

## **EXECUTIVE SUMMARY**

This report was prepared by five Urban and Regional Planning students at Michigan State University with the cooperation of the South East Community Association and Michigan State University-West in Grand Rapids.

This project focuses on parts of two Grand Rapids neighborhoods, East Hills and the South East Community Association (SECA). Residents of this report's SECA study area are concerned that their neighborhood is about to experience gentrification pressures that result in a loss of affordable housing and an undesirable change in neighborhood character. Gentrification, a process where deteriorated urban areas undergo redevelopment, can have positive effects such as improving the city's tax base or appearance, but it may also mean that with the arrival of middle- and upper-class people, longtime neighborhood residents must move away because of rising housing costs. Efforts may have to be made to preserve affordable housing in areas experiencing gentrification.

Research on gentrification has produced the following sets of indicators that suggest places where gentrification is most likely to occur or places where it is already occurring:

### Leading Indicators: Areas Most Likely to Experience Gentrification

- High Rate of Renters
- Ease of Access to Job Centers
- High and Increasing Levels of Metropolitan Congestion
- High Architectural Value
- Comparatively Low Housing Values

### Primary Indicators: Strong Signs Gentrification is Occurring

- Move from Rental Tenure to Homeownership
- Arrival of Individuals or Households Interested in Urban Amenities and Culture
- Increase in Businesses Intended for High-Income People

### Secondary Indicators: Less Strong Signs Gentrification is Occurring

- Change in Racial Composition
- Change in Occupancy Rate
- Change in Income

The SECA study area and the nearby East Hills study area are profiled. The six-block East Hills study area is bounded by Cherry Street on the north, Diamond Avenue on the east, Wealthy Street on the south, and Hollister Avenue on the west. The twenty-block SECA study area is bounded by Wealthy Street on the north; Lafayette Avenue, Logan Street, and Jefferson Avenue on the east; Sycamore Street on the south; and Division Avenue on the west.

Both of the study areas are located on the southeast side of Grand Rapids and are within about a mile of downtown. The two study areas are dominated by residential land uses,

but they do have commercial land uses along their major streets. Zoning allows for more intensive land use in the SECA study area than in the East Hills study area. Each of the study areas contains a school and has properties that fall within the Grand Rapids Renaissance Zone.

The two study areas each have a 2000 population of just over 500 residents. The East Hills study area had a stable population size over the last decade, while the SECA study area experienced an addition of over 150 residents during that same period. While both of the study areas have greater proportions of Black residents and smaller proportions of White residents than Grand Rapids as a whole, they do not exhibit identical racial compositions. The SECA study area has a larger share of Blacks and a smaller share of Whites than does the East Hills study area. Both the East Hills and SECA study areas have younger populations than the city of Grand Rapids. Looking at median household income, the two study areas lag behind the city.

The indicators of gentrification can be applied to the East Hills and SECA study areas. Exhibiting characteristics consistent with the leading indicators, the East Hills and SECA study areas can be viewed as being likely to experience gentrification. The two areas have a proportion of rental housing that is much higher than the Grand Rapids average and have had housing values which are markedly lower than those of the rest of the city. The location of the study areas allow for easy access to downtown and suburban employment centers via city streets and nearby freeways. Increasing congestion in the metropolitan area makes these centrally located neighborhoods even more attractive. Structures within the study area neighborhoods possess architectural values that cannot be found in newer neighborhoods.

Turning to the primary and secondary indicators of gentrification, one may conclude that the process of gentrification is underway in the East Hills study area. Contrasting the trend of the city as a whole, this study area has seen rising homeownership rates. Individuals who are interested in urban amenities and culture have arrived, while businesses that cater to those groups and to high-income people have appeared along Cherry Street. Reversing a decades-long trend, the East Hills study area and bordering neighborhoods show an increasing proportion of whites. Meanwhile, the occupancy rate for all housing in this study area has climbed impressively in the last ten years after an extended period of decline. According to a visual survey, three-quarters of the study area's structures appear to have undergone some form of rehabilitation or maintenance in the last few years. Both the median household income and the market values of properties in the East Hills study area have increased at rates greater than the city of Grand Rapids.

If the same framework of primary and secondary indicators is used, the SECA study area does not appear to have entered the gentrification process. Rehabilitation of homes has been limited and vacant parcels of land are abundant. The businesses currently operating in the community are not indicative of those found in gentrifying areas, and new businesses have not opened in the neighborhood. The median household income of the study area is only growing at a rate roughly equal to that of the city. Yet, gentrification

may not be far off for the SECA study area. The occupancy rate of housing has been slowly rising, and redevelopment can be noted in surrounding neighborhoods.

To address any of the negative effects of gentrification, the following recommendations are made for SECA and other Grand Rapids neighborhoods that may be affected by gentrification:

- Create a community land trust that holds land and works to ensure long-term housing affordability. A community land trust, which is a non-profit corporation, provides low-income residents the opportunity to purchase a home by restricting the appreciation of land costs. The land is purchased and held by the community land trust. The land is leased on a long-term basis to the resident, who purchases the home on that property.
- Use a community development corporation to acquire land and create development in the best interest of the community. Community development corporations, also non-profit organizations, can secure funding for the infill or rehabilitation of housing, homeownership education, land banking, and economic revitalization.
- Seek cooperation with the City of Grand Rapids. The city could create a small linkage fund, raised from charging developers a set fee per square foot of developed property, to pay for affordable housing initiatives and otherwise aid efforts that combat negative effects of gentrification.
- Monitor processes of gentrification across the city. The negative effects of gentrification are much easier to address before gentrification occurs.
- Attract businesses that are beneficial to the neighborhood. The Renaissance Zone affords Grand Rapids neighborhoods the opportunity to bring in new businesses that hire local residents.
- Set up employer-assisted housing programs that ensure affordable housing for lower-income residents who may work at local institutions and want to live in nearby neighborhoods. These programs allow employers to provide home-buying assistance or subsidized rent to lower-income residents, who now can live in mixed-income neighborhoods close to their places of employment.
- Maintain existing zoning and land use. Any changes, such as increased residential densities or conversion to commercial uses, may only further reinforce any negative effects of gentrification.
- Preserve neighborhood character through the establishment of design guidelines for infill housing. Through these guidelines, new housing built on presently vacant lots will mirror the existing architecture of residential areas.