

November 2015

GENTRIFICATION AND NEIGHBORHOOD DECLINE IN A LEGACY CITY:

Looking at Milwaukee 2000-2012

Alan Mallach
Center for Community Progress

© 2015, Center for Community Progress
111 E. Court Street, Suite 2C-1
Flint, Michigan 48502
(877) 542-4842
www.communityprogress.net

ABOUT THE AUTHOR

Alan Mallach is a senior fellow at the Center for Community Progress. A city planner, advocate and writer, he is nationally known for his work on housing, economic development, and urban revitalization, and has worked with local governments and community organizations across the country to develop creative policies and strategies to rebuild their cities and neighborhoods. A former director of housing & economic development in Trenton, New Jersey, he currently teaches in the graduate city planning program at Pratt Institute in New York City. He has spoken on housing and urban issues in the United States, Europe, Israel and Japan, and was a visiting scholar at the University of Nevada Las Vegas for the 2010-2011 academic year. His recent books include *A Decent Home: Planning, Building and Preserving Affordable Housing* and *Bringing Buildings Back: From Vacant Properties to Community Assets*, which has become a resource for thousands of planners, lawyers, public officials, and community leaders dealing with problem property and revitalization issues. He is a member of the College of Fellows of the American Institute of Certified Planners, and holds a B.A. degree from Yale University.

ABOUT CENTER FOR COMMUNITY PROGRESS

Founded in 2010, the Center for Community Progress is the only national 501(c)(3) nonprofit organization solely dedicated to building a future in which entrenched, systemic blight no longer exists in American communities. The mission of Community Progress is to ensure that communities have the vision, knowledge, and systems to transform blighted, vacant, and other problem properties into assets supporting neighborhood vitality. As a national leader on solutions for blight and vacancy, Community Progress serves as the leading resource for local, state, and federal policies and best practices that address the full cycle of property revitalization. Major support for Community Progress is generously provided by the Charles Stewart Mott Foundation and the Ford Foundation.

TABLE OF CONTENTS

Introduction and Summary	4
Measuring Gentrification	5
The Extent of Gentrification in Milwaukee	8
Gentrification & Decline: Neighborhood Change in Milwaukee	12
Conclusion	16
Appendix: Census Tracts Showing at Least One Gentrification Variable	18
Endnotes	19

INTRODUCTION AND SUMMARY

Gentrification is the subject of extensive, often intense, discussion and controversy. The actual extent to which gentrification is actually affecting American cities and neighborhoods, and its significance in the larger context of the ebb and flux of urban neighborhoods, however, often remain unclear. It is particularly important to ask this question about cities which are outside the handful of ‘magnet’ cities like New York or San Francisco, but where some degree of revival – often reflected in the in-migration of young, well-educated, so-called ‘millennials’ – may be taking place. These include many of the nation’s legacy cities, older industrial cities in the northeast and Midwest such as Pittsburgh, Baltimore, St. Louis or Milwaukee. Since the national discourse on gentrification has been dominated by what is taking place in cities like San Francisco or New

York, cities which are not necessarily representative of the majority of American cities, there has been far less thoughtful analysis of conditions on the ground in legacy cities, and their implications for those cities’ future.

Gentrification, furthermore, is not a self-contained phenomenon or a one-way street, the inevitable outcome of urban change, but one strand in an ongoing urban process, in which neighborhoods move upward, downward and sideways, in a process of constant economic and demographic flux. For people to believe that gentrification is the only logical trajectory for urban neighborhoods is no more appropriate than it was for people in the 1970s to believe that all urban neighborhoods were on a path to decline and abandonment. It is important to look at gentrification not as an isolated phenomenon, but in the larger context of what is happening to neighborhoods generally.

The purpose of this paper is to help turn the focus the conversation toward those cities by offering a preliminary analysis of the extent and nature of neighborhood change in one such city. Although any definitive assessment of what is taking place in a city requires close local observation, threshold measurement of critical trends, including potential gentrification or decline, can be done using administrative statistics. That information can then be refined through more on-the-ground assessment.¹ I will describe a proposed approach to using available data to identify potential gentrification at the census tract level, and will apply it, along with a parallel assessment of neighborhood decline, in one major Midwestern city, Milwaukee. Milwaukee is a representative Midwestern legacy city. Although it lost 20% of its population between 1960 and 2010, its population appears to have stabilized in recent years. In 2010, 39% of the city's population was African-American, 36% non-Latino white, and, reflecting that community's rapid growth in recent years, 18% Latino. The city's Asian population is small, slightly more than 3%.² Milwaukee is experiencing relatively strong revival by comparison to its peer group of older industrial cities.³ Its millennial population is growing, reflected in an increase of 22% in the city's number of 25 to 34 year old college graduates between 2000 and 2012, a period during which the city's total population continued to decline slightly. It continues to experience, however, significant levels of distress.

As I discuss in detail below, I found that gentrification since 2000 is largely limited to one small area of the city located slightly north of downtown Milwaukee,⁴ and that the evidence that displacement has taken place as a result is at best limited. By contrast, a far larger part of the city is in decline, reflected in pronounced drops

in income and house prices; moreover, the decline is particularly pronounced in areas that were moderate (50% to 80% of the citywide median income) or middle (80 to 120%) income in 2000, while areas that were more affluent in 2000 have generally remained more stable. Predominately African-American census tracts have been disproportionately affected by declines in house prices, leading to massive loss of wealth in the city's African-American community.

MEASURING GENTRIFICATION

While the term 'gentrification' is often used loosely, often with clearly pejorative implications, a widely used non-judgmental definition is that by Neil Smith (1998), which is "the process by which central urban neighborhoods that have undergone disinvestments and economic decline experience a reversal, reinvestment, and the immigration of a relatively well-off middle- and upper-middle class population." This definition, which is generally consistent with others used in the literature on gentrification, can be measured; specifically, what can be considered gentrification can be seen as consisting of three changes taking place simultaneously in the social and economic condition of a predominately lower-income area:

1. Significant increases in house prices, reflecting the increase in demand for the area's housing stock;
2. Significant increases in household income, reflecting the influx of a significantly more affluent population; and

3. Racial/ethnic change, in particular increases in non-Latino White and decreases in African-American populations.

Race is not explicitly mentioned in Smith's definition. While it can reasonably be argued that gentrification does not have an inherently racial dimension, for many reasons, however, the discussion of gentrification in the United States has tended to place particular stress on the relationship between racial change and economic change.

I recognize that gentrification can be defined, or perceived, in many other ways, and that this paper addresses only one possible definition and way of measuring it. Gentrification can be seen as visible change in the neighborhood landscape, as discussed by Hwang and Sampson (2014), or as change in the cultural or social dynamics of a neighborhood, or other, even more subtle changes. These changes are unlikely to take place without change in either incomes or house prices, however, both of which are less subjective and more readily measured than other factors that may also be relevant.

I measure these changes at the census tract level, and compare them to two baseline features of each tract in 2000: whether they were (1) majority African-American; and/or (2) low or moderate income, defined as having a median household income below 80% of the citywide median. Given the above definition of gentrification, change in a neighborhood that was not low or moderate income to begin with should not be considered gentrification.

I looked at changes between 2000 and 2012. For every census tract that retained the same boundaries in 2000 and in 2010 as well as those where comparisons were easily made despite the

changes⁵ (206 census tracts), I examined three variables:

1. Median per capita income change between 1999⁶ and 2012
2. House price change between 2000 and 2012 and between 2006 and 2013
3. Change in racial distribution of the population between 2000 and 2010

For the first variable, I used the 2000 Census and the 2008-2012 Five Year American Community Survey (ACS). The second variable is more complicated. While all ACS data has limitations because of the sample size and resulting margin of error, the data on house value is particularly open to question, since it is based on the owner's *impression* of his or her home's value. This not only reflects the reality that many owners have little idea what their house is worth, but to the extent that they do (or think they do) their assessment is likely to reflect wishful thinking as much as reality. Thus, while owners readily absorb *rising* prices into their thinking, they are extremely reluctant to acknowledge declines in value, particularly when they are as substantial as those that have taken place since 2006.⁷ In order to compensate for this bias, I created a composite measure of house value change using ACS change from 2000 to 2012 and sales price change from 2006 through 2013.⁸ The measure looked at areas that showed both significant increase in one of the two variables and relative stability in the other. It is described more fully in a footnote.⁹ Finally, for the third variable I used the 2000 and 2010 decennial census data.

I refer to the presence of a minimum threshold level of each variable as a *marker* of potential gentrification. The threshold levels for each

Table 1: Distribution of Census Tracts with Gentrification Markers Present by 2000 Race and Income Status

	AFRICAN-AMERICAN MAJORITY	NOT AFRICAN-AMERICAN MAJORITY	TOTAL
LOW INCOME	10	4	14
NOT LOW INCOME	2	14	16
TOTAL	12	18	30

variable that I treat as markers of potential gentrification are as follows:

1. Real increase (increase in constant dollars)¹⁰ in median per capita income of 10% or more (roughly equivalent to a nominal increase of 50% or more).
2. Significant increase in median house value relative to citywide levels (as further described in footnote 9).
3. Increase of 20% or more but of at least 100 people in the non-Latino White population.

These levels were chosen to reflect a level of change that could be considered meaningful but not unrealistically high.

The city’s census tracts were surveyed to identify those that met the criterion for at least one of the variables. 30 census tracts out of 206, or 14.6% of all census tracts, met the threshold level for at least *one* variable. These tracts were then sorted by the two baseline variables, race and income in 2000. The distribution of the 30 census tracts by these two criteria is given in Table 1, while a tract-by-tract breakdown of variables is provided in Appendix 1.

14 of 30, or nearly half of the census tracts that showed one or another of the potential gentrification markers were *neither* majority

African-American *nor* low income in 2000. Thus, if gentrification is to be associated with lower income communities and/or considered to have a significant racial dimension, changes in those tracts should not be seen as gentrification.¹¹ Examples would include tract 184, an area which saw a significant increase in incomes and house values, but no change in its (already) predominantly non-lower-income and non-Latino white population; or tract 3.02, a predominately African-American area that saw an increase in household income, but no significant change in either house values or racial composition. Only 10 tracts were both majority African-American and low income.

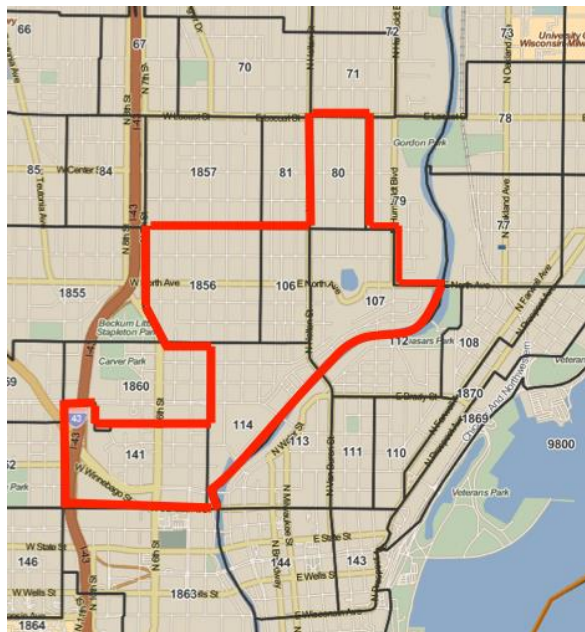
A second significant finding that flows from this stage of the analysis is that there is very little apparent relationship between the three variables selected as gentrification markers.¹² While 30 tracts showed one or another of the three markers, only seven showed two of three markers, and only two showed all three. This suggests that, contrary to what may be widely believed, the three variables that tend to be most widely associated in the literature with gentrification and that are used here as markers of potential gentrification may not in fact be closely linked. House values may change independently of income change, and both may change independently of any racial or ethnic change in the same area.

Change in urban neighborhoods is driven by many different factors. Those factors may be citywide or regional social and economic trends, or things taking place within a neighborhood which affects how it responds to the challenges and opportunities created by citywide and regional forces. They may also reflect widely varying levels of public or mixed public-private investment. If the term gentrification is to have any coherent meaning, it is critical not to characterize all forms of urban change as gentrification. The initial finding from this analysis, therefore, is that whatever forces are driving the change taking place in many of these census tracts, it is unlikely that it is gentrification, in the sense defined by Smith and used here.

Figure 1: Census Tracts Showing 2 or More Gentrification Markers

(Excluding census tract 184 in South Milwaukee which is not shown on map)

Base map by PolicyMap



THE EXTENT OF GENTRIFICATION IN MILWAUKEE

A closer look at the seven census tracts showing at least two of the potential gentrification markers should allow us to evaluate the extent of gentrification in Milwaukee. With one sole exception, *all* of these tracts are located in a very small part of the city along the west bank of the Milwaukee River north of the city’s downtown, outlined in Figure 1.

Census tract 107, an area roughly bounded on the east and west by N Holton and N Humboldt streets, was one of two tracts, and *the only low income tract, to show significant change in all three gentrification markers*. Median household income rose by roughly 25% in constant dollars, while median house value rose sharply. In addition, the non-Latino White population grew by over 500 or nearly 60%. Although this tract did not have an African-American majority in 2000, the combined Black and Latino population was 54% of the tract population in 2000, a figure which dropped to 32% by 2010.

Table 2: Key Measures of Change in Selected Census Tracts

TRACT	MEDIAN HOUSEHOLD INCOME (% of citywide median)		PRINCIPAL RACIAL/ ETHNIC GROUP		HOUSE VALUE CHANGE	HOUSE PRICE CHANGE	POPULATION CHANGE 2000-2010	
	2000	2012	2000	2010	2000-2012	2006-2013	TOTAL	WHITE NON-LATINO
80	.78	.89	No majority	61% WNL	+ 166.8%	- 7.0%	-222	+213
106	.81	.79	66% BNL	55% BNL	+ 165.4%	Not available	- 99	+171
107	.82	1.22	No majority	63% WNL	+ 217.7%	+53.8%	+150	+333
114	1.41	2.35	58% WNL	76% WNL	+ 76.5%	+19.2%	+585	+546
141	.35	.52	95% BNL	78% BNL	Not available	+19.4%	+266	+199
1856	.63	.76	90% BNL	77% BNL	Not available	Not available	- 276	+173
184	1.11	1.74	81% WNL	84% WNL	+ 89.5%	- 19.5%	- 64	- 18

WNL = White Non-Latino BNL = Black Non-Latino

Key features and measures of 2000-2012 for these seven census vary widely. In 2000, tract 114 (roughly equivalent to the Schlitz Park area) was already a relatively affluent and high-value area, although with a small population. It added population and became more affluent over the decade, largely as a result of new construction. Tract 141, by contrast, was a very low income area, with its 2000 population living almost

entirely in subsidized rental housing developments.

Growth in the non-Latino white population parallels an increase in the total population in three census tracts. Indeed, in these three areas, it appears that the change is largely the product of large-scale new construction. It is that, rather than change in the pre-2000 housing stock, which has led to the increase in the number of



Figure 2: New Housing in Tract 114

Source: Google Earth

Table 3: Racial/Ethnic Change by Block Group

(block groups showing increase/decrease in a racial/ethnic group of 100+ are highlighted)

	WHITE NON LATINO			BLACK NON LATINO			LATINO			TOTAL Δ
	2000	2010	Δ	2000	2010	Δ	2000	2010	Δ	
80/1	398	536	+138	364	180	-184	307	201	-106	- 143
80/2	505	615	+110	244	140	-104	319	160	-159	- 123
106/1	50	85	+35	396	375	- 21	104	77	-27	+ 4
106/2	79	215	+136	462	280	-182	174	90	-84	- 103
107/1	433	572	+139	333	105	-228	178	131	-47	- 137
107/2	435	812	+337	400	336	- 64	195	137	-58	+287
114	319	865	+546	163	137	- 26	63	64	+1	+585
141	6	205	+199	1224	1215	- 9	35	101	+66	+266
1856/1	27	21	- 6	748	614	-134	5	28	+23	- 87
1856/2	67	179	+112	431	337	- 94	16	20	+ 4	+ 93
1856/3	67	50	- 13	507	402	-105	20	23	+ 3	- 112

Note: categories do not equal totals because only individuals of single race are included in racial categories in table.

more affluent – and, it appears, largely non-Latino white – households in these tracts.

Large-scale construction of new upscale housing has taken place along North Commerce Street in census tracts 107 and 114, principally multifamily housing constructed between

Commerce Street and the Riverwalk, and townhouses built on the inland side of the street. This housing is oriented more closely to downtown Milwaukee across the river than to the neighborhoods to their west. The scale of that construction, which more than doubled the population of tract 114, and the likely



Figure 3: Census Tract 141 and Park East Enterprise Lofts

Source: Google Earth

characteristics of the people occupying the new homes, most probably accounts for all or most of the changes in these two tracts. The same is true in tract 141, where the population increase appears to come about through the construction of the Park East Enterprise Lofts on N Dr Martin Luther King Drive and W Vliet Street. This complex is separated, however, by three city blocks of light industrial uses from the subsidized housing developments where the rest of the tract's population lives, and is unlikely to have any significant effect on the rest of the tract, if at all (Figure 3).

Three other tracts, however, show an increase in white population along with one of the other two gentrification markers, which may not be accounted for by new construction. Taking a closer look, Table 3 breaks down racial and ethnic change for the six census tracts by block group. New construction in block group 107/2

and in tracts 114 and 141 has accommodated a largely white population with little impact on other racial or ethnic groups. Two other block groups, 1856/1 and 1856/3, showed significant drops in Black population unrelated to any other racial or ethnic change, while the composition of block group 106/1 remained stable.

That leaves, however, five block groups where racial succession and *possible* displacement may be taking place. These are 80/1, 80/2, 106/2, 107/1 and 1856/2. As shown in Figure 4, they form a compact polygon roughly centering on N Holton and E Wright streets. Within that area the white non-Latino population grew by over 600, and the combined Black and Latino population declined by over 1,100 between 2000 and 2010. These areas share important characteristics, including proximity to downtown and an attractive older housing stock. The changes taking place in this area, moreover, may

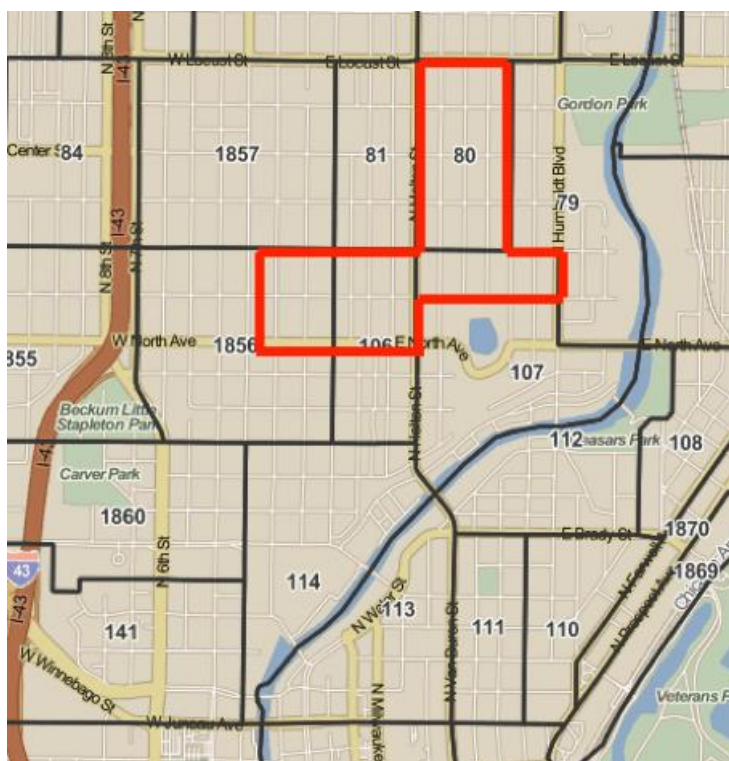


Figure 4: Block Groups Showing Racial/ Ethnic Succession

Base map by PolicyMap

have been encouraged or accelerated by the construction of upscale housing that has taken place closer to the river in tracts 107 and 114 described earlier. Local media reports further support the proposition that gentrification is taking place in this area, particularly in the Brewer's Hill and Riverwest areas.

Whether this change has actually caused displacement or not is a more complicated question; as Freeman (2005) points out "succession studies [...] cannot be used to determine whether housing or neighborhood transitions occurred through the induced departure of low-income households or through normal housing turnover and succession (p465)". 93% of the decline in Black households in the five census tracts showing succession took place among renter households, while the number of Black home owners remained much the same.¹³

The median length of tenure for renters in Milwaukee as of the 2012 ACS was under 2 years, while 92% of all renters citywide had moved at least once since 2000, the period under discussion here. Indeed, in four of the six tracts under discussion, the renter turnover between 2000 and 2012 was slightly *lower* than the citywide average.¹⁴ These high levels of turnover suggest that the great majority of renters in these areas would most probably have moved with or without gentrification making any contribution to that outcome during this period. Thus, it is likely that much of the change was the product of turnover rather than displacement. At the same time, it is quite possible that in the absence of gentrification a larger percentage of these renters might well have moved within the same neighborhood, rather than – as appears to have taken place – moved to other parts of the city or region.

Thus, in the final analysis, it is not possible to draw any conclusions about displacement, as distinct from succession, in these six census tracts. The analysis does show, however, that gentrification, however, defined as a process combining either increases in household incomes or house prices in lower income neighborhoods with racial/ethnic transition, was an extremely limited phenomenon in Milwaukee between 2000 and 2012, taking place only in a small area containing substantially less than 1 percent of the city's population. Thus, it does not appear to be the dominant trend driving neighborhood change in Milwaukee. The question then arises, how does gentrification relate to the larger trends that may be affecting the city's neighborhoods at the same time?

GENTRIFICATION & DECLINE: NEIGHBORHOOD CHANGE IN MILWAUKEE

The limited extent of gentrification in Milwaukee should not come as a surprise. Despite the millennial in-migration noted earlier, on balance the economic trends affecting Milwaukee's residents are not positive. In constant dollars, the median household income in the city declined by 26% between 1999 and 2012. After rising between 2000 and 2006, house prices have plummeted, with the median

Table 4: Distribution of Census Tracts by Change in Median Per Capita Income From 1999 to 2012

INCOME CHANGE IN CONSTANT DOLLARS	INCOME CATEGORY OF TRACT IN 2000			
	LOW-MODERATE (0-80% CITYWIDE)	MIDDLE (80-120%)	UPPER-MIDDLE (120-150%)	UPPER (150%+)
Down 40% or more	5	2	2	0
Down 30 to 39.9%	12	10	5	0
Down 20 to 29.9%	20	15	6	3
Down 10 to 19.9%	13	15	17	4
No change to -9.9%	12	8	8	3
Increase 0.1 to 9.9%	11	5	8	1
Increase 10% or more	12	3	2	1
Number of tracts	85	58	48	12
MEDIAN (in current \$)	1.171	1.128	1.166	1.211
Median change	-15%	-18%	-15%	-12%
% of tracts with decline greater than 20%	44%	47%	27%	25%

sales price dropping by 40% between 2006 and 2013. Between 2002 and 2011, the number of city residents holding jobs (whether working inside or outside the city) dropped by over 24,000 or 10%, even though the number of jobs in the city remained largely unchanged and the city’s population remained relatively stable.¹⁵ While these trends are cause for serious concern, rather than characterizing Milwaukee as an outlier, they are similar to those of other older industrial cities in the Midwest.

A second analysis of the city’s census tracts shows that neighborhood decline in Milwaukee is far more pervasive than gentrification. I identified decline by looking at the reverse of the criteria used to identify potential gentrification; instead of increases, significant *declines* in per capita incomes and median house prices.

Table 4 shows trends in per capita income by census tract from 1999 to 2012, classified by the income category of the tract in 2000. During this period, *nearly half of the city’s low, moderate and middle income census tracts saw the median income of their residents drop by over 20% in constant dollars.*¹⁶ Thus, while a handful of census tracts were seeing income growth, a far larger number were seeing significant declines in household incomes, with the greatest level of decline among middle income census tracts (tract median 80-120% of the citywide median). 27 of 58 middle-income tracts saw their per capita income decline by 20% or more. While there was some decline in constant dollar income in upper-middle and upper-income tracts, those areas were on the whole more stable than the moderate or middle income tracts, with fewer tracts showing declines of 20% or more.

Table 5: Distribution of Census Tracts by Change in Median House Sale Price From 2006 to 2013

CHANGE IN MEDIAN HOUSE SALE PRICE	INCOME CATEGORY OF TRACT IN 2000					
	LOW	MODERATE	MIDDLE	UPPER-MIDDLE	UPPER	TOTAL
Loss 70% or more	3	23	8	0	0	34
Loss 60-69.9%	3	9	19	0	0	31
Loss 50-59.9%	0	7	7	3	0	17
Loss 40-49.9%	1	2	8	4	0	15
Loss 20-39.9%	0	1	11	27	6	45
Loss 0-19.9%	0	2	2	9	3	16
Gain	0	2	3	2	2	9
no sales market (note 2)	7	12	0	0	1	20
total	14	58	58	45	12	187
Average loss 2013/2006 (note 1)	-67.8%	-60.6	-50.5	-27.2	-14.2	
>50% value loss	6	39	34	3	0	82
>50% loss + no market	13	51	34	3	1	102
% >50% loss + no market	92.9%	87.9%	58.6%	6.7%	8.3%	54.5%

NOTES (1) This figure is the average of the individual tract medians. (2) This term is used for census tracts in which the number of sales transactions was too small to enable the median to be computed.

Data on change in sales prices presents an even more striking picture. As noted earlier, between 2006 and 2013 median sales prices in Milwaukee declined by 40%. This decline is concentrated in the city's low, moderate and middle-income census tracts, as Table 5 shows. *Of the city's low and moderate income census tracts, 64 out of 72 showed either a loss in excess of 50% or had too few transactions to compute the median; that is, effectively had no house sales market in 2013.*¹⁷ It would not be too much of an exaggeration to

suggest that the majority of Milwaukee's low and moderate-income census tracts are already experiencing or approaching potential housing market collapse.

By contrast, prices in upper-middle and upper-income census tracts were significantly more stable. Only 3 out of 57 such tracts showed median sales price declines in excess of 50%, declines that were the norm in lower income tracts, while 16 showed absolute gains.

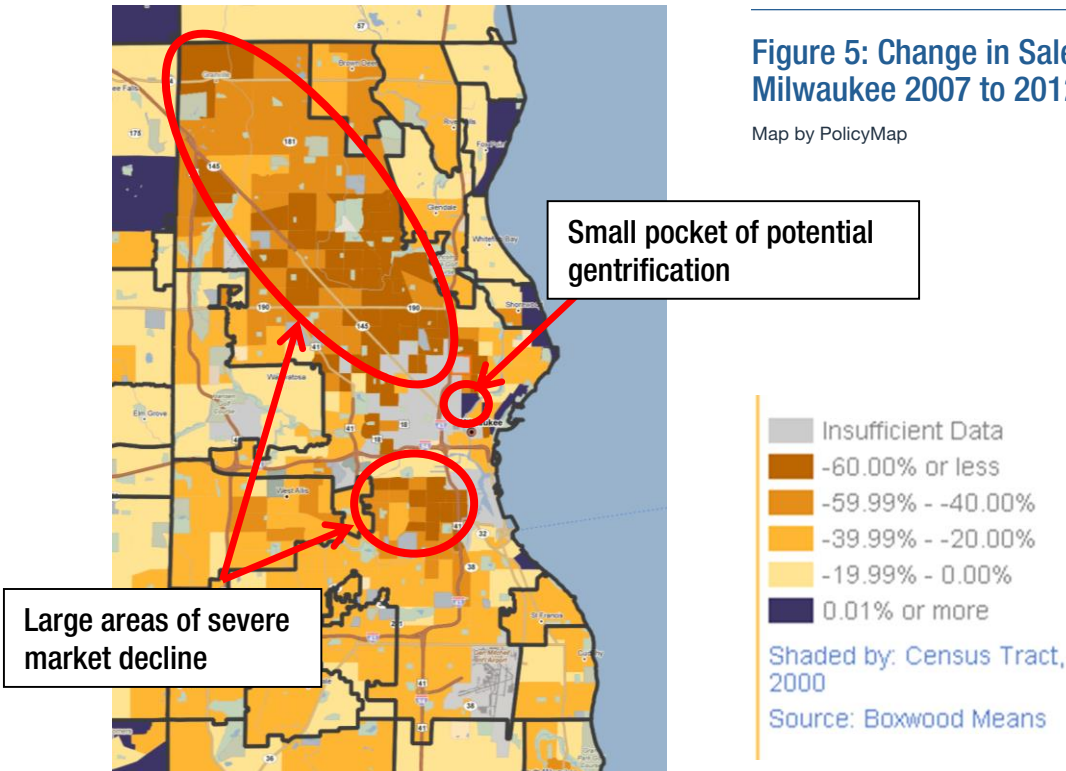


Figure 5: Change in Sales Prices in Milwaukee 2007 to 2012

Map by PolicyMap

Figure 5 maps the change in median sales price from 2007 to 2012. That part of the city north of I-94 or the Menominee River has borne the brunt of the decline in sales prices, and by extension, in household wealth.

The same areas that are showing declines in income and house prices also show many other indicia of deteriorating conditions, including declining home ownership rates and increases in both the number of vacant housing units and the percentage of households below the poverty level. Tables of trends for any of those variables would look much like Tables 4 and 5.

The point of this brief analysis is not that conditions are bad, which they are, but that – in contrast to the very small area where prices and incomes are rising and where gentrification may be taking place – most of Milwaukee is seeing *severe* declines in incomes and prices.

Furthermore, the greatest impact of those declines is in African-American communities.

Figure 6, on the following page, compares sales price changes by census tract with the African-American percentage of the tract’s population.¹⁸ House price changes in predominately white areas vary widely. While some show significant losses, some modest losses, and some gains, they cluster around the ‘moderate loss’ (-20% to -40%) sector. Almost every predominately Black tract, however, is characterized by severe losses (over -50%). While measuring the full extent of the financial impact of this decline is well beyond the scope of this paper, it is apparent that *neighborhood decline in Milwaukee has led to a vast loss of wealth in the city’s Black community.*

Disparate losses among African-American areas compared to predominately white areas were greater in middle-income (80 to 120% of citywide median) than in low income areas, also

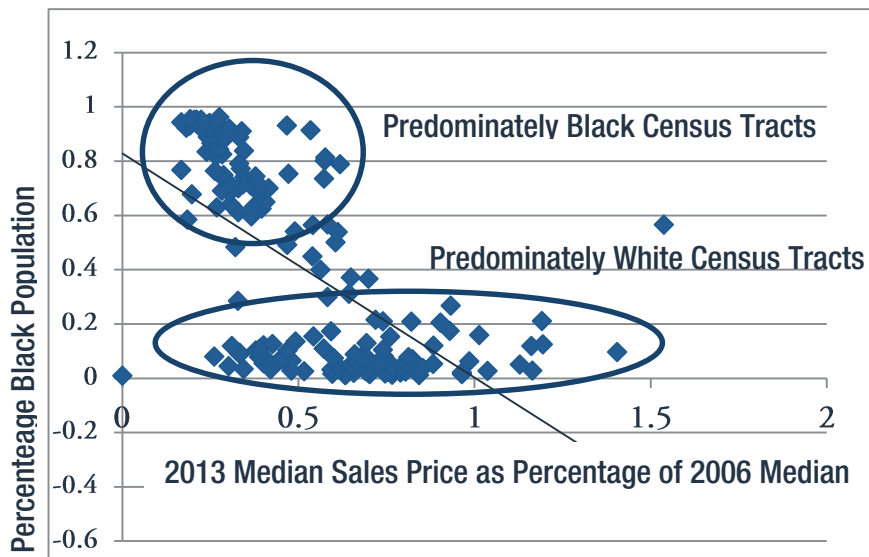


Figure 6: Distribution of Sales Price Changes by % Black Population

reflecting a sharp decline in the number of middle- and upper-income African-American households in Milwaukee between 2000 and 2012.

In sum, the analysis suggests that *between one-quarter and one-half of Milwaukee’s census tracts saw significant decline in house value, household income or both, between 2000 and 2012.* This is the context in which one should look at gentrification in Milwaukee, not as the dominant or inevitable pattern of neighborhood change, but as an outlier in a larger pattern of widespread decline mixed with areas of relative stability. Gentrification *may* be the dominant pattern in *some* cities, such as San Francisco or Washington. It is not, however, in Milwaukee and, most likely, other legacy cities. Recognizing that difference is important not only for how we talk about urban and neighborhood change, but how public policy decisions are made.

CONCLUSION

This analysis raises two important questions, first, how we think and talk about urban change and whether those effects were harmful, is equivocal and uncertain. The first question, then,

is whether the nature of the conversation on neighborhood change reflects that reality, or whether it tends to pay less attention, at least proportionately, to neighborhood decline than to gentrification. A parallel question is whether, in light of the great harm being done to large numbers of the city’s residents as well as for the city as a fiscal and economic entity by the widespread decline taking place, change of the sort visible in the small potentially gentrifying areas should be seen as a problem, or whether instead the value of investment and rising property values in those areas should be seen as outweighing problems that they may cause.¹⁹

The second is where public policy attention should be directed. Without minimizing the problems that can be created for lower income families in the path of gentrification, it can reasonably be argued that neighborhood decline is having a far greater impact on the city’s lower income and minority communities, including the massive loss of equity and wealth associated with the declines in property values taking place. While families impacted by gentrification may number in the hundreds, those impacted by neighborhood decline may number in the hundreds of thousands. Moreover, while gentrification may bring lower-income families some offsetting benefits, in the form of better public services, and, for homeowners, rising

equity, it is hard to think of any offsetting benefits from neighborhood decline. However baldly utilitarian that comparison may be, it is relevant to the making of public policy. It suggests that neighborhood decline should represent a higher priority for both public and non-profit sectors in Milwaukee and similar cities, and as a target for allocation of the limited resources that are available.

The corollary to that question is whether change of the sort we see in the few small potentially gentrifying areas in legacy cities should in fact be treated as a problem, or whether instead the value of investment and rising property values in those areas should be seen as a positive factor in light of the great harm being done to large numbers of the city's residents as well as for the city as a fiscal and economic entity by the widespread decline taking place elsewhere. That does not mean that displacement, should it be taking place in ways harmful to low-income families, should be ignored; rather, that efforts should be made to address displacement and similar concerns in ways that do not block much-needed investment in the city.

Gentrification is an easier target. *It is the product of identifiable actions taking place within an identifiable space.* Neighborhood decline, in contrast, is the product of a complex interplay of factors, many of which are difficult to tackle or pin down, including demographic changes, the continued effects of the housing boom and bust, changes in employment patterns and the job locations, obsolescence of the housing stock, accelerated flight of Black working and middle-class families to the suburbs,²⁰ and more, all

taking place within a historical context that divided cities racially, and allocated resources unevenly. These difficulties must be recognized, but should not be seen as insuperable obstacles in the way of framing rational public policies.

This paper is an initial effort to frame these issues and is far from the last word on the subject. It is presented in the hope that it will encourage others to explore this important and often poorly-understood subject, and perhaps think differently about an issue that is critical to the future of America's legacy cities.

REFERENCES

- Freeman, Lance (2005). "Displacement or Succession: Residential Mobility in Gentrifying Neighborhoods" *Urban Affairs Review* 40(4), 463-491
- Hartley, Daniel (2013). *Gentrification and Financial Health*. Cleveland, OH: Federal Reserve Bank of Cleveland.
- Hwang, Jackelyn and Robert J. Sampson (2014). "Divergent Pathways of Gentrification: Racial inequality and the Social Order of Renewal in Chicago Neighborhoods." *American Sociological Review* 79(4) 726-751.
- Mallach, Alan and Lavea Brachman (2013). *Regenerating America's Legacy Cities*. Boston, MA: Lincoln Institute of Land Policy
- Smith, Neil (1998). "Gentrification" in William Van Vliet, ed. *The Encyclopedia of Housing*, London: Taylor and Francis, pp.98-99

APPENDIX: CENSUS TRACTS SHOWING AT LEAST ONE GENTRIFICATION VARIABLE

CENSUS TRACT	PRICE CHANGE	INCOME CHANGE	RACIAL CHANGE	2000 INCOME CLUSTER	50%+ BLACK	NUMBER OF VARIABLES
55079000302, WI				3	YES	
55079002900, WI				3	YES	
55079005800, WI				4	NO	
55079007100, WI				3	NO	
55079007900, WI				3	NO	
55079008000, WI				2	NO	2
55079008500, WI				1	YES	
55079008700, WI				1	YES	
55079009400, WI				4	NO	
55079009500, WI				4	NO	
55079009600, WI				1	YES	
55079010000, WI				1	YES	
55079010400, WI				2	YES	2
55079010600, WI				2	YES	2
55079010700, WI				2	NO	3
55079010800, WI				4	NO	
55079010900, WI				5	NO	
55079011000, WI				4	NO	
55079011200, WI				4	NO	
55079011300, WI				3	NO	
55079011400, WI				5	NO	3
55079011500, WI				1	YES	
55079012300, WI				2	YES	
55079013400, WI				2	YES	
55079014100, WI				1	YES	2
55079014800, WI				2	NO	
55079016600, WI				2	NO	
55079018200, WI				5	NO	
55079018300, WI				3	NO	
55079018400, WI				3	NO	2

ENDNOTES

¹ Hwang and Sampson criticize the use of administrative data to detect the presence of gentrification in their recent paper (Hwang and Sampson 2014). “While their point, that administrative data “neglect the distinctly visible changes to the urban landscape...inherent to gentrification”, I would argue that administrative data can provide the threshold data that can help narrow both the location and the extent of gentrification within a larger city or region.

² Racial and ethnic categories are notoriously variable and subject to conflicting definitions. For purposes of this brief, I have used Census terminology and limited the analysis to those individuals that identified themselves by a single race and by ethnic (Latino or non-Latino) in the 2010 census, recognizing that in many respects these definitions are statistical artifacts.

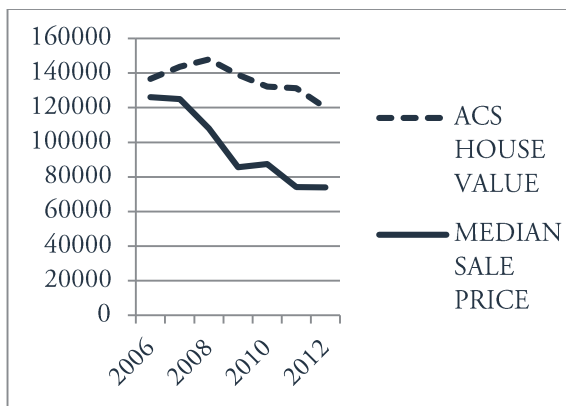
³ In a recent study of legacy cities published by the Lincoln Institute of Land Policy, Milwaukee ranked 5th among the 18 cities investigated (Mallach and Brachman 2013).

⁴ An analysis accompanying a recent report in the February 2105 issue of Governing magazine on the extent of gentrification in American cities finds evidence of gentrification in some other parts of Milwaukee, although relatively few. A comparison of their methodology with that used here would be beyond the scope of this short paper, but suffice it to say that I consider their definition of what constitutes gentrification to be overbroad. The analysis can be accessed at <http://www.governing.com/gov-data/census/gentrification-in-cities-governing-report.html - citieslist>

⁵ These were tracts where two tracts had been consolidated into a single tract between 2000 and 2010.

⁶ The 2000 census measured income for the 1999 calendar year, while the income figures for the five-year 2008-2012 American Consumer Survey are a composite of data collected between 2008 and 2012, the Census Bureau inflates the income figures to 2012 levels. Thus, when describing the income trend, it is most appropriate to characterize it as the increase from 1999 to 2012.

⁷ This can be shown clearly by comparing the annual ACS data with actual real estate transactions in Milwaukee by year from 2006 through 2012. As the table shows, prices declined by over 40% from 2006 to 2012; during the same period, however, owners’ estimates of their home’s value declined by only 12%. Because of the questionable nature of the ACS data, the recent much-heralded study by Daniel Hartley of the Cleveland Federal Reserve Bank (Hartley 2013), which attempts to compare city-by-city gentrification using this single metric, draws, in my opinion, unwarranted conclusions, and needs to be taken with many grains of salt.



⁸ Sales transaction data was provided by Boxwood Means accessed on PolicyMap.

⁹ Areas were considered to have significant price increases where they demonstrated both (1) 2000-2012 price increases in excess of the citywide median; and (2) 2006-2013 gains, or losses less than 50% of the citywide median; in other words, since the citywide median loss was approximately 40%, only areas with a gain or that had retained at least 80% of their value over that period were included.

¹⁰ Constant dollars are dollars adjusted for inflation. The inflation adjustment is based on change in the Consumer Price Index, which rose by 37.8% between 1999 and 2012.

¹¹ The possibility exists that some of these tracts may be in the advanced stages of a gentrification process that may have begun earlier, say in the 1980s or 1990s. Whether this may be the case is beyond the scope of this paper, which looks specifically at changes taking place since 2000.

¹² The correlations between the three variables fall well below even minimal significance; interestingly, the correlation between house price change and income change, although modest, has a negative sign.

¹³ Specifically, the number of Black homeowner households dropped by 16 (5%) and the number of Black renter households by 204 (20%) between 2000 and 2010.

¹⁴ The citywide data is for the 1 year ACS, from which it is possible to calculate short-term turnover rates, but census tract data is only available for the 5 year ACS, from which one can calculate long-term, but not short-term turnover. The table below shows the percentage of renters who have moved into their present unit since 2000.

TRACT	%	TRACT	%
80	91.3%	114	97.4
107	87.5	1856	82.5
141	82.4		
106	88.1%	CITYWIDE	88.5

¹⁵ During that period the number of city jobs held by commuters increased by over 14,000. Between 2002 and 2011, the share of city jobs held by commuters from outside the city increased from 53% to 58%. This data is from the Census Bureau On-The-Map web site <http://onthemap.ces.census.gov/>.

¹⁶ During the same period, median per capita incomes in the United States also dropped, but by far less, by 6%.

¹⁷ These tracts are concentrated in the area west of I-43 and north of I-94. As Table 5 shows, one upper income census tract also falls into this category. This is downtown census tract 111, in which only 10% of the dwelling units, or roughly 100 units, are owner-occupied.

¹⁸ The correlation between the racial and sales price variables is -.65011, significant at the .999 confidence level.

¹⁹ The evidence of numerical decline in Black or Latino populations in the census tracts showing markers of gentrification, while suggestive, is far from conclusive evidence of the actual effects of gentrification (Freeman 2005). The actual impact of gentrification on the prior lower-income residents of these tracts cannot be identified except through considerable further on-the-ground investigation.

²⁰ Black middle-class out-migration has been substantial in Milwaukee. Between 2000 and 2012, the number of Black households in Milwaukee earning \$50,000 or over (in constant 2000 dollars) declined by 24% or roughly 3,500 households; during the same period the number of Black households earning under \$50,000 increased by 13,500, or roughly 22%.