

# Directing Growth in the Bend Central District: A report on survey findings



CENTRAL OREGON LANDWATCH  
December 2017  
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## BACKGROUND INFORMATION

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The Bend Central District (BCD) is the area east of downtown bounded roughly by Revere Avenue on the north, 4th Street on the east, and the railroad on the south and west sides. The Bend City Council identified the BCD as an Opportunity Area in the new Urban Growth Boundary, which was implemented on December 6<sup>th</sup>, 2016. An Opportunity Area is a place with the capacity to grow and provide space for additional residences and businesses through redevelopment projects. A recent change to the area's zoning code now allows increased development density and encourages mixed-use structures that provide combined living and working space. Although the new code and zoning have been adopted, no significant action to initiate growth in this area has been taken. Central Oregon LandWatch started the BCD Initiative to help the city stay on target for this district's transformation by 2028 in order to help the city grow up rather than out, thereby reducing sprawl into important wildlife habitat and farmland.

To better understand the needs and opportunities for the BCD, LandWatch conducted surveys with nearly two hundred people (n=196) between September 17 and November 17, 2017 asking participants eight questions about the area. The surveys were administered on paper at several events: the BCD Initiative Launch Party; Bend Open Streets (both in the district); and Pints and Politics. Staff members and volunteers also conducted pop-up surveys in the district to intercept people as they used the local amenities including the Franklin Street underpass, El Sancho restaurant, and the Hawthorne transit station. The survey was conducted in locations that would include responses from a mix of socioeconomic strata. In total 196 people participated in the survey. The purpose of the public outreach process is to engage the people who would be impacted and/or benefited by changes to the Bend Central District so that their voices are represented as we advocate for the district's transformation. LandWatch believes the people who live near or travel through the district frequently are closest to the issues and therefore are experts in imagining solutions.

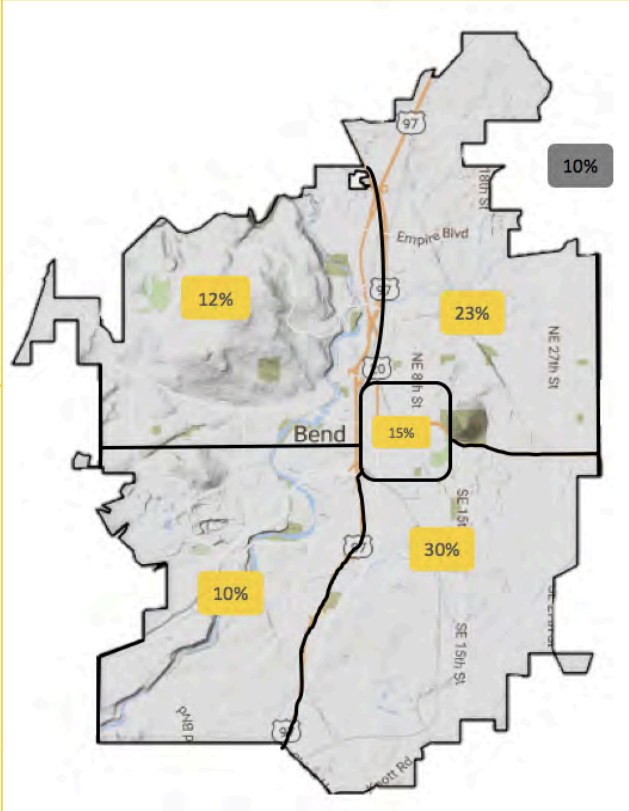


Additionally, LandWatch recognizes that people of color, immigrant and refugee communities, and low-income communities face barriers to participating in public processes. They are

developing a Latino/a Community Outreach Plan in partnership with Gabriela Peden, Latino Services Specialist, Deschutes Public Library to identify and implement strategies for creating effective public processes and forums that give the Latino/a community opportunities to fully participate in the BCD Initiative.

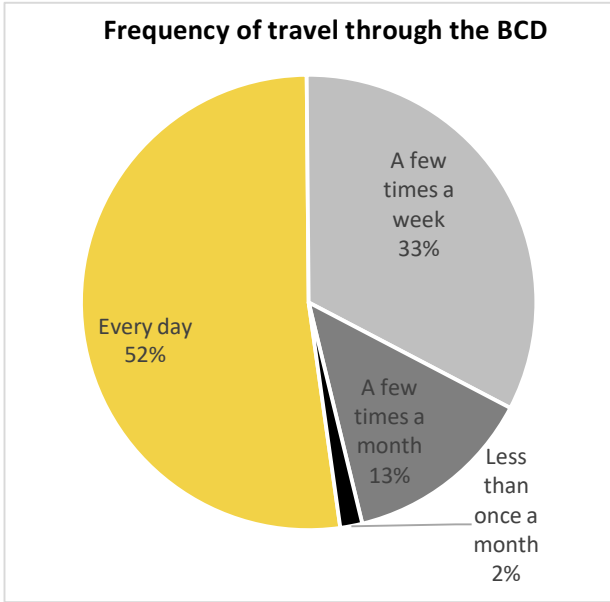
**SURVEY RESULTS**

Ninety percent of survey respondents live in Bend, with a good distribution throughout the five identified regions of the city. The majority (53%) live east of Highway 97 and 10% live outside of the city. Responses from residents living in a mix of locations throughout the city is important for understanding issues that have been brought to our attention including access between east and west Bend and connectivity through the District on north-south routes.



**Survey respondent's residence location by city quadrant**

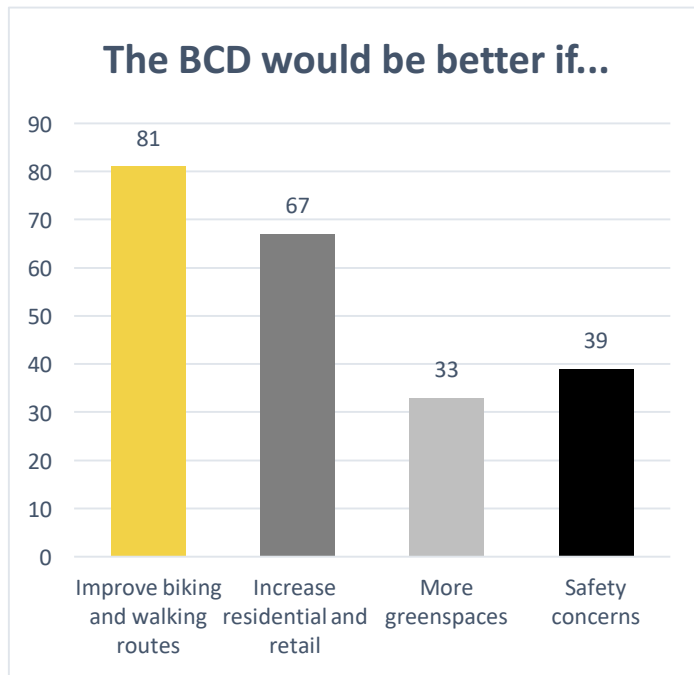
Over half (52%) of people surveyed travel through the BCD daily and 85% of the respondents are in the BCD multiple times a week. The high frequency of BCD use by respondents gives us confidence that the data collected in the survey is a reliable source of information about the area's needs.



Question 1 in the survey asked: **“What three words come to mind when you think about the BCD?”**. The responses were highly variable, but a couple of themes emerged. Some people giving words such as: opportunity; potential; and up-and-coming.

This indicates the future direction they hope to see in the area. Others were less optimistic in their adjectives referring to the District with words like: run down; out-of-date; ugly; and sprawl. The mix of feelings is more accurately reflected in subsequent questions, but this first question gives a good picture of the lack of identity and some of the challenges currently being

faced with many descriptors lamenting the lack of sidewalks, the din of traffic and the lack of access to other areas of the city.



Question 2 of the survey asked people to complete the statement: **“The Bend Central District would be better if...”** 172 people responded and most responded with multiple ideas about what they thought would improve the District. Most people (n=81) mentioned the need for bike lanes and sidewalks. People commented that the lack of pedestrian and bike infrastructure makes them feel unsafe. Respondents expressed a desire to see new and improved bike and walking routes that provide access both within the BCD and to other areas of Bend. While only 7 respondents specifically mentioned transit, their desire to have increased bus routes and expanded hours on

nights and weekends better transit services could be a component of plans to address the concerns about noise and safety associated with the high volume of vehicle traffic in the area. There is a desire for place-making through improved landscaping, more parks and venues to walk to and take dogs to (n=33) such as trail systems and walking routes away from traffic. These comments are reinforced by other responses expressing a desire for a more cohesive sense of community, stated generally as “community feel” (19%) or with specific visions like “model after other industrial districts that have made the shift (Whitaker in Eugene)”.

Another theme that emerged from the data in Question 2 was the desire to have more housing available in the BCD. That includes both affordable housing and mixed-use developments with places to live and work in close proximity to each other. Other people hope to see more retail and dining options become available in the area. This sentiment was reflected in responses hoping the area could “become the vibrant heart of Bend” and another person said the area would be better if “the aesthetics matched more closely the rest of the “vibe” in Bend”. Taken together 38% (n=67) of respondents stated the desire to see elements of a multiuse area that increases the available housing and retail options including bars/restaurants, local merchants and community event spaces.

Safety concerns were mentioned by 39 people (22%) for a variety of reasons including lack of good lighting on sidewalks and bike lanes, worry about high speed vehicles and safety due to the population of houseless people in the area. When asked specifically how comfortable people feel walking or riding bikes through the District more than half (54%) felt either somewhat unsafe or very unsafe and 35% of people felt somewhat safe while only 11% said they feel very safe.



Information from Question 3, **“What would encourage you to walk and bike through the District more often?”** is helpful for understanding the root causes of feelings of danger and discomfort mentioned above. From the 170 responses to this question the overwhelming themes that emerged are issues of access and safety due to a lack of bike lanes and sidewalks. This sentiment was expressed by 86% of survey respondents. Problems with existing sidewalks include fragmentation and the lack of crosswalks, making it difficult to travel in an east/west direction, in particular crossing 3<sup>rd</sup> Street. Sidewalks are not well lit and in winter can become impassable as snow builds up. Bike lanes currently exist along Third Street as a shared use roadway, although all but the most advanced bicycle commuters expressed safety concerns about using them in their in their current condition. Although 2<sup>nd</sup> and 4<sup>th</sup> Streets currently do not have bike lanes, they provide more comfortable North-South routes for bicyclists.

One of the big challenges for the area is the large number of vehicle users with 151 of the 188 (80%) respondents listing a car, truck or motorcycle as their primary mode of transportation through the District. If the area was more hospitable to multi-modal transportation options, respondents indicated they may be more willing to use shift away from driving as often.



**Sidewalks end abruptly or do not exist in many stretches of the BCD, forcing people to walk in the street or on private property. In the photo on the right the red line indicates where the sidewalk is missing and does not extend the length of the block.**

**Suggestions from respondents about specific locations  
to improve bike and pedestrian access**

East-west improvements:	Internal BCD improvements:
Improved underpass at Franklin Street	Better bike lanes on 3 <sup>rd</sup> Street
More crosswalks on 3 <sup>rd</sup> Street	Bike lanes on 2 <sup>nd</sup> and/or 4 <sup>th</sup> Streets
Pedestrian and bike overpass over railroad tracks and Highway 97	Widen bike lanes on 3 <sup>rd</sup> Street
Create additional passage at Hawthorne and/or Greenwood underpass	Bike lanes/sidewalks on Franklin

In addition to feedback about better routes and access points respondents said they would like for the area to be more aesthetically pleasing. This was expressed through comments about their desire for overall beautification through better landscaping and cleanup efforts. In particular the concrete at the Franklin Underpass is crumbling, there are many chain link and barbed wire fences and issues with vagrants urinating in the tunnel. Others said they desired more reasons for the BCD to be a destination, rather than just a place to travel through on the way to somewhere else. Attractions such as shopping, restaurants, parks, music venues and housing were mentioned.



**Crumbling concrete at the Franklin Street underpass and chain link fences with barbed wire are some of the aspects of the area survey respondents would like to see improved.**

As of 2014, there were only 122 residents in the BCD, but its proximity to downtown makes it a good location to increase housing density in response to the high price of homes and lack of multi-family housing units close to downtown.

To better understand what would attract people to live in the area we asked them to respond to the question: **“What would encourage you to live in the district if housing were available?”**. Ten percent of the respondents said they already live in the area and like the central location. The most glaring issue is that a lack of housing exists so more needs to be built to accommodate demand for housing in the center of town. This need could be addressed most efficiently by building multifamily apartments and condo buildings. Mixed-use buildings that

offer increased housing density with retail and businesses at the street level would provide the needed space to keep current businesses in the area while also providing additional space for new merchants.

People also expressed that in order to live in the BCD they would like it to have a greater sense of community. To achieve this people suggested more gardens and parks similar to what is available in west side neighborhoods. People are deterred from living in the area because of the high volume of vehicle traffic that creates noise and safety issues which they report gives them apprehension about biking or walking. The ability to comfortably reach downtown and travel within the BCD on foot and by bike is a feature that 37% of people said they would need in order to consider living in the area. Many people (26%) expressed the need to have more affordable housing and made comments about the need to take care of local residents and not have so many vacation rentals. Beautification efforts through streetscaping and improving existing infrastructure was also desired by survey respondents.

## CONCLUSIONS

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This data presented in this report is an analysis of survey data collected by Central Oregon LandWatch and provides information about ways in which future development in the Bend Central District can best serve the needs of the city's growing population. The questions were designed to generate responses that explained in better detail the area's known challenges, which include a lack of housing in the area and a paucity of safe cycling and walking routes.

Respondents provided a wealth of information reflecting their experience using the area. Many people see potential for the District to provide for the city's needs, however, the current lack of amenities and the difficulty of navigating the area without a vehicle presents obstacles for the transition process. The BCD currently has a reputation for being dominated with cars and having an industrial feeling rather than a sense of community and livability. This survey captured responses from a critical population who live near the district and travel through it frequently. Data was collected from people across a range of socioeconomic backgrounds and who use the District both as a corridor and a destination. The majority of people surveyed feel unsafe riding their bikes along busy city streets and walking is difficult due to a lack of sidewalks and bike lanes. The BCD is close to downtown, but the feeling of the area is distinctly different, with national chain retailers and fewer people living in the area. The general consensus from the people surveyed is that the BCD needs to focus on to creating a community feel and a critical component of creating that is building biking and walking improvements for future residents and patrons of local businesses.

As Bend continues to grow we encourage decision-makers and developers to continue including citizens' feedback about how they currently use the area and how they would like to use the area in the future to help guide the city's growth.

# BCD INITIATIVE LATINO/A OUTREACH REPORT



5/10/18

Prepared by:

Gabriela Peden

Prepared for:

Central Oregon Landwatch

Project:

Bend Central District



## PURPOSE AND BACKGROUND

The purpose of this report is to inform Central Oregon Landwatch of the results I found within the Latino Community. Having experience working with the Latino Community I was hired to translate forms and engage to do outreach with the Latino community who has an impact by the Bend Central District area. In this report, I will have survey results, graphs, locations and groups of people who I had the opportunity to talk with.

## SURVEY OBJECTIVES

We recognize that people of color, immigrant and refugee communities, and low-income communities face barriers to participating in public processes. The Spanish survey allowed us to reach the Spanish speaking community via outreach and hear what some of their concerns and thoughts where. This survey gave us the opportunity to talk to many Latinos/a in our community who otherwise would have not participated in this project, by doing the outreach we were able to have a silent community heard.

## PARTICIPANTS AND LOCATIONS REACHED

Some of the locations I had the opportunity to visit and survey Latinos where:

- Los Panchitos Mexican Market
- COCC Bend Latino Club
- Mirror Pond Dry Cleaners
- Bend High Students
- Esta Bien Restaurant
- Latino Community Association Office

If this project continues I hope to be able to survey Latinos at Colima Market, Mission Linen and some of the housekeeping staff of the many hotels near the BCD area.

## SURVEY METHOD:

I had both a paper and online Spanish survey available. I did one on ones as well as group presentations to two of the locations listed above. I surveyed 68 people and was able to get 26 email contacts of people who wanted more information of the changes that are happening with the BCD project.

## SURVEY RESULTS

The first question in the survey asks, what three words comes to your mind when you think of BCD? Out of all the responses the main words where traffic, insecure, dangerous and ugly. With these results, we can see that people are not currently comfortable with BCD. Many employees and students who have to use this area are going to their places of employment and school in fear that they will be in an accident. A student who comes from Redmond to COCC mentioned how he takes the back road to COCC to have to avoid the Bend Central District area and he is just one of many.



## BCD initiative Latino/a outreach report

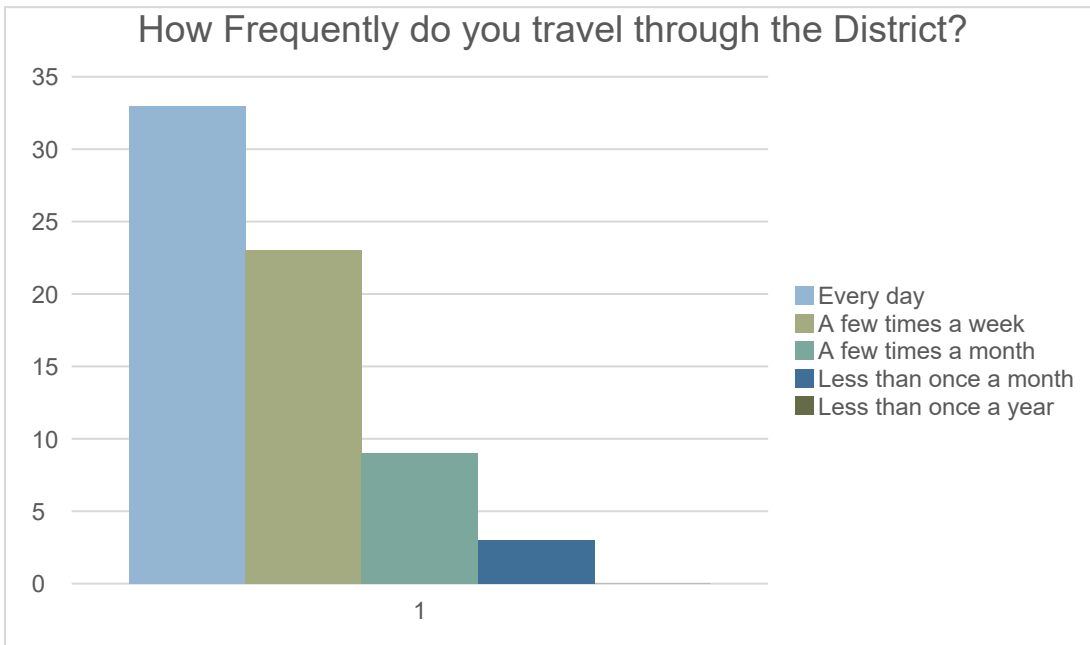
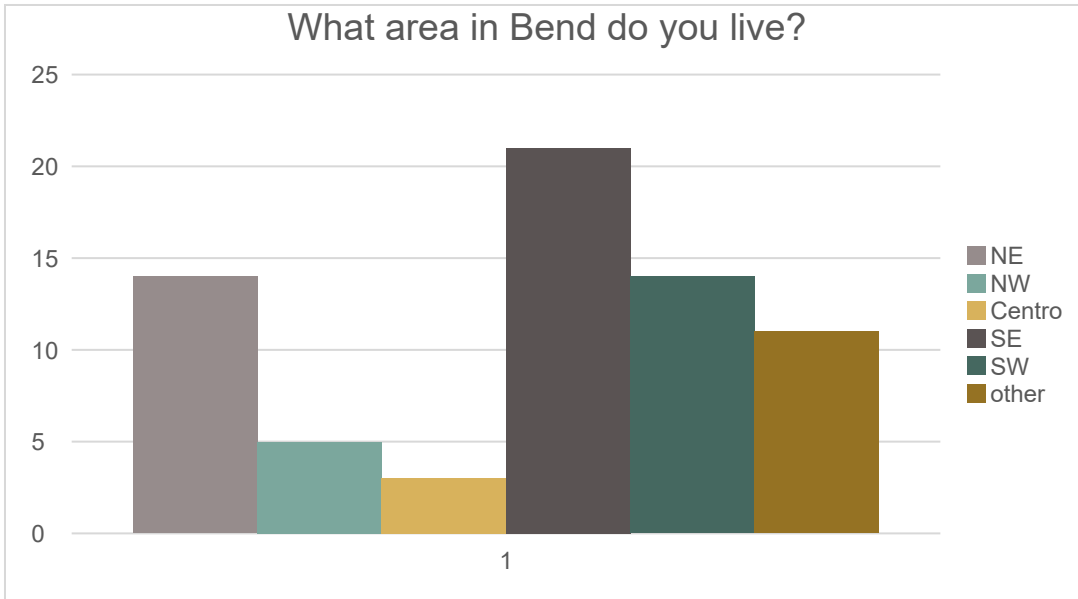
The second question in the survey asks; what would make the Bend central District area better? With the word cloud generated below we can see that the main words are safety, streets, sidewalks, and walking. I had the opportunity to talk to many students that attend Bend high and many of them expressed the fear they have when they have to walk through these streets early in the morning to school especially in the wintertime when it is dark. They do not feel safe since many of the streets do not have actual sidewalks for them to use. This is a barrier and a safety concern for them and their families.



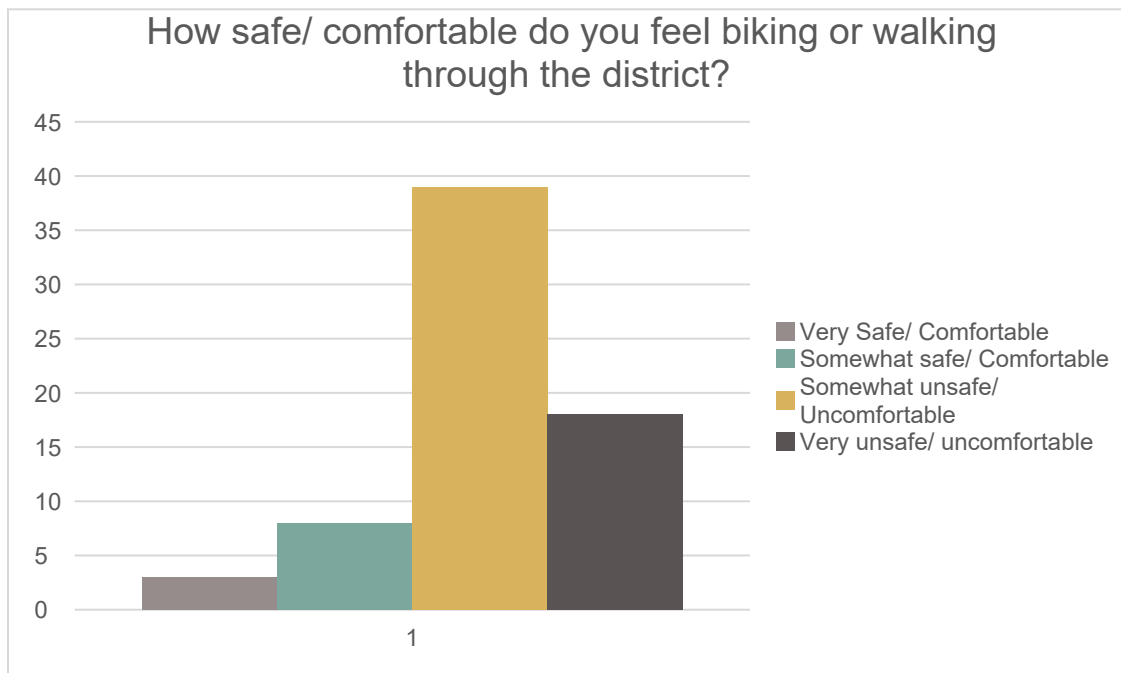
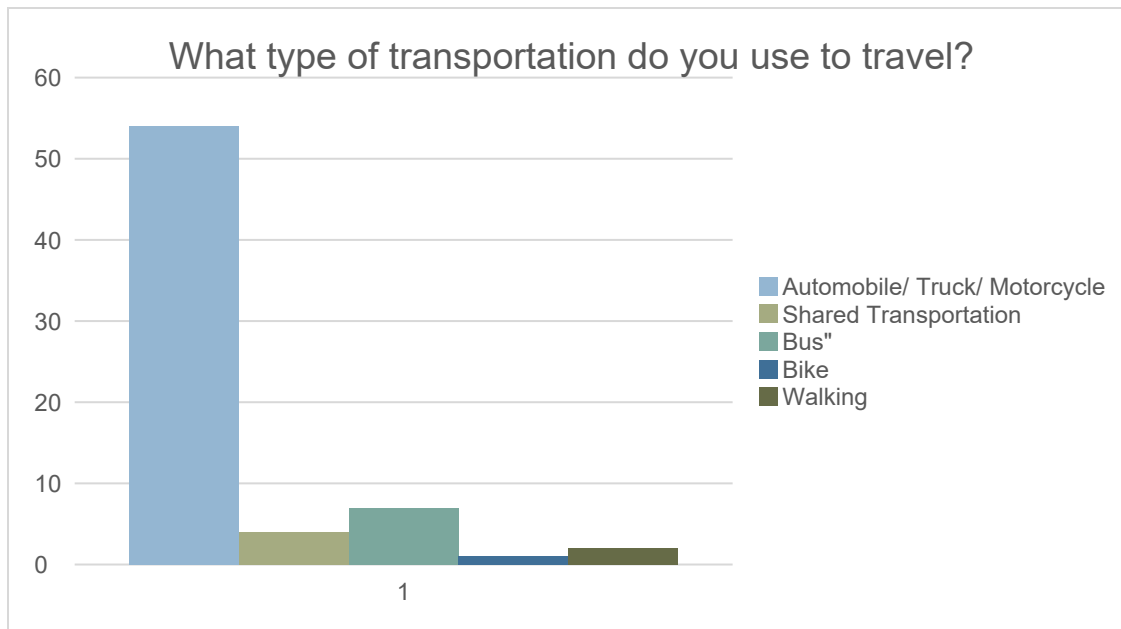
The other two questions that required filling in a response were also answered with very similar responses. The community responded that they would feel more comfortable biking or walking in the area if it was safer, if there was more transit police, more crosswalks and wider streets. When asked what would encourage them to live in the Central district area most responses were; if it was affordable or cheaper, accessible, safer and walking distance to schools.

## CHARTS:

These charts have the responses of the last four questions on the survey.



**BCD initiative Latino/a outreach report**



In conclusion, we are certain that the people who travel through the district frequently are the ones closest to the issues and through the survey and outreach they have shared their concerns but many have also shared an interest in wanting to volunteer or participate in making these issues better.



## BCD Initiative Guiding Principles

1. **DEVELOPMENT:** Catalyze vertical, mixed-use development that supports existing residents and businesses. Provide space for new housing with affordable options and living wage jobs within walking distance of community services, parks, schools, Hawthorne Transit Station, Historic Downtown Bend, and other amenities.
2. **TRANSPORTATION:** Create safe, vibrant<sup>1</sup>, and complete<sup>2</sup> streets for people traveling through and within the district by foot, bike, car, transit, assisted mobility, or other modes. Improve transportation connections through the heart of Bend and between districts by addressing barriers such as the BNSF Railroad, Greenwood Ave, and Third Street.
3. **PLACEMAKING:** Develop a [*descriptor TBD by neighborhood identity process*] sense of place unique to the BCD that builds on the existing Maker's District and surrounding community's cultural and socio-economic diversity, retains historical context and landmarks. Extend Bend's quality of life to the center of the city with mountain views, public art, cultural amenities, and attractive, green and civic public spaces for the community to gather.
4. **COMMUNITY:** Build upon the diversity, culture, and history that make the BCD unique to establish a healthy, resilient, accessible, and connected urban neighborhood where people from a variety of socio-economic, cultural, ethnic, and generational backgrounds thrive.
5. **EQUITY:** Begin to repair historical inequities by supporting development, policies, and programs that elevate the needs of marginalized communities in this area with a specific focus on the Latinx community, the houseless, and the indigenous communities.
6. **ECONOMY:** Encourage small-scale manufacturing, homegrown businesses, and entertainment as part of neighborhood revitalization as demonstrated in The Maker's District. Anticipate future needs for growing a strong local economy by responding to housing, workspaces, transportation, and human services needs such as childcare, education, healthcare, and more.
7. **BUILDINGS:** Become a model for economical use of land, high-performance design, and contemporary building practices that ensure long-term efficiency by using environmentally sustainable and socially responsible building practices, adaptive reuse of existing buildings and materials, and self-sufficient energy and waste systems throughout the district.
8. **CONTEXT:** Understand, respect, plan, and design within the land's context which is situated in the high desert bioregion and is the ceded territory of the Confederated Tribes of Warm Springs.

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<sup>1</sup> Vibrant: Alive with activity.

<sup>2</sup> Complete Street: A 'Complete Streets' approach integrates people and place in the planning, design, construction, operation, and maintenance of our transportation networks. This helps to ensure streets are safe for people of all ages and abilities, balance the needs of different modes, and support local land uses, economies, cultures, and natural environments. See *BCD Revitalization Report Appendix D*



CITY OF BEND

# **ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING**

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Economic Development

Affordable Housing  
May 2019

# TABLE OF CONTENTS

SECTION I. INTRODUCTION.....	5
Executive Summary .....	5
Methodology and Public Engagement .....	7
Basis of Analysis of Impediments .....	7
Protected Classes.....	9
Fair Housing Distinction from Affordable Housing .....	11
SECTION II: A Snapshot of Bend .....	12
Bend Demographics .....	12
Population Growth.....	12
Race and Ethnicity .....	13
Disability.....	20
Poverty .....	21
Employment .....	22
Housing.....	25
Maps .....	26
Segregation Measurements.....	27
Dissimilarity Index .....	27
Forecasted Ethnic Composition – Middle School Attendance Areas.....	28
Access to Opportunity .....	31
Income Inequality .....	32
Incarceration Rate.....	34
Married Households .....	35



Income Opportunity .....	36
Fair Housing Online Survey .....	38
SECTION III: Current Fair Housing Legal Status .....	38
Discrimination Suits by DOJ or private plaintiffs .....	38
SECTION IV: Identification of Impediments to Fair Housing Choice .....	40
Public Sector .....	40
Comprehensive Plan .....	40
Employment-Housing-Transportation Linkage .....	41
Epic Properties and Housing Choice Voucher Selection Process.....	42
Sale of Subsidized Housing with Displacement .....	43
Policy Changes Promoting Fair Housing Choice.....	44
Private Sector .....	46
Lending Policies and Practices .....	46
Public & Private Sector .....	48
Fair Housing Enforcement .....	48
Informational Programs .....	49
Accessibility .....	49
Supply of homes that are affordable .....	50
SECTION V: Conclusions and Recommendations .....	51
Impediments and Recommendations .....	53
Table of Sources .....	57

**Table of Tables**

Table 1: Central Oregon Census and Population Estimates .....	13
---------------------------------------------------------------	----

Table 2: 1950 - 2000 U.S. Census General Population and ACS Hispanic or Latino Origin by Race .....	14
Table 3: 2017 American Community Survey of Census Tracts - Racial Compositions .	18
Table 4: 2017 American Community Survey of Census Tracts - Aggregate Racial Compositions .....	19
Table 5: 2017 American Community Survey of Census Tracts - Ethnic Compositions .	20
Table 6: 2017 American Community Survey of Census Tracts - Disability.....	20
Table 7: 2012 compared to 2017 American Community Survey of Census Tracts - Poverty .....	22
Table 8: 2017 ACS – Employment Status .....	24
Table 9: 2017 ACS – Housing Tenure.....	26
Table 10: Racial/Ethnic Dissimilarity Trends .....	28
Table 11: 2017 ACS – Means of Transportation to work.....	42
Table 12: 2017 HMDA Loans Originated and Denied .....	48

## **Table of Figures**

Figure 1: Census Tracts in Bend, Oregon .....	16
Figure 2: Map of Affordable Housing Investment in Bend .....	27
Figure 3: Middle School Ethnic Counts .....	31
Figure 4: Median Household Income of Bend Residents in 1990.....	33
Figure 5: Median Household Income of Bend Residents in 2016.....	34
Figure 6: Incarceration Rate of Children Raised in Bend .....	35
Figure 7 - Bend Residents Raised in Bend and Married in 2015.....	36
Figure 8: Annual Income from children Raised in bend for 2014 - 2015 .....	37

# SECTION I. INTRODUCTION

## EXECUTIVE SUMMARY

In the past 30 years, the City of Bend has established itself as a desired destination for recreation and increasingly as a destination to live. According to Portland State University’s Population Research Center, from 2017 to 2018, “Bend had the second biggest population gain among Oregon cities, adding 2,740 residents (3.2 percent) to reach a population of 89,505.”<sup>1</sup>

Bend has been a leader in the development of affordable housing over the last decade, enacting a wide variety of policies and code tools to ensure residents have access to safe and affordable homes, with the goal of creating “a sense of community.”<sup>2</sup> Working towards providing affordable housing for residents has been a priority for Bend for many years. With the success of the program, it is appropriate to maintain a focus on fair housing impediments with the goal of seeking equity in housing investments.

An Analysis of Impediments to Fair Housing Choice (AI) is required by the United States Department of Housing and Urban Development (HUD) of all state and local governments that directly receive housing and community development funds from the Community Development Block Grant (CDBG), HOME Investment Partnership (HOME), Emergency Shelter Grant (ESG), or Housing Opportunities for Persons with AIDS (HOPWA). The City of Bend receives federal funding under the CDBG program and therefore is required to complete an AI. The City appreciates this requirement and opportunity, as the community is committed to equity and is interested in taking impactful steps towards eliminating racial and ethnic segregation, illegal physical and

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<sup>1</sup> (Jurjevich) Press Release, Portland State University’s Population Research Center, PSU’s Population Research Center Releases Preliminary Oregon Population Estimates (November 16, 2018) ([https://www.pdx.edu/prc/www.pdx.edu/prc/files/Press\\_Release\\_2018\\_Prelim\\_Estimates.pdf](https://www.pdx.edu/prc/www.pdx.edu/prc/files/Press_Release_2018_Prelim_Estimates.pdf))

<sup>2</sup> City of Bend Comprehensive Plan, Chapter 5, “Goals.”

other barriers to persons with disabilities, and other discriminatory practices that have the potential of occurring throughout the City.

To assess the City's success towards this commitment and to meet its federal obligation, the City regularly completes and updates its AI. The AI is a review of barriers to fair housing opportunities in both the public and private sectors throughout the City of Bend. The goal of the City in conducting the AI is not only to identify and provide solutions to barriers and impediments to fair housing, but also to provide a structure for an on-going dialogue, relationships, and greater housing choice throughout the community. Open communication and strong relationships are necessary to ensure a continuous exchange of ideas, concerns, analysis, and evaluation. Ultimately, sustained fair housing practices and opportunities will only be realized when a fair housing commitment reverberates throughout all segments of the City of Bend.

According to HUD, impediments to fair housing choice are defined as:

- Any actions, omissions, or decisions taken because of race, color, religion, sex, disability, familial status, or national origin that restrict housing choices or the availability of housing choice
- Any actions, omissions, or decisions that have this effect

Since the last Analysis of Impediments was conducted, the City has invested many resources toward addressing the identified impediments to fair housing choice. Some of those actions include:

- Funding the acquisition, creation, and rehabilitation of over 600 units of housing that are now part of Bend's affordable housing stock with the goal of ensuring deed restricted housing is available in every neighborhood in Bend,
- Working with landowners on a voluntary inclusionary zoning program for Urban Growth Boundary (UGB) expansion areas,
- Securing a state pilot which allows for an Urban Growth Boundary expansion with the goal of providing affordable and mid-market housing, and
- Funding fair housing education and outreach and other resources in Bend.

## ***METHODOLOGY AND PUBLIC ENGAGEMENT***

The community participation process for completion of this Analysis of Impediments included two public open houses, two separate surveys given over the course of a year, and consultations with 5 community groups and individuals representing 15 agencies. In addition, the draft Analysis of Impediments was presented to Bend's Affordable Housing Advisory Committee and the City Council liaisons during a public meeting. Paper surveys were left with two agencies, the Latino Community Association and Legal Aid Services of Oregon. Those surveys were available in English and Spanish. Extensive media engagement and meetings with two community groups focused on disability services helped the response for the first Fair Housing survey reach over 500 Bend residents, as well as responses from over 250 residents of Deschutes County (outside of Bend).

The Impediments and Recommendations are identified in Section IV and V of this report.

## ***BASIS OF ANALYSIS OF IMPEDIMENTS***

As an entitlement community for Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development (HUD), the City of Bend must analyze impediments to fair housing with goals toward rectifying exclusionary practices that exist. The City of Bend receives CDBG funds and exercises discretion on how such funds are spent. Under the Housing and Community Development Act of 1974, receipt of such funding requires Bend to "affirmatively advance fair housing" pursuant to the Fair Housing Act of 1968.<sup>3</sup>

The Fair Housing Act prohibitions outlined in §3604(a) make it illegal "(T)o refuse to sell or rent after the making of a bona fide offer, or to refuse to negotiate for the sale or rental of, or otherwise make unavailable or deny, a dwelling to any person because of race, color, religion, sex, familial status, or national origin."<sup>4</sup> Over time, protections of the

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<sup>3</sup> (Housing and Community Development Act of 1974, 12 U.S.C. Section 1706e)

<sup>4</sup> Id FHA

Fair Housing Act expanded. Amendments to the Act in 1988 incorporated provisions that prohibited discrimination on the basis of disability in §3604(f)(1) and provided that reasonable accommodations could be created “in rules, policies, practices, or services when such accommodations may be necessary to afford such a person equal opportunity to use and enjoy a dwelling.” The amendments also included provisions for reasonable modifications to premises and required disability accessibility standards for future multi-family developments.

These fair housing protections advance the purpose of the Housing and Community Development Act of 1974.<sup>5</sup> The “primary objective” of the Act and “of the community development program of each grantee is the development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income.”<sup>6</sup> Consequently, an analysis of impediments to fair housing choice (AI) must assess if any discriminatory practices are present within the City of Bend.

Each year the City of Bend certifies that it will affirmatively advance fair housing. Although this obligation is not defined within statute, HUD requires recipients of CDBG funds to “(1) conduct an analysis to identify impediments to fair housing choice within the jurisdiction, (2) take appropriate actions to overcome the effects of any impediments identified through the analysis, and (3) maintain records reflecting the analysis and actions in this regard.”<sup>7</sup> The decision in United States ex rel Anti-Discrimination Center of Metro New York, Inc. v. Westchester County<sup>8</sup> emphasized the significance of a jurisdiction’s certification.

Anti-Discrimination Center found that the “certification was not a mere boilerplate formality, but rather was a substantive requirement, rooted in the history and purpose of

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<sup>5</sup> (Housing and Community Development Act of 1974, 12 U.S.C. Section 1706e)

<sup>6</sup> Id HCD

<sup>7</sup> (U.S. and Anti-Discrimination Center of Metro New York, Inc. v. Westchester County, New York), p. 551

<sup>8</sup> Id

the fair housing laws and regulations, requiring the County to conduct an AI, take appropriate actions in response, and to document its analysis and actions.”<sup>9</sup> The U.S. District Court of Southern District of New York emphasized that Westchester County’s AI did not provide a sufficient analysis because it used income as a proxy for a race. The Court pointed out that “providing more affordable housing for a low income racial minority will improve its housing stock but may do little to change any pattern of discrimination or segregation. Addressing that pattern would at a minimum necessitate an analysis of where the additional housing is placed.”<sup>10</sup>

While income is certainly a factor in housing choice, a thorough AI requires consideration of multiple factors relevant to the basis of choosing a housing type and location. Possible factors include the following: (1) food access, (2) health care, (3) transportation, (4) debt (5) employment, (6) education, (7) resources, and (8) community identity.

## ***PROTECTED CLASSES***

A thorough AI requires an analysis of protected classes. The protected classes under the Fair Housing Act include (1) race, (2) color, (3) religion, (4) gender, (5) familial status, (6) national origin, and (7) disability.<sup>11</sup> Oregon law expands fair housing protections to (1) sexual orientation (including gender identity), (2) marital status, (3) survivors of domestic violence, and (4) source of income for a person.<sup>12</sup> Bend includes fair housing protections for persons over 18 under Bend City Code §5.25.015.

### *History of Segregation in Bend, Oregon*

Bend has pursued efforts to integrate the expanding racially, ethnically, and socioeconomically diverse population. In 2010, the City Code adopted Chapter 5.25 on Equal Rights, which prohibits discrimination in employment, places of public

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<sup>9</sup> Id. p. 569

<sup>10</sup> Id. p. 565

<sup>11</sup> (Fair Housing Act, 42 U.S.C. Section 3604 )

<sup>12</sup> (ORS 659.145(2) and 659A.421(2))

accommodation and housing. Specifically addressing housing discrimination, the code reads:

It is an unlawful real property transaction practice for any person to discriminate on the basis of race, religion, color, sex, marital status, familial status, domestic partnership, national origin, age, mental or physical disability, sexual orientation or gender identity by committing against any individual any of the acts made unlawful under ORS 659A.145 or 659A.421.<sup>13</sup>

Although the City of Bend adopted code language that prohibits discrimination, there is a history to overcome remaining inequities. Despite Oregon's constitutional ban of slavery, the State's Constitution also banned African-Americans from residing in Oregon until amended in 1926.<sup>14</sup> Removing the residential ban did not improve opportunities for minorities because Oregon laws prohibited African-Americans, Chinese and Japanese from owning real estate.<sup>15</sup>

Oregon schools had similar exclusionary laws. An Oregon law explicitly segregated Mexican students unless of Spanish descent or fair-skinned.<sup>16</sup>

In addition to Oregon statutes that codified the discriminatory practices, the Bend Bulletin reported on local incidents. Bend's Mayor from 1921-1922, E.D. Gilson, was listed in the Ku Klux Klan directory as a representative for the organization.<sup>17</sup> On September 1923, the Klan paraded through the main streets of Bend.<sup>18</sup> Two years later the Bend Bulletin reported that the Bend chapter of the Klan dissolved, but reports of segregation continued.<sup>19</sup>

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<sup>13</sup> Id above

<sup>14</sup> (Oregon)

<sup>15</sup> Id

<sup>16</sup> (Rector)

<sup>17</sup> (Hanson)

<sup>18</sup> (Fiery Cross Seen on Butte Summit)

<sup>19</sup> (Many of Membership Inactive After Split in Order's Ranks)



In July of 1943, Bend's City Council required separate quarters for African-American soldiers stationed for training during World War II.<sup>20</sup> Contrary to USO regulations that prohibited discrimination against race, creed, or color, African-American soldiers resided and socialized in a location apart from the other soldiers in training.<sup>21</sup> As greater numbers of African Americans migrated to Oregon for work in the shipyards, similar segregation policies were implemented throughout Oregon during World War II.

Oregon finally ratified the 15<sup>th</sup> Amendment of the Constitution in 1959, and removed the last remaining discriminatory language from the Oregon Constitution in 2000.<sup>22</sup> Because of the lengthy and all too recent exclusionary history within Oregon and the City of Bend, the minority population is small. The laws and segregationist practices that restrained minorities from relocating to Bend, owning land in Bend, attending Bend's public school with their white neighbors, or integrating in Bend's community gatherings, also constrained minorities' ability to accumulate wealth. As an additional consequence, those that benefited from the discriminatory language and practices for centuries prior remained in positions of power, as business leaders, elected officials, political appointments, and school administrators.

While Bend's minority population is small, data estimates indicate that the minority population is growing within the City.

## ***FAIR HOUSING DISTINCTION FROM AFFORDABLE HOUSING***

Because of economic disparities, affirmatively furthering fair housing requires more than mere equal opportunity and affordable housing. Affirmatively furthering fair housing incorporates social mobility for low to moderate-income households, including

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<sup>20</sup> (Mobile USO Units to Serve Troops on Maneuver Asked)

<sup>21</sup> Id. Article above

<sup>22</sup> (Oregon)15<sup>th</sup> amendment: Prohibiting the federal government from denying a citizen the right to vote because of that citizen's "race, color, or previous condition of servitude."

increased access to wealth accumulation, opportunities for health services, and inclusive learning environments.

While affordable housing is important to promote fair housing, it does not create fair housing. The *Anti-Discrimination Center* case illustrated that developing affordable housing in consistently the same areas increased housing in segregated neighborhoods, but it does not allow housing choice where greater opportunities exist in alternative neighborhoods.<sup>23</sup> Affirmatively furthering fair housing means affordable housing exists in all neighborhoods, increasing options for people to live where they would like to live. Developing affordable housing in areas where access to opportunity is low certainly improves the quality of living in the community. Alternatively, where housing is generally more expensive because access to opportunity is high, developing affordable housing increases diversity of the neighborhood and improves opportunities for low to moderate-income households. Policies that bolster affordable housing in all areas of a neighborhood or all neighborhoods of a community break down housing market barriers to further fair housing.

## **SECTION II: A SNAPSHOT OF BEND**

### ***BEND DEMOGRAPHICS***

Historically, Bend has been predominantly white. However, Bend has begun to diversify in the last 20 years as the economy has continued to grow and diversify.

#### **Population Growth**

Located in the center of the State of Oregon at the base of the Cascade Mountain Range, Bend is the largest city in the rapidly growing Central Oregon Region.

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<sup>23</sup> (Antidiscrimination Center of Metro New York, Inc. v. Westchester County, New York.), p. 565

Bend, a mid-sized town with a population of just over 20,000 in 1990, steadily increased to an estimated population of 89,505 for 2018.<sup>24</sup> The U.S. Census Bureau measures Bend’s population within Deschutes County, which forms the boundaries of the Bend-Redmond Metropolitan Statistical Area.

TABLE 1: CENTRAL OREGON CENSUS AND POPULATION ESTIMATES

State and Bend-Redmond MSA Cities	Population Estimates							
	1950 <sup>25</sup>	1960 <sup>26</sup>	1970 <sup>27</sup>	1980 <sup>28</sup>	1990 <sup>29</sup>	2000 <sup>30</sup>	2010 <sup>31</sup>	2018 <sup>32</sup>
OREGON	1,521,341	1,768,687	2,091,533	2,633,105	2,842,321	3,421,436	3,831,074	4,195,300
Bend	11,409	11,936	13,710	17,263	20,447	50,029	76,639	89,505
La Pine	N/A	N/A	N/A	N/A	N/A	N/A	1,653	1,840
Redmond	2,956	3,340	3,721	6,452	7,165	13,481	26,215	29,190
Sisters	N/A	602	516	696	679	959	2,038	2,725

## Race and Ethnicity

Estimates from the 2017 American Community Survey (ACS) indicate that the Bend racial make-up is largely white, as seen in Table 2, below.<sup>33</sup> Gradual increases in the racial minority population within Bend have coincided with significant increases in the multi-racial population.<sup>34</sup> Access to affordable housing in multiple areas and neighborhoods within Bend may provide an increased opportunity for fair housing choice, a tenant of the requirement to affirmatively further fair housing.

<sup>24</sup> (P. S. Center)

<sup>25</sup> (Census)

<sup>26</sup> (U.S. Department of Commerce)

<sup>27</sup> Id above

<sup>28</sup> Id above

<sup>29</sup> (Bureau)

<sup>30</sup> Id above

<sup>31</sup> Id above

<sup>32</sup> (P. S. Center)

<sup>33</sup> (U. C. Bureau, Hispanic or Latino Origin By Race)

<sup>34</sup> Id above

Estimates characterize Bend's ethnic diversity to be slightly larger than its racial diversity, with 6,943 residents who identify as Hispanic or Latino.<sup>35</sup> HUD considers ethnicity separately from race. Table 2 illustrates ACS estimates for Bend's 2017 composition compared to the data collected years prior. Estimates indicate most race populations in Bend increased from 1950 to 2017. American Indian and Alaska Native is the only race that has been decreasing in Bend since 2010.

**TABLE 2: 1950 - 2000 U.S. CENSUS GENERAL POPULATION AND ACS HISPANIC OR LATINO ORIGIN BY RACE**

Not Hispanic or Latino	White	Percent White	Black or African American	Percent Black	American Indian and Alaska Native	Percent American Indian and Alaska Native	Asian	Percent Asian	Two or More Races	Percent Two or More Races
1950 <sup>36</sup>	11,385	99.9%	11	0.01%	N/A	N/A	N/A	N/A	N/A	N/A
1960 <sup>37</sup>	11,863	99.4%	12	0.1%	38	0.31%	11	0.09%	N/A	N/A
1970 <sup>38</sup>	13,599	99.03%	10	0.07	N/A	N/A	N/A	N/A	N/A	N/A
1980 <sup>39</sup>	16,925	98.12%	17	0.09%	136	0.78%	81	0.46%	89	0.51%
1990 <sup>40</sup>	19,959	97.60%	39	0.19%	174	0.85%	133	0.65%	144	0.70%
2000 <sup>41</sup>	58,776	96.30%	156	0.25%	482	0.79%	584	0.95%	1033	1.69%
2010 <sup>42</sup>	65,419	95.27%	334	0.49%	548	0.80	1051	1.53%	1314	1.95%
2017 <sup>43</sup>	75,021	94.78%	552	0.69%	242	0.31%	1545	1.95%	1793	2.27*

<sup>35</sup> Id above

<sup>36</sup> (U. B. Census, 1950 Oregon Census of Population: Table 34 General Characteristics)

<sup>37</sup> (U. C. Bureau, Oregon General Population Characteristics: Table 21 Characteristics of Population)

<sup>38</sup> (U. Census, Oregon General Population Characteristics: Table 29 Household Relationship and Type of Family by Race)

<sup>39</sup> (U. Census, Oregon General Population Characteristics: Table 15 Persons by Race)

<sup>40</sup> (U. Census, Oregon General Population Characteristics: Table 6 Race and Hispanic Origin)

<sup>41</sup> (U. C. Bureau, Oregon Summary Population and Housing Characteristics: Table 2 Race and Hispanic or Latino)

<sup>42</sup> (U. C. Bureau, Hispanic or Latino Origin By Race)

<sup>43</sup> Id above

Hispanic or Latino	White	Percent White	Black	Percent Black	American Indian or Native Alaskan	Percent American Indian or Native Alaskan	Asian	Percent Asian	Two or More Races	Percent Two or More Races
1990 <sup>44</sup>	317	65%	4	0.82%	14	2.89%	10	2.06%	140	28.87%
2000 <sup>45</sup>	N/A		N/A		N/A		N/A		N/A	
2010 <sup>46</sup>	3,807	84.04%	33	0.73%	26	0.57%	0	0	664	14.66%
2017 <sup>47</sup>	5,964	85.90%	34	0.49%	52	0.75%	55	0.79%	838	12.10%

\*Numbers are rounded and may not add up to 100%

A review of census tract population and demographics can provide insight on possible concentrations of racial or ethnic groups. The census tract population estimates will differ from City of Bend population estimates, because the census tracts include population numbers outside of city limits. Those census tracts with population estimates outside of Bend include 11, 13, 14, 19.02, 20, and 21. It may be necessary to look at block group data to target actions that address racial minority population concentrations or ethnic minority population concentrations. A map of the census tracts with the City of Bend boundary is below in Figure 1. Table 3 illustrates the ACS estimates for racial composition of census tracts.

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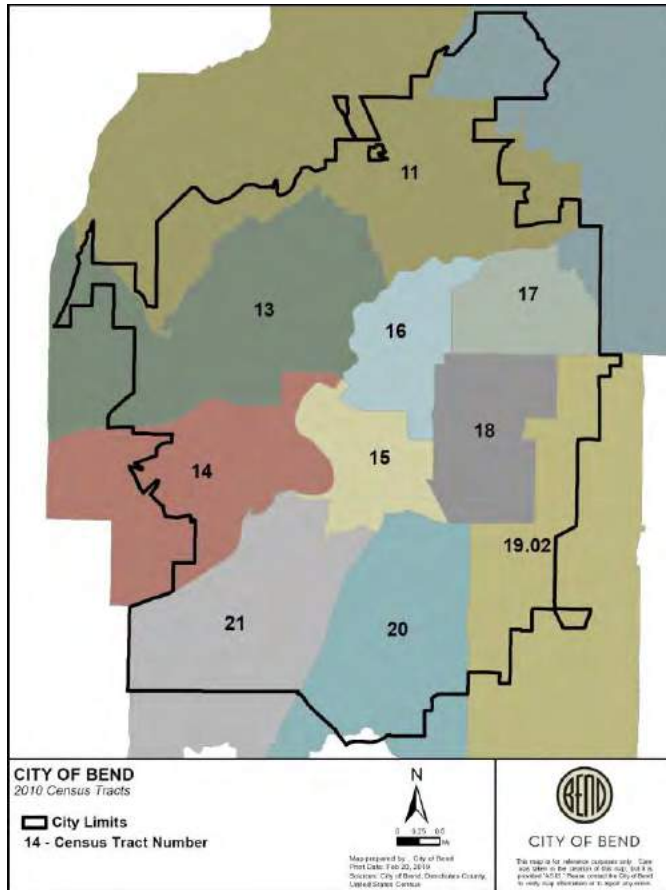
<sup>44</sup> (U. Census, Oregon General Population Characteristics: Table 6 Race and Hispanic Origin)

<sup>45</sup> (U. C. Bureau, Oregon Summary Population and Housing Characteristics: Table 2 Race and Hispanic or Latino)

<sup>46</sup> (U. C. Bureau, Hispanic or Latino Origin By Race)

<sup>47</sup> Id above

Figure 1: Census Tracts in Bend, Oregon<sup>48</sup>



Racial concentrations may exist where the population estimate is 50 percent greater than the proportion of population of the census tract. In other words, if a total of 100 individuals within the accumulated census tracts are estimated to be from a particular race and that is 10 percent of the total population within the City, a concentration of that particular race may exist where the proportion within the census tract is greater than 1.5 multiplied by 10 percent or any census tracts with a race population greater than 15 percent.

According to ACS estimates, the largest racial sub-populations in Bend are (1) Asian, (2) Black or African American, and (3) American Indian and Alaskan. Those

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<sup>48</sup> (U. C. Bureau)

estimates also include a larger population of persons from two or more races. Possible concentrations of these sub-populations exist in the following census tracts:

- Black or African American population estimates in census tracts 16, 17, and 18, where the population is 50 percent greater than the proportion of population of the City (one and a half times 0.6 percent);
- American Indian and Alaskan Native population estimates in census tracts 11, 15, and 19.02 - where the population is 50 percent greater than the proportion of population of the City (one and a half times 0.3 percent);
- Asian population estimates in census tract 13 and 19.02- where the population is 50 percent greater than the proportion of population of the City (one and a half times 1.7 percent); and
- Two or more races in census tracts 14 and 16 -where the population is 50 percent greater than the proportion of population of the City (one and a half times 8 percent).

Census tract 16 has the greatest number of possible racial concentrations. The cells with a red hue in Table 3 below are the identified census tracts with potential concentrations.

**TABLE 3: 2017 AMERICAN COMMUNITY SURVEY OF CENSUS TRACTS - RACIAL COMPOSITIONS<sup>49</sup>**

Census Tract	Total Population	Black or African American		American Indian and Alaskan		Asian		Some Other Race		Two or More Races	
		Total	%	Total	%	Total	%	Total	%	Total	%
11	11,355	38	0.3%	69	0.6%	282	2.5%	181	1.6%	272	2.4%
13	12,901	55	0.4%	0	0%	367	2.8%	68	0.5%	326	2.5%
14	6,218	28	0.5%	30	0.5%	151	2.4%	22	0.4%	286	4.6%
15	6,069	6	0.1%	38	0.6%	79	1.3%	55	0.9%	61	1%
16	6,273	69	1.1%	1	0%	111	1.8%	326	5.2%	286	4.6%
17	8,819	135	1.5%	0	0%	167	1.9%	109	1.2%	321	3.6%
18	8,706	192	2.2%	46	0.5%	92	1.1%	125	1.4%	144	1.7%
19.02	9,960	29	0.3%	80	0.8%	318	3.2%	71	0.7%	278	2.8%
20	7,620	0	0%	35	0.5%	0	0%	43	0.6%	255	3.3%
21	12,175	34	0.3%	27	0.2%	15	0.1%	26	0.2%	456	3.7%
Total	90,096	586	0.6%	326	0.3%	1582	1.7%	1026	1.1%	2685	2.9%

Because possible racial concentrations exist in each census tract and those concentrations are small percentages of the total population, an aggregate review of racial minorities for each census tract provides a different perspective. Racial minority population concentrations may exist where the minority population is 50 percent greater than the proportion of population of the City (one and a half times 6.8 percent). The red hue in Table 4 below calls attention to a possible concentration based on racial minority population estimates in census tract 16. Areas within Bend with significantly lower racial

<sup>49</sup> (U. C. Bureau, ACS Demographic and Housing Estimates)



minority populations include census tract 15 with an estimated racial minority population of 239, census tract 20 with an estimated racial minority population of 333, and census tract 14 with an estimated racial minority population of 517.

Bend has made strides in increasing racial diversity in the majority of its census tracts. While potential concentrations of racial minorities may exist, the overall increase in minority populations in most tracts demonstrates the growing diversity within Bend. Possible concerns about racial concentrations are difficult to establish due to low numbers overall. Most racial categories differ only by 0.5 - 0.75 percent, and are ultimately focused on a difference of between 30 – 300 individuals per tract, or 500 individuals combined throughout the City.

**TABLE 4: 2017 AMERICAN COMMUNITY SURVEY OF CENSUS TRACTS - AGGREGATE RACIAL COMPOSITIONS**

Census Tract	11	13	14	15	16	17	18	19.02	20	21	Total
Racial Minority Population	842	816	517	239	793	732	599	776	333	558	6205
%	7.4%	6.3%	8.3%	3.9%	12.6%	8.3%	6.8%	7.7%	4.3%	4.5%	6.8%

The Department of Housing and Urban Development (HUD) is the federal agency with oversight over fair housing. HUD defines “Hispanic and Latino” populations as an ethnicity, not a race. The estimated percentages of Hispanic or Latino population are below in Table 5. Possible ethnic concentrations may exist in tract 16, illustrated with the red hue in Table 5. This is an area where the estimated Hispanic or Latino population is 50 percent greater than the proportion of the population throughout the City (one and a half times 8 percent).

**TABLE 5: 2017 AMERICAN COMMUNITY SURVEY OF CENSUS TRACTS - ETHNIC COMPOSITIONS<sup>50</sup>**

Census Tract	11	13	14	15	16	17	18	19.02	20	21	Total
Hispanic or Latino	410	910	224	720	1,546	954	1,098	1,109	430	559	7960
%	3.6%	7.1%	3.6%	11.9%	24.6%	10.8%	12.6%	11.1%	5.6%	4.6%	8%

## Disability

Estimates indicate that 10 percent of Bend’s population have a physical or developmental disability including hearing impairment, vision impairment, cognition impairment, ambulatory impairment, self-care impairment, or independent living impairment. The Fair Housing Council of Oregon, who monitors fair housing claims, has listed “disability” as the most frequent protected class to file a complaint in the past 5 years. Census tract estimates indicate that persons with these physical or developmental disabilities live throughout Bend. The largest grouping of disabled is in tract 18.

**TABLE 6: 2017 AMERICAN COMMUNITY SURVEY OF CENSUS TRACTS - DISABILITY**

Census Tract	11	13	14	15	16	17	18	19.02	20	21	Total
Disabled	1202	722	416	748	878	971	1229	1065	776	1711	9718
%	10%	5.5%	6.6%	12%	13%	11%	14%	10%	10%	14%	10%

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<sup>50</sup> (U. C. Bureau, Selected Social Characteristics in the United States)

## Poverty

While poverty is not considered a fair housing protected class, it has direct link to many of the protected classes. Poverty level estimates did not decrease in each census tract in correlation with the overall poverty decreases for the City of Bend between 2012 and 2017.<sup>51</sup> The census tracts tabled below experienced estimated poverty population increases, including tracts 13, 14, 16, 19.02 and 20.<sup>52</sup> The poverty population estimates of census tract 16 doubled in 5 years and lead amongst the census tracts, with an estimated 1,379 individuals living below poverty level.<sup>53</sup> The greatest estimated poverty population decrease occurred in census tract 18. The census tracts with the lowest poverty populations were tract 14 with an estimated 540 in poverty and tract 15 with an estimated 667 in poverty.<sup>54</sup>

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<sup>51</sup> (Poverty Status in the Past 12 Months)

<sup>52</sup> Id

<sup>53</sup> Id

<sup>54</sup> Id

**TABLE 7: 2012 COMPARED TO 2017 AMERICAN COMMUNITY SURVEY OF CENSUS TRACTS - POVERTY**

	Total Poverty Population 2008-12	Racial Minority Poverty Population 2008-12	Hispanic or Latino Poverty Population 2008-12	Total Poverty Population 2013-17	Racial Minority Poverty Population 2013-17	Hispanic or Latino Poverty Population 2013-17
11	905	44	135	881	343	69
13	830	100	90	867	157	26
14	252	0	0	540	67	43
15	1,004	25	240	667	0	49
16	621	75	28	1,379	108	653
17	1,747	39	727	1,356	39	206
18	1,497	260	51	690	127	33
19.02	710	125	81	767	81	114
20	343	90	0	1,168	64	273
21	1,519	13	597	1,362	26	27
Total	9,428	771	1,949	9,677	1,012	1,493

## Employment

The City of Bend experienced a recession beginning in 2007 and related job losses continued until 2009. The depth and extent of the recession in Bend led to disproportionately high unemployment compared to the rest of the country, leading the federal government to name Oregon as a “hardest hit” state in 2010. Although Bend’s employment has been rapidly increasing since the recession, the census data still reflects the downturn. Since 2011, Bend’s employment has grown each year. However, employment returned to census tracts at an uneven rate.

The Central Oregon economy, which is highly dependent upon the hospitality industry, has been very susceptible to any variations in the Housing Market. The fluctuations in the housing market have a direct impact on the job market. The employment rate had sizable increases in the Bend-Redmond MSA since 2011, with the unemployment rate in late 2018 below 5 percent.<sup>55</sup> It is anticipated that there will be continued economic gains in Bend. Industry estimates from the ACS show employment in the Bend-Redmond MSA was concentrated in four major industries: Education & Health Services, Retail Trade, Accommodations and Food Service, and Professional Services.

Today, there are two main needs for the workforce. Bend's diversifying economy is creating a demand for a more educated workforce (which in the short term requires relocation), while Bend additionally has acute needs in the trades which are driving up the cost of construction, among other services.

The Regional Economist, Damon Runberg in 2018, reported the region is expected to add nearly 15,000 jobs by 2027, a growth rate of 15 percent. Central Oregon along with the Portland Metro area (+13 percent), are the only regions expected to grow faster than the statewide pace of 12 percent.

Arguably, the most significant issue facing Bend's businesses today is the need for infrastructure to make existing, unserved, lands available for building. The infrastructure challenge affects both businesses that need a space in which to locate, as well as employees who need a home. The lack of financing/ funding for infrastructure hinders Bend's ability to create housing that is affordable, as well as the ability to recruit well-paying businesses and skilled employees. In 2016, Bend's Urban Growth Boundary expansion was approved by the State. This expansion will bring more than 2000 acres in to the City, but will cost about \$400 million to service with water, sewer, and roads.

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<sup>55</sup> (Labor)

With unemployment under five percent, jobs are largely available for those that can afford to live here. Many businesses are frustrated that they cannot hire the skilled employees needed from outside of Bend because it is too expensive to move here. Bend has a higher-than-average population with graduate degrees. Many with professional degrees move to Bend for the amenities but retain their employment with companies based in larger communities such as Seattle, the San Francisco bay area, or Portland. The challenge reported as greatest by employers is currently in trades and skilled/ semi-skilled labor, such as construction and manufacturing, due to the housing shortage. While housing costs are substantially lower than West Coast metro areas, the wages in Bend largely do not support the current housing costs. While demand has been pushing wages up since 2015, wages are still not escalating at the same rate as housing prices.

**TABLE 8: 2017 ACS – EMPLOYMENT STATUS**

	Labor Force Participation Estimate	Employment/Population Estimate	Unemployment Rate Estimate
Census Tract 11	61.9%	57.6%	7%
Census Tract 13	70.3%	66.7%	5.2%
Census Tract 14	58.8%	54.5%	7.2%
Census Tract 15	72.2%	68.5%	5.2%
Census Tract 16	70%	67.1%	4.2%
Census Tract 17	69.1%	64.3%	6.9%
Census Tract 18	62.8%	59.6%	5.1%
Census Tract 19.02	62.3%	61.3%	1.5%
Census Tract 20	67.1%	64.1%	4.5%
Census Tract 21	68.3%	66.7%	2.4%

## Housing

With such a low supply, combined with a high demand, home costs are escalating and are expected to continue increasing for the immediate future. Even during the economic downturn, Bend's population increased by 1.5 percent per year, while development of housing, most particularly multi-family housing, came to a virtual standstill for a period of three to five years. During that period, the largest construction lender in Bend was the City of Bend using the Affordable Housing Fund. But the units Bend could finance could not keep pace with the population increase. Bend has continually been in the top 5 cities in the nation for growth, contributing to rapidly increasing housing costs.

The availability of housing units does not meet the needs of the population at this time, and it is doubtful that it will do so in the immediate future. Bend's rent rose 26.3 percent since 2010 and current home prices are rising by 10 to 20 percent per year.<sup>56</sup> These increases are pushing both affordable rentals and affordable home ownership opportunities to unsustainable levels.

An increased housing supply will be difficult to attain with the dearth of land available for development due to significant infrastructure needs. Bend was successful in having an Urban Growth Boundary expansion approved in 2016, but the cost of servicing that land with water, sewer, and roads is upwards of \$400 million.

Bend will need a concerted effort to investigate existing buildable land, as well as creative efforts to utilize what is available. Additionally, continued focus from local government is needed to increase densities and provide incentives in opportunity areas to allow for development of more housing, both market rate and affordable.

It is also important to note that since 2014, developers built 1,140 multifamily units, which was substantially fewer than what was needed to keep up with additional households added. During that time, few housing types were created, including

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<sup>56</sup> (U. C. Bureau, American Fact Finder)

townhomes, duplexes and triplexes, etc. Lack of housing options has contributed to greater housing cost burdens for Bend residents.

The City of Bend recognizes the need for greater housing options, and where these housing types are located will influence housing choice for residents. According to ACS data, Census tract 18 has the largest amount of rental occupied units at 2,348. Census tracts 15 and 16 have more rental occupied units than owner occupied units. Census tract 13 has the most owner occupied units at 3,341. Increases in affordable housing rental opportunities where there are more owner occupied units and greater home ownership opportunities where there are more rental occupied units will provide a better balance and increases in housing choice for those neighborhoods.

**TABLE 9: 2017 ACS – HOUSING TENURE**

Census Tracts	11	13	14	15	16	17	18	19.02	20	21
Owner Occupied Units	3,118	3,341	1,655	1,020	758	1,904	1,590	2,477	2,112	3,454
Renter Occupied Units	1,053	1,772	866	1,721	1,982	1,492	2,348	1,531	841	1,162

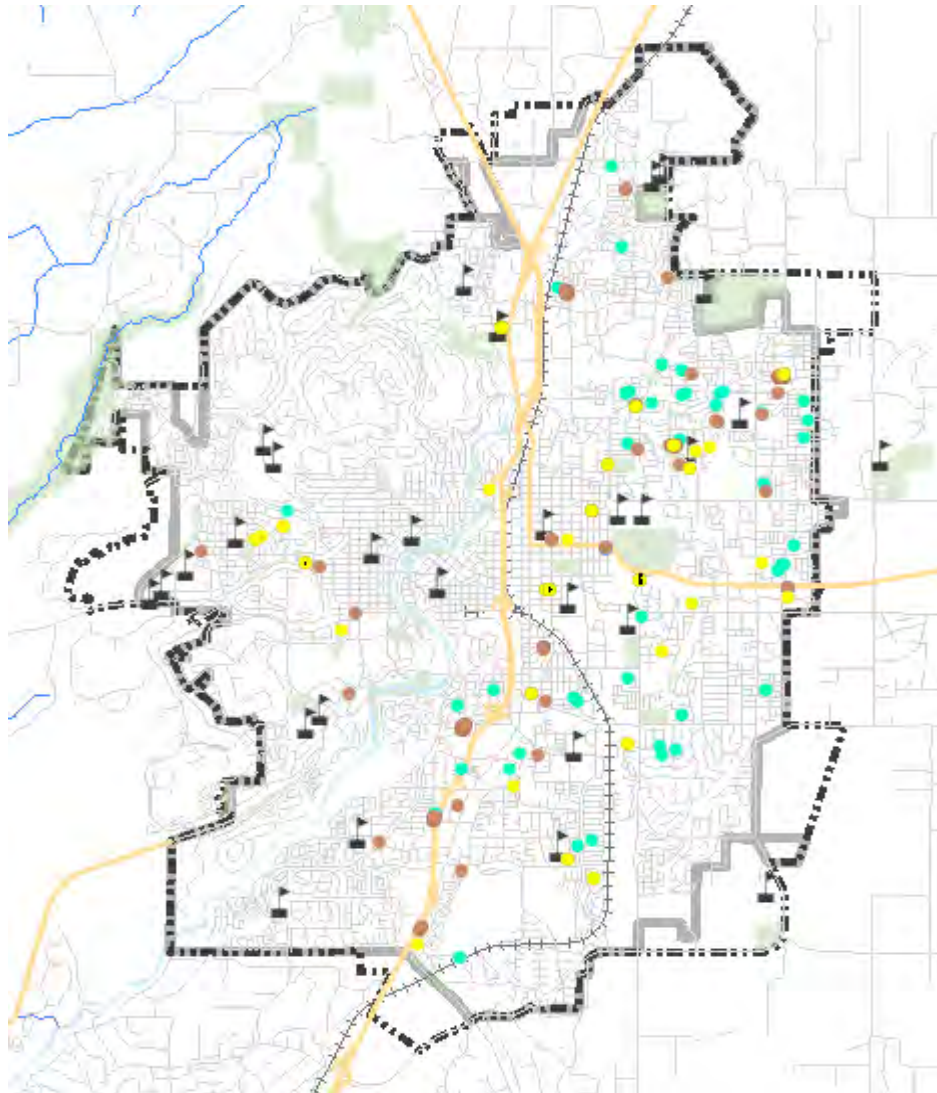
## Maps

Mapping Services are accessible from the City of Bend’s website. The Affordable Housing Program provides a visual map of the areas where the City of Bend has invested resources from CDBG, Bend’s Affordable Housing Fund, and other resources for community development. Figure 2 below is available on Bend’s website:

<https://maps.ci.bend.or.us/bendmaps.htm>.



**FIGURE 2: MAP OF AFFORDABLE HOUSING INVESTMENT IN BEND**



## ***SEGREGATION MEASUREMENTS***

### **Dissimilarity Index**

Affirmatively Furthering Fair Housing Data illustrates the dissimilarity trends of Bend at low levels according to HUD standards, but rising according to current estimates. The dissimilarity index, Table 6 below, measures racial and ethnic integration on a scale between 0 and 100; 0 indicating complete integration amongst racial and ethnic populations and 100 indicating complete segregation. HUD standards provide 40

as low segregation, 40-54 as moderate segregation, and above 54 as high segregation. Bend had a trend of integration until the recession. However, since the recession, there have been small measures of increased segregation. This measurement indicates other factors that could be limiting housing choice options in Bend, or could be a reflection of the national trend that certain racial groups were disproportionately impacted by the foreclosure crisis.<sup>57</sup> Overall, Bend scores well in measures of integration. However, a lack of data on reasons for integration or segregation points to Bend’s need for better housing data.

**TABLE 10: RACIAL/ETHNIC DISSIMILARITY TRENDS<sup>58</sup>**

Racial/Ethnic Dissimilarity Index	1990 Trend	2000 Trend	2010 Trend	Current
Non-White/White	8.5	13.33	14.66	22.37
Black/White	27.91	16.53	12.35	23.75
Hispanic/White	8.08	19.94	19.68	27.01
Asian or Pacific Islander/White	14.26	9.47	5.22	15.93

### **Forecasted Ethnic Composition – Middle School Attendance Areas**

According to a study for the National Bureau of Economic Research, "racial convergence in school quality and educational attainment... played a significant role in accounting for the reduction in the black-white adult health gap. While no single explanation likely accounts for this rapid convergence, this work shows that school desegregation was a primary contributor, explaining a sizable share of the narrowing of the racial education, and economic and health status gaps among the cohorts

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<sup>57</sup> (Carlos Garriga)

<sup>58</sup> (HUD)

examined.”<sup>59</sup> As a result of this and other research, on October 1, 2014, the Department of Education’s Office for Civil Rights issued a Dear Colleague Letter to school districts that serves as a guide towards equitable integration of schools.

Bend-La Pine Schools experience similar income and racial disparities within the classrooms, and these disparities can perpetuate uneven testing outcomes.<sup>60</sup> The Oregon Department of Education collected information from Bend-La Pine Schools for the 2017-2018 school year.<sup>61</sup> Because the middle school attendance areas within the City of Bend closely align with the census tract boundaries, the data provides recent information and illustrates a window for a minority population forecast of the City of Bend. The middle schools in Bend serve grades 6 – 8.

Because the Oregon Department of Education data does not differentiate races with Hispanic or Latino ethnicity, Figure 3 below only illustrates the percentages of Hispanic or Latino populations at the middle schools. Although attendance of racial minorities at the schools is equally important to monitor, the illustration below only includes ethnic minorities.

- Census tract 11 is included within the Sky View Middle School’s Attendance Area and 11 percent of students identified Hispanic or Latino. The Hispanic population at Sky View Middle School continued to grow in the 2017-2018 school year;
- Pacific Crest Middle School’s Attendance Area outlined in Figure 3 below illustrates that the area includes census tract 13 and portions of census tracts 14 and 11. The Hispanic population at Pacific Crest Middle School has decreased since the opening year in 2015-2016;
- Cascade Middle School’s Attendance Area includes census tract 21 and portion of census tract 14 and 15, as shown in Figure 3 below. Of the students enrolled

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<sup>59</sup> (Johnson)

<sup>60</sup> (Broadcasting)

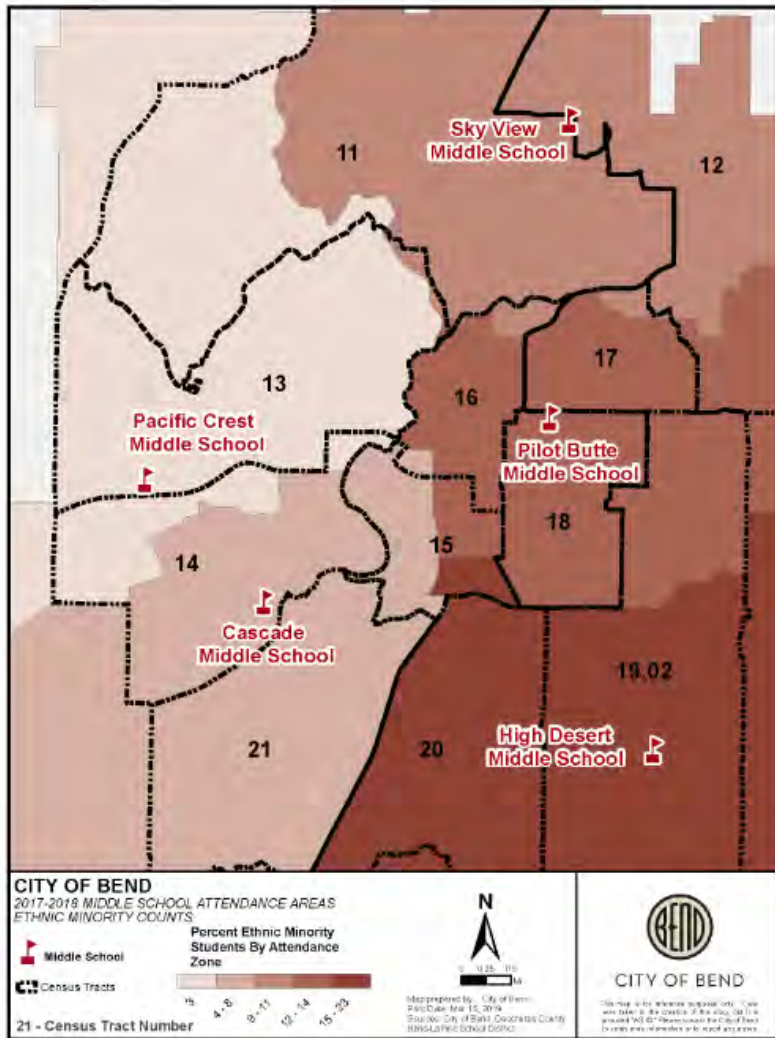
<sup>61</sup> (O. D. Education)

during the 2017-2018 school year, 8 percent identified Hispanic or Latino. Hispanic populations at Cascade Middle School declined in the 2017-2018 school year compared to the 2009-2010 school year;

- Census tract 20, a portion of tract 19.02, and a portion of tract 15 are included in the High Desert Middle School Attendance Area illustrated in Figure 3 below. Of the students enrolled during the 2017-2018 school year, 23 percent identified Hispanic or Latino of any race. Hispanic populations at High Desert Middle School increased since the 2009-2010 school year;
- Pilot Butte Middle School's Attendance Area, outlined in Figure 3 below, includes census tracts 16, 17, 18, and a portion of tract 15. Of the students enrolled during the 2017-2018 school year, 14 percent identified Hispanic or Latino. Hispanic populations at Pilot Butte Middle School decreased compared to the 2009-2010 school year.

The middle school ethnic demographics indicate greater portions of Hispanic populations for census tracts 19.02 and 20. However, those demographic increases also indicate expanding disparities with larger portions of ethnic populations in tracts 16, 17, 18, 19.02, and 20 compared to census tracts 13 and 14. If middle school ethnic populations indicate the possibility of where households remain, that would create an undesirable trend of increased segregation for the City of Bend. Greater housing choice options for ethnic minority populations in census tracts 13 and 14 may be necessary to further fair housing.

FIGURE 3: MIDDLE SCHOOL ETHNIC COUNTS<sup>62</sup>



## Access to Opportunity

The demographic research from Opportunity Insights includes maps of neighborhood data, which provide information about social mobility opportunities based on where a household resides in the community.<sup>63</sup> Extensive data-based research determined that children have higher upward mobility possibilities when cities where they reside demonstrate “less segregation by income and race, lower levels of income

<sup>62</sup> (O. D. Education)

<sup>63</sup> (Opportunity Insights)

inequality, better schools, lower rates of violent crime, and a larger share of two-parent households.”<sup>64</sup>

## **Income Inequality**

An Opportunity Atlas created through Opportunity Insights maps the median household income data from the American Community Survey with the most recent data available from 2016.<sup>65</sup> The mapped median household income data from 1990, Figure 4, compared to median household income estimates from 2016, Figure 5, indicate increasing median household income inequality in Bend. Red colors represent lower income, while blue represents higher income.

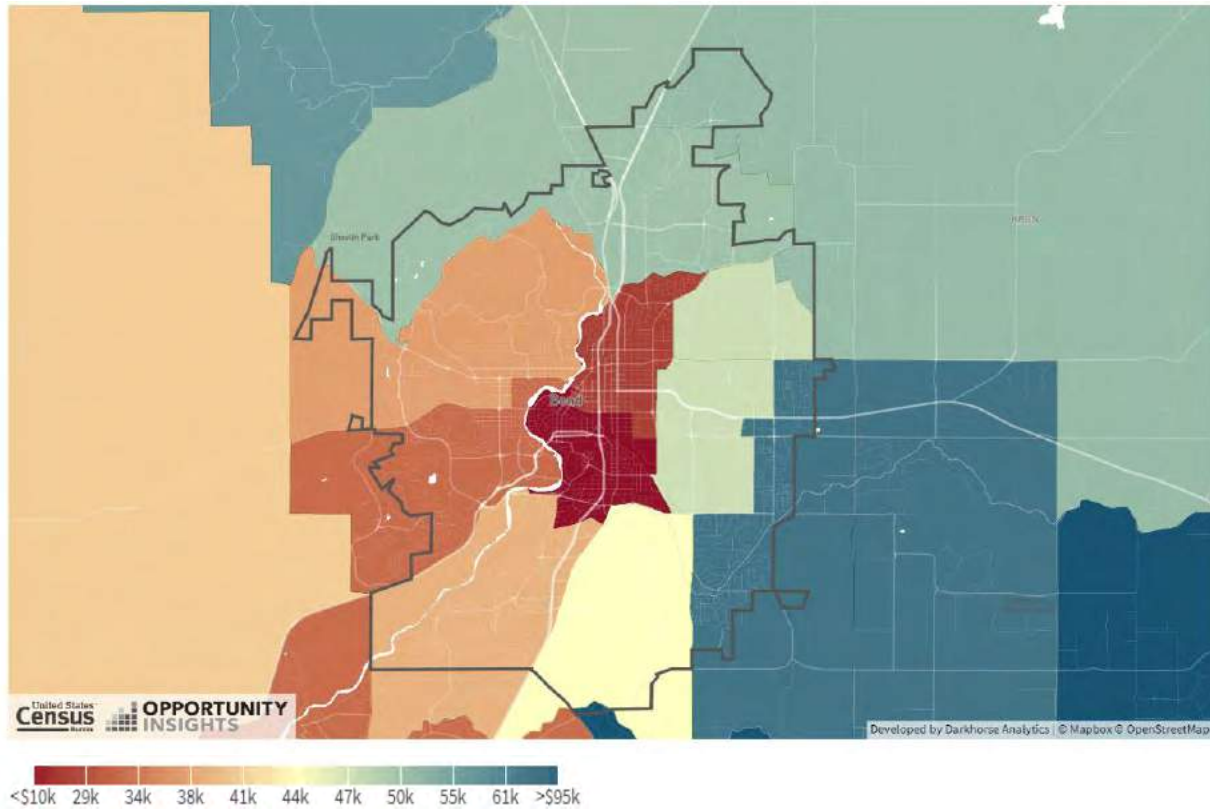
Bend residents’ median household income in 1990, illustrated in Figure 4, portrays a difference amongst incomes in an amount less than \$25,000. The census tracts with the lowest median household incomes in 1990 included tracts 16 and 15. The census tract with the highest median household incomes in 1990 was tract 11. The median household income for census tracts 17 and 18 have remained flat the next 30 years. This trend indicates growing income polarization.

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<sup>64</sup> (Hendren)

<sup>65</sup> (Insights)

**FIGURE 4: MEDIAN HOUSEHOLD INCOME OF BEND RESIDENTS IN 1990<sup>66</sup>**

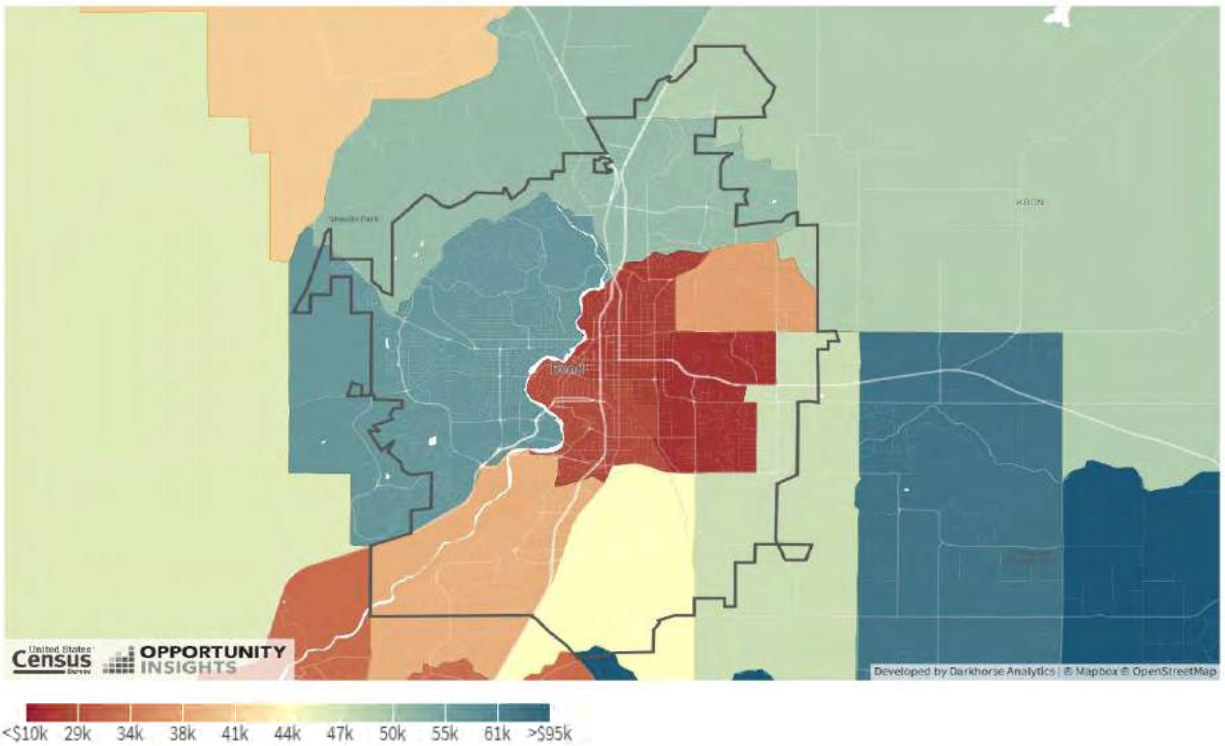


Median household income estimates from 2016, illustrated in Figure 5, portray a difference amongst incomes of approximately \$60,000. These disparities are particularly stark between census tracts 13 and 14 when compared with census tracts 15, 16, and 18.

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<sup>66</sup> (Insights)

**FIGURE 5: MEDIAN HOUSEHOLD INCOME OF BEND RESIDENTS IN 2016<sup>67</sup>**



## **Incarceration Rate**

The Opportunity Atlas maps an incarceration rate derived from 2010 census data for children that grew up in Bend and were in prison or jail on April 1, 2010 (Figure 6). Cities with lower rates of violent crime have greater opportunities.<sup>68</sup> Neighborhoods with low incarceration rates are an indicator of greater opportunity. The census tracts in 2010 with the largest percentage of incarcerated residents that grew up in Bend were tracts 15 and 16.

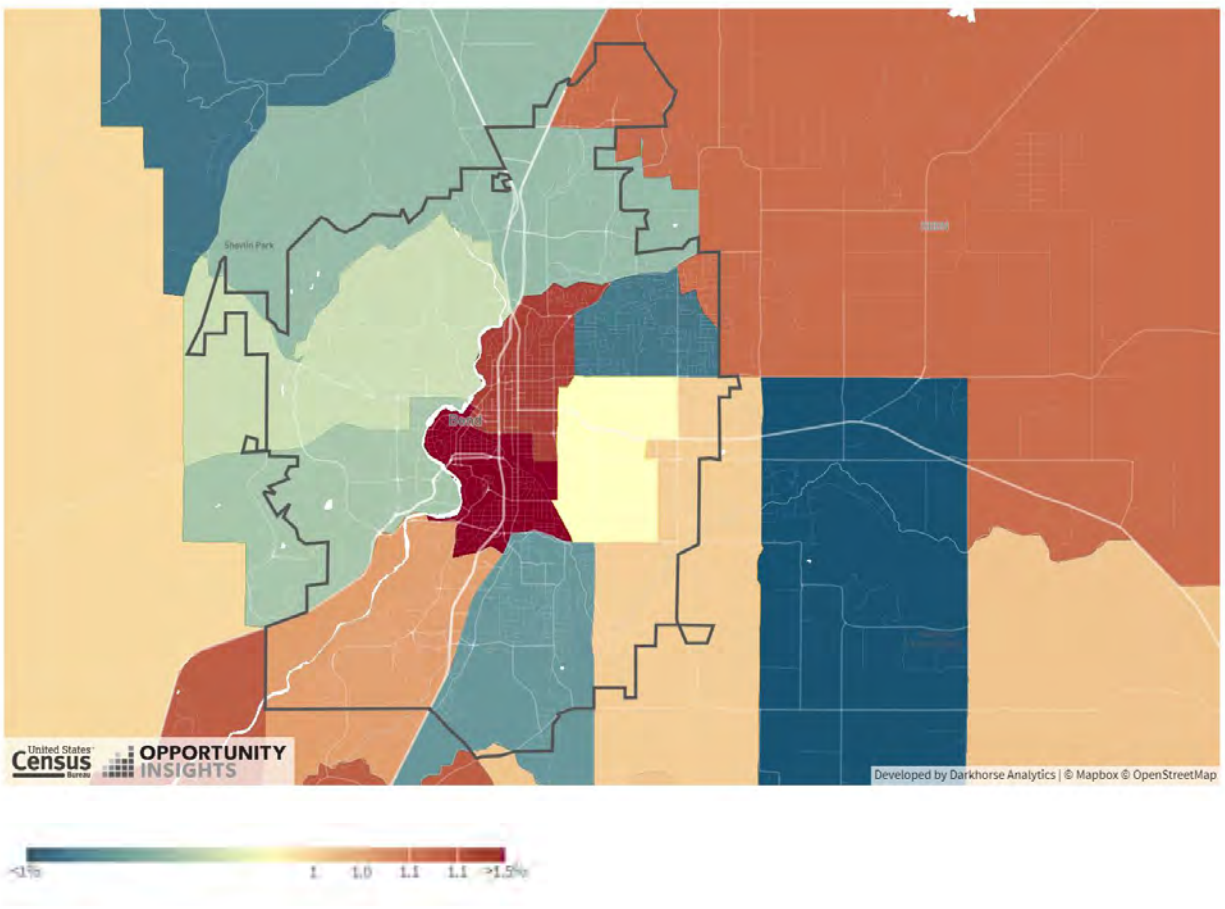
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<sup>67</sup> (Insights)

<sup>68</sup> (Hendren)



**FIGURE 6: INCARCERATION RATE OF CHILDREN RAISED IN BEND<sup>69</sup>**



## Married Households

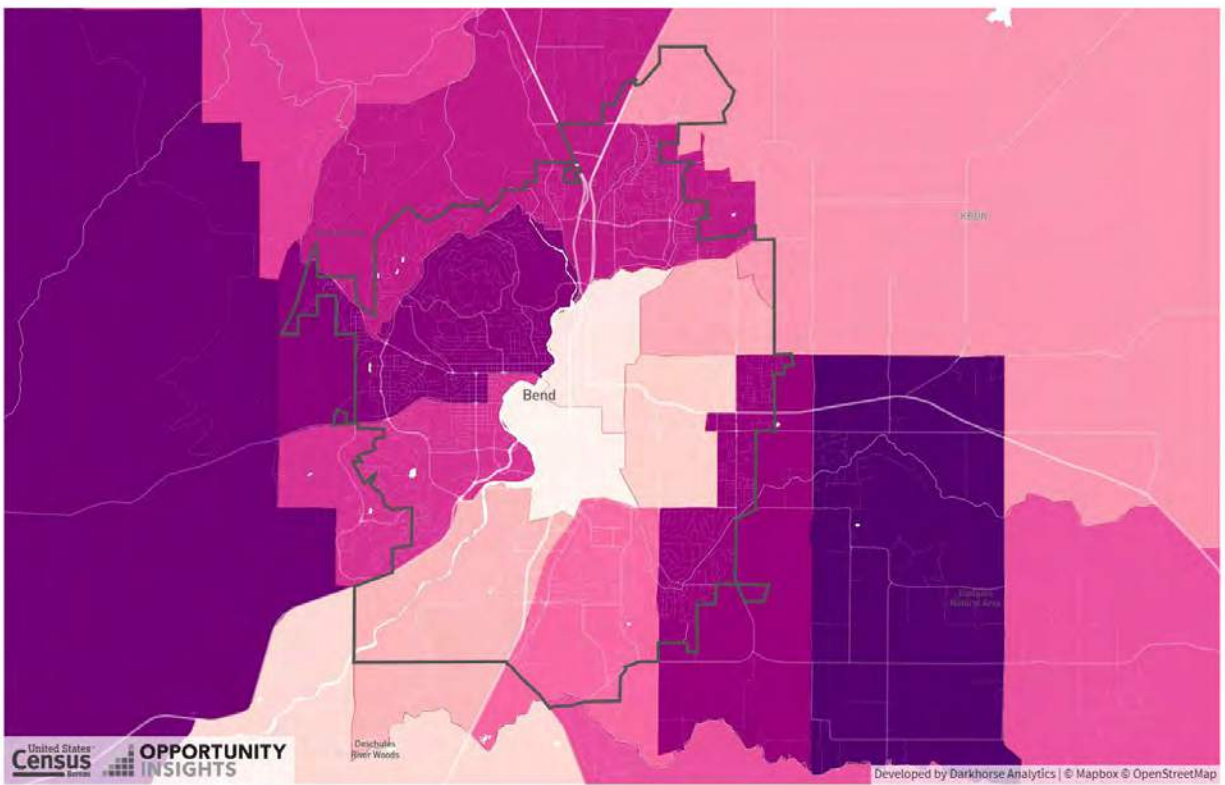
Additional data mapped on the Opportunity Atlas portrays the percentage of married residents. Marriage has a link to economic viability and opportunity.<sup>70</sup> Figure 7, below, provides the percentages of children that grew up in Bend (now in their mid-30s) and that were married in 2015. Census tracts 15 and 16 had the lowest percentage of residents that grew up in Bend (now in their mid-30s) and that were married in 2015.

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<sup>69</sup> (Insights)

<sup>70</sup> Isabelle V. Sawhill, "How Marriage Affects Economic Opportunity," Brookings, 2014

FIGURE 7 - BEND RESIDENTS RAISED IN BEND AND MARRIED IN 2015<sup>71</sup>



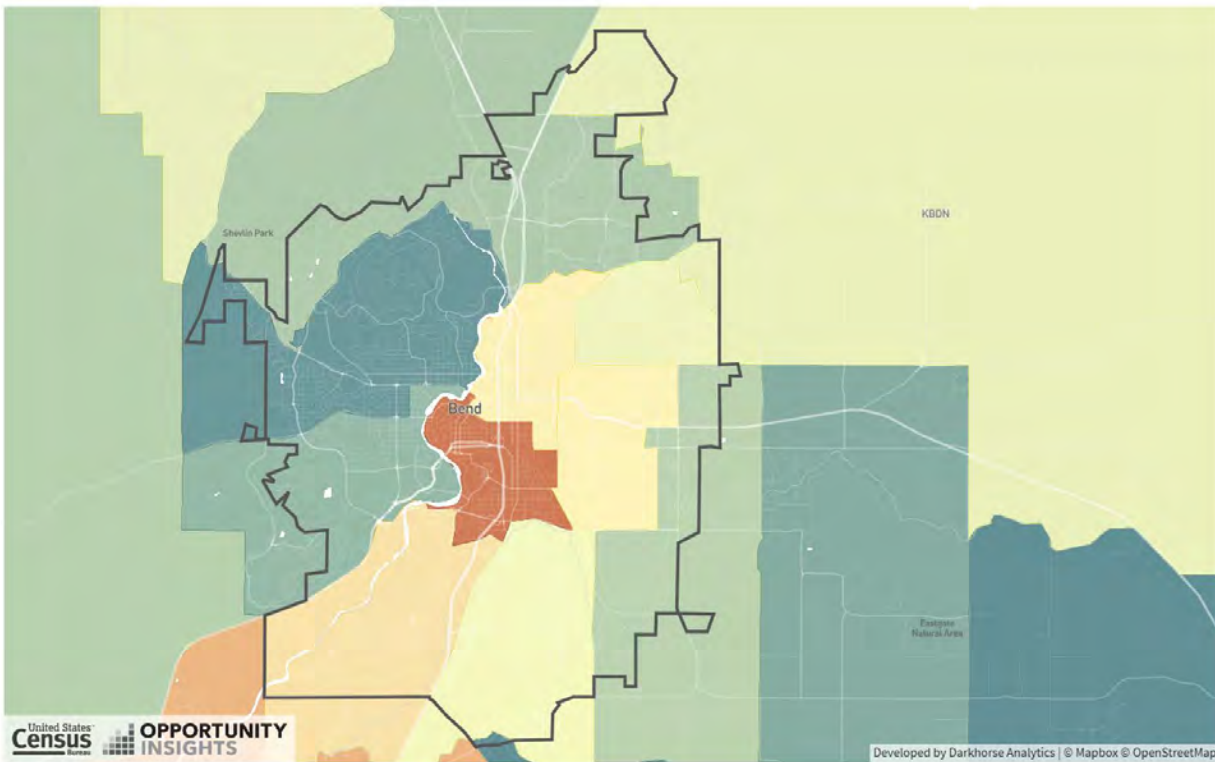
## Income Opportunity

Finally, the Opportunity Atlas, illustrated in Figure 8, provides the average annual household income from 2014-2015 for children that grew up in Bend (now in their mid-30s). Children that grew up in census tracts 11, 13, and 14 have higher average annual household incomes than children that grew up in the remaining census tracts.

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<sup>71</sup> (Insights)

**FIGURE 8: ANNUAL INCOME FROM CHILDREN RAISED IN BEND FOR 2014 - 2015<sup>72</sup>**



These opportunity measurements provide another insight into segregation trends within Bend. The fast growth of areas within Bend that developed after 1990 may be the greatest contributor to income disparities illustrated above. It is also important to examine the characteristics of the census tracts where there is low opportunity.

Tract 16 is predominantly full of businesses, with few multi-family units and some single-family units. This tract is zoned commercial, mixed use, high-density residential, and standard-density residential. Two public housing complexes are within Census Tract 16, Greenwood Manor and Quimby Street Apartments. The location of two public housing complexes with high density housing creates an environment where

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<sup>72</sup> (Insights)

households in poverty and minority populations may enter Bend's high cost housing market. These are areas where community development investments such as improved infrastructure and amenities could be targeted with fair housing outreach and education.

### **Fair Housing Online Survey**

An online survey was made available to Bend residents regarding fair housing in January and February of 2018.<sup>73</sup> Over 500 Bend residents participated in the survey. Of the survey participants, 52 percent indicated they would change their living situation if they could afford to do so. A portion of the participants, totaling 134 individuals, believed they had experienced housing discrimination in the past 5 years. Of those that reported experiencing housing discrimination, 78 individuals disclosed they were in a protected class. Source of income was the most reported form of discrimination, with 31 participants. Other protected classes identified discrimination based on age, sex, gender, sexual orientation, family status, race, ethnicity, and national origin. Almost half of the participants that reported experiencing discrimination did not take any action to address it. Comments from the survey revealed a limited knowledge of fair housing protections.

## **SECTION III: CURRENT FAIR HOUSING LEGAL STATUS**

### ***DISCRIMINATION SUITS BY DOJ OR PRIVATE PLAINTIFFS***

In addition to community feedback, demographic trends, and surveys, it is important to monitor the fair housing claims raised in courts and with administrative agencies. Deschutes County Circuit Court saw a handful of tenancy termination cases where fair housing defenses were raised.

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<sup>73</sup> Fair Housing Survey – Appendix

- Multiple tenants requested reasonable accommodations regarding physical or mental disabilities;
- One tenant raised fair housing concerns that the termination was based on her family status and race; and
- Multiple tenants defended terminations under Oregon’s fair housing protections for domestic violence survivors after experiencing domestic violence.<sup>74</sup>

These cases illustrate a greater need to educate landlords regarding the application of fair housing laws, so that tenants are not displaced because of a protected status.

In 2004, the City of Bend was sued for failure to comply with federal disability law. That suit led to the creation of an accessibility manager position on staff at City of Bend as well as an accessibility advisory committee. The City of Bend continues work addressed in settlement agreements with the U.S. Department of Justice and Disability Rights Oregon. The settlement agreements included various accessibility issues including inaccessible toilet rooms, non-compliant drinking fountains, an inaccessible elevator, lack of maintenance of accessible routes, an inaccessible counter in the Community Development Department, non-compliant sidewalks, curb ramps, parking lots, and routes of travel, in addition to inaccessible features in a planned (now constructed) police station. Upon completion of the Settlement Agreement terms with Disability Rights Oregon in 2011, the plaintiffs dismissed their Americans with Disabilities Act claims and Section 504 of the Rehabilitation Act claims against the City of Bend. The U.S. Department of Justice found the City completed the terms of its Settlement Agreement in 2014, but the City continues efforts to maintain access required under the law. The discrimination suits might have been addressed proactively

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<sup>74</sup> ORS 90.499

with greater fair housing education in the community. Both Public and Private Sector fair housing education could have addressed circumstances before litigation.

## **SECTION IV: IDENTIFICATION OF IMPEDIMENTS TO FAIR HOUSING CHOICE**

### ***PUBLIC SECTOR***

#### **Comprehensive Plan**

The City of Bend's Comprehensive Plan is the guide for designating land uses that shape the City's future. "Chapter 5: Housing" of the Comprehensive Plan reads:

The citizens and elected officials of Bend wish to:

- Keep our neighborhoods livable by offering a variety of living styles and choices, creating attractive neighborhoods located close to schools, parks, shopping and employment.
- Accommodate the varied housing needs of citizens with particular concern for safety, affordability, open space, and a sense of community.
- Recognize the importance of transportation linkages (streets, bikeways, sidewalks, and paths) in connecting neighborhoods and building and maintaining a sense of community.
- Promote more flexibility in development standards to balance the need for more efficient use of residential land and preservation of natural features.
- Zone adequate land in specific designations to allow for production of needed housing units.

The City of Bend updated the Comprehensive Plan in 2016 with an extension of the Urban Growth Boundary. The extension was made possible in large part due to the results of the Housing Needs Analysis conducted.<sup>75</sup>

## **Employment-Housing-Transportation Linkage**

Although not a direct barrier to housing, the ability to access fair and equitable transportation has the potential to impact access to food/ groceries, employment, medical care, and many other necessities. Housing in areas that do not have equitable transportation access is not a viable option for vulnerable populations and may have a discriminatory effect.

The transportation system in Bend provides comprehensive facilities serving the Bend urban area. The system links the community to outside areas and it provides a variety of options for users within the City. The transportation system was developed to provide carrying capacity for automobiles, trucks, bicycles, pedestrians, and public transportation.

As detailed below, automobiles provide a majority of the transportation from work to residences within Bend. Approximately 3 out of every 4 workers commute alone in a personal vehicle. Other modes of transportation include a RIDE assist, aka Bend Dial-a-Ride service, a fixed bus system, walking, and biking.

Cascades East Transit provides public transportation on many of Bend's main roadways. Cascades East Transit is operated by the Central Oregon Intergovernmental Council (COIC), an independent entity operating under intergovernmental agreements throughout the Central Oregon region. The Bend Dial-a-Ride system, also operated by COIC, offers shared rides for disabled and low-income seniors that are not near fixed routes. There are nine fixed-routes within the City of Bend. However, fixed routes are lacking in HUD identified low-moderate income areas along Wilson Ave., Murphy Road,

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<sup>75</sup> Housing Needs Analysis

and SE Ferguson Rd. Inaccessible public transportation can hinder one’s ability to gain and retain employment, pursue educational opportunities, and engage with the community in different neighborhoods.

**TABLE 11: 2017 ACS – MEANS OF TRANSPORTATION TO WORK**

	Estimate
Workers 16 years and over	43,227
Car, truck, or van	81.7%
Drove alone	74.2%
Carpooled	7.6%
No vehicle available	1.4%
Public transportation	0.4%
Walked	3.6%
Bicycle	2.8%
Taxicab, motorcycle, or other means	1.1%
Worked at home	10.5%
Work and reside in Bend	85.2%
Mean travel time to work (minutes)	15.3

### **Epic Properties and Housing Choice Voucher Selection Process**

Housing Works serves as the Public Housing Agency (PHA) for the City of Bend. It operates 12 complexes within Bend through Epic Property Management. Housing Works also administers the Housing Choice Voucher Program and a Project Based Voucher Program. Epic Property Management selects tenants for each complex from their wait list that is typically full, but reopened when contact information is dated or the number of potential applicants decreases substantially. Housing Works keeps a



separate wait list for the Project Based Voucher Program. Housing Works opens their Housing Choice Voucher list each year. The process randomly places applicants on a priority list. As vouchers become available throughout the year, Housing Works pulls applicants from the list and offers the household a Housing Choice Voucher. If a voucher does not become available to an applicant through the year, then the household must reapply the following year.<sup>76</sup> In early 2019, over 2000 individuals were on the wait list after the list opened for two weeks. Although being prioritized on the list is a step towards longer term rental support, some of the largest challenges may present after that selection. Due to the incredibly short housing supply, many potential voucher recipients are unable to find housing that meets HUD's requirements, due to high price and the demand for each unit that becomes available. Over 400 Housing Choice Voucher recipients will be looking for housing this year throughout Central Oregon.

There are no fees or criteria necessary to apply for an Epic unit or a Housing Choice Voucher. Once selected from a wait list, then the potential tenant is required to pay an application fee and meet any tenant screening criteria.

## **Sale of Subsidized Housing with Displacement**

Pilot Butte Townhouses at 444 NE Quimby Ave., and St. James Square at 1835 and 1837 NE Purcell Blvd., were complexes that did not renew Section 8 Based housing subsidies for low-income households. When the properties, owned by Taylor Real Estate and Management, converted to market rate apartments, Legal Aid Services of Oregon and Housing Works assisted tenants in finding alternative housing or maintaining their tenancy with a Housing Choice Voucher.

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<sup>76</sup> (Associates)

## **Policy Changes Promoting Fair Housing Choice**

City of Bend has actively pursued policies that reduce barriers to building and maintaining affordable units of all types. Several comprehensive audits of Bend's development code have happened, most notably in 2015 by several committees and in preparation for the 2016 Urban Growth Boundary expansion. Continued evaluation of the development code and proposals to increase supply have been prioritized by Bend City Council and the Affordable Housing Advisory Committee.

Qualifying low-income rental housing developments are eligible to receive exemption from City property taxes for a 20-year period. With agreement from other taxing jurisdictions, developments receiving exemption from City property taxes may also be eligible to receive exemption from their entire property tax bill for the 20-year exemption period.

Manufactured home parks provide an affordable housing type for residents of Bend. Soaring land prices created a problem of Mobile Home Park closures for re-development. The City, through a collaborative effort, adopted an ordinance that ensured accommodations for tenants of parks closing for re-development, while simultaneously allowing property owners to utilize their property as desired.

- Park owners are allowed to close their mobile home park, and in exchange the owner must assist the tenants in the park to move the units to a new park or pay the owner of the unit the fair market value of the unit.
- Another option for park owners provides an overlay zone that allows the park owner to increase the density of the park property. In exchange for the higher density zoning, a certain number of newly created units are required to be made affordable and available to the former tenants of the park whose units cannot be moved. In addition, ten percent of the affordable units are required to be available to families earning no more than 30 percent of the Area Median Income.

The City streamlines building and permitting processes for affordable housing development. Bend's expedited review and permitting process allows any residential or mixed use development that receives local, state, or federal affordable housing funding to have their development receive a written decision by the Planning Department within two weeks from the receipt of a complete application. For developments that may require more complex planning development actions, a decision will be written or the first public hearing will be held within six weeks of the date of submittal of a complete application. Building plan and permit review will begin within three business days from the date of complete submittal and completed within ten business days from the date of complete submittal. Once any deficiencies have been addressed, review will be completed and permits will be issued within one business day of review approvals by all departments.

In December of 2017, the City of Bend adopted a policy exempting all affordable housing developments from system development charges. The exemption requires any housing developed be deed restricted for affordability. This policy reduces the cost to build affordable housing in Bend.

The City also sells City-owned land for development as affordable housing. The City has sold over 10 acres of land through Bend's surplus process. Properties are sold for the cost the City paid, plus the cost of titling.

Development code changes encourage affordable housing. Housing developments that are providing up to fifty-percent of their units as affordable are allowed to increase density to 1.5 of the base density for that zone. It has a decreasing scale of 1.4 for forty percent affordable, 1.3 for thirty percent affordable, etc.

Bend has implemented a fee, currently at one-third of one percent of the building permit valuation for all building permits, for the purpose of developing affordable housing. From 2007-2018, the fee has generated approximately \$500,000 annually. Post-recession, the fund has averaged \$1 million annually, including loan repayments. This funding has and will continue to be used for development of affordable housing

targeted to families at or below one hundred percent of the Area Median Income. The fund utilizes the priorities established in the City of Bend Consolidated Plan.

Developer incentive programs have proven to be popular with the building community – including for-profit, non-profit and faith-based developers of affordable housing. Over 1000 units have been built or preserved in Bend’s housing stock with these incentives and available affordable housing funds. By enacting the above noted rules, regulations, and programs, the City has made a commitment to insure that a supply of housing is available at all income levels, particularly for those most vulnerable. A number of the developments that have been funded over the years not only provide affordable housing, but also provide service and education, ensuring that buyers and renters are well informed and able to identify discriminatory practices.

There are many opportunities for fair housing education within CDBG funded programs and developments. Home buyers through Bend Area Habitat for Humanity all receive fair housing education. Homeownership education, foreclosure education, and renters’ education programs from NeighborImpact provide fair housing information within the curriculum. When Housing Choice Voucher recipients and residents of developments managed by Epic Property Management are at risk of losing their tenancy, they receive a referral to a case manager from Thrive Central Oregon that has received fair housing training. Tenants at Azimuth 315, constructed by privately owned Pacific Crest Affordable Housing, also receive a referral to Thrive Central Oregon when their tenancy is at risk.

## ***PRIVATE SECTOR***

### **Lending Policies and Practices**

Under the Home Mortgage Disclosure Act (HMDA), financial institutions report data regarding their lending transactions and the clients and properties involved in the transactions. The table below provides the numbers of home loans generated and denied in each census tract in 2017. The greatest proportion of loans were denied in

Census Tract 18, where estimates indicate a larger population of persons with disabilities and poverty populations are declining. Household income increases in Census Tract 18 may not be enough for home ownership due to rapidly escalating home prices.

Lending policies and practices may be a barrier to fixed income households, but rising home prices are a significant barrier. The availability of housing units does not meet the needs of the population at this time, and it is doubtful that it will do so in the immediate future. Bend's current home prices are rising by 10 to 20 percent per year.<sup>77</sup> These increases are pushing home ownership opportunities out of reach for many residents.

Housing prices have increased 50 percent since 2015,<sup>78</sup> and show no signs of slowing down in the immediate future. In addition, the availability of affordable options for home purchase are extremely limited. Thus, homeownership for low and moderate-income households has also become more difficult. The dramatic increase in home prices coincides with the increased land costs. In Bend's zip code 97701, the price per acre of land value increased 293 percent in the past 5 years.<sup>79</sup> Additionally, housing reached a median price for single family units of \$450,000 in January of 2019.<sup>80</sup>

The areas of Bend that were offered home loans in greater numbers are neighborhoods where housing development occurred in 2017. Numerous home loans originated in census tracts 11, 13, 19.02, 20, and 21. This data, in combination with the tight housing market, indicates that home ownership opportunities within census tracts 15, 16, 17, and 18 were fewer.

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<sup>77</sup> (U. C. Bureau, American Fact Finder)

<sup>78</sup> Larson, "The Price of Residential Land for Counties, ZIP Codes, and Census Tracts in the United States," FHFA 2019

<sup>79</sup> (Agency)

<sup>80</sup> (Montagner)

**TABLE 12: 2017 HMDA LOANS ORIGINATED AND DENIED**

Census Tract	Home Purchase Loans Originated	Home Purchase Loans Denied
11	321	31
13	314	22
14	152	0
15	112	12
16	91	3
17	199	9
18	130	35
19.02	254	49
20	306	43
21	303	27

## ***PUBLIC & PRIVATE SECTOR***

### **Fair Housing Enforcement**

When demand for housing is so great, vulnerable populations are less likely to assert their housing rights because of their precarious housing circumstances. Formal complaints related to housing discrimination in the State of Oregon can be filed through multiple avenues including HUD’s Office of Fair Housing and Equal opportunity (FHEO), the Housing and Civil Enforcement Section of the United States Department of Justice, Oregon Bureau of Labor and Industries (BOLI), Fair Housing Council of Oregon (FHCO), and private legal action. The Central Oregon Regional Office of Legal Aid Services of Oregon (LASO) represents persons at or below federal poverty level in private fair housing claims.

Bend residents made 15 phone calls in 2018, 25 phone calls in 2017, and 17 phone calls in 2016 to Fair Housing Council of Oregon regarding potential claims. The phone callers in 2018 identified discrimination based on the following:

- 11 callers believed they had experienced discrimination based on a physical or mental disability,
- 2 callers believed they had experienced discrimination based on race,
- 1 caller believed he/she had experienced discrimination based on national origin, and
- 2 callers believed they had experienced discrimination based on source of income in addition to other protected classes listed above.

Most of the callers that contacted Fair Housing Council of Oregon in 2018 were mailed information, and five of the callers were referred to BOLI, HUD, LASO, or private counsel.

## **Informational Programs**

Fair Housing Council of Oregon (FHCO) promotes equal access to housing by providing education, outreach, technical assistance, and enforcement opportunities relating to fair housing. FHCO's mission is to provide educational and outreach services explaining fair housing laws, as well as enforcement and investigations following complaints they receive. FHCO provides brochures explaining fair housing laws. FHCO exists to provide guidance and direction to individuals who have or are experiencing impediments in their housing choice.

Fair Housing Council of Oregon provided educational presentations in Bend in 2018 and 2016. The most recent presentations included City of Bend's Planning Commission and Affordable Housing Advisory Committee.

## **Accessibility**

After settling claims brought forth by the Department of Justice's Civil Rights Division and Disability Rights Oregon, the City of Bend continues accessibility efforts.

The City of Bend created an ADA Transition Plan that is updated bi-annually.<sup>81</sup> The City of Bend's accessibility manager is also available for consultation with any developments that receive affordable housing resources from the City.

## **Supply of homes that are affordable**

Perhaps the largest impediment to fair housing is a significant lack of affordable homes for low-income and moderate-income residents. When supply is limited, renters are often fearful of reporting possible fair housing violations due to the difficulty in obtaining alternate rentals. Additionally, with an abundance of applicants, determining whether an applicant was rejected due to a protected class status versus for a legitimate reason, such as list prioritization, can be nearly impossible.

Bend has a lack of affordable rentals for families and for individuals. Since 2014, a total of 1,140 multi-family units were built in Bend. Combine this inadequate creation of housing options with a population that has increased 18% since 2010, and the result is a cost burdened housing market.

These factors are all affected by the lack of buildable land that is ready for housing development. Despite expansion of the City's Urban Growth Boundary (UGB), the expansion of street, water, and waste services to develop those expansion areas will take significant investment. The expansion areas, plus upzoning and redevelopment of the urban core, are expected to provide the City's needed housing and employment lands through 2028. The City will need additional revenue opportunities to provide the necessary infrastructure and get these lands ready for development.

According to the Bend 2030 Landscape Report, Bend has underbuilt by 1,600 units from 2009 to 2015, and is projected to be underbuilt by 200 units until 2022. Consequently, City Council Goals for 2019-2021 include permitting 3,000 units by June 30, 2021, with a target of 390 single family attached units, 1170 single family units, and 1440 multi-family units. While homes are currently unaffordable for a family at 120

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<sup>81</sup> ADA Transition Plan



percent AMI, the prices continue to increase, in part due to declining home sales. The lack of affordable rental housing is significant in Bend. There are not enough affordable rental units, and those that are available are off the market almost immediately, typically within 1 day.

## **SECTION V: CONCLUSIONS AND RECOMMENDATIONS**

Bend's economic opportunity continues to attract a diverse population to Bend. The City of Bend is committed to monitoring racial, ethnic, and socioeconomic compositions. Bend will continue to implement inclusive actions to prevent concentrations of housing for minorities and concentrations of poverty. Specific actions should address the possible Hispanic and Latino and poverty concentrations in census tract 16.

Ending inequities demands leadership from the City of Bend. A clearly stated City goal to achieve racial, ethnic and socioeconomic integration throughout City policies, including the Comprehensive Plan and Council Goals and Objectives would demonstrate a commitment.

Acknowledging that public schools impact the development of inclusive communities, the City of Bend should work closely with Bend-La Pine Schools toward attendance boundaries that integrate students. The racial, ethnic, and socioeconomic makeup of middle school students may reflect the direction of neighborhood development for Bend that would create a trend toward racial and ethnic segregation. A comprehensive agreement between the City of Bend and Bend-La Pine Schools is essential to achieve an integrated community.

While not identified in any one section above, lack of real-time data prohibits the formation of educated fair housing policy. Ready and accessible data would greatly benefit (1) identifying affordable housing development barriers, (2) identifying

opportunity disparities, and (3) addressing specific populations' needs. Testing of sale and rental properties to discern whether housing discriminatory practices are occurring is problematic with the limited inventory of housing available for both sale and rent in the community. Moreover, minorities' lack of equity, because of historical discrimination, prohibits lending resources availability.

Until housing development in Bend overcomes the shortfall that has continued since 2009, attainment of affordable housing for low to moderate-income households and low to moderate-income minority households will take significant investment. With merely 1,140 multi-family units constructed since 2014, low- to moderate-income minority households do not have an avenue to enter Bend's community.

Bend last completed a Housing Needs Analysis (HNA) in 2016 and, as a result, adopted more affordable housing policies. While affordable and needed housing inventory increased because of these efforts, it is important that the underserved populations identified in that HNA receive affirmative marketing for the affordable housing as it becomes available. It is equally important that affordable housing developments in areas with small minority populations affirmatively market to minority populations to increase the housing choice opportunity for minorities.

These actions only affect change when citizens report incidents of housing discrimination. In January and February of 2018, Bend conducted an online fair housing survey. Many surveyed indicated they had not taken any action on incidents that could have been discriminatory. The City of Bend needs to strengthen community awareness of housing discrimination protections under the Fair Housing Act. Partnerships with organizations that address fair housing violations should continue, including regular communications with Fair Housing Council of Oregon (FHCO), Central Oregon Regional Office of Legal Aid Services of Oregon (LASO), Bureau of Labor and Industries (BOLI), HUD's Office of Fair Housing and Equal Opportunity (FHEO), and the Housing and Civil Enforcement Section of the United States Department of Justice. Bend should work with these partners to provide community trainings, city staff trainings, and elected officials

trainings. Information on where to report housing discrimination violations could also be included on the city's website to make information more accessible.

Additionally, the City should build upon Bend's City Code, Chapter 5.25 on Equal Rights with (1) clear goals that achieve racial, ethnic and socioeconomic integration, (2) a comprehensive agreement with Bend-La Pine Schools toward attendance boundaries that integrate students, (3) affirmative marketing of affordable housing funded by the City of Bend, (4) regular fair housing trainings, (5) ready and accessible data, and (6) an increase to the supply of affordable housing.

## ***IMPEDIMENTS AND RECOMMENDATIONS***

*Impediment 1: Policy Language.* The City does not include affirmatively furthering fair housing language within City plans and policies. The City of Bend's current Codes and Comprehensive Plan do not include direction to achieve racial, ethnic and socioeconomic integration in housing. However, the Bend City Council adopted a goal of committing to diversity, equity, and inclusion within the City, a notable start.

*Recommended Action 1: Improve Policy Language.* Consider policy language changes within all governing documents of the City's processes. The current City Council goals incorporate a strategy to embed a commitment to diversity, equity, and inclusion within the City of Bend. In the long term, Bend should adopt equitable and inclusive language within (1) the Consolidated Plan, (2) the Comprehensive Plan, and (3) City Council Goals. At a minimum, this language should acknowledge the need for affirmatively furthering fair housing and the City's ability to influence fair housing choice through partners for all Bend residents.

*Impediment 2: School boundaries.* Current school boundaries that follow census tract boundaries with possible concentrations of Hispanic and Latino households could exacerbate segregation. Bend-La Pine Schools' student composition may have divisive effects within the community.

*Recommended Action 2: Boundary Policy Development with Bend LaPine Schools.*

Bend should establish a collaboration with Bend-La Pine Schools when creating attendance areas and should encourage Bend-La-Pine Schools to follow the U.S. Department of Education's Office for Civil Rights Dear Colleague Letter of October 1, 2014, to prevent further possible segregation.

*Impediment 3: Possible ethnic and poverty concentrations.* Possible ethnic concentrations in Census Tract 16 along with poverty concentrations may be the nature of the zoning and the greater housing options within the tract. While Bend has made strides in diversifying overall, the City should promote an ideal balance between census tracts.

*Recommended Action 3.1: Ensure Opportunity Zone Residents Benefit from New Investment.* The recent designation of Opportunity Zones for Census Tract 16 could certainly increase resources for the area. Opportunity Zone development should include carefully structured intensified efforts for community engagement to ensure that all residents of the Opportunity Zone benefit from the investment.

*Recommended Action 3.2: Impose Program Requirements Linked to City Funding.* Require funding recipients to have an affirmatively furthering fair housing policy that strives for affordable housing options in areas of greater opportunity and/or provides access to services in areas of lower opportunities. Services in areas of lower opportunities could be (1) economic development, such as food access; (2) social stability and mobility, such as mental health services; or (3) infrastructure development, such as sidewalks or sewer connections.

*Recommended Action 3.3: Programs for Affordable Housing in Census Tracts 13, 14, 21.* Bend should prioritize resources for more affordable housing in Census Tracts 13, 14, and 21. More housing options in these regions could allow for greater diversity.

*Recommended Action 3.4: Incentives for Move to Opportunity Models.* Developments and programs funded through the City of Bend's Affordable Housing division should be encouraged to consider a Move to Opportunity model. Evidence based research from

the Equality of Opportunity Project demonstrates such policies are the best practice for upward mobility.<sup>82</sup>

*Impediment 4: Limited community awareness of fair housing protections and resources.* Bend's fair housing survey indicates that residents of Bend do not report housing discrimination violations. Moreover, 60 survey participants indicated they were unsure if they experienced housing discrimination.

*Recommended Action 4: Community Education.* The City of Bend could do more to educate the community on fair housing protections and how to adhere to them. The City of Bend should coordinate with Community Alliance of Tenants, Fair Housing Council of Oregon, and Legal Aid Services of Oregon to provide ongoing community forums for training and discussions.

*Impediment 5: Lack of ready and accessible data.* When Bend's housing market is so limited, addressing racial, ethnic, and socioeconomic disparities may not be feasible through testing or typical fair housing enforcement tools. Data can provide information for targeted affirmative fair housing action.

*Recommended Action 5: Fair Housing Data Collection.* The City of Bend has a goal for more accurate collection of data. Bend's City Council has also recently requested additional staff effort to collect housing data. It is recommended that fair housing data collection be considered.

*Impediment 6: Lack of supply.* Lack of housing supply has an effect on residents' ability to find and secure housing, displacement of existing residents, and a resident's likelihood of reporting possible violations. Because only 1,140 multifamily units have been developed in Bend since 2014, low to moderate-income minority households do not have a route to access housing in Bend.

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<sup>82</sup> (Hendren)

*Recommended action 6: Rental Housing Development.* City of Bend should continue to focus on rental development and acquisition of rental housing that is both deed restricted affordable as well as home ownership resources for low to moderate-income households, ideally in opportunity-rich areas.

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# HONOR NATIVE LAND: A GUIDE AND CALL TO ACKNOWLEDGMENT



*Marchers at Standing Rock 2016; Photo by Nicholas Ward*



**We call on all individuals and organizations to open all public events and gatherings with acknowledgment of the traditional Native inhabitants of the land.**

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## U.S. DEPARTMENT OF ARTS AND CULTURE

HELLO@USDAC.US | USDAC.US

Dear Citizen Artist,

We launch this guide in the lead-up to Indigenous People's Day 2017, when each of us is free to choose whether to accept and perpetuate a distorted history or stand for truth and reconciliation grounded in acknowledgment. The time is long overdue for everyone to open all public events and gatherings with acknowledgment of the traditional Native inhabitants of the land. Please help to spread this guide, encouraging your colleagues, neighbors, officials, and institutions to adopt this practice as well.

The U.S. Department of Arts and Culture is a people-powered department, a grassroots action network inciting creativity and social imagination to shape a culture of empathy, equity, and belonging. We are grateful to all of the partners whose work inspired this guide. Special thanks to the following individuals who offered insight and support in its creation: T. Lulani Arquette (Native Hawaiian), Daniel Banks, Sherry Salway Black (Oglala Lakota), Lori Pourier (Oglala Lakota), Shirley Sneve (Rosebud Sioux), Rulan Tangen (mixed Indigenous heritage), Josh Reid (Snohomish), Tanaya Winder (Duckwater Shoshone/Pyramid Lake Paiute/Southern Ute) and Larissa FastHorse (Sicangu Nation Lakota) and Ty Defoe (Ojibwe/Oneida) of Indigenous Direction. Thank you to Nicholas Ward, Connie Fitzpatrick, and the Native Arts and Cultures Foundation for use of their photographs, and Keith BraveHeart (Oceti Sakowin: Oglala Lakota), Bunky Echo-Hawk (Pawnee/Yakama), Marlena Myles (Spirit Lake Dakota), Bryan D. Parker (Muscogee Creek/Choctaw/White Mountain Apache), Remy (Diné), and William Wilson (Diné) for the use of their artwork. Any omissions or errors are the responsibility of the USDAC.

Please feel free to be in touch: [hello@usdac.us](mailto:hello@usdac.us).

With gratitude,

*The USDAC*

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# TABLE OF CONTENTS

**INTRODUCTION..... 2**

**WHAT IS LAND ACKNOWLEDGMENT? ..... 3**  
WHY INTRODUCE THE PRACTICE OF LAND ACKNOWLEDGMENT?; A FEW  
DISCLAIMERS ABOUT ACKNOWLEDGMENT

**HOW TO ACKNOWLEDGE..... 5**  
STEP ONE: IDENTIFY; STEP TWO: ARTICULATE; STEP THREE: DELIVER

**BEYOND ACKNOWLEDGMENT ..... 9**  
LEARN MORE; BUILD RELATIONSHIPS AND TAKE ACTION; DOWNLOAD  
ART OR MAKE YOUR OWN!; SPREAD THE WORD; ABOUT THE USDAC; BE IN  
TOUCH



*"Before Here Was Here" by Bunky Echo-Hawk (Pawnee/Yakama)*

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PAGE 1



# INTRODUCTION

*We were a people before “We the People.”*

Jefferson Keel (Chickasaw), 20th President of the **National Congress of American Indians, 2013**

IN COUNTRIES SUCH AS NEW ZEALAND, AUSTRALIA, CANADA, AND AMONG TRIBAL NATIONS IN THE U.S., it is commonplace, even policy, to open events and gatherings by acknowledging the traditional Indigenous inhabitants of that land. While some individuals and cultural and educational institutions in the United States have adopted this custom, the vast majority have not.

*Together, we can spark a movement to make acknowledgment of traditional lands a regular practice at public and private events.*

Acknowledgment is a simple, powerful way of showing respect and a step toward correcting the stories and practices that erase Indigenous people’s history and culture and toward inviting and honoring the truth. Imagine this practice widely adopted: imagine cultural venues, classrooms, conference settings, places of worship, sports stadiums, and town halls, acknowledging traditional lands. Millions would be exposed—many for the first time—to the names of the traditional

Indigenous inhabitants of the lands they are on, inspiring them to ongoing awareness and action.

For more than five hundred years, Native communities across the Americas have demonstrated resilience and resistance in the face of violent efforts to separate them from their land, culture, and each other. They remain at the forefront



of movements to protect Mother Earth and the life the earth sustains. Today, corporate greed and federal policy push agendas to extract wealth from the earth, degrading sacred land in blatant disregard of treaty rights. Acknowledgment is a critical public

intervention, a necessary step toward honoring Native communities and enacting the much larger project of decolonization and reconciliation.

*We call on all artists, cultural workers, public officials, educators, administrators, community leaders, organizers, and engaged community members to open all public events and gatherings with acknowledgment of the traditional Native inhabitants of the land.*

*Photo courtesy of Native Arts and Cultures Foundation*

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PAGE 2



# WHAT IS LAND ACKNOWLEDGMENT?

Acknowledgment by itself is a small gesture. It becomes meaningful when coupled with authentic relationships and informed action. But this beginning can be an opening to greater public consciousness of Native sovereignty and cultural rights, a step toward equitable relationship and reconciliation. Join us in adopting, calling for, and spreading this practice.

Naming is an exercise in power. Who gets the right to name or be named? Whose stories are honored in a name? Whose are erased? Acknowledgment of traditional land is a public statement of the name of the traditional Native inhabitants of a place. It honors their historic relationship with the land.

*A Land Acknowledgment is a formal statement that recognizes the unique and enduring relationship that exists between Indigenous Peoples and their traditional territories.*

Laurier Students' Public Interest Research Group, Ontario, Canada

<http://www.lspirg.org/knowtheland/>

## WHY INTRODUCE THE PRACTICE OF LAND ACKNOWLEDGMENT?



*Photo by Nicholas Ward*

- Offer recognition and respect.
- Counter the “doctrine of discovery” with the true story of the people who were already here.
- Create a broader public awareness of the history that has led to this moment.
- Begin to repair relationships with Native communities and with the land.
- Support larger truth-telling and reconciliation efforts.
- Remind people that colonization is an ongoing process, with Native lands still occupied due to deceptive and broken treaties and practices of eminent domain and other mechanisms intended to benefit government or corporate America.
- Take a cue from Indigenous protocols, opening up spaces with reverence and respect.
- Inspire ongoing action and relationships.

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PAGE 3

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Many countries are far ahead of the United States in adopting this practice. In Australia, New Zealand, and Canada there are protocols, maps, and pronunciation guides readily available. Many universities have made acknowledgment a policy, providing simple templates for students, staff, and faculty. Beginning in 2016, **all Toronto public schools** began opening their school days with a statement of acknowledgment.

The **University of Alberta** offers this explanation of acknowledgment:

*To acknowledge the traditional territory is to recognize its longer history, reaching beyond colonization and the establishment of European colonies, as well as its significance for the Indigenous peoples who lived and continue to live upon this territory, and whose practices and spiritualities were tied to the land and continue to develop in relationship to the land and its other inhabitants today.*

Acknowledgment in these countries is a small part of a more significant commitment to truth and reconciliation—including official **government apologies** and **truth commissions** leading to significant public recommendations and reforms.

In Australia, many formal events begin with a “Welcome to Country.” While a Land Acknowledgment can be offered by anyone hosting or leading an event, a Welcome to Country is offered by an Indigenous elder or community leader. The custom is to offer compensation for leading this more formal ceremonial welcome.

### **A FEW DISCLAIMERS ABOUT ACKNOWLEDGMENT:**

- **It’s simple. And also not so simple.** In some cases the traditional inhabitants of a place may be clear. In other cases whom to recognize is much less so. Do your research. While the act of naming traditional inhabitants may not take much time, moving into right relationship requires preparation.
- **This guide doesn’t offer the one right way to acknowledge.** What’s offered here is not a comprehensive checklist or set of universally acceptable protocols. There are currently 567 federally recognized tribal nations, each with its own history and protocols for welcome and acknowledgment. There are also state-recognized tribes and peoples, including Native Hawaiians who reside on six islands. There is no one way of doing this.
- **Acknowledgment is made meaningful through specific context and relationship.** Whenever possible, the best entry point into the practice of acknowledgment is through relationship and dialogue with Native communities in the area.
- **The practice of formal welcome and acknowledgment of land is not new.** Acknowledgment has long been practiced—typically in much more nuanced, formal, and ceremonial ways—within Indigenous communities. Many artists, activists, presenters, academics, and others have been starting events with acknowledgment for decades. By publishing this guide, we hope to draw on these histories to help spark a movement to make acknowledgment commonplace.
- **Acknowledgment is but a first step.** It does not stand in for relationship and action, but can begin to point toward deeper possibilities for decolonizing relationships with people and place.

**DID YOU KNOW?** Between 1776 and 1887, the United States seized over 1.5 billion acres from America’s indigenous people by treaty and executive order.

*This interactive **Invasion of America** map shows how that happened over time. Note that Alaska and Hawaii are not included.*



# HOW TO ACKNOWLEDGE

Below are suggested steps to acknowledging traditional land at the opening of a public gathering or event. The best way to root this practice in a local context is through dialogue with local Native groups. Not yet having those relationships doesn't mean you can't begin.

## STEP ONE: IDENTIFY

The first step is identifying the traditional inhabitants of the lands you're on. This task may be complicated by multiple and contested histories of settlement, resettlement, and recognition. Many places are now home to Native people who have called that land home from time immemorial and also to those relocated from elsewhere. The goal of acknowledgment is recognizing and uplifting, not hurting or causing further division. So it is important to proceed with care, doing good research before making statements of acknowledgment.

Here are some places you can look online:

- Wikipedia entries on many cities document some history of Indigenous inhabitation. Be sure to cross-check what you find there with other sources.
- This map of Native Land is one of the more comprehensive maps available: <https://native-land.ca/>
- The Native Languages site offers breakdown by state, with contact information for local tribes: <http://www.native-languages.org/>

In addition to consulting local Native individuals and organizations, you can check to see if there are resources at local universities and colleges, especially those with American Indian/Native/Indigenous Studies centers, programs, and/or departments.

If multiple tribal groups claim belonging to the land, consider not naming one particular group or naming all of them. Ideally, this decision should be made through dialogue with local Native elders and culture bearers, respecting their wishes about how they desire to be named.

**A DEEPER STEP:** Identify Native elders and culture-bearers in your region to join in a conversation about how they would like to see this practice take shape locally, particularly how it could be of greatest benefit for their communities. You can use this guide as a jumping-off place for conversation. If you are part of an organization or group, consider offering an honorarium to those who take part in the dialogue. This dialogue could also be a public forum, engaging others who want to learn about this practice. Or you could share a video, transcript, or other reporting to inform and engage the wider community.



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## STEP TWO: ARTICULATE

Once you've identified the group or groups who should be recognized, formulate the statement of acknowledgment you'll share at the beginning of public gatherings. There is no exact script for this. Craft yours after considering several levels of detail you might introduce.

At its simplest, an acknowledgment could look like this:

**"We acknowledge that we are on the traditional land of the \_\_\_\_\_ People."**

Beginning with just this simple sentence would be a meaningful intervention in most U.S. gathering spaces.

From there, there are many other elements to bring into acknowledgment:

Often, statements specifically honor elders:

**"I would like to acknowledge that this meeting is being held on the traditional lands of the \_\_\_\_\_ People, and pay my respect to elders both past and present."**

Some allude to the caring, reciprocal relationship with land:

**"I want to respectfully acknowledge the \_\_\_\_\_ People, who have stewarded this land throughout the generations."**

Acknowledgments may also make explicit mention of the occupied, unceded nature of the territory in which a gathering is taking place:

**"We would like to begin by acknowledging that the land on which we gather is the occupied/unceded/seized territory of the \_\_\_\_\_ People."**

**"I would like to begin by acknowledging that we are in \_\_\_\_\_, the ancestral and unceded territory of the \_\_\_\_\_ People."**

In Canada it is not uncommon to make mention of the specific treaties by which land was designated to a particular tribal group. You may wish to do additional research to name the moment at which treaties were made as well as when they were broken and land unlawfully taken.

The truth is complicated. Beneath the contemporary surface of any site in the United States, there are histories of belonging that have been erased, overlooked, contested and forgotten, all ways to support ideas like "manifest destiny" which justified the conquest of Native lands. Lengthier statements of acknowledgment can center Native communities while also acknowledging the many communities that have contributed to the existing culture of place. For example:



*Photo by Connie Fitzpatrick*

“Every community owes its existence and vitality to generations from around the world who contributed their hopes, dreams, and energy to making the history that led to this moment. Some were brought here against their will, some were drawn to leave their distant homes in hope of a better life, and some have lived on this land for more generations than can be counted. Truth and acknowledgment are critical to building mutual respect and connection across all barriers of heritage and difference. We begin this effort to acknowledge what has been buried by honoring the truth. We are standing on the ancestral lands of the \_\_\_\_\_ People [if possible, add more specific detail about the nature of the occupied land]. We pay respects to their elders past and present. Please take a moment to consider the many legacies of violence, displacement, migration, and settlement that bring us together here today. And please join us in uncovering such truths at any and all public events.”

You may choose to begin with a simple statement of acknowledgment and elaborate over time as you learn more, build relationships with members of local Native communities, and grow more comfortable with the practice.



“Takunsa Unsikila”  
by Keith BraveHeart  
(Oceti Sakowin: Oglala Lakota)

**DID YOU KNOW?** “There are 567 federally recognized Indian Nations (variously called tribes, nations, bands, pueblos, communities and native villages) in the United States... Additionally, there are state recognized tribes located throughout the United States recognized by their respective state governments.”

Learn more from the [National Congress of American Indians](#)

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PAGE 7

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## STEP THREE: DELIVER

Once you've identified whom to name and practiced your statement (including pronunciation of names), offer your acknowledgment as the first element of a welcome to the next public gathering or event that you host. If in the process of learning about acknowledgment you've built relationships with members of Native communities, consider inviting them to give a welcome before yours.

There's a danger that a practice like this becomes just another piece of protocol, delivered flatly and falling on deaf ears. How many times have you spaced out as the flight attendant goes through emergency procedures? Or failed to silence your cell phone even though that was requested at the beginning of a show?

Acknowledgment should be approached not as a set of obligatory words to rush through. These words should be offered with respect, grounded in authentic reflection, presence, and awareness. As you step up to offer acknowledgment, breathe in awareness of both the present and of the histories that connect you with the people you are naming. Consider your own place in the story of colonization and of undoing its legacy. At your next gathering, try acknowledgment out, see how it feels, observe how or if it shifts the room. Over time, through practice, you'll learn more about what it means and what it opens up for you and others.

Statements of acknowledgment don't have to be confined to spoken words. Some artists, scholars, activists, and others have begun to include acknowledgment in email signatures or on websites. Consider using social media to amplify your acknowledgment. For example, post an image or a story of an event where your acknowledgment was offered, tagging it **#HonorNativeLand** to inspire others..

Any space, three-dimensional or digital, presents an opportunity to surface buried truths and lift up Native sovereignty, priming our collective culture for deeper truth and reconciliation efforts.



*“Annual Canoe Journey, Washington”  
Photo courtesy of  
Native Arts and  
Cultures Foundation*

“We are still America. We Know the rumors of our demise. We spit them out. They Die Soon.”

Joy Harjo (Muscogee), 2015 *Poetic Address to the Nation*

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PAGE 8



# BEYOND ACKNOWLEDGMENT

Acknowledgment is the beginning. Acknowledgment—and the research required to do it with integrity—should be an invitation to deeper analysis, relationship, and action.

“I think we need to start imagining a constellation of relationships that must be entered into beyond territorial acknowledgments. Great, that’s awesome you know you’re on (for example) Treaty 6 territory. That’s great you acknowledge that perhaps the Indigenous view of that treaty, that the land was not surrendered, is correct. Perhaps you understand the tension of your presence as illegitimate, but don’t know how to deal with it beyond naming it. Maybe now it is time to start learning about your obligations as a guest in this territory. What are the Indigenous protocols involved in being a guest, what are your responsibilities? What responsibilities do your hosts have towards you, and are you making space for those responsibilities to be exercised? To what extent are your events benefiting your hosts?”

– Chelsea Vowel, Métis from the Plains Cree speaking community of Lac Ste. Anne, Alberta  
<http://apihtawikosisan.com/2016/09/beyond-territorial-acknowledgments/>

## LEARN MORE

Take time to learn about the Indigenous history of the land you live on, as well as the contemporary context of Native groups in your region. Search for books, articles, people, and organizations that you can learn from.

- Find syllabi online to follow on your own or with a study group. Here is an example of [a thoughtful syllabus](#) created in solidarity with efforts at Standing Rock to resist the construction of the Dakota Access Pipeline.
- For an overview of Tribal Nations and their historical relationship to the U.S. government, [read this primer](#) from the National Congress of American Indians.
- Educate yourself on the history of settler colonialism and genocide in the United States by reading (or listening to) *An Indigenous People’s History of the United States* by Roxanne Dunbar-Ortiz.
- Learn about the history of broken treaties in the U.S. and about Indigenous sovereignty movements to correct for past injustices. Read the American Indian Movement’s “Trail of Broken Treaties 20 Point Position Paper” [here](#). Read about the Native Hawaiian sovereignty movement [here](#). Read Suzan Shown Harjo’s *Nation to Nation: Treaties Between the United States and American Indian Nations*.
- Read the [United Nations Declaration on the Rights of Indigenous Peoples](#). The United States was one of four nations to vote against the declaration when it was first adopted in 2007. It was the last of the four to reverse that in 2010.
- Where can a Truth and Reconciliation process lead? Check out the [calls to action](#) that emerged from Canada’s commission.

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PAGE 9

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- Consider that the 2010 Census listed the percentage of urban Native people at 71%. Many Indigenous people are among those seeking or building community in cities.

## BUILD RELATIONSHIPS AND TAKE ACTION

- Find out if there are active Native groups or organizations in or near your community. Learn about their work and see how you can support them.
- Be in touch with local Native community members to discern how best to introduce the practice of acknowledgment and explore how that might lead to further dialogue and collaboration.
- Look around and ask yourself: are there Native folks present at your events? On your team? On your board? If not, what would it take to begin building those relationships? How might you move from acknowledgment into relationship? If your role involves programming at a cultural or educational institution, how might you ensure that the programming itself represents a commitment to Native voices, stories, and perspectives?
- Follow Indigenous leadership on efforts to resist destruction of land and life. Read this powerful **call to action** from Indigenous Women Rising.

## A FEW ORGANIZATIONS TO CHECK OUT:

- **Native Arts and Cultures Foundation.** Expose yourself to the work of Native artists, poets, musicians, authors, filmmakers working in community.
- **Indigenous Environmental Network**, “an alliance of Indigenous Peoples whose Shared Mission is to Protect the Sacredness of Earth Mother from contamination & exploitation by Respecting and Adhering to Indigenous Knowledge and Natural Law.”
- **National Congress of American Indians:** NCAI “founded in 1944, is the oldest, largest and most representative American Indian and Alaska Native organization serving the broad interests of tribal governments and communities.”
- **First People’s Fund** works to “honor and support the Collective Spirit® of First Peoples artists and culture bearers.”
- **Vision Maker Media** “empowers and engages Native People to tell stories.”
- **Cultural Survival** “advocates for Indigenous Peoples’ rights and supports Indigenous communities’ self-determination, cultures and political resilience.”
- **Endangered Language Alliance:** NYC-based organization that “documents and describes underdescribed and endangered languages, educating a larger public and collaborating with communities.”
- **Indian Country Media Network:** Source for Native news. On hiatus, but archive still accessible.

## DOWNLOAD ART OR MAKE YOUR OWN!

Imagine going to a local coffee shop, music venue, grocery store, or even town hall, and finding a sign on the wall acknowledging traditional lands. Sound far-fetched? It doesn’t have to be! As part of this campaign to #HonorNativeLands, we partnered with several artists to create downloadable signs that you can customize and post in your community. Signs and posters are available for download from the **Honor Native Land Public Folder**.

You are also invited to make your own signs or posters. Consider partnering with local artists and a local printshop to make a customized set of acknowledgment posters for your community.

## SPREAD THE WORD

Share the guide and call to action. In the **Honor Native Land Public Folder** there are sample social media posts, signs and other materials that you can use to spread the word about this campaign. Use the hashtag #HonorNativeLand.

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## TAKE THE PLEDGE

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*"Auto Immune Response" by William Wilson (Diné)*

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PAGE 11

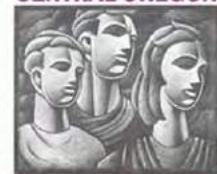
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OREGON REGIONAL  
HOUSING NEEDS  
ASSESSMENT



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HOUSING FOR ALL  
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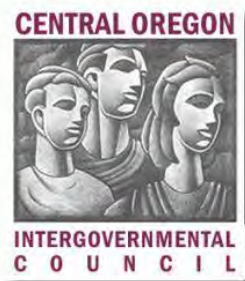
MOSAIC  
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# Central Oregon Regional Housing Needs Assessment

May 2019

Prepared for  
Housing For All  
Regional Housing Consortium

By the  
Central Oregon Intergovernmental Council  
and  
Mosaic Community Planning, LLC





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# Table of Contents

Chapter 1: Introduction .....	6
Chapter 2: Impacts of the Regional Housing Crisis .....	11
Chapter 3: Socioeconomic Overview .....	24
Demographic Conditions and Trends .....	25
Economic Conditions and Trends.....	32
Economic Forecast.....	39
Chapter 4: Housing Market Analysis .....	40
Housing Supply Characteristics.....	42
Housing Costs.....	66
Recent Market Activity and Development .....	83
Subsidized Housing Supply .....	88
Chapter 5: Housing Gap Assessment.....	98
Housing Cohorts.....	100
Current Levels of Housing Need.....	103
Projected Future Housing Need .....	120
Income and Housing Cost Comparison.....	122
Critical Housing Gaps and Contributing Factors .....	125
Socioeconomic Segregation Analysis .....	130
Chapter 6: Housing Strategies and Best Practices .....	145
Employer-Assisted Housing (EAH) Programs.....	152
Transportation Subsidies.....	153
Home Improvement/Weatherization Grant Education .....	154
Landlord-Tenant Telephone Help Line .....	155
Rental Risk Mitigation Funds.....	156
Low Barrier Shelters .....	157
Short-Term Rental Regulation .....	158
Developer Incentives .....	159
Targeted Code Enforcement.....	160

Rental Inspections.....	161
Tiny Homes .....	162
Inclusionary Zoning.....	163

# Chapter 1: Introduction

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Housing affordability in Central Oregon has become a barrier impacting individual and household well-being, business and economic development, transportation patterns, public health, and other aspects of life in the region. High housing costs have been cited as limiting the ability of workers to move to the region or, in some cases, to live in reasonable proximity to their jobs. In many communities, low-income families are facing increasing difficulty finding homes that are both safe and affordable, and homelessness is becoming more widespread. The effects of housing insecurity on individuals and households creates additional burdens and increases costs for institutions that provide services as diverse as law enforcement and emergency services, health care, social services, and education. Central Oregon's housing affordability and availability crisis is comprehensive in scope and impact, and addressing it will require the integrated action of many and diverse partners.

Housing For All (H4A) is a multi-stakeholder regional housing consortium formed to help address affordability and other housing needs in Central Oregon. H4A's membership includes representatives from local government, non-profit, private development, public health, homelessness, public safety, employment, realty, land use, tribal, regional housing authority, and state and federal agency sectors. H4A has developed an integrated work plan focused on supporting the myriad of agencies, organizations, and individuals that are working in the housing arena. H4A's work plan focuses on providing data services, coordination, information-sharing, policy analysis, and funding advocacy – ***H4A serves the groups that are doing the work*** of housing in Central Oregon. Coordination and staff support for H4A are provided by the Central Oregon Intergovernmental Council, a regional council of governments focused on creating partnerships to meet the region's highest-priority needs.

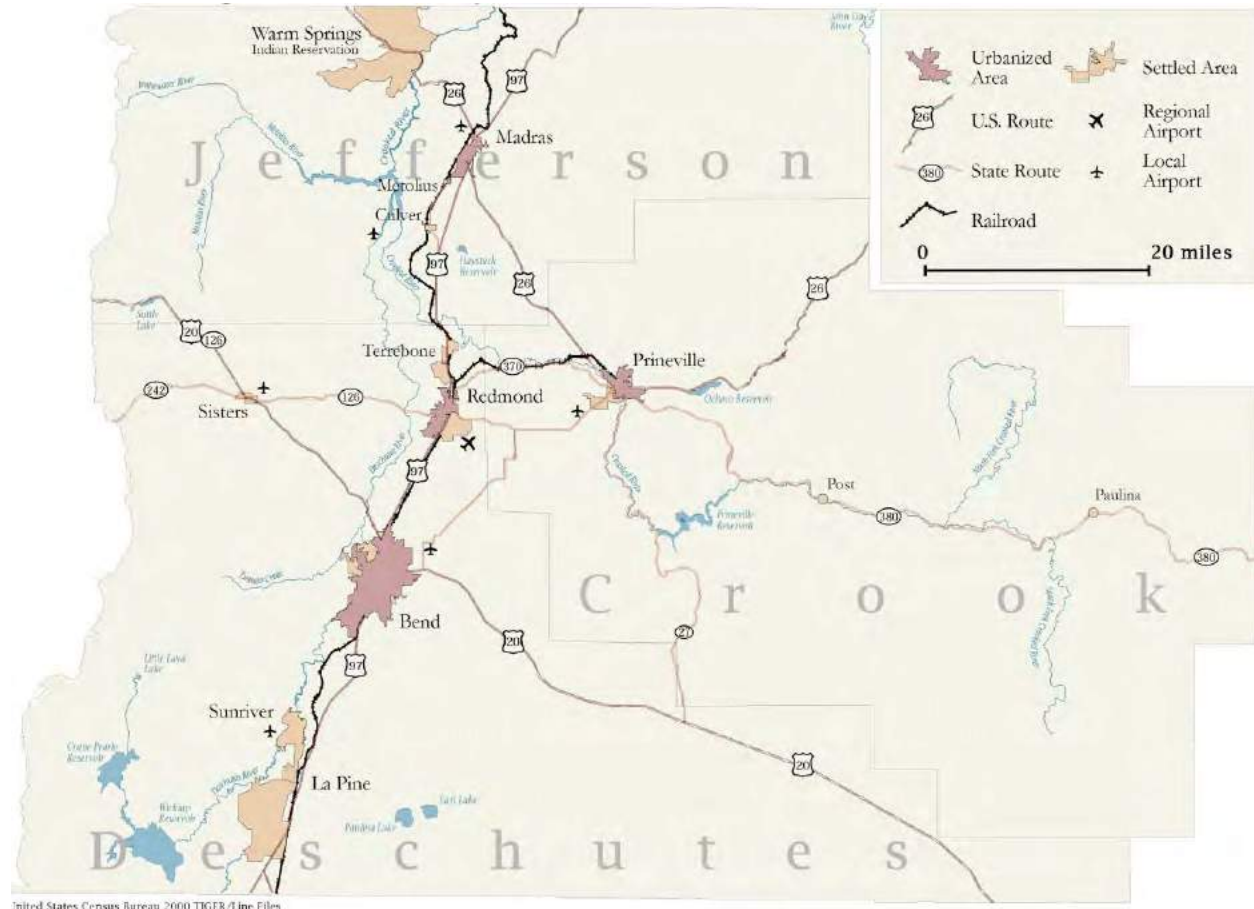
This Regional Housing Needs Assessment (RHNA) explores housing affordability and housing needs in the region, and serves a variety of functions, including a) creates shared information on the scale and scope of the housing crisis; b) identifies the priority housing needs in order to focus strategies; c) provides information on the impacts of the housing crisis to support an upcoming housing campaign; and d) provides a data baseline with which to track progress over time. It begins by discussing impacts of the housing crisis on households and the community, businesses and the economy, and agencies providing public services (Chapter 2). After reviewing socioeconomic conditions in the region (Chapter 3), it includes a market analysis that considers the existing housing supply, housing costs, development activity, and the availability of subsidized housing in the region (Chapter 4). Chapter 5 compares local incomes to housing costs and identifies current and future projected housing needs by community. Chapter 6 of the RHNA identifies potential strategies for expanding housing affordability, including best practices currently being used by other communities.

## The Central Oregon Region

Central Oregon is defined as Crook, Deschutes, and Jefferson counties, Oregon; including eight incorporated cities (Bend, Redmond, Prineville, Madras, Sisters, La Pine, Culver, and Metolius), the Confederated Tribes of Warm Springs reservation, several unincorporated rural communities (e.g. Sunriver, Crooked River Ranch, Tumalo, etc.), and hundreds of dispersed rural residential areas. The region is bound on the west by the Cascade Mountains and on the east by the juniper-sage dominant high desert. The climate is largely arid due to the rain shadow effect produced by the Cascade mountain range.

Central Oregon is a large region, covering 7,833 square miles and measuring nearly 100 miles north to south and 50 miles east to west. Most of the land base is managed as public lands, with federal agencies (primarily the U.S. Forest Service and BLM) managing 75% of Deschutes County, 50% of Crook County, and 29% of Jefferson County. Additionally, 22% of Jefferson County is owned by the Confederated Tribes of Warm Springs. These land ownership patterns impact the geographic locations and concentration of housing in the region.

**Figure 1-1. Central Oregon Region: Crook, Deschutes, and Jefferson Counties**



## Definitions

### Affordable Housing

Though local definitions may vary, this analysis relies on HUD's definition of *affordable housing* as total housing costs that are no more than 30% of a household's total gross income. For rental housing, total housing costs include rent plus any tenant-paid utility costs. For homeowners, they include mortgage payments, utilities, property taxes, homeowners insurance, and any homeowners' association fees.

## **Housing Need**

HUD defines four types of *housing needs*, described below. A household is said to have a housing need or housing problem if they have any one or more of these four problems.

1. A household is *cost burdened* if monthly housing costs exceed 30% of monthly household income. A *severe cost burden* occurs when more than 50% of monthly household income is spent on monthly housing costs.
2. A household is *overcrowded* if there is more than 1.0 persons per room, including bedrooms, living rooms, and dining rooms, but not including kitchens and bathrooms.
3. A housing unit *lacks complete kitchen facilities* if it lacks one or more of the following facilities: cooking facilities, a refrigerator, or a sink with piped water.
4. A housing unit *lacks complete plumbing facilities* if it lacks one or more of the following facilities: hot and cold piped water, a flush toilet, and a bathtub or shower.

## **HUD Area Median Income (AMI)**

The HUD Area Median Family Income (HAMFI), also called Area Median Income (AMI), refers to the median family income calculated by the U.S. Department of Housing and Urban Development (HUD) to determine income limits for its programs. AMI will not necessarily be equal to other median income estimates due to adjustments made by HUD for family size and other factors. HUD calculates different HAFMIs for Deschutes County and Crook and Jefferson Counties. As of 2017, the HUD-calculated median income for a family of four was \$63,800 in Deschutes County and \$53,300 in Crook and Jefferson Counties.

## **Fair Market Rent**

Fair Market Rent (FMR) is a standard set by HUD at the county or regional level for use in administering its Section 8 rental voucher program. FMRs are typically the 40th percentile gross rent (i.e., rent plus all tenant-paid utility costs except phone, cable/satellite, and internet service) for typical, non-substandard rental units in the local housing market. This figure represents the rental rate at which 40% of other standard rental units in the local market are rented for less. It is intended by HUD to be both high enough that program participants have a selection of units and neighborhoods to choose from and low enough to serve as many eligible families as possible. This research uses HUD's Fair Market Rent standards to evaluate the affordability of housing in Central Oregon counties relative to average renter wages.

## **U.S. Census Bureau Data Sources**

**Decennial Census Data** – Data collected by the Decennial Census for 2010 and 2000 is used in this report (older Census data is only used in conjunction with more recent data in order to illustrate trends). The Decennial Census data is used by the U.S. Census Bureau to create several different datasets:

- 2010 and 2000 Census Summary File 1 (SF 1) – This dataset contains what is known as “100% data,” meaning that it contains the data collected from every household that participated in the Census and is not based on a representative sample of the population. Though this dataset is very broad in terms of coverage of the total population, it is limited in the depth of the information collected. Basic characteristics such as age, sex, and race are

collected, but not more detailed information such as disability status, occupation, and income. The statistics are available for a variety of geographic levels with most tables obtainable down to the census tract or block group level.

- 2000 Census Summary File 3 (SF 3) – Containing sample data from approximately one in every six U.S. households, this dataset is compiled from respondents who received the “long form” Census survey. This comprehensive and highly detailed dataset contains information on such topics as ancestry, level of education, occupation, commute time to work, and home value. The SF 3 dataset was discontinued for the 2010 Census, but many of the variables from SF 3 are included in the American Community Survey.

**American Community Survey (ACS)** – The American Community Survey is an ongoing statistical survey by the U.S. Census Bureau that samples a small percentage of the U.S. population every year, thus providing communities with more current population and housing data throughout the 10 years between censuses. This approach trades the accuracy of the Decennial Census Data for the relative immediacy of continuously polled data from every year. ACS data is compiled from an annual sample of approximately 3 million addresses rather than an actual count (like the Decennial Census’s SF 1 data) and therefore is susceptible to sampling errors. This data is released in two different formats: single-year estimates and multi-year estimates.

ACS Multi-Year Estimates – More current than Census 2010 data, this dataset is one of the most frequently used. Because sampling error is reduced when estimates are collected over a longer period of time, 5-year estimates will be more accurate (but less recent) than 1-year estimates. The 2012-2016 ACS 5-year estimates are used most often in this report.

*Data Note:*

*Decennial Census and American Community Survey data is the most comprehensive and consistent data available for evaluating housing needs. However, much has happened in the Central Oregon housing arena since the 2010 Census and the sampling period for the 2012-2016 American Community Survey 5-year estimates. Every effort has been made to augment Census and ACS data with other data sources in order to provide as current an analysis as possible and, in some cases, the consulting team was able to use local data and ACS data to produce more current estimates. Still, Census Bureau data is the best tool for long-term analysis and forms the core of much of the RHNA data analysis sections.*

*Throughout this report, Five-Year American Community Survey estimates are labeled with the years that indicate the period over which data was collected (e.g., “2011-2015,” “2012-2016,” etc.). Estimates do not describe any specific year within that time period.*



## Chapter 2: Impacts of the Regional Housing Crisis

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Secure and affordable homes provide the foundation from which individuals, families, communities, cities, and regions are able to thrive. The housing crisis in Central Oregon has created economic hardship for many individuals and families. It hinders economic stability, diversification, and growth in the region, and is also a strain on public services and budgets. While people experiencing housing cost burden, displacement, overcrowding, subpar living conditions, or homelessness are most directly affected by the high costs and lack of housing options, there are systemic impacts across many sectors of the broader community.

This chapter will explore these impacts, and highlight the voices and experiences of local city and county leaders, medical and mental health care providers, home builders, business leaders, and other members of the tri-county region.

*“The availability of housing affects every part of our lives here in Central Oregon. If our region is to be great, it has to work for people of all ages and from all walks of life. Whatever your economic circumstances, your age, your abilities, or your desired community – housing is a fundamental component of the wellbeing of Central Oregon.”*

– Lisa Dobey, Executive Director of Community and Philanthropy at St. Charles Health System and Co-Chair of Housing for All

## Impacts on Household and Community Wellbeing

Research has shown that housing stability and affordability improves physical and mental health, and increases potential for educational attainment, employment opportunities, and economic mobility. Many rural and urban Central Oregonians are experiencing financial strain and related impacts due to the lack, and high cost, of housing. As rent and home purchase prices have increased, many residents are paying a greater percentage of household income towards housing costs, while others have had to relocate to less expensive areas. To compensate for the increased costs, some Central Oregonians are working longer hours or multiple jobs. High home prices have made it hard for people who work in Central Oregon to afford to buy a home. This prevents many people, and young adults, from becoming more rooted within their communities.

*“There are a lot of people who are not in secure housing. After paying for housing, they aren’t able to save money. They can’t get ahead. All it takes is one unexpected expense, an illness, injury, or medical bill, and people could lose their housing. There are some people living out of cars with their kids. We’ve had officers give them money out of their own pocket so that they can get a hotel room for the night.”*

– Jim Porter, Bend Police Department Chief of Police

Many very low-income Central Oregon residents have been forced into subpar living conditions such as living in camper trailers, living without heat or utilities, crowding in with other households, or becoming homeless.

Middle-income residents are also impacted by the high cost of housing. St. Charles Medical System recruitment manager, Trevor Janeck, reports that employees are experiencing significant stress due to Central Oregon’s housing costs. Many St. Charles employees have been pushed out of Bend to outlying areas. Their longer commutes mean more time away from home and family, reports Janeck.

## Rent Burden and Housing Cost Burden

As families prioritize spending to keep a roof over their heads, they are forced to forego or reduce spending on basic necessities such as food, medical care, child-care, and transportation.

Nearly half of Central Oregonian renters are housing cost burdened, meaning they spend more than 30 percent of their income on housing expenses. Over one quarter of renter households spend more than 50 percent of their income on housing. Housing cost burden makes it difficult for households to save money or accrue assets. This financial vulnerability puts families at greater risk for bankruptcy, foreclosure, or eviction.

## Decline in Homeownership

In the Market Analysis chapter, we demonstrate that homeownership in Central Oregon has declined 2.5% since 2010. Fewer community members are able to access the benefits enabled by homeownership such as financial stability, asset appreciation, and self-determination. This hinders an individual's ability to save for future opportunities, such as going to trade school, attending college, starting a business, or saving for children's education.

## Displacement, Overcrowding, and Sub-par Living Conditions

When rent increases, many people are forced to move to another neighborhood, town, or region to find a less expensive home to rent. Beth Erickson, longtime resident of La Pine, and a Behavioral Health Consultant at the La Pine Community Health Center, reports that as available rentals have become more expensive and almost non-existent in La Pine, residents have been pushed further out of town to find housing.

Frequent moves, and moving further from work or school increases transportation time and costs, and is disruptive to households and communities. Children who move to a new school often struggle

*“Family Access Network advocates are providing support to parents who have never needed support before. There are parents who are working and earning decent wages that are needing help. After paying for rent they lack money for other basic needs.”*

– Mara Stephens, Deschutes County Homeless Liaison for Deschutes County Public School District

*“Central Oregon has seen significant in-migration of people from the Bay area, Seattle, Portland and elsewhere, who sell their house and are able to buy a house here with money left over. However, younger people who are starting out earlier in their careers are having a harder time. The wages people earn and the price to buy a home or rent is out of balance.”*

– Jon Stark, Senior Director of Redmond Economic Development, Inc.

*“The housing situation in La Pine is not good. To afford rent people are doubling or tripling up in mobile homes or trailers. The poorest people are living in the woods or in campers with no utilities. Some La Pine residents have been pushed further out to Crescent, Chemult, or even Christmas Valley. This makes it harder for them to access medical and mental health care, and more difficult to meet their basic needs.”*

– Beth Erickson, longtime La Pine resident and Behavioral Health Consultant at the La Pine Community Health Center

to establish new relationships and regain their academic footing.<sup>1</sup> School districts suffer when families are displaced from their community.

To compensate for high housing costs, some people and families “double up”, or crowd into households with others to share housing expenses. In Central Oregon 3.7 percent of renter households are considered overcrowded, and 2.4 percent of renter households lack plumbing facilities and a complete kitchen (see Chapter 5 of this report). These conditions are obstacles to personal hygiene, sanitation, and a basic quality of life.

## Homelessness

Oregon has the second highest rate of unsheltered homeless people in the country, according to the Annual Homeless Assessment Report, released December, 2018 by the Department of Housing and Urban Development (HUD). This report’s data is based on the Point-in-Time count which is a nationwide effort to count the number of individuals experiencing unsheltered and sheltered homelessness on a specific night in January. Unsheltered homelessness refers to people whose nighttime location is a place not meant for habitation such as the street, a vehicle, or other outside location. Sheltered homelessness refers to people who are staying in emergency shelters or transitional housing. According to HUD’s report, between 2007 and 2018, the number of individuals experiencing homelessness has decreased in 38 states, while Oregon experienced a 12.8 percent increase. This is the third largest increase in the nation. The three states with the highest rate of homelessness in 2018 were Hawaii, California, and Oregon.<sup>2</sup>

Many Central Oregonians are suffering from the lack of a home or shelter. The Homeless Leadership Coalition, in collaboration with the

*“Myself and my two young children shared a bedroom in a house because it was the only place we could find that was affordable. It was stressful. It didn’t feel healthy or safe for my children. After a year I found a place of our own. I now pay over half of my wages in rent. It’s hard to afford but I needed a secure home for my children.”*

– Ofelia Figueroa, Latino Community Association-Madras

*“I used to work at a dry-cleaners in Bend. I met a couple with a young son who were living on BLM land in a tent. The owner of the dry cleaner let them keep some clothes at the dry cleaners. They both had jobs. It broke my heart.”*

– Cheryl Brown, Redmond resident and volunteer at House of Hope Ministries

*“My husband, son and I lived in Redmond. Our rent was \$700 a month. When the landlord said he wanted \$1,400 a month in rent, we had to leave. We were in and out of homelessness for three years. It’s hard to get a place because it’s expensive and landlords want an application fee, a deposit, first and last rent, and proof that our income is three times the rent. We recently found a place in Prineville with the help of Thrive (Thrive Central Oregon, a local non-profit).”*

– Ann Young, Prineville resident and volunteer for House of Hope Ministries

<sup>1</sup> Barnes, Bethany. Feb. 24, 2018. The Oregonian. *Reading, Writing, Evicted*.

<sup>2</sup> The Annual Homeless Assessment Report to Congress. December, 2018. The Department of Housing and Urban Development (HUD). <https://www.hudexchange.info/resources/documents/2018-AHAR-Part-1.pdf> 2019 data from <https://cohomeless.org/agency-tools/point-in-time-count/>

Central Oregon Research Coalition, oversees the Point-in-Time count in Jefferson, Deschutes, and Crook Counties. On Jan. 24, 2018, there were 787 people counted who met HUD’s definition of homelessness, and on January 23, 2019 that figure rose to 880, a 12% increase. 70 percent of these were unsheltered and 16.7% of those counted were children. In 2018, the primary cause of homelessness reported was an inability to pay rent; other reported causes for experiencing homelessness were domestic violence, loss of employment, and health issues (2019 causes had not been analyzed as of this publication date). Between 2017 and 2018, the number of unsheltered unaccompanied youth in Central Oregon increased by 40 percent. The number of homeless adults experiencing a serious mental illness increased by 36 percent.<sup>3</sup>

## Children and Families

The place where children live and grow up has a significant impact on who they will become as adults and whether they will prosper. The Census Bureau, in collaboration with Harvard and Brown universities released a 2018 report that highlights how the neighborhood where children live often determines which children have a chance at getting ahead, and which do not. It affects their opportunities and economic mobility into adulthood.<sup>4</sup>

Research has shown that children who live in insecure and unstable housing are at greater risk for motor and cognitive developmental delays, and are more likely to experience fair or poor physical health.<sup>5</sup>

A family that has an unexpected expense, loss of job, or rent increase can become homeless. A 2017 press release from the Oregon Department of Education reported a record high number of homeless school children in Oregon. For the 2016-2017 school year, 22,541 Oregon students met the federal definition of homeless students. That is 3.7 percent of the total number of students enrolled in Oregon’s public schools. According to the federal definition, homeless students “lack a fixed, regular, and adequate night time residence”. This includes children who are unsheltered, staying in emergency shelters, sleeping in tents, cars, trailers, residing in motels, or sharing housing with others due to loss of housing or economic hardship. The 2016-2017 number of homeless students represents a 19.2 percent increase since 2014.<sup>6</sup> A report released in November of 2018 indicates a slight reduction in the number of students who were homeless during the 2017-2018

*“There are families living in trailers and RVs often in the woods without hook-ups to utilities. Our job is to keep the kids connected and in school. We help meet their basic needs. We’ve arranged to have showers available for students who are homeless, and we provide two meals a day.”*

– Mara Stephens the Homeless Liaison for the Bend-La Pine School District

<sup>3</sup> 2018 data from Point in Time 2018 Tri-County Results. June 19, 2018. The Homeless Leadership Coalition. <https://www.cohomeless.org/wp-content/uploads/2018/07/Website-Presentation-HLC-PIT-2018.pdf>. 2019 data from <https://cohomeless.org/agency-tools/point-in-time-count/>

<sup>4</sup> The Atlas Opportunity. 2018. Census Bureau, Brown University, and Harvard Universities. <https://www.opportunityatlas.org/>

<sup>5</sup> National Low Income Housing Coalition. *A Place to Call Home*. <https://nlihc.org/sites/default/files/A-Place-To-Call-Home.pdf>

<sup>6</sup> Oregon Department of Education. Nov. 15, 2017 News Release. *Homeless Student Count Reaches All Time High*.

school year compared to the previous year. This most recent report indicates 785 fewer homeless students overall, yet a slight increase in the number of “unsheltered” homeless students.<sup>7</sup>

When children are homeless, everyday activities such as eating regular meals, taking a shower, dressing in clean clothing, having a place to study, and getting a good nights’ sleep are impaired. This results in a lower graduation rate for homeless students. Only 50.7 percent of these children are able to graduate in four years, according to an Oregon Department of Education report.<sup>8</sup>

Table 2-1. Housing Units and Household Growth from 2000 to 2012-2016	
County	Number of Homeless Children
Crook County	97 children
Deschutes County	884 children
Jefferson County	137 children
<b>There were 1,571 homeless students in Central Oregon during the 2017-2018 school year</b>	

Data Source: Oregon Department of Education. 2018. Oregon Statewide Report Card.

## Vulnerable Populations

The housing crisis does not affect everyone equally. Low-income households, young adults, veterans, children, seniors, ethnic and racial minorities, and people with disabilities, mental illness, and chronic medical conditions often experience greater difficulties in obtaining secure and affordable homes. These populations are at greater risk of housing instability, displacement, rent burden, and homelessness.

In Oregon, homeownership rates are disproportionately lower for communities of color. Of the white population in Oregon, 63 percent own their home, while only 42 percent of Latinos and Native Americans own their homes. Of African Americans, 30 percent own their homes.<sup>9</sup> These discrepancies in homeownership rates are often linked to inequitable economic opportunity and discriminatory mortgage loan practices prior to the passage of the Fair Housing Act of 1968.

*“The current housing environment in this region has the potential to widen and exacerbate inequities and health disparities that impact people with fewer financial and support resources. This is particularly true for individuals and families trapped in a cycle of crisis and housing instability due to growing poverty, trauma, violence, mental illness, addiction or other chronic health conditions.”*

– Central Oregon Regional Health Improvement Plan, 2016-2019

<sup>7</sup> Oregon Department of Education 2018. Oregon Statewide Report Card. <https://www.oregon.gov/ode>

<sup>8</sup> Oregon Department of Education. <https://www.oregon.gov/ode/reports-and-data/students/Pages/Cohort-Graduation-Rate.aspx>

<sup>9</sup> Office of Governor Kate Brown. Aug. 30, 2018. *Housing Policy Agenda*.

*“I’m working full-time but I don’t have enough money to pay rent and pay for COCC (Central Oregon Community College) classes. My goal is to save money to buy a van so that I can live out of it. Then I’ll be able to afford to go to college.”*

– Beth Griggs, a young adult who grew up in Prineville

*“We often work with clients who are ready to leave an unsafe relationship but are unable to do so because there is no other housing option than the one, they are currently in, resulting in continued abuse for survivors and their children. We also see clients who have managed to leave an abusive household, perhaps by entering into a shelter or staying with friends, who ultimately return to their abusive home because of the lack of affordable alternatives.”*

– Saving Grace staff, Central Oregon’s domestic and sexual violence services program

*“To have a robust and secure community, everybody in the community needs to have a secure and affordable place to live. This fulfills a basic human need. The Bend Police Department utilizes a community policing model. We want our officers to live in the town where they work. A lot of our officers live in Redmond because they can’t afford Bend. This is not conducive to the community policing model.”*

– Jim Porter, Bend Police Department Chief

Native Americans are more likely to spend greater than 50 percent of their income on rent and are more likely to experience homelessness.<sup>10</sup> The population in Warm Springs has a much higher rate of overcrowding with 23.3% of renter households living in overcrowded housing conditions, compared to 3.7% of all renters in Central Oregon (see Chapter 5 of this report).

Many young adults are struggling to carve out a future in Central Oregon due to the high cost of housing. Central Oregon loses talent when young people move to more affordable areas to start their careers.

Survivors of Domestic Violence are another vulnerable population. Women and children suffering from domestic violence may have to choose between staying in an unsafe home, or homelessness. The US Conference of Mayors identified domestic violence as a primary cause of homelessness.<sup>11</sup> A 2017 census of domestic violence programs in Oregon revealed that 53 percent of all domestic violence services needed were for housing. Currently, Oregon does not have enough housing support to meet the needs of survivors and their children.<sup>12</sup> According to Saving Grace, the domestic and sexual violence services program in Central Oregon, the lack of accessible housing is a major barrier for their clients.

## **Community Well-Being**

Communities become less cohesive when members of the community, such as teachers, police officers, social service workers, medical providers, veterans, service industry workers, seniors, and young adults can no longer afford to live within the

<sup>10</sup> Office of Governor Kate Brown. Aug. 30, 2018. *Housing Policy Agenda*.

<sup>11</sup> National Coalition for the Homeless, 2018. <https://nationalhomeless.org/about-homelessness/>

<sup>12</sup> Office of Governor Kate Brown. Aug. 30, 2018. *Housing Policy Agenda*.

community where they work, go to school, grew up, or chose to live. Displacement is disruptive to individuals and families, and creates a more transient community. These factors may diminish a community's stability and inclusivity.

## Wealth Inequality and Socioeconomic Segregation

The high cost of housing can exacerbate wealth inequality and socioeconomic segregation. Residents who own property see increased values of their property, while non-property owners experience increased housing costs and increased barriers to upward economic mobility. Robert Putnam, Harvard sociologist and bestselling author of "Our Kids, The American Dream in Crisis" explains that there is also a high degree of socioeconomic segregation in Bend, Oregon. He writes that due to socioeconomic segregation, "persistent poverty in the midst of the boom is invisible to most upscale residents of Bend."<sup>13</sup>

*"At a personal level, the housing crisis means that purchasing a home is a struggle, as we see prices rise each year. More importantly though, I don't want to live in a community that's the exclusive domain of the wealthy. Bend is not some tiny ski resort and should have housing options for all. If things continue to get out of hand, even hard working, vital people like teachers, firefighters, nurses, and police will be priced out of our community."*

– David Welton, founder of Bend YIMBY - Yes in My Backyard

## Impacts on Business and the Economy

The lack of available housing options is a barrier to diversifying and strengthening Central Oregon's economy. Community access to affordable housing options is a key component to the development and retention of a skilled and stable workforce. Secure homes provide employees a platform from which they can pursue professional goals such as job training, higher education, or enable the creation of new businesses. Adequate housing allows new businesses to relocate to Central Oregon, which creates jobs.

## Businesses Struggle to Maintain and Recruit Employees

*"A \$25 an hour wage used to be a solid standard of living, now even people making \$25 an hour struggle to find a place to live. Then when they find something they have to be on a tight budget. This is less of an issue for mid to higher level professionals."*

– Trevor Janeck, St. Charles Talent Acquisition Manager

Due to housing limitations and the disparity between wages and housing costs, employers often struggle to recruit new employees to the area. Also, businesses have lost employees who were displaced from Central Oregon due to high housing costs. For example, St. Charles Health System's Talent Acquisition Manager, Trevor Janeck says that St. Charles has experienced increased turnover as people have been displaced out of the area, and St. Charles has had a difficult time recruiting new employees, especially for

<sup>13</sup> Putnam, Robert D. 2015. *Our Kids, The American Dream in Crisis*.



entry level jobs.

## **Business Incur Additional Financial Burdens**

Business owners are under pressure to increase wages to compensate for the high cost of housing, driving up their overall business expenses. According to Janeck, St. Charles has increased pay by a couple dollars an hour for entry level positions to help people afford higher housing costs. Businesses also may incur additional management expenses due to the time needed to recruit and train new employees, replacing those that have been displaced due to housing costs. Business productivity may be impacted due to staffing shortages or employee turnover. Clearly, rising wages is generally a good thing for households and the economy, but if businesses are not able to keep up with the rising cost of living of their employees, they will become less competitive.

## **Businesses Choose Not to Relocate to Central Oregon**

Due to the high cost and lack of housing options, potential new businesses may decide not to relocate to Central Oregon. This can hinder economic diversification and limit job growth in the region. When companies search for a new location, among their criteria are the local housing costs and workforce availability. Central Oregon's high cost of housing, along with a tight workforce, puts pressure on employers to offer higher wages and compensation packages. This added cost can make Central Oregon less competitive when compared to other areas in the nation that have more affordable housing.

*“Due to the high cost of housing we’ve had to raise wages to be more on par with wages in Portland, instead with Eugene or Corvallis. Many of our [Bend] employees are commuting from Redmond, Prineville, La Pine, and even Madras.”*

– Casey Capell, store manager of Market of Choice, Bend.

*“Manufacturing wages in Central Oregon are typically around \$44,000 a year. With two people earning this, (\$88,000 a year), they still can’t afford to buy a median priced home in Bend. Thus, creating wage pressure for our employers as they attempt to keep up with the cost of employee living while trying to stay competitive in their customer marketplace. Redmond is somewhat more accessible with single family median sales prices averaging about 40% less than Bend. By having a better balance between housing costs and wages, companies are more likely to relocate to the area.”*

– Jon Stark, Senior Director of Redmond Economic Development, Inc.

*“Although, construction workers can still make a good living by choosing an occupation in the trades, there is an initial tradeoff for young workers that require early years of balancing school and on the job training to prepare them for a long-term career. We find that many young people are choosing more affordable living areas, to begin this first step, and end up staying in these communities instead of returning to high cost of living communities. In turn, the worst overall shortage of construction workers is in high cost living areas, exasperating the problem, driving up housing costs more.”*

– Deborah Flagan, Vice President of Community Engagement at Hayden Homes, a Pacific Northwest homebuilder based in Redmond

## Shortage of Skilled Laborers Increases Construction Costs

Several factors have led to a shortage of skilled construction workers in Central Oregon. Many construction workers left Central Oregon during the recession of 2008, and an older generation of skilled laborers have reached retirement age. According to workforce development professionals, development of a younger generation of skilled laborers is hindered by the fact that many young workers are no longer attracted to these careers. Further, housing costs themselves can be a factor. According to a representative of one of Central Oregon's largest construction companies, a lack of housing options for this younger workforce is deterring them from starting their careers in Central Oregon.

The shortage of construction workers, and increased pay for skilled laborers, has contributed to an increase in construction costs, and extended construction times. In areas such as Madras, Culver, and La Pine the lack of construction workers, and specialists such as electricians and plumbers, has been a deterrent for new construction.



*"I'd like to take my kids downtown to eat, go shop, and support the local businesses, but after paying rent, we don't have money to spend."*

– Madras resident

## Reduced Consumer Spending of Residents

As community members experience housing cost burden, they have less spending money available to support local businesses. They also have less ability to save money for larger purchases. Conversely, as residents struggle to save money in the face of their housing costs, they have less personal capital available to start new local businesses, or pay for college, or new job skills training.

## Impacts and Financial Burden on Public Services

The housing crisis also causes individuals and families to be in greater need of social and public services. This puts increased pressure on the budgets of city, state and federally funded programs, such as health care, law enforcement, emergency services, and social services.

## Criminal Justice and Safety

Police Chief Porter reports that the Bend Police Department officers are responding to more incidences involving people who are homeless. He reports that there are about 1,500 calls a year for incidences such as disruptive behavior, people sleeping in public, panhandling, and alcohol and substance use in public. A significant portion of police officers' time and resources is utilized in response to these calls.

Porter says other cities have used the Housing First model to successfully provide permanent housing and supportive services to people who are chronically homeless. Research has shown that this type of program provides stability to those who experience chronic homelessness, and reduces the need for costly public services such as emergency room visits, temporary shelters, behavioral health services, and law enforcement.<sup>14</sup>

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<sup>14</sup> Snyder, Kaitlyn. June 30, 2015. National Alliance to End Homelessness. *Study Data Show that Housing Chronically Homeless People Saves Money, Lives*

*“When people have access to a safe place to sleep, a job, and behavioral health services, their lives are improved, and we create a healthier community. Assisting with issues of homelessness, unemployment, and behavioral health, we can greatly lower the number of people falling under the jurisdiction of the Criminal Justice System and save taxpayer dollars.”*

– Ken Fahlgren, Local Public Safety Coordinating Council, Coordinator for Crook and Jefferson Counties

increased some employee wages to compensate for the high cost of housing. According to BPD Chief of Police Jim Porter, housing costs have made it difficult to recruit new police officers to the area. After operating with a shortage of police officers for several years, the Bend Police Department instituted a \$7,500 signing bonus in 2014 to help recruit new officers. This bonus program has cost the city roughly \$98,000 since 2014. The BPD has also increased officers’ income to the top step of the pay range. Overall, the City of Bend is incurring an estimated additional \$150,000 per year to compensate staff for the high cost of living.<sup>15</sup>

## Community Health

Housing conditions, affordability, and accessibility affects a population’s health outcomes and risks.<sup>16</sup> Unaffordable and insecure housing is linked to poor mental and physical health outcomes and increased public health care costs. Research shows that when people are in stable and secure housing, they are more able to access regular health care which leads to improved health. This reduces emergency department visits by an estimated 18 percent, and a reduction of overall medical costs by 12 percent.<sup>17</sup>

Ken Fahlgren, Coordinator for Crook and Jefferson Counties’ Local Public Safety Coordinating Council, was instrumental in opening the Redemption House Ministries homeless shelter in Prineville, Oregon. This shelter has 16 beds, and the men who access the shelter are connected to local support services such as behavioral health care and job support. The cost of operating the Redemption House Ministries homeless shelter is about \$20 per person, per day.

The housing crisis also impacts public and social service budgets in terms of their own workforce. For instance, some cities have

*“The lack of safe and affordable housing has become a public health crisis in Central Oregon.”*

– Central Oregon Regional Health Improvement Plan for Crook and Jefferson Counties, 2016-2019

<sup>15</sup> Interview with Bend Police Department Chief of Police Jim Porter. Nov. 06, 2018.

<sup>16</sup> Center for Disease and Control and Prevention. Jan. 29, 2018. Social Determinants of Health. <https://www.cdc.gov/socialdeterminants/>

<sup>17</sup> National Low Income Housing Coalition. March 07, 2016. *Study Finds Affordable Housing Reduces Health Care Costs.* <https://nlihc.org/article/study-finds-affordable-housing-reduces-health-care-costs>

*“Many people who are chronically homeless have mental health concerns. It’s a struggle. We’re often dealing with people who are hard to help and who have nowhere to go.”*

– Jim Porter, Bend Police Department  
Chief of Police

For people experiencing mental illness, housing insecurity can exacerbate their illness. Autumn Rackley, the Housing Stabilization Manager for the Central Oregon non-profit, NeighborImpact, reports that people struggling with mental illness and housing insecurity are in need of permanent supportive housing and mental health support services. The need for housing support is far greater than what the community currently has to offer, says Rackley. Housing support and wrap-around support services can allow people with mental illness to stabilize and improve their quality of life.

*“There are people who are camping outside town, or living out of their cars, who wind up in ER for care and some shelter. A young woman who was camped outside Bend, came into the emergency department to get help for an injury, and to have a safe place to be. She was living in a homeless camp and was injured by an assault. We attended to her injuries. She wasn’t admittable to the hospital, so we had to ask her to go. I remember her lingering in her room. She was scared to leave. She had nowhere to go except the homeless camp, and she didn’t feel safe there.”*

– Emergency Room nurse in Central Oregon

Homelessness puts people at greater risk for multiple health problems due to malnutrition, exposure to the elements, lack of hygiene, substance use, and crime. Many homeless people do not receive routine health care due to lack of health insurance, transportation, financial resources, or other barriers. As a default, emergency rooms often become the primary source of medical care for homeless persons. This is extraordinarily costly for hospitals and government funded services, and the overall cost of health care.<sup>18</sup> A report published by the Journal of the American Medical Association, states that 5 percent of hospital users are responsible for half of health care costs in the United States. Most of these patients live below the poverty line and lack secure housing. By investing in housing, communities can become healthier and save public money.<sup>19</sup>

A Central Oregon emergency room nurse explains the difficulty medical providers face when the people in their care do not have access to stable or safe housing.

## **Foster Care System**

For some parents, housing stress is a tipping point beyond their ability to cope and care for their children. Financial stress increases the likelihood of domestic violence, substance abuse, child abuse, and child neglect. A 2017 report by the Department of Human Services revealed that housing instability was a factor in 17 percent of the removal of children from parents, and their placement

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<sup>18</sup> National Coalition for the Homeless. Health and Homelessness. <https://nationalhomeless.org/issues/health-care/>

<sup>19</sup> Sandel, Megan, and Desmond, Matthew. *Investing in Housing for Health Improves Both Mission and Margin*. JAMA, 2017; DOI: 10.1001/jama.2017.15771

into protective custody. This is a 40 percent increase since 2015.<sup>20</sup> In Oregon, the number of children needing safe, stable homes is greater than the number of available foster homes in Oregon.<sup>21</sup>

Before a child can be returned to a parent, the parent must have safe and stable housing. The lack of housing options is a barrier for parents to regain custody of their children, thus extending the time that children remain in the foster care system. These factors put additional pressure on the budget of the Oregon Department of Human Services.

## Conclusion

This chapter has explored many of the interrelated, far reaching, and sometimes dire impacts of Central Oregon's housing crisis. A comment from Beth Erikson, a behavioral health consultant at La Pine Community Center, captured a primary challenge to addressing this regional crisis. She said that while "driving through La Pine you don't see people living in substandard housing. If you don't see it, it's easy to assume that everything is good." Many of the impacts of the housing crisis are invisible. This chapter's research, data, and input from community members is intended to increase the visibility of the challenges that face the tri-county region. Moving forward, community members can work together to ensure that Central Oregonians have access to secure and stable homes. By addressing this foundational need, Central Oregon families, businesses, and communities can thrive and become more resilient.

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<sup>20</sup> [www.kdrv.com/content/news/Kids-in-foster-care-increase-amid-housing-crisis](http://www.kdrv.com/content/news/Kids-in-foster-care-increase-amid-housing-crisis)

<sup>21</sup> Oregon Live. Feb. 27, 2018. *Oregon Officials Agree to Reduce the Use of Hotels as Temporary Homes for Foster Children.*

# Chapter 3: Socioeconomic Overview

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# Demographic Conditions and Trends

## A Rapidly Growing Region

The Central Oregon region is still a predominately rural area, with mainly small communities separated by large expanses of open space, agricultural and ranching land uses, and dispersed rural development. The cities of Bend and Redmond are the only communities exceeding 20,000 in population. However, the region has been experiencing enormous population growth in the last few decades, with Deschutes County far outpacing Crook and Jefferson counties in terms of overall numbers and percentage growth, and the Warm Springs reservation<sup>22</sup> a close second in growth rate. This trend is expected to continue, with the regional population forecasted to grow 60% between 2020 and 2050, most of it in Deschutes County. This rapid population growth has impacted housing availability at every income level, and strained regional infrastructure and services. The rural communities of Central Oregon are now experiencing some downstream effects of this population growth, including an influx of new residents that have been displaced from the more expensive, urban areas of Bend or Redmond.

The regional population is forecasted to grow by 60% between 2020 and 2050, with most of this expansion in Deschutes County. Rapid population growth impacts housing availability at every level, and rural communities in Central Oregon gain residents displaced from Bend or Redmond by high housing costs.

**Table 3-1. Central Oregon Population and Growth Rate by County**

Year	Crook County	Deschutes County	Jefferson County	Region	Oregon
2010	20,978	157,733	21,720	200,431	3,831,074
2014	20,780	166,400	22,205	209,385	3,962,710
2015	21,085	170,740	22,445	214,270	4,013,845
2016	21,580	176,635	22,790	221,005	4,076,350
2017	22,105	182,930	23,190	228,225	4,141,100
2018	22,710	188,980	23,560	235,250	4,195,300
<b>Population Growth Rate</b>					
Population Growth Rate 2010 - 2017	8.2%	19.8%	8.5%	17.4%	9.5%
Average Annual Growth Rate 2010 - 2017	1.2%	2.8%	1.2%	2.5%	1.4%

Data Source: Portland State University Center for Population Research, 2018

<sup>22</sup> Demographic data for the Confederated Tribes of Warm Springs in this report is displayed separately because the Portland State University Center for Population Research does not tabulate population information for CTWS distinctly from Jefferson and Wasco Counties and because the Census Bureau reports 5-year averages of surveys from CTWS rather than discrete 1-year information owing to the relatively small population therein.

<b>Table 3-2. Population and Growth Rates, Warm Springs Reservation and Off-Reservation Trust Land</b>	
<b>Year</b>	<b>5-Year Combined Population Estimates</b>
2010	3,976
2014	4,207
2015	4,429
2016	4,548
2017	4,588
<b>Population Growth Rates</b>	
Population Growth Rate 2010-2017	15.4%
Average Annual Growth Rate 2014-2017	2.2%

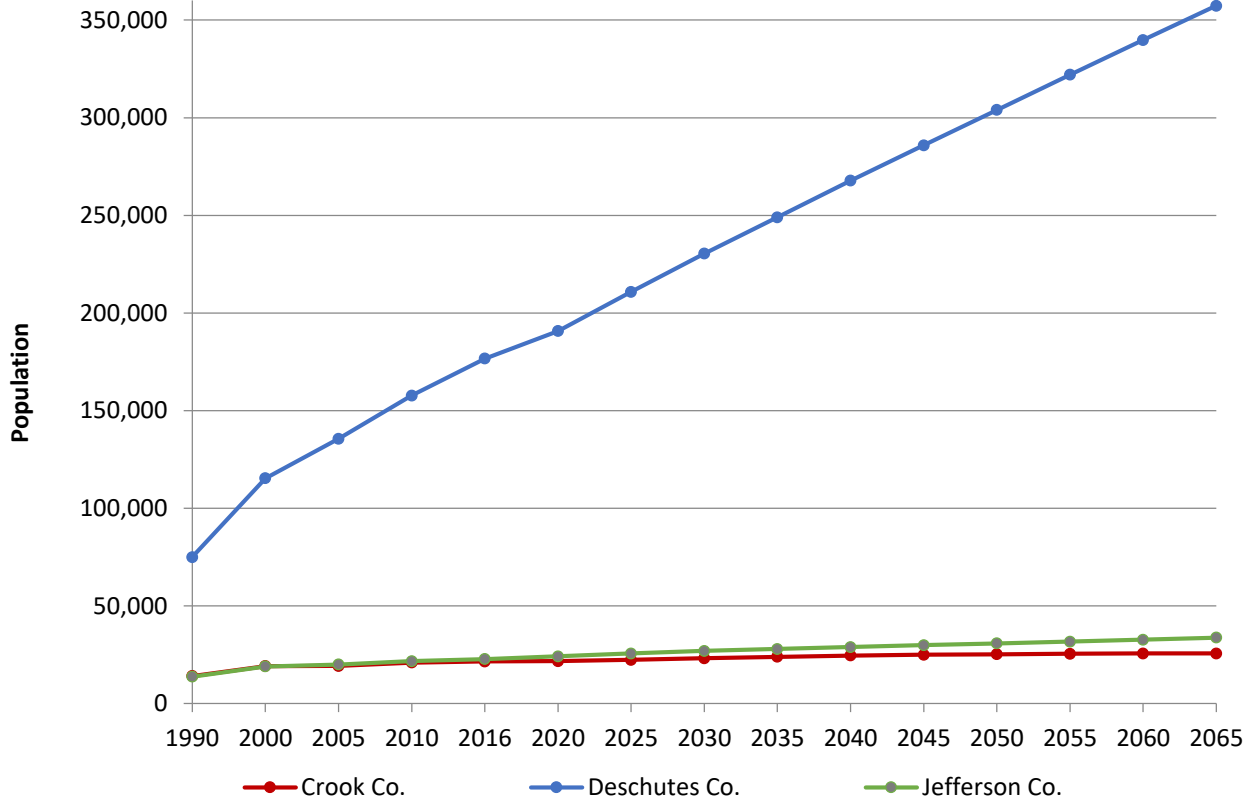
Data Sources: 2010 U.S. Census; 2013-2017 American Community Survey 5-Year Estimates

<b>Table 3-3. Central Oregon Forecast of Population Change by County</b>					
<b>Year</b>	<b>Crook County</b>	<b>Deschutes County</b>	<b>Jefferson County</b>	<b>Region</b>	<b>Oregon</b>
2020	23,528	199,793	24,139	247,460	4,252,100
2025	24,794	220,708	25,273	270,775	4,516,200
2030	26,565	244,018	26,375	296,958	4,768,000
2035	28,179	266,840	27,323	296,958	4,995,200
2040	29,571	289,225	28,145	346,941	5,203,000
2045	30,894	310,827	28,828	370,549	5,398,800
2050	32,277	334,042	29,528	395,847	5,588,500
<b>Forecast Growth Rates</b>					
Growth Rate 2020-2050	37.2%	67.2%	22.3%	60.0%	31.4%
Average 5-Year Growth Rate	5.4%	9.0%	3.4%	8.2%	4.7%

Data Sources: Portland State University Center for Population Research, 2018 (counties and region); Oregon Office of Economic Analysis, Long-Term County Forecast, 2013 (Oregon)



**Figure 3-1. Population Trends and Growth Forecast, 1990-2065**



Source: Portland State University Population Research Center, 2017

## Conditions and Trends in Age, Disability, Race, and Household Income

### Age Class

The percentage of persons in different age classes varies across the region. Warm Springs has a very high percentage of residents under 14, indicating that there is a higher need for housing that is appropriate for children and families than other areas of the region, and a comparatively very low percentage of older persons. At the other end of the spectrum, Crook County has a significantly higher incidence of persons over 65 than the rest of the region. Table 3-4 provides a snapshot of how this age class distribution has changed from 2010 to 2017 – note how in all three counties and Warm Springs the percentage of the population that is 65 and over has grown.



In all three counties and Warm Springs, the percentage of the population over the age of 65 has grown from 2010 to 2017. Forecasts indicate that this age cohort will continue to grow, making up at least 30% of each county by 2043.

**Table 3-4. Central Oregon Age Classes, 2010 and 2013-2017**

Age Group	Crook County		Deschutes County		Jefferson County		Warm Springs	
	2010	2017	2010	2017	2010	2017	2010	2017
14 & under	18.1%	15.5%	18.0%	17.5%	20.8%	19.9%	28.7%	30.7%
15 to 19	5.9%	5.6%	5.8%	5.7%	7.1%	7.2%	9.7%	8.9%
20 to 29	8.8%	9.5%	11.1%	11.1%	11.2%	11.1%	18.9%	16.1%
30 to 39	11.0%	11.5%	12.6%	12.9%	11.3%	11.1%	12.2%	12.0%
40 to 49	12.4%	10.1%	13.4%	13.4%	13.7%	12.2%	11.5%	11.9%
50 to 59	15.7%	15.3%	14.4%	13.7%	13.6%	12.8%	10.5%	8.2%
60 to 64	8.2%	8.2%	7.4%	7.4%	6.8%	7.4%	4.0%	5.0%
65 and over	20.1%	24.1%	17.4%	18.4%	15.3%	18.3%	5.7%	7.1%

Data Sources: US Census, 2010 Decennial Census and 2013-2017 American Community Survey

Table 3-5 demonstrates the forecasted extraordinary growth of persons aged 65 or older, in whole numbers and as a percentage of overall population, from 2018 through 2043. Crook County is expected to continue to lead the way, with more than 40% of the population in this age group by 2030. This indicates that there will be a higher need for housing suitable for older populations, including access to public transportation, medical care and other essential services.

**Table 3-5. Forecast of Central Oregon Senior Population Growth – Persons 65+**

	2018	2020	2030	2040	2043
<b>Senior Population</b>					
Crook County	7,922	8,539	10,662	11,961	12,345
Deschutes County	35,009	52,032	70,089	86,587	91,400
Jefferson County	6,351	6,841	8,656	9,789	10,041
<b>Tri-County Total</b>	<b>49,282</b>	<b>67,412</b>	<b>89,407</b>	<b>108,337</b>	<b>113,786</b>
<b>Senior Share of Total Population</b>					
Crook County	35.1%	36.2%	40.1%	40.4%	40.6%
Deschutes County	18.7%	26.0%	28.7%	29.9%	30.2%
Jefferson County	27.0%	28.3%	32.8%	34.7%	35.1%
<b>Tri-County Total</b>	<b>21.0%</b>	<b>27.2%</b>	<b>30.1%</b>	<b>31.2%</b>	<b>31.5%</b>

Data Source: Portland State University Center for Population Research, 2018

## Disability

Table 3-6 demonstrates that Crook County has significantly higher incidence of persons with disabilities, across all reported age groups, than the rest of the region and the average for Oregon. Jefferson County also has a higher than average incidence of disability in the two older age groups.

Age Group	Crook County		Deschutes County		Jefferson County		Oregon	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 18 years	350	1.6%	1,413	0.8%	119	0.5%	38,082	0.9%
18 to 64 years	2,189	10.1%	11,072	6.3%	1,963	8.9%	300,983	7.6%
65 years and over	2,126	9.8%	10,235	5.8%	1,452	6.6%	238,952	6.0%
<b>Total</b>	<b>4,665</b>	<b>21.5%</b>	<b>22,720</b>	<b>12.9%</b>	<b>3,534</b>	<b>16.0%</b>	<b>578,017</b>	<b>14.5%</b>

Data Sources: US Census Bureau, American Community Survey 2013-2017

	Estimate	With a disability	% with a disability
Under 5 years	333	0	0.0%
5 to 17 years	1,178	28	2.4%
18 to 34 years	1,232	63	5.1%
35 to 64 years	1,402	309	22.0%
65 to 74 years	280	103	36.8%
75 years and over	70	55	78.6%
<b>Total Civilian Non-Institutionalized Population</b>	<b>4,495</b>	<b>558</b>	<b>12.4%</b>

Data Sources: US Census, American Community Survey 5-Year Estimates (2012-2016)

## Race and Ethnicity

While whole numbers of racial and ethnic minorities are growing across most of Central Oregon, their proportion has been shrinking in the region as a whole due to the larger number of white persons in-migrating to (primarily) Deschutes County. Areas outside Deschutes County are becoming increasingly diverse in terms of whole numbers as well as percentages. Jefferson County has long been the most diverse county in the region; it is also more diverse than the state of Oregon overall, and this trend is accelerating. Crook County has also increased its racial diversity, although not to the same degree as Jefferson County.

The large majority of the population in all three counties and the state are non-Latino White residents. Crook and Jefferson Counties are more diverse than Deschutes and have become more diverse since 2010. In Jefferson County, Latino residents make up about 20% of the population.

Table 3-9 highlights another significant trend in diversity. While racial diversity in the region remains fairly low, the proportion of the population that identifies as ethnically Hispanic is increasing in all three counties, representing nearly 20 percent of the population in Jefferson County in 2017.

**Table 3-8. Racial Demographics by County, 2010 and 2013-2017**

Racial Group	Crook County		Deschutes County		Jefferson County		Oregon	
	2010	2017	2010	2017	2010	2017	2010	2017
White Alone	20,360	20,118	144,477	164,057	15,981	15,886	3,220,250	3,416,776
% of Total Population	94.6%	88.6%	93.4%	93.6%	73.8%	73.2%	85.6%	84.9%
Black or African American Alone	35	101	505	969	121	189	66,427	76,347
% of Total Population	0.1%	0.4%	0.3%	0.6%	0.5%	0.9%	1.7%	1.9%
American Indian and Alaska Native Alone	351	204	1,721	809	3,466	3,996	60,612	45,332
% of Total Population	1.6%	0.9%	1.1%	0.5%	16.0%	18.4%	1.6%	1.1%
Asian Alone	47	72	1,727	2,051	20	145	135,518	166,351
% of Total Population	0.2%	0.3%	1.1%	1.2%	0.09%	0.7%	3.6%	4.1%
Native Hawaiian and Other Pacific Islander Alone	6	93	211	201	86	84	12,100	15,157
% of Total Population	0.02%	0.4%	0.1%	0.1%	0.4%	0.4%	0.3%	0.4%
Some Other Race Alone	288	448	2,611	2,276	1,266	1,839	5,006	121,000
% of Total Population	1.3%	2.0%	1.6%	1.3%	5.8%	8.5%	0.1%	3.0%
Two or More Races	428	479	3,316	3,893	712	387	131,193	143,495
% of Total Population	1.9%	2.1%	2.1%	2.2%	3.3%	1.8%	3.4%	3.6%

Data Sources: US Census, American Community Survey, 2013-2017

**Table 3-9. Ethnicity by County, 2010 and 2013-2017**

Ethnic Group	Crook County		Deschutes County		Jefferson County		Oregon	
	2010	2017	2010	2017	2010	2017	2010	2017
Not Hispanic or Latino	20,031	20,076	143,704	161,637	17,430	18,212	3,341,730	3,515,620
% of Total Population	93.1%	92.4%	92.9%	92.1%	80.5%	80.2%	88.8%	87.3%
Hispanic or Latino	1,484	1,641	10,864	13,684	4,222	4,495	420,195	509,507
% of Total Population	6.9%	7.5%	7.0%	7.8%	19.4%	19.8%	11.1%	12.6%

Data Sources: US Census, American Community Survey, 2013-2017

## Poverty

Poverty rates for the entire population, as well as for children under 18, generally rose from 2000 through 2013. 2016 and 2017 rates show relief from this trend due to the overall economic recovery, but all areas outside Deschutes County continue to have significantly higher poverty rates than the Oregon and U.S. averages, and Warm Springs poverty rates have actually continued to increase through the recovery. Children under 18 experience poverty at a significantly higher rate than the rest of the population.

All areas in Central Oregon outside of Deschutes County have significantly higher poverty rates than Oregon and U.S. averages. Children under 18 experience poverty at significantly higher rates than the rest of the population.

**Table 3-10. Regional Poverty Rates, 1993-2017**

Year	Crook County	Deschutes County	Jefferson County	Warm Springs	Oregon	US
<b>% of Population in Poverty</b>						
1993	10.9%	10.6%	17.4%		13.2%	15.1%
2000	12.0%	9.6%	13.9%		10.6%	11.3%
2003	11.8%	10.3%	14.4%		12.0%	12.5%
2010	14.0%	10.5%	20.1%		14.0%	15.3%
2013	19.5%	14.5%	19.8%	30.3%	16.2%	15.4%
2016	17.7%	13.9%	20.3%	35.7%	15.7%	15.1%
2017	15.3%	12.1%	20.9%	43.5%	16.2%	15.4%
<b>% of Children under 18 in Poverty</b>						
1993	14.0%	14.7%	23.5%		18.3%	22.7%
2000	17.6%	13.8%	22.3%		15.1%	16.2%
2003	18.4%	15.2%	22.8%		17.4%	17.6%
2010	26.2%	14.9%	33.6%		18.3%	22.0%
2013	31.4%	20.3%	32.0%	36.3%	21.7%	19.9%
2016	25.2%	18.3%	29.9%	46.8%	20.4%	21.2%
2017	23.1%	15.2%	30.3%	57.8%	19.0%	20.3%

Data Sources: US Census, American Community Survey 2013-2017

## Economic Conditions and Trends

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Central Oregon's economy was traditionally rooted in natural resource industries such as timber, ranching, and crop agriculture. Over the last few decades, Central Oregon began transitioning away from these industries and towards a far more diverse industry base (Figure 3-3). Looking at regional data in aggregate, Central Oregon has been a roaring success in that endeavor, with a

Over the last few decades, Central Oregon began transitioning away from natural resource industries and towards a more diverse industry base. Today, Central Oregon's environmental and lifestyle amenities are likely the most significant element of its economic base.

diversifying economy and low unemployment (Figure 3-2), although later in this section we will discuss how this economic success has not been shared by all communities.

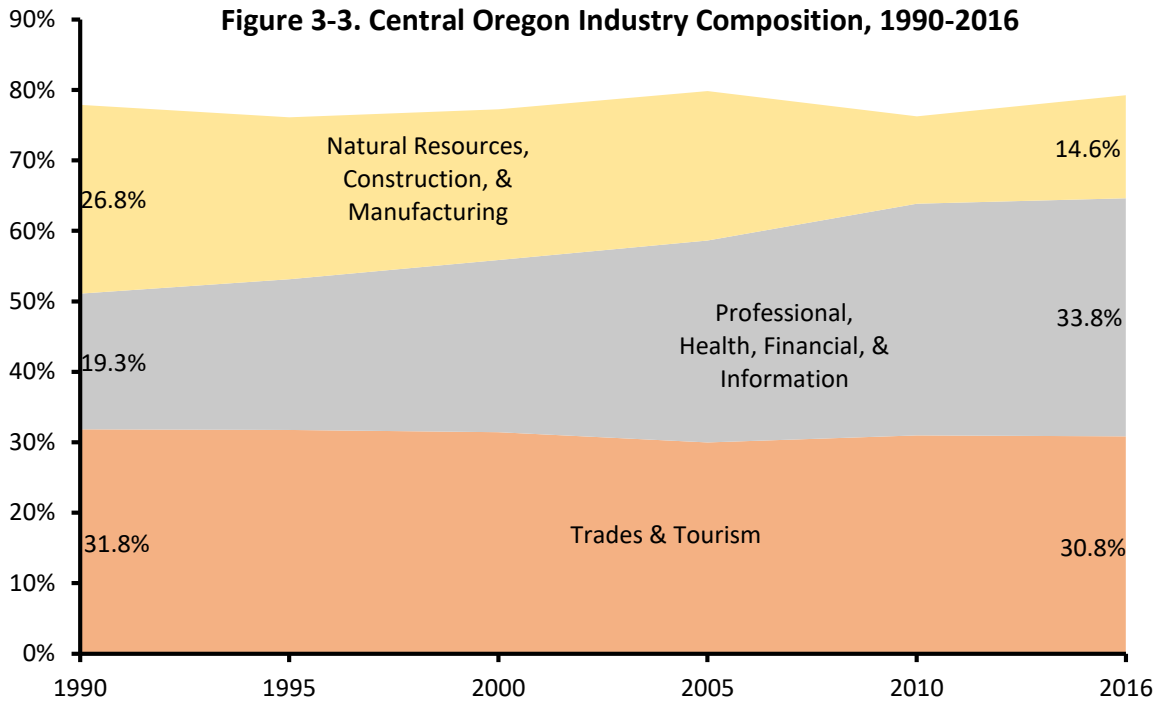
The region's striking environmental amenities – soaring Cascade Mountains, pristine rivers and lakes, wide-open desert spaces, clean air and water – in the context of a bucolic and still-friendly small town and rural environment, have generated a culture of outdoor recreation and associated “quality of life” amenities such as brew pubs,

artisanal coffee houses, and a plethora of restaurants and shops. Much of this activity is centered on the region's small urban hub – Bend – which has experienced significant national buzz as an “outdoor lifestyle center” in media as diverse as Outside Magazine, the New York Times, and Forbes Magazine, among dozens of others.<sup>23</sup> This coverage has helped to spur rapid population growth, which in turn has triggered the relocation of businesses and skilled labor, as well as assisting the growth of local businesses by providing a local market for goods and services. Without concurrent development of housing these factors can also, of course, cause significant housing cost increases.

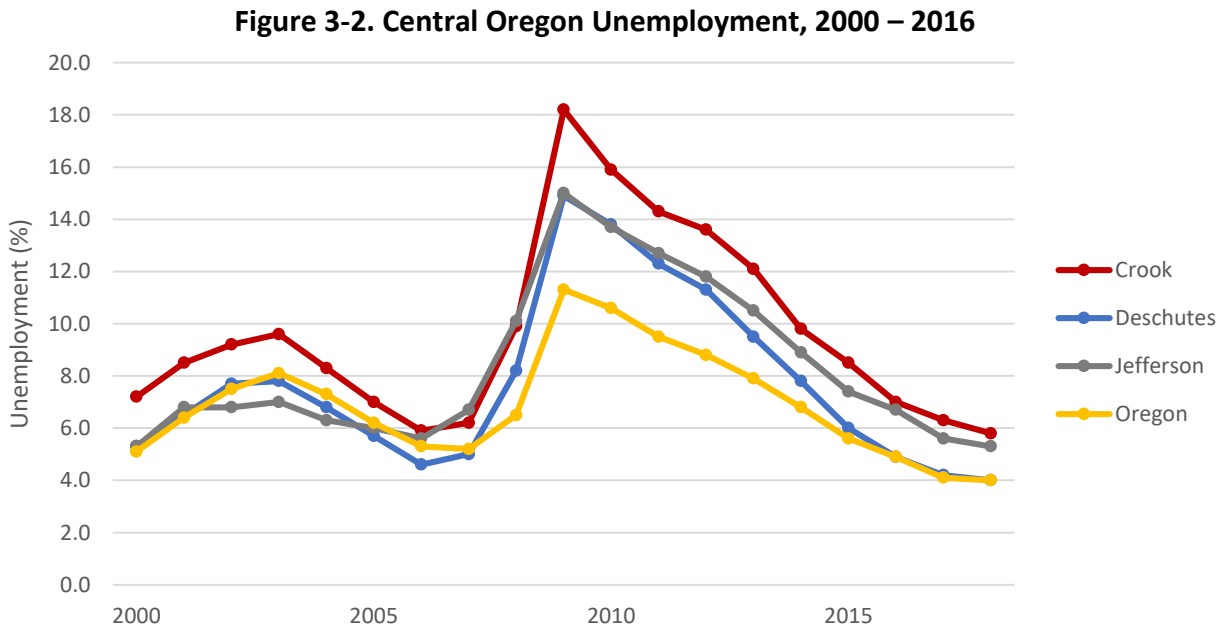
Central Oregon's environmental and lifestyle amenities are likely the most significant element of its economic base. Other important factors include the presence of skilled labor, low wholesale power rates, generally low taxes and other business operating costs, high quality health care and other related services, and a highly entrepreneurial economic ecosystem.

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<sup>23</sup> See <http://www.visitbend.com/About-Us/Press/Media-Articles/> for a recent list of magazine coverage of Bend and Central Oregon.



Temporal trends in Central Oregon’s industry composition demonstrate a shift from natural resources, construction, and manufacturing toward professional, health, financial, and information firms with trades and tourism staying roughly consistent in the past 26 years. Source: Damon Runberg, Central Oregon Regional Economist, Oregon Employment Department, 2017.



Central Oregon unemployment rates are decreasing, however, Crook and Jefferson County unemployment remains above that of Deschutes County and Oregon. Source: Oregon Employment Department, LAUS, 2018

## Key Industries

Traditionally, the regional economy was dominated by natural resource industries, including forestry, crop agriculture, and ranching. These industries have gradually given way due to a variety of primarily external forces, but agriculture is still very important to the Jefferson County economy, and ranching remains a significant component in Crook County. Almost all of the region's primary and secondary wood products mills have closed over the last few decades, with the remaining lone primary mill remaining in Gilchrest, just south of Deschutes County. Central Oregon has become a recreation hot spot, with an estimated 4.3 million visitors to the region in 2015 (Central Oregon Visitors Association, 2016).

Central Oregon has seen considerable growth in key family-wage paying industries such as aviation/aerospace, bioscience, brewing, high tech, and value-added food products.

While extraction industries and much of the general manufacturing base have declined, there has been considerable growth in key family-wage paying industries such as aviation/aerospace, bioscience, brewing/distilling, high tech, outdoor gear and apparel, and value-added food products. Other more traditional industries such as building materials are still strong<sup>24</sup>. The health care sector is also large and growing steadily, and

headquarters operations (such as Keith Manufacturing and Les Schwab tires) provide a significant source of jobs and income into the region (Figure 3-4). There has also been extraordinary growth in administrative/call/data centers, with particularly striking development in Prineville/Crook County (Apple and Facebook).<sup>25</sup>

Similar to many economies, the service sector is amongst the largest employers in Central Oregon. However, the leisure and hospitality sector is disproportionately large as the region is a major tourism destination. The predominately low-wage leisure sector accounts for nearly 18 percent of all nonfarm jobs in the region compared to just 13 percent for the state of Oregon<sup>26</sup>. Still, this sector has indirectly contributed to the attraction of business and skilled labor to the region – without a diversity of tourism-related opportunities (destination resorts, the Mt. Bachelor ski hill, fine dining, etc.), much of the aforementioned business and labor relocation to the region would not have happened<sup>27</sup>.

The service sector is among the largest employers in Central Oregon. The predominately low-wage leisure and hospitality sector is disproportionately large, but the region's draw as a tourist destination also contributes to the attraction of businesses and skilled labor.

Much of the growth in these industries can be attributed to the attractive lifestyle factors discussed above, which serves to attract business owners and professional or high-skill labor to live in Central Oregon.

<sup>24</sup> Damon Runberg, Central Oregon Regional Economist, 2017.

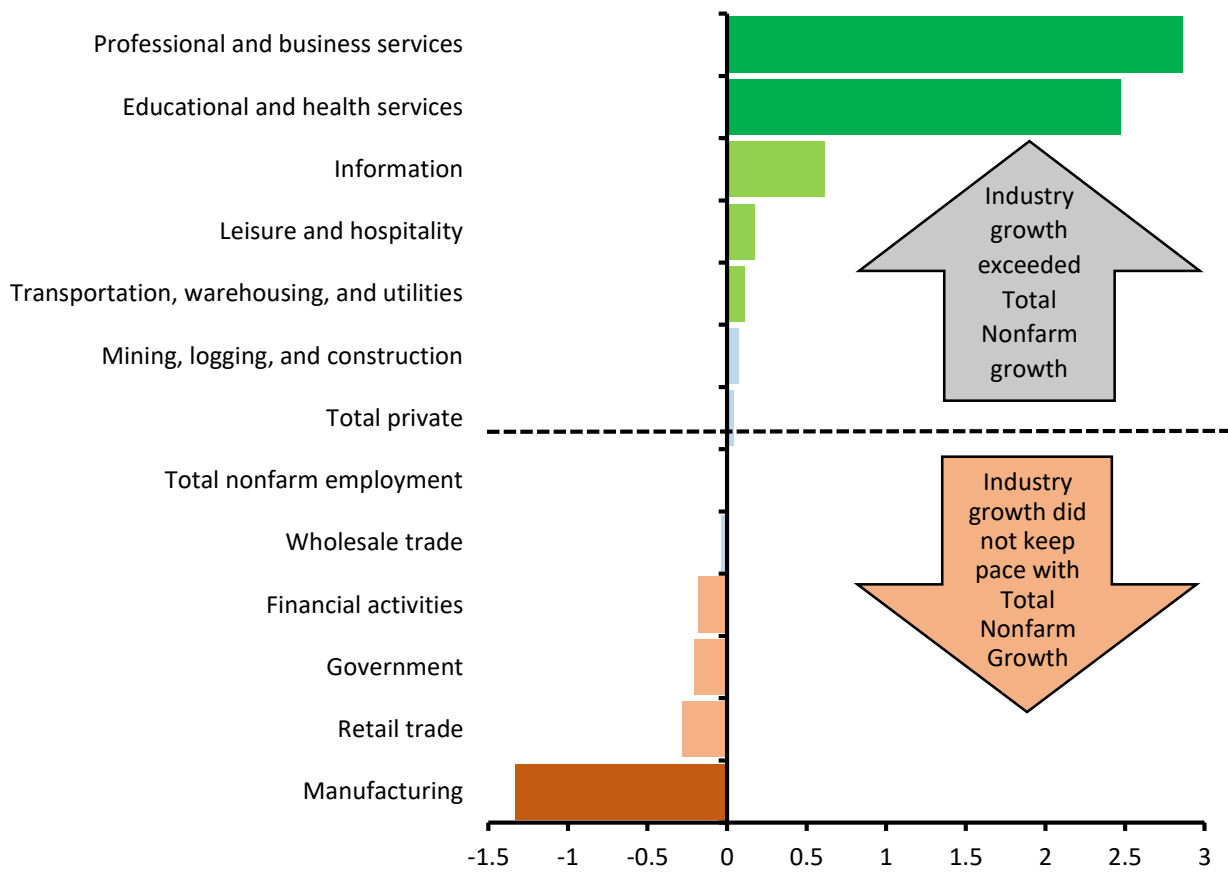
<sup>25</sup> Industry list based on EDCO's 2016 Central Oregon Profile.

<sup>26</sup> Damon Runberg, Central Oregon Regional Economist, Oregon Employment Department, 2017.

<sup>27</sup> Headwaters Economics, 2010 "Improving Deschutes County's Competitiveness." Visit Bend and EDCO.



**Figure 3-4. Difference in Industry Employment Index from Total Nonfarm Employment Index, Central Oregon, 2016 (index begins in 1990)**



Central Oregon’s 2016 industry employment index demonstrates above average growth in professional and business services and educational and health services since 1990 with growth far below average for the manufacturing industry.

Source: Damon Runberg, Central Oregon Regional Economist, Oregon Employment Department, 2017

## Uneven Economic Development

When viewing the region as a whole, most of the key economic indicators – unemployment, wage growth, job growth, economic diversification, etc. – look very good. However, the benefits of growth are not distributed evenly across the region, nor have all communities recovered from the significant contraction in the extraction economy. For instance, La Pine’s 2018 average annual unemployment rate was 9.9 percent compared to just 3.6 percent in Bend<sup>28</sup>. Economic performance in Bend and Redmond is simply not matched in many rural areas, which lag on economic indicators and have a number of troubling demographic trends



The benefits of economic growth are not distributed evenly across the region. Economic performance in Bend and Redmond is simply not matched in many rural areas.

<sup>28</sup> Damon Runberg, Central Oregon Regional Economist, Oregon Employment Department; personal correspondence; 2019.

(e.g. aging population/workforce, lower educational attainment, youth flight, higher poverty rate, etc.) (Table 3-11; Figure 3-5; Figure 3-6).

Furthermore, individual populations within the region (regardless of geography) are lagging behind – youth unemployment is high (Figure 3-7), women and minorities earn significantly less<sup>29,30</sup>, and many residents do not necessarily have the necessary training or pathways to benefit from growth in the higher-skilled growth industries. Economic development and workforce development professionals point to the emerging (youth) workforce in particular as not having the necessary “soft skills” or formal training to participate in the region’s economic growth.

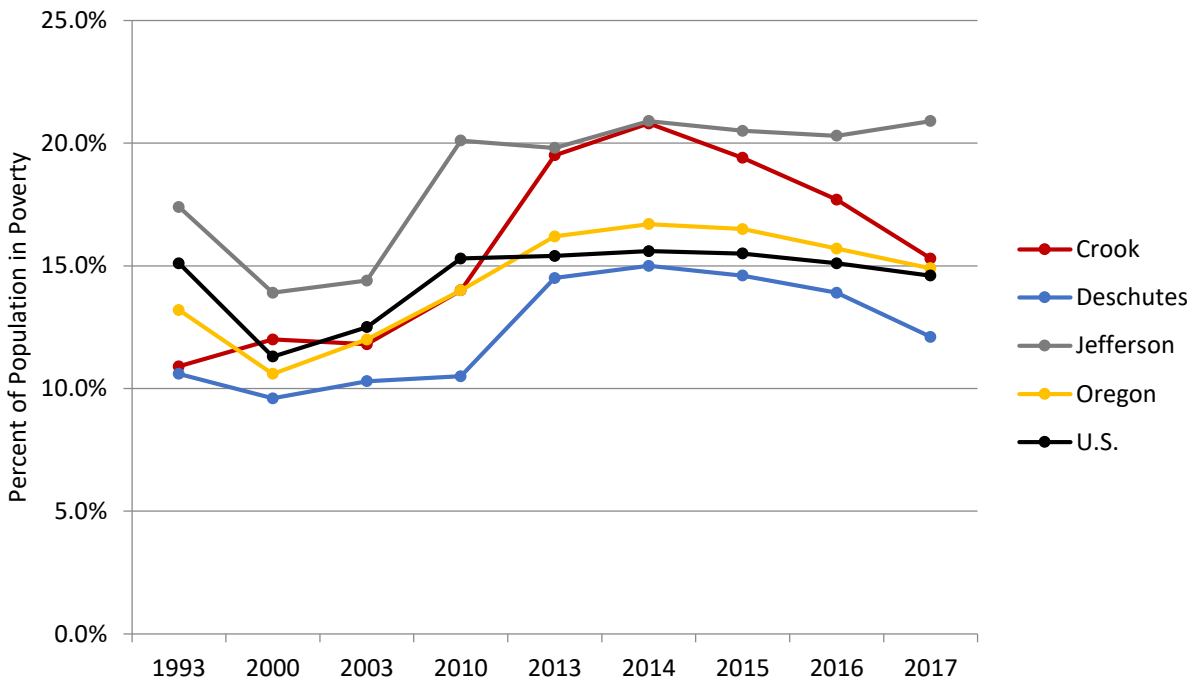
<b>Table 3-11. Central Oregon Educational Attainment (Ages 25+), 2000-2017</b>				
<b>Education Completed</b>	<b>Crook County</b>	<b>Deschutes County</b>	<b>Jefferson County</b>	<b>Oregon</b>
<b>2000</b>				
High School Graduates	38.9%	27.2%	31.7%	26.3%
Some college, no degree	23.1%	28.6%	25.5%	27.1%
Associates Degree	5.9%	7.7%	5.5%	6.6%
Bachelor Degree	8.0%	17.1%	9.4%	16.4%
Graduate Degree	4.6%	7.9%	4.4%	8.7%
<b>2010</b>				
High School Graduates	36.6%	25.2%	36.6%	25.6%
Some college, no degree	27.3%	28.2%	23.3%	26.3%
Associates Degree	6.6%	10.4%	6.7%	8.1%
Bachelor Degree	10.1%	19.3%	10.4%	18.3%
Graduate Degree	5.4%	9.8%	5.5%	10.4%
<b>2011-2015</b>				
High School Graduates	37.8%	22.9%	29.5%	24.3%
Some college, no degree	25.2%	28.7%	27.8%	26.3%
Associates Degree	8.6%	9.4%	10.7%	8.4%
Bachelor Degree	10.5%	20.7%	11.3%	19.3%
Graduate Degree	4.9%	11.9%	4.7%	11.5%
<b>2013-2017</b>				
High School Graduates	34.0%	23.8%	30.7%	23.4%
Some college, no degree	26.3%	26.5%	28.8%	25.8%
Associates Degree	9.6%	9.4%	9.3%	8.7%
Bachelor Degree	11.9%	21.4%	11.6%	20.1%
Graduate Degree	6.0%	12.3%	5.3%	12.2%

Data Source: US Census, American Community Survey, 2013-2017

<sup>29</sup> Runberg, Damon and Bechtoldt, F. 2016. Women Earn Less Than Men in Every Industry in Deschutes, Jefferson, and Crook Counties. <https://www.qualityinfo.org/-/women-earn-less-than-men-in-every-industry-in-deschutes-jefferson-and-crook-counties>

<sup>30</sup> Starbuck, Emily. 2017. Race and Ethnic Diversity in Oregon’s Workforce. <https://www.qualityinfo.org/-/race-and-ethnic-diversity-in-oregon-s-workforce>

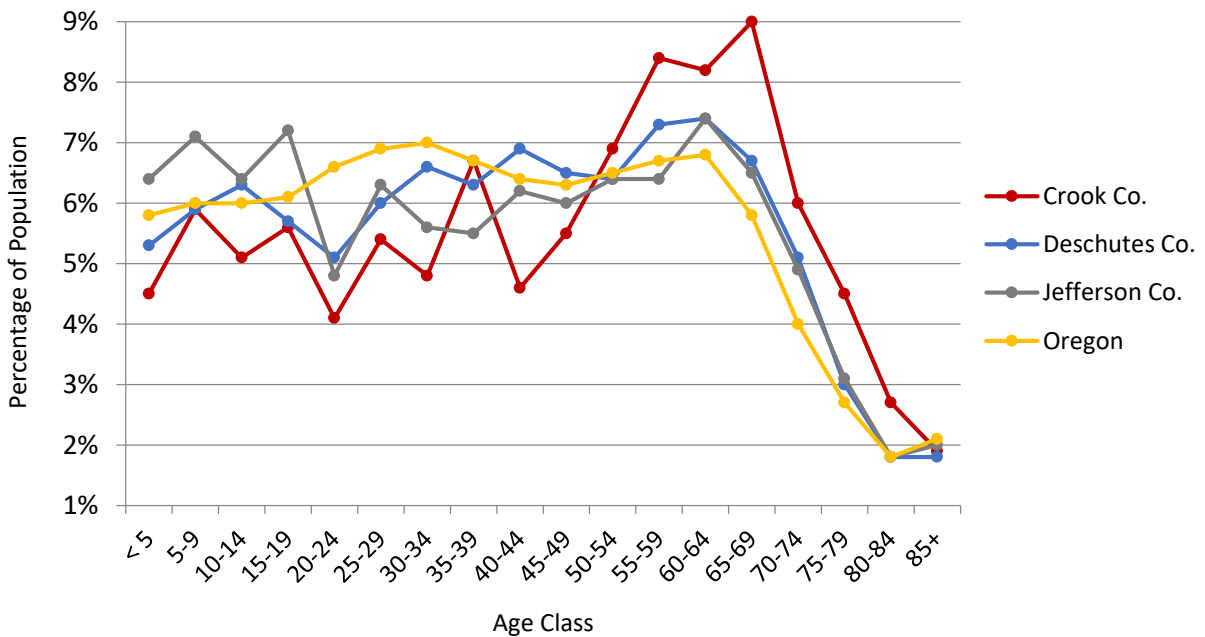
**Figure 3-5. Central Oregon Poverty Rates, 1993-2017**



Crook and Jefferson County poverty rates are high in comparison with Deschutes County, Oregon, and the U.S.

Source: U.S. Census Bureau, American Community Survey, 1993 - 2017

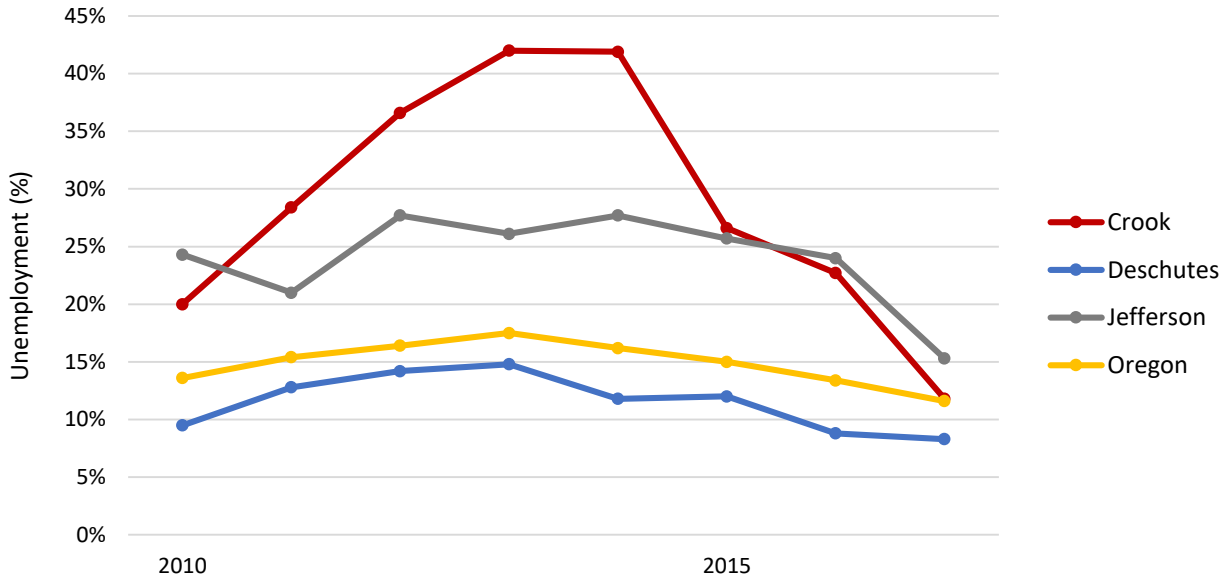
**Figure 3-6. Central Oregon Age Distribution, 2017**



Central Oregon has a lower proportion of residents between the ages of 15 to 49 when compared to Oregon.

Source: U.S. Census Bureau, American Community Survey 2013-2017 5-Year Estimates

Figure 3-7. Central Oregon Youth Unemployment, Ages 20-24, 2010-2017



The youth unemployment rates of Crook and Jefferson Counties are above that of Deschutes County.

Source: U.S. Census Bureau, American Community Survey, 2013-2017

## Economic Forecast

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Every two years, the Oregon Employment Department's Research Division calculates 10-year industry and occupational employment projections. The most recent projection cycle anticipates Central Oregon adding nearly 15,000 jobs to the tri-county area between 2017 and 2027, a growth of 15 percent.

The private sector is expected to dominate job growth in the long term, adding around 96 percent of the 13,670 payroll jobs projected to be added by 2027. Almost every private industry sector is expected to add jobs through 2027, except logging and wood products manufacturing. Job gains are expected to be largely concentrated in four industries:

- Health Care and Social Assistance (+2,540; 19%) is expected to add more jobs than any other industry, and is heavily influenced by the aging population.
- Construction (+2,350; 35%) is projected to be the fastest growing industry. Despite this, employment levels in construction are expected to remain below levels from the 2006 housing boom.
- Professional and Business Services, a highly diverse set of industries, are forecast to add 1,820 (+18%) jobs.
- Leisure and Hospitality, which is largely tourism based jobs, is expected to add 1,850 jobs (+13%) by 2027.

The public sector expected to expand over the next 10 years, but at a much slower pace (+3%). The largest gains are forecast to be in the education sector with local education adding 260 jobs by 2027. Local education, predominately K12, are expected to expand due to continued population growth.

Over the next 10 years, Central Oregon is projected to add nearly 15,000 jobs. Job gains are expected to be concentrated in health care and social assistance, construction, professional and business services, and leisure and hospitality.

# Chapter 4: Housing Market Analysis

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This housing market analysis provides an overview of the current housing supply and recent market dynamics in the Central Oregon region, defined as the area including Crook, Deschutes, and Jefferson Counties and the communities of Bend, Culver, La Pine, Madras, Metolius, Prineville, Redmond, Sisters, and Warm Springs therein. It includes a review of rental and for-sale supply characteristics such as occupancy, age, housing type, and housing size. It also discusses housing costs and recent market activity, along with the availability of subsidized housing.

For most topics, data is presented for the region, each county, and the six largest cities. They include Bend, La Pine, Redmond, and Sisters in Deschutes County; Madras in Jefferson County; and Prineville in Crook County. Data is also included for Warm Springs, a census designated place on the Warm Springs Reservation in Jefferson County.

Data collected by the U.S. Census Bureau through the 2000 and 2010 Decennial Censuses and the American Community Survey (ACS) is used in this analysis. The American Community Survey is an ongoing statistical survey that samples a small percentage of the U.S. population every year, thus providing communities with more current population and housing data throughout the 10 years between censuses. This approach trades the accuracy of the Decennial Census data for the relative immediacy of continuously polled data from each year. Because ACS data is compiled from an annual sample rather than an actual count, it is therefore susceptible to sampling error. Because sampling error is reduced when more estimates are collected over a longer period of time, five-year estimates will be more accurate (but less recent) than one-year ACS estimates. For this reason, this analysis relies most heavily on the 2012-2016 Five-Year American Community Survey.

Local data and previous reports, such as the Central Oregon 2017-2021 Comprehensive Economic Development Strategy, the 2016 Bend Housing Needs Analysis, and local building permit data are also used as sources throughout this document and are referenced accordingly.

In addition to Census Bureau and local data, results of a Regional Housing Survey conducted by the Housing for All regional housing consortium with support from the Central Oregon Intergovernmental Council are also referenced throughout this analysis. The survey was conducted during June and July 2018 and received 772 responses. Respondents included employers; health, human service, and public safety providers; builders, developers, and other real estate professionals; landlords, property managers, and HOA managers; housing advocates; local government staff and elected officials; and members of the general public.

## Housing Supply Characteristics

To determine Central Oregon’s current and future housing needs, an understanding of the existing housing stock in the region and its communities is critical. Central Oregon – including Crook, Deschutes, and Jefferson Counties – is home to 85,000 households and has about 103,000 housing units. By far, Deschutes County is the most populous county, with about 68,000 households and 83,000 housing units, or about 80% of the region’s total. Population centers include Bend, the region’s largest city with 34,068 households, and Redmond, with 10,696. The remaining two incorporated areas in Deschutes County – La Pine and Sisters – are notably smaller at about 800 households each. There are also significant population clusters in unincorporated rural Deschutes County, including Tumalo, Terrebone, the Sunriver area, and the area around Sisters.

The more rural Jefferson and Crook Counties have about 10,000 housing units each. Madras, the largest city in Jefferson County, is home to about 2,260 households, and Prineville, the only incorporated area in Crook County, is home to 4,123.

**Table 4-1. Housing Units and Household Growth from 2000 to 2012-2016**

	2000		2012-2016		Percent Change	
	Total Units	Households	Total Units	Households	Total Units	Households
<b>Central Oregon Region</b>	<b>71,166</b>	<b>59,676</b>	<b>103,028</b>	<b>84,612</b>	<b>45%</b>	<b>42%</b>
<b>By County</b>						
Crook County	8,264	7,354	10,339	9,155	25%	24%
Deschutes County	54,583	45,595	82,918	67,880	52%	49%
Jefferson County	8,319	6,727	9,771	7,577	17%	13%
<b>By Place</b>						
Bend	22,507	21,062	37,406	34,068	66%	62%
La Pine	---	---	979	781	---	---
Madras	1,952	1,801	2,568	2,259	32%	25%
Prineville	3,022	2,817	4,399	4,123	46%	46%
Redmond	5,584	5,260	11,416	10,696	104%	103%
Sisters	482	397	1,129	852	134%	115%
Warm Springs	642	603	921	842	43%	40%

Data Sources: 2012-2016 5-Year American Community Survey Tables B25001 and B25003; 2000 U.S. Census SF1 Tables H001 and H004

Since 2000, the region grew by about 32,000 housing units and 25,000 households, or rates of 45% and 42%, respectively. Deschutes County, specifically Bend and Redmond, were responsible for the majority of that growth. Notably, the number of households in both Redmond and Sisters more than doubled over the last decade and a half. The region’s newest city, La Pine, was incorporated in 2006.



Central Oregon, particularly Deschutes County, was the fastest growing area in Oregon since 2000. The population grew by 49% from 2000 to 2017.

Recent estimates from Portland State University's Population Research Center show that the Central Oregon Region, particularly Deschutes County, was the fastest growing area in Oregon over the last two decades. Between 2000 and 2017, the region added about 75,000 residents and grew by 49%. Deschutes County's 59% growth rate eclipsed the second-fastest-growing Oregon county (Washington County) by 25 percentage points.

Deschutes County was also one of the fastest growing counties nationally. Of the more than 3,000 counties tracked by the census bureau, the growth rate in Deschutes County since 2000 was in the top 3% nationally with a rank of 86<sup>th</sup> out of 3,134 total counties.

In the Regional Housing Survey, participants selected driving factors that make Central Oregon an attractive destination to which to move. Top responses were the quality of life (identified by 92% of survey takers) and weather (identified by 69%). Several respondents also mentioned the area as a destination for retirees and second home buyers. Indeed, the strong second home market is reflected in Bend's 2016 Housing Needs Analysis, which forecast demand for an additional 3,003 second homes through 2028, comprising 17% of total new housing units needed over that time period.<sup>31</sup>

## Tenure and Vacancy Rates

In addition to a range of price points, variety in terms of housing tenure, type, and size are necessary to meet the diverse needs and preferences of Central Oregon residents. This section looks specifically at tenure and occupancy rates in the region, and subsequent sections discuss the physical characteristics of the local housing stock, including structure types, number of bedrooms, age, and condition.

Table 4-2 disaggregates occupied units (i.e., households) by tenure. Regionally, two-thirds of households (66%) own their homes and one-third (34%) rent. The homeownership rate in Central Oregon is slightly above rates at the state and national levels (61% and 64%, respectively). Deschutes County has the highest share of renters at 35%, although this share varies by only about 4 percentage points between the counties.

Renting is more common in the incorporated areas than in the counties. In Madras and La Pine, more than half of households rent their homes, as do about 45% of households in Redmond, Prineville, and Sisters. In Bend, renters constitute 41% of all households. Rental housing is least common in Warm Springs, where only 37% of households rent. The greater prevalence of rental housing in urban areas is common, as higher density development including apartments and duplex, triplex, and fourplex units are more typically allowed and supported by infrastructure in these areas. This is particularly true in Oregon, where state land use regulations limit development outside of urban growth boundaries.

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<sup>31</sup> *Bend Housing Needs Analysis: Bend's Growth to 2028*, ECONorthwest and City of Bend, August 31, 2016.

<b>Table 4-2. Tenure by Households in Central Oregon, 2012-2016</b>			
	<b>Number of Households</b>	<b>Share that are Owners</b>	<b>Share that are Renters</b>
<b>Central Oregon Region</b>	<b>84,612</b>	<b>66%</b>	<b>34%</b>
<b>By County</b>			
Crook County	9,155	69%	31%
Deschutes County	67,880	65%	35%
Jefferson County	7,577	69%	31%
<b>By Place</b>			
Bend	34,068	59%	41%
La Pine	781	48%	52%
Madras	2,259	48%	52%
Prineville	4,123	55%	45%
Redmond	10,696	53%	47%
Sisters	852	54%	46%
Warm Springs	842	63%	37%

Data Sources: 2012-2016 5-Year American Community Survey Table B25003

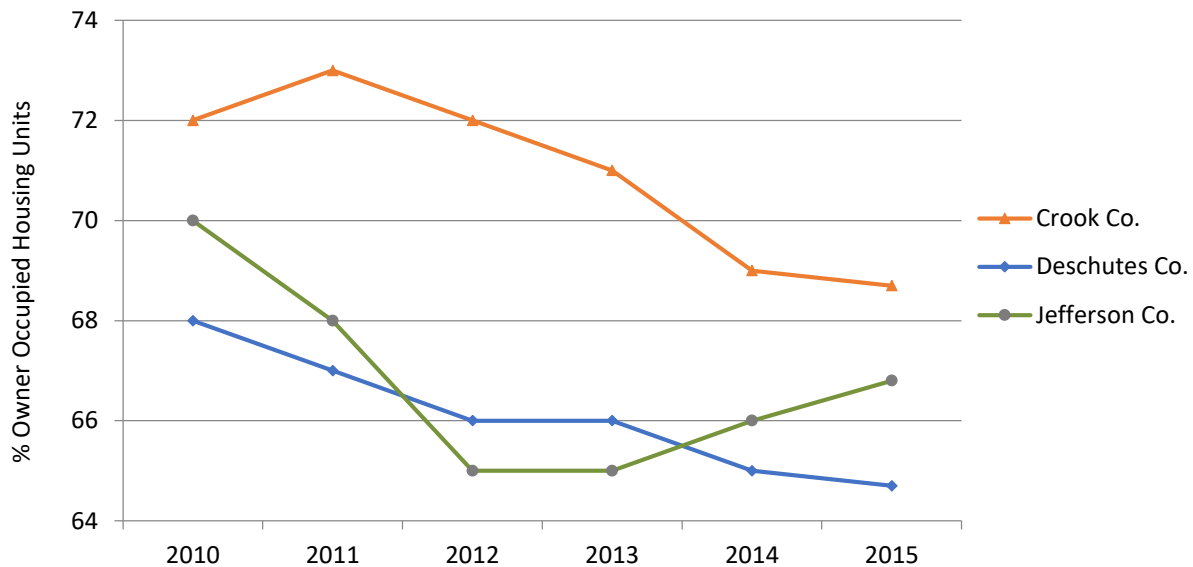
## Homeownership Trends

The Great Recession and subsequent economic recovery have impacted homeownership rates over the last decade. The figure below looks at changes for Central Oregon counties since 2010. Although the majority of existing housing stock is single-family homes, as are an even larger majority of new units permitted, homeownership across the region has declined about 2.5% since 2010. Crook County consistently had the highest rate of homeownership, although most recent data now show it on par with Jefferson County at 69%. Considering how few new apartments were permitted in the study area over this time period, these trends indicate that some single-family housing transitioned from owner-occupied to renter-occupied.

A few factors likely influenced the changing homeownership rates. During and following the recession, rising foreclosure rates led many homeowners to transition to rental housing or double-up with family members or roommates. Slowed economic conditions and more stringent lending requirements also inhibited the formation of new owner households, as young adults opted to remain with parents or continue renting rather than purchase a home. Separately, changing demographics and housing preferences may also be influencing the homeownership rate. As they age, some Baby Boomers looking for smaller housing options that require less maintenance may choose to rent apartment units or duplex/triplex units. Meanwhile, younger households may prefer to rent in more urban settings than to own a single-family home. As Baby Boomers age and the

number of people age 65 and over increases, the demand for smaller, rental units, including units accessible to people with disabilities, is likely to continue to grow.<sup>32</sup>

**Figure 4-1. Central Oregon Homeownership Rate, 2010-2015**



Source: 2017 - 2021 Central Oregon Comprehensive Economic Development Strategy, Appendix Figure B-8. Data from: Census of Population and Housing, 2010; American Community Survey, 2011-2015

## Vacancy by Tenure

The American Community Survey also measures vacancy by tenure. The homeowner vacancy rate is the proportion of homeowner housing that is vacant for sale (i.e., the number of vacant units for sale divided by the sum of owner-occupied units and vacant units for sale). The rental vacancy rate is calculated similarly (i.e., dividing the number of vacant units for rent by the sum of renter-occupied units and the number of vacant units for rent).

The three charts on page 47 track sales and rental vacancy by county since the 2010 Census. Most recent data (from the 2012-2015 Five-Year American Community Survey) show very low vacancy rates across the region for both rental and for-sale housing. Rental vacancy rates range from 0.6% in Crook County to 4.8% in Deschutes County, all below the national average of 6.2%. These rates represent significant declines since 2010, a likely consequence of limited multifamily development, declining homeownership rates, and massive in-migration to the region since then. The most recent Central Oregon Rental Owners Association rental survey conducted in 2014 also reveals a tight rental market, with a regional vacancy rate of only 1.0%, although it should be noted that this survey is not representative of the entire rental market.

According to most recent ACS data (Table 4-3), of the six largest incorporated areas in Central Oregon, Prineville has the lowest rental vacancy rate at 0.9% and La Pine has the highest at 8.1%. Rental vacancy in the remaining cities is between 2 and 5%. Overall, present and historical data

<sup>32</sup> ECONorthwest and the City of Bend. "Executive Summary." *Bend Housing Needs Analysis*. July 2016.

indicate unmet demand for rental units, with a strong rental market regionally and an extremely tight market in several areas, particularly Crook County.

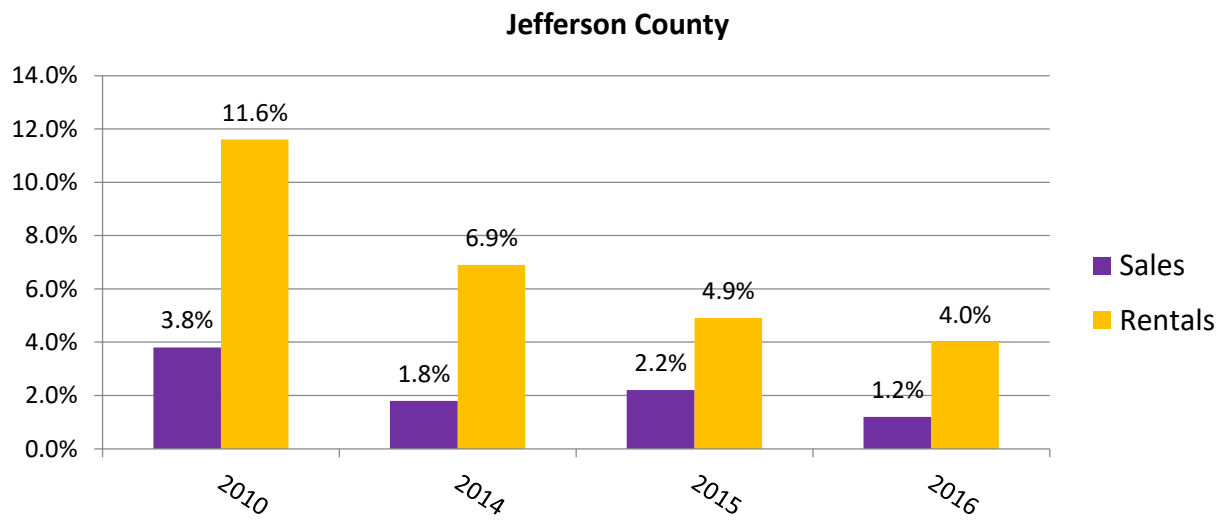
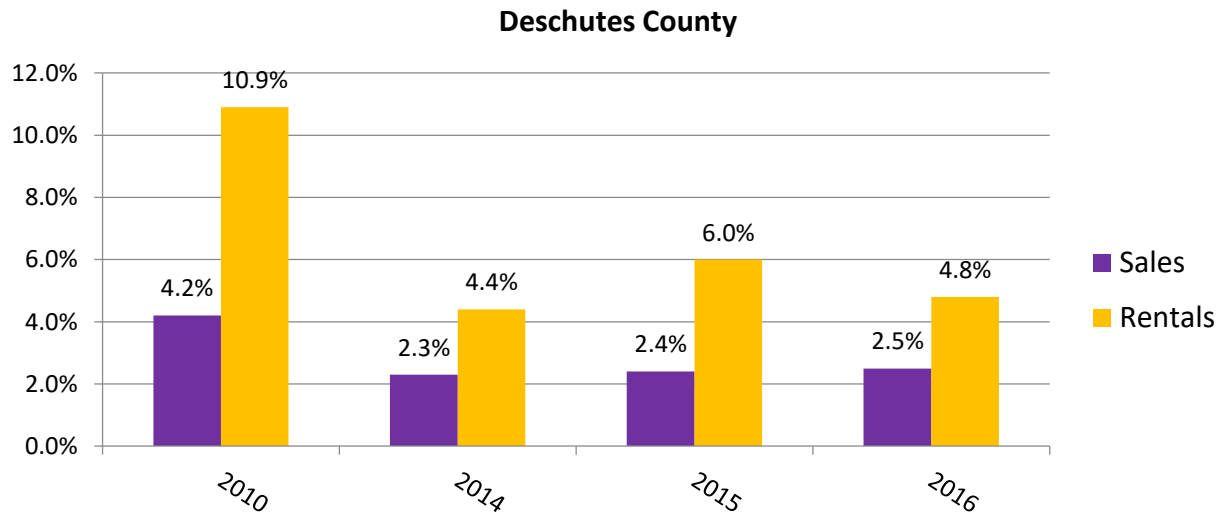
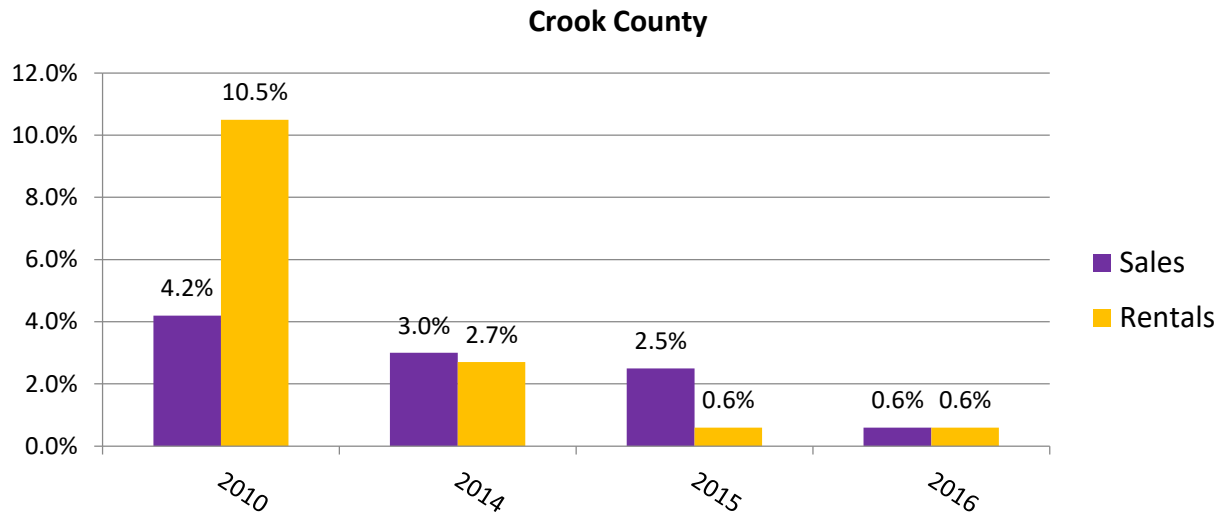
Homeownership vacancy rates are on par with or lower than rental rates in each county, ranging from 0.6% in Crook County to 2.5% in Deschutes County. Nationally, an average of 1.8% of owned housing is vacant and for-sale. Again, these figures reflect only units available for-sale, and not seasonally-occupied second-homes, short-term vacation rentals, or other housing that is unoccupied for other reasons. Like rental vacancies, they declined since 2010, when for-sale vacancy was about 4% regionwide.

In most Central Oregon communities, the homeowner vacancy rate is higher than in the counties: Bend, La Pine, Redmond, and Madras all have homeowner vacancy rates in the 2 to 4% range. Prineville is lower at 1.5%, while 13.6% of owned housing in Sisters is available for sale. The considerably higher rate in Sisters is likely due to an influx of new homeownership housing over the last few years that was on the market as ACS data was being collected.

Table 4-3. For-Sale and Rental Vacancy Rates in Central Oregon, 2012-2016						
	Owner Housing Units			Rental Housing Units		
	Available	Total	Vacancy Rate	Available	Total	Vacancy Rate
<b>Central Oregon Region</b>	1,253	57,095	2.2%	1,311	30,081	4.4%
<b>By County</b>						
Crook County	35	6,351	0.6%	17	2,856	0.6%
Deschutes County	1,156	45,469	2.5%	1,195	24,762	4.8%
Jefferson County	62	5,275	1.2%	99	2,463	4.0%
<b>By Place</b>						
Bend	461	20,536	2.2%	654	14,647	4.5%
La Pine	9	381	2.4%	36	445	8.1%
Madras	30	1,105	2.7%	28	1,212	2.3%
Prineville	35	2,309	1.5%	17	1,866	0.9%
Redmond	218	5,897	3.7%	121	5,138	2.4%
Sisters	73	537	13.6%	15	403	3.7%
Warm Springs	0	530	0.0%	9	321	2.8%

Data Sources: 2012-2016 5-Year American Community Survey Table DP04

**Figure 4-2. Vacancy Rates by Tenure, 2010 through 2012-2016**



Sources: 2010 Census and 2010-2014, 2011-2015, and 2012-2016 5-Year American Community Survey Table DP04

Taken together, the 2016 for-sale and rental vacancy rates of 0.6% in Crook County indicate that only 1 in every 167 housing units was vacant and available for sale or rent. With such a limited supply of available units, someone relocating to Crook County would have only a few housing units to choose from and may need to compromise on cost, location, or other amenities to secure a unit. Vacancy rates in Deschutes and Jefferson counties would also be considered very low in most markets, but relative to Crook County appear more modest.

The for-sale and rental vacancy rates of 0.6% in Crook County indicated that only 1 out of every 167 housing units is vacant and available for sale or rent.

When housing supply is limited, costs typically move up as landlords raise rents and sellers increase prices. A tenant household that is unable to pay a higher rent may look for more affordable housing elsewhere, although with few units available, this may not be a viable option, leading households to spend ever-larger shares of their income on housing while curtailing expenses in other areas. A subsequent section of this analysis will look in more detail at rental rates and home prices in the region.

### Additional Vacant Units

In addition to units that are vacant and available for rent or for sale, there are other vacant housing units in Central Oregon. These include units that have been rented or sold but are not yet occupied; units for seasonal, recreational, or occasional use; and other un-occupied units. The U.S. Census Bureau defines a unit as vacant if no one is living in at the time of the survey (unless its occupants are temporarily absent) or if it is occupied by persons who have a usual residence elsewhere. Under this definition, if a household owns a second home in Central Oregon but lives for the majority of the year in another location, their home in Central Oregon would be considered vacant “for seasonal, recreational, or occasional use.” Similarly, a unit that is only rented on a short-term basis throughout the year and does not have a full-time resident (e.g., a vacation rental or timeshare unit) would also be considered vacant under the Census definition.<sup>33</sup>

Housing available for rent or for sale makes up only 14% of vacant units in Central Oregon. The large majority of vacant units have a seasonal or part-time use and thus are not available for full-time occupancy.

Table 4-4 shows total number of housing units in Central Oregon classified as vacant by the U.S. Census Bureau. Regionally, there are 18,416 vacant units (or about 18% of the area’s housing stock). Relative to state and national averages of 9% and 11%, respectively, this vacancy rate is high. However, the bulk of Central Oregon’s vacant units

(70%) are for seasonal, recreational or other occasional use (Figure 4-3 and Table 4-5), which includes second homes, seasonal rentals, and housing reserved for seasonal employees. In fact, the Central Oregon region contains about one-fifth of all seasonal/recreational housing in Oregon. These figures are not surprising given Central Oregon’s strong draw as a destination for both vacationers and second-home owners.

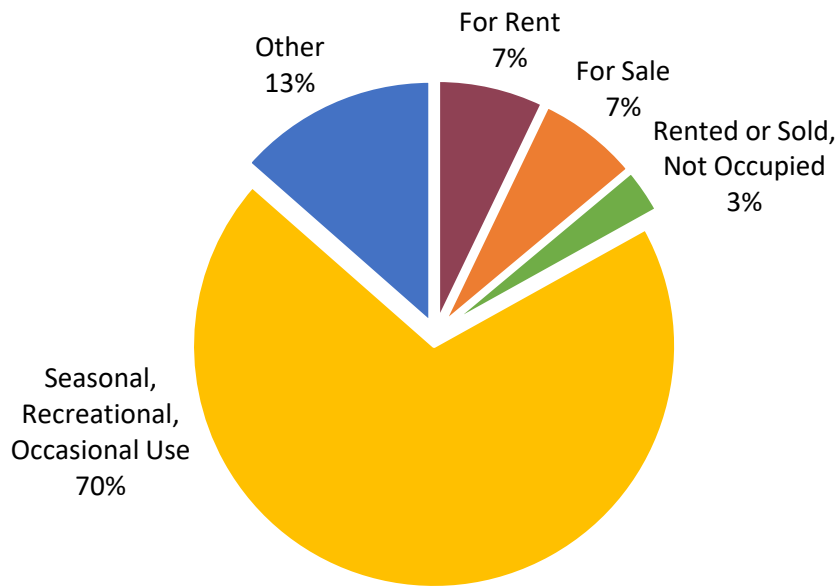
<sup>33</sup> U.S. Census Bureau, Definitions and Explanations, <https://www.census.gov/housing/hvs/definitions.pdf>

Housing that is available for rent or for sale makes up only 14% of vacant units in Central Oregon. Thus, while there may appear to be a large number of vacant units as defined by the Census Bureau, the vast majority of these units are not available for full-time occupancy. In reality, the for-sale and rental vacancy rates are quite low, as Table 4-3 previously showed.

Table 4-4. Vacancy Rate in Central Oregon, 2012-2016			
	Total Housing Units	Vacant Units	
		Number	Vacancy Rate
<b>Central Oregon Region</b>	<b>103,028</b>	<b>18,416</b>	<b>18%</b>
<b>By County</b>			
Crook County	10,339	1,184	11%
Deschutes County	82,918	15,038	18%
Jefferson County	9,771	2,194	22%
<b>By Place</b>			
Bend	37,406	3,338	9%
La Pine	979	198	20%
Madras	2,568	309	12%
Prineville	4,399	276	6%
Redmond	11,416	720	6%
Sisters	1,129	277	25%
Warm Springs	921	79	9%

Data Sources: 2012-2016 5-Year American Community Survey Tables B25002

**Figure 4-3. Status of Vacant Units in Central Oregon, 2012-2016**



Source: 2012-2016 5-Year American Community Survey Table B25004

**Table 4-5. Status of Vacant Units in Central Oregon, 2012-2016**

	Vacant Housing Units	Status of Vacant Units					
		For Rent	Rented, not Occupied	For Sale	Sold, not Occupied	Seasonal, Recreational, Occasional Use	Other
<b>Central Oregon Region</b>	<b>18,416</b>	<b>7%</b>	<b>1%</b>	<b>7%</b>	<b>2%</b>	<b>70%</b>	<b>14%</b>
<b>By County</b>							
Crook County	1,184	1%	0%	3%	8%	52%	36%
Deschutes County	15,038	8%	1%	8%	2%	72%	10%
Jefferson County	2,194	5%	0%	3%	4%	62%	27%
<b>By Place</b>							
Bend	3,338	20%	1%	14%	2%	51%	11%
La Pine	198	18%	5%	5%	5%	48%	20%
Madras	309	9%	0%	10%	14%	2%	65%
Prineville	276	6%	0%	13%	0%	0%	81%
Redmond	720	17%	8%	30%	0%	5%	41%
Sisters	277	5%	0%	26%	0%	42%	27%
Warm Springs	79	11%	0%	0%	13%	0%	76%

Note: This table provides the breakdown of vacant units by the status or reason for vacancy. In Deschutes County, for example, there are an estimated 15,038 vacant units, of which 72% are for seasonal, recreational, or occasional use.

“Other” vacancies may include foreclosures, homes being prepared for rent or sale, homes being repaired, homes being held for personal or legal reasons, homes whose occupant is on extended absence (such as on military assignment, out of the country, or in jail), and homes that have been abandoned or condemned.

Data Sources: 2012-2016 5-Year American Community Survey Table B25004

Table 4-4 also provides data for individual counties and places. Vacancy rates are highest in Jefferson and Deschutes Counties (22% and 18%, respectively) and in La Pine (20%) and Sisters (25%). Crook County, Bend, Madras, and Warm Springs have vacancy rates that are on par with state and national averages (9 to 12%), while vacancies in Prineville and Redmond are lower (6%).

In both Deschutes and Jefferson Counties, seasonal, recreational, and occasional use housing is driving higher vacancies; about 60-70% of vacant units in these areas fall in this category (see Table 4-5). At the place-level, occasional use homes make up smaller shares of total vacancies, indicating that most seasonal units are in unincorporated parts of the counties. For example, in Deschutes County, there are 10,832 vacant units, only about 18% of which are in an incorporated area. Resorts such as Sunriver in Deschutes County and Brasada Ranch in Crook County are examples of concentrations of seasonal housing in unincorporated areas.

**Seasonal, recreational, and occasional use housing make up a large proportion of vacant units in Central Oregon – about 70% of vacant units in the region.**



In Bend, La Pine, and Sisters, occasional use housing constitutes 40-50% of vacancies. In Madras, Prineville, Redmond, and Warm Springs the share is markedly lower (0-5%). Generally, the share of vacant housing that is available for sale or rent is higher in incorporated areas than in the counties overall. Nearly 20% of vacant units in Bend, La Pine, and Redmond are available for rent, and about 30% of vacancies in Redmond and Sisters are for sale. Recent new construction contributes to 'for sale' and 'for rent' vacancies as residential developments come online and new units are absorbed into the market.

## Housing Type and Size

A mix of housing types and sizes are necessary to provide options to meet the needs of all residents. Multifamily housing such as apartments or condominiums are preferable to some households because they are more affordable and require less maintenance than detached single-family homes. Larger families, meanwhile, may be looking to own or rent homes with three or more bedrooms, whether apartment units or detached homes.

### Structure Type

The figures on the following pages show occupied housing units by structure type and tenure in the region, its counties, and several of its municipalities. In all areas, single-family detached homes are the majority housing type, constituting 73% of housing regionally. Regionally and at the county level, owner-occupied single-family detached homes make up at least half of the housing stock (51% in Jefferson County to 57% in Deschutes County and the region). Renter-occupied single-family homes detached make up 16% of the overall stock. In several cities, however, renter-occupied single-family homes are more common. They make up over one-third of units in La Pine (36%), one-quarter in Sisters (26%) and Madras (24%), and one-fifth in Prineville (20%).

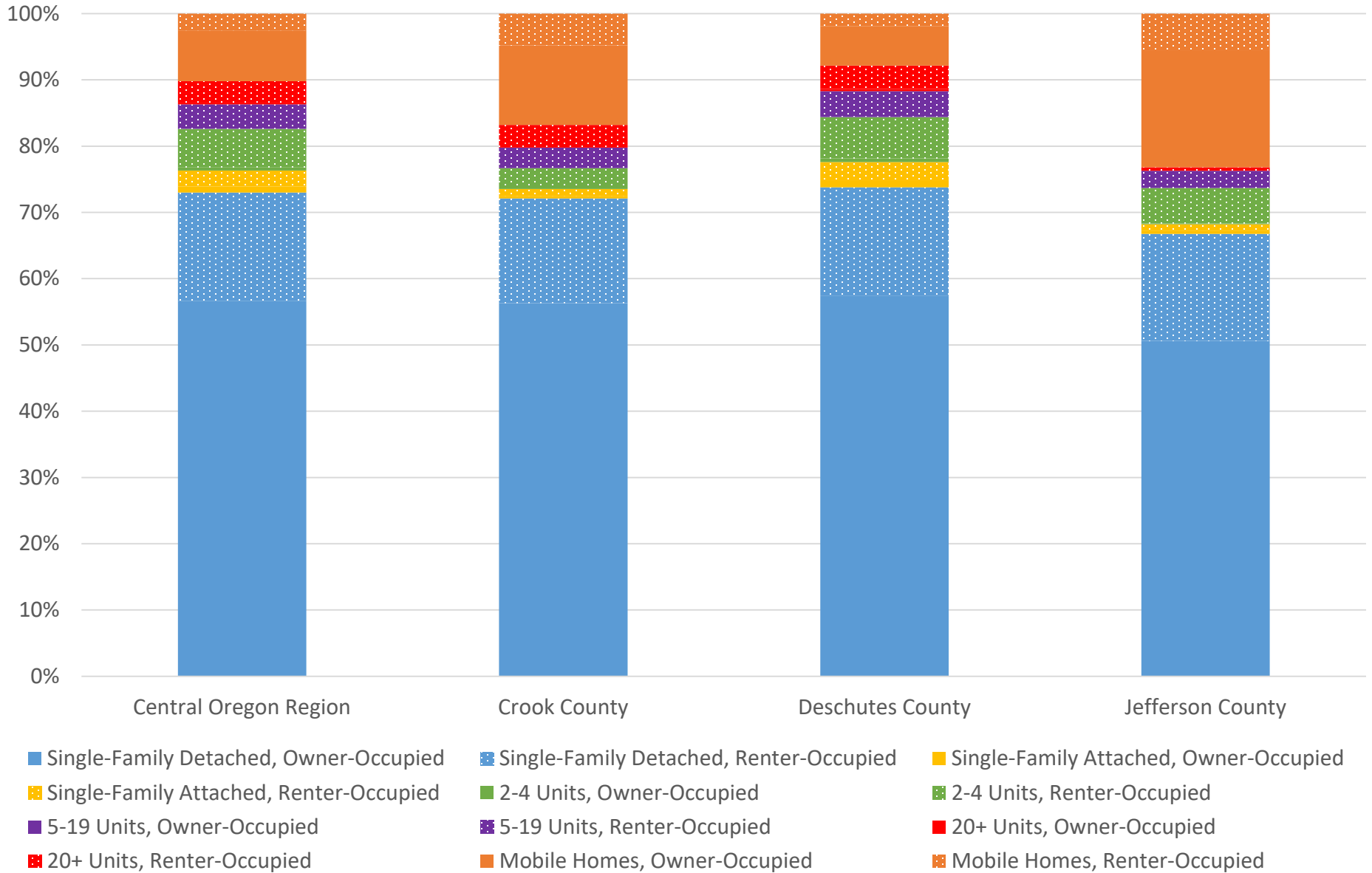
Mobile homes are the second most common housing type in the Central Oregon region and make up 10% of its housing stock; the majority are owner-occupied.<sup>34</sup> Nearly one-quarter of Jefferson County's housing is mobile homes, including 20% of housing in Madras and 19% in Warm Springs. They are considerably less common in Deschutes County, where they make up only 8% of units. Bend, Redmond, and Sisters have the lowest shares at 5%.

Duplexes, triplexes, fourplexes, and small multifamily apartment buildings (5 to 19 units) are generally the more common forms of multifamily development in the Central Oregon region. They make up 10% of units regionwide and are nearly universally renter-occupied. Small multifamily properties are most common in Redmond, Madras, Sisters, Bend, and Prineville, where they constitute between 13 and 18% of occupied housing. They are least common in La Pine and unincorporated county areas.

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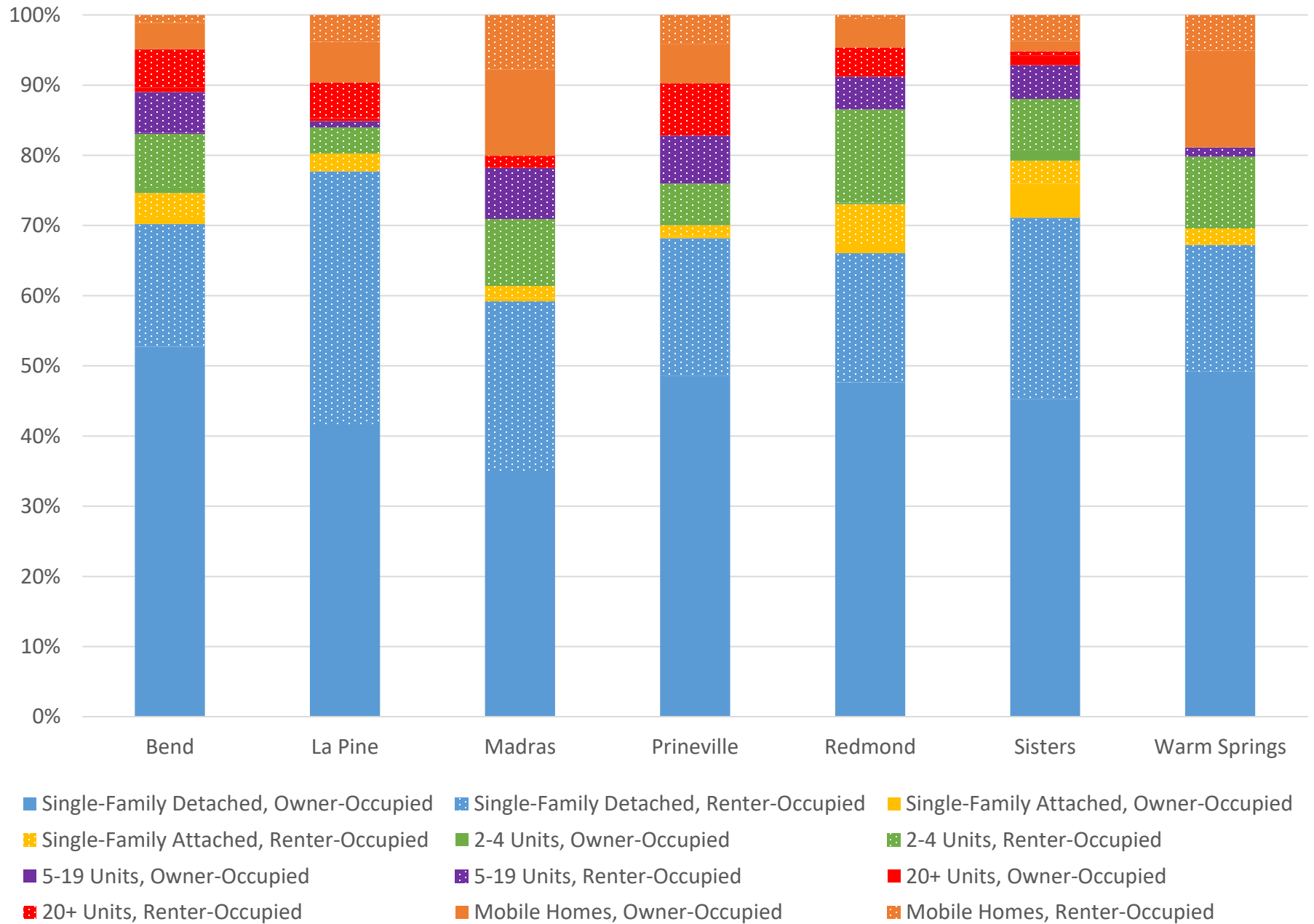
<sup>34</sup> Note that because this report uses U.S. Census Bureau data regarding housing type, it uses the U.S. Census Bureau definition of a mobile home as "a housing unit that was originally constructed to be towed on its own chassis," which does not include modular homes, travel campers, boats, or motor homes.

**Figure 4-4. Occupied Housing Units by Structure Type, 2012-2016**



Source: 2012-2016 5-Year American Community Survey Table B25032

Figure 4-5. Occupied Housing Units by Structure Type, 2012-2016



Source: 2012-2016 5-Year American Community Survey Table B25032

Large multifamily properties (structures with 20 or more units) and townhomes are the least common housing types in Central Oregon and each comprise 3% of occupied units. Large multifamily structures make up an estimated 7% of housing in Prineville and 6% in Bend and La Pine; of these three areas, only Bend includes owner-occupied, high density multifamily (e.g., condominiums). Apartment development is least common in Jefferson County (1% of housing units).

Large multifamily properties (structures with 20 or more units) and townhomes are the least common housing types in Central Oregon.

Like apartments and condominiums, townhouses are relatively rare in Central Oregon, constituting between 1 and 4% of units in most geographies. They do, however, make up slightly larger shares of units in Sisters (8%) and Redmond (7%).

Overall, most housing in Central Oregon is either single-family detached, a small multifamily property (under 20 units) or a mobile home. In the single-family homes and mobile homes, tenure is mixed between owners and renters; small multifamily properties are nearly all renter-occupied. Mobile homes are more typical in rural areas, while small and large multifamily development is more common in incorporated cities, particularly Bend, Redmond, Prineville, and Madras.

Most housing in Central Oregon is either single-family detached, a small multifamily property with under 20 units, or a mobile home.

## Unit Size

Turning to housing size, Table 4-6 looks at number of bedrooms in Crook, Deschutes, and Jefferson Counties. The size of the housing stock is fairly consistent in each of the three counties. Three bedroom units are most common, accounting for about half of total units in the region and in each county. Two bedroom units make up the second largest share of units in each area at about one-quarter of total housing stock. While an oversupply of large (4+ bedroom) units can be a common driver of housing cost increases, this does not appear to be a major concern in the study area, where only about 16% of homes have four or more bedrooms (compared to about 21% nationally).

At the municipal level, units with one or fewer bedrooms are most common in La Pine, Prineville, and Madras, where they constitute between 12 and 17% of housing stock. Larger units (4 or more bedrooms) make up larger shares of housing in Warm Springs (35%), Bend (16%), and Madras (14%) than they do in other cities. Generally, smaller units are more common in incorporated areas and large units in the rural parts of the region.

In some areas, a limited supply of smaller units, particularly one bedrooms, may require some residents such as singles, couples without children, and seniors to compete with families for larger units at higher price points, or to live in larger units with one or more roommates. Conversely, a constrained

In some areas, a limited supply of smaller units may require some residents such as singles, couples without children, and seniors to compete with families for larger units at higher price points.

supply of affordable units with three or more bedrooms can leave low and moderate income families with a cost burden or crowded in smaller but more affordable housing.

<b>Table 4-6. Housing Units by Number of Bedrooms in Central Oregon, 2012-2016</b>					
	<b>Total Housing Units</b>	<b>Number of Bedrooms</b>			
		<b>One or Fewer</b>	<b>Two</b>	<b>Three</b>	<b>Four or More</b>
<b>Central Oregon Region</b>	<b>103,028</b>	<b>8%</b>	<b>25%</b>	<b>51%</b>	<b>16%</b>
<b>By County</b>					
Crook County	10,339	11%	27%	48%	15%
Deschutes County	82,918	7%	24%	52%	17%
Jefferson County	9,771	8%	27%	50%	14%
<b>By Place</b>					
Bend	37,406	9%	26%	50%	16%
La Pine	979	17%	23%	56%	4%
Madras	2,568	12%	28%	45%	14%
Prineville	4,399	15%	31%	43%	12%
Redmond	11,416	5%	24%	60%	11%
Sisters	1,129	7%	27%	55%	10%
Warm Springs	921	1%	28%	37%	35%

Data Sources: 2012-2016 5-Year American Community Survey Table B25041

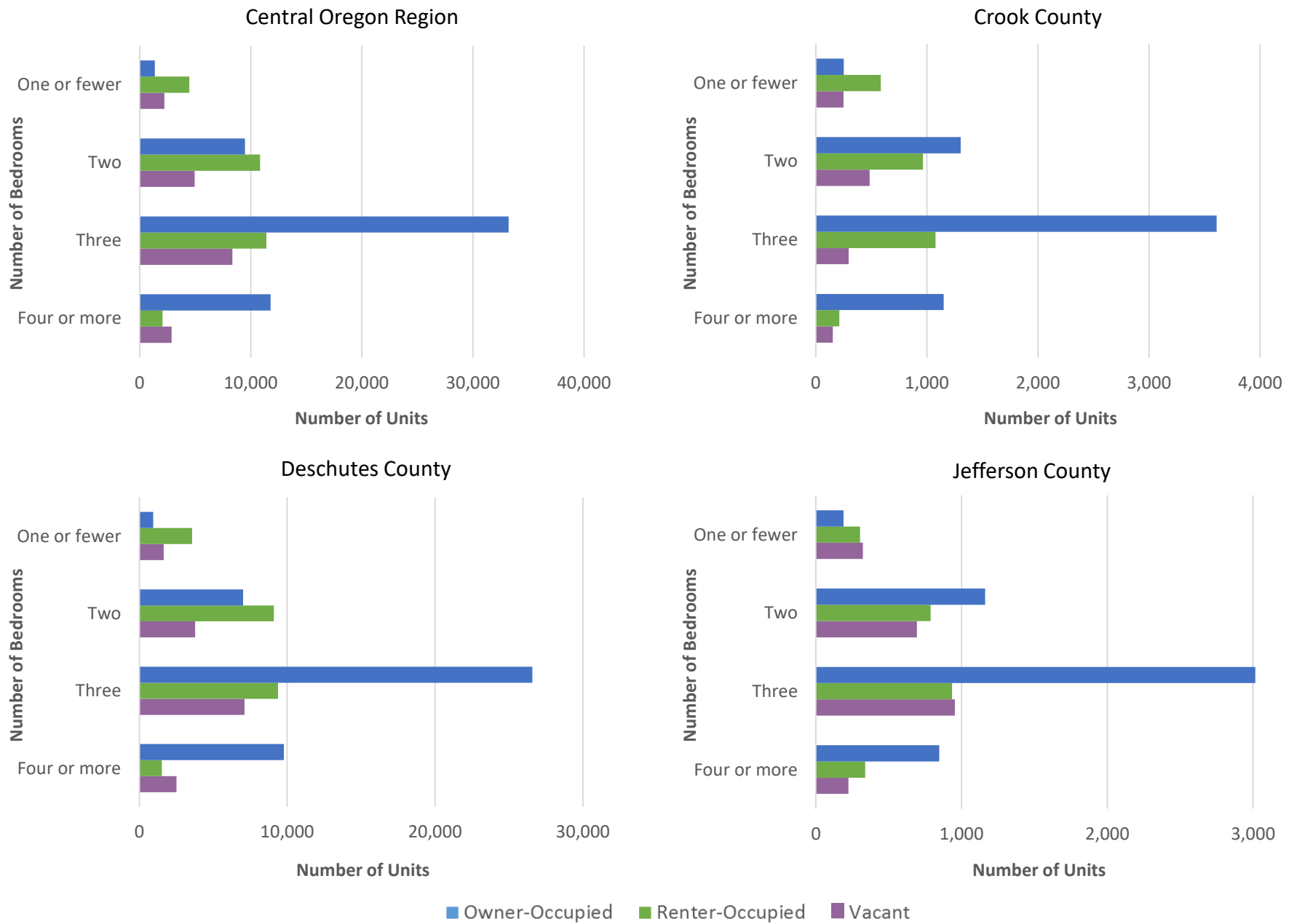
Figure 4-6 provides a breakdown of housing units by size and occupancy status (owner-occupied, renter-occupied, and vacant). In the region, each county, and each city, owner-occupied three bedroom units make up the largest portion of housing. Regionally, the homeownership rate increases with number of bedrooms. Throughout Central Oregon, 55% of units with one or fewer bedrooms are renter-occupied; in comparison, only 12% of units with four or more bedrooms are rented. A similar pattern holds for Crook and Deschutes County. In Jefferson County, however, one or fewer bedroom units are more evenly divided by tenure, and a large share (40%) are vacant. Homeownership is also more common for two bedroom units in Jefferson and Crook Counties than it is in Deschutes County, likely reflecting higher overall homeownership rates there.

Looking at the set of charts that show number of bedrooms by tenure for Central Oregon cities, a similar pattern is apparent in several communities. In Bend, Prineville, and Redmond, one and two bedroom units are predominately rentals (77-90% for one bedrooms and 55-69% for two bedrooms). Three and four bedroom units, meanwhile, are overwhelmingly owner-occupied (58-70% for three bedrooms and 79-83% for four or more bedrooms).

In contrast, owner and renter rates vary less by unit size in La Pine, Madras, and Sisters. In these communities, three bedroom units are more closely split by tenure: between 42 and 52% are owner-occupied and between 32 and 41% are renter-occupied.

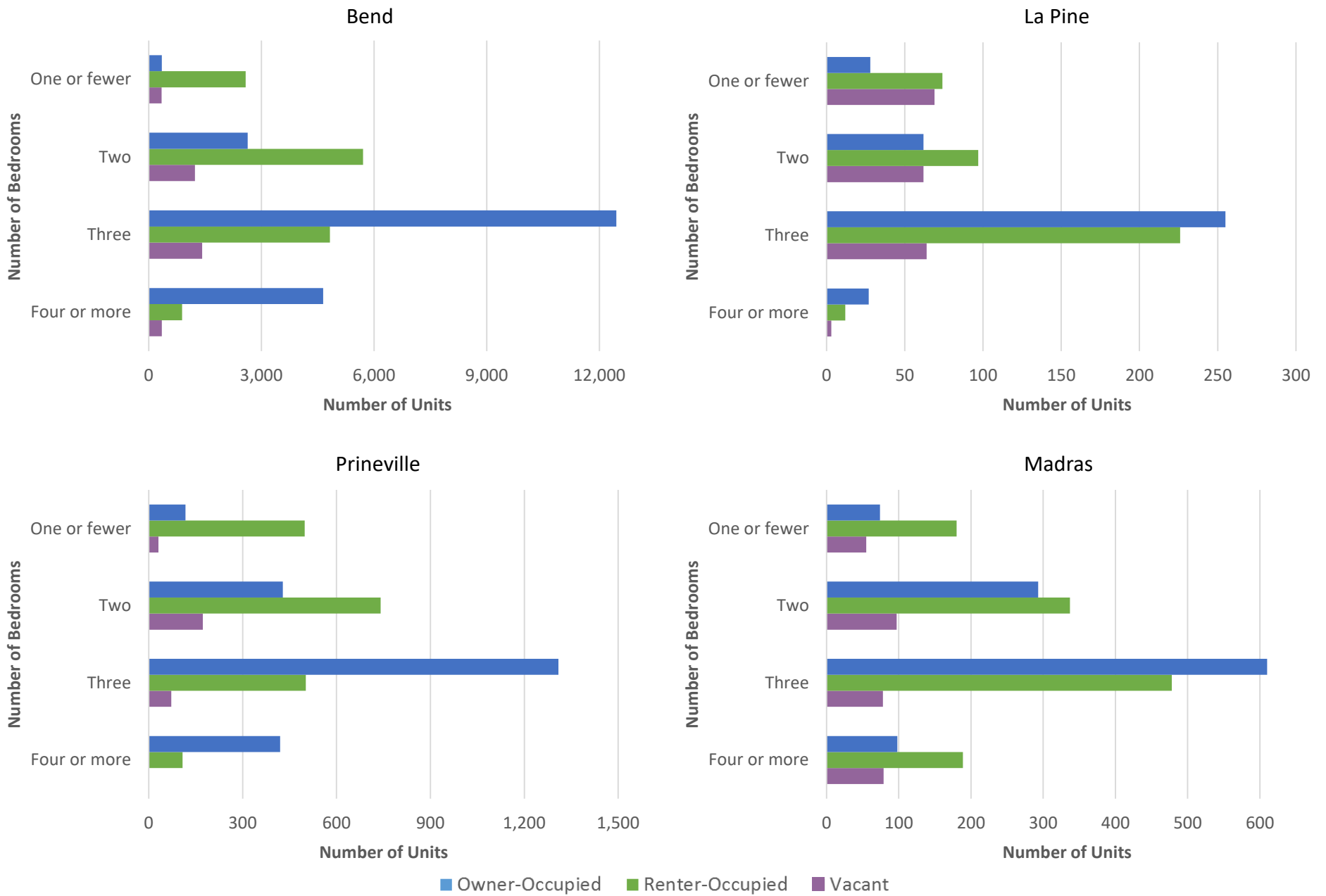
These trends indicate that, generally, Central Oregon's larger, more urban centers have rental markets serving smaller households with studio, one, and two bedroom units while the for-sale market offers larger units with two, three, or four bedrooms. In smaller, more rural communities, larger rental units (typically single-family homes) are more common than they are in larger cities.

**Figure 4-6. Housing Units by Number of Bedrooms in Central Oregon Communities, 2012-2016**



Source: 2012-2016 5-Year American Community Survey Table B25041

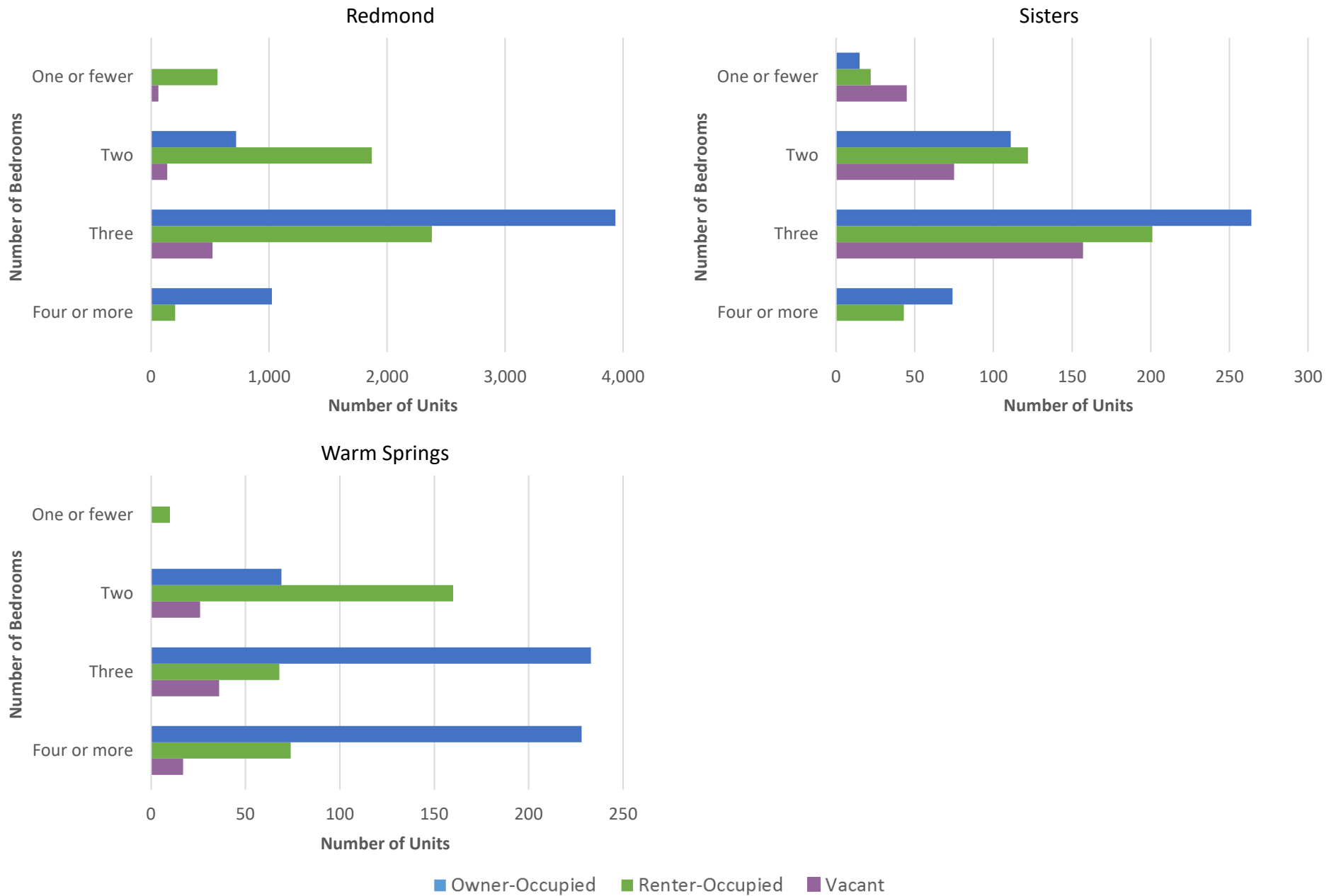
**Figure 4-6. Housing Units by Number of Bedrooms in Central Oregon Communities, 2012-2016**  
(continued)



Source: 2012-2016 5-Year American Community Survey Table B25041



**Figure 4-6. Housing Units by Number of Bedrooms in Central Oregon Communities, 2012-2016**  
**(continued)**



Source: 2012-2016 5-Year American Community Survey Table B25041

## Housing Age and Condition

The age of an area’s housing stock can have substantial impact on housing conditions and costs. As housing ages, maintenance costs rise, which can present significant affordability issues for low- and moderate-income homeowners. Aging rental stock can lead to rental rate increases to address physical issues, or deteriorating conditions if building owners defer maintenance. Additionally, homes built prior to 1978 present the potential for lead exposure risk due to lead-based paint.

### Housing Age

The table below shows the age of housing in the Central Oregon region. Deschutes County’s housing stock is the newest, the only county of the three with a majority of units built after 1990 (58%, compared to 47-48% in Jefferson and Crook Counties). Homes built in the 1970s and 1980s comprise about 30-32% of housing in all three counties.

About one in five homes in both Jefferson and Crook Counties was built prior to 1970 (22% of total housing stock). In Deschutes County, about one in ten homes (11%) were built before 1970. Thus, while housing costs may be lower in Jefferson and Crook Counties, maintenance expenses may offset this somewhat.

**Table 4-7. Housing Units by Year Structure Built, 2012-2016**

	Total Housing Units	Share of Units by Year Structure Built					Median Year Structure Built
		Before 1950	1950 to 1969	1970 to 1989	1990 to 2009	Since 2010	
<b>Central Oregon Region</b>	<b>103,028</b>	<b>6%</b>	<b>8%</b>	<b>32%</b>	<b>53%</b>	<b>3%</b>	<b>---</b>
<b>By County</b>							
Crook County	10,339	8%	14%	30%	45%	3%	1987
Deschutes County	82,918	5%	6%	32%	55%	3%	1993
Jefferson County	9,771	7%	15%	32%	45%	2%	1987
<b>By Place</b>							
Bend	37,406	6%	6%	27%	57%	3%	1994
La Pine	979	5%	12%	30%	50%	4%	1993
Madras	2,568	5%	25%	30%	39%	1%	1979
Prineville	4,399	13%	22%	22%	41%	2%	1978
Redmond	11,416	7%	8%	18%	64%	2%	1996
Sisters	1,129	5%	2%	20%	72%	1%	2001
Warm Springs	921	6%	15%	50%	28%	1%	1982

Data Sources: 2012-2016 5-Year American Community Survey Tables B25034 and B25035

Looking at age of housing by community shows that Sisters has, by far, the newest housing stock. Nearly three-quarters of homes there were built since 1990 (73%) and another 20% were

constructed in the 1970s and 1980s. Only 7% were built before then. Other communities with large shares of relatively new housing include Redmond (66% built since 1990) and Bend (60%). Each of these areas also had low shares of housing built prior to 1970 (15% and 12%, respectively).

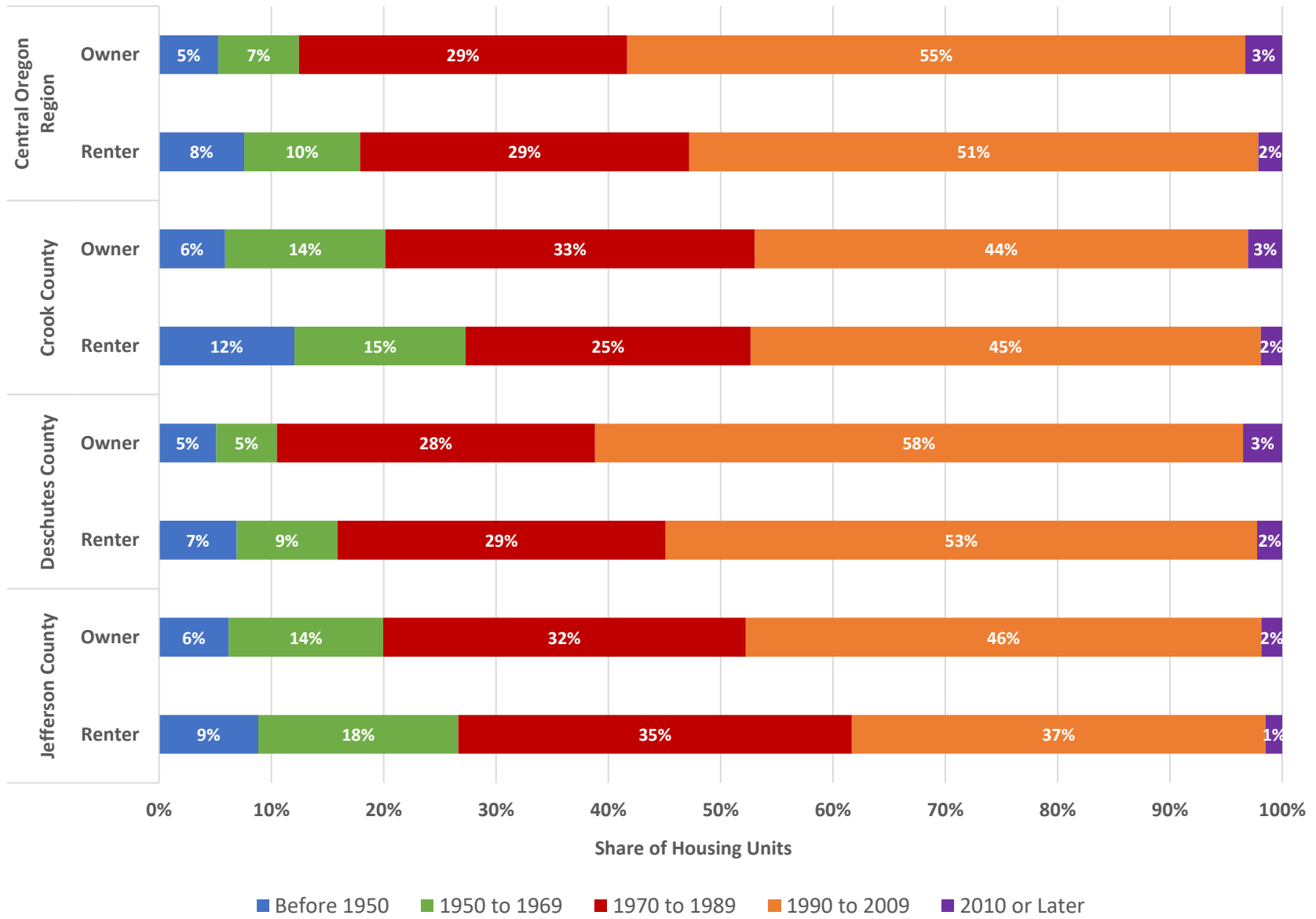
Housing in Madras and Prineville is relatively older. About 30-35% was built before 1970 and another 22-30% was built from 1970 to 1980. In both areas, less than 50% of units were built since 1990. Prineville has the oldest median construction date at 1978, with Madras close at 1979. In contrast, the median construction years for housing in Bend, La Pine, and Redmond are in the 1990s, and the median in Sisters is 2001.

### **Age by Tenure**

The figures on the following page look at age by tenure for occupied units in the Central Oregon region. The first chart shows that rental housing is more likely to be at least 40 years old than owned housing is in the region and all three counties. Units built prior to 1970 comprise 18% of the region's rental housing compared to 12% of its owned housing, a 6 percentage point gap. Similar gaps exist in each county and range from 6 to 7 percentage points. Looking at newer housing, units built since 1990 make up 58% of owned housing in the region, compared to 53% of the rental stock, a 5 percentage point difference. In Jefferson County, that gap is 10 percentage points, in Deschutes County it is 6, and in Crook County the shares are the same (47% of both owner and renter housing built since 1990). Overall, these figures suggest that rental housing in Central Oregon may be in more need of maintenance or rehabilitation due to age than owner-occupied housing.

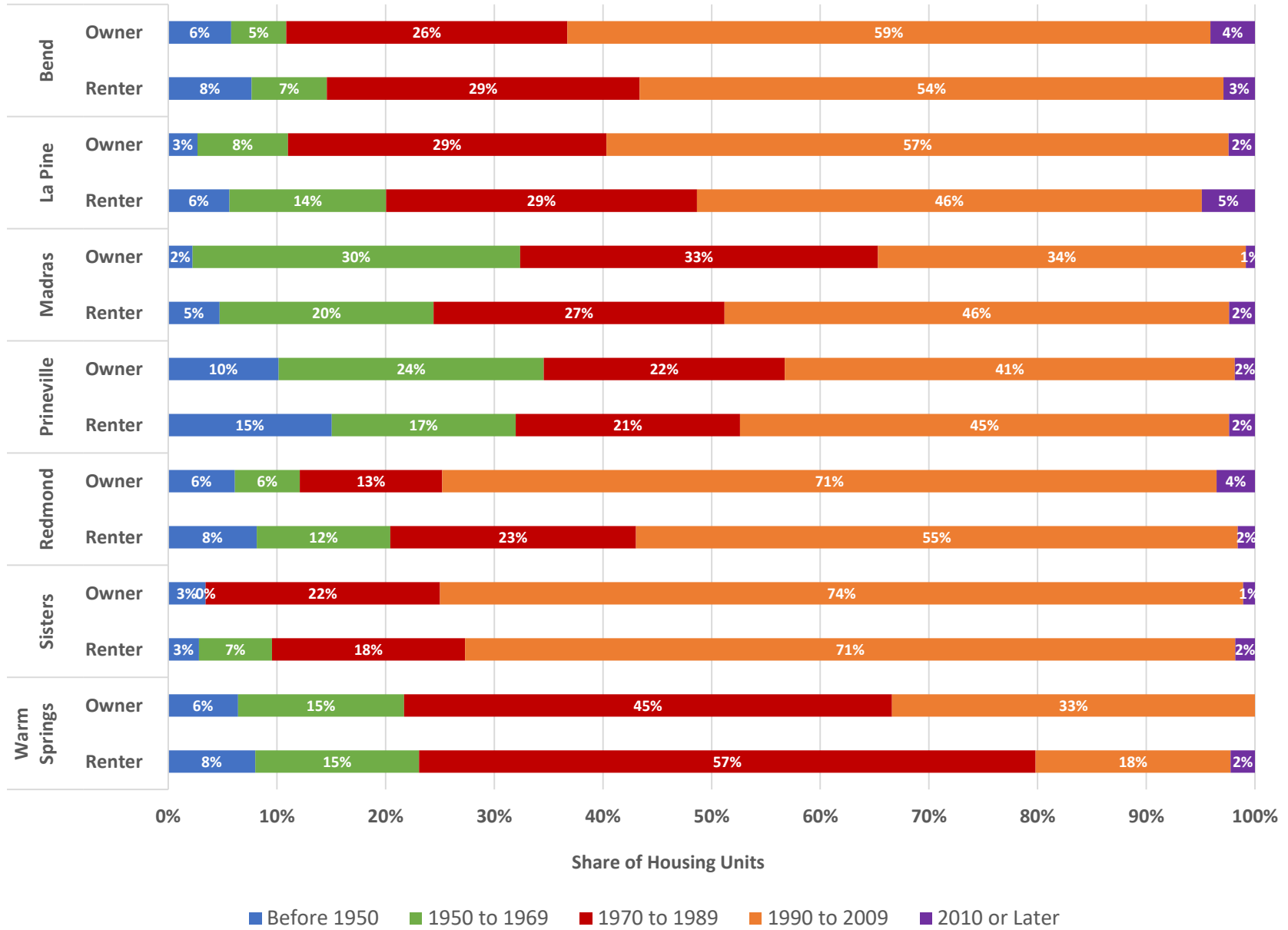
The second chart looks more closely at structure age by tenure in Central Oregon cities. It reveals that rental housing is typically older than owned housing in Bend, La Pine, Redmond, and Warm Springs. In Madras and Prineville, however, more owner-occupied housing was built prior to 1970 than rental housing, and more rental housing was built since 1990. These gaps were more pronounced in Madras than Prineville, but overall may indicate greater need for for-sale housing rehabilitation in these areas.

Figure 4-7. Year Structure Built by Tenure in Central Oregon Counties, 2012-2016



Source: 2012-2016 5-Year American Community Survey Table B25036

Figure 4-8. Housing Units by Number of Bedrooms in Central Oregon Cities, 2012-2016



Source: 2012-2016 5-Year American Community Survey Table B25036

## Housing Conditions

Although often correlated with age, housing condition is not dependent solely on when a unit was constructed. Unaddressed maintenance issues, environmental hazards, aging or unmaintained systems, construction quality, and other factors all influence a residence's condition. Given the myriad of problems housing units may face and the time intensive nature of collecting this information, most jurisdictions do not have comprehensive data about the prevalence of substandard housing.

The American Community Survey measures two aspects of housing conditions for units throughout the United States: lack of complete kitchen and plumbing facilities. According to the ACS, a housing unit lacks complete kitchen facilities if it does not have cooking facilities, a refrigerator, or a sink with piped water. It lacks complete plumbing without hot and cold piped water, a flush toilet, and a bathtub or shower.

In Central Oregon, there are an estimated 1,779 units without complete kitchens and 1,280 without complete plumbing, constituting 2% and 1% of total units, respectively. These issues are most common in Crook and Jefferson Counties, and least so in Deschutes County. Prineville and Warm Springs have the highest share of units without complete kitchens (4-5%), and Warm Springs has the highest share without complete plumbing (4%).

<b>Table 4-8. Housing Units Lacking Plumbing or Kitchen Facilities in Central Oregon, 2012-2016</b>					
	<b>Total Housing Units</b>	<b>Lacking Complete Kitchen Facilities</b>		<b>Lacking Complete Plumbing Facilities</b>	
		<b>Number</b>	<b>Share</b>	<b>Number</b>	<b>Share</b>
<b>Central Oregon Region</b>	<b>103,028</b>	<b>1,779</b>	<b>2%</b>	<b>1,280</b>	<b>1%</b>
<b>By County</b>					
Crook County	10,339	326	3%	279	3%
Deschutes County	82,918	1,200	1%	689	1%
Jefferson County	9,771	253	3%	312	3%
<b>By Place</b>					
Bend	37,406	465	1%	107	0%
La Pine	979	27	3%	18	2%
Madras	2,568	36	1%	11	0%
Prineville	4,399	201	5%	137	3%
Redmond	11,416	171	1%	0	0%
Sisters	1,129	30	3%	31	3%
Warm Springs	921	39	4%	37	4%

Data Sources: 2012-2016 5-Year American Community Survey Tables B25051 and B25047

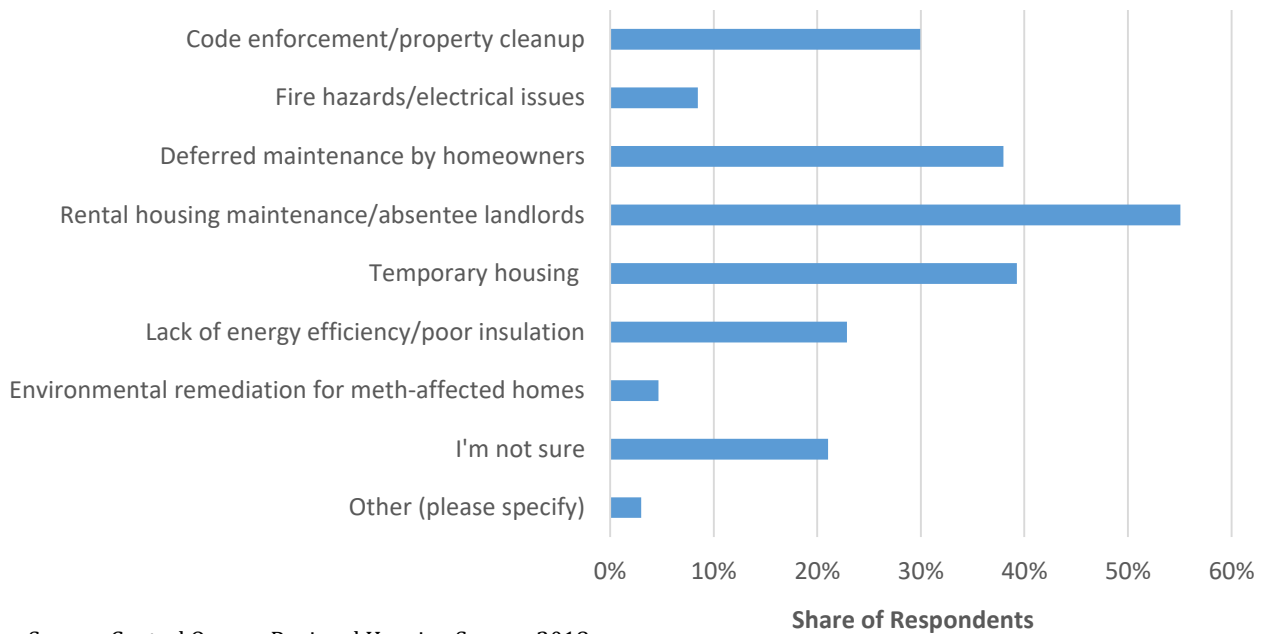
The Regional Housing Needs survey queried respondents regarding what they consider the top maintenance issues for housing in Central Oregon. Over half (55%) of participants identified rental

housing maintenance and absentee landlords as a top issue, followed by temporary housing (i.e., RVs or other temporary housing being used as permanent housing) (selected by 39% of participants) and deferred maintenance by homeowners (selected by 38%).

The survey also asked in which communities issues related to poor housing conditions are most acute. Overall, La Pine and Bend were selected by most respondents (each by about 40%), followed by Madras and Warm Springs (each selected by about 33%).

Interviews conducted for this research also indicated that environmental remediation for meth-impacted homes was a significant need in Warm Springs, where cleanup is both costly and takes units out of the affordable stock until they can be remediated.

**Figure 4-9. Top Maintenance Issues for Housing in Central Oregon, 2018**



Source: Central Oregon Regional Housing Survey, 2018

# Housing Costs

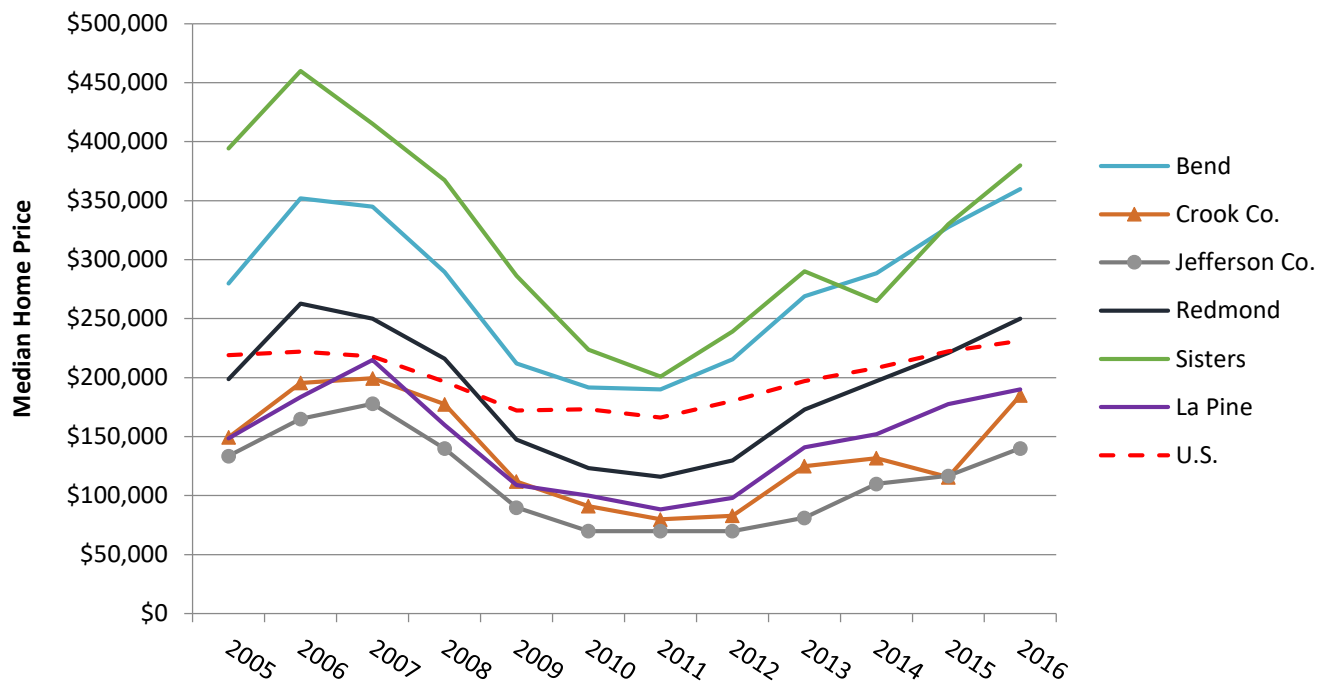
Having examined the physical characteristics of housing in Central Oregon, this section reviews housing costs and changes in housing costs for for-sale and rental housing. While several factors have influenced home prices and rents in Central Oregon, the region’s significant population growth over the last two decades – particularly in Deschutes County – has fueled housing demand and cost increases.

## Homeownership Housing Costs

Drawing on data from the Central Oregon Association of Realtors, the chart below shows median prices for homes sold from 2005 to 2016 for several geographies in Central Oregon. The chart makes apparent the impact of the Great Recession and market downturn beginning in 2008. Since then, prices in all markets have steadily rebounded.

Prices in Bend and Sisters were steadily higher than other areas in Central Oregon, and were the only markets consistently exceeding U.S. median sales prices. Median sales prices in La Pine, Crook County, and Jefferson County were lower and fell below the U.S. median each year. The Redmond market was generally positioned above La Pine, and Crook and Jefferson Counties but below the higher-cost Bend and Sisters markets.

**Figure 4-10. Existing Single-Family Home Prices – Central Oregon and U.S., 2005-2016**



Source: 2017-2021 Central Oregon Comprehensive Economic Development Strategy. Data from Central Oregon Realtors Association, 2005-2016; National Association of Realtors, Existing Home Sales Data. Note that Central Oregon data is for existing single family residential homes of less than 1 acre; U.S. data is for existing single family homes.



By 2016, the median home sales price in Bend exceeded pre-recession levels, and most other markets were approaching this benchmark as well.

Of the 55,842 owner-occupied housing units in Central Oregon, about two-thirds (66%) have a mortgage and 34% do not. Warm Springs has the largest share of owner units without mortgages at 48%. The older housing stock (whose owners may have lived in their homes long enough to pay off mortgages), prevalence of in-migrants from the Bay area buying homes with cash, and number of owner-occupied mobile homes are likely key factors behind the one-third of owner households without mortgages.

Table 4-9 provides median monthly owner costs for units with and without a mortgage, as well as median home values for owned housing in Central Oregon. Monthly owner costs include mortgages, real estate taxes, various insurances, utilities, fuels, mobile home costs, and condominium fees. Housing is most expensive in Deschutes County, where owners with a mortgage spend a median of \$1,498 per month and homeowners without a mortgage spend \$479. Home values are also highest here at \$275,300. Jefferson County is the most affordable, with a median cost of \$1,110 for owners with a mortgage and \$369 for homeowners without one; median home value is \$159,400.

Of the cities in Central Oregon, owner costs are highest in Sisters (a median of \$1,621 for owners with a mortgage) and Bend (\$1,587); median home values are \$259,500 and \$294,300, respectively. Areas with the lowest owner costs include Warm Springs, where owners with a mortgage spend a median of \$648 per month and the median home value is \$109,600, and Madras, where monthly owner costs are higher at \$961 but the median home value is a bit lower at \$105,400.

Table 4-9. Median Home Value and Monthly Owner Costs in Central Oregon, 2012-2016						
	Total Owner-Occupied Units	With a Mortgage		Without a Mortgage		Median Home Value
		Share of Total	Median Monthly Owner Costs	Share of Total	Median Monthly Owner Costs	
<b>Central Oregon Region</b>	<b>55,842</b>	<b>66%</b>	<b>---</b>	<b>34%</b>	<b>---</b>	<b>---</b>
<b>By County</b>						
Crook County	6,316	59%	\$1,234	41%	\$370	\$172,600
Deschutes County	44,313	68%	\$1,498	32%	\$479	\$275,300
Jefferson County	5,213	62%	\$1,110	38%	\$369	\$159,400
<b>By Place</b>						
Bend	20,075	69%	\$1,587	31%	\$504	\$295,300
La Pine	372	75%	\$1,050	25%	\$300	\$133,800
Madras	1,075	69%	\$961	31%	\$328	\$105,400
Prineville	2,274	62%	\$1,134	38%	\$388	\$133,000
Redmond	5,679	66%	\$1,244	34%	\$451	\$194,600
Sisters	464	68%	\$1,621	32%	\$472	\$259,500
Warm Springs	530	52%	\$648	48%	\$243	\$109,600

Data Sources: 2012-2016 5-Year American Community Survey Tables B25077, B25087, and B25088

The distribution of monthly owner costs for households with a mortgage are displayed by geography in the figures that follow. In the Central Oregon region, monthly owner costs in the \$1,000 to \$1,499 range are most common and include 35% of households with a mortgage. A little over one-fifth (22%) of regional owner households with a mortgage spend between \$1,500 and \$1,999 and another 18% spend between \$500 and \$999.

In all three counties, the most common range of monthly owner costs is \$1,000 to \$1,499; between 35 and 38% of households spend within this range. At prices above and below this, two separate patterns are clear. Crook and Jefferson Counties each have roughly a third of units with a cost below \$1,000 and another third with a cost above \$1,500. Deschutes County's distribution is different, with a much smaller share (16%) under \$1,000, and a much higher share (50%) above \$1,500. In fact, over a quarter (26%) of Deschutes County homeowners spend over \$2,000 per month on housing costs. These figures demonstrate the generally higher cost in Deschutes than in the other counties.

The next figure compares the distribution of monthly housing costs for owners with a mortgage in Central Oregon cities. Bend and Sisters show the most variety in terms of housing costs and also have the greatest shares of high cost housing. In Bend, about one-third of homeowners spend between \$1,000 and \$1,499 and one-quarter spend between \$1,500 and \$1,999. The remaining households are roughly evenly split between those spending under \$1,000; those spending \$2,000 to \$2,499, and those spending over \$2,500.

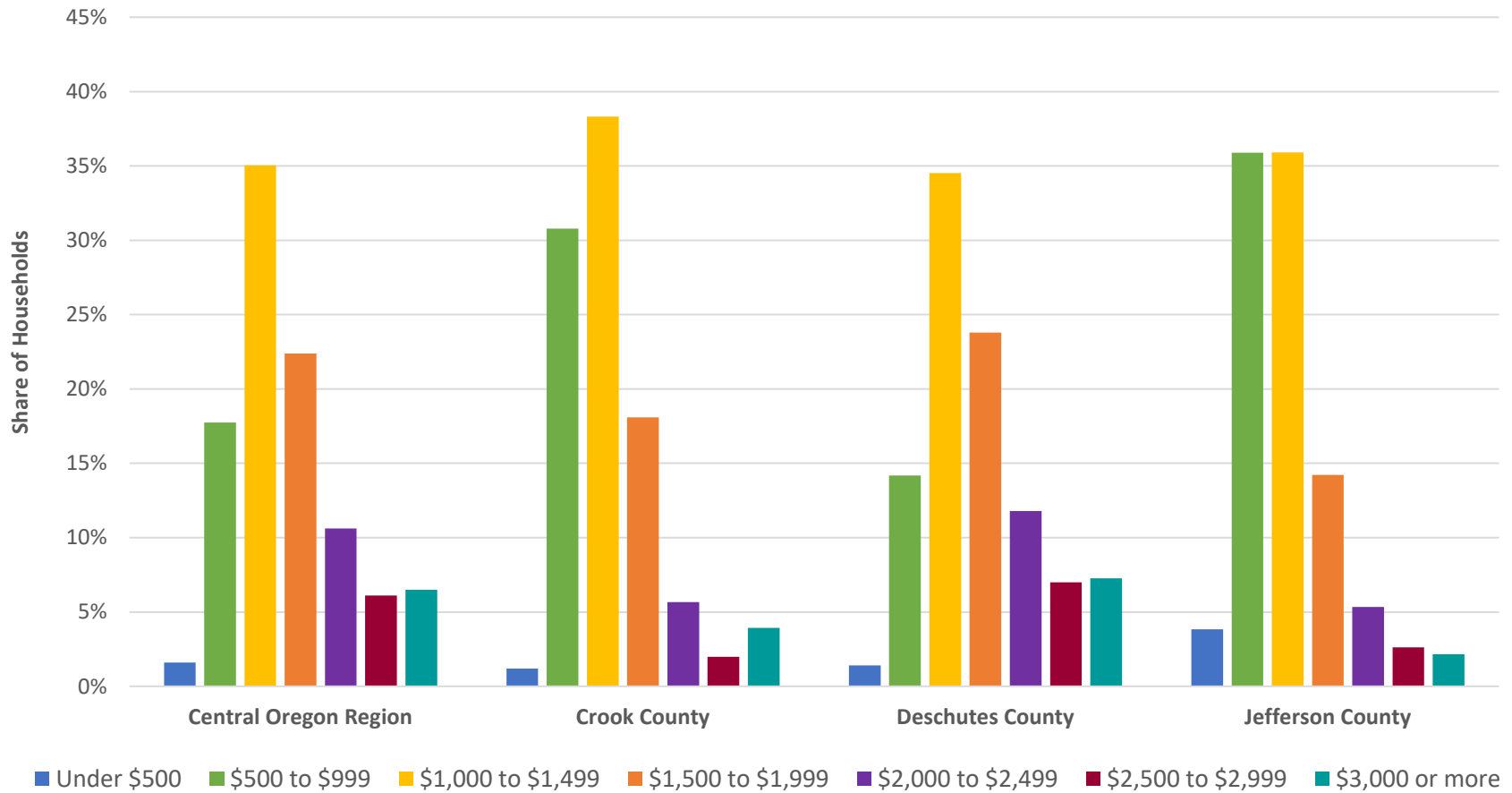
In Sisters, housing costs in the \$1,500 to \$1,999 range are most common, including 41% of owners with a mortgage. One-quarter spend between \$1,000 and \$1,499, and 15% spend less than \$1,000. As in Bend, high cost housing is common in Sisters: over one-in-ten homeowners with a mortgage spend more than \$2,500 on housing each month.

In La Pine, Prineville, and Redmond housing costs are clustered in the \$1,000 to \$1,499 range, which contains 44-49% of owners with a mortgages in each area. In La Pine, most remaining households have costs under \$1,000, as do about one-third of households in Prineville and 25% in Redmond. Redmond has a higher share of owners spending over \$1,500 (31%) than do Prineville (18%) or La Pine (8%).

In two areas – Warm Springs and Madras – more than half of owner households with a mortgage spend between \$500 and \$999 on housing each month. In Madras, the bulk of remaining households spend \$1,000 to \$1,499 or \$1,500 to \$1,999. Very few owners with mortgages spend less than \$500 and none spend over \$2,000. In contrast, most remaining owners in Warm Springs spend under \$500.

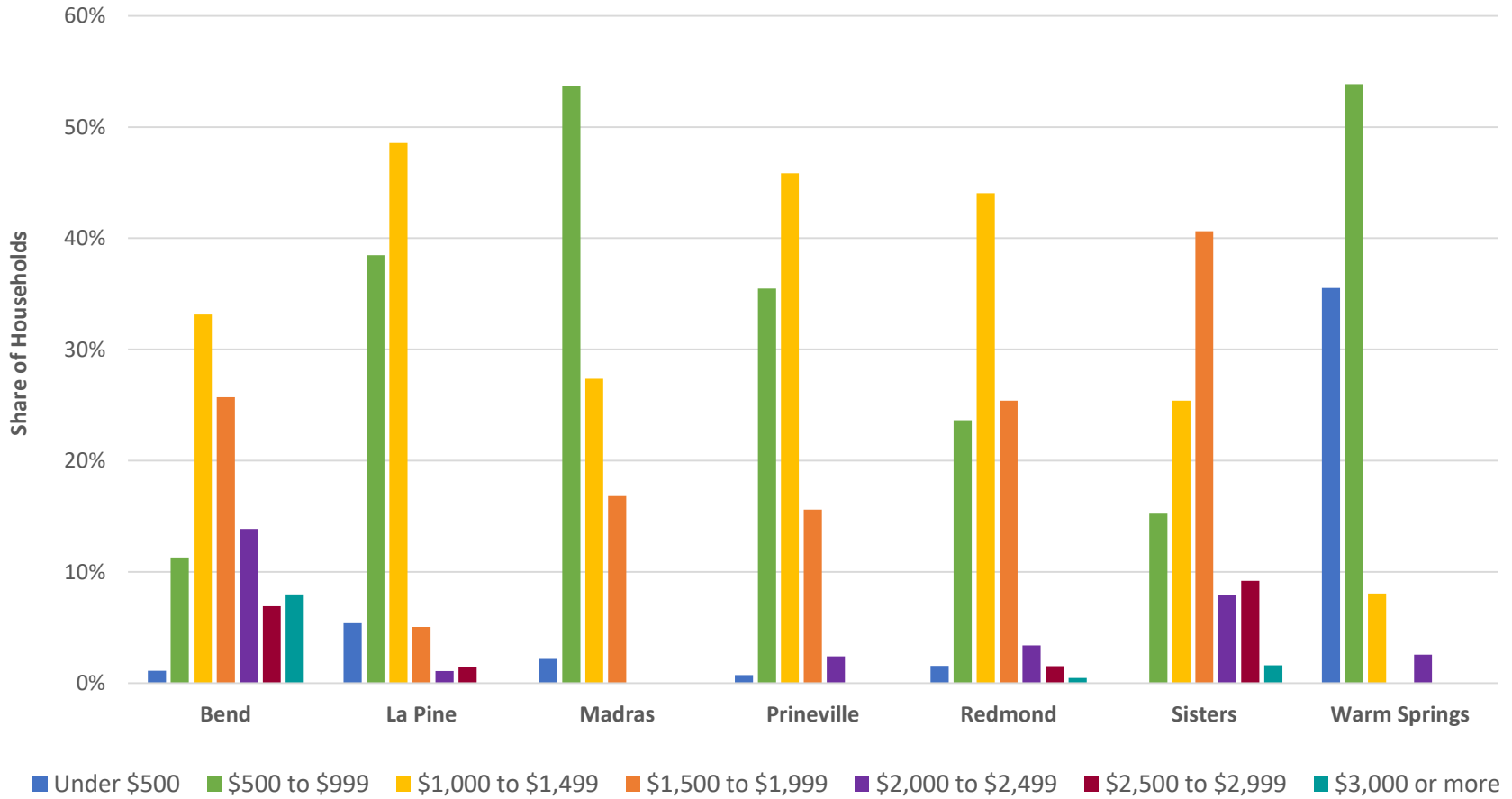
These distributions show that housing is generally most expensive in Bend and Sisters and least expensive in Madras and Warm Springs. Chapter 5 of the Regional Housing Needs Assessment will further analyze housing affordability in the region and identify current and projected future gaps in the availability of housing affordable to households at a variety of income levels.

**Figure 4-11. Monthly Owner Costs for Households with a Mortgage in Central Oregon Counties, 2012-2016**



Source: 2012-2016 5-Year American Community Survey Table B25087

**Figure 4-12. Monthly Owner Costs for Households with a Mortgage in Central Oregon Cities, 2012-2016**

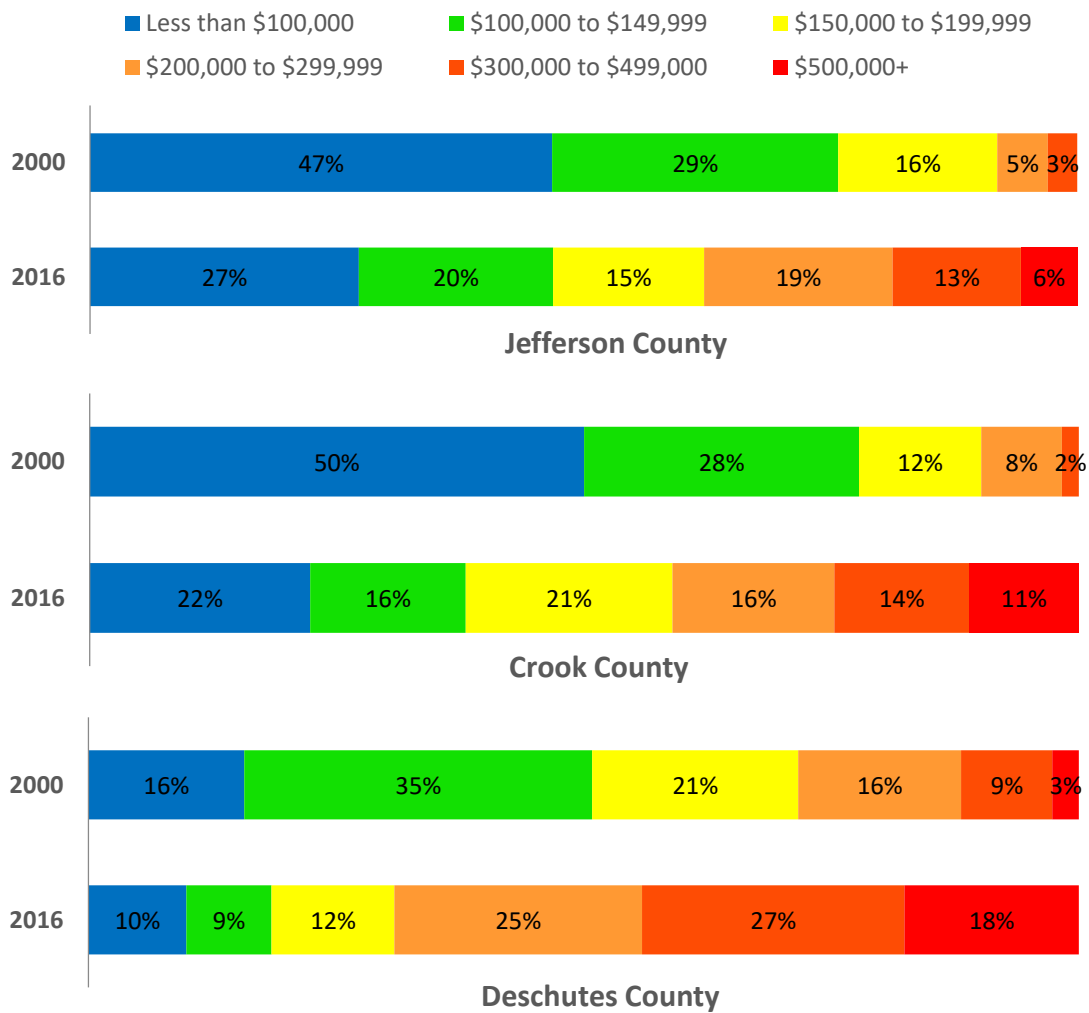


Source: 2012-2016 5-Year American Community Survey Table B25087

Home values increased considerably across Central Oregon since 2000. The figure below provides a comparison of home values, as reported by owners in the Census and American Community Survey, between 2000 and 2016. The trend in all counties is toward a more expensive housing stock. The share of the most expensive units (\$300,000+, orange and red in the below figures) has increased, while the least expensive (under \$150,000, green in the below figures) has decreased dramatically. This is most apparent in Crook County, where the percentage of homes valued under \$150,000 decreased from 78% of the county’s total inventory in 2000 to 38% in 2016. In Deschutes County, homes valued at or above \$300,000 are becoming the predominant market segment, standing at 45% of the county’s inventory as of 2016.

In Jefferson County, the upward shift in home values since 2000 appears more gradual but is occurring nonetheless. The share of homes with values under \$200,000 declined for each segment studied while the only segments displaying growth were those with values of \$200,000 and greater. While making up just 8% of Jefferson County’s stock in 2000, this category is now 38%.

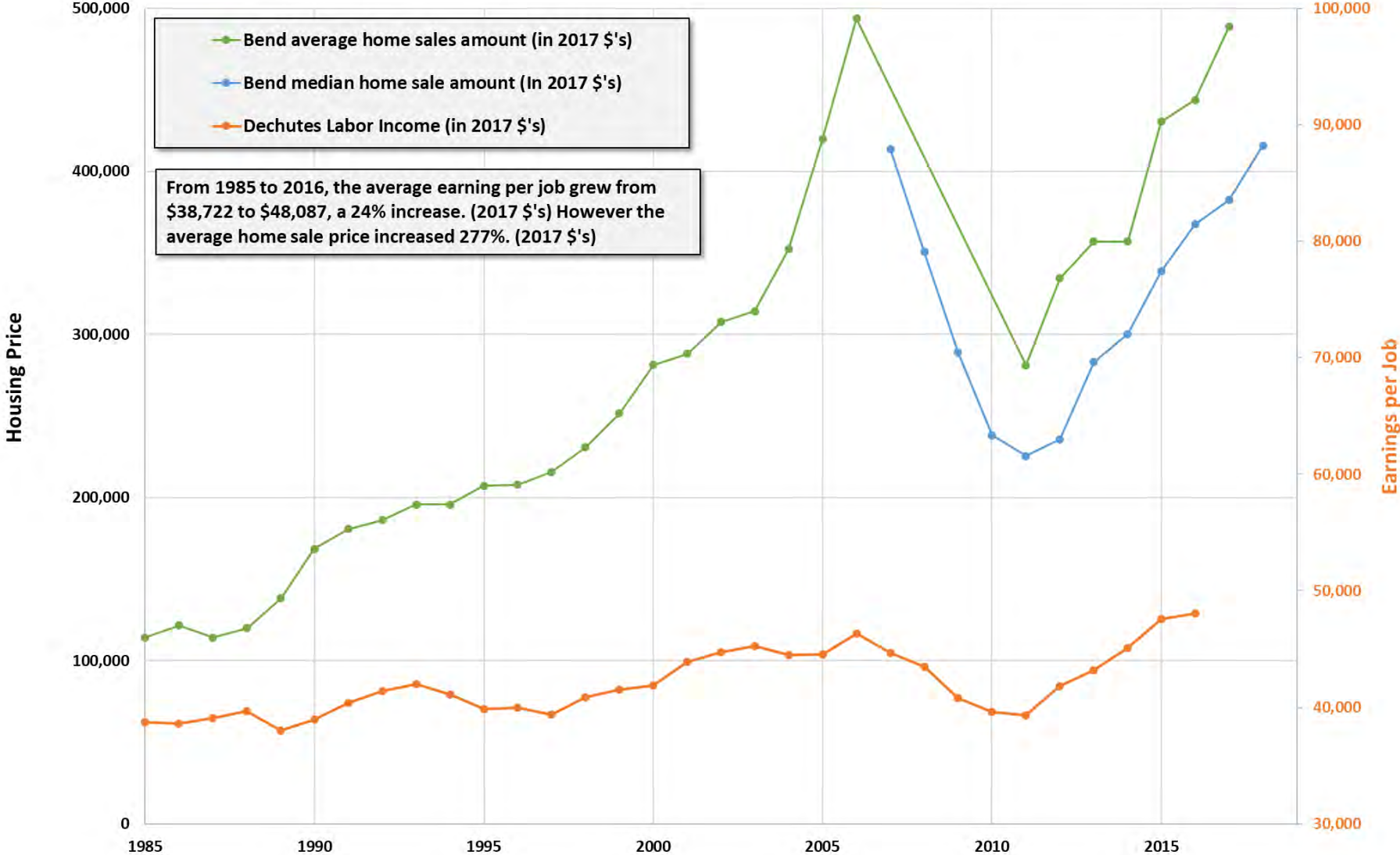
**Figure 4-13. Home Values by County, 2000 and 2016**



Data Sources: 2012-2016 5-Year American Community Survey Table B25075; 2000 U.S. Census SF3 Table H084

The figure on the following page looks at home sales prices in Bend and labor income in Deschutes County since 1985. As shown, the average home sales price has increased by 277% over that time period, while average earnings per job increased by only 24%. These rates indicate that homeownership in Bend has become increasingly unaffordable for local workers, in part as demand and price points for for-sale units is fueled by out-of-state buyers purchasing second homes in the region.

Figure 4-14. Change in Housing Costs versus Change in Earnings per Job, 1985-2016 (Adjusted to 2017 \$s)




Sources: Central Oregon Association of Realtors, Headwaters Economics, <https://www.usinflationcalculator.com/>

## Rental Housing Costs

Gross rent, which includes contract rent plus utilities (electricity, gas, heating fuel, and water and sewer), for renter households in the region, counties, and cities is shown in the charts on the following pages. In Central Oregon, the largest share of renters (32%) spend between \$1,000 and \$1,499 on housing each month; another 30% spend between \$750 and \$999. One-quarter of renters in the region spend less than \$750 on housing, while 11% spend over \$1,500.

Rental rates vary considerably by county. In Deschutes County, the largest share of renters spend between \$1,000 and \$1,499 on housing (35%) and 13% spend over \$1,500. In comparison, only 21% of renters in Crook County and 28% in Jefferson County spend over \$1,000 a month for housing. In both Crook and Jefferson Counties, about 45% of renters spend less than \$750 a month on housing; in Deschutes County, the share of renters spending under \$750 is half that (22%).



Rental rates by city show that rental units cost most in Bend. Seventeen percent of renters in Bend spend more than \$1,500 a month on housing, a share unmatched anywhere else in the region.

Looking at rental rates by city shows that rental units cost most in Bend. Seventeen percent (17%) of renters in Bend spend more than \$1,500 a month on housing, a share that is unmatched by any other city in the region. More than half of Bend's rental housing is over \$1,000 a month, as is 43% of rental housing in Sisters and 38% in Redmond. Very small proportions of rental units in all three of these areas are priced under \$500 a month

(between 5 and 7%).

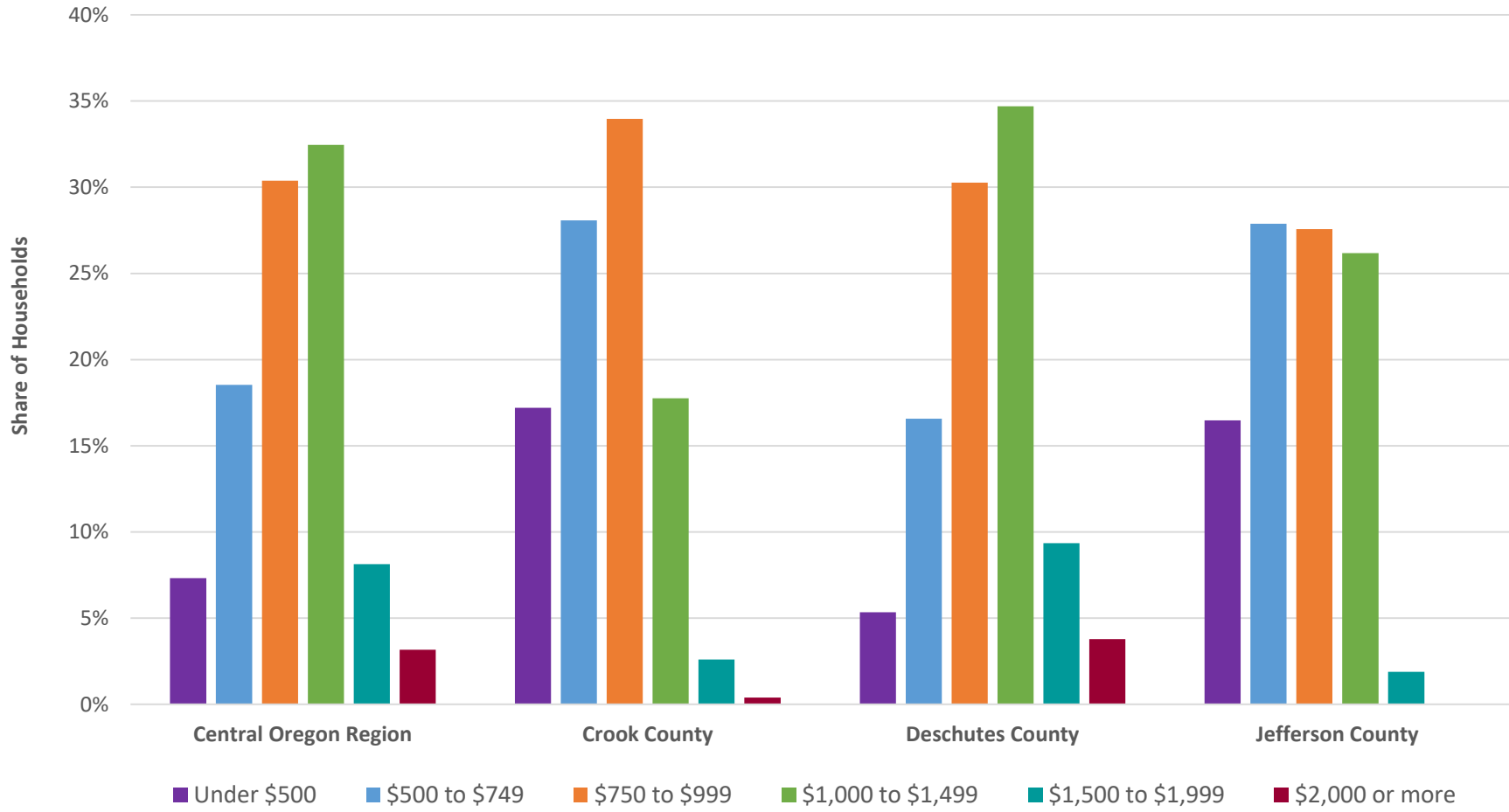
Costs are more modest in Prineville, Madras, and La Pine. Over half of Prineville renters spend under \$750 a month on housing, as do about 38% of renters in Madras and La Pine. Between 28 and 30% of renters in these areas have monthly housing costs between \$750 and \$999. About one-third of renters in Madras and La Pine spend more than \$1,000, compared to 18% of Prineville renters.

Renter costs are lowest in Warm Springs, where 46% of renters spend under \$500 on housing and another 26% spend between \$500 and \$749.

While Chapter 5 of the Regional Housing Needs Assessment will further analyze renter affordability to identify housing needs and gaps, this section also considers rental rates relative to income as an indicator of affordability in the region.

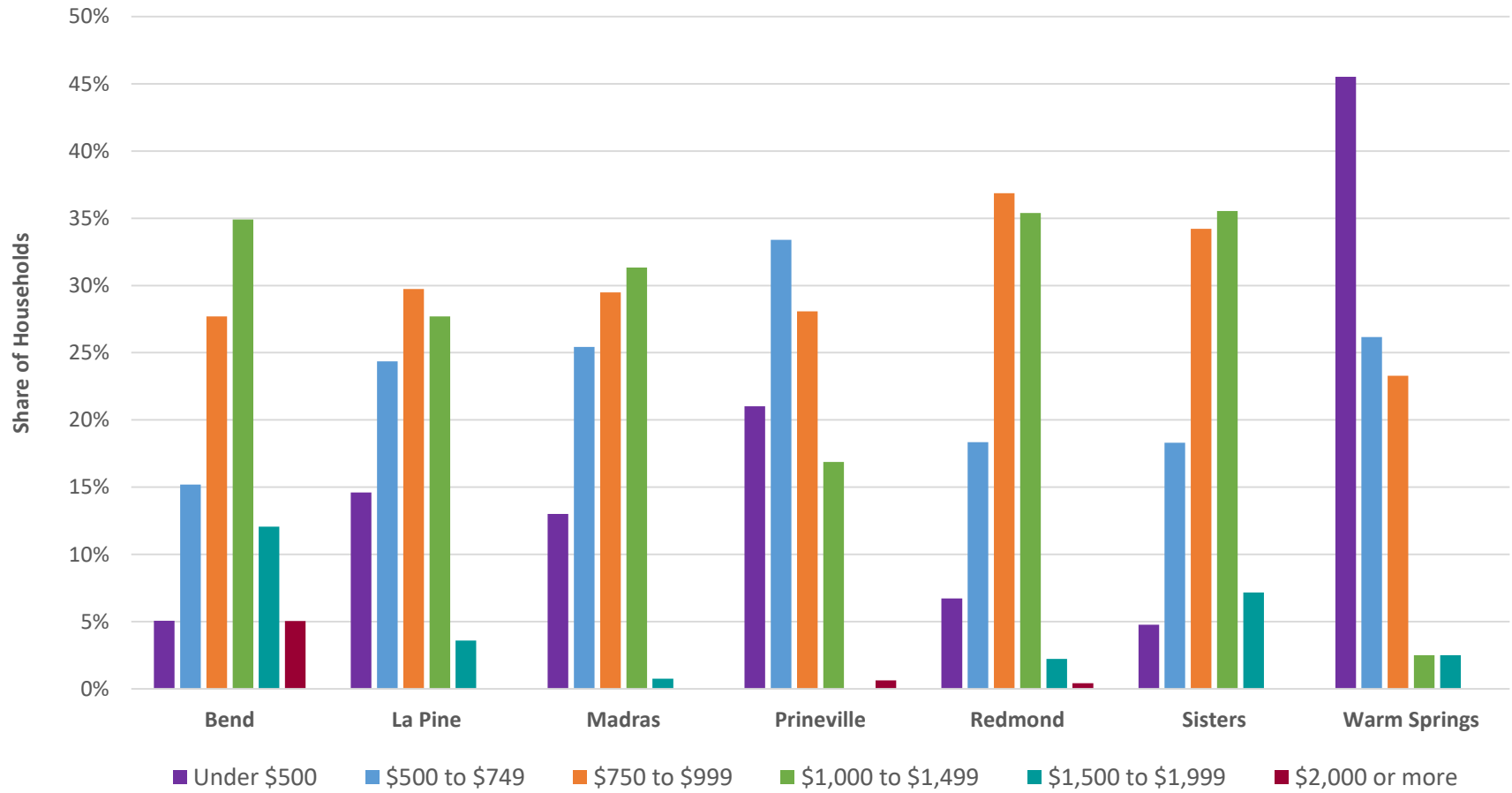


**Figure 4-15. Gross Rent in Central Oregon Counties, 2012-2016**



Source: 2012-2016 5-Year American Community Survey Table B25063

Figure 4-16. Gross Rent in Central Oregon Cities, 2012-2016

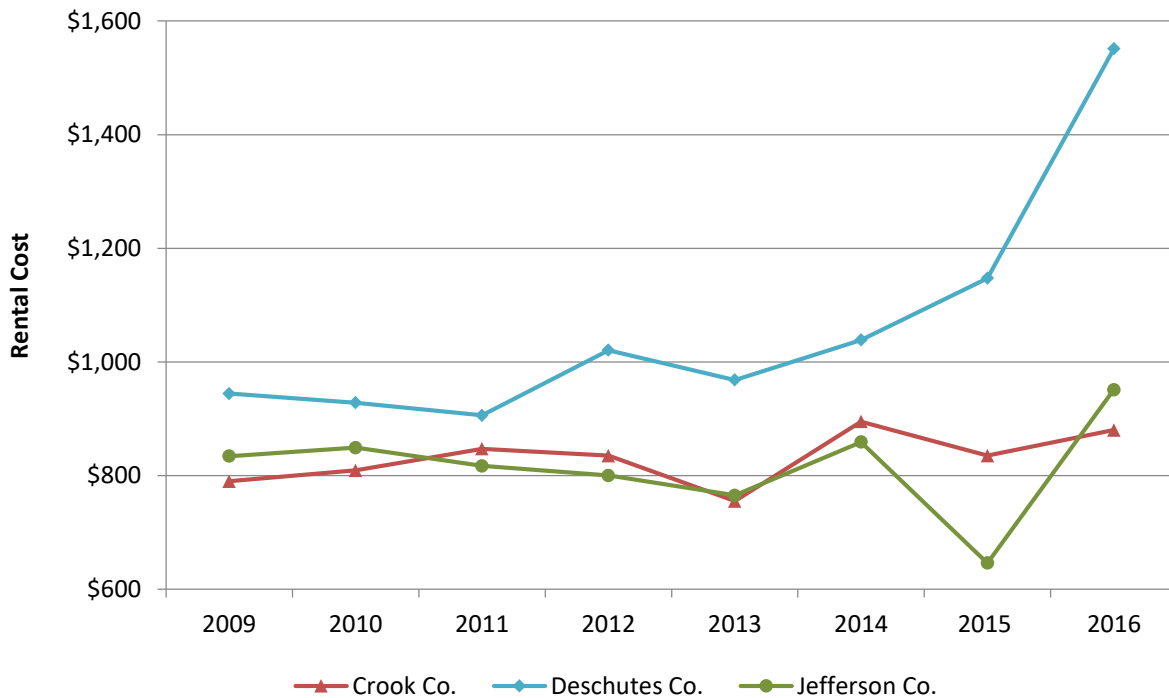


Source: 2012-2016 5-Year American Community Survey Table B25063

Evaluating historical rents shows other patterns beyond a one-year snapshot. The chart below shows the average (mean) rent for a three-bedroom house since 2009. As expected, Deschutes has had the most expensive rent, with Jefferson and Crook alternating as the second most expensive. The most noticeable trend is the sharp 35% increase in Deschutes County rents between 2015 and 2016.

The average rental rate for a three-bedroom house in Deschutes County rose by 35% between 2015 and 2016.

**Figure 4-17. Central Oregon Mean Rent (3-Bedroom House), 2009-2016**



Source: 2017 - 2021 Central Oregon Comprehensive Economic Development Strategy, Appendix Figure B-6. Data from Central Oregon Rental Owners Association, 2009-2016.

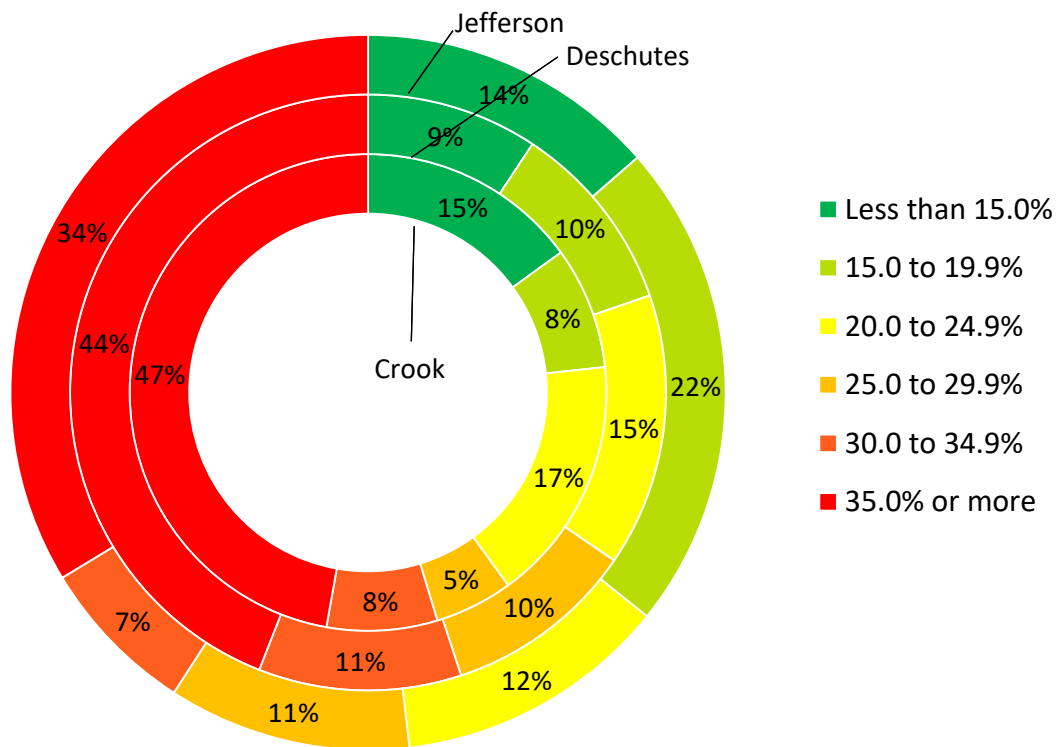
A survey of several apartment rental communities in Bend and Redmond supports stakeholder perceptions that rents have increased since the 2012-2016 ACS data was collected. Of the nine rental communities surveyed in Bend, rental rates for a one-bedroom, one-bathroom unit ranged from about \$900 to \$1,570. Two-bedroom units (with one or two bathrooms) had rents ranging from \$1,000 to \$1,800. Generally, the lower priced units were the outliers, and were typically at apartment properties furthest from the city center. Rents for most one-bedroom units fell in the low to mid \$1,000s, while two-bedroom units were in the mid to high \$1,000s. Rental rates in Redmond were typically below those in Bend. One-bedroom units surveyed had rents in the \$750-\$1,000 range, while two-bedroom units rented in the low \$1,000s. This survey provides only a snapshot of rental rates in the region, but indicates that current rents at apartment communities in Bend and Redmond are positioned above the average rents reported by the most recent American Community Survey data.

Considering rent as a percentage of a household's income yields more information than absolute rent amounts about housing affordability. Definitions applied by the U. S. Department of Housing and Urban Development (HUD) consider a household to be cost burdened if monthly housing costs (including property taxes, insurance, energy payments, water/sewer service, and trash collection for owners and utilities for renters) exceed 30% of monthly household income. A severe cost burden occurs when more than 50% of monthly household income is spent on monthly housing costs.

Housing that is expensive or that has become more costly may not present an affordability issue if incomes are high enough to support those costs. However, where housing costs are relatively high in comparison to household income, a correspondingly high prevalence of housing cost burden and overcrowding occurs. The figure below illustrates gross rent as a percentage of household income for the three Central Oregon counties.

More than half of renter households in Crook and Deschutes Counties have a housing cost burden, meaning they spend more than 30% of their income on housing.

**Figure 4-18. Gross Rent as a Percentage of Household Income, 2012-2016**



Source: 2012-2016 5-Year American Community Survey Table DP04

In Crook and Deschutes counties, more than half of all renter households spend more than 30% of their income on their rent payments. In Jefferson County, 41% of renters are so situated. In all three counties, renter households spending more than 35% of their incomes on rent are more common

than renters in any other segment tabulated. The addition of utilities and other housing expenses into these calculations would result in even greater cost burdens for the region's renters.

Cost burdened renters may be least able to cope with unforeseen financial setbacks. These constraints may force a choice between covering housing costs, purchasing food, or paying for healthcare.

Cost burdened households, especially renters, may be least able to cope with unforeseen financial setbacks such as a job loss or reduction in hours, temporary illness, or divorce. These constraints may force a choice between covering housing costs, purchasing food, or paying for healthcare, potentially putting households at risk for foreclosure, bankruptcy, or eviction.

The National Low Income Housing Coalition's annual *Out of Reach* report examines rental housing rates relative to income levels for counties throughout the U.S. The figure on the following page shows annual household income and hourly wages needed to afford Fair Market Rents (FMRs) in Crook, Deschutes, and Jefferson Counties for one, two, and three bedroom rental units. FMRs are standards set by HUD at the county or regional level for use in administering its Section 8 rental voucher program. They are typically the 40th percentile gross rent (i.e., rent plus all tenant-paid utility costs except phone, cable/satellite, and internet service) for typical, non-substandard rental units in the local housing market.

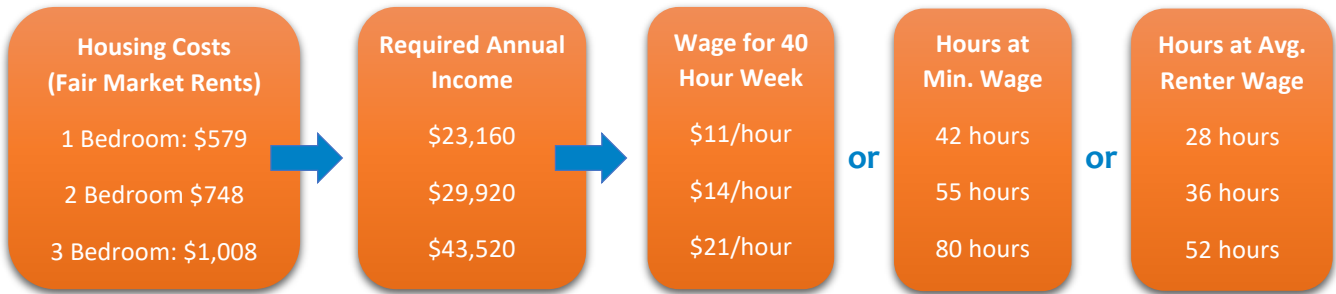
To afford a two bedroom rental unit at the Deschutes County FMR of \$965 without a cost burden would require an annual income of at least \$38,600. This amount translates to a 40 hour work week at an hourly wage of \$19, or a 69 hour work week at the minimum wage of \$10.75. For people with incomes equal to Deschutes County's average renter wage of \$13.89 an hour, a two bedroom unit would be affordable given at least a 53 hour work week.

In Crook County, housing is more affordable and average renter wages are higher. There a two bedroom unit with an FMR of \$748 is affordable at an annual income of \$29,920. This translates to a 40 hour work week at \$14 an hour, a 55 hour work week at minimum wage, or a 36 hour work week at the average renter wage of \$16.04 an hour.

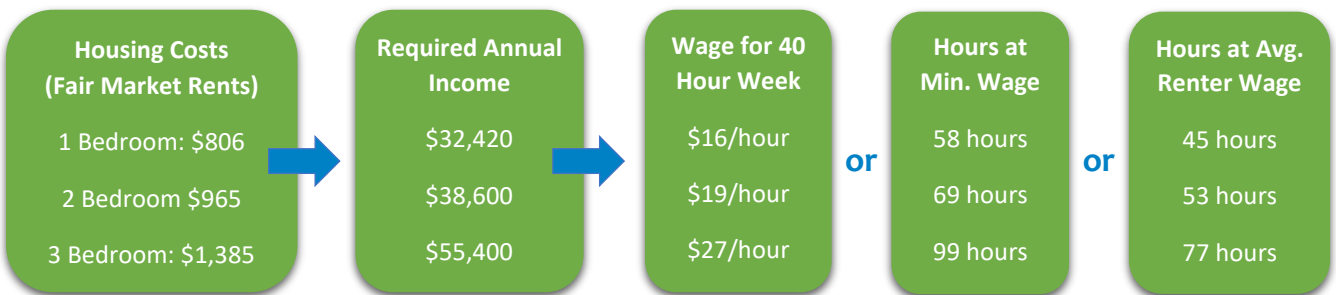
In Jefferson County, housing costs are lower than in Crook, but so are average renter wages. A two bedroom FMR of \$697 would be affordable at an annual income of \$27,880, or an hourly wage of \$13 and a 40 hour work week. At minimum wage, someone would have to work 51 hours to afford a two bedroom unit and at the average renter wage of \$11.96, they would have to work 45 hours a week

**Figure 4-19. Required Income, Wages, and Hours to Afford Fair Market Rents by County, 2018**

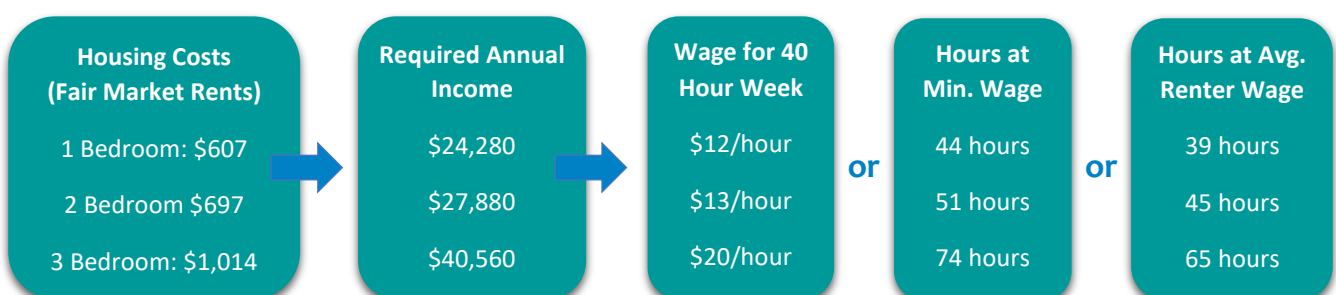
**Crook County**



**Deschutes County**



**Jefferson County**



Note: Required income is the annual income needed to afford Fair Market Rents without spending more than 30% of household income on rent. Minimum wage in Crook and Jefferson Counties is \$10.50; it is \$10.75 in Deschutes County. Average renter wages are \$16.04 in Crook County, \$13.89 in Deschutes County, and \$11.96 in Jefferson County.

Source: National Low Income Housing Coalition *Out of Reach* 2018, Accessed from <http://nlihc.org/oor/oregon>

## Housing and Transportation Affordability

In addition to the affordability of housing, it can also be helpful to consider the affordability of transportation costs. The availability, accessibility, and affordability of transportation options can have a major effect of housing choice. For a household unable to afford car ownership, housing choices may be limited only to denser urban areas accessible by public transit or where pedestrian and bicycle options are practical in order to enable access to employment or other services. Car ownership, while greatly expanding housing choices within the region, can add a considerable living expense, sometimes representing a greater share of household income than housing. This can

often be the case when someone lives a long distance from her place of employment in order to minimize housing costs. However, the further away one lives from an employment center, the higher her transportation costs become, potentially negating the savings in housing cost.

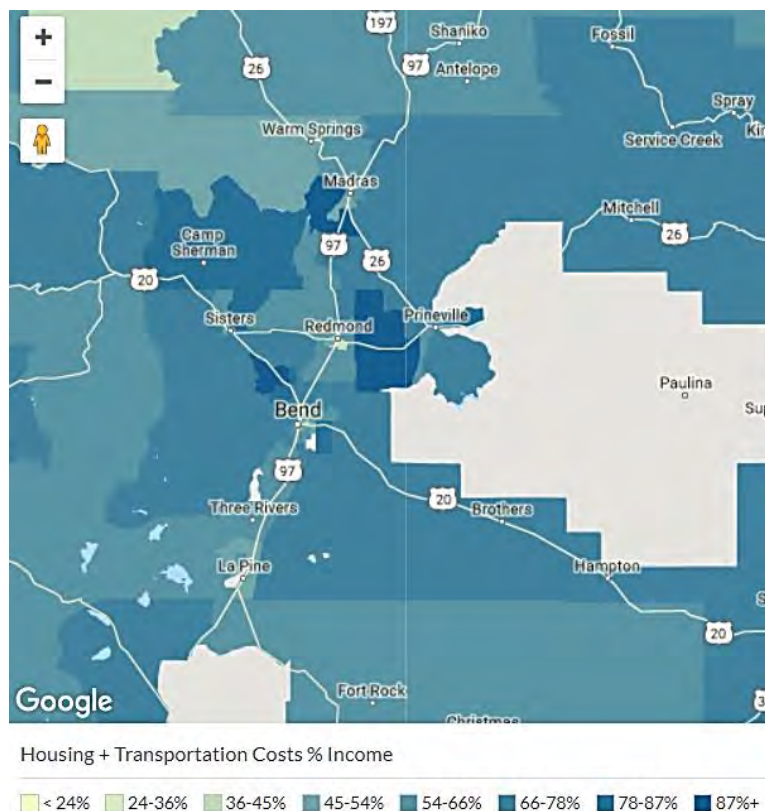
Crook County is the least affordable area in the region, owing to transportation costs constituting an average of 35% of household income on top of housing averaging 32% of income.

The Center for Neighborhood Technology (CNT), a nonprofit research organization, has established a Housing and Transportation Affordability Index that integrates these two important factors to provide a more comprehensive understanding of what it costs to live in a place. The map below displays the data generated by CNT's index. Based

on this analysis, when considering both housing and transportation costs as a percentage of household income, Crook County is the least affordable area in the region, owing to transportation costs constituting an average of 35% of household income on top of housing averaging 32% of income. Between the two, housing and transportation expenses represent 65% of the average Crook County household's income.

Evident in Table 4-10, cities with housing that is more affordable to their residents (e.g. La Pine, Warm Springs, and Madras) also come with transportation costs that are somewhat higher than those in other, more expensive cities. The three darkest-shaded areas on the map below (generally near Metolius, Powell Butte, and Tumalo) are the areas least affordable to their residents, however, this is generally due more to high housing costs, with transportation only a secondary factor.

**Figure 4-20. Housing and Transportation Costs as a Percentage of Income, 2015**



Source: The Center for Neighborhood Technology, Retrieved from <http://htaindex.cnt.org/map/>

<b>Table 4-10. Housing &amp; Transportation Costs as a Percentage of Income, 2015</b>			
	<b>Housing Cost</b>	<b>Transportation Cost</b>	<b>Housing + Transportation Cost</b>
Crook County	32%	35%	65%
Deschutes County	31%	27%	58%
Jefferson County	27%	31%	59%
Bend	31%	25%	56%
La Pine	12%	28%	40%
Madras	24%	29%	52%
Prineville	28%	31%	59%
Redmond	23%	24%	48%
Sisters	28%	26%	54%
Warm Springs	17%	33%	49%

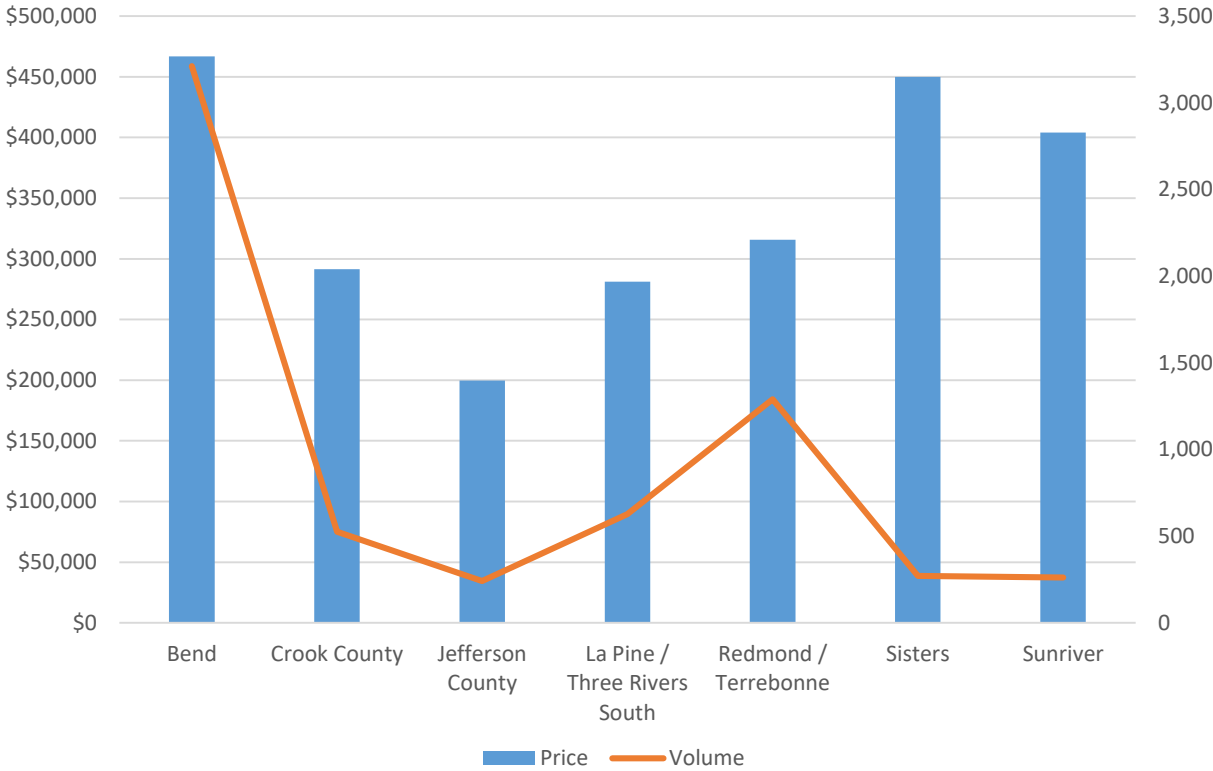
Source: The Center for Neighborhood Technology



# Recent Market Activity and Development

As a summary of recent for-sale market activity, the figure below shows recent average sales prices and volume for various submarkets in the Central Oregon region, as tracked by the Central Oregon Association of Realtors (COAR). According to COAR’s report, the region’s highest average sales price was \$466,926 in Bend. Bend also had the most active real estate market, with a sales volume of over 3,200 units. The 2017 average sales price in Sisters was just under \$450,000, but volume was much lower, at 271 units. Redmond’s growing market was the second-most active in the region, with 1,289 home sales and an average sales price of \$315,626. Jefferson County was the region’s least expensive and least active market for home sales, with an average sales price of just under \$200,000 and a volume of 241 transactions.

**Figure 4-21. Average Sales Prices and Sales Volume by Submarket, 2017**



Source: Central Oregon Association of Realtors—2017 Report

The Beacon Appraisal Groups’ May 2015 *Beacon Report* also offers insight into homes sales in the region by tracking price, volume, and time on market for several Central Oregon submarkets since 2011 using Multiple Listing Service (MLS) data. This report shows steady growth in median sales price in Bend, from a median of \$197,000 in April 2011 to \$309,000 in April 2015. Sisters saw similar growth from a median of \$173,000 in Q1 2011 to \$310,000 in Q1 2015. The Sunriver area, also in Deschutes County, had a median sales price of \$353,000 in Q1 2015, showing little change from the Q1 2011 median of \$330,000.

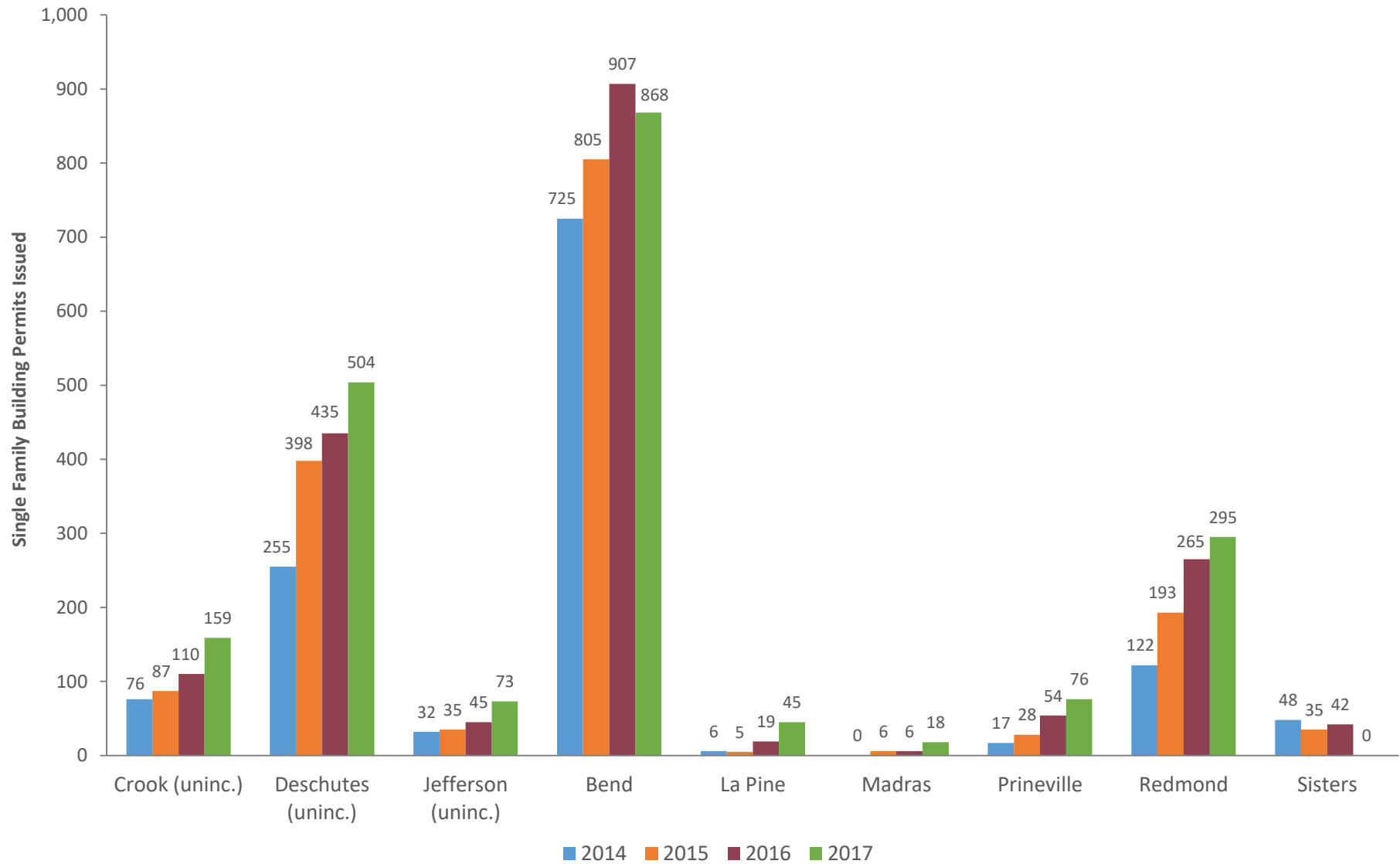
The Redmond home sales market is positioned below Bend, Sisters, and Sunriver in terms of price point. Its April 2015 median sales price of \$208,000 was nearly double the median of \$106,000 in April 2011. The Crook County and La Pine submarkets follow with Q1 2015 median sales prices of \$144,000 and \$137,000, respectively. Finally, Jefferson County and Crooked River Ranch had the lowest median sales price at \$90,000 in Q1 2015.

## Development and Permitting Activity

Building in all three Central Oregon counties has rebounded since the recession (see Figure 4-22 on the next page), and permit volume has been generally increasing since 2011. Between 2014 and 2017, unincorporated Deschutes County has averaged nearly 400 new single-family units per year while Bend, the county's largest city, has permitted an average of 825 new single-family units per year over that same period. Permit activity has greatly increased in Redmond as well, with nearly 300 new single-family units permitted in 2017, an increase of 142% over the 122 permits issued in 2014. Although a small city, Sisters averaged 42 single-family building permits from 2014 to 2016, roughly equal to the average number of units permitted in unincorporated Jefferson County over that time period.

Unincorporated Crook County issued 159 new single-family building permits in 2017, up 45% from 2016 and more than doubling the 76 permits issued in 2014. On a percentage basis, permit growth within the region's three counties has been greatest in Jefferson County. Unincorporated Jefferson County has seen its permit activity grow from 32 permits issued in 2014 to 73 in 2017, a 128% increase. Within Jefferson County, Madras' separate permitting records similarly reflect a significant increase, although absolute figures are relatively small compared with some of the region's larger cities. La Pine and Prineville are similar in that their overall permit numbers are relatively low compared with larger jurisdictions in the region, but reflect striking increases: La Pine issued just six permits in 2014 but jumped to 45 in 2017, a six-fold increase; Prineville's permit activity increased from 17 in 2014 to 76 in 2017.

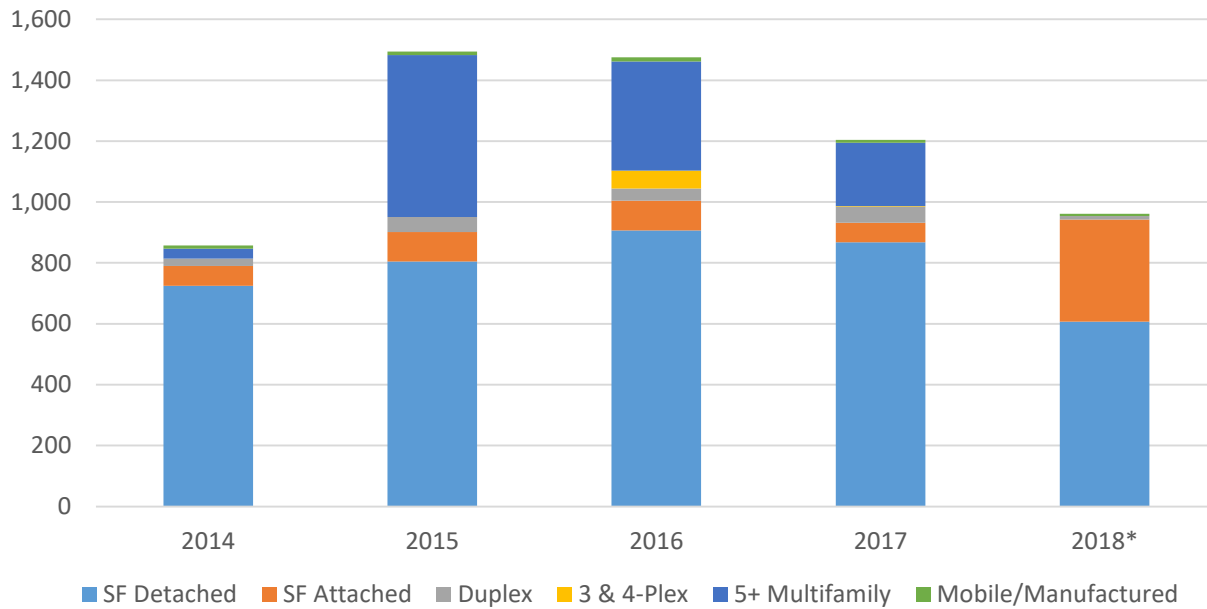
**Figure 4-22. Single-Family Building Permits by Jurisdiction, 2014 to 2017**



Sources: Data for Crook County, Prineville, Jefferson County, and Madras was self-reported by local government staff; Deschutes County, Redmond, Sisters, and La Pine data obtained through Deschutes County Permit Query research tool; Bend data compiled from the City’s Building Safety & Statistics Reports.

Outside of Bend, the vast majority of new units being constructed are single-family homes. Census building permit records indicate no multifamily permits were issued in Crook or Jefferson Counties during this period. The rising cost of housing and declining vacancy rates indicate that the number of new units, particularly multifamily units, has not kept up with demand.

**Figure 4-23. Bend Residential Units Permitted, 2014 to 2018**




\* 2018 reflects 6-month data from the period January-June.

Source: City of Bend Community Development Department, Building Safety & Statistics Reports

Although the pace of development in the region has stepped up and the permitting figures indicate a total of approximately 2,038 new single-family housing units added to the region’s inventory in 2017, the Census estimates the number of households in the region grew by about 3,270 over a comparable period, clearly outpacing growth in supply. Accommodating the region’s rapid growth will require a variety of tools and strategies, but increasing housing supply must be one of them. Of a group of 83 builders/developers who took the Regional Housing Survey, over half indicated that project incentives to include density bonuses and relaxed height restrictions would be the most helpful incentive for new construction of affordable housing. Tax incentives (45%), permit fee waivers (37%), and expedited permit processing (35%) also ranked among this group’s top selections. These and other options may merit further exploration as to their potential role in encouraging new housing construction and relieving some of the demand pressure in the current market.

While permitting figures for new housing units are up, the additional supply is not enough to keep pace with the number of new households added to the region.



In recent years, housing production has lagged household formation in all three Central Oregon counties. From 2010 to 2016, Deschutes County produced 0.85 new housing units for every new household, Crook produced 0.72, and Jefferson produced only 0.28 new units for every household formed.

A recent report by Up for Growth, a national nonprofit research organization, quantifies housing production relative to household formation for counties throughout the United States. According to this report, a functioning housing market should produce at least one new housing unit for every new household formed, but to account for demolition, obsolescence, and changing consumer preferences, this ratio need to be above 1.1. From 2000 to 2016, Deschutes and Crook Counties met this need, producing 1.14 and 1.38 new housing units per household formed

over this time period. Jefferson County, meanwhile, fell short, producing only 0.74 units for every household formed.<sup>35</sup>

Looking at more recent years, however, shows that housing production has lagged household formation in all three Central Oregon counties. From 2010 to 2016, Deschutes County produced 0.85 new housing units per new household, Crook produced 0.72, and Jefferson produced only 0.28 new units for every household formed. These figures indicate a severe production shortage in the region relative to household formation. This shortage is likely exacerbated by the strong second home market in Central Oregon, which is likely absorbing some of the new construction over new households formed within the region.

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<sup>35</sup> Up for Growth and ECONorthwest. *Housing Underproduction in Oregon*. 2018. <https://www.upforgrowth.org/sites/default/files/2018-10/UFGHousingUnderproductionInOregon.pdf>

# Subsidized Housing Supply

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Housing costs are rising, in some cases quite sharply, which results in households being less able to afford housing of an appropriate size and decent quality. The results of the Regional Housing Survey make clear that housing affordability is a central issue of the local housing market. More than 95% of health and human service providers who were surveyed said that finding affordable housing was the biggest housing barrier faced by the clients they serve. More generally, the full group of survey respondents reported that affordable rental housing for low-income (\$25,000-\$45,000 per year) and extremely low income (under \$25,000 per year) were by far the two greatest unmet housing needs in the region. The emphasis on rental affordability in these survey results underscores a need for subsidized housing options.

Survey respondents reported that affordable rental housing for low- and extremely-low income households were by far the region's two greatest unmet housing needs.

Publicly supported housing funded through federal, state, and local programs offers below-market rents to specific households, typically based on income. The following will discuss publicly supported rental housing units and describe the current existing properties offering rents for low- and moderate-income families. There are two primary sources for subsidized housing opportunities in Central Oregon: the Housing Choice Voucher (HCV) program and the Low Income Housing Tax Credit (LIHTC) program.

## Housing Choice Vouchers

The Central Oregon Regional Housing Authority, better known locally as Housing Works, administers the region's 1,203 HCVs. These vouchers are issued to income-eligible households and may be used at a private-market rental unit of the tenant's choosing to reduce the tenant's share of rent payments to an affordable level. Unlike some other forms of publicly supported housing, HCVs are portable and their distribution throughout the area is subject to fluctuate over time. While eligibility for the program depends on factors such as income and household size, there are at least an estimated 5,125 renter households in Central Oregon likely to be eligible to receive HCVs, far outnumbering the 1,203 vouchers available; there may be additional households beyond the 5,125 estimate who are also eligible.

Housing Works processed 3,000 applications for the Housing Choice Voucher waitlist in 2018, yet only 120 vouchers became available. About 35% of voucher holders were unable to find a rental unit and their voucher was reissued to another household on the list.

Lesly Gonzalez, the Director of the Housing Choice Voucher Program at Housing Works, reports that 3,000 HCV applicants were processed for the waiting list in 2018, yet only 173 applicants were issued vouchers that year. Even after being issued a voucher, approximately 35% of households are unable to locate an available rental unit and their voucher is reissued to another household from the waiting list. The data in the table that follows is sourced from a HUD database and shows just how competitive

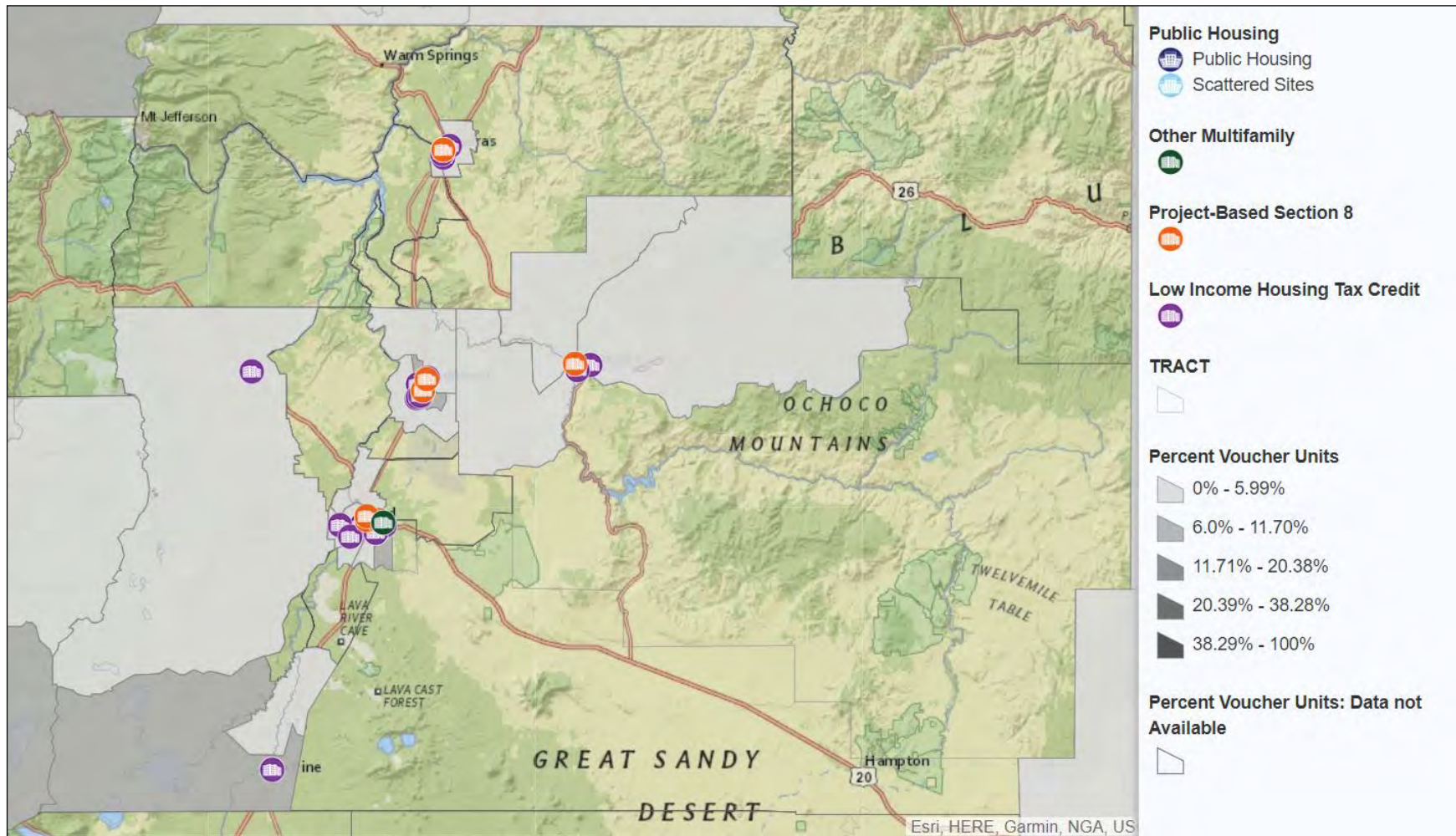
the market for these vouchers is. HUD reports that 100% of Housing Works’ HCVs are in use and, on average, a household remains on the waiting list for an available voucher for seven months. However, this wait time does not take into the current process for allocating vouchers, under which households waiting for a voucher must reapply annually. Local stakeholders estimate that the actual average wait time is about three years.

Total Units	1,203
Occupancy Rate	100%
Total Persons Housed	2,584
Average Tenure in Unit	7.4 years
Average Time on Waiting List	7 months
Household Income	
Average Tenant Household Income	\$14,111
Extremely Low Income (<30% AMI)	62%
Very Low Income (<50% AMI)	91%
Unit Mix	
0-1 Bedroom	25%
2 Bedroom	44%
3+ Bedroom	31%

Source: HUD PIC Database, <https://www.huduser.gov/portal/datasets/assths.html>

The gray shading in the maps on the following pages illustrates the distribution of HCVs across the Central Oregon region. Tracts with the highest voucher concentrations coincide with the region’s urban areas (specifically Bend, La Pine, Madras, Prineville, and Redmond) likely due to the relatively larger supply of rental units in these communities as compared with more rural areas. The census tract containing Sisters also includes a small share of households using vouchers (2.7% of total households in the tract). Overall, the region’s 1,203 Housing Choice Vouchers comprise approximately 1.2% of all housing units in Central Oregon but make up over 8% of the housing in south Redmond in the census tract containing the airport and Pollack Field. The other areas of the region with the highest HCV concentration are in East Bend between Pilot Butte and Reed Market Road (8%) and in far southwest Deschutes County, including La Pine (8%).

Figure 4-24. Publicly Supported Housing in Central Oregon, 2017

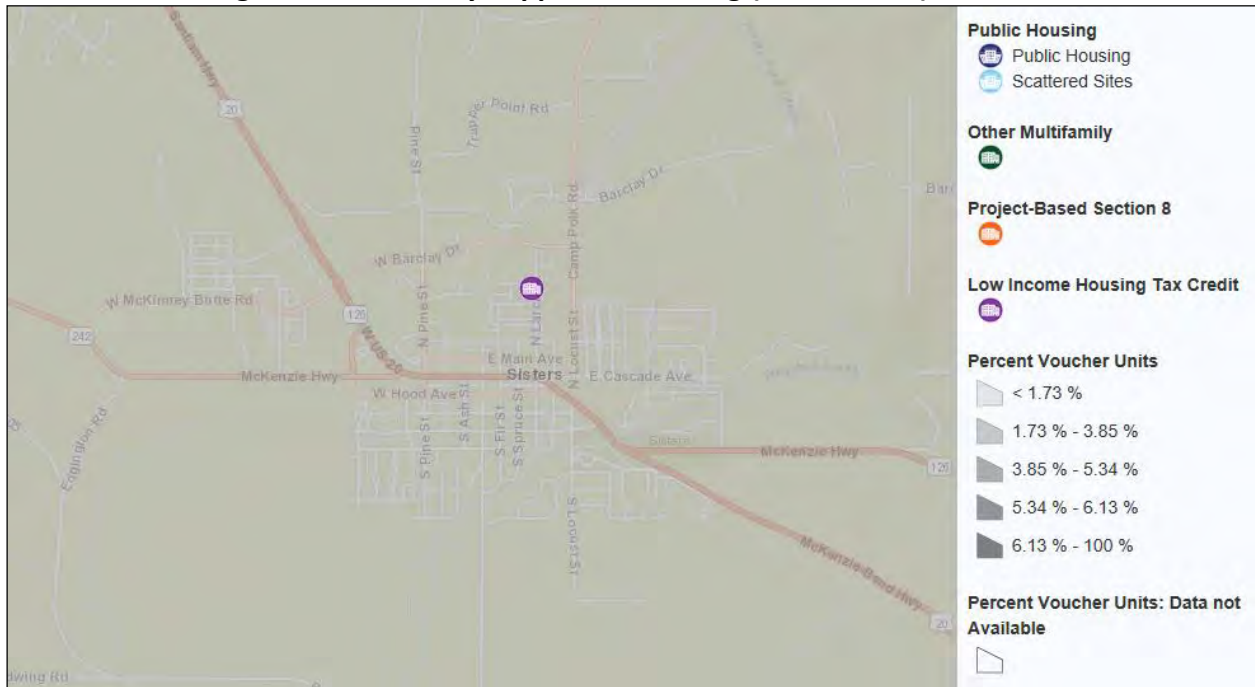


Source: HUD AFFH Mapping Tool, November 17, 2017 data release, <https://egis.hud.gov/affht>

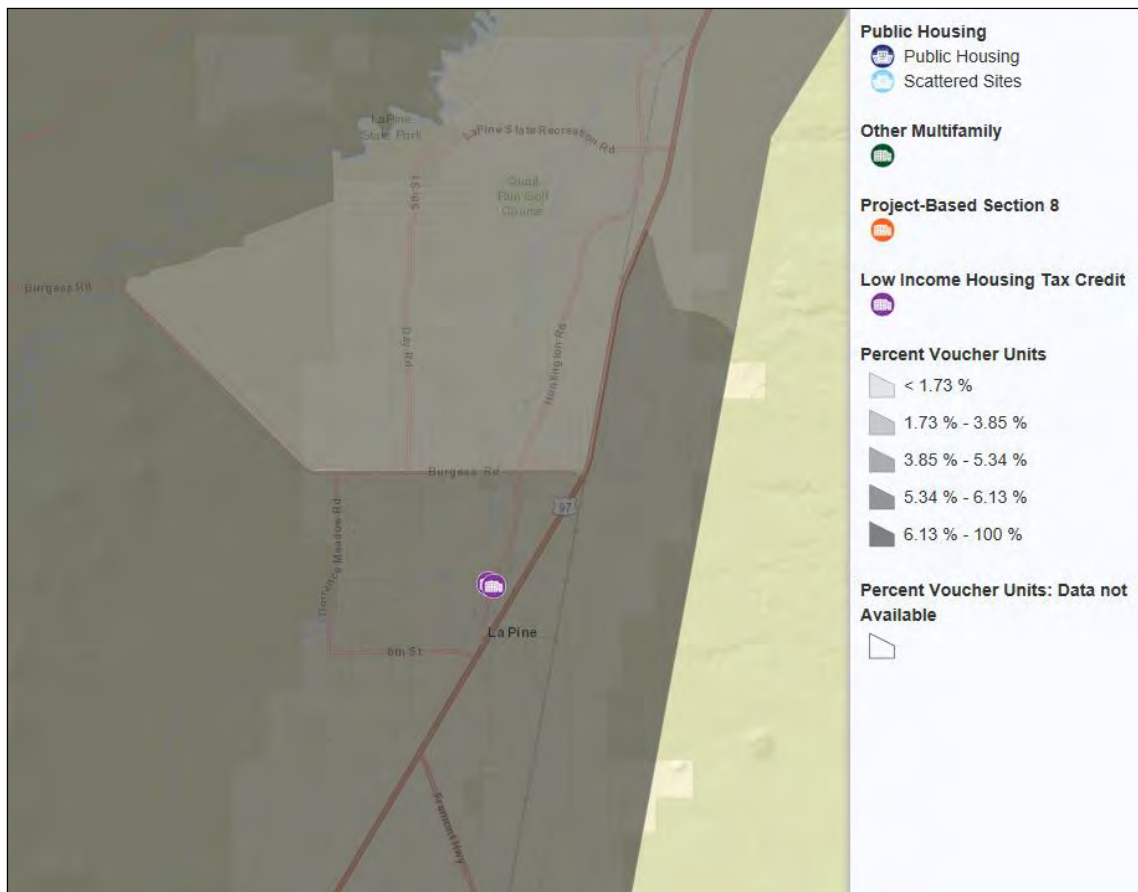




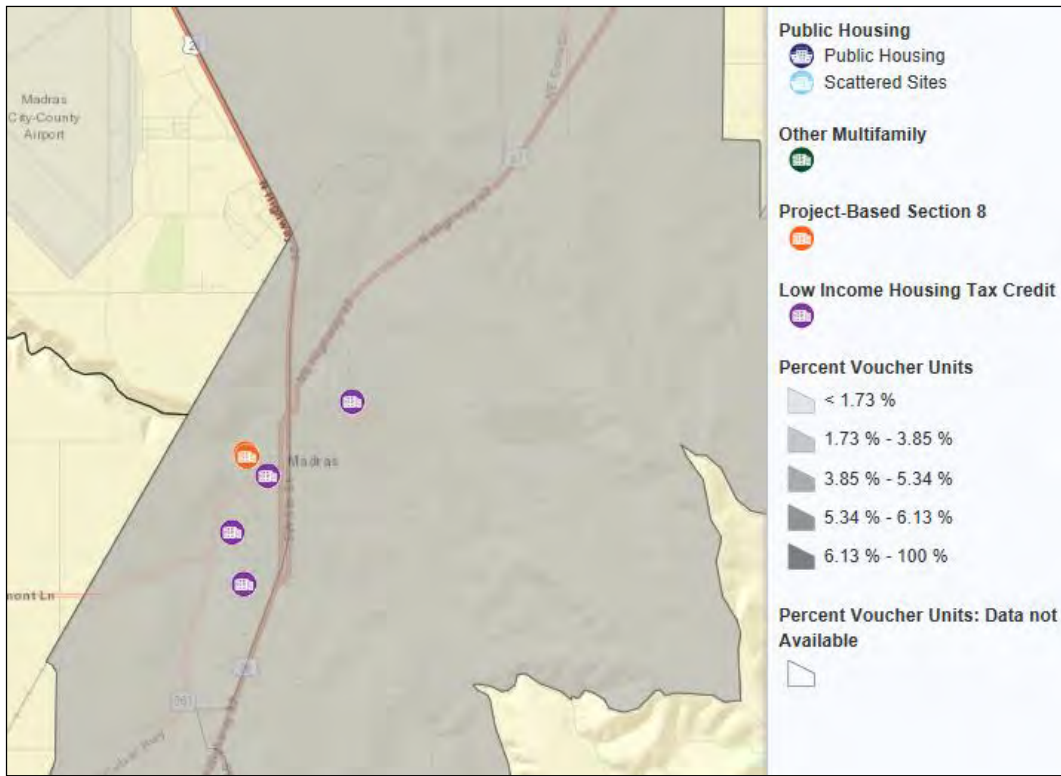
**Figure 4-28. Publicly Supported Housing (Sisters Inset), 2017**



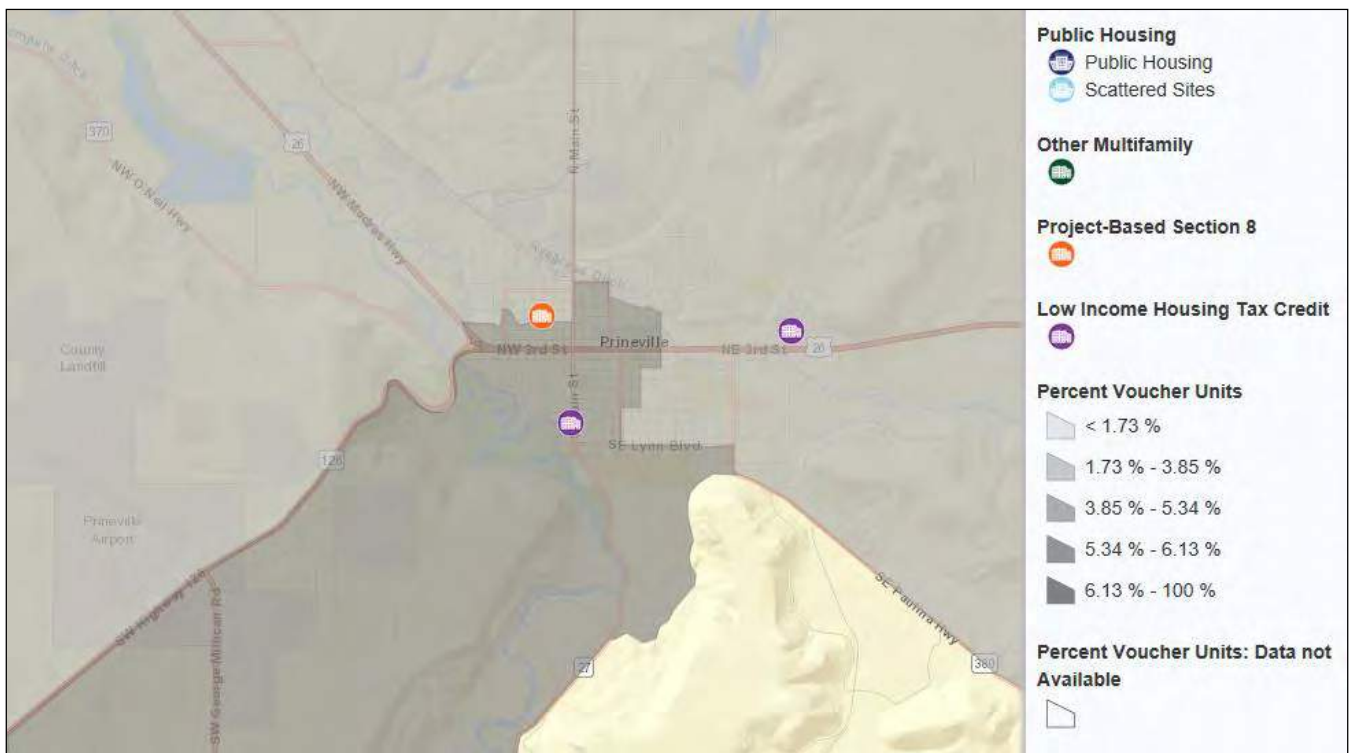
**Figure 4-27. Publicly Supported Housing (La Pine Inset), 2017**



**Figure 4-29. Publicly Supported Housing (Madras Inset), 2017**



**Figure 4-30. Publicly Supported Housing (Prineville Inset), 2017**



## Low-Income Housing Tax Credits

While HCVs are used to subsidize the cost of housing already existing in a market, in many communities, the LIHTC program is the primary source of subsidy for development or rehabilitation of new affordable housing units. Created by the Federal Tax Reform Act of 1986, the LIHTC program makes available an indirect federal subsidy for investors in affordable rental housing. The value of the tax credits awarded to a project may be syndicated by the recipient to generate equity investment, offsetting a portion of the development cost while offering investors a dollar-for-dollar reduction in their federal tax liability. As a condition of the LIHTC subsidy received, the resulting housing must meet certain affordability conditions, generally targeting housing to families with incomes below 60% AMI. The Internal Revenue Service allocates LIHTCs annually to each state's housing finance agency, which then awards them on a competitive basis to project applicants within the state. In Oregon, the state's Housing and Community Services Department administers the LIHTC program according to an annually updated Qualified Allocation Plan.

There are approximately 1,521 income-restricted rental housing units in 31 different properties in Central Oregon that are subsidized by LIHTCs as shown in the following table. These LIHTC units can – and frequently do – house tenants using a HCV to pay a portion of their rent, so the numbers of LIHTC units and HCVs cannot be totaled together to approximate the number of subsidized rental units in the region. The degree of overlap is further evident in the above maps where the tracts with the highest concentration of HCV use tend to also be areas where LIHTC developments are located.

<b>Project Name</b>	<b>Project Address</b>	<b>Location</b>	<b>ZIP Code</b>	<b>Total Number of Units</b>	<b>Low-Income Units</b>
Healy Heights Apts Site 2	1900 Ne Bear Creek Rd	Bend	97702	--	--
Willow Creek Apts	410 Ne Oak St	Madras	97741	40	40
Wintergreen Apts	2050 Sw Timber Ave	Redmond	97756	24	24
Stoneybrook	933 Nw Canal Blvd	Redmond	97756	50	40
Madras Estates	242 Sw Third St	Madras	97741	23	23
Redmond Triangle Housing	767 Nw Canal Blvd	Redmond	97756	25	25
Ariel Glen Apts	1700 Se Tempest Dr	Bend	97702	70	70
Healy Heights	1900 Ne Bear Creek Rd	Bend	97701	70	70
Madison Apts	950 Sw Madison St	Madras	97741	30	30
Riverside Apts (Prineville)	611 S Main St	Prineville	97754	40	40
Cedarwest Apts	825 Watt Way	Bend	97701	121	--
Madras Family Housing Ctr II	375 Sw H St	Madras	97741	24	24
Bluffs Apts	340 Sw Rimrock Way	Redmond	97756	96	96
Eastlake Village	675 Ne Bellevue Dr	Bend	97701	56	56
Ridgeview Commons	449 Ne Ridgeview Ct	Prineville	97754	40	40

Source: HUD LIHTC Database, <https://lihtc.huduser.gov/>

**Table 4-12. Low Income Housing Tax Credit (LIHTC) Inventory, 2016 (continued)**

<b>Project Name</b>	<b>Project Address</b>	<b>Location</b>	<b>ZIP Code</b>	<b>Total Number of Units</b>	<b>Low-Income Units</b>
Ariel South Apts	1707 Se Tempest Dr	Bend	97702	97	97
Vintage At Bend	611 Ne Bellevue Dr	Bend	97701	106	106
Mountain Laurel Lodge	990 Sw Yates Dr	Bend	97702	54	54
Ridgemont Apts	2210 Sw 19Th St	Redmond	97756	46	46
Putnam Pointe	750 Nw Lava Rd	Bend	97703	33	33
Discovery Park Lodge	2868 Nw Crossing Dr	Bend	97703	53	53
Crest Butte Apts	1695 Ne Purcell Blvd	Bend	97701	52	41
Little Deschutes Lodge	51725 Huntington Rd	La Pine	--	26	26
Putnam Lofts	750 Nw Lava Rd	Bend	97703	10	10
Quimby Apts Renewal	455 Ne Quimby Ave	Bend	97701	52	52
High Desert Commons	2195 Sw Canal Blvd	Redmond	97756	28	27
Little Deschutes Lodge II	51745 Little Deschutes Ln	La Pine	97739	26	26
Crooked River Apts (3 Sites)	950 Sw Madison St	Madras	97741	94	93
Ariel Glen Apts Site 1	1700 Se Tempest Dr	Bend	97702	140	140
Reindeer Meadows	1601 Sw Reindeer Ave	Redmond	97756	50	50
Ironhorse Lodge	435 Ne Wayfinder Way	Prineville	97754	26	25
Riverside Apartments + Chennai Landing	375 Sw H Street	Madras	97741	65	64
<b>Total Units</b>				<b>1,700</b>	<b>1,554</b>

Source: HUD LIHTC Database, <https://lihtc.huduser.gov/>

### Other Subsidized Housing

Other programs, both those funded by HUD (most notably HUD’s Section 202 and Section 811 programs providing housing for elderly and disabled populations) and those relying on other federal, state, and local sources also have a role in the supply of subsidized housing in Central Oregon. Because the funding sources are more varied, they are more difficult to catalog, however, Table 4-13 displays a list of 13 multifamily developments in the region reported using a HUD tool for identifying affordable housing opportunities. It is unclear how many units these properties represent, but the majority of them are designed to serve elderly populations and offer predominantly one- and two-bedroom units.

Table 4-13. Subsidized Rental Developments, 2018					
Property	City	Type	Bedrooms		
			1	2	3
Brentwood Manor	Redmond	Elderly	X		
Canyon Villa Estates	Madras	Family		X	X
Crest Butte Apartments	Bend	Family	X	X	
Golden Age Manor I	Madras	Elderly	X		
Golden Age Manor II	Madras	Elderly	X		
Grasshopper Village	Prineville	Family		X	X
Greenwood Manor	Bend	Elderly	X	X	
Housing Opportunities, Inc.	Redmond	Disabled	X	X	
Ochoco Manor	Prineville	Elderly	X		
Pilot Butte I	Bend	Elderly	X		
Pilot Butte II	Bend	Elderly	X		
Quimby Street Apartments	Bend	Elderly	X		
Residential Housing Inc.	Redmond	Disabled			
Stafford Square	Redmond	Family		X	X

Source: HUD Affordable Apartment Search Tool, <https://apps.hud.gov/apps/section8/index.cfm>

Neither Housing Works nor any other housing authority owns or operates traditional public housing units (i.e. rental housing units owned and managed by a public housing authority and supported by an annual allotment of funding from HUD) in Central Oregon, but Housing Works' required annual Public Housing Authority Plan reports several affordable housing developments for which it is responsible. These are in varying stages of development, but include the following.


Table 4-14. Housing Works Affordable Housing Developments, 2018			
Property	City	Type	Number of Units
Cook Crossing	Redmond	Elderly	48
Moonlight Townhomes	Bend	Family	29
Daggett Townhomes	Bend	Family	24
Ochoco School Apartments	Prineville	Family	29
La Pine Townhomes	La Pine	Family	42
Village Meadows Apartments	Sisters	Family	48
<b>Total Units</b>			<b>220</b>

Source: Housing Works PHA Annual Plan for FY 07/2018, Attachment D

These 220 units represent significant organizational capacity on the part of Housing Works and are an important addition to local affordability options. Particularly helpful is that the majority of these new units will be for family households and not restricted to specific population groups. While

seniors and people with disabilities certainly have unique and often heightened challenges in locating housing, the local affordable housing shortage affects a wide cross section of residents, including working families. Employers in Central Oregon who participated in the housing survey overwhelmingly reported (87%) that the cost of rental housing is the greatest barrier faced by their employees when seeking housing.

Compared with other Oregon communities, Central Oregon's subsidized housing inventory appears to be lacking. Comparing just the mix of HUD-subsidized housing options, the region's HCVs, with no other public housing units, makes up 1.2% of the region's supply. In Eugene, HCVs are 2.0% of the city's inventory; they make up 3.5% and 2.8% of Salem and Portland's housing inventories, respectively. Because of their additional HUD-supported housing types beyond HCVs, the overall subsidized housing stock makes up a larger share of the local housing supply: 3.4% in Eugene, 5.4% in Salem, and 5.0% in Portland.



Compared with other Oregon communities, Central Oregon's subsidized housing inventory is lacking. HUD-subsidized housing options makes up 1.2% of housing in Central Oregon, compared to 5.4% in Salem and 5.0% in Portland.

# Chapter 5: Housing Gap Assessment

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This portion of the Regional Housing Needs Assessment contains data and analysis regarding housing needs and gaps in Central Oregon. Current levels of need are based on households experiencing problems such as cost burden, overcrowding, and substandard housing conditions. The current needs are projected out 10 years to 2028 based on population estimates from Portland State University. An analysis comparing available supply of affordable rental and owner-occupied housing with the number of households in need arrives at gaps in the numbers of affordable units needed at various rent or sales prices to meet the needs of current resident households. These gaps are further broken down for each Central Oregon community. Based on this data, a summary of the region's critical housing gaps is provided, outlining unique housing-related challenges and needs for households ranging from very low to moderate-incomes. The housing cohorts identified in the beginning of this chapter provide a helpful frame of reference for the sections that follow, offering a description of the types of households typically found within the various income bands used for the analyses. Finally, a study of socioeconomic segregation, on the bases of both race/ethnicity and income is included.

## Housing Cohorts

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The table that follows outlines housing cohorts for the Central Oregon region, which are defined by income as a percentage of the area median income. For each cohort, number of households, tenure, income ranges, affordable monthly housing costs, and sample household types are shown. These cohorts provide structure for the Housing Gap Assessment, by contextualizing current and projected levels of housing need. Additional report chapters related to causes of housing need/gaps in Central Oregon and best practices for addressing gaps will speak to specific cohorts and household types, with the understanding two households may have similar income levels but still face different housing needs.

**Table 5-1. Central Oregon Housing Cohorts**

2017 Cohort Size in Central Oregon	2017 Annual Income (4-Person Household)	2017 Affordable Monthly Housing Cost	Sample Household Types and/or Occupations
<b>Housing Cohort: 0-30% Area Median Income</b>			
9,246 households <ul style="list-style-type: none"> <li>• 40% owners</li> <li>• 60% renters</li> </ul>	Deschutes County: \$0 - \$19,150  Crook and Jefferson Counties: \$0 - \$16,000	Deschutes County: \$0 - \$475  Crook and Jefferson Counties: \$0 - \$400	<ul style="list-style-type: none"> <li>• Seniors with social security income (\$15,000)</li> <li>• Full- or part-time minimum wage workers (\$10,000 to \$20,000), including students</li> <li>• People who are unemployed</li> <li>• Individuals and families who are homeless or at risk of homelessness</li> </ul>
<b>Housing Cohort: 31-60% Area Median Income</b>			
15,215 households <ul style="list-style-type: none"> <li>• 47% owners</li> <li>• 53% renters</li> </ul>	Deschutes County: \$19,151 - \$38,280  Crook and Jefferson Counties: \$16,001 - \$31,980	Deschutes County: \$476 - \$950  Crook and Jefferson Counties: \$401 - \$800	<ul style="list-style-type: none"> <li>• Two full- or part-time minimum wage workers (\$20,000 to \$35,000), including students</li> <li>• Preschool teachers (\$29,000)</li> <li>• Food prep workers and cashiers (\$25,000)</li> <li>• Hotel and resort desk clerks (\$24,000)</li> </ul>
<b>Housing Cohort: 61-80% Area Median Income</b>			
11,113 households <ul style="list-style-type: none"> <li>• 53% owners</li> <li>• 47% renters</li> </ul>	Deschutes County: \$38,281 - \$51,050  Crook and Jefferson Counties: \$31,981 - \$42,650	Deschutes County: \$951 - \$1,275  Crook and Jefferson Counties: \$801 - \$1,065	<ul style="list-style-type: none"> <li>• Households with one or more full-time workers</li> <li>• Seniors with retirement and social security income</li> <li>• School bus drivers (\$37,000)</li> <li>• Paramedics (\$38,000)</li> <li>• Office support workers (\$40,000)</li> <li>• Child/family social workers (\$45,000)</li> </ul>

**Table 5-1. Central Oregon Housing Cohorts (continued)**

2017 Cohort Size in Central Oregon	2017 Annual Income (4-Person Household)	2017 Affordable Monthly Housing Cost	Sample Household Types and/or Occupations
<b>Housing Cohort: 81-100% Area Median Income</b>			
8,780 households <ul style="list-style-type: none"> <li>• 63% owners</li> <li>• 37% renters</li> </ul>	Deschutes County: \$51,051 - \$63,800  Crook and Jefferson Counties: \$42,651 - \$53,300	Deschutes County: \$1,276 - \$1,595  Crook and Jefferson Counties: \$1,066 - \$1,330	<ul style="list-style-type: none"> <li>• Households with one or more full-time workers</li> <li>• Two to four roommates/students with part-time work</li> <li>• Licensed practical nurses (LPN) (\$50,000)</li> <li>• Firefighters (\$58,000)</li> <li>• Electricians (\$59,000)</li> <li>• Middle school teachers (\$60,000)</li> <li>• Plumbers (\$62,000)</li> </ul>
<b>Housing Cohort: 101-120% Area Median Income</b>			
7,069 households <ul style="list-style-type: none"> <li>• 72% owners</li> <li>• 28% renters</li> </ul>	Deschutes County: \$63,801 - \$76,560  Crook and Jefferson Counties: \$53,301 - \$63,960	Deschutes County: \$1,596 - \$1,915  Crook and Jefferson Counties: \$1,331 - \$1,600	<ul style="list-style-type: none"> <li>• Households with one or more full-time workers</li> <li>• Accountant (\$64,000)</li> <li>• Veterinarian (\$68,000)</li> <li>• Police officer (\$72,000)</li> </ul>
<b>Housing Cohort: 121-140% Area Median Income</b>			
7,331 households <ul style="list-style-type: none"> <li>• 74% owners</li> <li>• 26% renters</li> </ul>	Deschutes County: \$76,561 - \$89,320  Crook and Jefferson Counties: \$63,961 - \$74,620	Deschutes County: \$1,916 - \$2,230  Crook and Jefferson Counties: \$1,601 - \$1,865	<ul style="list-style-type: none"> <li>• Households with one or more full-time workers</li> <li>• Physical therapist (\$76,000)</li> <li>• Civil engineer (\$77,000)</li> <li>• Hotel manager (\$86,000)</li> <li>• Dental hygienist (\$87,000)</li> <li>• Registered nurse (\$90,000)</li> </ul>

Data Sources: Mosaic estimates based on 2011-2015 Comprehensive Housing Affordability Strategy data, Tables 1, 3, 8, and 10, Retrieved from <https://www.huduser.gov/portal/datasets/cp.html>; 2011-2015 5-Year American Community Survey, Table B01003; Portland State University College of Urban and Public Affairs: Population Research Center 2017 Certified Population Estimates; HUD 2017 HOME Income Limits; and U.S. Bureau of Labor Statistics Occupational Employment Statistics

## Current Levels of Housing Need

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Housing cost and condition are key components of housing need. Housing barriers may exist in a jurisdiction when some groups have greater difficulty accessing housing in good condition and that they can afford. To assess affordability and other types of housing needs, HUD defines four housing problems:

1. A household is *cost burdened* if monthly housing costs (including mortgage payments, property taxes, insurance, and utilities for owners and rent and utilities for renters) exceed 30% of monthly income.
2. A household is *overcrowded* if there is more than one person per room, not including kitchen or bathrooms.
3. A housing unit *lacks complete kitchen facilities* if it lacks one or more of the following: cooking facilities, a refrigerator, or a sink with piped water.
4. A housing unit *lacks complete plumbing facilities* if it lacks one or more of the following: hot and cold piped water, a flush toilet, or a bathtub or shower.

HUD also defines four severe housing problems, including a severe cost burden (more than 50% of monthly housing income is spent on housing costs), severe overcrowding (more than 1.5 people per room, not including kitchens or bathrooms), lack of complete kitchen facilities (as described above), and lack of complete plumbing facilities (also as described above).

To assess housing need, HUD receives a special tabulation of data from the U. S. Census Bureau's American Community Survey that is largely not available through standard Census products. This data, known as Comprehensive Housing Affordability Strategy (CHAS) data, counts the number of households that fit certain combinations of HUD-specified criteria, such as housing needs by race and ethnicity.<sup>36</sup>

Of the four types of housing problems, Table 5-2 illustrates that cost burden affects far more households than any of the others. Nearly half of the region's renters spend more than 30% of their income on housing expenses, while just over a quarter spend more than 50% of their household income on these expenses. Overcrowding affects 3.7% of renter households and 2.4% of renters live with incomplete kitchen or plumbing facilities. Renters are more likely to face a housing problem than homeowners, but homeowners are far from immune, particularly to the effects of cost burden. Nearly 30% of the region's homeowners are cost burdened, and more than 13% are severely cost burdened.

Nearly half of the region's renters spend more than 30% of their income on housing expenses, while just over a quarter spend more than 50%.

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<sup>36</sup> At the time of this report, the most current CHAS data available was 2011-2015 data. For the tables contained in this section, the CHAS data has been updated to 2017 by applying Portland State University's 2017 Certified Population Estimates to the CHAS figures. Therefore, the tables contain only estimates; the unaltered 2011-2015 CHAS data that forms the basis for these estimates is provided in an appendix.

**Table 5-2. Estimated Housing Needs by Type in the Central Oregon Region, 2017**

Housing Needs	Owners		Renters		Total	
	Households	Share of Total	Households	Share of Total	Households	Share of Total
Cost burden	17,570	29.7%	15,227	48.5%	32,797	36.2%
Severe cost burden	7,992	13.5%	8,180	26.1%	16,172	17.9%
Overcrowding	754	1.3%	1,148	3.7%	1,902	2.1%
Severe overcrowding	119	0.2%	264	0.8%	383	0.4%
Lacking complete facilities	329	0.6%	769	2.4%	1,098	1.2%
<b>Total households with needs</b>	<b>18,333</b>	<b>31.0%</b>	<b>15,907</b>	<b>50.7%</b>	<b>34,240</b>	<b>37.8%</b>
<b>Total households</b>	<b>59,096</b>	<b>100.0%</b>	<b>31,399</b>	<b>100.0%</b>	<b>90,495</b>	<b>100.0%</b>

Note: Households with a severe cost burden are a subset of households with a cost burden. Severely overcrowded households are a subset of overcrowded households. The number of total needs (i.e., sum of cost burdens, overcrowding, and lack of facilities) is greater than the total number of households with needs because some households have more than one of the housing problems.

Data Sources: Mosaic estimates based on 2011-2015 Comprehensive Housing Affordability Strategy data, Tables 1, 3, 8, and 10, Retrieved from <https://www.huduser.gov/portal/datasets/cp.html>; 2011-2015 5-Year American Community Survey, Table B01003; Portland State University College of Urban and Public Affairs: Population Research Center 2017 Certified Population Estimates

Table 5-3 through Table 5-12 contain data on housing problems for each of the geographies included in the study area, broken down by tenure (owner/renter status). In terms of absolute numbers of households experiencing cost burdens, the largest numbers are in Bend, where over 6,100 homeowners and over 7,200 renters spend more than 30% of their household incomes on housing expenses. However, as a percentage of total households, rental cost burdens are greatest in Redmond where over 57% of renter households spend more than 30% of their incomes on housing. Redmond also has the region’s highest rates of severe cost burden among renters at 34.2%.



Redmond is home to the region’s highest rates of renter cost burden, where over 57% of renter households live in housing they cannot afford.

Homeowners are most likely to find themselves cost burdened in La Pine than in any other location in the region, with a rate of 37.5%. While not quite as high as Redmond, La Pine also has an exceptionally high percentage of cost burdened renters; 55.6%. More than half of the renter households in La Pine and unincorporated Deschutes County also are affected by cost burden. The region’s lowest rates of cost burdening are all found in Warm Springs, where just 28.0% of renters and 9.1% of homeowners are affected.

Data on overcrowding may help explain the low rates of cost burden in Warm Springs: 15.3% of all households and 23.3% of renter households in Warm Springs live in overcrowded conditions. One common way people reduce their individual housing expenses is by sharing housing or taking on roommates, distributing the cost among more people. This could have the effect of lowering cost burden by adding additional incomes to the household, but also works to increase incidences of overcrowding. Leading the region in housing lacking complete kitchen or plumbing facilities is

Prineville, where 2.9% of all households (3.7% of renters and 2.1% of homeowners) live in such conditions.

**Table 5-3. Central Oregon Housing Cohorts Table 3. Estimated Housing Needs by Type in Crook County, 2017**

Housing Needs	Owners		Renters		Total	
	Households	Share of Total	Households	Share of Total	Households	Share of Total
Cost burden	2,083	31.7%	1,392	46.4%	3,475	36.3%
Severe cost burden	907	13.8%	802	26.7%	1,709	17.8%
Overcrowding	79	1.2%	232	7.7%	311	3.2%
Severe overcrowding	42	0.6%	74	2.5%	116	1.2%
Lacking complete facilities	111	1.7%	79	2.6%	190	2.0%
<b>Total households with needs</b>	<b>2,226</b>	<b>33.8%</b>	<b>1,461</b>	<b>48.7%</b>	<b>3,687</b>	<b>38.5%</b>
<b>Total households</b>	<b>6,577</b>	<b>100.0%</b>	<b>3,001</b>	<b>100.0%</b>	<b>9,578</b>	<b>100.0%</b>

Note: Households with a severe cost burden are a subset of households with a cost burden. Severely overcrowded households are a subset of overcrowded households. The number of total needs (i.e., sum of cost burdens, overcrowding, and lack of facilities) is greater than the total number of households with needs because some households have more than one of the housing problems.

Data Sources: Mosaic estimates based on 2011-2015 Comprehensive Housing Affordability Strategy data, Tables 1, 3, 8, and 10, Retrieved from <https://www.huduser.gov/portal/datasets/cp.html>; 2011-2015 5-Year American Community Survey, Table B01003; Portland State University College of Urban and Public Affairs: Population Research Center 2017 Certified Population Estimates

**Table 5-4. Estimated Housing Needs by Type in Deschutes County, 2017**

Housing Needs	Owners		Renters		Total	
	Households	Share of Total	Households	Share of Total	Households	Share of Total
Cost burden	14,283	30.3%	12,873	50.1%	27,156	37.3%
Severe cost burden	6,565	13.9%	6,889	26.8%	13,454	18.5%
Overcrowding	554	1.2%	769	3.0%	1,323	1.8%
Severe overcrowding	66	0.1%	137	0.5%	203	0.3%
Lacking complete facilities	192	0.4%	648	2.5%	840	1.2%
<b>Total households with needs</b>	<b>14,772</b>	<b>31.3%</b>	<b>13,400</b>	<b>52.1%</b>	<b>28,172</b>	<b>38.7%</b>
<b>Total households</b>	<b>47,121</b>	<b>100.0%</b>	<b>25,712</b>	<b>100.0%</b>	<b>72,833</b>	<b>100.0%</b>

Note: Households with a severe cost burden are a subset of households with a cost burden. Severely overcrowded households are a subset of overcrowded households. The number of total needs (i.e., sum of cost burdens, overcrowding, and lack of facilities) is greater than the total number of households with needs because some households have more than one of the housing problems.

Data Sources: Mosaic estimates based on 2011-2015 Comprehensive Housing Affordability Strategy data, Tables 1, 3, 8, and 10, Retrieved from <https://www.huduser.gov/portal/datasets/cp.html>; 2011-2015 5-Year American Community Survey, Table B01003; Portland State University College of Urban and Public Affairs: Population Research Center 2017 Certified Population Estimates

**Table 5-5. Estimated Housing Needs by Type in Jefferson County, 2017**

Housing Needs	Owners		Renters		Total	
	Households	Share of Total	Households	Share of Total	Households	Share of Total
Cost burden	1,204	22.3%	962	35.8%	2,166	26.8%
Severe cost burden	520	9.6%	489	18.2%	1,009	12.5%
Overcrowding	121	2.2%	147	5.5%	268	3.3%
Severe overcrowding	11	0.2%	53	2.0%	64	0.8%
Lacking complete facilities	26	0.5%	42	1.6%	68	0.8%
<b>Total households with needs</b>	<b>1,335</b>	<b>24.7%</b>	<b>1,046</b>	<b>38.9%</b>	<b>2,381</b>	<b>29.5%</b>
<b>Total households</b>	<b>5,398</b>	<b>100.0%</b>	<b>2,686</b>	<b>100.0%</b>	<b>8,084</b>	<b>100.0%</b>

Note: Households with a severe cost burden are a subset of households with a cost burden. Severely overcrowded households are a subset of overcrowded households. The number of total needs (i.e., sum of cost burdens, overcrowding, and lack of facilities) is greater than the total number of households with needs because some households have more than one of the housing problems.

Data Sources: Mosaic estimates based on 2011-2015 Comprehensive Housing Affordability Strategy data, Tables 1, 3, 8, and 10, Retrieved from <https://www.huduser.gov/portal/datasets/cp.html>; 2011-2015 5-Year American Community Survey, Table B01003; Portland State University College of Urban and Public Affairs: Population Research Center 2017 Certified Population Estimates

**Table 5-6. Estimated Housing Needs by Type in Bend, 2017**

Housing Needs	Owners		Renters		Total	
	Households	Share of Total	Households	Share of Total	Households	Share of Total
Cost burden	6,116	29.7%	7,246	48.9%	13,362	37.7%
Severe cost burden	2,541	12.3%	3,644	24.6%	6,185	17.5%
Overcrowding	271	1.3%	308	2.1%	579	1.6%
Severe overcrowding	42	0.2%	53	0.4%	95	0.3%
Lacking complete facilities	53	0.3%	435	2.9%	488	1.4%
<b>Total households with needs</b>	<b>6,371</b>	<b>30.9%</b>	<b>7,549</b>	<b>50.9%</b>	<b>13,920</b>	<b>39.3%</b>
<b>Total households</b>	<b>20,614</b>	<b>100.0%</b>	<b>14,816</b>	<b>100.0%</b>	<b>35,430</b>	<b>100.0%</b>

Note: Households with a severe cost burden are a subset of households with a cost burden. Severely overcrowded households are a subset of overcrowded households. The number of total needs (i.e., sum of cost burdens, overcrowding, and lack of facilities) is greater than the total number of households with needs because some households have more than one of the housing problems.

Data Sources: Mosaic estimates based on 2011-2015 Comprehensive Housing Affordability Strategy data, Tables 1, 3, 8, and 10, Retrieved from <https://www.huduser.gov/portal/datasets/cp.html>; 2011-2015 5-Year American Community Survey, Table B01003; Portland State University College of Urban and Public Affairs: Population Research Center 2017 Certified Population Estimates



**Table 5-7. Estimated Housing Needs by Type in La Pine, 2017**

Housing Needs	Owners		Renters		Total	
	Households	Share of Total	Households	Share of Total	Households	Share of Total
Cost burden	138	37.5%	222	55.6%	360	46.8%
Severe cost burden	45	12.1%	98	24.4%	143	18.6%
Overcrowding	4	1.1%	4	1.0%	8	1.1%
Severe overcrowding	0	0.0%	0	0.0%	0	0.0%
Lacking complete facilities	0	0.0%	16	3.9%	16	2.0%
<b>Total households with needs</b>	<b>140</b>	<b>38.0%</b>	<b>224</b>	<b>55.8%</b>	<b>364</b>	<b>47.3%</b>
<b>Total households</b>	<b>369</b>	<b>100.0%</b>	<b>400</b>	<b>100.0%</b>	<b>769</b>	<b>100.0%</b>

Note: Households with a severe cost burden are a subset of households with a cost burden. Severely overcrowded households are a subset of overcrowded households. The number of total needs (i.e., sum of cost burdens, overcrowding, and lack of facilities) is greater than the total number of households with needs because some households have more than one of the housing problems.

Data Sources: Mosaic estimates based on 2011-2015 Comprehensive Housing Affordability Strategy data, Tables 1, 3, 8, and 10, Retrieved from <https://www.huduser.gov/portal/datasets/cp.html>; 2011-2015 5-Year American Community Survey, Table B01003; Portland State University College of Urban and Public Affairs: Population Research Center 2017 Certified Population Estimates

**Table 5-8. Estimated Housing Needs by Type in Madras, 2017**

Housing Needs	Owners		Renters		Total	
	Households	Share of Total	Households	Share of Total	Households	Share of Total
Cost burden	193	19.1%	470	38.9%	663	29.9%
Severe cost burden	141	13.9%	243	20.1%	384	17.3%
Overcrowding	4	0.4%	39	3.2%	43	1.9%
Severe overcrowding	0	0.0%	19	1.6%	19	0.9%
Lacking complete facilities	0	0.0%	39	3.2%	39	1.8%
<b>Total households with needs</b>	<b>194</b>	<b>19.2%</b>	<b>495</b>	<b>41.0%</b>	<b>689</b>	<b>31.0%</b>
<b>Total households</b>	<b>1,010</b>	<b>100.0%</b>	<b>1,209</b>	<b>100.0%</b>	<b>2,219</b>	<b>100.0%</b>

Note: Households with a severe cost burden are a subset of households with a cost burden. Severely overcrowded households are a subset of overcrowded households. The number of total needs (i.e., sum of cost burdens, overcrowding, and lack of facilities) is greater than the total number of households with needs because some households have more than one of the housing problems.

Data Sources: Mosaic estimates based on 2011-2015 Comprehensive Housing Affordability Strategy data, Tables 1, 3, 8, and 10, Retrieved from <https://www.huduser.gov/portal/datasets/cp.html>; 2011-2015 5-Year American Community Survey, Table B01003; Portland State University College of Urban and Public Affairs: Population Research Center 2017 Certified Population Estimates

**Table 5-9. Estimated Housing Needs by Type in Prineville, 2017**

Housing Needs	Owners		Renters		Total	
	Households	Share of Total	Households	Share of Total	Households	Share of Total
Cost burden	736	32.8%	1,018	47.6%	1,754	40.0%
Severe cost burden	411	18.3%	581	27.2%	992	22.6%
Overcrowding	37	1.7%	144	6.7%	181	4.1%
Severe overcrowding	0	0.0%	69	3.2%	69	1.6%
Lacking complete facilities	48	2.1%	80	3.7%	128	2.9%
<b>Total households with needs</b>	<b>768</b>	<b>34.2%</b>	<b>1,066</b>	<b>49.9%</b>	<b>1,834</b>	<b>41.8%</b>
<b>Total households</b>	<b>2,244</b>	<b>100.0%</b>	<b>2,138</b>	<b>100.0%</b>	<b>4,382</b>	<b>100.0%</b>

Note: Households with a severe cost burden are a subset of households with a cost burden. Severely overcrowded households are a subset of overcrowded households. The number of total needs (i.e., sum of cost burdens, overcrowding, and lack of facilities) is greater than the total number of households with needs because some households have more than one of the housing problems.

Data Sources: Mosaic estimates based on 2011-2015 Comprehensive Housing Affordability Strategy data, Tables 1, 3, 8, and 10, Retrieved from <https://www.huduser.gov/portal/datasets/cp.html>; 2011-2015 5-Year American Community Survey, Table B01003; Portland State University College of Urban and Public Affairs: Population Research Center 2017 Certified Population Estimates

**Table 5-10. Estimated Housing Needs by Type in Redmond, 2017**

Housing Needs	Owners		Renters		Total	
	Households	Share of Total	Households	Share of Total	Households	Share of Total
Cost burden	1,756	30.9%	2,816	57.1%	4,572	43.0%
Severe cost burden	808	14.2%	1,689	34.2%	2,497	23.5%
Overcrowding	41	0.7%	309	6.3%	350	3.3%
Severe overcrowding	0	0.0%	31	0.6%	31	0.3%
Lacking complete facilities	0	0.0%	124	2.5%	124	1.2%
<b>Total households with needs</b>	<b>1,797</b>	<b>31.6%</b>	<b>2,971</b>	<b>60.2%</b>	<b>4,768</b>	<b>44.9%</b>
<b>Total households</b>	<b>5,689</b>	<b>100.0%</b>	<b>4,932</b>	<b>100.0%</b>	<b>10,621</b>	<b>100.0%</b>

Note: Households with a severe cost burden are a subset of households with a cost burden. Severely overcrowded households are a subset of overcrowded households. The number of total needs (i.e., sum of cost burdens, overcrowding, and lack of facilities) is greater than the total number of households with needs because some households have more than one of the housing problems.

Data Sources: Mosaic estimates based on 2011-2015 Comprehensive Housing Affordability Strategy data, Tables 1, 3, 8, and 10, Retrieved from <https://www.huduser.gov/portal/datasets/cp.html>; 2011-2015 5-Year American Community Survey, Table B01003; Portland State University College of Urban and Public Affairs: Population Research Center 2017 Certified Population Estimates

**Table 5-11. Estimated Housing Needs by Type in Sisters, 2017**

Housing Needs	Owners		Renters		Total	
	Households	Share of Total	Households	Share of Total	Households	Share of Total
Cost burden	155	34.3%	214	44.7%	369	39.7%
Severe cost burden	77	17.2%	112	23.3%	189	20.3%
Overcrowding	4	0.9%	24	5.1%	28	3.1%
Severe overcrowding	0	0.0%	10	2.0%	10	1.1%
Lacking complete facilities	0	0.0%	10	2.0%	10	1.1%
<b>Total households with needs</b>	157	34.8%	230	48.0%	387	41.7%
<b>Total households</b>	450	100.0%	479	100.0%	929	100.0%

Note: Households with a severe cost burden are a subset of households with a cost burden. Severely overcrowded households are a subset of overcrowded households. The number of total needs (i.e., sum of cost burdens, overcrowding, and lack of facilities) is greater than the total number of households with needs because some households have more than one of the housing problems.

Data Sources: Mosaic estimates based on 2011-2015 Comprehensive Housing Affordability Strategy data, Tables 1, 3, 8, and 10, Retrieved from <https://www.huduser.gov/portal/datasets/cp.html>; 2011-2015 5-Year American Community Survey, Table B01003; Portland State University College of Urban and Public Affairs: Population Research Center 2017 Certified Population Estimates

**Table 5-12. Estimated Housing Needs by Type in Warm Springs, 2017**


Housing Needs	Owners		Renters		Total	
	Households	Share of Total	Households	Share of Total	Households	Share of Total
Cost burden	50	9.1%	95	28.0%	145	16.3%
Severe cost burden	28	5.2%	51	15.0%	79	8.9%
Overcrowding	57	10.3%	79	23.3%	136	15.3%
Severe overcrowding	0	0.0%	23	6.7%	23	2.5%
Lacking complete facilities	23	4.1%	0	0.0%	23	2.5%
<b>Total households with needs</b>	130	23.7%	153	45.0%	283	31.8%
<b>Total households</b>	548	100.0%	339	100.0%	887	100.0%

Note: Households with a severe cost burden are a subset of households with a cost burden. Severely overcrowded households are a subset of overcrowded households. The number of total needs (i.e., sum of cost burdens, overcrowding, and lack of facilities) is greater than the total number of households with needs because some households have more than one of the housing problems.

Data Sources: Mosaic estimates based on 2011-2015 Comprehensive Housing Affordability Strategy data, Tables 1, 3, 8, and 10, Retrieved from <https://www.huduser.gov/portal/datasets/cp.html>; 2011-2015 5-Year American Community Survey, Table B01003; Portland State University College of Urban and Public Affairs: Population Research Center 2017 Certified Population Estimates

Table 5-13 summarizes the preceding tables, providing figures for the numbers and percentages of owners and renters in each jurisdiction with any kind of housing need. The types of needs (cost burden, overcrowding, and lack of plumbing or kitchen facilities) are not included, but as the previous data has demonstrated, cost burden is the most frequently-occurring housing need among the types addressed in this report. Consistent with the findings from reviewing the individual tables for each jurisdiction, renters in Redmond and homeowners in La Pine have the highest rates of housing needs within their respective categories.

In Table 5-14 and Table 5-15, housing needs are assessed by householder race and ethnicity. Looking at needs within this dimension shows that 37.0% of non-Latino white households have at least one housing problem and 19.4% have a severe housing problem. HUD defines a group as having a disproportionate need if its members experience housing needs at a rate that is ten percentage points or more above that of white households. Using this definition, there are three groups in Central Oregon with disproportionate needs. Black homeowner and renter households have disproportionate rates of both housing problems and severe housing problems. Non-Latino Other renter households have disproportionate housing needs and Latino renters have severe housing needs at disproportionate rates compared to white households.



Black homeowner and renter households have disproportionate rates of housing problems, as do Latino renters.

**Table 5-13. Summary of Estimated Housing Needs by Geography in the Central Oregon Region, 2017**

Geography	Owners			Renters			Total Households		
	Households with Needs	Total Households	Share with Needs	Households with Needs	Total Households	Share with Needs	Households with Needs	Total Households	Share with Needs
<b>Central Oregon Region</b>	<b>18,333</b>	<b>59,096</b>	<b>31.0%</b>	<b>15,907</b>	<b>31,399</b>	<b>50.7%</b>	<b>34,240</b>	<b>90,495</b>	<b>37.8%</b>
<b>By County</b>									
Crook County	2,226	6,577	33.8%	1,461	3,001	48.7%	3,687	9,578	38.5%
Deschutes County	14,722	47,121	31.3%	13,400	25,712	52.1%	28,172	72,833	38.7%
Jefferson County	1,335	5,398	24.7%	1,046	2,686	38.9%	2,381	8,084	29.5%
<b>By Place</b>									
Bend	6,371	20,614	30.9%	7,549	14,816	50.9%	13,920	35,430	39.3%
La Pine	140	369	38.0%	224	400	55.8%	364	769	47.3%
Madras	194	1,010	19.2%	495	1,209	41.0%	689	2,219	31.0%
Prineville	768	2,244	34.2%	1,066	2,138	49.9%	1,834	4,382	41.8%
Redmond	1,797	5,689	31.6%	2,971	4,932	60.2%	4,768	10,621	44.9%
Sisters	157	450	34.8%	230	479	48.0%	387	41.7%	41.6%
Warm Springs	130	548	23.7%	153	339	45.0%	283	887	31.8%

Data Source: Mosaic estimates based on 2011-2015 Comprehensive Housing Affordability Strategy data, Table 1, Retrieved from <https://www.huduser.gov/portal/datasets/cp.html>; 2011-2015 5-Year American Community Survey, Table B01003; Portland State University College of Urban and Public Affairs: Population Research Center 2017 Certified Population Estimates

**Table 5-14. Estimated Housing Needs by Race and Ethnicity in the Central Oregon Region, 2017**

Householder Race and Ethnicity	Owners			Renters			Total Households		
	Households with Needs	Total Households	Share with Needs	Households with Needs	Total Households	Share with Needs	Households with Needs	Total Households	Share with Needs
Non-Hispanic									
White	16,925	54,738	30.9%	13,316	26,904	49.5%	30,241	81,642	37.0%
Black	64	94	68.1%	132	159	83.0%	196	253	77.5%
Asian or Pacific Islander	92	334	27.5%	299	560	53.4%	391	894	43.7%
Native American	283	876	32.3%	329	631	52.1%	612	1,507	40.6%
Other or Multiple Races	158	650	24.3%	361	575	62.8%	519	1,225	42.4%
Hispanic	810	2,396	33.8%	1,467	2,546	57.6%	2,277	4,942	46.1%

Data Source: Mosaic estimates based on 2011-2015 Comprehensive Housing Affordability Strategy data, Table 1, Retrieved from <https://www.huduser.gov/portal/datasets/cp.html>; 2011-2015 5-Year American Community Survey, Table B01003; Portland State University College of Urban and Public Affairs: Population Research Center 2017 Certified Population Estimates

**Table 5-15. Estimated Severe Housing Needs by Race and Ethnicity in the Central Oregon Region, 2017**

Householder Race and Ethnicity	Owners			Renters			Total Households		
	Households with Severe Needs	Total Households	Share with Severe Needs	Households with Severe Needs	Total Households	Share with Severe Needs	Households with Severe Needs	Total Households	Share with Severe Needs
Non-Hispanic									
White	8,192	54,738	15.0%	7,609	26,904	28.3%	15,801	81,642	19.4%
Black	64	94	68.1%	121	159	76.1%	185	253	73.1%
Asian or Pacific Islander	64	334	19.2%	163	560	29.1%	227	894	25.4%
Native American	181	876	20.7%	226	631	35.8%	407	1,507	27.0%
Other or Multiple Races	25	650	3.8%	244	575	42.4%	269	1,225	22.0%
Hispanic	443	2,396	18.5%	1018	2,546	40.0%	1,461	4,942	29.6%

Note: Households with a severe housing need are a subset of households with a housing need.

Data Source: Mosaic estimates based on 2011-2015 Comprehensive Housing Affordability Strategy data, Table 2, Retrieved from <https://www.huduser.gov/portal/datasets/cp.html>; 2011-2015 5-Year American Community Survey, Table B01003; Portland State University College of Urban and Public Affairs: Population Research Center 2017 Certified Population Estimates

Table 5-16 examines housing needs by income cohort within each jurisdiction. Generally, housing needs increase as household income decreases, so that families with lower incomes face greater housing needs. Numerically, the largest segment of the region's population experiencing one or more housing needs is the group with incomes between 31% and 60% of the median family income. Approximately 15,215 households in the region fit into this cohort, and 11,523 (or 75.7%) experience housing needs. This cohort is followed by the 0-30% HAMFI group (within which 7,279 households, or 79.6% have needs) and the 61-80% HAMFI group (5,290 households or 47.6% with needs). Of these three cohorts, the 31-60%, and 61-80% groups make up a significant section of the service industry workforce, comprising preschool teachers, cooks, cashiers, bus drivers, and similar occupations.

More families in the 31-60% HAMFI income range – both homeowner and renter households – are impacted by housing needs than any other income cohort.

In most jurisdictions, rental housing needs are eliminated or fall off dramatically for households with incomes over 120% HAMFI, even while homeowners within this band often continue to face needs. The typical household within the 121-140% HAMFI cohort includes one or more full-time workers with occupations such as a physical therapist, hotel manager, registered nurse, or a civil engineer.

Housing needs generally increase as household income decreases, however, in most jurisdictions, rental housing needs are eliminated or fall off dramatically for households with incomes over 120% HAMFI, even while homeowners within this band may continue to face needs.

The degree of housing need varies considerably from one community to another. Looking just at the three counties, renter needs in Deschutes County range upwards of 80% for some income bands, meaning four in five renters will experience cost burden or another problem related to housing cost or condition. In Jefferson County, the rate of renters experiencing housing needs tops out at 75%, while in Crook County, the percentage ranges only as high as 65%.

Severe housing needs (Table 5-17) follow the same general trend of increasing as income is reduced, however, one difference is that there is a considerable increase in severe housing needs for both renters and owners between the 51-80% HAMFI and 31-50% HAMFI cohorts. For renters, the rate of need goes from 15.6% to 62.4%, and for homeowners, the change is from 24.4% to 52.0% as income falls below 51% of HAMFI.



**Table 5-16. Estimated Housing Needs by Income Cohort in the Central Oregon Region, 2017**

Household Income	Owners			Renters			Total Households		
	Households with Needs	Total Households	Share with Needs	Households with Needs	Total Households	Share with Needs	Households with Needs	Total Households	Share with Needs
<b>Central Oregon Region</b>									
0-30% HAMFI	2,837	3,667	77.4%	4,442	5,579	79.6%	7,279	9,246	78.7%
31-60% HAMFI	4,830	7,213	67.0%	6,693	8,002	83.6%	11,523	15,215	75.7%
61-80% HAMFI	2,751	5,889	46.7%	2,540	5,224	48.6%	5,290	11,113	47.6%
81-100% HAMFI	2,197	5,520	39.8%	1,288	3,260	39.5%	3,485	8,780	39.7%
101-120% HAMFI	1,656	5,087	32.5%	473	1,982	23.9%	2,128	7,069	30.1%
121-140% HAMFI	1,425	5,450	26.1%	126	1,880	6.7%	1,551	7,331	21.2%
<b>Crook County</b>									
0-30% HAMFI	353	406	87.0%	448	696	64.4%	802	1,102	72.7%
31-60% HAMFI	485	955	50.8%	554	849	65.3%	1,039	1,804	57.6%
61-80% HAMFI	454	907	50.0%	290	490	59.1%	744	1,398	53.2%
81-100% HAMFI	353	781	45.3%	42	248	17.0%	396	1,028	38.5%
101-120% HAMFI	153	622	24.6%	90	179	50.0%	243	802	30.3%
121-140% HAMFI	211	559	37.7%	0	148	0.0%	211	707	29.9%
<b>Deschutes County</b>									
0-30% HAMFI	2,295	3,014	76.1%	3,683	4,452	82.7%	5,978	7,466	80.1%
31-60% HAMFI	4,040	5,654	71.5%	5,687	6,549	86.8%	9,727	12,203	79.7%
61-80% HAMFI	2,108	4,441	47.5%	2,102	4,276	49.2%	4,210	8,717	48.3%
81-100% HAMFI	1,691	4,172	40.5%	1,142	2,761	41.4%	2,833	6,933	40.9%
101-120% HAMFI	1,345	3,881	34.7%	357	1,603	22.3%	1,702	5,484	31.0%
121-140% HAMFI	1,109	4,282	25.9%	126	1,559	8.1%	1,235	5,841	21.1%

**Table 5-16. Estimated Housing Needs by Income Cohort in the Central Oregon Region, 2017 (continued)**

Household Income	Owners			Renters			Total Households		
	Households with Needs	Total Households	Share with Needs	Households with Needs	Total Households	Share with Needs	Households with Needs	Total Households	Share with Needs
<b>Jefferson County</b>									
0-30% HAMFI	189	247	76.6%	310	431	72.0%	499	678	73.6%
31-60% HAMFI	305	605	50.4%	452	604	74.8%	757	1,209	62.6%
61-80% HAMFI	189	541	35.0%	147	457	32.2%	336	999	33.7%
81-100% HAMFI	152	568	26.9%	104	251	41.4%	256	819	31.3%
101-120% HAMFI	158	583	27.0%	26	200	13.2%	184	783	23.5%
121-140% HAMFI	105	610	17.2%	0	173	0.0%	105	783	13.4%
<b>Bend</b>									
0-30% HAMFI	1,013	1,247	81.3%	1,735	2,122	81.8%	2,748	3,369	81.6%
31-60% HAMFI	1,379	1,952	70.6%	3,077	3,517	87.5%	4,456	5,469	81.5%
61-80% HAMFI	1,029	1,957	52.6%	1,475	2,663	55.4%	2,504	4,620	54.2%
81-100% HAMFI	721	1,724	41.8%	700	1,485	47.1%	1,422	3,209	44.3%
101-120% HAMFI	647	1,639	39.5%	196	1,019	19.3%	843	2,658	31.7%
121-140% HAMFI	456	1,512	30.2%	95	976	9.8%	552	2,488	22.2%
<b>La Pine</b>									
0-30% HAMFI	62	67	93.8%	99	113	87.2%	161	180	89.6%
31-60% HAMFI	30	50	60.0%	78	119	65.5%	108	169	63.9%
61-80% HAMFI	21	62	33.3%	30	56	53.7%	51	119	43.0%
81-100% HAMFI	8	50	16.7%	10	36	28.6%	19	86	21.7%
101-120% HAMFI	4	24	17.4%	0	16	0.0%	4	40	10.5%
121-140% HAMFI	4	30	13.8%	0	26	0.0%	4	56	7.4%

**Table 5-16. Estimated Housing Needs by Income Cohort in the Central Oregon Region, 2017 (continued)**

Household Income	Owners			Renters			Total Households		
	Households with Needs	Total Households	Share with Needs	Households with Needs	Total Households	Share with Needs	Households with Needs	Total Households	Share with Needs
<b>Madras</b>									
0-30% HAMFI	44	53	81.8%	146	179	81.5%	189	232	81.6%
31-60% HAMFI	112	224	50.0%	227	300	75.7%	339	524	64.7%
61-80% HAMFI	34	112	30.4%	58	204	28.6%	92	316	29.2%
81-100% HAMFI	0	101	0.0%	48	130	36.6%	48	231	20.6%
101-120% HAMFI	0	58	0.0%	8	47	16.7%	8	105	7.4%
121-140% HAMFI	4	130	3.0%	0	44	0.0%	4	174	2.2%
<b>Prineville</b>									
0-30% HAMFI	192	192	100.0%	373	602	61.9%	565	794	71.1%
31-60% HAMFI	240	432	55.6%	341	608	56.1%	581	1,040	55.9%
61-80% HAMFI	101	261	38.8%	229	347	66.2%	331	608	54.4%
81-100% HAMFI	101	219	46.3%	43	208	20.5%	144	427	33.8%
101-120% HAMFI	43	229	18.6%	69	117	59.1%	112	347	32.3%
121-140% HAMFI	59	203	28.9%	0	139	0.0%	59	341	17.2%
<b>Redmond</b>									
0-30% HAMFI	232	263	88.2%	978	1,112	88.0%	1,210	1,375	88.0%
31-60% HAMFI	823	1,046	78.7%	1,431	1,555	92.0%	2,254	2,601	86.7%
61-80% HAMFI	216	541	40.0%	206	649	31.7%	422	1,189	35.5%
81-100% HAMFI	237	767	30.9%	263	685	38.3%	499	1,452	34.4%
101-120% HAMFI	82	469	17.6%	67	190	35.1%	149	659	22.7%
121-140% HAMFI	46	819	5.7%	26	185	13.9%	72	1,004	7.2%

**Table 5-16. Estimated Housing Needs by Income Cohort in the Central Oregon Region, 2017 (continued)**

Household Income	Owners			Renters			Total Households		
	Households with Needs	Total Households	Share with Needs	Households with Needs	Total Households	Share with Needs	Households with Needs	Total Households	Share with Needs
<b>Sisters</b>									
0-30% HAMFI	20	20	100.0%	34	38	89.7%	54	58	93.2%
31-60% HAMFI	49	73	67.1%	161	186	86.6%	210	259	81.1%
61-80% HAMFI	19	38	48.7%	39	59	66.7%	58	97	59.6%
81-100% HAMFI	20	39	50.0%	0	39	0.0%	20	78	25.0%
101-120% HAMFI	34	49	70.0%	0	23	0.0%	34	72	47.3%
121-140% HAMFI	0	44	0.0%	0	39	0.0%	0	83	0.0%
<b>Warm Springs</b>									
0-30% HAMFI	51	67	76.3%	85	122	69.4%	136	189	71.9%
31-60% HAMFI	0	57	0.0%	28	57	49.1%	28	114	24.6%
61-80% HAMFI	0	38	0.0%	17	57	30.0%	17	95	17.9%
81-100% HAMFI	11	62	18.2%	11	16	71.4%	23	78	29.0%
101-120% HAMFI	17	73	23.1%	16	44	35.9%	33	118	27.9%
121-140% HAMFI	5	55	8.2%	0	17	0.0%	5	72	6.3%

Data Source: Mosaic estimates based on 2011-2015 Comprehensive Housing Affordability Strategy data, Table 11, Retrieved from <https://www.huduser.gov/portal/datasets/cp.html>; 2011-2015 5-Year American Community Survey, Table B01003; Portland State University College of Urban and Public Affairs: Population Research Center 2017 Certified Population Estimates

**Table 5-17. Estimated Severe Housing Needs by Income Cohort in the Central Oregon Region, 2017**

Household Income	Owners			Renters			Total Households		
	Households with Severe Needs	Total Households	Share with Severe Needs	Households with Severe Needs	Total Households	Share with Severe Needs	Households with Severe Needs	Total Households	Share with Severe Needs
0-30% HAMFI	2,565	3,667	69.9%	4,137	5,579	74.2%	6,702	9,246	72.5%
31-50% HAMFI	2,328	4,480	52.0%	3,520	5,642	62.4%	5,847	10,122	57.8%
51-80% HAMFI	2,104	8,623	24.4%	1,179	7,584	15.6%	3,284	16,206	20.3%
81-100% HAMFI	678	5,520	12.3%	258	3,260	7.9%	935	8,780	10.6%

Note: Households with a severe housing need are a subset of households with a housing need.

Data Source: Mosaic estimates based on 2011-2015 Comprehensive Housing Affordability Strategy data, Table 2, Retrieved from <https://www.huduser.gov/portal/datasets/cp.html>; 2011-2015 5-Year American Community Survey, Table B01003; Portland State University College of Urban and Public Affairs: Population Research Center 2017 Certified Population Estimates

## Projected Future Housing Need

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As policymakers and housing industry leaders look toward the future, the levels of housing need are forecast to increase in many respects. As with the 2017 data estimates that have populated most of this chapter, the table below contains 10-year projected housing needs derived from an average of recent CHAS data (2005-2009 through 2011-2015 figures) to which Portland State University's population forecasts have been applied. The result mirrors (and can be compared with) the first rows of Table 5-16 to see how housing need is projected to change by 2028.

For the most part, housing needs for many income cohorts are projected to increase over the next ten years. The 2028 projections are consistent with the 2017 estimates of housing need in that the greatest numbers of households facing housing needs are found in the 31-60% HAMFI cohort. Within the next ten years, 14,218 households with incomes in this band are expected to have a housing need, followed by 9,422 in the 0-30% HAMFI range and 7,064 households with incomes of 61-80% of the area median. Of the total 40,670 households between 0% and 140% HAMFI that are projected to have housing needs in 2028, 35,152 of them (86%) earn 100% or less of HAMFI. The level of need generally increases for households with incomes over 100% HAMFI as well. In fact, these groups experience a higher percentage growth in housing needs over the period,

Over 14,000 households with incomes between 31% and 60% HAMFI are expected to face housing needs by 2028.

More than four in five households at 0-30% HAMFI are projected to face housing needs by 2028, yet housing for this population is often the costliest to provide.

however, in absolute numbers, these cohorts remain the least affected of the cohorts studied. In both the 61-80% HAMFI and 101-120% HAMFI cohorts, the incidence of housing needs is projected to increase by 3.4 percentage points over the next ten years and, whereas a quarter of homeowners in the 121-140% HAMFI cohort are estimated to currently experience housing needs, this grows to over 35% of this

population by 2028.

For households with incomes up to 30% HAMFI, the incidence of housing need rises for both homeowners and renters over the ten-year time period by a combined average of about 2.8 percentage points. While this growth is more moderate than that projected for higher income cohorts, it is significant for the sizeable total number of households expected to be added to those currently within this category. By 2028, over 2,300 additional families with incomes under 30% HAMFI and with housing needs will populate the region. Also noteworthy in considering the increase in this group is the fact that housing for this very low-income population is often the costliest to provide, requiring deeper subsidies than for other income groups.

**Table 5-18. Projected Housing Needs by Income Cohort in the Central Oregon Region, 2028**

Household Income	2028 Projections			Change since 2017	
	Households with Needs	Total Households	Share with Needs	Number of Households with Needs	Percentage Point Change in Share of Households with Needs
<b>Owners</b>					
0-30% HAMFI	3,683	4,593	80.2%	846	2.8
31-60% HAMFI	5,903	8,998	65.6%	1,073	-1.4
61-80% HAMFI	3,824	7,324	52.2%	1,073	5.5
81-100% HAMFI	3,169	6,864	46.2%	972	6.4
101-120% HAMFI	2,530	6,325	40.0%	874	7.5
121-140% HAMFI	2,391	6,793	35.2%	966	9.1
<b>Renters</b>					
0-30% HAMFI	5,738	6,970	82.3%	1,296	2.7
31-60% HAMFI	8,316	10,015	83.0%	1,623	-0.6
61-80% HAMFI	3,240	6,534	49.6%	700	1.0
81-100% HAMFI	1,279	4,090	31.3%	-9	-8.2
101-120% HAMFI	421	2,476	17.0%	-52	-6.9
121-140% HAMFI	176	2,354	7.5%	50	0.8
<b>All Households</b>					
0-30% HAMFI	9,422	11,562	81.5%	2,143	2.8
31-60% HAMFI	14,218	19,014	74.8%	2,695	-0.9
61-80% HAMFI	7,064	13,858	51.0%	1,774	3.4
81-100% HAMFI	4,448	10,955	40.6%	963	0.9
101-120% HAMFI	2,951	8,801	33.5%	823	3.4
121-140% HAMFI	2,567	9,147	28.1%	1,016	6.9

Data Source: Mosaic estimates based on 2005-2009 through 2011-2015 Comprehensive Housing Affordability Strategy data, Table 11, Retrieved from <https://www.huduser.gov/portal/datasets/cp.html>; Portland State University College of Urban and Public Affairs: Population Research Center 2017 Certified Population Estimates and 2018 Region 1 Population Forecasts

## Income and Housing Cost Comparison

This section presents data illustrating the gap between household income and the existing supply of housing affordable at a given income level, for renters and homeowners (Table 5-19) and by geography (Table 5-20 and Table 5-21). To determine these gaps, households by income and tenure within two income ranges are compared to the gross rents or home values that would be affordable at those levels. The affordable unit gap is an expression of the difference, with negative figures indicating an undersupply of housing units for the corresponding tenure type and income range. The gaps are cumulative to account for housing supply that may be occupied by households technically unable to afford it, thus negating its availability to the income group it may be priced more appropriately for. For example, Table 5-19 shows a shortage of 3,775 rental units affordable to households with incomes under \$15,000. While some of the 5,037 renter households in this income range may be homeless, many are cost burdened and living in units that are unaffordable to them. This creates a cascading effect to the gap when considering a larger group of households, those with incomes up to \$24,999. An available unit that may be affordable to a household with an income of \$20,000 could be occupied by a cost-burdened household earning \$12,000, thus pushing that higher-earning household toward its own cost burden situation where it must seek more expensive, unaffordable housing options.

An important note regarding the data presented in this section is that it is based on estimates from the American Community Survey sampled over a five-year period between 2012 and 2016. This uniform and reliable data source likely lags behind recent market trends which have suggested a rapid climb housing costs across the region. The 2017-2021 Central Oregon Comprehensive Economic Development Strategy contains data on mean rent amounts through 2016 and detected the beginning of a sharp increase in area rents between 2015 and 2016. Insight from local stakeholders suggests this trend has only continued since that time. If that is the case, and assuming wages have not similarly spiked along with housing costs, the actual affordable housing gaps in the region are likely to be roughly in line with, but generally larger and more significant than those presented here.

<b>Annual Household Income Range</b>	<b>Affordable Monthly Gross Rent</b>	<b>Renter Households by Income</b>	<b>Affordable Rental Units</b>	<b>Affordable Unit Gap</b>
\$0 to \$14,999	Up to \$399	5,037	1,262	-3,775
\$0 to \$24,999	Up to \$599	10,291	3,628	-6,663
<b>Annual Household Income Range</b>	<b>Affordable Home Price</b>	<b>Owner Households by Income</b>	<b>Affordable Owner Units</b>	<b>Affordable Unit Gap</b>
\$0 to \$14,999	Up to \$59,999	4,271	3,987	-284
\$0 to \$24,999	Up to \$89,999	8,535	6,170	-2,365

Note: Affordable home price assumes a 30-year fixed rate mortgage with a 15% down payment and 5% interest rate.

Data Sources: Mosaic estimates based on 2012-2016 5-Year American Community Survey, Table B25004, B25063, B25075 and B25118



The region’s greatest rental housing gaps are for those households with incomes up to \$24,999. In order to house these families, the region would need to add 6,663 rental units with monthly rents under \$600. In reality, and the housing needs data in the previous section points to this as well, many of these families are already housed in existing housing units in Central Oregon but are paying more than 30% of their income in rent. The affordable unit gap then could be met by constructing new units with very low rents, but also through other means such as voucher or other rent subsidy programs to bring these households’ rent payments down to more affordable levels. A significant supply of rental units within the region with rents ranging from \$600-\$899 helps close the cumulative gap considerably, narrowing it to 925 additional affordable units needed to meet the total affordable housing needs of all households with incomes under \$35,000. However, built into that figure – which still represents a significant shortage of affordable units – and thousands of cost burdened households stretching to make their rent payments. Here again, this reflects not so much a need for new rental housing construction as a mismatch between area rents and family incomes. On the homeownership side, the supply of units does not catch up to cumulative demand at any price point under \$200,000. New for-sale housing construction targeted to buyers with incomes under \$50,000 could alleviate some of the persistent gap for this type of housing.

The region’s greatest rental housing gap – a deficit of 6,663 affordable units – is for households with incomes up to \$24,999.

Table 5-20 and Table 5-21 contain just the affordable unit gap calculations by geography for renters and then homeowners. The full data from which these calculations are derived is available in an appendix to this report.

Table 5-20. Summary of Income and Rental Rate Comparison by Geography, 2012-2016					
Annual Household Income Range	Affordable Rental Unit Gap				
	Crook County	Deschutes County	Jefferson County	Bend	La Pine
\$0 to \$14,999	-305	-3,211	-246	-1,423	-69
\$0 to \$24,999	-312	-6,154	-162	-3,474	-86
Annual Household Income Range	Affordable Rental Unit Gap				
	Madras	Prineville	Redmond	Sisters	Warm Springs
\$0 to \$14,999	-191	-271	-935	-35	-1
\$0 to \$24,999	-220	-162	-1,512	-111	63

Data Sources: Mosaic estimates based on 2012-2016 5-Year American Community Survey, Table B25004, B25063, and B25118

In nearly all Central Oregon communities, affordable rental unit gaps exist for households with incomes under \$25,000, equating to a need for units with rents under \$600 per month. The gap is greatest in Deschutes County, where the cumulative gap for this population is over 6,100 units. In many cases, the cumulative gap present for households with incomes under \$25,000 (rents up to \$599) is substantially balanced by an oversupply of units with rents in the \$600-\$899 range. Here

again, this data suggests the lower-income households are stretching beyond their means to afford units that currently exist but are priced too high to be affordable.

**Table 5-21. Summary of Income and Home Value Comparison by Geography, 2012-2016**

Annual Household Income Range	Affordable Homeownership Unit Gap				
	Crook County	Deschutes County	Jefferson County	Bend	La Pine
\$0 to \$14,999	-43	-723	473	-111	-23
\$0 to \$24,999	-248	-2,520	385	-982	1
Annual Household Income Range	Affordable Homeownership Unit Gap				
	Madras	Prineville	Redmond	Sisters	Warm Springs
\$0 to \$14,999	264	19	-14	-44	50
\$0 to \$24,999	141	-31	-153	-96	105

Note: Affordable home price assumes a 30-year fixed rate mortgage with a 15% down payment and 5% interest rate.

Data Sources: Mosaic estimates based on 2012-2016 5-Year American Community Survey, Table B25004, B25075, and B25118

The affordable homeownership gap details in Table 5-21 also closely follow the regional gaps in Table 5-19, however, several exceptions should be noted. Whereas rental housing gaps were found in nearly all Central Oregon communities, low-cost for-sale housing is somewhat more likely to be available in some areas, eliminating affordability gaps. While Table 5-21 shows in some cases an oversupply of available for-sale housing, the gaps are based on data that lags behind recent housing market trends suggesting sharp increases in housing costs. As was noted earlier in this section, actual gaps are likely larger and more significant (and thus, any oversupply indicated is also likely narrower) than the figures presented.

In Jefferson County, the supply of homes priced under \$90,000 exceeds demand from households earning under \$25,000 per year by approximately 385 units. Madras and Warm Springs also have a supply of affordable for-sale housing sufficient to meet their residents' needs. In Jefferson County and Madras (less the case in Warm Springs), some conversion of housing in the ownership market to rental housing could bring overall affordable housing supply into better balance with local needs.

# Critical Housing Gaps and Contributing Factors

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Described below are the critical housing gaps identified in this housing gap assessment. These gaps are primarily based upon data presented within this chapter, but also by results of the regional housing survey. Contributing factors and issues leading to the development of these gaps are listed for each of the housing gaps and described in more detail at the end of this section. Strategies and best practices that could be implemented to address the gaps and contributing factors are contained in the final chapter of this report.

## Housing for Very Low-Income Households (<30% AMI)

Very low-income households, those with incomes up to 30% of the area median, face some of the greatest difficulties finding and affording housing in Central Oregon. Of these households, nearly four in five experience housing problems, most often cost burden. Housing costs for this population would generally have to be below \$475 per month in Deschutes County or \$375 per month in Crook or Jefferson Counties to avoid cost burden, a rent level nearly impossible to find in Central Oregon apart from units with deep public subsidies. The region does not have a supply of public housing and the extent of the voucher program offered by Housing Works is very limited by the number of vouchers allotted by HUD. When very low-income households are unable to afford housing, homelessness is frequently the result. Homelessness was a concern expressed by survey respondents, who believed that high housing costs paired with low housing availability are the primary causal factors related to homelessness. The solution to the challenge lies at least in part in the provision of additional rental housing targeted so as to be affordable to households with incomes under 30% AMI. As the overall supply is increased, market pressures at multiple other points are relieved. New affordable rental housing need not be constructed specifically to house people who are homeless, but it's availability will draw new renters who may be occupying transitional housing or shelters, but who have not been able to relocate to more appropriate housing options due to the limited supply and high costs.

### Contributing Factors

- Growth in the Elderly and Disabled Population
- Insufficient Subsidized Housing Options
- Low Effective Vacancy Rates
- Sharp Population Growth

## Housing for Workforce and Low-Wage Households (<80% AMI)

Based on the 2017 estimates of housing need, over 24,000 low income households (from 0-80% AMI) currently face one or more housing needs; by 2028, this figure is expected to climb to over 30,000 households. Asked about the top unmet housing needs in Central Oregon, survey respondents named rental housing for low-income (incomes between \$25,000 and \$45,000 per year) households as the most important by a wide margin. Following that choice was rental housing for very low-income households. Based on the income ranges defined in the survey question,

affordable housing for these groups would be approximately \$875 per month for low-income and under \$500 per month for very low-income households. In order to achieve rents this low, the solution lies partially in development of additional housing, but is more likely to be a function of available subsidies to lower housing costs to a point that they become affordable to these households. In a different survey question, respondents were asked about the types of housing currently being built in the region. The top answer choices were single-family homes (both large and small), townhouses, and luxury apartments. It is possible that some of these housing types could accommodate workforce households near the 80% AMI level and provide for the rental and homeownership needs described for this population; however, these options almost certainly are not meeting the region's unmet housing needs for households earning in the \$30,000-\$40,000 range.

### **Contributing Factors**

- High Construction Labor and Materials Costs
- Insufficient Subsidized Housing Options
- Low Effective Vacancy Rates
- Low Land Availability
- Mismatch between Wages and Housing Costs
- Prohibitive System Development Charges (SDCs)
- Sharp Population Growth
- Short-Term Rentals and Investment Property Constrain Supply

### **Housing for Moderate-Income Households (80-140% AMI)**

The region's housing options for people of moderate and middle incomes is lacking the requisite supply to meet current demand and future needs. This finding is consistent with the results of other local research, namely the Bend 2030 Landscape Report prepared by ECONorthwest in 2017. Housing vacancy rates across the region are remarkably low and short-term vacation rentals are thought to consume a portion of the supply that would otherwise be available to residents, particularly in Bend and the resort areas. Permit activity for new housing construction in many Central Oregon communities stalled as a result of the Great Recession and was too slow to rebound afterward, lagging behind the rapid population growth in the region. Increasing production of new units is part of the solution to this gap, but the level of production would need to far exceed current rates. Complicating the equation are high development costs. Land, materials, and labor are all in short supply leading to high costs and slowing production of all but the most expensive, and often most profitable, housing types. When survey respondents were asked to select the top unmet housing needs in the region, homeownership housing for middle-income households ranked third of 16 answer choices; rental housing for middle-income households ranked fourth. Asked about the housing types Central Oregon most needs more of, respondents named affordable workforce apartments, small single-family homes, and duplexes/triplexes/four-plexes as the top needs. Separately, only 17% of respondents reported that affordable workforce apartments, the most-needed housing type, was actually being built in the region. Over half believed the current market was supplying small single-family homes, but only a third were aware of duplexes/triplexes/four-plexes being developed.

## Contributing Factors

- High Construction Labor and Materials Costs
- Low Effective Vacancy Rates
- Low Land Availability
- Mismatch between Wages and Housing Costs
- Prohibitive System Development Charges (SDCs)
- Restrictive Development Regulations
- Sharp Population Growth
- Short-Term Rentals and Investment Property Constrain Supply

## Rental Housing Quality

The 2017 housing need estimates find that 1.2% of the region's housing lacks complete kitchen or plumbing facilities. Allowing that this may be only a portion of the housing stock considered substandard (other issues related to roofs, structural integrity, and building systems are not reflected in these figures), housing quality is an important consideration in this assessment of gaps. While housing quality issues were not as apparent as cost burden in the housing needs data within this chapter, many stakeholders and survey participants have stated concerns in this area. Asked to identify the top housing maintenance issues in Central Oregon, survey respondents named rental housing maintenance by absentee landlords as the most important. This was followed by the prevalence of temporary housing, such as RVs that people are living in permanently. These types of living arrangements are frequently a response to the unaffordability of standard housing within the region.

## Contributing Factors

- Growth in the Elderly and Disabled Population
- High Construction Labor and Materials Costs
- Insufficient Subsidized Housing Options
- Low Effective Vacancy Rates
- Short-Term Rentals and Investment Property Constrain Supply

## Contributing Factors

Described below are ten factors identified as contributing to the existence of the critical housing gaps.

- **Insufficient Subsidized Housing Options:** Compared with other Oregon communities, Central Oregon's subsidized housing inventory is lacking. HUD-subsidized housing options make up 1.2% of the housing in Central Oregon, compared to 5.4% in Salem and 5.0% in Portland. Housing Works, which administers Housing Choice Vouchers in Central Oregon, reports that 3,000 HCV applicants were processed for their waiting list in 2018, yet only 173 applicants

were issued vouchers. Even after being issued a voucher, approximately 35% of households are unable to locate an available rental unit and their voucher is rescinded and then reissued to another household from the waiting list.

- **Growth in the Elderly and Disabled Population:** In all three counties and in Warm Springs, the percentage of the population over the age of 65 has grown from 2010 to 2017. Forecasts indicate extraordinary growth in this segment of the population, both in whole numbers and as a percentage of the overall population, such that it will make up at least 30% of each county by 2043. Crook and Jefferson Counties also contain incidences of disability greater than average for the state.
- **Mismatch between Wages and Housing Costs:** From 1985 to 2016, the average earnings per job in Deschutes County grew 24% while the average home sales price in Bend increased 277% over the same period. To afford a two-bedroom rental unit in Deschutes County without a cost burden would require a 53-hour work week at the county's average renter wage of \$13.89 an hour. In Jefferson County, housing costs are lower, but so are average renter wages; a two-bedroom rental would be affordable to someone working a 45-hour week at the county's average renter wage of \$11.96. This mismatch is less a factor in Crook County where a 36-hour work week at the average renter wage of \$16.04 is sufficient to comfortably afford a two-bedroom rental. A large supply of relatively low-wage jobs in the region is likely a persistent trend, as Central Oregon's leisure and hospitality sector is a disproportionately large portion of its economy. The predominately low-wage leisure sector accounts for nearly 18% of all nonfarm jobs in the region compared to just 13% percent for the state of Oregon.
- **Low Land Availability:** Vast portions of the Central Oregon region are federally controlled (primarily by the U.S. Forest Service and Bureau of Land Management), with federal agencies managing approximately 75% of Deschutes County, 50% of Crook County, and 29% of Jefferson County. Additionally, Oregon's strong land use protection laws make it difficult for municipalities to annex land non-federal lands for expansion. Just the local planning effort and expense to annex a UGB expansion area (before providing any services or infrastructure) was estimated by the City of Bend's Collaborative Housing Workgroup to require 12 months of study at a cost of \$500,000.
- **Prohibitive System Development Charges (SDCs):** Units of local government in Oregon are empowered to impose SDCs on new development to contribute toward the expenses of infrastructure to serve the new development. RHNA survey respondents frequently cited SDCs as a strong disincentive to new housing development, some even going so far as to label them "outrageous", "absurd", and "out of control".
- **Sharp Population Growth:** The attractive weather and lifestyle in Central Oregon make it a desirable place to live and cause strong patterns of in-migration from other parts of Oregon, California, and beyond. The regional population is forecasted to grow by 60% between 2020 and 2050, with most of this expansion in Deschutes County. Rapid population growth impacts housing availability at every level, as rural communities in Central Oregon gain residents displaced from Bend or Redmond by high housing costs.

- **Restrictive Development Regulations:** While high SDCs are identified as an independent factor, other aspects of local development regulations may also impede the construction of new housing. Some builders who responded to the RHNA survey complained of slow, complex permitting processes. Others noted the prohibitive effects of zoning conditions that limit density or require excessively large lot sizes. The State of Oregon legalized inclusionary zoning in 2017, but its adoption by Central Oregon communities has been slow and incomplete.
- **High Construction Labor and Materials Costs:** Permit activity for new housing construction in many Central Oregon communities stalled as a result of the Great Recession and was slow to rebound afterward. Due to the lag in the local construction market, many construction workers left Central Oregon following the recession of 2008, and an older generation of skilled laborers have reached retirement age. Builders and developers additionally report that costs for materials have steadily climbed since the recession. Paired with a labor shortage in the construction trades, the cost to build new housing is high.
- **Short-Term Rentals and Investment Property Constrain Supply:** Approximately 18% of Central Oregon’s existing housing units are vacant, however, the vast majority of these vacant units (70%) are for seasonal, recreational or other occasional use, which includes second homes, seasonal rentals, and housing reserved for seasonal employees. In fact, the Central Oregon region contains about one-fifth of all seasonal/recreational housing in Oregon. This is a significant constraint on the availability of housing for the region’s workforce.
- **Low Effective Vacancy Rates:** Although the region’s technical housing vacancy rate is 18% (quite high relative to state and national averages of 9% and 11%, respectively), most of these vacant units have a seasonal or part-time use and thus are not available for full-time occupancy. The most recent Central Oregon Rental Owners Association rental survey conducted in 2014 also reveals a much tighter rental market after subtracting vacant homes that are not available for sale or rent, with a regional vacancy rate of only 1.0%. Slightly more recent data from the 2012-2015 American Community Survey similarly show very low rental vacancy rates across the region ranging from 0.6% in Crook County to 4.8% in Deschutes County.

## Socioeconomic Segregation Analysis

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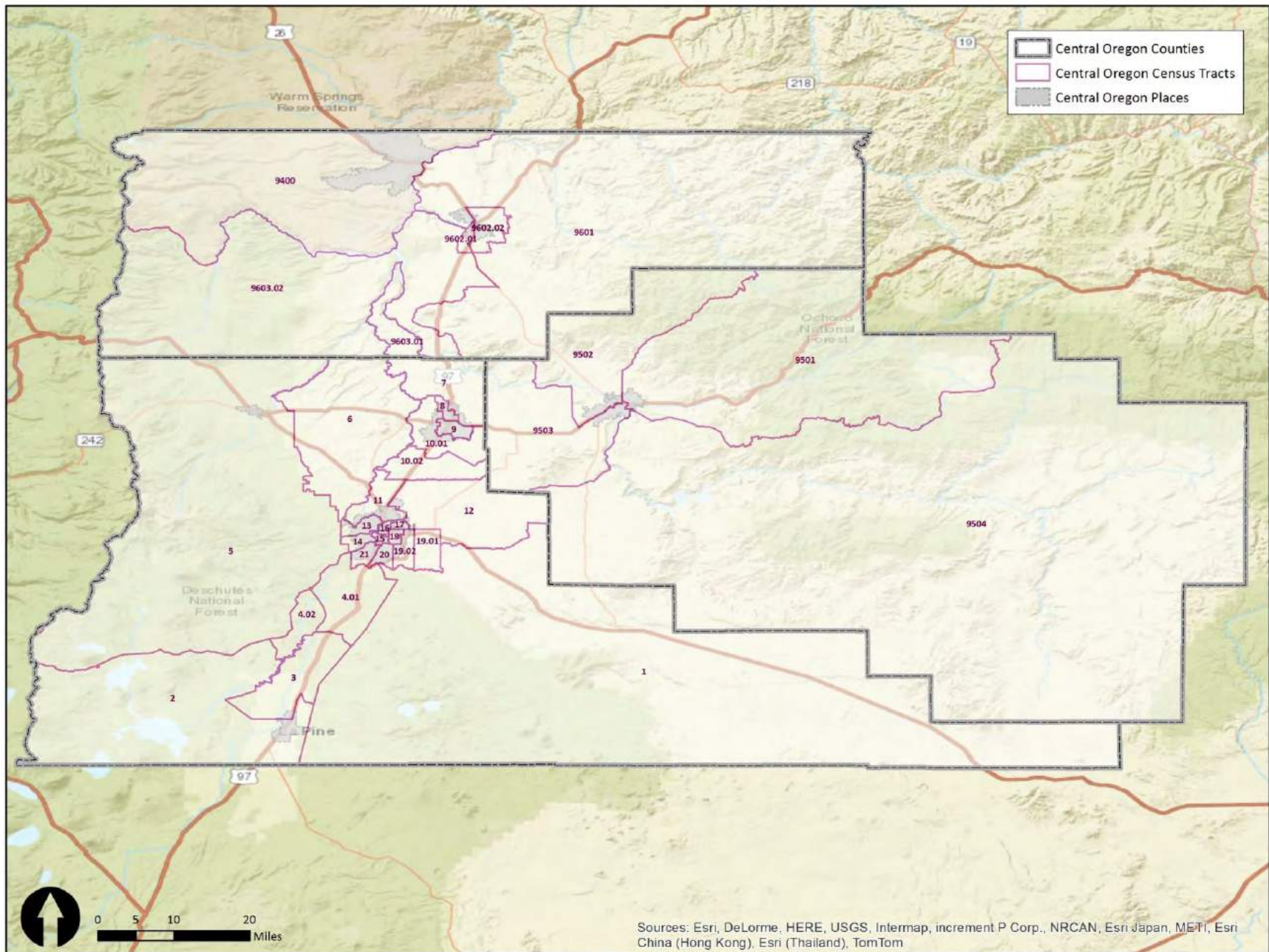
Communities experience varying levels of socioeconomic segregation between different racial, ethnic, and income groups. High levels of residential segregation can often lead to conditions that exacerbate inequalities among the population groups within a community. Increased concentrations of poverty and unequal access to jobs, education, and other services are some of the consequences of high residential segregation.

Racial and ethnic segregation can often be traced back to federal housing policies and discriminatory mortgage lending practices prior to the Fair Housing Act of 1968 that not only encouraged segregation, but mandated restrictions based on race in specific neighborhoods. The Fair Housing Act of 1968 outlawed discriminatory housing practices but did little to address the existing segregation and inequalities. Various policies and programs have been implemented since in an effort to ameliorate the negative effects of residential segregation and reduce concentrations of poverty. Segregation by income often begins to occur more organically but can be accelerated and more deeply entrenched by local land use and other policies. Communities with smaller, simpler housing types – often including multifamily and rental options – and where living expenses tend to be lower are natural choices for low-income households. However, while a family's choice may drive such locational decisions, local policies limiting multifamily development (or the extension of water and sewer needed to support it) or requiring large minimum lot sizes can result in the exclusion of low-income families and increase segregation. The repercussions of mortgage lending and land use policies continue to have a significant impact on residential patterns in many communities today.

In this section, socioeconomic segregation within Central Oregon is studied on the basis of census tract composition. The choice of tracts as a unit of analysis comes with some tradeoffs. As the following map shows, tracts are smaller and more densely clustered in many of the region's urban areas, allowing an opportunity to see relative concentrations of socioeconomic factors within neighborhoods or portions of those cities. However, Crook County's four census tracts converge in Prineville, each claiming a quadrant of the city; in this analysis, this gives the appearance that Prineville's population is distributed over the entire county. The portion of the Warm Springs Reservation in Jefferson County is contained in its own tract, which is helpful, particularly in the context of interpreting racial segregation, but other tracts are less focused. For example, Sisters is contained in a large tract containing much of western Deschutes County, including Mt. Bachelor and extending south as far as Cultus Lake. When interpreting the maps that follow later in this section, the basic tract map here is an important guide.



Figure 5-1. Central Oregon Census Tracts



## Segregation by Race and Ethnicity

The set of maps that follow show the distribution of the region's population by race and ethnicity based on 2012-2016 American Community Survey data. The region's population is predominantly (about 85%) non-Latino white. In Crook and Deschutes Counties, this figure is higher, about 88%, but in less-populous Jefferson County, the non-Latino white population share is 60%. This lower figure owes in large part to the county containing the only two areas in the region where the white population is not a majority: Warm Springs, where it is 4.6% and Madras at 48.7%. In the first map, the region's non-Latino white population is represented by gray dots. Heavy clusters are evident in Bend and Redmond, where the share is 87.0% and 80.9% respectively, but are less apparent on the map in La Pine, Prineville, and Sisters, even though they also have significant white population shares (92.3%, 85.2%, and 84.3%, respectively). These populations appear more diffuse because they are parts of large tracts containing vast rural and wilderness areas.

The second map displays just the non-white population and here the clusters of different racial and ethnic groups are easier to visualize. Warm Springs stands out for its predominant Native American population (81.1%) and Madras for its concentration of Latinos (41.4%). Madras is noteworthy for also having the largest share of Native Americans outside Warm Springs and for having a larger share of Black residents than any other city in the region. Prineville has a significant Latino population, making up 11.1% of the city and Latinos constitute 9.7% of Sisters' population. At 3.3%, La Pine has the smallest share of Latinos of any of the seven Central Oregon cities studied here, yet this is the largest non-white population group in the city.

Bend and Redmond also appear to have large clusters of people of color, but there are some distinguishing differences between them. Individual maps for these cities follow the regional maps within this section. In both Bend and Redmond, Latinos make up the largest non-white population group, 8.7% and 13.0% respectively. Making up just one in 500 residents in Bend and Redmond, Native Americans here hold the smallest shares of the local population than in any of the seven cities studied in this analysis. Meanwhile, Bend has one of the region's largest shares of Asian residents (1.6%), while Redmond has one of the region's smallest (0.8%). In Redmond, 4.1% of residents identified as "non-Latino Other", a category including people identifying as belonging to multiple races. Redmond has the largest population share claiming this label, while in Bend this group holds a 2.1% share of the local population.

Distribution of populations within Bend varies to a degree between racial and ethnic groups, but not in a significant way. The most racially and ethnically diverse tracts in Bend form a sort of arc from Summit West and Awbrey Butte on the west side of the city through the Orchard District and Pilot Butte to the Ferguson Road area at the city's southeast edge. The remaining neighborhoods within Bend all have a reasonable degree of diversity but at a level somewhat less than those named above.

The non-Latino white population among Central Oregon jurisdictions ranges from 88% in Crook and Jefferson Counties to 49% in Madras and under 5% in Warm Springs.

Redmond's population distribution shows more clustering of racial and ethnic groups within tracts. Approximately half of Redmond's Latino population is clustered in the southeast quadrant of the city, roughly south of Highway 126 and east of 27<sup>th</sup> Street, including the airport area, but also neighborhoods along Dry Canyon Trail. Census tract 7 includes the northeast edge of Redmond but reaches north to the county line to include Terrebonne and unincorporated areas of Deschutes County and holds shares of Asian and Native American residents much larger than the city's average. Redmond's substantial number of residents identifying as "non-Latino Other" can be attributed to residents of tract 10.01 where 6.4% of residents belong to this group and also where approximately 85% of the city's Black residents live. This tract includes portions of Redmond along the western and southern edges of the city but also extends westward to the Deschutes River, encompassing large areas of the unincorporated county as well.<sup>37</sup>

Brown University's American Communities Project, a partnership with the Russell Sage Foundation, has calculated dissimilarity indices for America's 384 largest metropolitan areas.<sup>38</sup> The dissimilarity index (DI) indicates the degree to which a minority group is segregated from a majority group residing in the same area because the two groups are not evenly distributed geographically. The DI methodology uses a pair-wise calculation between the racial and ethnic groups in the region. Evenness, and the DI, are maximized and segregation minimized when all small areas have the same proportion of minority and majority members as the larger area in which they live. Evenness is not measured in an absolute sense but is scaled relative to the other group. The DI ranges from 0 (complete integration) to 100 (complete segregation). HUD identifies a DI value below 40 as low segregation, a value between 40 and 54 as moderate segregation, and a value of 55 or higher as high segregation.

The proportion of the minority population group can be small and still not segregated if evenly spread among tracts or block groups. Segregation is maximized when no minority and majority members occupy a common area. When calculated from population data broken down by race or ethnicity, the DI represents the proportion of minority members that would have to change their area of residence to match the distribution of the majority, or vice versa.

Racial and ethnic segregation in the region is very low, however segregation between white and Latino residents is increasing.

Based on Brown's data, racial and ethnic segregation in Central Oregon is minimal and, in two of three measures, is decreasing. Because the DI measures the relative segregation of a minority group from a majority group, the three calculations applicable to the Bend MSA are for white/Black, white/Hispanic, and white/Asian pairings. The greatest degree of segregation is between white and Hispanic residents, with a 2010 DI value of 24.2, which is an increase over previous decennial calculations. White/Asian segregation is declining, and the calculated DI value is 12.9; white/Black segregation is also declining, and the 2010 DI value is 16.4. These DI values all fall well below HUD's threshold of 40 and are considered low levels of segregation. This is further evident in comparing

<sup>37</sup> Detailed maps for other cities in Central Oregon, including Sisters, Madras, La Pine, and Prineville were not prepared because these cities each include very few census tracts or, in the case of Sisters, lie entirely within a single census tract. Thus, a discussion of racial segregation at the tract level is not practical in these geographies.

<sup>38</sup> Spatial Structures in the Social Sciences, Brown University American Communities Project. <https://s4.ad.brown.edu/Projects/Diversity/segsorting/?default.aspx>

the ranking of Bend's MSA to that of the other 383 metropolitan areas included in the study. Central Oregon ranks 324<sup>th</sup> for white/Hispanic segregation, 383<sup>rd</sup> for white/Asian, and 382<sup>nd</sup> for white/Black.

Figure 5-2. Population by Race and Ethnicity by Census Tract in Central Oregon, 2012-2016

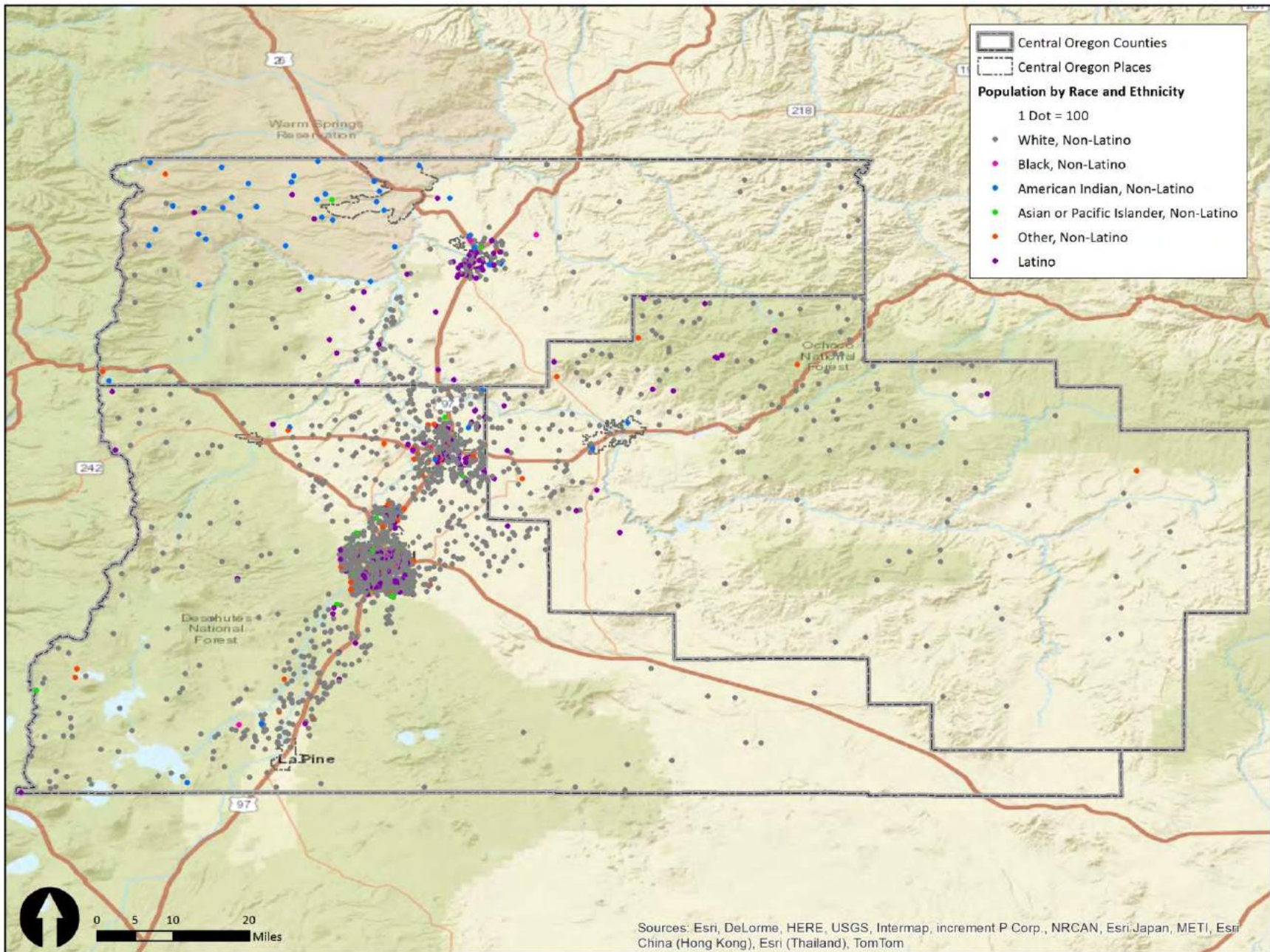


Figure 5-3. Population by Race and Ethnicity by Census Tract in Central Oregon, 2012-2016

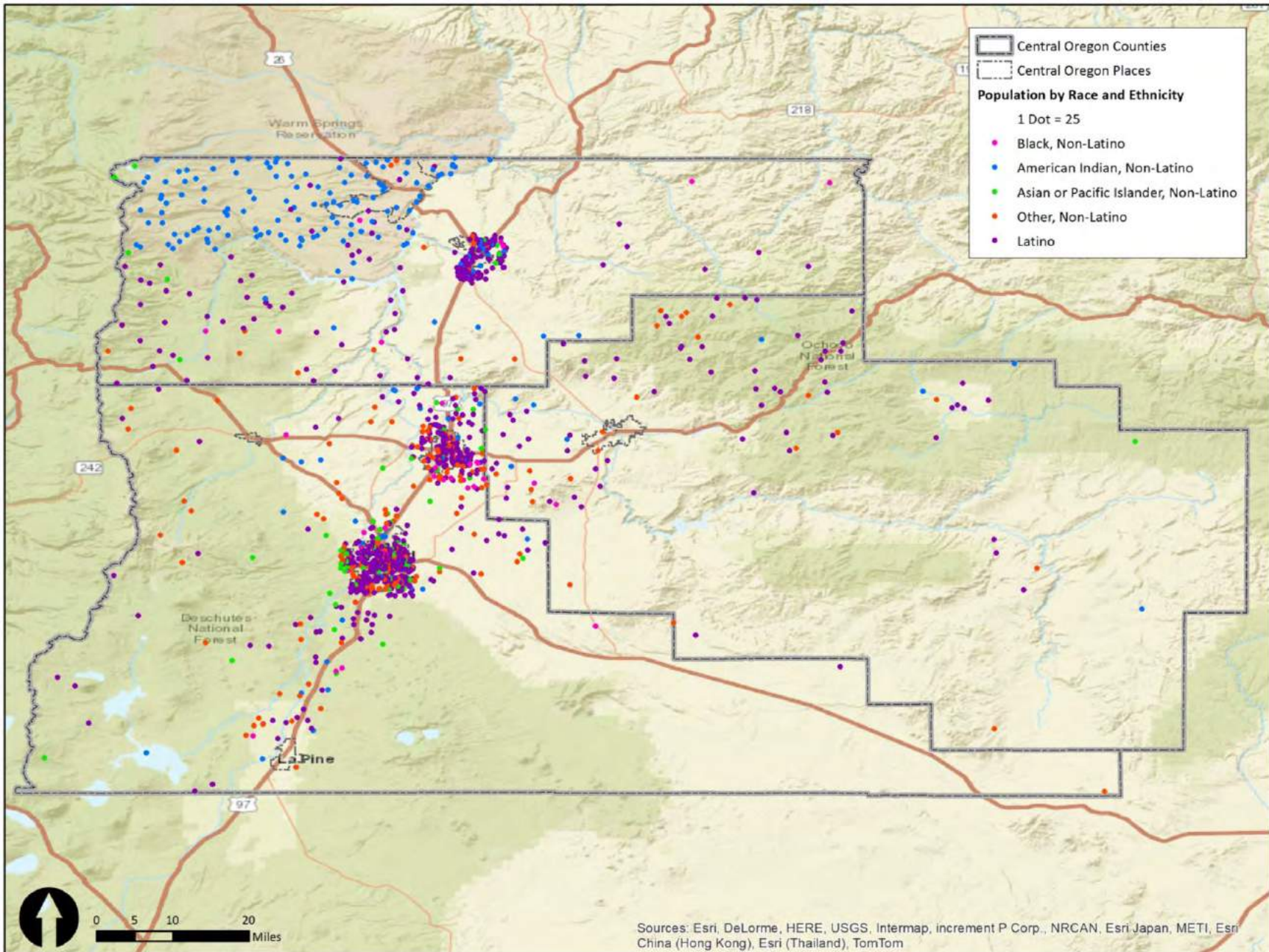


Figure 5-4. Population by Race and Ethnicity by Census Tract in Bend, 2012-2016

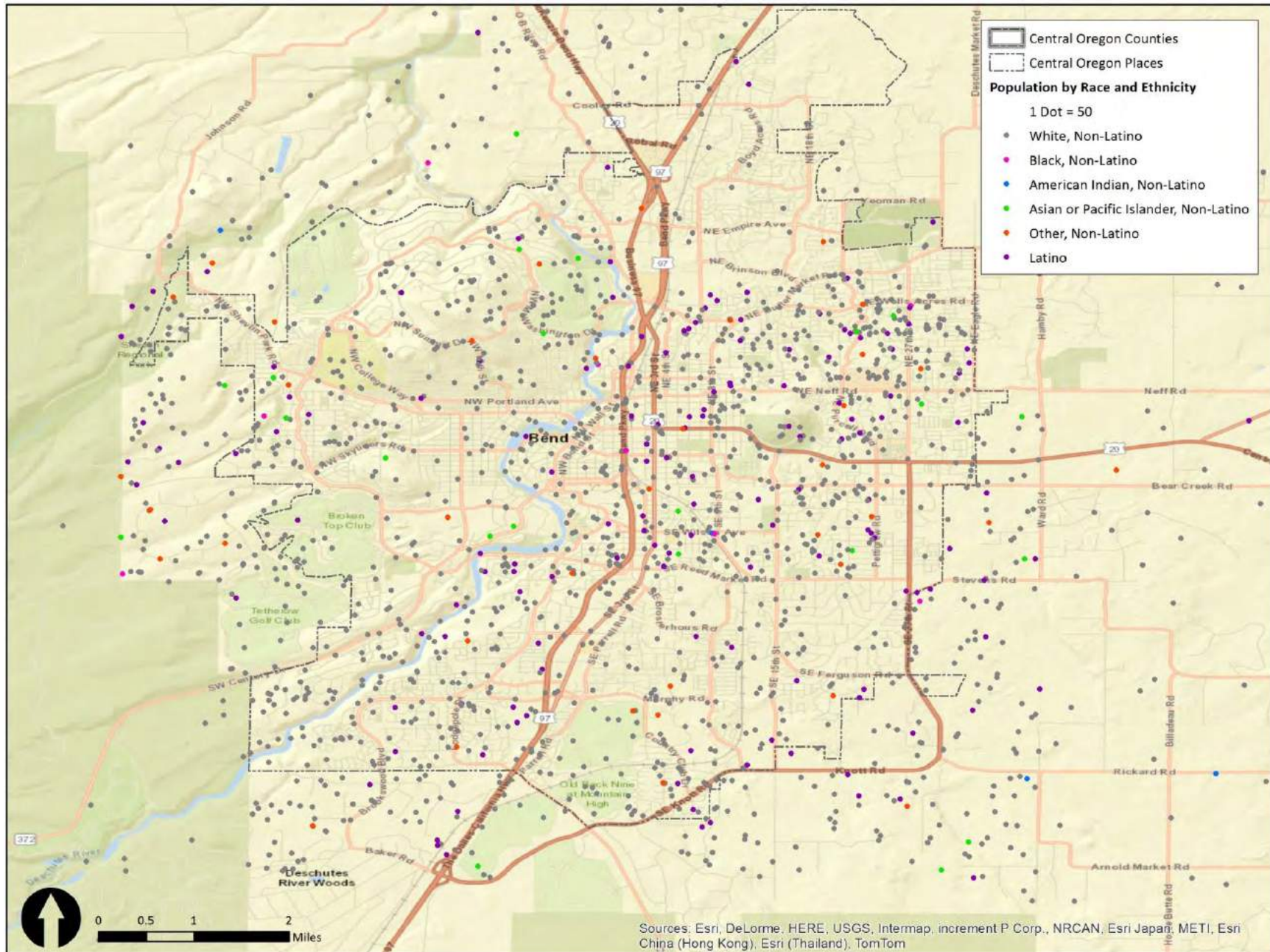
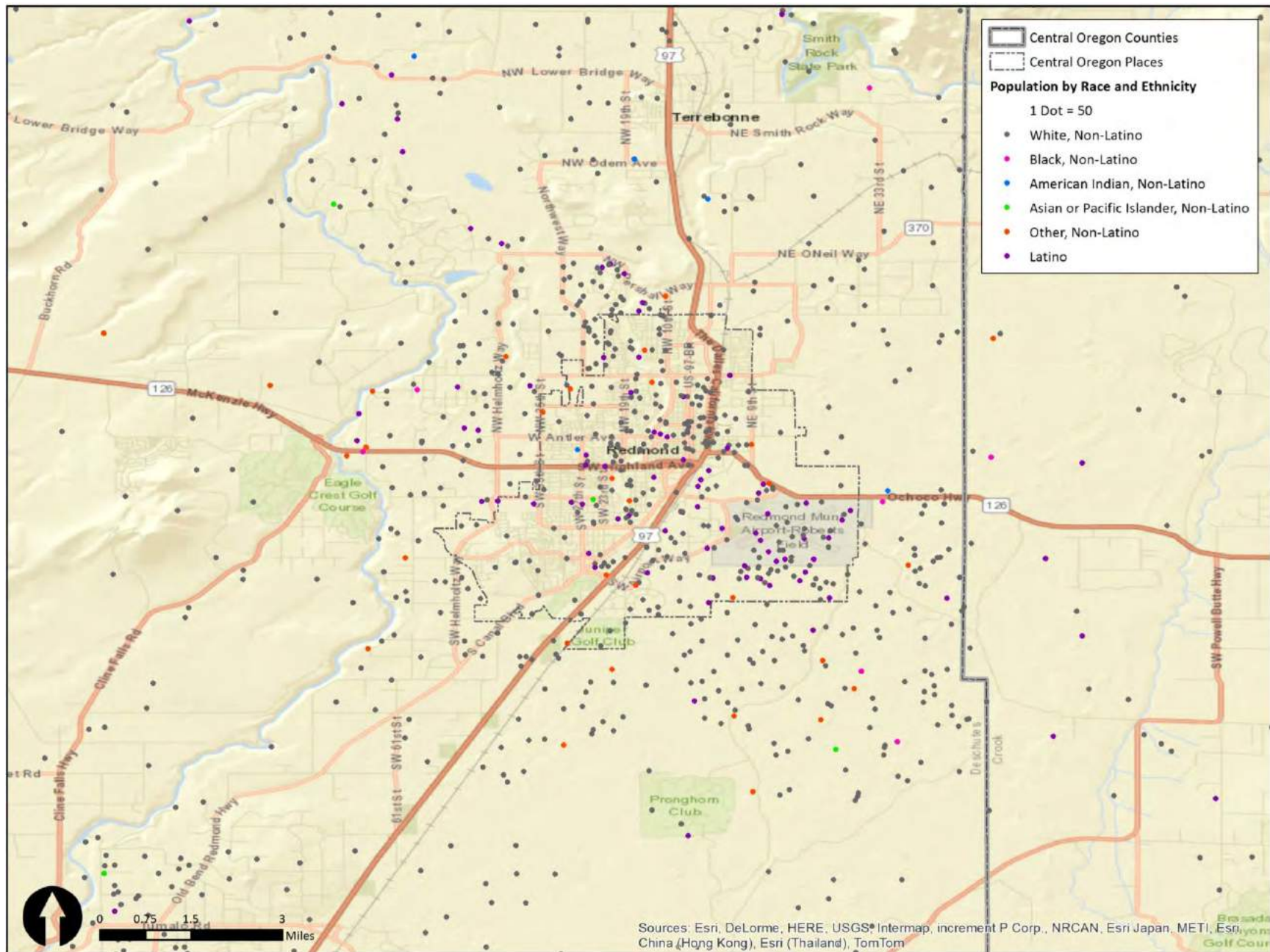


Figure 5-5. Population by Race and Ethnicity by Census Tract in Redmond, 2012-2016





## Segregation by Income

In addition to race and ethnicity, segregation can also occur by income. Where households of low income become clustered together in a place, those areas often experience disinvestment and decline. Furthermore, numerous studies have found the conditions created by concentrated poverty exacerbate disparities among population groups and increase isolation of disadvantaged communities. Disproportionately high rates of crime and unemployment, limited access to jobs and quality education, and conditions that lead to poor health are some of the consequences that perpetuate the cycle of poverty within the affected communities.

Identification of areas of such concentration is significant in determining priority areas for reinvestment and services to ameliorate conditions that have negative impacts on the larger region. Since 2000, the prevalence of concentrated poverty nationally has expanded by nearly 75% in both population and number of neighborhoods affected. The majority of this concentration of poverty has occurred within America's large metro areas, but suburban regions have experienced the fastest growth rate.<sup>39</sup>

Average household income levels vary widely among tracts, with high-earning (\$100,000+) households comprising up to 43.8% in an area outside Bend to as little as 4.4% of the households in a portion of Madras.

The following set of maps illustrate the varying distributions of income levels across the region. Beginning with a map of the median household income by census tract, four areas of relatively low median household incomes stand out. Tract 9 in southeast Redmond (airport area) has the region's lowest median income, at \$27,234 followed by the western half of Madras (between US-26 and the railroad tracks at \$30,176. These are followed by

the La Pine area (\$34,185) and Bend's Orchard District (\$39,228). Ranges of individual household incomes are represented with colored dots beginning with the second map below. These maps show the distribution of households within various income ranges across the region, with separate maps for Bend and Redmond to better show the differences between tracts in those areas. High-earning households, those with incomes greater than \$100,000, range from 4.4% of the population in the tract comprising the west side of Madras to 43.8% of the tract making up the southeastern portion of unincorporated Deschutes County (roughly between US-97 and US-20, south of Bend). While this tract, and a few others like it located mostly on the west side of Bend, could be described as affluent, it does not appear to be exclusive of lower-income households. Nearly a quarter of the households in this affluent tract earn under \$50,000 per year. The same can be said of the two affluent tracts on the west side of Bend; about a third of the households there earn more than \$100,000 while another third earns under \$50,000.<sup>40</sup>

In summary, racial and ethnic segregation within Central Oregon is low and in most cases in decline. Segregation between white and Latino residents increased between 2000 and 2010 but

<sup>39</sup> Kneebone, Elizabeth. "The Growth and Spread of Concentrated Poverty, 2000 to 2008-2012." *The Brookings Institution*, 29 July 2016, [www.brookings.edu/interactives/the-growth-and-spread-of-concentrated-poverty-2000-to-2008-2012/](http://www.brookings.edu/interactives/the-growth-and-spread-of-concentrated-poverty-2000-to-2008-2012/).

<sup>40</sup> Detailed maps for other cities in Central Oregon, including Sisters, Madras, La Pine, and Prineville were not prepared because these cities each include very few census tracts or, in the case of Sisters, lie entirely within a single census tract. Thus, a discussion of income segregation at the tract level is not practical in these geographies.

remains low and, compared with other metro areas around the country, the Bend MSA ranks 324<sup>th</sup> out of 384 for segregation levels between these two groups. Socioeconomic segregation based on household income is generally more prevalent with some large differences in the household incomes of residents within tracts in the region. However, the substantial mix of incomes within even the more affluent census tracts suggests that, while there are wide disparities between households in terms of income, those disparities do not necessarily preclude low- and high-income families from living in the same vicinity as one another. Of course, some tracts within the region are quite expansive and it is certainly possible that communities and neighborhoods within those tracts could contain concentrations of poverty or wealth even as the overall tract makeup is more diverse.

Figure 5-6. Median Household Income by Census Tract in Central Oregon, 2012-2016

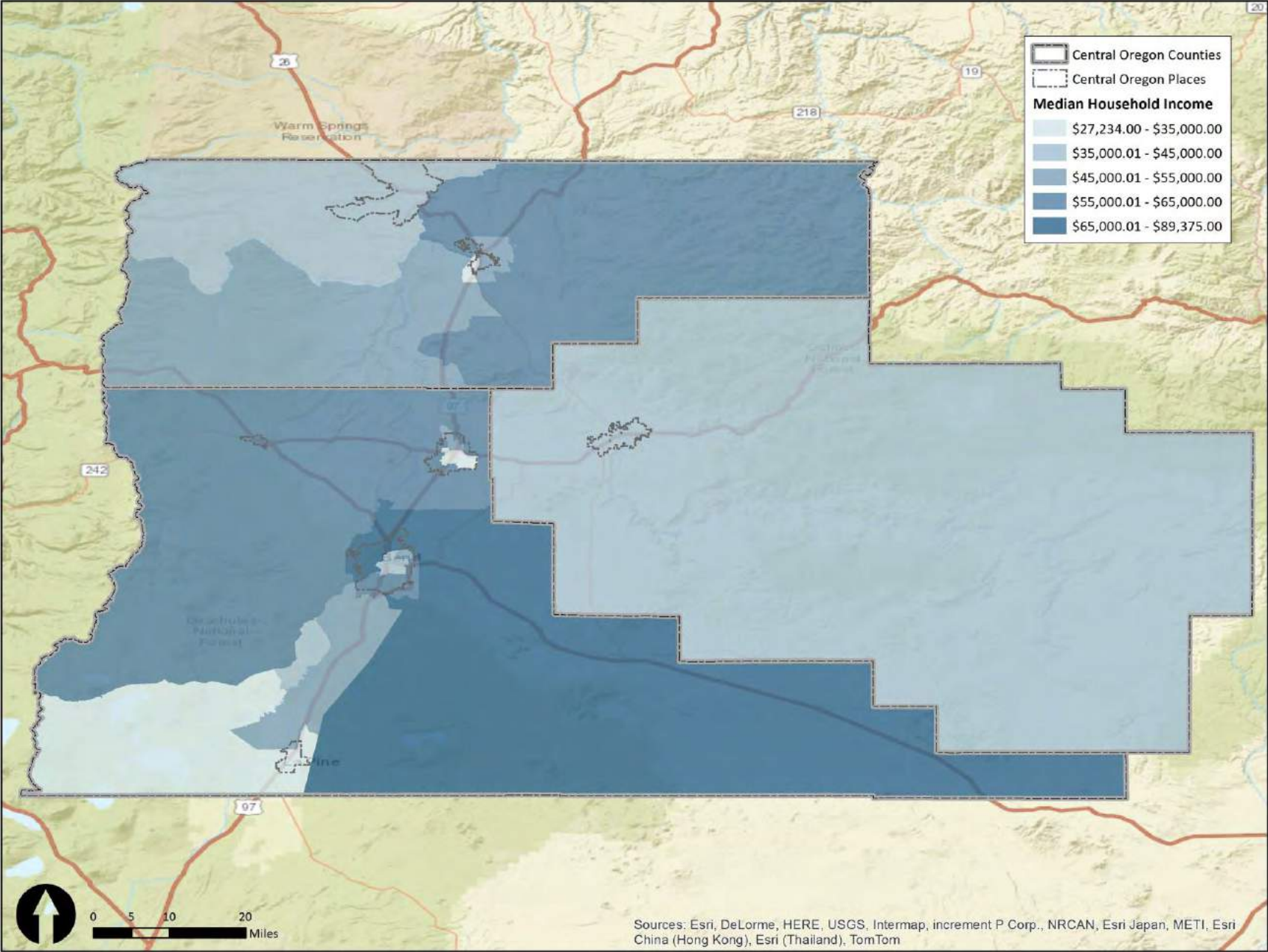


Figure 5-7. Households by Household Income by Census Tract in Central Oregon, 2012-2016

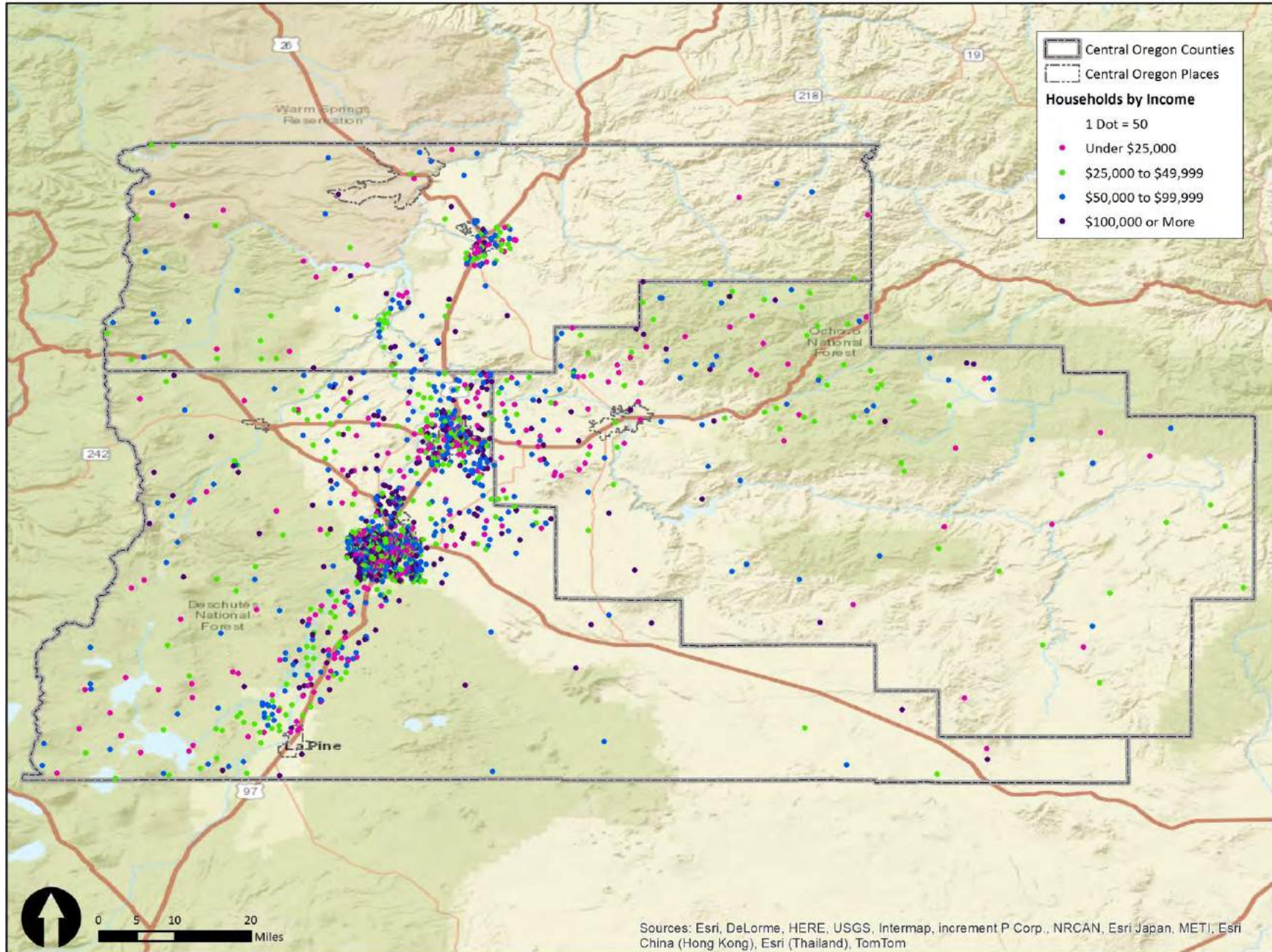


Figure 5-8. Households by Household Income by Census Tract in Bend, 2012-2016

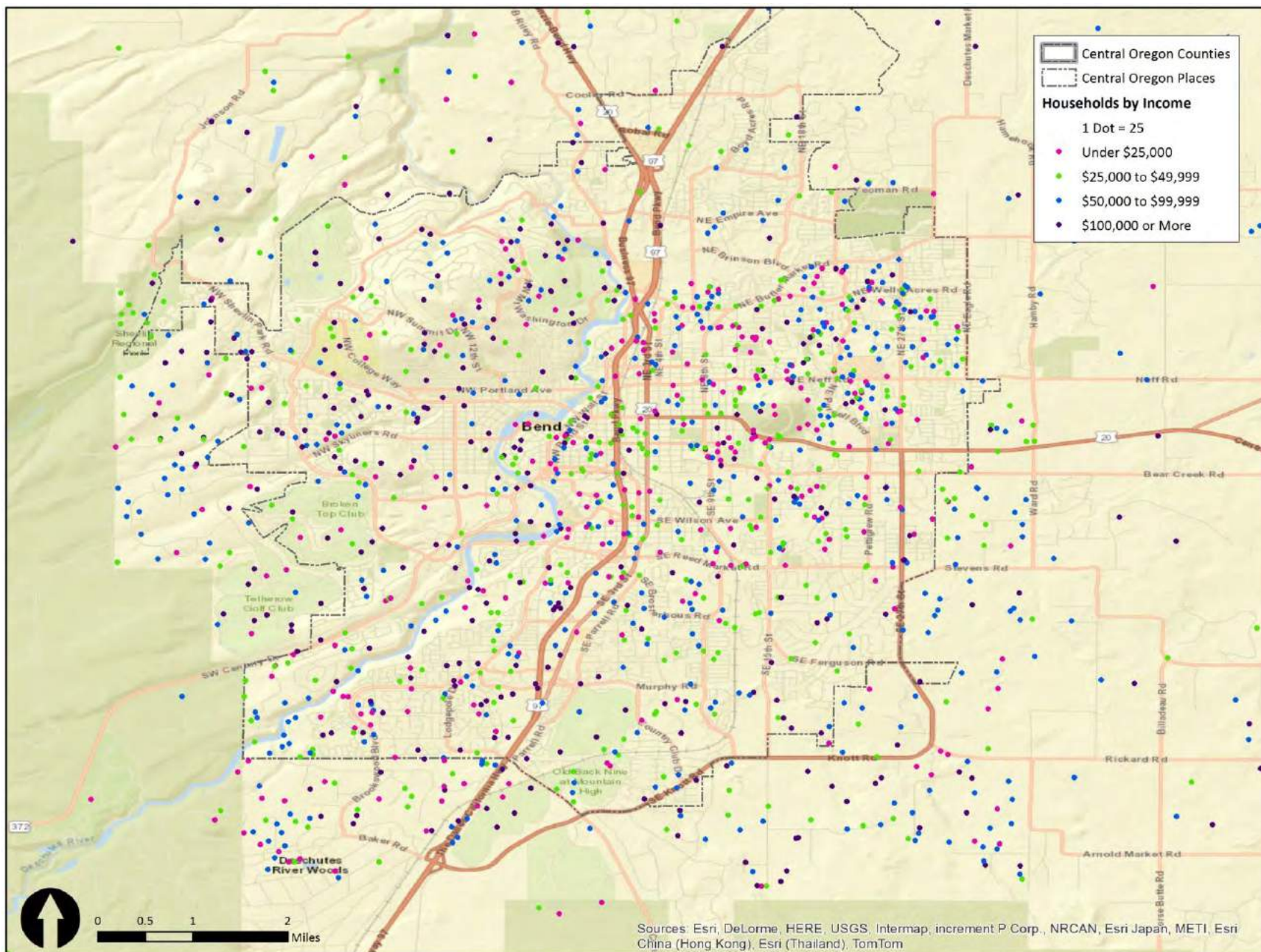
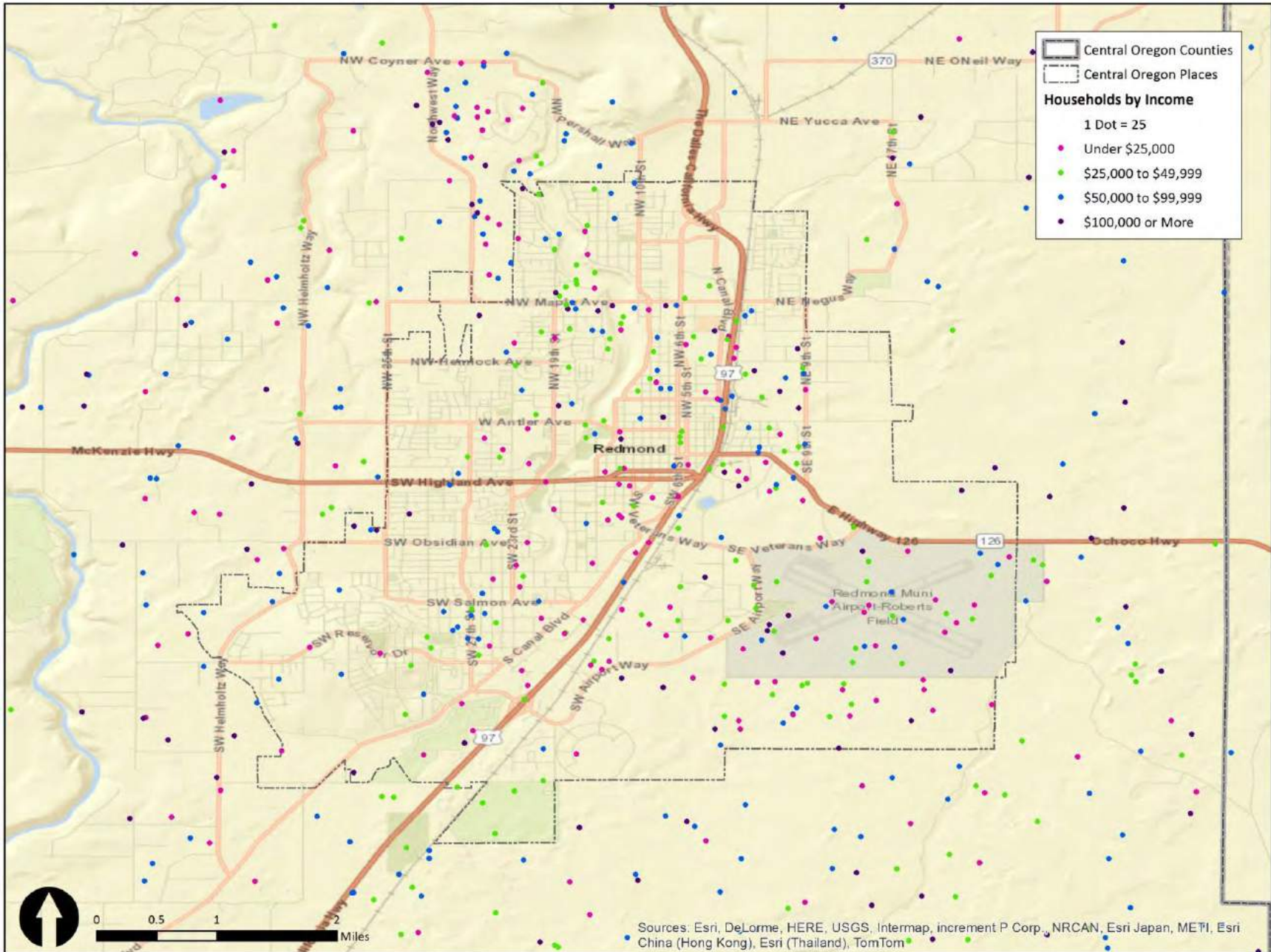


Figure 5-9. Households by Household Income by Census Tract in Redmond, 2012-2016



## Chapter 6: Housing Strategies and Best Practices

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This section contains a variety of potential strategies that could be employed within the region to address impacts of the housing crisis. The strategies are drawn from best practices researched by Mosaic, activities that are currently being undertaken by municipalities in the region, the solutions brainstormed and workshopped at Housing For All's December 2018 Workshop held in Redmond, and responses to the Central Oregon Regional Housing Survey. The solutions are categorized here by their applicability at various scales within the region (e.g. state, regional, county, and city-level) and by the issue area(s) they address.

Different communities and organizations within Central Oregon have different needs to solve and different approaches and resources to apply. Based on the unique needs and abilities of the various implementing entities within Housing For All and the broader community, the strategies here are presented not as a prescription, but as a menu – a range of options from which an organization can choose. Housing For All and its members may opt to advance particular strategies together in a coordinated way by developing an action plan, however, that action plan is not a component of this report.

On the following pages is a table containing brief descriptions of a wide variety of different affordable housing strategies, followed by more thorough discussions of twelve strategies that are best practices used successfully in other communities to achieve affordable housing goals. The table and best practice examples all list the specific affordable housing issue areas the strategy addresses and the likely geographic applications. State-level strategies typically involve some degree of advocacy before the state legislature in order to make a type of program or policy available for implementation; regional strategies are policies and programs that would be most effectively implemented across the three-county region. City and county-level strategies are those that do not depend on uniform adoption or application and can be adopted by local governments to work at a local or even neighborhood-scale; success does not depend on wider adoption by other municipalities or counties in the region.



**Table 6-1. Affordable Housing Strategies**

Strategy	Description	Issues Addressed	Geographic Applicability
Incentivize Developers to Produce More Affordable Housing	Consider building code exemptions or revisions, design standards, and utility requirements so housing can be priced more affordably. These may include things such as reduced System Development Charges (SDCs), slightly relaxed energy efficiency standards, modified design standards, density bonuses, reduced parking requirements, changes in sidewalk requirements for infill development where surrounding parcels do not have sidewalks, and expedited permitting.	<ul style="list-style-type: none"> <li>• Housing for Very Low-Income Households</li> <li>• Housing for Low-Wage Workforce and Seasonal Employee Households</li> <li>• Housing for Moderate-Income Households</li> </ul>	<ul style="list-style-type: none"> <li>• County</li> <li>• City</li> </ul>
Subsidies to Reduce Infrastructure Costs	Identify possible public funding sources to reduce infrastructure costs (outside of SDCs) for the development of income-restricted affordable housing. These may include city, county, or state funds, including bonds or existing public funds. Local government should prioritize extension of infrastructure to unserved land within UGBs to facilitate new residential development.	<ul style="list-style-type: none"> <li>• Housing for Low-Wage Workforce and Seasonal Employee Households</li> <li>• Housing for Moderate-Income Households</li> </ul>	<ul style="list-style-type: none"> <li>• County</li> <li>• City</li> </ul>
Subsidies to Reduce Land Costs	Reduce land costs for affordable housing through Housing Trust Funds and innovative ownership models. Contribute publicly-owned land for affordable housing development.	<ul style="list-style-type: none"> <li>• Housing for Low-Wage Workforce and Seasonal Employee Households</li> <li>• Housing for Moderate-Income Households</li> </ul>	<ul style="list-style-type: none"> <li>• Region</li> <li>• County</li> <li>• City</li> </ul>
Inclusionary Zoning Requirements	Local ordinances would contain inclusionary zoning stipulating that a percentage of the total units in a new multifamily development be set aside for affordable housing. An “in-lieu fee” collects revenue to fund other housing affordability initiatives from developers who opt not to set aside the requisite affordable units.	<ul style="list-style-type: none"> <li>• Housing for Low-Wage Workforce and Seasonal Employee Households</li> <li>• Housing for Moderate-Income Households</li> </ul>	<ul style="list-style-type: none"> <li>• County</li> <li>• City</li> </ul>
Support Development of Diverse Housing Types	Tiny homes, duplexes, triplexes, townhomes, and garden apartments provide housing options in a range of price points. Educate local stakeholders about successful models for development of these housing types.	<ul style="list-style-type: none"> <li>• Housing for Very Low-Income Households</li> <li>• Housing for Low-Wage Workforce and Seasonal Employee Households</li> <li>• Housing for Moderate-Income Households</li> <li>• Homelessness</li> </ul>	<ul style="list-style-type: none"> <li>• County</li> <li>• City</li> </ul>

**Table 6-1. Affordable Housing Strategies (continued)**

Strategy	Description	Issues Addressed	Geographic Applicability
Promote Accessory Dwelling Units (ADUs)	Allow ADUs as an outright permitted use and promote and incentivize their development through expedited permitting processes, reduced fees or property taxes, and possible grants.	<ul style="list-style-type: none"> <li>• Housing for Very Low-Income Households</li> <li>• Housing for Low-Wage Workforce and Seasonal Employee Households</li> <li>• Housing for Moderate-Income Households</li> <li>• Homelessness</li> </ul>	<ul style="list-style-type: none"> <li>• County</li> <li>• City</li> </ul>
Developer and Builder Education	Marketing and communication to help developers and builders better understand how to finance, develop, and sell additional/higher-density multifamily units using local incentives. Consider a region-wide conference and partnerships with the Central Oregon Builders Association (COBA) and Central Oregon Association of Realtors (COAR) to disseminate information.	<ul style="list-style-type: none"> <li>• Housing for Very Low-Income Households</li> <li>• Housing for Low-Wage Workforce and Seasonal Employee Households</li> <li>• Housing for Moderate-Income Households</li> </ul>	<ul style="list-style-type: none"> <li>• Region</li> <li>• County</li> <li>• City</li> </ul>
Allow Employee Housing in Non-Residential Zones	Allow employee housing in non-residential zones provided it is on the same site or within close proximity to the related business, to increase housing options and reduce vehicle miles traveled.	<ul style="list-style-type: none"> <li>• Housing for Low-Wage Workforce and Seasonal Employee Households</li> </ul>	<ul style="list-style-type: none"> <li>• County</li> <li>• City</li> </ul>
Incentives for Affordable Employee Housing	Offer tax credits or other incentives to help employers develop affordable housing for their employees.	<ul style="list-style-type: none"> <li>• Housing for Low-Wage Workforce and Seasonal Employee Households</li> <li>• Housing for Moderate-Income Households</li> </ul>	<ul style="list-style-type: none"> <li>• Region</li> <li>• County</li> <li>• City</li> </ul>
Down payment Assistance	Employer-sponsored down payment assistance for households with incomes up to 150% Area Median Income (AMI) with business contributions matched by a state tax credit or grant.	<ul style="list-style-type: none"> <li>• Housing for Low-Wage Workforce and Seasonal Employee Households</li> <li>• Housing for Moderate-Income Households</li> </ul>	<ul style="list-style-type: none"> <li>• State</li> <li>• Region</li> <li>• County</li> <li>• City</li> </ul>
Transportation Subsidies	Housing costs can be offset by subsidizing transportation costs for residents. Subsidized transportation options can also provide access to housing options in parts of the region with lower housing costs.	<ul style="list-style-type: none"> <li>• Housing for Very Low-Income Households</li> <li>• Housing for Low-Wage Workforce and Seasonal Employee Households</li> <li>• Housing for Moderate-Income Households</li> </ul>	<ul style="list-style-type: none"> <li>• State</li> <li>• Region</li> <li>• County</li> <li>• City</li> </ul>
Regulate Short-Term Rentals	Develop new regulations to limit short-term rentals, such as capping the number of units, disallowing transferable licenses, instituting a license lottery system, assessing occupancy fees, or regulating the length of time a unit may serve as a short-term rental.	<ul style="list-style-type: none"> <li>• Housing for Low-Wage Workforce and Seasonal Employee Households</li> <li>• Housing for Moderate-Income Households</li> <li>• Short-Term Rentals</li> </ul>	<ul style="list-style-type: none"> <li>• County</li> <li>• City</li> </ul>

**Table 6-1. Affordable Housing Strategies (continued)**

Strategy	Description	Issues Addressed	Geographic Applicability
Targeted Code Enforcement	Code enforcement, defined broadly to include all of the elements involved in obtaining compliance from private owners of problem properties, is a critical element in fighting neighborhood decline, and preserving affordable housing stock.	<ul style="list-style-type: none"> <li>• Housing for Very Low-Income Households</li> <li>• Housing for Low-Wage Workforce and Seasonal Employee Households</li> <li>• Housing for Moderate-Income Households</li> <li>• Homelessness</li> <li>• Existing Housing Quality</li> </ul>	<ul style="list-style-type: none"> <li>• County</li> <li>• City</li> </ul>
“Safe Parking” Areas for People Living out of Vehicles	Provide safe, sanitary overnight parking areas for people living out of cars, RVs, or other vehicles not meant for habitation. These parking areas may provide restrooms, water and power connections, laundry facilities, garbage collection, and opportunities for connection to social services.	<ul style="list-style-type: none"> <li>• Homelessness</li> <li>• Existing Housing Quality</li> </ul>	<ul style="list-style-type: none"> <li>• County</li> <li>• City</li> </ul>
Weatherization Program to Reduce Utility Costs	Identify strategies to reduce tenants' monthly energy and other utility costs, possibly through energy efficiency upgrade incentive programs with stipulations to ensure a portion of cost savings are passed on to tenants. May include working with Oregon Housing and Community Services' Low-Income Weatherization Assistance Program for renters and homeowners.	<ul style="list-style-type: none"> <li>• Housing for Very Low-Income Households</li> <li>• Housing for Low-Wage Workforce and Seasonal Employee Households</li> <li>• Housing for Moderate-Income Households</li> <li>• Existing Housing Quality</li> </ul>	<ul style="list-style-type: none"> <li>• State</li> <li>• Region</li> <li>• County</li> <li>• City</li> </ul>
Emergency Payment Assistance	Provide mortgage payment assistance, rent assistance, and home weatherization assistance to help households vulnerable to homelessness remain in their homes through economic hardships.	<ul style="list-style-type: none"> <li>• Housing for Very Low-Income Households</li> <li>• Housing for Low-Wage Workforce and Seasonal Employee Households</li> <li>• Homelessness</li> </ul>	<ul style="list-style-type: none"> <li>• Region</li> <li>• County</li> <li>• City</li> </ul>
Reduce Initial Cost Barriers for Renters and Owners	Reduce initial cost barriers for households with incomes between 30 and 80% AMI to enter the housing market through cash supplements, loan guarantees, and other tactics. Develop funding sources such as construction excise taxes and short-term rental taxes/fees.	<ul style="list-style-type: none"> <li>• Housing for Very Low-Income Households</li> <li>• Housing for Low-Wage Workforce and Seasonal Employee Households</li> <li>• Housing for Moderate-Income Households</li> </ul>	<ul style="list-style-type: none"> <li>• Region</li> <li>• County</li> <li>• City</li> </ul>
Outreach and Education about Property Maintenance Programs	Conduct regional education and outreach efforts to disseminate information on existing property maintenance programs, energy efficiency upgrades, revolving loan funds, and other relevant topics. Residents' increased knowledge of these programs provides them with tools to help them maintain housing stability.	<ul style="list-style-type: none"> <li>• Housing for Low-Wage Workforce and Seasonal Employee Households</li> <li>• Housing for Moderate-Income Households</li> <li>• Existing Housing Quality</li> </ul>	<ul style="list-style-type: none"> <li>• Region</li> <li>• County</li> <li>• City</li> </ul>

**Table 6-1. Affordable Housing Strategies (continued)**

Strategy	Description	Issues Addressed	Geographic Applicability
Require Local Property Management	To address absentee landlords, require all landlords to have local property management.	<ul style="list-style-type: none"> <li>• Housing for Very Low-Income Households</li> <li>• Housing for Low-Wage Workforce and Seasonal Employee Households</li> <li>• Existing Housing Quality</li> </ul>	<ul style="list-style-type: none"> <li>• County</li> <li>• City</li> </ul>
Rental Inspection Program	Rental properties are required to be permitted and are periodically inspected to ensure that they meet minimum requirements for health and safety.	<ul style="list-style-type: none"> <li>• Housing for Very Low-Income Households</li> <li>• Housing for Low-Wage Workforce and Seasonal Employee Households</li> <li>• Housing for Moderate-Income Households</li> <li>• Existing Housing Quality</li> </ul>	<ul style="list-style-type: none"> <li>• County</li> <li>• City</li> </ul>
Landlord-Tenant Reciprocity Program	Develop a reciprocity system wherein participating landlords rent units at affordable rates to skilled tradespeople who perform property maintenance services in return. Rather than a rental inspection by local government, tenants complete and file an annual inspection report and landlords submit a review of their tenants.	<ul style="list-style-type: none"> <li>• Housing for Low-Wage Workforce and Seasonal Employee Households</li> <li>• Housing for Moderate-Income Households</li> <li>• Existing Housing Quality</li> </ul>	<ul style="list-style-type: none"> <li>• Region</li> <li>• County</li> <li>• City</li> </ul>
Institute Rent Control	Under Oregon’s statewide rent control law, year-over-year rent increases are limited to 7% plus inflation for tenants remaining in their units. However, state law also prevents local governments from passing stronger rent control ordinances of their own, an aspect of the law some groups may advocate against.	<ul style="list-style-type: none"> <li>• Housing for Very Low-Income Households</li> <li>• Housing for Low-Wage Workforce and Seasonal Employee Households</li> <li>• Housing for Moderate-Income Households</li> </ul>	<ul style="list-style-type: none"> <li>• State</li> <li>• Region</li> <li>• County</li> <li>• City</li> </ul>
Ban No Cause Evictions	Legislation would require landlords to show cause in order to evict a tenant from a rental property. This minimizes retaliatory or discriminatory eviction filings, provides tenants greater housing stability, and ensures they are not evicted simply so the landlord can rent the same unit for more to a different tenant.	<ul style="list-style-type: none"> <li>• Housing for Very Low-Income Households</li> <li>• Housing for Low-Wage Workforce and Seasonal Employee Households</li> <li>• Housing for Moderate-Income Households</li> <li>• Homelessness</li> </ul>	<ul style="list-style-type: none"> <li>• State</li> <li>• Region</li> <li>• County</li> <li>• City</li> </ul>
Rental Risk Mitigation Funds	Risk mitigation funds offer financial assurances to landlords who rent to individuals that are homeless, receive rental assistance, or have a history of poor credit, criminal convictions, or evictions. These guarantees provide incentives to landlords to accept tenants that would otherwise be denied housing based on financial risk.	<ul style="list-style-type: none"> <li>• Housing for Very Low-Income Households</li> <li>• Housing for Low-Wage Workforce and Seasonal Employee Households</li> <li>• Homelessness</li> </ul>	<ul style="list-style-type: none"> <li>• Region</li> <li>• County</li> <li>• City</li> </ul>

**Table 6-1. Affordable Housing Strategies (continued)**

Strategy	Description	Issues Addressed	Geographic Applicability
Master Lease Agreements	A nonprofit organization holds a master lease on a portfolio of units across multiple properties and subleases them to tenants with criminal backgrounds, credit issues, eviction histories, or other risk factors, assuming the risk of housing the risky tenants in existing private-market units.	<ul style="list-style-type: none"> <li>• Housing for Very Low-Income Households</li> <li>• Housing for Low-Wage Workforce and Seasonal Employee Households</li> <li>• Homelessness</li> </ul>	<ul style="list-style-type: none"> <li>• Region</li> <li>• County</li> <li>• City</li> </ul>
Landlord-Tenant Telephone Help Line	Improved communication and conflict resolution could prevent legal proceedings, including evictions, which could save landlords money and increase tenants' housing stability.	<ul style="list-style-type: none"> <li>• Housing for Very Low-Income Households</li> <li>• Housing for Low-Wage Workforce and Seasonal Employee Households</li> <li>• Housing for Moderate-Income Households</li> <li>• Homelessness</li> <li>• Existing Housing Quality</li> </ul>	<ul style="list-style-type: none"> <li>• Region</li> <li>• County</li> <li>• City</li> </ul>
Low Barrier Shelter	Establish a low-barrier shelter designed to house the chronically homeless. One example is Opportunity Village in Eugene, which uses tiny homes.	<ul style="list-style-type: none"> <li>• Homelessness</li> </ul>	<ul style="list-style-type: none"> <li>• Region</li> <li>• County</li> <li>• City</li> </ul>
FUSE Housing Initiatives	Continue efforts to develop low barrier, permanent supportive FUSE (Frequent User Systems Engagement) housing with wrap-around services for frequent users of health, law enforcement, and related services.	<ul style="list-style-type: none"> <li>• Homelessness</li> </ul>	<ul style="list-style-type: none"> <li>• Region</li> <li>• County</li> <li>• City</li> </ul>
Youth Shelter and Jobs Program	Establish year-round day shelter and temporary warming shelter for homeless teens/youth, specifically including LGBTQ youth. Also develop a job corps and/or social enterprise program for homeless youth.	<ul style="list-style-type: none"> <li>• Homelessness</li> </ul>	<ul style="list-style-type: none"> <li>• Region</li> <li>• County</li> <li>• City</li> </ul>
Transitional Housing Program	Housing is needed to fill a transitional role for people who are homeless, but transitioning to permanent, independent housing. Transitional housing allows for independent living with some minimal supports and case management included.	<ul style="list-style-type: none"> <li>• Housing for Very Low-Income Households</li> </ul>	<ul style="list-style-type: none"> <li>• Region</li> <li>• County</li> <li>• City</li> </ul>
Navigation Center for Homeless Individuals and Families	Set up one or more one-stop-shops for homeless individuals and families to access services, legal aid, document assistance, food, and other connections.	<ul style="list-style-type: none"> <li>• Homelessness</li> </ul>	<ul style="list-style-type: none"> <li>• Region</li> <li>• County</li> <li>• City</li> </ul>

# Employer-Assisted Housing (EAH) Programs

## The Concept

In areas where housing is scarce or expensive, EAH programs can help employees find and retain employees while communities benefit from increased investment and stable housing stock.

## The Details

In EAH programs, Employers provide some form of assistance for housing for their employees, which includes a broad range of actions including simple cash incentives for costs such as closing or relocation, mortgage assistance, or supply-side tools such as provision of land, construction financing, or directly housing employees.

Though not a true EAH program, the Aspen Pitkin County Housing Authority (APCHA) provides affordable workforce housing to full-time or seasonal employees who seek housing in proximity to the community where they choose to live and work. With almost 3,000 deed restricted homes under its oversight, APCHA is the largest workforce housing program relative to population in North America.

Abbott Northwestern Hospital in Minneapolis implemented a home ownership assistance program targeted specifically at the surrounding neighborhood, in which properties were in poor condition. Through this program, hospital employees could obtain a \$6,500 forgivable loan to be used toward down payment and closing costs. The loan is forgiven if the employee resides in the home for seven years. While funded by Abbott Northwestern Hospital, the day-to-day operations of the program are facilitated by an area non-profit agency. To date, over a hundred homes have been purchased through this program.

For the City of Seattle, what began as a pilot program of incentives for police officers to live in the city, proved so successful that it was expanded in 1994. The Hometown Home Loan Program is now available to all City of Seattle employees. To avoid the perception of preferential treatment for City employees funded by citizens, the program does not rely on any taxpayer dollars. Instead, the program incentives take the form of reduced closing costs, more flexible loan terms, free home buyer education classes, and individual financial consultation, which are all provided through group volume discounts negotiated with Continental Savings Bank of Seattle. Continental Savings carries the bulk of the program cost. Over 300 employees have purchased homes using the program.

### Issues Addressed

Housing for Low-Wage Workforce and Seasonal Employee Households

Housing for Moderate-Income Households

### Geographic Applicability

Region  
County  
City

### Examples

#### Aspen, CO

<https://www.apcha.org/27/About>

#### Minneapolis, MN

<http://www.cura.umn.edu/sites/cura. advantagelabs.com/files/publications/COPC-003.pdf>

#### Seattle, WA

<http://bgc.pioneerinstitute.org/seattle-hometown-home-loan-program/>

# Transportation Subsidies

## The Concept

Housing costs can be offset by subsidizing transportation costs for residents. Transportation subsidies can be offered by either public agencies or employers. They can be financial, such as free or reduced service charges for mass transit, or services such as vanpools.

## The Details

The Portland Bureau of Transportation (PBOT) is developing and implementing a pilot project for a new transportation incentive package that provides people living in existing affordable housing developments access to free transportation options, like transit passes, bike or scooter share memberships, rideshare and carshare credits. PBOT is partnering with 7 community organizations to provide the incentives for up to 500 residents in the participating housing developments.

Parking Cash Out is a financial incentive offered to employees to encourage the use of commute modes other than driving alone. Commuters can choose to keep an employer-subsidized parking spot at their employment site or accept the approximate cash equivalent of the cost of parking within that facility or system and use an alternative transportation option. SolidFire, a Boulder company with 262 employees, developed a program in which it pays a set amount per month to any employee who foregoes a monthly parking pass. 33% of its employees participate.

The Spokane plant of Boeing employs 600 people, 160 of whom use the company's 12 vanpools to commute. Boeing does not subsidize the vanpool program directly; however, Boeing gives all employees who do not drive to work alone a \$25 monthly subsidy. The Spokane Transit Agency (STA) owns the vans and sets a fee for monthly usage, which is divided among the passengers. The more riders in a vanpool, the lower the cost per rider.



## Issues Addressed

Housing for Very Low-Income Households

Housing for Low-Wage Workforce and Seasonal Employee Households

Housing for Moderate-Income Households

## Geographic Applicability

State  
Region  
County  
City

## Examples

### Portland, OR

<https://www.portlandoregon.gov/transportation/article/710160#q9>

### Boulder, CO

[https://www-static.bouldercolorado.gov/docs/Boulder\\_AMPS\\_Deliverable\\_-\\_EMAIL-1-201707092131.pdf](https://www-static.bouldercolorado.gov/docs/Boulder_AMPS_Deliverable_-_EMAIL-1-201707092131.pdf)

### Spokane, WA

[https://www.bestworkplaces.org/empkit/files/section3/vanpool\\_benefit\\_brief.pdf](https://www.bestworkplaces.org/empkit/files/section3/vanpool_benefit_brief.pdf)

# Home Improvement/Weatherization Grant Education

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## The Concept

Weatherization grants are used to fund energy efficiency measures for existing residential and multifamily housing with income-eligible residents, lowering utility costs and preserving the long-term viability of existing affordable units.

## The Details

The Department of Energy awards grants to state governments, which then contract with local agencies to deliver weatherization services to eligible, low-income residents. State and local agencies typically leverage funding with other federal, state, utility, and private resources to increase the number of homes that can be weatherized. The grants are only effective if eligible residents are aware of them and able to access, so outreach is important.

In Southern Nevada, Housing, Emergency Services, Life Skills, and Prevention (HELP) successfully integrates its weatherization program with its 10 other types of services to fulfill its mission to help clients in any way possible. For example, the LIHEAP program provides clients with energy assistance once a year, but it also requires that the clients apply for weatherization services. Also, HELP employees are trained and authorized to take weatherization and food-stamp applications, to refer children to services, to authorize rent assistance, and to refer clients to worker-training programs.

King County, Washington recommends a variety of outreach methods, including:

1. Informing organizations or advocacy groups that have a special interest in, or regular contact with, persons characterized above.
2. Arranging for applications to be taken by, or at the site of, those organizations or advocacy groups.
3. Placing multi-lingual posters and materials describing the program in public areas and buildings.
4. Placing TV and radio ads to reach people who cannot read and those with limited English skills.
5. Providing interpreters for non-English speaking applicants or applicants with communications handicaps.
6. Working with energy vendors on providing customers with program information.

### Issues Addressed

Housing for Very Low-Income Households

Housing for Low-Wage Workforce and Seasonal Employee Households

Housing for Moderate-Income Households

Existing Housing Quality

### Geographic Applicability

State  
Region  
County  
City

### Examples

#### Southern Nevada

<http://www.helpsonv.org/programs-weatherization.php>

#### King County, WA

<https://www.kcha.org/Portals/0/PDF/Weatherization/Weatherization%20Manual%202015.pdf>



# Landlord-Tenant Telephone Help Line

## The Concept

Improved communication could prevent legal proceedings, including evictions, which could save landlords money and increase tenants' housing stability.

## The Details

Tenants and landlords both benefit when information is available. A service providing opportunities to work through issues before they escalate could benefit both.

In Riverside, CA, The Fair Housing Council (FHCRC) offers services to both landlords and tenants in an effort to resolve disputes arising from the individual's tenancy. FHCRC receives complaints, investigates them, and then attempts to mediate the dispute between the landlord and tenant. FHCRC also hosts educational workshops for both landlords and tenants on their rights and responsibilities under Fair Housing laws.

The Colorado Housing Connects helpline includes bilingual housing navigators, who can field calls on housing-related topics such as renting, buying a home, maintaining a home and more. Volunteers also answer calls for Colorado Housing Connects, offering their expertise in navigating complex tenant-landlord issues.



### Issues Addressed

Housing for Very Low-Income Households

Housing for Low-Wage Workforce and Seasonal Employee Households

Housing for Moderate-Income Households

Homelessness

Existing Housing Quality

### Geographic Applicability

Region

County

City

### Examples

**Riverside, CA**

<https://fairhousing.net/services/>

**Colorado**

<https://theactioncenterco.org/program-services/tenantlandlord-helpline/>

# Rental Risk Mitigation Funds

## The Concept

Risk mitigation funds offer financial assurances to landlords who rent to individuals that are homeless, receive rental assistance, or have a history of poor credit, criminal convictions, or evictions. These guarantees provide incentives to landlords to accept tenants that would otherwise be denied housing based on financial risk.

## The Details

Limited housing supply and tenant screening present significant barriers to housing for populations that are most vulnerable to experiencing homelessness. Risk mitigation funds attempt to eliminate these barriers by offsetting the financial risks to the landlord. Risk mitigation funds can cover damage to property, unpaid rent, security deposits, and legal fees. Landlords register as a participant in the program and can then file claims to receive reimbursement.

The state of Oregon implemented the Housing Choice Vouchers: Landlord Guarantee Assistance program in 2014 to provide reimbursement for property damages, legal fees, unpaid rent, and lease-break fees to landlords that leased to tenants through Housing Choice Voucher (HCV) or Veterans Affairs Supportive Housing (VASH). The program is administered by Oregon Housing and Community Services.



The city of Portland funds the Landlord Recruitment and Retention Program (LRRP) as part of the larger program to combat veteran homelessness called A Home for Every Veteran. LRRP is managed by JOIN a nonprofit organization. In addition to reimbursing landlords for damages and unpaid rent, access to a 24/7 hotline for landlords, extensive outreach and engagement, and case management are components to the program.



The state of Washington signed into law in 2018 the Landlord Mitigation Program that offers landlords with tenants receiving rental assistance up to \$1,000 in reimbursement for required move-in upgrades, up to fourteen days' rent loss, and up to \$5,000 in damages. The program is administered by the Department of Commerce.

### Issues Addressed

Housing for Very Low-Income Households

Housing for Low-Wage Workforce and Seasonal Employee Households

Homelessness

### Geographic Applicability

Region

County

City

### Examples

#### State of Oregon

[www.oregon.gov/ohcs/pages/housing-choice-landlord-guarantee-assistance.aspx](http://www.oregon.gov/ohcs/pages/housing-choice-landlord-guarantee-assistance.aspx)

#### Portland, OR

[https://www.usich.gov/resources/uploads/asset\\_library/Risk\\_mitigation\\_funds\\_community\\_profiles.pdf](https://www.usich.gov/resources/uploads/asset_library/Risk_mitigation_funds_community_profiles.pdf)

#### State of Washington

[www.commerce.wa.gov/building-infrastructure/housing/landlord-mitigation-program/](http://www.commerce.wa.gov/building-infrastructure/housing/landlord-mitigation-program/)

#### Community Profiles

[https://www.usich.gov/resources/uploads/asset\\_library/Risk\\_mitigation\\_funds\\_community\\_profiles.pdf](https://www.usich.gov/resources/uploads/asset_library/Risk_mitigation_funds_community_profiles.pdf)

# Low Barrier Shelters

## The Concept

Low-barrier shelters operate 24/7 and provide immediate housing for anyone who is in need regardless of their situation or condition. Shelters that restrict access based on sobriety, health, pets, family members, and other preconditions can prevent people from receiving services or treatment that are medically necessary and prolong chronic homelessness of some individuals. Low-barrier shelters service people that are denied entry into or banned from other shelters.

## The Details

Low-barrier shelters offer the most vulnerable population an opportunity to be connected with services and basic amenities. Low-barrier shelters are critical in reaching individuals who are chronically homeless and providing shelter during adverse weather. Availability of low-barrier shelters are seen as particularly important in cold climates because of the possibility of life-threatening temperatures.

The first Navigation Center, a low-barrier shelter, opened in San Francisco in 2015 and soon expanded to different locations including Seattle. Case workers are available at these shelters to connect people with services. Access to Navigation Centers are granted through referrals by Department of Homelessness and Supportive Housing. The Seattle location opened in 2017 and have placed 72 percent of their clients into housing after a year.

The city of Colorado Springs approved \$500,000 in 2018 to provide 370 more low-barrier beds to existing shelters as part of their HelpCOS Homelessness Action Plan. The plan also calls for the construction of a new low-barrier family shelter and implementation of a pilot collaborative homeless outreach program.



**Issues Addressed**

Homelessness

**Geographic Applicability**

Region  
County  
City

**Examples**

**Navigation Centers**  
<https://www.sfchronicle.com/bbayare/article/SF-s-homeless-navigation-centers-seem-to-be-13025012.php>

**Colorado Springs, CO**  
[https://gazette.com/news/colocolo-springs-city-council-oks-for-shelter-beds/article\\_cd1bf76c-cc0b-11e8-aa02-2f18fc939b3a.html](https://gazette.com/news/colocolo-springs-city-council-oks-for-shelter-beds/article_cd1bf76c-cc0b-11e8-aa02-2f18fc939b3a.html)

**Colorado Springs Homelessness Initiative**  
[https://coloradosprings.gov/sites/default/files/inline-images/homelessness\\_initiative\\_20190212\\_0.pdf](https://coloradosprings.gov/sites/default/files/inline-images/homelessness_initiative_20190212_0.pdf)

# Short-Term Rental Regulation

## The Concept

Short-term rental properties, often listed through sites like Airbnb, VRBO, and HomeAway, consume existing housing stock that could otherwise be available for occupancy by local residents. Regulations imposed on these properties can limit the number of such properties operated by a particular owner, assess registration fees or occupancy taxes to fund development of affordable housing.

## The Details

In a market where demand exceeds the local housing supply, the scarcity of dwellings available for sale or rent drives up housing costs. The growing short-term rental phenomenon further constrains supply by converting residential housing units into short-term lodging, often for tourists.

In Boston, a new ordinance regulating short-term rentals commonly found on online booking platforms such as Airbnb went into effect in 2019. To reduce the number of dwellings eligible to be rented as short-term vacation lodging, the ordinance requires that homeowners must actually occupy their units in order to rent them, eliminating investors from assembling portfolios of multiple short-term rentals. Hosts must also register with the city and pay an annual registration fee that ranges from \$25-\$200.

In addition to limiting the number of rental properties an owner may list as short-term rentals, Seattle's 2017 short-term rental regulations impose a nightly occupancy fee ranging between \$8 and \$14 per night, depending on the type of unit being rented. These fees are expected to generate approximately \$7 million per year for economic development and anti-displacement initiatives in vulnerable Seattle neighborhoods.



### Issues Addressed

Housing for Low-Wage Workforce and Seasonal Employee Households

Housing for Moderate-Income Households

Short-Term Rentals

### Geographic Applicability

County  
City

### Examples

#### Boston, MA

<https://www.boston.gov/departments/inspectional-services/short-term-rentals>

#### Seattle, WA

<https://www.thestranger.com/slog/2017/11/13/25561607/seattle-city-council-passes-per-night-fees-for-short-term-rentals-like-airbnb>

# Developer Incentives

## The Concept

New housing developments and redevelopment of existing housing are often unaffordable for much of the population. Incentives can help encourage developers to provide workforce or permanently affordable housing.

## The Details

In housing markets with rising prices, new developments are able to demand higher rents and purchase prices. Incentives can be designed to either reduce the cost of market-rate housing through reducing development costs or to increase the supply of subsidized housing through offering incentives for providing permanently affordable housing.

Pinellas County, Fla. adopted an expedited permit review process for affordable housing projects, in addition to offering a number of other incentives such as fee waivers and density bonuses. The expedited review process essentially moves affordable housing projects to the top of the queue for review. The Community Development Department certifies proposals as affordable housing developments, provides vouchers for impact and review fee waivers, and monitors the certified developments to ensure compliance with regulations.

The City of Flagstaff may waive certain Building Permit and Planning fees for affordable housing development. The City may also permit the reimbursement of fees tied to Development Fees (Impact Fees). Fee waivers and reimbursements are subject to a sliding scale based on the income group served by the developer. The lower the income group served, the greater the waiver and reimbursement percentages.

Vancouver, Washington began offering impact fee waivers for qualifying affordable housing in 2017.



### Issues Addressed

Housing for Very Low-Income Households

Housing for Low-Wage Workforce and Seasonal Employee Households

Housing for Moderate-Income Households

### Geographic Applicability

County

City

### Examples

#### Pinellas County, FL

<https://www.pinellascounty.org/community/pdf/AffordableHousingGuide.pdf>

#### Flagstaff, AZ

[https://www.mayorsinnovation.org/images/uploads/pdf/13\\_-\\_Incentive\\_Policy\\_for\\_Affordable\\_Housing.pdf](https://www.mayorsinnovation.org/images/uploads/pdf/13_-_Incentive_Policy_for_Affordable_Housing.pdf)

#### Vancouver, WA

[https://www.cityofvancouver.us/sites/default/files/fileattachments/vmc/titles\\_chapters/20.915.pdf](https://www.cityofvancouver.us/sites/default/files/fileattachments/vmc/titles_chapters/20.915.pdf)

# Targeted Code Enforcement

## The Concept

Code enforcement, defined broadly to include all of the elements involved in obtaining compliance from private owners of problem properties, is a critical element in fighting neighborhood decline, and preserving affordable housing stock. The tool may be targeted to focus on specific types of problem conditions.

## The Details

A strong code enforcement program can ensure that the housing stock is safe for residents. This must be balanced with increases in rents from mandated repairs and possible losses in the housing stock because of mandated demolitions.

In Greensboro, N.C., code enforcement officers work with Greensboro Housing Coalition counselors regularly to minimize dislocation of residents and solve housing problems. GHC counselors notify officers of properties with potential code violations, and officers consult with GHC counselors on complicated cases. The partnership between the City and the GHC demonstrates the value of cooperation to protect the community from the health and safety risks of substandard housing.

A study of the code enforcement program in Memphis, TN, found that most code enforcement requests were in relation to the exterior of the home and focused on single-family areas. Further, there were no tools to prioritize either individual requests or neighborhoods with greater need. Recommended practices include prioritizing health and safety issues as well as perform sweeps of multifamily properties and neighborhoods with high needs. With this increased enforcement, landlord-tenant laws should be reviewed to protect tenants from homelessness.



### Issues Addressed

Housing for Very Low-Income Households

Housing for Low-Wage Workforce and Seasonal Employee Households

Housing for Moderate-Income Households

Homelessness

Existing Housing Quality

### Geographic Applicability

County

City

### Examples

#### Greensboro, NC

[https://www.changelabsolutions.org/sites/default/files/Up-tp-Code\\_Enforcement\\_Guide\\_FINAL-20150527.pdf](https://www.changelabsolutions.org/sites/default/files/Up-tp-Code_Enforcement_Guide_FINAL-20150527.pdf)

#### Memphis, TN

[https://www.urban.org/sites/default/files/publication/99190/strategic\\_housing\\_code\\_enforcement\\_and\\_public\\_health.pdf](https://www.urban.org/sites/default/files/publication/99190/strategic_housing_code_enforcement_and_public_health.pdf)

# Rental Inspections

## The Concept

Rental properties must be permitted and are inspected to ensure that they meet minimum requirements for health and safety.

## The Details

Inspections can be either complaint-based or periodic. Historically, complaint-based inspections were more common, but periodic inspections are becoming more common. They are typically associated with rental registration or licensing programs. A study in North Carolina showed that conducting periodic inspections reduced the number of complaint-based inspections.

In Boulder, a rental license is required to rent a housing unit. Property owners must contract with a licensed home inspector for an inspection. In cases where an inspection uncovers deficiencies that cannot be corrected prior to occupancy, the owner or operator may apply for a temporary license, which is issued for a limited time if the number and severity of violations does not constitute an imminent health and safety hazard to the public or to occupants. Licenses expire and reinspections are required every four years.

In Seattle, rental registration is required for all rental properties. Property owners may use private or municipal inspectors. For multi-tenant buildings, a sample of units is inspected. For buildings with less than 20 units, at least two units are inspected. For buildings with more than 20, 15% of units are inspected.

In Gresham, Oregon, a rental license is required for all rental properties. Units are randomly identified for inspection using a computer program. Property owners and tenants are notified 21 days in advance. Tenant consent is obtained prior to inspection. Property owners are responsible for posting their own 24 hour notice if they wish to accompany the inspector. The property owner and tenant are notified of the results of the inspection.



### Issues Addressed

Housing for Very Low-Income Households

Housing for Low-Wage Workforce and Seasonal Employee Households

Housing for Moderate-Income Households

Existing Housing Quality

### Geographic Applicability

County  
City

### Examples

**Boulder, CO and Seattle, WA**  
[https://www.changelabsolutions.org/sites/default/files/Proactive-Rental-Inspection-Programs\\_Guide\\_FINAL\\_20140204.pdf](https://www.changelabsolutions.org/sites/default/files/Proactive-Rental-Inspection-Programs_Guide_FINAL_20140204.pdf)

**Gresham, OR**  
<https://greshamoregon.gov/Rental-Housing-Inspections/>

# Tiny Homes

## The Concept

Tiny homes are a fraction of the size of traditional single-family homes and often use efficient construction techniques to further lower construction costs. The small footprint of tiny homes also allows for placement as accessory dwelling units (ADUs) in the yards of existing single-family homes and development of medium-density planned communities on small lots. Limited square footage, low construction costs, and increased residential density are how tiny homes can influence housing affordability in communities.

## The Details

High construction costs and a growing appetite for larger single-family houses have discouraged private markets from building housing that is affordable for low-income households. Tiny homes require significantly less capital to build and the ease of construction allow non-professionals to assist with construction. This provides non-profit organizations an expedient method to produce affordable housing and provide services to residents at low costs.

Non-profit organizations across the country have used tiny homes to house homeless individuals. In 2013, SquareOne Villages in Eugene, Oregon built 30 tiny homes with shared amenities on city-owned land to provide transitional housing for the homeless population. After finding the model to be successful, the organization developed a community with 22 permanent dwelling units that will cost residents between \$250 to \$350 per month.



Several states, counties, and cities have adopted ordinances and programs to allow or encourage the construction of tiny homes, or accessory dwelling units, on existing single-family lots.

Accessory dwelling unit ordinances aim to preserve affordable housing by increasing the supply of housing options and residential density in single-family zoning districts. Accessory dwelling units also fill the supply gap between detached single-family homes and high-density multifamily housing options and provide alternative housing options to moderate-income households.



### Issues Addressed

Housing for Very Low-Income Households

Housing for Low-Wage Workforce and Seasonal Employee Households

Housing for Moderate-Income Households  
Homelessness

### Geographic Applicability

County  
City

### Examples

**SquareOne Villages, Eugene, OR**  
[www.squareonevillages.org](http://www.squareonevillages.org)

**Quixote Village, Olympia, WA**  
[www.quixotecomunities.org](http://www.quixotecomunities.org)

**Backyard Cottages, Seattle, WA**  
[www.seattle.gov/opcd/oongoing-initiatives/encouraging-backyard-cottages](http://www.seattle.gov/opcd/oongoing-initiatives/encouraging-backyard-cottages)

**SB1051, State of Oregon**  
[www.sightline.org/2201/01/10/or-egon-missing-middle-homes-hb-2001/](http://www.sightline.org/2201/01/10/or-egon-missing-middle-homes-hb-2001/)

**Second Dwelling Unit Pilot Program, Los Angeles County, CA**  
[planning.lacounty.gov/secondunitpilot](http://planning.lacounty.gov/secondunitpilot)



# Inclusionary Zoning

## The Concept

An inclusionary zoning requirement stipulates that a percentage of the total units in a new multifamily development be set aside for affordable housing. Often an “in-lieu fee” collects revenue to fund other housing affordability initiatives from developers who opt not to set aside the requisite affordable units.

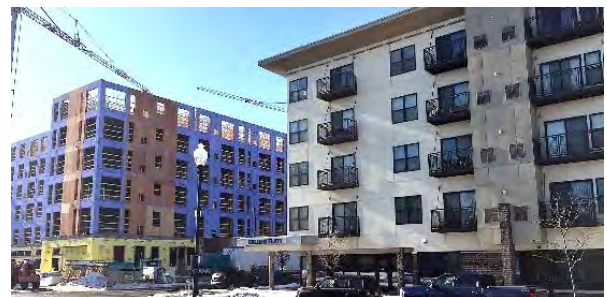
## The Details

In 2017, a statewide ban on inclusionary zoning was lifted by Oregon’s legislature and the concept may be legally implemented in the state. Under current state law, local governments may enact inclusionary zoning ordinances requiring a set-aside of up to 20% of the units in a multifamily structure. These units would have to be sold or rented to households at prices or rents affordable to households up to 80% of the area median income.

Successful inclusionary zoning programs take advantage of communities with strong housing development markets. Where housing demand is high, inclusionary zoning requirements are less likely to deter developers. The program costs virtually nothing to the implementing local government, yet generates a growing inventory of affordable housing units that are in scattered sites and integrated into market rate developments. In the case of Atlanta, the requirement is not applied citywide but only to an overlay district associated with concerns for rapid gentrification. Both Portland and Atlanta’s ordinances include tiers for targeting the affordable set-aside units to lower income brackets. For example, a developer can choose to set aside 20% of her units for households at 80% AMI or just 10% of her units

if those units are targeted to households at 60% AMI. These options provide the developer flexibility in compliance but also incentivize development of more deeply subsidized units.

In Oregon, developers must be allowed the option of paying an “in-lieu fee” rather than set aside affordable units within a housing development. In-lieu fees should be substantial (approximately equivalent to the cost of building the affordable units the developer is choosing to forego) and are typically contributed to a local affordable housing trust fund to be used toward meeting affordable housing goals through other initiatives.



### Issues Addressed

Housing for Low-Wage Workforce and Seasonal Employee Households

Housing for Moderate-Income Households

### Geographic Applicability

County

City

### Examples

#### Boulder, CO

<https://bouldercolorado.gov/housing/ih-program-details>

#### Atlanta, GA

<https://www.atlantaga.gov/government/departments/city-planning/office-of-housing-community-development/inclusionary-zoning-policy>

#### Portland, OR

<https://www.portlandoregon.gov/phb/article/655869>

#### Pasadena, CA

<https://ww5.cityofpasadena.net/planning/wp-content/uploads/sites/56/2018/07/Inclusionary-Housing-Regulations.pdf>

# Development without Displacement

RESISTING GENTRIFICATION  
IN THE BAY AREA



Written by Causa Justa :: Just Cause  
with health impact research and data and policy analysis contributed  
by the Alameda County Public Health Department, Place Matters Team

# Acknowledgements

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**Alameda County Public Health Department (ACPHD), Place Matters Team:** Place Matters is a local partner of the national initiative of the Joint Center for Political and Economic Studies, Health Policy Institute (HPI). It is designed to improve the health of participating communities by addressing the social conditions that lead to poor health.

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Please go to the CJC website to purchase additional copies [www.cjic.org](http://www.cjic.org)

# Contents

<b>Foreword</b> .....	<b>2</b>	Urban Renewal and Displacement: Moving People in the Name of Health .....	40
Candelario Melendez .....	2	New Approaches to Healthy Housing and Healthy Development .....	48
Dr. Richard Walker .....	3		
<b>Executive Summary</b> .....	<b>6</b>	<b>Organizing Toward a New Vision for Community Development</b> .....	<b>50</b>
Purpose of the Report .....	6	Human Development for Healthy and Sustainable Neighborhoods .....	50
Data Analysis .....	6	Collective Action Creates Human Development .....	50
Gentrification as a Historic Process.....	8	Gentrification Can Be Prevented .....	51
Health Impacts.....	8	The Role of Public Agencies in Promoting Human Development .....	53
Policy Recommendations.....	9		
<b>Introduction</b> .....	<b>11</b>	<b>Policy Findings &amp; Recommendations</b> .....	<b>55</b>
What Is Gentrification?.....	11	Cross-Cutting Recommendations for Policy Effectiveness .....	55
Regional Historical Perspective.....	13		
Redefining Human Development: Organizing Communities .....	13	<b>Principles, Policies &amp; Practices for Preventing Displacement: Advancing a Comprehensive Housing Rights Framework</b> .....	<b>59</b>
<b>Research Scope &amp; Methodology</b> .....	<b>14</b>	A. Baseline Protections for Vulnerable Residents.....	60
Gentrification Typologies Analysis .....	14	B. Production and Preservation of Affordable Housing.....	67
<b>Global Cities: A Brief Political Economy of the Bay Area</b> .....	<b>16</b>	C. Stabilization of Existing Communities.....	75
Immigration and Migration to the Bay Area .....	17	D. Non-Market Based Approaches to Housing and Community Development .....	80
Decades of Race and Class Inequities.....	19	E. Displacement Prevention as a Regional Priority .....	82
Gentrification: The Rent Gap in the New Economy .....	20	F. Planning as a Participatory Process.....	85
Urban Development Under Neoliberalism.....	30		
<b>Gentrification is a Public Health Issue</b> .....	<b>38</b>	<b>Taking Action</b> .....	<b>90</b>
The Historic Role of Public Health Departments in Urban Development.....	39	<b>Works Cited</b> .....	<b>92</b>
		<b>Appendix A</b> .....	<b>100</b>

# Foreword

## Candelario Melendez



### **Causa Justa :: Just Cause, Member, and Mission District Resident**

My name is Candelario Melendez, I am a member of Causa Justa :: Just Cause. I came to this organization back

when it was located on Valencia Street in San Francisco. Back then it was called “Comité de Vivienda San Pedro.” I learned there that people would receive help around their housing issues regardless of one’s color, gender, or race, and that the organization asked for nothing in return. It was since then that I joined this organization at the start of 2012, the same year I suffered an accident, and became disabled, and unable to work.

For 21 years I lived in a building in the Mission. In 1991, I was evicted for no fault of my own and without just cause. Based on my own experience and from my work at Causa Justa, I have heard many similar stories like the ones told in this report. The problems for tenants are very severe and we need a strategy that closely studies the situation, with the step-by-step goal of reversing this wave of evictions and harassment that too many are experiencing.

In my neighborhood, for example, rents for all apartments are going up every day and forcing more and more people to have to move out of the Mission and even out of San Francisco. Many of the residents we work with cannot

afford a whole apartment for their family and they end up living in one room. Even in these cases people pay as much as \$800 per month for a small space, which is just too much given the low wages that most of us are making. I know of landlords who increase the rent on tenants over three times, often resorting to harassment to evict tenants illegally. Also, many families do not live in good conditions because landlords do not invest in fixing the apartment. I’ve heard of times when, because of neglect and lack of repairs, families go hungry because they have no kitchen to cook in. Children have no space to study or play, and their health and development are affected.

In my opinion, both neighborhood residents and community organizations need to organize broadly so that our community loses our fear and becomes committed to fighting for our right to a just rent and freedom from harassment. It is because I have seen too many people evicted that I am organizing. We cannot allow private capital to change our community. We all need to unite: Latino and Black / African American folks. Together we will lose fear and the politicians will be more likely to listen to us. Together we have to demand that they craft better laws and ensure the implementation of these laws.

This report describes some of the important policies that can help deal with the negative effects of gentrification. It is urgent that we push for as many of these as possible. We need to realize our shared strength and vision. We need to take action together. It’s not easy to go up against rich and powerful people, and I hope our report will inspire communities in the Bay Area and around the country to do that.

## Dr. Richard Walker



### **Professor Emeritus of Geography, University of California, Berkeley**

To housing and social justice organizers across the United States, gentrification is a scourge. They have seen the damage done to hundreds

of thousands, if not millions, of families, and the disruption of schooling, friendships, and habits accompanied by the costs of finding new housing, jobs, support networks, and more. They witness the cruel unfairness of the way the suffering falls so disproportionately on the heads of innocent children, poor parents, and people of color. Against the current tide of displacement, a forceful movement has emerged in defense of housing rights and urban justice, operating under the rubric of “The Right to the City” and bringing together a broad coalition of tenants’ rights, affordable housing, and anti-foreclosure advocates. I had the honor of participating in the founding of the national Right to the City Alliance a decade ago, and I have watched as the groups in the alliance have grown stronger, wiser, and more tenacious in their struggle to protect those being swept from our cities by the blind forces of economic growth and urban redevelopment.

Nowhere is the fight for housing justice more acute than in the Bay Area, where San Francisco is widely considered the most gentrified city in the country, and Oakland is not far behind. The region has many valiant organizations working for better housing for the disadvantaged and displaced. Among these groups, Causa Justa :: Just Cause stands out for its work in defense of tenants’ rights and against evictions of all kinds on both sides of the bay. Groups like this have a lot to teach us all about the harsh realities of Bay Area housing that rarely make the pages or broadcasts of the major

media outlets and are, therefore, little known to most policymakers in the region. This report gives these groups a chance to speak and for us to learn.

So what is this thing called “gentrification?” It has divergent meanings to different people and has long been disputed, even among urban scholars. It is usually heard as a term of approbation against landlords carrying out forcible evictions and new buyers displacing former residents of low-income neighborhoods. Conversely, it is a rallying cry for affordable housing and limits on high-rises and building conversions. But is it more than a political slogan? As this report makes clear, there are cold, hard facts behind the popular terminology.

Without some clarity about what is at stake in gentrification, public debate easily bogs down in mutual incomprehension. There are plenty of cheerleaders for the current makeover of the Bay Area who cite the evidence for a high tech boom, rising average incomes, an expanding housing stock, and more. They are quick to dismiss the critics of gentrification. But gentrification is a many-sided phenomenon, so it is essential to unpack its dimensions to see why housing organizers have so much to teach us about the dark side of the shining new urban landscapes going up all around the bay.

For one, cities are living things that change over time. They look solid and fixed, but they are shaken up repeatedly by the dynamic forces of capitalism and modernity, their landscapes and ways of life torn apart and reconstructed. The Bay Area is undergoing just such a radical makeover today as new technology companies sprout, new people migrate in, and older activities and jobs disappear. Thanks to Silicon Valley, the region is a global leader in innovation, making change a way of life here. This, then, is the first facet of gentrification: the shock of the new and the loss of the old. The restructuring of the city has knocked the feet out from under old industries, vaporized formerly reliable jobs, and

left thousands of workers who depended on them out of luck.

A second dimension of gentrification is that urban growth drives up land values and the price of housing along with them, mounting up the highest in city centers. In turn, the pressure to maximize rents on precious urban space pushes up the height and density of buildings. The Bay Area has grown rapidly and, along with an outward explosion (all the way into the Central Valley), it has climbed upward. It is now the second densest urbanized area in the country after – surprise – metropolitan Los Angeles and ahead of metro New York. With increased pressure on the inner cities, old buildings are demolished to make way for the new and older neighborhoods are invaded by new investors, developers and residents, putting the squeeze on formerly affordable districts.

In addition, the Bay Area has become richer as it has grown. It has reaped the profits of leadership in electronics, medicine, management, and more. The bounteous profits pouring out of tech businesses, the health-medical complex, and financial operations have made this the highest income big city in the United States, per capita, which has only intensified the pressure on housing. This is a third sense of gentrification: the huge amounts of new money chasing housing, especially the limited housing stock of the favored parts of San Francisco, Oakland, and all around the bay. The result of a booming urban region is, in short, that thousands of people have been forced out of formerly affordable housing and communities, from the South of Market to West Oakland, the Mission to Fruitvale, ending up as far away as Brentwood and Stockton.

But growth, change, and affluence are not, by themselves, the worst sources of urban displacement – not by a long shot. What rankles housing advocates the most about contemporary urban upheaval is the “gentry” in gentrification. The remaking of our cities is fundamentally

perverted by inequality and social injustice, which have only gotten worse over the last generation. Inequality comes in many forms, but the ones that matter most in today’s cities are the chasms of class, race, and political power. Critics of gentrification are not simply railing against new technology, new buildings, or new people, nor are they calling for an older and simpler life; they are after something deeper, something that is rending the basic fabric of our cities and democracy.

Americans like to imagine that they are all “middle class,” but that is less true than ever, given the gulf that has opened up between the rich and the rest. There really is a 1 percent of the populace who have grabbed almost all the gains in social income over the last 20 years, making the United States the most unequal of all the developed countries. The Bay Area has been a leader in this trend by funneling the vast majority of the newfound wealth from electronics, finance, medicine, and the rest into the pockets of a relatively small elite. The Bay Area today has more millionaires and billionaires per capita than any other big city, even New York, and upper layers of the labor force are also very well paid here. The enrichment of the upper classes is what gives gentrification such force in San Francisco and Oakland. The new companies and new people who come to buy houses and occupy old neighborhoods do so with fistfuls of dollars, outbidding those outside their charmed circle. Ordinary working people, as well as the poor, the aged and the infirm, are all too easily swept aside by the new masters of the urban universe. This is a fourth dimension of gentrification, and it is far crueler than the mere shock of the new and the pressures of the land market.

If the cresting waves of class-driven gentrification are not bad enough, the undertow of race is always there to drag down thousands more folks. This is another face of gentrification. The sad fact of class in America is that it is raced. Whites are no longer a majority in the cities



Auction Action At the Alameda County Court House, Oakland

of California, but they hold the overwhelming percentage of the wealth. Housing is regularly considered the measure of the middle class, but access to it is badly skewed by racial inequality. Most of the wealthy and well paid in the Bay Area are White, along with a few Asian Americans. These are the gentrifiers. Meanwhile, most of those being displaced are Black / African American, Latino, Filipino, or other people of color. Not only do they have less income to bid competitively for housing, they are much more likely to be renters, and therefore exposed to eviction. Those who did own houses were disproportionately hit by foreclosures in the meltdown of the subprime housing bubble.

Finally, there is the question of control over government and its powers to ameliorate the assault on city neighborhoods. As this report

details, there are many reasonable policies at the local and regional levels that can help hold back the tide of gentrification and modify the worst effects of urban transformation. The problem is getting such policies enacted, enforced, and financed. The promise of American democracy lies in the power of popular representation and the assurance of a modicum of fairness imposed on the capitalist free-for-all by government. But the harsh reality is that too often politics fall prey to the same inequities that rule the market, an unpleasant reality that has only grown harsher in the moneyed campaigns and lobbying of the present day. This is the last sense of gentrification – the power of the upper classes to claim the city for themselves without opposition from the common people – and it feels the most unjust of all.



# Executive Summary

## Purpose of the Report

This report contributes to the conversation and understanding of gentrification and displacement from the perspective of a frontline organization working in neighborhoods most impacted by the crisis. We aim to challenge existing definitions and assumptions about gentrification and displacement that portrays it as positive, needed progress; as well as highlight the devastating health impacts that gentrification and displacement have on working-class people of color. We will offer an alternative vision of community development that centralizes the interest and needs of working-class communities of color. We feel this vision will ultimately create healthier and more sustainable neighborhoods for all residents in our cities.

Important to this vision is a set of development, housing, and tenant related policy recommendations and organizing strategies that will help bring this vision to light. This policy focus stems from our belief that the state has a central role to play in ensuring development benefits working class communities. Our policy recommendations are designed to support organizers and advocates in identifying appropriate solutions for their communities that they can turn into strong campaigns. Ultimately it will be as a result of sustained, effective organizing that policy change occurs. It is our goal that this document contributes to inspiring and sustaining neighbors and organizations coming together to fight and win their vision of change.

While the report is best positioned to support organizing for policy changes, we recognize the numerous other critical tactics that can and must be used in any effective strategy against

gentrification. A few of these include occupying vacant homes, doing eviction blockades, turning unused or under-used land into community space or gardens, etc. While we strongly believe in these tactics, our emphasis on policy was largely an attempt to focus our efforts on one critical aspect of a broader strategy and do it well.

In this report, we develop and share a comprehensive definition of gentrification and recommend effective ways to combat the displacement of low-income communities of color in the name of development. Our definition is made comprehensive by our attention to historical, local and global, economic, and policy trends, as well as to the public health dimensions of corporate-led urban development that result in gentrification.

Our report places gentrification on a historical timeline of racial, economic, and social discrimination, exacerbated by the progressive public disinvestment by government at all levels. However, the present configuration of these historical trends revolves around the dramatic increase in private financial investment in Bay Area real estate markets, the inflow of non-distributive technology wealth held by a small labor force, and the continued disinvestment by government in public services and programs, whose model of development is often to invite more private investment.

## Data Analysis

Anchoring our analysis and recommendations is a “neighborhood typology” that uses demographic, socioeconomic, and property data from 1990 and 2011 to illustrate the changing char-

## Gentrification by the Numbers

All analyses were conducted by Alameda County Public Health Department, using data from Census 1990, Census 2000, and American Community Survey 2007-2011.

- ▶ **Gentrification is happening in historically disinvested areas** where property values have accelerated, homeownership and incomes have risen, and neighborhoods have become wealthier and whiter over the last two decades. Neighborhoods in late stages of gentrification include the Mission in San Francisco and North Oakland in Oakland. Neighborhoods in middle stages of gentrification include the Bayview-Hunters Point in San Francisco, and West Oakland, Downtown, and San Antonio in Oakland.
- ▶ **Rental housing costs have skyrocketed in gentrifying neighborhoods, and in some cases, they have surpassed rental housing costs in historically affluent neighborhoods.** In San Francisco, the median monthly rent in neighborhoods in the latest stages of gentrification increased by \$460 dollars, or 40 percent, between 1990 and 2011. In Oakland, neighborhoods in the latest stages of gentrification had higher median rents in 2011 than historically affluent neighborhoods such as Rockridge and the Oakland Hills. Between 1990 and 2011, the median monthly rent in these neighborhoods increased by \$280, or 30 percent. This means that urban areas that were formerly affordable to working families are now out of reach except to the wealthiest segments of our society.
- ▶ **There has been substantial and disproportionate displacement of African Americans in gentrifying neighborhoods, as well as a loss in African American homeownership.** Between 1990 and 2011, the proportion of African Americans in all Oakland neighborhoods decreased by nearly 40 percent. In North Oakland, the number of African American households decreased by more than 2,000. Furthermore, African Americans dropped from being 50 percent to 25 percent of all homeowners in North Oakland, and within the Black community, homeownership decreased while renters grew. We see a similar loss of black homeownership in West Oakland and Bayview-Hunters Point in San Francisco.
- ▶ **Latinos are being displaced at a significant rate from the Mission district while white residents and homeowners have increased.** Between 1990 and 2011, the number of Latino households in the Mission decreased by 1,400, while the number of White households increased by 2,900. White homeownership more than doubled during this time.
- ▶ **Gentrification is changing the population of Oakland and San Francisco as a whole.** Between 1990 and 2011, Oakland's African American population decreased from 43 percent to 26 percent of the population, the largest drop by far of any population group. During the same period of time, San Francisco's Black population was cut in half from about 10 percent to only 5 percent of the population. While gentrification may bring much-needed investment to urban neighborhoods, displacement prevents these changes from benefitting residents who may need them the most.
- ▶ **Gentrification affects housing quality and health and exacerbates inequalities.** In Oakland, neighborhoods in the latest stages of gentrification have the greatest disparity between Black and White mortality rates. We also found that rates of overcrowding increased in San Francisco neighborhoods between early and late stages of gentrification.

acteristics of neighborhoods in the San Francisco Bay Area. This typology, adapted from a 2013 Portland study, is based on a theory of change that recognizes how neighborhoods progress through different stages of gentrification and have distinct needs and characteristics along the way. The resulting typology categorizes neighborhoods into different types based on the amount and kind of change that has occurred. It also allows solutions to be developed based on the distinct needs of neighborhoods. Together, this neighborhood typology, our historical analysis of political economy, and our qualitative interviews with affected populations present a holistic analysis of gentrification in the Bay Area. For a more detailed discussion of this typology analysis, including definitions of neighborhood types, see page 100.

## Gentrification as a Historic Process

Displacement in gentrifying communities is, more often than not, an involuntary occurrence in which residents are forced out and development is pushed forward by the profit motive of investors, developers, landlords, and government. These gentrifying communities are overwhelmingly working-class communities of color that have faced historical racial discrimination such as redlining, in which banks refused to lend to neighborhood residents based on race. These were the same communities that bore the brunt of urban renewal policies beginning in the 1950s that destroyed homes to make way for new highways serving White residents from the growing suburban areas. Most recently, low-income communities of color were preyed upon as targets for predatory lending practices during the recent foreclosure crisis. As a result, many lost their homes. These communities need to be shielded from future instability caused by gentrification and displacement. Although investment in these communities is crucial, without a comprehensive approach to development, existing residents will continue to be at risk for displacement.

## Health Impacts

Our health impact analysis highlights the individual, family, and community-level health impacts of gentrification and displacement, based on literature review, resident stories, and original data analysis. We found that longtime residents in gentrifying neighborhoods face financial distress, loss of community services and institutions, and overcrowded and substandard housing conditions; while displaced residents experience relocation costs, longer commutes, disruptions to health care, fragmentation of community support networks, and direct impacts on mental and psychological wellbeing. Finally, gentrification and displacement may harm our cities and society as a whole – by exacerbating segregation, increasing social and health inequities, and contributing to increased rates of chronic and infectious disease. Our focus on the health impacts of gentrification and displacement is important because historically, public health has been involved in decisions that have led to displacement of low-income

### What Is Gentrification?

We define gentrification as a profit-driven racial and class reconfiguration of urban, working-class and communities of color that have suffered from a history of disinvestment and abandonment. The process is characterized by declines in the number of low-income, people of color in neighborhoods that begin to cater to higher-income workers willing to pay higher rents. Gentrification is driven by private developers, landlords, businesses, and corporations, and supported by the government through policies that facilitate the process of displacement, often in the form of public subsidies. Gentrification happens in areas where commercial and residential land is cheap, relative to other areas in the city and region, and where the potential to turn a profit either through repurposing existing structures or building new ones is great.

communities and communities of color. More recently, development advanced in the name of health and sustainability is contributing to gentrification and displacement yet again. Therefore, a pro-active strategy to prevent displacement must be central to our collective efforts to build healthy communities for all. For a full discussion of health impacts, including sources, see page 38.

## Policy Recommendations

*Gentrification can be stopped!* Gentrification is not the inevitable result of economic development. Quite the opposite, it is the result of fundamentally unjust economic development policies, widespread public disinvestment in historically marginalized communities, and lack of protections for existing residents. By advancing a vision of human development that is based on true community development, this report makes clear that community organizing, collective power-building, and community self-determination must be the foundation for any strategy to prevent or reverse gentrification and displacement. The recommendations in this report stand in contrast to popular “equitable development strategies,” such as transit-oriented development (TOD), mixed-income development, and deconcentration of poverty approaches. Rather than focus primarily on physical improvements or require the movement of existing residents, we suggest policies that empower local residents and communities with rights, protections, and a voice in determining the development of their own neighborhoods. We also recommend policies that regulate government, landlord, and developer activity to promote equitable investment, affordability and stability, and maximum benefits for existing residents.

The below policy recommendations are based on review of key literature, existing policies, and interviews with experts, allies, and affected residents.

**1. Multiple policies must be advanced in order to effectively prevent gentrification and displacement.** In this report, we discuss **six key principles for preventing displacement** from a housing rights perspective. These principles address distinct but complementary policy goals, including:

- ▶ **Baseline protections for vulnerable residents**, including policies that protect tenants and homeowners in the face of gentrification pressure and ensure access to services, just compensation, and the right to return in cases of displacement;
- ▶ **Preservation and production of affordable housing**, including efforts to preserve the overall supply and affordability levels of existing housing;
- ▶ **Stabilization of existing communities**, through ongoing and equitable investment in all homes and neighborhoods;
- ▶ **Non-market based approaches to housing and community development**, including development of cooperative housing models;
- ▶ **Displacement prevention as a regional priority**, including the creation of regional incentives, data, and funding to support local anti-displacement efforts; and
- ▶ **Planning as a participatory process**, including practices to build greater participation, accountability, and transparency into local land use and development decision-making.

**2. Policies should be advanced at the appropriate stage of gentrification**, based on an analysis of neighborhood and city-level change, in order to effectively meet local needs.

**3. Resident outreach, community organizing, and leadership development are essential to any anti-displacement strategy,** in order to secure and strengthen rights and opportunities for vulnerable residents, ensure communities are informed and involved in key development decisions, and contribute to successful policy design and enforcement.

**4. Affordable housing policies and programs should serve the needs of people in the same neighborhood.** This can be achieved by prioritizing longtime, low-income residents for eligibility within new affordable housing, earmarking taxes and fees triggered by development for use in the same neighborhood, and establishing affordability requirements in new developments that are based on local neighborhood income needs.

**5. Equity impacts should be central to the policy debate about development and neighborhood change.** This can be achieved by requiring community health impact analyses for all new development projects above a certain threshold. These analyses should address impacts for

longtime residents and trigger mitigations for potential displacement.

6. All policies would benefit from the below components:

▶ **Pro-active enforcement efforts,** including penalties for non-compliance, so that the burden of enforcement does not fall onto vulnerable residents;

▶ **Protections for vulnerable populations,** including policy design features to minimize displacement, rights for residents faced with eviction, just compensation in cases of displacement, right to return if temporary relocation is required, and access to information about rights and opportunities;

▶ **Mechanisms to trigger relocation funding,** particularly for policies that aim to minimize loss of affordable housing and mitigate displacement impacts; and

▶ **Dedicated staff and funding for enforcement,** which can be supported by local, regional, state, and federal funding sources.

For a more detailed discussion of our policy findings and recommendations, see page 55.

# Introduction

“The Mission right now is in chaos with evictions. There is also nowhere to go. The units available are for people who earn \$6,000-7,000 more than I do per month — not for middle-class or working-class families, which had always been the status of the Mission — families with kids.”

— Cecilia Alvarado, Causa Justa :: Just Cause (CJJC) Member

Over the summer of 2013, a series of protests took place in the Bay Area highlighting the stark increases in concentrated tech wealth. The most visible of these actions targeted tech companies' private shuttle systems and attracted national attention. While mainstream commentators framed protestors as disruptive and aimless, these social protests reflect residents' growing desperation about housing vulnerability, uncontrollably steep rent increases, and the rampant eviction of long-term tenants who are overwhelmingly working-class people of color. Gentrification has become a national buzzword to describe the emergence of high-end restaurants and shops and the changing socioeconomic and racial configuration of historically working-class Black / African American, Latino, and multi-racial neighborhoods.

While observed changes in the composition of inner cities have been the subject of academic debate since the 1970s, in recent years the exponential growth of the information and communications industry in the Bay Area has intensified and made visible both the processes of gentrification and a social pushback. In the context of



Mission Residents Standing Up For Their Neighborhood

this renewed focus on neighborhood change and given several competing notions of urban “development,” we hope to put forward a comprehensive definition of gentrification in the Bay Area, suggest a method of diagnosing and tracking gentrification, and propose a set of policies to stop and reverse the eviction of working-class communities of color from the Bay Area.

## What Is Gentrification?

We define gentrification as a profit-driven racial and class reconfiguration of urban, working-class and communities of color that have suffered from a history of disinvestment and abandonment. The process is characterized by declines in the number of low-income, people of color in neighborhoods that begin to cater to higher-income workers willing to pay higher rents. Gentrification is driven by private developers, landlords, businesses, and corporations, and supported by the government through policies that facilitate the process of displacement, often in the form of public subsidies. Gentrification happens in areas where commercial and residential land is cheap,

relative to other areas in the city and region, and where the potential to turn a profit either through repurposing existing structures or building new ones is great. As we will elaborate after our Methodology, the recent wave of gentrification is deeply tied to the emergence of a significant rent gap. For the typology analysis, the data used to define gentrification are changes in renters, people of color, low-income households, residents with less than a bachelor's degree, and property values.

Some key elements of gentrification include:

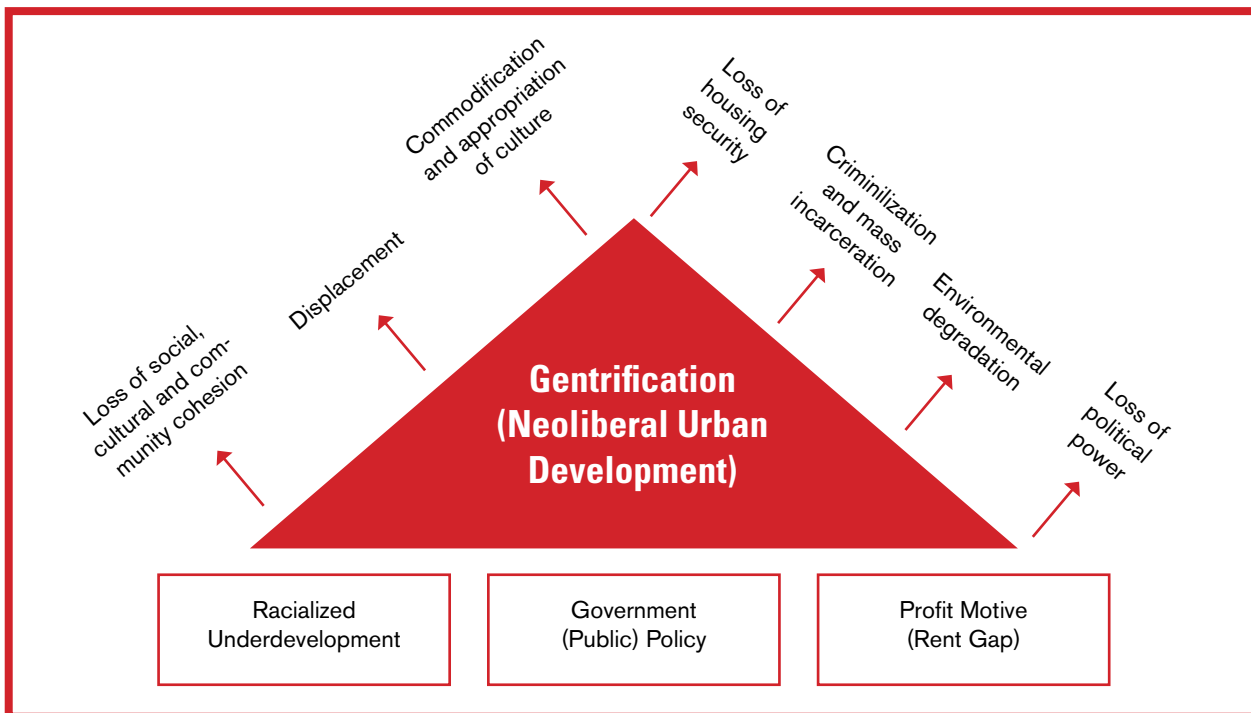
- ▶ A history of disinvestment of money, jobs, and other resources from the neighborhoods and the city
- ▶ Speculators or developers buying property inexpensively and “flipping”<sup>1</sup> it to make huge profits
- ▶ Rezoning, subsidies, and other policies to make development of expensive housing easier and to court new, wealthier – and often – White people moving into the neighborhoods

- ▶ Increasing housing costs that price out poor and working-class people and people of color to make way for wealthier residents

### What is the “Rent Gap”?

An insight first introduced by geographer Neil Smith, the rent gap refers to the growing potential for rental profits in buildings with low rents and increasing property values, alongside a pool of wage earners willing to pay higher rents. In short, the rent gap represents the incentive for the eviction of low-wage renters in order to tap into the rental profits of high-wage residents and inflate the rental market rate. Paying close attention to the rent gap also exposes the role of wage inequality in contributing to gentrification. This frame is particularly timely when considering the effects of financial investment on Bay Area properties and the inflow of high-wage tech workers.

Developed by Causa Justa :: Just Cause



Displacing a group of people in favor of newcomers dilutes the political power of working-class communities and communities of color by breaking up families, communities, and voting blocs. It's happening in cities all over the country and the world.

## Measuring Gentrification

While there is danger in abstracting the dynamics of gentrification from their specific geographic and historical context, there is valuable policy and political work to be achieved with an abstract measurement of gentrification. This is the work that our Typology of Gentrification attempts to enable. The specific method of our adapted typology will be specified below in our Methodology section and in detail in Appendix A. Using a typology that measures *intensity*, rather than a chronological linear path, we hope to suggest policy and organizing strategies that address the different intensities of gentrification in specific neighborhoods around the Bay Area.

## Regional Historical Perspective

Following an explanation of our research methodology, we will frame the process of gentrification as deeply related to the newest reconfiguration of the Bay Area in the global and national political economy, particularly the rise of finance and tech industries in producing profits for the national economy. To do this, we will summarize the past function of the East Bay in the global political economy, as well as stress the role of migration (domestic and international) and racial segregation in past regional economic configurations. Key to contextualizing the histories and changes of urban development strategies will be an exploration of public health perspectives on urban development, which we explore in

depth in a section on the public health history and impacts of urban renewal and gentrification.

## Redefining Human Development: Organizing Communities

Finally, while our analysis will be fundamentally historical and typological, our historical framing makes explicit that any effective effort for inclusive development must be a community-wide struggle for power and communal self-determination. Deeply related to our analysis of the public health effects of gentrification will be a redefinition of community and human development under the framing of "The Right to the City," which advocates for collective organizing to reshape the process of urbanization and development.



Taking Our Message To The Streets, San Francisco



# Research Scope & Methodology

At the earlier stages of the project we reached out to experts in the field of gentrification, displacement, and community development to elicit feedback on our gentrification and human development framework, and later conducted feedback sessions on the framework, policy, and health analyses with ally organizations and colleagues. We also conducted one-on-one interviews with individuals involved in anti-displacement work and with CJC members and other residents affected by gentrification in order to provide tangible and relevant examples of how gentrification and displacement impact everyday life.

## Gentrification Typologies Analysis

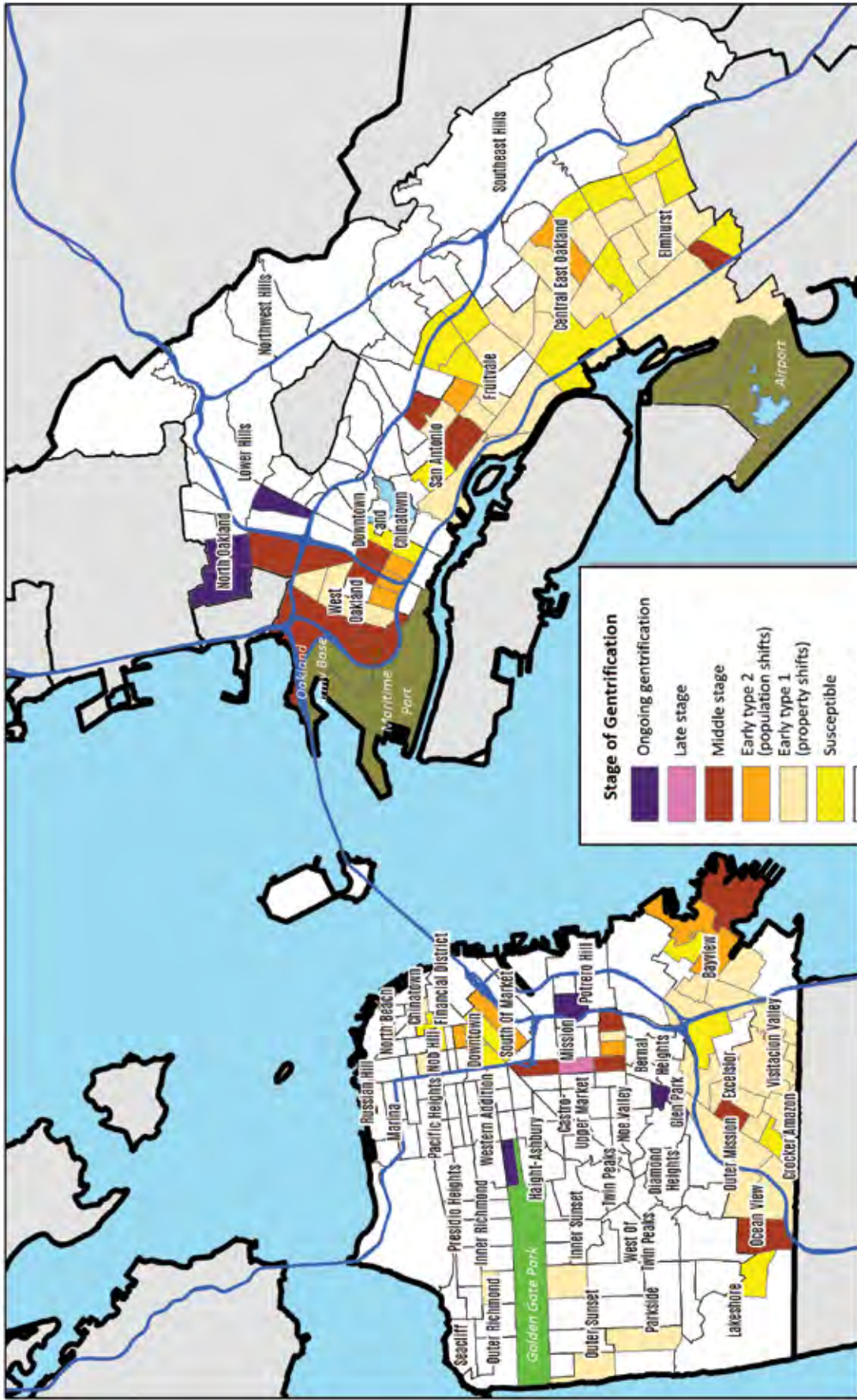
For this report, we conducted an analysis of gentrification between 1990 and 2011 in San Francisco and Oakland, based on the methods used in the 2013 Portland study, *Gentrification and Displacement Study: Implementing an Equitable Inclusive Development Strategy in the Context of Gentrification* by Lisa K. Bates.

This methodology uses demographic, socioeconomic, and property data to quantify how much gentrification-related change has occurred at the census tract level over a specified period of time, and to categorize census tracts into neighborhood types that correlate to different stages in the process of gentrification (See Appendix A). This analysis is illustrated in the map on the next page and much of our data analysis references the categories described in this typology.



Wells Fargo Shareholders Action, San Francisco

# Stage of Gentrification, San Francisco and Oakland



**Stage of Gentrification**

- Ongoing gentrification
- Late stage
- Middle stage
- Early type 2 (population shifts)
- Early type 1 (property shifts)
- Susceptible
- Not applicable

White areas are those that were already affluent/high White population in 1990. Grey areas are outside the analysis area.

Source: CAPE, with data from Census 1990, Census 2000, and American Community Survey 2007-2011.  
 Note: Typology followed from "Gentrification and Displacement Study—Implementing an Equitable Inclusive Development Strategy in the Context of Gentrification," by Lisa K. Bates, 2013.

# Global Cities

## A Brief Political Economy Of The Bay Area

Without timely action on the part of the government, the rent gap causing the displacement of service sector and low income Bay Area residents will only worsen. As mainstream economists are beginning to recognize, the profits of the technology sector, responsible for flooding Bay Area markets with high wage workers, will not automatically distribute wealth across the region and will likely cause long term unemployment and inequity.

We have all heard the adage that it is important to know history “so as to not repeat it.” Yet, this implies the stories of the past have concluded. Quite the opposite, history allows us to understand present dynamics as reconfigurations, continuations, or departures from historical trends. Before our analysis of gentrification in the “New Economy,” we will present a historical sketch that shows how the economic development of the Bay Area has been shaped by global and national changes, and fundamentally influenced by dynamics of migration and attempts to manage its multi-racial populations. By illuminating changes in the productive capacities of the area, shifts in the urban labor force caused by domestic and international migration, and the politics of suburban and urban migration, we can locate contemporary gentrification in a longer history. We will suggest that these historical changes were profoundly unjust because of deep inequalities, as well as racial

divides and failures of democracy in the process of urban development. Perhaps alternatively to the opening adage is writer William Faulkner’s assertion that “the past is never dead, it’s not even past.”

## Regional Histories of Development

Displacement and evictions are not new to the Bay Area. The area’s founding was the result of colonial expansion by Spain, requiring the forced removal and effectively genocide of approximately 50,000 of the region’s Indigenous inhabitants, the Ohlone people. With the United States’ continental conquest, nearly half of Mexico was annexed, along with California, in 1846.<sup>2</sup> San Francisco and Oakland began to grow with the Gold Rush of 1848–1855, and while they did not directly experience the mass



Aerial photograph of the Moore Dry Dock Shipyard, Oakland Estuary, circa 1918.<sup>4</sup> Photograph courtesy of Calisphere.

displacement of native peoples and environmental degradation of the Gold Country in the Sierra Nevada region, they profited handsomely from the growth of the mining era.

In this era, San Francisco emerged as a financial hub, where international investment companies located their offices to profit from gold mining and trading. Quicksilver was California's next largest export after gold and the San Francisco Mining Exchange was established in 1862 to support trading and speculation of both these valuable metals. The location of numerous banks, insurance, and brokerage firms in San Francisco all served to consolidate her role as a financial "command center" where international banking and trade was coordinated and huge profits generated.<sup>3</sup>

Across the bay, Oakland was developed as a transportation hub with initial activity centered around her waterfront and the Central Pacific Railroad terminal that served as the company's West Coast stop on its transcontinental line. By late 1869 the joining of the Central Pacific and Union Pacific lines linked California with the rest of the country by rail, with Oakland serving as a receiving point for westward travelers.

Moore Dry Dock Shipyard was the largest shipyard on the Oakland Estuary. It specialized in shipbuilding and repair and reached its heyday when production was high during the First World War.<sup>5</sup>

Both cities had a robust manufacturing base in the late 1800s, producing everything from mechanical equipment, to ships and boats, to household goods and clothing. By the early 20th century, however, Oakland emerged as the region's manufacturing center – and home to what was believed to be the world's largest food processing plant, J. Lusk and Company.<sup>6</sup> And just as investment and financial firms located their branch offices in San Francisco, national manufacturing companies located their Bay Area factories in Oakland, adding automobile

and truck building to the base of activity in the 1900s.

The economic base of a city has a great impact on how the urban environment develops. San Francisco's character as a financial center led to the construction of numerous high-rise buildings and plentiful office space. Oakland's development as a manufacturing center gave rise to factories of all sizes, particularly along railway lines, with some developing right next to homes and schools as the city grew. In San Francisco the concentration of factories and warehouses was primarily along the waterfront, including food processing and apparel manufacturing.<sup>7</sup> Economic activity was critical in determining the spatial organization of the city, as well as determining the type of workers these cities would house.

## **Immigration and Migration to the Bay Area**

With the start of the Gold Rush, people from all over the world rushed to San Francisco. By 1880 it boasted the highest percentage of immigrants in the country. By the 1900s San Francisco and Oakland had grown significantly, both economically and in terms of population size. San Francisco's population of more than 350,000 made it the seventh largest city in the country, while Oakland's population of 150,000 made it the second largest city in the Bay Area and one of the fastest growing in the country.<sup>8</sup> Both cities' growth and vitality were fueled in large part by two key groups – immigrant and Black / African American workers. Working-class neighborhoods developed in both San Francisco and Oakland to house the workers who powered the region's economic engines.

Until the Immigration Act of 1924, which restricted the entry of Southern and Eastern Europeans, early European immigration faced little restriction and regulation by the federal government. Chinese immigration, however,

faced significant restrictions as a result of a series of discriminatory policies, including the Page Act of 1875 and the Chinese Exclusion Act of 1882. These policies prohibited the immigration of male Chinese laborers and Asian women to the United States, effectively ending Chinese migration to the region for a generation, and relegating Asian workers to highly exploitable second-class status. Despite racial exclusion laws, San Francisco had the largest concentration of Chinese residents in the country in 1890.<sup>9</sup> Oakland and San Francisco both relied on heavily immigrant workforces at this time, including large numbers of Asian (Chinese, Filipino, Korean, and Japanese) and European workers (German, Irish, Scots, English, Portuguese, and Italian).

For Blacks / African Americans neither the outcome of the Civil War, nor the abolition of slavery through the passage of the Thirteenth Amendment in 1864, actually ended racial segregation and discrimination in the South. The system of White Supremacy was rebuilt after the collapse of Reconstruction in the form of the “Black Codes,” which restricted Black peoples’ freedom in numerous ways – limiting the right to free movement and assembly, literacy, and the ownership of land, property, and businesses. Sharecropping and Jim Crow laws made life in the South very hard, so when jobs began opening up in the North and West during World War I, Black / African American workers began to leave the southern states in droves. During the “Black Exodus” between 1910 and 1950, nearly 1.5 million Blacks / African Americans headed to northern and western cities. Whereas scarcely 5,000 Blacks / African Americans lived in San Francisco, Oakland, and Los Angeles in 1900, by 1930 the number had grown to nearly 50,000 and by 1950 it spiked to more than 250,000.<sup>10</sup> In Oakland alone, between 1940 and 1950, the Black / African American population grew from 8,000 to 42,355.<sup>11</sup> In a staggering illustration of racialized urbanization, researchers conclude that “in 1910 nearly 90 percent of Blacks / African Americans lived in

rural areas of the southeastern United States (i.e., the South). One generation after the end of World War II, nearly 90 percent of them resided in urban areas throughout the United States, most often outside the South.”<sup>12</sup>

The greatest number of Black / African American migrants settled in the East Bay, first in West Oakland, then North Oakland, South Berkeley and the city of Richmond, during World War II. Because of its racist history, most Blacks / African Americans avoided San Francisco until the Second World War, when they took up residence in the Fillmore (where Japanese people had been displaced by Internment) and in Hunters Point. Coming from the South with its low wages, oppressive laws, and collapsing cotton economy, Black migrants in the Bay Area were especially vulnerable to racialized labor exploitation.<sup>13</sup>

The same could be said of Mexican migrants, who began to reenter California in the early 20th century. They were fleeing rural poverty, the land takeovers of the Pofiriatto Era, and the Revolutionary upheavals of 1910–17. Because the 1924 Immigration Act did not restrict Latino immigration and as labor demand increased in agriculture, construction, and industry in the early 20th century, hundreds of thousands of Mexicans began immigrating to the southwestern United States. Their population swelled from 100,000 in 1890 to 1.5 million in 1930, with a significant portion of them coming to



May First March, San Francisco

California. Most Mexicans headed for booming Southern California, but a good number found their way north to the Bay Area, settling in enclaves such as Fruitvale in Oakland, the Mission District in San Francisco, and East San Jose.<sup>14</sup> Since then, immigrant labor has been central to U.S. agriculture and to the political economy of California. First with the Bracero Program (1942–1964), and later with porously designed immigration laws, the agricultural industry continued to depend on a vulnerable immigrant population for cheap labor – creating what has been referred to as the “revolving door” of Mexican migration.<sup>15</sup>

Immigrant and Black / African American workers came to the Bay Area to do the work of building and growing these global cities. By doing so they were simultaneously providing for their families and responding to the needs of bankers, shipyard, factory and business owners to provide critical labor to these various economic enterprises at the heart of the wealth and development of the region. Black / African American and immigrant laborers concentrated geographically around the cities’ industrial zones, in neighborhoods that would become progressively segregated by zoning and redlining, environmental neglect associated with industry, and public disinvestment.<sup>16</sup>

## Decades of Race and Class Inequities

While the contributions of these workers were indispensable to the development of our cities, their physical presence has always been contested. In both San Francisco and Oakland, state and local policies were used to restrict Black / African American and immigrant families to specific neighborhoods. Housing covenants and redlining were some of the policies that created invisible, though very real, boundaries to contain residents of color.<sup>17</sup> In San Francisco, Market Street became the dividing line between working-class, heavily immigrant districts on the



Residents protesting redevelopment in the Filmore District of San Francisco.

south side, and middle- and upper-class neighborhoods of U.S.-born Whites on the north side. In Oakland, the same physical separation is dramatically displayed, with the wealthy enclave of Piedmont existing right in the middle of the city, separate and unequal. This racial segregation was reinforced by aggressive police action, a form of social control that remains a painful reality for both immigrants and Blacks / African Americans even today.<sup>18</sup>

The race and class dynamics of San Francisco and Oakland have also played out in the fight for resources. In both cities there has been a long struggle over the development of “downtown,” where financial and corporate activities are centered, and the need for equal investment in neighborhoods where working families live. Both cities have always had powerful downtown interests, shaping the vision and development of the cities.<sup>19</sup> At the heart of this fight was the question of whether Oakland and San Francisco should develop in ways primarily



The effects of redevelopment in the Filmore District in San Francisco.

serving the needs of wealthier White people or should be places where working-class families not only come to work, but to live and thrive. These were the race and class fault lines that shaped and informed the urban landscape of San Francisco and Oakland as the cities entered into the 1970s.

## Gentrification: The Rent Gap in the New Economy

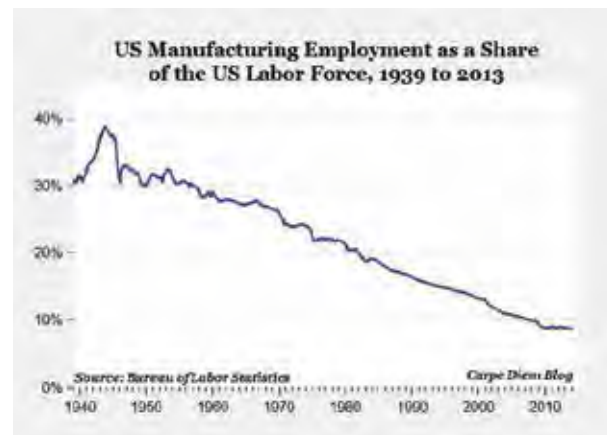
Positioning gentrification in a contemporary political economy means focusing on two widely consequential transformations in the U.S. economy following the 1970s. In fact, if one had to point to the most significant dynamics in the post-1970s U.S. economy, the first would be the exponential growth in income inequality<sup>20</sup> and a closely related second would be the transition away from industrial profitability toward profits extracted from financial services and related speculative practices.<sup>21</sup> On a national level, the U.S. economy moved from one based largely on manufacturing to one heavily dependent on imports, retail, and logistics. This shift necessitated a greatly expanded financial sector, including banking, investment, stock trading, and exotic new financial instruments. California's economy shifted in line with these national trends.



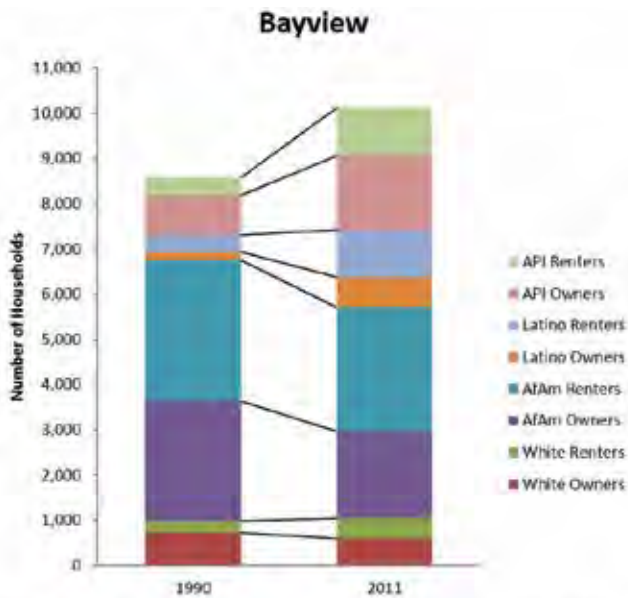
Day laborers looking for work

While we focus more on the domestic impacts of these changes, the deindustrialization of the U.S. economy had global causes and effects. In a reaction to global competition and economic stagnation, American manufacturers acted to close unprofitable factories, layoff millions of workers, and decertify unions. To further lower labor costs and circumvent the power and achievements of organized labor, corporations moved industrial production from North America and Europe to the Global South (Latin America, Africa, Asia).<sup>22</sup> In each case, the outcome was the loss of a critical base of well-paid union jobs that previously provided working-class families, many of them Black / African American and Latino, real economic stability.

While U.S. manufacturing was leaving the country, displaced workers from Latin America were immigrating in large numbers to the United States. The first wave included Central Americans fleeing political violence in the 1970s and early 90s (in which the CIA was deeply implicated). The second wave included Mexicans displaced by the “structural adjustment” austerity policies demanded by the International Monetary Fund after the financial crises of 1982 and 1994 – these displaced workers included southern Mexican farmers displaced by cheap grain imports under NAFTA and Maquiladora workers along the border undercut by cheaper Chinese exports.<sup>24</sup>



This graphic shows the decline of U.S. manufacturing jobs between 1940 and 2013.<sup>23</sup> Photograph courtesy of the Blogger, [CARPE DIEM](#), by Professor Mark J. Perry's Blog for Economics and Finance.

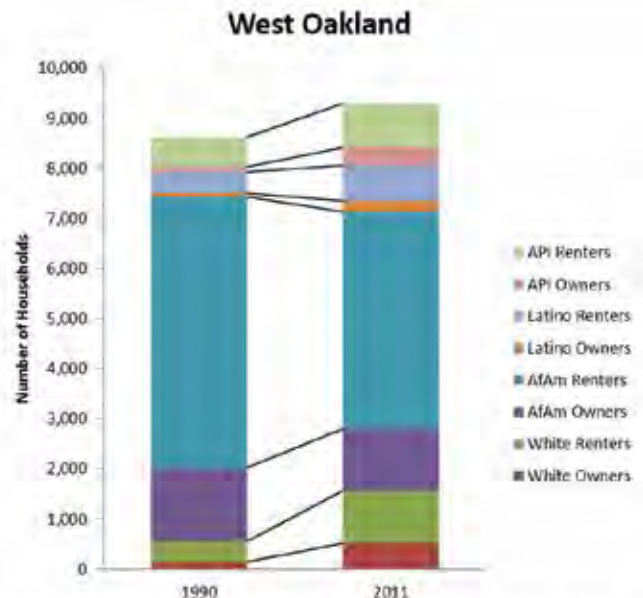


Source: ACPHD CAPE, with data from ACS 2007-11, Geolytics equivalents of 2010-vintage Census tract data from the 1990 decennial Census, and neighborhood aggregations from the San Francisco Planning Department.

In the predominantly Black / African American San Francisco neighborhood of Bayview-Hunters Point, we see a demographic shift between 1990 and 2011 with a notable loss of Black / African American owners and renters alike and a rise across all other groups, except for White homeowners who decreased slightly in population.

These economic transformations did create a small number of high-paying jobs in financial and information services, but in general de-industrialization gave rise to a vast low-wage service economy, characterized by declining real wages over time. Factory jobs were replaced by food service, retail, transport, warehouse, and domestic work. This shift in the economic base created a new class of white-collar workers – most often White and well paid – needed to manage and coordinate global financial and corporate activities. The notable exception in the U.S. industrial economy was in electronics and informational technology, centered in the Bay Area. But even there, growth was chiefly in management and design, while production moved offshore. The changes to the labor force of once-industrial cities paralleled changes in the populations of urban neighborhoods.

Implied in the changes to the urban labor force was the changed relationship between urban centers and profitable industries. Cities were



Source: ACPHD CAPE, with data from ACS 2007-11, Geolytics equivalents of 2010-vintage Census tract data from the 1990 decennial Census, and neighborhood aggregations from the Alameda County Public Health Department.

In West Oakland, White, Latino, and Asian/Pacific Islander homeowners and renters have increased between 1990 and 2000, while the numbers of Black / African American homeowners and renters have declined.

no longer the essential centers of industrial manufacturing that had driven White managerial workers to the suburbs in the Postwar Era. De-industrialization provided the economic impetus for a “return to the city” by non-industrial workers. The transformation that began with de-industrialization has reached new levels of both profits and inequality with the rise of the information and communications technology sector. Wages for this labor are often high when compared to average real wages, which have stagnated since the 1970s, but the numbers of new technology workers are relatively small compared to previous losses in manufacturing nationally.<sup>25</sup>

In a full-circle reversal, the White populations that fled urban centers in the Postwar Era have returned to city centers that now drive Internet and communications technology development rather than manufacturing. Conversely, communities of color are being evicted to the suburbs, many as far as the Central Valley.<sup>26</sup>

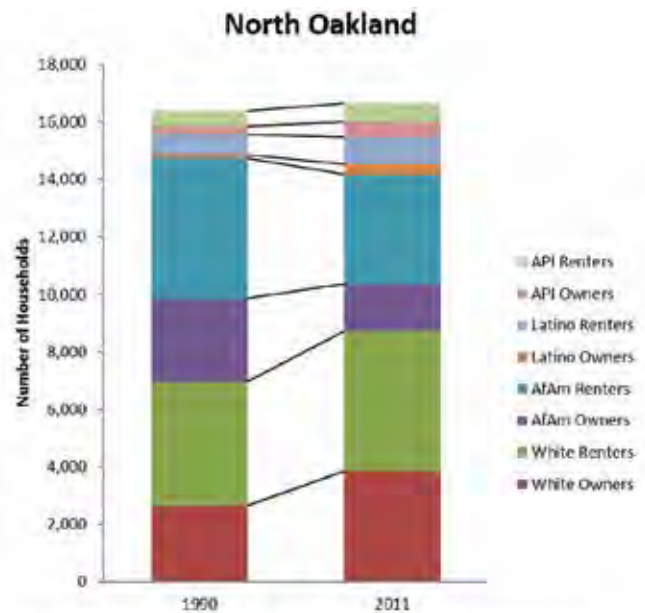


Starting in the 1990's San Francisco positioned itself as the metropolitan center of the internet economy, where financial investment would be matched with technology startups. The city developed itself as a second hub for technology investment with the goal of rivaling Silicon Valley as the driver of the new economy. While this growth started gradually with San Francisco initially financing at only a fraction of Silicon Valley's output<sup>27</sup> the investment of hundreds of millions of dollars resulted nonetheless in the first wave of gentrification in San Francisco and Oakland neighborhoods.

The first "dot com" boom which lasted between 2000 - 2003<sup>28</sup> resulted in a 17.3 percent increase in the overall income of San Francisco, causing neighborhoods like the Mission to be overrun by new millionaires looking for housing and office space.<sup>29</sup> This boom generated huge wealth and in 2000 alone, San Francisco collected \$544 million in property taxes, with the city's total revenue increasing 62 percent from 10 years before.<sup>30</sup> Accompanying this rise of all things tech, were increases in private and public capital investment in the form of urban development and condo construction. New developments popped up in neighborhoods all over the city but were not sufficient to meet the huge demand. Landlords got into the game as well, looking to capitalize on huge profits. In 2000 they were responsible for evictions reaching a historic high in the city with over 2,000 cases reported.<sup>31</sup>

As housing pressure and costs mounted in San Francisco, her sister city began to feel the ripple effects of gentrification and displacement as well. Oakland began to experience the displacement of Black / African American residents in a very similar way that happened in San Francisco during this period.

Much of what develops in San Francisco ends up crossing the Bay. Oakland experiences her own proliferation of luxury condo developments with the most notable being Jerry Brown's 10K



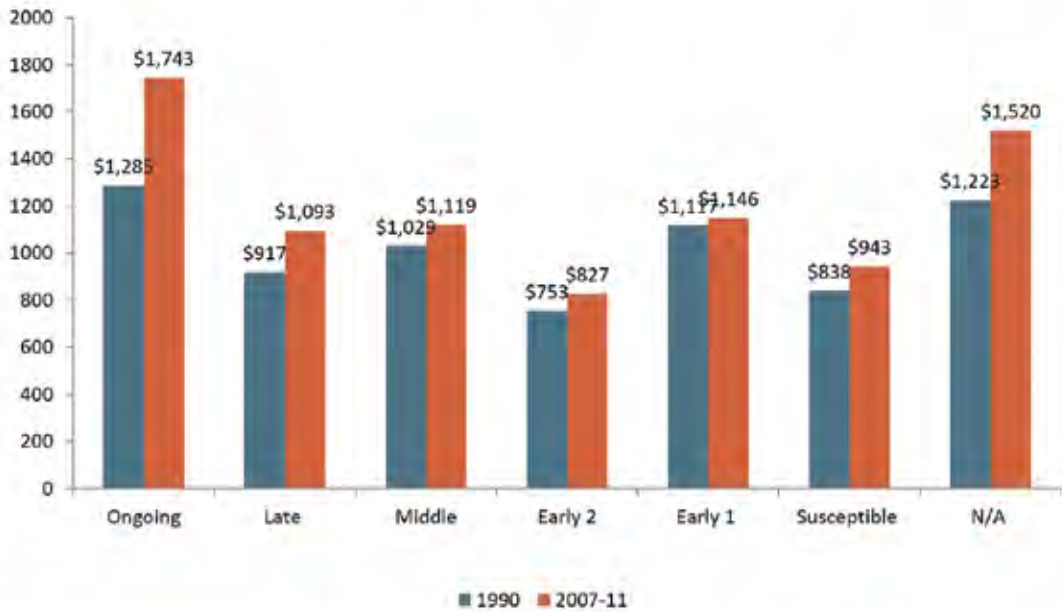
Source: ACPHD CAPE, with data from ACS 2007-11, Geolytics equivalents of 2010 vintage Census tract data from the 1990 decennial Census, and neighborhood aggregations from the Alameda County Public Health Department.

In 1990, nearly half of homeowners and renters in North Oakland were Black / African American. By 2011, that half shifted to White homeowners and renters, with Blacks / African Americans dropping to a third of all owners and renters. Latino and Asian/Pacific Islander owners and renters alike increased during this period.

initiative for Downtown Oakland. Despite its many promised virtues, the project provided less than 400 affordable units out of almost 6,000 total new units.<sup>32</sup> With the arrival of residents willing and able to pay a lot more for rent, landlords saw huge incentives in evicting existing tenants as a way to vacate previously occupied units, and bring in higher income residents. Between 1998 and 2002, the number of "no fault" evictions tripled in Oakland at the same time that rents increased 100 percent.<sup>33</sup> This first wave of gentrification and displacement fueled by venture capital and the technology sector fully exploited the rent gap that existed in neighborhoods like the Bayview, West Oakland and the Mission.

Decades of disinvestment had created cheap pockets of real estate in cities that were becoming sought after destinations for a new, wealthy class of people. These neighborhoods were attractive to investors equally for their urban nature, "cultural diversity" (coded language

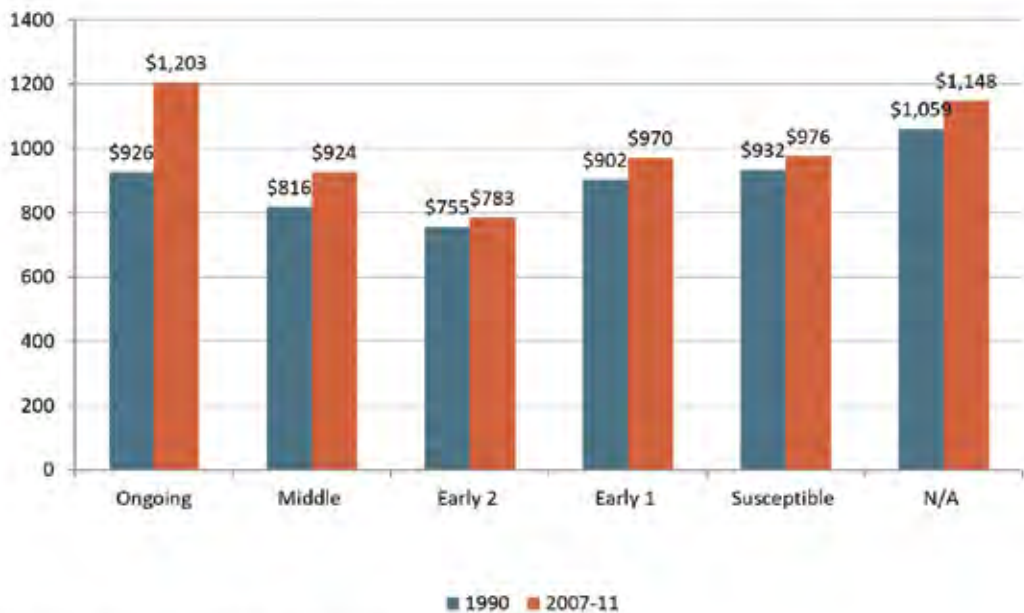
## Median Gross Rent, SF, 1990 vs. 2007-11



Note: 1990 figures have been adjusted for inflation using the Consumer Price Index (CPI).  
 Source: ACPHD CAPE, with data from Census 1990 and ACS 2007-11.

With an influx in higher income residents between 1990 and 2007–11, we also see an increase in median rents in San Francisco, particularly in areas experiencing ongoing gentrification where rents increased by more than \$450 per month in the same period.

## Median Gross Rent, Oakland, 1990 vs. 2007-11



Note: 1990 figures have been adjusted for inflation using the Consumer Price Index (CPI).  
 Source: ACPHD CAPE, with data from Census 1990 and ACS 2007-11.

Oakland has seen a similar trend, with the largest increase in rents occurring in areas experiencing ongoing gentrification (\$277 increase in monthly rent between 1990 and 2007-11).

for the presence of communities of color) and relatively affordable land and housing prices. Profits generated from tech investments were largely responsible for the public and private investments that flowed in these neighborhoods and drove up housing costs, evictions and the subsequent displacement of working class families and other vulnerable residents like seniors and those on fixed incomes. And though this wave did subside when the dot com bubble burst in 2002, the damage for many Oakland and San Francisco families had been done.

The dot com bust slowed the process of gentrification down momentarily while simultaneously setting the stage for the next phase of its evolution. Between the highest and lowest point of the tech bubble, there was an estimated loss of almost 72 percent in the value of the Internet Index where tech stocks were traded.<sup>34</sup> The loss of value in stocks continued to fall for several years after, leading investors to look elsewhere for profit making opportunities. Many shifted investments into real estate.<sup>35</sup>

Between 2007 and 2009 there were significant investments that were made into housing and real estate nationally and internationally. Financial institutions and investors looking to increase profits invested heavily in mortgage-backed securities which gambled on the ability of homeowners to pay their loans.<sup>36</sup> Existing homeowners were enticed with easy credit and many refinanced their home loans. New homeownership was encouraged for millions with a range of new loan instruments that allowed people to buy property with no money down and lenient to non-existent income verification processes.

This housing speculation had a decided racialized aspect as well. In their report “From Foreclosures to Re-Redlining”, the California Reinvestment Coalition details the ways in which Black / African American and Latino communities were flooded with predatory loans that set millions up to have their homes foreclosed.<sup>37</sup>

As a result of all this speculation and investment, housing and real estate prices began to increase tremendously. In June 2013, the Federal Reserve Bank of San Francisco stated, “House price appreciation in recent years has been nearly double the growth rate of per capita disposable income. In some geographic areas, the ratio of house prices to rents is at an all-time high, thus raising concerns about the existence of a housing bubble. For the U.S. economy as a whole, the ratio of house prices to rents is currently about 16 percent above its 30-year average.”<sup>38</sup>

Foreclosures resulted in 35,000 homes lost in Oakland between 2007 and 2012,<sup>39</sup> 2 million in California by 2012 and many more millions nationally.<sup>40</sup> It was not only homeowners that were affected, an estimated 40 percent of households facing evictions due to foreclosures were tenants.<sup>41</sup> In San Francisco, there was more than a doubling in the number of foreclosure related evictions that we saw in our tenant rights clinic during this period.

The housing crisis created a second wave of gentrification in working-class neighborhoods. Rising prices as a result of speculation drove many longtime residents and owners out. In some cases families decided to take the best offer for their homes and move to cheaper suburban communities in the region, or in some cases out of state. In many cases they were priced out against their will, no longer able to afford neighborhoods that were becoming increasingly expensive. For tenants the impacts were significant, everything from evictions, to having their utilities shut off, to losing their security deposit, and living in deplorable conditions without necessary maintenance and upkeep.<sup>42</sup> The tidal wave of investment aimed at working class neighborhoods ended up further destabilizing and impoverishing them<sup>43</sup> as well as continued the trend of displacement.

San Francisco and Oakland are now facing our third round of gentrification driven once

again by the fortunes of the new tech giants, like Google and Facebook.<sup>44</sup> Many of the similar features from the first tech boom are being re-visited. Homeownership, rental prices and evictions are all simultaneously rising.<sup>45</sup> This quote from the Wall Street Journal sums up current conditions, “San Francisco led the top-50 U.S. metropolitan areas in average rent growth during the second quarter, jumping 7.8 percent to \$2,498, while Oakland was No. 2 at a 6.9 percent increase...The 6.8 percent increase for the combined San Francisco Bay area was more than double the nation’s 3.1 percent increase...”<sup>46</sup> Housing pressures in San Francisco are once again increasing as the stock of affordable rental units continue to shrink, owners turn rental units into condos and rental prices skyrocket.<sup>47</sup>

While the foreclosure crisis has not totally abated, housing investors are already evolving their profit making methods from investing in mortgage securities to rental securities, with a potential \$1.5 trillion in such investments projected nationally.<sup>48</sup> Oakland based Waypoint Homes is one company that has bought up thousands of properties.<sup>49</sup>

This new round of gentrification caused both by recent tech arrivals and continued speculation in real estate is not just having an impact on housing costs, it is changing the entire character and nature of neighborhoods. Institutions and businesses that have historically served existing residents have been replaced by high-end bars, restaurants and yoga studios. One notable example is the closing of Esta Noche a beloved, long time, gay bar in the Mission that served the neighborhood’s immigrant Latino community. Only a block away a neighborhood grocery also closed down after years of providing residents food and other essentials.

The signs of commercial gentrification are visible in both San Francisco and Oakland

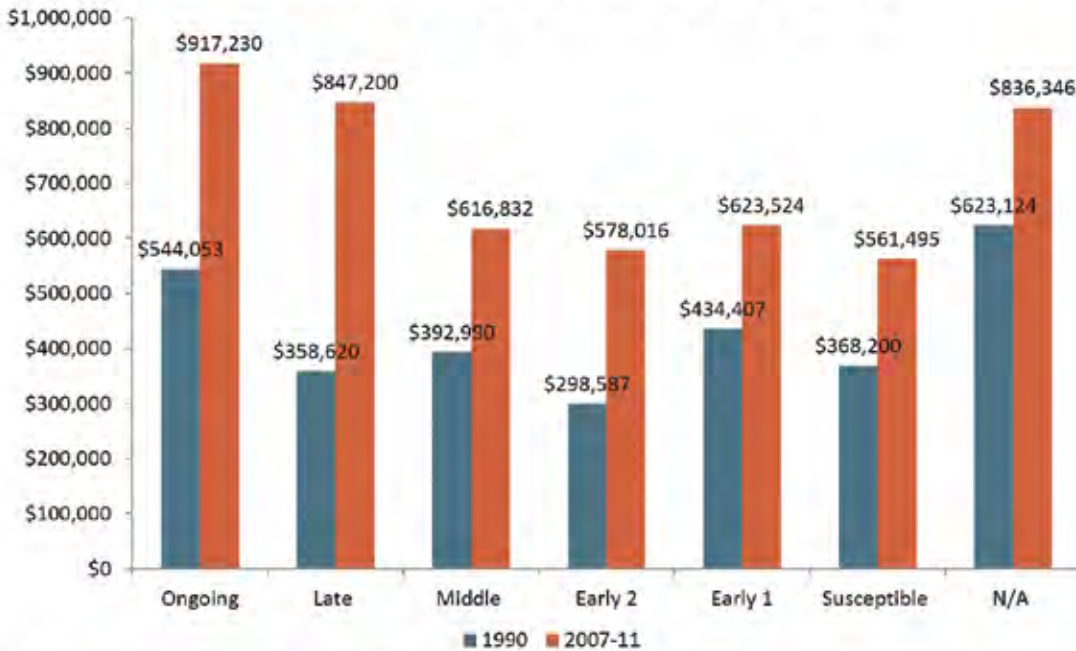
neighborhoods. Oakland is loudly and boldly being declared a west coast Brooklyn, where affluent, but often younger, city workers live and play.<sup>50</sup> But more than simply housing workers, tech is moving into Oakland as well.<sup>51</sup> In this way, Oakland embodies numerous pressures of gentrification, ranging from the intake of tenants evicted from San Francisco, the commuting tech workers settling around areas of commercial and transportation development, and the growing number of tech companies moving to Oakland for cheaper commercial space.

Though contrary to popular commentary, it is not only a declining rental stock that puts renters at risk of facing a rent gap, but the rise of investor-owned rental properties that dispossess communities from housing and places them under pressure of price speculation.<sup>52</sup> The post-recession inflow of investors who snatched up foreclosed properties and began to offer “rental-back securities” are placing rents and property values at risk of new rounds of speculation.<sup>53</sup> Together, the growth of a non-distributive industry and financial speculation on rental properties fuel a worsening rent gap and make gentrification highly profitable.

Without timely action on the part of the government, the rent gap causing the displacement of service sector and low-income Bay Area workers will only worsen. As mainstream economists are beginning to recognize, the profits of the technology sector, responsible for flooding Bay Area rental markets with high wage workers, will not automatically distribute wealth across the region and will likely cause long term unemployment and deepening inequity.<sup>54</sup>

The convergence of these global, national, regional, and local conditions and policies has made our neighborhoods and cities susceptible to ongoing gentrification. The charts below illustrate the socioeconomic and racial transformations resulting from the dynamics we just outlined.

## Median Value, Owner-Occupied, SF



Note: 1990 figures have been adjusted for inflation using the Consumer Price Index (CPI).  
Source: ACPHD CAPE, with data from Census 1990 and ACS 2007-11

## Median Value, Owner-Occupied, Oakland

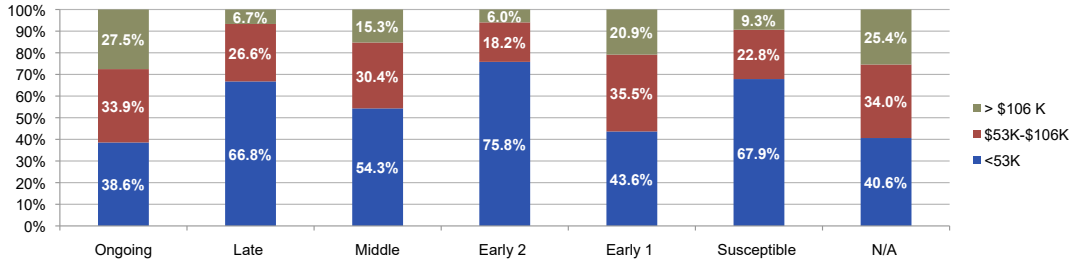


Note: 1990 figures have been adjusted for inflation using the Consumer Price Index (CPI).  
Source: ACPHD CAPE, with data from Census 1990 and ACS 2007-11

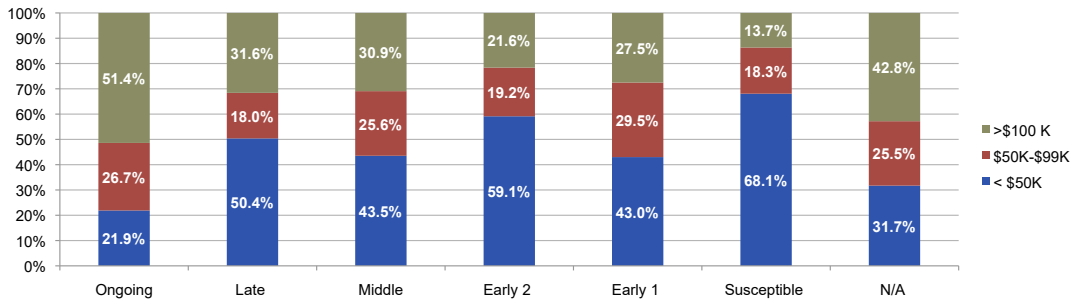
Median housing values increased dramatically in both San Francisco and Oakland between 1990 and 2007–11 across all typologies. The 2007–11 median housing value in San Francisco areas experiencing ongoing gentrification (\$917,230) and in the Late typology (\$847,200) surpassed that of historically affluent areas (\$836,346). In Oakland, although historically affluent areas still had the highest median housing values in 2007–11 (\$646,194 compared to \$497,986 in areas experiencing ongoing gentrification), areas experiencing ongoing gentrification saw the largest increase in housing values between 1990 and 2007–11 (\$274,760 increase).

# Income Ranges, San Francisco

1990



2007-11

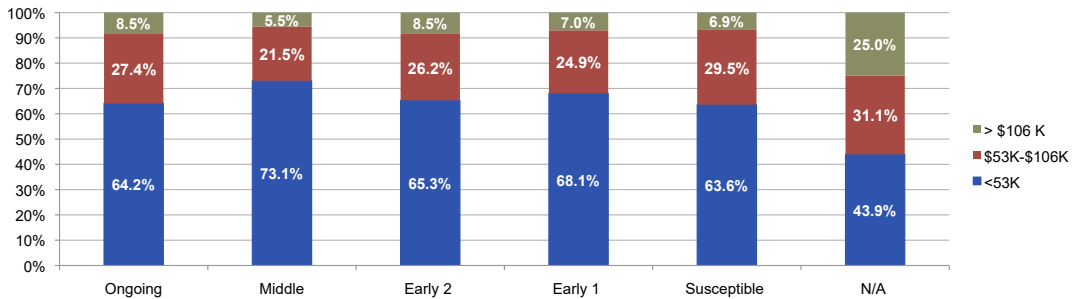


Source: ACPHD CAPE, with data from Census 1990 and ACS 2007-11

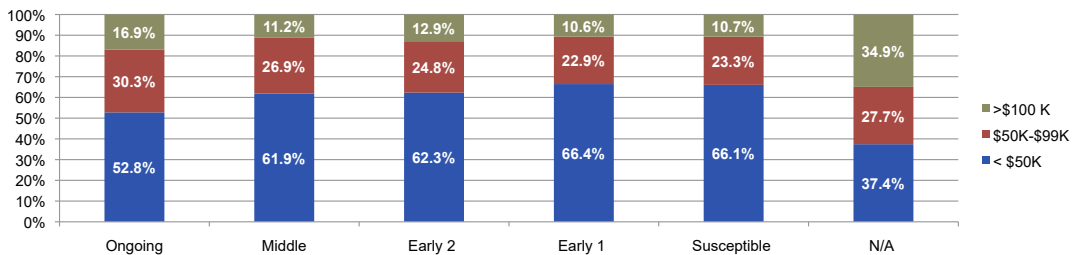
Affluent households in San Francisco (households making at least \$100,000 per year) comprised a larger share of all households in 2007–11 compared to 1990 across all neighborhood types. The largest increase in the share of affluent households took place in neighborhoods in the Late stage of acentrifcation.

# Income Ranges, Oakland

1990



2007-11



Source: ACPHD CAPE, with data from Census 1990 and ACS 2007-11

In Oakland, affluent households (those making at least \$100,000 per year) comprised a larger share of all households in 2007–11 compared to 1990 across all neighborhood types. The largest increase in the share of affluent households took place in neighborhoods in the Middle and Ongoing stages of gentrifcation.

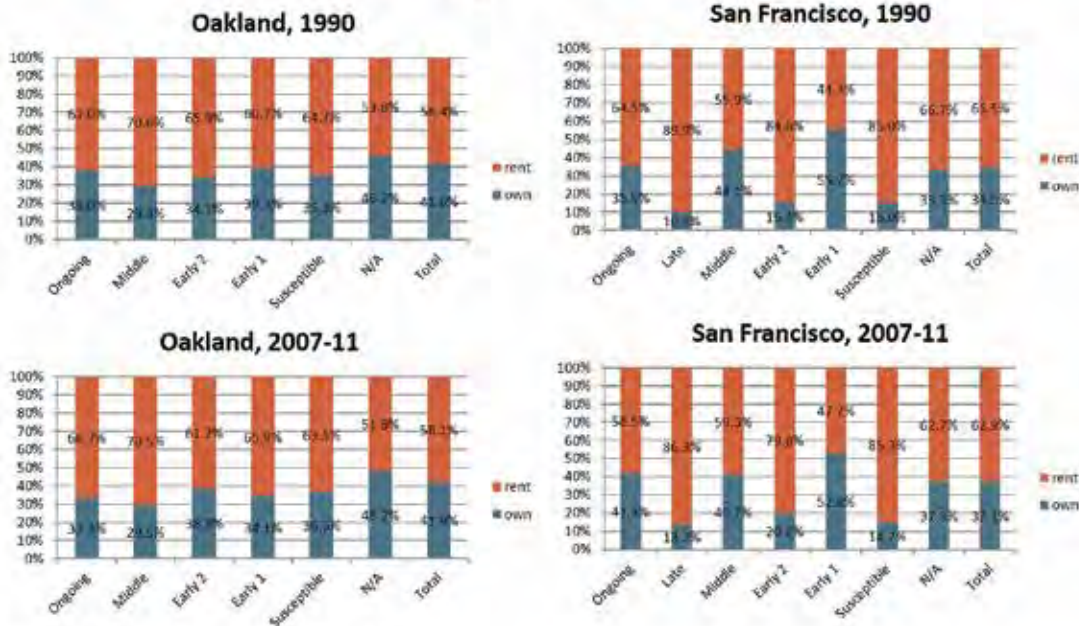
## Median Household Income, SF



Note: 1990 figures have been adjusted for inflation using the Consumer Price Index (CPI).  
Source: ACPHD CAPE, with data from Census 1990 and ACS 2007-11

The median household income in San Francisco has increased across all neighborhood types, except for susceptible areas in which median household income decreased by \$3,349 between 1990 and 2007-11. Areas experiencing ongoing gentrification saw the greatest increase in median household income, with a jump of \$35,447.

## Owning vs. Renting

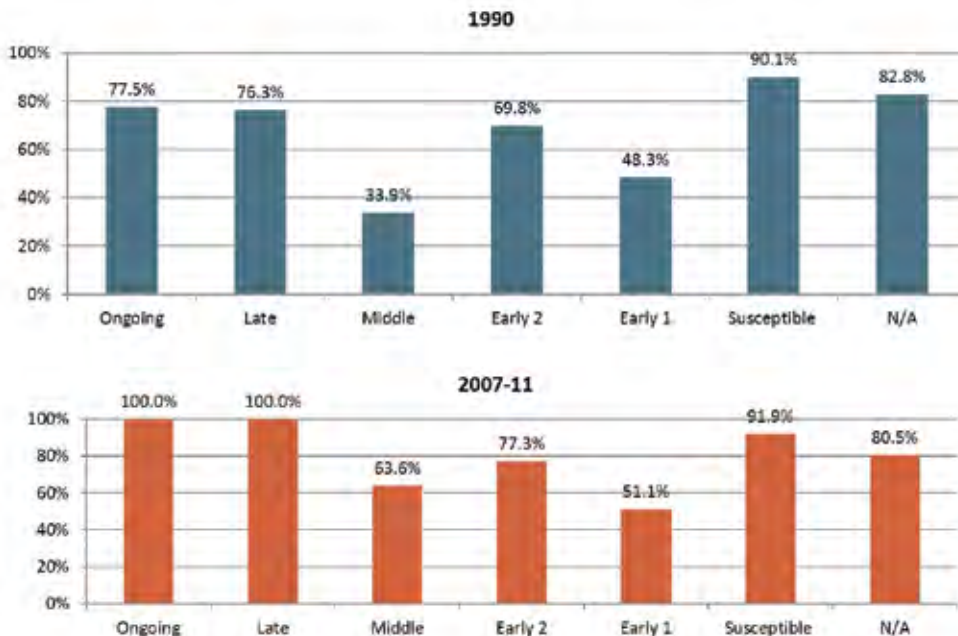


Source: ACPHD CAPE, with data from Census 1990 and ACS 2007-11

In Oakland, the overall proportion of renters decreased (from 58.4% to 58.1%) between 1990 and 2007-11, but the total number of renters still increased in number, as the overall population increased. There were 59,944 total owner-occupied housing units in 1990 and 83,996 total renter-occupied units. In 2007-11, there were 64,676 owner-occupied housing units and 89,824 renter-occupied housing units. The proportion of renters increased in Ongoing and Early Type 1 typologies

In San Francisco, the overall proportion of renters decreased, but the number of renters still increased in number, since the overall population increased. There were 104,691 owner-occupied housing units in 1990 and 199,084 renter-occupied housing units. In 2007-11 there were 125,502 owner-occupied housing units and 212,864 renter-occupied housing units. The proportion of renters increased in Middle, Early 1 and Susceptible typologies.

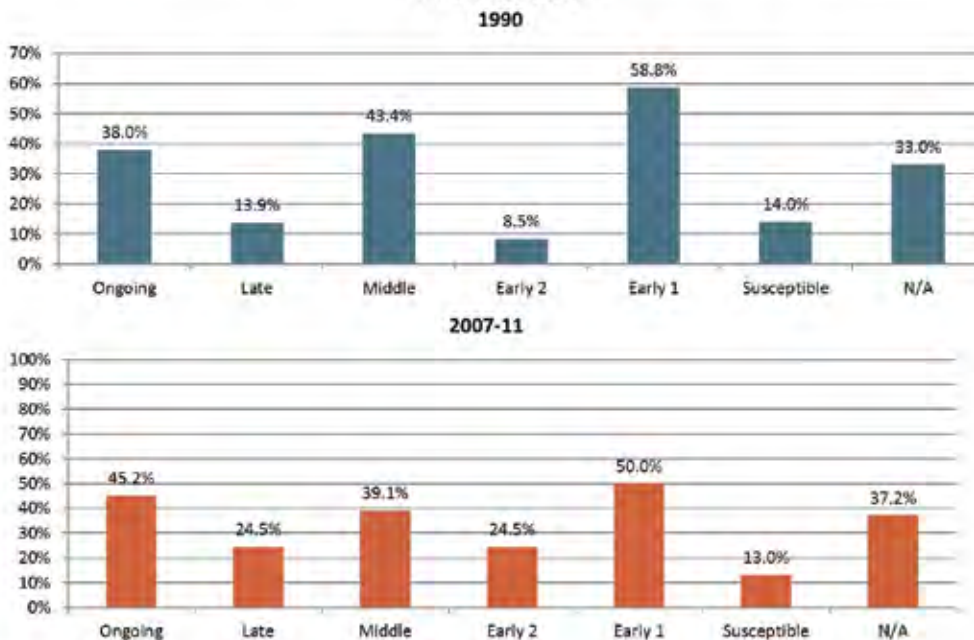
## % African American Headed Households Who Rent, SF



Source: ACPHD CAPE, with data from Census 1990 and ACS 2007-11

In 1990 a little over three-quarters of Blacks / African Americans in San Francisco's Ongoing and Late areas were renters. By 2007-11, all Blacks / African Americans in those areas rented, meaning that homeownership rates for Blacks / African Americans dropped from one-quarter to zero during that period. We see similar trends of growing Black / African American rentership in the Middle typology (34% to 64%). All other areas saw slight to moderate increases in the proportion of Blacks / African Americans who rent, except for already affluent areas (N/A typology).

## % White Headed Households Who Own, San Francisco



Source: ACPHD CAPE, with data from Census 1990 and ACS 2007-11

As a contrast to the rising rates of rentership among Blacks / African Americans in San Francisco, White rentership is actually going down in certain areas (that is, homeownership rates are going up). We see this occurring especially in Ongoing, Late and Early Type 2 areas, where Black / African American homeownership rates have declined by 7 to 24 percentage points just as White homeownership rates have increased by 7 to 16 percentage points.



# Urban Development Under Neoliberalism

As a result of the economic shifts described above, many U.S. cities prioritized profit-driven activities to build up new economic bases and revenue streams. Without prioritizing comprehensive and community-driven policies, however, these changes rarely accounted for the needs and interests of existing residents. We know this to be a neoliberal approach to development. While neoliberalism as a political ideology was developed nationally and globally, it is characterized by a specific set of local policies, described in this section, that have helped manifest the specific urban landscape we see today.

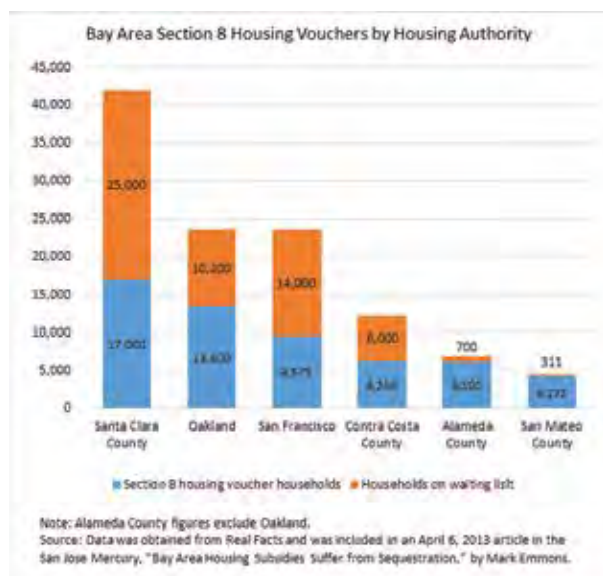
Most major U.S. cities have been deeply affected by a neoliberal program, which began in the 1970s and solidified itself in the decades since. San Francisco and Oakland have been

no different. Some of the key features of the “neoliberal city” include:

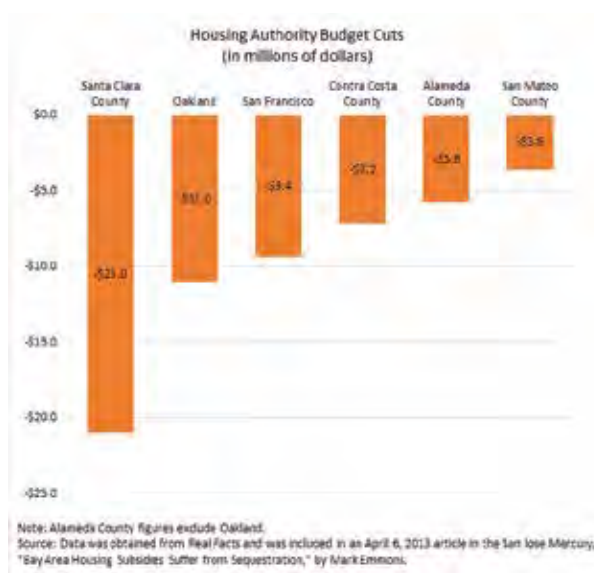
## 1. Shrinking public funding and privatization of public programs and services

Over the last 30 years cities like Oakland and San Francisco have seen a huge decline in federal support for urban programs and services.

On the federal level, the budget for Community Development Block Grants (CDBGs) was cut by \$650 million between 2010 and 2011, which reduced the amount of funds available to municipalities across the nation for affordable housing, job creation, senior and youth services, and neighborhood improvements.<sup>59</sup> These cuts have forced mayors, city councils, supervisors, and city managers to reduce funding for numerous local programs, including libraries,



Data courtesy of the *San Jose Mercury News* and Real Facts.<sup>55</sup>



Data courtesy of the *San Jose Mercury News* and Real Facts.<sup>56</sup>

The most recent decline in federal dollars, which has left many cities with very little resources, is a result of the sequester, automatic federal budget cuts that went into effect March 1, 2013. These cuts resulted after Congress failed to agree on a plan to reduce the federal deficit by \$4 trillion.<sup>57</sup> Cuts to federal discretionary spending could have devastating consequences for families in need. Possible cuts to public housing authorities have put many administrators in a difficult position when deciding how to spend dwindling resources typically used to serve the working poor, seniors, and people with disabilities. Executive Director of the Santa Clara County Housing Authority, Alex Sanchez, was quoted in the *San Jose Mercury News* as saying, “We’re being put in an untenable position of having to decide winners and losers among the most vulnerable. ... We’re forced to pit one group of poor people against another group. Seniors versus the disabled. Homeless versus working-poor families. It’s an impossible choice with terrible consequences.” California has about 350,000 families in the Housing Choice Voucher Program; according to Bill Lowery, the San Mateo County Housing Authority Executive Director, 21,000 of these households could lose their vouchers given 6% budget cuts.<sup>58</sup>



House Keys Not Handcuffs Action, San Francisco

youth services, housing, and public assistance programs. For example, the \$400 million, or 5.3 percent cut, in federal funds for Head Start programs resulted in 57,265 children nationally unable to take advantage of the Head Start program.<sup>60</sup> According to Early Edge California, 8,200 low-income children in California could lose Head Start and Early Head Start services, 2,000 could lose access to childcare, and 1,210 teachers and aides could lose their jobs.<sup>61</sup> Cuts to critical social programs are devastating to working-class neighborhoods where individual families and the community as a whole have already been destabilized by a shrinking safety net.

Cities have worked to develop new revenue streams to contend with a range of cuts over the years; these include hikes in sales taxes, hotel and entertainment taxes, and new property taxes. Not only are cities today run like businesses, the pressure to generate funds means that elected officials are constantly pursuing



Valencia Gardens, public housing project, on 15th and Valencia Streets in the Mission, San Francisco, CA.<sup>64</sup> Photograph courtesy of Mark Pritchard, Flickr Creative Commons, under the following license: <http://creativecommons.org/licenses/by-nc-sa/2.0/>.

Due to government budgetary constraints, privatization in the housing market is coming to life through a federal program called the Rental Assistance Demonstration (RAD), which could convert up to 3,000 of the San Francisco Housing Authority's 6,054 units to private management.<sup>65</sup> On the ground, this translates into the government ceding control of public assets to private parties, according to Sara Shortt, Executive Director of the Housing Rights Committee, in the *San Francisco Examiner*.<sup>66</sup>

projects that will generate the most revenue, as opposed to projects that serve the greatest community need or good. In cities like San Francisco and Oakland, local land use decisions have been greatly impacted by these revenue-generation pressures, which in turn reshape the physical environment of the cities.

One such example is the repurposing of land through zoning. Historically, cities like San Francisco and Oakland with their large industrial and manufacturing bases, have had significant sections of the city zoned to support such activities. It is this history that gave rise to auto body shops, small factories producing mechanical parts, and steel and iron foundries in the Mission and East Oakland. Many of these businesses provided employment for neighborhood residents and contributed to a stable local economy.<sup>62</sup> For local governments, rezoning former industrial land so that developers can build expensive housing in place of the shops and factories, is now economically desirable. Yet, longtime neighborhood residents see few benefits from the new lofts and condos. The closing of these businesses represents an immediate loss of local employment, and the rezoning of



Tassafaronga Village in Oakland. Photograph courtesy of Mark Hogan, Flickr Creative Commons, under the following license: <http://creativecommons.org/licenses/by-sa/2.0/>. Tassafaronga Village is an affordable housing redevelopment project with units available to households making up to 60% of Area Median Income (AMI).<sup>68</sup>

Deemed a neighborhood blight by Oakland's Community and Economic Development Agency, the 87 Sixties-era affordable housing units that make up Tassafaronga Village were slated to be demolished. Demolition began in 2008 and by 2010 the new development, which consisted of 157 new affordable rental-housing units and 22 new affordable for-sale homes, was complete.<sup>69</sup> According to the Relocation Plan for Tassafaronga Village, existing residents with a valid lease were given a 90-day notice to vacate, were provided with a Section 8 housing voucher (if eligible), and were provided relocation assistance, which included advisory services and moving assistance. However, less than 15% of these residents who had extremely low (30% of AMI) and very low incomes (50% of AMI), actually moved back to Tassafaronga Village after the redevelopment was complete.<sup>70</sup>

the land creates a more permanent barrier to similar opportunities returning any time soon.<sup>63</sup>

Privatization is the other aspect of this feature of neoliberalism. Urban centers have been drastically altered by a steady and accelerating trend of decreased government support for services like housing, health care, and education. Where public housing once ensured that millions of families were able to maintain basic housing security, the move toward disposing of these public housing units and turning them into mixed-income housing developments in partnership with private investors through programs like Hope VI, has decreased the stock of publicly owned and managed housing, while growing the private housing market.<sup>67</sup> With privatization, the protections, rights, and affordability controls associated with public housing are permanently eradicated for millions of low-income and working-class people. There is also a more



Old 16th Street Station, Oakland, 2013.<sup>71</sup> The abandoned 16th Street Station is slated for redevelopment as part of the Wood Street Development project. Photograph courtesy of Richard Johnstone, Flickr Creative Commons, under the license: <http://creativecommons.org/licenses/by-nc-nd/2.0/>.

In addition to the industrial and commercial development, the Oakland Army Base redevelopment project also includes the Wood Street Development, a mixed-used project that will consist of residential, retail and commercial uses, and open space.<sup>72</sup> West Oakland's Wood Street Development had a special tax levied for it, and received a subsidy of \$10.35 million for 36 affordable housing units in the Zephyr Gate and Cannery projects. The City also provided \$5.6 million to assist in down payments for 40 first-time homebuyers in the Wood Street Development area. Although this is not a direct subsidy to the developers, it does benefit them in the sale of their housing units.<sup>73</sup> The Wood Street Development, in particular, has drawn support and criticism. For example, the West Oakland Project Area Committee, made up of residents, property owners, and businesses, supported the project, while labor, environmental, tenants' rights, and affordable housing groups have voiced concern over whether the project adequately addressed affordable housing, living wage jobs, and the historic preservation of the 16th Street train station and its importance to the Black / African American community.<sup>74</sup>

limited ability to demand improvements and hold private owners and management companies accountable for conditions in the new housing, as there is a reduced expectation that they must answer to residents, community institutions, and stakeholders regarding these issues.

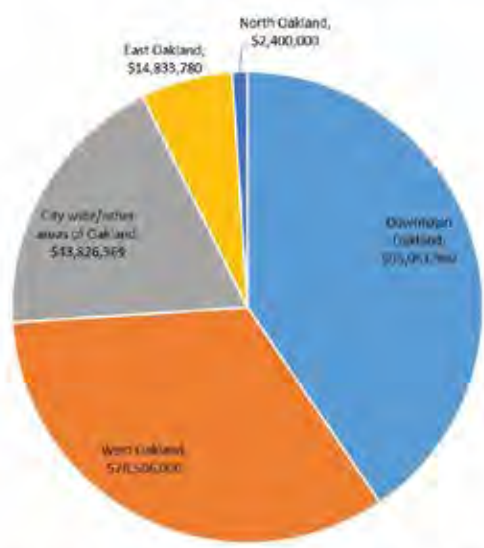
## **2. Reliance on the private sector to serve as the primary driver of economic growth and urban development**

Most development in our cities reflects the priorities of private investors, corporate landlords, and large business interests. Whether it is a stadium project like the proposed Golden State Warriors waterfront stadium, a new campus for the biotech industry like Mission Bay, or

hundreds of units of condos in downtown like Forest City, private interests dominate decisions about what gets developed, where, and when. Local residents and communities are, time and again, left out of the process and decision making about neighborhood and city development and very rarely get to weigh in on development priorities and community needs. For example, the \$91 million Fox Theater redevelopment, and Ellis Partners LLC's \$400 million development in Jack London Square, each anchor the expansion of Oakland's downtown district. Once again the development of the downtown business center was done at the expense of working-class neighborhoods and their residents, further accelerating the gentrification of these areas. Perhaps because of its sheer size, East Oakland had by far the most affordable housing development over the last decade and the greatest all-around development of any area in the city; however, the development in East Oakland lacked the subsidies that were seen in downtown Oakland.<sup>75</sup>

City agencies and their staff – whose role should be one of balancing and facilitating

Public Subsidies for Development Projects in Oakland By Neighborhood, 2000-2010



Source: Oakland City Council Meeting Minutes and The New York Times article, "As Mayor, Brown Remade Oakland's Downtown and Himself," by Elinor Z. (2010, September 2). Retrieved from [http://www.nytimes.com/2010/09/02/us/politics/03bdrown.html?pagewanted=all&\\_r=1&...](http://www.nytimes.com/2010/09/02/us/politics/03bdrown.html?pagewanted=all&_r=1&...)

processes to ensure that the varied interests and needs are considered in these development process – often conciliate to the demands of private investors, who threaten to take their capital and projects elsewhere if they do not get the deal they want. In order to encourage private investment, cities often ease existing land use or building regulations and provide generous subsidies to private developers. The \$61 million subsidy given to Forest City for the Uptown development project by the City of Oakland is but one example. The Uptown also received an additional \$1 million via grants in addition to the tax credits and Tax Increment Financing (TIF) that was given to the development project, both of which are forms of subsidies.<sup>76, 77</sup> Cities then take on the role of supporting developers in creating the most advantageous conditions for maximizing profits, and step too far back in the role of regulating and managing local development and economic activity.

This type of development approach results in a severe mismatch between the needs of local residents and the profit-motivated interests of those driving urban development. While many working-class communities of color are crying out for basic infrastructure – like grocery stores, family-serving retail stores, and low-cost housing for a range of family sizes – what often ends up in these neighborhoods are new businesses and services designed to serve incoming residents. For most working-class communities of color, the arrival of



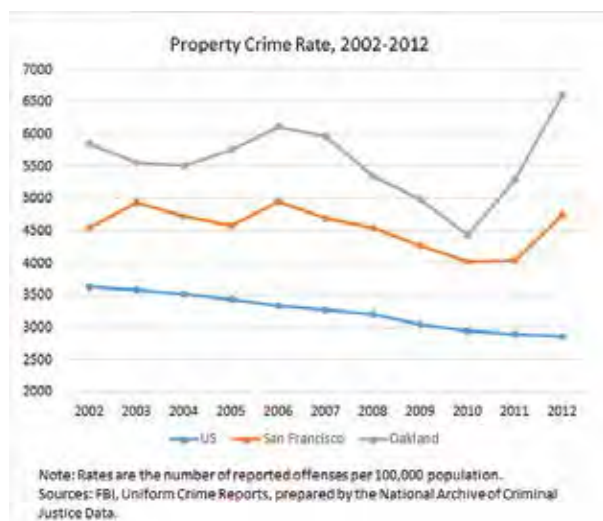
Shut Down ICE And The Financial District, San Francisco

boutiques, art galleries, and high-priced coffee shops does little to improve living conditions and neighborhood sustainability. The private sector in general is not well positioned to meet the needs of all Oakland and San Francisco residents, in particular low-income and working-class families, or to ensure that their housing, infrastructure, and service needs are realized.

### 3. Increasingly militarized cities

There has been a direct correlation between the decrease in national funding for public programs and services and the rise in funding for law enforcement. While cities have had to cut budgets for libraries, youth services, housing, and public assistance programs, public officials have placed clear priority on funding for increased policing, advanced weapons, and surveillance technology in urban centers. As opposed to housing, education, and health, urban policing is an area of government growth and expansion, both in terms of funding and overall focus locally and nationally.

Policing dominates discussions about everything from the city budget, to debates about civil rights and education. Both Oakland and



Although national property crime rates have steadily decreased over the past decade, it is unclear that increased spending on law enforcement has had any effect on property crime rates in Oakland and San Francisco.<sup>78</sup>

San Francisco have followed national trends to enact more aggressive law enforcement policies under the guise of controlling crime and violence. Examples include “sit and lie” policies that criminalize the homeless, making it a crime to utilize public space, and “gang injunctions,” which give police sweeping powers in areas under injunction, redefining gangs so broadly that any group of young people in public space is assumed to be gang affiliated.

Further, national programs like the “war on drugs” and “Secure Communities” increase collaboration between local, state, and federal law enforcement agencies, and together with local efforts, contribute to the criminalization of low-income and working-class communities of color, homeless people, immigrants, and young people, resulting in historic rates of incarceration nationally.

As urban centers are transformed by neoliberalism there is a pitched contest for public space, sending a clear message to low-income and working-class communities of color that they have no right to occupy that space at all. Aggressive policing measures and policies are part of the strategy for pushing those determined to be undesirable out of urban public space, clearing the way for wealthier newcomers.



Wells Fargo Shareholders Action, San Francisco

### 4. Weak democratic processes and practices

Decisions about the direction and development of cities are increasingly concentrated in the hands of a few. Private investors and corporations are



May First March, San Francisco

hugely influential with policymakers because of their ability to generate revenue, create jobs and initiate development projects. Those with wealth are not just valued business partners, but potential contributors to political campaigns and elections as well. As the cost of running for public office has skyrocketed in the last decade, money has become a determining factor in local elections. When even a mayoral race can run in the millions of dollars, those with money enjoy a disproportionate level of influence over those with little or none to put in the game.

Over time, neighborhood groups, labor unions, community and faith organizations have seen their political power diminish with local decision makers. In some cases it has become increasingly challenging for community groups to access elected officials and their time. Even when groups are able to sit down and express their needs, it has become harder and harder to see those needs realized in the passage of policies or other forms of implementation.

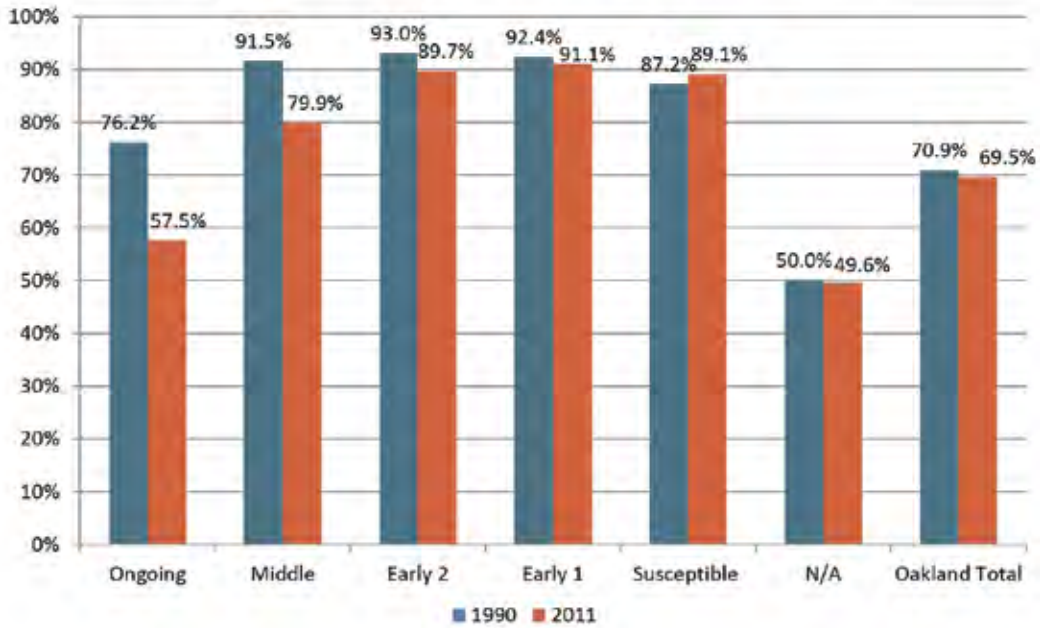
Many critical municipal decisions, like ones regarding land use and local resource expenditures, for example, are decided in meetings and hearings with little or no public participation. Both the format and content of these discussions are highly technical in nature and dominated by presenters and speakers who are lobbyists or lawyers representing private investors, or

by specialized technical experts. These processes are generally not well publicized and can drag on for years, making it incredibly challenging to engage residents. There is little interest in ensuring meaningful public participation in the process or the decisions, and most residents do not learn of the real impact of these hearings until years later. An organized and well-informed “public” is largely missing from these “public hearings.”

Neoliberal policies – advanced through these opaque processes – have fundamentally shifted conditions in cities like San Francisco and Oakland, and have deeply impacted the lives of working-class communities of color.

In addition to the neoliberal policies of the last 30 years, and the historical race and class fault lines that have developed with the evolution of Oakland and San Francisco, shifting demographics are also exaggerating preexisting tensions and creating new ones. As new immigrants arrive in the region due to a range of global policies, initiated in many cases by the U.S., joining communities of color already here, urban areas in particular and the country in general will soon see populations in which people of color are the majority. There are tremendous new pressures and fights around how our cities should develop and around the role working-class people of color should play in the next chapter of this story.

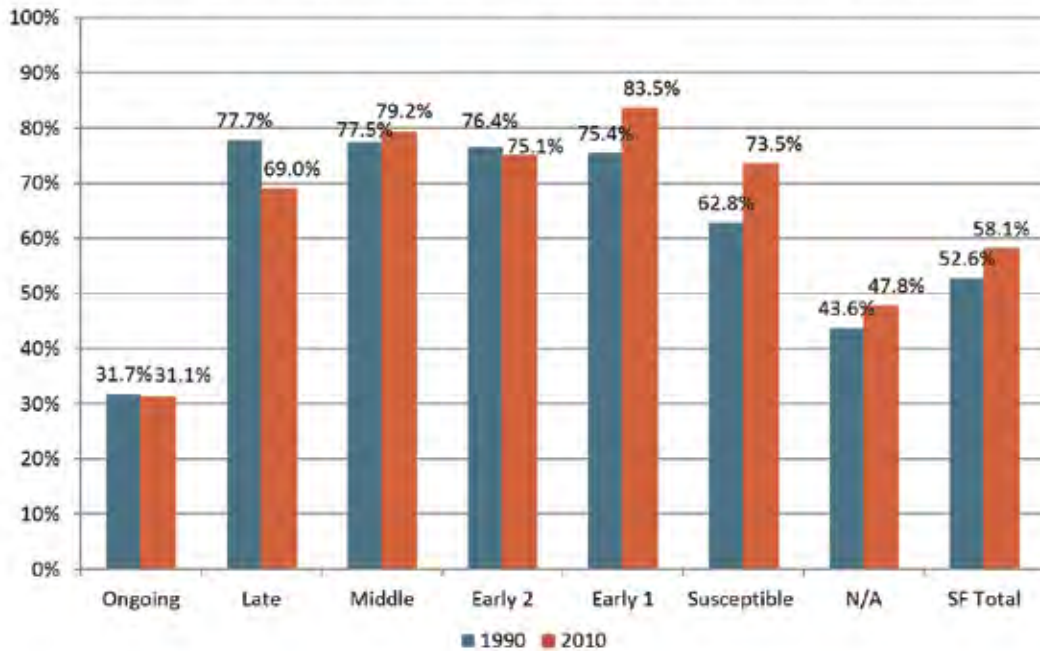
## Proportion People of Color, Oakland



Source: ACPHD CAPE, with data from Census 1990 and 2010.

Although people of color comprise the majority in virtually all typologies in Oakland, they comprise a significantly smaller majority in areas experiencing ongoing gentrification and in already affluent neighborhoods (“N/A” category).

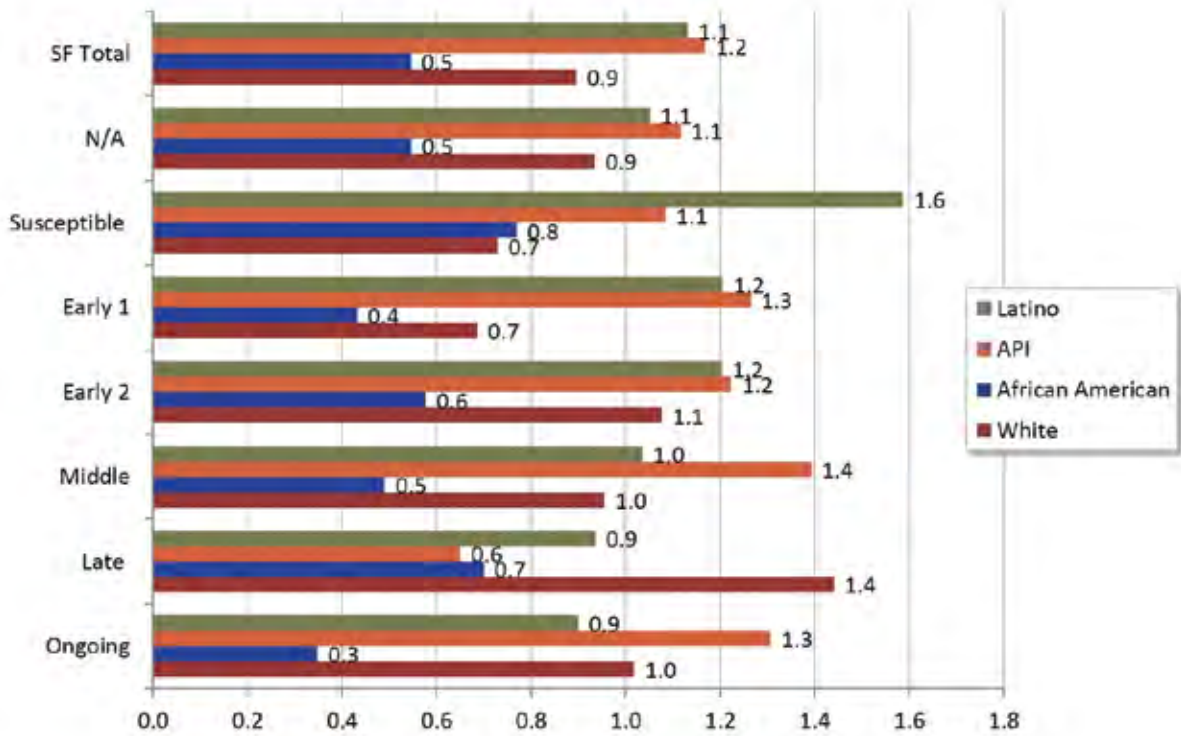
## Proportion People of Color, San Francisco



Source: ACPHD CAPE, with data from Census 1990 and 2010.

San Francisco affluent areas (“N/A” category) and those with ongoing gentrification are the only typologies where people of color do not comprise the majority.

## Ratio of Population Change by Race/Ethnicity, San Francisco, 2010/1990



Source: ACPHD CAPE, with data from Census 1990 and 2010.

From 1990 to 2011 in San Francisco, the proportion of Blacks / African Americans decreased 1.8-fold, from 10.7% to 5.8%. The proportion of Whites decreased slightly (1.1-fold) from 46.8% to 41.9%. The proportion of Latinos increased slightly (1.1-fold), from 13.4% to 15.1%, and the proportion of Asian/Pacific Islanders increased 1.2-fold from 28.6% to 33.4%.



# Gentrification is a Public Health Issue

Black / African American households, if displaced, are more likely to find themselves in neighborhoods with fewer health-promoting resources and/or lower quality amenities, as average neighborhood income is closely tied to the availability of neighborhood resources.<sup>129, 130</sup>

Gentrification is rapidly changing our cities at the expense of residents who have long called their neighborhoods home. A strong body of literature shows that our environments, including the physical, economic, and social environment, matters for our health. Furthermore, when people are moved from their long-term homes and communities, a number of negative individual and community health consequences result.

This section provides an overview of the role that public health has played in urban development, including decisions that lead to displacement, as well as the public health impacts of gentrification and displacement. It also makes a case for why public agencies, including public health departments and organizations, must make displacement prevention central to their work on healthy community development.



Foreclosures Are A Health Issue Action, Oakland

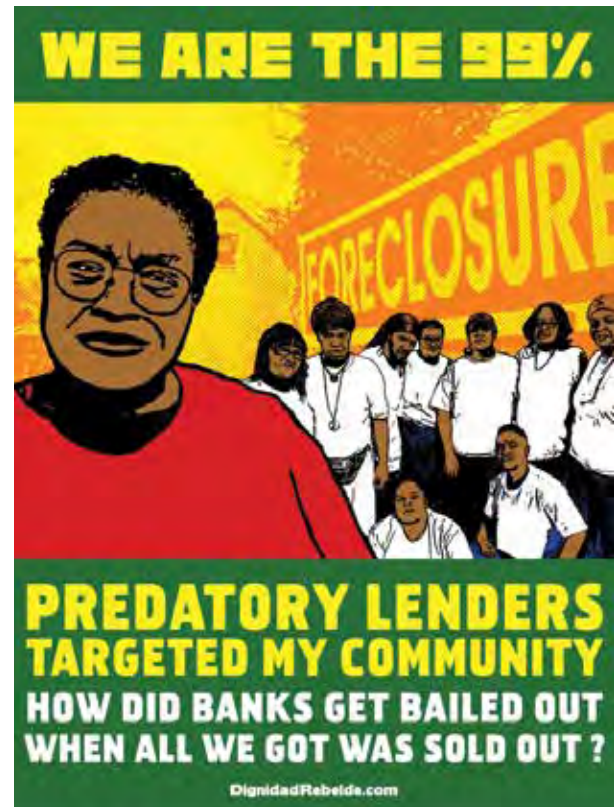
## The Historic Role of Public Health Departments in Urban Development

As discussed in previous sections, urban development policy has critically impacted urban residents through positive and negative changes in their environments. Even when these changes have been positive, however, the policy-driven transformation of urban neighborhoods has repeatedly resulted in displacement without improvements for existing communities, particularly when these communities were predominantly low-income residents and people of color.<sup>79</sup> A number of public agencies at multiple levels have driven change in urban neighborhoods. Local government agencies, such as local planning departments, redevelopment agencies, and community and economic development agencies, have played a particularly important role. Less well known is the role that local public health departments have historically played in urban community development and neighborhood change.

The work of many public health departments emerged in relation to cities and the conditions created by rapid urban industrial growth. Early public health officials worked to improve sanitation and health conditions in new industrial cities in the late 19th century, a period of time when infectious diseases were the leading cause of death.<sup>80</sup> These efforts focused on improving housing conditions for the poor, including the tenement style housing where many urban immigrants and factory workers lived.<sup>81</sup> During the late 19th and early 20th centuries, public health workers were involved in a number of important social policy reforms that led to improvements in health, including the creation of minimum housing habitability standards, the creation of workplace safety standards, and the shifting of legal responsibility for housing conditions from tenants to property owners.<sup>82</sup> By the early 20th century, many cities had designated their health departments as the creators and

enforcers of housing codes.<sup>83</sup>

While early public health efforts to improve housing conditions had positive results, they were limited, as many of the newly adopted housing codes focused on new construction rather than existing housing and most were inadequately enforced.<sup>84</sup> As a result, substandard housing conditions were still widespread in cities of the mid-20th century. Rather than focusing on improving existing housing, however, public and government attitude toward housing had shifted to viewing entire neighborhoods and districts as “blighted,” with the potential to spread and infect other parts of the city much like a disease.<sup>85</sup> By the mid-20th century, the growing consensus among many public health and urban reformers was that, in order to improve health, the worst housing should be demolished and replaced with new housing. This belief was one of the justifications for the federal program of “urban renewal.”<sup>86</sup>



Art by Dignidad Rebelde

## Urban Renewal and Displacement: Moving People in the Name of Health

As discussed in earlier sections, “urban renewal” was a federal program enacted in 1949, which enabled local redevelopment agencies to use federal funds to demolish and redevelop entire sections of a neighborhood based on their “blighted” conditions. This program was widely supported by city officials and business interests as well as public health and social welfare advocates. While improvement of housing conditions was a justification for the program, in the end, thousands of existing residents were displaced and their houses destroyed to make way for new public housing complexes, large entertainment centers, and civic buildings. Not only were many of the projects funded by urban renewal largely unresponsive to the needs of existing residents, but they resulted in destruction of longtime residents’ homes and businesses, and ultimately the displacement and dispossession of entire communities. Furthermore, while new housing was produced via the construction of large public housing projects, the number of units produced never came close to meeting the number destroyed.<sup>87</sup>

The harmful impacts of this program on existing residents’ health and well-being are now well documented.<sup>88</sup> In particular, because the neighborhoods targeted for urban renewal were predominantly Black / African American, this era of urban policy initiated a pivotal decline in the population of Blacks / African Americans from cities like San Francisco,<sup>89</sup> with ripple effects on the social, economic, and physical well-being of Black / African American communities for generations. Such policies also solidified a deep sense of distrust between communities of color and local government.<sup>90</sup>

While mayors, business interests, and redevelopment agencies drove this program at the local level, public health departments also played an important role. Researcher Russ



Auction Action To Save Nelson Myhand and Cynthia Green's Home, Oakland

Lopez discusses how, under the rubric of urban renewal, many cities gave health departments the central task of surveying housing and neighborhoods for “blight,” based on American Public Health Association (APHA) guidelines for healthy housing.<sup>91</sup> “Blight” was a subjective term, so the APHA guidelines provided a scientifically objective assessment of blight based on physical housing conditions. While these healthy housing guidelines were created with the intention of improving public health for low-income urban residents, they became central to the process of identifying blight via housing and neighborhood surveys, which were used to target and legally justify which neighborhoods would be razed under urban renewal.<sup>92</sup>

Over the last several decades, the definition of “health” in public health has been broadened. But at the time of urban renewal, many public health departments had a more limited definition, ignoring the community and social dimensions of well-being. Lopez states, “the guidelines did not consider the positive aspects of urban neighborhoods, such as the human element [of community] that made city living tolerable. They did not incorporate scales indicating that residents’ families were nearby or that children’s playmates were next door. They did not consider that the grocer extended credit to regular customers or that residents attached decades of memories to buildings. [They] attempted only to measure independent

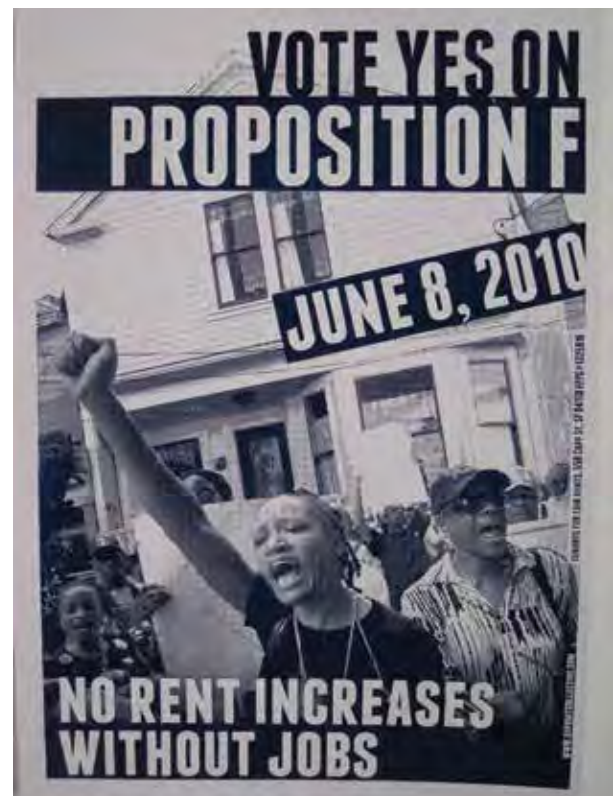
objective aspects of healthy housing and neighborhoods.”<sup>93</sup>

Furthermore, these surveys were used to penalize residents for the housing conditions in which they were forced to live. Historical disinvestment and a racially discriminatory housing market had limited opportunities for homeownership and constrained people of color, particularly Black / African Americans, to particular parts of the city. These dynamics resulted in densely populated neighborhoods where many residents were both renters and people of color with limited power over their housing conditions, including the ability to make needed repairs.<sup>94</sup> Furthermore, many cities also explicitly looked for the “presence of non-White communities” in determining where “blight” was located.<sup>95</sup> In both explicit and implicit ways, neighborhoods of color were targeted, declared blighted, and slated for removal from the city. While public health workers and health departments made critical contributions to the health of urban communities during the 19th and 20th centuries, the role of public health in this era of racially discriminatory housing policy cannot be forgotten. Furthermore, the impacts of this period of massive displacement for low-income communities and communities of color must be acknowledged in contemporary public health efforts to engage in housing and community development decisions.

## The Public Health Consequences of Gentrification and Displacement

As discussed in prior sections, gentrification is a relatively recent form of urban development that involves the social, economic, and cultural transformation of historically disinvested urban neighborhoods. While gentrification is driven by the private sector – through private development that targets the needs of new, higher income residents over existing residents, and the individual movement of more affluent residents into older urban neighborhoods – the

public sector paves the way. By announcing new investments and plans to revitalize commercial areas, and providing tax breaks, subsidies, and other benefits to incentivize private development, public sector actions reduce the costs and risks for developers while introducing amenities that appeal to outside residents and may be disconnected from the real needs and desires of existing residents.<sup>96</sup> Without adequate public sector protections and regulations, longtime residents are often displaced or excluded from the benefits of new development. While gentrification may bring much-needed investment to neighborhoods, including new stores and commercial services, as well as upgrades to infrastructure and amenities like parks,<sup>97</sup> displacement prevents these changes from benefitting those who need investment the most. Furthermore, gentrification has a number of serious public health consequences for those who stay, those who leave their neighborhoods behind, and our broader society.



This poster was designed by Mariana Viturro in 2010 to support a campaign for a local San Francisco proposition that would have prevented rent increases for people most impacted by the economic crisis. The mayor had vetoed a similar proposition the year before.

In addition to having an impact on health outcomes, research suggests that gentrification may increase health inequities, or differences in health outcomes that are “unnecessary and avoidable but, in addition, are also considered unfair and unjust.”<sup>98</sup> These differences in health outcomes across place, income, race, and other demographics are tied to underlying social, political, economic, and environmental factors, such as access to safe and affordable housing, quality jobs, good schools, and safe places to play and work.<sup>99</sup> These factors impact multiple health outcomes, including how long people live (life expectancy) and their quality of life. Because it affects multiple pathways to health and can increase inequities between groups, it is critical for the public health field to understand and address displacement in order to improve health outcomes and advance health equity.

As discussed in the previous section, displacement can happen in a variety of ways and in both the public and private housing market, including residents being forcibly relocated in order to make way for renovation of their housing, landlords raising rents to unaffordable levels, tenants being evicted so landlords can rent or sell their units for a higher price, and residents moving because their friends and family have moved away. **In this report, displacement is defined as the out-migration of low-income people and people of color from their existing homes and neighborhoods due to social, economic, or environmental conditions that make their neighborhoods uninhabitable or unaffordable.** While some residents may choose to move in certain cases, this report understands displacement in the context of gentrification as involuntary and, therefore, unjust due to the role of public policy in **repeatedly uprooting and destabilizing urban low-income populations and people of color through disinvestment and inequitable development.**



Art by Favianna Rodriguez

### Impacts on Existing Residents

For lower income and longtime residents, gentrification can result in financial burden due to the increasing cost of rent. When housing costs rise above 30 percent of household income (also known as rent burden), families may cope by sacrificing other basic needs such as health care, transportation, or healthy food, each of which is critical for good health and well-being.<sup>100</sup> Furthermore, in the context of gentrification, landlords may attempt to force tenants out of their homes through intimidation, buy-out offers, and eviction notices. Data on San Francisco evictions over the last 30 years shows that eviction notices of all types peaked in 1997–98, correlating with the peak of the “dot com boom,” which resulted in skyrocketing housing values and the transformation of San Francisco neighborhoods, particularly the Mission district.<sup>101</sup> Since this time, the Mission district has consistently experienced eviction

notices from Owner Move-In (OMI), a no-fault cause for eviction that is often used to displace tenants and raise rents, at an annual rate far above any other neighborhood.<sup>102</sup>

As fixed income and elderly homeowners in the neighborhood cope with rising taxes and housing costs, they may face the threat of foreclosure. Foreclosure, in turn, can result in major loss of wealth, increased stress and anxiety, and can force foreclosed residents into substandard housing where they may be exposed to health hazards like mold and pests.<sup>103</sup>



*"There's a woman... that lives just north of the University and she's an older woman who has long lived in this neighborhood – 40, 50 years – and she owns her house be-*

*cause her mom had bought it 40 years ago and she inherited it. Her neighbors around her have slowly been pushed out of her neighborhood. And her good friend who lives right next door, she would have coffee with her every morning. And she loved it... It was a stress relief. It's an emotional tie you make with somebody. And one day the woman became very ill and couldn't get out of bed and didn't make the coffee that morning and her neighbor was calling and calling and calling her and couldn't find her. [The neighbor] went and knocked on her door and was able to get in. The woman was close to a diabetic coma. And that is exactly what neighbors do for each other. And so if you lose that you lose health, you lose emotional well-being and you lose that safety net that people rely on to be able to live healthy full lives."*

*– Paulina Gonzalez, Former Executive Director, Strategic Actions for a Just Economy (SAJE), Los Angeles*



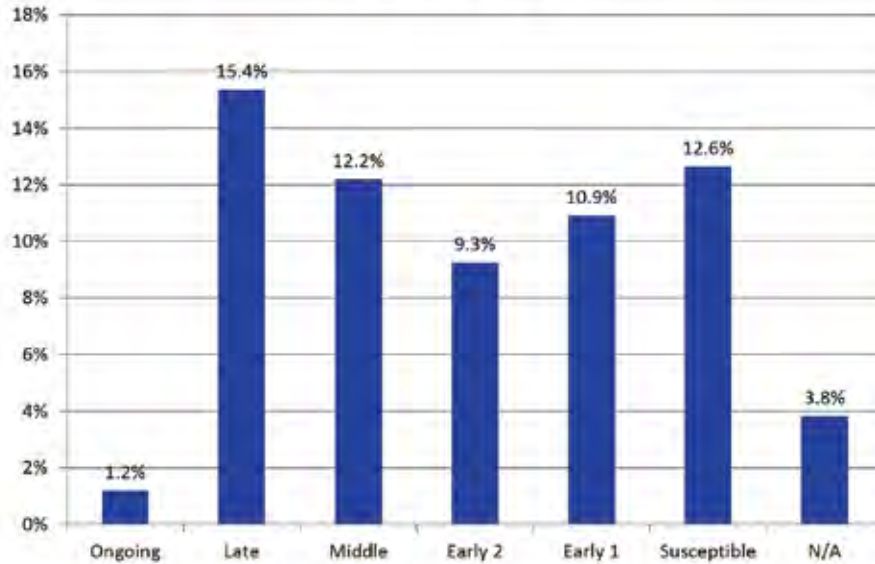
*Gerthina Harris has been a member of CJC for four years and has lived in her West Oakland home for the past seven years. Gerthina is a senior on a fixed income and pays*

*more than 50 percent of her income on rent, a considerable rent burden. Due to the high cost of rent, Gerthina has less to spend on other essential expenses and is often forced to decide which bills to pay on time each month. Not only does Gerthina face a financial hardship, but also an emotional and physical one, as the stress of living on a fixed income can be highly taxing.*

When residents face rising housing costs, some may choose to move in with friends or family, share rooms, or subdivide units to save money.<sup>104</sup> While shared and intergenerational housing is not inherently bad for health and can increase social support, moving in with others out of financial need can lead to overcrowding, a situation which compromises health and well-being.<sup>105</sup> Based on our analysis of housing conditions and gentrification in San Francisco, we saw a general correlation between the progression of gentrification and overcrowding (measured as greater than one occupant per room), with rates of overcrowding increasing from early to late stages of gentrification.<sup>106</sup>

This pattern is illustrated in the following graph, which shows overcrowding (measured as the percentage of housing units with more than one occupant per room) by San Francisco neighborhood type. Note that the drop in overcrowding rates from late to ongoing stages of gentrification may be due to the loss of low-income households and simultaneous increase in higher income households who are able to afford more space.

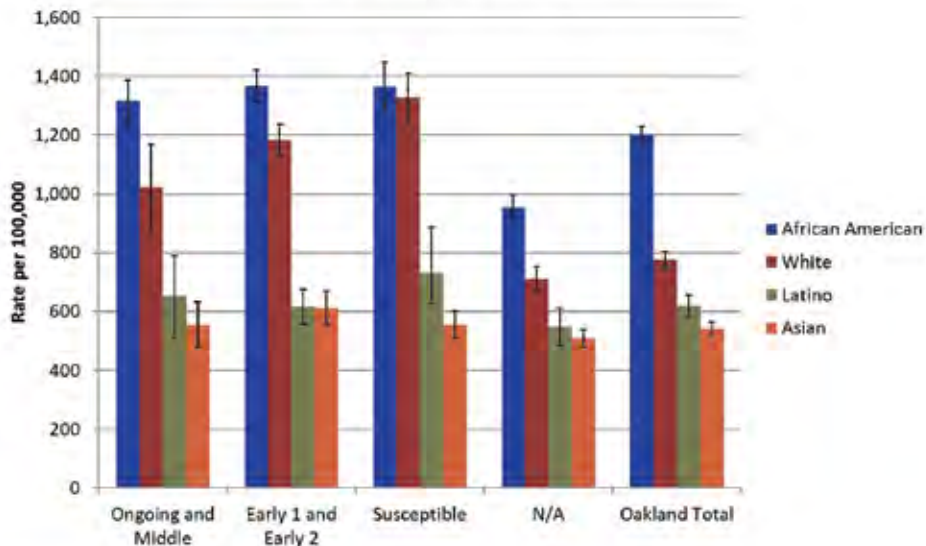
## Housing Units in which >1 Occupant per Room, SF 2007-11



Source: ACPHD CAPE, with data from ACS 2007-11

Percent of housing units with more than one occupant per room can be a measure of overcrowding, although cultural considerations may be a part of the picture as well. The highest percent of housing units in which there is more than one occupant per room is in the Late, Susceptible, and Middle typologies in San Francisco. The lowest percentage is in Ongoing and N/A. The percent of households with more than one occupant per room is more than 12 times higher in the Late vs. Ongoing typology.

## Mortality Rate by Race/Ethnicity, Oakland, 2008-12



Source: ACPHD CAPE, with data from AC Vital Statistics, 2008-12

As housing prices increase and the cultural fabric of neighborhoods change, gentrification can result in the closure of needed services and institutions that are vital for existing residents' well-being.<sup>107</sup>

Even when development brings in much needed resources, the benefits of new services and resources can be out of reach for those who need them the most due to financial and cultural barriers. New retail stores and restaurants may be unaffordable and/or based on the cultural tastes and preferences of new rather than longtime residents. When development is not based on the needs and desires of existing residents, it may be experienced as alienating and exclusive, resulting in longtime residents feeling out of place in their own neighborhood.<sup>108</sup>

### Impacts on Displaced Residents

Residents who are displaced due to gentrification face multiple, overlapping health impacts. Displacement can introduce financial hardship due to relocation and the costs of setting up a new household.<sup>109</sup> These costs reduce disposable income, particularly for households already surviving on a tight



Homes For All National Campaign Launch, Oakland

budget. Socioeconomic status, which reflects income, education, and occupation, is one of the strongest determinants of health.<sup>110</sup> When people have the money they need to cover basic goods and services, as well as the access to health-promoting resources and information, they live longer and are less likely to experience health problems across the lifecycle, including chronic disease and mental illness.<sup>111</sup>

Residents who move farther from central city areas may also face increased transportation costs due to longer commutes to work, school, places of worship, or health care facilities.<sup>112</sup> Long commutes have been shown to contribute to stress and reduce time for health-promoting activities like sleep and exercise, as well as reducing the time parents or caregivers can spend with their children.<sup>113</sup> A growing body of research has suggested that chronic stress, particularly stress that is driven by financial burden and limited control over one's life conditions, can be toxic. Chronic stress can effect health and mental functioning in the short term, and can contribute to chronic disease and death in the long term.<sup>114</sup>

Displacement can also mean loss of irreplaceable assets, including investments made in a home, job, or business.<sup>115</sup> These losses can result in severe disruption to financial well-being and stability.

Displacement disrupts employment and can result in job and income loss, as residents who move may have difficulty sustaining jobs due to lack of public transportation options and the length of their new commute.<sup>116</sup> For children, displacement is destabilizing to their social networks and routines, and can result in declining school performance.<sup>117</sup> Education is a key determinant of health as well. Children and youth have lifelong health benefits tied to educational achievement.<sup>118</sup> In addition, recent studies have suggested a correlation between gentrification and increasing numbers of people entering the homeless shelter system from the same neighborhood, perhaps due to an extremely



tight housing market and insufficient support systems.<sup>119</sup> Given the San Francisco Bay Area's skyrocketing rents, homelessness and the health consequences it brings<sup>120</sup> are a serious risk for those who are being priced out of the city.

When residents are forced to relocate, it is not just the physical environment that changes but the social and cultural environment as well. A substantial amount of research documents the importance of social networks, as well as social capital (or a community's level of trust and cooperation), for individual and community health.<sup>121</sup> When neighbors trust each other and are willing to help each other out, rates of violence, self-rated poor health, and mortality go down.<sup>122</sup> On the flipside, having fewer trusted neighbors, living farther from family and friends, and having to attend a new school, workplace, or health care provider can all disrupt one's health and well-being.<sup>123</sup>

Displacement and social network disruption have significant impacts on mental as well as physical well-being.<sup>124</sup> Research has documented how relocation, even when voluntary, almost unavoidably results in psychological distress and can increase family conflict, as emotional needs increase and social supports decrease.<sup>125</sup> Furthermore, the longer someone has lived in their current neighborhood, the greater their experience of stress, anxiety, and depression after a move.<sup>126</sup> By disrupting familiarity with place and attachment to community, displacement can also result in disorientation and alienation, experiences that are particularly detrimental to health in older adulthood.<sup>127</sup>

Depending on where people move, displacement can result in relocation to neighborhoods with fewer health-promoting resources and amenities, like high quality jobs, healthy food options, accessible public transit, safe and walkable streets, and parks and open space.<sup>128</sup> Based on an analysis of migration patterns at the national and local levels, we found that Black / African American households,

regardless of income, are more likely to end up in a neighborhood with lower income residents than their current neighborhood. This differs from the pattern of migration for White, Latino, and Asian households, each of which are more likely to move to a neighborhood with residents at the same or higher income level.<sup>129</sup>

Regardless of where they move, displaced residents may be unfamiliar with their new neighborhood, which inhibits their access to needed goods and services.<sup>131</sup> As displacement contributes to the suburbanization of poverty, public agencies outside of urban city centers may either not offer services needed by displaced populations or the services they do offer may be geographically inaccessible or culturally or linguistically inappropriate.<sup>132</sup> When people are pushed out of their homes and neighborhoods, they are also more vulnerable and may be forced to turn to safety net services, including community clinics, unemployment benefits, nutrition assistance programs, and homeless shelters.<sup>133</sup> Erosion of social networks makes it harder to respond to economic, social, and health hardship.<sup>134</sup> Whereas residents might have turned to a neighbor during an emergency, they may have few alternatives in their new neighborhood. As displaced residents seek out new routine health care and social service providers, they may also face difficulty in obtaining their medical records and needed prescriptions.<sup>135</sup> Furthermore, residents who move may face new social and cultural tensions that lead to increased exposure to violence in their new neighborhoods.<sup>136</sup>

At the community level, displacement can result in severe social, economic, and political fragmentation. Residents who are dispersed from other members of their community may have less political power as voting blocs are diluted and communities become less organized, inhibiting their ability to advocate for needed changes to ensure long-term health and well-being.<sup>137</sup> Displacement from gentrification is particularly concerning, as it is only the latest in a pattern in of displacement for low-income communities of color. As

Fullilove and Wallace have argued, a series of U.S. urban policies has resulted in the systematic “serial displacement” of Black / African American communities, a phenomenon that has continuously uprooted the same communities and, in some cases the same families, for generations, creating multi-generational impacts across the life course.<sup>138</sup> The series of policies they discuss includes segregation, redlining, urban renewal, deindustrialization, planned shrinkage/catastrophic disinvestment, HOPE VI, and now gentrification.<sup>139</sup> These policies and practices have introduced repeated stressors, limited access to opportunity and created barriers to building financial security, social capital, and political power among affected communities. This continued assault on the conditions that are necessary for community well-being has led to multiple, negative health impacts that have persisted across generations, including increased risk of chronic and infectious disease, mental illness, and intra-community violence.<sup>140</sup>

### Impacts on Our Cities and Society

Gentrification and displacement also cost our cities and society as a whole. Without regional strategies to distribute community investment equitably based on need, new development may simply result in the displacement of poverty rather than the improvement of living conditions and health outcomes. Furthermore, as central cities become less hospitable to low-income residents due to gentrification, outlying parts of the region may be strained as they face a sudden influx of residents needing services, infrastructure, and affordable housing.<sup>141</sup> These areas may also become new places of concentrated poverty, and segregation throughout the region may increase. A growing body of research suggests that racial and economic segregation at the metropolitan level compromises economic mobility and health for individuals. Segregation can also exacerbate racial disparities in health outcomes.<sup>142</sup> As people move farther away from central cities, displacement may also negatively affect air quality for all residents in the region, as residents have



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Art by Design Action Collective

to commute farther to get to old places of employment, school, and health care.<sup>143</sup> Recent research has also suggested that neighborhoods experiencing new transit-oriented investment may displace residents most likely to use public transit while attracting more residents who own cars and are likely to drive.<sup>144</sup>

Perhaps most importantly, evidence suggests that gentrification can exacerbate segregation and discrimination in the housing market<sup>145</sup> and increase social and health inequities.<sup>146</sup> Mortality rates, which measure death by population by year, can be used to illustrate differences in health and wellbeing across groups. Our analysis of mortality rates in San Francisco and Oakland revealed that Black residents experience the highest rates of mortality across all neighborhood types.

Furthermore, our analysis of racial disparities in mortality for Oakland revealed that neighborhoods in the latest stages of gentrification have the greatest disparity between Black / African American and White mortality rates, compared with other neighborhoods.<sup>147</sup> Furthermore, this disparity in Black and White mortality rates increases from early to late stages of gentrification.

Research is showing that social inequities can compromise health for all people in a society, not just those who are struggling, with more unequal societies having poorer health outcomes than societies that are more egalitarian.<sup>148</sup> As gentrification exacerbates wealth and income inequality, this evidence suggests that it may also take a toll on overall population health. Furthermore, as Fullilove and Wallace have documented, gentrification, as the latest form of serial displacement for low-income communities and communities of color, may contribute to increased rates of disease within and beyond our cities. By separating communities by race and class, destabilizing urban neighborhoods, and undermining resilience among our most vulnerable populations, gentrification and the displacement it brings may compromise public health for our society as a whole.<sup>149</sup>

## New Approaches to Healthy Housing and Healthy Development

The concerns and approaches of public health have shifted since the mid-20th century. Chronic diseases such as diabetes, heart disease, and hypertension have replaced infectious diseases as the leading causes of death,<sup>150</sup> and health inequities have remained or increased across many health outcomes. These realities have led the field to a more complex understanding of health, which now recognizes the importance of place (including the social, cultural, economic, and physical environment) in shaping the

choices and opportunities that lead to health and disease.<sup>151</sup> It is now well recognized that “social determinants of health,”<sup>152</sup> such as the quality of one’s housing, job, education, or social support networks, are among the primary factors that affect health – determining, as well, significant differences in health outcomes seen by race and ethnicity.<sup>153</sup> Furthermore, these factors are generally considered to be both beyond an individual’s control and greatly influenced by policy.<sup>154</sup>

Local public health departments’ focus and activities have evolved over time, but today public health departments are responsible for monitoring health status and environmental health conditions, enforcing policies, linking people to needed services and resources, and working with community residents and other sectors to advance policies that improve health.<sup>155</sup> These core functions, combined with growing evidence of the public health consequences of environmental conditions like urban sprawl, unsafe and unwalkable streets, and pollution, have led public health departments to become more active in urban design, planning, and development decisions in order to positively affect health outcomes for communities.<sup>156</sup>

Alongside this shift, the fields of urban planning and development have moved toward a more health conscious and environmentally conscious approach to land use planning. The emergence of “smart growth” planning principles has encouraged urban planners to locate new development, including housing, in high-density areas that are close to transit and job centers in order to cut down on greenhouse gas emissions and increase the opportunities for walking, biking, and public transportation.<sup>157</sup> Public health practitioners are also working with urban planners to invest in healthy changes to the built environment. These changes include new and renovated food stores that offer healthy options, parks, playgrounds, and urban gardens, and street improvements that promote physical activity.<sup>158</sup> While these trends have brought sorely needed resources to neighborhoods that have suffered from decades of

disinvestment, research and community experience are showing that even the most well-intentioned projects can lead to gentrification and displacement.<sup>159</sup> Without protections to ensure that existing residents can stay and benefit from neighborhood change, the same communities who suffered from disinvestment and displacement in the past may be displaced yet again.

While public health has progressed in its approaches to health and neighborhood development, the field still needs to recognize the dangers of displacement. As Wallace and Fullilove have argued, serial displacement has been driven by a consistent policy of moving people rather than improving their living conditions in place.<sup>160</sup> Public health practitioners committed to the well-being of vulnerable communities must learn from mistakes of the past, including the need for a broader understanding of health that recognizes

the importance of place and the health-protective elements of social and community support systems. This means re-examining the assumption that moving people is necessarily good for health, and ensuring that other public agencies, government officials, and policymakers do the same.<sup>161</sup>

As improving neighborhood health becomes a more commonly accepted goal of urban planning and development, public health departments have a unique and pressing responsibility to ensure that neighborhood change happens in a way that is beneficial for all. Otherwise, planning and development strategies advanced in the name of health may not be healthy or sustainable. This is not a task that public health departments can take on alone. The next section outlines the role that public agencies, including public health departments, can play in advancing a healthier and more humane version of development.



Beatriz Eugenia Mendez has been a member of CJC since July 2012. Originally from Guatemala, she moved to the U.S. in 1997 looking for a better future and better opportunities. Beatriz

has lived in the Excelsior neighborhood of San Francisco for the past nine years, having moved there after she was evicted from another unit; the landlord simply told her she had to leave. After nine years in her current home, Beatriz is once again facing eviction and harassment from her landlord. Fortunately, Beatriz sought out assistance and was referred to CJC where she was informed of her rights as a tenant and told that the landlord needed a just cause for eviction. Beatriz was also advised to leave a paper trail and began paying rent by check and requesting repairs in writing. The landlord didn't respond well and continued to threaten eviction, this time by having the property management company send an (invalid) eviction notice. This eviction

experience has been very different from Beatriz's eviction from her previous home. This time around she had the support of her CJC counselor and, knowing her rights, has been able to stay in her home since she was first threatened seven months ago. However, the landlord has refused to address repairs over the last seven months and Beatriz suspects he wants to make her desperate enough to vacate on her own.

*"I'm thankful that all these protections are in place ... and every time there are protections people try to find ways to go around them. I think it's important to defend yourself and stay strong, because it's difficult to move around especially when there are not enough economic resources. Now, the rent is really high and one has to earn at least \$5,000, which is nearly impossible. Protections have supported me immensely because my economic situation has changed very much and knowing my rights and how to defend myself and how to be stable in one place has supported me very much."*

– Beatriz Mendez, CJC Member

# Organizing Toward a New Vision for Community Development

## Human Development for Healthy and Sustainable Neighborhoods

As discussed above, the growing focus on sustainability has led to neighborhood developments addressing the environmental effects of industrial production (automobiles, industrial pollution, and the degradation of urban green spaces). Unfortunately this approach to sustainability while necessary, do not address the historic role of government deregulation and disinvestment. It has for the most part opened the door for a greenwashed, yet market-friendly, brand of corporate-led development. While more “walkable”, transit accessible developments serve eco-conscious new residents seeking to live closer to amenities and work, long time neighborhood residents reap few benefits. So-called “sustainable” developments generally create many of the same pressures that fuel gentrification and do not have the effect of increasing stability for long time residents and businesses. Working class communities of color have for decades suffered the brunt of environmental degradation but this new environmentally conscious approach to development does not seem to address either the history of environmental racism, nor the numerous health impacts facing working class communities today.

Even as cities strive to develop more “sustainable” development plans, or to encourage “transit-oriented development” and “walkable cities,” most of the fundamental processes remain the same. Success is measured primarily by the

amount of new economic activity that occurs, and the number of new, higher-income residents that move in. Little consideration is given to whether the health or economic stability of current residents is improved.

## Collective Action Creates Human Development

Central to challenging this cosmetic brand of urban development is challenging the individualism embedded in popular ideas of “human development” that pervade urban redevelopment initiatives. Originating from 1970s rational choice theory and the ideas of conservative economist Gary Becker, this version describes the idea of human development as the accumulation of skills that enable individuals to make rational and profitable decisions. Rather than strengthening communities and social networks,



Paula Beal’s interest in housing and immigrant rights drew her to the work of CJJC. Paula is very active in her community and has been renting her current home in West

Oakland for the past four years. She knows many of her neighbors and has strong roots in the community. She has been a member of CJJC for 10 years.

proponents of this idea of human development breed competition and individualism.

This version of human development erases the history and current lived reality of communities most impacted by development. It inaccurately portrays gentrification as a result of competition between individuals with different levels of human capital, each exercising their personal choices about where they live, work, and play, as opposed to a phenomenon rooted in a long history of disinvestment and marginalization.

In an individualistic model of human development, gentrification is addressed by “empowering” individuals to be more competitive in the high-pressure technology and housing markets, both as a worker and as someone looking for housing. Instead, we propose putting a re-envisioned version of collective need and interest back into the concept of human development. In our framework of human development, the goal is to unite, organize, and empower communities to challenge historic and current inequities as a means towards building a new vision of



Young CJJC Members Uniting For Justice, Oakland

community health and sustainability that benefits all residents. Relationships and alliances have to be built between different groups that have been historically impacted by racialized disinvestment. Communities that have had to compete with each other for good jobs, housing, education, need to realize that individualistic conceptions of human development have prevented them from identifying shared interest and common struggle. Community organizing, and not competition between individuals, should be the basis of human development for working class communities of color.

## Gentrification Can Be Prevented

Gentrification can be prevented, and it can be stopped in neighborhoods where it is occurring right now. Gentrification is not inevitable. While the forces that cause it are global, almost all development decisions and regulations are set at the local level. With organized working-class communities pushing for alternative forms of development a lot can be done. With a bold local public agency leading the way – without undue influence by political donations from developers, real estate interests, corporate lobbyists and landlords – much harm can be prevented.

Many urban theorists, and development theorists generally, point out that a “rising tide lifts



Homes For All National Campaign Launch, Oakland

all boats” model does not work for economic development, particularly under capitalism. Reagan’s trickle-down economics have been refuted. In fact, is it understood that economic development in our context is closer to a zero-sum game, though not entirely. This means as some get wealthier, others must get poorer.

In urban economics you can see versions of this playing out with the development of the suburbs at the expense of the development of the urban core. As the suburbs developed and capital development flowed there, the same capital flowed out of the cities, and those communities became underdeveloped. As the suburbs prospered, people in cities saw very little, if any, of the benefits of that development. This process has begun to reverse over the past several decades, with certain urban communities receiving a large influx of investment and outer-ring suburbs experiencing disinvestment.



Art by Melanie Cervantes

Those who cannot afford to remain in hot-market areas (where investment is happening) end up in the underdeveloped areas, whether by direct or indirect forces.

In a single-city model, one could argue that increased tax revenue from development could lift the boats of all residents by providing more services and amenities. Unfortunately, this is not how the urban development process works. Those with the financial and political means tend to advocate for additional resources for services that benefit them and for amenities that serve their interests – a dog park around Lake Merritt, for example, or additional police patrols in higher-income communities. Services that meet the needs of low-income communities of color in historically underdeveloped areas, like increased bus services or affordable, fresh foods, are rarely expanded substantially.

So as economic development is poised to enter a community, what can be done to capture the economic and human benefits of that development for the existing residents, and what models of development can be encouraged that maximize human development? Also, what models of development can be encouraged that do not take resources from one place and put them in another, but instead expand resources for all?

Cities and communities need a new vision for development that will actually improve outcomes for longtime, working-class residents and people of color.

In our vision, human development empowers a community to identify the types of housing, services and infrastructure that should be located in their neighborhood. It ensures that the needs and opinions of longtime residents are a central part in defining the vision for neighborhood development and change. It supports residents to do this by providing resources, tools and information; as well as centralizing decision-making power in the community. This approach to community development fosters institutions and enterprises

Positive development models should:

- ▶ Centralize the stability of working-class residents who reside in the communities
- ▶ Support community organizing and involve residents in making the actual decisions that impact the neighborhood
- ▶ Promote and measure positive human development outcomes in addition to economic indicators
- ▶ Acknowledge and support the importance of racial equity, community, and culture as parts of a healthy community

that have value to the residents, puts protections in place that prevent displacement and gentrification, and results in positive human development outcomes for all residents of the community.

## The Role of Public Agencies in Promoting Human Development

Local governments have a unique responsibility and power to advance this vision of human development. This new approach must include a shift in governmental understandings of development and health, substantial changes in how land use planning and development decisions are made, and implementation of policies to protect against displacement and promote healthy development for all. This includes acknowledging the role that the public sector has played in enabling gentrification and displacement through both action and inaction, and the health consequences of these decisions. Furthermore, local governments must learn from mistakes of the past, including recognizing and protecting against the dangers of displacement. As urban development and land use planning practices move toward a greater focus on health and equity, public agencies must also broaden their understanding of health, including

## The Mission Anti-Displacement Coalition Planning Principles For Community Development

- ▶ We are committed to a community driven planning process done in an inclusive manner—through community organizing, leadership training, focus groups and popular education --that ensures the participation of those members of our community who are disenfranchised, marginalized, and not usually heard.
- ▶ Our planning process will address the economic, racial, and social inequalities of the status quo.
- ▶ Our planning process will strive to advance the capacity of the community to address planning and development issues far into the future.
- ▶ Through our planning process we strive for transparency in the planning and rezoning process and city accountability.
- ▶ We will struggle to improve democracy in San Francisco by increasing the participation of Mission District residents in the decision-making bodies.
- ▶ We believe that all tenants have a right to safe, secure, and affordable places to live We support strong public policies that protect those rights
- ▶ We believe that real estate speculation destabilizes neighborhoods, communities and economies. We support regulation and controls on such speculation.
- ▶ We believe that the future of San Francisco as a culturally vibrant and creative city depends on its capacity to protect tenants from displacement and neighborhoods from gentrification.
- ▶ We are committed to building a democratic, inclusive, and nonviolent movement for social change to advance these values, beliefs, and policies.

recognizing the importance of strong community ties and social support for good health. The fields of public health and urban development must respect the needs and desires of existing residents, and see value in the assets, resources, and relationships that make every community a home, regardless of income.

Public agencies must also shift their fundamental approach to development, so that the





Homes For All Action, San Francisco

needs of existing communities are prioritized and residents are viewed as valued partners and change makers in their own neighborhoods. This should include significant changes in how development and land use planning processes occur, including proactive efforts to partner with community residents and community-based organizations to envision and decide on neighborhood change. While important shifts are happening in many places, such as the improvement of community engagement practices, the growth of research and planning partnerships between public agencies and community-based organizations, and the increased use of health impact assessments as a decision-making tool, these approaches must be strengthened, expanded, and implemented in other cities/regions so that they become standard practice. Furthermore, public agencies must measure the success of development in terms that go beyond economic activity to capture community

well-being, including the social, cultural, and health dimensions of prosperity.

Finally, local and regional agencies must implement policies and practices that promote development without displacement. This means working with residents to improve their lives, environments, and opportunities in the place they call home, including the development of housing and land use models that support asset-building and community ownership. Further, these agencies must ensure that neighborhood investments include protections against displacement and opportunities for existing residents to thrive in the places they live. Local governments can also use their power to protect existing residents from predatory private development and to incentivize ongoing investment in all neighborhoods.

As public agencies, community-based organizations, residents, and private sector actors all engage in discussions and action around displacement, public health can play a critical role in many aspects of this process. While public health departments are just one organization in a complex array of agencies, each with a different role in development, there are key opportunities for public health to support needed changes. Public health departments can disseminate research on the health impacts of displacement, weigh in on the potential health impacts of new development, connect community residents to decision-making processes, and support policy change to promote community stability, neighborhood affordability, and equitable investment in all neighborhoods.

Only when residents and communities are stabilized in the places they call home and included in the decisions shaping their neighborhoods will the “improvements” made to their environments be truly healthy and sustainable. Preventing displacement may be the single greatest challenge and the most important task in our collective efforts to create healthy communities for all.

# Policy Findings & Recommendations

The following section outlines a set of recommendations based on our analysis of 14 key policy solutions for preventing displacement. Our research included a review of primary and secondary literature, and our analysis focused on policy design and function from tenants' rights and public health perspectives. The methodology for this research and analysis, including sources consulted, is described in detail in Appendix A. Based on this analysis, we developed a set of cross-cutting recommendations to strengthen all policies, and a framework of six key principles for preventing displacement. Within this framework, we make specific recommendations for how to maximize impact for each policy, and we also identify new "promising policies" that would support displacement prevention on a broader scale.

## Cross-Cutting Recommendations for Policy Effectiveness



*"Our housing groups traditionally have been either organizations of or advocates for homeless individuals and families, renters, and tenant organizations, or private housing groups/anti-foreclosure groups. And so, much of their work has*

*happened in a very siloed way...Homes for All is the first place where we're bringing together all of those constituencies to begin local grassroots and national campaigns around [a] housing justice platform ... We have a lawsuit that we just filed last year against the FHFA, the Federal Housing and Finance Agency, because in 2008 under the HERA Law (Housing and Economic Recovery Act) they established something called a National Housing Trust Fund. And the purpose of the fund is to put money towards the creation and preservation of affordable housing, which has been divested from over the last 20 years. The revenue mechanisms for the National Housing Trust Fund were intended to be Fannie Mae and Freddie Mac. So, here you have what has become a public entity, essentially a public bank since they've been in receivership by the federal government that is supposed to be putting up a percentage of their profits each year into the National Housing Trust Fund in order to have that go into an investment in affordable housing. So far we know that they made \$382 million dollars in profit for 2012 and put not a penny into the Trust Fund. So, the lawsuit is an example of where we're able to link the private homeowner constituencies with the renter constituencies, because Fannie Mae and Freddie Mac are screwing the homeowners and at the same time with all of the profits that they're making they are pushing people out of their homes, they're also reneging on*

*the commitment and responsibility to fund affordable housing for people who would be renters. So it's been a really powerful piece of work that has unified those two constituents in a really solid way."*

– Rachel La Forest, Executive Director, Right to the City (RTTC), New York

Based on our research and analysis, all policies would benefit from the below components:

- ▶ **Enforcement** is key to ensuring that policies actually achieve their intended impact on the ground, both in terms of protecting vulnerable residents and penalizing negligent landlords, developers, and/or government agencies. Enforcement efforts need to be funded, staffed and undertaken proactively rather than in response to resident complaints or appeals, so that residents do not have the burden of proving non-compliance.<sup>162</sup> In addition, penalties for non-compliance should be incorporated into policies that aim to regulate developer, landlord, and government activity. For example, code enforcement activities should involve strong penalties, such as fees and building seizure and transfer, for negligent landlords in order to compel action on housing violations.<sup>163</sup> Tenant protection policies should include the right to administrative, legislative and judicial review.<sup>164</sup> In addition, penalties and incentives for all policies should be designed in order to leverage policies so that their impact goes beyond the primary policy goal to incentivize action on anti-displacement efforts more broadly.
- ▶ **Protections for vulnerable residents** are crucial in order to avoid negative unintended consequences for residents caught in the middle of enforcement.<sup>165</sup> For example, if adequate protections are not established, enforcement of a city's housing code could involve building closure and displacement of the building's residents, even if enforcement is intended to benefit residents' health.<sup>166</sup> Protections can be incorporated through establishment of legal rights for tenants under specific policies and through policy design features that minimize the potential for displacement. Protections should address rights under eviction, just compensation in cases of displacement, right to return if temporary relocation is necessary, and access to information about rights and opportunities.
- ▶ **Community organizing and resident outreach** are crucial in order for policies to be developed, implemented, and enforced for maximum positive impact on the populations who need them most.<sup>167</sup> Research has shown that when residents are directly contacted about their rights and opportunities under eviction protection law, they are nearly twice as likely to utilize the policy and legal processes in place by filing an appeal.<sup>168</sup> This finding can apply to other policies as well. Furthermore, engaging residents and community-based organizations in policy development can help to identify and prevent unintended consequences for vulnerable populations, such as low-income tenants.<sup>169</sup> Community organizing and outreach ensure that residents have access to the information they need and can act in a timely manner in response to changes in their housing and neighborhood conditions.<sup>170</sup> Without such support, residents may not be able to take advantage of critical windows of opportunity to preserve affordable housing and utilize existing protections against. Community organizing and outreach efforts should therefore be funded in connection to local and regional anti-displacement strategies.
- ▶ **Relocation benefits** should be incorporated into any policy that seeks to regulate housing activity and the loss of affordable rental units.<sup>171</sup> For example, condominium conversion regulations should incorporate relocation benefits as compensation for residents who are displaced as a result of their unit's conversion. In addition, local

governments should explore ways to generate relocation funding through fees and taxes that are triggered by community stabilizing and displacement prevention policies that regulate developer activity (such as Real Estate Transfer Taxes, condominium conversion regulations, and displacement impact mitigation fees).

- ▶ **Affordable housing policies and programs should be tied to people in the same neighborhood.** Gentrification and displacement have neighborhood-level impacts and thus require solutions that can be targeted to the specific needs of a given neighborhood. Mitigation fees and taxes designed to minimize the impacts of displacement and raise funds for affordable housing are not often designated for use in particular neighborhoods. Furthermore, “in-lieu” fees incorporated into inclusionary housing policies are often chosen over on-site development of affordable units.<sup>172</sup> Thus, policies designed to regulate housing activity through monetary penalties may not benefit residents in the same neighborhood where the development is taking place. Furthermore, affordable homeownership programs like homebuyer assistance programs do not often focus on supporting residents to stay in their existing homes and neighborhoods. Without this focus, homebuyer assistance programs may support low and moderate income residents in building valuable assets, but they are less likely to prevent displacement at the neighborhood level.<sup>173</sup> To address these issues, policies or programs that provide affordable housing through new construction or rehabilitation should include preferences for existing, low-income, and longtime residents in the same neighborhood. In addition, affordability requirements and incentives within new housing (such as inclusionary zoning policies) should be based on actual resident income and affordability needs within the neighborhood. Finally, any mitigation fees or “in-lieu” fees generated by new development should be prioritized for use within the same

neighborhood where the triggering development is located.

- ▶ **Policies need to be advanced at the right stage.** While some policies are most effective and feasible in later stages of gentrification, many policies should be implemented when neighborhoods are susceptible to or in early stages of gentrification, in order to prevent substantial loss of affordable housing and protect vulnerable residents before the community is destabilized.<sup>174</sup> In addition, because policies take time to implement and neighborhoods can change quickly, all policies should be implemented in the earliest stage appropriate. See our below recommendations for notes on staging each policy based on neighborhood type. For an overview of our neighborhood typologies analysis and definitions of neighborhood types, see Appendix A.
- ▶ **Multiple policies need to be advanced at once** to address the complex nature of displacement. Multiple forces and actors drive displacement, including government, landlord, developer, investor, and individual resident activity. Similarly, displacement is impacted by different levels of decision-making, including federal, state, regional, and local. Individual policies often intervene in only one of these driving forces and/or compel action by one kind of actor at a time. The most promising strategy for preventing and minimizing displacement is by advancing multiple policies and practices, at multiple scales, and tailored to the specific needs of neighborhoods and cities.<sup>175</sup> The framework presented in the *Principles, Policies and Practices* section, below, organizes our individual policy recommendations under six key principles, each of which is essential for preventing displacement.
- ▶ **Equity impacts should be central to the policy debate about development and neighborhood change.** One way to support the adoption of stronger anti-displacement policies is to proactively shape

the public and policy debate on development and gentrification by ensuring that social equity impacts are always discussed and considered in relation to development decisions.<sup>176</sup> This means acknowledging the structural causes of gentrification and displacement, including the public sector actions and decisions that lead to gentrification, and discussing/documenting the potential impacts of planning and development decisions on long-term residents of the city. This approach can be built into policy decisions at the local and regional level through community health impact analyses that include targeted questions about equity impacts, a methodology for predicting displacement-related impacts, and a formula for calculating monetary value of impacts for translation into mitigation fees, as discussed later in this report.

- ▶ **Dedicated funding** is needed to ensure the success of many of the policies, programs, and practices discussed in this report. Funding is necessary not only for policies that involve subsidies but also for adequate enforcement and outreach to affected residents about their rights and opportunities. Local and regional governments should explore multiple funding sources to support anti-displacement efforts, including:
  - ▶ **Fees** collected on landlords through fines and registration of buildings, and fees levied on developers through mitigation fees.
  - ▶ **Taxes** attached to property sales (including Real Estate Transfer Taxes), and other taxes such as document recording fees. Care should be taken to avoid regressive taxes.
  - ▶ **Local funds**, such as housing trust funds and relocation funds, which may already exist in several cities. If they don't already exist, relocation funds should be created at the local level to ensure adequate support is available for the exclusive purpose of compensating residents faced with displacement and assisting them in identifying and securing high quality replacement housing.

- ▶ **State funding sources**, such as potential cap-and-trade revenue that may become available to support healthy and sustainable development projects.
- ▶ **Federal funding sources**, such as Community Development Block Grant (CDBG), HOME, and Federal Promise Zone funding. The downward trend in federal funding for affordable housing creates an environment in which revenue-driven development projects are supported by local governments, and it is difficult to provide the depth of subsidies that are needed to ensure truly affordable housing to long-term residents. Local and regional agencies should seek creative ways to apply existing federal funding sources and advocate for increased and/or renewed funding for affordable housing and community development.



Art by Dignidad Rebelde

# Principles, Policies & Practices for Preventing Displacement:

## Advancing a Comprehensive Housing Rights Framework

Displacement is driven by multiple forces, actors, and levels of decision-making and thus requires multi-faceted solutions. The below framework outlines six complementary principles that we believe are essential for preventing displacement. No single principle is a solution on its own; rather, these principles should be advanced in tandem, as each addresses a unique aspect or cause of displacement.

### OUR SIX KEY PRINCIPLES INCLUDE:

1. **Baseline protections for vulnerable residents**
2. **Production and preservation of affordable housing**
3. **Stabilization of existing communities**
4. **Non-market based approaches to housing and community development**
5. **Displacement prevention as a regional priority**
6. **Planning as a participatory process**

On the following pages, we discuss policies and practices that fall under each principle and make recommendations for how to strengthen each policy for maximum impact. As each is introduced, we provide our synthesized findings

from the research and analysis, and we also highlight examples of strong “model” policies. We include implementation considerations, including responsible agency, stage of gentrification most effective, and where possible, ideas for enforcement. In addition to the policies that were researched and analyzed in depth, we also highlight several “new” policies and practice ideas revealed through our research or arising from dialogue with partners and stakeholders. These are promising policies and practices for which there may be limited existing research. We include these in our recommendations because we believe they would support displacement prevention on a broader scale by addressing gaps in other policies and/or by increasing transparency, participation, and accountability in local land use planning and development processes. Each of these policy ideas is indicated with a **[PP]** for “Promising Policy” and introduced with a rationale for inclusion. Where possible, we also highlight examples of where these ideas have been implemented.

**Note on staging:** We highlight the stage(s) of gentrification at which the policy would be most appropriate or effective in preventing displacement, due to housing activity, affordability of housing and land, and/or likelihood of displacement pressure on vulnerable residents. Our assessment of staging is based on recommendations from literature and our own analysis. Because many policies discussed in this document would

be implemented citywide, these policies should be implemented as soon as any neighborhood within the city reaches the stage of gentrification indicated. In addition, some policies include a suggested staging of “early and always” as they do not depend on specific neighborhood conditions and may be critical to establishing an environment in which other anti-displacement efforts will be successful. These stages correlate with the neighborhood typologies analysis and definitions outlined in Appendix A. For the purpose of these

recommendations, we have grouped the neighborhood types into three broad stages: Early, Middle, and Late. The below table outlines which neighborhood types fall under each of these stages:

EARLY	MIDDLE	LATE
Susceptible	Middle stages	Late stages
Early type 1		Ongoing gentrification
Early type 2		

## A. Baseline Protections for Vulnerable Residents






Implementing baseline protections to prevent displacement of existing vulnerable residents is an essential foundation for any anti-displacement strategy. These include protections to: 1) keep people in their homes in the face of gentrification and displacement pressures from landlords and the housing market; 2) ensure that new affordable housing resources are made available to those who need them most; and 3) provide just compensation measures to assist residents with relocation in cases of displacement.

**1. Protect vulnerable residents from displacement through “Just Cause” eviction ordinances.** Local data and existing research has shown that evictions increase as neighborhoods experience gentrification.<sup>177</sup> When housing markets are tight and residents are given minimal warning and support to find replacement housing, evictions can lead to permanent displacement from neighborhoods. In order to prevent low-income tenants from being unfairly evicted by their landlords in the context of gentrification, cities should implement these ordinances to protect tenants in all residential rental properties within the city. Included in these ordinances should be a list of “just causes” for eviction and legal rights for tenants who are faced with eviction, including a clear legal process for filing eviction petitions as well as penalties, including fees and limited access to tax and other financial assistance, for landlords who unjustly evict tenants. Ordinances should require an

adequate window of time, at least 30 days, is given for tenants to respond to eviction notices. Relocation benefits should be required for all “no-fault” evictions (including Owner Move-In, Ellis Act, capital improvement/rehabilitation, demolition, and code enforcement activities). See A4 below for more details on relocation benefits recommendations. Furthermore, evictions should be prohibited in cases of building seizure and transfer due to code violations, and no-fault evictions should be prohibited for those particularly vulnerable to the impacts of displacement, such as the elderly, disabled, pregnant women, households with infants, and chronically ill tenants.

- ▶ **Implementing Agency:** Cities
- ▶ **Staging:** Early and always
- ▶ **Model:** San Francisco, CA: Just Cause for Eviction ordinance<sup>178</sup>

## SUMMARY OF ANALYSIS FOR JUST CAUSE EVICTION ORDINANCES

Community Ownership and Power	
Affordability and Housing Stability	
Housing Quality / Habitability	
Permanence and Loopholes	
Unintended Consequences	

### Policy strengths:

- » Some evidence suggests that Just Cause Eviction ordinances can pave the way for future tenant protections.
- » Creates new legal rights for tenants to prevent eviction and protect them in cases of eviction.
- » Promotes housing stability for renters by supporting them to stay in their homes.
- » When combined with rent control, can promote neighborhood-level affordability by preventing and minimizing opportunities for rent hikes during vacancies caused by evictions. In California, because of vacancy decontrol, it's particularly critical to have strong local eviction protections.
- » If combined with code enforcement efforts, can promote housing quality for

renters by providing right of first refusal in cases of temporary “no-fault” evictions due to housing renovation, capital improvement, and rehabilitation.

- » Scale may be larger than rent control, as state level laws (such as in CA) limiting which buildings can be covered by rent control may not affect buildings covered by just cause eviction protections.

### Concerns and considerations:

- » Only effective if tenants know their rights and how to respond to eviction through legal means.
- » May be ineffective in preventing displacement without rent control or vacancy control laws, even when right of first refusal provisions are included, as newly renovated unit may be unaffordable to original tenant.
- » May be ineffective in stopping displacement in cases where landlords consistently use “buy-out” offers to encourage tenants to move out of their units.



Cecilia Alvarado, CJC member since October 2013.

Cecilia Alvarado, 43, has been living in the area around San Francisco's Mission neighborhood since she emigrated from El Salvador at the age of 19. Her experience as an immigrant highlights the community resources that get dispersed, then lost, as a result of gentrification. Cecilia grew up in Cali, Colombia. After violence broke out in the 1970s, Cecilia's parents moved the family to El Salvador, just as political coercion was resulting in widespread violence. After a violent confrontation with militants just

across from her university, Cecilia moved to the U.S., with the phone number of her grandfather, a San Francisco resident, in hand. While Cecilia did not find her grandfather, she found a deeply supportive community in San Francisco's Mission district, where a priest and Salvadoran refugee groups gave her shelter and helped her find employment and housing. Decades later she has raised three children in San Francisco, all of whom grew up “in the heart of the Mission.”

Late last summer, Cecilia's landlord, who lives in Foster City, announced a spike in rent that Cecilia found unjust and exaggerated. She experienced phone threats and harassment by the bond attorneys hired by her landlord, who went as far as to post multiple eviction notices in public



view. Later, Cecilia found out that her landlord intended to evict her, make repairs to the small Potrero studio, and rent it for \$1,500, whereas she paid \$850 for the studio in need of repairs. Cecilia sought help from Causa Justa and looked into the legality of the eviction threats she was experiencing. She found that her landlord had her studio registered as a commercial property, enabling her to avoid rent control restrictions and to pass on utility charges to tenants. Cecilia also found a history of renting to undocumented immigrants, who were easily evicted in the past. Cecilia, who did not receive receipts for her rent payments, began to pay using money orders or checks to keep a personal record of her payments. When confronted with the information Cecilia gathered, the San Francisco Rent Board found her eviction unjust. After a personally draining and expensive court procedure, Cecilia was unable to prevent the \$200 rent increase, but was able to change her rental studio's status from commercial to residential, removing the burden of utility payments and uncontrolled future rent increases.

Cecilia laments the rapid transformation of the community that helped her settle in after escaping political unrest in El Salvador.

**2. Establish strong anti-harassment policies to prevent landlords from coercing tenants into leaving their homes due to negligence, intimidation, or buy-out offers. [PPJ]** Even when eviction protections exist, landlords may still push tenants out of their homes through various forms of harassment, coercion,<sup>179</sup> and/or neglect of basic property maintenance and repairs. These kinds of action and inaction can make low-income tenants' housing conditions uninhabitable and thus result in their displacement. Cities should establish policies that prohibit tenant harassment by clearly defining harassment to include: failure to provide housing services in line with housing, health, and safety laws; attempts to coerce tenants to vacate units with intimidation and offers of payment; and

interference with a tenant's right to quiet use and enjoyment of rental housing. Cities should set limits on the number of "buy-out" offers a landlord can make to each tenant and within the same building, and establish a registry of buy-out evictions that can be tracked at the neighborhood level by local rent boards or another administrative body charged with overseeing local tenant protection and housing policies. Incidents of harassment should result in citations and fines as part of a city's existing practice of enforcing housing and health codes, and the policy should include the right of action for individuals and organizations to sue landlords on behalf of tenants.

► **Implementing Agency:** Cities

► **Staging:** Early and always

**3. Implement a comprehensive "right of first refusal policy" to maximize opportunities for existing residents to stay in their homes.** Even when "just cause" eviction ordinances are in place, temporary relocation required for housing repair, rehabilitation, or conversion activities can lead to permanent displacement of existing residents.






This is particularly likely if residents do not receive clear information about when units are ready to be re-inhabited, or if they do not know their landlord intends to re-rent or sell the unit at a higher price. In order to minimize displacement of existing residents, cities should pass a "right of first refusal" policy to require any housing unit renovated through

redevelopment, rehabilitation (including due to code enforcement activities), conversion, or subdivision to be offered to existing tenants first, *before* being sold or re-rented on the private market. Furthermore, original tenants should be given the right to return at

prior rent levels, including any covered rent adjustments.

- ▶ **Implementing Agency:** Cities
- ▶ **Staging:** Early and always

### SUMMARY OF ANALYSIS FOR RIGHT OF FIRST REFUSAL POLICY

Community Ownership and Power	
Affordability and Housing Stability	
Housing Quality / Habitability	
Permanence and Loopholes	
Unintended Consequences	

#### Policy Strengths:

- » Creates legal rights for individuals and families faced with displacement.
- » Can support housing stability for existing tenants by giving them an opportunity to

return to their original homes after temporary relocation.

- » Can increase housing quality by supporting tenants to return and benefit from renovations or rehabilitation of their original unit.

#### Concerns and Considerations:

- » Right of first refusal policies may be ineffective in preventing permanent displacement because newly renovated / converted units may be unaffordable to original tenants.

**4. Strengthen local relocation policies to ensure that any resident displaced as a result of a no-fault eviction, including building closure due to uninhabitable conditions, or publicly funded development activity receives just compensation and comprehensive relocation assistance.** Federal law requires relocation assistance be paid to any resident displaced as a result of federally funded development activity.<sup>180</sup> However, this assistance has historically been inadequate and residents have fallen through the cracks due to poor record keeping, inadequate staffing, and unmet or vague promises to return residents to their neighborhoods.<sup>181</sup> To address these holes, cities should pass relocation policies attached to dedicated funding that will provide comprehensive benefits above and beyond what federal law requires, including benefits for residents displaced due to no-fault evictions in the private market. Relocation fees should be paid

to residents by the city in cases of publicly funded development activity and by landlords in cases of no-fault eviction. This assistance should include direct monetary compensation for the costs of moving (calculated retroactively), as well as the cost of at least three months' fair market rent plus additional benefits for households with residents who are elderly (65 years or older), children below age 18, or disabled and/or chronically ill. In addition, all displaced residents should receive access to case management services that will work with them to identify affordable, high quality replacement housing that meets their needs within the same neighborhood, if possible, or within the same city at a minimum. Case managers should work with residents to secure new housing, including navigating any barriers to eligibility related to credit and outstanding utility and rent bills. As part of these case management services, all residents should be consulted about their housing needs and






interest in staying in the city, and their contact info should be tracked in a database of relocation information. Relocation policies should also include a “build or find it first” provision to protect residents from being moved before adequate replacement housing is identified, and all replacement housing should be inspected for compliance with housing codes before being offered to displaced residents.

For residents relocated by public development activity, efforts should be made to minimize barriers to eligibility for replacement housing, and new criteria beyond what was required for original housing – such as eviction history and criminal records – should not be a basis for acceptance into new subsidized housing. If no adequate relocation housing is available within the city at the time it is needed, cities should consider paying additional benefits to residents to compensate them for displacement from the city.

In cases of temporary relocation due to rehabilitation or code enforcement activities, residents should be given clear timelines for relocation. They should also be paid relocation expenses up-front and an additional amount retroactively, depending on the length of time they were displaced. In addition, temporarily displaced residents should have the right to return at prior rent levels, including any covered rent adjustments. Residents should also receive additional benefits if displaced for more than one year. Local relocation funds can be generated in part by impact fees as discussed in F5.

- ▶ **Implementing Agency:** Cities
- ▶ **Staging:** Early and always
- ▶ **Models:** San Francisco, CA: Tenants’ Rights to Relocation for No-Fault Evictions<sup>18</sup>

### SUMMARY OF ANALYSIS FOR RELOCATION POLICIES

Community Ownership and Power	
Affordability and Housing Stability	
Housing Quality / Habitability	
Permanence and Loopholes	
Unintended Consequences	

#### Policy Strengths:

- » Create legal rights for residents facing displacement.
- » Can support improved housing quality if residents are able to move to a higher quality replacement unit and/or a neighborhood with greater access to health-promoting resources.
- » If strong provisions are included to incentivize relocation within the same neighborhood and/or city, could slow or minimize displacement of existing residents.

#### Concerns and Considerations:

- » Relocation benefits often do not prevent displacement; rather, they compensate residents for displacement and support residents in moving to new homes and neighborhoods.
- » Without adequate support identifying high-quality replacement housing in a preferred location, residents could end up in a neighborhood with fewer health-promoting resources and institutions.
- » Without strong penalties and enforcement, including incentives for the city to identify affordable replacement housing within the same neighborhood/city, relocation benefits could actually facilitate displacement of residents from the city.
- » Relocation services are costly to staff, and adequate staffing is a crucial for successful relocation services.



Melissa Jackson, one of the newest members of CJJC, joined the organization a few months ago because her rent increased by more than she could afford. Melissa had been renting a condo in Oakland's Chinatown since 2009. The landlord found out from the Housing Authority that it was illegal to charge Melissa for electricity as a Section 8 holder and, therefore, raised rents to make up the difference. The Housing Authority was unwilling to pay the difference in rent at the higher rate, forcing Melissa to relocate. At 78 years old, this was a very stressful situation for Melissa who worried she may end up homeless. With help






from her granddaughter she was able to eventually locate another rental unit in West Oakland, but the experience was extremely stressful. Her only relocation assistance came from her family network. Without family she would likely have ended up in a far worse situation.

**5. Implement a “reparations and right to return” policy** that prioritizes a certain percentage of new affordable housing units for residents and families who were displaced from the same city due to publicly funded redevelopment projects. This policy should be considered and adopted by cities in which past redevelopment projects resulted in permanent displacement of large numbers of residents. This policy should be tied to the creation of a centralized database of contact information for residents and families displaced by publicly funded redevelopment projects. It should also include funding for outreach staff to consult with residents about their interest in returning to the city, and inform displaced residents about their rights, financial resources, and housing opportunities. Goals should be set for returning a certain number of displaced residents and family members each year, and

priority should be given to residents from populations who were disproportionately affected by publicly funded redevelopment, including populations of color and low-income residents. The same relocation assistance as discussed in A4 should apply, including pre-inspection of all eligible housing to ensure compliance with housing codes and assurance that eligible residents have clear information about available housing, a timeline for relocation, and financial assistance opportunities. Funding for this could come from a local relocation fund and be supplemented with federal sources.

- ▶ **Implementing Agency:** Cities
- ▶ **Staging:** Early and always
- ▶ **Model:** Hamtramck, MI: Housing reparations for residents and families formerly displaced by urban renewal.<sup>18</sup>

### SUMMARY OF ANALYSIS FOR RIGHT OF RETURN POLICIES

Community Ownership and Power	
Affordability and Housing Stability	
Housing Quality / Habitability	
Permanence and Loopholes	
Unintended Consequences	

### Policy Strengths:

- » Can provide justice to communities harmed by historic urban policy and reverse patterns of displacement.
- » Creates new rights and preferences for residents affected by displacement in the past and contributes to restoration

of community social networks and institutions.

- » Can increase housing quality if residents are able to move to new units that are of higher quality compared with their old homes.

### Concerns and Considerations:

- » Without substantial affordable housing production connected to long term affordability conditions, clear timelines, goals, and penalties, this policy may be ineffective or extremely slow in returning displaced residents and families to their original neighborhoods.

- » Right of return policies are primarily mitigation policies, designed to minimize or redress the harms of past displacement. However they are not displacement prevention strategies.
- » Right of return policies are limited to residents who are displaced due to publicly funded housing activity. This would not address residents displaced as a result of private housing activity, including unjust evictions.
- » Because they prioritize displaced residents, right of return policies could limit the supply of affordable housing for existing/new low and moderate income residents in search of housing.



Gilda Haas, organizer, urban planner, and faculty at Antioch University in Los Angeles, discusses the Scott-Carver Homes Project in Miami, FL, and Right of Return policies.

*“There was an example in Miami where they tore down public housing and they were negotiating to build some public housing and they realized that the housing authority had kept terrible records of who was displaced and where they were, because it was years later, and they couldn’t retrieve any information. So the Miami Workers Center put up a huge sign on the lot [where the former housing project stood] and*

*asked people to come and put down names of people that they [used to know/who used to live there] – because the community remembered ... and the community became the owner of the knowledge and producer of the knowledge...*

*...In order to have a right to return it has to be meaningful, it has to be protective. Having a timing mechanism is really important ... One of the problems about relocation and the right to return is that it’s separated from any housing stock. It’s a disembodied right. It doesn’t have any units connected to it. It doesn’t have any permanence. So even if you put someone in housing that is comparable in terms of price, how long is it going to be that way? Or, if you say we’re going to make up for the difference, we’re going to give you relocation benefits to make up for the difference in the price, what happens when those expire? ... People have to be really, really clear on the goals as opposed to a negotiated agreement in the moment. So if the goal is to keep people whole, for how long? Does it have to be in this neighborhood? What are you trying to accomplish?”*

– Gilda Haas, Organizer, Urban Planner, and Faculty, Antioch University

## B. Production and Preservation of Affordable Housing





While new affordable housing construction is most often recommended as an anti-displacement strategy in new development, this strategy does not actually prevent displacement of existing residents without a simultaneous effort to preserve existing supply. Furthermore, preserving affordability within existing units is more cost-effective than producing new affordable units altogether.<sup>184</sup> In order to maintain neighborhood affordability and truly prevent displacement, affordable housing resources should be dedicated to the preservation of existing affordable housing stock, including both the number of affordable housing units as well as the preservation of affordability within specific buildings. In order to maintain overall supply of affordable housing in relation to new market-rate housing, efforts should be made to incentivize affordable housing production within all new development. Affordable housing stock should be understood to include any privately or publicly owned housing that is affordable to families earning below 80 percent of the Area Median Income (AMI). Furthermore, cities and counties can play a key role in preservation by utilizing public assets (including public land) for affordable housing preservation efforts<sup>185</sup> and advocating for increased and renewed funding for affordable housing at the state and federal levels.

**1. Implement a “No Net Loss” policy at the city level** to require all affordable units lost through renovation, conversion, or demolition be replaced within the same neighborhood if possible and within the same city at a minimum. Cities should pass this policy to ensure preservation of all housing units in the public or private market that are affordable for households that fall within low, very low, and extremely low income brackets (80 percent Area Median Income and below, 50 percent AMI and below, and 30 percent AMI and below). Conduct a baseline assessment of affordable housing units within the city, broken down by neighborhood and affordability level (by income bracket). This inventory should include information on number of units, rent level of units, household size, and income of inhabitants. Inventory should include non-traditional housing units, such as residential hotel units. A moratorium on demolition, conversion, or other major rehabilitation that would result in loss of affordable housing should be established until inventory is complete. Based on this inventory, cities

should set goals for preservation within each bracket by neighborhood. These goals can be met through a combination of preservation, production, and inclusionary housing policies. All future housing activity within the city (including production and loss of affordable units due to demolition, conversion, expiring subsidies, rehabilitation, and rent increases) should be measured against the preservation goals set in each income bracket. In order to incentivize cities to meet housing preservation goals, regional agencies should consider making preservation performance part of the eligibility criteria for regional grant funding opportunities.

- ▶ **Implementing Agency:** Cities
- ▶ **Staging:** Middle to late stages of gentrification
- ▶ **Models:** Portland, OR: Central City No Net Loss Policy;<sup>186</sup> and Los Angeles, CA: Downtown Redevelopment Plan No Net Loss Policy<sup>187</sup>

## SUMMARY OF ANALYSIS FOR NO NET LOSS POLICY

Community Ownership and Power	N/A
Affordability and Housing Stability	
Housing Quality / Habitability	
Permanence and Loopholes	
Unintended Consequences	

### Policy Strengths:

- » Supports long-term neighborhood and city-level affordability by ensuring that the overall supply of affordable units does not decrease over time, even as specific units or buildings are lost.
- » If used to incentivize preservation of existing units, including renewal of subsidy contracts and/or affordable rents, can support housing stability for existing residents.
- » If adequately enforced, may be the most effective way to guide preservation efforts within a city as they create a

comprehensive and accurate portrait of affordable housing supply.

### Concerns and Considerations:

- » No net loss policies are only meaningful if the baseline inventory includes both subsidized and unsubsidized housing, as well as non-traditional housing units (such as residential hotel units). If staff are not funded to undertake the inventory in a comprehensive and quick manner, undetected loss of units may occur while the inventory is being completed, limiting the impact of preservation goals and delaying the implementation of monitoring activity.
- » If preservation goals are not specified at the neighborhood level, may not stop displacement from gentrifying areas.
- » Monitoring all housing activity in a given area may be costly and time-intensive.
- » Without strong penalties and funding, preservation goals may be difficult to meet.

*“The crux of the matter is, how do you take units off the speculative market? What are anti-speculation devices? Because it doesn’t matter what you do. You can slow things down, but if everything else is increasing property values and increasing the desire to push people out then that’s what will happen. And inflated property values are the biggest source of displacement ... In poor neighborhoods that are changing, that are becoming rich neighborhoods, or low-value neighborhoods that are becoming high-value neighborhoods real estate-wise, it might be counterintuitive, but slum housing conditions actually get worse when property values go up because if it’s a slum landlord it’s not like they’re a good guy. And their intention is either to flip the property or tear it down. And so they’re not going to invest any money in repairs. People get pushed out because they [landlords] stop operating the elevator or people get pushed out because the plumbing hasn’t worked. There are lots of ways to push people out. There’s examples in Skid Row [in Los Angeles] where people got pushed out because someone came to their door with a gun and said you have to move right now. That’s an extreme example. Most of the other examples are increasing the immiseration of poor folks. Making it scary. You know, calling child protection on them because the children are living in conditions that the landlords themselves ... provided. ... It’s really speculation. So to the extent that the requirements ... for replacing units upfront [are clear and create] a situation where there’s never any net loss of units [is key].”*

– Gilda Haas, Organizer, Urban Planner, and Faculty, Antioch University






**2. Advance an affordable housing preservation strategy that is tied to preservation goals set at the city level.** Cities should initiate proactive affordable housing preservation strategies that include the renewal of affordable housing contracts and/or affordable rents, as well as the purchase and transfer of vacant or neglected property to non-profits or tenants' groups for maintenance as affordable housing. In order to encourage preservation of affordable housing in the private market, cities should create compelling incentives for landlords to renew affordable housing contracts (if subsidized) and maintain affordable rents in private housing market if properties are not covered by rent control and vacancy control. Incentives could include financial assistance to cover the cost of needed repairs and rehabilitation or tax abatements in exchange for renewing long-term affordability contracts.

Cities should target their acquisition efforts on properties currently held by negligent landlords and banks in neighborhoods where foreclosure impacts are high. To support these efforts, cities should consider establishing the "right of first refusal" for the city, non-profit

organizations, and tenants' associations when the owner of any publicly subsidized housing property proposes to sell or transfer their property. Efforts to acquire and/or transfer property should include protections that prevent eviction of existing tenants during property transfer and sale. As part of a proactive preservation strategy, cities should actively monitor rent levels and affordable housing contracts for expiration and mortgage pre-payment, and this data should be shared with community groups and regional agencies for inclusion in a publicly accessible "early warning" database, as recommended in A5. This data should be used to target contract renewal and acquisition efforts on properties that are due for expiration and/or conversion to market rate housing.

- ▶ **Implementing Agency:** Cities
- ▶ **Staging:** Early, middle, and late stages of gentrification
- ▶ **Models:** San Francisco, CA: Assisted Housing Preservation Ordinance;<sup>188</sup> and Chicago, IL: Organization of the Northeast (ONE) preservation efforts<sup>89</sup>

**SUMMARY OF ANALYSIS FOR AFFORDABLE HOUSING PRESERVATION EFFORTS**

Community Ownership and Power	
Affordability and Housing Stability	
Housing Quality / Habitability	
Permanence and Loopholes	
Unintended Consequences	

**Policy Strengths:**

- » If coupled with a property acquisition and tenant ownership strategy, preservation efforts can expand community ownership over housing and neighborhood conditions.
- » Can prevent displacement by maintaining affordable rent levels for low-income residents.

- » Contributes to neighborhood and city level affordability by maintaining supply or minimizing the loss of affordable housing.
- » Preservation efforts can improve housing conditions if the incentives provided to landlords involve financial assistance for rehabilitation and repairs.

**Concerns and Considerations:**

- » If preservation efforts focus on contract renewal for project-based housing subsidies, the permanence of these efforts will only be as long as the new contracts.
- » Contract renewal efforts are only effective if tenants, community organizations, and the city keep track of buildings with subsidy contracts, type of subsidies, and contract expiration dates.








**3. Implement rent control policies to set maximum annual rent increases and provide clear legal avenues for tenants to dispute rent increases, in order to minimize displacement of low-income tenants.** Cities should pass rent control along with the establishment of a rent board or other administrative agency tasked with enforcing rent policies, educating the public about tenants' rights, and responding to tenant and landlord disputes. Rent control policies should cover all residential rental properties, depending on state legislation.<sup>190</sup> As part of a rent control policy, cities should prohibit or limit rent increases due to needed rehabilitation, renovation, or mortgage and debt service (capital improvements), which serve to maintain basic levels of housing habitability. If not prohibited by state legislation, rent control policies should include vacancy control measures to prohibit the raising of rent upon

vacancy of covered units. Fees should be paid by landlords of covered buildings to cover administration and enforcement costs. Cities should ensure significant tenant representation on rent boards or any other administrative oversight body tasked with making decisions on rent disputes and amending and enforcing rent control policies. Local and regional jurisdictions should advocate for needed changes at the state level, including changing legislation that limits vacancy control and the number and type of buildings covered by rent control.

- ▶ **Implementing Agency:** Cities
- ▶ **Staging:** Middle to late stages of gentrification
- ▶ **Model:** San Francisco, CA. Rent Ordinance<sup>91</sup>

### SUMMARY OF ANALYSIS FOR RENT CONTROL

Community Ownership and Power	
Affordability and Housing Stability	
Housing Quality / Habitability	
Permanence and Loopholes	
Unintended Consequences	

#### Policy Strengths:

- » Establishes new legal rights for tenants, and can establish the foundation for broader tenant protections within a city.
- » Very directly affects affordability at neighborhood level by limiting rent increases within private housing market.
- » If rent control policies prohibit rent hikes due to renovation and rehabilitation, they can support improvements in housing quality by maintaining affordability for existing residents and allowing them to benefit from improvements.

#### Concerns and Considerations:

- » Affordability controls are not tied to specific residents, so there is no way to ensure that those who benefit are those who need protections the most.
- » Impact of rent control in California is limited due to state level legislation that prohibits vacancy control and excludes condos and single-family buildings from being covered by rent control policies. Without vacancy control, rent control policies are easily avoided by landlords who find reasons to evict residents.
- » Rent control is regularly attacked by landlords and developers and requires a strong tenants' rights coalition to sustain over time.
- » If enforcement is solely based on tenant appeal, and if tenants don't have access to legal services and information about their rights, landlords may get away with illegal rent hikes.








Cleo Pitts, a CJJC member for more than a decade, has lived in East Oakland for the last 32 years. He had been the manager of his apartment complex for almost three decades, until 2005. As a neighborhood watch captain and former housing manager, residents often come to Cleo for assistance. In addition to resident safety and building maintenance concerns, Cleo has also been battling with the landlord over unlawful rent increases and has had to prepare for hearings on the matter. Being on a fixed income, like many other tenants in the complex, he sees the rent hikes as unfair and unlawful. As an advocate and representative of his community he is committed to fighting for what is right.

**4. Establish condominium conversion regulations** to limit the number and type of housing units that can convert from rental to for-sale condominium units within a given year. Cities should establish these kinds of regulations in order to minimize loss of affordable rental housing and the resulting displacement that can occur for low-income tenants. Eligibility for conversion should be based on a lottery system, plus code violation history, eviction history, and majority of units in building owner occupied. Regulations should specify tenant protections to prevent displacement of vulnerable residents during the conversion process, including right of first refusal for existing tenants and relocation benefits for any tenant who is forced to move because they cannot afford the new price of the unit. In addition, seniors, disabled, and chronically ill tenants should have the right to a lifetime rent-controlled lease under any conversion. All other tenants should have the right to one year of a rent-controlled lease after the unit is converted. Owners should be

charged a fee for conversion that is based on the sales price of the converted condominium, and fees should go towards a local housing trust fund and/or relocation fund. As part of these regulations, cities should require one-to-one replacement of converted units, which can be met through production of new rental units, purchasing “conversion rights” from a builder of rental units, or paying into a relocation or housing trust fund. Cities should also consider tying the number of conversions allowed per year to affordable housing preservation goals for the city, with no or limited conversions allowed if the city falls below its preservation goals for the year. Include special protections for populations particularly vulnerable to the impacts of displacement, including residents who are elderly, disabled, pregnant women, households with infants, and chronically ill.

- ▶ **Implementing Agency:** Cities
- ▶ **Staging:** Middle to late stages of gentrification

**SUMMARY OF ANALYSIS FOR CONDOMINIUM CONVERSION REGULATIONS**

Community Ownership and Power	
Affordability and Housing Stability	
Housing Quality / Habitability	
Permanence and Loopholes	
Unintended Consequences	

**Policy Strengths:**

- » Can introduce new legal rights for tenants in conversion process.
- » If regulations are used to limit the number of type of conversions, can support neighborhood level affordability by slowing the loss of affordable rental units.
- » In cities and neighborhoods with strong housing markets, condo conversion

regulations are direct way to slow displacement of existing residents who may be unable to purchase their units after conversion.

- » If residents are given right of first refusal and they're able to stay after conversion, can support improvements in housing quality for existing residents.
- » If fees or 1:1 replacement requirements are included in conversion regulations, can raise funds for affordable housing, relocation, and/or displacement prevention activities.

### **Concerns and Considerations:**

- » May be temporary, based on the housing

market conditions, and are also vulnerable to attack from landlords and real estate.

- » Without strong eligibility requirements for conversion, conversion regulations may enable many units to convert without slowing loss of affordable units.
- » While conversion regulations slow displacement of existing residents and mitigate the impacts, they do not prevent displacement altogether, as many residents will eventually be forced to move due to unaffordable cost of converted units.
- » Depending on concessions made during the policy making process, could result in a policy with limited impact due to exempted buildings.

## **Model: San Francisco, CA. Condominium Conversion Legislation<sup>192</sup> San Francisco Condo Conversion Win**

In 1984, the city amended its 1979 Condominium Conversion Ordinance by placing a 200-unit cap on annual conversions, in order to preserve the availability of the city's rent-controlled housing stock and curb speculation.<sup>193</sup> Along with the cap is a lottery system that determines which units are allowed to be converted to condos. The wait can often take years, and the cap and lottery have been challenged on a number of occasions since the legislation was passed. Although tenants' rights groups have always stepped up to defeat any challenges, 2013 proved to be a different year.

There is a loophole in the condo conversion cap and lottery system called Tenancy in Common (TIC), which allows concurrent ownership of a property across two or more owners. Under condo conversion legislation, existing apartment buildings with more than six units cannot be converted to condominiums, although a group of tenants or investors may buy the building under a shared

mortgage through a TIC. Ellis Act evictions, when a landlord removes its rental property from the market and essentially goes out of business, is a tactic that landlords often use to evict existing rental tenants and clear the way for TIC tenants. Under the Ellis Act, landlords cannot evict a single tenant paying a lower rent, all tenants must be evicted. In addition, landlords face restrictions on re-renting the property under the Ellis Act and must charge the same rent as evicted tenants within five years of the evictions. These restrictions do not apply however, if the owner were to convert the units to TICs, in which case the property is collectively purchased, often with the expectation to sell or go condo within a short timeframe and make a large return. TICs are often a draw for middle-class residents looking for affordable homeownership and investment opportunities through a shared mortgage on a property, wherein each owner resides in a particular unit. The downside is that if one owner defaults on the mortgage, all default. Also, with new financing restrictions

placed on TICs after the 2008 financial crisis, many TIC owners were eager to convert to condominiums, which don't face the same financial restrictions.<sup>194</sup> The condo cap and lottery system was a hindrance for many TIC owners who wanted to convert their units to condos and improve their economic conditions. The situation came to a head in 2013 when legislation was introduced to approve the 2,400 TIC conversions on the waiting list, essentially eliminating the 200 per year cap altogether.

Speculators had been advocating for minimal condo conversion regulations for years and had voiced concerns over the cap and lottery since its existence. They were always met with fierce opposition (and rightly so) from tenants' rights groups protecting the interest of struggling tenants. TIC owners, however, were facing financial hardships due to tightening financing regulations for TICs, and had made a strong case as to why their units should be allowed to go condo in order to improve their financial situation.<sup>195</sup> The concern for tenants' rights groups was that allowing the conversion of the 2,000-plus TICs on the condo conversion waiting list, some of which had been waiting for nearly a decade, would deliver a severe blow to the rent-controlled housing stock in San Francisco (TIC units are technically still considered rent-controlled units). Not only would converting a TIC to condo allow for refinancing, condos are attractive investments due to a state law called the Costa-Hawkins Act, passed in 1996, which excludes condos from rent control, meaning that once a rental unit is converted to a condo it is no longer subject to rent control, even if the owner rents it out. This statement from Fernando Martí, Co-Director of the Council of Community Housing Organizations in San Francisco, and Sara Shortt, Director of San Francisco Housing Rights Committee, rings true: "Every condo-converted housing unit is one rent-controlled unit that the City will never

get back."<sup>196</sup> Because condo conversions are often a speculative practice in which owners "flip" a property in order to earn a big payout, both homeownership and rental opportunities in newly converted condos remain financially out of reach for the many struggling, working-class San Franciscans.

The new legislation introduced in 2013 would have eliminated the cap and lottery system altogether but stakeholders, including tenants' rights groups, environmental organizations, affordable housing advocates and developers, labor groups, law firms, and public policy organizations worked together to broker a compromise allowing the 2,000-plus TIC owners currently in the condo lottery to be approved, while instituting a moratorium on condo conversions for the next 10 years. The amended legislation was passed by the San Francisco Board of Supervisors by an 8–3 vote. The 200-unit yearly cap on conversions amounted to 2,000 condo conversions over a 10-year period; so while 2,000-plus units were converted, 2,000 other units were saved from conversion during the 10-year moratorium. Tenants' rights groups and affordable housing advocates conceded to the agreement since the TIC units on the waiting list were already seen as units that had "left" the rental housing market. The deal also includes other protections for tenants, for example, every unit converted must be replaced with a new affordable unit or the moratorium will continue; tenants in apartments going condo must receive lifetime leases; condo conversions will be prohibited in existing 5–6 unit buildings (the 200 per year condo conversion cap applies to 3–6 unit buildings) after the 10-year moratorium to emphasize that the goal of conversions are to create homeownership opportunities not housing market speculation; and there would need to be a two-thirds owner occupancy requirement in a building in order for it to go condo (under previous legislation only one-third owner occupancy was required).<sup>197</sup>



*"This policy isn't the end-all-be-all. It's not even going to stop – it hasn't stopped – many of the evictions that we're fighting now. What it did do is that it gave us ... positioning, created the relationships that we needed to continue building coalition and movement, and it gave us the effective talking points and analysis that we needed to be able to move the work forward in a really effective way. One of the biggest wins, I think, of the campaign on condo conversions was not the policy wins, but rather, that San Francisco legislators are now having conversations about speculation. The mayor said 'speculation' the other day; he was*

*like, speculation in the housing market is not acceptable, which is something that had never happened before last year [2013]. We were very clear that the reason why we were moving this policy and this legislation in the way that we were was to minimize, regulate, and disincentivize the kind of gold rush speculation of housing in this new boom. I think that's one of the key ways, being able to have an effective narrative that kind of changes the public conversation into a direction that you want it to go and is going to effectively feed into the other efforts that you have."*

*– Maria Zamudio, San Francisco Housing Rights Campaign Organizer, Causa Justa :: Just Cause*






## **5. Incentivize affordable housing construction through Inclusionary Zoning (IZ) policies.**

Cities should establish inclusionary zoning policies in order to encourage production of affordable housing units within new market-rate housing developments. These policies should apply to all residential development projects above a certain threshold and include specific requirements for very and extremely low income levels (50 percent AMI and below, and 30 percent AMI and below). In states where mandatory IZ is not prohibited for rental housing, cities should prioritize mandatory policies over voluntary policies, as they have proven to be more effective in producing affordable housing.<sup>198</sup> For onsite inclusion of affordable units, require that affordability levels are set based on actual need and

distribution of household income in the neighborhood. If offering an "in-lieu fee" option, set fees at a level high enough to incentivize onsite construction based on nexus study, and require that fees go into a city housing trust fund or relocation fund and be prioritized for use within the same neighborhood as the triggering development, if possible. Consider adopting a "tiered" approach to inclusionary zoning, which would tie affordable housing requirements to sales or rental prices of new market rate units, requiring higher proportions of affordable housing in areas with stronger housing markets.

- ▶ **Implementing Agency:** Cities
- ▶ **Staging:** Middle to late stages of gentrification

## SUMMARY OF ANALYSIS FOR INCLUSIONARY ZONING (IZ)

Community Ownership and Power	
Affordability and Housing Stability	
Housing Quality / Habitability	
Permanence and Loopholes	
Unintended Consequences	

### Policy Strengths:

- » Can support neighborhood level affordability by maintaining supply of affordable housing in relation to new market rate housing.
- » Can increase funding for anti-displacement activities and affordable housing production via in-lieu fees.
- » If existing residents in the neighborhood are prioritized for new affordable units, could support improved housing quality.
- » If IZ policies in-lieu fees for developers that do not build affordable units, can raise funds for affordable housing, relocation assistance, and/or other displacement prevention activities.

### Concerns and Considerations:

- » Limited efficacy due to a recent California court ruling outlawing mandatory IZ for rental housing projects.
- » Even if mandatory IZ is adopted, in-lieu fees may not be high enough to encourage developers to build affordable housing on-site.
- » If in-lieu fees are not used for affordable housing production in the same neighborhood where fees were generated, this policy may do nothing to stop displacement and loss of affordable housing in gentrifying neighborhoods.
- » If IZ remains voluntary and if proportion of affordable units required for incentives isn't high enough, it may function as a subsidy for market rate housing without effectively increasing the supply of affordable housing to needed levels, thus increasing the overall ratio of market rate to affordable housing.
- » Depending on strength of penalties or incentives, IZ may discourage new housing development altogether
- » IZ depends on a strong housing market to raise revenue through in-lieu fees.

## C. Stabilization of Existing Communities

Gentrification is largely driven by histories of uneven investment, including a legacy of disinvestment in low-income neighborhoods and communities of color. In order to prevent the rapid real estate value increases and displacement that come with a sudden influx of investment in historically disinvested neighborhoods, cities should move toward a balanced development approach that involves ongoing investment in and maintenance of housing, community resources, and infrastructure in all neighborhoods, particularly low and moderate income neighborhoods with a history of disinvestment. In addition, cities should support home ownership and other forms of asset building for existing low- and moderate-income residents, in order to increase stability and resilience against the forces of neighborhood change.<sup>199</sup> Finally, cities should implement policies to penalize speculative investment in order to reduce the amount of property flipping that can catalyze housing price increases and displacement in neighborhoods that are in early or middle stages of gentrification.

1. **Advance a more proactive approach to code enforcement.** Cities should implement a proactive rental housing inspection policy to identify, document, and address any code






violations in rental housing in order to ensure that landlords maintain habitable conditions for tenants. Code violations should be tracked geographically so that inspections can be

targeted to the buildings with the greatest violations and/or history of violations. In addition, owner residence within a building should not exclude a building from being inspected. Cities should work with community-based organizations and health departments to ensure that any violations hazardous to health are addressed swiftly, and that residents are informed and protected from retaliation throughout the process. Before undertaking a proactive inspection, cities should ensure that tenant protections are in place to prevent eviction or displacement of existing residents due to code violations and ensure relocation benefits are made available in cases where tenants must move. Building seizure and transfer should be prioritized over building closure, unless major habitability issues jeopardize tenants' well-being. In cases of property seizure and transfer, rent hikes should be prohibited at least until the building is brought up to code, and the costs of any repairs made in response to code violations should not be allowed to be charged to tenants. Fees for code violations should accumulate, so that

greater costs are levied as the number of violations increases. Landlords should have the option of transferring property to non-profit housing developers, oversight organizations for cooperative housing models, such as those discussed in D1, and tenants' associations in exchange for reduced fees. After a certain number of violations, a building should be seized by the city as part of an affordable housing preservation strategy as discussed in B2 and transferred to non-profit organizations or a tenants' association for maintenance as affordable housing. Annual fees should be paid by landlords of covered buildings to pay for inspection and enforcement activities.

- ▶ **Implementing Agency:** Cities
- ▶ **Staging:** Early to middle stages of gentrification
- ▶ **Model:** Washington, D.C.: Columbia Heights tenant organizing and negotiations around negligent landlord and code enforcement activity;<sup>200</sup> Los Angeles, CA: Systematic Code Enforcement Program (SCE)<sup>201</sup>

### SUMMARY OF ANALYSIS FOR PRO-ACTIVE CODE ENFORCEMENT EFFORTS

Community Ownership and Power	
Affordability and Housing Stability	
Housing Quality / Habitability	
Permanence and Loopholes	
Unintended Consequences	

#### Policy Strengths:

- » If the city responds to major code violations with building seizure and property transfer to non-profit or tenants' groups, code enforcement activities can support tenant ownership of housing.
- » Supports housing quality and habitability for tenants if pursued pro-actively and with strong tenant protections in place.

- » If strong tenant protections are respected and if tenants' organizations are involved in code enforcement efforts, code enforcement can support housing stability and affordability for existing residents by enabling them to stay in their units during process of addressing violations.

#### Concerns and Considerations:

- » Even in cases where strong tenant protections are observed, major code violations that threaten health and safety can result in building closure and relocation for tenants.
- » Code enforcement practices are dependent on positive working relationships between city staff, community organizations, and local health departments and are thus vulnerable to changes in staffing and associated priorities.



Krista Sampson, a member of CJC for the past two years, was displaced from her East Oakland apartment after her landlord refused to address housing code violations. The landlord, who often harassed tenants, refused to make repairs and made living conditions difficult for Krista and her family. Krista eventually contacted the Housing Authority and was given an abatement voucher, which meant she had to move because the Housing Authority could not provide rental assistance for a unit that was substandard. Krista was given three months to find new housing on her own and did not receive relocation assistance. The landlords were not held accountable for their actions.

## 2. Track public investment at the neighborhood level and use this information to improve equity in budgeting decisions.

**[PP]** Tracking investment at the neighborhood level has the potential to reveal patterns of uneven investment that can lead to gentrification and displacement, while supporting equitable shifts in investment priorities.<sup>202</sup> Cities should adopt a policy that requires all city agencies to track budgeting decisions, including provision of services, infrastructure, and public subsidies for private development, by neighborhood. This tracking should include capital, operating, and maintenance budgets, and efforts should be made to distinguish staffing costs from other operations expenses so as to accurately capture investments that are attached to place. Cities should use this information to prioritize and target spending in

neighborhoods with currently low investment, as well as in neighborhoods that have been historically disinvested. In neighborhoods with currently or historically low investment, cities should consider small scale, regular investments in infrastructure, services, and housing and commercial development rather than large, “catalytic” development projects. As discussed in E4, data on historic and planned investment should be combined with an analysis of neighborhood change, in order to inform appropriate types of public investment and policy strategies to prevent displacement.<sup>203</sup>

- ▶ **Implementing Agency:** Cities
- ▶ **Staging:** Early and always
- ▶ **Model:** Portland, OR. Budget mapping initiative<sup>204</sup>



Margarita Ramirez faced eviction from her home in Oakland while modifying her loan with the bank. With the help of CJC, Margarita was able to negotiate lower monthly payments, but the bank was also brokering a deal to sell the home to a third party, which ultimately went through. Margarita has lived in Oakland for the past 23 years, 16 of which have been in her current home. She is still fighting to keep her home. Margarita has been a member of CJC for the past three years.








**3. Create and/or support existing homeowner and renter protection programs** to assist low-income, longtime, and/or elderly renters and homeowners stay in their homes and maintain habitable housing conditions. Cities should establish or support existing programs with a focus on low-income homeowners in gentrifying and/or susceptible neighborhoods. Financial assistance to applicants could include tax relief, grants, and loans to cover down payments, mortgage payments, and the costs of making needed repairs to support healthy housing conditions. These repairs could include roof repair, plumbing, electrical work, energy efficiency retrofits, and the creation of affordable (below market rate) in-law

rental units within homes to provide a source of income. Consider funding programs that provide one-time cash assistance to families falling behind on rent or mortgage payments so that they do not lose their housing due to temporary hardship. Funding for this program could come from a regional anti-displacement fund.

- ▶ **Implementing Agency:** Cities
- ▶ **Staging:** Middle to late stages of gentrification
- ▶ **Model:** Alameda County, CA: Alameda County Priority Home Partnership;<sup>205</sup> Philadelphia, PA: Longtime Owner Occupants' Program (OOP)<sup>206</sup>

### SUMMARY OF ANALYSIS FOR HOMEOWNER PROTECTION POLICIES

Community Ownership and Power	
Affordability and Housing Stability	
Housing Quality / Habitability	
Permanence and Loopholes	
Unintended Consequences	

#### Policy Strengths:

- » Secures the benefits of homeownership for existing residents by helping them to stay in and keep their homes in the face of gentrification pressures.
- » Contributes to housing stability of existing community by increasing affordability for long-time homeowners through tax breaks, grants, and other forms of financial assistance.

- » If combined with grants to support repairs and rehabilitation, can support healthy improvements to housing.
- » Directly prevents displacement of long-time residents and supports a mix of homeowners and tenants.

#### Concerns and Considerations:

- » Deferred or low-interest loans could be a burden to pay off for low-income households.
- » Homeowner protection programs that involve tax relief for low-income households may require changes to local legislation and thus are more complex to pursue.
- » These programs are costly to administer and reliant on grant funding. Also needed repairs may be more extensive and costly than expected.








Wallace Hill was given a subprime loan for his four-unit rental property in West Oakland that accelerated to the point where he could not afford it. His rents were going down and the loan was going up. Wallace owed nearly three times the depreciated value of the home and did not have the opportunity to refinance. Wallace ultimately lost his property to foreclosure. Wallace has been a member of CJJC for the last four years.

**4. Create and/or support existing homebuyer assistance programs** that assist low- and moderate-income tenants to purchase homes for the first time, with a focus on supporting tenants in susceptible and gentrifying neighborhoods to purchase their own homes and/or other homes in the same neighborhood. Cities should partner with non-profit organizations to establish and/or expand existing programs. Eligibility criteria for applicants should include, but not be limited to, residence in a low-income, gentrifying, or susceptible neighborhood, income status, and residence in a property being put up for sale by the landlord. Fast-tracking options should be made available to residents facing hardship due to family illness or foreclosure. Eligible homes for purchase should include property acquired by the city as part of a proactive preservation strategy,

as well as applicants' existing homes. All properties up for purchase should be inspected to ensure compliance with housing and health codes and, if needed, rehabilitation funding should be made available to tenants in advance of purchasing their new homes. Efforts should be made to pair applicants with properties in their own neighborhood (if residents desire to stay). These programs should combine financial assistance, including low-interest loans, grants, and tax abatements, with homeownership and foreclosure prevention counseling. Funding for this program could come from a regional anti-displacement fund.

- ▶ **Implementing Agency:** Cities
- ▶ **Staging:** Early to middle stages of gentrification

### SUMMARY OF ANALYSIS FOR HOMEBUYER ASSISTANCE POLICIES

Community Ownership and Power	
Affordability and Housing Stability	
Housing Quality / Habitability	
Permanence and Loopholes	
Unintended Consequences	

#### Policy Strengths:

- » If designed to support existing tenants purchase homes in their own neighborhood, can increase tenant and existing community ownership over housing and neighborhood resources.
- » Homeownership significantly increases stability by giving residents power over their housing terms and conditions in the long term.
- » If tied to appropriate counseling, education, and financial assistance, can prevent mortgage delinquency and foreclosure in the face of hardship.
- » Homeownership programs may enable

residents to better control and address needed repairs, thus supporting improved habitability and housing quality.

#### Concerns and Considerations:

- » If eligibility is not tied to income and neighborhood of residence, homebuyer assistance programs may not stop displacement of existing residents from gentrifying neighborhoods.
- » If inadequate financial assistance and counseling are offered, mortgage payments could introduce a new financial burden onto low-income residents.
- » If designed to support tenants in purchasing converted rental housing, may decrease overall supply of affordable rental housing in the neighborhood, further squeezing low-income tenants.
- » Requires substantial funding to be renewed for staff administration, grants, loans, and financial assistance and counseling.

## D. Non-Market Based Approaches to Housing and Community Development

In order for development to have different results than it has in the past, public agencies must support models of housing and community development that prioritize resident ownership and capacity-building over profit generation. At the same time, the negative influence of speculation – or property-based profit generation without investment in the local community – must be actively discouraged. The below strategies can be used to build community cohesion and capacity, expand the supply of permanently affordable housing, build resident ownership, and slow the tide of gentrification and displacement.






### 1. Support the development of Community Land Trusts (CLTs), Limited Equity Housing Co-Ops (LEHCs), and other cooperative land and housing arrangements

in order to build low-income resident capacity and ownership over housing conditions, while providing long-term affordable housing. Cities should seek opportunities to partner with existing organizations (including CLTs and LEHC support organizations) to implement these models at a larger scale. Cities can support these models by prioritizing CLT's and LEHC's within local and regional funding streams, designating and transferring public land and property for development of these models, and establishing "seed" organizations to support and train residents in forming and joining CLT's and LEHC's. In designing CLT and LEHC programs, cities and/or oversight organizations should prioritize resident membership based on income status and lack of access to private wealth. In addition, cities should seek partnerships with Community Development Finance Institutions (CDFI's) to support eligible low-income, low-wealth residents in obtaining access to affordable credit to cover the cost of a mortgage and down payment. In addition,

consider reserving some units as transitional temporary rental housing for applicants who have satisfied preliminary application requirements and are in the process of obtaining and/or restoring the necessary credit and cash for final purchase. These applicants should also have access to homeownership and foreclosure prevention counseling, as discussed in C3. Individual for-sale units should have long-term affordability terms that limit resale value. Decisions over land and property use should rest with CLT and LEHC membership structure. In order to maximize funding opportunities, cities and regional agencies should also advocate for eligibility of these models within state and federal funding streams, including the costs of forming an oversight organization and acquiring property.

- ▶ **Implementing Agency:** Cities, counties, and regional agencies
- ▶ **Staging:** Early to middle stages of gentrification
- ▶ **Model:** Oakland, CA: Oakland Community Land Trust;<sup>207</sup> Burlington, VT: Burlington Community Land Trust<sup>08</sup>

## SUMMARY OF ANALYSIS FOR LIMITED EQUITY HOUSING CO-OPS AND COMMUNITY LAND TRUSTS

Community Ownership and Power	
Affordability and Housing Stability	
Housing Quality / Habitability	
Permanence and Loopholes	
Unintended Consequences	

### Policy Strengths:

- » Both models of housing promote community ownership over housing and neighborhood resources as well as decision-making power within the community.
- » Because both models are designed to limit resale price increases, they provide long-term affordability for current and future residents.
- » Both models support improved housing quality and habitability by giving members decision-making power over their buildings and units, and saving costs to members which can enable residents to make needed repairs and rehabilitation.

### Concerns and Considerations:




- » Depending on eligibility criteria for membership, these models might not benefit existing residents who most need affordable housing and instead attract new, moderate and/or middle income residents.
- » LEHC's have more limited affordability controls as they are not tied to the land and they also tend to allow residents greater equity through resale than CLT's. While this may benefit individual residents who choose to sell, over time, the relative affordability of covered housing may decrease.
- » Some of the common state and federal funding sources for affordable housing need to be adjusted to include LEHC's and tenant-owned housing as an eligible use of funding.
- » These housing models are costly to implement and require substantial funding and subsidies, particularly in gentrifying neighborhoods where land value is increasing.
- » CLT's and LEHC's usually operate at a small scale. Cities should support these models at greater scale by designating public land for development of these models and establishing or supporting existing organizations to build co-ops and CLT's.

**2. Penalize speculative investment.** Cities should create penalties, including taxes and fees, for development or investment activity that focuses on profit generation without benefits to existing residents. One way to do this is through a Real Estate Transfer Tax on all commercial and residential property sales above a certain threshold. Include exemptions for property sales below a certain threshold, so as to avoid penalizing low-income property and homeowners. In order to discourage

speculation, tax rates should be set at higher levels for properties held under a certain period of time and/or where profit margin is above a certain threshold. Direct this revenue to a citywide housing trust or relocation fund, and prioritize use of funds within the neighborhood where it was generated.

- ▶ **Implementing Agency:** Cities
- ▶ **Staging:** Middle to late stages of gentrification

## SUMMARY OF ANALYSIS REAL ESTATE TRANSFER TAXES (RETT'S)

Community Ownership and Power	N/A
Affordability and Housing Stability	
Housing Quality / Habitability	N/A
Permanence and Loopholes	
Unintended Consequences	

### Policy Strengths:

- » Can discourage speculation and associated housing price increases by taxing property “flipping” after minimal investment
- » Can help maintain neighborhood affordability if taxes are high enough to discourage rapid property “flipping” and associated housing price increases.
- » Depending on where revenue from taxes are directed, can raise funds for affordable

housing, relocation assistance, and other displacement prevention activities.

### Concerns and Considerations:

- » If tax is not high enough to discourage predatory property sales, may do little to stop loss of affordable units and/or rental units in gentrifying neighborhoods
- » If exemptions are not made to protect low-income and elderly homeowners from burdensome taxes, could hurt the same people it is designed to protect.
- » RETT's depend on housing activity to generate funds; thus limiting their ability to raise revenue in places/times where housing market is slow or weak
- » RETT's are strongly opposed by landlords and developers and thus regularly up for repeal.

## E. Displacement Prevention as a Regional Priority

Displacement is a regional issue. In many cases, low-income residents who can no longer afford to stay within a central city neighborhood move to lower-cost, outlying areas of the same city or metropolitan region.<sup>209</sup> Displacement not only effects the people who are forced to move, but also the places they are moving to and from. In order to incentivize action against displacement, regional agencies must advance a proactive anti-displacement strategy that is tied to funding sources for local jurisdictions that take action against displacement. At the same time, regional agencies should track gentrification and displacement related data so that local jurisdictions and community organizations can take action based on an awareness of displacement patterns and neighborhood change. Funding is needed to support anti-displacement activities at the local level, and regional funding sources can be used to catalyze innovative process and practice shifts that may otherwise be challenging to implement.

1. **Create regional funding streams to incentivize displacement prevention efforts.** *[PP]* Many of the policies and practices discussed in this document require significant funding to implement and enforce. Regional agencies should create a displacement prevention fund to supplement cities as they implement anti-displacement efforts. These efforts should include, but not be limited to, affordable housing preservation strategies, targeted

homeowner and renter assistance, proactive code enforcement, enforcement of tenant protection laws, relocation assistance, community health impact assessments, community-based training and leadership development, and participatory planning practices. Revenue could come from state and federal sources, and use of funds should be limited to the above activities over affordable housing production. In addition, regional agencies should consider

requiring proof of displacement prevention activities from cities as a criteria for regional grant funding opportunities, including meeting affordable housing preservation goals as part of a “No Net Loss” policy as discussed in B1.

- ▶ **Implementing Agency:** Regional agencies and metropolitan planning organizations
- ▶ **Staging:** Early and always



*“We targeted one particular program which was called the One Bay Area Grant program, which is something that was created by the MTC [Metropolitan Transportation Commission], the regional transportation body, as part of this plan [the Bay Area’s long range land use and transportation plan, Plan Bay Area], and the program itself is taking a pool of mostly federal, local, and transit-related infrastructure money, and rather than giving it out by formula to different cities, instead say, ‘Hey, this is going to be money that is going to help with local implementation of this regional plan.’ And we saw this as an opportunity ... If we could get strings tied to that money so that in order to be eligible for that infrastructure funding, local jurisdictions needed to have anti-displacement and affordable housing creation policies in place, that would be really powerful... And therefore we should take a better look and adapt stronger anti-displacement policies in order to make Oakland competitive for or eligible for that money. So that was the vision ... We were pushing for much stronger links between this money and anti-displacement policies, but I think it was still an important first step of getting some money at least linked in discussions with local anti-displacement measures.”*

*– Sam Tepperman-Gelfant, Senior Staff Attorney, Public Advocates, a member organization of the 6 Big Wins for Social Equity Network, a collaborative of social justice, faith, public health, and environmental organizations across the Bay Area focused on targeting and shaping how regional planning decisions effect struggling, working families*

**2. Advocate for state and federal policy changes to support local anti-displacement efforts. [PP]** Many local strategies to prevent displacement are limited by state legislation and/or lack of state and federal funding to implement and enforce these strategies. For example, California state law limits the impact of rent control by reducing the types of housing that can be covered under local rent control policies and enabling rent hikes upon unit vacancy (“vacancy decontrol”). Similarly, California state law now prohibits Inclusionary Zoning policies from being mandatory for new

rental housing, which significantly limits the impact of this policy on production of new affordable rental units. Regional agencies should work with local jurisdictions to identify and advocate for needed policy changes at the state and federal levels in order to maximize the strength and impact of local displacement prevention efforts.

- ▶ **Implementing Agency:** Regional agencies, metropolitan planning organizations, and cities
- ▶ **Staging:** Early and always

**3. Develop methods for assessing a development or redevelopment project's potential displacement impacts and establish associated mitigation fees.**

**[PP]** The California Environmental Quality Act (CEQA) currently requires an assessment of displacement-related impacts for development projects above a certain threshold, but the definition of displacement is focused solely on displacement that happens as a result of physical demolition or redevelopment, rather than economic or other forms of displacement.<sup>210</sup> In order to better predict and mitigate displacement, regional agencies should develop methods for assessing potential displacement-related impacts using a broader definition of displacement, one that includes any potential out-migration of existing residents due to development-induced changes in the physical, economic, and social environment. These methods should address residential, business, and cultural impacts related

**4. Create a publicly accessible regional database and map of neighborhood change.**

**[PP]** Information on neighborhood change, including property, demographic, and investment changes, can be critical in order to respond to gentrification in a timely and effective way.<sup>212</sup> Regions should create a database of information on neighborhood change that is accessible to the public and connected to local jurisdictions and community organizations. This database should include, but not be limited to, information on planned development projects, planned and approved investment, historical property value change, demographic change, rent levels, subsidized housing contracts, and code violations. Regional agencies should make sure local jurisdictions have access to relevant data, and should use this database to create an “early warning map” that identifies geographic areas that are susceptible to gentrification and/or displacement, using a neighborhood typologies analysis that is based on existing and

to displacement and be developed based on existing impact assessment tools, frameworks and methodologies, including health impact assessments and international eviction impact assessment tools.<sup>211</sup> Regional agencies should conduct a public process with robust community engagement and work with local health departments, community groups, and other public agency stakeholders to develop a methodology for assessing potential displacement-related impacts and calculate the monetary value of impacts to include in their planning processes and CEQA analyses. These methods should support local planning departments in conducting community health impact assessments and levying associated mitigation fees, as recommended in F5.

- ▶ **Implementing Agency:** Regional agencies and metropolitan planning organizations
- ▶ **Staging:** Early and always

emerging methodologies. The focus should be on getting information to affected communities and community-based organizations so they can act early if their constituents are vulnerable to experiencing displacement. This project should involve funding for regional planning staff to develop, update, and maintain an interactive map, and for partnerships with community-based organizations to conduct outreach and organizing in response to neighborhood change.

- ▶ **Implementing Agency:** Regional agencies and metropolitan planning organizations
- ▶ **Staging:** Early and always
- ▶ **Models:** San Francisco Bay Area, CA: Metropolitan Transportation Commission (MTC) Early Warning Toolkit project;<sup>213</sup> and Los Angeles, CA: Neighborhood Knowledge Los Angeles;<sup>214</sup> Portland, OR: interactive gentrification map<sup>215</sup>

## F. Planning as a Participatory Process

In order to prevent displacement, public agencies must change land use planning and development processes in a number of ways. If projects and plans are designed to benefit existing residents based on their needs and priorities, displacement and other negative consequences for the existing community are less likely to occur. In order to ensure that development is based on the needs of existing residents, land use planning and development processes should not only involve input from affected community residents, but also happen in partnership with communities on an ongoing basis. To this end, affected communities must be: 1) involved in creating a vision for the neighborhood's future; 2) prepared to actively engage and participate in development and planning discussions; 3) lead development decisions related to their neighborhood, including decisions related to development trade-offs and potential community health impacts and benefits; and 4) informed of any approved investment in their neighborhood and potential consequences. The below recommendations should be adopted as standard practice by cities, and regional agencies can help catalyze action by incentivizing these practices through regional funding opportunities.

### 1. **Incorporate best practices in community and public engagement for both ongoing and project-specific planning. [PP]**

While public engagement processes are legally required for many development and land use planning decisions, standard practices are often not strong enough to ensure that existing residents are given adequate opportunity to learn about proposed projects in their neighborhoods, participate in discussions about the future of their community, and have actual impact on the final decisions.<sup>216</sup> Cities should pass policies that set strong standards for public engagement in land use planning and development decision-making. Refer to public

engagement guides released by the City of Seattle and PolicyLink.<sup>217</sup> Standards should address, but not be limited to, accessibility (including language, time/location of meetings, disability access, food, and childcare), ongoing engagement, adequate notice and number of public meetings, participatory planning activities and decision-making processes, and partnerships with community-based organizations to engage and train residents on the issues.

- ▶ **Implementing Agency:** Cities, counties, regional agencies, and metropolitan planning organizations
- ▶ **Staging:** Early and always



*“The one story that sticks out the most to me is that there was a meeting of the full ABAG [Association of Bay Area Governments] board, the regional land use agency ... The meeting went late into the night and our agenda item didn't come up until like 9:30 ... But the most inspiring moment to me was a youth leader from Genesis, a faith-based organizing group, [who] spent the time that we were sitting around waiting for our item to come up writing a poem about his experience growing up in Oakland, and the disparities that he had seen between his resources and opportunities and other people in the Bay Area. And he got up at public comment and read this poem and it was incredible, just an incredible moment. And the look on the faces of the elected officials that were listening to this was just priceless. I mean, they just never expected to see someone like this guy talking to them about these issues. He didn't look like the people they were used to hearing from, he didn't sound like the people they were used to hearing from. And they were all listening. And, in part, because of that and in part because of all of the background work that we had all done, the Board voted unanimously to include the land use scenario [of the community-developed Equity, Environment, and Jobs Scenario] that we were proposing in the slate of alternatives that they wanted to see studied and that was just a really high moment in the campaign.”*

*— Sam Tepperman-Gelfant, Senior Staff Attorney, Public Advocates, a member organization of the 6 Big Wins for Social Equity Network, a collaborative of social justice, faith, public health, and environmental organizations across the Bay Area focused on targeting and shaping how regional planning decisions effect struggling, working families. In 2011, the 6 Big Wins for Social Equity Network developed the Equity, Environment and Jobs (EEJ) Scenario, a plan which focuses on creating a more healthy, prosperous, and sustainable future for Bay Area residents of all races and incomes, including struggling families.*

**2. Support community-based training for residents to participate in planning and development processes. [PP]** Without adequate preparation, including training on the issues, terms, and legal/public processes related to land use planning and development, community residents are at a disadvantage to effectively participate in public engagement processes, regardless of how they are set up. Cities should dedicate funding, including money secured through a regional displacement prevention fund, for developing contracts with community-based organizations to lead training programs that prepare residents for effective participation and engagement in local land use planning and development processes. Eligibility for training programs should include, but not be limited to, length of residence in the city and interest in participating in decision-making. Priority should be given to

residents who have faced historical disinvestment and discrimination, including low-income people and people of color. Training should be used to prepare leaders for participating on neighborhood planning councils, as discussed in F3, and for engagement in local and regional decision-making.

- ▶ **Implementing Agency:** Cities, counties, regional agencies, and metropolitan planning organizations
- ▶ **Staging:** Early and always
- ▶ **Models:** Los Angeles, CA: People's Planning School (Strategic Actions for a Just Economy);<sup>218</sup> Oakland, CA: “Gearing up for Action” curriculum (Pacific Institute)<sup>219</sup>



*"We have a People's Planning School that we do twice a year which is [a] popular education based, land use organizing school where people can learn about the tools that govern these developments in their neighborhoods. And then can take that knowledge, put together policies or recommendations and then take them to the city. What we found is it's kind of like a whack-a-mole process ... as we're working on one development another is popping up. And we don't have the resources to be able to engage in all of them. [Through the People's Planning School] we put together a list of recommendations and principles – they started out as principles – that the community put together about the new community plan process that the city is going through. And so those principles were then put into recommendation language with some affordable housing experts and now we're meeting with the city through their community plan process to see if we can get these into the community plan, so we're not chasing development after development after development. And there's some standards that are set in place. But it's gonna be an uphill battle; first hearing from the city ... they say it's too late in the process even though we've been engaged around this for five years. And we're hearing from neighborhood councils, which are mostly homeowners, that they don't want density and they didn't want affordable housing and poor people living in their communities, so it's gonna be a battle and that's what we're in engaged in now."*

*– Paulina Gonzalez, Former Executive Director, Strategic Actions for a Just Economy (SAJE), Los Angeles*



Towanda Sherry has been a member of CJJC for the last five years and currently resides near the proposed Bus Rapid Transit (BRT) development occurring along International Boulevard in Oakland. She has been in her home for the last 26 years. She became a member of CJJC after attending a community meeting in which CJJC raised concerns about the displacement of residents in Oakland, an issue of importance to Ms. Sherry. As a resident, bus commuter, and consumer impacted by the BRT proposal, Ms. Sherry applied and was accepted as a Community Planning Leader for the Oakland Sustainable Neighborhoods Initiative (OSNI).

The OSNI program is designed to support people who live or work along International Boulevard to have the tools they need to effectively give input on the BRT plan and development along International Boulevard, and to participate in the planning process.

*"[As Community Planning Leaders] we get the chance to meet with people who are with the city about how the city functions, how we can give input. We also get a chance to talk to people who are with [regional transit organizations] and how they work and what the long-range effect of Bus Rapid Transit will be along the corridor: how it will affect people's lives, whether businesses will have to move, whether people's houses will be eliminated, the effect of blight in the area, but also, what kind of housing is coming in. Will that housing displace longtime residents in the area? And if it does, how do they plan to remedy that and make sure that those people are able to come back and stay in this area? And also, [we advocate] that any new housing include low-income housing as well as affordable housing."*

*– Towanda Sherry, Oakland Community Planning Leader and CJJC Member*

**3. Support the creation of neighborhood-level planning councils [PP]** comprised of residents who have the authority to represent their neighborhood in development and planning processes. The public engagement processes required for many land use planning and development decisions often invite only token input from residents on pre-existing plans and projects, with little space for residents to envision and/or propose their own ideas for development based on existing neighborhood needs. Rarely do residents get opportunities to make actual decisions about whether projects should move forward or not.<sup>220</sup> Neighborhood planning councils would provide a formal space for planning staff to engage with a representative body of residents about planning and development issues at the neighborhood level. Furthermore, these spaces would provide room for planning in a more ongoing way than project or plan-specific advisory committees. Local planning staff should come to neighborhood councils to learn about ongoing

**4. Support community organizing and outreach on housing rights and opportunities. [PP]** As discussed above, community organizing and outreach are crucial to ensuring residents have access to information and resources necessary to avoid and minimize displacement.<sup>221</sup> Furthermore, our research revealed that policies that include penalties for government agencies or landlords, including relocation policies and code inspections, are often implemented and enforced only after substantial community organizing campaigns. While organizing cannot replace dedicated funding for enforcement at the government level, regional agencies should view community organizing as a complementary strategy to ensure enforcement of anti-displacement policies. As such, resident organizing and outreach about housing rights and opportunities

neighborhood needs and share upcoming opportunities, including proposed plans and projects as well as funding for neighborhood projects. Cities should work with community organizations and other stakeholders to design council structures and processes based on best practices and with the goal of maximizing equity, inclusion, and resident decision-making, including membership selection criteria and procedures, tenure, decision-making authority, and integration of planning councils into existing land use planning and development processes. Efforts should be made to ensure that council membership reflects the race, gender, income, language, ability, tenure, diversity, and other demographics of the neighborhood. Translation services should be made available to support language diversity among membership.

► **Implementing Agency:** Cities, counties, and local planning departments

► **Staging:** Early and always

among vulnerable populations, along with broader community organizing efforts to ensure enforcement of existing policies, should be funded as part of regional and local efforts to prevent displacement. Organizing could be funded through subcontracts awarded from a regional anti-displacement fund as discussed in E1, and contracts should be prioritized for organizations with an existing or growing membership base in areas of the city/region that are currently undergoing or susceptible to gentrification, based on ongoing analysis of neighborhood change as discussed in E4.

► **Implementing Agency:** Cities, counties, regional agencies, and metropolitan planning organizations

► **Staging:** Early and always



*“We use the sword and the shield. The sword refers to direct action strategies and utilizing all types of actions to leverage people power, including leveraging power of elected officials and leveraging elected official support. It includes eviction blockades and vigils, and direct action to the banks. The shield is a legal defense so, depending on what city you’re in, most of us have relationships with volunteer attorneys or legal services attorneys. So we have both a partnership with community legal aid, which is a legal services agency in Western Mass, and then we have a number of private attorneys who volunteer to support the*

*movement. And the shield works to defend against evictions in court. We’ve won some victories directly in court and we’ve won some victories ... where there is no court involvement. The shield helps to put pressure through the legal system to delay the eviction process and increase the eviction costs on the banks. The sword works to put direct action pressure on the banks, and most are used to try and force banks and investment companies to negotiate with families ... This model was formed by City Life / Vida Urbana and they’ve been using it for a long time. They’ve been using it for tenant organizing since the ’80s but it’s been adopted in the foreclosure fight. We adopted it here [in Springfield, Massachusetts]. I think we’ve all made our own adaptations that make sense locally. But yes, it’s a City Life / Vida Urbana model.”*

*– Malcolm Chu, Bank Tenant Organizer, Springfield No One Leaves/Nadie Se Mude (SNOL/NSM), which along with City Life / Vida Urbana is a member of the NEW ROAD Network (New England Workers and Residents Organizing Against Displacement) and the Right to the City Alliance.*

**5. Require a community health impact analysis that includes an assessment of potential displacement impacts [PP]** for all new or modified development projects above a certain threshold and for plans before approvals and environmental review. Cities and counties should adopt a policy to require local planning departments to conduct community health impact analyses for all projects above a certain threshold in the project application stage, and this analysis should include an assessment of displacement-related impacts, based on methods developed at the regional level as recommended in E4. In addition to displacement-related impacts, this analysis should analyze and address impacts on the social determinants of health including, but not limited to, housing, transportation, education, employment, and social cohesion, as well as equity impacts for groups that have been historically disadvantaged by development (low-income communities and communities of color) and populations that are already vulnerable based on their health conditions. This tool should be developed through a multi-sector public process, involving

robust community engagement, to ensure that community-prioritized issues of concerns are incorporated and that residents, other stakeholders, planners, and decision-makers understand the scope and use of the tool. If multiple projects within a given area are being considered at once, they should be analyzed together in order to assess cumulative impacts in the neighborhood. Every analysis should result in a publicly accessible report that includes recommendations for mitigating any potential negative impacts, along with the calculated monetary value of impacts. If substantial monetized impacts from displacement are found in this analysis, based on thresholds of significance set by planning departments through an engagement process, cities and counties should consider requiring community health or displacement impact fees to be paid by developers into a local relocation fund, earmarked for use in that planning area.

- ▶ **Implementing Agency:** Cities, counties, and local planning departments
- ▶ **Staging:** Early and always

# Taking Action...

The Time To Organize Is Now

This report is a call to action.

We hope that the stories and ideas we shared resonate with your experiences and help inspire you to get together with neighbors, family, and friends to push against the gentrification and displacement in your community. For those of you who are already doing that, we hope you found some helpful tools to advance your fight.

Though both our past and future efforts include working to change the minds and actions of politicians and city administrators, we do not ultimately believe that equitable human development will come about as a result of policy change alone. It is only through the hard work of collective vision, action, and consistent engagement by community residents in every facet of community development, that truly sustainable and healthy communities will be created.

Those of us most impacted by historical disinvestment and underdevelopment must be active protagonists in leading the charge for a fundamental shift in how community development happens in the future. We know that when planning centralizes the needs and interests of low-income, working-class communities of color, those outcomes benefit all other community residents, whether those improvements are better schools, parks, bus service, or affordable food sources.

Gentrification is affecting our neighborhoods, cities, and regions on every level and we need a range of organizing approaches and tactics to stop it. Because the forces against us are powerful, we need to hit them every way we know how. Whether you are about direct action protests, passing policy, influencing the media, cultural resistance, or talking to your neighbors,



Mission No Eviction March, San Francisco

what is most important right now is for all of us to get into the fight against gentrification.

**Causa Justa ::** Just Cause is deeply engaged in a range of gentrification, displacement, and development-related campaigns this year. Here are two especially critical fights that we need your support on:

In San Francisco we are a part of the Plaza 16th Coalición that is working to ensure that a projected development on the corner of 16th Street and Mission Street will reflect the needs of existing residents as opposed to the developer's profit-driven plan. The project, which includes more than 350 units of luxury housing as well as retail space, would have a range of harmful effects on a neighborhood already hard hit by gentrification. The 16th Street development would create dramatic income disparities and housing pressures in a part of the Mission that is home to the largest concentration of very low-income adults and families in Single Room Occupancy (SRO) housing. This large development would cast a shadow over the elementary school next door, literally blocking out their light, even though the project's housing units and amenities remain largely inaccessible to the school's Latino students, their families, and their teachers. Working with a broad coalition of homeless, tenant, Queer, and police accountability advocates, affordable housing developers, small business owners, and individual activists, CJJC will fight to ensure that current community residents are supported to envision a use for that land that reflects their needs and prevents further displacement of immigrant families and extremely low-income adults. Come join us in the fight to promote human development at the 16th Street and Mission project.

In Oakland we are pushing the Oakland City Council to put an anti-tenant harassment policy on the November 2014 ballot. We have heard numerous complaints from tenants about landlord refusals to perform basic maintenance of their units, repeated attempts to illegally evict tenants, and landlords who threaten immigrant tenants with raids by Immigration and Customs

Enforcement (ICE) agents. Landlord harassment is a tactic to circumvent existing legal protections like Just Cause Eviction and Rent Board regulations. Additionally, it creates a hostile environment and results in families deciding it would be better to move out of their homes, rather than have to battle their landlord to ensure their housing is safe and habitable. The adoption of an anti-harassment policy will have a direct effect on slowing gentrification and displacement for low-income and working-class residents of color. It will prevent landlords from raising rents after they successfully pressure current tenants to move from their homes, strengthen tenants' rights in Oakland, and contribute to keeping rents from rising dramatically. We have a two-part plan to make this happen. We are currently working to ensure the City Council puts the policy on the ballot, and in the summer we will begin talking to community residents about the importance of the measure to ensure voters turn out to pass it on Election Day. Come join us in the fight to strengthen tenant rights and to keep housing affordable for working families in Oakland.



Art by Favianna Rodriguez

# Works Cited

## Endnotes

- 1 Flipping: A strategy in which an investor purchases properties with the goal of reselling them for a profit. Profit is generated either through the price appreciation that occurs as a result of a hot (read: gentrifying) housing market and/or from renovations and capital improvements.
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# Appendix A

## Gentrification Typologies Methodology

For this report, we conducted an analysis of gentrification between 1990 and 2011 in San Francisco and Oakland, based on the methods used in the Portland study, *Gentrification and Displacement Study: Implementing an Equitable Inclusive Development Strategy in the Context of Gentrification* by Lisa K. Bates, 2013. This methodology uses demographic, socioeconomic, and property data to quantify how much gentrification-related change has occurred at the census tract level over a specified period of time, and to categorize census tracts into neighborhood types that correlate to different stages in the process of gentrification. This analysis is illustrated in map form in the report Introduction in the section entitled “What is Gentrification?”

This methodology is compelling for a number of reasons. It is based on a definition of gentrification which takes into account a complex interaction of factors – including historic increases in property value, central location within cities, proximity to other neighborhoods with high property values, the initial presence and decline of “vulnerable populations” (specifically renters, people of color, low-income residents, and residents with less than a college degree), and demographic change (specifically, an increase in residents who are highly educated, high income, and white). It also based on a theory of change which recognizes that neighborhoods progress through different stages of gentrification and have distinct needs and characteristics along the way. The resulting “typology” allows neighborhoods to be categorized into different types based on the amount and kind of change

that has occurred, and it also allows solutions to be developed based on the distinct needs of neighborhoods.

It is important to note that some neighborhoods do not fall anywhere along the spectrum of gentrification, either because they started out as an affluent neighborhood (as defined by racial and socio-economic characteristics and/or property values) in 1990 or because property values have remained relatively low and population change has been minimal. Furthermore, not all neighborhoods will progress through all stages of gentrification, and it is not inevitable that susceptible neighborhoods will “gentrify,” particularly if appropriate policy responses are put in place. However, this typology is based on a nuanced understanding of gentrification as a dynamic process, and it allows policies and other solutions to be targeted strategically and in a timely manner based on local needs of neighborhoods, so as to most effectively intervene in the process of change.

Three major categories of data are used to define neighborhood types. These include: presence of vulnerable population, gentrification-related demographic change, and housing market conditions. The data thresholds used for each category are illustrated in Table 1. Based on this data, neighborhoods were categorized into one of seven types: Susceptible, Early type 1, Early type 2, Middle stage, Late stage, Ongoing gentrification, or N/A (for neighborhoods which did not indicate gentrification-related change). A summary of characteristics used to define each neighborhood type are included in Table 2.

**Table 1: Data Thresholds and Definitions**

		<b>San Francisco</b>	<b>Oakland</b>
<b>Vulnerable population in 2011</b>	Renter households	> 37.1%	> 41.9%
<i>Vulnerable tracts are those with 3 out of these 4</i>	Population of color	> 58.0%	> 73.5%
	Education <bachelor degree	> 48.6%	> 62.8%
	Households less than 80% HAMFI	> 47.1%	> 52.4%
<b>2000-2011 demographic change</b>	Homeowner households	> 2.1 %-pt gain	> 0.4 %-pt gain
<i>Gentrification-related change if 3 out of 4 are true (or last two alone are true)</i>	Household income	> 2.6 % gain	> -1.1 % gain
	White population	> -1.7 %-pt gain	> 3.0 %-pt gain
	Education bachelor+	> 6.4 %-pt gain	> 6.3 %-pt gain
<b>Housing market condition</b>	Adjacent tracts	Low or moderate 2011 value	
		Low or moderate 2000-2011 appreciation	
		Touch boundary of a tract with high 2011 value or high 2000-2011 appreciation	
	Accelerating tracts	Low or moderate 2011 value	
		High 2000-2011 appreciation	
	Appreciated tracts	Low or moderate 1990 value	
		High 2011 value	
		High 1990-2011 appreciation	

**Table 2: Neighborhood Typologies Definitions**

<b>Neighborhood type</b>	<b>Vulnerable population</b>	<b>Demographic change</b>	<b>Housing market condition</b>
Susceptible	Yes	No	Adjacent
Early phase 1 (property shifts)	Yes	No	Accelerating
Early phase 2 (population shifts)	Yes	Yes	Adjacent
Middle stage	Yes	Yes	Accelerating
Late stage	Yes	Yes	Appreciated
Ongoing gentrification	No	% white and % with bachelor increasing	Appreciated



The following sources were used for each category of data:

Vulnerable population in 2011: Thresholds for the vulnerable populations data that came from the American Community Survey 2011 5-year files (renter households, population of color, education less than bachelor degree) were determined by looking at the city rates' lower margins of error. Thresholds for the households less than 80 percent HAMFI (HUD-Adjusted Median Family Income) were set by HUD from the city values; data were downloaded from HUD for this portion of the analysis.

2000-2011 demographic change: Demographic change for each census tract between Census 2000 and American Community Survey 2011 5-year files (homeowner households, household income, White population, education bachelor degree or higher) was compared to that of each city. For example, the median household income in San Francisco experienced a real gain of 2.6 percentage points. So those tracts that had more gain than this received a point in the equally weighted demographic change section. However, the median household income in Oakland had a real loss of 1.1 percent. So tracts that lost less than 1.1 percent or had a gain received a point.

Housing market condition: For this analysis, each census tract in each city was compared to all the census tracts of that city. Low and moderate value and appreciation were those tracts that fell in the 60th percentile or less.

**The following is a more complete methodology, reprinted from *Gentrification and Displacement Study: Implementing an Equitable Inclusive Development Strategy in the Context of Gentrification* courtesy of Lisa K. Bates, PhD, with changes to the data included.**

For each dimension of neighborhood change, tracts are assigned as "high" or "low" on the

measure based on the relative level of the city-wide variable. The dimensions are vulnerability to housing displacement; population changes indicative of potential displacement; and housing market changes.

## 1. 2010 Vulnerability

Census tracts were assigned a "vulnerability score" between 0 and 4, with a weight of 1 for each of the following that is true:

- ▶ For Oakland, greater than 57.2 percent of households are renters; for San Francisco, greater than 62.3 percent of households are renters
- ▶ For Oakland, greater than 72.9 percent of the population are communities of color; for San Francisco, greater than 58.0 percent
- ▶ For Oakland, greater than 36.6 percent of the population 25 years and older do not have a bachelor's degree; for San Francisco, 50.9 percent
- ▶ For Oakland, greater than 52.4 percent of households have incomes at or below at or below 80 percent of the HUD-adjusted median family income (MFI); for San Francisco, 47.1 percent [Note: The FY 2011 HUD-adjusted MFI for the Oakland was \$73,840; for San Francisco it was \$81,280.]

We defined vulnerable tracts as those with a vulnerability score of at least 3 out of 4.

## Data sources

Data for the first three variables was drawn from tract-level 2007-2011 American Community Survey (ACS) estimates. We defined communities of color as all residents except for non-Hispanic whites.

The percentage of households with incomes at or below 80 percent of the HUD-adjusted MFI was calculated from 2006-2010 HUD Comprehensive Housing Affordability Strategy

(CHAS) data. At this time, the CHAS tract-level data is available only as a very large raw data file containing values for all U.S. census tracts. The values relevant to this calculation come from Table 8 of the census tracts dataset. Tracts with boundaries in more than one local jurisdiction are split into 60 multiple rows; values for each portion were summed before calculating percentages for the overall tract.

### Calculation of thresholds

For the three variables drawn from ACS data, the threshold was defined as the citywide percentage adjusted by the margin of error (MOE) to the lower bound for a more sensitive cutoff.

No MOEs are available for the 2006-2010 CHAS data. The threshold for the last variable was defined as the citywide percentage of households with incomes at or below 80 percent of the HUD-adjusted MFI (calculated from values in Table 8 of the CHAS census places dataset).

## 2. 2000-2010 Demographic Change

We defined census tracts with gentrification-related demographic change from 2000 to 2011 as those that experienced *either* at least 3 of the following 4:

- ▶ For Oakland, the share of homeowners increased more than 0.4 percentage points; for San Francisco, 2.1 percentage points
- ▶ For Oakland, The white population share increased more 3.0 percentage points; for San Francisco, it either increased or decreased less than 1.7 percentage points
- ▶ For Oakland, the share of the population 25 years and older with a bachelor's degree increased more than 6.3 percentage points; for San Francisco, more than 6.4 percentage points
- ▶ For Oakland, the median household income either increased or it decreased less than

1.1 percent; for San Francisco, is increased more than 2.6 percent

- ▶ or experienced only 2 out of 4, which were:
- ▶ For Oakland, The white population share increased more 3.0 percentage points; for San Francisco, it either increased or decreased less than 1.7 percentage points
- ▶ For Oakland, the share of the population 25 years and older with a bachelor's degree increased more than 6.3 percentage points; for San Francisco, more than 6.4 percentage points

### Data sources

Data for 2000 and 2011 was drawn from the 2000 Decennial Census and 2007-2011 ACS estimates, respectively. We converted 2000 median household income values to 2011 dollars before calculating the percent change.

### Census tract boundary changes

There were a few instances where tract boundaries changed between 2000 and 2011; one tract was split into two, or two tracts were combined into one. In either case, we averaged the values for the two resulting tracts or the two original tracts before calculating the percentage-point difference or percent change.

Some tract boundary lines were redrawn slightly without significantly changing the tract geography; we did not alter our calculation method for these cases.

## 3. Housing Market Conditions

All census tracts were assigned a home value for 1990, 2000, and 2011 equal to the ratio of the tract median home value to the citywide median home value. We defined tracts with low or moderate values as those with ratios in the bottom three quintiles; tracts with high values were defined as those with ratios in the top two quintiles.

Home value appreciation rates (i.e., the percent change in median home value) from 1990 to 2000, 2000 to 2011, and 1990 to 2011 were also calculated for each tract. We defined tracts that experienced low or moderate appreciation as those with appreciation values in the bottom three quintiles; tracts with high appreciation were defined as those with appreciation values in the top two quintiles.

Using this data, we identified three gentrification related housing market typologies:

*Adjacent* tracts:

- ▶ Had a low or moderate 2011 value
- ▶ Experienced low or moderate 2000-2011 appreciation
- ▶ Touch the boundary of at least one tract with a high 2011 value and/or high 2000-2011 appreciation
- ▶ *Accelerating* tracts:
- ▶ Had a low or moderate 2011 value
- ▶ Experienced high 2000-2011 appreciation

## Policy Analysis Methodology

### Purpose

To inform our recommendations for this report, ACPHD researched and analyzed several policies and strategies for preventing displacement. Our goals for this analysis include:

- ▶ **Analyze policy design and function** from a tenants' rights and public health perspective;
- ▶ **Identify strengths, weaknesses, key considerations, and best practices** for each policy;
- ▶ **Reveal new policies and practices needed** to address gaps and strengthen

- ▶ *Appreciated* tracts:
- ▶ Had a low or moderate 1990 value
- ▶ Had a high 2011 value
- ▶ Experienced high 1990-2011 appreciation

The adjacent typology attempts to capture the spillover effects of gentrification, whereby neighborhoods next to gentrifying areas are at-risk of gentrifying as housing pressures and commercial investment expand outward. The accelerating and accelerated typologies capture housing market changes associated with gentrifying and gentrified neighborhoods, respectively.

### Data sources

Tract median and citywide median home values for 1990, 2000, and 2011 were drawn from the 1990 Decennial Census, the 2000 Decennial Census, and 2007-2011 ACS estimates, respectively. Median home values for 1990 and 2000 were converted to 2011 dollars prior to calculating appreciation rate

existing policies;

- ▶ **Organize policies within a framework** based on key principles for preventing displacement;
- ▶ **Recommend ways to maximize impact**, including design, implementation, and enforcement features.

### Methodology for Analysis

In order to come up with a list of policies to analyze, we started with the policies recommended in ABAG's "Development without Displacement" report, released in December

2009. This list represented a pool of policies which were both viable and “on the table” for regional implementation. In order to meet our capacity for analysis, we narrowed this list by factoring in two additional criteria. These include policies that build on the knowledge/work of ACPHD and CJJC, and policies which focus on housing. Our final list is below:

- ▶ “Just Cause” eviction protection ordinances
- ▶ Relocation policies
- ▶ Right of return policies
- ▶ Homeowner protection policies
- ▶ Homebuyer assistance programs
- ▶ Pro-active model of code enforcement
- ▶ Condo conversion regulations
- ▶ Rent control
- ▶ “No Net Loss” policies
- ▶ Incentives and contract renewal for preservation of affordable housing
- ▶ Limited Equity Housing Co-ops (LEHC’s)
- ▶ Community Land Trusts (CLT’s)
- ▶ Real Estate Transfer Taxes (RETT’s)
- ▶ Inclusionary Zoning (IZ)

We used recent literature to analyze the above policies, including both secondary literature –reports, studies, news articles, and toolkits focused on displacement – as well as primary literature – actual policies and ordinances. In a few cases, we interviewed experts and practitioners in the field.

To analyze the policies, ACPHD and CJJC came up with a set of criteria to assess policy design and function from a public health and tenants’ rights perspective. Each policy was analyzed based on the best / strongest example of the policy that we could find in the literature or the field. We used a matrix to assess how strong each policy performed against our criteria, using

a key of green, yellow, and red. A more detailed explanation of our policy matrix key can be found on page 107.

The criteria we used for the matrix analysis include:

- ▶ **Community Ownership and Power** - To what extent does this policy increase low-income residents’ access to decision-making power, ownership over neighborhood resources, and/or legal protections in relation to landlords, developers, and government agencies?
- ▶ **Affordability and Housing Stability** - To what extent does this policy maintain neighborhood level affordability and/or increase ability of existing residents to stay in their homes and neighborhoods?
- ▶ **Housing Quality and Habitability** - To what extent does this policy improve environmental health and other healthy housing conditions for existing, low-income residents?
- ▶ **Permanence and Enforceability** - How likely is this policy to last once implemented (including funding and political support), and how many loopholes does it have?
- ▶ **Unintended Consequences** - Does this policy have the potential to introduce new, harmful consequences (related to displacement, affordability, and health), even in its strongest form?

In addition to the above criteria, we gathered information in the following categories to inform our recommendations for design, implementation, and enforcement of each policy:

- ▶ **Resident focus** - Does the policy primarily benefit tenants, homeowners, existing or incoming residents?
- ▶ **Scale of impact** - Is the impact usually city-level, neighborhood, or project-specific?
- ▶ **Key players** – What kinds of agencies,

organizations, or individuals are critical for this policy to be implemented and enforced effectively?

- ▶ **Stage of gentrification most effective** - Is this policy most relevant/effective in early, middle, or late stages of gentrification?
- ▶ **Political climate considerations** - Is this policy more or less controversial? Is there strong opposition among certain groups? Does it require passage of new legislation?
- ▶ **Housing market considerations** - Does this policy require certain housing market conditions to be effective?
- ▶ **Costs** - How costly is the policy, and what are some of the typical funding sources?
- ▶ **How well documented is this policy?** - Is it recommended in 3+ anti-displacement toolkits? *For the purposes of our review, we referred to anti-displacement toolkits/ reports produced by PolicyLink, Center for Transit-Oriented Development, Dukakis Center, and Urban Institute.*

To develop recommendations, we synthesized findings from our research and analysis as well as discussion with partners and key stakeholders about what is needed to strengthen each policy and shift development and planning processes so that displacement is not an inevitable feature of neighborhood change. Based on these sources of information, we developed a framework for preventing displacement, which includes both the policies we analyzed in depth as well as “promising policies” encountered through research and discussion.

## Limitations

This analysis represents our qualitative assessment of policy design and function from a public health and tenants’ rights perspective. However, we were unable to assess policy effectiveness based on impact at the neighborhood level. We found very few sources in the literature which

evaluate policy impact, and our time and staff capacity did not allow us to undertake an original analysis of policy impact. This research – in particular, a comparative analysis of policy effectiveness in stopping or slowing displacement at the neighborhood level – will be essential for the advancement of effective and timely solutions to the pressing issue of gentrification. In addition, our analysis of these policies represents a review of major literature, and our recommendations address key components and issues to be addressed in design and to some extent, implementation. Because of the number of policies researched, we were unable to conduct an exhaustive analysis of every policy, and neither were we able to make detailed recommendations about implementation and enforcement in all cases. Therefore, additional expertise should be consulted in designing, implementing, and enforcing these policies for maximum impact at the local and regional level.

The list of policies analyzed for this report was based on a number of factors, including the interests and issue areas of the author organization. This means that our policy analysis is focused on housing and excludes issues of business and cultural impacts. While these aspects of gentrification and displacement are significant and merit their own analysis, we were not able to address these issues in the scope of this report. Furthermore, the final list of policies recommended in this report are not meant to be an exhaustive list of possible solutions; rather they are a representative sample of the kinds of policies we believe are necessary for preventing and minimizing displacement, based on our research and analysis. Furthermore, as discussed above, the “promising policies” which are included in our recommendations are not based on the same level of research and analysis as the other policies. As such, we do not include a summary of analysis or detailed recommendations for these policies. Instead, we have marked these policies with a “PP” to distinguish them from the other policies, and we have included a rationale for inclusion as they are recommended as well as examples of how these ideas have been implemented in specific places.

## Policy Analysis Matrix: Color Key by Criteria

Color	Community Ownership and Power	Affordability and Housing Stability	Housing Quality / Habitability	Permanence and Loopholes	Unintended Consequences
	If adequately enforced, policy would directly improve one of the following for low-income tenants and existing residents: access to decision-making power, ownership over housing and neighborhood conditions, legal rights in relation to landlords, developers, and government.	If adequately enforced, policy would maintain or improve affordability and/or increase ability of existing residents to stay in their homes/ neighborhoods.	If adequately enforced, policy would directly improve environmental health / habitability of housing.	Policy is strong in multiple areas: few loopholes, tends to last once implemented.	Policy has no potential unintended consequences related to displacement, affordability, and health. (At worst, it would be ineffective).
	If adequately enforced, policy <i>could</i> improve access, ownership, and legal rights, but only indirectly and/or if coupled with other efforts.	If adequately enforced, policy <i>could</i> maintain or improve affordability or stability for existing residents - but only if coupled with other efforts.	If adequately enforced, policy <i>could</i> improve housing quality / habitability, but only indirectly and/or if coupled with other efforts.	Policy may be strong in one area but weak in others.	Policy has some potential unintended consequences, but none of them are major or related to displacement, affordability, and health.
	Even if adequately enforced, policy would not improve (or may even worsen) access, ownership, and legal rights.	Even if adequately enforced, policy would not maintain or improve (and may even worsen) housing affordability or stability.	Even if adequately enforced, policy would not improve (and may even worsen) housing quality / habitability.	Policy tends to be weak in multiple areas: many loopholes, vulnerable to repeal, requires advocacy on project-by- project basis.	Policy has major potential unintended consequences related to displacement, affordability, and health.
<b>N / A</b>	Policy not designed to address this issue.	Policy not designed to address this issue.	Policy not designed to address this issue.	Policy not designed to address this issue.	Policy not designed to address this issue.

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# Managing Neighborhood Change

A Framework for  
Sustainable and  
Equitable Revitalization

*By Alan Mallach*

*Prepared for the National Housing Institute with support from the Surdna Foundation*

## MANAGING NEIGHBORHOOD CHANGE A FRAMEWORK FOR SUSTAINABLE AND EQUITABLE REVITALIZATION

BY ALAN MALLACH

**T**HIS PUBLICATION OFFERS CDCs, local officials, and other stakeholders, including local institutional, business, and community leaders, a new way to look at how they can manage neighborhood change in order to bring about sustainable and equitable revitalization. It is based on a simple idea: The most powerful lever for neighborhood change is change in the demand for housing in the neighborhood. Change in the residential real-estate market can lead to a stronger, healthier neighborhood. At the same time, market change can take problematic forms, leading to undesirable outcomes. It can be driven by speculation, triggering little or no improvement in the community's quality of life, or it can disrupt established communities, displacing long-time low- and moderate-income residents.

Higher house prices without improvement to neighborhood vitality and quality of life is neither positive nor sustainable, while change that leads to displacement of an area's lower-income residents is not equitable. This proposition defines the central question for all those struggling with the task of revitalizing urban neighborhoods: how to build both a stronger housing market and a healthier neighborhood while ensuring that the community's lower-income residents benefit from the neighborhood's revitalization.

The discussion that follows is designed to help answer that question. It shows how community stakeholders can help unleash the power of housing-market demand, but also where necessary harness it in the interest of equitable revitalization. In particular, it addresses how to know when to pursue which strategy or combination of strategies, in order to bring about sustainable and equitable neighborhood revitalization.

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# I. FRAMING THE ISSUE

**N**EIGHBORHOOD CHANGE IS a constant in American cities. After World War II, older cities lost much of their population and economic activity to the emerging suburbs. Many once-stable urban neighborhoods collapsed as their middle class left, leaving lower-income people with diminishing employment opportunities, dilapidated housing, poor schools and public services, and rampant crime. Other neighborhoods lost vitality, as abandoned properties began appearing on well-maintained streets, crime rose, and vacant storefronts punctuated once-thriving neighborhood commercial strips.

Private capital fled these cities and neighborhoods. Fewer people—particularly people with money—chose to live in urban areas, older industries became less competitive, and fewer new businesses chose to locate in urban downtowns or neighborhood commercial corridors.

As real-estate values declined, many owners stopped investing in their properties, creating the blight of abandoned properties that still characterizes many American cities.

That pattern has changed dramatically since the 1990s. Demand for urban living has grown, fueled by immigration, increased demand for lively, walkable environments, a growing preference for urban environments on the part of both young adults and empty-nester baby boomers, constraints on suburban development, and the emergence of new enterprises and technologies more oriented to urban life. Since 2000, these forces have fueled dramatic increases in home prices not only in global cities such as New York, Chicago, and Los Angeles,

but also in smaller cities such as New Haven, Conn., or Elizabeth, N.J.

Since 2000, home values in many urban neighborhoods have skyrocketed. Owners of rental properties have upgraded them in order to charge higher rents or convert them to condominiums, while developers bought once-worthless vacant lots to build infill housing. Tax delinquencies have declined, and city-owned property inventories have dwindled. Long-time tenants and homeowners have come to face growing pressure from higher rents and property taxes. Even in many cities that have not experienced overall market change, such as Pittsburgh or Cleveland, individual neighborhoods have experienced dramatic transformations.

Growth takes place in cycles. Since 2006, the market transformation that seemed so overwhelming has lost much of its steam, while the foreclosure crisis triggered by the proliferation of unsustainable subprime mortgage lending has placed many urban neighborhoods, including many that appeared to be thriving only a few years earlier, once again at risk. Many CDCs that only recently were addressing the issues stemming from market appreciation are now trying to preserve their gains from a wave of foreclosures. Even so, these developments represent a pause, not a reversal, of the long-term trend of urban reinvestment and market change.

The forces that trigger change in a neighborhood's real-estate market come from both outside and inside the neighborhood. They include internal physical, social, and economic changes, as well as citywide, regional, and even global market and economic forces. As the housing market—demand

FIGURE 1: FACTORS AFFECTING NEIGHBORHOOD MARKET CONDITIONS



for houses and the prices they command—changes, other features of the neighborhood change. Housing-market change is not only a powerful force for other forms of neighborhood change; without a healthy housing market, it is difficult, if not impossible, for a neighborhood to become a vital, healthy one.

Why is housing-market change so critical? A neighborhood’s vitality is the sum of how attractive it is as a place for people to live, including the desirability of its housing stock, its safety, the quality of its schools and natural environment, as well as the degree to which its residents are committed to it, and engaged with the neighborhood and one another. That vitality is powerfully affected by the extent to which individuals choose to live in that area rather than other areas to which they could move, given their means and their locational needs. This is particularly true in 21st-century America, where both people and jobs are highly mobile. Many traditional forces that may have once sustained neighborhood vitality independent of the market, such as ethnic identity or attachment to a particular institution—such as a factory, church, or social club—have diminished, and can no longer provide the glue to hold a neighborhood together.

When people choose to move into a particular neighborhood, they are likely to act in ways that enhance neighborhood vitality. If people live in a neighborhood because they lack choices, and residents with the resources to do so leave rather than stay

and improve their homes, that neighborhood’s social cohesion and vitality are far more likely to deteriorate rather than improve.

When increasing numbers of people choose to live in a neighborhood, the area’s real-estate market becomes stronger. Increased real-estate market strength—reflected in strong housing prices and a healthy rate of appreciation over time—will most often also lead to important changes in the way area property-owners behave. Both homeowners and absentee owners are more likely to invest in their properties, contractors are more likely to build new infill housing and rehabilitate vacant properties, and there will be fewer tax delinquencies and foreclosures. Residents who see their neighborhood improving are likely to be more attached to the area. Upwardly mobile homeowners will be more likely to stay in their present homes—or buy new homes in the same neighborhood—rather than move out.

At the same time, simply having a competitive residential market does not ensure a neighborhood’s vitality. While real-estate change can trigger positive change in other neighborhood conditions, it does not guarantee it. Higher housing costs, particularly when they are spurred by regional housing shortages or speculation rather than enhanced quality of life, can undermine the social fabric that gives a neighborhood its vitality, triggering changes—such as reduced affordability and greater residential overcrowding—that may reduce rather than improve the



quality of life. Even where higher costs are grounded in sustainable improvements in the neighborhood's quality of life, as the neighborhood improves a stronger market may increase pressure on lower-income residents by making the neighborhood significantly more desirable to others of higher incomes.

There is no single way to eliminate the tension between market change and potential problems for a neighborhood's lower-income residents, but the ability of any stakeholder to frame a useful solution for a particular community hinges on one critical step: the ability to think clearly about the neighborhood from a market perspective and to frame a strategic approach to change that recognizes the value of both fostering a stronger real-estate market and fostering equitable, balanced revitalization. In other words, to lead, not follow the change.

Leading neighborhood change is not a linear

process, but a series of closely interrelated steps and activities:

- *Understanding neighborhood change.* Understanding what is going on from a housing-market perspective and tracking market change in the neighborhood over time;
- *Building the market.* Framing and implementing strategies to build a stronger real-estate market in weak-market areas;
- *Promoting equitable revitalization.* Framing and implementing effective strategies to ensure that lower-income neighborhood residents benefit from neighborhood change; and
- *Changing strategies over time.* Understanding how to shift strategic directions as conditions change, and recognizing which strategies are most suitable at what points in a neighborhood's course of change. ▲

## II. UNDERSTANDING NEIGHBORHOOD CHANGE

**A**LL NEIGHBORHOODS ARE different. They vary in location, the character of their housing stock, or their mix of housing, shopping, and industry. All neighborhoods are affected, however, by a similar combination of social, economic, and other forces.

When it comes to the housing market, neighborhoods tend to fall along points of a continuum, from the strongest neighborhoods, with the greatest housing demand and the highest prices, to the weakest, where there is little demand and prices are low. There is often a close relationship between the strength of a neighborhood's housing market and many other factors, including tax delinquency, the vacancy rate, the homeownership rate, the level of homeowners' investment in their properties, and the volume of new construction.

While there may be as many points along the continuum as there are neighborhoods, most fit into a finite number of categories. By assembling information on the factors that relate to a city's or region's neighborhood market conditions, one can create a city- or region-specific housing-market typology of neighborhoods. [Table 1].

Although any typology is a simplification of reality, the following six-category typology highlights the important differences between neighborhoods, while still being a small enough number to be easily grasped and managed.

Certain factors tend to be associated with one another. In areas with high housing prices, for example, both owner-occupied and rental properties will usually be better maintained, and vacancy rates will be lower, than in areas with lower prices. Homebuyers

are more likely to be owner-occupants than absentee buyers, and infill lots will quickly be developed by private builders. Historically, most community development corporations (CDCs) have tended to work in neighborhoods that fall into categories one through three, where market conditions are weak, and the intervention of a local government or a non-profit community-based organization may be critical to the future health of the neighborhood.

Changes in any of the features shown in the table often highlight meaningful neighborhood change. An increase in the share of one- or two-family houses bought by absentee owners in a high-value area can be a warning sign of potential decline, while an increase in the number of middle- or upper-income buyers in a lower-value area may reflect positive housing-market change.

Why is it important to understand these relationships? Every strategy to foster any type of neighborhood change strategy is based on assumptions about the local conditions. It is difficult to develop an effective strategy either to move the housing market or mitigate its effects unless one understands the neighborhood's market conditions and dynamics. Without that information, many neighborhood strategies are little more than guesswork. In contrast, an understanding of the area's market features can help practitioners and policymakers to craft informed decisions about goals and strategies for guiding neighborhood change. In an area with a weak housing market, the goal is likely to be to build a stronger one; in an area with a rapidly improving market, it may be to preserve affordable housing or minimize displacement.

TABLE 1: TYPOLOGY OF NEIGHBORHOOD HOUSING-MARKET FEATURES

TYPE	HOUSE PRICES	BUYERS	CONDITION OF HOUSING STOCK
6	Prices are high by regional standards	<ul style="list-style-type: none"> <li>• Demand exceeds supply</li> <li>• Homebuyers substantially exceed absentee buyers</li> <li>• Homebuyers are largely upper-income</li> </ul>	<ul style="list-style-type: none"> <li>• Houses well maintained</li> <li>• Very low vacancy rate</li> <li>• High level of reinvestment or replacement in existing housing stock</li> <li>• Infill lots quickly reused by private builders</li> </ul>
5	Prices are high by city standards	<ul style="list-style-type: none"> <li>• Demand moderately exceeds supply</li> <li>• Homebuyers substantially exceed absentee buyers</li> <li>• Homebuyers are middle- and upper-income</li> </ul>	<ul style="list-style-type: none"> <li>• Houses well maintained</li> <li>• Low vacancy rate</li> <li>• High level of maintenance but only moderate reinvestment or replacement in existing housing stock</li> <li>• Infill lots sometimes reused by private builders</li> </ul>
4	Prices are average or slightly above average by city standards	<ul style="list-style-type: none"> <li>• Demand and supply in balance</li> <li>• Homebuyers moderately exceed absentee buyers</li> <li>• Homebuyers are largely middle-income</li> </ul>	<ul style="list-style-type: none"> <li>• Most houses well maintained, but exceptions are visible</li> <li>• Moderate vacancy rate, scattered abandoned properties</li> <li>• Moderate level of maintenance and reinvestment</li> <li>• Infill lots rarely reused by private builders</li> </ul>
3	Prices are average or slightly below average by city standards	<ul style="list-style-type: none"> <li>• Supply beginning to exceed demand</li> <li>• Mix of homebuyers and absentee buyers</li> <li>• Homebuyers are largely moderate-income</li> </ul>	<ul style="list-style-type: none"> <li>• Most houses well maintained, but increasing number are not</li> <li>• Moderate vacancy rate, scattered abandoned properties</li> <li>• Moderate level of maintenance, with increasing evidence of disinvestment</li> <li>• Infill lots not reused except for scattered subsidized housing</li> </ul>
2	Prices are below average by city standards	<ul style="list-style-type: none"> <li>• Supply exceeds demand</li> <li>• Absentee buyers exceed homebuyers</li> <li>• Homebuyers are low- and moderate-income</li> </ul>	<ul style="list-style-type: none"> <li>• Some houses well maintained, but many show evidence of disinvestment</li> <li>• High vacancy rate, scattered abandoned properties on most blocks with abandoned property clusters emerging</li> <li>• Low level of maintenance, with increasing evidence of disinvestment</li> <li>• Infill lots not reused except for scattered subsidized housing</li> </ul>
1	Prices are substantially below average by city standards	<ul style="list-style-type: none"> <li>• Supply substantially exceeds demand</li> <li>• Buyers are predominantly absentee buyers</li> <li>• Few homebuyers at any income level</li> </ul>	<ul style="list-style-type: none"> <li>• Most houses show evidence of disinvestment</li> <li>• Very high vacancy rate with widespread abandonment</li> <li>• High level of disinvestment</li> <li>• Infill lots not reused except for scattered subsidized housing</li> </ul>





Nevertheless, understanding a neighborhood's existing housing-market conditions merely provides a snapshot of a moment in time. It can only tell a CDC practitioner or a city planner where to begin. Neighborhoods are constantly changing, not only in their real-estate market but in other ways that influence housing demand, such as crime, neighborhood schools, or small business activity. Thus, stakeholders need to be able to track how the neighborhood is changing, so that they can see what strategies are working, and when to phase them out in favor of new ones.

To describe neighborhood conditions and track them as they change, a variety of academic institutions as well as organizations such as the Baltimore Neighborhood Indicators Alliance have developed what are known as “neighborhood change indicators”—statistics and other measures that enable a community to assess where it stands and where it is going, to evaluate its strategies, and change course as conditions change. Indicators of housing-market change can include house prices, the number of home sales, the incomes of new homebuyers, or the number of property-tax arrearages. Overall neighborhood change can be measured through many other indicators, including crime rates, incidence of health conditions such as lead poisoning or asthma, new business starts, or organizational participation.

CDCs and local planners seeking to use indicators to track change in their communities can find assistance from a variety of sources. The National Neighborhood Indicators Partnership at the Urban

Institute ([www2.urban.org/nnip](http://www2.urban.org/nnip)) provides many examples of how indicators are being used around the country, as well as guidelines for developing local indicators. The Success Measures project at NeighborWorks America offers a complete package of CDC-oriented indicators along with training and technical assistance. Finally, help may be available locally through university-based centers and individual researchers, many of whom are eager to offer their skills to help community-based organizations in their efforts, as has been the case in communities such as Cleveland, Minneapolis, or Los Angeles.

As a neighborhood changes, the programs and activities that are most effective in achieving community goals will change. A CDC must understand how to shift from an environment where market-building is the priority to one where the focus is on preserving affordability and minimizing displacement. Within that broad framework, neighborhood change demands regular and frequent reappraisal of the specific programs and activities being pursued. For example, a land-banking strategy may work well when the demand is weak and land is inexpensive. As the housing market gets stronger, it will not work as well and ultimately may cease to be cost-effective. At that point, an inclusionary program, requiring developers to include affordable housing in market-rate developments, which would have gone nowhere in a weak market, may become not only feasible, but a highly productive strategy to create affordable housing in a strong-market environment. ▲

### III. BUILDING THE MARKET: OVERCOMING MARKET DEFICIENCIES

**I**F A NEIGHBORHOOD'S residential real-estate market is weak, the neighborhood is unlikely to be healthy in other ways. Organizations working in such neighborhoods should see building a stronger housing market as a key part of their strategy for neighborhood change. It should not be the only strategy for change, because many other forces affect neighborhood health and need to be addressed. Many seemingly unrelated strategies, however, from crime-fighting to building a community park, may play a role in market-building. A CDC, therefore, should not only have a market-building strategy, but should look at other strategies not only as ends in themselves, but as contributions to the market-building effort.

#### *Influencing neighborhood choice*

Market-building is about people making choices. Neighborhood housing-market change happens when more individuals choose to invest their financial and emotional resources in a particular neighborhood. The investor can be a family moving into the region selecting where to buy a house, a family already living in the neighborhood deciding whether to improve its present house or move elsewhere, or a builder deciding whether to buy a vacant lot or build on it. Their decisions are driven by how they evaluate the features of the neighborhood. Market-building is about changing the features of the neighborhood that affect the likelihood that people will choose it rather than somewhere else as a place to put their money and make their personal commitment.

The most important decision-makers are the people who already live in the neighborhood and future homebuyers, whether already in the neighbor-

hood or outside. Every neighborhood has families whose income rises through a better job or business success. Market-building is as much or more about holding those families in the neighborhood as about attracting new families into the area.

Buyers typically start out by defining their housing needs and financial limits. In most regions, most middle- or upper-income buyers have many different neighborhoods in which they can find homes within their means. Where they search is defined by the information they have. Buyers will consider buying in certain neighborhoods, reject some areas, and not even consider others based on the information that they get about neighborhoods within the region. The choice they finally make is often based less on the desirability of a given house than on neighborhood stability and amenity value.

While "neighborhood stability" can mean many different things, it is used here to refer to those physical, economic, or social features of the neighborhood that are associated with the preservation and potential increase in the value of a property-owner's investment in a neighborhood. Neighborhood "amenity values" refer to the features of a neighborhood that contribute to the quality of life of its residents, and which are also likely to have an effect on the neighborhood's competitiveness in the residential marketplace.

A CDC or local government can pursue some combination of three distinct strategic approaches to influence buyer choice, depending on the assets and problems of the neighborhood and its housing stock:

- Increasing the desirability of the neighborhood's housing stock
- Increasing the stability of the neighborhood

- Increasing the amenity value (or quality of life) of the neighborhood

By increasing neighborhood quality in these three areas and effectively disseminating information about the neighborhood's assets, the CDC or local government can enhance the neighborhood's competitive position and build its housing market.

While buyers ideally would like to buy the best house in the most stable, high-amenity area, nearly all buyers are to some extent limited in their choices. Few buyers have unlimited funds, and the weight each prospective buyer gives the different features of the house or neighborhood varies widely. Buyers will forego some amenities if they can secure the amenities that matter most to them. For example, a single artist might buy a larger, architecturally distinctive house in a less stable area, while a young couple with children might buy a more modest house in an area with higher amenity values they are seeking, such as good schools.

The reality that people differ on what they regard as most important in their housing choices carries an important strategic message. A region or city is not a single housing market. The market is the sum of a series of separate submarkets, varying by age, education, ethnicity, and other factors. Each submarket has its own preferences. Many developers and local governments identify separate submarkets based on lifestyles and residential choices in order to use this information to find the best fit between a particular group's preferences and a neighborhood's assets, and more effectively market individual projects or a neighborhood as a whole. The choice of strategies should always take into account the nature of the specific submarkets the neighborhood is trying to attract.

### *Increasing the desirability of the neighborhood's housing stock*

The typical homebuyer looks to see where she can find housing that fits her needs and means, and whether the price of the housing and its appreciation potential are acceptable in light of the features of the house and its neighborhood. As a result, the first question in framing market-building strategies is whether the neighborhood's housing stock is competitive with other areas; if not, how can it be changed to become more competitive?

There are four distinct market deficiencies that may exist in the housing stock, rendering the housing stock

less competitive, discouraging people from investing in it, and hindering the neighborhood's revival:

- Physical characteristics of housing do not reflect market demand
- Cost to build or rehabilitate housing exceeds market value of new or improved property
- Properties in neighborhood are not appreciating, or are losing value
- Potential buyers are unaware of availability of desirable housing stock

Each of these can be addressed by market-building strategies.

The quality and pricing of the housing in neighborhoods with weak market demand varies widely. Some areas have many attractive houses that would be highly desirable if located in other neighborhoods. Other areas may contain properties that are too small or otherwise less attractive to today's buyers. While in some cities CDCs have built new housing markedly different from the neighborhood's traditional stock to draw potential buyers, seemingly unsuitable properties can sometimes be turned into an asset. The Azalea Park neighborhood in San Diego built a successful revitalization strategy by marketing its charming but small bungalows to the region's gay community. CDCs in Baltimore and Philadelphia have combined small townhouses to create larger, more desirable homes.

The problem may not be the physical character of the stock, but its pricing or market value. The area may have a market for houses in good condition but no market for vacant houses requiring major rehab, because the rehab cost may exceed the market value of the house. Those areas will have vacant boarded houses scattered throughout, pushing down the value of the occupied properties. In such a neighborhood, a productive strategy might be to offer incentives for families to buy vacant properties and rehabilitate them for owner-occupancy. That will both make those properties competitive with sound properties and remove the fiscal drag that they represent on other houses, thus removing a constraint on overall market change.

Another financial constraint, particularly in older industrial cities, is the buyer's concern that the property will not appreciate, or even lose value, over time. How to address this issue may vary. Some CDCs and

TABLE 2: STRATEGIES TO INCREASE THE DESIRABILITY OF THE NEIGHBORHOOD HOUSING STOCK

MARKET DEFICIENCY	STRATEGY
Physical characteristics of housing stock do not reflect market demand	<ul style="list-style-type: none"> <li>• Create large-scale market-changing or transformative redevelopment projects</li> <li>• Build new housing in smaller developments or scattered throughout the neighborhood designed to meet target-market demand</li> <li>• Create housing to meet demand through rehabilitation and reconfiguration of existing stock</li> <li>• Create housing to meet demand through adaptive reuse of nonresidential structures, such as industrial loft buildings</li> </ul>
Cost to build or rehabilitate housing in neighborhood exceeds market value of improved property	<ul style="list-style-type: none"> <li>• Provide incentives for individuals to build or rehabilitate housing for owner-occupancy</li> <li>• Use capital subsidies to enable developers or CDCs to build or rehabilitate housing to sell to homebuyers</li> </ul>
Properties in neighborhood are not appreciating or losing value	<ul style="list-style-type: none"> <li>• Provide equity-protection insurance</li> </ul>
Potential target markets are not aware of availability of desirable housing stock	<ul style="list-style-type: none"> <li>• Carry out neighborhood target-marketing</li> <li>• Undertake neighborhood promotional activities</li> <li>• Increase effectiveness of real-estate brokerage activities in neighborhood</li> </ul>

local governments believe that the lower the price of the property and the greater its quality relative to its price, the less the prospective buyer will care about appreciation. Others address this issue indirectly by focusing on strategies such as reducing abandoned properties or improving schools, both of which relate closely to the likelihood of appreciation. A nonprofit organization in Syracuse, N.Y. has set up an equity-protection insurance program under which homeowners can buy insurance that ensures that they can get the value of their home back on resale, even if the market value of properties in their area declines.

Finally, lack of information can be another deficiency of the neighborhood's housing stock. If prospective buyers cannot get good information about the neighborhood's homes, they are unlikely to consider moving there, even if the homes might fit their needs. This problem is common in inner-city neighborhoods, which are often poorly served by the real-estate industry. Similarly, people who move into a new area to take a suburban job are unlikely to learn about urban housing opportunities from their largely suburban coworkers. Marketing and promotional activities that might be carried out by a city, CDC, or neighborhood association are another way to increase the demand for a neighborhood's housing stock, by getting

information to people who lack it or providing more accurate information to people who may be excluding the neighborhood from their search because of stereotypes or erroneous information.

There are strategies that can be used to address each deficiency [Table 2], and a variety of tools are available for each strategy. For example, if the strategy is to provide incentives for individuals to rehabilitate older houses, a city could use tax abatements, state historic preservation tax credits, tax-increment financing, or capital subsidies, or it could create a program of technical assistance, including preparing rehab plans for the new owner without charge.

In most neighborhoods, however, desirability of the housing stock is not the principal obstacle to market change, but part of a larger problem that includes neighborhood-wide issues. Strategies that focus solely on the desirability of the housing stock, therefore, may not change the neighborhood's competitive position unless parallel efforts are being made to build neighborhood stability and amenity value.

#### *Increasing neighborhood stability*

Six factors that either promote or discourage neighborhood stability are:

- Property abandonment

- Foreclosure
- Property investment by owners
- Concentration of poverty
- Crime
- Homeownership rate

Four of these factors—abandonment, foreclosure, poverty concentration, and crime—are negative, while two—property investment and homeownership rate—are positive and need to be increased in order to render the neighborhood more stable.

A neighborhood is a network of interrelated physical and social elements. What happens to one property on a block affects the other properties, just as crime and drug activity affect all those in the vicinity, whether or not they are directly victimized. By reducing the incidence of destabilizing features, or increasing the incidence of positive features that enhance stability, a city or CDC can change a neigh-

borhood’s attractiveness to potential homebuyers.

From a market-building perspective, the goal of neighborhood-stability strategies is to make catalytic changes to local dynamics that will ultimately create a cycle of positive market change. For example, a decline in property maintenance, an increase in abandoned properties, a rise in violent crime, and greater poverty concentrations may lead to lower property values. In contrast, reversing those dynamics can have a positive effect on property values and market activity.

Increasing the homeownership rate, which leads to greater stability of tenure and maintenance investment, may also have a positive effect on property values. At the same time, focusing on the quality, appearance, and level of maintenance of the neighborhood’s rental housing, particularly if it makes up a large part of the area’s housing stock, may be as im-

TABLE 3: STRATEGIES TO INCREASE NEIGHBORHOOD STABILITY

STABILITY VARIABLES	STRATEGIES
Abandonment	<ul style="list-style-type: none"> <li>• CDC rehabilitation program targeting abandoned properties</li> <li>• Incentives for middle-income households to buy and rehabilitate abandoned properties</li> <li>• Early warning system with intervention to prevent abandonment of properties at risk</li> </ul>
Foreclosures	<ul style="list-style-type: none"> <li>• Foreclosure-prevention programs for homeowners</li> <li>• Provision of post-purchase homebuyer counseling</li> <li>• Financial literacy/anti-predatory-lending programs</li> </ul>
Property disinvestment	<ul style="list-style-type: none"> <li>• Home-repair assistance programs</li> <li>• Financial-assistance programs for landlords</li> <li>• Incentives for homeowners</li> <li>• Community-building strategies</li> <li>• Neighborhood clean-up efforts</li> <li>• Targeted code-enforcement programs</li> </ul>
Concentration of poverty	<ul style="list-style-type: none"> <li>• Retain and attract middle- and upper-income homebuyers or renters</li> <li>• Improve educational and training opportunities for neighborhood residents</li> <li>• Improve access to employment opportunities for neighborhood residents</li> </ul>
Crime	<ul style="list-style-type: none"> <li>• Community and problem-oriented policing strategies</li> <li>• Reconfiguration of physical environment (defensible space)</li> </ul>
Homeownership	<ul style="list-style-type: none"> <li>• Build on vacant land or rehabilitate vacant properties for owner-occupancy</li> <li>• Foster conversion of multifamily rental housing to cooperative or condominium ownership</li> <li>• Foster conversion of 1- to 4-unit rental housing to homeownership</li> </ul>

portant a factor in enhancing neighborhood stability.

Many stability issues lend themselves to more than one strategy. The choice of strategies depends on the CDC’s mission or the available opportunities. A CDC could try to reduce poverty concentrations through a strategy to build the neighborhood’s middle-income population, or by increasing low-income residents’ job skills and employment opportunities. At a regional level, concentrations of poverty can be

fought by creating low-income housing opportunities in more affluent suburban areas in the region.

Seemingly similar strategies may lead to significantly different outcomes. Reducing the number of abandoned properties through a program under which a CDC rehabilitates properties with HOME funds, selling them to lower-income homebuyers, and reducing them by the same number through a program of incentives to get middle-income buyers to rehabilitate

TABLE 4: ELEMENTS CONTRIBUTING TO NEIGHBORHOOD AMENITY VALUE

AMENITY VALUE	ELEMENTS
Appearance	<ul style="list-style-type: none"> <li>• Appearance of vacant lots</li> <li>• Appearance of vacant buildings</li> <li>• Trash and debris in streets and front yards</li> <li>• Unattractive, incompatible uses such as junkyards, auto-body shops</li> <li>• Graffiti</li> <li>• Quality of streetscape</li> <li>• Appearance of commercial areas ( facades, parking areas, sidewalks)</li> </ul>
Parks and open space	<ul style="list-style-type: none"> <li>• Amount and characteristics of open space</li> <li>• Utility of open space ( fit between neighborhood recreational needs and nature of facilities)</li> <li>• Maintenance and appearance of open space</li> <li>• Programming and activity level in open space</li> <li>• Safety of open space</li> </ul>
Economic opportunity	<ul style="list-style-type: none"> <li>• Number and quality of jobs</li> <li>• Number and quality of jobs easily accessible to residents through public transportation</li> <li>• Small-business opportunities</li> </ul>
Transportation	<ul style="list-style-type: none"> <li>• Journey to work access</li> <li>• Variety of other public transportation destinations (downtown, shopping centers, other major destinations)</li> <li>• Frequency of service</li> <li>• Quality of service (length of trip, appearance of vehicles, price)</li> </ul>
Shopping	<ul style="list-style-type: none"> <li>• Access to basic shopping needs</li> <li>• Variety and nature of shopping</li> <li>• Appearance of stores</li> <li>• Price and quality of merchandise</li> <li>• Access to dining and entertainment opportunities</li> </ul>
Schools	<ul style="list-style-type: none"> <li>• Quality of educational program</li> <li>• Safety on school grounds and on way to/from school</li> <li>• Appearance/condition of school facilities</li> </ul>



the properties for their owner-occupancy may look similar in terms of the properties themselves, but may have very different outcomes in terms of the subsequent impact on the area's housing market.

The former strategy may have significantly less market-building impact than the latter, both because of the economic characteristics of the families buying the houses, and the smaller financial investment that they are making. The goal in providing incentives for families to buy and rehabilitate vacant houses is not only to get those homes rehabbed, but to trigger a cycle where the neighborhood in general, and the neighborhood's vacant properties in particular, gradually become more desirable to homebuyers, so that the incentives can be gradually reduced and ultimately eliminated. This is an example of a catalytic strategy.

The CDC or city has a wide range of strategy options to build greater neighborhood stability [Table 3], including changing the physical environment; changing the financial climate within which property owners make decisions about their properties; counseling; training and educational programs; or community-building and organizing strategies.

#### *Increasing amenity value and quality of life in the neighborhood*

Many different elements go into building a neighborhood's amenity values. Table 4 identifies more

than 25 separate elements that must be at least considered in framing a neighborhood market-building strategy.

The table does not indicate which elements should be pursued in a market-building strategy. Strategies to build amenity value must emerge from the particular conditions and opportunities, physical and locational assets that the neighborhood offers. The features of existing parks, shopping, or transportation networks will vary widely by neighborhood, as will the opportunities to create new parks, employment centers, or public-transit routes.

While creating major open spaces in urban areas can be difficult, opportunities exist, often by reclaiming former industrial or railroad property. Neglected existing parks, if restored with better security and maintenance, can add far greater amenity value to an area.

Strategies to increase neighborhood amenity values must be firmly based on a clear idea of the characteristics and preferences of the population that the city or CDC is seeking either to retain or attract to the area. An effective strategy to build an area's housing market requires not only identifying the target groups that the neighborhood is trying to attract or retain, but identifying and carrying out the specific amenity-value strategies that will most powerfully affect their decisions. ▲

## IV. PROMOTING EQUITABLE REVITALIZATION

CHANGE IN THE real-estate market will inevitably change the affordability of housing in the neighborhood. As demand grows, prices rise to reflect the additional value associated with buying or renting a home in the neighborhood. Lower-income residents of the neighborhood may find it increasingly difficult to afford to continue to live there, while fewer new lower-income households will be able to move into the neighborhood. Over time, lower-income residents will be displaced and replaced by more affluent households.

While this is change, it is not equitable revitalization. To the extent feasible, revitalization should be a balanced process that benefits neighborhood residents at all income levels, owners or renters, young or old, designed to lead to economic integration as a long-term reality rather than a transitional state. Equitable revitalization calls for both preserving and creating affordable housing, as well as taking steps to minimize untimely and forced displacement of a neighborhood's lower-income residents.

The effects of change will vary widely, depending on the pace of change and the nature of the new demands driving it. In some neighborhoods, sale prices of owner-occupied housing may increase much more quickly than rent levels. In others, modest single-family houses may not appreciate as much, but older apartment buildings may be converted to condominiums. Three distinct types of housing and residents are affected by change in different ways:

- Owner-occupied housing and homeowners
- Private-market rental housing and renters
- Subsidized or government-assisted rental housing and renters

Table 5 shows the way each category can be affected by change. These are potential effects. While any are possible in a given area, not all will occur in all neighborhoods. Which will actually take place will depend on the dynamics of the particular neighborhood's process of change.

These pressures call for creative responses from city officials and CDCs, first to ensure that lower-income tenants and homeowners are not harmed by change; and second to foster the creation of stable socially and economically integrated communities. While both goals fit into the larger framework of equitable revitalization, they demand different strategies and approaches. Both, however, also require a larger focus on citywide policies and decision making.

### *Equitable revitalization strategies: an overview*

Strategies for equitable revitalization fall into three categories, representing three distinct goals or strategy areas:

- Preserving affordable housing as a share of the neighborhood's housing stock
- Preventing involuntary displacement of the neighborhood's lower-income residents
- Building resident economic resources

These goals are complementary but different, and give rise to different—although often overlapping—strategies. Any two, or all three, can and should be pursued in tandem, while certain strategies can simultaneously further more than one goal.

Organizations taking the long view of the neighborhood's future must address the long-term issue of preserving and expanding the neighborhood's afford-



TABLE 5: POTENTIAL EFFECTS OF MARKET CHANGE ON HOUSING STOCK AND OCCUPANTS

HOUSING TYPE	EFFECTS ON HOUSING STOCK	POTENTIAL EFFECTS ON OCCUPANTS
Owner-occupied properties	<ul style="list-style-type: none"> <li>• House prices rise</li> <li>• Land value increases leading to potential site assembly for higher density development</li> </ul>	<ul style="list-style-type: none"> <li>• Existing homeowners may be subject to cost burdens as a result of increased property taxes</li> <li>• Existing homeowners may be pressed to upgrade their properties</li> <li>• Existing homeowners see appreciation in their property value, which may be a significant benefit if and when the house is sold</li> <li>• New homebuyers are likely to be substantially more affluent than existing homeowner base</li> <li>• New homebuyers may convert 2-3 unit properties into single-family properties, eliminating rental units</li> <li>• New housing built on sites formerly occupied by single-family homes will target demographically different households (more singles and empty nesters, fewer families with children) and may be more expensive</li> </ul>
Absentee-owned rental properties	<ul style="list-style-type: none"> <li>• Rent levels rise</li> <li>• Value of rental property for conversion to owner-occupancy increases</li> <li>• Land value increases leading to possible demolition and site reuse for higher density development</li> </ul>	<ul style="list-style-type: none"> <li>• Tenants may be subject to cost burden as a result of higher rents, potentially leading to displacement</li> <li>• Landlords may upgrade properties in order to be able to charge higher market rents, burdening existing lower-income tenants</li> <li>• Landlords may use pressures and/or incentives to get tenants to vacate</li> <li>• Multifamily rental properties may be converted to condominiums, resulting in loss of rental units and displacement of tenants</li> <li>• 1-4 family rental properties are sold to owner-occupants who often reduce the number of units, resulting in loss of rental housing</li> <li>• New housing built on sites formerly occupied by modest rental properties will be substantially more expensive than former property</li> <li>• Families with Housing Choice vouchers will have greater difficulty finding rental housing in area</li> </ul>
Government-assisted rental properties	<ul style="list-style-type: none"> <li>• Market value of subsidized properties increases</li> <li>• Land value increases lead to possible demolition and site reuse for more profitable development alternatives</li> </ul>	<ul style="list-style-type: none"> <li>• Subsidized projects with expiring use restrictions may be converted to market-rate housing</li> <li>• Subsidized projects may be demolished in order to create sites for more expensive and/or higher-density development</li> <li>• Pool of affordable rental-housing units in area housing stock is diminished, leading to fewer opportunities for lower-income households</li> </ul>

able-housing stock, so that the neighborhood will remain economically integrated, rather than largely or entirely occupied by middle- or upper-income households. This goal is supported by sound policy objectives. First, lower-income households should be able to benefit by living in stronger and healthier economically mixed communities. Second, the greater the number of lower-income housing units that are lost and not replaced in any given area, the more likely poverty concentrations will increase in other parts of a city or region; or, in regions with tight hous-

ing markets and high demand, the more likely lower-income households will face increasing cost burdens as well as overcrowding in housing elsewhere in the city. Third, as a matter of public policy, there is inherent value in fostering mixed-income neighborhoods, as a step toward breaking down pervasive barriers of class and race in American communities. In some cases, moreover, loss of lower-income residents can impair the economic vitality of a community, by making it harder for local businesses to find workers. As housing demand grows, preserving exist-

ing affordable housing is particularly important, since building new affordable housing will become increasingly difficult. In some neighborhoods which have large amounts of subsidized housing, a successful preservation strategy alone may make economic integration possible. In most areas, however, achieving economic integration will require at least some new affordable housing, either because the existing stock is too small, or because it may not be feasible or desirable to preserve it all.

Preventing or minimizing involuntary displacement is fundamentally different from preserving affordable housing. While the latter is inherently a long-term effort, the former is designed to mitigate the effects of change in the short run, by focusing on the immediate pressures affecting lower-income tenants and homeowners. While most tenants are highly mobile, they should be able to move when they want to, not when the landlord has come up with a more profitable alternative.

Many lower-income homeowners in an appreciating neighborhood may be able to benefit significantly from the appreciation taking place in their midst, but only if they can preserve the quality of their asset and are not pressed to move prematurely by tax increases or other factors. This in turn suggests that asset-preservation strategies—including foreclosure prevention and assistance to help owners extract themselves from untenable subprime or predatory loans—can also play an important role in helping lower-income owners benefit from, rather than be victimized by, market change.

Another way to address the gap between incomes and rising housing costs may be to build resident incomes or wealth through education and training, and through job and small-business opportunities, to enable more residents to continue to afford to live in the neighborhood. Such strategies can sometimes take advantage of synergies between increased housing demand and economic options for neighborhood residents, such as the job and business opportunities opened up by increased construction and home-improvement activity, and the business opportunities arising from the growth in the neighborhood's disposable income.

Building incomes and assets through jobs and business opportunities should be part of any strategy to improve the lives of lower-income households, in urban neighborhoods or anywhere else, but may have

an uneven or limited impact on equitable revitalization. These programs may take many years to have a substantial impact, while the benefit of such programs to the neighborhood may be lost if beneficiaries use their increased income and assets to move out of the area. From a revitalization standpoint, these strategies should be seen as complementary to strategies that seek to influence housing costs and availability directly.

### *Preserving and expanding the affordable housing stock*

Efforts to preserve and expand a neighborhood's affordable-housing stock must distinguish between four separate goals, each of which calls for its own distinct set of strategies [Table 6]:

CDCs that want to mount successful affordable-housing preservation or development efforts in an appreciating neighborhood may have to depart significantly from what have been common CDC practices. They must use new strategies to gain control of property, both to preserve existing affordable housing, and to assemble sites for future housing development. New financial resources must be amassed including patient capital property-acquisition funds and cross-subsidization of affordable housing through market development, in order to support more costly land-assembly and development activities. Finally, new legal and policy tools such as inclusionary zoning ordinances may be needed which may require action beyond the local level. In most states, many of the most important matters, such as landlord-tenant regulations, tax laws, and land-control powers are dictated by state legislatures.

### *Preventing or mitigating involuntary displacement*

A long-term, equitable revitalization strategy will depend on preserving or creating enough affordable housing to sustain an economically integrated neighborhood. In the meantime, the short-term concerns of the area's residents are more likely to hinge on the immediate issue of potential displacement. Mitigating or preventing displacement is an important goal in itself, even when it does not necessarily lead to long-term preservation of the affordable-housing stock. Appropriate strategies must be devised for homeowners, tenants in private-market properties, and tenants in subsidized or affordability-controlled properties [Table 7]. Preventing displacement for tenants of subsidized housing,

TABLE 6: GOALS AND STRATEGIES TO PRESERVE AND EXPAND AFFORDABLE HOUSING

GOAL	STRATEGIES
Preserve existing subsidized or affordability-controlled housing	<ul style="list-style-type: none"> <li>• Upgrade quality/appearance of existing subsidized housing stock</li> <li>• Ensure a high level of maintenance and repair in existing subsidized housing stock</li> <li>• Facilitate retention of projects subject to expiring use restrictions as permanent or long-term affordable housing *</li> <li>• Require one-to-one replacement of subsidized units removed by redevelopment or other public action</li> </ul>
Preserve affordability in private-market housing stock	<ul style="list-style-type: none"> <li>• Provide incentives such as rehab grants/loans or tax abatements to landlords in return for maintaining affordability *</li> <li>• Enact rent-control ordinance, or amend ordinance to remove vacancy decontrol *</li> </ul>
Convert private-market housing into affordability-controlled housing	<ul style="list-style-type: none"> <li>• Enact ordinance giving tenants right of first refusal, and create financing program to enable tenants to purchase properties and maintain as affordable housing *</li> <li>• Undertake program of acquisition/rehabilitation of privately owned properties to be maintained as affordable housing</li> </ul>
Create new affordability-controlled housing	<ul style="list-style-type: none"> <li>• Create land bank of vacant publicly owned land to be held in reserve for future construction of affordable housing</li> <li>• Create property acquisition fund to make possible acquisition of privately owned land for affordable-housing development</li> <li>• Enact inclusionary zoning ordinance requiring that a percentage of units in future market-rate developments be affordable-housing units and ensuring that units created remain affordable on a long-term basis</li> <li>• Enact affordable-housing replacement ordinance, requiring replacement of affordable units lost through demolition, condominium conversion or conversion to non-residential use or housing trust fund contributions in lieu of providing replacement units</li> <li>• Use vacant property receivership to restore properties held vacant for speculative purposes</li> </ul>

(\*) Cross-cutting activities that are also used to pursue the goal of preventing involuntary displacement of lower-income households

however, is usually a by-product of actions taken to preserve such housing, rather than a separate strategy.

While preserving or creating affordable housing often involves taking the initiative in gaining control of land and assembling financial resources, actions to prevent or mitigate displacement are more likely to involve regulatory changes designed to impose constraints on practices of property owners, developers, or lenders. These may include imposing rent controls, granting tenants the right of first refusal to purchase their buildings, establishing rules for relocation assistance, or discouraging predatory and subprime lending. Constraints on private-market behavior must be carefully designed to address the problems it raises without discouraging positive changes. The goal is to manage change, not stop or reverse it.

Preserving affordable housing and mitigating dis-

placement go together. Many actions, such as giving tenants a right of first refusal to buy their multifamily buildings if the owner plans to sell or convert them to condominiums, further both strategies. The two strategies can also be linked by creating affordable housing in ways that enable it to be used as replacement housing for those displaced from private-market housing, or by designing displacement-prevention strategies that may lead to private-market housing becoming long-term, non-market affordable housing.

*The three “P”s—power, programs, and policy*

No equitable neighborhood-revitalization strategy is likely to be fully successful unless it is linked to efforts to affect citywide and even state-level policies that determine how priorities are set and how resources are allocated. Success at equitable revitalization

TABLE 7: STRATEGIES AND ACTIVITIES TO PREVENT INVOLUNTARY DISPLACEMENT OF LOWER-INCOME RESIDENTS

STRATEGY AREA	ACTIVITIES TO FURTHER STRATEGY
Homeowners	<ul style="list-style-type: none"> <li>• Provide educational and informational programs to combat predatory lending and unscrupulous contracts</li> <li>• Provide foreclosure-prevention assistance and other activities to reduce the risk of foreclosure</li> <li>• Provide assistance and alternative sources of financing for home repairs and refinancing</li> <li>• Provide property-tax circuit-breakers or other forms of tax adjustment to limit property taxes or rate of tax increases</li> <li>• Provide assistance to owners to create accessory apartments or establish boarder programs to reduce financial burden of homeownership</li> </ul>
Tenants in private-market housing	<ul style="list-style-type: none"> <li>• Enact ordinance giving tenants right of first refusal, and create financing program to enable tenants to purchase properties and maintain them as affordable housing</li> <li>• Enact rent control ordinance, or amend ordinance to remove vacancy decontrol</li> <li>• Amend relocation laws to provide that they are triggered by private displacement and ensure adequate levels of relocation assistance</li> <li>• Strengthen landlord-tenant laws including penalties for landlord harassment of tenants</li> <li>• Provide incentives such as rehab grants/loans or tax abatements to landlords in return for maintaining affordability</li> </ul>
Tenants in subsidized or affordability-controlled housing	<ul style="list-style-type: none"> <li>• Ensure a high level of maintenance and repair in existing subsidized housing stock</li> <li>• Facilitate retention of projects subject to expiring use restrictions as permanent or long-term affordable housing</li> </ul>

requires three “P”s—power, programs, and policy.

Any effort to manage change to benefit lower-income residents or preserve affordability in a rising real-estate market involves trying to manipulate or constrain that market in some fashion. Those efforts may challenge powerful interests, both public and private, that benefit from market change. While those interests can be reconciled with residents’ interests, the process by which that can take place can be challenging. A successful CDC strategy to preserve affordability in a changing neighborhood takes more than technical capacity and a solid list of programs, projects, and activities that it proposes to carry out in the neighborhood. It requires the ability to mobilize enough power for one’s concerns to be taken seriously by City Hall and other powerful players, and the ability to form coalitions that can bring about policy change citywide.

Power can be gained in many ways: by controlling land, by building relationships with others, and through people power, mobilizing residents through organizing efforts. It must be exercised not only to gain specific benefits for a particular neighborhood—such as getting the city to sell a piece of land to a CDC for a housing development—but also to bring about

changes to public policies affecting all of the city’s neighborhoods, such as inclusionary zoning policies or first-source ordinances requiring that local workers be given the first opportunity at new jobs created with public incentives, which will ultimately have far greater impact on the equitable revitalization of the community.

Having an impact on city or state policy requires effective coalitions, such as the CDC-led coalitions that have successfully won important policy changes to create housing trust funds or establish a citywide community land trust in Philadelphia and Chicago. CDC associations in New Jersey and Massachusetts have won important state-level policy victories including a state neighborhood-revitalization tax credit in New Jersey and a \$200-million housing bond issue in Massachusetts, giving CDCs and local governments additional tools and resources to foster change at the local level. Ultimately, the ability to exercise power and bring about larger changes in citywide policies can make possible the specific programmatic initiatives that may be needed to address the impacts of market change and foster long-term affordability within each neighborhood. ▲

## V. CHANGING STRATEGIES OVER TIME

**D**IFFERENT STRATEGIES MAY work well, poorly, or not at all, depending on the state of the neighborhood's housing market, and the neighborhood's place on the continuum of neighborhood change. Market-building strategies are driven by the baseline market characteristics of the neighborhood, at a particular point in time. Understanding trends is important, but less so, because the goal is to create a trend, working from the area's existing conditions. Strategies to preserve or create affordable housing are driven more by the trend of market-driven change, because these strategies are designed to anticipate or respond to change, rather than create it.

Determining whether a strategy is suitable at a particular time and place requires weighing three separate factors in light of the changes taking place in the neighborhood:

- **Is the strategy relevant?** Will it address a problem that already exists, or is it needed to anticipate a problem that is likely to arise in the future?
- **Is the strategy effective?** Is it likely to yield the desired results, and will the positive outcomes significantly outweigh any negative outcomes?
- **Is the strategy efficient?** Is the cost of implementing the strategy reasonable in light of the benefits derived, and is the balance between public costs and benefits comparable to or better than alternative strategies?

All three questions have to be asked, and answered, regularly for every market-building or market-sensitive equitable revitalization strategy being pursued.

Table 8 looks at different strategies to increase the desirability of an area's housing stock, matching the strategies to the typology presented earlier in Table

1. Where the market is at its strongest, no strategy is likely to add significant value, because the market is already working at or close to its optimal level. The reverse applies in the most distressed areas. Many strategies will not be effective in those areas, because they require a higher level of baseline housing demand than those areas may currently offer. Major improvements to the stability or quality of life in the area may be needed before strategies to market the neighborhood to middle- or upper-income households are likely to work. As the table shows, it is the neighborhoods in categories two through four where strategies to increase the desirability of a neighborhood's housing stock are likely to be most effective. In those areas it is possible for a city or CDC to build on assets that are already there, or beginning to emerge. By using indicators to assess the neighborhood's condition and track change, a CDC can determine which strategies are likely to be most effective.

Equitable revitalization strategies in changing neighborhoods need to be highly sensitive to the housing-market conditions and trends affecting the neighborhood. These strategies relate to housing-market trends rather than baseline conditions. To permit comparing alternative strategies, neighborhood change can be divided into six stages starting at the lowest level in the neighborhood typology presented in Table 1 [Table 9]. Stage 6/5 represents movement from category 6 to category 5, 5/4 represents movement from category 5 to category 4, and so forth. CDCs and local governments can use indicators to track the change in a neighborhood from one stage to the next.

The stages of change in Table 9 are schematic, and

TABLE 8: HOUSING STRATEGIES AND NEIGHBORHOOD HOUSING MARKET

STRATEGY	NEIGHBORHOOD HOUSING-MARKET STATUS* (1 = LOWEST, 6 = HIGHEST)					
	1	2	3	4	5	6
Create large-scale market-changing or transformative redevelopment projects	●	●	⊖	○	○	○
Build new scattered-site housing targeted to market demand	⊖	●	●	●	○	○
Create demand-responsive housing through rehabilitation and reconfiguration of existing stock	○	⊖	●	●	○	○
Create demand-responsive housing through adaptive reuse of non-residential structures	⊖	●	●	●	○	○
Provide incentives for individuals to build or rehabilitate housing	○	⊖	●	●	○	○
Use capital subsidies to build or rehabilitate housing to sell to lower-income homebuyers	⊖	●	●	●	○	○
Provide equity-protection insurance	⊖	●	●	⊖	○	○
Carry out neighborhood target marketing	○	⊖	●	●	⊖	○
Undertake promotional activities	○	⊖	●	●	⊖	○
Increase effectiveness of real-estate brokerage activities in neighborhood	⊖	●	●	●	⊖	○

● most suitable   ● moderately suitable   ⊖ limited suitability   ○ not suitable

\*See Table 1 for description of housing-market typology

do not necessarily represent the actual course of change in any particular neighborhood. Not only is the course of change in the real world uneven and inconsistent, but few neighborhoods move across the entire range of the spectrum from the weakest to the strongest market conditions. Most neighborhoods will change, if they do, within a narrower band reflecting their particular assets and constraints, with respect to their location, their housing stock, and other features.

The suitability of each of the various strategies that can be used to preserve or create affordable housing varies significantly from one stage to another [Table 10]. Actions to preserve or create affordable housing always interact with the private market, and are directly affected by change in real-estate prices and land availability. Actions that are designed to affect

decisions by private owners, such as a rent-control ordinance or a program to offer improvement loans in return for a commitment to keep units affordable, will rise and fall on the owner’s economic calculations, which are determined by his or her understanding of the state of the local housing market.

Strategies to mitigate displacement or preserve lower-income homeownership are less market-sensitive. While the need for many of those strategies arises from market pressures, some of these strategies—such as ensuring adequate relocation assistance for displaced tenants or measures to limit property tax hikes for homeowners—are sound public policy at any point, even though the demand for relocation assistance or the pressure from property taxes may not be great in neighborhoods in the early stages of change. ▲

TABLE 9: STAGES OF NEIGHBORHOOD CHANGE

STATE OF CHANGE	INDICATORS OF CHANGE
<p>6/5 <i>(From Type 6 to Type 5 — See Table 1)</i></p>	<p><b>Slight improvement in market conditions</b></p> <ul style="list-style-type: none"> <li>• Property values and rents still low</li> <li>• Slight increase in sales</li> <li>• Predominantly speculative buying</li> <li>• Significant market gap</li> <li>• Slight reduction in high level of disinvestment</li> </ul>
<p>5/4</p>	<p><b>Moderate improvement in market conditions</b></p> <ul style="list-style-type: none"> <li>• Moderate property values</li> <li>• Increase in sales</li> <li>• Increase in lower-income homebuyers</li> <li>• Reduced market gap</li> <li>• Evidence of better property maintenance—disinvestment reduced but still widespread</li> </ul>
<p>4/3</p>	<p><b>Strong improvement in market conditions</b></p> <ul style="list-style-type: none"> <li>• Increasing property values</li> <li>• Increase in sales</li> <li>• Increase in homebuyers and homebuyer incomes—some middle-income buyers</li> <li>• Market gap disappears</li> <li>• Property maintenance improves and disinvestment becomes rare</li> </ul>
<p>3/2</p>	<p><b>Strong improvement in market conditions</b></p> <ul style="list-style-type: none"> <li>• Moderately high property values</li> <li>• High level of owner-occupant purchases</li> <li>• Economically diverse homebuyers</li> <li>• Modest development profitability</li> <li>• High property maintenance</li> </ul>
<p>2/1</p>	<p><b>Sustained high level of market conditions</b></p> <ul style="list-style-type: none"> <li>• Consistently high property values and rents</li> <li>• Most sales to owner-occupants</li> <li>• Homebuyers predominantly upper-income</li> <li>• High development profitability</li> <li>• Consistently high property maintenance</li> </ul>

TABLE 10: SUITABILITY OF AFFORDABLE-HOUSING PRESERVATION AND CREATION STRATEGIES

STRATEGY AREA	ACTIVITY	STAGE OF NEIGHBORHOOD CHANGE					
		NO CHANGE	6/5	5/4	4/3	3/2	2/1
Preserve affordability in private-market housing stock	Provide incentives such as rehab grants/loans or tax abatements to landlords in return for maintaining affordability	○	⊖	●	●	⊖	⊖
	Enact rent-control ordinance, or amend ordinance to remove vacancy decontrol	○	⊖	⊖	●	●	●
Convert private-market housing into affordability-controlled housing	Enact ordinance giving tenants right of first refusal, and create financing program to enable tenants to purchase properties and maintain as affordable housing	⊖	⊖	●	●	●	●
	Undertake program of acquisition/rehabilitation of privately-owned properties to be maintained as affordable housing	⊖	⊖	●		⊖	○
Create new affordability-controlled housing	Create land bank of vacant publicly owned land to be held in reserve for future construction of affordable housing	⊖	●	●	⊖	⊖	○
	Create property acquisition fund to make possible acquisition of privately-owned land for affordable-housing development	○	⊖	●	●	⊖	○
	Enact inclusionary zoning ordinance requiring that a percentage of units in future market-rate developments be affordable-housing units and ensuring that units created remain affordable on a long-term basis.	○	○	⊖	●	●	●
	Enact affordable-housing replacement ordinance, requiring replacement of affordable private-market units lost through demolition, condominium conversion or conversion to non-residential use or housing trust fund contributions in lieu of providing replacement units	○	○	○	⊖	●	●
	Use vacant property receivership to restore properties held vacant for speculative purposes	○	⊖	●	●	●	⊖

● most suitable   ● moderately suitable   ⊖ limited suitability   ○ not suitable



## VI. A FRAMEWORK FOR STRATEGIC CHANGE

THIS PUBLICATION HAS described the central role housing demand and the real-estate market play in the process of neighborhood change, triggering a wide range of other changes in neighborhood conditions with both positive and negative effects for the community and its residents. From that starting point, it has described how a CDC or city government can frame strategies to lead the process of change, rather than follow it. These are not isolated strategies, but elements of a complex strategic process for fostering sustainable and equitable neighborhood revitalization.

The framework for strategic change is a dynamic way of thinking about housing markets that helps to build strategies that foster change and seek to direct it into the most sustainable and equitable channels. The final section describes briefly how the elements in the framework intersect, as shown graphically in Figure 2.

The process of strategy-building begins with understanding the real-estate market conditions of the neighborhood that is the target of the strategy. Those conditions will determine the extent to which moving the market—as distinct from managing it—is likely to be an important goal, and which strategies are most likely to be effective.

That information leads to the next step, framing goals for neighborhood change. Just as it is difficult to frame those goals before one has a clear picture of existing conditions and trends, it is difficult—if not impossible—to frame an effective strategy without a clear idea of where one is heading. Real-estate market change may sometimes be a goal in itself, or it may be a means to other goals that the user is trying to pursue. Which goals those might be are for the

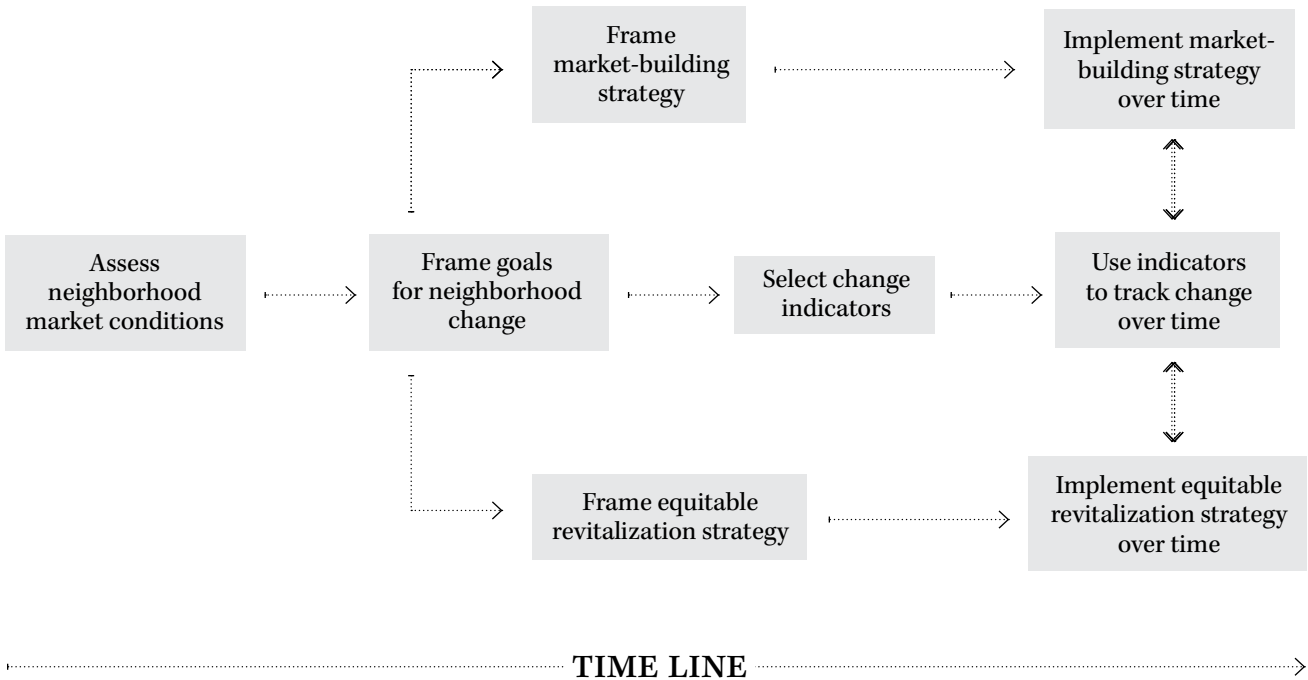
user to determine.

Having established the baseline conditions for the strategy, the next steps can be taken more or less simultaneously. The user must frame strategies to move the neighborhood real-estate market, and/or frame market-sensitive strategies to foster equitable revitalization, in the manner most appropriate to the neighborhood's conditions and the user's goals. In most cases the strategic mix should include some strategies or activities that address both issues. A CDC may find, however, after studying the neighborhood's current real-estate market conditions and trends, that the market is already moving strongly and requires no further intervention to become self-sustaining. In that case, its resources can be redirected toward strategies to ensure that further change takes place in an equitable fashion.

At the same time, the user must develop a process for tracking change on a regular basis, tied to the specific strategies that are being pursued. The need to track change, using the best available indicators, grows out of the fundamental premise of this framework; namely, that the most appropriate strategic priorities and the effectiveness of specific actions will change depending on the nature and extent of the housing-market change taking place in the area.

Implementation is an ongoing, long-term process that demands routine evaluation of the strategies against changes in the area's market conditions. As market conditions change in a neighborhood, both the feasibility and the effectiveness of given strategies change. Once the market is moving strongly, it becomes less appropriate to spend resources on market-building and important to redirect resources

FIGURE 2: A FRAMEWORK FOR STRATEGIC CHANGE



to strategies that preserve affordability or minimize displacement. Similarly, as market conditions change, the relative effectiveness of equitable revitalization strategies changes. Just as a retail store regularly monitors sales data to find out what is selling and adjusts its product lines and displays accordingly, implementation must include ongoing integration of the housing-market information being tracked and the process of framing, modifying, and affecting the strategies for neighborhood change. ▲

## CLOSING NOTE

**N**EIGHBORHOODS IN CITIES across the United States are changing, driven by change in the local housing markets, often at a pace astonishing to those who have been part of those communities and have seen little change, if any, for many years. Change has brought with it opportunities for city governments, CDCs, or neighborhood residents to build stronger, healthier neighborhoods. At the same time, it has created risks, not only for the lower-income residents of changing neighborhoods but also for the very fabric of those areas.

The pages of this publication have outlined an approach to fostering market-driven change and framing market-sensitive strategies for preserving affordable housing and minimizing displacement. This approach offers an opportunity for all stakeholders to work toward a goal of sustainable and equitable change, creating neighborhoods that are healthy, safe, and attractive environments shared by people of different races, ethnic communities, and economic levels.

Effecting this approach demands a long-term, strategic focus on the part of a local government or CDC. Such a focus can be challenging. It demands flexibility, creativity, and a systematic approach to using information, making decisions, and allocating resources over an extended period. That, in turn, may require finding resources for planning, monitoring, and evaluation beyond what are often available to a financially strapped CDC or municipality. The stakes, however, are considerable. The ability to frame and carry out an effective strategic approach to neighborhood change may ultimately determine the quality of life that the neighborhood will offer, whether it will thrive, and whether its lower-income residents will be among the beneficiaries.

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The National Housing Institute (NHI), founded in 1975, is an independent nonprofit organization dedicated to fostering decent, affordable housing and a vibrant community for everyone. In its magazine, *Shelterforce*, Web site [www.nhi.org](http://www.nhi.org), and research, NHI focuses attention and encourages action on progressive, high-impact housing and community-development policies and practices through the lens of such subjects as social and economic equity, racism, poverty, health, the environment, education, and sustainability.

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## RESOURCES AND REFERENCES

**T**HIS WORK BUILDS on the creative and important work done by many others in the field during recent years, particularly the Dynamic Neighborhood Taxonomy being developed by Robert Weissbourd and Riccardo Bodini of RW Ventures, the work on market-based neighborhood change by Michael Schubert of the Healthy Neighborhoods Group, and the work of the National Neighborhood Indicators Project, the Reinvestment Fund, and others on development of neighborhood indicators and assessment of neighborhood conditions. Readers who wish to explore the issues raised in this work further can find valuable information at the following Web sites, and in the following publications:

**www.nhi.org/go/ventures** includes a number of valuable materials on market-based development and neighborhood analysis, including the Dynamic Neighborhood Taxonomy

**www.nhi.org/go/fallcreekconsultants** provides a variety of resources about market-based development, in particular strategies to build homeownership. A thoughtful neighborhood taxonomy has been developed by Charles Buki, part of the Healthy Neighborhoods Group, and is available at **www.nhi.org/go/czb**

Policylink, a national advocacy and research organization based in Oakland, Calif., has prepared a useful equitable development toolkit, available at **www.nhi.org/go/toolkit**

A wide range of information about neighborhood indicators, including both papers discussing issues involved in developing indicators and links to city-based indicator projects, is available at the National Neighborhood Indicators Project, **www.nhi.org/go/nnip**. Additional information on how indicators

are used in Baltimore can be found at the Baltimore Neighborhood Indicators Alliance, **www.bnia.org**, and in Boston at the Boston Indicators project, **www.nhi.org/go/bostonindicators**

Information about the success measures project of NeighborWorks America is available at **www.nhi.org/go/successmeasures**

There are a variety of local initiatives worth investigating. Information about the Healthy Neighborhoods initiative in Baltimore, one of the strongest of the initiatives around the United States focusing on market-oriented neighborhood change, can be accessed at **www.nhi.org/go/healthy**. In Cleveland, Neighborhood Progress Inc. has initiated a Strategic Investment Initiative, with information available at **www.nhi.org/go/progress**. The Voorhees Center for Neighborhood and Community Improvement at the University of Illinois at Chicago has done many valuable analyses of neighborhood change, which can be found at **www.nhi.org/go/uic**.

Two publications commissioned by the Community Development Partnerships' Network focusing on neighborhoods in economically distressed cities are worth reading. Although CDPN is no longer active, these publications can be downloaded from the Web sites indicated.

*Building a New Framework for Community Development in Weak Market Cities*, by Paul C. Brophy and Kim Burnett

**www.nhi.org/go/fallcreekresources**

*Building a Better Urban Future*, by Alan Mallach  
**www.nhi.org/policy/UrbanFuture.html**

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**STRATEGIES TO PREVENT DISPLACEMENT OF RESIDENTS AND BUSINESSES  
IN PITTSBURGH'S HILL DISTRICT**

September, 2011

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## I. INTRODUCTION

Across the country a “back to the city” trend is occurring<sup>1</sup>, whereby urban professionals and others are choosing to live in cities to take advantage of shorter commutes and cultural amenities. Cities with large percentages of vacant land or land and buildings with low market value are encouraging this trend by providing public subsidies for private development<sup>2</sup>. Often the communities with significant vacant land are low income African, Latin, Asian and Native American (ALANA) neighborhoods close to center cities<sup>3</sup>. Without preventative strategies included in these community revitalization efforts, neighborhood residents and businesses face gentrification and other forms of displacement<sup>4</sup>.

This paper describes the Hill District of Pittsburgh, Pennsylvania, a predominately African American and low income neighborhood that has faced more than 75 years of disinvestment, urban renewal and benign neglect, but that is now seeing a great deal of development activity. It details anti-gentrification strategies that have been used locally and throughout the country to protect residents and businesses from displacement and briefly discusses the efforts of a neighborhood advocacy group (the Hill District Consensus Group) and community development law firm (Regional Housing Legal Services) to have these strategies adopted and implemented.

### Neighborhood Background

Pittsburgh’s Hill District<sup>5</sup> enjoys one of the best locations in the city, gently sloping upward from downtown, with magnificent views in every direction. It is strategically located between Downtown and Oakland, the economic and university centers of Pittsburgh, respectively. Because of its excellent location, the Hill District has considerable market potential for private investment.

The Hill has a rich history as a center of African-American culture in Pittsburgh and beyond. During the 1930s through the 1950s, the Hill was one of the most prosperous and influential Black neighborhoods in the country, and was nationally renowned for its thriving jazz scene. Harlem Renaissance poet Claude McKay called the Hill District “the crossroads of the world”. Neighborhood resident August Wilson won Pulitzer Prizes and international acclaim for his plays depicting life in the Hill District.

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<sup>1</sup> R. A. (Mar 1<sup>st</sup>, 2011). Supply, supply, supply, don't forget supply. *The Economist*. [http://www.economist.com/blogs/freexchange/2011/03/migration\\_trends](http://www.economist.com/blogs/freexchange/2011/03/migration_trends); Janis, M. (2008). Community Benefits: New Movement for Equitable Urban Development. *Race, Poverty and the Environment*. 15(1) p.73-75.

<sup>2</sup> Baxamusa, M. (2008). *Beyond the limits to planning for equity: The emergence of community benefits agreements as empowerment models in participatory processes*. Unpublished dissertation. Available from the University of Southern California. Accessed July 24, 2008 from <http://www.onlinecpi.org/downloads/CBA%20Dissertation.pdf>.

<sup>3</sup> Janis, M., Id.

<sup>4</sup> Anthony, C. (2008). Livable Communities. *Race, Poverty & Environment*. 15(1), p. 9-11

<sup>5</sup> For the purposes of this paper, “Hill District” includes the city-designated neighborhoods of Lower Hill, Middle Hill, Upper Hill, Bedford, Terrace Village, Uptown and West Oakland.

Like many African-American communities, the Hill District was excluded from the post-war housing boom through the practice of mortgage redlining. As white residents were able to obtain low cost mortgages to buy new houses in newly built communities, the Hill District became more segregated and more disinvested. The principal government responses to the deteriorated housing stock in the Hill District were housing demolition, construction of public housing projects, and urban renewal.

In the 1950s and early 1960s, despite vehement protest from community residents, the city implemented plans to demolish the Lower Hill and replace existing homes and businesses with a cultural venue for more affluent Pittsburghers. The transformation centered upon a new “Civic Auditorium” which was to be anchored by the Pittsburgh Civic Light Opera. Thousands of buildings were demolished and over 8,000 residents were forced to relocate, most receiving little to no compensation for their homes. The grand vision for the Lower Hill Cultural Center did not pan out, however, as plans to build several other theater and arts complexes near the Civic Arena were abandoned in favor of large surface parking lots for commuters and event attendees. Subsequent urban renewal plans to remake the rest of the Hill were thwarted when residents who had seen too much of their neighborhood meet the wrecking ball stood firmly at Crawford Street and would not allow redevelopment to proceed beyond that point. Today, that spot is marked by a monument called “Freedom Corner”<sup>6</sup>.

The Hill District is only beginning to recover from the devastation wrought by mortgage redlining, out-migration, disinvestment and urban renewal, and it is now one of the lowest income, most physically deteriorated neighborhoods in the City. At the same time, the Hill District has retained a committed cadre of residents and organizations who are key assets for neighborhood revitalization.

The Hill District has seen a great deal of development activity in recent years, and is poised to receive a great deal more. According to a recent neighborhood conditions report,<sup>7</sup> there are at least 32 development projects currently under way in the Hill District or expected to break ground in the next year, and many more potential development projects are planned but have not yet received financing. The challenge facing the Hill District today is not how to attract investment into the neighborhood, but how to harness the neighborhood’s development potential and use it in a way that preserves the existing culture and benefits the existing residents.

### **The Challenge with Development**

While development is necessary for any neighborhood to thrive, revitalization of historically disinvested neighborhoods such as the Hill District is often accompanied by the displacement of existing residents and a loss of cultural cohesion. Such displacement can occur either directly through forced relocation, or indirectly through market changes that price residents out of their own neighborhood.

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<sup>6</sup> City of Pittsburgh Department of City Planning (2008). *Request for proposals for a community based master plan for the Hill District neighborhood of Pittsburgh*.

<sup>7</sup> Dewey & Kaye and 3 Rivers Connect, *Development in the Hill District: Research Findings and Analysis* (September, 2008, with development map revised by RHLS September, 2011).



As Mindy Thompson-Fullilove points out, American apartheid is both a system of separation and of serial forced displacement.<sup>8</sup> The same structural conditions that tend to create disinvestment in communities of color also tend to displace long-time residents and businesses, if and when significant levels of investment finally do arrive. Decades of discriminatory housing policy and employment practices have left the Hill with lower household incomes and a higher percentage of renters than the City of Pittsburgh as a whole. These conditions make Hill District residents particularly vulnerable to forced relocation and to indirect displacement when property values increase. The challenge facing the Hill District today is how to manage the significant development interest in the neighborhood in a way that ensures that existing residents will be able to enjoy the benefits of a revitalized Hill.

Fortunately, the Hill District also has a remarkable legacy of insisting on displacement-free development through the work of the Hill District Consensus Group and partner organizations such as Regional Housing Legal Services. In the Bedford Dwellings HOPE VI, for example, community pressure led to a conscious effort on the part of the Housing Authority of the City of Pittsburgh (HACP), the City and the URA to avoid displacing the original public housing residents and homeowners who live in the development area.<sup>9</sup>

### **Building in Anti-Displacement Strategies via Master Planning**

Master plans are a set of decisions and recommendations for future social and economic development for a given area. Hill District residents had long advocated for a comprehensive community plan, as locally community plans are honored by the city planning commission and can be formally adopted by City Council giving them more policy weight. Given the mass displacement that occurred in previous city controlled planning efforts, Hill District residents insisted that the proposed Hill District master plan be driven by the community. The Hill District Consensus Group worked to have this principle codified in enforceable policy via a community benefits agreement (CBA) formed between it the city, county and the Pittsburgh Penguins, surrounding a highly publicly subsidized hockey arena built for the team in the Lower Hill.

During the planning process community members and other stakeholders continually emphasized the need for clear strategies to prevent displacement, yet the various planning consulting teams seeking to be hired to complete the plan made it clear that it was up to the community to identify the strategies they want to be included. So Regional Housing Legal Services (on behalf of a local multi-service agency, Hill House Association) and the Hill Consensus Group began working together to identify and vet ‘tried and true’ anti-displacement strategies for both residents and businesses. Community members also urged that strategies be developed to re-claim the section of the neighborhood that was lost during previous urban renewal efforts (the Lower Hill).

The following sections detail the strategies that were identified. Anti-displacement strategies that require an allocation of resources (like an affordable housing trust fund) or legislative action (like rent control), or that would deprive homeowners of the appreciated value in their homes (like a community land trust) are not included. For each strategy, a specific example is provided and

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<sup>8</sup> Fullilove, et al., “Apartheid and the Developer’s Imperative in Post-Industrial American Cities” (2009).

<sup>9</sup> Murphy, *The Housing that Community Built* (Shelterforce, November/December 2004).

language incorporating the strategy into the Master Plan is included. Local examples of anti-displacement strategies are used whenever possible<sup>10</sup>.

## II. STRATEGIES TO PREVENT DIRECT DISPLACEMENT

Direct displacement generally occurs through either eminent domain or involuntary tenant relocation<sup>11</sup>. Eminent domain involves a public entity taking private property, compensating the owner for the fair market value of the property, and relocating the property's residents. Under state and federal law, the displacing agency is required to identify a "comparable replacement dwelling" (housing that is at least as good as the original, in a neighborhood that is at least as desirable) and pay replacement housing assistance for up to 42 months. Tenant relocation generally involves a large landlord (such as HACP or a project-based Section 8 landlord) either evicting or "temporarily" relocating the tenants until replacement housing is built. Tenants may be entitled to a comparable replacement dwelling, safe and sanitary relocation housing, or no assistance at all, depending on whether there is government involvement and whether the relocation is "temporary" or "permanent".

So-called "temporary" relocation is rarely temporary – nationally for the HOPE VI program, only 24% of relocated residents return to the redeveloped site.<sup>12</sup> Relocation of low income families often destroys the social networks that those families depend upon for survival, and it can take years to rebuild those networks in a new location. By the time the new housing is built, few families will want to go through that experience again, even if it means living in better housing. Many low-income people are also "hard to house" (e.g., elderly, disabled, or otherwise ill-equipped to navigate the private housing market) and are at risk of losing their temporary housing before permanent housing is built. This creates a perverse result, where residents who require the greatest support and are in the most need of stable housing are uprooted from their social networks and thrown unsupported into the private housing market, while those who are best able to handle the private housing market without non-housing supports are generally also the best able to return to the revitalized community.

Numerous studies have documented the link between involuntary relocation a wide range of personal and social ills, including the onset of depression, the aggravation of mental illness, increased substance abuse, domestic violence, marital breakdown, accidents and disease,<sup>13</sup> decreased academic performance,<sup>14</sup> and homelessness.<sup>15</sup>

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<sup>10</sup> Section VII of this paper contains the language that was ultimately included in the Hill District Master Plan.

<sup>11</sup> Great Communities Collaborative (2007). *Preventing Displacement*. Available from <http://greatcommunities.org/intranet/library/sites-tools/great-communities-toolkit/PreventingDisplacement.pdf>

<sup>12</sup> Kingsley (2009) "From Despair to HOPE: Hope VI and the New Promise of Public Housing in America's Cities, Appendix A: Scope and Status of HOPE VI Programs", Cisneros and Engdahl, Eds..(Brookings Institution Press.

<sup>13</sup> Bartlett (1997) "The Significance of Relocation for Chronically Poor Families in the USA"

<sup>14</sup> Hartman, et al, (2003) "Student Mobility: How Some Children Get Left Behind"

<sup>15</sup> Center for Community Change (2003), "A HOPE Unseen: Voices from the Other Side of HOPE VI"

The following strategies have been used to prevent direct displacement:

***Build-First - Bedford Hill HOPE VI.*** Bedford Additions was a large public housing community in the Hill District that was demolished and redeveloped as scattered site, mixed income housing. Replacement housing was built in the surrounding neighborhood before residents were required to move. This made it possible for most residents to make a single move to new housing in the same neighborhood. (So-called “good standing” requirements for the new housing did result in the relocation of some existing residents, but residential displacement was far less than in most HOPE VI developments.)

***On-Site Relocation - Second East Hills.*** Second East Hills is a large project-based Section 8 community in the East Hills neighborhood, that was “gut rehabbed” into townhouse apartments. Significant vacancies made it possible to consolidate occupancy on one part of the site while the new housing was being rehabilitated.

***Master Lease - Three Rivers Manor.*** Three Rivers Manor was a high rise for seniors that was located where PNC Park stands now. The Sports and Exhibition Authority paid to lease a block of apartments at Allegheny Dwellings a couple of blocks away while replacement housing was built in the neighborhood.

***Condemnation Free Development – Bedford Hill HOPE VI.*** The original development plan proposed acquiring contiguous sites for new housing in the development area adjacent to Bedford Additions, but due to significant community opposition the City and URA agreed not to use eminent domain to acquire owner-occupied houses. As a result, some homeowners received assistance repairing their homes, and those who wanted to sell were able to negotiate better terms than would otherwise have been the case.

### **III. STRATEGIES TO PREVENT INDIRECT DISPLACEMENT OF RESIDENTS**

Neighborhood revitalization is usually accompanied by increased property values. This can be a good thing for property owners who are able to hold on to their properties, but many low-income people and businesses can find themselves priced out of their homes and their neighborhood due to higher rents, higher taxes, and an increased demand for property. Tenants who are faced with higher rents may be forced to move unless their incomes keep up with the increased costs. Homeowners who lack clear title to their family homes or are unable to resolve tax or mortgage delinquencies can lose their homes due to increased demand for property in the neighborhood.

Strategies to prevent indirect residential displacement necessarily involve preserving, improving or creating affordable housing in the neighborhood. This requires a number of determinations, including what is affordable, what kinds of affordability should be supported, and what income levels should be targeted. Once community consensus is reached around these issues, there are a number of affordability strategies that can be included in the Master Plan.

*What is affordable?* Housing is generally considered to be affordable if total housing costs (rent/mortgage, utilities, taxes, insurance and ongoing maintenance costs) do not exceed 30% of a household’s gross income.

*“Deep subsidy” vs. “shallow subsidy”.* Deep subsidy affordability means that the amount of a household’s subsidy fluctuates with changes in household income. Shallow subsidy affordability means that the rent or mortgage payment is set at a level that is considered to be affordable to a fictional household of a certain size and income. Examples of deep subsidy programs are public housing and Section 8. The principal shallow subsidy program in existence today is the low income housing tax credit program, (e.g., Crawford Square). Deep subsidies are generally only available for rental housing, although some housing authorities provide deep subsidies in their Section 8 homeownership program.

*“Project-based” vs. “tenant-based” subsidy.* Project-based subsidies (such as public housing, project-based Section 8 and low income housing tax credits) are attached to the housing, while tenant-based subsidies (such as Section 8 vouchers) follow the tenant. If managed well, project-based subsidies can be a valuable asset to a neighborhood. They offer longer-term affordability and provide a reliable stream of income that an affordable housing landlord can borrow against to finance improvements to the property. Vouchers are relatively ineffective at preserving neighborhood affordability, because landlord participation in the program is usually voluntary and rent caps set by HUD limit vouchers to relatively low-rent housing.

*Income targeting.* Different affordable housing programs serve people at different levels of income. Deep subsidy programs (public housing, project-based Section 8 and tenant-based Section 8) are available to “low-income” households (those earning at or below 80% of area median income or AMI), but due to their deep subsidies they are particularly helpful for “extremely low-income” households (at or below 30% AMI). The low income housing tax credit program is a shallow subsidy program that serves households with incomes at or below 60% AMI, although deeper income targeting is encouraged.

Area median income levels are published by HUD every year. The 2011 annual income limits in the Pittsburgh metropolitan statistical area for a family of four are:

Low Income (80% AMI): \$51,200  
Very Low Income (50% AMI): \$32,000  
Extremely Low Income (30% AMI): \$19,200

The following strategies have been used to preserve, improve or create affordable housing:

***Inclusionary Zoning.*** Hundreds of municipalities throughout the country have adopted inclusionary zoning ordinances, which require that housing developments over a certain size contain at least some affordable units. *Montgomery County, Maryland's*<sup>16</sup> inclusionary zoning law is the oldest in the country. 12.5% to 15% of all housing in developments of 35 units or larger must be affordable to low-income people, with a minimum affordability period of 20 years for rental units and 10 years for for-sale. *San Mateo County, California*<sup>17</sup> requires that at least 20%

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<sup>16</sup> History of the Moderately Priced Dwelling Unit (MPDU) Program in Montgomery County, Maryland (2004). [http://www.montgomerycountymd.gov/dhctmpl.asp?url=/content/dhca/housing/housing\\_P/mpdu/history.asp](http://www.montgomerycountymd.gov/dhctmpl.asp?url=/content/dhca/housing/housing_P/mpdu/history.asp)

<sup>17</sup> Housing Leadership Council of San Mateo County (2003). [http://www.hlcsmc.org/initiative\\_sel\\_all.php](http://www.hlcsmc.org/initiative_sel_all.php)

of all rental and for-sale housing developments of 5 or more units be affordable, with half affordable to low-income households and half affordable to very low-income households. Inclusionary zoning laws like these have produced thousands of affordable housing units throughout the country. *Philadelphia* is considering an inclusionary affordable housing ordinance that would require that at least 10% of all housing in developments of 20 units or larger in the City be affordable.

***Affordable Rehab for Re-sale – Open Hand Ministries.*** Open Hand Ministries is a faith-based partnership that rehabilitates vacant houses in stabilizing areas of East Liberty and Garfield for sale to low-income families. Local churches conduct outreach to their congregations to identify low-income families who want to become homeowners. They also provide support for the families throughout the home buying process and in owning the home. Community development organizations identify and acquire vacant houses that meet each family's needs. Open Hand rehabilitates the houses, using volunteer labor and donated materials whenever possible. The purchase price is affordable to the low-income families.

***Subsidy Preservation – North Beach HOPE VI.*** North Beach was a severely distressed, 229-unit public housing community in San Francisco. Like many HOPE VI developments, North Beach was redeveloped as a larger (341-unit) mixed-income community, but North Beach was unique in that 100% of the original public housing subsidy was preserved.

***Tenant Ownership.*** One way to preserve affordable rental housing in an appreciating market is to provide tenants with an ownership interest. This can be done in a number of ways. *Limited equity cooperatives* give tenants cooperative ownership and control over their housing. A *lease purchase agreement* gives individual tenants the right to purchase their home for a set buy-out price after a set amount of time, while an *installment land sale contract* allows tenants to build equity and purchase their home over time. A *right of first refusal* gives a tenant association the right to buy their housing before it can be sold to anyone else. *North Side Properties* took advantage of a creative financing mechanism where the owner paid into a pool of funds that could be used to finance a tenant purchase at a later date. The tenant organization, Northside Coalition for Fair Housing, was able to use this fund to buy out some of the properties' investors. NCFH now owns a majority of the company that owns their homes. The tenants don't control the day-to-day operations, but they do control major decisions and can make sure that their properties continue to be well-maintained and affordable over the long term.

***Owner-Occupied Rehab – Clairton Southside.*** Clairton's Southside neighborhood revitalization was a comprehensive revitalization of what had been one of the lowest-income, most physically deteriorated neighborhoods in Allegheny County. The latest phase of the revitalization effort included free repairs and energy efficiency upgrades for owner-occupied homes, to help extend the impact of publicly funded development projects in the neighborhood and to help lower their utility costs. About 20% of all owner-occupied homes in the neighborhood were assisted. Homeowners received an average of \$20,000 per home in repairs to address health and safety issues, energy efficiency (such as new thermal windows) and other owner-requested repairs. Lower maintenance and utility costs will help homeowners cope with property tax increases that are likely to result from significant investment in the neighborhood. *Philadelphia* also provides grants of up to \$20,000 per home for basic systems (health and safety) and exterior repairs.

***Equity Protection – Clairton Southside.*** Over half of the participants in the Southside owner occupied rehab program had serious property tax or mortgage delinquencies, and about 1/5 of the applicants for the program lacked clear legal title to their homes. These homeowners were given free “equity protection” services to help them obtain and protect ownership of their homes. Homeowners with tax or mortgage delinquencies received help negotiating affordable payment plans with lienholders, and those who lacked legal ownership received free legal help to obtain clear legal title to their homes.

#### **IV. STRATEGIES TO PREVENT INDIRECT DISPLACEMENT OF BUSINESSES**

Increased property values can also result in the displacement of existing businesses. Business owners who are faced with higher rents or property taxes may be forced to move unless their incomes keep up with the increased costs. Businesses can also find it harder to survive if their customers are priced out of the neighborhood. Strategies to prevent indirect displacement of businesses are similar to those that can be used to prevent indirect displacement of residents:

***Inclusionary Business Development – San Jose development agreement with CIM California Urban Real Estate Fund.*** The City of San Jose required the developer of a \$140 million mixed use development project to (1) set aside at least 10% of all retail spaces for locally-owned small businesses, and (2) use best efforts to achieve a retail mix of 30% local, 30% regional, and 30% national companies.

***National Chain Retail Restrictions – San Francisco Planning Code.*** All proposed business developments in neighborhood commercial districts that include national chain retail (called “formula retail” in the ordinance) are subject to neighborhood notification requirements and heightened review by the planning commission. Review criteria include whether similar goods or services are already available within the business district and the compatibility of the proposed business with the character of the neighborhood. Formula retail is defined as one of at least a dozen outlets in the U.S. that share common features such as standardized array of merchandise, trademark, architecture, or décor. It excludes grocery stores.

***Cooperative Marketplace – Portland Saturday Market.*** Portland Saturday Market is an outdoor market for local artisans in Portland, Oregon. It attracts an estimated 750,000 visitors each year. The market is a mutual benefit corporation, which means that all members share in the cost and governance of the market, but keep all profits from the items they sell. Similar projects exist in Philadelphia (El Mercado, Reading Terminal Market) and in Minneapolis (Mercado Central). UJAMAA Collective is planning a similar cooperative marketplace to support the work of women artists, producers and manufacturers in the Hill District.

#### **V. STRATEGIES TO BUILD ECONOMIC SELF-SUFFICIENCY**

Indirect displacement (gentrification) is caused by a combination of increased costs and stagnant incomes. If residents’ incomes keep pace with increases in rent, property taxes and household needs, then neighborhood revitalization will not cause displacement.

The following strategies have been used to increase the earning capacity of existing low-income residents:

**First Source Hiring.** There are hundreds of first source hiring programs in use throughout the country. First source programs recruit and screen low-income job-seekers, coordinate job training and support services, and most importantly, have agreements with local employers to hire new employees through the first source center before advertising positions to the public at large. *East Palo Alto, California*<sup>18</sup> requires all developments receiving over \$50,000 in subsidies to hire low-income city residents through a city-wide first source center, with penalties for any business that fails to meet a 30% safe harbor threshold (at least 30% of all new hires must be low-income city residents). On construction projects, the city went from fewer than 5% employment of low-income city residents to 23% in just two years. On permanent jobs, over 40% of new hires are now low-income city residents.

**Wage Standards.** Over 100 jurisdictions throughout the country have adopted living wage requirements. Living wage laws typically require that in order to receive government subsidies, businesses must agree to pay their workers a family-sustaining wage. *The City of Pittsburgh's living wage law* (which does not take effect until Allegheny County adopts a similar law) set the living wage at \$9.34 per hour plus full benefits, which at the time was the wage that a family of four with two full-time wage earners would need to earn in order to afford basic living needs. According to the National Low Income Housing Coalition, the Pittsburgh "housing wage" (the amount that a full-time worker would need to earn in order to afford rent for a 2-bedroom apartment in Pittsburgh) is \$13.65 per hour.

## VI. STRATEGIES FOR RECLAIMING THE LOWER HILL

To ensure that development in the Hill District benefits existing residents and to reintegrate the Lower Hill back into the neighborhood, the Master Plan Management Committee (a committee of community and public stakeholders charged with overseeing the planning process) has adopted the following language for inclusion in the Master Plan. This language was developed in consultation with private developers who are undertaking development projects in the Hill; and with the planning consultants who were retained to write the Hill District Master Plan (Sasaki Associates and Stull & Lee):

**Right-to-Return for Children and Grandchildren of Displaced Residents - Hamtramck, Michigan**<sup>19</sup>. African-American former residents of Hamtramck filed a class action lawsuit against the city for racially discriminatory urban renewal efforts that resulted in their displacement. The city was ordered to develop affordable replacement housing and to give displaced residents first priority to return. In 2007, the court ordered that children and grandchildren of displaced residents are eligible for the affordable housing. The city is developing replacement housing (both for-sale and rental), notifying displaced residents and their families, and securing subsidies to make the replacement housing affordable to returning residents.

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<sup>18</sup> East Palo Alto Redevelopment Agency (2001) First Source Hiring and Local Business Enterprise Policy [http://www.ci.east-palo-alto.ca.us/economicdev/pdf/FSH\\_Policy\\_8-29-01mod\\_.pdf](http://www.ci.east-palo-alto.ca.us/economicdev/pdf/FSH_Policy_8-29-01mod_.pdf)

<sup>19</sup> JRJ Consulting (2009). The History of Garret. <http://www.jrjconsulting.com/r31hamtramcklawsuit.html>

This strategy can be combined with a high *Inclusionary Affordable Housing* requirement such as that used in Boston's Chinatown (see below), along with a preference for existing residents of the Hill District to help ensure the Lower Hill is developed in a way that is culturally and psychologically connected to the neighborhood.

***Public Benefit Criteria - Boston, Massachusetts (Chinatown).*** Boston's Chinatown lost one-third of its housing and one-half of its land area in the 1950s and 1960s to make way for highway construction and urban renewal projects. The neighborhood is now in a position to reclaim much of that area. The *Chinatown Zoning District* establishes public benefit criteria for new development in "planned development areas", which include the reclaimed area and an adjoining part of the neighborhood. The public benefit criteria include (1) a 50% affordable housing requirement for new residential development, (2) various opportunities for local residents and businesses with respect to economic development projects on public land, (3) the construction of community facilities, (4) the construction of cultural facilities, and (5) the rehabilitation of existing historical and cultural buildings.

***Co-Ownership Requirements – Clairton Southside.*** The Sanders Task Force, which was established to allocate a portion of Allegheny County's community development block grant funding over a seven year period, procured a developer for the initial phases of the Clairton Southside neighborhood revitalization effort, and required that developer to enter into a joint venture partnership with the local community organization to undertake the development. As a joint venture partner, the community organization (CEDCC) was able to ensure that all aspects of the development (e.g., lease-purchase arrangements, admissions criteria, housing sales prices, and employment/contracting opportunities) benefited existing residents of the community.

These strategies can be combined with the *Inclusionary Business Development* approach used by the City of San Jose, mentioned above (requiring the developer of a \$140 million mixed use development project to set aside at least 10% of all retail spaces for locally-owned small businesses and use best efforts to achieve a mix of local, regional and national retail).

## VII. RECOMMENDATIONS

### A. NON-DISPLACEMENT STRATEGIES

The following Non-Displacement Strategies are intended to govern development activities and public funding decisions affecting the Greater Hill District, in order to ensure that existing residents of the Hill District and Uptown will enjoy the benefits of a revitalized neighborhood. The strategies are designed to prevent displacement by supporting the economic self-sufficiency and housing stability of existing residents.

#### Economic Opportunities

***First Source Hiring.*** All developers must meet with a sanctioned Hill District based employment center or program to review project based job descriptions and establish realistic, mutually agreed upon hiring goals. Developers must agree to interview pre-qualified Hill District residents before advertising to the public at large and to provide a hiring priority for Hill District residents.



***Enhanced MBE/WBE Commitments.*** All developers must commit to a MBE participation rate of 30% and WBE participation rate of 15% on all contracts, including but not limited to pre-construction services (architectural, engineering, urban planning, market and traffic study consultants, and other real estate consultants), supply contracts and construction. Particular consideration must be given to Hill District businesses in fulfilling these requirements.

### Homeowner Support

***Owner-Occupied Rehab.*** In allocating housing and community development resources for the Hill District, the City and URA should prioritize the rehabilitation of owner-occupied homes through grants to low-income homeowners.

***Equity Protection Services.*** In allocating housing and community development resources for the Hill District, the City and URA should prioritize "equity protection" services to help existing homeowners resolve tax, title and mortgage issues.

***Condemnation-Free Development.*** Except in the case of a substantial and imminent threat to health or safety, eminent domain may not be used to acquire occupied property for redevelopment.

### Renter Support

***Build First.*** Except in the case of a substantial and imminent threat to health or safety, all proposals for the redevelopment of an occupied rental property must minimize the involuntary displacement of residents to the greatest extent feasible, by, for example, building replacement housing first before requiring residents to move, by relocating residents on-site and redeveloping the site in phases, or by master leasing temporary relocation housing (preferably in the Hill) for those who may choose to return to the redeveloped property.

***Support for Tenants in Redevelopment.*** All plans to redevelop publicly subsidized housing in the Hill District must include a comprehensive plan to support existing tenants in the transition to new, mixed-income housing. At a minimum, the plan should provide for a multi-disciplinary team of professionals to respond to the multiple needs of families in transition.

### Preserving Affordability

***Inclusionary Affordable Housing.*** Overall housing development plans must include a mix of owned and rental housing suited for all income levels. For rental housing developments of 10 or more units (other than in the Lower Hill District), at least 10% of all units must, to the greatest extent feasible and subject to the regulations associated with any housing assistance resources utilized, be affordable to very low-income households (at or below 50% AMI). For for-sale housing developments of 10 or more units (other than in the Lower Hill District), at least 10% of all units must, to the greatest extent feasible and subject to the regulations associated with any housing assistance resources utilized, be affordable to low-income households (at or below 80% AMI). In allocating housing and community development resources, the City and URA should encourage a higher percentage of affordability and/or the use of deep subsidies to achieve deeper income targeting.

***One for One Replacement.*** All plans to redevelop publicly subsidized housing in the Hill District must include, to the greatest extent feasible, a plan to preserve the existing project-based rental subsidy.

## Community Ownership/Equity

***Priority to Acquire Vacant and Publicly-Owned Property.*** In disposing of vacant and publicly-owned property, the City and the URA should give priority to community groups and service organizations based in the Hill District with the capacity to develop such properties in a timely manner.

***Co-Ownership Requirements.*** All development projects receiving a subsidy from or through the City, County or URA should provide co-ownership opportunities for Hill District community-based organizations (CBOs) or Hill District faith-based organizations. The CBO or faith-based organization should have an interest in the ownership, profits, developer fee and/or cash flow. If the CBO or faith-based organization provides development services beyond helping to secure community and government support for the project, the organization should receive a higher level of interest in the ownership, profits, developer fee and/or cash flow. In addition, the CBO or faith-based organization that has an ownership interest should have the ability to approve or reject major project decisions, and retain a right of first refusal to acquire the project if it is sold.

## **B. STRATEGIES FOR RECLAIMING THE LOWER HILL**

The following Strategies for Reclaiming the Lower Hill, are intended to govern land use and development activities in the Lower Hill District, in order to ensure that the Lower Hill is developed in a way that reintegrates the area into the cultural fabric of the community, provides housing and job opportunities for Hill District residents, and serves as a catalyst for market-driven investment throughout the neighborhood.

### Design Strategies

***Neighborhood Design Guidelines.*** Development in the Lower Hill District should reflect the social, cultural and historical characteristics of the Hill District. The Civic Arena should be demolished.

***Entrance.*** The western entrance to the neighborhood should be marked at the intersection of Centre Avenue and Washington Place with a prominent structure that honors the history and culture of the Hill District, which could be combined with the artwork by Walter Hood adjacent to the new arena.

### Housing Strategies

***Inclusionary Affordable Housing.*** All housing development plans for the Lower Hill must, to the greatest extent feasible and subject to the regulations associated with any housing assistance resources utilized, provide that at least 30% of all units must be affordable to very low-income households (at or below 50% AMI). If public funding is used or if project-based subsidy is available, at least half of the affordable units must, to the greatest extent feasible and subject to the regulations associated with any housing assistance resources utilized, be affordable to extremely low-income households (at or below 30% AMI). In allocating housing and community development resources, the City and URA should encourage a higher percentage of affordability and/or the use of deep subsidies to achieve deeper income targeting. To the extent possible, HACCP should make project-based subsidy available for mixed-income housing development in the Hill District, particularly the Lower Hill.

***Right to Return.*** All housing development plans for the Lower Hill District must provide an admissions preference for displaced persons to the greatest extent possible, including persons who were displaced in the Lower Hill urban renewal effort and their descendents.

#### Business Development Strategies

***Inclusionary Business Development.*** All commercial or retail development plans for the Lower Hill District must include market-tested strategies to achieve a goal of at least 20% of the commercial or retail floor area for businesses that are majority owned by Hill District residents or are currently located in the Hill District, and for businesses that were displaced from the Lower Hill by urban renewal.

***Neighborhood-Scale Retail.*** All commercial or retail development plans for the Lower Hill District must commit best efforts to achieve a balanced retail mix of local, regional and national companies.

### **VIII. STRATEGY ENFORCEMENT**

When completed, the Hill District Master Plan will guide future development activities and the allocation of public resources in the Hill District. With the anti-displacement strategies included in the Greater Hill District Master Plan they can be enforced at county, city and neighborhood levels. Methods for enforcement include the project selection and development activity support and zoning and land use approval. More detail is provided below.

#### Project Selection and Development Activities.

The City, County and Urban Redevelopment Authority (URA) are required under the Hill District Community Benefits Agreement (CBA) to “use the Hill District Master Plan to guide their decisions regarding project selection and development activities in the Hill District”. At a minimum, this means that the following activities must be consistent with the Master Plan:

- the award of public development subsidies for projects in the Hill District
- the disposition of City-owned and URA-owned property in the Hill District

The City, County and URA would not be obligated to fund an activity just because it is identified in the Master Plan, but they would be required to give priority to such activities, consistent with other program funding requirements. They would also be required to refuse to fund an activity that is inconsistent with the Master Plan. With respect to disposition of publicly-owned property in the Hill, the City, County and URA would not be obligated to sell property to any particular entity, for any particular use, or for a below-market price, but they would be required to ensure that the property will be used in a manner that is consistent with the Master Plan. This provision does not apply to property that is being sold for a reason other than development (e.g., sideyard), not does it apply retroactively to the Development Agreement between the Allegheny County Sports and Exhibition Authority (SEA) and the Pittsburgh Penguins with respect to the “28 acres” portion of the Lower Hill.

#### Zoning and Land Use.

Developers who want to build or substantially alter a structure or change the use of a property in the City of Pittsburgh must obtain zoning and land use approval for their development plans.

Under the Pittsburgh Zoning Code, uses are either permitted by right, permitted as conditional uses (subject to approval by City Council), permitted by special exception (subject to approval by the Zoning Board of Adjustment), or not permitted. In addition, Site Plan review is required for certain kinds of development in certain zoning districts, and Project Development Plan review is required for all developments in GT districts, including the “28 acres” portion of the Lower Hill (most of the land that the neighborhood lost to urban renewal in the 1950s and 1960s). If the Master Plan is “duly accepted” by the Department of City Planning, then when a developer seeks a conditional use, special exception, project development plan review or site plan review the City’s decision will be guided by the Master Plan.

#### Community Enforcement

Ensuring that anti-displacement strategies are implemented also calls for strong community coalitions that can pressure policy-making bodies to act. Across the country community coalitions have developed principles for accountable development and as well as processes for community review and approval of development projects. Community coalitions have been strengthened where labor-community partnerships have been forged that unite residents and workers around their mutual interest in improving quality of life in the work place and in the neighborhoods in which workers live to good success<sup>20</sup>.

### **IX. CONCLUSION**

Efforts to prevent displacement are occurring around the country and have had some level of success. By exploring efforts that have been successful in other localities, community residents and advocacy organizations do not have to re-invent the wheel and can show developers and municipalities the potential win-win opportunities that can be created from development that does not displace existing residents and businesses. What may be beneficial for future research and strategy development is an analysis of the long-term social and economic impact of anti-displacement strategies, so that best practices can be developed. Such information would be useful to community residents, planning bodies, and professionals including lawyers, social workers, developers and planners working in urban, low-income ALANA communities. Additional strategies and best practices may be gleaned from examining the efforts of indigenous people across the globe who are fighting for equitable development in their home lands.

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<sup>20</sup> Figueroa Corridor Coalition for Economic Justice. (2003). *We Shall Not Be Moved: Posters and the Fight Against Displacement in L.A.'s Figueroa Corridor*. Retrieved January 30, 2009 from <http://www.saje.net/atf/cf/%7B493B2790-DD4E-4ED0-8F4E-C78E8F3A7561%7D/Weshallnotbemoved.pdf>

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# Managing Neighborhood Change: Selected Anti- Displacement Strategies in Practice

## *Preliminary Findings*

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# Table of Contents

- Table of Contents ..... 1
- Acknowledgements..... 2
- Introduction..... 3
- I. Development Without Displacement Policies..... 4
- II. Community Benefits Agreements..... 10
- III. Condominium Conversion Ordinances..... 12
- IV. One-for-One Affordable Housing Replacement Ordinances ..... 14
- V. Workforce Development Strategies ..... 15
- References..... 19
- Additional Resources Not Cited ..... 20
- Appendix A: Anti-Displacement Strategies Literature Review Memo, February 3, 2011 ..... 21
- Appendix B: FOCUS Equitable Development Planning Brief ..... 27
- Appendix C: Community Benefits Agreement with LA Land Area Company ..... 30
- Appendix D: Community Benefits Agreement for Purina Site Development ..... 45
- Appendix E: Analysis of City of Boston Condo Conversion Ordinance ..... 61
- Appendix F: Analysis of Town of Lexington Condo Conversion Ordinance ..... 63
- Appendix G: Analysis of Town of Marlborough Condo Conversion Ordinance ..... 64
- Appendix H: Analysis of City of New Bedford Condo Conversion Ordinance ..... 66
- Appendix I: City of Berkeley Condo Conversion Ordinance Housing Mitigation Fee..... 67

# Acknowledgements

This preliminary report was released in May 2011 with input from the communities of Medford and Somerville using funding made available through the federal Sustainable Communities Regional Planning Grant Program. Findings in this preliminary report may contribute to a larger best practices toolkit on managing neighborhood change strategies that may be developed by MAPC in the future. The report was updated in October 2011 to include case examples of additional strategies selected by MAPC.

The following people provided guidance and feedback on the report:

- Danny LeBlanc, Somerville Community Corporation
- Meredith Levy, Somerville Community Corporation
- Stephanie Pollack, Associate Director, Dukakis Center for Urban and Regional Policy
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- Monica Lamboy, City of Somerville
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# Introduction

In January 2011, MAPC produced a matrix of case studies-based anti-displacement strategies to inform Medford and Somerville's interests in undertaking strategies to manage neighborhood change related to the potential Green Line Route 16 extension. The matrix was based upon a literature review of academic and non-academic reports released over the last ten years, which outlined anti-displacement policies and strategies grounded in successful case study examples of their application in neighborhood, city/town, or regional contexts. A memo of the matrix's strategies is included in Appendix A.

At a February 2011 meeting of stakeholders from the communities of Somerville and Medford, attendees expressed interested in learning about specific strategies as well as the present-day outcomes of those strategies in action. This report provides an overview of those strategies and includes highlights from conversations conducted by MAPC to elicit insight on the outcomes and/or current results of the profiled strategies in action.

This preliminary report examines the following strategies – selected by Somerville and Medford – for managing neighborhood change:

- Development Without Displacement Policies
- Community Benefits Agreements
- Condominium Conversion Ordinances in Massachusetts
- One for One Affordable Housing Replacement Ordinances
- Workforce Development Strategies

The report was updated in October 2011 to profile innovative strategies like the City of Berkeley's Affordable Housing Mitigation Fee and the District of Columbia's Tenant Opportunity to Purchase Act (TOPA).

MAPC is continuing to research a sixth topic of interest to stakeholders – local, state, and federal funding sources for affordable housing. MAPC is in the process of requesting more funds to conduct deeper research into this and other strategies. The next iteration of this research may result in an online resource guide on strategies for managing neighborhood change.



# I. Development Without Displacement Policies

PolicyLink and the Chicago Rehab Network have published online resources that promote the adoption of “development without displacement” (D w/o D) policies in order to equitable manage neighborhood change. These policies, also referred as anti-displacement policies, intend to find ways to include the costs of displacement in redevelopment.

PolicyLink’s Development Without Displacement Toolkit proposes a suite of policy strategies that can help communities facing rapid housing market appreciating protect current residents and promote development without displacement (PolicyLink, 2011). The policies are organized into four topic areas: affordable housing, economic opportunity, land use and environment, and health and place. An overview of the D w/o D policies under each topic area is listed below. Visit the PolicyLink Equitable Development Toolkit website for detailed content on each strategy<sup>1</sup>.

Topic	Policies and Strategies
Affordable Housing	<p>Values: protect tenants and rental housing, stabilize and improve neighborhoods, promote community and resident ownership, leverage market activity, generate capital, expand affordable housing stock</p> <ul style="list-style-type: none"> <li>• Rent Controls</li> <li>• Expiring Use Properties</li> <li>• Just Cause Eviction Controls</li> <li>• Code Enforcement</li> <li>• Foreclosed Properties</li> <li>• Transit Oriented Development</li> <li>• Healthy Food Retailing</li> <li>• Commercial Stabilization</li> <li>• Employer Assisted Housing</li> <li>• CDCs with Resident Shareholders</li> <li>• Community Land Trusts</li> <li>• Cooperative Ownership Models</li> <li>• Limited Equity Housing Cooperatives</li> <li>• Infill Incentives</li> <li>• Commercial Linkage Strategies</li> <li>• Resident-owned CDFIs</li> <li>• Community Reinvestment Act</li> <li>• Housing Trust Funds</li> <li>• Inclusionary Zoning</li> <li>• Community Mapping</li> <li>• Transit-Oriented Development</li> </ul>
Economic Opportunity	<p>Values: link residents to opportunities, create good jobs, improve transportation access, build assets</p> <ul style="list-style-type: none"> <li>• Local Hiring</li> </ul>

<sup>1</sup> PolicyLink Equitable Development Toolkit: <http://tinyurl.com/5wo5aag>

Topic	Policies and Strategies
	<ul style="list-style-type: none"> <li>• Minority Contracting</li> <li>• Living Wage Provisions</li> <li>• Healthy Food Retailing</li> <li>• Transit-Oriented Development</li> <li>• Community Mapping</li> <li>• Resident-Owned CFIs</li> <li>• CDCs with Resident Shareholders</li> <li>• Employer-Assisted Housing</li> </ul>
Land Use and Environment	<p>Values: revitalize commercial districts, build walkable neighborhoods, preserve and create neighborhood assets, ensure equitable public investment, expand equitable development opportunities</p> <ul style="list-style-type: none"> <li>• Healthy Food Retailing</li> <li>• Brownfields</li> <li>• Infill Incentives</li> <li>• Commercial Stabilization</li> <li>• Community Mapping</li> <li>• Transit-Oriented Development</li> <li>• Infill Incentives</li> <li>• Community Land Trusts</li> <li>• Inclusionary Zoning</li> <li>• Developer Exactions</li> <li>• Real Estate Transfer Taxes</li> <li>• Commercial Linkage Strategies</li> </ul>
Health and Place	<p>Values: increase access to healthy food, encourage active living, improve environmental quality</p> <ul style="list-style-type: none"> <li>• Healthy Food Retailing</li> <li>• Transit-Oriented Development</li> <li>• Community Strategies to Prevent Asthma</li> <li>• Code Enforcement</li> <li>• Brownfields</li> </ul>

MAPC has spoken with two organizations that have implemented development without displacement policies to learn more about Development without Displacement policies has been integrated into government practice.

<p><b>Case Studies: Integration of Development Without Displacement Policies into Municipal Planning and Policy</b></p>
<p>The <b>Chicago Rehab Network</b>, staffed by the Voorhees Center at the University of Illinois at Chicago, has compiled case studies of anti-displacement strategies that have been pursued in Chicago neighborhoods. Visit the Chicago Rehab Network website for case studies of specific strategies pursued in Chicago neighborhoods (Chicago Rehab Network, 1995). The Network has also advocated for the City’s adoption of development without displacement policies through its</p>

leadership on various city task forces.

MAPC spoke with Janet Smith, co-director of the Voorhees Center to determine whether the recommended policies have been adopted by the City. As of spring 2011, the Center reports that none of the development without displacement policy recommendations put forward to the Chicago affordable housing committee regarding development associated with the 2016 Olympics (in Feb 2009) have been adopted yet. Recommended policies included a one- for-one replacement policy and a system of circuit breakers to alert the city of impending loss of housing units with special concern toward multiunit rental properties in danger of foreclosure.<sup>2</sup>

The **Association of Bay Area Governments (ABAG)** has administered a Development without Displacement (D w/o D) grant program and a website of D w/o D resources. ABAG defines D w/o D policies as including policies that:

- Encourage infill and the efficient use of land capacity within existing communities
- Provide for compact, complete, resource-efficient communities near existing or planned transit and other infrastructure
- Provide opportunities for people to live near their jobs and work near their homes
- Encourage a mix of land uses with jobs, housing, retail, schools, parks, recreation, and services in proximity
- Locate development in areas served and likely to be served by frequent passenger rail, bus, and/or ferry service
- Support community revitalization without displacing current residents
- Ensure that all socio-economic groups benefit from regional change
- Use existing infrastructure capacity and maximize return on new infrastructure investments
- Reduce the number and length of auto trips and facilitate walking and biking
- Maintain goods movement corridors and retain land uses that support related distribution and industrial uses
- Direct development so as to promote and protect public health and safety, avoid hazards, and/or mitigate development impacts
- Reserve land to accommodate future growth at appropriate densities

MAPC spoke with Marisa Raya, ABAG regional planner and contact for ABAG's Development Without Displacement Program to learn more about how the program was conceived and how it has been integrated into regional planning practice. Marisa shared that in 2008, the California Transportation Commission (Caltrans) issued a request for proposals for regional councils of government to apply for grants aimed at supporting transit-oriented development planning initiatives with environmental justice components. ABAG received a \$200,000 grant for 2008-2009 and used \$100,000 to support internal work and regranted the remaining \$100,000 through a competitive grant program for cities and counties in its region, which it named the Development Without Displacement program. The program provided civic engagement grants to fund community-based anti-displacement efforts.

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<sup>2</sup> Personal communication with Janet Smith, co-director of the Nathalie P. Voorhees Center for Neighborhood and Community Improvement (VC) at the College of Urban Planning and Public Affairs at the University of Illinois at Chicago, April 2011.

The criteria for these competitive grants were as follows:

- A city and community-based organization should apply in partnership
- The area should be a regional Priority Development Area identified through the FOCUS program
- The partnership work with local residents or employers to identify an anti-displacement strategy that could be implemented through a current planning process (ABAG, 2009)

A specific focus of the program was to address market-driven displacement due to rising rents. ABAG adopted a “Development without Displacement” frame (which it coined with the support of PolicyLink, a subcontractor to ABAG through the Caltrans grant) because of an intent to move away from academic language and discourses on gentrification, which it found to be contentious terminology. ABAG also worked with PolicyLink to tailor its Transit-Oriented Development (TOD) toolkit to include a focus on Development without Displacement.

ABAG awarded 18-month grants to 22 cities to support the implementation of neighborhood-specific civic engagement plans. The communities funded to do the work included Richmond, Oakland, and San Francisco – communities with very diverse environmental justice populations. ABAG reports that many communities struggled to reach community-based organizations and communities of color<sup>3</sup>. ABAG issued a report that outlines some results from the planning grants. Highlights:

- **San Francisco’s Mission District.** The ABAG grant resulted in changes in municipal zoning and economic development policy through the participation of city and county government and the Mission Economic Development Agency. The partners helped preserve the Latino business district through a reevaluation of zoning in that area. The city shifted pressure to meet height and density requirements from the Latino business corridor by lowering height requirements in the business district and shifting height requirements elsewhere, and it provided assistance to businesses to help them secure better lease agreements. This is a good example that not development leads to displacement. The growth policy did not concentrate on the downtown but put it next door to the downtown. It valued the Latino business district and culture.
- **Oakland’s Lake Merritt BART Station.** “Asian Health Services, the City of Oakland, and the Oakland Chinatown Chamber of Commerce partnered to develop a Lake Merritt BART Station Area Community Engagement Plan that would include anti-displacement measures and affordable housing protections while supporting continued growth of neighborhood businesses, residences, recreation opportunities, and cultural institutions.” The goal of the process included increasing transit use and pedestrian and bicycle connectivity, encouraging mixed-use development, and providing greater connections between neighborhoods within the station area. ABAG funding has enabled food at meetings and simultaneous translation into several languages, drawing a large representation from Chinatown and other neighborhoods that surround the area (ABAG, 2009). The planning is still underway and details can be found online<sup>4</sup>. The following broad goals have been identified thus far:
  - Increase the housing supply, especially affordable housing for low-income residents. Specifically increase the amount of housing around the BART station.
  - Increase jobs and improve access to jobs along the transit corridor.

<sup>3</sup> Personal communication with Marisa Raya, regional planner at the Association of Bay Area Governments, April 2011.

<sup>4</sup> City of Oakland webpage on Lake Merritt Station Area Plan:  
<http://www2.oaklandnet.com/Government/o/CEDA/o/PlanningZoning/s/Plans/DOWD008198>

- Provide services and retail options in the station area.
- Identify additional recreation and open space opportunities.
- **Richmond's Equitable Development Initiative.** The Richmond Equitable Development Initiative (REDI) is a collaborative of community-based organizations working to address environmental justice and economic development issues. The funding enabled REDI “to engage residents around housing solutions, including the development of a community land trust (CLT) and new housing development on congregation-owned land.” REDI also worked closely with the City’s Redevelopment Agency to develop a strategy to address housing needs and foreclosures. Results thus far:
  - The City Council has passed an ordinance supporting the creation of a CLT and a strategy is being developed around how a CLT can be created given the current economic environment. REDI and the City of Richmond have a history of collaboration; in 2006, REDI partnered with the City to expand the City’s local employment program, which provided residents with more opportunities to work on local development projects.
  - In 2009 the Richmond City Council unanimously passed an ordinance to enact a “Just Cause” ordinance protecting tenants from unfair evictions when homes are foreclosed.
  - Learn more about REDI here: <http://www.workingeastbay.org/section.php?id=50>

As of April 2011, ABAG is focused on creating a regional plan and will not be applying for another Caltrans grant. It is working to include anti-displacement policy in the regional plan. It is also conducting a Regional Housing Needs Allocation (RHNA)<sup>5</sup> and identifying annual housing targets to meet needs. An identified goal is that new housing growth should occur without displacement.

Through its engagement with ABAG on the D w/o D program, PolicyLink has generated recommendations for how regional agencies can promote development without displacement in transit-rich areas. MAPC will consider how these strategies can be integrated into our Sustainable Communities-funded activities and our general housing work.

- 1) Develop an online Equitable Development Indicators System to track, monitor and evaluate equity outcomes in Priority Development Areas (PDAs)<sup>6</sup> and other geographies in the region over time.
- 2) Establish specific equity-focused performance measures for Priority Development Areas and include these measures as criteria for the receipt of capital infrastructure investments and station area planning grants.
- 3) Continue to fund station area plans and strengthen community engagement as a condition for receiving funds.
- 4) Promote a regional affordable housing strategy that emphasizes the retention and expansion of affordable housing and the prevention of displacement near transit.
- 5) Include an Equity Innovations Forum where practitioners can exchange best practices and resources as a part of its new web platform.
- 6) Convene an Equity Caucus to engage elected officials representing the PDAs to discuss how to meet equitable development goals.

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<sup>5</sup> The Regional Housing Needs Allocation (RHNA) is a state-mandated process for determining how many housing units, including affordable units, each community must plan to accommodate over a seven year period. (ABAG, 2009)

<sup>6</sup> Priority Development Areas are a designation that local governments in the nine-county San Francisco Bay Area can apply for through ABAG’s FOCUS grant program. PDAs are locally-identified, infill development opportunity areas located near transit. For more information, visit: <http://www.bayareavisjon.org/pdaapplication/>

- 7) Evaluate current regional investment policies and make recommendations for how to ensure equitable development and prevent displacement.
- 8) Modify parking fee structures and policies to benefit existing communities, e.g., creating “parking benefits districts”) that recirculate the revenues generated by parking fees in the community to fund neighborhood improvements.
- 9) Incorporate affordability, transit access, walkability and displacement prevention in regional sustainable communities planning.

(ABAG, 2009)

## II. Community Benefits Agreements

Community Benefits Agreements (CBAs) are contracts executed between community-based organizations and one or more developers. They are intended to outline the developers' commitment to provide a range of benefits to the community to offset the potential impacts associated with the proposed development. "CBAs are legally binding and are commonly incorporated into the City's developer agreements." (The Partnership for Working Families (PWF), 2011)

The Partnership for Working Families argues that CBAs work because:

- Community benefits help generate public support for economic development projects.
- CBAs hold developers accountable for their promises to local governments and residents.
- Community benefits programs can transform regions through stronger, more equitable economies.
- Public input results in better projects that benefit the whole community and attract local customers.
- Time is money, and projects with CBAs often enjoy a faster, smoother entitlement process.

One of the biggest challenges of community benefits agreements is enforcement. A hard-won agreement can be nullified if the developer pulls out of developing the property.

Two landmark community benefits agreements have been profiled in reports as successes: the LA Land Area Company Community Benefits Agreement and the Longfellow Station Community Benefits Agreement. MAPC spoke with the organizations involved with the development of both agreements to learn more about where these agreements now stand and to obtain practical guidance on elements to consider when crafting agreements.

### Case Studies: Community Benefit Agreements (CBAs) in Practice

**Community Benefits Agreement with LA Land Area Company.** In May 2001, the Los Angeles Figueroa Corridor Coalition for Economic Justice (FCCEJ) negotiated an historic CBA with the LA Arena Land Company. The agreement requires the developers to include living wage and union jobs, affordable housing, local hiring, and parks to the Center's four million square foot addition. The CBA provides a model for ensuring low-income residents are considered when major developments are built in their communities. (PWF, 2011) Visit Appendix C to view the full CBA.

**Longfellow Station Community Benefits Agreement.** In 2008, the Longfellow Community Council (LCC) in Minneapolis, Minnesota succeeded in creating a community benefits agreement with a developer that requires at least 30 percent of the Longfellow Station housing units to be affordable, which exceeds the city's 20 percent requirement. A mix of unit sizes was to be provided, with family-size units having access to green space. (Pollack, Bluestone, and Billingham, 2010) Please visit Appendix D to view the full CBA.

MAPC spoke with Kim Jakus of LCC in March 2011 to learn more about how the CBA elements have

been implemented since the document's signing. The CBA was developed over a period of two years. Its development was supported in part (through facilitation and advice) by planning staff from the area regional planning council. Unfortunately, the developer who had signed on to the agreement had to pull out of the project during the economic downturn because it went bankrupt. The property was to be financed with affordable housing tax credits and HUD financing, but it fell through during the economic downturn. The CBA became null and void because it was tied to the developer and not the land. The City of Minneapolis then transferred development rights to a new developer. The new developer has made it clear to LCC that he has no intent in signing a formal CBA, but that he will take as many elements as are reasonable for integration into the developer's redeveloper agreement with the City. LCC feels that the CBA was not a total loss, however, because stakeholders in the community became engaged and familiar with the process of creating a CBA. LCC's advice to other communities looking to create CBAs is not to tie the agreement to the developer but to the land.<sup>7</sup>

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<sup>7</sup> Personal communication with Kim Jakus, Longfellow Community Council, March 2011.



### III. Condominium Conversion Ordinances

Massachusetts state condominium law allows cities and towns to adopt local ordinances and bylaws that regulate condominium conversion more strongly than the statewide law. MAPC contacted several communities that have passed local condo conversion ordinances to learn more about how local ordinances have been enforced and/or modified over time.

While we were not able to reach all communities to discuss the ordinances, please see Appendices E through H for a sample of condo conversion ordinances containing language that strengthens tenant protections beyond those articulated in the state law. Please visit the MassLegalHelp Resource webpage on local condo conversion ordinances for a summary and analysis of each<sup>8</sup>.

- Appendix E: Analysis of City of Boston Condo Conversion Ordinance
- Appendix F: Analysis of Town of Lexington Condo Conversion Ordinance
- Appendix G: Analysis of Town of Marlborough Condo Conversion Ordinance
- Appendix H: Analysis of City of New Bedford Condo Conversion Ordinance
- Appendix I: Summary of City of Berkeley Condo Conversion Ordinance Housing Mitigation Fee

#### Case Study: Massachusetts Condo Conversion Ordinances in Practice

**City of Marlborough.** Marlborough's condo conversion ordinance, passed in 1985, differs from the state condo law by specifying that no more than 25% of units in any building or structure may be converted in one calendar year and requires extended five years' notice of conversion for handicapped, elderly, or low- or moderate-income tenants. However, in 2005 the City allowed an owner to obtain a waiver from the law if specific provisions were met.

MAPC spoke with Steve Reid, code enforcement officer for the City of Marlborough to learn more about how the ordinance has been enforced. Steve shared that limited municipal staffing challenges enforcement of condo conversion ordinance elements. The Town of Marlborough's Condo Conversion Ordinance (please see Appendix G for an analysis of the ordinance) was passed in 1985 with good intentions. However, zoning in Marlborough is developer driven (and there is no municipal planner) the ordinance was later modified with an opt-out loop that says if the developer pays \$1,250 per unit to be converted to the City, they do not need to abide by the more stringent conditions. That 2005 modification was brought about because a developer wanted to convert to condos. Right now there is no interest in revisiting the provision because so much new development is happening and a lot of the older stock has already been converted to condos. One of the problems with the converted property (which triggered the change in the ordinance) is the fact that most of the low income residents actually ended up buying the condos but with the foreclosure and mortgage crisis there has been a 30% foreclosure rate. There was also conflict over how high the condo fee would be and because when it was kept low, it created a bad situation – the property, though condos, is ill-kept.<sup>9</sup>

<sup>8</sup> McCreight, Mac. July 2008. Local Protections for Tenants Facing Condo Conversion. Source: <http://www.masslegalhelp.org/housing/private-housing/ch20/local-protections-for-tenants-facing-condo-conversion>

<sup>9</sup> Personal communication with Steve Reid, City of Marlborough Building Inspector, March 2011.

In contrast, the state of California regulates condominium conversions under the California Subdivision Map Act and the Subdivided Lands Act. The State law allows local government to impose additional requirements. The City of Berkeley passed an innovative Condo Conversion Ordinance in 1992 (Berkeley Municipal Code Chapter 21.28 et seq.) that imposes a housing mitigation fee. Accrued revenues from the fee help finance construction and rehabilitation of permanently affordable housing, which has helped to discourage conversions and recapture affordability resulting from conversions.

### **Case Study: City of Berkeley, California Condo Conversion Ordinance**

The City of Berkeley established the housing mitigation fee in part to promote conversions of rental to condominiums versus conversions of rental to Tenancy in Common (TIC), as it was found that difficulties arise for people who invest in TICs. Owners providing additional tenant protections specified in the Condo Conversion Ordinance receive a substantial decrease in the amount of the affordable housing mitigation fee. Revenues from the fee accrue to the Berkeley Housing Trust Fund to help finance construction and rehabilitation of permanently affordable housing in Berkeley.

The fee is calculated in two ways:

- The Nexus-Based Affordable Housing Mitigation Fee is calculated by dividing the difference between the cost of owning the unit as a condominium less the rental costs by the current fixed mortgage rate. If the unit is an owner-occupied TIC unit, the CCO specifies how rental costs are to be calculated.
- The Affordable Housing Mitigation Fee Cap is a reduction to converters who agree to limit future rent increases for the life of the property to any tenant at the time of conversion to no more than 65% of the increase in Consumer Price Index for all Bay Area Consumers. The Mitigation Fee is capped at 8% of the sale price or 4% for 2-unit properties.

The fee is calculated only at the time of sale, unless owners elect to pay the fee up front. Estimated fees prepared by the City are based on either prorated value of each unit based on the price paid when the property was originally purchased – as reported by the County Assessor's office, on an analysis of the sales prices of comparable units, or some other mutually agreed upon basis for estimating the fee. Please see Appendix I for more information.

## IV. One-for-One Affordable Housing Replacement Ordinances

In researching one for one affordable housing replacement ordinances, MAPC came across a number of instances in which the legality of the ordinances has been contested. We found one case – highlighted below – as well as others that are currently being debated at the local level, which have not yet made it to court.

We also found that several states have passed enabling legislation and/or policies that support these ordinances. The state of California has enabling legislation that allows for the creation of one-for-one affordable housing replacement ordinances. The City of Portland, Oregon has passed a “No Net Loss” Policy<sup>10</sup>.

### Case Example: Affordable Housing Replacement Ordinances and Policies

**Portland, Oregon’s Central City No Net Loss Policy.** “On August 29, 2001 City Council adopted Resolution No. 36021 calling for a No Net Loss policy for affordable housing in the Central City. This Resolution stated the Council’s intention to seek financial resources and/or regulatory tools adequate for the creation, preservation and rehabilitation of affordable housing in the Central City.” The Portland City Council passed another ordinance requested that the Housing Authority of Portland, the Oregon Department of Housing and Community Services, Multnomah County, and the Association of Portland Progress to join in a five year collaboration with the City of Portland to develop and implement a No Net Loss Funding Plan<sup>11</sup>.

The City’s goal in implementing the policy was to “cost effectively gain control of affordable housing assets, and stabilize market value of residential real estate (avoiding commercial reuse value speculation) to facilitate the acquisition/development of additional affordable housing assets...A successful preservation intervention at an individual project level will be a clearly defined track toward stabilizing rents and achieving housing quality standards in a specific building in accordance with the City’s 60-year affordability policy.” (Portland Development Commission, 2001)

**San Telmo Associates et al v City of Seattle (Appellant), 1987.** City enacted a code that attempted to stem the conversion of low-income housing to non-residential uses. Trial court invalidated the ordinance and the appellate court affirmed, holding that the ordinance was a tax the city had no right to impose. The city was shifting its burden of providing low income housing to the property owners. The cost of providing low-income housing could have been constitutionally passed on to the property owners, but was to have been shared by the whole city (Lexis Nexis, 2011).

<sup>10</sup> City of Portland 2001 Resolution no. 36021 creating the No Net Loss Policy: [http://www.pdc.us/pdf/housing\\_services/resolution36021\\_10-01.pdf](http://www.pdc.us/pdf/housing_services/resolution36021_10-01.pdf)

<sup>11</sup> City of Portland 2001 Resolution on No Net Loss Funding: [http://www.pdc.us/pdf/housing\\_services/resolution-cc-no-net-loss-funding.pdf](http://www.pdc.us/pdf/housing_services/resolution-cc-no-net-loss-funding.pdf)

## V. Workforce Development Strategies

At the February 2011 meeting, stakeholders expressed an interest in workforce development strategies used to support neighborhood revitalization and the retention of small and local businesses. A summary of two organizations' track records in fostering and retaining local businesses is outlined below.

### Case Studies of Combined Housing and Workforce Development Strategies

**California's Fruitvale Transit Village.** Fruitvale is one of a dozen neighborhoods in Oakland, California. It is a predominantly low-income Latino and Chicano community. The Unity Council created the Fruitvale Development Corporation to develop the local economy around the BART station in Fruitvale, which was anticipating the construction of a new parking garage to service the station. The Unity Council is a community development corporation with close ties to the city of Oakland. Today it serves as a delegate agency that manages many city programs, such as HeadStart and senior centers. It has built up a reputation as a housing and community developer. Its overall orientation is to promote high density mixed uses, housing, jobs, and retail but with a focus on distributing jobs centers. The community sought to develop proactively implement solutions for managing traffic, pollution, and impacts on local business that the traffic from the garage might bring (Grady and Leroy, 2006). In addition to building mixed-use infill development around the BART, the Unity Council started a Public Market small business incubator program in Fruitvale that supports small business programs and local artisans.

MAPC spoke with Jeff Pace, Vice President of Finance and Business Operations at the Unity Council to learn more about the Council's workforce development strategies particularly pertaining to local/small business retention. He noted that Oakland as a city has an anti-big box store culture so the city has not had to manage any real interest from big box stores. In addition, he noted, current available sites are not accommodating because they are not big lots. The Unity Council's focus on small business retention grows out of its holistic approach to servicing the community. The Public Market builds on its prior work in starting a Main Streets program in the 1990s that largely served immigrant-owned businesses. Activities included litter and graffiti reduction programs, education and assistance on business signage and overall beautification, and negotiating with the city to implement tax assessments that provided funding for cleaning. As of 2011, Fruitvale has seen a 10-20% increase in businesses by microentrepreneurs.

Jeff also advised to other communities considering a workforce and housing strategy near transit to consider a healthy dose of affordable housing at 15-40% of units in a structure and that concentrating too much subsidized section 8 housing near transit can create dead zones. He advised mixing in affordable housing to ensure that amenities look and feel good enough for market rate housing in order to meet the area's tax revenue needs.<sup>12</sup>

**Seattle's Urban Enterprise Center.** The Seattle Chamber of Commerce established the Urban Enterprise Center (UEC), a nonprofit affiliate with ties to the business community, which focuses on

<sup>12</sup> Personal communication with Jeff Pace, Vice President of Finance and Business Operations, The Unity Council, April 2011.

the Central Area. UEC held a retreat with Central Area leaders to discuss community needs. The primary issue identified was the lack of jobs. To work with the program, businesses have to offer a yearly salary of at least \$20,000 along with benefits. UEC works with the Employment Security Office to identify potential employees and get them job-ready before matching them with employers. With financial support from the Ford Foundation and private businesses, UEC has funded community-based organizations to help develop businesses. New businesses are required to hire 50 percent of their workforce from the local community. Graduate students from the University of Washington provide businesses with marketing and accounting assistance so that they might remain competitive as larger chains locate nearby (Greater Seattle Chamber of Commerce, 2011).

## VI. District of Columbia Tenant Opportunity to Purchase Act (TOPA)

According to Sam Zimbabwe of the Center for Transit-Oriented Development, the District of Columbia's Tenant Opportunity to Purchase Act (TOPA), which was enacted in 1980, has perhaps been most helpful policy for preventing displacement by converting larger properties, rather than smaller buildings or townhouses. Zimbabwe speculates that it has had the impact of holding down housing sales prices or slowing down transactions.<sup>13</sup>

The Georgetown University Law Center's Harrison Institute of Public Law (the "Institute") was commissioned by the Fannie Mae Foundation to study the strengths and deficiencies of the TOPA. The following is a summary of its findings.

TOPA stipulates that owners of residential properties must "give the tenant an opportunity to purchase the accommodation at a price and terms which represent a bona fide offer of sale" before they may transfer the property to a third party. Benefits to residents include:

- the option to purchase
- the right to assign their right-to-purchase to a third party
- the option co-develop the property
- the right to obtain cash payments or other considerations if they choose not to co-develop the property

The Act requires an owner to provide each tenant and the District of Columbia mayor with a written offer of sale. If the tenants wish to respond to the notice, they must incorporate a tenants association and express their interest in purchasing the building with the owner and District of Columbia Redevelopment Authority through an application for registration. Once the tenant organization has registered its application, the owner must give the organization a reasonable amount of time (not less than 120 days) to negotiate a contract of sale. This period may be extended for up to an additional 120 days (for a total of 240 days) if a lending institution provides a written notice that the association has applied for financing and the institution needs additional time to make a decision. In addition to the minimum periods required under the Act, the owner may also give the organization "reasonable" extensions without incurring liability to any third party with which it has a contract.

### Tenant Protections

The following protections are included in the Act:

- right of first refusal for a 15-day period following receipt of a copy of a third-party contract
- good faith bargaining between owners and tenants: the Act outlines specific circumstances as examples of absence of good faith; ensuring compliance with good faith bargaining presumably rests on the tenant and/or third party
- demonstration of financial ability is not a required prerequisite for entering into a contract
- cap on maximum deposit at time of contract: the maximum deposit required of tenants is 5 percent of the contract price

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<sup>13</sup> Personal communication with Sam Zimbabwe, Director, Center for Transit-Oriented Development at Reconnecting America in October 2011.

- explicit permission for tenants to exercise purchase rights in conjunction with third parties either by assigning or selling their rights to such parties
- prohibited waiving of tenant rights as specified in TOPA to receive an offer from owners; owners are also prohibited from requesting such waiver

The process of acquiring a property from a developer can take at least a year from start to end and involves the following steps:

- Tenant organizing, e.g., forming a cooperative to purchase the property. Housing counseling agencies like the Harrison Institute provided specific services in this area.
- Purchase and sale negotiation and agreements.
- Due diligence.
- Closing.
- Refundable nominal deposit.

#### **Case Study: National Housing Trust/Enterprise Preservation Corporation's Work with Residents under TOPA**

The Institute's study also identified implementation barriers of a financial, technical, and educational nature. These involve residents, technical assistance providers, and lenders. MAPC spoke with Scott Kline, Vice President of the National Housing Trust (NHT)/Enterprise Preservation Corporation, which is one of the DC-area development consultants that has worked with DC residents under TOPA, to learn more about the successes and challenges of TOPA implementation.

Scott shared that the Act has facilitated the creation of tenant cooperatives and it is a great tool for housing preservation. However, a challenge that has emerged with the housing crisis is that the District of Columbia's Housing Trust Fund, which is funded through recording fees and has historically supported the redevelopment of properties purchased by tenants under TOPA, has dwindled. In the booming housing market, 100% of properties purchased by tenants under the TOPA were financed by the Housing Trust Fund. The Fund was big and tenants used these funds from the District to engage developers and do property rehabilitation and development plans. When funds diminished, tenant cooperatives got stuck with buildings needing serious repairs but without the capital needed to fix them. NHT has personally represented two cooperatives. The tenants were able to negotiate the purchase of the buildings, but encountered serious difficulty in refinancing them due to the lack of Housing Trust Fund money. One property was able to secure Neighborhood Stabilization Program funds to refinance it; the other has not had that success and has not been redeveloped. What NHT has learned is that there needs to be more options for gap financing: an availability of bonds and tax credits to allow tenants to refinance properties so that tenants are not reliant on one main source of funding to facilitate the purchase of property.<sup>14</sup>

<sup>14</sup> Personal communication with Scott Kline, Vice President at the National Housing Trust/Enterprise Preservation Corporation in October 2011.

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Association of Bay Area Governments. 2009. Development without Displacement / Development with Diversity. Source: <http://www.bayareavision.org/initiatives/dwd-final.pdf>

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# Appendix A: Anti-Displacement Strategies Literature Review Memo, February 3, 2011

To: Lauren DiLorenzo, Monica Lamboy, Danny LeBlanc, Meridith Levy, Stephanie Pollack, and Clodagh Stoker-Long  
From: Jennifer Chin, Eric Halvorsen, and Jennifer Raitt  
On: February 3, 2011  
Re: Overview of Anti-Displacement Strategies

The following is a synthesis of findings from a literature review of reports outlining anti-displacement policies and strategies. The reports were sourced from academic journals and nonprofit organizations and were released over the last two decades. Most of the proposed policies and strategies are grounded in successful case study examples of their application in neighborhood, city/town, or regional contexts.

Please see Attachment A for a matrix that summarizes proposed policies and strategies by source.

## Anti-Displacement Strategies by Intervention Type

Interventions are targeted to different actors with power in the process of ensuring development without displacement: municipalities, developers, community development corporations, advocacy nonprofits, foundations, banks, realtors, and state and federal government.

1. Conducting early assessments of housing need
2. Increasing stability in neighborhoods by conducting early assessments of neighborhood revitalization opportunities
3. Addressing existing housing stock deficiencies
4. Promoting homeowner and tenant access to housing programs
5. Offering a range of asset building and finance assistance options
6. Proactively acquiring and preserving privately owned properties and land for affordable housing
7. Making changes in local government policies
8. Utilizing government-administered financing sources for affordable housing
9. Addressing socio-economic impacts and affordable housing concerns in transit and corridor planning
10. Advocating for federal funding increases

## Conducting Early Assessments of Housing Need

- Data and mapping: Regularly monitoring available socioeconomic and demographic data at the Census tract-level to better track the changing nature of neighborhoods
- Documenting housing need for vulnerable populations: one city has set up a registration of all homeless people so that
- Assessing the current and projected senior population to ensure that senior housing is built near transit and that measures are taken to increase the elderly's knowledge of and access

to transit and to make it safe and accessible to the elderly if redevelopment is linked to transit improvements

#### Increasing Stability in Neighborhoods by Conducting Early Assessments of Neighborhood Revitalization Opportunities

- Being ahead of the curve of demographic change and creating forums for old and new residents to meet on common ground
- Building awareness: advocacy for anti-displacement policy starts with grassroots community leaders who have influence over planning and development in their neighborhood
- Boosting the local economy by supporting job training of local residents and building new housing in smaller developments or scattered throughout the neighborhood designed to meet target-market demand
- Providing equity protection insurance for properties in neighborhoods that are not appreciating or losing value
- Carrying out neighborhood target-marketing and undertaking neighborhood promotional activities to increase the effectiveness of real-estate brokerage activities among tenants and low income homeowners in the neighborhood
- Considering the quality of streetscape and identifying opportunities to upgrade the appearance of commercial areas (facades, parking areas, sidewalks)
- Assessing the quantity, utility, safety, and programming taking place in open spaces
- Considering the quality of transportation service and current residents' journeys to work and access to transit in relation to the current population's demographics and projected future needs
- Considering the price and quality of current merchandise, the variety and nature of shopping options, and current access to shopping, dining, and entertainment in relation to the current population's demographics and projected future needs
- Identifying opportunities to maintain and/or reconfigure physical spaces to reduce crime and facilitate community use of and investment in public spaces
- Reclaiming hazardous industrial sites to promote environmental and social justice and to hold them for future residential development
- Considering the needs of the current small business community and the number and quality of current and prospective jobs
- Assessing safe routes to schools and the condition and needs of school facilities
- Engaging in early land banking of abandoned and vacant properties and parcels for future rehabilitation

#### Addressing Existing Housing Stock Deficiencies

- Priority redevelopment of vacant lots and housing and renovation of affordable housing
- Creating a Heat Receivership Program that allows court-appointed receivers to make needed improvements and restore heat to insufficiently heated multi-family homes; cost of improvements are reimbursed by the City and taken by the City as a lien in the full amount
- Creating a Housing Abandonment Prevention Program that allows court-appointed receivers to make emergency repairs to a number of code violations and deteriorating conditions until

permanent improvements can be made; cost of improvements are reimbursed by the City and taken by the City as a lien in the full amount

- Creating a Tenant Modernization Program, with the support of building owners, which enables tenants to assessment needed apartment improvements and to then make their own improvements and deduct the cost of repairs from their rent
- Creating volunteer-driven and/or municipal programs for home repair, which might mobilize volunteers to do things like roof repair, yard work, and painting for elderly or disabled residents
- Taking measures to ensure that housing stock meets projected future demands through adaptive reuse of nonresidential structures, such as industrial loft buildings

#### Promoting Homeowner and Tenant Access to Housing Programs

- Ensuring that housing programs are communicated appropriately to diverse groups
- Providing homeowners with knowledge about: educational and informational programs to combat predatory lending and unscrupulous contracts; foreclosure-prevention assistance and other activities to reduce the risk of foreclosure; property-tax circuit-breakers or other forms of tax adjustment to limit property taxes or rate of tax increases; assistance in creating accessory apartments or boarder programs to reduce the financial burden of homeownership

#### Offering a Range of Asset Building and Financing Assistance Options

- Making affordable lease-purchase arrangements using the federal low income housing tax credit
- Nonprofit provision of lease-purchase agreements under which housing needing rehabilitation (or new construction) is purchased and repaired by a non-profit organization or other organization, leased to low-income families or individuals who are then offered the first option to buy the home after an arranged period
- Offering Individual Development Accounts (IDA) programs – created through partnerships between nonprofits and philanthropies – which provide homeownership education and counseling and matching funds for residents’ savings, which can be used for downpayment or closing costs
- Offering municipal first-time homebuyer programs that provide support that is similar to IDA programs
- Creating employer-assisted housing programs through partnerships between community development corporations (CDCs) and business alliances
- Creating municipal and nonprofit partnerships to offer innovative workforce programs that encourage local hiring practices and offer business development to ensure local businesses remain competitive to larger chains

#### Proactively Acquiring and Preserving Privately Owned Properties and Land for Affordable Housing

- Creating an Abandoned Property Program where tax delinquent, abandoned buildings can be acquired and transferred to individuals, private and non-profit developers interested in rehabilitation for affordable housing
- Creating a nonprofit- or government-administered early warning system to prevent abandonment of properties at risk of loss due to expiring federal subsidies

- Creating Land Trusts, Land Associations, or Limited-Equity Housing/Leasehold Cooperatives which can buy and renovate homes, preserve affordability, and restrict speculation by holding deeds to land and maintaining first options to buy back homes from owners holding long-term leases
- Supporting land trusts' designation with eminent domain powers over vacant building and land – similar to the Dudley Street Neighborhood Initiative experience
- Requiring tenant right of first refusal in all condominium conversions; housing developed by nonprofits can also require that homeowners grant the corporation the right of first refusal
- Using land-banking to purchase absentee homes at risk of eminent domain and rehabbing and selling the homes outright or offering lease-purchase arrangements
- Fostering the conversion of multifamily rental housing to cooperative or condominium ownership for low income families (through government and nonprofit partnerships)
- Fostering the conversion of 1- to 4-unit rental housing to homeownership for low income families (government and nonprofit partnerships)
- CDC's building of affordable housing in direct partnership with for-profit developers

#### Making Changes in Local Government Policies

- Providing rehab grants/loans to landlords in return for maintaining affordability and keeping properties in decent shape
- Offering tax relief assistance/incentives for multi-unit resident properties, e.g., creating new tax classification classes that reduce assessments on the following: properties with seven or more units; rehabbed or newly built properties with units that target low- and moderate-income households; and properties with expiring Section 8 units as an incentive to renew their contracts with HUD
- Adopting a Development without Displacement Policy, which requires that each in every redevelopment proposal in the city include a plan for addressing displacement; elements of the plan may include any of the above mentioned strategies
- Establishing a code enforcement program, administered by the Housing Department, which would be responsible for inspecting all multifamily residential rental properties for housing code compliance and then providing tenants living in noncompliant homes with access to other programs, such as: a rent escrow account program, which allows tenants to pay rent into a city-administered escrow until code noncompliance citations are resolved; and a rent reduction program, which can reduce tenants' rent based on the Housing Department's evaluation of the value of the missing service
- Enacting an affordable-housing replacement ordinance, requiring one-to-one replacement of affordable units lost through demolition, condominium conversion or conversion to non-residential use – whenever affordable housing located in a certain area is lost, it must be replaced one-for-one within a certain vicinity, e.g., 3 miles or the developer must make housing trust fund contributions in lieu of providing replacement units
- Enacting an inclusionary zoning ordinance requiring that a percentage of units in future market-rate developments be affordable-housing units and ensuring that units created remain affordable on a long-term basis; alternatively, establishing a voluntary inclusionary zoning program where the percentage of affordable housing set asides might be negotiated (e.g., between 10 and 20 percent) and the city, in return, may assist with a developer's site improvement budget, e.g., landscaping, on a case-by-case basis

- Adopting local and regional zoning practices that encourage compact, mixed-income, mixed-use development and adopting inclusionary zoning near transit
- Creating a land bank of vacant publicly owned land to be held in reserve for future construction of affordable housing
- Using vacant property receivership to restore properties held vacant for speculative purposes, and engaging in any of the following:
  - establishing vacant property or vacant lot redeveloper programs, which award fees to developers who participate by developing or rehabbing residential property that will be sold to income-qualified households
  - promoting residential and mixed use infill development in partnership with nonprofit and private developers
- Amending tenant relocation laws to provide that they are triggered by private displacement and ensuring adequate levels of relocation assistance
- Strengthening landlord-tenant laws including penalties for landlord harassment of tenants
- Providing sanctions and incentives to realtors and bankers to encourage more accountable behavior and engagement with low- and moderate-income neighborhoods.
- Enacting rent control legislation that addresses the area's affordable housing needs and specifies the amount of permissible annual rent increases annually; permitted rent increases might be tied to the Consumer Price Index, and a municipal entity must monitor that landlords properly register their property and rents.
- Outlining just cause reasons for eviction and passing a just cause ordinance along with rent control legislation to ensure that renters can only be evicted with proper just cause, such as failure to pay rent or destruction of property
- Establishing a municipal rent board that is responsible for regulating residential rent increases and mediating between tenants and landlords; funds for a Rent Board can come from new developments and impact fees

#### Utilizing Government-Administered Financing Sources for Affordable Housing

- Adopting a Real Estate Transfer Taxes/anti-flipping policy for residential, commercial, and/or retail properties, which discourages investors from buying and re-selling property at huge profits without making any improvements
- Creating a citywide Housing Trust Fund that could be funded by mechanisms including:
  - levying a jobs/housing linkage fee on commercial developments, which essentially links new economic development to the construction and maintenance of affordable housing or other community needs; a certain percent of fees paid by the development per square foot would be allocated to an affordable housing trust fund
  - allocating a portion of funds from developer impact fees
  - issuing property tax assessments via housing levies, and finding ways to frame and message the levies so that voter support can be gained over time, e.g., a levy for senior citizen housing
- Creating a tax increment financing district around redevelopment areas in the community and setting aside a larger portion of tax increment financing (TIF) revenue from redevelopment funds towards affordable housing (state redevelopment law requires at least 20 percent of bond capacity generated by TIF be devoted to affordable housing)
- Levying a stabilization fund impact fee on developers that will generate funds for a variety of community benefits, such as affordable housing

- Establishing a revolving loan fund that holds dedicated sources of public funding to support the preservation and production of affordable housing
- Combining financing streams like HOME financing, Low Income Housing Tax Credits, and Section 8 in order to finance affordable housing

#### Addressing Socio-Economic Impact and Affordable Housing Concerns in Transit and Corridor Planning

- Including socio-economic impact assessment in environmental reviews
- Adopting joint development and transit-oriented development policies
- Allocating tax credit funding to preserve affordable housing in transit-rich areas
- Ensuring that a Comprehensive Transit-Oriented Development Strategy includes consideration of affordable housing preservation
- Employing targeted financial tools to preserve and create affordable housing near transit, such as the creation of Transit Oriented Development Funds, TOD Tax Increment Financing Districts, and affordable housing acquisition funds, especially for properties near transit
- Encourage planning bodies to make land use and housing decisions that optimize transit investments and support TOD and ensuring coordinated planning by local governments, housing organizations, and transit agencies
- Negotiating community benefits agreements that secure greater developer commitments to building affordable housing that exceed standard municipal minimum affordable housing requirements and which may include other characteristics, such as a mix of unit sizes to accommodate current family size diversity and access to green space

#### Advocating for Federal Funding Increases

- Increasing federal, state, and local funding for affordable housing, including funding for the project-based Section 8 and Section 202 housing programs

# Appendix B: FOCUS Equitable Development Planning Brief

*The following content is directly excerpted from the “Equitable Development Planning Brief” a document prepared by FOCUS, a regional development and conservation strategy that promotes a more compact land use pattern for the Bay Area of California<sup>15</sup>. FOCUS is led by the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC), with support from the Bay Area Air Quality Management District (BAAQMD) and the Bay Conservation and Development Commission (BCDC)—in partnership with congestion management agencies, transit providers, and local governments throughout the Bay Area.*

Equitable development provides benefits for existing communities, including improvements to housing, job opportunities, environment, and quality of life. Considering potential displacement is one strategy to increasing equity. Indirect and involuntary displacement occurs when rising property values and real estate speculation lead landlords and property owners to raise rents or redevelop buildings where lower-cost homes or jobs are located. While not widespread across the region, displacement does take place in gentrifying transit-oriented areas, particularly where the housing market is constricted and neighborhoods offer attractive amenities.

By engaging low income residents and communities of color in the planning process, and explicitly recognizing their homes, community spaces and job opportunities as important assets, inclusive planning is more likely to lead to stable, integrated mixed-income neighborhoods and to include successful local economic development. In addition, securing affordable housing sites prior to the property value rise that accompanies higher densities helps to ensure a steady supply of affordable homes. Local efforts to invest in lower-income neighborhoods, address diversity, and minimize displacement benefit sustainability in the following ways:

1. Equity—An investment in low-income areas decreases regional inequities and concentrations of poverty while unlocking neighborhood development potential.
2. Environment—Increasing and safeguarding the amount of affordable housing near transit reduces sprawl.
3. Economy—Improving access to jobs in areas where opportunities are limited supports the neighborhood, municipal, and regional economies.

For planners in areas where substantial new transit and real estate investment is forthcoming, the strategies for preventing displacement can be summarized as follows:

11. Use demographic data and community surveys to establish who lives and works in the area and how it has changed over time, i.e. between decennial Census years.
12. Conduct an inclusive community engagement process and ensure that the character and vitality of the neighborhood informs the development vision.

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<sup>15</sup> FOCUS. 2011. Equitable Development Planning Brief. Source: <http://www.bayareavision.org/initiatives/PDFs/PlannersEquity.pdf>



- a. Meetings can provide translation services, food, and childcare, and be held in transit-accessible and culturally relevant locations.
  - b. Local culture, including important neighborhood assets, history, and unique architecture, can become the basis for a planning vision
13. When planning affordable housing, secure sites in the area as soon as possible. Identify where the existing affordable homes are and how they may be impacted by market shifts.
14. Design zoning to direct the highest densities, and therefore largest redevelopment incentives, to areas where it will have minimal disruptive impact. For example, San Francisco and San Carlos have moved highest heights (and therefore maximum redevelopment incentives) away from local commercial corridors to adjacent streets in order to preserve functioning local retail environments. For more information, visit
- <http://www.bayareavision.org/initiatives/equitabledevelopment.html> and view the San Francisco-Eastern Neighborhoods Case Study.
15. Enhance housing and business retention programs to help residents stay in their current homes and to maintain existing levels of affordability.
- a. Housing programs can include homeownership and rehabilitation assistance as well as strategies to preserve more affordable rental properties. The Mixed Income TOD Housing Guide, below, provides several options.
  - b. Business programs can include small business assistance, local hire, and commercial corridor/ “Main Street” revitalization For more information, visit the PolicyLink tool on commercial corridors or the Local Initiatives Support Corporation (<http://www.bayarealisc.org/>)
16. Identify how important asset-building job bases, including small commercial districts and manufacturing centers, will fit within the proposed new vision and zoning.
17. Direct resources to cultural and community centers, including schools, parks and small businesses, that provide social seams for diverse neighborhoods.
18. Consider the use of development agreements and in lieu fees to provide community benefits.

For reference, there are three online Toolkits that provide analysis of specific policies:

19. PolicyLink Equitable Development Toolkit

[http://www.policylink.org/site/c.lkIXLbMNJrE/b.5136575/k.39A1/Equitable\\_Development\\_Toolkit.htm](http://www.policylink.org/site/c.lkIXLbMNJrE/b.5136575/k.39A1/Equitable_Development_Toolkit.htm)

20. Great Communities Collaborative Preventing Displacement Tool

<http://greatcommunities.org/intranet/library/sites-tools/great-communitiestoolkit/PreventingDisplacement.pdf>

21. Reconnecting America/Center for Transit-Oriented Development Mixed- Income TOD Action Guide

[http://www.reconnectingamerica.org/public/display\\_asset/090304mitodag0109](http://www.reconnectingamerica.org/public/display_asset/090304mitodag0109)

# Appendix C: Community Benefits Agreement with LA Land Area Company

*The following CBA was negotiated in 2001 by the Figueroa Corridor Coalition for Economic Justice. The CBA text is provided below in its entirety.*<sup>16</sup>

## ATTACHMENT A

### COMMUNITY BENEFITS PROGRAM

#### **I. PURPOSE**

The purpose of this Community Benefits Program for the Los Angeles Sports and Entertainment District Project is to provide for a coordinated effort between the Coalition and the Developer to maximize the benefits of the Project to the Figueroa Corridor community. This Community Benefits Program is agreed to by the Parties in connection with, and as a result of, the Cooperation Agreement to which it is attached. This Community Benefits Program will provide publicly accessible park space, open space, and recreational facilities; target employment opportunities to residents in the vicinity of the Figueroa Corridor; provide permanent affordable housing; provide basic services needed by the Figueroa Corridor community; and address issues of traffic, parking, and public safety.

#### **II. DEFINITIONS**

As used in this Community Benefits Program, the following capitalized terms shall have the following meanings. All definitions include both the singular and plural form. Any capitalized terms not specifically defined in this Attachment A shall have the meanings as set forth in the Settlement Agreement.

“Agency” shall mean the Community Redevelopment Agency of the City of Los Angeles.

“City” shall mean the City of Los Angeles.

“Coalition” shall have the meaning set forth in the Cooperation Agreement.

“Contractor” shall mean a prime contractor, a subcontractor, or any other business entering into a contract with the Developer related to the use, maintenance, or operation of the Project or part thereof. The term Contractor shall not include Tenants.

“Cooperation Agreement” shall mean the Cooperation Agreement entered into between the Developer and the Coalition on May 29, 2001.

“Developer” shall mean the corporations entitled the L.A. Arena Land Company and Flower Holdings, LLC.

“Needs Assessment” shall have the meaning set forth in Section III.C.1.

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<sup>16</sup> Strategic Actions for a Just Economy. 2011. Benefits Agreement with LA Land Area Company Community. Source: <http://www.saje.net/atf/cf/%7B493B2790-DD4E-4ED0-8F4E-C78E8F3A7561%7D/communitybenefits.pdf>

“Project” shall have the meaning set forth in the Cooperation Agreement.

“Tenant” shall mean a person or entity that conducts any portion of its operations within the Project, such as a tenant leasing commercial space within the Project, or an entity that has acquired a fee simple interest from the Developer for the purpose of developing a portion of the Project. “Tenant” does not include Contractors and agents of the Developer.

Tenant shall exclude any tenant of a residential dwelling unit, any guest or other client of any hotel and any governmental entity.

### **III. PARKS AND RECREATION**

**A. PURPOSE.** The purpose of this Section is to help address the deficit of park space in the Figueroa Corridor community. The Figueroa Corridor contains less than a quarter of the park space acreage required by the City. The park construction efforts under this Section will help address this deficit, providing a measurable and lasting benefit to the Figueroa Corridor community.

**B. QUIMBY FEES.** Developer agrees to pay all fees required by the Los Angeles Municipal Code, Chapter I, Article 7, Section 17.12, “park and recreation site acquisition and development provisions,” subject to offsetting credits as allowed by that section and/or state law and approved by the city. The Coalition shall support Developer’s application for Quimby credit under this section, provided that Developer’s applications for credits are based on publicly accessible space and facilities.

#### **C. PARKS AND OPEN SPACE NEEDS ASSESSMENT.**

**1. Needs Assessment.** The Developer will fund an assessment of the need for parks, open space, and recreational facilities in the area bounded by the following streets: Beverly Boulevard and the 101 freeway (north boundary); Western Avenue (west boundary); Vernon Avenue (south boundary); and Alameda Street (east boundary). Developer will commence fulfillment of its responsibilities under this section III.C within 90 days after enactment by the Los Angeles City Council of a development agreement ordinance for the Project.

**2. Funding.** Developer will fund the Needs Assessment in an amount between \$50,000 and \$75,000, unless the Coalition consents to the Developer funding the Needs Assessment in an amount less than \$50,000.

**3. Selection of organization conducting needs assessment.** The Needs Assessment will be conducted by a qualified organization agreed upon by both the Developer and the Coalition, and paid an amount consistent with Section III.C.2, above. The Developer and the Coalition may enlist other mutually agreed upon organizations to assist in conducting the Needs Assessment.

#### **D. PARK AND RECREATION FACILITY CREATION BY DEVELOPER.**

**1. Park and recreation facility creation.** Following the completion of the needs assessment, the Developer shall fund or cause to be privately funded at least one million dollars (\$1,000,000) for the creation or improvement of one or more parks and recreation facilities, including but not limited to land acquisition, park design, and construction, within a one-mile radius of the Project, in a manner consistent with the results of the Needs Assessment. By mutual agreement of the Coalition and the

Developer, this one-mile radius may be increased. Each park or recreation facility created pursuant to this agreement shall be open to the public and free of charge. Developer shall have no responsibility for operation or maintenance of any park and recreation facility created or improved pursuant to this agreement. Developer after consultation with the Coalition shall select the location of park and recreation facilities to be created or improved. Park and recreation facilities shall be created or improved in a manner such that a responsible entity shall own, operate, and maintain such facilities. Each park created or improved pursuant to this agreement shall include active recreation components such as playgrounds and playing fields, and shall also include permanent improvements and features recommended by the Needs Assessment, such as restroom facilities, drinking fountains, park benches, patio structures, barbecue facilities, and picnic tables. Recreation facilities created pursuant to this Section should to the extent appropriate provide opportunities for physical recreation appropriate for all ages and physical ability levels.

**2. Timeline.** The park and recreation facilities created or improved pursuant to this agreement shall be completed within five years of completion of the Needs Assessment. At least \$800,000 of the funds described in Section III.D.1, above, shall be spent within four years of completion of the Needs Assessment.

#### **E. OPEN SPACE COMPONENTS OF DEVELOPMENT.**

**1. Street-level plaza.** The Project will include a street-level plaza of approximately one-acre in size and open to the public.

**2. Other public spaces.** The Project will include several publicly-accessible open spaces, such as plazas, paseos, walkways, terraces, and lawns.

#### **IV. COMMUNITY PROTECTION**

**A. PARKING PROGRAM.** The Developer shall assist the Coalition with the establishment of a residential permit parking program as set forth below.

**1. Permit Area.** The area initially designated as part of the Parking Program is generally bounded by James Wood Drive on the north, Byram and Georgia Streets on the west, Olympic Boulevard on the south and Francisco on the east. The permit area may be adjusted from time to time by mutual agreement of the Developer and the Coalition or upon action by the City determining the actual boundaries of a residential parking district in the vicinity of the Project.

**2. Developer Support.** The Developer shall support the Coalition's efforts to establish the parking program in the permit area by requesting the City to establish a residential permit parking district through a letter to City Council members and City staff, testimony before the City Council or appropriate Boards of Commissioners, and through technical assistance which reasonably may be provided by Developer's consultants.

To defray the parking program's costs to residents of the permit area, the Developer shall provide funding of up to \$25,000 per year for five years toward the cost of developing and implementing the parking program within the permit area. Such funding shall be provided to the City.

**3. Limitations.** The Coalition understands, acknowledges and hereby agrees that the City's determination of whether to establish a residential permit parking district and the boundaries

thereof are within the City's sole discretion. The Developer is not liable for any action or inaction on the part of the City as to establishment of a residential permit parking district or for the boundaries thereof. The Coalition understands, acknowledges and hereby agrees that the total annual aggregate cost of a residential permit parking district may exceed \$25,000 per year and that in such event, the Developer shall have no liability for any amounts in excess of \$25,000 per year for five years.

**B. TRAFFIC.** The Developer in consultation with the Coalition shall establish a traffic liaison to assist the Figueroa Corridor community with traffic issues related to the Project.

**C. SECURITY.** The Developer shall encourage the South Park Western Gateway Business Improvement District to address issues of trash disposal and community safety in the residential areas surrounding the Project. The Developer shall request the BID to provide additional trash receptacles in the vicinity of the Project, including receptacles located in nearby residential areas.

## **V. LIVING WAGE PROGRAM**

### **A. DEVELOPER RESPONSIBILITIES REGARDING LIVING WAGES.**

**1. Compliance With Living Wage Ordinance.** The Developer, Tenants, and Contractors shall comply with the City's Living Wage Ordinance, set forth in the Los Angeles Administrative Code, Section 10.37, to the extent such ordinance is applicable.

**2. Seventy Percent Living Wage Goal.** The Developer shall make all reasonable efforts to maximize the number of living wage jobs in the Project. The Developer and the Coalition agree to a Living Wage Goal of maintaining 70% of the jobs in the Project as living wage jobs. The Developer and the Coalition agree that this is a reasonable goal in light of all of the circumstances. Achievement of the Living Wage Goal shall be measured five years and ten years from the date of this Agreement. In the event that actual performance is less than 80% of the goal for two consecutive years, Developer shall meet and confer with the Coalition at the end of such two year period to determine mutually agreeable additional steps which can and will be taken to meet the Living Wage Goal.

**3. Achievement of Living Wage Goal.** For purposes of determining the percentage of living wage jobs in the Project, the following jobs shall be considered living wage jobs:

- jobs covered by the City's Living Wage Ordinance;
- jobs for which the employee is paid on a salaried basis at least \$16,057.60 per year if the employee is provided with employer-sponsored health insurance, or \$18,657.60 per year otherwise (these amounts will be adjusted in concert with cost-of-living adjustments to wages required under the City's Living Wage Ordinance);
- jobs for which the employee is paid at least \$7.72 per hour if the worker is provided with employer-sponsored health insurance, or \$8.97 per hour otherwise (these amounts will be adjusted in concert with cost-of-living adjustments to wages required under the City's Living Wage Ordinance); and
- jobs covered by a collective bargaining agreement.

The percentage of living wage jobs in the Project will be calculated as the number of on-site jobs falling into any of the above four categories, divided by the total number of on-site jobs. The resulting number will be compared to the Living Wage Goal to determine whether the Living Wage Goal has been achieved.

**4. Developer Compliance If Goal Not Met.** Whether or not the Living Wage Goal is being met at the five- and ten-year points, the Developer shall be considered to be in compliance with this Section if it is in compliance with the remaining provisions of this Section.

**5. Reporting Requirements.** The Developer will provide an annual report to the City Council's Community and Economic Development Committee on the percentage of jobs in the Project that are living wage jobs. The report will contain project-wide data as well as data regarding each employer in the Project. Data regarding particular employers will not include precise salaries; rather, such data will only include the number of jobs and the percentage of these jobs that are living wage jobs, as defined in Section V.A.3, above. If the report indicates that the Living Wage Goal is not being met, the Developer will include as part of the report a discussion of the reasons why that is the case. In compiling this report, Developer shall be entitled to rely on information provided by Tenants and Contractors, without responsibility to perform independent investigation. This report shall be filed for any given year or partial year by April 30th of the succeeding year.

#### **6. Selection of Tenants.**

**a. Developer Notifies Coalition Before Selecting Tenants.** At least 45 days before signing any lease agreement or other contract for space within the Project, the Developer shall notify the Coalition that the Developer is considering entering into such lease or contract, shall notify the Coalition of the identity of the prospective Tenant, and shall, if the Coalition so requests, meet with the Coalition regarding the prospective Tenant's impact on the 70% living wage goal. If exigent circumstances so require, notice may be given less than 45 days prior to signing such a lease agreement or other contract; however, in such cases the Developer shall at the earliest possible date give the Coalition notice of the identity of the prospective Tenant, and, if the Coalition requests a meeting, the meeting shall occur on the earliest possible date and shall in any event occur prior to the signing of the lease agreement or other contract.

**b. Coalition Meeting with Prospective Tenants.** At least 30 days before signing a lease agreement or other contract for space within the Proposed Development, the Developer will arrange and attend a meeting between the Coalition and the prospective Tenant, if the Coalition so requests. At such a meeting, the Coalition and the Developer will discuss with the prospective Tenant the Living Wage Incentive Program and the Health Insurance Trust Fund, and will assist the Coalition in encouraging participation in these programs. If exigent circumstances so require, such a meeting may occur less than 30 days prior to the signing of a lease agreement; however, in such cases the meeting shall be scheduled to occur on the earliest possible date and shall in any event occur prior to the signing of the lease agreement or other contract. The Developer will not enter into a lease agreement with any prospective Tenant that has not offered to meet with the Coalition and the Developer regarding these issues prior to signing of the lease.

**c. Consideration of Impact on Living Wage Goal.** When choosing between prospective Tenants for a particular space within the Project, the Developer will, within commercially reasonable limits, take into account as a substantial factor each prospective Tenant's potential impact on achievement of the Living Wage Goal.

d. **Tenants Agree to Reporting Requirements.** Tenants are not required to participate in the Living Wage Incentive Program or the Health Insurance Trust Fund. However, all Tenants in the Project shall make annual reports as set forth in Section V.B.3, below. The Developer will include these reporting requirements as a material term of all lease agreements or other contracts for space within the Project.

## **B. TENANTS' OPPORTUNITIES AND RESPONSIBILITIES.**

1. **Living Wage Incentive Program.** All Tenants will be offered the opportunity to participate in a Living Wage Incentive Program. Tenants are not required to participate in this program, but may choose to participate. Under the Living Wage Incentive Program, Tenants providing living wage jobs may receive various benefits of substantial economic value. The Coalition, the Developer, and the City will collaborate to structure a set of incentives, at no cost to the Developer, to assist the Project in meeting the Living Wage Goal. The Living Wage Incentive Program shall be described in a simple and accessible written format suitable for presentation to prospective Tenants. The Coalition, working collaboratively with the Developer, shall seek funding from governmental and private sources to support the incentives and benefits provided in the Living Wage Incentive Program.

2. **Health Insurance Trust Fund.** All Tenants will be offered the opportunity to participate in the Health Insurance Trust Fund. Tenants are not required to participate in this program, but may choose to participate. The Health Insurance Trust Fund, still being established by the City, will provide Tenants with a low-cost method of providing employees with basic health insurance.

3. **Reporting Requirements.** Each Tenant in the Project must annually report to the Developer its number of on-site jobs, the percentage of these jobs that are living wage jobs, and the percentage of these jobs for which employees are provided health insurance by the Tenant. Tenants need not include precise salaries in such reports; rather, with regard to wages, Tenants need only include the number of jobs and the percentage of these jobs that are living wage jobs, as defined in Section V.A.3, above. Such reports shall be filed for any given year or partial year by January 31st of the succeeding year.

**C. TERM.** All provisions and requirements of this Section shall terminate and become ineffective for each Tenant ten years from the date of that Tenant's first annual report submitted pursuant to Section V.B.3, above.

## **VI. LOCAL HIRING AND JOB TRAINING**

**A. PURPOSE.** The purpose of this Section is to facilitate the customized training and employment of targeted job applicants in the Project. Targeted job applicants include, among others, individuals whose residence or place of employment has been displaced by the STAPLES Center project, low-income individuals living within a three-mile radius of the Project, and individuals living in low-income areas throughout the City. This Section (1) establishes a mechanism whereby targeted job applicants will receive job training in the precise skills requested by employers in the Project, and (2) establishes a non-exclusive system for referral of targeted job applicants to employers in the Project as jobs become available.

**B. CUSTOMIZED JOB TRAINING PROGRAM.** The First Source Referral System, described below, will coordinate job training programs with appropriate community-based job training organizations. Prior to hiring for living wage jobs within the Project, employers may request specialized job training for applicants they intend to hire, tailored to the employers' particular needs, by contacting the First Source Referral System. The First Source Referral System will then work with



appropriate community-based job training organizations to ensure that these applicants are provided with the requested training.

**C. FIRST SOURCE HIRING POLICY.** Through the First Source Hiring Policy, attached hereto as attachment No. 1, qualified individuals who are targeted for employment opportunities as set forth in Section IV.D of the First Source Hiring Policy will have the opportunity to interview for job openings in the Project. The Developer, Contractors, and Tenants shall participate in the First Source Hiring Policy, attached hereto as Attachment No. 1. Under the First Source Hiring Policy, the First Source Referral System will promptly refer qualified, trained applicants to employers for available jobs. The Developer, Contractors, and Tenants shall have no responsibility to provide notice of job openings to the First Source Referral System if the First Source Referral System is not fulfilling its obligations under the First Source Hiring Policy. The terms of the First Source Hiring Policy shall be part of any deed, lease, or contract with any prospective Tenant or Contractor.

**D. FIRST SOURCE REFERRAL SYSTEM.** The First Source Referral System, to be established through a joint effort of the Developer and the Coalition, will work with employers and with appropriate community-based job training organizations to provide the referrals described in this Section. The Coalition and the Developer will select a mutually agreeable nonprofit organization to staff and operate the First Source Referral System, as described in the First Source Hiring Policy. The Developer will provide \$100,000 in seed funding to this organization. The Developer will meet and confer with the Coalition regarding the possibility of providing space on site for the First Source Referral System, for the convenience of Tenants and job applicants; provided, however, the Developer may in its sole and absolute discretion determine whether or on what terms it would be willing to provide space for the First Source Referral System. If the First Source Referral System becomes defunct, Employers shall have no responsibility to contact it with regard to job opportunities.

## **VII. SERVICE WORKER RETENTION**

**A. SERVICE CONTRACTOR WORKER RETENTION.** The Developer and its Contractors shall follow the City's Worker Retention Policy as set forth in the Los Angeles Administrative Code, Section 10.36. The City's Worker Retention Policy does not cover individuals who are managerial or supervisory employees, or who are required to possess an occupational license.

**B. WORKER RETENTION FOR HOTEL AND THEATER EMPLOYEES.** The Developer agrees that Tenants in hotel and theater components of the Project will follow the City's Worker Retention Policy with regard to all employees, and will require contractors to do the same. The Developer will include these requirements as material terms of all lease agreements or other contracts regarding hotel and/or theater components of the Project.

**C. INCLUSION IN CONTRACTS.** The Developer shall include the requirements of this section as material terms of all contracts with Contractors and with Tenants in hotel and theater components of the Project, with a statement that such inclusion is for the benefit of the Coalition.

## **VIII. RESPONSIBLE CONTRACTING**

**A. DEVELOPER SELECTION OF CONTRACTORS.** The Developer agrees not to retain as a Contractor any business that has been declared not to be a responsible contractor under the City's Contractor Responsibility Program (Los Angeles Administrative Code, Section 10.40.)

**B. DEVELOPER SELECTION OF TENANTS.** The Developer agrees that before entering into or renewing a lease agreement regarding any space over fifteen thousand (15,000) square feet, the Developer shall obtain from any prospective Tenant a written account of whether the prospective Tenant has within the past three years been found by a court, an arbitrator, or an administrative agency to be in violation of labor relations, workplace safety, employment discrimination, or other workplace-related laws. When choosing between prospective Tenants for a particular space within the Project, the Developer will, within commercially reasonable limits, take into account as a substantial factor weighing against a prospective Tenant any findings of violations of workplace-related laws. In complying with this Section, the Developer shall be entitled to rely on information provided by Tenants, without responsibility to perform independent investigation.

**C. REPORTING REQUIREMENTS.** The Developer will provide an annual report to the Coalition and to the City Council's Community and Economic Development Committee on the percentage of new lease agreements or other contracts regarding use of space within the Project that were entered into with entities reporting violations of workplace-related laws. In compiling this report, Developer shall be entitled to rely on information provided by Tenants and Contractors, without responsibility to perform independent investigation. The report may aggregate information from various End Users, so as not to identify any particular Tenant. This report shall be filed for any given year or partial year by April 30th of the succeeding year, and may be combined with the report regarding living wages, required to be filed by Section V.B.3.

## **IX. AFFORDABLE HOUSING**

**A. PURPOSE.** Developer has included between 500 and 800 housing units as part of the Project. The goal is create an “inclusionary” development; *i.e.* the project will include an affordable housing component (the “Affordable Housing Program”) as set forth in this Section.

**B. DEVELOPER AFFORDABLE HOUSING PROGRAM.** This Developer Affordable Housing Program exceeds requirements of state law and the Agency. To further its connection to the surrounding neighborhoods, the Developer proposes to work with community-based housing developers to implement much of the plan.

**1. Percentage Affordable Units.** The Developer shall develop or cause to be developed affordable housing equal to 20% of the units constructed within the Project, as may be adjusted under Section IX.D., below, through joint efforts with community-based organizations to create additional affordable units as provided in Section IX.C, below. The Developer intends to include between 500 and 800 units in the Project; therefore, the Developer’s affordable housing commitment would be between 100 and 160 units, as may be adjusted under Section IX.D below.

**2. Income Targeting** The distribution of affordable units shall be as follows:

- a. 30% affordable to families earning zero to 50% of Area Median Income (“AMI”);
- b. 35% affordable to families earning 51% to 60% of AMI;
- c. 35% affordable to families earning 61% to 80% of AMI.

**3. Term of Affordability.** Affordable units will remain affordable for a minimum of 30 years.

**4. Location.** Affordable units may be built within the Project or off-site. Units built off site will be located in redevelopment areas within a three-mile radius from the intersection of 11<sup>th</sup> and Figueroa

Streets. To the extent the Agency provides direct financial assistance in the creation of affordable units, 50% of the affordable units shall be constructed within the Project if required by the Agency.

**5. Unit and Project Type.** Given the high density of the proposed on-site high-rise housing, any inclusionary units within the Project will be two-bedroom units. Three- and four-bedroom units may be developed at offsite locations that are more appropriate to accommodate larger units and families. In connection with any off-site affordable units, Developer shall give priority consideration to creation of projects suitable for families in terms of unit size, location, and proximity to family-serving uses and services.

**6. Relocated Persons.** To the extent allowed by law, priority shall be given to selecting persons relocated in connection with the development of the STAPLES Center to be tenants in any affordable units created under this Section IX. Notice of availability of affordable units shall be given to such relocated persons as set forth in Section X.D.

**7. Public Participation and Assistance.** Nothing herein shall limit the right of the Developer to seek or obtain funding or assistance from any federal, state or local governmental entity or any non-profit organization in connection with the creation or rehabilitation of affordable units.

### **C. COOPERATIVE DEVELOPMENT WITH COMMUNITY BASED ORGANIZATIONS**

**1. Purpose.** In addition to development of affordable housing on-site or off-site, Developer shall work cooperatively with community based organizations to in an effort to provide additional affordable housing units. The goal of this program is to identify affordable housing infill development opportunities within a 1.5-mile radius of Figueroa and 11<sup>th</sup> Street and to affiliate with well-established non-profit affordable housing development corporations in the area.

**2. Interest Free Loans.** As “seed money” for affordable housing development, within 2 years after receiving final entitlement approvals for the Project, Developer will provide interest-free loans in the aggregate amount not to exceed \$650,000 to one or more non-profit housing developers that are active in the Figueroa Corridor area and are identified in the Section VI.D.3, below, or are mutually agreed upon by the Developer and the Coalition. Repayment of principal repayment shall be due in full within three (3) years from the date the loan is made. Provided that the loan or loans have been timely repaid, such repaid amounts may be loaned again to one or more non-profit housing developers; however, it is understood that all loans will be repaid within six (6) years from the date the first loan was made. In addition, the loans shall be on such other commercially reasonable terms consistent with the purposes of this Section IX.C.

**3. Prequalified Non-Profit Development Corporations.** The following non-profit community based organizations are eligible to seek to participate in this cooperative program:

- b. Esperanza Development Corporation - Sister Diane Donoghue
- c. 1010 Hope Development Corporation - DarEll Weist
- d. Pueblo Development Corporation- Carmela Lacayo
- e. Pico Union Development Corporation - Gloria Farias

**4. Use of Program Funds.** The interest free loans may be used by the selected organizations for the following purposes:

- a. Land acquisition/option/due diligence.
- b. To focus on existing buildings to substantially rehabilitate or to acquire small infill sites capable of supporting approximately 40 or more units.
- c. Entitlement and design feasibility studies.
- d. Financial analysis and predevelopment studies.
- e. Funding applications and initial legal expenses.
- f. Other expenses reasonably approved by Developer to secure full funding agreements

#### **5. Project Selection Process**

a. Within 90 days following Project approvals, Developer will meet and confer with principals of each non-profit listed in Section IX.C.3, above to gain a comprehensive understanding of the capabilities and capacity of each organization and ability to obtain financing support.

b. Within 6 months following Project approvals, Developer will request proposals from each non-profit organization, which may include one or more prospective sites and use best efforts to identify one or more projects to pursue.

c. Developer shall consult with and seek the input of the Coalition in the selection of the nonprofit housing developer or developers. Developer shall enter into a loan agreement with any selected nonprofit housing developer to provide the interest free loan as set forth in this Section IX.C.

**D. ADJUSTMENTS TO AFFORDABLE HOUSING UNITS.** The assistance provided by Developer under Section IX.C may result in production of affordable units substantially in excess of 20%. Further, the Coalition has a goal of at least 25% affordable units. Therefore, for every two units of affordable housing (including both rehabilitation or new construction) created by the non-profit developer or developers with the assistance of Developer under Section IX.C in excess of 25%, Developer shall receive a credit of one unit toward Developer's obligation to create affordable housing units; provided, however, that Developer's overall obligation for affordable housing units shall not be less than 15% due to any such reduction.

In the event that no affordable units are created under the cooperative program established in Section IX.C, above, through no fault of the Developer and the Developer is unable to recoup all or a portion of the loan or loans, the Developer's obligation to create affordable units shall be reduced by one unit for each \$10,000 of unrecouped loans; provided, however that Developer's overall obligation for affordable housing units shall not be less than 15% of the housing due to any such reduction.

#### **X. RELOCATED FAMILIES**

**A. PURPOSE.** The purpose of this Section is to address problems that may be faced by families that were relocated by the Agency in connection with the development of the STAPLES Center. Many such

families can no longer afford their current housing due to the expiration of the relocation assistance provided by the Agency.

**B. MEET AND CONFER.** The Developer agrees to meet and confer with the Coalition, City Councilmembers, Agency board and staff, and other City staff in effort to seek and obtain permanent affordable housing for families relocated in connection with the development of the STAPLES Center. Meetings with the Coalition shall be held quarterly, or less frequently if mutually agreed by the Coalition and the Developer. Meetings with City Councilmembers, Agency board and staff, and other City staff will be held as necessary. The Developer's responsibilities under this section will terminate five years from the effective date of the Cooperation Agreement.

**C. ASSISTANCE.** The Developer will generally assist the Coalition to seek and obtain permanent affordable housing for relocated families. Developer will speak in favor of such efforts at least two appropriate public meetings and hearings when requested to do so by the Coalition. The Developer will use commercially reasonable efforts to provide technical assistance to the Coalition.

**D. NOTICE OF AVAILABILITY.** For a period of three years, Developer shall use good faith efforts to cause the Agency to give, to the fullest extent allowed by law, 30 days notice of availability of affordable units created by the Project to persons relocated in connection with construction of STAPLES Center and to provide such relocated persons the first opportunity to apply as potential tenants. Persons eligible for such notice shall be relocated persons who are not tenants in a permanent affordable housing project and who otherwise meet income and other requirements for affordable housing.

**E. TIMING.** Permanent affordable housing for relocated families is an urgent matter and, therefore, time is of the essence. Consequently, Developer's obligations under this Section X, shall begin within five days following execution of the Settlement Agreement.

## **XI. COALITION ADVISORY COMMITTEE**

To assist with implementation of this Community Benefits Program, address environmental concerns and facilitate an ongoing dialogue between the Coalition and the Developer, the Coalition and the Developer shall establish a working group of representatives of the Coalition and the Developer, known as the Advisory Committee. This Advisory Committee shall meet quarterly, unless it is mutually agreed that less frequent meetings are appropriate. Among other issues, the Developer shall seek the input of the Advisory Committee in the Developer's preparation of the construction management plan, the traffic management plan, the waste management plan and the neighborhood traffic protection plan. In addition, the Developer shall seek the input of the Advisory Committee in a effort to develop and implement potential solutions to other environmental concerns, including without limitation, pedestrian safety, air quality and green building principles.

## **XII. GENERAL PROVISIONS**

**A. SEVERABILITY CLAUSE.** If any term, provision, covenant, or condition of this Community Benefits Program is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall continue in full force and effect.

**B. Material Terms.** All provisions and attachments of this Community Benefits Program are material terms of this Community Benefits Program.

## FIRST SOURCE HIRING POLICY

### **SECTION I. PURPOSE.**

The purpose of this First Source Hiring Policy is to facilitate the employment of targeted job applicants by employers in the Los Angeles Sports and Entertainment District. It is a goal of this First Source Hiring Policy that the First Source Referral System contemplated herein will benefit employers in the project by providing a pool of qualified job applicants whose job training has been specifically tailored to the needs of employers in the project through a non-exclusive referral system.

### **SECTION II. DEFINITIONS.**

As used in this policy, the following capitalized terms shall have the following meanings. All definitions include both the singular and plural form.

“City” shall mean the City of Los Angeles and any of its departments and/or agencies.

“Developer” shall mean the L.A. Arena Land Company and Flower Holdings, LLC. and their Transferees.

“Project” shall mean the Los Angeles Sports and Entertainment District.

“Employer” shall mean a business or nonprofit corporation that conducts any portion of its operations within the Project; provided, however, this First Source Hiring Policy shall only apply to any such portion of operations within the Project.. Employer includes but is not limited to lessees, landowners, and businesses performing contracts on location at the Project. All “Employers” are “Covered Entities,” as defined above.

“First Source Referral System” shall mean the system developed and operated to implement this First Source Hiring Policy, and the nonprofit organization operating it.

“Low-Income Individual” shall mean an individual whose household income is no greater than 80% of the median income for the Standard Metropolitan Statistical Area.

“Targeted Job Applicants” shall mean job applicants described in Section IV.D, below.

“Transferee” shall mean a person or entity that acquires a fee simple interest or a ground lease from the Developer for the purpose of developing all or any portion of the Proposed Development.

### **SECTION III. EMPLOYER RESPONSIBILITIES**

**A. Coverage.** This First Source Hiring Policy shall apply to hiring by Employers for all jobs for which the work site is located within the Project, except for jobs for which hiring procedures are governed by a collective bargaining agreement which conflicts with this First Source Hiring Policy.

**B. Long-Range Planning.** Within a reasonable time after the information is available following execution by of a lease by Developer and Employer for space within the Project, the Employer shall provide to the First Source Referral System regarding the approximate number and type of jobs that will need to be filled and the basic qualifications necessary.

**C. Hiring process.**

**(1) Notification of job opportunities.** Prior to hiring for any job for which the job site will be in the Project, the Employer will notify the First Source Referral System of available job openings and provide a description of job responsibilities and qualifications, including expectations, salary, work schedule, duration of employment, required standard of appearance, and any special requirements (e.g. language skills, drivers' license, etc.). Job qualifications shall be limited to skills directly related to performance of job duties, in the reasonable discretion of the Employer.

**(2) Referrals.** The First Source Referral System will, as quickly as possible, refer to the Employer Targeted Job Applicants who meet the Employer's qualifications. The First Source Referral System will also, as quickly as possible, provide to the Employer an estimate of the number of qualified applicants it will refer.

**(3) Hiring.** The Employer may at all times consider applicants referred or recruited through any source. When making initial hires for the commencement of the Employer's operations in the Project, the Employer will hire only Targeted Job Applicants for a three-week period following the notification of job opportunities described in subparagraph III.C.1, above. When making hires after the commencement of operations in the Project, the Employer will hire only Targeted Job Applicants for a five-day period following the notification of job opportunities. During such periods Employers may hire Targeted Job Applicants recruited or referred through any source. During such periods Employers will use normal hiring practices, including interviews, to consider all applicants referred by the First Source Referral System. After such periods Employers shall make good-faith efforts to hire Targeted Job Applicants, but may hire any applicant recruited or referred through any source.

**E. Goal.** Any Employer who has filled more than 50% of jobs available either during a particular six-month period with Targeted Job Applicants (whether referred by the First Source Referral System or not), shall be deemed to be in compliance with this First Source Hiring Policy for all hiring during that six-month period. Any Employer who has complied with remaining provisions of this First Source Hiring Policy is in compliance with this First Source Hiring Policy even it has not met this 50% goal during a particular six-month period.

**F. No Referral Fees.** Employers shall not be required to pay any fee, cost or expense of the First Source Referral System or any potential employees referred to the Employer by the First Source Referral System in connection with such referral.

#### **SECTION IV. RESPONSIBILITIES OF FIRST SOURCE REFERRAL SYSTEM.**

The First Source Referral System will perform the following functions related to this First Source Hiring Policy:

**A.** Receive Employer notification of job openings, immediately initiate recruitment and pre-screening activities, and provide an estimate to Employers of the number of qualified applicants it is likely to refer, as described above.

**B.** Recruit Targeted Job Applicants to create a pool of applicants for jobs who match Employer job specifications.

**C.** Coordinate with various job-training centers.

**D.** Screen and refer Targeted Job Applicants according to qualifications and specific selection criteria submitted by Employers. Targeted Job Applicants shall be referred in the following order:

**(1) First Priority:** individuals whose residence or place of employment has been displaced by the STAPLES Center project or by the initial construction of the project and Low-Income Individuals living within a one-half-mile radius of the Project.

**(2) Second Priority:** Low-Income Individuals living within a three-mile radius of the Project.

**(3) Third Priority:** Low-Income Individuals living in census tracts or zip codes throughout the City for which more than 80% of the households, household income is no greater than 80% of the median household income for the Standard Metropolitan Statistical Area.

**E.** Maintain contact with Employers with respect to Employers' hiring decisions regarding applicants referred by the First Source Referral System.

**F.** Assist Employers with reporting responsibilities as set forth in Section V of this First Source Hiring Policy, below, including but not limited to supplying reporting forms and recognizing Targeted Job Applicants.

**G.** Prepare and submit compliance reports to the City as set forth in Section V of this First Source Hiring Policy, below.

## **SECTION V. REPORTING REQUIREMENTS.**

### **A. Reporting Requirements and Recordkeeping.**

**(1) Reports.** During the time that this First Source Hiring Policy is applicable to any Employer, that Employer shall, on a quarterly basis, notify the First Source Referral System of the number, by job classification, of Targeted Job Applicants hired by the Employer during that, quarter and the total number of employees hired by the Employer during that quarter. The First Source Referral System shall submit annual aggregate reports for all Employers to the City, with a copy to the Coalition, detailing the employment of Targeted Job Applicants in the Project.

**(2) Recordkeeping.** During the time that this First Source Hiring Policy is applicable to any Employer, that Employer shall retain records sufficient to report compliance with this First Source Hiring Policy, including records of referrals from the First Source Referral System, job applications, and number of Targeted Job Applicants hired. To the extent allowed by law, and upon reasonable notice, these records shall be made available to the City for inspection upon request. Records may be redacted so that individuals are not identified by name and so that other confidential information is excluded.

**(3) Failure to Meet Goal.** In the event an Employer has not met the 50% goal during a particular six-month period, the City may require the Employer to provide reasons it has not met the goal and the City may determine whether the Employer has nonetheless adhered to this Policy.

## **SECTION VI. GENERAL PROVISIONS.**

**A. Term.** This First Source Hiring Policy shall be effective with regard to any particular Employer until five years from the date that Employer commenced operations within the Project.

**B. Meet & Confer, Enforcement.** If the Coalition, the First Source Referral System, or the City believes that an Employer is not complying with this First Source Hiring Policy, then the Coalition, the First Source Referral System, the City, and the Employer shall meet and confer in a good faith attempt to resolve the issue. If the issue is not resolved through the meet and confer process within



a reasonable period of time, the City may enforce the First Source Hiring Policy against the Developer as a term of any agreement between the City and the Developer into which the First Source Hiring Policy has been incorporated.

## **B. Miscellaneous.**

**(1) Compliance with State and Federal Law.** This First Source Hiring Policy shall only be enforced to the extent that it is consistent with the laws of the State of California and the United States. If any provision of this First Source Hiring Policy is held by a court of law to be in conflict with state or federal law, the applicable law shall prevail over the terms of this First Source Hiring Policy, and the conflicting provisions of this First Source Hiring Policy shall not be enforceable.

**(2) Indemnification.** The First Source Referral System shall, jointly and severally, indemnify, hold harmless and defend the Developer and any Employer, and their officers, directors, partners, agents, employees and funding sources, if required by any such funding source (the "Indemnified Parties") from and against all fines, suits, liabilities, proceedings, claims, costs, damages, losses and expenses, including, but not limited, to attorney's fees and court costs, demands, actions, or causes of action, of any kind and of whatsoever nature, whether in contract or in tort, arising from, growing out of, or in any way related to the breach by the First Source Referral System or their affiliates, officers, directors, partners, agents, employees, subcontractors (the "First Source Parties") of the terms and provisions of this First Source Hiring Policy or the negligence, fraud or willful misconduct of First Source Parties. The indemnification obligations of the First Source Parties shall survive the termination or expiration of this First Source Hiring Policy, with respect to any claims arising as the result of events occurring during the effective term of this First Source Hiring Policy.

**(3) Compliance with Court Order.** Notwithstanding the provisions of this Policy, the Developer, Employers, Contractors, or Subcontractors shall be deemed to be in compliance with this First Source Hiring Policy if subject to by a court or administrative order or decree, arising from a labor relations dispute, which governs the hiring of workers and contains provisions which conflict with terms of this Policy.

**(4) Severability Clause.** If any term, provision, covenant, or condition of this First Source Hiring Policy is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall continue in full force and effect.

**(5) Binding on Successors.** This First Source Hiring Policy shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest, and assigns of each of the parties. Any reference in this Policy to a specifically named party shall be deemed to apply to any successor in interest, heir, administrator, executor, or assign of such party.

**(6) Material Terms.** The provisions of this First Source Hiring Policy are material terms of any deed, lease, or contract in which it is included.

**(7) Coverage.** All entities entering into a deed, lease, or contract relating to the rental, sale, lease, use, maintenance, or operation of the Project or part thereof shall be covered by the First Source Hiring Policy, through the incorporation of this First Source Hiring Policy into the deed, lease, or contract. Substantive provisions set forth in Section III. "Employer Responsibilities," apply only to jobs for which the work site is located within the Project.

# Appendix D: Community Benefits Agreement for Purina Site Development

*This CBA was signed in 2008 as an between Longfellow Station I, LLC, Light Rail Properties I, LLC, and the Longfellow Community Council.*

## Purina Site Development Community Benefits Agreement

### Article 1: Parties

The parties to this Community Benefits Agreement (“Agreement”) are:

1. Longfellow Station I, LLC, a Minnesota limited liability company that will own and control the development to be constructed on the Purina Site;
2. Light Rail Properties I, LLC, a Minnesota limited liability company that owns the Purina Site property; and
3. Longfellow Community Council (“LCC”), a Minnesota non-profit corporation and the recognized citizen participation organization for the greater Longfellow Community, which encompasses the neighborhoods of Longfellow, Cooper, Howe, and Hiawatha in Minneapolis.

### Article 2: Purpose of this Agreement

The purpose of this Agreement is to provide for a coordinated effort on the part of the Owner and LCC to maximize the benefits of the Purina Site Development by: (1) increasing the availability of affordable housing; (2) providing for environmentally sensitive construction and design; (3) increasing employment and economic opportunities; (4) enhancing pedestrian and bicycle use; (5) meeting community needs for public space; and (6) constructing buildings that are designed as good neighborhood legacies.

### Article 3: Definitions

As used in this Agreement, the following terms have the following meaning. All definitions include both the singular and the plural.

1. “Owner” means Longfellow Station I, LLC and Light Rail Properties I, LLC.
2. “Development” or “Purina Site Development” means the Purina Site and the mixed-use development to be constructed on the Purina Site, containing a maximum of 225 units of housing and a maximum of 50,000 square feet of commercial/retail space.
3. “Interest” means any leasehold interest or fee ownership, cooperatives, condominiums, or townhouses in the Development or any portion thereof.
4. “Metropolitan Area Median Income” means as determined by the Minnesota Housing Finance Agency.
5. “Purina Site” means the property located in the Hiawatha Neighborhood of the City of Minneapolis (“City”) bounded by Hiawatha Avenue on the west and the Canadian Pacific Railroad tracks on the east and by East 38th Street on the north and East 40th Street on the south. The Purina Site is legally described in Attachment A and depicted in Attachment B. Attachments A and B are attached hereto and made an integral and enforceable part hereof.
6. “Successors” mean successors in interest, transferees, assigns, agents, and representatives.

### Article 4: Transit Oriented Development Principles

A. TOD Development. The Development shall serve as a model of Transit-Oriented Development (TOD) and shall be consistent with the TOD Principles listed in Article 4.B below. Articles 5 through 9 of this Agreement provide specific details on how the Development shall incorporate the TOD Principles. TOD principles are discussed in general in the following articles, which are on file with LCC and with the Owner.

- "Eleven Principles for Creating Great Community Places," Project for Public Spaces (PPS).
- Bruce Liedstrand, "Ten Common Sense Rules For TOD," Planetizen, 24 October, 2005.
- "Access: Communities and Transit-Oriented Design," Mobility Partners Access.

B. Transit Oriented Development Principles. The TOD Principles are:

1. Urban Intensity: Higher density land uses and activities encourage ridership on public transit. The vitality and success of TOD is dependent on having enough people using streets, walks, and public spaces.
2. Height, Density, and Public/Green Space: TOD encourages mixed use development, incorporating commercial, retail, and residential uses in the same structures, including a mix of housing options. Increasing building heights and densities need to be offset by additional public/green space and other community amenities.
3. Economic Vitality: TOD promotes economic development by attracting consumers, businesses, and services to the area surrounding the transit station.
4. Urban Form: The design of the development must have an urban, rather than a suburban pattern of development. A transit oriented development is not just a denser suburban mixed use that is located at a transit stop. Generally, suburban forms are "loose," horizontal and spread out, and urban forms are "tight," vertical and compact.
5. Urban Uses: The commercial/retail uses in a TOD should be compatible with and supportive of the transit stop and those living and working in the Development. Large automobile oriented uses, particularly those that draw from a large area (big box retail, auto dealers, power center tenants, etc.) and drive-through windows are not permitted because they are autooriented rather than transit oriented.
6. Retail Location: Retail is dependent on access to enough customers, whether they come by train, bus, car, bike or on foot. Retail should be placed so that it is able to draw customers from the development, transit, and the surrounding neighborhood.
7. Reverse the Normal Parking Rules: Instead of parking minimums, TOD has parking maximums to encourage use of transit.
8. Walkability: Comfortable, convenient walkability is essential. TOD development creates an atmosphere that is safe, convenient and easily accessible by foot, bicycle, or alternative transit mode.
9. Transit Connectivity: The transit stop needs to give the rider access to the Development. Any site plan for the Development must address safe, inviting pedestrian access from the east side of Hiawatha to the light rail transit (LRT) station.
10. Neighborhood Connectivity: The transit stop needs to be connected to the adjacent neighborhood by a network of pathways and allow direct access to the transit stop without relying on the arterial street system. Convenient, easy flow of people from the adjacent neighborhood will add to the success of the TOD.

## Article 5: Affordable Housing

A. Purpose. Neighborhoods are more vibrant if there is economic diversity in housing within the neighborhood. Inclusion of affordable housing in developments is supported by LCC's Strategic Plan (Housing Goal 2, Objective 1) to support the production and preservation of affordable housing in Longfellow and by the City of Minneapolis. This Agreement furthers these goals of creating a more vibrant community by including affordable units in the Development.

#### B. Percentage of Affordable Units.

1. Owner shall develop or cause to be developed “Affordable Housing” at the Development such that not less than 20% of the residential rental units constructed within the Purina Site Development comply with the City’s affordable housing requirement. A unit is considered Affordable if an individual or family with income at or below 50% of the Metropolitan Area Median Income (MMI) established by the Minnesota Housing Finance Agency can qualify to rent the unit assuming not more than 30% of that family or individual’s gross income is used for housing expenses.

2. Owner shall develop or cause to be developed an additional 10% to 40% of the residential rental units constructed within the Purina Site Development that are affordable to an individual or family with income between 40% and 60% of the MMI assuming not more than 30% of their gross income is used for housing expenses. The housing units described in this Article 5.B.2 are in addition to the City’s 20% affordable housing requirement in Article 5.B.1. above and are intended to make housing available at rents accessible to the income demographic of the greater Longfellow Community. The requirements of Article 5.B. 1 and 5.B.2 shall hereinafter be referred to as Affordable Housing.

3. Not more than 60% of the residential rental units in the Purina Site Development shall be Affordable Housing, and no single building of the Purina Site Development shall contain more than 65% Affordable Housing, except where small family housing is intentionally clustered (see Article 5.C.1 below). This is intended to prevent a concentration of affordable housing in any particular building in the Development.

#### C. Unit Types.

1. The Owner shall build affordable housing units targeting individuals and small families and shall develop at the Development a mix of studio, one-bedroom, two-bedroom and some three-bedroom units. Larger-sized family units should be intentionally clustered in areas with easy access to semi-private green space.

2. Owner shall ensure that there is at all times a building manager that has experience with management of affordable housing. Owner shall prepare a management plan for the rental housing which, at a minimum, shall include provisions for an on-site management office and a community room.

D. Term of Affordability. Affordable rental units shall remain affordable for a minimum of 30 years.

### Article 6: Environmental Commitments

A. Purpose. It is a goal of the community to provide for environmentally sensitive demolition, construction, and design. The measures outlined in this Article support LCC’s Strategic Plan (Environmental, Transportation, and River Gorge Goal 4) to promote the overall sustainability of the neighborhood and development projects and to integrate green/sustainability issues more fully into development issues and planning. The following items describe how the environmental commitments outlined in this Article 6 will benefit the Development, the community, and the environment:

1. The environmental commitments will meet LCC’s and the City of Minneapolis’ goals of environmentally responsible growth and development. (References: Longfellow Neighborhood Summarized Values; Minneapolis Environmental Report: *Towards Sustainability*, published July 16, 2004).

2. The environmental commitments will improve marketability and ultimate success of development and cost less to operate and maintain over the long term.

3. Green buildings are better for the environment and for people who use the buildings. Benefits include, but are not limited to, reduced materials consumption and waste during construction, lower stormwater management and energy costs over the life of the building, and enhanced livability for residents through increased daylight and use of healthier building materials.

4. It is less expensive to obtain Leadership in Energy and Environmental Design certification by planning for it up front, therefore making it an attainable goal for the Owner and neighborhood.

**B. Green Building Principles.**

1. Green Building Certification. Owner shall obtain for the Development certification from one of the following systems that certify green buildings:

- a. Leadership in Energy and Environmental Design (LEED) green building rating system for new construction and major renovations (LEED-NC).
- b. Leadership in Energy and Environmental Design green building rating system for neighborhood development (LEED-ND).
- c. Minnesota Sustainable Building Guidelines (also known as B3: Buildings, Benchmarks, and Beyond).
- d. Green Communities Criteria. This criteria, which is administered locally by the Minnesota Green Communities

Collaborative, is available to certify all residential development, both affordable and market-rate.

2. Notification and Proof of Certification. Prior to obtaining certification under Article 6.B.1 above, the Owner shall notify LCC in writing of the type of green building certification the Owner will obtain for each component of the Development. After completion of certification, the Owner shall submit to LCC proof of certification.

**C. Demolition And Construction Practices.**

1. Integrated Pest Management Plan. Prior to beginning demolition activities, Owner shall develop an integrated pest management plan as required by the City of Minneapolis (City) and shall meet all other City pest management requirements.

2. Hazardous Substance Remediation and Asbestos Abatement.

a. If any known hazardous substances exist on the site, or if hazardous substances are discovered during demolition or construction, Owner shall inform LCC and the City of the substances found and shall remediate the contamination in accordance with Minnesota Pollution Control Agency (MPCA) requirements.

b. Prior to demolition activities, Owner shall perform asbestos abatement in accordance with all applicable federal and MPCA asbestos abatement requirements.

3. Truck and Machine Noise and Pollution. Owner shall comply with City noise and pollution prevention requirements during the demolition and construction at the Purina Site.

4. Light Pollution. Owner shall comply with City requirements relating to light pollution during demolition and construction.

5. Dust Mitigation and Air and Water Quality Requirements.

Owner shall ensure that the following measures are taken in all on-site construction or demolition activities:

a. All trucks transporting soil to or from the Purina Site shall be covered.

b. All stockpiles of soil and other materials shall be managed to prevent airborne dust and particulate matter.

c. Prior to beginning work on the Purina Site, Owner shall obtain from the MPCA a construction stormwater permit and shall develop and implement a stormwater pollution prevention plan in accordance with MPCA requirements.

d. Owner shall comply with city code: Chapter 47 Minneapolis Air Quality Management Authority.

6. Noise Mitigation / Hours of Work. Owner shall comply with City code relating to noise and hours of work which stipulates that no construction, demolition, or commercial power maintenance equipment shall be operated between the hours of 6:00 p.m. and 7:00 a.m. on weekdays or during any hours on Saturdays,

Sundays, and state and federal holidays, except under specific permit from the assistant city coordinator for regulatory services or its designee. If the Owner requests this type of specific permit, the Owner shall notify LCC and residents within a 600-foot radius of the Purina Site at the same time that it submits the request to the City for a permit.

**D. Neighborhood Communications During Demolition and Construction.**

1. Notification. Owner shall immediately notify LCC of all after-hours work permit applications that the Owner submits to the City by sending a copy of the application to LCC by facsimile or registered mail at the same time as it submits the application to the City.

2. Public Complaint Process.

a. The Owner, through its Project Manager, shall meet with the Implementation Committee (to be established under Article 10.A. below) prior to beginning each phase of the Development (e.g. demolition, construction) to establish a neighborhood complaint management plan.

b. At least 30 days before beginning demolition or construction activity at the Purina Site, the Owner shall provide to LCC, and to neighborhood residents and businesses within a 600-foot radius of the exterior perimeter of the Development, the names and telephone numbers of the Owner's Project Manager and the Owner's Neighborhood Contact who can be reached 24 hours a day, 7 days per week, including a voice mail system where messages can be left during non-business hours. Owner shall maintain a written log of complaints received including the name of the complaining party, the Development employee who responded, the date of the resolution of the complaint, and the nature of the resolution and shall ensure that calls are returned within one (1) business day after receipt. The Owner shall respond to each complaint within 7 days. The Owner shall also notify neighbors within a 600-foot radius of the exterior perimeter of the Development at least 30 days prior to the commencement of demolition activities. The Owner shall make the written complaint log available for LCC review upon request of LCC.

E. Landscape Maintenance.

The Owner shall maintain for 30 years all landscaping that is installed to earn LEED-NC, LEED-ND, B3, or Green Communities credits.

## Article 7: Economic Development and Employment

A. Purpose/Living Wage Goal. It is the goal of this community and this Agreement that the construction phase jobs and the long-term jobs created by the Development meet living wage and prevailing wage standards and be available to area residents and businesses. Specifically, the community and this Agreement support redevelopment that creates opportunities for new businesses in the Development, with an emphasis on those that are minority and/or female owned. The requirements outlined for Economic Development and Employment, unless otherwise specified, apply to all stages of the Development, including demolition, construction and ongoing operation. For the purposes of the Agreement, a Living Wage Job is that which is defined by the City of Minneapolis' most current Living Wage Ordinance.

B. Owner Responsibilities Regarding Contracting.

The Owner shall comply with the standards outlined in the City of Minneapolis' most current Contract Requirements relating to Equal Opportunity (nondiscrimination and affirmative action), Prevailing Wage Policy, use of businesses owned by women and minorities, Apprenticeship Training Policy Accessibility Standards, and Living Wage Policy, which are referenced in paragraphs 1, 2, 3, 4, 5, and 22 of Attachment D, which is attached hereto and made a part hereof. The Owner shall comply with these requirements regardless of whether City funding or other public financing, such as Tax Increment Financing, is used on the Development.

C. Owner Responsibilities Regarding Project Commercial/Retail Tenants.

When choosing between prospective commercial/retail tenants for a particular space within the Development, the Owner shall, within commercially reasonable limits, take into account as a substantial factor each prospective tenant's potential impact on achievement of the Living Wage Goal. The Owner shall make every reasonable effort to select commercial/retail tenants in the Development that will maximize the number of Living Wage Jobs and which do not have a history of violation of labor laws. At least 30 days before signing any lease agreement or other contract for space, the Owner shall provide the Executive Committee of LCC (by sending the information to LCC's Executive Director as provided in Article 12.M) with the names of the prospective tenants and shall,

if LCC requests, meet with LCC regarding the prospective tenant's impact on the Living Wage Goal for long-term jobs. LCC will treat the information as confidential.

D. Commercial/Retail Tenant Mix. In order to ensure a mix of businesses that will meet the needs of the community, the Owner shall use both the LCC *Community Values Survey* and the results from LCC *Consumer Surveys* and the criteria listed in items 1-4 below to identify and recruit prospective commercial/retail tenants. At least 30 days before signing any lease agreement or other contract for space, the Owner shall provide the Executive Committee of LCC (by sending the information to LCC's Executive Director as provided in Article 12.M) with the names of the prospective tenants and shall, if LCC requests, meet with LCC regarding the prospective tenant. LCC will treat the information as confidential.

1. Preferred Business Sectors. The specific business sectors identified by the community as 'business sectors to solicit' in order of preference are as follows:

- small grocery store
- merchandise retail
- healthcare and wellness services
- restaurants and cafes – especially offering live music
- small hotel
- music/entertainment venues
- office space
- light manufacturing

2. Desired Business Types. The types of businesses the community desires include:

• small local businesses, with the following preference ranking: (1) from the Minneapolis/St. Paul metropolitan area, (2) the State of Minnesota, and (3) the Upper Midwest

- walkable, neighborhood-serving businesses accessible from sidewalk
- socially responsible businesses – offering living wage jobs
- financially viable businesses
- smaller "unique" shops offering quality products/foods
- small regional, rather than national, chains

3. Businesses Not Desired. The type of businesses the community does not desire are "big box" retailers because their scale does not fit within a residential neighborhood and because they require too much parking. Owner shall limit the size of any single commercial/retail space to 30,000 square feet or less.

4. National Franchises or National Chains. In selecting the commercial/retail operations at the Development, the Owner shall limit the amount of space occupied by national franchises or national chains to not more than 70% of the total retail/commercial space in the Development, with 30% or more of the commercial/retail mix as local businesses. For purposes of this paragraph, a local business is a business from the Minneapolis/St. Paul 7-county metropolitan area and does not include a local business owner of a franchise of a national chain. If Owner is unable to market 30% or more of commercial/retail space to local businesses, resulting in a vacancy greater than 60 days, or the Owner demonstrates to LCC that the Owner has actively marketed the space to local businesses for at least six consecutive months without being able to fill the space with a local business, the Owner may lease or convey the vacant space to a franchise or national chain business. However, the 30% or greater reserved local business space requirement is not eliminated, and Owner must continue to meet this requirement each time an open space becomes available in the Development. Owner shall provide to LCC proof of marketing efforts upon request.

E. Opportunity for Community-Based Small Business. The requirements set forth relative to community-based small businesses (CBSB) are intended to ensure ongoing opportunities for these businesses. A CBSB is defined as a local business from the Minneapolis/St. Paul metropolitan area that is either a new start-up or second stage business (a metropolitan area business with one existing location that wishes to expand to a second location or relocate to the

Development).

1. Provision of Space for Community-Based Small Business. The Owner shall ensure a minimum of 10% of the Development's total commercial/retail square footage is reserved for CBSB ("CBSB Space"). Preference shall be given to CBSBs that are minority and/or female owned. Owner must ensure the continuation of the CBSB Space with subsequent owners of the Development in accordance with Article 12.D of this Agreement. As in Article 7.D.4. above, for purposes of encouraging development of local, entrepreneurial businesses, a business is not considered to be a CBSB if it is a franchisee of a national franchise or chain. The successful lease of the 10% CBSB Space shall be credited towards the 30% or greater local businesses provisions in Article 7.D.4. above.

2. If all or any portion of the CBSB Space has been vacant for at least 60 days or the Owner demonstrates to LCC that the Owner has actively marketed the space to community based small businesses for at least six consecutive months without being able to fill the space, the Owner may lease or convey the vacant space to a non-CBSB business. However, the 10% CBSB Space requirement is not eliminated, and Owner must continue to meet this requirement each time an open space becomes available in the Development. Owner shall provide to LCC proof of marketing efforts upon request.

#### Article 8: Embracing Community

A. Access, Circulation and Connectivity. In order to realize the principles of Transit Oriented Development (TOD) and to meet the transportation needs of residents, workers, guests and patrons in innovative ways for the Twin Cities metropolitan area, the Owner agrees to the following:

1. Travel Demand Management Plan. In order to address potential access, traffic, and transportation issues arising from this Development, the Owner shall comply with the Travel Demand Management Plan that is approved by the City for the Development.

2. Transit Passes. To promote transit use by residents in the Development, the Owner shall provide or cause its successors and assigns to provide a first month transit pass free with each lease of residential rental units. The Owner shall negotiate with the Metropolitan Transit Commission to obtain group discounts for residents of apartments in and employees of commercial tenants of the Development. The Owner shall also make sale of transit passes conveniently available to the broader community through sales at one or more retailers within the Development. The Owner and Implementation Committee shall work together to propose additional programs and marketing efforts, for joint review, to encourage residents of the Development to use public transit.

3. Promotion of Access. In order to promote safe access within and around the Development by bicyclists, pedestrians and auto users, the Owner shall implement the following:

a. Bicycle Storage and Parking. The design and construction of the Development shall include convenient and adequate bike storage for Development residents and parking for Development residents and guests that is accessible to at least one entrance of each residential and mixed-use structure. Owner shall consult with a mutually agreed-upon bike rack and storage expert, preferably based in the community, to determine appropriate bike storage and design for the site.

b. Automobile Parking. Owner shall provide a maximum of 4.5 parking spaces per 1,000 square feet of leasable commercial/retail space and a maximum of 1.0 parking spaces per residential unit. These ratios must be met 90% or more through structured parking, not surface parking. If the Owner seeks to add additional parking for commercial/retail space, Owner shall first obtain approval from the Implementation Committee before requesting the City to grant a variance from the ratios in this paragraph.

c. Parking Costs. In order to increase incentives for residents in the Development to consider a reduced or car-free lifestyle, the Owner shall separate automobile parking rents for residential units from housing rents.



d. Car Sharing. The design of the Development shall include dedicated parking spaces within the Development for use by a carsharing company (such as HourCar and Zip Car) for use by people both in the Development and in the surrounding community. A sufficient ratio of spaces will be determined in consultation with the community and car-sharing experts.

e. Walk and Bike Paths. Site design and construction shall include paths sufficiently wide enough to allow for separate bike and pedestrian lanes through the Development and to connect the surrounding community with the Development and the 38th Street Station. Paths and the design of the Development shall be in accordance with Crime Prevention Through Environmental Design (CPTED) principles and shall include pedestrian-scale lighting. The Owner shall meet with City of Minneapolis Community Crime Prevention (CCP)/SAFE and Public Works Department personnel to discuss how the Owner proposes to implement CPTED principles in the design of the Development. The Owner agrees to follow recommendations of City staff with regards to CPTED implementation design and strategies for the Development. CPTED is based on four strategies:

(1) Natural Surveillance - A design concept directed primarily at keeping intruders easily observable. It is promoted by features that maximize visibility of people, parking areas and building entrances: doors and windows that look out on to streets and parking areas; pedestrian-friendly sidewalks and streets; front porches; and adequate nighttime lighting.

(2) Territorial Reinforcement - Physical design can create or extend a sphere of influence. Users then develop a sense of territorial control while potential offenders, perceiving this control, are discouraged. It is promoted by features that define property lines and distinguish private spaces from public spaces using landscape plantings, pavement designs, gateway treatments, and "CPTED" fences.

(3) Natural Access Control - A design concept directed primarily at decreasing crime opportunity by denying access to crime targets and creating in offenders a perception of risk. This is achieved by designing streets, sidewalks, building entrances and neighborhood gateways to clearly indicate public routes and discouraging access to private areas with structural elements.

(4) Target Hardening - Accomplished by features that prohibit entry or access: window locks, dead bolts for doors, interior door hinges. For more information and specific guidelines for multifamily, office, commercial and parking design considerations: [www.cpted-watch.com](http://www.cpted-watch.com)

f. Signage. The Development shall include kiosks and signage to direct pedestrians and bicyclists to businesses and other locations within the Development and in the surrounding community. The Implementation Committee shall review and comment on designs for kiosks and signage prior to ordering and installation.

4. Station Area Pedestrian Safety and Access. The Owner agrees to lead an opportunity to significantly improve safe access between the 38th Street Station, the Purina Site Development, and the blocks on the east side of Hiawatha Avenue, to implement traffic-calming measures, and to engage local and state government to implement various public infrastructure improvements. As a partner in this process, the Owner agrees to:

a. Actively work with local and state government and the community to design and implement improved pedestrian & bike access to the 38th Street Station across Hiawatha Avenue and in and around the Development.

b. Engage in active discussion with the community, government officials and staff to pursue a campaign to narrow Hiawatha Avenue to the minimum width needed to accommodate traffic lanes.

c. Seek approval from City of Minneapolis Public Works and the Minnesota Department of Transportation to implement bump-outs and other traffic-calming measures in and around the Purina Site Development.

B. Community Space and Benefits.

1. Design and Uses. The design of the Development shall include significant public space to function as an amenity for residents and workers in the Development and for the surrounding community. To accomplish this, the Owner agrees to work with LCC to reach a mutually agreeable Purina Site Development design such that the following objectives are all achieved:

- a. Maximize public gathering spaces at the portions of the Development that abut the surrounding community to encourage interaction with the surrounding community.
  - b. Include a minimum of 1,500 total square feet of outdoor space available to be used year-round (e.g. satellite farmer's market, skating rink, concert space, etc). Priority shall be given to community-based arts and nonprofit organizations for public events and festivals.
  - c. A minimum of 12,000 square feet of the Development shall be publicly accessible space landscaped with a mix of plantings and hardscape that can be used by the general public at all times. Green roofs or other private or semi-private areas of the Development are not considered to be part of the 12,000 square feet of publicly accessible space requirement.
2. Community History and Arts. Owner agrees to provide to the LCC a publicly accessible space to be used at all times to display information on Longfellow history, and other community information provided by LCC, and for public art installations and interpretative displays.
  3. Use of Community Room. Owner shall develop a community room at the Development and shall permit LCC to use the community room, when available, for community meetings at no cost to LCC.
- C. Ongoing Community Program Support.
1. Space for Non-Profit Community Serving Organizations. The Owner shall set aside a minimum of 500 square feet of commercial/retail/office space at ground level or aboveground level at zero base rent (payment of monthly Common Area Maintenance fees only) to be leased to a nonprofit community service agency or social service or arts organization ("Community Non-Profit Space"). If the space is above ground level, Owner shall ensure that the space is handicapped accessible and shall provide adequate signage so that the public can locate the space. LCC shall provide a list of potential tenants for the space for the Owner's approval, such approval shall not be unreasonably withheld. The Owner is encouraged to consider synergies with the requirements outlined in the Affordable Housing and the Economic Development and Employment Articles of this Agreement. Owner shall give notice of a vacancy in the 500 square foot Community Non-Profit Space to LCC's Executive Director as soon as Owner is aware of a potential vacancy so that LCC can assist owner in locating a new tenant for the space. The successful lease of the 500 square foot Community Non-Profit Space shall be credited towards Owner's commitment of the 10% CBSB Space under Article 7.E. above and towards the 30% or greater local business requirement in Article 7.D.4. above. Owner must ensure the continuation of the Community Non-Profit Space with subsequent owners of the Development in accordance with Article 12.D of this Agreement.

## Article 9: Design and Placemaking

### A. Placemaking.

The goal of the parties to this Agreement is to create a great 'place' through use of design, physical elements that make people feel welcome and comfortable (such as seating and landscaping) and "management" of pedestrian circulation pattern to encourage interaction between the surrounding retail and the activities going on in the public spaces at the Development. The goal is also to create a place that is a community gathering place with a comfortable pedestrian scale and pedestrian amenities. In designing the Development, the Owner shall:

1. Design to encourage interaction and connection at a human scale between the Development and surrounding neighborhoods through creation of a welcoming, safe, and accessible environment.
2. Include a variety of small scale open space amenities and gathering places with focal points that contribute to a sense of place (i.e. public plaza, kiosks, green spaces, public art spaces).
3. Create sight lines into the interior of the block in order to create a sense of connection and intimacy with the surrounding neighborhood.
4. Line 38th Street with active uses and create a sense of enclosure along the street. Enclosure is the perception by the user (whether pedestrian, bicyclist, automotive or other) that the space is human in scale and relationships. This is usually accomplished through careful design of the relationship of street width and sidewalk width to the height and setback from the street of building

façades and through use of hard and soft elements in the landscaping to 'enclose' the user (i.e. European plaza with three story buildings, a fountain and outdoor seating offers a sense of enclosure to the visitor. A large parking lot rarely offers that).

B. Architecture. The Development shall apply innovative architectural principles that incorporate the following design elements:

1. The Owner shall take into consideration the comments of residents, businesses, and neighboring communities on the design of the proposed Development.
2. The Development must be urban, not suburban, in feel and function, and be consistent with transit oriented development principles (See Article 4).
3. The Owner shall create retail/commercial spaces that are flexible to allow reconfiguration of a space as tenant/ownership changes.
4. Buildings in the Development shall be designed to have a pedestrian scale and feel at street level. Scale, massing and relationships of buildings shall be designed to relate to the users (not overwhelm the users).
5. Exterior finishes and materials shall be reflective of the Development as a gateway to the Longfellow neighborhood. From macro to micro scales, the architecture must be a community asset.
  - a. Materials shall be of innovative high-quality materials (i.e. wood, brick, exposed concrete, etc.).
  - b. Unacceptable exterior materials include vinyl siding.
  - c. No more than 50% of the exterior material shall be glass curtain wall construction.
6. Material quality and quantity shall not be significantly different from the front of buildings to the back of buildings.
7. Mechanical units, loading docks, delivery and trash areas shall be screened from public view.
8. The design of commercial and retail spaces and public spaces shall include elements to promote outdoor dining and vendor activities, including metered electric outlets, access to water taps, as well as pad spaces incorporated in the outdoor design.
9. Owner shall establish and file with the Hennepin County Recorder an Operating Easement Agreement applicable to all commercial/retail businesses in the Development for maintenance of commercial/retail areas of the Development, including requirements that businesses keep litter picked up and maintain planting associated with the business' areas. The Owner shall provide and maintain trash receptacles at the Development.
10. Owner shall include graffiti abatement techniques, such as graffiti resistant surfaces, sacrificial, maintainable surfaces (i.e. paintable, etc.), murals, and graffiti prevention gardening in the design of the Development.
11. Landscape design shall acknowledge the location of the Longfellow neighborhood as part of an extended urban forest environment and the Longfellow community's existing and historical landscape priorities by inclusion in the Development such items as native plants, rain gardens, and disease-resistant boulevard trees that provide canopy shade.
12. The Development shall be designed with a sense of permanency, using sustainable, high quality materials.
13. No buildings in the Development shall be taller than 140 feet, in order to be in keeping with the existing area context.
14. Owner shall not include or allow any drive through windows in the Development.

C. Architecture Advisory Committee.

LCC shall establish an Architecture Advisory Committee to provide input and feedback to the Owner and the Owner's architects on the design of the Development, including landscape design, based on the provisions of this Agreement and on input from community meetings on the proposed Development. LCC shall appoint community members to the Architecture Advisory Committee who have knowledge or experience in architecture or design. Owner and Owner's architects shall meet with the Architecture Advisory Committee to discuss and receive input and feedback from LCC on the design of the Development.

D. History. Owner shall respect the unique identity and history of Longfellow Neighborhood in design elements. A brief history and background of the Purina Site and its surrounding area is as follows: The area along Minnehaha and Hiawatha Avenues has been a transportation corridor for hundreds of years, first for Native Americans traveling to St. Anthony Falls and later starting in 1823 as a road for soldiers going from Fort Snelling to their mill at St. Anthony Falls. The first settlers in the 1850s used it to get to the newly formed city of Minneapolis at the Falls. The Chicago, Milwaukee, and St. Paul Railway tracks were laid in 1866, making it possible for the later development of grain elevators and mills along the Hiawatha corridor. The first grain elevator, the Monarch elevator, was built in 1888 near 33rd Street and the first mills were built around 1915. In 1890, a streetcar line was laid down Minnehaha Avenue which stimulated development and by 1905 enough houses had been built that Simmons School was opened at 38th Street and Minnehaha. The houses were small cottages (and later bungalows) built for working class owners, a good number of them recent immigrants from Sweden and other Scandinavian countries. With convenient streetcar access, they could easily commute to jobs as laborers, machinists, etc. at the farm implement plants near Lake and Minnehaha and other factories at the edge of downtown Minneapolis. At 38th and Hiawatha, the first mill was the Clarx built in 1916. The Clarx mill was a whole grain mill that operated until 1921. Ralston Purina bought the mill and opened it as a cereal mill in 1924. The Purina mill made cereal until around 1950 when it was converted to an animal feed mill which it remained until it closed in 2005.

#### Article 10: Implementation

A. Establishment of Implementation Committee. To assist with the implementation of this Agreement, the parties shall establish an Implementation Committee. The Implementation Committee shall be composed of LCC staff and a representative selected by LCC, and Owner and a representative selected by the Owner.

B. Meetings. The Implementation Committee shall meet in a good faith effort to develop strategies for implementation of the requirements, policies and programs set forth in this Agreement. The Implementation Committee shall meet at least monthly, or less frequently if mutually agreed by the parties. At such meetings, any party may raise issues related to implementation of this Agreement, in an effort to facilitate open dialogue, resolve implementation challenges, and advance the goals of the parties regarding the Development. All parties shall ensure that representatives attending Implementation Committee meetings are appropriate individuals for issues to be discussed, possessing relevant technical and policy expertise. Prior to requesting governmental approvals of design of buildings or components of the Development, Owner shall provide such designs to LCC at an Implementation Committee meeting to facilitate LCC's ability to make suggestions to Owner and/or at public meetings or hearings regarding such design.

C. Development Updates and Agreement Implementation. In order for the Implementation Committee to track implementation of this Agreement, the Owner shall provide timely information on a regular basis to LCC on the following:

1. Governmental regulatory review schedules, including dates and times of any regulatory review of the Development, where LCC will be required to provide support under Article 11.
2. Updates on major site plan revisions, including scale of the Development, number of units, and change from rental to ownership;
3. Progress of the Development, including any changes in timelines, delays in construction and lease-up, and cost overruns.
4. Sources and use budgets listing funders for all affordable housing units, copies of applications for affordable housing funding, and information on changes to the mix of affordable and market rate rental units.
5. Copies of reports submitted to all funders of affordable housing units and reports submitted to the State of Minnesota, Hennepin County, and the City of Minneapolis on the Development.

6. All reports and information to show compliance with the terms of this Agreement, including Green Building Certification, affordable housing certificates, hazardous substance reports, complaints received from residents and Owner's responses, plans and designs, and all other matters related to implementation of this Agreement.

#### Article 11: LCC Support Obligations

In light of Owner's commitments set forth in this Agreement, LCC supports the Development and will, therefore, make the support efforts set forth in this Article 11. LCC's support of the Development, however, does not preclude any individual citizen from commenting on, contesting, or otherwise exercising any and all right of the public with respect to the Development.

A. Letters of Support. Prior to the first public hearing considering the Development, LCC shall send a letter of support for the Development to the Minneapolis Planning Commission, the City's Zoning and Planning Committee, Community Development Committee, and Ways and Means Committee and to the City Council in support of a zoning change, conditional use permit, and public financing and shall also send a letter of support for the Development to any other governmental entity specified by Owner.

B. Hearing Attendance. LCC shall send at least one representative knowledgeable about the Development to speak in support of the Development at the Minneapolis Planning Commission, the City's Zoning and Planning Committee, Community Development Committee and Ways and Means Committee and the City Council. LCC will encourage attendance by individuals who are interested in or affected by the Development.

C. Media Availability. LCC shall work with Owner to prepare a collaborative media strategy regarding shared support for the Development.

D. Mutual Covenants. LCC covenants not to sue, challenge, or contest, administratively, judicially, or publicly, any of the approvals for the Development, except as provided in Article 11.E below and in Article 12.E (Remedies). Owner covenants not to sue LCC based on LCC's exercise of its right to make permissible public comments as provided in Article 11.E. below.

E. Permissible Public Comment. Notwithstanding Article 11.D above, LCC retains the right to make public comments regarding the Development if what is proposed is not, in LCC's reasonable opinion, consistent with the terms of this Agreement. LCC also retains the right to suggest changes in aspects of the documents and approval terms being considered, so long as such comments are consistent with the letter and spirit of the provisions of this Agreement. LCC also retains the right to make public comments regarding the design of the Development, including, but not limited to, the location of buildings on the Site, exterior materials, height, and location of green space within the Development. LCC agrees that before making such public comments, it shall use its best efforts to address the issues in question with Owner at Implementation Committee meetings. Nothing in this Agreement shall preclude LCC from asking the City to include all or a portion of the terms of this Agreement into the City's development agreements or into City approvals related to the Development.

F. LCC Reimbursement. Owner shall pay \$7,500 to LCC to assist LCC in the costs it will incur in the implementation of the requirements of this Agreement. Owner shall pay the \$7,500 in two installments of \$3,750 each by June 1, 2008 and November 1, 2008. Payments shall be made by check made out to Longfellow Community Council and mailed to the Executive Director of LCC at the address in Article 12.M.

#### Article 12: Miscellaneous

A. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Minnesota.

B. Severability. If any term, provision, covenant or condition of this Agreement, or portion thereof, is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the Agreement shall continue in full force and effect.

C. Binding on Successors. This Agreement shall be binding upon and inure to the benefit of LCC, LCC's Successors, and Successors to any Successors of LCC. This Agreement shall be binding upon and inure to the benefit of Owner, Owner's Successors, and Successors to any Successors of Owner. Owner's Successors include, but are not limited to, any party who obtains an Interest in the Development, the Owner's developers, vertical developers, retail developers, contractors, condominium or townhouse associations, cooperatives, management companies, and owners' or retail merchants' association participating in the Development. Upon conveyance of an Interest to an entity in compliance with Article 12.D. (Purchase and Assumption Agreements), LCC may enforce the obligations under this Agreement with respect to that Interest only against such entity, and neither Owner nor any owner of a different Interest shall be liable for any breach of such obligations by such entity or its Successors. Except as otherwise indicated in this Article 12.C. (Binding on Successors), references in this

Agreement to a party shall be deemed to apply to any successor in interest, transferee, assign, agent, and representative of that party.

D. Purchase and Assumption Agreements. Owner shall not execute any purchase agreement, deed or lease conveying an Interest in the entirety or any portion of the Development, unless: (i) Owner and the entity receiving such Interest have executed an agreement governing conveyance of that Interest; (ii) that agreement requires the transferee to assume the obligations of the Owner under this Agreement as a Successor of

Owner; and (iii) this Agreement is a material term, binding on the entity receiving the Interest and enforceable by LCC as an intended third party beneficiary. At the time of execution of the purchase agreement, deed or lease, Owner shall provide a copy of this Agreement to the transferee at the time of the signing of the purchase agreement, deed or lease. Owner shall provide notice to LCC of any conveyance of an Interest in all or any portion of the Development within 30 days of the conveyance.

E. Remedies.

1. Default. Failure by any party to perform or comply with any term or provision of this Agreement, if not cured, shall constitute a default under this Agreement.

2. Sixty-Day Right to Cure. If either party believes that the other party is in default of this Agreement, it shall provide written notice to the allegedly defaulting party of the alleged default; offer to meet and confer in a good-faith effort to resolve the issue; and, except where a delay may cause irreparable injury, provide sixty (60) days to cure the alleged default, commencing at the time of the notice. Any notice

given pursuant to this provision shall specify the nature of the alleged default, and, where appropriate, the manner in which the alleged default may be cured.

3. Implementation Meetings and Mediation. Before and during the 60-day right-to-cure period described above, the parties may attempt to resolve any alleged default at the regularly scheduled Implementation Committee meetings, or in mediation requested by either party.

4. Remedies. In the event that a party is alleged in default under this Agreement, the party alleging default may elect, in its sole and absolute discretion, to waive the default or to pursue legal proceedings to enforce this Agreement or seek other legal or equitable relief. The venue of any action shall be Hennepin County District Court. Such remedies may be pursued only after exhaustion of the 60-day right to cure period described above, except where an alleged default may result in irreparable injury, in which case the non-defaulting party may immediately pursue the remedies described in this Article 12.E.4.

F. Term. This Agreement shall become effective on the date of mutual execution of this Agreement and shall terminate 30 years from such date. All commitments of the parties described herein are effective upon the effective date of this Agreement, unless otherwise specified.

G. Implementation Through Relevant Contracts. When this Agreement requires the Owner to impose responsibilities on entities that are not parties to this Agreement, the Owner shall ensure that relevant contracts:

1. impose such responsibilities on such parties;
2. require such parties to impose such responsibilities on subcontractors or other parties involved in the Purina Site Development through the contract in question;
3. require all parties with such responsibilities to provide to LCC upon request any information reasonably necessary to determine compliance with such responsibilities, provided that LCC shall not request the same or similar records or information more often than once per quarter;
4. state with regard to such responsibilities imposed on any party that LCC is an intended third party beneficiary with enforcement rights; and
5. include any other provisions necessary to ensure application and enforceability by LCC. Any party that imposes an obligation required by this Agreement on another party shall, in event of failure by that other party to comply with such obligation, enforce that obligation against that other party or terminate the contract in question.

H. Assurance Regarding Preexisting Contracts. Owner warrants and represents that as of the effective date of this Agreement, it has executed no contract that would have violated Article 12.C. (Binding on Successors), Article 12.D. (Purchase and Assumption Agreements), or Article 12.G. (Implementation Through Relevant Contracts) of this Agreement had it been executed after the effective date of this Agreement.

I. Compliance Information. Upon request from a party, another party hereto shall provide any records or information reasonably necessary to monitor compliance with the terms of this Agreement. No party shall request the same or similar records or information more often than once per quarter except to the extent that the nature of the obligation being monitored requires more frequent reporting, as reasonably agreed upon by the parties.

J. Waiver. The waiver by any party of any provision or term of this Agreement shall not be deemed a waiver of any other provision or term of this Agreement. The mere passage of time, or failure to act upon a default, shall not be deemed a waiver of any provision or term of this Agreement.

K. Construction. Each of the parties has had the opportunity to be advised by counsel with regard to this Agreement. Accordingly, this Agreement shall not be strictly construed against any party, and any rule of construction that any ambiguities be resolved against the drafting party shall not apply to this Agreement.

L. Entire Agreement. This Agreement contains the entire agreement between the parties. This Agreement may not be altered, amended or modified except by an instrument in writing signed by the parties hereto.

M. Correspondence. All correspondence shall be in writing and shall be addressed to the affected parties set forth below. A party may change its contact person or address by giving notice in compliance with this Article 12.M. The addresses of the parties are:

If to the Owner:

Dale Joel, Chief Manager  
Longfellow Station I, LLC  
101 East 5th Street, Suite 1901  
St. Paul, Minnesota 55101

Dale Joel, Chief Manager  
Light Rail Properties I, LLC  
101 East 5th Street, Suite 1901  
St. Paul, Minnesota 55101

If to the Longfellow Community Council:

Executive Director  
Longfellow Community Council  
2727 26th Avenue South  
Minneapolis, Minnesota 55406

N. Authority of Signatories. The individuals executing this Agreement represent and warrant that they have the authority to sign on behalf of their respective parties.

O. Further Assurances. LCC agrees to work with Owner, in good faith, to try to resolve issues raised by Owner's lenders or by governmental regulatory agencies related to this Agreement in a manner that is consistent with the spirit of the provisions of this Agreement. If Owner and LCC agree on changes to the terms of this Agreement, the parties shall amend this Agreement in accordance with Article 12.L.

THE UNDERSIGNED REPRESENT AND CERTIFY THAT HE/SHE IS AUTHORIZED TO EXECUTE THIS AGREEMENT ON BEHALF OF THE PARTY THEY REPRESENT.

LONGFELLOW STATION I, LLC

By: \_\_\_\_\_

Dale Joel  
Chief Manager

Date: \_\_\_\_\_

27

On February \_\_\_\_, 2008, this instrument was acknowledged before me by Dale Joel, the Chief Manager of Longfellow Station I, LLC on behalf of Longfellow Station I, LLC.

\_\_\_\_\_  
Notary Public  
My Commissioner Expires \_\_\_\_\_

LIGHT RAIL PROPERTIES I, LLC

By: \_\_\_\_\_

Dale Joel  
Chief Manager

Date: \_\_\_\_\_

On February \_\_\_\_, 2008, this instrument was acknowledged before me by Dale Joel, the Chief Manager of Light Rail Properties I, LLC on behalf of Light Rail Properties I, LLC.

\_\_\_\_\_  
Notary Public  
My Commissioner Expires \_\_\_\_\_

LONGFELLOW COMMUNITY COUNCIL

By: \_\_\_\_\_

Melanie Majors  
Executive Director

Date: \_\_\_\_\_

On February \_\_\_\_, 2008, this instrument was acknowledged before me by Melanie Majors, the Executive Director of Longfellow Community Council on behalf of Longfellow Community Council.

\_\_\_\_\_  
Notary Public  
My Commission Expires \_\_\_\_\_



This Agreement was drafted by:  
Longfellow Community Council  
2727 26th Avenue South  
Minneapolis, Minnesota 55406  
(612) 722-4529

# Appendix E: Analysis of City of Boston Condo Conversion Ordinance

*The following is excerpted from the Massachusetts Legal Website MassLegalHelp.com. The website is funded by the Massachusetts Legal Assistance Corporation.* <sup>17</sup>

In Boston, between 1979 and 1994, condominium conversion protections were provided under the city's rent control laws. Initially, protections were limited to extended notice periods, right of first refusal, moving expenses, and relocation assistance, similar to those ultimately adopted in the statewide law.

Beginning in 1984, a condominium conversion eviction ban was established for elderly, disabled, and low- to moderate-income tenants. This was gradually expanded to encompass more groups. Finally, in 1988, the city established a general ban on condominium conversion evictions and required that owners seek removal permits to convert units to condominiums.

In 1994, rent control laws were abolished by a narrow statewide referendum vote. After the expiration of transitional rent control protections in 1995-1996, condo protections could no longer be based on rent control authority. As a result of the efforts of housing advocates, Boston then adopted a local condo ordinance based on the authority in the statewide condo law. Early efforts to adopt a local condo ordinance in 1995 and 1996, however, were invalidated by litigation filed by the Greater Boston Real Estate Board. In 1999, the Boston condo ordinance was finally adopted and currently remains in effect.

Boston's law differs from the statewide law in the following respects:

- There is a five-year notice period for elderly, handicapped, or low- to moderate-income households, in comparison to the statewide two- to four-year period.
- Boston's ordinance includes people with mental disabilities in the definition of "handicapped."
- The five-year notice period is automatic, unlike the statewide law, which requires the tenant to show that the owner did not provide relocation assistance in order to get an extension of up to two years on the original two-year period.
- The notice period applies to both new conversions and units already converted and occupied by elderly, disabled, or low- to moderate-income tenants who previously had rent control protections against condominium conversion eviction.
- If an owner has given a notice of proposed conversion, the tenant's lease is to be extended through the notice period, and rent increases through the notice period are limited to 10% per year or the annual percentage increase in the Consumer Price Index, whichever is less.
- The owner may evict the tenant only for "just cause."

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<sup>17</sup> McCreight, Mac. July 2008.

- If a tenant is in a unit at the time of conversion and has not received a notice of a condo conversion eviction, any eviction is presumed to be a condo conversion eviction—unless the owner can show that this was not the case (for example, the owner simply wanted a higher rent, but intends to keep the unit as rental housing).
- Relocation benefits are double those under the statewide law (\$3,000 for all tenants, and \$5,000 for elderly, disabled, or low- to moderate-income tenants).
- There are two rights of first refusal: (i) at the time the property is first converted to condominiums or cooperatives, even if it is not the owner's intent at that time to displace the tenant; and (ii) any time the owner intends to displace the tenant in order to facilitate sale or occupancy of a condominium unit. The tenant is to be offered the unit on the same or better terms that are offered to third parties and to have a 90-day period to enter into a purchase and sale agreement.
- Boston's Rental Housing Resource Center (RHRC) is to be given copies of various notices and affidavits from the owner to monitor compliance. If there is a dispute about whether a tenant is low- to moderate- income, elderly, or disabled and therefore entitled to enhanced protections, either RHRC or the courts, at the parties' preference, can resolve the dispute. Other disputes are to be resolved by the courts.

# Appendix F: Analysis of Town of Lexington Condo Conversion Ordinance

*The following is excerpted from the Massachusetts Legal Website MassLegalHelp.com. The website is funded by the Massachusetts Legal Assistance Corporation.*<sup>18</sup>

In 1987, following the announcement that Emerson Gardens, the largest rental housing development in **Lexington**, was facing condo conversion, residents and other supporters in the town passed a bylaw to create a condo conversion permit system. The system is run by a board appointed by the selectmen. It gives tenants in Lexington the following protections, in addition to those in the state condo law:

- Eviction protections are provided for elderly, handicapped, and low- or moderate-income tenants for up to five years if the tenants can show a hardship relating to matters such as finances, health, school, age, or family problems, or the lack of suitable housing in Lexington.
- All conversions and evictions must be licensed by the conversion board. Conditions may be imposed upon the granting of the license. The board may use the following factors in making that determination:
  - The protection of the public interest of the Town of Lexington,
  - The hardships imposed upon the tenants or the landlord,
  - The aggravation of the shortage of rental housing, and
  - The existence of reasonable accommodations to alleviate the hardship.
- The owner may be required by the town to sell up to 20% of the converted units to the Lexington Housing Authority for long-term affordable units.

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<sup>18</sup> McCreight, Mac. July 2008. Local Protections for Tenants Facing Condo Conversion. Source: <http://www.masslegalhelp.org/housing/private-housing/ch20/local-protections-for-tenants-facing-condo-conversion>

# Appendix G: Analysis of Town of Marlborough Condo Conversion Ordinance

*The following is excerpted from the Massachusetts Legal Website MassLegalHelp.com. The website is funded by the Massachusetts Legal Assistance Corporation.* <sup>19</sup>

In 1985, Marlborough adopted a condominium conversion ordinance as part of its zoning bylaws. The ordinance was amended in 2005. It covers buildings that have been used in whole or in part for residential purposes within one year prior to the conversion. The original law has several unique provisions:

- No more than 25% of the housing accommodations in any building, structure or part of the building may be converted in any one calendar year.
- Tenants' right of purchase extends for a six-month period from the date of notice of the intent to convert.
- The notice period for tenants is at least three years for all tenants, and is five years for handicapped, elderly, or low- or moderate-income tenants. Moreover, this period for handicapped, elderly, or low- to moderate-income tenants can be extended for an additional two years if the owner fails to find substitute comparable rental housing in Marlborough at a similar rent.

Provisions on relocation benefits, extension of rental agreements and caps on rent increases, and limitation on eviction are similar to those in the state condo law.

In 2005, Marlborough provided that an owner could obtain a waiver from this law, and that the provisions of the state condo law would apply instead, provided the following conditions were met:

- The Mayor certified that the owner had paid \$1,250 to the Marlborough Affordable Housing Fund (or to such other fund for the benefit of affordable housing as may be designated by the City Council) for each unit to be created as a result of the filing of the master deed, with no more than 125 units being created by the owner.
- The owner and the Executive Director of the Community Development Authority (CDA) (or other person or entity designated by the City Council) signed a Monitoring Agreement, under which 70% of the units sold would be sold to those planning owner-occupancy, and a bond of \$500 times the number of units would be held to insure this condition was met within three years.
- Tenants would be reimbursed for relocation expenses in accordance with the state condo law without any proof of actual moving or other expenses, as well as a "tenancy longevity bonus" equal to \$250 for every year or fraction of an uncompleted year greater than two years that the tenancy was in existence as of the filing of the master deed.

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<sup>19</sup> McCreight, Mac. July 2008. Local Protections for Tenants Facing Condo Conversion. Source: <http://www.masslegalhelp.org/housing/private-housing/ch20/local-protections-for-tenants-facing-condo-conversion>

- The owner would pay the CDA or other entity \$10,000 in advance as compensation for administering the Monitoring Agreement.

The owner provided the CDA or other entity with the condominium bylaws to be recorded including the 70% owner-occupancy requirement to exist at all times, and that provision may not be deleted or amended.

# Appendix H: Analysis of City of New Bedford Condo Conversion Ordinance

*The following is excerpted from the Massachusetts Legal Website MassLegalHelp.com. The website is funded by the Massachusetts Legal Assistance Corporation.* <sup>20</sup>

In 1988, New Bedford adopted a condominium conversion ordinance. The law differs from the state condo law in a few respects:

- Elderly tenants are defined as those who are 59 years of age or older as of the date of receipt of notice.
- Three-unit buildings are covered, as well as buildings which have been used in whole or in part for residential purposes within one year prior to the recording of a master deed.
- Notices to the tenants must be in English, Spanish, and Portuguese, include certain disclosures in “clear and conspicuous” language, and be given either in hand or by registered or certified mail.

A condominium review board monitors all conversions; verifies income, handicap, and elderly status; hears complaints about violations; and issues conversion permits. In addition, no permit is to be granted if, within the prior 12 months, the owner has taken any action to circumvent the state or local condo law, including unreasonable rent increases, reduction or elimination of services, termination of tenancy without cause, or the imposition of new conditions of the tenancy.

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<sup>20</sup> McCreight, Mac. July 2008. Local Protections for Tenants Facing Condo Conversion. Source: <http://www.masslegalhelp.org/housing/private-housing/ch20/local-protections-for-tenants-facing-condo-conversion>

# Appendix I: City of Berkeley Condo Conversion Ordinance Housing Mitigation Fee

*The following information is content from the document “Understanding Berkeley’s Condominium Conversion Housing Mitigation Fee”.<sup>21</sup>*

## **About the Mitigation Fee and City of Berkeley Housing Policy**

Condominium conversion is the process of subdividing a multi-unit property into separately owned housing units. Subdivisions are regulated under the California Subdivision Map Act and Subdivided Lands Act. State law also allows local government to impose additional requirements. In Berkeley, these additional requirements are found in the Condominium Conversion Ordinance (CCO, Berkeley Municipal Code [BMC] Chapter 21.28 *et seq.*). Until 2005, the CCO prohibited conversion of rental units to Tenancy in Common (TIC) ownership.

Because condominium units typically have a higher market value than rental units or TICs, it has an overall effect on the affordability of the City’s housing stock. To mitigate this impact, since 1992, the City of Berkeley has imposed a housing mitigation fee. Revenues from the fee accrue to the Berkeley Housing Trust Fund to help finance construction and rehabilitation of permanently affordable housing in Berkeley. Between 1992 and 2005, this mitigation fee recaptured the entire difference in affordability that resulted from conversion. This had the effect of discouraging conversions. In 2005, the state Court of Appeal held that cities could not prohibit conversion of rental units to TICs. Since then, the City has sought to encourage conversion of rental units to condominiums rather than TICs because of difficulties that can arise for people who invest in TIC properties. It has done so by imposing a cap on the affordable housing mitigation fee charged for conversion to condominiums. In addition, Berkeley’s affordable housing mitigation fee is designed to encourage property owners to extend protections to their tenants. Owners providing additional tenant protections specified in the CCO receive a substantial decrease in the amount of the affordable housing mitigation fee.

## **Exemptions from the Mitigation Fee**

There is only one exemption under the Berkeley CCO.

- Inclusionary housing units provided on site in multi-unit properties built since 1987** are exempt from the affordable housing mitigation fee, because these units provide permanently affordable housing opportunities. However only the inclusionary units are exempt from the affordable housing mitigation fee.

All other multi-unit properties are subject to the CCO’s affordable housing mitigation fee provisions.

## **Two Mitigation Fee Formulæ**

There are two mitigation fee formulæ in the CCO.

- **Nexus-Based Affordable Housing Mitigation Fee** (BMC 21.28.070.A) is intended to mitigate the entire loss of affordability that results from conversion of rental units to

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<sup>21</sup> [http://www.ci.berkeley.ca.us/uploadedFiles/Planning\\_\(new\\_site\\_map\\_walk-through\)/Level\\_3\\_-\\_General/AHMFBrochureCCO20080522.pdf](http://www.ci.berkeley.ca.us/uploadedFiles/Planning_(new_site_map_walk-through)/Level_3_-_General/AHMFBrochureCCO20080522.pdf)



condominium units. The fee is calculated by dividing the difference between the costs of owning the unit as a condominium less the rental costs by the current fixed mortgage rate. If a unit is an owner-occupied TIC unit, the CCO specifies how rental costs are to be calculated.

- **Affordable Housing Mitigation Fee Cap** (BMC 12.28.080) provides fee reductions to converters who agree to limit future rent increases for the life of the property to any resident tenant at the time of conversion to no more than 65% of the increase in the Consumer Price Index for all Bay Area Consumers. If a converter commits to that rent limitation, the affordable housing mitigation fee is capped at 8% of the sale price, or 4% for 2-unit properties.

#### **Example of first formula:**

Rental Costs = \$1,500 per month x 12 months/year = \$18,000 annually

Ownership Cost (including principal, interest, taxes, insurance, and homeowners' association dues) = \$2,700 per month x 12 = \$32,400

Assume a mortgage rate of 6.5 percent.

Increased housing cost due to ownership conversion of the unit = \$32,400 - \$18,000 = \$14,400

Mitigation Fee = \$14,400/0.065 = \$221,538

#### **Example of second formula:**

Assume a condominium unit you created through conversion has sold for \$400,000, and you've agreed to limit rents to existing or future tenants.

**Mitigation fee = 8% x \$400,000 = \$32,000.**

#### **Understanding Mitigation Fee Reductions**

The 8% cap is subject to the following additional reductions:

- **Duplex units** are subject to a cap of 4% of the sales price for each unit.
- **An owner occupant** in a property containing three or more units who has occupied the unit as his or her principal place of residence, including as a tenant, for at least 5 consecutive years immediately prior to the date of sale is eligible for a 50% fee reduction, **but only if the owner owned and resided in the unit as of June 30, 2010**. This reduction applies to both the full fee or the 8% cap, whichever is otherwise applicable.
- **An additional 25% fee reduction** is available to converters who pay the fee no later than the date of conversion. This reduction also applies to both the full fee or the 8% cap, whichever is otherwise applicable, and is in addition to any other reduction.

#### **Election of Fee Regulations**

Applicants with applications pending before the City as of March 24, 2009, may elect to pay the affordable housing mitigation fee in effect as of March 24, 2009, or as it was between August 16, 2007 and March 23, 2009 so long as the City has not taken final action approving a parcel map or final subdivision map no later than December 31, 2012. An application is considered "pending" if the applicant has submitted and paid fees for either Local Law Compliance or the main Condominium Conversion Application/Map Application prior to March 24, 2009.

**How will the City collect the mitigation fee?**

In drafting the three mitigation fee documents (promissory note, deed of trust, and conversion agreement), the City will prepare an estimated fee that is based on either a prorated value for each unit based on the price at which you originally purchased the entire property as reported by the Alameda County Assessor’s office, an analysis of sales price for comparable units, or some other mutually agreed upon basis for estimating the fee.

The fee estimate is done for three reasons.

- To determine whether you are exempt from the fee
- To determine whether you are eligible for fee reductions
- To generate an estimate of the entire mitigation fee for the property for inclusion in the promissory note and the deed of trust.

**It is only at the time of sale of each that your actual mitigation fee is finally calculated for determining your fee payment,** unless you elect to pay the fee up front (see below).

To complete your condominium conversion, the City will issue escrow instructions to your title company that will accompany your new subdivision map, condominium plan and CC&Rs, along with three documents that implement the City’s mitigation fee: a promissory note, a deed of trust, and a conversion agreement. You will sign these documents through your title company. City escrow instructions will tell your title company the order in which to record your Subdivision Map, followed by its plan, CC&Rs, and your deed of trust and conversion agreement. You will execute the promissory note also through the title company, but the note will be returned to the City directly. Once recorded, the City will receive a copy of the deed of trust and conversion agreement from the County and will retain them in your property file in the Housing Department.

At the time you sell your unit, your realtor, or the realtor for your buyer will obtain a title report that discloses the conversion agreement and as part of your escrow process, you will be in touch with the City of Berkeley to arrange final calculation of your fee based on the sale price. The fee should be paid to the “City of Berkeley Housing Department” as part of any and all disbursements from escrow. Payment of the fee is **not** triggered by transfer of an owner-occupied TIC unit from the TIC to that owner-occupant.

**Paying the Mitigation Fee Up Front**

You may choose to take advantage of the additional 25% prepayment reduction by paying the affordable housing mitigation fee no later than the date of conversion (BMC Section 21.28.080.D). To pursue this alternative, you must obtain an appraisal from a Certified Residential Appraiser licensed by the California Office of Real Estate Appraisers, who will be instructed to appraise your property as a condominium. The affordable housing fee will be based on the appraised value of the unit, subject to the 25% reduction.

**How do I document that I owned and occupied my property for purposes of claiming a fee reduction?**

The City of Berkeley Housing Department will recognize a variety of personal and public records in making a determination of your eligibility to claim the owner/occupant fee reduction.

Record Keeping for Demonstrating Occupancy of the Converting Unit	
<b>Tax Records</b>	<ul style="list-style-type: none"> <li>• Property tax records, especially bills from Alameda County indicating you claimed the homeowner’s exemption for the property.</li> <li>• Records indicating you filed your income taxes from the unit you own and live in.</li> </ul>

<b>Utility Records</b>	<ul style="list-style-type: none"><li>• Phone bills from as far back as you have retained.</li><li>• PG&amp;E bills from as far back as you have retained.</li><li>• City of Berkeley refuse collection bills from as far back as you have retained.</li></ul>
<b>Other Records</b>	<ul style="list-style-type: none"><li>• Rent Board information indicating you were a tenant in the unit.</li><li>• Other evidence that reasonably proves you used the unit as your principal place of residence during the time in question.</li><li>• Rent Board information indicating your property had been owner-occupied and/or occupied rent-free.</li></ul>

TESTIMONY SIGN-UP

Regular Agenda

1053

NO NET LOSS POLICY  
FOR AFFORDABLE HOUSING

36021

IF YOU WISH TO SPEAK TO CITY COUNCIL, PRINT YOUR NAME & ADDRESS

NAME

ADDRESS & ZIP CODE

✓ Bill Van Vleet HCDX	4413 SW 57th Pl. Portland 97221
✓ Will White	3912 NE 36th PDX 97212
✓ Michael Anderson CAT	1611 SE Belmont Ave #303 PDX 97204
✓ Ornela Kafany	1500 SW 5 PDX 97201
✓ RALPH ANSTON	
✓ Travis Mannel	
✓ KILI MANDEL	

**RESOLUTION NO.**

**86021**

Adopt a No Net Loss policy for affordable housing in the Central City, and state Council intention to seek the financial resources and/or regulatory tools adequate for the creation, preservation and rehabilitation of affordable housing in the Central City and throughout the metropolitan Portland area. (Resolution)

WHEREAS, adopted Comprehensive Plan Housing Policy ("Housing Policy") calls for the Central City to achieve a distribution of household incomes similar to the distribution of household incomes found Citywide, and promotes the preservation and development of mixed-income housing; and

WHEREAS, the Housing Policy encourages housing opportunities for extremely low and very low-income households (below 50% Area Median Income (AMI)) in all neighborhoods to avoid their concentration in any one area; and

WHEREAS, the Housing Policy discourages the involuntary displacement of low-income residents from their communities, while expanding housing opportunities to create more balanced communities; and

WHEREAS, the Housing Policy supports public and private actions to improve the physical and social environment of areas that have a concentration of low-income households; and

WHEREAS, The Consolidated Plan 2001-2005 documents the need within the City of Portland for at least 10,000 housing units affordable to households with incomes at or below 30% AMI; and

WHEREAS, market pressures are resulting in a decrease in the number of housing units affordable to low-income households, due to demolition, rent increases, and conversions of low-income apartments to condominiums and commercial uses; and

WHEREAS, a 1999 NW Pilot Project downtown Portland affordable housing inventory shows that between 1994 and 1999 28 buildings representing a total of 902 units were lost as affordable housing stock either because of rent increases, demolition, or conversion of use; and

WHEREAS, the West End is overwhelmingly downtown Portland's main affordable rental housing district south of Burnside, with over 2,500 rental units affordable to households earning at or below 60 percent of median family income; and

WHEREAS, the Downtown Sub District has over 900 unrestricted rental units, of which approximately 700 are located in the West End, that are currently affordable to households at or below 60 % AMI and which do not have federal contracts, affordability agreements, non-profit ownership or other mechanisms to ensure their long-term affordability; and

WHEREAS, thorough housing inventories have been conducted in some parts of the Central City, namely the Downtown Sub District and River District, but a full inventory must be completed to determine the full dimensions of the risk of loss of currently affordable housing stock and the cost of reducing or eliminating that risk, and regular updates of that inventory are needed to measure progress; and

WHEREAS, recent history and ongoing planning and redevelopment suggest that many of the affordable units in the Central City may be vulnerable to conversion and/or loss of affordability in the near future; and

WHEREAS, there are privately-owned building in the Central City with Section 8 contracts affecting 705 units, both in and outside of existing urban renewal areas, that will expire when existing urban renewal resources are no longer available; and

WHEREAS, there are other affordable housing units in the Central City that have restrictions of some kind that ensure affordability, but which will nonetheless require investment for rehabilitation or replacement; and

WHEREAS, improvements to transit services in the Central City, including the extension of Fareless Square and the new Portland Streetcar, have improved access to services and resources for low-income, senior, and disabled residents; and

WHEREAS, in the Central City there are both urban renewal resources and potential sites that could help in the effort to preserve or replace housing in the West End and the Downtown Target Area; and

WHEREAS, the Portland Development Commission (PDC) has adopted housing implementation strategies and/or housing goals for urban renewal areas in the Central City, including the River District, Downtown, and North Macadam; and PDC is in the process of creating a similar strategy and goals for the Lloyd District; and

WHEREAS, despite the City's recent efforts to preserve and rehabilitate affordable housing, including successful implementation of the Affordable Housing Preservation Ordinance passed in 1998, existing revenue sources remain insufficient to meet short and long term needs for replacement and preservation of affordable housing in the Central City; and

WHEREAS, while some of the need for replacement and preservation of affordable housing in the Central City can be achieved through leverage of remaining urban renewal housing resources (as referenced in PDC's adopted Downtown Target Area Housing Implementation Strategy), these resources are not adequate, and additional funds and resources must be found to address the short term and long term needs.

WHEREAS, the 2001 Oregon Legislature failed to pass House Bill 3400, which would have authorized the cities and counties of the Portland metropolitan area to create a Regional Affordable Housing Fund.

NOW, THEREFORE, ~~BE IT~~ RESOLVED,

That the City Council directs PDC, in cooperation with the Planning Bureau and NW Pilot Project, to develop an inventory of all housing units in the Central City, including the Downtown, River District and Lloyd District areas, identifying the type (e.g. studio, one bedroom), risk category of the unit and the income level served by the unit; and

BE IT FURTHER RESOLVED.

That the City Council directs PDC and the Planning bureau to update this Central City housing inventory on an annual basis, so that the success of the City in preserving or replacing existing affordable housing in the Central City may be tracked over time; and

BE IT FURTHER RESOLVED,

That the City Council adopts a No Net Loss policy for affordable housing in the Central City. This No Net Loss policy is defined to mean that, either through preservation or replacement, the Central City will retain at least the current number, type, and affordability levels of housing units home to people at or below 60% AMI, and

BE IT FURTHER RESOLVED,

That the City Council directs the PDC and the Bureau of Housing and Community Development (BHCD) to establish specific numeric goals that will be adopted by the Council and used as a basis for reference and evaluation reflecting the number and affordability level of housing units targeted for preservation, rehabilitation, and/or replacement in the Central City, and

BE IT FURTHER RESOLVED,

That PDC and BHCD report to the Housing and Community Development Commission (HCDC) on an annual basis on the implementation of the No Net Loss policy, and that HCDC furnish an annual report to Council evaluating the success of the No Net Loss policy; and

BE IT FURTHER RESOLVED,

That the City Council directs the PDC and BHCD to develop an implementation strategy to preserve, rehabilitate, and/or replace housing in the Central City affordable to households at or below 60% AMI. This implementation strategy will prioritize projects based on public benefit, risk and opportunities, apply appropriate resources and regulatory tools, and adhere to the principles of the Housing Policy including:

- Preservation of existing affordable housing stock when feasible and cost effective;
- When preservation is not feasible, making every effort to replace affordable housing units in the same sub-markets where the original units were located, e.g. the West End;
- Minimizing displacement of current residents of affordable housing by making replacement units available prior to the demolition or conversion of their former residence, when feasible;
- Providing replacement housing with supportive services when necessary to insure the stability of residents in the housing units;
- Supporting mixed-income, mixed use and transit oriented development; and
- Securing 60-year affordability

BE IT FURTHER RESOLVED,

That the City Council supports immediate efforts to acquire and preserve existing unrestricted units to assure preservation of ongoing affordability, and

BE IT FURTHER RESOLVED,

That the City Council directs the PDC and the Bureau of Housing and Community Development (BHCD) to develop estimates of the financial resources necessary, above and beyond current resources, to meet the Central City No Net Loss policy articulated in this resolution, and

BE IT FURTHER RESOLVED,

That the City Council directs the PDC, BHCD and the Bureau of Planning to review existing policies and regulatory frameworks and develop new regulatory tools in an effort to maximize the effectiveness of the City in making the Central City No Net Loss policy a reality, and

BE IT FURTHER RESOLVED,

The Council is committed to exploring, developing, and deploying the financial and/or regulatory mechanisms necessary, within the context of preserving and creating vibrant and healthy mixed-use neighborhoods, to meet the standard embodied by the Central City No Net Loss policy, and

BE IT FURTHER RESOLVED,

The City Council calls on the Oregon Legislature to authorize the creation of a Regional Affordable Housing Fund to serve the need for affordable housing through the Portland metropolitan area, and

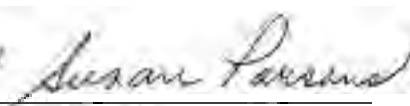
BE IT FURTHER RESOLVED,

The City Council calls upon the commitment of the Central City business community and property owners to work with the City and to contribute to efforts to create, preserve, rehabilitate and finance affordable housing in the Central City and throughout the Portland metropolitan area.

Adopted by the Council: AUG 29 2001

GARY BLACKMER  
Auditor of the City of Portland

\_\_\_\_\_  
Commissioner Dan Saltzman

By   
\_\_\_\_\_  
DEPUTY

\_\_\_\_\_  
Commissioner Erik Sten



10-53 -

Agenda No.

**RESOLUTION NO. 36021**

Title

Adopt a No Net Loss policy for affordable housing in the Central City, and state Council intention to seek the financial resources and/or regulatory tools adequate for the creation, preservation and rehabilitation of affordable housing in the Central City and throughout the metropolitan Portland area. (Resolution)

<p>INTRODUCED BY</p> <p><i>Sten &amp; Saltzman</i></p>	<p>DATE FILED: <b>AUG 24 2001</b></p>
<p>NOTED BY COMMISSIONER</p> <p>Altman <i>[Signature]</i></p> <p>Finance and Administration</p>	<p>Gary Blackmer Auditor of the City of Portland</p>
<p>Safety</p>	<p>By <i>[Signature]</i> Deputy</p>
<p>Utilities</p>	<p>For Meeting of: _____</p>
<p>Waters <i>[Signature]</i></p>	<p><b>ACTION TAKEN:</b></p>
<p>BUREAU APPROVAL</p> <p>Bureau: Sten/Saltzman</p>	
<p>Prepared by      Date</p> <p>Rich Rodgers    8/23/01</p>	
<p>Budget Impact Review:</p> <p>Completed      Not Required</p>	
<p>Bureau Head:</p>	

AGENDA		FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
			YEAS	NAYS	
Consent	Regular X	Francesconi	✓		
NOTED BY		Hales	✓		
City Attorney		Saltzman	✓		
City Auditor		Sten	✓		
City Engineer		Katz	✓		

## Working Planning Tool

**Vision:** The Broadway Corridor is a once-in-a-generation unique, diverse, vibrant, sustainable, mixed-use, dense urban district seamlessly integrated with a regional multi-modal transportation hub. The Broadway Corridor Project acknowledges historic disparities; considers what is being created for future generations; fosters culture, social equity and inclusion; and reimagines how all people live, work, enjoy and move through the city in a genuinely transparent and equitable way.

**Guiding Principles:** The findings of a Racial Equity Impact Assessment (REIA) are guiding the implementation of this vision and ensuring that development is consistent with the guiding principles below, including being intentional about who benefits from the opportunities created; assessing and mitigating potential impacts/burdens; ensuring a diversity of communities influence decisions from planning through development and programming; and, strengthening partnerships required to advance the vision.

**All aspects of the Broadway Corridor development, both public and private, will be:**

	Guiding Principle	Project Goals <i>The Broadway Corridor project will....</i>	Developer Experience Desired <i>Experience in....</i>	Evaluation Criteria * <i>Demonstrated success in.....</i>
Accountable	Implement a robust, proactive and transparent strategy that is a responsible expenditure of public funds, attracts private investment, and delivers targeted and equitable public benefits, with clear and enforceable milestones and metrics	<ol style="list-style-type: none"> <li>1. <i>Identify and promote clear, long-term, and enforceable financial, community benefit, and environmental metrics that reflect best practices at all stages of design, development and operations to be included in a Community Benefits Agreement.</i></li> <li>2. <i>Integrate input received via meaningful public engagement with communities of color and other under-served and under-represented people in decisions in all stages of the process, including future oversight, in a manner that encourages community interaction and is welcoming to and informed by Portlanders of all ages, disability status, cultures, and backgrounds..</i></li> </ol>	<ol style="list-style-type: none"> <li>1. <i>Working with an oversight committee to monitor and report on project metrics and ensure that equity commitments are maintained after completion of the project.</i></li> <li>2. <i>Participating in, or a willingness to participate in, a Community Benefits Agreement (CBA).</i></li> <li>3. <i>Engaging a wide range of community stakeholder groups and incorporating input received in past development projects.</i></li> <li>4. <i>Integrating environmental and social objectives with project profitability.</i></li> <li>5. <i>Delivering development projects on time and on budget; utilizing innovative approaches to adapt to changing market conditions and/or code requirements over time.</i></li> </ol>	<ol style="list-style-type: none"> <li>1. <i>Engaging and maintaining ongoing partnership with community partners to deliver projects (e.g. no fines, lawsuits, etc), particularly through partnerships with communities of color to serve community needs and priorities.</i></li> <li>2. <i>Participating in, or a willingness to participate in, a Community Benefits Agreement (CBA).</i></li> <li>3. <i>Transparent planning for and reporting on project metrics, including working with an oversight committee to ensure that equity commitments are maintained after completion of the project.</i></li> <li>4. <i>Financing comparably scaled and complex projects, financial capacity of development team.</i></li> <li>5. <i>Implementing projects similar in scope and type to proposed project, including public/private partnerships.</i></li> </ol>

Guiding Principle		Project Goals	Developer Experience Desired <i>Experience in....</i>	Evaluation Criteria * <i>Demonstrated success in.....</i>
Connected	Leverage regional and local assets to strengthen multimodal transportation connections and improve accessibility to and through the area for all	<p>3. <i>Improve safe, reliable, and affordable access for low-income communities including connecting affordable housing with employment providing adequate wages.</i></p> <p>4. <i>Create a coordinated and efficient multimodal transportation system that encourages people to choose healthy, active, and low-carbon transportation modes and systems, and enhances the economic competitiveness of the region.</i></p> <p>5. <i>Enhance Union Station as an active center and destination.</i></p> <p>6. <i>Provide an accessible, active, vibrant streetscape prioritizing pedestrian and bike infrastructure that enhances the neighborhood greenway system and builds connectivity with adjacent neighborhoods.</i></p>	<p>6. <i>Working with multiple organizations/agencies to deliver mixed-income or age-friendly Transit Oriented Development (TOD) with multi-modal transportation options.</i></p> <p>7. <i>Activating and revitalizing historic or transit resources and connecting them to the community</i></p> <p>8. <i>Providing active transportation amenities integrated into a vibrant commercial streetscape.</i></p>	<p>5. <i>Working with multiple organizations/agencies to deliver mixed-income, age-friendly Transit Oriented Development (TOD) with an active multi-modal transportation hub and accommodating advancements in mobility and parking (e.g. bus rapid transit, autonomous vehicles, electric vehicles, and automated/stacked parking).</i></p> <p>6. <i>Delivering safe active transportation including bike and pedestrian access through a comparably sized mixed-use site.</i></p>

	Guiding Principle	Project Goals	Developer Experience Desired Experience in....	Evaluation Criteria * Demonstrated success in.....
Equitable	Promote social equity, reduce disparities, and extend community benefits	<ol style="list-style-type: none"> <li>7. <i>Improve socio-economic opportunities for people of color, such as through affordable commercial space for diverse businesses, workforce training, and contracting opportunities.</i></li> <li>8. <i>Strong commitment to utilizing a combination of certified minority-owned, woman-owned, DBE, and local firms as well as union vendors in design, construction and ongoing operations to create living wage jobs for a diverse workforce.</i></li> <li>9. <i>Provide adequate and affordable housing serving households earning 0 – 60% median family income (MFI) with a portion targeted to serving households earning 0 – 30% MFI.</i></li> <li>10. <i>Provide a mix of housing units, including family-sized and multi-generational housing.</i></li> <li>11. <i>Provide integrated mixed-income development including housing and commercial space for all income levels.</i></li> <li>12. <i>Utilize Universal Design to ensure public and private development that is age-friendly, multi-generational, and can benefit and be utilized by all, and public spaces are welcoming to all community members.</i></li> <li>13. <i>Adhere to high environmental standards in all phases of project design and implementation to increase natural assets for a healthy and livable community particularly communities of color and low income communities.</i></li> </ol>	<ol style="list-style-type: none"> <li>9. <i>Developing, programming and leasing projects to provide economic opportunity for communities of color.</i></li> <li>10. <i>Hiring diverse employees/members of development team</i></li> <li>11. <i>Utilizing a combination of certified minority-owned, woman-owned and DBE firms and union vendors in construction and ongoing operations.</i></li> <li>12. <i>Developing or partnering to develop and finance affordable housing.</i></li> <li>13. <i>Designing, developing and/or operating mixed-income buildings offering a range of housing units.</i></li> <li>14. <i>Understanding and use of universal design principles, ADA accessibility beyond code requirements, and age friendly planning.</i></li> </ol>	<ol style="list-style-type: none"> <li>7. <i>Developing, programming and leasing projects to or otherwise providing opportunities to businesses owned by people of color.</i></li> <li>8. <i>Maintaining a diverse and equitable workforce (race, gender, disability) including a development team that includes people of color and a history of fair and equitable labor practices</i></li> <li>9. <i>Utilization of certified minority-owned, woman-owned, DBE, and local firms as well as union vendors in construction and ongoing operations.</i></li> <li>10. <i>Providing a mix of housing types to serve a diverse income mix, including family-sized units; preference for developers who have previously exceeded accessibility and/or affordable housing expectations, requirements or laws.</i></li> <li>11. <b>Demonstrated ability to maximize diversity through inclusive practices in its past projects or business practices and commitment to meet and exceed the Prosper Portland Equity Policy.</b></li> </ol>

Guiding Principle		Project Goals	Developer Experience Desired Experience in....	Evaluation Criteria * Demonstrated success in.....
Prosperous	Foster economic and wealth prosperity for all through opportunities for innovation, creativity, education, and economic growth in the region	<p>14. Create living wage jobs, at all skill levels and with career pathways, through commitments by tenants and partnerships with Workforce Investment Boards , particularly providing employment and job training opportunities for communities of color and other underserved populations.</p> <p>15. Leverage large central site as a regional employment hub and recruit major anchor employer that follows labor law, provides a livable wage, benefits, stable scheduling, targeted hire, career ladders, a voice on the job, and health and safety for all employees; including subcontracted workers, contingent, and temporary workers.</p> <p>16. Provide a diverse range and size of businesses, including stabilizing and growing small local businesses and providing opportunities for innovation and starting new businesses.</p>	<p>15. Recruiting large-scale High Road Employers to development projects, thus creating quality jobs for the community.</p> <p>16. Developing projects with a diverse range of industry types.</p> <p>17. Providing opportunities for small local businesses, including innovative opportunities for future economic growth such as incubators, maker spaces or flexible space.</p> <p>18. Providing internships, training, and job opportunities through partnerships with tenants.</p>	<p>12. Developing projects that have integrated and sustained both large employers (500+ employees) and medium-size businesses (25-50 employees).</p> <p>13. Providing opportunities to sustain and grow a diverse range of small businesses (1-24 employees).</p> <p>14. Providing internships, work experiences and career pathways for youth and communities of color via commitment by tenants and partnerships with Workforce Investment Boards.</p>

Guiding Principle		Project Goals	Developer Experience Desired Experience in....	Evaluation Criteria * Demonstrated success in.....
Resilient	Demonstrate leadership in sustainability, health and integration of the built and natural environments and promote human interaction with the environment.	<p>17. Demonstrate leadership in implementing strategies that achieve the Portland Plan and Climate Action Plan's goals to become an equitable, ecologically healthy, net-zero carbon, and fossil fuel-free city.</p> <p>18. Create a thriving and healthy built environment that promotes human, social, and ecological interaction.</p>	<p>19. Incorporating innovative green design elements and technologies in development that are responsive to climate mitigation and adaptation and integrate public/private open space, such as utilizing non-toxic, low carbon, locally sourced materials; and utilizing shared infrastructure/district systems.</p> <p>20. Obtaining green building certifications (LEED Platinum, Living Building Challenge, Living Community Challenge)</p> <p>21. Incorporating green space and natural environment in development projects.</p>	<p>15. Incorporating high environmental standards in all phases of project design and implementation (including responsibly harvested carbon positive material sourcing, water and energy usage, emissions, and integration of green infrastructure and greenspace) with specific care taken to minimize negative environmental impacts on the surrounding communities and communities from which materials are sourced, with a focus on communities of color and low income communities.</p> <p>16. Incorporating green space and natural environment in development projects.</p> <p>17. Demonstrated ability to advance green building, green infrastructure, and sustainable developments in past projects through existing and innovative technology; and commitment to meet and exceed the Prosper Portland Green Building Policy.</p>

Guiding Principle		Project Goals	Developer Experience Desired <i>Experience in....</i>	Evaluation Criteria * <i>Demonstrated success in.....</i>
Vibrant	Create a unique and aesthetically stunning, mixed-use community that welcomes and reflects diversity, integrates private and public spaces, and enriches the quality of life for existing and new Portlanders of all ages, cultures, and backgrounds	<p>19. Promote groundbreaking design in a truly mixed use, diverse and active 24-hour large urban development that supports pedestrian-scale and the public realm, and is designed to become a new Portland icon.</p> <p>20. Provide an integrated network of high quality green and hardscape open space including extending the Park Blocks, providing amenities for families, public spaces for events, seating areas, neighborhood greenways, and landmark artwork.</p> <p>21. Include amenities that meet neighborhood needs and are accessible to all segments of the community, such as a community center, educational use, library or recreational facility.</p> <p>22. Acknowledge history of the place and the people who have been here through design.</p> <p>23. Support diverse arts, cultural artists, and art organizations through the design, construction, and operational phases of the project.</p>	<p>22. Designing and programming active, high-density, mixed-use development that successfully surrounds and supports grand public space and the pedestrian environment.</p> <p>23. Programming dynamic open space and public plazas, including spaces that provide multiple benefits, can be easily transformed for multiple uses, and create communal spaces of various sizes</p> <p>24. Incorporating public amenities and essential public services into a mixed-use development.</p> <p>25. Working with artists and art master plans informed by community and local artists.</p>	<p>18. Developing large-scale mixed-use and mixed-income developments that meet neighborhood needs and have distinctive character in terms of use, materials, architectural design and scale.</p> <p>19. Designing, developing and programming projects that maintain vibrancy over the long term and serve as destinations for the surrounding city.</p> <p>20. Integrating signature public spaces that offer a range of urban and natural experiences and amenities.</p> <p>21. Integrating diverse art that reflects the history, culture, community, and natural history of the region.</p>

\* Evaluation instructions to consider transparency, depth of past demonstrated success, scale of experience, innovative approaches, applicability to Portland/Broadway Corridor  
Indicates minimum criteria to be reviewed by Prosper Portland staff

# **NORTH/NORTHEAST COMMUNITY DEVELOPMENT INITIATIVE ACTION PLAN**

**Fostering Economic Prosperity  
Among African Americans and People of Color**

January 2017





# ACKNOWLEDGMENTS

## **The Neighborhood Economic Development Leadership Group North/Northeast Community Development Initiative Subcommittee**

State Senator Lew Frederick  
Stephen Green, Black Investment Corporation for Economic Progress (BICEP)  
Roslyn Hill, Roslyn Hill Development  
Sheila Holden, N/NE Economic Development Alliance  
Bishop Stephen Holt, Portland Housing Bureau Oversight Committee  
James Paulson, Worksystems, Inc.  
Karis Stoudamire-Phillips, Moda Health  
Nita Shah, Micro Enterprise Services of Oregon (MESO)  
Alando Simpson, City of Roses Disposal & Recycling  
Carl Talton, United Fund Advisors  
Carl Talton, NW Community Capital Fund/United Fund Advisors

### **Prosper Portland**

Kimberly Branam, Executive Director  
Tory Campbell, Interim Economic Development Director  
Anne Crispino-Taylor, Senior Administrative Coordinator  
Kate Deane, Community Economic Development Manager  
Lene Hopson, Senior Administrative Coordinator  
Anne Mangan, Sr. Communication Coordinator  
Kimberly S. Moreland, Project Manager

### **Bureau Partners**

Cupid Alexander, Portland Housing Bureau  
Karl Dinkelspiel, Portland Housing Bureau  
Leslie Goodlow, Portland Housing Bureau  
Leslie Lum, Bureau of Planning and Sustainability  
Andrea Matthiessen, Portland Housing Bureau  
Javier Mena, Portland Housing Bureau  
Nan Stark, Bureau of Planning and Sustainability

**Special thanks go to all the community members who participated in focus group discussions, individual interviews and the two Community Forums. Your input was invaluable to the creation of the North/Northeast Community Development Initiative Five-Year Action Plan.**

## About this Plan

This North/Northeast (N/NE) Community Development Initiative Action Plan (Action Plan) has been developed to guide Prosper Portland's investment of the remaining \$32 million in Tax Increment Financing (TIF) resources for economic development in the Interstate Corridor Urban Renewal Area (Interstate Corridor URA).

Prosper Portland developed the Action Plan with the guidance and advice of the N/NE Community Development Advisory Committee, the input of thirty-five stakeholders who participated in 1:1 or group interviews, public input at Advisory Committee meetings, and public input from the nearly 200 community members who attended Community Forums on October 8 and October 20, 2016. The Action Plan is consistent with and has been informed by: the Urban League's State of Black Oregon Report, the Interstate Urban Renewal Area Plan (Adopted, 2000 and Amended and Restated, 2011), and Prosper Portland's 2015-2020 Strategic Plan.

TIF resources are limited by state laws to be used for the planning and construction of physical improvements. TIF funds must be invested within the boundary of the Urban Renewal Area ([Attachment A](#)) and cannot be used to fund programs or initiatives such as business technical assistance (business planning, marketing, accounting, etc.) or job training and employment assistance. These programs and initiatives are important to support economic growth and opportunity for businesses and individuals. Pages 14-15 of this Action Plan have further information about ongoing City/Prosper Portland-funded work that supports business technical assistance and workforce development, and activities that would complement the objectives of this Action Plan but that are currently not funded.

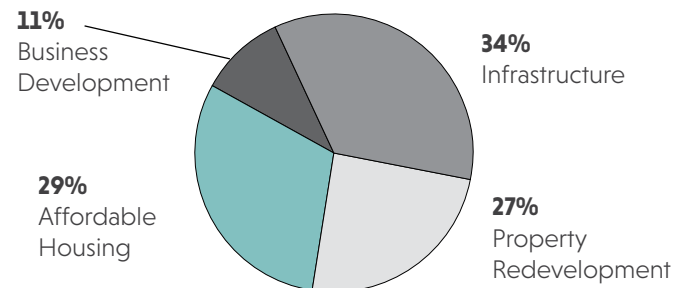
The Portland Housing Bureau (PHB) has a separate plan for the remaining Interstate Corridor TIF funds that are available for affordable housing (households under 80% Median Family Income). The Housing Bureau's plan is known as the North/Northeast Neighborhood Housing Strategy. It currently addresses \$20 million in TIF affordable housing funds and will be amended soon to propose the plan for spending an additional \$32 million in TIF affordable housing funds. Funding for housing will be allocated based on PHB's program guidelines, following all fair housing, state and federal requirements.

**A Glossary of Terms in this report can be found in [Attachment B](#).**

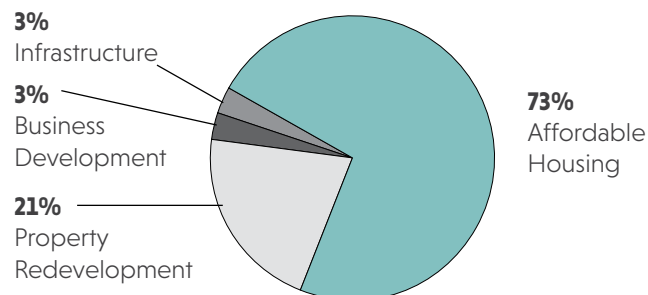
## Interstate URA Project Expenditures



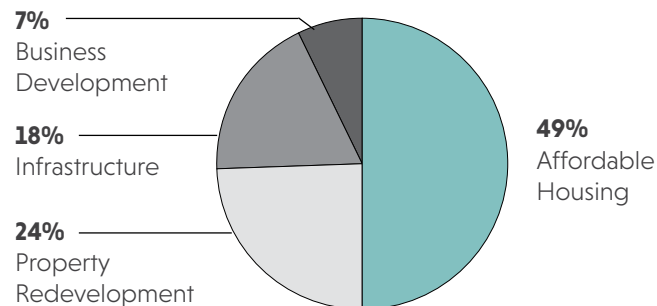
### 2001-2016: \$150.6M



### 2017-2021: \$146.7M



### 2001-2021: \$306M



# INTRODUCTION

## Goal:

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The goal of the N/NE Community Development Action Plan is to use Tax Increment Financing resources to foster economic prosperity among communities and individuals that have not fully participated in, or benefited from, economic opportunities in the Interstate Corridor Urban Renewal Area (Interstate URA).

## Why:

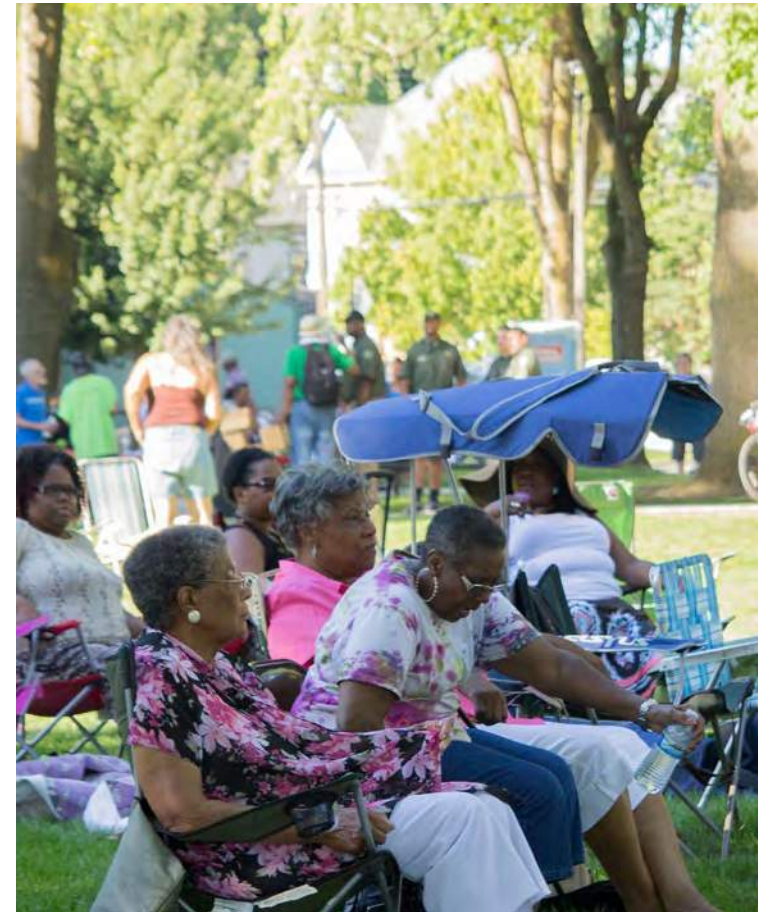
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When the Interstate Corridor URA was established in 2000, it was done so with an understanding that investments would be made to:

*Primarily benefit existing residents and businesses within the Area through the creation of wealth, revitalization of neighborhoods, expansion of housing choices, creation of business and job opportunities, provision of transportation linkages, protection of residents and businesses from the threats posed by gentrification and displacement, and through the creation and enhancement of those features which enhance the quality of life within the Area. A special emphasis will be placed on providing timely benefits to groups most at risk of displacement (e.g., the elderly, people of color, small businesses, low income people, the disabled).<sup>1</sup>*

While many public investments were made to improve transportation, revitalize neighborhoods, and create commercial corridors, the benefits of the investments have been enjoyed primarily by businesses and residents who are white and do not have historic ties to the neighborhood, and who have higher incomes. As such, Prosper Portland has not been fully successful in addressing those most at risk of displacement. The agency's focus for distributing the remaining Tax Increment Funds will therefore be to target those underserved populations.

Many statistics reinforce the case that these communities have not equally benefited from the economic prosperity and growth within the URA. As shown in [Attachment C](#), between 2000 and 2013 three demographic groups saw a dramatic decrease in their population within the Interstate Corridor URA: African Americans (-33 percent/-3,544), Hawaiian-Pacific Islanders (-36 percent/-208) and Native Americans (-25 percent/339). During that same period white population grew by 30 percent (7,571) and Asian American population grew by 14.5 percent (311). The Latino population was relatively stable at - 0.2 percent.



Community members at the Grand Reopening of Dawson Park

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<sup>1</sup> Interstate Corridor Urban Renewal Plan, Adopted 2000 and Amended and Restated, 2011

Over the same 13-year period median income for African Americans fell sharply (by 31 percent), bringing the median household income for African Americans in the Interstate Corridor to \$24,322, 13 percent lower than African American median income in Portland. Due to the small population of Hawaiian-Pacific Islanders and Native Americans, data on median family income does not exist for these communities. However, citywide data indicates that individuals living within the URA likely had a sharp decline in their family income as well between 2000 and 2013. Whites and Latinos in the URA experienced a moderate rise in median income in the Interstate Corridor, while Asian American median income rose by 20 percent.

Since 2000, African Americans living in poverty rose by nine percent, and now 30 percent of African Americans in the URA have incomes below the poverty level. Latino median income barely changed between 2000 and 2013; however, the percent of Latinos below the poverty level remains high at 25 percent. By comparison, the poverty rate among whites in the URA shows a modest increase since 2000; yet this group has the lowest poverty rate overall among all demographic groups. The wealth disparities in Portland mirror national data. According to the Pew Research Center, white households have a net

worth 13 times that of black households and 10 times that of Latino households.

Prosper Portland recognizes that the African American community and other communities of color have experienced significantly restricted access to employment and wealth creation opportunities within the Interstate Corridor URA – even while other communities and businesses have seen significant gains. This disparity has hindered economic opportunities and reduced community capacity to support cultural and community assets. This Action Plan, and the investments directed therein, are therefore specifically designed to ensure the remaining Interstate Corridor economic development resources are directed towards long-term and former members of the community who have not benefited from the impact of public and private investments to date.

This Plan places special emphasis on reaching the African American community, not only for the reasons stated above, but because African Americans have constituted by far the largest minority population in the URA since its inception.

### Summary of Proposed Investments and Outcomes:

This Action Plan proposes to invest the remaining TIF economic development resources in the following ways.

Foster Multi-Generational Wealth Creation and Community Assets	Proposed Five-Year Allocation	Estimated Number Assisted w/Grants & Loans
<b>1</b> Promote Property Ownership and Redevelopment	\$10,750,000	44 property owners
<b>2</b> Support Business Ownership and Growth	\$9,250,000	55 business owners
<b>3</b> Invest in New and Existing Homeowners	\$5,000,000	60 homeowners
<b>4</b> Advance Community Livability Projects	\$2,500,000	20 non-profits
<b>5</b> Catalyze Cultural-Business Hub(s) <sup>2</sup>	\$4,500,000	1-2 projects
<b>TOTAL</b>	<b>\$32,000,000</b>	

<sup>2</sup> Called “anchor” or “signature” projects in previous drafts.

# INVESTING THE \$32 MILLION IN TAX INCREMENT FINANCING

## 1 Promote Property Ownership and Redevelopment

**Provide Financing and Support for Property Improvements and Redevelopment:** Assist property owners to improve and develop their underutilized and underdeveloped commercial and residential properties.

**Grants:** Provide 75 percent matching grants of up to \$75,000 to assist property owners to improve and develop their assets. Up to \$25,000 may be used for project planning.

### Property Development Loans:

- Interest Rate: A fixed rate based on the current Prime Rate plus three percentage points (with the ability to reduce by a maximum of the three percentage points for meeting certain public objectives) (Currently: 3.5% - 6.5%)
- Fee: 1% loan fee
- Payments: Construction Loan: May include a period of interest only and/or deferred payments; Permanent Loan: Principal and interest
- Borrower's Contribution: Minimum 10% equity contribution – can include land value
- Collateral: Security interest in the subject property or other real estate
- Guarantee: Personal and/or corporate guaranty from all principals and entities with 20% ownership interest in the property

**Provide Financing and Support for Business Owners to Acquire Property:** Assist business owners to acquire properties to house their business operations. Must include an equivalent investment in redevelopment of the property.

### Property Acquisition Loans

- Interest Rate: Fixed rate based on risk rating; min. 4%
- Fee: 1% loan fee
- Payments: May include a period of interest-only and/or deferred payments followed by principal and interest
- Collateral: Security interest in the subject property or other real estate
- Guarantee: Personal and/or corporate guaranty from all principals and entities with 20% ownership interest in property

## TIMING

Start immediately, annual allocation for five years

Funds may be allocated through a Notice of Funding Availability (NOFA)

## OUTCOMES

30 property improvement grants for smaller-scale projects

30 property improvement loans to finance match for above smaller-scale projects

10 property development grants for larger-scale projects

10 property development loans (Assumes a loan size of \$500,000)

4 property acquisition loans (Assumes a loan size of \$500,000)

## TOTALS OVER 5 YRS

\$2,250,000

\$750,000

\$750,000

\$5,000,000

\$2,000,000

Mural on the Origami Catering building located on N Lombard St.



## 2 Support Business Ownership and Growth

**Provide Financing for Small Business Growth:** Assist small business growth through grants and loans:

**Grants:** Provide 75 percent matching grants of up to \$75,000 to assist property owners to improve and develop their assets. Up to \$25,000 may be used for project planning

**Tenant Improvement Loan:** Offer small business loans to pay for match.

- Interest Rate: Range from Prime to Prime+3% based on leverage and adjusted for risk (Currently: 3.5% - 6.5%)
- Fee: 1% loan fee
- Payments: Principal and interest in real payment; up to 1 year of interest-only payments, based on project underwriting
- Guarantee: Personal and/or corporate guaranty from all principals and entities with at least a 20% ownership interest in the business.

**Create Affordable Commercial Space:** Assist emerging or displaced small business owners by creating affordable commercial space. Could include landbanking. Reserve \$1,500,000 to assist small business owners located within a Cultural-Business Hub, if one is selected.

### ↓ TIMING

Start immediately, annual allocation for five years

Funds may be allocated through a Notice of Funding Availability (NOFA)

Start immediately. Funding may be allocated through a Notice of Funding Availability (NOFA).

### ▮ OUTCOMES

40 grants for tenant improvements

40 loans to finance match for above tenant improvements

Approximately 15,000 sq ft commercial space at 10 - 25% less than market. Assists approximately 10-15 businesses.

### \$ TOTALS OVER 5 YRS

\$3,000,000

\$1,000,000

\$5,250,000

Hasan Artharee is the owner of the newly renovated North by Northeast Community Health Center (formerly Coast Industries, Inc.).



### 3 Invest in New and Existing Homeowners

\*Funds allocated by the Portland Housing Bureau based on its program guidelines, following all fair housing, state and federal requirements.

**Support Homeownership:** Expand the availability of PHB's Down Payment Assistance Loan program to those with incomes between 80-120%.

- **Provide zero percent interest loan** of up to \$80,000 for first-time homebuyers.

**Expand Home Repair Program:** Expand the availability of PHB's Single Family Home Repair Programs

- **Provide zero percent interest loans** of up to \$40,000 per home to provide critical home repairs for homeowners at 80-120% of median family income.

**Promote Accessory Dwelling Units:** Expand proposed PHB programming for 17/18 to support development of accessory dwelling units and cottage homes to those with incomes between 80-120% of median family income as a way to bring more affordable housing units to market in the ICURA and as a way to support multi-generational families.

- **Program is currently under development.**  
Details will be available by July 1, 2017

### 4 Advance Community Livability Projects and Support Non-Profits

**Invest in Community Livability Projects:** Build community prosperity by supporting the growth, development and sustainability of key community-based organizations that drive economic development outcomes and serve communities that have experienced displacement or not benefited from economic opportunities (e.g. African Americans, people of color and people with disabilities).

- **Community Livability Grants** of up to \$300,000

#### ↓ TIMING

Start Immediately, annual allocation for five years

Start Immediately, annual allocation for five years

July 1, 2017

#### ||| OUTCOMES

20 households

40 households

Households = TBD

#### \$ TOTALS OVER 5 YRS

\$1,600,000

\$1,600,000

\$1,800,000

#### ↓ TIMING

Community Livability projects identified through annual grant application process.

#### ||| OUTCOMES

20 Community Livability Grants to non-profit organizations

#### \$ TOTALS OVER 5 YRS

\$2,500,000

## 5 Catalyze Cultural-Business Hub(s)<sup>3</sup> to further Culturally Specific Places and Economic Opportunities

**Support Cultural-Business Hub:** Foster multigenerational wealth creation by investing in 1-2 larger-scale projects that will provide commercial space for small businesses owned by African Americans and other people of color. Such projects will be places for businesses to grow and thrive, and will create active, vital sites offering culturally specific products, services, foods and/or entertainment. Examples of such projects include: the Mercado in Lents, Vanport Square in Interstate and the historic Golden West Hotel in the Central City. From 1906-1931, the Golden West Hotel was a hub of commercial activity providing lodging, entertainment, dining and personal services for Portland's small but growing African American population. The projects would be owned by African Americans and other people of color and meet specific timing, conditions and criteria:

### Timing and Other Conditions:

1. Issue a NOFA within six months of adoption of the Plan.
2. Proposals will be reviewed by Prosper Portland and the Oversight Committee.
3. Project must meet criteria below.
4. If a feasible project(s) is not selected within three years of the adoption of this Plan the funds will be re-allocated towards another Plan action item.

### Project Selection Criteria:

1. Aligns with the goals and objectives of the N/NE Community Development Initiative Action Plan especially:
  - Fostering multigenerational wealth creation through property ownership.
  - Fostering multigenerational wealth creation through business ownership.
2. Provides commercial space for small businesses owned by African Americans and other people of color to grow and thrive.
3. Demonstrates a commitment to tenancing a majority of the project with local, minority-owned businesses.
4. Provides long-term community benefits for African Americans and other people of color.
5. Provides meaningful contracting opportunities throughout the development and construction process for African Americans and other people of color.
6. Demonstrates financial feasibility and commitment from development and financial partners.

<sup>3</sup> Called "anchor" or "signature" projects in previous drafts.

### ⏴ TIMING

See description of signature projects

### 📊 OUTCOMES

1-2 loans for Signature projects to create commercial space for minority-owned businesses

### 💰 TOTALS OVER 5 YRS

Up to \$4,500,000



The Portland Mercado in Lents is a hub for Latino culture.



## 5 Catalyze Cultural-Business Hub(s)<sup>3</sup> to further Culturally Specific Places and Economic Opportunities (cont'd)

### Property Development Loans:

- Interest Rate: A fixed rate based on the current Prime Rate plus three percentage points (with ability to reduce up to three percentage points for public objectives) (Currently: 3.5% - 6.5%)
- Fee: 1% loan fee
- Payments: Construction Loan: may include a period of interest only and/or deferred payments; Permanent Loan: Principal and interest
- Borrower's Contribution: Minimum 10% equity contribution – can include land value
- Collateral: Security interest in the subject property or other real estate
- Guarantee: Personal and/or corporate guaranty from all principals and entities with 20% ownership interest in the property



Photo by Jonathan Beaver

# NEW PRACTICES AND POLICIES

## I. Oversight Committee

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Prosper Portland will establish an Oversight Committee by February 2017. Oversight Committee meetings will be open to the public.

The Action Plan is a living document, and the Oversight Committee may recommend adjustments of the **investment allocations** to take advantage of unique opportunities to promote wealth creation and/or to place resources where demand and the market conditions are the strongest. See [Attachment D](#) for the Draft Oversight Committee Project Charter.

## II. Who Has Access

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Given that an original intent of the Interstate Corridor URA was to benefit the existing community; the demographic shifts that have occurred since the implementation of the Interstate Corridor URA; and current and historical income disparities in this area; this Action Plan is explicitly intended to benefit people and communities that have experienced displacement or not benefited from economic opportunities. See [Attachment E](#) for Draft Criteria for beneficiaries of TIF investments.

## III. Improving Outcomes

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1. Work with lenders and community stakeholders to assess whether Prosper Portland's financial tools need modifications to achieve greater access to capital among business and property owners of color.
2. Proactively work with private and non-profit lenders and foundations to discuss ways to effectively partner to leverage TIF funding to achieve intended wealth creation goals AND to address the racial bias in lending that communities of color continue to experience.
3. Explore new financing tools:
  - Explore a down payment assistance program for commercial real estate purchase.
  - Explore a tax abatement program to maintain affordability for existing businesses who own their properties.
  - Expand the secured lines of credit program.



Mural by artists Eatcho and Jeremy Nichols at the Black United Fund

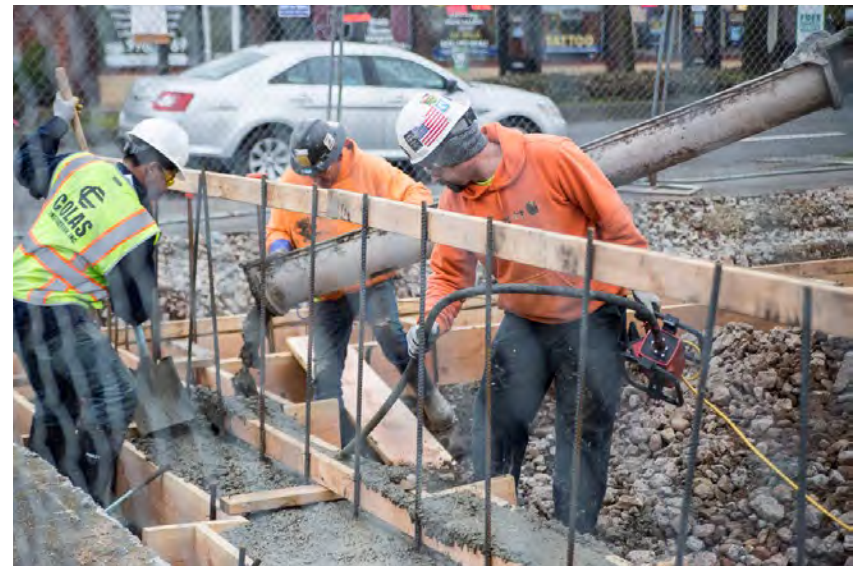


Community Forum attendee

4. Pair Prosper Portland business loans with ongoing business technical assistance.
5. Improve marketing and outreach to African Americans and other people of color about Prosper Portland grants, loans, and programs for businesses, property owners and residents.
  - Utilize community ambassadors to discuss Prosper Portland loans, grants and technical assistance with businesses, property owners, and residents.
  - Go to existing meetings and gatherings of African Americans and other residents and business owners of color to educate them about Prosper Portland offerings.
  - Develop user-friendly and accessible marketing materials regarding programs including videos and print media.
  - Reach people where they currently reside including in outer East Portland.
6. Improve practices and tools for working with long-time property owners including:
  - Provide tailored technical assistance, mentoring and education to allow property owners to understand their development options.
  - Develop user-friendly real estate development toolkits to use in educating property owners about development options. Tools

will include: a range of development types, typical lot sizes and land values in N/NE Portland, building design prototypes; typical real estate partnership structures; conventional financing structures and land values.

- Ensure that development plans are scaled to the financial capacity and equity position of the property owners.
  - Ensure that professional advice regarding development options takes into account the long-term operational issues associated with the new asset and that the future owner is set up for success.
  - Facilitate development partnerships with long-time property owners (LTPO), when necessary, to protect their equity positions.
7. Continue to apply and strengthen Prosper Portland's Business and Workforce Equity Policy to ensure that the benefits of our investments in constructing improvements flow to minority and women-owned contractors and tradespeople.
  8. Make minor amendments to the Interstate Corridor Urban Renewal Area to ensure inclusion of key properties immediately adjacent to the URA boundary.
  9. Work proactively with foundations to identify partnerships that can leverage the reach of TIF investments and provide resources for critical non-TIF initiatives (see Section V).



#### IV. Other TIF Expenditures Within the Five-Year Timeframe:

Prosper Portland’s budget and forecast includes funding for projects that have previously been approved in the URA. These projects are in addition to the \$32 million articulated in this Action Plan. One project will be cancelled. Please see below for more detail.

1. Planned projects in the Interstate Corridor URA that will be completed over the next five years that are not covered by the \$32 million for economic and community development:

2. Planned projects in the Interstate Corridor URA that will not move forward:

- Bridgeton Trail – Prosper Portland and Metro have been unable to acquire necessary right-of-way for this project despite efforts over many years. Further, while this is a worthwhile public infrastructure investment, it does not align strongly with the Prosper Portland Strategic Plan nor this Action Plan.

Committed Projects/Activities	Budget Amt.
Alberta Commons (a.k.a. Natural Grocers) Includes design and buildout of space that will be master leased by Prosper Portland and tenanted with small, minority-owned businesses. It also includes costs for public art, signage, marketing of space, etc. Prosper Portland anticipates receiving approximately \$1 million in lease revenue from the master leased space over a 10-year period.	\$3,200,000
Lombard Streetscape – if a financially feasible solution can be developed	\$2,200,000
Killingsworth Streetscape project completion	\$75,000
Dr. Martin Luther King Jr. Heritage Markers	\$225,000
Gordly Cultural Center: Loan to purchase home to establish an African American cultural center and grant to support maintenance expenses for a two-year holding period.	\$577,000
Alberta and St Johns Main Street District Improvement Grants	\$410,000
Complete Past Grant Award Projects: Includes Community Livability Projects, Development Feasibility Grants, Storefront Improvement Grants and Special Authority Grants	\$1,000,000
Real Estate Management: managing properties in Kenton and leasing developed spaces to industrial and local businesses	\$1,300,000
Contingency	\$1,000,000
<b>TOTAL</b>	<b>\$9,987,000</b>

## V. Non-TIF Resources:

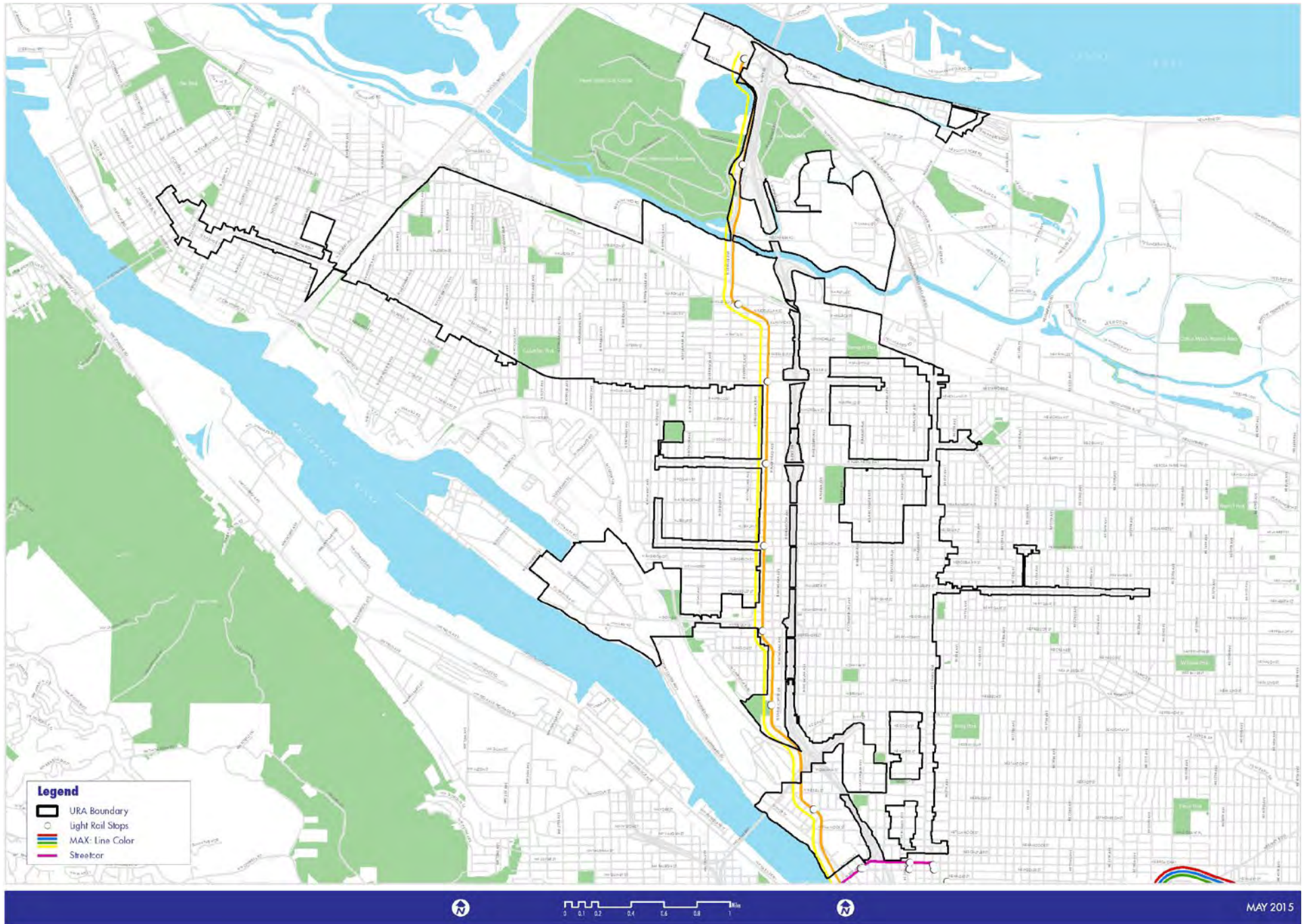
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Tax increment resources available in the Interstate Corridor URA are limited to physical construction. While this is a beneficial economic development tool, it is an incomplete tool. Non-restricted, non-TIF funding sources are needed to assist with the wealth creation goals of this Action Plan. The following are recommendations regarding non-TIF funding sources.

1. Continue City support for existing Prosper Portland programs that will contribute to the success of this Action Plan:
  - **Support Business Technical Assistance:** Continue to provide culturally appropriate, easily accessible business technical assistance and mentorship to startups, small businesses and youth entrepreneurs.
  - **Provide Workforce Development Opportunities:** Continue to support workforce development for low-income youth and adults through the Economic Opportunity Initiative.
2. New activities that should be initiated and funded to increase the likelihood of success of this plan:
  - **Develop Business Opportunities with Anchor Institutions:** Increase market opportunities for local businesses by establishing productive connections to large employers and anchor institutions with substantial purchasing power. [NEW FUNDING NEEDED](#)
  - **Connect People to Jobs:** Proactively connect unemployed and underemployed residents to jobs created by Prosper Portland's economic development activities, and to workforce development opportunities available through the public workforce system. Key activities include:
    - Establish a community-based workforce navigator focused on N/NE and particularly on the returning residents and current residents of publicly supported housing. [NEW FUNDING NEEDED](#)
    - Establish a system for notifying community-based workforce development organizations and other CBOs of jobs created through Prosper Portland's economic development activities.
  - **Increase Job Training Support:** Support training for high-demand, living wage occupations: health care, manufacturing, banking, construction. [NEW FUNDING NEEDED](#)
  - **Develop Job Opportunities with Anchor Institutions:** Support the development of career-track, middle-wage jobs through a citywide anchor institution strategy focused on health care, public sector and/or educational institutions. [NEW FUNDING NEEDED](#)
  - **Promote STEM and STEAM:** Support youth workforce development through initiatives such as science, technology, engineering, arts, and math (STEM and STEAM). [NEW FUNDING NEEDED](#)
  - **Establish a Neighborhood Prosperity Initiative Area:** Identify and support community-based organization to drive economic development outcomes in the Interstate Corridor URA with an emphasis on supporting economic opportunities for African Americans and people of color. [NEW FUNDING NEEDED](#)
  - **Promote Culturally Relevant Financial Education Programs:** Work with partners to promote increased education for African Americans and people of color on wealth management, investing, and financial literacy. This is particularly urgent for senior homeowners so that they and their families can make informed decisions about their properties in the face of financial pressures from taxes and limited retirement income.

# ATTACHMENTS

# ATTACHMENT A: INTERSTATE CORRIDOR URA MAP



# ATTACHMENT B: GLOSSARY OF TERMS

**Accessory Dwelling Units** – An accessory dwelling unit (ADU) is a second dwelling unit created on a lot with a house, attached house or manufactured home. The second unit is created auxiliary to, and is smaller than, the main dwelling. ADUs can be created in a variety of ways, including conversion of a portion of an existing house, addition to an existing house, conversion of an existing garage or the construction of an entirely new building.

**Affordable housing** – Housing affordable to residents with a income equal to between 0–60 percent of Median Family Income (MFI).

**Anchor Institutions** – Large organizations, most often public or non-profit, that are primarily anchored in place—colleges and universities, hospitals and health-care facilities, utilities, faith-based organizations, museums, and arts centers. Anchor institutions are key drivers of local and regional economic opportunity. Anchor institutions offer stable jobs, many with career ladders and good wages and benefits, and strong purchasing power of goods and services.

**Business Technical Assistance** – Services provided to individuals to help them start, stabilize and grow a business. Typically advising centers around business planning, financial planning, marketing, access to capital, legal and human resource issues.

**Community development** – A process wherein community members come together to take action and generate solutions (economic, place-based, social, environmental, and cultural) to common problems.

**Community Livability Projects** – Projects supported by Prosper Portland’s Community Livability Grant (CLG) program that provides grants to community-based organizations for projects that foster vibrant and healthy neighborhoods and improve the prosperity of area residents and businesses.

**Cultural-Business Hub** – 1-2 larger-scale projects that will provide commercial space for small businesses owned by people of color. Such projects will be places for business to grow and thrive, and will create active, vital sites offering culturally specific products, services, foods and/or entertainment.

**Disparities** – Differences between population groups in the presence of any form of outcomes, including access to services. Disparities include both acceptable and unacceptable differences. (Adapted from Multnomah County Health Department, Health Equity Initiative)

**Economic development** – Work to improve the standard of living and economic competitiveness; activities include business retention, expansion and recruitment, international trade, and entrepreneurship development.

**Economic opportunities** – The ability for people to create wealth through activities such as: accessing employment, building businesses, and purchasing property.

**Gentrification** – The process by which an undervalued neighborhood becomes desirable, which results in the displacement of lower income households due to the loss of affordable housing, often with a corresponding change in racial and ethnic makeup of a neighborhood’s residents and businesses.

**Median Family Income** – An income threshold set by Department of Housing and Urban Development, updated annually, generally in December. New thresholds are effective immediately. Current MFI thresholds can be found online at <https://www.portlandoregon.gov/phb/50010>



**Neighborhood Prosperity Initiative (NPI)** – A Prosper Portland program focused on community economic development at the neighborhood scale. A community-driven, self-help approach is at the heart of this work. With grants, training, and support from Prosper Portland, each district is responsible for planning and implementing projects to improve the local commercial district.

**NOFA** - Notice of Funding Availability

**People or communities of color** – Native American, African American, Latino, Asian, Slavic, and African immigrant and refugee people or communities (*per Coalition of Communities of Color*).

**Small businesses** – Establishments with 50 or fewer employees.

**Tax increment financing (TIF)** - A public financing method that is used for redevelopment, infrastructure, and other community-improvement projects within Urban Renewal Areas.

**Urban Renewal Area (URA)** – A defined geography from which tax increment financing is both generated and spent.

**Wealth Creation** – Increasing individual net worth which is defined as the value of all assets owned net of all liabilities owed at a point in time.

**White people or communities** - People or communities with the racial identity of Caucasian, without being Latino (*per Coalitions of Communities of Color*).

**Workforce development** - A range of educational, training, and networking activities to create, sustain, and retain a viable workforce that supports economic security for individuals and meets current and future business and industry needs.

ATTACHMENT C: DEMOGRAPHIC TRENDS IN THE INTERSTATE CORRIDOR URA AND CITY OF PORTLAND

		INTERSTATE CORRIDOR URA			CITY OF PORTLAND		
		2000	2013	GROWTH	2000	2013	GROWTH
<b>African-American</b>	POPULATION	10,795	7,251	-32.8%	41,589	44,397	6.8%
	INCOME	\$35,398	\$24,322	-31.3%	\$27,103	\$27,923	3.0%
	POVERY RATE	24.9	33.5	34.5%	25.9	35.5	37.1%
<b>Asian-American</b>	POPULATION	2,141	2,452	14.5%	39,485	58,397	47.9%
	INCOME	\$53,127	\$63,586	19.7%	\$42,576	\$50,829	19.4%
	POVERY RATE	23.6	14.6	-38.1%	13.2	22.1	67.4%
<b>Hawaiian/ Pacific Islander</b>	POPULATION	586	378	-35.5%	3,658	5,410	47.9%
	INCOME	--	--	--	\$39,115	\$26,294	-32.8%
	POVERY RATE	--	--	--	14.7	--	--
<b>Hispanic/Latino</b>	POPULATION	3,915	3,909	-0.2%	36,058	60,974	69.1%
	INCOME	\$40,387	\$40,660	0.7%	\$32,371	\$35,108	8.5%
	POVERY RATE	30.1	25.3	-15.9%	24.1	34.0	41.1%
<b>Native American</b>	POPULATION	1,368	1,028	-24.9%	12,125	16,868	39.1%
	INCOME	--	--	--	\$30,471	\$22,247	-27.0%
	POVERY RATE	29.1	--	--	22.8	48.1	111.0%
<b>White</b>	POPULATION	24,909	32,480	30.4%	430,350	500,855	16.4%
	INCOME	\$53,595	\$54,799	2.2%	\$41,476	\$59,758	44.1%
	POVERY RATE	13.1	14.2	8.4%	10.9	15.2	39.4%

# ATTACHMENT D: DRAFT OVERSIGHT COMMITTEE PROJECT CHARTER

Prosper Portland  
North/Northeast Community Development Initiative

## DRAFT Oversight Committee Project Charter

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### Background

The North/Northeast (N/NE) Community Development Initiative Action Plan (Action Plan) has been developed to guide Prosper Portland's investment of the remaining \$32 million in Tax Increment Financing (TIF) resources for economic development in the Interstate Corridor Urban Renewal Area (Interstate Corridor URA). The goal of the N/NE Community Development Initiative (CDI) is to use TIF resources to foster economic prosperity among African Americans and people of color by helping them participate in, benefit from and contribute to the local, regional and global economies. The Action Plan proposes to invest the remaining TIF economic development resources to underserved populations in the following ways:

### Scope

Foster Multi-Generational Wealth Creation and Community Assets	Proposed Five-Year Allocation	Estimated Number Assisted w/Grants & Loans
<b>1</b> Promote Property Ownership and Redevelopment	\$10,750,000	44 property owners
<b>2</b> Support Business Ownership and Growth	\$9,250,000	55 business owners
<b>3</b> Invest in New and Existing Homeowners	\$5,000,000	60 homeowners
<b>4</b> Advance Community Livability Projects	\$2,500,000	20 non-profits
<b>5</b> Catalyze Cultural-Business Hub(s)	\$4,500,000	1-2 projects
<b>TOTAL</b>	<b>\$32,000,000</b>	

The N/NE Oversight Committee is hereby created to ensure accountability for the implementation of the goals, objectives and investment priorities of the N/NE Community Development Initiative Action Plan. The Oversight Committee, working with Prosper Portland, reviews, advises and monitors redevelopment proposals and projects according to the timelines, metrics, and allocation amounts outlined in the Action Plan. The Plan is a living document, and Prosper Portland under the consultation with the Oversight Committee may recommend adjustments of the investment allocation to take advantage of unique opportunities to promote wealth creation and/or to place resources where demand and the market conditions are the strongest.

### Membership Responsibilities

- For the first year meetings will take place once a month. Thereafter, the group shall meet quarterly. With proper notice to the public, additional meetings may be scheduled as needed by the committee chair.
- Review quarterly update on the allocations of PIP grants and business technical assistance program within the Interstate Corridor URA.
- Review Notification of Funding Availability for TIF-sponsored program within the Interstate Corridor URA.
- Review Community Livability Grants for the Interstate Corridor URA.
- Serve as an advisory body for the Portland Housing Bureau's Homeownership Support, Home Repairs and Accessory Dwelling Programs administered within the Interstate Corridor URA.
- The Oversight Committee's initial term of one year will be up for renewal each year for the next five years, or until the expiration of the URA.

### **Selection Process**

Membership positions shall be selected by Prosper Portland in consultation with members of the N/NE Community Development Initiative Project Advisory Committee. The Oversight Committee shall be composed of 15 community members who are subject matter experts.

### **Selection Criteria**

- Have a general understanding of Prosper Portland and the N/NE Community Development Initiative Action Plan.
- Have an understanding of the historical displacement of African Americans and people of color and why a specific emphasis will be placed on providing timely benefits to groups most at risk of displacement or not benefiting from economic opportunities.
- Must attend regularly scheduled meetings, be prepared for these meetings and participate fully in accordance with their roles
- It is expected that any business owner, non-profit organization or property owner will not have a financial conflict of interest for themselves, an organization they are employed by or a board member of, or a member of their family with Prosper Portland and the accompanying \$32 million in investment.

### **Meetings and Quorum**

All meetings of this committee are considered public meetings. There shall be meeting notices, and records shall be kept. The Committee will abide by all standards and practices required of public meetings and public bodies by law. A quorum is present when a minimum of seven (7) voting members are in attendance at the meeting.

### **Decision Making and Voting**

The committee will use standard parliamentary procedure in process and decision making, and will keep records of all deliberations and decisions. The committee will attempt to make decisions by consensus. If an impasse occurs, the chairperson may call for a vote of the committee membership. In the event that a consensus is not reached and a vote does not yield a decision, the chairperson will act on behalf of the committee.

# ATTACHMENT E: INVESTMENT CRITERIA FOR TIF FUNDS

TIF investments will prioritize:

1. Current or former business owners, property owners and residents, and their descendants, who owned businesses, owned property or lived within the Interstate Corridor URA boundaries prior to its establishment in 2000 and have experienced impediments or disadvantages in benefiting from economic opportunities (e.g. legacy of redlining, racism, lack of access to capital etc.).
2. Other business and property owners who do not have historical ties to the Interstate Corridor URA, but who:
  - a. Experience economic barriers to business and property ownership in the Interstate Corridor URA;
  - b. Are African Americans or people of color;
  - c. Provide a product or service that is beneficial to a historically underserved population; or
  - d. Commit to tangible and sustainable economic benefits for underserved populations.
3. Funding for housing will be allocated by the Portland Housing Bureau based on its program guidelines, following all fair housing, state and federal requirements.

# OREGON PLANNERS' JOURNAL

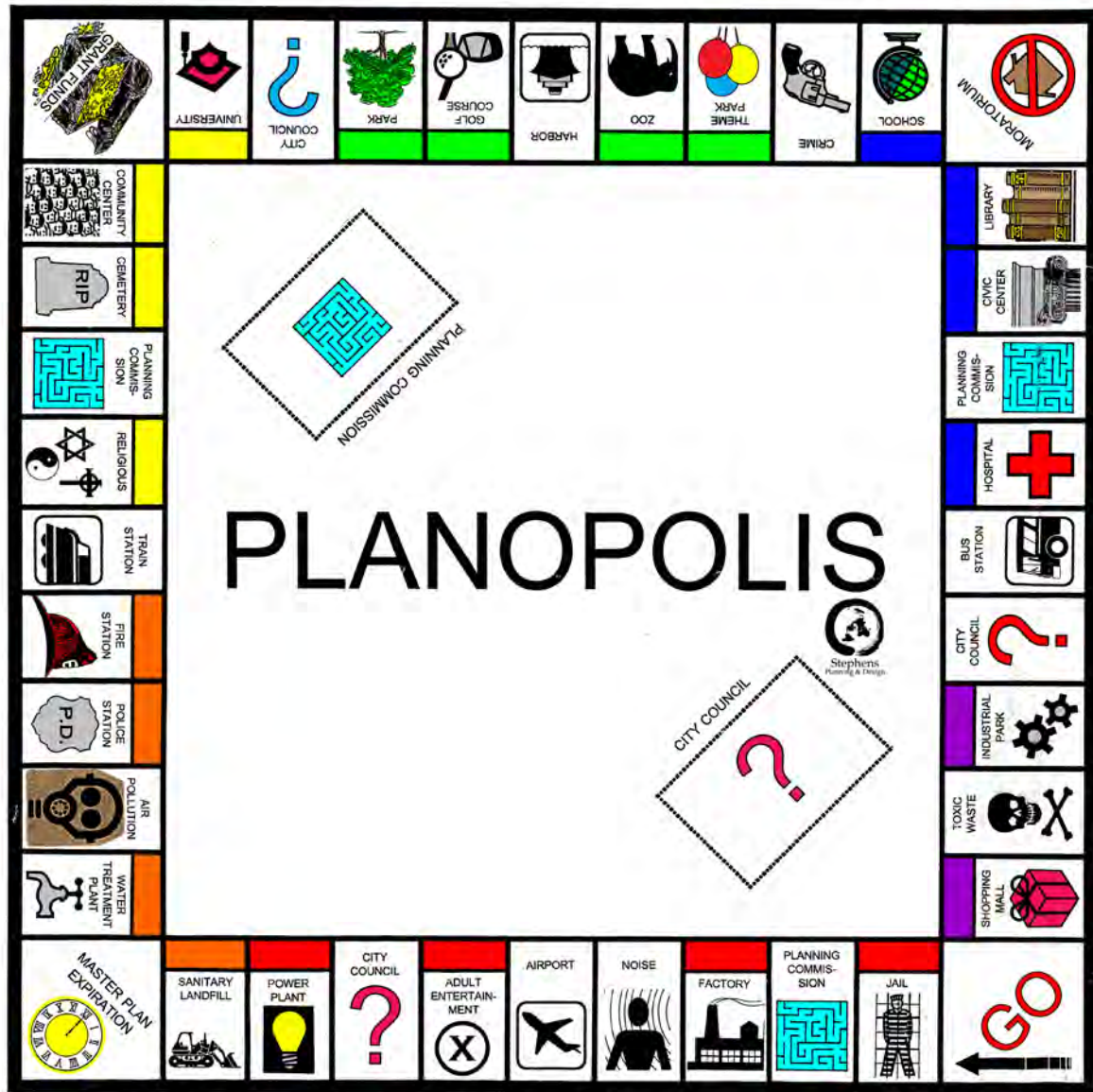


American Planning Association  
Oregon Chapter

Making Great Communities Happen

A Publication of the Oregon Chapter of the American Planning Association

November / December 2012



## Eco-City Indicators

What makes a “green” city? Here is a series of New Year’s resolutions for your consideration. >Go to Story

## INSIDE THIS ISSUE

### The Changing Face of Main Street

A story of dynamic cultural identity shaping a downtown streetscape. >Go to Story

### Streamlining Urban Growth Management

A preview of things to come. > Go to Story



NOVEMBER / DECEMBER 2012

President's Message	[page 3]
The Changing Face of Main Street	[page 4]
Land Use Pioneers	[page 10]
Fall Leadership Meetings & Federal Policy Briefing Update	[page 12]
2012 APA Federal Policy and Program Briefing	[page 14]
Planning Board Games	[page 16]
Eco-City Indicators	[page 20]
Resilient Urban Planning as a Component of National Security	[page 24]
Streamlining Urban Growth Management	[page 28]
Zone Noir	[page 30]
Sustainable Urban Development	[page 31]
Upcoming Events and Announcements	[page 34]

Cover graphic by Ric Stephens, Managing Editor.

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# Oregon Planners' Journal

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*"The Oregon Planners' Journal is a forum for the open and free discussion of planning issues in Oregon. The ideas presented in the Journal are the official position of the American Planning Association only when so stated."*

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## President's Message

BY BRIAN CAMPBELL, FAICP, OAPA PRESIDENT

I hope this issue of the OPJ finds all of you enjoying a very happy holiday season at the end of what has been an active year for Oregon APA.

We had a successful conference in Bend in May, sponsored Dr. Jackson's very well attended series of talks on the relationship between health and planning around the state in June, and just held a sold out Legal Issues Seminar this month, which included a celebration of Ed Sullivan's storied career as a land use lawyer.

Next year looks even more ambitious. If you haven't already done so, please reserve May 29 – 31 on your calendar for Oregon's Vision Turns 40, our annual conference which this year will feature several special events, including a gala celebration on the evening of May 29th. That is the day in 1973 that Governor Tom McCall signed Senate Bill 100 into law, and we intend to celebrate in style. Governor Kitzhaber has been invited to speak, and there will be a number of other features to make it a very special evening for our profession. If you feel inspired to help out, Becky Steckler is heading up the planning for that event. And to make that day even more special, national APA has agreed to co-host a Daniel Burnham Big Ideas Forum that afternoon. Watch for details about that event as well in the next issue of OPJ.

Next year also brings us the retirement of our Executive Director Pat Zepp. She has been a major part of the organization and we will be very challenged to replace her. I appointed a committee earlier this year to look at both who we hire and how we operate as an organization. With Pat we have had the luxury of operating from the ODA offices in Wilsonville, which will no longer be the case after June 30th. Stay tuned

for further discussions and decisions early next year.

February is elections month for us. The Board has just sent out a notice asking for nominations for two at-large Board positions, and for President-elect. The President-elect overlaps with the last year of my current term as President, which ends March 31, 2014. At that time the President-elect turns into the President and serves a two year term. The organization is continually in need of good candidates, so please step up if you have the interest.

Speaking of great volunteers, our Legislative and Policy Affairs Committee (LPAC) has completed its annual Legislative Agenda, which should be posted on our website by the time you read this. Please take a look at it and if you have any comments or concerns, please contact LPAC Chair Jeannine Rustad, or any Board member. We always need more people to be involved in this effort, especially as we get into the legislative session. LPAC is also now creating a policy sub-committee to review various state initiatives not already covered by the committee. Yet another opportunity to get involved, and contribute to your profession.

And finally, we are re-activating the Women in Planning Committee, chaired by Jennifer Taylor Shih. She will also be looking for volunteers to begin discussing ideas for enhancing the diversity of our organization and the profession generally.

Have a great New Year!



# The Changing Face of Main Street

BY MONIQUE G. LOPEZ, M.A., M.C.R.P.

The year 2011 marked a major demographic milestone: it was the first year that white births were not the majority in the United States. According to the US Census Bureau, non-Hispanic whites (including Hispanics, blacks, Asians, and others identified as mixed race) accounted for 50.4% of births. Oregon has not escaped this demographic shift and nowhere is it more deeply felt than in the City of Woodburn.

Located in Marion County along the I-5 corridor between Salem and Portland, the City of Woodburn is a community shaped by a history centered on transportation, agriculture, and migration. Aside from The Woodburn Company Stores — an outlet mall that attracted over four million visitors in 2011 — Woodburn is most notable for its active retirement community, beautiful historic neighborhood, and diverse population. Indeed, an influx of Latino families over the past 20 to 30 years has brought some of Woodburn's greatest opportunities for economic

growth and its greatest challenges at integrating a younger population focused on jobs and families into an established Anglo community with an increasing retirement population.

This demographic change is most visible in downtown Woodburn. Like many downtowns throughout the state, Woodburn's downtown has suffered over the past three or so decades from disinvestment and the impact of strip or large format retail development outside the downtown core. Over the last 10 years, downtown Woodburn has seen a surge of activity attributable primarily to a growth in Latino businesses. Today about 90% of the businesses in downtown Woodburn are Latino-owned. Main Streets throughout the United States are beginning to reflect these demographic trends. As the Latino community begins to migrate and grow, potential placemaking conflicts often emerge as people with different histories, identities, and perspectives to current residents move to rural America. This article documents the story of the changes and tensions taking place in one historic downtown—Woodburn, Oregon. Through the understanding of these placemaking issues in downtown Woodburn, it provides understanding to placemaking issues that may emerge in similar communities (i.e., demographics, size, historic downtown, etc.) throughout Oregon and across the country.



Restaurant in downtown Woodburn.

CREDIT: ROANEL HERRERA

The City of Woodburn finds itself at a crossroads—like many small, rural communities experiencing change, responding to the needs and desires of diverse City residents and business owners. Through the determination of the future of the downtown, it is a reflection of the identity the City chooses to embrace—whether it is Anglo, Latino, or a hybrid.

### Placemaking challenges in Woodburn, Oregon

Woodburn is Oregon's largest Latino majority city and it is culturally and politically the heart of the Latino presence in Oregon. Latinos began arriving in Woodburn in the 1950s and 1960s, but in 2000 became the majority in Woodburn. Latinos are participating in regeneration of historic Main Streets throughout rural America because they are some of the first to invest in many struggling downtowns. One long term Woodburn resident highlights the Latino businesses' contributions to the downtown,

*“As the Mexican businesses have come in and become more established, I think it has really improved the safety, tone, and the livability of the surrounding neighborhood a lot because you are by and large dealing with a family trade, especially on the weekends. I'm always startled that anyone would find it threatening or scary downtown. The crowds you have is so family*



Window of a store front in downtown Woodburn.

CREDIT: KAI BATES

*oriented and there are people with little kids either shopping or going out for dinner. I think it adds a lot to the downtown and it is nice to have some of that vitality going on downtown.”*

The 1970s were a difficult time for Woodburn, particularly for the downtown. The newly constructed interstate system pulled many businesses away from downtown and into the periphery. In the late 1970s and 80s, many businesses moved from downtown to strip mall developments along Highway 99. Business owners moved their businesses to Highway 99 because they could occupy a newer building and they did not have to deal with illegal activity that was increasing in downtown, primarily the selling and using of drugs and prostitution. An earthquake in 1993 made many buildings downtown unsafe—those business owners with the means to move elsewhere did so. By the early 1990s Latino business owners took advantage of the low rents and started moving into downtown. One long term resident recalls what some Woodburn community members thought of the transition,

*“That kind of caused an undercurrent of resentment in the non-Hispanic community. Our little PIX Theater became a furniture store with placards all over the front. You know that is a piece of our little history. We want to go see movies. Well the theatre ran for a while but just Latino movies. Then it closed down and became a furniture store [with a Hispanic business owner]. That in itself was kind of a focal point for a lot of non-Hispanics. It seemed like the PIX Theater was being stabbed economically and culturally.”*

By the early to mid-2000s the City began to transition to include a wider variety of Latino businesses, such as grocery stores, bakeries, clothing stores, and hair salons. With the Latino entrepreneur anchoring the reinvestment downtown, the physical landscape began to change. The cultural and economic transformation of downtown can be seen in the colors of the buildings, signage on the façades, and installation of culturally significant structures. As a result, not all in the community



Woman outside a “tiendita,” small grocery store, in downtown Woodburn. To her right there is a pallet of corn husks used to make tamales.

CREDIT: KAI BATES

openly identify with or accept the changing space. While all parties are interested in the same end goal of improving downtown, there are conflicting viewpoints on the concept of place that have yet to be resolved. One community member expresses this point,

*“It’s [Woodburn has] come a long way, but it’s still going through a social migration. It’s the hub of a social migration; it’s a visual for that social migration... It’s a community that has struggled to serve both cultural backgrounds successfully... Both cultures want Woodburn to be successful, they just have varying philosophies on how that comes about.”*

### Conflicting Vision for Downtown

No one can ignore that the culture is shifting as Latino businesses came to dominate downtown Woodburn spaces. With these changes, some locals struggle with a sense of identity and place. Some long-time Anglo residents, and

those that retired to Woodburn from primarily Anglo communities, may feel that they are losing their heritage as Latino businesses move into downtown. The loss that they are experiencing is due to what environmental psychologist term “place attachment” (Hayden 1997, 112).

In Woodburn, through the participation in the Main Street Program, there is currently a challenge in defining which cultural heritage to display in the built environment. Urban spaces house “public pasts” of many different groups that have their roots in the community and therefore, coming to a consensus about what is important to preserve can be a particular challenge (Abramson, Manzo, and Hou 2006, 344) . Trying to balance the historic character and various cultures of a place is difficult to do because a sense of place is also a part of the experiences and aspirations of the people who live there (Yeoh and Kong 1996, 52). An Oregon Main Street staff member echoes this point,

*“We are trying to balance the wonderful historic character of downtown buildings with the vibrant Mexican culture that has and wants its own unique identity. So we are working to blend those two pieces to create something special in Woodburn that is a point of pride for the community and a draw for visitors.”*

Latino business owners and Anglo neighborhood community members who reside in the historic homes that surround the downtown were originally working together on the Main Street program efforts downtown. However, over time, many Latino business owners dropped out of the process and today the Main Street Program in Woodburn is primarily directed by the Anglo residents of the downtown neighborhood association. One of the main reasons Latino business owners became less involved is because they would like to see more immediate results (i.e., coordinating events to bring more customers downtown to shop in their stores) instead of going through a process of developing a nonprofit to restore downtown to a previous “historic” look. As a result, they started their own downtown business organization. A staff member from the Oregon Main Street Program notes the differences of vision for the downtown and cultural perspectives as a point of disagreement between two groups,

*“By last fall, they were starting to experience some growing pains. There is a real desire for the diverse community members to work together, but I think it was becoming apparent that there are different visions of what the downtown can and should be. This is partly a natural evolution for any beginning Main Street effort but is particularly noticeable in Woodburn. The Anglos are very interested in seeing building improvements that are more preservation oriented than is currently happening. And they wanted to see a greater variety of businesses coming downtown. In addition, they don't feel welcomed by many of the businesses. There have been these manifestations of cultural clashes that we need to work on and address.”*

In Woodburn there is a constant struggle between “nostalgic articulations” of honoring the past and

being able to reflect the current community in the built environment. A sense of nostalgia is a yearning to return to a lost period and place (Chase and Shaw 1989). Nostalgia requires some apprehension of the deficiency of the present and is likely when social change is rapid enough to be detectable in one lifetime. In conjunction with these conditions there needs to be available evidences of the past (i.e., artifacts, images and texts, etc.) to remind people of how things used to be (Yeoh and Kong 1996, 57).

In Woodburn the conditions for nostalgia are present. The rapid social change over the past two decades with the increase of the Latino population and the transformation of the downtown provide visual and economic reminders of how much Woodburn has changed. The beautiful historic buildings along Front Street are in a sense “artifacts” that remind people of how the downtown use to be and serve as a symbol of a past before the Latino community began to (re)negotiate the space in a very visible manner. The nostalgic images of a place informs the vision of the present and therefore concludes that the place is in decline by the new changes that are manifested in space (May 1996, 199; Yeoh and Kong 1996, 58). Digging deeper into this clash, a community resident when asked about this conflict highlighted this placemaking struggle,

*“There is an undercurrent of racism every time that you talk about downtown. It is hard to get over it. You've got people who envision a nice downtown and what they really mean is to see a 'white' downtown. Some of these people would rather see these buildings empty, but pretty. They don't see that there is a successful Latino business in them... A healthy downtown cannot be made up of empty buildings, no matter how attractive they are.”*

Additionally, there are different symbols in the built environment that individuals identify with or do not. These symbols are intimately linked to how individuals feel and interact with the built environment. For example, during the planning for the development of the plaza in downtown Woodburn there was a conflict in the community

over which cultural style the plaza should reflect. One element that makes the plaza unique is the palm trees that line the center sidewalk. During the planning process, palm trees were a point of community discussion. Some non-Latino community members expressed that Woodburn's heritage does not include palm trees. Instead they advocated for what some community members termed the "Settlemier house look," which signifies the landscape that is present at the historical Victorian home of Woodburn's founder. Instead, as one residence noted, "They incorporated what the Hispanics value from their home, the plaza." Therefore, a community conflict regarding the type of trees was really about what culture and heritage should be reflected in the space downtown.

## Conclusion

Cheng (2010, 466) reminds us that "Main Street was never neutral territory, a blank slate upon which a harmonious future can be drawn." As the City of Woodburn and other cities experiencing similar changes, decisions about placemaking, which include which vision for downtown will be perused, in these diverse communities are complex and especially challenging for planners. There are variations of three potential paths that a City can pursue.

The first path is to chose traditional assimilation efforts by transforming the downtown to a "1950s Norman Rockwell" downtown. However, this can result in either pushing out Latino businesses or forcing them to change in the name of "assimilation." Cultural cloning is a product of the assimilations model of integration which positions immigrants as outsiders, and requires them to change to reflect and reproduce "sameness" in social structures and cultural identities (Maldonado and Licona 2007, 130). "Cultural cloning" is the reproduction of sameness. They further define cultural cloning "as a set of practices that pursue and perpetuate the reproduction of sameness, turn difference into inequality;" and therefore "preclude the engagement of, and benefit from, immigrant knowledge and capital" (Maldonado and Licona 2007, 130). Therefore, if the community chooses

to go this route they will greatly miss out on the immigrants' rich cultural knowledge and capital, which is a potential asset to both Latinos and non-Latinos in Woodburn.

In the second path, the City could move towards the other side of the spectrum and transform the downtown into a "Little Mexico," a kitsch cultural tourism location. However, these types of places "spectacle sites" can have negative ramifications. In a spectacle site, "minoritized" space is a show and an attraction for tourists, which is often advertised through guidebooks and vacation packages to attract visitors (Laguerre 1999, 102). Additionally, the images that are chosen to represent the space may not correspond to actual representation of what residents of Woodburn consider the main feature of downtown; instead it is a display for outsiders. This approach may be advantageous for cities to pursue in the short term because it can bring in money from the outside benefiting the entire local economy. However, in the long term this can be detrimental to immigrant communities because the economic health of a city can depend upon a place remaining the same instead of changing over time (Laguerre 1999, 102). This can disempowered a community by making a neighborhood a stage in which residents and merchants become merely actors in a spectacle for tourists instead of a place for empowerment and expression of identity which is linked to culture and the diversity within the community (Laguerre 1999, 102). The exoticism of the "other" is ultimately detrimental because, as Trabalzi and Sandoval assert, "Assimilation through exoticization of the immigrant is a policy that is not conducive of equal treatment and leads to further marginalization of the immigrants" (Trabalzi and Sandoval 2010, 76). If the community of Woodburn were to choose to completely intentionally or unintentionally exoticize the downtown, it would not lead to the empowerment of Latinos and celebration of Latino heritage, but further marginalize the non-Latino community.

The third path a City could choose is a two-way integration or a hybrid approach. Integration is not a one-way process but a two-way process

that involves change for both immigrants and members of the receiving community (Maldonado and Licona 2007, 131) A two-way process of integration is necessary because if it is not pursued then one group's story and identity is denied in public space. The type of integration (one-way or two-way) is manifest in the built environment and the built environment is a reflection of whose story is being told. Places are continually engaged in a process of change that all residents can influence. Places are recorders of social and cultural change, a "collective memory." A person's interaction with a particular place also creates a person's own identity and the values which they hold (Abramson, Manzo, Hou 2006, 344). The manner in which people respond to these collective memories becomes a part of the local culture and ideology; thus, "cultures develop in places and are passed on in places" (Yeoh 1996, 56).

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*Monique G. López is a recent graduate of the University of Oregon earning a Masters degree in Community and Regional Planning. As a project manager with the Community Service Center she led a team to research Latino business needs and contributions in downtown Woodburn. For her exit project she focused on the placemaking challenges taking place in downtown Woodburn, which this article is a small excerpt. To view both reports, please visit [moniqueglopez.squarespace.com](http://moniqueglopez.squarespace.com).*

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## Land Use Pioneers

BY RON EBER

Participants at OAPA's Legal Issues Workshop on December 7th were treated to some very special presentations by four planners who were "there at the creation" of the Oregon Land Use Program.

2014 marks the 40th anniversary of the historic 1973 adoption of Senate Bill (SB) 100. The OAPA planning conferences in 2014 will celebrate and feature presentations about the founding and implementation of Oregon's unique and pioneering land use program.

The panel of land use pioneers (pictured below) featured Henry Richmond, founder with Tom McCall of 1000 Friend of Oregon; Steve Schell, member of the first Land Conservation and Development Commission (LCDC); Ed Sullivan, sage observer and dean of Oregon land

use law; and Arnold Cogan, the first Director of the Department of Land Conservation and Development (DLCD). On this day, they were able to briefly present their observations on the passage and early development of the land use program, how they thought it was working and their hopes for its future. However, in the future, their contributions need to be better documented so that their experience and wisdom can benefit all those concerned about the wise use of land in Oregon.

Arnold Cogan provided a historical perspective



From left to right: Henry Richmond, Steve Schell, Ed Sullivan, and Arnold Cogan

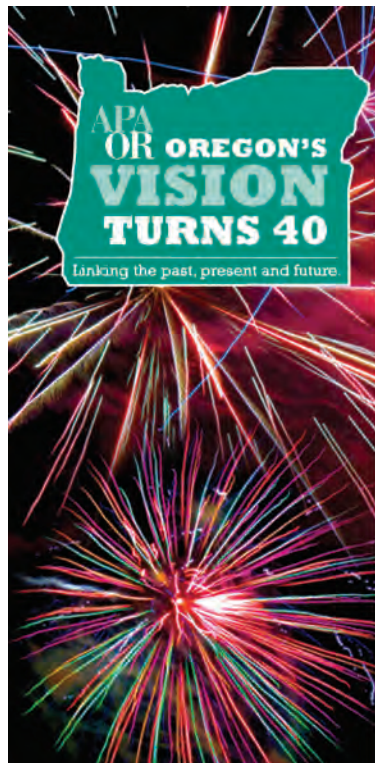
on why Governor McCall's believed there was a need for a statewide land use program and on how the LCDC/DLCD "People and Land" workshops involved thousands of Oregonians in the development of the Statewide Planning Goals and Guidelines. Steve Schell was pleased that the program was working to protect rural resource lands, the Willamette Greenway, and important coastal resources, but that it was also important to make sure the program worked administratively and minimized as much as possible impediments to its administration, i.e. complexity and NIMBYism.

Ed Sullivan highlighted the important statutes that provide a framework for the fair administration of the land use program that emerged from many decisions from the Oregon Courts, i.e. due process, quasi-judicial decisions, notice, impartial reviews, state agency compliance, application of state laws, interpretation of local codes and statutes and future plan amendments, etc. These include ORS 197.646, 197.763, 197.796, 197.610 – 625, 197.180, 197.015 (10) the definition of a "land use decision" subject to review by the Land Use Board of Appeals

(LUBA) under 197.805 – 860, and 215.416 and 227.173 – which establish local review and decision procedures for such land use decisions.

Finally, Henry Richmond pointed out that citizens and planners cannot be complacent about its long term survival. Contrary to popular belief, it was hard for the Legislature to adopt SB 100 to establish the program, harder still to get local governments to develop and adopt comprehensive plans and land use regulations to implement the statewide goals and despite broad based citizen support, it continues to be politically difficult to get full and fair application and implementation of local plans and regulations in the face of continuing opposition to land use planning. He also pointed out that the land use program has survived multiple attacks by initiatives to repeal and weaken the state's role in land use planning as well as legislative attempts to do the same.

After 40 years, eternal vigilance remains needed to protect the land use program and the gains that so many dedicated citizens and planners worked so hard to put in place, administer and defend.



## SAVE THE DATE

**May 29, 2013**

### BIG IDEAS FORUM

Emerging issues such as demographic change, political change, and all facets of globalization will impact our communities. In following the words of planning visionary Daniel Burnham, "make no little plans," APA is sponsoring the Daniel Burnham FORUM ON BIG IDEAS that will examine the ideas, emerging issues, and challenges facing America's communities.

### 40<sup>th</sup> ANNIVERSARY GALA

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# Fall Leadership Meetings and Federal Policy Briefing Update

BY PHILIP FARRINGTON, AICP — REGION V COMMISSIONER— AMERICAN INSTITUTE OF CERTIFIED PLANNERS

On the cusp of brilliant colors and a snap of cool autumn air in our ever-collegial capital, Washington, D.C., the APA board and AICP commission held its annual Fall Leadership Meetings and Federal Policy & Program Briefing. Oh who am I kidding: D.C. is the epitome of partisan gridlock, it rained, and most of our time was spent inside fluorescent-lit conference rooms. Nonetheless, there is much good work being advanced by APA and AICP, and the D.C. policy conference is always informative – if not a wellspring of great news for planning.

## AICP Certification/CM

The Great Recession continues to affect all professional associations, reflecting larger employment trends in the public and private sectors, although APA and AICP membership remains strong. Although the number of applicants sitting for the May 2012 AICP exam was down from a year ago, the number sitting for the November 2011 exam was up from the prior year.

One of the key changes approved recently by the Commission for Planning Accreditation Board is a requirement that collegiate planning schools/ programs must report and publicly post the percentage of AICP exam take and pass rates for graduates within 5 years of graduation. This helps bolster the credential further, and provide a metric to gauge progression from the academic to professional environment.

The Commission also continues to work on methods of better engaging university faculty, with Brian Campbell and I both serving on a task force exploring options to that end. APA's

program of allowing each planning school/ program to have a single APA membership that covers all faculty is one method underway. In conjunction with the Association of Collegiate Schools of Planning, APA/AICP will be conducting a survey to determine how the academy and the profession can be better allied.

APA staff has been getting good marks from AICP members and providers concerning their efforts to streamline and simplify processes to record CM credits and enter offerings eligible for credit.

APA continues to offer extensive options for getting CM credits in person and through distance learning. APA will also continue allowing AICP members to claim CM credits from CD-ROM materials through the end of 2013, as technology moves to on-line streaming formats. The national planning conference in Chicago next April received more than 900 proposals for conference sessions; over 100 more than ever received before.

## Advanced Specialty Certification

The roll-out of AICP's Advanced Specialty Certifications continues for Certified Environmental Planning and Certified Transportation Planning, with the next round of exams coming up in May 2013. The Commission is taking steps to add an Urban Design ASC, targeting an exam to be administered in May 2014. Considerable preparatory work is underway in consultation with the Urban Design and Preservation Division.

## Community Planning Assistance Teams

The Commission continues its CPAT program, offering pro bono planning services to communities in need across the nation. The most recent completed project was in Maricopa, AZ and projects in Wakulla County, FL and Dubuque County, IA are underway this Fall.

The next deadline for communities to apply is December 5, so if you know of an Oregon community that could take advantage of this program, check out the APA website for details. We are also on the prowl for more planners to submit for the pool of prospective team members. There are gaps in economic development, urban design, and natural hazards expertise, so if you have such talents please submit an application to participate on a CPAT project.

## Federal Policy Briefing

This mini-conference is always fascinating but, as it has been in recent years, filled with dour news of fiscal cliffs and otherwise potential cutbacks to programs that support local communities. A

stirring presentation from former Minnesota Congressman James Oberstar was a great lead in to the Planner's Day on the Hill that concluded the conference.

But that fact is that funding for transit systems, regional planning, and long-standing programs that provide real progress to our communities is in peril. As usual, APA is playing defense on proposed additional cuts to funding for programs such as the TIGER grant program, Partnership for Sustainable Communities, the Choice Neighborhoods Initiative, and Community Development Block Grants, as well as the proposed elimination of the American Community Survey. For example, APA's proposal to Congress is that CDBG funding be kept at a level that in real dollar terms is equivalent to that allocated when the program first started in the Ford Administration more than 30 years ago. If you looked at its inflation-adjusted numbers, CDBG funding should be 3-4 times what is being called for modestly now by APA. In talking with representatives of the Oregon delegation, I was able to point to local examples where these programs are making a meaningful positive difference. We are fortunate that our representatives in Congress "get" the value of planning and these programs. But the future of such important programs will largely unfold in the next few months following the national election and congressional action (we hope) to address looming sequestration, and avoid the fiscal cliff and recession redux.

If any Oregon APA members have questions or would like to discuss any of the above further, please contact me at 541/912-9281 or pfarrington@peacehealth.org.

# 2012 APA Federal Policy and Program Briefing

BY DAMIAN SYRNYK, AICP

The American Planning Association (APA) held its 2012 Federal Policy and Program briefing September 30 to October 2, 2012 in Arlington Virginia. The briefing was APA's opportunity to brief its members and leadership not only on APA's legislative priorities, but also on legislative and budget activity at the Federal level. This year's program focused on a number of key pieces of legislation and issues that will require attention and resolution after the start of the 113th Congress in January.

## Budget

The session "Building the Recovery and Navigating the Fiscal Cliff" focused on the next session of Congress addressing serious budget considerations, including how the retention or elimination of tax breaks will affect the Federal budget and funding for support for Federal programs that planning. The session presenter Jared Bernstein is a Senior Fellow with the Center on Budget and Policy Priorities - <http://www.cbpp.org>. You can learn more about Jared Bernstein at his blog <http://jaredbernsteinblog.com/>. The Federal Budget also played a large part in the session "Changes & Challenges in Housing and Community Development Policy." This session included several speakers who all reinforced the message that Federal funding for housing and housing programs is at risk of being further reduced or eliminated. The take home message for planners is that we need to continue to advocate for keeping such programs funded and working. The Department of Housing and Urban Development (HUD) is supporting these efforts with their new publication Evidence Matters, available in print and online at [www.huduser.org/portal/evidence.html](http://www.huduser.org/portal/evidence.html). Evidence

Matters highlights successful efforts at evidence-based community development.

## Transportation

You may have missed it in the news, but Congress passed a transportation bill this year! Congress passed MAP-21, which includes about \$800 million for transportation improvements including funding for bicycle and pedestrian facilities. The bill is not easy to navigate, so for more information, I recommend Advocacy Advances website devoted to navigating MAP-21 - <http://www.advocacyadvance.org/MAP21>. APA's blog "Policy News for Planners" has more posts that break down and provide direction on digesting MAP-21 in easier pieces - <http://blogs.planning.org/policy>.

## Data! Data! Data!

Earlier this year, the House of Representatives voted to eliminate funding for the American Community Survey (ACS) - <http://blogs.planning.org/policy/2012/06/18/congress-takes-a-closer-look-at-the-american-community->

survey/. Monday's panel on "Threats and New Horizons in Federal Data" tackled this issue, and reminded the attendees about other data sources that (a) we planners use every day and take for granted and (b) might be next on the chopping block. APA has taken on this issue as a legislative priority - <http://www.planning.org/policy/>. You can also learn more about supporting efforts to retain federal data programs, including the ACS through the Census Project - <http://www.thecensusproject.org/>.

In addition to highlighting issues brimming at the Federal level, APA informed the leadership of the efforts of its own Legislative Committee

to identify legislative priorities for APA at the Federal level - <http://www.planning.org/policy/priorities/>. APA is also using a blog instead of emails to update the membership on its legislative activities, action alerts, and new issues coming our way. Please visit <http://blogs.planning.org/policy/> to learn more about the issues APA is tracking and how you can get involved.

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*Damian Syrnyk, AICP, is a Senior Planner for the City of Bend Community Development Department. Damian serves as the Vice President for the OAPA Board and on the Chapter's Conference, Legislative and Policy Affairs, and Professional Development Committees.*





SimCity 3000 by Will Wright, 1999

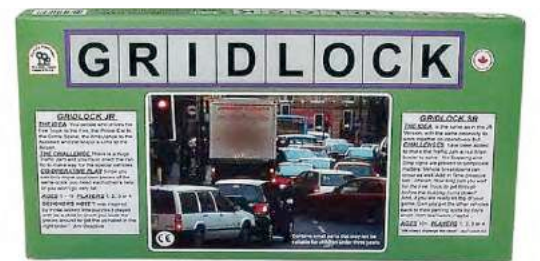
living together and how these rules determine the form of human settlements. The games are intended to explain the sets of “rules” from which communities, from simple hunting cultures to the modern city, develop, and to provide a method of teaching the basics of City Planning.” [Van Nostrand Reinhold]

The game includes directions for making buildings out of construction paper, and the idea of planning cities with these buildings has been extensively development by the CUBE’s Box City program since 1969: <http://www.cubekc.org/> .

### SimCity, 1989

The electronic ‘board’ game that is the closest simulation of urban planning is SimCity first introduced in 1989. The objective is to develop and manage a city with economic and social indicators as the measure of success. It is somewhat reflective of economic, social and environmental urban trilogy especially in the newer versions that include environmental disasters and urban resiliency. However, the foundations of greenfield development and auto-dependency reflect more of a 20th century planning model. One of the more recent SimCity spinoffs is SimCity Society which introduces increased social-engineering elements in the

gaming strategy. SimCity is the only game to have collaborated with the American Planning Association in development of the player’s guide. A website devoted to all things SimCity is at [http://www.simcity.com/en\\_US](http://www.simcity.com/en_US) .



Gridlock by Jim Deacove, 2006

### Gridlock, 2006

Transportation planning is explored in the board game Gridlock. The social dynamics of traffic

congestion are central in this game. A reinvented version might consider multi-modal and multi-functional streetscapes as solutions options.

Gridlock [is] more challenging, with vehicle breakdowns, time pressure, and no stop signs. “The special quality of this board game is that it is cooperative. All the players must work together to free up the traffic jam; otherwise, nobody will get anywhere. Sort of like real life!” [Family Pastimes]

### Urban Village, 2007

“Urban Village” is your chance to figure out [urban planning]. One observer calls Schudlich’s game “Jane Jacobs meets Sim City.” It’s an opportunity to develop a hybrid Detroit community, based on the less-than-perfect socioeconomic conditions provided. Fred Goodman, a University of Michigan professor of education emeritus specializing in game design, defines Urban Village as “a cross between pin the tail on the donkey and playing school,” he says. “You’re playing city planner, and you can get dizzy

trying for the best fit because it’s harder than you think. But this inspires you to think about the inconsistencies of your own set of assumptions, revealing your own values and biases.” [excerpted from “Mack Avenue: The Game” by Rebecca Mazzei.

For the downloadable game pieces and instructions, visit <http://www2.metrotimes.com/editorial/story.asp?id=10281>

### City RAIN, 2010

A new electronic board game that focuses on urban sustainability, City RAIN starts with an existing City that must be restructured to become more environmentally-responsible. The original concept is from the Brazilian game design company Mother Gaia and was named Cidade Verde [Green City]. Ovolo Entertainment describes City RAIN as “an award winning strategic urban planning puzzle game”.

As a member of the Rescue And Intervention



Urban Village Game Pieces by Stephen Schudlich



City RAIN by Ovolo Corporation, 2010

Non-profit (RAIN) organization, your job is simple. You must rescue cities on the WEPA blacklist before they are punished by the world for being destructive to our irreplaceable natural resources. Ultimately, you must help reorganize cities so that they will become environmentally friendly and inspiring places to live. But it won't be easy. You will be constantly challenged by Bane Industries, one of the last corporations in the world that refuses to submit to WEPA environmental standards for process and production. [Ovolo Entertainment]

City RAIN has a demo version that may be

downloaded from Ovolo Games at <http://www.ovologames.com/cityrain/>

Future urban planning games will undoubtedly incorporate 3D simulations of environmental, social and economic issues facing our emerging communities. Many planners are already using games for scenario development, and planning can (and should) be—dare we say—fun!

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*Ric Stephens is the Principal for Stephens Planning & Design LLC and an adjunct faculty member of the University of Oregon Planning, Public Policy and Management Department.*



## Eco-City Indicators

CREATED BY “GREEN CITIES” STUDENTS, COMPILED BY DAVID MCKAY [EXCERPT FROM ECO-CITIES—A GLOBAL SURVEY 2011 BY SIMON JOSS, DANIEL TOMOZEIU AND ROBERT COWLEY]

Efforts to render cities environmentally and socially sustainable are not new. Urban planning and regeneration over the last one hundred years or so have been significantly influenced by attempts to redress the perceived detrimental effects of large-scale urbanization, such as environmental degradation, social inequalities and urban sprawl. The Garden City, the New Town and the Techno-City are 19th and 20th century exemplars of such attempts to reinvent the city in the (post)industrial era. More recently, these efforts have culminated in a new phenomenon – the so-called eco-city.

The term can be traced back to the mid-1970s, when it was first coined in the context of the rising environmental movement. Throughout the 1980s and early 1990s, it remained mainly an innovative concept, with practical examples few and far between. The United Nations Earth Summit (Rio de Janeiro, 1992), and the resulting sustainable development program (Agenda 21), formed the background to a first wave of practical eco-city initiatives. Curitiba (Brazil), Waitakere (New Zealand) and Schwabach (Germany) are examples of the first-generation eco-cities.

While there is no current U.S. national program to designate “eco-cities,” there are numerous city indicators that reflect efforts to become more sustainable, resilient and regenerative. Students in the University of Oregon “Green Cities” course identified a series of broad categories and specific implementation actions for eco-cities:

### Energy

- Biogas production at landfills
- Distributed generation for homes and businesses

- Energy efficiency measures for all buildings
- Energy generation in a closed-loop design
- Minimize light pollution through efficient lighting
- Passive energy use: solar thermal and heat exchange designs
- Renewable energy generation
- Renewable energy specific to region/climate
- Smart grid demand management and modernized grid technology

### Transportation

- Access by proximity
- Auto free streets once a week
- Bike paths
- Bike share programs

- Connectivity between modes
- Diverse access from any location
- Easily navigable streets
- Equitable transportation supporting multi-modal systems
- Infrastructure reflecting an overall energy and development strategy
- Integrated bike lanes with streets
- Multi-use lanes
- Pedestrian friendly and encouraging: wide sidewalks for comfortable and safe walking
- Public transport: buses, streetcars, trains, light rail
- Rapid and leisurely transit options
- Refitted bicycle-only streets
- Regional connectivity between cities
- Safe walking routes for school kids
- Slow speed limits in pedestrian areas

### Public Spaces

- Community artwork
- Encouraging beauty and creativity
- Green corridors for ecological diversity
- Green space for public gathering
- Interconnected green spaces via paths, trails
- Local public art
- Parks with native vegetation, easily accessible
- Public educational/social spaces

- Public theater and shows
- Seasonal festivals
- Thematic and unique structures
- Visual sense of place: public art, statues, sculptures, public parks, fountains

### Nature

- Access to inexpensive vet care
- Animal well-being: ethical treatment of animals used for food, working animals and animal companions
- Biophilic design incorporating local vegetation to entice native birds, insects and wildlife into the city
- Ecological sensitive growth
- Green roofs and walls
- Integrated wildness
- Spay and neuter policies
- Tree and forest space cultivation

### Food

- Community gardens
- Farmer's markets with local foods
- Health in all policies
- Rooftop gardens
- School gardens
- Supporting alternative diets: vegetarians, vegans, and others
- Urban agriculture

## Water

- Bioswales for rainwater management
- Clean drinking water
- Permeable street/walking surfaces
- Public awareness of water conservation
- Rainwater collection for household use
- Recycling of waste and grey water: used for toilets, laundry, gardening, etc
- Sight and sound of water as therapeutic
- Swimmable lakes, ponds, rivers, streams
- Water conservation policies by neighborhood/district

## Waste Management

- City wide recycling and composting program with curb pickup
- Closed loop waste systems
- Recycling incentive programs
- Zero waste goals

## Land Use

- Development and utilization of underground space for parking
- Green “complete streets”: safe, multi-modal, with low-impact design
- Growth boundaries
- Incentives for low impact design
- Increased density in development
- Integrate hazard awareness and vulnerability reduction into urban design and management

- Measurable goals for green infrastructure
- Prioritize brown-field and abandoned spaces reclamation over green-field development

## Neighborhoods

- Access to living wages
- Equitable housing, dispersed distribution of low income affordable housing
- Intelligent land use with integrated community development
- Jobs-housing balance
- Measuring diversity—how long people stay
- Micro downtowns/polycentric design
- Mixed use development
- Twenty minute communities
- Urban cultural preservation

## Education

- Increased outreach and interpretive opportunities for citizens
- Open city meetings and educational seminars
- Organized volunteer opportunities for green maintenance
- Social awareness of ongoing sustainability practices/efforts
- Sustainability advisors: information centers that citizens can go to talk to experts on sustainability and find out how they can “go green” in their everyday lives
- Sustainable education integrated in public schools

## Governance

- Authentic public engagement and building community efficacy
- Broad political participation
- Community engagement
- General city policies that incent or mandate the above design indicators
- Incentives/Taxation that mitigates negative environmental consumption practices
- Intergenerational equity as political principle
- Laws that place burden of responsibility on cars/automobiles to drive safely
- Positive leaders
- Social/environmental justice
- Transparent governance

The challenge to cities in Oregon and worldwide is how to become more economically, environmentally and socially sustainable while also seeking to be more healthy and vibrant. How does your city measure up?

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*Contributors: Sarah Bagley, Angel Barclay, Jason Barney, Ryan Bax, Abbey Beal, Christopher Becker, Sarah Bethel, David Buchanan, Gweneth Buckley, April Buzby, Jeramy Card, Geoffrey Chabre, Amy Combs, Laura Corbin, Sunnie Diaz, Molly Ehlers, Benjamin Farrell, Dannielle Fautch, Zeta Fernando, Kiah Frohnauer, Tzvetan Gatchev, Jordan Grace, Mark Gregory, Casey Hagerman, Nicholas Hall, Angelina Hellar, Christopher Henry, Roanel Herrera, Paul Hicks, Jacob Hinkle, Theresa Huang, Matthew Kauffman, Sarra Khlifi, Anna Kindt, Kelsey Kopec, Gayat Lakshminarasimhan, Robert Larson, Joseph Laskin, Samantha Lawrence, Francis Lewington, Alayna LInde, Daniel Marmor, Paul McAndrew, Chase McVeigh-Walker, Kacey Messier, Kyle Meyer, Michael Miller, Jason Moore, Meghan Nelson, Edgar Norris, Jenny Ordonez Nieto, Shelby Ostwald, Anna Pasterz, Brittany Porter, Benjamin Protzman, Stephen Rafuse, Rex Reede, Jon Reha, Jeffrey Resnick, Elizabeth Sanner, Cameron Schaefer, Kyra Schneider, Jacob Sembler, Tristan Sewell, Haley Smith, Clayton Stilwell, Michael Strauhal, Moorea Strueby, Qianyu Sui, Elizabeth Sweeney, Conor Teal, Emily Terhune, Drew Thompson, Gail Tiinkham, Adam Tirella, Lily Tong, Jet Townsend, Nathan Trautman, Mason Trinca, Alexandra Velasco, Jamie Wai, Holly Williams, Weiyang You, Megan Younge*

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# Resilient Urban Planning as a Component of National Security: A Case Study of Singapore

BY ZETA FERNANDO

Resilient urban planning is specifically vital to national security, because it fosters a city's ability to resist devastation and regenerate once danger has passed. Cities that emphasize resilient urban planning will be able to withstand the effects of natural disasters and their aftermaths.

This means that a city's urban design should include, among other necessities, strong yet safe infrastructure, easily navigable and efficient transportation, and an abundant storage of clean water and food. Resilient cities should also be able to cope with a shortage of natural resources, which is known as exceeding "carrying capacity". Carrying capacity simply means that a population has reached the limits of its environmental resources. This is a limitation many communities will face, or are facing today. Resilient cities

should be able to sustain themselves so that they will be able to conserve resources for other cities and the environment.

Resiliency is particularly important for many cities in Oregon that may be threatened by global climate change and tsunami threats. There are many cities in the United States that have already enacted policies to safeguard their populations from these threats, but looking at cities that may have already reached carrying capacity can be a good case study for comparison. Singapore is one of those cities.

## Singapore's Resilient Urban Planning

Singapore's greatest example of resilient national security can be traced back to its very first day as an independent state in 1965. The country of Malaysia had just been formed a couple of years earlier, which included the small island of Singapore. But due to political differences, Singapore found itself forcibly separated and isolated. Its major resources, such as clean water, had come from a Malaysian pipeline. Additionally, Malaysia and Indonesia sought to undermine Singapore's independence by trading elsewhere. Because of the sudden lack of resources, Singapore had effectively reached its carrying capacity.



Figure 1. The day Singapore became an independent nation, August 9th 1965.

SOURCE: [HTTP://WWW.CI4-PRODUCTIONS.COM/CYBERFAIR2010/M/INDEPENDENCE.HTML](http://www.ci4-productions.com/cyberfair2010/M/INDEPENDENCE.HTML)

With slums dotting the landscape and resources depleting fast, the first priority of the newly independent state was to ensure the well-being of its people. “Well-being” referred to public security, water and sanitation, healthcare, education, job opportunities and housing for all Singaporeans. Later, public transport and public recreation spaces were given importance too. The fact that the government established well-being as a top priority is proof that Singapore had the resilience of its city and people in mind from the beginning.

As a country that occupies many small islands at just 274 mi<sup>2</sup> total, just 0.3% of Oregon, it is susceptible to tsunamis such as the devastating Boxing Day Tsunami of 2004. Fortunately for Singapore, it was protected from this tsunami threat by the island of Sumatra. But the threat of a closer, more powerful tsunami is still large. To mitigate this threat, Singapore has been planning for its carrying capacity through mixed-use environments, water conservation and networked transportation since its birth as an independent state. This makes it an ideal case study for long established strategies for integrating resiliency into city planning. Outlined below are only a few examples of Singapore’s many achievements in resilience planning.

### Living Spaces

Land uses in Singapore were distributed so that a majority of the island’s land (68%) would be used for commerce, industry, infrastructure, utilities and transport, while the remaining land (32%) would be allocated to housing and community. This required very dense housing. The government designed Housing Development Board flats, dense buildings in which a majority of Singaporeans live in today. The HDB flats are situated in very mixed-use environments; they are close to markets and food centers, schools, libraries, places of worship, shopping and entertainment complexes, community centers and parks. In terms of resiliency, they help to distribute resources evenly around the country, so that no one area has all the food or shopping centers or

recreation spaces. These environments are spread around the island of Singapore and connected in a multi-tiered transportation network, which will be discussed below. The combined density and close proximity of food, recreation and people creates a more vibrant atmosphere, and has fostered a unique Singaporean identity. Mixed-use development has allowed Singapore to keep its structured zones vibrant and beneficial to the diverse community.

### Water Conservation

Singapore has a trade agreement with the State of Johor from Malaysia, where it receives water from a pipeline. However, the government has implemented a water management system to strive for independence in water rights. This system is based on a holistic approach to water conservation that emphasizes the relationship between water and other natural resources. Some techniques Singapore has implemented include: desalination of seawater, sanitation and reuse of wastewater and innovative stormwater management. Designated catchment areas are placed far away from pollution-causing activities. There are also small rainwater catchment systems installed across the urban landscape on high rise buildings. These produce gray water for toilet cisterns and laundry. Through this massive undertaking in water conservation, Singapore has managed to replenish its own water supply constantly, sustaining itself rather than fully relying on other countries for aid.



Figure 2. An advertisement promoting the four different water sources in Singapore.

SOURCE: [HTTP://ISCHADRIFTCARLOVER.BLOGSPOT.COM/2011/04/ALTERNATIVE-ASSEMENT-FOR-GEOGRAPHY.HTML](http://ischadriftcarlover.blogspot.com/2011/04/alternative-assesment-for-geography.html)



Figure 3. A “people mover” in Singapore’s Changi Airport.

SOURCE: [HTTP://WWW.AIRPORT-TECHNOLOGY.COM/PROJECTS/CHANGI/CHANGI9.HTML](http://www.airport-technology.com/projects/changi/changi9.html)

### Transportation

Being a small island nation, organized transportation is essential for Singapore’s survival. It has recently begun establishing extended-transit oriented development by creating a three-tier system of transportation hierarchy: heavy rail, light rail and “people movers”, which are smaller, more frequent light rail systems. Park connectors allow the public to travel between parks by foot, bicycle and rollerblades. These new integrated activity hubs spatially distribute business sectors. In order to encourage use of public transportation, there is a heavy tax on roads and parking spaces. Driving is discouraged, which results in more conservation of fossil fuel resources. The resilience of transportation networks is clearly evident, because the whole country can live and work and move efficiently, all while conserving space and resources.

### Applying Singapore’s Example to Oregon

Can Oregon apply Singapore’s resilience planning concepts to its own government? As mentioned earlier, Singapore’s landmass is equal to just under 0.3% of Oregon’s landmass. Another important difference is that Oregon is home to about three million people, whereas Singapore is home to about five million. Oregon does not need to densify its living spaces into high-rise apartments, but it is worth noting that employing denser, mixed-use environments has minimized Singaporeans people’s impacts on their

environment, and has fostered a more cohesive environment. Thanks to Oregon’s urban growth boundary, sprawl is not a large threat here. But Oregon, or perhaps just the Willamette Valley, could feasibly integrate Singapore’s mixed-use strategies by connecting its suburban towns with shopping centers, food markets, recreational activities and other community-oriented centers.

One similarity Oregon and Singapore share is the threat from tsunami devastation, and the need for resilient urban landscapes that will be able to withstand destruction and grow again. Many of Oregon’s cities use a natural groundwater supply as its main source for water, but this is not an indefinite source. Given our abundance of rain, it would be a wise to implement rainwater catchment systems at small scales in our neighborhoods, like the catchment devices on Singapore’s high-rise apartments, to spread awareness about water conservation. If more people can design, build and own personal rainwater catchment devices, they will be able to recognize the importance of conservation for when a natural disaster strikes.

For transportation, Oregon has already integrated many new light rail services around the Portland-Metro area. Singapore’s extended transit-oriented development is unnecessary, given our large space and small population. But in order to integrate more mixed-use development around the state, it would be a beneficial systems-approach to incorporate transit nodes with our community-oriented centers to create more accessibility.

Even with very different circumstances, Singapore and Oregon still face similar threats to their urban planning. But it is always beneficial to look to others for a source of inspiration. Diverse circumstances promote more creativity in solutions, which will ultimately result in a wide range of stronger resilient planning strategies.

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# Streamlining Urban Growth Management: Proposed Legislation on UGBs for the 2013 Oregon Legislature

BY DAMIAN SYRNYK, AICP

Governor John Kitzhaber's Natural Resources Office (GNRO) has initiated an effort to streamline planning for urbanization and growth management in Oregon.

You will find enclosed in this article a request from Oregon APA to review these proposed concepts and to provide any feedback to LPAC Chair Jeannine Rustad.

In 2011, GNRO convened an "urban design team" of experienced land use practitioners to develop potential reforms to Oregon's system for managing urban growth. This team worked with the Department of Land Conservation and Development (DLCDD) to design changes that would achieve the following outcomes:

- Encourage continued improvement in urban efficiency, and assist cities to create well-functioning communities that are desirable places to live and work;
- Make it easier to carry out planned development within existing urban areas;
- Reduce the time and expense of urban growth boundary (UGB) amendments, and make amendments more predictable, particularly for smaller cities;
- Focus state and local planning on areas that are growing most rapidly, and;
- Continue to conserve important farm and forest lands.

Between January and June of this year, the design team came up with potential concepts in four (4) main areas: residential and employment land expansions for small cities, residential expansions for large cities, employment land expansion concepts, and a final concept centered around governance, public facilities, and annexation. In July, GNRO convened a larger Urban Growth Advisory Committee (UGAC) that included 44 individuals representing 25 different stakeholder interests. The UGAC was charged with reviewing these draft concepts and providing direction and input to develop legislative concepts for the 2013 session of the Oregon Legislature. The UGAC has met eight (8) times between July and October and has reviewed, discussed, debated, and provided input on the following concepts:

- **Population forecasting.** This concept would create a simplified, faster and less expensive way to prepare and adopt population forecasts for growth management purposes. The Population Research Center at Portland State University would be responsible for preparing population forecasts for the state, counties, and cities on a regular schedule. Forecasts would be updated every three or four years, and their development would not be considered a land use decision and appealable to the Land Use Board of Appeals (LUBA). A separate core group began work on this concept in June of 2011, and was convened

by DLCD, the Association of Oregon Counties, and the League of Oregon Cities, and their work was coordinated with that of the Design Team.

- ♦ **Small Cities.** This concept would apply to cities with a population of under 10,000 and outside of the Metro region. It addresses UGB amendments for residential land and/or employment land. This concept outlines a simple path for small cities to use in estimating land need, evaluating areas outside of the current UGB, and then establishing how land needs are met with a UGB expansion.
- ♦ **Residential Lands.** This concept applies to cities with a population of 10,000 or more and outside of the Metro region. The proposal outlines a new standard path for amending a UGB for residential lands, and addresses forecasting housing demand, the buildable lands inventory, housing mix, and translating this work into a land need for housing.
- ♦ **Employment Lands.** This proposal would also apply to cities with a population of 10,000 or more and located outside of the Metro region. It outlines several potential paths for planning for employment land, including: a new standard path for employment lands; a path for planning through an industrial reserve; area-wide large-lot inventory of industrial lands, and; a dynamic siting progress for new employment-intensive uses (e.g. Really Big Fish).
- ♦ **Governance.** This concept is still in the works with the goal of having a legislative concept developed by Legislative Counsel by late November 2012. The intent is to address issues regarding annexation, urban service coordination, and public facility planning that would help facilitate the planning described under the above paths.

The Population Forecasting concept is moving

ahead and is already in Legislative Counsel for bill drafting. For more information on this concept, please visit the Natural Resources Office website at: [http://www.oregon.gov/gov/GNRO/docs/Current%20Initiatives/Population%20Forecasting%20Concept%20summary\\_2012\\_9\\_24.pdf](http://www.oregon.gov/gov/GNRO/docs/Current%20Initiatives/Population%20Forecasting%20Concept%20summary_2012_9_24.pdf).

You can also learn more through the League of Oregon Cities website; this is one of the League's legislative priorities for the upcoming 2013 Legislative Session: <http://www.orcities.org/Legislative/tabid/4719/language/en-US/Default.aspx>.

For the other concepts, you can view the latest draft concepts at the Governor's Natural Resources website: <http://www.oregon.gov/gov/GNRO/Pages/Growth-Management-Program.aspx>. Here, you will find the list of concepts with the latest versions identified as Version 2 or Version 3.

The Oregon APA Legislative and Policy Affairs Committee will be tracking this and other land use legislation during the 2013 Legislative session. Please send any comments to LPAC Chair Jeannine Rustad at [jeanniner@ci.hillsboro.or.us](mailto:jeanniner@ci.hillsboro.or.us). For more information on the UGAC, please visit their website at <http://www.oregon.gov/gov/GNRO/Pages/Growth-Management-Program.aspx>.

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*Damian Syrnyk, AICP, is a Senior Planner for the City of Bend Community Development Department. His work for the city includes adoption of a coordinated population forecast, continued work to update the city's general plan with respect to housing, and completion of a water public facility plan. Damian serves as the Vice President for the OAPA Board and on the LPAC and as Conference Committee Chair.*

## Zone Noir

BY MICHAEL YOUNG, WINNER, DARK & STORMY PLANNING PROSE CONTEST

My hands slipped neatly under the pillow in search of something cool, my bristly cheek was scraping across the cotton when it hit me like an irate phone call, hotter than a cell tower application on a school site and as persistent as the Coastal Commission—my old pal the Sun.

I pushed aside the covers and sought something familiar, then realized I'd never had a morning here before. Last night the Plan Commission said "nix" to her tentative map, but there wasn't anything "tentative" about her later on in her accessory unit. My head pounded like a code compliance complaint as my system wrestled with those Dry Erase Marker fumes from my presentation last night. "Long hearing," they said "Big agenda." What did they know? The exotic aroma of trendy java arose from that secondary use next door, sweet as a consent item and just about as common. Five years, seven jobs, and a file cabinet full of discretionary applications later, I was still adrift like an "intern" at a staff meeting, careening between land uses and seeking the right dwelling unit.

Last one left me, dropped me like an unpermitted use. Said I didn't have the "density" she needed. Wanted more "square footage." "Hold it doll!" I said. "You're seeking a variance from life and your entire situation is self generated! No can do, sweet cheeks! Application denied." Didn't understand. Never do. Didn't read the staff report, just jumped ahead to the "conditions" and sought relief. Always an angle. Begging for "exceptions." Incomplete application. Me – the one flag lot in

the cosmic subdivision. "Planner" it says, painted in 96 point shadow box Times New Roman gold relief right on the glass. If I'm a planner, where's my specific plan?

As I sat up I soaked in the viewshed, her blond hair cascading across her neck and flowing onto the sheets like a stand of tall grasses in a fuel mod zone, her shoulders, waist and hips sculpted like contour grading, and her gams – long and smooth like a pair of collector streets. She had it all. But she was "rural residential" and I was "central business district" and there was no provision for a mixed use in my life. I'd granted a temporary variance last night, though. We lit up the master suite like a special signage district. But my buddy the Sun had just been appointed to my zoning board and he'd said we were nonconforming. Sorry, precious. Not right here and not right now. You can file an appeal doll face, but I gotta notify ya, I make the final determination, and I ain't in the habit of modifying my general plan.

Then I started to sweat. Was she a legal nonconforming use? Too late. She had already received my design review permit, and I was not a part of her title report. Case closed. Slip the file in the jacket, shove it in the cabinet and walk away.

# Sustainable Urban Development: How Different can Portland Afford to be?

BY ROBERT COWLEY, DEPARTMENT OF POLITICS AND INTERNATIONAL RELATIONS,  
UNIVERSITY OF WEST

While visiting Portland recently, I was amused to observe that as much as two-thirds of the news space in that week's Portland Tribune related directly to sustainability: topics ranged from cycle helmets and the planned Lloyd Ecodistrict to composting. Should I interpret this emphasis as deliberate counter-cultural provocation? I am inclined instead to see it as reflecting a deep embedment of the goal of sustainability within the city's collective consciousness.

The momentum proudly established by Portland's 'pathbreaking' (Rutland & Aylett, 2008) 1993 Carbon Dioxide Reduction Strategy has clearly been maintained. Sustainability is, accordingly, at the heart of the 2012 Portland Plan – yet the claim that this is a “different kind of plan” (Portland City Council, 2012:1) raises the question of what exactly it differs from.

I work in a team which collates information about significant internationally reported sustainable urban development (SUD) initiatives. We use 'eco-city' as a generic term to cover a spectrum of projects, ranging from 'retro-fits' (which would include Portland's ongoing efforts) through to entire 'new-build' cities, such as Tangshan Caofeidian in China. In 2011 we counted 178 such initiatives around the world (Joss et al., 2011). In this respect, Portland may well depart from the norm for US cities – but is simultaneously part of a much wider global pattern.

The growth of the 'eco-city' phenomenon has accelerated markedly in recent years: less than a third of our survey cases were launched before 2005. National schemes have partly facilitated this process; the French government, for example,

recently announced 13 ÉcoCité initiatives. The global outlook therefore appears bright: increasingly, SUD is moving from the fringe into mainstream policy-making, is integrated across political levels, and implemented with the willing participation of local authorities and publics. Yet this mainstreaming is also characterized by other measurable shifts in conceptual and practical focus (see Joss et al., forthcoming), each of which raises specific questions about the future of SUD. I remain unconvinced that Portland is bucking all these trends.

First, we note the increasing prevalence of the 'carbon agenda', focused on climate change and greenhouse gas emissions. This has been described elsewhere as having to a large extent “overwritten” the debates over sustainability in the 1990s (Bulkeley et al., 2012:113). It might be welcomed as demonstrating widespread agreement on a practical realization of the otherwise nebulous goals of sustainability, potentially allowing progress to be measured consistently, and thus facilitating accountability and international comparability. Alternatively, though, could it amount to a narrowing of focus which diverts attention away from more difficult political and economic questions? Could

earlier socially radical models of sustainability have been sidelined by ones “organized within the horizons of a capitalist order that is beyond dispute” (Swyngedouw, 2010:219)? On this view, current mainstream SUD serves to obscure the underlying structural causes of non-sustainability.

Second, public-private partnerships (PPPs) appear to play an increasingly central role in SUD. The wider trend towards the delivery of urban development through PPPs has often been aligned with the ‘neoliberalization’ of the city (see, for example: Jessop, 2002; Crouch 2011). Democracy is threatened if “[o]ligarchic institutions like public-private partnerships ... and quasi-public agencies are increasingly making decisions ... formerly made by officials directly elected by the public” (Purcell, 2008:27). It is difficult to reconcile this possibility with the idea that ‘procedural equity’ is a central principle of sustainability (Haughton, 1999:236).

We also observe the growing involvement of international engineering and consultancy firms, pointing to a globalization of the processes of SUD. If such firms contribute to the definition of urban sustainability – in particular, through the use of sustainability indicators (Joss et al., 2012) – we see risks that definitions will exhibit technological determinism, or be shaped by commercial considerations. The focus on IT-related innovation, in the rise of the so-called ‘smart city’, is unlikely to mitigate these risks. The foregrounding of commercially driven technological ‘fixes’ may be closely related, finally, to a growing consensual acceptance of a ‘green growth’ or ‘ecological modernization’ outlook, which assumes that “with relatively minor technical and regulatory reforms, business as usual is possible under existing capitalist structures” (Haughton, 2007, p.282).

Of course, it would be somewhat eccentric – even by Portland’s standards – if its 2012 Plan amounted to a revolutionary manifesto. Portland nevertheless stands out from the crowd in its assertion that “[a]dvancing equity must be at the core of our plans for the future” (Portland City Council, 2012:4). But if, elsewhere, the ‘environmental’ pillar of sustainability is

increasingly subsumed within the ‘economic’, with both prioritised over the ‘social’, it seems unclear whether Portland’s defiant stance will remain a tenable one in a time of global economic crisis.

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*Robert Cowley is a doctoral researcher working in the International Eco-Cities Initiative at the University of Westminster, London, UK: [www.westminster.ac.uk/ecocities](http://www.westminster.ac.uk/ecocities)*

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**UPCOMING EVENTS AND ANNOUNCEMENTS**



**Oregon Planners Invited to International Planning Meeting**

From February 13 to 15, 2013, the International Academic Association on Planning, Law and Property Rights (PLPR) will hold its eighth annual conference at Smith Memorial Student Union at Portland State University. This is only the second time this organization has met outside Europe. Information on the organization and conference may be found at [www.plpr2013.org/aboutus.html](http://www.plpr2013.org/aboutus.html).

The conference will include the presentation of approximately 120 papers on, of course, planning, law and property rights from many different perspectives and from many different places around the world. More importantly, the conference will evaluate the Oregon planning program, which will be celebrating its 40th anniversary in 2013. Chapter members are invited to suggest ideas for this “roundtable” portion of the program, so that the program will contain a robust evaluation of the Oregon program.

Conference registration is set at \$275, with a \$50 discount if registration is completed by January 11, 2013. In addition, a gala conference dinner will be held on February 14th at the Governor Hotel, with the opportunity for meeting the presenters and gaining many different perspectives of planning and

its impacts on property. The dinner is available for \$80. Payment details for both registration and the dinner may be found at [www.plpr2013.org/registration.html](http://www.plpr2013.org/registration.html).

The Oregon Chapter of the American Planning Association is a sponsor and supporter of this conference. Ric Stephens, a Chapter board member, operates the conference website. CM credits for the conference are now pending and CLE credits for Oregon lawyers are also anticipated.

Oregon planners should consider participating in this conference, which provides, stimulating programs and an intellectual feast, particularly placing the Oregon planning program in perspective from a world standpoint.

Provided by Edward J. Sullivan, co-chair of the PLPR 2013 Host Committee.

**Call for Entries  
2013 Oregon Chapter of the American Planning Association Awards**

Each year, the Oregon Chapter of the American Planning Association honors outstanding efforts in planning and planning leadership. We invite you to participate in the celebration of the best in plans and planning by nominating

projects and people you think deserving of such recognition. Categories for submittals include:

- Professional Achievement in Planning
- Special Achievement in Planning
- Distinguished Leadership by a Professional Planner
- Distinguished Leadership by a Community Planner
- Distinguished Leadership by an Elected Official
- Betty Niven Award for Distinguished Leadership in Affordable Housing Advocacy
- Student Achievement in Planning
- Professional Achievement in Journalism

Application packets and instructions are available at [www.oregonapa.org](http://www.oregonapa.org). Nominations must be received no later than March 1, 2013. If you have questions about any of the awards, contact Awards Committee Chair Stacy Humphrey, AICP at [stacy.humphrey@greshamoregon.gov](mailto:stacy.humphrey@greshamoregon.gov) or 503.618.2202.

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