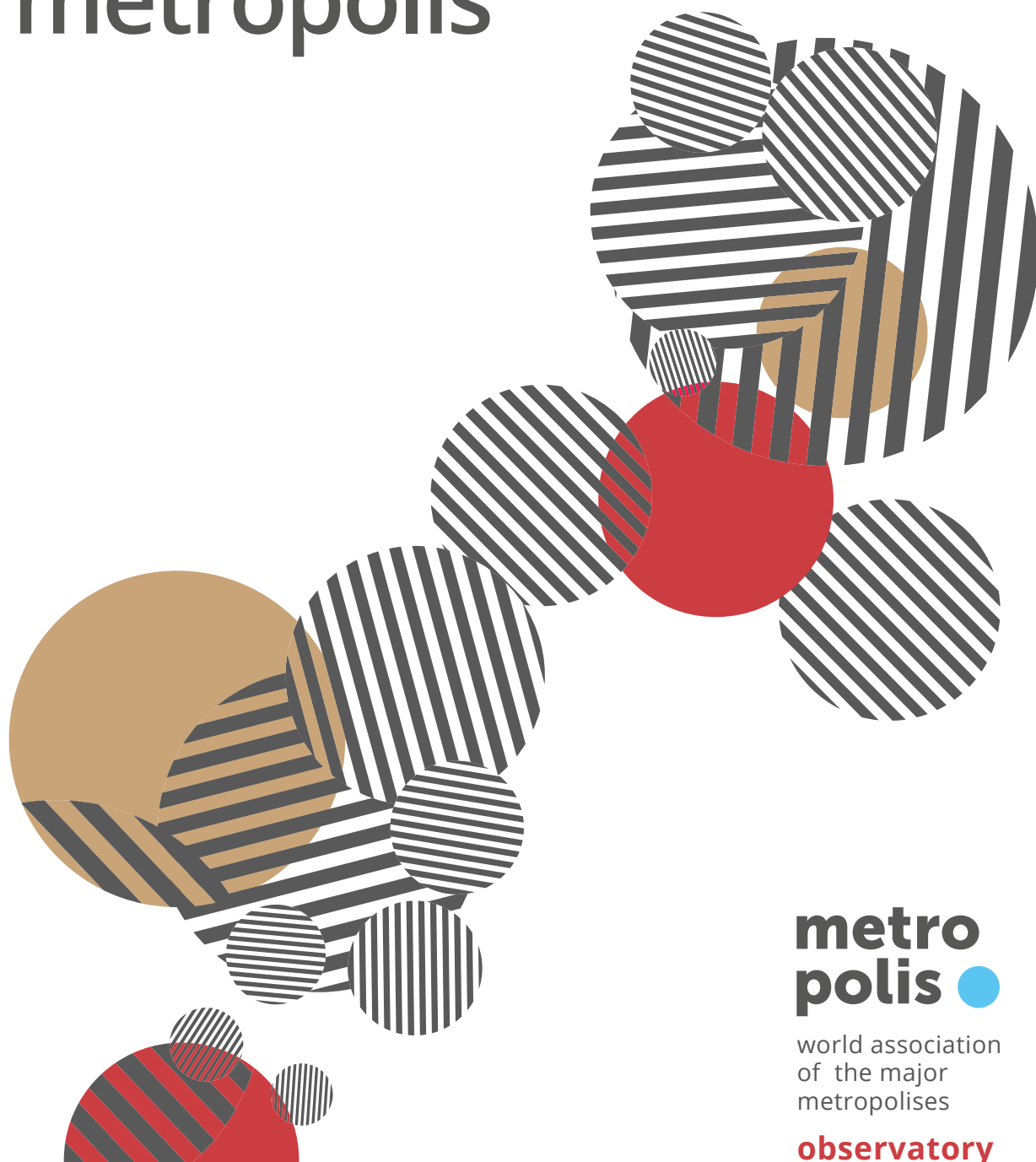


**Metropolis Observatory**  
Josep Maria Pascual Esteve

07

ISSUE PAPER

# Gentrification and impoverishment in the metropolis



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# Introduction

**One of the main challenges faced by large cities and metropolitan areas is the contradiction between the key role they play in the world economy and global society, and the unequal distribution of the benefits brought by this role within each metropolitan area.** One of the most visible aspects of this inequality is gentrification, a process that nearly all the metropolises in the world have experienced to some extent or other. In broad terms, gentrification consists of the expulsion of inhabitants from impoverished urban neighbourhoods after the areas are chosen for urban regeneration and property development projects, becoming inaccessible to the original population due to higher housing prices and the corresponding goods and services.

The right to adequate housing for all has been recognised in numerous United Nations conventions, such as the Universal Declaration of Human Rights (UDHR), the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and the 2030 Agenda, which incorporates the fundamental objective, in Goal 11, of ensuring “access for all to adequate, safe and affordable housing and basic services and upgrade slums”.

Gentrification is one of the main obstacles to ensuring the human right to adequate housing, insomuch as it encourages the marginalisation of vulnerable sectors of society. On the other hand, as a result of

the corresponding processes of successive marginalisation it causes, gentrification also acts as a vector for the ungovernable expansion of metropolitan areas.

Displaced populations move to neighbourhoods or municipalities that are increasingly far-removed from the city centre and have less access to public services, resulting in a widespread deterioration in quality of life, which is shown in the reduced economic, social and cultural opportunities for those who live in these areas. Given the situation at hand, who is responsible for these people, the victims of consecutive exclusion and widespread discrimination? Which authorities and levels of government need to act, and what do they need to do?

In the latest Issue Paper published by the Metropolis Observatory, we invite the economist and sociologist Josep Maria Pascual to discuss the complexity of gentrification in different metropolitan contexts, and to set out approaches to tackle the challenges it presents. By approaching the subject on a metropolitan rather than a municipal scale, this article presents a different perspective from other publications on the debate surrounding gentrification. We hope it will be useful, especially in terms of putting effective measures in place to prevent and reverse gentrification, and to guarantee the right to fairer and more sustainable metropolitan cities.



**Octavi de la Varga**  
Metropolis Secretary General

# A social process of attraction, expulsion and impoverishment

**The term “gentrification” was used for the first time by sociologist Ruth Glass in 1964 to analyse the social changes taking place in the urban London landscape.** By using this concept, Glass aimed to highlight the process of the city being appropriated, especially in central areas, by the upper class and professional classes –nicknamed the “gentry”. This sector of the population used to live in the city suburbs, before beginning to progressively displace the working class, who originally lived in the central neighbourhoods of the metropolis.

Since then, the concept of gentrification has been generally understood as the urban phenomenon of the “working class being displaced from their neighbourhoods by those with higher purchasing power”. In other words, gentrification can be understood as a social process in which both centrifugal (the working class being forced further from the city centre) and centripetal forces (the upper and middle classes being drawn to the city centre) are in action.

Over the course of the last few decades, a number of gentrification processes

> The central neighbourhood of La Candelaria, in **Bogotá**, which has deteriorated since the '70s due to safety concerns and the decline of colonial buildings, is now the location for joint flagship projects between the national government and the private sector, turning it into a residential and commercial district with high property values.



**Gentrification can be understood as the urban phenomenon of the working class being displaced from their neighbourhoods by those with higher purchasing power**

have taken place across metropolises in every corner of the globe, reflecting a series of changes in demographics and urban morphology. These changes were not necessarily a one-way street, and for the most part they included another social challenge facing metropolitan areas: impoverishment, a challenge in which centrifugal forces act to move the middle and even upper class away, while centripetal forces attract vulnerable sectors of society or those in the process of social exclusion. The phenomenon of impoverishment in central areas is visible, for example, when they are occupied, often informally, by immigrants in search of a better life, to the extent to which the upper classes are moving to low-density suburban areas.

Therefore, gentrification and impoverishment are phenomena that generally go hand in hand when looking at metropolitan areas as a whole, given that the gentrification of certain neighbourhoods or municipalities causes impoverishment elsewhere. When the metropolis has an international population from a range of different linguistic and cultural backgrounds, ghettoisation can also occur alongside impoverishment, as different population types generally reside in separate areas that tend to be exclusive.

Despite the nuances in the phenomenon of gentrification and impoverishment in each metropolis, we can still identify some common ground in the spiral of expulsion of marginalised persons. Gentrification tends to increase to some extent, and not necessarily in the same chronological order, when at least one of the following conditions is in place:

### **1.**

A run-down neighbourhood (which may be a historical city centre) that undergoes an urban regeneration process where the area is inhabited, in many cases informally, by sectors of society who are marginalised or in the process of being excluded, and where the middle class and workers who used to live there are leaving. Public investment is secured to improve transport connections and access to areas outside the neighbourhood, historical buildings are refurbished, educational and cultural facilities that give the area a symbolic value are built, and new public spaces are opened. These measures include “cleansing” processes that increase controls on illegally occupied housing and temporary residences, in addition to an increase in health and safety checks.

These measures have the direct consequence of displacing the most excluded members of the population, who are forced to move to other areas in the metropolis with poor infrastructure and fewer services.

### **2.**

The neighbourhood starts to be inhabited by other sectors of the population with a higher income or social class, and with greater social standing. However, they have a different lifestyle that may include artists or others working in the cultural sector, as well as people from alternative social movements, the business sector and the creative economy. This tends to be the start of the social rehabilitation of the neighbourhood, in terms of its revaluation and place in the metropolis. It marks the start of property speculation, given that the talent of the new inhabitants justifies a commercial renewal of the neighbourhood. Public investment to



> In **Beirut**, the artistic community moved to Mar Mikhael after being displaced by increasing rent prices in the Gemmayzeh neighbourhood, setting off a new gentrification process. The architectural style of local buildings and the presence of artists in Mar Mikhael saw this middle-low income neighbourhood become a fashionable area, aimed at a specific clientèle who wanted to appreciate an “authentic” feel combined with a vibrant nightlife.



Photo: Melhem Rizk

attract talent and creativity to unique neighbourhoods can then be legitimised with the aim of building a creative city, through the purchase of land and property by private investors, given the price margins for buying and selling land as part of the process of improving the neighbourhood and demographic change.

### 3.

Once the stigma of a run-down neighbourhood has been removed, the area has lost a good part of the excluded population, bringing a significant process of demographic change to a close. We are now looking at an accessible neighbourhood that has a unique or symbolic value, where there is notable investment in offices, tourist apartments and hotels, as well as new housing or property renovation aimed at the middle- or high-income demographic that increase

the price of the land and floor space per square metre. From this point onwards, there is a spiral of investment and property speculation that increases rent prices in the neighbourhood, displacing first the lower income population, and then the middle-income population. This is the so-called gentrification process, which in its purest form leads to a loss of residential population and the neighbourhood being inhabited by high-income earners, professionals under what is known as global capitalism.

It should be reiterated that the conditions described above are based on a general model. Although the model does not identify all the characteristics in every case, it does allow us to detect the features of gentrification in a specific metropolis at any given time, by means of comparison.

# The metropolitan dynamics of gentrification

The ability of a metropolis to influence a macro regional or international scope depends on its capacity to attract companies' headquarters and offer them a prime location

**Metropolises are the main axes for the flow of populations, capital, goods and information around the world.** For this reason, the economy and society in general are organised in an international system of cities in which the development of a region or mega-region is determined by the strategic positioning of the cities in this international city system.

The emergence of what is known as the post-industrial service-based society brought with it a return to non-polluting productive activity, as well as the return of higher income classes. This process has intensified and extended into what is now known as the information age, with the predominance of what Manuel Castells calls the information economy and society.

The capacity for directing or positioning a metropolis within the city system results from its ability to influence the direction of the aforementioned supralocal flows. This capacity for direction is determined, in turn, by the number of company, organisational and institutional headquarters in each city with the ability to make economic, cultural or political decisions with an international scope of action, or at least a scope that goes beyond a local or regional level. The power of a metropolis, or in other words, its ability to influence a macro regional or international scope with regards to its interests or needs, depends on its ability to attract headquarters and offer them a prime location.

On the other hand, the location of headquarters in a city, as well as the quality of the urban landscape and the city's capacity for innovation, depends to a large extent on advanced services that provide qualified staff and knowledge in the areas where they need to be competitive,

and that are external to the entity's main productive function or outside its field of expertise. The headquarters of companies, institutions and advanced service companies aim to locate themselves in metropolitan city centres for three main reasons: city centres are accessible, they have higher quality facilities and services, and the centre is symbolically important due to its historical and urban identity, giving a higher status to the offices located there.

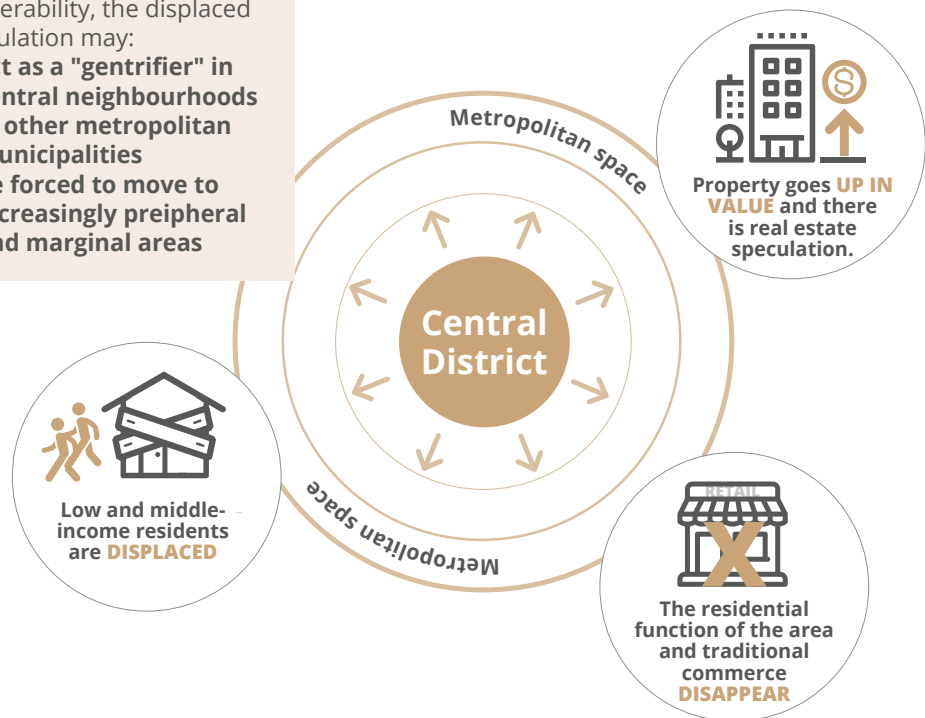
For the very same reasons, urban city centres are highly sought-after by investors in hotels, tourist accommodation and luxury apartments, which makes the price of land higher due to widespread demand. The growing increase in prices makes these areas an attractive draw for investors looking for higher profit margins, and they flock to purchase, remodel and sell housing and commercial premises in central locations. This results in a spiral of price increases, accelerating the displacement of inhabitants from the neighbourhood.

This all results in the emergence of a feeling that citizens are being uprooted from the city, or more specifically, from the centres of the metropolis or from the centres of metropolitan municipalities, in addition to the commercial privatization of the public space in central neighbourhoods. In a similar vein, as low-income sectors of the population are replaced by higher income earners in metropolitan city centres, this usually results in an increase in vulnerable population numbers in other neighbourhoods in the same municipality, or in other metropolitan municipalities with a lower income population, leading to local governments with lower resources having to deal with these challenges.

**Gentrification results in uprooting citizens from the centres of the metropolis and in the commercial privatization of the public space in central neighbourhoods**

Depending on the level of vulnerability, the displaced population may:

- act as a "gentrifier" in central neighbourhoods in other metropolitan municipalities
- be forced to move to increasingly peripheral and marginal areas



## Responses through social activism

**Given the widespread process of the working class being expelled from urban city centres in metropolises around the world, the concept of gentrification has become generalised while the procedure itself is trivialised, often resulting in inadequate public policies and insufficient governance systems from urban and metropolitan bodies, which are unable to have an impact on gentrification.** Numerous cities have tried to combat urban desertification, or rather the "gentrification" of the resident population, by putting a stop only to tourist accommodation. This has led, in turn, to the purchase of real estate to be turned into luxury residences for the so-

called global ruling class and local high-income earners. In other words, by aiming to combat the supposed "gentrification", they instead created gentrification on a global level.

The cycles of gentrification and impoverishment break the combined cultural, social and functional model to which a fair, balanced and sustainable metropolis aspires: in an ideal world, housing, production, commerce, leisure and the free circulation of citizens should exist side by side, throughout all neighbourhoods and municipalities. For this reason, activists have responded to the impact of gentrification through urban



**The cycles of gentrification and impoverishment break the combined cultural, social and functional model to which a fair, balanced and sustainable metropolis aspires**

movements that aim to recover the entire city as a public space, a common good, and something that is shared by all citizens.

Neighbourhoods in the process of ghettoisation and with greater social inequalities demand the right to the city, which means not only fighting against the displacement of local inhabitants, but also guaranteeing sufficient public facilities to meet the social needs of all on a local, human scale. It means planning streets from the perspective of keeping people safe, giving priority to pedestrians and ensuring greater visibility, while breaking the stagnant division between public and private space, creating intermediate spaces that encourage connections and that build spaces for community use to encourage the socialisation of care.

Social pressure has played a very important role in cases where gentrification has been curbed, with local governments creating urban renewal policies aimed

at guaranteeing equal opportunities for residents, as well as moving towards a metropolitan space with a more heterogeneous social composition (social mixture) and a greater diversity of urban functions in each neighbourhood (functional mixture).

For these reasons, citizens must claim the right to the city and to their neighbourhood, and these rights must be guaranteed on a metropolitan city level. This does not mean locating all life in one particular municipality or neighbourhood, as aside from hindering policies acting against gentrification and impoverishment/ghettoisation, this runs counter to natural daily life in the city, which moves naturally between neighbourhoods and homes. And in particular, it is important to guarantee these rights in terms of the way of life of different generations who live in cities and who have changed residence through both necessity and opportunity.



> **Berlin** had a rent control policy in place for a number of years. When the policy came to an end, rent prices rose in more central neighbourhoods, and civil society has reacted in turn.

# New city centres, public housing and diversity

The strategy of new centralities is a policy that interests all the municipalities of the metropolitan territory

We are no longer looking at the question of a single metropolis or metropolitan area, but rather at systems of cities and metropolises that form mega-regions. In other words, there are now supranational urban groups connected by advanced transport systems and digital technologies that have created a new urban and transnational infrastructure that could even be considered global in scope. According to R. Florida, the 40 top mega-regions represent 66% of world economic activity and 85% of science and technology innovation. Any metropolis that wants to play a key role

in the mega-region or mega-regions it is part of undoubtedly needs to have an international space to accommodate the new economic, residential, educational and cultural activities inherent to global citizenship.

Considering this, one of the questions we need to ask is: Is it possible to encourage the internationalisation of the metropolis without causing gentrification and ghettoisation? The answer is yes, as long as there is a policy in place to create new city centres in a sufficiently large space, so that the increase in land price is distributed throughout the

> **Barcelona** has approved a policy that real estate developers must allocate 30% of new builds or large-scale renovation projects to affordable housing. This housing can be in any part of the urban fabric, and may also be in the consolidated central fabric of the city. In addition, Barcelona City Council has the pre-emption right to this new protected housing at a price much lower than the market price, allowing it to turn this accommodation into centrally located public housing.





> **Vienna** has one of the highest housing budgets in the world: 32% of all rental housing belongs to the community, while a further 26% is owned by non-profit organisations, allowing rent to be maintained at reasonable prices.

**A broad policy of affordable housing should aim at social and functional mixture in each neighbourhood**

area. This would not only allow, but also encourage, a range of functions throughout the urban space, as well as increasing the variety of housing on offer, especially in terms of creating new areas with affordable housing within new city centres.

The strategy of new centralities requires an urban planning approach that extends across the metropolitan region, and is an interesting policy for the vast majority of municipalities in urban conurbations. Therefore, it is indeed possible to approve and develop a shared master plan of new city centres and areas with multiple urban uses, which local governments could implement in their municipalities.

It is clear that new city centres must be accessible, high quality areas and with symbolic value, in order to attract investors. This symbolic value can be created through investment in cultural or historical heritage, encouraging

identification and a wider projection. These new city centres should be conceived as an integrated space within neighbourhoods that allow for a combination of residential, commercial, productive, cultural and educational uses within a sustainable development plan. Naturally, this must also come alongside the creation of a stock of public rental accommodation that local governments can use in a flexible manner to regulate the different stages of centrifugal and centripetal processes.

A broad policy of affordable housing can be implemented in newly central areas. This includes public housing, regulated private housing (at lower than market prices) and shared social creation of mixed housing alternatives. In previously consolidated central areas, large-scale urban actions are difficult to put in place due to the financial costs of public investment. A higher number of one-off actions that still promote a mixture of housing should instead be implemented.

The combination of new central areas and public housing stock should have the underlying objective of maximising social heterogeneity and land use in every neighbourhood in the city, as a driver for creativity, social cohesion and sustainability. These actions must be accompanied by urban policies that promote equal opportunities.

The municipalisation of land would without a doubt be a very effective measure, but in most cities it is a very complex undertaking for two reasons. The first is that, in order to carry out an expropriation of the land in a consolidated central urban area, a large amount of funds would be needed.

If it were possible to do this at a low price or even for free in the general interest, then there would be unsustainable mobilisation given that ownership of land in cities is very fragmented, and this would affect a large number of citizens. It would be much simpler to draw up a plan for public land before it is classified as developable. As we can see, the municipalisation of consolidated urban land is a very complex issue. Even so, it is possible to explore tools such as the progressive municipalisation of land over a period of time, in order to achieve the objective in a more economically viable way in exchange for setting a much broader time frame.

## Recommendations

**In conclusion, we need to successfully face up to the processes of gentrification and impoverishment, without slipping down the ranks of the global system. In order to do this, there are a number of complementary general measures that could be applied by most local governments acting on a metropolitan scale, such as:**

- Putting a metropolitan master plan in place that encourages the creation of new central areas and a rental property stock with socially accessible prices throughout the metropolitan area.
- Defining areas in the metropolis as a whole that need to be conserved and regenerated, in order to establish the

right of first refusal for the government to buy property and buildings in these established areas. Establishing specific programmes for these areas, with the goal of detecting bad practice by property owners dealing with the most vulnerable sectors of society, and setting out guidelines for social policies and punishable actions.

- Encouraging the public purchase of property and land in general, in order to be able to regulate population movements while giving priority to maintaining residency in the neighbourhood.
- Establishing an inventory of empty apartments and preventing transactions involving non-refurbished buildings.

- Commissioning an impact study on rent prices during the process of renewing and regenerating neighbourhoods.
- Setting a social rent price for private property developments, with regulation for the private sector.
- Encouraging the shared social ownership of property alongside cooperatives and third sector organisations.
- Eradicating or replacing property speculation practices in the market for urban land.
- Passing municipal and metropolitan ordinances that define the percentage of housing for residential, temporary or tourist purposes, while regulating the regional distribution of different types of tourist accommodation. Making sure to strictly monitor and apply these ordinances to limit tourist activity in neighbourhoods that are in the process of widespread gentrification.
- Carrying out the required legal modifications to encourage public housing and to protect traditional commerce by providing the use of public land and offering financial guarantees to the third sector and organisations in the social economy and solidarity economy.
- Changing property taxes to recover empty flats and offer them up for rent or sale, or otherwise reducing and reimbursing property tax on buildings in order to speed up the process of being listed on the property market for social rent or for use by the third sector. In this sense, it is important to keep the increase in market value of the properties and premises in adjoining neighbourhoods in mind.
- Maintaining and increasing the property on offer, while always including a proportion of the property that is subsidised by the public authorities, in order to protect the neighbourhood's residential function. This can be achieved by making changes to property density through agreements with owners, such as dividing up large apartments and turning empty commercial premises into housing.
- Managing investment and municipal subsidies in order to put a halt to the rise in rent prices, with legal measures in place to establish a reference rent price for housing in each neighbourhood.
- Sharing out the cost of renovating the neighbourhood between the owners of housing properties and commercial premises, and subsidising that cost in exchange of making a commitment to limit the rise in rental or sale prices.
- Encouraging a decrease in commercial activity on the ground floor throughout all the neighbourhoods in the metropolis.
- Applying measures against the harassment carried out by investment funds towards the inhabitants of buildings they want to sell, such as threats of being affected by construction work, noise, etc.
- Recognising the urban heritage of traditional commerce in the neighbourhood and protecting its most iconic aspects.

**In summary, the recommendations take into account the concept of accessible housing in its broadest sense, which is articulated through a wide range of participants:** in addition to public housing, we also need to count on a regulated private housing market (at lower than market prices) and the social co-creation of mixed residential alternatives, not just purely government-run options, nor those that are purely for profit.

These recommendations are simply a display of measures that have either been implemented already or have otherwise been studied by the governments of metropolises, and that could have a significant impact as complementary measures to deal with the processes of gentrification. Nonetheless, they are not an exhaustive list. The debate on gentrification and impoverishment in the metropolis

should be kept open, especially in order to face up to the challenges presented by advanced gentrification, and to reverse it.

Finally, another important factor is that the right to housing, secure rental contracts and the access of low-income earners (both men and women) to services, across all intersectional identities, should be a priority for metropolitan governments. Whatever measures are applied, an intersectional analysis is required in order to better understand the discrimination that plays out on top of the complex realities of the needs of marginalised members of society. In addition to socio-economic class, we will also need to determine other social categories that are discriminated against, such as place of birth, disability, ethnicity, age and gender, among other things.

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Supported by:



Edition:  
December 2018

This publication contributes to the implementation of the following Sustainable Development Goals:



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