Study Gentrification Differently: Landlords, Tenants and Residential Property Owners

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Abstract

Gentrification is a process during which middle class moves in and lower class moves out. And it is taking place globally. In the previous studies of gentrification, scholars always ignore the differences among pre-gentrification residents and see them as a whole. That can lead to a great bias in research outcomes. So this paper try to solve that problem by dividing the pre-gentrification people into three groups and study them individually.

In the first part of this paper, we ask when faced with gentrification, how tenants, landlords and residing property owners behave differently. As for the second part, we focus on the causes of those differences; and the third part, we study how those differences or causes affects gentrification itself. In order to do this, we adopted the median of housing value as the indicator of gentrification. We will separate Harlem into 6 parts based on the indicator and randomly select 75 people in each part. We gather the basic information of them, and a year later, collect their statuses and interview them for the reasons of their actions. From those datas we would conclude the reasons that affects their decisions. In the end, we would use the Threshold Model to simulate how much the behaviors of them would affect the gentrification process. In conclusion, we used three different approaches to study the behaviors of the three groups of people: quantitive, qualitative and simulative model.
Background and Significance

On 5th August, 2015, we went for a scavenger hunt in Harlem. Harlem is a typical area undergoing the process of gentrification. Trying to understand the exact meaning of the word “gentrification”, we went across blocks after blocks with clues in our hands. (Richard Schaffer. Neil Smith, 1986)

During our scavenger hunt, we noticed places with distinctive characters. One of the photos is a street with two totally different residential buildings. It strongly suggests the process of gentrification. One of the buildings is dilapidated on the surface of the wall, low-storied, with dusty windows, which indicates that people who are living there do not have the time or money to clean their households, while the building right beside is in relatively good condition. There is no obvious damage on the outside, and windows are neat and clean. People who live there definitely care a lot about their apartment. According to the history we know about Harlem, and other signs of poverty we noticed (people hanging around in the street, 99 cents store), this huge difference suggests that this area is partly gentrified, with people from the middle class living in regions that were previously occupied by the poor.

Another photo that depict the process of gentrification is the sign of Starbucks, which is the symbol of middle-class consumers. Through its well maintenance and large consumer group, we know that there are many people in that area who can afford a 3 dollar coffee, while the poor can only get a price of 50 cents per cup (William B. Helmreich, 2013).

We also happened to meet an old resident in the area and made a special talk with him. During the talk, we observed that the behaviors and cognition of gentrification vary greatly.
For example, in this case, he said that "Although the price of my house has raised from 0.5 million to 1.8 million, has grown nearly four times, I'm not willing to sell it, because I want to leave it to my children as a legacy. As the last colored man to live in this neighborhood, I know that Americans always think of themselves, instead of, of their children. They all push 'em away and say 'Well, if I fought it off then, you can do it now as well'.", which reveals the differences that may occur in the vast pool of housing market.

His words really got us into thinking, not only about the choice he made, but also about the cultural factors lying behind. He chose not to move as a residential property owner, as a person who values legacy to his offspring. There are so many factors that can affect one's decision of moving or not, selling or not, raising rent or not. Yet we all just assumed that the rising of house price is the determining factor of their choices (Diappi. Lidia, 2013). So we thought that if we could divide the people facing gentrification process and study their behaviors individually, we may get a better understanding of gentrification and more consistent outcomes from the researches. Moreover, after getting the concept of the Threshold Model (Mark Granovetter, 2013), we discover that even mere tenants' behaviors can lead to the happening of gentrification.
Data & Design

Part I

In this part of study, we are going to determine the indicator of gentrification, select 6 parts which vary in gentrification extent, randomly select people in each area and track their preferences.

First, we choose the increase of median housing value as the indicator of gentrification (Margery 2001). And based on that indicator, we collected the data of median housing value in Harlem in both 1990-2000 and 2000-present census. We selected 6 parts in
Harlem with the calculated percentage of gentrification.

<table>
<thead>
<tr>
<th>Population</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>1</th>
<th>6</th>
<th>5</th>
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<tbody>
<tr>
<td>1990-2000</td>
<td>4,071</td>
<td>2,942</td>
<td>1,517</td>
<td>4,166</td>
<td>6,623</td>
<td>3,448</td>
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<tr>
<td>$100,000</td>
<td>$1,000,001</td>
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<tr>
<td>$130,543</td>
<td>$851,200</td>
<td></td>
</tr>
<tr>
<td>$97,400</td>
<td>$464,800</td>
<td></td>
</tr>
<tr>
<td>$137,500</td>
<td>$579,300</td>
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<td>$17,700</td>
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<tr>
<td>$96,700</td>
<td>$111,500</td>
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<tbody>
<tr>
<td>900.00%</td>
<td>552.05%</td>
<td></td>
</tr>
<tr>
<td>377.21%</td>
<td>321.30%</td>
<td></td>
</tr>
<tr>
<td>27.68%</td>
<td>15.31%</td>
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Second, we will use the method of random sampling to select the samples we are going to study. In order to do that, we will get a list of houses (apartments) in each areas and randomly select 75 ones in each. In the first year, basic information will be gathered from them. And in the second year, we will do in-depth interviews with them to find out their choices as well as the motivations behind them. Before doing the interview, we listed the possible actions and possible variables, from which interview questions are generated. In the Appendix A, the interview form can be found.

Our hypothesis would be that, with the development of gentrification, most landlords will raise their rent while the others would not, or sell their houses; most tenants will move, while some will stay; certain proportion of the residents would sell the house and move out, and others would remain.

Through the stated method of gathering data, we would find out the proportion of people who take different actions in different areas, the extents of gentrification in each neighborhood, and the relationship between them.
Part II

From Part I, we know the exact behavior of the three groups. And in this part, we are going to find out why those three kinds of people behave in such different ways. First, we hypothesized that the global reasons of the differences of behavior between each other are the differences between cultural value, capital and social class. (Sharon Zukin, 1987)

For each of the three different groups of people in the neighborhood, we find reasons why each group behave differently. As for landlords, one of the reason why they tend to raise rents can be illustrated through the threshold model. For instance, if most of other landlords in their neighborhood raised the rent, then no matter whether they need to raise the rent or not, they would raise the rent regardlessly. And the reason why others raise the rent might be because they have gotten their neighborhood enhanced by investing money into renewing infrastructures, such as securities, laundry rooms, metros, etc. Furthermore, they want to gain more profits from the process of gentrification, since people with higher income would move in. In contrast, there are those who do not want to raise rents, probably afraid of no tenants to rent, or of dealing with the rough tenants, or they may want to remain friendship with the tenants. As for those who want to sell the house and move away, we assume it may be that they need cash for urgent use, or that they have found better investment elsewhere and would like to move away.

For the different behaviors of tenants, we find several reasons as well. The reasons why tenants move away could be quite simple: high rents, following the model of racial homophily, which is the phenomenon that people of certain races tend to gather together.
They may also simply follow the previously stated threshold model. In comparison, those who choose to stay are probably trying to maintain their social relationship with others, having longer residential life in a pleasing neighborhood, or perhaps just that a higher rent doesn’t matter much to them.

While studying the reasons of different behaviors of residents who own the property, we found them very much similar to the behaviors of other two groups: those who find better investments and environment in other neighborhoods, or need cash for urgent use, move; those who want to maintain their social relationship within the neighborhood or have a strong sense of home tend to stay.

Part III

Why are landlords raising up their rents? One possible and sound explanation we come up with is the threshold model. But first, what is threshold? To answer that question, we have to talk about an interesting phenomenon happening all the time. In most cases, a decision is thought to have both a positive and a negative side. When making one, people have to do the trade off between costs and benefits in order to maximize their profits. Others’ choices play a significant role in their decision making processes. So the behavior of individuals largely depends on the number of other individuals already engaging in that behavior. And that number is denoted as threshold.

Next, Why does threshold model matter? Indeed, groups with similar average preferences may generate very different results, a phenomenon known as “bandwagon” or “domino” effect. So the exact distribution and a mathematical model is desperately needed.
Last, how can this model be applied in our study? In terms of landlords, the decision of raising the rent depends largely on the the average increase. A landlord’s threshold for increasing the rent is defined here as the average increase in housing price before he would do so. Landlords who have improved the residential environment may have a low threshold, which means they will raise the price regardless of others’ actions. These are the instigators. When instigators first raise the housing price due to various reasons, the average increase grows, leading landlords with next threshold to do the same. The process goes on until all the landlords raise their rent, further increasing the average housing price.

Discussion and Conclusion

Although we have tried our best to study this topic, there are still limits and flaws in our design, inevitably. In this part, we are trying to state some of those limitations in order to make this project as objective as possible.

First of all, the indicator we selected is probably not accurate enough. The increase of median housing value in a certain area may not precisely indicate the extent of gentrification, since it can not depict the real condition and the residents in the neighborhood. There are also other factors like government policies or financial events that can affect housing prices. But we chose this nevertheless because gentrification is merely a phenomenon and can never be depicted accurately. Based on the definition of gentrification, we believe that this is the best indicator that we can find given the limited resources.
Second, the random sampling method that we applied here may not reflect the population that we are studying exactly, because by randomly selecting from the housing list, we put the hundreds of people living in con-dos in the same position as those who live in a house by theirselves. That can lead to a distortion of characteristic in our sample, which will leads to the inaccuracy in outcomes.

Third, the method of interviewing is resource consuming, it costs a lot of time to get to the true reasons behind their choices.

Fourth, some of the samples we selected may be out of touch, which can affect the outcomes of our study.
Reference


7. Sharon Zukin (1987), *Gentrification: Culture and Capital in the Urban Core*, New York, Department of sociology, Brooklyn College, City University, and City University Graduate Center

Appendix A: Interview Questions

This is the interview survey we would be using, when trying to find out the causations of differences in behavior among three kinds of people in the process of gentrification.

However, the actual interview will not be asking the exact questions. It will be more free and decided by the situation then. Through the subjective experience of the interviewees, we expect to find out the reasons we need to find.

<table>
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<tr>
<th>Interview Form: Basic Information</th>
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<tbody>
<tr>
<td>Name</td>
</tr>
<tr>
<td>Residential Time</td>
</tr>
<tr>
<td>Gender</td>
</tr>
<tr>
<td>Location</td>
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</table>

Hello, my name is <INSERT NAME> and I am a student researcher at Columbia University and we are interested in learning more about your residential choice, and why you make it.

Thank you for taking time to share your experiences and opinions with us. The goal of our interview is to learn as much as we can about your reasons or motivations of making certain residential choices. We would like to start with some basic questions about yourself. We are interested in your thoughts and there is no right or wrong answer. If you have questions at any time about the type of questions we are asking for or why we are asking them, please let me know. Your participation is completely voluntary and if I ask any
question you do not want to answer or do not know the answer, that's fine. If you want me to explain any questions, that's fine too. You may also stop at any time.

This interview should take <TIME DECIDED UPON CATEGORY> or so. Before we start, we would like to ask for your permission to do this interview. To insure we are not missing anything, we will be tape recording the interview. Confidentiality will be insured to the maximum extent that the law allows. When this interview is finished, I will ask you if you feel comfortable for us to use your real name. If for any reasons you do not feel comfortable, we will simply put an identification number on the interview form. Your name and any identifying characteristics will be removed from all written records and reports. The actual tapes will be kept in locked files and reviewed only by the researchers. No one else will know which answers are yours or which are from someone else. I am interested in learning what you really do, think and feel. I also want you to feel as comfortable as you can. Do you have any questions before we start?

For Landlords

For L1&L2 (Landlords who raised and not raised the rent)

We understand that you have raised your rent by [INSERT DATA] since we approached you last year, is that correct? / We understand that you have not raised or raised slightly your rent since we approached you last year, is that correct?

How long have you owned this property?
Why did you choose this property to purchase?

How is your overall experience with this neighborhood?

Do you or your family live in the neighborhood? Why?

How would you describe your relationship with your tenant(s)?

Have you in some way improved your property? (Security, Decoration)

How would you decide if you would raise the rent or not? Do you mainly decide by others' action? Like how many people must raise their rents before you do?

For L2: Did you perhaps not raise your rent because you are afraid of no buyers?

**For L3 (Landlords who sold their property)**

We understand that you have sold your property during the last year, is that correct?

How Long have you owned that property?

Why did you choose this property to purchase?

How has your overall experience been with this neighborhood?

Do you or your family live in the neighborhood? Why?
We have some of the reasons we thought possible for one to sell their property, which is:

1. This property has increased a lot, I find that enough so I sold it.

2. I need cash for certain reasons.

3. I have found better investment elsewhere so I decided to shift my portfolio.

Do you think you would fit any of that three reasons?

For Tenants

For T1 (Tenants who moved away)

How long had you been living in that apartment?

What was the most important reason that you chose that apartment?

What has changed now that make you leave?

Did the rent increase to a level that you can no longer afford?

Did you leave because you just don't like the neighborhood, such as the people, shops or culture around here?

Did you leave, to some extent, because of the incoming residents' ethnicity?

Did you leave because some of the people you know move out as well? How many people must leave before you make the choice, theoretically?
For T2 (Tenants who remain)

How long have you been living in the apartment?

What was the most important reason that you chose the apartment?

Did the rent increase seem too little for you to move?

How do you like your neighborhood?

Have you ever thought of leaving?

How do you think of the people who move out?

For R1 (Residents who leave)

How long have you lived in this apartment?

What was the most important reason that you purchased this apartment?

Were you in need of cash when you decided to move out?

Will you put your money into new investment?

What’s your idea towards your neighborhood?
For R2 (Residents who stay)

How long have you lived in this apartment?

What's your idea towards your neighborhood?

Do you have many friends nearby?

What do you think of the people who move out?

Will you miss your house when you are away from your house?