Precarity and Gentrification: A Feedback Loop

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How do rent hikes and labor precarity conspire to reinforce each other against tenants and workers? Samuel Stein explains the mechanisms that link these two trends affecting citizens and calls for a tightening of rent-control laws to stop the spiraling descent of American residents into poverty.

Two of the most commonly discussed features of neoliberal capitalism are precarious labor and gentrified cities. As jobs become increasingly insecure, housing becomes impossibly expensive. Generally, these phenomena are considered separately, or linked only in a broader characterization of contemporary urban politics (Brenner and Theodore 2002; Ross 2009; Haase *et al.* 2009). But in some cities facing the direst extremes of both precarity and gentrification, these processes are not only linked by public policies, but serve to reproduce each other, creating a "feedback loop" of displacement and disempowerment.[1] By focusing on the policies that bind them, however, social movements can fight back and break the cycle of perpetual geographic and social marginalization.

Precarity

Precarity can be defined as workers' position of insecurity in a capitalist labor market (Waite 2009). It is by no means a new phenomenon—there is no such thing as non-precarious capitalism—but it is generally believed to be on the rise. In many ways, this stands in contrast to our image of the Fordist period, when job tenure was relatively long and secure, and widespread unionization provided a layer of protection against arbitrary firing or starvation wages (Freeman 2001). Wage labor today is hard to come by, turns over frequently, is increasingly atomized, and leaves workers with less power over the terms and conditions of their labor (Standing 2011).

Career jobs, whether in factories or in the professional–managerial class, are virtually gone. Today's economy is driven by extremely high turnover and runs on short-term labor. From multi-billion-dollar multinationals (Peck and Theodore 1998) to small Chinese restaurants off suburban highways (Guest 2011), firms are using job placement services to fill their temporary labor needs, and sending their workers packing when the task is done or "new blood" is desired. In this environment, workers across the country and around the world are turning to extreme measures to survive. With apps like TaskRabbit and Postmates, the technologically facilitated "gig economy" has stepped in to allow precarious workers to bid against each other for small jobs offered by people with more money than time (Friedman 2014). Even veterans of a more secure labor market are suffering from the condition of precarity. Every year, thousands of elderly "workampers" provide

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[1] Take, for example, a 32-year-old adjunct professor (who happens to be the author of this article). Over the past 11 years living in New York City, I have held approximately 16 jobs and lived in 11 different apartments, nine of them rent-stabilized. Changing jobs was not the only reason I moved frequently, but often it was an important factor. Each time my job and housing combination changed, I helped a landlord collect higher profits and I felt a little less economically secure in my city.

cheap labor to companies like Amazon in exchange for a place to park their RVs (Bruder 2014). All of these factors add up to an exploitable, disorganized, unstable and—most importantly to this argument—mobile labor force.

Gentrification

As precarity becomes the norm, so too has gentrification moved from being an exceptional phenomenon in disinvested cities (Berry 1985) to a nearly ubiquitous marker of rising urban land and real-estate values (Wyly and Hammel 1999). Gentrification can be a "chaotic" concept (Beauregard 1986), but it is generally understood as a strategy for extracting profit from the city's raw materials (i.e. its land and its buildings), a process of reinvestment in disinvested urban spaces, and, most fundamentally and materially, the replacement of poorer people with richer inhabitants (Lees *et al.* 2013). Gentrification is principally an economic process, whereby cities become a renewed site for speculative investment and a spatial fix for capital (Smith 1979). But in order to meet that economic aim, gentrification must also take on a political dimension, altering public policies to facilitate this uneven development (Peck and Tickell 2002).

In many cities with a robust history of housing activism and a relatively responsive government, this means rolling back longstanding tenant protections and rent regulations. New York, Berkeley (California), Cambridge (Massachusetts) and many other cities have seen systematic attacks on long-standing practices of limiting private rents (Gurian 2003; Barton 2012; David 2012). Though different in every city, all rent-control schemes aim to keep a lid on the private rental market. In San Francisco, rent-controlled apartment price increases are strictly limited during a resident's tenure, but can escalate to current market levels upon vacancy and turnover. In New York, where nearly half of the private rental market is subject to rent stabilization or rent control, the rents in regulated units rise slowly during a tenant's lease period, but upon vacancy the landlord's menu of rent-gouging mechanisms grows substantially.[2] In both cases, landlords are highly incentivized by the system to harass and evict long-term tenants, and maintain a steady stream of transient residents. Tenants, then, are not just displaced by gentrification's outcomes—higher rents, higher property valuations, higher consumer prices—but by the processes of gentrification itself.

The Feedback Loop: Mobility and Rents

Though usually discussed separately, these two phenomena are intimately linked by a spatial process and a political policy: hypermobility and the construction of American rent regulations.

First, the spatial process. As jobs become less stable and the lifelong career fades into memory or imagination, people are forced to shape and reshape their lives around a constantly shifting economic landscape. Fast-changing jobs is not the only reason people move frequently, but census data suggests that it is certainly one key factor. In 2012, 11.7% of the entire US population shifted from one home to another. Of those who moved, 22.3% of those with jobs moved because of work-related changes (Ihrke 2014). The trend is more pronounced in New York City, where 72.3% of residents who moved in 2010/2011 did so for employment-related reasons; 82.6% of recently moved New Yorkers cited "convenient for job" as one of the main reasons they chose their new neighborhood (American Housing Survey 2011).

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[2] Rent control began as a wartime cost-saving measure, but continued in New York as a way to address the city's perpetual lack of vacant affordable housing. In the 1970s, rent control gave way to rent stabilization, an alternative and comparable (though in many ways weaker) system of tenant protections. With a few exceptions, these regulations generally cover all apartments that have the following characteristics: a monthly rent of under $2,500; located in a building with more than five housing units; built before 1974. As of 2014, New York City contained approximately 1,030,000 rent-stabilized units and 27,000 rent-controlled units, comprising 48.2% of the total private rental housing stock.

Next, the public policy. Rent regulations frequently allow landlords a great deal of leeway to raise rents upon an apartment's vacancy. This is a way to reward landlords without raising the ire of tenants, who are thought unlikely to mobilize around rent increases at the apartment they just vacated.

In the case of New York City, the rent laws give owners of rent-stabilized apartments a 20% rent increase, known as a "vacancy bonus", every time an apartment changes hands (New York State 2011). This gives landlords a huge incentive to induce high turnover. Common tactics to ensure churn include physical and psychological harassment, declining building conditions, frivolous lawsuits, and the use of "dummy" tenants to constantly take and leave apartments. Landlords can get even bigger bonuses if the prior leaseholder had an especially long tenure or "low" rent, a measure leading to severe harassment of elderly tenants and their familial successors (Wyly and Newman 2010).

Once an apartment is vacant, a landlord can conduct virtually unlimited "individual apartment improvements" (IAIs) and drive up rents even further. Landlords are gifted a permanent rent increase equivalent to either 1/40 or 1/60[3] of the amount they spend on renovations (New York State 2014). Though enforcement has improved over the past two years (Stein 2013), it is still fairly easy for a landlord to perform unnecessary or overpriced renovations in order to receive an IAI rent increase (La Mort 2015).

The point of all these increases is not just higher rents, but deregulation. Since 1993, New York State has allowed landlords to take their apartments out of rent regulation if they become vacant and the rents exceed a certain threshold (New York State 2014).[4] Once the apartments are deregulated, landlords can charge whatever the market will bear and tenants will not benefit from a guaranteed lease renewal. This process, known as vacancy decontrol, puts a target on every rent-regulated tenant, and rewards landlords every time they move. Since 1994, roughly 104,000 apartments have left rent regulation, largely because of vacancy decontrol (Murphy 2014).

The result of all this is a "feedback loop" of precarity and gentrification. Feedback loops are flows of information or energy that reinforce each other, creating an escalating circuit of cause and effect that amplifies each side of the equation. In this case, labor precarity causes mobility; public policy translates mobility into rent increases; rent increases and frequent vacancies cause rent law retrenchment and an elevated cost of living; an elevated cost of living limits the power of workers' paychecks; weaker paychecks lead workers to take on additional jobs;[5] juggling jobs increases precarity; and the cycle continues.

Conclusion

Labor precarity does not cause gentrification, and gentrification does not cause precarity. But quirks in the rent laws have cemented the two and help both flourish. Once identified, however, this crucial link suggests opportunities for organizing and action. In New York, the rent laws expire in June 2015, and the fight to strengthen and renew them will be a key political battleground. The mechanisms that punish workers for moving frequently—vacancy bonuses, IAIs and vacancy decontrol—can be removed from the law. This will not end gentrification or precarity, but it will stop the feedback loop that mutually reinforces a system of exploitation and propels both processes forward. The labor and tenant movements can seize this link as a strategic opportunity for collaboration and fight back against the constant churn of mobile labor and unaffordable housing.

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[3]   The rate depends on the number of units in a given building.

[4]   The threshold currently stands at $2,500.

[5]   Instead of—or in addition to—taking on other jobs, workers can also seek cheaper housing farther from the city center. This serves to increase gentrification's footprint and add unpaid commuting hours to workers' everyday life.

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