Mitigating Displacement due to Gentrification: Tools for Portland, Oregon

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Eunice Kim

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Abstract

Within the last two decades, several neighborhoods in Portland have faced a dilemma familiar to many urban areas: gentrification. While the neighborhoods have seen improvements, lower-income residents have also been displaced from their homes. This thesis aims to help Portland mitigate, if not prevent, this kind of displacement by examining a variety of tools that have been used toward this end. It looks at the work already being done in Portland and then presents mini case studies on nine tools that have been adopted by other cities across the country. Based on this research, Portland should pursue a new funding source for affordable housing, explore ways to manage development that might cause displacement, and augment assistance for low-income homeowners and renters. This thesis further draws conclusions about the strengths and weaknesses of using each of the nine tools in Portland. The hope is that this work will help Portland advance its efforts to mitigate displacement due to gentrification.

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Chapter 1: Introduction

Portland, Oregon is often referred to as one of the most livable cities in the country. Residents, visitors and planners alike point to the city's bikeable streets, thriving downtown, environmental friendliness, and well-planned design. The Pacific Northwest city, however, has not escaped the dilemmas faced by other popular urban areas. Among the challenging issues has been the gentrification of several neighborhoods. Within the last two decades, neighborhoods in North and Northeast Portland have seen significant increases in public and private investment as well as escalating housing prices. Residents with higher incomes have moved into these neighborhoods, as those with lower incomes have been displaced.

This kind of displacement – where lower-income residents are pushed out due to market forces or private actions – is arguably the most detrimental impact of gentrification, one that Portland officials and advocates seek to mitigate. This thesis discusses specific tools that can be used toward that end, answering the central question, *how can Portland mitigate or prevent displacement due to gentrification?* It provides an overview of the tools currently in place in Portland and then examines other tools that have been used by communities across the country.

Mini case studies have been developed around nine different tools to better understand their use. The tools have then been analyzed to determine the strengths and weaknesses of their potential application in Portland. While it is recognized that there is no easy solution to what is a complex issue, the hope is that this thesis will provide valuable information that can help Portland further its efforts to mitigate displacement due to gentrification.

Project Background

This thesis grew from conversations with Chris Scarzello, the East Portland District Liaison with the City of Portland Bureau of Planning and Sustainability. Scarzello expressed concerns about future gentrification, which is commonly understood as a process whereby higher incomes households displace lower income residents in a neighborhood experiencing reinvestment. Residents of North and Northeast Portland have raised similar concerns in recent years as the City has looked into making additional investments in their neighborhoods.

These concerns are very much connected to Portland's past. During the 1990s, North and Northeast Portland underwent rapid gentrification as they experienced rising home prices, increases in investment and decreases in vacant lots (Sullivan 2007, 585-586). White, middle-class residents began buying homes in the area, which boasted old Victorian housing, affordable prices and close proximity to the city's downtown core. As a result, many lower-income families were displaced to more affordable areas. Some of the neighborhood changes were also fueled by the City of Portland's effort to revitalize Northeast Portland, which had previously experienced disinvestment and had largely been home to the city's black community (Gibson 2007, 6-20). Property speculation led to further residential displacement.

In Portland and beyond, this kind of displacement has been found to harm residents as well as neighborhoods. Kathe Newman and Elvin Wyly, for example, argue that displaced residents are "torn from rich social networks of information and cooperation" and "thrown into an ever more competitive housing market shaped by increasingly difficult trade-offs between affordability, overcrowding and commuting accessibility to jobs and services" (2006, 51). Peter Marcuse, a planner and Columbia

University professor, calls displacement a shattering experience. He says, "At worst, it leads to homelessness, at best it impairs a sense of community. Public policy should, by general agreement, minimize displacement" (Marcuse 1985, 931).

Today in Portland, gentrification is not occurring in any particular neighborhood, at least not to the same extent as before. That is not to say, though, that it could not occur. Portland planners, housing advocates and public policy officials should be prepared.

Methodology

The research and analysis in this thesis has been conducted through five main methods: a literature review, background research on Portland, selection of tools, mini case studies and interviews. The first method, a literature review was completed to help frame the issue of gentrification, provide an understanding of the process and explore the problem of displacement. The literature review also identified a broad range of tools that cities across the country have used to mitigate displacement. These tools were placed into five categories according to their purposes or outcomes. These categories – create new affordable housing, preserve units as affordable housing, fund housing projects or assistance programs, manage development and assist residents – were developed to help determine which tools should be further examined in mini case studies.

Following the literature review, background research on Portland was conducted to gain a better understanding of its history and landscape. The research largely focused on how gentrification came about. Next, research and interviews with 16 Portland officials and advocates were conducted to identify tools that Portland has been using to mitigate displacement, either directly or indirectly. (See Appendix

A for a list of interviewees.) All of the tools were then organized into the same five categories as in the literature review.

Next, nine tools were selected for further study in mini case studies. These tools were selected using several criteria. First, the five categories were used as a screen. It was determined that the tools in the first two categories – create affordable housing and preserve units as affordable housing – should not be further examined. This decision was based on the fact that Portland, according to research and interviews, has been doing a lot of work in both categories. In fact, many of the tools in these categories are already being used in Portland. While some could be used to a greater extent, in many cases, models already exist upon which Portland can build.

The list of tools in the remaining three categories – generate revenue for affordable housing, manage development and assist residents – was narrowed by eliminating those that were already used in Portland. Exceptions were made for tools for which there were examples in other cities that were significantly different than what was in place in Portland. Others were eliminated if they were explicitly prohibited by state law. Of those that remained, tools that appeared to allow residents stay in their homes were selected over those that required them to move.

Next, a mini case study was developed around each selected tool. The case studies were drawn from the literature as well as from additional research. In some instances, only one case was available – or was repeatedly pointed to in the literature – so it was pursued. When several cases were available, the list was narrowed to those where interviews were feasible or where the scope of the tool was broad. The goal was to illustrate the breadth of each tool, so Portland could potentially tailor it to meet the city's needs.

For each case study, research and telephone interviews were conducted to learn about how a particular tool was used and what outcomes resulted. Interviewees included 12 city officials, policy experts and others with first-hand knowledge of the tools. (See Appendix B for the list of interviewees.) They were selected by first conducting online research and then narrowing the list of potential interviewees using the following criteria: willingness to be interviewed, use and knowledge of the tool, and referrals from other interviewees. Interview questions focused on the following themes: community overview, description of the tool used, outcomes, challenges to using the tool and lessons learned.

Based on the case studies, follow-up interviews and research, recommendations are offered about how Portland could bolster its efforts to mitigate displacement due to gentrification. The strengths and weaknesses of each tool are specifically analyzed in the Portland context. It is recognized that changes in state law may be necessary to implement some of the tools studied herein, but determining the legality of the tools was beyond the scope of this thesis.

Chapters

The following is a brief description of the next five chapters of this thesis.

Chapter 2: Literature Review

The literature review covers journal articles, professional reports, newspaper articles, books, policy documents and websites related to gentrification and displacement. It begins by describing gentrification and briefly discussing the factors that have been found to contribute to the process. Next, it explores positive and negative views of gentrification. Focus is then paid to the issue of displacement of low-income residents. Finally, the literature review identifies different tools that communities have used to mitigate or prevent displacement.

Chapter 3: The Portland Context

This chapter gives a brief overview of Portland's development history and then describes how gentrification unfolded there in the past. It provides an understanding of the circumstances and factors that led to the displacement of lower-income residents, particularly in North and Northeast Portland.

Chapter 4: Tools Used in Portland

This chapter provides a summary of the tools used in Portland to help mitigate displacement. Some of these tools, such as a community land trust, were explicitly developed in response to concerns about displacement, while other tools like zoning incentives have had other primary goals – like the development of affordable housing. Each of the tools has been described, and when possible, information about their use has been included. All of the tools have been placed in the same order and categories outlined in the literature review.

Chapter 5: Case Studies of Selected Tools

Mini case studies of nine tools are discussed in this chapter. Each case study examines how a tool has been structured and used in a specific community facing gentrification. The case studies start with a brief description of the community in which a tool has been adopted. Information about each tool's operations, outcomes and challenges has then been provided. Interviewees were also asked to provide advice or information that could help another community that was interested in developing a similar tool. These "lessons learned" are included in each case study.

Chapter 6: Conclusion and Recommendations

This chapter provides three main recommendations on how Portland can bolster its efforts to mitigate displacement due to gentrification. The nine tools presented in this thesis are then examined to determine the strengths and weaknesses of their potential application in Portland. The chapter concludes with personal observations and general recommendations for Portland to consider as it pursues any new anti-displacement tools. The goal of this analysis is to help Portland prevent or mitigate the displacement of lower-income residents as the city continues to develop and thrive in years to come.

Chapter 2: Literature Review

Before examining different tools used by communities to mitigate displacement, it is critical to understand gentrification: what it is, what causes it, and its impacts on a community and its residents.

What is Gentrification?

The term gentrification has been defined in many ways. Some definitions stress that it is a process that reverses the "decline and disinvestment in inner-city neighborhoods" and includes the inflow of investments and rising rents (Freeman 2004, 463; Wetzel 2004, 3). Other definitions focus on the movement of higher-income households into lower-income neighborhoods, which increases property values and causes displacement (Levy, Comey and Padilla 2006, 1; Myerson 2006, vi). Maureen Kennedy and Paul Leonard's definition – one that has been cited in other literature – recognizes both the socioeconomic and character changes that occur. They define gentrification as "the process in which higher income households displace lower incomes residents of a neighborhood, changing the essential character and flavor of that neighborhood" (Kennedy and Leonard 2001, 5).

Despite these differences, most definitions acknowledge that a shift in social and economic demographics is taking place in gentrifying communities, mainly a succession from low- to higher-income residents. The resulting displacement of lower-income residents is often noted. There also appears to be agreement that increased investment is occurring in areas that previously experienced disinvestment.

Factors Contributing to Gentrification

As reflected by its many definitions, gentrification is a complex phenomenon that unfolds under various conditions. A review of the literature finds several interrelated factors that contribute to gentrification, including disinvestment, speculation, rapid job growth, preference for urban amenities and public policies. Each of these is discussed below.

Disinvestment in inner cities largely sets the stage for gentrification as capital is removed from an area, leaving a concentration of deteriorated buildings and often low-income residents. This widely occurred after the end of the World War II, spurred by suburban flight, the relocation of businesses to outside city cores, the construction of new freeways and Federal Housing Administration policies. Money and resources were redirected from urban areas to "sprawling suburban developments" (Rose 2001, 1).

When urban areas decline as a result of disinvestment, so do land values. This leaves a "rent gap" between "the actual ground rent capitalized from the present (distressed) land use and the potential rent that could be capitalized from the 'highest and best' use" given its location (Smith 1986, 23). An opportunity for land speculation is thus created (Wetzel 2004, 3). If the rent gap gets large enough, gentrification may occur as there is ample opportunity to make a profit through redevelopment (Smith 1996, 68). Speculators can buy inexpensive properties, renovate them and either sell them at a profit or hold onto them and increase rents. Another option is to raze existing buildings to make way for upscale developments. Either way, real estate prices or rents typically rise.

In addition to physical changes, there are social changes that contribute to gentrification, specifically the migration of newcomers. Young professionals, artists and others – often those without children – have traditionally been drawn to urban areas and the lifestyles they offer. They want easy access to cultural venues, entertainment options, historic architecture and other city amenities; they also desire to cut their commutes, live closer to their jobs and have diverse neighborhoods (Kennedy and Leonard 2001, 11-12). This influx of newcomers often happens in waves, the first wave being "poor but savvy pioneers" who discover a distressed urban area (Duany 2001, 2). They are followed by a second wave of more affluent people who can afford to upgrade their properties and then a third wave of conventional developers who make more substantial investments.

Because jobs often attract people to urban areas, as mentioned earlier, rapid job growth can trigger gentrification. This has been found to be the case in both inner-city areas as well as periphery areas. Rapid job growth in Silicon Valley, for example, seemed to drive gentrification in more affordable areas of San Francisco (Kennedy and Leonard 2001, 10). From a broader perspective, changes in the US economy, such as the growth of the high-tech sector in cities, has prompted white-collar professionals to move into undervalued urban areas (Myerson 2006, vi).

Public sector policies have also aided gentrification, whether intentional or not. On a local level, for example, cities seeking to revitalize neighborhoods often encourage middle-class families to move into distressed areas through tax incentives (Kennedy and Leonard 2001, 12). Public investment in large infrastructure projects, such as transit lines, can also spur redevelopment and gentrification as property values increase in the areas of improvement (Kennedy and Leonard 2001, 56).

Whatever the contributing factors, gentrification tends to occur in three stages (Rose 2001, 1). These stages, described by Kalima Rose, are as follows: first, public agencies or nonprofits invest in the redevelopment of an area, or newcomers buy and rehab vacant units. Next, word of the neighborhood spreads as people learn of the inexpensive housing and amenities. Lastly, as rehabilitation efforts take off, prices increase. While displacement begins in the second stage, it is in the third stage that neighborhoods change and residents, businesses and cultural institutions are displaced (Rose 2001, 2).

Views and Impacts of Gentrification

The term gentrification tends to invoke strong reactions from residents, community groups, local officials and others. This is largely due to the strikingly different views people have of the process and its effects. Some herald gentrification as urban revitalization, a process needed to turn around blighted neighborhoods. Others criticize it as harmful to neighborhoods and lower-income residents.

Proponents of gentrification tend to stress the positive results. In their perspective, distressed neighborhoods are transformed into attractive communities (NeighborWorks 2005, 8). The makeover leads to reduced vacancy rates, rehabilitated properties and new businesses, which may better serve neighborhoods (Kennedy and Leonard 2001, 20). These changes are often viewed favorably by municipalities, which not only aim to revitalize struggling neighborhoods but also welcome increased tax revenues that can be used to augment public services.

Another plus cited by advocates is the greater mixing of incomes and the deconcentration of poverty that typically accompanies the shift in demographics that occurs during gentrification. This point was made by architect and urban planner Andres Duany, who argued that there is “nothing more unhealthy for a city than a monoculture of poverty” (2001, 1). Through gentrification, he said, the work ethic, tax base and political effectiveness of the middle class are brought into a neighborhood, rebalancing the concentration of poverty.

Some people contend that gentrification also benefits current property owners. If owners sell their property, they gain from higher sale prices, and if they remain in their neighborhood, their quality of life is improved through higher tax bases and better consumer services (Duany 2001, 2). Jacob Vigdor argued a similar point in a 2002 article that emphasized how low-income households can also gain by enjoying improved public services and better employment opportunities (Vigdor 2002, 12-35). (Vigdor acknowledged, though, that displacement or increased housing costs can negate these positive impacts.)

In *There Goes the 'Hood*, Lance Freeman conducted a qualitative study of two New York neighborhoods and concluded that middle-class "gentry" can help "indigenous residents" get ahead; they can do so by mentoring and teaching the lower-income residents how to navigate the wider, middle-class world (Freeman 2006, 146-151). It was found to be less likely, though, that gentry serve as role models for indigenous residents in terms of behavior (Freeman 2006, 155). This was largely due to a lack of trust and identification between the two groups.

Like Freeman's work, many studies on gentrification tend to focus on how existing residents are impacted. Daniel Sullivan took a different approach in his 2007 article *Reassessing Gentrification.* In that study, he surveyed the opinions of residents in two gentrifying neighborhoods in Portland, Oregon: Alberta and Eliot. His results suggested that the majority of residents, regardless of education level, gender or relationship status, liked how their neighborhood was changing (Sullivan 2007, 586-589). However, renters and black residents who had lived in their neighborhood for at least 10 years – before gentrification in Alberta and in the early stages of gentrification in Eliot – were less likely to approve of the changes compared to homeowners and newer black residents. This reflects the varying views that people in the same community can have of gentrification.

Negative Impacts of Gentrification: Displacement

Overall, there seems to be agreement that gentrification can have positive effects. Nevertheless, not all of the impacts are beneficial to neighborhoods and their residents. In fact, many authors see gentrification as having significant negative effects, particularly the involuntary displacement of lower-income residents. These residents find it difficult to stay in gentrifying areas once rents and housing costs increase (Wetzel 2004, 3). For homeowners, particularly those on fixed-incomes like seniors, the inability to pay higher property taxes can result in displacement (NeighborWorks 2005, 9). The same goes for renters, who cannot afford the increases demanded by their landlords.

Other causes of gentrification-related displacement include housing demolition, conversion of rental units to condominiums, and landlord harassment or evictions (Newman and Wyly 2006, 27). The latter situation may arise as landlords have a financial incentive to push out lower-income tenants and replace them with people who can pay a higher rent. These situations show how renters are particularly vulnerable in gentrifying areas. They have fewer options than homeowners who can sell their homes or use their home equity to make necessary repairs (NeighborWorks 2005, 9). Homeowners, unlike renters, also have fixed housing costs other than possible property tax increases.

Whatever the cause, displacement has been described as "anti-democratic because it denies self-determination to an existing community" (Wetzel 2004, 3). Marcuse called displacement a shattering experience: "At worst, it leads to homelessness, at best it impairs a sense of community" (1985, 931). Newman and Wyly unveilled the impacts on the displaced in their article *The Right to Stay Put, Revisited: Gentrification and Resistance to Displacement in New York City*. They highlighted stories of New Yorkers being forced to double-up with other families, move out of state or enter the shelter system.

> "Those who are forced to leave gentrifying neighbourhoods are torn from rich local social networks of information and cooperation (the 'social capital' much beloved by policy-makers); they are thrown into an ever more competitive housing market shaped by increasingly difficult trade-offs between affordability, overcrowding and commuting accessibility to jobs and services" (Newman and Wyly 2006, 51).

Beyond displacement, there are other negative impacts of gentrification. For example, if a neighborhood is home to a particular ethnic community, that community can be destroyed with the displacement of residents (Wetzel 2004, 3). Similarly, longstanding businesses, including those serving a specific ethic population, can face potential displacement as rents increase. In the Mission District in San Francisco, for example, the mix of businesses has shifted from "those serving the basic needs of the Latino population, to a more eclectic preferences for its new upscale residents" (Kennedy and Leonard 2001, 21).

For residents who are not displaced, there can be unwelcome consequences. Tensions and conflicts between new and old residents can surface as both "vie for control over the future of the community" (NeighborWorks 2005, 9). Differences in race and class can add to the friction as clashes over culture erupt (Myerson 2006,vi).

Debates about Displacement

While these impacts are noted, displacement is by far the most prevalent negative outcome of gentrification discussed and debated in academic journals and reports. Numerous authors have challenged the notion that gentrification causes displacement. Freeman and Frank Braconi, for example, examined residential mobility among disadvantaged households in New York City in the 1990s and concluded that neighborhood gentrification was "actually associated with a lower propensity of disadvantaged households to move" (Freeman and Branconi 2004, 51). In that study, normal turnover in housing was cited as likely being responsible for changes in gentrifying neighborhoods.

In a subsequent study *Displacement or Succession? Residential mobility in gentrifying neighborhoods,* Freeman analyzed a national sample of residents and found little evidence that displacement drove neighborhood change in gentrifying neighborhoods (2005, 483). His study suggested that mobility out of gentrifying neighborhoods was "not necessarily dramatically different" from mobility out of different neighborhoods (2005, 487). These findings were similar to those reached by Vigdor in an earlier study of the Boston area. Vigdor found no evidence that gentrification increased the probability that low-status households exited their housing unit compared to higher-status households in the same neighborhood or low-status households in other neighborhoods (Vidgor 2002, 3-25).

Findings like these, however, have been contested. In a 2006 study, Newman and Wyly disputed the conclusion made by Freeman and Braconi that displacement was not a problem in New York City. While concurring that not all low-income residents are displaced by gentrification, Newman and Wyly argued that the actual number of people displaced in New York City had been underestimated (2006, 51). The two authors also found through interviews that many residents saw the changes in their gentrifying neighborhoods as a "mixed blessing;" they enjoyed the improvements to their neighborhoods but feared displacement (2006, 44-45).

Ultimately, the authors concluded that low-income residents need to be protected, mainly through affordable housing measures, if they are to resist displacement.

Another researcher, Rowland Atkinson, took on the larger question of whether gentrification helped or harmed urban neighborhoods. Assessing 114 books, papers and other literature on gentrification, he concluded that there were many more costs to gentrification – such as displacement, community conflict, racial tension and landlord harassment – than benefits (2001, 1). These negative impacts were backed up by evidence. In contrast, positive impacts such as increased tax revenues and social mixing were rarely found, and there was no concrete evidence supporting those claims (2001, 2).

Tools to Mitigate Displacement

Clearly, displacement has been central to the debate on gentrification, and as such, professional reports, papers, journal articles and newspaper stories have cited numerous tools that can be used to mitigate such displacement. The following list of tools draws from many sources, including the works of the Nathalie P. Voorhees Center for Neighborhood and Community Improvement (1995); Maureen Kennedy and Paul Leonard (2001); Diane Levy, Jennifer Comey and Sandra Padilla (2006); Deborah Myerson (2006); and Kathe Newman and Elvin Wyly (2006).

The tools have been grouped into five categories according to their purposes or outcomes.

1) Create new affordable housing
2) Convert or preserve units as affordable housing
3) Generate revenue for housing programs
4) Manage development
5) Assist residents

While some of the tools fall into multiple categories, each tool has been assigned to one category for the purposes of this thesis.

1) Create New Affordable Housing

This includes tools like inclusionary zoning that create or encourage the creation of new affordable housing units. These production tools have been used throughout the country and have been found to be key to mitigating displacement, particularly if affordable housing is built before gentrification is in full force and prices – housing and land – have escalated. Although the creation of affordable housing will not necessarily allow lower-income residents to stay in their homes, it will "provide affordable alternatives to involuntarily displaced households, potentially even within the same neighborhood" (Levy, Comey and Padilla 2006, 7).

- City-owned land: Cities can turn over public land to nonprofit or for-profit corporations for the development of affordable housing.
- Community benefits agreements: Negotiated with developers, these agreements allow communities to secure benefits in exchange for concessions for new projects. Benefits can range from the inclusion of affordable housing to first source hiring systems.
- Eminent domain for nonprofits: The Dudley Street Neighborhood Initiative in Boston has acquired this power of eminent domain, using it to take properties for the development of affordable housing.
- Inclusionary zoning: Cities can require developers to set aside a certain percentage of the units in their housing developments for low-income households. Typically, this affordable housing requirement is triggered by a size (number of units) threshold.
- Infill development: Infill projects on vacant land are a way to build without directly displacing residents. This kind of development increases the number of homes for sale in an area, which increases the opportunities for renters to become homeowners.
- Land banking: Cities or nonprofits can buy vacant and abandoned properties to take them out of the speculative market, particularly in rapidly developing areas. This allows organizations to create new affordable housing, convert existing properties into affordable units, or control or plan development.

- Tax incentives: Reductions in taxes are used as a financial incentive for the development or rehabilitation of affordable housing. They can also discourage developers from converting their affordable properties into market-rate projects.
- Vacant lot program: These programs provide developers with financial incentives, typically a fee, to develop vacant properties, which must then be sold to a low-income household.
- Voluntary inclusionary zoning and other incentives: Developers have the option of providing affordable housing in their projects in exchange for fee waivers, density bonuses, transfers of development rights, tax abatements or other incentives.

2) Convert or Preserve Units as Affordable Housing

This includes tools that preserve existing affordable housing units or take other units out of the market and convert them into affordable housing. While this latter method essentially creates new affordable housing, it does not add to the overall housing stock as do the tools in the first category.

- Affordable housing preservation ordinance: Owners of affordable housing projects are required to give a city and tenants notice of any plans to sell the project or make it no longer affordable. The city is then given the opportunity to buy the property.
- Community land trust: A trust (nonprofit) buys and owns land, taking it out of the speculative market, and then leases it at a nominal fee to homeowners, who own the home on the land. The amount of profit that can be made on a home sale is limited, thereby ensuring that the home remains affordable for the next owner.
- Lease-purchase homeownership: An organization buys a property in need of rehabilitation, repairs it and then leases it to low-income household. That household is given the right of first refusal to buy the home after a certain period of time.
- Limited-equity housing cooperative: Residents can buy their buildings and share in the ownership of permanently affordable housing. Individual residents own a share of stock in the corporation, and the value of that stock is restricted, thereby ensuring the housing remains affordable.
- No net loss policy: A city is required to maintain a certain amount of affordable housing through preservation or replacement of lost units.

- Nonprofit ownership: Nonprofits often purchase properties, restrict them as affordable in perpetuity and then sell them to low-income households. This takes the units out of the market. (Nonprofits also develop affordable housing.)
- Replacement ordinance: Cities can require that subsidized public housing units or low-income units be replaced on a one-for-one basis, so affordable units are not lost in development efforts. Other forms of this ordinance require developers who buy city-owned property and develop higher-end housing to fund the creation of the same amount of low-income units.
- Tax reactivation program: Tax delinquent property is offered to developers or nonprofits that either rehabilitate and convert it into affordable housing or develop new affordable housing on the property.

3) Generate Revenue for Housing Programs

This includes tools like housing levies that create revenue to fund affordable housing projects or housing assistance programs such as rental assistance. They essentially provide the money needed to support other anti-displacement tools. While numerous state and federal funding sources exist across the country, this thesis focuses on tools that can be used by local jurisdictions to fund housing initiatives and mitigate displacement.

- Document Recording fee: A fee is charged when deeds, mortgages and other documents are recorded, and the revenue funds housing-related programs.
- Housing levy: Property tax assessments fund affordable housing development or preservation as well as housing assistance programs. A levy must be approved by voters.
- Linkage fees: A city requires developers of commercial projects to pay a fee into a fund, often a housing trust fund. The money is then used to develop or preserve affordable housing.
- State and federal funds: Cities often dedicate federal Community Development Block Grant and HOME funding to affordable housing projects. Federal and state tax credits – like the Low Income Housing Tax Credit – are also financing sources for affordable housing developments.
- Tax-increment financing districts: These are special districts in which increased property taxes (above a set baseline) are used to fund improvements in the district. Some cities have adopted policies mandating that a certain percentage of the money be spent on affordable housing.

4) Manage Development

This includes tools that help cities and nonprofit organizations manage, regulate or control development. These are largely regulatory mechanisms that aim to deter speculation or discourage private sector actions that might cause displacement, such as condominium conversions or no-cause evictions.

- Anti-speculation or real estate transfer tax: Speculative sales are taxed at a higher-than-usual rate. Taxes can be based on the amount of time a property is held or the increased price. The goal is to deter speculation. Proceeds can also be used to fund affordable housing and other anti-displacement measures.
- Condominium conversion ordinance: Cities can limit the circumstances under which owners are allowed to convert rental units into condominiums. Some cities require that tenants be given the right of first refusal to buy their units or charge a fee for conversions. Others require that a certain percentage of units in converted buildings be set aside as affordable units.
- Owner-occupancy ordinance: Purchasers of affordable homes are required to occupy their unit for as long as they own it. This deters speculation whereby investors purchase properties and then rent them out for a profit. This helps prevent displacement and maintain a stock of ownership homes.
- Rent stabilization: Rent control, rent increase schedules and eviction controls like Just Cause for Eviction ordinances work to stabilize existing renters in rising housing markets.

5) Assist Residents

The last category comprises of tools that provide direct assistance to residents to help them remain in their homes in gentrifying areas. (Revenue generating sources have been excluded as they make up a previous category.) Included, for example, are programs that promote homeownership, making people less vulnerable to displacement. Employment programs that aim to raise resident incomes – helping them afford increasing housing costs – also fall within this category. These kinds of tools tend to help individuals as opposed to entire neighborhoods or communities, which generally are aided more by affordable housing strategies.

- Homeownership subsidies and homebuyer programs: Established in many forms, these aim to help lower-income households transition into homeownership.
- Housing rehabilitation: Cities and nonprofits can provide grants or loans to low-income homeowners seeking to make repairs to their homes. These repairs help residents stay in their homes, particularly if the properties are facing code violations.
- Individual development accounts: Special savings accounts allow lower-income residents' deposits to be matched by a third party. Typically, the money can only be used for certain activities, such as buying a home.
- Location-efficient mortgages: Buyers in transit-accessible locations are able to afford more expensive homes than they would otherwise qualify for by factoring in the money they will save in transportation costs. In gentrifying areas near transit, lower-income renters would be more able to buy homes and avoid displacement.
- Rental assistance: Cities, counties and housing authorities provide rental assistance to lower-income tenants at risk of displacement or homelessness. Some programs provide assistance for a limited amount of time.
- Tax abatements, credits or circuit breakers: Cities and states reduce, freeze or set a cap on the amount of property taxes paid by qualified classes of people, typically seniors and disabled residents, which can help prevent displacement. Tax abatement districts have also been established to freeze property values in an area. Some states provide tax credits to lower-income homeowners who have lived in their homes for long periods of time, while others offer circuit breaker programs, which refund property taxes for qualifying households if their taxes exceed a certain percentage of their income.
- Tax deferrals: Cities or states allow residents to defer incremental tax increases due to gentrification-related appreciation until a future time, such as when they sell their home. Some tax deferrals target seniors or disabled residents.
- Tenant displacement assistance ordinance: Typically, property owners are required to provide tenants with relocation payments when they are displaced. The ordinances are often triggered by the demolition of a rental unit or a change of use from a residential to non-residential use.
- Tenant opportunity to purchase act: Rental property owners are required to offer their tenants the right of first refusal to purchase their property when it goes up for sale.

- Workforce development/agreements: Residents receive help finding and preparing for employment. Workforce agreements are negotiated with developers as a way to ensure local residents benefit from new development in their neighborhood. They focus on tying projects to local jobs. The goal of the workforce agreements and programs is typically to build residents' assets.

Significance of Literature Review

This research has shown that there are a variety of ways to prevent or mitigate displacement, a problem that many see as the most harmful outcome of gentrification. Communities across the country have used the tools listed in this chapter to help residents remain in their homes or neighborhoods in the face of gentrification. Table 1 sorts these tools into the five categories outlined earlier and also provides examples of communities that use them. This framework provides a mechanism to explore the efforts being made in Portland (see Chapter 4) and to determine where more work could be done (see Chapter 5 and 6).

Before this analysis can be conducted, however, it is important to understand how gentrification has unfolded in Portland in the past. This is discussed in the following chapter. While different factors could lead to gentrification and displacement in the future, history provides valuable information about what could potentially happen. It also offers insights into the kinds of interventions or tools that may be needed in Portland to prevent history from repeating itself.

Table 1: Anti-Displacement Tools Sorted into Five Categories

Tools to Mitigate Displacement	**Example Communities**
Create New Affordable Housing	
City-owned land	Cleveland
Community benefits agreements	Los Angeles, Seattle
Eminent domain for nonprofits	Boston (Dudley Street)
Inclusionary zoning	Boulder, Cambridge, Santa Barbara
Infill development	Seattle
Land banking	Atlanta, Cleveland, Philadelphia
Tax incentives	Pittsburg
Vacant lot program	Sacramento
Voluntary inclusionary zoning/incentives	Austin, Chicago
Convert or Preserve Units as Affordable Housing	
Affordable housing preservation ordinance	Portland
Community land trust	Atlanta, Burlington, Chicago
Lease-purchase homeownership	Charlotte, Chicago, Cleveland
Limited-equity housing	Chicago, Washington DC
No net loss policy	Portland
Nonprofit ownership	Richmond
Replacement ordinance	Arlington, New York City, St. Paul
Tax reactivation program	Chicago
Generate Revenue for Housing Programs	
Document Recording Fee	Oregon, Washington
Housing levy	Seattle
Linkage fees	Boston, Sacramento, San Diego
State and federal funds	Many
Tax-increment financing	Chicago, Houston
Manage Development	
Anti-speculation or real estate transfer tax	Florida, New Jersey
Condominium conversion ordinance	Santa Barbara, Eugene, San Diego
Owner-occupancy ordinance	Davis
Rent stabilization	Oakland, Glendale, San Diego
Assist Residents	
Homeownership/homebuyer programs	Sacramento
Housing rehabilitation program	Atlanta, Seattle, St. Petersburg
Individual development accounts	Atlanta
Location-efficient mortgages	Chicago, San Francisco, Seattle
Rental/financial assistance programs	Berkeley, Miami, Seattle
Tax abatements, credits or circuit breakers	Washington DC, Philadelphia, Atlanta
Tax deferrals	Philadelphia, Washington DC
Tenant displacement assistance	Santa Barbara, Los Angeles, Seattle
Tenant opportunity to purchase act	Washington DC
Workforce development/agreements	Seattle

Chapter 3: The Portland Context

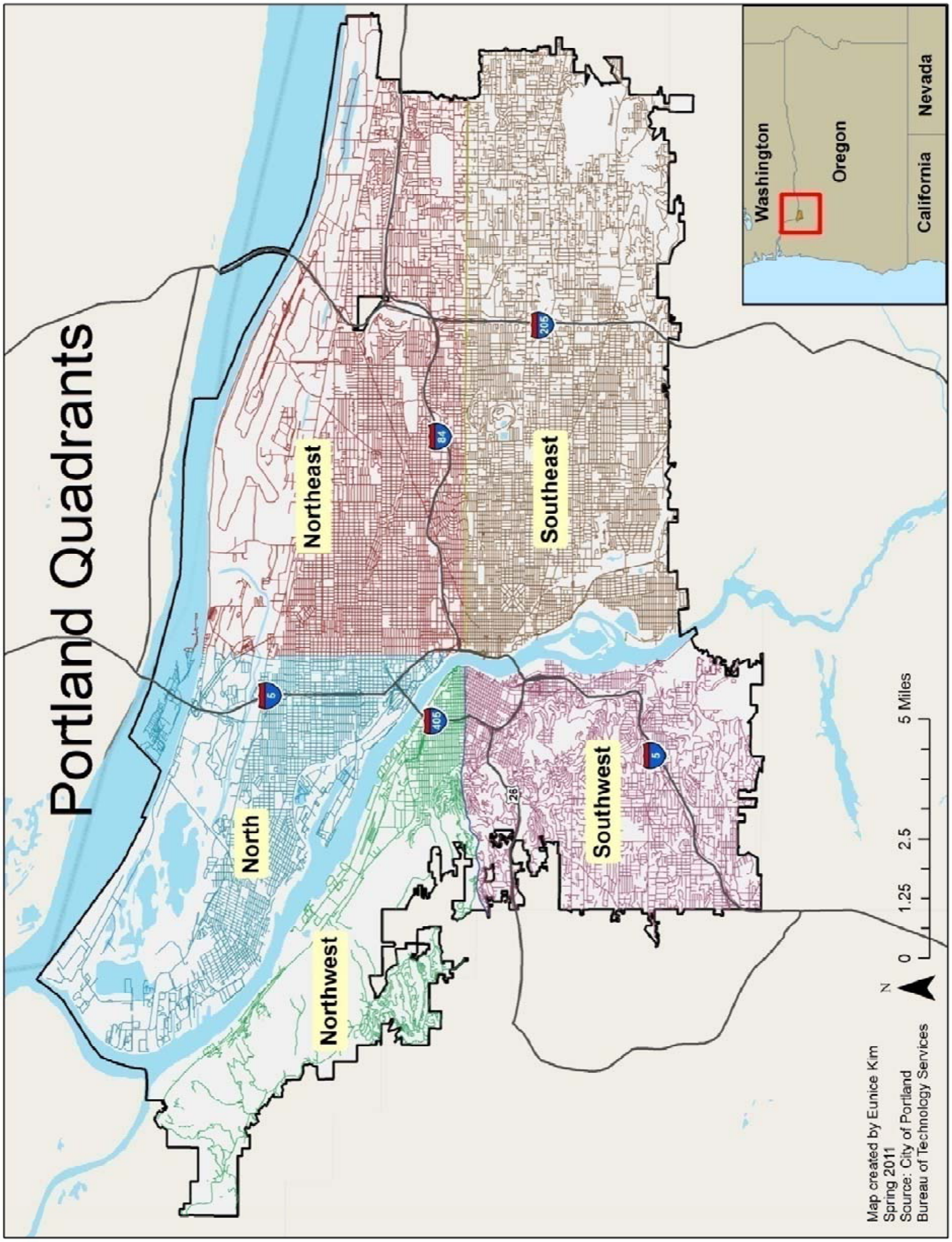
Located in the Pacific Northwest, Portland is the largest city in Oregon with more than 565,000 residents. The city's population has grown significantly since the 1990s when a booming high technology industry emerged in the area. (See Appendix C for a profile of the city.) Many young, college-educated residents have been especially drawn to Portland, as it has become known as one of the most livable cities in the country. Lower-income residents, though, have struggled to remain, as gentrification has hit inner city neighborhoods, particularly those in North and Northeast Portland.

This chapter takes a look back at this history of Portland. It begins with a brief overview of how the city has developed and then focuses on the circumstances that led to gentrification and displacement in North and Northeast Portland. (Figure 1 shows a map of Portland.) It discusses everything from the influx of higher-income residents in the 1990s to the investments that have been made by the public and private sectors. One must understand these factors – as well as Portland's landscape – in order to determine how to best address the problem of displacement due to gentrification.

Portland's Development History

Portland has changed greatly over the last 60 years. In the 1950s, Portland was a quiet city, having grown relatively slowly after World War II. As in many American cities, white middle class residents moved from the city center, leaving downtown Portland as a place mainly for business (Wollner, Provo and Schablisky 2001, 2). Shopping centers opened in outer areas, and the city core languished.

Figure 1


Portland Quadrants
Northeast
Southeast
North
Northwest
Southwest
Washington
Oregon
California
Nevada
N
0
1.25
2.5
5 Miles
Map created by Eunice Kim
Spring 2011
Source: City of Portland
Bureau of Technology Services

What followed were efforts to revitalize the city through slum clearance and highway construction. In 1958, the Portland Development Commission (PDC) was formed, becoming the City's urban renewal and redevelopment agency. It began a series of urban renewal projects in the 1960s (Wollner, Provo and Schablisky 2001, 6-8). Portland also used federal highways funds in the 1960s to construct Interstate 5, which ran north-south through a historically-black district called Albina (Gibson 2007, 11). The project displaced 125 homes occupied by African Americans in addition to businesses (Law 2009, 4). Hundreds of homes in Albina had been destroyed years earlier when an arena called Memorial Coliseum was constructed.

Across the country, the demolition of neighborhoods and displacement of residents due to highway construction and urban renewal were not taken lightly. Residents began rising in revolt. In Portland, this opposition to urban renewal and highways helped spur a new generation of younger activists and political leaders – like Portland Mayor Neil Goldschmidt – in the late 1960 and early 1970s (Garvin 2002, 533). These activists also expressed growing concerns about the environment and wanted to see old neighborhoods preserved. Conservative farmers joined in the call for change, as they worried about losing farmland to suburban sprawl.

Around this time, the Oregon Legislature adopted a statewide land use planning program that would affect how Portland would develop in years to come. (See Appendix D for more details.) The City of Portland also began developing a series of planning documents to guide its own transformation. The landmark Downtown Plan of 1972 in particular helped shape the city's core, calling for "high-intensity" office and retail use and a transit mall downtown (Ozawa 2004, 19). Figure 2 shows downtown Portland today.

Another major change came in the early-1970s when city leaders decided to take down a six-lane riverside highway, Harbor Drive (Gibson and Abbott 2002, 426). Developed in its place was Governor Tom McCall Waterfront Park, which reconnected the city with the west banks of the Willamette River. Other chief revitalization efforts included the diversion of highway funds to construct a metropolitan light rail line in the 1980s, the opening of a pedestrian/transit mall downtown, and the construction of park blocks.

Figure 2

Source: Katie Krametbauer (2011)

Pioneer Courthouse Square, an urban park completed in 1984, further revitalized downtown Portland. Built in place of a former parking garage, it became the city's "living room," a gathering ground for people throughout the year (Ozawa 2004, 157). It also stimulated development in the area. With light rail in place, private investment soon poured in, turning the area around Pioneer Courthouse Square into a retail center (Garvin 2002, 532-534). The extension of the light-rail system in the 1990s, the establishment of more urban renewal areas, and the development of civic and cultural facilities further stimulated Portland's turnaround.

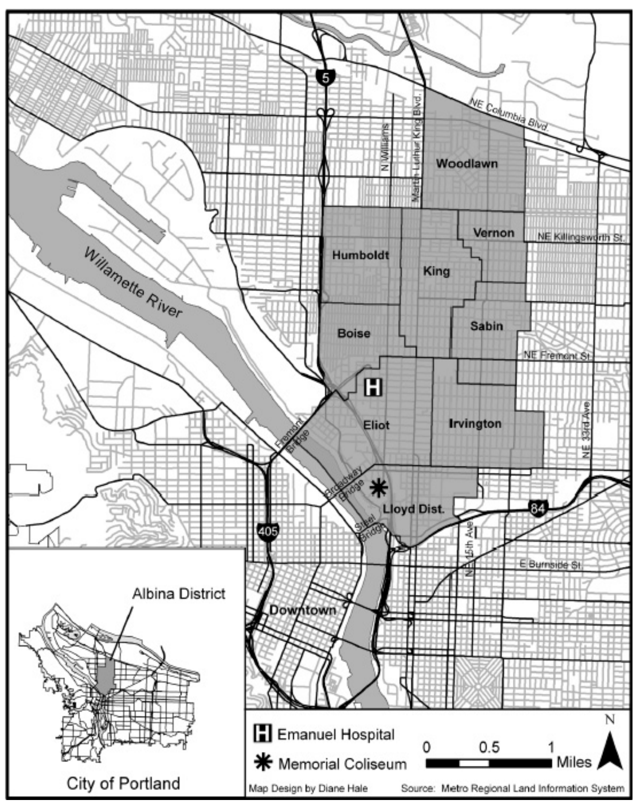
A significant amount of development and redevelopment has continued in Portland over the last several decades. Between 1972 and 2000, there were more than 60 residential projects in the downtown area alone (Garvin 2002, 534). Newer developments have been much denser than those of years past, and much of the development has been infill.

Gentrification and Displacement in Portland

While Portland has emerged as a thriving, livable city, its transformation has not come without challenges. Many inner city neighborhoods, particularly those in North and Northeast Portland, have gentrified over the years, displacing lower-income residents to more affordable areas. This story of gentrification has taken place within a racial context, as some of the city's growth has come at the expense of the black population.

As mentioned earlier, the Albina district has historically been home to Portland's black population. Approximately 4.3-square-miles in size, the district is located in North and Northeast Portland. Figure 3 shows the Albina district.

Figure 3



Source: Bleeding Albina, 2007

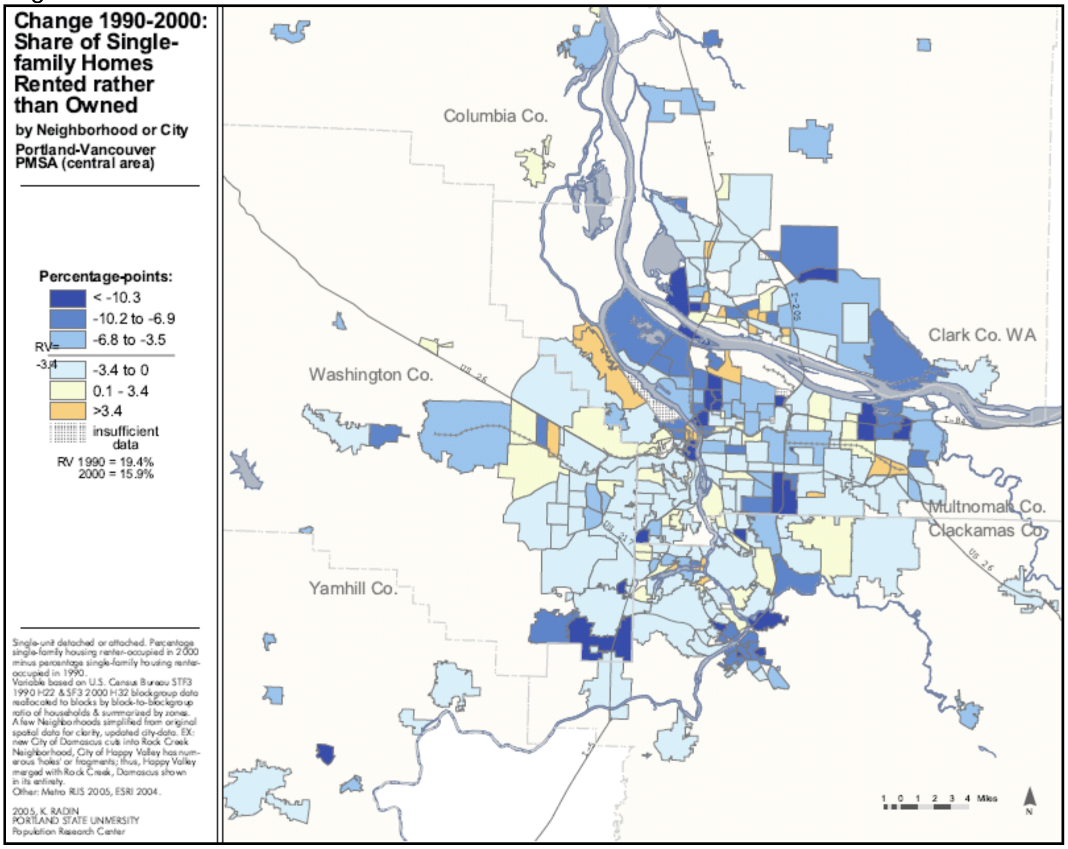
African Americans – many of whom moved to Portland to work in the shipyards during the World War II – were largely segregated into this area by the real estate industry and others between the early 1900s and the 1940s (Gibson 2007, 7). Then in the late 1940s, many black families were relocated into Albina after the Columbia River flooded, destroying the wartime housing project called Vanport where they had lived. By the 1950s, more than half of the black population in Portland resided in Albina (Wollner, Provo and Schablisky 2001, 3).

Starting in the late 1950s, a series of projects in Albina displaced the black community, pushing the population north. The construction of Memorial Coliseum and Interstate 5, mentioned earlier, was just the beginning. (See Figure 3.) In the early 1970s, for example, nearly 200 homes and commercial properties were cleared to make way for the expansion of Emanuel Hospital, an urban renewal project (Law 2009, 1). The expansion was not completed due to a loss of federal funding.

In the 1980s, Albina experienced significant disinvestment (Gibson 2007, 17). Drugs, gang activity and housing abandonment were among the many problems plaguing the area (Funches 2010). As a result, the population declined as did property values. Both, however, began to rise during the economic boom of the 1990s. White, higher-income families started buying homes in the area, many wanting to live closer to the city's core. The newcomers were also drawn in large part to the area's old Victorian housing stock and affordable home prices (Gibson 2007, 20-21; Ozawa 2004, 69). North and Northeast Portland further boasted relatively strong commercial districts, which grew as new businesses set up shop.

Most of the houses purchased by new residents had previously been rental properties. Figure 4 shows how the number of single-family homes for rent in inner North and North Portland declined significantly between 1990 and 2000. Changes in housing tenure – as well as changes in median rent and median home value – in North and Northeast Portland are shown by census tract in Appendix E and F.

Figure 4



Source: Regional Equity Atlas, Coalition for a Livable Future, 2007

In the majority of cases where rental homes were bought, landlords evicted their tenants, prepared their properties for sale and eventually sold the homes (Beason 2010). In other cases, landlords increased rents, which forced some lower-income tenants to move. Many of the displaced residents moved further east to more affordable areas in East Portland or the city of Gresham (Beason 2010).

Longtime homeowners were also affected. Some could not access traditional financing to maintain their homes – and some became victims to predatory financial institutions – so their properties fell into disrepair (Funches 2010). They eventually lost their homes due to tax liens or code violations. In other instances, speculators approached homeowners and offered to both buy their homes for cash and pay off existing tax liens. After purchasing the homes, the speculators often fixed up the properties and sold them at above-market rates (Funches 2010).

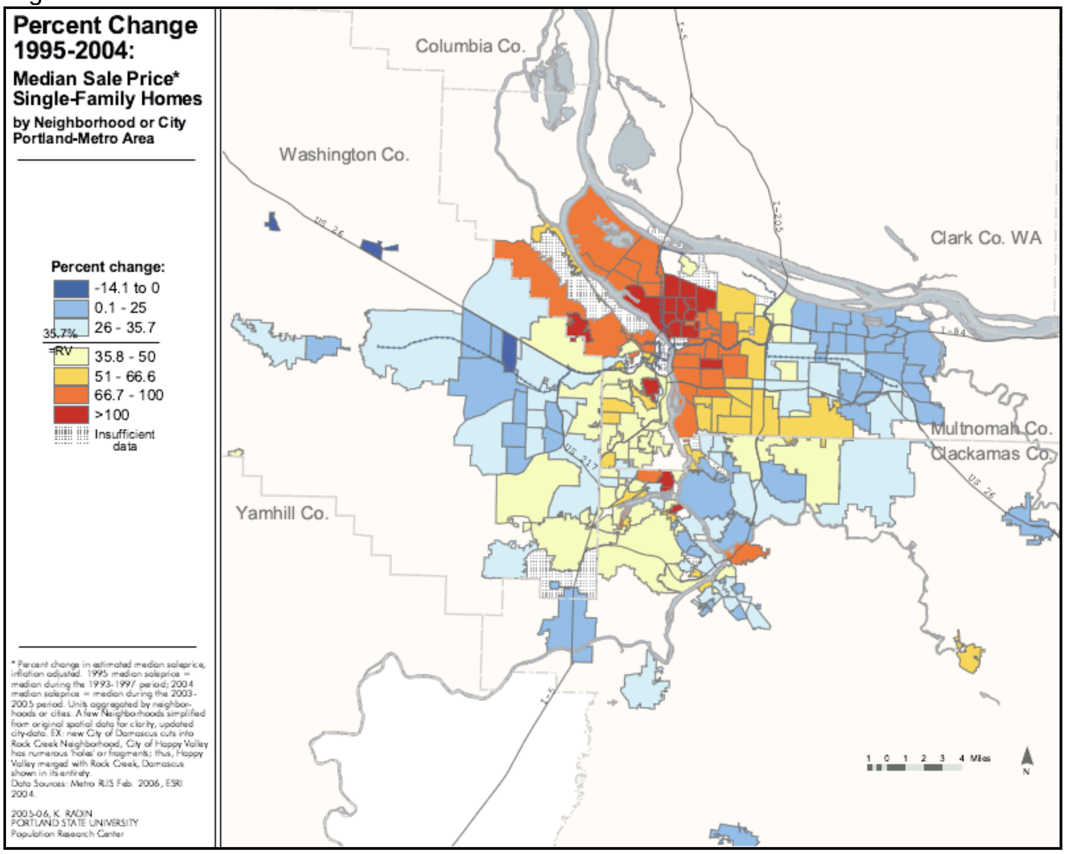
Public and Private Investment

Meanwhile, investment by the City of Portland and increasingly active Community Development Corporations (CDCs) helped breathe new life into North and Northeast Portland. At the time, the concern was revitalization, not potential displacement of residents (Kafoury 2010). City agencies made numerous infrastructure improvements, while CDCs constructed new housing and rehabilitated existing homes with support from the City and Multnomah County. Much of this housing was for lower-income families, but there was – and continues to be – an "inflationary effect on neighboring properties" (City Club 2002, 85). Families ineligible for the new or renovated affordable housing faced higher housing costs.

Between 1990 and 1996, property values skyrocketed in North and Northeast Portland, with housing prices doubling and even tripling in some neighborhoods (Gibson and Abbott 2002, 433). (Figure 5 shows how the median sale price of single-family homes jumped in many North and Northeast neighborhoods.) Gentrification, a largely private-market endeavor, was suddenly in full effect (Kafoury 2010). Many lower-income families were displaced throughout the 1990s and early 2000s. This resulted in a marked shift in demographics in North and Northeast Portland. Historically black, poor neighborhoods became home to greater numbers of white, college-educated, higher-income families (Sullivan 2007, 585).

In the late 1990s, the Portland Development Commission sought to create an urban renewal area (URA) around Interstate 5 in North and Northeast Portland. (In urban renewal areas, the PDC raises and leverages money through tax increment financing to help revitalize neighborhoods. The assessed value of properties in an URA is frozen, and the PDC borrows against future growth in those properties'

Figure 5



Source: Regional Equity Atlas, Coalition for a Livable Future, 2007

taxes and invests the money into capital improvements. The PDC then uses the actual increases in property taxes to pay off the loans.) This was largely to help fund a new north-south rail line (Ozawa 2004, 69). Given the area's history, residents were worried about potential gentrification and displacement.

Their concerns were explicitly addressed in the Interstate Corridor Urban Renewal Area Plan, which was approved by the Portland City Council in 2000 (Policy Link 2010). Built into the plan were programs to prevent the displacement of both small businesses and residents. The plan specifically stated that the Urban Renewal Area should "primarily benefit existing residents and businesses" and should protect them from the "threats posed by gentrification and displacement" (PDC 2000, 4). Due in large part to funding issues, however, many of the housing goals and programs were not accomplished (Ozawa 2004, 78). Displacement therefore could not be prevented as new families moved to the area (PolicyLink 2010). Existing renters, in particular, were evicted or faced rent increases.

Figure 6

Source: Kay Newell, owner of Sunlan Lighting (1991)

Figure 7

Source: Eunice Kim (2011)

Figures 6 and 7 show how one street in the Interstate Corridor URA, N Mississippi Avenue, has changed over the last two decades.

Since 2000, the City has made significant streetscape and transportation improvements in Northeast Portland, mainly NE Alberta and NE Martin Luther King Jr. Boulevard (PDC and Portland Bureau of Transportation 2011). Improvements have ranged from landscaping to sidewalk construction. These projects have heightened interest in the area (Scarzello 2011).

Developers have purchased many properties, including homes owned or rented by lower-income residents. The developers have then made improvements to the properties only to sell them at a profit (Scarzello 2010). Some residents have also willingly sold their homes to these speculators, who have continued to offer above-market prices.

Current Concerns

Generally, property owners in Portland and across the state are less vulnerable to displacement than renters. This is largely due to the passage of Measure 5 in 1990 and Measure 47 in 1996. Measure 5 limited the amount of taxes that could be paid by individual properties, while Measure 47 limited the rate of growth of a property's taxable assessed value (Oregon Department of Revenue 2010). Under the latter measure, which was revised in 1997 under Measure 50, a property's maximum assessed value cannot increase by more than 3 percent each year. There are exceptions when additions or major improvements, for example, are made to a property.

The state's tax limits, however, do not necessarily protect renters from rising housing costs. Low-income renters, particularly those living in single-family homes, have become most at risk for displacement in Portland (PDC 2002, 1). As mentioned earlier, new people moving into a neighborhood often purchase homes that used to be rental properties. Also causing displacement has been condominium conversions. Several large apartment complexes in Portland have been converted in the last decade (Culverwell 2004, 1).

Today, there are concerns about further gentrification in North and Northeast Portland, particularly as the City looks to expand the Interstate Corridor and Oregon Convention Center URAs (PDC, Schwieger 2010). The PDC has conducted a study – the North/Northeast Economic Development Initiative – to examine this possibility and to review past and planned activities in the two URAs. As part of the study, the PDC held meetings with a community advisory committee and heard repeated calls for the City to help ensure that current residents, particularly seniors and people of color, can remain in their homes. In response, the Portland Housing Bureau has implemented a pilot program to fund "community-based services that can provide direct outreach and technical assistance to at-risk homeowners in North/Northeast" (Vliet 2010).

Current concerns about displacement in North and Northeast Portland are related to the gentrification that has occurred there over the last few decades. As this chapter has shown, many lower-income residents have been unable to remain in their homes – or even in the city – due to rising housing costs, evictions, speculation and other factors. Aware of this problem, Portland agencies and organizations have established many strategies, programs and regulations to help prevent or mitigate this displacement. These tools are described in the following chapter.

Chapter 4: Anti-Displacement Tools in Portland

Given Portland's history, City agencies and organizations have worked over the years to help residents stay in their homes and neighborhoods. In the 1990s, for example, the City of Portland and housing advocates created a community land trust to fight displacement due to gentrification. The land trust has allowed market-rate housing to be taken out of the speculative market and made permanently affordable. Other tools have also helped mitigate displacement despite having goals that may not be specifically tied to gentrification. These tools include affordable housing strategies as well as programs that help lower-income residents through asset building, education and other assistance.

What follows is a summary of the different tools used in Portland. While they have not been evaluated for their effectiveness, information related to their use or outcomes has been included when possible. The tools have also been placed in the same order and same five categories outlined in the literature review. (Table 2 shows the tools in this framework.) This will help determine the categories in which Portland could potentially be doing more to mitigate displacement.

1) Create New Affordable Housing

For decades, public agencies and nonprofit organizations have been working to develop affordable housing in the city. The largest provider of affordable housing in Portland as well as the state of Oregon is the Housing Authority of Portland (HAP). Formed in 1941, the public corporation serves individuals and families throughout Multnomah County, the most populous county in the state. HAP's housing portfolio includes 2,500 units of public housing, more than 3,700 units of affordable housing it has purchased or developed, and roughly 8,000 Section 8

Table 2: Anti-Displacement Tools in Portland

Tools to Mitigate Displacement	Used in Portland
Create New Affordable Housing	
City-owned land	Yes
Community benefits agreements	Yes[1]
Eminent domain for nonprofits	No
Inclusionary zoning	No
Infill development	Yes
Land banking	Yes
Tax incentives	Yes
Vacant lot program	No
Voluntary inclusionary zoning/incentives	Yes
Convert or Preserve Units as Affordable Housing	
Affordable housing preservation ordinance	Yes
Community land trust	Yes
Lease-purchase homeownership	Yes
Limited-equity housing	Yes[1]
No net loss policy	Yes
Nonprofit ownership	Yes
Replacement ordinance	No
Tax reactivation program	Yes
Generate Revenue for Housing Programs	
Document Recording Fee	Yes[2]
Housing levy	No
Linkage fees	No
State and federal funds	Yes
Tax-increment financing	Yes
Manage Development	
Anti-speculation or real estate transfer tax	No
Condominium conversion ordinance	No[3]
Owner-occupancy ordinance	No
Rent stabilization	No[4]
Assist Residents	
Homeownership/homebuyer programs	Yes
Housing rehabilitation program	Yes
Individual development accounts	Yes
Location-efficient mortgages	No
Rental/financial assistance programs	Yes
Tax abatements, credits or circuit breakers	Yes[5]
Tax deferrals	Yes[5]
Tenant displacement assistance	No
Tenant opportunity to purchase act	No
Workforce development/agreements	Yes

[1] These tools are expected to be used in the near future.

[2] The state of Oregon has a document recording fee. Some of the revenue goes to local housing programs and development.

[3] Portland does not have a local condominium conversion ordinance, but there is a state law governing conversions.

[4] Rent control is prohibited in Oregon, but there is a state law governing eviction notices.

[5] Portland does not offer these (except to eligible homebuyers in limited areas), but the state of Oregon offers tax abatements and deferrals to limited classes of people.

vouchers (HAP 2010). Its role as a developer has increased in recent years (Kafoury 2010).

Affordable housing is also the domain of many CDCs in Portland. There are roughly 25 CDCs in the city, which have provided more than 4,000 affordable rental units and 430 homeownership units in the area (City Club 2002, 30). CDCs include at least two nationally-acclaimed organizations: REACH Community Development Inc., which has developed more than 1,350 affordable units since 1982, and Rose CDC, which has developed more than 380 affordable units since 1991 (Oregon Opportunity Network 2009). In some neighborhoods, CDCs have become major property owners, renting to low-income households. Roughly one out of every 20 homes in Northeast Portland is owned by a CDC (Busse 2001, 1).

CDCs, City agencies and other organizations have used the following tools to create affordable housing in Portland.

City-Owned Land and Development Agreements

The City of Portland tries to facilitate development that meets its goals – such as the promotion of affordable housing – through the purchase of properties within URAs. The PDC sometimes buys properties and then sells them to developers to be improved or redeveloped. When this occurs, the PDC enters into a legal contract with the developer called a Disposition and Development Agreement. The agreement outlines specific terms under which the PDC and developer will make improvements to meet explicit goals. The agreements can and have been used to set forth the number of affordable housing units that must be created as part of a development (Portland Auditor's Office 2008, 3).

The PDC also enters into Development Agreements with developers when they forge public-private partnerships to redevelop areas within URAs. These agreements establish the terms and conditions of the partnerships and lay out specific development requirements, including provisions for affordable housing.

Community Benefits Agreements

Similar to Development Agreements, community benefits agreements (CBA) are contracts between a community and developer that outline benefits the community will receive from the proposed project. CBAs have not been used in Portland but are expected to be in the future (Schwieger 2010). Such an agreement, for example, is expected to be negotiated as part of any future development in the Rose Quarter in Northeast Portland (Weinstein 2010, Schwieger 2010). The CBA could include everything from local hiring requirements to a service fee on retail sales in the Rose Quarter (Rose Quarter Development Project 2010, 3-5). While provisions for housing have not been included in initial recommendations – any Rose Quarter development is not expected to displace residents – similar CBAs in other communities have outlined affordable housing requirements as a way to mitigate displacement caused by new projects.

Land Banking

Land banking is a tool used in Portland to take properties out of the speculative market and create affordable housing. Habitat for Humanity Portland/Metro East, the largest Habitat affiliate in Oregon, started a campaign in 2010 to develop a four-year inventory of buildable lots (Culverwell 2004). About 135 properties could be used for Habitat homes, which would be sold to low-income families. Habitat plans to take advantage of the recent drop in property values to buy land at low prices. Other organizations are looking to do the same.

The City of Portland also does some land banking in urban renewal areas for the purpose of housing development, as mentioned above. PDC, for example, purchased a contaminated site in Northeast Portland called the Grant Warehouse site, secured funding for its cleanup and then issued a Request for Proposals for its redevelopment in 2008 (PDC 2011). The site is expected to be developed into housing, with at least 25 percent of the units being affordable.

Tax and Other Financial Incentives

The Portland Housing Bureau (PHB) administers several tax exemption programs to encourage the development and rehabilitation of affordable housing. Each program offers a 10-year limited tax abatement for qualifying properties, projects or applicants. Tax abatements have been provided to roughly 6,000 housing units built between 1997 and 2007 (Portland City Auditor's Office 1, 2008). The programs are currently being evaluated by the PHB for their effectiveness following concerns expressed by the City Council, and revisions are expected. The tax abatement programs include the following (PHB 2011).

- <u>Rental Rehabilitation</u>: Tax abatement on any increase in assessment value resulting from the rehabilitation of rental units. To qualify, a certain percentage of the units must be designated as affordable.
- <u>Single Family New Construction</u>: Tax abatement for income-eligible homebuyers who buy and occupy homes in specific neighborhoods in North and Northeast Portland. The goal is to encourage developers to build and sell new affordable housing in those areas.
- <u>Transit Oriented Development</u>: Tax abatement applies to mixed-use or high density residential projects in designated areas near transit. Projects must meet certain affordability requirements.
- <u>New Multiple-Unit Housing</u>: Tax abatement applies to new multifamily or mixed-use projects in Urban Renewal Areas or Central City, which is the area near the downtown core along the Willamette River.
- <u>Non-profit Owner-Manager of Low-Income Housing</u>: Tax abatement for nonprofit organizations that provide housing to low-income residents.

The City of Portland also offers exemptions to system development charges (SDCs) for affordable housing projects. SDCs are fees assessed on new developments and changes in use to help offset a project's impact on the city's parks and recreation facilities, storm water and sanitary sewer systems, water systems and street infrastructure. The cost savings from the exemptions are significant as the charges can add up to the hundreds of thousands of dollars (Development Services Center 2010). The exemption has reduced development costs for more than 2,225 units of affordable housing (City of Portland et al 2010, C-9).

Zoning Incentives and Infill Development

Zoning regulations and incentives have been instituted to spur the development of affordable and infill housing in Portland. These include floor area bonuses in exchange for affordable housing as well as flexible street infrastructure requirements to promote infill development. According to a 2007 study, however, the bonuses have never been used (Johnson Gardner 2007, 42-44). The study found that the bonuses did not provide enough financial incentive for developers or they competed with other, more generous incentives. To make the bonuses more attractive, the study recommended increasing the amount of "bonus space" awarded (Johnson Gardner 2007, 48).

2) Convert or Preserve Units as Affordable Housing

While affordable housing development has long been a goal of Portland organizations and agencies, preservation has become more of a focus since the late 1990s. This has been largely due to rising property values, which has made development more expensive (Gibson and Abbot 2002, 433). Competition for land from speculators and developers has also been a factor. Seven tools have been used

– or are expected to soon be used – to preserve housing as affordable.

Affordable Housing Preservation Ordinance

In 1998, the City adopted an Affordable Housing Preservation ordinance to help stem the loss of affordable units. The ordinance requires owners of local preservation projects to give the City and tenants 90 days notice of any plans to sell the project or make it no longer affordable (Portland Auditor's Office 2000-2010). Local preservation projects are defined as those with 10 or more rental units that received local or state financial assistance to create or preserve affordable housing. Within the 90-day period, the City can offer to buy the property, thereby preventing its conversion to market-rate housing.

Under the ordinance, owners of federally-assisted affordable housing projects must give the City and tenants one year's notice of expiring federal subsidies and 150 to 210 days notice of intent to "opt out" of a long-term assistance contracts or extensions (Portland Auditor's Office 2000-2010).

The preservation ordinance has helped the City – working with nonprofits and HAP – to preserve or replace more than 400 affordable units. It has not always been effective, however. Several years ago, hundreds of low-income residents were evicted from Rose City Village apartments in Northeast Portland when a new owner decided to renovate the property and raise rents (Budnick 2007). The 264-unit project had received state and local financial assistance, but the former owner who sold the property was unaware of the City's preservation ordinance and thus did not comply with it.

Community Land Trust

As mentioned earlier, one of the tools that was created in response to gentrification and displacement in Portland in the 1990s was the Portland Community Land Trust, now called Proud Ground. The land trust model was first tried in the city by Sabin Community Development Corporation (CDC) in North and Northeast Portland (Proud Ground 2010). The CDC sold 10 homes using the model, prompting the City and housing advocates to establish Proud Ground in 1999. The organization creates and preserves affordable housing by purchasing property and selling the homes on the land to lower-income families at below-market prices. In exchange for low purchase prices, the families agree to resale restrictions, which ensure the homes will remain affordable for the next owner. In 2009, the median price of Proud Ground's homes was roughly 45 percent lower than market-rate homes in Portland. The nonprofit has served more than 127 first-time homebuyers and has roughly 120 affordable homes in its portfolio (Beason 2010; Proud Ground 2009, 5).

Lease-Purchase Homeownership Programs

Sabin CDC is the only organization in Portland that operates a lease-purchase homeownership program (Fondren 2011). Established in 1996, the Limited Equity Lease Program allows low- and moderate-income families to lease a home for two years after which time they can purchase it. Sabin CDC has sold seven homes through the program. Other nonprofit organizations have considered offering a similar program, though some like Proud Ground have decided not to pursue the option after determining it has had limited success in other areas (Beason 2010).

Limited-Equity Housing

While there are no limited-equity cooperatives in Portland, a housing project under construction now, The Ramona, is expected to eventually become one (Sheern

2011). The project, which was slated to open in April 2011 in the Pearl District in Northwest Portland, includes 138 apartments available to households earning up to 60 percent of AMI (Baxter-Neal 2010). After 15 years, the owner plans to convert the development into a limited-equity cooperative (Sheern 2011). Existing renters will have the opportunity to purchase their building.

A limited-equity cooperative for seniors is also expected to be developed in the next few years. The 50-unit cooperative, proposed by Green Light Cooperative, would be the first of its kind in Oregon (Marthens 2010). Called The Sheldon, the building would be for seniors age 55 and up. (Green Light Cooperative 2010). It would be member owned and controlled, with residents owning shares of stocks as opposed to their units. The price of the stocks would be restricted when sold.

No Net Loss Policy

In 2001, the Portland City Council adopted a No Net Loss policy for affordable housing in Central City. The policy requires that the area "retain at least the current number, type and affordability levels of housing units home to people" earning up to 60 percent of area median income (AMI) (Portland City Council 2001). This includes units with affordability restrictions as well as market-rate units that are affordable to target households. Retention can be achieved through the preservation or replacement of units. The City has actively worked to implement the policy by purchasing affordable properties at risk of losing their subsidies and negotiating with developers to replace affordable units.

According to a 2008 Central City Housing Inventory, Portland has continued to meet the No Net Loss policy's benchmark of 8,286 affordable rental units (PDC 2008, 2). In 2008, there were an estimated 8,473 such units. It is important to note that 19 percent of the affordable units were unrestricted, private market units (PDC 2008, 15). (The No Net Loss policy is not the same as a replacement ordinance that would require developers to replace affordable units lost through development efforts on a one-for-one basis. Portland does not have such a policy (Shaw 2010).)

Nonprofit Ownership

Beyond developing projects, many CDCs in Portland preserve buildings as affordable housing. Specifically, the City of Portland provides financing to CDCs, which purchase existing rental buildings, rehabilitate them and restrict them as affordable for at least 60 years. In the last few years, roughly 10 to 12 rental buildings have been preserved in this way (Sheern 2011). The majority of these buildings, which have 20 to 30 units each, are located in URAs.

Tax Reactivation Program

Multnomah County administers an Affordable Housing Development Program whereby it gives tax-foreclosed properties at no cost to nonprofit organizations, which develop or rehabilitate them into affordable housing (Mulnomah County, Bak 2011). The program requires rental projects to remain affordable for at least 60 years and homeownership projects to remain affordable for at least 30 years. More than 115 properties have been transferred to nonprofit organizations, resulting in more than 400 housing units (City of Portland 2002, 30). The county expects to transfer roughly three properties to nonprofits this spring (Bak 2011).

3) Generate Revenue for Housing Programs

The creation and promotion of affordable housing projects and assistance programs requires a significant amount of funding. As in other cities across the country, Portland agencies and organizations rely on multiple funding sources to advance their housing goals. The three specific tools that generate revenue for housing programs are discussed below. In addition to them, the state has a Housing Development Grant "Trust Fund" Program, which funds affordable housing projects across the state. The trust fund receives money through a charge on private energy providers in Oregon. In other cities and states, trust funds receive money from a wide variety of sources such as developer contributions required by zoning.

Document Recording Fee

In 2009, the Oregon Legislature increased the state-imposed document recording fee to provide a new revenue stream for housing development and programs statewide (Funches 2010). The fee – which is charged for the recording or filing of deeds, mortgages, real property contracts and other documents – was increased from $11 to $26 per document (Oregon Housing Alliance 2008, Oregon Revised Statutes 2009). Revenue from the additional $15 fee goes to the state's housing finance agency, Oregon Housing and Community Services, for housing-related programs, including emergency housing services, down payment assistance loans and multifamily housing development. The fee, expected to raise $17.9 million in 2009-2011, is the state's second dedicated funding source for affordable housing development. (The first is the state housing trust fund described earlier.)

The majority of the revenue, 70 percent, funds the development or preservation of affordable multifamily housing (Crager 2011). Most of that money is allocated each year in a consolidated funding cycle whereby organizations apply for state and federal money for projects. Typically, only 45 to 55 percent of projects get funded due to the limited amount of money available (Crager 2011). As of early

2011, only one Portland housing developer, HAP, had been awarded money – $500,000 – for a project (Markey 2011).

Other State and Federal Funding

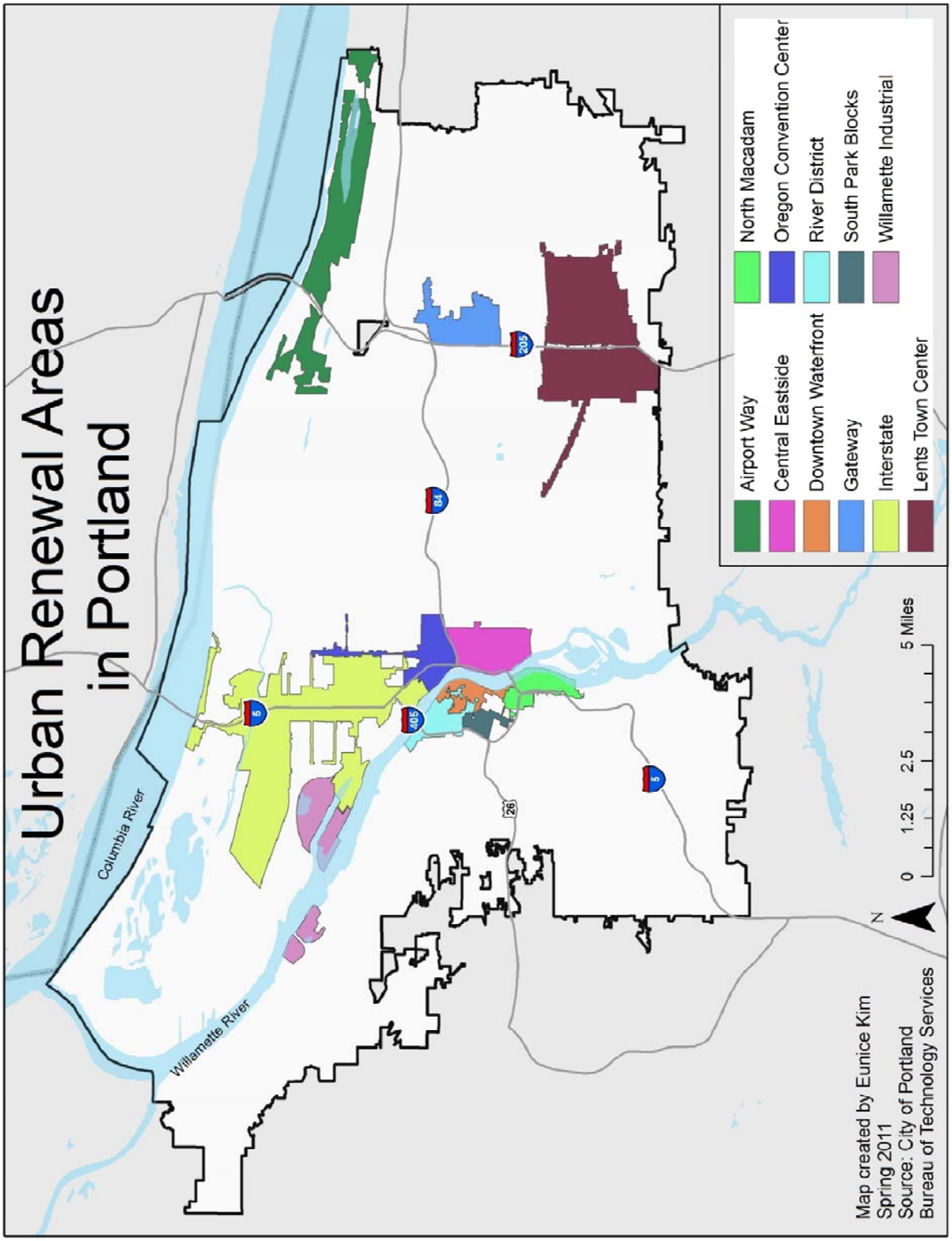
Other funding sources for affordable housing in Portland come from federal programs, including the Community Development Block Grant (CDBG) and HOME programs (City Club 2002, 15). Loans and grants from these programs are typically made available to developers through a Request for Proposals process or Notice of Funding Availability (PHB 2010). These include deferred-interest loans to renovate small affordable housing projects and predevelopment loans for nonprofits to create affordable, mixed-income or mixed-use projects. All properties that receive a subsidy from the City to create low-income rental housing must remain affordable for at least 60 years (Portland Auditor's Office 2000-2010).

In addition, the sale of federal and state tax credits – through Low Income Housing Tax Credits and the Oregon Affordable Housing Tax Credit Program – provide funding for affordable housing projects by encouraging private-sector investment in such developments. Oregon Housing and Community Services administers the competitive tax credit programs.

Tax Increment Financing Set Aside Policy

In recent years, a key tool for the promotion of affordable housing has been the City's Tax Increment Financing (TIF) Set Aside Policy. Adopted in 2007 by the City Council and PDC, the policy requires that a minimum of 30 percent of tax increment money in urban renewal areas be used to develop, rehabilitate and preserve affordable housing for those earning up to 80 percent of median family income (MFI) (PHB 2007). (Figure 8 shows the urban renewal areas in Portland.)

Figure 8


Urban Renewal Areas in Portland
Columbia River
Willamette River
Airport Way
Central Eastside
Downtown Waterfront
Gateway
Interstate
Lents Town Center
North Macadam
Oregon Convention Center
River District
South Park Blocks
Willamette Industrial
0
1.25
2.5
5 Miles
N
Map created by Eunice Kim
Spring 2011
Source: City of Portland
Bureau of Technology Services

The money can also fund developments with at least three bedrooms that are restricted to 100 percent MFI or less. In the first three years of the policy, $67 million was spent on affordable housing (PDC and PHB 2009, 5). The money went to housing projects, homeownership and repair programs, property acquisition and pre-development work.

This funding mechanism is one of the most important anti-gentrification tools the City has, as it provides a dedicated revenue stream for affordable housing in urban renewal areas (Shaw and Hubert 2010). Directly linked to Portland's efforts to fight displacement, the TIF Set Aside has meant that public investments made to revitalize urban renewal areas must be matched by investments in affordable housing. Not only must money be used to create or preserve affordable housing, it must be directed to the same neighborhood that is being revitalized by the City (Shaw 2010). Prior to the TIF Set Aside Policy, there was "no directive for any city agency to assure affordability in areas of investment" (Hubert 2010).

4) Manage Development

Market forces, as described in the literature review, largely contribute to gentrification. However, there are very few tools in Portland that allow the City to directly exercise control over the private market – or effectively manage development – to prevent residential displacement. As mentioned earlier, Portland has an affordable housing preservation ordinance that requires owners of publically-assisted housing to give notice of any sale to the City and tenants. This gives the City a chance to step in and purchase a building before it becomes market rate. The other two tools used in Portland are state laws, which are discussed below.

Condominium Conversion Laws

State law requires landlords to give their tenants at least 120 days notice of a condominium conversion and the right of first refusal to buy their unit (Oregon Revised Statues 2009). Under recent changes, the law also prohibits landlords from evicting tenants without cause or imposing excessive rent increases – unless already specified in their rental agreement – during the notice period. Some jurisdictions like Eugene have approved ordinances with additional requirements, such as payment of relocation assistance, but Portland has not.

In 1980, the City Council passed an ordinance that acknowledges the harm caused by conversions, mainly the dislocation of elderly and low-income households and loss of lower cost rentals (Portland City Auditor 1980, 1). The ordinance also says it is in the "public interest for the City to establish procedures and standards for conversion of existing property to residential condominiums," but the City never established any such regulations (Portland City Auditor 1980, 2; Slingerland 2011).

Eviction Notices

State law requires landlords to give tenants specific types of written notices of eviction. The notices differ depending on the circumstances. Month-to-month tenants are the most vulnerable to evictions as they can be evicted for no cause. Landlords must only give them a 30-day notice; a 60-day notice is required for tenancies of more than a year (Oregon State Bar 2010). In most cases, landlords can also evict month-to-month tenants with a 72-hour notice for not paying rent. Tenants with leases – usually for six months or a year – have greater protections. Landlords cannot evict them during the term of their lease without cause, unless otherwise stated in their lease (Oregon State Bar 2010). Legal causes include nonpayment of rent, dangerous behavior and serious violations of the lease.

5) Assist Residents

Another way to mitigate displacement is to buffer residents against rising housing costs through direct assistance, such as property tax relief or rental assistance. Encouraging homeownership also helps as homeowners tend to be less vulnerable to displacement than renters, who can be evicted or who may face large rent increases. In addition, asset-building tools such as workforce development programs can help residents stay in their homes by boosting their ability to pay increasing housing costs.

Homeownership Subsidies and Homebuyer Programs

Portland agencies and organizations offer a wide variety of assistance to residents to help them buy a home. For example, the Portland Housing Bureau offers down payment assistance loans to low-income, first-time homebuyers who purchase homes in one of two urban renewal areas, Interstate Corridor or Lents Town Center (PHB 2010). Administered by nonprofit organizations, the homebuyer loans target minority households in an effort to close the minority homeownership gap in Portland (Sheern 2011). Portland's Single Family New Construction Limited Tax Exemption Program, mentioned earlier, is another example of direct homebuyer assistance to residents.

Nonprofit organizations provide a variety of homeownership education and assistance programs, many of which are designed to help residents become homeowners. For example, Hacienda CDC, which supports Latino and other families, runs a homeownership program that offers education, financial assistance and counseling to those in and around Northeast Portland (Hacienda CDC 2010).

The program helped nearly 250 families in a six-month period in 2010. The PHB has also contracted with Portland Community Reinvestment Initiatives to provide technical outreach and one-on-one counseling services to senior homeowners who want help staying in their homes. This new program came in response to concerns raised during the North/Northeast Economic Development Initiative, mentioned in Chapter 3.

Housing Rehabilitation Programs

For homeowners who need help staying in their homes, there are several housing repair programs. The PHB, for example, offers no-interest home repair loans to low-income homeowners who live in the Interstate Corridor or Lents Town Center URAs and whose homes require critical repairs (PHB 2010). The nonprofit Rebuilding Together Portland, on the other hand, offers free home repairs to low-income residents who are elderly, disabled or have children (Rebuilding Together Portland 2010). With funding from the PHB and the support of volunteers and donations, the organization repairs roughly 50 to 60 homes a year.

Individual Development Accounts

Several nonprofit organizations offer Individual Development Account (IDA) programs, including Hacienda CDC, Portland Community Reinvestment Initiatives and The Portland Housing Center. Allowed by state law, IDA programs typically match the amount of money residents save toward buying a house. Hacienda CDC, for example, matches three times the amount saved.

Rental Assistance

HAP oversees a short-term rent assistance program whereby it provides funds to nonprofit organizations in Multnomah County, which in turn offer rental assistance to clients (PHB 2007). Most of the programs target households whose incomes are at or below 50 percent of median income. Funding for the programs come from a variety of federal, state and local sources, but it is limited. According to the PHB, "hundreds of people that need rent assistance are turned away" every month because there is not enough money to help everyone (PHB 2007).

Tax Deferrals and Exemptions

The State of Oregon offers a few tax deferral and exemption programs to help specific classes of residents remain in their homes. Veterans or their surviving spouses, for example, can qualify for tax exemptions. Low-income seniors or disabled residents can qualify for state tax deferral programs, which allow them to borrow from the State of Oregon to pay their property taxes to the county (Oregon Department of Revenue 2010). The state essentially pays their property taxes and places a lien on their properties. Deferred taxes incur 6 percent interest each year and must be paid back when the property is sold or the applicant either moves or dies.

There has been reluctance, particularly among seniors, to use the deferral program because many do not want their estates to have to pay back their deferred taxes (Brown 2011). The state is also struggling to make the tax payments for eligible homeowners; this year, in fact, the state is making the payments in two installations as opposed to one, as had been done historically.

Workforce Development Programs and Agreements

Several nonprofit groups in Portland help residents build their assets through workforce development programs. These programs, which include interview preparation and job coaching, help residents train for and find employment. This, in turn, helps them build assets, allowing them to afford increases in their housing costs and avoid displacement. Central City Concern, a nonprofit organization, has an Employment Access Center where residents can receive job training, employment counseling and job referrals (Central City Concern 2010). The one-stop resource center has assisted nearly 500 residents get jobs in 2009.

Workforce agreements are another mechanism that can help Portland residents secure employment and build their assets. In 2009, the Portland City Council passed a Community Workforce Agreement that was signed by numerous organizations. It outlined employment goals and requirements for a pilot energy-efficiency program called Clean Energy Works Portland. One goal, for example, called for at least 80 percent of the employees in the program to be local hires (Climate Leadership Academy Network 2009).

Limitations on Tools

While there are many tools in use in Portland, several others are banned by state law. This limits the number of new anti-displacement tools at the city's disposal. Specifically, the following tools are not allowed in Portland at the current time.

Inclusionary Zoning

Outlawed in 1999 under Oregon Revised Statutes (ORS) 197.309, inclusionary zoning ordinances generally require developers to set aside a certain percentage of housing units as affordable. They encourage mixed-income communities and provide lower-income residents an opportunity to remain in their neighborhoods despite gentrification pressures (Rose 2001). In Oregon, there have been attempts to repeal the inclusionary zoning ban – and attempts are ongoing – but none has been successful.

The latest attempt was in the 2010 Special Session of the Oregon State

Legislature when a House bill was filed. The bill was referred to a committee where it remained when the one-month Special Session was adjourned (Oregon State Legislature 2010). Despite the ban, cities like Portland can and do require a certain percentage of affordable housing in projects that receive public subsidies. Zoning incentives are also used to promote affordable housing, as mentioned earlier.

Real Estate Transfer Taxes

Cities, counties or districts in Oregon are prohibited by state law from adopting new real estate transfer taxes under ORS 306.815. (The only such tax in the state – a 0.1% tax – is in Washington County; it was established before the ban was adopted by the state Legislature in 2007 (Mapes 2010)). Portland therefore cannot institute a real estate transfer fee, a tool that has been used in places like Florida to both deter speculation in gentrifying areas and raise money for affordable housing. This prohibition has been one of the major barriers to efforts in Portland to create a regional housing trust fund to promote affordable housing.

Rent Control

Rent control, an anti-displacement tool used in many California cities, is banned in Oregon under ORS 91.225. While the state Legislative Assembly finds "there is a social and economic need to insure an adequate supply of affordable housing for Oregonians," it also concludes that rent control would "disrupt an orderly housing market, increase deferred maintenance of existing housing stock, lead to abandonment of existing rental units and create a property tax shift from rental-owned to owner-occupied housing" (ORS). The law does not preclude cities, however, from limiting rents on affordable properties that have received public benefits such as density bonuses.

Despite these limitations, there are a variety of tools being used in Portland that help prevent or mitigate displacement due to gentrification. Many of the existing strategies and programs aim to create or preserve affordable housing, which helps lower-income residents stay in their neighborhoods, if not their homes. Other tools help residents build their incomes or assets, keep up with rising housing costs, or transition from renting to homeownership. The following chapter explores nine additional tools that could potentially be used in Portland. They have been explored through mini case studies to gain a better understanding of their use and outcomes.

Chapter 5: Mini Case Studies of Selected Tools

This chapter presents mini case studies on nine tools that could help Portland augment its efforts to prevent or mitigate displacement. These tools have been drawn from three of the five categories outlined in the literature review: generate revenue for housing programs, manage development and assist residents. The other two categories – create new affordable housing and convert or preserve units as affordable housing – have not been further studied because the research in Chapter 4 revealed that Portland is already doing a lot of work to promote affordable housing.

The nine tools examined in mini case studies in this chapter are highlighted in red in Table 3 and are sorted into the three remaining categories. Each mini case study discusses one tool, beginning with a brief description of the community in which it has been adopted. (These communities are shown in red in Table 3.) The tools are then analyzed in relation to their operation, outcomes, challenges and lessons learned.

Additional examples of most of the selected tools are provided in Appendix G. This shows how tools have been structured and used in different ways across the country. These examples are highlighted in green in Table 3.

Table 3: Anti-Displacement Tools in Three Remaining Categories

Tools to Mitigate Displacement	**Example Communities**
Generate Revenue for Housing Programs	
Document Recording Fee	Oregon, Washington
Housing levy	**Seattle**
Linkage fees	**Boston, Sacramento, San Diego**
State and federal funds	Many
Tax-increment financing	Chicago, Houston
Manage Development	
Anti-speculation or real estate transfer tax	Florida, New Jersey
Condominium conversion ordinance	**Santa Barbara, Eugene, San Diego**
Owner-occupancy ordinance	**Davis**
Rent stabilization (Just cause for eviction)	**Oakland, Glendale, San Diego**
Assist Residents	
Homeownership/homebuyer programs	Sacramento
Housing rehabilitation program	Atlanta, Seattle, St. Petersburg
Individual development accounts	Atlanta
Location-efficient mortgages	Chicago, San Francisco, Seattle
Rental/financial assistance programs	Berkeley, Miami, Seattle
Tax abatements, credits or circuit breakers	**Washington DC, Philadelphia, Atlanta**
Tax deferrals	**Philadelphia, Washington DC**
Tenant displacement assistance	**Santa Barbara, Los Angeles, Seattle**
Tenant opportunity to purchase act	**Washington DC**
Workforce development/agreements	Seattle

Generate Revenue for Housing Programs

1. Housing Levy

1a) *Community: Seattle, Washington*

Seattle, Washington is a city of roughly 600,000 people located in the Pacific Northwest. Home to several major companies such as Microsoft and Starbucks, the city has attracted highly-educated people, including young adults. As the city's population has increased since the 1990s, so have housing costs. Growth management regulations constraining suburban expansion have been cited as a cause of increased housing costs, as development has been directed to the largely built-out city (Levy et al 2006, 53). Less educated, lower-income families and seniors have been displaced to the outer fringes of the city or to the suburbs. This has particularly been true for African Americans, who have been pushed out of the historically black neighborhoods near downtown Seattle, displaced by "aggressive white reentry and reinvestment" (Morrill 2003, 4-9).

In recent years, housing costs have risen throughout the city. Rents are projected to increase 5 to 7 percent in 2012 (Kostyack 2011). The City of Seattle Office of Housing is thus focusing its efforts on helping the very low-income population – those who cannot afford increases – remain in the city. As Seattle continues to grow, the Office of Housing also wants to ensure affordable housing is built and preserved, particularly around future transit routes (Kostyack 2011).

1b) *Housing Levy: Operation*

A housing levy is a property tax assessment that raises money to create or preserve affordable housing and assist low-income tenants. Seattle voters have approved four such levies and one bond to promote affordable housing since 1981. The levies have funded a variety of programs, which have mostly focused on the construction and preservation of affordable rental housing (Kostyack 2011). The first levy only served the housing needs of low-income seniors, but since then, it has funded housing for a broader range of people and incomes. When a levy is approved, the specific programs to be funded, the amount of money to be spent in each program, and the income limits of the people to be served are set.

The latest levy, a $145 million 7-year levy, was approved in November 2009 following more than a year of public outreach (City of Seattle 2010). The levy costs homeowners roughly $65 a year and funds five programs: Rental Preservation and Production, Operating and Maintenance Fund, Homebuyer Assistance, Rental Assistance, and Acquisition and Opportunity Loans. The largest program is the Rental Preservation and Production program, which funds the construction or rehabilitation of apartments that must remain affordable for at least 50 years (Kostyack 2011). Roughly $104 million raised by the 2009 levy will go toward this program (City of Seattle 2009). The Acquisition and Opportunity Loan program is new; it provides short-term acquisition loans to help developers acquire buildings or land for affordable housing.

All of the programs are administered by Seattle's Office of Housing except the Rental Assistance program, which will be funded and administered by the Human Services Department starting in 2012. An Administrative and Financial Plan, adopted by the City Council and revised every two years, governs the distribution of levy funds, and an Oversight Committee monitors and reports on the progress of the programs (City of Seattle Office of Housing 2010). Levy funds are awarded through an application process that is open to nonprofit and private developers. Applicants have generally been nonprofit housing developers (Kostyack 2011).

1c) *Housing Levy: Outcomes*

Housing levies in Seattle have funded more than 10,000 affordable rental units and more than 600 first-time homebuyer loans (City of Seattle 2010). Many of the affordable apartments have been newly constructed, though existing older housing has also been acquired and rehabilitated, including federally-subsidized housing with expiring mortgages. For example, levy funds were used to preserve a senior housing project in 2009, which prevented the displacement of 107 low-income residents (City of Seattle 2010). In addition to capital projects, more than 4,000 households have received rental assistance thanks to the housing levies; the vast majority of those households were able to stay in their current homes as opposed to having to move to more affordable or permanent housing.

The 2010-2016 levy is expected to produce or preserve 1,850 affordable homes and assist 3,420 households (City of Seattle 2009). That includes more than $9 million in homebuyer assistance and more than $4 million in rental assistance.

1d) *Housing Levy: Challenges*

Passing a housing levy is challenging in part because "each campaign is a fresh campaign" (Kostyack 2011). While the City of Seattle can tell voters that each levy is effectively a renewal of an older one, many people do not remember that they approved a levy years ago. That means an extensive public outreach campaign is required. Public meetings, polling and direct mailings are among the many ways the City of Seattle and a campaign committee reaches out to voters. In addition, voters often do not connect housing projects with the levy. The City therefore has to make the connection for them, pointing to buildings the levy has funded and people it has served. (Unlike typical levies where the project to be funded is known in advance, a housing levy is not as targeted.)

In general, it takes a lot of time – typically two years – and effort on the part of many people to get a levy renewed (Kostyack 2011). This includes an extensive planning process whereby the City, with input from residents, determines how housing needs have changed in Seattle and how the City's programs should be revised. The mayor then has to propose putting a levy on the ballot, and the city council has to vote to do so. Once that occurs, a campaign committee takes over, advocating for the levy. The City can only support these efforts through education.

1e) *Housing Levy: Lessons Learned*

Any effort to pass a housing levy should start with polling, according to the City of Seattle's Housing Program Manager (Kostyack 2011). It is important to know what people understand in terms housing needs and to determine what they are willing to support. A city, for example, may have to start by structuring its levy so that it only funds housing for a narrow slice of the population, the slice voters understand are in need of help (Kostyack 2011). The City of Seattle did this when it first proposed a levy, targeting only seniors. This made the levy more palatable.

It is also important that levy funds be flexible enough to respond to the market as well as changing housing needs (Kostyack 2011). While Seattle's levy specifies the amount of money to be spent on each housing program, there are no restrictions, for example, on whether the funds set aside for Rental Housing and Preservation have to go toward new construction or acquisition. This has enabled Seattle to use its levy funds in the most effective and cost-effective way.

2. Linkage Fees

2a) *Community: Boston, Massachusetts*

The capital of Massachusetts, Boston is home to roughly 650,000 people. Like in many older cities across the country, gentrification has been occurring in Boston for several decades. Neighborhoods like the South End, Jamaica Plain, Charlestown and South Boston have all experienced significant changes over the years as housing prices have soared and higher-income residents have moved in. These higher-income families and professionals have been largely drawn to these neighborhoods because of their close proximity to downtown Boston and their older, attractive housing stock. Public and private investment in neighborhoods have also attracted newcomers and led to increased property values.

This has been true, for example, in Charlestown, which began gentrifying in the late 1980s. Around that time, Jamaica Plain experienced a "boom and bust cycle" in its housing market, which saw many rental housing units converted into condominiums and many lower-income families displaced to other neighborhoods (NeighborWorks 2005, 60). The end of rent control in 1994 further fueled gentrification in Boston as affordable housing became much scarcer. The City of Boston and many nonprofit organizations have responded by promoting, creating and preserving affordable housing across the city. Nonetheless, Boston remains among the more expensive cities in the country in which to live.

2b) *Linkage Fees: Operation*

Boston's linkage program – officially called Development Impact Project Exactions – is part of Article 80B of the City's zoning code. It was created in 1983 to "balance large-scale commercial development with needed residential construction," its main purpose being to mitigate gentrification due to commercial investments and rising property values (Neighborhood Housing Trust 2009, 4; Dillon 2011). The ordinance applies to new large-scale commercial developments that are more than 100,000 square feet and require zoning relief (City of Boston 1996, 49). This includes retail, office, services, institutions, educational facilities, hotels, motels and other commercial projects. The ordinance requires a housing exaction equal to $7.87 per square foot of gross floor area above 100,000 square feet and a jobs contribution exaction equal to $1.57 per square foot of gross floor area above 100,000 square feet.

The exactions can be met by making the required payment, creating affordable housing or a job-training program, or a combination of both. The vast majority of developers pay the housing exaction as opposed to creating affordable housing (Dillon 2011). The Boston Redevelopment Authority (BRA) works with developers to ensure that their housing exactions are the appropriate amount, and the City's Treasury Department collects the payments. Twice a year, the City's Department of Neighborhood Development holds a competitive funding round through which it solicits applications for funding, and then the Neighborhood Housing Trust awards the linkage funds to projects. A housing project can receive up to $750,000 in linkage funds (Dillon 2011). (Job contribution exactions are distributed by the Neighborhood Jobs Trust.)

Housing payments must be made in seven equal annual installments, with the first payment due two years after a building permit is issued or when a certificate of occupancy is issued, whichever comes first (City of Boston 1996, 52). As an alternative, payments can be made all in one year. For projects downtown, the first payment is due when a building permit is issued. Job contribution exactions must be paid in two equal annual installments.

The linkage program has gone through several changes since its adoption. In 1986, the program faced a legal challenge by opponents who contended that linkage fees were an illegal tax. In response, the Massachusetts Legislature authorized the program. Boston then passed a revised ordinance that added a job training element and shortened the pay-in period for developments downtown. In 2001 and 2007, the linkage fee was increased. The zoning ordinance allows the BRA to change the fees – or formulas – every three years.

2c) *Linkage Fees: Outcomes*

The linkage program raises roughly $5 million to $7 million a year for housing, and in total, it has generated more than $123 million for housing (Dillon 2011, O'Keefe 2011). The program has funded the creation or preservation of more than 8,500 units of affordable housing in projects throughout Boston (O'Keefe

2011). Projects have ranged from new construction to redevelopments. Examples include a new 22-unit affordable rental and homeownership project on city-owned land in Mission Hill, the conversion of a former elementary school into 44 units of affordable senior housing in Roslindale, and the acquisition and preservation of a 337-unit expiring use development by tenants in Charlestown (Neighborhood Housing Trust 2009, 14-16).

2d) *Linkage Fees: Challenges*

In the early years, the amount of revenue collected from the linkage fee program was not necessarily predictable. Not only were linkage fees tied to the market – which they continue to be – but sometimes projects that received permitting would not break ground when expected, or developers would get behind on payments (Gehret 2011). It was also difficult for the City to collect payments from developers who were hesitant to pay given the legal challenges to the program. Today, many of those issues have dissipated, particularly as linkage has become "part of doing business" in Boston (Gehret 2011). City agencies' roles in administering the program have been clarified, and developers now know they must pay the fees. The alternative, challenging the fees, would be costly and would likely delay their project.

Another challenge to the program centers on the inability of the City of Boston – due to state statutes – to dedicate linkage funds, or a certain percentage of funds, to specific neighborhoods (Dillon 2011). This means that the money raised from a commercial development in a particular neighborhood does not necessarily stay in that neighborhood. The effects of a large-scale commercial development in a neighborhood are therefore not necessarily mitigated. Given this challenge, the Mayor's Housing Advisor thinks the City could work with commercial developers and nonprofit housing developers to create partnerships that allow affordable units to be created in the neighborhood in which the commercial development is built (Dillon 2011). For example, instead of paying linkage fees, commercial developers could work with local nonprofits to develop affordable housing in the same neighborhood. The City does not currently facilitate any such partnerships.

2e) *Linkage Fees: Lessons Learned*

One of the strengths of Boston's linkage program is its breadth of coverage. Because everything from university projects to hospital expansions trigger the linkage ordinance, the City of Boston raises significant amounts of money even if one market – like hotel development – is down (Dillon 2011). This has helped prevent major fluctuations in funding from year to year. The ability of developers to make payments over time has also helped the City maintain a relatively steady stream of income for affordable housing (BRA 2000, 4). The extended payment period has also allowed developers to reduce their upfront development costs (BRA 2000, 4).

Beyond these strengths, Boston officials say the linkage ordinance has been well implemented because it has been integrated into the City's overall housing strategy, with different departments coordinating their activities (Gehret 2011). The Mayor's Housing Advisor also thinks it has been successful in part because specific departments are responsible for implementing the parts of the linkage program that fall within their expertise (Dillon 2011). The Treasury, not the redevelopment authority, for example, is responsible for collecting the linkage fees. It is recommended that other communities follow this model.

Manage Development

3. Condominium Conversion Ordinance

3a) *Community: Santa Barbara, California*

Located in southern California, Santa Barbara is home to roughly 86,000 people. Displacement of lower-income residents there has been driven by several factors, including rising housing costs and development (Faulstich 2011). The city's housing costs, among the highest in the country, have climbed to the point where some low-income households "have no choice but to live in overcrowded and substandard situations on a budget that is so stretched that basic food and clothing necessities are often foregone" (City of Santa Barbara 2004, 1). Lower income residents, particularly young families, have been pushed out of the city, while higher-income residents have continued to move in. The city's tight housing market, marked by low vacancy rates, has also meant landlords can rent to tenants of their choosing.

Displacement became a pressing problem in the 1980s when a lot of development was occurring across the city (Faulstich 2011). Rental buildings were being converted into condominiums or demolished to make way for high-priced condominiums. Tenants who were displaced faced the challenge of finding replacement housing in a tight rental market. While the number of conversions has declined in recent years – median sale prices of condos have dropped but rents have remained high – some still occur. In 2006, for example, the City Council approved plans to replace an aging 10-unit apartment building with eight new high-end condominiums and one affordable unit (Welsh 2006).

3b) *Condominium Conversion Ordinance: Operation*

Chapter 28.88 of Santa Barbara's Zoning Ordinance regulates the conversion of dwelling units to condominiums, hotels or similar uses. (Single-unit conversions are exempt, though they are covered by the City's Tenant Displacement Assistance Ordinance. See page 83.) Dwellings cannot be converted into condominiums without obtaining approval from the Planning Commission as well as a conversion permit from the Chief Building Official. The approval process includes a public hearing, and applicants are required to submit a development plan and a report that details the condition of their project's physical elements such as its electrical systems (City of Santa Barbara 2007, 544-10). Information regarding existing units and tenants must also be provided; this includes the name and address of all tenants and the monthly vacancy rate for each month during the preceding two years.

The ordinance also requires applicants to provide tenants with 60 days notice of intent and moving expenses equal to one and a half month's rent or $2,000, whichever is greater. Between the time when an application is approved and a conversion occurs, landlords cannot increase rents "more frequently than once annually nor at a rate greater than the rate of increase in the Consumer Price Index" (City of Santa Barbara 2007, 544-13).

Affordable housing provisions must also be followed. If units in a project have been rented for at least 24 of the previous 48 months at rates affordable to residents earning up to 90 percent of AMI, then after the conversion, the same number of condominiums must be sold at an affordable price (City of Santa Barbara 2004, 11). This price must be affordable to those earning up to 120 percent of AMI.

Landlords are also required to offer their tenants right of first refusal to buy their units. Tenants who do not purchase their units get at least 180 days from the date of an approved conversion to move out and relocate (City of Santa Barbara 2007, 544-13). Special case tenants – including residents who are over 62, handicapped, low income, a single parent with custody of minor children or likely to experience difficulty finding replacement housing – must be given more time to relocate. This extra time cannot exceed six months. The ordinance provides additional protections for tenants with school-age children, allowing them to stay in their units until the end of the school year (City of Santa Barbara 2007, 544-13).

The City generally caps the number of approved conversions in a calendar year to 50 units (City of Santa Barbara 2007, 545). Projects with more units than allowed under the cap can be approved as a phased conversion.

3c) *Condominium Conversion Ordinance: Outcomes*

The ordinance has had a "chilling effect" on condominium conversions (Faulstich 2011). It has slowed down the pace of condominium conversions, particularly in the 1980s when the 50-units-a-year cap held off some proposals. Some conversions may have also been prevented. (Data on the number of conversions proposed and approved over the years was not available.) This, in turn, has at least slowed the rate at which renters have been displaced in Santa Barbara. It has also provided vulnerable tenants more time to find replacement housing. In general, property owners have largely abided by the provisions of the ordinance because the City has closely monitored the conversion process (Faulstich 2011).

3d) *Condominium Conversion Ordinance: Challenges*

The affordable housing provision of the ordinance has been circumvented by property owners (Faulstich 2011). Knowing that the provision only applies if units have had low rents for a certain period of time, property owners have raised their rents, waited and then applied for condominium conversions. The number of conversions that have been subject to the affordable housing requirement is unknown. It is also unclear how many tenants have taken advantage of their right of first refusal to buy their unit; the number is not likely large given the high cost of condos in Santa Barbara (Faulstich 2011).

3e) *Condominium Conversion Ordinance: Lessons Learned*

Setting physical standards for condominium conversions is important, according to the City's affordable housing supervisor (Faulstich 2011). By requiring a certain number of parking spaces per unit, for example, or requiring buildings to be refurbished, Santa Barbara has been able to further limit and discourage the number of conversions. In other words, the physical standards in the ordinance have made some apartment buildings ineligible for conversions.

In addition, while the condominium conversion ordinance has been viewed as successful, the City's affordable housing supervisor recommends using or adopting additional tools to mitigate displacement (Faulstich 2011). These tools could include inclusionary housing and tenant displacement assistance ordinances.

4. Owner-Occupancy Ordinance

4a) *Community: Davis, California*

Davis is city of roughly 64,500 in the Central Valley of northern California. Home to the University of California at Davis, the city is a university and residential community. The university's presence as well as the city's low crime rate, quality local school system and convenient location have created a "high demand to move into this community" and have resulted in high housing prices (City of Davis). Increases in the UC Davis population and limited potential for new development in Davis have also put pressure on the housing market, making affordable housing a major priority of the City. Some areas of the city, particularly East Davis, are currently undergoing gentrification.

The City adopted an Owner-Occupancy ordinance in early 1990s – Article 18.04.0 of the Municipal Code – to ensure that affordable residential units would be maintained as ownership opportunities. The ordinance came in response to a "high level of speculative investment activity in the purchase of individual residential ownership units, especially lower-priced units" by investors who then rented out the properties to university students and visiting professors (City of Davis 2006). This was driving up housing prices, reducing the stock of lower-priced ownership units and displacing lower-income households. The City was also concerned about the ability of the local workforce, including farm workers, to afford increasing housing costs and remain in Davis (Foster 2011).

4b) *Owner-Occupancy Ordinance: Operation*

The City's Owner-Occupancy ordinance requires any purchaser and subsequent owner of an affordable housing unit to occupy the unit for the entire duration of their ownership, unless otherwise approved by the City (City of Davis 2006, 3). The units must be occupied within six months of purchase. An affordable housing unit is defined as either a unit that is subject to a recorded restriction under the City's inclusionary housing ordinances or one that is "priced to serve very-low, low, moderate, and middle income households, as well as other household groups that the City finds to be underserved by the market or identifies as a public purpose within a specific project" (City of Davis 2006, 2). (While the ordinance could apply to lower-priced units in the private market, it has only been applied to units created under the City's inclusionary ordinance.)

The ordinance includes other requirements, such as the following:

- Each purchaser must sign an annual declaration of occupancy.

- If there are multiple people buying the unit, all of the purchasers must occupy it.
- If the purchaser plans to take a vacation for one to two months, he or she must notify the City of his or her absence and intent to reoccupy the unit after a specific time period. The unit cannot be rented out in the interim.

Several property transactions are exempt under the ordinance, including units that are foreclosed upon, inherited or purchased by a public agency (City of Davis 2006, 5). The ordinance also allows affordable units to be sold to brokers – who can generally retain ownership for 18 months – if granted a permit by the City. Others can also apply for an exemption for "unusual circumstances," such as a substantial reduction in income (City of Davis 2006, 6-7).

4c) Owner-Occupancy Ordinance: Outcomes

The ordinance has been largely successful in deterring speculation and maintaining a stock of lower-priced homeownership units (Foster 2011). Roughly 600 to 700 units have owner-occupancy restrictions in Davis. All of these units were built under the City's Affordable Housing ordinance, an inclusionary zoning requirement that generally requires 25 percent of units in housing developments to be affordable.

The units built under the Affordable Housing and Owner-Occupancy ordinances in the 1990s did not have resale restrictions to maintain their affordability; this allowed the homeowners to use the equity in their house to move up and buy their next home. The owner-occupancy restrictions, however, remained with the units' deeds (Foster 2011). This has resulted in the existence of market-rate units with owner-occupancy restrictions. Many of these units are smaller, relatively inexpensive homes, the kind of housing that investors would likely buy and rent out if owner occupancy was not required (Foster 2011). Due to the occupancy restrictions, however, the homes remain occupied by and available to lower-income homeowners.

In the last decade, housing policy has shifted in Davis. Units created under the Affordable Housing and Owner-Occupancy ordinances today must not only be owner-occupied but their resale prices must be restricted to maintain their affordability (Foster 2011).

4d) *Owner-Occupancy Ordinance: Challenges*

It can be a challenge to track the occupancy of units (Foster 2011). The City of Davis tries to ensure that occupancy requirements are followed by sending a letter to each restricted property every year. The letter includes an owner-occupancy declaration that must be signed under penalty of perjury and returned to the City. If the City does not hear from a property owner or otherwise suspects that a unit is not in compliance, it requests further documentation proving owner occupancy. If the City still has concerns, the City attorney's office gets involved. The City of Davis also receives complaints from residents and homeowner associations regarding a restricted property's occupancy. These complaints are investigated.

4e) *Owner-Occupancy Ordinance: Lessons Learned*

If a community is interested in deterring speculation and maintaining a local workforce, it should consider an owner-occupancy component with any affordable housing requirement (Foster 2011). Even in cities without inclusionary zoning, owner-occupancy restrictions can help preserve housing for homeowners. For example, they could be applied to other affordable housing programs or subsidies.

5. Just Cause for Eviction Ordinance

5a) *Community: Oakland, California*

Oakland, California is a city of more than 400,000 people in southern California. Gentrification became an issue there during the dot com boom in the late 1990s. Higher-income people flooded East and West Oakland, drawn by jobs and rents that were cheap compared to San Francisco (Lo 2009). This put pressure on Oakland's rental market, as the new residents could afford higher rents than many long-time residents. In addition, state law only allowed landlords to raise rents if their units were vacant, so there was an incentive to evict tenants (City of Oakland 2002, 2). The number of "no cause" evictions tripled in two years. Rents sharply rose, vacancies dropped, and many residents were displaced. Seniors, disabled residents, minorities, lower-income residents and families with children were most vulnerable.

It was under these conditions that local activists pushed for a ballot measure – Measure EE – that would protect tenants from being evicted without just cause. The group's first attempt to place the measure on the ballot failed in 2000; they were not able to get enough signatures. In 2002, that hurdle was overcome, and the ordinance was approved despite fierce opposition from landlords (Lo 2009). In 2003, however, a rental housing association sued the City and was successful in striking some language from the ordinance (see below).

5b) *Just Cause for Eviction Ordinance: Operation*

The Just Cause for Eviction Ordinance – Chapter 8.22.300 of the Municipal Code – prohibits landlords from evicting any tenant without just cause, such as failure to pay rent after receiving written notice, causing substantial damage to the premises, or being so disorderly as to disturb the peace of other tenants (City of

Oakland 2002, 5-6). A landlord's desire to sell a unit or raise rent is not a just cause (Illgen 2011, Young 2011).

The ordinance allows landlords to evict tenants to make major repairs to bring their unit into compliance with City codes (City of Oakland 2002, 7). However, tenants generally cannot be required to leave their unit for more than three months, and they must be given first right to return to an upgraded unit. Landlords can also evict a tenant if they plan to move into their unit as their primary residence. (Tenants who have lived in their unit for at least five years and are at least 60 years old, disabled or chronically ill cannot be evicted due to owner occupancy.) The original ordinance required landlords in these cases to offer their tenants replacement units if they owned other vacant residential rental units. However, this section of the ordinance was ruled invalid by the courts in 2007 (City of Oakland 2007, 9).

Under the existing ordinance, the burden is on the landlord to prove that just cause exists in any eviction. Landlords who seek to evict their tenants for just cause must provide written notice to their tenants, specifying the basis for the eviction. Tenants who think they have been wrongfully evicted are allowed to seek relief and damages in court. The ordinance does not apply to certain rental units, including those in hospitals, nonprofit transitional facilities for the homeless, or residential properties with up to three units whereby the owner occupies one.

It is important to note that landlords in California may permanently withdraw rental units from the market under a state law known as the Ellis Act. They can do so – and evict their tenants – as long as all rental units on a property are withdrawn. In these cases, the City of Oakland requires relocation payments for low-income tenants, gives elderly or disabled tenants a year to move (if requested), and penalizes landlords who re-offer their unit for rent within two years of withdrawing the units from the market (City of Oakland 2003, 5-7). Displaced tenants must also be given the first chance to rent a unit that is put back on the market within 10 years.

5c) *Just Cause for Eviction Ordinance: Outcomes*

The City of Oakland has not measured the impact of the Just Cause ordinance and does not keep track of evictions (Kong-Brown 2011). However, the ordinance has been credited with reducing the number of no-cause evictions and helping tenants remain in their homes (Lo 2009, Kong-Brown 2011). It has especially helped prevent – or at least make more difficult – evictions driven by a landlord's desire to raise the rent (Illgen 2011). In turn, it has worked to protect Oakland's tenant population from falling victim to economic circumstances, specifically booming economies that could lead to rising rents (Young 2011). Helping toward that end has been Oakland's rent control ordinance, which regulates the percentage that rents can be raised each year. While California law exempts single-family units from rent control, Oakland's just cause ordinance covers them (Illgen 2011).

Other outcomes of the ordinance have been less desirable. For example, opponents have argued that it has become "more complicated and expensive…to get rid of problem tenants," and many people no longer want to be landlords (Lo 2009). Oakland's deputy city attorney agreed that the ordinance has made it difficult, or sometimes impossible, for landlords to evict problem tenants (Illgen 2011). If a landlord cannot prove in court that a tenant is selling drugs from their apartment, for instance, that tenant cannot be evicted.

5d) *Just Cause for Eviction Ordinance: Challenges*

The biggest challenge has been the disconnect between single-family homes being covered by the just cause ordinance but not covered by rent control (Illgen 2011). While the just cause ordinance has helped prevent landlords from evicting tenants so they can raise the rent, it is unclear if landlords renting single-family homes have raised rents as a way to displace tenants who cannot afford the increases. Oakland officials have not seen cases like this, but they theorize that this kind of action would be a violation of the just cause ordinance as the landlord's intent was to effectively evict the tenant (Illgen 2011). Proving this intent, however, would be challenging.

Landlords, banks and real-estate brokers have also tried to get around the just cause ordinance by wrongfully evicting tenants, who were unaware of their rights. In recent years, many banks and brokers have sent wrongful eviction notices to tenants in foreclosed buildings; these tenants were protected by the just cause ordinance but left anyway. The City responded by filing lawsuits against banks and brokers, some of whom have started to correct their behavior (Illgen 2011).

Another challenge stems from the limited ability of tenants to sue their landlords for serving them wrongful eviction notices. Because of litigation privileges, anything a landlord says in court or in legal notices is protected, meaning they cannot be sued (Illegen 2011). This has allowed landlords to serve an eviction notice, saying they intend to move into their unit, but then never follow through and actually move. In these cases, tenants have moved out after receiving their notice; even though that notice was false, they have been unable to sue for relief.

As mentioned above, the Just Cause ordinance has faced legal challenges from opponents, particularly landlord associations. In 2009, however, the City of Oakland won a six-year lawsuit that sought to overturn the ordinance (Carson 2009).

5e) *Just Cause for Eviction Ordinance: Lessons Learned*

Oakland's deputy city attorney recommends examining the causes of evictions in a community before developing a just cause ordinance (Illgen 2011). By understanding these causes, a local jurisdiction can tailor the ordinance so it covers the kinds of evictions that are most problematic in the community. Ordinances, for example, can be crafted so that they do not allow evictions in cases of foreclosure, or they can protect seniors or disabled tenants from evictions whereby an owner wants to occupy their units.

However an ordinance is structured, it is important that tenants are aware of their rights, so they can be protected (Illgen 2011). The City of Oakland has distributed materials about the just cause ordinance and has conducted informational seminars. It also requires landlords to provide the ordinance to new tenants as well as existing tenants every time their rent increases.

Assist Residents

6. Lower Income, Long-Term Homeowners Tax Credit

6a) *Community: Washington, D.C.*

Washington, D.C., the nation's capital, is home to nearly 600,000 people. Many neighborhoods have experienced gentrification starting in the 1970s and 80s, including Columbia Heights, Shaw, Georgetown and Adams Morgan. Contributing to the changes have been numerous factors such as new downtown social and entertainment amenities, hot housing markets and public infrastructure projects (Kennedy and Leonard 2001, 56-59). The opening of a new transit station in Columbia Heights in 1999, for example, attracted many professionals to the neighborhood. Columbia Heights also had affordable housing prices and older

Victorian homes that appealed to "urban pioneers" (Kennedy and Leonard 2001,58).

In the last decade, the booming market has resulted in soaring housing prices citywide. The median home value jumped from $153,500 in 2000 to $443,700 in 2009 (2000 Census, 2009 ACS). Low-income households, both owners and renters, have faced the most pressure from these rising housing costs as property taxes and rents have risen. In addition, the Council of the District of Columbia has found that few lower-income families can afford homeownership.

6b) *Lower Income, Long-Term Homeowners Tax Credit: Operation*

In 2002, the DC Council passed a Lower Income, Long-Term Homeowners Tax Credit to protect low-income homeowners from "rapid increases in real property taxes that could force them to sell their homes and possibly leave the District" (District of Columbia Office of Revenue Analysis 2010). By being able to stay in their homes, homeowners could access the improvements to their neighborhood (Rodgers 2011). The tax credit program aims to ease the effect of rising assessments and taxes by providing low-income residents with a refund on their income taxes that is equal to the difference between their current real estate property tax bill and 105 percent of their bill from the prior year. Essentially, the program limits the increase in property taxes to 5 percent a year.

To qualify for the tax credit, residents must have owned and occupied their property for the last seven consecutive years and their household income must be less than 50 percent of AMI (District of Columbia Office of Tax and Revenue). In addition, properties must already be eligible for the District's Homestead exemption, which is offered to taxpayers who live in their home. (The exemption, which encourages homeowners to live in the District, reduces the taxable value of a home by $67,500.) Homeowners eligible for the Lower Income, Long-Term Homeowners Tax Credit must submit an application each year.

6c) ***Lower Income, Long-Term Homeowners Tax Credit: Outcome***

Many lower-income households have not taken advantage of the tax credit program (Lazere 2011). In 2007, only 13 homeowners used it. According to the District of Columbia's Tax Expenditure Budget – which measures the impact of tax programs on DC's budget – the tax credit program only resulted in $6,000 in foregone taxes in fiscal year 2010. In contrast, the District's tax deferral program for low-income homeowners has resulted in $3.3 million in foregone taxes in the same period (District of Columbia Office of Revenue Analysis 2010). The reason for the disparity is somewhat unclear, though there are several potential causes, which are described below.

6d) ***Lower Income, Long-Term Homeowners Tax Credit: Challenges***

One of the major challenges to the tax credit program is making sure eligible homeowners both know about it and know how to apply for it (Lazere 2011). The program is not well advertised by the District, so people may simply be unaware that it exists. In addition, the requirement to apply for the tax credit each year – as opposed to having it automatically kick in or renew annually – could be a deterrent (Lazere 2011). The District's low-income tax deferral program, for example, has a one-time application that applies to the current and succeeding tax years (see Appendix G, page 120*)*.

Many people may also not be claiming the homeowner tax credit because there is already an Assessment Cap Credit in Washington, D.C., which limits the increase in any property's tax value to 10 percent a year. Established in 2001 before the Lower Income, Long-Term Homeowner Tax Credit, the assessment cap credit is automatically applied to property tax bills. This 10 percent cap means that the benefit or value of the Lower Income, Long-Term Homeowner Tax Credit is not as large (Lazere 2011, Rodgers 2011).

6e) *Lower Income, Long-Term Homeowners Tax Credit: Lessons Learned*

It is not enough to establish a "good policy" like the low-income homeowner tax credit program; implementation and education are key, according to the executive director of the DC Fiscal Policy Institute (Lazere 2011). There needs to be someone in local government – or the District of Columbia in this case – who pushes the program and has the political will to help ensure that it is well implemented. Someone must also assume the responsibility of informing people about the tool because if no one knows about it, no one will benefit (Lazere 2011).

7. Tax Deferral Ordinance

7a) *Community: Philadelphia, Pennsylvania*

Despite a declining population, Philadelphia is the largest city in Pennsylvania with more than 1.5 million residents. Gentrification began there in the 1960s when investment and development started occurring in many parts of the city. Revitalized historic areas gained popularity as places to live, and in the mid- to late-1990s, housing values dramatically rose in many neighborhoods (City of Philadelphia 2003, 10). This was particularly the case in areas near the city's core where big institutions like hospitals and universities began to expand (Afessa 2011). Property values and real estate taxes rose, forcing some homeowners to sell their homes and move.

In recent years, federal stimulus money has been used to redevelop neighborhoods, increasing housing values and residents' concerns about gentrification (Miller 2010). For example, residents of the Point Breeze neighborhood in South Philadelphia, a historically black area, have been displaced, while others worry that they could be next. Some residents have also sold their homes to developers "only to later realize that without reinvesting that financial windfall, they ended up with nothing" (Miller 2010).

7b) *Tax Deferral Ordinance: Operation*

In 2002, the City Council passed an ordinance – later signed by the mayor – that allows the Department of Revenue to grant whole or partial deferrals on property tax increases if a property's assessed value increased by more than 15 percent in a given year (City of Philadelphia 2003, 9-10; Afessa 2011). The goal is to help lower-income homeowners stay in their homes. According to the ordinance, the Department of Revenue determines whether homeowners are eligible for a deferral after considering their household income, household expenses and available liquid assets. Taxes can be deferred until a home is sold or changes ownership. Interest of 6 percent per year is applied to the total amount of deferred taxes due.

7c) *Tax Deferral Ordinance: Outcomes*

The tax deferral program did not materialize as anticipated. The City has never received an application for the program, and no one has inquired about it (Afessa 2011). In addition, the Department of Revenue never set up the policies and procedures needed to run the program largely because of the complexity involved. Deferred accounts would need to be established, for example, and liens against properties would need to be established (Afessa 2011). The City also has not publicized the program, so it is unclear if residents are aware that it exists.

7d) *Tax Deferral Ordinance: Challenges*

One of the challenges to the tax deferral ordinance is the 6 percent interest on the total amount of deferred taxes, which has to be paid when the property is sold (Afessa 2011). This high interest rate is seen as a deterrent to anyone who might consider applying for a tax deferral. In addition, many properties' assessed values may not have increased by more than 15 percent in a given year, which means few households may qualify. Even if a property's value has increased – by any amount – its assessed value may not have subsequently increased. That is because the City of Philadelphia does not reassess property values very often, so in most cases, assessed values are much lower than market values (Afessa 2011).

7e) *Tax Deferral Ordinance: Lessons Learned*

The Revenue Director of Policy thinks the tax deferral ordinance is flawed as it currently exists, mainly because of the 6 percent interest rate on deferred taxes. He recommends lowering that rate so that it does not deter qualified residents from applying. As an alternative, the Director suggests that a community concerned about displacement provide lower-income homeowners with the opportunity to freeze their property taxes, not defer them only to have to repay them later (Afessa 2011). Philadelphia offers such a program for seniors, which has been used by many residents who have subsequently been able to remain in their homes (see Appendix G, page 119).

8. Tenant Displacement Assistance Ordinance

8a) *Community: Santa Barbara, California*

As mentioned earlier, Santa Barbara is a city in southern California where development and high housing costs have led to displacement. The City adopted a

Tenant Displacement Assistance Ordinance during a building boom in the 2000s, when many rental units were being demolished and rebuilt (Gularte 2011). Property owners were taking advantage of an ordinance that allowed larger residential units to be built on properties zoned multifamily. They would tear down one to three units on a lot and then replace them with one to two larger "mondo condos" (Gularte 2011). Tenants were thus displaced, and there was no mechanism to help them. The City's Condominium Conversion Ordinance could not protect or assist these tenants because their rental units were being demolished and rebuilt as opposed to being converted into condos (City of Santa Barbara 2005).

8b) ***Tenant Displacement Assistance Ordinance: Operation***

The City's Tenant Displacement Assistance Ordinance, adopted in 2006, aims to "mitigate the social and economic impacts experienced by residents of rental housing who are displaced" due to certain circumstances (City of Santa Barbara 2006, 15). It is triggered when property owners apply for a land use change or property improvement that will displace tenants due to one of the following reasons: demolition of a rental unit, alternation of a building that reduces the number of rental units, conversion of a single rental unit to a condominium unit, or change of use from residential to nonresidential use. (Condominium conversions are covered by a separate ordinance. See page 67.) The ordinance does not apply to rental units that are redeveloped even if displacement occurs (Gularte 2011).

The ordinance requires property owners to give tenants at least 60 days notice of their application. They must also pay tenant households $5,000 or the equivalent of four times the median advertised rental rate, whichever is greater (City of Santa Barbara 2006, 17). This displacement assistance is higher for special needs households – those with at least one person who is 62 or older, disabled or low-income. If a property is redeveloped with homeownership units, tenants get a right of first refusal to buy a unit for 90 days. Tenants are generally eligible for this assistance if they either live in a unit or *lived* in a unit in the preceding six months. This latter provision is intended to prevent landlords from evicting tenants and then applying for a land use change or project approval (Beltz 2011).

Displacement assistance and the right of first refusal can be waived or changed as long as there is a written agreement between the tenant and property owner. A copy of this waiver or agreement – or a copy of a cancelled check showing that assistance was paid – must be given to the City before any permit for a land use change or project is issued.

8c) *Tenant Displacement Assistance Ordinance: Outcomes*

The City of Santa Barbara does not track the number of people who have received assistance or purchased their unit due to the Tenant Displacement Assistance Ordinance. City officials, however, say financial assistance has been provided to tenants who have been displaced, especially when the ordinance has been triggered by a project that must go through the City's permitting process (Beltz, 2011). In these cases, developers typically comply with the ordinance and pay displacement assistance because they want their project to be approved.

Other times, however, displacement assistance is not paid. For example, property owners who apply for a demolition permit often provide the City with affidavits of waiver, saying that tenants have relinquished their assistance or have voluntarily left their units (Beltz 2011). It is hard to prove the accuracy of these documents, so it is unclear whether the ordinance has been followed or circumvented. Tenants have come forward and complained to the City that they were not given assistance.

8d) *Tenant Displacement Assistance Ordinance: Challenges*

The ordinance is very difficult to implement, particularly because the City of Santa Barbara does not have a system by which it tracks rental units and tenants (Beltz 2011). It is thus hard to ensure compliance with the ordinance. Implementation was more challenging in the past when the ordinance applied to both legal and *illegal* rental units (Beltz 2011, Gularte 2011). Establishing tenancy in illegal units was nearly impossible because tenants tended to pay their rent in cash and not sign written leases. When illegal units were discovered, not only did the City want them removed at once – the 60-day notice period for pending displacements did not therefore work – but tenants often immediately moved. Due to these complications, the ordinance was amended in 2008 to no longer apply to illegal units.

Other challenges stem from loopholes in the ordinance. As mentioned earlier, the ordinance does not apply to the redevelopment or remodeling of rental units even if tenants are displaced (Gularte 2011). In some cases, though, rental units are torn down to the foundation and rebuilt. Property owners argue that this constitutes a remodeling, not a demolition that would trigger the Tenant Displacement Assistance Ordinance. They have been successful because Santa Barbara's zoning ordinance does not define the word "demolition" (Beltz 2011). This has been a difficult issue to address because the City of Santa Barbara does not want to discourage property owners from upgrading their units.

8e) *Tenant Displacement Assistance Ordinance: Lessons Learned*

City officials say it is critical to think about implementation when passing a tenant displacement assistance ordinance. For example, officials should clearly define the word "demolition" to avoid loopholes that exist in Santa Barbara's ordinance (Beltz 2011). Officials should also figure out how a displacement assistance ordinance can effectively apply to illegal units; if it cannot, those units should be exempt (Beltz 2011, Gularte 2011). Either way, tracking rental units would help. If the city knew who lived in what units, it would be better able to enforce the ordinance.

Implementation would also be easier if the city set up a fund into which all property owners with proposed demolition units paid a fee (Beltz 2011). Tenants could then request assistance from that fund with proof of tenancy. This kind of arrangement would reduce a property owner's desire and ability to lie about the existence or circumstances of their tenants. As an alternative, the city could set up an avenue through the courts whereby tenants could sue their landlords for payment. This would take implementation out of the hands of the city.

9. Tenant Opportunity to Purchase Act

9a) *Community: Washington, D.C.*

As mentioned earlier, many neighborhoods in Washington, D.C. have experienced gentrification during the last four decades. In the late 1970s and early 1980s, the District of Columbia also faced a shortage of rental housing. The vacancy rate among units affordable to lower-income tenants was extremely low (District of Columbia 1980). At the time, thousands of rental units were being converted into condominiums or cooperatives, which particularly harmed lower-income tenants who were being displaced. It was in this context that the Washington, D.C., Council passed the Rental Housing Conversion and Sale Act of 1980, which regulates the conversion and sale of rental units. The Act, which is Chapter 34 of DC's Official Code, aims in part to "discourage the displacement of tenants through conversion or sale of rental property" and "preserve rental housing which can be afforded by lower income tenants" (District of Columbia 1980).

9b) *Tenant Opportunity to Purchase Act: Operation*

The Tenant Opportunity to Purchase Act (TOPA) was passed as part of the Rental Housing Conversion and Sale Act of 1980. Under TOPA, owners of rental housing units must give their tenants the right of first refusal to purchase their property before selling it to anyone else (District of Columbia 1980). In other words, tenants – or a tenant organization that can be formed in housing with five or more units – have the right to match an offer for sale. Tenants can sell or assign this right to a third party, such as a private or governmental party, or they can jointly exercise their right with another party. A copy of any offer for sale must be provided to each tenant as well as the District of Columbia, and it must include the asking price, terms of sale and information about the tenant's rights.

TOPA applies to single-family rental units as well as apartment buildings. Some property sales are exempt, including transfers of property between spouses or between a parent and child (District of Columbia 1980). If TOPA does apply, tenants have 15 to 45 days from receiving notice of an offer of sale to provide the owner and the District with a written statement of interest. They then have at least 60 to 120 days to negotiate a deal, plus additional time to secure financing and financial assistance. The time period depends on the number of units being sold.

9c) *Tenant Opportunity to Purchase Act: Outcomes*

While data on the number or percentage of units purchased by tenants under

TOPA is unavailable, legal experts think the law has been "critical to the preservation of affordable housing and the expansion of homeownership among the District's low-income residents" (Harrison Institute for Public Law 2006). It has helped tenants stay in their homes and avoid displacement despite gentrification pressures.

According to the District's Housing Resource Administrator, TOPA is used nearly once a day (Stucker 2011). In some cases, tenants partner with a developer to purchase and redevelop their building. Tenants who buy their building can also convert it into condos or a low-income cooperative, keep it as rental and self-manage it, or sell it, among other options. A building that is purchased by tenants and then converted into condos has significantly lower prices per unit than a building that is broken into condos before individual units are sold (Stucker 2011). This has made condo ownership more affordable for tenants who wish to remain in their homes.

9d) *Tenant Opportunity to Purchase Act: Challenges*

Because TOPA has been around for 30 years, people – including those who oppose it – have gotten used to the law and understand that it is "going to stay" (Stucker 2011). Owners and developers, though, have attempted to circumvent the law. For example, they have tried to get around the word "sale" in the ordinance and avoid triggering the law by selling only 95 percent of their property as opposed to the whole thing. This loophole has been addressed by requiring owners to send a notice to the District any time a transfer of ownership occurs (Stucker 2011). The District can then determine if the transfer is indeed a sale, thereby triggering TOPA. The District, which has rent control, also investigates the history of properties to help ensure that tenants have not been evicted to avoid the ordinance; tenants often challenge their landlords in court if they think their rights have been violated.

Other challenges to TOPA include the availability of funding to purchase units and the overall complexity of the law, which has made it difficult for tenants and others to understand it (Harrison Institute for Public Law 2006). The District has addressed the latter concern by providing funding to nonprofits, which assist tenants who have received notices of offers of sale (Stucker 2011). When tenants decide to purchase their unit or building, they often hire attorneys to help them navigate the process. Many attorneys agree to be paid after a sale is complete when equity can be used to cover their fee. The District also provides money to tenants who want to buy their building and convert it into a limited equity cooperative.

9e) *Tenant Opportunity to Purchase Act: Lessons Learned*

Beyond addressing the challenges mentioned earlier, it takes a very strong will to pass a law like TOPA and then stand behind it, according to the District's Housing Resource Administrator (Stucker 2011). If a city waivers on its commitment, it can encourage challenges and opposition. When crafting an ordinance like TOPA, it is also critical to understand and involve all stakeholders, including developers, city officials, lenders and tenants. Coalition building, transparency and public input on the front end are important.

Once a law is passed, a city should continue to hold community meetings – as the District does – to discuss any issues that arise (Stucker 2011). The District has continually scrutinized and worked to improve TOPA to ensure that it responds to issues, needs and loopholes. As a result, the ordinance has been amended many times. It is also important for the ordinance to provide guidance and discretion in the face of ambiguity or gaps in coverage, particularly as real estate transactions and financial tools continue to evolve and change. In these situations, an ordinance should direct a local jurisdiction to consider strengthening tenant rights.

It is important to note that two-thirds of DC residents are tenants, so they have significant power in politics (Stucker 2011). This has played an important part in the passage and maintenance of pro-tenant laws in the District.

Summary

This chapter has examined nine tools that could help Portland bolster its efforts to mitigate displacement due to gentrification. The research has highlighted different circumstances that have led communities to adopt the tools, and it has revealed varying outcomes and challenges. Table 4 summarizes the research findings. This information will be used in the following chapter to help analyze how the nine tools could be applied to Portland, with an emphasis on the strengths and weaknesses of each.

Table 4: Summary of Mini Case Studies

Tool	Community	Operation	Outcome	Challenges	Lessons Learned
Generate Revenue for Housing Programs					
1) Housing Levy	Seattle, WA	Raises property taxes to fund housing programs	Funded more than 10,000 affordable rental units, 600 first-time homebuyer loans and rental assistance for more than 4,000 households	Extensive public outreach is required to pass each levy.	Cities must determine what voters will support, and the use of funds should be flexible.
2) Linkage Fees	Boston, MA	Requires housing and jobs exactions for large-scale commercial projects	Raised more than $123 million for housing and funded more than 8,500 affordable housing units	Funding levels have not always been predictable, and funds cannot be dedicated to specific neighborhoods.	Fees should apply to a broad range of project types, and city agencies should help implement the program according to their expertise.
Manage Development					
3) Condominium Conversion Ordinance	Santa Barbara, CA	Requires local approval of conversions as well as moving expenses and right of first refusal for tenants, also caps number of conversions per year	Slowed pace of conversions and provided vulnerable tenants with more time to move	Affordable housing provisions are circumvented.	Cities should set physical standards for buildings that can be converted into condos.
4) Owner-Occupancy Ordinance	Davis, CA	Requires purchasers of affordable units to occupy them	Deterred speculation and maintained stock of lower-priced homeownership units	It is difficult to track the occupancy of units.	Owner-occupancy restrictions should be considered with any affordable housing requirement.
5) Just Cause for Eviction Ordinance	Oakland, CA	Prohibits evictions without just cause	Reduced the number of no-cause evictions and helped prevent evictions due to a landlord's desire to raise rent	It is unclear if landlords of single-family homes have raised rents to force tenants to move. They have wrongfully evicted tenants.	Cities should examine the causes of evictions and then tailor an ordinance to those causes.
Assist Residents					
6) Lower Income, Long-Term Homeowners Tax Credit	Washington, D.C.	Refunds a portion of lower-income, long-term homeowners' income taxes	Used by very few homeowners	Homeowners may not be aware of the program, and its benefit might not be significant.	Someone must champion the program and ensure people are aware of it.
7) Tax Deferral Ordinance	Philadelphia, PA	Allows property tax deferrals if a property's assessed value increases by more than 15 percent	Never implemented	The 6 percent interest on deferred taxes may be a deterrent, and the 15 percent threshold may be too high.	A lower interest rate should be used, or a tax freeze should be offered instead of tax deferrals.
8) Tenant Displacement Assistance Act	Santa Barbara, CA	Provides tenants with relocation assistance and right of first refusal when their units are demolished or converted into ownership units or commercial uses	Provided some but not all displaced tenants with relocation assistance	It is difficult to ensure compliance due to the lack of tracking system for rental units, and there is a loophole for units that are demolished but rebuilt.	Cities should think about how to implement an ordinance when adopting it. Establishing a way to track rental units would help.
9) Tenant Opportunity to Purchase Act	Washington, D.C.	Provides tenants with right of first refusal to buy their property when it is offered for sale	Helped tenants avoid displacement, preserved affordable housing, expanded homeownership among lower-income residents	The law is difficult to understand, and tenants must secure funding to buy their units. Owners have tried to circumvent the law.	Cities should involve all stakeholders in the crafting of the law and should continually work to improve it in response to needs and loopholes.

Chapter 6: Conclusions and Recommendations

This research has revealed that there are many tools and programs in Portland that help mitigate displacement due to gentrification. However, there are three areas in which the city could bolster its efforts. Specifically, Portland should:

- Pursue a new dedicated funding source for housing programs
- Explore ways to manage future development that might cause displacement
- Augment assistance for existing low-income homeowners and renters

This thesis has examined nine tools that could help Portland achieve these ends. Mini case studies on each have unveiled a wide range of outcomes. While some tools have been successful in mitigating displacement, others have been largely ineffective. Despite these varied outcomes, all of the cases offer valuable lessons from which Portland can learn. Not only do they illustrate different ways in which tools can be structured, they provide insight into challenges of implementation.

Of course, what works in one community may not work in another. Market conditions, legal constraints, historical events, political environments and other factors can affect whether or not a strategy is effective – or even appropriate – in a given community. The following section explores how the nine tools presented in Chapter 5 could be applied in Portland; this is done by analyzing the strengths and weaknesses of each tool. It is important to note that any tool, if adopted, should be tailored to address the specific needs and concerns of Portland.

Pursue a New Dedicated Funding Source for Affordable Housing

The City of Portland, Multnomah County and nonprofit organizations have worked to create, preserve and promote affordable housing in many ways. This work has helped mitigate displacement by providing many lower-income households with the opportunity to continue living in their neighborhoods. Many agree, though, that more funding is needed to support and strengthen their efforts. Public officials, policy experts and housing advocates are actively exploring different funding options for affordable housing, and this work should continue. A dedicated revenue stream is needed in Portland, one that can be used for a variety of housing programs and services citywide. While the state's new document recording fee has increased the amount of money available for affordable housing, the funds are largely competitive. Therefore, there is no guarantee Portland will receive a certain amount of funding each year.

In addition, while Portland's TIF Set Aside is a major source of funding for affordable housing development, it has limitations. The money can only be spent in urban renewal areas, which means the projects funded are confined to specific areas. The vast majority of Proud Ground's funding, for example, is urban renewal money, so most of its housing is located in urban renewal areas (Beason 2010). These areas are also limited in scope by state law. Under ORS 457, only 15 percent of the land in Portland – based on assessed value – can be in an urban renewal area at any one time. State law further restricts how urban renewal money can be spent; it can only fund capital improvements and property purchases. Homeowner education programs, rental assistance and other programs thus cannot be supported with TIF money. Several of the existing URAs in Portland are also expiring in the next five years, so funding for affordable housing could decline (Sheern 2011).

1. Housing Levy

Strengths

- It could provide Portland with a flexible, reliable revenue stream to fund affordable housing development as well as a wide range of programs and services.

- Revenue could be used throughout Portland or Multnomah County, depending on how the levy was structured.
- Housing advocates and some local officials are interested in pursuing a housing levy.
- Portland and Multnomah County voters have a history of funding projects and programs with local five-year property tax levies.
- Nearby Seattle has successfully passed housing levies over the last three decades.

Weaknesses

- It would be difficult to pass in a down economy, so any such effort would likely have to wait until the economy strengthens.
- It might have to be limited in scope – only funding senior housing projects, for example – to get voter approval.
- There could be competition from other levies on the ballot. As this thesis was being completed (May 2011), Portland schools were requesting an operating levy and redevelopment bond.
- The general public does not necessarily recognize a need for affordable housing projects or programs, so extensive public outreach and education would be needed before any levy was put on the ballot. This outreach was done in Seattle.

2. Linkage Fees

Strengths

- It would provide Portland with a revenue stream to fund affordable housing.
- Revenue would come from developers, so the financial burden would not be on property owners.
- Revenue would be tied to private-sector commercial investments, which can spur gentrification. It would thus be a more direct form of mitigation than a housing levy.
- Linkage fees have raised significant amounts of money for affordable housing in Boston and other cities, so models of success are available.

Weaknesses

- The City of Portland already levies significant system development charges on developers, so imposing additional fees on them would be politically difficult.
- It would likely face opposition from developers and the Home Builders Association of Metropolitan Portland.
- It was considered in Portland in the early 2000s but was not pursued due to potential political barriers.
- Once adopted, it could face legal challenges as it did in Boston.

Explore Ways to Manage Future Development that Might Cause Displacement

While the housing market has cooled and construction has slowed in Portland, public officials and others should explore tools that could help manage development, particularly when the market turns around. Currently, there are few mechanisms in place to deter speculation or regulate private-sector actions that could result in displacement. There is no local process by which condominium conversions, for example, are regulated. Similarly, there are limited protections against evictions for renters, specifically those with month-to-month tenancies. Portland should be proactive and consider establishing regulations before gentrification and displacement occurs.

3. Condominium Conversion Ordinance

Strengths

- It could give Portland control over condominium conversions by establishing a local approval process similar to that of Eugene.
- It could slow, if not prevent, conversions and the subsequent displacement of tenants, as it has in Oakland.
- It could include a range of tenant protections and assistance, including relocation assistance for lower-income tenants.
- It would be a policy that would apply to all conversions, which have historically been dealt with on a case by case basis in Portland.
- Portland has acknowledged the harms posed by conversions in a 1980 ordinance, so the issue could be revisited.

Weaknesses

- Developers and landlord industry groups would likely oppose any new conversion regulations. They have argued in the past that state law preempts local ordinances.
- Without changing Oregon's landlord and tenant law that governs evictions, a landlord could circumvent an ordinance (or certain provisions) by evicting month-to-month tenants and then converting their property.
- There has been little discussion about establishing condominium conversion regulations in Portland. In recent years, the state statute that regulates conversions has instead been strengthened.

- Some condominiums are converting back to rentals in the slow housing market, so its effectiveness now could be limited.

4. Owner-Occupancy Ordinance

Strengths

- It could deter speculation by prohibiting investors from purchasing, rehabilitating and then selling certain homes at a profit.
- It could help ensure that all affordable ownership units produced as part of Development Agreements in Portland remain owner occupied in perpetuity. Currently, the use restrictions and affordability requirements of these units depend on a range of factors, including market conditions and the amount of subsidy provided.
- Portland already requires owner occupancy for homes that are purchased with a first-time homebuyer loan or homes that receive tax relief under the Single Family New Construction Limited Tax Exemption (LTE) program. (Owner occupancy is required for the life of the loan or tax exemption.) The idea therefore would not be entirely new.

Weaknesses

- It is unclear how this ordinance would work in Portland, given that Davis has only applied its owner-occupancy ordinance to affordable units created under inclusionary zoning, and inclusionary zoning is prohibited in Oregon.
- There is no clear sense if Portland officials would support an owner-occupancy requirement that was not tied to an existing subsidy or that did not expire along with a subsidy or other benefit.
- There does not appear to be a lot of investors purchasing homes in Portland with the intent of renting them out to higher-income residents, as has been the case in Davis. Historically, lower-priced houses in Portland have been bought by higher-income residents who occupy the home or by investors who fix them up and sell them for a profit.

5. Just Cause for Eviction Ordinance

Strengths

- It would protect month-to-month tenants from being evicted for no cause, which is currently legal in Oregon.
- It could prevent landlords from evicting tenants because they want to raise rents or sell their property in gentrifying areas. The Oakland ordinance has been largely successful toward this end.
- There is a strong alliance of tenant advocates in Portland, who have supported the idea of just cause for eviction. They have seen it as a way to protect from retaliation tenants who advocate for themselves.

Weaknesses

- Without rent control, which is prohibited in Oregon, it would not likely prevent landlords from raising rents as a way to economically displace lower-income tenants.
- It would not likely prevent landlords from evicting tenants when selling their units to new owner occupants, which has historically occurred in gentrifying areas of Portland.
- It could make it difficult for landlords to evict problem tenants, as has been the case in Oakland.
- It would likely face opposition from landlord industry associations, as has also been the case in Oakland.

Augment Assistance for Existing Low-Income Homeowners and Renters

Portland officials should consider ways in which City agencies and organizations can further help existing low-income homeowners remain in their homes in gentrifying areas. Currently, nonprofit organizations, with support from the City, provide technical assistance and home repair grants to homeowners. This assistance, though, is largely limited to senior or disabled homeowners, or it is restricted to homeowners living in certain urban renewal areas. There are also education programs, tax abatements and other tools in Portland to help renters transition into homeownership. What seems to be lacking is a broader tool or program to help low-income homeowners – or long-term homeowners – stay in their homes regardless of their age or address.

Portland could also provide greater assistance to renters, particularly low-income renters who are most vulnerable to displacement. Currently, short-term rental assistance is available to very low-income residents, but funding is limited. In addition, the City's Affordable Preservation Ordinance states that the City shall make available "adequate financial resources for tenant relocation assistance" for tenants displaced from federally-subsidized properties (Portland Auditor's Office 2010). This kind of assistance, though, is not provided to tenants displaced from other properties, such as market-rate or locally-subsidized buildings.

6. Tax Abatements/Credits

Strengths

- It would help existing low-income homeowners remain in their homes. This would further help stabilize neighborhoods.
- It could be structured to specifically assist long-term, low-income homeowners, thereby allowing them to access improvements in their neighborhoods that come with gentrification.
- It could target gentrifying neighborhoods or apply more broadly to low-income homeowners citywide.
- Homeowners, particularly seniors, would not have to worry about paying back their taxes, which has been a deterrent to the current tax deferral programs in Oregon.
- If structured as a tax credit (at the state level), local governments would not lose revenue as a result.

Weaknesses

- If structured as a tax abatement, it would reduce the amount of revenue received by the City of Portland, Multnomah County, Portland schools and other taxing districts, many of which are already facing deficits. This would make it difficult to pass any new tax abatement.
- There have been concerns about the effectiveness of the City's existing tax abatement programs, which are currently under review.
- The City's priority in terms of tax abatements has been to incentivize the types of development it desires, such as transit oriented development.
- State law limits increases in assessed property values to 3 percent a year, so the benefit of a tax abatement or credit would be limited.

7. Tax Deferrals

Strengths

- It would help low-income homeowners remain in their homes by reducing or stabilizing their property taxes.
- It could be structured so that either any increases in property taxes were deferred or only increases above a certain threshold were deferred.
- Foregone property taxes would be paid back, likely with interest, to the City of Portland, Multnomah County and other taxing districts. (If structured like existing tax deferrals in Oregon, the state would pay the property taxes to the county and place a lien on the properties.) This would likely make tax deferrals more palatable to jurisdictions than tax abatements.

Weaknesses

- Homeowners or their estates would have to pay back their deferred taxes, likely with interest. This could deter people from taking advantage of it; this has been the case with Oregon's senior tax deferral program. The existing program has also resulted in some homeowners owing more in property taxes than their home is worth.
- If structured like the senior or disabled tax deferral programs in Oregon, it would add a financial burden to the state, which is already struggling to pay property taxes under the existing programs.
- State law limits increases in assessed property values to 3 percent a year, so the benefit of this tax abatement would be limited.

8. Tenant Displacement Assistance Ordinance

Strengths

- It would help displaced renters secure replacement housing by giving them money to pay for moving costs. No such private rental relocation assistance exists now.
- If relocation assistance was paid by landlords or property owners, the cost to the City of Portland would be minimal.

Weaknesses

- It would mitigate but not necessarily prevent displacement.
- Landlords would likely oppose any requirement to pay relocation costs for their tenants. They could also raise rents as a means to save money to cover future relocation costs.
- Implementation would be challenging because Portland does not have a system for tracking rental units in the city. This has been a struggle in Santa Barbara.
- For many displaced tenants, the main obstacle to finding replacement housing has been the lack of specific types of rental housing in inner Portland neighborhoods, not necessarily the cost of housing. There is generally a lack of larger, single-family rental homes in inner neighborhoods.

9. Tenant Opportunity to Purchase Act

Strengths

- It would directly mitigate displacement by giving tenants the option to purchase their units when they go up for sale.
- It would increase homeownership opportunities for existing renters. In particular, it could lower the cost of condominiums, as has been the case in Washington, D.C.

- It would provide CDCs with the opportunity to buy more properties for lower-income residents because tenants could assign their purchasing rights to them.
- Unlike a tenant displacement assistance ordinance, it would not be a fee levied on property owners.

Weaknesses

- Renters would need access to financing to purchase their units, particularly if they did not partner with a third party. The gap between renters' incomes and purchase costs would likely need to be subsidized. It is unclear where this money would come from.
- Property owners could oppose or try to circumvent the regulations, as has been done in Washington, D.C. Without rent control, they could also raise rents to economically displace tenants before selling their buildings.
- Property owners who needed to sell their properties quickly could be disadvantaged by having to offer their units to their tenants for a certain period of time.
- It is unclear if renters would want to purchase their units, particularly in a down market when they could potentially afford single-family homes and condominiums in their neighborhood.

Concluding Observations and Recommendations

This analysis has shown that there is no easy way to prevent future displacement in Portland. Nevertheless, some of the tools discussed in this chapter would likely be more effective - or are simply more needed – than others.

Adopting a housing levy on property taxes should be a top priority because it would provide the funding necessary to expand existing housing programs and to support any new tools or forms of assistance. For example, if Portland were to establish a Tenant Opportunity to Purchase ordinance, renters would likely need subsidies to help buy their units or buildings. While linkage fees could generate some of the revenue to meet these and other needs, it might be more difficult to overcome opposition from developers – who already pay system development charges to help offset project impacts on City services and infrastructure and who would likely fight any additional fees – than to convince voters to pass a levy. There is also an extensive network of public agencies, nonprofit organizations and advocates in Portland that could work together to educate voters about the community's affordable housing needs. Beyond politics, a housing levy would generate a more stable and reliable revenue stream than linkage fees, which are market driven.

Next to a housing levy, an ordinance similar to the Tenant Opportunity to Purchase Act in Washington, D.C. could go a long way in mitigating displacement in Portland. Lower-income renters in Oregon seem to be in more need of protections or assistance than homeowners, who are safeguarded from large increases in their property taxes under Measure 50. Renters, in fact, were widely displaced in the 1990s when gentrification hit North and Northeast Portland and landlords sold their properties. If renters had the right of first refusal to buy their properties, they could avoid displacement and also transition into homeownership. An ordinance like TOPA could further expand the supply of affordable housing in Portland if renters assigned their purchasing rights to nonprofit organizations like Proud Ground.

There would likely be major challenges, however, to passing and implementing such an ordinance. Portland would need to prevent landlords from evicting their tenants – or increasing their rents to displace their tenants – before selling their properties. This would be difficult in Oregon where rent control is prohibited. Even if Portland were to adopt a Just Cause for Eviction ordinance, it would not likely be enough to stop landlords from increasing rents and effectively forcing lower-income tenants to move. (Santa Barbara, which does not have rent control or Just Cause for Eviction, has helped prevent landlords from evicting tenants to circumvent its tenant displacement assistance ordinance by applying the ordinance to current and recent tenants. This option could be explored with a Tenant Opportunity to Purchase ordinance.)

Given these obstacles, it might be more feasible for Portland to adopt a condominium conversion ordinance as a means to mitigate displacement. Oregon law already requires property owners to offer tenants the right of first refusal when converting their rental buildings into condominiums, but Portland could establish a local process for further regulating and approving conversions like Eugene and other cities have. As part of a condominium conversion ordinance, Portland could require relocation payments. This would help lower-income residents find replacement housing. It could also be a first step toward establishing a broader tenant displacement assistance ordinance, similar to those in Santa Barbara and Seattle. While relocation payments would not prevent displacements, they could help renters stay in the city or even their neighborhoods.

As for low-income homeowners, a tax abatement or tax credit program would likely be more effective in mitigating displacement than a tax deferral program. While politically challenging to pass, tax abatements or credits would probably be more utilized than tax deferrals. Homeowners seem somewhat reluctant to use tax deferral programs because the deferred property taxes not only have to be repaid but they accrue interest. The State of Oregon is also struggling to make tax payments on behalf of low-income seniors and disabled residents who are participating in existing deferral programs. Overall, homeowners in Oregon seem to be less at risk of displacement due to gentrification than renters. Portland should thus focus on establishing measures to protect lower-income renters as it explores the options presented in this thesis.

Portland should also consider the following recommendations, which are based on the mini case studies in Chapter 5. They apply to any tools adopted or used in Portland.

Implementation

Adopting a good policy or ordinance is not enough; implementation is critical. As evident by the mini case study on tax deferrals in Philadelphia, an ordinance adopted to mitigate displacement will not be effective if no one sees it through. Someone – or some agency – must be responsible for implementing the ordinance. This kind of stewardship is particularly important when an ordinance or program faces opposition. In Boston, several departments work together to implement the City's linkage fee program. Each is responsible for a specific role related to their area of expertise. This has been cited as one of the program's strengths.

Public officials must also be willing to make changes to an ordinance or program in response to challenges, concerns and obstacles. In Washington, D.C., for example, officials have continued to amend the Tenant Opportunity to Purchase Act to close loopholes, thereby strengthening the ordinance. In Santa Barbara, officials have also revised the Tenant Displacement Assistance Ordinance to improve implementation; however, a loophole – the lack of a definition for the word "demolition" – remains and continues to be exploited.

Education and Assistance

People need to be educated about their rights and made aware of any programs designed to help them. In Washington, D.C., for example, public officials know the Tenant Opportunity to Purchase Act is complex, so the District provides funding to nonprofits, which in turn, help tenants understand their rights. Others in the District, including lawyers, also provide technical assistance to tenants. This kind of assistance has been essential to the Act's success. On the other hand, the District has not largely publicized its low-income tax credit program, which has contributed to its underutilization.

Comprehensive Strategy and Collaboration

The tools examined in this thesis can help mitigate displacement, but they are most effective when used as part of a comprehensive strategy that includes a broader set of tools. No single tool is enough. Every community examined in this thesis has used numerous tools to mitigate gentrification and displacement. (Appendix H lists other tools used by each of the mini case study communities.) In Seattle, for example, nonprofit organizations provide free home repairs for low-income homeowners, the City offers zoning and tax incentives in exchange for the development of affordable housing, and the Chamber of Commerce has established an Urban Enterprise Center that helps match potential employees with businesses. This kind of widespread participation from public agencies, nonprofit organizations and the private sector is critical to carrying out a comprehensive strategy. In addition, it is important to recognize that displacement is related to housing and economics (or earnings). A comprehensive strategy should thus address both sides of the issue.

Additional Research

There are many regulations and programs in Portland that promote affordable housing, mitigate displacement and assist lower-income residents. Some have been formally evaluated, but many have not been. A comprehensive evaluation of existing tools would help determine whether their implementation has been successful or changes should be made to increase their effectiveness.

Recently, Portland has also started to explore several new tools, including community benefits agreements and limited-equity cooperatives. Case studies or best practices should be developed to provide guidance and help ensure that these efforts are successful. Portland should also consider further exploring tools and strategies that have been prohibited by state law, including inclusionary zoning and real estate transfer taxes. While this thesis did not focus on these tools, they have been used in other communities and could be adopted in Portland if state laws were to change.

In general, this thesis focused on ways to mitigate or prevent displacement due to gentrification, but there are other strategies that could help residents who have already been displaced. Future research should examine ways in which Portland can create opportunities for displaced residents to return to their neighborhoods, if desired, or improve services in the areas to which they have moved.

Final Thoughts

Gentrification-related displacement has very much been a part of Portland's past. One needs only to look at the history of North and Northeast Portland to see how lower-income residents can be pushed out of their homes by market forces, private actions and other circumstances. While it is uncertain where and when gentrification could unfold again, there are many strategies that could minimize or help prevent this kind of displacement from occurring in the future. The hope is that this thesis will encourage greater discussion and analysis of different tools that could further Portland's efforts to mitigate displacement due to gentrification.

Appendix A: Interviewees in Portland

Interviewees in Portland			
Name	**Title**	**Organization**	**Types**
Alyson Schwieger	Policy Coordinator	Portland Development Commission	Phone
Barbara Shaw	Program Coordinator	Portland Housing Bureau	Phone
Beckie Lee	Chief of Staff	Multnomah County Office of Commissioner Deborah Kafoury	Phone
Becky Markey	Senior Policy Advisor	Oregon Housing and Community Services	Email
Charles Funches	Homeownership Program Manager	Portland Community Reinvestment Initiative Inc.	Phone, In-person
Christina Scarzello	East Portland District Liaison	Portland Bureau of Planning and Sustainability	Phone, In-person
Chris Deffenbach	Program Manager	Metro	In-person
Craig Fondren	Executive Director	Sabin Community Development Corporation	Phone
David Sheern	Program Coordinator	Portland Housing Bureau	Phone
Gretchen Kafoury	Commissioner (also former Oregon State Representative)	Housing Authority of Portland	Phone, In-person
Ian Slingerland	Rent Assistance Program Manager	Housing Authority of Portland	Phone
Jesse Beason	Executive Director	Proud Ground	Phone
Rick Crager	Deputy Director	Oregon Housing and Community Services	Phone
Rose-Ellen Bak	Senior Program Development Specialist	Multnomah County	Phone
Sally Brown	Special Programs Manager	Multnomah County Office of Assessment and Taxation	Phone
Sean Hubert	Director of Housing	Central City Concern	Phone

Appendix B: Interviewees for Case Studies

Interviewees for Case Studies			
Name	**Title**	**Organization**	**Types**
Art Rodgers	Planner	District of Columbia	Phone
Barbara Kong-Brown	Moderator	City of Oakland Rent Adjustment Program	Phone
Beatriz Gularte	Project Planner	City of Santa Barbara	Phone
Brenda Beltz	Associate Planner	City of Santa Barbara	Phone
Christine O'Keefe	Senior Development Officer	City of Boston Department of Neighborhood Development	
Danielle Foster	Housing Programs Manager	City of Davis	Phone
Ed Lazere	Executive Director	DC Fiscal Policy Institute	Phone
Gilles Stucker	Housing Resource Administrator	District of Columbia	Phone
Maureen Kostyack	Program Manager	City of Seattle Office of Housing	Phone
Naomi Young	Attorney	BayLegal (Oakland)	Phone
Richard Illgen	Deputy City Attorney	City of Oakland	Phone
Robert Gehert	Deputy Director	City of Boston Department of Neighborhood Development	Phone
Sheila Dillon	Housing Advisor to the Mayor	City of Boston Office of the Mayor	In-person
Steven Faulstich	Affordable Housing Programs Supervisor	City of Santa Barbara	Phone
Tilahun Afessa	Director of Policy	Philadelphia Department of Revenue	Phone

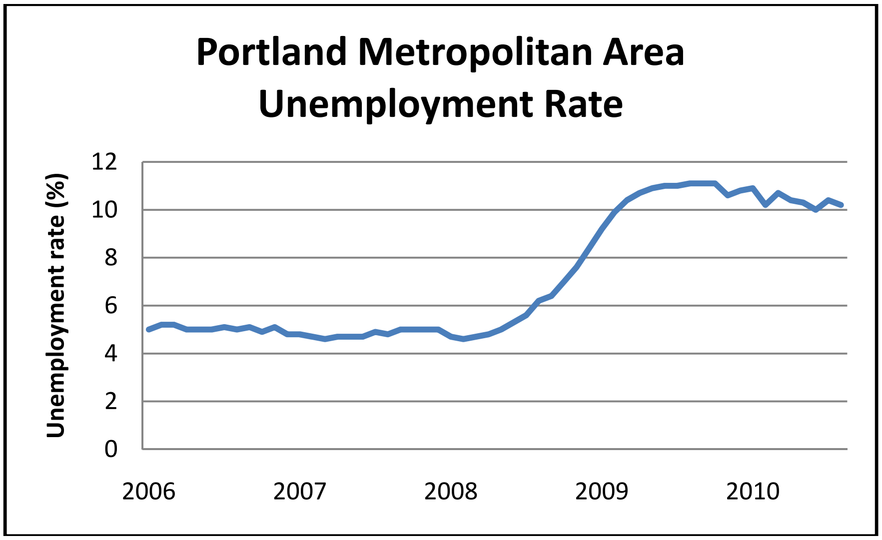
Appendix C: Profile of Portland

Portland is located in the northwestern corner of Oregon along the Willamette River, at the confluence of the Columbia River. With more than 565,000 residents, it is the largest city in Oregon (2009 American Community Survey). Its population has increased nearly 30 percent since 1990. The region too has been growing. The Portland metropolitan area, which includes seven counties in Oregon and Washington, has a population of 2.24 million (2009 ACS). This population growth has been due in large part to the thriving economy in the 1990s (Ozawa 2004, 11). Young, college-educated people have been particularly drawn to the area, a trend that continues today. While the population has grown, the vast majority of Portland residents remain white (2009 ACS). The largest minority groups are African Americans and Asians, each making up roughly 7 percent of the population.

The economy of the Portland region, once driven by the trading of natural resource products like wood, is now supported by a range of industries. Most notably, a booming high technology industry, which includes Intel, emerged in the 1990s; it became the center of the region's growth in export-oriented manufacturing (Ozawa 2004, 13-15). Other industry clusters include apparel, agriculture, creative services, nursery stock, and wood and paper products. Many benefit from Portland's location and infrastructure as the city remains a "regional transportation hub and trading post" in the northwest (Gibson and Abbott 2002, 428).

The region, though, has been hit hard by the recent recession as well as the economic slowdown in the early 2000s. The construction and manufacturing sectors have been particularly hurt. The semiconductor industry, for example, lost 17 percent of its jobs between 2001 and 2003 (Ozawa 2004, 23). Unemployment has also climbed. The unemployment rate in the Portland metropolitan area, seasonally adjusted, peaked at 11.1 percent in August 2009 (Oregon Employment Department 2010). A year later, it declined to 10.2 percent, but it is still roughly double the area's unemployment rate in 2007. (See Table 5.) Unemployment in the Portland continues to top that of the nation (Bureau of Labor Statistics 2010).

Table 5



Source: Oregon Employment Department

In addition, the poverty rate in Portland is not only higher than the national rate, but it has grown more rapidly. In 2009, the estimated poverty rate in Portland was 16 percent compared to 14 percent across the country (2009 ACS). Similarly, a higher percentage of households in Portland compared to Oregon and the United State pay more than 30 percent of their income for housing (2009 ACS). This holds true for both renters and homeowners. (See Table 6.) According to the US Department of Housing and Urban Development (HUD), housing for these households is not affordable; they are considered "cost burdened" and may struggle to afford other necessities like food and clothing (HUD). This housing affordability problem appears to be getting worse in Portland, mirroring state and national trends.

Table 6

Cost Burdened Households	2000		2009	
	Total	%	Total	%
Portland (city)				
Renter-occupied units	40,869	41.3%	54,372	49.2%
Owner-occupied units	31,182	27.8%	46,690	36.4%
Oregon				
Renter-occupied units	187,081	40.0%	266,148	48.5%
Owner-occupied units	162,340	24.8%	315,437	33.7%
United States				
Renter-occupied units	12,969,286	36.8%	18,485,311	47.7%
Owner-occupied units	12,044,731	21.8%	22,726,648	30.4%

Source: 2000 US Census, 2009 ACS

At an estimated $50,221, median household income in Portland is largely on par with that of the country (2009 ACS). Compared to the rest of Oregon, it is roughly 4 percent higher. Portland incomes have also been rising at a faster pace than incomes statewide. (See Table 7.)

Table 7

Median Household Income						
	1990	2000	% Change 1990-2000	2009	% Change 2000-2009	% Change 1990-2009
Portland (city)	$25,592	$40,146	57%	$50,203	25%	96%
Oregon	$27,250	$40,916	50%	$48,457	18%	78%
United States	$30,056	441,994	40%	$50,221	20%	67%

Source: 1990 and 2000 US Census, 2009 ACS

Portland residents also have relatively higher levels of education than those statewide. In 2009, roughly 58 percent of Portland residents age 25 and older had at least a bachelor's degree, while only 29 percent of Oregonians and 28 percent of US residents did (2009 ACS). A higher percentage of Portland's population also had a master's, professional school or doctorate degree than the populations of Oregon and the country (2009 ACS).

The City of Portland has a commission form of government, which was approved in 1913. Voters elect a mayor and four commissioners, who make up the

City Council, Portland's legislative body. The mayor and commissioners, who are elected at large for four-year terms, also have administrative responsibilities. Specifically, they oversee and manage the City's bureaus. The Portland region is also home to the country's only elected regional government, Metro. Created in 1978, it is the land use and transportation agency in the region, serving 25 cities and three counties. It also provides waste disposal management and operates the zoo, among other responsibilities. Metro has a six-member council as well as a council president.

Appendix D: Statewide Land Use Planning Program

Oregon's statewide land use planning program was established in 1973 when the state Legislature approved Senate Bill 100. Supported by both political parties and signed by Governor Tom McCall, the senate bill created the Land Conservation and Development Commission (LCDC), which adopted 19 statewide planning goals (LCDC 2010). Those goals, still in effect, included the preservation of agricultural lands, forest lands, open space and natural resources; the improvement of air and water quality; the diversification of the state's economy; and the provision of housing, transportation and recreational opportunities (LCDC 1974).

Senate Bill 100 also required cities and counties to develop comprehensive plans that were consistent with statewide planning goals (Oregon Legislative Assembly 1973). This meant each locality had to function within the state's land use structure. The state further mandated that every city or metropolitan area establish an Urban Growth Boundary (UGB). These boundaries effectively constrained new urban development to a defined area, while protecting rural land outside the boundary and preventing sprawl. Metro, the region's elected government, adopted the Portland metropolitan region's UGB in 1979 (Gibson and Abbott 2002, 430).

Appendix E: Changes in North Portland

	Renter-Occupied			Owner-Occupied			Median Rent			Median Home Value		
	1990	2000	%Change	1990	2000	%Change	1990	2000	%Change	1990	2000	%Change
Portland citywide	**47%**	**44%**	**-6%**	**53%**	**56%**	**6%**	**$397**	**$622**	**57%**	**$58,600**	**$154,900**	**164%**
North Portland*	**47%**	**43%**	**-9%**	**53%**	**57%**	**8%**	**$384**	**$601**	**57%**	**$44,460**	**$132,870**	**199%**
Census Tracts in N												
4400	42%	29%	-32%	58%	71%	23%	$325	$500	54%	$105,400	$169,400	61%
3502	39%	29%	-26%	61%	71%	17%	$390	$643	65%	$48,700	$154,200	217%
3702	38%	30%	-21%	62%	70%	13%	$429	$552	29%	$48,900	$150,700	208%
7202	35%	29%	-18%	65%	71%	10%	$398	$826	108%	$58,300	$191,300	228%
3902	24%	20%	-16%	76%	80%	5%	$449	$666	48%	$50,300	$144,300	187%
3401	63%	53%	-16%	37%	47%	26%	$315	$494	57%	$37,100	$125,100	237%
4102	41%	35%	-14%	59%	65%	10%	$397	$632	59%	$39,400	$119,900	204%
3803	46%	39%	-14%	54%	61%	12%	$395	$638	62%	$42,800	$126,900	196%
4001	60%	53%	-12%	40%	47%	18%	$339	$532	57%	$37,800	$120,400	219%
3802	34%	30%	-12%	66%	70%	6%	$423	$650	54%	$40,900	$117,000	186%
3901	40%	35%	-11%	60%	65%	7%	$417	$658	58%	$40,100	$120,000	199%
3801	47%	41%	-11%	53%	59%	10%	$398	$611	54%	$39,000	$117,100	200%
4200	64%	58%	-10%	36%	42%	17%	$319	$531	66%	$36,000	$116,600	224%
4101	51%	46%	-10%	49%	54%	10%	$389	$595	53%	$38,000	$110,500	191%
3701	39%	36%	-5%	61%	64%	3%	$441	$592	34%	$40,100	$127,500	218%
3402	58%	57%	-2%	42%	43%	3%	$370	$540	46%	$33,200	$112,300	238%
4002	28%	28%	-1%	72%	72%	0%	$454	$682	50%	$50,600	$138,300	173%
3501	44%	45%	1%	56%	55%	-1%	$340	$656	93%	$42,900	$130,600	204%
2201	64%	67%	4%	36%	33%	-7%	$404	$558	38%	$24,400	$127,800	424%
2202	83%	95%	15%	17%	5%	-73%	$292	$462	58%	$35,300	$137,500	290%

*This includes census tracts that are within or largely within N Portland. Data from the census tracts has been averaged.

Appendix F: Changes in Northeast Portland

	Renter-Occupied			Owner-Occupied			Median Rent			Median Home Value		
	1990	2000	%Change	1990	2000	%Change	1990	2000	%Change	1990	2000	%Change
Portland citywide	**47%**	**44%**	**-6%**	**53%**	**56%**	**6%**	**$397**	**$622**	**57%**	**$58,600**	**$154,900**	**164%**
Northeast Portland*	**42%**	**40%**	**-6%**	**58%**	**60%**	**4%**	**$435**	**$687**	**58%**	**$56,379**	**$165,905**	**194%**
Census Tracts in NE												
7700	29%	17%	-43%	71%	83%	18%	$458	$695	52%	$41,200	$111,100	170%
3603	22%	13%	-43%	78%	87%	12%	$466	$1,020	119%	$55,100	$150,400	173%
2701	11%	7%	-37%	89%	93%	5%	$589	$1,051	78%	$70,100	$217,500	210%
2600	16%	11%	-28%	84%	89%	5%	$602	$884	47%	$71,700	$230,100	221%
3601	51%	39%	-23%	49%	61%	23%	$429	$613	43%	$37,100	$116,000	213%
3302	55%	42%	-23%	45%	58%	27%	$430	$657	53%	$32,400	$130,400	302%
2501	10%	8%	-21%	90%	92%	2%	$585	$1,331	128%	$88,000	$273,300	211%
3200	37%	31%	-16%	63%	69%	9%	$488	$697	43%	$51,200	$165,900	224%
2401	28%	24%	-16%	72%	76%	6%	$447	$709	59%	$69,200	$235,100	240%
2301	68%	58%	-14%	32%	42%	28%	$250	$491	96%	$39,500	$149,800	279%
3100	32%	28%	-14%	68%	72%	6%	$443	$654	48%	$63,500	$185,500	192%
1900	15%	13%	-12%	85%	87%	2%	$415	$590	42%	$84,600	$246,100	191%
3602	32%	28%	-12%	68%	72%	5%	$496	$746	50%	$46,300	$144,700	213%
2801	29%	26%	-11%	71%	74%	4%	$426	$711	67%	$60,500	$173,600	187%
2802	35%	31%	-11%	65%	69%	6%	$428	$596	39%	$59,900	$163,300	173%
7600	43%	40%	-8%	57%	60%	6%	$366	$570	56%	$46,300	$120,400	160%
8002	30%	27%	-8%	70%	73%	4%	$433	$657	52%	$54,800	$135,000	146%
2901	27%	25%	-7%	73%	75%	3%	$438	$658	50%	$49,900	$143,000	187%
3000	18%	17%	-7%	82%	83%	2%	$507	$851	68%	$55,300	$168,300	204%
1701	47%	44%	-7%	53%	56%	6%	$394	$625	59%	$48,500	$132,300	173%
1702	46%	43%	-6%	54%	57%	5%	$429	$625	46%	$51,000	$127,000	149%
2402	81%	76%	-6%	19%	24%	26%	$382	$682	79%	$69,800	$235,700	238%
9400	17%	17%	-5%	83%	83%	1%	$487	$710	46%	$74,900	$165,100	120%
7400	46%	44%	-5%	54%	56%	4%	$377	$571	51%	$51,500	$134,700	162%
2502	70%	67%	-5%	30%	33%	11%	$413	$630	53%	$84,200	$289,600	244%
7500	39%	37%	-4%	61%	63%	3%	$395	$635	61%	$49,100	$129,900	165%
2902	43%	42%	-4%	57%	58%	3%	$431	$632	47%	$55,200	$151,300	174%
2000	80%	77%	-3%	20%	23%	13%	$345	$565	64%	$51,300	$176,900	245%
7800	34%	33%	-3%	66%	67%	2%	$415	$613	48%	$62,400	$159,900	156%
3301	55%	54%	-3%	45%	46%	4%	$365	$579	59%	$33,300	$120,000	260%
8001	46%	44%	-3%	54%	56%	2%	$495	$748	51%	$54,100	$134,900	149%
1801	61%	60%	-2%	39%	40%	4%	$384	$598	56%	$49,700	$147,800	197%
2702	61%	61%	1%	39%	39%	-1%	$346	$460	33%	$61,600	$176,300	186%
2302	85%	86%	1%	15%	14%	-4%	$660	$919	39%	$39,600	$145,800	268%
2903	23%	24%	2%	77%	76%	-1%	$480	$823	71%	$55,200	$137,100	148%
8100	53%	55%	4%	47%	45%	-4%	$433	$622	44%	$57,700	$146,100	153%
2100	86%	89%	4%	14%	11%	-22%	$317	$525	66%	$47,100	$175,700	273%
7900	49%	51%	4%	51%	49%	-4%	$347	$579	67%	$57,000	$138,900	144%
7300	43%	55%	27%	57%	45%	-21%	$389	$723	86%	$69,000	$177,200	157%
9301**		64%			36%			$581			$164,500	
9302**		32%			68%			$639			$150,100	
9501**		32%			68%			$627			$183,700	
9502**		44%			56%			$639			$173,900	

*This includes census tracts that are within or largely within NE Portland. Data from the census tracts has been averaged.

**There are 4 census tracts in NE Portland where data is available for 2000 but not 1990.

Appendix G: Additional Examples of Selected Tools

Linkage Fees

Sacramento, California

- The Sacramento City Council began its linkage program in 1989 as part of its Housing Trust Fund ordinance. The linkage fee covers new construction, addition or renovations to nonresidential projects.
- The fees were increased in 2005. Per square foot, the fees are: $0.50 for warehouse, $0.67 for warehouse/office, $1.15 for manufacturing, $1.47 for commercial, $1.56 for research and development, $1.74 for hotel and $1.84 for office (City of Sacramento 2010).
- As an alternative, developers can choose to meet 80 percent of their obligation by creating affordable housing, but at least 20 percent of the fee must be paid to the City's Housing Trust Fund.
- A developer can apply to the planning commission for a variance for reasons of financial hardship. Certain uses operated by nonprofit organizations – such as medical services for lower-income households – are automatically exempt (City of Sacramento 2010).
- The linkage fees generate roughly $1.5 million each year, and they have raised more than $22 million total (Parrington 2007). More than 2,645 units of affordable housing have been created.

San Diego, California

- The San Diego City Council established a linkage fee for commercial development in 1990, but the fee levels were cut in half in 1996 to spur business development (San Diego Housing Commission 2010).
- The fees per foot are as follows: $0.27 for warehouse, $0.80 for research and development, $1.06 for office, and $0.64 for manufacturing, retail and hotel.
- Fees are deposited into the City's Housing Trust Fund, which is administered by the San Diego Housing Commission. The money can be used for grants, loans or other assistance to create and maintain affordable housing.
- The linkage fees have funded more than 5,000 new rental units, roughly 1,230 first-time homebuyer units, 92 owner-occupied units, and more than 600 transitional housing beds (San Diego Housing Commission 2010). More than $30 million have been raised.
- The San Diego Housing Commission has recommended doubling the linkage fees.

Condominium Conversion Ordinance

Eugene, Oregon

- The City of Eugene regulates condominium and cooperative housing conversions through an ordinance that applies to the conversion of rental properties with more than two units (City of Eugene 2008).
- Anyone wishing to convert their property must obtain a condominium conversion permit from the City. At least 30 days before applying, a developer or owner must notify tenants and the City of the plans. Permits are approved by the city manager following a staff review.
- The permit application includes a "common elements report" that describes the condition of common elements (such as the roof, foundation, plumbing, etc.), a rental history report, a tenant survey, and an affidavit attesting that the tenants received their notice and that no evictions except for good cause have occurred between the date of notice and permit application.
- Applicants must provide the City with a tenant assistance plan, which includes an obligation to pay moving expenses of "special category affected tenants." These are tenants who are elderly, handicapped or low-income. The plan must also include an agreement not to evict a tenant – except for good cause – for at least 120 days after a conversion permit is issued.
- After a permit is issued, the developer must submit to the City informational reports about the tenants who have been relocated.

San Diego, California

- The City of San Diego's Condominium Conversion Ordinance applies to any development – including a single structure – that proposes to change the ownership form from a residential rental unit to an ownership unit. (City of San Diego 2006, 1).
- Applicants must obtain a Site Development Permit from the City and pay the Housing Commission $200 for each unit proposed to be converted. The Housing Commission uses the money to assist tenants in their relocation, monitor compliance with the Condominium Conversion regulations and cover legal fees.
- Applicants must also provide tenants with right of first refusal to purchase their units and pay relocation payments equal to three months rent.
- Projects with at least 20 units must set aside 10 percent of units as affordable (City of San Diego 2006, 10)

Just Cause for Eviction Ordinance

Glendale, California

- The City of Glendale, which does not have rent control, adopted a Just Cause for Eviction ordinance that provides 12 legal reasons for eviction (City of Glendale 2008). Reasons include a tenant's failure to pay rent, damaging of a unit, or use of a unit for illegal purposes. Landlords can also evict if they seek to demolish their unit, move into their unit, or remove all of their rental units from the rental market.
- The ordinance does not apply to Section 8 units, hotel rooms, or units on lots with two or fewer dwelling units.
- Rental units can also become exempt if a landlord offers a tenant a written lease that has a minimum term of one year (City of Glendale 2011). Leases can be renewed or terminated with 90 days notice prior to expiration.
- Landlords must generally pay a relocation fee equal to twice the fair market value plus $1,000 if they evict a tenant for one of the following reasons: to occupy the unit, demolish or perform substantial work on the unit, permanently remove the unit from the rental market, comply with a government agency's order to vacate the unit, or convert the unit into condominiums or commercial uses (City of Glendale 2008).
- Landlords cannot retaliate against a tenant who is exercising their rights under the law or seeking mediation, arbitration or litigation. Retaliation includes threatening to evict a tenant, causing a tenant to move involuntarily, serving a notice of termination, increasing the rent, or decreasing services. These actions are presumed in court to be retaliatory if they occur within 180 days of a tenant asserting his or her rights.
- The punishment for retaliatory evictions is a fine of up to $250 for the first violation and up to $500 for a second violation in a year. Third violations are considered misdemeanors, which come with a fine of up to $500 or jail time of up to 6 months.

San Diego, California

- The City of San Diego, which does not have rent control, adopted a just cause for eviction ordinance – called Tenants' Right to Know Regulations – in 2004 to protect long-time tenants from being displaced.
- Tenants that have lived in their unit for more than two years cannot be evicted except for specific reasons, such as nonpayment of rent, commitment of a nuisance, usage of the unit for illegal purposes, occupancy by the landlord or relatives, and repairs needed to correct code violations (City of San Diego 2004). Tenants can also be evicted for refusing to allow their landlords to enter their unit to either make improvements or show the unit to a prospective buyer.

- Landlords who attempt to evict a tenant for a permitted reason must provide their tenants with written notice that states the grounds for eviction.
- In any eviction lawsuit brought by the landlord, the tenant can point to any violation of the ordinance as an affirmative defense.
- Exempt from the ordinance are institutional facilities, agency-owned or subsidized units, rooms rented to boarders, rooms in hotels or motels, and mobile homes.

Tax Abatements/Credits

Atlanta, Georgia

- Fulton County offers many property tax exemption programs to City of Atlanta residents (Fulton County 2011). Several target low-income seniors – those at least 65 years old – who own and occupy their home.
- Seniors whose net incomes do not exceed $40,000 are eligible for an exemption from all City of Atlanta taxes for municipal purposes.
- Seniors or disabled residents whose net incomes do not exceed $25,000 are eligible for an exemption from school-related taxes.
- Seniors whose household income does not exceed $39,000 are eligible for a tax relief program whereby the value of their property is frozen as long as they live there.

Philadelphia, Pennsylvania (Low-Income senior citizen assessment freeze)

- The City of Philadelphia adopted a Low-Income Senior Citizen Real Estate Tax Freeze program in 1995 that exempts eligible residents from increases in their property taxes.
- To qualify, residents or their spouse must be at least 65 years old (or they must be a widow who is at least 50 years old with a late spouse who was at least 65), they must own and occupy their home, and their single income must be less than $23,500 or their combined income must be less than $31,500 (City of Philadelphia 2010).
- Applicants who are approved for the program do not have to reapply for the tax freeze every year. They are automatically reenrolled in successive years.
- The program has been successful in helping many low-income seniors stay in their homes and avoid economic displacement (Afessa 2011).
- City officials publicize the program through lectures at senior centers, annual seminars to tax preparers and stories in local news outlets.
- The city's Revenue Director of Policy would like to expand the program to other low-income residents. However, that would mean roughly 30 percent of Philadelphia's population would qualify, which would make administration challenging (Afessa 2011).

Tax Deferrals

Washington, D.C.

- Washington, D.C. established a Property Tax Deferral program for low-income homeowners in 2005 whereby households with incomes up to $50,000 can defer any increases in their property taxes (District of Columbia Office of Revenue Analysis 2010). Seniors can defer their entire tax bill.
- Eligible residents must have owned and occupied their homes for at least a year before the application date for a tax deferral, and they must currently occupy their home (District of Columbia Office of Tax and Revenue 2010). Their taxes must be more than 10 percent higher than in the previous year.
- The amount of property taxes deferred cannot exceed 25 percent of the assessed value of the property, and deferred taxes are subject to an annual interest rate of 8 percent.
- There is a one-time application for the tax deferral program, which means eligible residents do not have to apply every year.
- The program is heavily used by low-income households, as evidenced by the $3.3 million the District of Columbia foregoes in taxes each year due to low-income tax deferrals (Lazere 2011).

Tenant Displacement Assistance

Seattle, Washington

- In 1990, the Seattle City Council adopted a Tenant Relocation Assistance Ordinance that provides financial assistance to tenants "displaced by housing demolition, substantial rehabilitation, change of use or removal of use restriction on assisted housing" (City of Seattle Department of Planning and Development 2005).
- Property owners are required to get a Tenant Relocation License before they can obtain a permit for demolition, change of use or substantial rehabilitation. They must notify tenants of their project.
- Low-income tenants, those earning up to 50 percent of AMI, are eligible for $2,462 in relocation assistance. They have 30 days to apply for the assistance.
- The property owner must pay half of the relocation assistance, with the City picking up the other half.

Los Angeles, California

- The Los Angeles City Council passed an ordinance in 2007 that requires landlords to provide relocation assistance to renters whose tenancy is terminated due to demolition or condominium conversion (City of Los Angeles 2010).

- The amount of relocation assistance depends on the length of tenancy, the tenant's income and whether a tenant is a "qualified tenant" or not. A qualified tenant is someone who is at least 62 years old, handicapped, or has minor children. Lower-income tenants and qualified tenants receive higher amounts of assistance.
- Assistance generally ranges from $7,300 to $18,300.
- A lower amount of assistance is required for evictions that are due to occupancy by the landlord, their immediate family member, or a resident manager in a small property.

Appendix H: Other Tools Used by Communities

Seattle, Washington

- Housing bonus program (incentives for developing affordable housing)
- Tenant-based rental assistance program
- Down payment assistance
- Multi-family Property Tax Exemption Program
- Infill development
- Employment assistance
- Housing repairs
- Tenant relocation assistance ordinance
- Just Cause Eviction ordinance

Boston, Massachusetts

- Inclusionary zoning
- Affordable housing law Chapter 40B
- Nonprofit housing development
- Eminent Domain
- Circuit Breaker Income Tax Credit
- Homeowner tax exemption
- Homeownership and rental development loans
- Housing counseling
- Tax deferral for seniors

Santa Barbara, California

- Tenant Displacement Assistance Ordinance
- Density bonus for providing affordable units
- Inclusionary housing
- Housing Rehabilitation Loan Program
- Affordable housing preservation through acquisition and rehabilitation
- Affordable housing development (loans and grants)
- Secondary dwelling units (accessory affordable units)
- Rent control for mobile homes

Davis, California

- Inclusionary housing ordinance
- Fair housing and mediation services
- Community Land Trust

- Affordable Ownership Housing Program
  Housing loan programs

Oakland, California

- Rent Control
- First Time Homebuyers Mortgage Assistance Program
- Home repair and rehabilitation programs

Washington, D.C.

- Rent control
- Inclusionary zoning
- Low Income Homeownership Tax Abatement
- Tax deferrals
- Eviction controls
- Affordable housing project financing
- Tenant Opportunity to Purchase Act
- Housing Assistance Payment Program
- District Opportunity to Purchase Act
- Condominium Conversion Act
- Site Acquisition Funding
- Property Acquisition and Disposition
- Homebuyer and home rehabilitation programs
- Senior Citizen or Disabled Property Owner Tax Relief
- Assessment Cap Credit
- Homestead Deduction

Philadelphia, Pennsylvania

- Land banking
- Affordable housing development
- Mixed-income projects
- Homeownership Rehabilitation Program
- Home rehabilitation program for low-income residents

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