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# Does Gentrification Increase Employment Opportunities in Low-Income Neighborhoods?

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# Is gentrification good or bad?

- Gentrification is a challenge and an opportunity
- One of the biggest concerns with gentrification is displacement
- Empirical evidence does not generally support this
- Therefore, residents do often get to stay → BUT do they benefit from localized investments?

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# Research questions

- ❑ Does gentrification increase local employment opportunities?
- ❑ Do incumbent residents benefit from these employment opportunities?

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# Why would local employment increase?

- In-movers change neighbor composition → increased exposure to more educated and more networked residents
  - Economic change brings new businesses who will hire locally → increased opportunity for localized jobs and more immediate information on jobs
- Increased localized hiring

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# Why would local employment decrease?

- New businesses more productively use the space (than what was there previously) requiring more skills than what are available locally
- New businesses have broader hiring networks
- Discrimination

→ Decreased localized hiring

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# What we know so far

- Economic change brings new retail businesses (Meltzer and Schuetz 2012; Schuetz, Kolko and Meltzer 2012; Chapple and Jacobus 2009; Zukin et. al. 2009)
- Gentrification is associated with industrial restructuring (Lester & Hartley 2014; Curran 2004)
- People move towards jobs (Kolko 2009)
- *No study to date tests whether or not new jobs go to local residents.*

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# Data

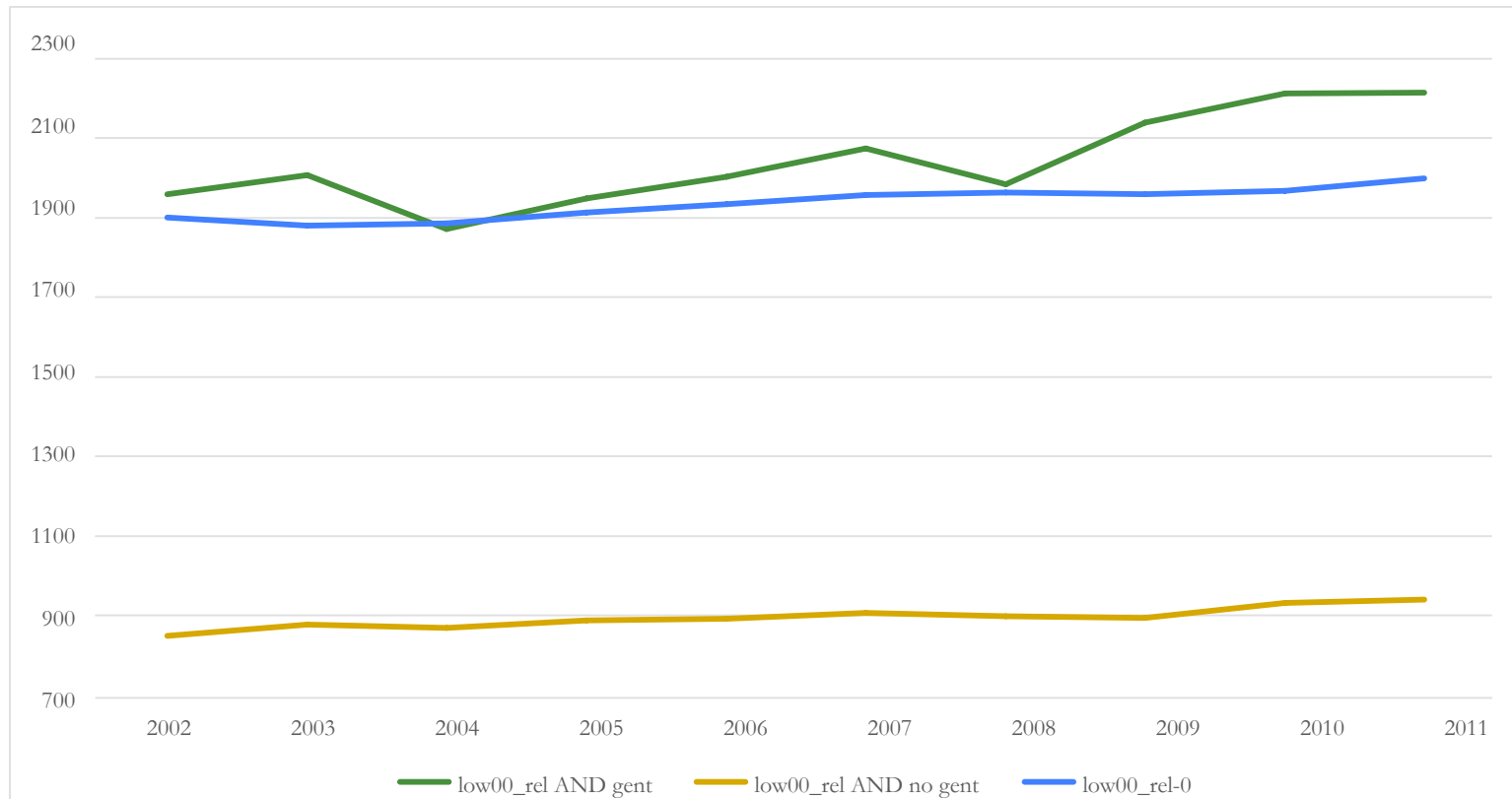
- Localized jobs: LEHD Origin-Destination Employment Statistics (LODES) via Census
  - Location and entry/exit of businesses: National Establishment Time Series (NETS) database via Furman Center at NYU
  - Neighborhood and MSA characteristics: Neighborhood Change Database (NCDB) and American Community Survey (ACS)
  - **Spans 10 years: 2002 - 2011**
  - **Study area: New York-Newark Combined Statistical Area (CSA)**
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# Neighborhood profiles

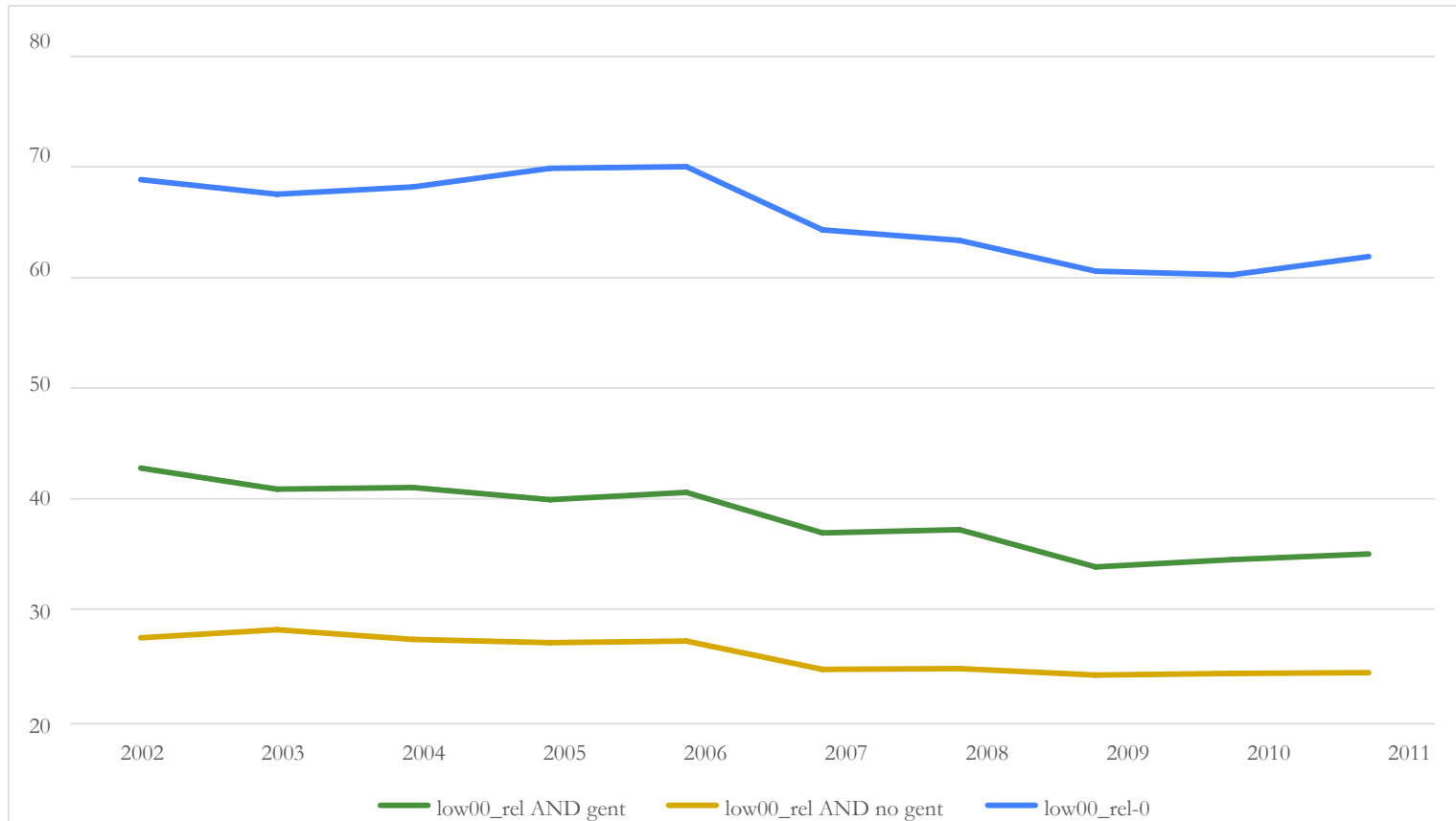
- Low Inc. N'hoods (vs. Mod./High Inc.) are/have:
  - Less educated, younger, more non-white households, higher unemployment rates, older housing stock, more renters, longer commute times, more transient residents
  - Fewer retail establishments and more non-retail businesses; fewer businesses stay in place
  - Less population growth, larger rent and housing value increases
- Gentrifying N'hoods (vs. Non-Gentrifying) are/have:
  - More educated, older, lower poverty rates, more white households, older housing stock, fewer renters, lower unemployment rates, shorter commute times
  - More population growth, poverty reductions, larger rent increases



# Avg. # Jobs per Neighborhood



# Avg. # Local Jobs per Neighborhood



# Regression analysis results

$$Local\ Jobs_{n,t} = f( Gentrification_n, Business\ Activity_{n,t}, Neighborhood\ Characteristics_n )$$

- Under conditions of gentrification:
  - At small geographies, local jobs decline
  - At larger geographies, local jobs increase
  - Loss/gain in jobs largest for service and lower-earning positions
  - Neighborhoods with newer populations experience declines in local jobs; null effect for micro-neighborhoods with longer standing residents (BUT jobs increase in broader neighborhood).
- Any retention/increase of local jobs driven by continuing businesses; loss is driven by exiting and entering businesses

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# Summary and policy implications

- Definition of neighborhood geography matters: more likely to sustain local jobs in larger market
- Localized job losses related to exit/entry of businesses; businesses with stronger ties more likely to hire locally?
- Suggests policies that would incentivize (mandate) new businesses to hire locally (especially in areas that are relatively more physically/economically isolated)
- OR policies to support businesses before they have to shut down (and take local jobs with them)

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Thank you!

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