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Is it time for American cities to stop growing?

For years, urban “renewal” meant wooing young professionals. Even they can’t afford to live in cities anymore.

By Vinnie Rotondaro | Updated Oct 23, 2019, 7:15am EDT

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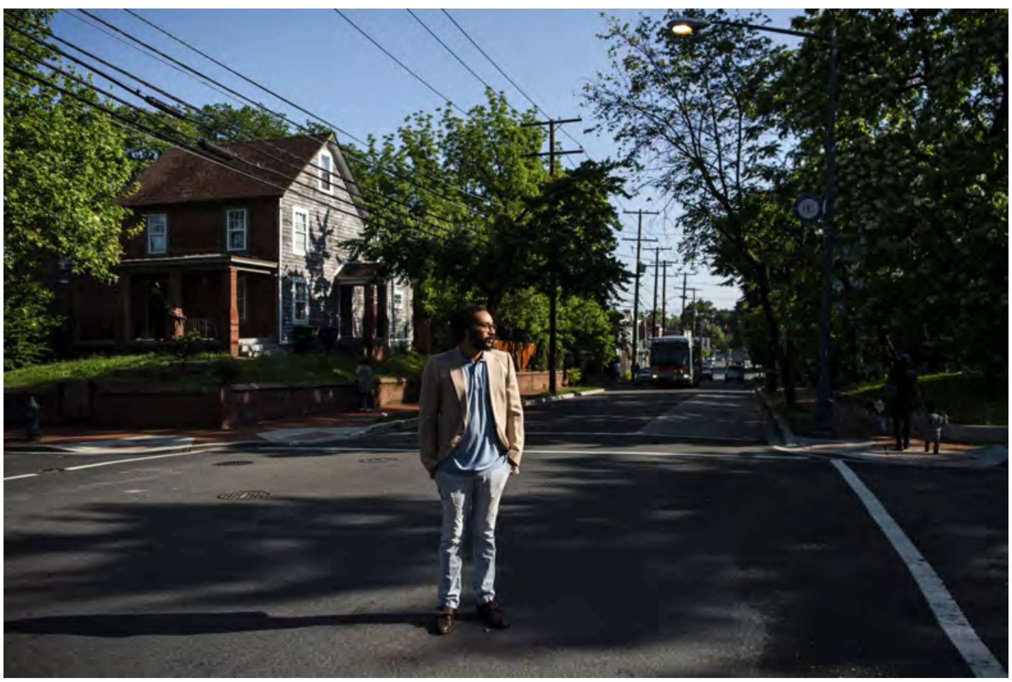
Aristotle Theresa, a 39-year-old civil rights attorney in Washington, DC, is suing his city for $1 billion. He argues that the city government ignored opposition from his clients, who are lower-income residents, while purposefully wooing **"creative"** economy workers to the city. By **changing zoning laws** to allow for the construction of a glut of studio and one-bedroom apartments and condominiums, Theresa says, the city purposefully gentrified its neighborhoods.

Sitting in the kitchen of his home in Anacostia, a predominantly African American DC neighborhood east of the river, where the poverty rate **triple** that of the rest of the city, he explained his frustration at skyrocketing housing prices.

"Our housing doesn't make sense anymore," he said. "When you're subsidizing people who make $140,000 a year so they can live in an apartment," he said, referring to a proposed, and now dead, **municipal workforce housing initiative**, "that doesn't make sense. You're setting the floor, and it's not sustainable."



Aristotle Theresa near his home in DC's Anacostia neighborhood. Theresa is suing the city over gentrification. | Salwan Georges/The Washington Post via Getty Images

Theresa believes that much of the development and displacement that has befallen DC is city-initiated: that DC had a vision for transformation, one that would embrace the promise of the so-called "creative class" economy and that would necessarily disadvantage and ultimately push out middle- and working-class people, most of them African American.

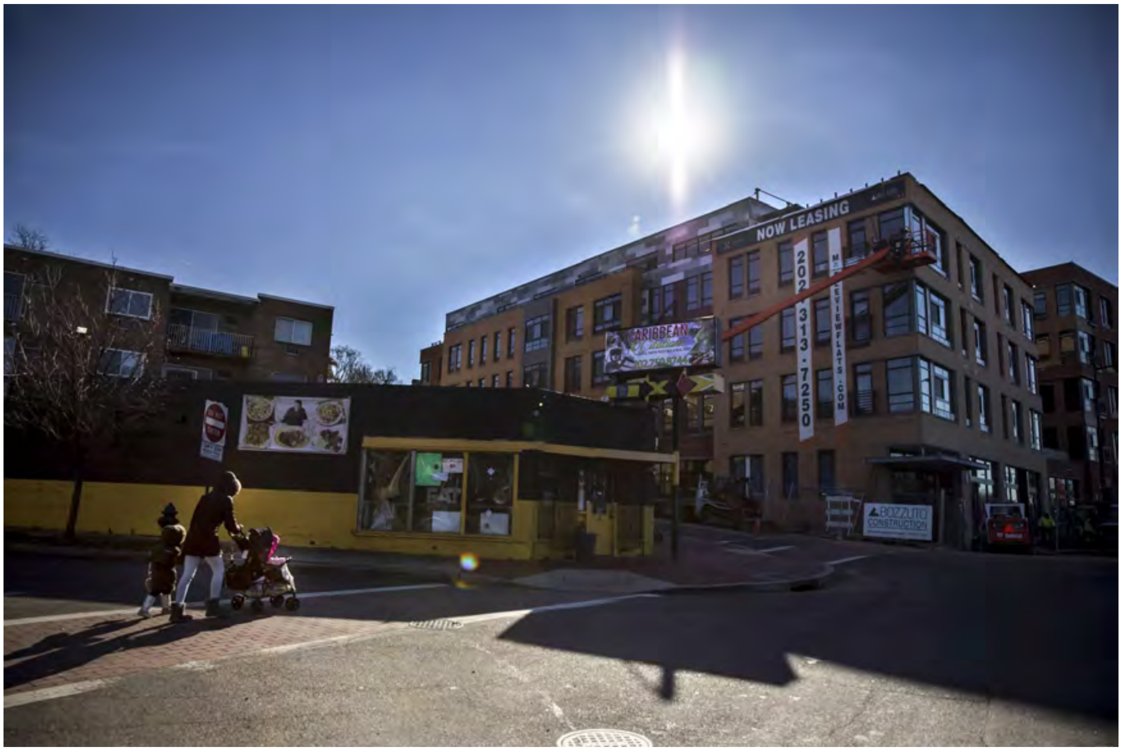
Across town, a very different resident, this one a developer, is arguing the same essential point: this unrelenting growth is out of control and cannot last.

Justin Pierce is a 43-year-old real estate investor who works in the DC region and occasionally writes about housing for the Washington Post. He is a self-described “country boy,” an ex-Marine from Utah.

“I came up in the business thinking that the prices of the homes should be dictated by the income of the community,” he said while sitting in the lobby of an apartment building his company built in Arlington, Virginia, where millennials lounge on sofas and a draft kombucha machine is on display. “I still like to keep that in mind,” he said. “I keep that in my arithmetic. But the prices just aren’t justified by that math anymore, and it’s become really hard to calculate the value.”

Increasingly, Pierce struggles to make sense of his real estate projects in the metro area. The prices of unrenovated homes have climbed too high, the profit margins are too slim. Markets across the country are being “juiced” by development dollars at a time in which, economically speaking, “maybe we should be going into our natural drawback cycle,” he says.

The public has long been aware of the negative effects that accompany gentrification, often posed to residents as urban renewal: A certain type of individual of a certain financial standing, with a certain educational pedigree and cultural bent, moves into an economically depressed part of town; prices rise, culture shifts, and displacement occurs, typically along racial and economic lines.



The Anacostia neighborhood. | Evelyn Hockstein/Washington Post/Getty Images

But now, the pinch of high costs — and the psychological stress they produce — is climbing up the economic ladder, until even residents like Theresa and Pierce feel it. And the notion of unlimited growth, which promised to renew urban centers depleted by a generation of flight to the suburbs, has migrated from big cities such as Washington, New York, and Los Angeles to smaller cities such as Nashville, Tennessee and Kansas City, Missouri.

Twenty years into this grand experiment, residents are bucking against what all this growth has wrought: high rents, displacement, and a gutting of the very character of their cities. In some US cities, the squeeze has begun to hit the very people who helped spur this urban development in the first place, the very people that city after city are working so hard to attract.

"I think it's government policies leading the whole thing," Theresa said. "Whereas before, the mechanism to displace people was *destruction*, back when there was segregation, I think the mechanism to displace people now is *construction*, building something that is totally out of sorts with the community."

The core of Theresa's case lies in Washington's explicit plan to attract tech and knowledge workers, designers and artists, and others labeled by urban studies theorist

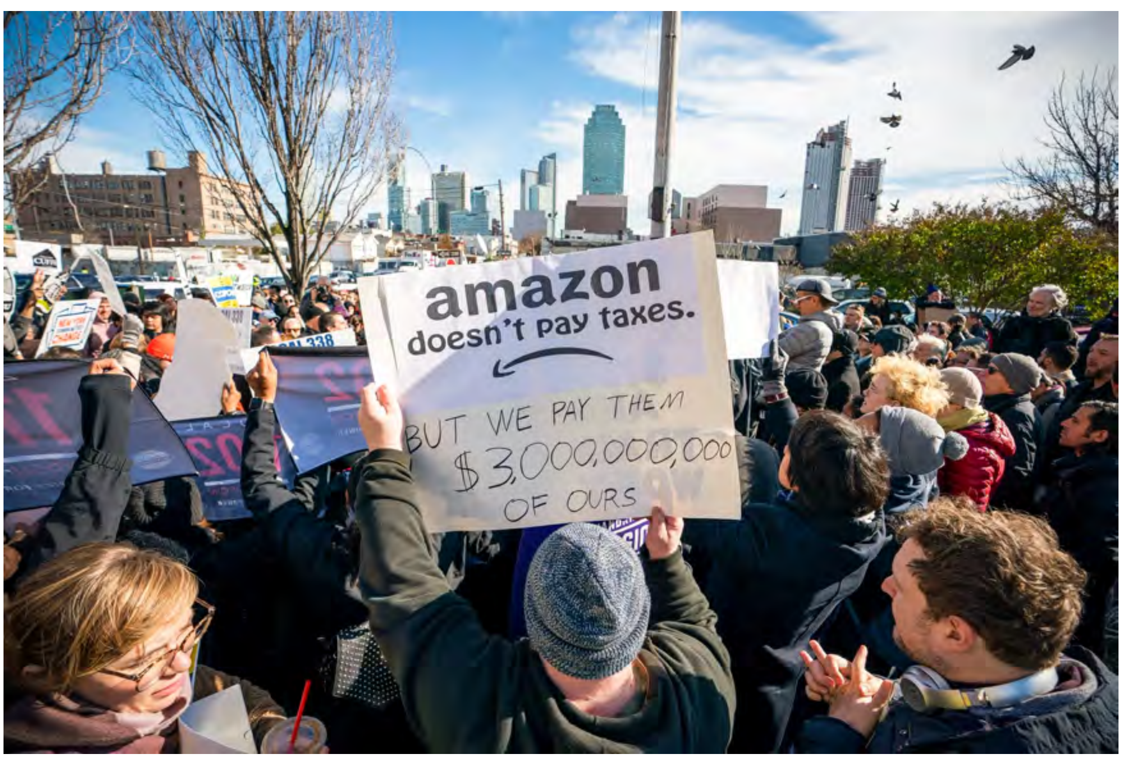
Richard Florida — who would later come to denounce the term — as the "creative class." The idea behind creative class growth is that influxes of upwardly mobile young people and "**Bohemia**"-based culture will spark development in depressed parts of town. It's been seventeen years since Florida published *The Rise of the Creative Class,* and cities are continuing to **adopt** this view.

The **2007 press release** announcing the launch of DC's Creative Economy Initiative states, "employ people, spend money, attract tourism, facilitate home sales, foster existing businesses and bring new companies to cities. The creative economy has become an important sector of the modern city."

(The city government filed a motion to dismiss Theresa's case, arguing the lawsuit failed to "support any conspiracy claim." The case was sent to a magistrate for a report and recommendation; Theresa and the city government are waiting on the outcome.)

Of course, plans to attract these professionals say little about where service workers and working-class families living in these urban centers will go.

This basic pattern of rejuvenating city neighborhoods by wooing this class of workers — typically through supporting the growth of new businesses that appeal to young professional cultural tastes — can be seen in cities and metro regions across the country.



Demonstrators gather to protest the arrival of Amazon offices in Long Island City, New York, in fall 2018. | Don Emmert/AFP/Getty Images

Reviewing journalist Peter Moskowitz's book *How to Kill a City*, **the Atlantic writes**: "In each city, there are specific problems and circumstances that helped the process along, but it's striking how similar the choices made by politicians, business leaders, and developers and their effect on the poor really are across the country. Gentrification, in each of these cities, dismantles and displaces existing neighborhoods and communities in order to make way for new residents who are mostly whiter, and always richer, than those who predate them. And the same choices seem to be made again and again."

In superstar markets like LA, the question of **displacement** and development has become a cause for hand-wringing. Los Angeles is in the midst of a multi-year effort to change its zoning code. In the neighborhood of Boyle Heights, a plan is underway that "will affect residential building and bring a new 'Innovation District' to the neighborhood at a time when Boyle Heights has been contending with anti-gentrification protests," according to **the LA Times**.

In New York City, the **rezonings** — or changing the purpose of a zoned area from, say, residential to business property — of East New York, East Harlem, Jerome Avenue, Downtown Far Rockaway and Inwood under Bill de Blasio's administration have also given way to fears of higher prices and displacement. **Recently**, one Queens council member said that the rezonings treat mostly low-income New Yorkers like "guinea pigs in badly designed experiments."

In Chicago, where rezoning also occurred to allow for more growth and taller, denser construction (known as upzoning), the changes have been shown to have "**no effect**" on housing supply while "housing prices rose on the parcels and in projects that were upzoned."

Increasingly, this pattern has spread from large cities to small through a kind of economic capillary action. Rezoning has become a hot-button topic for many residents in **Nashville**, where a city development plan called "Nashville Next" was supposed to regulate growth. But the city's African American communities are still seeing sweeping gentrification.

"Banks used to routinely gouge or outright deny home loans to blacks in red-lined neighborhoods because it was considered a poor financial risk," **wrote** Peter White in the Tennessee Tribune. "The practice was widespread and blatantly discriminatory. Just the opposite is happening now. Banks are quite willing to make construction loans to people who want to build in older black neighborhoods, and to make home loans to people who want to buy what they build."

And there are plenty such homebuyers. As Washington, DC developer Pierce put it, "the newer generations seem to have a different mindset. They don't seem to be as afraid as the older generations, 'Oh,' you know, 'this is a rough area.' That was the kind of thing that stopped equalization in the past, 'Hey, here's the road, and you don't want to be on the other side of it.' But now it's, "Hey, I could save 200k to be over there."

Nashville, Tennessee, is among the smaller cities encouraging growth. Pictured, a new hotel rises as part of the city's extensive (and expensive) Nashville Yards project. | Robert Alexander/Getty Images

The list goes on and on. In South Bend, Indiana, mayor and presidential hopeful Pete Buttigieg caught heat for his **data-driven** bulldozing of vacant and abandoned homes to allow for new construction in African American neighborhoods. In Baltimore, which boasts one of the highest rates of gentrification in the country, "**spillover**" from DC has brought skyrocketing prices, and displacement that hits not only African Americans, but also **whites**. In other similarly sized cities, the specter of President Trump's "**Opportunity Zones**" now looms, raising the question: Who will benefit? It should go without saying that this pace of change and scale of upheaval invariably results in sociocultural tension.

In an interview, John Archibald, a Pulitzer-prize winning columnist for Alabama Media Group, spoke about the racial dynamics at play in Birmingham, Alabama, and how wholesale disinvestment followed by rapid redevelopment affected the soul of the city.

“When the ’80s came, white flight really started in earnest,” he said. “By 2000, there was a loss of a lot of the population and a lot of economic stability … there was a lot of corruption, a lot of negativity, a lot of sense of doom and gloom that really hovered over the city.”

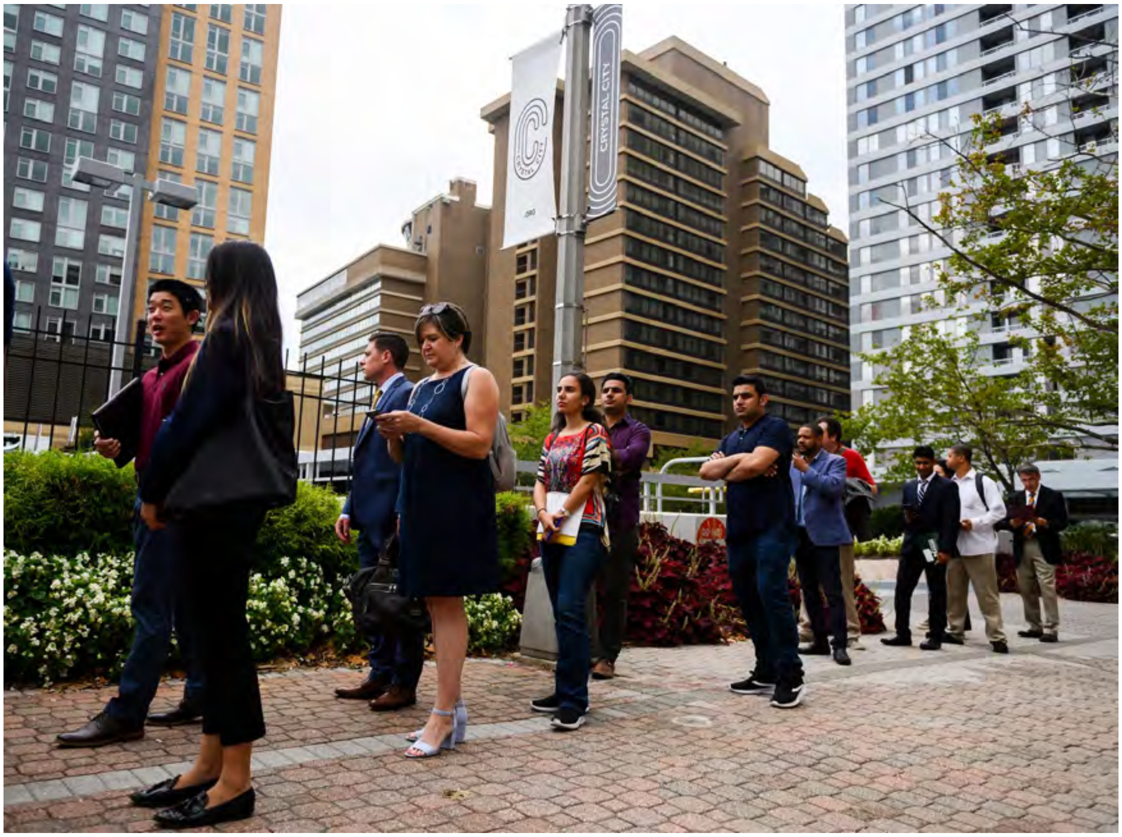
But around 2010, things started to shift. “They built a big park downtown, some restaurants got some acclaim, and then with the legalization of craft beer, you know, it seemed to be like some kind of stimulus,” he said. “There was a renewed sense of civic pride that had been missing for quite a while. And so some white people started moving back into town, which created both economic opportunity, and tension.”

As empty lots are being gobbled up and transformed by a flood of mostly white gentrifiers, the **question** of “who will share in the coming prosperity” casts a pall. Two years ago, the city even **created a task force** to mitigate the negative impacts of gentrification.

That unrelenting growth doesn’t affect only poor and middle-class urban residents. My wife and I recently spent the better part of year perusing the housing stock in Washington, our hometown. What we found was baffling. An otherwise decent-sized row house in the once impoverished neighborhood of Bloomingdale was awkwardly divided, each condominium going for $750,000. An exceedingly narrow, turret shaped townhouse on a beat-down street in Petworth, the second floor not quite level, a cool $690,000. A cute bungalow with a nice lawn in isolated Brookland — nothing to walk to, no shops or cafes — $625,000. “The previous owner paid something in the 300s just four years ago, can you believe it?” our real estate agent said.

No, I cannot. And neither can many of my friends in DC who make up this new professional class of gentrifiers, or who work in the bars and restaurants that cater to them.

Few can afford to buy a home, or start a family. Almost all find the rent to be stifling. Many are talking about moving away. Some already have. In DC, over the past 10 years, neighborhood after neighborhood has flipped. Massive new developments with billions in city funding have been built. The character of the city has changed — once known as Chocolate City for its majority black population. Soon, Amazon HQ2 is coming to Crystal City in Northern Virginia, a quick ride from DC, and more change will come.



In Arlington, Virginia, the site of new Amazon offices, job hunters line up for a career day event in September 2019. | Andrew Caballero-Reynolds/AFP/Getty Images

So where do upwardly mobile creatives go as they begin to get priced out? They seek less expensive neighborhoods, where the cycle of displacement continues. “Now, people are looking at Anacostia like, ‘Oh, this is a place to come,’” Theresa said. “And so, now the government starts injecting capital into the area, when they didn’t before. … But all the property, the places where people live that have these depressed values — which allowed people to live here and have homes and businesses here in the first place — that’s all going to go through the roof. There is no incremental progress.”

Everyone is affected by the loss of community, said Mindy Fullilove, a psychiatrist and professor of urban policy and health at the New School who studies how social systems affect mental health and, specifically, gentrification in the Shaw neighborhood of DC, as well as in Orange, New Jersey.

“When the benefits of strong communities are lost,” she said, “it takes a long time to recreate a community that has the social structure to benefit the individual, and we have done these [redevelopment] projects so many times, and displaced people so many times, that they can’t reorganize. And so what we have created at the level of community in the

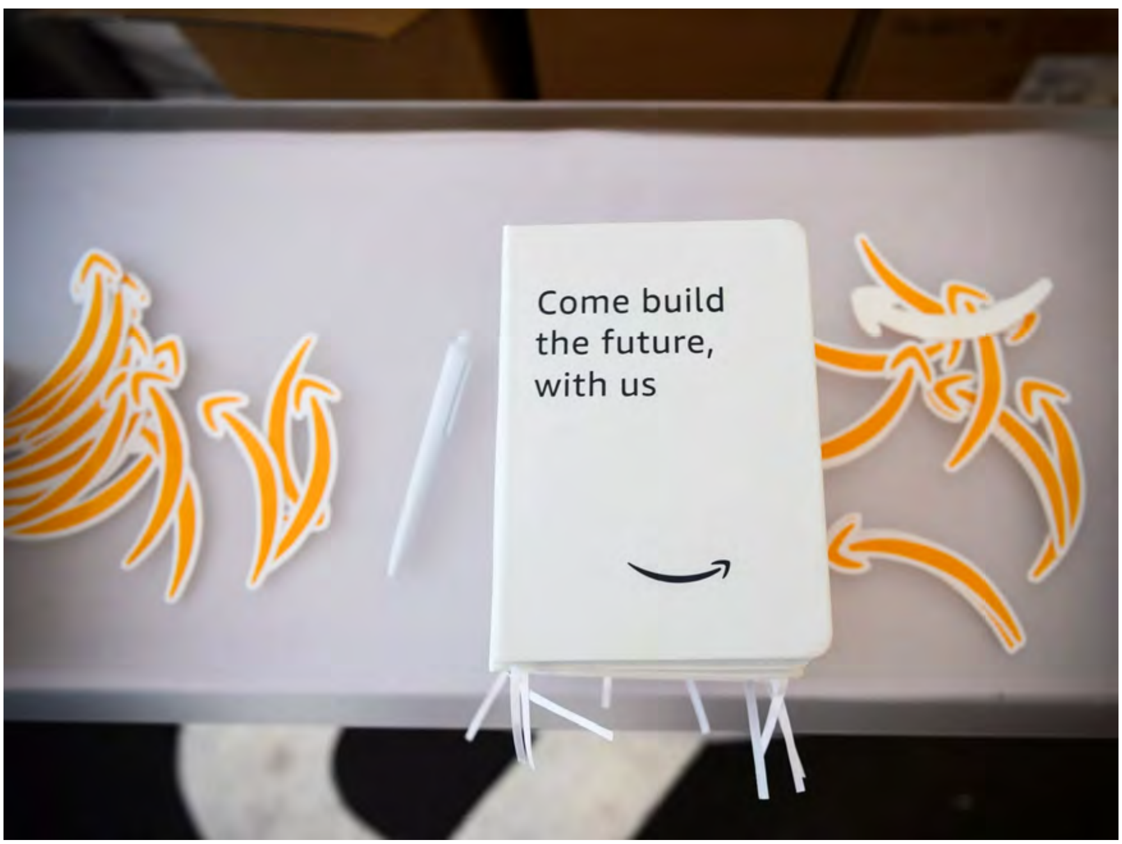
United States is a lot of individuals running around, but not in strong communities. And that's pretty much across the board."

Theresa also spoke about the loss of community when cities woo young professionals.

"When I researched Richard Florida, I learned all kinds of things," he said. "When you read his work, his actual articles, he says that there are different kinds of communities, 'close-knit' communities and 'low-social value' communities. And what he says is that communities that are good for the economy are 'low-social value' communities. Plug-and-play communities. You just come in, just move in, no one has to know who you are, you can share your workspace, no one questions you."

Conversely, "places that are bad for the economy are places like Anacostia," Theresa said, "where people want to know who your cousin is, you know?'"

For his part, Florida said he thinks the idea of a "'creative class consciousness' is somewhat contradictory."



Promotional material at the Amazon career day event in Arlington. | Andrew Caballero-Reynolds/AFP/Getty Images

“If you look at creative class places, they are universally the most liberal and progressive places on the planet,” he told Vox. “But I think what’s happened is that the creative class has been quite selfish. It looked at these neighborhoods that it can colonize and make a better life in without regard to its neighbors.”

Florida himself argued that the creative class needs to develop a stronger sense of “class consciousness” and realize that the squeeze they are now beginning to feel has already choked out others.

“The problem does get at the creative class,” he said, “but if you look at the **numbers**, the amount of money that the creative class — even artists and cultural creatives — have left over after paying for housing, even in superstar cities, is still reasonable. It’s the low-income service class, the 45 or 50 percent of workers who work in retail, clerical, office, hospitality, tourism, personal services — they’re the ones who are really getting annihilated.”

To be sure, many cities are beginning to register the challenges posed by uneven development. Some have created **task forces** to deal with gentrification. Others have tried to implement **inclusionary zoning**. For mega cities like DC or LA, which have already made their bed, this may be an exercise in futility. But in smaller markets, there could be hope.

The relationship between the young professional gentrifiers, the service class, and workforce housing was high on the list of concerns for Lara Fritts during her tenure as director of the Department of Economic Development for Salt Lake City, Utah.

Salt Lake, much like **Boise**, Idaho, has seen a tremendous influx of tech workers — folks who make **81 percent more** than employees in other industries throughout Utah — and with it, a huge spike in housing prices.

“Your service workers, your creative class, your artists, that’s what makes your city cool, right?” Fritts told Vox. “It’s the cool factor.” And that cool factor, the cultural lifeblood of any creative class economy, cannot sustain itself if there is no housing that service workers can afford. San Francisco has gotten so expensive that restaurant workers are **fleeing the city**, and it has changed the way that the industry caters to customers.

Multibillion-dollar tech giants such as Salesforce, whose tower in San Francisco is pictured, have turned the city into one of the world's most expensive for residents. | Josh Edelson/AFP/Getty Images

Fritts helped oversee pouring municipal funds into affordable housing projects in Salt Lake City. "In total, over the course of the last three years, we deployed $44 million dollars into affordable housing, and that will yield over 2,500 units," she said.

"I think we are in the moment now when cities are waking up to this," Florida said of the need to ensure affordable housing in rapidly growing cities, "and it's analogous to the moment that occurred in the early 2000s when cities realized: Oh, we can attract the creative class; oh, we can revitalize; oh, we can become centers of innovation and technology."

It remains to be seen whether this wake-up call, or lawsuits such as Theresa's, or the kind of political organizing that stopped Amazon from coming to New York City, will be able to stave off the negative effects, the pain and strife, that accompany uneven development nationally. Or, perhaps, the market will take care of it.

"I think there is already evidence that it's slowing," Pierce, the DC area developer, said. "You can already see that some of these houses have stagnated. They wanted $600,000 for them, but now they're down to 540 because they're trying to get the house sold. They're not getting snatched up the way they were for a time."

"Prices will go down," Theresa said, "particularly in black neighborhoods. We've already seen the slowdown in development in DC ... and, you know, DC **lost people last year.**"

Pierce predicts a real estate downturn. “The runaway train will stop, eventually — abruptly,” he said. ■

Vinnie Rotondaro is a writer and small-business owner living in Washington, DC.

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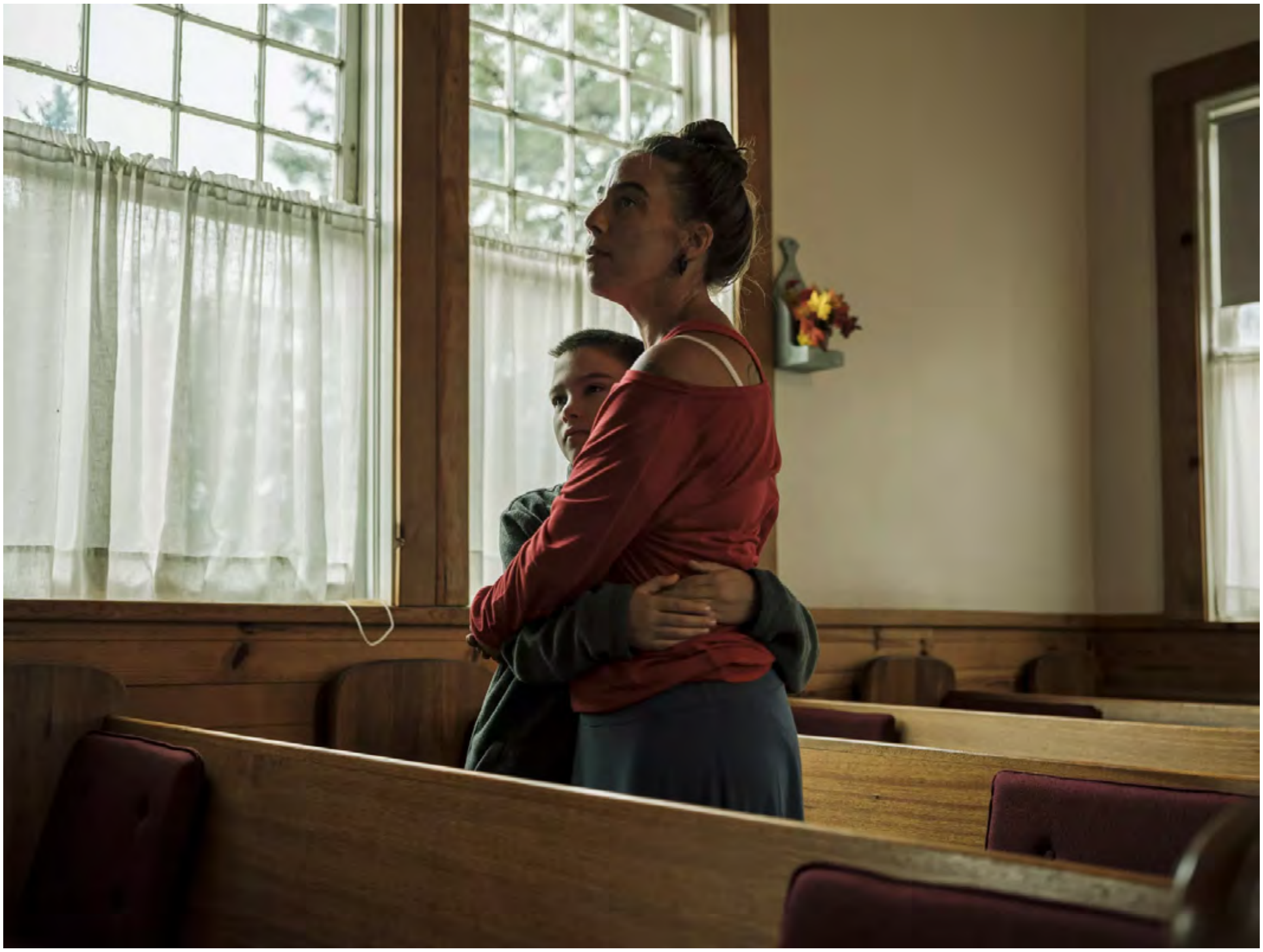

Amanda Rose and her son at church in Magalia, California. | Mason Trinca for Vox

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