

# Gentrification and displacement: the household impacts of neighbourhood change

THE MIGRATION OF AFFLUENT HOUSEHOLDS INTO MIDDLE AND LOWER-INCOME NEIGHBOURHOODS IN MELBOURNE AND SYDNEY HAS DISLOCATED SIGNIFICANT NUMBERS OF HOUSEHOLDS OVER THE PAST DECADE. INTERVIEWS WITH THOSE DISPLACED HIGHLIGHT SIGNIFICANT FINANCIAL AND PSYCHOLOGICAL DIFFICULTIES IN MAINTAINING A FOOTHOLD IN RENTAL ACCOMMODATION.

## KEY POINTS

- Gentrification has had a significant impact on many neighbourhoods in Melbourne and Sydney. In gentrified locations within both cities, migration patterns led to major net gains in high income, two earner, non-family and professional households.
- The displacement rate from gentrified neighbourhoods in both Melbourne and Sydney was around 50 per cent higher than for equivalent households in other areas of these cities.
- In both cities, gentrified locations are losing low income households, family households, households without an employed adult, and householders where persons are employed in lower status occupations.
- The 'most vulnerable' households being displaced in Melbourne and Sydney are working age private renters, either in lower status occupations or not in the labour force.

*This bulletin is based on research by Dr Rowland Atkinson, Dr Maryann Wulff, Ms Margaret Reynolds and Dr Angela Spinney of the AHURI Southern Research Centre. The research evaluated the impact of gentrification on neighbourhoods and households using census data and interviews with households affected by these processes.*

- Displaced residents described a range of emotions including a deep sense of loss at being dislocated from areas that many had lived in for long periods of time. Linked to this was a more generalised anxiety at facing intense competition in the rental market.
- Those displaced described how gentrification brought regular and often massive rent increases that they could not sustain. The effect of these increases was to displace households to other locations, often long distances away. Tenants expressed anger at the absence of effective regulatory standards and controls and resultant 'unfair' rent hikes.

## CONTEXT

As housing demand and prices increase in particular neighbourhoods, consequent influxes of higher income households significantly impact local housing systems. This change in local housing systems has become increasingly prominent in many large regional and major metropolitan areas across Australia and follows a worldwide trend in which growing service sector economies and the availability of lower-cost, inner city neighbourhoods have produced gentrification. Growing numbers of households on higher incomes have generated increased competition for housing resources, particularly in these centrally located urban areas. These changes have occurred as state and city governments seek to improve and redevelop inner city areas. This transformation in urban economies and their populations, their governance and planning, presents questions about the role of governments at different tiers. While some governments are acting to promote gentrification as a boon to local tax revenues, others are looking to address housing stress. This complex context raises difficult problems for both policy-makers and politicians.

## RESEARCH METHODS

In the first phase of the research, the extent of gentrification for Statistical Local Areas and Local Government Areas in both Melbourne and Sydney was measured over the period 1996 to 2006. A set of gentrification indicators was developed and used to determine the areas that had experienced the most intense gentrification. Following this, a detailed migration analysis was undertaken in order to examine the socio-economic characteristics of households moving into and out of these areas between 2001 and 2006.

In the second phase, interviews were undertaken to understand more about the social, economic and psychological impacts generated by displacement. A total of 29 interviews were conducted (16 in Melbourne, 11 in Sydney, 1 in Hobart and 1 in Brisbane). These were supplemented by a further 15 interviews with policy-makers across both states and urban centres.

## KEY FINDINGS

### ***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 ('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 from these locations.
- 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 households being displaced in the Melbourne and Sydney contexts are working age private renters, either in lower status occupations or not in the labour force.
- Renters were moving out of G locations at a faster rate than others in non-gentrifying areas in both cities.
- Those displaced from G locations in Melbourne and Sydney are likely to move to neighbouring suburbs, in an attempt to maintain a foothold near the locations they have come from. Those who elect to purchase low-income housing are locating at the cheaper fringes of the city, or in non-regional areas of the state.

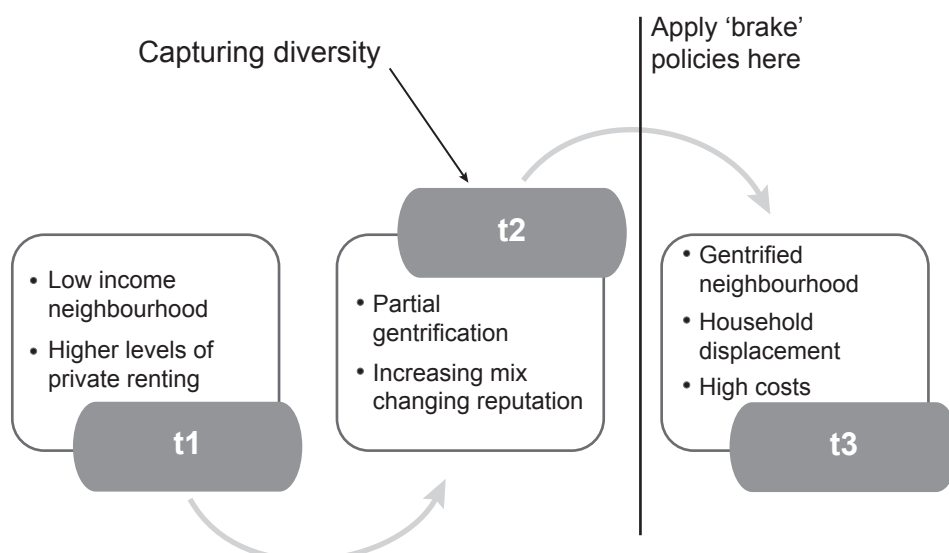
### ***The social impacts of housing dislocation***

- The main issue raised by people displaced due to gentrification pressures was the perceived link between increasing numbers of high-income households and subsequent, often dramatic, rent increases that made their tenure unsustainable.
- Many of those interviewed described a significant sense of loss at being dislocated from areas that many had lived in for long periods of time. Tenants attributed a range of social and economic problems to gentrification, higher rents and consequent dislocation.
- All of those interviewed raised 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 anxiety around intense competition in the rental market.

- Many tenants felt that, in relation to rent increases, they were unjustly treated by landlords and agents.
- For many 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 and waited anxiously for news that their rent had increased again. A number of those interviewed had been serially displaced as one suburb after another faced the pressures of gentrification.
- The prevailing regulatory regime was viewed as contributing to insecurity, reinforcing the open-market logic of rents and often leading to poor quality accommodation.
- Nevertheless, many tenants expressed an awareness that they were being displaced not only by local gentrification pressures but also by supply conditions for housing in both cities. In this context, gentrification was viewed as an additional pressure forcing them to move to lower cost and often peripheral housing locations at the expense of social supports and friendship networks.

**FIGURE: NEIGHBOURHOOD CHANGE AND POLICY INTERVENTION**



## POLICY IMPLICATIONS

### ***Social diversity and planning***

The research highlighted the need for greater policy attention to issues of housing supply, retention of affordable and public housing, and housing stress within metropolitan rental markets. The research identified a number of issues to explicitly consider and reflect in the planning frameworks and strategies of State housing and planning departments.

These issues include:

- local market needs for lower cost labour
- the maintenance of vital and socially diverse neighbourhoods
- the social and economic costs of displacement.

Gentrification may be a way of capturing greater social diversity in communities that have had concentrations of poverty. However, pronounced gentrification has a number of social and economic costs. The research suggests that planning, fiscal and regulatory policies (or 'brake' policies) could be put in place when conditions reach a certain point to mitigate against some of the costs of gentrification. (See Figure)

### ***A review of regulatory controls in the private rental sector***

Findings indicate that the significant growth in private investment, combined with gentrification and broader supply constraints, has generated large private gains at the cost of eroding both the affordability and the quality of accessible housing stock in metropolitan housing markets for lower and middle-income households. These outcomes indicate the need to review effective controls in the private rental sector, particularly with respect to:

- the right to contest rent increases above indexed rises
- the regulation of quality and amenity of rental stock, particularly at the lower end of housing rentals.

## FURTHER INFORMATION

This bulletin is based on AHURI project 40548, *Gentrification and displacement: the household impacts of neighbourhood change*.

Reports from this project can be found on the AHURI website: [www.ahuri.edu.au](http://www.ahuri.edu.au) or contact the AHURI National Office on +61 3 9660 2300

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