

Part 7: Case Studies of Local Efforts to Combat Displacement in Gentrifying Neighborhoods

Introduction

This section features excerpts from three case studies of historically vulnerable neighborhoods where local efforts have focused on mitigating displacement in the face of rising housing costs and redevelopment pressures. The three areas featured are the Guadalupe neighborhood in Austin, the Columbia Heights neighborhood in Washington, D.C., and Inner North/Northeast Portland, a group of neighborhoods in Portland, Oregon. The full case studies were developed as part of the Uprooted Study for the City of Austin and are available at <https://sites.utexas.edu/gentrificationproject/>.

Each of the case studies is focused on neighborhood-centric approaches, highlighting concentrated efforts to address displacement in a particular neighborhood or group of neighborhoods facing displacement pressures. The case studies include an analysis of which approaches have had the most positive outcomes, which approaches did not turn out as expected, and which approaches could have had more positive outcomes if implemented differently—now that leaders have the benefit of experience and hindsight. These case studies also examine how efforts to address displacement evolve over time as neighborhoods enter different stages of gentrification.

Columbia Heights

WASHINGTON, D.C.

A Case Study of Affordable Rental Housing Preservation and Tenant Ownership in the Face of Large-Scale Displacement Pressures

Overview

Columbia Heights is a historically African-American neighborhood in Washington, D.C., located near Howard University. The neighborhood suffered heavy damage during the 1968 riots following the death of Martin Luther King, Jr., and experienced disinvestment and population loss that lasted into the 1990s. In 1996, the District of Columbia began to implement a series of economic development projects to transform Columbia Heights, including a new subway stop. While the public investment strategies were a successful catalyst for bringing in new development and residents, the changes led to intense displacement pressures for longtime residents. In 2012, Columbia Heights was named one of the fastest-gentrifying neighborhoods in the country, and today, the bulk of housing in the neighborhood is well beyond the means of low-income residents of color.

Despite the transformation of Columbia Heights, today approximately 22 percent of the housing units in the neighborhood are restricted for low-income renters, as a result of a heavy concentration of subsidized housing that was built before the neighborhood's gentrification, along with several key strategies and tools. Since 2001, hundreds of affordable homes in Columbia Heights have been created and preserved and many buildings are owned by former tenants, thanks to D.C.'s tenant protection laws; robust funding; and a high-capacity network of tenant organizing groups, nonprofit developers, technical assistance providers, and other stakeholders. While displacement pressures are still a threat in the neighborhood, the level of affordable housing preserved—in the face of such rapidly-rising housing costs—is significant.

Key Strategies & Tools

- ① **The Tenant Opportunity to Purchase Act.** D.C.'s Tenant Opportunity to Purchase Act (TOPA) gives tenants a right to purchase when their landlord attempts to sell their property. TOPA has been a critical legal backstop for the city's preservation efforts, coupled with the strategies below. Many buildings purchased under TOPA have become limited equity cooperatives owned by the former tenants.
- ② **Major dedicated funding.** D.C. dedicates large levels of funding for affordable housing preservation and production. The district's current mayor has committed \$100 million per year to the D.C. Housing Production Trust Fund (HPTF)—the largest such commitment by a city in the United States.
- ③ **Coordinated tenant organizing & support network.** A proactive, fast-acting housing preservation network has evolved in D.C. since the 1970s, providing robust technical and legal assistance, tenant organizing, and coordination to preserve affordable apartments. The D.C. Preservation Network (DCPN) has become a critical forum for preservation groups to share information and resources, track at-risk buildings, and coordinate preservation efforts.

Challenges

- Preserving affordable housing for Columbia Heights' lowest-income residents has been an on-going challenge, requiring deep acquisition and operational subsidies.
- Opponents of TOPA have argued that the law contains loopholes enabling tenants to drag out the TOPA process and extract payments from landlords in exchange for waiving their purchase rights.
- African-American residents with historical ties to the neighborhood have voiced concerns about feeling like strangers in their own neighborhood as a result of the type of redevelopment occurring and the changing neighborhood demographics.

Outcomes

- Close to 3,000 affordable units restricted in Columbia Heights for low-income households (22% of all housing units) as of 2017.
- 318 affordable rental units in 12 multifamily buildings created or preserved in the neighborhood from 2001 to 2016 through D.C.'s Housing Preservation Trust Fund.
- At least 398 housing units in the neighborhood are limited equity cooperatives, allowing low-income tenants to own their units.
- Average trust fund investment per unit in Columbia Heights (2001-2016): \$145,000.

Takeaways

- 1. Incorporate residential displacement mitigation strategies into initial redevelopment plans.** In Columbia Heights, the shift from “needing to revitalize” the neighborhood to “needing to preserve affordable housing” happened very quickly. Once gentrification picks up steam, preservation efforts become much more difficult.
- 2. Develop a network of high capacity preservation actors.** A coordinated infrastructure of high-capacity preservation groups that can move with agility and speed is essential to preserving existing affordable rental housing.
- 3. Invest in tenant organizing.** Organizing and linking tenants with a committed network of support is also crucial. Tenant voice and power is critical to well-targeted policies.
- 4. Provide a legal mechanism that supports tenants' ability to purchase their apartment complexes, including adequate notice and time to complete the purchase.** D.C.'s Tenant Opportunity to Purchase Act (TOPA), by providing tenants with a right to purchase their units when sold and adequate time to complete the purchase, shifts power to tenants and provides a critical legal backstop for preventing displacement of current renters and disincentivizing inequitable redevelopment.
- 5. City council and municipal leadership is critical.** Elected officials committed to affordability and mitigating displacement are critical for successful preservation of affordable housing. D.C.'s progressive early councils were deeply committed to affordable housing preservation, which led to TOPA, creation of funding streams, and a large roster of tenant support organizations.
- 6. Substantial, dedicated funding is necessary.** Preservation at a scale large enough to be meaningful requires large levels of dedicated funding.

Guadalupe Neighborhood

AUSTIN, TEXAS

A Case Study of Early Intervention and Evolving Strategies to Create Affordable Housing for Vulnerable Residents with Historical Ties to the Neighborhood

Overview

The Guadalupe neighborhood is located just east of Austin’s Central Business District, bounded by Interstate Highway 35. The neighborhood, which comprises less than one-fifth a square mile and approximately 14 blocks, was historically a community of color, with a predominantly Mexican-American population. Through the 1970s and 1980s, the area suffered from rapid deterioration, population loss, and large-scale redevelopment pressures. At that time, of the area’s 170 single-family homes, over half were in substandard condition.

In 1979, Austin leaders made plans to expand the French Legation in the neighborhood, which would have displaced at least 11 families. Residents rallied to block the expansion and successfully lobbied the city council to redirect federal block grant funds to support a new community-generated development plan for Guadalupe. To implement the plan, neighborhood leaders formed the Guadalupe Neighborhood Development Corporation (GNDC), which has become a pioneer in its diverse deployment of community-driven strategies over the past 35-plus years to mitigate the displacement of vulnerable residents.

Today, even though Guadalupe is now in the dynamic stage of gentrification, with a growing share of million-dollar homes, neighborhood leaders have successfully preserved the residential character of the neighborhood while creating a legacy of affordable housing that is under long-term community control for low-income residents with ties to the area.

Key Strategies & Tools

- ① **Community development corporation.** The Guadalupe Neighborhood Development Corporation, created and governed by leaders from the neighborhood, has been integral to the success of the neighborhood’s displacement mitigation programs.
- ② **Early and strategic land acquisition.** In GNDC’s early years, the organization purchased vacant properties in strategic locations on as many blocks as possible—for long-term control and to bar assembly for commercial redevelopment. GNDC became a large property owner in the area providing additional clout in zoning battles. Buying lots early was also smart from an affordability perspective: In the 1980s, the average lot price was \$5,000; today full lots sell for \$500,000 to \$650,000.
- ③ **Preference policy.** Low-income residents and former residents with historical ties to the two zip codes served by GNDC receive priority placement on GNDC’s long waiting list for affordable rental and homeownership opportunities.
- ④ **Community land trust.** GNDC created the first community land trust in Texas to provide for homeownership that is permanently affordable. GNDC maintains ownership of the land, while the family obtains a mortgage to purchase the home. A fixed rate of appreciation ensures that CLT homes can be resold at affordable prices, while allowing owners to recoup their investment and build additional equity.

- ⑤ **Property tax breaks for permanently affordable properties.** GNDC has led efforts at the Texas Legislature and the local appraisal district to reduce property taxes on community land trust and other income-restricted homes—ensuring that these homes remain affordable for the low-income families renting or purchasing them.
- ⑥ **Creative utilization of infill properties.** Since purchasing lots is no longer feasible in Guadalupe, GNDC has become an innovator in Austin in developing affordable accessory dwelling units on lots that can support a second unit.

Challenges

Guadalupe neighborhood's initial challenges in mitigating displacement of vulnerable residents included large-scale zoning changes that precipitated the loss of homes in the neighborhood. GNDC and neighborhood association leaders had deep-seated disagreements with African-American leaders in the area over the commercialization of the neighborhood, and the groups worked largely in silos. More recently, high land values have made new lot acquisition for affordable housing infeasible within the neighborhood.

Outcomes as of 2018

- 91 long-term affordable units under community control in Guadalupe through two community development corporations, including 26 units underway (out of 170 total homes in the neighborhood in 1980, when GNDC's displacement-mitigation work began)
- Average rent of GNDC units: \$583; average income of GNDC renters: \$28,700
- 8 affordable homeownership units, including the first CLT home in Texas

Takeaways

1. **Develop and implement a community-driven, neighborhood-level strategy for mitigating displacement of vulnerable residents.** Efforts to mitigate displacement in Guadalupe have continually been anchored in the community, beginning with a community-generated plan and a community development corporation governed by widely-respected neighborhood leaders with social and political capital.
2. **Intervene early to acquire permanent control of land.** Acquire as much land as possible early on; as gentrification picks up steam in a neighborhood it becomes much more difficult to feasibly acquire properties for affordable housing.
3. **For homeownership units, restrict resale price using a shared equity model to ensure permanent affordability of the units for future generations of residents.** GNDC's earlier homes were sold without caps on the resale price, and several have since been resold at market prices beyond the means of other low-income families.
4. **Invest in capacity building and technical assistance.** Funding for program administration and early technical assistance have been key to GNDC's displacement mitigation work. GNDC's early investment in rental housing with little or no debt has generated a critical stream of income to help fund the organization's administrative operations, allowing the organization to expand its capacity and impact over time.
5. **Adapt strategies to changing conditions in the neighborhood.** The strategies utilized in Guadalupe to address gentrification have evolved over time, in response to neighborhood changes, newly available tools, and lessons learned from prior work.

Inner North and Northeast **PORTLAND, OREGON**

A Case Study of Community-Driven Strategies to Mitigate and Remediate the Displacement of African-American Residents

Overview

The inner neighborhoods of North and Northeast Portland (N/NE Portland) were once home to 80 percent of Portland's black community. Following decades of disinvestment, subsequent urban renewal, and large-scale public and private investment projects, the area has been rapidly gentrifying, with rising housing costs and large-scale loss of African Americans. Since 2000, the area has lost close to 8,000 black residents—more than half the area's black population.

In 2013, mounting tensions in the community over gentrification and publicly-financed economic development in the area came to a head over the proposed use of prime public land and tax increment financing (TIF) for a development anchored by a Trader Joe's grocery store. Local African-American leaders organized protests of the new development and succeeded in getting the City to revamp its investment strategy in the community, shifting \$100 million towards mitigating displacement of low-income residents in Inner N/NE Portland. Responding to the community's concerns, the City of Portland, anchored by ongoing active community involvement and a community-driven plan, has been deploying a number of innovative strategies and tools for addressing displacement in the area.

Key Strategies & Tools

- ① **N/NE Neighborhood Housing Strategy.** A five-year, community-driven plan for expanding affordable housing opportunities and preventing displacement in Inner N/NE Portland. The plan utilizes several different affordable housing strategies including rental repairs, land acquisition, and new homeownership and rental housing, and identifies specific timeframes and measurable goals to track progress.
- ② **Dedicated TIF funding.** Implementation of the N/NE Neighborhood Housing Strategy was originally funded with \$20 million in dedicated tax increment financing (TIF). Since then, the City's financial commitment to mitigating displacement in the area has grown to more than \$100 million in TIF funds to be invested over a six-year period.
- ③ **Community Oversight Committee.** The N/NE Portland Oversight Committee oversees the City's implementation of the N/NE Neighborhood Housing Strategy. The committee's work includes providing input on development projects in the area, monitoring the City's progress towards benchmarks in the Housing Strategy, and issuing an annual report to the City Council. The Oversight Committee is meant to represent and be responsive to the community. It is made up of trusted community leaders, topic area experts, and directly impacted community members.
- ④ **Preference Policy.** The Housing Strategy provides priority placement in subsidized housing units in N/NE Portland to residents with generational ties to N/NE Portland who were displaced or are at risk of displacement from areas where prior city plans had a destabilizing impact on long-term residents. Priority preference is given to households and their descendants who own property lost through urban renewal.

Challenges

Portland's Down Payment Assistance Loan Program for helping low-income, first-time homebuyers in N/NE Portland served only four families from 2015 through 2017, despite a goal of serving 40 households. With market home prices at \$400,000, homeownership is out of reach for most low-income households, even with individual assistance of \$100,000.

The Preference Policy does not create affordable housing, and so its success is dependent on the availability of affordable housing stock. In 2016, 1,000 households applied through the preference policy program for 65 homeownership slots.

The focus on mitigating displacement in N/NE Portland is fairly new, and it is still too early to tell how successful different strategies will be. However, the Oversight Committee already has a successful track record of providing transparency and accountability to the City's anti-displacement programs in N/NE Portland, closely monitoring the City's programs, and identifying barriers and challenges as well as opportunities for improvement.

Outcomes from 2015-2017

- New affordable rental housing (on line or in development): 350+ units in 7 multifamily developments
- Average city investment (TIF funds) per new affordable rental unit (2016): \$64,755
- Homeownership units repaired: 326+

Takeaways

- 1. Develop a community-driven, comprehensive, neighborhood-level strategy to address residential displacement for vulnerable residents.** Align the strategy with community needs, be clear about goals, and be transparent in assessing outcomes.
- 2. Back community strategies with substantial, dedicated funding.** Preservation at a scale large enough to be meaningful requires large levels of dedicated funding.
- 3. Prioritize meaningful community participation.** Take it seriously. This requires an assertive effort to reduce barriers to participation and reach out to directly impacted current and former residents. Community voices should be incorporated into every step of the planning process. Strategies and outcomes should be in clear and demonstrable alignment with community needs and priorities.
- 4. Incorporate community-responsive oversight into mitigation displacement and affordable housing preservation plans.** An oversight committee provides critical transparency and accountability in strategy implementation and outcomes. Oversight leadership should be trusted and well-respected by the community and responsive to the community's needs.
- 5. Affordable homeownership for low-income families is difficult to achieve in hot market neighborhoods.** To make homeownership affordable in markets where median housing prices vastly exceed what households earning the median family income can afford, cities have to be willing to support the units with very large subsidies.