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# GENTRIFICATION, ABANDONMENT, AND DISPLACEMENT: CONNECTIONS, CAUSES, AND POLICY RESPONSES IN NEW YORK CITY

*PETER MARCUSE* \*

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## I. OVERVIEW

Abandonment and gentrification are polar opposites. Abandonment results from demand declining to zero, gentrification from high and increasing demand. Abandonment arises from a precipitous decline in property values, gentrification from a rapid increase. Yet, in New York City and elsewhere the two processes are occurring simultaneously. How can gentrification and abandonment take place at the same time, virtually side by side? This Article answers this question, and focuses on the relationship of each process to the problem of displacement.

The policy relevance of the question is clear. Existing policy is premised on three assumptions.<sup>1</sup> First, abandonment is painful, but inevitable. Public policy cannot reverse it; at best it can confine

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1. HOUSE COMM. ON BUDGET, FINANCE, AND URBAN AFFAIRS, SUBCOMM. ON THE CITY, 95TH CONG., 1ST SESS., HOW CITIES CAN GROW OLD GRACEFULLY (Comm. Print 1977).

abandonment to certain neighborhoods. Therefore, a policy of planned shrinkage (triage) is necessary: abandoning certain neighborhoods completely to save others.

Second, gentrification improves the quality of housing, contributes to the tax base, and revitalizes important sections of the city through private initiative. The displacement it causes, if any, is trivial. Therefore, the city should pursue a policy of encouraging gentrification through tax benefits, zone changes, or whatever other means are available.

Finally, gentrification is the only realistic cure for abandonment. Especially in a time of fiscal stress, the public sector cannot hope to counter abandonment alone. Only full use of private sector resources can do this. Thus, the gentrification of abandoned neighborhoods is particularly desirable.

This Article takes strong issue with each of these assumptions and, consequently, with policy prescriptions based on the assumptions. The argument runs as follows: Abandonment drives some higher-income households out of the city, while it drives others to gentrifying areas close to downtown. Abandonment also drives lower-income households to adjacent areas, where pressures on housing and rents are increased. Gentrification attracts higher-income households from other areas in the city, reducing demand elsewhere, and increasing tendencies to abandonment. In addition, gentrification displaces lower-income people—increasing pressures on housing and rents. Both abandonment and gentrification are linked directly to changes in the city's economy, which have produced a dramatic increase in the economic polarization of the population. A vicious circle is created in which the poor are continuously under pressure of displacement and the wealthy continuously seek to wall themselves within gentrified neighborhoods. Far from a cure for abandonment, gentrification worsens the process. For example, in New York City gentrification and abandonment have caused a high level of displacement. Public policies not only contribute to this result, but also are capable of countering the problem. Whether they will or not hinges significantly on political developments.

Part II of this Article presents a theoretical hypothesis concerning the origins of gentrification and abandonment and their interrelationship. Part III discusses, on a city-wide scale, the extent of displacement from abandonment and from gentrification. Because both gentrification and abandonment vary substantially by neighborhood, Part IV examines five specific neighborhoods in depth and generates a

picture of the spatial distribution of each phenomenon. Finally, Part V presents some policy options, differing from those currently pursued, that may change the impact of current developments.

## II. THEORY

### A. *The Problem*

General preconceptions of gentrification and abandonment raise a number of problems. Gentrification results from a “return-to-the-city” movement with a consequential increase in the effective demand for higher-quality units near the downtown. Abandonment results from a population loss coupled with declining income levels of the remaining population, resulting in a “decline in effective demand” for lower-quality units.

These explanations seem incompatible: one assumes the effective demand for housing is rising, while the other assumes that the demand for housing is falling. Even if one adopts a “dual market” theory of housing, in which gentrification happens in one market and abandonment in the other—clearly an over-simplification because the two phenomena often occur around the corner from each other—the two markets are reciprocally related to each other. In fact, while neither process causes the other, each is part of a single pattern and accentuates the other.

In addition, the facts do not support the “return-to-the-city” and “declining-effective-demand” explanations on several key points. As to gentrification, one would expect the facts to show an upswing in the migration to the city from the suburbs and an absolute increase in the effective demand for higher-cost housing in the city. The facts, however, are to the contrary. According to the 1980 census, only thirty thousand households moved into New York City from its suburbs between 1975 and 1980, fewer than the number of households that moved back in the corresponding period ten years earlier.<sup>2</sup> The city suffered a net loss of eight hundred thousand persons between 1970 and 1980. Also, the city did not lose the poor persons and gain the rich. The number of households earning over \$25,000 in 1970 and over \$50,000 in 1980—adjusted for inflation—actually decreased by sixteen thousand in that ten-year period.<sup>3</sup> By nearly any indicator, the total effec-

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2. See Chall, *Neighborhood Changes in New York City During the 1970s: Are the “Gentry” Returning?*, 8 FED. RES. BANK OF N.Y.Q. REV. 31, 46 (1984).

3. *Id.* at 41.

tive demand for gentrified housing, and the share of that demand located in the city as a proportion of the entire metropolitan region, has declined. According to the return-to-the city explanation, the absolute demand for higher-cost housing should be steady or increasing, and not declining. Another explanation for the changes taking place today must exist.

As to abandonment, according to the declining-effective-demand explanation, the facts should show an absolute increase in the number of vacant units available for rent in the city as the population declines and many incomes sink. They do not. The vacancy rate for the city, in fact, has dropped steadily over the last nine years to only 2.15 percent in 1981.<sup>4</sup>

Clearly a better explanation of gentrification and abandonment is needed.<sup>5</sup>

## B. *The Causes of Gentrification*

### 1. The Definition of Gentrification

The operational definition<sup>6</sup> of gentrification used in this Article is as follows: Gentrification occurs when new residents—who disproportionately are young, white, professional, technical, and managerial workers with higher education and income levels—replace older residents—who disproportionately are low-income, working-class and

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4. See M. STEGMAN, *THE DYNAMICS OF RENTAL HOUSING IN NEW YORK CITY* 93 (1982). According to market analysts, 5% is a "normal" figure. Once this figure is reached, a housing emergency may be declared under state law dealing with rent regulation.

5. See Rose, *Rethinking Gentrification: Beyond the Uneven Development of Marxist Urban Theory*, 2 ENV'T AND PLAN. DIG.: SOCIETY AND SPACE 47 (1984). Rose raises still other problems with current conceptualizations, which ignore differences within the category "gentrification" according to who the gentrifiers are and, in general, ignore the question of the "production of gentrifiers" and the meaning of the quest for alternative life styles often involved. Some of the issues Rose raises warrant more discussion than is possible in this Article.

6. The definition is not a theoretical, but an empirical, one. Its purpose is to make certain there is clarity in the description of the phenomenon observed, as a prerequisite to the theoretical discussion (and the definition that might be drawn from the theoretical discussion) that follows. Obviously the process is circular; the decision as to the empirical definition hinges on the theoretical interpretation, and vice versa. Thus, the construction of new restricted housing developments in suburban areas, aimed at similar population groups and similar economic locations, in another discussion might be considered part of a "gentrification" process, even though no dislocation of existing residents results. Such a definition, however, shifts the focus of the theoretical discussion from the aspect of spatial restructuring focused on here.

poor, minority and ethnic group members, and elderly—from older and previously deteriorated inner-city housing in a spatially concentrated manner, that is, to a degree differing substantially from the general level of change in the community or region as a whole.<sup>7</sup> The definition hinges on economic, social, and population changes that cause physical changes to the neighborhoods. The physical changes, however, are not the essence of the process. Furthermore, the definition distinguishes changes that may occur nationally,<sup>8</sup> or on a city-wide or regional basis,<sup>9</sup> from those situations where changes in certain neighborhoods are different from changes in other neighborhoods. The two types of changes, national and local are, of course, intimately related, as the following discussion contends. The reason for the focus on local changes here, however, stems from the concern with local actions and local policy options.

## 2. The Definition of Abandonment

The operational definition of abandonment used in this Article is as follows: Abandonment of a unit occurs when all those having a private profit-oriented economic interest in a unit lose any incentive for continued ownership beyond the immediate future, and are willing to surrender title to it without compensation, because of the absence of effective

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7. The definition substantially expands that used by Daphne Spain. See Spain, *A Gentrification Score* 3 AM. DEMOGRAPHICS 14 (1981). It is consistent with general usage: "the movement of middle class families into urban areas causing property values to increase and having the secondary effect of driving out poorer families." *Id.* at 14. See R. Schaffer & N. Smith, *The Gentrification of Harlem* 2 (1984) (paper presented to the Annual Conference of the American Association for the Advancement of Science) (citing the OXFORD AMERICAN DICTIONARY).

Rose, in her thoughtful paper, has suggested that gentrification may be a "chaotic concept," covering in fact at least two different types of processes: one process involving upper-middle income in-movers and the other involving alternative "pioneers." The point deserves careful consideration not provided here only because her paper was received after the completion of the present work. Her operational definition of gentrification, however, is very similar to that used here: "the replacement of lower-income residents of a neighborhood with inhabitants of a higher income and socioeconomic standing and different material interests than the incumbent residents, by means of the renovation and 'upgrading' of dwellings." Rose, *supra* note 5, at 57. It differs from the present definition in its handling of new construction, which in our definition can be part of the gentrification process, and in its lack of reference to special aspects.

8. For example, a general up-grading of the housing stock accompanying broad society-wide prosperity.

9. For example, changes resulting from general prosperity in a boom town or a sunbelt city, although gentrification involving neighborhood differentiation also may occur within such cities.

demand for its continued use or reuse.<sup>10</sup> Physical condition is a good, but not a sufficient, indicator of abandonment. Some apparently abandoned units may be “warehoused”—held pending re-use—while other units that owners have actually abandoned may still be maintained in tolerable condition by their tenants. The distinction between economic and physical abandonment is an important one for analytic purposes.

Abandonment of an entire neighborhood occurs when public or private parties, or both, act on the assumption that long-term investment in the neighborhood, whether in maintenance and improvements or in new construction, is unwarranted. Once this happens, it is only a matter of time before residents of an abandoned unit or an abandoned neighborhood are displaced.

### 3. The Common Causes of the Process

Abandonment and gentrification both are reflections of a single long-term process resulting from the changing economy of the central city. This process has two aspects. First, a shift from manufacturing to services occurs with an accompanying reduction in the absolute demand for labor, particularly affecting the unskilled work force. This renders redundant large parts of the work force and reduces lower-income rent-paying ability. On the other hand, increasing professionalization and concentration of management and technical functions creates additional higher-income demand for housing. These processes have spatial consequences: a lower demand for blue-collar workers and potential blue-collar workers results in or near the downtown area, while professional and technical workers are in increasing demand there. Housing conditions adjacent to central business districts reflect these changes. The pull exerted on one group by the changing economy of the central business district squares with the push against another. For the gentrifiers, all roads lead to downtown. For the poor, all roads lead to abandonment.

The increasing polarization of the economy is reflected in the increasing polarization of neighborhoods: at the one end, abandonment, at the other end, gentrification.<sup>11</sup> Chart II exhibits the extremes of the

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10. For a more comprehensive discussion of the definition, see P. MARCUSE, *HOUSING ABANDONMENT: DOES RENT CONTROL MAKE A DIFFERENCE* (Washington, D.C. Conference on Alternative State and Local Policies 1981).

11. The process works with varying strength in different cities, depending on the strength of the underlying tendencies. The tendencies themselves are common to all cities. *Cf.* Heskin, *TENANTS AND THE AMERICAN DREAM: IDEOLOGY OF THE TEN-*

process, even at the borough level.<sup>12</sup>

The residential restructuring brought about by changing economic patterns is reinforced by the restructuring of business locations. The expansion of business and commercial uses downtown requires changes in land use downtown and in its immediate environs. Residential areas must give way to business, and in what residential areas remain or are built, higher-income households are wanted and lower-income households are not. The city must protect property values downtown from discordant land uses and discordant elements of the population. The real estate industry, particularly its more speculative members, both follow and accentuate these patterns.

As a result of each of these developments, the poor are displaced. They are displaced when business desires to move in because the land is too valuable to house them further. They are displaced when gentrification takes place because the buildings and the neighborhoods are too expensive for them. They are displaced when abandonment takes place because the buildings and the neighborhoods are unsuitable to provide decent housing for them.

A substantial volume of academic writing assumes, or purports to discover, a "life-cycle of neighborhoods"—an inevitable and constant progression of neighborhood change, some organic aging process that occurs simply through the passage of time. Vernon's book<sup>13</sup> probably is the best known writing on the subject, and deals with New York in particular. David Birch suggests the same theory in more general terms.<sup>14</sup> Neither hypothesis seems congruent with current experience in New York, or elsewhere.<sup>15</sup> Some neighborhoods change in a manner consistent with such hypotheses, others do not. The hypotheses provide no clues to aid in determining which is likely to be which, or why. They also do not illuminate the processes that lead to the changes described, even when the predicted changes do occur.

Although they clearly play a contributing role, demographic

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ANT MOVEMENT 51 (1983) (describing a similar pattern in Los Angeles: deterioration in South Central Los Angeles contrasting massive rent increases elsewhere in the city).

12. See *infra* Chart II, at p. 211.

13. R. VERNON, *THE CHANGING ECONOMIC FUNCTION OF THE CENTRAL CITY* (New York Comm. for Econ. Dev. 1959).

14. Birch, *Toward A Stage Theory of Urban Growth*, 37 J. AM. PLAN. ASS'N 78-87 (1971).

15. See De Giovanni, *Patterns of Change in Housing Market Activity in Revitalizing Neighborhoods*, 49 J. AM. PLAN. ASS'N 22 (Winter 1983).



changes, as well as changes in residential preferences largely associated with demographic changes, form an inadequate foundation for an explanation of gentrification and abandonment. The evidence is clear that higher-income families, households with two or more related persons, particularly those with children, prefer to live farther from the central business district of most metropolitan areas in the United States, while higher-income unrelated individuals, singles, prefer to live closer to downtown.<sup>16</sup> With a falling birth rate and a growing preference for “single” living, a rising demand for in-town living ensues. The shifting preference for quiche instead of hamburgers, boutiques instead of discount stores, has its spatial accompaniments. But this is not a useful “explanation” of residential change for policy purposes. First, the change in preferences is so intertwined with changes in the nature and location of employment opportunities that it is difficult to determine what is really a change in preference and what is the exercise of the same preference in response to changes in employment patterns. Second, the change in household composition is itself linked to economic changes: changes in work opportunities and in income levels operate very differently for different social, racial, and ethnic groups. Finally, whether changes in preferences manifest themselves in changes in residential patterns depends on the state of the housing market and on public policy. If areas formerly occupied by middle-income families continue to receive adequate public services and are privately maintained, the resulting increase in overall effective demand for good housing will cause the buildings in these areas to be used by smaller households. This is occurring in some areas of Manhattan and Brooklyn. These areas will be a viable alternative to downtown locations even for those “preferring” the downtown area. If, on the other hand, formerly middle-income family housing areas are located in a housing market with falling effective demand and the local government permits them to deteriorate under pressure of fiscal necessity or otherwise, they will not serve as an alternative for middle-or higher-income singles. The pressure on areas closer to downtown, including gentrifying areas, will increase substantially.

Diagrammatically, one may view the pieces of the housing pattern as fitting together as shown on Chart I:

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16. A. DOWNS, *NEIGHBORHOODS AND URBAN DEVELOPMENT* (Washington, D.C. The Brookings Institution, 1981).

Chart I

<u>External (Non-Housing) Factors</u>	<u>Housing Factors</u>	<u>Neighborhood Factors</u>	<u>Result</u>
Private Changes	User Need	Location	Abandonment <i>plus</i>
	Non-Residential Demand	Stock	Gentrification <i>equals</i>
Governmental Actions	Housing Industry Actions	Class	Displacement

As Chart I suggests, factors external to the housing industry shape the nature and extent of the demand for housing. Each of the components of demand, coupled with the housing industry's specific response, in turn affects the nature of the housing provided in each neighborhood. Different effects will result from differences among neighborhoods. Some of the effects include abandonment, gentrification, and displacement.

For cities like New York, the critical external factors that have shaped the nature and extent of the demand for housing include the shift of economic activity from production to services and from high wage geographic areas to low wage areas and abandoned. Economic activity also is becoming more geographically concentrated with growing pressure from competition. These factors have caused increasing unemployment, population loss, and a resulting decline in the effective demand for housing among lower-income groups in New York City. These factors also have caused increased demand for office space and decreased demand for manufacturing space in the central city. Most important, these factors have led to the abandonment by private owners of housing not providing a profit. These factors taken together, acting through neighborhoods differing widely by location, housing stock, and historic classes of residents, produce rapid movement of households resulting in abandonment and gentrification.

Given the economic trends just noted, one can predict a corresponding shift in the concentration of residential and commercial housing units. An expanding central business district will be at the center with an absolute increase in the amount of office and service space demanded and a decline in manufacturing and wholesale space used. In a zone around the central business district, some increase in the demand

for office space will occur and some manufacturing and related uses will vacate. A movement of higher-income residential users into this zone and significant pressure on lower-income households to move out will result. The bulk of the city's residential neighborhoods will locate in the large outlying areas.

The general pattern will be affected by the specific location, housing stock, and historic occupancy patterns. Some areas will experience a thinning out of their populations, but will retain a substantially constant number of housing units. Households desiring to move in will cause pressure in some areas. Still other areas will face abandonment because the middle-income population residing in them will move farther out, the higher-income population will move towards the city center or the suburbs, and the lower-income population will move to other units within the same neighborhood as conditions in particular areas become unbearable.

One can identify "pocket," "border," and "center" areas of abandonment and potential gentrification. Areas of cheaper, older, and deteriorated, but originally higher-class, housing surrounded today by upper- and middle-income housing, parks, or institutions will constitute pockets of potential gentrification. These pockets, therefore, are prime areas for development. The Manhattan Valley section of the Upper West Side and parts of Clinton are examples. Borders of potential gentrification are areas lying between areas of clearly upper- and middle-income housing and areas of poorer housing and abandonment. The likelihood and the rate of gentrification, if it occurs, will vary almost on a block-by-block basis depending on quality of the housing stock, occupancy patterns, resident reactions, and accessibility. East Harlem and the Lower East Side are examples. Centers of abandonment, such as Central Harlem or the South Bronx, are not likely areas for gentrification; nor is gentrification a likely method of reversing the processes of abandonment in these centers.<sup>17</sup>

### III. THE NATURE AND DEFINITION OF DISPLACEMENT

#### A. *Definition of Displacement*

One can define displacement in terms of households or housing units, in individual or in neighborhood terms, or as a consequence of physical or economic changes. The most widely accepted definition is that developed by George and Eunice Grier:

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17. See R. Schaffer & N. Smith, *supra* note 7, at 22; Chall, *supra* note 2, at 41.

Displacement occurs when any household is forced to move from its residence by conditions that affect the dwelling or its immediate surroundings, and that: 1) are beyond the household's reasonable ability to control or prevent; 2) occur despite the household's having met all previously imposed conditions of occupancy; and 3) make continued occupancy by that household impossible, hazardous, or unaffordable.<sup>18</sup>

This is a usable definition for several forms of displacement. To cover the full range of housing-related involuntary residential dislocation that constitutes the problem of displacement, however, one might supplement this definition with the concepts of exclusionary displacement and of pressure of displacement. These additions produce the definition of displacement used in this Article.

The Griers' definition covers two different types of "direct displacement": displacement of a household from the unit that it currently occupies. An example of the first form of direct displacement is when landlords cut off heat in a building, thereby forcing the occupants to move out. The second form of direct displacement is when the landlord raises the rent beyond the occupants' ability to pay, and forces them to move. The first type of direct displacement is physical, the second economic. Thus, we refer to "physical displacement" and "economic displacement." It is useful to distinguish between these two causes of displacement, for purposes both of analysis and of measurement.

Direct displacement may result from changes that affect only the individual unit or from neighborhood changes from deterioration of the individual building or of neighborhood services. In most cases, the two happen simultaneously. Sometimes, however, a landlord will significantly up-grade a unit without a more general process of neighborhood change occurring.<sup>19</sup> Conversely, frequently a general

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18. See G. GRIER & E. GRIER, *URBAN DISPLACEMENT: A RECONNAISSANCE* 8 (1978). It is not as comprehensive as the definition implicitly used by Hartmen and Legates, which, for instance, would consider a family evicted because unemployment of one of its members left it unable to afford its current housing. But if the concern is with housing policy, rather than with the broader economic policy, the narrowed definition seems more appropriate. See Legates & Hartman, *Displacement*, 15 *CLEARINGHOUSE REV.* 207 (July 1981).

19. See *supra* text accompanying notes 6 & 10 for the definitions of abandonment and gentrification applicable to those processes of neighborhood change that we address in this paper. Each is inherently a neighborhood process, although each may start with individual units or buildings.

neighborhood change may occur although many individual units are not yet affected. This is an important analytical distinction.

Several conceptually different ways of measuring displacement exist. One method looks at the number of housing units affected. This method considers only the last resident of that unit as displaced. This type of displacement is called "last-resident displacement." The number of housing units affected provides a measure of the last-resident displacement.

Another household, however, may have occupied that unit earlier, and also may have been forced to move at an earlier stage in the physical decline of the building or an earlier rent increase. This type of displacement is called "chain displacement." Using this measure, the count of households being displaced may exceed the number of units from which displacement occurs. One should include both direct and chain displacement in a household-based count of displacement. The Griers' definition covers both.

A normal movement of households occurs in any housing market within any neighborhood. When one household vacates a housing unit voluntarily and that unit is then gentrified or abandoned so that another similar household is prevented from moving in, the number of units available to the second household in that housing market is reduced. The second household, therefore, is excluded from living where it would otherwise have lived. This is called "exclusionary displacement."

The housing differences in a neighborhood before and after a certain time, compared to changes in the city as a whole, implicitly includes exclusionary displacement. Such a before-and-after measure is based generally on changes in the number of residents of a given neighborhood and their characteristics, in comparison to changes in the larger area of which the neighborhood is a part. While it includes exclusionary displacement, it does not include chain displacement, because this is based only on a count of units and their current occupants.<sup>20</sup>

Exclusionary displacement is not included within the Griers' definition. A formal definition runs as follows: Exclusionary displacement

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20. To avoid double-counting, a unit from which there has been direct displacement should not be counted again in estimating exclusionary displacement: if the last resident of the gentrified or abandoned unit has not been displaced, no other household could have lived in that unit. The gentrification or abandonment displaced only one household, not two. By the same token, only one household can be considered displaced by exclusion from any given vacancy. The before-and-after measure satisfied this criterion.

from gentrification occurs when any household is not permitted to move into a dwelling, by a change in conditions that affects the dwelling or its immediate surroundings, and that: 1) is beyond the household's reasonable ability to control or prevent; 2) occurs despite the household's being able to meet all previously imposed conditions of occupancy; 3) differs significantly and in a spatially concentrated fashion from changes in the housing market as a whole; and 4) makes occupancy by that household impossible, hazardous, or unaffordable.

While appropriate for conceptual purposes, for operational purposes the above definition requires specification of at least two terms: "significantly" and "housing market." Both terms depend on the purpose of the analysis in which the definition is used. For example, a policy-oriented analysis aimed at minimizing displacement may use a narrow definition of "significant," whereas a research study intended to establish whether area changes are different from those of other areas might use an ordinary statistical measure of the term. Although this Article provides the figures themselves, the reader may apply his or her own definitions. With respect to "housing market," the appropriate definition again depends on the purpose of study. Because this Article distinguishes among various factors contributing to gentrification, the particular factor under consideration should dictate the choice of "market" for analytic purposes. If snow-belt versus sun-belt migration is at issue, for instance, the region might form the appropriate market to consider. If Urban Development Action Grant funds are involved, one or a small group of census tracts would be more appropriate. This Article uses the city as a whole as the housing market here, but also provides borough and census tract figures in many instances.

Finally, displacement affects more than those actually displaced at any given moment. When a family sees the neighborhood around it changing dramatically, when their friends are leaving the neighborhood, when the stores they patronize are liquidating and new stores for other clientele are taking their places, and when changes in public facilities, in transportation patterns, and in support services all clearly are making the area less and less livable, then the pressure of displacement already is severe. Its actuality is only a matter of time. Families living under these circumstances may move as soon as they can, rather than wait for the inevitable; nonetheless they are displaced. This is true both for displacement from gentrification and for abandonment. One speaks of the "pressure of displacement" as affecting households beyond those actually currently displaced. Those households certainly are significantly affected by the displacement problem. One can distin-

guish the pressures of the displacement from the subjective fear of a remote possibility of displacement by looking not only at the perception, but also at what actually occurs in a neighborhood. For instance, one may take subjective concern plus prices rising over the city average as a crude benchmark for pressure of displacement.

The full impact of displacement must include consideration of all four forms of displacement: direct last-resident displacement, direct chain displacement, exclusionary displacement, and displacement pressure. It must include displacement from economic changes, physical changes, neighborhood changes, and individual unit changes.

No one set of figures provides a measure of all of these forms of displacement. The first two forms of displacement are approached best through demographic or mobility figures, the third through housing unit figures, and the fourth through a combination of these figures. Adding figures from two different sources produces double counting; excluding any source produces under-counting. The following discussion steers a middle course between these twin dangers and errs on the conservative side. At this stage the resulting counts often are unsatisfactory. Nevertheless, it is valuable to have conceptual clarity on definitions and concepts, and orders of magnitude as to figures, even if precise measurement is not yet attainable.

### B. *Displacement from Abandonment*

The best evidence on the extent of abandonment, and the last-resident displacement arising from it, comes from New York City's triennial Housing and Vacancy Surveys, conducted by the United States Bureau of the Census.<sup>21</sup> The Surveys provide the basis for an estimate of the extent of direct last-resident displacement, but not for chain or exclusionary displacement, nor for the pressure of displacement. The key figures are shown in Table I. The Housing and Vacancy Survey

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21. It differs from other Census results in its unusual attention to vacant units and its detailed reporting on the nature of such vacancies. The purpose of the triennial surveys is to determine the "vacancy rate" for rental units, as required by state enabling legislation. This calculation is used to determine whether or not there is a "housing emergency," defined as a situation in which the "vacancy rate" is less than 5%. The most recent survey, for 1981, is contained in Michael Stegman's report, *supra* note 4; the preceding survey, for 1978, by this author, is entitled *RENTAL HOUSING IN THE CITY OF NEW YORK, 1975-1978* (1979). Both reports contain detailed discussions of reliability and interpretation. The 1978 report also contains a general discussion of the process of housing decline and its relation to vacancies and abandonment. P. MARCUSE, *supra*, at 128-34.

defines losses as all units that were in the housing inventory in 1970, but were removed from it prior to 1981. "Abandonment losses" include all units that tenants probably physically abandoned in the period covered. One must make adjustments to take into account "losses" that appear to be abandonment, but actually are preparation for reuse. One also must add other real abandonment losses that do not appear in the Census survey. The details of these adjustments are set forth in Table I. The resultant average figure for the eleven years covered is thirty-one thousand units abandoned per year.

Table I  
The Calculation of Abandonment in New York City

Annual Rates: 1978-81	
Demolished	14,066
Condemned	1,926
Burned-out, boarded-up, exposed to the elements	<u>9,017</u>
Initial subtotal, abandonment losses	25,009
Over-count—not economically abandoned:	
Reoccupied abandoned	1,939
Demolished for new construction	<u>563</u>
Total over-count	— 2,502
Amended subtotal, abandonment losses	22,507
Under-count (economically abandoned, not yet reported):	
Vacant dilapidated	5,168
Other vacant abandoned	<u>3,232</u>
Total under-count	+8,400
Total, abandonment losses	30,907

The number of households that are displaced from abandonment is greater than the number of housing units actually abandoned. This occurs for two reasons. First, the housing unit figure does not cover chain displacement. It counts each unit abandoned only once. Several households, however, may have been forced to move out of a unit before it was finally abandoned. For example, the original elderly tenants may not have been able to tolerate dark hallways or unsecured entrances, the subsequent occupants may have been forced out when the boiler broke and was not repaired, or fuel oil was no longer sup-



plied, and the final desperate occupants left when a fire rendered the building totally uninhabitable.

Second, displacement from neighborhood abandonment adds to displacement from individual abandonment. Households with individual units still in a minimally adequate state of repair, whose landlord still is attempting to maintain the building on the market, nevertheless, may be forced to move because of neighborhood abandonment. The danger of fire may increase from empty buildings next door. The level of street crime, drug traffic, and vandalism may increase to an intolerable level. Community facilities and support networks may erode, and public services may become neglected beyond the point where a household can maintain a decent life.

One can gauge the importance of these neighborhood abandonment factors in causing displacement by viewing the extent to which abandonment is concentrated spatially. For example, in 1970, 17.5 percent of New York City's households resided in the Bronx and 24 percent resided in Queens, yet, the Bronx accounted for 44 percent of the city's demolished buildings over the following eleven years, while Queens accounted for only 3.6 percent.<sup>22</sup> It is no wonder that, among the reasons given by "recent movers" for leaving their existing accommodations, "neighborhood condition" is often cited.

In areas of neighborhood abandonment, a pattern of rapid turnover of units exists throughout the neighborhood, both in units undergoing abandonment and in units not yet undergoing that process. Generally, the greater the choice of housing available to a household, the more likely the household will leave before a lack of heat or other crisis condition physically forces it to leave. Thus, displacement of slightly higher-income households from units not yet abandoned will occur at the same time as displacement of lower-income households from units at the very last stage of abandonment. Chart II illustrates this phenomenon vividly: households at the top as well as at the bottom of the income distribution scale left the Bronx in substantial numbers during the three-year period shown. Population change generally does not explain this phenomenon because the number of renter households in the city actually rose slightly, from 1,930,000 to 1,933,887.<sup>23</sup>

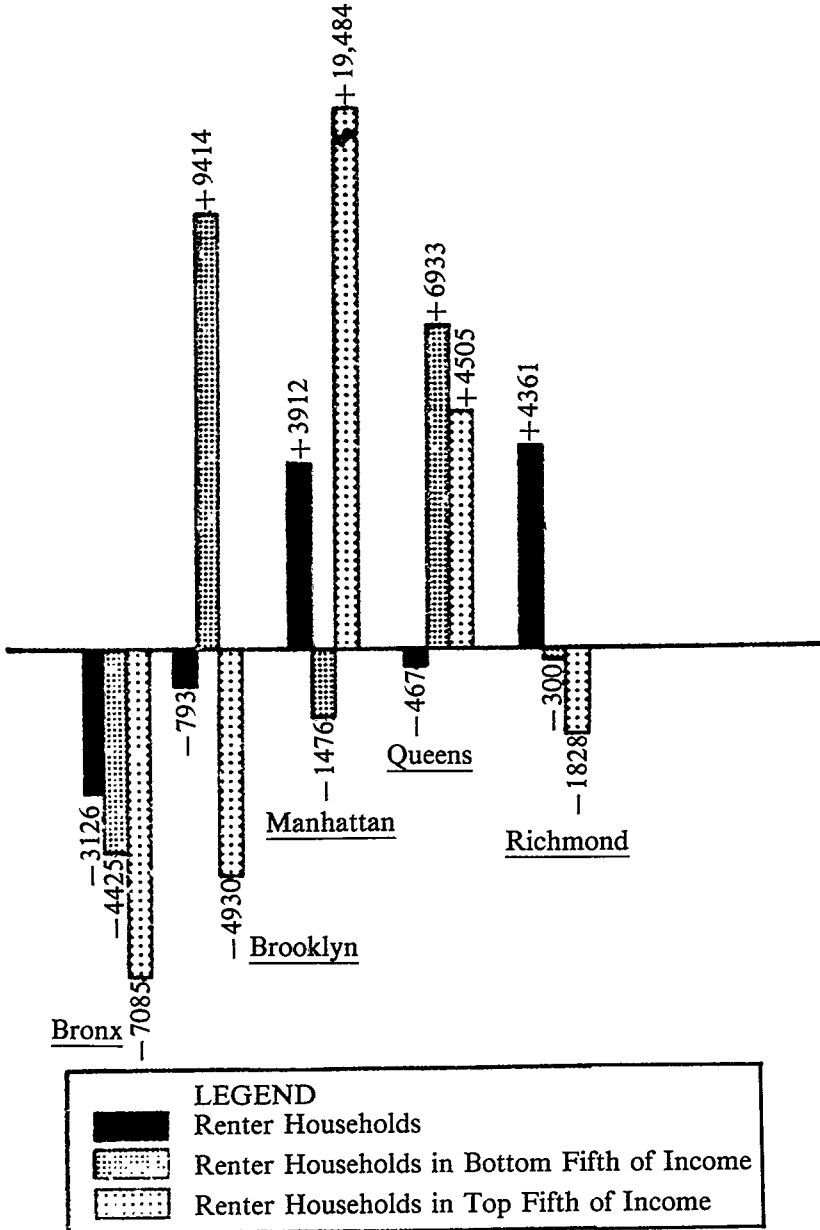
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22. 34 U.S. BUREAU OF THE CENSUS Table 33 (1970). For further discussion of this data, see P. MARCUSE, REPORT ON STUDY OF DISPLACEMENT IN NEW YORK CITY, COMMUNITY SERVICE SOCIETY OF NEW YORK (1984).

23. See M. STEGMAN, *supra* note 4.

Chart II

Gain or Loss of Renter Households in Bottom and Top Income Quintiles by Borough, New York City: 1977 and 1980\*



\* Stegman, *supra* note 4, at 148.

Although these figures suggest substantial chain displacement from neighborhood abandonment and from earlier stages of individual abandonment, it is impossible, using data presently available, to measure chain displacement authoritatively. The amount attributable to neighborhood abandonment may be equal at least to that resulting from direct abandonment.

The estimate of total displacement from abandonment for New York City, therefore, may be between thirty-one thousand and sixty thousand households, or one hundred fifty thousand persons annually.<sup>24</sup> The first figure covers only direct displacement. The second figure includes an estimate, based on suggestive data, of chain displacement. Neither figure considers the larger pressure of displacement on those households not actually displaced currently.

### C. *Displacement from Gentrification*

Displacement from gentrification is more difficult to measure than displacement from abandonment. Change in absolute numbers of high- or low-income households in the city is an inadequate measure because gentrification primarily results from movement within the city rather than from movement into the city. Mobility figures provide insubstantial information on the causes of movement. Other available figures are limited to physical displacement, and do not reflect economic displacement, and vice versa. One can deduce exclusionary displacement from demographic figures, but must rely on rather broad assumptions concerning what would have happened absent gentrification. Also, quantification of the pressure of displacement must distinguish more accurately between the various causes of price increases than currently available data permit. Nevertheless, one can begin to make an estimate.

Some indicators are available concerning direct physical displacement. Before 1970 substantial tax benefits have been available to those who rehabilitate multifamily buildings under the J-51 program, including an exemption from tax on the increased value and an abatement equal to the allowable cost of the rehabilitation itself. Virtually all rehabilitation projects that may qualify for the benefits use the program. No controls are placed on the initial rent charged after rehabilitation; therefore, a significant return may result from renting to higher income

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24. The city average is 2.5 persons per household. *Id.* at 2. This is probably a conservative estimate, because abandonment tends to displace poorer, and thus generally larger, households. *Id.* at 214.

occupants. The number of units affected in the ten-year period before 1980 was 376,940, or about 38,000 units per year. Analysis of their location bears out the proposition that most of these units generally are part of the gentrification process. For instance, over one-third were in Manhattan, and the concentration in areas of known gentrification is great: one-third of the units between Seventieth and Eighty-Sixth Streets on the West Side used J-51 during this period.<sup>25</sup> Some J-51 assisted units, however, do not result in direct displacement. Many subsidized units, for instance, are included in the count of those assisted by J-51.<sup>26</sup> Therefore, one must modify downward the thirty-eight thousand figure. On the other hand, many rehabilitated units not eligible for J-51 should be added to the figure.

The loss of units in Single Room Occupancy (SRO) buildings provides a floor for estimating displacement, because it is generally conceded that the upgrading of SRO units results in displacement of their former residents. The number of these units has gone from 127,000 in 1970 to 20,309 in 1981, an average of 9,700 units lost each year. Those displaced from these units overwhelmingly were poor: eighty-five percent had incomes under \$3000 in 1979.<sup>27</sup> The rehabilitation was almost completely accomplished with J-51 benefits. In nearly every case, housing for higher income groups resulted. One may estimate that a minimum of 9,700 persons, and perhaps as many as 38,000 households may have been displaced directly by the physical rehabilitation or upgrading of housing units in New York City each year.

As to economic displacement from gentrification, it is virtually impossible to distinguish between direct displacement, exclusionary displacement, and displacement pressure. Assume a situation in which the rent for an apartment doubles in a given year. Direct displacement may result if the household occupying that unit is unable to afford the

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25. DEPARTMENT OF CITY PLANNING OF NEW YORK, CITY FISCAL YEAR 1984 COMMUNITY DEVELOPMENT PROGRAM 25 (1983).

26. An exact downward adjustment cannot be made, but it might run over 50%. For instance, in the sample of units used in the West Side study 60.8% of the units receiving J-51 subsidies between 1970 and 1981 involved costs per unit of less than \$5,000. The total figure for units with rehabilitation costs of \$5,000 or more, which were not subsidized under a program limiting occupancy to lower-income households, probably could be obtained from city records, but was not available as of the time of this writing.

27. See NEW YORK STATE DEP'T OF SOCIAL SERVICES, HOMELESSNESS IN NEW YORK STATE 44 (1984); K. Hopper & J. Hamberg, *The Making of America's Homeless* (Working Papers in Social Policy, Community Service Society, New York, Dec. 1984).

rent increase, and moves out. Rent regulations in New York City render this possibility less likely, unless the rent increase is based on physical changes. Exclusionary displacement may occur where the household moves out for other reasons, but another equivalent household cannot move in. Here, the price increase may accompany a co-op conversion, from which that tenant in occupancy may benefit, but for which the succeeding occupant must pay. Displacement pressure may build if the household continues to occupy the apartment, but pays a much larger portion of its income for rent, and realizes sooner or later it must move.

Economic displacement is, perhaps, best reflected in the figures dealing with changes in gross rents. On the average, for each year between 1978 and 1981, the number of units renting for over \$500 went up by 26,370, at a time when the number of units renting for less than \$200 went down by 110,363. After subtracting about 7,666 new units from the 26,370 figure, approximately 18,704 existing units had their rents increased to over \$500 each year. Approximately 24,096 units had their rents increased from under \$400 to between \$400 and \$499.<sup>28</sup> The fact that 56.6 percent of all renter households expend more than 25 percent of their incomes for rent, coupled with the correlation between rent increases and gentrification, suggests a strong likelihood that economic displacement has occurred in areas of gentrification. Certainly, not all existing units with rent increases driving their monthly rents up over \$400, including those that went over \$500—42,800 in total—resulted in displacement, but a significant number of them did. Lower cost rental units also showed sharp increases, which, in many cases, produced chain displacement. An estimate that 42,800 households suffered direct and exclusionary economic displacement is probably high, but as an estimate of the pressure of displacement it is probably a little low. If households under pressure of displacement do not choose to move, it is probably because of a lack of alternatives, rather than a lack of pressure.<sup>29</sup>

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28. See M. STEGMAN, *supra* note 4, at 125.

29. See Chall, *supra* note 2, at 48. Chall looked at census tracts reporting median increases of over 150% in gross rent—well above the city-wide figure of approximately 100%—in the 10-year period between censuses and found that “sections of the neighborhoods most commonly cited as gentrified had some of the largest increases, but median rent increases in many other areas were equally large.” *Id.* at 48. We might conclude that proportionally high rent increases accompany gentrification. These increases need to be looked at in absolute terms, however, before they can become a measure of gentrification.

Economic displacement also is a consequence of cooperative and condominium conversions accompanying gentrification. In 1983 the number of conversions under noneviction plans alone was 18,967, of which 6,168 ended up priced at \$100,000 or more. Conversions under eviction plans, which are even more likely to result in direct displacement, run at about seventy percent the level of those under non-eviction plans.<sup>30</sup> While some former tenants continue to occupy these units, the typical pattern of substantial increases in real occupancy costs after conversion will result in exclusionary, if not direct, displacement. Limiting ourselves to conversions resulting in units selling for over \$100,000 about 10,485 households are subject to direct or exclusionary displacement each year. This figure includes households that are physically displaced, but does not include households economically displaced from remaining rental units in the neighborhood, whose prices are also driven up.<sup>31</sup>

Forced displacement is the most extreme form of displacement. Much of the displacement caused by gentrification appears impersonal. "Market trends" cause increased prices, and an individual landlord responding to those trends does what all other landlords do when he increases rents—rehabilitates for a higher-income clientele and watches as tenants leave and others better able to afford the new rent arrive. The tenant is forced to leave, just as if the landlord had visited that tenant and said, "leave or else," with a club in his hand. The force, however, comes from the market, not from the landlord's club. Nevertheless, in some instances, the landlord uses the club or its equivalent directly. In New York City, harassment of undesired, lower-income tenants is hardly rare. Cutting off heat or utilities, failing to make repairs, letting garbage accumulate until the stench is overpowering, leaving lights out in the hall and front doors open or broken, and even setting fires are all techniques that landlords have used, as documented in court hearings and administrative records. According to a 1983 study conducted at the New School for Social Research, tenants filed seven hundred fifty complaints of harassment with the Office of Rent Control and six hundred with the Conciliation and Appeals Board in a one-year period. These thirteen hundred fifty reported cases hardly encompasses all cases of harassment, many of which undoubtedly are not pursued as complaints before any governmental body. On the

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30. DEPARTMENT OF CITY PLANNING OF NEW YORK, *supra* note 25, at 27.

31. N.Y. Times, Sept. 3, 1983, at B3, col. 1.

other hand, the proportion of these cases related to gentrification certainly is less than one hundred percent.

Arson is an extreme form of harassment. Unfortunately, its linkage to gentrification is clear. A report issued by the New York City Arson Strike Force found that "unexplained fires" were three times as likely to occur in buildings funded through the city's J-51 program than in other buildings, and multiple fires in a single building were twelve times more likely in those funded through the J-51 program.

The available figures that may provide the basis for estimating displacement from gentrification, consequently, include the following:

Physical:	up-grading under J-51:	38,000
	elimination of SRO units:	9,700
Economic:	rent increases over \$400:	42,800
	co-op conversions over \$100,000:	10,485
Harassment charges:		1,300

(Figures are calculated on an annual basis.)

These figures overlap; therefore, it would be inaccurate simply to aggregate them. Displacement from gentrification probably runs between ten thousand and forty thousand households per year. Excluding those households subject to the pressure of displacement, the figure probably is closer to the ten thousand figure. If those subject to the pressure of displacement are included, the number probably is closer to forty thousand.

These figures must be increased by another factor. All indications are that the pace of gentrification has accelerated in the last five years, since the 1980 census on which many of the foregoing estimates are based. At the same time, it is relatively clear that the pace of gentrification slowed during the mid-1970s as economic conditions worsened.<sup>32</sup> Thus, figures based only on changes from 1970 to 1980 tend to understate the problem.

#### D. *Estimate of Total Displacement*

According to our estimates, total annual displacement in New York City during the last decade includes between thirty-one thousand and sixty thousand households displaced from abandonment, plus between ten thousand and forty thousand households displaced from gentrifica-

32. See De Giovanni, *supra* note 15, at 35.

tion. Therefore, these two phenomena have resulted in the displacement of between forty-one thousand and one hundred thousand households annually.<sup>33</sup> Assuming an average household size of two and one-half persons and given the consequences of special restructuring in New York City, between 102,500 and 250,000 households have been displaced each year from neighborhoods that would otherwise have been home to them.

#### IV. NEIGHBORHOOD ASPECTS OF GENTRIFICATION AND DISPLACEMENT

##### A. *The Unevenness of Neighborhood Change*

Gentrification and abandonment occur unevenly within a city. Gentrification does not result from a massive influx of additional well-to-do households to the city, but is rather the product of a spatial reshuffling of a relatively constant or even declining number within the city. Gentrifying areas and declining areas are linked in a process of spatial restructuring of the city as a whole, which must of necessity have different consequences for different neighborhoods. That is why it is difficult to measure the resulting displacement from gross figures for the city as a whole. If the scale of the analysis is too large, housing changes tend to cancel each other out. One, however, can observe and measure them at the neighborhood level.<sup>34</sup>

Even upon separate examination of New York's boroughs, the uneven nature of gentrification emerges sharply. Between 1978 and 1980,

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33. The only other overall summary that might give rise to a net estimate of displacement in New York City is found in the following figures provided by Chall for 1970-1980, even though he does not explicitly relate them to displacement: "[I]n over a third of the city's census tracts, the number of . . . families [below the poverty level] decreased [despite an increase city-wide]. The total decline for these tracts was over 60,000 families. About one-third of the tracts losing low-income families gained high-income households. These 270 tracts . . . lost 15,000 low-income families during the 1970's." See Chall, *supra* note 2, at 41-42. Chall's figures cover only families, not all households, and only last-resident displacement, not all forms of displacement. *Id.*

34. These figures are generally consistent with the few other existing detailed local studies, which generally cover only direct displacement. In Seattle, a study estimated the figure at 25% of the population. In Denver, another study estimated the figure at 1.1% of the population. In Portland, the figure was estimated at 1.4% of the population, with 40% of these from gentrification. See Legates & Hartman, *supra* note 18, at 219. If comparable percentages were applied to New York City, the estimate would be 39,200 households displaced, of which 15,680 were from gentrification. The figures might be expected to be somewhat higher in New York City, an extreme example of most urban phenomena.



Manhattan gained 19,484 households in the top quintile of the income distribution, while the Bronx lost 7,085 and Brooklyn lost 4,930 of those high-income households.<sup>35</sup> Assuming the changes are the result of movement of households more than of changes in income levels of the same households,<sup>36</sup> one derives some measure of the movement of higher income households into New York City.<sup>37</sup> Rents paralleled those changes: Manhattan's median gross rent increased 34.9 percent, while rent only rose 22.6 percent and 22.1 percent in the Bronx and Brooklyn, respectively.<sup>38</sup> The picture becomes clearer the more one disaggregates. In the next section census-tract and neighborhood level data are examined.

### B. *The Pattern at the Neighborhood Level*

This section examines five neighborhoods in New York City in which gentrification has been of major concern: the Upper West Side near Lincoln Center, Manhattan Valley to the north on the West Side, Clinton immediately south of 59th Street on the West Side, the Lower East Side, and Lower East Harlem.<sup>39</sup> All of these areas are located in Manhattan; thus, they do not include any areas of "family gentrification."<sup>40</sup>

The five areas are very different from each other. One of the surprising findings from this study is the fine level at which change must be examined in order to obtain an accurate picture of changing conditions. Consequently, each neighborhood was divided, for analytical

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35. See M. STEGMAN, *supra* note 4, at 149.

36. It is unlikely that a stable cohort of households in the Bronx and Brooklyn lost income, while a similar cohort in Manhattan gained.

37. New market construction needs to be taken into account, which, however, was far less than the gain in higher-income households. See M. STEGMAN, *supra* note 4, at 170.

38. See *id.* at 129.

39. See *infra* Map I, at p. 224.

40. Patterns of gentrification vary significantly by household type, even though they have a common etiology. The conventional pattern involves young couples or singles as the first gentrifying agents, with households having young children moving in only later. This is plausible, given the difference in community facilities needed by the two groups, and particularly in view of the importance of schools to parents of young children. There are, however, a few neighborhoods where venturesome parents move in and gentrify because prices are more favorable for their larger space needs and schools seem tolerable. In New York City, such areas of "family gentrification" exist primarily in Brooklyn and perhaps Queens, but not, to this writer's knowledge, in Manhattan, with the possible exception of Hamilton Heights.

purposes, into two areas based solely on statistical findings: the "A" area represents the more "abandoned" and less gentrified section and the "B" area represents the more gentrified and less abandoned section.<sup>41</sup>

Tables II and III present key indicators of change for the most significant census tracts in each neighborhood.<sup>42</sup> Table II as to college education and Table III as to rent. Each table uses as its indicator the difference between the percentage change in that area and the percentage change in the city as a whole.<sup>43</sup> Therefore, the benchmark for each area is what changes would have occurred in that area if it had evolved in the same fashion as the city as a whole evolved. The figure measures the extent to which actual developments differed from that expectation. Measurement of absolute change from year to year cannot be used reliably, because broad changes that affect all parts of the city must be differentiated from the localized development represented by gentrification and displacement.<sup>44</sup>

Table II exemplifies changes in the percentage of those with a college education.<sup>45</sup> One can identify tracts undergoing gentrification by the extent to which the increase in college-educated population in a particular neighborhood exceeded that for the city during the period in ques-

41. A study released by the Department of City Planning after the present study was completed includes a virtually identical analysis of two adjacent sets of census tracts in the Park Slope area of Brooklyn, and similarly comments on the striking contrast between them. One of them reflects active gentrification and the other shows continuing abandonment. See DEPARTMENT OF CITY PLANNING OF NEW YORK, PRIVATE REINVESTMENT AND NEIGHBORHOOD CHANGE (1984).

42. See *infra* Table IV, at 226.

43. For example, the formula for Table II is as follows:

$$\left[ \left( \frac{\# \text{ college educated 1980 census tract}}{\text{population 1980 census tract}} - \frac{\# \text{ college educated 1970 census tract}}{\text{population 1970 census tract}} \right) \times 100 \right] \text{ minus}$$

$$\left[ \left( \frac{\# \text{ college educated 1980 city}}{\text{population 1980 city}} - \frac{\# \text{ college educated 1970 city}}{\text{population 1970 city}} \right) \times 100 \right] = \begin{array}{l} \% \text{ change} \\ \text{compared to} \\ \text{NYC} \end{array}$$

44. The methodology used is similar to that used by Daphne Spain, of the Bureau of the Census' Center for Demographic Studies, and in Karl Taeuber's studies of residential segregation. See Spain, *supra* note 7. See also K. TAEUBER, RESEARCH ISSUES CONCERNING TRENDS IN RESIDENTIAL SEGREGATION (Center for Demography and Ecology, Univ. of Wis.-Madison 1982).

45. See *infra* Table II, at p. 220.

**Table II**  
**Index of Population Change: College Graduates**

<u>Area</u>	<u>Census Tract</u>	<u>Population</u>		<u>College Graduates</u>		<u>Percent Change Compared to N.Y.C.*</u>
		<u>1970</u>	<u>1980</u>	<u>1970</u>	<u>1980</u>	
Clinton	121	5,790	8,271	455	2,079	+ 12.71
	127	8,622	7,158	352	916	+ 4.1
	139	9,617	9,904	1,632	2,822	+ 7.0
Upper West Side	149	2,102	5,345	728	2,593	+ 9.3
Manhattan Valley	153	8,177	7,865	2,198	3,545	+ 13.6
Manhattan Valley	189	16,021	11,903	913	824	+ 3.3
	195	8,823	8,900	1,731	2,495	+ 3.8
East Harlem	170	9,840	6,911	321	252	- 4.2
Lower East Side	160.2	3,239	3,024	655	945	+ 6.5
Lower East Side	22.01	8,147	6,487	512	341	- 5.6
	36.02	3,437	3,437	327	385	- 2.9
East Side	38	10,456	8,665	1,137	2,271	+ 11.0
N.Y.C. All:		7,894,862	7,071,639	506,501	776,557	(+ 4.6)**

\*See *supra* note 41.

\*\* percent change, N.Y.C.

**Table III**  
**Index of Housing Change: Tenants Paying Higher Rents**

<u>Area</u>	<u>Census Tract</u>	<u>Occupied Rental Units</u>	<u>Units Rented for</u>		<u>Percent Change Compared to N.Y.C.*</u>	
			<u>over \$250</u>	<u>over \$500</u>		
		<u>1970</u>	<u>1980</u>	<u>1970</u>	<u>1980</u>	
Clinton	121	3,281	4,823	142	291	+ 1.6
	127	3,955	3,668	37	8	- 8.6
	139	5,933	6,691	765	1,109	+ 3.5
Upper West Side	149	1,023	3,293	261	1,959	+ 33.8
Manhattan Valley	153	4,476	4,426	1,311	1,431	+ 2.9
Manhattan Valley	189	5,184	4,316	128	47	- 1.5
	195	3,966	3,883	106	287	+ 4.6
East Harlem	170	2,385	2,518	17	0	- .1
Lower East Side	160.02	1,117	1,211	99	268	+ 13.1
Lower East Side	22.01	1,924	1,315	0	0	- .1
	36.02	1,085	994	0	12	+ 1.1
East Side	38	5,271	5,044	22	58	+ .6
N.Y.C. All:		2,167,790	2,136,425	113,776	115,093	(+ .1)**

\*See *supra* note 41.

\*\* percent change, N.Y.C.

tion. Changes in education level seem the most reliable single indicator of gentrification.<sup>46</sup>

One may identify "pockets" and "borders" of gentrification from the analysis. Pockets are areas of one type surrounded by areas of a different type of development. Borders are areas that lie between two areas of dissimilar development. In the upper West Side—a pocket—the process of gentrification has proceeded the furthest, while abandonment currently is not taking place.<sup>47</sup> In the "B" portions of Clinton and Manhattan Valley, both of which have evolved recently as pockets because of major influences nearby—the growth of mid-town, Lincoln Center, the Convention Center, and Columbia University, gentrification is proceeding apace. Their "A" areas, however, are not yet as gentrified as their "B" areas. In Lower East Harlem and the Lower East Side, both of which are borders between very disparate areas, there are signs of gentrification in the "B" areas—less in Lower East Harlem, but much more in the Lower East Side. No signs of gentrification exist in the "A" areas.

Table III makes the pattern even clearer.<sup>48</sup> It shows the change in high-rent-paying households between 1970 and 1980 for the same census tracts. In the most gentrified area, the Upper West Side, rent changes have surpassed the population changes evidenced by increases in educational levels. In Clinton, rents lagged behind the population change; some low rents still existed in 1980, but the shape of the future is clear from the change in educational levels. The same is true, to a lesser degree, in Manhattan Valley. Furthermore, the same process is under way in all three of these pockets of gentrification.

The pattern is different for the two border areas, Lower East Harlem and the Lower East Side. Here, one still finds a sharp division within the area. Gentrification is clear in the "B" areas, but both the education and the rent indicators still are behind the average change for the city as a whole. Gentrification is not yet visible from the figures for the "A" areas. Just how far gentrification will go in these areas remains an open question.

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46. The study examined a substantial number of other potential indicators of gentrification. Two other indicators seem reasonably reliable (as well as theoretically plausible): changes in income and changes in race/ethnic origin.

47. Tract 149, near Lincoln Center, had major new construction; all other tracts were substantially built up in 1970, and meet directly the formal definition of gentrification.

48. See *infra* Table III, at p. 220.

Thus, the over-all pattern extrapolated from these tables has three components: a substantially unchanged total demand for high-rent units taking all areas together; a stronger and clearer movement towards gentrification in "pocket" as opposed to "border" areas; and a movement into certain neighborhoods of a population with higher education levels followed by rent increases rising sharply as gentrification increases.

A limited analysis of changes in market prices was undertaken in each of the neighborhoods.<sup>49</sup> The analysis supports the expectations derived from the rent data: sharp increases in prices in gentrifying areas and virtually no activity in abandoning areas. Chart III summarizes the data. The annual rate of increase in price is shown on the vertical axis and the length of time between sales is shown on the horizontal axis.

Although the correlation is not absolute, and the sample is very small, the findings are indicative of the role of real estate speculation in the gentrification process: speculation is a strong accompaniment of gentrification. The behavior of speculators, and of the real estate market generally, is perhaps the single most sensitive indicator of the type of change that is occurring in a neighborhood. Buyers and sellers in the real estate market attempt to calculate what will occur in the future and their actions reflect their predictions. When market participants are interested only in short-term investment, their actions are generally termed speculation. When the participant's holding time does not exceed three years, the increase in price is related inversely to the length of the holding period.<sup>50</sup> Beyond three years, the length of the holding period no longer is significant. There is no reason to believe that a restraint on speculation would do more than to slow the rate of gentrification, but that slowing effect may be significant.

### C. *The Consequences of Neighborhood-Level Changes*

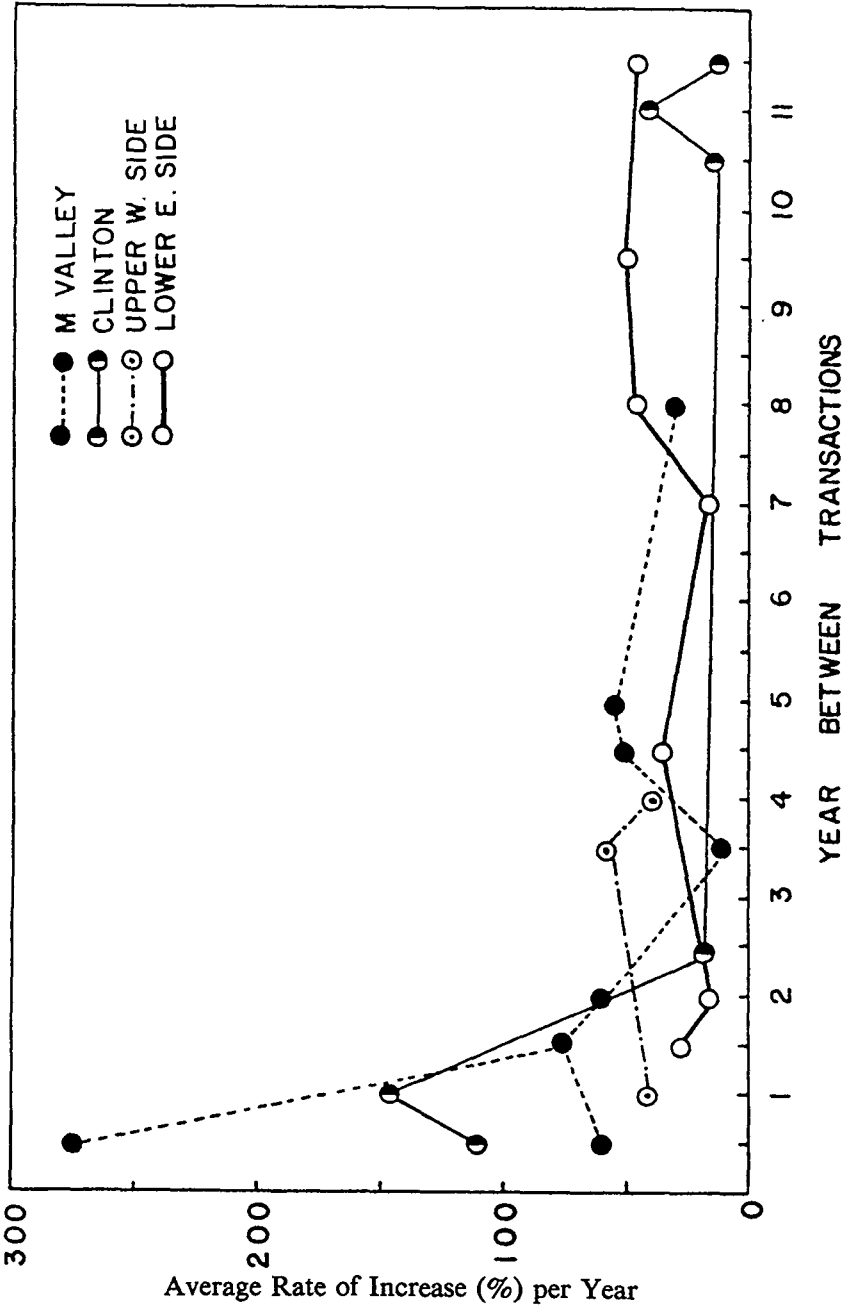
One can draw conclusions from neighborhood-level data concerning three aspects of gentrification: its relation to polarization, its relation to displacement, and its relation to abandonment.

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49. See P. MARCUSE, *supra* note 22, at 77ff and app. A; S. PORRAS, *LOWER EAST SIDE HOUSING MARKET DYNAMICS: POLICY IMPLICATIONS* 21ff (Division of Urban Planning, Columbia Univ. 1983).

50. Allan Heskin arrived at similar, but even stronger, findings for Santa Monica. See Heskin, *supra* note 11, at 40. The chart was conceived and prepared by Tetsuji Uchiyama.

Chart III\*



\* Prepared by Tetsuji Uchiyamo

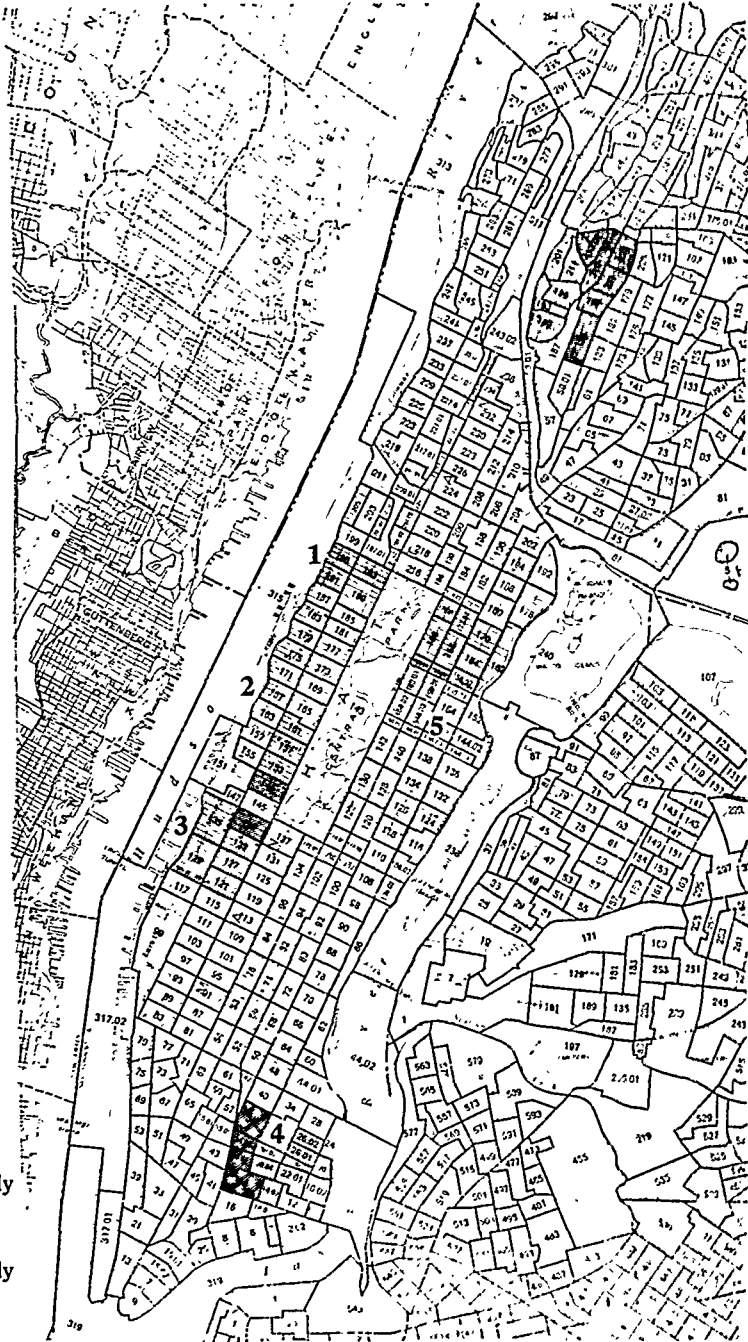
Map I

5 Areas in New York City

- 1. Manhattan Valley
- 2. Upper West Side
- 3. Clinton
- 4. Lower East Side
- 5. East Harlem

Dark shading = comparatively "better"

Light shading = comparatively "worse"



Gentrification contributes to the increasing residential polarization of New York City by income level, education level, household composition, and race. One has already seen the striking variation within gentrifying neighborhoods in the data for the "border" areas in Tables II and III.<sup>51</sup> One can observe the extent of this increasing polarization even more dramatically at the borough level. Manhattan is of course the most gentrifying borough, while the Bronx is the least gentrifying and the most abandoned borough. Between 1970 and 1980, Manhattan increased its number of college-educated residents by 22.9 percent; the figure decreased in the city as a whole by 4.5 percent and in the Bronx by 36.1 percent. Per capita income in Manhattan rose 105.2 percent, compared to an increase of 96.5 percent for the city and 81.5 percent for the Bronx. Median contract rent in Manhattan rose by \$138 compared to \$117 for the city and \$108 in the Bronx.

One can see the same polarization graphically in Chart II.<sup>52</sup> Between 1969 and 1981, Manhattan gained wealthy households and lost poor households; while the Bronx lost both wealthy and poor households, but lost more wealthy than poor. The rich are concentrating in Manhattan. In contrast, they are leaving all other boroughs except Queens, where higher-income families can find better access to larger units. The same restructuring process is occurring to a lesser extent within each borough.

Using census data, it is difficult to measure displacement at the census tract level directly from these changes. The calculations for sample tracts, however, are suggestive. For instance, tract 153 on the Upper West Side had a high level of gentrification by an indicator—the high-income population increased by 4.7 percent, 5.3 percent more than the city-wide figure, while the low-income population declined by 1.9 percent, 10.7 percent below the city-wide figure. This simple correlation does not establish conclusively that the increase in high-income residents caused the decrease in low-income residents nor can it establish that the departure of former residents was involuntary, but it is consistent with common sense and daily experience to infer these relationships.

One can perform the same type of analysis for displacement using race, rather than income, as the indicator. Here, the author tested the slightly more complex hypothesis that gentrification causes a

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51. See *supra* Tables II, III, at p. 220.

52. See *supra* Chart II, at p. 211.



Table IV  
Gentrification and Racial Change

	<u>N.Y.C.</u>		<u>Lower East Side</u>		<u>Gentrif. Tract 38</u>	<u>Adjacent Tract 36.01</u>		<u>Gentrif. Tract 139</u>	<u>Clinton Adjacent Tract 135</u>		<u>Adjacent Tract 127</u>
			<u>Tract 36.02</u>	<u>Tract 36.01</u>							
% White, 1970	77.6	88.1	77.4	77.7		78.4	72.1	67.8			
% White, 1980	60.8	76.0	51.0	42.1		72.7	47.0	47.5			
% Change	-15.8	-12.1	-26.4	-35.6		- 5.7	-25.1	-20.3			
% Change, White, in comparison to N.Y.C.	0	+ 3.7	-10.6	-19.8		+10.1	- 9.3	- 4.5			

replacement of blacks by whites in tracts of high gentrification and a relocation of the displaced blacks into adjacent tracts.<sup>53</sup> Table IV presents the results for three tracts on the Lower East Side and three tracts in Clinton.<sup>54</sup> Using the city-wide change as a benchmark, there was an increase in the percentage of whites in the tracts of higher gentrification, and a decrease in the adjacent tracts. The hypothesis is borne out.

## V. ANTIDISPLACEMENT POLICY

### A. *The Foreseeable Future*

Before one can formulate reasonable policy, it is necessary to gain a clear picture of the probable direction of future events. What does the picture painted above suggest for the future? All of the factors involved in New York City's restructuring are continuing: the shift of the economy from manufacturing to services; the concentration of control and management; the multiplying international linkages of business; the proportionately increasing need for managerial, professional, and technical personnel and the decreasing need for unskilled manufacturing workers; the increasing economic polarization of the population; the expanded needs of business for downtown commercial and office space; and the tendency of government and of the real estate industry to aggravate the results of these processes at the residential and neighborhood levels. If these are the factors that produce both gentrification and abandonment, there is no reason to expect a change in direction.

The pace of gentrification and abandonment, however, will vary. Frank DeGiovanni, in his careful study of gentrification in several cities, found that "nationwide macroeconomic changes"<sup>55</sup> were decisive in determining the extent of such activity at any given time. If our theoretical explanation of gentrification and abandonment is correct, the term "macroeconomic changes" is not simply synonymous with "prosperity" or "recession."<sup>56</sup> Prosperity at the upper end of the economic spectrum is not inconsistent with depression at the lower end; both factors lead to displacement. They are reflected ambiguously in

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53. Suggested by Spain, *supra* note 7, at 15.

54. See *supra* Table IV, at p. 226.

55. See De Giovanni, *supra* note 15, at 33.

56. This is true at least to the extent that these terms are defined using indicators of gross national product growth rates, personal income, or other measures undifferentiated by group or class.

measurements of national economic growth, which implicitly assume that both ends of the economic spectrum will prosper or suffer together. Nonetheless, the historic facts are to the contrary. Indeed, today we are witnessing a period of high corporate profits and substantial unemployment—exactly the combination that theory would lead us to believe would most exacerbate displacement.

At the same time, the willingness of government to comply with the preferences of those most decisive in the private market has never been greater. Government is reducing public expenditures in major areas of abandonment while increasing expenditures in major areas of gentrification. The closing of hospitals, fire and police stations, schools, as well as the rapidly declining condition of public services, accelerates abandonment.<sup>57</sup> Actions fostering gentrification include the use of Urban Development Action Grant funds for mid-town hotel development, Convention Center financing, and various tax incentive programs.<sup>58</sup> Public abandonment of some neighborhoods following private disinvestment (redlining), and public investment in other neighborhoods following strong private interest, serve substantially to aggravate displacement. A number of current city priorities tend in this direction, some by design and some by the unintended logic of their actual operations.

By the same token, however, public policy could reduce, and even eliminate, displacement. Inherently, land use is an area in which government plays a significant regulatory role. The courts increasingly have recognized the government's power, and indeed the obligation, to regulate land use for the public welfare.<sup>59</sup> If the objective is to improve the housing conditions of those with the most serious housing problems, the appropriate policies are not difficult to lay out.

The polarization of the economy, and of the housing and neighborhood conditions that flow from it, must be reduced. A discussion of the economic policies required to accomplish this are beyond the scope of this Article. The housing policies required, however, are relatively clear. The city must give neighborhoods in danger of either abandonment or gentrification control of their own destinies. The city must

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57. See P. MARCUSE, *supra* note 22, at 31. P. MARCUSE, *supra* note 10, at 25.

58. See generally M. ALTMAN, F. DOMWAD & R. MESSINGER, "HOW AM I DOING: BUSINESS AND REAL ESTATE TAX BREAKS IN NEW YORK CITY" (N.Y. Pub. Int. Research Group, Inc. 1982).

59. See *Southern Burlington County NAACP v. Township of Mount Laurel (Mount Laurel II)*, 92 N.J. 158, 456 A.2d 390 (1983).

make resources available to them that are adequate for that purpose. Public policies dealing with housing, including control of market speculation, must have as their clear objective the elimination of displacement in all its forms, whether by abandonment or by gentrification. Such policies have city-wide implications and must be implemented city-wide. Specific programs for accomplishing these goals have been presented in detail elsewhere.<sup>60</sup> A lack of ideas is not the problem.

At the same time, some approaches that will not reduce the amount of displacement or improve housing for those most in need can be identified. Most importantly, gentrification does not provide the "cure" for abandonment. Gentrification by operation of the private market only will succeed abandonment in a limited number of neighborhoods—only pockets and perhaps some borders, but certainly not in centers of abandonment. Even if it did, the cure would be as bad as the disease, because, like abandonment, gentrification is linked inherently with the displacement of lower-income households. The use of public resources to gentrify a neighborhood by attracting higher-income households to the area will not aid persons of lower-income status already there.<sup>61</sup>

The recent study of Central Harlem well expresses the current dilemma of city policy with respect to gentrification:

[I]t is difficult to avoid the conclusion that for Central Harlem residents, gentrification is a Catch 22. Without private rehabilitation and redevelopment, the neighborhood's housing stock will remain severely dilapidated; with it, a large number of Central Harlem residents will be displaced and will not be the ones who benefit from better and more expensive housing. At present, there are no plans for this contingency. Indeed, none of the development strategies for Central H even admit the likelihood of

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60. Major suggestions include the proposals for inclusionary zoning and a housing trust fund put forward by the Center for Metropolitan Action at Queens College, the City University of New York, and the Pratt Institute for Community and Environmental Development in Brooklyn, the proposals put forward by the present author in a report to the Community Service Society of New York, the initiatives of the Association for Neighborhood and Housing Development, and the plans of a number of thoughtful community groups in East Harlem, the Lower East Side, Brooklyn, the South Bronx, Clinton and elsewhere.

61. The recent effort to use city-owned buildings in the Lower East Side for "artists' housing," heavily subsidized by the city, is an apparent example of such a policy. Artists were certainly perceived by the community and, perhaps, intended by many in city government to be the opening wedge for introducing a new higher-status demographic group into a community suffering for years from abandonment, but potentially well located for gentrification. See *The Joint Planning Council of the Lower East Side Proposes a Plan*, CITY LIMITS, June/July 1984 [hereinafter cited as *Joint Planning Council*].

displacement.<sup>62</sup>

The following section explores some strategies that, in fact, do take that likelihood into account and attempt to deal with it.

### B. *General Policy Approach*

The issues of gentrification and displacement must be dealt with together. Gentrification has some concrete benefits for New York City: it improves the physical quality of the housing stock, it attracts higher-income residents and more business, and it increases the city's tax base. Displacement has definite costs for the city: it dislocates residents, it disrupts neighborhoods, and it misallocates and inefficiently uses the existing infra-structure and public services. Unfortunately, it is not simply a matter of weighing the costs against the benefits because the people paying the costs are not those reaping the benefits. Based on the classical welfare economic theory, the city may explore two approaches to long-range planning: increase efficiency by minimizing costs and maximizing benefits, or improve equity by providing for a redistribution of some of the benefits from those obtaining them to those paying the costs. The options suggested below attempt to examine the problems with a long-term perspective in a comprehensive fashion to deal with both efficiency and equity issues.

The recommendations that follow are applicable generally to the problem of displacement created by gentrification. Some recommendations are applicable only when gentrification co-exists with abandonment, as it does in New York City. This can be defined as a concentrating, Detroit-type situation, as opposed to an expansionary, Santa Monica-type situation, where issues of migration into the city and absolute growth also must be addressed.

In a situation such as that existing in New York City, the city can effectively reduce displacement through public control of development pressures, by channeling them into socially constructive roles—rather than preventing them entirely as may be necessary in Santa Monica—or by giving them free and unbridled influence as is largely the case now. With only a limited and efficient expenditure of public funds, the planned distribution of residential development in accordance with a publicly adopted concept of the desired configuration of the city for the future can achieve the objectives of secure and reasonable residence in stable and democratic neighborhoods for all New York City citizens.

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62. See R. Schaffer & N. Smith, *supra* note 7, at 23.

Such a plan should contain two key components. First, in areas of abandonment, the plan should provide for increased investment and concentrated public resources for the benefit of residents already living in these communities. This component of the plan should be geared to benefit current residents immediately as well as to reduce the long-term outward abandonment pressure in these areas. This effort, in turn, will reduce the pressure towards gentrification elsewhere. This policy is the exact opposite of a policy of triage. Second, in areas of gentrification, the plan should include carefully developed, detailed procedures to determine the extent and location of allowable gentrification. These procedures should preclude displacement and ensure that the benefits of gentrification inure to those most needing protection and assistance.

This plan should improve not only the residential quality of life for households in cities like New York City, but also the overall economic climate. In nearly every study of locational decision-making, businesses identified the cost of housing, the fear of crime and vandalism, and the breakdown of municipal services as the principal factors in their decisions whether to stay in, or move out of New York City. The policies outlined here directly address these concerns, and promise to contribute to the city's economic- and employment-generating capacity as well as its residential quality.<sup>63</sup>

How might the concept outlined here be implemented? What follows is an outline of one workable possibility. Undoubtedly, one could devise many other implementation strategies. The purpose here is only to show that displacement can be prevented by currently available means. Thus, the question can at least be advanced to a discussion of "how best," rather than "whether" to avoid displacement.

### C. *Special District Antidisplacement Zoning*

As the key element of a comprehensive antidisplacement plan, New York City could define zones or special districts for the handling of residential development.<sup>64</sup> They should be thought of as "discourage-

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63. The activities of the New York Housing Partnership, the nonprofit middle-income housing development corporation funded by Rockefeller and other business interests, may be seen as a way in which the business community in desperation is taking into its own hands the provision of housing for households which constitute the base of their necessary work force.

64. The proposal of the Joint Planning Council for the Lower East Side, designed to establish a Special Community Preservation District with a local enforcement unit, includes a modified version of several of the ideas discussed below and deserves serious consideration. See *Joint Planning Council, supra* note 61. The Clinton Special District

ment zones” and “encouragement zones” for development, to make clear their function and to highlight the fact that the success of each is dependent on the existence of the others. Depending on the provisions of the existing zoning ordinance and enabling legislation, the city might establish these zones either as special districts or as floating zones. One can visualize five types of zones:

### 1. Mature Development Zones

These New York City zones should include parts of the Upper West Side, Chelsea, and Park Slope. In these zones, the city should allow essentially no new development or rehabilitation that would have the effect of increasing rents or prices, or of displacing households. These zones are intended for areas already completely built up with strong development pressures, but where an existing integrated community wishes to preserve its character and democratic composition. In effect, the only housing improvement that the city should allow in these areas is for those already in the unit, and strong protection mechanisms against harassment or any measures, designed to precipitate moves out of a unit, should be established.

### 2. Conditional Development Zones

In New York City, these zones should include parts of the Lower East Side, Manhattan Valley, and the southern edge of Harlem. The city should allow some development in these zones, but only on designated sites, only if no displacement results, and only if the balance of the community is maintained. In short, the city should allow development only if suitable lower-rent units are provided with each higher-rent unit developed or created through rehabilitation. The city must refine zoning definitions to specify the type of construction and size of the structure that can be built in a particular area, as well as the type of residential use allowed. The Special Clinton District, one of New York City’s special districts, uses this approach in part, by requiring special permits for certain types of activities and conditioning grants of these permits on community-relevant factors. Key provisions of this plan are set out in the Appendix.<sup>65</sup>

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ordinance, of which relevant portions are set forth in the Appendix to this Article, is the closest of any existing provision of New York’s zoning ordinance adopting the Joint Planning Council’s proposal. Appendix, *infra*, at p. 237.

65. See *infra* Appendix, at pp. 237-40.

### 3. Limited Development Zones

In New York City, these zones might include Avenues C and D in the Lower East Side, Mt. Morris Park, and Highbridge. They should be zones where available land for development and vacant housing exists that can be rehabilitated. The city should allow development or rehabilitation as of right in accordance with existing zoning and without restriction as to the income group served. The city, however, should place a ceiling on the total development allowed. As housing is developed the city can continuously monitor development to determine when the point has been reached where further development will take place even though conditional development zone restrictions are applied. As soon as that point is reached, the city should transfer these areas to conditional development zone status.

### 4. Expansion Zones

In New York City, these zones could include most of the South Bronx and major parts of Brooklyn. The city should encourage development as of right, give priority access to city subsidies and tax abatements, and should concentrate infrastructure investment and improvement in these zones.

### 5. Inclusionary New Construction Zones

In New York City, these zones might include Staten Island and parts of Queens. The city should permit development on vacant land when no threat of displacement is involved. The city should permit development pursuant to the full gamut of inclusionary housing devices.<sup>66</sup>

The proper combination of neighborhood and city-wide decision-making is crucial if this type of approach is to work. Initial decisions must be made at the neighborhood level: only the active participation of the residents of the community can ensure that the future of the community will be what they really desire. The type of fine-tuned planning necessary for the definition of these zones can only take place at the neighborhood level. At the same time, a plan must include certain guarantees to ensure that the sum total of local zoning is not exclusionary and that it offers a fair opportunity for all residents of the city to obtain the housing they desire or need.

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<sup>66</sup> See, e.g., the devices mentioned in *Mount Laurel II*, 92 N.J. 158, 456 A.2d 390 (1983). See also *supra* note 57.



At the neighborhood level, the community boards in New York, which already have some formal legitimacy under the city charter, should be considered as the implementing vehicle for this proposal. Furthermore, under section 197-a of the 1975 amendments to the New York City Charter, each community board already has the power to prepare a master plan for its area. Community boards are appointed and not elected, however, and the extent to which they fairly represent their communities varies. Where substantial local discord exists, it may be desirable to permit the preparation of plans on a smaller neighborhood level. Community boards, after all, typically encompass areas with populations over one hundred thousand. Therefore, planning at a smaller level often may make good sense.

The city's Planning Commission also needs to prepare a plan for the city's future development, encompassing its conception of the balance and nature of the population it hopes to serve and the activities it desires to harbor. That plan need not be as detailed as the abortive 1969 master plan, but it cannot be dispensed with completely.

On a city-wide basis, the success of local plans will depend to a large extent on how the plans fit together, not merely physically, but also quantitatively. A comprehensive picture of where the city desires to go is necessary for this purpose. Thus, an iterative process would be appropriate, by which a city-wide body, presumably the Planning Commission, reviews neighborhood plans and returns them for comment. Conversely, neighborhood groups would provide the Planning Commission with feedback.

A plan's participation must determine where the ultimate decision-making power should rest. One approach might be to view the relationship of the local plan to city-wide policies as analogous to the relationship of Housing Assistance Plans under Community Development Block Grant legislation to federal standards.

The tools that might be made available to implement these zones are readily at hand, or can be developed fairly easily. The establishment of floating zones is only one of numerous methods for implementing an antidisplacement policy, although a powerful one. The idea that residential use for low-income households, is a different kind of use than residential use for upper-income households, or that luxury housing differs significantly and in a legally cognizable fashion from low-income housing, is a sound basis for such an approach.

#### D. *Other Possible Tools*

Other tools that the city can use to implement a general antidisplacement policy<sup>67</sup> include: 1) denying the benefits of tax abatement and tax exemption programs, such as J-5a or section 421a in New York City; 2) using the Uniform Land Use Review Procedure in the City Charter to control discretionary private actions requiring city approvals; 3) promptly reassessing properties upward in areas where development is to be discouraged and downward in areas where development is to be encouraged; 4) targeting infrastructure investment, including maintenance as well as new investment; 5) targeting Community Development Block Grant expenditures, Urban Development Action Grant expenditures, and Housing Development Action Grant expenditures towards spatially defined goals; 6) accelerating foreclosure of properties in tax areas adopting a Housing Trust Fund plan;<sup>68</sup> 7) adopting a Luxury Housing Tax;<sup>69</sup> 8) strengthening and carefully implementing rent regulations, by linking permitted increases to benefits provided by the city; 9) expanding the coverage of rent regulations to ensure uniformity and comprehensiveness; 10) enforcing skewed rent requirements where city assistance exists; 11) using city funds for technical assistance to community boards or to recognized district planning groups for planning and enforcement; 12) using funds for similar assistance for community monitoring to local enforcement units, as proposed in the Joint Planning Council's Report; and 13) using sliding scales for subsidies and aid depending on the type of zone involved.

Many implementation problems remain, even if the city adopts the zoning technique. The city must establish the precise size and location of the zones, and the appropriate combinations of zones. The city must adopt interim measures to obtain prompt protection while detailed planning proceeds and establish a long-term implementation strategy. Despite these immediate concerns, one thing is clear: the major question is not whether the city can avoid abandonment, control gentrification, eliminate displacement, or even how the city can accomplish these things, but whether the desire to do them exists. That is a question

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67. For an excellent discussion of legal options available to combat displacement stemming from gentrification, see Bryant & McGee, *Gentrification and the Law: Combating Urban Displacement*, 25 WASH. U.J. URB. & CONTEMP. L. 43 (1983). The following discussion differs from Bryant & McGee's to the extent that it focuses specially on laws and procedures in existence in New York City.

68. See *supra* note 60.

69. See Marcuse, "A Luxury Housing Tax?" CITY LIMITS, Dec. 1983, at 15.

**that can only be answered in the political arena. If the desire exists, the legal devices to effectuate these goals are available.**

## APPENDIX

The Special Clinton District<sup>70</sup>

## 96-00 General Purposes

The "Special Clinton District" established in this resolution is designed to promote and protect public health, safety, general welfare and amenity. Because of the unique geographical situation of the Clinton community situated between the Convention Center and its related activities and the waterfront on the west and by a growing central business district on the east it becomes necessary to propose specific programs and regulations which will assure realization of community and city-wide goals.

These goals . . . include . . . the following:

a) To preserve and strengthen the residential character of the community.

b) To permit rehabilitation and new construction within the area in character with the existing scale of the community and at rental levels which will not substantially alter the mixture of income groups presently residing in the area.

c) To preserve the small-scale character and variety of existing stores and activities and to control new commercial uses in conformity with the existing character of the area. . . .

e) To restrict demolition of buildings that are suitable for rehabilitation and continued residential use.

f) To promote the most desirable use of land in the area and thus to conserve the value of land and buildings, and thereby protect the City's tax revenues, consistent with the foregoing purposes.

## 96-03 District Map

The District Map . . . identifies specific areas . . . as follows:

Area A—Preservation Area

Area B—Perimeter Area

Area C—Mixed Use Area

Area D—Other Areas.

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70. Zoning Resolution of the City of New York, Art. IX, Ch. 6 (as amended, effective Oct. 1980, Apr. 1981, Apr. 1982). Only those provisions relating directly to the control of residential displacement are set forth.

### 96-108 Preservation Area

#### Demolition of Buildings

No demolition permit or alteration permit for partial demolition involving a decrease in the amount of residential floor area in a building . . . shall be issued . . . for any building . . . unless it is an unsafe building and demolition is required pursuant to . . . the Administrative Code.

However, the City Planning Commission, by a special permit after public notice and hearing . . . may permit demolition . . . provided that the Commission makes the following findings:

- a) That the existing building is not eligible for rehabilitation under any active publicly-aided program under which funds are available;
- b) That prior to evicting or otherwise terminating the occupancy of any tenant preparatory to demolition the developer shall have notified the Administrator of Housing and Development of his intention to demolish the building;
- c) That the eviction and relocation practices followed by the developer satisfy all applicable legal requirements and that no harassment has occurred; . . .

### 96-211 [Perimeter Area] Floor Area Bonus for Rehabilitated Housing

For each room of rehabilitated housing provided within the Preservation Area, the total floor area permitted on a zoning lot within the Perimeter Area may be increased by 500 square feet. . . . This bonus shall be granted provided that the Administrator . . . certifies . . . :

- b) That any eviction or termination of tenancies undertaken in connection with such rehabilitation satisfies all applicable legal requirements.
- c) That the initial average monthly rental for the rehabilitated dwelling units does not exceed \$37 per room, which rental may be adjusted only in accordance with regulations of the Rent Guidelines Board. . . .
- d) That the developer follow a tenant selection process which:
  - i) limits tenants to persons whose annual income is not greater than those limits specified in Article 2. . . .
  - ii) gives first priority to otherwise qualified persons who were temporarily relocated from the site of the rehabilitated housing.

iii) affords priority to residents of the Special Clinton District.

e) That provision is made for regular meetings between an organization representing tenants of the rehabilitated housing and the owner to discuss maintenance, repairs and other matters related to the operation of the rehabilitated dwelling units. . . .

#### 96-23 Relocation Provision in the Western Perimeter Area

Prior to the issuance . . . of a demolition permit or a permit for any development, enlargement or extension on any zoning lot containing residential uses . . . the Administrator of Housing and Development shall certify to the Department of Buildings:

a) That prior to evicting or otherwise terminating the occupancy of any tenant in connection with vacating any building, the developer shall have notified the Housing and Development Administration of his plan for the relocation of tenants which shall:

i) to the extent possible provide for the relocation of tenants within the Clinton area.

ii) provide for the satisfaction of all the requirements for the issuance of a certificate of eviction under . . . the Rent and Eviction Regulations of the . . . Office of Rent Control . . .

b) That the developer has complied with the relocation plan submitted pursuant to paragraph (a) above and that no harassment has occurred.

#### 96-53 Conversions to Residential Use

For conversions to residential use, the City Planning Commission by special permit after public notice and hearing . . . may permit modification of the lot area per room requirements . . . provided that the building includes social or recreational space primarily for the use of residential tenants which may also be made available to the community. . . .

As a condition of approval, the Commission shall find: . . .

c) that the social or recreational space contains adequate facilities to serve the needs of the residents and wherever possible the surrounding community;

e) that such conversion will not unduly increase the density of population or intensity of use to the detriment of the occupants of buildings in the block or nearby blocks.

The Commission may prescribe conditions and safeguards to mini-

**mize possible adverse effects on adjoining properties and may require a program for operation and maintenance of recreational spaces.**