The Oak Park Redevelopment Plan: Housing Policy Implications for a Community Undergoing Early Stage Gentrification

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Introduction

Oak Park, the first suburb of Sacramento, California established in 1889, was granted annexation by the city of Sacramento in 1911. The neighborhood was the most prosperous when inhabited by northern Europeans and continued with the influx of southern Europeans during the 1920s, until the turn of the 20th century. This prosperity was highlighted by Oak Park's historic amusement park, Joyland, as well as the trolley system that connected Joyland to the downtown area, and the California State Fair Grounds that were originally located in Oak Park. Though the community experienced significant development until the 1920s, an abrupt decline in the 1930s was initiated by a national economic depression from which Oak Park never recovered.

Oak Park was economically devastated by the Great Depression, which caused many businesses to leave the area, including the city’s amusement park, Joyland, in 1927, and the abandonment of the trolley system. The community’s inability to recover from the Great Depression, coupled with the growing suburban sprawl of inexpensive post-World War II track housing, created conditions for ‘white flight’ which gradually diminished the city’s tax base and political influence as property values plummeted (Simpson, 2004). Furthermore, the construction of Highway 99 in the 1950s “split [the adjacent communities of Land Park and Oak Park] (see appendixes A) which virtually guaranteed [Oak Park’s] urban blight that would follow in the 1960s and 1970s,” while with the construction of Highway 50 to the north isolated Oak Park from downtown (Simpson, 2004, p. 7).

Oak Park’s economic decline escalated in 1968 when the California State Fair Commission decided to move the fair grounds from its original location in Oak Park into northern Sacramento, which further contributed to Oak Park’s economic decline due to lost revenue generated by tourism and property taxes.

During the 1950s and through the 1970s, Euro-American middle- and upper-income suburban enclaves emerged outside of Sacramento’s urban core, while Oak Park experienced an influx of African Americans into its community. During this time, African Americans made up 40-50 percent of the population (Dingemans, 1979; Decennial Census, 1960 & 1970). The outmigration of affluent, Euro-American residents took with them the tax base, political and social networks, and economic power that historically maintained the neighborhood. Also, during this time, Oak Park and similar neighborhoods were “redlined” by mortgage lenders. Redlining is a lending practice that discriminates against minority and low-income neighborhoods and creates a racial disparity of access to homeownership, which limits the ability of these residents to accumulate wealth, in comparison to their Euro-American counterparts (Ross & Tootell, 2002; Wyly & Holloway, 1999). A 1976 study on the redlining and mortgage lending practices in the Sacramento area indicated a distribution disparity of mortgage loans. In addition, it was revealed that “high correlations also indicate strong associations between mortgage lending and ethnicity characteristics...[emphasizing that] the level of lending is low near centers of black concentrations in the southeastern and northern sectors” of Sacramento. (Dingemans, 1979, p. 229-230). The Oak Park neighborhood falls directly into this geographic designation.

The redlined neighborhood and its inability to maintain and attract businesses and homeowners led to a continual decline which coincided with an increase in crime. In response to the increasing crime rates in Oak Park, Sacramento’s police department enforced a strong ‘law and order’ policing strategy that alienated and racially discriminated against Oak Park residents. This strategy resulted in a police raid of Sacramento’s Black Panther Party branch located in Oak Park (Simpson, 2004). On June 15, 1969, a six hour gun fight ensued between police and party members that resulted in one police death, 10 wounded and 37 arrested (“Racial Tension Erupts in Sacramento,” 1969). This violent and racially motivated incident sent a warning signal to the city of Sacramento.
that community leaders and elected officials needed to come together and find solutions for the plight of the Oak Park community ("Sacramento 'Summit Meeting' Proposed," 1969). On August 21, 1969, one month after the racial conflict, the city Council of the city of Sacramento designated the area of Oak Park for redevelopment (see appendix A), obtained federal funds from HUD in 1971, and adopted the Oak Park Redevelopment Plan on January 9, 1973 (SHRA, 1973). The goal and objective of the redevelopment plan is "to revitalize the Oak Park Neighborhood and to create a viable and attractive urban residential community," achieved by "major policy decisions regarding Oak Park" (SHRA, 1973). Though the policy was recast as a redevelopment plan, it is actually an Urban Renewal Plan as defined in the Housing Act of 1949 (SHRA, 1973).

Statement of Purpose

The purpose of this research is to: 1) critically examine the Oak Park Redevelopment Plan and its implementation strategies; and 2) to investigate whether this redevelopment policy is a catalyst for gentrification that creates inequities and contributes to the plight of the poor. The Oak Park Redevelopment Plan is designed to "provide a forward looking, imaginative and realistic approach to revitalize an older area of the City and to recreate a viable, attractive urban residential community for the future" (SHRA, 1973 p. 1). In order to better understand how this redevelopment project will impact the social, political, economic, and demographic future of Oak Park it is important to know: 1) For whom is this "viable and attractive community" intended; 2) Is the gentrifying policy a means to a better end.

Literature Review

The following literature review focuses on several issues that provide insight into the gentrifying causes and implications of local governmental redevelopment policy, including: • the Sacramento Housing & Redevelopment Agency’s [SHRA] Redevelopment Plan of Oak Park, • the role of private investment and other institutions in urban redevelopment, and • a brief comparative study of a community undergoing gentrification. Although there are a multitude of gentrification-related topics, this review of the literature places a stronger emphasis on policy and market oriented issues and to a lesser degree on social issues, such as social division and community conflict, though these issues are equally important.

The reinvestment in historically disenfranchised urban neighborhoods and the subsequent influx of the middle- and upper-classes into the urban core have changed the urban landscape. Scholars of urban policy refer to this process as gentrification. The term, first coined by Ruth Glass (1964, p. xvii), describes the process by which a working-class neighborhood is replaced by the middle- and upper-class. She notes, "Once this process of 'gentrification' starts in a district...working-class occupiers are displaced and the whole social character of the district is changed." According to Wyly and Hammel (2004), gentrification is "the class transformation of urban neighborhoods that were devalorized by previous rounds of disinvestment and outmigration," a trend plaguing neighborhoods disproportionately populated with low-income residents. For the purposes of this study, gentrification will be defined the processes in which the in-migration of middle- and upper-classes into disinvested urban areas, by way of public policy and market forces, displaces low-income residents, resulting in a change in character and ecology of the neighborhood (Glass, 1964; Smith, 2002; Atkinson, 2002, 2004; Wyly & Hammel, 2001, 2004). As the definitions indicate, gentrification has a significant impact on neighborhoods. The process supports the turnover of race and class in the urban landscape, thus reconstructing the urban space exclusively for the affluent, largely Euro-American population (Wyly & Hammel, 1999, 2004). While many view gentrification as an urban policy cure, the remedy comes at the expense of the low-income and long time residents who pay a sizeable social cost, their family’s ability to stay in Oak Park (Lees, 2000).

Connections Between Public Policy and Gentrification

According to Atkinson (2004), governments do not consider how their redevelopment efforts may initiate and support gentrification in urban, low-income neighborhoods once their redevelopment goals are met. Redevelopment efforts change the ecology of neighborhoods, typically a change that does not embrace low-income residents and threatens their tenure in the community. Though the housing market and the flow of new capital into the neighborhood has been cited as one of the primary causes of displacement, oftentimes referred as “Rent Gap Theory” (Smith, 1979), it is critical
to redirect attention to examining the extent to which the city’s redevelopment plan for Oak Park protects low-income residents and who specifically benefits from the redevelopment.

Following is a discussion that expands on the question of why local governments neglect to scrutinize any gentrifying characteristics that may arise from their redevelopment policies. A study conducted by Newman (2004) revealed that local governments have little incentive to assist low-income residents during the redevelopment of their neighborhoods because they are not the targeted consumers of private investment. With the added pressure of the devolution of federal housing programs in an era of a dismantling welfare state, urban policy makers at the local level rely on the deconcentration of poverty, mixed-income housing projects, and the re-introduction of the middle and upper class homeownership as an effective redevelopment strategy (Hammel & Wyly, 1999; et al. 2004). Cameron (2003, p. 2372) describes another form of gentrification that is driven by “neither gentrifiers, nor capital, but public policy,” emphasizing the intent of the redevelopment strategy is the displacement of the low-income and economically inactive ‘social tenants’ with a higher social stratum of owner-occupiers that have comparatively higher incomes and social status. Parallel to these findings, Levine’s (2004) study of the relationship between government policy and gentrification suggests that “gentrification is not solely the result of a natural phenomenon and market forces; it is also the result of government policy shaped by strong pro-development interests” (p. 89).

In addition, there is a link between the inequities faced by low-income, urban residents within their neighborhoods and local governmental policies that act as catalysts of gentrification, an outcome that favors deregulation, privatization, and more influential groups over others (Atkinson, 2004; Dávila, 2004). The literature confirms that local governments have turned a blind eye towards the gentrifying implications of their redevelopment policies and would rather address the physical barriers of the neighborhood rather than the social barriers that contribute to the neighborhood’s continual decline and neglect.

**Market Causes of Gentrification**

Some experts explain the cause of gentrification as ‘supply constraints and speculative gains’ of property owners and real estate investors in urban neighborhoods. In a seminal study, Smith (1979), discusses the concept “Rent Gap Theory,” a theory that explains how the disinvestment and re-investment into low-income and urban neighborhoods exacerbates gentrification. Smith (1979; 1987) summarizes that real estate and property owners disinvest out of a neighborhood and create conditions that result in a substantial ‘rent gap.’ Rent gap is defined as “the gap between the actual capitalized ground rent (land value) of the plot of land given its present use and the potential ground rent that might be gleaned a ‘higher and better use’” (Smith, 1987 p. 462). Once the rent gap or difference between the actual and potential property value has substantially grown, investment capital begins to flow back into a neighborhood in the form of redevelopment. According to Kennedy and Leonard (2001), this newly viable market serves as a natural phenomenon, and provides a high rate of economic return (Smith, 1996). The intent of Smith’s (1979, 1987, 1996) analysis is to demonstrate how governmental redevelopment policies along with strategic investment practices act as catalysts for gentrification that change the housing stock and produces an “economic change in the land and housing market,” which are critical indicators of gentrification (p. 463).

**Consumption-Cultural Causes of Gentrification**

Contrary to Smith, Ley’s (1986) classic study of gentrification focuses attention not on housing markets and capital flow, but on the consumption-cultural preferences of the migrating middle- and upper-middle classes into the urban neighborhoods. Ley labels this migration as “The Embourgeoisement of the Inner City.” This new emerging urban class can be characterized as a community of ‘urban pioneers,’ rejecting suburban conformity preferring a more cosmopolitan lifestyle of culture and identity. This is important, because ‘embourgeoisement’ can only be accomplished with the process of redevelopment of urban and low-income neighborhoods (Ley, 1986). The neighborhood redevelopment attracts the affluent class because of its proximity to downtown amenities, an urban culture, and a new service-economy that caters to the middle-class, such as cafés (Starbucks), art galleries, theater houses, as well as architecturally unique homes, and the premium of a short commute (Meligrana & Skaburskis, 2005; Comey, Levy, & Padilla, 2006; Silver, 2006). As these studies reveal, such redevelopment in low-income urban neighborhoods is done to provide amenities and a physical upgrade of the housing stock for the in-migrating middle- and upper-classes. However, the redevelopment paints a different picture when posed with the following question: Is the
Gentrification and Displacement

Displacement of the urban poor is the most contested and controversial of all implications in regards to gentrification. A 1978 national housing report prepared by the Department of Housing and Urban Redevelopment, defined *displacement* as:

"Any household...forced to move from its residence by conditions which affect the dwellings or its immediate surroundings, and which:

1. are beyond the household’s reasonable ability to control or prevent;
2. occur despite the household’s having met all previously imposed conditions of occupancy;
3. make continued occupancy by that household impossible, hazardous, or unaffordable" (as cited in Braconi & Freeman, 2004).

As the report suggests, displacement is an involuntary phenomenon beyond the control of the affected residents, for whom future occupancy proves impossible, hazardous, and most importantly unaffordable (Grier & Grier, 2004).

Interestingly, researchers note that displacement in gentrifying neighborhoods involves the “market removal” of low-income residents (Smith, 2002; Atkinson 2004, Dávila, 2004). This removal is accomplished with rent inflation, increased housing prices, and illegal eviction strategies by landlords who are quick to re-convert rental properties into single family homes or condominiums (et al., 2002; 2004; 2004). As the property values of historic urban neighborhoods decrease, the areas becomes more appealing for migrating middle-class residents and realtors to redevelop (Smith, 1987, 1996; Ley, 1996; Hammel & Wyly, 2006). A major concern here is about the social cost for the redevelopment’s success? Who will pay the social cost, and at what price?

Although it is known that such displacement occurs with low-income residents, policy makers need to critically analyze the impact of redevelopment upon these residents. In her study of *El Barrio* in New York City, Dávila (2004) indicates that low-income residents in neighborhoods with high concentrations of public assistance and rent subsidies are extremely vulnerable to displacement. Contrary to these findings, Freeman and Braconi (2004, p. 51) suggest that displacement is “associated with a lower propensity of disadvantaged households to move” out of their gentrifying neighborhoods, based on their study of New York during the 1990s. Though their analysis on gentrification found the displacement of low-income residents inconclusive, the research highlighted that rent regulation was considered a maligned housing policy that has “a certain logic in the context of gentrification,” emphasizing the point of the vulnerability of rental households (Braconi & Freeman, 2004, p. 52). These studies on gentrification point to the vulnerability of low-income residents and their susceptibility to displacement.

Methodology

For this study, the researcher formulated a conceptual framework (CF) diagram to clarify the processes of gentrification and inserted the case study of Oak Park to analyze and discuss in detail the changes that are happening in the neighborhood (Figure 1). The framework is used as a guide to examine the material investment in a café such as Starbucks or a new social program likely to address the needs of low-income residents?
conditions and components of the gentrifying neighborhood. Primary sources were utilized to make links with the most current literature relevant to the study of gentrification. In order to offer a brief historical account of Oak Park’s decline and neglect, archival research, such as news articles and government documents, was used to examine when and why Oak Park became a disinvested neighborhood. In addition, key informant interviews with representatives from several local government agencies were audio-recorded and transcribed, representatives included as the Southern Area Director and Redevelopment Planner of the SHRA, and the Area Director and Neighborhood Services Coordinator for the Neighborhood Services Department Area 3 for the City of Sacramento. The researcher reviewed policy documents related to the redevelopment project and interviewed key informants in order to gain a better understanding of how the initiative is affecting the community of Oak Park. Lastly, quantitative analysis of the census track-level reports was used to measure the community’s vulnerability to further gentrification. Statistical data from the 1960-2000 Decennial Census and the Federal Financial Institutions Examination Council 2007 Census reports for track-level reports 18, 27, and 37 (data from all three track-level reports were averaged together) were utilized to obtain the demographics of the Oak Park redevelopment area.

Findings and Discussion

The researcher chose to focus on the redevelopment policy of Oak Park to create a clearer conceptual framework of gentrification processes and, in particular, to examine the case of Oak Park in order to examine the real material conditions and components of this process, which have serious consequences for people in urban neighborhoods. Here the researcher will reintroduce the conceptual framework into the discussion of the gentrification processes of Oak Park discussed in the methodology section. Though the framework components are sequential, many, but not all, happen simultaneously. As depicted in Figure 1, each component is connected to one another. Gentrification has a cyclical pattern and hierarchical structure with several stages. The process begins and ends with a dominate, Euro-American neighborhood.

Early History of Oak Park

Over 150 years ago, Oak Park emerged as the first suburb of Sacramento, California, located approximately 2 ½ miles south of downtown. This new neighborhood was developed with an elaborately distinct architectural style, such as Victorian Queen Ann, craftsman, vernacular, and bungalow homes. This is an early indication that developers envisioned a middle and upper class neighborhood (Simpson, 2004). During the neighborhood’s beginning at the turn of the 19th century and into the first half of the 20th century, the area was populated with a stable middle- and upper-middle class of Euro-Americans (SHRA, 2003; Simpson, 2004). But by the 1950s and 1960s, Oak Park entered a transitional period.

Community in Transition

The next stage in the cycle of gentrification is neighborhood change. Beginning in the 1950s, Oak Park experienced the ‘white flight’ of the affluent class as they sought residence in inexpensive track homes around the greater Sacramento area, created by suburban sprawl (Quintero, T., personal communication, March 16, 2007). This was a result of the construction of Highway 99, which divided the Oak Park neighborhood in two: the more affluent area west of Highway 99 and the ethnic poor to the east of Highway 99, which resulted with community blight, and the in-migration of ethnic minorities (Simpson, 2004; Quintero, T., personal communication, March 16, 2007; see appendix A). These conditions were a result of the exit of the Euro-American population out of Oak Park, which removed the neighborhood’s stable tax base, purchasing power, political weight, and overall infrastructure as they out migrated elsewhere (Quintero, T. personal communication, March 16, 2007; Bumgardner, E., April 3, 2007). By the 1970s, Oak Park experienced a high
concentration of ethnic minorities. The African American population was as high as 50% in one track-level report and had a total neighborhood average of 39.3% (Decennial Census, 1970).

**Decline of the Community and the Rise of Renters**

As the in-migration of ethnic minorities increased, the Oak Park neighborhood began a steady decline which produced a dominate renting class. Oak Park’s decennial census statistics from 1970 to 2000 (Figures 2 & 3) demonstrate this trend. The figures show that over the span of thirty years, the number of home owners steadily decreased as the renting population emerged as a large majority. As shown, Oak Park has become a magnet for renters. This renting population of 65% is a critical component with in the gentrification [CF] (see figure 1), since the housing tenure of the renting class becomes volatile as property values increase (Smith 1979, 1987, 1996; Braconi & Freeman, 2004; Dávila, 2004). In addition, the increase of renters and decrease of owners indicates the decline in home equity and in affect, property values.

Following the discussion, the researcher also analyzed the demographics of the renting population to further illustrate the vulnerable renting class, emphasizing the neighborhood’s susceptibility to gentrification (see figure 4). The results showed that 34% of the renting class rely on public assistance income, 28% spend 50% or more of their income on rent, and 53.2% occupy pre-1939 homes that have a high architectural value. These statistics are significant for two reasons: 1) It reveals the high poverty rate of renting occupants and 2) Shows how more than half of all renters occupy homes that have historic significance, which are extremely attractive for private investors and homeowners to redevelop and are the first in be on the market and sold (Bumgardner, E., personal communication, April 3, 2007).

Of additional importance is the discussion of renters in Oak Park. The data obtained from the decennial Census from 1970 through 2000, clearly illustrates a problematic trend (see figure 5). The percentage of renters below an income of $10,000 has been steadily decreasing; however, interestingly the percentage of renters who spend 35% of more of their income on rent has continually increased since 1970 (with a peak during the 1990 recession). Analysis of this information suggests that although the wages of the renting population have been increasing, more of their income is going towards rent. The wages of renters are increasing in wages but they cannot keep up with the rising rent costs. These symptoms are producing conditions for further gentrification.

**Redevelopment Policy and In-Migration of the Middle-Class**

In 1973, Oak Park was zoned as a redevelopment zone in order to remedy neighborhood
blight by implementing a tax increment fee, in which home owners pay a percentage of their property value when bought. These funds are then allocated and redistributed by the Sacramento Housing & Redevelopment Agency to be reinvested back in the neighborhood with the purpose of “providing a forward looking, imaginative and realistic approach to revitalize an older area of the City and to recreate a viable, attractive urban residential community of the future” (SHRA, 1973). Yet this process begs the questions: For whom is this “viable and attractive community” intended for and who will be included and excluded from the community’s future? As an implementation policy, The Oak Park Renaissance Community Master Plan was created in 2002 as a strategic revitalizing plan in order to create a ‘sustainable’ and ‘livable’ neighborhood (SHRA). These two polices are shaping the material conditions and processes of the gentrification of Oak Park.

Given the prior discussion on the renting class’ vulnerability in the future of Oak Park, it’s important that policy makers integrate remedies for low-income renter displacement into the redevelopment policy to medicate gentrification. Unfortunately, the research of public policy documents, demonstrates that the priorities of the SHRA’s redevelopment policy for Oak Park has a primary focus on home ownership over rental occupants as a revitalizing strategy. As noted in the Renaissance Master Plan, the “primary goal of the Renaissance Program is stabilize the area through the promotion of homeownership,” indicating a heavy reliance on owner-occupied residents who are in the minority in population comparison to the renting population (SHRA, 2002, p. 56, see figure 2). Interestingly, the Renaissance Plan suggests that “renter families who decide to purchase a home, may move out of the area to purchase a home more suited to their family size,” noting that low-income renter households are not suited for permanent residence (SHRA, 2002, p. 55). The analysis of the policy suggests that the redevelopment initiatives are not geared towards the interests of the low-income renter, but for the interest of the middle and upper classes.

SHRA’s major redevelopment projects in Oak Park are an attempt to attract a new in-migrating middle and upper class back into the neighborhood, which are the last two components of the gentrification conceptual framework before the neighborhood returns back into a Euro-American affluent neighborhood (see figure 1). In conjunction with the St. HOPE Development Company [SHDC], the SHRA has subsidized projects such as the construction of: The Guild Theatre House, the Brick House art gallery, twelve upscale apartments, a Starbucks, Underground Books, and the 4th Street Lofts Project which will house 7 loft style homes and 3 live/work loft homes (SHRA, 2006). All of these redevelopment projects are strictly aimed in attracting middle and upper classes, while providing sheik amenities. SHRA has also renovated several historic Victorian homes as a means of providing a redevelopment catalyst for private redevelopment. Ultimately, “the goal of the redevelopment of Oak Park area is to create an area that private investment wants to come in” and provide private dollars for revitalization (Bumgardner, E., personal communication, April 3, 2007). With all these gentrifying factors including: Oak Park’s designation as a “Buy a Starter Home” neighborhood, the proximity to downtown Sacramento, and “most importantly, its intrinsic qualities of an older, established neighborhood,” places Oak Park under material conditions that have exacerbated the neighborhood’s gentrification (SHRA, 2002; Comey, Levy, & Padilla, 2006).

Limitations

This study was limited to a six-month time period, yet it raises issues policymakers at the local level need to address when they consider a redevelopment plan in historic, urban, and low-income neighborhoods. With more time, the researcher would have investigated the multiplicity of layered issues arising out of the redevelopment plan, such as the changing political landscape that results when an influx of the affluent class gentifies a neighborhood, the social divisions between northern and southern Oak Park residents, historic preservation policy as a catalyst for gentrification, and the community’s perspective about gentrification. In addition, the researcher would have conducted an investigation of adjacent communities to reveal any diffusion of gentrification, interview the director of the St. HOPE Development Company, local real estate mortgage firms, and members of neighborhood churches. Since gentrification has become a ‘dirty word’ in Oak Park, all key informants from the SHRA, who are instrumental in the redevelopment of the neighborhood, ignored forms of communication and made it impossible to conduct any follow-up interviews.
Conclusion

This research study examined the gentrifying implications of the redevelopment policy for an urban community by posing critical questions about gentrification at the policy level, specifically the ways in which we see this process taking place at the particular neighborhood of Oak Park, Sacramento, California. As described throughout the research, the SHRA has utilized its redevelopment policies and encouraged strategic investment strategies to act as catalysts for gentrification. The larger themes of gentrification illustrated by the conceptual framework (see figure 1), such as out-migration, and in-migration of residents, community decline, as well as the policy initiatives that put a premium on redeveloping for the middle and upper classes rather than protecting the housing tenure of the renting poor, suggests a failure of public policy fostering an inclusive and sustainable neighborhood for all Oak Park residents. With the current redevelopment strategy of promoting homeownership rather than initiating tenant protections such as rent control or affordable rental projects, will compromise the neighborhood’s unique ethnic/racial diversity, in addition to its affordability for future generations of residents who will never be able to move into the gentrified community of Oak Park.

References


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