# Implementation Guidance
# OAR 660-012-0315
# CFA Anti-Displacement Analysis

OREGON

Department of
Land Conservation
& Development

DLCD developed the Climate-Friendly and Equitable Communities rules to support communities taking action to meet Oregon's climate pollution reduction targets, while providing more housing and transportation choices for all.

DLCD is providing this resource as part of our technical assistance program. Please see our website for more information or to sign up for notices: www.oregon.gov/lcd/CL/Pages/CFEC

## About this document
This document provides guidance from the Department of Land Conservation and Development. This guidance is intended to assist in the interpretation of an administrative rule but does not itself have the force of rule. This document includes recommendations that may go beyond the minimum needed to be consistent with the adopted rule.

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## Background
Cities and urbanized county areas within these metropolitan areas (outside of the Portland metropolitan area) with a population of more than 5,000 and within an urban growth boundary (UGB) are required to designate Climate-Friendly Areas (CFAs) of a certain size. These jurisdictions are first required to submit a study of potential climate friendly areas. Parts of this study requires inclusion of plans to **achieve fair and equitable housing outcomes** within climate-friendly areas.

> OAR 660-012-0315(4)(f):
> *Plans for achieving fair and equitable housing outcomes within climate-friendly areas, as identified in OAR 660-008-0050(4)(a)-(f). Analysis of OAR 660-008-0050(4)(f) shall include analysis of spatial and other data to determine if the rezoning of potential climate-friendly areas would be likely to displace residents who are members of state and federal protected classes. The local government shall also identify actions that may be employed to mitigate or avoid potential displacement.*

This guidance is intended to help jurisdictions in conducting the required analysis and identifying potential actions to mitigate or avoid displacement in Climate-Friendly Areas. This guidance and associated resources are one method for taking on the analysis, but **other methods can be used** as well, including altering this methodology. The spatial analysis and list of mitigating strategies are based on tools that DLCD has provided to local governments for Housing Production Strategies required by HB 2003 (Anti-Displacement Toolkit Guide for Cities).

Developing plans for fair and equitable housing for potential climate-friendly areas can be accomplished thorough the following steps. The methods referenced below were developed through the Anti-Displacement and Gentrification Toolkit, Attachment A (www.oregon.gov/lcd/UP/Documents/AttachmentA_PSU%20Toolkit.pdf).

## -AT A GLANCE-

### Anti-Displacement and Gentrification Toolkit

- **Racial equity lens** to help cities analyze displacement dynamics

- Maps **neighborhoods at risk** of displacement

- Identifies **mitigating policies** for displacement

- Aligns with **Housing Production Strategies**

The Anti-Displacement and Gentrification Toolkit was created to refine the efforts of cities to not only identify strategies they can use to facilitate the production of more housing units, but also make better informed decisions about **how housing production strategies impact the people** who currently live in their community or will live in their community in the future. The information provided in this guide is intended as the first step of the analysis and the agency recommends **engaging the community** to take a refined look at areas at risk of displacement that may not be readily apparent in the indicators.

The anti-displacement analysis presented in this guide for use in a CFA Study follows these steps:

| Step 1. Spatial Analysis | Step 2. Planning Analysis | Report |
|---|---|---|
| • Overlay Neighborhood Typologies with potential CFAs<br>• Identify areas of displacement risk | • Look up Housing Production Strategies for each CFA<br>• Review mitigation potential for each context | • Select strategies to best achieve goals and mitigate unintended consequences |

## Step 1.  Spatial Analysis and Neighborhood Typologies

The first step of the analysis aims to identify the spatial distribution of housing inequity. The analysis investigates spatial **disparities in people, housing, and place**.

Neighborhood typology **differentiates places based on their vulnerability**. This toolkit utilizes the indicator sets in terms of income, vulnerable people, precarious housing, housing market activity, and demographic change at the census tract level. Neighborhoods as tracts are compared to the county[1] averages and designated into types based on high levels of different combinations of vulnerability, housing markets and demographic changes. The table below shows the indicator sets with key questions and measures used in the typology.

Spatial data by census tract for identifying Neighborhood Typology and the associated indicators is available at:
https://geo.maps.arcgis.com/apps/mapviewer/index.html?webmap=b0f58b8dcf5b493b978bffd063b2aa98

**Key Questions and Indicators of Neighborhood Typology**

| Income Profile | Vulnerable People | Precarious Housing | Housing Market Activity | Neighborhood Demographic Change |
|---|---|---|---|---|
| Where do low-income people live? | Where do BIPOC and vulnerable people live? | Where is precarious housing located? | Is the housing market 'hot'? | What are changes in neighborhood characteristics? |
| • Low-income households<br>• Household income | • BIPOC<br>• Limited English-proficiency<br>• Persons with disabilities<br>• Female-headed household<br>• 65 years and older | • Multifamily housing<br>• Housing units built before the 1970s | • Median Rent<br>• Rent change<br>• Median Home Value<br>• Home value change | • Change in BIPOC<br>• Change in Educational attainment<br>• Change in Homeownership<br>• Change in Household income |

Neighborhood types represent different stages of gentrification and different levels of displacement pressures for key populations, BIPOC, low-income, and renters. The typology uses six categories as well as unassigned neighborhoods. The table below summarizes the different combinations of tract-level vulnerability of people and housing, demographic change, and housing market conditions represented by the six categories. The description of each category in typology follows the table below.

The defined categories align with Housing Production Strategies in the next step of the analysis with particular kinds of neighborhood change, but they are not all relevant in all cities. The typology will be useful, especially for places with significant differentiations across places. However, the neighborhood

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[1] This toolkit updates the methodology identified in the "Anti-Displacement and Gentrification Toolkit Project" published by DLCD in 2021. The referenced map and indicators are built using the county as a geographic comparison instead of the city. This was done because census tracts in the state do not align with city boundaries. Further ground truthing further revealed that he results appeared skewed by using a city comparison.

typology overall still indicates significant alerts to pay attention to, such as spatial separation of affluence and investment or where to focus on more equity needs.

**Tract Level Neighborhood Typology Representing Different Characteristics and Risks of Displacement**

| | Income Profile | Vulnerable People | Precarious Housing | Housing Market Activity | Neighborhood Demographic Change |
|---|---|---|---|---|---|
| **Affordable and vulnerable** | Low | Yes | Yes | No | - |
| **Early gentrification** | Low | Yes | Yes | Yes | No |
| **Active gentrification** | Low | Yes | Yes | Yes | Yes |
| **Late gentrification** | High | Yes | No | Yes | Yes |
| **Becoming Exclusive** | High | No | No | Yes | Yes |
| **Advanced Exclusive** | High | No | No | Has higher home value and rent | No |
| **Unassigned** | - | - | - | - | - |

Below is a brief description of the characteristics of the neighborhood typologies.

Affordable and Vulnerable
The tract is identified as a low-income tract, which indicates a neighborhood has lower median household income and whose residents are predominantly low-income compared to the city average. The neighborhood also includes precariously housed populations with vulnerability to gentrification and displacement. However, housing market in the neighborhood is still remained stable with no substantial activities yet. At this stage, the demographic change is not under consideration.

Early Gentrification
This type of neighborhoods represents the early phase in the gentrification. The neighborhood is designated as a low-income tract having vulnerable people and precarious housing. The tract has hot housing market, yet no considerable changes are found in demographics related to gentrification.

Active Gentrification
The neighborhoods are identified as low-income tracts with high share of vulnerable people and

precarious housing. Also, the tracts are experiencing substantial changes in housing price or having relatively high housing cost found in their housing markets. They exhibit gentrification related demographic change. The latter three neighborhoods on the table are designated as high-income tracts. They have hot housing market as they have higher rent and home value with higher appreciation rates than the city average. They also do not have precarious housing anymore. However, Late Gentrification type still has vulnerable people with experiences in gentrification related demographic changes. The last two neighborhood types show the exclusive and affluent neighborhoods.

### Late Gentrification
This type of neighborhoods does not have predominantly low-income households, but still have vulnerable population to gentrification. Their housing market exhibits the high housing prices with high appreciations as they have relatively low share of precarious housing. The neighborhoods experienced significant changes in demographics related to gentrification.

### Becoming Exclusive
The neighborhoods are designated as high-income tracts. Their population is no longer vulnerable to gentrification. Precarious housing is not found in the neighborhoods. However, the neighborhoods are still experiencing demographic change related to gentrification with hot housing market activities.

### Advanced Exclusive
The neighborhoods are identified as high-income tracts. They have no vulnerable populations and no precarious housing. Their housing market has higher home value and rent compared to the city average, while their appreciation is relatively slower than the city average. No considerable demographic change is found in the neighborhoods.

### Unassigned
The unassigned tracts have not experienced any remarkable changes in demographics or housing markets. The neighborhood has been stable with unnoticeable change, yet this does not necessarily mean that there is no need for extra care compared to other neighborhoods with assigned types. This neighborhood may call attention to more care of what is actually going on the ground. **Planners need to engage with the communities to make sure the neighborhood is stable** while aligning with community needs and desires.

## Mapping Overlay
The spatial analysis may be applied at any point in the CFA study process (e.g. when identifying initial candidate areas or after identifying potential CFAs). Overlaying the neighborhood typologies and examining the indicators specific to each candidate area will provide a better understanding of the key populations and potential strategies that might be employed.

On top of the typology map, overlay the map of candidate climate-friendly areas to identify areas at risk of displacement. Once the CFAs have been identified for the study, the overlay will indicate if a CFA has a neighborhood typology at risk of displacement. Census geographies will likely not align with CFA boundaries, more detailed analysis can be performed using smaller geographies for key indicators or be refined through the planning analysis step by using qualitative information gathered through community input.

## Step 2. Planning Analysis

This step uses the neighborhood typology from the spatial analysis to look up appropriate strategies to mitigate gentrification and/or displacement for each CFA. Each jurisdiction can then narrow down the primary goals for the housing planning that can meet the identified housing needs of key populations while closing racial equity gaps.

Planning analysis relates the overall findings to the questions:

- What would we do to address the problems of the key population we are looking at?
- How would we mitigate negative side effects of the strategies we are pursuing for the key populations?

Through this planning exercise, practitioners can move into selecting the strategies that will best achieve equity goals and minimize unintended consequences of increased housing production in climate-friendly areas.

Practitioners can find strategies in the following link to take under consideration for this step of the analysis.

[Full Cover Letter and HPS List_with links.pdf](Full Cover Letter and HPS List_with links.pdf)

| Category A | Zoning and Code Changes |
|---|---|
| Category B | Reduce Regulatory Impediments |
| Category C | Financial Incentives |
| Category D | Financial Resources |
| Category E | Tax Exemption and Abatement |
| Category F | Land, Acquisition, Lease, and Partnerships |
| Category Z | Custom Options |

Each of the categories contain tools, strategies, or policies that are intended to:
1. Reduce financial and regulatory impediments to develop needed housing;
2. Create financial and regulatory incentives for development of needed housing;
3. Provide access to local, state, and federal resources; and
4. Allow for local innovation.

Using the table of Housing Production Strategies in the link provided above, practitioners can identify strategies that correspond with each typology identified in the spatial analysis. Practitioners should at this step provide ground-truthing via community engagement and rely on their knowledge and understanding of local planning capacity, and housing dynamics.

Two columns in the table are provided to help practitioners in identifying potential strategies: Neighborhood Typology and Housing Equity Impact.

## Neighborhood Typology

The six Neighborhood Typologies (Affordable and Vulnerable, Early Gentrification, Active Gentrification, Late Gentrification, Becoming Exclusive, and Advance Exclusive) can be used to look up which of the typology's housing and population dynamics could be best matched with the strategy. Many strategies work without particular concern across any kind of neighborhood, including newly developable land; these are not especially labelled. However, some housing production strategies are better suited for some neighborhood types, and some need caution, and to add mitigation for potential displacement impacts.

The table highlights which strategies may have **unintended negative impacts on particular neighborhood typologies**. This is not to imply that all Housing Production Strategies will have negative impacts on housing equity - many strategies work without particular concern across any kind of neighborhood. However, some housing production strategies are better suited for particular neighborhood types, and some strategies need special nuance or policy refinement to add special mitigation protections against further potential displacement impacts.

To help guide jurisdictions in understanding the potential impacts of the strategies on the housing equity of each Neighborhood Typology, the table applies a color coding as follows:

**Green:** GO use and implement, especially if a tool is useful in this neighborhood type

**Yellow:** PROCEED CAUTIOUSLY and carefully. This means that a strategy needs to be monitored for impacts and possibly paired with more direct mitigating strategies in this neighborhood type.

**Red:** STOP AND PLAN. This strategy is highly likely to create displacement pressures and must be paired with mitigation measures in this neighborhood type.

## Housing Equity Impact

Strategies for meeting housing equity needs are classified as **DIRECT, (DIRECT), INDIRECT,** and **(INDIRECT)**.

**DIRECT** strategies for meeting housing equity needs are focused on the supply. They are needed immediately and persistently by groups that are vulnerable in the housing market. These strategies directly produce or protect affordable housing, especially for communities of color and other protected class communities. They have strong impacts for anti-displacement that can be seen in the short-term.

**(DIRECT)** strategies are ones that are specific to affordable housing and/or protected classes and vulnerable populations but do not actually create housing.

**INDIRECT** strategies allow for more housing overall regardless of vulnerable population needs.

**(INDIRECT)** strategies are oriented towards smaller units or diverse housing types. They are more likely to address equity needs but may also require additional tools to focus on affordability, tenure, or accessibility. Likewise, strategies for housing preservation can be important for anti-displacement planning, if they are focused on maintaining affordability along with quality.

## Report

Potential strategies may be vetted through public engagement, advisory committees, or elected bodies. The rule requirements in OAR 660-012-0310 (4)(f) require local governments to include the actions that may be employed to mitigate or avoid potential displacement. Implementation of the identified strategies will occur later in the zoning phase of the Climate-Friendly Areas work.

Identified strategies, maps, and discussion should be included in the local government's report on CFAs. Practitioners should reference the Climate-Friendly Area Methods Guide for more information on how to submit the full CFA report to DLCD.

# Data Sources

## People

- Low Income
  - Indicators used in this analysis:
    - Share of low-income households in each racial/ethnic group (%)
    - Households by income level between BIPOC and White (%)
    - Share of Low-Income Households in Each Racial Group of Renters (%)
    - Renter households by income level between BIPOC and White (%)
  - Data Sources
    - 2013-2017 HUD Comprehensive Housing Affordability Strategy (CHAS) dataset is downloaded at the Census Tracts level. Since the CHAS tract-level data is available only as raw data with all values for the U.S. census tracts, this analysis utilizes Table 2 of the dataset
    - BIPOC is defined as all households except for non-Hispanic whites
    - The detailed income level is followed by National Low Income Housing Coalition (NLIHC). The five different income levels:
      - Extremely Low-Income (0-30% of AMI)
      - Very Low-Income (31-50% of AMI)
      - Low-Income (51-80% of AMI)
      - Middle-Income (81%-100% of AMI)
      - High-Income (100% or more of AMI)

- Cost-Burdened households and renters
  - Indicators
    - Share of Cost-Burdened and Severely Cost-Burdened Households in Each Racial Group (%)
    - Percent of Cost-Burdened and Severely Cost-Burdened Households Between BIPOC and White households (%)
    - Share of Cost-Burdened and Severely Cost-Burdened Households By Each Racial Group of Renters (%)
    - Percent of Cost-Burdened and Severely Cost-Burdened Renter Households (%)
  - Data sources
    - Table 9 of the 2013-2017 CHAS tract-level dataset is utilized to find the cost-burdened and severely cost-burdened households by tenure and race/ethnicity.
    - Like the preceding, the number of households and their percentages are calculated by the tenure, level of the cost burden, and race

## Equity Analysis for Housing

- Inventory
  - Indicators used in this analysis:
    - Housing Units by housing type (#, %)
    - Housing Inventory Change, year 1 and year 2 (#,%)
  - Data Sources
    - Census-Designated Place (CDP) level of 2015-2019 American Community Services (ACS) data for year 2
- Prices
  - Indicators used in this analysis:
    - The median rent in year 2 ($)
    - Rent Change, year 1, and year 2 (%)

- - - Median home value in year 2 ($)
    - Median home value change, year 1 and year 2 (%)
  - Data Sources
    - The median rent and median home values are both drawn from the CDP level of 2015-2019 ACS for year 2
- Affordable rental unit availability
  - Indicators used in this analysis:
    - Rental units affordable and available by income level (#)
    - Rental housing shortage by income level (#)
    - Rental housing mismatch by income level (#)
  - Data Sources
    - Table 18C of the 2013-2017 CHAS tract-level dataset