Workers Arts and Heritage Centre
Reading Groups Proposal
Saturday May 18, 2-4pm at WAHC

About the facilitators:
Alex and Emily are organizers with the Hamilton Tenants Solidarity Network, a grassroots group that aims to build tenant power and fight against the forces of displacement. Both were involved in supporting tenants of the Stoney Creek Towers in their recent rent strike campaign against behemoth landlord, InterRent Real Estate Investment Trust, and property management company, CLV Group.

Texts:

<u>Understanding how gentrification works: Why is the rent so damn high?</u>

1. "Development and Decay" and "The Housing Market and the Labour Market" in 2012. Prole.info. The Housing Monster. *PM Press*. Full text available for free at https://libcom.org/files/the-housing-monster.pdf (PDF with illustrations) and http://www.prole.info/thm.html (text only). [selection from book, 12 pages]

   Two short chapters from a beautifully illustrated book. The first chapter describes the disinvesment—investment gentrification cycle. When we hear the word "gentrification" we often think of a Starbucks or Whole Foods appearing, a Porsche parked on the street, an ad for a luxury condo building, police telling homeless people and sex workers to 'move along', rents skyrocketing, and frequent evictions. In the 'investment' period of the gentrification cycle, the process can happen swiftly and be highly visible. But often times, the process begins much earlier during a less visible 'disinvestment' stage. Speculative investors will buy low to sell high, waiting for the state to make investments in transit or parks or the like before selling or developing property. This is the case for land in many downtown Hamilton neighbourhoods, bought in the '70s and '80s and sitting dormant until recently.

   The second chapter describes the push and pull relationship between two different types of capitalists: bosses and landlords. In theory, bosses have an interest in fighting gentrification, as it would impact their bottom line through higher rents for the office or factory and increasing pressure from workers for higher wages. Bosses have an interest in keeping our rents low, so we don't push for higher wages. Landlords have an interest in keeping our wages high, so we don't complain about rent increases. Ultimately, the real fight is between the working class (workers and tenants) and the capitalist class (bosses and landlords). Workers and tenants can support each other in struggles at our workplaces and in our neighbourhoods.

2. Gentrification can happen quickly and be highly visible, or it can happen more slowly

3. "Planning Gentrification" in 2019. Stein, Samuel. Capital City: Gentrification and the Real Estate State. *Verso*. Full text (book or epub) available for purchase at https://www.versobooks.com/books/2870-capital-city. [selection from book, 6 pages]

   An excerpt from a book that sets out to answer the questions 'What is happening to our cities? Why are they becoming so impossibly expensive?'. In this excerpt, the author describes the decline of manufacturing capital and the rise of real estate capital in North American cities over the past few decades. His focus is New York City, but there are many parallels to Hamilton. He explains how state actors (including politicians and municipal urban planners) work with private actors (investors, developers, landlords, etc.) to exploit 'rent gaps' and increase land values. State actors justify gentrification on the grounds that increased property tax means more money for municipal coffers. Private actors justify gentrification as the natural product of market forces – a 'rising tide that lifts all boats' trickle-down housing solution. Both ignore the human cost of displacement and dispossession. Both fail to imagine a form of housing that could exist outside capitalist relations, where the need for shelter would be prioritized above the desire for profit.

<u>Example of collective organizing in response to gentrification: The East Hamilton Rent Strike</u>

1. 2018, August 11. Hamilton Tenants Solidarity Network. "InterRent's Mass Displacement Strategy." *Hamiltontenantssolidarity.ca*. Accessible at https://www.hamiltontenantssolidarity.ca/feed/interrent-s-mass-displacement-strategy. [full text, short blog post]

   A blog post, written by members of the Hamilton Tenants Solidarity Network, describing the context for the rent strike in the Riverdale neighbourhood in East Hamilton. We profile InterRent's rise from a small landlord with nine units in single-home conversions in Parkdale (Toronto) in the 1990s to a financialized landlord owning nearly 9,000 units in cities across Ontario and Quebec today. We describe the tactics InterRent uses to "reposition" buildings on behalf of its investors – in order to make good on the landlord's promise to remove all "legacy" tenants within 3-4 years of purchasing a building and to raise rents on turnover. We describe how municipal planning policies and changes to provincial landlord-tenant legislation have allowed our homes to become attractive investment vehicles for landlords like InterRent.

2. 2018, September 1. "Voices of the East Hamilton Rent Strike." *Hamilton Tenant: A newsletter by and for tenants in Hamilton.* Accessible at https://www.hamiltontenantssolidarity.ca/feed/hamilton-tenant-volume-1-issue-1. [full text, short newsletter article]

An interview with three Stoney Creek Towers tenants from the first issue of the Hamilton Tenants Solidarity Network newsletter. Jolly, Linda, and Sareth are key organizers in the Towers' tenant committee and inspired many of their neighbours to join the rent strike. In this interview, they talk about their love for the Riverdale neighbourhood and for the Stoney Creek Towers community. They emphasize the importance of working with your neighbours to take direct action against your landlord in order to fight for what's right.

3. Videos documenting the East Hamilton Rent Strike campaign:
    - 2018, May 1. "East Hamilton Tenants Launch Rent Strike." *Submedia*. Accessible at https://www.youtube.com/watch?v=2Db3YCv2VS4.
    - 2018, June 18. "East Hamilton Rent Strike Crashes Bay Street." *Submedia.* Accessible at https://www.youtube.com/watch?v=ka-nSvCG2Ns&t=1s.
    - 2018, July 5. "Hamilton Rent Strike Storms the Courthouse." *Submedia.* Accessible at https://www.youtube.com/watch?v=zTsz4d0Vsio.
    - 2018, August 15. "East Hamilton Rent Strike Goes to Ottawa." *Hamilton Tenants Solidarity Network*. Accessible at https://www.youtube.com/watch?v=rBNZOBHJyDk.
    - 2018, August 27. "CLV: Now They're Homeless. Now You're Home." *Hamilton Tenants Solidarity Network.* Accessible at https://www.youtube.com/watch?v=WLphytzDSUg&t=1s.

A series of short videos highlighting different actions during the rent strike campaign, including the rent strike launch rally, tenants' visit to the Toronto head office of one of the largest investors in InterRent, tenants' occupation of the Landlord and Tenant Board to protest evictions and fines levied against strikers, and tenants' trip to Ottawa by school bus to bring their demands to the InterRent head office and the home of InterRent CEO Mike McGahan. The last video is a parody of a typical advertisement by CLV Group, InterRent's in-house property management company. It explains the "repositioning" (mass displacement) program that forms a key part of the landlord's profit model. The title is a spin on CLV's tagline is "Now You're Home."

Development and Decay

"He does not care who lives in the room at the top provided he owns the building..."

Christopher Logue

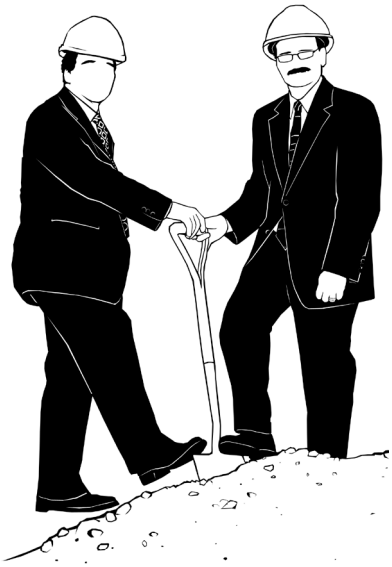
The construction industry is closely tied to growth in the larger economy. For houses to be produced and sold, interest rates on mortgages and loans to contractors have to be kept under control. Also, since it takes a long time for houses to wear out, a lot of the demand has to come from an expanding market—not from replacing old houses. But the building industry's expansion and contraction does not just mean that commodities get sold or pile up in warehouses somewhere. The growth or stagnation of the building industry is visible in the development and decay of the neighborhoods we live in.

This reshaping of a neighborhood is pushed forward (and often completely dominated) by developers, not the construction contractors and subcontractors. Developers buy plots of land to build on, borrow money to finance building, get the building permits and zoning changes from the city, and organize the sale of the houses later for more money. The various ways that development companies are organized lead to different kinds of building practices and different kinds of neighborhoods.

The economic boom in the United States after the Second World War created sustained demand for housing and allowed for the creation of huge development firms. One of the largest was run by William Levitt. It was both a development firm and a construction company, and it also had its own concrete factories, nail factories and lumbar yards. Levitt built on a large scale, developing whole neighborhoods at once. This allowed for standardization and prefabrication. The various parts of the building were pre-made in factories, cut to the right size and packaged together. After the neighborhood's roads were built, the packages were dropped off at regular intervals, all along the roads. Workers operating digging equipment would move down the roads, digging the foundations. Behind them would come concrete workers, carpenters, plumbers, electricians, painters and other construction workers. Each doing a few tasks on each house before moving on to the next house. This repetitive, factory approach to building allowed Levitt to use lots of machinery to speed up the work. This meant that each house took less work to make, and could be sold for less. Levitt built entire suburban communities with tens of thousands of houses at once—all identical and all

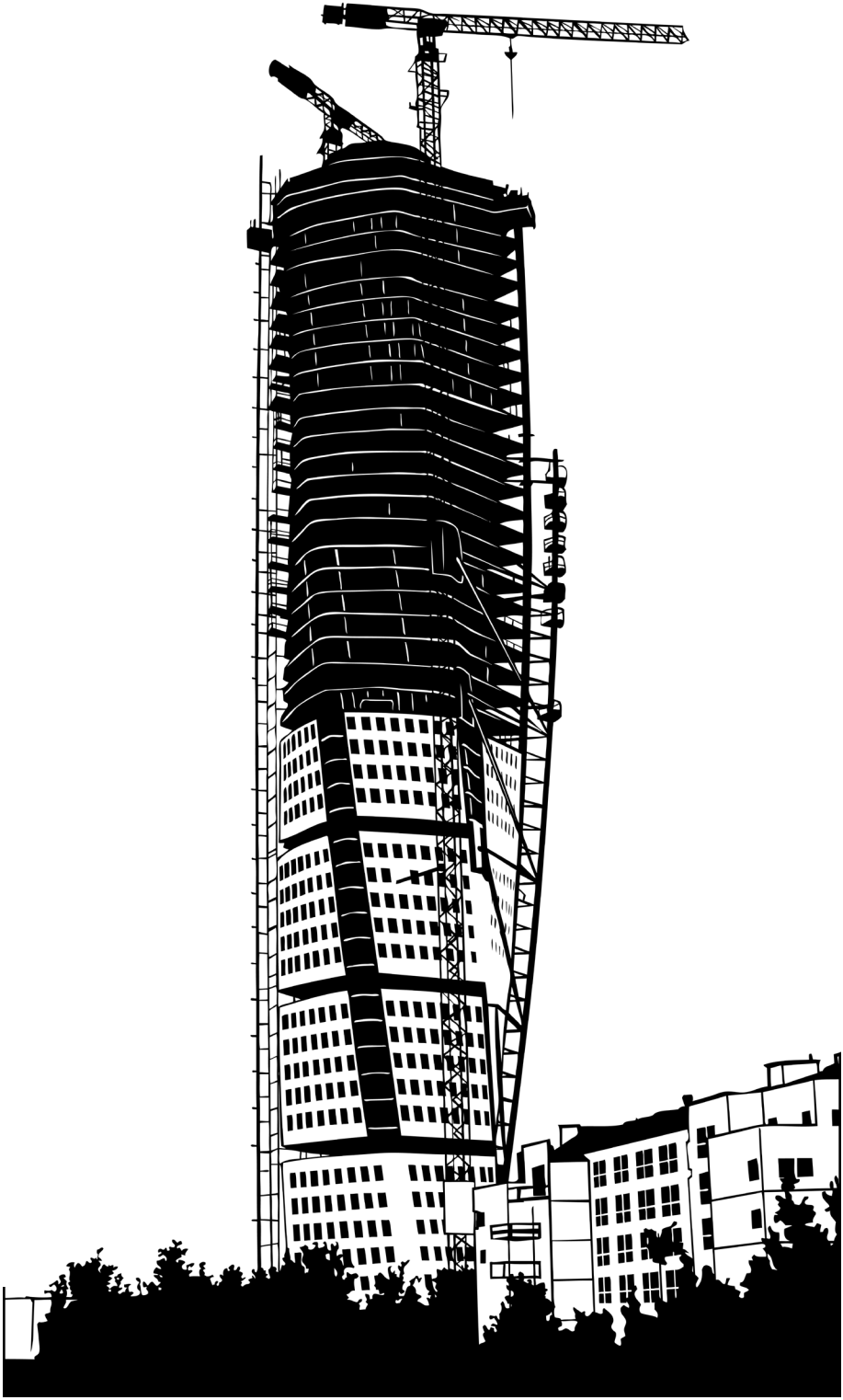
selling at the same reasonable price.

There are various ways of combining financing, building and developing, but large scale house manufacturing like this has been the exception. Developers often have difficulty getting their hands on a large enough area of land to make the assembly line approach workable. And even when they can, they often choose to build small and quick, so that if the market takes a downturn they won't get stuck with houses they can't sell. Developing is often chaotic, done by individuals flipping houses. They buy a house or two in a hot neighborhood, do some minor (probably cosmetic) renovations and sell them six months later for more money. Having good connections with local politicians and access to cheap loan money is very useful to developers, but the largest part of the profit from house building usually comes from land speculation. This is usually much larger than the surplus value created during the construction of the houses themselves. This means that there isn't much pressure to invent new ways to speed up the work process. Usually, the developer's main concern is promoting the most profitable land use and making sure the price of the land rises between the time they buy it and the time they sell it.



Housing development follows long term shifts in the way industry and employment are organized. When shipping companies introduced standardized shipping containers, that could be moved from ships to trains to trucks and back, the number of people working on the waterfront fell drastically. A few crane operators replaced all the dock workers who used to board ships and carry and tie down cargo (in barrels, boxes and sacks). The old working class neighborhoods near the docks were broken up and replaced with warehouse districts or upscale waterfront tourist areas. At the same time, containerization also created some new trucking and warehouse jobs around the edges of the city, and many workers moved to the suburbs. Our houses have to be within reach of our jobs. Within the limits created by these long term movements, developers take an active role in creating the housing market.

Developers will buy up property in a neighborhood that seems like its real estate could be used more profitably. One of the advantages of capital invested in the land is that new development doesn't usually have to destroy old investments. If an office invests in new, better computers, the investment in the old computers is lost. If an old brick building is fitted with fiber-optic cables so it can be rented out to a software company, the value of the building is still kept. Better yet, if the government spends money on the bus system, or on repaving roads, this makes it easier for people to get to a neighborhood. This costs the developer nothing, while raising the rent. Since infrastructure is expensive, and developers and



landowners make a killing when they build new neighborhoods where there weren't any before, often governments will require them to pay for at least part of the cost of new roads, sewers, electric lines and street lights, themselves. Just as often, development happens in already existing neighborhoods. In this case, promoting the most profitable use of real estate often means turning neighborhoods with affordable housing, into neighborhoods for the wealthy—removing the inhabitants and replacing them with people who can pay higher rent. Development becomes a fight over a whole neighborhood.

In this fight, local government is the developers' most important ally. The city budget usually comes from property taxes, so increased property prices mean higher revenues for the city. As developers buy up land in a neighborhood, the city will raise the assessed value of the land in the rest of the neighborhood and increase property taxes accordingly. This provides a push for other property owners in the neighborhood to switch to newer, higher rent uses. The city's choices about how the transportation system is built can provide another push. Transit service between the developing neighborhood and the airport or downtown will be increased. A new highway will cut off the developing neighborhood from the slum next to it. And of course, there's the police. Aggressive patrols are increased and homeless people and panhandlers are beaten up and arrested.

Quick, speculative development is an obvious attack on us. The bars and cafés and corner stores we used to buy things at are replaced with more expensive versions of the same things. New luxury cars and an increased police presence are obvious. More importantly, rents go up. We have to work more to pay our rent or move to a new neighborhood and have a longer commute to work. Living in a neighborhood targeted by developers is eerie. You can almost feel how the built-in assumption in the land prices is that we will leave the neighborhood. This implied displacement creates resistance. We'll key a porsche parked in an alley. We'll throw a brick through the window of a posh new restaurant. We'll glare at or harass the new luxury condo dwellers and try to make them feel as unwelcome as possible. We know they're just waiting for us to leave the neighborhood so they can label it a "renaissance."

Even when city planners and developers aren't actively trying to push up land prices, they can easily rise. As more people move to a city, as population grows, as more money is invested in the city's infrastructure, rents go up. These slow movements of the housing

market are less dramatic, but have a similar effect. We're forced to work more to pay our rent or leave the neighborhood. A similar resentment towards new people moving into the neighborhood can be built up, but since it's a slower process, this resentment and fear has the effect of dividing working class people against each other. Anti-gentrification sentiment can easily be completely reactionary. The unemployed and the underemployed resent those with steady jobs. The unskilled laborers resent those with more skills and higher pay. It can seem like they should just stay where they are—make different choices about where to live. But usually, the better paid workers have been pushed out of other neighborhoods by rising rents. The worker as consumer is as weak and pathetic as the worker as citizen.

A growing neighborhood is growing in opportunities for real estate investment. Community development and decay are the development or decay of profitability in a community. The surest way to stop neighborhood development is economic collapse. Imaginary capital in the land isn't different from imaginary capital in loans, and can be completely wiped out by a crisis. If a local economy goes into a full-on depression, no one is going to buy up property there and rents will fall. In a declining housing market, perfectly good houses won't be rented out because it's not profitable. Landlords will only be able to maintain their current rents by spending less on maintaining their buildings. Buildings will deteriorate. The city will spend less on maintaining the infrastructure. As the market bottoms out, the city will take over abandoned and tax-delinquent properties and developers will buy up land for next to nothing and hold on to it. Banks will refuse to lend to anyone buying a house in the neighborhood. Drug and crime problems will get worse until the

people left in the neighborhood are begging for some kind of rescue. Then the developers can move in and start the "neighborhood recycling" all over again.

The decay and development of neighborhoods are both automatic market processes and the result of conscious action by developers and city planners. The same things that make us want to live in a neighborhood are what make it attractive to developers. Capital doesn't care if we feel at home somewhere. That feeling is a barrier to investment. It's an uncompetitive use of land to have cheap housing where you could have luxury hotels.

Housing investment grows and shrinks with the economy of the city, the country and the world. The movements of capital shape our physical environment to its needs. Whether it's developing or decaying, the economy tends to do so at our expense.

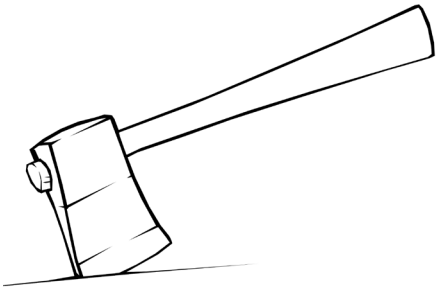
The Housing Market and the Labor Market

"You can kill a man with an apartment as easily as with an axe."

Heinrich Zille

We sell our ability to work on the labor market. Assuming we're successful at finding a buyer, we go to work for a boss. Whether we work making things and providing services that the boss can sell, or speeding up the sale of the things the boss already owns, the things are the property of someone else. The capitalist makes money that he can live off and reinvest in the business. We get a wage, and we buy the things we need to survive. At the end of the day, we're in the same position. We're looking for a buyer of our ability to work, and the capitalist is looking to hire workers. The ability of the capitalist to use his property to make money implies a propertyless worker—it implies that we have no property we can make a living from and are therefore forced to sell our ability to work on the labor market.

For this social relation to keep replicating itself, we have to be paid enough money to keep showing up to work in a fit condition to work and not so much that our wages get in the way of our boss's profits. Still, the more he can force down our wages, the more profit he can make. Just as importantly, the more his competitors push down wages, the more pressure is put on him to force down wages. The more the work process can be divided up into simpler, repetitive tasks, the less skilled the worker. The less skill a job takes, the lower the wage—and the more people in competition for the job. The higher unemployment is, the more people in competition for jobs, the lower the wages.



We buy shelter on the housing market. Here, we deal with a different set of businessmen—landlords, real estate agents and banks. They usually end up eating up a larger part of our wage than anything else. Housing, like everything else we need to survive, is a commodity. Unlike most other commodities, the right to use a house is bought slowly over a long period of time. If we lose our job or get our hours at work cut, we can easily stop going out to eat, or buy a cheaper brand of beer. We can't easily switch to a slightly smaller house or one slightly farther away. The need to keep up rent or mortgage payments is one of the main things keeping us going to work every day. The fact that landowners have the right to charge us money for a place to live, means that we have to keep selling ourselves on the labor market.

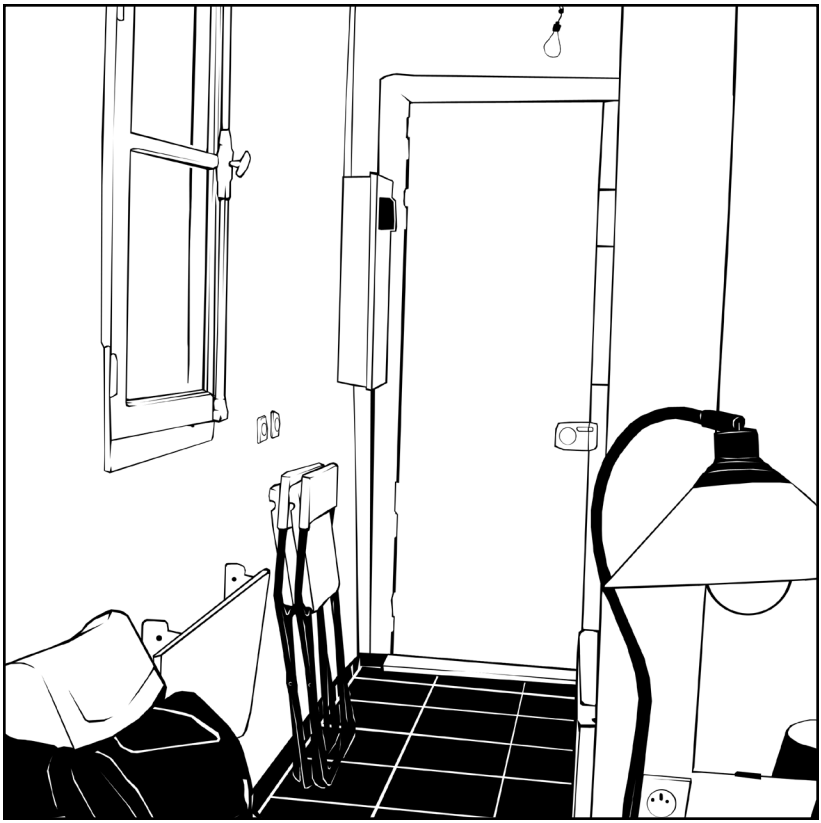
The price of housing includes the profit of construction companies, real estate agents and landowners. They all have an interest in grabbing the largest part of our wage that they can. The more we pay in rent, the more money the landlord makes. The smaller apartment he can rent us for the same price, the more apartments he can rent out, the more money he can make. The fewer repairs he can get away with doing, the more money he can make. The fewer restrictions on eviction, the easier it is for him to rent his buildings out to the tenant who can pay the most rent at any given time. And the cost of land is further pushed up by the increased concentration of cities, new investment in infrastructure and land speculation.

The tendency of the labor market is to push down wages. The tendency of the housing market to push up the cost of housing. This means that for all but the most skilled workers, a gap is opened up

between the amount of our wage we can afford to spend on housing and the price of housing. The result is that we end up living in houses that are overcrowded, dark, airless, damp, cold, moldy, dilapidated, and infested with rats, roaches or bedbugs. All the charity and volunteerism of rich ladies, the moralizing about hygiene from scientific experts, or the new building designs from progressive architects have not been able to get around the basic problem. The free market has never been able to provide decent housing for the vast majority of the working class.

But the slum solution to the housing problem can cause problems for business. If workers are losing sleep or getting sick because of overcrowded, unsanitary conditions, they will miss work or be less productive at work. This will cause problems for any business whose work force is not made up entirely of day laborers. At a certain point, it's in the interest of business in general to put some restrictions on the business of renting out houses. And the state, as the representative of the needs of capital in general, will step in.

Still, an attack on the rights of one kind of property owner is easily interpreted as an attack on property in general. It took decades before governments in Europe and North America intervened in slum housing. The bourgeoisie was perfectly happy to let workers die of tuberculosis and rickets (called "tenement sickness" in Berlin), so long as they did so quietly in their slums, and kept having enough children to provide a growing workforce.



But the massive cholera outbreaks of the 1860s and 1870s did not stay isolated in the working class neighborhoods. Cholera was in the water supply and killed both rich and poor. Fear of death pushed the bourgeoisie to overcome its fear of interfering with private property. In response to the epidemics, the first major housing laws were passed in many places as part of public health acts.

The push and pull over housing is partially a struggle between employers and landowners. The landlord wants the boss to pay us a good wage which he can then take in the form of rent. Landlords find all sorts of ways of cheating us—like throwing in extra cleaning charges, security deposits, or demanding key money. By selling houses at a monopoly price, they lower the real value of our wages and take the extra. Even if this doesn't get to the point of causing us to lose sleep, get sick, or die from bad housing, it still causes a problem for our employers. Employers are buyers on the labor market, and they have to compete, to some extent, with employers in other places for workers. If workers can get the same job for the same wage in two different cities, but in one city, the cost of housing is twice as much, companies there will have a much harder time attracting workers. They'll have to raise their wages based on the cost of living. And higher wages will make it harder to compete with the companies in the city with cheaper cost of living. Employers therefore have an interest in keeping housing costs under control.

Landowners and employers may fight each other through wages and housing costs, but this is only a fight over how surplus value is divided up. The landlord only wants our wages to go up, so he can charge us more in rent. The boss only wants housing costs to go down so he can pay us less wages. Both of them have an interest in us continuing to go to work and in keeping our standard of living as low as possible. The fight over real wages isn't just between workers and bosses. It's between the working class and the capitalist class (landowners included).

Capitalists have understood for a long time that inflation is as good a way of lowering wages as actually paying less money—especially if they're worried about provoking resistance. For us, it's just as bad to get decent pay and give most of it back in rent or mortgage payments, as it is to get shit pay and give most of it back in rent or mortgage payments. It's just as bad to have a sore throat from the mold or toxic insulation in the walls of our house, as it is to have a sore throat from breathing in mold or toxic insulation at work. Our needs come into conflict with the needs of the capitalists we work for but also with the needs of the capitalist we buy housing from. The landlord wants to charge us more. We want to pay less. He wants to be able to evict us whenever he can find a more profitable tenant. We want security of tenure. He wants to skimp on repairs and add in as many extra charges as he can. We want the house properly maintained and to not pay extra fees.

Capital's push to expand and to create the best conditions for further growth comes into conflict with our needs again and again. At work, at home, on public transportation, at school, at the grocery store, on the battlefield—class conflict can happen all over. But the different places that the conflict happen create different obstacles and opportunities. The workplace and the neighborhood are very different terrains.

In most workplaces, the work requires that workers cooperate. The work process itself brings us together. This can be a pain in the ass if we can't get along, but it is also the jumping off point for us to fight against the boss. We might recognize the people who live in the same apartment building as us and trade hellos when we pass them in the street, but (except in the most overcrowded slum housing) there is no forced socialization. The natural tendency is separation and privacy—a tendency which is pushed to extremes in decentralized, ambulophobic, suburban neighborhoods.

At work, we're on the boss's time. He's pushing us, trying to get as much out of us as possible. Whatever

our ideas about the world, the things we do at work to keep from wearing ourselves out and driving ourselves crazy quickly bring us into conflict with the company's profitability. At home, we're on our own time. Time spent going door to door passing out flyers, or protesting against a landlord is less leisure time. And we're often too tired after work to do anything but have a beer and listen to some music (or maybe read an illustrated manifesto).

At almost every workplace people shit talk the company. As often as not this is just shit talking while we're hanging out before, after or during work. Because neighborhood fights have to immediately break down the isolation of everyone going about their own private business, the initial communication, socialization and community that is created is obviously linked to struggle. When we've gotten to the point of deliberately knocking on the doors of the other tenants in the apartment building we live in to see if the landlord is trying to screw them over the same way he's trying to screw us over, there's no mistaking it for idle shit talk. The very fact that housing organizing has to start off more deliberately can be an advantage.

Also the landlord has less power to break down this organizing before it starts. If we're standing around talking to our coworkers, the first response from the manager will be, "Get back to work!" Since housing organizing is done on our own time, this isn't a problem. And usually the landlord doesn't surveil us closely enough to see who's talking to who and stop it.

When we do take action together, when we're well organized and militant, we can change the balance of power. We can win wage increases while housing costs stay the same, or force landlords to provide better housing for the same price. We can raise the value of our labor and push up our standard of living.

But the basic working class standard of living is constantly under threat. The definition varies over time and place, but whatever the definition, the combined action of the housing market and the labor market tend to erode it. Today's overpriced, dark, moldy, cockroach-infested, basement apartments may well have microwaves and high-speed internet.

Planning Gentrification:
What is happening to our cities? Why are they becoming so impossibly expensive?

Excerpt from 2019. Stein, Samuel. Capital City: Gentrification and the Real Estate State. *Verso*.

Healthy cities exist in a state of flux. Change is necessary and good: people come and go, are born and die; industries are carefully harnessed, but almost never become permanent fixtures. A city that never changes is probably not a city at all.

But a particular kind of change is taking hold in many cities and towns around the world—one that presents itself as neighborhood revitalization but results in physical displacement and social disruption for the urban working class. In geographer Ipsita Chatterjee's terms, it represents "the theft of space from labor and its conversion into spaces of profit." This change is generally known as gentrification, the process by which capital is reinvested in urban neighborhoods, and poorer residents and their cultural products are displaced and replaced by richer people and their preferred aesthetics and amenities.

Every time it happens it looks somewhat different. Spatial transformations are always premised on local political-economic conditions and shaped by particular narratives and ideologies that are specific to each location. But there are some features that occur again and again.

Low rents become high. Landlords and speculators profit from the eviction of long-term tenants, who are forced to live farther and farther from their jobs and communities. As space-time contracts for wealthier people moving closer to their central city jobs, it expands for those pushed to the geographical limits of metropolitan areas. Bankers walk to work while debtors endure super-commutes.

The people of color and immigrants who built up neglected neighborhoods are recast as outsiders in their own homes and expelled in favor of White newcomers. Neighborhoods and, eventually, cities become places only the rich can afford, with environments designed according to their desires.

The commercial fabric turns over and replaces itself. Existing bars, restaurants, coffee shops, supermarkets, hardware stores and other everyday urban spots are deemed deficient, and are replaced by new bars, restaurants, coffee shops, supermarkets and hardware stores deemed superior largely because they charge higher prices and pay higher rents.

Municipal investment follows real estate investment. After years of complaints about failing schools and subpar parks, new funding suddenly manifests. Though residents used buses and bicycles before, new lanes dot the landscape once new money arrives. These benefits appear as long-term residents are priced out and have to find homes in other divested communities.

All this change does not just happen on its own. It requires investors, developers and landlords—the "producers" of gentrification—to buy and sell land and buildings at ever higher costs. It also requires wealthier homebuyers, renters and shoppers—the "consumers" of gentrification—to valorize areas they would have previously ignored. Neither side alone makes gentrification a reality, since economic value is only realized when both production and consumption demands are fulfilled. If producers build but consumers don't bite, the market busts; likewise, if consumers are prepared to purchase but producers don't invest, the result is unmet demand.

Part of what planners do, then, is ensure that both sides of the relationship are present by luring gentrification's producers with land use

and tax incentives, while inviting its consumers through race- and class-inflected neighborhood initiatives. The state is a central actor, marshaling investment, boosting land values, attracting desired residents and industries, chasing away threats to profits and rolling out the welcome mat for developers and investors. Gentrification, then, is a political process as well as an economic and social one; it is planned by the state as much as it is produced by developers and consumed by the condo crowd. Planners did not invent gentrification, but they helped foster its development and transform it from a local phenomenon into a global business model.

Why Gentrification?

While land ownership, property development and speculative investment have always been part of the capitalist economy, until recently, real estate represented a smaller and more specialized business than industrial production. Like real estate, industry requires investments in land, infrastructure and buildings, but in an industrial context those features' worth tends to be a function of their productivity—if a factory were not productive, its buildings would not be considered valuable in and of themselves. Historically, as buildings aged their property values tended to drop, not climb, over time. The central city was the site of production and distribution, and those who lived closest to it usually could not afford to live farther away.

A number of changes in local, national and international political economies during the second half of the twentieth century, however, led investors away from industrial production in first-world cities. Global treaties among capitalist countries in the postwar era established organizations like the World Bank, the International Monetary Fund and the World Trade Organization to facilitate low-cost global production and distribution of goods with minimal taxes and tariffs. Labor unions were attacked and marginalized, undermining their ability to act as a counter-hegemonic force for urban industrial retention. Advances in transportation technology and the standardization of containerized shipping made the exchange of goods across space a much simpler and cheaper proposition, and required a different spatial layout than most central city planners and politicians were willing or able to provide. Real estate-minded city planners actively pushed industry out with land use changes and redevelopment projects meant to marginalize manufacturing while driving up land costs.

As a result of these and other changes, during the second half of the twentieth century industry decamped from many first-world central cities in search of lower wages, looser environmental standards and wide-open spaces in northern suburbs, rural towns and international "free trade zones." New York City is an extreme but telling example: from the 1950s to the 1990s, the city lost 750,000 manufacturing jobs while its land values soared from $20 billion to $400 billion.

As the complex process of deindustrialization unfolded, capital became both more mobile and, ironically, more grounded: tariffs dropped, firms internationalized and corporate globalization took hold while, at the same time, investments in land and buildings filled the literal and figurative space left by urban industrial flight. Real estate went from being a secondary to a primary source of urban capital accumulation.

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In several cities, these trends coincided with a severe round of fiscal crises and capital strikes—moments when a state cannot raise the capital it needs to maintain its budgets and bond investors refuse to buy shares in its future. New York's late-1970s recovery from the brink of bankruptcy was led by banks, real estate interests and municipal unions, who disciplined the city through a process of privatization and disinvestment from social services that continues to this day. Municipal wages and benefits were slashed; welfare payments fell by one-third; the city's public universities started charging tuitions. Meanwhile, stock taxes were dropped, income taxes were halved and real estate taxes fell to historic levels. This became a model for neoliberal governments throughout the country and around the world.

During this process, gentrification presented an alternative way for cities to continue redeveloping their housing stock and boosting land values without (at first) spending much money. Over time the model proved effective, and local governments, banks and major real estate firms got into the business of financing gentrification, either through loans to high-income homeowners in places that were previously redlined, or by building luxury landscapes in neighborhoods that had long been considered unsafe for investment.

Gentrification, then, was a "spatial fix" for capitalism's urban crisis: a way to profit from previous disasters and to find new places for investors to turn money into more money. Deindustrialization created the space for real estate's revival, and redlining and urban renewal set the spatial patterns for disinvestment and reinvestment. What first appeared as an opportunistic venture for middle class movers and profit-seeking landlords—a building-by-building, block-by-block phenomenon—became a way to transform entire cities from places into products.

The Economics of Gentrification

By definition, gentrification cannot happen everywhere. It is the third stage in a long-term process of capital flow in and out of space: first comes investment in a built environment; second, neighborhood disinvestment and property abandonment; and third, reinvestment in that same space for greater profits. The key to understanding why some places gentrify is the amount of money that a landowner—who effectively holds a monopoly on all rents from a particular geographic location—can expect to generate from a given lot and the building atop it. Real estate speculators choose to invest in a particular location because they identify a gap between the rents that land currently offers and the potential future rents it might command if some action were taken, such as evicting long-term tenants, renovating neglected or unstylish properties, or demolishing and reconstructing buildings.

Geographer Neil Smith proposed this thesis in 1979 as the primary driver of gentrification at the building level. Gentrification, he theorized, "occurs when the gap is wide enough that developers can purchase shells cheaply, can pay the builders' costs and profit for rehabilitation, can pay interest on mortgage and construction loans, and can then sell the end product for a sale price that leaves a satisfactory return to the developer." Smith formulated this theory during a period of urban disinvestment, when the rent gap described the space between falling actual rents and stable or slowly rising potential rents. In today's context, the rent gap in hyper-invested cities like New York is more likely to be between slowly rising actual rents and exploding potential rents.

Under these conditions, rent gaps exist at more than just the building scale. When enough individual buildings in an area are brought up to their full potential rents, the remaining surrounding properties exhibit a rent gap (as does the entire neighborhood). The rent regulations that govern prices and tenure rights for nearly half the private rental apartments in New York have tenuously kept hundreds of thousands of apartments at below-market rents. This creates a citywide rent gap that landlords are working hard to close through evictions and demolitions as well as political lobbying.

In some markets, real estate firms try to profit from the potential value of their properties by selling rather than renting them. This can take the form of townhouses being converted from apartment buildings to single-family homes, or individual apartments in larger buildings being sold as co-ops or condominiums. As the market for such housing rises in cities around the world, the value gap between the income they generate as rental properties and their potential sale price expands and the potential for gentrification rises.

A similar dynamic exists in places where a property's current use masks the potential income that property could generate if it were given over to another activity. The clearest example of this functional gap would be the remaining factories in central city locations. In Manhattan's Chinatown, for example, the

garment industry—which by the 1980s employed roughly 20,000 people in 500 shops—has now nearly vanished, not only because of competition from cheap imports but also because of a widening functional gap: the difference between current manufacturing rents and potential residential or commercial rents became so great that building owners were willing to evict their industrial tenants to make room for higher paying alternatives. By now, most of Chinatown's factories have been converted into offices, hotels or condominiums, forcing the workforce that sustained them to shift to service-sector jobs, while enabling the industrialists who ran them to move on to other, more profitable pursuits. John Lam, one of the neighborhood's most infamous garment titans, went from owning fifteen factories, employing 1,200 workers and doing over $40 million in business annually to being one of the "undisputed titans of Manhattan's hotel scene."

By the twenty-first century, real estate developers and city planners learned how to identify and exploit these opportunities, turning grit into gold. They developed housing, policing, education and design strategies to identify rent, value and functional gaps, and encouraged speculators to close them.

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Justifying Gentrification

Mainstream planners recognize that gentrification presents both moral and economic problems for their cities. In rhetoric, they attest to the importance of balanced growth, inclusion and increased opportunity; in practice, however, most planners facilitate uneven development and measure their progress against rising land values. To bridge that gap, planners need theories and ideologies that let them feel altruistic while undermining the urban working class.

One of the most important is highest and best use. This concept turns land use planning into real estate appraisal, positing that the best use for any piece of land is that which derives the greatest value at the lowest cost and allows buildings to actualize their full potential rent. Measuring this, however, is nearly impossible, and always contested. Parks, for example, do not necessarily bring in much money, but they result in increased property values for the surrounding areas, which in turn deliver higher property tax revenues. The benefit of the park, then, is measured not just by its use and enjoyment, but by its value as a real estate amenity. Low-cost housing in the central city will rarely be a "higher" use than luxury housing, even if it is what most people in the city need. According to the theory, however, if planning is done according to highest and best use, then more money will land in the city's coffers and can be used for the social good. In the end, however, the copious real estate tax breaks that accompany this sort of planning ultimately rob the city of the very revenue that development is supposed to generate, creating little opportunity for income redistribution.

Often planners openly admit that they are trying to lift land values, but justify this action with attempts at value recapture—using tools that reclaim some social benefit from publicly generated private profits. Whenever cities upzone an area, for example, they create a rent gap out of thin air. In exchange, planners sometimes create mechanisms to "recapture" a portion of this value by demanding a public benefit from the landlord: an accessible open space in exchange for more development capacity (in the case of "privately owned public spaces"); a set of affordable apartments in new and bigger developments (in the case of "inclusionary zoning"); payment into a fund for nearby infrastructure improvements (in the case of PILOTs and TIFs); or a dedicated funding stream for transit that boosts property values (as in the case of New York City's proposed streetcar).

These policies are often considered progressive, since they make explicit demands on landlords and force them to pay their "fair share." This framing, however, has three major flaws. First, it assumes that planners must always give away value if they ever hope to win anything for the public. Actions that do not make money for landlords are therefore deemed worthless

because they do not create any value to recapture. Second, it engages a sort of magical thinking whereby it is the landlords who actually pay these costs. Landlords' incomes come from tenants, so in the absence of very strong rent controls, the cost of these fees are more likely to be borne by renters than they are to cut into landlord profits. Third, it fails to account for the effects of increased property values in a private land market—i.e., gentrification. Even if some public benefits are secured at the site of the deal, residents who hope to enjoy them are at risk of displacement. As Marina Ortiz of the anti-gentrification group East Harlem Preservation admonishes, planners frame these value capture projects as "'looking toward the future,'—and that future will not include us."

Whereas value recapture tends to add new regulations to the urban environment, other programs seek to remove regulations from working class districts. In these cases, planners seek to unlock what economist Michael Porter calls the competitive advantage of the inner city. Porter argues that working class neighborhoods are underexploited markets that represent major opportunities for national retailers, and prescribes planning policies that clear the way for big box stores and large chain operations: lax zoning codes, loosened labor and environmental laws, and lower corporate taxes. The Clinton administration used this logic to promote "empowerment zones," a planning model derived from Margaret Thatcher's "enterprise zones" and recently rebranded and expanded by the Trump administration as "opportunity zones." In the name of increasing competitive advantage, these programs slash taxes and induce investment in areas that have not yet gentrified. In Harlem, the Clinton-era Empowerment Zone provided subsidies and protections to a host of incoming big box stores. Most of the decades-old Black-owned small businesses were pushed out of Harlem's main street, 125th, and several storefronts were replaced with a Harlem-themed shopping mall.

Another way planners carve out a competitive advantage is by luring the so-called creative class. This is a slippery social category that can mean anything from artists to tech workers and tends to focus more on high-end consumption habits than actual creative output. The language comes from planning theorist and consultant Richard Florida, who argues that cities today compete for their ability to attract and retain artists and idea creators. Appeals to creativity do not automatically constitute gentrification; Floridian language aside, creativity is not actually a class trait and working class neighborhoods are always home to working class artists. What most planners take away from the concept, however, is that yuppies like artists, so cities should promote arts-based gentrification as a means to attract both. Planners then use lifestyle amenities and place-making strategies to attract capital—creative, as well as the more common kind. According to visual artist and Take Back the Bronx member Shellyne Rodriguez, "artists have this lingering stench that follows us around… It's a trojan horse tactic. You place art events in the middle of the community and then this shit starts to happen."

Wrapped up in this "creative class" discourse is the notion of livability, or the idea that cities should be human scaled, environmentally sustainable and just plain nice. "Livability" can mean many things and can be a way to frame planning issues around the needs of people over profit.[94] Most of the time, however, planners use "livability" to describe every urban nicety except the two most closely aligned with people's ability to live—the prices of labor and shelter. Like many planners, Amanda Burden, director of the New York City Planning Department under former mayor Bloomberg, used the word "livable" as a substitute for "gentrified." Referring to a neighborhood undergoing severe gentrification, Burden told the New York Times, "We are making so many more areas of the city livable. Now, young people are moving to neighborhoods like Crown Heights that 10 years ago wouldn't have been part of the lexicon." No "livability" improvements are actually specified, other than the presence of "young people," a euphemism for White people with disposable income.

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Most planners are ultimately (and sometimes jubilantly) resigned to the idea that gentrification is a necessary outcome of urban change. From this standpoint, working class displacement is the price a city has to pay for improvements to neighborhood schools, parks, streets and housing. Robert Yaro, a longtime planner with New York's influential Regional Plan Association, represents this hand-wringing wing. In an interview with geographer Scott Larson, he characterized gentrification as "a real quandary. You preserve character and preserve the quality of life and people with money buy in, and people without are pushed out. How do you deal with that? Subsidies? Direct investment? New York has had a housing crisis since the 1940s. [Gentrification] is one of the constants, one of the results of the success of the city."

Dan Doctoroff, who served as New York City's deputy mayor for economic development under Mayor Bloomberg and oversaw his redevelopment efforts, represents the unapologetic wing. Invoking his then-boss, Doctoroff once told a reporter, "As the Mayor says, 'if you want to solve the problem of gentrification, you should have crime go up, the schools get worse, the parks dirtier.' Gentrification is a natural product of market forces." Under this school of thought, gentrification is an unassailable public good and a feature as basic to urban development as commerce is to capitalism.

In recent years, the hand-wringing approach seems to be winning out, with even boosters like Richard Florida waving the red flag and penning critiques of urban inequality. Nonetheless, this viewpoint still sees gentrification as a symptom of success and often prescribes private development as its cure.

Taken together, these narratives—highest and best use, value recapture, competitive advantage, creative class, livability and neighborhood effects—represent some of the most potent ways planners legitimate displacement. They help reframe dispossession as development and popularize the notion that gentrification is something to be desired, not disparaged. Ultimately, according to these theories, gentrification is the outcome of good city planning.