

Excerpt from:

***Case Studies of Local  
Efforts to  
Mitigate Displacement***

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range of approaches has been taken to address affordable housing needs in six diverse neighborhoods located across the country. The six neighborhoods represent the spectrum of gentrification and housing market pressures. Whether housing practitioners in these neighborhoods referred to housing market pressures and accompanying neighborhood change as revitalization or gentrification—as a positive or negative situation or a complicated mix of both—most agreed on the need to balance the strengthening housing market with affordable housing provisions so that lower-income residents are not displaced. We draw from the case studies lessons related to the three types of strategies to reduce gentrification-related displacement: affordable housing production, affordable housing retention, and asset building. We also consider a number of cross-cutting issues important to strategy implementation: land availability; the role of city government; the role of community members; and the importance of economic development.

## Displacement Mitigation Strategies

Our findings begin with the fact that none of the practitioners believed it was too late to implement some type of affordable housing strategy. Even in later-stage neighborhoods, such as Central Area and Uptown, building or retaining affordable housing stock was still possible, though constrained. Figure 1 offers an overview of findings by strategy type and gentrification stage with regards to feasibility and implementation.<sup>5</sup>

**Figure 1: Housing Strategy by Stage of Gentrification**

|   | Stage of Gentrification             |          |  |
|---|-------------------------------------|----------|--|
|   | Early →                             | Middle → | Late                                     |
| <b>Affordable housing production strategies</b> | Feasible<br>Affordable housing      | >>>>     | Constrained<br>Mixed-income housing      |
| <b>Affordable housing retention strategies</b>  | Feasible<br>Retain individual homes | >>>>     | Feasible<br>Retain multi-unit properties |
| <b>Asset-building strategies</b>                | Feasible<br>Effective               | >>>>     | Feasible<br>Less effective               |

## Affordable Housing Production

Housing production is the key approach to addressing affordable housing needs in each of the six sites, regardless of the stage of the local housing market. The emphasis on production might be due in part to the relative ease of building new or rehabilitating existing housing units compared to retaining existing affordable housing. While production is common across the case study sites, the way in which projects are implemented is shaped by the local context. Housing production tends to focus less on incumbent

residents than retention strategies. By focusing on increasing the affordable housing stock, production can mitigate exclusionary displacement, though it also benefits current residents who might move into new affordable rental or homeownership properties.

Two primary, and related, factors affecting housing production implementation are land availability and the stage of gentrification. As a neighborhood's housing market begins to gain strength, most of the units produced can be affordable because land costs are still relatively low and developable parcels are still relatively plentiful. In such a market environment, the motivation for housing development stems from neighborhood investment. Residents want to see their neighborhood improve while they, community based organizations and the city hope that initial investments lead to additional private investments for further revitalization. Under these conditions, it is feasible for nonprofit developers and niche for-profit developers to produce affordable housing. Their investment can serve as evidence to other builders that the financial risk is sufficiently low and interest in the neighborhood is sufficiently high to make additional activity worthwhile. Bartlett Park and the Midtown areas in St. Petersburg are examples where land is available, new housing is affordable, and most people hope that additional investments will lead to both residential and commercial improvements.

In neighborhoods with strengthening or strong housing markets, high land prices constrain the number of new affordable units that can be built and the role of nonprofit developers in housing production. In such areas, nonprofit developers might partner with for-profit developers on mixed-income housing projects, leveraging the demand for market-rate housing and retail and commercial businesses to help finance affordable units. Community and city support for low-income housing can help motivate entities to build affordable housing. Inclusionary zoning regulations, for example, can encourage or require for-profit developers to include affordable units in their own projects. As we saw in Los Angeles's Figueroa Corridor, people anticipate a turn to the mixed-use and mixed-income models of development in the near future due to the increasing costs of housing and land. In Central Area of Seattle and in Chicago's Uptown, such development already is taking place.

### *Affordable Housing Retention*

Most sites also employed strategies to retain existing affordable housing stock. In many instances, retention strategies focused on ensuring the continued affordability of housing units and the ability of current residents to remain in their homes and neighborhood—housing retention can mitigate secondary displacement of residents.

In neighborhoods beginning to experience increasing housing costs, retention efforts can strengthen the affordable housing stock through assisting residents with home improvements so that they can remain in their homes. The concern is not necessarily one of affordable housing supply. Such an approach tends to focus on already existing homeowners. Improvements help stabilize a neighborhood for current residents as well as send visual signals that investment is occurring, which in turn can attract additional investment. Early on, retention is often targeted to individual housing units or small blocks of units rather than larger-scale efforts. Until the housing market accelerates, there is not much concern with retaining large quantities of affordable housing stock—housing already in supply.

Affordable housing retention efforts often intensify once land costs increase and the available parcels diminish—and concern with the loss of affordable housing units becomes widespread. Retention strategies in stronger housing markets often target rental units. In Central Area, the CDC is looking into purchasing additional property-based Section 8 developments as they become eligible to opt out of the program, and as production opportunities wane due to high costs. Uptown offers a slightly different example of retention efforts. There, organizations anticipated future pressures on affordable housing and converted a number of privately owned affordable properties to nonprofit ownership before housing and development prices rose significantly.

### *Asset Building*

Asset building strategies, also used in each of the six sites, play a complementary role to production and retention approaches. The goal is to increase individuals' assets so that they have increased ability to address housing and other needs, making them less at the mercy of housing market changes. Individual development accounts (IDAs) and programs to increase homeownership are examples of such efforts. Alone, asset building efforts are unlikely to have a broad impact in a community, though certainly they are important for individual participants. In combination with other approaches, they can strengthen overall displacement mitigation efforts.

The implementation of asset-building approaches is not as affected by stage of gentrification as other strategies, production in particular. Programs related to asset building can be carried out regardless of land or property costs, although the outcome of such efforts can be greatly affected by the strength of the housing market. Whereas participants might be able to use IDA savings toward the purchase of a home in an area before prices increase, once prices are high, they are less likely to be able to do so.

## **Cross-Cutting Lessons**

The study sites differed from each other in many ways, but together they suggest a number of lessons that are important regardless of city size, housing market strength, or stage of gentrification.

### ***Land Availability Is Essential***

The availability of developable land parcels is a factor for entities addressing affordable housing and displacement mitigation, regardless of the strength of the housing market. The availability and cost of developable sites will affect the choice of strategy—plentiful land at affordable prices makes housing production feasible; lack of land or high costs can encourage mixed-rate or mixed-use housing resulting in fewer affordable units or push organizations toward housing retention efforts.

People across the study sites spoke of the need to bank land early, before costs become prohibitive for affordable housing development. Purchasing parcels early at low cost can help control future development costs, ensuring affordable housing units for lower-income households. Effective land banking, however, requires foresight. Respondents from areas experiencing later stages of gentrification, such as practitioners in Uptown, spoke with regret of not purchasing land early. In some instances, people spoke of how hard it was beforehand to imagine their neighborhoods would ever experience such strong housing demand, such as in Atlanta's Reynoldstown. St. Petersburg's Bartlett Park is at a stage where the city and CDCs could bank land; it is available and costs have not increased dramatically. This site is also an example of how difficult it can be to convince other people of the need to bank something currently in supply. There is no guarantee that Bartlett Park will experience gentrification in the future.

And there is little consensus among interested parties as to when, or if, attention to a possible future affordable housing pinch should occur. In places such as Bartlett Park in which there appears to be time to monitor land and housing cost trends, land banking can still take place in the near future if indicators suggest it should, and if support for such action can be garnered.

### ***City Government Involvement Is Crucial***

The case studies suggest that local government involvement and leadership is vital to addressing affordable housing needs regardless of the stage of gentrification. Local government plays a key role in creating regulatory supports and removing barriers to housing development, providing project financing or technical support, and sending a message that affordable housing is an important component of the broader community. Attentive management of regulations and city programs can help create opportunities to affect neighborhood revitalization/gentrification and displacement, or hinder them. If a city does not proactively support the provision of affordable housing and become involved in efforts to

manage gentrification forces, it will be that much more difficult for community organizations and developers to do so.

The case studies offer a number of examples. In St. Petersburg, the city was reviewing the zoning regulations and preparing to change them to better reflect local context and development needs. Without the zoning changes, developers in in-town neighborhoods would need to purchase two lots for one new house in order to meet zoning requirements that were established based upon suburban lot sizes. Changing the zoning regulations will allow new development without reducing the number of land parcels in Midtown's Bartlett Park and other city neighborhoods. Seattle's Department of Neighborhoods and Department of Housing were reviewing the Special Objective Area designation of Central Area, which was initially established to disperse additional affordable housing away from the neighborhood that already had an abundance of such housing. Now that housing costs have risen considerably in Central Area, the city and community residents were discussing removing the designation so that it will be easier to build affordable units. By managing the SOA designation, it might be possible to affect the balance of affordable and market-rate housing production. Uptown provides another example of significant government involvement. Given the voluntary approach to inclusionary zoning established in the city, it is up to local aldermen to negotiate the inclusionary zoning requirements. To the advantage of Uptown's affordable housing community, its alderman is a strong proponent of inclusionary zoning.

### *Community Involvement Is Crucial*

Community involvement is crucial as well. It can help motivate city government and other organizations to support affordable housing initiatives. Community members can identify specific needs of a neighborhood and develop workable ideas. Once developments or programs move toward implementation, community members can assist or block any change.

The community played a pivotal role in a number of the case studies. Figueroa Corridor is a good example of strong community involvement in identifying and addressing local housing needs. Organizations active in the area have organized tenants and trained them on their rights in response to clear efforts to displace lower-income residents. Community involvement is not always in support of affordable housing and displacement mitigation efforts, of course. A pro-development organization in Uptown is against efforts that might slow the pace of investment in the area. Seattle offers an example of courting community support for its housing levies. The city is dependent upon community support for the levies—the levies are put up for vote. The city has marketed the levies prior to the elections. It also designed the first levy to be politically expedient by targeting funds to seniors. Based upon initial success, subsequent levies have expanded in scope to reach broader segments of the population in need of affordable housing.

It is interesting to note that while there is some level of organizational activity in each of the six neighborhoods, resident involvement in affordable housing activities was strong only in the three most gentrified communities. We are cautious in interpreting this finding, but it does suggest that residents are more likely to become involved once housing concerns are pressing. The challenge for community-based organizations is to promote resident participation earlier so that people are involved with defining and addressing housing needs before options are limited and they feel powerless in the face of market forces.

### *Displacement Is a Housing and Economic Issue*

Many respondents across the sites agreed that while affordable housing is needed, it is not sufficient by itself for reducing gentrification-related displacement. Employment and earnings also affect housing (and neighborhood) stability. In order for low-income residents of gentrifying neighborhoods to remain in place and benefit from neighborhood improvements, communities need to develop a holistic approach to mitigating displacement. In many of the neighborhoods in this study, business corridors experienced disinvestment similar to the residential communities. Changes to the housing and business sectors have

been occurring reflexively—changes in one support changes in the other. Support for the development of existing businesses, so that they can weather change, and incentives for successful businesses to locate in the neighborhoods can create job opportunities for incumbent residents. Depending upon the wages offered, new jobs might in turn increase residents' ability to remain in their community.

Seattle offers two examples of economic development initiatives. Through the Chamber of Commerce's Urban Enterprise Center, employers are encouraged to offer jobs with decent salaries to former welfare recipients who receive job-readiness training. The program also supports the development of new businesses committed to hiring locally. The businesses receive technical assistance to take advantage of the changing market conditions. The CDC active in Central Area sets hiring targets for minority and women subcontractors for its development projects, and publishes the results in its newsletters.

## Wrapping Up

The term *gentrification* is laden with meaning, much of it negative in the eyes of people for whom it has become synonymous with displacement. Focusing on whether neighborhood investment, increasing land and housing values, and an influx of higher-income residents should be labeled *gentrification* or *revitalization* shifts focus away from what many respondents see as the key issue of concern—balancing the positive and negative changes that accompany increased neighborhood investment. Can ways be found to encourage investment and residential stability at the same time? Are there strategies that might serve both goals? The case studies offer hope in this regard through their examples of community involvement—not to stop change from occurring but to help direct it. Nonprofit organizations and local governments can take advantage of the opportunities at hand to leverage additional affordable housing units from market-rate developments. But to strike a balance, involved parties need to take stock of changing conditions on a regular basis and act in a timely manner while it is possible to make adjustments. Starting late in the game in a context of cost limitations will only make it more difficult to make a difference. Attempting to balance the forces at play in neighborhoods by necessity will be an ongoing process.

The one regret mentioned by respondents from areas in later stages of gentrification is that they did not act earlier, especially in relation to land acquisition. Considering displacement early on can help maintain neighborhood balance over time. Interested parties can monitor changes occurring and plan courses of action rather than respond after the fact when options are constrained. Anticipating change might also reduce later community resistance if the people most affected by increasing costs are involved and know their concerns are being taken into consideration. It certainly increases the likelihood that the range of opportunities for future actions will be as broad as possible.