



Housing Assistance Council

THEY PAVED
PARADISE . . .
GENTRIFICATION
IN RURAL
COMMUNITIES

\$5.00

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HAC, founded in 1971, is a nonprofit corporation that supports the development of rural low-income housing nationwide. HAC provides technical housing services, loans from a revolving fund, housing program and policy assistance, research and demonstration projects, and training and information services. HAC is an equal opportunity lender.

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EXECUTIVE SUMMARY

Gentrification is the process by which higher-income households displace lower-income residents of a community, changing the essential character and flavor of that community. The phenomenon of rural gentrification is less well known than its urban counterpart, and research into its causes and consequences has been lacking. The Housing Assistance Council researched the dynamics of gentrification in rural communities and its impact on housing affordability for low- and middle-income households.

This report presents case studies illustrating three common scenarios for rural gentrification: urban sprawl (Chester County, Pa.), in-migration of people attracted by natural amenities (Teton County, Idaho), and in-migration of retirees (Beaufort County, S.C.). These counties have all faced the ironic condition of increasing housing production paired with decreasing affordability. In addition, they have lost long-held traditions and elements of local culture in exchange for a homogenous, suburbanized new identity.

Chester County, Pa. represents a scenario where urban and suburban sprawl extends to rural communities. Although Chester County is a metropolitan county, approximately half of its land use is rural in nature. The county's eastern portion is a bedroom community for Wilmington, Del. and Philadelphia, while its southwestern half has maintained a long tradition of agriculture, primarily mushroom and horse farms. Between 1990 and 2000 the population in Chester County grew by 15.2 percent, compared to statewide growth of 3.4 percent. The growth of the urban-based population has led to increased land values, which has in turn led to both a rapid increase in housing costs and the loss of farmland to housing production. The loss of affordable housing has been felt by rural residents in general, including the farmworkers who live in the community.

Teton County, Idaho illustrates an instance where the natural amenities in a rural community draw an influx of upper-income residents from metropolitan areas. Teton County has experienced dramatic demographic and economic shifts over the past decade. Factors such as rapid population growth and in-migration, dramatic income increases, and housing cost and value spikes document the extent of gentrification in this once extremely rural and predominately agricultural county. Between 1990 and 2000 the population in Teton County grew by 74 percent, and the median household income increased by 37 percent. Housing in Teton County has also been impacted as the median house value increased by 71 percent and the percentage of cost-burdened households nearly doubled in the 1990s.

Teton County residents now fall into three categories. Long-time residents of the county are likely to work in the traditional agricultural and natural resource based economies. Amenity-seeking migrants are predominately college-educated professionals or retirees, often affluent and often purchasing a second or third home. A third group is comprised of long-time area residents, Hispanic immigrants, and youthful "ski bums" who work in the nearby Jackson Hole, Wyo. resort area but cannot afford to live there. These diverse new residents from different socio-economic backgrounds frequently compete with each other for scarce housing resources.

Beaufort County, S.C. illustrates the process by which a combination of low cost of living and natural amenities in rural communities attracts upper-income residents seeking a retirement destination. Located on the southeastern tip of South Carolina, on the Atlantic coast, Beaufort County is home to Hilton Head, a popular tourist attraction. The area has experienced not only an onslaught of tourists but also a constant increase in population since 1950. More recently, Beaufort County has experienced an influx of elderly persons purchasing retirement homes. Between 1990 and 2000, the elderly population in Beaufort County increased by 76 percent.

Elderly in-migrants are often welcomed because they tend to rely more on services than on goods and the increased demand for services leads to higher employment rates. Service employees tend to have lower wages than workers in other sectors, however, and their income levels may not rise significantly over time. These factors and other differences in income and education tend to create rifts between Beaufort County natives and wealthy retirees. Most housing development in the county has focused on the desires of the latter, leaving service workers to commute up to four hours each day to their jobs. Local nonprofit organizations are working to develop affordable rental and ownership housing in Beaufort County itself.

In each of the counties studied, gentrification has led to a lack of housing opportunities for lower-income residents. Newly constructed housing serves upper-income residents. All three counties have experienced widespread failure in the affordable housing market. As a result, the only entities working to meet low-income families' housing needs are nonprofit organizations and government agencies.

INTRODUCTION

The Housing Assistance Council (HAC) researched the dynamics of gentrification in rural communities and its impact on housing affordability. For the purposes of this report, gentrification is defined as the process by which higher income households displace lower income residents of a community, changing the essential character and flavor of that community.¹

Urban sprawl, amenity-driven migration, and retirement-driven migration were identified as drivers of growth in rural communities. This research examines three “rural” counties that have experienced these different types of growth to determine whether their housing markets are facing gentrification pressures. Rural gentrification as a result of these three drivers of growth is examined in Chester County, Pa.; Teton County, Idaho; and Beaufort County, S.C., respectively.² These counties have all faced the ironic condition of increasing housing production paired with decreasing affordability. In addition, they have also lost long-held traditions and elements of local culture in exchange for a homogenous, suburbanized new identity.

The research incorporated qualitative and quantitative methods. HAC conducted three case studies of rural gentrification, incorporating primary and secondary data with each. Primary data was gathered during site visits and was complemented by secondary data that provided background information and helped frame the issues identified during the site visits.

Gentrification and its Impact

The unparalleled growth of the housing market in the U.S. since the late 1990s has led to an increase in homeownership and asset appreciation across the country. Unfortunately, not all of this growth has been equitable, and the community development field has become increasingly concerned about the displacement of low-income families in metropolitan areas due to gentrification. Rural communities have also participated in the expansion of the housing market and low-income rural families have also experienced gentrification pressures. The phenomenon of rural gentrification is less well known than its urban counterpart, and research into its causes and consequences has been lacking.

Understanding Gentrification

The term “gentrification” is generally agreed upon among economic development practitioners. However, it is useful to explore the concept of gentrification in order to better assess whether the term can appropriately be applied to the experiences of rural communities. According to Adams, et al. (1991) gentrification is “the movement of middle- and upper-

¹ This definition is taken from Kennedy and Leonard 2001.

² Teton and Beaufort are nonmetro counties while Chester is a metropolitan county with a significant rural population as defined by the U.S. Census Bureau.

income households into areas that were previously inhabited by low-income people.” During the process of gentrification,

Affluent “urban pioneers” buy dilapidated buildings, usually in areas close to the central business district, and remodel them as comfortable middle-class dwellings – a process that not only increases the value of the renovated property but all of the properties around it.

Kennedy and Leonard (2001b, 2) summarize different characterizations of gentrification, each of which has its own merits:

Others use the term interchangeably with urban revitalization, to describe any commercial or residential improvements in urban neighborhoods. . . . Some have focused primarily on the economic actions of newcomers, namely the renovation and upgrading of the housing stock. Still others commonly refer to gentrification as the class and racial tensions – the socioeconomic effects – that frequently accompany the arrival of new residents into a neighborhood. Some consider gentrification positively – others negatively.

Kennedy and Leonard propose a definition of gentrification that is concise while recognizing the complexities of the issue; HAC has adopted this definition for the purposes of this report. Therefore, gentrification, as it occurs in rural communities, is “the process by which higher income households displace lower income residents of a neighborhood, changing the essential character and flavor of that neighborhood.” This definition provides criteria that must be met before a specific community’s housing development experience can be labeled gentrification. The criteria are physical upgrading of the neighborhood, particularly of housing stock; the displacement of original residents; and change in neighborhood character. (Kennedy and Leonard 2001a)

It is important to recognize the racial and class-based dimensions of gentrification. Wyly and Hammel (1999, 716) note that “class transformation is rooted in long-term changes in the distribution of wealth, income, and educational opportunity.” Kennedy and Leonard (2001a, 2) add that “the issue of gentrification has historically included a strong racial component – lower income African American residents are replaced by higher income white residents. As a result, an influx of higher income households inevitably will put pressure on historically minority communities.”

Demographics play a key role in understanding the dynamics of gentrifying housing markets. Households that move into gentrifying neighborhoods are generally understood to be white, moderate- or upper-income, and often young, single, or married with no children (Adams et al. 1991, 88). A common assumption of researchers is that childless households have more disposable income which supports economic revitalization in gentrifying neighborhoods.

Gentrification must be understood in relation to the dynamics of housing markets in the U.S. since the late 1990s. According to Wyly and Hammel, “Gentrification has witnessed a resurgence in the 1990s that has quickly erased any lingering suspicion that the process was

only a brief historical aberration. To be sure, gentrification affects only a tiny segment of the housing market of older cities and is dwarfed by suburban expansion” (Wyly and Hammel 1999, 713). This assertion is supported by Kennedy and Leonard (2001a, 1), who state, “It is important to point out that gentrification is not occurring across the country. Rather, it tends to happen in cities with tight housing markets and in a select number of neighborhoods. The movement of new middle-class residents into U.S. cities is a small counter-trend; the dominant trend, by far, is movement away from central cities and towards the suburban periphery.”

The geographic dimensions of housing growth are key to understanding the fundamental differences between gentrification in urban and rural communities. For urban areas, economic development takes place in select downtown districts and neighborhoods, while the majority of development is in suburban communities. In other words, gentrification is secondary to suburban sprawl in terms of the overall growth of housing markets in metropolitan areas.

Gentrification in rural areas can be seen as a mirror image of urban patterns. In rural communities, housing growth can result in sprawl and gentrification simultaneously, as rising housing markets reduce the availability of affordable housing. The differences in urban and rural patterns of gentrification may contribute to the dearth of literature on rural gentrification, as researchers may fail to identify growth in rural communities as gentrification.

The Rural Way of Life

One other distinction between urban and rural gentrification lies in the particular “ways of life” or “cultural character” of these two regions. While rural America is highly diverse and notions of rural life can be rooted in idealized or romantic stereotypes, there remains an underlying element of rural society that does distinguish “country life” from “city life.” Among the changes brought about by rural gentrification is the loss of a distinctly rural character.

In the literature of rural sociology, it has long been maintained that rural or frontier areas have distinct cultures and sets of values that revolve around self-reliance, conservatism, a distrust of outsiders, the centrality of churches, a strong work ethic, and social structures that emphasize the family (particularly extended family) (Kenkel 1986; Coward et al. 1983; Wagenfeld and Wagenfeld 1981). According to a participant at a roundtable held by HAC to discuss definitions of “rurality” in 2001, “There is a great sense of extended family [in rural Appalachia] – having housing and communities that give extended families a chance to stay together. There’s this whole history of people going out to the northern cities . . . to find work, but they . . . keep their identities back in the mountains, and every chance they get to come back, they come back. . . . That affects the schools, the government, and transportation patterns” (HAC 2001).

Beyond the loss of farmland and open space, beyond the transformation of an economy from agriculture to services, beyond increased population density and suburban sprawl, is the concern that gentrification will result in the transformation or loss of rural cultures and values.

Research Methodology

The research incorporated qualitative and quantitative methods to examine the dynamics of gentrification in rural communities. The research focused on three “drivers” or causes of gentrification and its impact on housing affordability. HAC conducted three case studies of rural gentrification, incorporating primary and secondary data with each. Primary data was gathered during site visits and was complemented by secondary data that provided background information and helped frame the issues identified during the site visits. Quantitative data from the U.S. Census Bureau and the U.S. Department of Agriculture’s Economic Research Service (ERS) Rural County Typology Code were analyzed to identify nonmetro counties facing potential gentrification pressures.

In addition, the findings from this analysis helped identify the three counties selected for case studies. The universe of potential natural amenity and retiree-destination counties was based on ERS designations. The findings from the 2000 Census analysis helped narrow the field of representative counties. Each of the three counties represents communities that are facing high gentrification pressures based on Census statistics.

Decennial Census Data

HAC analyzed data from the 2000 Census, and in some cases the 1990 Census, to identify nonmetropolitan counties that had demonstrated characteristics commonly associated with gentrification. The variables for analysis included:

- △ population growth;
- △ percent of new residents in past five years;
- △ median income growth;
- △ growth of new housing units;
- △ housing value growth; and
- △ housing cost burden.

Increases in all or many of these categories within a county were taken to be indicative of gentrification, whereby new residents with higher incomes move into a community and purchase homes at increasing prices, forcing low-income residents to face higher costs. Some of the above variables are self-explanatory. Two that are key to the analysis of gentrification pressures are the percent of new residents in the past five years and the housing cost burden rate.

A Census statistic that illuminates the influx of new residents is the percent of residents who resided elsewhere five years prior to the time of the survey (for the 2000 Census, this would be in 1995). The Census additionally requests information on where the prior residence was located. The use of the figures for residents who resided in a different county in 1995 eliminates internal (i.e. intra-county) movement and highlights new residents to the county. The percent of residents who lived in a different county in 1995 is a key variable in each of the case studies.

Affordability has replaced poor housing conditions as the greatest problem for low-income rural households. This is because while housing conditions have improved, housing costs have increased drastically and incomes have not kept pace (HAC 2002, 28). The lack of affordable housing in a community is best indicated by its cost burden rate. If a household pays 30 percent or more of its income towards housing, it is considered cost burdened.

Economic Research Service Data

In addition to Census data, HAC used the Rural County Typology Code created by the U.S. Department of Agriculture (USDA) Economic Research Service (ERS) to organize nonmetro counties. Nonmetro counties are identified according to their primary economy or their relevance to federal policies (Cook and Mizer 1994). As the ERS explains its classification process,

The 1989 classification system of nonmetro counties, known as the ERS typology, is designed to provide policy-relevant information about diverse rural conditions to policymakers, public officials, and researchers. The classification is based on 2,276 U.S. counties (including Alaska and Hawaii) designated as nonmetro as of 1993. The typology includes six mutually exclusive economic types: five types (farming, mining, manufacturing, government and services) reflect dependence on particular economic specializations; a sixth type, termed nonspecialized, contains those counties not classified as having any of the five economic specializations. The classification scheme also identifies five overlapping rural policy-relevant types; retirement-destination, Federal lands, persistent poverty, commuting and transfers-dependent. (ERS 1994)

This research used the designation of “retirement-destination” to help identify nonmetro counties that are undergoing gentrification.

In addition, HAC used the ERS Natural Amenities Scale to help identify nonmetro counties that are experiencing gentrification. As the ERS describes the Natural Amenities Scale,

[It] is a composite measure of county physical characteristics that are presumed to enhance area attractiveness as a place to live. The scale combines six measures of climate, topography, and water area that reflect environmental qualities people tend to prefer. These measures are warm winter, winter sun, temperate summer, low summer humidity, topographic variation, and water area. The data are available for counties in the lower 48 States. (ERS 2001)

Three Rural Experiences With Gentrification

When gentrification occurs in rural areas, it is not always explicitly recognized as such. Whenever wealthier households move into a rural area for retirement or outdoor recreation qualities, gentrification results. The analysis of Census data and literature review helped identify three common scenarios for rural growth: urban sprawl, high-amenity driven migration, and retirement-driven migration. The three case study sites were chosen to reflect

these scenarios. The locations are Chester County, Pa.; Teton County, Idaho; and Beaufort County, S.C., respectively. These sites were selected from counties that ranked high among the criteria discussed in the methodology section, above. In addition, the selection process emphasized the need for geographic diversity among the sites, in order to understand regional differences in rural gentrification and to emphasize that gentrification is not limited to the Mountain West states.

A fourth scenario for gentrification could be inferred from the literature. This is growth driven by the economic development strategies of the counties themselves. The rapid increase in prison construction in rural communities since the 1990s has been previously examined by HAC (2000). The analysis of “rural boomtowns” provided an in-depth analysis of the pressures on housing affordability caused by economic development that confirmed the findings in this report. Internally driven economic development was not included in this research because it would likely confirm the findings from the previous report.

Suburban Sprawl

Urban sprawl operates like gentrification in that it takes away the rural identity and replaces it with the suburb. Sprawl is commonly associated with its products, “low density, leap-frog development, complete with mix and match subdivisions, low-slung and shiny-glass cube office parks, big box retail centers, and endless shopping strips” (Lang and Rengert 2001). The housing market grows as a result of sprawl, but inequitably, as it diminishes the availability of affordable housing; the development of “mini-mansions” paired with restrictive zoning policies make it difficult to address the needs of the original residents.

Chester County, Pa. represents a scenario where urban and suburban sprawl extends to rural communities. Although Chester County is classified as a metropolitan county, approximately half of the county’s land use is rural in nature, with agriculture as the primary land use. Chester County was selected to represent the many rural communities that are located within metro areas.

Chester County is located in eastern Pennsylvania, 12 miles from Wilmington, Del. and 25 miles from Philadelphia. The eastern portion of Chester County is a bedroom community for both metro areas. In contrast, the southwestern half of the county has maintained a long tradition of agriculture, primarily mushroom and horse farms. The community of Kennett Square, for instance, proclaims itself “the mushroom capital of the world.”

Chester County experienced an expansion of residential housing into the farmlands and small towns in the rural parts of the county. Between 1990 and 2000 the population in Chester County grew by 15.2 percent, compared to statewide growth of 3.4 percent. The growth of the urban-based population has led to increased land values, which has in turn led to both the rapid increase in housing costs and the loss of farmland to housing production. The loss of affordable housing has been felt by rural residents in general, but also by the farmworkers who live in the community. The Chester County case study examines the impact of sprawl on housing affordability for both the general community on “Main Street” and for farmworkers.

Amenity-Driven Migration

Most population growth in rural America between 1990 and 2000 occurred in high amenity counties (HAC 2002). Natural amenities include access to water, forests, mountains, or scenic vistas. Counties with such amenities often have economies based on tourism, for either summer or winter activities. The migration of tourists, on either a seasonal or permanent basis, is a logical progression as upper-income consumers use their disposable income to purchase housing. In high amenity communities, a secondary housing market emerges for service-sector employees tailoring to the needs of amenity tourists/migrants.

Teton County, Idaho documents instances where the natural amenities in a rural community drive an influx of upper-income residents from metropolitan areas. Teton County was selected as a case study location due to its high ERS natural amenity score, its high numbers of new residents, and its location among the Rocky Mountain states, which have experienced similar patterns of amenity-based growth.

Teton County has experienced dramatic demographic and economic shifts over the past decade. Factors such as rapid population growth and in-migration, dramatic income increases, and housing cost and value spikes document the extent of gentrification in this once extremely rural and predominately agricultural county. Between 1990 and 2000 the population in Teton County grew by 74 percent, and the median household income increased by 37 percent (measured in 2000 dollars). Housing in Teton County has also been impacted as the median house value increased by 71 percent (in 2000 dollars) and the percentage of cost-burdened households nearly doubled in the 1990s.

Many of the economic and demographic changes result directly from Teton's proximity to the Jackson Hole, Wyo. resort area. Teton County has absorbed many households and home seekers who have been priced out of the Jackson Hole area. These new residents are diverse, coming from different socio-economic backgrounds, and they are often in competition with each other for scarce housing resources.

Retirement-Driven Migration

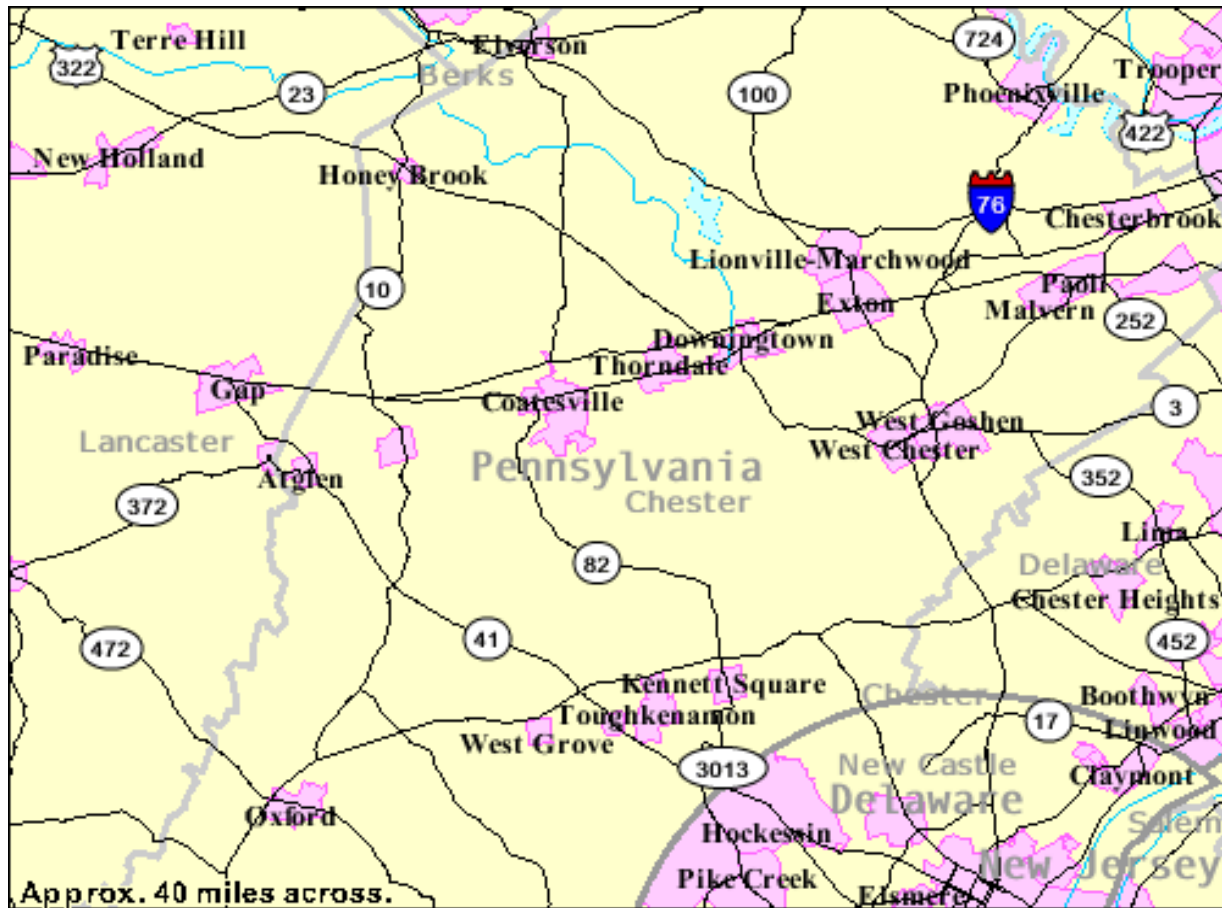
Within the next 20 years, the Baby Boom generation will reach the age of 65. As a result it is suggested that there will be an increase in the retirement migration (Rex 2002). Traditionally, many retirees relocated to popular Sunbelt states such as Florida, Southern California, and Texas. Increasingly, other Sunbelt states like Louisiana, North Carolina, South Carolina, and Tennessee are becoming destinations of choice for retirees. These states have seen their population increase by 1.5 million since 1990 (Lang and Rengert 2001).

Beaufort County, S.C. illustrates the process by which a combination of low cost of living and natural amenities in rural communities drives an influx of upper-income residents seeking a retirement destination. Beaufort County was selected as a case study location due to both its ERS designation as a retirement destination and its high rate of new residents.

Beaufort County is located on the southeastern tip of South Carolina, on the Atlantic coast, just above the Georgia border. Home to Hilton Head, a popular tourist attraction, the area has experienced not only an onslaught of tourists but also a constant increase in population since 1950. More recently, Beaufort County has seen an influx of elderly persons purchasing retirement homes. Between 1990 and 2000, the elderly population in Beaufort County increased by 76 percent, from 10,660 to 18,754. The total population of the county in 2000 was 120,937 and the elderly population comprised slightly more than 15 percent of the total population.

Many counties have developed policies to attract retirees to encourage economic development in rural areas, but some studies have shown that a concentration of retirees has the potential to increase community resistance to increased government funding of local education and roadway improvements, thus limiting the economic stability of the area (Reeder and Glasgow 1990). The Beaufort County case study examines the positive and negative impacts of the influx of elderly persons on the area.

**URBAN GROWTH INTO RURAL COMMUNITIES:
CHESTER COUNTY, PENNSYLVANIA**



Source: U.S. Census Bureau, American Fact-Finder [online], <http://factfinder.census.gov/>.

Figure 1. Chester County, Pennsylvania

Introduction

Chester County is a metropolitan county, part of the greater Philadelphia metropolitan area. Chester County is also home to some of the most productive farms in Pennsylvania. These statements are not contradictory; Chester County has long held a dual nature, both urban and rural. This dual nature can be taken as generally representative of other rural communities in the United States that are adjacent to urban centers. Chester County has traditionally balanced its urban and rural halves in a state of equilibrium. Since the 1990s, that equilibrium has been disrupted by the prolonged economic growth and restructuring of the greater Philadelphia metropolitan area. The trend of suburban sprawl into rural southern Chester County

demonstrates the future of other rural communities in the United States that lie in proximity to metropolitan areas.

History and Background

Chester County's dual nature, both urban and rural, hosts a complex series of interactions along economic, social, and cultural lines. Chester County's economy balances a number of sectors, from agriculture to industry to services. In 1992, 37 percent of the land in Chester County was farmland. However, agriculture accounted for only 3 percent of employment in 1993, dropping to 1 percent in 2000. In 2000, 45 percent of Chester County's workforce was employed in management, professional, and related occupations, while 26 percent were employed in sales and office occupations. The drop in the percentage of agricultural employees likely reflects the growth of the Chester County population and not a decline in agriculture-sector jobs.

In order to put Chester County's dual economy in perspective, the rural and urban sectors will be discussed separately. The rural southern half of the county is known for mushroom farms and horse farms, while the urban north and east has three distinct economic zones: a commuting center for Philadelphia, industrial towns independent of the Philadelphia metro area, and an emerging center for corporate headquarters.

Rural Chester County

Southern Chester County, and Kennett Square specifically, have a long history, dating back to the founding of the Pennsylvania colony. Chester County is one of Pennsylvania's first three counties, created by William Penn in 1682. Baltimore Pike, the earliest road connecting Philadelphia with Baltimore, runs through the center of the boroughs of Kennett Square, Avondale, West Grove, and Oxford. Baltimore Pike was eventually replaced by Route 1, the nation's first highway. When I-95 superseded Route 1 as the primary north-south corridor, it bypassed Chester County entirely, leaving Kennett Square as an agricultural center rather than a transportation way station.

The main agricultural product in Chester County, in terms of dollar value, is mushrooms. According to the 1997 Census of Agriculture, Chester County was home to approximately 13,850,000 square feet of mushroom farms³ and reported sales of over \$205 million, representing 67 percent of Pennsylvania's production. Mushroom sales are steadily increasing. In 1992, mushroom sales were approximately \$165 million; in five years, the sales volume increased by 25 percent.

Mushroom production was introduced early in Chester County's history by Quaker farmers, who imported Italian immigrants from Philadelphia to serve as farmworkers. The Italian

³ Since mushroom production takes place indoors, the common agricultural measure of acreage is not applicable. This figure indicates the square footage of the mushroom barns, or "growing rooms" as referred to by the industry.

workers eventually purchased the mushroom farms from the Quakers. Chester County has seen a succession of different farmworker populations, each in their turn progressing from farm labor to higher-paid professions. The last half of the 20th Century has seen African Americans from eastern Tennessee work in growing houses, followed by Puerto Ricans in the 1950s, who were followed by Mexican immigrants beginning in the 1970s (Porter 2003).

Mushroom production is part of Chester County's identity. Kennett Square proudly proclaims itself the "Mushroom Capital of the World" and celebrates an annual Mushroom Festival in the fall. Mushrooms are not the only product that contributes to community identity, however. Chester County, and eastern Pennsylvania in general, has a long tradition of horse farming. The 1997 Census of Agriculture found 518 horse farms in Chester County, compared with 103 mushroom farms. Sales from horse farms were \$8.8 million, more than any other county in the state. The existence of horse farms, and their association with an elite lifestyle, bring prestige to the community. The King Ranch, a 17,000 acre farm that is part of King Ranch, Inc. of Texas, is a notable horse farm that residents consider symbolic of their county.

Urban Chester County

The urban half of Chester County is in complete contrast with the rural half. The entire eastern edge of the county is part of the greater Philadelphia metropolitan area, and urbanization spreads westward across the middle of the county along US 30. Urban Chester County has two traditional economic zones. The eastern county, extending from Paoli to West Chester, serves as a bedroom community for the greater Philadelphia metro area.

The western county, including Coatesville and Downingtown along US 30, has had an industrial economy more similar to that of the smaller cities throughout eastern Pennsylvania, such as Reading and Hershey, than to the Philadelphia bedroom communities. The western boroughs have suffered from the general shift in the U.S. economy away from industrial production and towards the service economy since the 1980s, and these communities are now economically depressed.

Since the 1990s a third economic zone has developed within the urban areas of the county. Route 202, running north-south through the eastern part of the county, has hosted the influx of corporate headquarters for "new economy" companies focusing on the high-tech and financial services sectors. The influx of high-paying managerial and executive positions from these corporations has driven the growth of the housing market throughout Chester County.



Housing development has accelerated on former farmlands and open spaces.

This has been experienced in the southern portion of the county predominantly as urban sprawl, primarily in the townships on former horse farms.

Examined in the context of its impact on housing affordability, urban sprawl (more precisely, suburban sprawl) into rural communities is a gentrification issue. In order to examine the impact of urban sprawl on the communities of southern Chester County, the two distinct populations facing affordability problems will be examined

separately. First the impact of sprawl on moderate-income residents will be examined, followed by the experiences of farmworkers serving the mushroom industry.

Factors Generating Change

“Main Street” Experiences

The experiences of Kennett Square Borough and Kennett Township are representative of those of the entire southern county. Kennett Square, like the towns of Avondale, Oxford, and West Grove, has traditionally been a population center in southern Chester County, and is home to both high-income and low-income residents. Kennett Township includes the territories outside Kennett Square Borough and is similar to other townships such as New Garden and London Grove. While the boroughs are the traditional population centers, the townships are traditionally rural areas, home to the county’s farmlands and open spaces.

Kennett Square and its neighboring boroughs have seen their population expand and housing values rise due to the growth of the region, but the primary locus of growth is in the surrounding townships, which have traditionally consisted of farmlands and isolated homesteads. Kennett Township, like the neighboring townships, has had growth patterns that conform to the stereotypical image of sprawl: open spaces giving way to low-density single-family housing, large homes on large plots of land, with strip malls and “big box” retailers scattered indiscriminately along increasingly congested highways.

Chester County’s median household income is \$65,295 and its poverty rate is 5.2 percent. In contrast, the median household income in Kennett Square is \$46,523 and the poverty rate is 9 percent. The median household income in Kennett Township is \$85,104 and the poverty rate is 5.1 percent. The differences between the statistics for Kennett Square and Kennett Township illustrate that while both communities have seen an influx of high-income families, the majority of low-income families continue to reside in the borough.

Chester County has experienced tremendous population growth in recent decades. The population grew by 15.2 percent between 1990 and 2000, continuing the trend from previous decades. The Chester County Planning Commission (1996, 76) notes that “the population nearly doubled between 1960 and 1995, increasing from 210,608 to an estimated 412,000. At 19 percent, Chester County had the third highest population growth rate in [Pennsylvania] between 1980 and 1990. This compares to a statewide population increase of only 0.1 percent and a national increase of 10 percent over the same time period.”

Chester County overall has seen a substantial increase in the number of new residents in the last decade. The influx of new residents in the southern portion of the county, as evidenced particularly by the experiences in Kennett Township, is more dramatic than in the county as a whole (Table 1).

Table 1. New Residents for Selected Communities, Chester County
(Percent of residents who lived in a different county five years earlier)

| | 1990 | 2000 |
|------------------------|-------------|-------------|
| Pennsylvania | 7% | 13% |
| Chester County | 13% | 22% |
| Kennett Square Borough | 5% | 14% |
| Kennett Township | 7% | 24% |

Source: HAC Analysis of 1990 and 2000 Decennial Census.

According to the 2000 Census, 22 percent of Chester County residents – almost 87,000 people – lived outside the county in 1995. In 1990, the rate was only 13 percent. Kennett Square had a much more stable population during the 1980s with only 5 percent of its total population being new residents in the county. By 2000, that figure had exploded to 14 percent, almost a tripling of the rate. Kennett Township also experienced a tripling of new residents; fully a quarter of the townships residents lived outside Chester County in 1995.

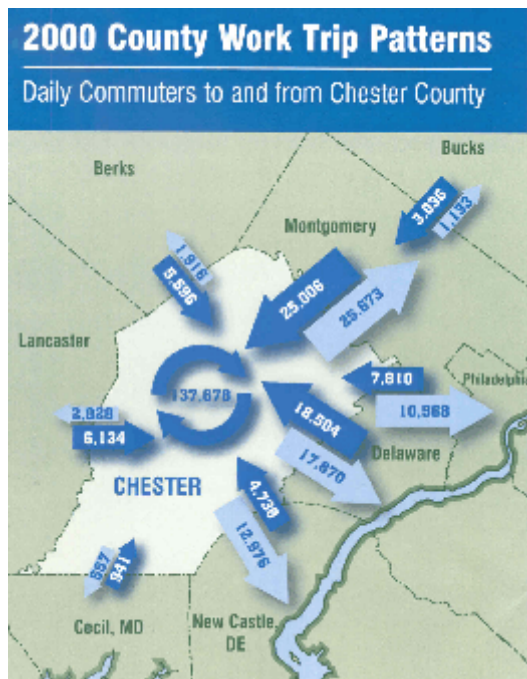
The population growth in Chester County’s communities can be attributed in part to the influx of commuters to Philadelphia and Wilmington. According to the 2000 Census, over 10,000 Chester County residents commuted to jobs in Philadelphia and over 43,000 residents commuted to the suburban Delaware and Montgomery counties; almost 13,000 residents commuted to Wilmington and New Castle County.

The development of the Route 202 corridor has made Chester County a recipient of daily commuters as well; Chester County is host to almost 8,000 workers from Philadelphia, over 43,000 from Delaware and Montgomery counties. In addition, Chester County receives almost 12,000 commuters from rural Lancaster and Berks counties and even 3,000 commuters from distant Bucks County. It seems logical to assume that today’s commuters into Chester County will be tomorrow’s new home buyers.

Commercial activity in southern Chester County reflects recent changes. Kennett Square was built along a downtown business district, with Union St. and Broad St. serving in tandem as the town’s “main street.” The downtown is occupied by a variety of restaurants, cafes, and boutique shops. The retail options are upscale, targeting the new residents. While business downtown is steady, there are concerns that downtown lacks traditional shops like drugstores or hardware stores. The Chester County 2020 Trust examined the downtown market, noting, “despite perceptions to the contrary, general stores do exist, they just happen to be Mexican. The team was told ‘You can’t buy an aspirin in Kennett Square,’ but found that you can, at the Mexican grocery shop” (Chester County Planning Commission 1996).

This finding points to contradictions in the downtown marketplace, with upscale retail along Union St. and Broad St. for middle-class non-Hispanic residents and “everyday” retail a few blocks away for Hispanics.⁴ In effect, these are separate markets that occupy independent social spheres. There is a great deal of commercial activity outside Kennett Square Borough, with strip malls along Route 1 in Kennett Township, closer to the new homes developed outside of the town proper. However, Chester County’s economy is not as dominated by low-wage service employment as are the economies of Teton and Beaufort counties in the following case studies.

Informants also raised concerns that employers who are located in Chester County or are considering relocating are hesitating because the high housing costs limit the number of employees the companies can recruit. Many of the numerous commuters from Berks and Lancaster counties may live outside Chester County due to housing affordability (see *Housing Impacts* section below). The greater the commute times to a location, the harder it is to recruit and retain quality employees (Comitta 2003; Mohr 2003).



Source: Chester County Planning Commission

employees the companies can recruit. Many of the numerous commuters from Berks and Lancaster counties may live outside Chester County due to housing affordability (see *Housing Impacts* section below). The greater the commute times to a location, the harder it is to recruit and retain quality employees (Comitta 2003; Mohr 2003).

In addition, one of the key factors in attracting new companies to Chester County is its rural character; even the eastern side of the county has less population density than communities closer to Philadelphia. These companies prefer Chester County over sprawl-plagued communities in Delaware and Montgomery counties. Should sprawl overtake Chester County, then the county would lose that competitive advantage that draws corporations to it (Comitta 2003; Mohr 2003).

⁴ Hispanic is an ethnic origin and not a race. Ethnic origin can be viewed as the heritage, nationality group, lineage, or country of birth of a person or person’s parents or ancestors before his or her arrival in the United States. Hispanics may be of any race. Hispanics are compared to other racial groups in this report to illustrate the significance of major racial and ethnic groups.

Farmworker Experiences

The differences between the character of rural southern Chester County and the urban north are borne out by Census findings. For example, while the overall Hispanic population in Chester County is only 3.7 percent, Hispanics (including farmworkers) make up 27.9 percent of Kennett Square Borough's population. Hispanics are a larger proportion of residents in some of the other towns along Route 1. For instance, Toughkenamon's population is 48.4 percent Hispanic and Avondale's is 38.1 percent Hispanic (Table 2).

**Table 2. Hispanic Population
in Selected Communities, Chester County**

| Place | Hispanic Population |
|-----------------------|----------------------------|
| <i>Chester County</i> | 3.7% |
| Kennett Township | 9.2% |
| Kennett Square | 27.9% |
| Avondale | 38.1% |
| Oxford | 16.2% |
| Toughkenamon | 48.4% |
| West Grove | 17.0% |

The disparity in Hispanic population between Kennett Square Borough and surrounding Kennett Township illustrates that Hispanics are living in the established urban centers rather than in the new communities developed on former agricultural land. By living in the Route 1 towns, Hispanics have greater access to rental housing, goods and services, and employment, including mushroom farms.

The growth of the Hispanic population in southern Chester County has marked a dramatic shift in local demographics over recent decades. In 1980, Hispanics made up only 5 percent of Kennett Square's population, growing to 12.6 percent by 1990. The growth rate of Hispanics was 60 percent between 1980 and 1990 and 55 percent between 1990 and 2000.

The massive increase can be attributed in part to recent changes in mushroom production practices and their unintended consequences. In the early 1990s, the mushroom farms began installing air conditioning systems in their growing rooms. Traditionally, the growing rooms were not climate controlled and mushroom production was seasonal. With the use of air conditioning, growers were able to shift to year-round production and required a year-round labor force (Andelucci 2003; Porter 2003).

During this time period the growers also shifted their marketing operations. Previously, the growers' primary market was the food service industry in the Northeast. Growers today now sell approximately half of their products in retail markets, including grocery stores across the

country. The increased consumption of exotic varieties such as Portabella, Shiitake, and Enoki has helped support the increased production in Kennett Square (Andelluci 2003). The retail market requires more intensive mushroom packaging, increasing the demand for labor.

When the demand for farm labor remained seasonal, most of the laborers were migrants, moving on to other states when they were no longer needed. These farmworkers were single men whose families remained in a “home base” state or in Mexico. With the need for a year-round labor force, farmworkers ceased their migratory patterns and also brought their families with them (Porter 2003). Many migrants’ wives found employment performing the packaging work.

As noted above, mushroom production continues to expand. Despite the large revenues mushroom farming generates for the county, farm labor represents a small proportion of the jobs in the county. The relatively low farmworker population within Chester County as a whole is highly problematic, as many housing assistance programs are distributed according to population-based formulas.⁵ The low proportion of farmworkers in comparison to the county’s total employment has the potential to make farmworkers an “invisible” population, one that struggles to get its needs addressed.

Housing Impacts

“Main Street” Experiences

Low- and moderate-income families do not face displacement from their homes due to gentrification. Instead, these families find themselves “locked out” of the housing market due to their lack of purchasing power. Increased housing development serves the upper-income families who have moved into the communities in the southern county while working in the Route 202 corridor or in downtown Philadelphia or Wilmington.

The median home value in Chester County is \$182,500, the highest in Pennsylvania (Table 3). That countywide figure masks a wide disparity between the older boroughs like Kennett Square and the developing townships; Kennett Square Borough’s median home value in 2000 was only \$122,300 while Kennett Township’s was \$248,500.

The median housing values appreciated only slightly between 1990 and 2000. The findings from the 2002 American Community Survey better capture the increases in housing values in recent years. The median housing value in Chester County increased by \$22,513 during a period of just two years, a growth rate of 11 percent.

⁵ The regulations guiding HUD’s housing and community development budgetary formula allocations are available online at <http://www.hud.gov/offices/cpd/communitydevelopment/rulesandregs/index.cfm>.

Table 3. Median Housing Values for Selected Communities, Chester County

| | 1990 | 2000 | 2002 |
|------------------------|-------------|-------------|-------------|
| <i>Pennsylvania</i> | \$69,700 | \$97,000 | \$102,871 |
| Chester County | \$155,900 | \$182,500 | \$205,013 |
| Kennett Square Borough | \$110,600 | \$122,300 | N/A |
| Kennett Township | \$236,400 | \$248,500 | N/A |

Source: HAC Analysis of 1990 and 2000 Decennial Census and 2002 American Community Survey

The options for affordable homeownership have decreased since the 1990s, and once again there are wide disparities in the experiences of the boroughs and the townships (Table 4). In 1990, an astounding 93 percent of single-family homes were valued at under \$150,000. By 2000, the percentage has dropped to 78 percent. In contrast, 22 percent of Kennett Township's housing stock was valued under \$150,000 in 1990, dropping to 13 percent. In addition, 21 percent of Kennett Square's homes were valued under \$100,000 in 2000, in contrast to 4 percent for Kennett Township.

Table 4. Affordable Housing Values for Selected Communities, Chester County

| Homes Under \$150,000 | 1990 | 2000 |
|------------------------------|-------------|-------------|
| Chester County | 47.2% | 34.2% |
| Kennett Square Borough | 93.3% | 77.9% |
| Kennett Township | 22.2% | 12.5% |
| Homes Under \$100,000 | 1990 | 2000 |
| Chester County | 19.3% | 11.4% |
| Kennett Square Borough | 38.4% | 20.9% |
| Kennett Township | 8.7% | 4.0% |

Source: HAC Analysis of 1990 and 2000 Decennial Census.

The disparity between Kennett Square and Kennett Township continues when the costs of rental units are compared. The median gross monthly rent in Kennett Square is \$642 compared to \$1,655 for Kennett Township. Rents in the township are almost three times as high as in the borough. These differences may be explained in part by the limited rental stock in the township. Forty-three percent of housing units in Kennett Square are rental units while only 21 percent of units in Kennett Township are rentals.

Rental units across Chester County are more expensive than state averages. According to the National Low Income Housing Coalition (NLIHC), an individual would have to earn \$17.15 per

hour in order to afford a two-bedroom apartment in Chester County, even at the rental rate set by HUD’s “Fair Market Rent” standards (Table 5).

Table 5. Hourly Wage Needed to Afford Fair Market Rents, Chester County

| | One-Bedroom FMR | Two-Bedroom FMR | Three-Bedroom FMR | Four-Bedroom FMR |
|----------------|------------------------|------------------------|--------------------------|-------------------------|
| Pennsylvania | \$10.69 | \$13.09 | \$16.55 | \$19.53 |
| Chester County | \$13.87 | \$17.15 | \$21.44 | \$26.90 |

Source: National Low Income Housing Coalition 2003

In Chester County, 22 percent of residents paid more than 30 percent of their income for housing and are considered cost burdened. Kennett Township has a similar rate, with 20 percent of its population cost burdened. Nationally, 23 percent of residents in metropolitan areas are cost burdened; the rates for Kennett Township are consistent with the national rate. However, Kennett Square has a much higher rate, with 31 percent of its residents cost burdened. Kennett Square Borough, despite having substantially lower median home values and median rents than Kennett Township and Chester County as a whole, has a significantly higher cost burden rate than either. This apparent contradiction is most likely caused by the concentration of farmworkers within Kennett Square proper.



Approximately one-third of Kennett Square’s homes are valued under \$150,000.

The high housing costs in southern Chester County, if they continue, may bring serious repercussions. Long-time residents are faced with dramatic increases in housing costs and worry that future generations of Kennett Square families will be unable to live in the town where they grew up. Informants relayed anecdotes about recent college graduates who could not return to Chester County due to high housing costs. In addition to concerns for their children’s welfare, residents were concerned about how generational out-migration would affect Kennett Square’s sense of community (Frame 2003; Porter 2003).

Current patterns of housing development in southern Chester County will not alleviate the affordability problems; in fact, they are more likely to exacerbate them. As the majority of new housing is being built outside the boroughs, the statistics for Kennett Township are indicative of these trends. In Kennett Township, just as in New Garden and London Grove, new construction is dominated not only by single-family homes, but also by “mini-mansions” with large square footages and lot sizes of one acre or more. For Chester County residents, housing problems are synonymous with sprawl (Frame 2003; Mohr 2003).

In 1992, 176,000 acres of land, representing 37 percent of the county, were used for farmland. This compares with 223,000 acres, or 46 percent of the land, in 1974. The Chester County Planning Commission has studied the process of urban sprawl extensively. According to the Planning Commission (1996),

The conversion of open space to residential and commercial uses in recent decades has been enormous. More land was altered by sprawling development in the last 25 years than in the entire 300 years of Chester County's history. Over 50,000 acres of once open land have been developed since 1970, much of it in the form of scattered, low density housing, shopping centers, and corporate and industrial parks. If this wasteful pattern of development continues unchanged, an additional 60,000 acres of open fields, farms, and woodlands will be gone by 2020.

The Chester County Planning Commission has led efforts to address growth concerns by preserving rural spaces while allowing for development in suitable locations. Unfortunately, the commission has no statutory authority over local jurisdictions. As Pennsylvania was established by William Penn, there is no unincorporated territory; all land is under the sovereignty of some local entity (e.g., a township or borough). Each jurisdiction is responsible for its own land use planning and often they act independently with little coordination. The Planning Commission sees its greatest impact in its ability to provide information to communities and facilitate regional, rather than local, approaches to development (Comitta 2003).

As the majority of land placed in development is purchased from former horse farms, development threatens one of the distinct cultural elements of Chester County. In response, smart growth initiatives have focused on preserving land used for horse farms. Chester County 2020 is a nonprofit organization founded by a broad coalition of public and private institutions to preserve farmland and direct development along lines consistent with the Planning Commission's Landscapes Plan. The efforts of the Planning Commission and Chester County 2020 have been fruitful. In 1989, county voters approved a \$50 million bond issue to protect open space, including farmlands. An additional \$79 million was appropriated by the County Commissioners for the preservation of open space and other natural resources.

While the focus of community leaders has been on limiting growth and preserving land, affordability problems have not been neglected entirely. In June 2000, Chester County 2020 convened a forum on housing needs in the county. With strong support from local governments, nonprofits, and the business community, the forum holds the promise of organizing a county-wide consensus on how to address the growing affordability problem.

Chester County's housing needs are not concentrated in the south. Housing affordability is a primary concern throughout the county. Housing assistance, through programs like HOME and Section 8, is distributed countywide, forcing low- and moderate-income families in the southern communities to compete for limited forms of assistance.

Housing assistance offers the opportunity for cost-burdened families to solve their housing problems. Unfortunately, this assistance does not meet the great demand within the county. Chester County's Department of Community Development (DCD) maintains an inventory of all multifamily units funded by the department. The inventory identifies 731 total units of subsidized affordable housing in the county. Of these units, only 266 (36 percent) are for general occupancy. The majority of the units are reserved for senior citizens or persons with special needs (generally mental illness). These units are insufficient to meet the housing needs for the county, as evidenced by vacancy rates. The DCD inventory lists only nine total vacancies for all of these units; in practical terms, there are no vacancies to accommodate additional families with housing needs.⁶

Farmworker Experiences

Migrant farmworkers were traditionally housed on the farms in large dormitories and farmworkers in managerial positions were often given small detached units. Other farmworkers rented off-site housing and faced affordability, housing quality, and crowding problems. When mushroom production shifted from a seasonal to a year-round basis, the on-site dormitories were not able to accommodate the influx of farmworkers, who were now accompanied by their families. Consequently, farmworker families settled in Kennett Square and neighboring communities.

The impact of the new residents of southern Chester County was felt almost immediately. The housing market in Kennett Square did not have the capacity to handle the sudden influx of new residents. In 1993, community leaders, including concerned growers and La Comunidad Hispana, a nonprofit organization serving the Hispanic community, hastily convened to address the need for housing faced by the farmworkers. As a result of this meeting, the nonprofit Alliance for Better Housing was formed to help provide affordable housing to farmworkers (Porter 2003).

The Alliance for Better Housing has worked hard to solve the housing problems of Chester County's farmworkers. After its incorporation in 1994, the Alliance focused on rehabilitating and renting older homes in Kennett Square and neighboring boroughs. In 1999, it developed Buena Vista, a 24-unit townhouse complex centrally located near several mushroom farms. The homeowners received USDA Rural Development Section 502 mortgages; the reduced interest rates on the Section 502 mortgages were a crucial factor in insuring the affordability of Buena Vista. In 2003, the Alliance broke ground on Las Rosas, a townhouse development of 16 affordable units.

⁶ Available online at <http://www.chesco.org/ccdcd/library/hsginventory.html>.

The three- and four-bedroom units that constitute Buena Vista sold for prices between \$105,000 and \$112,000 (Porter 2003). A farmworker, working 60 hours per week, could earn an estimated \$18,000 in the mushroom farms. A truck driver for the farms could earn approximately \$35,000. The families living at Buena Vista earn between \$12,000 and \$35,000. These wages are high compared to farmworkers in other states, who may earn around \$10,000 a year (HAC 2002, 72). The bitter irony is that these wages are still low relative to the high costs in Chester County.

In addition to developing homes, the Alliance for Better Housing packages Rural Development Section 502 loans for farmworkers. The Section 502 loans generally are used to purchase existing houses rather than construct new housing. Southern Chester County had long been rural enough to fall within Rural Development's service area and in the 1990s the county's service area was "grandfathered in" to keep the area eligible for USDA Rural Development assistance as more communities were impacted by suburban sprawl (Porter 2003). Without this protection, the service area would gradually be diminished, possibly within a decade.

Land availability severely restricts the potential sites for affordable housing development. The lands that are placed into development are formerly farm lands and are put on the market in large parcels. The lack of smaller lots is a limiting factor in the county. The lack of land for new homes hurts farmworkers since their primary option for homeownership is the purchase of existing houses that typically require rehabilitation. Several families have been approved for Section 502 loans, only to have their certificates of approval expire because they could not find homes in their price range that passed inspection. Howard Porter, Executive Director of the Alliance for Better Housing, emphasized the pivotal role of land acquisition and development. He believed the funds were available to finance any number of units if only the land were available (Porter 2003).



The homes at Buena Vista were purchased with USDA Rural Development Section 502 mortgages.

Kennett Square was unprepared for the influx of a permanent farmworker population in more ways than one. In addition to housing problems, community acceptance was also an obstacle faced by these new residents. Language and cultural barriers prevented some Mexican immigrants from joining the larger community. In other cases, long-term residents had negative reactions to their new neighbors. The Alliance's first project faced NIMBYism and anti-Hispanic sentiments (Porter 2003). As time passed, perceptions changed and the community became more welcoming to the immigrants (Mohr 2003; Porter 2003). Today, there are multi-cultural festivals that are tailored to Mexican residents and ongoing efforts by various organizations to reach out to immigrant families; the resistance to the Alliance's projects has disappeared as well.

The mushroom growers are experiencing their own difficulties with the growth around them. Because mushrooms are raised in growing rooms, the crop is not land-intensive and growers are not under pressure from land developers. The development of upper-income housing brings new neighbors to mushroom growers, ones that may not have the same vision of the community's identity as the growers. Mushroom growers are concerned that their new neighbors may not value the agricultural character of Kennett Square and may become intolerant of the everyday impacts of mushroom farming, from the noise made by delivery trucks to the smell of fertilizer. Growers have shifted from consulting with USDA Cooperative Extension Service on new techniques to improve farming efficiency to considering ideas on how to leave smaller "footprints" in terms of wastewater management and odor control. Growers hope that by being proactive to the needs of their new neighbors and by remaining engaged in their communities, they can insure that mushroom production remains an essential part of southern Chester County's identity (Andelucci 2003).

Conclusion

Concerns about Kennett Square's identity are on the minds of many residents. "Community character" can be a nebulous concept, and the changes in Chester County over the last decade have made it even more difficult for residents to share a common sense of identity. Every person interviewed during this research had a different opinion about the nature of Kennett Square's character and where it was heading. Some believed that the area had retained its rural character, with a "small town" atmosphere where everyone knew everyone else and a relaxed pace of life. Others held that the changes had been substantial and the area was now part of the suburban complex spreading across the county's eastern border. Some residents were proud to see that Kennett Square had finally embraced its new Hispanic residents and added their heritage to the mosaic of the community. Others expressed frustration that there had not been any attempt to welcome immigrant families to Kennett Square.

The contradictory opinions of residents reflect the changes in southern Chester County. In the early 21st Century, Kennett Square, along with its neighboring boroughs and townships, is still in the midst of the transformation that began in the 1990s. It does not have an identity, or rather, a single identity; the multiple facets of Kennett Square each reflect a personality that is a part of the whole. Its complex community character makes Kennett Square representative of the experiences of other rural communities adjacent to growing urban and suburban areas.

**HIGH-AMENITY COMMUNITIES:
TETON COUNTY, IDAHO**



Figure 2. Teton County, Idaho

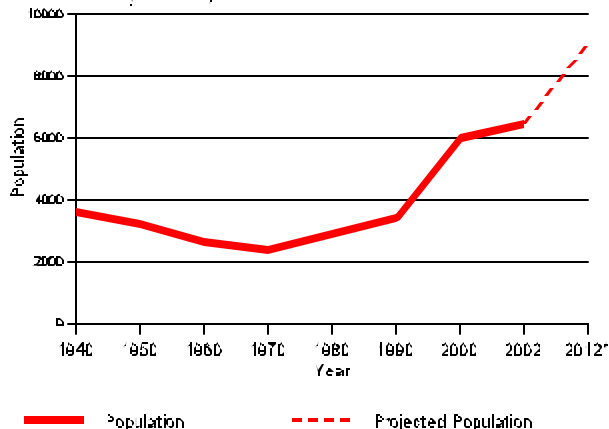
Introduction

Teton County, located on the eastern edge of the Idaho border with Wyoming, is situated at the base of the famous Grand Teton Mountains. It is a small county by Western standards (300,000 acres) with a small population (6,500 persons). For the past century, this small and somewhat isolated rural community has embodied the quintessential West. It is situated in a wide open expanse surrounded by mountains and dotted with classic Western ranches. But this scene is changing, and somewhat rapidly. The population of Teton County nearly doubled in the 1990s. This new and emerging population is bringing about distinct changes that are altering the fabric of this traditional rural Western community.

Seemingly invisible Teton County has received national attention concerning its growth and appeal as a high amenity area. It was featured as the “number one” place to live in the United States by *Men’s Journal* magazine. Likewise, National Geographic’s *Adventure* magazine lists Teton County among the “top 10 summer sports Meccas” (Marin 2002/2003).

Figure 3. Population Growth

Teton County Idaho, 1940 - 2012



Source: HAC Analysis of U.S. Census Bureau Data

Teton County is undeniably a beautiful and amenity-rich location that is just now beginning to be discovered by the rest of America. Whether this is a good or bad development is a highly controversial issue in this county. These recent rankings by national media outlets indicate a more immediate concern for Teton County. How will such a small, remote, and quiet community cope with the immediate impacts of dramatic growth and social, economic, and housing changes that accompany this type of expansion?

History and Background

Teton County's history has been greatly shaped by natural forces. Its high altitude (over 6,000 feet), rugged mountainous

terrain, and notoriously harsh winters have traditionally made this a difficult place to live. For much of recent history, the area that is now Teton County was relatively uninhabited by humans. Native American tribes such as the Black Feet, Gros Ventres, and Shoshone are said to have used this territory as a meeting ground (Gallagher 2000). Later named Pierre's Hole, the area counted pioneers and trappers among its first full-time inhabitants. Teton County was officially established in 1915. Teton County was primarily settled by members of the Church of Latter Day Saints and still has a significant Mormon population today (Boothe 2003).

In the early part of the 20th Century the population of Teton County grew steadily from a few hundred people to approximately 3,600 by the mid 1930s. Much of this growth was based on the county's burgeoning agricultural production during this time period. However, with further expansion of the Northwest and a reduction in agricultural production, the county's population declined at a steady pace between 1940 and 1970. Teton County started to reverse this trend in the 1970s and 1980s with modest population gains. The county's population exploded during the 1990s with an 87 percent increase between 1990 and 2002 (Figure 3).



Teton County is relatively racially and ethnically homogenous, as 86 percent of the population are white and not of Hispanic origin. Hispanics are the largest minority group with over 700 Latino residents (12 percent of the population) according to the 2000 Census.

Today the county has three main population centers: the city of Victor (population 1,100) in the south of the county; Driggs, the county seat, in the center (population 840); and Teton in the north (population 247). Approximately 36 percent of the population live in these incorporated areas.

Factors Generating Change

Location and Amenities

Undoubtedly, the most significant factor impacting growth and gentrification in Teton County is its close proximity to the Jackson Hole resort area. The city of Jackson, Wyo. has become a world famous ski and recreation destination. It attracts not only seasonal skiers and tourists, but also an increasing number of predominately affluent households wishing to settle in the area permanently. In recent years the costs of living and housing in the Jackson area have skyrocketed. This has forced many working class residents that support the tourist and recreation industry of Jackson to move to a more affordable location. Teton County's seat of Driggs is only 30 miles from Jackson and in many ways is the most logical choice for Jackson workers.



Agriculture, once the staple of Teton's economy, has declined dramatically over the past few decades.

Like Jackson Hole, Teton County is also becoming an increasingly attractive location for outside "amenity-seeking" migrants. The area is still relatively undeveloped and affords a relaxed "rural" pace of life with breathtaking views of the scenic landscapes of the Teton Mountains. As is the case for workers, housing costs also play a major role in amenity-seeking migrants' decision to locate in Teton County, as new home prices in this area are much lower than in the Jackson area.

Furthermore, Teton County also has recreational amenities of its own. Approximately 30 percent of the county is federally owned land, the bulk of which is the Grand Targhee National Forest – a popular ski destination. The Grand Teton National Forest is just minutes away and Yellowstone National Forest is less than a one-hour drive north of the county.

Economic Shifts

Teton County has traditionally relied on agriculture for its economic base, although this was never an easy way to make a living. At an elevation of over 6,000 feet, the area has a very short growing season and crops are limited to barley, seed potatoes, and several forms of grains. The county also has a limited number of dairy and beef farms. Teton County has

approximately 60,000 acres in cropland and another 30,000 acres in pasture and grazing land (Gallagher 2000).

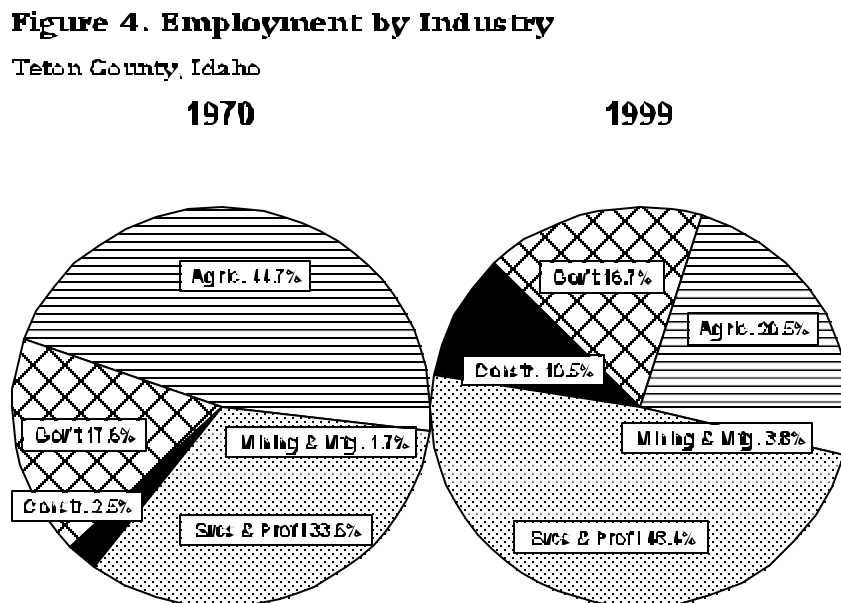
As in the nation as a whole, agriculture in this area has gone through some significant transformations over the past few decades. The area has seen a dramatic decline in agricultural production and its impact on the local economy. In 1970, agricultural production and services accounted for 45 percent of county jobs (Figure 4). In 1999 farm production accounted for only approximately one-fifth of local jobs (Sonoran Institute 2002). These changes have deeply impacted the economic structure of the county. Many local officials and residents note that many Teton County farmers have had to consolidate operations and farm larger parcels to remain economically viable.

In contrast, service jobs have increased significantly, accounting for 48 percent of jobs in 1999 compared to 34 percent in 1970. Likewise, with the dramatic growth in population, the demand for housing has created many new construction-related jobs. In 1970 there were only 26 construction jobs in the county, but in 1999 there were 269 (Sonoran Institute 2002).

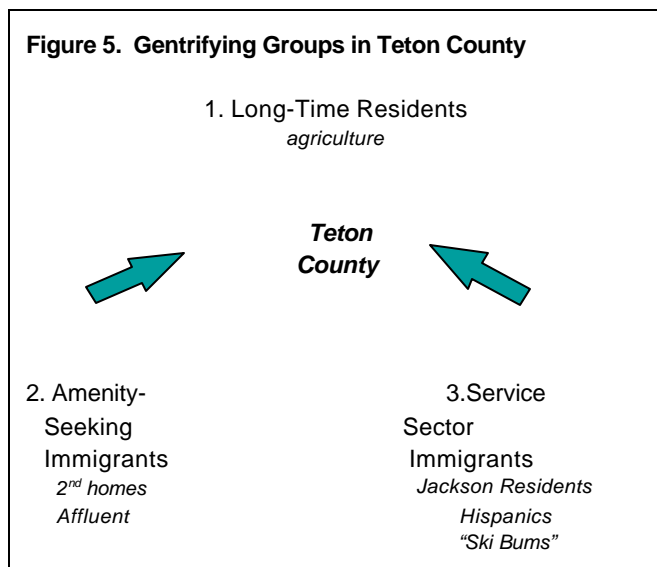
Commercially, Teton County still has a very “small-town” atmosphere. There are no large factories or industries in the area and, for the most part, no national or regional chain stores with the exception of a small Burger King at one of the gas stations in Driggs, the county seat. Most retail stores are still locally owned; however, county officials speculate that with further growth more regional and national chains will start to appear.

Social and Economic Dynamics

Three primary population groups in Teton County are either affecting or being affected by the county’s continuing gentrification. The first are the county’s long-time residents, who are



primarily farmers, many of whom are Mormons. Two other major population groups are relative newcomers to the area: amenity-seeking migrants who are escaping urban locales for more amenity-rich environments and service-sector migrants who are employed in the area's recreational and tourism industries. The increase in diversity from the rapid influx of several different groups has caused some conflict and tension that have triggered social, economic, and political tensions within Teton County (Figure 5).



Long Time Residents

The long-time residents of Teton County are likely to be involved in more traditional agricultural and natural resource based economies. The decline in the traditional agricultural base has deeply impacted many of the long-time residents who have either consolidated farm operations, left farming entirely, or moved from the county. These agricultural transformations have also opened up many parcels of land for residential development.

Some long term residents are selling off parcels of their land for residential development or in some cases developing

lots themselves. Others are selling their ranches wholesale and moving to restart their agricultural operations in adjoining counties that are still primarily rural and not experiencing such growth and change. It is important to note that the county's long-term residents are generally older, as many of their children left the county in the 1980s and 1990s and did not return to work on the family farms (Marin 2003). Many older and retired farmers strive to continue their way of life; many have small "hobby" farms where they conduct limited agricultural operations. Several residents noted that farming and ranching "is all these people have known and all they really want to do" (Boothe 2003; Marin 2003).

One significant issue of controversy, especially among long-time residents, is that of community character. Many residents fear that the growth produced by outside migration will forever alter the traditional rural nature of the community. As one long-time resident stated, "They move here because they want to get away from the city life, but when they get here they want to change things to make them like the city. It makes no sense!" (Boothe 2003).

Amenity-Seeking Immigrants

The rural West has become an increasingly attractive location for persons and households seeking to escape urban locales for more amenity-rich environments. These migrants are predominately college-educated professionals or retirees and they are often affluent, with substantial disposable incomes. They are often called "second homers" by local residents, as



many are locating their second or third home in this area. These migrants on the whole tend to be younger than the long-term residents but are predominately in their 50s and 60s. Local officials note that many of these amenity migrants come from California and are early retirees or people who made their fortunes in 1990s technology boom.

Amenity migrants are often the most conspicuous of the three groups because of their economic

ability to purchase land and place grand homes and mansions upon it. They are also often a greater focal point of problems with long-time residents. With a greater degree of diversity, these newcomers and their lifestyles are often in contrast, and even in conflict, with long-time Western residents. However, some amenity migrants note that while some long-time residents resent their presence, they are still very civil and polite to them unlike in other areas of the West where the local population has been more hostile to second homers (Marin 2003).

Service Sector Residents

A unique component to Teton County's gentrification equation is the emergence of a third distinct demographic group. An increasing number of service sector jobs associated with the recreation industry of Jackson Hole and the surrounding ski areas have attracted a number of persons for employment-related reasons. This group is not as easily defined as the other two primary population segments, but it can be roughly encapsulated into three sub-groups: long-time area residents, Hispanic migrants, and a youthful "quality of life" segment also often called "ski bums." These service workers often reside in Teton County, but generally make the daily trek over the mountain to work in Jackson Hole or other ski and recreation venues.

Many long-time residents of the Jackson, Wyo. area are moving into Teton County because they are simply being priced out of the housing market in Jackson, which has witnessed astronomical housing price increases in the past five years. One Jackson Hole worker explained that she could rent an entire house in Teton County for the same price as a small apartment that she would have to share with another resident in the city of Jackson (Robertson 2003). Many of these migrants are employed in lower-scale, lower-paying service jobs related directly to recreation and tourism. However an increasing number of migrants from Jackson are employed outside the tourism industry, including teachers and firefighters who cannot afford to purchase homes in Jackson.

Another important component of change in Teton County is the growth in the Hispanic population over the past decade. This population predominately works in low-wage service sector and agricultural production. Local officials note that many of the recent Hispanic

migrants are upwardly mobile and move into higher scale work such as construction. Members of this group make a significant contribution to the economy and the growth but are generally not very visible in the county’s gentrification scheme – likely because they lack political and economic resources.

The third and most visible subgroup of the county’s service immigrants are a younger population – often below age 30 – who, like the older, more affluent amenity migrants, are also attracted to the area by natural amenities and recreation. They lack substantial economic resources, however, and work in the service-related industries as means of supporting their activities. They are often called “ski bums” by local residents because of their subsistence lifestyles and culture. Yet, in many cases, these “ski bums” are well-educated and come from affluent families, earning them another nickname of “trust fund babies.” This subgroup is often environmentally conscious and active on development issues in the county.

Housing Impacts

One of the more dramatic and visible indications of Teton County’s transformation can be viewed through its housing situation. One cannot drive through the valley of Teton County and not witness residential construction. The number of new homes built in the 1990s is estimated somewhere near 750 units compared to an estimate of 320 for the 1980s (Table 6).

Table 6. New Home Construction, Teton County, 1960s-1990s

| Period | New Homes |
|---------------|------------------|
| 1960s | 126 |
| 1970s | 450 |
| 1980s | 320 |
| 1990s | 750 |

Source: Gallagher 2000.

Most of this new construction has taken place in the southern portion of the county which is closer to Jackson Hole, and also has more dramatic views of the Tetons. The newly constructed homes are generally larger, upscale structures catering to the wealthier amenity-seeking migrants. An indicator of this trend is the county’s dramatically increasing housing costs/values. The median home value in the county is \$133,000 – up 71 percent from the median value in 1990 (in 1990 dollars). Likewise, the average cost of a new home in Driggs increased from \$108,100



to \$150,935 in 1996 (Gallagher 2000). Many of the newer homes are actually second homes which are used seasonally or periodically by their inhabitants. The county planning office estimates that approximately one-third of the county's homes are used as second homes (Boothe 2003).

Despite the dramatic construction, housing development in this area is still largely speculative. In 2003 in multiple subdivisions there were 4,300 lots of which only about 1,500 had been built upon. Another 4,800 lots had been platted and 1,700 were unsold (Boothe 2003). However, the potential for further development of new housing in Teton County was even greater as a recent buildout analysis for Teton County estimated the potential for an additional 25,000 units to be constructed (Sonoran Institute 2001). This is significant given the fact that there were only 2,000 occupied units in the entire county when the study was conducted.

Housing costs and affordability are often at the center of housing issues in a gentrifying community. Housing costs in Teton County are generally lower than those in rural areas nationwide. Housing costs and affordability problems have been on the rise in this area, however. According to the 2000 Census, 24 percent of households in Teton County were considered cost-burdened, meaning they paid 30 percent or more of their monthly income towards housing costs. In 1990, only 13 percent of Teton households were cost burdened. Rising property taxes are invariably a concern in gentrifying communities. Some local residents and officials expressed concerns about increased property taxes; these concerns have been greatly mitigated, however, by the Idaho homestead exemption law which entitles each full-time occupant homeowner to a partial tax exemption.

On the other end the spectrum, as the number of lower- and moderate-income households have increased, housing options have not proliferated for these populations. While there have been several new affordable housing rental units and developments in the city of Driggs, local housing officials note a general lack of affordable housing options. The number of homes valued under \$100,000 decreased by 44 percent from 1990 to 2000. In contrast, in 1990 there were no homes valued over \$300,000. In 2000, there were approximately 60 valued at this level, nine of which were valued at more than \$1,000,000 (Census data).



In many areas of the county new homes for amenity migrants and older mobile home parks are placed next to one another.

The costs of rental properties in Teton County are still less than the mean statewide costs (Table 7). However, the relative affordability of rental units in Teton County is offset by the low wages earned in the service sector and by a general lack of available rental properties. As new housing construction in the county is predominantly single-family homes, rather than multifamily development, rental units will continue to be limited.

Table 7. Hourly Wage Needed to Afford Fair Market Rents, Teton County

| | One-Bedroom FMR | Two-Bedroom FMR | Three-Bedroom FMR | Four-Bedroom FMR |
|--------------|------------------------|------------------------|--------------------------|-------------------------|
| Idaho | \$8.00 | \$10.13 | \$13.80 | \$16.35 |
| Teton County | \$6.75 | \$8.69 | \$11.77 | \$13.94 |

Source: National Low Income Housing Coalition 2003.

Mobile homes or manufactured housing are often the housing of choice for low- and moderate-income households in Teton County. Approximately 13 percent of the county's housing stock are manufactured or mobile homes. Local officials note a major dichotomization in the placement of manufactured and mobile homes in the county. The newer manufactured homes – which are often double-wide units – are being purchased by low- and moderate-income families as first homes. In many cases this is their only affordable homeownership option. On the other end of the scale are older mobile home units – often built before the U.S. Department of Housing and Urban Development (HUD) Code of 1976 – which are placed in parks and lots close to one another. These are almost universally housing for low-income residents and low-wage workers.

Interestingly, many of the newly constructed, higher priced homes are placed in very close proximity to older mobile homes and mobile home parks. Local building officials note that this is a factor of water rights and availability, which are significant issues in this part of the West. Local planning officials also note that zoning laws in the area are relatively lax in relation to mobile home parks because the local resort industry has lobbied to maintain them as they are a vital source of housing for their workers. However, some predominately newer and long-term residents find problems with some these mobile home parks. Local planning officials report that they have experienced an increase in the number complaints of zoning code violations from neighbors (Boothe 2003).



The high and increasing housing costs have also served as a deterrent to the development of new affordable housing in the area. This is evidenced by the recent experiences of the federal Rural Housing Service in developing affordable housing. RHS regulations limit the amount that can be financed at \$104,000. However, in this increasingly high cost area, even modest-priced homes are selling far above this level. The local RHS official noted that their office received permission to raise the ceiling rate to \$154,000, yet that was still too low for low- and moderate-priced homes in the area that will meet RHS lending standards

(Robertson 2003). The RHS official noted that they were also actively seeking to fund a mutual self-help⁷ program for affordable housing in the area, but even that program might not be able to bring housing costs under the RHS lending ceiling (Robertson 2003).

Conclusion

Teton County, Idaho is a rural community in flux and transition. In many ways it is still an extremely rural bastion indicative of the Old West. Ironically, its charm and character are also propelling it into significant change and restructuring. On the surface the gentrification of this area may seem like a simple struggle between three population groups. But in reality, it is experiencing a significant confluence of social, economic, political, and environmental factors that have complicated this small community's growth into a dynamic situation.

The three primary population groups make for an interesting social mix that is both cohesive and conflictive at the same time. It is difficult to judge the pulse and reaction of Teton County in relation to its changing population as, naturally, every described population group views its situation differently. Some factions are pro-growth, other factions are anti-growth, and others still are ambivalent.

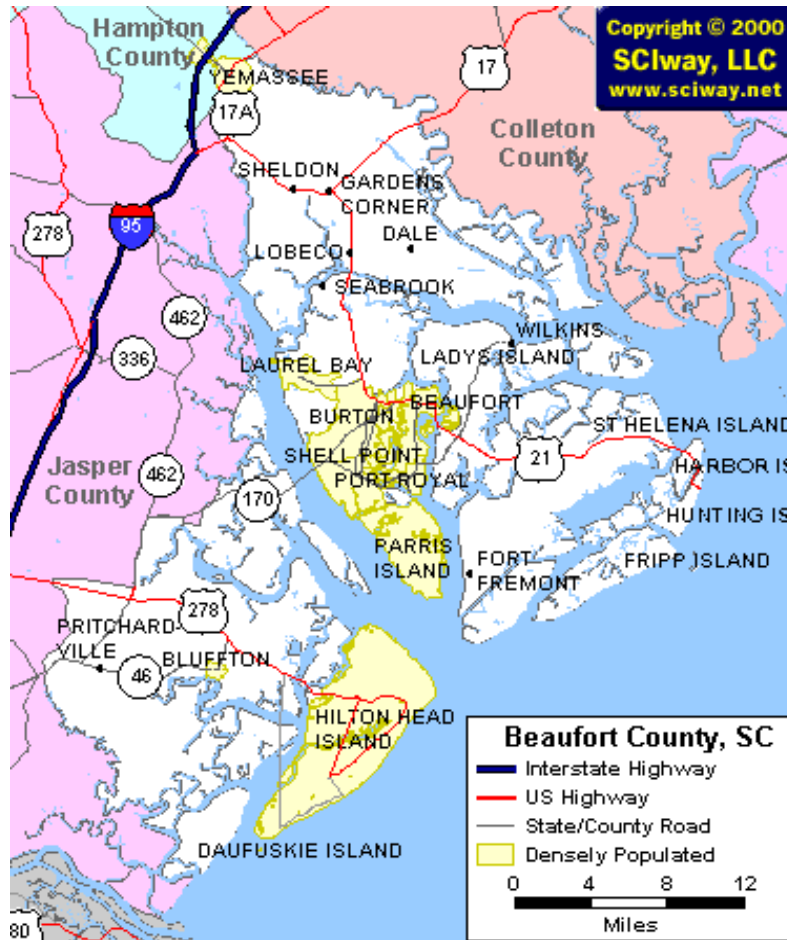
The rapid growth and development within Teton County subsided slightly in the early 2000s with the economic downturn in the region. And while there is some resistance to growth from the local community, this is not the dominant trend. With the aging of the long-time population, combined with the gradual evaporation of the agricultural economy, Teton County is likely to promote the development of high-income housing production. If so, it seems likely to go the way of many other similar rural western communities such as Telluride, Aspen, and Vail. If this trend continues, Teton County's current housing and housing affordability problems will seem minuscule in comparison.



Teton County still has an “Old West” feel, but it is changing rapidly.

⁷ Mutual self-help is a home construction process whereby teams of homeowners contribute their labor in lieu of downpayments.

**RETIREE COMMUNITIES:
BEAUFORT COUNTY, SOUTH CAROLINA**



Source: South Carolina Information Highway

Figure 6. Beaufort County, South Carolina

Introduction

Beaufort County, S.C. is located on the southeastern tip of the state on the Atlantic coast, just miles from the Georgia border. Home to Hilton Head, a popular tourist attraction, the area has not only experienced an onslaught of seasonal tourists but also a constant rise in population since 1950. The county's population increased by over 400 percent within the last 50 years (Figure 7). Beaufort County has also experienced an influx of elderly persons over the last several years. The county has been identified by ERS as a nonmetro retirement-destination

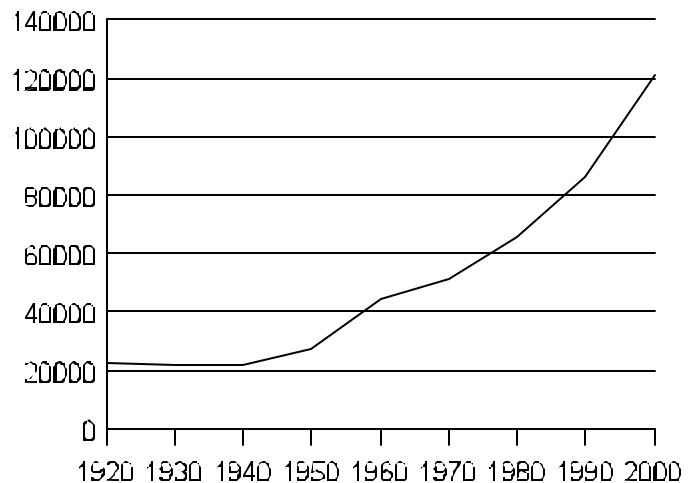
county⁸ due to the consistent in-migration of persons aged 60 and over. Between 1990 and 2000, the elderly population in Beaufort County increased by 76 percent, from 10,660 to 18,754. The county's total population in 2000 was 120,937 and slightly more than 15 percent of them were elderly. This county is rated in the top 20 nonmetro counties having the highest increase of elderly population in the nation, and the third highest increase among all nonmetro counties in the South.

History and Background

Beaufort County's rich history can be traced back to the 18th and 19th centuries during the height of the slave trade when over 50,000 slaves from the Windward Coast of West Africa⁹ were imported by South Carolina and Georgia planters (Coastal Georgia Historical Society n.d.). Eventually, the slaves on the "sea islands"¹⁰ outnumbered their masters. During the American Revolution, some slaves took advantage of the opportunity given by the British forces to fight for the Crown in exchange for land and freedom (Coastal Georgia Historical Society n.d.). The slaves who remained were able to maintain their African culture more than slaves in other parts of the country, due to their isolation on the sea islands, which at that time could be accessed only by boat. During the Civil War, the Union Army caused most of the white residents of the sea islands to flee, while the slaves stayed and continued to cultivate the land. The culture of this region, which is referred to as the Gullah culture, is still alive today and continues to contribute to the character of Beaufort County.

After emancipation, many of the Gullahs remained on the sea islands of South Carolina in Beaufort County. For many years that followed, they were isolated from the rest of the country. Not until the 1950s did the construction of roads and bridges between the islands of the county begin to physically, economically, and culturally reshape the area. Around the same time, the idea of turning Hilton Head Island into a tourist attraction began to develop. By the 1970s, the development was spreading rapidly and the population increased dramatically. The

Figure 7. Beaufort County Population
1920-2000



⁸ A retirement destination county is defined by the Economic Research Service as a county that has 15 percent or greater increase in population of people aged 60 and above from in-movement of people within the last ten years.

⁹ The "Windward" or "Rice Coast" of West Africa includes Sierra Leone, the country from which the ancestors of the Gullahs are believed to originate.

¹⁰The "sea islands" are the islands off the coasts of Georgia and South Carolina where the distinct Gullah culture developed.

Gullahs were soon outnumbered by the new residents of the county. Between 1950 and 1970, the county's population almost doubled from 26,993 to 51,136 and with the constant influx of new residents, the population soared (Figure 7).

The Gullahs have lived on the land for hundreds of years and passed it down through successive generations. This type of property is referred to as "heirs' property."



Local residents strive to maintain their cultural heritage, such as this restaurant that advertises "Authentic Gullah Food."

own parcels of land as "tenants in common" and when a family member dies, the land is divided among the next generation. After several generations, one plot of land can be owned by literally dozens of people without a clear legal definition of who is actually responsible for the land (Leslie 2003). Also, most of the native islanders failed to write wills or use other formal means to pass on their land. This now occasionally prevents owners from being able to develop their property and at other times the owners may lose their land in tax sales if the land has outstanding tax debt (Grant n.d.). The

process of clearing the title of this type of property can be extremely rigorous and costly. Heirs' property cannot be sold without the permission of each owner and it is usually difficult to locate all of the family members. Also, even if attorney fees are waived, it can still cost thousands of dollars to clear a title (Gioielli 2001).

The county's boom in development began on Hilton Head Island, the most popular of the county's 65 islands. Completion of the James F. Byrnes Crossing in 1956 opened the door to a rapid transformation of the island, which would eventually affect the entire county. The attractive housing drew in new residents from all over the country, while resort development began to bring tourists into the area. In 1972, during the beginning of the rapid development, Hilton Head Island attracted 72,000 tourists. By 1980, the island brought in 648,000 tourists (Danielson 1995). Many natives of the island were not pleased with the sudden influx of new residents, tourists, and new development, as it was disrupting the way of life they had been used to for the past several generations (Santagati 2003).

The extreme and sudden growth and development was not limited to Hilton Head Island. The continuous construction of bridges and highways brought more people to other parts of the county as well. Many natives of the islands were reluctantly pulled into the cycle of development as they secured jobs on Hilton Head Island that were more lucrative than working in other parts of the county. Residents began to count on the tourism industry and the continued growth of the area that they had initially shunned, in order to make a living.

Factors Generating Change: Elderly Influx

Research has shown that retirement counties tend to experience increases in per capita income and employment. Because of this, many states have endorsed policies to attract retirees as a strategy to encourage rural development (Reeder and Glasgow 1990). These policies began to gain popularity during the late 1980s and early 1990s; however, the strategy is still not as popular as other economic development strategies, such as those that revitalize ailing manufacturing and resource-extracting industries (Reeder 1998).

South Carolina has been a retirement destination for many years, due mostly to its pleasant weather and numerous amenities. Between 1985 and 1990, 34,251 people aged 60 and over moved to South Carolina and most of these retirees came from New York, North Carolina, New Jersey, Florida, or Georgia (Division of Research 1995). Most of the retirees settle in the coastal areas of the state, including Beaufort County.

Beaufort County has opened several retirement communities to attract high-income seniors. Sun City Hilton Head opened in 1994 and was built on 5,000 acres. There are currently 2,200 retirement homes in this community, with 7,000 planned to be built in the future. Typical prices for these homes range from \$118,900 to \$222,900 and they are sold to buyers 50 and older. This retirement community, as well as others in the county similar to it, offers many amenities, such as a town square, social hall, library, Olympic-size indoor pool, tennis courts, and a ceramic shop.

It is believed that counties with a significant elderly population have the possibility of increasing the incomes of the other residents, mainly because elderly people tend to rely more on services than on goods. This increased demand for services leads to higher employment rates. The unemployment rate in Beaufort County dropped from 2.6 percent in 1990 to 2.2 percent in 2000.

These may seem like promising statistics; however, service employees tend to have lower wages than workers in other sectors and their income levels may not rise significantly over time (Reeder and Glasgow 1990). South Carolina is a right-to-work state which means that employers are prohibited from requiring union membership as a condition of employment – although they also cannot ban union membership among their employees (Landess 2001). The lack of labor unions in the county prevents employees from having a voice to advocate for higher wages.

Figure 8. Potential Benefits and Costs of Elderly Migration

Potential benefits of elderly migration in South Carolina:

- Increases in local sales and sales tax
- Enhancement of local property tax base
- Increase in local capital pool
- Creation of jobs
- Stabilization of business cycle
- Development of a pool of talented and committed elderly service volunteers
- Stimulation of service development
- Potential for rural economic development
- Cost effectiveness in comparison with other options

Potential costs of elderly migration in South Carolina:

- Increased service demands
- Development of a geriatric population with special needs
- Negative repercussions for other sectors of the local economy
- Development of a dual economy
- Escalating housing prices
- Environmental concerns and traffic congestion
- Transformation of the local social and political climate

Source: University of South Carolina 1995

Although encouraging retirees to live in certain areas may have a positive impact on a county's economy, as well as contributing to population growth, there may also be negative impacts as a result of an influx of elderly persons. Research has shown that retirees may not support education spending in their communities since they do not benefit directly from most forms of public education and most do not have families in the same community that would benefit from public education. In many instances, the elderly population tends to bear a disproportionate share of local taxes, which causes them to act in their own interest regarding local taxes. (Reeder and Glasgow 1990)

The elderly population also tends not to support local taxes to finance infrastructure, especially roads and highways (Reeder and Glasgow 1990). Elderly residents might oppose such projects on the grounds that they may not live long enough to benefit from a new highway. Also, most elderly people drive only occasionally and even when they do drive, it tends to be on local roads and not highways.

An influx of elderly people in communities may also create a strain on public health budgets, as the elderly tend to make extraordinary demands on medical services (Reeder and Glasgow 1990).

All these issues often create rifts between retirees and community natives. This is said to be the case in Beaufort County. There is a history of division between the county's wealthy retirees and its disadvantaged natives. An obvious disparity also exists between natives and immigrants with respect to income and education (Hawkins 1996). Although the county has

the highest number of high school and college graduates in the state, as well as one of the highest income levels, it is obvious that there is another side. Among long-time residents, there is still a high incidence of female-headed households, persons 25 and older without high school degrees, and persons below the poverty level, as well as households receiving public assistance, lacking complete plumbing, and lacking a vehicle for transportation (Hawkins 1996).

The influx of elderly persons and tourists into the county has increased employment opportunities; many of these jobs are in the service sector, however, and are generally low paying (Table 8).

Table 8. 2003 Average Service Industry Wages for Beaufort County

| Occupation | Average Wage Range | Education Level |
|----------------------|---------------------------|-------------------------------|
| Retail Salespersons | \$6.69-\$10.68 | Some on the Job Training |
| Groundskeepers | \$8.28-\$10.64 | Some on the Job Training |
| Restaurant Cooks | \$8.08 -\$11.38 | Extensive on the Job Training |
| Guards | \$8.74-\$10.78 | Some on the Job Training |
| Automotive Mechanics | \$9.00-\$15.05 | Vocational Training |
| Stock Clerks | \$6.59-\$9.19 | Some on the Job Training |

Source: South Carolina Employment Security Commission

Beaufort County has also experienced many downsides of the elderly migration to the area. The most obvious negative impact is the escalation in housing prices. The median value of owner-occupied housing units in the county in 2000 was \$213,900, well above the state's median value of \$94,900. In addition, the county has experienced extreme traffic congestion, due mostly to the explosion in the population. The transformation of the political climate is also obvious, as the rift between the natives and the elderly population widens as they continue to have opposing views about many political topics.

Housing Impacts

The influx of wealthy retirees into Beaufort County has created widespread housing problems. The median housing value in the county is more than twice the value in the state. Although the median household income was \$46,992 in 1999, more than 10 percent of the county was living below poverty during the same time. The priority in housing development is for the wealthy retirees. Most of the land in the county, especially on Hilton Head Island, is occupied by million-dollar homes, multi-million-dollar resorts, and senior living facilities. The market for affordable housing is extremely limited and housing affordability is a low priority for local leaders (Hairston 2003).



Fifteen percent of Beaufort County's residents live in mobile homes

It is not uncommon to see home prices ranging between \$250,000 and \$1,000,000, while housing that would be affordable to the poor and working class is almost nonexistent (Beaufort County Planning Commission 2002). This forces most of the disadvantaged people in the county to live in substandard housing or in mobile homes. In 2000, 15 percent of the county's residents were living in mobile homes.

While the poor people are lacking decent housing, the wealth of the county continues to grow. Between 1992 and 2001, the market value of real property in

Beaufort County increased by 113 percent, from \$5.6 billion to over \$12 billion. Also, between 1991 and 2000, the average value of new residential construction permits rose 120 percent, from \$94,289 to \$207,759. According to the South Carolina Association of Realtors, from 1999 to 2000 the average sales price of a house in Beaufort, the county seat, rose 13 percent from \$158,000 to \$178,000 (Table 9). During the same time, the average sales price of a house on Hilton Head Island increased by 11 percent, from \$435,000 to \$483,000 (Beaufort County Planning Commission 2002).

Table 9. Beaufort County Demographics

| | Beaufort County | South Carolina |
|--|----------------------------|---------------------------|
| Housing units | 60,509 | 1,753,670 |
| Homeownership Rate | 73.2% | 72.2% |
| Median value of owner-occupied housing units | \$213,900 | \$94,900 |
| Median household income, 1999 | \$46,992 | \$37,082 |
| Persons below poverty, 1999 | 10.7% | 14.1% |
| White | 70.7% | 67.2% |
| Black | 24.0% | 29.5% |
| Hispanic | 6.8% | 2.4% |

Source: HAC Analysis of Census 2000 data.

While service jobs on Hilton Head Island are higher-paying than elsewhere in the county, these wages are insufficient to meet the high housing costs on the island (Table 10). Employees are

forced to commute, at times, up to four hours every day to work. Ten thousand commuters travel daily to Hilton Head Island.

Table 10. Hourly Wage Needed to Afford Fair Market Rents, Beaufort County

| | One-Bedroom FMR | Two-Bedroom FMR | Three-Bedroom FMR | Four-Bedroom FMR |
|------------------------|------------------------|------------------------|--------------------------|-------------------------|
| South Carolina | \$9.05 | \$10.53 | \$13.63 | \$15.81 |
| Beaufort County | \$10.33 | \$11.88 | \$14.83 | \$16.62 |

Source: National Low Income Housing Coalition 2003

The issue of affordable housing is being addressed by a number of organizations and individuals. Their efforts are being hindered by many outside forces, however. Affordable housing has not yet become a top priority for the members of the county council. And although elderly residents volunteer their time to many worthy causes, housing issues are not one of their main concerns either. This does not mean that nothing is being done to address the issue. An affordable housing committee has been established to oversee the development of a housing program for the county. In January 2001, an affordable housing coordinator was hired. The county plans to develop a nonprofit housing organization to facilitate the development of affordable housing (Beaufort County Planning Commission 2002).

The most recent effort to develop affordable housing came in June 2003 when developers approached the county council's finance and affordable housing committees with a plan for a 380-unit housing development. This development would include 50 rental units for senior citizens, 30 apartment units, and 300 units of apartments and single-family homes. This public-private partnership would also involve Charleston Affordable Housing, Inc., as well as other local nonprofit organizations. The developers are asking the county to select this project to be their first major affordable housing effort and to commit the initial capital of \$500,000, as well as to make a future commitment of a \$5 million bond (Huckaby 2003).

Conclusion

Beaufort County is dealing with an interesting set of issues that all tie into the county's housing dilemma. With its priority set on catering to wealthy retirees and tourists, the county is leaving the disadvantaged natives to fend for themselves. It was not long ago when the natives of the area enjoyed simple living on land they called their own. Now they are involved in an ongoing conflict wherein their land is quickly being taken away by wealthy



New single-family housing construction is almost exclusively for the high-income retiree market

elderly people and multi-million-dollar resort companies. This, combined with low-paying jobs and transportation issues, makes the provision of affordable housing almost impossible. Although the situation seems bleak at the moment, efforts are being made to alleviate the consequences of gentrification in the county. With the development of the Affordable Housing Task Force by the County Council, plans for a new affordable housing development, and work being carried out by other nonprofit organizations in the area, there is hope for the disadvantaged population in the county.

PATTERNS OF RURAL GENTRIFICATION

Differences in Urban and Rural Gentrification

Figure 9 contrasts the differences between gentrification in urban and rural communities. The elements identified as urban phenomena are derived from the literature on gentrification, which focuses almost exclusively on urban settings. The elements listed as rural phenomena are derived primarily from the case studies, as the literature on rural gentrification is extremely scarce. Of course, this comparison is highly generalized, and it is expected that there are exceptions for both urban and rural characteristics.

Figure 9. Distinctions between Gentrification in Urban and Rural Communities

| Urban | Rural |
|---|---|
| Occurs in select neighborhoods | Occurs throughout whole towns/counties |
| Race and class elements; racial dimensions are very strong | Less race, more class (although race is an issue in specific areas) |
| Rented houses sold for homeownership; older buildings renovated or torn down; residents displaced | Most growth is conversion of farmland or other open space; more residents are “locked out” of new development rather than displaced |
| New residents move in from other parts of metro area | New residents move into rural areas from expanding metropolitan areas |
| Counter-trend; most growth is still in suburbs | Dominant pattern of growth in area; rural communities are in the path of metropolitan expansion |

The experiences of Chester, Teton, and Beaufort counties, while unique in many ways, also share a number of similarities. The common experiences of these counties indicate patterns and trends in rural gentrification affecting rural communities nationwide.

In each of these counties, the greatest housing problem is affordability. This is consistent with HAC’s analysis of Census 2000 data, which demonstrated that the gaps between incomes and housing affordability have increased in rural areas (HAC 2002). For the three counties examined in this report, economic development has led to dramatic growth in housing costs with a resulting decline in housing affordability.

The impact of declining affordability differs in urban and rural contexts. Whereas gentrification in an urban context is most commonly associated with the physical displacement of low-income families from their existing housing through increases in rents or property taxes, rural gentrification in the three counties studied here has led to a lack of housing opportunities, as high property values preclude, or “lock out” low-income families from local

housing markets. Even though the number of new housing units increases as a result of growth, new housing serves upper-income residents; the quantity of housing units for moderate- and low-income families diminishes in the face of increasing housing costs. Even long-term residents of rural areas facing gentrification face the prospect of leaving their communities to seek affordable housing. This lack of displacement makes rural gentrification a more subtle process, and as a result, rural families facing affordability problems may not garner the same degree of attention as similarly situated urban families.

Gentrification in urban settings is seen as a counter to the primary locus of growth, which remains on the suburban periphery of metropolitan areas. While the downtowns and historic neighborhoods of numerous cities have experienced population growth, this growth has been minor compared to the expansion in new communities in the far suburbs. The experience of rural areas is in strong contrast to urban patterns. When gentrification occurs in rural communities, it is the dominant trend; gentrification occurs alongside housing development in rural areas.

Local Dynamics in Three Rural Communities

Dominant patterns of housing production in rural areas are evident in the Chester County case study. The rural communities in the southern portion of the county are located on the border of the Philadelphia and Wilmington metropolitan areas. As these metro areas expand, the only land available for new housing development is in the rural section of the county. Therefore, suburban sprawl and rural gentrification in Kennett Square are synonymous.

The economic dynamics behind gentrification in Teton and Beaufort counties are similar to those in Chester County, even though these counties are not adjacent to metropolitan areas. In each of these locations, a formerly rural autonomous community has been incorporated into a larger metropolitan-based economy. While vacationers and retirees relocate to rural communities, the vacation and retirement economies are driven by assets accumulated in metropolitan economies. Therefore, Teton County's growth is due to the influx of upper-income tourists from California's Silicon Valley while Beaufort County's growth is due to its selection as a retirement community by upper-income elderly persons, primarily from the New York City area. The increases in this nation's communication and transportation networks have made this incorporation possible. That the growth in these communities began decades ago but only accelerated in the 1990s demonstrates the importance of these metropolitan linkages.

There are particular aspects of the experiences of the three counties that differentiate them and point to the complexities of gentrification in rural America. Growth patterns in Teton and Beaufort counties are similar to each other and distinct from the pattern in Chester County. The local economies of both communities are driven by service sectors that offer low-wage employment to serve the needs of the new residents. In both counties, low wages and high housing costs lead to a lack of housing opportunities, driving low-income families further away from the communities where they were born and raised. In these communities, the lack of housing affordability is an unintended, or at least an unprepared-for, consequence of an economic growth program.

The experiences of Chester, Teton, and Beaufort counties indicate that rural gentrification may have racial or ethnic dimensions that are highly contextualized. In Beaufort County, the African-American community that has lived on the sea islands for generations is being steadily displaced by white residents. In Chester County, Hispanic farmworkers, who are essential to the mushroom industry, face numerous housing problems due to the influx of upper-income families to the region. In these cases, minority populations, despite long-standing ties to the community, are traditionally marginalized populations. Their marginality has made them particularly vulnerable to increasing housing costs and has hindered efforts to serve their needs.

Each of the three cases also raises the importance of local cultural factors. African Americans in Beaufort County are part of the regional Gullah culture, which has held fast to traditions from their African past. As the Gullah are displaced to make way for new residents, the vibrancy of their culture is threatened. The practice of “heirs property” is an informal and vernacular form of land tenure that has served the Gullahs’ needs since the end of the Civil War. The pressures from land developers and tax assessors may lead to the end of this practice. In Teton County, long-time residents have held on to their Mormon heritage and values, including the central place of the family in their culture. New residents are generally from other faiths and their increasing dominance threatens the Mormon culture of the area. Even in Chester County, which is in close proximity to the urban culture of Philadelphia, residents in the southern portion of the county view themselves as “gentlemen farmers” with a proud tradition of horse breeding. While mushroom production is likely to persist despite the sprawl, horse farms in southern Chester County may soon be a thing of the past.

CONCLUSION

The findings from this research indicate that gentrification and decreasing housing affordability are likely to be continued trends in rural America. The dramatic increase in population and housing costs in the counties examined above demonstrate how truly dependent rural economies are on the larger dynamics of metropolitan areas. The trends in the three counties examined in this report indicate that urban residents will continue to move into rural areas, further incorporating these communities into the metropolitan economy.

The continued increase in housing costs in these regions indicates that their housing markets have not yet reached the equilibrium where supply equals demand. Therefore, it can only be expected that, barring fundamental shifts in the underlying economy, housing values will continue to rise. The high-end, luxury segment of the housing market is driving the shifts in housing prices, with the affordable housing market subordinate to it. As long as the market for luxury housing continues to expand, developers will focus on that segment to the exclusion of affordable housing. An honest assessment of the affordable housing market in these three counties would have to acknowledge widespread market failure in the affordable housing segment. As a result, the only entities serving low-income families are nonprofit organizations and government agencies.

Nonprofit organizations will experience increasing difficulties in providing affordable housing in these regions due to a number of factors: increasing land costs, increasing development costs, competition for funding, and increased NIMBYism. In Kennett Square, for instance, farmworkers must compete with low-income families in urban communities such as Coatesville, and as Chester County becomes more urbanized overall, the minority voices of the farmworkers will be increasingly drowned out by the pressing needs of other low-income populations. The lack of any systematic approach to planning in Chester County, combined with an increasing NIMBYism rooted in class- and race-based elitism, makes the prospect for more than a marginal increase in farmworker housing less likely as the economic expansion of the metropolitan region continues.

In Teton County, land use is restricted by limited water availability. The costs of access to water combine with the dramatically increasing land values to prevent low-income service employees from achieving homeownership. The problems faced by these families are exacerbated by the competition for affordable rental housing with “ski bum” residents who are mostly from middle- and upper-income backgrounds and choose to occupy the limited affordable housing stock for “lifestyle” purposes.

In Beaufort County, Gullah families are faced with the seizure of land held for generations, due to property tax and land title regulations that have not been adapted to account for the traditional practice of heirs property. Families have been able in the past to retain land owned through heirs property arrangements, but that was before rising property values put the land under pressure for development.

In summary, Chester, Teton, and Beaufort counties testify to the dramatic impact of gentrification in rural communities. These counties have all faced the ironic condition of

increasing housing production paired with decreasing affordability. In addition, they have also lost long-held traditions and elements of local culture in exchange for a homogenous, suburbanized new identity.

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Gentrification is the process by which higher-income households displace lower-income residents of a community, changing the essential character and flavor of that community. The Housing Assistance Council researched the dynamics of gentrification in rural communities and its impact on housing affordability. This report presents case studies illustrating three common scenarios for rural gentrification: urban sprawl (Chester County, Pa.), in-migration of people attracted by natural amenities (Teton County, Idaho), and in-migration of retirees (Beaufort County, S.C.). These counties all face the ironic condition of increased housing production paired with decreasing affordability.

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