

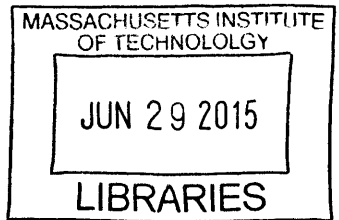
Gentrification without Displacement

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Submitted to the Department of Urban Studies and Planning
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ABSTRACT

Gentrification is the movement of a moneyed class or the gentry into disinvested urban neighborhoods. This action facilitates displacement of existing residents in the formerly disinvested neighborhoods. This displacement is another step of a long history of marginalization of low-income minority communities. United States housing policy has facilitated urban disinvestment and marginalization for the past 80 years. The Station North area of Baltimore presents the current tension between gentrification and displacement. The research presented defines the development ecosystem, gentrification and displacement characteristics, and existing plans for affecting Station North. The research leads to a conclusion that under current conditions displacement cannot be prevented. However, lessons from Station North can be utilized for future inner city development strategy that minimizes displacement. Areas for further research on displacement minimization are presented. Lastly, this is client-based thesis for Ernst Valery Investments (EVI). The research and analysis provide a foundation for EVI's community wealth building philosophy and offers potential opportunities and pitfalls of EVI strategy.

Thesis advisor: Phil Thompson

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Introduction

Gentrification is a hotly contested topic that pits the benefits of increased economic activity and urban revitalization against displacement and disruption of existing communities. Gentrification is a process of urban development where higher income individuals move into a lower income neighborhood (Glass). The influx of new human capital and financial capital yields increasing rents and land values creating displacement pressure on existing residents. As the neighborhood continues to increase in popularity, all too often, the long term residents who call the neighborhood home, do not capture the benefits from this evolution. However, displacement is not a foregone conclusion and gentrification need not be an inevitable negative for working class urban communities.

This is a client-based thesis in collaboration with Ernst Valery Investments (EVI), a real estate private equity firm that develops innovative urban real estate products and invests in businesses seeking solutions to urban social, environmental, and economic issues. This research seeks to ground company beliefs in research, inform company strategy, and strengthen company practice to produce gentrification with out displacement. The thesis asks, given the current state of gentrification in the Station North neighborhood of Baltimore, can displacement be prevented? Furthermore, how can lessons from Station North be used to facilitate gentrification without displacement?

This paper is organized into four chapters: a survey of gentrification theory and a history of urban housing policy, a case study of the gentrifying Station North neighborhood in Baltimore, Maryland, an analysis of that case study, and conclusion.

The first chapter is subdivided into two sections. The first section explores the concept of gentrification, its definition, and its causes. The definition of gentrification has

grown from a predominantly local phenomenon to a patterned restructuring of cities globally. Housing stock in historically disinvested neighborhood is ripe for investment and redevelopment, this supply of housing stock coupled with changing middle class consumption patterns provides the fuel for gentrification. The second section offers a summary of historical housing policy that facilitated inner city disinvestment in marginalized minority communities. Gentrification displacement is particularly insidious in the light of post-1930s government-sanctioned racism that drained cities of resources and concentrated poverty. Numerous policies facilitated an exodus of wealth and people from cities. Urban renewal carved up city neighborhoods while highway expansion and mortgage assistance facilitated suburban growth. Policy benefits excluded people of color and negatively impacted inner city neighborhoods. Now that these same disinvested neighborhoods are in vogue, historically marginalized residents face displacement pressure as investors seek higher returns and a new class of urbanites moves to the city.

Chapter two offers a case study of Station North, an arts and entertainment district that encompasses portions of three Baltimore neighborhoods. The chapter first highlights examples of Baltimore's discriminatory housing activity, showing how decades of disinvestment and discrimination yielded inner city decline. That there was not fair access to housing and there is still discrimination. The second section then describes the development ecosystem affecting Station North. Major stakeholders are listed and described along with plans, policies, and incentives that affect Station North development. There are active community associations, a strong artist community, influential anchor institutions, and high developer interest. These groups engage with each other to produce the current Station North development paradigm. Demographic statistics paint a picture of

neighborhood evolution. In depth interviews with a group of local stakeholders offers human narrative to the process. Chapter two presents actors and influences impacting Station North development.

Chapter three offers a critical analysis of Station North and presents potential strategies for gentrification without displacement. The analysis explains the current state of gentrification and displacement in Station North. Then the factors contributing to Station North revitalization are examined. Merits and pitfalls of the existing development paradigm are identified. Avenues for further research addressing displacement prevention are posited. Lastly, chapter three explains how this research benefits EVI. Current and developing EVI community wealth creation strategies along with potential weaknesses are offered.

The final chapter concludes the thesis. This chapter offers a recapitulation of the aforementioned topics. The posed research questions are answered and areas for future research are identified. Ultimately, the conclusion posits potential thinking for the future of gentrification without displacement.

Chapter 1: Gentrification, Displacement, and US Urban Policy since 1930

Gentrification has been the subject of debate for the past fifty years. Since Ruth Glass first coined the term in 1964, scholars, politicians, business people, and neighborhood residents from all walks of life have engaged in the gentrification conversation. The definition of gentrification has taken more nuanced forms over time but has maintained the same fundamental foundation, the gentry or moneyed class moves into lower or working class neighborhoods and consequences from this demographic shift ensue. Gentrification's dark underbelly is displacement, while its attendant benefits are lauded as revitalization. Much scholarly literature has been dedicated to analyzing the causes of gentrification as well as the social implications of this urban transformation. Deeply embedded in the gentrification conversation are issues of race and equity. Residents of gentrifying neighborhoods tend to be lower income and working class people of color. Government policy has helped to systematically drain these neighborhoods of resources while precluding black residents access to capital or participation in mass suburbanization. Thus, after many years of disinvestment, inner city neighborhoods experiencing decline have become targeted neighborhoods for white gentrifiers, bringing marginalization full circle. Now, with major demographic trends favoring urban environments, gentrification has reached a fever pitch. Faced with displacement and continuous marginalization, inner city communities are seeking strategies to combat the negative characteristics of gentrification, while capturing its benefits. This chapter offers a survey of gentrification and its attendant issues.

Gentrification and Displacement

First defined by urban sociologist Ruth Glass in her book *London Aspects of Change*, gentrification is given the following description, “[O]ne by one, many of the working class quarters of London have been invaded by the middle classes.” “Once this process of ‘gentrification’ starts in a district it goes on rapidly until all or most of the original working class occupiers are displaced and the whole social character of the district has changed.” (Glass xviii-xix) Immediately, gentrification implicates displacement and marginalization of inner city populations. Over time, different authors have altered the contours of the definition, but the fundamental principle has remained the same, that gentrifiers are of a more affluent class that enter into a disinvested neighborhood creating displacement pressure on the existing population. However, a general shift in scope of the definition can be seen in *The Dictionary of Human Geography* from 1994 to 2009.

In 1994 the 3rd edition of *The Dictionary of Human Geography* defines gentrification as a “process of neighborhood regeneration by relatively affluent incomers, who displace lower income groups and invest substantially in improvements to homes...The process of gentrification is often similar to that of invasion and succession.” The 2000 4th edition expands the definition to include “reinvestment of capital at the urban center...Gentrification is quintessentially about urban reinvestment. In addition to residential rehabilitation and redevelopment, it now embraces commercial redevelopment...as part of a wider restructuring of urban geographical space.” Finally, the 2009 5th edition offers “broader recognition of gentrification followed in large cities such as London, San Francisco, New York, Boston, Toronto, and Sydney undergoing occupational transition from industrial to post-industrial economy. But more recently gentrification has

been identified more widely, in smaller urban centers, in Southern and Eastern Europe and also in some major centers in Asia and Latin America.” The definitional trend shifted gentrification from a narrow residential neighborhood process, to more broadly encompassing commercial and residential property, and ultimately to a global phenomenon defined as a broad restructuring of urban environments. Gentrification shows no signs of abatement in the near future. As more wealth flows into once disinvested neighborhoods, displacement will intensify. A politically charged summary is offered in *Houses of Transformation: Interventions in European Gentrification*,

“gentrification...involves both the exploitation of the economic value of real estate and the treatment of local residents as objects rather than the subjects of upgrading...Gentrification has become a means of solving social malaise, not by providing solutions to unemployment, poverty, or broken homes, but by transferring the problem elsewhere, out of sight, and consequently also geographically marginalizing the urban poor and ensuring their economic location and political irrelevance.”(Berg xv)

Berg’s forceful statement makes a strong case for equitable and inclusive urban development. That instead of historical and continuous marginalization of inner city populations, alternative strategies for revitalization should be employed. The definitions of gentrification paint a picture of mobile capital choosing disinvested neighborhoods at the expense of existing populations. Why then has gentrification chosen the inner city?

Early gentrification scholars offered two primary competing theories for gentrification, production and consumption side explanations. As the debates between the two camps flared, other theorists offered explanations that acknowledged the validity of

the competing sides synthesizing the viewpoints. The production and consumption sides both offer valuable insight into the proliferation of gentrification.

The production side of the argument relies on housing economics and neighborhood filtering to create the conditions for gentrification. Neil Smith describes filtering, the process of "...physical deterioration and economic depreciation of inner city neighborhoods..." (Smith 60) caused by "...the depreciation and devaluation of capital invested in residential inner-city neighborhoods." (Smith 65) This depreciation creates a rent gap, "... the disparity between the potential ground rent level and the actual ground rent capitalized under the present land use."(Smith 65) When the gap is large enough capital will flow back into the neighborhood. Smith acknowledges that this is not a wholly natural process, that politics and investment interest have considerable impact on the housing markets. Opposite Smith's production side argument is the consumption argument for gentrification.

The consumption side of the argument is based on the preferences and desires of consumers. These theorists describe the desire of a middle class demographic who seek fulfillment in the urban environment. Ley argues that gentrifiers see "...central city living as more than a convenience for the journey to work; it is constitutive of an urbane lifestyle. " (Ley 69) Jager offers gentrification as "a means of expressing social identity, of representing values, of affirming arrival, of symbolizing possession and of demonstrating presence." (Jager 90) Mills discusses the pride in being downtown and how gentrifiers consumption of the landscape perpetuates their self identity. These theorists among others argue that gentrification relies on the desires of a middle class population segment.

Theorists also offer middle ground exists between these arguments. Viable housing stock and a group of people poised to reclaim that housing stock are needed. Hamnett summarizes nicely, "A comprehensive and integrated explanation of gentrification must necessarily involve the explanation of where gentrifiers come from and why they gentrify, how the areas and properties to be gentrified are produced and how the two are linked." (Hamnett 187) Smith's rent gap theory offers a valid explanation for the creation of available properties. Woven through out the literature are explanations for inner city demand that go beyond the aforementioned desire and image.

Shifting economic and demographic trends create a population of potential gentrifiers. Zukin points to post 1960s economic restructuring that created white collar work and the decline of factory work in cities. "The most relevant processes, in this view, were a regional and metropolitan de-industrialization and a concentration of professional and technical jobs and cultural markets in the urban core."(Zukin 130) Thus adding wealthier workers to the city. Markusen proffers that additional gentry are available "...in a large part a result of the breakdown of the patriarchal household. Households of gay people, singles and professional couples with central business district jobs increasingly find central locations attractive."(Markusen 32) More recently Richard Florida has posited that empty nesters and recent college grads are shedding their suburban homes in favor of city living. Berry indicates that "Locational, aesthetic, social and economic factors have been cited" that entice gentrifiers to the central city." (Berry 74) The availability of low cost housing and a population willing to move to the city facilitates gentrification.

The process of gentrification commonly occurs as a series of steps or through dramatic punctuation in the urban environment. In 1979 Phil Clay outlined a basic four-

stage process for gentrification. Essentially, urban pioneers fix up old housing through skill and sweat equity. At this time there is no displacement due to the abundance of vacant residences. Then realtors and small-scale speculators become interested and vacant housing becomes scarce. This is followed by media attention and larger stakeholder interest including a broader middle class, city participation in code enforcement, developers, and investors. Prices are driven up and displacement results. Finally, white-collar professionals take interest in mass. Stage based models follow this general pattern. However, gentrification does not only adhere to this process. Beauregard described processes that inject gentrification into a neighborhood. Large-scale development and speculation, government urban renewal projects, and homesteading programs can gentrify a neighborhood without required incremental sequence. (Beauregard 1986) Regardless of the process, the result is elevated demand for the neighborhood, and rising rents. The influx of wealthier residents and capital bring benefits to the neighborhood, but also create tensions with and displacement of existing residents.

Increased demand for disinvested neighborhoods by a wealthier population changes the neighborhood's characteristics. This includes both positive and negative effects. Positive effects include decreases in vacancy rates, increases in property values, stability in once declining neighborhoods, encouragement of other forms of development in or near the neighborhoods, rekindled interest in the central city as a place to live, reduction of urban sprawl, increased social mix, decreased crime, and increased local revenues. (Atkinson 2002, Berry 1985) Unfortunately all residents do not experience these improvements. The benefits come at a cost, further disenfranchisement and displacement of existing residents. These improvements are initiated by changes in a neighborhood's

perceived risk created by “white newcomers (whom) are often ignorant about the changing status of the neighborhood and its disinvested history, and may not be conscious of the impact of their presence...”(Cahill 209) The presence of white people facilitates the perception change and “...long time residents...are very aware of the changes and how the neighborhood is under surveillance through an increased police presence, and quality of life laws...”(Cahill 210) The changing perceptions encourage further gentrification, driving up rents and local prices. While new, wealthier, and typically white residents reap the benefits of gentrification, existing lower income black and brown residents find their neighborhood increasingly unaffordable and are pressured to leave the neighborhood.

Displacement occurs when the available housing stock is no longer suitable for living or economic pressures force people to move. Marcuse lists various forms of displacement including last resident displacement, chain displacement, exclusionary displacement, and forced displacement.(Marcuse 1986) These forms of displacement entail households leaving their current place of residence because of affordability, the inability to move to a formerly accessible neighborhood, and more ferocious tactics intent on removing people from their housing such as landlord harassment and eminent domain. Researchers have employed numerous studies to measure displacement caused by gentrification. Most measurements focus on neighborhood changes in the following characteristics: race, income, number of people with college degrees, level of owner occupancy, employment type, housing vacancy, and rent. (Atkinson 2000, Hammel and Wyly 1999, Marcuse 1986, Newman and Wyly 2006). Increasing rents and decreasing numbers of working class minority residents mark signs of gentrification and displacement. There is considerable debate about the quantitative methods used to measure displacement caused by

gentrification. However, when coupled with qualitative analysis that tells the story of residents who are on the receiving end of displacement by gentrification, a clear picture of involuntary displacement emerges.

Changing residences is a natural occurrence in housing markets. People move for new jobs and more space. However, when "...changes of residence are foisted upon people, which they did not seek or purpose, for which they may lack the social and economic coping resources – these are detrimental to the individuals and families involved, and produce social costs as well." (Hartman 307) Marcuse describes a gentrifying neighborhood with unwanted consequences for existing residents. "When a family sees its neighborhood changing dramatically, when all their friends are leaving, when stores are going out of business and new stores for other clientele are taking their place (or none at all are replacing them), when changes in public facilities, transportation patterns, support services, are all clearly making the area less and less livable, then the pressure for displacement is already severe." (Marcuse 1986: 157) Newman and Wyly provide additional evidence of displacement concerns. "...[R]esidents fear that their new shopping venues come with a high price tag and may help to spur the revitalization that will ultimately displace them." (Newman 45) Furthermore, "The transformation brought with it higher rental prices for the units...which had until recently been one of the few remaining affordable areas." (Newman 45) Also, "Longtime residents are frustrated that after years of fighting to improve their neighborhoods during periods of severe disinvestment, now that the neighborhoods are improving, these residents will not be able to stay." (Newman 45) "Those who are forced to leave gentrifying neighborhoods are torn from rich local social networks of information and cooperation..." (Newman 51) "[P]oor and working class folks

move into other disinvested neighborhoods where they do not know anyone, and might even experience the same cycle all over.”(Cahill 216) Similar quotes and stories are abundant in the gentrification literature. Gentrification brings with it higher prices, frustration, and fear for existing residents. Beyond these negative effects, gentrification displacement is particularly insidious because United States public policy facilitated disinvestment from inner city neighborhoods and marginalized the residents that are now being displaced.

United States Urban Development Policy

Numerous national urban development policies and discriminatory market place practices marginalize minority peoples and cause inner city disinvestment. This section of chapter one provides a historical trajectory of displacement and marginalization of minority and low-income urban residents from the 1930s to the present. It identifies dominant policies connected to discriminatory marketplace practices such as segregation, redlining, suburbanization, urban renewal, HOPE VI, gentrification, and the foreclosure crisis. According to Karen Gibson, an academic focused on the political economy of racial economic inequality, “It is critical to understand the links between the historical processes of urban development and contemporary forces that impinge on Black communities, so that central city residents might proactively engage with these forces” (Gibson 3).

Homeownership has long been part of the American dream, pursued by both government and society at large. The U.S. Department of Housing and Urban Development (HUD) has described homeownership as “so integral a part of the American Dream that its value for individuals, for families, for communities, and for society is scarcely questioned.” It has also cited four “fundamental benefits” of homeownership in America which include

“financial security” “strengthened families and good citizenship” “stabilized neighborhoods and strengthened communities” and the ability to “generate jobs and stimulate economic growth” (HUD 1995: 1). However, US housing and development policy has systematically excluded minorities and low-income people from government home ownership programs, thus limiting the dream of home ownership. Racial minorities were relegated to deteriorating central city neighborhoods and left to contend with the problems of residential segregation and urban disinvestment.

During the 1930s, federal interventions restructured the home finance industry and fundamentally transformed patterns of residential development. The creation of the Federal Home Loan Bank system (FHLB) in 1932, the Home Owners Loan Corporation (HOLC) 1933, and the passage of the National Housing Act (NHA) in 1934 aimed to stabilize and revive the mortgage market after a wave of depression era foreclosures and defaults. The NHA created the Federal Housing Administration (FHA), which provided mortgage lenders with adequate insurance to make home loans accessible and affordable. These programs offered powerful tools for home ownership, but largely excluded African Americans.

The 1933 creation of the HOLC introduced a state-sanctioned platform for racial discrimination in the housing market. HOLC implemented residential appraisal procedures that codified racial exclusions. Color-coded residential Security Maps “ranked neighborhoods on a scale of A (most desirable and hence, most valuable) to D (in ‘decline,’ and least valuable). The rankings were also color-coded, with the D neighborhoods in red, giving rise to the term ‘redlining’” (Freund 113). The presence of minorities automatically brought down an area’s rating. Poor neighborhood ratings reduced desirability and limited

access to capital. Prior to HOLC, segregation occurred on a case-by-case basis in the private market. Although the HOLC was short-lived (it was not sanctioned beyond 1936), its lending guidelines persisted. In effect, it institutionalized the white preference for racial separation, provided a means for systematic segregation, and encouraged middle class white flight from the city (Freund 116).

With the HOLC as its underlying model, the long-standing Federal Housing Administration further institutionalized discrimination in the housing market and encouraged unjust patterns of racial settlement. Whereas the HOLC purchased delinquent mortgages from private lenders and refinanced the loans for the borrowers, the FHA sought to increase homeownership by encouraging private lenders to increase mortgage loans by providing government-backed insurance against default. The FHA adopted the HOLC's appraisal system and trained its underwriters to evaluate neighborhood desirability in order to protect government investments. This evaluation recommended racialized zoning and endorsed restrictive covenants to prevent what it called 'inharmonious racial or nationality groups' from lowering neighborhood value (FHA 1938). African Americans and other minorities were denied mortgages based on the assumption that "nonwhite occupancy destabilized property values" (Freund 155). The government thus took racial exclusion as a fact of real estate economics – a force beyond its control, rather than a reflection of the prejudiced preferences of homeowners, real estate professionals and financial lobbies.

At the 1939 convention of the American Institute of Planners, Seward H. Mott, a senior FHA official stated: "Decentralization is taking place. It is not a policy, it is a reality—and it is as impossible for us to change this trend as it is to change the desire of birds to

migrate to a more suitable location” (Jackson 1990: 240). Yet deliberate strategies of neighborhood actors, such as restrictive covenants, were arrangements driven by choice not inevitability. Furthermore, the FHA demonstrated suburban bias by guaranteeing “low-risk” home loans. “Low risk” areas were lower-density, dominated by newer homes, and without minority presence—these areas were mainly suburbs. The FHA concentrated lending efforts on new residential developments at the outskirts of cities. The government created a market that encouraged new home purchases to the detriment of repairing existing building stock. Many urban middle class residents moved to the suburbs, hastening the degradation of inner city neighborhoods (Jackson 1985: 207).

The housing industry was changing rapidly, and debates over public housing and rental subsidies flared. Although strong anti-public housing lobbies rejected government provision of public housing, the 1937 Housing Act established the United States Housing Authority (USHA) to enact slum-clearance projects and construction of low-rent housing (P.L. 75-412, 50 Stat. 888, September 1, 1937). However, in order to alleviate fear that public housing would compete with the private market, the Housing Act of 1937 set very low maximum income requirements for public housing residents (Marcuse 1998). This led directly to the concentration of poverty in public housing projects. To facilitate slum clearance and increase housing quality, the act stipulated that for each new public housing unit, a substandard housing unit would be removed. This one-to-one policy sought to increase the quality of housing, but not the quantity (McDonnell 1957).

The act authorized local public housing agencies (PHAs) and provided federal loans to build and operate subsidized housing (Schwartz 2010). However, these local authorities were not “color-blind,” thus, yielding racially segregated housing projects. Indeed, a

number of local housing authorities resisted integration through policies of site selection, tenant selection, and tenant assignment to ensure that neighborhoods would remain racially segregated and located in areas of concentrated poverty (US Housing Scholars 6).

After World War II, mortgages were available for the working-class through the FHA and Veteran's Administration (VA). This mortgage benefit allowed mostly white working-class people to move out of public housing. This accelerated the concentration of lower income residents in public housing after the 1940's. Federally funded and locally implemented public housing increased African Americans isolation in urban ghettos, while government mortgage guarantees subsidized white flight to the suburbs. In *Crabgrass Frontier: The Suburbanization of the United States*, Jackson examines the New Deal's effects on homeownership and concludes that "the result, if not the intent, of the public housing program of the United States was to segregate the races, to concentrate the disadvantaged in inner cities, and to reinforce the image of suburbia as a place of refuge for the problems of race, crime, and poverty" (Jackson 1985: 219).

Post-World War II federal policies further fueled suburbanization. In 1944, the GI Bill (officially the Serviceman's Readjustment Act) created a mortgage program that supplemented the FHA and guaranteed VA mortgages. Generous lending terms (low interest, zero down payment home loans for servicemen) made homeownership or refinancing an attractive option for veterans (Green and Wachter). However, the GI Bill followed the same lending and appraisal procedures outlined in the FHA *Underwriting Manual*. As a result, "the VA guaranteed very few mortgages to racial minorities and refused to back loans for blacks buying homes in white neighborhoods" (Freund 181). The GI Bill cleared a path for a white wealth boom as suburban homes value appreciated while

simultaneously excluding African-Americans from this wealth building opportunity. The suburbs prospered as the inner city faltered.

The 1944 Federal Aid-Highway Act and the 1956 National Interstate and Defense Highways Act provided massive federal funding to build an efficient network of roads, highways and superhighways. Freeways penetrated cities and cut through residential neighborhoods leveling wide swaths of urban territory. Highway networks increased suburban access and accelerated middle-class movement out of the inner cities (Mohl). Planning scholar Alan A. Altshuler noted that the new highway system would “displace a million people from their homes before it [was] completed” (Altshuler 339). Low-income and African American neighborhoods were particularly hard hit by highway expansion, as highway officials deliberately routed highways through African-American neighborhoods and businesses (Schwartz 1976). Furthermore, highways bypassed urban commercial districts decreasing tax revenues further contributing to inner city disinvestment.

Urban experts coined the term “urban blight,” to describe the faltering inner city. In 1940, the Urban Land Institute began publishing studies on cities recommending areas for redevelopment (Weiss 1980). Concern for cities’ economic survival led to Urban Renewal policies that aimed to revitalize downtown areas. However, these policies exacerbated poverty and racial segregation.

The Housing Act of 1949 sought to eliminate slums and “provide a decent home and suitable living environment for every American family” (P.L. 81-171, July 15, 1949). Title I of the Act created the urban redevelopment programs that financed slum clearance. In 1974, when the program ended, federal support for urban renewal projects totaled approximately \$53 billion (United States Department 1974: 15).

“Urban renewal refers to the program instituted under the federal Housing Act of 1949. That act authorized the seizing of land, using the powers of eminent domain, in areas deemed “blighted.” These areas were cleared and the land sold at reduced prices to developers for new, “higher” uses. Large areas of land were cleared and the land was used for cultural centers, universities, housing projects, and other developments. Approximately one million people were displaced in 2,500 projects carried out in 993 American cities; 75% of those displaced were people of color” (Thompson and Wallace 382).

In a 50-year anniversary retrospective on the 1949 Housing Act, Lang and Sohmer wrote, “The consensus is that Title I urban renewal mostly failed, in part because large-scale slum clearance proved a crude and largely unworkable redevelopment method” (Lang and Sohmer 2000: 296). In “Urban Renewal and Its Aftermath,” Teaford notes that “...the chief product of Title I was a widely held commitment never to have another Title I” (Teaford 463). The scale of displacement ultimately caused the program to be a political failure. Furthermore, it was apparent that cities were continuing to deteriorate despite billions of dollars of urban renewal expenditure.

1960s community activists led campaigns for laws passed at the federal, state, and local levels which shifted the government’s stance from “a position requiring segregation to one prohibiting it, at least in terms of the letter of the law” (Squires 69). The Civil Rights Act of 1968, (commonly known as the Fair Housing Act) was landmark legislation that provided equal housing opportunities by prohibiting the discrimination in the sale, rental, and financing of housing based on race, color, creed, gender, or nationality (P.L. 90–284, 82 Stat. 73, April 11, 1968). The Housing and Community Development Act of 1974 established the Community Development Block Grant program (CDBG). Today, CDBG remains a key revenue source for lower income communities to address issues of physical, economic, and social deterioration. The Home Mortgage Disclosure Act (HMDA) of 1975 and the Community Reinvestment Act (CRA) of 1977 provided community advocates and

researchers with data and enforcement mechanisms to challenge discriminatory lending policies of banks. Together, these efforts form the community reinvestment movement in the United States.

Thirty years after the Fair Housing Act of 1968, Nancy A. Denton's segregation research illustrates that the Fair Housing Act was "nowhere near enough to combat the institutionalized social structure of segregation in the Nation's largest cities" (Denton 108). The law provides remedies to discrimination on a case-by-case basis, rather than addressing structural forms of discrimination. Because housing is so intimately related to issues of class and race, development efforts that focus on homeownership and affordable housing belong at the center of a "historic and ongoing movement for community and justice" (Yates 1994).

By the 1980's, public housing was a highly visible failure of social welfare policy that did not improve the lives of low-income families. Continued urban decline and ongoing demand for reform precipitated a public housing transformation during the 1990's. In 1992, the United States Department of Housing and Urban Development issued HOPE VI, a plan aimed to de-concentrate poverty by turning public housing projects into mixed-income developments (Department of Veterans). The National Housing Law Project and the Poverty & Race Research Action Council issued a joint report identifying and documenting the shortcomings and inconsistencies of the HOPE VI public housing redevelopment program. The new developments did not require "one-for-one" housing replacement, which resulted in "the loss of tens of thousands of public housing units, thereby exacerbating a nation-wide affordable housing shortage that HUD itself has documented" (National Housing Law Project 2002: 7).

During the 1990's policy makers addressed urban social issues through state led reinvestment in high-poverty neighborhoods. The intent was to de-concentrate poverty and attract the middle class back to the inner city. This state-led agenda threatened lower-income communities with gentrification and displacement. HOPE VI was a prominent public-sector intervention that disproportionately displaced African American's in the name of neighborhood change (Goetz 2011).

More recently, the financial crisis of 2007-2008 caused the US housing market to suffer, resulting in evictions, foreclosures and prolonged unemployment. The Financial Crisis Inquiry Commission reported, "...widespread failures in financial regulation and supervision proved devastating to the stability of the nation's financial markets...More than 30 years of deregulation and reliance on self-regulation by financial institutions...had stripped away key safeguards, which could have helped avoid catastrophe" (Financial Crisis).

The expansion of subprime mortgage lending provided low-income people a false hope to achieve the homeownership American dream. A 2013 report by the Alliance for a Just Society highlights the foreclosure crisis' disproportionate effects on minority communities. For example, "JP Morgan Chase targeted people of color for subprime loans even when they qualified for prime loans...[T]hey targeted borrowers with less education or those who did not speak fluent English" (Henry 4). Additionally, average wealth lost per household due to foreclosure was \$2200 in majority minority ZIP codes compared to \$1,300 in majority white ZIP codes (Henry 9). A simple Google search will yield innumerable further examples. Additionally, the Initiative for a Competitive Inner City (ICIC) found that inner city urban areas were disproportionately affected by the crisis (ICIC

2008). Again, the system lays its most devastating affects upon low-income minority communities.

The United States has exhibited a historical policy program that drained wealth from the inner city and marginalized minority communities. Despite the community reinvestment movement, housing discrimination and racial segregation persist. In a recent article, “The Making of Ferguson: Public Policies at the Root of its Troubles” Rothstein articulates how “the explicit intents of federal, state, and local governments to create racially segregated metropolises” continues to exacerbate distress in low-income communities (Rothstein 2014: 1). This history juxtaposed against renewed demand for central city living cautions a new wave of marginalization. Gentrification threatens legacy communities that were battered by urban disinvestment and discriminatory policy and practice.

Chapter 2: Baltimore, Station North, and the Development Ecosystem

Baltimore

Baltimore is major American city and Maryland's largest city. Founded in 1729 along the Chesapeake Bay, the city developed as a major port of tobacco trade. Baltimore became a manufacturing hub during the industrial revolution. Because, the city's port is closer to Midwestern markets than other major East Coast seaports, the city became a hub for Midwestern goods. The Baltimore Ohio Railroad Company carried goods from the Midwest and helped maintain Baltimore as an economic powerhouse. Economic opportunity attracted domestic workers and at one point Baltimore was the second largest entry points for immigrants. The city was a major center of industry during both World Wars. Population peaked in 1950 with approximately 950,000 people. Post-World War, like most American Cities, Baltimore experienced steady decline. Suburban flight and disinvestment brought the population to a low of approximately 621,000 residents in 2010. However, American cities are revitalizing and Baltimore is currently the beneficiary of a renewed interest in urban living. For the first time in 60 years, 2013 census data shows a population increase to approximately 621,500. While the increase is small, it speaks loudly that the city is on the rebound.

Though Baltimore is experiencing renewed interest, opportunity and equity are shaped by an intertwined racial and economic history. The first imported African slaves arrived in Maryland in 1642. Their legal status was unclear and the courts ruled that slaves that accepted Christian baptism could be freed (Chapelle). However, in 1664, the Maryland Assembly passed an act that "All Negroes and other slaves to bee hereafter imported into the Province shall serve *Durante Vita* And all Children born of any Negro or other slaves

shall be Slaves as their fathers were for the terms of their Hues” (Maryland). Thus slavery was broadly established in Maryland. During the early 19th century, Baltimore became a booming slave trading hub. Maryland’s farm economy shifted towards less intensive uses as demand for labor in the southern cotton fields exploded. Baltimore’s port and central location produced a center for domestic slave trading after slave imports from Africa were banned in 1808. Slave dealers built their slave pens along Pratt Street, a major east west corridor near the port, to facilitate the transport of human flesh to New Orleans for sale in the deep south (Clayton). Baltimore as a slave center presents racial oppression that manifests itself today as continued marginalization.

Post-industrial urban economic restructuring increased urban poverty. From the industrial revolution through World War II, Baltimore’s steel, shipbuilding, and manufacturing industry produced broad employment and increasing wages for large swaths of the low skilled population. Then manufacturing decline produced unemployment and shifted low skill workers into the low paid service economy. Executive Intelligence Review produced a report quantifying this shift.

“In 1970, Baltimore employed 102,672 workers in manufacturing, out of a total 499,000 employed – 20.5%. In 2005, only 17,800 are in manufacturing out of 365,900 employed – 4.8%...90% of all jobs in Baltimore city are service producing jobs. Whereas, in 1982, for example, unionized steelworkers at Bethlehem Steel earned an average wage equivalent to \$22.83/hour, service job rates were well below \$10/hour.”(EIR 9)

Low wage poverty is likely to persist, as there are no plans for a broad based wage increases or industry arrival that will support higher wages for unskilled workers. Baltimore’s unskilled or low skilled workers experienced a major negative economic shift dramatically expanding poverty. At the same time, federal policy facilitated disinvestment, white flight, and excluded minority populations from government subsidized wealth

building. Minorities were relegated to a declining city with access to low wage jobs if any job sat all.

The community reinvestment movement during the 1960s and 1970s sought to combat the effects of urban disinvestment and post-industrial economic restructuring. Baltimore has no shortage of community development corporations, foundations, and other non-profit entities seeking to facilitate community wealth generation. Though the community reinvestment movement has been active for over 30 years, poverty remains concentrated among minorities in disinvested neighborhoods. Potential explanations include capital constraints, and human capital capacity and retention hurdles that restrain community based organization progress (Vidal). Disinvested neighborhoods, by definition are capital constrained with minimal wealth thus posing a challenge to grassroots economic revitalization (Lemann). A particularly compelling challenge is the tension between funding and organizing. Community development utilizes funding distributed through government channels. Community organizing gives voice to marginalized communities that can be antagonistic to sources of funding. Thus, the organizing required to gain political relevance is suppressed by the current community development paradigm (Stoecker). Low-income inner city minority communities remain marginalized. The history of racism, economic disempowerment, and failed attempts at community wealth building create frustration as evidenced by recent urban upheaval in Baltimore during April 2015.

Baltimore's narrative includes urban policy and individual actors that effectuated inner city racial segregation and poverty concentration. *Not in My Backyard: How Bigotry Shaped a Great American City* offers a well researched history of Baltimore's discriminatory housing practices. A few examples illuminate the severity of these practices.

In addition to national policy consequences discussed in chapter one, Baltimore has its own history of racially discriminatory housing. “In 1910 the city enacted the first law in American history that prohibited blacks from moving to white residential blocks, and vice versa.” (Pietila 12) Baltimore was also a national model for racially restrictive covenants. A 1925 example agreement reads, ““none of said respective properties nor any part of them shall at any time be occupied or used by or conveyed, mortgaged, leased, rented or given to any Negro or to any person or persons in whole or in part of Negro or African descent...” (Pietila 110) “In neighborhoods without restrictive covenants, the [real estate] board’s standard real estate sales contract decreed that “at no time, shall the land included in said agreement or any part thereof, or any building erected thereon, be occupied by any negro or negroes, or persons of negro or African extraction or descent, in whole or in part.””(Pietila 121) Neighborhood associations strove to maintain racial integrity. For example, in 1910 whites formed the McCulloh Street–Madison Avenue Protective Association. With the intent that “[t]he colored people should not be allowed to encroach on some of the best residential streets in the city and force white people to vacate their homes.” (Pietila 28) HOLC and FHA lending sanctions included “[m]ost of Baltimore’s city core—stretching a mile and a half north and south of City Hall and some two miles east and west—was red-lined as too “hazardous” for conventional lending.” (Pietila 152) These actions facilitated segregation and advanced inner city decay.

Unscrupulous real estate practioners preyed on minority communities. The 1950s saw an explosion in speculation. Speculators purchased substandard housing and unloaded it on unsuspecting buyers. “Blacks would buy them, first paying dearly and then ending up shouldering all future modernization liabilities.”(Pietila 205) Rent to own schemes offered

another method of exploitation. Black families, unable to obtain bank financing due to redlining, were forced to utilize alternative financing. Unfortunately, severe contractual terms and legal murkiness, led many families to default on their obligations. A sample contract contained the following, "It is understood and agreed that the seller shall have the right at any time during the life of the contract to do any repairs or improvements now or hereafter required by law and add the cost of such repairs and improvements to the purchase price stated in this contract." (Pietila 347). Additionally, blockbusting accelerated during the 1950s and 1960s to expand the market for predatory lending. "As blacks began to buy homes in growing numbers after World War II, a new term was coined: "black tax." "Black tax" connoted the considerable difference between a house's fair market value and the inflated price blacks agreed to pay to speculators. Calling it a tax was justified; blacks had no choice but to pay that surcharge if they wanted a house, because banks and other regular financial institutions would not lend them money. " (Pietila 353)

Urban renewal programs displaced thousands of Baltimore families, mostly minority. "[R]oughly 94,000 people, mostly black, were relocated between 1965 and 1980. The uprooting of more than a tenth of the city's population increased neighborhood instability, magnified by the steady abandonment of neighborhoods by whites." Furthermore, "Black areas were rezoned for business or industry while adjoining white neighborhoods were left intact."(Pietila 442) For example, the African American neighborhood of Sandy Bottom "...disappeared altogether, becoming the site of a high school, police and fire department headquarters, and, eventually, the county jail." (Pietila 467) Government response to ameliorate discriminatory lending through the Community Reinvestment Act was limited. "A 1979 survey of the thirteen biggest lenders in Baltimore

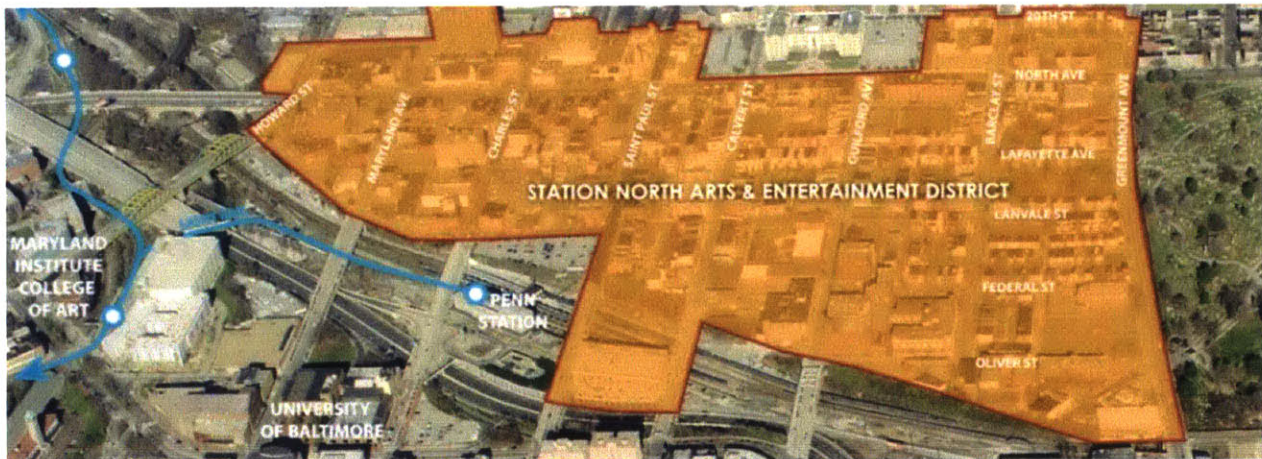
showed that only 1.6 percent of their mortgage loans went to majority black census tracts.”(Pietila 514) More recently, the sub-prime lending crisis disproportionately affected minority neighborhoods. “More than 33,000 homes were foreclosed on between 2000 and 2008...The city accused Wells Fargo of reverse redlining, which was forbidden by the courts. The suit alleged that two-thirds of Wells Fargo’s foreclosures in Baltimore were in city census tracts that were more than 60 percent African American while only 15.6 percent were in census tracts that were less than 20 percent black.”(Pietila 518) These examples serve to show that Baltimore, like the rest of America, is indicted in a history of practice and policy that facilitated urban disinvestment and racial marginalization.

To move forward in a framework of equity and inclusion, it must be recognized that there has yet to be a time period absent of abusive discriminatory housing practices. The popular press offers many stories about minority legacy residents in gentrifying neighborhoods facing forced displacement through unscrupulous real estate practices. Largely absent from these stories are legacy residents capitalizing on gentrification for generational wealth building. Thus, revitalization and increasing popularity of Station Nation begs the questions, “Who benefits from development and what are the consequences?”

Station North and the Development Ecosystem

The Station North Arts and Entertainment District (SNAED), as depicted in the map below, was created by Maryland State Arts Council in 2002 to galvanize arts based redevelopment. SNAED offers a series of arts related tax incentives to encourage arts based business development and artists to reside within district borders. Three tax incentives include income tax subtraction modification to reduce taxable income created by

art sales, property tax incentive to encourage arts based building renovation, and admission and amusement tax exemption for tax-free admittance to art events. In addition to offering tax incentives, SNAED serves as a powerful marketing device, branding the area as a regional destination for arts and entertainment. SNAED overlay district includes portions of three Baltimore Neighborhoods: Charles North, Greenmount West, and Barclay. The Charles North neighborhood, west of North Calvert Street represents the bulk of SNAED area. It also includes the primary commercial corridor along Charles Avenue. Greenmount West located east of North Calvert Street and south of North Avenue and the small sliver of Barclay located east of St. Paul Street and north of North Avenue is primarily residential. In addition to the arts district designation, the area offers commonly cited ingredients for revitalization.



There is no silver bullet for neighborhood revitalization, however, common features including robust transit options, engaged anchor institutions, a strong network of community organizations, and favorable financing programs help catalyze development.

Numerous transit options service SNAED. Penn Station is a regional rail hub offering Amtrak, MARC, and light rail. Amtrak provides easy connection to major northeaster cities, MARC services commuter suburbs and Washington DC, and light rail connects to Baltimore Washington Airport (BWI). The Charm City Circulator purple line, a free bus, stops at Penn Station and connects to downtown. Numerous city buses traverse the area. Additionally, there is a growing bicycle culture, the area is walkable, and Zipcar penetration is increasing.

Three major educational anchor institutions service SNAED, Johns Hopkins, MICA, and University of Baltimore. Johns Hopkins University Homewood Campus is about 15 blocks directly north of SNAED. In 2012, the university committed \$10 million to the Homewood Community Partners Initiative, which seeks neighborhood revitalization in 10 neighborhoods, including SNAED. Additionally, SNAED is included in Johns Hopkins 'live near your work' program that offers \$23,000 towards primary home purchase. Johns Hopkins and MICA recently committed to house their film departments in the \$18.5 million recently renovated mid 20th century Central Theater on North Avenue between St Charles St and St. Paul St. According to the 2014 Baltimore City Anchor Plan, MICA has contributed \$60.7 million to improvements along North Avenue between 2008-2014 and University of Baltimore has invested more than \$123 million in mid-town private development during the past 15 years. Beyond financial commitment, the universities engage in many social and economic programs benefitting their surrounding communities and Baltimore at large.

Numerous community stakeholders engage with the Station North development process. These organizations include grassroots community associations and umbrella organizations that seek synergies among numerous stakeholders. Collaboration among

community organizations produced formal neighborhood plans for Greenmount West, (2010), Charles North (2008), and Barclay-Midway-OldGoucher (2005). Below is a brief description of community organizations located in the SNAED catchment area and umbrella organization specifically targeting SNAED. While adjacent neighborhoods have community associations and other citywide organizations influence and are influenced by SNAED activities, the scope of this paper is limited to SNAED.

Grassroots Community Organizations:

Barclay-Midway-OldGoucher Coalition serves as the community voice in area redevelopment projects. Founded in June of 2003, the coalition is comprised of community groups, non-profits, residents and resident leaders, homeowners, renters, businesses, and faith-based organizations located in the Barclay, East Baltimore Midway, and Old Goucher neighborhoods. The Coalition's goal is to improve the quality of life for each of its stakeholders by focusing on capacity building, physical revitalization projects, and a transparent, inclusive redevelopment planning process. The Barclay Midway Old Goucher Coalition is a member of the Central Baltimore Partnership.

Charles North Community Association's (CNCA) mission is to guarantee active, area-wide citizen participation in the development and implementation of plans in the Charles North neighborhood. The association works with municipal, state, and federal authorities, to maintain, develop, renovate, and rehabilitate the Charles North. Furthermore, the association focuses on strategic neighborhood development that ensures diverse land use structures. In 2008, CNCA, produced the Charles North Vision Plan that envisions a multi-phase development initiative to restore the community and turn it into a regional

destination with residential, commercial, and creative and entertainment offerings. CNCA is a member of the Central Baltimore Partnership.

Greater Greenmount Community Association, Inc. (GGCA) represents those who live, work and/or worship in the Barclay and East Baltimore/Midway. GGCA promotes a thriving community by implementing programs that improve the quality of life of all residents in order to reclaim and revitalize the Greater Greenmount community. GGCA offers a pathway for community member voice in neighborhood affairs, development, and intra-organizational cooperation.

Greater Homewood Community Corporation, Inc. was established in 1969, Greater Homewood Community Corporation's (GHCC) mission is to build and strengthen vibrant urban communities in Baltimore. Our work centers on ensuring safe streets, quality housing stock, strong public schools, and livability. We pursue a sense of common cause where the well-being of each neighborhood we serve depends on that of the others. GHCC has work force training programs and economic development programs focused on the built environment. GHCC works in 45 neighborhoods in North Central Baltimore including the entirety of SNAED and is a member of the Central Baltimore Partnership.

New Greenmount West Community Association (NGWCA) seeks to improve the standard of living, quality of life and economic status regardless of gender, creed, culture, or class for all Greenmount West residents. NGWCA provides an avenue for community voice in community development efforts. The association engages in community

development efforts and facilitates access to social and economic programs to support community vitality. NGWCA in partnership with Baltimore City Department of Planning produced the 2010 Greenmount West Master Plan in response to mounting development pressure within the neighborhood. Proximity to Penn Station, downtown Baltimore and the historic mid-town neighborhood of Mount Vernon make the neighborhood attractive for development. The plan's goal is to provide a roadmap for achieving a diverse, mixed-income community without displacing existing low-income residents. NWGCA is a member of the Central Baltimore Partnership.

People's Homesteading Group, Inc. (PHG) is a non-profit building contractor and affordable housing developer representing the Central Baltimore neighborhoods of Barclay and East Baltimore Midway. PHG is active in community planning and works to strengthen neighborhoods through renovation, work force training, and repopulating vacant housing stock. PHG employment policy provides opportunity to any Baltimore City resident willing to enter the construction labor force regardless of background including formerly incarcerated. As a developer, PHG renovates strategic vacant properties to provide quality, green and healthy homes for sale to families of all incomes and to maximize the renovations' positive impact on community safety, health and desirability. PHG is a member of the Central Baltimore Partnership.

Umbrella Organizations

Baltimore Integration Partnership (BIP) was funded in 2010 by Living Cities Integration Initiative and local foundations. BIP's goal is to connect low-income, predominantly African-American, residents in Central and East Baltimore to jobs and to reinvest in these

neighborhoods. BIP's approach to workforce development includes demand side policy practices with anchor institutions, BIP-funded projects, and city agencies; developing job pipeline approaches for low-income and hard-to-employ workers; and advocating to expand state funding and address other policy barriers. As part of BIP programming, the Central Baltimore Partnership and Greater Homewood Community Corporation received funds to establish a neighborhood jobs pipeline in Central Baltimore. The 2014 Integration Initiative Final Outcome Report provides comprehensive coverage of BIP programs and outcomes.

Central Baltimore Partnership (CBP) was formed in 2006 to galvanize the renaissance of Central Baltimore. It pursues its mission by partnering with neighborhood organizations, non-profits, educational institutions, businesses and city government agencies. CBP does not directly provide services to the public. CBP works through (or with) partner organizations to drive action. CBP pursues its mission in the following ways: formulating a shared vision for the development of Central Baltimore, helping coordinate between partners, providing resources for partners, creating and administering grants programs for our partners, and cheerleading for central Baltimore.

Charles Street Development Corporation's mission is, through public and private sector efforts, to promote this historic corridor from the Inner Harbor to Johns Hopkins University as the place to shop, work, dine, live and visit in a safe, hospitable, pleasing and culturally rich environment. Guided by a volunteer Board of Directors, the corporation will encourage vibrant retail and residential development in an environmentally sustainable manner. The

corporation includes the Charles North Neighborhood and is a member of the Central Baltimore Partnership.

Homewood Community Partners Initiative (HCPI) started during fall 2011 with a \$10 million commitment from Johns Hopkins University. “HCPI grows out of a greater understanding that the health and well-being of the Johns Hopkins University Homewood campus is inextricably tied to the physical, social, and economic well-being of its surrounding communities” (Homewood 3). HCPI hired Joe McNeely, then director of the Central Baltimore Partnership, to prepare a plan of action for the 11 HCPI neighborhoods which include SNAED. “McNeely launched an extensive [seven month] participatory process among neighborhood associations, community-based stakeholders, other anchor institutions, and the business community” (Homewood 4). “The resulting report, *Homewood Community Partners Initiative, a Call to Action: Findings and Recommendations*, set forth: a common vision for the future, a concise set of strategies for realizing that vision, and recommended a series of programs for advancing those strategies with the collaboration of a broad range of public, private, and nonprofit groups” (Central). The effort identified the following development focal points: clean and safe neighborhoods, blight elimination and housing creation, public education, commercial and retail development, local hiring and purchasing, and workforce development. The HCPI agenda serves as the blueprint for Central Baltimore Partnership activity and engagement.

Station North Arts and Entertainment District, Inc. (SNAEDD) strives to ensure that the Station North Arts & Entertainment District builds on its reputation as a nationally

recognized creative hub and maintains its appeal to a diverse population of locals and visitors from near and far. Station North Arts & Entertainment, Inc. employs an arts-based revitalization and place making strategy by managing quality public art projects, providing thought-provoking programming, and forging strong supportive relationships with local artists, designers, residents, businesses, and institutions to guide development in the Station North Arts & Entertainment District. SNAEDD is a member of the Central Baltimore Partnership.

This collection of organizations provides a catalyst for development. Each community has a grassroots association that offers localized programming and provides community voice in neighborhood development initiatives. The umbrella organizations aggregate local activities into shared plans and action. The umbrella organizations draw power from their partners and work with major state and private institutions for the benefit of their members. The network of community associations provides avenues for residents to engage in community development efforts and voice their opinion. In addition to excellent transportation options, engaged anchor institutions, and a robust network of community organizations, there are tax and financing programs that facilitate SNAED development.

Tax and financing programs help stimulate neighborhood development and revitalization. The following programs directly impact SNAED catchment area. These programs support home ownership, neighborhood beautification, commercial and residential real estate development and business development.

Tax and financing programs

Baltimore Homeownership Incentive Program (B-HiP) offers four programs that encourage home ownership through financial incentives. Simultaneous participation in these programs is allowed. The following four programs are part of B-HiP:

Baltimore City Employee Homeownership Program offers \$5,000 down payment and closing assistance for city employees purchasing a home within city limits. The home must be the primary residence and the buyer must contribute \$1,000 towards purchase.

Baltimore City Live Near Your Work Program is a partnership between participating employers and the City of Baltimore to encourage homeownership within the city. The City will match up to \$2,500 in employer contribution towards a home purchase. Buyers must contribute \$1,000 towards down payment.

Buying into Baltimore Fairs and City Living Starts Here Tours offers a \$5,000 down payment award to buyers who attend a Buying into Baltimore Fair or City Living Starts Here Tour. Buyers closing on a property within 90 days of the event are eligible. 100 awards are available. If demand for awards exceeds supply, awards are disseminated via lottery. Buyers must contribute \$1,000 towards down payment.

Vacants to Value Booster Program offers \$10,000 toward down payment and closing costs for the purchase of a vacant to value property that has been vacant for at least one year. This program can also be combined with Community Development Block Grant and Live Near Your Work Program.

Baltimore Regional Neighborhood Initiative (BRNI) awarded the Central Baltimore Partnership \$1.485 million to distribute to its partner organizations for twelve projects in the CBP catchment area. This includes all the SNAED neighborhoods. According to Maryland Legislature's Speaker Michael Busch, "These grants support innovative and forward thinking approaches to neighborhood revitalization that other communities across the region and our state can emulate." This award supports workforce development, housing and commercial revitalization, and the Maryland Film Festival.

CBDG Homeownership Assistance Program provides qualified first time homebuyers \$5,000 toward down payment and closing expenses. This is a 5-year forgivable loan with an 80% median income limitation. This program can be combined with other homeownership assistance programs. Buyers must contribute \$1,000 towards down payment.

Enterprise Zone is a designated area offering tax incentives to encourage business development. According to the Baltimore Development Corporation, businesses are eligible for the Enterprise Zone (EZ) tax credit program if they make capital investments in property or hire at least one new employee in the Enterprise Zone. Commercial, Retail as well as industrial projects are eligible. Residential properties are not eligible for any of the Enterprise Zone tax credits. The SNAED neighborhoods reside with a Baltimore Enterprise Zone.

HCPI Spruce-Up Grant Program offered through the Central Baltimore Partnership is a competitive grant program. Grants provide between \$10,000 to \$25,000 of matching funds for neighborhood-driven, quality of life, and capital improvement projects.

Historic Tax Credits are available to support revitalization of qualifying historic structures. Properties can qualify for historic tax credits if they are individually listed in the National Register of Historic Places, contributing resource within a National Register Historic District, a locally designated structure or contributing resource to a local historic district that the Maryland Historical Trust determines to be eligible for the National Register, or located within and certified as contributing to the significance of a Certified Heritage Area. The station north area is both a National Register Historic District and a Maryland Sustainable Communities area qualifying structures for both federal and state level historic tax credits.

Housing Choice Voucher Homeownership Program helps current Housing Choice Voucher Program participants purchase homes by converting rental assistance payments into mortgage payments. Buyer must contribute minimum 1% of the purchase price and the home must be located in the city limits.

Maryland Homesteading Tax Credit limits the increase in property tax due to an increase in property value assessment. The state of Maryland limits taxable assessment increases to 10% a year or less. However, Baltimore limits taxable assessment increases to 4%. The homeowner pays no property tax on the market value increase above the limit. This

program protects homeowners against large tax increases due to dramatic increase in assessed property value.

Midtown Community Benefits District is a citizen-run neighborhood advocacy and improvement group that provides security and sanitation services, and promotional activities for four midtown communities including Charles North. These benefits are financed by a tax-payer-approved \$.132 per \$100 of property value tax surcharge. District management includes two members from each of the four community organizations, one mayoral, one city council, one business, two non-profit members, and four at large representatives.

Vacants to Value is a Baltimore City program to encourage individual home and whole block revitalization of vacant or dilapidated housing. Streamlined code enforcement and disposition facilitate transfer of properties away from delinquent landlords towards owners seeking to rehabilitate the property. Properties at auction can cost less than \$5,000.

The above programs support revitalization in SNAED. Home ownership has increased and vacant properties have reduced. Beautification projects make the area more attractive and welcoming. Tax credits encouraged renovation and new construction. SNAE experienced significant investment in the built environment. Below is a list of major projects within SNAED.

Major recent Station North Developments

Baltimore Design School located in Greenmount West is a \$26.5 million renovation of former LeBow Bros clothing factory completed in 2013. The building was originally constructed in 1915 but has been vacant since 1985. The Baltimore Design School is a public middle school and high school.

The Chesapeake completed 2014 by Ernst Valery Investments is a \$4 million mixed use historic renovation located in Charles North. The building has first floor retail, second floor commercial, and two floors of live work lofts. The Chesapeake is a corner property at the southern entrance to the Station North area. The building was vacant since the 1989.

Center Theater originally built in 1913 received an \$18 million dollar renovation by Jubilee Baltimore. Located in Charles North, the once vacant 67,000 square foot building will be home to commercial and retail tenants, and house MICA and Johns Hopkins Film programs. Tenant occupation will occur during 2015/2016.

City Arts Apartments completed 2010 by Jubilee Baltimore is a \$12 million affordable apartment building for artists with 69 units and gallery space located in Greenmount West.

MICA Graduate Studio Center is an \$18 million renovation of a 100-year old warehouse completed in 2012. The structure resides on North Avenue in Charles North and houses public galleries, a café, auditorium, classrooms, studios, college offices, and conference areas.

Motorhouse is a 1914 building located in Charles North that was shuttered in 2012 due to code violations. Baltimore Arts Realty Corp is currently completing a \$6.5 million renovation and leasing up space.

North Avenue Market located in Charles North received a \$1 million renovation in 2008. Built in 1928, a once a bustling market, the building is now home to a variety of retail and commercial uses.

Parkway Theater originally built in 1915, received a \$5 million donation for renovation in 2014. Located in Charles North, the theater has been vacant since 1977 and is expected to reopen in 2016. The historic theater will be home to the Maryland Film Festival and Johns Hopkins and MICA academic programs.

Station North Townhomes completed 2007 by Somerset Development Company is \$10.2 million 32 for-sale townhomes in Greenmount West.

Telesis was chosen to lead an \$85 million redevelopment plan in 2006. In 2012 Telesis completed an approximately \$28 million phase one development in the Barclay-Old Goucher neighborhood consisting of 72 affordable rental housing units and 20 rehabbed row homes for affordable ownership. Phase two development commenced in 2012 that includes 69 affordable rental units, and a small park surrounded by 30 home ownership units at an estimated cost of \$28 million.

Amtrak Lanvale site is a 1.5 acre parcel adjacent to the north side of Baltimore's Penn Station. In 2010 Amtrak completed a market study to determine the highest and best use for the site. Beatty Development was chosen to develop the site, calls for a \$500 million development with 1.5 million square feet of residential and commercial space. This project is in the planning stage with no current timetable.

This list only comprises major developments residing in the SNAED catchment area. There has been considerable development activity in adjacent neighborhoods as well. Furthermore, there are additional proposed projects that have not yet come on line. Thus, it is evident that substantial capital has been invested in SNAED and development interest remains high. The noted development values were aggregated from company websites, news sources, conversations with owners and the Homewood Community Partners Initiative: A Call to Action report. The quantity of investment is a clear sign of interest in SNAED and speaks to the neighborhood's evolution. Demographic changes also offer insight into neighborhood evolution.

Demographics

The SNAED experienced demographic shifts associated with gentrification. As noted in chapter one, common demographic variable shifts linked to gentrification are changes in race, income, education, housing vacancy, rental cost, job type, and poverty. The chart below compares demographic trends for the SNAED district and Baltimore as a whole. The data is for census tract 1205, which includes all of SNAED except for the few blocks above North Avenue. There have been major increases in 18-34 year old, educated, white, and professional residents. Housing vacancies have decreased, home values have increased,

and rents have increased. Median incomes have increased. The changing data values from 2000 to 2013 align with arguments that gentrification is occurring in SNAED.

Demographics	1990 Station North	1990 Baltimore	2000 Station North	2000 Baltimore	2013 Station North	2013 Baltimore
Population	2,298	736,014	1,668	651,154	2,073	621,445
Race (%white)	235 10.23%	287,753 39.1%	107 6.41%	205,982 31.63%	548 28.17%	188,111 30.27%
Race (%black)	2,031 88.38%	435,768 59.21%	1,531 91.79%	651,154 64.34%	1,303 62.86%	392,753 63.20%
%18-34 yrs old	851 37.03%	220,612 29.97%	428 25.66%	164,389 25.25%	831 40.09%	182,270 29.33%
Population 25yrs+ with bachelor's degree	6.32%	15.47%	2.68%	19.14%	34.91%	26.78%
Median Household Income	\$11,939	\$24,045	\$15,335	\$30,078	\$30,719	\$41,385
Housing Units	1,218	303,706	1,158	300,477	1,207	296,256
Vacant Housing Units	30.05%	8.96%	36.18%	14.14%	24.44%	18.5%
Owner Occupied Housing Units	12.56%	48.62%	17.05%	50.34%	23.03%	48.32%
Average Monthly Rent	\$367	\$415	\$371	\$498	\$899	\$924
Median Owner Occupied Home Value	NA	NA	\$49,000	\$69,900	\$209,300	\$151,700
Managerial and professional specialty	134 18.56%	73,555 23.37%	104 22.80%	83,017 32.43%	265 30.67%	103,283 38.39%

occupations (employed persons 16+)						
White below poverty (n=pop for whom pov status determined)	77 3.46% (n=2,223)	35,107 4.91% (n=714,672)	7 .4% (n=1,656)	26,483 4.23% (n=626,051)	147 7.22% (n=2,034)	26,247 4.39% (n=597,662)
Black below poverty (n=pop for whom pov status determined)	1,003 45.12% (n=2,223)	118,117 16.54% (n=714,672)	839 50.00% (n=1,656)	110,022 27.33% (n=626,051)	424 20.85% (n=2,034)	104,665 17.51% (n=597,662)
White Unemployment (n=civilian pop in labor force 16yrs+)	0 0% (n=869)	6,843 1.97% (n=346,527)	5 .83% (n=604)	5,412 1.89% (n=286,735)	28 2.48% (n=1,130)	8,084 2.59% n=312,530
Black Unemployment (n=civilian pop in labor force 16yrs+)	147 16.91% (n=869)	24,598 7.10% (n=346,527)	124 20.52% (n=604)	24,210 8.44% (n=286,735)	228 20.18% (n=1,130)	33,276 10.65% n=312,530

Source: US Census 1990, 2000 and ACS 2013 (5-yr estimate)

Interviews

The final component of Baltimore based research are nine in depth interviews with a diverse group of Station North stakeholders. Government, private sector, and community are represented in the interviews. The interviews provide a brief narrative of the interviewees' relationship with Baltimore and Station North and their perspectives on development in Baltimore and the evolution of the Station North neighborhood. Below are short narratives that introduce the interviewees and key takeaways from the interviews. Interview analysis informs the next chapter's synthesis and recommendations.

Ben Stone is a Baltimore native. He grew up in the north east of the city near the county line. He is currently director of Station North Arts and Entertainment, Inc. and remembers coming to the neighborhood as a teenager. His Dad would let him practice driving in a parking lot that is now the Fitzgerald, a luxury apartment building, and he was a regular attendee at the Charles Theater. During the late 90s, he recalls his parents imparting that there was no reason to hang out on North Avenue. That there was nothing there to do and crime was a serious issue. Ben left Baltimore for college in 2000 and returned eight years later after completing graduate schoolwork in city planning. He feels a deep commitment to the city and is willing to discuss at length why Baltimore is a great place to live, work, and play.

Ben describes the trajectory of work as director of the arts district. He emphasizes time spent advertising the district, then developing programs, and now managing growth. He is not convinced that the artist tax incentives galvanized revitalization. There is a lot of interest in the area, and he asks how we can make sure that people understand the history and narrative of the place. It is the human condition to assume one's arrival delineates a starting point and this can create tension with long term residents. Furthermore, because it is an *arts district*, people assume that the arts drive all activity. Baltimore is a major American city and critical development drivers include shifting urban demographics, transit oriented development, and major spill over from Washington DC. Though, he says that the arts are a vital part of a comprehensive revitalization program.

Station North has an ecosystem of support. According to Ben, over the past three years clear pathways for community engagement have emerged. There is outreach to residents, and many effective community organizations working together to facilitate

community voice. Though there is consternation that the individual neighborhoods comprising Station North get lumped together. There is fear that the neighborhood will become whitewashed and questions of why resources appear when white people show up are asked. There are not necessarily less minority residents, but there are definitely increased wealthier, educated white residents moving in. Given the number of existing vacancies, he does not see physical displacement as a concern yet, but that it could be in the future. Major development activity from Johns Hopkins and MICA are changing the aesthetic of the neighborhood from gritty to shiny. He says that cities are living eco systems and change is inevitable, that it's tough to take a position against change, but that we must be strategic and inclusive to maximize the benefits revitalization.

Billie Taylor moved to Baltimore four and half years ago from Washington DC where she was born and raised. About seven years ago she became interested in sailing and was making regular trips to Baltimore to go out in the bay. She started to learn about the city and found it attractive, engaging, and quirky. Ms. Taylor is a life long artist and performer. When she decided to retire a few years ago, she contemplated how she would spend her retirement. Ms. Taylor wanted to stay deeply involved in the arts and decided to buy the Autograph Playhouse on 25th street. She intends to bring the theater back to life and make it a space welcoming to diverse artistry and all people.

Billie describes challenges she faced working on her theater. She recognizes as a new resident, that established entities are cautious of her plans. They are concerned that she cannot follow through on her dreams of rehabilitating the theater. However, she found resistance during her due diligence. While community organizations operating in her

neighborhood were actively promoting development of dilapidated properties, she was ignored and not given guidance. After persistent exclusion, it is common to give up hope.

She also describes the feeling that new development is not for black people. Walk by any of the new establishments and all you see is white faces. The feeling among her black friends is that revitalization will push out the black community. Entrenched racism is not easily overcome. White people are afraid of groups of black people. The cultural differences are wide. Thus, inclusive development that supports low income minority residents is particularly challenging. Though, she is appreciative of the Station North Arts and Entertainment District because she is an artist and a property owner. She feels that there is excitement about the arts and that this is a good thing. Baltimore's reputation is changing for the better.

Charles Duff, president of Jubilee Baltimore, was born and raised in Baltimore City. Charles grew up in the suburban portion of the city and recalls that the era had romantic notions of the urban core. However, while growing up the city was in decline. During the 1950s and 1960s, city patriarchs saw the city sinking on their watch. Charles felt like his generation of Baltimoreans inherited this wonderful place, but was stupidly throwing it away.

During the 1960s and 1970s there was a fight over planned interstate highways destined to destroy fascinating city neighborhoods. The time period was ripe with civic activity and diverse groups of people were building bonds and fellowship over a shared purpose of preserving Baltimore. Charles joined the movement locally known as the Road Fight.

Charles commitment to Baltimore remained steadfast through out his life. He left the city for both college and graduate school but returned afterwards. He sought a career where he felt he could make a difference. Charles works tirelessly to preserve and revitalize Baltimore's beautiful historic building stock, energize Baltimore neighborhoods through mixed-use development, and support development that is inclusive for all Baltimoreans.

Charles emphasizes that you cannot simply throw money at a neighborhood and expect that neighborhood to revitalize. Station North revitalization is part of long-term revitalization along the Charles Avenue corridor. The Charles Avenue corridor was once the fashionable part of town, associated with wealth, art, architecture, and pizzazz. This history is used as a catalyst for redevelopment. However, development requires more than building houses, a housing market must be built. To do so, redevelopment must build logically on existing development and energize collaboration among many stakeholders. Furthermore, timing is relevant; MICA has grown tremendously in the past 15 years, Washington DC has grown tremendously along with associated commuting from Baltimore to DC, and the urban environment is generally becoming more attractive to millenials and seniors.

Race plays a major issue in development. Baltimore has a history of racist policies and racial politics creates real challenges to negotiation and development. Gentrification in white neighborhoods like Canton is less traumatic than white people moving into black neighborhoods. We do not have a mechanism or strategy for peaceful integration. Furthermore, much black wealth left the city over the past fifty years. Greenmount West had a black population of 3000 in 1970 but only about 1000 in 2000. However, in both

instances, the neighborhood population was 90% black. The people who stayed are those who couldn't leave. How do we attract middle class black families back to the neighborhood? Exacerbating the development issue is lack of agency in low-income communities. Poor communities have outsiders making decisions for the community. America does not allocate significant funds to community organizing that can support community empowerment. Lastly, too many people think market forces will solve the problem. However, Charles believes that market forces need to be managed. Runaway capitalism is exploitative. Diverse mixed income neighborhoods require an allocation of affordable housing and effective community organizing can facilitate inclusive communities.

Councilman Carl Stokes is a lifelong resident of Baltimore and has been in public service for two decades. He grew up in East Baltimore, has worked hard his whole life and believes that everyone should have an equal opportunity to achieve the American dream. He was a successful businessman and has a long track record of educational service. He helped lead a successful middle school and is in the process of opening an all boys STEAM middle school. When he talks about growing up in Baltimore and about his fellow Baltimoreans he speaks from deep-seated pride in the city. He recognizes that the city faces significant challenges, but that communities are working together for demonstrated improvement. The Councilman contrasts the dynamism of the city with its hometown vibe, saying that it is a great place to live and work.

Councilman Stokes emphasized that the development process needs to not only include people from within developing communities, but also produce a product that is for

them. Given the number of vacant properties, physical displacement is less of a concern. The councilman warns of cultural displacement. That there is a new crop of people moving into revitalizing areas and that new services seem to exclude legacy residents. He offers the observation that there is an absence of black patrons at new Charles North businesses and when neighborhood kids walk down the street, they get funny looks.

He further discusses the allocation of city resources. There is a running joke about increasing funding to minority residents because African Americans represent approximately 65% of the city population. Though the majority of city services and funding appear targeted at white neighborhoods. However, he did not joke when he referenced the 'black tax'. That African American communities face more police cameras for ticketing and less garbage pick up than white communities. In addition to racism, he attributes unequal services and marginalization to constituent mobilization and African American self-perceptions of racial and class inferiority. In general, members of the white community are more vocal, more organized, and more adept at getting results from city hall.

Dana Johnson moved to Baltimore 13 years ago. She moved after graduate school and has been working in community development since. Baltimore was a more livable alternative to Washington DC, her brother had settled in the city, and she found great work. Dana leads the The Reinvestment Fund's (TRF) Baltimore office and is happily raising young school age children.

Both Dana and her husband are leaders in Baltimore's community development industry. She appreciates the many assets for a city of its size, but also emphasizes the stresses of living in a place where there is distress, crime, and poverty. She is deeply

dedicated to her work and finds it frustrating that huge swaths of Baltimore are distressed juxtaposed against affluent areas disconnected from the overall health of the city. The dots don't always seem to connect that the health of the city is connected to the economic health of the region. Dana works to improve quality of life for all residents and make sure kids have opportunity regardless of their of zip code.

Dana emphasizes high community engagement in the Station North area. The Central Baltimore Partnership (CBP) and Homewood Community Partners Initiative have hosted many meetings to listen and learn community priorities. While the verdict is still out on creating an inclusive development program, she believes the process has been positive versus other initiatives that have been very top down. She does not see gentrification based displacement occurring yet, but that it is important to have the conversation now before it is too late. The CPB position is that there is sufficient affordable housing. This affordable housing needs to be maintained but more people are needed who can pay market rents to create a diverse neighborhood. If we want more amenities we need more money and people. She is concerned with the pace of development as the area increases in popularity. Currently there is a lot of creative financing through tax credits and subsidy programs and TRF has helped bring many projects through the finish line, but when the private development community arrives, things can move quickly with less careful planning.

She emphasizes the need for job creation. Community development strategy can be tightly connected to job creation. New development can have local hiring requirements. Clear accessible pathways to these jobs are needed. However, many residents are not ready for jobs that are coming online. Training is needed and it is expensive. This is not an excuse,

but a barrier that needs to be overcome. If we want inclusive development we need to ensure that people can earn a living wage.

Don Donahue moved to Baltimore in 2005 and teaches civil rights history part time at Loyola. He has moved around a lot because his wife is a chaplain in the Navy. However, he has family in the Baltimore area and purchased a home in Baltimore. He is very active in the community association and has no intent on leaving. He chose to move to Charles North because he was able to get a beautiful house at a good value. He appreciates the walkability and accessibility of the city. Don advocates for the city and its residents and works to make sure the community is represented in decision-making.

When Don moved to Charles North there were open-air drug markets and prostitution on North Avenue. Neighborhood commerce was catering to very low-income residents. The area has an abundance of social services agencies. The residents do not have power or money and therefore they do not have control. He also says there were also few white people in the neighborhood, a dramatic difference compared with today.

Community organizing is a powerful tool. As president of the Charles North Community Association (CNCA), Don has organized for zoning changes to help manage growth, a campaign to generate political interest in the area, and to ensure code compliance for the most dilapidated buildings owned by absentee landlords. There was a group of individuals with patient capital willing to invest in the neighborhood and have been working ever since to see its continued growth. As the neighborhood revitalized, more capital became interested in the neighborhood and larger stakeholders became increasingly active. CNCA focused on ensuring community voice amidst increasing outside interest in the neighborhood.

According to Don there was a long period of relationship building between various community organizations and stakeholders. Though, after a decade of collaboration, various organizations understood their roles and now there are clear and accessible pathways to participations. Aggregating organizations speak *power to power* and the grass roots community organizations bring the residents into the conversation. The success of these efforts ensures that city politicians remain engaged in the area. He notes, that Station North itself is not a neighborhood, that it is a marketing tool and people seem to forget that there are slices of three different communities in that single arts district. This is important because people are proud of their communities.

Ernst Valery is the president and founder of Ernst Valery Investments (EVI) a real estate private equity firm. He is also principle of SA&A, a real estate development firm. Ernst began working in Washington DC in 2007, but moved to Baltimore because he preferred the quality of life and ambience. He has since developed major properties in Baltimore and is a major development player in Station North.

Ernst believes that development should be inclusive. Moneyed interests too often take advantage of low-income minority communities. There is information and power asymmetry and structural racism that prevents community wealth generation. EVI seeks to demystify the complexity of market rate and affordable housing development process in order to educate partners and community. This in turn allows these actors to replicate the process for wealth building. Furthermore, Ernst addresses the role of community based organizations (CBOs). CBOs do not always represent the views of the community and sometimes push personal interests in the guise of broader community interests. He also notes that the city will blame CBOs when improvement is not happening, but will bypass

CBOs in order to fulfill a municipal agenda. Ernst emphasizes the political complexity of development. Ernst's companies adhere to place base sustainability and economic democracy principles that community wealth generation and environmental stewardship are requisites for successful business.

Melvin Mercer has lived in Baltimore for ten years and has owned his home in Greenmount West for the past 7 years. He is originally from Los Angeles and moved to the east coast with his wife for school and work. Melvin is a social worker and completed his Master's degree at the University of Maryland. He was inspired to buy a home in Baltimore partly do to the outreach efforts of LiveBaltimore.com.

Melvin is married with two children who attend the local Montesorri school. He is the former Vice President of the New Greenmount West Community Association and remains active in the community. He believes that neighborhoods can be strengthened equitably, but that that there needs to be a real commitment to inclusive development, which he admits is challenging.

Melvin describes challenges that arise with community engagement. In 2008, the Baltimore Public Montessori Charter School opened. The founder is a white woman and the school is in a black neighborhood. The school recruited heavily to fill desks with neighborhood children, but struggled to get enrollment. Thus, the school advertised to city residents broadly. Now the school is highly ranked and there is a waiting list to for entrance. Neighborhood residents who resisted initially are upset that their children cannot attend the school. Another example is that the community association is gaining new members, mostly white from other places. Tension can arise between new and old

members concerning objectives. Some new white members see themselves as saviors of the neighborhood. However, the idea of saving does not align with collaboration and projects an attitude that the community was nothing before the savior arrived.

Melvin suggests that people take the path of least resistance. Community development requires many stakeholders, but if a single group has the most influence it is easier to cater to that group. Given that the white, wealthy, and educated have better access and influence, these individuals are catered to. Major stakeholders engage the community, but often superficially in order to push through a predefined agenda. Cooperative inclusive development is challenging. Legacy residents are apprehensive. The culture of poverty represses opportunity. Racism does not get fixed; it dies out over time and requires education and working together. In order to create inclusive development we need education and opportunity for collaboration among diverse people.

Michelle Gomez moved to Baltimore in 2008 to attend MICA. She is an artist and originally from Miami. She thinks often about what it means to be a transplant in a community and also how roles of race and gender affect community identity and community development. She works for Latino Providers Network and teaches art part-time to middle schoolers. She also volunteers teaching English to Latino immigrants and supporting church programs. Michelle says she has no intent to leave Baltimore for the foreseeable future. She loves Baltimore and feels inspired by the city. She references the passion and creativity of the people. She believes that Baltimore is a great place to live and she works to make sure others think so too.

Michelle agrees that gentrification is not yet forcing physical displacement in Station North. However she describes how legacy residents are disconnected from development activity. There are many white people walking around North Avenue. These people were not here seven years ago. When you peer into the new businesses, cafes, venues, and galleries, you do not see black people. There is a perception that these services are not for them. The Station North area is considered cool. However, it is largely catering to white people, does this mean that black is not cool? As an art curator, Michelle thinks about making exhibitions relevant to an audience and asks how do we ensure that community development is relevant for the existing community? Baltimore is segregated city and we need to create opportunities for people to work across racial and income lines.

Michele also discusses the role of artists. Artists can be used as a tool for development. They beautify the neighborhoods, live in cheap spaces, and provide a persona of *cool*, but as the neighborhood increases in popularity, artists are priced out. If we are to ensure a diverse community, we must ensure affordability.

The data presented in this chapter combined with the first chapter literature review offers the research foundation to analyze gentrification in the Station North Arts and Entertainment District. This research is used to determine if displacement can be prevented and if lessons learned from the Station North development process can be transferred to other urban geographies. Furthermore, this research is used to substantiate current EVI strategy and posit new strategies for gentrification with out displacement.

Chapter 3: Analysis of Gentrification and Revitalization in Station North and Research Influence on Ernst Valery Investments

Station North Analysis

Station North possesses numerous characteristics that facilitate revitalization. The area is adjacent to a major transit hub that includes regional and local rail, intra city bus and light rail, and easy access to interstate 83. Washington DC's growth has increased commutation between the two cities, thus, increasing pedestrian traffic through the neighborhood and Penn Station. The intersection of North Avenue and Charles Avenues is the center point of Baltimore City. This intersection of two historic commercial corridors and the neighborhood's historic designation lend itself to strong narrative necessity for revitalization. Station North resides between revitalized neighborhoods to the south along the Charles Avenue corridor and Johns Hopkins a mile and half to the North. The Station North Arts and Entertainment District (SNAED) designation is a powerful marketing tool and provides state recognition for arts based development. Strong community organizations support resident participation and attract government attention and investment. Major anchor institutions including MICA, Johns Hopkins, and University of Baltimore are in walking distance and intensely engaged in development efforts. There is extensive historic architecture and available government tax credits encouraging rehabilitation and development. These characteristics along with increased interest in urban living provide the fuel for Station North revitalization. While area stakeholders say there is plenty more work to do, it is evident that Station North has experienced resurgence over the past 15 years.

Station North is gentrifying. The neighborhood evolution aligns with academic descriptions of gentrification. The supply side offers cheap, historic, centrally located, in

need of renovation housing stock. The demand side is created by an influx of younger, wealthier, and mostly white artists and professionals seeking authenticity and access to urban amenities. Census demographic data aligns with the expectation of gentrification. From 2000 to 2013, Station North experienced a population increase from approximately 1700 to 2100 residents compared with Baltimore City resident net increase of approximately 500. There was a dramatic increase in white residents from 6.5% to 28%, an increase in 18-34 year olds from 26% to 40%, population 25+ years old with a bachelors degree from 3% to 35%, median household income increase from \$15,000 to \$31,000, decrease in vacant housing from 36% to 24%, skyrocketing average monthly rent from \$371 to \$899, along with median owner occupied home value from \$49,000 to \$209,300, and an increase in managerial and professional occupations from 23% to 31%. These metrics signal gentrification. Additional signals include new hip cafes and eateries, high profile investments by anchor institutions, luxury rental renovations, and plans for new market rate housing. Station North exhibits classic signs of gentrification, though opinions are mixed concerning gentrification's attendant displacement.

Station North displacement is commonly discussed in two forms, physical displacement and cultural displacement. With a quarter vacant neighborhood housing stock, interviewees stated that physical displacement is not an issue. However, census data alludes otherwise. Though net area population increased by 405, Black population decreased by 228 residents, a 15% decline. Furthermore, Black population below the poverty line decreased from 839 in 2000 to 424 in 2013, with a concordant increase in White population below the poverty line of 140. A logical connection can be drawn between the Station North black population decline and the 240% average monthly rent

increase over the past thirteen years. Regardless, interviewees regularly discussed physical displacement. That black residents are ostracized from the newly revitalized culture. Peer into the new cafes and venues along Charles North and North Avenue and note the absence of African Americans or that African American children get funny looks from white passersby. The perception exists that this commerce is not for them. Often, when a person arrives somewhere new there is sense that the narrative starts anew. It is easy to ignore, forget, or not realize that neighborhoods have history and continuity. New residents, predominantly white, arrive and take advantage of amenities but are disengaged from pre-existing context. Thus, data suggests that both African American physical displacement and cultural displacement are occurring. Additionally, artists contribute a vocal outcry of gentrification.

Artists argue that their work and presence leads to artist displacement. Artists moved to the Station North area for cheap rents to practice their craft. However, creative and beautification activities facilitate neighborhood interest and draw new residents to Station North. Increased housing demand drives up rents and reduces available low cost space for artists. . The arts designation highlights artist relevance, therefore artists are particularly attuned to their role in development. Thus, artists claim a relevant part of the ongoing gentrification displacement dialogue.

Gentrification and displacement are hot topics in Station North. There is a *catching it before its too late* dialogue concerning gentrification and displacement. In 2013, Station North Arts and Entertainment, Inc. hosted a conference on Gentrification and Cultural Vitality in Transitioning Communities to address the impacts of development on the community. According to the conference summary,

“Thus far, a plentitude of affordable housing and vacant post-industrial spaces combined with community-driven desire to expand its resident base has enabled Station North to largely avoid the displacement and other unwanted side effects that characterize rapidly gentrifying neighborhoods...Station North has arrived at a critical juncture in its growth as an arts district and creative community: with mature and vocal community associations, several parallel resident populations, and a handful of major development projects on the horizon, it is time to address the issue of gentrification and neighborhood change in Station North” (Station page 3).

Community organizations are grappling with how to manage future development. There is acceptance that a vibrant mixed income community requires capital infusion and market rate residential housing. However, there is concern that overzealous private actors can overwhelm a decade’s worth of intensive community work in Station North. Though there are signs of displacement, thus far, stakeholders have done a remarkable job revitalizing Station North.

Station North Arts and Entertainment District (SNAED) was designated in 2002. The designation offers tax incentive for arts related activity, but the primary benefit is derived from branding. The designation legitimizes the district and garners broader based popular attention for the area. The director of Station North Arts and Entertainment, Inc., Ben Stone, described the evolution of his role from marketing to programming focused. Initially, major effort was needed to imprint ‘Station North Arts and Entertainment’ into the city psyche that this area is a particular destination. That evolved towards a primary focus on programming including concerts, conferences, beautification, murals, and installations. Now that the area is sufficiently established, Ben is trying to learn how his organization can manage growth to prevent a loss of character and maintain the integrity of the arts district. Though, the arts are a powerful component of revitalization, they are not alone sufficient.

Community organizations and grass roots mobilization provide necessary capacity for revitalization. The three neighborhoods encompassed by Station North each have their own community associations. These organizations offer a range of services including housing, workforce, education, and beautification programs. Maybe most importantly, these organizations offer an avenue for community voice and participation. They act as a galvanizing force for community-based activities and organizing. However, limitations exist. Organizational objectives are focused on the particular community and resources and human capital capacity is limited. These organizations are the eyes and ears on the ground within the respective community. Thus, synergies are created when a structure exists for inter-organizational collaboration.

The Central Baltimore Partnership (CBP), formed in 2006, is an umbrella organization that partners with community stakeholders to galvanize central Baltimore revitalization. Station North lies within the CBP catchment area. While grass root community organizations provide neighborhood residents with a pathway for voice and engagement, the CPB provides that pathway for stakeholder organizations. The CBP helps coordinate stakeholder engagement and provides organizational capacity through dedicated human capital and grant programs. This centralized aggregation of organizing capacity allows the CPB to talk *power to power*, giving individual stakeholders more powerful voice in higher-level negotiations with government, business, and institutional partners.

Anchor institutions play a critical role in Station North revitalization. There is broadening national consensus that major universities can have a powerful positive impact on local communities. Johns Hopkins, MICA, and University of Baltimore continue to make

substantial capital investments either directly in Station North or adjacent neighborhoods. Furthermore, each school has a wide breadth of community engagement activities. Importantly, MICA's student artists provide continuous creative human capital for the area. While each institution has its own agenda, there is widespread recognition that their strategic growth plans impact neighborhood development. The CPB helps coordinate development activities among the institutions. The Homewood Communities Partners Initiative, funded by Johns Hopkins and adopted by CPB, is a blueprint for stakeholder activity and engagement in eleven Hopkins neighborhoods including Station North. Anchor participation in revitalization generates press, brings resources to neighborhoods, and improves the built environment.

Station North is the beneficiary of favorable government financing programs. The area is a designated National Register Historic District and Maryland Sustainable Community. Thus, qualifying structures are eligible for federal and state historic tax credits. Institutional, private, and non-profit developers utilize historic tax credits for rehabilitation and preservation in addition to low income and new market tax credits for real estate development. These tax credit programs help fuel reinvestment in Station North's built environment. Station North is also part of an Enterprise Zone that offers businesses tax credits for capital improvements and workforce expansion. Baltimore's Vacants to Value program encourages homeownership and rehabilitation of Station North residential properties. Additionally, the Midtown Community Benefits District levies a tax-payer approved property tax surcharge to provide security and sanitation services to the defined Midtown catchment area. These programs support an influx of capital for larger scale real estate, individual residential, and business development in Station North.

The confluence of market trends, transit orientation, arts focus, engaged community and anchor organizations, and favorable financing produces Station North revitalization. Community stakeholders recognize that the influx of capital and people apply displacement pressure to legacy residents. Given the relatively slow pace of development, perception exists that displacement can be prevented. Residents are not taken by surprise by rapid gentrification like that taking place in Washington DC, San Francisco, or Brooklyn, NY. Thus, there is robust dialogue in anticipation of increasing gentrification. There is hope that this dialogue leads to implementable anti-displacement strategies. Though, an ecosystem of plans and strategies currently exist to ease the expected tension associated with development.

Baltimore City community development programs and Station North specific strategies strive to prevent displacement. Housing affordability, job training, and community participation are primary strategies. The CBP believes in supporting mixed income communities, thus, their position is to maintain the existing quantity of affordable housing stock. However, artists represent a critical group for maintaining an arts district. In addition to City Arts, a 69 unit affordable housing building for artists, there are plans for City Arts 2 to expand affordable housing for artists. To protect residents from rapidly rising property tax assessment, Maryland offers a homesteading tax credit that limits taxable assessment increases to 4%. These programs protect residents currently residing in affordable housing and who own their home. However, low-income renters are particularly vulnerable to displacement as housing demand increases. The Housing Choice Voucher Homeownership Program allows qualified renters to convert rental assistance payments into mortgage payments. This program supports the conversion of low-income renters to

homeowners. Though low-income renters may not have sufficient income to cover the gap between the rental payment and the mortgage payment. In order to prevent displacement, under employed and unemployed residents need access to jobs with a living wages

Career development strategies seek to increase employability and improve overall quality of life. If residents obtain a living wage, they have a better chance of paying increasing rents or participating in home ownership programs. “The Baltimore Integration Partnership (BIP) is a collaborative partnership among educational and healthcare institutions, funders, funders, non-profits and public organizations focused on establishing economic inclusion...through local hiring, purchasing, and community reinvestment”(Sommer). BIP provided funding to CPB for the Greater Homewood Community Corporation Workforce Connections program. The Workforce Connections program offers job readiness training and supports job acquisition. Additionally, CPB is able to leverage institutional relationships to facilitate employment pathways for residents. The People’s Homesteading Group (PHG) specifically targets the Barclay neighborhood. PHG revitalizes dilapidated housing stock and provides construction training to willing residents regardless of background. The BIP and localized organizations like PHG work to increase the employability of marginalized Baltimore residents. Economic self-sufficiency strengthens communities and minimizes displacement pressure.

Station North communities have voice in community development plans. Current city planning doctrine calls for intensive public participation ensuring community interests are represented in development strategies. The Homewood Community Partners Initiative (HCPI) seeks robust private public partnership between Johns Hopkins and its surrounding communities of which all Station North neighborhoods are included. HCPI

“...launched an extensive participatory process among neighborhood associations, community-based stakeholders, other anchor institutions and the business community. Neighborhood associations, many of which already had plans for their individual communities, were enrolled in a process of creating a general “overlay” plan that showed the integration of those small plans and the synergy and common elements that could be addressed to build a stronger HCPI. That overlay and information from extensive interviews and meetings with other stakeholders in the community’s public, private, and nonprofit sectors, as well as the analysis of relevant documentation, led to a common forum that hammered out a vision representing a shared ethos of community and university”(McNeely page 2).

The objectives for the partnership are clean and safe neighborhoods, blight elimination and housing creation, public education, commercial and retail development, and local hiring, purchasing, and workforce development. Community defined objectives embedded in planned future development activity can minimize displacement. That communities’ development needs are incorporated into strategy bodes well for inclusive development.

Though there has been incredible revitalization in Station North and broad based strategies for inclusive development, research illuminated displacement related issues in the development process including credit assignment and legacy resident inclusion. The Station North Arts and Entertainment District is an overlay district defined by the state to support arts based development. This arts district has gained local and national prominence and is a destination within Baltimore City. However, Station North is not a neighborhood. Station North is comprised of three neighborhoods: Charles North, Greenmount West, and Barclay. Each neighborhood has its own character and community associations. Successful marketing of Station North gives the appearance that Station North itself is a cohesive neighborhood. This downplays the complexity of cooperation and accomplishment among neighborhood groups. It also creates frustration among grass roots neighborhood organizations when accolades are doled out to the umbrella organizations. CPB highlights that their work is the work of their partners but CPB and its leadership

receive more recognition. In addition to recognition, questions arise concerning the beneficiaries of development.

Resources and revitalization appear to arrive at the behest of white stakeholders. Once ignored, the Station North neighborhoods now receive attention and it coincides with white interest in the area. Municipal services appear to improve when white visitors or white residents frequent a neighborhood. Councilman Stokes says that 80% of calls to his office come from the 20% white minority in his district and that the white minority has more influence within city hall. He says the black population is ostracized from historical marginalization and participates less actively. Furthermore, tension arises at the community level when new entrants participate in organizing. Census data shows demographics trending towards whiter, wealthier, and more educated. Participation by these new residents can carry the stigma of 'white savior' and create tension among legacy residents. As the neighborhood changes, there are also concerns about white washing, that the neighborhood will no longer cater to or be welcoming to legacy residents. Earlier examples pointed to African American cultural displacement.

Given the current state of gentrification in Station North, displacement cannot be prevented. The neighborhood continues to gentrify and displacement occurs. Low-income African American resident population reduction alludes to physical displacement. Qualitative observation presents a picture of cultural displacement. Private market development interest is gaining momentum and if demand for Station North real estate continues to increase, prices will continue to rise, thus, increasing displacement pressure. Though gentrification and displacement occur, there are many positive development attributes aimed at inclusive development.

The Station North revitalization process follows current urban planning practices that can be ported to other urban geographies. Station North exemplifies arts based community development, transit oriented development, leveraging anchor institutions, favorable finance programs, engaged grass roots community groups, umbrella community organizing groups that aggregate voice and cohere development strategy, and workforce development programs. Every city does not have the same mix of assets, but similar strategies can be used to leverage existing assets. Station North benefited from a slow pace of revitalization and conscientious stakeholders seek to minimize displacement. Other cities can improve upon Station North's development process to increase inclusive development.

Revitalization plans focus on bringing people and capital to the neighborhood. Inclusive development plans require that the legacy community's future is accounted for from the outset. Legacy community housing affordability and wealth building must receive equal priority as people and capital inflow during the planning and development process. The Homewood Community Partners Initiative (HCPI) attempts to tackle the inclusionary component except that revitalization was well under way when HCPI plan was created. Revitalization yields increasing demand that produce higher rents and increases displacement pressure. To protect against displacement, planners need to set initial anti-displacement goals and build capacity to achieve those goals.

Displacement can be prevented if people can afford housing and if all residents benefit from development activity. The vulnerable resident population needs to be assessed and engaged at the outset of planning. Preventing physical displacement requires housing affordability strategies. Housing affordability occurs by increasing the quantity of

affordable housing stock, strengthening rent to own programs, and ensuring sufficient wages for the consumption of housing. Baltimore's homesteading tax credit is a good policy to protect homeowners from rapid rises in real estate tax assessments. Furthermore, if residents are increasingly excluded from development activity, they face cultural displacement. Racial segregation in a revitalizing neighborhood depicts an absence of inclusion. Thus, planning requires explicit development strategies that cater to the existing population. Funding and increasing the intensity of community organizing efforts can increase community influence in the development process, yielding benefits to legacy residents. Strategies that bring people together across racial and class lines can facilitate inclusive development and foster a sense of broad based belonging. Further research is required to design these strategies that improve upon Station North development processes.

Given the current state of gentrification in Station North, displacement cannot be prevented. Station North is experiencing a renaissance and stakeholders are cognizant of gentrification and its attendant issues. There are programs in place to mitigate displacement. The Homewood Community Partners Initiative presents a broad strategy for inclusive development, but it is too early to determine if the initiative will be a success. The Station North development process successfully levers existing assets for revitalization and this process can be ported to other cities.

Ernst Valery Investments (EVI)

This is a client-based thesis written for Ernst Valery Investments, a mission driven private equity fund. The research provides the theoretical and policy foundation for EVI's community wealth generating mission. The case study provides insight to issues faced by

revitalizing communities, EVI's target market, and illuminates pain points for consideration in the development process. EVI investments subscribe to place based sustainability and economic democracy strategies.

Place based sustainability focuses on the fundamental alignment between healthy environments, healthy societies, and healthy businesses/organizations that contribute to economics that meet human needs.

Economic Democracy is a socio-economic arrangement where local economic institutions are democratically controlled. These economic institutions include business, finance, research and development, and education sectors. Economic democracy does not reject the role of markets, but rather de-emphasizes the primacy of the profit-maximizing motive among economic decision makers.

The gentrification literature review, historical housing policy analysis, and Station North case study inform EVI business strategy. The following EVI strategies and planned strategies exemplify the firms' commitment to the above principles.

Open Book with Local Partners

EVI partners with local community institutions for the production of affordable and market rate housing. Often, non-profits, churches and private individuals possess land that can be leveraged into a durable revenue streams. These owners may possess land in existing high demand or gentrifying markets. However, all too often, developers are more interested in purchasing the land from the owner and then producing proprietary

development. The owner receives a one time capital inflow from the sale of the land. Furthermore, these owners often do not have real estate experience and are unaware how to maximize their land for their maximum financial benefit. Instead of seeking an outright purchase of the land, EVI partners with these landowners for community wealth building. The owner maintains ownership of the land and shares in the revenue created by the development. This can improve cash flow for owners. Churches and non-profits can utilize the cash flow for improved and expanded services. Private owners, particularly lower income owners, can utilize the cash flow for generational wealth building. This strategy is unique. During deal deliberations, it is not uncommon for an EVI partner to say, "Is this really how you do business, we've never talked with a developer legitimately interested in our future success." EVI displays cash flow splits at the beginning of the deal so that all parties know their future expected revenue. EVI values the contribution of community institutions and seeks to strengthen communities through strategic sustainably investment.

Web Platforms

EVI invests in web-based platforms to ameliorate urban issues. Currently, EVI is a partner in Pathway to Stay and the Platform. These projects are ecommerce sites that reduce hurdles to community wealth building. Pathway to Stay is like TurboTax for immigration applications. One hurdle faced by low-income immigrants is the cost of legal services for immigration applications. The ecommerce platform streamlines the immigration application process and dramatically reduces legal fees. This makes the path to economic self-sufficiency less arduous. Once, the initial service is built out, the website can provide additional services that reduce intermediary fees associated with navigating

immigration status. Pathway to Stay is currently in beta testing with a Bronx based community partner. The next step is to expand partnerships with community based organizations that serve immigrant populations. This product is easy replicable and can target populations across the country.

The Platform is a local procurement platform that connects local suppliers with anchor institutions. The Platform streamlines and encourages local purchasing to facilitate community economic development and wealth building. If local purchasing increasing, business can increase wages and/or hire more employees, both of which benefit a community. The Platform is currently in web development stage. One feature of the Platform is below market rate working capital loan products, discussed below. Furthermore, upon implementation, the Platform can easily be ported to other geographies.

EVI is currently conducting real estate crowd funding research. Direct investment in real estate is typically limited to high net worth individuals and a real estate developer's personal network. Crowd funding democratizes real estate investment and allows more people access to real estate investment opportunities. This not only increases the number of avenues for capital access but can also bypass major financial institutions that hold sway over capital access. Furthermore, if local community members can invest directly in their neighborhoods they are more likely advocate for successful development. While there are numerous real estate crowd funding sites, none currently exist to crowd fund affordable housing. EVI provides financing for partner company SA&A, a real estate developer with expertise in affordable housing and over 900 affordable housing units under management. An opportunity exists to leverage EVI expertise in affordable housing to fill the affordable

housing crowd funding gap. Successful production of affordable housing is vital to inclusive development.

Below *Market Rate* Loan Products

EVI is developing a working capital loan product that is below current market rates. Working capital is a key concern for many small businesses. However, small business loans can have lead times too long to meet immediate capital needs. Furthermore, small businesses may not have the credit or collateral for small business loans and revolving lines of credit. Factor financing, using invoices as collateral, lenders charge approximately 18-36% annualized interest rate. The cost is prohibitive for low margin businesses, and it is also, simply, an expensive form of financing. Through the Platform (listed above), EVI is streamlining the lending process and leveraging the Platform as a trust agent to lower interest rates. Wealth generation requires access to capital. Chapter two displayed examples of inner city minority communities ostracized from the traditional banking system. Poor credit scores prohibit access to capital, however, the Platform is leveraging community relationships and vetting purchasers for payment reliability, thus giving EVI confidence in loan repayment. Financial subsidies are common practice in the United States. However, inner city communities have insufficient political pull to garner the political attention obtained by major corporate lobbyists. EVI seeks to help level the playing field by providing capital to businesses that may otherwise not have access. This in tern can facilitate job growth, wage increases, and prevent displacement.

University Partnerships and Investing in Research

EVI is at the forefront of the real estate investment and development industry. There are few firms focused on place based sustainability and economic democracy. In order to maintain the flow of new ideas and best practices, EVI is building relationships with Universities. EVI founder, Ernst Valery, is a research affiliate with MIT's Community Innovator's Lab, a laboratory focused on community wealth generation. This relationship brings best practices at the forefront of community wealth generation strategy to EVI and facilitates academic research into the marketplace. Furthermore, EVI is building a robust internship program. EVI hires interns year round from MIT's Department of Urban Studies and Planning, Center for Real Estate and Sloan School of Business. This program benefits both interns and EVI. Interns receive an opportunity to work on mission critical projects with an innovative company and EVI receives fresh ideas and perspectives from the forefront of a premier research university.

The internship program allows EVI to invest in primary research. Sustainability and economic democracy are relatively new concepts in the private sector. As explained earlier, anti-displacement strategy gaps exist in the Station North development process. EVI utilizes its internship program to fund research that can address these gaps. EVI takes a long view that this primary research will eventually yield financial returns, but in the short term, the ideas need to be developed and tested. This is EVI prototyping.

EVI believes in cross-disciplinary collaboration and that new ideas are generated when diverse perspectives come together. EVI is participating in an economic democracy and place based sustainability workshop at MIT in May 2015. The workshop convenes the director's of MIT's Community Innovator's Laboratory, Sustainability Initiative, and Samuel

Tak Lee Laboratory for sustainable real estate. This workshop brings practitioners and academia together to address community wealth generation.

EVI is developing additional partnership with universities that have business, real estate, and urban planning programs. When EVI enters new markets, it seeks to establish local partnerships. As part of these local partnerships, EVI is incubating a 'developer in training' program. This training program sources talent, collaboration, and support from universities in local markets. The developer in training program is designed to train a new generation of real estate developers that adhere to EVI philosophy.

Developer Rating Index

EVI is incubating a developer rating index. This project is incubated through EVI's university internship program. Municipal requests for proposals ask for developer qualifications but exclude metrics concerning the developer's community engagement principles and actions. The developer index rates developers' previous community collaboration and community wealth building. This product is in the research and design stages. Once complete, the developer rating index will first be used to rate EVI real estate investments.

Conscientious Investors

EVI is aware that the market does not yet prioritize mission driven investments. Though, EVI wholeheartedly believes that the path to future success requires fundamental alignment with place based sustainability and economic democracy. As this mission driven movement expands, EVI requires mission-aligned investors. EVI understands that mission

driven investments are a nascent industry and investors must be sourced broadly. In order to target these investors, EVI invests in market research that identifies investing habits of international investors. Through the internship program, EVI identified potential Chinese investors and produced an investment memorandum to attract Chinese capital. EVI is in the process of producing similar research for other countries.

Land Banking

EVI is prototyping a land bank strategy. Recognizing the need for advanced anti-displacement planning, EVI is investing in research on land banking for community wealth generation. This project is in proposal stage, and is in response to this paper's research. Prototyping will occur during summer 2015 as part of the internship program.

EVI is committed to community wealth generation by adhering to principles of place based sustainability and economic democracy. This thesis articulates the context for inclusive economic development. The above strategies are informed and strengthened by the research and demonstrate EVI's commitment to equitable development. EVI seeks a community development paradigm shift that is both inclusive and profitable. However, EVI recognizes that strategic hurdles exist.

EVI will not cure inner city poverty and marginalization. The firm develops strategies to alleviate these issues. EVI is a for-profit firm that values more than a profit driven bottom line and uses market-based approaches to community revitalization. Weaknesses to EVI strategy exist. As a reference, Shore Bank, a for-profit bank in Chicago focused on inner city community revitalization failed. Stanford Social Innovation Review

points to five primary reasons for its failure: macro economic conditions, antagonistic political actors, social mission balanced with financial realities, organizational model and resource limitations, and depth of human capital (Post). These pitfalls plus others apply to EVI strategy as well.

Economic climate and project risk profile impact strategy implementation. EVI profit is currently generated by market rate and affordable real estate investments. A change in government affordable housing policy and increased competition for affordable housing subsidies can negatively impact revenue. A downturn in the real estate market can negatively impact revenue. EVI focuses on urban transitional neighborhoods. If demographic popularity for the urban environment shifts, EVI business model can suffer. Lack of historical precedent for EVI prototype solutions increases assumed risk. Investment in innovative strategies can drain resources if they fail.

EVI community revitalization strategy requires political, investor, and community cooperation. Politically, this includes favorable legislation, supportive politicians, and government subsidies. Market competition can influence political actors to operate against EVI. An antagonistic political climate can prevent strategy implementation. EVI philosophy is new. Mission aligned community of practioners is limited. Strategic implementation is limited by access to capital and resistant mental models. Current investment paradigm focuses primarily on profit and does not necessarily account for a bottom line beyond profit. Currently, there are no widely accepted models that price positive social outcomes. Adherence to outdated or existing community development philosophy creates roadblocks to new ideas. Community resistance can stall initiatives.

EVI needs to balance its social mission with financial realities and assess its organizational capability. Prototypes are restrained by profitability. Potential solutions that appear not to have profit potential are not viable. Resources are limited and must be allocated efficiently. High quality human capital is required to experiment with and implement ideas. EVI is limited by access to and existing human capital. Profitability is required to expand EVI staff, thus expansion is limited by existing revenue. EVI must be careful not overextend itself pursuing new ideas. Innovation must be balanced with maintaining existing core business and revenue streams.

EVI does not claim a silver bullet to relieve low-income minority marginalization. The firm seeks market-based solutions to address this issue and create community wealth. Profit oriented solutions relieve the burden of government financing needed by community based organizations and attract private investment. Currently, EVI focuses on gentrifying urban neighborhoods in multiple cities. Investments in numerous cities operate as a hedge against volatility in individual markets. Further research is needed to determine if EVI strategies are applicable to non-gentrifying or non-urban neighborhoods. While specific EVI prescriptions may not apply outside gentrifying neighborhoods, EVI employs a values based framework that is transferable across geographies. Ultimately, EVI seeks a bottom line beyond profits that uplifts communities, increases equity, and promotes generational wealth building.

Conclusion

Gentrification occurs when a moneyed class moves into a disinvested neighborhood. The *gentry* move in. Disinvested neighborhoods are largely low-income minority communities. A supply of lower cost well-located housing stock and demand for proximity to urban amenities drive gentrification. Gentrification's associated benefits include decreases in vacancy rates, increases in property values, stability in once declining neighborhoods, encouragement of other forms of development in or near the neighborhoods, rekindled interest in the central city as a place to live, reduction of urban sprawl, increased social mix, improved city services, decreased crime, and increased local revenues. However, these benefits come at cost, further disenfranchisement and displacement of existing residents.

Displacement is a negative consequence of gentrification. Legacy residents face displacement in two forms. Physical displacement occurs when people need to move because they are priced out, forced out, or no longer welcome in a neighborhood. Cultural displacement occurs, when the neighborhood *improves*, but legacy residents are not functionally included in the neighborhood evolution. For example, new businesses catering to new residents, new residents playing the role of savior at community meetings, scornful looks towards legacy residents, and the persistent question of why resource improvement coincides with the arrival of white people. Given displacement, legacy residents are largely excluded from gentrification's wealth generating benefits. Gentrification based displacement continues a historical pattern of the United States marginalizing low-income minority communities.

Government housing policy for the past 80 years facilitated marginalization and inner city disinvestment. Though the US Department of Housing and Urban Development describes homeownership as an integral part of the American dream, US policy decisions have systematically excluded minorities and low-income people from government home ownership programs. The 1933 Home Owners Loan Corporation created federally sponsored redlining that ranked neighborhoods credit worthiness. Minority presence automatically reduced a neighborhood's rank, thus limiting access to capital. This forced minority communities into unscrupulous usurious lending markets. The Federal Housing Administration (FHA) created in 1934 advocated for racialized zoning and restrictive covenants based on the assumption that "nonwhite occupancy destabilized property values" (Freund 155). Public housing policy initiated during the late 1930s racially segregated and concentrated poverty. The FHA and Veterans Administration facilitated suburbanization by streamlining capital access for suburban development that largely excluded minorities particularly during the post World War II years. Suburbanization helped funnel capital out of cities. The federal highway and urban renewal programs enacted in the late 1940s destroyed city neighborhoods for highway construction and slum clearance. Over a million people were displaced and low-income African American neighborhoods were particularly hard hit. Policy reforms during the 1960s and 1970s sought to counteract exploitative housing policy, but systemic racism persisted. The 1990s saw the destruction of many large housing projects, but the absence of one for one unit replacement decreased the affordable housing stock yielding displacement issues. Furthermore, 1990s rehabilitation threatened gentrification by attracting the middle class into low-income urban neighborhoods. Then financial deregulation led to the subprime

mortgage crisis that disproportionately affected minority communities. These policies have both restricted capital access and drained capital from cities while continuously marginalizing low income and minority residents. Now, increasing demand for urban living is bringing capital back to the city. As capital arrives in disinvested urban neighborhoods, those who weathered the storm of disinvestment face renewed marginalization and displacement. Baltimore's Station North Arts and Entertainment District offers a prime example of an area struggling with the tension between gentrification and displacement.

Station North is a state designated arts district comprised of three neighborhoods adjacent to Baltimore's Penn Station. These neighborhoods include residential and commercial districts. The arts district intends to facilitate revitalization through arts based tax incentives, branding, and programming. The arts district was designated in 2002 and since then has experienced tremendous change. Station North's art-based brand provides a powerful marketing tool for the district. Though arts based revitalization receives much attention, all stakeholders acknowledge that revitalization requires the participation and collaboration of numerous parties. There has been hundreds of millions of dollars in development within Station North and its adjacent neighborhoods. Census data from 2000 to 2013 display common indicators of gentrification including, an increase in white residents, 18-34 year olds, population 25+ years old with a bachelors degree, median household income, average monthly rent, median owner occupied home value, managerial and professional occupations and a decrease in vacant housing. Additional gentrification signals include new hip cafes and eateries, high profile investments by anchor institutions, luxury rental renovations, and plans for new market rate housing. Associated with this gentrification is displacement.

Station North is facing both physical displacement and cultural displacement. Census data provides evidence of physical displacement. Though net Station North population increased, there has been a reduction in the Black population, notably among the below poverty level black population. This reduction makes sense given substantial increases in average rent. Cultural displacement is evidenced by the lack of African Americans frequenting the new cafes and venues along Charles North and North Avenue. The perception exists that this commerce is not for them. New residents, predominantly white, arrive and take advantage of amenities but are disengaged from pre-existing context. There are issues with new residents participating in community organizations, ostracizing legacy residents and claiming the role of savior. Neighborhood white washing is a general concern. Thus, data suggests that both African American physical displacement and cultural displacement are occurring. Furthermore, artists contribute a vocal outcry of gentrification. They move for cheap rents and beautify the neighborhood and create the aura of urban cool. Artists assert that their talent is used to make the neighborhood desirable and then increasing popularity drives up rents and forces artist displacement. Though displacement is an issue, compared with hyper gentrifying urban areas, Station North's displacement is much less severe. Station North benefits from a much slower development trajectory and a robust dialogue concerning the pitfalls of gentrification.

This thesis asks if displacement can be prevented given the current state of gentrification in Station North and how can lessons from Station North be used to facilitate gentrification without displacement in other urban areas? Displacement is occurring and will continue. Private market development interest is gaining momentum and if demand for Station North real estate continues to increase, prices will continue to rise, thus,

increasing displacement pressure. New businesses targeted at the gentrifying community will continue to open. Assuming past patterns are reasonable predictors of future patterns, cultural displacement will continue as well. None of the research pointed to imminent radical shifts in policy that can immediately raise wages, maintain affordability, and create racial inclusion. Though displacement occurs, Station North stakeholders have done a remarkable job revitalizing the area and are utilizing strategies that mitigate displacement.

Station North revitalization offers a blueprint for revitalization in other urban geographies. Lessons learned from Station North can contribute to displacement minimizing strategies. Baltimore and Station North stakeholders are implementing strategies that commonly appeared in the Massachusetts Institute of Technology Department of Urban Studies and Planning coursework during the 2013-2015 academic years.

Station North exemplifies arts based community development, transit oriented development, leveraging anchor institutions, favorable finance programs, engaged grass roots community groups, umbrella community organizing groups that aggregate voice and cohere development strategy, and workforce development programs. Additionally, the Homewood Community Partner Initiative in a broad based community development plan that encourages inclusive development and is the current development blueprint for eleven central Baltimore communities including the Station North area. Every city does not have the same mix of assets, but similar strategies can be used to leverage existing assets. Cities can improve upon Station North's development process to increase inclusive development.

Displacement can be minimized by ensuring housing affordability, strengthening access for career advancement and living wages, and implementing strategies for inclusive

development. Eliminating displacement is unlikely. Fifteen years ago, Station North's primary commercial intersection had open-air drug markets and prostitution. Unless, the purveyors of those commercial activities have been assimilated into the mainstream economy, they were likely displaced. Eradicating displacement would require accounting for each individual vulnerable to displacement, determining if that individual prefers to stay in the neighborhood, and developing a plan to ensure that they are not displaced. This is a lofty goal, though not empirically impossible. Displacement minimization strategies require a robust set of housing affordability programs for renters and owners, numerous pathways for career development, and intensive community organizing efforts to amplify community voice and facilitate inclusion.

In order to advance inclusive development strategies, this research was performed as a client based thesis. The client, Ernst Valery Investments (EVI), is a mission driven private equity fund that invests in real estate, urban businesses, and research for community wealth generation. EVI promotes a philosophy of place based sustainability and economic democracy. As described in the previous chapter, the research presented informs and improves EVI's existing strategy, offers actionable strategies for future implementation, and addresses potential strategic weaknesses. These tactics, ideally, will minimize displacement, lead to community wealth generation, and create a healthy form of gentrification.

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