NCRC

OPENING DOORS TO ECONOMIC OPPORTUNITY

The Community Reinvestment Act:

How CRA Can Promote Integration and Prevent Displacement in Gentrifying Neighborhoods

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About NCRC

NCRC and its grassroots member organizations create opportunities for people to build wealth. We work with community leaders, policymakers and financial institutions to champion fairness in banking, housing and business development.

Our members include community reinvestment organizations, community development corporations, local and state government agencies, faith-based institutions, community organizing and civil rights groups, minority and women-owned business associations, and social service providers from across the nation.

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How CRA Can Promote Integration and Prevent Displacement in Gentrifying Neighborhoods

Gentrification has intensified in large cities and metropolitan areas across the country. Gentrification refers to the process of neighborhood demographic and economic change in which middle- and upper-income people move into lower-income neighborhoods while home values and rents increase.[1] When a neighborhood experiences gentrification, it is also experiencing an economic revival as homeowners build more equity and wealth and residents can more easily find jobs. Local governments can likewise benefit from increased property tax revenues. Yet, behind the potential positive impacts of gentrification lurk the possibilities of displacement as lower-income renters and homeowners can no longer afford to remain in the neighborhood.

The challenge for policymakers and practitioners is to figure out if the positive impacts of gentrification can be realized while mitigating the negative consequences of gentrification. This white paper will not exhaustively review the entire range of policies and practices that can achieve this objective but will focus on how the Community Reinvestment Act (CRA) can be applied in a manner to promote neighborhood integration in communities experiencing gentrification. Despite guidance by the federal bank agencies as to how banks can pursue mixed-income housing and avoid displacing lower-income residents from gentrifying neighborhoods, the role of banks in gentrifying neighborhoods appears to be rarely mentioned in CRA exams, in academic literature, or in articles about gentrification. This white paper is designed to elevate the role of banks and illustrate concrete ways in which they can help promote integration in gentrifying neighborhoods.

First, the paper reviews the trends in gentrification and the impacts of gentrification. Then the paper describes case examples of promoting integration in gentrifying neighborhoods and offers guidance on how CRA's role in promoting integration can be expanded.

Extent and Impacts of Gentrification

Ingrid Gould Ellen, Professor of Urban Policy and Planning at New York University's Robert F. Wagner Graduate School of Public Service, documents that gentrification has intensified during the last fifteen years. Fourteen percent of low-income census tracts across the country experienced an increase in incomes from 2000 through 2014, while just nine percent of these tracts did so from 1980 to 1990. Likewise, Gould Ellen documents that 35 percent of low-

1 Miriam Zuk, Ariel Bierbaum, Karen Chapple, Karolina Gorska, Anastasia Loukaitou-Sideris, Paul Ong, Trevor Thomas, *Gentrification, Displacement, and the Role of Public Investment: A Literature Review*, Federal Reserve Board of San Francisco, August 2015, Working Paper 2015-05, p. 11.

income tracts experienced an increase in college-educated residents from 2000 to 2014 in contrast to 25 percent of these tracts from 1990 to 2000.[2]

Couture and Handbury find that gentrification is most prevalent in the 50 largest metropolitan areas of the country. From 2000 to 2010, a majority of the largest metropolitan areas saw rapid growth of young professionals in urban neighborhoods more than in suburban neighborhoods, which was a marked contrast from 1970 through 2000. The numbers of younger college-educated professionals (25 to 34 years old) grew 44 percent in downtown urban neighborhoods in large cities from 2000 to 2010, which was 3.2 times faster than their growth of 14 percent the suburbs. Couture and Handbury attribute proximity to amenities such as theaters and restaurants in downtown neighborhoods as the primary cause for this migration.[3]

Edlund, Machado, and Sviatchi find that the increase in housing prices near the central business district (CBD) is driven by full-time educated professionals working 50 hours or more per week. Such professionals place a premium on time and locate near the CBD to reduce commuting time. From 1980 to 2010, housing prices in the largest 20 cities rose the fastest in neighborhoods one to three miles away from the CBD (prices more than doubled in these neighborhoods compared to prices increasing just 10 percent in tracts 10 to 20 miles from the CBD). Edlund et al. also find that cities with the steepest housing price increases were also those that experienced the largest drops in crime. Finally, they find that the rate of gentrification is not faster or slower in African-American neighborhoods. The racial composition of the neighborhood does not appear to affect the speed of gentrification.[4]

The Federal Housing Finance Agency (FHFA) recently confirmed the findings of Edlund et al. concerning housing prices. From 1990 through 2015, FHFA reports that housing prices in large cities increased two percent per year near the CBD compared with one percent in areas 10 miles or more from the CBD.[5]

It would be logical to assume that displacement of lower-income residents from gentrifying neighborhoods would accompany housing price increases and a significant in-migration of middle- and upper-income young professionals. However, Zuk and colleagues' review of the

2 PowerPoint presentation of Dr. Ellen at NCRC 2016 conference, available upon request. Also, see Ingrid Gould Ellen and Lei Ding, *Advancing Our Understanding of Gentrification*, (Forthcoming in Cityscape), via https://www.philadelphiafed.org/community-development/events/2016/research-symposium-on-gentrification

3 Victor Couture and Jessie Handbury, *Urban Revival in America, 2000 to 2010,* November 2015, presented at Research Symposium on Gentrification and Neighborhood Change, Philadelphia Federal Reserve Bank, May 25, 2016, https://www.philadelphiafed.org/community-development/events/2016/research-symposium-on-gentrification

4 Lena Edlund, Cecilia Machado, Michaela Sviatchi*, Bright Minds, Big Rent: Gentrification and the Rising Returns to Skill*, Working Paper 21729, National Bureau of Economic Research, http://www.nber.org/papers/w21729

5 Alexander N. Bogin, William M. Doerner, and William D. Larson*, Local House Price Dynamics: New Indices and Stylized Facts*, FHFA Staff Working Paper Series, Working Paper 16-01, Federal Housing Finance Agency, available via http://www.fhfa.gov/PolicyProgramsResearch/Research/Pages/wp1601.aspx

literature reveals mixed results of studies probing for displacement. Even studies using the same data came to different conclusions. Zuk and colleagues offer a number of methodological reasons for the inconsistent conclusions. These include a lack of a common definition of gentrification, different sources of data, different time periods studied, and differences in control and comparison groups. There is also a lack of survey data probing the reasons for moving, particularly for residents leaving gentrifying neighborhoods.[6]

In a recent study examining Philadelphia, Ding, Hwang, and Divringi observe that lower-income residents with lower credit scores are not more likely to move out of gentrifying neighborhoods than non-gentrifying neighborhoods. However, when the study disaggregated the overall findings, it revealed that renters in gentrifying neighborhoods were more likely to experience displacement. In addition, residents with low credit scores moving out of gentrifying neighborhoods were more likely to move into neighborhoods with lower incomes, higher crime rates, low performing schools, and higher unemployment. Low-credit score residents moving out of gentrifying neighborhoods were more likely to experience declines in credit scores while those that remained in gentrifying neighborhoods experienced an increase in credit scores.[7]

Overall, it appears that lower-income renters are more likely to be displaced than lower-homeowners.[8] Homeowners can also face displacement due to rising property taxes in gentrifying neighborhoods, but they are not victims of apartment property owners who calculate that appreciating neighborhood markets offer them profitable opportunities and allow their apartment buildings to deteriorate in efforts to persuade low-income tenants to leave. Scanning the articles of newspapers in large cities will reveal stories of slumlords displacing tenants. Many of these landlords house tenants that receive Section 8 vouchers from the federal government subsidizing low-income tenant rents.[9]

One reason that the data does not show widespread displacement is that a number of lower-income residents of gentrifying neighborhoods will strive to remain in gentrifying neighborhoods so that their families can benefit from improving neighborhood amenities, schools, and job

6 Miriam Zuk, et al., *Gentrification, Displacement, and the Role of Public Investment: A Literature Review*, Federal Reserve Board of San Francisco, August 2015, Working Paper 2015-05, pp. 33-35.

7 Lei Ding, Jackelyn Hwang, Eileen Divringi, *A Practitioner's Summary: Gentrification and Residential Mobility in Philadelphia*, Federal Reserve Bank of Philadelphia, October 2015, https://www.fedinprint.org/items/fedpwp/16-22.html

8 Miriam Zuk, et al., *Gentrification, Displacement, and the Role of Public Investment: A Literature Review*, Federal Reserve Board of San Francisco, August 2015, Working Paper 2015-05, p. 41.

9 Abigail Hauslohner, *Why a Law Meant to Protect the Poor from Gentrification Does not Really Work*, *Washington Post*, February 2016, see http://wpo.st/LrVl1 and Terrence McCoy, *Facing Eviction over $25: As D.C. Booms, Low-Income Tenants Feel Pressured to Make Way for Redevelopment*, August 9, 2016, *Washington Post*, http://www.washingtonpost.com/sf/local/wp/2016/08/08/2016/08/08/as-the-nations-capital-booms-poor-tenants-face-eviction-over-as-little-as-25/

prospects.[10] However, a potential problem for lower-income tenants and homeowners is increases in housing cost burden. Housing cost burden is the monthly housing cost (either rent or mortgage payment) divided by income. When housing costs exceed 30 percent of monthly income, the household is considered to have a cost burden. When housing costs exceed 50 percent of monthly income, the household is considered to be confronting a severe housing cost burden, making it difficult to afford other basic necessities. Tenants in gentrifying neighborhoods can face rent increases when the local market heats up. Likewise, homeowners' effective monthly costs can increase when property taxes increase, which in turn increases escrow costs. There are not many studies looking at housing cost burdens confronted by lower-income households in gentrifying neighborhoods, but it is likely that this is a significant issue in neighborhoods with hot markets.

Academic studies have rarely assessed equity accumulation of lower-income homeowners in neighborhoods experiencing gentrification. The author of this white paper examined this issue for Manna, Inc., a nonprofit housing developer and counseling agency that has provided homeownership opportunities for lower-income clients, mostly single parent African-American women, since the 1980s in Washington, DC. Manna has placed several hundred homeowners in single-family and multi-family units in District of Columbia neighborhoods. A significant concentration of these homeowners is located in the Shaw neighborhood, which has experienced significant gentrification during the last couple of decades. The study conducted for Manna found the median homeowner built more than $170,000 in equity. The two best quintiles for Manna homeowners in terms of equity had median equity gains of $576,000 and $316,000, respectively. The District of Columbia neighborhoods with the most Manna homeowners in the first and second quintiles included Shaw, Logan Circle, and Adams Morgan/Mt. Pleasant, all of which have experienced significant gentrification.[11]

Moreover, in census tracts in which Manna homeowners experienced the largest equity gains, the median resident income increase was dramatic. In 2000, the median income of the census tracts with the greatest equity gains for Manna's homeowners was 79 percent of the median income of Washington, DC. It grew to 123 percent of the city's median income by 2013. Neighborhoods experiencing gentrification and rising median incomes also provided opportunities for lower-income homeowners residing in units developed by a nonprofit developer to build significant amounts of equity.[12]

10 Miriam Zuk, et al., *Gentrification, Displacement, and the Role of Public Investment: A Literature Review*, Federal Reserve Board of San Francisco, August 2015, Working Paper 2015-05, p. 33.

11 Josh Silver, Seunghoon Oh, Annelise Osterberg, Jaclyn Tules, *The Financial Benefits of Homeownership: An Evaluation of a Nonprofit Housing Development Model,* Manna, Inc., May 2015, http://www.mannadc.org/wp-content/uploads/2015/06/The-Benefits-of-Homeownership-An-evaluation-of-Nonprofit-Development.pdf

12 Seunghoon Oh, Josh Silver, Annelise Osterberg, Jaclyn Tules, *Does Nonprofit Housing Development Preserve Neighborhood Diversity? An Investigation into the Interaction between Affordable Housing Development and Neighborhood Change,* p. 3, Manna, Inc., via http://www.mannadc.org/wp-content/uploads/2015/07/Final_Neighborhood_Impact_Analysis_7_1.pdf

In addition to considering the impacts on renters and homeowners, studies of the impacts of gentrification must also assess the impacts on small businesses. Many neighborhood-based small businesses do not own their buildings, but rent them. Rents in gentrifying neighborhoods can increase significantly. As a result, small businesses can also face the possibility of displacement. In one of the few studies on the impacts of small businesses, Meltzer finds that in New York City overall, the "departure" and "stay" rates of small businesses do not vary significantly in gentrifying and non-gentrifying neighborhoods. However, she conducts two case studies in East Harlem and Sunset Park, where she documents departures of local businesses and increases in chain stores.[13]

In sum, the following are the costs and benefits of gentrifying neighborhoods for lower-income households and small businesses:

COSTS

- Displacement of renters and homeowners
- Increases in housing cost burden due to higher rents or property taxes
- Declines in credit scores for lower-income residents leaving neighborhoods
- Possible displacement of neighborhood-based small businesses
- Increased rent burdens for neighborhood-based small businesses

BENEFITS

- Equity increases for homeowners
- Improvements to credit scores for lower-income residents
- Access to improving schools
- More local businesses and grocery stores for shopping
- Increased access to jobs
- More customers for long-standing neighborhood businesses

The challenge is to minimize displacement and other costs and maximize the benefits of gentrifying neighborhoods. Another broader benefit is the promotion of neighborhood integration by race and income. The creation of diverse communities is beneficial in that many people in this country do not have the option of residing in integrated communities if they want to do so. In addition, important recent work by Chetty discusses how the life chances and earnings of lower-income children are significantly improved if they attend schools with more affluent classmates.[14] Gentrification patterns may not be entirely helpful when childless middle- and upper-income households are in-migrating but may be more helpful when gentrification is accompanied by significant numbers of middle- and upper-income families with young children.

13 Rachel Meltzer, Assistant Professor of Urban Policy, The New School, *Gentrification and Small Businesses: Threat or Opportunity?* (forthcoming in Cityscape), see https://www.philadelphiafed.org/community-development/events/2016/research-symposium-on-gentrification

14 New Research on Mobility: Studies by Profs. Chetty, Hendren, and Katz, May 4, 2015, see http://economics.harvard.edu/news/new-research-mobility-studies-profs-chetty-hendren-and-katz

Strategies for Promoting Integration and Preventing Displacement in Gentrifying Neighborhoods

A first step for stakeholders in promoting neighborhood integration is an assessment of the housing markets in neighborhoods. In "Managing Neighborhood Change," Allan Mallach states that:

> There is no single way to eliminate the tension between market change and potential problems for a neighborhood's lower-income residents, but the ability of any stakeholder to frame a useful solution for a particular community hinges on one critical step: the ability to think clearly about the neighborhood from a market perspective and to frame a strategic approach to change that recognizes the value of both fostering a stronger real-estate market and fostering equitable, balanced revitalization. In other words, to lead, not follow the change.[15]

Mallach advocates for jurisdictions and localities to develop neighborhood indicators via data analysis that reveal the state of housing markets in neighborhoods in a city or county. The appropriate community revitalization or stabilization strategy can then be chosen for various neighborhoods after the analysis of housing markets has been developed.

Mallach developed a typology of six neighborhood housing markets. Neighborhoods in categories one through three are in various stages of economic distress. Their housing markets are characterized by supply exceeding demand, absentee owners exceeding owner occupants, and high rates of abandoned and vacant housing. For these neighborhoods, the objective is to jump start the housing market and reverse the cycle of disinvestment by engaging in large-scale housing and economic development projects.

Neighborhood housing markets start to show signs of revival when housing prices start exceeding city-wide housing price averages. In neighborhoods Mallach categorizes as three through six, housing demand exceeds supply, abandonment and vacant housing stock is reduced and eliminated, and owner-occupants replace absentee owners. Gentrification accelerates in neighborhoods five and six. The emphasis in community development and stabilization initiatives shifts from large-scale redevelopment projects to scattered site rehabilitation and preservation of affordable housing in neighborhoods four through six.[16]

Preservation of affordable housing usually entails approaches that maintain the affordability of

15 Allan Mallach, *Managing Neighborhood Change: A Framework for Sustainable and Equitable Revitalization*, Prepared for the National Housing Institute with support from the Surdna Foundation, 2008, p. 3, http://www.nhi.org/research/521/managing_neighborhood_change/

16 Mallach, p. 5.

units for lower-income tenants and homeowners for sustained time periods. For renters, this can be achieved through programs like Low Income Housing Tax Credits that require investors to agree that the units remain affordable for time periods ranging from fifteen to thirty years. For homeowners, preservation of affordable units usually entails mechanisms like limited equity cooperatives in which the homeowner has agreed to limits on how much equity he or she can realize on the sale of the unit in order to preserve affordability of the unit for future lower-income buyers. The objective of preserving affordable housing in gentrifying neighborhoods involves keeping units affordable for the long term, ranging from twenty to thirty years, in order to maintain a presence of low- and moderate-income households in neighborhoods experiencing gentrification and rapid price appreciation.

The objectives of preserving affordable housing should not necessarily be confined to neighborhoods with hotter housing markets such as those in Mallach's three through six categories. For example, if a large-scale development is occurring in categories one through three, stakeholders may decide to implement long time periods of affordability in either rental or homeowner developments in order to protect against future price increases, particularly if the neighborhood is in an attractive location such as a proximity to a major entertainment or cultural amenity.

Stakeholders and local governments will need to make careful value judgments about affordable housing features. The notion of limited equity accumulation has been controversial in the community development field. Some say that minority and lower-income households should be afforded the same prospects of equity accumulation that the middle class has benefited from in this country. In particular, providing homeowner opportunities for people of color can be viewed as a means of compensating for decades of public- and private-sector housing discrimination that prevented minorities from pursuing homeownership at large volumes. On the other hand, some view equity limits as a means of ensuring that future lower-income households have the same opportunities for achieving homeownership as those currently receiving assistance and subsidies. There is no perfect solution to these tensions and compromise is necessary. One approach is to develop a continuum of housing from rental to limited equity homeownership to homeownership without equity restrictions, and then deciding resource allocations to each form of housing.

There are a number of tools and approaches for preserving affordable housing. The list below is only a partial listing. This paper is focused on bank financing of affordable housing in a manner that promotes integration in gentrifying neighborhoods. Some of the tools below do not involve bank financing, but banks can participate with jurisdictions that are using these policies and tools:

Community-based Organizations – Community-based organizations such as nonprofit housing developers have missions that focus on empowering communities of color and/or low- and moderate-income neighborhoods. They are often the first developer in decades in formerly distressed neighborhoods that are experiencing gentrification. Community-based organizations have a commitment to underserved populations that is often unmatched and work assiduously to promote their long-term welfare. When banks partner with community-based organizations and finance their housing developments, they are most likely to create enduring housing developments for underserved populations.

Low Income Housing Tax Credit (LIHTC) – Investors receive tax credits for investing in rental housing for low-income tenants, typically those with 50 to 60 percent of area median income. The units are set aside for lower-income tenants for periods of 15 years or more. LIHTC projects can be located in integrating neighborhoods; projects receive financial incentives for locating in census tracts with high construction or land costs.[17]

Limited Equity Co-ops – Residents share ownership of a multifamily building. They have rights commonly associated with homeownership such as the right to pass their property to their heirs, but when they sell their units, they do not receive the full market price in an effort to keep the units affordable for future lower-income buyers.[18]

Community Land Trusts – A nonprofit organization owns land and provides 99-year land leases to lower-income homeowners. The homeowners receive loans to buy homes located on land trusts. The homeowners own the home but lease the land. The homeowners also agree to limited equity appreciation when they sell their homes so that the homes are affordable for other lower-income homeowners.[19]

Renewing Expiring Use Restrictions Involving Federal Subsidies – Rental units for lower-income families financed with federal programs such as Section 202 and Section 8 have clauses requiring owners to maintain the properties as affordable for lower-income families for specified time periods. Lower-income tenants face displacement when the time periods for maintaining affordability expire. The U.S. Department of Housing and Urban Development (HUD) has offered refinance and rehabiliation loan programs and mortgage insurance for owners agreeing to new affordability time periods.[20]

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17 Office of the Comptroller of the Currency, *Low-Income Housing Tax Credits: Affordable Housing Investment Opportunities for Banks*, April 2014, Community Development Insights, http://www.occ.gov/topics/community-affairs/publications/insights/insights-low-income-housing-tax-credits.pdf

18 Diane K. Levy, Jennifer Comey, and Sandra Padilla, *Keeping the Neighborhood Affordable: A Handbook of Housing Strategies for Gentrifying Areas*, Urban Institute, 2006, pp. 27-30, via http://www.urban.org/sites/default/files/alfresco/publication-pdfs/411295-Keeping-the-Neighborhood-Affordable.PDF

19 Community Wealth.org, Overview of Community Land Trusts, http://community-wealth.org/strategies/panel/clts/index.html and Urban Institute, *Keeping the Neighborhood Affordable*, pp. 30 and 31.

20 HUD, Preserving Multifamily Properties, http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/presrv/presmfh and National Low Income Housing Coalition, HUD Releases Guide on Preserving Section 236 Properties, April 11, 2016, http://nlihc.org/article/hud-releases-guide-preserving-section-236-properties

Right of First Refusal – Tenant Opportunity to Purchase Act – The District of Columbia is an example of a city with gentrifying neighborhoods that established protections against displacement of low-income tenants. The city has a Tenant Opportunity to Purchase Act which requires landlords to offer a right of first refusal to tenants when the landlord is interested in selling the building. During a specified time period, a tenants' association has the right to match the material terms of any contract for sale between the landlord and a third party. The tenant association has the right to either buy the building itself or arrange for the building to be purchased by a nonprofit organization that will maintain the building as affordable housing. The law attempts to facilitate bank financing of purchases by the tenants or the tenants' designee by extending time periods further if a lender indicates in writing that it will attempt to arrange financing.[21] This law, which attempts to preserve affordable housing and to involve banks, is in direct contrast to laws described below that appear to facilitate the displacement of lower-income tenants from rent-controlled buildings.

Local Housing Programs for First Time and Lower-Income Homeownership – Local jurisdictions use HUD programs including the HOME Investment Partnerships Program (HOME) and Community Development Block Grants (CDBG) to develop homeownership programs for lower-income residents. These programs can include grants and/or second lien loans that are low interest rate and/or forgivable after a specified time period. These programs can be used to provide homeownership opportunities for lower-income buyers in neighborhoods at the beginning stages of gentrification when home prices are still affordable so that the lower-income homeowners can benefit from the gentrification.

Inclusionary Zoning – In neighborhoods with hot markets (category 5 and 6 neighborhoods in Mallach's typology), cities have enacted inclusionary zoning policies under which developers can receive a density bonus allowing them to build more units than is usually permitted by the zoning in return for a certain percentage of the units being affordable for lower-income households.[22]

Split Rate Taxes – Split rate taxes is a property tax regime that increases the tax rate on land and decreases the tax on buildings. The split rate tax is designed to discourage speculation and/or tax speculation since vacant land is taxed at a higher rate than buildings. Also, by lowering the rate on buildings, the approach is designed to promote affordable housing.[23]

Banks can participate in efforts to promote integration by financing LIHTC projects, limited equity co-ops, community land trusts, and offering first lien loans for homebuyers using local housing programs. They can also be involved in planning efforts by local jurisdictions that

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21 See the Office of the Tenant Advocate in the DC government at http://ota.dc.gov/page/tenant-opportunity-purchase-act-topa for a description of how TOPA works.

22 Urban institute, *Keeping the Neighborhood Affordable*, p. 5.

23 Urban Institute, *Keeping the Neighborhood Affordable*, p. 9.

have targeted Mallach's category 5 and 6 neighborhoods and have implemented initiatives such as preserving buildings with expiring use restrictions and/or inclusionary zoning. In addition, banks could offer refinance loans to low- and moderate-income homeowners in neighborhoods with hot markets to help lower their monthly housing costs, especially if they are facing property tax increases. Local jurisdictions could piggyback on bank refinance programs by instituting property tax circuit breakers that limit property tax increases for certain populations like senior citizens or lower-income homeowners in gentrifying neighborhoods.

How CRA is Supposed to Promote Integration

The CRA regulation develops tests for small, large, and limited purpose banks that rate banks on their lending, investing, and service activities. The large bank test for banks with assets greater than $1 billion is the most detailed examination that analyzes community development lending and investing as well as retail lending and branching. Community development lending and investing includes financing such as LIHTC equity investments that can be used to promote integration in gentrifying neighborhoods.

In addition to the regulation, the federal bank agencies have developed an interagency Question and Answer (Q&A) document that answers several complex questions and also specifically addresses how bank financing in gentrifying neighborhoods would be considered on CRA exams. A Q&A below suggests that financing large-scale middle- and upper-income developments in overheated markets that would result in displacing low- and moderate-income residents of gentrifying neighborhoods would not be considered favorably on CRA exams, while financing that promotes mixed-income housing in gentrifying neighborhoods would be regarded favorably on CRA exams. In addition, if the bank's financing and activities are part of a government or nonprofit developed neighborhood plan or are consistent with such a plan, the financing and activities would be considered favorably. If banks are working with local government agencies and nonprofit organizations using the tools, programs, and policies described above to promote integration in gentrifying neighborhoods, this would garner positive CRA consideration.

The below Q&As make clear that under certain circumstances such as the promotion of mixed-income housing and the presence of a public or non-profit plan, bank financing for middle- and upper-income housing in gentrifying neighborhoods will receive favorable consideration.

However, the second Q&A also adds the point that if the neighborhood needs low- and moderate-income housing and the bank is not financing low- and moderate-income housing, then the middle- and upper-income housing will receive little weight. This Q&A needs more nuance. Almost all neighborhoods could be considered in need of low- and moderate-income housing. The Q&A should state that performance context analysis would be used to determine if the neighborhood is one in which prices and rents are increasing rapidly, meaning that middle- and upper-income developments are more likely to intensify unaffordable housing cost burdens for low- and moderate-income residents. The Q&A should not discourage middle- and upper-income housing in neighborhoods that can benefit from it, but instead caution against a sole focus on middle- and upper-income housing (as opposed to mixed-income housing) in overheated markets (as revealed by an analysis similar to that described by Mallach above).

Here are the interagency Q&A citations that discuss how examiners are to consider bank activities in neighborhoods undergoing gentrification:

> §__.22(b)(2) & (3)—4: Under the lending test applicable to small, intermediate small, or large institutions, how will examiners evaluate home mortgage loans to middle- or upper income individuals in a low- or moderate-income geography?
>
> A5. Examiners will consider these home mortgage loans under the performance criteria of the lending test,i.e., by number and amount of home mortgage loans, whether they are inside or outside the financial institution's assessment area(s), their geographic distribution, and the income levels of the borrowers. Examiners will use information regarding the financial institution's performance context to determine how to evaluate the loans under these performance criteria. Depending on the performance context, examiners could view home mortgage loans to middle-income individuals in a low-income geography very differently. For example, if the loans are for homes or multifamily housing located in an area for which the local, state, tribal, or Federal government or a community based development organization has developed a revitalization or stabilization plan (such as a Federal enterprise community or empowerment zone) that includes attracting mixed income residents to establish a stabilized, economically diverse neighborhood, examiners may give more consideration to such loans, which may be viewed as serving the low- or moderate-income community's needs as well as serving those of the middle- or upper-income borrowers. If, on the other hand, no such plan exists and there is no other evidence of governmental support for a revitalization or stabilization project in the area and the loans to middle- or upper-income borrowers significantly disadvantage or primarily have the effect of displacing low- or moderate-income residents, examiners may view these loans simply as home mortgage loans to middle- or upper-income borrowers who happen to reside in a low- or moderate-income geography and weigh them accordingly in their evaluation of the institution.[24]

24 Office of the Comptroller of the Currency (OCC), Federal Reserve System (FRS), Federal Deposit Insurance Corporation (FDIC), *Community Reinvestment Act; Interagency Questions and Answers Regarding Community Reinvestment,* Federal Register, Volume 81, No. 142, Monday, July 25, 2016, p. 48538, available via https://www.gpo.gov/fdsys/pkg/FR-2016-07-25/pdf/2016-16693.pdf

§__.12(g)(4)—2: Will activities that provide housing for middle-income and upper-income persons qualify for favorable consideration as community development activities when they help to revitalize or stabilize a distressed or underserved nonmetropolitan middle-income geography or designated disaster areas?

A2. An activity that provides housing for middle- or upper-income individuals qualifies as an activity that revitalizes or stabilizes a distressed nonmetropolitan middle-income geography or a designated disaster area if the housing directly helps to revitalize or stabilize the community by attracting new, or retaining existing, businesses or residents and, in the case of a designated disaster area, is related to disaster recovery. The Agencies generally will consider all activities that revitalize or stabilize a distressed nonmetropolitan middle-income geography or designated disaster area, but will give greater weight to those activities that are most responsive to community needs, including needs of low- or moderate-income individuals or neighborhoods. Thus, for example, a loan solely to develop middle- or upper-income housing in a community in need of low- and moderate-income housing would be given very little weight if there is only a short-term benefit to low and moderate-income individuals in the community through the creation of temporary construction jobs.[25]

HUD's Affirmatively Furthering Fair Housing Requirement (AFFH)

HUD requires state and local jurisdictions receiving HUD funding to develop plans to affirmatively further fair housing. This requirement can also include plans to promote integration in gentrifying neighborhoods. In a final rule issued in the summer of 2015, HUD defines affirmatively furthering fair housing as "taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics."[26]

Each jurisdiction receiving HUD funding is required to develop an Assessment of Fair Housing (AFH), which is a planning and strategy document to ensure compliance with civil rights and fair housing laws. The AFH consists of data analysis that identifies patterns of segregation, racial and ethnic concentrated areas of poverty, and significant disparities in access to opportunity for protected classes. The AFH also identifies significant contributing factors that perpetuates

25 OCC, FRS, FDIC, *Community Reinvestment Act: Interagency Questions and Answers*, p. 48526.

26 Department of Housing and Urban Development (HUD), *Affirmatively Furthering Fair Housing Rule Guidebook*, Version 1, December 31, 2015, available via https://www.hudexchange.info/resources/documents/AFFH-Rule-Guidebook.pdf

segregation and then develops fair housing goals and strategies that are designed to overcome the contributing factors. Strategies can include revitalizing areas of concentrated poverty or helping people of color move to "areas of opportunity" or neighborhoods offering ready access to jobs, better educational opportunities, and other desirable amenities.

Gentrifying neighborhoods can be regarded as areas of opportunity in which jurisdictions seek to preserve housing affordability for people of color who are long-term residents. In fact, HUD's final rule discusses preventing displacement of people of color from areas "experiencing economic improvement" as a strategy for promoting integration.[27]

In their AFH, a jurisdiction could highlight bank involvement consistent with CRA in preserving affordable housing and providing opportunities for lower-income people of color to remain in gentrifying neighborhoods. By combining the HUD affirmatively furthering fair housing (AFFH) requirement and CRA as positive inducements, federal public policy can hopefully provide a powerful mechanism for leveraging substantial bank financing in promoting integration in gentrifying neighborhoods.

Case Studies

Case studies illustrate how stakeholders can work together to promote integration in gentrifying neighborhoods and how banks can partner with community organizations and local government agencies. The following case studies are illustrative only and do not imply that other types of approaches would not work.

Metro Green Line – St. Paul, Minnesota

In St. Paul, Minnesota, a $1 billion project to build eleven miles of light rail called the Green Line involved adding rail stops in minority (predominantly African-American and Hmong) and lower-income neighborhoods. A collection of public and nonprofit sector organizations collaborated on plans to prevent displacement of small businesses and lower-income households. About 450 of the 500 eligible small businesses received technical assistance and 215 received forgivable loans to recover revenue losses; additional businesses were approved for loans/and or grants that financed facade improvements, expansions, building acquisitions and other upgrades.

The public and nonprofit organizations also collaborated on a plan to build or preserve at least 2,540 units of affordable housing over 10 years (with a stretch goal of 4,500 units). From 2011 through 2015, 53 percent of the stretch goal already had been completed. Aside from the impressive numbers and results so far, the noteworthy aspect of this development is that it was

27 Department of Housing and Urban Development, *Affirmatively Furthering Fair Housing, Final Rule*, Federal Register, Vol. 80, No. 136, Thursday, July 16, 2015, p. 42279, available via https://www.hudexchange.info/resources/documents/AFFH-Final-Rule.pdf

accompanied by a community plan that explicitly aimed to prevent displacement and promote integration by preserving opportunities for small businesses and lower-income households.[28] Community group participation was key in advocating for three additional rail stations that served lower-income neighborhoods. Advocates also pressed for the establishment of numerical goals related to affordable housing in order to ensure income diversity and prevent displacement.[29]

South Florida Community Land Trust

NCRC member organization South Florida Community Land Trust (CLT) has been developing rental and homeownership units on land trusts in Broward County, Florida. According to Mandy Bartle, the executive director, homeowners in Community Land Trusts (CLT) can save up to $500 per month when compared to renting. Yearly savings can equal up to $6,000.

South Florida CLT now wants to expand into Miami. In some communities like Little Haiti, the real estate market is so brisk that the majority of housing units can be sold in as little as six years, making it difficult for long-term residents to keep up with the price appreciation. Local businesses also confront rapidly rising rents. Bartle says that a couple of large banks have provided operating support to her nonprofit organization so that she can explore expansion into Miami.

Interestingly, the smaller banks have been more engaged in providing mortgages to properties on community land trusts than the larger banks. Larger banks tend seek standardized loan products that can be readily replicated across several markets, whereas CLT mortgages still require a more customized approach which remains the niche of smaller banks. Hopefully, this is changing as the Government Sponsored Enterprises (Fannie Mae and Freddie Mac) develop underwriting approaches for CLT mortgages. Hopefully, a more rigorous application of CRA can lead to more CLT-related lending by banks of all sizes.[30]

Preventing the Eviction of Low-Income Tenants

Opportunities for profit and hot housing markets are not kind to lower-income tenants. In California, a state law called the Ellis Act allows investors to evict tenants from rent-controlled buildings and then upgrade the building and convert it to condominiums. Banks have financed

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28 Presentation of Jonathan Sage-Martinson, Director, Planning and Economic Development, Saint Paul, Minnesota, May 2016, available at https://www.philadelphiafed.org/community-development/events/2016/research-symposium-on-gentrification. Also see http://www.metrocouncil.org/News-Events/Transportation/Newsletters/METRO-Green-Line-has-been-magnet-for-housing-devel.aspx

29 Central Corridor Funders Collaborative, *About Community, Not a Commute: Investing Beyond the Rail*, June 2016, p.16, available via http://www.funderscollaborative.org/wp-content/uploads/2016/03/CCFC2016-LegacyReport-Final-Web.pdf

30 NCRC Interview with Mandy Bartle, June 2016.

this type of displacement by issuing loans to investors who then invoke the Ellis Act. A coalition of community organizations led by the California Reinvestment Coalition (CRC) persuaded First Republic Bank to halt issuing "displacement mortgages." First Republic has committed to asking applicants if they intend to invoke the Ellis Act and will not issue a loan to an applicant(s) who indicates that is their intention.[31] First Republic has also committed to seeking opportunities to provide loans to nonprofit organizations that seek to preserve low-income rental housing threatened by conversion pressures. CRC and its allies will work to ensure that banks do not receive favorable CRA consideration for issuing displacement mortgages but instead earn CRA consideration for loans to preserve low-income housing.[32]

Asian and Pacific Islander Communities:
Working With Local Neighborhood Advocates to Prevent Displacement

In several large cities around the country, Chinatowns provide rich and diverse communities often near CBDs. In a new publication, the National Coalition for Asian Pacific American Community Development Council (CAPACD) and the Council for Native Hawaiian Advancement (CNHA) state, "As communities of color were redlined, forbidden to purchase homes, and segregated into cultural ghettos for the larger part of United States history, native lands and ethnic neighborhoods served as spaces for survival. Our historic Asian American and Pacific Islander districts, once neighborhoods of opportunities next to downtowns, now find themselves on the verge of extinction, threatened by skyscrapers, transportation projects, convention centers, and sports stadiums on all sides. The arc of justice has opened opportunities, but the power of capital to displace remains the same."

In order to prevent a zero sum situation where the winners are new developments and affluent in-movers and the losers are long-term neighborhood residents of color, a critical first step is for the public and private sector to work with long-time community organizations. For example, in San Francisco, California, the Chinatown Community Development Center (CCDC) responded to change by spearheading the Chinatown Master Plan in 1987. The Master Plan developed a number of mechanisms to prevent displacement, such as one-for-one replacement housing for any demolished housing and requiring office space set-asides for local businesses.

The CAPACD and CNHA publication offers a number of case studies in which neighborhood-based organizations worked with stakeholders to establish integration strategies, such as a

31 California Reinvestment Coalition, *Community Organizations Respond to First Republic Bank's New Policy to Stop Financing Displacement Mortgages*, September 3, 2015, available via http://www.calreinvest.org/news/community-organizations-respond-to-first-republic-banks-new-policy-to-stop-financing-displacement-mortgages

32 Josie Huang, Southern California Public Radio, *CA Bank Won't Make Loans for Ellis Act Rental Properties*, September 7, 2015, http://www.scpr.org/news/2015/09/07/54206/bank-refuses-to-make-loans-for-ellis-act-propertie/ and David Dayen, *Banks Get Credit for Helping the Poor – By Financing their Evictions,* August 24, 2015, https://theintercept.com/2015/08/24/banks-get-credit-helping-poor-financing-evictions?

multi-million dollar mitigation fund for small businesses near a light rail development in Seattle and targeting municipal-owned parking lots and other public lands for affordable housing development in Boston.[33]

Review of CRA Exams

In order to gain an approximate sense of the frequency with which the CRA Q&A guidance on gentrification is employed on CRA exams, NCRC constructed a sample of large bank CRA exams and looked at descriptions of bank financing in large cities undergoing gentrification. An assumption for the development of the sample is that the largest bank CRA exams will most likely have the most detailed descriptions of community development activities. In addition, the largest cities with neighborhoods experiencing discrimination will probably have the most examples of efforts to promote integration in gentrifying neighborhoods. Accordingly, NCRC choose 10 of the largest banks by asset size with recent CRA exams. NCRC also selected a sample of 14 large metropolitan areas experiencing gentrification (more details on this methodology in appendix below).

Since not all of the banks operated in each metropolitan area selected by NCRC, the sample ended up with 63 metropolitan areas. Of these metropolitan areas, the CRA exams identified community development lending or investment projects in gentrifying neighborhoods in just three instances, or just five percent of the time. These three examples include a housing investment by HSBC Bank in Manhattan, a U.S. Bank economic development investment in Seattle, and a Capital One construction loan for low-income housing in a gentrifying area in Northern Virginia.

Of the three examples in which banks received favorable consideration for activities in gentrifying neighborhoods, the CRA exams did not adequately describe the context in two of the cases. For example, NCRC supplemented the CRA exam's description of a HSBC investment by retrieving a recent newspaper article that identified the area in Manhattan, Hell's Kitchen, as an area experiencing gentrification.[34] HSBC's investment was laudable in that it preserved more than 1,688 units of affordable housing, but would have been identified as even more responsive to a need (preserving affordable housing and integration in a gentrifying neighborhood) if the CRA exam fully described the activity as occurring in a gentrifying neighborhood. The CRA exam's narrative was even less detailed in the U.S. Bank case. NCRC classified the activity as likely occurring in a gentrifying area since it occurred near downtown and involved helping smaller businesses remain and thrive. As described above, the most intense gentrification pressures often occur in neighborhoods near downtown.

33 *National Coalition for Asian Pacific American Community Development and Council for Native Hawaiian Advancement, Anti-Displacement Strategies*, Spring 2016, available via http://www.nationalcapacd.org/announcements/national-capacd-cnha-release-report-displacement-aapi-neighborhoods

34 Dana Schulz, *Hell's Kitchen, Once the 'Wild West,' Now Undergoing Rapid Gentrification*, posted on 6sqft.com on April 30, 2015, https://www.6sqft.com/hells-kitchen-once-the-wild-west-now-undergoing-rapid-gentrification/

The Capital One CRA exam provides more detail than the other two exams. It states that Capital One financed a 90-unit affordable housing property in the Ballston corridor in Northern Virginia, an area experiencing "rapid urbanization and conversion of rental units to high-end, for-sale condominiums." NCRC corroborated that the area was experiencing gentrification by finding a Washington Post article on the topic.[35] Even though the exam provided more detail, it still does not explain the full significance of the activity in terms of promoting integration in a changing neighborhood. It also does not describe if the Capital One investment was part of a government or nonprofit plan for the area per the guidance outlined in the CRA Q&A document.

Here are the descriptions of the community development lending and investing in gentrifying neighborhoods that NCRC found in its review of CRA exams:

HSBC Bank USA, NA - $195 billion in assets, 2012 OCC exam

One example of the bank's investment responsiveness is a $50 million investment in Manhattan Plaza. This investment helped to preserve 1,688 units of affordable housing in the Hell's Kitchen area of Manhattan. Tenants' rents are subsidized by HUD's Section 8 and New York's Mitchell-Lama programs.[36]

U.S. Bank, NA 2012 OCC exam

Four NMTC investments totaling more than $50 million to renovate a nine-acre historic district in downtown Seattle, which is home to 250 small owner-operated businesses, 100 seasonal farmers, and 200 arts and craft vendors.[37]

Capital One, NA 2011 OCC exam

In June 2010, CONA provided a $7.6 million loan to fund the construction and permanent financing for a 90-unit affordable housing property in Arlington, VA. All of the units will be affordable to low- and moderate-income families earning up to 60% of area median income…. The construction of this housing development addresses an important community need, as it will replace 24 apartments lost through a land trade and add 66 new apartments to Arlington's supply of affordable rental housing. In addition, the development is located in the growing Ballston corridor, which has seen the loss of many affordable units to rapid urbanization and conversion of rental units to high-end, for-sale condominiums. The development's location provides ready access to everyday community services, as it is located within walking distance of bus lines and Metro lines providing access to employment centers.[38]

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35 Patricia Sullivan, *Entrepreneurs and residents along Columbia Pike wait to see what redevelopment brings*, *Washington Post*, July 27, 2013, see https://www.washingtonpost.com/local/businesses-watch-and-wait-for-columbia-pikes-future/2013/07/27/2dc9ee4c-cc8b-11e2-8845-d970ccb04497_story.html

36 CRA exam of HSBC Bank, OCC, 2012, http://www.occ.gov/static/cra/craeval/nov13/24522.pdf

37 CRA exam of U.S. Bank, OCC, 2012, https://www.usbank.com/pdf/community/2012.03.31_USB_NA_CRA_PE.Final.pdf

38 CRA exam of Capital One, OCC, 2011, http://www.occ.gov/static/cra/craeval/feb12/13688.pdf

It is not clear why the instances of financing pro-integrative projects in gentrifying neighborhoods on large bank CRA exams are not prevalent. One possibility is that CRA exam descriptions of complex projects tends to be sparse. In the case of large bank exams, the CRA exam narrative often runs hundreds of pages long, so examiners might be attempting to cut down on page length. Yet, financing projects in gentrifying neighborhoods should be highlighted because these projects are responsive, innovative, and complex.

There are better ways to cut down on page length than sparse descriptions of community development financing. For example, in the retail lending section, it is common to see almost the exact same sentences with a few different words in several geographical areas describing whether a particular lender has made a higher or lower percentage of loans to low- and moderate-income borrowers or census tracts. This type of repetitive narrative can be cut down through the use of well-designed tables summarizing how a lender performs relative to its peers in retail lending. In this way, more space can be devoted to describing when community development is particularly responsive to needs, innovative or complex. The examiners should also describe which particular Q&A they are referencing in cases of pro-integrative financing in gentrifying neighborhoods.

Another possible explanation for the apparent lack of financing in gentrifying neighborhoods is that banks may be looking for the safest ways to gain favorable CRA consideration. Financing projects for low- and moderate-income people in low- and moderate-income neighborhoods is the surest means to gain favorable CRA consideration. On the other hand, banks may be hesitant to commit substantial resources and pursue mixed-income projects in gentrifying neighborhoods despite the Q&As that sanction such projects. Part of the issue may be lack of regular communication between banks and CRA examination personnel to provide overall guidance on how projects will be considered on CRA exams. It would seem that an imbalance such as financing channeled solely to economically distressed neighborhoods or focused mainly on gentrifying neighborhoods would be less favorably received than when financing is more balanced across these different neighborhoods. Performance context analysis should also reveal when large cities experience significant gentrification in several neighborhoods and thus indicate a need for pro-integrative financing in gentrifying neighborhoods. Also, in the wake of HUD's AFFH rule, CRA examiners should be promoting a mix of financing for distressed neighborhoods and gentrifying neighborhoods in efforts to promote economic revitalization in the former and integration in the latter.

Recommendations

Below are recommendations for various stakeholders. If the stakeholders collaborate, chances are that efforts to promote integration in gentrifying neighborhoods will reach larger scale and be more successful.

Community Groups

Community groups should participate in the AFH process and ensure that jurisdictions have plans for integrating gentrifying neighborhoods and are involving banks in these plans. Community groups should review bank CRA exams to determine if banks are promoting integration in their lending products and programs. They should also insure that local bank activities are not displacing lower-income residents and are instead promoting integration. Community groups should engage in regular dialogue with bank CRA officers regarding efforts to promote integration.

Local Public Agencies

When developing their AFH plans, local jurisdictions must implement community input and public meeting requirements rigorously and solicit community organization and bank participation in efforts to promote integration. Banks should be asked to develop products and participate in local agency programs that help maintain affordable rental and homeowner units in gentrifying neighborhoods. Local agencies should target gentrifying neighborhoods as areas in which they will promote integration.

Local jurisdictions should analyze data and assess neighborhoods in a manner similar to Mallach's typology described above to figure out which neighborhoods are gentrifying and to target these neighborhoods for the anti-displacement and pro-integration tools and programs.

Banks

Banks should incorporate maintaining integration in gentrifying neighborhoods as an explicit part of their CRA strategy. With community groups, they should discuss and consider the development of products and programs like low down payment loans for lower-income homeowners or participating in Tenant Opportunity to Purchase Act (TOPA)-like processes to preserve housing for low-income tenants. They should work with community groups and local public agencies in developing AFH plans that promote integration.

Regulators

CRA examiners should improve performance context analysis on CRA exams to identify cities and neighborhoods experiencing significant amounts of gentrification (CRA examiners and researchers at the agencies can consult with the academics mentioned and tools described in this publication to identify gentrifying areas). CRA examiners should then view pro-integrative bank financing in gentrifying neighborhoods as responsive to needs and eligible for favorable CRA consideration. When CRA examiners identify community development investments or loans that promote integration in gentrifying neighborhoods, they should explicitly discuss this on CRA exams as well as cite the Q&A that supports their findings. This would promote discussion and replication of the bank loans and investments. The agencies should also generate case studies illustrating successful integration programs based on findings from CRA exams.

NCRC has long advocated for the development of a publicly available data on community development loans and investments that would be similar to the HMDA and small business data. Ideally, the annual disclosure of community development loans and investments would be at the census tract level so the public knows exactly which neighborhoods, including gentrifying ones, are receiving community development financing.

Conclusion

Despite an increase in the rate of gentrification and regulatory guidance of how CRA exams should consider financing in gentrifying neighborhoods, the number of examples of bank financing that promotes integration in gentrifying neighborhoods is small. In addition, the prominent examples of pro-integrative case studies reviewed in this paper seem to involve local government agencies, foundations, and community-based organizations, but not banks. This must change in order to promote integration as well as better achieve the objectives of both CRA and HUD's recent AFFH rule. This white paper is designed to clarify how banks can receive favorable consideration on CRA exams for promoting integration in gentrifying neighborhoods. It reviews case examples, policy tools, and programs that banks can use and be part of in efforts to promote integration. If stakeholders, including banks, do not take advantage of opportunities to use and mold market forces to promote integration, we are missing significant opportunities to respond to community needs and improve the quality of life for lower-income individuals and people of color that are too often left behind.

Appendix

Methodology for Selecting Banks and Large Cities in Sample of CRA Exams

NCRC used the Federal Financial Institutions Examination (FFIEC) web page for identifying 10 large banks for the sample of CRA exams described in this report. NCRC selected banks with the largest dollar amount of assets on the assumption that these banks would have the most sophistication for engaging in pro-integrative financing in gentrifying neighborhoods. Also, these banks would likely cover the largest number of large metropolitan areas and cities experiencing considerable gentrification. NCRC selected banks with relatively recent CRA exams. The banks selected for the sample included JPMorgan Chase, Bank of America, Wells Fargo, U.S. Bancorp, PNC Bank, Capital One, HSBC North America, TD Bank, Suntrust Bank, and Fifth Third Bank. For a list of bank holding companies by asset size, see http://www.ffiec.gov/nicpubweb/nicweb/HCSGreaterThan10B.aspx.

NCRC consulted a study by Mike Maciag published in Governing magazine in 2015 for a list of cities experiencing the greatest extent of gentrification.[39] The metrics used in the study appeared to coincide with those used in the studies reviewed in this white paper. NCRC then used 14 cities in Maciag's list that were in the top 25 cities in terms of population.[40] The literature reviewed above indicated that gentrification was most intense in the largest cities, so NCRC selected the largest cities in Maciag's list. The cities in our sample included Washington, DC, Seattle, Denver, Austin, New York, Philadelphia, San Diego, Fort Worth, Nashville, Boston, San Francisco, Houston, Chicago, and Jacksonville.

39 Mike Maciag, *Gentrification in America Report*, *Governing*, February 2015, see http://www.governing.com/gov-data/gentrification-in-cities-governing-report.html

40 Census Bureau, Population Estimates, see http://www.census.gov/popest/data/cities/totals/2014/index.html

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