An Examination of the Socio-Economic and Cultural Implications of Gentrification on Global Superstar Cities Using Case Studies from New York and San Francisco

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Abstract. Challenges have struck cities throughout human history, from natural disasters to large scale revolts. Though new challenges are emerging in par with the rise of digital technology that spurred international migration. Gentrification, an increasingly prevalent phenomenon combated by superstar cities, shined a spotlight to countless contemporary urban planners from around the world. Through influencing the housing market, gentrification has exacerbated spatial and income inequalities over time. Given its detrimental nature on lower wealth groups, this paper explores the socio-economic and cultural implications of gentrification based on San Francisco and New York. The study conducted by Mujahid et al in 2019, The Freeman Method combined with the American Community Survey one-year estimates in 2022 is used to examine quantitative changes in San Francisco neighborhoods from 2000 to 2013. On the study of New York, Sutton in 2020 collected quantitative data from Brown University, the American Community Survey from 2006 to 2010, and the US census data from 1970 to 2010. Similarly, Chronopoulos in 2020 borrowed quantitative data from the American Community Survey Five-Year data from 2009 to 2018 and the U.S census surveys from 1940 to 2000. Overall, examining gentrifications from two American superstar cities elucidates that gentrification not only diminishes cultural diversity, but also exacerbates inequalities from income, wealth, to racial.

Keywords: Gentrification, Displacement, Renewal.

1 Introduction

1.1 Gentrification as an enigma in cities

Throughout human history, the transfer of wisdom and ideas through close proximity has always occurred in cities, from Ancient Athens to the industrial powerhouse of Nagasaki. Though as the transition from an egalitarian economy to capitalism has become more evident over time, contemporary cities are starting to experience gentrification, an urban phenomenon that plays a vital role in influencing cities through social-economic and cultural dimensions. It is characterized as the revamping of impoverished, fading communities involving the process of replacing the poor with the wealthy [1]. This theory has become more problematic as international immigration surged in

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recent decades, for instance in London and Boston, and has spurred controversies on how gentrification shape contemporary superstar cities, as well as leads to socio-economic and cultural challenges on a national and individual level. While the current literature mainly focuses on the economic consequences of gentrification, little research delves into how it shapes the culture dynamics of superstar cities and the potential solutions. Therefore, through a comparative analysis of San Francisco and New York, this study explores the extent to which gentrification can engender socio-economic and cultural polarization. It aims to think about new policies that could mitigate the predicaments faced by displaced low-income households, harnessing sustainable urban growth in global superstar cities.

1.2 Literature Review

There is a rich scholarship on gentrification across time and space, although it focuses predominantly on the phenomenon's economic dimension. Scholars like Brown-Saracino, Papachristos et al, Mahasin et al, Freeman, and Braconi argue that gentrification brings positive impacts on cities. One view by Brown-Saracino and Papachristos et al is that gentrification spurs the provision of new amenities and investments in designated areas, leading to urban renewal [2, 3]. Likewise, Mahasin et al argue that the influx of the wealthy increases tax revenue collected by national governments, allowing more frequent governmental interventions to trigger economic growth [4], though more skeptical perspectives from Freeman and Braconi mark economic growth with the condition that the displacement of the locals does not occur [5, 6]. On the other side of the spectrum, critics of those views, including Lees et al, Newman, Wyly, and Slater frame gentrification as disruptive to the collectivist nature of communities, a key factor to exacerbating income inequalities [7-9]. After a thorough discussion on the diverse viewpoints, this essay embarks to expounding the rationale behind the chosen theoretical framework.

1.3 Theoretical Framework

This comparative study employs the cultural economy theory to explain how the attractiveness of cities is defined by their cutting-edge technologies, amenities, and new forms of artistic expression. These cultural and technological elements are what lure foreign investors into urbanized city districts, serving to bring people and ideas together, leading to the creation of new innovations as well as an opportunity to promote interfirm communications. Through the examples San Francisco and New York, this study aims to borrow the 'cultural economy theory' to identify the root causes of gentrification and their consequences. This paper argues that gentrification starkly undermines cultural diversity as well as the income of low and middle wealth households in global superstar cities.

2 Methods and Results

2.1 San Francisco

The coastal city of San Francisco, ranked as one of the most populated cities in the United States, is a technological stronghold that specializes in a variety of technologies, such as developing social media apps like Google. New technological breakthroughs became noticeable by 2008 as world-renowned firms affiliated with Google, Apple, Facebook, etc, were primarily established in Silicon Valley, bringing many outsiders into the city [10]. This was particularly attractive to outsiders because those firms offered workers exorbitant wages, which drove up real-estate prices surpassing 1 billion American dollars [11]. Surging housing prices weighed heavily upon the shoulders of low-income families as affordability became an issue, leading to a large-scale population moving to other districts or even to other global cities. Besides that, eye-catching landmarks such as the Golden Gate Bridge draw a plethora of international visitors every year to enjoy the cultural richness of the city. Given that large-scale immigration proliferates as time progresses, San Francisco is now notorious for poverty driven by gentrification [10]. To assess the socio-economic and cultural implications of gentrification, Mahasin et al employs The Freeman Method based on the U.S census data from 2000 to 2013 to classify the 1580 neighborhoods in the San Francisco Bay area into either gentrifying, non-gentrifying, or excluded, depending on various circumstances [4]. For neighborhoods to be gentrifying, the following conditions must be met: the data must suggest that income levels are lower than the average income of urbanized areas in the San Francisco Bay area, and more than half of the census blocks should fall into the category of urban for each tract [4]. Conversely, non-gentrifying neighborhoods fail to satisfy at least one of the conditions, while the remaining are excluded from this study due to economic factors [4]. The results indicate that 97 neighborhoods are gentrifying, 92 are non-gentrifying, and the rest are excluded [4]. Furthermore, this essay presents the distribution of real estate prices in San Francisco by using quantitative data from the American Community Survey one-year estimates in 2022 derived from the U.S Census Bureau. The rationale behind this is that housing prices in San Francisco manifest the predicaments faced by the displaced low-income households, which would be further elaborated upon.

Table 1. Shifts in demographic variables in San Francisco Bay Region from 2000 to 2013 [4].

	Gentrifying	**Non-gentrifying**
Total Population (2013)	363,446	384,152
Average annual income of inhabitants (2013)	$48,774	$39,078
Change in average household earnings (2000 - 2013)	4%	-11%
Changes in proportion of low-earning households (2000-2013)	-9%	3%
Proportion of non-white population (2013)	67%	75%
Changes in the proportion of the non-white population (2000 - 2013)	-4%	7%

Based on table 1, the findings from the Freeman model show that the average income of an inhabitant in gentrifying neighborhoods was $48,774 in 2013, while that value was $39,078 for non-gentrifying neighborhoods [4]. From 2000 to 2013, the average income of families rose by 4% in gentrifying neighborhoods, which declined by 11% in non-gentrifying neighborhoods, and those gentrifying neighborhoods reported an average decrease of 9% in the proportion of low-income families, which on average increased by 3% in non-gentrifying neighborhoods [4]. Embarking from income changes to demographic shifts, in 2013, the non-white population was 67% and 75% in gentrifying and non-gentrifying neighborhoods on average, respectively [4]. From 2000 to 2013, the non-white population in gentrifying neighborhoods dropped by 4%, whilst non-gentrifying neighborhoods have witnessed a surge by 7% [4].

In addition, the Freeman method discovered that neighborhoods in the central and southern regions of the San Francisco Bay Area are "primarily categorized as "stable", indicating consistent socio-economic and cultural conditions [4]. The "excluded" neighborhoods are found sporadically across the study area, concentrated at regions that tend to be more inland, suggesting these regions may be marginalized or overlooked in terms of development [4]. Conversely, neighborhoods tagged as "gentrifying" cluster at the north-east and are sporadically present going southwards, reflecting ongoing development and transformation, likely due to increased investment and infrastructural enhancements [4]. This categorization helps identify the different dynamics within the San Francisco Bay Area, each with its unique set of challenges and opportunities.

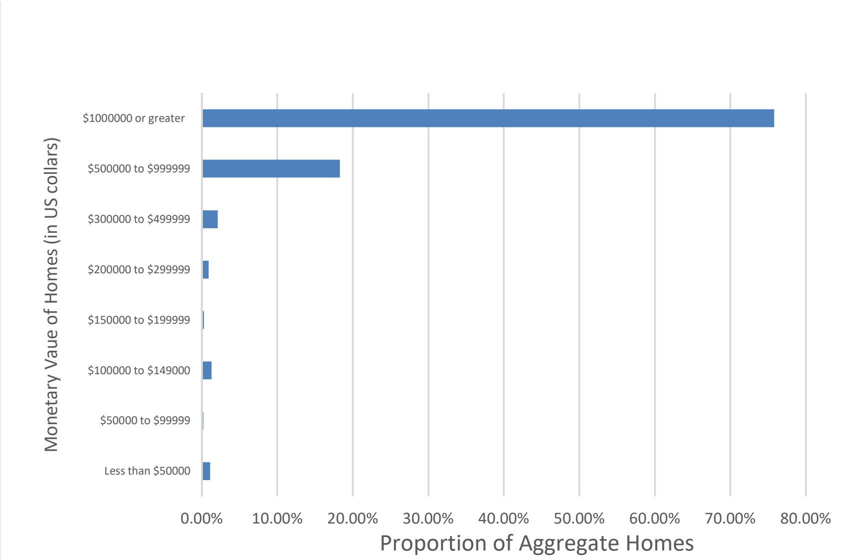

Fig 1: A graphical representation of the distribution of real estate prices in 2020 within the San Francisco County [12].

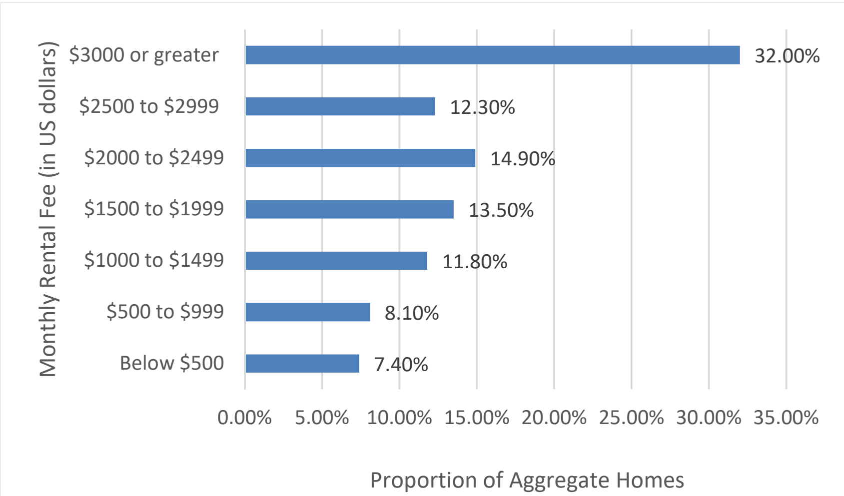

Fig 2: The monthly rental cost of all San Francisco homes represented using a bar graph [11, 12].

According to figure 1, more than three fourths of homes in San Francisco cost $1,000,000 or more, while 1.1% of homes are below $50,000 [12]. Only 0.2% of homes falls within the range of $50,000 to $99,999, the lowest percentage out of all the cost ranges, and more than 90% of homes are at least $500,000 in the study area [12]. From home prices ranging from $100,000 to $149,999, $150,000 to $199,999, and $200,000 to $299,999, their percentages are 1.3%, 0.3%, and 0.9$ respectively [12]. In addition, it can be seen in Figure 2 that 7.4% of the monthly rental fee of 7.4% of homes are below $500: however, 32% of homes costs $3,000 to rent [12]. Further, the monthly rental fee from $1,000 to $2,999 make up for 52.5% of homes in San Francisco [12]. Lastly, homes with monthly rental fees of $1,000 to $1,499, $1,500 to $1,999, and $2,000 to $2,499 take up 11.8%, 13.5%, 14.9% of all homes respectively [12].

2.2 New York

Similarly, the financial hub of New York stands as one of the most multicultural cities globally, housing various ethnic groups, from Caucasians to Hispanics, Asians to African Americans. Whether examining the vibrancy of urban life from cultural, economic, or political angles, New York epitomizes an innovative spirit in city planning and cultural development. The abundance of services and creative energy unites global residents closely to make it their home, driving the exchange of knowledge at high efficiency. Nevertheless, gentrification has been a persistent issue across different eras, with the earliest signs appearing in 1827 when an African American group established Seneca Village, which served as a religious center attracting mainly middle and lower-income Black individuals to participate in cultural activities, including rituals and weddings [13]. By 1857, the New York City Council demolished the village with the replacement of Central Park, providing rich amenities for the wealthy white class [13-15]. These lines indicate that state-led gentrification that exacerbated racial segregation has been a concern in cities long in the past, stressing the need to take immediate action.

This paper examines gentrification in New York from a contemporary perspective as there is an abundance of quantitative data available from previous scholarships. Currently, the ubiquity nature of gentrification hits neighborhoods even with low gentrifying potential [16-18], suggesting that by examining gentrification from a contemporary perspective, there is a greater abundance of quantitative data available to analyze. Therefore, this paper explores gentrification in Northwest Brooklyn using a study conducted by Chronopoulos, which digs out the socio-economic and cultural implications by focusing on the changing African American demographics from 1940 to 2018. Black and Latino communities are amongst the most susceptible to gentrification as the wealthy tend to more there [19], exacerbating ethno-racial inequalities through both monetary and spatial means. As Chronopoulos borrowed quantitative data from the American Community Survey Five-Year data from 2009 to 2018 followed by U.S census surveys from 1940 to 2000, the findings expose the demographic changes of Brooklyn over time [20].

A geographic illustration unveils the distribution of the Black population in Brooklyn, according to the U.S. Census data from 2000 [20]. It uses a color-coded system to represent different percentage ranges of the Black population: areas in red indicate tracts where less than 25% of the population is Black, orange denotes areas with 25% to 50%, green represents areas with 50% to 75%, and blue indicates areas where more than 75% of the population is Black [20]. This illustration highlights a significant concentration of the Black population in what is labeled as "Black Brooklyn," covering central to eastern Brooklyn, where the blue and green colors predominate. In contrast, regions like West Brooklyn and parts of North Brooklyn primarily exhibit red and orange hues, indicating a lower percentage of Black residents. Therefore, Chronopoulos chose Brooklyn as the study area, focusing on the Northwest region since ethnic demographic shifts were drastic from 2000 to 2018, and that most neighborhood blocks have more than 50% of the population as African Americans in 2000 [20]. The region is also dubbed as “Northwest Black Brooklyn” to highlight the large proportion of African Americans that reside there [20]. Conclusively, a spatial illustration provides a clear visual representation of the demographic makeup in different parts of Brooklyn as of the year 2000.

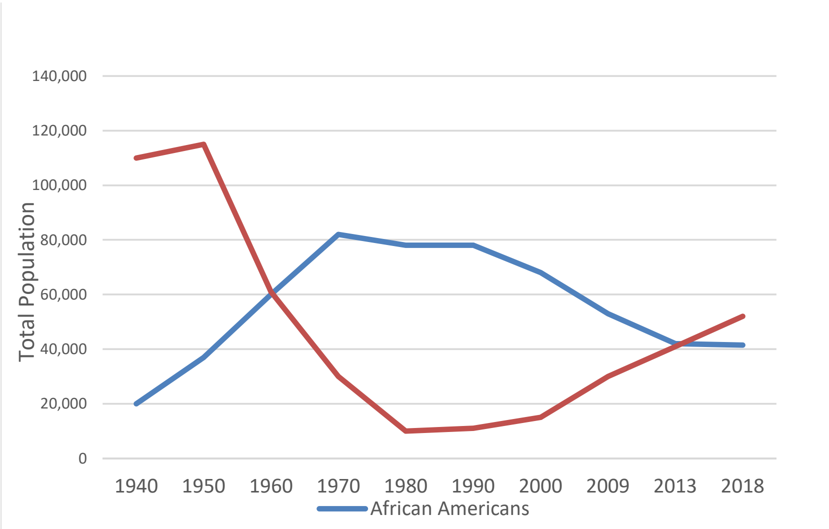

Fig 3: A statistical representation of Whites and African Americans inhabitants in the northwest region of Brooklyn over time [20].

Using the American community and U.S census surveys to scrutinize demographic changes in the northwest region of Brooklyn, the findings from figure 3 show that about 110,000 Whites lived in Northwest Black Brooklyn in 1940, reaching the historical high point in approximately 1950 before a continual drop until 1980 [20]. By 1980, the White population plummeted to the historically low point of around 10,000 before seeing an increase in the upcoming years, while the African American population bordered 80,000 [20]. From 2013 onwards, the White population surpassed the African American population, becoming the dominant ethnic group in population within Northwest Brooklyn [20]; the white population is roughly 2.5 times greater than Asians, and approximately 1.5 times greater than Latinos [20].

3 Discussion

The comparative analysis on San Francisco and New York unveils that gentrification jeopardizes cultural richness and exacerbates income disparities in large Superstar cities around the world.

First, gentrification exacerbates income disparities along with widening ethno-racial inequalities in cities. By borrowing Mujahid et al and Chronopoulos analysis on San Francisco, the results indicate that gentrifying neighborhoods are seeing an increase in the average income of households as well as a decline in the proportion of low-income households over time. This inverse relationship suggests that a larger proportion of those moving into the impoverished, gentrifying neighborhoods are groups in wealthier income backets, driving the displaced populace to be predominantly poor households. This process leads to urban renewal, uplifting economic prosperity in gentrifying communities by creating new jobs activities and amenities [1]. Since the attractive nature of superstar cites lures greater immigration than emigration, there would be a shortage in the supply of housing unless new homes are constructed rapidly to meet outsider demand. To raise profits, homeowners are incentivized to commit in price gouging, selling or renting their homes to the highest bidder in the market, rendering it disadvantageous for poor families to find affordable housing. Data from San Francisco according to the American Community survey proves that as of 2020, more than 90% of homes are sold for at least $500,000 or higher [12]. Given a scarcity in affordable housing, many poor displaced households are forced to migrate either internally or externally, exerting additional financial pressure on them as depending on the location of resettlement, changing jobs, travel expenditures, and more expensive housing are plausible challenges. However, Qiang et al argues that depending on housing location, some may have more employment options than others within reasonable commuting distance [21]. To recapitulate, the unpredictable series of challenges encountered by the displaced poor shown by Chronopoulos' study on Northwest Black Brooklyn weigh heavily on the shoulders of ethnic minorities such as African Americans, serving as a key element in exacerbating income inequalities from ethnic dimensions as well.

Second, studies from Mujahid et al show that from 2000 to 2013, the proportion of non-whites decreased by 4% in gentrifying neighborhoods which saw an increase in non-gentrifying neighborhoods by 7%. Further, Chronopoulos' study revealed that the highly gentrifying region of Northwest Black Brooklyn, with a larger proportion of African Americans until 2013, is now dominated by Whites. This highlights the idea that ethno-racial demographics are becoming increasing homogeneous in gentrifying neighborhoods, leading to worsening residential segregation between Whites and ethnic minorities, thereby diminishing cross-cultural communications and collaborations. As the erosion of unique traditions and perspectives decline, cultural practices from the Whites become more dominant as they possess more wealth and resources, on average, to perform rituals, ceremonies, worships, etc. Therefore, cultural homogeneity is cities is imminent, in which plays a role in mitigating gentrification through natural means because the place becomes less attractive to outsiders and foreign investors [22]. However, other scholars like Ben, Franklin, and Roger propose alternative explanations on the aftermath of cultural homogeneity in cities. Ben, a professor on criminal justice, takes the stance that residential segregation between Whites from the Blacks and Hispanic population is interlinked with a surging likelihood of those ethnic minorities committing criminal acts, such as genocide using a comparative analysis of New York and California [23]. However, other investigations from Frankin and Roger show that neighborhoods with a lower ethnic diversity are usually linked to substandard homes and the inhabitants there are less able to reach out to local services [24], highlighting the socio-economic consequences weighed heavily upon individual households.

4 Conclusion

The comparison between San Francisco and New York suggests that the rise of gentrification in major global cities leads to significant challenges, including cultural uniformity, ethnic and racial disparities, and widening income gaps. A uniform culture could reduce a city's appeal to visitors, leading to a drop in tourism, international investments, and new immigrants. These studies suggest that low-income earners are more vulnerable to gentrification-led displacement, leading to a paucity of affordable housing on the market in many superstar cities. Considering the detrimental nature of gentrification on the locals of poverty-stricken neighborhoods, it is recommended that interventionalist policies from a municipal or national level should be enacted to mitigate the plights of low-income households. The focal point when implementing policies is to promote housing affordability and accessibility to low-income households as to prevent homelessness. In 2020, rent caps were imposed in Berlin to prevent homeowners from charging a monthly rental fee above a certain level by punishing violators with fines, though a minority are still able to circumvent the law. Similarly, inclusionary zoning refers to the process where local governments construct cheap homes that can only be bought by low-income or medium-income earners. However, using this policy in New York has been financially burdensome to governments because constructing an additional home cost around 1.6 million dollars, much more costly than alternative methods.

Conclusively, this study advances knowledge in urban studies by providing a holistic overview of the implications of gentrification from cultural to socioeconomical dimensions, ending with a suggestion of interventionalist strategies to mitigate displacement while promoting urban renewal in gentrifying neighborhoods. Nevertheless, l argue that future research should embrace the latest disrupters of cities: the coronavirus pandemic and smart city technologies. The coronavirus has increased individual dependency on remote learning and working as it is ought to be more convenient, projecting a shift from traditional understandings that cities are a place for physical interactions. Based on Allmendinger’s book the forgotten city, trends observed from post-pandemic cities indicate that more married couples are moving away from cities into suburban areas, while more younger people are becoming city dwellers to seek employment. While immigration and the scale of gentrification are variables that are closely knit together, the pandemic has influenced the movement of the wealthy both internationally, nationally, and regionally. As a result, future research should delve into examining the implications of gentrification in post-pandemic cities followed by a reassessment of whether policies used in the past are still effective moving forwards.

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