

The Socioeconomic Impact of Gentrification

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In the context of the intense capitalization and rapid development of markets, contemporary urban citizens have experienced significant changes in their lifestyles and surrounding environment. Recently, they started to face gentrification, which has become widespread in practically all modern and successful cities. The concept is based on making a divide between wealthy areas and poor neighborhoods. Naturally, wealthy people have started to move to areas that are promising, while poor people have left their native neighborhoods, which have eventually become prestigious and too costly, in order to live in more affordable areas. Although gentrification is often not considered as a significant social tendency, research has revealed its complexity. On one side, gentrification leads to the improvement of public services, while on the other side, it creates inequalities, makes people suffer financially, and even increases crime rates.

### **Definition and Causes of Gentrification**

Before considering the major consequences of gentrification, it is worth referring to the definition and major causes of this phenomenon and design a relevant image of this researched concept. It is especially important, because there is no commonly accepted definition and each of the existing ones depends on specific perspectives employed to interpret the concept of gentrification. For instance, as it is explained by Holland, while some consider gentrification as the displacement of existing residents, other experts name it as changes in a neighborhood's character or property value (2011, p.5). Simultaneously, Atkinson and colleagues highlight that the core definition of gentrification as the process when richer households occupy cheaper locales has become a focus of urban studies (2011, p.5).

Alongside with understanding the weaknesses and strengths of the definition, it is also worth considering the root causes of gentrification. For instance, Hollar defines three major

groups of drivers, which are supply-side factors, demand-side factors, and political factors (2016). While the first two categories can be characterized as demographic and market forces, the last one is about how the government and local authorities influence the process of gentrification (Holland, 2016). Simultaneously, Plunkett, in turn, explains that the causes of gentrification are principally economic, including rapid urban job growth, increased traffic congestion, lengthening commutes, and demographic changes (2016). As a result, it is clear that gentrification is driven mainly by social and economic forces, which naturally produce corresponding effects.

### **The Consequences of Gentrification**

While there are no doubts about the socioeconomic impacts of gentrification, it is also worth remembering that this concept appears as a double-edged sword, generating both positive and negative outcomes. Moreover, the nature of those effects also depends on the people involved in the process of gentrification. For instance, Holland demonstrates three major groups of people that consist of those who leave a gentrifying neighborhood, those who now live there, and those who have never lived in the neighborhood but may nonetheless be affected by the changes in its character (Holland, 2016). The following analysis sheds light on the nature of the impacts, whether positive or negative; but, it also provides some insight into how each group is impacted.

#### **Positive Impacts**

First of all, it is worth highlighting the fact that, indeed, the influx of higher-income groups increases property values and consequently, stimulates further gentrification. Such categories help fix destroyed houses as well as attract businesses because of their purchasing capacities. Businesses, in turn, invest in the neighborhood, increasing the value of property,

which creates benefits for local individuals, communities, and states as a whole. The social nature of these benefits is based on increased taxation, which is resulted from the rise in property value. For instance, in Atlanta, 50% of property taxes go to the Atlanta Board of Education (Aka, 2010, p.2). In such a way, taxes are used to provide services such as police protection, sanitation, and highway maintenance (Aka, 2010, p.2). Therefore, there is an undoubted link between gentrification and improvements in public services.

The above-mentioned tendency has long-term effects and positively influences the overall welfare of a neighborhood. Improved education and infrastructure welcome more businesses, which creates new jobs and increases wages. In this context, it is worth referring to the example of Milwaukee, WI, a city that was becoming increasingly abandoned since wealthy residents began moving to the suburbs (Aka, 2010, p.2). However, in the early 2000s, a range of new bars, restaurants, and other recreation areas renewed the city, which started to attract wealthy people again. Following logical sequences, gentrification in Milwaukee provided the revenue required to fund a mass transit project, which in turn contributed to urban revival (Plunkett, 2016). Concluding, in a positive sense, gentrification means the sequences of tendencies that generate business, the influx of wealthy citizens, and consequently, the improvement of public services, and the rebirth of a city as a whole.

### **Negative Effects**

As it has already been mentioned, gentrification is a double-edged sword, and as it has been shown by Aka that displacement is probably the worst outcome, which often appears as the forced and involuntary dislocation of needy households (2010, p.3). Although property taxes have a positive influence on public services, for many homeowners, they are too high to keep up with. Moreover, economic development and renovations make landlords increase rent prices to

earn more profit on their properties. Eventually, residents find themselves living in a neighborhood that is totally different from the one it was before. Not being able to pay for living in renewed areas, they move away, which leads to the destruction of a native community.

Furthermore, there are also cases when residents continue to live in their native areas. However, usually they struggle with financial security and other aspects of social life, which contribute to higher crime rates and other negative social issues. In such a manner, gentrification leads to higher numbers of single mothers, elderlies, disabled people, and other vulnerable groups, who often can be displaced to areas that gain negative connotations due to the high concentration of low-income residents, just as it occurred in the Bronx (Plunkett, 2016).

Simultaneously, gentrification can also lead to a range of additional issues, the character and specifics of which depend on the situation. For instance, Plunkett provides a comprehensive example of a case that took place in 2009 in Seattle. In that year, Seattle was experiencing a massive influx of technology-sector workers who were looking for city housing and therefore, pushing up rent costs (Plunkett, 2016). It was also recognized that those young professionals were competing in the same housing market as families (Plunkett, 2016). Therefore, the local authorities started to seek for ways of building additional cheap houses. In fact, the intense competition for the housing is one of the most recognizable negative effects of gentrification.

### **Conclusion**

Gentrification is a significant social process, which is based on a complicated net consisting of various tendencies, drivers, and consequences. Research has revealed that among all the possible reasons for gentrification, it is usually launched by economic triggers. The typical sequence of events taking place during gentrification includes the appearance of new businesses in a neighborhood and the attraction of wealthy people and those interested in business. Next,

further growth of business occurs, with the simultaneously increasing value of property, the inability of residents to handle financial burdens posed by rising taxation and costs, and finally, replacement. Alongside with these phases, it is also worth mentioning the positive effects of gentrification, such as increased funding for public services, which leads to better education and infrastructure. All in all, these benefits, however, have no relation to residents forced to move away from their neighborhood and those who became involved in crimes because of the lack of financial means to make ends meet.

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