



The Imminent Impact of Gentrification on U.S. Neighborhoods

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I. EXECUTIVE SUMMARY

Gentrification is defined as the influx of middle to high income residents and large businesses in areas that are dominated by low-income individuals and small businesses, thus transforming these neighborhoods in terms of status and value. The brief will cover how low-income residents neighborhoods dominated by people of color (POC) are impacted by housing gentrification, and how these impacts can be addressed through policy implementations.

II. OVERVIEW

Housing gentrification, particularly in large urban cities within the United States, is an issue that entrenches systemic biases against America's undoubtedly most marginalized communities, the working class and people of color. Gentrification—while sometimes praised for revitalizing neighborhoods—often leads to displacement, loss of cultural identity, and widening economic inequality for low-income communities of color. Evidently, it is important to emphasize the key differences between neighborhood revitalization and gentrification. The *National Low Income Housing Coalition* states that many anti-displacement advocates define gentrification as a profit-driven race where a historically disinvested neighborhood experiences a change in socio-economic class. “Disinvested”

in this context means that businesses and governments have essentially abandoned these neighborhoods, since they have experienced little structural development. Gentrification occurs where the cost of land and property is cheap, and the chance to make profit is high due to the influx of wealthier wage earners willing to pay higher rents. Gentrification has become a widespread phenomenon in many American cities including New York, San Francisco, Philadelphia, Los Angeles, and Hawaii, where previously underinvested or local-dominated neighborhoods are now being targeted for redevelopment and upscale investment by large housing corporations or wealthy-nonlocals. While this process is often framed as “revitalization,” the reality for many residents—particularly low-income communities of color—is displacement and cultural erosion.

A. Relevance

Gentrification does not exist in a vacuum. It's relevant especially when discussing the issues of racial discrimination, economic inequality, and access to affordable housing. When long-standing residents are priced out and pushed out of their homes, the social fabric of American neighborhoods unravel, resulting in loss of local institutions and identity.

HISTORY

A. Current Stances

Gentrification has been a prevalent issue across urban communities globally, but in the United States, it has been shaped by a deep-rooted history of racial and economic oppression. Historically, American cities were designed by policies that intentionally segregated communities, limited access to homeownership for people of color, and prioritized profit and urban development over the needs of working-class residents. These systems laid the foundation for what gentrification is today.

In the mid-20th century, federally-funded urban renewal programs aimed to “revitalize” low-income neighborhoods. However, they instead ended up displacing over one million people—primarily Black Americans—under the Housing Act of 1949. Rather than reinvesting in communities, these projects wrecked affordable housing and replaced it with highways, commercial spaces, or luxury developments. Around the same time, redlining created by banks and government institutions like the Home Owners’ Loan Corporation systematically denied mortgage loans and investments in immigrant-populated neighborhoods. These areas were marked as ‘too high-risk’ and left to deteriorate without resources or support.

As a result, these neighborhoods became prime targets for private developers as property values were low enough to generate high returns. In the 1980s and 1990s primarily, gentrification began reshaping cities like New York, San Francisco, and Washington D.C., where affluent individuals moved into historically underfunded

neighborhoods, bringing waves of change that were enabled by policies that deregulated housing markets, reduced public spending, and prioritized economic growth over community preservation.

Gentrification in the U.S. is an extension of historical systems that excluded marginalized communities from economic opportunity and housing stability. Without understanding this significant history, it is impossible to address the full impact of displacement and cultural erasure still happening today.

III. POLICY PROBLEM

A. Stakeholders

It is given that the primary stakeholders are low-income residents, especially POC and immigrant communities facing housing displacement. These individuals are the most directly impacted by gentrification as for them, gentrification can mean not just rising rent and displacement, but also loss of community, reduced job opportunity, loss of small businesses, and cultural erasure. In addition to that, these groups of marginalized individuals usually lack the political and economic power to resist redevelopment or influence policy decisions in their favor.

Private developers and real estate planners are stakeholders too as they are the primary drivers of gentrification. They seek to capitalize on undervalued land and properties by redeveloping them and marketing them to higher-income buyers and tenants. Their interest lies in maximizing their profit, often with little regard for the individuals that might be at cost. Their influence over urban planning decisions is significant, particularly when they form partnerships with city governments or benefit

from tax incentives.

B. Risks of Indifference

Ignoring the effects of gentrification can exacerbate racial and economic segregation, create housing instability, and increase homelessness. Communities lose social cohesion, and small businesses that serve cultural and local needs are replaced by chains and upscale retailers.

C. Nonpartisan Reasoning

Because housing inequality and loss of small businesses doesn't only affect individuals, but rather societies and communities themselves, it is imperative that nonpartisan intervention takes place. The benefits of such intervention include but are not limited to the following:

- 1) **Maintaining economic stability:** Unchecked gentrification can lead to long-term economic inefficiency as displacement of low-income residents increases reliance on emergency housing, public assistance, and social services, placing strain on government and tax-funded resources. Ensuring stable housing for working-class families, who many of which hold essential jobs in education, healthcare, and transportation, supports workforce reliability and employment. Additionally, preserving affordable housing reduces homelessness, which is another economic issue that is much more costly to address than to prevent. Protecting existing residents from displacement ensures long-term tax revenue and community cohesion.
- 2) **Community Connection:** The destabilizing effects of rapid

gentrification—such as community resentment, social fragmentation, and rising political polarization—can undermine public trust in institutions and fuel civic unrest. Policies that promote inclusive development and equitable investment in infrastructure can foster community cohesion, reduce inequality, and lead to more resilient and thriving urban environments for everyone.

- 3) **Public Health and Safety:** Ultimately, mitigating the harms of gentrification aligns with universal values such as fairness, opportunity, fiscal responsibility, and public safety. A nonpartisan approach promotes solutions that prioritize long-term sustainability and protect the social fabric of cities, making it possible for all residents—regardless of income or background—to benefit from urban growth. Not to mention, displacement is associated with higher rates of stress, homelessness, and reduced access to healthcare and education.

TRIED POLICY

A policy example addressing gentrification and housing inequality is Portland, Oregon's Inclusionary Housing Policy, enacted in 2017. This policy requires all new residential buildings with 20 or more units to designate at least 20% of those units as affordable housing for individuals earning 80% or less of the area median income. To incentivize landlords to oblige, the city offers benefits such as property tax exemptions and system development charge waivers. By mandating

affordability in new residential units, Portland strives to prevent the economic segregation commonly driven by urban gentrification. Though the policy initially faced some pushback from developers, it has since led to the creation of over 1,000 affordable units for Portland tenants. This approach reflects commitment to maintaining socio-economic diversity and demonstrates how policy can be leveraged to push back against the negative effects of gentrification.

IV. POLICY OPTIONS

Expand Inclusionary Zoning Policies Nationwide

Inclusionary zoning requires developers to set aside a share of new housing units as affordable for lower-income residents. Expanding these policies across more cities and states can help preserve neighborhood diversity as development occurs. Instead of clustering low-income housing in isolated areas, inclusionary zoning encourages mixed-income communities. Local governments can tailor these rules with some flexibility, offering developers options like building affordable units on-site or contributing to affordable housing efforts in nearby areas. When well-designed and properly enforced, these policies can ensure that revitalization doesn't equal displacement.

Increase Public Investment in Community Land Trusts (CLTs)

Community Land Trusts offer a grassroots approach to tackling housing instability. These nonprofit organizations acquire land and maintain long-term ownership to ensure permanent affordability for housing and other community uses. Homes on CLT land can be sold or rented at below-market rates, keeping costs stable for

generations of families. More importantly, CLTs give residents a voice in how their neighborhoods develop, building community power and protecting cultural roots. Expanding funding and technical support for CLTs—especially in areas vulnerable to gentrification—can be a powerful way to push back against market-driven displacement.

Implement Anti-Speculation Taxes and Land Banking Programs

One way to prevent gentrification from taking root is by targeting speculative real estate practices that often trigger rapid neighborhood change. Cities can introduce anti-speculation taxes on properties that are quickly flipped or left vacant. These measures make it less attractive for investors to buy up homes just to sell them for a profit later, which tends to drive up prices and push out long-term residents. At the same time, local governments and community organizations can use land banking to get ahead of development. By purchasing and holding land in areas likely to face gentrification, they can ensure that future development—like affordable housing or small business spaces—serves the community's needs. This kind of forward-thinking strategy has already been used in places like Atlanta and Oakland, showing that it's possible to slow down displacement and give neighborhoods more control over their future.

V. CONCLUSIONS

In this paper, I have explored a plethora of topics underlying housing gentrification and its detrimental impacts towards low-income and POC neighborhoods, and proposed policy solutions that can be implemented to address these issues. However, out of these options, the one that is the most realistic and implementable on a broad scale is the increased public

investment in Community Land Trusts (CLTs). This is because unlike zoning reforms or tax legislation, which require complex changes to municipal or state laws and face opposition from wealthy real estate interests, CLTs are community-driven and can be created at the local level with fewer political hurdles and less opposition.

With that said, gentrification represents one of the most pressing urban issues in modern America. It challenges the values of equity, cultural preservation, and economic opportunity that this nation is supposed to stand for. Policy solutions must aim to protect the people who have planted their roots and shaped these neighborhoods over generations. Addressing gentrification is not only a moral imperative but a strategic investment in urban communities.

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