

Exchange, Value, and Gentrification

City 185

City has always
been a place of
exchange &
consumption



Calicut, Metropolis of the Spice Trade



Archaic and Proto-Global Exchange

Local markets and
international fairs

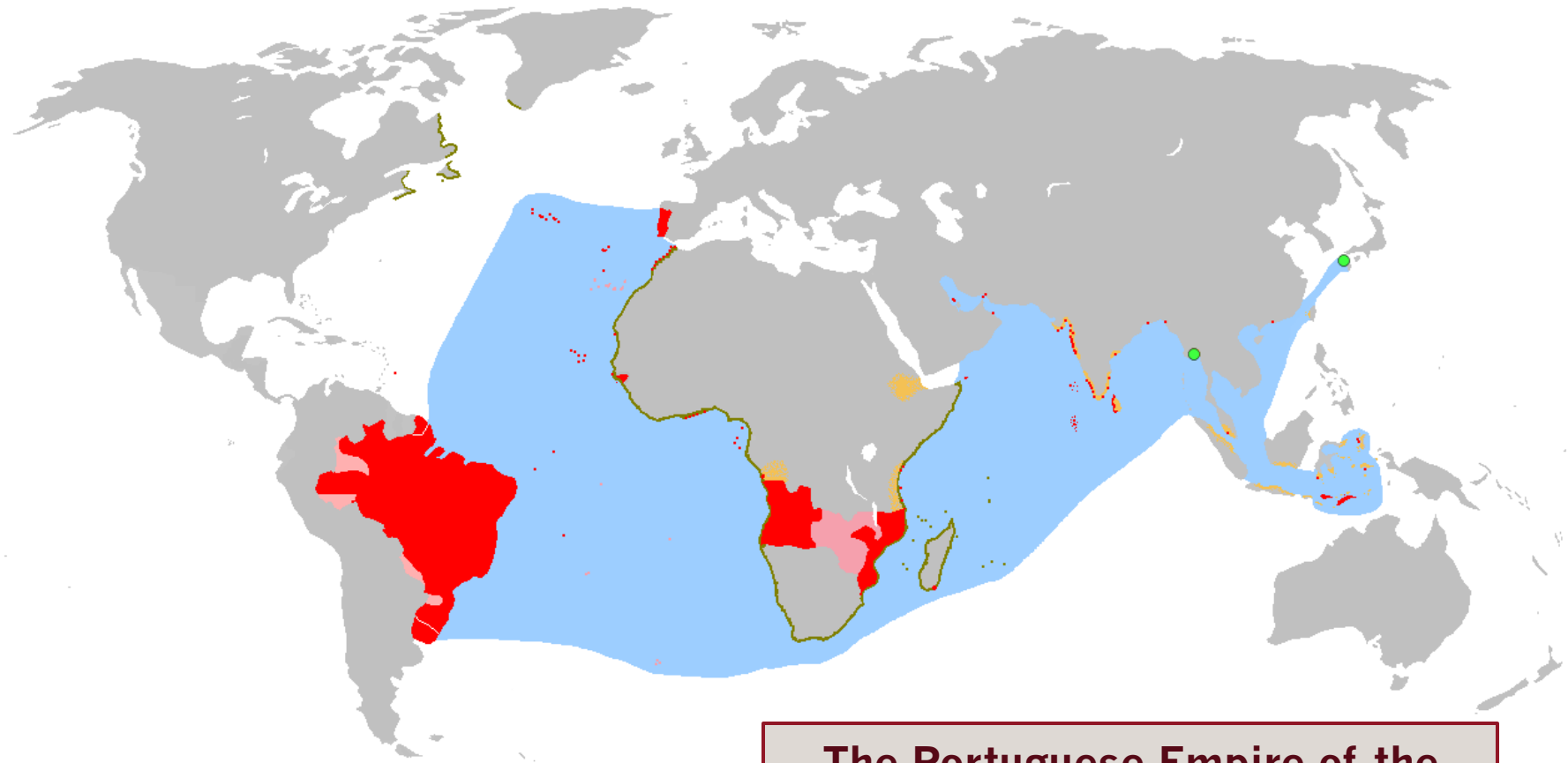
Elite and exotic goods versus
limited exchanges

Trading peoples and
differences of culture and
space

Negotiations of legality:
citizens and middlemen

Cloth bales belonging to Genoese merchants being seized on the Aare (Switzerland). The cotton goods of Milan were transported through Switzerland in a manner similar to that shown in the picture. Miniature from the "Luzerner Chronik" (Lucerne chronicle) by Diebold Schilling, 1517.





**The Portuguese Empire of the
Early Modern Period**

From the City of Production to the City of Consumption



Urbis Shopping Centre remaking Downtown Manchester

Squatter Commerce



Evolution of Larger Scale Consumerism: Temptations, Space and Gender in Industrial Cities



Note the creation of spaces to frame consumption: where do you stand and with what rights?



Wanamaker's Grand Depot, 19th C. Philadelphia



The Consumer City: The Science of Malling 20th C.



SOURCE: HAMILTON PLACE



Shopping Mall

1940s: department stores moved to suburbs

1956: Southdale Center in Edina, Minnesota (by Victor Gruen)

- Gruen: Jewish refugee from Nazi-occupied Vienna
- Attempt to invoke a European city center (*Architectural Record*: “more like downtown than downtown itself”)

1970s – 1980s: proliferating

From 1990s on:

- changing demography of the mall visitor; changing relations between suburb and city center
- Some (few) thriving
- Some out of business
- Some transformed (office rental, inner garden, etc)



And ignoring connecting spaces



Is King of Prussia the New Paris? Or simply the New World?



Considering Scale

Havana vs Saw Grass Mills Mall (Miami Area)

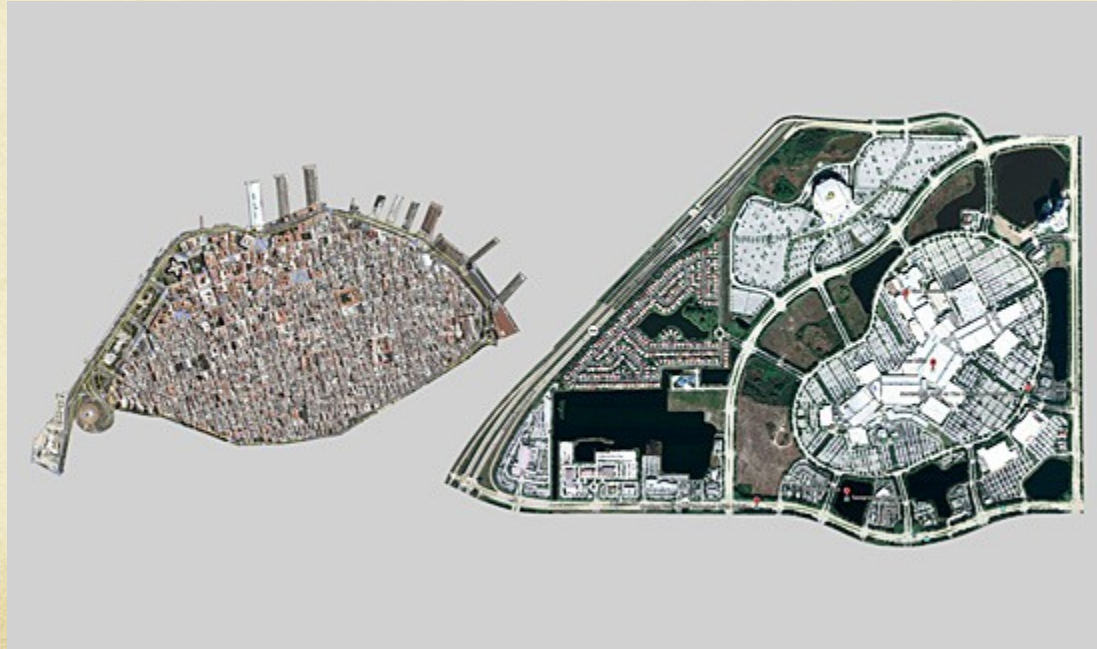


Image Credit: Steve Mouzon

Role of Transportation Networks



Florence vs a Freeway Interchange

**And where does real
estate exchange fit in this?**

**How do housing markets
work?**

Land Values

Use Value

- The tangible features that can satisfy a human need or serve a useful purpose
- Different individuals can derive different utility (value in use) from the same commodity
- Emotional or subjective attachments

Echange Value

- Price that can be achieved in exchange
- “Market value”

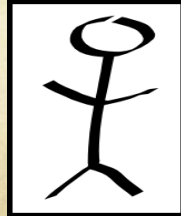
* Concepts from classical political economy and Marxian economics

Land markets are not free

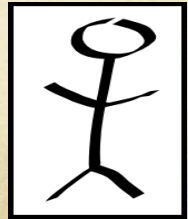
- **“Free markets” must meet assumptions of perfect competition:**
- Identical goods
- Large number of buyers and sellers
- Ease of entry and exit
- Complete information

What makes a place
affordable?

Housing filtering & gentrification



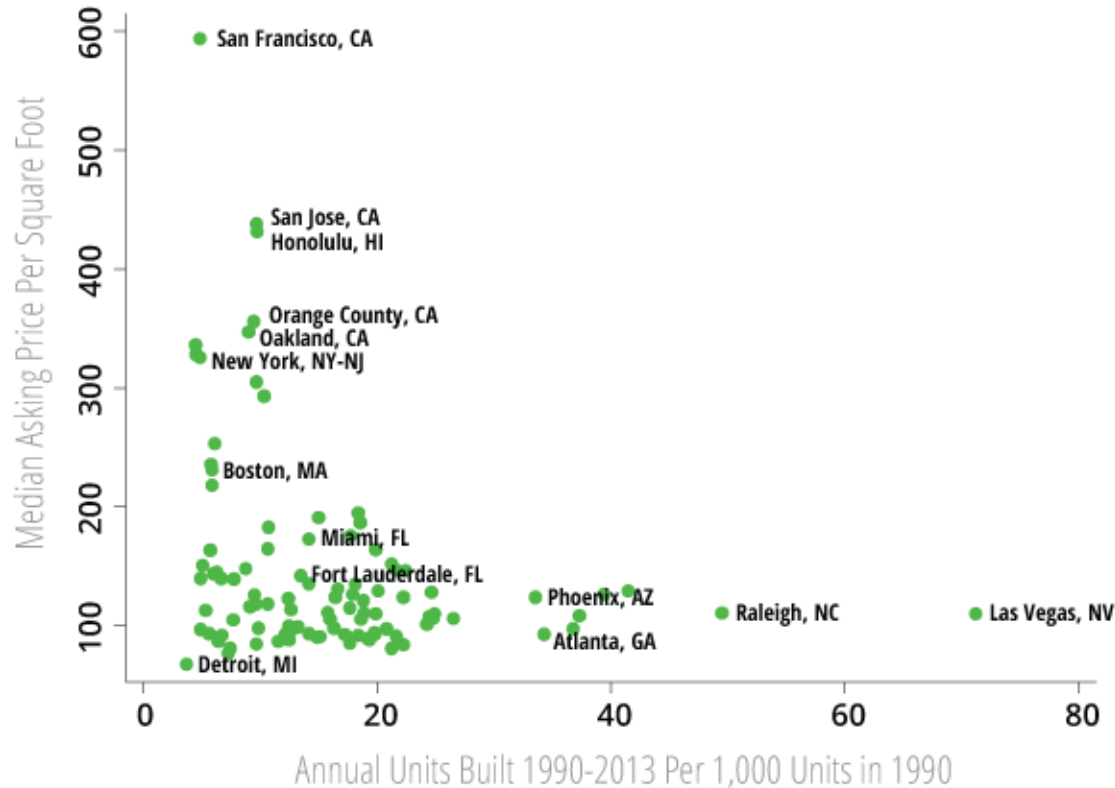
Housing filtering & gentrification



The growth in housing supply must keep up with the growth in households or prices will rise.

Vacancy rates lower than 10% will lead to increases in rent.

trulia No Expensive Housing Market Builds Much Housing



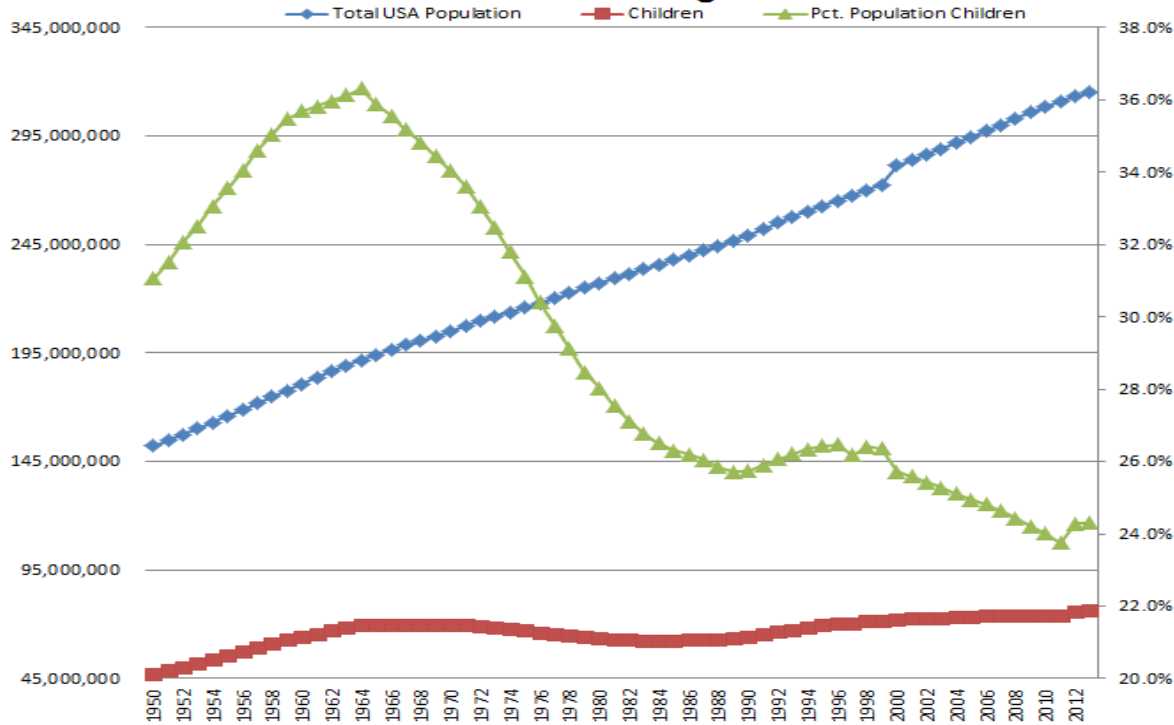
Not
enough
supply

Lots of
different
kinds of
housing

75-85%

Households Without Children by 2025

US Total Population and Children Population
Percent Right Axis



56% college
educated
Millenials

50% US population

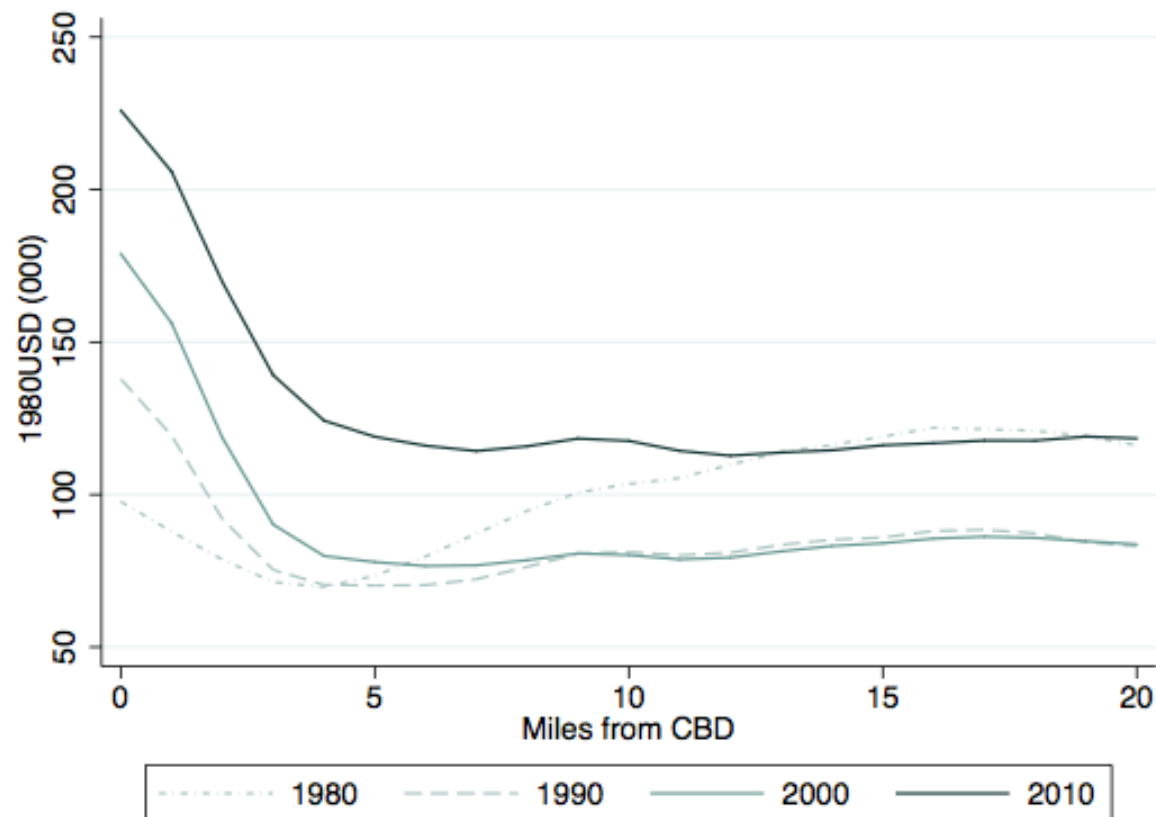
36% Active
Boomers

**prefer walkable
community**



NATIONAL
ASSOCIATION *of*
REALTORS®

Figure 1: Home Prices by location



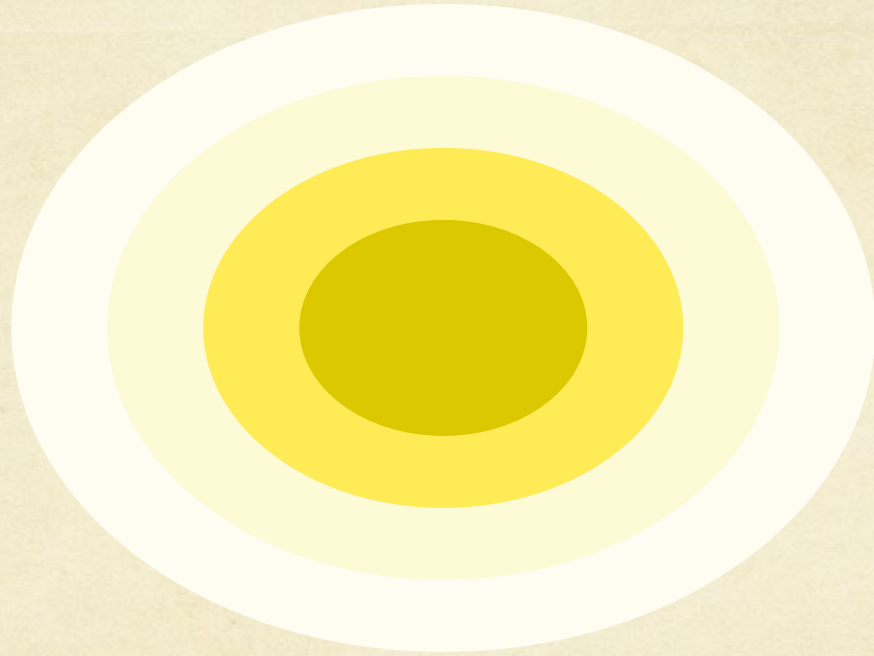
Notes: Owner-occupied, 2-3 bedroom, one-family homes. 20 miles includes 20-35 miles.

Source: Decennial censuses and the American Community Survey, restricted use data.

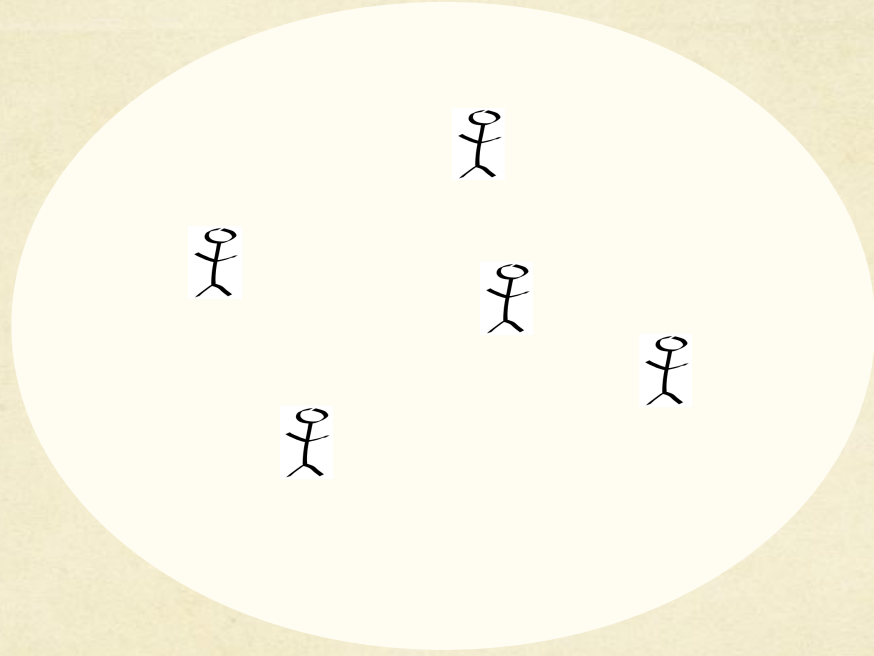
35 Million Unit
Shortage

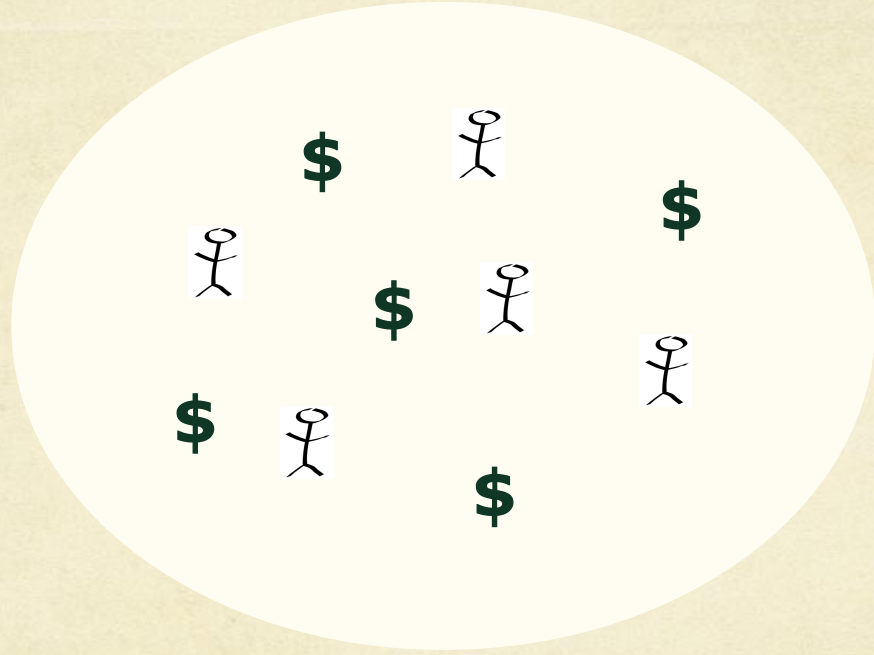
**National Shortage of Small Lot
and Attached Housing Units
(A.C. Nelson).**

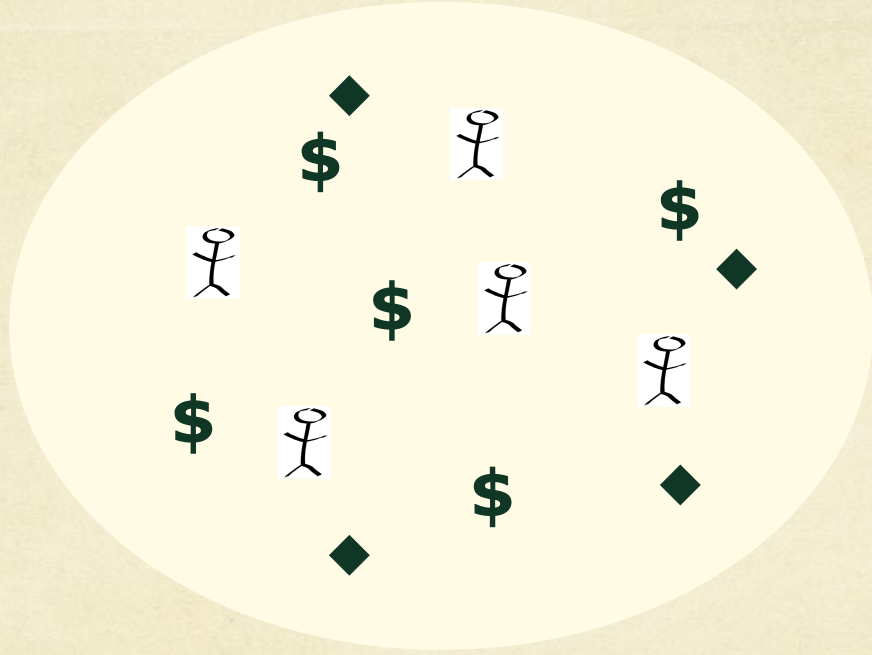
**But houses aren't
widgets, so more
supply isn't enough by
itself**

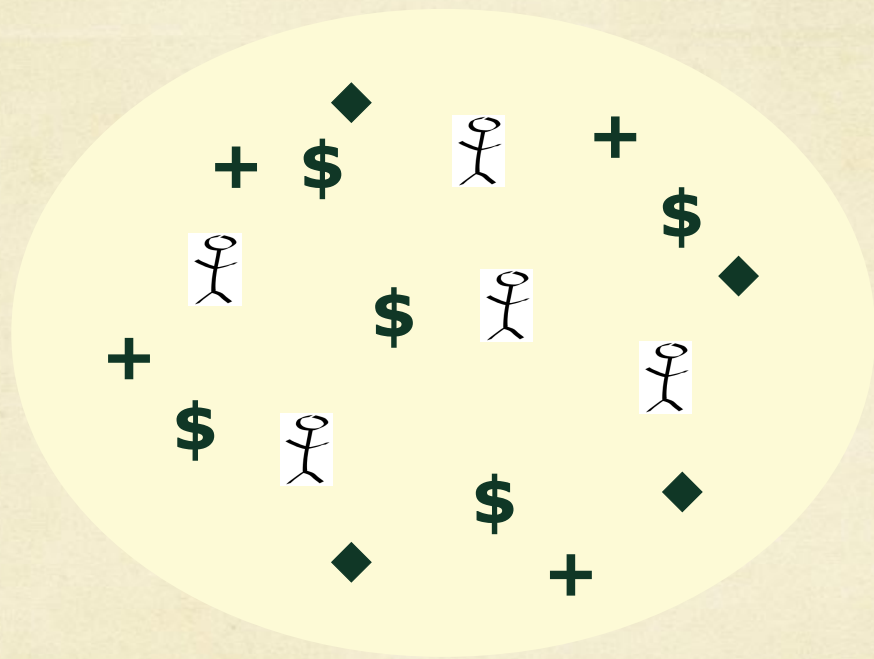


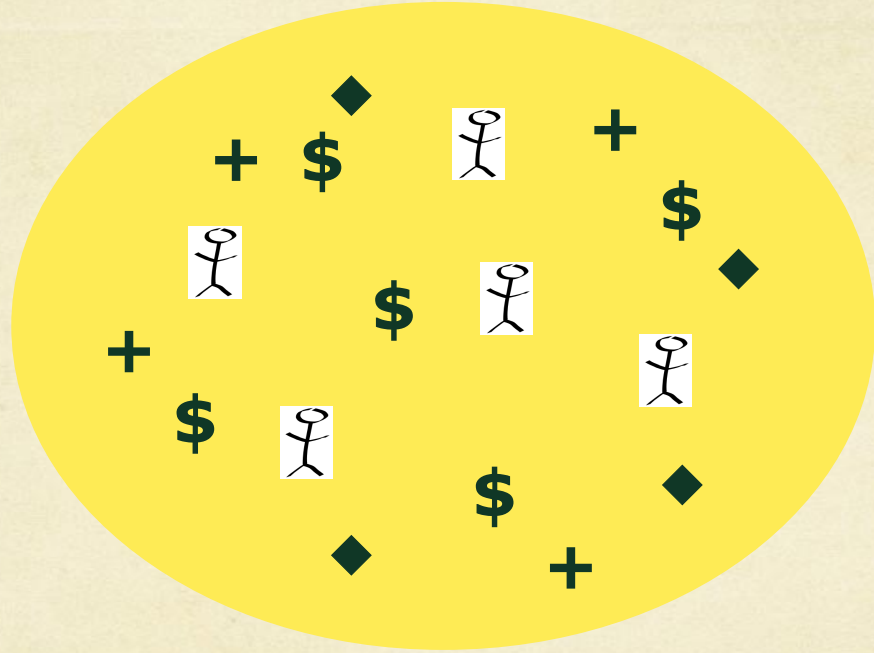
Urban land is valuable because of the amenities it has access to – because of what's around it. That's why you normally see land values highest at the urban core or other centers with lots of density.











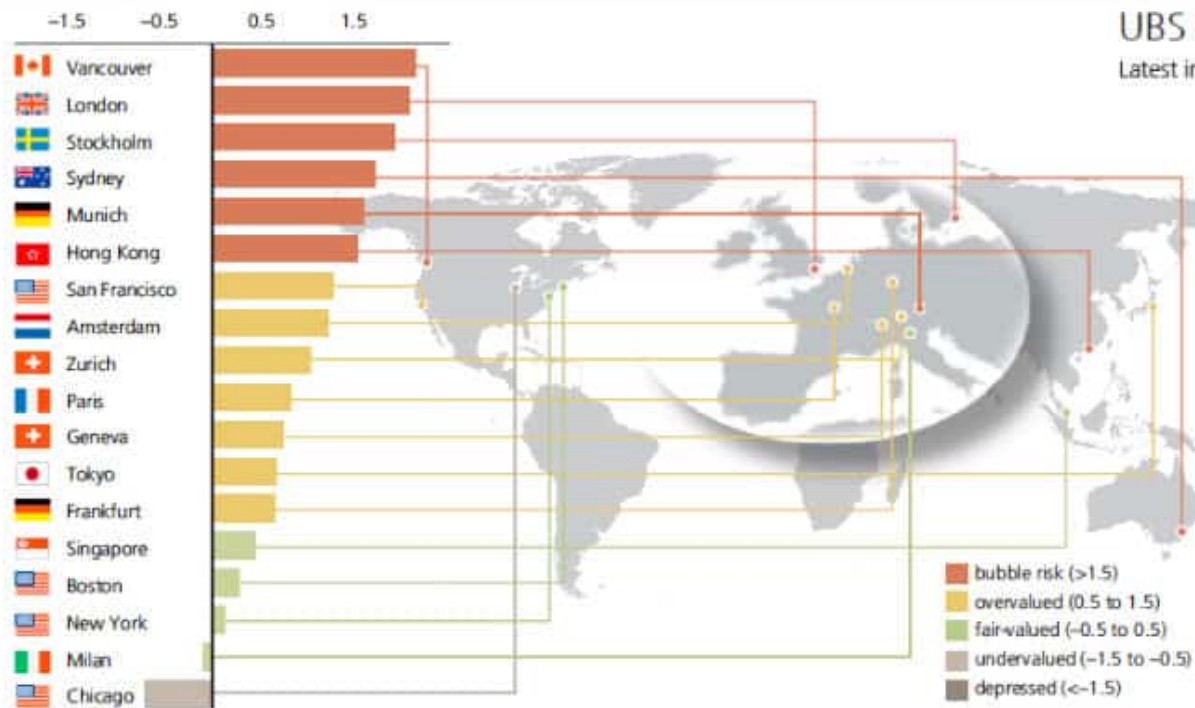
18 GLOBAL FINANCIAL CENTRES THAT COULD BE IN HOUSING BUBBLE

Vancouver is the world's riskiest market for housing bubble.

CEOWORLD
MAGAZINE

UBS Global Real Estate Bubble Index

Latest index scores for t



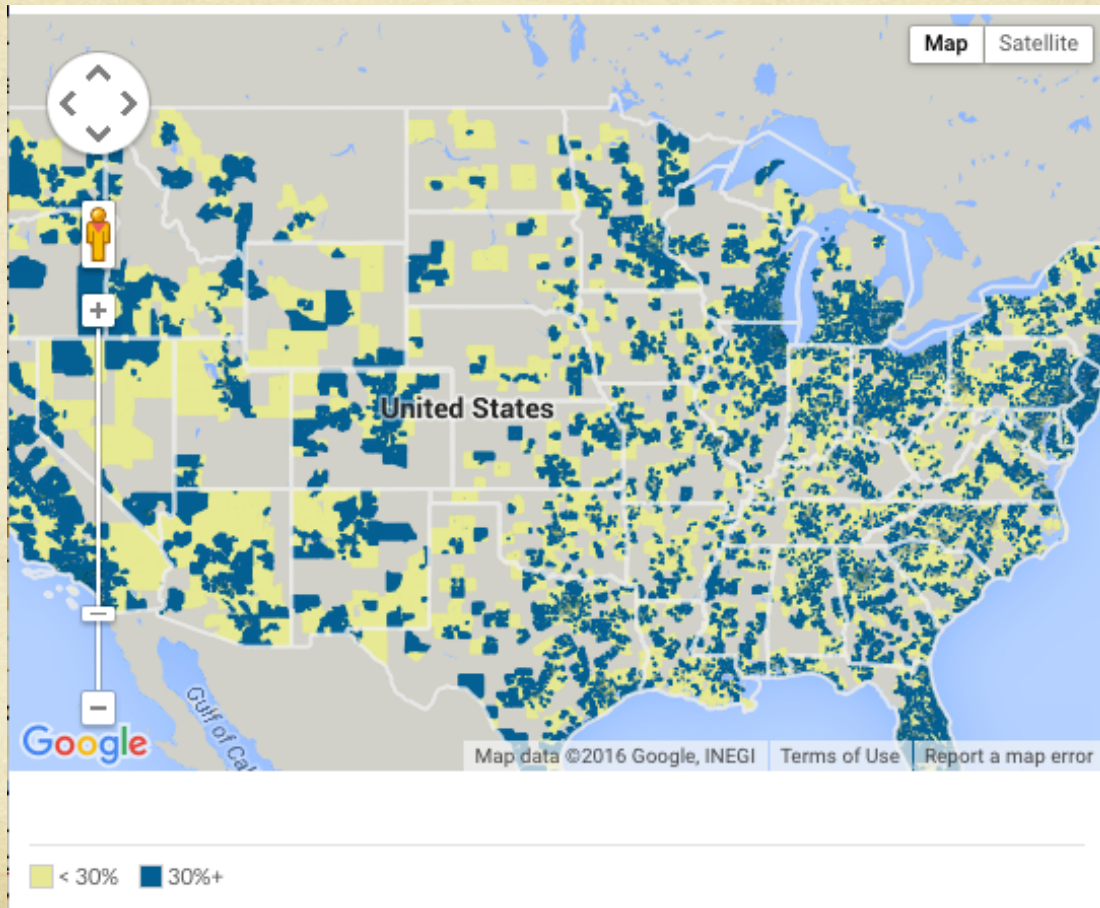
NAR 2019 FOREIGN BUYER PURCHASES WERE

\$77.9 BILLION*
APRIL 2018-MARCH 2019

CHINA	\$13.4 BILLION
CANADA	\$8.0 BILLION
INDIA	\$6.9 BILLION
UNITED KINGDOM	\$3.8 BILLION
MEXICO	\$2.3 BILLION

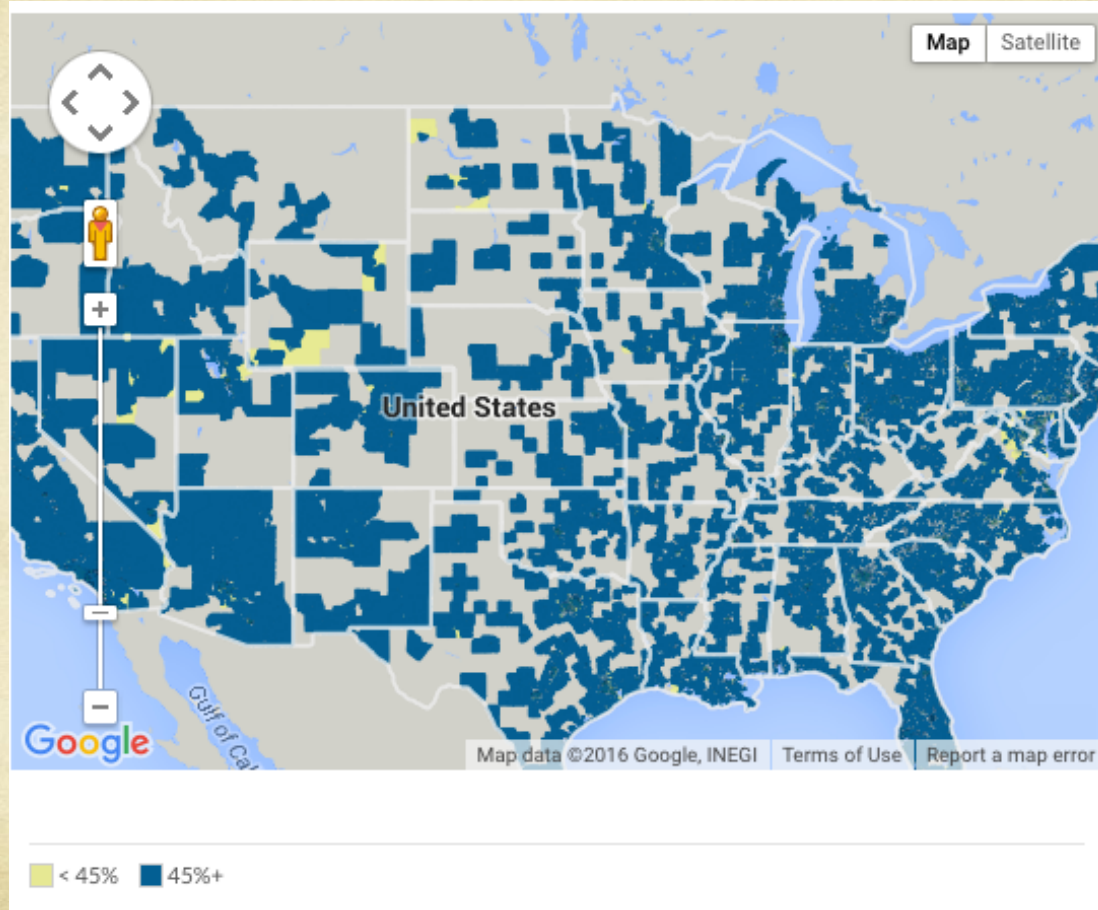
5% OF \$1.57 TRILLION
OF EXISTING-HOME SALES DURING
APRIL 2018-MARCH 2019.

And housing isn't the only
cost to consider . . .



Housing Costs

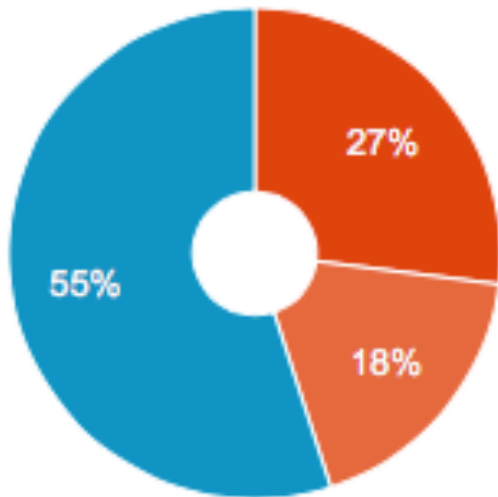
Affordable if
30% or less of
income



Housing + Transportation Costs

Affordable if
45% or less of
income

- Housing
- Transport...
- Remaining Income



H+T
45%



\$13,337

Annual Transportation Costs



1.79

Autos Per Household



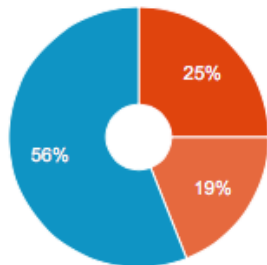
22,452

Average Household VMT

Example: Portsmouth NH

DOVER

- Housing
- Transport...
- Remaining Income



44%



\$13,933

Annual Transportation Costs



1.85

Autos Per Household



23,921

Average Household VMT



\$8,270

Annual Transportation Costs



1.05

Autos Per Household



12,867

Average Household VMT



\$12,211

Annual Transportation Costs



1.65

Autos Per Household



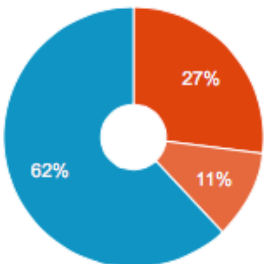
19,942

Average Household VMT

Costs vary geographically even within regions

BOSTON

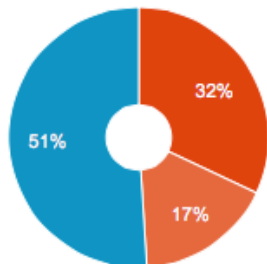
- Housing
- Transport...
- Remaining Income



38%

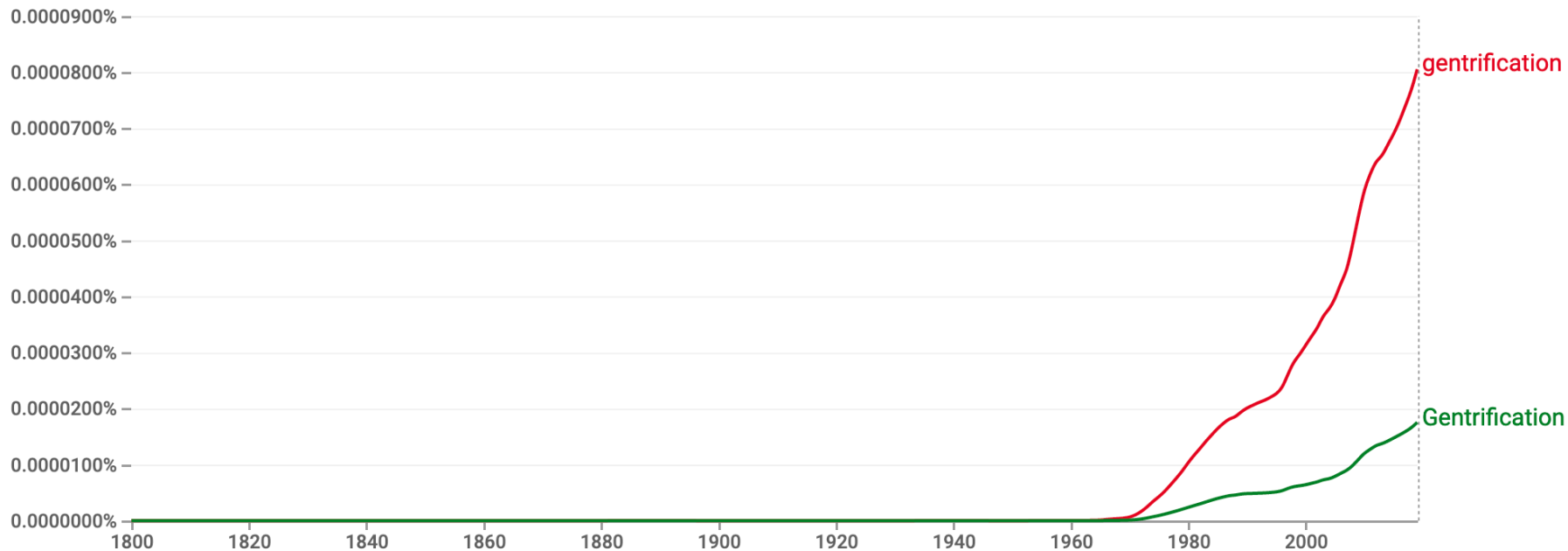
BOSTON MSA

- Housing
- Transport...
- Remaining Income



49%

**SO WHAT ABOUT
GENTRIFICATION?**



(click on line/label for focus, right click to expand/contract wildcards)

Search in Google Books

gentrification

>

1800 - 1987

1988 - 2014

2015 - 2016

2017 - 2018

2019

English (2019)

Merriam-Webster

a process in which a poor area (as of a city) experiences an influx of middle-class or wealthy people who renovate and rebuild homes and businesses and which often results in an increase in property values and the displacement of earlier, usually poorer residents

Strong Towns

1. Displacement
2. Development
3. Colonization
4. Economic integration
5. Hipster invasion, Disneyfication, suburbanization . . .

Dictionary.com

1. the buying and renovation of houses and stores in deteriorated urban neighborhoods by upper- or middle-income families or individuals, raising property values but often displacing low-income families and small businesses.
2. the process of conforming to an upper- or middle-class lifestyle, or of making a product, activity, etc., appealing to those with more affluent tastes

Changing demographics

Property investment

Rising property values

Displacement of existing residents

Changing culture

Changing demographics

Property investment

Rising property values

Displacement of existing residents

Changing culture

What about government investment?

Spaces of Conflict in Urban Revitalization



Society Hill in the 1950s

Early Society Hill



PHILADELPHIA

Girard College

EXPLANATION

- City
- Southwest
- Northern Liberties
- Kensington
- Moyamensing
- University City
- S.G.
- Spring Garden

EXPLANATION

- City
- Southwest
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- EXPLANATION of this WARD.
- Upper Delaware
 - Lower Delaware
 - Black Street
 - Chestnut
 - Walnut
 - Pine
 - New Market
 - Cedar
 - Locust
 - South
 - Market
 - North
 - South Mulberry
 - North Mulberry

The Wards in the Northern Liberties have their respective numbers.



- Cross
- Bureau of Relief
- State II. & Independence Sq.
- Arcade
- Theatre Chestnut St.
- Theatre Walnut St.
- Theatre Arch St.
- Market and Soc. Hall
- Academy of Music
- Philosophical Hall
- Pennsylvania Hospital
- County Prison
- Children's Asylum
- Kilmer's & Orphanage
- Deaf and dumb Inst.
- Dispensary
- University
- Jefferson College
- U.S. Mint

REFERENCES

- United States Bank
- Philadelphia Bank
- Pennsylvania Bank
- Bank of America
- Philadelphia Library
- United States Hotel
- City Hotel
- Italian Queen Hotel
- Quaker House
- Girard Bank
- Museum

- Masonic Hall
- Washington Hall
- Franklin Institute
- Sparks Shot Tower
- Jacks Shot Tower
- Swedes Church
- Christ Church
- St. Andrew's Church
- St. Stephen's Church
- Unitarian Church
- St. Ignace's Church
- St. Mary's Church
- First Presbyterian Ch.
- Second Baptist Church
- St. Peter's Church
- St. James Church
- Friends Meeting Houses
- Public Schools
- Exchange & Post Office

Scale of Feet.

500 1000 2000 3000

Institutions AND CONTEXT

Mother Bethel AME



Society Hill Synagogue





Gentrification as Process



- By civic “leaders”
- By government policies
- By markets and economic support
- Who lost?

**BUT WE SHOULDN'T
FORGET . . .**

Persistent, concentrated poverty is a more pervasive problem than gentrification

Cortright and Mahmoudi examine more than 16,000 census within ten miles of the central business districts of the 51 largest cities. Their key findings are:

- 1. High-poverty neighborhoods tripled between 1970 and 2010:** The number of census tracts considered “high-poverty” rose from around 1,100 in 1970 to 3,100 in 2010. Surprisingly, of these newly-impooverished areas, more than half were healthy neighborhoods in 1970, before descending into “high-poverty” status by 2010.
- 2. Poverty is persistent:** Two-thirds of the census tracts defined as “high-poverty” in 1970 (with greater than 30% of residents living below the poverty line), were still “high-poverty” areas in 2010.
- 3. Few high-poverty neighborhoods escape poverty:** Only about 9 percent of the census tracts that were “high-poverty” in 1970 rebounded to levels of poverty below the national average in 2010.

AFFORDABILITY TOOLS

Affordability Tools

Preserve what you have

Lower cost of production

Increase variety

Shield units from market pressure

Provide subsidies

Lower transportation costs

Lower cost of production

Remove/reduce minimum lot/unit sizes

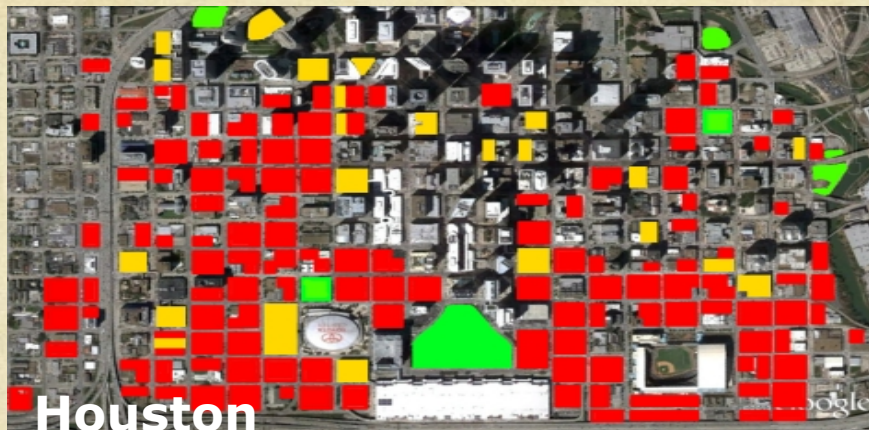
Remove/reduce parking requirements

Predictable approvals – more by right

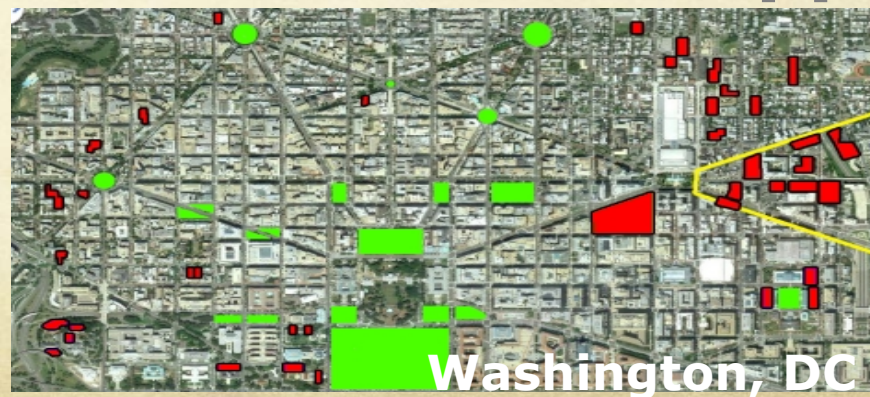
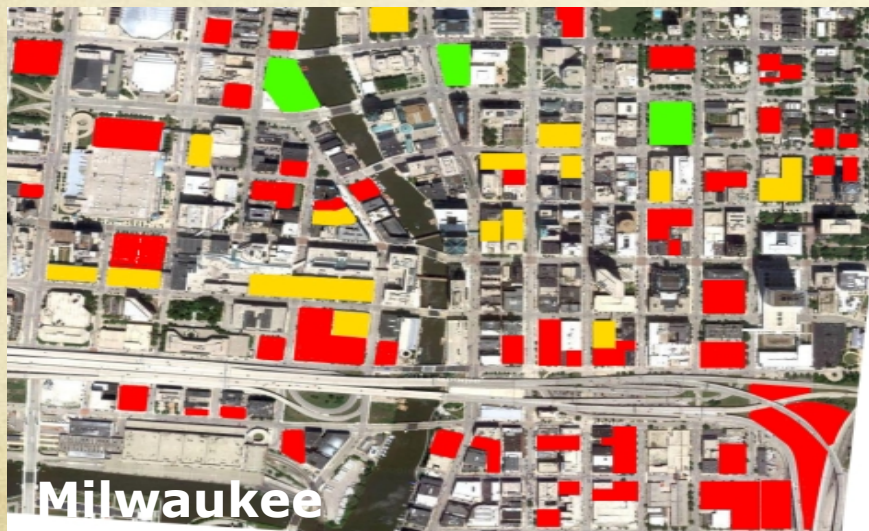
Timely approvals

Upzone to allow redevelopment at higher densities

Scale impact fees to square footage



65% parking
oversupply



Images: OldUrbanist.blogspot.com

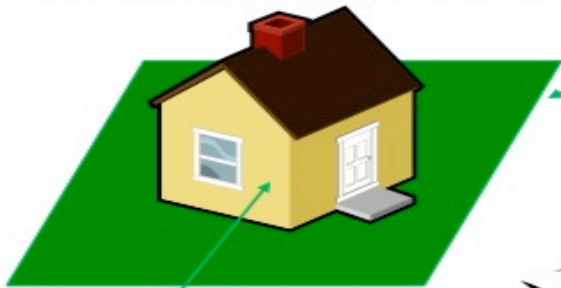
Increase Variety - The Missing Middle



Opticos Design

Shield units from market

Community Land Trusts: *How do they work?*



Buildings (residential or commercial) are owned by individuals. Because they pay only for the structure, and not the underlying land, purchasing the building is more affordable.

Land is owned by the Community Land Trust, which is governed by a non-profit board.



A 99-year ground lease between CLT and owner ensures owner-occupancy and responsible use and outlines fees paid to the CLT.

A resale formula built in to the ground lease is designed to keep homes affordable for subsequent buyers.



Lower transportation costs



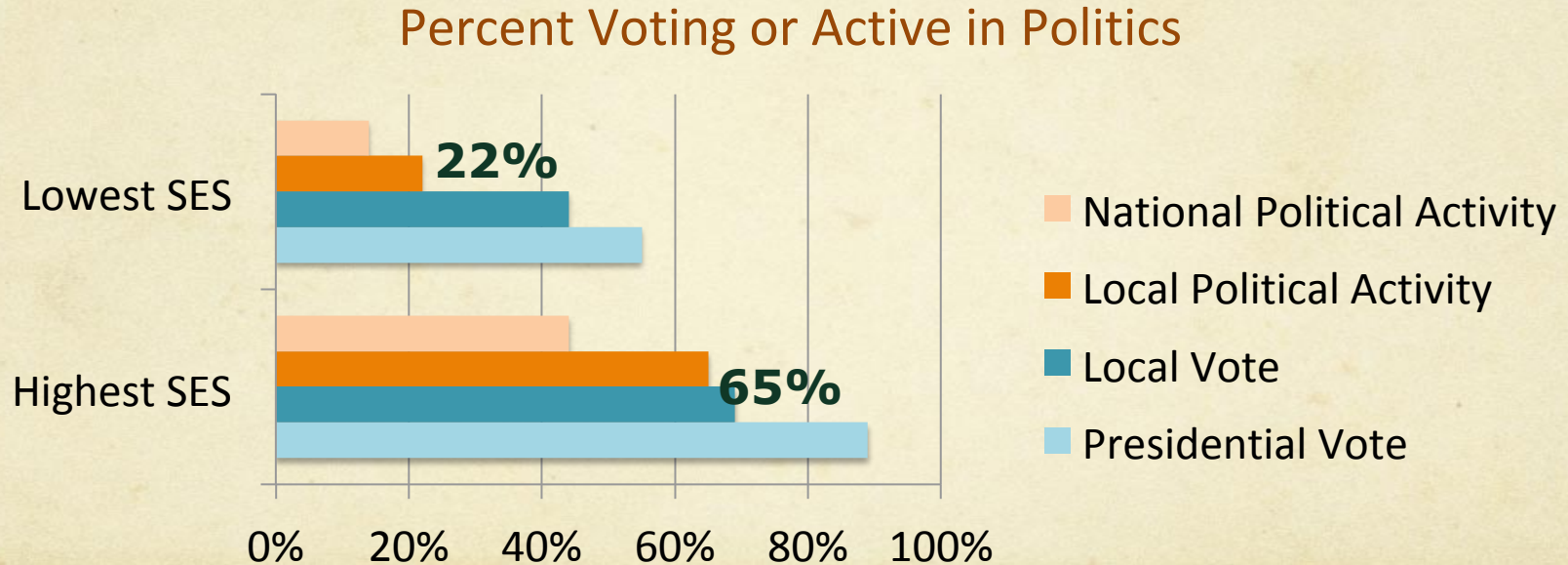
CLOSING THOUGHTS

Can politics bring this all together?



One Impediment

Political activity is deeply unequal



Source: 1990 Citizen Participation Study, as reported in *The Unheavenly Chorus*





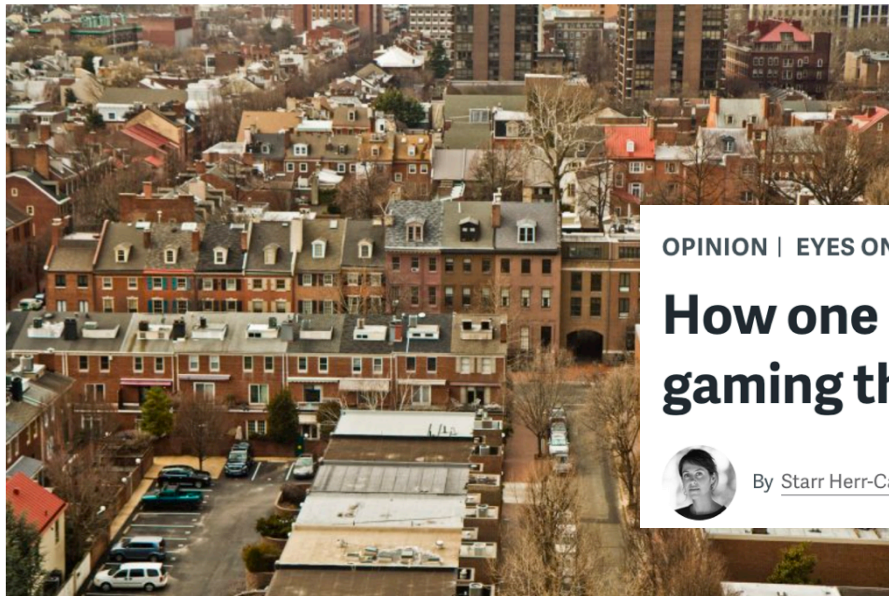


Placeworks.com

City Council approves bill allowing down zoning for Society Hill



By [Nina Feldman](#) · October 1, 2020



OPINION | EYES ON THE STREET

How one of Philly's richest neighborhoods is gaming the system



By [Starr Herr-Cardillo](#) · September 30, 2020

Gentrification . . .

is a process that involves both private and public capital

derives from decisions of individuals and groups of people

includes physical and cultural changes

may displace people

definitely affects individual lives, community bonds, and neighborhood character

But the answer can't just be to maintain disinvestment