**OREGON**

Department of Land Conservation & Development

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# ANTI-DISPLACEMENT AND GENTRIFICATION TOOLKIT PROJECT: GUIDE FOR CITIES IMPLEMENTING HB 2003 HOUSING PRODUCTION STRATEGIES

*Overview*

In the summer of 2021, Portland State University professors Lisa K. Bates, Ph.D., Marisa A. Zapata, Ph.D., and Ph.D. candidate Seyoung Sung prepared an Anti-Displacement and Gentrification Toolkit (Attachment A) for the Department of Land Conservation and Development (DLCD). The impetus for this toolkit was in response to Oregon Administrative Rules implementing HB 2003 (2019), which had been adopted by the Land Conservation and Development Commission (LCDC) in November 2020. The adopted rules require that cities over 10,000 adopt a Housing Needs Analysis (HNA) on a 6 or 8 year schedule. In addition, the cities are required to produce a Housing Production Stratey (HPS) report one year after the HNA deadline. While an HNA illustrates the housing need over a 20-year period according to land capacity and population growth, the HPS report requires cities to detail specific strategies the city will employ to address the housing need identified in an HNA. To assist in this effort, DLCD currated a crowd-sourced, non-exhaustive list of housing production strategy tools, actions, and policies (Attachment B) cities can use as the basis for their HPS reports.

A fundamental principle of the Housing Proudtion Stragegy Program and Administrative Rules is that cities take continued action to acheive fair and equitable housing outcomes. DLCD encourages cities to think holistically about the possible externalities and negative impacts of not only specific tools, actions, and policies included in a Housing Production Strategy Report, but the total impact of *all* housing policies taken as a whole.

The Anti-Displacement and Gentrification Toolkit is intended 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.

Using an equity centered approach, the toolkit walks practitioners through a series of analyses that consider aspects of housing need that are not typically part of a HNA, including assessing current housing dynamics and spatial vulnerabilities for Black, Indeginous, and People of Color (BIPOC), low-income, and renter households. From here, the toolkit provides a methodology to characterize specific neighborhood typologies depending on the unique housing characteristics of that neighborhood (pg.27). These typologies can then be used to inform which specific HPS tools, actions, and strategies are best seved to mitigate negative externalities, such as gentrification and displacement, within neighborhoods.

Along with the methodological explanations of the analyses, the toolkit provides annotated, step-by-step examples, using case study cities, Hermiston and Tigard, to illustrate how the toolkit can be applied to both small, rural communities, as well as large, Metro city contexts (p.34 and 87).

The utility of this product can help center the needs of communities that have historically been negatively impacted by seemingly neutral housing policies, while also assisting cities in going forward with tools that will increase housing production to accommodate for future housing need.

*Conceptual Framework*

When HB 2003 was adopted, the intent was that cities should play an active role in increasing housing production. This would help increase housing supply, and in effect, help satisfy overall housing affordability needs as is required by Statewide Planning Goal 10 - Housing. The bill reiterated the requirement in Goal 10 that cities account for the housing needs of all residents, including those who have been historically underserved.

As conversations continued to unfold during the Housing Production Strategy rulemaking process, it was evident that cities, and the State, had, for a long time, not lived up to the expectation and ideal of Goal 10 – Housing. Concern mounted that the Housing Production Strategy Program could further perpetuate a system that did not consider nor address unintended consequences of a strictly supply-side housing production framework.

As cities take steps to address housing needs, staff and stakeholders are becoming more aware of the market pressures associated with housing development and its potential to impact historically marginalized populations, especially those within BIPOC, low-income, and renter communities. As a result, there is an increased need to mitigate these negative impacts, while still supplying the housing that is needed to accommodate growth well into the future.

While increasing the supply of housing is an important step in the process of creating greater housing affordability, there is no shortage of debate on how to best approach the issue. A literature review and explanation of some of the most common debates related to housing policy are described in more detail in the Toolkit and summarized below (Bates et al, 2020):

> Public Investments: Though public investments are generally seen as opportunities to improve neighborhood conditions, there is always a risk that as planned investments increase, or, even, the announcement of a planned investment increase occurs, a market signal follows for investment potential in a neighborhood (Golub et al, 2011). These market changes inevitably have the capacity to cause housing speculation, and, in effect, produce displacement around neighborhoods whose amenities are improving.

> Filtering: Though filtering has been seen as a housing phenomenon where older housing stock becomes more affordable as new, high-end housing stock is built and comes into the market, filtering in some areas has come at the cost of divestment in certain neighborhoods. Historical, racialized housing practices such as redlining already deem access to homeownership less feasible to communities of color, while allowing White communities to benefit from housing policies over several generations. Further, population growth slows down the rate of filtering, impacting affordability for BIPOC communities. This correlates into mismatches in filtering by housing type, size, and price, which contributes greater to economic inequalities across neighborhoods. Finally, filtering is driven by the tastes of those with the highest incomes, who inevitably have the most options to choose housing and at what price points.

Low-cost market housing or naturally occurring affordable housing (NOAH): in housing supply, NOAH units significantly outnumber the number of subsidized rental units (Lubell, 2016). As filtering continues to occur downward, NOAH stock comes under tremendous market pressure as the demand for market-rate multifamily housing continues and investors in search of value-add opportunities convert NOAH to market-rate or luxury product.

Land use and Planning regulations: Zoning has been the most-employed tools for planners, deeming what land can be used for, but also has the ability to dictate pricing for housing that is built on land. Once an area has been re-zoned, the availability of land and zoning restrictions creates increased demand for living within certain neighborhoods, which inevitably creates different price points at which people can afford to live in certain neighborhoods.

In light of these negative externalities, HB 2003 rulemaking crowd-sourced an initial, non-exhaustive list of strategies cities can use to make progress towards meeting their housing needs (Attachment B). However, this curated list is only intended to be a menu of options available. Cities must take into account unique neighborhood and community characteristics to decide which strategies will yield the best outcomes. The Toolkit attempts to provide planners with additional tools to do better analysis into the impacts of facilitating the production of affordable, needed housing, while protecting against the negative impacts of gentrification and displacement.

## *Using the Toolkit*

Use of the Anti-Displacement and Gentrification Toolkit is not a required analysis for cities completing a Housing Production Strategy Report. However, DLCD encourages cities to use or adapt the methodologies in the toolkit as a matter of best practice in making sound and informed housing policy decisions that do not result in negative externalities for priority populations. The analysis and findings that result from the toolkit can inform not only the specific tools, actions, policies a city employs as part of their Housing Production Strategy, but can also be used as a basis for describing how the city is taking steps to achieve fair and equitable housing outcomes.

The Anti-Displacement and Gentrification toolkit includes three primary parts, each covered in extensive detail and utilizing examples from the cities of Tigard and Hermiston.

**Part 1: Housing Needs Equity Analysis (description pgs. 15-23):** this section walks jurisdictions through identifying the housing needs of BIPOC, low-income renters, by looking at the current housing inventory and market trends. Some notable data resources here are a review of future housing plans such as HNA, RHNA, and HPS, along with housing projections and permits, that can also help determine how large the gap is between current housing stock and housing need.

By the end of **Part 1**, the following questions can be answered:

- What are the housing needs of priority populations like BIPOC, low income, and renter households?
- What is the current, permitted, and planned housing supply?
- What mismatches or shortages exist and are projected?

**Part 2: Spatial Analysis and Neighborhood Typologies (description pgs. 23-32):** this section of the toolkit analysis aims to find the spatial distribution of housing inequity. Doing so provides a clearer picture of where gentrification and displacement pressures have already occurred or may occur in the future. The analysis investigates spatial disparities in people, housing, and place.

This section can also be used to characterize sections of cities into six different typologies. Neighborhood typologies are identified by overlaying the spatial analysis of vulnerable populations with housing development patterns, to examine what housing supply and spatial dynamics are occurring for each neighborhood. In this section it is important to note that neighborhood typologies are intended to provide a basis for cities to make informed decisions about how to address the characteristic of neighborhoods, not to make assumptions or generalize the people that live in the neighborhood.

More detailed descriptions of the aspects and meaning of each neighborhood typology can be found on page 27, Table 3 of the toolkit. They are as follows:

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

| | Income Profile | Vulnerable People | Precarious Housing | Housing Market Activity | Neighborhood Demographic Change |
|---|---|---|---|---|---|
| **(Green) Affordable and vulnerable** | Low | Yes | Yes | No | - |
| **(Yellow) Early gentrification** | Low | Yes | Yes | Yes | No |
| **(Orange) Active gentrification** | Low | Yes | Yes | Yes | Yes |
| **(Red) Late gentrification** | High | Yes | No | Yes | Yes |
| **(Blue) Becoming Exclusive** | High | No | No | Yes | Yes |
| **(Purple) Advanced Exclusive** | High | No | No | Has higher home value and rent | No |
| **(Grey) Unassigned** | - | - | - | - | - |

By the end of **Part 2**, the following questions can be answered:

- How different is the spatial mismatch of people and housing by neighborhood type?
- How different are the pressures/risks of unintended consequences from housing production by neighborhood type?
- Are we meeting housing needs by neighborhood type while discerning unintended negative consequences (displacement)?

**Part 3: Planning Analysis (description pg. 32):** this section links HPS strategies to neighborhood typologies to meet identified needs and the spatial mismatch of people and housing based on the first two analyses above. In addition to referencing adopted HPS strategies from HB 2003 rulemaking, additional stabilization measures and best practices are suggested for specific neighborhood typologies undergoing various forms of gentrification and/or displacement (pg.150).

By the end of **Part 3**, the following questions can be answered:

- 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?

*Conclusion*

Walking through the analyses and sub-analyses above gives cities an opportunity to thoroughly examine the various market, supply, and demographic dynamics at-play in their neighborhoods. With this in hand, cities can plan for more housing development that accommodates housing needs in a more equitable manner that takes into account the potential negative impacts of housing production. By utilizing a framework that is centered in the needs of BIPOC, low-income, and renter households, the Anti-Displacement and Gentrification toolkit offers cities a guided path to understanding how historically marginalized groups have been impacted by existing housing policies and provides them with the ability to take mitigating measures to ensure these populations are protected in the midst of increased development.

While not required for statutory compliance, the toolkit is an augmentation to the Housing Production Strategy Program informed by literature and best practices. It exists so that cities across Oregon can make better-informed decisions on current and future housing policies that will benefit all Oregonians in years to come.