FORUM: United Nations World Tourism Organization (UNWTO)

QUESTION OF: Examining the Negative Impacts of Gentrification on local communities

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INTRODUCTION

Gentrification is a global trend of socio-economic change when neighborhoods gradually become unaffordable and unavailable for its original inhabitants. At its core, gentrification is not just simply the economic development of an area, but one with such acceleration that the actual people

living in it cannot keep up to survive it. While physical facilities may be improved, the price that comes

along with this development is often inflated by the interest of capital seeking profit over sustainability.

The global economic system plays a crucial role in gentrifying areas, with the constant influx of

ready capital in the form of development, investment and migration. Communities that have been

gentrified are left with high living costs, accommodation crisis and loss of local businesses, as well as a

dramatic shift in neighborhood culture. For such an increasingly dire problem, there has been little

international attentiveness or even internal actions taken to address the issue. Larger social discourse on

the matter is either minimal or heavily politicized. Gentrification is a nuanced phenomenon that must be

addressed with honest transparency and compassion for those affected by more nations together, as it is

most certainly not unique to any one specific place. In this study guide, through the United Nations

World Tourism Organization, the topic will be examined primarily through tourism as a global profit

powerhouse and major driver of gentrification, determining how best it should bear its fair responsibility

in individual and legislative action.

DEFINITION OF KEY TERMS

Commodification

The fact that something is treated or considered as a commodity; a product that can be bought and sold.¹

Cultural Heritage

Significant tangible and intangible aspects of culture that are inherited through generations.

Displacement

The situation in which people are forced to leave the place where they normally live.²

Gentrification

The process by which a place, especially part of a city, changes from being a poor area to a richer one, where people from a higher social class live.³

Mass Tourism

Mass tourism refers to the movement of a large number of organized tourists to popular holiday destinations for recreational purposes. It is a phenomenon which is characterized by the use of standardized package products and mass consumption.⁴

dictionary.cambridge.org/dictionary/english/displacement.

³---. "GENTRIFICATION | Meaning in the Cambridge English Dictionary." *Cambridge.org*, 2019, dictionary.cambridge.org/dictionary/english/gentrification.

¹ Cambridge Dictionary. "COMMODIFICATION | Meaning in the Cambridge English Dictionary." *Dictionary.cambridge.org*, dictionary.cambridge.org/dictionary/english/commodification.

²"DISPLACEMENT | Meaning in the Cambridge English Dictionary." Dictionary.cambridge.org,

⁴Naumov. *Mass Tourism*. Encyclopedia of Tourism, 2015.

Over Tourism

A situation in which too many tourists travel to a popular destination, causing the place to suffer negative environmental, economic, and sociocultural impacts.⁵

Short-term Housing Rentals

Furnished apartments or houses that are rented for a short amount of time, in alternative to hotels for tourists. Part of the corporate housing market and usually accessed through individual owners or third-party platforms like AirBnB.

Tourism Gentrification

When tourists and the tourism industry plays a pivotal role in the process of pushing local residents out of historic areas because of tourism-induced unaffordability.

Urban Sprawl

The spread of a city into the area surrounding it, often without planning.⁶

BACKGROUND INFORMATION

Characteristics of the Gentrification process

Gentrification could occur to any area with the prospect of pulling in large interests of capital, but for the majority of cases it usually starts with city centers and touristic hotspots. These areas already enjoy the benefit of being densely populated with urban attractions that garner foot traffic. With the

⁵ "Definition of Overtourism | Dictionary.com." Www.dictionary.com, www.dictionary.com/browse/overtourism.

⁶---. "Urban Sprawl." @CambridgeWords, 5 Jan. 2022, dictionary.cambridge.org/dictionary/english/urban-sprawl.

assured influx of people, whether long-term residents or visitors, more businesses could in turn provide more job opportunities, thus raising per capita income. Theoretically, this should be a self-sustained and naturally occurring cycle, where people work for more and then spend for more. But this relationship between amount earned and amount needed to spend becomes less and less proportional as gentrification raises the costs of living expenses faster than wages could increase. This leads to the unaffordable reality for many residents, with the prime example being rent increases as property demands skyrocket. Housing crises exist within any urban landscape, but gentrification only worsens the situation, often driving tenants out of the area. Although benefits exist to gentrification, such as higher quality facilities and newer buildings, the displacement causes those who need the benefits the most to enjoy them the least. The benefits of gentrification including better infrastructure, better schooling and better healthcare create higher costs for the area, and access to them is decreased.

Impacts of Gentrification on Local Communities

Local communities from different backgrounds vary across the world, but the problems they deal with are similar. Areas often lose their original local neighborhood culture, as old architecture and public landmarks are often removed to make space for new infrastructure. Heavy influx of large, foreign chains often outcompete and eradicate small, local businesses. These losses are what gradually shifts an area to become considered 'high-end' for the migration of capital investment and wealthier social classes.

Within the community itself, population displacement of original inhabitants occurs. The inability to continue living in one area mandates the movement towards a more affordable area, often with worse facilities and less opportunities. Especially for the low-income individuals, ethnic minorities, socially marginalized groups within a community who would already struggle finding mainstream work opportunities, gentrification of their original neighborhoods means disproportionate harm. The capacity of the other areas are strained when they are to absorb moving populations caused by gentrification, resulting in forced urban sprawl. This phenomenon refers to the physical expansion of city infrastructure, creating suburbs that are further away from the center and decreasing accessibility to the many facilities located in the center. This creates living difficulties for individuals who have to commute longer distances to work among other daily activities. Urban sprawl also claims more space of empty land, causing significant environmental damages to the habitat of the area as well.

In response to the housing crisis, price raise and displacement, protests have been erupting across cities dealing with major gentrification brought on partly by mass tourism. There have been

incidents of confrontation between protesting locals and visiting tourists. These incidents and negative emotions stem from years of difficulties and frustration

Effect of Tourism on Local Gentrification

Tourism is a leading cause that exacerbates the housing crisis as long-term living spaces are turned into profitable short-term rentals. This external influx of people with money to spend artificially raises the entire area's spending and pricing. Accompanying the influx of tourists, consumption-oriented businesses also take over the area, catering to tourists over local residents. These changes affect local quality of life in almost every aspect, environmentally and culturally. Gentrified upgrades to a region often causes greater pollution because of the industry it brings, as well as the sheer littering caused by mass tourism.

The local culture of an area is significantly affected by gentrification in extremely detrimental ways. For all the benefits it may bring for other sectors, the local way of life under gentrification has gone through a process of commodification to appeal to mass tourism. Being commodified renders the local culture available to use for profit by the tourism industry. This practice largely diverts from authenticity and disregards the integrity of unique cultures.

MAJOR COUNTRIES AND ORGANISATIONS INVOLVED

Spain

The housing crisis brought by Airbnbs and other short term rentals is a growing problem across multiple cities in Spain. With property being bought up to be turned into tourist residents, gentrification of areas is accelerated with the influx of businesses catering to tourists with money to spend. This not only drives availability of housing down, but increases the price where low income populations often end up displaced worse living areas. A report in 2020 shows that "Airbnb activity had increased rents in the most popular Barcelona neighborhoods by 7% and pushed up home prices in those areas by 17%." ⁷

⁷ Relman, Eliza, and Dan Latu. "Barcelona Bans Airbnbs amid Crackdowns in Other European Tourist Hubs." *Business Insider*,

Insider, 11 Aug. 2024,

www.business in sider. com/barcelona-airbnb-ban-florence-amsterdam-lisbon-are-regulations-working-2024-8.

Recognizing the issue, in 2024 Barcelona became the first city to ban all Airbnbs, with the aim to ban all short-term rentals by 2029.⁸ Palma de Mallorca enacts a partial ban on tourist buildings in residential areas.⁹ These decisions have faced backlash and criticism from the tourism industry, but the effect on curbing gentrification would have to be observed over a longer period.

Italy

Mass tourism has driven living rental prices up and residents out of historic centers, which have become huge tourist destinations. There is significant concern regarding the loss of cultural heritage and identity when these historic centers are gentrified catering towards short-term, consumerist tourists. The case study of the city of Venice is exemplary of all the problems touristic gentrification brings; it has now become a virtually uninhabited city of museums and souvenir shops. Costs in the area have made the city unlivable for many original inhabitants, whose departure has also significantly altered the cultural landscape. There has been increasing canal pollution because of tourist boat tours that exceed the city's capacity, resulting in environmental damages that are rarely mentioned when discussing touristic gentrification.¹⁰ The subsequent tourism tax placed by Italy consists of a small fee paid per night of the stay. While it could be a solution, its effectiveness is in question due to the low amount.

Brazil

Gentrification in Brazil disproportionately harms indigenous populations who are already marginalized and lack support. Brazil is a prime example of a country where the wealth divide also falls along the racial divide, meaning historic grievances like colonization and exploitation have reshaped how

⁸ Goel, Shubhangi. "Barcelona Plans to Ban Short-Term Rentals, Hitting the Owners of 10,000 Apartments." *Business Insider*, www.businessinsider.com/barcelona-bans-airbnb-vrbo-short-term-rental-housing-crisis-affordability-2024-6.

⁹ Tourism Graphic Editor. "When Tourists Displace Locals: Tourism Gentrification in Palma de Majorca's Old Town." *Tourism Geographic*, 23 July 2021,

medium.com/tourism-geographic/when-tourist-displace-locals-tourism-gentrification-palma-de-majorcas-old-town-696bb840e 439.

¹⁰ Minoia, Paola. "Venice Reshaped? Tourist Gentrification and Sense of Place." *Tourism in the City*, 30 Aug. 2016, pp. 261–274, https://doi.org/10.1007/978-3-319-26877-4_18. Accessed 14 May 2020.

the modern socio-economic class is structured. Through gentrification and resulting displacement, perpetuation of racial segregation becomes harder to dismantle. Predominantly white neighborhoods that are gentrified and predominantly non-white neighborhoods are created and enforced for generations. The government has attempted to increase investments into affordable housing, but the quality of life in these neighborhoods remains poor and difficult to tackle.¹¹ Over-tourism has also significantly damaged the diverse local cultures

AirBnB

AirBnB is a "paid online peer-to-peer accommodation"¹² with three major characteristics: diversity of accommodation offered, noncommercial hosts, and lack of third party contractors. Combined, these traits make AirBnB the most competitive short-term accommodation provider in the market. Reports have shown direct correlation in their influence on the local housing market and economy. Overall, cities lost potential earnings and housing prices went up because of AirBnBs, with reports showing overall negative impact on local communities. In the current short-term rental market, AirBnB is the most dominant company to operate globally. This aspect has led to certain cities, like Barcelona, to completely ban the presence of AirBnBs, while others like Florence, Amsterdam and Lisbon, are also taking restrictive action. These legislative actions show the extent of concern governments have for companies like AirBnB taking over the housing market and how well regulation can be enforced in practice.¹³ In an effort to protect its business, AirBnB has seeked legal action as well as lobbying to influence policy-making in their favor.

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Insider, Insider, 11 Aug. 2024,

www.businessinsider.com/barcelona-airbnb-ban-florence-amsterdam-lisbon-are-regulations-working-2024-8.

¹¹ Novaes, Patricia. Favelas and Gentrification: Reflections on the Impacts of Urban Restructuring on the City of Rio de Janeiro. 1 Jan. 2020, https://doi.org/10.1007/978-3-030-55053-0_8.

¹² Lee, Seonjin, and Hany Kim. "Four Shades of Airbnb and Its Impact on Locals: A Spatiotemporal Analysis of Airbnb, Rent, Housing Prices, and Gentrification." *Tourism Management Perspectives*, vol. 49, 1 Nov. 2023, p. 101192, www.sciencedirect.com/science/article/pii/S2211973623001204#s0095, https://doi.org/10.1016/j.tmp.2023.101192.

¹³Relman, Eliza, and Dan Latu. "Barcelona Bans Airbnbs amid Crackdowns in Other European Tourist Hubs." Business

TIMELINE OF EVENTS

Date	Description of Event
2008	AirBnB was founded and launched. 14
January 2018	San Francisco AirBnB property listing dropped by 50% after new host registration legislation. ¹⁵
June 2018	Japan removes 80% of AirBnB property listings with new registration legislation. 16
April 2018	Palma de Mallorca bans AirBnB rentals after housing crisis. 17
2019	Amsterdam reaches its peak number of short term rentals in the city, with more than 12,000 listings available. 18
2021	Barcelona enacts a partial ban on short-term rentals. ¹⁹

www.engadget.com/2018-01-19-airbnb-san-francisco-listings-cut-in-half.html?guccounter=1&guce_referr er=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce_referrer_sig=AQAAAJqHXa0ge_aEZSqlRkjqq9_uqmNCsU Vk3avoWLXAubWDqBgLYTZ6KPQRoLkj50J-4qiQJPiwdWilkH6wTVapU9ymha9FIZ2Zu3qrHqfC3nFhNl28lvGT jdOTZFUqU9WkotKz43pZ5saVvFKDiDgelGM3b A-2bJPUrYuli39L8RK.

¹⁴"About Us." Airbnb Newsroom, 7 Aug. 2024, news.airbnb.com/about-us/.

¹⁵Dent, Steve. "Airbnb Cuts Half of San Francisco Listings as New Laws Kick In." *Engadget*, Engadget, 19 Jan. 2018,

¹⁶Writer, Staff. "Airbnb Removes 80% of Japan Home-Share Listings." *Nikkei Asia*, Nikkei Asia, 4 June 2018, asia.nikkei.com/Spotlight/Most-read-in-2018/Airbnb-removes-80-of-Japan-home-share-listings.

¹⁷Palma in Spain's Balearic Islands Bans Almost All Airbnb-Style Rentals | Reuters, www.reuters.com/article/us-airbnb-spain-palma/palma-in-spains-balearic-islands-bans-almost-all-airbnb-style-rentals-idUSKBN1HX1VX/. Accessed 21 Sept. 2024.

¹⁸"Short Term Rentals: Cities Ask Europe's Help." *Eurocities*, 14 July 2022, eurocities.eu/latest/short-term-rentals-cities-ask-europes-help/.

¹⁹Carroll, Tobias. "Barcelona Is the Latest City to Crack down on Airbnb Rentals." *InsideHook*, 12 Aug. 2024, www.insidehook.com/travel/barcelona-latest-city-ban-airbnb-rentals.

Date	Description of Event
2008	AirBnB was founded and launched. 14
January 2018	San Francisco AirBnB property listing dropped by 50% after new host registration legislation. ¹⁵
October 2023	Portugal suspends new licensing for short-term rentals. ²⁰
2023	Florence bans short term rentals in its historic city center. ²¹
2024	Protests erupt in Barcelona regarding over-tourism in the city. ²²
July 2024	Barcelona enacts a full ban on AirBnB residentials. ²³
2024	The Florence ban on short term rentals is overturned in court.

PREVIOUS ATTEMPTS TO SOLVE THE ISSUE

Most of the previous attempts at solutions are individual actions taken by governments to specific regions in the country, with no real international collaboration being implemented as of yet. These measures are localized, but generally contain a degree of universal applicability to more cities suffering from gentrification around the world.

²⁰Queiróz, Barbara. "Short Term Rentals in Portugal: 2024 Update." *GoldCrest*, 31 May 2024, portugalbuyersagent.com/short-term-rentals-in-portugal-2024-update/.

²¹"Florence Bans New Airbnbs and Short-Term Rentals in Historic Centre." *The Guardian*, Guardian News and Media, 3 Oct. 2023, www.theguardian.com/world/2023/oct/03/florence-bans-new-airbnb-shom-rentals-italian-city-homes-housing-crisis.

²²"Water Pistols and Strikes: What's behind Europe's Tourism Backlash?" *Euronews*, www.euronews.com/travel/2024/07/08/fake-signs-and-hunger-strikes-whats-behind-europes-backlash-a gainst-overtourism. Accessed 21 Sept. 2024.

²³Carey, Christopher. "Barcelona Set to Ban Short-Term Rentals." *Cities Today*, 27 June 2024, cities-today.com/barcelona-set-to-ban-short-term-rentals/.

Additional Tourist Tax

Tourism-oriented countries like Italy and Indonesia have introduced some form of taxation based on visiting tourists. It could be a small fee for each night of stay, or a larger sum paid upfront when entering the destination. This helps preserve the balance between incoming tourists and local life, as well as generate funds to maintain the area and help its residents. These fees are not exactly meant to dissuade tourists from visiting the area, but more so to generate further revenue in order to compensate for the damages caused by mass tourism. In this manner, there is additional funding to preserve local architecture, biodiversity and subsidize local businesses. All of these aspects are vital to a healthy tourist attraction and need to be protected.

Resident-Only Zones in Cities

Proponents of this method are countries like Spain that are popular tourist destinations but not completely reliant on tourism as income. Zones in popular cities would be drawn out and all forms of accommodations including hotels and AirBnBs are forbidden to operate within it by law. This effectively preserves living spaces for original inhabitants without the property pressure and rent price hikes caused by gentrification. In Lisbon, neighborhoods that were protected saw a decrease of 9% in prices, versus neighborhoods who were not.²⁴ Although the area is still subject to influx of gentrified businesses and increased living costs, the most pressing issue of the housing crisis could be effectively tackled through this solution.

Insider, 11 Aug. 2024,

²⁴ Relman, Eliza, and Dan Latu. "Barcelona Bans Airbnbs amid Crackdowns in Other European Tourist Hubs." Business Insider,

POSSIBLE SOLUTIONS

Governmental Cap on Short-term Rentals

The biggest crisis gentrification brings to local communities is the worsened housing crisis. In order to protect the housing market from being invaded, governments should be advised to place some sort of cap on the number or percentage of short-term rentals allowed to operate in certain areas, or if there should be any at all. Unlike hotels, these rentals take up living property away from the local inhabitants. So if a region is already experiencing the symptoms of gentrification, this is a direct approach countries can take in order to mitigate the damages and be preventative of further harms.

Enact More Effective Tourist Taxes

More countries need to be willing to leverage tourism as an expanding source of income to further fund its preservation of both historic areas and citizen welfare. Placing a tourist tax, whether per night of visit or a total sum paid upfront, is a widely feasible solution that generates immediate gains. This money could be extremely useful in combating gentrification and damage done to the area. However, urging more nations to adopt tourist taxes to combat gentrification is not enough. The nations with existing tourist taxes must also enforce them in a more effective manner. For those countries with an incredibly low fee, there should be consideration around raising it. For those countries with problems enforcing compliance, more effective measures should be dealt with either legislatively or otherwise. There is no standardized metric to be applied globally, but there must be a global consensus around the serious commitment needed to address this very serious issue. This solution does not necessarily imply these taxes have to become discouragement or deterrence to tourists entering a country, but in the reality of mass tourism's correlation with increased gentrification, the number of tourists would have to be controlled in some manner. Higher tourist taxes are a simple way to leverage this number to go from being unsustainable to being manageable and genuinely beneficial.

Increase Accountability Over Existing Short-term Rentals

In order to mitigate the negative effects of gentrification on local housing, there must be accountable individual actions of rental property owners. Accountability on adherence to regulations

include the implementation of legislation that sets in place punitive measures for failure to comply. Governments should be recommended to adjust their current legislation around short-term rentals regarding how many nights per year home-owners could rent out their property, and in which areas they are able to do so. For large, multinational companies such as AirBnB, there should be a more holistic policy developed by international cooperation, through organizations like the European Union. Singular city-wide efforts are not as effective at addressing the issue as consensus from coordination would be, combining the expert knowledge of different countries.

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