Is ED Really a Problem?

By Andrew M. Manshel

In my recent experience, younger people doing economic development work feel guilty about it. They suspect that improving downtowns, neighborhoods and public spaces leads to "gentrification." Recent urban planning school graduates cast around for ways in which to inject "equity" into downtown revitalization initiatives. In New York City right now the most visible way this intellectual confusion is manifesting itself is in the opposition by advocates to neighborhood re-zonings that attempt to promote denser development near transit in order to create more opportunities for affordable housing. Here are my questions:

- How did it come to be that improving the quality of life in neighborhoods got to be seen as a bad thing?
- How is it that racial integration came to be widely viewed with disdain?

That is certainly not to say that fear of change and of displacement aren't real. To any New Yorker, the perception that your neighborhood is out of your control and changing in ways that are likely to make you feel like an outsider, at best, or unaffordable to you, at worst, is a very real one. This broadly held perception is a serious problem and needs to be addressed by civic and political leaders. Citizens have to feel like they know what is going around them and that changing social and economic conditions are not going to harm them (and may even improve their situation). We have certainly failed at this. Many residents feel powerless and disengaged, and as a result particularly resist changes over which they sense they have no control and that reinforces their feelings of powerlessness, even hopelessness.



The 240 room Marriott Hotel under construction at the transit center in Downtown Jamaica, NY. This project was unthinkable back in 1987.

At the same, it is also easy to forget how bad the perception of cities was in the late 1980s and the 1990s. Cities were seen to be in decline beginning in the early 1960s. Downtowns were generally thought to be unsafe. People of all classes and ethnicities were moving out to the suburbs. Many urban neighborhoods were said to be violent and "drug infested." I was held up at gun point at Sixth Avenue and 24th Street in 1981. When I moved to West End Avenue and 104th Street in 1989 and took over the maintenance of the tree pits in front of my apartment building I wore thick gloves to protect my hands from broken crack vials and used syringes. When I went to work for the Grand Central Partnership and Bryant Park BIDS in 1991 midtown Manhattan property owners were seriously concerned that their investment in aging office buildings was becoming worthless and untenantable. While I never actually believed that New York City was as unsafe as the *Daily News* and *New York Post* would have had their readers believe at the time, the negative perception of public safety was a real economic problem – as it continued to be when I went to work in downtown Jamaica, Queens in 2000s.

My recently published book, *Learning from Bryant Park*, is a bottom up discussion of placemaking through public space programming and operation. The book talks about the tactics we used in making Bryant Park the vital destination that it is today. It also discusses how those tools have been or might be used in other places. The discussion in the book goes beyond the rejuvenation of public spaces in big cities – and also talks about smaller places. The book starts with the assumption that public space and downtown revitalization are public goods. But recently it has become clear to me that not everyone involved with urban affairs shares that assumption.

As I write in *Learning from Bryant Park*, nothing about the successful revitalization of Bryant Park was inevitable. There was tremendous skepticism about many of the key programming and operational initiatives, given the park's location on 42nd Street and the then conditions in midtown Manhattan. Without intervention, Bryant Park very well might have stayed populated by drug dealers and other anti-social activity. But the 20- and 30-somethings with whom I interact in the field (along with many academics) have serious misgivings about the racial and economic equity impact of the public space and downtown improvement efforts of the last 25 years. They sense that communities are resistant to changes that effect the character of their neighborhoods and their ability to afford to live in them. The most recent visible expression of these concerns was, perhaps, the backlash against the package of incentives offered to Amazon to move to Long Island City.

But, I'd like to suggest the following disruptive and currently unfashionable ideas to my younger colleagues for their serious consideration.

- Improving the quality of life in neighborhoods is a benefit to everyone who lives in that neighborhood.
- White folks moving into neighborhoods, the most recent history of which were of majority black and/or Hispanic residents, is a good thing. It's called racial integration.
- We need more and better non-anecdotal data about the displacement of lower income tenants from integrating communities.

- Displacement (which is bad) and "cultural gentrification" (which may not be only bad), are two distinct things.
- Housing is expensive in some places because people want to live in those places. Housing is less expensive in places where fewer people choose to live. When I moved to New York in the late 1970's *no residential projects* could be built, given the cost of construction and the market rents that could be achieved. They did not work financially as a result
- It's a corollary good thing if some people choose to move from more expensive places to less expensive places.
- That increasing the number of housing units is a good thing and is the most practical and effective tool in bringing down the cost of housing.
- Mixed-income, mixed use development is a good thing. Dense, exclusively low-income housing has produced socially dysfunctional communities and should be avoided.

Our work in economic development and public space revitalization has had the objective of improving conditions for everyone. All New Yorkers and visitors benefit from a revitalized Bryant Park. No one is excluded. Yes, adjacent property owners have gotten a substantial step-up in the value of their properties – and that was a major objective of the project. But that does not mean that the public regardless of race or class has not benefited from the positive activity in the park – or from any other similar project in neighborhoods across the city and across the country. The two things are additive – not mutually exclusive. Of course, individuals and interest groups differ on what makes a neighborhood "better." A neighborhood isn't getting "better" if you believe you may no longer be able to afford to live there. Community members need to be provided information that gives them the feeling that the changes for the better will be for them and benefit them.

It has become an article of faith among progressive people that urban neighborhood change over the last 25 years has involved i) white people moving into "black and Hispanic neighborhoods," ii) the displacement of existing residents as a result of rising rents, iii) the accompanying loss existing distinctive "mom and pop" retailers and their replacement by faceless national chains, particularly of banks and drug stores and iv) the loss of neighborhoods' cultural identity. These concerns need to be carefully unpacked and not left unanalyzed or simply taken at face value.

There is no doubt that the burden of racial integration in the past fell exclusively on the shoulders of families of color who felt they had to move into all-white, and generally unwelcoming (to understate the case) communities in order to improve their housing and educational opportunities. But the dynamic is changing – now the visible social pattern appears to be white families moving into black neighborhoods. How can it be demonstrated to communities of color that such immigration of whiter and higher income families might be *of benefit to them*?

Vital urban neighborhoods are in a constant state of change. Bad things happen when neighborhoods don't change. Jane Jacob's beloved West Village has been carefully preserved

(in no small part as a result of her advocacy) – resulting in one of the city's most expensive and least economically and ethnically diverse neighborhoods. Before the Lower East Side became whatever it is today, it was Jewish and Italian. Before Harlem was black, it was Jewish. Before East Harlem was Hispanic it was Italian. The famously Italian restaurants of Arthur Avenue are now mostly owned by Albanians.

No ethic group has historically gotten to control any particular neighborhood. People move in. They move out to the suburbs. In the past this was a somewhat fluid process (But see, *West Side Story*). This has altered. Neighborhood change is being perceived as a threat. Now we have this idea that whatever cultural and/or economic group is resident in a particular neighborhood has the "right" to remain in that neighborhood and to define its culture. Even more emphatically one hears that the group that resided in a neighborhood from the 50's through the 80's stuck with that neighborhood through the "bad times," now has a "right" to benefit from the neighborhood's positive changes and "control" it's future. Who decided that and when did it become a norm? It is certainly novel and very recent. It's understandable when people want to stay in a neighborhood (rather than move to a better one or to the suburbs, as in the 20th Century) that residents would be concerned and upset. However, there is no legal or historical basis for any group to "own" a neighborhood. It is also very likely an obstacle to a city's continued cultural and economic vitality.

At the same time, we need to be sensitive to these issue and work to preserve treasured institutions and places that reflect a community's history and values. In is important in those places where cultural gentrification is taking place to provide evidence to residents of the benefits to them of the changes that are happening and to do as much as possible to maintain a community's defining cultural features. Just as the Lower East Side has the Tenement Museum and El Barrio has El Museo del Barrio, efforts need to be made in changing neighborhoods to maintain and celebrate their culture and history.

This issue of cultural gentrification particularly arises when upper middle class, and especially when upper middle-class white people, move into a neighborhood that most recently has been a community of color. It is generally agreed that segregation is a bad thing. The dictionary defines segregation as "the separation or isolation of a race, class, or ethnic group by enforced or voluntary residence in a restricted area, by barriers to social intercourse, by separate educational facilities, or by other discriminatory means." Forced integration, which generally took the form of bussing children out of their neighborhoods into segregated schools in another neighborhood in order to integrate then, was politically inflammatory. In the mid-20th Century, housing integration was generally black families attempting to improve their circumstances by moving into "better" but hostile white communities. Now we have white folks voluntarily moving into black neighborhoods, and presumably wanting to be neighbors with black families and have their children go to school with the children of those black families – and that is being regarded as a bad thing? Those white families are seen as taking something away from those black and Hispanic communities. Even white kids integrating historically black elementary schools has been characterized as an appropriation. How did we get to that place where voluntary integration, the diversifying of communities, many of which were long regarded as

under resourced and disadvantaged is anything but social progress? This was something that was long the goal of a civil rights movement led by some of the major figures of the 20th Century. Now black, Hispanic and white people living in close proximity is somehow not a valued goal?

Gentrification is generally used as synonym for "displacement." People use the terms interchangeably. But they are not necessarily the same thing. Neighborhood's that are perceived as becoming safer and physically in better condition are often referred to as "gentrifying." But clearly improving the quality of life in a community, in the form of improved perception of public safety and improved public space amenities, is a positive turn of events for all residents. New and higher quality, perhaps more expensive, retailers coming to a neighborhood is also identified as a sign of gentrification. But this also can be seen as an element of an improved quality of life for local residents – as well as portending rising residential rents and unaffordability. I discussed above the integration of neighborhoods – and this too is often seen as a signal of gentrification, and, as I argue above, is not necessarily socially destructive.

But to be clear, what most people are trying to identify negatively when they use the term gentrification is the forced departure of residents of a neighborhood as a result of changing demographic conditions and resulting increased residential housing costs. However, while there is much anecdotal information about such forced departures, there is very little in the way of actual research and data on this widely assumed social phenomenon and much more research and dissemination of the results of that research is essential.[1] In fact, the only careful study of changing neighborhoods of which I am aware found that the most rapidly demographically changing neighborhoods in New York City during the period of 2000 – 2015 i) showed little actual outmigration of low income people in excess of the "normal" movement of city residents around and out of the city, ii) that rents in residential units that were in existence in 2000 did not increase more than the general increase in rents throughout the city and iii) average rents in the changing neighborhoods increased because the rents charged in newly created units were generally higher than those pre-exiting in the neighborhood – causing the neighborhood average to rise. In fact, the neighborhoods that changed the most during that period were ones that had the most vacant land and empty buildings (that could be adaptively reused from industrial to residential).[2] These results need to be more broadly known and understood. We ought to have much better information about the nature of urban displacement in order to address the fear of displacement. Civic leaders, elected officials and social scientists must directly address and attempt to assuage these very real concerns.

Basic economic principles are not broadly understood. There is a widespread notion, particularly among elected officials that new, high quality housing units, whether at market or affordable rates, lead to neighborhood housing cost increases. But housing markets are not somehow exempt from the normal economic forces of supply and demand. Housing is expensive in the "gateway" cities because demand in those places exceeds the supply – and it is a very good thing that people now want to move back to the center. Again, the principal reason why housing is so expensive in desirable cities like San Francisco and Boston is because people

of all income levels want to live in those places. St. Louis and Cleveland have much less expensive housing, because their populations have decreased over the decades. There are wonderful neighborhoods in those cities, with tremendous bargains to be had relative to prices in New York and Los Angeles. If markets worked perfectly efficiently, which they do not, people would choose to live in those places rather than living with multiple roommates in order to afford to live in Bushwick. And we don't like change, particularly geographic change – and as a result we've become a substantially less mobile society (as Richard Florida has documented).[3] And in particular no one likes to have to experience a change as a result of forces beyond your control.

That being said, the most powerful lever to decrease housing prices is to encourage housing production. It is simple, basic economics – the principles of which have not been suspended because there is something magical about Brooklyn. In fact, downtown Brooklyn is evidence of the impact of increased housing supply, as there has been a glut of new construction of housing and as a result rents have been dropping and incentives to tenants have been increasing. If I had to guess, the velocity of those reductions will increase dramatically in the short term as many new housing units come on-line.

It is possible that high quality new housing might make a neighborhood more desirable and as a result increase demand in a particular neighborhood at the same time it is increasing supply. The net effect on price will depend on relative magnitude of those increases and requires more and careful research. The idea that building new housing units in a neighborhood will inevitably raise prices and displace existing residents simply isn't incontestably true. The fact that advocates repeat it or say it loudly does not make it truer. The basic economic principle is that increased supply of a product lowers the price of that product and has to be part of the discussion.

Prioritizing housing for the lowest income people is, for the most part, simply bad policy. First, why are the lowest income people more worthy of subsidized housing than families at other income levels; for example, the family where both parents work at minimum wage jobs, but still are unable to afford sufficient space for their family at a rent they can afford. What notion of fairness or equity prioritizes the housing requirements of one needy group over another? Equally importantly, creating dense housing of the lowest income people has proven to produce poor social results from Far Rockaway to Pruitt Igoe. Far better is to create mixed income housing, reserving some percentage for low income people (likely below a tipping point of about 30%). My experience of observing mixed income housing is that there is substantial benefit to the lowest income people to living among higher income people – and research needs to be done about the effect of this. Mixed income housing appears to produce much better social results by integrating income levels together than to segregate low income people in low income housing developments – that become subject to a range of social pathologies. It appears that above some "tipping point," higher income people feel the social circumstances of their building become unacceptable and they move out – leaving a project to house only the neediest. Mixed income housing also likely has the secondary effect of diversifying the income

levels of local school students, as well attracting parents with greater capacity (in terms of time, expertise and money) to support local schools.

Advocates need to be challenged to present an alternative vision of revitalized neighborhoods and the creation of affordable housing. Are they opposed to integration? Are they in favor of ghettos made up of only low-income residents? And how do they suggest that housing be built and subsidized to make it affordable? Should there be direct subsidy to tenants, or should those subsidies go to landlords? Do those subsidies come out of the City's operating budget? Should taxes be raised on the middle class to provide that subsidy? And how should affordable housing be allocated? Should first dibs be given to existing neighborhood residents? If so, doesn't that sustain segregated housing patterns? What is the vision for neighborhood retail? Is it high-priced low-quality stores that now are characteristic of low income commercial corridors? Is it "mom and pops" that, unlike national chains, probably don't pay sales tax, pay minimum wages or provide basic benefits to their employees (and are actually fewer and farther between than the contemporary discourse would have you believe)? Critics are quick to find fault with existing programs and institutions, but are they able to point to better models that have been successful in other places?

I am arguing that neighborhood improvement remains important work. I recognize that the perception of change is highly destabilizing to existing neighborhoods. Residents are rightly concerned about their place in and ability to afford changing neighborhoods in which they wish to continue to live (unlike their neighborhood predecessors, who sought to move to suburbs at their first economic opportunity). Placemaking can improve the perception of safety and the public space experience for existing residents while at the same time introducing dynamic new activity to a community – which is what makes urban spaces vital. Neighborhoods that resist change either become expensive museums for the wealthy, like the West Village and the Ilse de la Cite in Paris or become abandoned as a result of residents moving out and a lack of economic activity.

New York City, for example, is a very big place, with dozens of neighborhoods – many of which are relatively affordable and some of which continue to have both vacant land and underutilized structures. Quite a few neighborhoods can benefit from public space improvement, new housing construction and revitalization of their commercial corridors. There are plenty of places where mid-rise, mixed-use, mixed income projects would inject required new people and energy to changing neighborhoods. Just as there are many smaller cities and towns across the country that can benefit from the revitalization that comes from new people and economic activity. We need to keep at it while providing reassurance to community members that they are not being displaced and that their cultural history is being treated with respect. It is my hope that *Learning from Bryant Park* can become something of a handbook for people doing the important work of economic development.

ENDNOTES

1. Ingrid Gould Ellen, Gerard Torrats-Espinosa. *Gentrification and Fair Housing: Does Gentrification Further Integration?* The Furman Center, New York University. August 19, 2018. https://furmancenter.org/files/publications/gentrification_and_fair_housing.pdf.

2. Furman Center. State of New York City's Housing and Neighborhoods in 2015. http://furmancenter.org/files/sotc/NYUFurmanCenter_SOCin2015_9JUNE2016.pdf.

3. Richard Florida. The New Urban Crisis: How Our Cities Are Increasing Inequality, Deepening Segregation, and Failing the Middle Class—and What We Can Do about It. New York: Basic Books, 2017.