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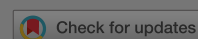
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Original Articles

# Assessing exclusionary displacement through rent gap analysis in the high-rise redevelopment of Santiago, Chile

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## Abstract

Rent gap theory is used here as a way to analyse exclusionary displacement in six high-rise urban renewal areas in Santiago, Chile. Drawing on a survey of 746 original households, this article finds 40 per cent of low-income owner-residents do not have the chance to purchase new replacement accommodation using the portion of rent gap they can afford. The price of new apartment units in these areas is significantly higher than the price of low-income rental units, which confirms the role of rent gap theory in the displacement of low-income residents from the market.

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I do not have any financial interest or benefit arising from the direct applications of this research.

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## Notes

1 See for example, Shirk (2010) and London (2010) on urban settlements in Notes And



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and China  
activists in  
systems of  
Southwark

- 2 This is not the case in Manhattan, epitome of a market dominated by high rises, where the “volume” of redevelopment is brought only to the point where marginal profits equal marginal construction costs (see Glaeser et al., [2005](#)). Thanks to reviewer 2 for raising this issue.
- 3 This is excluding the more affluent eastern districts of Santiago.
- 4 Official data obtained from the specialized Ministry and Housing and Planning website <http://www.observatoriohabitacional.cl>
- 5 Thanks to reviewer 3 for this clarification. In Chile it is a criminal offence to inform incorrect data to the Property Registry Data Base (PRDB).
- 6 Thanks to reviewer 2 for suggesting to add this point to the analysis.
- 7 Probably the biggest problem of rent gap analysis is that it focuses specifically on ground rent therefore it is hard to calculate the distinction between ground rent and wholesale rent (including the value of the building). Thanks to reviewer 3 for this clarification.
- 8 The UF is an account unit used in Chile which is daily adjusted due to inflation. One UF corresponds to US\$ 43, and 3000 UF is equivalent to US\$ 129 000 (March 2014 exchange rate).
- 9 These markups might seem astonishingly high but not that much for the normal profits achieved by real estate developers in Chile.
- 10 Conservador de Bienes Raíces de Santiago.

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