Gentrification Analysis of Minneapolis & St. Paul

2000 – 2014 | PRELIMINARY RESULTS

CURA Housing Forum 11.18.16
Methods

Quantitative:

- Tract boundaries normalized to 2010 boundaries using Geolytics
- Census tracts as unit of analysis
- Utilization of three different indices of gentrification

Qualitative:

- Interviews with public officials / neighborhood leaders / residents
Rental Housing Affordability in Minneapolis Neighborhoods

Change in Rental Affordability by Race/Ethnicity 2000 and 2014

Source: Author calculations, 2000 Census, 2010-2014 ACS, 2000 IPUMS, 2010-2014 IPUMS
All bolded values adjusted to 2014 dollars
Incomes for households

2000
Median Rent: $809
($575 in 2000 dollars)

Median Renter Income:
Affordable Threshold:

Source: Author calculations, 2000 Census, 2010-2014 ACS, 2000 IPUMS, 2010-2014 IPUMS
All bolded values adjusted to 2014 dollars
Incomes for households

White Not Hispanic or Latino

$39,390 ($28,000 in 2000 dollars)
$885 ($700 in 2000 dollars)
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Incomes for households

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2000
Median Rent: $809
($575 in 2000 dollars)

Median Renter Income:
Affordable threshold:

2014
Median Rent: $854

Median Renter Income:
Affordable threshold:
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Incomes for households
Rental Housing Affordability in Minneapolis Neighborhoods

Change in Rental Affordability by Race/Ethnicity 2000 and 2014

2000

Median Rent: $809
($575 in 2000 dollars)

Median Renter Income:
Affordable threshold:
Black or African American
$26,729 ($19,000 in 2000 dollars)
$688 ($475 in 2000 dollars)

Hispanic or Latino
$40,234 ($28,000 in 2000 dollars)
$1,006 ($715 in 2000 dollars)

White Not Hispanic or Latino
$39,390 ($28,000 in 2000 dollars)
$985 ($700 in 2000 dollars)

2014

Median Rent: $854

Median Renter Income:
Affordable threshold:
Black or African American
$14,951
$374

Hispanic or Latino
$30,491
$762

White Not Hispanic or Latino
$39,525
$988

Source: Author calculations, 2000 Census, 2010-2014 ACS, 2000 IPUMS, 2010-2014 IPUMS

All bolded values adjusted to 2014 dollars

Incomes for households
Ownership Housing Affordability in Minneapolis Neighborhoods

Change in Ownership Affordability by Race/Ethnicity 2000 and 2014

Source: Author calculations, 2000 Census, 2010-2014 ACS, 2000 IPUMS, 2010-2014 IPUMS

All bolded values adjusted to 2014 dollars

Incomes for households

2000
Median Home Price: $158,952
($113,700 in 2000 dollars)

Median Homeowner Income:
Affordable threshold:
$80,773 ($43,200 in 2000 dollars)
$151,933 ($106,000 in 2000 dollars)

Black or African American

Hispanic or Latino

White Not Hispanic or Latino

2014
Median home price: $205,200

Median Homeowner Income:
Affordable threshold:
$65,151
$162,878

$71,146
$177,866

$82,000
$206,000
Ownership Housing Affordability in Minneapolis Neighborhoods

Change in Ownership Affordability by Race/Ethnicity 2000 and 2014

Source: Author calculations, 2000 Census, 2010-2014 ACS, 2000 IPUMS, 2010-2014 IPUMS
All bolded values adjusted to 2014 dollars
Incomes for households
Identification Model of Gentrifying Neighborhoods

Is the neighborhood gentrifiable?

- Yes:
  - Did the neighborhood gentrify during the study period?
    - Yes: Gentrified
    - No: Did not gentrify

- No: Not gentrifiable

Freeman (2005)
Working Definition of Gentrification

1. Populated by low-income households
2. Neighborhood has previously experienced disinvestment
3. Influx of relatively affluent gentry
4. Increase in investment
5. Evidence of displacement
Many Forms of Displacement

Marcuse (1985)

Last-Resident Displacement
  ◦ A low-income household is “involuntarily” displaced from a housing unit that they would otherwise have been able to afford.

Chain Displacement
  ◦ Multiple low-income households can be displaced from the same housing units over time at different stages of neighborhood change.

Exclusionary Displacement
  ◦ Rising housing costs prevent new low-income residents from moving in.

Cultural Displacement/Displacement Pressure
  ◦ When family, friends, local businesses are forced to leave and rents rise. This puts pressure on the family to leave as well.
Measuring Displacement

• Very difficult to measure

• Some studies have used individual longitudinal data to try to measure displacement, but there are issues:
  • Can only measure last-resident displacement
  • Very difficult to distinguish between “voluntary” and “involuntary” moves

• Difficult to track transient low-income populations

• Likely to be differences between responders and non-responders

• Our analysis will use qualitative methods to understand small scale patterns of neighborhood change, but will not allow us to make larger scale quantitative claims about physical displacement.
Loss of Affordability is Exclusionary Displacement

Source: Author calculations, 2000 Census, 2010-2014 ACS, 2000 IPUMS, 2010-2014 IPUMS
All bolded values adjusted to 2014 dollars
Incomes for households

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Median Renter Income:
Affordable threshold:
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$574

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$762

$39,525
$988
Quantitative Analysis

• For robustness, using three well-known gentrification indices
  • Freeman (2005) – NYC, NY
  • Ding et. al (2015) – Philadelphia, PA
  • Bates (2013) – Portland, OR

• Scale
  • Regional vs. City reference geography

<table>
<thead>
<tr>
<th>City</th>
<th>Region</th>
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</thead>
<tbody>
<tr>
<td>• Neighborhoods that are defined as gentrifiable</td>
<td>• Captures effects of upgrading in middle-class</td>
</tr>
<tr>
<td>tend to match intuition about low-income</td>
<td>neighborhoods as well</td>
</tr>
<tr>
<td>neighborhoods</td>
<td>• Captures roll that urban restructuring plays in</td>
</tr>
<tr>
<td>• Generally more conservative</td>
<td>process of gentrification.</td>
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</table>
# Freeman | NYC 1990 – 2000

## Gentrifiability

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<th>Metric</th>
<th>Operationalization</th>
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</thead>
<tbody>
<tr>
<td>Urban</td>
<td>Central city neighborhood</td>
</tr>
<tr>
<td>Low-Income</td>
<td>Tract median HH Inc &lt; MSA median</td>
</tr>
<tr>
<td>Experiencing Disinvestment</td>
<td>Tract share of housing built in last 20 years &lt; MSA Median</td>
</tr>
</tbody>
</table>

## Gentrification

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<tr>
<td>Increase in “gentry”</td>
<td>Tract percentage point change in the share of adults with college degree &gt; Regional change</td>
</tr>
<tr>
<td>Increase in Investment</td>
<td>Any real increase in tract home values</td>
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### Ding | Philadelphia 2000 – 2013

#### Gentrifiable

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#### Gentrification

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<td>Influx of gentry</td>
<td>Tract percentage point change in the share of adults with college degree &gt; City change</td>
</tr>
<tr>
<td>Increase in Housing Values</td>
<td>Tract Med Rent OR Tract Med Val % Increase &gt; Citywide Median</td>
</tr>
</tbody>
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### Vulnerable Population

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<tr>
<th>Metric</th>
<th>Operationalization</th>
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<tbody>
<tr>
<td>High % Renter</td>
<td>Tract % renter &gt; City</td>
</tr>
<tr>
<td>High % People of Color</td>
<td>Tract % POC &gt; City</td>
</tr>
<tr>
<td>Low % w/ College Degree</td>
<td>Tract % w/ Bachelors &lt; City</td>
</tr>
<tr>
<td>Low Income</td>
<td>Tract % Poverty &gt; City</td>
</tr>
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</table>

### Housing Market Changes

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<tr>
<th>Type</th>
<th>Operationalization</th>
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</thead>
<tbody>
<tr>
<td>Adjacent</td>
<td>Bottom 60% med value in 2010, low appreciation, touches high value tracts</td>
</tr>
<tr>
<td>Accelerating</td>
<td>Bottom 60% med value in 2010, High appreciation between 2000 and 2010.</td>
</tr>
<tr>
<td>Appreciated</td>
<td>Bottom 60% of med val in 1990. Top 40% in 2010</td>
</tr>
</tbody>
</table>

### Demographic Changes

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<tr>
<td>Increase in Homeowners</td>
<td>Tract PP Δ share homeowners &gt; City Change</td>
</tr>
<tr>
<td>Increase in White Pop</td>
<td>Tract PP Δ share white &gt; City Change</td>
</tr>
<tr>
<td>Increase in College Degrees</td>
<td>Tract PP Δ share coll. deg. &gt; City Change</td>
</tr>
<tr>
<td>Increase in Med HH Inc.</td>
<td>Tract %Δ &gt; City Change</td>
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## Bates Typology

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<th>Neighborhood Type</th>
<th>Vulnerable Population?</th>
<th>Demographic Change?</th>
<th>Housing Market Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Susceptible</td>
<td>Yes</td>
<td>No</td>
<td>Adjacent</td>
</tr>
<tr>
<td>Early: Type 1</td>
<td>Yes</td>
<td>No</td>
<td>Accelerating</td>
</tr>
<tr>
<td>Early: Type 2</td>
<td>Yes</td>
<td>Yes</td>
<td>Adjacent</td>
</tr>
<tr>
<td>Dynamic</td>
<td>Yes</td>
<td>Yes</td>
<td>Accelerating</td>
</tr>
<tr>
<td>Late</td>
<td>Yes</td>
<td>Yes</td>
<td>Appreciated</td>
</tr>
<tr>
<td>Continued Loss</td>
<td>No</td>
<td>Has % white and % with BA increasing</td>
<td>Appreciated</td>
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### Demographic Changes MPLS & 7C Metro

#### Minneapolis

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<thead>
<tr>
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<th>2010 - 2014</th>
<th>Abs. Change</th>
<th>% Change</th>
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<tbody>
<tr>
<td>Total Pop</td>
<td>382,618</td>
<td>394,424</td>
<td>11,806</td>
<td>3.1</td>
</tr>
<tr>
<td>% White</td>
<td>62.5</td>
<td>61.0</td>
<td>-1.5</td>
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<tr>
<td>% Bach</td>
<td>37.4</td>
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<td>% Own</td>
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Source: Author calculations, 2000 Census, 2010 – 2014 American Community Survey
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Source: Author calculations, 2000 Census, 2010 – 2014 American Community Survey
Comparison of Gentrifiability Measurements in 2000

Source: Author calculations, 2000 Census (Normalized to 2010 boundaries using Geolytics Neighborhood Change Database)
Gentrifiability Summary 2000

Gentrifiable Census Tracts in 2000
(Agreement from at least 2 Indices)

Source: Author calculations, 2000 Census (Normalized to 2010 boundaries using Geolytics Neighborhood Change Database)
Comparison of Gentrification Measurements 2000 - 2014

Source: Author calculations, 2000 Census (Normalized to 2010 boundaries using Geolytics Neighborhood Change Database), 2010 – 2014 American Community Survey
Gentrification Summary 2000 - 2014

Source: Author calculations, 2000 Census (Normalized to 2010 boundaries using Geolytics Neighborhood Change Database), 2010 – 2014 American Community Survey
Why Current Trends May Continue

• Secular decreases in crime and improvements in environmental quality in central cities

• Changing preferences of young, highly-educated workers

• More high-wage jobs moving to central cites

• Increasing commute times from suburbs to central cities

• The “shrinking city” problem puts price pressure on lower-income neighborhoods as more middle and higher income households get priced out of previously affordable neighborhoods.
Qualitative Analysis Methodology

**Main Objective:** Assess whether or not our quantitative indices of gentrification match resident perceptions

**Step 1:** Compare our initial interviews with public officials and non-profit neighborhood leaders with what our quantitative analysis identified as gentrifiable neighborhoods.

**Step 2:** Identify 5 cluster neighborhoods that will be the sites that we will conduct a deeper set of residential interviews

- Willard-Hay & Harrison Neighborhood (Minneapolis)
- Sheridan, St. Anthony West, St. Anthony East, and Logan Park (Minneapolis)
- Philips West, Philips East, Powderhorn Park, Corcoran, Central and Bryant (Minneapolis)
- Hamline-Midway (St. Paul)
- Frogtown/Thomas Dale (St. Paul)

**Step 3:** Create a list of residents to interview based on recommendations made by our community partners for the purpose of conducting a minimum of 50 interviews (10 in each neighborhood cluster) focusing on the following demographic populations:

- Long term residents (10+ years)
- Homeowners
- Renters
- Business Owners
Qualitative Analysis Initial Findings

*Our initial Interviews with public officials and non-profit neighborhood leaders included:*
- 8 - Minneapolis Public Officials
- 4 - Saint Paul Public Officials
- 11 - Minneapolis Neighborhood Leaders
- 3 - Saint Paul Neighborhood Leaders

*Major Points of Emphasis:*

1. Some officials and neighborhood leaders find that reinvestment is the goal in creating a thriving 21st-Century metropolis, which might include the inevitable consequences associated with displacement/gentrification.

2. Some residents and activists elevate concerns about involuntary displacement, especially when communities of color find that reinvestments do not directly benefit them or are not designed with their best interests of historic communities in mind.

3. These initial interviews also highlighted the ways that local residents were defining involuntary displacement as cultural and social, which challenges the ways that we are understanding how neighborhood change is being experienced.

4. There is a lack of understanding or common language around the word gentrification and while there are some common identifiers such as rising rents and increased white residents participants definition vary.
Qualitative Analysis Timeline

December 2016 – Begin qualitative interviews with local residents

April 2017 – Present initial findings of qualitative analysis at the 47th Annual Urban Affairs Conference April 19-22, 2017 at the Hyatt Regency Minneapolis Hotel

July 2017 – Complete first full draft of Gentrification Report
Thank You