



# CAREER DEVELOPMENT POLICIES IN THE WAKE OF GENTRIFICATION

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## Overview

There are different facets on how to solve issues that arise in the wake of gentrification, which affects those whom heavily populated those areas, minorities and low income residents. On the side note, gentrification is a complex term which may, also, classify a young professional who happens to be a minority. Nevertheless, a significant percentage of minorities, whom reside in urban communities, such as Trenton and Camden, have low income and working class status. These traditional residents contributed to what made urban culture unique, despite numerous systemic obstacles. Nowadays, redevelopment projects are increasingly attracting influx of white, upper – class and young professionals, which is shifting the cultural and economic aspect of urbanization. These redevelopment projects may create a financial burden on disadvantaged residents and small businesses, and as a consequence, compel them to relocate elsewhere. My goal is to identify career development and entrepreneurship policies that will provide equal access to opportunities for economic mobility as a strategy of minimizing displacement. Rachel Meltzer (2016) describes gentrification as:

Gentrification, a term coined by Glass (1964), originally referred to a phenomenon of socioeconomic transition: one in which more affluent and more educated “gentry” enter a low-income neighborhood. These changes can bring new services and access to a wider choice of basic goods, more vital and safer streets, and even local employment opportunities.

There are several proposed reasons why more affluent professionals relocate to areas that were historically considered distressed. One of the reasons may be what attracts them to “urbanized” culture, such as art, diversity, walkable access to public transportation and services, and lower property costs. Many of these benefits were not offered in rural and suburban communities, especially for professionals whom work in major cities.

## **New Face of Urban Culture**

According to (Rachel Meltzer, 2016), gentrification can disrupt commercially driven neighborhood identities and introduce services and products that do not serve incumbent residents. Gentrified communities have constructed newly built luxurious homes, expensive restaurants, and retail stores that conform to taste of higher income and young professional residents. “Rising rents (and new investments more broadly) can also influence the kinds of businesses that opt into the neighborhood, and, by association, the range and prices of products that they sell” (Meltzer, 2016). Major companies, such as Starbucks, Barnes and Nobles, and Wholefoods are progressively replacing numerous small “community-oriented” stores, coffee shops, and bookstores. Not to mention, a surge of expensive restaurants that offer healthier and pricier meals, since affluent and young professionals tend to be health conscious. Political leaders will be pressured to implement public policies that will, not only, make streets safer, but create programs that meets the demand of gentrifiers. There is, also, an expansion of state funded art, which offers grants and opportunities for artists to earn income. However, a significant percentage of grants fund art programs that are managed by gentrifiers. Therefore, art in the perspective of minorities and low-income artists may, also, be in danger for displacement. Meanwhile, traditional residents are struggling to keep up with higher costs and transitions that associate with gentrification. According to State of NYC Neighborhood and Housing (2015) that population may struggle with higher rent burdens and run the risk of being priced out of their neighborhoods. As property taxes, housing costs, and displacement increase, these cities gradually change into a new face of urban communities.

Brooklyn is a great example, since the city has proposed and completed major developments throughout the years. During the last few years, affluent residents and young professionals have relocated to Brooklyn areas, such as Bedstuy and Flatbush, which were previously occupied by minorities and low income residents. One of the most striking new additions to the skyline will be the borough’s first “supertall” skyscraper (Alexandra Leon, 2016).

Over the years, there has been an expansion of arts district around the Brooklyn Academy of Music and construction of Barclays arena at Flatbush and Atlantic Avenues (Bagli, 2016). Many luxurious apartments offer a certain percentage of affordable housing, but we would need to examine actual prices and availability. Chances are, the waiting list for affordable housing must be enormous, which forces low income applicants to search outside of the city. Furman Center (2016) was able to construct a chart to show how much rent has increased in the wake of gentrification:

<b>Area</b>	<b>Rent Increase percentage</b>
<b>Williamsburg/Greenpoint</b>	<b>78.7%</b>
<b>Bushwick</b>	<b>44.0% \$</b>
<b>Bedford Stuyvesant</b>	<b>36.1%</b>
<b>Sunset Park</b>	<b>23.9%</b>
<b>Brownsville/Ocean Hill</b>	<b>20.5%</b>

As construction of luxurious apartments increase, we would have to question the fate of nearby public housing that is considered undesirable for affluent residents. Unfortunately, there have been stories about low-residents whom were forced to relocate from communities because their landlords decide to drastically increase rent prices.

### **The Relationship between Income Status and Surviving Gentrification**

The next section analyze income and education attainment of traditional residents, which impacts the ability to afford higher prices from the result of gentrification. In 2014, Brooklyn continued to attract adults with science and engineering college degrees by 12% (Brooklyn Chamber of Commerce, 2016). STEM careers typically pay higher salaries that will allow professionals to afford more expensive housing and services. Several of these professionals may work in Manhattan, but relocated in Brooklyn, when costs were lower than the big city. In 2015, the average annual wage in Brooklyn was \$41,178 compared to \$89,105 in New York City, and \$68,771 in the whole state (Brooklyn Chamber of Commerce, 2016). If a 1 bedroom

apartment costs about \$3,000/month, the average annual wage may not be sufficient to afford higher prices. Since the population of affluent and young professionals increase in Brooklyn, Brooklyn Chamber of Commerce (2016) highlighted the demand of industries that relocated into the area to attract local talents:

<b>Information</b>	<b>23.4%</b>
<b>Healthcare Jobs</b>	<b>45%</b>
<b>Ambulatory Care</b>	<b>10%</b>
<b>Management of Companies and Enterprises</b>	<b>13%</b>
<b>Finance and Insurance</b>	<b>8.5%</b>
<b>Professional, Scientific, and Technical Service</b>	<b>4.8%</b>

Many of these industries require employees with some type of degrees, certifications, and other competitive skills. Based on US Census (2015), a significant percentage of residents, with only a high school diploma or less, may lack certain credentials to attract employers whom pay higher salaries.

<b>EDUCATIONAL ATTAINMENT Brooklyn</b>	<b>Employment</b>	<b>Unemployment</b>
<b>Less than high school graduate</b>	55.3%	12.5%
<b>High school graduate (includes equivalency)</b>	64.1%	10.6%
<b>Some college or associate's degree</b>	70.8%	9.5%
<b>Bachelor's degree or higher</b>	83.9%	5.3%

The educational attainment chart shows Brooklyn residents, with some college experience or degrees have a higher percentage of employment. Hence, increase the possibility of displacing residents with the lowest level of skills, since they struggle to obtain employment.

<b>Race Brooklyn</b>	<b>Employment</b>	<b>Unemployment</b>
<b>Hispanic (Any race)</b>	54.8%	11.6%
<b>White alone</b>	59.3%	7.5%
<b>Black or African American alone</b>	53.6%	13.8%
<b>American Indian and Alaska Native alone</b>	51.1%	14.3%
<b>Asian alone</b>	58.1%	8.2%
<b>Native Hawaiian and Other Pacific Islander alone</b>	67.5%	6.0%

<b>Some other race alone</b>	55.7%	10.5%
<b>Two or more races</b>	60.8%	11.1%

The US Census (2015), also show that minorities have the highest percentage of unemployment compare to their white counterpart, particularly Hispanics, Native Americans and African Americans. Therefore, Hispanics and African Americans face the greatest threat of displacement from their communities, which negatively impacts diverse representation. Granting, there may be other factors, besides credentials, that create obstacles for minorities to obtain livable wage employment. Researcher would have to examine the connection between minorities with degrees and certifications, their employment status, and income status. A major issue is that employment does not guarantee residents to live above poverty level. US Census (2015), does show the percentage of workers whom are employed in jobs, but may still experience a possibility for displacement.

<b>POVERTY STATUS IN THE PAST 12 MONTHS in Brooklyn</b>	Employment	Unemployment
<b>Below poverty level</b>	36.1%	27.4%
<b>At or above the poverty level</b>	76.7%	7.0%

In New Jersey, the former WIA, which is now WIOA grant, was created to train lower skilled and dislocated workers for careers that are in demand. Many students had the opportunity of completing either 2 year degrees or certifications so they can re-enter the workforce and earn higher wages. That program can potentially become a framework for other gentrified communities, like Brooklyn, so that struggling natives can be qualified for higher paying salaries and afford higher rent prices.

### **How Entrepreneurship Should Play a Role in the Wake of Gentrification**

According to Brooklyn Chamber of Commerce (2016), Forbes further predicts that by 2020, 50% of the U.S. workforce will be freelancers (not all of them will be full-time freelancers, but they will be in some capacity). Statistic from Brooklyn Chamber of Commerce (2016) shows

that increasing percentage of Brooklyn residents are increasingly forgoing jobs and stagnant wages to start businesses.

	<b>2005-2009</b>	<b>2010-2014</b>	<b>Increase</b>
<b>Incorporated</b>	<b>29,474</b>	<b>33,014</b>	<b>3,540 12.0%</b>
<b>Unincorporated</b>	<b>98,819</b>	<b>106,264</b>	<b>7,445 * 7.5%</b>

One major issue is that traditional residents may not know how to research for resources that will assist them with starting businesses. Not to mention, minorities and women more likely experience obstacles when starting and managing businesses.

Based on the research completed by NYC comptroller (2016), “Minority- and women-owned business enterprises (M/WBES) comprise just over half of all firms in New York City, with 539,447 minority-owned firms and 413,899 women-owned firms”. In essence, a significant percentage of minorities and women own businesses play a major role in job creation for NYC. Minority Business Development Agency (2016) was able to highlight multiple barriers that minorities and women tend to experience, which may negatively impact their success.

**FREQUENCY OF BARRIERS IDENTIFIED BY M/WBES**

<b>Networking Barriers</b>	<b>86%</b>
<b>Bonding Requirements</b>	<b>83%</b>
<b>Receiving Timely Payment</b>	<b>78%</b>
<b>Access to Capital</b>	<b>77%</b>
<b>Discriminatory Attitude</b>	<b>66%</b>
<b>Late Bid Notification</b>	<b>64%</b>
<b>Large Project Sizes</b>	<b>60%</b>

<b>Insurance Requirements</b>	<b>56%</b>
<b>Higher Standards</b>	<b>49%</b>
<b>Bid Shopping</b>	<b>43%</b>
<b>Capability Stereotypes</b>	<b>42%</b>
<b>Held Bid</b>	<b>41%</b>
<b>Double Standard</b>	<b>34%</b>
<b>DBE Stigma</b>	<b>14%</b>

Based on the report, Minorities and women owned businesses are receiving insufficient amount of funding to start businesses. “In Fiscal Year (FY) 2016, the City procured \$15.3 billion worth of goods and services, but only 4.8 percent went to M/WBEs. In total, only 994 certified M/WBEs received payments from the City during the entire fiscal year”. (NYC Comptroller, 2016). Wealth gap, especially between minorities and their white counterparts is extensive, which diminishes a chance for them to obtain enough capital or collateral. “Black households own an average of \$85,000 in wealth and Latino households own an average of \$98,000, compared to \$656,000 for White households” (NYC Comptroller, 2016). Wealth gap may, also, contribute to the reason why an increasing number of White affluent professionals are controlling the urban scene, while minorities experience displacement. When you are experiencing complications, such as; low credit or lack thereof, and high debt, your dream in building wealth diminishes.

Consequently, as property taxes doubles or triples, rental business properties drastically increase, which place small and minority owned businesses at a disadvantage. Today’s economic success depends heavily on your network, but the research shows that minorities will less likely obtain this type of support. Experiencing negative stereotypes and discrimination coerce minorities into working two times harder, compare to their white counterpart, to win

contracts. In addition, many minorities may not have the resources that will allow them to search for and bid on contracts in a timely manner. According to the chart from Comptroller (2016), not only minorities experiencing difficulty receiving financial support, but also generate enough revenue to create adequate local jobs.



### Conclusion

White, professionals, and upper class will continue to transform the cultural and economic aspect of urbanization, despite opposition from traditional inner city residents. Building wealth may play a significant role in allowing traditional residents to take back some control of their neighborhoods. Low income residents will continue to experience hardship and displacement unless they develop a mindset of working towards increasing their wealth. Most importantly, complete educational programs that will train for industries that pay higher wages. Not to mention, expand credit building and financial workshops so that these individuals gain more knowledge on how to handle their finances.

Another proposal is expanding STEM and entrepreneurship programs in K-12 schools that are heavily attended by minority and low income students. Training inner city youth to

become innovative and entrepreneurs is beneficial, since they are impressionable, flexible, and have fewer responsibilities. Communities should organize mentor programs that will introduce inner youth to highly skilled careers, especially professions in leadership positions. For an example, programs should introduce students to careers in government or law enforcement with hopes that they will develop interest in those fields. The most effective mentors would be professionals whom grew up in impoverished communities so that students recognize that success is possible, despite circumstances.

Minority and women entrepreneurs may have to consider participate in political process so they can advocate for policies that will minimize barriers to grow their businesses. Most importantly, State funded MWBE programs should assertively expand their outreach and free workshop programs in inner cities. Rising Tides, a non-profit entrepreneurship program, has been providing small business workshops for low-income residents in cities, such as Elizabeth. Since, discrimination is a reality, increasing the number of minority and women owned businesses may play a critical role in creating career opportunities for their communities. Encourage young artists to advocate for grants so they can introduce art to the community based on their perspectives.

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