Part 3: Featured Tools for Combatting Residential Displacement

Introduction

This section features eight policy tools that Texas cities could adopt today to address displacement in gentrifying neighborhoods. These tools are taken from the more comprehensive list of tools in Part 6. The tools recommended here provide a diverse range of approaches for tackling residential displacement. Some of the tools assist primarily vulnerable homeowners, while others are targeted towards vulnerable renters. The tools include high-impact but more difficult to implement approaches, as well as “low hanging fruit” tools that are fairly easy to implement but may not be as wide-ranging in their impact. An overview of each tool is followed by a list of key action steps to get started with the tool, and then an application of the policy assessment framework presented in Part 2.

Featured Tools

1. Affordable housing preservation network and database
2. City and tenant right-to-purchase preservation program
3. Community land trusts
4. Homestead preservation center
5. Affordable housing strike fund
6. Tenant relocation assistance ordinance
7. Mobile home park zoning
8. Community preference policy
Affordable Housing Preservation Network and Database

**Highlights:**
- Involves creating and maintaining an in-depth database to track affordable rental properties and mobile home parks at risk of redevelopment as well as operating a network that focuses on the preservation of these properties.
- Helps a city identify at-risk properties, prioritize investment of precious preservation resources, and lead proactive interventions to save affordable apartments and mobile home parks.

**Action Steps to Get Started:**
1. Hire staff or fund a nonprofit organization to create a database of affordable rental properties in gentrifying neighborhoods with expiring rent restrictions or other factors that make them vulnerable for redevelopment.
2. Recruit local affordable housing providers, city officials, tenant organizations, and other preservation stakeholders to discuss preservation opportunities and convene regular meetings.

**The Problem**
Texas cities include many privately-owned subsidized rental housing properties that are at risk of converting to market rates or undergoing redevelopment as a result of gentrification pressures. The largest affordable rental housing program in Texas is the federal Low Income Housing Tax Credit (LIHTC) program, which is responsible for close to 260,000 affordable rental units in Texas and is seeing a wave of units exiting the program. The state has already lost 4,000 units and, without intervention, thousands more will disappear from our cities’ housing supply over the next several years.

Another group of highly vulnerable rental properties in gentrifying neighborhoods are mobile home parks. Texas has recently lost a number of mobile homes due to gentrification pressures, and many more are likely to be lost without intervention.

**Long-term tenants displaced in trend to build high-end**
*Houston Chronicle, Sept. 26, 2013*

**Mobile Home Park Residents to be Forced Out for New Redevelopment**
*Texas Public Radio, May 16, 2014*

**Low Income Housing Tax Credit Properties Eligible to Exit the Program in Texas, by Year**
- 79,888 units 2018
- 66,495 units 2032-2034
- 66,587 units 2035-2040
The Tools
Two essential and related tools for preserving affordable rental properties and mobile home parks are preservation databases and networks. Texas cities can play a key role in preservation efforts by operating the database or funding another organization to do so, and by dedicating city staff to run the preservation network or help support its operations.

Preservation Database
A preservation strategy must start with good data. Creating and maintaining a preservation database allows local stakeholders to know which affordable properties are most at risk of converting to market-rate rents or undergoing redevelopment and which properties make the best candidates for preservation.

Preservation databases rely on a range of sources to incorporate detailed information about properties’ expiring subsidies, building condition, and other indicators of vulnerability, including insights from stakeholders working on the ground, such as members of the preservation network discussed below. As the National Housing Preservation Network has noted, “Without sufficient data to understand which properties are most at risk, it’s impossible to target resources effectively or be prepared to act when a property is threatened.”

Some existing resources provide a good baseline for identifying affordable properties with expiring subsidies, but a deeper dive is needed to understand a properties’ vulnerability. For example, understanding when and whether a LIHTC property will exit the program requires examining the property’s Land Use Restriction Agreement with the state for terms such as rights of first refusal or longer affordability commitments and identifying whether the property is eligible to exit early through the qualified contract process. Understanding the displacement pressures of the neighborhood where the property is located is also important.

Preservation Network
Preservation networks bring key stakeholders together on a regular basis to monitor the database of at-risk multifamily properties and mobile home parks, engage with property owners early on (i.e., before the property is exiting an affordable housing program or sold for redevelopment), and collaborate on proactive preservation strategies.

2 Key Components of an Effective Preservation Strategy

1. Data collection and analysis
2. Stakeholder network leading proactive interventions
The DC Model

One highly successful model for a preservation database and network is the DC Preservation Network, which monitors D.C.’s inventory of at-risk affordable multifamily properties via a set of local databases: the DC Preservation Catalog and the Housing Insights database. The Network tracks not only properties with expiring subsidies but also those in disrepair and in need of rehabilitation.

The focal point of the D.C. Preservation Network is holding regular meetings where participants discuss the at-risk housing inventory and develop strategies for preserving the highest priority properties. The databases focus conversations productively around properties at the most immediate risk of losing affordable units. The Network has been most successful in coordinating the preservation of privately-owned subsidized affordable housing. The District of Columbia recently created a special affordable housing preservation unit led by an affordable housing preservation officer to maintain the District’s preservation database and lead its affordable housing preservation work.

Examples:
Washington, D.C. (DC Preservation Catalog, Housing Insights database, and DC Preservation Network), Colorado (Housing Preservation Network); Massachusetts (Community Economic Development Assistance Corporation–Interagency Working Group and Preservation Advisory Committee); Portland, Oregon (Preserve Oregon Housing); Chicago/Cooke County, IL (Preservation Compact).

Resources:
• The Low-Income Housing Tax Credit Program in Texas: Opportunities for State and Local Preservation Strategies (Lauren Loney and Heather Way, The University of Texas School of Law)
• The Preservation Compact
• National Housing Trust

Assessment

<table>
<thead>
<tr>
<th>Vulnerable Populations Targeted</th>
<th>Current and future low-income renters in apartments and mobile home parks.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage of Neighborhood Change</td>
<td>Preservation interventions are most successful in early-stage and mid-stage gentrifying neighborhoods, where preservation costs are less and landlords are typically more responsive to incentives to preserve affordable rents.</td>
</tr>
<tr>
<td>Place-Based</td>
<td>No. Preservation networks typically track at-risk properties across the city, region, or state, although interventions can be targeted to particular neighborhoods.</td>
</tr>
<tr>
<td>Sustainability</td>
<td>Good. Focused on preserving a long-term stock of safe and affordable housing for current and future vulnerable residents</td>
</tr>
<tr>
<td>Inclusivity</td>
<td>Good. Preservation networks often include tenant organizations as members.</td>
</tr>
<tr>
<td>Financial Resources</td>
<td>Low to Medium. Requires moderate ongoing financial support for a staff person to coordinate the creation and maintenance of the database and regularly convene the preservation network</td>
</tr>
<tr>
<td>Current Capacity</td>
<td>Depends on city. This particular tool requires part-time staffing capacity to create and monitor the database and regularly convene the preservation network. The work could be led by the city or outsourced to a nonprofit partner.</td>
</tr>
</tbody>
</table>
City and Tenant Right-to-Purchase Preservation Program

**Highlights:**
- Provides tenants and cities with the right to purchase government-assisted multifamily rental properties and mobile home parks when the owner decides to sell the property or exit the affordable housing program
- Powerful tool for minimizing tenant displacement and creating rare low-income homeownership opportunities in gentrifying neighborhoods

**Action Steps to Get Started:**
1. Adopt city and tenant right-to-purchase and notice ordinance.
2. Secure funding to support tenant organizing and capacity building for tenant associations and nonprofit preservation organizations or partner with national or local organizations that already have that capacity.
3. Secure funding to help fund the acquisition and rehab of at-risk multifamily buildings and mobile home parks (see the Affordable Housing Strike Fund tool for one successful approach).

**Overview**
Right-to-purchase ordinances provide cities, tenants, or both with advanced notice and rights to purchase a multifamily rental property when the owner decides to sell the property, exit the affordable housing program, or convert the rents to market rate. These purchase rights can extend to: (1) all government-assisted apartments with city funding or requiring city approval to be funded (such as 4% LIHTC/tax-exempt bond projects in Texas); (2) all government-assisted apartments, regardless of the source of funding; or (3) all apartments, regardless of whether the property has received government subsidies.

Some purchase rights are structured as purchase options, which give the city or tenant association the option of purchasing an affordable apartment complex at the property’s appraised value upon certain triggering events, such as when the owner is seeking to exit the federal Low Income Housing Tax Credit program. Other rights are structured as rights of first refusal, which are triggered when the owner chooses to sell the property, and which allow the city or tenants to match the price offered by the third-party purchaser. Right-to-purchase laws typically give the city and tenants the right to assign their rights to a nonprofit preservation organization.

**Denver’s Right-to-Purchase Ordinance**
As an example, the City of Denver’s ordinance, adopted in 2015, applies to all government-assisted multifamily rental properties, regardless of the source of public funding, such as Project-Based Section 8 and Low Income Housing Tax Credit properties. For federally-subsidized properties, the ordinance requires owners to provide (1) one year’s advanced notice to the city and each tenant of the owner’s intent to opt out of the affordable housing program, and (2) 90 days’ advanced notice of the owner’s intent to sell the property. The notice requirement for city-funded properties is 90 days. If the owner enters into a purchase and sale agreement, the owner must provide a right of first refusal to the city or its designee to purchase the property. The city has 120 days to decide whether to exercise the ROFR and then another 120 days to close on the purchase.

**The Washington, D.C. Model**
Washington, D.C., operates the most robust and successful right-to-purchase program in the country, through the District’s Tenant Opportunity to Purchase Act (TOPA) and District Opportunity to Purchase Act (DOPA). TOPA gives tenants or their designee the priority opportunity to purchase a building when a landlord plans to put it on
TOPA and DOPA have been two of the District’s most powerful tools for preserving affordable multifamily housing in a hot real estate market.

When tenants in D.C. exercise their purchase right, they can transfer their right to a third party, such as a nonprofit housing organization, or purchase their building and retain ownership. For low-income tenants, ownership is typically structured 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. 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.

Mobile Home Park Purchase Rights
Mobile home park purchase rights have likewise been successful around the country in preserving affordable housing. These ordinances provide mobile home park residents with a right of first refusal if the owner chooses to sell the park. As in the case of purchasing a multifamily building, the successful acquisition of a mobile home park by tenants requires funding for resident organizing and technical assistance. Fortunately, loan financing is already available through organizations like ROC USA, a national nonprofit social venture with a proven track record of financing resident ownership of mobile home communities. ROC USA has already financed at least one mobile home resident ownership project in Texas (Pasadena Trails). Around the country, there are many examples of successful resident acquisitions of mobile home parks that are providing a long-term source of stable affordable housing for low-income residents.

Keys to Successful Implementation
To be successful, a right-to-purchase ordinance for tenants needs to be paired with significant financial support for the acquisitions, technical assistance, and capacity building support. The preservation strike fund tool discussed in this toolkit can provide an important source of financing to assist with acquisition costs. Ideally a right-to-purchase ordinance would also be coupled with a preservation database and network (also discussed in the toolkit) to closely monitor opportunities for purchases. Close attention must be paid upfront in drafting the ordinance to address potential legal loopholes.

Examples:
Washington, D.C. ([District Opportunity to Purchase Act and Tenant Opportunity to Purchase Act](https://www.dclaw.org), covers all multifamily rental properties); Denver (subsidized multifamily rental properties); Massachusetts (purchase option for subsidized multifamily properties); New York City (NYC Admin Code, [Section 26-802 to 806](https://www.nyc.gov/html/dhs/chapter_26.html), subsidized multifamily rental properties); Maryland (subsidized multifamily rental properties). A number of states provide a right of first refusal for mobile home park sales, including New York State, Minnesota, and Florida.

Scope of Right-to-Purchase Preservation Programs

- Apartments with city funding or requiring city authorization such as 9% and 4% LIHTC/bond projects
- Government-funded apartments, regardless of source of funding
- All apartments, regardless of whether property has government subsidies
## Assessment

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<thead>
<tr>
<th>Vulnerable Populations Targeted</th>
<th>Current and future low-income renters.</th>
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<tbody>
<tr>
<td><strong>Stage of Neighborhood Change</strong></td>
<td>Early and mid-stage. A right-to-purchase ordinance works best in the earlier stages of gentrification when real estate values have not accelerated much.</td>
</tr>
<tr>
<td><strong>Place-Based</strong></td>
<td>No. Right-to-purchase ordinances apply city-wide, but the highest priority preservation opportunities are most likely to be located in gentrifying neighborhoods.</td>
</tr>
<tr>
<td><strong>Sustainability</strong></td>
<td>Good. Provides for long-term affordable rental and homeownership opportunities.</td>
</tr>
<tr>
<td><strong>Inclusivity</strong></td>
<td>Good. Right-to-purchase ordinances that prioritize tenant acquisitions or allow tenants to select a nonprofit preservation owner provide tenants with a central role in the ownership and governance of their housing.</td>
</tr>
<tr>
<td><strong>Financial Resources</strong></td>
<td>Medium to High. Depends on stage of gentrification and condition of the property. City support for predevelopment, acquisition, and rehab costs will help ensure success of the program. Funding for capacity building and technical assistance is critical to support tenant acquisitions. Local financial resources are less necessary for mobile home park acquisitions, especially in early-stage gentrifying neighborhoods, given the costs and national resources available to support mobile home preservation.</td>
</tr>
<tr>
<td><strong>Current Capacity</strong></td>
<td>Depends on city and scope of program. Preservation purchases are highly complex and require organizations with high capacity to assist with the acquisition transactions and operation of the acquired properties. National preservation organizations can help bridge local capacity barriers. Resident-owned properties require ongoing capacity building support.</td>
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Community Land Trusts (CLTs)

Highlights:
- CLTs provide opportunities for current and future generations of low-income residents to own homes in a gentrifying neighborhood, while giving communities long-term control over the land.
- CLTs can qualify for significant property tax savings in Texas.
- CLTs can be an unfamiliar concept to many residents; garnering community support for a CLT may require extensive education and community trust building.

Action Steps to Get Started:
1. Conduct extensive community education and outreach about the CLT model; engage community in the development of the CLT.
2. Designate or create an entity with capacity to operate a CLT.
3. Allocate subsidies to support land acquisition, construction of CLT homes, and initial operational costs.
4. Create a city ordinance adopting the CLT property tax exemption and designate one or more local CLTs under Chapter 373B of the Texas Local Government Code.

How a CLT Works
After gentrification intensified in the Guadalupe neighborhood of East Austin, several affordable homes sold by Guadalupe Neighborhood Development Corporation (GNDC) resold at market prices far exceeding what a low-income family could afford. Today, GNDC’s leaders regret that they did not utilize stronger affordability protections in those earlier home sales, and the organization now uses the community land trust model exclusively for its homeownership units.

In a community land trust, a nonprofit organization maintains long-term ownership of land while using the land for a range of community benefits, such as selling and renting affordable homes on the land to low-income households and green space. Community land trusts typically incorporate residents into the governance of the CLT. A community land trust can be used with single-family housing as well as mixed-used and multifamily development, and with homeownership as well as rental housing.

For homeownership units, the CLT’s land is typically leased for 99 years to an income-eligible family for an affordable price ($25-$50 a month is common) through a very detailed ground lease, which sets forth the policies and rules governing the use and sale of the property. An income-eligible family purchases the home sitting on the land at an affordable price with mortgage financing, 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, and the resale price is restricted to ensure the home can be resold at an affordable price to another low-income buyer. CLT homeowners recoup what they paid for the home, while a fixed rate of appreciation caps the amount of appreciation they can receive if property values are rising. For rental CLT units, the nonprofit entity maintains ownership of the home and leases it to an income-eligible family for an affordable price.

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

- $5,946 in tax savings
- $3,901 on market rate home and land
- $2,045 on CLT home and land ($25 monthly ground lease fee and resale restriction of $100,000)

**CLT Goals**

1. CLTs provide a source of **permanently affordable homeownership and rental housing** for current and future generations of low-income families, even amidst rapidly rising land values. CLTs protect precious public investments in affordable housing by taking land out of the speculative real estate market. In Texas, through tax breaks available in Chapters 11.1827 and 23.21 of the Texas Tax Code, qualified CLTs and CLT homeowners are eligible for substantial property tax savings. For example, a CLT home and land worth $300,000 in Austin results in annual tax savings of close to $4,000.

2. Through long-term community control of land, the CLT structure gives communities the opportunity to **shape future redevelopment** in the neighborhood and **preserve the cultural legacy** of a community. For example, the Guadalupe Neighborhood Development Corporation’s “four corners strategy” of acquiring as many lots as possible on each block corner of the Guadalupe Neighborhood in Austin has protected a large part of the neighborhood against further commercial encroachment from downtown.

3. CLTs support the **stability of homeowners and renters** participating in the CLT. A CLT serves as an active steward to help ensure families are able to hold onto their homes. The ground lease provides a mechanism for the CLT to guard against predatory loans on the home and ward against foreclosures. Many CLTs charge a minor monthly stewardship fee to help with long-term maintenance of the homes.
Part 3  FEATURED TOOLS

4. The unique CLT structure, by severing ownership of the land from the home, as well as the property tax savings that come with this model in Texas, enables communities to provide **more deeply affordable homes serving lower-income families** who would otherwise be unable to afford their own home. CLTs can also be structured to help low-income families in financial distress remain in their current homes. For example, the City of Lakes CLT in Minnesota is working to help current homeowners in financial crisis stay in their homes by transferring ownership of the land into the CLT in exchange for the family receiving assistance to rehab their home and pay off their tax debts.

A CLT should be created only if there is **clear community support** for this model. Extensive community engagement and securing the trust of the community is critical to a CLT’s success. Community control of land can be an unfamiliar concept to many residents and often requires extensive education and community trust building to counter suspicions of a land grab. If these steps are not taken, a community may ultimately oppose efforts to create the CLT.

To be successful, CLTs also need **access to land**. Public land, such as surplus land and city land bank lots, can be an excellent resource in many cities to help CLTs get off the ground. CLTs may also need grant funding to help subsidize the construction of the houses as well as cover operational costs in the initial stages of the CLT’s development.

**Questions to Answer Before Forming a CLT**

- Can an existing organization successfully take on the functions of a CLT– including long-term stewardship of CLT properties–or does a new organization need to be created?
- What types of partnerships are needed to ensure the success of the CLT, such as construction of the homes and assisting families with qualifying for mortgages?
- What roles will the CLT homeowners and renters as well as other community residents play in the creation and governance of the CLT? Traditionally, CLTs have included active roles for CLT residents.
- On what scale will the CLT operate? Historically, CLTs have been operated on a neighborhood scale to provide for long-term community control of land and permanent affordability, but several CLTs, such as the City of Houston’s new CLT, operate citywide.

**Texas Examples**

- **Austin:** The first CLT in Texas was created by the Guadalupe Neighborhood Corporation in 2012. Through its CLT, GNDC has successfully created a legacy of permanently affordable housing under long-term community control in a rapidly gentrifying area where market rate homes now sell for over $750,000.
- **Houston:** The Houston Community Land Trust was created in 2018 by the City of Houston as an independent nonprofit corporation. The Houston CLT is utilizing Houston’s land bank lots for construction of new homes for families at 80% AMI and below, with prices starting at $75,000.

**Other Examples:**

There are more than 240 CLTs in 46 states, including North Carolina (Community Home Trust, Durham Community Land Trustees); Chicago (Chicago Community Land Trust); and Albuquerque (Sawmill Community Land Trust).

**Resources:**

- A Guide for Developing Community Land Trust Affordable Homeownership Programs in Texas (Eliza Platts-Mills, Univ. of TX School of Law);
- Grounded Solutions Network

Photo courtesy Guadalupe Neighborhood Development Corporation
## Assessment

<table>
<thead>
<tr>
<th>Vulnerable Populations Targeted</th>
<th><strong>Low-income homeowners and renters.</strong> CLTs serve a broad range of low-income residents, from families to seniors and persons with disabilities.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage of Neighborhood Change</td>
<td><strong>Early and middle stage.</strong> CLTs are most effective in neighborhoods in the earlier stages of gentrification when land prices are still relatively low. Land acquisition becomes harder to achieve as neighborhoods gentrify and property values skyrocket.</td>
</tr>
<tr>
<td>Place-Based</td>
<td><strong>Yes.</strong> Designed to serve vulnerable residents and future residents in specific gentrifying neighborhoods, although a CLT can also be operated citywide.</td>
</tr>
<tr>
<td>Sustainability</td>
<td><strong>Good.</strong> The CLT is one of strongest tools available for preserving affordability in perpetuity for future generations of low-income homeowners and renters.</td>
</tr>
<tr>
<td>Inclusivity</td>
<td><strong>Good.</strong> Residents can play an active role in the implementation and governance of CLTs.</td>
</tr>
<tr>
<td>Financial Resources</td>
<td><strong>High.</strong> CLTs need resources to acquire land for the CLT homes, such as grant funds or access to public land or city land banking lots. CLTs also need grant funding to subsidize the construction of houses as well as cover operational costs in the initial stages of the CLT’s development.</td>
</tr>
<tr>
<td>Current Capacity</td>
<td><strong>Depends on city and capacity already existing on the ground.</strong> Requires an entity with long-term capacity to operate the CLT, including fundraising, developing partnerships to construct the homes, working with prospective buyers to qualify for mortgages, and, after the home is sold, working closely with the homeowners to ensure that the home is maintained and that the ground lease is complied with.</td>
</tr>
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### Homestead Preservation Center

**Highlights:**
- Relatively low-cost solution to help vulnerable homeowners qualify for valuable homestead exemptions and pay their property taxes
- Texas Senate Bill 1943 (enacted in 2019) improves heirs property owners’ access to homestead exemptions, but community education and assistance is needed to help them qualify.

**Action Steps to Get Started:**
1. Designate a nonprofit entity or city department to operate one or more centers.
2. Allocate operational funding.

**The Problem:**
As a neighborhood gentrifies, low-income homeowners face recurring property tax increases, which can lead to mounting financial pressures and, ultimately, loss of their homes. In Austin, for example, the highest percentage of homeowners who are two or more years behind on their property taxes are located in Austin’s fastest gentrifying neighborhoods. One-third of these homeowners are seniors.

In Texas, a homestead exemption brings several important forms of tax relief to help homeowners stay in their homes, especially for seniors, disabled veterans, and other persons with disabilities. These forms of tax relief include various reductions from the appraised value and tax deferral rights for certain groups of homeowners.

Despite these important protections, many low-income homeowners who are eligible for a homestead exemption in Texas, especially heirs property owners, do not have one. An heirs property owner is someone who inherited their home from a relative after the relative died intestate (i.e., without a will). Heirs property is a common form of ownership in older gentrifying neighborhoods. Texas legislation passed in 2019 (Senate Bill 1943) improves heirs property owners’ access to homestead exemptions, but many owners need to submit new paperwork with the local appraisal district to qualify for these expanded rights. Community education and targeted assistance is needed to help ensure these homeowners and others take advantage of homestead exemptions and stay current on their taxes.
The Tool: Homestead Preservation Centers

Homestead Preservation Centers could be created in Texas cities to provide targeted assistance to heirs property owners and other vulnerable households in gentrifying neighborhoods to make sure they access the homestead exemption benefits they are eligible for and do not fall behind on their property taxes. A center could be operated by the city or community partners in a gentrifying neighborhood and funded by the city, foundations, or both. The center could obtain lists from the appraisal district and tax assessor of likely homeowners without an exemption or with property tax delinquencies and then provide targeted, door-to-door outreach to these homeowners to assist them with enrolling for homestead exemptions, financial counseling, and assistance negotiating payment plans with the tax assessor-collector. Community institutions trusted by residents could be brought in as partners in the outreach.

A Homestead Preservation Center could also provide emergency grants and low interest loans to help a family overcome a financial crisis in order to catch up on their tax payments. Short of creating a center, Texas cities could provide funding to one or more community-based nonprofits who work directly with low-income homeowners, such as Meals on Wheels, to deliver homestead exemption enrollment assistance to families they work with.

Examples from Around the Country

A number of cities provide services targeted towards helping vulnerable residents with financial stability and holding onto their homes. None of these programs include the exact same scope as the Homestead Preservation Center discussed here, but they have different components that would be useful for Texas cities to consider.

For example, Cleveland’s Empowering and Strengthening Ohio’s People (ESOP) Program specializes in providing aging residents with financial stability. In 2014, the organization launched a Senior Financial Empowerment Initiative, which provides one-on-one financial counseling, financial education workshops, and foreclosure prevention assistance to seniors. ESOP’s Senior Property Tax Loan program provides property tax loans to seniors of up to $6,500, coupled with comprehensive financial counseling and ongoing financial coaching.

Pennsylvania’s Affordable Housing Centers offer a number of services related to supporting homeownership by low-income families, including a foreclosure counseling program, which helps homeowners who are struggling to make their mortgage or property tax payments. New York City’s Financial Empowerment Centers, with 20 neighborhood locations, provide financial education and counseling to help tackle debt, budgeting, and other financial stabilization services.

Examples:
Cleveland (ESOP), Oregon (Homeownership Stabilization Initiative), Pennsylvania (Affordable Housing Centers of Pennsylvania), New York (New York City Financial Empowerment Centers)
## Assessment

<table>
<thead>
<tr>
<th>Vulnerable Populations Targeted</th>
<th>Current low-income homeowners, including seniors and persons with disabilities; communities of color</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage of Neighborhood Change</td>
<td>All, although low-income homeowners in late-stage gentrifying neighborhoods face the largest property tax burdens and will thus likely receive the greatest benefit from a Homestead Preservation Center</td>
</tr>
<tr>
<td>Place-Based</td>
<td>Yes. Assistance from a Homestead Preservation Center can be targeted to residents of gentrifying neighborhoods as well as other vulnerable neighborhoods</td>
</tr>
<tr>
<td>Sustainability</td>
<td>Poor. Does not create affordability for future residents</td>
</tr>
<tr>
<td>Inclusivity</td>
<td>Good. Vulnerable residents can serve on an advisory board for the Center and, through the Center, can play an active role in educating and reaching out to their neighbors about homestead exemption enrollment and other services of the Center</td>
</tr>
<tr>
<td>Financial Resources</td>
<td>Medium. Financial support is needed to create the center and provide support for ongoing operations. The price tag would depend on the scope of services provided and any geographical targeting. Funding can likely be leveraged from philanthropic institutions</td>
</tr>
<tr>
<td>Current Capacity</td>
<td>Depends on city. Contracting with a nonprofit agency to set up and run the center would likely be required</td>
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</tbody>
</table>
Affordable Housing Strike Fund

**Highlights:**
- Affordable housing strike funds provide flexible, below-market financing to fund the preservation of existing affordable multifamily housing by utilizing a combination of public, private, and philanthropic dollars.
- Require significant public investment as well as strong interest from foundations to seed the fund
- Large start-up costs and complex administration

**Action Steps to Get Started:**
1. Secure seed funding to cover start-up costs.
2. Create a coalition of government agencies, foundations, lenders, and other stakeholders to identify and secure funding sources.

**The Problem:**
Across Texas, thousands of affordable multifamily units are disappearing as they are redeveloped as higher-end housing or commercial properties. These disappearing units include government-subsidized properties as well as unsubsidized “naturally occurring” affordable properties. Affordable units in gentrifying neighborhoods are especially vulnerable to redevelopment pressures. Preserving these existing affordable units is typically one-half to two-thirds as expensive as constructing new affordable rental housing as well as more environmentally sustainable.

Cities and affordable housing providers face many challenges in preserving these units. Acquiring affordable multifamily properties in hot markets, where preservation organizations may be competing with cash buyers, often requires quick and nimble access to financing, which purely private capital and public loan programs typically cannot provide.

**The Tool: Affordable Housing Strike Funds**
To advance the preservation of at-risk affordable multifamily properties and close these financing barriers, a number of cities around the country have formed public-private partnerships to create below-market debt funds. These funds, also referred to as “strike funds,” or “layered funds,” offer low-cost loans to affordable housing developers and other entities to purchase and preserve existing affordable multifamily housing. The funds are capitalized by layering public, private, and foundation funds. The government and foundation capital allow for loans with lower interest rates. Enterprise Community Partners and the Local Initiatives Support Corporation have been partners in several strike funds around the country.

These funds are typically “revolving,” meaning that as the loans are repaid, new loans can be made. The loans are typically five to seven years, at which time the properties are refinanced with other loans or subsidies, such as federal Low Income Housing Tax Credits. Successful utilization of financing through a below-market debt fund depends on the availability of permanent financing from other sources at the end of the fund’s loan term. Below-market debt funds are most viable in markets with a high-capacity city housing department and where there is strong interest from the philanthropic community.

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**Denver Regional Transit-Oriented Development Fund Capital Stack**

- **Borrower equity**: 10% cash minimum
- **Top loss capital**: $5.0 million
- **Second-/third-tier capital**: $7.75 million
- **Senior capital**: $11.25 million

**Source:** Enterprise Community Partners
Private-Only Funds
Some strike funds have started that rely largely or solely on private investments. These funds vary in their commitment to long-term affordability and often lack transparency in structure and returns. While income targeting varies, most of these funds are labelled as preserving “workforce housing” and are aimed at higher income levels than those served by funds that utilize a mix of public and private sources.

Examples of Public-Private Strike Funds
Los Angeles’s New Generation Fund was formed in 2008 to offer pre-development, acquisition, and moderate-rehab financing through a private-public partnership with the city and a consortium of private and community development financial institutions. The District of Columbia’s newer Public-Private Affordable Housing Preservation Fund was seeded with an initial $10 million in local funds, with a goal of leveraging an additional $70 million in funding for short-term bridge acquisition and pre-development financing.

Successful funds focused on preservation of affordable rental housing near transit have been created in the Bay Area and Denver. The Denver Regional Transit-Oriented Development Fund and The Bay Area Transit-Oriented Affordable Housing Fund began with $10 million to $13.5 million in capital from public agencies, later expanding to include equity from banks, community development financial institutions, and foundations.

Additional Examples:
Chicago Opportunity Investment Fund, Seattle Regional Equitable Development Initiative Fund, New York City Acquisition Fund, Invest Atlanta TOD Fund

Resources:
Preserving Multifamily Workforce and Affordable Housing (Urban Land Institute), Funds for Kickstarting Affordable Housing and Preservation (Federal Reserve Bank of San Francisco)

Assessment

<table>
<thead>
<tr>
<th>Vulnerable Populations Targeted</th>
<th>Low- to moderate-income renters. Depth of income targeting depends on sources of funds; funds drawing mostly from private equity are likely to target renters closer to median income, while funds with more public dollars can serve renters with lower incomes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage of Neighborhood Change</td>
<td>Early- to Mid-Stage. Funds can be used at any stage but will have a greater impact in early and mid-stage areas where increases in land and property prices have been low or moderate.</td>
</tr>
<tr>
<td>Place-Based</td>
<td>No. Strike funds are not typically targeted at specific neighborhoods. Some publicly-supported funds have targeted areas near transit.</td>
</tr>
<tr>
<td>Sustainability</td>
<td>Fair to Good. Affordable housing strike funds can be set up as revolving funds and prioritize financing of affordable multifamily housing projects committed to long affordability terms.</td>
</tr>
<tr>
<td>Inclusivity</td>
<td>Poor to fair. The governance of the funds typically excludes impacted residents.</td>
</tr>
<tr>
<td>Financial Resources</td>
<td>Medium to high. Seed financing is typically required from the city or other government stakeholders to operate a below-market fund targeting preservation for lower-income households. A higher city investment allows the fund to serve more lower-income families.</td>
</tr>
<tr>
<td>Current Capacity</td>
<td>Depends on city. An affordable housing strike fund can take at least two years to develop. Partnerships with organizations like Enterprise Community Partners that have experience operating a strike fund can cut down on the need to build capacity at the city level to launch and operate a strike fund.</td>
</tr>
</tbody>
</table>
**Tenant Relocation Assistance Ordinance**

**Highlights:**
- Supports low-income tenants displaced by redevelopment of apartments and mobile home parks by providing advanced notice of the displacement, relocation counseling, and financial assistance.
- Ordinances vary in structure, including what triggers the notice and fee, who is required to pay the relocation fee, and who is eligible for the assistance.
- Must be carefully drafted to navigate Texas’s restrictions on linkage fees.

**Action Steps to Get Started:**
1. Draft a tenant relocation assistance ordinance and solicit public input, including from tenants.
2. Decide whether the city or a third party will administer the program, including the relocation assistance counseling, delivery of financial assistance to tenants, and outreach and education to landlords and tenants.
3. If rental property owners displacing tenants are required to pay a relocation fee, undertake a nexus study to determine the appropriate fee.

**The Problem:**
The loss of an affordable apartment can trigger a wave of destabilizing effects on low-income tenants. Displaced tenants must navigate increasingly limited affordable rental housing options in their neighborhoods, as well as cover the costs of relocating, which can exceed $2,500. Low-income tenants with mobility impairments, limited education, or limited English proficiency face additional challenges in securing new housing. Tenants with criminal records or credit issues face additional challenges in securing replacement housing. The closure of a mobile home park can have even greater destabilizing impacts, given the high cost of moving a mobile home—which can range from $4,000 to $10,000—and the difficulties mobile home residents face in securing a new rental pad as the supply of mobile home parks in cities diminishes.

Displacement can impact the long-term wellbeing of tenants and their families, from loss of important social networks to children forced to transfer to schools and reduced school performance. For the most vulnerable tenants, displacement can even lead to homelessness.

**The Tool: Tenant Relocation Assistance Ordinance**
Tenant relocation assistance ordinances buffer some of the hardships associated with tenant displacement in several ways. Key features of a comprehensive ordinance include the following:

- **Advanced notice:** An advanced notice provision requires landlords to provide advanced notice to the tenants and potentially other stakeholders (such as the city and school district) before taking certain actions that will lead to the displacement of most or all tenants at a property. Advanced notice requirements give tenants more time to secure new rental housing or move their mobile home. Requiring notice to the school district provides the district with the opportunity to mediate the impacts on neighborhood schools serving the property.

The typical length of notice required by relocation ordinances around the country varies from 60 to 180 days for tenants in apartment complexes, and 90 days to a year for residents in
Part 3  FEATURED TOOLS

a mobile home park. Austin’s ordinance has a 180-day notice requirement for apartments, which is triggered by a permit application for a demolition (including partial demolitions) or commercial building application. Austin’s notice requirement for mobile homes parks is 270 days, which is triggered by a site plan, change of use permit, or rezoning application.

- **Financial assistance:** Another key feature of tenant relocation assistance ordinances is the provision of financial assistance to the tenants to cover the cost of relocating to a new apartment. Most cities with relocation ordinances require developers to pay a fee to the city to cover the financial assistance to renters who are displaced. However, some cities pay the relocation fees out of general revenue.

The amount of assistance required by city ordinances varies across the country, with a typical range of $500 to $2,000 for apartment displacements. A 2012 UT Law study of tenant displacement from an apartment complex in Austin found that the typical cost for a tenant to relocate to a $500 a month apartment was at least $1,500 and included costs such as application fees ($30-$50 per adult per application); moving truck rental and boxes; utility transfer costs; payment of a new security deposit, which is due before tenants receive a refund of their current security deposit; and first month’s rent for the new apartment, which also must be advanced.

The relocation assistance for mobile home park residents is much higher. Mobile home park displacement fees typically cover the actual cost of moving the mobile home, with the typical maximum cap ranging from $5,000 to $8,000 for a single-wide and $7,000 to $12,000 for double-wide.

- **Relocation counseling:** Relocation counseling is essential to helping tenants navigate tight rental markets, negotiate with new landlords, and access housing in their neighborhood and school attendance zone if they want to remain in their community. The University of Texas School of Law study on tenant displacement found that the relocation counseling provided by an experienced realtor following the closure of an Austin apartment complex was critical in helping tenants successfully relocate and, for some tenants, was more important than the financial assistance they received. The cost of relocation counseling can be covered by the city or out of a fee charged to the property owner.

**Triggers for Displacement Assistance**

Before adopting an ordinance, a city needs to determine what types of displacement actions require advanced notice, as well as whether and when a property owner will be required to pay a relocation fee to cover part or all of the costs of the relocation assistance. Triggers for notice or financial assistance can include:

- Demolition permits
- Zoning changes
- Site plan permit and change of use applications
- Increases in rent over a certain amount
- Lease non-renewals without cause or substantial changes in lease terms

**Navigating Texas’s Linkage Fee Ban**

Under Section 250.008 of the Local Government Code, a fee cannot be imposed on new construction (which includes zoning changes, building permits, and site plans) unless (1) the fee is not used to offset the cost or rent of the new housing unit or (2) the fee is a “fee in lieu” via a density bonus program. A broad fee could still be tied to a demolition permit, which is not barred under 250.008. Alternatively, a narrower fee could be adopted to cover things like moving costs (such as a moving truck rental or mobile home relocation) and intensive relocation counseling, which are not restricted at all by 250.008. As an additional option, a broad fee could be triggered as part of an optional fee in lieu for developers receiving an increase in height and square footage. A city could require developers receiving these increases in entitlements to provide for the moving truck, counselor, and other relocation services or have the option of paying a fee instead.
Portland’s Mandatory Renter Relocation Assistance ordinance requires landlords to pay a tenant relocation fee of $2,900 to $4,500 depending on the size of the rental unit, which is triggered by non-renewal of leases due to redevelopment, as well as increases in rent by 10% or more over a 12-month period and other actions that displace tenants. A similar type of ordinance in Texas would not be restricted under Section 250.008.

**Texas Examples**
- **Austin**: Notice requirement for 180 days for apartments and 270 days for mobile home parks, with different triggers. Austin’s ordinance also requires the housing department to set up a relocation program and fund to cover low-income tenant’s relocation expenses when they are displaced by multi-family redevelopment and mobile home conversions. The city ordinance includes a city-funded component and a landlord-funded component; the landlord fee is still under development.
- **San Antonio**: In 2019, the San Antonio City Council dedicated $1 million in funding towards a pilot Risk Mitigation program that includes a Resident Relocation Assistance Program (RRAP) and Emergency Assistance for Housing Stabilization program (EAHS). RRAP provides housing counseling services and financial assistance for relocation and moving expenses for families who are displaced from their housing. EAHS provides financial and counseling assistance to help renters and homeowners experiencing a financial emergency stay in their homes. The program is funded entirely by the city and does not include any advanced notice requirements.

**Other Examples:**
The City of Austin has collected information on other mobile home relocation assistance laws from around the country. Ordinances addressing displacement from apartments include: Chicago (Condominium Conversion Ordinance), Seattle (Tenant Relocation Assistance Ordinance), Portland (Mandatory Renter Relocation Assistance Ordinance), and Palo Alto (Rental Housing Stabilization Ordinance).

**Resources:**
- [Tenant Displacement in Austin](https://www.texaslawclinic.org/article/tenant-displacement-in-austin) (Texas Law Community Development Clinic, 2012)

### Assessment

<table>
<thead>
<tr>
<th>Vulnerable Populations Targeted</th>
<th>Current low-income renters and mobile home owners who rent in a mobile home park</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage of Neighborhood Change</td>
<td><strong>All.</strong> While tenant relocation ordinances support tenants in neighborhoods in any stage of gentrification, the ordinances target displacement from redevelopment and are thus more likely be used in mid- and late-stage gentrifying neighborhoods.</td>
</tr>
<tr>
<td>Place-Based</td>
<td><strong>No.</strong> Tenant relocation assistance ordinances are citywide.</td>
</tr>
<tr>
<td>Sustainability</td>
<td><strong>Poor.</strong> This tool does not result in any long-term rent restrictions and does not assist future generations of low-income residents.</td>
</tr>
<tr>
<td>Inclusivity</td>
<td><strong>Fair.</strong> A city can involve low-income tenants in the design and oversight of a tenant relocation assistance program.</td>
</tr>
<tr>
<td>Financial Resources</td>
<td><strong>Depends on ordinance.</strong> If a relocation ordinance requires landlords to pay a fee that covers the relocation assistance and counseling services, then the cost to the city will be low to medium (for start-up and enforcement costs). If a city is covering the costs, the city financial resources required will be high.</td>
</tr>
<tr>
<td>Current Capacity</td>
<td><strong>Depends on city.</strong> Requires administration and enforcement by the city, including education to landlords and tenants</td>
</tr>
</tbody>
</table>
Mobile Home Park Zoning

**Highlights:**
- City council rezones mobile home parks by applying a special zoning category to the parks, effectively barring redevelopment for other uses absent future council action.
- Low cost and high impact tool that helps protect mobile home park residents from displacement

**Action Steps to Get Started:**
1. Conduct inventory of mobile home parks to identify which parks do not have zoning protections that restrict redevelopment for other uses.
2. Conduct inventory of mobile home parks to identify which parks do not have zoning protections that restrict redevelopment for other uses

**The Problem:**
Mobile home parks provide an important source of affordable housing for lower-income families across Texas. The parks are owned by a company or individual investor, with individual lots leased to families, typically through an annual or month-to-month lease. The family either owns or rents the mobile home on the lot.

In Texas cities, mobile home parks have historically been concentrated in low-income neighborhoods. As real estate values in these neighborhoods escalate through gentrification, the parks are among the most vulnerable properties for redevelopment. If the zoning on the property allows for more intensive residential and commercial uses, the property is especially vulnerable to redevelopment and tenant displacement. Over the years, a number of mobile home parks in Texas have been closed in areas undergoing gentrification to make way for higher-end development.

Many mobile home parks across Texas are not currently zoned as mobile home parks or related zoning category and instead have zoning that allows for other uses, thus making these properties more vulnerable to redevelopment. For example, in the City of San Antonio, only 31% of the city’s 89 active mobile home parks (as of 2019) are protected under the city’s manufactured housing district zoning—the city’s zoning classification for mobile home parks. Close to 25% of mobile home parks are zoned as commercial, and another 25% are zoned as single-family or multi-family residential. San Antonio’s manufactured housing district zoning also still allows for single-family residential uses and thus doesn’t provide as strong a protection as some other cities’ mobile home zoning categories. In Austin, prior to the City’s rezoning of several mobile home parks in 2019, a majority of the city’s 37 mobile home parks were not zoned mobile home residence districts, Austin’s zoning classification for mobile home parks.

**The Tool: Applying Zoning Protections to Mobile Home Parks**
Rezoning mobile home parks to a zoning category that legally restricts the property to use only as a mobile home park reduces the redevelopment risks and helps protect mobile home residents from displacement. For properties with mobile home zoning, an owner must secure a zoning change from the city council in order to redevelop the property as a different use such as luxury apartments.

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Austin’s Disappearing Mobile Home Communities
Austin Chronicle, Dec. 15, 2017
The Austin Example
In 2018, the Austin City Council adopted two resolutions instructing the city manager to identify properties currently being used as a mobile home residence park or mobile home subdivision that were not zoned as a mobile home residence district and to submit the properties to the Council for initiation of zoning cases. In 2019, the Council proceeded to rezone nine mobile home parks containing 450 units as mobile home residence districts, and the rezoning of several other parks is underway.

Examples:
Austin; Portland, Oregon (56 mobile home parks rezoned as Manufactured Dwelling Park uses); Kenmore, Washington; Bend, Oregon

Assessment

<table>
<thead>
<tr>
<th>Vulnerable Populations Targeted</th>
<th>Current and future low-income renters.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage of Neighborhood Change</td>
<td>All.</td>
</tr>
<tr>
<td>Place-Based</td>
<td>Not usually, although a rezoning effort could focus on properties in gentrifying areas.</td>
</tr>
<tr>
<td>Sustainability</td>
<td>Good.</td>
</tr>
<tr>
<td>Inclusivity</td>
<td>Poor. Rezonings are brought through the city’s zoning and planning commissions, which are typically not very inclusive of vulnerable residents, and to participate in the rezoning process, residents are usually expected to come to city hall.</td>
</tr>
<tr>
<td>Financial Resources</td>
<td>Low. The adoption of mobile home rezoning protections does not require any funding other than coverage of city staff time to process the rezoning.</td>
</tr>
<tr>
<td>Current Capacity</td>
<td>Good. Utilizes the city’s existing land use and planning staff, along with the city’s zoning and planning commissions.</td>
</tr>
</tbody>
</table>
**Community Preference Policy**

**Highlights:**
- Furthers displacement mitigation goals and remediates prior racial injustices
- Does not produce new affordable units or ensure eligibility for affordable housing programs
- Must be crafted carefully to comply with the Fair Housing Act’s disparate impact and perpetuation of segregation bars

Several cities and nonprofit organizations across the United States are utilizing community preference policies for their affordable housing programs to redress prior racial injustices (such as displacement precipitated by urban renewal and freeway construction), further their displacement mitigation goals, and help stabilize communities. These policies are typically created at a neighborhood scale and provide priority placement for affordable units in a neighborhood or group of neighborhoods to low-income applicants who have been displaced from their neighborhood, are current residents at risk of displacement, or are descendants of displaced residents. Preference policies do not actually produce affordable units but instead provide preference for units that are produced by other means. A resident receiving a community preference must still meet the affordable housing program’s eligibility requirements, such as specific income limits.

Austin’s Guadalupe Neighborhood Development Corporation is a longstanding community development organization providing affordable rental and homeownership opportunities and working to prevent displacement of vulnerable residents in several East Austin neighborhoods. GNDC’s community preference policy gives priority on GNDC’s housing waitlists to applicants with historic ties to the neighborhood and who are vulnerable to displacement. For home sales, GNDC has six different levels of priority, with the highest priority given to current tenants and then to applicants who have lived in GNDC’s service area for 25 or more years.

On a larger scale, the City of Portland’s N/NE Neighborhood Housing Strategy employs a community preference policy in several neighborhoods of N/NE Portland, with a focus on remediating displacement based on urban renewal, which displaced more than half of the area’s Black community. The City uses a system of preference points to move people to the top of the waitlist. The highest priority is given to families who owned property taken by the City through eminent domain for urban renewal projects. For the next tier, applicants are awarded points based on the location of their residence and whether their parents, guardians, or grandparents lived in the area. The initial implementation of Portland’s policy hit some rough spots and offers lessons for other communities. For example, the eligibility criteria for different affordable housing programs was poorly communicated to applicants who applied for housing preferences, only to find out they did not meet the income requirements.

A preference policy must be carefully crafted to avoid violating the Fair Housing Act by ensuring that the policy does not perpetuate segregation or have a disparate impact on persons of color or other protected classes (such as families with children or persons with disabilities). For example, if a preference policy prioritizes current residents of a neighborhood and the residents who qualify for the affordable housing program are more likely to be white compared to a program serving applicants drawn from a larger geographic area, the policy could be considered to have a disparate impact under the Fair Housing Act. To avoid disparate impacts in gentrifying neighborhoods that are becoming predominantly white but were historically communities of color, a city should consider giving preference to low-income residents who are at the highest risk of displacement (such as renters), have long ties to the community, or have already been displaced. Each preference policy should be carefully tailored to the particular community and regularly reviewed for compliance with the Fair Housing Act.

**Examples:**
Portland, Oregon (N/NE Portland Preference Policy); San Francisco (Lottery Preference Programs); Seattle (Affirmative Marketing and Community Preference Policy)
## Assessment

<table>
<thead>
<tr>
<th>Vulnerable Populations Targeted</th>
<th>Current and displaced residents who are low-income and have long ties to a targeted neighborhood. Community preference policies help redress past displacement of residents as well as prevent displacement of existing vulnerable residents from a community.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage of Neighborhood Change</td>
<td>Early to late stage. Community preference policies can serve vulnerable residents experiencing displacement pressures in neighborhoods going through any stage of gentrification, as well as residents who have already been displaced by urban renewal or redevelopment pressures.</td>
</tr>
<tr>
<td>Place-Based</td>
<td>Yes. Community preference policies are designed to serve targeted areas.</td>
</tr>
<tr>
<td>Sustainability</td>
<td>Poor. Community preference policies do not create new affordable housing and, to achieve long-term sustainability, must be paired with efforts to create a permanently affordable housing stock.</td>
</tr>
<tr>
<td>Inclusivity</td>
<td>Good. Community development corporations play a key role in enacting community preference policies. City-level policies can also be the result of a community-driven housing strategy, as in the case of N/NE Portland.</td>
</tr>
<tr>
<td>Financial Resources</td>
<td>Low. A community preference policy requires minimal financial resources. To ensure effective implementation, however, funding might be needed for marketing and outreach to residents targeted by the policy.</td>
</tr>
<tr>
<td>Current Capacity</td>
<td>Depends on city. Some level of ongoing support from city or nonprofit staff is required to implement a community preference policy and to conduct outreach to residents targeted by the policy.</td>
</tr>
</tbody>
</table>