

Territorial Stigma and Rent Gap Production: The Logics of Gentrification in Gresham and Middlehaven, Middlesbrough

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Abstract: Rent gap theory has long been a staple of gentrification studies, and given that gentrification and territorial stigma have been shown to be closely related, the distinct ways in which the rent gap operates in territorially stigmatised spaces demands attention. This paper examines how governance approaches within territorially stigmatised spaces shape the particular ways in which rent gaps are opened. It illustrates how the rent gap theory has operated in practice across two contexts within Middlesbrough, a town in the North East of England. By tracing the governance approaches which shape the form that rent gap production takes across these contexts, this paper provides evidence for how the rent gap theory operates in practice in stigmatised areas, and indicates how the form which the process of rent gap production takes is contingent upon the particular logics of governance operating within a locality at the point of production.

Keywords: gentrification, rent gap theory, territorial stigma, Middlesbrough

Introduction

Over four decades since the publication of the ground-breaking paper in which Neil Smith (1979) introduced the rent gap theory, which would shape gentrification studies and ignite debates on the process for years to come, rent gaps remain critical in understandings of processes of urban change in devalorised and subsequently gentrified spaces. In the time which has elapsed since Smith set out the rent gap theory, the need to pay attention to these spaces and the processes which see them devalorised in the first instance has become ever more pronounced. Decades of austerity and the protracted evisceration of the welfare state in the UK have seen a proliferation of stigmatising narratives which place blame for poverty at the feet of those enduring the consequences of rampant inequalities (Slater 2016). This widespread stigmatisation of poverty—and specifically of people in receipt of welfare benefits (including Housing Benefit)—has also accompanied the symbolic devalorisation, or territorial stigmatisation, of many working class spaces—a stigma which has often been produced and mobilised towards rent gap production and which obfuscates the structural causes of disadvantage. As such, in these devalorised spaces, territorial stigma emerges as a key feature

which must be considered in any attempt to understand the processes which occur within them, including gentrification.

Territorial stigma and gentrification have been shown to be closely related. In many instances, territorial stigma is activated in spaces targeted by the state for regeneration initiatives as a means of justifying demolition and the displacement of residents enduring the stigma (see Uitermark 2014). Territorial stigma has been shown to be integral in various urban redevelopment strategies, and a key factor which influences how housing markets perform (Sisson 2018). The often-disastrous consequences of gentrification for residents who face the threat of displacement from their homes are by now well documented (see Elliott-Cooper et al. 2020), and understanding the mechanisms by which this occurs represents a social justice imperative.

The role of urban governance in shaping processes of gentrification has been shown to be critical (Rozena 2024), particularly in the case of state-led gentrification entailing the identification of sites for redevelopment by local authorities, and associated efforts on behalf of the local state to attract inward private investment to the area (see Holmes 2022). And while there is a growing body of literature which explores the rent gap theory in explicit relation to territorial stigma (Gray 2022; Kallin 2017; Risager 2022), there is still scant literature on the specific ways in which the rent gap operates, and the ways in which it is opened up, in the contexts of different governance approaches in spaces where territorial stigma is mobilised. This paper highlights how particular approaches to urban governance in territorially stigmatised spaces lead to the opening of a rent gap, and what form this process of rent gap formation takes.

The paper will explore different modes of rent gap production across different governance approaches within Middlesbrough, a town in Teesside, in the North East of England, showing how the process of opening up a rent gap is enacted in different ways, using differing logics and justifications across specific local contexts of territorial stigmatisation. The paper traces the relationship between territorial stigma and the rent gap across two settings within Middlesbrough in order to highlight how the rent gap operates in symbolically devalorised spaces.

The first of these settings is Gresham, a neighbourhood close to the town centre. In this area, it will be demonstrated, notions of “housing market failure” coupled with the mobilisation of territorial stigma had the effect of creating a widened rent gap—via the proliferation of profound uncertainty and subsequent disinvestment—where this did not exist prior to the announcement of demolition plans. The second setting considered here is Middlehaven, another central neighbourhood of Middlesbrough (though one which is often framed as peripheral, despite its proximity to the town centre). Middlehaven has been the focus of concerted efforts by the local state to bring about the regeneration of the area through attracting inward private investment, and via entrepreneurial governance strategies pursued purportedly in response to local authority budget cuts. In this context, it will be argued that rent gaps in Middlehaven have been produced through the production and mobilisation of the stigma, via policy which works to “de-risk” private investment, and through attempts to produce a speculative image of Middlehaven as a thriving hub of creative industry.

Through an analysis of how the rent gap operates within the context of these two distinct approaches to gentrification pursued at different times within one town, this paper aims to interrogate how different logics underpinning state-led gentrification shape the formation of rent gaps in particular ways in territorially stigmatised spaces. The paper argues that the particular nuances of the mobilisation of territorial stigma—and understandings of it and governance approaches to dealing with it—shape the forms which rent gap production takes.

Situating the Rent Gap in Territorially Stigmatised Space

Territorial Stigma

Since its identification by Wacquant (1996) as a key feature of advanced marginality, territorial stigma has been the subject of multiple studies which have made headway in revealing its nature and implications. Territorial stigma—understood to be imposed and maintained both from outside and inside the space affected (Wacquant 2008)—sees spaces reviled as undesirable or dangerous, and such spaces are often imagined to be hotspots of crime and disorder (Kornberg 2016). Indeed, in areas construed as “problem places”, residents have long been portrayed as “problem people” (Johnston and Mooney 2007). Notably, territorial stigma is closely related to the widespread stigmatisation of the working class (Arthurson et al. 2012). Tyler (2013:162) shows how stigmatising stereotypes of the working class are intricately connected to stigmatised spaces, with the disparaging label “chav” in the UK thought to derive from the insulting characterisations “Council Housed and Violent” or “Council-House-Associated Vermin”. As Müller (2024) attests, the construction of moral narratives is an integral mechanism in the production (and contestation) of territorial stigma.

Crucially, Schultz Larsen and Delica (2019) highlight that “specialists in symbolic production”—including media outlets, as well as a range of actors who shape policy (such as councillors, council officers, think-tank managers, property developers, etc.)—actively construct stigmatising narratives which feed into the various agendas of those in whose interests the stigma is produced. In cases where stigma is constructed and mobilised towards gentrification, it is often powerful actors operating from social and physical spaces outside of the stigmatised area who drive this process (ibid.). As Gray and Mooney (2011) observed in Glasgow’s East End, politicians, local authority officials, journalists, and property developers all had a hand in constructing a narrative of the area as in serious decline so as to justify “regeneration”.

Importantly, such narratives are not always internalised by people living in stigmatised spaces (Sisson 2021). Nayak (2019) shows that while Teesside has been widely stigmatised, including through TV programmes such as Channel 4’s “Benefits Street”, some residents featured in the show resist and “re-script” the class-based narrative constructed by such depictions through emphasising the strength of community ties, and positioning the good “morals and ethics” of local people in opposition to the cynical greed symbolised by monetary wealth. Similarly, in a study of Camden, New Jersey, Cairns (2018) finds that young people

draw attention to the partiality of negative depictions of their city across the media, and identify “good” in the city in various guises, from the notion that the city has shaped them as people, to the city’s prosperous past which invokes hope for the future. It is clear, then, that amidst dominant stigmatising narratives there remains room for alternative narratives to emerge.

There exist several studies which document the gentrification of territorially stigmatised spaces (see Paton 2018; Schultz Larsen 2014; Uitermark 2014), and show that the processes of stigmatisation and gentrification are closely connected. Crucially, stigmatisation and gentrification are shown to be outcomes of governance strategies (McIntyre and McKee 2008). Given the importance of the rent gap theory in understandings of gentrification, and the close relationship between territorial stigma and gentrification, it makes sense that how the rent gap operates specifically in territorially stigmatised spaces ought to be examined.

The Rent Gap Theory

Rent gap theory refers to the difference between the current ground rent which can be capitalised by a landowner on the land and its built assets in its present state, and the potential ground rent which could be capitalised were the land put to a “higher use” (Smith 1979). When this gap is large enough, gentrification is more likely to occur, often at the hands of the local state, or by private investors. Smith indicates that the production of a rent gap occurs in a cyclical manner: when a built asset is first constructed, the capitalised ground rent will be relatively high, and the price of the property (made up of the ground rent and the property value combined) may increase over a period of time, as the ground rent is gradually enhanced due to the development of surrounding areas. Over time, the property (and surrounding areas) may begin to depreciate in value as repairs and maintenance of varying levels of seriousness and expense will become needed (*ibid.*). As this occurs, the level of ground rent it is possible to capitalise upon decreases, and making the necessary investments to maintain the property becomes financially unsound when weighed against the rate of income that can be captured from tenants. By this time, higher-income residents have likely moved away to areas where their investments in property are less risky, and are replaced by low-income tenants. Landlords therefore tend to undermaintain their properties, collecting as much rent as they can from low-income tenants while allowing the building to fall into disrepair (Slater 2017a).

When sufficient disinvestment has occurred to leave a large enough gap between the current capitalised ground rent levels and the amount that could be capitalised were the built assets renewed, gentrification is more likely to occur, and the process begins again (Smith 1979). Critically, this process is not bound to occur over time—it is set into action by particular urban actors, from landlords and policy makers to mortgage providers and property developers, whose actions both shape property market dynamics and are shaped by them (*ibid.*). Just as the decline and disinvestment in particular areas primed for gentrification is not a naturally occurring phenomenon, nor is the displacement of low-income tenants which is implicit in the process. As Slater (2017b:119–120) puts it, “closing the

rent gap requires, crucially, separating people currently obtaining use values from the present land use providing those use values—in order to capitalise the land to the perceived ‘highest and best’ use. The rent gap thus highlights specific social (class) interests, where the quest for profit takes precedence over the quest for shelter”.

Territorial Stigma and Rent Gaps

The relationship between the rent gap and territorial stigma is difficult to pin down. Slater (2017b:125) points to “an unresolved analytic puzzle” wherein gentrification often fails to occur in the areas where the capitalised ground rent is lowest first. While gentrification does consistently take place in working-class areas which have experienced disinvestment, these are often not the areas with the lowest ground rents: the areas where the rent gap is largest ought to be those which are the most heavily devalorised, yet these are also the areas which are all too often associated with a territorial stigma that may deter potential corporate developers or gentrifiers on account of a persistent stigma both depressing current land values and simultaneously placing a limitation on the potential for values to rise upon reinvestment (ibid.). As Slater (2017a) indicates, in much the same way as Wacquant (2008) argued that marginality is not manifested everywhere the same, Smith’s (1979) rent gap theory is not intended to predict the areas where gentrification will occur, and is not suggestive of a homogenous formula for gentrification which would operate in the same way in any given location. Smith (1987:464) dismissed Ley’s (1986) critique along these lines with the rebuttal that “the whole point of the rent gap theory is not that gentrification occurs in some deterministic fashion where housing costs are lowest ... but that it is most likely to occur in areas experiencing a sufficiently large gap between actual and potential land values. This is a fundamental distinction”. Further consideration of how the rent gap theory can be applied to areas experiencing territorial stigma is therefore called for.

Goffman’s (1963:9) work on stigma is instructive in thinking through how territorial stigma may persist in the face of reinvestment, as it reveals that when attempts are made by a stigmatised person to remove their stigmatising “blemish”, “where such a repair is possible, what often results is not the acquisition of fully normal status, but a transformation of self from someone with a particular blemish into someone with a record of having corrected a particular blemish”. It stands to reason that territorial stigma may work in a similar way, retaining its symbolic power long after reinvestment has transformed the facade of the built environment. Nonetheless, while less heavily devalorised areas may be subject to processes of gentrification more readily, there is an abundance of evidence which shows how the mobilisation of territorial stigma—often by the state (Kallin and Slater 2014)—and subsequent disinvestment, actively produces rent gaps, and is framed as a justification for regeneration projects. As such, the rent gap theory clearly has value for understanding processes of gentrification in territorially stigmatised areas.

The rent gap theory offers opportunities to consider in more depth both why devalorised territorially stigmatised areas might evade gentrification, and also how these areas often become subjected to processes of gentrification regardless of the potential limitations which their stigma places on revalorisation. Just as territorial stigma is often activated by the state as part of attempts to justify regeneration, and to depress values, local state authorities may also magnify the rent gap to levels wide enough to attract private-sector developers through tools of entrepreneurial governance. Indeed, local governments dancing to an entrepreneurial tune frequently offer subsidies, provide tax breaks, or sell land at competitive prices in order to provide an attractive proposition to investors by increasing their propensity for profit-making (Leitner 1990). It is this which Gray (2022:75) calls the “state-subsidy gap”, in which the state attempts to “de-risk” private investment in areas thought to be otherwise too “economically risky” to secure it, through a range of incentives. Thus, local governments can widen the rent gap to enable regeneration in places which otherwise might be left untouched by processes of gentrification.

Bourassa (1993:1741) argues that the rent gap theory fails to show “how neighbourhoods previously subject to disinvestment come to be perceived to have the potential for reinvestment and higher land rents”. In fact, this is where understanding territorial stigma comes in most usefully. Territorial stigma (and the symbolic devalorisation which comes with it) works to widen the rent gap by depressing current capitalised ground rents. Implicit within the rent gap theory is the symbolic aspect of devalorisation. Here, Kallin’s (2017) concept of reputational gaps is instructive in revealing how perceptions of a rent gap are instrumental in producing the possibilities for gentrification to occur. As Kallin (2017:105) argues, the potential increase in ground rent in the rent gap model “is always hypothetical. It only exists insofar as it is imagined”. When territorial stigma is mobilised, urban renewal or regeneration is often painted as a necessity (see Gray and Porter 2015). This invokes the notion that the space ought to be reinvented, and it is this imagined renewed space which could fetch a higher capitalised ground rent that produces the rent gap (Kallin 2017).

Risager (2022) builds upon this evidence of the key role played by the state in gentrification by introducing the notion of “rent gap governance”. Notably, in a study of Denmark’s “Ghetto Law”—which forces housing associations to privatise their housing stock in areas deemed to be “ghettoised” until non-profit housing for families constitutes no more than 40% of the total housing in the area—Risager highlights that in stigmatised spaces, the opening of a rent gap need not contrast capitalised ground rent against the ground rent which could be achieved were the land put to its “highest and best” use. Rather, the rent gap in this case emerges from the gap between the ground rent which can be capitalised from the land in its present condition, and the considerable depression of the ground rent when the property is forcibly sold, even where there is little demand from investors. Profits for investors are created on account of the depressed market value, rather than on account of heightened potential ground rent (ibid.).

As Gray and Kallin (2023:1043) argue in their call for greater emphasis on stalled regeneration projects, the state has a considerable role to play in both the

opening and closing of rent gaps in “economically risky” areas, and state attempts at intervening in rent gap dynamics (on account of the failure of capital to deliver without such intervention) therefore often span considerable timescales. The governance and policy landscape evidently has a key role to play in shaping these processes, and thus in shaping the mechanisms by which the injustices of gentrification and the threat of displacement are perpetuated within stigmatised spaces.

Methodology

The research involved semi-structured interviews undertaken between 2017 and 2019 with 20 individuals, including residents of Middlehaven and Gresham, owners of businesses based in Middlehaven, and individuals from Middlesbrough Council who had worked on regeneration (Table 1). Interview questions were tailored to the different positions occupied by the interview participants to examine the intricacies of their role within the area vis-à-vis territorial stigmatisation. Given that perceptions of places are crucial to their territorial stigmatisation, and that such perceptions feed into policy responses to stigma, interviews with those living and working in stigmatised places represents an opportunity for uncovering how stigma has been produced, and how perceptions may shift as transformations to the built environment take place. Interviews were recorded and transcribed with participants’ permission before being analysed.

Table 1: Interview participants

Interview	Interview participant
1 and 2	Resident in flats in Middlehaven
3	Resident in flats in Middlehaven
4	Resident of live/work unit in Middlehaven
5	Gresham resident previously threatened with demolition
6	Gresham resident previously threatened with demolition
7	Gresham resident previously threatened with demolition
8	Business owner in Middlehaven
9	Business owner in Middlehaven
10	Business owner in Middlehaven
11	Property developer with buildings in Middlehaven
12	Member of staff at Middlesbrough College
13	Member of staff at Middlesbrough Football Club
14	Council officer (Regeneration Dept.)
15	Council officer (Regeneration Dept.)
16	Council officer (Regeneration Dept.)
17	Elected Councillor
18	Elected Councillor
19	Elected Councillor (Executive member)
20	Elected Councillor (Executive member)
21	Elected Councillor (Executive member)

Additionally, 31 documents were analysed for this research, including newspaper articles and policy documents. Since such documents play an active role in producing and maintaining that which they purport to describe (see Hastings 2014), examining them represented an opportunity to further consider how territorial stigma has been mobilised in Middlesbrough. A close reading of the documents, considering both form and content, was undertaken and analysis performed in relation to key concepts and themes identified in the literature review and in the course of interviews.

The paper also draws upon data listing the sale prices of properties slated for demolition in the Gresham area between 1995 and 2015 (as listed on HM Land Registry) to capture changes in sale prices over the time period in which the area was subjected to Housing Market Renewal policies. Sales data for all residential properties in the demolition area are included, with properties which were specifically excluded from the possibility of demolition excluded from the study to enable consideration of the market performance of those homes explicitly threatened with demolition. A total of 2,092 property sales are included. Annual data on the median sale price of terraced housing (the same housing type as was targeted for demolition in Gresham) in Middlesbrough was drawn from the Office for National Statistics (ONS 2015), to enable the performance of the Gresham housing market to be compared with that of the town as a whole.

Rent Gap Production through Orchestrated Housing Market Failure

Gresham is a central neighbourhood in Middlesbrough, situated close to the town centre. In Gresham, a rent gap was opened up via the Housing Market Renewal Pathfinders (HMRP) programme introduced by national government in 2002. While much of the area was eventually spared demolition after HMRP was disbanded in 2011, examination of the processes which occurred in Gresham during and following the scheme indicates the production of a rent gap via both the mobilisation of a stigma and the orchestration of housing market failure which had disastrous consequences for residents. Examination of this historic exercise in rent gap production highlights how the specific policy context at the time shaped the mobilisation of stigma, and also how the legacy of this rent gap formation persists in the form of uncertainty and the recurrent threat of gentrification. As Gray and Kallin (2023) assert, in unpacking the operation of the rent gap in state-led gentrification, it is often necessary to pay attention to long timescales in which processes of change and stagnation play out.

The aim of HMRP, according to a post-wind-up parliamentary briefing, was “to renew failing housing markets and reconnect them to regional markets, to improve neighbourhoods and to encourage people to live and work in these areas” (Wilson 2013:2). In 2005, Gresham was identified as in need of HMRP funding (*ibid.*), at which point the Council planned the demolition of 1,500 homes across Gresham and Middlehaven (Gazette 2005a). While the premise of HMRP meant that Gresham was construed as a failing housing market, this is disputed by the Gresham residents who participated in interviews, who for several

years were threatened with demolition, before their houses were eventually reprieved. One resident contends that the notion of “housing market failure” did not reflect the reality of life in the area, and that it was a convenient justification for the demolition plans:

They had to use these justifications as to why it was unfeasible as a community ... What they said was it stands the risk of housing market failure ... Unfortunately, the moment there was uncertainty, the moment that nobody could ever get any more loans. So they actually manufactured the circumstances of failure by earmarking them for demolition. They created the failure. That’s what created the failure and some of the failings that we now suffer from. Because obviously, we’ve had an outflowing of homeowners, we’ve had an influx of landlords who have used it as an opportunity. (Gresham resident)

It stands to reason that slating an area for demolition would in itself disrupt the normal operation of the housing market, since a house which is at imminent risk of being compulsorily purchased becomes exceedingly difficult to sell. As Best (2017:382) argues, “seemingly mundane material phenomena like ... the value of currencies and assets depend intimately on market sentiment and expectations”, and as such, reports of housing market failure inevitably generate an expectation that this failure will occur, and in doing so cause investment in the area to become considerably riskier, thus unsettling the local housing market. Notable in a discussion of the opening of a rent gap, the impending threat of demolition led to disinvestment, and physical decline in the area. Another resident makes this clear:

They start knocking houses down here, and knocking houses down there, instead of knocking the whole area down ... You’ve then got half a street. They were coming down, knocking it down, made it worse for us again because you couldn’t spend money on your house because it’s [potentially] coming down. So your house would be deteriorating. (Gresham resident)

Figure 1 depicts streets in the area which had been partially demolished, and where remaining properties had been left in a state of abandonment or disrepair. Through triggering disinvestment, the threat posed by the prospect of demolition leads to the opening of a rent gap. As such, designating Gresham as in need of demolition appeared to have attracted landlords speculatively investing in cheap property, and increased the likelihood of gentrification through widening the rent gap. This is notable in that one aspect of the justification given for the planned demolitions was the notion that there were not enough owner-occupied properties in the area (Gazette 2005b). Of course, residents who can afford to rent in a location which has experienced disinvestment are unlikely to be able to afford the option of homeownership in that area, and so a policy direction steered towards tenure change is also one aimed at demographic change, i.e. gentrification. As McCall and Mooney (2017) indicate, demolition is a deliberate policy choice often driven by the construction of narratives of failure.

Notably, there is evidence of a stigma pervading representations of Gresham. An article from *Inside Housing*, a magazine targeted at professionals in the UK’s



Figure 1: A photograph taken during fieldwork in 2019, showing partially demolished streets in Gresham in front of a nearby Teesside University building, several years after the plans for demolition in Gresham under HMRP were announced

housing sector, both draws on and contributes to the construction of the negative discourses which so often surround housing estates in low-income neighbourhoods. The article states that Gresham's "streets are punctuated by people clearly drunk or high" and that "there are houses openly used as hubs for drug dealers, while after-dark prostitution is rife" (Hollander 2019). In short, Gresham is construed as a place of vice. In contrast to these depictions of Gresham, residents who took part in interviews had felt a strong sense of attachment to the place, and objected to the notion that their homes were in a poor state of repair:

They couldn't possibly know the state of 1,500 homes ... Nobody ever did that kind of study to know. Yes, some of them were probably in a bad state of repair, but some of them were unbelievable. (Gresham resident)

As Allen (2008) makes clear, HMRP framed the areas targeted and labelled as failing as places where demand for housing was low, thus positioning these areas in relation to other areas where demand might be higher. This is in clear contrast to how residents typically experience their neighbourhood, as a "lived space" rather than a position in the housing market (ibid.). Nonetheless, as Wacquant (2010) indicates, regardless of whether these perceptions are reflective of residents' experiences of living within a particular area, such perceptions often shape policy responses.

Baumberg (2016) notes that popular discourse has for decades invoked the notion of neighbourhood "contamination" in tandem with the idea of a so-called "underclass", and that this exemplifies the stigmatisation of unemployment and reliance on welfare benefits—which is often invoked in territorially stigmatised

spaces (see Müller 2024). A comment from the then-Mayor of Middlesbrough about the planned demolition of housing in Gresham echoes this sentiment: “if a person has cancer a surgeon does not cut a little bit here and a little bit there. He cuts a big piece out to save the rest of the body” (quoted in Gazette 2005c). The mobilisation of a territorial stigma through the symbolic violence of the language used here only works to add further to the justification that regeneration was necessary in Gresham, not only because of housing market failure, but also for some common good (see Gray and Porter 2015). Indeed, the implication that demolition is comparable to surgery frames opposition to the plans as selfish or detrimental to the wider town. As Bourdieu and Wacquant (1999:43) suggest, “moral panic” works to depoliticise social issues by framing such issues as a question of morality, and thereby results in them becoming “stripped of any reference to any kind of domination”. As such, attempts are made to justify the demolition of working-class people’s homes under the auspices of what is “right” for the greater good.

This idea of a common good is important to the legal basis for HMRP, in which Compulsory Purchase Orders (CPOs) were a key tool, since legislation allows local authorities to issue CPOs provided they consider it likely that doing so will improve or promote economic, social, or environmental wellbeing (Planning and Compulsory Purchase Act 2004). Notably, the legislation for CPOs sets out a requirement for CPO compensation to be set at market value, and for the potential value (which will, in the case of areas undergoing regeneration, in all likelihood, be higher than the current market value given the planned uses for the land upon regeneration) to be disregarded in the valuation. While this requirement provides landowners with protection from possible drops in the value of their land during the process of demolition, it also stymies their chances of benefiting financially as a result of the regeneration. The potential for profit-making—and the opened rent gap—is thus retained for would-be developers, at the expense of existing residents. This had serious implications for those affected:

It seemed like the world was against you, because there was no way you could ever buy another property. They were turning homeowners into tenants. And a lot of people spent a lot of money, their life savings, on those properties. It was like you were just being made homeless. Starting again, in fact. Starting from scratch. (Gresham resident)

The notion that the threat of demolition triggered the market failure in Gresham, as articulated by residents, is also evident in data on the sales of housing in the area. While it is challenging to distinguish the direct effects of the HMRP programme from broader trends in the housing market, including the impact of the 2008 financial crisis (Turcu 2012), what is clear is that trends in sale prices for the Gresham properties targeted for demolition only began to noticeably diverge from the trends across Middlesbrough’s housing stock in 2005, the same year that Gresham gained pathfinder status. Figure 2 indicates the prices of sold properties within the areas of Gresham which were slated for demolition from 1995 to

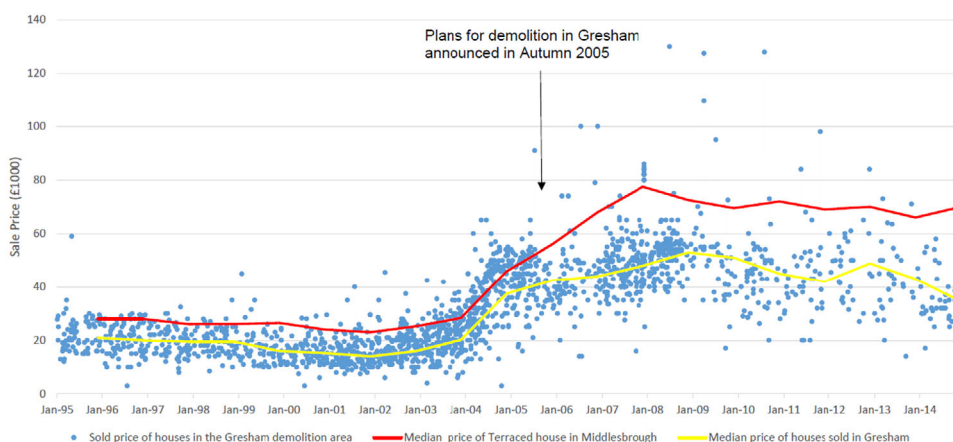


Figure 2: A graph showing the sold prices of houses on 39 Gresham streets which were slated for demolition, compared with the median sold price of the same kind of housing across Middlesbrough (data from ONS [2015] and HM Land Registry [2018])

2015. These are compared with the median sale prices of terraced housing in the town as a whole during this period.

The graph illustrates that while house prices in Gresham between 1995 and 2005 were on average approximately £9,000 lower than in Middlesbrough as a whole, the housing market in Gresham was following broader trends in the local housing market over this period. It is only after the demolition plans were announced in 2005 that “housing market failure” began to occur, as evidenced by the significantly depressed house prices in Gresham compared to the wider town after this time. This suggests that, while the demolition plans were framed as a means of preventing expected housing market failure, it is more plausible that housing market failure emerged as a result of the demolition threat.

Notably, the legacy of this attempt to revalorise Gresham through identification of housing market “failure” is protracted precarity for those living in the area:

There’s always a lingering problem. There is a lingering problem, even now, in that we are essentially homes under threat. It hasn’t gone away because there was a demolition order placed on our houses historically. They know that. There’s always a chance that comes back. (Gresham resident)

While many homes once threatened with demolition remain standing, their very existence is a physical reminder of that threat. Similarly to Goffman’s (1963) assertion that an individual who rids themselves of a stigmatising characteristic does not simply lose their stigma, but instead transforms into someone who used to possess a characteristic for which they were stigmatised, a house which has had the threat of demolition formally lifted is not simply bricks and mortar, but is and forever will be a house which was once deemed as requiring demolition, and remains at risk. To live in a home once slated for demolition, therefore, is to continually navigate a precarious vision for the future. Indeed, having stalled for

several years following the windup of HMRP, plans are underway once more for regeneration on the site, which is described in local media as “a derelict brown-field site” (Gazette 2023).

The production of a rent gap in Gresham, therefore, was activated via a specific governance logic and accompanying policy which framed the housing in Gresham as requiring necessary renewal, and which actively worked to produce the very housing market failure it purported to be tackling by introducing the threat of demolition, thereby creating a rent gap through depressing current ground rent values, in addition to the reputational gap (see Kallin 2017) which was produced via territorial stigmatisation and the promise of a potential future in which the land could be put to a “higher” use. And while this production of a rent gap here may now be historic, it is clear that the splash caused by this approach towards rent gap production continues to ripple into the present.

Rent Gap Production through the Articulation of a “Designer Playground”

While the production of a rent gap in Gresham was predicated on narratives of housing market failure, the story in Middlehaven is different. The area has long been labelled “Over the Border”, which is understood to mean the “wrong side of the [railway] tracks” which form a boundary between Middlehaven and Middlesbrough town centre (Amin et al. 2002). The area, to the immediate north of the town centre, is the focus of a decades-long local-authority-led regeneration effort seeking to transform it into a hub of digital and creative industry. A 2004 masterplan conceptualised the space as a “Designer Playground”. The trajectory which the “regeneration” of Middlehaven has so far taken makes clear that this speculative image of Middlehaven is pitted against a simultaneously activated stigma in the production of a rent gap.

The St Hilda’s housing estate located in the area bore the brunt of the stigma for many years, and was subsequently demolished as part of regeneration plans, which saw the displacement of the local community. As early as 1999, a study by Wood and Vamplew (1999:18) showed that decline in St Hilda’s, with the closure of community facilities, was “interpreted by many residents as a clear indication that the intention of the local authority [was] eventually to close down St Hilda’s as a residential area”. And while the housing at St Hilda’s was demolished despite the remonstrations of now displaced residents, at the time of fieldwork, there were still concerns from remaining businesses around disinvestment fuelled by the threat of displacement faced by businesses which did not fit the council’s desired image for the area (see Holmes 2022). Indeed, council officers indicated a dedication to ensuring “good quality” uses for the space:

We’re not desperate to see the site full of inappropriate buildings. We could probably get carpet warehousing and all sorts of stuff down there, but would that really fulfil our ambitions for the area, and for the town, and for the region? No, it wouldn’t. What we want to do is have good quality stuff. (Council officer)



Figure 3: A photograph taken during fieldwork in 2017 of the Captain Cook pub, as seen from a park built as part of the regeneration

What exactly is meant by “good quality” uses demands attention. The fate of the Captain Cook pub (Figure 3) is illustrative here. The historic pub—located opposite a row of new-build terraced housing, built as part of the regeneration scheme and unabashedly named “Pioneering Way”—was bought out by the local authority in 2010. An executive report stated that “[t]he previous business was run down and not necessarily fitting with the aspirations for the wider Middlehaven area” (Middlesbrough Council 2016:2). What is notable is that a pub which had been run by a now displaced St Hilda’s resident was deemed to not fit with the aspirations for the area, while the property developer who wished to refurbish the building in 2016 (with support from the council) intended to keep it as a pub, this time branded as a “micro/gastro pub” (ibid.). Ultimately, the property stood vacant for over a decade following purchase by the local authority, with the plans to turn it into a gastropub having fallen through (Craigie 2022), but it is clear that the pub, which had been run and frequented by local St Hilda’s residents, was not considered to be in keeping with the vision portrayed in regeneration plans.

As such, similarly to the situation in Gresham, the statement of ambition for Middlehaven’s gentrification brought with it a threat of displacement. The difference here is that this threat was borne not from predicted market failure, but from a clash of existing uses with the planned image of the area and its associated “higher” uses, i.e. due to the rent gap which has been opened up via the mobilisation of territorial stigma in the space. In other words, the capitalised ground rent on much of the premises in Middlehaven is low, having been depressed by decades of territorial stigmatisation. The stigma ought to simultaneously work to constrain potential ground rents, since negative perceptions of

stigmatised spaces elevate risk and deter investors (Risager 2022). However, as Kallin (2017:105) argues, a widened rent gap “exists insofar as it is imagined”; insofar as a chasm between currently capitalised ground rents and potential ground rents can be opened up through the reimagining of the space.

In this vein, the fact that the masterplan for Middlehaven articulates a space in which the stigma has been vanquished is important. In imagining a space without stigma, the plans articulate a future Middlehaven in which potential ground rents are unconstrained by stigma. The Greater Middlehaven Strategic Framework Plan (Alsop 2004), which set the strategic direction for the site over subsequent decades, suggests that Middlehaven is understood as isolated from the town centre, highlighting its “Over the Border” label, which it argues is used in reference to the marginality of the space both in a social and physical sense. By overcoming the “barriers” of the railway line and elevated dual carriageway which separate the area from the town centre, the masterplan argues, the perception that Middlehaven is “Over the Border” could be erased. There is no doubt that in presenting a fictional image of the future of the space as free from territorial stigma and the accompanying Over the Border label, the imagined space of the designer playground represents a much higher potential ground rent—just *not* for the existing businesses which do not fit the desired image envisaged in the plans, and whose displacement is perhaps a prerequisite to the envisaged higher potential ground rent.

And yet, while the reimagining of the space without the territorial stigma works to open up a rent gap by lifting the constraints of stigma on potential ground rents, and while the threat of displacement precipitated by the newfound rent gap leads to further disinvestment and decline, further enhancing the rent gap in a positive feedback loop, this is not enough on its own to facilitate private sector gentrification. The fact that CPOs are considered to be needed as part of the regeneration strategy are testament to this. In a society “where the rights of private property and the profit rate trump all other notions of rights one can think of” (Harvey 2016:272), the discourse of necessity is essential in order to justify the use of CPOs, which are an “exceptional measure” (Gray and Porter 2015). The reason why issuing CPOs in Middlehaven is considered so important is explained by a councillor in Middlesbrough:

We try and gain control of land, basically. Because ... when developers arrive and want to parcel stuff up, if several people own the land it gets immensely complicated. Selling, of course, the last bit of land, always gets that bit more expensive and awkward to buy when people see land values rising. So we do encourage developers that way ... But that’s the sort of thing we do ... We try and clear the land so it’s ready to build on. Making sure it’s ready for the urban pioneers, and indeed for industries as well ... Because there’s obviously a problem that speculators see land for sale that might be valuable in the future, it does happen that they buy it, and it stifles our ambitions, or can do. (Elected councillor)

By preventing present landowners—whose use of the land is not considered high-quality enough to fit with the redevelopment plans—from profiting from their land by forcing them to sell it to the local authority via CPOs, the council

ensures that potential profits expected with the advent of regeneration are reserved for would-be investors. It appears, then, that while the production of a rent gap in Middlehaven through the expression of its potential is not enough alone to catalyse gentrification, tactics of land management and associated displacement of present uses are employed by the local authority, attempting to ensure that private investors maximise their profits as they seek to close the rent gap.

Notably, in a context in which the strategy for regeneration (entailing displacement and demolition) aimed to align land uses with the vision for the site, it is reasonable to question the extent to which the vision articulated for Middlehaven was actually expected to be delivered upon. As one council officer highlighted over a decade after the 2004 masterplan was set out, the vision for Middlehaven set out in the masterplan was not intended to be believable:

The report to our own council in 2005, early 2005, refers to the Alsop Masterplan being a vision and a painting, not a deliverable development plan of developments that could be delivered. It set an ambition, though, about design and architecture. And that's really what it intended to do. And hence the model that I've just shown you out in the foyer. If you look at that, there's not roads to the buildings. It's not intended to be a deliverable product. It was intended to set the bar higher. (Council officer)

As such, it appears that it does not matter whether the articulated vision is believable or not when it comes to producing the rent gap. As has already been highlighted, articulating the vision for the space creates a threat of displacement in and of itself. This threat exists regardless of whether or not investment is expected to be realised, as CPOs are often used to lay the groundwork for such plans.

In addition to such measures taken to lower the threshold at which an investor may turn a profit (by ensuring land can be purchased relatively cheaply), a key part of the approach to attracting inward investment in Middlesbrough relates to the management of risk. Indeed, the production of a published "investment prospectus" setting out a vision for Middlehaven was considered by the local authority to be a crucial element of its plan to de-risk investment:

It allows businesses to say, "ok, I can align my investment with the money the council's spending". The council has a clear and coherent vision of what is happening in spatial areas across the town ... If a business knows that it is investing in an area with like-minded businesses where it can cluster with similar traders and where it can share the knowledge economy within its cluster, and it knows that the area has a perception with the public that makes it synonymous with that type of activity, it helps to de-risk it. It will never fully de-risk it, but it always helps to de-risk their investment decision if they see that we're not going to move the goal posts, or pull the rug from under them within a 3–5 year period. (Council officer)

In considering how the rent gap operates in the still-ongoing state-led gentrification of Middlehaven, it appears that risk is a crucial factor which must be managed in order to prop up the rent gap to sufficient levels to attract investment.

Indeed, the rent gap theory essentially highlights that when the gap between current capitalised ground rent and potential ground rent is large enough, the potential profits to be generated through closure of the rent gap are large enough to make the risk of investment worthwhile, and where this may not be the case, the state may step in to see that it is so (see Gray 2022). While the regeneration of Middlehaven may be framed as an attempt to see private investment craft a prosperous future for the space, it is clear that the opening up of a rent gap in the area involves considerable pulling of strings by actors of the local state.

Conclusions

The specific ways in which the rent gap is opened up in spaces where territorial stigma has been produced and mobilised are shaped by the governance approaches and underlying logics which determine how gentrification unfolds. In highlighting how rent gaps have been opened in distinctive ways via two different approaches to governing stigmatised space and attempting to attract inward investment in Gresham and Middlehaven across long time scales, this paper underscores the salience of rent gap theory within stigmatised spaces, and reveals the crucial role played by the local state in shaping processes of rent gap formation. While the political and economic context have changed considerably over the period discussed in this paper, in which rent gaps have been opened up and stigma constructed and mobilised within the town, it is clear that the mode of rent gap formation in Middlehaven and Gresham are rooted firmly in the governance approaches which arose from these contexts, and that this has shaped the trajectories of these spaces over a protracted period. And while the governance approaches and logics set out in seeking to justify the strategies of gentrification pursued in the two cases discussed in this paper differ, there are nonetheless parallels which can be drawn across the two, and which indicate something of the way in which the rent gap theory works in stigmatised spaces.

First, risk is of course an important factor in rent gap formation, as the rent gap is premised upon the gap between the capitalised and potential ground rent becoming large enough to make the risk of investing appear worthwhile (see Gray 2022). While the mode of rent gap production has evidently varied across two territorially stigmatised settings within Middlesbrough, risk is a thread which runs through both, and which operates similarly in both cases. Ultimately, the risk articulated in the governance decisions which led to the formation of a rent gap across both spaces is a perceived risk to the town as a whole of not achieving economic growth through securing high-quality development, or through tackling a perceived risk of housing market failure, understood to be for the good of the town. Of course, the risks encapsulated in this growth-focused narrative, and which regeneration strategies attempt to manage, are interconnected and two-fold: the risk to developers, of not making enough profit; and the risk to the local authority, of losing out on investment and therefore on an expanded tax base.

It is also clear that the threat of demolition and the use of Compulsory Purchase Orders as a means to this end are considered to be key tools in the arsenal of a

local authority undertaking gentrification in stigmatised spaces. Indeed, once the threat of demolition has been made, it matters little whether or not the justifications presented for the threat have merit or basis in lived experience. This is enough to set off the processes of heightened devalorisation which are part and parcel of rent gap formation, and of gentrification, either through the manufacturing of housing market failure and associated depression of capitalised ground rent, or through the reservation of the potential profits articulated through the envisioning of maximised potential ground rent (via grand visions of regeneration) for speculative developers, rather than for current landowners who do not have the means to invest in these visions.

Ultimately, it is clear that governance approaches—in this case, approaches towards managing a perceived risk of housing market failure on the one hand, and approaches towards attracting private investment into an area judged to be in need of this on the other—have a considerable role to play in the ways in which gentrification occurs within particular areas. Governance approaches to territorial stigma (including its production and mobilisation) not only shape the trajectories of gentrification, as has been argued elsewhere (Holmes 2022), but also shape the very modes of rent gap formation which emerge. It is clear, then, that the governance processes which lead to rent gap formation, as well as the processes of rent gap formation themselves, demand further attention.

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Data Availability Statement

The interview data, except for excerpts contained in the manuscript, is not publicly available due to participant anonymity. The data included in the graph of house prices is publicly available on the websites cited in the paper.

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