Texas Anti-Displacement Toolkit

A Guide to Help Texas Communities Combat Residential Displacement in Gentrifying Neighborhoods

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https://sites.utexas.edu/gentrificationproject

Texas Anti-Displacement Toolkit: A Guide to Help Texas Communities Combat Residential Displacement in Gentrifying Neighborhoods

For electronic access to the report and additional information related to gentrification and displacement in Texas, visit https://sites.utexas.edu/gentrificationproject.

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We welcome your suggestions and comments for improving the toolkit. For electronic access to the toolkit and additional resources and information related to gentrification and displacement, visit https://sites.utexas.edu/gentrificationproject.

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Introduction

Gentrification is rapidly reshaping many cities across the United States, including Texas, displacing vulnerable residents and changing the cultural character of communities. This toolkit was created to help local elected officials, neighborhood leaders, and community organizations in Texas understand the policy tools available locally to combat this displacement.

What is Gentrification?

Gentrification is a process of neighborhood change where higher-income and higher-educated residents move into a historically marginalized neighborhood, housing costs rise, and the neighborhood is physically transformed through new higher-end construction and building upgrades, resulting in the displacement of vulnerable residents and changes to the neighborhood's cultural character.

A core driver of gentrification in the U.S. has been the strong and growing demand for central city living by more affluent households, which in turn drives up housing prices in central city neighborhoods. This broad-scale demographic shift is actively underway in many Texas cities, including Houston, Austin, and Dallas. City planning, economic development initiatives, and tax incentives fostering redevelopment in central neighborhoods are considered to be additional factors influencing gentrification.

Neighborhoods impacted by gentrification have been shaped historically by decades of discriminatory public policies and private real estate practices that undermined property values, facilitated substandard living conditions, and generated racially segregated housing patterns. These neighborhoods' lower property values, location in the urban core near good jobs and transit, and historical and cultural character are all factors that are making them more attractive to newcomers and susceptible to redevelopment.

Understanding Displacement

There are several types of displacement that can occur in gentrifying neighborhoods:

> **Direct displacement** occurs when residents can no longer afford to remain in their homes due to rising housing costs. Residents may also be forced out by lease non-renewals, evictions, eminent domain, or physical conditions that render homes uninhabitable as investors await redevelopment opportunities. While displacement occurs routinely in low-income neighborhoods, when it occurs in the context of new development and an influx of wealthier residents, the displacement becomes a characteristic of gentrification.
>
> **Indirect displacement** refers to changes in who is moving into a neighborhood as low-income residents move out. In a gentrifying neighborhood, when homes are vacated by low-income residents, other low-income residents cannot afford to move in because rents and sales prices have increased. This is also called **exclusionary displacement**. Low-income residents can also be excluded as a result of discriminatory policies (for example, a ban on tenants with housing vouchers) or changes in land use or zoning that foster a change in the character of residential development, such as eliminating units for households without children.
>
> **Cultural displacement** occurs as the scale of residential change advances. Shops and services shift to focus on new residents, the character of the neighborhood is transformed, and the remaining residents may feel a sense of dislocation despite remaining in the neighborhood.

When understood as a process rooted in the uneven treatment of particular neighborhoods and racial and ethnic groups, addressing gentrification-induced displacement requires attention to former residents who have already been displaced, current residents, and future residents. Some cities have created "right of return"

or preference policies that focus on former residents or those at risk of being displaced. At the same time, it is important to ensure that in the future other low-income persons and persons of color will also be able to access the opportunities in gentrifying neighborhoods and that the scale of change does not erase key aspects of neighborhoods that allow both current and future residents to feel at home.

Who Is Impacted by Gentrification and Displacement?

Census Tract 3123, Part of **Houston's Third Ward**

2000 to **2017** change

White Population
3% to **10%**

African American Population
81% to **63%**

Hispanic or Latino Population
12% to **22%**

People 25+ with Bachelor's Degree
5% to **30%**

Median Home Value
$61K to **$240K**
292% Increase
Compared to **58% Increase** in **Houston MSA**

Median Gross Rent
$491 to **$692**
41% Increase
Compared to **26% Increase** in **Houston MSA**

Median Family Income
$26K to **$34K**
30% Increase
Compared to **3% Decrease** in **Houston MSA**

Based on decennial census and ACS 5-year data. All Values in 2017 Inflation-Adjusted Dollars. "MSA" stands for Metropolitan Statistical Area and for Houston includes Harris, Fort Bend and Montgomery counties, along with five others.

Source: Texas Housers

As communities seek to craft tools for reducing displacement in gentrifying neighborhoods, it's important to first identify which neighborhoods in the city are already gentrifying or are susceptible to gentrifying, as well as the groups of residents in those neighborhoods who are most vulnerable to displacement in the face of rising housing costs. Cities can then more effectively tailor their tools to address the needs of those neighborhoods and residents. For example, many tools to address gentrification are more effective in neighborhoods in the earlier stages of gentrifying, while other tools are more viable in the later stages. And some tools are more effective in addressing the displacement of renters, while others are more effective in addressing the displacement of homeowners.

When cities create economic development projects and implement major public infrastructure projects, understanding a neighborhood's vulnerability to displacement also helps a city recognize when to incorporate displacement mitigation strategies up front into those projects, rather than waiting until later. Once gentrification picks up steam, reducing displacement becomes much more difficult.

Of 200 Austin neighborhoods . . .

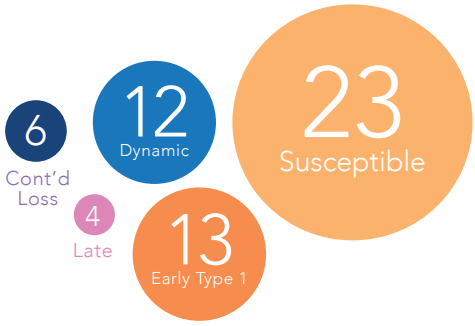
Susceptible Near high value/ high appreciation areas. Not yet experiencing demographic change.

Early Type 1
Experiencing appreciation, still with low/moderate home values.

Dynamic
Exhibit demographic change indicative of gentrification.

Late
Newly high value areas, still with vulnerable populations

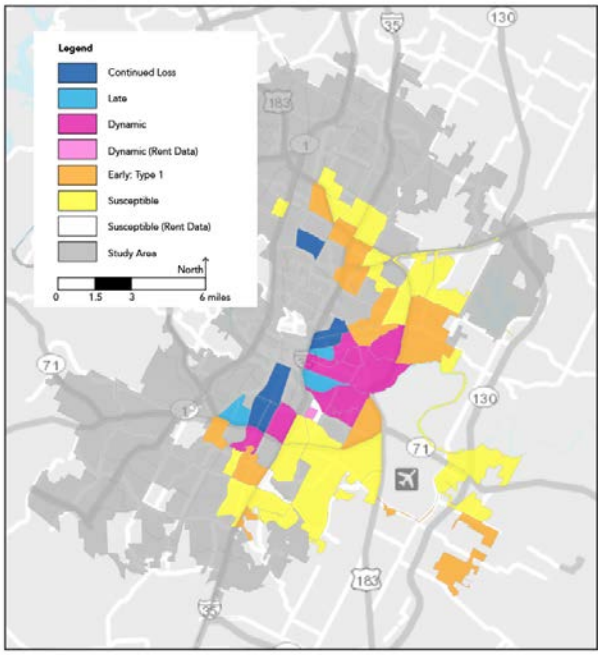
Continued Loss
High value areas that have experienced demographic change



A number of methodologies are available for analyzing which neighborhoods are gentrifying and the level of gentrification occurring, as well as which neighborhoods are at the greatest risk of gentrifying. The analysis for the City of Austin by faculty from The University of Texas at Austin (https://sites.utexas.edu/gentrificationproject/) built upon a methodology developed by Professor Lisa Bates at Portland State University. The City of Denver's gentrification analysis also built off of Professor Bates' methodology. The gentrification analysis for the cities of Minneapolis and St. Paul combined three different methodologies, including Bates' methodology. The Urban Displacement Center has also developed a useful methodology that has been used in many cities.

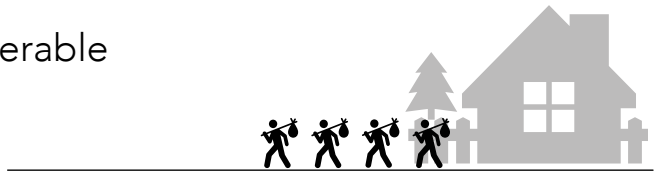
As for identifying groups of residents who are most vulnerable to displacement in gentrifying neighborhoods, there are five primary indicators of vulnerability. Renters, low-income households, persons of color, households headed by a resident without a college degree, and families with children in poverty are, overall, more vulnerable to displacement from rising housing costs than other groups of residents.

Neighborhood Typology (2016)
Austin, Texas



Source: *Uprooted: Residential Displacement in Austin Neighborhoods and What Can Be Done About It*

Who is most vulnerable to displacement?



Persons of Color

People 25 and older without a Bachelor's Degree

Renters

People making at or below 80% Median Family Income

Households with children in poverty

Renters, for example, are more vulnerable to displacement than homeowners in gentrifying neighborhoods because of landlords' ability to raise rents, convert their units to condominiums, and replace older apartments for more profitable land uses. African-American and Hispanic residents are more likely to be impacted by multiple vulnerability indicators. For example, African-American residents are more likely to live in poverty and be renters than white residents and Hispanics are more likely to be renters and have lower levels of education.

Toolkit Overview

Part 1 provides an overview of **seven key lessons learned from gentrifying neighborhoods** across the country, in areas where city and neighborhood leaders have been working for years to combat the displacement of vulnerable residents. These lessons provide important considerations for Texas cities and community leaders to take into account as they seek to address displacement in their communities.

Part 2 provides a **framework for understanding and weighing the merits of different policy tools** used to address displacement in gentrifying neighborhoods. The criteria discussed here are meant to help policymakers consider which tools best further the city's goals and best match the needs of particular vulnerable populations at different stages of neighborhood change. The criteria also allow policymakers to weigh the effectiveness and impact of specific tools and consider which ones the city has the resources to implement or capacity to develop. To illustrate how these criteria can be used to generate more nuanced evaluations of tools and strategies in particular contexts, they are applied to the ten policy tools discussed in Part 3.

Part 3 features **ten recommendations of policy tools available to Texas cities** for addressing displacement in gentrifying neighborhoods, taken from the more comprehensive list of tools in Part 6. The tools selected provide a range of approaches, including high-impact but difficult to implement tools, as well as "low hanging fruit" tools that are fairly easy for a city to implement but not as wide-ranging in their impact. This section includes a brief discussion of each tool along with a list of key action steps to get started with the tool. This section also applies the analytical framework presented in Part 2 for assessing each tool.

Part 4 presents an overview of the most **important revenue sources available to Texas cities** for funding programs that address the displacement of vulnerable residents. The overview includes examples of Texas cities utilizing each particular revenue source.

Part 5 presents a list of **important displacement-mitigation tools** used in other parts of the country that are **illegal in Texas**, as a result of a state legislative or constitutional ban. Absent legal reforms, these tools are off limits to Texas cities.

Part 6 presents an overview of more than **50 diverse local tools available in Texas** for combating the displacement of vulnerable residents in gentrifying neighborhoods. The tools are organized under six goals, which provides a reference point for understanding how certain strategies and tools further specific displacement mitigation goals while not furthering others. Each tool includes a short description along with any special considerations and examples of where the tool has been implemented. Only tools that can be legally adopted in Texas are included here.

Part 7 provides an overview of **three case studies** of historically vulnerable neighborhoods–both inside and outside of Texas–where local efforts have focused on mitigating displacement in the face of rising housing costs and redevelopment pressures. The case studies demonstrate how a variety of strategies and policies can be used successfully to mitigate the displacement of vulnerable populations in gentrifying communities and offer both hope and concrete lessons to advocates in other communities. The complete case studies are available at https://sites.utexas.edu/gentrificationproject/.

Part 1: Lessons from Gentrifying Neighborhoods

The following lessons are drawn from the case studies of gentrifying neighborhoods in Part 7, as well as research of efforts from other parts of the country to mitigate displacement in gentrifying neighborhoods .

1. Put community voices at the center. Ensure vulnerable residents have a meaningful role in identifying needs, prioritizing the use of resources, implementing strategies, and monitoring progress.

Community voices should be incorporated throughout the development and implementation of displacement mitigation plans and strategies to ensure they are aligned with community needs. Effective community engagement requires strong city efforts to reduce barriers to participation and reach out to directly impacted residents. Active, ongoing community oversight of a city's displacement mitigation programs brings critical transparency and accountability to the process.

Investing in capacity building of tenants and other vulnerable groups is critical to ensuring that their participation is meaningful and robust. Capacity building is also important to the implementation of many important displacement mitigation strategies, such as resident purchases of mobile home parks and apartment complexes and the creation of community development corporations.

2. Intervene early to acquire permanent control of land. Acquire as much land as possible for permanent use as affordable housing, through mechanisms such as community land trusts, long-term affordability restrictions, and nonprofit and public ownership of land.

As gentrification picks up steam in a neighborhood, it becomes much more difficult to feasibly acquire properties for the preservation and construction of affordable housing. For neighborhoods that are susceptible to gentrification or in the very early stages of gentrifying, it can be hard to envision the rapid rise in property values that will come in later stages of gentrification. But buying land and housing in this early period gives cities, community development organizations, and residents more capacity to mitigate displacement when change does come.

Taking land out of the speculative real estate market protects precious public investments in affordable housing and ensures opportunities for future generations of low-income residents to live in a gentrifying neighborhood. Long-term stewardship of affordable housing investments is best achieved through community and public ownership of affordable housing developments and the land underneath the homes, but long-term deed restrictions also help insure that land remains available for affordable housing for generations.

3. Dedicate substantial levels of city funding to anti-displacement efforts. Secure long-term, dedicated funding streams rather than relying on a city's general fund.

The implementation of displacement mitigation strategies at a scale large enough to have a systemic impact requires levels of financial commitment equivalent to or greater than city investments in transportation and other important civic endeavors. Producing and preserving affordable housing at scale, like widening freeways or building regional parks, is an undertaking whose costs are often startling to people. For instance, in the absence of oversubscribed federal subsidies, city contributions in the range of $150,000 to $300,000 or more are typically required for each new affordable housing unit built in a gentrifying neighborhood for low-income

families, with the exact amount depending on the local housing market, a neighborhood's stage of gentrification, the income levels of families served, and the type of housing product. Programs that serve the most vulnerable residents of a community require the greatest levels of investment.

4. Anticipate and include strategies for addressing displacement in public revitalization initiatives and major infrastructure projects. In some neighborhoods, the shift from the need for revitalization to the need for anti-displacement measures can occur quickly.

When a city institutes revitalization programs or otherwise makes significant investments in a community, such as new transit infrastructure or incentives for higher-end housing, it should anticipate displacement and incorporate affordable preservation and other displacement mitigation strategies into those plans up front, rather than reacting to this need later on when it may be too late and too expensive to respond.

5. Match anti-displacement strategies to neighborhood conditions and needs. Strategies to combat displacement should be grounded in community planning efforts with measurable goals and timelines for implementation.

Cities should develop a clear understanding of which neighborhoods are impacted by gentrification, the levels of gentrification and displacement occurring, and who is being impacted. Having a community-driven, neighborhood-level plan that includes specific goals and timelines, along with a community oversight mechanism, allows for greater accountability and oversight over a city's progress towards addressing displacement.

6. Commit for the long haul with a diverse set of tools. Develop realistic expectations of what constitutes success and the time to achieve displacement-mitigation goals.

Even with large-scale, concentrated investments to mitigate residential displacement in a gentrifying neighborhood, it is next to impossible to entirely eliminate displacement in the face of market pressures. But even though residential displacement that arises as a consequence of gentrification cannot be entirely eliminated, displacement can be meaningfully mitigated with a multipronged, sustained effort pursued over many years by local stakeholders, as shown in many communities across the United States. Progress on mitigating displacement of vulnerable populations requires long-term, ongoing support and engagement from elected officials, civic leaders, and residents, including those from impacted communities.

Reducing displacement also requires a willingness to mix and match a variety of strategies and to proceed simultaneously on a variety of fronts. Voters and elected officials have to be willing to support new and unfamiliar approaches, as well as to drastically scale up those tools that are already achieving results.

7. Create local capacity for preserving affordable housing and identifying the biggest preservation risks.

A coordinated network of high capacity preservation groups, strong community development organizations, city staff, and other stakeholders is essential to preserving existing affordable housing and combatting displacement in gentrifying neighborhoods. A network is needed to identify preservation risks, as well as coordinate and implement responses. A critical strategy for identifying preservation priorities is creating and actively updating a database of at-risk properties that incorporates detailed information about multifamily developments' expiring subsidies, building conditions, and other indicators of vulnerability.

Part 2: Framework for Evaluating Anti-Displacement Policies

In order to understand the ways that particular policy tools can be used to address the needs of vulnerable groups impacted by displacement in gentrifying neighborhoods, it is helpful to consider their relative strengths and weaknesses. The following set of criteria from the Uprooted Report for the City of Austin and developed by Professors Elizabeth Mueller, Jake Wegmann, and Heather Way can be used to help guide this analysis. To illustrate how these criteria work in practice, they are applied to a short list of specific tools for mitigating displacement.

It is important to keep in mind that no tool will score well on all measures. The criteria are meant to help policymakers consider which tools best further the city's goals and best match the needs of particular places and groups. The criteria also allow policymakers to weigh the effectiveness and impact of specific tools and consider which ones the city has the resources to implement or capacity to develop.

The first two criteria focus on the dimension of need that is addressed by a particular tool. The next three criteria are normative, meaning they are linked to value-based goals that a city or community may have adopted or wish to adopt. A city may have additional goals it wants to add here. The final two criteria focus on considerations important to the successful implementation of each tool. Together, the application of these criteria to the possible displacement mitigation tools will give city policymakers a great deal of information to consider and help inform discussion of which tools a city should adopt.

Vulnerable populations targeted. This criterion considers which vulnerable groups a particular tool is likely to assist the most. We focus here on groups that are known to be most vulnerable to displacement as housing costs rise, that have the fewest housing options once displaced, and that can be easily targeted by particular programs. When it comes to incomes of populations targeted, we recommend breaking this analysis down even further to identify whether a policy targets households with very low incomes (such as at 30 to 50 percent of the Area Median Family Income) or a higher range, such as 60 to 80 percent of the Area Median Family Income.

Stage of gentrification targeted. The second criterion considers at which stage of gentrification a particular tool will be the most effective. Since conditions and challenges vary according to the amount of displacement pressures in a neighborhood, it is important to be aware of which tools are most easily implemented at various stages. Of course, most tools will be easier to implement when neighborhoods are in the earliest stages of change.

Place-based. Place-based tools are targeted for specific gentrifying neighborhoods, rather than being implemented citywide. Some tools may focus on particular vulnerable groups without linking them to particular gentrifying neighborhoods.

Sustainability. Displacement has two time dimensions that are important to consider. First, displacement refers to the loss of existing vulnerable groups of residents. Second, displacement pressures impact the ability of persons from similar demographic groups to return or move into the neighborhood. Some policies are well matched to the needs of current residents but may not extend to future residents, while other policies address both current and future residents' needs. This criterion also speaks to the longevity of city investments: Will a displacement mitigation investment remain when the current residents move? How long will the city's investment in the affordability of a unit last?

Inclusivity. Displacement-mitigation tools vary in terms of the involvement of vulnerable residents in their design, implementation, and oversight. To ensure that tools are designed to address the concerns of these residents, it is important to consider to what extent such involvement is a feature of each tool.

Financial resources required. While it is not possible to precisely detail the likely costs of particular tools, our goal here is to give a sense of which are the most or least costly. We attempt to do this by considering the amount of funding required for initial implementation or investment and the ongoing cost to the city beyond start up. Initial costs might range from those associated with passage of an ordinance to allocation of funds for construction of housing. On-going costs might include funding for staff at agencies charged with implementation.

Capacity required. A key feature of a tool's successful implementation is the ability of city staff, local nonprofits, and community organizations to carry out the roles envisioned for them by each tool. We attempt to consider here whether the required capacities currently exist, whether there are key gaps that would require attention, and the extent to which any existing deficiencies in capacity could be easily addressed.

Criteria for Assessing and Comparing Anti-Displacement Policy Tools

CRITERIA	RATIONALE	OPERATIONALIZATION
Dimensions of need addressed		
Vulnerable populations targeted. *Which group does this tool assist the most?*	Certain populations are especially vulnerable to displacement and likely to face difficulties finding housing they can afford once displaced.	**Vulnerable groups targeted:** Includes low-income renters, low-income homeowners, people/communities of color, low-income families with children, low-income seniors
Stage of gentrification targeted. *At what stage is this tool most effective?*	Since conditions and challenges vary greatly according to the development pressure a neighborhood is experiencing, it is important to match policy tools to these conditions.	**Early-stage:** For neighborhoods susceptible to gentrification or in the earlier stages of gentrifying **Mid-stage:** For neighborhoods with both significant demographic changes and housing appreciation but low or moderate residential values **Late-stage:** For neighborhoods in the later stages of gentrifying with high residential values

CRITERIA	RATIONALE	OPERATIONALIZATION
Normative dimensions		
Place-based. *Does this policy tool focus on specific gentrifying neighborhoods?*	To address change that is affecting entire vulnerable neighborhoods will require an intentional focus on those areas.	**Yes:** Designed to serve vulnerable residents of one or more gentrifying neighborhoods **No:** Not targeted to specific gentrifying neighborhoods
Sustainability. *How long will the effects of this policy tool last?*	To preserve cultural communities and ensure ongoing income and racial diversity in vulnerable neighborhoods, it is important to consider whether the proposed tools will have effects beyond those served initially and for how long.	**Good:** Creates an ongoing (40+ years) stock of housing for current and future residents from vulnerable groups **Fair:** Creates housing for current and future residents for < 40 years **Poor:** No plans for future residents
Inclusivity. *How will the voices of vulnerable residents be represented?*	To ensure that policy tools incorporate features that best serve vulnerable residents, it is important that residents have a meaningful voice in the design, governance, and ongoing monitoring of the tool.	**Good:** Includes an active role for vulnerable residents in the design, governance, and ongoing implementation of the tool **Fair:** Includes some roles for vulnerable residents **Poor:** No role for vulnerable residents
Implementation dimensions		
Financial resources required. *What level of funding or foregone revenue will be required?*	Successful implementation and the ability to achieve the desired scale of impact will depend on the availability of financial resources from city tax dollars or other funds and resources.	**Low:** Minimal start-up and operational costs to the city **Medium:** Moderate start-up and operational costs to the city **High:** Either high start-up costs, high operational costs, or both
Current capacity. *How well do city and nonprofit staff and community roles match current capacity?*	Successful implementation of policy tools requires that city and nonprofit staff and community members are able to carry out the roles envisioned for them.	**Good:** Staff and community capacity currently exist to perform the envisioned roles **Fair:** Moderate levels of capacity exist but additional capacity building required **Poor:** Skills currently lacking or capacity very limited

Source: *Uprooted: Residential Displacement in Austin Neighborhoods and What Can Be Done About It*

Examples of Applying the Assessment

Policy	Vulnerable populations targeted	Stage of gentrification targeted	Place-based	Sustainability	Inclusivity	Financial resources required	Current capacity
Local Housing Voucher Programs	Current low-income renter households	Middle to late	No	Poor to fair	Poor to fair	Medium to high	Fair
Homestead Preservation Center	Current low-income homeowners, including seniors and persons of color	All	Yes	Poor	Good	Medium	Good
Affordable Housing Preservation Network and Database	Current and future low-income renters of apartments	Early and mid-stage	No	Good	Good	Low to medium	Fair
Affordable Housing Strike Funds	Current and future low-to-moderate-income renters	Early and mid-stage	No	Good	Poor to fair	Medium to high	Poor to fair
Community Capacity Building	Low-income residents in vulnerable neighborhoods	Early and mid-stage	Yes	Poor	Good	Medium	Poor to Fair
Adding Internal Accessory Dwelling Units to Existing Homes	Current homeowners, including seniors and persons with disabilities	All	No	Fair to good	Poor to fair	Low	Good
Community Land Trusts	Current and future low-income renters and homeowners	Early to middle	Yes	Good	Good	High	Fair
Tenant Relocation Ordinance	Current low-income renters and mobile home park residents	All	No	Poor	Fair	Low to medium	Fair
City and Tenant Right to Purchase Program	Current and future low-income renters and mobile home park residents	Early and mid-stage	No	Good	Good	Medium to high	Fair
Community Preference Policy	Current displaced residents who are low-income and have ties to a targeted neighborhood	Early to late-stage	Yes	Poor	Fair to good	Low	Good

Part 3: Featured Tools for Combatting Residential Displacement

Introduction

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

Featured Tools

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

Affordable Housing Preservation Network and Database

Highlights:

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

Action Steps to Get Started:

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

The Problem

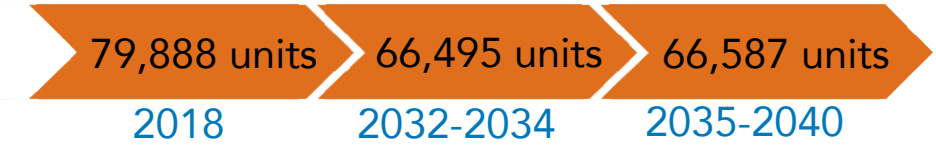
Texas cities include many privately-owned subsidized rental housing properties that are at risk of converting to market rates or undergoing redevelopment as a result of gentrification pressures. The largest affordable rental housing program in Texas is the federal Low Income Housing Tax Credit (LIHTC)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

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

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

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

Low Income Housing Tax Credit Properties Eligible to Exit the Program in Texas, by Year



The Tools

Two essential and related tools for preserving affordable rental properties and mobile home parks are preservation databases and networks. Texas cities can play a key role in preservation efforts by operating the database or funding another organization to do so, and by dedicating city staff to run the preservation network or help support its operations.

> "Without sufficient data to understand which properties are most at risk, it's impossible to target resources effectively or be prepared to act when a property is threatened."

Preservation Database

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

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

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

Preservation Network

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

2 Key Components of an Effective Preservation Strategy

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

The DC Model

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

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

Examples:

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

Resources:

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

Assessment

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

City and Tenant Right-to-Purchase Preservation Program

Highlights:

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

Action Steps to Get Started:

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

Overview

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

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

Denver's Right-to-Purchase Ordinance

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

The Washington, D.C. Model

Washington, D.C., operates the most robust and successful right-to-purchase program in the country, through the District's Tenant Opportunity to Purchase Act (TOPA) and District Opportunity to Purchase Act (DOPA). TOPA gives tenants or their designee the priority opportunity to purchase a building when a landlord plans to put it on

the market, while DOPA gives the city the right to purchase the property if the tenants do not exercise their right. TOPA and DOPA have been two of the District's most powerful tools for preserving affordable multifamily housing in a hot real estate market.

When tenants in D.C. exercise their purchase right, they can transfer their right to a third party, such as a nonprofit housing organization, or purchase their building and retain ownership. For low-income tenants, ownership is typically structured through the creation of a limited equity cooperative, where residents collectively own their building but with resale restrictions to preserve the long-term affordability of the units. The initial purchase price of a limited equity co-op unit is typically very low, and many of the limited equity co-ops in D.C. end up affordable to households making less than 50 percent of the area median income, with some purchase prices even affordable for households making less than 30 percent of the area median income.

Mobile Home Park Purchase Rights

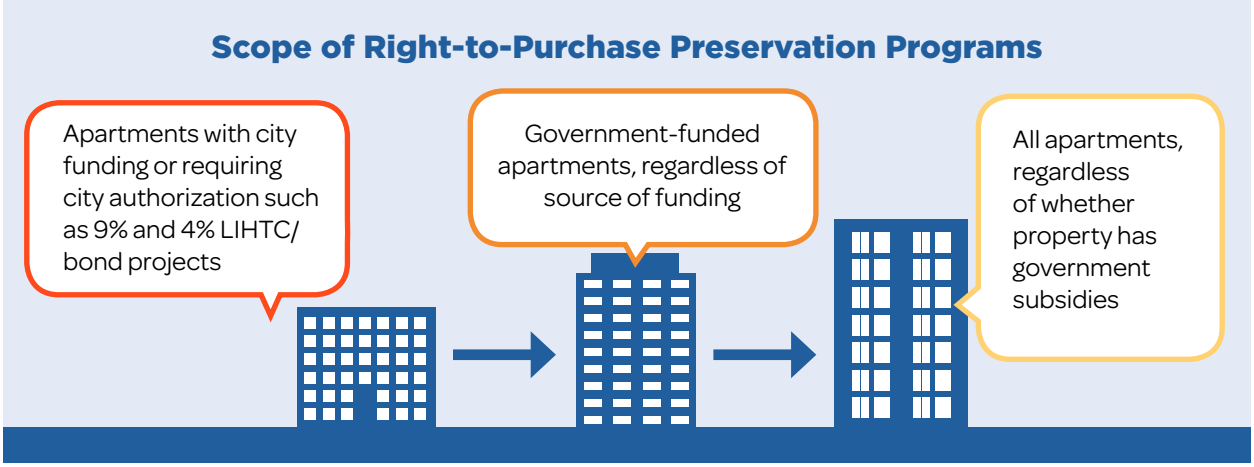
Mobile home park purchase rights have likewise been successful around the country in preserving affordable housing. These ordinances provide mobile home park residents with a right of first refusal if the owner chooses to sell the park. As in the case of purchasing a multifamily building, the successful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

Keys to Successful Implementation

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

Examples:

Washington, D.C. (District Opportunity to Purchase Act and Tenant Opportunity to Purchase Act, covers all multifamily rental properties); Denver (subsidized multifamily rental properties); Massachusetts (purchase option for subsidized multifamily properties); New York City (NYC Admin Code, Section 26-802 to 806, subsidized multifamily rental properties); Maryland (subsidized multifamily rental properties). A number of states provide a right of first refusal for mobile home park sales, including New York State, Minnesota, and Florida.



Assessment

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

Community Land Trusts (CLTs)

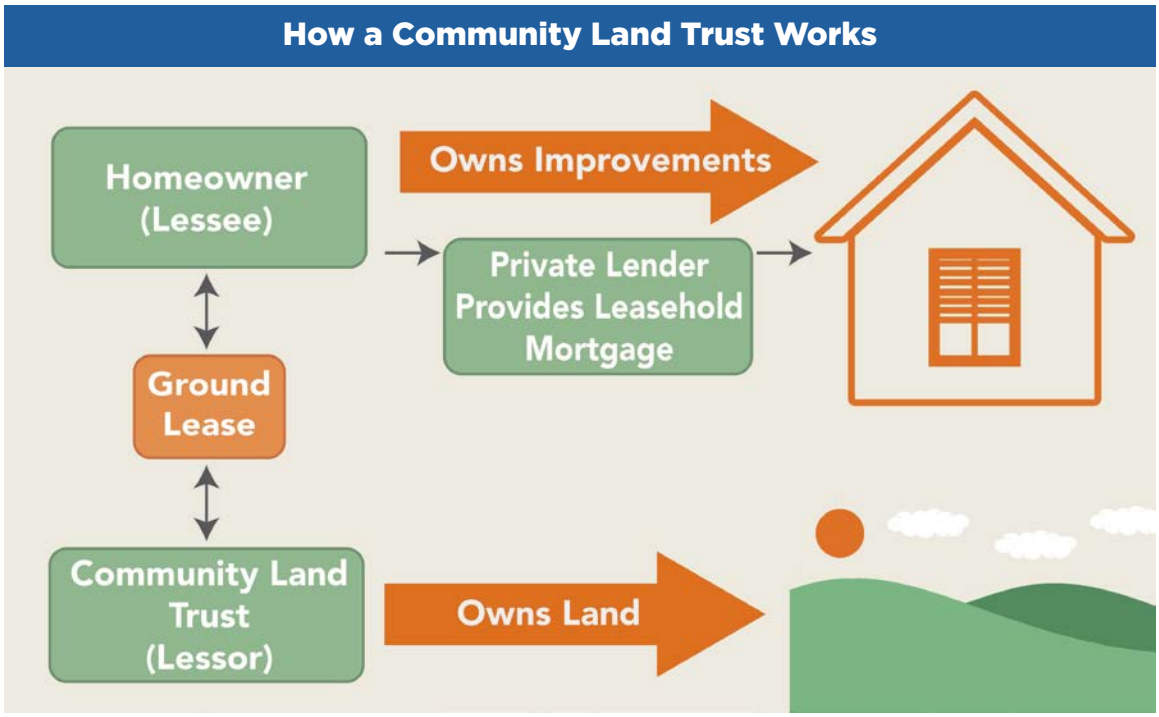
Highlights:

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

Action Steps to Get Started:

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

How a CLT Works



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

For homeownership units, the CLT's land is typically leased for 99 years to an income-eligible family for an affordable price ($25-$50 a month is common) through a very detailed ground lease, which sets forth the policies and rules governing the use and sale of the property. An income-eligible family purchases the home sitting on the land at an affordable price with mortgage financing, typically from a bank.

When the family wishes to sell the home, the nonprofit CLT typically has a right of first refusal to purchase the home, and the resale price is restricted to ensure the home can be resold at an affordable price to another low-income buyer. CLT homeowners recoup what they paid for the home, while a fixed rate of appreciation caps the amount of appreciation they can receive if property values are rising. For rental CLT units, the nonprofit entity maintains ownership of the home and leases it to an income-eligible family for an affordable price.

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

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

CLT Goals

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

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

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

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

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

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

Questions to Answer Before Forming a CLT

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

Texas Examples

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

Photo courtesy Guadalupe Neighborhood Development Corporation

Other Examples:

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

Resources:

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

Assessment

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

Homestead Preservation Center

Highlights:

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

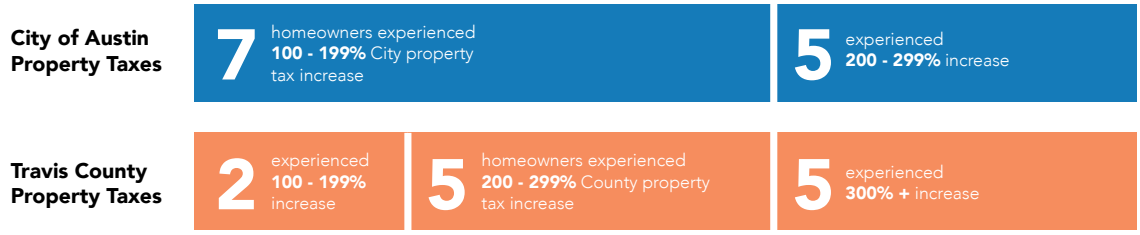
Action Steps to Get Started:

1. Designate a nonprofit entity or city department to operate one or more centers.
2. Allocate operational funding.

The Problem:

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

Rising Property Tax Burdens for **12 Senior Homeowners** in East Austin from 2006 to 2015



Source: East Austin Conservancy

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

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

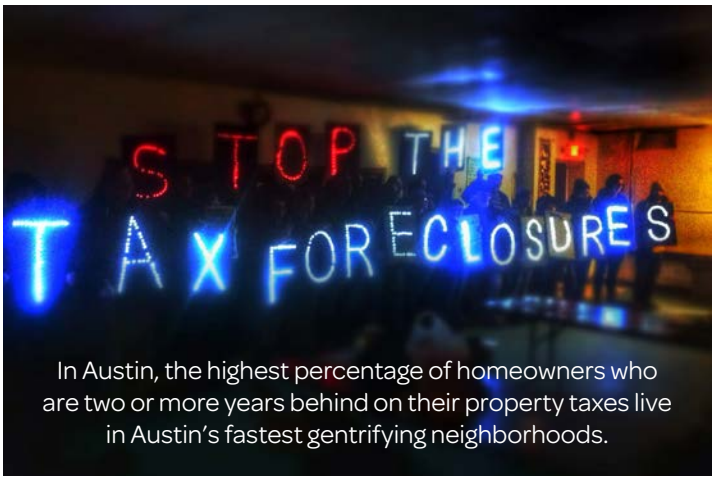
The Tool: Homestead Preservation Centers

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

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

Examples from Around the Country

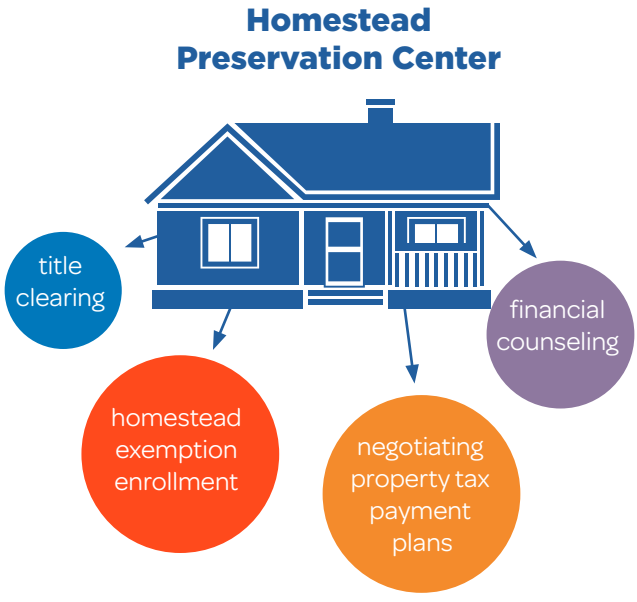
A number of cities provide services targeted towards helping vulnerable residents with financial stability and holding onto their homes. None of these programs include the exact same scope as the Homestead Preservation Center discussed here, but they have different components that would be useful for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



In Austin, the highest percentage of homeowners who are two or more years behind on their property taxes live in Austin's fastest gentrifying neighborhoods.

Source: Stephen Boyle, licensed under Creative Commons by 2.0

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



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

Examples:

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

Assessment

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

Affordable Housing Strike Fund

Highlights:

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

Action Steps to Get Started:

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

The Problem:

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

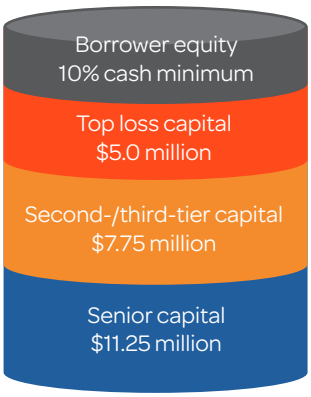
Cities and affordable housing providers face many challenges in preserving these units. Acquiring affordable multifamily properties in hot markets, where preservation organizations may be competing with cash buyers, often requires quick and nimble access to financing, which purely private capital and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

The Tool: Affordable Housing Strike Funds

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

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

Denver Regional Transit-Oriented Development Fund Capital Stack



Source: Enterprise Community Partners

Private-Only Funds

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

Examples of Public-Private Strike Funds

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

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

Additional Examples:

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

Resources:

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

Assessment

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

Tenant Relocation Assistance Ordinance

Highlights:

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

Action Steps to Get Started:

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

The Problem:

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

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

The Tool: Tenant Relocation Assistance Ordinance

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

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

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

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

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

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

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

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

Triggers for Displacement Assistance

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

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

Navigating Texas's Linkage Fee Ban

Under Section 250.008 of the Local Government Code, a fee cannot be imposed on new construction (which includes zoning changes, building permits, and site plans) unless (1) the fee is not used to offset the cost or rent of the new housing unit or (2) the fee is a "fee in lieu" via a density bonus program. A broad fee could still be tied to a demolition permit, which is not barred under 250.008. Alternatively, a narrower fee could be adopted to cover things like moving costs (such as a moving truck rental or mobile home relocation) and intensive relocation counseling, which are not restricted at all by 250.008. As an additional option, a broad fee could be triggered as part of an optional fee in lieu for developers receiving an increase in height and square footage. A city could require developers receiving these increases in entitlements to provide for the moving truck, counselor, and other relocation services or have the option of paying a fee instead.

Portland's Mandatory Renter Relocation Assistance ordinance requires landlords to pay a tenant relocation fee of $2,900 to $4,500 depending on the size of the rental unit, which is triggered by non-renewal of leases due to redevelopment, as well as increases in rent by 10% or more over a 12-month period and other actions that displace tenants. A similar type of ordinance in Texas would not be restricted under Section 250.008.

Texas Examples

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

Other Examples:

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

Resources:

Tenant Displacement in Austin (Texas Law Community Development Clinic, 2012)

Assessment

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

Mobile Home Park Zoning

Highlights:

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

Action Steps to Get Started:

1. Conduct inventory of mobile home parks to identify which parks do not have zoning protections that restrict redevelopment for other uses.
2. Conduct inventory of mobile home parks to identify which parks do not have zoning protections that restrict redevelopment for other uses

The Problem:

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

> Austin's Disappearing Mobile Home Communities
>
> Austin Chronicle, Dec. 15, 2017

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

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

The Tool: Applying Zoning Protections to Mobile Home Parks

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

The Austin Example

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

Examples:

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

Assessment

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

Community Preference Policy

Highlights:

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

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

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

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

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

Examples:

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

Assessment

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

Part 4: City Revenue Sources for Combating Displacement in Gentrifying Neighborhoods

Key City Revenue Sources

1. General obligation bonds
2. Tax increment financing
3. Homestead Preservation Reinvestment Zones
4. Type B sales tax
5. General revenue
6. Fees in lieu of density bonus

Limited funds for affordable housing can be one of the biggest barriers cities face when seeking to increase housing stability in gentrifying neighborhoods. While a majority of funding for preserving and creating affordable housing has historically come from federal sources, these funds are inadequate to support local housing needs. As a result, many Texas cities have been relying increasingly on local revenue sources to improve housing stability–although the range of local revenue sources available to cities here is very limited due to state legislative limits.

Six important local revenue sources and financing programs that are currently being used in Texas cities to fund affordable housing and other housing stability projects are outlined here, along with the opportunities and challenges of using these tools.

General Obligation Bonds

Highlights:

- Can generate large levels of funding over multiple years that are dedicated to affordable housing
- Subject to public vote: Affordable housing may not be a priority to all taxpayers
- Bond proceeds may fund only capital costs and not operational costs or support services

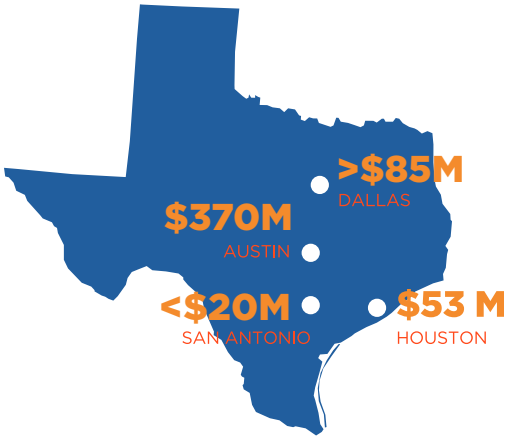
Texas cities have the authority to issue General Obligation (GO) bonds after receiving voter approval in a citywide election. The bonds must be used in advancement of a public purpose. The preservation and development of affordable housing (both rental and homeownership) for low-income households are examples of public purposes that qualify for GO bonds. GO bonds are spent over several years (four to seven years is typical) and are repaid by the city using general revenue, such as property and sales taxes. Approving GO bonds for affordable housing effectively locks in spending on affordable housing for several years and shields the funding from competing spending priorities during the term of the bonds.

Proceeds from GO bonds can be used only for capital costs, such as land acquisition, housing construction, and infrastructure related to an affordable housing development. The proceeds cannot be used to fund on-going operational costs or direct financial assistance to households, such as rental assistance.

Examples:

- **Austin:** In 2018, Austin voters overwhelmingly approved a $250 million bond in support of affordable housing. Out of the $250 million, $100 million of the bond will support land acquisition for affordable housing development, $98 million will support rental housing development assistance, $28 million will support homeownership, and $28 million will support home repairs and rehabilitation. The most recent GO bonds fund rental housing serving households at or below 30%, 40%, and 50% MFI, while the homeownership units serve households at or below 80% MFI. In 2013, Austin voters approved a $65 million bond for affordable housing and, in 2006, approved a $55 million bond.
- **Houston:** Houston voters have approved a total of $53 million in general obligation bonds for affordable housing over the course of three bond referendums from 2001 to 2012.
- **San Antonio:** In 2017, San Antonio voters approved $20 million for neighborhood improvements. The bond funds, which are not targeted towards housing stability, are focused on eliminating blight and the preparation of sites for construction of workforce housing development. Half the residential units in a bond-funded project can be market rate.
- **Dallas:** From 2003 to 2017, Dallas voters approved more than $85 million in general obligation bonds for affordable housing, including homeless assistance facilities, through bond referendums in 2003, 2005, 2006, 2012, and 2017.

General Obligation Bonds for Affordable Housing 2001-2018



Tax Increment Financing Targeted for Affordable Housing

Highlights:

- Transforms a funding mechanism with the potential to fuel gentrification into one that helps reduce the displacement of low-income residents
- Locks in ongoing contributions of city tax dollars towards affordable housing for many years
- Places the burden of financing affordable housing on future development rather than the current tax base

Tax Increment Financing (TIF) is used widely by Texas cities to capture the expected growth in property tax revenues to fund projects within a precisely-defined TIF zone for a long period of time–typically thirty years. When a TIF zone is formed, the amount of existing tax collections originating from inside the zone's boundary is set as the baseline. As tax revenues in the zone increase in future years (whether from redevelopment, inflation, or otherwise) the amount that exceeds the baseline is redirected out of the city's general fund and reserved for expenditure on designated projects that benefit the zone.

Under Chapter 311 of the Texas Tax Code, Texas cities have the authority to dedicate all or a portion of TIF funds towards affordable housing, such as land assembly, construction, and infrastructure for an affordable housing development, as well as affordable housing programs. Affordable housing receiving TIF funding can be located inside or outside of the TIF zone.

There are two primary ways to create affordable housing through TIF funding: (1) by requiring market-rate developments receiving TIF funds or abatements to set aside a certain percentage of units in the development as affordable housing; and (2) by redirecting a percentage of the TIF funds into a special fund used to subsidize

affordable housing developments and affordable housing programs. The targeting for affordable housing can be required only for specific TIFs when they are created by the City Council, or via a city ordinance that applies to all future TIFs.

If TIF funds are used to incentivize the inclusion of affordable housing in a market-rate development, consideration should be given to the rents and sales prices of the affordable housing units, as well as the number of bedrooms required, to ensure that neighborhood residents who are at risk of displacement can access those units. Other best practices to consider include: (1) requiring properties receiving TIF funds to accept a percentage of renters with housing vouchers; (2) affirmative marketing requirements to reach area residents; and (3) requiring the developments to provide enhanced tenant rights such as right to cure provisions.

Examples:

- **Dallas:** All residential developments receiving TIF subsidies must set aside 20% of units for families earning at or below 50% to 80% AMFI, with the exact income targeting determined by the area where the TIF district is located. As of 2016, Dallas's TIF policy had yielded 2,320 affordable housing units.
- **Fort Worth:** Any residential projects receiving TIF support must set aside a minimum of 20% of units as affordable (half at 60% AMFI and half at 80%).
- **Houston:** Thirty percent of all funds from "petition" TIFs (those created by petition of landowners) are dedicated to affordable housing, pursuant to a requirement under state law that applies only to Houston. In 2015 and 2016, TIFs in Houston contributed a total of $41 million to the city's affordable housing fund, along with several additional TIFs that spent TIF funds directly on affordable housing within the respective TIF district. A 2018 City of Houston audit found major flaws in the city's administration of the TIF funds for affordable housing, including a finding that a majority of those funds were spent on city administrative costs and only 43% on affordable housing projects and programs.
- **San Antonio:** The City of San Antonio has created at least two TIFs dedicated solely towards the creation of affordable housing. For example, the Tarasco Gardens TIF is a petition-created TIRZ that will provide 60 affordable homes for low- and moderate-income families.
- **Portland, Oregon:** In each of the city's TIF districts, 25% of TIF funds must be set aside for affordable housing. Advocates were successful in getting the city to redirect an even higher amount of TIF funds in the North/Northeast Portland area towards affordable housing. Over a six-year period, $100 million in TIF funds will be dedicated towards affordable housing and mitigating displacement in that area of the city.

Homestead Preservation Reinvestment Zones

Highlights:

- Special TIF model that restricts TIF funds for the development, construction, and preservation of affordable housing with deep income targeting
- HPRZs can currently be created only in the cities of Austin and Dallas, and in these two cities, the tool is available only on a very limited basis. Legislative changes are needed to expand use of this tool statewide.

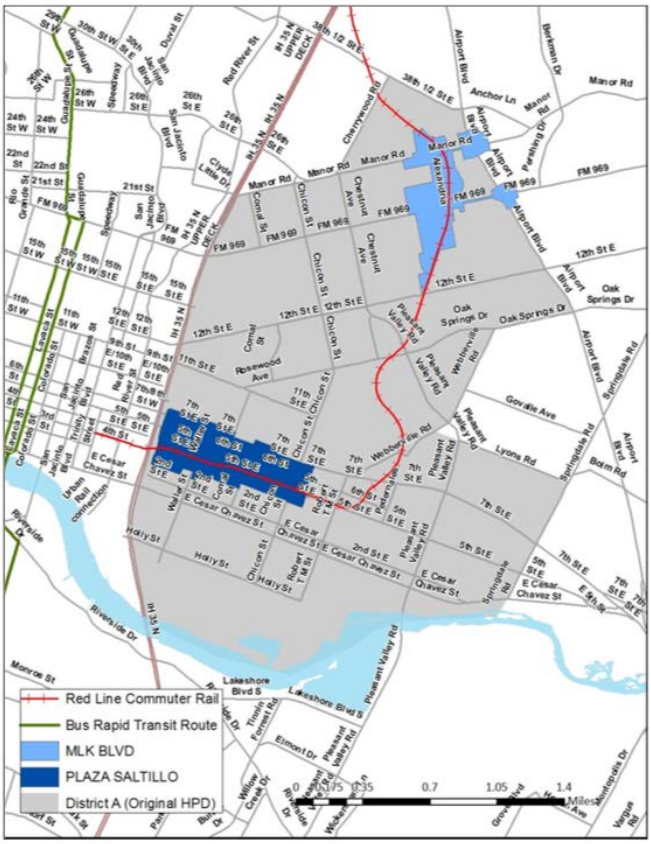
Homestead Preservation Reinvestment Zones (HPRZs) were created by the Texas Legislature in 2005 as a special form of tax increment financing to mitigate residential displacement in gentrifying neighborhoods. All of the tax increment funds in an HPRZ must be used for the development, construction, and preservation of affordable housing. HPRZs are authorized by Chapter 373A of the Local Government Code, which contains specific income targeting caps to ensure that most of the funding is used to assist the families most likely to be impacted by displacement. No more than ten percent of the HPRZ funds can be used on administrative costs.

HRPZs offer a great opportunity for Texas cities to create dedicated funding streams towards creating housing stability in gentrifying neighborhoods, but additional legislative changes are needed to make the HPRZ funding

tool viable for cities. An HPRZ can be created only in an area that a city has designated as a Homestead Preservation District under the Local Government Code. Currently, only the cities of Dallas and Austin have authority under state law to create Homestead Preservation Districts. Prior legislative attempts to extend this authority to other cities has failed. The City of Austin has successfully created one HPRZ, but is currently ineligible to create any additional Homestead Preservation Districts because of an issue with the state statute's bracketing language. And in Dallas, the fastest gentrifying areas do not qualify as Homestead Preservation Districts under the restrictive language in the state statute, and, thus, do not qualify for the HPRZ funding tool.

Example:
In 2015, the City of Austin created its first HPRZ, which is located within seven census tracts of Central East Austin and dedicates 20% of the tax increment in the zone towards affordable housing. The HPRZ has a ten-year term that can be extended by the City Council.

City of Austin Homestead Preservation District A



Source: City of Austin

Type B Sales Tax

Highlights:

- Can be used to generate a dedicated source of revenue for certain types of affordable housing expenses, such as land acquisition, construction, and infrastructure
- Many Texas cities have already adopted a Type B sales tax, but very few are currently using the revenue for affordable housing.
- Cities are ineligible to adopt a Type B sales tax if their local sales tax revenue exceeds two percent, which is the case for Dallas, Austin, and Houston, unless the local general sales tax rate is reduced.

Under the Texas Development Corporation Act, Texas cities may adopt a Type B sales tax with voter approval to fund economic development activities through a city-created economic development corporation, as long as the total local sales tax rate (including any local transit authority's rate) does not exceed two percent. Affordable housing, including land acquisition and construction, is eligible as an economic development activity that can be funded with the Type B sales tax. Many cities, such as Dallas, Houston, and Austin, have already reached the two percent cap for local sales tax rates and so would have to decrease their general sales tax rate before adopting a Type B sales tax.

As of Fiscal Year 2016-17, 361 Texas cities have adopted a Type B sales tax, with 8 cities using part of the sales tax revenue towards affordable housing, according to the Texas Comptroller's annual report on economic development corporation expenditures.

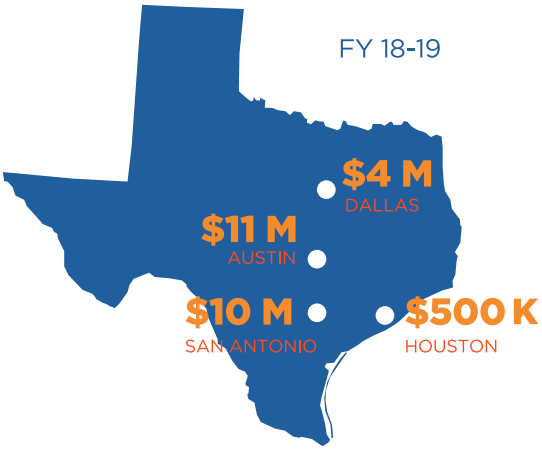
Examples:
Texas cities that dedicate part of their Type B sales tax revenue for affordable housing include Corpus Christi ($500,000), San Angelo ($460,000), McAllen ($550,000), and McKinney ($200,000).

General Revenue

Highlights:

- Not very reliable as a long-term source of financing; subject to annual political battles and competing priorities
- Subject to the state's annual revenue caps on cities

As part of its annual budgeting process, a Texas city can dedicate general fund dollars in the city budget for that fiscal year towards affordable housing and other tools for creating housing stability. This method of funding is the most simple, straightforward, and transparent. However, relying on the general fund for affordable housing is not very reliable and subject to fluctuations in revenue. Budgeting processes are highly politicized and contested, with different constituencies jostling for their varying priorities to receive funding. Affordable housing can seem like a lesser priority compared to traditional bread and butter items such as public safety and street maintenance.



Texas cities have historically relied largely on federal funding instead of general revenue to fund local housing initiatives. The Texas cities that have dedicated general revenue towards affordable housing have done so in only small amounts in proportion to their overall general revenue budget.

Examples:
Austin ($11 million, FY 18-19); San Antonio ($10 million, FY 18-19); Dallas ($4 million, FY 18-19); Houston ($500,000, FY 18-19)

Fees in Lieu of Density Bonuses

Highlights:

- Fees in lieu are paid for by the developer of a project instead of taxpayers
- An inconsistent and unpredictable stream of revenue for affordable housing that relies on a strong real estate market and demand for denser development.

Through density bonus programs, cities provide developers with the option of obtaining the right to build a taller or more dense building (or obtain other increases in development entitlements) in exchange for providing community benefits such as affordable housing. Instead of requiring the affordable housing units to be built onsite of the development, Texas cities can give the developer the option of paying a fee to the city to fund the city's affordable housing programs. These fees are commonly referred to as "fees in lieu." If a fee in lieu is allowed, it should be calibrated to the price of what it would cost to build a unit of affordable housing offsite.

Some cities and housing advocates prefer the fee approach over requiring the affordable housing units to be built on site through the density bonus program. One reason for this preference is that the fee can be used more nimbly to address the most pressing housing needs in a community. The City of Austin's most active density bonus programs require the affordable housing units to be built onsite unless special circumstances

exist. For example, the City's Downtown Density Bonus Program allows for a fee in lieu given the cost of high-rise construction and the sense that the city can get a "bigger bang for its buck" in funding the creation of affordable units offsite where land and construction costs are a lot lower.

Examples:
City of Austin's Downtown Density Bonus Program, along with several other density bonus programs. These programs generated $1.2 million in fees to fund affordable housing for fiscal year 2018-19.

Displacement Mitigation Tools Off Limits in Texas

The following is a summary of popular tools used in other states to combat residential displacement that are illegal in Texas.

Linkage fees

A linkage fee is a form of impact fee whereby cities charge developers a fee for new market-rate development, with the funds then used to create or preserve affordable housing. The fee is based on the increased demand for affordable housing generated by the new development. Many cities have adopted linkage fees for commercial development, with a more recent surge of cities adding linkage fees for residential developmental (for example, Los Angeles and Denver). In 2017, the Texas Legislature passed a law (House Bill 1449, codified in Local Government Code, 250.008) barring Texas cities from charging a fee "on new construction for the purposes of offsetting the cost or rent of any unit of residential housing," thereby making linkage fees illegal.

Condo conversion restrictions

Dozens of cities and states around the country have adopted laws regulating the conversion of rental housing to condominiums, with the goal of discouraging the loss of the affordable rental housing. Most conversion ordinances require tenant relocation fees, advance notice, and rights of first refusal for tenants to purchase their units before they are converted to condominiums. Texas law (Section 81.003(b) of the Texas Property Code) bars cities from regulating condominiums differently from other types of similar structures and, thus, presumably bars cities from targeting only condominiums for tenant relocation fees and other tenant protections. Any such regulations would need to extend to similar types of developments, such as a tenant relocation ordinance that extends to all increases in rents, up-zonings, and redevelopment resulting in a loss of rental units.

Inclusionary zoning for homeownership (with exceptions)

Inclusionary zoning is a widely used tool that requires new housing developments to make a percentage of the housing available at affordable rates to low- and moderate-income residents. Texas law (Section 214 .905 of the Local Government Code) bars cities from adopting inclusionary zoning in homeownership developments with several exceptions, including voluntary density bonus programs and areas served by a homestead preservation district. Inclusionary zoning for rental housing is not prohibited in Texas.

Source-of-income protections from discrimination

To help low-income renters afford the cost of rental housing in higher-income areas, including gentrifying neighborhoods, many cities have adopted laws prohibiting landlords from discriminating against renters paying a portion of their rent with housing vouchers or others forms of government assistance. In 2017, the Texas Legislature adopted a law (codified in Local Government Code, Section 250.007) prohibiting Texas cities from adopting source-of-income discrimination protections for renters.

Real estate transfer tax

Real estate transfer taxes are used by cities across the country to create a dedicated source of revenue for affordable housing. The tax, which is levied whenever the title of real property is transferred, is typically based on a percentage of the property value. In 2015, Texas voters approved an amendment to the Texas Constitution (Section 29) that bars real estate transfer taxes. An opening for a similar type of tax still exists: The 2015 constitutional amendment explicitly exempts from the real estate transfer tax ban a tax on the issuance of title insurance, but the Legislature would have to pass a law allowing cities to adopt such a tax.

Circuit breaker taxes

A circuit breaker tax places a cap on the amount of property taxes that lower-income homeowners pay based on the homeowner's income. Texas law does not allow for circuit breaker taxes. The Texas Constitution heavily regulates property taxes, requiring that property taxes be equal and uniform based on property values. Local taxing jurisdictions are restricted from adopting property tax exemptions or caps beyond those enumerated in the state constitution and state statutes.

Minimum wage

An important tool that dozens of cities use to help residents afford the cost of living, including housing costs, is a local minimum wage that exceeds the federal minimum wage. Texas law (Section 62.0515 of the Labor Code) bars Texas cities from adopting a minimum wage unless the wage floor applies only to city workers or is imposed through a contractual agreement with a private party, such as a city construction contract or an economic development agreement.

Partial Ban

Moratorium on development and rezoning

Texas law places heavy restrictions on when a city can adopt a moratorium on new developments, redevelopments, and re-zonings. Under Chapter 212 of the Local Government Code, a moratorium on residential development is limited to 120 days, and a local government must follow detailed standards and processes before imposing or extending a moratorium. For a moratorium on residential development, a city must show a need for public facilities generated by the development. A moratorium on commercial development is limited to 90 days, and the allowable justifications for a moratorium are much broader and include an impact on public health, safety, and welfare. Some extensions of the time limits are available, subject to meeting certain standards and processes. A moratorium cannot cover existing building permits or rezoning requests filed before the effective date of the moratorium.

Common misperceptions about Illegality

Rent control

Contrary to popular belief, Texas statutes do not prohibit cities from adopting rent control. A provision of the Local Government Code (Section 214.902) explicitly authorizes cities to establish rent control in the event of a housing emergency due to a disaster, with approval by the governor. Cities may be able to adopt rent control ordinances in other circumstances, since Section 214.902 does not explicitly preempt home rule cities' authority to adopt rent control in other situations.

Inclusionary zoning for rental housing

As discussed above, the state legislative ban on inclusionary zoning applies only to homeownership units and not rental housing. As a result, requiring the inclusion of affordable rental housing in new apartment developments does not violate the inclusionary zoning ban.

Part 6: The Toolbox

Strategies and Policies Available to Texas Communities for Addressing the Displacement of Vulnerable Residents in Gentrifying Neighborhoods

Introduction

This section of the toolkit provides an overview of a diverse set of strategies and policies for addressing the displacement of vulnerable residents in gentrifying neighborhoods. The discussion of each strategy and policy is guided by the following vision statement:

> **Low-income residents and persons of color (and their children) in historically disadvantaged communities have the opportunity to stay and return to their neighborhoods in the face of rising property values and an influx of more affluent residents. Over time, opportunities remain for new low-income residents to live in the community. Residents have a meaningful role in shaping the future of their neighborhood.**

The strategies and policies are organized around a set of six overarching goals (see below). This organizational framework provides a reference point for understanding how certain strategies and policies further different displacement mitigation goals, while not furthering others. The framework also highlights how one type of strategy might advance one goal while actually undermining another. For example, lowering property taxes for homeowners would help low-income homeowners remain in their homes, but also shift more of the property tax burden to landlords, potentially contributing to increased rents and hurting a city's vulnerable renters.

Goals for addressing displacement in gentrifying neighborhoods

1. Vulnerable **renters** in gentrifying neighborhoods are **not displaced** from their current homes and neighborhoods.
2. Vulnerable **homeowners** in gentrifying neighborhoods are **not displaced** from their current homes and neighborhoods.
3. The **existing affordable housing stock** (subsidized and non-subsidized) in gentrifying neighborhoods is **preserved** so that the units are in good condition while remaining affordable to low-income residents.
4. **City planning and land use decisions** incorporate **inclusive** and **equitable** anti-displacement strategies, and low-income persons and communities of color are empowered to participate early and meaningfully in land use decisions that shape their homes, neighborhoods, and communities.
5. **New affordable housing options are created** to serve current and future vulnerable households in gentrifying neighborhoods.
6. Vulnerable residents are able to **remain in or return** to their communities by accessing the new affordable housing opportunities in their neighborhoods.

Goal 1: Vulnerable renters in gentrifying neighborhoods are not displaced from their current homes and neighborhoods

Strategy	Tool
1a. Provide direct financial relief to vulnerable renters who are at risk of being displaced from their homes in gentrifying neighborhoods.	Local funding for emergency rental assistance
	Neighborhood stabilization voucher program
1b. Increase city legal protections for renters to reduce evictions and other forms of displacement in gentrifying neighborhoods.	Mandatory tenant protections in rental properties receiving city support
	Expansion of legal and mediation support for tenants facing eviction
	Anti-retaliation ordinance and anti-harassment protections for tenants
	Eviction notification ordinance
1c. Assist renters who have been displaced with relocating in their neighborhoods.	Tenant relocation ordinance
1d. Support tenant acquisitions of their apartment units.	Tenant right-to-purchase program
1e. Support tenants to be active participants in advocating for and implementing displacement mitigation strategies.	Financial support for tenant organizing and tenant engagement
	Tenant right-to-organize ordinance

Goal 2: Vulnerable homeowners in gentrifying neighborhoods are not displaced from their current homes and neighborhoods

Strategy	Tool
2a. Lower the property tax burdens for vulnerable homeowners.	Homestead Preservation Centers
	Homestead exemption enrollment program
	Expand notice of property tax deferral rights
	Emergency homestead stabilization fund
	Neighborhood stabilization loan program
	Tax abatement program for homeowners
	Market segmentation
	Senior volunteer tax break
2b. Assist vulnerable homeowners in gentrifying neighborhoods with repairs to their homes.	Create and expand home repair assistance programs
2c. Assist low-income homeowners with accessing the equity in their home through non-predatory products.	Enhanced fair lending education and enforcement
	Community homeownership loan fund
2d. Increase the ability of vulnerable homeowners to generate income from their homes and lots through the creation of accessory dwelling units.	Support the construction of external accessory dwelling units
	Reform land use ordinances to allow for the creation of internal accessory dwelling units

Strategy	Tool
2e. Support the preservation of mobile home parks and ability of mobile home park residents stay in their communities.	Comprehensive mobile home park preservation program
	Advanced notice of sale or change of use for mobile home parks
	Relocation assistance fee for mobile home park displacement
	Designate new sites for mobile home zoning
	Extend mobile home zoning to all mobile home parks

Goal 3: The existing affordable housing stock (subsidized and non-subsidized) in gentrifying neighborhoods is preserved so that the units are in good condition while remaining affordable to low-income residents.

Strategy	Tool
3a. Create programs and policies for proactively identifying, monitoring, and preserving at-risk affordable multifamily rental properties in gentrifying neighborhoods.	Affordable housing preservation officer
	Affordable housing preservation network
	Database to track at-risk properties
	Notice requirements
	Right-to-purchase ordinance
	Rental registration and proactive inspection program
	Small site acquisition program
3b. Enact land use restrictions that disincentivize redevelopment and demolitions of current affordable homes in gentrifying neighborhoods.	Neighborhood stabilization overlay
	Residential infill project
	Deconstruction ordinance
3c. Create preservation funds to provide private and public capital targeted towards acquiring and rehabilitating at-risk apartments.	Public-private strike funds
3d. Utilize property tax relief to promote preservation of rental properties.	Property tax abatement program
	Property tax exemptions via publicly-owned land

Goal 4: City planning and land use decisions incorporate inclusive and equitable anti- displacement strategies, and low-income persons and communities of color are empowered to participate early and meaningfully in land use decisions that sh ape their homes, neighborhoods, and communities

Strategy	Tool
4a. Create and support planning processes that incorporate a focus on mitigating displacement, with ongoing input and oversight by impacted residents.	Community-driven, neighborhood-scale displacement mitigation plans
	Community impact analyses
4b. Strengthen vulnerable residents' ability to have a voice and active role in the development of their neighborhoods.	Invest in community organizing
	Community engagement plan requirements

4c. Increase resident and community ownership of land.	Capacity building support and incubation of neighborhood-centered community development corporations
4d. Reduce barriers to participating in planning and land use decisions impacting gentrifying neighborhoods and utilize effective community engagement tools to elevate community voices.	Comprehensive community engagement strategy

Goal 5: New affordable housing options are created to serve current and future vulnerable households in gentrifying neighborhoods

Strategy	Tool
5a. Intervene early to acquire control of land in strategic locations of gentrifying neighborhoods.	Acquisition and land banking of property for future affordable housing development
	Land acquisition fund
5b. Dedicate surplus public land to affordable housing development.	Public land for affordable housing policy
5c. Leverage the power of hot real estate markets in middle- and late-stage gentrifying areas to create affordable housing.	Adoption and expansion of density bonus programs
	Community benefits agreements (CBAs)
5d. Retain city and community ownership of land to ensure permanent affordability of housing units for future generations of residents.	Community land trusts
	Shared equity appreciation with resale restrictions and rights of first refusal
5e. Require longer affordability terms in new affordable multifamily properties.	Require longer affordability terms for new LIHTC properties

Goal 6: Vulnerable residents are able to remain in or return to their communities by accessing the new affordable housing opportunities in their neighborhoods

Strategy	Tool
6a. Give displaced residents and residents at risk of displacement higher priority on waiting lists for affordable housing programs in their neighborhood.	Community preference policy
6b. Improve vulnerable residents' access to information about affordable housing opportunities and streamline the application process.	Single-entry, online affordable housing application portal

GOAL 1:

Vulnerable renters in gentrifying neighborhoods are not displaced from their current homes and neighborhoods

Renters in gentrifying neighborhoods face recurring rent increases and other displacement pressures as existing rental housing is torn down to make way for higher-end development. The most vulnerable groups of renters (e.g., low-income renters, persons of color, and families with children in poverty) are at the highest risk of displacement. The following is a summary of strategies and policy tools that can be used by Texas cities in gentrifying neighborhoods to help low-income renters stay in their current homes and neighborhoods, with a focus on direct financial legal assistance, legal protections, and other types of support. Additional strategies related to renters are discussed under Goal #3, related to preserving Texas cities' existing affordable housing stock for low-income residents.

Strategy 1a: Provide direct financial relief to vulnerable renters who are at risk of being displaced from their homes in gentrifying neighborhoods.

Policy Tools:

- **Local funding for emergency rental assistance**

Emergency rental assistance programs provide short-term direct relief to residents facing an immediate threat of eviction from their rental homes in gentrifying neighborhoods. These programs could be structured to target renters in gentrifying neighborhoods.

Examples: Austin (Travis County Family Support Services); Seattle (Rental Housing Assistance Program); New York City (One-Shot Deal Program and Homeless Diversion Unit).

Considerations: Helps vulnerable families weather a financial crisis and reduces homelessness. Short-term solution not directed towards helping families who need longer-term assistance to remain in their homes.

- **Neighborhood stabilization voucher program**

A neighborhood stabilization voucher program can provide longer-term relief to renters facing displacement in targeted gentrifying neighborhoods by funding the gap between market rate rents and what a low-income renter can afford. By using local dollars, a voucher program acts as a supplement to federal Housing Choice Vouchers (commonly referred to as "Section 8"), which are in short supply relative to need and not targeted to particular neighborhoods. Programs can target residents whose properties are exiting affordable housing programs, who are unable to pay their current rent, or who are living in unsafe conditions and need to move to another property. The program can be tenant-based as well as property-based.

Examples: D.C. (Local Rent Supplement Program); Denver (Lower Income Voucher Equity Program).

Considerations: Major outlays of city funding needed to provide the on-going rent subsidies in areas with rapidly appreciating property values. Requires cooperation from landlords.

Strategy 1b: Increase city legal protections for renters to reduce evictions and other forms of displacement in gentrifying neighborhoods.

Tenants in Texas have very limited rights, but there are a number of measures that cities can adopt to enhance their rights, which would help reduce the displacement of renters living in complexes with substandard conditions, rising rents, or undergoing redevelopment. Tenant protections, such as a right to organize and stronger retaliation protections, are critical for tenants who want to advocate against rent increases and zoning changes that would facilitate redevelopment of their property, who are seeking to purchase their property through a right-to-purchase program, and who want to ensure a right to return to any new development.

Policy Tools:

- **Mandatory tenant protections in rental properties receiving city support**

Texas cities can require properties receiving city support–such as city subsidies and property tax abatements, new zoning entitlements, and approval of federal Low Income Housing Tax Credit and tax-exempt bond projects–to provide a designated set of robust protections for tenants. Tenant protections could include: (1) organizing protections, (2) opportunities to cure alleged lease violations, (3) rights of first refusal to purchase, (4) longer advanced notice of rent increases, (5) lease renewal protections (i.e., barring lease non-renewals without just cause), and (6) caps on rent increases.

Examples: The City of Austin requires rental housing developers seeking city funding to provide, via a deed restriction, additional protections for tenants, such as good cause protections for lease non-renewal and right to cure.

Considerations: Tenant protections are most effective when backed with funding for monitoring and enforcing violations.

- **Anti-retaliation ordinance and anti-harassment protections for tenants**

Tenants who speak out against rent increases and living conditions in their housing units risk retaliation from their landlords, including non-renewals of leases. Anti-retaliation and anti-harassment protections are critical for tenant advocacy groups as they work to help tenants address substandard housing conditions and receive fair treatment from their landlords. Dallas has its own anti-retaliation ordinance, but tenant advocates report that the ordinance is weak, hard to enforce, and needs to be strengthened.

Examples: Dallas (Tenant Anti-Retaliation Ordinance); Oakland (Tenant Protection Ordinance); San Jose (Tenant Protection Ordinance).

Considerations: Tenant protections are most effective when backed with funding for monitoring and enforcing violations. In Texas, enforcement remedies are very limited.

• Expansion of legal and mediation support for tenants facing eviction

Research shows that providing legal support to tenants in eviction proceedings dramatically reduces the number of evictions and thus also reduces the negative impacts to both families and communities that result from evictions. These impacts include shelter costs associated with homelessness and the harm to students and school districts of moving students to new campuses. Using D.C.'s Office of Tenant Advocate (OTA) and New York City's eviction defense programs as a guide, Texas cities could fund similar programs locally to provide legal support for vulnerable tenants in gentrifying neighborhoods as well as other areas of the city. D.C.'s OTA receives more than $4 million in annual city funding. OTA's four staff attorneys provide legal assistance to tenants and tenants associations and intervene in judicial cases impacting tenants' rights.

Examples: Washington, D.C. (Office of Tenant Advocate), New York City (Universal Access to Legal Counsel Program), Boston (Office of Housing Stability), San Francisco (Proposition F–right to counsel in evictions referendum), Newark (Right to Counsel in Evictions). See the National Coalition for a Right to Civil Counsel for a list of cities and states supporting a legal right to counsel in evictions.

Considerations: Systematizes and strengthens what is at present an incomplete and underfunded network of advocates for renters. Would help redress the under-representation of renter populations in city policies. The long-term viability of an eviction support program would require an on-going commitment of general funds.

• Eviction notification ordinance

Under an eviction notification ordinance, landlords would be required to notify the city when they intend to evict a large number of tenants or not renew their leases. A notification requirement would improve the ability of cities, tenant associations, tenant advocacy groups, and social service providers to assist the tenants and intervene in mass-displacement actions as well as reduce impacts on schools.

Strategy #1c: Assist renters who have been displaced with relocating in their neighborhoods.

Policy Tools:

• Tenant relocation ordinance

Tenant relocation ordinances provide support for renters, such as financial assistance and counseling, when they are displaced from apartments undergoing redevelopment or demolition. Programs range in scope and structure. Many cities require developers to pay financial assistance to renters who are displaced, with some cities paying for the assistance. Cities may provide special relocation protections for residents of mobile home parks, given the cost and time it takes to move a mobile home. Austin's tenant relocation ordinance requires that developers provide 180-day notice to residents of apartments before filing a demolition permit or commercial building application. The notice requirement for residents of mobile homes parks is 270 days and is also triggered by rezoning applications. Austin also has–on paper at least–a tenant relocation assistance program

that provides housing location counseling services to tenants and requires developers to pay assistance to tenants when seeking a rezoning or other discretionary land use approval. The City is in the process of adopting a fee and directing city funding for this program.

Examples: Austin (Tenant Relocation Program); Boston (Condominium Cooperative Ordinance); Chicago (Protecting Tenants in Foreclosed Rental Property Ordinance, Condominium Conversion Ordinance); Seattle (Tenant Relocation Assistance Ordinance); Portland (Mandatory Renter Relocation Assistance Ordinance), Palo Alto (Rental Housing Stabilization Ordinance); San Antonio (Risk Mitigation Policy).

Considerations: Assessing a fee on developers to fund relocation assistance requires a nexus study. The provision of intensive relocation counseling, which helps tenants navigate the rental market, negotiate with new landlords, and access housing in their neighborhood and school attendance zone, can be just as important as financial assistance in helping tenants relocate.

Strategy #1d: Support tenant acquisitions of their apartment units.

Policy Tools:

- **Tenant right-to-purchase program**

When structured appropriately, tenant right-to-purchase programs can be a powerful tool for minimizing resident displacement while helping create rare low- and moderate-income homeownership opportunities in gentrifying neighborhoods. Washington, D.C.'s Tenant Opportunity to Purchase Act is a key element in the most successful tenant purchase program in the country. The Act provides tenant associations in multifamily properties or a tenant-designated nonprofit with a right of first refusal to purchase their apartment complex if it is ever sold. As the D.C. model has shown, to be effective, a right to purchase needs to be paired with significant financial support for the acquisitions, technical assistance, and capacity building support for preservation nonprofits. Many subsidized housing programs already come with a right of first refusal for tenants but are rarely used because of the lack of funding and technical assistance for the purchases.

Examples: Washington, D.C. (Tenant Opportunity to Purchase Program) and other supporting programs.

Considerations: A right-to-purchase program could be applied citywide or only to subsidized properties. If extended to private properties, a tenant right-to-purchase ordinance would likely attract hostile action from the Texas Legislature. In Washington, D.C., scattered cases of tenants gaming the system to their advantage (e.g., by selling their right to purchase) have been widely publicized and undermined support for an otherwise very helpful ordinance.

Strategy #1e: Support tenants to be active participants in advocating for and implementing displacement mitigation strategies.

Policy Tools:

- **Financial support for tenant organizing and tenant engagement**

Before a displacement event occurs, renters need to know their rights and options and need organizing support so they can effectively advocate for their interests. Tenant organizing is also critical to the effectiveness of a tenant right-to-purchase program. Cities can invest in tenant organizing and support tenants in acquiring their units and in other advocacy actions to mitigate displacement. The City of Austin provides annual funding out of its code enforcement budget for Building and Strengthening Tenant Action (BASTA), a local nonprofit initiative that educates tenants about their rights, helps tenants form tenant associations and engage in a variety of advocacy actions to address unsafe living conditions, and represents tenants in landlord retaliation actions.

Examples: Austin (Building and Strengthening Tenant Action (BASTA)); Washington, D.C.

Considerations: Requires on-going funding for long-term effectiveness.

- **Tenant right-to-organize ordinance**

A right-to-organize ordinance provides tenants with critical protections needed to organize as a tenant association and work together to advocate for improved living conditions, exercise a right to purchase, and otherwise mitigate displacement. While some federal housing programs provide tenants with a right to organize, such as Project-Based Section 8 and Public Housing, these protections do not extend to non-subsidized housing developments or the largest subsidized housing program: the Low Income Housing Tax Credit Program.

Examples: Washington, D.C. (Tenant Right to Organize Act); East Palo Alto (Tenants' right to organize ordinance)

Source: Building and Strengthening Tenant Action

GOAL 2:

Vulnerable homeowners in gentrifying neighborhoods are not displaced from their current homes and neighborhoods

As a neighborhood gentrifies, low-income homeowners face mounting financial pressures in the form of recurring property tax increases and, as a consequence, inability to cover other housing expenses, such as repairs. Homeowners who are the most vulnerable to displacement are those with the lowest incomes living in the most rapidly appreciating neighborhoods. While constitutionally-mandated tax savings are available via various homestead exemption policies, low-income homeowners who qualify for these exemptions may not have an exemption in place.

The following are strategies and tools that can be adopted by Texas cities in gentrifying neighborhoods to help vulnerable homeowners who want to stay in their current homes–with a focus on increasing these homeowners' access to homestead exemptions and other tax relief tools available in Texas, providing direct financial relief, helping owners access the equity in their homes, and assisting mobile home owners with acquiring their mobile home communities.

Strategy #2a: Lower the property tax burdens for vulnerable homeowners.

Texas law heavily restricts what Texas cities can do to provide property tax relief for struggling homeowners, but there are still a number of useful policies they can enact. The following tools have a more equitable and softer fiscal impact on cities compared to many other tax relief tools available to Texas cities. Two of the most popular tax relief tools–expansion of the general homestead exemption (which must be set at a percentage versus flat dollar amount) and tax freezes for seniors–support wealthier homeowners much more than lower-income homeowners and shift the property tax burden onto renters, who are typically lower-income and more likely to be from communities of color compared to homeowners.

Policy Tools:

- **Homestead Preservation Centers**

By creating and funding Homestead Preservation Centers within gentrifying neighborhoods, Texas cities could support community education about homestead exemptions and other property rights and responsibilities that come with homeownership, targeting services towards vulnerable households who do not have an exemption or are delinquent on their taxes or mortgages. These centers could be operated by cities or through partnerships with a nonprofit or university. Centers could also conduct proactive outreach to help vulnerable owners negotiate payment plans with the tax collector and mortgage modifications with their lenders. Another need that centers could fill is the provision of legal assistance to help eligible owners qualify for homestead exemptions. In particular, heirs-property owners (homeowners who have inherited their homes without a will) often need legal assistance, such as the preparation of affidavits of heirship, to qualify for an exemption.

Examples: Cleveland (ESOP); Oregon (Homeownership Stabilization Initiative); Pennsylvania (Affordable Housing Centers of Pennsylvania); New York (Financial Empowerment Centers).

Considerations: Relatively low-cost solution to help vulnerable homeowners save hundreds of dollars in property taxes and stay in their homes by accessing constitutionally-mandated exemptions. Cities are able to tailor assistance to low-income homeowners in gentrifying neighborhoods.

• Homestead exemption enrollment program

Short of creating a Homestead Preservation Center, Texas cities could provide funding to community-based nonprofits to conduct in-person outreach to homeowners without a tax exemption and provide on-the-spot assistance to sign homeowners up for the homestead exemptions they qualify for. In Austin several years ago, a successful partnership between the nonprofit, grassroots organization PODER and the Travis Central Appraisal District provided targeted, door-to-door outreach to assist homeowners with applying for homestead exemptions.

Considerations: Low-cost program that would lower the property tax burden of vulnerable homeowners and help them stay in their homes.

• Expand notice of property tax deferral rights

Seniors, persons with disabilities, and disabled veteran homeowners are eligible to defer part or all of their property taxes until they die or move, with an interest of five percent on the taxes owed. In contrast, homeowners who do not defer and fail to pay their property taxes are subject to interest and penalties of 24 percent and can lose their home to foreclosure. Because many vulnerable homeowners who are eligible for a deferral are unaware of their deferral rights under state law, Texas cities could partner with the county tax assessor to provide targeted notices about the property tax deferral option and make the notices more accessible to homeowners who are not fluent in English. Providing door-to-door outreach to homeowners by trusted community members would likely have the greatest impact in informing tax delinquent homeowners about the financial benefits of enrolling in the deferral program rather than paying late penalties and interest for delinquent payments.

Considerations: Low-cost policy that would save vulnerable homeowners up to thousands of dollars a year and help them stay in their homes.

• Emergency homestead stabilization fund

An emergency homestead stabilization fund set up and funded by Texas cities could provide short-term property tax and mortgage assistance to low-income, cost-burdened homeowners at risk of losing their homes because of a financial crisis. The assistance could be provided through a Homestead Preservation Center or another nonprofit, and could be coupled with financial coaching and other assistance to help stabilize families experiencing a financial crisis.

Examples: Seattle (Foreclosure Prevention Loan Pilot Program); Milwaukee (Milwaukee Property Tax Rescue Assistance Program); State of Florida (Elderly Mortgage Assistance Program); Atlanta (Westside Community Retention Collaborative–grants to homeowners in a gentrifying neighborhood to cover increases in property taxes); Michigan (Step Forward Michigan–mortgage and property tax assistance); Charlotte (NC Foreclosure Prevention Fund–interest-free loans of up to $36,000).

Considerations: Helps families hold onto their homes during a short-term financial crisis. Does not provide long-term relief for vulnerable families unable to afford on-going tax increases or make their mortgage payments.

• Neighborhood stabilization loan program

Some of the most vulnerable low-income homeowners need longer-term financial assistance to be able to stay in their homes and pay their mounting property taxes. While under state law a household with a homestead exemption is entitled to enter into a property tax payment plan with the tax collector in which interest accrues at 12 percent a year, the plan cannot exceed 36 months, and a homeowner can enter into a new plan only after two years.

Texas cities could create a neighborhood stabilization loan program in gentrifying neighborhoods to provide longer-term, low-interest loans to low-income homeowners who are paying more than 30 percent of their income on housing costs. Each loan could be forgivable in exchange for the homeowner agreeing to a longer-term affordability restriction, ensuring that the home would be sold to another low-income owner and remain owner-occupied (this would also generate property tax savings). The program could also provide forgivable loans for low-income residents whose parents have utilized a property tax deferral under state law and, when their parents die, are suddenly faced with a large property tax bill. The loan could be forgivable only to the extent the family member is income-eligible and agrees to remain in the home.

Considerations: Through a neighborhood stabilization loan program, cities could generate permanently income-restricted affordable housing units for a relatively low cost compared to building new units. Longer-term and forgivable loan terms carry a larger financial burden for the city.

• Tax abatement program for homeowners

The Texas Tax Code provides multiple mechanisms by which a city can grant tax abatements of up to ten years to homeowners and other property owners in a "Reinvestment Zone." With a tax abatement, cities abate (i.e., waive) their property taxes on the increase in the appraised value of a property. A city can provide a partial or full abatement and must adopt guidelines and criteria for awarding the abatements in a Reinvestment Zone. A city can tailor the abatements to serve the most vulnerable homeowners in gentrifying neighborhoods, such as by pairing abatements with low-income persons participating in a city home repair program, as long as the area meets the definition of a Reinvestment Zone. Issuing an abatement is contingent on the owner making specific improvements or repairs to the property, but the state statute does not set forth a minimum level of repairs that must be made. Counties and other taxing entities can extend property tax abatements to homeowners by entering into an abatement agreement identical to a city's agreement. Several Texas cities are using tax abatements for homes (e.g., Fort Worth and Waco), but these are mainly geared towards incentivizing new developments and rehabs versus helping current homeowners stay in their homes.

Examples: Fort Worth; Philadelphia; Portland (new homes only); Waco.

Considerations: Administrative burden to process applications and enter into agreements with homeowners; homeowners with abatements in gentrifying areas will likely be hit with a sharp increase in property taxes when the abatement agreement expires.

• Market segmentation

To protect longtime homeowners in gentrifying neighborhoods from becoming property tax burdened, Texas appraisal districts are allowed to categorize and appraise older homes differently from new and remodeled homes. Instead of using comparable sales for all nearby homes to appraise a home's taxable value, appraisal districts can appraise an older home based on comparable sales of other older homes in the area. A Travis Central Appraisal District pilot program showed that older homes were overvalued by an average of 120 percent without market segmentation, while newer homes were undervalued by an average of 83 percent. Market segmentation helped correct for this, lowering the property tax burden on owners of older homes that have not been remodeled. Market segmentation is a tool used by many appraisal districts in Texas, but it is not as widespread for appraisal districts to use this tool as a means of differentiating between old and new homes.

Examples: Travis Central Appraisal District, State of Indiana.

• Senior volunteer tax break

To help low-income seniors cover their property taxes, Section 11.181 of the Texas Tax Code allows Texas cities and counties to forgive a senior homeowner's property taxes by the current federal minimum wage ($7.25) for each hour of volunteer work they perform for the city or county. Cities and counties could adopt special volunteer programs targeted towards seniors in gentrifying neighborhoods. In addition to the tax benefits, a volunteer program could provide opportunities for seniors to stay engaged in their community and to connect with other residents.

Considerations: Unavailable for seniors who do not have the capacity to volunteer as a result of a disability, illness, or other barrier.

Strategy #2b: Assist vulnerable homeowners in gentrifying neighborhoods with repairs to their homes.

Rising property taxes mean that low-income homeowners in gentrifying neighborhoods have a harder time paying for repairs to maintain their homes, which in turn puts these homeowners at greater risk of displacement.

Policy Tools:

• Create and expand home repair assistance programs in gentrifying neighborhoods

In many cases, home repairs and modifications, such as ADA-compliant entry ramps or bathrooms, can help residents remain in their homes rather than undergoing disruptive moves. Major home repairs can lead to an increase in property taxes, and thus repair programs in gentrifying neighborhoods would ideally be coupled with a tax abatement program or resale restrictions. While many Texas cities operate home repair programs, these programs are often over-subscribed and none are geographically targeted towards neighborhoods facing gentrification pressures.

Considerations: Repairing existing homes is generally a less expensive method of creating safe, affordable homeowner opportunities than building new affordable homes. Repair programs typically come with less restrictive resale restrictions than programs such as community land trusts and thus do not provide for long-term affordability.

Strategy #2c: Assist low-income homeowners with accessing the equity in their home through non-predatory products.

For lower-income homeowners in rapidly appreciating areas, the equity in their homes is an asset that can be leveraged to assist with property taxes and other costs of living, but many vulnerable homeowners who tap into their equity are targeted by predatory loan products with excessive interest rates and unnecessary fees. African-American and Hispanic homeowners are the biggest victims of predatory lending products. These products jeopardize the ability of homeowners to stay in their homes and deplete the wealth of African-American and Hispanic households. The following tools could be deployed by Texas cities to assist low-income homeowners with accessing the equity in their homes while avoiding predatory products.

Policy Tools:

• Enhanced fair lending education and enforcement

Texas cities rely largely on federal funding for local fair housing enforcement, but with a commitment of local dollars, cities could enhance their efforts to investigate and enforce fair lending laws, shut down discriminatory and predatory lending practices, and expand vulnerable homeowners' access to safer lending products. The funding could also support financial education to vulnerable homeowners about safe and affordable financial products and help homeowners improve their credit to increase their chances of qualifying for safer lending products.

Examples: New York (Fair Housing Justice Center); City of Los Angeles (Housing Rights Center).

Considerations: Fair lending legal actions are difficult to litigate and can take years to work their way through the courts. Law firms may be willing to donate pro bono resources towards the enforcement of fair lending laws.

• Community homeownership loan fund

Nonprofit, mission-driven community loan funds play a key role in helping low-income households access safe and affordable financing, including refinancing and home repair loans as well as financial counseling about the lending process. These funds are typically operated by organizations classified as Community Development Financial Institutions (CDFIs) through the U.S. Treasury Department, which in 2013 opened up financing for below-market homeownership through its CDFI Bond Guarantee Program. Nonprofits and CDFIs can act as trusted interlocutors in neighborhoods with a long history of distrust stemming from past actions taken by the city government.

Examples: Indianapolis (Indianapolis Neighborhood Housing Partnership); Santa Fe (Homewise); Chicago (Community Loan Fund); Nashville (The Housing Fund).

Considerations: Administrative complexity in setting up a CDFI is high.

Strategy #2d: Increase the ability of vulnerable homeowners to generate income from their homes and lots through the creation of accessory dwelling units.

Long-time homeowners in gentrifying neighborhoods are often sitting on a considerable amount of untapped equity in their homes and lots, which will increase over time as property values continue to rise. At the same time, many of these homeowners are empty nesters and no longer need the space they once needed when raising children in their homes. Allowing low-income homeowners to tap into this equity by renting out portions of their homes and lots through the creation of internal and external accessory dwelling units (ADUs) will improve their ability to stay in their homes as property values rise. An ADU is a smaller, second dwelling created on a lot with an existing house. An ADU can be created in a number of ways, such as the construction of a new stand-alone house (external ADU) and a conversion of a portion of the existing house (internal ADU). In many Texas cities, current land use restrictions and financing barriers stand in the way of the creation of ADUs.

Policy Tools:

• Support the construction of external accessory dwelling units

ADUs provide new housing as well as a potential income stream for homeowners. Regulatory allowance of ADU construction is a key policy tool that Austin, San Antonio, and other cities across the United States have adopted to support the creation of new, more affordable housing options. Even when regulatory barriers for external ADUs are removed, research from other cities, including Seattle and Portland, strongly suggests that, without intervention, very few low- or moderate-income homeowners will build these units. To build an external ADU, lower-income homeowners also need viable financing options as well as technical assistance navigating the complex, intimidating, and risky processes of design, financing, construction, and property management for ADUs. ADU support programs broaden access to the documented benefits of ADUs–extra living space; rental income; the ability to move into a small, modern housing unit while renting out the existing house; etc.–beyond affluent homeowners to low- and moderate-income homeowners.

Examples: Austin (Austin Community Design and Development Center, The Alley Flat Initiative); Denver (West Denver Renaissance Collaborative); Portland, Oregon; the State of California passed legislation preventing cities from blocking ADUs.

Considerations: Existing models in the U.S. that provide large-scale access to ADUs are nonexistent. Would require policy and program innovation and likely a partnership with local nonprofits and financial institutions.

• Reform land use ordinances to allow for the creation of internal accessory dwelling units

Internal ADUs generate income for existing homeowners by converting excess space inside a home (a common scenario for empty nester and elderly residents) into a secondary rental unit. While a freestanding ADU can easily cost up to $200,000 or more, many internal ADU projects are feasible for under $50,000. This brings them within reach of far more homeowners. Internal ADUs involve almost negligible changes to the physical look of the home's exterior and are also likely the cheapest possible way to add a new housing unit to already developed neighborhoods.

Examples: Portland, Oregon; Seattle; Santa Cruz, California; San Francisco; Los Angeles; Vancouver, Canada; the State of California passed legislation preventing cities from blocking ADUs (internal and external).

Considerations: May engender political opposition in some areas due to increased unit density. Low- and moderate-income homeowners will need access to affordable financing and technical assistance.

Strategy #2e: Support the preservation of mobile home parks and ability of mobile home park residents to stay in their communities.

Mobile home parks are the largest source of unsubsidized affordable homeownership in the United States and are also home to some of the city's poorest and most vulnerable residents. While the residents typically own their homes, they rent the land their mobile home sits on. In many Texas cities, mobile home parks have been recently lost or are at high risk of redeveloping. Mobile home households face special challenges when they are displaced as a result of mobile home conversions. Moving a mobile home costs an average of $5,000 to $10,000, and many homes are in such poor condition they cannot be moved. The declining stock of mobile home parks in cities contributes to the difficulties that mobile home owners face in successfully relocating. The following bundle of tools would further the preservation of mobile home parks and reduce the vulnerability of residents living in these frequently overlooked communities.

Policy Tools:

• Comprehensive mobile home park preservation program

Mobile Homes by oatsy40 on Flikr, licensed under Creative Commons by 2.0.

Around the country, there are many examples of comprehensive mobile home park preservation programs that incorporate a range of tools to promote the preservation of these affordable housing opportunities. In New Hampshire, for example, residents have purchased over 120 mobile home communities, preserving more than 7,200 homes. Public policies to support resident ownership typically include a right to purchase, funding for resident organizing, legal and technical assistance, and legal protections to allow residents to organize and form resident associations. Fortunately, financing is already available for qualified resident acquisitions of mobile home parks through groups like ROC USA, a national nonprofit social venture with a proven track record of financing resident ownership of mobile home communities. ROC USA has already financed at least one mobile home resident ownership project in Texas (Pasadena Trails). A comprehensive preservation program should include active monitoring of mobile home parks most at risk of redevelopment, which could be led by a city preservation officer or nonprofit preservation network.

Examples: New Hampshire (robust acquisition program); Oregon (Network for Oregon Affordable Housing–comprehensive program including financing, policy reforms, and technical assistance).

Considerations: Purchases by low-income residents may require public subsidy, especially in areas in the later stages of gentrifying; success is more likely with on-going public financial support, including for technical assistance and tenant organizing. Enhanced legal protections–including a right to organize and form resident associations and enhanced protections from retaliation and harassment–improve mobile home park residents' chances of successfully purchasing their park.

• Advanced notice of sale or change of use for mobile home parks

Texas cities can adopt ordinances requiring mobile home park owners to give advanced notice to the city and tenants before a mobile home park project owner applies for a site plan or change of use permit, applies for rezoning of the property, or puts the property up for sale. These policies increase the ability of the city and tenants to preserve the property and, if the property cannot be preserved, to prepare for potential relocation upon sale of the mobile home park. Several state governments have coupled an advanced notice of sale requirement with a right of first refusal.

Examples: Austin (270-day notice required prior to owner applying for a site plan, change of use permit, or rezoning of a mobile home residence district); Florida (right of first refusal; notice at least 45 days before owner sells property); Pennsylvania (good faith negotiation requirements); New York (advanced notice with right of first refusal); New Jersey (advanced notice with right of first refusal); Rhode Island (advanced notice with right of first refusal); Minnesota (advanced notice with right of first refusal); North Carolina (notice of sale to Housing Finance Agency required to be eligible for tax exemption); Washington (notice of sale to state office of manufactured housing, local government, local housing authority, and state housing finance commission within 14 days of advertisement for sale).

• Relocation assistance fee for mobile home park displacement

Relocation assistance ordinances require the payment of a relocation fee to mobile home park residents to help cover the costs of relocating in the event a mobile home park is shut down, such as through a rezoning change. Various cities and states have adopted mobile home relocation assistance ordinances. For example, in Maryland, property owners closing mobile home parks are required to pay tenants the equivalent of ten months' rent. In Minnesota, the Minnesota Housing Finance Agency pays relocation costs of up to $9,000 out of a Manufactured Home Relocation Trust Fund. The City of Austin has adopted a relocation fee requirement and is in the process of setting the fee amount.

Examples: Minnesota (up to $14,500 for a multi-section home and $8,000 for a single-section home, or 50% of relocation expenses; $5,000 for single section and $9,000 for multi-section home that can't be relocated); Washington State (actual moving expenses up to $12,000 for double-wide home and $7,500 for a single-wide home); Delaware (up to $12,000 for a multi-section home and $8,000 for a single section home); Austin (fee under development after nexus study is performed).

Considerations: Texas cities should conduct a nexus study before adopting a fee.

• Designate new sites for mobile home zoning

When homeowners in mobile home communities are forced out of their communities, they may have little or no alternatives of places to move their mobile homes, especially in cities with few parcels of land zoned for mobile home parks. Designating new sites across a city for mobile home parks would open up opportunities for mobile home residents to remain in the city.

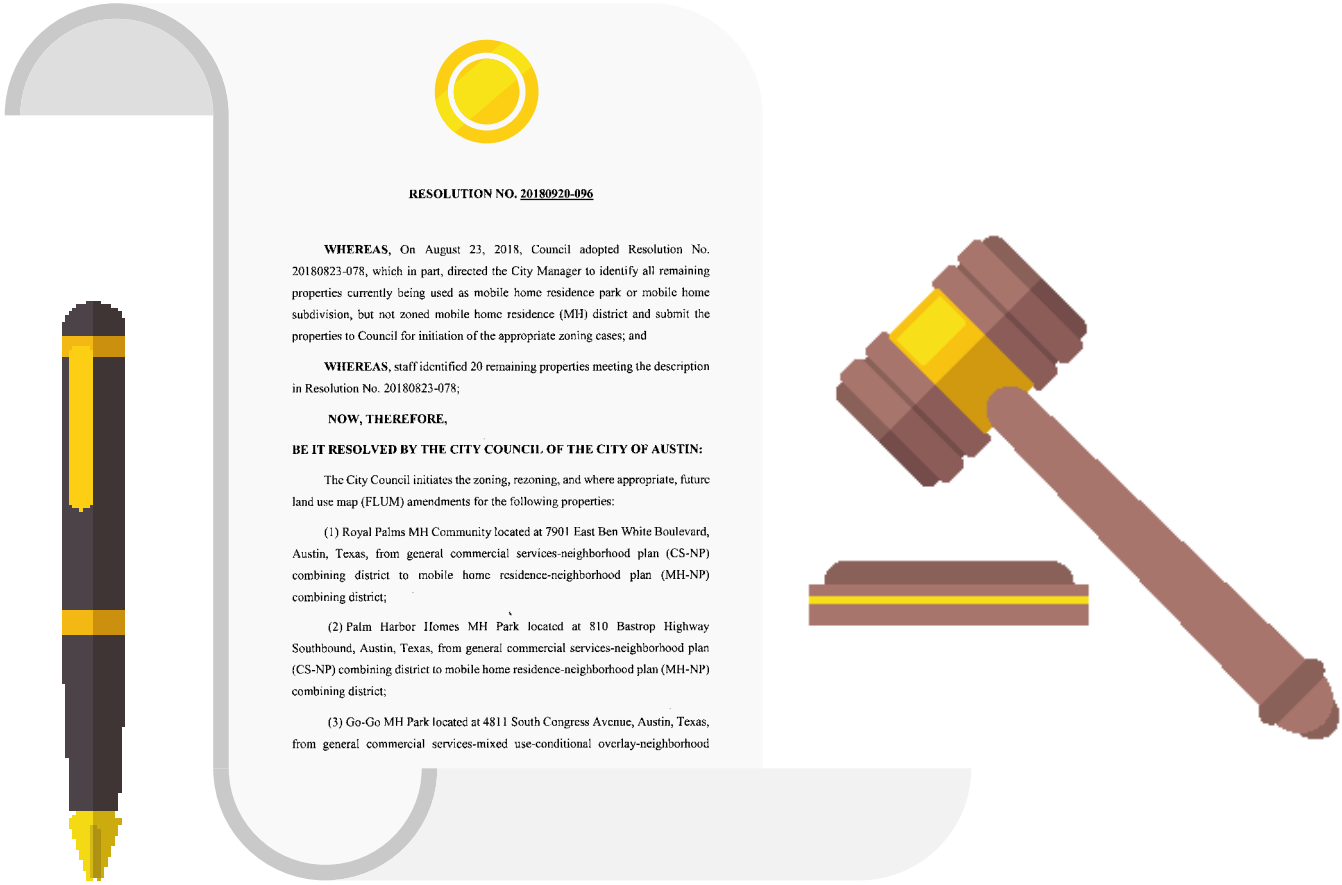
Considerations: This policy would likely not result in new mobile home residents being able to stay in gentrifying neighborhoods unless the policy were coupled with subsidies to support city, nonprofit, or tenant acquisition of land for mobile home parks with restricted lease rates that are affordable to lower-income households.

• Extend mobile home zoning to all mobile home parks

Some cities' mobile home parks are not zoned specifically as mobile home parks, making these residences especially vulnerable for redevelopment. Rezoning these areas as mobile home zones or adding an overlay designation prohibiting other types of development would help secure the future of these sites as mobile home parks.

Examples: Austin (City Council resolution adopted in 2018 to initiate rezoning process for all mobile home parks not currently zoned mobile home residence district; process expected to be completed by 2020).

Considerations: Low-cost regulatory solution to restrict redevelopment of mobile home parks, although staff resources are required to take the properties through the rezoning process; likely opposition from current mobile home park owners.



RESOLUTION NO. 20180920-096

WHEREAS, On August 23, 2018, Council adopted Resolution No. 20180823-078, which in part, directed the City Manager to identify all remaining properties currently being used as mobile home residence park or mobile home subdivision, but not zoned mobile home residence (MH) district and submit the properties to Council for initiation of the appropriate zoning cases; and

WHEREAS, staff identified 20 remaining properties meeting the description in Resolution No. 20180823-078;

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

The City Council initiates the zoning, rezoning, and where appropriate, future land use map (FLUM) amendments for the following properties:

(1) Royal Palms MH Community located at 7901 East Ben White Boulevard, Austin, Texas, from general commercial services-neighborhood plan (CS-NP) combining district to mobile home residence-neighborhood plan (MH-NP) combining district;

(2) Palm Harbor Homes MH Park located at 810 Bastrop Highway Southbound, Austin, Texas, from general commercial services-neighborhood plan (CS-NP) combining district to mobile home residence-neighborhood plan (MH-NP) combining district;

(3) Go-Go MH Park located at 4811 South Congress Avenue, Austin, Texas, from general commercial services-mixed use-conditional overlay-neighborhood

GOAL 3:

The existing affordable housing stock (subsidized and non-subsidized) in gentrifying neighborhoods is preserved so that the units are in good condition while remaining affordable to low-income residents.

The most overall cost-effective method of providing affordable housing opportunities in gentrifying neighborhoods is to preserve existing affordable rental housing instead of subsidizing the construction of new affordable housing. Without intervention, many existing subsidized and non-subsidized rental properties will no longer be affordable over the next ten years. In particular, in Texas thousands of units in the Low-Income Housing Tax Credit program–the largest affordable housing program in the country–are at risk of exiting the program and losing their affordable rents without preservation interventions. Other affordable properties are at risk because of deteriorating property conditions, especially aging properties where owners fail to provide improvements and repairs in anticipation of future redevelopment on the site.

Strategy #3a: Create programs and policies for proactively identifying, monitoring, and preserving at-risk affordable multifamily rental properties in gentrifying neighborhoods.

The following programs and policies would enhance Texas cities' ability to identify and monitor affordable multifamily properties that are at risk in gentrifying neighborhoods–either because of expiring affordability restrictions or deteriorating physical condition–and facilitate early interventions to safely preserve them. Some funding mechanisms targeted towards preservation–critical components of any preservation program–are discussed below, while general funding mechanisms for affordable housing are discussed in a separate section of this toolkit. Ideally, the adoption and implementation of these policies would be part of a comprehensive preservation strategy and program. Cities with comprehensive preservation programs include New York City (Proactive Preservation Initiative), Los Angeles (Affordable Housing Preservation Program), and Chicago/Cook County (Preservation Compact).

Policy Tools:

• Affordable housing preservation officer

An affordable housing preservation officer is a city employee who is tasked with overseeing and coordinating the city's programming related to the preservation of multifamily affordable housing and mobile home parks, including: (1) implementing a citywide preservation policy, (2) coordinating a preservation network (see the tools below), (3) coordinating preservation interventions, (4) matching apartment owners with preservation-minded buyers, and (5) working with tenants to ensure they are notified and aware of their rights and preservation options.

Example: Washington, D.C.

Considerations: Local funding commitments required to fund the position. Will help Texas cities shift towards a proactive rather than reactive posture regarding affordable rental housing preservation.

• Affordable housing preservation network

Affordable housing preservation networks regularly convene community-based organizations, tenant groups, government agencies, and other stakeholders to identify and monitor at-risk multifamily properties and collaborate on preservation efforts, including engaging with property owners. Around the country, preservation networks have played a key role in the preservation of affordable housing at the local and state levels–tracking cities' inventory of at-risk housing and mobilizing and coordinating preservation interventions among a variety of stakeholders.

Examples: Washington, D.C. (Housing Preservation Network); Colorado (Housing Preservation Network); Chicago/Cook County (Preservation Compact); Chicago (Chicago Rehab Network).

Considerations: On-going funding needed to hire staff or out source the coordination of the network through a nonprofit organization. Funders would likely be interested in providing seed funding for this work.

• Database to track at-risk properties

An effective affordable housing preservation program is impossible without an inventory of affordable properties that are at risk of displacing tenants. Preservation databases track at-risk properties by incorporating detailed information about properties' expiring subsidies, habitability and code violations, and other indicators of vulnerability by gathering information from on-the-ground resources, including preservation stakeholders. A comprehensive database can focus not only on properties with expiring subsidies but also those in disrepair and otherwise at risk of displacing low-income renters.

Examples: Washington, D.C. (DC Preservation Catalog); Colorado (Housing Preservation Network); Chicago (Chicago Rehab Network Preservation Database); New York City (Proactive Preservation Initiative).

Considerations: Costs associated with maintaining and updating the database, although funders would likely be interested in providing seed funding to get a database off the ground.

• Notice requirements

Notice ordinances require a subsidized affordable property owner to provide cities and tenants with advance notice when the owner intends to sell the property or convert the property to market-rate rents. Notice requirements provide cities with the time to formulate a strategy to minimize the impact of the property's conversion, such as securing financing to purchase the units, locating alternative housing for tenants, and coordinating with the local school district regarding changes in school enrollment.

Most affordable housing subsidy programs, including the federal Low-Income Housing Tax Credit (LIHTC) program, have a notice requirement, but notice is typically only required for the tenants and not the city. And for some LIHTC properties exiting the program, the notice requirement for tenants ends 30 years after the property came online, even if the property committed to a longer affordability term with the state. Several cities and states require notice terms that exceed the minimum notice period and notice triggers required by federal housing programs (e.g., expiration of affordability term, sale, pre-payment, and early exit from the program).

Examples: Denver (one-year notice), California (one-year notice); Portland (one-year notice); Massachusetts (two years).

Considerations: Requires active compliance monitoring by city staff or another organization.

• Right-to-purchase ordinance

Right-to-purchase ordinances are a powerful tool for minimizing the displacement of low- and moderate-income residents by providing cities, tenants, and preservation organizations with a right to purchase a rental property when the owner decides to sell the property or convert it to market rate. A "right of first refusal" (ROFR) provides the preservation buyer with a right to match a private offer to purchase the property during a set period of time. A "purchase right" gives a preservation buyer the right to purchase the property at fair market value when the property is exiting the affordability program. ROFR and purchase rights can extend to: (1) all subsidized apartments requiring city funding or approval (such as 4% LIHTC/tax-exempt bond projects); (2) all subsidized apartments, regardless of the source of funding; or (3) all apartments, regardless of whether the property is subsidized.

Examples: Washington, D.C. (Tenant Opportunity to Purchase Act and District Opportunity to Purchase Act; covers all multifamily rental properties); Denver (federally subsidized rental properties); Maryland (condominiums); Illinois (Federally Assisted Housing Preservation Act).

Considerations: Requires significant funding and capacity building support from the city and nonprofit organizations. Close attention needed upfront when drafting the ordinance to address potential loopholes. In Washington, D.C., scattered cases of tenants gaming the system to their advantage (e.g., by selling their right to purchase) have been widely publicized and undermined support for an otherwise helpful ordinance.

• Rental registration and proactive inspection program

Conducting proactive inspections of rental properties on a rotating schedule is a key tool used by cities around the country to identify rental properties at risk because of deteriorating conditions and, after identifying an at-risk property, to engage in appropriate interventions. These programs, when coupled with effective enforcement, provide a disincentive for landlords to "milk" properties while awaiting redevelopment opportunities.

Examples: Dallas (Multi-Tenant Inspection Program); Fort Worth; Los Angeles; Sacramento (Rental Housing Inspection Program); Seattle (Rental Registration and Inspection Ordinance); San José.

Considerations: To effectively address displacement, inspection programs must be accompanied by adequately-funded programs to help with repairs that landlords are unable or refuse to make. A city may need to incentivize landlords to keep rents low after making extensive repairs, such as by offering tax abatements; otherwise the improvements could lead to increased rents and displacement of current renters.

• Small site acquisition program

Small site acquisition programs target the preservation of smaller multifamily buildings. In general, small, older rental housing is more likely to be owned by local landlords who manage their own properties. Many of these properties, which are concentrated in central city neighborhoods near transit corridors, are being purchased by investors who renovate them and then raise their rents.

Examples: San Francisco (Small Sites Program, buildings with 4 to 25 units)

Considerations: Most preservation funding programs, such as the Low Income Housing Tax Credit program, are geared to larger, contiguous properties, making it harder to leverage funds to support preservation of these smaller properties.

Strategy #3b: Enact land use restrictions that disincentivize redevelopment and demolitions of current affordable homes in gentrifying neighborhoods.

Policy Tools:

• Neighborhood stabilization overlay

A neighborhood stabilization overlay (NSO), also called a neighborhood conservation district, is deployed at a neighborhood scale and requires new development to meet standards more stringent than the zoning baseline, such as setbacks, building height, floor-to-ratio, etc. While communities have many different goals for adopting neighborhood stabilization strategies, some communities have adopted these policies with the specific goal of slowing down displacement of vulnerable residents. For example, in 2012, residents in Dallas's La Bajada neighborhood, a low-income neighborhood in a gentrifying area, voted to adopt an overlay restricting building heights through Dallas's NSO ordinance, with the goal of preserving the affordable single-family homes in the neighborhood that were threatened by redevelopment pressures spreading into West Dallas. The process of creating the overlay, which required community buy-in along with approval by the City Council, enhanced the political capital of the neighborhood and created a strong political statement that preservation of the low-income neighborhood is a priority. The NSO has been used to defeat rezoning requests that threaten existing affordable single-family units.

Examples: Dallas (Neighborhood Stabilization Overlay), Seattle (Pike/Pine Neighborhood Conservation District).

Considerations: Slows down redevelopment pressures in a neighborhood; helpful as a short-term intervention in neighborhoods with accelerating teardowns and housing costs. There is no evidence yet of this tool permanently halting displacement of vulnerable residents–as long as the real estate market in a city is hot, market pressures will eventually catch up in a neighborhood where these tools are used. Depending on how an NSO is structured, the overlay could make it more difficult to build new rent-restricted affordable housing. The overlay could also lead to a reduction in property values for owners of single-family houses.

• Residential infill project

A variation of an NSO is the Residential Infill Project, which is under consideration in Portland, Oregon. Portland's proposed Residential Infill Project would restrict the size of new developments to avoid super-sized single-family homes, called "McMansions," by lowering the maximum size of a new home. At the same time, the ordinance would loosen restrictions on internal subdivisions and accessory dwelling units (ADUs) with the intention of increasing the number of less expensive housing options in the city.

Examples: Portland (draft rules for Residential Infill Project).

Considerations: If coupled with requirements to include a percentage of affordable units, a residential infill project could have a greater impact on generating long-term affordable housing than a neighborhood stabilization overlay.

• Deconstruction ordinance

A deconstruction ordinance requires projects seeking a demolition permit to deconstruct the building, meaning the home or other building must be disassembled, rather than simply demolished, in a manner that salvages as much material as possible for reuse.

Examples: Portland (deconstruction ordinance for houses built prior to 1916 or designated historic).

Considerations: Beyond its environmental benefits, acts as a brake on demolition of existing housing by effectively increasing the demolition cost. Unless exceptions are built into the ordinance, would increase costs of new affordable housing development involving housing demolition.

Strategy #3c: Create preservation funds to provide private and public capital targeted towards acquiring and rehabilitating at-risk apartments.

Policy Tools:

- **Public-private strike funds**

Public-private strike funds offer low-cost loans to acquire and preserve existing affordable housing. They are capitalized with funds from a combination of public, private, and philanthropic institutions. The structure allows for greater flexibility than government subsidy programs (such as Low Income Housing Tax Credits) and lower interest rates than what the market can offer. The funds are typically "revolving," meaning that as loans are repaid, new loans can be made. These funds are most viable in markets with a high-capacity city housing department and where there is interest from a strong local philanthropic community. The loans are typically acquisition loans of five to seven years, at which time the properties are refinanced with other loans or other subsidies, such as federal Low Income Housing Tax Credits.

Examples: Denver Regional Transit-Oriented Development Fund; The Bay Area Transit-Oriented Affordable Housing Fund; New Generation Fund (Los Angeles); Chicago Opportunity Investment Fund; Enterprise Multifamily Opportunity Fund.

Considerations: In contrast with private investment funds, public-private funds are able to provide deeper income targeting and thus more likely to serve current renters. These funds, however, require significant public investment to seed the fund and strong interest from local foundations. Administration can be complex.

Strategy #3d: Utilize property tax relief to promote preservation of rental properties.

Providing property tax breaks is an important strategy for incentivizing private owners of multifamily housing to preserve their units as affordable housing. Property tax breaks are of particular importance in Texas, where property taxes are high and assessed values reset every year. The following are two property tax relief tools that can be used in Texas to promote preservation of affordable multifamily housing.

Policy Tools:

- **Property tax abatement program**

Owners of multifamily properties who make extensive upgrades to their properties are typically hit with increased property bills, making it harder to keep rents affordable. To offset this impact, Texas cities have authority under the Texas Tax Code to provide up to 10 years of a property tax abatement for part or all of the increase in property taxes on multifamily rental properties in exchange for the property owner making repairs to the property. Texas cities are also allowed to condition the abatement on the owner agreeing to continue to rent to low-income renters.

Examples: Cook County (Chicago-area, Class 9 Program and Class S Program), New York City (numerous programs including J-51 and UDAAP).

Considerations: Incentivizes multifamily property owners to maintain and repair their properties while also incentivizing them to maintain affordable rents. Costs associated with monitoring compliance.

• Property tax exemptions via publicly-owned land

As a preservation strategy, Texas cities, counties, and housing authorities–along with public facility corporations owned by a government entity (see Local Government Code, Chapters 303 and 392)–can acquire the land under multifamily properties and then lease the land to a third party under a long-term ground lease, which results in the land being 100 percent exempt from all property taxes. The private entity maintains ownership of the buildings. Several public entities across Texas, including the Housing Authority of the City of Austin, have been using this tax break tool.

Examples: Housing Authority of the City of Austin; San Antonio Housing Public Trust Corporation.

Considerations: Gives cities the ability to provide large property tax breaks and thus subsidize rents. Concerns about the transparency and oversight of these deals and impacts on public school finance. Past and potential abuses of this tool, with developments providing limited affordable housing in exchange for large tax breaks.

GOAL 4:

City planning and land use decisions incorporate inclusive and equitable anti-displacement strategies, and low-income persons and communities of color are empowered to participate early and meaningfully in land use decisions that shape their homes, neighborhoods, and communities.

Cities that build in strategies for preventing or mitigating displacement as land use plans are being adopted or updated can implement more effective displacement interventions than cities that react to displacement after projects are already well underway. Including vulnerable residents in the land use planning process also helps ensure more inclusive and equitable outcomes.

Strategy #4a: Create and support planning processes that incorporate a focus on mitigating displacement with ongoing input and oversight by impacted residents.

Policy Tools:

- **Community-driven, neighborhood-scale displacement mitigation plans**

A displacement mitigation plan covering a neighborhood or collection of neighborhoods should incorporate meaningful community participation at every step in the process. Plans should include the identification of annual goals, strategies, and priorities, along with annual performance assessments. Plans should be created through an inclusive process and set forth specific tools with clear timelines for implementation. A community oversight committee like the one used in North/Northeast Portland, which meets regularly to review the city housing programs and outcomes in the community, provides for greater transparency and accountability in the implementation of the plan. The success of a comprehensive displacement mitigation plan is also contingent on dedicating adequate funding towards the implementation of the plan.

Examples: Portland's North/Northeast Neighborhood Housing Strategy (2014); Guadalupe Community Development Project Plan (Austin, 1980)

Considerations: When backed with deep levels of funding, enables cities to have a concentrated impact on mitigating displacement in a neighborhood in a way that is transparent and responsive to community needs.

• Community impact analyses

Community impact analyses require developers and public agencies to analyze how proposed developments, zoning changes, public investments, and infrastructure projects will impact communities, housing affordability, and displacement. Several cities have adopted impact analyses that must specifically incorporate a racial justice lens. Community impact analyses raise awareness of how certain city decisions impact vulnerable communities, thus increasing public transparency and increasing the potential for elected officials to be more responsive to the needs of vulnerable residents and communities. The analyses can also enhance the ability of stakeholders to identify specific displacement threats and thus develop and implement strategies for remediating the displacement. To be effective, the assessment should include a clear and accepted methodology for assessing impacts.

Examples: Austin (Affordable housing impact statement); Atlanta (Affordable housing impact statement); Portland (Racial equity toolkit worksheet); King County, Washington (Equity impact review tool); Seattle (Racial equity toolkit assessment).

Considerations: Community impact analyses do not include enforceable measures for limiting the displacement; they only identify the impact of potential developments or investments. Cities and developers can still proceed with a development even when the community impact statement shows a negative displacement impact.

Strategy #4b: Strengthen vulnerable residents' ability to have a voice and active role in the development of their neighborhoods.

Policy Tools:

• Invest in community organizing

Source: Building and Strengthening Tenant Action

Community organizing is a process of bringing people together and coordinating efforts to promote their common interests. Community organizing is a critical tool for increasing the participation and impact of vulnerable residents in shaping private and public decisions that affect their homes and communities. Community organizing initiatives often include community education regarding planning and local issues and supporting vulnerable residents in negotiating specific agreements with developers to ensure that development projects are more responsive to the needs of the community. Community organizing of vulnerable tenants and other residents has been a critical component of several anti-displacement mitigation efforts in Texas cities.

Examples: Austin (on-going city funding support for Building and Strengthening Tenant Action, BASTA); Washington, D.C. (Tenant Purchase Technical Assistance Program); Boston (Boston Tenant Organizing Program); New York City (Partners in Preservation pilot program); Los Angeles (Strategic Action for a Just Economy).

• Community engagement plan requirements

Community engagement plan ordinances require development project applicants in vulnerable communities to prepare and follow an inclusive plan for how the applicant will actively engage with the community concerning the proposed project and provide impacted residents with the opportunity to provide input on the project. The City of Oakland has a five-step community engagement process that development applicants are required to follow. The process includes preparation of a community engagement plan, partnership with a community-based organization that has experience working with impacted stakeholders, contacting the stakeholders in multiple languages and different forums, and conducting the actual engagement activities. The applicant must submit the proposed engagement process to the city for review and approval.

Examples: Oakland (Community Engagement Guidelines).

Considerations: Requires city funding and staffing to review and monitor the plans as well as community organizations experienced in working with impacted stakeholders.

Strategy #4c: Increase resident and community ownership of land.

Residents who own their land or govern a community organization that owns land have much greater power in influencing land use and redevelopment decisions and reducing displacement. In addition to the tools discussed here, tools for increasing resident and community ownership are also discussed under the strategies for tenant acquisitions of apartment complexes and mobile home parks.

Policy Tools:

• Capacity building support and incubation of neighborhood-centered community development corporations

Community development corporations (CDCs) are nonprofit, community-based organizations focused on improving the quality of life in the neighborhoods they serve. CDCs can play a key role in facilitating anti-displacement planning and provide long-term affordable housing that meets locally-identified needs. CDCs such as Guadalupe Neighborhood Development Corporation in Austin are governed by residents of the neighborhoods served by the CDC, empowering residents to shape the future of their community. Establishing a successful CDC requires extensive capacity building and leadership development, which cities could support by: (1) funding local experts to help incubate and provide technical assistance to CDCs, (2) providing seed and ongoing administrative funding for CDCs, and (3) funding leadership development programs for residents. City support for community organizing, discussed in other sections of this toolkit, could also be linked to the formation and support of CDCs.

Examples: Memphis (CDC Capacity Building Fund).

Considerations: Requires ongoing city funding for operating support to be effective until the CDC is able to build a reliable stream of revenue, such as from rental income from properties owned by the CDC (if there is limited debt in the property or after the debt is paid off).

Strategy #4d: Reduce barriers to participating in planning and land use decisions impacting gentrifying neighborhoods and utilize effective community engagement tools to elevate community voices.

Public planning processes need to incorporate cultural competence and robust and inclusive community engagement. Many community members who are most directly impacted by displacement also have the highest barriers to entry for participation in public planning and decision-making processes. These barriers include childcare obligations, transportation, work obligations, and potential lost income if meetings conflict with work schedules.

Community participation around the issue of displacement presents a further difficulty: Many directly-impacted residents with historic ties to the area no longer live there, yet still arguably deserve a voice in the planning process. In North/Northeast Portland, the social networks that existed in the local African-American church community were used to connect with former residents. Neighborhoods that were known to contain high numbers of displaced people were also targeted for outreach. Future residents from vulnerable groups are also unrepresented in planning unless tenant advocacy groups and other advocacy organizations are brought to the table to represent their interests.

Balancing between homeowner and renter interests is another concern, and renters are usually underrepresented in participatory planning processes. Tenant advocacy groups can be useful voices to make up for the challenges of getting consistent renter participation in these processes.

Policy Tool:

- **Comprehensive community engagement strategy**

A comprehensive community engagement strategy should be developed and implemented each time a city seeks to engage residents and should include: (1) understanding who makes up the community and setting clear engagement goals, (2) measuring the effectiveness of engagement efforts by tracking who is and is not participating and adjusting efforts as needed, (3) providing relevant information that is easy to understand, (4) using diverse and accessible forums for participation, (5) understanding and removing barriers to participation that are specific to the targeted communities, and (6) targeting areas where displaced residents are known to live. Effective community engagement increases accountability and responsiveness to the needs of vulnerable persons and communities and can result in plans that are more effective and innovative. Plans created through robust community engagement also have stronger community buy in.

Examples: Portland (North/Northeast Neighborhood Housing Strategy forums and Diversity and Civic Leadership Program); Boulder (Code for America partnership); Center for Urban Pedagogy (Making Policy Public); Los Angeles/SAJE (People's Planning School).

Considerations: Requires additional city resources and time compared to "top down" planning processes. May reveal divisions within the community that require further in-depth engagement.

GOAL 5:

New affordable housing options are created to serve current and future vulnerable households in gentrifying neighborhoods.

The following overview focuses on strategies and tools related to creating new affordable housing options that are specifically tailored to the opportunities and challenges presented by gentrifying neighborhoods. Specifically, these tools are focused on creating housing that is permanently affordable for both current and future generations of vulnerable households.

Strategy #5a: Intervene early to acquire control of land in strategic locations of gentrifying neighborhoods.

For neighborhoods that are vulnerable or in the early stages of gentrifying, a city should support the acquisition of as much land as possible in strategic areas of the neighborhood. As gentrification picks up steam in a neighborhood, it becomes much more difficult to feasibly acquire properties for affordable housing. For neighborhoods that are susceptible to gentrification or in the very early stages of gentrifying, it can be hard to envision the kind of rapid rise in property values that often comes in the later stages of gentrification. But buying land in this early period gives cities, community groups, and residents more capacity to mitigate displacement when change does come.

Policy Tools:

- **Acquisition and land banking of property for future affordable housing development**

Even if plans or funds are not yet in place to build a new affordable housing development, cities can acquire parcels of land of varying sizes in neighborhoods that at risk or in the early stages of gentrifying, while prices are still relatively affordable, and bank that land for future affordable housing development. A land bank can best serve the needs of gentrifying neighborhoods when it works in tandem with a community land trust, making the land available for affordable housing development via a 99-year lease to ensure permanent affordability of the land.

The Urban Land Conservancy in Denver focuses on acquiring properties near current and future transit stations–areas where large increases in property values are anticipated. The Conservancy banks the sites for up to five years while funds and plans are assembled for new affordable housing and other community uses on the site. The Conservancy then leases the land via 99-year leases.

Cities can support land banking by creating a streamlined system to track vacant parcels that are appropriate for residential or mixed-use development. Eminent domain is also available to Texas cities for land acquisition for affordable housing–such as acquiring old industrial sites that conflict with surrounding residential uses–although this tool should be used on a very limited basis with community vetting. Special attention has to be paid to avoid any racially discriminatory uses of eminent domain.

Examples: Denver (The Urban Land Conservancy); Austin ($100 million from 2018 general obligation bonds dedicated towards buying and holding land for affordable housing).

Considerations: In addition to the lower land costs that come with acquiring land in early-stage gentrifying neighborhoods, land acquisition gives a community more control to shape future redevelopment. To be effective, a land bank program needs access to affordable financing as well as city subsidies.

• Land acquisition fund

Land acquisition funds support the capacity of cities and nonprofits to swiftly take advantage of land acquisition opportunities in gentrifying neighborhoods. The Urban Land Conservancy in Denver relies on the Denver Transit Oriented Development Fund for funding its land acquisitions. The $24 million fund is used to pay for purchasing, holding, and eventually developing sites in the Denver region along current and planned transit corridors for affordable housing and other community amenities. The fund is supported by contributions from the City of Denver, foundations, and private investors.

Examples: Denver (Denver Transit Oriented Development Fund); Minneapolis (Hiawatha Land Acquisition LRT Fund).

Considerations: Requires a high level of city investment and development of new local capacity to create and operate the fund.

Strategy #5b: Dedicate surplus public land to affordable housing development.

Surplus and underutilized public land is often the most accessible source of land for affordable housing in gentrifying neighborhoods. For many CDCs in Texas, the utilization of surplus public land has been a key strategy in a community's early development of affordable housing. Public ownership of land helps insulate housing development decisions from market pressures, allowing the provision of housing types that for-profit developers will not provide, such as large family-sized apartments.

Policy Tools:

• Public land for affordable housing policy

A public land for affordable housing policy could include a number of components to address current barriers to redeveloping surplus public land with affordable housing, including: (1) a clear and enforceable city policy regarding the minimum level of affordable housing that must be included on redeveloped city land that is suitable to residential development, (2) annual goals for the number of city parcels to redevelop with affordable housing, and (3) a requirement that any city-owned land be first offered for affordable housing development.

To complement a policy and help cut through inter-department politics and silos, cities should consider creating a new staff position at city management level rather than within a city department to manage the public land for affordable housing policy. The staff member could regularly assess opportunities for developing affordable housing on public land and kick start the redevelopment process. Part of the charge for the staff member would be to interface with other units of local government (e.g., school districts) to put their surplus land parcels into use as affordable housing through mechanisms such as partnerships and land swaps, in cases when public entity goals align, such as with below-market teacher housing. Many states and cities around the country have policies that prioritize public land for affordable housing.

Examples: Seattle; San Francisco; Montgomery County, Maryland.

Considerations: Land costs are a significant portion of the cost of a new affordable housing development, but providing publicly-owned land, on its own, will typically not be enough to achieve deep affordability. Additional subsidies likely required.

Strategy #5c: Leverage the power of hot real estate markets in middle- and late-stage gentrifying areas to create affordable housing.

In neighborhoods where real estate is already at a premium and housing is in high demand, cities and communities have a unique ability to steer the private market toward the development of affordable housing and other community benefits in exchange for increases in land use entitlements such as increases in height of a building.

Policy Tools:

- **Adoption and expansion of density bonus programs**

In many Texas cities, denser development types are increasingly imperative to provide enough housing to support local needs. Local governments can leverage this need and support denser development through density bonus programs that require a percentage of income-restricted affordable housing as a part of every new development in exchange for an increase in land use entitlements. Many density bonus programs offer an option for an in-lieu fee toward an affordable housing fund instead of the development of onsite affordable housing. However, some of the most successful density bonus programs in Texas, such as the City of Austin's Vertical Mixed Use (VMU) ordinance, do not offer in-lieu fees and require onsite affordable units. These programs with onsite requirements have resulted in more affordable units built overall than those that offer in-lieu fees.

The efficacy of density bonus programs is highly dependent on market conditions; density bonuses can become "out of tune" with market conditions as the business cycle progresses and thus must be frequently calibrated. If calibrated correctly, density bonus programs result in an increase in both affordable and market rate housing in middle- and late-stage gentrifying neighborhoods and more mixed-income housing in cities overall.

Examples: Austin (Ten programs including VMU Ordinance, Planned Unit Development (PUD) Density Bonus, Downtown Density Bonus Program); Dallas (Mixed-Income Housing Development Bonuses).

Considerations: Density bonus programs result in income-restricted affordable housing in high opportunity areas with no subsidy by the city. The economics of density bonus programs do not typically allow for units that serve families below 60 percent of the median family income, unless they are coupled with additional policies and programs, such as Montgomery County's partnership with the local housing authority. Requires active monitoring by the city to ensure the program requirements are followed by current and future owners.

• Community benefits agreements (CBAs)

CBAs are agreements negotiated between a developer and a community group that will be impacted by a proposed development project, whereby the developer of the project agrees to provide specific mitigations or benefits to the local community in exchange for the community group agreeing to support or take a neutral position on the developer's project. In a community undergoing gentrification pressures, for example, residents may be able to successfully negotiate an agreement for the developer to include affordable housing in the new development or to provide funding for house repairs, in exchange for the community group supporting the developer's request for an upzoning on the property.

Examples: Zilker Neighborhood Association, Austin (Developer agreed to include 26 rental units for low-income families making up to 60% AMI, and 14 units at 80% AMI, in exchange for the association supporting the developer's upzoning request); Blackland Community Development Corporation, Austin (developer agreed to sell one of the five condominium units to Blackland as affordable housing to a family making up to 60% AMI, with a 99-year affordability requirement, in exchange for obtaining an upzoning on the property).

Considerations: Community benefits agreements are most likely to be successful when the community has some type of political leverage, such as when a developer is seeking an increase in zoning entitlements and the city council is willing to condition its approval of the rezoning on the developer securing the community's support. The community will need a lawyer to prepare and help negotiate the agreement.

Strategy #5d: Retain city and community ownership of land to ensure permanent affordability of housing units for future generations of residents.

Wherever possible, cities supporting the development of affordable housing should retain ownership or long-term resale controls on the land–or ensure that a nonprofit or community-controlled entity with a commitment to permanent affordability retains ownership of the land. Otherwise, precious government investments in affordable housing located in a gentrifying neighborhood will be lost as the housing eventually flips to market rates that are far out of reach of low-income families.

Policy Tools:

• Community land trusts

Community land trusts (CLTs) provides opportunities for future generations of low-income residents to live in a gentrifying neighborhood and reduces turnover of properties. CLTs also result in substantial property tax savings for low-income homeowners in Texas. Through a CLT, a nonprofit organization maintains long-term ownership of the land to provide permanently affordable housing for the benefit of the community. CLTs typically incorporate residents into the governance of the land trust. A community land trust can be used with single-family housing as well as mixed-used and multifamily development, and with homeownership as well as rental housing. For homeownership units, the land is typically leased for 99 years to an income-eligible family for an affordable price. The family purchases the home on the land with mortgage financing, typically from a bank. When the family wishes to sell the home, the nonprofit CLT has a right of first refusal to purchase the home, and the resale price is restricted to ensure it remains affordable to future buyers. For rental CLT units, a nonprofit entity retains ownership of the home and then leases the home to an income-eligible family for an affordable price.

Examples: There are more than 240 CLT programs in 46 states, including: Houston (Houston Community Land Trust); Austin (City of Austin, Guadalupe Neighborhood Development Corporation); North Carolina (Community Home Trust, Durham Community Land Trustees); Chicago (Chicago Community Land Trust); and Albuquerque (Sawmill Community Land Trust).

Considerations: Requires an entity with capacity to actively monitor the resale restrictions and work closely with the homeowners to ensure that the home is maintained and that the restrictions on the home are complied with. Community control of land can be an unfamiliar concept to many residents and often requires extensive education efforts to counter suspicions of a "land grab."

• Shared equity appreciation with resale restrictions and rights of first refusal

If a city or nonprofit entity does not retain ownership of the land, then a best practice for long-term affordable homeownership is restricting the resale prices of the homes through a shared equity model, where the owners recoup their investment and the return on appreciation is capped via a restrictive covenant recorded in the deed records.

Examples: The City of Austin currently requires shared equity appreciation for 99 years for its homeownership programs and has a right of first refusal on the home so the City can buy the home and resell it to another low-income household.

Considerations: The wealth-building that can occur in gentrifying areas is muted in shared-equity homeownership.

Strategy #5e: Require longer affordability terms in new affordable multifamily properties

The federal Low-Income Housing Tax Credit (LIHTC) program is the largest affordable rental housing development program in the country, but Texas regulations reduce the long-term effectiveness of the program. Many new properties placed in service can exit the program after 30 years, and most properties with credits allocated prior to 2002 can exit after 15 years. Rapid gentrification in some areas is increasing apartment owners' incentive to exit early from the LIHTC program. The following is a tool that cities could adopt to ensure new tax credit properties coming online include longer affordability requirements.

Policy Tools:

• Require longer affordability terms for new LIHTC properties

Under Texas law, LIHTC developers applying for tax credits currently must obtain city council approval as a condition of receiving the credits (4% credits) or competitively scoring in the state's application process (9% credits). As a condition of providing city approval or any other benefits to LIHTC developments, cities could pass an ordinance requiring all developers to commit to a minimum 55-year affordability term with the City. Several cities and states around the country require an affordability term of 40 to 55 years or even longer.

Examples: Nevada (50 years), Utah (99 years), California (55 years).

Considerations: LIHTC properties will likely need additional subsidies down the road to maintain the property.

GOAL 6:

Vulnerable residents are able to remain in or return to their communities by accessing affordable housing opportunities in their neighborhoods.

Strategy #6a: Give displaced residents and residents at risk of displacement higher priority on waiting lists for affordable housing programs in their neighborhood.

Policy Tools:

- **Community preference policy**

Several cities and nonprofit organizations across the United States utilize community preference policies for their affordable housing programs to redress prior racial injustices (such as displacement precipitated by urban renewal and freeway construction), further their displacement mitigation goals, and help stabilize communities. These policies are typically created at a neighborhood scale and provide priority placement for affordable units in a neighborhood or group of neighborhoods to low-income applicants who have been displaced from their neighborhood, are current residents at risk of displacement, or are descendants of displaced residents. The City of San Francisco has several community preference policies; its HUD-sanctioned preference policy for a federally-funded senior apartment complex gives preference for 40 percent of units to low-income seniors living in census tracts at the greatest risk of displacement.

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

Examples: Portland, Oregon (N/NE Portland); San Francisco; Guadalupe Neighborhood, Austin.

Considerations: Preference policies do not actually produce affordable units but instead only provide preference for units that are produced by other means. Preference policies also do not ensure eligibility for a particular affordable housing program, which can lead to confusion among program applicants. If structured improperly, a preference policy can illegally restrict housing choices for persons of color or perpetuate segregation and thus be vulnerable to legal attack.

Strategy #6b: Improve vulnerable residents' access to information about affordable housing opportunities and streamline the application process.

Policy Tools:

- **Single-entry, online affordable housing application portal**

Residents trying to secure a rent-restricted unit in a particular neighborhood have to be able to identify the available affordable housing opportunities and then navigate a morass of different eligibility requirements, applications, and waitlists. Residents can pour precious time and hundreds of dollars into applications only to find they do not qualify or units are unavailable. Cities can reduce these barriers by providing an online portal that includes all income-restricted affordable housing funded or incentivized by the city (such as density bonus units) as well as other housing programs, and that also includes a mechanism for determining eligibility. Portland, Oregon, recently funded a start-up app, OneAppOregon.com, to help residents identify affordable apartments they qualify for and to streamline the application process. Residents submit one application online and view a listing of all properties they are qualified to rent. New York City also operates a single-entry application process.

Examples: Portland, Oregon (OneApp Oregon); New York City (NYC Housing Connect).

Considerations: Costs associated with the start up and operation of the software along with maintenance of the portal.

Part 7: Case Studies of Local Efforts to Combat Displacement in Gentrifying Neighborhoods

Introduction

This section features excerpts from three case studies of historically vulnerable neighborhoods where local efforts have focused on mitigating displacement in the face of rising housing costs and redevelopment pressures. The three areas featured are the Guadalupe neighborhood in Austin, the Columbia Heights neighborhood in Washington, D.C., and Inner North/Northeast Portland, a group of neighborhoods in Portland, Oregon. The full case studies were developed as part of the Uprooted Study for the City of Austin and are available at https://sites.utexas.edu/gentrificationproject/.

Each of the case studies is focused on neighborhood-centric approaches, highlighting concentrated efforts to address displacement in a particular neighborhood or group of neighborhoods facing displacement pressures. The case studies include an analysis of which approaches have had the most positive outcomes, which approaches did not turn out as expected, and which approaches could have had more positive outcomes if implemented differently–now that leaders have the benefit of experience and hindsight. These case studies also examine how efforts to address displacement evolve over time as neighborhoods enter different stages of gentrification.

Columbia Heights

WASHINGTON, D.C.

A Case Study of Affordable Rental Housing Preservation and Tenant Ownership in the Face of Large-Scale Displacement Pressures

Overview

Columbia Heights is a historically African-American neighborhood in Washington, D.C., located near Howard University. The neighborhood suffered heavy damage during the 1968 riots following the death of Martin Luther King, Jr., and experienced disinvestment and population loss that lasted into the 1990s. In 1996, the District of Columbia began to implement a series of economic development projects to transform Columbia Heights, including a new subway stop. While the public investment strategies were a successful catalyst for bringing in new development and residents, the changes led to intense displacement pressures for longtime residents. In 2012, Columbia Heights was named one of the fastest-gentrifying neighborhoods in the country, and today, the bulk of housing in the neighborhood is well beyond the means of low-income residents of color.

Despite the transformation of Columbia Heights, today approximately 22 percent of the housing units in the neighborhood are restricted for low-income renters, as a result of a heavy concentration of subsidized housing that was built before the neighborhood's gentrification, along with several key strategies and tools. Since 2001, hundreds of affordable homes in Columbia Heights have been created and preserved and many buildings are owned by former tenants, thanks to D.C.'s tenant protection laws; robust funding; and a high-capacity network of tenant organizing groups, nonprofit developers, technical assistance providers, and other stakeholders. While displacement pressures are still a threat in the neighborhood, the level of affordable housing preserved–in the face of such rapidly-rising housing costs–is significant.

Key Strategies & Tools

1. **The Tenant Opportunity to Purchase Act.** D.C.'s Tenant Opportunity to Purchase Act (TOPA) gives tenants a right to purchase when their landlord attempts to sell their property. TOPA has been a critical legal backstop for the city's preservation efforts, coupled with the strategies below. Many buildings purchased under TOPA have become limited equity cooperatives owned by the former tenants.

2. **Major dedicated funding.** D.C. dedicates large levels of funding for affordable housing preservation and production. The district's current mayor has committed $100 million per year to the D.C. Housing Production Trust Fund (HPTF)–the largest such commitment by a city in the United States.

3. **Coordinated tenant organizing & support network.** A proactive, fast-acting housing preservation network has evolved in D.C. since the 1970s, providing robust technical and legal assistance, tenant organizing, and coordination to preserve affordable apartments. The D.C. Preservation Network (DCPN) has become a critical forum for preservation groups to share information and resources, track at-risk buildings, and coordinate preservation efforts.

Challenges

- Preserving affordable housing for Columbia Heights' lowest-income residents has been an on-going challenge, requiring deep acquisition and operational subsidies.
- Opponents of TOPA have argued that the law contains loopholes enabling tenants to drag out the TOPA process and extract payments from landlords in exchange for waiving their purchase rights.
- African-American residents with historical ties to the neighborhood have voiced concerns about feeling like strangers in their own neighborhood as a result of the type of redevelopment occurring and the changing neighborhood demographics.

Outcomes

- Close to 3,000 affordable units restricted in Columbia Heights for low-income households (22% of all housing units) as of 2017.
- 318 affordable rental units in 12 multifamily buildings created or preserved in the neighborhood from 2001 to 2016 through D.C.'s Housing Preservation Trust Fund.
- At least 398 housing units in the neighborhood are limited equity cooperatives, allowing low-income tenants to own their units.
- Average trust fund investment per unit in Columbia Heights (2001-2016): $145,000.

Takeaways

1. **Incorporate residential displacement mitigation strategies into initial redevelopment plans.** In Columbia Heights, the shift from "needing to revitalize" the neighborhood to "needing to preserve affordable housing" happened very quickly. Once gentrification picks up steam, preservation efforts become much more difficult.
2. **Develop a network of high capacity preservation actors.** A coordinated infrastructure of high-capacity preservation groups that can move with agility and speed is essential to preserving existing affordable rental housing.
3. **Invest in tenant organizing.** Organizing and linking tenants with a committed network of support is also crucial. Tenant voice and power is critical to well-targeted policies.
4. **Provide a legal mechanism that supports tenants' ability to purchase their apartment complexes, including adequate notice and time to complete the purchase.** D.C.'s Tenant Opportunity to Purchase Act (TOPA), by providing tenants with a right to purchase their units when sold and adequate time to complete the purchase, shifts power to tenants and provides a critical legal backstop for preventing displacement of current renters and disincentivizing inequitable redevelopment.
5. **City council and municipal leadership is critical.** Elected officials committed to affordability and mitigating displacement are critical for successful preservation of affordable housing. D.C.'s progressive early councils were deeply committed to affordable housing preservation, which led to TOPA, creation of funding streams, and a large roster of tenant support organizations.
6. **Substantial, dedicated funding is necessary.** Preservation at a scale large enough to be meaningful requires large levels of dedicated funding.

Guadalupe Neighborhood

AUSTIN, TEXAS

A Case Study of Early Intervention and Evolving Strategies to Create Affordable Housing for Vulnerable Residents with Historical Ties to the Neighborhood

Overview

The Guadalupe neighborhood is located just east of Austin's Central Business District, bounded by Interstate Highway 35. The neighborhood, which comprises less than one-fifth a square mile and approximately 14 blocks, was historically a community of color, with a predominantly Mexican-American population. Through the 1970s and 1980s, the area suffered from rapid deterioration, population loss, and large-scale redevelopment pressures. At that time, of the area's 170 single-family homes, over half were in substandard condition.

In 1979, Austin leaders made plans to expand the French Legation in the neighborhood, which would have displaced at least 11 families. Residents rallied to block the expansion and successfully lobbied the city council to redirect federal block grant funds to support a new community-generated development plan for Guadalupe. To implement the plan, neighborhood leaders formed the Guadalupe Neighborhood Development Corporation (GNDC), which has become a pioneer in its diverse deployment of community-driven strategies over the past 35-plus years to mitigate the displacement of vulnerable residents.

Today, even though Guadalupe is now in the dynamic stage of gentrification, with a growing share of million-dollar homes, neighborhood leaders have successfully preserved the residential character of the neighborhood while creating a legacy of affordable housing that is under long-term community control for low-income residents with ties to the area.

Key Strategies & Tools

1. **Community development corporation.** The Guadalupe Neighborhood Development Corporation, created and governed by leaders from the neighborhood, has been integral to the success of the neighborhood's displacement mitigation programs.

2. **Early and strategic land acquisition.** In GNDC's early years, the organization purchased vacant properties in strategic locations on as many blocks as possible–for long-term control and to bar assembly for commercial redevelopment. GNDC became a large property owner in the area providing additional clout in zoning battles. Buying lots early was also smart from an affordability perspective: In the 1980s, the average lot price was $5,000; today full lots sell for $500,000 to $650,000.

3. **Preference policy.** Low-income residents and former residents with historical ties to the two zip codes served by GNDC receive priority placement on GNDC's long waiting list for affordable rental and homeownership opportunities.

4. **Community land trust.** GNDC created the first community land trust in Texas to provide for homeownership that is permanently affordable. GNDC maintains ownership of the land, while the family obtains a mortgage to purchase the home. A fixed rate of appreciation ensures that CLT homes can be resold at affordable prices, while allowing owners to recoup their investment and build additional equity.

5. **Property tax breaks for permanently affordable properties.** GNDC has led efforts at the Texas Legislature and the local appraisal district to reduce property taxes on community land trust and other income-restricted homes–ensuring that these homes remain affordable for the low-income families renting or purchasing them.

6. **Creative utilization of infill properties.** Since purchasing lots is no longer feasible in Guadalupe, GNDC has become an innovator in Austin in developing affordable accessory dwelling units on lots that can support a second unit.

Challenges

Guadalupe neighborhood's initial challenges in mitigating displacement of vulnerable residents included large-scale zoning changes that precipitated the loss of homes in the neighborhood. GNDC and neighborhood association leaders had deep-seated disagreements with African-American leaders in the area over the commercialization of the neighborhood, and the groups worked largely in silos. More recently, high land values have made new lot acquisition for affordable housing infeasible within the neighborhood.

Outcomes as of 2018

- 91 long-term affordable units under community control in Guadalupe through two community development corporations, including 26 units underway (out of 170 total homes in the neighborhood in 1980, when GNDC's displacement-mitigation work began)
- Average rent of GNDC units: $583; average income of GNDC renters: $28,700
- 8 affordable homeownership units, including the first CLT home in Texas

Takeaways

1. **Develop and implement a community-driven, neighborhood-level strategy for mitigating displacement of vulnerable residents.** Efforts to mitigate displacement in Guadalupe have continually been anchored in the community, beginning with a community-generated plan and a community development corporation governed by widely-respected neighborhood leaders with social and political capital.
2. **Intervene early to acquire permanent control of land.** Acquire as much land as possible early on; as gentrification picks up steam in a neighborhood it becomes much more difficult to feasibly acquire properties for affordable housing.
3. **For homeownership units, restrict resale price using a shared equity model to ensure permanent affordability of the units for future generations of residents.** GNDC's earlier homes were sold without caps on the resale price, and several have since been resold at market prices beyond the means of other low-income families.
4. **Invest in capacity building and technical assistance.** Funding for program administration and early technical assistance have been key to GNDC's displacement mitigation work. GNDC's early investment in rental housing with little or no debt has generated a critical stream of income to help fund the organization's administrative operations, allowing the organization to expand its capacity and impact over time.
5. **Adapt strategies to changing conditions in the neighborhood.** The strategies utilized in Guadalupe to address gentrification have evolved over time, in response to neighborhood changes, newly available tools, and lessons learned from prior work.

Inner North and Northeast PORTLAND, OREGON

A Case Study of Community-Driven Strategies to Mitigate and Remediate the Displacement of African-American Residents

Overview

The inner neighborhoods of North and Northeast Portland (N/NE Portland) were once home to 80 percent of Portland's black community. Following decades of disinvestment, subsequent urban renewal, and large-scale public and private investment projects, the area has been rapidly gentrifying, with rising housing costs and large-scale loss of African Americans. Since 2000, the area has lost close to 8,000 black residents–more than half the area's black population.

In 2013, mounting tensions in the community over gentrification and publicly-financed economic development in the area came to a head over the proposed use of prime public land and tax increment financing (TIF) for a development anchored by a Trader Joe's grocery store. Local African-American leaders organized protests of the new development and succeeded in getting the City to revamp its investment strategy in the community, shifting $100 million towards mitigating displacement of low-income residents in Inner N/NE Portland. Responding to the community's concerns, the City of Portland, anchored by ongoing active community involvement and a community-driven plan, has been deploying a number of innovative strategies and tools for addressing displacement in the area.

Key Strategies & Tools

1. **N/NE Neighborhood Housing Strategy.** A five-year, community-driven plan for expanding affordable housing opportunities and preventing displacement in Inner N/NE Portland. The plan utilizes several different affordable housing strategies including rental repairs, land acquisition, and new homeownership and rental housing, and identifies specific timeframes and measurable goals to track progress.

2. **Dedicated TIF funding.** Implementation of the N/NE Neighborhood Housing Strategy was originally funded with $20 million in dedicated tax increment financing (TIF). Since then, the City's financial commitment to mitigating displacement in the area has grown to more than $100 million in TIF funds to be invested over a six-year period.

3. **Community Oversight Committee.** The N/NE Portland Oversight Committee oversees the City's implementation of the N/NE Neighborhood Housing Strategy. The committee's work includes providing input on development projects in the area, monitoring the City's progress towards benchmarks in the Housing Strategy, and issuing an annual report to the City Council. The Oversight Committee is meant to represent and be responsive to the community. It is made up of trusted community leaders, topic area experts, and directly impacted community members.

4. **Preference Policy.** The Housing Strategy provides priority placement in subsidized housing units in N/NE Portland to residents with generational ties to N/NE Portland who were displaced or are at risk of displacement from areas where prior city plans had a destabilizing impact on long-term residents. Priority preference is given to households and their descendants who own property lost through urban renewal.

Challenges

Portland's Down Payment Assistance Loan Program for helping low-income, first-time homebuyers in N/NE Portland served only four families from 2015 through 2017, despite a goal of serving 40 households. With market home prices at $400,000, homeownership is out of reach for most low-income households, even with individual assistance of $100,000.

The Preference Policy does not create affordable housing, and so its success is dependent on the availability of affordable housing stock. In 2016, 1,000 households applied through the preference policy program for 65 homeownership slots.

The focus on mitigating displacement in N/NE Portland is fairly new, and it is still too early to tell how successful different strategies will be. However, the Oversight Committee already has a successful track record of providing transparency and accountability to the City's anti-displacement programs in N/NE Portland, closely monitoring the City's programs, and identifying barriers and challenges as well as opportunities for improvement.

Outcomes from 2015-2017

- New affordable rental housing (on line or in development): 350+ units in 7 multifamily developments
- Average city investment (TIF funds) per new affordable rental unit (2016): $64,755
- Homeownership units repaired: 326+

Takeaways

1. **Develop a community-driven, comprehensive, neighborhood-level strategy to address residential displacement for vulnerable residents.** Align the strategy with community needs, be clear about goals, and be transparent in assessing outcomes.
2. **Back community strategies with substantial, dedicated funding.** Preservation at a scale large enough to be meaningful requires large levels of dedicated funding.
3. **Prioritize meaningful community participation.** Take it seriously. This requires an assertive effort to reduce barriers to participation and reach out to directly impacted current and former residents. Community voices should be incorporated into every step of the planning process. Strategies and outcomes should be in clear and demonstrable alignment with community needs and priorities.
4. **Incorporate community-responsive oversight into mitigation displacement and affordable housing preservation plans.** An oversight committee provides critical transparency and accountability in strategy implementation and outcomes. Oversight leadership should be trusted and well-respected by the community and responsive to the community's needs.
5. **Affordable homeownership for low-income families is difficult to achieve in hot market neighborhoods.** To make homeownership affordable in markets where median housing prices vastly exceed what households earning the median family income can afford, cities have to be willing to support the units with very large subsidies.