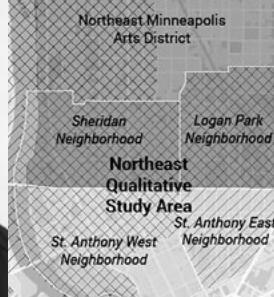


THE DIVERSITY OF GENTRIFICATION:

Multiple Forms of Gentrification in Minneapolis and St. Paul

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EXECUTIVE SUMMARY

This report presents the findings of a study of gentrification between 2000 and 2015 in the cities of Minneapolis and St. Paul. We found significant evidence of gentrification in the two cities. Results from both the quantitative analysis of neighborhood change and the qualitative interviews with key informants and neighborhood residents support the notion that gentrification is a varied phenomenon that looks and feels different from one neighborhood to another.

Research Approach

We utilize a mixed methods approach that combines a statistical analysis of neighborhood-level data with the use of in-depth qualitative analysis of interviews with public officials, community leaders, and neighborhood residents. The statistical analysis helps us to identify areas within Minneapolis and St. Paul that are changing in ways that are consistent with gentrification, and to characterize those changes. The in-depth qualitative interview analysis helps us to understand how those most affected by neighborhood change are experiencing the transformations taking place in their neighborhoods and how those in positions of power view the changes.

Measures of gentrification differ across the many empirical analyses of gentrification. We opted for a conservative approach to the identification of gentrification by utilizing three different methods of measuring gentrification and looking for where they converge in their conclusions.

Following common practice, we conducted a two-step analysis that begins with the identification of neighborhoods that are *vulnerable* to gentrification. Because gentrification describes a specific type of neighborhood change, that is, the upgrading of previously disinvested neighborhoods, there are large parts of metropolitan areas to which the concept cannot be applied. Areas that cannot, by definition, be gentrified are removed from our analysis. Throughout the study we compare two types of neighborhoods, vulnerable tracts that did, in fact, show signs of gentrification between 2000 and 2015 and vulnerable tracts that did not gentrify. From 2016 to 2017, we conducted 88 in-depth qualitative interviews with local public officials, nonprofit leaders, and residents to examine how they identify and experience gentrification. These interviews were done to: (1) assess whether or not our quantitative indices of gentrification match resident perception; and (2) analyze how local residents defined, experienced, and identified gentrification in their neighborhoods.

Findings

Almost half of census tracts in Minneapolis met the threshold for vulnerability in 2000, and a little more than one-third of the tracts in St. Paul met the definition. Application of the three indices to the census tracts in Minneapolis and St. Paul indicates that neighborhood change consistent with gentrification occurred in 27 of the 84 vulnerable tracts (32%) in Minneapolis and St. Paul. The prevalence of gentrification is higher in Minneapolis than in St. Paul, both in absolute and relative terms. In Minneapolis, one sees clusters of gentrification in the northeast along the river, the southeast along the Metro Blue Line light rail, portions of the near north, and the far north area. There is also a smattering of tracts in the south. In St. Paul, the pattern is dispersed. Two neighborhoods (Hamline-Midway and Frogtown/Thomas-Dale) along the Metro Green Line light rail showed signs of gentrification as did areas of West St. Paul.

Findings from both the quantitative and qualitative research indicate that gentrification looks different from one neighborhood to the next. Sometimes it produces racial change and sometimes not. In some neighborhoods gentrification is occurring simultaneously with deepening poverty, and in other neighborhoods not. Gentrification can be connected to a flourishing art scene in one place, while in others it is associated with transit development or other large-scale public investments. Understanding gentrification in Minneapolis and St. Paul requires recognition of the multiple ways it has unfolded.

Quantitative Results



Racial change was inconsistent across neighborhoods. Some gentrifying areas lost black populations while others gained; some lost Hispanic populations while others gained.



All gentrifying neighborhoods saw increases in the population with bachelor's degrees at rates far exceeding the citywide trends. Nongentrifying tracts saw much lower rates of increase.



The median household income in both gentrifying and nongentrifying neighborhoods declined from 2000 to 2015. Consistent with this, the percentage of the population below the poverty level increased in both types of neighborhoods.



The income and poverty findings are explained by higher levels of inequality in gentrifying neighborhoods. Incomes for the top 10% of households in gentrifying neighborhoods increased by almost 15% compared to a decline of 5% for affluent households in vulnerable tracts. Gentrifying tracts, on average, saw decreases in income at the lower tail of the income distribution and rising incomes at the higher end of the distribution. But vulnerable neighborhoods that did not gentrify saw income decreases across the distribution.



Both rental and homeowner markets increased in price at much higher rates in gentrifying neighborhoods between 2000 and 2015. Rents (in constant dollars) in the average gentrifying tracts increased 8.6% compared to 5.0% in nongentrifying areas. Median home values in gentrifying neighborhoods increased on average more than \$37,000, or 31%. In nongentrifying neighborhoods, home prices increased less than \$11,000, or about 13%.



Gentrification in the Twin Cities has not manifested itself in a single type of neighborhood change. Results indicate there are four distinguishable types of gentrification that have occurred in Minneapolis and St. Paul between 2000 and 2015. Two of the types conform to the “classic” model of gentrification in which incomes rise, housing costs skyrocket, and socioeconomic status (SES) also increases significantly. Minneapolis and St. Paul have seen two versions of this model, one that includes large reductions in the black population and one that does not. There is another pattern of gentrification that is occurring as well in the two central cities. This is a pattern in which at the tract level, median incomes

are declining and poverty is increasing, while at the same time housing costs are increasing and SES status is also increasing. As with the classic model of gentrification, there are two racial versions of what we call the “gentrification + poverty” model; one in which the black population is increasing significantly and one in which no significant change is occurring.

Qualitative Results



Local public officials we interviewed were fairly split on whether displacement was actually taking place as a result of increased investment. Half argued that displacement was inevitable, while the others claimed that it was not an issue and that there were plenty of vacancies in the local housing market.



In contrast, neighborhood leaders (civic and nonprofit leaders, and grassroots activists) were consistent in claiming that displacement, both physical and cultural, is happening and is disproportionately affecting people of color and people with low incomes.



There were four common themes in the interviews with neighborhood residents and business people in the five neighborhood clusters of Minneapolis and St. Paul: presence of whiteness, housing affordability, business turnover, and displacement fears.

- **Eighty-eight percent** of all those interviewed described the increased presence of white residents in places white people have historically avoided or that were once enclaves for communities of color. This pattern was most evident in the North Minneapolis and South Minneapolis clusters.
- **Every** neighborhood resident and business person interviewed spoke about the growing lack of affordability in their respective neighborhoods. The details of affordability problems varied across clusters, from concerns in North Minneapolis about young white families buying homes and driving up values and the inability for those living on a fixed income to afford increasing property taxes, to those in Northeast Minneapolis citing the high demand and rising rents, to Hamline-Midway and Frogtown/Thomas-Dale interviewees who indicated that even publicly subsidized housing (through the Low Income Housing Tax Credit program) being built in the neighborhood was out of the reach of local residents.
- **Two-thirds** of those interviewed talked about new business development, describing new businesses that are uncharacteristic of the neighborhood: new, high-end shops in South Minneapolis, breweries and new restaurants in Northeast, and the prevalence of “coming soon” signs in Hamline-Midway and Frogtown/Thomas-Dale. All of these were seen as signals of shifting demographic and economic realities of neighborhoods.



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- *Three-quarters* of interviewees described being displaced, or having close friends or family who have been displaced. They emphasize their own and others’ fear of impending displacement. These responses often included remarks about cultural and political displacement fears as older businesses disappear and the neighborhood changes around those who have remained.



Though there were commonalities across the clusters, the interviews simultaneously made it clear that the processes of change producing these outcomes were importantly different from one cluster to another.

- *In North Minneapolis*, respondents talked about the lack of community-based ownership, a “new wave” of development priorities that neglect residents’ voices, and the use of historic designation as a tool of gentrification.
- *In Northeast Minneapolis* gentrification, according to our interviewees, is about the commodification of the arts, creative placemaking that has brought new types of artistic makers/businesses, and the displacement of the first wave of independent artists who had occupied the neighborhood’s live/work space prior to the current period of gentrification.
- *In South Minneapolis* respondents mentioned the fear of “Uptowning” (Uptown is a previously gentrified South Minneapolis neighborhood), an influx of new businesses that do not serve the needs or tastes of existing residents, and concern about a lack of resources for established community driven businesses in the face of these commercial changes.
- *In Hamline-Midway* respondents were concerned about the overcriminalization of youth in the neighborhood, the development spurred by the new soccer stadium built to the south of the neighborhood, and a gradient of affordability reflecting lower housing costs in the eastern part of the neighborhood and declining affordability to the west.
- *In Frogtown/Thomas-Dale* interviewees talked about how new tax credit housing was not affordable for local residents, how families were being forced to double up or even

rent out their homes because of rising costs, and the more frequent “coming soon” signs creating a high level of anticipation of commercial change.

Policy Approaches

The examination of 10 local, community-based organizations doing work regionally indicates that antigentrification work is broader than the approaches that appear in the various “policy toolkits” that have been developed.

The approaches used by these groups embody various strategies, including efforts to change policy in ways that support more equitable development, redirect resources to build the economic and political power for community control, and shift narratives about people and communities to legitimize self-determination for low-wealth communities and communities of color in the path of gentrification.

The groups conceptualize gentrification as taking place along an extended time period characterized by four stages. Each stage suggests its own set of policy interventions, resource re-direction, and organizing strategy.

1. *Disinvestment and decline*, in which powerful public and private institutions redirect resources away from a community.
2. *Devaluation*, in which a “deficit narrative” comes to dominate elite and public discourse about communities that have been subject to disinvestment.
3. *Reinvestment*, in which low land values and rents are exploited, housing costs rise, and businesses and cultural institutions may turn over.
4. *Displacement* in various forms, in which the loss of affordability pushes out long-term residents and businesses (direct displacement), changes conditions for those who are able to remain (cultural and political displacement), and precludes the entry of new, lower-income households (exclusionary displacement).



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