Anti-Displacement Presentation

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Definitions: Gentrification and Displacement

Gentrification:
Transformation of urban working-class neighborhoods by influx of capital and/or higher-income residents.

Displacement:
When households are forced to move or are prevented from moving into a neighborhood due to conditions which are beyond their ability to control or prevent (e.g., rent increases).
  -- Occurs in all types of neighborhoods
  -- May be physical, economic, or exclusionary
The Housing Trilemma
Cities face tradeoffs in terms of housing affordability, job availability and quality of life. Comparing the 100 largest MSAs in the country.

Source: David Albouy, BEA, BLS, Census, IHS Global Insight, Oregon Office of Economic Analysis
Household Growth by Income Level
2010 to 2015

Households with incomes of more than $100,000 grew by 50%.

Households with incomes of less than $35,000 declined by 20%.

Median tier households, with incomes between $50,000 and $75,000 grew by 2%.

Median Household Income is $60,892
Average Rents for 2-Bedroom Apartments, 2015

2-Bedroom Rents
- $947.00 - $990.00
- $990.01 - $1,369.00
- $1,369.01 - $1,540.00
- $1,540.01 - $2,343.00

Figure 2
Figure 3

Average Rents for 2-Bedroom Apartments, 2015 and the Locations of Publicly Subsidized Affordable Housing
Percent Change in Rents (2014 to 2015) for 2-Bedroom Apartments and the Locations of Publicly Subsidized Affordable Housing

% Change in Average Rent, 2014-2015
-11% - -5.5%
-5.49% - -5.7%
5.71% - 11.5%
11.51% - 19.5%
19.51% - 50.1%

Figure 4

Sources: City of Portland; Metro
The following are excerpts from the Bridge Economic Development memo dated May 10, 2019…
The level of ownership-households to renter-households in the Census Designated Places (CDP) area has remained stable since 2010 remaining at about 65% owner households. Likewise, Portland Metro and Clackamas County have maintained ownership levels of 62% and 70%, respectively. The level of ownership households within the Census Tract (CT) Reference area has dropped slightly from 57% to 56% since 2010.

**Figure 7: Percentage of Residential Ownership Between 2010-2017, Portland Metro, Clackamas County & CT Reference Area**

Source: U.S. Census ACS 5-Year Estimates

*CDPs: City of Milwaukie, Oak Grove CDP, & Oatfield CDP

**CT Reference Area: Census Tracts (208, 212, 213, 214 & 215) encompassing the one-mile radius around the Park Avenue Station (See Reference Map)*
Median monthly rental rates for 2 bedroom/2 bath apartments in Milwaukie* increased by 15.80% in 2016 and 11.71% in 2017. The rental rate increase slowed to 1.58% in 2018. The overall rental rate for Milwaukie in the Fall of 2018 was an average of $1.43 per square foot.

Figure 9: Median Monthly Rental Rate Between 2013-2019, Portland Metro, Oregon City, Clackamas County & Milwaukie *
Racial diversity in the CT Reference area and the CDP area has increased only slightly in the last seven years, averaging a total increase of about one to one-and-one half percentage points since 2010. The Census Bureau does not categorize Hispanic/Latino as “Race” but rather as an origin.

Therefore, the Hispanic/Latino population is categorized across races. The majority of people of Hispanic/Latino origin are captured in race as White with a fewer number captured as Black or African American.

From 2010 to 2017, the changes were as follows:

- Whites – decreased by 1,841
- Asian – decreased by 23
- African Americans – increased by 144
- American Indian/Alaskan Native – increased by 115
- Native Hawaiian/Other Pacific Islanders – increased by 91

In 2017, approximately 9% (2,166) of the CT Reference area population was of Hispanic or Latino origin, an increase from 5% (1,199) in 2010. This trend is also represented in the Oak Grove Elementary School that consists of 18% Hispanic/Latino students and 8 spoken languages in the 2017-18 school year3.
If new private investment occurs, it is important to implement policies that allow for existing residents and property owners to benefit from surrounding investment that will increase property value and personal asset wealth.

HOMEOWNERS: Displacement of home owners often occurs due to rapid increases in property taxes through assessed property values and rate increases. Future displacement for Park Avenue can be less dramatic because of state property tax limitations from Measure 5 and Measure 50.

- Measure 5 introduced limits, starting in 1991-92, on the taxes paid by individual properties. The limits of $5 per $1,000 real market value for school taxes and $10 per $1,000 real market value for general government taxes apply only to operating taxes, not bonds.

- Measure 50 limited the annual growth in assessed value to 3% and determined that assessed value may not exceed real market value.
RENTERS: Renters may be impacted by new product that increases rental rates in the area. In order to allow existing renters to remain in the community, it is critical to retain all affordable housing stock such as the mobile home parks and older apartment buildings. The first step is to not constrict supply, which will only increase demand and drive up prices. The second step is to work with affordable housing providers to purchase older apartment buildings with the purpose of retaining affordable rents. Per ORS 90, Oregon provides some protections to manufactured home community residents. A community owner must notify the residents and a state agency before marketing the community or when the community owner receives an offer to purchase the community. Then residents have 25 days to submit an offer.

BUSINESSES: Similar to residential renters, as new and improved commercial space is developed, rents for the new spaces will be higher. Eventually local businesses may face an increase of rents. In order to alleviate this situation, it is important to provide tangible resources to existing business owners as quickly as possible prior to new investment to allow them to 1) potentially purchase the building where they reside to build asset wealth or 2) improve business operations to proactively adjust to potential rent increases.
The most affordable housing is existing housing…
Suggested next steps

1) Initiate an assessment of the greatest affected area that takes an inventory of housing types, rental rates, housing market conditions, and identify rentals versus home ownership.

2) Initiate an assessment of the greatest affected area that takes an inventory of business types, rents, business property market conditions, and identify renters versus ownership.

3) Initiate an assessment of business loss/growth potential and wage impacts.

4) Consideration of Master Planning the entire Corridor to provide longer term certainty.

5) Other?