



*Final Report*

# **Gentrification and displacement: the household impacts of neighbourhood change**

authored by

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# CONTENTS

LIST OF TABLES.....	V
LIST OF FIGURES .....	VI
ACRONYMS .....	VII
EXECUTIVE SUMMARY .....	1
<b>1 GENTRIFICATION AND DISPLACEMENT: SETTING THE RESEARCH IN CONTEXT.....</b>	<b>4</b>
1.1 Gentrification: a growing concern .....	5
1.2 Review of the gentrification-displacement literature .....	6
1.2.1 Measuring gentrification and displacement.....	7
1.2.2 Measuring gentrification .....	8
1.2.3 Research on displacement.....	8
1.2.4 Recent displacement studies .....	11
1.2.5 How does displacement occur? .....	12
1.3 Conclusion .....	13
<b>2 METHODOLOGY.....</b>	<b>14</b>
2.1 Introduction .....	14
2.2 Investigating the scale of gentrification and displacement in Melbourne and Sydney.....	14
2.3 Stage One: Gentrification in Melbourne and Sydney: 1996–2006.....	14
2.3.1 Stage One data source .....	14
2.3.2 Stage One method .....	15
2.4 Stage Two: Displacement in Melbourne and Sydney .....	17
2.4.1 Stage Two data source .....	17
2.4.2 Stage Two method .....	19
2.5 Investigating the social costs of gentrification.....	20
<b>3 THE MAGNITUDE OF GENTRIFICATION AND DISPLACEMENT IN MELBOURNE AND SYDNEY .....</b>	<b>23</b>
3.1 Melbourne .....	23
3.1.1 Migration patterns in G locations in Melbourne .....	23
3.1.2 Measuring displacement characteristics .....	27
3.1.3 Measuring displacement in G locations in Melbourne.....	27
3.2 Sydney.....	30
3.2.1 Migration patterns in G locations in Sydney .....	31
3.2.2 Measuring displacement in G locations in Sydney .....	34
3.3 Conclusion .....	36
<b>4 THE SOCIAL IMPACTS OF HOUSING DISLOCATION.....</b>	<b>38</b>
4.1 Introduction .....	38
4.2 Displacement: priced-out of the neighbourhood.....	38
4.2.1 The effect of living with housing stress.....	40
4.2.2 Benevolent and mercenary landlordism .....	41
4.2.3 Tenure (In)security .....	43

4.3	The experience of being displaced .....	44
4.3.1	The social costs of being displaced.....	44
4.4	Finding a new home.....	46
4.4.1	Serial displacement .....	46
4.4.2	The role of public housing .....	47
4.4.3	Property agents .....	48
4.5	Systemic displacement and gentrification-related displacement .....	48
4.6	Conclusion .....	50
<b>5</b>	<b>POLICY RESPONSES TO GENTRIFICATION .....</b>	<b>52</b>
5.1	Strategic action around gentrification.....	52
5.1.1	Planning and affordable housing.....	53
5.1.2	State policies on affordable housing .....	55
5.2	Gentrification, housing stress and the rental sector.....	57
5.2.1	Security of tenure .....	57
5.3	Maintaining diversity .....	58
5.4	Policy directions for gentrification .....	60
5.4.1	Community participation and local strategies.....	62
5.4.2	Local economies and social diversity .....	62
5.4.3	Housing tenure .....	63
5.4.4	Taxation tools .....	64
5.4.5	Planning tools.....	64
5.5	Conclusion .....	66
<b>6</b>	<b>CONCLUSION .....</b>	<b>67</b>
	<b>REFERENCES .....</b>	<b>70</b>
	<b>APPENDICES.....</b>	<b>77</b>
	Appendix 1: Interview schedule .....	77
	Appendix 2: Newspaper and Big Issue advert.....	80

## LIST OF TABLES

Table 1: Key changes in areas gentrified across London .....	10
Table 2: Headline results from key displacement studies.....	10
Table 3: Recent key displacement studies .....	12
Table 4: Methodology used to create indexed growth ratios for each of the seven indicators of gentrification for each SLA/LGA in the Melbourne and Sydney SDs. ....	16
Table 5: Total mobility rate and selected out-mover rate for Melbourne’s G locations and other areas 2001–2006.....	24
Table 6: Net gains and losses of selected households by socioeconomic positions in Melbourne G locations.....	25
Table 7: Net gains and losses of selected households by household type and income in Melbourne’s G locations 2006 .....	26
Table 8: Possible displacement rate of vulnerable groups from different Melbourne locations, 2001–2006.....	29
Table 9: Destination of out-movers from gentrifying locations in Melbourne, 2006 ....	30
Table 10: Total mobility rate and selected out-mover rate for Sydney’s G locations and other areas 2001–2006.....	31
Table 11: Net gains and losses of selected households by socioeconomic positions in Sydney gentrifying locations .....	32
Table 12: Net gains and losses of selected households by household type and income in Sydney G locations .....	33
Table 13: Indicative displacement rate of vulnerable groups from Sydney’s G locations compared with out-mover rates for same groups in other locations, 2001–2006	35
Table 14: Destination of out-movers from G locations in Sydney, 2006 .....	36

## LIST OF FIGURES

Figure 1: Selected gentrifying areas and mobility analysis (2001–2006) regions, Melbourne SD.....	18
Figure 2: Selected gentrifying areas and mobility analysis (2001–2006) regions, Sydney SD.....	19
Figure 3: Displacement rate for G locations compared with out-mover rates for similar households in other parts of Melbourne .....	28
Figure 4: Displacement rate* for G locations compared with out-mover rates for similar households in other parts of Sydney .....	34
Figure 5: Neighbourhood change and policy intervention.....	65

## ACRONYMS

ABS	Australian Bureau of Statistics
AHURI	Australian Housing and Urban Research Institute
ASCO	Australian Standard Classification of Occupations
G location	Areas identified as showing strong gentrification between 1996 and 2006
LGA	Local Government Area
NRAS	National Rental Affordability Scheme
NSW	New South Wales
SD	Statistical Division
SEPP	State Environment Planning Policy (NSW)
SLA	Statistical Local Area



## EXECUTIVE SUMMARY

Gentrification refers to the migration of higher income households to lower income neighbourhoods. The process has become evident in many large regional and major metropolitan areas across Australia and thus follows a worldwide trend in which a growing service sector economy and lower cost, central city neighbourhoods have combined to produce notable shifts in the socio-demographic composition of centrally located neighbourhoods. More households on higher incomes have generated increased competition for housing resources, particularly in more central urban areas. These shifts have also occurred as State and city governments have acted to improve and redevelop central city areas which sometimes were run-down or had small residential populations. These various changes in urban economies and their populations, and their governance and planning raise a number of key questions that this report addresses:

1. How much gentrification has actually taken place over the last decade and how much household displacement has occurred as a result of the loss of affordable housing in these newly pressured locations?
2. What are the social and economic costs to communities and to low-income households in these neighbourhoods, either as they are displaced to other neighbourhoods in the housing system, or as they remain in place, but with higher housing costs as rents rise?
3. What are some of the policy implications of gentrification to State housing and Federal government agencies as these are implicated in the forced migration of low income households as affordable housing and marginalisation of low income renters has occurred?

The report examines these issues in relation to Sydney and Melbourne. With interest in housing affordability and, increasingly, the role of the private rental system at the fore of policy debates regarding housing stress, the research was intended to offer insights into the way that socio-economic migration in Australia's cities is affecting the position of low-income households. It is clear that gentrification has become a significant factor, influencing the cost of housing in the neighbourhoods it has touched. In areas like Yarraville and Richmond in Melbourne, Paddington and Newtown in Sydney, significant migration by high-income professional households have raised prices and rents by significant margins. This has had three key effects:

1. Greater pressure on low income renters who either pay higher rents or are dislocated by the market to lower cost areas, either into private renting, presenting to social housing providers or becoming homeless.
2. Low income owners and renters are diverted over time to other locations with the subsequent loss of social diversity and reducing accessibility to employment (for parents) and education (for children) opportunities.
3. Changing communities and service infrastructures which often no longer cater for lower income residents.

In short, not only do many households in Australian cities today find it difficult to access affordable accommodation, the pressure from gentrification may also mean that they find it difficult to maintain a position in the housing market as a result of the economic and demographic changes in particular neighbourhoods. For owners this may mean quickly inflating house prices and, in time, higher property taxation levels, for renters it will mean rising house costs as landlords capitalise on the pressure within the housing system as a whole and the gentrified neighbourhood in particular.

This Final Report sets out the responses to these research questions, but also outlines the key policy issues and options for social housing, local planning and other instruments that can be used to alleviate affordability issues generated by gentrification and the softening of its effects on both those low-income households displaced, and those that remain on low incomes in high cost neighbourhoods.

## **The magnitude of gentrification-related displacement in Melbourne and Sydney**

There are very strong parallels between Melbourne and Sydney in terms of the migration dynamics taking place in the gentrified (hereafter 'G') locations of both major cities. Both have higher than average total mobility rates in G locations, and much higher rates of out-movement to non-gentrifying locations in the metropolitan area.

In the G locations of both cities there were net gains in high income households, two earner households, non-family households and professional households. In contrast, both cities are losing low income households, family households, households without an employed adult, and persons employed in lower status occupations.

The displacement rate from neighbourhoods that had been gentrified in both Melbourne and Sydney was around 50 per cent higher than the out-movement rate for equivalent households in other areas of these cities.

The 'most vulnerable' of households being displaced in the Melbourne and Sydney contexts are private renters, either in lower status occupations or not in the labour force. We also find that the out-mover rate of public renter households in G locations was also higher than anticipated and greater than that recorded in other non-gentrifying areas of both cities. This raises potentially important implications for policy-makers.

Those displaced from G locations in Melbourne and Sydney are likely to locate in contiguous suburbs, suggestive of a somewhat desperate attempt to maintain a foothold near the locations they have come from. On the other hand those electing to move to low-income owner-purchasing of housing are locating at the cheaper fringes of the city, or in non-regional areas of the State.

## **The social impacts of housing dislocation**

Interviews were conducted with 30 people who identified as being displaced from their neighbourhoods because of gentrification pressures. The main issue raised here was the link that they made between increasing numbers of high-income households and subsequent, often dramatic, rent increases that made their tenure unsustainable. Many of those we spoke to described a range of emotions and a significant sense of loss at being dislocated from the areas they lived in, often having lived there for a long period of time. A range of problems were identified as gentrification drove rents higher and dislocated these households, often to areas distant from their original home locations. All of our interviewees extensively discussed the problem of persistent and dramatic rent increases that ultimately made it impossible to continue to reside in the locality. Linked to this was the more generalised sense of anxiety around the huge intensity of competition in rental market. This allowed property agents to seek large rent increases on behalf of profit-maximising landlords.

Where an earlier wave of landlords had established portfolios and had purchased under less intense market conditions, rental levels were not as pronounced, but gentrification itself drove higher property prices that were then shadowed by increasing rents. Many tenants felt that they were unjustly treated by landlords and agents (and often the cavalier and mercenary attitudes to rent that now pervaded the

market), which meant they had to decamp from homes that in many cases they had lived in for lengthy periods of time.

For many tenants there was a palpable sense of fear and anxiety that they would be dislodged a second or third time from their home; in some cases tenants did not fully unpack their belongings and waited anxiously for news that their rent had increased again. The impact of this insecurity of tenure was not ameliorated by the prevailing regulatory regime which tended to reinforce the open-market logic of rents and saw many tenants facing poor quality accommodation at enormous cost to lower and middle-income households. In some cases tenants had been serially displaced as one suburb after another faced the pressures of gentrification. Nevertheless there was also awareness by many tenants that they were being displaced not only by local gentrification pressures but also by the problematic supply conditions for housing in both cities. In this context gentrification was yet another problem that saw many tenants with fractured social support systems and friendship networks as they were shifted to lower cost and often peripheral housing locations.

## **Implications for policy and practice**

While the gentrification process is both visible and measureable in Australian cities (in terms of rising house prices, higher rents, improved social and physical infrastructure and so forth) this analysis has shown the necessity of not ignoring the less visible, but socially and personally damaging consequences of the resultant displacement. From a strategic policy perspective gentrification raises concerns about the social costs of displacement, the economic costs associated with its impacts on labour supply and the complex area of community relations and political priorities as these contests for social resources are played-out. Attention to the needs and problems of the private rental sector are particularly significant here and we suggest that consideration of *rental controls and regulation* around rent increases and quality are rapidly required to attend to the consumer rights of private tenants struggling with above-inflation rent rises and low-grade accommodation. Market failure has been brought about by the pressures in the system in combination with ongoing laissez-faire attitudes to the sector.

Since both gentrification and affordability issues appear to be systemically generated problems we argue that localised policy responses are unlikely to be particularly effective. Macro-planning tools, fiscal mechanisms to alleviate the burden on vulnerable owners and affordability requirements all require concerted action by State planning and housing authorities, with more work done together to see these as joined-up problems requiring similarly sophisticated responses.

These issues also tap into new concerns about segregation, social mix and sustainability issues for Australian cities. The social composition of neighbourhoods is critical to questions about the vitality of urban systems as a whole. Where displacement and replacement take place it can seem as though neighbourhoods 'improve', when the reality may be that poorer groups are thinned out or re-sorted through the housing system—often into private rental and public housing elsewhere. The 'gain' of higher income households to one political jurisdiction, thought of in 'global' terms, may be cancelled out by the migration of lower-income displacees to others.

# 1 GENTRIFICATION AND DISPLACEMENT: SETTING THE RESEARCH IN CONTEXT

Gentrification has received attention in the Australian context but there has been little systematic focus on the extent and impacts across the larger metropolitan systems in Australia, nor of the impacts of these processes on lower income households. Household displacement results where the increased costs of a dwelling and insufficiency of any relevant regulatory regime allow people to be dislodged by these pressures. These issues have been of major concern in countries in the UK and US and this report sets-out to generate evidence on the scale and impact of these processes for the Australian context, more specifically for the cities of Melbourne and Sydney. The main aims of the research were as follows:

1. How much gentrification has taken place over the last decade and how much household displacement has occurred as a result of the loss of affordable housing in these newly pressured locations?
2. What are the social and economic costs to communities and to low-income households in these neighbourhoods, either as they are displaced to other neighbourhoods and points in the housing system, or as they remain in place, but with higher housing costs as rents rise?
3. What are the policy implications of gentrification to State housing and Federal government agencies?

In this report we present new evidence on the degree to which neighbourhood change of this kind (high-income household mobility and investment in low cost areas) has:

- Exacerbated housing stress for lower income households in areas undergoing marked increases in the cost of homes and rents.
- Displaced households by making tenure impossible via sudden rent increases.
- Reduced social diversity in neighbourhoods by lowering the availability of affordable accommodation and closing-off housing options for lower income households traditionally looking to these areas for accommodation (e.g. the elderly, lone parents, the low waged, benefit-dependent).

In the report we also quantify the extent of household dislocation to proceed with a more in-depth understand of the socio-economic costs to the households directly affected by these processes. This report emerges at a critical point in time for Australian cities and the households that live within them. It is now well understood that a decade of economic growth, population increases, diminishing household sizes and a strong investment ethic by private individuals has generated profound wealth, but is also related to immense pressures on the cost, availability and locational suitability of much housing.

These pressures now apply as much to middle-income households as to earlier concerns about a squeeze on the deprived and those on low-incomes. The Australian dream of homeownership has been chased to a point at which private household debt is comparable to that of US households; many have 'bet all' on entering a market that was felt would deliver increasing wealth, come rain or shine. We are now left in a position where housing continues to be prohibitively expensive, or draws-up significant amounts of disposable income to the point that hardships in other fields of social life have become apparent. With unemployment rising, the threat of higher fuel costs looming and housing supply being outstripped by demand these issues are unlikely to go away.

Our study is focused on Melbourne and Sydney where this process has become notable in a significant number of suburbs. While gentrification has appeared to increase investment in the housing stock of these areas, there have been persistent risks that such sudden flows of money and people may displace lower-income and vulnerable residents, particularly where their tenure is insecure in private rental accommodation. As gentrification has become a persistent feature of larger metropolitan and rural housing markets, this has had consequences for community harmony, local services and infrastructure. The costs of these processes therefore lies in their social and economic impacts as communities are priced-out of locations, journey to work times are increased and insecure renters face eviction or market dislocation.

## **1.1 Gentrification: a growing concern**

Gentrification has long been observed in regional centres and major cities globally. The term originated in a book chapter by the geographer Ruth Glass (1964) and was used to refer to the way that a new urban 'gentry' was emerging in which the habit of owning a central city  *pied a terre*  was added to the country home. Thus the concept is underpinned by somewhat British notions of class and urbanism that are distinct from other national and urban contexts. Nevertheless the core definition of gentrification as a process in which richer households 'invaded' and occupied cheaper locales has become a major leitmotiv of urban and housing studies in the decades since Glass was writing. Early studies on gentrification in Australia tended to focus on the aesthetics of these changes (notably Jager on Melbourne in 1986) but, as in many other cities, this soon made way for a concern that the process was leading to localised household displacement.

The massive pressures on the cost of housing and affordability in recent years have only recently promoted an understanding of the vital role and often extreme cost of access to the private rental sector (Randolph & Holloway 2007). The private rental sector can thus be set at the vanguard of many of the changes we plot in this report, a sector in which significant housing stress has deepened as many households are prevented from accessing homes that they would like to buy or are deferred access to public housing as entitlements have been reined in. A study conducted 30 years ago on gentrification in inner Melbourne neighbourhoods (CURA 1977) found that 45 per cent of private renters indicated they had been displaced (i.e. forced to move because of the cost or state of repair of dwelling). Even 20 per cent of home purchasers and 22 per cent of public tenants said they had been displaced. Given the unprecedented market changes impacting on house prices and rents that Australian cities have experienced in recent years, it is timely to reassess the scale of displacement.

The migration of low income households to the margins of the large metropolises (Burke & Hayward 2001; Randolph & Holloway 2007) has become a feature of today's housing landscape. Less clear is how, and how many, households are affected through displacement as a result of being out-bid in the rental and purchase markets in formerly low-cost areas. While some policy-makers applaud the physical changes and upgrading from gentrification, the reality is also a series of costs to private households, communities and, ultimately, to governments and economies. In the past, research indicated that displacees were dislocated to areas nearby their previous locations (LeGates & Hartman 1986). Displacement is now likely to push such households to the peripheries of these cities (Atkinson 2000). Consequently, not only is lower-cost wage labour in these cities more difficult to find but these households suffer significant stress in relocating some distance away from the supporting networks of local family and friends. This can affect psycho-social health, educational outcomes, household dissolution and homelessness.

## 1.2 Review of the gentrification-displacement literature

Gentrification refers to the migration of higher income and status groups to lower social status/income neighbourhoods with the consequent transformation of such areas to higher status neighbourhoods. As mentioned, the term 'gentrification' was first coined by the urban geographer Ruth Glass in the 1960s (Glass 1964). Since then there has been protracted debate on its causes, consequences and whether it constitutes a dominant or residual urban form. The term was applied to the then newly observed habit of upper middle class households purchasing properties in the traditionally deprived East End of London. It was this apparent contrast with previous waves of middle-class residential choice that marked it out as a new phenomenon but also one with potentially profound impacts for deprived households in these areas. In Australia, gentrification has now been noted by a number of researchers (Shaw 2005; Bounds 2002 among others).

This section reviews the key literature relating to gentrification-related displacement. The scope of the review is international, reflecting the fact that most of the advances in this field have come in particular from the US and the UK. Nevertheless, we have also been able to pick up on some published and 'grey' (unpublished) literature from the Australian context. The purpose of the review was to inform the development and refinement of instruments for measuring gentrification and displacement in suburbs across Melbourne and Sydney.

It is important to remember that gentrification activity as a localised in-migration of higher-income households, is one pressure among a range of other systemic pressures that have placed increasing stress on low- to middle-income households. Broader research on problems of housing affordability highlight a range of such systemic, local, economic and social factors and these include:

- land supply and supply of dwellings
- levels of construction activity compared with levels of household formation and dissolution
- changes in the labour market and occupational structure of households such that there are increasing numbers of high income and professional households
- a decrease in the number of lower paid manual occupations in urban areas
- losses of public rental accommodation and in low-rent private stock

In short, a range of national, metropolitan and local neighbourhood dynamics are behind the supply of gentrifiers and in setting the conditions through which social and economic inequalities create the possibility for gentrification activity and displacement. To date the housing affordability debate has not tended to be couched in terms of gentrification activity, but it has become clear that in some locations, such as Port Phillip and Fitzroy in Melbourne or Surry Hills and the Glebe in Sydney, that increases in professional households have increased property prices and rents in the private sector. In other locations, public housing areas have been sold or remodelled in ways that have led to the introduction of larger numbers of high-income residents.

Gentrification is a process of socio-economically selective migration that sees higher income households moving into devalorised urban areas where their investment sees more significant returns than when moving to locations that are more usually observed in relation to their market power. In other words, gentrification encompasses a form of household migration that takes them to poorer areas because, when these choices 'pay off', they yield greater investment growth over time. Under pressured housing market conditions and shifts in the occupational structure of Australian cities, however,

it is also more likely that gentrification pressures are built into these systems – there is a greater incentive to move to cheaper locations as prices rise and, perhaps crudely, there are simply more members of the ‘gentry’ to accommodate. We thus need to assess gentrification within these shifting benchmarks and also incorporate a sense of the mobility of households in neighbourhoods; displacement describes excessive outmigration from these neighbourhoods.

### *1.2.1 Measuring gentrification and displacement*

In this section we discuss the measurement of displacement. The bulk of research efforts have come from the US where gentrification itself has perhaps been a more marked aspect of the housing landscape and where protection from rental increases, accommodation in public and social housing and welfare protection are much less in evidence. In our review we identified key studies in this area, studies that had robust methodologies, which adequately captured the extent and measurement of displacement activity. Searches were made of the main social science databases, in tandem with requests to leading researchers in the field to ensure that we did not miss more recent grey literature.

The migration of low-income households to the margins of Australia’s large metropolises has become a feature of neighbourhoods in the larger Australian cities (Burke & Hayward 2001; Randolph & Holloway 2007). It is less clear how, and how many, households are displaced as a result of being out-bid in the rental and purchase markets in formerly low-cost areas. Households may be displaced either as they look for new accommodation and find that the market now exceeds their incomes, or because they are ‘tipped-out’ of the area as a result of rental increases in their current properties.

Gentrification pressures have been attributed to the loss of housing affordability in neighbourhoods traditionally identified as lower cost and containing working class, elderly, public and low-cost rental accommodation. This housing stock has helped maintain diversity and footholds for low-income households in the inner suburbs of Australian cities. Research (Atkinson 2000) on displacement suggests a range of outcomes from gentrification-related displacement including:

- A loss of housing options for growing sections of the community and a loss of the demographic and social mix that comes with housing tenure diversity and cost variability.
- Fewer housing options for the more vulnerable members of the community.
- Effects on the psychological health and support networks of displacees resulting from making involuntary housing choices in pressured housing markets.
- Spatial mismatches as work opportunities are located further away from residential options and potential brakes on economic growth as businesses seeking low-waged and low-skilled workers find it more difficult to locate in high housing cost enclaves.

Our review of these issues in this section takes note of two broad approaches to gentrification: qualitative approaches that seek to understand the social and economic impact of gentrification, and quantitative approaches whose approach is to assess the overall extent and geography of gentrification and displacement. Clearly, there is much to commend both types of research endeavour. In seeking to understand whether policy-makers should act and in determining how they should act, both approaches are essential.

### *1.2.2 Measuring gentrification*

Most studies of gentrification have sought to measure localised increases in professional-managerial households, a measure of the occupational shifts in particular neighbourhoods with other aspects of gentrification inferred from these changes—including household displacement that precedes these increases, the physical upgrading of the housing stock and significant increases in household incomes. The most effective studies are those that are capable of measuring the migration of higher income/class/education/occupational/tenure groups to small neighbourhood areas and which thereby avoid the possibility that the residents of such areas have moved into these positions in situ—what is known as incumbent upgrading. Yet many studies have also inferred gentrification by repeating cross-sectional measures of the composition of neighbourhoods, such as using multiple census points and taking measures of occupation or tenure change as an indicator of gentrification activity.

In all of these types of study the aim remains the same, to chart pronounced changes in the social composition of areas that are suggestive of a deeper class or resource-based shift within the housing stock such that older, less popular, declining or disinvested locations become popular with higher income groups. Approaches using census data to measure and map gentrification have been adopted in the past (Hamnett & Williams 1979; Galster & Peacock 1986) using proxy measures of gentrification based on spatially bounded increases of professionals and managers. Dangschat (1991) found that, even in existing areas which have been gentrified, the continuation of the process may displace even higher income groups.

Socio-economic groups (referred to as 'SEG's' in UK research) used to construct a 'gentrifying class', as used by Lyons (1996), were adopted as a measurement which minimised the possibility of measurement error and comparability problems between each census. Earlier work (e.g. Hamnett & Williams 1979) used increases in head of households in this category. This is a notoriously 'male' view of labour and one ignorant of the, now acknowledged, female contribution to gentrification (Warde 1991) and to the professional class in general (Davies 1996). Atkinson (2000); for example, measured increases in the proportion of the higher Socio-Economic Groups (SEG's) (1.1, 1.2, 2.1, 2.2, 3, 4, 5.1 & 13) in electoral wards to indicate the presence of gentrification over a ten-year period. Of course, lower SEG's may have a similar ability to displace those with lower resources than themselves and, in this sense, there is a degree of relativity to the process of displacement. This point has already been noted by Lyons (1996) where junior non-manual workers were also held to be potential displacers of lower groups.

### *1.2.3 Research on displacement*

Perhaps the main question hanging over the issue of displacement is how many people it affects. This has important ramifications for policy, given that the belief that displacement is a small problem has often underpinned minimal state interventions. Displacement has generally been located most strongly in metropolitan areas where the economy has been at full tilt (e.g. Seattle, Washington, London, San Francisco). Estimates in the US in the late 1970s and early 1980s ranged from a few hundred households in the major cities (Grier & Grier 1980) to 2.5 million people per year (Le Gates & Hartman 1986).

A robust literature on gentrification-induced displacement exists in North America where quantification has been more successful. This provides us with a template to explore the manifestation of these processes in London. Displacement is a problematic subject, given inevitable political wrangling over the adequacy of data and debates about what constitutes displacement itself (Barrett & Hodge 1986). Here we



define the presence of displacement as occurring in circumstances where 'any household is forced to move from its residence by conditions which affect the dwelling or its immediate surroundings' (US Department of Housing and Urban Development in Le Gates and Hartman, 1981, p.214).

Work on displacement indicates that its scale can be extensive. For example, studying London between 1981 and 1991, Atkinson (2000) showed that 38 per cent of working class households moved away from gentrified areas in this period. More recent AHURI research (Randolph & Holloway 2007) has noted the increasing shift of private rental tenants to the edges of Sydney's metropolitan area. Levels of displacement have been a contentious issue. In the US, Sumka estimated that 500 000 households, roughly 2 million people, were annually displaced (Sumka 1979). Yet Le Gates and Hartman (1981 & 1986) viewed this as a misleading undercount by the Department of Housing and Urban Development.

Work by McCarthy in London (1974) found that household movement prior to state-funded renovation activity was significant and that 'the improvement of living conditions did not benefit the original residents.' (1974, p.3). In total, 68 per cent of renovation applications sampled had been preceded by the outward movement of at least one household, and in total almost three quarters of all households had moved away. Of those leaving, 80 per cent were tenants, as might be expected. By far the most common reason for moves was landlord harassment (43%), an issue that remains under-examined in the Australian context.

Work by Lyons (1996) used the UK longitudinal study (hereafter LS) at a borough level to examine the effect of increasing polarisation and professionalisation on potential displacee groups in London over the census period 1971–81, looking at the socio-economic, geographic and migratory aspects of the process. She found that local migration was associated with low-status households, while longer range migration may be associated with those of a higher status, indicating a relationship to constraint and choice respectively. This appears to contrast with Australian research that indicates the reverse patterns of migration. For Lyons, displacement was linked to gentrification and consumer choice for the gentrifiers.

In Atkinson's work, standard cross-sectional 1981 and 1991 census data (in order to get a picture of social change across London at electoral ward level, as has been mentioned) was then used to 'build' four new borough-sized areas from those wards which had experienced above-average levels of professionalisation that ranged from low to high levels of gentrification. These new areas (labelled 'G' areas) were used as the likely locus for exploring changes based on migration. After establishing that migration was significantly greater than internal status changes over the period, analysis shifted to the significance of exit flows from the four new 'G' areas. Finally comparisons were made with the rest of London to see if the moves in the 'G' areas were more pronounced, as one would expect, than that of London as a whole. The results are summarised in Table 1 below.

**Table 1: Key changes in areas gentrified across London**

<i>Variable</i>	<i>Net Change for all 'G' Areas</i>	<i>Percentage Gain/Loss</i>
Professionals	+18,800	+20%
Inactive	-38,500	-46%
Working class	-19,300	-38%
Elderly	-23,200	-18%
Unskilled	between -200 and -1,800	Between -9% and -78%
Unemployment	between -1,600 and +100	between -4% and -59%
Lone parents	+600	+ 4.5%

Source: Atkinson, 2000

Table 2 below takes the highlight results of other quantitative research examining displacement. This highlights the role of contexts, points within economic cycles and within particular national and city-regional contexts. In a review of the research on displacement Atkinson (2004) found that the research approach used was mainly based on census data but that only 9 out of 17 studies used multiple censuses to infer displacement from the data, and usually in the form of correlations rather than household displacement estimates. The use of surveys, administrative and other data sources was also popular (a third of the studies). Only two studies used longitudinal data sources, both in the UK, (Atkinson 2000; Lyons 1996) and two others used Polk annual survey data to examine change and infer displacement (Henig 1981; Schill & Nathan 1983). Sixteen studies utilised qualitative research techniques to look at the problems facing displacees (e.g. Bondi 1999). However, further studies have been carried out since this research and we report on these in more detail shortly.

**Table 2: Headline results from key displacement studies**

<i>Author</i>	<i>Date</i>	<i>Location</i>	<i>Method</i>	<i>Results</i>
Cousar/ Sumka	1978/ 1979	US	Annual Housing Survey	More than a half million households per year (1974–76)
Grier and Grier	1980	US	Review of data and literature	No more than 100–200 households annually per city
Le Gates and Hartman	1981	US	Systematic review of evidence	Portland – 2000 per year Denver – 2000 households Seattle – 14,000 households between 73 and 78
Schill and Nathan	1983	1 neighbourhood in each of 5 cities in US	Postal questionnaire to moving renters	23% of movers were displacees (range: 8% in Richmond to 40% in Denver)
Le Gates and Hartman	1986	US	Data review	2.5 million people displaced annually (conservative)
Marcuse	1986	New York City	J51/SRO closure data City rent data	Between 10,000 and 40,000 households per year

Note: numbers must be seen in light of time period and city or local area size.

#### *1.2.4 Recent displacement studies*

In recent years, new insights on the outcomes of gentrification and displacement have emerged from two quantitative studies that have used the New York City Housing and Vacancy Survey (Freeman & Braconi 2004; Newman & Wyly 2006). The NYCHVS is a longitudinal data set that tracks approximately 18 000 New York City dwelling units every three years. While an equivalent data source is not available in Australia, the studies provide important information on methodology. Given the studies are based on New York City, the analysis only considers renter households. Both studies also employ multivariate logit models to determine the importance of selected characteristics on the likelihood of moving or not moving from a gentrifying neighbourhood.

Freeman and Braconi (2004) found, somewhat counter-intuitively, that when all significant factors were controlled, low-income households were 19 per cent less likely to move than low-income households in other neighbourhoods. The authors posited that perhaps gentrifying neighbourhoods still contain a segment of lower-cost housing stock or perhaps lower-income households go to great lengths to remain in their neighbourhood given the improvement in services and facilities that accompany gentrification.

Newman and Wyly (2006) set out to question Freeman and Braconi's assertion (2004) that gentrification does not play a large role in displacing low-income households. They employed both qualitative and quantitative methodologies to yield a rich analysis of both the numerical level of displacement and the impacts on displacees. Employing a logit analysis, the authors found that between 6.2 and 9.9 per cent of all local moves among renter households in New York City were due to displacement and that most displacees were driven to move by the increases in rents. The authors concluded that: 'Cost drives the overall trend, with fluctuations in unemployment, income and rental inflation combining to force households into various relocation or adjustment strategies' (Newman & Wyly 2006, p.30). Of relevance to the Australian situation, an important statistical outcome was that households living in low rent units were more likely to have been displaced compared with those in higher rent dwellings.

Still more recent work nationally in the US has suggested similar results to those of Freeman. This work on gentrification-related displacement by McKinnish, Walsh and White (2008) used only an income-based measure and only for neighbours at the bottom of the income scale at the beginning of the census decade, thus appearing to create serious problems of definition. This most recent set of studies highlights the political environment within which studies of gentrification are now received. The work of Freeman and McKinnish has been well received by some media and politicians seeing justification for past programs or for the direct promotion of gentrification.

**Table 3: Recent key displacement studies**

<i>Study</i>	<i>Date</i>	<i>Location</i>	<i>Data source</i>	<i>Results</i>	<i>Issues</i>
Freeman	2005	New York	New York City Housing and Vacancy Survey Data 9 borough areas decided were gentrifying 67% of households move over past ten-year period	Gentrified areas experienced less <i>displacement</i> than non-gentrifying areas Highlights need for public housing to anchor poverty to 'positive' changes	Selection of gentrified areas vs non-gentrified areas was based on personal assessment of demographic changes Measures were deployed at the tail end of a long boom and what other analysts see as successive waves of gentrification and displacement
Freeman and Braconi	2004	New York	New York City Housing and Vacancy Survey Data	Poor groups less likely to leave G areas	Very popular with those looking to evidence the goodness of gentrification
Newman and Wyly	2006	New York	New York City Housing and Vacancy Survey Data	Displacement ranged from small to massive within particular neighbourhoods and using a more refined and informed analysis of G areas	
McKinnish, Walsh and White	2008	USA	Small area census data Growth in average household income of bottom quartile of neighbourhoods by \$10,000	Entrants to G areas were college graduates and black graduates Poor less likely to exit 'gentrified' areas	Uses only an income-based measure of gentrification and applies this only to poorest neighbourhoods

### 1.2.5 How does displacement occur?

Displacement has been achieved through landlord eviction and harassment (also described as 'flipping', US, and 'winkling', UK) and price increases (also referred to as exclusionary displacement). More subtly, the qualitative studies have shown that displacement also occurs when people decide to move because friends and family have been moved on, thus leaving gaps in the mutual support structures around them. Separating gentrification and displacement out from wider processes of social change, incumbent upgrading, voluntary migration and welfare and labour market changes provide complex problems for measuring such processes. Further, it is often exceedingly hard to distinguish between gentrification as a form of neighbourhood replacement or displacement, the litmus test usually resting on a distinction between prevailing rates of household mobility across a particular city and the rates of out-migration by vulnerable lower-income households in a particular neighbourhood. However, attaching causal primacy to gentrification may still remain contentious. As

we have already suggested, it may be possible for households to be displaced as rental rates increase through lack of new supply as well as gentrification.

### **1.3 Conclusion**

The most effective measures of gentrification and displacement have been anchored in a strong conceptualisation of a socio-economic shift in the population of local neighbourhood populations—this has tended to mean mapping measures onto available data sources, generally using occupational measures, such as professional and managerial groupings. Gentrification is a process of neighbourhood change that implies a changing residential class-income profile. The most effective measures of both processes require data that tracks migrants so that any confusion arising from changes in personal or household status are accounted for. Incumbent changes for existing residents have sometimes obscured the true extent of gentrification for example.

There is a need to consider and measure the likely out-migrants from gentrification, while bearing in mind that processes of voluntary migration continue to mark many households decisions. Perhaps the clearest line of weakness lies along tenure lines so that private renters are often implicated in patterns of displacement. Tracking the household composition of these groups appears to be important for this reason, yet prevailing levels of mobility may also be high, making estimates of displacement more difficult. The suggestion that elderly households are likely to be displaced and more easily harassed from their homes can be found in several studies and is perhaps one of the most significant areas of concern about protection and social harm in relation to gentrification—whether such processes are mediated through the market or by landlords. Some studies of displacement have yielded significant estimates. In the case of the Newman and Wyly (2006) study within New York City they found that between 25 023 and 46 606 renter households moved each year as a result of dislocation pressures from gentrification, the vast majority for cost considerations.

## **2 METHODOLOGY**

### **2.1 Introduction**

The study was conceived using multiple methods to establish both the scale and social intensity of effects of gentrification in Melbourne and Sydney. These cities were selected because they are the largest in Australia's urban system and because they have been regularly cited by researchers as being subject to gentrification pressures. The advantage of this approach was that it was felt the use of both qualitative and quantitative strategies would yield a more valid and robust series of conclusions. From a community perspective an understanding of the more personal effects of gentrification in particular neighbourhoods is clearly a desirable outcome. Alternatively this angle requires supplementing with a sense of the scale of gentrification and displacement if we are to be able to assess the relative necessity for public policy interventions of one kind or another. The project was conceived to address both of these needs and perspectives, with a particular emphasis on establishing the overall geography of gentrification activity and also establishing the localised social impacts of these process. These impacts can be captured using the generic label of displacement, but as we will see later, this is disaggregated into a series of related impacts on households and individuals as they try to maintain a foothold or steer a path through the housing and rental markets of the State capitals on low and moderate incomes.

This chapter sets out the key features of our methodological approach and research design, first with a focus on the quantitative aspects that dealt with the spatial variability and extent of gentrification activity over the preceding decade. Second, we examine our approach in relation to the qualitative component which conducted close work with those directly impacted by gentrification, thus yielding an insight into their personal stories and trajectories in these contexts.

### **2.2 Investigating the scale of gentrification and displacement in Melbourne and Sydney**

The quantitative component of this project was undertaken in two stages. The first stage measured the extent of gentrification in both Melbourne and Sydney over the decade 1996 to 2006 and identified those areas where this process was most intense. The second stage focused on measuring the displacement of vulnerable households from these gentrifying areas between 2001 and 2006. These two stages are explained in more detail below.

### **2.3 Stage One: Gentrification in Melbourne and Sydney: 1996–2006**

#### *2.3.1 Stage One data source*

Seven indicators of gentrification, selected from the literature review for this project, were derived to measure the extent of gentrification in Melbourne and Sydney over the decade 1996 to 2006. These cross-sectional indicators were sourced from four customised, and directly comparable, ABS Census matrices: two for Melbourne (1996 & 2006) and two for Sydney (1996 & 2006). These matrices were based on the count of persons who were enumerated at home on Census night and consisted of the following variables:

- weekly household income grouped by Australia-wide quintile ranges
- type of educational institution attending (two categories)

- post-school qualification (three categories)
- tenure and landlord type (four categories)
- occupation (ASCO 2<sup>nd</sup> edition) (six categories)
- number of employed residents in household (four categories)
- age (five categories)
- household and family type (seven categories)
- household reference person indicator (three categories).

The data were provided at a combination of the Statistical Local Area (SLA) level and the Local Government Area (LGA) level for the two capital city Statistical Divisions (SD). In total, there were 57 spatial units for Melbourne and 47 spatial units for the Sydney SD. The spatial units were aggregated, where required, to provide spatial comparability between the two Census periods.

### 2.3.2 Stage One method

From these comprehensive customised ABS Census matrices, the following seven gentrification variables were derived:

1. **Managers, administrators and professionals:** persons with occupations defined by the ABS as having the highest skill level, being 'commensurate with a bachelor degree or higher qualification or at least 5 years relevant experience' (ABS 1997, p.9).
2. **Low income, private renters:** households renting privately with incomes in the bottom 40 per cent of the Australia-wide household income distribution.
3. **High income, private renters:** households renting privately with incomes in the top 40 per cent of the Australia-wide household income distribution.
4. **Low income households:** households in the bottom 40 per cent of the Australia-wide household income distribution.
5. **High income households:** households in the top 40 per cent of the Australia-wide household income distribution.
6. **Two income, couple only households:** households with only two people in a couple relationship, both earning an income.
7. **Bachelor degree or higher:** persons holding a bachelor degree or higher qualification.

To measure the process of gentrification over the decade, growth ratios in each of the above seven indicators were calculated for each SLA/LGA in Melbourne and Sydney. These local<sup>1</sup> growth ratios measured the difference between the *expected growth* (if all groups had grown at the same rate as the local base population) and the 'actual growth' (or decline), being the real outcome enumerated in 2006. In sum, the ratios highlight where growth or decline in a certain indicator is 'extraordinary': above (or below) what could be expected when compared to overall change in the base population.<sup>2</sup> These local growth ratios were then indexed to the respective metropolitan-wide averages, to isolate those areas where change in each gentrification indicator was different to that which was happening more broadly across

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<sup>1</sup> Local being each SLA or LGA.

<sup>2</sup> These figures vary around 100. Rates below 100 represent less than expected growth (or absolute decline) in a gentrification indicator over the decade and rates above 100 signify that an indicator grew more than expected, therefore increasing its share of the population.

the whole of each capital city. To illustrate this methodology, Table 4 provides some sample figures relating to change in the number of managers, administrators and professionals (MAPs) between 1996 and 2006.

**Table 4: Methodology used to create indexed growth ratios for each of the seven indicators of gentrification for each SLA/LGA in the Melbourne and Sydney SDs.**

	<i>Chg in persons 15-64 yrs 1996-2006*</i>	<i>MAP*s 1996 (n)</i>	<i>MAPs 2006 (n)</i>	<i>Expected change in MAPs = 1 x 2</i>	<i>Expected number of MAPs in 2006 = 4 + 2</i>	<i>Local growth ratio MAPs 1996-2006 = (3/5)*100</i>	<i>Indexed growth ratio MAPs (to metro) = 6 - metro</i>
<b>Column number</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
Gentrifying area	0.13	3,998	8,246	536	4,534	<b>182</b>	<b>64</b>
Non-gentrifying area	0.12	7,172	8,612	869	8,041	<b>107</b>	<b>-11</b>
Metropolitan area	0.15	362,541	489,292	53,245	415,786	<b>118</b>	<b>0.0</b>

\*In relation to 'managers, administrators and professionals', the relevant base population for assessing relative change is persons aged 15 to 64 years: that is, those of working age. Different base populations apply for different gentrification variables. Household income, for example, is measured against change in the total number of households over the decade.

Source: Customised ABS matrices: Australian Census of Population and Housing, 1996 and 2006

The table shows that, in the gentrifying area, the number of people of working age grew by around 13 per cent over the 1996 to 2006 period. It could be expected, therefore, that the number of managers, administrators and professionals (MAPs) in that area would also increase by about 13 per cent over the decade. If this were the case, an extra 536 MAPs would be found in the area ( $0.13 \times 3,998$ , the amount in 1996), taking the expected total in 2006 to 4534. In fact, there were 8246 MAPs enumerated in 2006 (column 3), 82 per cent more than expected (column 6 minus 100). It is also known, however, that managers, administrators and professionals increased disproportionately in number throughout the metropolitan region over the decade (by around 18% more than expected). With this in mind, each local growth ratio was indexed to the metropolitan-wide figure. In the gentrifying area, the MAPs growth rate was not only disproportionate to the local base population, but also well-exceeded the metro-wide growth rate. In the non-gentrifying area, however, although the rate of growth in MAPs slightly exceeded what might be expected (by about 7%), this rate did not exceed the growth in MAPs that occurred at the metro-wide scale. Accordingly, the indexed growth ratio of MAPs was -11 (column 7).

The above methodology was used to create indexed growth ratios for each of the seven indicators of gentrification for each SLA/LGA in the Melbourne and Sydney SDs. A summary score out of seven was calculated to identify those areas where the process of gentrification was most intense. One point was allocated per indicator to an area if it underwent *above* expected growth (relative to the metropolitan-wide change) in the number of:

- managers, administrators and professionals
- high income, private renter households
- high income households



- two income, couple only households
- persons with a bachelor degree or higher qualification

And less than expected growth (or decline) in:

- low income, private renter households
- low income households

If an SLA/LGA scored a point on each of these measures (seven points in total), it was deemed to have experienced the highest level of gentrification over the 1996 to 2006 period. It was from this group of areas that a sub-group was chosen for both Melbourne and Sydney for the in-depth, migration analysis undertaken in Stage Two of the quantitative research.

## **2.4 Stage Two: Displacement in Melbourne and Sydney**

### *2.4.1 Stage Two data source*

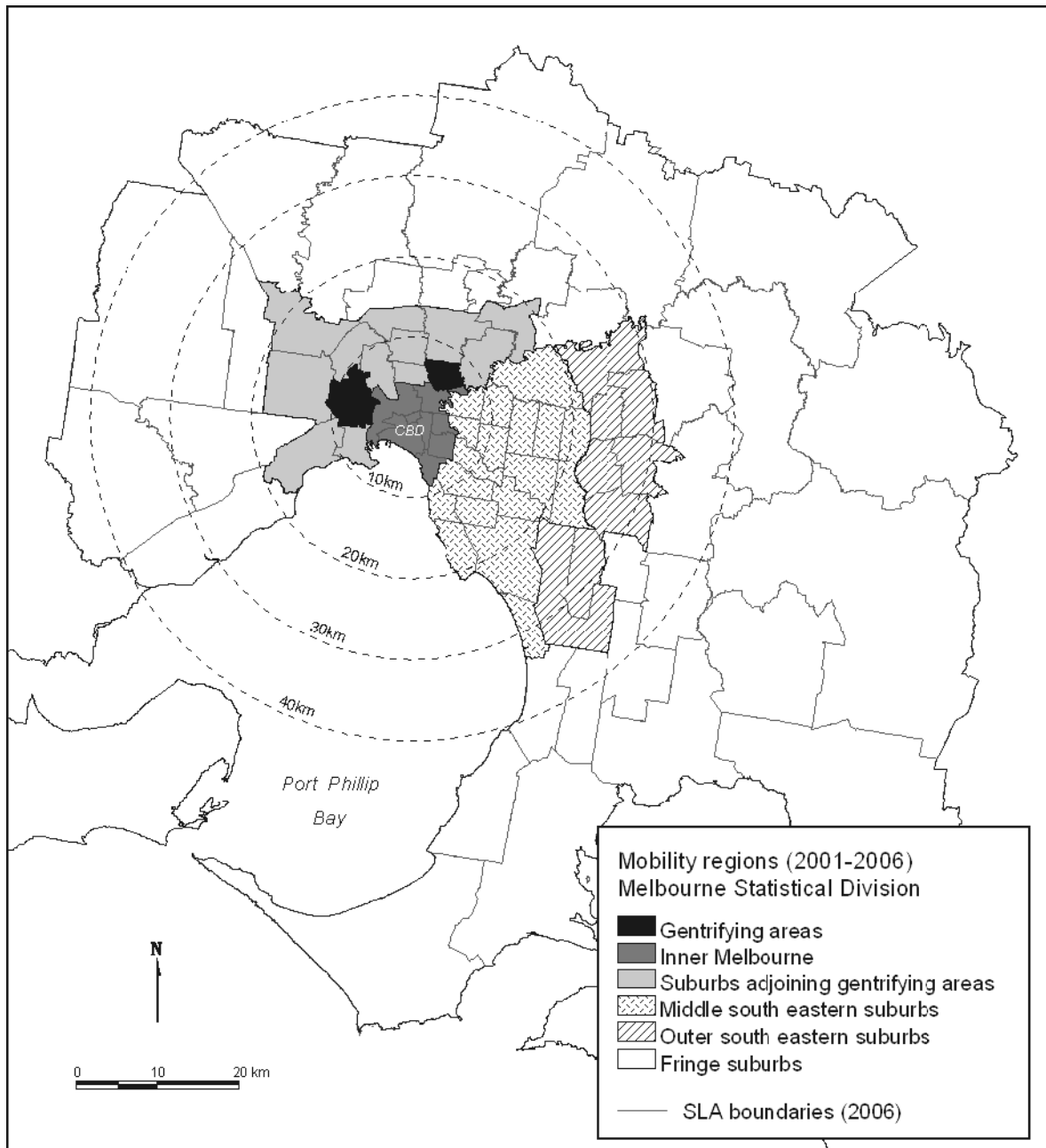
Based on the above results, areas within Sydney and Melbourne were chosen to represent gentrifying locations (G locations) in order to undertake a more detailed migration analysis. As gentrification represents a process of socio-economically selective migration, the analysis focuses on the characteristics of households moving *into* and *out from* the specified G locations.

These mobility patterns were analysed on a household, rather than person basis, using customised ABS migration matrices based on population movements between 2001 and 2006 for Melbourne and Sydney. The mobility variables are derived from the 2006 Census question pertaining to place of usual residence five years ago. The files also contained the following categorical variables:

- weekly household income grouped by 2006 Australia-wide quintile ranges
- tenure and landlord type (four categories)
- occupation (ASCO 2<sup>nd</sup> edition) (six categories)
- number of employed residents in household (three categories)
- age (four categories)
- household and family type (six categories)

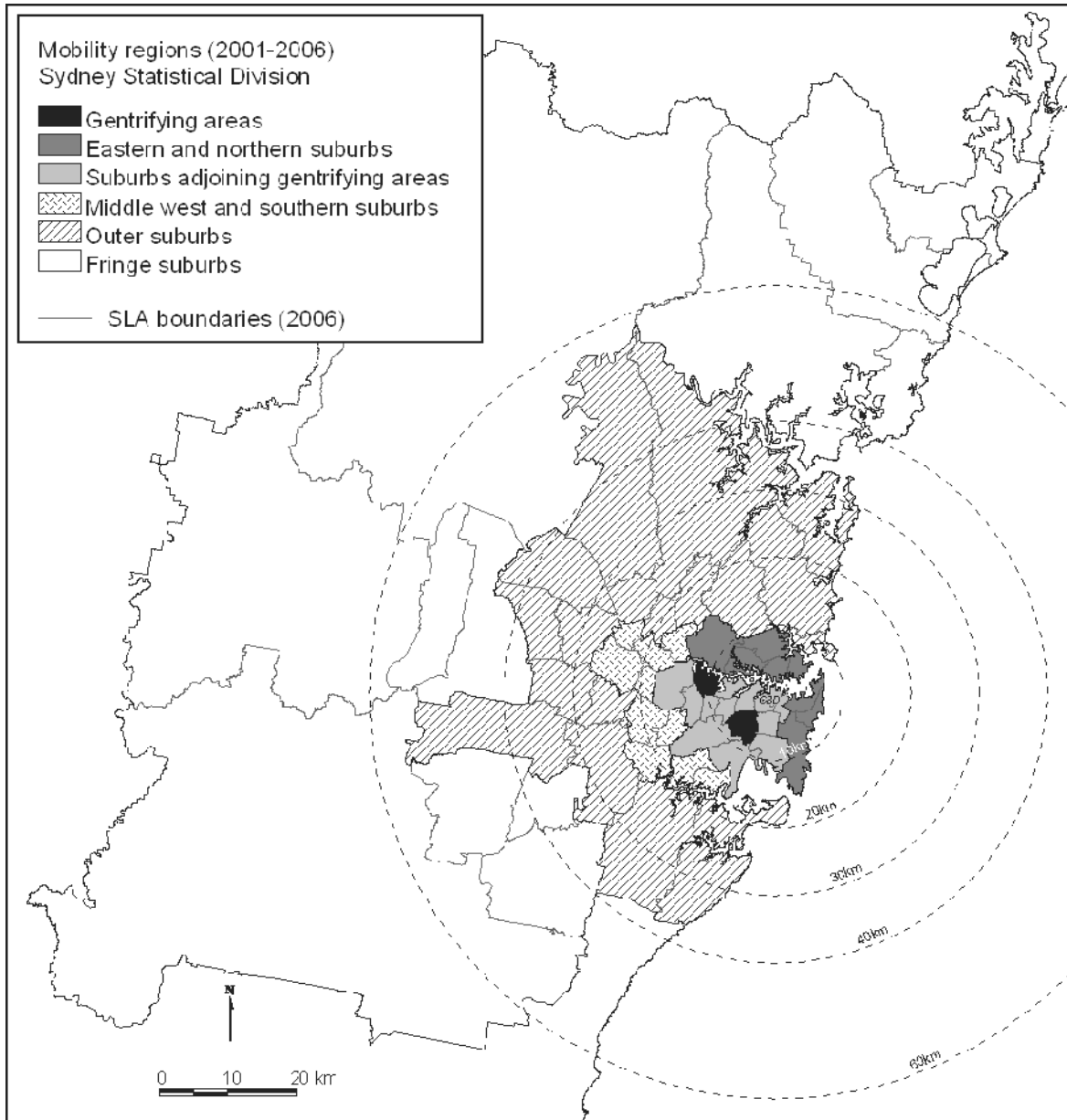
The customised migration matrices for Melbourne and Sydney were grouped into the regions shown in Figures 1 and 2 below. The gentrifying areas shown in the maps were those identified by means of the summary score method described above. These are areas that scored 'a point' for each of the seven indicators of gentrification over the 1996 to 2006 decade.

**Figure 1: Selected gentrifying areas and mobility analysis (2001–2006) regions, Melbourne SD.**



Source: ABS digital boundaries, 2006 Census of Population and Housing

**Figure 2: Selected gentrifying areas and mobility analysis (2001–2006) regions, Sydney SD.**



Source: ABS digital boundaries, 2006 Census of Population and Housing

The categorical and mobility variables listed above were obtained for each of these customised regions forming the migration matrix from which the analysis of household movements in relation to gentrification was undertaken.

#### 2.4.2 Stage Two method

This second stage analysis focuses on the characteristics of households moving *into* and *out from* the specified G locations; identifies the characteristics of vulnerable households at risk of being displaced; and examines the extent to which these households are represented in the out-migration flows from G locations. Displacement is one form of out-migration. Out-migration is defined as moving away from one spatial unit to one or more other spatial units. This is also referred to as out-movement or outflow (Bell 1992, p.19).

The migration interval under study is the five year period between the 2001 and 2006 Australian censuses. The analysis of the socio-economic changes in G location brought about by migration between 2001 and 2006 is conducted using measures of *net gains and losses* in the number of households by selected socio-economic characteristics (including household income, labour force status, household type, and occupational status).

### **Construction of vulnerability score**

This is a composite index based on tenure (own-purchaser, private renter, public renter); the number of persons employed in household (zero, one, two, plus retired); and occupational status (professionals and associate professionals and all other—trades; clerical; production, and occupation not stated). These variables were selected on the basis of the literature examined for this study.

The score comprises 13 point categories from 1 (least vulnerable) to 13 (most vulnerable). This ranking places owner-purchaser, two income, professional households at the least vulnerable end of the scale (1) and working age private rents not in the labour force at the most vulnerable (13).

### **Displacement measure<sup>3</sup>**

Displacement is measured by the number of vulnerable households with scores between 9 and 13 on the vulnerability index who moved out of G locations between 2001 and 2006.

This is a binary variable with 0=not displaced and 1=displaced.

The 'displaced' are derived from the vulnerability score and have a vulnerability score of 9 or greater.

10= private renter, one employed person, trades or lower status occupation

11= owner-purchaser, < 65 years, not employed

12= elderly private renter, retired

13= private renter, not employed, < 65 years

It should be noted that public renter households (vulnerable low income households in many respects) are not included in the broad calculation of the displacement rate. This decision was made because in the Australian public housing sector, public tenants have security of tenure and their rents are pegged at a proportion of their income. Thus this group are not exposed to the rising rent levels that typify the private rental sector in gentrifying locations. Because public renters may be exposed to decisions made by the State Housing Authority with respect to public stock in G locations, public renters are included separately in selected tables.

Displacement rates are calculated by dividing the number of out-migrants with vulnerability characteristics by the number of households with these characteristics exposed to the likelihood of moving in 2001.

## **2.5 Investigating the social costs of gentrification**

While it is clearly essential to define and understand the overall size of gentrification activity in these large urban areas it is also critical to gain an insight into the stories and issues raised by those actually impacted by these neighbourhood changes. As we have already suggested, it is this aspect of empirical research that regularly been

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<sup>3</sup> It must be remembered that not all vulnerable households are displaced as some may leave a G location by choice.

neglected by social research because of the difficulties of identifying, locating and contacting those who have effectively disappeared from local contexts. Our approach was therefore concerted and operated at the level of the city-region more generally. We thus sought to identify and contact people who had been displaced by what they felt to be gentrification activity by solicitations through newspaper adverts and snowball sampling methods in both urban centres.

Our ultimate set of 29 interviewees was thus comprised of those who might be thought of as self-selecting participants, those willing to come forward because they identified with our description of being priced-out through gentrification activity. This group is likely to be necessarily smaller in scope than those who might be approached following our identification of gentrification hot spots who had out-migrated from these locales. Earlier work (Atkinson 2001), including evidence in our study here, indicates that many people who have been displaced do not identify with this narrative, often feeling that is simply the everyday workings of the market that are to blame for their plight. In this sense, gentrification is a kind of second-order classification of their context which they may not understand to be part of the story as to why they have been pressured to leave a particular locale.

The newspaper adverts proved to be effective and we completed a total of 16 interviews in Melbourne and 11 in Sydney (one interview in each of Hobart and Brisbane was also conducted). We placed adverts in the *Sydney Morning Herald*, *The Melbourne Age* and also the nationwide *Big Issue* magazine. These were supplemented by a further 15 interviews with policy-makers across both States and urban centres which helped us to construct the conclusions we detail later when tackling the policy issues raised by gentrification. We note that the sample of interviewees that this approach will have been structured in relation to our method of identifying respondents. Our main fear was that had we decided to identify highly gentrified neighbourhoods as a basis for generating participants, that this would prove (as with other research internationally) incredibly hard to execute successfully. It is therefore likely that our sample may not be wholly typical of the displacee experience. On the other hand our study generated some one of the largest sets of achieved interviews with displacees internationally and therefore a rich insight into the variability of these experiences across both cities. Our approach also helped circumvent the problem of 'going' to gentrified neighbourhoods as a means of locating displacees – because people have been displaced it would have been very difficult to trace their exit paths.

All of the interviews were tape recorded and transcribed in full to enable a systematic and complete analysis using NVivo computer software. This software allows the centralised and easy storage of all transcripts. Critically it facilitates the generative coding and retrieval of analytical categories across multiple transcripts and in relation to categories such as gender and city location. We were thus able to generate a qualitative coding framework that was applied to all instance of a particular issue as this was identified when picking over the interview materials. As an example we could cite the 'code' 'Holding on', a category which was derived from seeing tenant stories that focused upon the difficulties of paying rent and the desperation to stay in a particular locale. 'Holding on' was then applied to other examples of this kind of narrative where it was uncovered in subsequent interviews. We thus worked our way through the transcripts deductively and inductively, that is to say using existing codes and ideas that had underpinned the general thrust of the work and *building* a coding framework that was generated out of the voices and concerns of those we spoke to in the course of the research.

It should be added that at the start of the project we had hoped to adopt a case study approach in six neighbourhood areas that were to be identified as gentrification 'hotspots' in phase one of the quantitative work above. A concern that this would yield far too few interviews and would be too intensive in terms of recruitment practices led us to adopt the approach employed.

### 3 THE MAGNITUDE OF GENTRIFICATION AND DISPLACEMENT IN MELBOURNE AND SYDNEY

As discussed, 'gentrification is a process of *socio-economically selective migration* that sees higher income and higher consuming households moving into devalorised urban areas where their investment sees more significant returns than when moving to locations that are more consonant with their market power' (Atkinson & Wulff 2009, p.9). Compared with other urban neighbourhoods, gentrifying areas experience noticeable upward movements in social status, as revealed in increases in households characterised by high incomes, university educations, and employment in professional positions.

While many studies have described the gentrification process and subsequent displacement of lower income households in major cities worldwide, most researchers have measured gentrification by analysing the changes in the characteristics of the resident population at two points in time. While useful, this approach overlooks the dynamic process of in and out migration that underpins the changes in the local population. In other words, gentrification comes about not simply by socioeconomic improvements in the resident population, but by the process of higher income households moving into the area while simultaneously leading to the out-movement of low income households. This research focuses specifically on the in- and out-migration patterns of the selected gentrifying area areas in Sydney and Melbourne.

The chapter first considers gentrification in Melbourne, followed by a similar analysis for Sydney and concludes by addressing 'the main question hanging over issues of displacement (that) is how many people it affects' (Atkinson & Wulff 2009, p.13).

#### 3.1 Melbourne

The gentrifying locations chosen for this analysis refer to the Melbourne local areas of Maribyrnong and Northcote. Both are located within ten kilometers of Melbourne's Central Business District. Although not adjacent, they are located in close proximity to each other and have been grouped together in this analysis as 'gentrifying locations' (G locations) because of their similar socio-economic trajectory in the past decade. In 1996, both of these areas could be described as lower socio-economic areas relative to the Melbourne Statistical Division. For example, nearly half the households had incomes in the bottom two household income quintiles. During the 1996 to 2006 decade, the number of two earner households rose by ten percentage points; the share of households in the top income quintile went from 14 to 19 per cent; and, quite remarkably, the percentage of persons age 15 years and above with a Bachelor's degree or high rose from 14 to 27 per cent (a much greater increase than experience by Melbourne as a whole). All in all, the G areas received a 'seven out of seven' on the gentrification indicators.

##### 3.1.1 *Migration patterns in G locations in Melbourne*

The analysis begins by presenting summary mobility indicators for each of Melbourne's spatial units included in the analysis. Given that the analysis ultimately aims to measure 'displacement', which as noted by Van Criekingen (2009), represents one type of migration associated with gentrification, the indicators highlight movement out of G locations to different destinations. These indicators place the mobility levels found in the G locations in the broader context of the phenomenon in other Melbourne areas.

Before considering the out-mover rates, however, the total mobility rate shows the share of 2006 households in each of the spatial areas who reported a different residential address in 2001. This rate, therefore, includes households who moved locally (that is, changed addresses within the same area). Overall, the total mobility rate illustrates the amount of residential churning or turnover that has occurred in the different areas of Melbourne.

**Table 5: Total mobility rate and selected out-mover rate for Melbourne’s G locations and other areas 2001–2006**

	<i>Gentrifying areas</i>	<i>Inner Melbourne</i>	<i>Contiguous suburbs</i>	<i>Middle suburbs</i>	<i>Outer suburbs</i>	<i>Fringe suburbs</i>
Households 2006	40,117	110,097	234,314	329,656	126,304	375,117
% households living at different address in 2001 (Total mobility rate)	45.1	62.0	35.8	36.9	35.5	42.1
Out-mover to Melbourne rate	23.5	22.3	12.7	11.5	15.2	7.1
Out-mover to regional Victoria rate	2.7	2.6	2.5	1.8	1.9	3.2
Out-mover to interstate rate	3.2	6.3	2.5	3.1	2.5	2.9

Source: Customised ABS migration matrix: Australian Census of Population and Housing, 2006

The total mobility rate recorded by G locations clearly surpasses that of the surrounding suburbs as well as Melbourne’s middle and outer south-eastern areas. It is also slightly above the rate for the growing outer fringe suburbs. It falls below the rate shown by Inner (62.0). Inner’s very high rate reflects its position as an expanding region of new high rise apartment blocks and mainly rental housing. Atkinson and Wulff (2009) in the Positioning Paper for this project call attention to the fact that displacement does not usually refer to ‘new build’ locations (such as Docklands in Inner) because prior to the on-set of gentrification, these areas were usually vacant, disused sites. In other words, technically there were no residents to displace.

Migration can impact on the social composition of an area through socially differentiated in-migration and out-migration flows. When weighed against the characteristics of resident households (non-movers), the dynamics of in and out moves have the potential to influence the socioeconomic level of the area. Mobility patterns simultaneously shape, and are shaped by, the consumption practices and lifestyles of the mobile households. Table 6 below presents the net gains and losses of three socioeconomic characteristics.



**Table 6: Net gains and losses of selected households by socioeconomic positions in Melbourne G locations**

	<i>Inmover to G-location*</i>	<i>Out-mover from G-location</i>	<i>Net gain/loss</i>
<b>Occupation</b>			
Professionals, managers & administrators	4,005	3,319	686
Assoc. professionals	1,252	1,142	110
Tradespersons & related workers	566	686	-120
Clerical & service workers (adv/int/elem)	2,371	1,940	431
Production & transport/labourers & related workers	685	1,085	-400
Employed but occupation not stated	822	1,075	-253
Not employed (<65 years)	1,245	1,482	-237
Retired (65 yrs+)	227	550	-323
<b>Household income (weekly \$2006) **</b>			
Less than \$499	1,411	1,676	-265
\$500 - \$799	1,600	1,783	-183
\$800 - \$1,199	2,207	2,221	-14
\$1,200 - \$1,999	2,367	2,498	-131
\$2,000 or more	2,660	2,118	542
<b>Household employment status</b>			
No one employed (reference person <65yrs)	1,245	1,482	-237
One person employed	4,541	4,516	25
Two (or more) employed	5,160	4,731	429

\* Excludes in-movers from overseas

\*\*Excludes not stated or partially stated household incomes

Source: Customised ABS migration matrix: Australian Census of Population and Housing, 2006

As can be readily seen in examining the discrete categories related to occupation and labour force status, G locations experienced net gains in professionals and associate professionals and net losses of labourers and production works, the not employed and the retired. This pattern can also be observed with regard to weekly household income (positive gain in high income households and steady loss of all other income groups) and household employment status (gain in two income households and loss of out of the labour force working age households).

Table 7 turns to examining the effect of migration on different family and household types. Within each household type, the figures are presented for each income group. This accords with discussions in the literature that show that gentrifying locations undergo changes in household demography, particularly in the influx of high income, non-family households (Buzar et al. 2007). Expanding numbers of empty nesters, young singles and lone person households are changing the urban environment and providing the agency driving the urban gentrification process (Hall & Ogden 2003; Ogden & Schnoebelen 2005; Wulff & Lobo 2009).

**Table 7: Net gains and losses of selected households by household type and income in Melbourne's G locations 2006**

	<i>Weekly household income (\$2006)</i>	<i>Inmover to G-location*</i>	<i>Out-mover from G-location</i>	<i>Net gain/loss</i>
Young* couples, no children	Less than \$499	62	46	16
	\$500 - \$799	141	114	27
	\$800 - \$1,199	300	289	11
	\$1,200 - \$1,999	802	618	184
	\$2,000 or more	1,180	741	439
Older** couples, no children	Less than \$499	43	144	-101
	\$500 - \$799	36	94	-58
	\$800 - \$1,199	42	93	-51
	\$1,200 - \$1,999	73	123	-50
	\$2,000 or more	135	121	14
Young couples with children	Less than \$499	54	115	-61
	\$500 - \$799	139	312	-173
	\$800 - \$1,199	304	559	-255
	\$1,200 - \$1,999	426	845	-419
	\$2,000 or more	639	745	-106
Older couples with children	Less than \$499	19	79	-60
	\$500 - \$799	44	72	-28
	\$800 - \$1,199	30	118	-88
	\$1,200 - \$1,999	78	195	-117
	\$2,000 or more	126	177	-51
Single parents	Less than \$499	233	303	-70
	\$500 - \$799	205	311	-106
	\$800 - \$1,199	163	211	-48
	\$1,200 - \$1,999	88	131	-43
	\$2,000 or more	37	35	2
Group households	Less than \$499	94	69	25
	\$500 - \$799	147	56	91
	\$800 - \$1,199	287	156	131
	\$1,200 - \$1,999	415	203	212
	\$2,000 or more	297	129	168
Younger person living alone	Less than \$499	457	290	167
	\$500 - \$799	652	441	211
	\$800 - \$1,199	839	518	321
	\$1,200 - \$1,999	305	205	100
	\$2,000 or more	114	56	58
Older person living alone	Less than \$499	411	598	-187
	\$500 - \$799	206	308	-102
	\$800 - \$1,199	159	192	-33
	\$1,200 - \$1,999	58	60	-2
	\$2,000 or more	41	30	11

Note these figures exclude in-movers from overseas and households with not stated or partially stated incomes. The table also excludes the small number of single parents 65 years or older & multiple family/relative sharing households

\*\* 'Young' reference person aged 44 years or younger; older' refers to references aged 45 years or older

Source: Customised ABS migration matrix: Australian Census of Population and Housing, 2006

A cursory glance at the figures in Table 7 confirms the growing presence of young non-family households in G locations. G locations are experiencing a steady net gain in young childless couples and the size of the net gain increases with income. A similar pattern can be observed for people living in group households (sharing their housing with unrelated others) and, to a certain extent with young people living alone. On the whole, couples with children and single parents are undergoing net losses, although the income pattern is not quite as straightforward as seen with non-family households. Older people living alone and older couples without children are also reducing in numbers due to net losses brought about by migration.

### *3.1.2 Measuring displacement characteristics*

In order to assess the number of household out-migrants who were potentially<sup>4</sup> displaced, it is necessary to identify households vulnerable to displacement. The literature provides a valuable source of information on the characteristics of households likely to experience displacement.

Atkinson (2000), for example, describes how the number of vulnerable households in G locations in London decreased during the period 1981 to 1991. Vulnerable households included the following groups: elderly; unskilled workers, unemployed persons, working age people not in the labour force and single parents.

In a study of displacement in Brussels between 2001 and 2002 Van Criekingem (2009) found that the groups most likely to be move out of the G location included less-educated persons, elderly people and single parents.

This analysis defines vulnerable households as lower income private renter households (including elderly renters, unemployed private renters, or single income, low occupational status private renters) and unemployed working age home purchasers<sup>5</sup>.

### *3.1.3 Measuring displacement in G locations in Melbourne*

The following figure presents the share of out-migrants who were displaced from G locations between 2001 and 2006. Vulnerable households are defined as falling into one of four categories: low income private renters with one employed person in the household; unemployed owner-purchasers; retired private renters and unemployed working age private renters<sup>6</sup>.

The analysis focuses on the rate per 'at risk' population who moved from different areas of Melbourne between 2001 and 2006. In other words, the rate is calculated by dividing the number of out-migrant households between 2001 and 2006 with displacement characteristics by the number of households with those characteristics residing in G locations in 2001.

Figure 3 confirms that the rate of displacement in G locations is strikingly higher than the out-mover rate for the same type of households across all other areas in Melbourne (apart from Inner). Inner, however, represents a 'new build' gentrification

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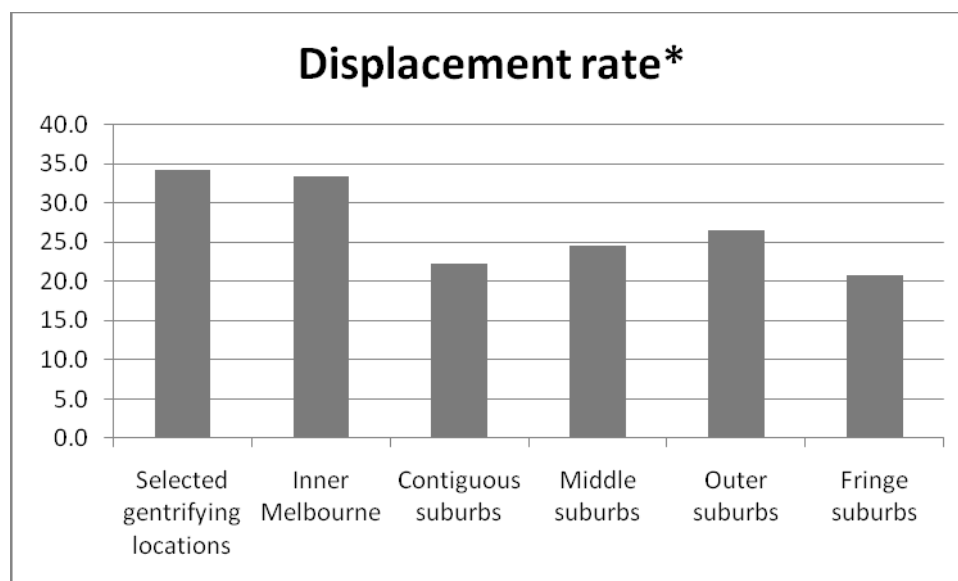
<sup>4</sup> 'Potentially' displaced highlights the fact that not all vulnerable households may have moved involuntarily. Other factors (family reasons; employment opportunities) may have influenced their movement.

<sup>5</sup> A full description of the construction of the vulnerability index is provided in Chapter 3.

<sup>6</sup> Public renters are not included in the main group of 'vulnerable households'. Despite having low incomes, public renters are protected in Australia with security of tenure. Any change of residence would be determined through the State Housing Authority. Some gentrification researchers refer to 'public sector' displacement (Lee and Hodge 1984; Newman and Owen 1982) and therefore the rates for public renters are presented separately in Tables 5 and 6.

area (Wulff & Lobo 2009) and thus the similarity in displacement rates is not surprising, given that related gentrification processes are occurring.

**Figure 3: Displacement rate for G locations compared with out-mover rates for similar households in other parts of Melbourne**



\*Displacement rate: number of out-mover households with displacement characteristics divided by number of similar households in 2001 exposed to possibility of moving.

Source: Customised ABS migration matrix: Australian Census of Population and Housing, 2006

Just over 34 per cent of the vulnerable households living in G locations in 2001 had moved out of the area by 2006. While it is the case that all spatial areas in Melbourne had vulnerable households in 2001, the rate of out-migration was much lower than in G. The risk of moving out of an area is 46 per cent greater for vulnerable households in G than on average in other parts of Melbourne, except Inner (where G locations are only slightly more likely to move out). The surprising fact is that vulnerable household in G are 54 per cent more likely than similar households in the very adjacent suburbs to move out of the area.

Table 8 disaggregates the displacement rates for each of the vulnerable groups in order to discern if some vulnerable groups have a higher propensity to move out of G locations than others. As discussed, public renters are not included in the definition of 'vulnerable' because of the security of tenure provided in state rental housing. This table, however, includes the rate for public renter households separately in order to examine how the out-mover rate in G locations compares with other areas in Melbourne. A higher than average rate, for example, would provide some indication of greater than usual state housing authority activity taking place in G locations.

**Table 8: Possible displacement rate of vulnerable groups from different Melbourne locations, 2001–2006**

<i>Rates</i>	<i>Private renter; one employed in trades other</i>	<i>Owner-purchaser; working age; not employed</i>	<i>Private renter; retired</i>	<i>Private renter; working age; not employed</i>	<i>Public renter</i>	<i>Total</i>
Out-mover from gentrifying location	42.4	23.0	21.2	41.6	21.7	31.0
Out-mover from Inner	38.5	25.9	20.4	36.3	10.1	25.3
Out-mover from contiguous location	30.1	14.5	15.4	28.6	14.0	20.4
Out-mover from middle suburbs	32.1	16.4	16.5	33.6	14.5	23.2
Out-mover from outer suburbs	34.7	17.7	18.1	33.4	18.3	25.2
Out-mover from fringe	30.2	12.2	17.2	27.2	18.2	20.8

Source: Customised ABS migration matrix: Australian Census of Population and Housing, 2006

Apart from Inner, the displacement rates in G locations are considerably higher than the out-mover rates for vulnerable households in any other region of Melbourne. Taking the first group, for example (single income, lower occupational status private renters), the rate for G locations is 42.4 compared with an equivalent out-mover rate for contiguous areas of 30.1. The rate of out-movement for this group for other areas of Melbourne (apart from Inner) ranges between 30 and 35. Similarly, unemployed owner-purchasers are more likely to have moved out of a G location than they are to move out of any other location in Melbourne. The same pattern also holds for retired private renters, unemployed private renters. Suggesting some state housing authority activity in G locations (selling of public stock), the out-mover rate for public renters (21.7) is over twice as high as Inner (10.1) and greater than any rate from other parts of Melbourne (ranging from 14 to 18.).

The disaggregated rates reveal that two particular vulnerable groups are susceptible to displacement. Both are private renter households, one a single income household with employment in a lower status occupation and the other unemployed households. These rates of 42.4 and 41.6 respectively are considerably higher than the rates found in any other location in Melbourne and, indeed, documented for any other vulnerable group. Curiously the potential displacement rate of another vulnerable groups, retired private renters, show a much lower displacement rate (21.2) than the other private renter vulnerable groups in G locations. The rate, however, surpasses the out-mover rates for this group recorded in other Melbourne locations. The lower rate for retired private renters compared with unemployed or low occupational status private renters may reflect two points. First, the elderly, on the whole, have lower mobility rates than younger age groups and thus may resist moving even in the face of higher rent payments and a changing local environment. Second, elderly private renters, reliant on a social security payment, may feel a stronger sense of security in their housing situation than younger households on low incomes or unemployed.

Displacement research conducted across cities worldwide provides different conclusions about the geographic destinations of the displaced. Atkinson's study of

London (2000), for example, found that low income households were pushed out of G locations to the outskirts of the city. In Brussels, on the other hand, Van Crieelingen (2008) discovered that low income households displaced from the G location generally moved to nearby (often adjacent) non-gentrifying areas. These quite different geographic patterns reflect in part the unique geography of cities and in part the different housing market contexts. It is useful, therefore, to examine the destination geographies of households displaced from Melbourne's G locations.

**Table 9: Destination of out-movers from gentrifying locations in Melbourne, 2006**

	<i>Private renter; one employed in trades other</i>	<i>Owner-purchaser; working age; not employed</i>	<i>Private renter; retired</i>	<i>Private renter; working age; not employed</i>	<i>No displacement characteristics</i>
Inner Melbourne	12.9	1.9	3.4	6.9	9.2
Contiguous suburbs	43.7	38.0	58.6	49.2	39.6
Middle Suburbs	8.2	3.1	10.3	6.0	11.0
Outer suburbs	2.2	0.8	3.4	1.8	1.5
Fringe suburbs	14.0	26.9	13.8	14.9	19.3
Regional Victoria	5.1	18.0	0.0	9.8	9.3
Interstate	13.8	11.4	10.3	11.4	10.1

Source: Customised ABS migration matrix: Australian Census of Population and Housing, 2006

The figures in Table 9 confirm that vulnerable households moving out of G locations disproportionately locate in adjacent suburbs. This is particularly the case for the elderly (58.6%). This figure compares to only 39.6 of non-displaced out-movers. For the most part, they are not displaced to the fringe suburbs; in fact, most vulnerable groups have a lower rate of locating in the fringe suburbs than the non-displaced. The exception to this spatial pattern can be found among working age owner-purchasers, who have a higher than average propensity to locate in the fringe. This group also are more than twice as likely as the non-displaced to move to regional Victoria. Without employment and with house prices on the rise in G locations, it is likely that many in this group realise the equity available in their home in G and decide to downsize to a less expensive home either in Melbourne's fringe or in regional Victoria.

Private renters employed in lower status occupations, such as trades or labouring, are also more likely to move interstate than other vulnerable groups or the non-displaced. Such interstate moves are likely to be to locations where such occupations are in demand, such as Queensland.

### 3.2 Sydney

In Sydney, the G locations include the local government areas of Marrickville and Concord. Both are working class areas located within eight kilometres of Inner Sydney. In fact, Marrickville abuts Inner Sydney to the immediate south. These areas have been identified as G locations because of their disproportionate increases in professional workers, high income households, two earner childless couples, and the well-educated. Between 1996 and 2006, the share of high income households in these areas rose as did the share of university educated population. As was the case in Melbourne, Sydney's G locations scored 'seven out of seven' on the gentrification indicators. Sydney's G locations are culturally diverse communities, with over a third of the population speaking a language other than English at home

### 3.2.1 Migration patterns in G locations in Sydney

The total mobility rate for Sydney's G locations (48.6) corresponds to that reported for the contiguous suburbs and the nearby northern and eastern areas. It is higher, however, than more distant areas such as the outer or fringe suburbs. The Sydney rate for G locations is just above the equivalent rate for Melbourne (45.1).

**Table 10: Total mobility rate and selected out-mover rate for Sydney's G locations and other areas 2001–2006**

	<i>Gentrifying areas</i>	<i>Eastern &amp; northern suburbs</i>	<i>Contiguous suburbs</i>	<i>West to south middle suburbs</i>	<i>Outer suburbs</i>	<i>Fringe suburbs</i>
Households 2006	38,814	199,204	238,355	181,294	476,416	289,439
% households living at different address in 2001 (Total mobility rate)	48.6	48.9	48.7	39.1	38.3	39.7
Out-mover to Sydney rate	25.0	15.2	16.3	15.5	8.8	5.2
Out-mover to regional NSW rate	3.1	2.7	2.3	2.6	3.3	5.8
Out-mover to interstate rate	4.8	5.2	4.2	2.8	3.8	4.0

Source: Customised ABS migration matrix: Australian Census of Population and Housing, 2006

The out-mover rate to elsewhere in Sydney (25.0) exceeds that of even its closest neighbours, the contiguous suburbs (16.3). In other words, relatively more households are exiting G locations than other Sydney areas to reside somewhere else across Sydney. Moreover, the G location rate differs substantially from the rates shown for other areas in Sydney. The following tables examine the extent to which vulnerable groups are among the most likely households to move out of G.

Table 11 below presents the net gains and losses among different socioeconomic groups. The figures reveal a steady decline in lower socio-economic groups and gains among the higher income, higher occupational status groups.

G locations experienced net gains in professionals and associate professionals and net losses of labourers and production workers, working age not employed, and retired persons. Reflecting these shifts, G locations had net losses of lower income groups and a solid gain of 781 high income households, further reinforced by the net gain in two earner households and loss of working age households with no employed adult. The socio-economic outcomes generated by migration patterns in Sydney's G mirror those reported (Table 6 above) for Melbourne's G areas.

**Table 11: Net gains and losses of selected households by socioeconomic positions in Sydney gentrifying locations**

	<i>Inmover to G-location*</i>	<i>Out-mover from G-location</i>	<i>Net gain/loss</i>
<b>Occupation</b>			
Professionals, managers & administrators	4,880	4,070	810
Assoc. professionals	1,432	1,197	235
Tradespersons & related workers	579	735	-156
Clerical & service workers (adv/int/elem)	2,440	1,999	441
Production & transport/labourers & related workers	512	867	-355
Employed but occupation not stated	737	959	-222
Not employed (<65 years)	821	1,390	-569
Retired (65 yrs+)	228	495	-267
<b>Household income (weekly \$2006) **</b>			
Less than \$499	936	1,445	-509
\$500 - \$799	1,322	1,648	-326
\$800 - \$1,199	2,044	2,133	-89
\$1,200 - \$1,999	2,556	2,517	39
\$2,000 or more	3,794	3,013	781
<b>Household employment status</b>			
No one employed (reference person <65yrs)	821	1,390	-569
One person employed	4,729	4,749	-20
Two (or more) employed	5,851	5,078	773
Retired (aged 65 yrs+)	228	495	-267

\* Excludes in-movers from overseas

\*\*Excludes not stated or partially stated household incomes

Source: Customised ABS migration matrix: Australian Census of Population and Housing, 2006

Likewise, Sydney's G location experienced net gains in high income young childless couples, high income younger adults sharing (group housing) and younger persons living alone. Across the board, families with children (two parent families and single parents) were more likely to be moving out of G than into the area (see Table 12).



**Table 12: Net gains and losses of selected households by household type and income in Sydney G locations**

	<i>Weekly household income (\$2006)</i>	<i>Inmover to G- location*</i>	<i>Out-mover from G-location</i>	<i>Net gain/loss</i>
Younger* couples, no children	Less than \$499	37	47	-10
	\$500 - \$799	76	98	-22
	\$800 - \$1,199	277	280	-3
	\$1,200 - \$1,999	664	561	103
	\$2,000 or more	1,545	1,047	498
Older couples, no children	Less than \$499	37	136	-99
	\$500 - \$799	31	121	-90
	\$800 - \$1,199	75	143	-68
	\$1,200 - \$1,999	140	154	-14
	\$2,000 or more	278	207	71
Younger couples with children	Less than \$499	41	92	-51
	\$500 - \$799	106	263	-157
	\$800 - \$1,199	213	440	-227
	\$1,200 - \$1,999	413	701	-288
	\$2,000 or more	790	901	-111
Older couples with children	Less than \$499	6	39	-33
	\$500 - \$799	49	59	-10
	\$800 - \$1,199	34	136	-102
	\$1,200 - \$1,999	118	207	-89
	\$2,000 or more	275	276	-1
Single parents	Less than \$499	131	254	-123
	\$500 - \$799	188	289	-101
	\$800 - \$1,199	146	178	-32
	\$1,200 - \$1,999	138	128	10
	\$2,000 or more	80	77	3
Group households	Less than \$499	58	38	20
	\$500 - \$799	109	78	31
	\$800 - \$1,199	263	120	143
	\$1,200 - \$1,999	388	195	193
	\$2,000 or more	451	214	237
Younger person living alone	Less than \$499	307	262	45
	\$500 - \$799	569	404	165
	\$800 - \$1,199	774	551	223
	\$1,200 - \$1,999	469	340	129
	\$2,000 or more	174	122	52
Older person living alone	Less than \$499	289	562	-273
	\$500 - \$799	160	296	-136
	\$800 - \$1,199	217	236	-19
	\$1,200 - \$1,999	143	134	9
	\$2,000 or more	63	57	6

Note these figures exclude in-movers from overseas and households with not stated or partially stated incomes. The table also excludes the small number of single parents 65 years or older & multiple family/relative sharing households

\*\* 'Young' reference person aged 44 years or younger; older' refers to references aged 45 years or older

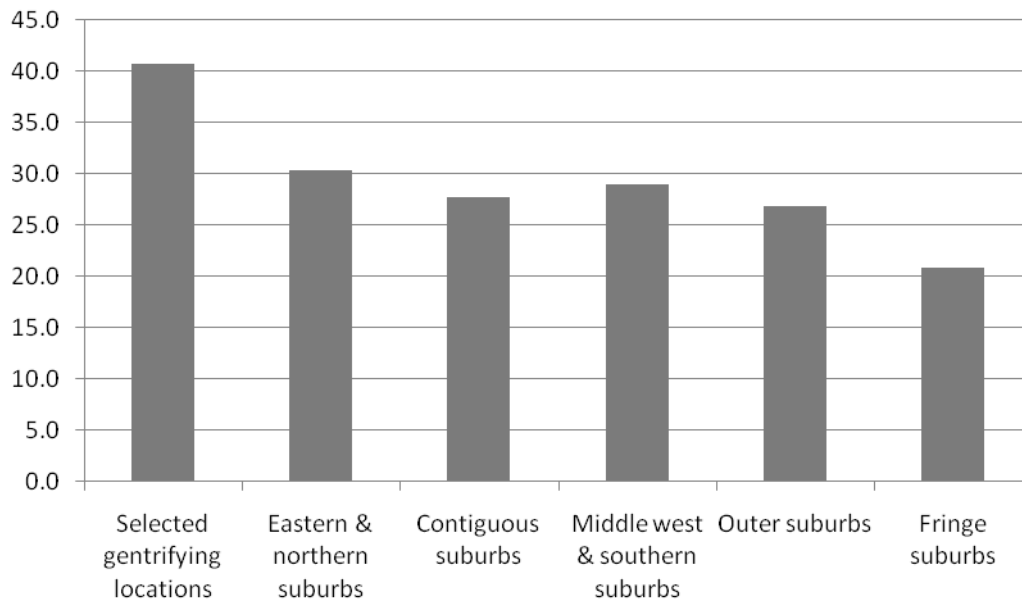
Source: Customised ABS migration matrix: Australian Census of Population and Housing, 2006

On the whole, migration patterns in G areas operate to increase the presence of non-family households and decrease family households (particularly if the latter contain children). Also the growing presence of younger people living alone is matched by net losses among older singles. Among this older group, those with incomes in the lowest two quartiles were disproportionately more likely to exit the area than to enter.

### 3.2.2 Measuring displacement in G locations in Sydney

Figure 4 provides striking evidence of the disproportionately higher risk of vulnerable households leaving G than moving out of any other Sydney area. This substantiates the displacement experienced in G locations.

**Figure 4: Displacement rate\* for G locations compared with out-mover rates for similar households in other parts of Sydney**



\*Displacement rate: number of out-mover households with displacement characteristics divided by number of similar households in 2001 exposed to possibility of moving.

Source: Customised ABS migration matrix: Australian Census of Population and Housing, 2006

The displacement rate for G is close to 41, well beyond the next highest rate of 30. Notably, the displacement rate for G rate far surpasses that of the surrounding contiguous areas. This translates into vulnerable groups in G locations having a slightly greater than fifty per cent chance of leaving the area than similar households across other parts of Sydney. In other words, private renters in low status occupations or not in the workforce as well as out of work owner purchasers were considerably more likely to leave the G locations than were similar households in any other part of Sydney.

Table 13 presents the displacement rate separately for each vulnerable household group. As with Table 8 above for Melbourne, public renters are included in this table.

**Table 13: Indicative displacement rate of vulnerable groups from Sydney's G locations compared with out-mover rates for same groups in other locations, 2001–2006**

<i>Rates</i>	<i>Single income private renter household employed in trades or labourer</i>	<i>Working age owner purchaser not in labour force</i>	<i>Retired private renter</i>	<i>Working age private renter not employed</i>	<i>Public renter</i>	<i>Total</i>
Out-mover from G location	46.1	28.8	24.0	49.2	33.1	39.2
Out-mover from eastern & northern suburbs	33.1	25.1	21.2	36.8	11.3	26.1
Out-mover from contiguous suburbs	30.7	22.6	16.4	31.2	12.2	23.0
Out-mover from middle west & southern suburbs	32.9	22.0	24.0	34.5	8.9	22.1
Out-mover from outer suburbs	30.4	20.9	23.0	32.9	8.8	22.0
Out-mover from fringe	26.8	19.4	19.0	25.8	10.9	20.5

Source: Customised ABS migration matrix: Australian Census of Population and Housing, 2006

Two groups of private renter households are shown to be most vulnerable to displacement: those who are (1) employed in low occupational status positions or (2) not employed. These groups were also found to be most vulnerable in the Melbourne analysis, yet the rates for Sydney are relatively higher. For example, the Sydney G location rate for working age, not employed private renters (49.2) exceeds the already high rate in Melbourne (41.6). As shown in Table 13, the displacement rates overall in G locations surpass the out-movement rate for these same groups across other parts of Sydney.

Another notable figure is the rate recorded for public renters (33.1). This is approximately three times the rate for public renters in any other area and higher than the equivalent rate for Melbourne's G (21.7). This suggests that public housing initiated activity may be occurring in this gentrifying area, which contributes to an out-movement of public renters.

Although elderly private renters have a lower displacement rate than the other vulnerable groups, the rate (24.0) is noticeably higher for the same group in contiguous areas (16.4). This raises the question of whether rent hikes in G locations or the changing social composition of the area prompts elderly renters to exit G.

**Table 14: Destination of out-movers from G locations in Sydney, 2006**

	<i>Single income private renter household employed in trades or labourer</i>	<i>Working age owner purchaser not in labour force</i>	<i>Retired private renter</i>	<i>Working age private renter not employed</i>	<i>No displacement characteristics</i>
Eastern & northern suburbs	8.3	2.0	0.0	4.5	10.4
Contiguous suburbs	51.5	21.1	50.8	43.5	41.1
Middle west & southern suburbs	9.8	8.4	7.7	9.1	8.9
Outer suburbs	5.5	11.0	12.3	7.6	11.2
Fringe	4.1	11.5	7.7	6.5	5.6
Regional NSW	6.0	24.9	10.8	15.2	8.3
Interstate	14.7	21.1	10.8	13.6	14.3

Source: Customised ABS migration matrix: Australian Census of Population and Housing, 2006

Table 14 examines the destination locations of households displaced from G. The figures are presented for each of the vulnerable household groups and shown against the figures for the non-displaced (i.e. left G but did not have displacement characteristics).

Apart from low income owner-purchasers, displaced households were more likely to locate in contiguous areas than the non-displaced. Owner-purchaser households, on the other hand, showed a similar pattern as seen in Melbourne. This group were considerably more likely than other vulnerable households or the non-displaced to move out to Sydney's fringe or to regional NSW. Moreover, they were also more likely to move to another state. This suggests that despite being out of the workforce, home ownership for this group provided an opportunity possibly not available to private renters; that is, the opportunity to sell up in the G location and purchase more cheaply some distance away.

### **3.3 Conclusion**

We have found very strong parallels between Melbourne and Sydney in terms of the migration dynamics taking place in the G locations of both major cities. Both of these cities have higher than average total mobility rates in G locations and much higher rates of out-movement to non-gentrifying locations in the metropolitan area. In the G locations of both cities there are net gains in high income households, two earner households, non-family households and professional households. In contrast, both cities are losing low income households, family households, households without an employed adult, and persons employed in lower status occupations. These are significant changes in the social fabrics of these cities that warrant attention by politicians, communities, employers and those involved in their education systems. We return to these issues in detail later.

Remarkably we find that the potential displacement rate from G locations in both Melbourne and Sydney is around 50 per cent higher than the out-movement rate for equivalent households in other areas of these cities. This quite precisely indicates the substantial losses to displacement stemming from gentrification activity on the one hand, while also strongly indicating that lower income households are being dislodged from these cities by market pressures more generally. Again, this is a major finding that warrants policy and political attention and gives weight to many of the anecdotal evidence that has circulated around the apparent problem of gentrification in the past.

The 'most vulnerable' of vulnerable households being displaced in the Melbourne and Sydney contexts are private renters, either in lower status occupations or not in the labour force. We will return to this group in much more detail in the interview data in the next chapter. On top of these shifts in the private rental stock we also found that the out-mover rate of public renter households in G locations was also higher than anticipated and greater than that recorded in other non-gentrifying areas of both cities. This underscores the importance of not overlooking the potential vulnerability of public renters to activities undertaken by State housing authorities in G locations and some of these changes are very likely linked to the kind of estate remodelling and demolitions activities that have taken place in recent years.

As with much previous research on gentrification and displacement globally we have found that the displaced in G locations in Melbourne and Sydney are likely to locate in contiguous suburbs, suggestive of a somewhat desperate attempt to maintain a foothold near the locations they have come from. An exception to this pattern occurs among low income owner-purchaser households who show a disproportionate tendency to locate at the fringes of the city or in non-regional areas of the State.

While the gentrification process is both visible and measureable in Australian cities (in terms of rising house prices, higher rents, improved social and physical infrastructure and so forth) this analysis has shown the necessity of not ignoring the less visible, but socially and personally damaging consequences of the resultant displacement. We now turn to report on the personal accounts of the consequences of displacement on individuals and families.

## 4 THE SOCIAL IMPACTS OF HOUSING DISLOCATION

### 4.1 Introduction

Household dislocation can occur for a number of reasons. Our primary focus here is of course on involuntary relocation due to the in-migration of higher income households to localities in Melbourne and Sydney. Our aim is to elaborate on the social cost of these processes and to use the words of our displacees to give depth to our understanding of how gentrification has affected these households and their economic and social situations. In this section we focus on our analysis of the interviews with the residents holding on and those displaced from suburbs where gentrification had become a significant problem.

### 4.2 Displacement: priced-out of the neighbourhood

The primary net effect of gentrification is to create economic pressures on lower income residents (both renters & owners) through a number of mechanisms. Clearly the most important of these relates to the increased costs of housing and, in particular, a pressure on private renters as landlords raise rents in alignment with the economic purchasing power of more affluent buyers and tenants looking to move to the neighbourhood. The general pattern of this process was related by a tenant in Sydney:

I think, in the inner city—inner West, and that—more and more people are moving in there and buying. I think it's moved away from just being student houses into being people that work in the city. As for the northern beaches and the northern suburbs, I think, just due to the demographics, inherently most people up here end up with pretty good jobs, just because it's upper-middle class and most people are university educated ... But there definitely are a lot of renovations going on within the city and out here ... what happens is people buy out in the city and renovate and they can sell and it pushes the value of all the properties up. Because originally all the city stuff was all terrace houses, it was all working class. Now people renovate them and they're trendy and they go up a lot in price and it pushes people that have probably lived in the city for generations further out to the western suburbs (B9, Sydney).

In fact all of our participants had been displaced directly as a result of such pressures (though a handful were evicted, usually in order to take possession to rehabilitate the property and later sell or re-let it). Many of our interviewees described how their landlord had sought massive increases in rent, or significant increases at regular periods during their tenancy. In some cases this occurred at the end of a lease but, more commonly such increases were introduced *during* an agreement and, in a few cases, on an almost monthly basis:

We all got letters saying that our rent was going to go up from, in our case, \$195, to at least \$400, and this was going to happen at the end of the getting to know you period, which was thirty days, I think. I think that the other people got even less notice because I was on the invalid pension. They had to, without just cause, i.e. they were evicting us because we'd done something, at that time they had to give people on invalid pension thirty days notice. And then after this warming up period—I'm trying to be politely sarcastic—I'd heard around the grapevine that it might possibly go up as much as \$650 a week. So being on invalid pension and ... being a consultant and not knowing when the next job's coming—computer consultant at the time—we just sort of, 'Well, we're not living here anymore! (B11, Sydney)

The general force of these changes in costs for lower and moderate income tenants (as we have shown in the previous chapter) produced a doubly outward wave of migration, from the originating neighbourhood and a more a general tendency to move further from the core of the city. The general observation was that tenant's landlords felt able or compelled (where they had recently purchases in a hot market) to raise rents and thus making many neighbourhoods more difficult to survive in for lower income residents. As we show later in this chapter this raised problematic feelings of injustice from the resulting hardship of many tenants and, in some cases genuine anger (in this case over the phenomenon of encouraging the bidding-up of already advertised rents):

I think it should be illegal to have [the price war thing]. I think really it's one of the factors in our area that pushes the prices up. And I think—I think it should be illegal. I think they shouldn't be allowed to do that. Because I think that—I can see very few people that can afford that sort of carry-on. And I think it puts pressure on families and ... for the rental price, you know, the landlord's already decided that that's the price that will be accepted. And so I don't understand. I think it's really—I think it adds to that vulnerability that you can do that. I think it's outrageous. And I think that they should bloody stop it. (A11, Melbourne)

For some tenants these pressures inevitably meant being steered towards cheaper and often poorer quality accommodation in the same or neighbouring localities or moving away to suburbs further out of the city.

{T1} I had been here 12 and a half, almost 13 years. Yes, yes. So when I, and then I started looking for other places, at a cheaper rent, and I even contemplated going down to a one bedroomed place.

{T2} To stay in the area?

{T1} To stay in the area, and I started looking further out as well. And I found, because of the flat increase in rent and, you know, everywhere was going up, agents were not even responding to your enquires, their whole attitude had changed, you know, you, since when I took this place 12 years ago (A8, Melbourne).

These problems seemed particularly acute for older tenants who perhaps were less able to resist rent increases or to challenge them through legal means as this older female tenant shows:

{T1} ... every 6 months they've been putting it up?

{T1} Yeah, and basically I have to keep very quiet because downstairs are paying \$95 a week more than me so I really have to keep quiet. Yeah, 14% rent increases, that was the figure they quoted, so yeah they're saying the people, the pensioners that have been living here for years are being evicted (A13, Melbourne).

In both Melbourne and Sydney the net effect of these patterns of migration and market displacement were changing the character and general affordability of significant segments of the city as this remark from a policy-maker in Melbourne highlights:

At that time it still was possible to find people who had lived their whole lives in St Kilda in the private rental market, or since their early adulthood they'd lived in the private rental market, and were just still sort of clinging on to the small percentage of affordable housing that was left in the inner-city. But those

people were disappearing fast in the early nineteen-nineties and now the new [leadings] would indicate that there's basically no affordable housing for people on low incomes anywhere within fifteen kilometres of the CBD. (P12, Melbourne)

As we will come back to at the end of this chapter the extent of these transformations made it incredibly hard for even higher income households to retain a foothold in these central city neighbourhoods. Some tenants attempted to challenge these shifts (these were in a very small minority for reasons we will come to shortly):

I asked them [VCAT] to investigate the increase because I felt it was exorbitant for the age of the place. And I listed down my reasons for wanting it investigated. Eventually an inspector came along and he went around, but before he even came to look he gave me the, he said to me 'you know, rents are going up'. And I said 'I know rents are going up but there is such a thing, I am a long-term tenant, and there is such a thing as reasonable increases'. (A8, Melbourne).

An insight into this process can be gained from our conversation with the Tenant's Union itself:

The common misconception that people have is that you can challenge a rent increase if it's significantly bigger than your current rent. That's not true, it is market-based. So the assessment we would make is, at the end of the increase, is this still within the market parameters? And quite often it is. But it's a significant increase for the person who's in there. They think it's a process of gentrification but actually the rents have gone up because the demand exceeds supply, and ... it's just the market. Having said that, the interesting thing about that is when the property market turned rents didn't then flatten out, rents continued to go up (A12, policy-maker, Melbourne, Tenant's Union Victoria).

The general pattern identifiable in the stories of our participants is that landlords clearly felt able to impose large-scale rental increases because they knew that competition for housing resources was capable of underwriting them. Competition among prospective tenants meant that incumbent tenants often felt that they could be dislodged easily and with little recourse. Often these increases were mediated by property agents and lettings companies that allowed landlords perhaps to be more distanced from the human impact of these changes:

Earlier in May this year, the rent went up to six seventy two. And then I got a letter just after it had gone up saying that the rent—they were giving me six months notice, of course—telling me the rent would be going up to eight hundred and twenty three dollars a month. So I screamed like mad and went down to see the agent. And they said, 'Well this is the level at which flats in your block are being let.' And I said, 'Look, there is no way I can afford this.' I said, 'Look, I'm on a pension'. (A12, Melbourne)

#### *4.2.1 The effect of living with housing stress*

Many of the people we spoke found that incremental and often dramatic rent rises had a significant impact on their living conditions as their housing costs had a knock-on impact on their spending ability to save. One participant commented:

There was no extra money for anything, for my daughter to do anything at school and stuff like that. It was a really stressful time. I'd spend all the time waking up in the middle of the night worrying about money and those sorts of things (A11, Melbourne).



For people like this being displaced at least provided respite from the anxiety and difficulties of not being able to access various items and activities, but clearly at considerable cost through the forced move itself and the obvious difficulties associated with settling in a new locale. Some respondents discussed the impact of living with housing stress in detail and the emphasis they had to place on organising their outgoings in order to get by:

I don't even want to think about it. I was just sitting there doing budgets on Excel spreadsheets just trying to work out where's my money going, how much more money can I pay in rent, I mean, that what it was like when I still had hopes to stay in the area. I was going through everything, food, transport, renting out a DVD, everything. Where can I cut back? (A25, Melbourne AKA Bojangles)

Several respondents acknowledged that they would have dearly liked to have been able to circumvent these pressures, had they had the resources to buy a property in years gone by. Renting left them exposed to successive and what were perceived to be unfair rises in their rent and this generated feelings of loss as they realised that they were 'behind' many other households, of course this also created feelings of resentment that they should be stuck in this way:

Because we missed the opportunity in the Eighties when all our friends were buying, we never did and then prices doubled relatively quickly and it just got out of our league very quickly. So we've rented ever since we've had kids. It's impossible to save anything. You can't save for a deposit, even if you could afford a place, and now rents are so high that it's impossible to save, so you get stuck in this financial bind ... In terms of national income scales we'd probably be classed as moderate to high income earners, but that doesn't mean much around here (B2, Sydney).

#### *4.2.2 Benevolent and mercenary landlordism*

Some of our participants highlighted how their neighbourhoods had changed but also some landlords were deemed to operate in a modest or fair way. For these tenants the ethos of their landlord in relation to a profit motive often came to act as a kind of bulwark against the perceived excesses of the housing markets in their areas. In many cases this meant that, over time, tenants would be paying perhaps significantly less than other tenants around them. This kind of rent gap, in which a declining relative rate of return is experienced relative to what could be commanded under prevailing market conditions, ultimately left many tenants more worried about when a sudden rush of an increase might come. In fact those landlords that were perceived to be more 'generous' often did not seek such high rents precisely because they had bought into these neighbourhoods at a much lower price point before they were gentrified. The net result of this situation was that they were therefore much more able to afford a lower rate of return:

It's just that the person that owned the block had bought it twenty, thirty something years prior, and he was getting enough money to cover his needs, expenses, whatever it was and so he never. Call it social justice. It was a three-storey walk-up. The people at the top at the front sort of got the view of the beach, or could see it anyway, were paying about two-twenty a week, and us guys at the back, even at I think at the top, we were just paying one hundred and ninety a week (B11, Sydney).

Over time these situations produced a sense of risk and anxiety that the landlord would decide to raise their rent significantly or that the property would be inherited and they would either be evicted or, again, subjected to a much higher rent.

I've got a friend that lives in Carlton ... his rent is very low because that [landlord] bought that block of flats a long, long time ago and they've probably paid it off a million times over and right now their kid is getting rent from 11 people so it's profit now. He's really worried because, I actually lived in Carlton as well, his rent could go up \$100. And another woman at work, she had to move 6 months, 8 months after me, they had been there a long time it was 2 bedrooms, they were told they had to move, they looked around in the area, they've ended up in East Brunswick they're paying \$100 a week more in rent (A25, Melbourne).

This kind of story was repeated many times and the link was made between the landlord's benevolence or relative absence of need to follow prevailing rents, but such observations were generally contrasted with how things were now, following gentrification and a sense that landlords were becoming aware of how much they could now command:

We've been really, really lucky. The first place was actually about four doors up from where we lived and the whole block was owned by a doctor who inherited it from his father. So he wasn't money-hungry. He already had money coming in, blah blah, blah, blah. The rent at the time was cheap for what the rent was supposed to be. And it was a lovely little old building, sort of art-deco style, lead-light windows ... But now it's—They're always complaining because they're busy, and, 'Oh, I have to renovate this, and oh woe is me, and blah, blah, blah,' and I just think, 'Man, you have no idea. You're out of touch with reality. If there's a problem, sell one of your buildings. You'd probably get five million for it and you can pay someone to renovate the other eight. And you can employ someone (B8, Sydney).

But rent gaps, as we have already seen from the Tenant's Unions perspective, could also produce risks to tenants who would then be worried about communicating with the landlord for fear that this might remind the landlord to put up the rent. In these circumstances tenants would tend to avoid complaining about problems with repairs or with their rent for fear of being evicted or seeing a rise in rent:

{T1} I think, yeah, I think the last sentence they put in it, that letter, that I think at the end of the day, if I was to move out. The implication is they could put the rent up a lot more but they're not. I have some maintenance things but I'm just trying to lay low. I've got some minor things broken and obviously she going to do an inspection so I'll bring it up but I haven't wanted to ring her, yeah, just lie low.

{T2} Is that because you think oh I don't want to draw attention to myself?

{T1} Yeah, the rent might go up (A13, Melbourne).

From the point of view of the tenant's unions there was little that could be said about these sudden hikes in rent. The regulatory regime around the private rental sector is sufficiently weak that almost no rent increases can be challenged and this has helped to legitimate the actions of landlords who seek to pursue significant increases which are prohibitive for existing tenants. This issue was highlighted by the Tenants Union in Victoria:

There isn't an argument that you can make under the consumer protection law—the residential tenancy law—about the quantum of the increase. You can only argue about where you get to it in. So for a lot of those people, they've been very lucky. I mean, the awful way of looking at this is they've probably had the benefit of sub-market rents for quite a significant amount of time, and

at the end of this period they're now being adjusted back to market, and they simply can't afford it (Policy 12, Melbourne).

For some of the displacees we spoke to these situations were close to intolerable and generated ongoing anxieties about the risks they faced that might effectively end up unhousing them. For example, in this interview a tenant discussed the impact that trying to keep a low profile in relation to the property agent had:

Every time I see a black car outside which is the colour of my property manager's car—I make sure—I pretend I'm not home, just in case he decides to knock on the door and have a chat, or - I just turn off the lights, turn off the music, pretend I'm not home. So it affects how I live, yes (A7, Melbourne).

#### 4.2.3 *Tenure (In)security*

These factors raise the more general question of the security of tenants in the private rental sector. In housing markets that have been subject to the price pressures of gentrification this lead to an additional layer of insecurity that combined the insecurity of a lack of regulation (rent control and security) with the obvious insecurities generated by unchallengeable price increases. Not surprisingly this has often deep impacts on the degree to which these tenants felt able to feel at home in their neighbourhood or private dwelling. In a sense they always felt 'on notice' to vacate because of the risks generated by the economic changes in the neighbourhood around them:

{T2} So are you feeling insecure about your housing, because your rent's been going up and having been displaced once already?

{T1} Absolutely. Everyday. What affects me is on a day to day basis is that I have been looking forward to really settling in fully to my flat ... but I'm frightened to fully settle in, because I'm just so really—I don't want to attach myself to the place too much because it will just be too heartbreaking to in a few months time to go to all that effort, even though maybe I'll get to enjoy it for a few months, to then have to move out because I can't afford the rent. It sort of breaks my heart. It really affects my quality of life every single day, every time there's a registered mail notice in the mail box, and I think, 'Oh no, is this just going to ...' And I'm relieved if it's just a rent increase, to be honest (A7, Melbourne).

The general sense we got from our participants was the way that tenants could read the changes around them and how this was likely to feed into rent increases. This insecurity generated a particular anxiety at not being able to afford to stay which was not only considered to be a massive problem in its own right but also the precursor to a much greater risk relating to the difficulties of locating another home:

{T2} So living with this insecurity, how does that make you feel? Do you feel insecure, or do you feel it's going to be okay and 'I'm going to be able to stay'?

{T1} Well, I got two months notice of the increase, so in a way that's kind of like you get a bit of preparation time but then on the other hand if you want to try to do something about it—and just before Christmas. And I mean, not that—But it's not a great time of year to have to start to worry about moving. You don't want to have to move when or even house hunting and, oh, I'm over, and everyone talks about it and really dead in January or there's nothing around or you're competing with, oh, I don't know, students ... Any friend I've had who's moved in the last few years has just said, 'Look, absolutely do not move. Like, avoid it. It's the worst thing that you can try and do at the moment, because it's a nightmare out there' (A10, Melbourne).

### 4.3 The experience of being displaced

It comes as no surprise to hear accounts that being displaced was experienced as a high difficult and emotional period in people's lives. Many of our respondents highlighted how upset and challenged they felt by being priced-out of the areas they lived in and the way that this impinged on the continuity of their daily social lives, losing friends, seeing others displaced to distant neighbourhoods and so on:

Yes, that's right, they were renting. And a lot of these people were dislocated. And what happened, every time a little old lady died, or generally a little old lady's husband died a little earlier, somebody bought it and then also it became an expensive area. So where the people rented places before and rented some of their places to [bungalows] or whatever, they didn't ask for much money, these people wanted money because they spent a lot of money [on the rating]. And so they just couldn't afford to stay. And then they just sort of vanished somewhere, you know. (A5, Melbourne)

In some cases displacement came as a result of a sale of the property from underneath the tenant and, with scant resources, they were unable to buy in order to stay:

The new owner, it must have been through real estate, or something that, you know, 'You have to leave, we're renovating and selling them.' ... There was upstairs from us a really lovely couple—They were about, oh, they were about sixty at the time, and then downstairs, underneath, there was another older couple that had been there forever. I mean, they must have been there for like forty years or something. And they had to move. Well everybody got offered to buy, if they wanted to (B8, Sydney).

Displacement could also be generated for low-income homeowners where increased property tax burdens resulted from the general increase in values as a result of gentrification. This placed a particular pressure on pensioners to move out of areas where their house has gone up in value but their income remained only slight, yet some older owners still tried to hold on as in this case:

I take the point of view that if I had sold the house then, then I would have lost all the equity rises over the years and especially last year this house went up by about \$300 000, you've lost it. So you gain some, you lose some but for pensioners it would be a big stress on them to move out into another area (A4, Melbourne).

As we come back to later on, there was a genuine sense that such pronounced rental increases were sustainable because of a general competition for housing resources and also because of the particularly intensification of demand by higher income tenants and prospective owners in these areas:

I thought, 'Oh, in a way that was a bit odd, because I've never given him trouble, I'm not a bad tenant, I'm a good longstanding tenant, and does he really realise how much work he'll have to do on the place before he ... ' And then I sort of thought, 'Oh, then again, maybe he won't have to do anything—Maybe someone will just rent it anyway' (A10, Melbourne).

#### 4.3.1 *The social costs of being displaced*

A broader range of impacts was implicated in the process of being displaced. For those who were priced-out of their neighbourhoods, they often found that this had a knock-on effect on their relationships and social networks. In the displacement literature some researchers have found that people who are forced to move operate in

a kind of mourning for the areas and lives they have left behind. This theme could be identified in the following vignette:

And this girl, she was such an eastern suburbs kind of girl and, you know, coffee shops and just swam in the ocean all the time, and it just killed her to move out of there. Whenever I caught up with her you could actually see the mental difference between how she was then and how she was after. Yes. It was like her spirit was broken, or something (B8, Sydney).

More commonly it was easy to see the kind of dejection and resentment generated among those who had been displaced. Those who had been evicted were often deeply angry at their enforced move but there was a more widespread sense of an ongoing squeeze on the choices and housing options of many tenants:

It makes me feel really sad and frustrated that we don't have choices. We—because we don't have—If we could afford to pay five or six hundred dollars of rent then we'd be able to live a different sort of thing, but because we just can't afford that much, we're just getting—It's getting tighter and tighter and tighter and I don't think it's going to forgive. I mean maybe it will, but I just think it's going to get worse and worse and worse (A11, Melbourne).

A major impact of being dislocated in these ways was for the creation of significant levels of fear and worry about finding another place in such a hot market. Increasing levels of gentrification also appeared to generate a sense of fatalism for some of our participants, acknowledging that the landlord had a right to raise the rent or feeling that there was a kind of inevitability that rents would go up:

{T2} So, how do you feel that the rent's gone up so much in the three years you've been living there?

{T1} Well, look, it certainly made me angry every time it did. But now that we've looked around a bit, I kind of can accept that's what's happening. I was under—I just assumed that our landlord or the real estate agent was just a bit money hungry and they just thought, 'Ah, well, we've got a tenant—Let's just bleed them for everything we can get.' But having looked around I'm probably willing to concede that that's not the case and I guess the prices are going up everywhere and there's not much unfortunately we can do about that (A6, Melbourne).

For many displacees what they saw going around them was emblematic of a broader loss of diversity and the intrinsic interest and social authenticity of places that they had made their homes. This loss of diversity was significantly bemoaned perhaps because it was antithetical to the new wave of capital and investment which was responsible for 'unseating' them from the neighbourhoods they had been living in:

I feel a bit sad about it, to be honest with you. I feel a bit sad that it—Well, when I first moved into—Well, having been in that area for such a long time in my life, I, in Leichhardt and ... and all those areas, I've seen it become just so gentrified and so yuppiefied that it's really quite become homogenised as well. That's the saddest thing of all. And the fact that you just don't see too many different faces in the crowd anymore. What it means also is that those migrant groups have had to move out and go to cheaper places to live because it's now too expensive to rent in those areas (B4, Sydney).

This sense of loss regarding social networks and street life was discussed quite regularly by the displacees in our study. Again the following quote appears to echo a sense of social loss that is attached to a particular place and to the social networks and diversity that used to exist there:

I really miss being able to wander up the street and meet people. So it has had quite a significant impact on my social life. I think it's a pity that suburbs like Camperdown and Newtown are no longer 'studenty', sort of socially mixed places that they used to be. I do kind of resent it a bit that I can no longer afford to live in a suburb that I've spent a lot of time in and have friends living and so on (B7, Sydney).

For some displacees their new homes were now distant from the places that had lived in for many years, an image of home that does not perhaps map onto popular conceptions of the functions or composition of the private rental sector. Nevertheless many displacees spoke of residing in places for extensive periods of time and often knowing older tenants who had done so similarly. In these cases we tended to find that new locations placed additional strains on the kinds of social networks and connections between family and friends that existed for these tenants:

We've lived here all of our lives, so all our friends are here and our families are all here. Our parents are getting older, so and my wife works for her family business and they kind of depend on her a lot to help out with the business. And my parents are getting older as well, and we're the only family that are close by (B2, Sydney).

Many other displacees many expressed anger at not being able to remain:

I feel quite distressed and angry about the situation that so many of us are going through at the moment and, I mean, I never feel like it's just me I, I think there are so many people out there going through this. Umm, yeah particularly in Melbourne just been priced out of their areas and I think a worse situation than mine would be if you grew up somewhere and you couldn't stay in that area (A5, Melbourne).

#### **4.4 Finding a new home**

All of the participants in our interviews related how difficult it was to find a new home and their anxieties at being placed in such severe competition with others for housing. To lose one's home because it was no longer affordable generated profound worry about how such a situation would be resolved:

Will I be able to find work, I mean find a house but it would be suburbs out now, I mean it's only been a year it's just that for some reason renting in Melbourne for one it's so hard to find a place and two, when you do you're battling against 15 other people who want the house too. I don't know where to start looking for a house now, a friend of mine, it took him three months to find a house not long ago, it's hard to find a rental (A14, Melbourne).

As we have seen elsewhere, the actual condition and quality of expensive yet relatively lower cost dwellings were also problematic:

I also had a next door neighbour who offered me rental at his home that he'd bought in South Melbourne but it turned out to be something that I wouldn't put a dog in and I just couldn't believe that he thought that I, just because I rent, would consider living in an environment like that (A25, Melbourne AKA Bojangles)

##### **4.4.1 Serial displacement**

Many of the people we spoke with had moved more than once as a result of gentrification and subsequent price pressures. Several tenants described how they

moved to a new suburb only to find that the process continued and that they forced to move-on again to find more affordable accommodation:

We were in Hawthorn for about three years, renting there. And, umm, I think the same thing has happened there that has happened here. And that is, yeah, we were priced out of the area pretty much. I mean the cheapest rent we could find around there was \$250 and that was for a really dingy flat. So we thought well we'll move a bit further out, which is here, it's about 10ks from where we were. And, umm, because we both work in the city (B5, Melbourne).

This rippling effect throughout the urban housing system was regularly commented on by policy-makers who were able to take a macroscopic view of these issues:

There was a lot of pressure in St Kilda, for example, in sort of the mid to late nineteen-eighties. And then it sort of – It spread through the inner-city suburbs. So I think the rough order would be it started in the inner-North and inner-North, as you'd call it, the North-West. Carlton's really north of Fitzroy—North-North-East of Carlton-Collingwood. So it sort of spread through those areas pretty quickly. And then it moved onto St Kilda in the eighties and the sort of Southern parts of the inner-city in the eighties. And then it's really in the nineties it then started to move through the Western suburbs. It forces low-income people to make terrible choices...The wave of gentrification is just moving out slowly from the inner-city. The thing I think that we really don't know is where that will finish - Where it will run out of steam. (Policy 12, Melbourne).

The prospect of having to move home is well-known to be one of the most challenging stressors in people's lives so this kind of involuntary serial migration clearly posed major psycho-social problems for those affected. These waves of displacement are now perceived to be generating feedback problems for localities where the difficult of locating by public sector professionals, like teachers, has become a much greater problem:

Ah, look, it's a great place to live. I suppose that's a factor in the property boom, that everyone wants to live here. So, you know, and it's a good community feel and it's good schools, and it is a good – It is a great lifestyle. It's just become so ridiculously expensive. And the effect that I guess it's having on the long term population is that the area's losing its key workers. That's one of the studies we did when I was at ... Council was the key worker study which showed that key workers can no longer afford to live in this area so they're moving out which is causing labour shortages in a lot of individual industries, and that's going to be a big problem for the area in future years (B2, Sydney).

#### *4.4.2 The role of public housing*

Public housing was not considered, by any of the tenants we spoke to, to be a viable source of assistance in looking for a new place to live. Primarily these feelings could be pinned on two key factors, first, that they would not be eligible given that they were often low or moderate incomes and, second, that they often felt that they would not want to access public housing because of its broader reputational problems:

From what I have read in the papers, you've got to have two broken legs and be blind and half dead and over eighty five before they give you anything. And it's not just now poor people that will get the housing. And rightly so, single parents are on top of the list. I have a friend who was a single parent who waited twelve years to get a place and had it for four years and then had to

give it up, because of course, you know, then the child was sixteen. It takes a long, long time ... Also, an experience of a friend who's on the North Shore, is that you get a lot of problem people and crazies, who live in the same block of flats (B5, Sydney).

A more general issue here is that the geography of public housing generally does not map on to that of the gentrification areas which tended to affect private sector housing areas more extensively.

#### *4.4.3 Property agents*

Nearly all of the tenants we had spoken to had had significant problems with property agents. Competing for property in such a tight market made identifying a property very difficult, but being on a low income in this market created particular problems where relationships to a landlord was mediated by a profit-maximising agent. This created problems primarily because the demands for increased rents were deemed to be excessive and were beyond the means of the tenant. Gentrification was seen to facilitate a casual and callous way of operating by agents that appeared all the more difficult to deal with for tenants because they were potentially facing the loss of their home:

In the 12 years that I have been here, erm, the carpets, the carpets have not been replaced, the place has not been repainted there is, you know, there's a whole host of things gone wrong and, err, the only thing that has been done in the 12 years that I have been here, they repainted the bathroom, and that's all, because the managing agent said 'if you can't afford it, you know what you can do' (A8, Melbourne).

Not only were rental prices simply unaffordable for many tenants, there was also a more general sense that the quality of lets was not very good. Several tenants commented that there was little relationship between accommodation quality and what they might have to pay for it:

But we had been paying for 10 years, every week, we are the most loyal customers you can have, why get rid of us, you know. And it was all because of the money I think. He got sick of having to wait three months to up the rent he just wanted us gone man. Every avenue I tried to do to get this \$1200 together, I could only get about \$800 or something so after two weeks when I couldn't get the new bond he said 'see you later I've got three-week eviction notices you know'. I just couldn't get the bond together, and that was about a year ago, I had to move on, you know (A14, Melbourne).

### **4.5 Systemic displacement and gentrification-related displacement**

As we intimated earlier in this chapter, several of our interviewees felt that the background factors to the problems they faced not only stemmed from the pressures of gentrification, but were also linked to the broader factor of housing affordability pressures across the system. This is not an issue that has tended to be looked at in any detail in the gentrification literature and we note it here as something that is clearly important to teasing out the forces underpinning the significant amounts of displacement we have detected and also to underline our later discussion around the means by which housing and planning policies could be utilised to address problems of affordability and displacement.

These issues also raise the question of to what extent displacement is linked to gentrification and whether, in fact, many households might also be displaced by rental



increases generated by the affordability crisis rather than the localised influence of gentrification per se. This leads us to distinguish between displacement stemming from intense gentrification pressures and pressures for dislocation that are rooted in a system-wide intensification of competition for scant housing resources:

We're really concerned that he's going to put the rent up, because in our area the average cost of a house has gone up to about five-hundred dollars per week. We have asked to extend the lease and we're not sure at the moment but I'm really worried. He hasn't put it up since we've been there, but I am really concerned that it will go up again, and what we'll do when that happens ... One of the things we're thinking about seriously is moving out of Melbourne because the rents are just so high because of this, so high in Melbourne (A11, Melbourne).

So, in this final section, we return to consider the root causes from which households have been displaced in cities like Melbourne and Sydney. Both cities have seen what could be described as traditional forms of gentrification as their service and financial sector labour forces have expanded. This has placed localised pressure on particular suburbs, but has also happened at a time when the availability of affordable housing has been extensively squeezed in these cities:

{T1} I think the damage has pretty much been done in Melbourne. It's possible to still find the odd place I think in the Western Suburbs. It's just it's got to do with the peculiar nature of urban development in Melbourne. The Eastern and Southern suburbs have spread a lot further and been developed.

{T2} So I'm really interested in what you were saying about people coming to you with affordability problems but neither you nor your front-line staff would label that as gentrification. You would say that it's just general affordability, is that right?

{T1} Yes. Essentially, yes. The ambit of our work is pretty narrow, anyway, so the front-line staff would be assessing whether or not there was a basis to challenge the rent increase, and so they'd be making a pretty straight-up assessment of the legal avenue or legal redress that the tenant may have. And so they wouldn't be thinking about that as a sort of long term gentrification—or, one example of a long term gentrification process (Policy 12, Melbourne, TU Victoria).

These comments highlight that twin pressures were at work in relation to displacement. First, it is clear that in many central, and more peripheral locations, gentrification and the expansion of high income households, has increased pressures on many households. This process has led to increased housing stress for many renters, or to decisions to move out to cheaper, often more distant, suburbs. Second, on the other hand, the bigger picture surrounding these changes is changes in the wider metropolitan housing system so that housing stress and affordability issues are affecting a broader range of income groups. It is these pressures that lead us to identify and focus on a form of displacement that is inter-related with, yet distinct from, gentrification pressures and which we term here systemic displacement. In short, we can see that households move because of cost pressures that are related to the market changes implied by gentrification activity and also because of the constraints in supply and suitability operating across Melbourne and Sydney in ways that pushed-up rents and housing costs across the board, albeit with the most profound costs being hardest to bear for low income households:

Those sorts of gentrifying pressures have broken out in the general market conditions over-laying the gentrification that was going on in all kinds of ways.

So even landlords that are mortgaged have had less call on their expenses. But rents have continued to increase quite dramatically. Simply now because that pent up demand is still washing through the market. And so essentially landlords can command better prices irrespective of the cost relationship. They can just command better prices ... People are competing for inner-city properties, and that's driving prices up across the board. And it has this sort of spill-over effect. So you drive them up close to inner-city, that drives up the prices in the suburbs around, and it sort of has this ripple effect through the whole market (Policy 12, Melbourne, TU Victoria).

This general discussion brings us to the issue of what can be termed exclusionary displacement; increasing numbers of households who are prevented from accessing those neighbourhoods that they would ideally like to live in. This can mean that households are unable to access a suitable property in a particular location but it may also mean that a move intended to generate a relocation within an area is challenged by new, prevailing prices that inevitably pushes them further out. Here one of our interviewees discusses how this impacted on their longer-term housing plans:

Do you know some people actually said why do you have to move and why don't you buy? ... Is someone going to give me a loan for \$350 000 and I have to pay back \$1800 a month or something like that on my, at the time \$48 000 a year wage. I've sort of lived on my own for a long time, if I was ever going to buy I should of done it 20 years ago and bought an apartment, in an inner-city area so then it would become groovy, I should of done it then, but I didn't do it then because I was a lot younger and I didn't know where I wanted to live, where I wanted to put down roots and now I can't (A25, Melbourne).

## **4.6 Conclusion**

In this chapter we have expanded on the significant findings of our statistical analysis. We have seen how the effects of localised gentrification activity have affected households in many parts of Melbourne and Sydney. In line with our earlier analysis we have seen that these processes are by no means restricted only to the central areas of these cities and now takes in both low and moderate income households, predominantly in an insecure, congested and largely unregulated private rental sector.

Our qualitative work highlights the significant stresses and insecurities of life in this pressured sector in general and in neighbourhoods that have been on the receiving end of major gentrification in particular. The stories of these tenants generate concern at the major inequities that have been generated and fuelled by a housing system that, largely left on its own, has delivered significant wealth and related household exclusion. The forced migration of households through gentrification pressures presents a dilemma for policy-makers in Australian cities, primarily because it has not tended to be a term with significant currency or application. Yet our research here highlights similar levels of social hardship and worry that connect with earlier waves of research in the US and UK that highlight a damaging process for the communities it has touched.

What we have not touched upon here is the broader economic impact of these changes as households are forced to make longer commutes, for example, and even as the schooling of the children of tenants suffers as they make serial moves while trying to navigate the prohibitive costs and insecurities of the rental sector. For many of these households all-encompassing notions of a dream of homeownership are a borderline fantasy which has logical appeal but is nevertheless outside the bounds of their real or imagine resources.

Finally we have opened a discussion about the links between gentrification and a broader, systemic form of displacement that many of our participants alluded to. As a crisis in housing affordability has run through these urban housing systems we see how tenants see gentrification as the capstone on a broader series of processes that is dislodging them ever further from the urban core, from work, from social networks and the communities they seek to remain a part of. The value of gathering qualitative data and its analysis here is that it helps us to understand much more about the emotional and personal costs and significant changes involved in involuntary movement. These decisions, to abandon or to be forced out of one's home, fall most heavily on the lowest income and more vulnerable groups. Our data shows that for lower-income and elderly households these effects can be profound.

## 5 POLICY RESPONSES TO GENTRIFICATION

This chapter looks at existing and potential policy responses to gentrification and displacement. The information for this chapter came from interviews with those in a position to influence and inform contemporary policy issues in New South Wales and Victoria, and by studying the policy documents which the interviewees identified as being relevant to gentrification and displacement. The chapter starts with an overview of policy responses and a discussion on current thinking by housing and planning politicians and practitioners on gentrification. This is followed by a general discussion of the policy tools currently used to counteract the effect of gentrification; affordable housing policies by State and Local Governments. Combating housing stress in the rental sector, issues concerning security of tenure, and maintaining and planning for diversity are also considered. Finally, a further brief discussion of possible policy instruments and options is identified.

### 5.1 Strategic action around gentrification

We found that all three levels of government (Commonwealth, State & local), are involved in influencing issues and processes that surround gentrification activity, though it is also noteworthy that few of these policies are explicitly labelled or described as concerning this issue. Some policies are designed to redress the imbalance of affordable housing within the Governments jurisdiction, and to enable key workers to live within commuting distance of the areas where their services are required, and missed, if not available. As one local government councillor from one of the four suburbs in Melbourne currently experiencing significant gentrification stated; “housing affordability is the trigger that changes everything else”. Several interviewees remarked that gentrification is not a label that is generally used. The Chief Executive of the Tenants Union in Victoria stated that the issues:

... don't tend to get labelled by our front-line staff as gentrification. So what they would tend to see is renters in the inner-city areas who are confronted with significant rent increases and who are then having to make choices about where they move to, or can they still live in the same area that they've always lived (Tenants Union Victoria).

Another symptom of gentrification was identified in New South Wales:

It's not so much called gentrification these days—people have been worried about getting workers to service their businesses, but it really is the same issue, people being priced out and not able to live locally. People have been coming at it from how it affects business—not so much social justice issue, more economic rationality. However this perspective is likely to have altered as a result of the Global Financial Crisis with more people facing job insecurity and housing stress and a renewed awareness of social justice issues (Senior Officer, Housing NSW).

The following section looks at policy responses designed to provide and maintain affordable housing within the areas covered in the study. Certainly the shortage of affordable housing in areas which had been subject to gentrification was widely considered to be a significant issue but, again, this tended to be discussed in relation to government's role in relation to affordable housing more generally, rather than being connected with gentrification, as with this Sydney strategy document:

Affordability problems occur when households cannot obtain adequate housing within their local area because of insufficient income, high prices or rents, or a combination of these factors ... A lack of affordable housing can

result in households either leaving their community to find cheaper housing or living in housing that is too expensive or substandard to their needs (Marrickville Council Affordable Housing Strategy, 2009)

Generally Local Government affordable housing policies are designed to house low and moderate income households seeking home ownership and rental housing at a cost which does not exceed thirty per cent of their income. We found that local governments are clearly concerned about the potential loss of low to moderate income working households and whose displacement adversely affects the area because of the nature of their work and its role in the local economy. Local Governments in Australia do not have a duty to provide housing for those not able to exert housing choice for themselves. However, several of the local authorities whose jurisdictions cover the top four identified Sydney and Melbourne suburbs currently experiencing gentrification have taken it upon themselves to have policies encouraging affordable housing, and in at least two cases to ensure the development of such accommodation.

### *5.1.1 Planning and affordable housing*

Marrickville Council's *Affordable Housing Strategy* for 2009 identifies that local governments are able to influence the provision of affordable housing and the housing market at a local level through planning tools, partnerships advocacy and community development. In New South Wales the State Government currently permits only a select few councils to levy developer contributions for affordable housing on all new development. Marrickville Council is not identified under this policy, and as such although the council, like most others in New South Wales, can make planning agreements with developers regarding affordable housing, they have no powers to enforce these. Instead, voluntary agreements are available to councils who wish to influence the provision of affordable housing within their area (we return to these planning issues later). These can be negotiated with developers at the development application stage or when a change is sought to a planning instrument.

In an interview with an officer of the council it was stressed that the effectiveness of this is limited in areas like Marrickville because there is limited land for large-scale housing development in the LGA and because developer participation is voluntary. Nevertheless Marrickville Council in NSW is instigating an affordable housing policy which will also involve voluntary planning agreements. This will involve the use incentives and encouragements to developers to provide affordable housing on larger developments in the area. The policy will also attempt to get more key worker boarding accommodation in areas near railway stations.

The lack of power in this matter for local governments can be a source of frustration. In Victoria a Moreland City Councillor stated that 'affordable housing has been a bug bear and an issue for council' because the Council has the desire but not the lever to control change. An officer at another council complained of having to be like 'an eel in a hole' – ready to creep out and surprise developers. Some councils employ Housing Officers whose role is to encourage the provision of affordable social housing within the City. Where Councils have land holdings available for development they can use these to exert power to facilitate the development of a percentage of social and affordable housing on that land (what is sometimes termed 'planning gain'). An example of this is in the suburb of Coburg, where 3000 homes are being built on council owned land, some of which will be affordable.

Gentrification and the displacement of low income households have been issues for Randwick Council, again another of the top four suburbs experiencing gentrification in Sydney. In the 1990's the council started receiving informal feedback about how

difficult it was becoming for families to gain stable affordable accommodation. The area has good beaches and is only eight kilometres from the Central Business District, and developers in the suburb had begun providing for the top end of the market. This inadvertently led to the loss of low-cost housing when redevelopment took place. As a result Randwick council prepared a report to investigate the issue of affordable housing, which later developed into an affordable rental housing program. The council currently owns eight affordable housing units, and this is scheduled to rise to nineteen. These have been acquired through negotiating with developers to provide one percent of their dwelling yield for transfer to council ownership. For example in exchange for affordable housing units developers of large sites were allowed to reduce the number of on-site car parking required of the development provided that it doesn't affect the amenity of the surrounding area.

Conveniently located near Botany Bay and the surrounding industrial/warehouse precincts of South Sydney, Randwick City used to be a working class area. The area has since gentrified and become dominated by professionals and higher income households. At the inception of the policy Randwick City Council was controlled by the Labor Party, but has since been controlled by the Liberal party. The new council continues to be supportive of the provision of affordable housing and is concerned about the impact of displacement of low income workers such as childcare workers. Business owners are very aware that after low income staff have been displaced and had to move further out, normally to the Western suburbs, such staff often only stay in their employment until they are able to find suitable work closer to where they live. Yet the policy is specifically targeted at keeping essential workers within commuting distance of their employment in Randwick. What is interesting about this locality is that it also contains a relatively large proportion of public housing (approximately 7%) within the suburb.

There are clear tensions in many localities over who should be providing affordable housing. In Randwick one councillor commented that they felt the electorate wanted the State to provide affordable housing, so that for a Local Government to get involved would be difficult. The issue here is clearly that where there is discretion around housing provision it is much more likely that such perceptions will arise and are more likely to be determined either by ideological or financial factors. These forces can take on further impetus as the social composition of such areas change, so that the same councillor commented that the residents of areas that have been gentrified now do not wish to see the development of social housing. This means that action to ensure affordable and social housing is retained and put in place needs to come before such activity starts in earnest if equitable outcomes are to be ensured. Where the older residents would have seen the provision of affordable housing as a boon, the new residents see such provision as a potential brake on house price appreciation.

In Randwick a councillor gave the example of two planning applications, both for eight units, one of which was for social housing in which the spec-built scheme received two or three objections, but the social housing application received 245 objections. It would seem therefore that those that have been actively involved in the gentrifying of an area can have a vested interest in seeing that the area continues to lose its diversity.

The impact of the lack of affordable housing on businesses and its impact on the local economy are also discussed in some Regional Housing Strategies. These include the Inner-East Regional Housing Strategy which covers the areas of Marrickville, Randwick, Botany Bay and City of Sydney. Together these councils espouse the ambition to retain the supply and where possible create and target new supply of affordable housing for people on low to moderate incomes. The combined strategy

stresses that this to assist employees who are important to local economies to afford a place to live close to their workplace and families (Cities of Sydney, Randwick, Marrickville, Waverley & Botany Bay, 2007).

In Victoria, Moreland Council's Affordable Housing Strategy of 2006 identifies that local councils across Australia can be involved through needs identification, policy preparation, planning and land use controls. Between 1996 and 2000 the council allocated 1.5 million dollars to an affordable housing fund (City of Moreland, 2006, 90) for the purpose of contributing towards joint venture projects and feasibility studies for affordable housing. So far, approximately half of the fund has been spent on land purchases and contributions towards construction costs of affordable housing. An interview with a senior officer at Marrickville Council revealed that it is likely that Marrickville council will become a developer partner in the next couple of years on its own land. Two to three thousand new units of housing are anticipated, of which the council is expecting that ten to fifteen per cent will be a mix of affordable and social housing.

There are then a complex interplay of influences on local government policies on gentrification and affordable housing. The status of local governments regarding the extent that they proactively encourage affordable housing, and the reasons why they do this, come about partly as a result of the diverse electorate and councillors that can be a by-product of the gentrification of local government jurisdictions.

There are voluntary, and sometimes ambiguous, roles assumed by Local Governments in respect of policies to ameliorate the displacement caused by gentrification. Although some councils take an active role in the provision of affordable housing several Council representatives stressed that the provision of affordable and social housing was a State responsibility, and that they (and their rate-payers) should not be drawn into this role without consent, as with one Victorian councillor who complained that the 'State is always trying to get us to hand over our land to build social housing—we do it but we feel cranky about it'. In the past such provisions have been in the form of fifty year leases, but the Victorian State Government is now urging City Councils to hand over the freehold of land. The councillor stated that this created a "moral dilemma", because the council acknowledge that housing is needed, but at the same time are reticent that a State responsibility is seen to erode their local assets and, in some cases, promote conflict among newer and affluent residents.

### *5.1.2 State policies on affordable housing*

Commonwealth and State Governments have legislative responsibility for housing policies, particularly for those most in need and this clearly provides problematic political and geographical dimensions to the problem of gentrification. This is particularly because local authorities often feel that the duty for the public sector lies with State government, but that such provision may be in conflict with the needs of their residents. The limited duties and provisions by local authorities is a point we come back to later, here we briefly examine the nature of affordable housing provision in the context of gentrification by State policy interventions.

The National Rental Affordability Scheme (NRAS) consists of a subsidy of \$8000 per dwelling (and is indexed), which is granted to housing providers each year for ten years on the condition that the dwelling is rented to eligible low and moderate income household for at least twenty per cent below market rates. The issue of affordable housing is also currently being addressed at a national level through the Commonwealth Governments National Economic Stimulus Plan, which includes the funding of new affordable housing dwellings via the State Housing Authorities. In 2009

the State Environment Planning Policy or SEPP for Affordable Rental Housing came into operation in New South Wales.

The SEPP provides incentives to promote the construction of new dwellings eligible for the NRAS subsidy. This is intended to provide assistance in areas close to Sydney city centre where the NRAS subsidy alone is not sufficient to make development of affordable housing viable for private housing providers. The SEPP sets a test as to what is considered affordable rental housing. This includes housing where the tenant would have a gross income of not more than twenty per cent above the median household income for the Sydney Statistical Division, and would pay no more than thirty per cent of their gross income in rent. Under NRAS the tenants pay no more than eighty per cent of the market rental rate. Before the SEPP there was no clear planning mechanism in place across most of NSW to encourage the private and community housing sectors to work together to provide new affordable housing (NSW Dept of Planning, 2009). The policy does not explicitly address gentrification but is clearly an attempt to promote the production of affordable housing in the inner and middle rings of Sydney where gentrification activity has been most pronounced.

The new policy allows for affordable infill housing to be developed. The affordable housing within such developments must be managed by a registered community housing provider for at least ten years, in order to ensure the units are let at affordable rents to genuine low and moderate income households (NSW Dept of Planning, 2009). The new policy now permits the development and adaptation of townhouses, 'granny flats', and new style boarding housing in order to make it easier, quicker and more attractive to build affordable rental homes in NSW (Dept of Planning, 2009). Secondary dwellings are now easier and faster to build with the intention of assisting parents to create individual personal space for elderly parents, but also for their Generation Y offspring (aged 20–29 years) who have not yet left home. It would appear that the new SEPP will assist those young people who have been affected by gentrification and as a result are not able to access affordable private rented accommodation on the open market. The policy also permits secondary dwellings such as granny annexes to be commercially let and used as a source of additional income for the primary household. This may lead to an increase in small, affordable accommodation in gentrified suburbs.

In Victoria, Melbourne 2030 is the State Government's thirty year strategic plan to manage growth and change across metropolitan Melbourne. 'Direction Six' aims to ensure that the provision of new housing matches changing and future demographic profiles and provides opportunities to increase the supply of affordable housing (Northern Regional Housing Group, 2006). However, a senior officer at the Division of Housing and Community Building, Department of Human Services Victoria confirmed that policies are not viewed in terms of gentrification, rather the focus is on trying to maintain a supply of affordable housing in more general terms. The position here is that the Victorian Government seeks the provision of adequate and suitable public housing, and contributing to the stock and viability of affordable housing especially to those low income people who are the recipients of Government pensions. Yet current practice appears more problematic with the re-modelling of inner city estates leading to net stock reductions and the use of joint venture models, as with Fitzroy, to generate private housing in lieu of already existing public housing.

The Victorian Government is aware that the issue of key workers is becoming more evident, and that inner city business' are having difficulty in hiring low income workers. The Government is subsidising the construction of a building in the Dockland area of Melbourne in an attempt to ensure that low cost rental accommodation is available for key workers in inner city areas. 60 per cent of the units are to be retained as



affordable housing for key workers, and are being made available at cost by the developer. The rest are to be sold at market prices. It would appear therefore that for the Victorian Office of Housing's gentrification as such is not an issue a policy priority but that its mixed actions are generating apparent gentrification in some locales while trying to offset its impacts in others highlighting the need for more coordinated actions.

## **5.2 Gentrification, housing stress and the rental sector**

An interview with the Tenants Union in Victoria confirmed that the last three years has been a 'terrible' market environment for tenants in Melbourne. In addition to the impact of gentrification, rents rose generally as property values went up, because landlords expected that as land values had risen they should be able to recoup more profit. At the same time, first-home owners were being driven out of the purchase market as prices rose itself leading to an increased demand in the private rental market, and in Melbourne to demand exceeding supply, particularly for housing that those on low-incomes can afford. As a result there has been a growth in marginal forms of housing provision. Affordability problems in Melbourne have been caused not only by higher income groups moving into suburbs and causing displacement through gentrification, but also through general rent level increases as housing prices and demand for rental accommodation have both increased.

Income groups who would previously have been able to afford to buy a first property have been unable to do so because of the high prices and have therefore remained in the private rental market longer than they previously would have done. This has caused a three-fold problem regarding private rental affordability. Sharp rises in house prices and private rental rents are contextual features of the Australian housing system (Jacobs et al. 2009). Some of the areas most subject to gentrification in Sydney and Melbourne have high numbers of private tenants. For example, within Marrickville forty per cent of the housing stock is in the private rental sector, and only four per cent is social housing. It is estimated that there are around two hundred boarding houses in the area and that approximately three thousand of the seventy two thousand residents living in Marrickville are living in unregulated older boarding houses which are not covered by tenancy law. All of this appears to generate significant problems for renters facing large increases in the rents in the ways related in the previous chapter.

### **5.2.1 Security of tenure**

Security of tenure is an issue for many of the seventeen thousand tenants who call the central advice service of the Tenants Union of Victoria per annum. Most are concerned that as a result of raising issues with their landlord they will either receive notice to leave or a rent increase letter (Interview with Tenant's Union Victoria). Melbourne has seen an increase in unconventional accommodation, with landlords renting out suburban properties room by room. Here entrepreneurs compete in the market with others seeking private rented accommodation and lease a property at more than the advertised rent by sub-letting rooms for considerably more than the rent they pay. When displaced people move to marginal forms of housing, such as these, their inability to access mainstream private rented accommodation is perpetuated (Interview with Moreland City Councillor), partly because they are now less attractive to the landlords of conventional properties.

The Tenants Union of Victoria report that there has been an interesting change of attitude by some tenants as a result of the marked rent increases that have occurred in Melbourne during the last three years. Some tenants who can afford rent increases have further displaced those on low incomes. It would appear that a customer culture has risen to the fore by some affluent private renters, which is quite different from the

attitude of those who are struggling to stay in the suburb, often within marginal housing, or to face moving further away from their chosen place of residence. The fragile position of these tenants means they are reluctant to bring attention to themselves or to give any cause to the landlord to raise the rent or serve them notice.

The Tenants Union of Victoria comments that these issues illustrate that the Consumer Protection laws are set up around the notion that the rental market is like a general consumer market, where it is possible to exercise choice. In practice the market has become dysfunctional, and supply is out of kilter with demand, and as a result it is not possible for those on a low to median income to exercise choices other than to pay a very large percentage of their income in rent, or to be displaced to outer suburbs (CEO, Tenants Union Victoria). In Victoria, increased rents cannot be legally challenged in practice on the grounds that the increase is unaffordable. The basis to challenge a rent increase is that it is outside of existing market parameter, and there is no argument to be made under consumer protection or residential tenancy legislation that the increase is more than tenants can afford. Tenants who seek the assistance of the Tenants Union are often told that in fact they have had the benefit of sub-market rents for a significant time, and that now that their tenancy is up for renewal there is nothing that can be done to prevent the landlord increase the rent to a level beyond that which will enable them to stay in the property.

As areas become gentrified they can become less diverse as high income private tenants are able to remain in the inner-city suburbs, and low income renters have to move away. This change in the mix of localities can have adverse consequences for the funding of City Councils. As socio-economic indicators of affluence rise Commonwealth grants distributed to councils on the grounds of disadvantage diminish. These make councils more reliant on income from rates, as the income profile of residents increase thus furthering the incentive for gentrification and its relationship to increased property tax income. In areas such as the suburb of Coburg, within Moreland Councils area in Victoria, where there is not a shopping centre or a manufacturing base the Councils become more dependent on rate income from residential properties. This can result in policies where the rights of property owners can drive council strategies (Interview with Moreland City Councillor).

### **5.3 Maintaining diversity**

The interviews revealed that some councils seek to increase the social mix of areas that have been gentrified, but that this is often intended to enable low and moderate income workers to live in high-cost locations. Affordable housing policies such as those discussed in Section 1.2 are an example of this. The New South Wales Supporting Affordable Rental Housing Community Guide states that the SEPP:

Providing housing for key workers near centers encourages a social mix in all communities and creates inclusive places for people from varying socio-economic backgrounds. (NSW Department of Planning, 2009a; 8)

However, it must be considered that key workers policies by definition do not seek to prevent the displacement of those that are not economically active, such as the elderly, sick, single parents and the unemployed. The NSW SEPP (Affordable Rental Housing) does however close a former loophole which allowed low rental residential flat buildings not subject to strata or community title to be demolished without any analysis of the impact on affordable housing stocks, and does create new opportunities for social housing providers to grow their managed or owned property portfolios (NSW Department of Planning 2009a, p.14).

These requirements have been carried forward into the new Affordable Rental Housing SEPP. An interview with a senior NSW Housing officer revealed that an evaluation of SEPP 10 highlighted that the restrictions did not directly stop a large amount of development, but rather that the extra red tape did have a deterrent effect, and did mitigate the effect of redevelopment to some extent by assisting in the gain of a developer's contribution towards affordable housing. SEPP 10 did try to address the changes that occur because of gentrification, as a senior NSW Housing Officer confirmed one of the reasons why its provisions were carried through to the new SEPP was that if the numbers of people on low incomes in the area declines, the amount of services designed to assist them also declines in the area and there will be inadequate welfare service provision remaining for those who in need.

In New South Wales three local governments are permitted to enforce mandatory affordable housing agreements whereby three per cent of the development costs are to be used by City West Housing and other social housing providers to develop affordable housing in the area. Permitting this in more council areas was recently considered, but it was thought that the current financial crisis meant that it was not considered an appropriate time. Incentives to developers, rather than levies, were thought to be more appropriate in the current economic climate (Senior NSW Housing Officer) though Randwick City Council is however lobbying to be allowed to enforce such mandatory agreements.

In Victoria, the gentrified areas of Brunswick and Coburg are still culturally diverse, as some members of the initial migrant population have remained. In the last five years the number of rooming houses and supported residential services has decreased. A Moreland City Councillor noted that also during this time the cohort of people typically living in such accommodation have become re-conceptualised by other residents as a nuisance rather than as part of community. Older migrant families do not wish the area to return to how it was before gentrification occurred, because their house values have increased and they see an advantage in this as to how much inheritance they will be able to pass onto the next generation.

Perhaps because of this, since 2000 Moreland City Council has actively promoted affordable housing through the design and construction of an eight unit community housing project in Coburg in partnership with Yarra Community Housing for single person households. Thirty per cent of the funding came from council provision of land contribution (Moreland Affordable Housing Strategy, 2006). Even those residents who would consider themselves to be progressive have campaigned against the development of apartments suitable for single persons, because they wish the area to be for "families" (City of Moreland Councillor). When some elderly bed-sit accommodation was closed down in the area, an application was made for conversion of the block into a rooming house for approximately fifty people. This led to enormous opposition by some local residents, to such an extent that other local residents opposed to these views attended community meetings to support the application because they were so aghast at the outrage against the proposed development. The City Council remained in favour of the development throughout, and it was approved.

Councillors can find themselves coming up against a well informed and educated electorate in one part of the City, who have a strong sense of entitlement about their right to involvement in the decision making process. This has occurred in a gentrified suburb area within Melbourne, where most residents are happy with the quality of local public primary schools and send their children to school locally. However, once the children get to Secondary age, the middle class parents tend to send them to private schools or to public schools out of the district, and are now campaigning for a new State Secondary School to be built. This has had the effect of ghettoising the

local State Secondary School which has a relatively high proportion of children from newly arrived migrant groups (City of Moreland Councillor), and has become more of an issue than the lack of affordable housing. Similarly, the south of Marrickville is less prosperous (25% of the population live on Centre Link benefits), and has higher concentrations of public housing, than the north of the City, which has led to accommodation purchase and rental prices being very different in the two parts of the City. The Council has tried to compensate for the difference in prosperity within the City by facilitating not for profit services and community facilities in the less wealthy parts, in order to prevent polarisation within the community (Senior Officer, Marrickville Council). Gentrification and displacement can lead to such an alteration to the social and ethnic mix of an area that a change in the local political power base at council level can result. New residents can affect local priorities, sometimes increasing the feeling of alienation of those who remain from the period before gentrification had occurred.

## **5.4 Policy directions for gentrification**

In this final section we bring together some of the key messages from our interview work and supplement this by drawing on the slender literature dealing with the possibilities for generating policies capable of tackling the problems that gentrification raises for governments. For one thing gentrification often raises concerns about the social costs of displacement, the economic costs associated with its impacts on labour supply and the generally complex area of community relations and political priorities as these contests for social resources are played-out.

As neighbourhoods change the priorities brought to local governments can also shift so that lower income groups become more marginalised over time. The complexities of Federalism, as we have already explicated, add another layer of difficulty in identifying effective means of using public policy actions to address these issues. In many cases, even where action has been forthcoming, the intervention to address housing need and affordability has been slender in contrast with increasing levels of housing stress.

So far we have focused on the scale and relative intensity of experiences around household displacement from gentrification. Clearly this raises important questions for how public interventions might be used to address these problems. Gentrification has regularly divided the opinions of policy-makers, researchers and commentators. Where some see a boon to the public purse and the revitalisation of the built environment, others see huge social costs and the continued moving of low-income households with little or no net gain to cities. For many analysts localised policy responses represent a kind of *Band-Aid* solution that is unlikely to succeed in addressing the issue of affordability. This particular point is potentially a significant corrective when considering possible interventions, like the retention or provision of affordable housing.

For policy-makers in Australia the absence of evidence on the extent and impact of gentrification has made coordinated action more difficult; it could easily be argued that it is not clear whether public intervention is warranted or could ultimately be effective. It is worth noting that these issues also tap into broader concerns about urban segregation, social mix and sustainability around issues like transportation. Any identifiable factor that affects the social composition of neighbourhoods is critical to these questions and this is another reason why gentrification should be seen as an important part of a portfolio of housing and planning policies that target compositional questions.

Gentrification can be attached to the Australian 'dream' of homeownership and the deeper status of property relations in political rhetoric and public culture. Many households seek not only a foothold in the market but also to trade up a property 'ladder', a process that may be accelerated by choosing the 'right' neighbourhood; places that are 'up and coming' investment hotspots. This geography of opportunity for erstwhile homeowners may present problems for lower-income residents in these locations, if their rents rise as a result or indeed if they cease to feel that the neighbourhood supports their social needs, such as the co-location of friendship and kin networks. Where household incomes are lower it is more likely that the neighbourhood and its social resources play a more significant role for these residents. In addition, it is also more likely that work and economic opportunities need to be found locally.

These are yet further reasons why public intervention should be deemed important on these issues. When gentrification dislocates households, social support mechanisms and needs may also be disrupted (Marcuse 1986; Atkinson 2000). Indeed, for employers seeking lower paid and skilled workers, these issues may also become important. Policy-makers have often been confused by complaints of community friction and the loss of affordable housing, on one hand, and the benefits of physical revitalisation and bolstered local tax bases, on the other.

Where displacement and replacement take place it can seem as though neighbourhoods 'improve', when the reality may be that poorer groups are thinned out or re-sorted through the housing system—often into private rental and public housing elsewhere. The 'gain' of higher income households to one political jurisdiction, thought of in 'global' terms, may be cancelled out by the migration of lower-income displacees to others. Social problems are thereby evacuated through the 'improvement' of neighbourhoods and are thereby often seen as evidence that gentrification has positive impacts on social problems when in fact the net gain to the wider system may be close to nil and take no cognisance of the social and psychological costs of displacement.

The general impression that our report generates is of massively stressed urban systems with housing conditions proving increasingly problematic and scarce for those at the margins of the labour market, the housing market (in terms of being tenants) and for those outside the labour market (such as those people unable to find work or who are elderly or vulnerable). These points highlight the need for a revitalised urban housing affordability agenda as the primary means of addressing housing stress and combating the problematic outcomes associated with gentrification. At its heart this requires a sense of duty and statutory engagement with the question of income and diversity of tenure across local government areas and neighbourhoods. To realise such outcomes it is essential that national planning strategies are put in place and aligned through the State and local government tiers.

Little can be gained where State priorities around affordable housing, to take one example, are subsequently undermined by local government planning enquiries that put the values of equitable development and diversity at question. As we suggest in our conclusion, these problems are regularly raised as the more tyrannical outcomes of a property owning and affluent majority who view affordability and diversity as cutting into their privileged position, even while this privilege is underpinned by significant subsidies from government. Our evidence highlights that not only has affordability become a primary crisis for metropolitan Australia, as evidenced elsewhere, but so gentrification has generated a socially selective push of the most marginal communities from their position in central city areas. This evidence should generate a further impetus for the kinds of measures we briefly identify here.

### 5.4.1 *Community participation and local strategies*

This is a fraught area for consideration, not least because many analysts of gentrification understand housing markets to be deeply implicated in the ongoing motors of the process. In short, for analysts like Smith (1996) it is often the ambition of the local state to assist gentrification because it sees particular benefits like increased property tax revenues that stem from these changes. Our qualitative findings highlight deep feelings of resentment and opposition to neighbourhood change of this kind. In the light of this policy analysts, like Leonard and Kennedy (2001), argue that it is essential that local governments act to ensure the cohesion and involvement of local populations in planning deliberations and strategic efforts to counter wholesale gentrification. They argue that:

Responses to gentrification should be constructed in the context of 'equitable development.' Is the process of gentrification producing a kind of development that is inequitable in terms of economic and social diversity or long term stability? And how can the strategies to manage change increase the likelihood of equitable development outcomes in the future? (Leonard & Kennedy 2001, p.28)

These points raise a broader issue around the principles by which local policies are to be constructed. On what basis should existing vs new resident's rights be evaluated? We would argue that the rights of existing tenants and owners should take precedent in discussions on planning issues and that weight is given in relation to length of residence, regardless of the tenure of residents. In this context such principles should be used to prevent the demands of existing owners over renters, and of new resident demands over those of current residents.

*Recommendation: principles of tenure neutrality and priority of term of resident location should be considered in all local and State planning and housing documents.*

### 5.4.2 *Local economies and social diversity*

Social diversity is critical as a principle for social and economic planning. Urban systems where social and income diversity have been stripped by rising house prices and rents present additional strains upon community life in the form of political polarisation and conflict (such as Paris) while also raising costs through commuting costs (and thus labour costs) for centrally located traders and companies. This is not the place to rehearse often-made points about the importance of reducing social polarisation in our cities (see Atkinson 2008) but it is essential to understand that reducing social diversity in particular locales through pronounced gentrification will place similar pressures of social homogeneity in other areas of the housing system. Where cities and local governments fail to plan for diversity the result is a series of compounded problems for lower income residents and negative externalities for their populace more broadly—higher housing maintenance costs, rising crime and social harm in locales, poorer education and health outcomes (Atkinson 2008).

Policy commentators have argued for some time that the maintenance of social diversity needs to be connected to broader economic aims to ensure that local economies remain viable and are capable of offering opportunities across the income spectrum. So, for example, we see that in some cases small business capacity and life-spans can be articulated in relation to these concerns:

Support for the development of existing businesses, so that they can weather change, and incentives for successful businesses to locate in the neighbourhoods can create job opportunities for incumbent residents.

Depending upon the wages offered, new jobs might in turn increase residents' ability to remain in their community (Levey, Comey & Padilla 2006, p.81).

*Recommendation: social and economic diversity are the hallmarks of viable and vital neighbourhoods. Business support should be identified as a key element of local government strategies and connected to ongoing attempts at maintaining the viability of local households.*

### 5.4.3 Housing tenure

The cost and diversity of housing tenure is critical to maintaining socially diverse communities. Dwellings allocated only through price mechanisms are often incapable of being maintained at affordable levels, indeed we need to recognise that the inflation of housing assets in price terms is a significant goal for governments and owners alike. In this sense the peculiar problem of public sector intervention is arbitrating in a series of complex arenas in which public aspirations are set to achieve affordable accommodation for all while also enabling other constituencies to feel what they deem to be wealth based on increasing asset values. This tension has become marked in the housing systems of the major cities where competition for fewer resources, as populations have risen and household sizes diminished, has generated increased housing wealth for existing owners while further locking-out those not already on the ladder.

We have already seen the broader macro-economic risks of allowing low credit costs fuel this situation even further in countries like the US, UK and Ireland. Outside of those direct concerns we should note that commitments to diversity and affordability remain live issues for low and middle-income Australian households. For these groups we need to understand how a combination of tenure diversity enables social diversity to be maintained and how this might be used to help address concerns about local economies and decreasing ethnic and social diversity. In short, a more neutral housing policy at the Federal, State and urban tiers is essential to help address the linked problems of gentrification and affordability. Significant attention to overall levels of supply, dwelling type and commitments to models of community and public housing that offer community assets in perpetuity have long been seen as the primary mechanisms by which these outcomes might be achieved in practice. Yet it is also only too clear that NIMBYIST community attitudes and weak political leadership continue to fight shy in relation to really getting to grips with these interconnected areas of policy development.

So far we have not discussed the use of rent control regulatory frameworks in the private rental sector. Here we also need to see greater action and interest if market failure in this sector is to be addressed effectively. It seems unlikely that action will be forthcoming in these areas. The emasculated position of advocate groups like the Tenant's Unions is symptomatic of a deeper ideological position in Australian housing policy that sees laissez-faire approaches to property investment and wealth substantially weakening the consumer rights of private tenants. For these households substantial and rapid rental increases are available to landlords as a legal right and remain largely uncontestable under the current arrangements. Even without attention to the issues of gentrification these points seem untenable in any market in which consumer rights are deemed to be necessary. It is not the place of this report to detail the kinds of regulatory frameworks, legal details and rental control systems that could be put in place. Yet one area for logical investigation would be the ability of contestation of rent increases by tenants facing greater than inflationary increases in their rents.

*Recommendation: all suburbs and local government areas could be subjected to State administered diversity tests to establish their resilience and 'social health'. The availability of swift and fair challenges to undue and super-inflationary increases in rent should be made available nationally to all tenants in the private rental sector.*

#### 5.4.4 Taxation tools

In the US some taxation tools have been deployed to help increase the levels of affordable housing, community infrastructure and to maintain social diversity. Of these two models appear notable in offering a means to restrict burdens on older owners and to utilise local taxation systems to generate affordable housing. In the case of the former tax deferral legislation has been passed in both Atlanta and Cleveland and used to offer long time homeowners the ability to defer incremental tax increases that arise because of gentrification-driven appreciations in their property values. This problem was noted by several of our displacees, a mechanism of this kind would allow such increases in value to be prevented from being translated into undue burdens on low income household, with the local authority reaping the dividend upon the sale of the home (Leonard & Kennedy 2001).

Tax increment funding has been used for many years where some US cities have allowed districts to tax themselves at a higher rate in the future in exchange for access to capital in the present day. These assessments are based on the premise that properties in these jurisdictions will increase in value as a result of the public investments, such as park or streetscape improvements, and the added tax revenues coming from area businesses and residents will cover the incremental payments over time. Houston has used this instrument as a vehicle to provide capital funding for new housing. Finally sunshine taxes have been applied in states like California where quick investment-sale transactions that take advantage of rapid increases in value are taxed at a higher rate. This shifts the incentives for investment into longer timeframes that are commensurate with investing and staying, rather than empty circulations of capital that not only solely benefit the buyer but also tend to generate inflationary circuits of asset appreciation that fuel problems of affordability and gentrification.

*Recommendation: a fuller audit of fiscal mechanisms to be conducted by AHURI or the Federal government in pursuit of mechanisms that drive the capacity of housing systems to offer more affordable housing, stem rapid house price appreciation and ease the burden on more vulnerable members of the housing community.*

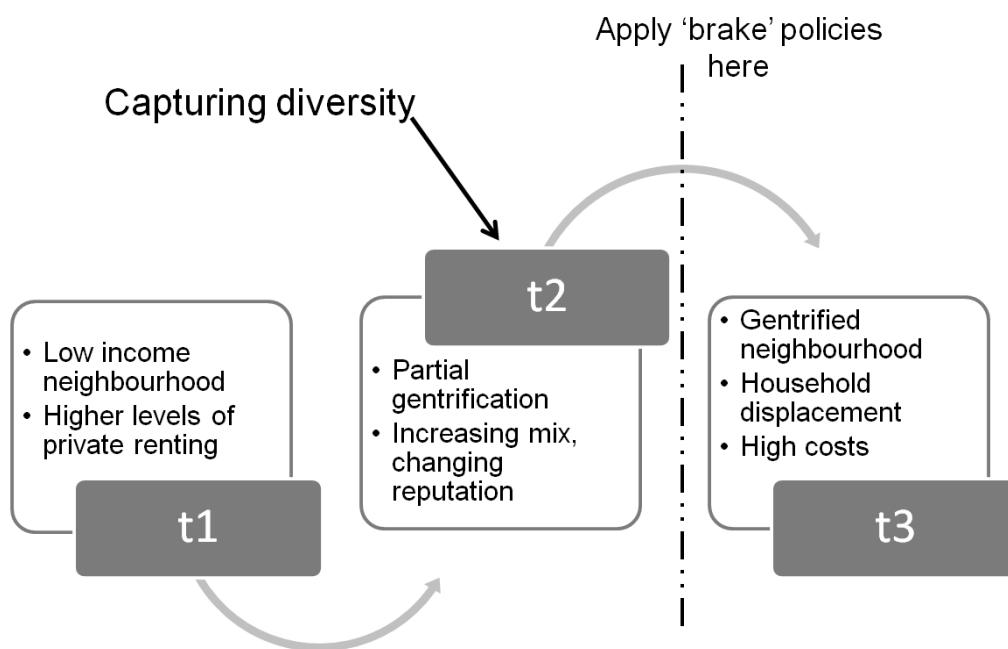
#### 5.4.5 Planning tools

We finally make brief mention of some of the planning instruments that can be used in tackling the problem of gentrification and losses of affordable housing. Again this raises problems where governments feel uncomfortable, unable or simply unwilling to make interventions. These issues are covered in detail in Gurrán and colleague's (2009) report for AHURI and in much other work on social mix (e.g. Atkinson 2008). Mechanisms have been developed to ensure private development includes affordable or community housing, such as 'planning gain' in the UK (section 106 in UK, zoning ordinances in some US cities where there is a set-aside of proportion affordable housing). In other cases contributions or developer fees to community housing providers have been applied to office construction (to ensure key workers are co-located as far as possible) as well as housing development. In the 'Fair shares' program California requires local governments to plan and maintain a fair share of affordable housing and to build this where it is lacking. Yet such programs pale when compared with France's strict code that asks all 'Departments' to provide 20 per cent of local housing supplied by the state.



These issues raise fresh problematics, not least of which is the political geography of these processes—if one area loses particular groups then these will become a cost to other jurisdictions. This implies, assuming that we do take a social justice perspective, that such costs need to be understood from a macroscopic perspective capable of weighing-up costs in their totality. In Figure 5 below we envisage the application of such mechanisms at key stages in the lifecycle of local neighbourhood changes which need to be monitored by local governments. In essence gentrification may appear as a form of growing social diversity, away from a concentration of poverty to begin with. Such diversity is itself valuable but may trigger wholesale and pronounced gentrification and its related cost pressures. We therefore see that planning, fiscal and regulatory policies need to be put in place when conditions reach this general point, what may be termed ‘brake’ policies.

**Figure 5: Neighbourhood change and policy intervention**



It has become clear that many Australian cities now compete for human talent and to provide the kind of milieu that would be supportive of processes of gentrification (Atkinson & Easthope 2009). Moreover, a number of creative arts and major physical infrastructure projects have been instigated by the private sector and State and Federal Governments that seek to attract high income and talented households and individuals. It seems plausible to suggest then that policy in some Australian metropolises may actively seek to promote gentrification while, in its other roles, it strives to counter by providing affordable housing and access to key resources for lower-income households. Whether gentrification is framed as a problem will depend on which government departments, and at which tiers, become involved in these questions. For local governments seeking property tax incomes or particular social milieus, gentrification may seem an unproblematic bonus; while for State public housing managers these processes may increase need and resource allocations.

*Recommendation: debates around housing affordability and the application of planning measures need to be connected to the issues raised by gentrification more emphatically. The role of State planning and housing authorities could be more closely aligned on these issues than is currently the case.*

## **5.5 Conclusion**

This chapter has looked at current policy responses to gentrification and displacement in the areas identified in the quantitative part of the study as experiencing the most significant levels of gentrification within Sydney and Melbourne. Australian Governments have historically prioritised and subsidised owner-occupation and this has generally limited the design of policies designed to ameliorate the effects of gentrification and displacement. The limited availability of public and social housing forces those who would otherwise be eligible to rely on the private rented market. However, affordable housing policies are generally not simply a response to meet the needs created by displacement caused by gentrification, but an area in which interest groups such as business owners and service users have sought to promote their interests regarding the supply of key workers (Jacobs et al. 2009). Although gentrification issues have perhaps declined as overt policy issues for governments over the last decade, the issue of displacement, at least for those still economically active, remains an issue of debate and contention.

## 6 CONCLUSION

Gentrification has been an increasing feature of metropolitan housing markets and neighbourhood change in Australia over recent decades. This matches trends observed in many other large metropolitan areas over the similar period, but also echoes concerns about the negative potentialities of these changes upon low and moderate income households, particularly those navigating housing provision through the private rental sector. We have charted the extent of patterns of high income household migration, made to existing lower income neighbourhoods across Melbourne and Sydney over the past decade. Our data highlights waves of such migration flowing-in from the outer suburbs as tastes, preferences and broader shifts in these urban economies have bedded-down over time. Our contact with displacees shows that those already living in neighbourhoods which are then gentrified have effectively been un-housed by the new market conditions promoted by the arrival of higher income owners and prospective renters who have out-bid them under these new market conditions.

The character of cities like Melbourne and Sydney has changed enormously over the time period we have described here. Many neighbourhoods that functioned as housing markets, but also distinctive social areas, for lower and modest income households have been eroded; changed irrevocably by the arrival of *big* money that was itself generated by changes in the labour market as the wider economy moved through successive boom periods. In many ways we can see that much of the AHURI research agenda focused on housing problems that significantly generated as the downside to these market conditions, alongside a retrenched role for State and Federal housing agencies around the direct provision of housing.

The private rental sector is notable within this overall context as a site of housing provision conceived, housing policy terms, as the sector that would offer market-rate housing within parameters of supply that would allow renters to shop around and generate competitive rents from landlords. Our interviews with displaced renters and policy-makers highlight how market failure has marked the experience of this sector. In this context renters have found a largely unregulated sector has generated insecurity of tenure, erosion of household income alongside regular rent hikes and often poor conditions and value for money. This brings us back to the overall question of supply which has been raised time and again in AHURI research. Yet these concerns again need to be matched to an understanding of local housing and household dynamics in neighbourhoods that have seen gentrification place a further pressure on affordability and, mediated through the private rental sector, the market displacement of many lower and sometimes moderate income renters.

It is clear that issues of housing affordability and gentrification are closely entwined together. A lack of affordable housing and population increase amidst drive for housing wealth and low interest rates has produced insurmountable challenges for many households in the absolute majority of suburbs across these cities. In this gentrification has appeared as the icing on the cake, pushing house prices even higher and eroding the localised availability of affordable accommodation. Renters who viewed themselves as 'owners in waiting' found that market conditions rapidly eroded these possibilities. Local residents seeking to stay in neighbourhoods they had come to think of as home found themselves dislodged and making significant return journeys to work or to school. Those struggling to stay found themselves impoverished by hikes in their rents, but also feeling no longer at ease in neighbourhoods which were symbolically very different from the places and social networks that had come to in the past.

It seems unlikely that even given these pressures and social costs that gentrification will be viewed by local, State and Federal policy-makers as a major concern. In some localities it has become clear that benign neglect, a lack of efficacy or tacit encouragement of gentrification has been in evidence. Perhaps more important than this we have seen how many displacees and policy-makers view gentrification's mediation via the property market as an unfortunate side-effect of wider social changes. In the unhappy situation that so many households, owners and renters, now find themselves it would seem likely that even locally significant gentrification will be viewed as part of how urban economies *work*. The loss of affordable housing and issues of supply will, and no doubt should, remain ascendant over local questions. Yet it is also clear that the under-acknowledged and miserable conditions of many Australian private renters really are not getting the attention they deserve in terms of conditions, costs and social outcomes. The de facto welfare role of this sector and the squeezing of housing stress into this sector now presents a major issue for policy-makers and it is clear gentrification has very much scoured this sector of lower income households in areas that have been subjected to these pressures. What are the longer-term issues raised by our work in this report? Three issues seem worth taking forward.

1. First, gentrification appears to have been insufficiently examined within the Australian metropolitan and rural contexts. In the face of insufficient supply, rising costs and populations the preferences of higher income households present an enormously important research agenda. Melbourne and Sydney, as our two largest urban centres, provide obvious foci for research on these issues and have been covered in the past by some research. It is not clear that regional and other metropolitan areas will provide rich areas for the analysis of these issues.
2. Second, the private rental sector remains too far off policy-maker agendas. Private and public house building remain insufficient in relation to off-setting the cost increases generated by competition for existing housing resources in urban areas. Investment in private rental housing, though significant in financial terms, has not generally led to localised increases in supply, often representing an investment in existing assets. What has become much visible in recent years is that a disproportionate amount of housing stress has been locked-into this sector and represents an increasing and significant human cost. In relation to the question of gentrification it is clear that the private rental is the tenure of least resistance to the onslaught of investment faced by some neighbourhoods. As competition for housing has increased, landlords have been quick to cash-in on higher returns, even where this has meant the ultimate eviction or loss of often established tenants. In socio-legal terms this is the *right* of landlords and yet it remains equally clear that, excepting infrequent increases in property taxes, their own costs have not increased as dramatically. This substantial private gain is thereby defensible within the confines of the regulatory climate of these cities but is morally more ambiguous.
3. The final point we would raise here relates to a much more nebulous set of issues. This relates to the regulatory and attitudinal context surrounding neighbourhood and housing market changes in Australia more generally. The long boom in house-price appreciation has appeared to offer major dividends the economy generally and to individual households, though these gains are by no means certain. Housing policy has tended to conflate national, cultural ideals of ownership with its aims. The result of this has been a low interest and largely deregulated industry in which the gains of real price increases have proved to be largely illusory, owners cashing-in found themselves facing just as significant problems in locating a new property while those who have not bought have come

to represent a lost generation of home buyers. The macro economic consequences of the over-leveraging of buyers and their out-bidding of next generation and low income households has yet to be fully understood. What is clearer perhaps is that the race to use property as a vehicle for household wealth has generated major problems where these ambitions have intersected with the tenure insecurity of renters and specific neighbourhoods seen to be 'ripe for investment'. Taken as a whole these pressures have generated significant market displacement of households and put at question how it might be that the gains of these individuals can be set against the effectively forced removal of those who, under previous market conditions, were meeting their tenurial obligations. So while it may be understood or argued that it is 'the market' that has eroded the foothold of these households it is, in fact, the case that a complex amalgam of housing policy, economic change and a geography of poverty and under-investment has opened opportunities for affluent owners and landlords who have presided over the significant competition for the resources they control. In this context it remains important to consider whether the generational ascription of inherent goodness and wealth will be inter-generationally transmitted as these conditions have arisen under such indebtedness and the often significant exclusion of younger and less well-off households.

Perhaps a clearer target within this no doubt overly lofty discussion is to consider the more grounded issues of regulation of the private rental sector and the fiscal issues and exclusionary forces generated by the status quo. Landlord's in Australia, so often individual investors, have effectively predated over those less well-off and unable to access homeownership. One sector of the community is effectively bankrolling the equity driven wealth seen so often as critical to the retirement plans and welfare of those who are better-off. If these gains are to continue to be seen as legitimate within the community as a whole it will be necessary for questions of reasonableness around contracts, security and rental increases to be addressed by State legislatures. The impression that the market dictates these costs and contexts is an obfuscation of the fact that investors make decisions based within the a regulatory framework that is no longer fit for purpose as the strains of the market as a whole have become apparent.

Gentrification has clearly affected many metropolitan neighbourhoods and households, raising broader questions about the social exclusion and displacement of those less well-off or able to deal with these shocks to their circumstances. The sense of these changes from those we spoke to is of a property markets that have become antagonistic to the well-being of those cast adrift within them. Houses and flats have become scarce 'commodities' that belies their critical role as the building blocks of people's domestic and economic lives. Our participants spoke of their fear at having to find another place, at their loss and misery over leaving places and people that they loved and the injustice of being priced-out. For many households the private sector is not delivering housing at an affordable rate and the public sector is deemed absent or impossible to access. These comments could be directed as much at the general context of these urban areas in which housing costs have been pushed-up across the board, but it is in the locations where gentrification has acted most forcefully that actual household displacement has been most profound.

From a public policy perspective, the challenge remains to capture the social and physical investment from these kinds of changes while preventing the hardship imposed by displacement and market dislocation. This requires some sophistication in recognising that displacement is not simply eviction or market dislocation of the marginal, it also encompasses a sense of neighbourhood change and shifting social networks that 'unhome' less well-off residents in locations touched by more aggressive patterns of gentrification.

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# APPENDICES

## Appendix 1: Interview schedule

### SEMI-STRUCTURED TOPIC GUIDE – POLICY MAKERS AND HOUSING PROFESSIONALS

“Thank you for agreeing to see me today. I would like to ask you some questions about policy responses to gentrification, and to the impacts of gentrification. I will ask you some questions, but we will also see where the conversation takes us, if that’s all right. I shouldn’t take up more than an hour of your time.”

1. What have the impacts of gentrification been for (Melb/Syd) and for particular areas?
2. What kind of impacts has this had on these neighbourhoods/city as a whole?
3. Have there been any particular policy responses to gentrification, and its impacts?
4. Have these been effective?
5. What do you feel is the essence of these responses – what are they trying to do?
6. Have these policies changed over time, and if so why?
7. Do you think there will be different policies in the future, and if so why?
8. Are there other policy options available that have not been used here?
9. Are there different views within the organisation on whether or not gentrification is a positive or negative influence?
10. [IF NOT] Why do you think it hasn’t been an issue for public policy? Probes - Because it hasn’t been an important issue, because it isn’t an issue for policy-makers/politicians?
11. What effect, if any, do you think that gentrification has had on the provision of services and affordable accommodation?
12. Where do people go when they can no longer afford to rent or buy in those areas?
13. How important has gentrification been in displacing households? How does this compare with dislocation because of an overall lack of affordable accommodation and rising rents/prices?
14. How has gentrification affected the availability of affordable housing?
15. Do you think other things have been lost as a result of these changes? PROBES – community, character, affordable housing, particular services and networks.
16. Are there any other points that you would like to make?

THANK YOU

## SEMI-STRUCTURED TOPIC GUIDE – INDIVIDUALS AFFECTED BY GENTRIFICATION AND DISPLACEMENT – **THOSE STRUGGLING TO STAY**

“Thank you for agreeing to see me today. I would like to ask you some questions about how the process of gentrification, and its effects, has affected you. I would like to ask you some questions, but we will also see where the conversation takes us, if that’s all right. I shouldn’t take up more than an hour of your time.”

1. What has gentrification meant for the area you live in?
2. What kind of changes has this meant for other people who live here?
3. What has it meant for you? E.g. rent increases, changing shops?
4. Did these changes generate any particular responses from residents? E.g. tenant resistance groups
5. What would ultimately make/force you to leave...?
6. What does this lack of security mean for you/and your family?
7. Have the services you use in your neighbourhood changed over time?
8. Have there been any positive changes? Which have been problematic?
9. What options have you considered to avoid having to leave?
10. If you leave where will you go?
11. Do you feel you have a choice about leaving?
12. Have you sought any assistance in finding housing from any particular organisations or services? Have you ever applied for public housing, or with help with paying the rent?
13. If you had to leave do you think you would ever be able to move back? Would you want to come back?
14. What impact has paying a higher rent in order to stay had on your social and personal life? Family, friends, services, schooling ...
15. Has your work been affected? Location/motivation
16. Have you had to cut back on any particular outgoings because you are trying not to have to move away?
17. How do you feel about what is happening to you/your family? Has it affected your children/partner?
18. Is there anything else that you would like to say?

THANK YOU

## SEMI-STRUCTURED TOPIC GUIDE – INDIVIDUALS AFFECTED BY GENTRIFICATION AND DISPLACEMENT – **THOSE WHO HAVE HAD TO LEAVE**

“Thank you for agreeing to see me today. I would like to ask you some questions about how the process of gentrification, and its effects, has impacted on your life. I will ask you some questions, but we will also see where the conversation takes us, if that’s all right. I shouldn’t take up more than an hour of your time.”

1. What kind of impact did gentrification have on the area you used to live in?
2. What changes did this mean for other people who lived there?
3. What did it mean for you? E.g. rent increases, changing shops?
4. Did these changes generate any particular responses from residents? E.g. tenant or resident groups
5. What made or forced you to leave in the end?
6. Did the services available in your old neighbourhood change over time?
7. What changes were good? Which were problematic?
8. What options did you consider before deciding you had to leave?
9. Did you feel you had a choice about leaving?
10. Did you seek any assistance in finding housing from any organisations or services?
11. Do you think you would ever be able to move back? Do you want to go back?
12. What impact has moving had on your social and personal life? Family, friends, services, schooling ...
13. Has your work been affected? Location/motivation
14. What other things have you had to give up because you had to move away?
15. Have you ever applied for public housing, or with help with paying the rent?
16. How do you feel about what has happened to you?
17. Is there anything else that you would like to say?

THANK YOU

## Appendix 2: Newspaper and Big Issue advert



HAVE YOU, OR SOMEONE YOU KNOW,  
HAD TO MOVE OR STRUGGLED TO STAY  
IN AN AREA WHICH HAS BECOME...

# ‘GENTRIFIED’

We are looking at how people are affected when an area becomes ‘gentrified’, so that rents and house prices go up sharply.

We are especially interested in talking to people about their experiences if they are struggling to stay in areas which have changed in this way, or have had to move away from those areas because they can no longer afford to live there.

If you, or someone you know, is or has been in this situation we would love to talk with you.

### WHAT DOES PARTICIPATION IN THE STUDY INVOLVE?

- Taking part in the study will involve you having an informal conversation with us about your experiences. The interview will take about an hour. You will be free to stop the interview at any point and to withdraw from the study should you wish to do so and with no questions asked.
- If you agree to talk to a researcher the interview will be recorded so that we have an accurate record of what is said. If you would like, we can send you a written copy to make sure you are happy with it.
- Any information you give will be treated in confidence. No one will know that you took part in the study, and no-one will be able to trace what you have said – we will use only adopted names for all of our participants.
- At the end of the interview you will be given \$35 as a thank you for giving up your time to help us with our research.

### WHAT ARE THE TIMESCALES FOR THE RESEARCH?

Between December 2008 and February 2009 we will be interviewing policy makers, people affected by gentrification and sharply rising rents, and those who work with them. In March and April 2009 we will analyse the results of the information we have obtained, and during May and June 2009 we will write them up into a research report, which will be published at the end of June.

### WHO IS DOING THE RESEARCH?

The research is being conducted by the Housing and Community Research Unit at the University of Tasmania. The funder is the Australian Housing and Urban Research Institute (AHURI).

If you would like more information about taking part in the study please contact

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