and public employee unions.

As gentrification's forces push ahead, activists, desperate to make their concerns heard, have taken physical action, vandalizing property and sending intimidating messages to white, hipster newcomers. This tendency, which hurts any kind of revitalization, can be minimized if emphasis is placed on efforts by other residents, businesses, government officials, and grassroots organizations to invest in people and build on the community's assets.<sup>19</sup>

**4. Step up infrastructure investments, citywide.** Public transit, street and bike lane improvements, selective enrollment public schools, parks, and other infrastructure have attracted affluent residents to some inner city neighborhoods. However, similar improvements have not generally been made in the large, poor, adjacent inner city neighborhoods. To successfully promote interaction and engagement that lessens bifurcation, cities have to start making improvements beyond their 'hot spots'. One immediate benefit: infrastructure investment could enable low income residents to gain greater access to strong job markets.

In most cities, this means a different approach to transportation. Mass transit is not doing well in most cities. There is little that is more important to low and middle-income households than convenient, quick access to employment. A transportation system that achieves such an objective will also improve mobility for all purposes. Urban core transportation policy should improve the jobs available within a half-hour from home at the lowest cost per employee, rather than focus on particular strategies, such as urban rail.<sup>20</sup> Greater reliance on buses, and even subsidized car ownership would greatly expand the opportunities for low-income residents. Policy makers should closely watch developments in ride-hailing services and automated vehicles. Use of these newer transportation options could stretch limited public dollars to materially improve employment access, particularly to the jobs-rich suburbs and exurbs.<sup>21</sup>

**5. Focus on education, particularly job training in practical skills.** Too many cities, like Los Angeles and Chicago, boast first-class higher education resources, and even some excellent public schools. But in South LA, more than 50 schools ranked among the state's lowest 5% in 2015.<sup>22</sup>

Rather than depend on 'luring' a middle class, we should, as the renowned urbanist Jane Jacobs suggested, endeavor instead to build one. This was a critical function of urban schools in the past, most obviously in New York, where free education extended to the college level for those who qualified. This includes efforts to bolster charter schools, which have had notable successes even in poor areas.<sup>23</sup> Cities need to serve students and families, not public employees.

America's cities have incubated opportunity and produced upward mobility for over a century. Now that they have begun to come back in many places, it would be tragic if they did so by leaving behind working and middle-class people. We believe cities should reflect Descartes's notion of providing "an inventory of the possible," places that do not construct barriers, but, rather, facilitate residents as they reach to achieve their aspirations.<sup>24</sup>

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## Jubilee Park

*By Cullum Clark*

Just over 20 years ago, a small group of leaders in a wealthy North Dallas church set out to make a difference in a forgotten corner of Dallas's depressed Fair Park area. The organization they founded, Jubilee Park, has since emerged as one of the brightest stars of community revitalization campaigns focused on a single urban neighborhood.



Jubilee Park, now known simply as “Jubilee,” runs a holistic revitalization effort in the Fair Park neighborhood with programs targeting affordable housing, education, public health, safety, and economic opportunity.

Its success is vividly apparent to anyone who visited the neighborhood early in the life of Jubilee Park and has returned over the last year. In 1997, the 62-block neighborhood was severely blighted: dilapidated houses with collapsing roofs and floors, ramshackle apartment structures long neglected by absentee slumlords, and an unmarked greenspace known only for drug deals crowded around narrow, unpaved streets. Today, elegant duplexes, two sprightly schools, and a welcoming community center surround a spacious, well-kept park with playgrounds, athletic fields, and a community garden.

Jubilee Park's success is visible also in the data. Crime rates have fallen by nearly three-quarters since 2000. The home ownership rate has risen more than 50 percent. Average household income levels have grown by more than 10 percent in inflation-adjusted terms, even as they have declined significantly in other nearby neighborhoods. The dramatic transformation of the Jubilee neighborhood represents an emerging success story in what Dallas developer Monte Anderson calls “gentle-fication,” stabilizing the community without displacing long-time residents.

The idea for Jubilee Park originated with Mark Anschutz, then the Rector of Saint Michael and All Angels Episcopal Church, and a handful of church leaders, looking for a transformational outreach initiative to mark the 50th anniversary of the church's founding. (Hence the name "Jubilee.") One of the founding leaders, retired oil executive and civic leader Walt Humann, ran the program from his personal office in its formative years, working tirelessly to eradicate drug houses and remove slumlords to clear the way for the park.

Jubilee Park opened its thoroughly renovated playground in 1997, the "Davids' Place" Head Start school in 2002, the Community Center in 2010, and an early Head Start (0-3) school in 2013. The organization re-launched its affordable housing program in 2011, and has since delivered 48 low-priced single-family, duplex, and senior living units.

Jubilee Park's current CEO, Ben Leal, joined the organization in 2011 after 15 years working for other non-profits, as well as stints with Texas Governor Rick Perry and the Texas House of Representatives. He leads a staff of 16, with an annual budget of \$1.7 million. Jubilee Park has been extraordinarily successful in mobilizing money and volunteer time from donors like J.P Morgan Chase, the Dallas property giant Trammell Crow Company, energy billionaire T. Boone Pickens, and The Real Estate Council, as well as thousands of volunteers from Saint Michael and other churches and civic organizations.

Two central elements of Jubilee Park's revitalization strategy stand out. One is the stunning transformation of the physical space in and around the park. The neighborhood takes notable pride in its new park, with more than 1,300 residents spending time there on a typical weekend and many participating in a successful crime watch program.

Just as important is the construction of the sturdy, streamlined, and inviting homes fronting the park. Over the last three years, Jubilee Park has partnered with a non-profit homebuilder, East Dallas Community Organization, under a model that relies on subsidies from the city government and the HUD Mortgage Assistance Payment program alongside private mortgage finance. As of 2016, the total cost to deliver a home in one of Jubilee's duplexes was \$165,000, with \$25,000 in support from the city in the form of a "soft-second-lien" mortgage and \$25,000 from Jubilee's private-sector donors. New home-owners have taken on a mortgage that is affordable for a family earning \$30,000 a year, based on federal affordability measures, and have benefited from Jubilee's home-owner education program.



The other key element in the strategy is Jubilee Park’s holistic approach in providing services and amenities largely absent in Southern Dallas. In addition to its two pre-elementary schools, it offers out-of-school-time and summer learning programs that have contributed to meaningful improvements in math and reading scores among the 230-plus K-8 students who have participated. Almost 200 kids play in the K-6 soccer program, while dozens of adults attend regular Zumba and aerobics classes. Jubilee Park operates the only free mental health program in Southern Dallas. Growing numbers are attending Jubilee Park’s job fairs.

Despite its successes, Jubilee Park faces several significant challenges. Rising construction expenses have increased the cost of developing a new housing unit to more than \$225,000, while public sector subsidies have remained flat.

An additional challenge is the near-total lack of public and private investment in most of the wider area surrounding the neighborhood. The Fair Park area remains largely a “food desert.” Virtually no year-round jobs are within reach for Jubilee citizens without a car, though the State Fair of Texas hires a number of neighborhood residents for three weeks each fall.





These issues point to a larger challenge facing Southern Dallas as a whole: there are limits to Jubilee Park’s capacity to scale up, and there are very few other organizations doing what Jubilee is doing.

Still, as a longtime leader in the Fair Park area said, Jubilee Park offers “an example of how, if you’re patient and persistent, you can make a real difference.”