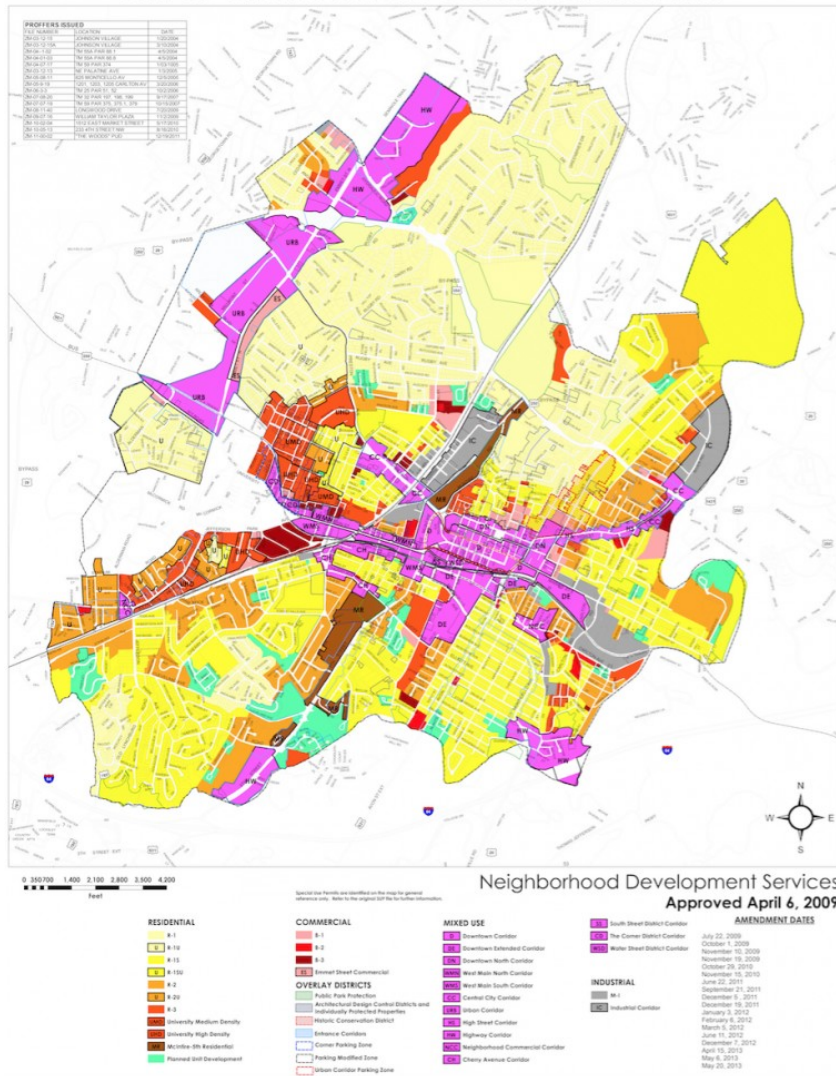


Gentrification in Charlottesville
 GIS for Public Policy Final Paper
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CITY OF CHARLOTTESVILLE ZONING DISTRICT MAP



DEFINING THE PROBLEM: GENTRIFICATION

Gentrification, the process of renovating housing districts to improve property values and target increased demand, thereby pushing out less affluent populations, is a controversial topic in policy and urban planning. The major drivers of gentrification are economic market forces. Demand side pressures for increased housing within central business districts and supply side pressures for the renovation of low-income housing neighborhoods contribute to gentrification. Analysis of housing values and median household income provides a good signal for identifying gentrification. In addition to these market forces, urban planning policies, zoning regulations, and social tensions are also drivers of gentrification.

Gentrification is rooted in movements from the 1950s, when racial issues, crime and poverty caused mass white flight from urban zones to suburban housing. The past thirty years, however, has seen a massive shift in the urban landscape. Demand for housing near city centers, specifically pushed by younger, white, affluent professionals, has increased. To meet this rising demand, urban housing zones are renovated and home values increase. As the cost of living in historically low-income, minority population neighborhoods increase, longtime residents are pushed out. Gentrification displaces residents due to high demand from more affluent homeowners and renters driving up the housing price.

With these increases in housing values and changing demographics, the local economy may also shift to meet demand. Those who bear the burden of gentrification are lower income, minority populations. Displacement harshly impacts the least advantaged and economically vulnerable populations, especially elderly, disabled, single-parent, and lower-educated households. In fact, a 2010 study found that residents with lower educational attainments have the highest rates of displacement, regardless of race.

ISSUE OVERVIEW: CHARLOTTESVILLE'S HOUSING CRISIS

Between 2010-2016, 1,530 new housing units were built in Charlottesville, but only 73 of these—fewer than 5 percent—are priced as affordable. Major developments include the Flats, the Uncommon, and the Standard which have led to further development of West Main Street. The developers had the choice to make a certain percent of their units “affordable” or pay into the Affordable Housing Fund that the city of Charlottesville uses to develop and subsidize affordable housing units. Each development paid between \$330,000-\$660,000 to the fund to avoid creating affordable units. “Affordable” means that a two-person family making \$52,650 a year or less could afford to rent it. In Charlottesville, 1,800 families—25 percent—make less than \$35,000 a year, according to the Orange Dot report released last year. For the past decade, the city of Charlottesville has set a goal to increase affordable housing to 15 percent- this goal has not been met, as less than 5 percent of housing is considered affordable.

These growing housing costs are driving the low-income, majority black population out of historically black neighborhoods: 10th and Page, Rose Hill, Starr Hill, Fifeville, and Ridge Street. The University of Virginia conducted a study on gentrification in Charlottesville from 2000-2010 to study displaced populations, average housing values, etc. They found that during this period, the black population decreased from 22.2 percent to 19.4 percent, while the city of Charlottesville population grew by 8.4 percent. Much of this growth is attributed to growing Asian and Hispanic populations that are moving into the University area as well as Fifeville, Belmont, and Fry Spring. The white population in Charlottesville remained relatively flat but dispersed more widely throughout the city limits. In 2010, only 10th and Page and Rose Hill remain more than 60 percent black. The study also found that during this period, the average home values within the city of Charlottesville doubled.

DATA GATHERED AND ANALYSIS

To perform the analysis on gentrification in Charlottesville we collected data from the US Census Bureau. In specific, the Tiger Line Data Census tract collections for 2006-2010 and 2012-2016 provided the necessary graphics and data to perform our graphical analysis. We created three sets of figures focused on Charlottesville City tracts that were comprised of data regarding racial characteristics, income, and housing valuations between the two periods of time.

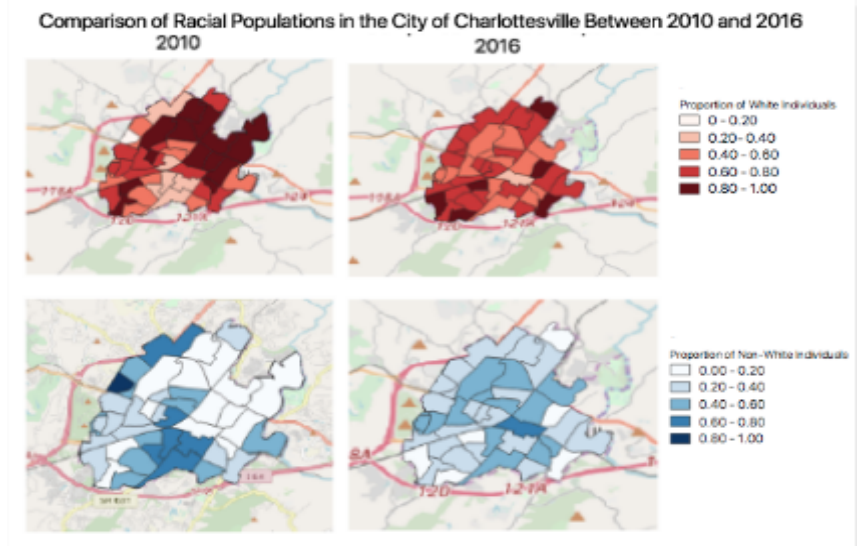
For the racial characteristic figures, we created two separate pools to display the change in demographics from 2010 to 2016. The population was split into two pools, white and non-white, to effectively display the demographic changes in this period

The income and housing valuation graphics were made using data for the chosen variable from each time period. For example, we looked at the median household income for each census tract in 2010 and 2016 and then created a variable that displayed the change in this value between the two periods. The same method was used when creating the graphic for median housing values for each census tract.

Our analysis could have benefitted from more data on racial characteristics, housing values, and incomes . Having to utilize the 4-year data tracts may have altered the outcomes of our research and displayed a message that could be misleading. In this case, data for each individual year, say 2010 and 2016, rather than the 4-year sets could have been more representative of the gentrification problem in Charlottesville. Another issue we ran into was the misalignment of the census tracts with the actual neighborhoods of Charlottesville. There were issues in trying to display the true effects of gentrification as tracts contained areas that had serious gentrification and others that were not affected, failing to display how significant the changes have been within our period of analysis.

Demographic Breakdown Map:

The graphic to the right displays the change in the demographics of Charlottesville City census tracts between 2010 and 2016. The left two graphics display the 2010 racial characteristics of the tracts while the right two figures display the 2016 values. The top row shows the proportion of white individuals in each tract while the bottom row mirrors this with the proportion of non-white individuals in each tract.

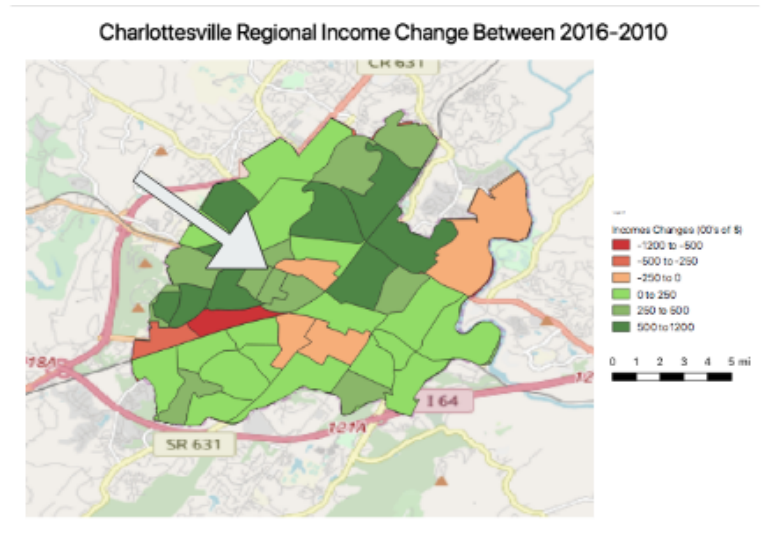


In 2010 we see that white individuals are largely concentrated in northeastern and southwestern Charlottesville. In 2016, the population of white individuals is much more spread out. We no longer see the concentration of white individuals in the northeastern part of Charlottesville, instead we found that white individuals are more evenly distributed through the Charlottesville City census tracts. The most drastic white population increases were found in the historically African American neighborhoods of southern and central Charlottesville.

Focusing on the non-white populations, we saw that the 2010 concentration of non-white individuals in south and central Charlottesville became more dispersed in 2016. The historic African American neighborhoods of Fifeville, Ridge Street, and 10th and Page that once had concentrations of non-white individuals up to 80% were now below 60%, and in some cases below 40%, proportion of non-white individuals. These demographic changes are a consequence of white individuals moving into these traditionally black areas, causing non-white individuals to move to other parts of the region. Often these non-white individuals are forced into the rural parts of Albemarle county or the neighborhoods along Charlottesville's city limits.

Income Map:

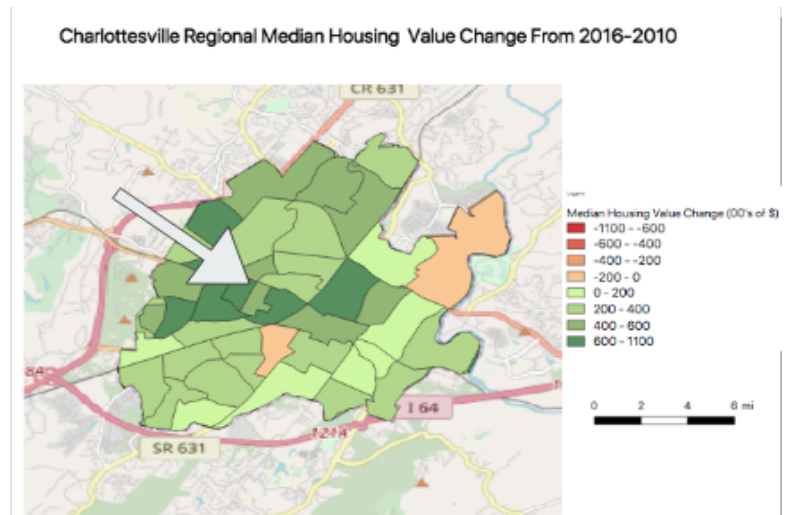
This map depicts change in median household income between 2010 and 2016. It communicates the increase in income across the city of Charlottesville, especially in traditionally African American low-income neighborhoods from 2010-2016. The arrow on the map points to two neighborhoods of interest, 10th and Page and Fifeville. In these two neighborhoods, we can see that the median income of the tract increased by up to \$500. In general, the largely green representation of the map shows how Charlottesville has largely experienced an increase in median income.



As affluent populations move in and African American populations are displaced, higher income people are buying up housing that has traditionally housed lower income residents. Median household income by census tract, coupled with housing value on the next map, is a good signal of gentrification.

Housing Value Map:

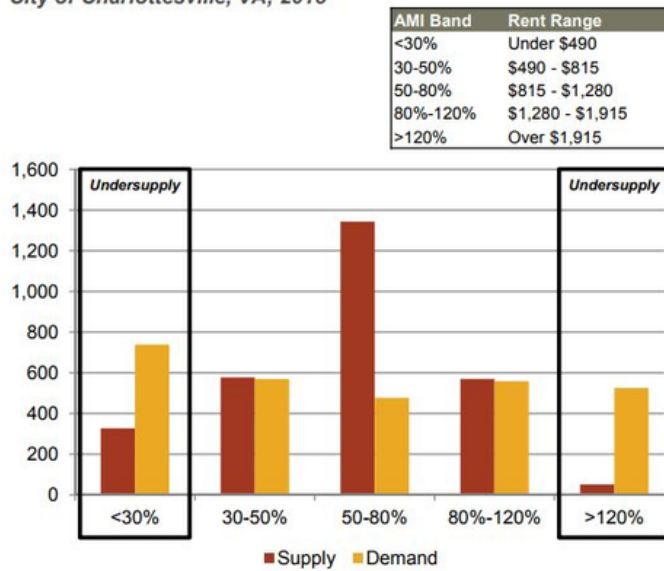
This map shows that housing values largely increased between 2010 and 2016 in Charlottesville. The most drastic increases occurred in Fifeville and 10th and Page, further displaying that gentrification is occurring in Charlottesville. Once again, we see the movement of white populations into these neighborhoods has increased the median income and median housing value. A consequence of these increases is that the supply of affordable housing in Charlottesville continues to decrease, and low-income individuals are driven out of the city.



POSSIBLE CAUSES OF THE ISSUE

This map-based analysis identifies two major drivers of Charlottesville’s current housing issues: the gentrification of historically African American and low income neighborhoods and the shortage of affordable housing caused by a trickle down effect. Both stem from increasing housing values due to neighborhood renovations-improvements, and a lack of affordable low-income housing.

**Supply-Demand Comparison of Rental Housing
City of Charlottesville, VA; 2015**



Gentrification drives housing values higher due to home improvement, new business development, and improved neighborhood infrastructure that increases neighborhood value. High-end apartment developments catering to students and University faculty, such as The Standard, The Flats and Uncommon, cause the neighborhood housing values to increase significantly. This new development, coupled with higher-income families moving to existing homes in traditionally low-income African American neighborhoods, increases housing value. Neighborhood value increases lead to

more businesses, infrastructure like better lighting and sidewalks that increase the overall cost of living in previously affordable areas. These improvements are driven by the increasing income and willingness to pay of the newer residents. Push factors such as higher costs, changing social dynamics, and demographic shifts, force the displacement of traditional residents. The negative impacts of their displacement is worsened by a lack of available, affordable housing.

The transformation of Charlottesville’s housing market is driven by a trickle down effect. As Charlottesville’s students and middle income earners buy or rent affordable and subsidized homes, they create a wedge in the market. Because they are buying or renting at prices lower than they can feasibly afford-- typically in affordable neighborhoods like Rose Hill, Fifeville or 10th and Page-- they push lower income consumers out of the housing market. This wedge leads leads to lower supplies of housing for the city’s lowest income groups. The lowest income earners cannot afford homes in newly gentrified neighborhoods and are segregated to affordable housing developments. As the above graph shows, there is a significant undersupply of available affordable housing for the Average Monthly Income (AMI) band of less than \$490 per month. This undersupply of lower-priced housing and oversupply of upper-to-middle income level

housing is a symptom of the overall trickle down effect. This cycle is caused by high-income residents buying up housing supply that would normally be utilized by lower-income levels

RECOMMENDATIONS

Based on our research of the dual-problem of both gentrification causing increased housing values and the trickle down effect of low overall housing supply that have together reduced the supply of affordable housing in Charlottesville for low-income and minority groups, we lay out the following potential recommendations.

Recommendation One: Addressing the availability of affordable housing in Charlottesville through inclusionary zoning (i.e. form based zoning codes), and lowering construction costs. Inclusionary zoning reduces the up-front costs and time-constraints to developers. This change allows them to build more units and go through much less “red tape” in order to develop. Currently, laws around rezoning in Charlottesville pushed developers to stop their plans to rezone, as it would be more costly than the loss of potential income from new units. This plan would address the issue of the low supply of all housing in Charlottesville, so we hope it would reduce the housing crisis by targeting the trickle down effect. It will not directly increase affordable housing, but as people move to newer developments, they will free up affordable housing. The major issues we see with this, is that with fewer zoning laws, Charlottesville has less control of its rapid development, it is an indirect approach at the low supply of low-income housing, and it may promote segregation. As higher income people leave low-income areas for developments, these areas will remain segregated and thus may have fewer resources.

Recommendation Two: Revise requirements for new developments: a certain percentage of residential units must satisfy affordable housing standards *or* developers must pay a lump-sum fee into the city’s affordable housing fund. We believe the current fee is not set high enough to offset costs borne by lower income residents, as all three of the major housing developments on West Main easily paid the fee without creating more affordable units. We hope by raising the fee, some developments will actually choose to make some units affordable. This would help reduce the segregation of low-income groups and give them access to better resources within the wealthier, more developed areas of Charlottesville. If not, then a higher fee will open up more funds for the City of Charlottesville to create and subsidize affordable units to those in need. Since the city has continuously failed to increase affordable housing to their goal of 15 percent, we hope that increased funding will help create more incentive to increase affordable housing. The major drawback to this is that an increased fee may deter new development.

Recommendation Three: Community land trust model: implemented in urban zones including Philadelphia and Baltimore. NGOs or city-owned land becomes a rent-control, grounded housing so that prices remain affordable despite changes in surrounding values. This protects these homes from further gentrification because the cost remains the same for a long-term lease of about 75

years. This solution directly increases affordable housing, but the land trust model may promote segregation of low-income people into certain areas, as well as create a lack of flexibility for the city and for NGOs to take advantage of the property due to long-term leases.

Recommendation Four: **Encourage Private Property Owners to rent at below market value through subsidies.** Through this recommendation, the city would use funds from the Affordable Housing Fund to subsidize homeowners who rent their properties at below market value to low-income and minority groups. This solution would utilize the funds that have been sitting for many years and would directly increase the low-income housing supply. The possible drawbacks include segregation of low-income renters, a lack of ownership for these properties for the owners, and landlords with less incentive to keep the housing up to code and to decrease value on a home due to lack of competition for higher income renters.

We advise action on some combination of these recommendations due to the dual issue of overall lack of supply of housing as well as lack of supply of affordable housing. The city of Charlottesville is currently looking into rewriting the zoning laws for inclusionary zoning, but we believe this is not the only solution, as it would increase housing supply, but does not directly increase low-income housing. The city could look into mandating a certain percentage of units to be affordable due to decreased zoning and pre-construction costs, or to complement the decrease in zoning costs by increasing the fee to the Affordable Housing Fund to directly address the supply of low-income housing.

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