

Mayor's Task Force on Preserving Dynamic & Diverse Neighborhoods

November 24, 2014

Contents

- Gentrification Definitions
- Gentrification Mitigation Strategies – Methods Used by Peer Cities
- City Incented Housing Projects Maps

Gentrification Definitions

- Close-in neighborhoods that experience significant public and private investments, steep increases in housing prices, and changes in demographic and economic profile of residents that can result in **displacement**—voluntary and involuntary—of low-income residents and community-serving small businesses. (Bates, 2013)
- A process whereby higher-income households move into low-income neighborhoods, escalating the area's property values to the point that **displacement** occurs. In addition to changes in economic class, gentrification often involves a change in a neighborhood's racial and ethnic composition, which can further alter an area's characteristics, potentially leading to community tension (Levy, Comey, & Padilla, 2006).
- The process by which higher income households **displace** lower income residents of a neighborhood, changing the essential character and flavor of that neighborhood. (Kennedy & Leonard, 2001)

Definition Components

Component	Bates	LC&P	K&L
Location	Close-in		
Process	Significant public and private investments result in displacement	higher-income households move into low-income neighborhoods	higher income households displace lower income residents
Who's Impacted	Low Income Residents, Small Businesses	Low income residents	Lower income residents
Property Value Impacts	Steep Increases in Housing Prices	Escalating Property Values	Change in Character & Flavor
Demographic Impacts	Change in Demographic and Economic Profile	Change in Racial & Ethnic Composition	Change in Character & Flavor
Voluntary/ Involuntary	Both		
Tension (old vs new)		Yes	

Categories of Mitigation Strategies

- Track Gentrification
- Produce Additional Workforce Housing
- Retain Workforce Housing
 - Owner-Occupied Strategies
 - Renter Strategies
- Build Resident Assets

Strategies to Track Gentrification

Strategy	Considerations
Prepare annual report to track gentrification based on leading and lagging indicators	<ul style="list-style-type: none">• Leading Indicators – Emerging Potential typology (emerging real estate market and good to excellent urban form), rent gaps between new and existing properties• Lagging Indicators – Booming real estate markets, increasing average incomes, high turnover, shift from rental to owner tenure

Strategies to Produce Additional Workforce Housing

- Development subsidies for workforce housing
- Low Income Housing Tax Credits
- Taxation Policies
- Zoning Incentives
- Housing Trust Fund
- Affordable Housing Bond
- Publicly Owned Land and Buildings
- Non-traditional Residential Products

Tool Matrix

Strategy	Considerations
Development subsidies for workforce housing	<ul style="list-style-type: none">• Federal funds generally must be used for low-income housing• TIF, CCHIP, ICRIP• Per unit construction cost may be higher than non-gentrifying areas
Low Income Housing Tax Credits	<ul style="list-style-type: none">• TDHCA provides policy• COSA criteria for resolution of support
Taxation Policies	<ul style="list-style-type: none">• Tax forgiveness• Tax abatements

Tool Matrix

Strategy	Considerations
Zoning Incentives	<ul style="list-style-type: none">• Increased density, reduced unit sizes, relaxed parking requirements, greater design flexibility (setbacks, lot size)• Existing incentives are in place but not utilized
Housing Trust Fund	<ul style="list-style-type: none">• Allocate additional funding
Affordable Housing Bond	<ul style="list-style-type: none">• Provide public funding for workforce housing production• Likely to require significant public outreach• Capital to fund new programs

Tool Matrix

Strategy	Considerations
Publicly Owned Land & Buildings	<ul style="list-style-type: none">• Require workforce housing %• Add additional properties through land-banking efforts
Non Traditional Residential Products	<ul style="list-style-type: none">• Streamline approval process• Neighborhood opposition

Strategies to Retain Renter-Occupied Workforce Housing

- Increase Market Rate Housing Production on Vacant Lots
- Section 8 Preservation
- Tax Relief and Assistance

Tool Matrix

Strategy	Considerations
Increase Market Rate Housing Production on Vacant Lots	<ul style="list-style-type: none">• Increase supply of market rate housing on vacant infill lots to reduce pressure to convert existing affordable units to market rate units
Section 8 Preservation	<ul style="list-style-type: none">• Incentivize private landlords in gentrifying areas into renewing their participation in the Section 8 Program
Taxation Policies	<ul style="list-style-type: none">• Tax forgiveness• Tax abatements

Strategies to Retain Owner-Occupied Workforce Housing

- Home-Owner Repair Programs
- Taxation Policies
- Community Land Trust (CLT)
- Limited Equity Housing Co-ops (LEHCs)

Tool Matrix

Strategy	Considerations
Home-Owner Repair Programs	<ul style="list-style-type: none">• Targeted outreach to gentrifying areas
Taxation Policies	<ul style="list-style-type: none">• Tax Forgiveness• Tax Abatements
Community Land Trusts (CLT)	<ul style="list-style-type: none">• Entity that can be set up for the purpose of purchasing and retaining ownership of land to ensure its ongoing use for workforce housing

Tool Matrix

Strategy	Considerations
Limited Equity Housing Co-ops (LEHCs)	<ul style="list-style-type: none">• Own share of a building as opposed to individual unit• Typically used in combination with LIHTC

Strategies to Build Resident Assets

- Homebuyer Education and Counseling
- Home Seller Education
- Tenants Rights Education
- Individual Development Accounts (IDAs)
- Location Efficient Mortgages (LEMs)

Tool Matrix

Strategy	Considerations
Homebuyer Education and Counseling	<ul style="list-style-type: none">• Consumer education program covering the entire home buying process• Targeted outreach for gentrifying areas
Home Seller Education	<ul style="list-style-type: none">• Similar to homebuyer program but equips owners who want to sell with the tools to maximize benefit from sale
Tenants Rights Education	<ul style="list-style-type: none">• Austin, Houston, & Dallas have non-profit Tenant Councils with Board of Directors

Tool Matrix

Strategy	Considerations
Individual Development Accounts (IDAs)	<ul style="list-style-type: none">• Matched savings account that supplements the savings of low-income households with matching funds drawn from private and/ or public sources
Location Efficient Mortgages (LEMs)	<ul style="list-style-type: none">• Lenders allow homebuyers to borrow more by taking into account the savings they accrue from living in areas where they can walk or use public transit

Next Steps

- Fully Develop Strategies
 - Action Items
 - Cost/ Benefit
 - Implementation Timeframe
 - Responsible Party



