Gentrification

is Dead

A Proposition

By

The Center for Pan-African Development

I. Introduction

The modern era of gentrification, starting approximately in mid 2002 and ending abruptly towards the end of 2007, is possibly the most extreme- and brutal- since the term was coined in England in the late 1800s. In June 2005, The Economist magazine, widely regarded as the world's most respected financial periodical, argued, with documentation, that never in history have home prices rose so high, for so long and across so many countries, bestowing upon the “housing boom” a more appropriate moniker: "the biggest bubble in history." A significant and integral component of that bubble was speculative gentrification.

The social justice movement in the United States proved woefully ill prepared to counter what became a national crisis with devastating impacts on the local communities the movement serves. Consequently, many organizations and activists entered the gentrification game well in the fourth quarter, down by too many points to compel meaningful compromises from the forces of capital dictating and profiteering from gentrification.

Once the severity of the crisis was properly recognized, however, organizations eager to mute it's effects, retooled and positioned themselves to fight gentrification. As a result, half way into 2008, countless social justice organizations focus at least a portion of their time, resources, campaigns and political outlook on the battle against gentrification, developing theories about how it works and how to combat it, including detailed and complex political objectives and campaigns.

At this juncture, however, for better or worse, the rapidly deteriorating economy, along with other factors, including the collective work of the social justice movement, have effectively ended gentrification as an economic cycle.

Consequently, organizational orientation directed towards fighting gentrification as an active economic cycle is obsolete, and those organizations still fighting a phenomenon whose life cycle has expired are shadow boxing with ghosts. By default, time devoted to fighting a problem which is no longer an active threat, is time directed away from fighting current and active threats, specifically the post-gentrification economic cycle of capital divestment, and its own devastating economic consequences.

Every movement must engage, without fear of the results, in regular and rigorous re-assessments of assumptions, strategies, tactics and objective material conditions, including those of the prevailing economic data and cycles. The failure to engage in such analysis will result in a static fight against a dynamic enemy, a formula guaranteed to fail.

This proposition- that the economic cycle of gentrification is over and, therefore, we must shift our strategies and tactics to fight the next economic cycle- is not intended as a definitive piece to be wholly accepted or entirely rejected. Nor, due to the nature of local real estate markets, will this piece apply to every region in the US, as there are some areas where the possibilities of gentrification remain strong, including well known places, such as New Orleans, and lessor known markets, such as small cities in the Carolinas. Rather, this is an attempt to identify a prevailing, if not obvious, economic trend, thereby initiating a movement wide assessment of the conditions under which we engage in our work.

This piece seeks to accomplish four objectives:

- first, define gentrification, including the elements required and their relationship to one another;
- second, articulate, in the context of the definition and elements, why the economic cycle of gentrification is effectively over;
- third, hypothesize what economic cycles might follow that of gentrification; and
- fourth, propose strategic and tactical shifts to improve living conditions and grow power in impacted communities

II. Gentrification as an Economic Cycle

Gentrification is a specific and particular economic cycle of the real estate and financial markets, defined by specific and unique relationships of economic components and forces. While it is critical to understand those specific and unique relationships, in some way they are merely details, as the fundamental objective of gentrification is the same as the objectives of other economic cycles: to maximize profits.

While the cycle of gentrification dictates profit maximization, it is important to distinguish between an *objective* and a *method* of achieving those objectives. The objective of gentrification, or any economic cycle for that matter, is not to engage in the specific acts which lead to the profits, such as flipping homes and moving low-income black people out of their communities. Those specific acts are merely the *method* by which the objective is achieved. The fundamental objective of the broader economic system, capitalism, irrespective of cycles, is to exact the maximum profits, using which ever methods or acts necessary.

When economic cycles transition, that is to say, one cycle ends and another begins, the objective of maximizing profits remains constant even as the methods by which the objective is achieved shifts. Gentrification is a vicious, pernicious and harmful economic cycle, but it is nothing more, or less, than an economic cycle. Consequently, while the impacts of gentrification rightfully rise indignation and passion, analyzing the phenomenon that is gentrification is a task which must be undertaken scientifically and without the type of emotion which can warp the objective analysis required to understand, fight and defeat gentrification.

The idea that a cycle of gentrification has either begun or ended must be considered scientifically, not emotionally. The movement cannot maintain a steadfast adherence to a singular method, strategy or tactic, because the methods which achieved results yesterday will not necessarily do the same today. Furthermore, fighting gentrification itself is not an objective, it is only a necessary method of achieving the objective of advancing the cause of liberation or social justice.

Just to be clear, the end of gentrification does not mark the end of attempts by developers, speculators and others to take land and money from poor people, particularly targeting poor black communities, but merely a shift in their tactics.

Gentrification Defined

This section attempts to define the sets of conditions and the specific relationship between market forces which must be in place in order to realize the economic cycle of gentrification.

In common sense terms, gentrification is the powers forcing poor, often black, people out of our communities so that they can take them over. More specifically, gentrification is typified by five (5) components:

- first, the **forced removal of low income people** from their long time communities in order **to make room for wealthier people**. There is a symbiotic relationship between the removal of the long term residents, either individually or as a class, and the arrival of the new residents. That is to say people are not just moving out and in as part of normal migration patterns, certain people are being forced out specifically to make room for the others;
- second, **capital investment for physical improvements and enhancements** to the neighborhood, including upgrading housing and improved government services. The improvements are made to the physical structures in the neighborhood, not invested in the people in the neighborhood in the form of social services or other needs;
- third, the replacement ratio reaches a critical mass so as to **change the cultural character of the neighborhood**. One white family moving into Harlem is not, in and of itself, gentrification. Gentrification must occur at a scale large enough to alter the character of the community;
- fourth, includes one or two aspects. The **Economic Aspect** involves low income people forced out to make room for higher income people. The **Racial Aspect** involves politically powerless darker people being forced out to make room for lighter, most often white,

people; and,

- fifth, includes one or two tracks. The **Residential Track** involves replacing one group of people with another. The **Commercial Track** involves replacing one business, or type of business, with another.

The Mechanics of Gentrification:
The Rent-Gap Theory

Gentrification does not occur spontaneously or in a vacuum, it is an economic cycle which flows and dominates when certain economic conditions rise, and ebbs when those conditions are supplanted. Gentrification is just one of several cycles which take turns dominating the economic landscape. The cycles are interdependent as the rise of one is only made possible by recession of another. In order for market conditions to be primed for a cycle of gentrification, then, other cycles must start and complete their own courses. Those economic conditions are detailed in Neil Smith's *Rent Gap Theory*, only certain highlights of which are detailed here.

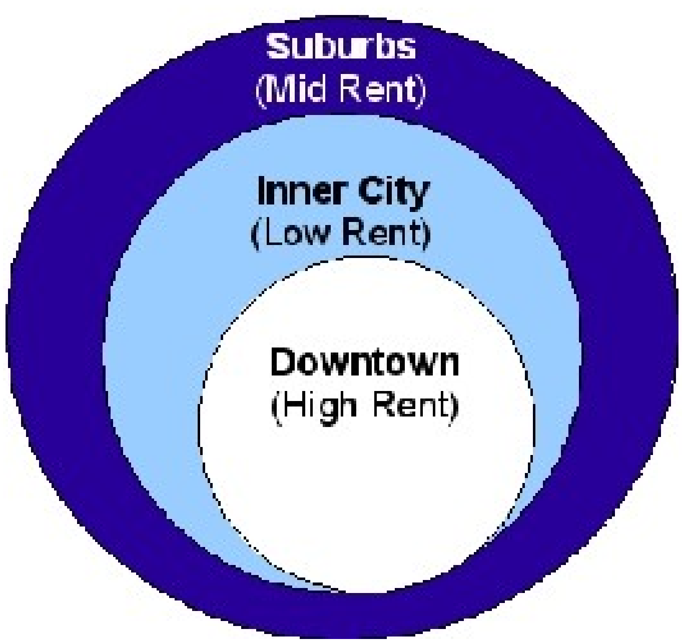
Capital investment patterns precede and set the stage for gentrification. In US cities, capital organizes and concentrates itself in downtown areas. This capital concentration leads to tall buildings, financial districts, businesses relocation and high real estate values, relative to other parts of that region.

The concentration of capital must end at some geographic point, and it usually ends abruptly and with severe results. In most cities, the concentration of capital, or downtown, is surrounded on two or more sides by capital divestment, where little money and government services are focused. The result is inner city ghettos featuring dilapidated residential units, run down businesses and some of the lowest real estate values in the region just blocks away from the downtown with some of the highest values in the area.

These inner cities are deliberately under capitalized in order to meet a number of objectives, including warehousing cheap labor close to business districts and holding on to inexpensive downtown expansion spaces.

Beyond the inner cities, capital re-organizes itself, but not to the same extent as downtown. The suburbs feature nicer housing than the inner cities, more retail businesses, as opposed to manufacturing or corporate headquarters, and real estate values that lie between those of downtown and the ghettos.

For a number of reasons, and on a cyclical basis, a series of factors rooted in significant capital (money) investment, particularly plans for major projects and commitments from governments to subsidize private ventures, conspire to reshape the cheap land of the inner city, making poor communities the object of incredible renewed interests. Suddenly, multiple social and economic forces, many of whom never before



dared travel to the inner cities, express an insatiable interest in the “improvement” and development of these low income areas.

Prior to the new round of capital investment, **Actual Rent**- the price of real estate for rent or purchase- is extremely low in the target inner city community, compared to the neighboring downtown and the distant suburbs. At the same time, the planned capital investments, and corresponding physical improvements, promise to dramatically increase the Actual Rent in years to come. This strong possibility of increased real estate values is the **Potential Rent**.

The **Rent-Gap** is the difference between the Actual Rent and the Potential Rent. Once the Rent-Gap is sufficiently wide, meaning the potential for profits is sufficiently great, gentrification, as an economic cycle, begins, as developers, investors and landlords are unable to resist the potential profits.

In short, **gentrification exists when Actual Rent today is very low and the Potential Rent over the next few years is very high**. This is the Rent Gap Theory.

For all of its complexities, the economic aspect of gentrification is shockingly simple: buy land low today and then sell that land high tomorrow. The three prongs of the economic cycle of gentrification, then, are **low Actual Rents**, C**apital Investment** to improve land, and **high Potential Rent**. Without those factors, there cannot be gentrification. As such, the key to ending gentrification is the increasing the Actual Rent while, simultaneously, decreasing Potential Rent.

Eventually, as the cycle plays itself out, the Potential Rents are realized, which means the Actual Rent is now high. As such, there are no more low rents and the Potential Rents are no longer very high compared to the Actual Rent, and the cycle of gentrification comes to a close and the next cycle emerges. The end of the gentrification cycle is a natural and integral part of the broader process of making profits from land development and sales.

Through the internal logic of the capitalistic market, the cycle will eventually burn itself out with the increased Actual Rent. However, gentrification can also end prematurely with outside forces raising Actual Rents while lowering Potential Rents, utilizing a series of mechanisms, strategies and tactics.

Contributing Factors

While gentrification is an economic cycle operating in the internal logic of capitalism, several entities and forces have played roles in contributing to the most recent wave of gentrification, including:

°·**The Federal Reserve and Financial Markets**. As a means of propping up the post-9/11 US economy, the Federal Reserve instituted a number of policies contributing to the housing "boom." Some of these policies included historically low interest rates, making borrowing money more attractive; the creation of mortgage backed securities, which increased the amount of capital available for real-estate deals with the execution of complex financial transactions, which, in another context, would be called a scam; altering mortgage regulations in order to create a sub-prime market of borrowers (read: buyers) who previously would not have qualified for the loans, such as down payment requirements, credit score ranges and the verification of income previously required to secure loans.

The financial markets and institutions took the loosened regulations and ran with them, building up a profitable sub-prime market with millions of new customers. Ironically, but deliberately, the new rules which suddenly qualified millions of previously unqualified “customers,” drastically increased the demand for home purchases and, therefore, also drastically increased the price for those homes and, therefore, the mortgages.

° **Federal and Local Governments**. Once the proper Rent-Gap has been achieved, capital finds investment in gentrification markets irresistible. Instead of alleviating or mitigating the impact of gentrification on low-income people, federal and local governments worked hard to spur the process, further enriching developers and speculators while deepening the hurt on target communities. Local governments offered tax breaks to gentrification projects, facilitating zoning and permitting and even jumped in the fray by building gentrification projects themselves, often using tax monies specifically designated to alleviate poverty to fund the project which would ultimately displace poor people.

Government intervention on behalf of developers only serves to deepen the gentrification crisis. Some government actions, such as code enforcement levying fines and ultimately seizing the property of poor families, lower Actual Costs for developers who simply purchase from government home auctions what they could not get directly from the buyer, and at a fraction of the cost. On the Potential Rent side, government subsidized projects in inner cities serve to expand the downtown ring while substantially increasing the value of land, thereby forcing out long time residents and enabling speculators to cash in.

Once the Rent-Gap is established, the financial markets are primed and local governments threw their weight, and tax money, behind the process, gentrification took flight on a national scale.

Big and small developers, speculators, real estate agents and even middle class individuals purchased land and buildings in poor communities at Actual Rents which were high for the poor, but low for the investors.

After making improvements, some substantial and some modest, investors “flipped” the property to middle class purchasers, or to other investors who repeated the process. In order to make room for the middle class end user, the only ones who could afford to live in the new properties. The low income residents were forced out and the impact of gentrification took root.

° **White Supremacy/Racism**. After examining the mechanics of the economic inner workings of gentrification, the surface observation remains obvious: big business, municipalities and much of the white population wants Blacks, and other people of color, out. Business and society devalue land occupied by large numbers of Blacks and the mere presence of Blacks decreases the value of land in the irrational values created by the market. Therefore, ridding a city of it's Black section, enhances the value and prestige of a city.

Besides the fact that the media and the general public finds the displacement of Blacks more acceptable than the displacement of whites, dispersing a large area of Black people enduring similar economic and social injustices also has the direct impact of breaking up a political block, capable of voting, protesting and rebelling together.

Race plays a central role in the phenomenon of gentrification in the US, and that role must not be minimized or overlooked in the development of an academic understanding of how and why gentrification works.

These and other factors enabled and intensified the process of gentrification, to the benefit of wealthy interests and to the decimation of low-income communities across the US and, indeed, many parts of the world.

Investors and speculators bought and flipped multiple units in a relatively short time frame, but time did move and the sales resulted in a real increase in the Actual Rent as time advanced. This inevitability is a natural part of the gentrification cycle.

III. Gentrification is Dead

From the perspective of capitalism, near term prospects for the real estate market are grim. Compounding the cyclical market downturn is a broader economic crisis rooted in the real estate bubble, but now taking on a life of its own. The combination of the global credit crunch, which makes it difficult to finance the large scale purchase and renovation of real estate assets, and the market downturn, mean significant trouble for capital.

Real estate values are in a virtual free-fall, with prices dropping by double digit rates almost universally, but with some regions falling more than others. However, in spite of the potentially record market collapse, real estate prices are still high when compared to prices prior to the start of the housing bubble.

To illustrate, the traditional rate of real estate appreciation is approximately 6%. A home purchased in 2000, for example, at a price of $100,000, would be worth approximately $150,000 in 2008 at the traditional appreciation rate of 6%. By contrast, at the apex of the bubble, that same $100,000 home could have increased in value to approximately $300,000. In 2008, after almost a year of falling prices, even if the home drops in value to $200,000, its value is sharply lower than at the apex, but still a higher Actual Price than expected under traditional rates of appreciation.

As for the Potential Rent, even after the recent downward spiral, the consensus is real estate values will continue to plummet in most regions of the US, for at least for the next 12 to 18 months. That means a home purchased today, at prices drastically reduced from those of six months ago, will likely be worth even less in two years. Further, the ability for developers and speculators to borrow money to finance gentrification type purchases and renovations is significantly hampered by the credit crunch resulting from the rapid loss of real estate values and record foreclosures.

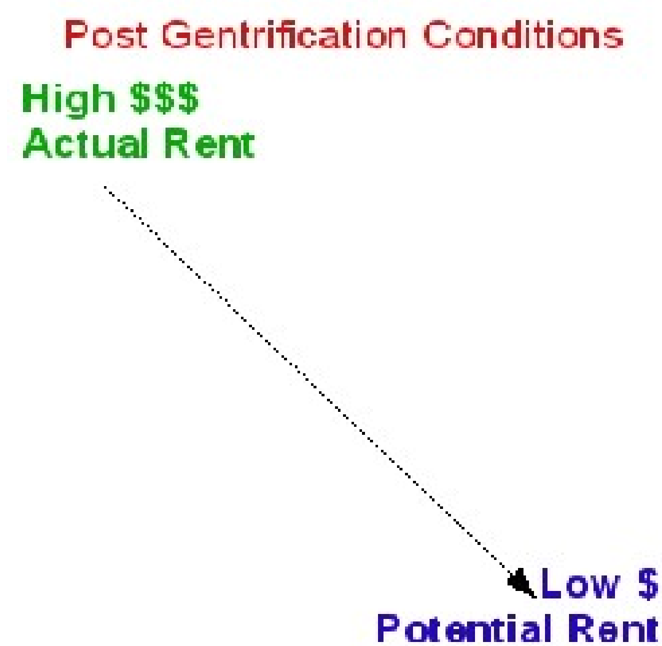
In short, Actual Rent is high and Potential Rent is lower than the Actual Rent, the exact reverse of the conditions required to exist during gentrification.

Any objective analysis of the conditions on the ground must conclude that the confluence of the above mentioned factors effectively ends this economic cycle of gentrification. These factors bleed into other segments of the economy and hint at a broader economic crisis. However, for these purposes, the impact is clear: gentrification, as an economic phenomenon, is dead.

Just to be clear, some economic behavior and community impacts typically associated with gentrification will continue, in smaller pockets, possibly for the next several years. However, any manifestation of gentrification today is the result of continued momentum following a powerful, rapidly moving cycle, not from the strength of the cycle itself. But in a socially scientific sense, because none of the elemental relationships defining gentrification are present, gentrification is no longer in effect.

In the lay anecdotal sense, the evidence of the end of the gentrification cycle is just as clear. During gentrification, developers made money, at least in part, by purchasing low income slum buildings, tearing them down or rehabbing them and then flipping them as individual condo units. In mid-2008, that is no longer a viable profit model in most parts of the country.

Whether by the hand of the social justice movement, by the natural advancement of economic cycles or by the spectacular implosion of disaster capitalism, the current economic cycle of gentrification is over.



Significance and Implications
The end of the biggest cycle of gentrification in history is significant in a number of respects.

For the social justice movement, many organizations have devoted at least a portion of their time and resources to ending gentrification. If gentrification is over, those organizations must, by definition, end their fight against it.

To be clear, ending the fight against active gentrification does not mean ending the fight to halt or repair the adverse impacts of gentrification on target communities. It does mean, however, that the strategies and tactics employed during the fight against gentrification must now shift appropriately in order to struggle effectively in the post-gentrification era.

On the front end, progressive forces joined the fight against gentrification extremely late in the game, limiting our ability to curb its impacts. We cannot, on the back end, afford to continue the fight against an economic cycle which has ended while ignoring new economic realities and material conditions.

Consequently, we must rigorously assess the post-gentrification economic cycle, determining what it consists of and identifying the dangers and opportunities therein, then devise a plan to address that cycle with strategies and tactics which will lead to the improvement of conditions for low-income people and empowerment of those communities.

The relevant significance here is not that developers and other interests have lost interest in exploiting our communities, it is that they have shifted the tactics they employ in pursuit of their objectives. Recognizing that the economic cycle of gentrification is dead is not a call to end the work to save our communities, it is a proposal to change our strategies and tactics to more appropriately match the new battlefield.

On one level, the end of gentrification is cause for ideological and political reflection. Evaluating victories and defeats is critical to improving the movement, and the individual organizations in the movement, by constantly and rigorously assessing our ability to advance social change. In this instance, however, a deeper reflection is in order, particularly for those organizations who made gentrification central to their identity and existence.

When the Jim Crow system was eliminated, even as segregation itself continued, the organizations who crafted their identify primarily in opposition to those oppressive laws were thrown into a crisis of purpose and mission.

Even more troubling, the membership of those organizations were often encouraged to believe that the post-Jim Crow world was a near utopia, causing many to conclude that once those laws were overturned, the social justice movement was essentially over.

More recently, the severity of the crisis somehow convinced some organizations frame their organization, and the broader movement in relation to gentrification. While gentrification will be remembered as a defining issue for these times, framing social justice struggle too narrowly in the terms of gentrification inaccurately frames the fight and unnecessarily complicates the post-gentrification struggle.

The Center for Pan-African Development and it's project, Take Back the Land, contends that the fundamental issue in the 1950s and 60s was not segregation and the fundamental issue of the early 2000s was not gentrification. In both instances, the fundamental issue at stake is **land**. As such, adjusting strategies and tactics in pursuit of community control over land in a post-gentrification era is relatively simple, at least as compared to redefining an anti-gentrification orientation in the same era.

The proper understanding and framing of surface issues in the context of their related root issues is key to addressing the problem and adjusting strategies as needed. Such an understanding and framing is needed as we enter a post-gentrification cycle mired in economic crisis.

IV. The Post-Gentrification Cycle: Capital Divestment

In order to fully understand gentrification, one must also understand the cycles which precede and follow gentrification. In order to profit from the cycle of gentrification, developers and landlords have a vested financial interest in intentionally neglecting living conditions in poor and disempowered Black, Native American, Latino and Asian communities.

In the throws of gentrification, targeted inner city communities are developed in the physical sense, even if not in the human sense. After purchasing land on the cheap, developers invest capital in order to raise the property's Potential Rent.

Conversely, when the economic cycle of gentrification is over, developers seek both alternative means to make profit and to establish the breeding grounds for the next cycle of gentrification. In pursuit of these objectives, developers and landlords intentionally under-develop the physical conditions of the same poor and disempowered communities which are later targeted for the next cycle of gentrification. The intentional under-development of certain communities is an integral part of gentrification and, in the broader sense, capitalism.

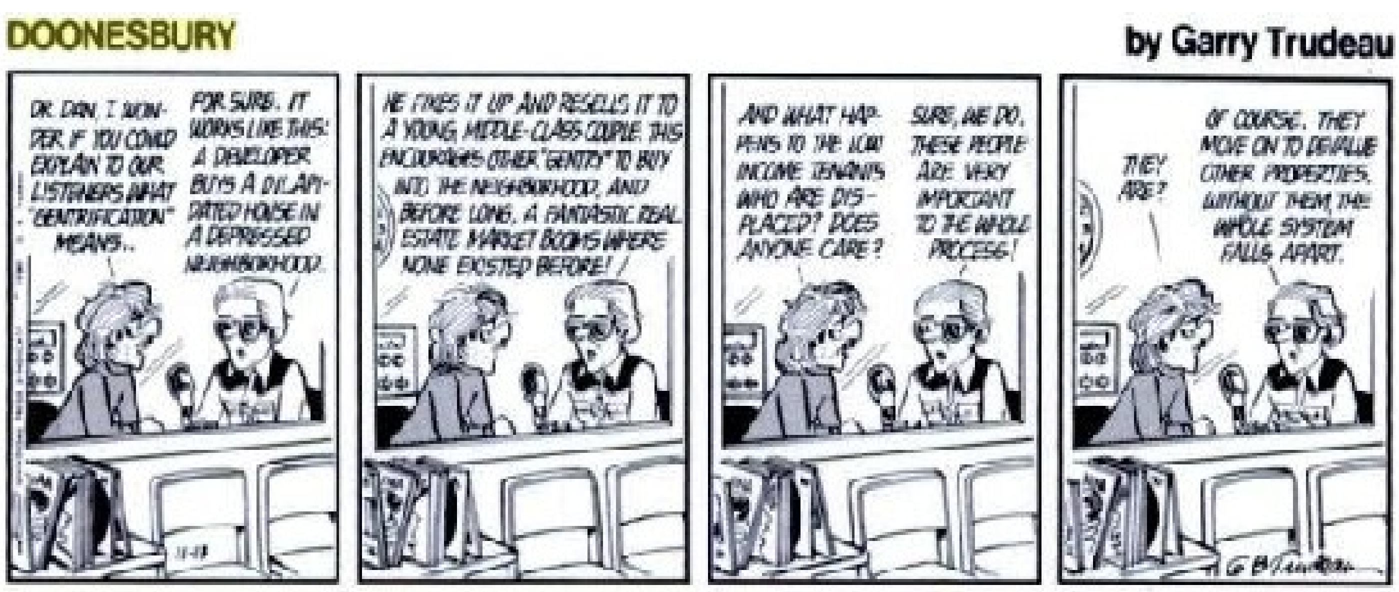
The objective of post-gentrification cycles is the same as that of gentrification- to maximize profits. However, the period is not as lucrative and the objectives achieved utilizing different strategies and tactics. High profits are further threatened by the current economic crisis.

During gentrification, profits are realized by purchasing land on the cheap, investing capital to raise values and then selling for big money. In the post-gentrification economic cycle, that model does not work Consequently, during the post-gentrification cycle, profits, instead, are realized through the **divestment of capital** and running slums, rather than the influx of capital and "redevelopment" which characterizes gentrification.

Instead of developing new buildings or making significant repairs to existing structures, and then evicting low-income tenants to make room for the wealthier ones, developers and landlords profit by accepting rent from their buildings while refusing to re-invest those profits into the upkeep and repair of those dwellings.

In this scenario, additional profits are not derived from increasing the Actual Rent as paid by the tenant or buyer, but rather by decreasing expenditures normally associated with the property, such as repairing roofs, plumbing or electrical systems.

Clearly, these practices lead to dilapidated housing. Less clear, but equally important is the fact that the dilapidated units of today become the gentrification projects of tomorrow. The "bringing down of the neighborhood," then, is not solely the work of tenants who lack pride in their living arrangements, but, rather, is part of a broader economic system and cycle, one in which developers have a significant financial



interest in maintaining.

In a broader sense, during gentrification, developers purchased places on the cheap and after massive capital investment, forced out low income residents who could not afford the new, higher rents.

During the post-gentrification cycle of capital divestment, properties are held for their long term value, the values most often realized during cycles of gentrification. Landlords struggle to hold on to tenants, but refuse to invest their profits in the property, so as not to cut into their margins.

The dynamics of the landlord-tenant/developer-community relationship, then, changes drastically from one cycle to the next. During gentrification, the developer derives profits by ridding himself of the low income tenants in order to make room for the wealthy ones.

By contrast, during the economic cycle of capital divestment, profits are derived from the exploitation of the low income tenants themselves. The importance of low-income tenants only grows as the normal capital divestment cycle is intensified by an accompanying economic crisis, such as the global credit crunch.

This new dynamic between the landlord and tenant creates both inherent dangers for unorganized tenants and important opportunities for organized and politically clear communities. Understanding the dangers and recognizing the opportunity will not only enable immediate improvements in the lives of our communities, but will better position those communities to resist the next devastating cycle of gentrification.

In the same way that gentrification features certain specific economic practices, the post-gentrification cycle of capital divestment profits from it's own unique practices. Some specific capital divestment practices include:

Blockbusting. The practice of introducing Blacks or other people of color into predominantly white communities in order to encourage white flight out of those communities. The whites flee and then those communities are then divested of capital and run down, suppressing property values. Because the new families are often less affluent than the ones they are replacing, blockbusting often works in conjunction with Packing.

Packing. The practice of moving multiple families into single family dwellings. When a single family cannot afford a $100,000 home, developers and real estate agents encourage lower income, often immigrant, buyers to move two or more families into the home together, a practice which is often against local zoning ordinances. The practice does reduce the cost per family, in this example, from $100,000 per family to $50,000 per family, but each family only gets half of the home. Additionally, because the home was designed for one family, the overcrowding quickly deteriorates they physical property and often causes stress among the families living in small quarters. Given the current housing crisis, packing is already in widely practiced as suddenly homeless families move in with relatives.

New Orientations

While specific strategies and tactics will likely change from region to region, a broad orientation towards the economic cycle of Capital Divestment in general is useful. Due to the rapidly changing nature of material conditions, the examples provided below might be either woefully outdated or entirely un-applicable to the specific conditions prevailing in any given region. As such, the below orientations, strategies and tactics are suggestions and examples of how to think about the problem and potential solutions, not orders from the top.

Because the advancement gentrification is built upon the cornerstones of low Actual Rent and high Potential Rent through heavy capital investment, the orientation in the struggle against gentrification is clear: adapt strategies and tactics to raise the Actual Rent, while simultaneously lowering the Potential Rent and limiting the ability of capital to move unrestricted into target communities.

The post-gentrification cycle, in this instance coupled with free-falling real estate values, produces a vastly different orientation from capital and, therefore, demands a different orientation from the movement as well.

Gentrification is capital's time. It controls virtually every aspect of the market and cash in tremendously. Virtually any actions taken or demands made by the movement result in a victory for capital. When we demand landlords repair slum conditions, they do so and then raise the rents.

During Capital Divestment, developers and other wealthy interests maintain advantages inherent in capitalism and given their level of power and organization, however, they are not in positions of complete superiority.

As such, opportunities for victory must be recognized and pursued vigorously all while navigating a virtual minefield of options which could severely harm our communities.

Potential victories and pitfalls include:

The Bail Out. In the crisis which follows the collapse of the housing bubble, developers and speculators pursue two government actions: first is to construct a property value safety net, similar to a social services safety net, except for the benefit of housing prices and, second, is a bailout of speculators who lost money gambling on higher Potential Rents. The movement's opposition to a bail out should be clear, but should also be loud.

The property value safety net is rife with problems and contradictions. While the social safety net for human beings is being cut and torn, the government is assembling a series of protections for land and buildings, such as tax breaks, buyouts and direct bailouts. In addition, there is a clear unfairness in allowing speculators to reap unlimited profits through “entrepreneurship” on one side while providing them with tax-payer protection from losses on the other. Aside from the fact that people who were hurt the most by the bubble are compelled to subsidize the very ones who hurt them, blunting one side of the two edged sword that is entrepreneurship is simply uncapitalistic. If and when we adopt uncapitalistic practices in the economy, it should not be to bailout of investment firms and speculators.

Additionally, the purpose of the safety net is to artificially prop up sagging prices. Aside from what one thinks about that as an economic practice, on a practical level, propping up the market means that prices will not be allowed to fall sufficiently to allow low income people to afford housing again. The social justice movement has a vested interest in a significant reduction in home values as a means of making housing more affordable for more people.

Capital Divestment. During the post-gentrification economic cycle, particularly when that cycle coincides with a broader economic downturn, the core orientation of landlords is towards **divesting capital** from their holdings **while, simultaneously, maintaining tenants**. Where during gentrification profits were made by kicking low income tenants out in order to make room for wealthier ones, during Capital Divestment, profits are made by keeping large numbers of low-income tenants. This new orientation increases the chances of gross exploitation vis-a-vis the maintenance of inhumane living conditions, but also offers possibilities towards building power for organized and politically clear communities.

During the Capital Divestment cycle, the movement orientation must be to **demand improved physical conditions as a prerequisite to tenant retention** or the paying of rent.

During gentrification, demanding physical improvements to property often ended in disaster for the tenants, as detailed below. However, in Capital Divestment, a campaign on conditions is full of possibilities and potential.

Consequently, where previously the movement was reluctant to demand “urban renewal” for fear that it would lead to “urban removal,” the prospects for low Potential Rent, regardless of improvements made to the property, might create an ideal time to demand massive private and public capital investment in under served communities. That means that a number of public projects which were objectionable in the era of gentrification, might be ideal during a period of capital withdrawal.

Recover from Gentrification. While gentrification, as an economic cycle, is over, the impacts of gentrification will be felt for years, possibly even generations. The movement's ability to fight those impacts was severely compromised by the sheer superiority of capital during gentrification.

In the post-gentrification cycle, however, space is opening in many regions to allow the re-grounding of communities uprooted by gentrification. This is an opportunity to shore up businesses which cater to local residents and defend people's right to stay in their homes, even as high interest rates make mortgages and rents unaffordable.

Collective Control Over Land. Land trusts and coops are solid ideas and economic models, but difficult to implement in the midst of rapidly rising land prices.

Conversely, falling real estate prices and over extended speculators, might offer opportunities for land trusts to start and build their portfolios and make long term low-income land available.

These land trusts can operate as firewalls and land bases from where people defend their communities as the next cycle of gentrification emerges.

V. New Dangers New Opportunities

On a practical level, the strategies and tactics employed during the fight against gentrification simply cannot continue unaltered during the cycle of Capital Divestment. The movement as a whole, as well as individual organizations, must objectively analyze material conditions on the ground to determine which strategies and tactics are appropriate for this stage of the struggle.

This task is further complicated by the fact that the precise form and practices of the post-gentrification cycle will likely splinter, with different divestment tactics employed in different regions.

Significantly, during gentrification, the movement found itself at a fundamental disadvantage, as we were unable to exploit contradicting tendencies among landlords. During Capital Divestment, on the other hand, the movement is in a much better position to make demands and win significant victories, as market shifts put more power in the hands of tenants.

Two inherent dangers of this new cycle, however, emerge: **first**, the failure to recognize the difference between a **forced concession and a shift in tactics**; and **second**, and most importantly, the failure to recognize the difference between a **crossing of tactics and a merging of interests**. These potential failures are real and really dangerous.

In reference to the first danger, as market conditions change, so will the orientation, approach and tactics of developers. Projects which seemed like a great idea just a few years ago are suddenly unprofitable, which means developers will not longer pursue the project.

Confusion regarding the motivation of developers will lead to confusion in the planning and execution of political campaigns. If an elected official demonstrated support for a gentrification project last year, but then suddenly stands up to announce a highly principled opposition to the same project, the community must not be fooled by an election time conversion. Because material conditions changed, the project no longer made sense and the official recognized that fact. The official shifted tactics and are, therefore, not your friend and does not deserve your gleeful support.

The second danger, related to the crossing of tactics vs. the merging of interests, the economic crisis will likely produce multiple crossings of tactics, but very few, if any, merging of interests.

Many community organizations have been fighting for the expansion of low-income housing, including more housing vouchers payable to private landlords willing to rent to low-income people. In recent years, funding for housing vouchers have been cut at the federal level and in many states and local communities. The loss of these funds helped spur the housing bubble and gentrification as the subsidized housing units were effectively taken off the market, raising the price of those units left in the market and without regard for the impact on the poor people who depend on the vouchers for housing.

During the boom, more condos and homes were built than could possibly be consumed, given the population and incomes. Consequently, in many cities, thousands of brand new homes will sit vacant, possibly for years, if not a decade or more. Politically connected developers stand to lose millions in profit unless the government intervenes.

Local governments across the country have already begun the process of purchasing or renting new homes as "affordable" or "work-force" units, a trend likely to grow as more units, and therefore more vacancies, are completed.

The dual housing crisis- one group unable to buy and another unable to sell- will likely be mitigated somewhat by a singular tactic: government subsidies allowing working people to afford homes which were intended for wealthier people. The move will both provide housing for some people and, simultaneously, bail out politically connected developers. It is important to note that these deals will likely benefit many renters who do not need the assistance and leave out many in desperate situations.

The point here is that there is a clear crossing of tactics to address two sides of this crisis. The crossing of tactics, however, must not be confused with a merging of interests.

While the social justice movement has been advocating vouchers as a means of assisting poor people, the interests of the elected officials in advancing the tactic is not to help low-income people, but rather to bail out high income speculators. Irrespective of how they try to spin the act, the social justice movement does not share interests with officials working for wealthy developers.

Strategies and Tactics

Just as there are new dangers inherent in the shift from gentrification to capital divestment, new opportunities arise as well.

During gentrification, organized capital was in full attack mode and everything they did seemingly resulted in victory- and profits- for them. Ultimately, however, investors, developers and speculators could not resist gorging themselves into another economic crisis. In spite of the countless warnings that the boom was actually a bubble, and that the burst was imminent, they continued to gorge until the cycle of gentrification ended in a spectacular implosion, triggering a global economic crisis.

While there is plenty of money to be made in the phase of Capital Divestment, the fact is that capital is in a compromised position, creating opportunities for the movement. In order to maximize those opportunities, we must first understand what and where they lie and, second, design strategies and tactics to win.

Below is an attempt to demonstrate altering tactics, even if the specific examples here are not applicable everywhere.

Tactic 1. At the height of gentrification, demanding physical improvements to run down housing was a risky proposition, particularly for those regions without strong tenant rights and rent control. For example, in Miami, Florida, it was not uncommon for landlords to paint the exterior of a building and then increase the rent by $100 per month, effectively evicting multiple tenants.

In one instance, Take Back the Land pressured an elected official to personally approach a local slum lord about conditions in his apartment complex. The slumlord reportedly laughed at the official, daring them to bring on code enforcement. The slumlord was interested in turning the building into condos, but due to the staggered leases, was unable to do so. The slumlord was confident that code enforcement would condemn his entire building and move out all of the residents- for their own safety- effectively nullifying the leases. He would gladly pay the fine and then begin the condo conversion process. After informing the building's tenants of their options, they asked Take Back the Land to refrain from pursing the matter.

During gentrification, the short term movement strategy of forcing slumlords to improve building conditions coincided- in all the worse possible ways- with the landlord's short term strategy to improve building conditions as a means of flipping the property. Winning the campaign to improve conditions often resulted in the eviction of the very residents the movement sought to help. Consequently, in many regions, the movement was in the unenviable position of opposing condition improvements and even “development” proposals, as a tactic to stave off gentrification.

By contrast, the forecast for low Potential Rent in the foreseeable future is compelling landlords to refrain from making repairs to their property because there is no economic benefit associated with such repairs. Unable to charge higher rents, landlords are divesting their capital from those properties.

However, specifically because they are unable to attract higher rents, the landlords need their existing tenants to stay, giving the tenants a source of leverage which did not existing during the cycle of gentrification.

Particularly for those buildings purchased at inflated prices towards the end of the “boom,” landlords need tenants to stay and are, therefore, susceptible to pressures and demands to improve housing conditions.

This is a tactic shift in direct opposition to one practiced even a few months ago.

Tactic 2. Code enforcement played an active role in the gentrification process by using major violations, which went unpunished during cycles of Capital Divestment, to break leases and minor violations, such as peeling paint or raising chickens, etc., to force hold out low-income home owners to lose their homes via municipal fines and harassment.

Today, as the housing market free-falls, foreclosures are at record highs and houses on the market are not selling, the powers that control local code enforcement will surely order them not to punish politically connected slum lords or to contribute to the glut of houses on the market by enforcing minor regulations. In some instances, code enforcement could be used as a tool for the movement to improve conditions, rather than a tool of speculators to force the removal of long time residents.

Tactic 3. Low income and affordable housing were antithetical to the housing boom as the market demanded room to increase prices without interference. During the current downturn, developers and speculators are left with an abundance of units which they are unable to sell at almost any price. The same government which eagerly supported the dizzying profits during gentrification will also shield developers from massive losses after they overplayed their hands.

As such, look for subsidized affordable housing to make a serious come back. Even if new housing is not built, existing vacant housing, particularly condos remitted to developers after massive foreclosures or the loss of speculative buyers, will be subsidized by new government programs and converted into "affordable housing."

In this scenario, the public will be fooled into believing the government is back in the business of helping people, but for their purposes, these programs are not fundamentally housing subsidies, they are, instead, developer bailouts. The movement must be careful not to confuse the tactical alignment of interests with a permanent shift in interests.

The differential tactics are informative on multiple levels, including understanding the changing interests of capital and those who profit from exploiting poor communities. Organizations must be aware that some demands which were correct in the context of gentrification might produce very different results in the current economic climate.

In the same way, the system might be willing to meet demands set forth by the movement, demands which the system would have rebuffed a year or less prior, because the end result benefits the system in a post-gentrification cycle in a way it did not during gentrification.

The key issue here is that the movement must not confuse objectives and the means utilized to achieve those objective. Our objectives are not to stop development projects, but stopping those projects are often an effective means of achieving our objectives: control over and improvements in our communities. The movement cannot be afraid to shift strategies and tactics in pursuit of just objectives.

VI. Take Back the Land

Every organization must, based on its own ideological and political orientation as well as understanding of the conditions on the ground, determine what role they must play on the broader struggle.

Core to the approach of Take Back the Land, a project of the Center for Pan-African Development, are three axioms: first, land is an essential element of liberation; second, the black community must collectively control land in the black community; and third, that the path to liberation is paved through self-determination, not the accommodation of those in power.

Informing our strategies and tactics are years of anemic "victories" resulting from campaigns to pressure local powers to respond to the crisis of gentrification. In South Florida, local governments played an integral role in advancing the crisis of gentrification and low income housing, even as local organizations made well developed arguments backed by the well organized masses.

The harsh reality is the job of local elected officials is to serve the needs of wealthy interests, not poor black people, or other people of color, and their contempt for us manifested itself in their public policy. Where others are confused, we are clear: **the government did not try to stop gentrification and fail, it tried to advance gentrification and succeeded**.

Consequently, there is little advantage in appealing to those responsible for the problem and remain steadfastly unsympathetic to the victims, and begging or cajoling them into attempting to solve the problem.

In our first campaign, Take Back the Land argued the primacy of control over land, over and above the need to correct public policy, by seizing control over roughly an acre of land, upon which the Umoja Village Shantytown was built, housing over 150 people in a self-sustaining, self-governing community

Where the government was unwilling to provide for our community, we seized land and provided for ourselves.

The conditions which demanded action and the principles which guided our thinking then, persist today. As such, we assert that the adverse possession of land is a legitimate and important part of the broader social justice movement.

As such, since October of 2007, Take Back the Land has identified vacant government owned and foreclosed homes and matched those people-less homes with homeless people. The campaign is called Take Back the Housing, and we move families into vacant, foreclosed homes.

The Take Back the Housing campaign is charged with three (3) political objectives: the first is to house people; the second is to expose contradictions in the system; and the third is to challenge prevailing views on the private ownership of pieces of the earth.

While the political climate created by the crisis of gentrification and housing paved significant political space for the two campaigns, they are not simply housing or even anti-gentrification campaigns. They are fundamentally land struggles, inspired by the current and historic land struggles in Haiti, Brazil, South Africa and elsewhere.

Whatever the economic cycle, or the intensity of that cycle, the issue of land is timeless, fundamental and oblivious to economic cycles. We urge organizations and activists to engage in land struggle.

Take Back the Land
a project of the Center for Pan-African Development
TakeBacktheLand.net
6819 NW 15th Ave.
Liberty City, FL 33147
786-318-1112

Max Rameau
PO Box 510232
Miami, FL 33151
afrimax@gmail.com

To find out more about the Umoja Village Shantytown, get the book by Max Rameau, *Take Back the Land: Land, Gentrification and the Umoja Village Shantytown* at Amazon.com or takebacktheland.net.