

APPENDIX 4

Case Studies of Local Efforts to
Mitigate Displacement in Gentrifying
Neighborhoods

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

Introduction

Columbia Heights, a historically African-American neighborhood in Northwest Washington D.C., is one of the fastest gentrifying neighborhoods in the country, with median home values exceeding \$600,000. Rapidly accelerating housing prices that were spurred by public investment in the late 1990s have contributed to the ongoing loss of low-income residents of color from the neighborhood, beginning with a revitalization initiative coordinated and subsidized by the municipal government.

This case study recounts the work in Columbia Heights to preserve affordable rental housing and curtail the displacement of tenants. Despite the rapid pace of housing appreciation, a substantial amount of affordable housing has been preserved in the neighborhood, thanks to (1) a proactive and fast-acting support network of organizers, advocates, and nonprofit preservation organizations, (2) D.C.'s Tenant Opportunity to Purchase Act (TOPA), which gives tenants first priority when landlords attempt to sell a unit or complex, and (3) the District's large, ongoing financial investments in affordable housing. Recently, the District committed \$100 million per year to its Housing Production Trust Fund, the highest amount for any such fund in the United States.¹

Today, Columbia Heights stands apart from many other gentrifying neighborhoods in terms of the volume of affordable housing units that have been preserved and low-income tenants' ownership of their units. Approximately 3,000 units in Columbia Heights—close to 22 percent of the housing in the neighborhood—are income-restricted today.² Tenants have been able to successfully acquire at least 398 units that are operated as affordable units in limited equity cooperatives.³ While many units with affordable rents are being preserved, others are being lost in Columbia Heights, and there is ongoing frustration among community activists about the levels of displacement and neighborhood change that have occurred and are still materializing.

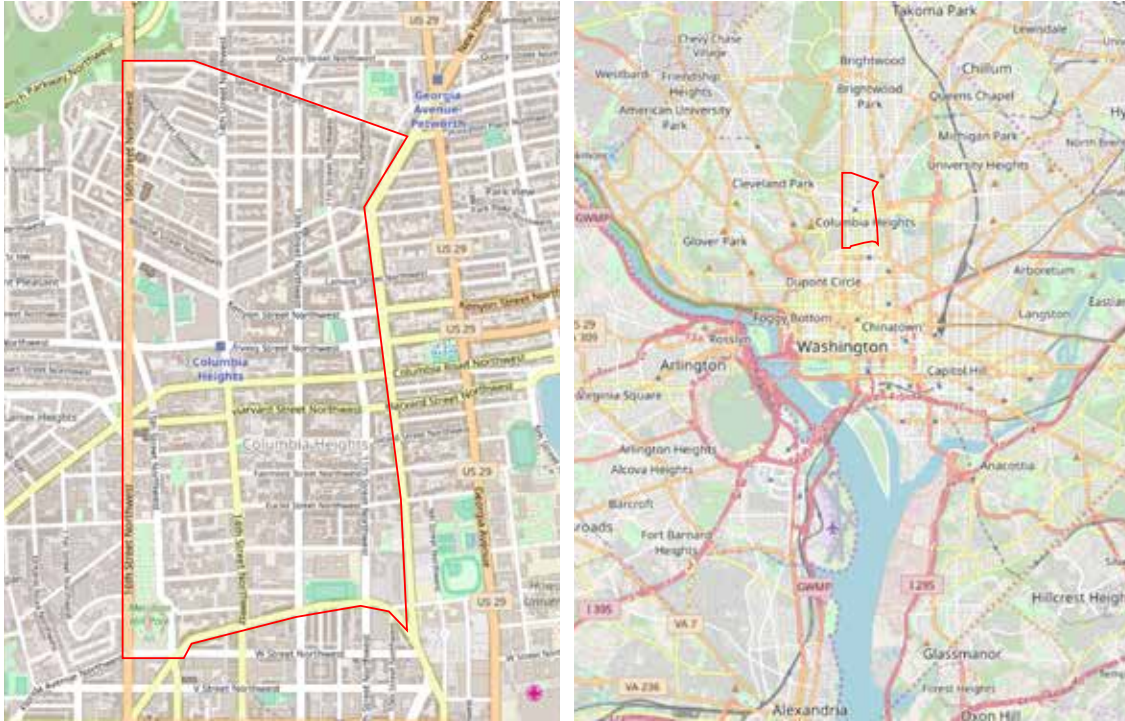
Columbia Heights Background and History

Columbia Heights is located two miles directly north of the National Mall in Washington, D.C. At the turn of the 20th Century, Columbia Heights was a white streetcar suburb, home to some of the District's wealthiest residents, but most white residents left the neighborhood after school desegregation and the midcentury dissolution of racialized neighborhood covenants.⁴ By 1960, Columbia Heights had become a robust mixed-income and mixed-race community, with African Americans constituting 76 percent of the neighborhood's population.⁵

Columbia Heights was an epicenter of the riots following the assassination of Martin Luther King, Jr. in 1968. The riots inflicted extensive damage on the neighborhood, with thousands of housing units and commercial establishments severely destroyed, including half the properties on 14th Street NW, a main commercial corridor. Five thousand permanent jobs were lost as a result of the devastation, and middle-class families fled the neighborhood.⁶

Storefronts and housing units in Columbia Heights remained boarded up and vacant for decades,

Columbia Heights, Washington, D.C.



and crime rates shot up. In the decade following the riots, an urban renewal plan for the neighborhood was developed to revitalize the area, but little actual development was pursued in Columbia Heights, save for the construction of a federally subsidized affordable housing development along the neighborhood's 14th Street corridor. In addition to the large percentage of African Americans in the neighborhood, the area came to include a growing number of Latinos, as well as a small concentration of Asian Americans, mainly from Vietnam.⁷ In 2000, one census tract in Columbia Heights was 51 percent Latino, the highest concentration in the city.⁸



Buildings destroyed by 1968 riots in Washington, D.C.



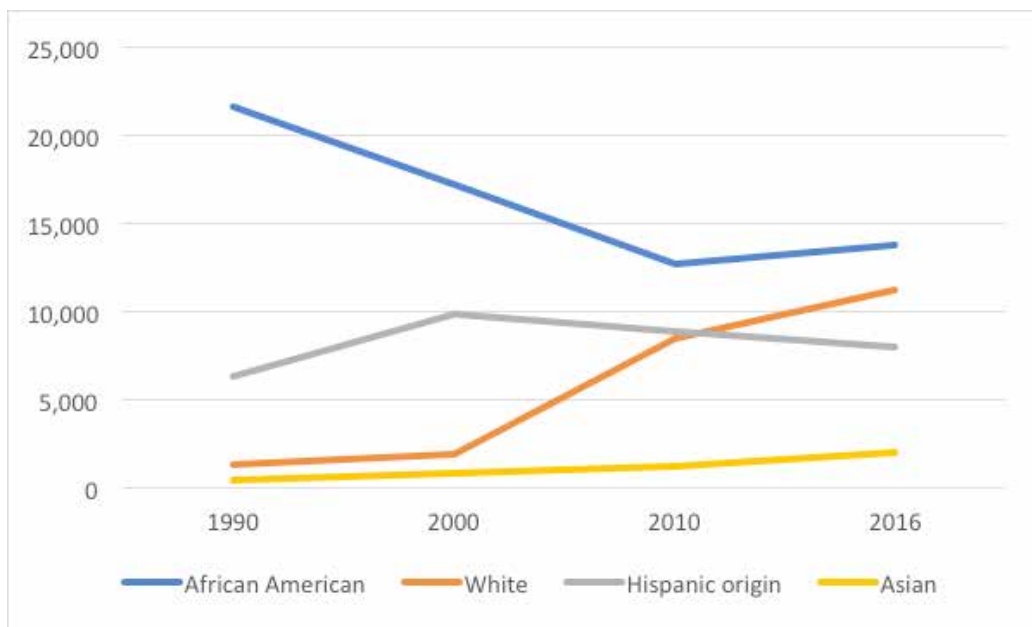
Little economic investment occurred in Columbia Heights until 1996, when a new subway station was constructed in the heart of the neighborhood and the city began to incentivize commercial development, as part of a citywide effort to counter D.C.'s declining population and tax base.⁹ In furtherance of this explicit strategy to attract wealth to Columbia Heights, the city government proceeded to invest \$138 million in new and remodeled schools, parks, and other civic amenities in Columbia Heights, while using financial incentives to attract private market developers to build denser housing, commercial space, and mixed-use development.¹⁰ Starting in 2000, the municipal government also ran an aggressive code enforcement initiative in Columbia Heights, seeking to shut down apartment buildings with major code violations.

The period from 1996 to 2010 was a significant turning point for Columbia Heights. Gentrification pressures had been mounting prior to 1996, but the government's revitalization efforts became a catalyst for the broad-scale makeover of the neighborhood by private developers and contributed to a surge in population and tax base.¹¹ White, wealthier persons streamed into the neighborhood, and market-rate housing prices skyrocketed by 146 percent from 2000 to 2010, pushing out lower-income African-American residents and Latino residents.¹² During this time period, the number of African Americans in Columbia Heights dropped by 26 percent (from 56 to 40 percent of the total population) and the number of Hispanics declined by 10 percent (from 32 to 28 percent of the population), while the number of white residents increased by 351 percent (from 6 to 27 percent of the total population). Median household income in Columbia Heights increased 61 percent, compared to 16 percent for the District, and the number of residents with a bachelor's degree increased by 189 percent. Meanwhile, the number of households with children declined by 28 percent.¹³

Since 2010, Columbia Heights has continued to see dramatic changes, with more redevelopment and escalating housing values, together with ongoing displacement pressures, leading the area to be named one of the fastest gentrifying neighborhood in the country in 2012.¹⁴ Even with Columbia Heights's rising housing prices and median income (which has increased 23 percent since 2010, compared to 9 percent in D.C. as a whole), the neighborhood's population is still racially and economically diverse, with 44 percent of residents making less than \$30,000 per year.¹⁵ Since 2010, the area has seen a small increase in African Americans, while the number of Hispanics has continued to decrease, dropping by 10 percent since 2010.¹⁶

Displacement pressures in Columbia Heights have been mitigated in part by the neighborhood's large pre-existing stock of public housing and privately-subsidized units. In 2001, the neighborhood was home to one third of all subsidized housing in the city, with more than 2,300 units.¹⁷ Today, close to 3,000 units in Columbia Heights are rent restricted, approximately 22 percent of the neighborhood's housing stock.¹⁸

Columbia Heights Racial and Ethnic Demographic Change, 1990-2016



U.S. Census Bureau, Social Explorer. African American, White, and Asian categories refer to non-Hispanic only. "Hispanic origin" refers to all Hispanic origin categories.

Preserving Affordable Housing and Mitigating Displacement in Columbia Heights

The switch from focusing on revitalization to focusing on affordable housing preservation in Columbia Heights was a slow one for the District of Columbia. Despite efforts by community activists, preservation of existing affordable housing stock was not pursued as a major policy goal during the initial revitalization push in the 1990s.¹⁹

Even though the focus on housing preservation was slow to take off, a substantial amount of affordable housing has been preserved in the Columbia Heights, thanks to a number of key strategies, resources, and programs in the District. These programs and strategies are discussed in more detail below.

Washington, D.C.'s Affordable Housing Preservation Programs

- 1 Tenant Opportunity to Purchase Act. A critical legal backstop in the District's preservation efforts, giving tenants first priority when landlords attempt to sell a unit or complex.
- 2 D.C. Housing Production Trust Fund. Currently funded at \$100 million a year, the highest of amount for any such fund in the U.S.
- 3 Strong base of grassroots organizing groups, technical assistance providers, and affordable housing developers.
- 4 D.C. Preservation Network. Brings together major stakeholders to monitor and intervene in properties at risk of losing their affordable rents.

➤ Tenant Opportunity to Purchase Act

The Tenant Opportunity to Purchase Act (TOPA)²⁰ plays a key role in the District's affordable housing preservation tools and strategies. TOPA was adopted by the District's Council in 1980, although the law grew out a purchase right that was first created in 1974, with the passage of the District's rent control law.²¹ The tenant purchase right was passed as part of an outburst in civic activism arising out of the civil rights movement and fight for home rule in the District. In addition to TOPA, the first municipal councils of the time passed a slew of progressive tenant protection laws, including rent control and eviction protections.

TOPA's enabling act gives tenants priority opportunity to purchase a building when a landlord plans to put it on the market. Tenants can also transfer their rights to another entity. TOPA is one of the most powerful tools available to preserve affordability in a hot real estate market. The law empowers tenants to have a major role in preserving their housing, while also promoting self-governance.²²

When tenants exercise their purchase rights,



Affordable Housing Cooperative in Columbia Heights, purchased by tenants through TOPA in 2014

they can transfer their rights to a third party, such as a nonprofit housing organization, or purchase their building and retain ownership, which for low-income tenants is typically done through the creation of a limited equity cooperative, where residents collectively own their building but with resale restrictions to preserve the long-term affordability of the units.²³ With a limited equity cooperative, residents cannot use homeownership as a wealth-building mechanism, but the tradeoff is that the units remain affordable for the long-term for future low- and moderate-income residents. The initial purchase price of a limited equity co-op unit is typically very low, and many of the limited equity co-ops in D.C. end up affordable to households making less than 50 percent of the area median income, with some purchase prices even affordable for households making less than 30 percent of the area median income.

The right to purchase in TOPA is triggered when a landlord chooses to sell a property, whether or not there is a third-party purchase contract in place.²⁴ Before selling the property, the landlord must first provide the tenants with an offer of sale and opportunity to purchase the property. The landlord must also provide a copy of the offer to the municipal government (via “DOPA,” see below). If a third-party purchase contract is in place, the price in the offer of sale cannot exceed the price in the third-party contract, and the landlord must provide the tenants with a copy of the third-party contract within 7 days from the creation of the contract. If there is no third-party contract, the sales price cannot exceed the appraised value of the property. If the tenants disagree with the landlord’s appraised value, they can request an independent appraisal.²⁵

D.C. Tenant Opportunity to Purchase Act: Process Flowchart²⁶



If a building has five or more units, the purchase must be completed by a tenant organization. For purchases where an incorporated tenant organization already exists, the organization has 30 days to submit a Statement of Interest and Application for Registration. If a tenant organization does not yet exist, tenants have 45 days to form one and provide the required documentation.²⁷

Once tenants submit the required documentation, TOPA sets a minimum of 120 days for a negotiation period between the landlord and tenant organization. This period is extended by 15 days if the landlord enters into a third-party contract before the end of the negotiation period. If a settlement is reached by the landlord and tenant organization, the tenant organization has 120 days to secure financing and financial assistance, with potential extensions of up to 240 days possible, especially if a lending institution indicates that it will make a decision on funding assistance within that 240-day window.²⁸

In addition to the potentially yearlong process of going through TOPA to acquire the property, extensive renovations to the property are usually required. It can take up to two years to assemble financing, obtain permits, and complete the renovations.²⁹ The entire process from triggering TOPA to acquiring and then rehabbing the building can thus take as long as three years. One

challenge for tenant organizers and others working with tenants to acquire their building is conceptualizing the benefits of a building purchase when the results are so far off in the future.³⁰

Traditional financing for purchases by tenant associations is very difficult to secure, so tenant purchases under TOPA typically rely on mission-driven lenders and public agencies, including the District's Housing Production Trust Fund, discussed further below. As will be discussed more below, the financing and other infrastructure that has built up around TOPA has been critical to the law's success in enabling low-income tenants to purchase their rental homes.

TOPA has been critical for the preservation of existing affordable housing in Columbia Heights and elsewhere in D.C. Although the District does not officially track subsidized affordable units preserved through TOPA, today an estimated 398 units in Columbia Heights have been acquired by former tenants and are currently operated as limited equity cooperatives.³¹

TOPA has attracted criticism since its passage, and throughout the Act's past 38 years, a number of loopholes have been identified, with some but not all closed. The most recent controversy around TOPA recently led the D.C. Council to repeal TOPA for single-family houses.³² TOPA critics have argued that TOPA incentivizes tenants to sell off their right to purchase to the highest bidder rather than transfer ownership to the tenants. Landlords have also complained about approaching tenants to sign a waiver of their TOPA right in exchange for cash, only to find that this gives some tenants an opening to start a bidding war between the landlord and potential buyers.³³

Another argument raised against TOPA concerns tenants who initiate the TOPA process only to then back out at the last minute.³⁴ When another third-party offer is made, the tenants initiate the TOPA process again, leading to a drawn-out cycle that costs landlords time and money. Housing advocates have advocated for adjustments to the TOPA process to close these loopholes rather than fully repealing TOPA.³⁵ For instance, the law could prevent the TOPA process from being initiated more than once by tenants, or bar tenants from selling their rights to purchase (although still allowing them to transfer their rights without cost to mission-driven organizations).

As a supplement to TOPA, the District Opportunity to Purchase Act (DOPA)³⁶ extends a purchase right to the District if the tenants decline to utilize their right to purchase. The District's right to purchase is available for apartments that have at least five units and at least 25 percent affordable units. "Affordable" is defined in DOPA to mean units with rents (and utilities) that do not exceed 30 percent of income for households making up to 50 percent of the area median family income. The landlord must submit an offer of sale to the District concurrently with the offer to the tenants.

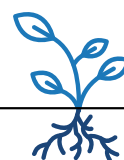
➤ The Housing Production Trust Fund

TOPA provides a strong legal foundation for tenants to purchase a building before it goes on the market, but it does not provide the funding or organizational resources that are necessary for the law to successfully preserve affordability. Most of the financial support for TOPA and organizations working on affordable housing preservation comes from the District's Housing Production Trust Fund (Trust Fund). The Trust Fund utilizes 15 percent of revenue from the District's deed and recordation taxes on every housing unit sold in the District.³⁷ The recent city-wide average trust fund subsidy for multifamily units, from 2013 to 2016, was \$65,000 a unit.³⁸

In 2014, the District Council, under the guidance of the mayor, voted to guarantee \$100 million annually to the Trust Fund.³⁹ This substantial allocation—

D. C. Housing Production Trust Fund:
January 2015 - September 2017

3,300 affordable
units
serving **7,200**
residents

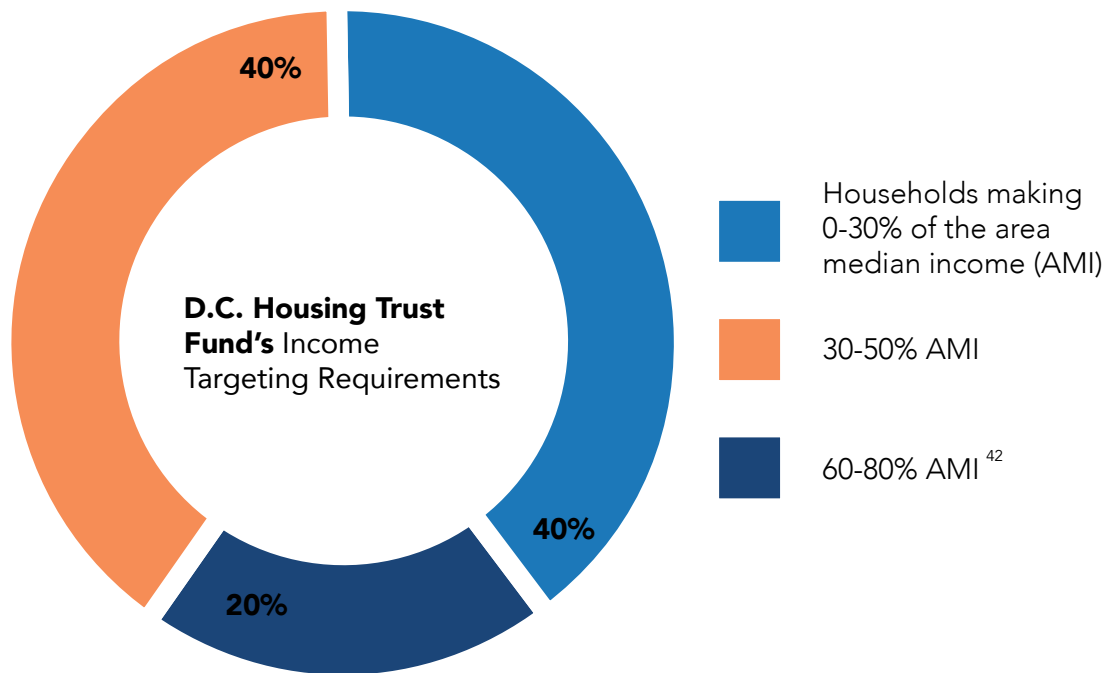


\$276 million in investments, funding
the creation and preservation of:

three times higher than any other U.S. city fund for affordable housing⁴⁰—is providing even more of the financial backing needed for affordability production and preservation efforts in the District.

The Trust Fund is used to support affordable housing acquisition, rehabilitation, preservation, and new construction, as well as counseling and technical assistance to tenants interested in buying their units. The Trust Fund requires affordability covenants that keep homeownership units affordable for at least 15 years and rental units affordable for at least 40 years.⁴¹ The Trust Fund comes with deep income targeting requirements, as shown in the figure below.

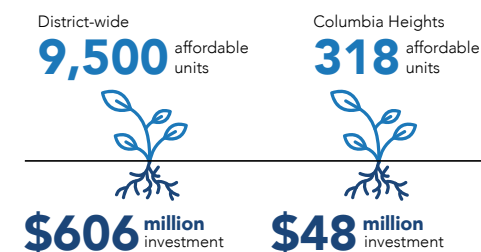
The targeting requirements for extremely low-income families (30 percent AMI and below),



however, are often not met. In fiscal year 2014, for example, less than 10 percent of Trust Fund resources served extremely low-income families in the District.⁴³ Trust Fund financing is often insufficient to serve households with the lowest incomes, given that the rents at these levels do not cover ongoing operating and maintenance costs. Activists in Columbia Heights have voiced concerns about this gap in Columbia Heights, i.e., that the District of Columbia is not serving enough residents at the highest risk of displacement.⁴⁴ There have been tensions among D.C.'s affordable housing community about how to close this gap in order to reach those most in need.⁴⁵

Between 2001 and 2016, the Trust Fund awarded close to \$606 million in loans and grants for the preservation and creation of more than 9,500 affordable housing units across the District.⁴⁶ In Columbia Heights, the district government spent more than \$48 million in this same time period to create and preserve 318 affordable units in 12 multifamily buildings, including several buildings acquired by tenants.⁴⁷ Between 2002 to 2009, Columbia Heights had the highest concentration of tenant purchases in the city.⁴⁸ Today, the neighborhood has at least 15 limited equity cooperatives with 398 affordable units acquired by former tenants.⁴⁹

D.C. Housing Trust Investments: 2001 to 2016



➤ **Grassroots Organizing, Technical Assistance, & Capacity Building Support**

Another critical component of preservation efforts in Columbia Heights has been the District's strong support of organizations that help low-income tenants with their rights under TOPA and navigating the purchase process. Utilizing primarily federal Community Development Block Grant dollars, D.C. funds local organizations to provide a broad range of services to assist tenants with purchasing their buildings, including tenant organizing, education to tenants about ownership models, preparing legal organization documents, and technical assistance with sales negotiations and securing financing. The funding is provided through the D.C. Department of Housing and Community Development, via a competitive request for funding proposal process. The two organizations that currently provide the most TOPA-related assistance to tenants in D.C. are the Latino Economic Development Center and Housing Counseling Services, Inc.⁵⁰

On top of the organizations that provide technical assistance and other support for tenant groups, D.C. has a large number of other high capacity nonprofits that are actively engaged in the affordable housing preservation sector. The D.C. Preservation Network lists 135 affiliated organizations, mostly made up of groups engaged in preservation work or affiliated support.⁵¹ This list does not capture the total number of preservation and tenants' organizations in the District, only those that coordinate with the Network.

➤ **The D.C. Preservation Network: Information & Resource Coordination; Policy Advocacy**

Another key ingredient of D.C.'s successful housing preservation work and displacement mitigation strategies has been the D.C. Preservation Network (the Network).⁵² The Network is a group of community-based organizations and government agencies working to preserve affordable housing in the District. The Network's focus is to identify and monitor properties at risk of losing their affordable rents and to share information about the properties and preservation strategies.⁵³ The Network is funded and managed by the Coalition for Nonprofit Housing and Economic Development (CNHED), an affordable housing nonprofit that acts as an umbrella organization for many D.C. affordable housing nonprofits.

The Network maintains and monitors a catalogue of subsidized housing in the District, drawing from lists, resources, and on-the-ground knowledge shared by participating members. Individual listings of properties of concern are tracked with the following information:



The D.C. Preservation Network tracks not only properties with expiring subsidies but also those in disrepair and in need of rehabilitation. This list is coordinated and shared with nonprofit, public, and community organizations working on affordable housing in the District.

The focal point of the Network is a monthly meeting where participants review housing that is in danger of losing affordability or in major disrepair and develop strategies for preserving the units. The Network's list of at-risk housing guides prioritization during monthly meeting discussions and focuses conversations productively around properties with the most immediate risk.

Diverse parties coordinate priorities, areas of expertise, and capacity in order to act quickly to preserve threatened affordable units. The Network has been most successful in coordinating the preservation of privately-owned, subsidized affordable housing.

Network meetings are open to anyone doing work in affordable housing in the D.C. area. This openness and inclusiveness, of both non-governmental and governmental participants, has generated successful collaborations and been a valuable aspect of the Network. For example, the Network is able to link technical assistance and resources with people working directly with residents.

One key advantage of the Network meetings is that participating parties do not need to agree on priorities, strategies, or goals in order for the meetings and coalition as a whole to function successfully.⁵⁴ The Network meetings are a robust forum for information sharing, which is a strong incentive for all stakeholders to participate. Some advocates who feel that their priorities are not exactly aligned with the Network majority still consider the information exchange that the Network facilitates extremely valuable.⁵⁵

The Network meetings depend on the individual relationships that develop between cooperating members and organizations.⁵⁶ Re-establishing these relationships and trust when new members or participants come into the group is an important challenge. The growing pains that come with personnel and participant turnover tend to occur every year or so, but ultimately the advantages of sharing information and resources prove to be greater than the differences between individual parties.⁵⁷

The Network also advocates for policy changes with the municipal government. In 2014, the Network's Preservation Strategy Working Group released a policy report recommending criteria for prioritizing affordable housing preservation and calling upon the municipal government to assign a preservation team of top officials from city agencies and designate a senior staffer to support the Network and coordinate preservation efforts across city departments.⁵⁸ Partially in response to the Network's recommendations, the District established an Housing Preservation Strike Force in 2015 and an Affordable Housing Preservation Officer in 2018.⁵⁹

D.C.'s Additional Mitigation-Displacement Tools to Protect Tenants

The District of Columbia has enacted an array of additional legal protections and policy tools that have helped low-income renters stay in their homes and access affordable rental opportunities in gentrifying neighborhoods.

► Local Rent Supplement Program

D.C.'s Local Rent Supplement Program was adopted in 2007 and provides monthly housing subsidies to more than 3,000 low-income renters in the city, targeting extremely low-income renters

making less than 30 percent of the area median income. The subsidy pays the gap between the monthly rent and what the family can afford.⁶⁰

In 2016, the District appropriated \$46 million towards the program, with funding coming from the Housing Production Trust Fund and general appropriations. The program, which is managed by the D.C. Housing Authority, provides three types of rental assistance, as shown below.

D.C. Local Rent Supplement Program

- 1 Tenant-based vouchers**
Tenants use the voucher to rent a private-market apartment.
- 2 Project-based assistance**
Funding is provided to a specific unit that is then rented to a qualifying household; the rental assistance stays with the unit.
- 3 Sponsor-based assistance**
Funding is provided to a specific housing provider that agrees to make a certain number of units available to eligible households and to provide supportive services.⁶¹

➤ Legal Protections

The District offers a robust array of legal protections for renters, including:

D.C.'s Legal Protections for Renters

- Organizing protections**
The District's Tenant Right to Organize Act gives tenants the right to organize into associations and engage in organizational activities in their building such as distributing literature and holding meetings.⁶² The right to organize is a critical legal protection for tenants seeking to engage other tenants and form a tenant association to buy their building under TOPA.
- Just cause eviction protections**
Landlords in the District are barred from evicting a tenant just because the tenant's lease terms expired, except for specific reasons set forth in the Act, such as failure to pay rent.
- Tenant Bill of Rights**
Landlords are required to provide each rental applicant with a copy of the "DC Tenant Bill of Rights."
- Rent control**
The District's rent stabilization law regulates rent increases in properties built before 1976 except for units that are owned by an individual (versus business entity) who owns no more than four rental units.⁶³

➤ Office of Tenant Advocate

The District's Office of the Tenant Advocate (OTA), which receives \$2.4 million in funding from the District, provides a number of services to support vulnerable tenants in the District, including legal education and advocating for tenants' rights and interests before different legislative and regulatory bodies.⁶⁴ OTA has four attorneys on staff who provide legal assistance to tenants and tenant associations and intervene in judicial cases impacting renters' rights, including lawsuits involving TOPA enforcement. OTA also contracts out with local legal service providers. In FY 2014, the District spent \$820,000 on legal assistance to renters, resulting in \$3,631,181 being returned to tenants, a 443 percent return.⁶⁵ Other services provided by OTA include emergency financial assistance for displaced tenants and a tenant hotline.

➤ Affordable Housing Preservation Unit

The District's Affordable Housing Preservation Unit, led by an Affordable Housing Preservation Officer, is one of the District's newest strategies to preserve affordable housing. The Unit was created in 2017 to focus on preserving existing affordable units—both those with and without government subsidies. The city's first Preservation Officer was hired in March 2018.

Lessons Learned

Arising out of the rapid changes that occurred in Columbia Heights over the past 22 years and the District's multitude of strategies and tools to mitigate the displacement of low-income renters, there are number of key takeaways and lessons for other communities facing similar changes and challenges:

- 1. Incorporate residential displacement mitigation strategies into initial redevelopment plans.** In Columbia Heights, the reinvestment strategies targeted at increasing economic prosperity in the neighborhood triggered displacement pressures and radically changed the racial and economic makeup of the area in just a decade. If displacement mitigation strategies had been integrated from the beginning, more affordable units would have been preserved and fewer vulnerable residents impacted. Once gentrification picks up steam, preservation becomes much more difficult.
- 2. "After the fact" displacement mitigation strategies can't stop displacement, but they can preserve a significant amount of affordability in a neighborhood if the right resources and tools are in place.** Planning for the preservation of affordability before investing in a neighborhood is the best practice. However, a progressive legal framework supported by dedicated financing and organizational support can make a dent. In Columbia Heights, TOPA, the Housing Production Trust Fund, and a dedicated, coordinated network of support have been leveraged to help build and preserve hundreds of affordable units in the neighborhood and to support tenant ownership of their apartments.
- 3. Develop a network of high capacity preservation actors.** A coordinated infrastructure of high capacity preservation groups that closely monitors at risk properties and that can move with agility and speed is essential to preserving existing affordable rental housing. Columbia Heights has benefitted enormously from D.C.'s closely-knit network of high capacity preservation organizations and technical assistance providers.
- 4. Invest in support and protections for tenants.** D.C.'s strong tenant protection laws provide

tenants with the protections they need to organize and exercise their rights under TOPA. D.C. also funds tenant organizing groups and technical assistance providers to help tenants form tenants' associations, navigate TOPA, secure financing, and successfully buy their units.

5. **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.
6. **Tenant opportunity to purchase legislation should include language that prevents abuse and loophole exploitation by for-profit developers and tenants.** Doing so helps protect the legislation from cases of abuse with bad "optics" that can be used by opponents to undermine the law and argue for its repeal.
7. **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, tenant protections, funding for affordable housing, and a large roster of preservation organizations. D.C.'s current mayor has also been a critical champion for affordable housing, and, as a result of her leadership, the District now operates the largest municipal trust fund for affordable housing in the country.
8. **Give consideration to what level of affordability is being targeted.** Make sure that the income levels targeted for affordable housing assistance match the need from the community most at risk of displacement. Mitigating displacement in rapidly appreciating markets requires deep subsidy in order to achieve affordability for the lowest-income residents. In Columbia Heights, 69 percent of local trust fund subsidies for affordable housing are serving residents with incomes from 60 to 80 percent of the area median income—far out of reach for the lowest-income and most vulnerable residents in the neighborhood.
9. **Large levels of local dedicated funding are necessary.** Affordable housing preservation at a scale large enough to be meaningful requires large levels of local dedicated funding. In Columbia Heights, \$48 million in investments from the D.C. Housing Production Trust Fund since 2001 has supported the creation and preservation of 321 units, a subsidy of close to \$150,000 per unit.

Conclusion

The District of Columbia's programs to preserve affordable housing and help vulnerable tenants remain in their communities are among the strongest in the country. D.C.'s Tenant Opportunity to Purchase Act provides tenants with a right to purchase their units when landlords attempt to sell their complex. Tenants' ability to purchase their apartments are further supported through the largest municipal housing trust fund in the country—the D.C. Housing Production Trust Fund—which currently receives more than \$100 million a year in funding from the District. D.C.'s legal protections for tenants and successful network of housing preservation organizations via the Housing Preservation Network are also among the strongest in the nation.

As a result of these effective and diverse strategies—along with a concentration of public housing and privately-owned subsidized housing that was built prior to the gentrification of the neighborhood—a high percentage of homes in Columbia Heights are affordable today, with close

to 3,000 rent-restricted units for low-income residents. These rent-restricted units constitute more than 22 percent of the neighborhood's housing stock. Affordable ownership by former tenants through limited equity cooperatives has been established for at least 398 units in 15 buildings.

On the other hand, despite these robust interventions, the displacement of vulnerable tenants in Columbia Heights has not been halted as housing costs continue to mount in the neighborhood. For many long-time residents and advocates, the displacement has been the direct result of economic revitalization in the late 1990s and 2000s that did not prioritize the residents that were already there. Low-income residents in Columbia Heights continue to feel intense financial pressure, while the need for affordable units still far outstrips the supply. The gap between subsidized and unsubsidized housing prices grows increasingly large, and many of the newest subsidized housing units are targeted at income levels far higher than what many longtime residents can afford.

The rapid transformation of Columbia Heights has created other issues, including tensions between long-time residents and newcomers.⁶⁶ Many long-term residents cannot afford the new restaurants and other businesses opening up in the neighborhood. And many persons of color with deep ties to the neighborhood report a loss of community and feeling like strangers in their own neighborhood.⁶⁷

Endnotes

¹ District of Columbia, Department of Housing and Community Development, "Housing Production Trust Fund," <https://dhcd.dc.gov/page/housing-production-trust-fund>.

² Between 2,953 and 3,068 units in Columbia Heights are income-restricted. Prepared from data on the Housing Insights Tool, at <http://housinginsights.org/tool/#>.

³ Prepared from data maintained by the Coalition for Nonprofit Housing & Economic Development, "Where are coops in DC?" at <https://www.cnhed.org/policy-advocacy/policy-approach/coop/where-are-coops-in-dc/>.

⁴ Howell, Kathryn L., "Planning for empowerment: Upending the traditional approach to planning for affordable housing in the face of gentrification," *Planning Theory & Practice* 17, no. 2, 210-226, 2016.

⁵ U.S. Census 1960, Social Explorer, Table T13, "Race (100% Count)," Census tracts 28, 29, 30, 31, 35, 36, 37, Washington, D.C.

⁶ Howell, Kathryn, "Preservation from the bottom-up: affordable housing, redevelopment, and negotiation in Washington, DC," *Housing Studies* 31, no. 3, 305-323, 2016.

⁷ Kennedy, Maureen and Leonard, Paul, "Dealing with Neighborhood Change: A Primer on Gentrification and Policy Choices," Brookings, 2001, at p.58.

⁸ Comey, Jennifer, et al., "State of Latinos in the District of Columbia," Nov. 2009, p.18 <https://www.neighborhoodinfodc.org/pdfs/412176-state-of-latinos.pdf>

⁹ Wogan, J.B., "Why D.C.'s Affordable Housing Protections Are Losing a War with Economics," *Governing*, Feb. 2015, <http://www.governing.com/topics/urban/gov-washington-affordable-housing-protections-gentrification-series.html>.

¹⁰ *Ibid.*

¹¹ Kennedy and Leonard, "Dealing with Neighborhood Change," note 7, *supra*.

¹² Howell, Kathryn L., "Planning for empowerment" note 4, *supra*; "Washington, D.C., Gentrification Maps and Data," *Governing*, <http://www.governing.com/gov-data/washington-dc-gentrification-maps-demographic-data.html>.

¹³ The demographic information in this paragraph is from: U.S. Census 2000, Social Explorer, Table SE:T15, "Hispanic Or Latino By Race," Table SE:T93, "Median Household Income In 2016 Dollars," Table SE:T40, "Educational Attainment For Population 25 Years And Over," Table SE:T180, "Poverty Status In 1999 For Children Under 18," census tracts 28.01, 28.02, 29, 30, 31, 35, 36, 37, Washington, D.C.; U.S. Census 2010, Social Explorer, Table SE:T55, "Hispanic Or Latino Origin By Race," census tracts 28.01, 28.02, 29, 30, 31, 35, 36, 37, Washington, D.C.; American Community Survey 2008-2012, Social Explorer, Table SE:T18, "Households by Presence of People Under 18 Years by Household Type," Table SE:T25, "Educational Attainment for Population 25 Years and Over," Table SE:T57, "Median Household Income (In 2016 Inflation Adjusted Dollars), census tracts 28.01, 28.02, 29, 30, 31, 35, 36, 37, Washington, D.C.

¹⁴ Wogan, "Why D.C.'s Affordable Housing Protections Are Losing a War with Economics," note 9, *supra*.

¹⁵ U.S. Census 2010, Social Explorer, Table SE:T57, "Median Household Income (In 2016 Inflation Adjusted Dollars)," census tracts 28.01, 28.02, 29, 30, 31, 35, 36, 37, Washington, D.C.; American Community Survey 2012-2016, Social Explorer, Table SE:T56, "Household Income (In 2016 Inflation Adjusted Dollars)," Table SE:T57, "Median Household Income (In 2016 Inflation Adjusted Dollars," census tracts 28.01, 28.02, 29, 30, 31, 35, 36, 37, Washington, D.C.

¹⁶ U.S. Census 2010, Social Explorer, Table SE:T55, "Hispanic Or Latino Origin By Race," census tracts 28.01, 28.02, 29, 30, 31, 35, 36, 37, Washington, D.C.; American Community Survey 2012-2016, Social Explorer, Table SE:T14, "Hispanic or Latino by Race," census tracts 28.01, 28.02, 29, 30, 31, 35, 36, 37, Washington, D.C.

¹⁷ Kennedy and Leonard, "Dealing with Neighborhood Change," note 7, *supra*.

¹⁸ "Housing Insights Tool," Housing Insights, <http://housinginsights.org/tool/#>.

¹⁹ Howell, "Preservation from the bottom-up," note 6, *supra*.

²⁰ Tenant Opportunity to Purchase Act of 1980, Code of the District of Columbia, §§ 42-3404.01-14.

²¹ For a longer discussion on the history of TOPA and D.C.'s tenant protection laws, see Misra, Tanvi, "Forgotten Lessons From a 1970s Fight Against Gentrification." CityLab, Feb. 9, 2015, <https://www.citylab.com/equity/2015/02/forgotten-lessons-from-a-1970s-fight-against-gentrification/385212/>; Lloyd, James M, "Fighting Redlining and Gentrification in Washington, D.C.: The Adams-Morgan Organization and Tenant Right to Purchase," *Journal of Urban History*, 1-19, 2015.

²² Howell, "Planning for empowerment," note 4, *supra*.

²³ Huron, Amanda, "Creating a Commons in the Capital: The Emergence of Limited-Equity Housing Cooperatives in Washington, D.C.," *Washington History* 26, no. 2, 57-67, 2014.

²⁴ Tenant Opportunity to Purchase Act of 1980, Code of the District of Columbia, § 42-3404.02.

²⁵ *Ibid.*

²⁶ Adapted from District of Columbia, Office of the Tenant Advocate, "TOPA Process Charts," retrieved July 16, 2018, from <https://ota.dc.gov/page/tenant-opportunity-purchase-act-topa>.

²⁷ Washington, D.C., Office of the Tenant Advocate, "TOPA Process Chart (5 or more units)," retrieved July 16, 2018, from <https://ota.dc.gov/page/tenant-opportunity-purchase-act-topa>.

²⁸ *Ibid.*; Tenant Opportunity to Purchase Act of 1980, Code of the District of Columbia, § 42-3404.11.

²⁹ Rome, Eric, telephone interview, June 28, 2018.

³⁰ *Ibid.*

³¹ This estimate is based on a database maintained by the Coalition for Nonprofit Housing & Economic Development, "Where are coops in DC?" <https://www.cnhed.org/policy-advocacy/policy-approach/coop/where-are-coops-in-dc/>.

³² Fleischer, Jodie, "D.C. Council Votes to Exempt Single-Family Homes from TOPA Law," NBC Washington, April 11, 2018, <https://www.nbcwashington.com/investigations/D.C.-Council-Votes-to-Exempt-Single-Family-Homes-From-TOPA-Law-479336123.html/>.

³³ Fleischer, Jodie, et al., "Some Renters Make Tens of Thousands Exploiting Old D.C. Law," NBC Washington, June 8, 2017, <https://www.nbcwashington.com/investigations/Some-D.C.-Renters-Make-Tens-of-Thousands-of-Dollars-Exploiting-Decades-Old-Law-421942054.html>.

³⁴ Baskin, Morgan, "D.C. Council Takes Next Step in Exempting Single Family Homes from TOPA," *Washington City Paper*, March 6, 2018, <https://www.washingtoncitypaper.com/news/housing-complex/article/20995182/dc-council-takes-next-step-in-exempting-single-family-homes-from-topa>.

³⁵ Howell, Kathryn, telephone interview, April 2, 2018.

³⁶ Code of the District of Columbia, §§ 42-3404.31–37.

³⁷ Howell, "Preservation from the bottom-up," note 6, *supra*; District of Columbia, Department of Housing and Community Development, Housing Production Trust Fund website, <https://dhcd.dc.gov/page/housing-production-trust-fund>.

³⁸ This number is an average from the years 2013-2016 and drawn from the following two sources: Goldchain, Michelle, "Every D.C. affordable housing project funded in FY 2016, mapped," *Curbed*, Washington DC, Oct. 14, 2016, <https://dc.curbed.com/maps/affordable-housing-dc-washington>; District of Columbia, Department of Housing and Community Development, "Housing Production Trust Fund Reports," <https://dhcd.dc.gov/page/housing-production-trust-fund-reports>.

³⁹ Howell, "Planning for empowerment," note 4, *supra*.

⁴⁰ D.C., Department of Housing and Community Development, Housing Production Trust Fund website, <https://dhcd.dc.gov/page/housing-production-trust-fund>.

⁴¹ Office of the District of Columbia Auditor, *The District of Columbia Housing Production Trust Fund: Revenues and Expenditures and 5-City Comparison*, June 30, 2016 ("Housing Production Trust Fund Report"), <http://www.dcauditor.org/sites/default/files/HPTF%20Report%20Final.pdf>.

⁴² D.C., Department of Housing and Community Development, Housing Production Trust Fund website; see also D.C. Code § 42-2802(b-1)(2).

⁴³ D.C., Department of Housing and Community Development, "FY 2014 Housing Product Trust Fund Annual Report and the Affordable Housing Report."

⁴⁴ Moulden, Dominic, Resource Organizer, OneDC, telephone interview, May 8 and 10, 2018.

⁴⁵ *Ibid.*

⁴⁶ D.C. Auditor, "Housing Production Trust Fund Report," note 38, *supra*.

⁴⁷ Based on data from D.C. Auditor, "Database of Housing Production Trust Fund Multi-Family and Single-Family Projects, FYs 2001-2016," available at <http://www.dcauditor.org/sites/default/files/HPTF-Public-Database.xlsx>.

⁴⁸ Wogan, "Why D.C.'s Affordable Housing Protections Are Losing a War with Economics," note 9, *supra*.

⁴⁹ Based on data from a database maintained by the Coalition for Nonprofit Housing & Economic Development, "Where are coops in DC?" <https://www.cnhed.org/policy-advocacy/policy-approach/coop/where-are-coops-in-dc/>.

⁵⁰ Davis, Edward D., Program Manager, Neighborhood Based Activities, D.C. Department of Housing and Community Development, telephone interview, June 29, 2018.

⁵¹ The Coalition of Nonprofit Housing & Economic Development, "Membership List," <https://www.cnhed.org/membership/membership-list-1/>.

⁵² Howell, Kathryn, telephone interview, April 2, 2018.

⁵³ The information in this section on the D.C. Preservation Network, unless otherwise noted, comes from the following sources by Kathryn H. Howell: Howell, "Planning for empowerment, note 4, *supra*"; Howell, "Preservation from the bottom-up," note 6, *supra*; Howell, Kathryn H., "From Tenant Organizers to Housing Agencies: Using Data to Preserve Affordable Housing," *Community Scope*, Federal Reserve, Vol. 5, Issue 1 (2017); Howell, Kathryn, telephone interview, April 2, 2018.

⁵⁴ Moulden, Dominic, Resource Organizer, OneDC, telephone interview, May 8 and 10, 2018.

⁵⁵ *Ibid.*

⁵⁶ *Ibid.*

⁵⁷ *Ibid.*

⁵⁸ DC Preservation Network, Preservation Strategy Working Group, "Maintaining Economic Diversity and Affordability: A Strategy for Preserving Affordable Rental Housing in the District of Columbia," Dec. 2014, <https://www.neighborhoodinfodc.org/dcpreservationcatalog/Preservation%20Strategy%20Dec2014.pdf>

⁵⁹ Dovey, Rachel, "D.C. Hires First Housing Preservation Officer," *Next City*, March 6, 2018, <https://nextcity.org/daily/entry/dc-hires-first-housing-preservation-officer>.

⁶⁰ D.C. Fiscal Policy Institute, "The Local Rent Supplement Program," April 11, 2016, <https://www.dcfpi.org/wp-content/uploads/2016/04/16-04-LRSP-Brief.pdf>.

⁶¹ *Ibid.*

⁶² Code of the District of Columbia, § 42-3505.06, *et seq.*

⁶³ Code of the District of Columbia, § 42-3501.01, *et seq.*

⁶⁴ D.C. Office of the Tenant Advocate, "Fiscal Year 2015 Annual Report," https://ota.dc.gov/sites/default/files/dc/sites/ota/publication/attachments/Annual%20Report%202015_FOR_WEBSITE_NM.pdf.

⁶⁵ *Ibid.*, at 11.

⁶⁶ See, for example, Sadon, Rachel, "On A Columbia Heights Soccer Field, The Effects of Gentrification Play Out." *DCist*, July 2017, http://dcist.com/2017/07/on_a_columbia_heights_soccer_field.php.

⁶⁷ Howell, Kathryn, telephone interview, April 2, 2018; Howell, Kathryn, "Transforming Neighborhoods, Changing Communities: Collective agency and rights in a new era of Urban Redevelopment in Washington, D.C." (Doctoral dissertation, University of Texas at Austin), Dec. 2013, <https://repositories.lib.utexas.edu/bitstream/handle/2152/23193/HOWELL-DISSERTATION-2013.pdf>.

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



Photo courtesy Guadalupe Neighborhood Development Corporation

First community land trust home in Texas, by Guadalupe Neighborhood Development Corporation

Introduction

The Guadalupe neighborhood in Austin, Texas, has been working to curtail the displacement of vulnerable residents since the late 1970s. This multi-decade struggle, in the face of rising land values and development pressures from downtown, offers several lessons and specific strategies for neighborhoods experiencing similar changes. While land values in Guadalupe today are among the highest in Austin, the neighborhood—led by the work of a community-based nonprofit development corporation, Guadalupe Neighborhood Development Corporation (GNDC)—continues to be a pioneer in adopting new tools and strategies to mitigate the displacement of vulnerable residents amidst changing and challenging conditions, in a state that has been hostile to many traditional anti-displacement policies.

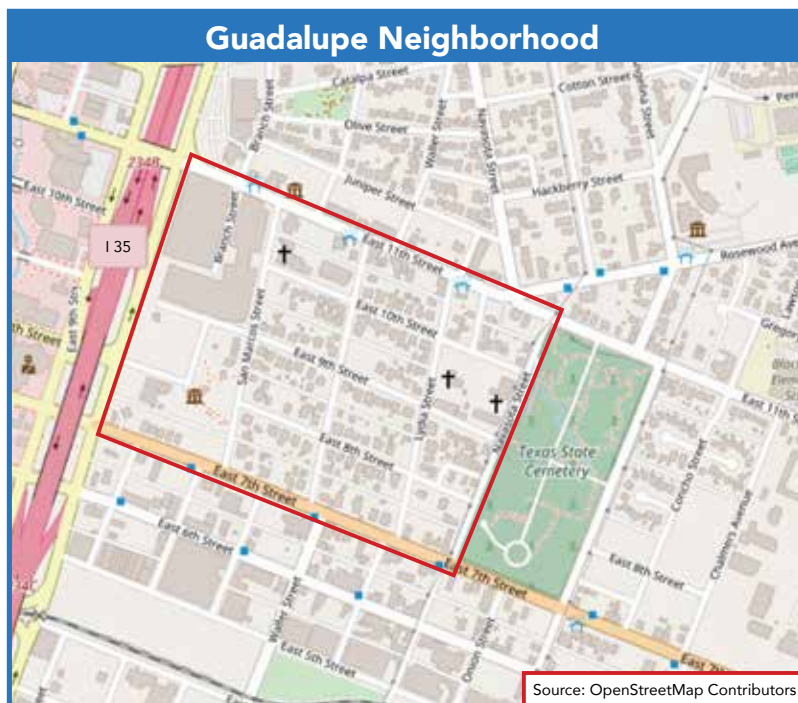
Through GNDC, neighborhood leaders have deployed a range of evolving anti-displacement strategies, including the state's first community land trust, land banking, and accessory dwelling units. GNDC's accomplishments in the neighborhood include creating 53 long-term affordable units for low-income residents with generational ties to the area, with another 26 units under development.¹ A nonprofit organization affiliated with Ebenezer Third Baptist Church has built another 12 units for seniors. Together, these units constitute 54 percent of the neighborhood's housing stock that was on the ground when GNDC began its property acquisitions in the early 1980s. These units are all under community control, in locations throughout most of the neighborhood, helping preserve the residential character of the neighborhood.

Background

The Guadalupe neighborhood is located just east of Austin's Central Business District, bounded by Interstate Highway 35, 7th and 11th Streets, and the State Cemetery. The neighborhood is small, comprising less than one-fifth a square mile and approximately 14 blocks.

At the turn of the 20th century, the area comprising today's Guadalupe neighborhood was home to a multi-ethnic community that included European immigrants and African Americans. African-American residents resided primarily in the area around Pleasant Hill, Austin's earliest known freedman's settlement, in the northwest section of the neighborhood.

The neighborhood included a number of religious and cultural institutions serving the African-American population, including the Ebenezer Third Baptist Church and the Robertson Hill Public School. Just south of Pleasant Hill stood the French Legation, which was constructed in the 1840s to serve as the French Embassy to the Republic of Texas, but those plans never came to fruition, and the site became a family residence. The site was eventually sold to the Daughters of the Republic of Texas and opened to the public as a museum in the 1950s.



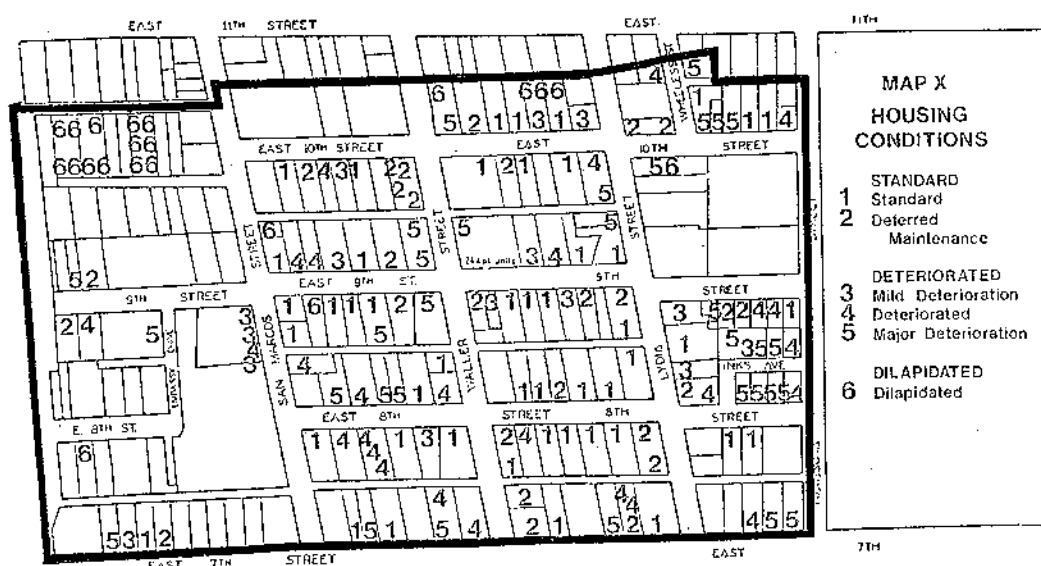
Lebanese immigrants fleeing war in the early 20th century settled in the southwestern area of the neighborhood. By the 1920s, Mexican Americans had also begun moving into the area. Their presence grew following the Mexican Revolution of 1910, which caused many Mexican nationals to migrate to the United States in search of economic opportunities, and the relocation of Our Lady of Guadalupe Church from downtown to East 9th Street, where it became a stabilizing force for the neighborhood.

The City's 1928 comprehensive plan sanctioned the segregation of African Americans in Central East Austin through the creation of a "Negro district," while other racist policies, including lending redlining, further the concentration of both African-Americans and Mexican-Americans in the area. In 1962, federal highway legislation brought Interstate Highway 35 through Austin, replacing what was once East Avenue and reinforcing the racial and ethnic divide that existed by then between East and West Austin.²

Heading into 1970, Mexican Americans comprised 80 percent of Guadalupe neighborhood's residents, and African Americans comprised 15 percent of residents.³ African-American residents were concentrated largely in the northern section of the neighborhood. The now widely-used name for the area, "Guadalupe neighborhood," which takes its name from Our Lady of Guadalupe Church, started to be used in the late 1970s and initially did not include the area north of East 10 1/2 street.

In the 1970s, the Guadalupe neighborhood suffered from rapid deterioration. More than half of the neighborhood's 168 single family homes were in substandard condition, and 21 percent of the homes were razed. In the western quadrant of the neighborhood, adjacent to downtown, close to 70 percent of the lots stood vacant. Citywide home values skyrocketed between 1970 and 1980 by 69 percent, while values in the Guadalupe neighborhood increased by a mere 16 percent to just under \$15,000. Rents on the other hand doubled in this time period, from \$49 to \$99 a month.

Survey of Housing Conditions in Guadalupe in 1980 (approx.)



1979 – 1989: Launching Community-Led Efforts to Improve the Neighborhood and Prevent Displacement in Response to Deteriorating Housing Conditions and Outside Redevelopment Pressures⁴

The genesis of the Guadalupe neighborhood's concerted efforts to combat displacement of long-time residents and preserve the neighborhood began in 1979, in response to urban renewal plans to expand the French Legation museum, which was run at the time by the Daughters of the Republic of Texas. For the proposed expansion, which would have included a visitors' center and a park, the City of Austin planned to use \$622,000 in federal Community Development Block Grant (CDBG) funding and eminent domain to seize and tear down 14 homes around the museum, displacing at least 11 families. The plans were supported by influential Austinites such as Lady Bird Johnson and Congressman J.J. Pickle, but developed with little or no consultation with Guadalupe residents. The park would have been built in part of the Pleasant Hill area of the neighborhood, the site of a former freed slave settlement.

After a series of public meetings to discuss the proposed expansion, neighbors formed the Guadalupe Area Neighborhood Association, with the goals of improving housing conditions, maintaining the residential character of the neighborhood, and minimizing the displacement of low- and moderate-income residents. The association members voted unanimously to oppose the French Legation expansion plans, and neighbors banded together to quickly launch a campaign against the expansion and displacement of residents. The advocacy was buoyed by the existence of Our Lady of Guadalupe Church in the neighborhood, which provided much of the leadership for the campaign through parish board members and church staff such as Sister Amalia Rios, who was born in Guadalupe. These community members were already respected leaders in the neighborhood through their work with the church.



Photo courtesy Guadalupe Neighborhood Development Corporation

Residents Protest French Legation Expansion Project

The opposition campaign was supported by community development and social justice advocates, as well as staff from the local legal aid organization. Residents showed up at council meetings to protest the expansion plans, engaged in media advocacy, and filed a lawsuit protesting the use of the CDBG funds for the project. At the end of the day, the neighborhood's advocacy was successful: In April 1979 the city dropped its plans for the expansion. Defeating the expansion of the French Legation was a huge political victory for the neighborhood and strengthened the political and social capital of the residents who led the campaign—and inspired them to take additional actions to save the neighborhood.

➤ **The Guadalupe Community Development Project: a community-driven plan for mitigating displacement**

With \$622,000 in CDBG funds freed up from the French Legation project, neighborhood leaders lobbied the City Council to redirect those funds towards a community-centered strategy for improving and preserving housing in the neighborhood. To develop the community strategy, Guadalupe leaders conducted surveys of residents, held multiple community meetings, and sent

canvassers out to conduct door-to-door assessments of property conditions in the neighborhood. A steering committee of the Guadalupe Neighborhood Area Association met weekly for close to a year to develop the plan, with on-going support by legal aid staff.

The leaders' work culminated in the creation of a three-phase, comprehensive redevelopment plan for the neighborhood: the Guadalupe Community Development Project. The Austin City Council unanimously endorsed the plan and approved the redirection of the CDBG funding towards implementation of the community's plan.

The primary focus of the Guadalupe Community Development Project plan, as stated in a memo to the City Council, was "to improve the neighborhood quality while preventing the displacement of lower-income residents."⁵ The project plan included a call for (1) downzoning lots whenever the zoning was more intense than the existing use to prevent commercialization of residential lots; (2) providing counseling and deferred loans to help homeowners with repairs; (3) improving the quality of rental housing; (4) buying up vacant land to build affordable houses; and (5) improving the appearance and functionality of the neighborhood through street, sidewalk, and alleyway improvements.⁶ Some of these strategies are discussed further below.⁷

► **Creating a community development corporation to implement the neighborhood plan**

To implement the Guadalupe Community Development Project in 1981, neighborhood leaders formed a new nonprofit organization: the Guadalupe Neighborhood Development Corporation, also known as GNDC. GNDC has turned out to be the most critical player in the neighborhood's successful work to mitigate displacement of long-time residents.

GNDC was founded as a community development corporation, meaning that it would be governed permanently by the community—initially almost all residents of Guadalupe neighborhood, including many leaders from Our Lady of Guadalupe Church who had been active in the French Legation dispute. GNDC's initial board members had a combined tenure of more than 400 years as Guadalupe residents.⁸ Over time, GNDC added board members from other East Austin neighborhoods as the organization expanded its service boundaries east and southward. Throughout the organization's history, GNDC's community-run board has played an active role

GUADALUPE COMMUNITY DEVELOPMENT PROGRAM



PHASE 1 PLAN



Photo courtesy Guadalupe Neighborhood Development Corporation

Guadalupe Neighborhood Development Corporation
Board of Directors, 2000 (approx.)

in overseeing GNDC's programs and setting the organization's policies.

As a community development corporation, GNDC was modeled on the Clarksville Community Development Corporation in Austin and other similar organizations that had been recently formed in other parts of the United States as part of a national movement to empower residents to oversee and guide improvements in their neighborhoods. Blackshear Neighborhood Development Corporation and Blackland Community Development Corporation were formed at around the same time in East Austin to focus on community-centered affordable housing and neighborhood revitalization.

Today, GNDC is a small, well-respected organization with four full-time staff implementing multi-million dollar development projects. Since its founding, GNDC has continued to build social and political capital in Austin, which it has used to garner support from banks and elected officials for projects serving vulnerable residents in East Austin.

To get to where it is today, GNDC has also benefitted from an array of technical assistance and capacity building support. The East Austin Chicano Economic Development Corporation provided technical assistance on the initial implementation of the Guadalupe Community Development Project in the early 1980s, while leaders from what became the Texas Low Income Housing Information Services provided key staffing support as the organization got off the ground. (These same leaders also played a key role in launching several CDCs in other parts of Austin.) An attorney from Legal Aid of Central Texas served as general counsel for the organization for more than 20 years, attending every board meeting, and the Entrepreneurship and Community Development Clinic at the University of Texas School of Law has provided on-going legal assistance over the past 10 years. GNDC has worked with an array of other partners on its projects, furthering its capacity to implement more complex projects.

Having the financial means to hire staff for administering GNDC's programs has been a key part of GNDC's long-term success as a community development corporation. While most other CDCs in Texas focused principally on creating homeownership opportunities, GNDC's early work included creating affordable rental housing opportunities. With the benefit of limited debt, the rental homes eventually generated enough income to help fund GNDC's administrative operations, including the hiring of permanent staff. The administrative support has allowed the organization to expand its capacity and impact over time.

From GNDC's experiences, the staff of a community development corporation does not need to have initial experience in community development but must be willing to dive into the work and bring in partners to help bridge gaps in expertise or other capacity. Mark Rogers, GNDC's executive director since 2003 and a resident of Guadalupe neighborhood since 1986, started working for the organization in 1993 as a project consultant. When he first joined the organization, he did not have a development background but had been involved with the creation of the Guadalupe Association for an Improved Neighborhood, GAIN, and had run several small neighborhood improvements projects funded by the City of Austin. One project that Rogers operated, Paint-a-Block, caught the eye of Sister Amalia Rios with GNDC, who enlisted Rogers in 1993 to manage the rehabilitation of GNDC's original rental housing. Rogers has been instrumental to GNDC's work and its impact in the community.

➤ **Fixing up substandard homes**

One of primary focuses of the Guadalupe Community Development Plan was to improve the housing conditions of existing residents, both renters and homeowners. As discussed above, of the 170 single-family homes in the neighborhood in 1980, over half were in substandard condition. Within six months of March 1982, when funding for the Guadalupe Community Development

Project began, the neighborhood quickly met its first-year goals for home repairs, with the following accomplishments:

- Enrolled 42 Guadalupe homeowners in the City's home repair program.
- Enrolled 18 senior and disabled homeowners and renters in the City's architectural barrier removal program.
- Placed 8 Guadalupe homeowners in the Urban League's emergency repair program.
- Worked with the City to establish a home rehabilitation program for owner- and renter-occupied homes in the neighborhood.
- Negotiated the purchase and financing for the rehabilitation and resale of ten substandard rental homes for the existing tenants.⁹



Photo courtesy Guadalupe Neighborhood Development Corporation

Abandoned home in Guadalupe Neighborhood

➤ Early and strategic land acquisition

At the time the Guadalupe Community Development Project was created, the commercialization of the neighborhood, which is located adjacent to downtown, threatened to displace residents and erode the residential character of the neighborhood. Large-scale land assembly was beginning to occur in the western quadrant of the neighborhood, next to downtown, and picked up in the 1980s when a California real estate company began acquiring approximately 8 acres between 7th and 11th streets and proceeded to raze the remaining homes to make way for a shopping mall and luxury hotel.

To respond to the commercialization threat, another major emphasis of the Guadalupe Community Development Project was to acquire vacant lots and houses in strategic locations on as many blocks as possible—for long-term control and to bar assembly for large-scale commercial redevelopment. This “four corners strategy,” with the goal of owning each corner lot on each block, made GNDC a major property owner in the area providing additional clout in zoning battles. Buying lots early



Photo courtesy Guadalupe Neighborhood Development Corporation

Guadalupe Neighborhood Development Corporation houses

on also turned out to be smart from an affordability perspective, although no one at the time likely envisioned that lot values would be as high as they are today. In the 1980s, lots in Guadalupe could be acquired for as low as \$5,000; today lots sell for \$500,000 to \$650,000.

By 1984, GNDC had acquired 10 lots through the community's land acquisition strategy, which were used for the construction of 7 affordable homeownership and 10 rental units. The rental units were included in both single-family and duplex houses. A key part of GNDC's successful land acquisition strategy was accessing surplus publicly-owned land, as these lots were easier to acquire. Most of GNDC's initial 10 lots were acquired from public entities including the City of Austin.

By 1989, GNDC owned a total of 14 rental units on 9 lots spread throughout the Guadalupe neighborhood. Over the ensuing years the organization acquired a number of additional properties. GNDC's executive director, Mark Rogers, notes that one of the organization's current regrets is that it did not acquire more properties during this early time period, given the low cost of land compared to today's land values.

➤ **Neighborhood improvement initiatives**

Guadalupe's residents have remained active outside of GNDC to address neighborhood conditions, including zoning cases at city hall and high crime, which was a major concern of residents in the 1980s and early 1990s. For example, in the late 1980s, Guadalupe resident David Zapata led a community policing program, appointing a crime watch captain to each block in the neighborhood. A new neighborhood association called the Guadalupe Association for an Improved Neighborhood, or GAIN, eventually supplanted the Guadalupe Area Neighborhood Association to lead projects for combating crime and improving the neighborhood for residents, outside of GNDC's work to improve housing conditions. Projects led by GAIN included hiring local youth for neighborhood clean-ups and mowing lots. Within two years after GAIN's founding, crime in the area had dropped by 23 percent.¹⁰ Both GNDC and GAIN have also played an active role in zoning cases and land use decisions impacting the neighborhood. In 1996, the Austin Chronicle noted that GAIN had been so successful in its advocacy involving land use cases that other Central East Austin neighborhoods were turning to the organization for support.¹¹



Photo courtesy Guadalupe Neighborhood Development Corporation
Guadalupe Neighborhood youth cleanup project

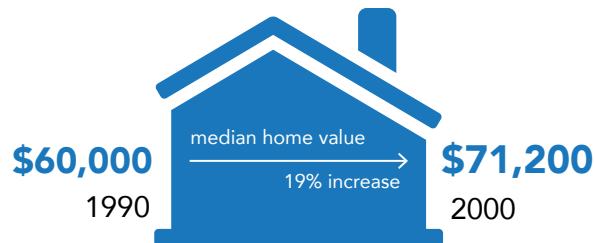
➤ **Ebenezer Third Baptist Church and rental homes for seniors**

In the 1980s, the Ebenezer Third Baptist Church, located in Guadalupe, created a faith-based nonprofit organization to engage in economic and community development projects in area. The East Austin Economic Development Corporation's goals include creating affordable rental and homeownership opportunities, energy assistance, and support for seniors.¹² The Corporation's primary housing program in the Guadalupe neighborhood has been developing a cluster of 6 duplex buildings with 12 affordable rental homes for seniors. The church also operates a child development center in the neighborhood.

1990 – 2000: Affordable Housing Work Continues Amidst Large-Scale Development Battles and Rising Property Values

Heading into 1990, property values in the Guadalupe neighborhood remained largely stable, with the median owner-occupied home worth \$60,000, well below the going rate in the Austin area of \$128,000 (both adjusted for inflation).¹³ Later in the 1990s though, the Guadalupe neighborhood began to witness larger increases in property values, in tandem with the city's economic boom in the technology sector. By the late 1990s, the gentrification pressures in Guadalupe had noticeably increased, with a noticeable uptick in outsiders scoping out potential real estate acquisitions. Still, property appreciation in Guadalupe was lower than it was citywide. Closing out the decade, the median owner-occupied home in Guadalupe's census tract was valued at \$71,200, an increase of 19 percent, while the home value in Austin increased 31 percent, with a typical going rate of \$168,000.¹⁴

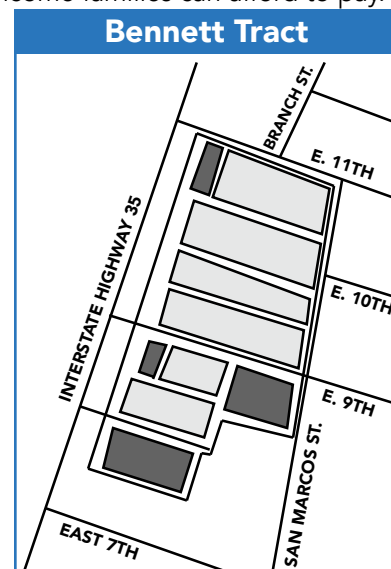
Guadalupe Neighborhood Median Values for Owner-Occupied Homes



The 1990s were an interesting period for the neighborhood, as a “calm before the storm” of sorts. Displacement pressures in most of the neighborhood remained largely minimal, and vacant lots could be acquired for \$10,000-\$40,000. But the improvements that had been made to the neighborhood by GNDC and other neighborhood groups had made the area more attractive to outsiders, ultimately contributing to increases in property values.

During this time period, Guadalupe continued its work to create affordable rental and homeownership units and expanded its services further east and south. GNDC's executive director notes in retrospect that this was a time period when the organization should have been developing denser housing and incorporating longer and stronger resale restrictions into the homes it was selling. Much of the land GNDC owned was zoned for uses higher than single-family. But because multifamily housing was not as common in the neighborhood at this time, GNDC continued with its single-family development focus. For example, in the area just south of the Guadalupe Neighborhood, GNDC constructed six single-family homes on land that was zoned for commercial use, when GNDC could have placed around 40 apartment units there. GNDC sold these homes to low-income families with resale restrictions that eventually expired. The families can now resell the homes at market rates, at prices far exceeding what other low-income families can afford to pay.

The biggest threat to the Guadalupe neighborhood in the 1990s—from the perspective of GAIN and GNDC's leaders, who were focused on preserving the residential character of the neighborhood for its low-income residents—was an 8-acre tract in the northeast quadrant of the neighborhood, which became known as the Bennett Tract. In the 1950s there were around 82 homes in that area of the neighborhood, but by 1983, most of the housing had been lost, with only 19 homes remaining.¹⁵ In the 1980s, Bennett Consolidated of California purchased or secured options on the lots and razed the remaining homes, with the exception of a home owned by the family of a GNDC board member, who refused to sell. In 1991, the company persuaded the City Council to rezone the tract to allow for a 1.2 million square foot commercial development, including a luxury hotel, office space, and shopping mall, with heights up to 22 stories.



GAIN and GNDC, represented largely by Latino residents, vehemently opposed the rezoning and plans for the tract, while African-American leaders in the area, including pastors from the Ebenezer Third Baptist Church and Wesley United Methodist Church, supported the development. Ebenezer and GAIN/GNDC were often on opposite sides of land use cases at City Hall, as a result of conflicting visions regarding redevelopment in the neighborhood. Ebenezer's leader, Reverend Marvin Griffin expressed wanting "downtown to leap over the freeway," into East Austin to improve the economic prosperity of the area and its residents.¹⁶ In contrast, GNDC and GAIN opposed large-scale commercial development in the neighborhood.¹⁷

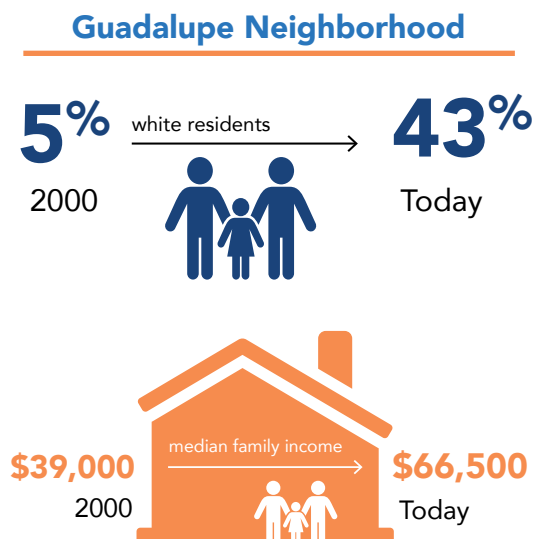
The dispute over the future of the Bennett tract continued for many years and, after over a decade of the sitting vacant, the land was finally developed. The plans for a mall never materialized, and instead the site was developed as multifamily housing, with the first phase of luxury apartments opening in 2005. The final phase of the development is almost completed—high-end condominiums with starting sales prices of \$325,000. The final size of the redevelopment project was limited as a result of the one hold out—the family of the long-time GNDC board member who repeatedly refused to sell her lot to outside development interests. GNDC is now in the process of building a 24-unit affordable apartment complex on that lot.

2000 – Present: Densification and Shared Equity Homeownership Strategies While Property Values Skyrocket

Since 2000, the Guadalupe neighborhood has undergone dramatic changes. By the early 2010s, the Great Recession—which did not take as big a toll in Texas compared to the rest of the country—had largely receded in Austin, and the city underwent a population boom with an influx of higher-income newcomers taking advantage of Austin's vibrant economy and amenities. Guadalupe's census tract, which in 2000 was 5 percent white with a median family income of \$39,000, has become starkly richer and whiter: with 43 percent white residents and a median family income of \$67,000.¹⁸

Guadalupe's housing market has also taken off in this time period—with a growing share of million-dollar homes going on the market. Today, lots that once sold for \$5,000 in the 1980s are selling for \$500,000 to \$650,000, making new acquisition of properties no longer feasible for affordable housing groups like GNDC. For example, one home in the neighborhood that sold for \$349,000 in 2010 was listed for \$859,000 in 2015.

Not only is GNDC no longer able to afford new property acquisition in Guadalupe, but several of the homes that it sold in earlier years to lower-income families have been lost to the market and are no longer affordable. While GNDC had long maintained a right of first refusal on the homes it sold, the resale prices have grown out of reach for the organization. For example, a GNDC home sold to a low-income buyer in 2001 for \$110,000 was resold by the buyers four years later for \$213,000. GNDC could not afford to exercise its right of first refusal on the home. Another GNDC home, which was appraised at \$90,000 when GNDC sold it to a low-income family in 2000, was resold in 2016 for \$900,000. Of the 40 homeownership units that GNDC sold between 1983 and 2008 in Guadalupe's entire service area, at least eight of the homes have been resold to market rate buyers (one of the eight homes was lost through foreclosure, and another two of the homes were resold because the original homebuyers passed away).



Responding to these evolving conditions, GNDC has been deploying two new strategies to allow the organization to continue its mission of mitigating the displacement of vulnerable residents in Guadalupe: densification of GNDC's existing properties and shared equity homeownership through a community land trust.

➤ Densifying existing properties

With new land acquisition in Guadalupe off the table, GNDC has turned to adding affordable housing units on the land it already owns. This strategy has included replacing two of its older duplexes with a 22-unit affordable apartment complex called La Vista de Guadalupe. La Vista was completed in 2008 and funded with federal Low Income Housing Tax Credits. GNDC currently has a waiting list of over 720 households for its rental housing. With GNDC's rents averaging \$550 a month in a city where the average one-bedroom apartment rents for \$1,255, the waiting list is likely to keep growing. GNDC is now in the process of developing a 24-unit apartment complex on another lots it owns in the Guadalupe neighborhood. Both of these complexes are located adjacent to the large luxury multifamily complexes that were built on the Bennett tract.

A second densification strategy GNDC has used is building accessory dwelling units (ADUs) on the back of its lots containing single-family homes. ADUs, also referred to as granny flats, are smaller homes with a separate entrance, which are either separated from or attached to the primary home. Apartments converted from garages are a common type of ADU in older neighborhoods.

GNDC developed what could be considered the first modern-day ADU in Austin as early as 1999, but doing so at the time entailed an arduous process due to the City's restrictive land development code regulations for ADUs. In 2001, the Austin City Council passed an ordinance loosening restrictions on ADUs for neighborhoods with plans that opted into the ordinance (the neighborhood plan covering Guadalupe opted into the ordinance). Fourteen years later, the City Council further reduced its restrictions on ADUs and extended the ordinance citywide.¹⁹ Since 2001, GNDC has built seven ADUs in the Guadalupe neighborhood, with rents ranging from \$300 to \$900 a month.



Photo courtesy Guadalupe Neighborhood Development Corporation
GNDC Accessory Dwelling Unit

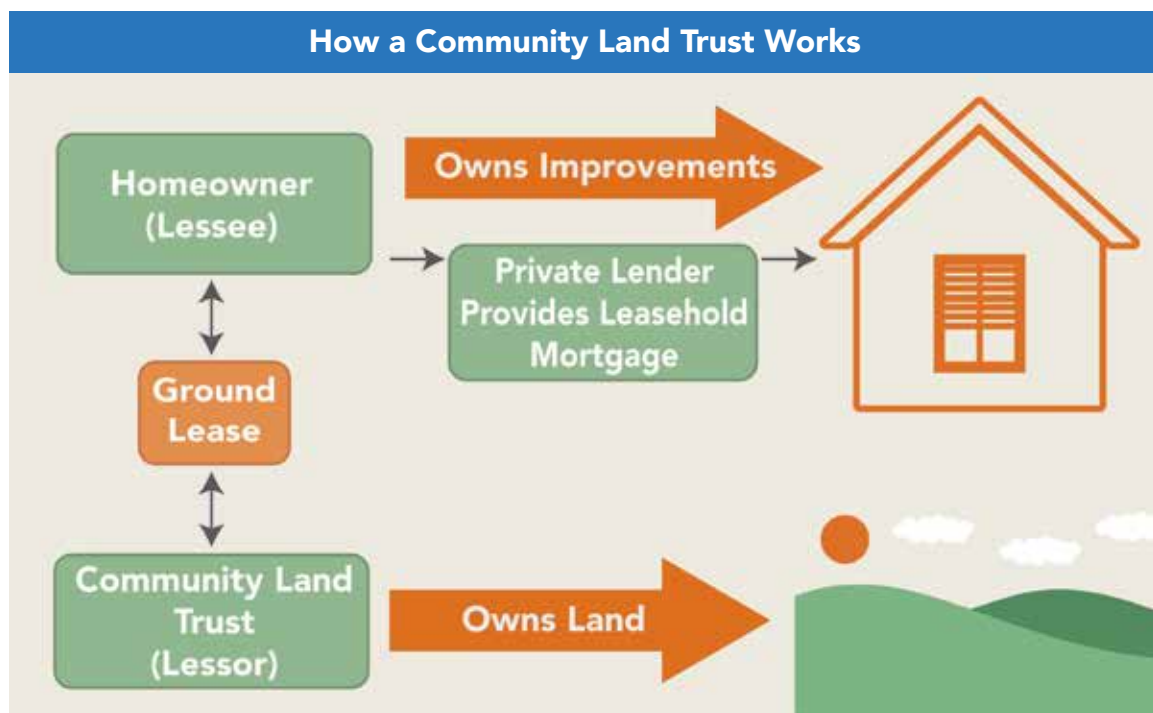
One of GNDC's ADUs in the Guadalupe neighborhood was created through The Alley Flat Initiative, a collaboration among GNDC, The University of Texas at Austin Center for Sustainable Development, and the Austin Community Design and Development Center, launched in 2005 to design and support the construction of environmentally-sustainable ADUs on the back of lots bordering alleyways in Austin.²⁰ These units, which were designed by the Initiative to be 500 to 850 square foot dwellings, are also referred to as "alley flats."²¹

The Green Alley Demonstration Project, funded by the City of Austin's Office of Sustainability and implemented primarily by UT's Center for Sustainable Development, also led a project focusing on improving the alleys by adding green infrastructure, making the alleys more attractive, and creating place-making events in the alleys. Over the course of several years, students with the University of Texas School of Architecture met with leaders in Guadalupe to gain a better understanding of the neighborhood, its character, and local living patterns that were valued by the community. The students also conducted geographic analyses of lots in the Guadalupe Neighborhood and surrounding neighborhoods in East Austin to identify those that were deep enough to add alley flats.

➤ **Community land trusts: sharing equity to create permanently affordable homeownership opportunities**

Struggling with ways to address the loss of its affordable homeownership units to market forces, in 2012 Guadalupe created the first community land trust (CLT) in Texas, thus providing a pathway for homeownership that is permanently affordable for low-income families, while allowing owners to recoup their investment and build additional equity.

In a CLT, a nonprofit organization maintains long-term ownership of the land to provide permanently affordable housing for the benefit of the community. There is wide variation across the country in terms of how specific CLTs are structured. The land is leased to a low-income family for a long term (99 years is typical) at an affordable price (GNDC's ground lease fee is \$25 a month), through a very detailed ground lease, which sets forth the policies and rules governing the use and sale of the property. The family purchases and owns the home sitting on the land, at an affordable price, which is financed with a mortgage, typically from a bank. When the family wishes to sell the home, the nonprofit CLT typically has a right of first refusal to purchase the home.



The resale price on the home is usually capped for a certain term, allowing the family to recoup what it paid for the home, with a ceiling set on the amount of appreciation that the family can receive if the home is sold. GNDC's appreciation return for CLT homebuyers is capped at 2 percent a year. This shared equity formula allows GNDC to resell the home to another low-income family at an affordable price. Under GNDC's resale formula, if a homeowner pays \$100,000 for the home and decides to sell it four years later, the maximum amount the home can be sold for is the lower of the following: (1) 108,000 (2% of \$100,000/year x 4 years); and (2) the value from an independent appraisal.

While there had been discussions in Austin about creating CLTs since the early 2000s, GNDC had a hard time finding financing for its first CLT homes. Local banks refused to provide a mortgage just for the house, and with the 2007 crash of the mortgage industry, it became increasingly difficult to secure financing for even traditional housing development. As result of these financing barriers, GNDC self-financed the mortgage on its first CLT home. After many years of searching, GNDC finally found a California-based mortgage lender to finance its subsequent CLT properties, which opened the door to selling more CLT homes.

The first CLT home was sold in the Guadalupe neighborhood for \$150,000, with the buyer paying \$815 a month towards the mortgage, taxes, insurance, and land trust fees. Since then, GNDC has created 17 additional CLT homes (all outside the Guadalupe neighborhood so far) and plans to use the CLT model when selling affordable homes in the future. Following GNDC's pioneering use of a CLT in Austin, the model has taken hold with other affordable homeownership developers in Austin, including the City of Austin and Austin Habitat for Humanity.



Photo courtesy Guadalupe Neighborhood Development Corporation
GNDC community land trust home

Other Strategies and Tools

➤ Preference policy: Helping families with historic ties to the neighborhood

To support GNDC's goal of helping vulnerable residents with long-term ties in the neighborhood, GNDC has adopted a preference policy for the organization's rental and homeownership programs. Applicants falling within the highest level of priority are placed at the top of GNDC's waiting list, although an applicant must still meet the program's other criteria, and an applicant's income level and other application criteria can override the priority policy.

For home sales, GNDC has six levels of priority for applicants. For rentals, GNDC uses five levels of priority for applicants, which closely resemble the homeownership policy, with the exception of the first priority level for home sales, which prioritizes current renters.

➤ Property tax breaks

GNDC has led efforts at the Texas Legislature and local appraisal district to reduce property taxation on community land trust and other income-restricted homes, to help protect the long-term affordability of the homes. While rising property taxes impose a heavy burden on many homeowners in Austin, homeowners who are the most vulnerable to displacement from rising property taxes are those with the lowest incomes living in the most rapidly appreciating neighborhoods. Property tax burdens are especially heavy in Austin, due to its location in one of the fastest growing regions in the county and in a state that

Guadalupe Preference Policy for Homeownership Applicants

- 1 **Current GNDC tenants.**
- 2 **Applicants who have lived 25 years or more within GNDC's service area.**
- 3 **Applicants who have lived more than 10, or less than 25 years within GNDC's service area.**
- 4 **Applicants who have lived in East Austin for more than 10 years, but whose family is not from GNDC's service area.**
- 5 **Applicants who have lived in GNDC's service area or East Austin less than 10 years.**
- 6 **Lowest priority is for applicants from Austin with no ties to East Austin.**

does not have an income tax and relies on a large, growing recapture of Austin’s local school taxes as a property wealthy school district. Homeowners in Austin have the eighth highest property tax burden on homesteads in the country, and the highest tax burden in the country for non-coastal cities.²²

In 2011, GNDC played a key role in the passage of new state legislation that reduces the property taxes for community land trust properties, for the taxes on the home as well as the land.²³ As a result of this legislation, there are two primary categories of tax savings for homeowners in CLTs. First, under Section 11.1827 of the Tax Code, a city or county (or both) can elect to give a 100 percent tax exemption from property taxes on land owned by qualified community land trusts. Those tax savings are passed onto the homeowner. Second, under Section 23.21(c) of the Texas Tax Code, the appraisal district is required to take into account the resale restrictions in a community land trust when appraising the CLT land and home.

Annual Property Tax Savings for CLT Homes in Austin (2017)



Since the provisions in 23.21(c) are vague, GNDC asked the Travis Central Appraisal District (TCAD) to designate a more precise appraisal methodology. As long as the resale prices are permanently restricted at an affordable price, TCAD now bases the appraisal of a CLT home on the resale-restricted price listed in the recorded ground lease between the homeowner and the CLT. For example, if the ground lease restricts the resale price in a given year to \$100,000, TCAD will appraise the home for that year at \$100,000. TCAD appraises the land using the income method, taking into account the ground lease fee that is paid by the homeowner to the CLT and applying a capitalization rate to the present value of that income stream. The annual income on a typical CLT ground lease ranges from \$300 to several thousand dollars a year. Combining these two sections of the Tax Code can save a low-income homeowner in a CLT home thousands of dollars in property taxes each year.

Lessons Learned

Looking back on the past 39 years of Guadalupe’s history and on-going efforts to mitigate the displacement of the neighborhood’s vulnerable residents, there are several key takeaways and lessons for other communities facing similar struggles:

- 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, starting with a grassroots mobilization of residents who advocated against redevelopment pressures in the neighborhood that posed a threat to long-time residents. Residents went on to develop a community-generated plan and strategies for addressing displacement and preserving the neighborhood. Residents also created a community development corporation (CDC)—the Guadalupe Neighborhood Development Corporation (GNDC)—governed by widely-respected neighborhood leaders with social and political capital, to implement the plan.

Creating both the community plan and the CDC laid the foundation for decades of successful work to mitigate displacement of vulnerable residents in the neighborhood. While community-based political engagement in mitigating displacement is important, much of Guadalupe’s

success in mitigating displacement has been from having a well-run community development corporation in the neighborhood that not only listens to the on-going needs of the neighborhood but then actually acts on those needs by building and preserving affordable housing units.

- 2. Intervene early to acquire permanent control of land in strategic locations.** Acquire as much land as possible early on and in strategic areas of the neighborhood. As gentrification picks up steam in a neighborhood it becomes much more difficult to feasibly acquire properties for affordable housing. For neighborhoods that are susceptible to gentrification or in the very early stages of gentrifying, it can be hard to envision the kind of rapid rise in property values that often comes in later stages of gentrification. But buying land in this early period gives CDCs and residents more capacity to mitigate displacement when change does come. Buying land in strategic locations, such as GNDC's "four corners strategy" of acquiring as many lots as possible on each corner in the neighborhood, provides residents with strong community control over future redevelopment.
- 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 with long-term resale restrictions but without caps on the resale price, and thus, as property values have skyrocketed, several homes have since been resold at market prices way beyond the means of other low-income families. Again, it can be hard to envision rapidly rising home values before gentrification in a neighborhood takes off, but restricting the resale prices early on utilizing a shared equity model—where the owners recoup their investment and the return on appreciation is capped—ensures opportunities for future generations of low-income residents to live in the neighborhood and reduces turnover of properties. The resale price restrictions also result in property tax savings for low-income homeowners in states like Texas that offer property tax breaks for CLT properties.
- 4. Invest in capacity building and technical assistance.** Having access to technical assistance and funding for administrative costs has been key to the success of GNDC's displacement mitigation work. GNDC's early investment in rental housing with limited debt generated a critical stream of income to help fund the organization's administrative operations, including permanent staffing, allowing the organization to expand its capacity and impact over time. Creating an on-going, internal revenue source helps ensure the long-term sustainability of a CDC and increases the capacity of the community to mitigate displacement.
- 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. In particular, as gentrification pressures have risen, with lots selling for as much as \$650,000, GNDC has had to develop new approaches to meeting local needs and ensuring the long-term preservation of affordable housing units created. GNDC's newer strategies have included the creation of a community land trust and denser affordable housing development, such as through the construction of accessory dwelling units on properties owned by the organization.

Conclusion

The Guadalupe neighborhood's work over the past 39 years to provide long-term residents with an opportunity to remain in the neighborhood amidst rapidly rising property values and redevelopment pressures is a model for other neighborhoods in Austin and across the United States. Much of the community's collective success can be attributed to its early strategic land acquisition, maintaining strong ties to the community, and operating a strong community development corporation that is focused and flexible in its approaches to mitigating displacement.

Led by the Guadalupe Neighborhood Development Corporation, the Guadalupe neighborhood remains actively engaged in efforts to create and preserve affordable housing for the benefit of long-time, low-income residents. GNDC has been a pioneer of new models for mitigating residential displacement, including the creation of the state's first community land trust and development of accessory dwelling units.

Thanks to these long-standing community-led efforts, the Guadalupe neighborhood remains primarily residential and is providing vulnerable residents with long-standing ties to the community with the ability to return and stay in their neighborhood. Today, the small neighborhood is home to 91 affordable units under long-term community control, including units under development—more than half the number of housing units that existed when GNDC first began its work in the 1980s.

Endnotes

¹ We focus in this case study on the work of the Guadalupe Neighborhood Development Corporation within the Guadalupe neighborhood (see the background section for the neighborhood's boundaries), but since its founding GNDC has expanded its service area into several other neighborhoods in East Austin.

² Barnes, Michael, "Recalling Austin's ample East Avenue," *The Austin American-Statesman*, May 31, 2014, <https://www.mystatesman.com/entertainment/recalling-austin-ample-east-avenue/8bBadmiO07PKcvPjiQG6zN/>.

³ The demographic and housing information in this section for the period from 1970 to 1980 comes from Guadalupe Neighborhood Area Association, "Guadalupe Community Development Program: Phase 1 Plan," April 1981.

⁴ The information on GNDC's history in this section and subsequent sections, unless otherwise noted, comes from "McDivitt, Darren and Stocklin, Annie, "GNDC: The Origin Story" (on file with authors); multiple interviews by the authors in 2018 with Mark Rogers, Executive Director, Guadalupe Neighborhood Development Corporation; and the authors' prior work in the neighborhood.

⁵ Valdez, Bill, "Guadalupe area awaiting word on federal funds," *The Austin-American Statesman*, Sept. 10, 1981 (quoting from an Aug. 24, 1981, memo from the Guadalupe Area Neighborhood Association to the Austin City Council).

⁶ GNDC: The Origin Story, note 4, *supra*.

⁷ Guadalupe Neighborhood Area Association, "Guadalupe Community Development Program: Phase 1 Plan," April 1981, at 48-49.

⁸ Guadalupe Neighborhood Development Corporation, Low Cost Housing Plan for Guadalupe, Nov. 1982.

⁹ *Ibid.*

¹⁰ de Marban, Alex, "Life on the 38th Parallel," *The Austin Chronicle*, Jan. 12, 1996, <https://www.austinchronicle.com/news/1996-01-12/530366/>.

¹¹ *Ibid.*

¹² Ebenezer Village website, <http://www.ebc3austin.org/about-us/ebenezer-village/> (last checked July 30, 2018).

¹³ US Census 1990, Social Explorer, Table SE:T80, "Median Value for Specified Owner-Occupied Housing Units," Census Tract 9.01, Austin, TX. This census tract includes an area larger than just the Guadalupe neighborhood.

¹⁴ U.S. Census 2000, Social Explorer, Table SE:T163, "Median House Value for All Owner-Occupied Housing Units," Census Tract 9.01, Austin, TX.

¹⁵ "Same as It Never Was," *The Austin Chronicle*, July 4, 2003, <https://www.austinchronicle.com/features/2003-07-04/166644/>.

¹⁶ "Naked City: Off the Desk: The Debate Goes On," *The Austin Chronicle*, Dec. 11, 1998, <https://www.austinchronicle.com/news/1998-12-11/520788/>.

¹⁷ *Ibid.*

¹⁸ US Census 2000, Social Explorer, Table SE:T15, "Hispanic Or Latino By Race," Census Tract 9.01, Austin, TX; American Community Survey 2012-2016, Social Explorer, Table SE:T14, "Hispanic Or Latino By Race," Census Tract 9.01, Austin, TX; American Community Survey 2012-2016, Social Explorer, Table SE:T61, "Median Family Income (In 2016 Inflation Adjusted Dollars)," Census Tract 9.01, Austin, TX.

¹⁹ City of Austin Ordinance No. 20151119-080, <http://www.austintexas.gov/edims/document.cfm?id=243658>.

²⁰ Ellin, Nan, and Johnson, Jennifer J., "Alley Flat Initiative," https://islandpress.org/resources/9781610913645_AlleyFlatInitiative.pdf.

²¹ *Ibid.*

²² Lincoln Institute of Land Use Policy and Minnesota Center for Financial Excellence, "50-State Property Tax Comparison Study," April 2015, Table 30: Top 50 Homestead Property Taxes for a Median-Value Home—Listed by Net Tax Payable 2014, https://www.lincolnst.edu/sites/default/files/pubfiles/50-state-property-tax-study-2015-full_0.pdf.

²³ See Texas Senate Bill 402, 82d Leg., R.S. (2001).

Inner North and Northeast **PORTLAND, OREGON**

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

Introduction

The inner neighborhoods of North and Northeast Portland (N/NE Portland) were once home to 80 percent of Portland's black community. After decades of disinvestment, followed by urban renewal and large-scale public and private investment projects, the area has been rapidly gentrifying. Rising housing costs in the area have fueled the displacement of the area's African-American residents, whose median family income today is barely half that of white residents in the area.¹ Since 2000, Inner N/E Portland has lost over 7,700 black residents—more than half the area's black population.²

This case study examines the recent approaches being taken in N/NE Portland to reduce the displacement of African-Americans and provide for a new level of transparency and accountability to the community with the investment of public funds. In 2015, after an extensive community engagement process, the city adopted the community-driven N/NE Neighborhood Housing Strategy, which is firmly anchored in a commitment to racial equity and providing low-income African Americans who have multi-generational ties to the neighborhood with the opportunity to return and stay in their community. To implement the Housing Strategy, the City has committed \$100 million in tax increment financing over a six-year period and adopted a number of new displacement mitigation programs and policies, including a new preference policy for Inner N/NE Portland. These programs are overseen by the N/NE Portland Community Oversight Committee, which meets regularly to provide input on development projects in the area and monitor the City's progress towards benchmarks in the Housing Strategy.

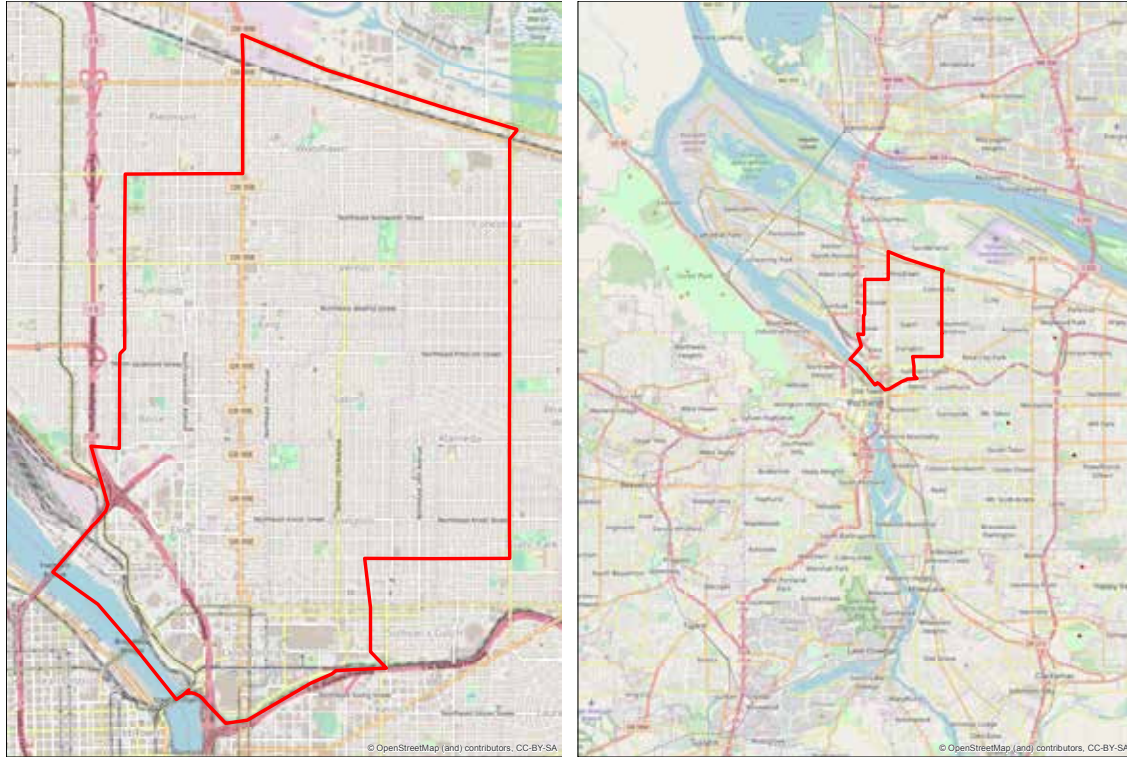
Background: North/Northeast Portland

North and Northeast Portland is a collection of neighborhoods located north of downtown Portland, making up approximately 11 square miles with approximately 80,000 residents as of 2016.³ In the 1910s, a ban on selling homes to African Americans in much of the city contributed to a concentration of African Americans in the inner neighborhoods of N/NE Portland, centered around the Albina area of N/NE Portland, a process that was cemented by bank redlining in the 1930s through '50s.⁴ The Albina district includes the Eliot, Boise, King, Irvington, Humboldt, Lloyd, Woodlawn and Sabin neighborhoods (see Figure 1).⁵

In the 20th century, N/NE Portland shared in the struggles that challenged many communities of color in the United States. World War II had brought an influx of black workers to Oregon's shipyards, who, facing housing discrimination, lived primarily in a large development called Vanport, which was subsequently destroyed in the 1948 flooding of the Columbia river. With neighborhood options limited by housing discrimination, many of the African-American residents who stayed on to work in the region resettled in the Albina area. By 1960, 80 percent of Portland's black population lived in or adjacent to Albina.⁶

Urban renewal projects in the 1950s through 70s, such as the Memorial Coliseum and Legacy Emanuel Medical Center, along with the construction of Interstate 5, displaced thousands

Figure 1: Albina District, Portland



of African-American residents from their neighborhoods in N/NE Portland.⁷ More than half the residents of the Eliot neighborhood in Albina—3,000 people—were forced to relocate.⁸ In the 1980s and 1990s, the Albina area suffered from on-going deterioration, population loss, and increases in crime.⁹ The King and Boise neighborhoods in Albina, which constituted one percent of the city's land, were home to approximately one-third of the city's abandoned homes.¹⁰

Community-driven efforts in the 1990s to revitalize the area, including the Albina Community Plan, brought some improvements, including a conservation district to protect historic structures. The City also led a code enforcement initiative in the area to improve housing conditions. While the area saw modest growth from 1990 to 2000, it lost close to 4,000 African-American residents. Heading into 2000, the African-American population of Inner N/NE Portland had fallen to 30 percent.¹¹



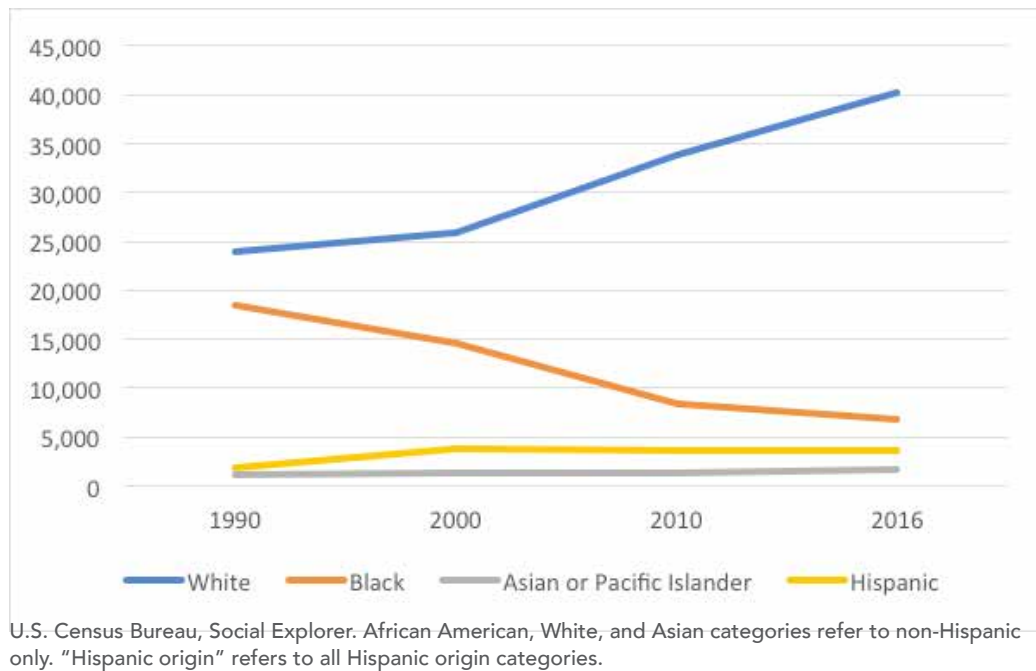
North Lombard Street and North Albina Avenue, Portland, 1952.

In 2000, the Portland City Council approved the designation of the Interstate Corridor Urban Renewal Area (ICURA) as a 20-year tax-increment financing (TIF) district to finance and support a variety of different development types, transportation options, and economic growth opportunities in parts of North/Northeast Portland.¹² As property values rise, the TIF district diverts increases in property tax revenue (the tax increment) in the district from the city's general budget and reinvests the funds directly into redevelopment projects in the area.¹³ The ICURA boundary sits largely

within the inner neighborhoods of North and Northeast Portland, including several neighborhoods with the city's highest concentrations of African-American residents.¹⁴

On the heel of these initial investments, the population of Inner N/NE Portland grew by 15 percent from 2000 to 2016, and wealthier, white residents poured into the area. While 10 of the area's census tracts were majority persons of color in 2000, every single census tract had switched to majority white by 2010.¹⁵ By 2010, only 17 percent of the area's population was African American.¹⁶ Home values also took off. In the King neighborhood, for example, median home values more than tripled from 2000 to 2016.¹⁷

Figure 2: North/Northeast Portland Racial and Ethnic Demographic Change, 1990-2016



By the early 2010s, African-American leaders in Portland had grown disgruntled with ICURA projects for not being responsive to the needs of long-time residents and for spurring the on-going displacement of African-American residents.¹⁸ From 2000 to 2010, Inner North and Northeast Portland, where much of the Interstate Corridor Urban Renewal Area is located, saw a net loss of 7,729 black residents—more than half of the African-American population in 2000.¹⁹

Community concerns about the displacement of African Americans came to a head in November 2013, when the City of Portland announced the discounted sale of a prominent property in the area for a commercial development anchored by a Trader Joe's grocery store, as part of the ongoing Interstate Corridor economic development program.²⁰ The deal was immediately and vigorously opposed by African-American leaders, led by the Portland African American Leadership

Portland African American Leadership Forum sends blistering letter with demands on MLK Trader Joe's project: Portland City Hall Roundup

ANDREW THEEN, Copyright 2013, The Oregonian Published December 18, 2013

Portland African American Leadship Forum tries to find voice, place, amid Trader Joe's Controversy

ANDREW THEEN, Copyright 2014, The Oregonian Published 7:08 pm, February 7, 2014

Trader Joe's backs away from controversial King neighborhood development

PHILL COLOMBO, Copyright 2014, The Hollywood Star News Published March 9, 2014

When a Grocery Store Means Gentrification

ROSA INOCENCIO SMITH, Copyright 2016, The Atlantic Published 1:26 pm, August 16, 2016

Forum (PAALF), which called out “the well-documented and ongoing attempt to profit from development in Inner N/NE Portland at the expense of Black and low-income individuals.”²¹ The community leaders demanded not only that the project be halted (they were successful), but also that the City make a serious affirmative effort to address displacement.²²

This is the context in which, in 2014, Portland’s Mayor and Housing Commissioner announced that the City would redirect \$20 million in tax increment financing from the Interstate Corridor Urban Renewal Area to address residential displacement in N/NE Portland, with funding decisions made pursuant to a community-driven process and strategy. The strategy became the North/Northeast Neighborhood Housing Strategy.²³

Today, the inner neighborhoods in N/NE Portland are home to 12.2 percent African-American residents, with non-Hispanic white residents constituting a large majority of the area (73 percent), along with 6.4 percent Hispanic and three percent Asian residents.²⁴ Yet, N/NE Portland is still home to the city’s largest concentration of African-American residents, in a city with only six percent African-American residents.²⁵

The North/Northeast Neighborhood Housing Strategy: A Community-Driven Plan

From the beginning, the guiding principles behind a strategy for mitigating residential displacement in N/NE Portland were to (1) prioritize community involvement in developing and implementing the strategy; (2) provide low-income residents with historical ties to the area the ability to remain and return to their community; and (3) back the strategy with significant city funding—initially the \$20 million in redirected TIF funds, which later grew to \$100 million.

➤ Gathering Community Input

The development of the N/NE Neighborhood Housing Strategy began in 2014 with a series of meetings with community leaders, including members of the Portland African American Leadership Forum and faith leaders, to consider the best ways to engage the community in developing the housing strategy.²⁶ An advisory committee of community leaders eventually formed to help lead the outreach process and guide the development of the Housing Strategy.

The primary means for gathering community input for the Housing Strategy were a series of community forums sponsored by the Portland Housing Bureau in the latter half of 2014.²⁷ To help reduce the barriers to participating, food, childcare, and interpretation were made available.²⁸ Residents who did not feel comfortable sharing openly in the forum setting could provide written feedback via comment cards.²⁹ The Portland Housing Bureau also provided residents with the opportunity to contribute via email.³⁰

Informal and less traditional methods were also used to reach residents, including canvassing. Faith leaders played a major role in outreach efforts, given their on-going relationships with impacted community members.³¹ Outreach also targeted areas of the city where residents displaced from the area were known to live, to be sure to include their voices.³² More than 450 community members ended up participating in the planning process.³³

➤ The Scope of the N/NE Portland Neighborhood Housing Strategy

The seven-month community engagement process culminated in the Portland City Council’s adoption of the N/NE Neighborhood Housing Strategy in early 2015.³⁴ The five-year plan includes a menu of goals, priorities, and programs for spending the \$20 million in reallocated TIF

funds towards “addressing the legacy of displacement” in N/NE Portland.³⁵ The funding is targeted towards serving households making up to 80 percent of the area median income (AMI). The housing strategy is split into four broad categories, with specific dollar allocations and goals articulated in the housing strategy.

The Portland Housing Bureau is in charge of implementing the N/NE Neighborhood Housing Strategy. The Bureau estimates that the city staff time spent on implementation of the Housing Strategy is the equivalent of two full-time employees.³⁶ City staff salaries, along with other administrative costs such as meeting expenses (to cover food, childcare, etc.), are covered by an administrative set-aside in the Interstate Corridor TIF funding.³⁷

N/NE Neighborhood Housing Strategy

1 Preventing Displacement through Single-Family Home Repair

Zero percent interest loans of up to \$40,000 for critical home repairs for homeowners earning up to 80% AMI.

Smaller grants (up to \$5,000) for critical home repair for seniors and persons with disabilities who earn up to 50% AMI.

2 Creating New Homeowners

Increased funding for the City’s Down Payment Assistance Loan Program, assisting first-time home buyers earning up to 80% AMI.

Development of new affordable homes for sale in collaboration with community-based organizations.

3 Creating Rental Homes

Construction of permanently affordable rental homes including through the redevelopment of city-owned properties, with an emphasis on family-friendly units.

4 Land Acquisition

Acquisition of land for permanently affordable housing.

► Creating Homeownership Opportunities: Portland’s Down Payment Assistance Loan Program

The creation of new affordable homeownership opportunities for low-income households with generational ties to the inner neighborhoods of N/NE Portland is a key goal in the N/NE Neighborhood Housing Strategy. The primary tool for pursuing this goal is a down payment assistance loan program, where families making up to 80 percent AMI can apply for a down payment assistance loan of up to \$100,000.³⁸ The loan is an interest-free second mortgage funded through the Portland Housing Bureau, with repayment deferred until the sale of the home.³⁹ The City is also funding nonprofit organizations to create new subsidized homeownership units in Inner N/NE Portland.

So far, the City has struggled to meet the homeownership goals laid out in the N/NE Housing Strategy. As of January 2018, only four families had become homeowners in N/NE Portland through the down payment program and no nonprofit-subsidized homeownership units had been completed yet.⁴⁰ The small number of families served is due in large part to the high cost of single-family homes in the area and the inability of low-income families on the waiting list to qualify for mortgages to cover the purchase price.⁴¹ Out of the hundreds of new affordable units under development in the ICURA for low-income households from 2015 to 2017, only 12 were homeownership units, all of which are being developed by Habitat for Humanity.⁴²

► Creating New Rental Housing

To implement the Housing Strategy’s goals for creating new affordable rental housing, the Portland Housing Bureau works with a variety nonprofit affordable housing developers and community development corporations to develop affordable units. Since the adoption of the Housing Strategy, at least 350 affordable apartment units in 7 developments had been built or were under development in the ICURA as of mid-2018.⁴³

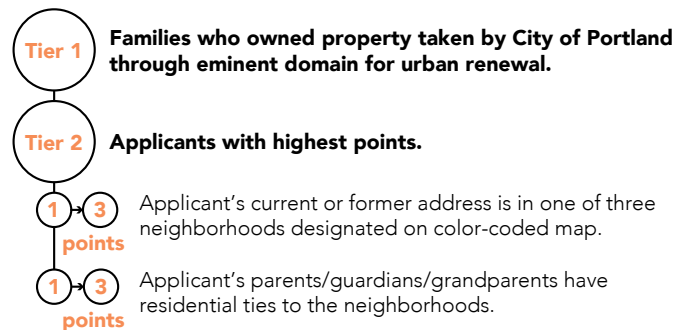
➤ The N/NE Affordable Housing Preference Policy: Providing Displaced Residents with an Opportunity to Return

An important component of the N/NE Neighborhood Housing Strategy is providing current and former residents priority in accessing the City's housing investments in N/NE Portland, via the N/NE Affordable Housing Preference Policy. As of January 2018, 65 families have been housed in subsidized units in N/NE Portland using the preference policy.⁴⁴

The preference policy, which is available for both homeownership and rental units, is used to determine the order of applicants on waiting lists for affordable housing developments that have been funded with ICURA TIF funds or whose developers agree to participate in the program. The waiting list is maintained by the Portland Housing Bureau. Whenever an affordable housing development comes on line, the Portland Housing Bureau advertises the openings and households apply to receive preference for the housing.

Priority is given first to families who owned property that was taken by the City of Portland through eminent domain for urban renewal projects. For the next tier of priority, applicants are awarded points based on a six-point system based on the location of their residence and whether their parents, guardians, or grandparents lived in the area. Those with the most points are placed on the top of the waiting list.

Summary of N/NE Portland Preference Policy

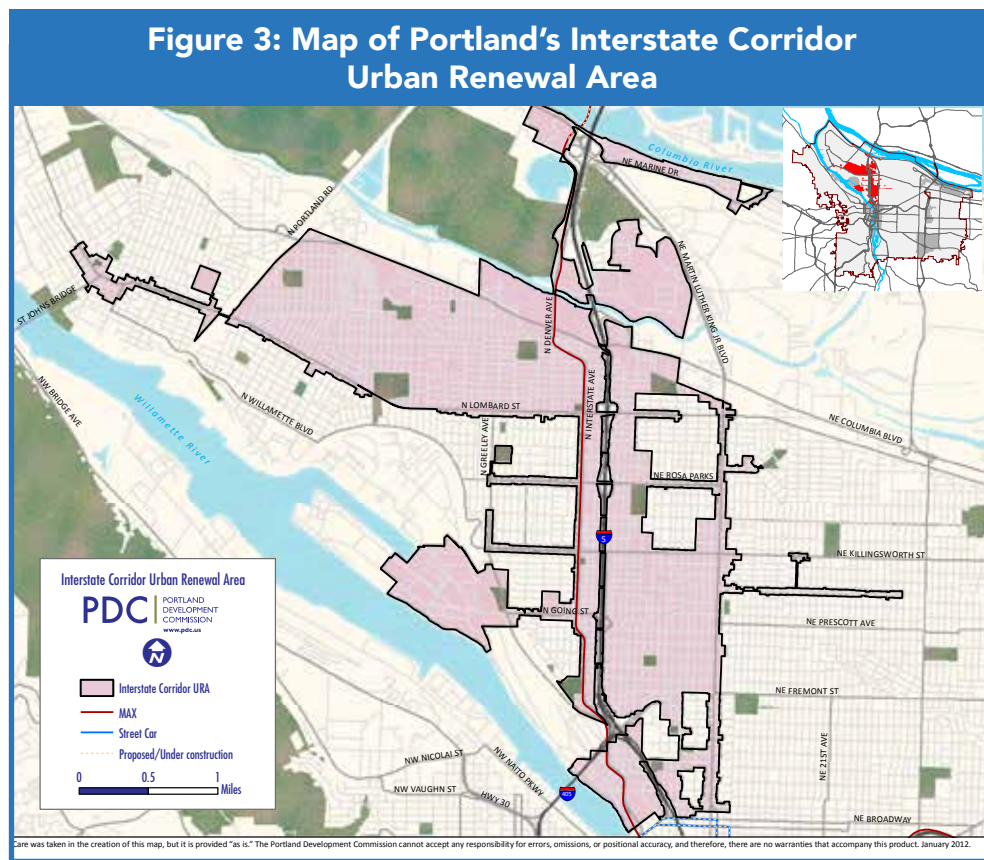


A color-coded map delineates the areas where addresses qualify for one, two, or three points.⁴⁷ Qualifying for a preference does not guarantee eligibility for the affordable housing—applicants must still meet the specific criteria of the program in question.⁴⁸

The chair of the N/NE Portland Community Oversight Committee, Steven Holt, has expressed concerns regarding the marketing and public rollout of the preference policy.⁴⁹ Affordable housing programs that utilize the preference policy each have their own specific standards for qualifying incomes that, according to Holt, were not well communicated. Many current and former residents applied for housing openings through the preference policy and received high points for preference, only to find out later that they did not meet the income requirements for the program they applied for. This left many in the community feeling like the City of Portland “pulled a bait and switch.”⁵⁰ If the income requirements had been communicated more effectively up front, this source of frustration may have been reduced or eliminated. In order to better address eligibility concerns for housing programs that use the preference policy in the future, the Portland Housing Bureau has committed to actively checking in with applicants to ensure that clear and accurate information about the process is provided.⁵¹

Dedication of TIF Funds to Address Displacement in N/NE Portland

City funding for implementing the N/NE Portland Neighborhood Housing Strategy is provided largely through tax increment financing (TIF) from the Interstate Corridor Urban Renewal Area (ICURA). TIF funds generated from the ICURA can only be spent inside its boundaries. See Figure 3. The ICURA is one of Portland's largest TIF funds, covering 3,990 acres. While the City's initial commitment of ICURA TIF funds towards implementation of the Housing Strategy was \$20 million, the City has since committed a total of \$100 million over a six-year period (Fiscal Years 2015-16 to 2020-21) towards affordable housing and mitigating displacement in the ICURA.⁵²



The history of using TIF funds for affordable housing in Portland goes back to at least 2006, when the Portland City Council adopted an ordinance requiring at least 30 percent of all funds from the City's nine TIF funds be redirected towards affordable housing in the boundaries of the TIFs, for households making up to 80 percent AMI. The amount of ICURA TIF funds dedicated towards affordable housing in N/NE Portland was increased by \$20 million in 2014, with those funds targeted specifically towards implementation of the community-driven N/NE Neighborhood Housing Strategy and with oversight by the N/NE Community Oversight Committee (see below for further discussion of the Oversight Committee).

Eventually, additional TIF funds from the ICURA were dedicated towards affordable housing in N/NE Portland. In 2015, the Portland City Council increased the city-wide set-aside for affordable housing from TIF funds from 30 percent to 45 percent—what became known as the "TIF Lift."⁵³ The TIF Lift resulted in an additional allocation of \$67 million in TIF funds for affordable housing across the city, including \$32 million from the ICURA TIF for N/NE Portland. Finally, in 2017, the

North/Northeast Portland Community Development Initiative was created in the ICURA, to guide the investment of the remaining \$32 million in ICURA TIF funds towards community development in the area, with \$5 million going towards affordable housing in the form of grants and loans for homeowner repairs, down payment assistance, and loans for construction of accessory dwelling units. See below for a further discussion on the Community Development Initiative.

Of the \$100 million that will be invested in affordable housing in N/NE Portland from 2015 to 2022, the bulk of funds are budgeted to be spent during fiscal years 2017 and 2018, with \$25 million budgeted to support affordable rental housing development, and \$19 million budgeted to support new affordable homeownership opportunities.

The Community Oversight Committee: Providing On-Going Transparency and Accountability

One big question that emerged often during the community forums for developing the N/NE Neighborhood Housing Strategy was how the plan would be any different from other plans in terms of ensuring transparency, accountability, and follow through by the city.⁵⁴ These concerns led to the development of the N/NE Portland Community Oversight Committee (Oversight Committee).

The Oversight Committee is an advisory group with 9 members who include community leaders and relevant subject matter experts (affordable housing, law, financing, civil rights, etc.). At least one committee member must be a beneficiary of an affordable housing program.⁵⁵ Nominations to serve on the committee are made by the City's Housing Commissioner and Oversight Committee chair.⁵⁶

The Oversight Committee meets every other month in open meetings and strives to fulfill a commitment to offering "the greatest possible access and opportunity for participation to those members of the community who have historically been disconnected and excluded from public participation."⁵⁸ Meeting locations are chosen to be as accessible and equitable as possible to members of the community, and free meals are provided.⁵⁹ Meetings are recorded on video and audio for community members who cannot attend in person and distributed on cable access and the N/NE Housing Strategy website. Community members can request to get on the agenda for any Oversight Committee meeting, and every meeting allots time for community responses to agenda items.⁶⁰

N/NE Portland Community Oversight Committee

The scope of the Oversight Committee Includes the following:

- **Review proposals and plans** for developments that use the \$100 million in ICURA TIF funding for affordable housing.
- **Monitor the City's implementation** of the N/NE Neighborhood Housing Strategy, tracking outcomes, and issuing annual reports.
- **Advise the City's Housing Director and Housing Commissioner** on progress, issues, and concerns associated with the N/NE Neighborhood Housing Strategy and particular projects.⁵⁷

The Oversight Committee does not have any binding decision-making power. Rather, the committee provides recommendations to the Housing Commissioner, the Mayor, and City Council, depending on who the decisionmaker is on a particular project. Even if those decisionmakers had not been responsive to the Oversight Committee's recommendations, the committee provides an additional layer of transparency and accountability to clearly-articulated community input—a layer of oversight that had not existed before.⁶¹

The Oversight Committee’s role in providing input on all projects related to the Housing Strategy has been a powerful one. Although the Portland Housing Commissioner (or City Council, depending on the size of the project) has the final say on any project, any project using city funds related to the Housing Strategy must receive input from the Oversight Committee, and developers must articulate in their proposals how the project will serve the goals of the Housing Strategy.⁶²

An example of the Oversight Committee’s value is the North Williams Center affordable housing development. When BRIDGE Housing presented its development proposal to the Oversight Committee, the committee expressed concern over the lack of community input in the process, the absence of family-sized units, and design elements.⁶³ BRIDGE was responsive and ended up providing more opportunities for community input and bringing the development more in line with community needs.⁶⁴

The makeup and drive of the Oversight Committee’s members and leaders has been an important aspect of the committee. Much of the advocacy, transparency, and community participation that the committee has fostered goes above and beyond what is written into its charter. A Portland Housing Bureau staffer cites a case where the Oversight Committee made one recommendation, but the Housing Commissioner recommended the opposite course of action.⁶⁵ Even after the recommendation process was over, the Oversight Committee chair, Steven Holt, advocated the Oversight Committee’s position directly with the Housing Commissioner and eventually convinced the commissioner to alter his recommendation to better support the community vision.⁶⁶

Prosper Portland & the Community Development Initiative

Portland’s approach of incorporating community input, oversight, and a strong social and racial equity lens into the N/NE Neighborhood Housing Strategy has since been used in other programs. In 2016, when Prosper Portland, the city’s economic and urban development agency, created the Community Development Initiative (CDI) to guide the expenditure of the remaining \$32 million in uncommitted ICURA TIF funds through 2021, the City solicited guidance from community members for developing an action plan on how to spend the funds, interviewing 35 stakeholders and holding two community forums, which had a combined attendance of approximately 200 community members.⁶⁷

The CDI action plan was developed with the specific goal of growing economic prosperity for African-American residents and other residents of color that had not fully participated in or benefited from past ICURA projects.⁶⁸ The plan divides the \$32 million into five investment strategies.

The City established an oversight committee modeled on the Community Oversight Committee for the N/NE Neighborhood Housing Strategy, tasked with ensuring that the implementation of the CDI action plan is in line with the values and goals of the community articulated in the plan.⁷⁰ The CDI oversight committee met once a month in 2017 and has now shifted to quarterly meetings. The 15 members of the

Community Development Initiative for N/NE Portland—Investment Strategies



committee serve annual terms, which can be renewed at the discretion of Prosper Portland and the project advisory committee.⁷¹

One of the five CDI investment strategies, \$5 million for “Investing in New and Existing Homeowners,” is managed by the Portland Housing Bureau instead of Prosper Portland, with investments reviewed by the N/NE Community Oversight Committee.⁷² This funding is part of the \$100 million in ICURA funding discussed above that is being invested towards mitigating residential displacement in N/NE Portland. The \$5 million in CDI funding for new and existing homeowners includes funding for:

- Down payment assistance loans for new homeowners (\$1.6m; goal: 20 households);
- Accessory dwelling unit loan program (\$1.6m; goal: 40 households); and
- Home repairs of up to \$40,000 (\$1.8m; goal: TBD).

Whereas the Neighborhood Housing Strategy serves residents and families making up to 80 percent of the area median income (AMI), the CDI funds are targeted for residents making between 80 and 120 percent AMI.⁷³ This targeting filled an identified gap in the housing market.⁷⁴

The Community Development Initiative is still a new program and recently released its first annual progress report, for 2017. The CDI’s housing goals are lagging behind, with no residents having been served in 2017 through the down payment assistance or Accessory Dwelling Unit Loan programs.⁷⁵ In the slightly more successful home repair program, three households had been served out of a five-year goal of 40 (more than 326 owner-occupied units have been repaired in total with ICURA funds since 2015, including the ICURA TIF funds allocated directly towards the N/NE Neighborhood Housing Strategy).⁷⁶ According to city staff, the re-strategizing of the ICURA TIF funds towards the implementation of the N/NE Neighborhood Housing Strategy and the Community Development Initiative have increased coordination between the two city departments—Prosper Portland and the Portland Housing Bureau—overseeing the funds.⁷⁷

Mitigating Displacement of Tenants through a New Tenant-Protection Ordinance

In 2016, the City of Portland adopted a new citywide tenant-protection ordinance, which does not target N/NE Portland but does help address concerns raised in N/NE Portland and other Portland neighborhoods about displacement pressures on Portland’s renters from rising rents.⁷⁸ The new ordinance requires landlords to pay from \$2,900 to \$4,500 in relocation assistance to tenants (depending on the number of bedrooms) when their rents are increased by more than 10 percent over a 12-month period. Landlords must also provide tenants with at least 90 days-notice of rent increases. A tenant has six months from the effective day of the rent increase to either pay back the relocation assistance and remain in the unit by paying the increased rent, or provide the landlord with a notice to terminate the rental agreement.

Portland Tenant Relocation Ordinance



\$2,900 - \$4,500

amount landlords covered by tenant protection ordinance must pay tenants if they:



Increase rent by 10% or more within 12-month period

Serve tenant with a no-cause eviction notice

Make substantial changes in the lease terms, or refuse to renew lease unless meet exception in ordinance

The following additional landlord actions trigger the same financial assistance and 90-day notice requirements for rent increases:

- Service of a no-cause eviction notice (a landlord can evict a tenant only for reasons listed in the ordinance);
- Substantial changes in lease terms; and
- Refusal to renew the lease.⁷⁹

Certain types of housing units and landlords are exempt from the ordinance, including dwelling units occupied by the landlord and units which are the landlord's principal residence rented on a temporary basis.⁸⁰ Soon after the ordinance was adopted, a group of landlords challenged the law in state court, arguing that the law violated the state's ban on rent control. The court upheld the ordinance, and the ruling is now on appeal.⁸¹

Lessons Learned

The City of Portland and leaders in North and Northeast Portland have worked together to create an innovative range of strategies to address gentrification and displacement in historically African-American neighborhoods in the area. Here are some of the major takeaways from their work for communities facing similar struggles:

- 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. The N/NE Portland Neighborhood Housing Strategy, developed with robust community input, provides specific targets, strategies, and goals to address displacement in a defined geographical area. Having a specific plan also allows for greater accountability and oversight over a city's progress towards addressing displacement.
- 2. Back community-driven strategies with substantial levels of dedicated funding.** Affordable housing preservation at a scale large enough to be meaningful requires large levels of dedicated funding—ideally funding that does not come out of a city's general fund and is not subject to annual budget battles. The City of Portland is funding implementation of the N/NE Portland Neighborhood Housing Strategy with \$100 million in tax increment financing generated from the Interstate Corridor Urban Renewal Area (ICURA)—funding that is appropriated outside the City's general revenue fund. The dedicated funding, which will be spent over a six-year period until the ICURA expires, averages \$17 million a year.
- 3. Plan for affordable housing preservation early on.** In N/NE Portland, as elsewhere, the shift from the need for revitalization to the need for anti-displacement measures occurred quickly. If a city puts substantial money into development and revitalization in an area, it should plan for affordability preservation upfront, rather than reacting to this need later on.
- 4. Revamp programs that are accelerating displacement to instead mitigate displacement.** When a city's programs are contributing to the displacement of vulnerable residents, the city needs to act quickly to adopt robust strategies to address the displacement. In N/NE Portland, after the community spoke out against TIF-funded redevelopment projects causing displacement, the city redirected TIF funding towards a comprehensive anti-displacement strategy.

5. **Prioritize meaningful community participation.** Take it seriously. This requires an assertive effort to reduce barriers to participation and reach out to directly impacted residents, including those who have already been displaced. Community voices should be incorporated into every step of the planning process. Portland's focus on affordable housing and mitigating displacement in N/NE Portland is anchored by meaningful input from community members, and the City has dedicated time and resources to reducing barriers to participation, including providing food and childcare services. Community leaders also focused on reaching out to displaced residents using churches and other networks.
6. **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. The N/NE Community Oversight Committee in Portland plays a key role in the implementation of the N/NE Neighborhood Housing Strategy, highlighting the program's successes and failures in support of better future outcomes. Annual reviews by the committee illuminate what about the plan is and is not working, and oversight over specific development projects and programs helps ensure their alignment with community needs.
7. **Identify community leaders who are trusted and well-respected by the community.** The selection of who participates in oversight and leadership roles is extremely important to the success of a displacement mitigation program. In N/NE Portland, community leader Steven Holt has been a central figure in the success of the Neighborhood Housing Strategy, advocating for transparency and alignment with community goals throughout the entire process, working with the City to create meaningful community participation, facilitating the forums, and serving as Oversight Committee Chair.
8. **Affordable homeownership for low-income families is difficult to achieve in hot market neighborhoods and, when large public subsidies are needed, cities should consider enacting mechanisms early on to ensure the units remain affordable for the long term.** To make homeownership affordable in markets where median housing prices vastly exceed median family incomes, cities have to be willing to support the units with very large subsidies. The down payment assistance program in N/NE Portland continues to struggle. As of January 2018, the program had helped only four families become homeowners.⁸² With housing prices in the area already so unaffordable, the subsidy provided by the program has still not been enough to help low-income homeowners afford homeownership, even after being increased from \$60,000 to \$100,000.⁸³ The need for large subsidies also raises the importance of ensuring that those investments create long-term benefits for the community as it gentrifies, including future residents, through policies such as community land trust or long-term resale price cap restrictions—unless the primary goal of a homeownership program is a racial justice/reparation-oriented one, giving forcibly displaced persons of color the opportunity to return and build the same level of equity as other residents. It is unclear whether the City of Portland is putting the programs and policies in place to ensure long-term affordability with its large homeownership investments in N/NE Portland.
9. **The success of a preference policy depends on the availability of subsidized affordable housing stock, community outreach, and education.** While a preference policy that prioritizes affordable housing for displaced residents and residents vulnerable to displacement may sound good on paper, the policy will not serve many residents absent the availability of units the residents can afford—and residents must know about the program and how to qualify. A preference policy does not in itself create affordable housing units for displaced residents. Portland's preference policy has served so few residents seeking affordable homeownership in large part because there are so few homes available that the residents can afford and obtain a mortgage for, even with deep down payment subsidies.

Conclusion

While Portland's focus on providing long-time, African-American residents with the opportunity to stay and return to the inner neighborhoods of North and Northeast Portland is still relatively new, the on-going work in N/NE Portland offers many lessons for other communities seeking to mitigate the displacement of vulnerable residents. Portland's strategies and programs stand out for their community-centered focus, large levels of financial backing from the city, and the emphasis on providing on-going transparency and accountability to the community. The N/NE Community Oversight Committee in particular has developed a successful track record of providing transparency and accountability to the City's affordable housing programs and preference policy in N/NE Portland, closely monitoring the programs' outcomes, and identifying barriers and challenges as well as opportunities for improvement.

Portland's dedication to providing displaced residents with the opportunity to return to their communities, via the N/NE Affordable Housing Preference Policy, is innovative and has the potential to serve as a national model, at least for families seeking affordable rental housing. For neighborhoods that have experienced large levels of property appreciation, the goal of providing displaced residents with access to affordable homeownership has proven to be much more difficult to fulfill.

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⁴⁶ *Ibid.*

⁴⁷ Portland Housing Bureau, "N/NE Preference Policy Maps," <https://www.portlandoregon.gov/phb/article/656409>.

⁴⁸ Portland Housing Bureau, "Supplemental Information: N/NE Affordable Housing Preference Policy, <https://www.portlandoregon.gov/phb/article/653971>.

⁴⁹ Holt interview, note 26, *supra*.

⁵⁰ *Ibid.*

⁵¹ Callahan, Shannon, Memo to the N/NE Neighborhood Housing Strategy Oversight Committee regarding the 2017 N/NE Neighborhood Housing Strategy Oversight Committee Annual Report, May 3, 2018, <https://www.portlandoregon.gov/phb/article/683202>.

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⁵³ City of Portland, "HOU-1.06 – Affordable Housing Tax Increment Financing Set Aside Policy," <https://www.portlandoregon.gov/citycode/article/155330>.

⁵⁴ Neighborhood Housing Strategy Executive Summary, note 34, *supra*, at 1.

⁵⁵ Portland Housing Bureau, "Portland Housing Bureau North and Northeast Portland Housing Strategy Community Oversight Committee Charter," Mar. 17, 2015, <https://www.portlandoregon.gov/phb/article/659902>.

⁵⁶ *Ibid.*

⁵⁷ Portland Housing Bureau, North/Northeast Neighborhood Housing Strategy, “Oversight Committee Annual Report 2016,” <https://www.portlandoregon.gov/phb/article/652837>.

⁵⁸ Oversight Committee Annual Report 2017, note 40, *supra*, at 4.

⁵⁹ Holt interview, note 26, *supra*.

⁶⁰ *Ibid.*

⁶¹ *Ibid.*

⁶² *Ibid.*

⁶³ Oversight Committee Annual Report 2017, note 40, *supra*, at 8.

⁶⁴ *Ibid.*

⁶⁵ Goodlow interview, note 28, *supra*.

⁶⁶ *Ibid.*

⁶⁷ Prosper Portland, “North/Northeast Community Development Initiative Action Plan,” Jan. 2017, <https://prosperportland.us/wp-content/uploads/2016/08/NNECDI-Action-Plan-web.pdf>, at 3.

⁶⁸ *Ibid.*, at 1, 4.

⁶⁹ *Ibid.*, at 5.

⁷⁰ *Ibid.*, at 20.

⁷¹ *Ibid.*

⁷² *Ibid.*, at 8.

⁷³ *Ibid.*

⁷⁴ Holt interview, note 26, *supra*.

⁷⁵ Prosper Portland, “N/NE Community Development Initiative Progress Report January-December 2017,” <https://prosperportland.us/wp-content/uploads/2017/04/NNECDI-Annual-Progress-Report-2017.pdf>.

⁷⁶ *Ibid.*

⁷⁷ Goodlow interview, note 28, *supra*.

⁷⁸ City of Portland Code, § 30.01.085C; City of Portland, Office of Commissioner Chloe Eudaly, “Relocation Assistance Fact Sheet,” <https://www.portlandoregon.gov/eudaly/article/627469>; Floum, Jessica, “Portland landlords must pay relocation costs to evict tenants without cause,” OregonLive, Oct. 3, 2017, http://www.oregonlive.com/politics/index.ssf/2017/02/portland_landlords_must_pay_re.html; Floum, Jessica, “Portland City Council extends renter protection and ‘housing emergency’ policies,” OregonLive, Oct. 4, 2017, http://www.oregonlive.com/politics/index.ssf/2017/10/portland_city_council_extendpo.html.

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⁸³ *Ibid.*