

RMLUI 2020

Hottest Topic in Housing: Gentrification

PRESENTED BY

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Agenda

- "You know it when you see it"—defining gentrification
- Who is harmed by gentrification and why—what survey and eviction data tell us
- What causes gentrification—public v. private sector role
- Public sector solutions to displacement—what works, what doesn't, and what is being explored

OUR ESTEEMED PANEL

**Root Policy Research:
Heidi Aggeler and Mollie
Fitzpatrick**

WHAT WE DO

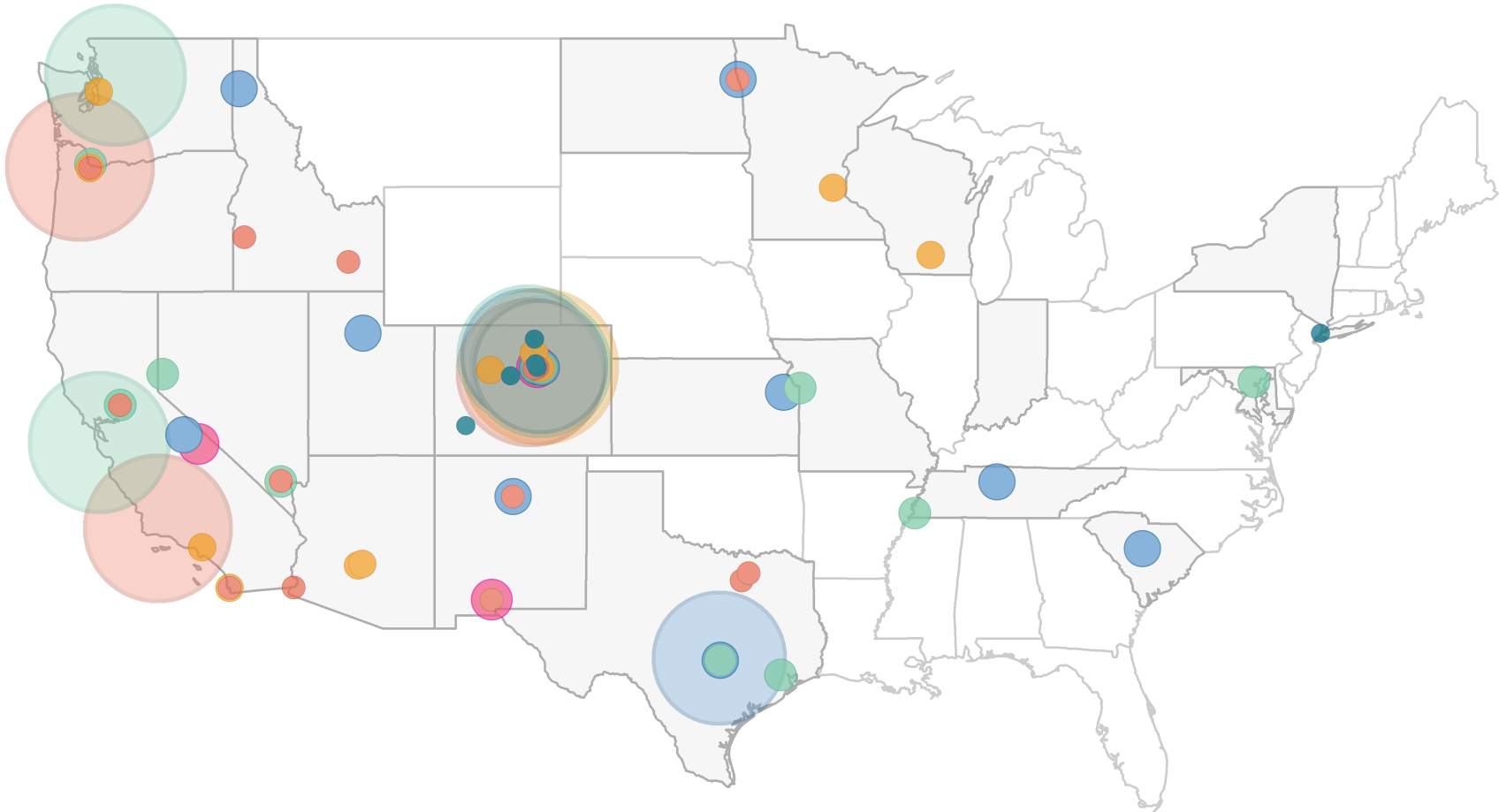
- Housing Market Studies
- Neighborhood Equity Models
- Strategic Plans for Housing and Community Development
- Fair Housing Studies
- HUD Consolidated Plans

EXPERIENCE

- Years of Housing Market research = 19
- Years of Social and Economic Equity Research = 11
- Years of Fair Housing planning = 17
- Years of Consolidated Plan experience = 28

Root Policy was founded to advance economic consulting and policy analysis in many areas critical to the development of thriving communities

GEOGRAPHIC REACH



**Colorado Center on Law
and Policy: Charlie
Brennan**



COLORADO CENTER on LAW & POLICY

Forging Pathways from Poverty

Colorado Center on Law and Policy advances the health, economic security and well-being of low-income Coloradans through research, education, advocacy and litigation.

Our Tools



RESEARCH & POLICY ANALYSIS

We inform the policy dialogue by understanding Coloradans' challenges and identifying solutions



LEGAL ADVOCACY

We pursue legal action when the system fails those who lack resources



LEGISLATIVE ADVOCACY

We build support for policies that make a difference for low-income families



COALITION BUILDING

We nourish and cultivate strong and effective partnerships throughout Colorado

Our Focus Areas



FOOD



HEALTH



HOUSING



INCOME

Recent Legislative Wins

Housing

- HB 1309: Mobile Home Park Oversight Act
- HB 1118: Extend Notice Prior to Eviction (Right to Cure)
- HB 1322: Expand Supply of Affordable Housing
- SB 180: Eviction Legal Defense Fund

Health

- HB 1004: Health Care Public Option Study
- HB 1320: Hospital Community Benefit Accountability
- HB 1223 SSI/SSDI Application Assistance

Workforce & Economic Security

- HB 1107: Emergency Employment Support Services
- HB 1189: Wage Garnishment Reform
- HB 1013: Child Care Tax Credit for Low-Income Families

Criminal Justice Reform

- HB 1275: Expanded Eligibility for Criminal Record Sealing
- HB 1035: Ban the Box

**Denver Community
Planning and
Development: Analiese
Hock**

DEFINING GENTRIFICATION

"I know it when I see it"

What is gentrification ?

- 1) What the dictionary says: *“the process of renovating and improving a house or district so that it conforms to middle-class taste”*
- 2) Gentrification is often defined based on socioeconomic variables, most commonly:
 - #of renter households
 - # of low income households
 - # of households without a college degree
 - # of people of color
- 3) Eviction is a form of displacement that is often, but not always, found in gentrifying areas

CAUSES OF GENTRIFICATION

What causes gentrification ?

CHANGING MARKETS: CONDO CONVERSIONS

NBER: Does condominium development change the socioeconomic makeup of neighborhoods in central cities?

- Research examined city-level ordinances meant to regulate conversion of rental buildings into condos
- Compared cities that passed ordinances with those that did not
- Found find *no* causal impact of condo development on the income, education level or racial composition of city residents when using city regulations to instrument for condo density

What causes gentrification ?

SHORTAGE OF RENTAL HOUSING

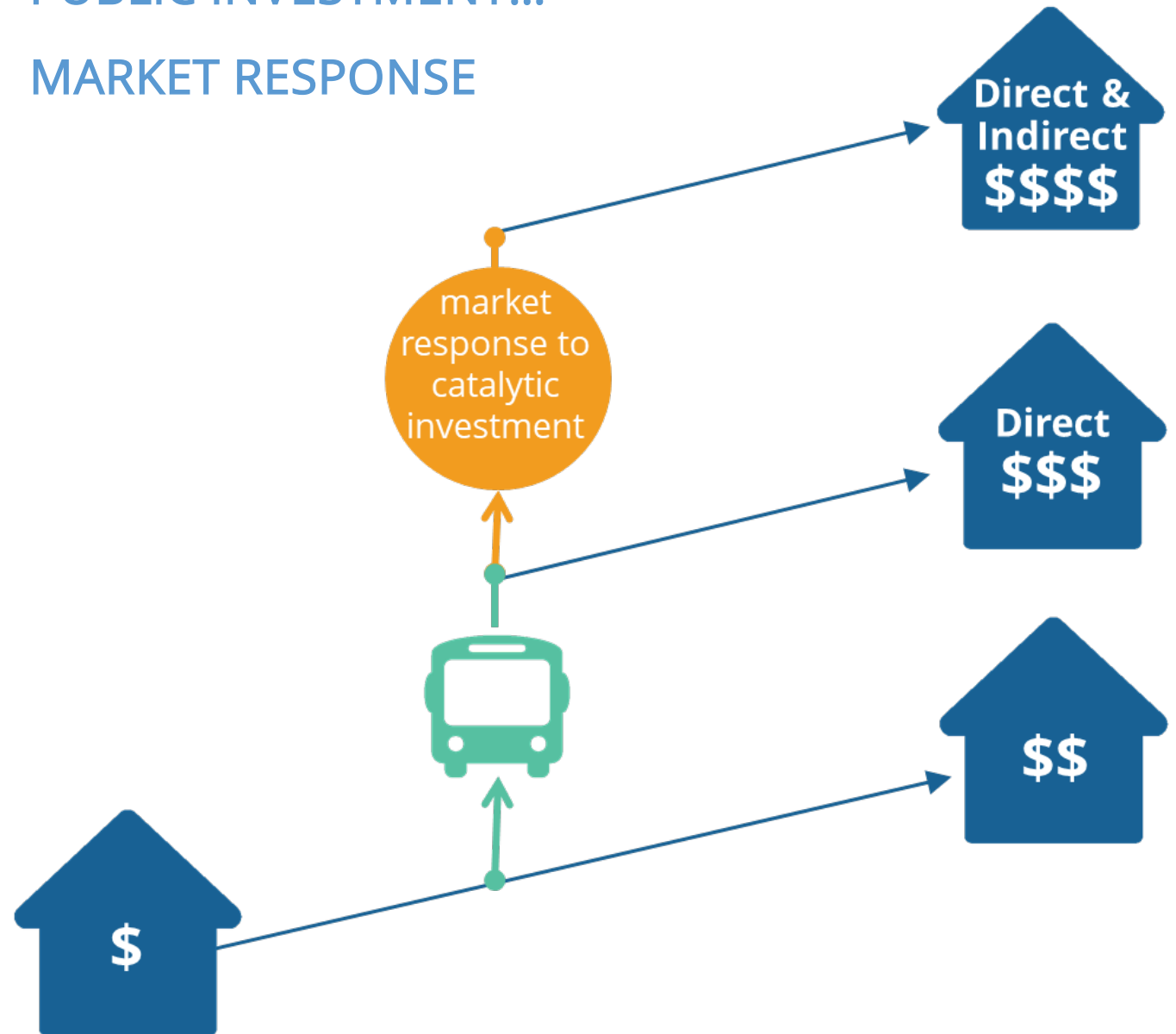
NYC and NBER Medicaid data study

- Tracked movements of low income children living in NYC between 2009 and 2015
- Found children born into gentrifying neighborhoods are *not* more likely to move than those who are not born into such neighborhoods...
- ...low income children move regardless of gentrification pressure: *"Poor kids are not very residentially stable."*
- Those who do move find safer neighborhoods but worse housing condition. Those who stay are in lower performing schools
- Publicly supported housing stabilizes families—move rates were much lower than those living in marketplace housing

What causes gentrification ?

PUBLIC INVESTMENT...

MARKET RESPONSE



Public Investment: Broad range of rent/value increases and impact areas

Type of Public Investment	Premium on Rent/Value	Impact Radius
Rail - Park and Ride station	33.00%	1 mile
Rail - Walk and ride station	0.00%	1 mile
Bus Rapid Transit Station	12.45%	100 Feet
Highway	4.75%	0.8 miles
Roadway Reconstruction/ Improvements	23.00%	0.25 miles
Streetscape Improvements	28.00%	100 feet
Park	2.02%	1500 feet
Greenways and trail systems	22.00%	0.25 miles
Regional bike/multi-use path	1.60%	1 mile
Recreation Center	2.0%	1500 feet
Cultural public facility	20.0%	adjacent
Walkability improvements	1.6%	nbdd

Catalytic depends more on neighborhood characteristics than the type of investment.

CATALYTIC INDICATORS

STAGE 1: Neighborhood has to meet the following criteria for catalytic effects:

Neighborhood categorized as "Vulnerable" by City:



Median rent in neighborhood below the top quartile:



Median home value in neighborhood below the top quartile:



STAGE 2: Additional indicators for discussion about likelihood of catalytic effects:

Distance from downtown (miles):

12.15

Desirable historic housing stock (% built before 1960):

1%

Percent people of color

77%

Historical disinvestment:

committee discuss

Neighborhood perceptions and city staff expertise:

committee discuss

**WHO
GENTRIFICATION
HURTS**



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Who gets displaced and why: 2016 resident survey

Place of Current Residence	Percent Displaced	Reason for Displacement		
		Rent Increased More Than I Could Pay	Evicted: Behind on the Rent	Landlord Selling Home
Aurora	20%	40%	5%	30%
Renters	42%	40%	5%	35%
Precariously housed/homeless	26%	30%	30%	13%
Denver	19%	43%	6%	18%
Renters	30%	44%	4%	20%
Precariously housed/homeless	49%	43%	17%	6%
Boulder	18%	31%	6%	17%
Renters	24%	33%	3%	12%
Precariously housed/homeless	49%	26%	17%	13%
Boulder County	20%	45%	7%	12%
Renters	21%	51%	7%	9%
Precariously housed/homeless	34%	35%	18%	17%
Broomfield	21%	50%	0%	12%
Renters	46%	42%	0%	16%
Precariously housed/homeless	-	-	-	-
Longmont	16%	30%	10%	13%
Renters	28%	27%	12%	12%
Precariously housed/homeless	46%	44%	17%	0%
Region	19%	41%	6%	19%
Renters	30%	41%	5%	20%
Precariously housed/homeless	43%	42%	17%	8%

Who gets displaced and why

SEATTLE EXPERIENCE

“Losing Home” study found:

- Female households with multiple children
- Black and Latinx households (often female headed)

COLORADO EXPERIENCE...

What Do We Know About Evictions in Colorado?

There were 45,270 evictions filed in Colorado in FY 2017

Roughly one-third of cases filed resulted in an actual eviction

Evictions filed in Arapahoe County accounted for 22% of all evictions filed in Colorado in FY 2017

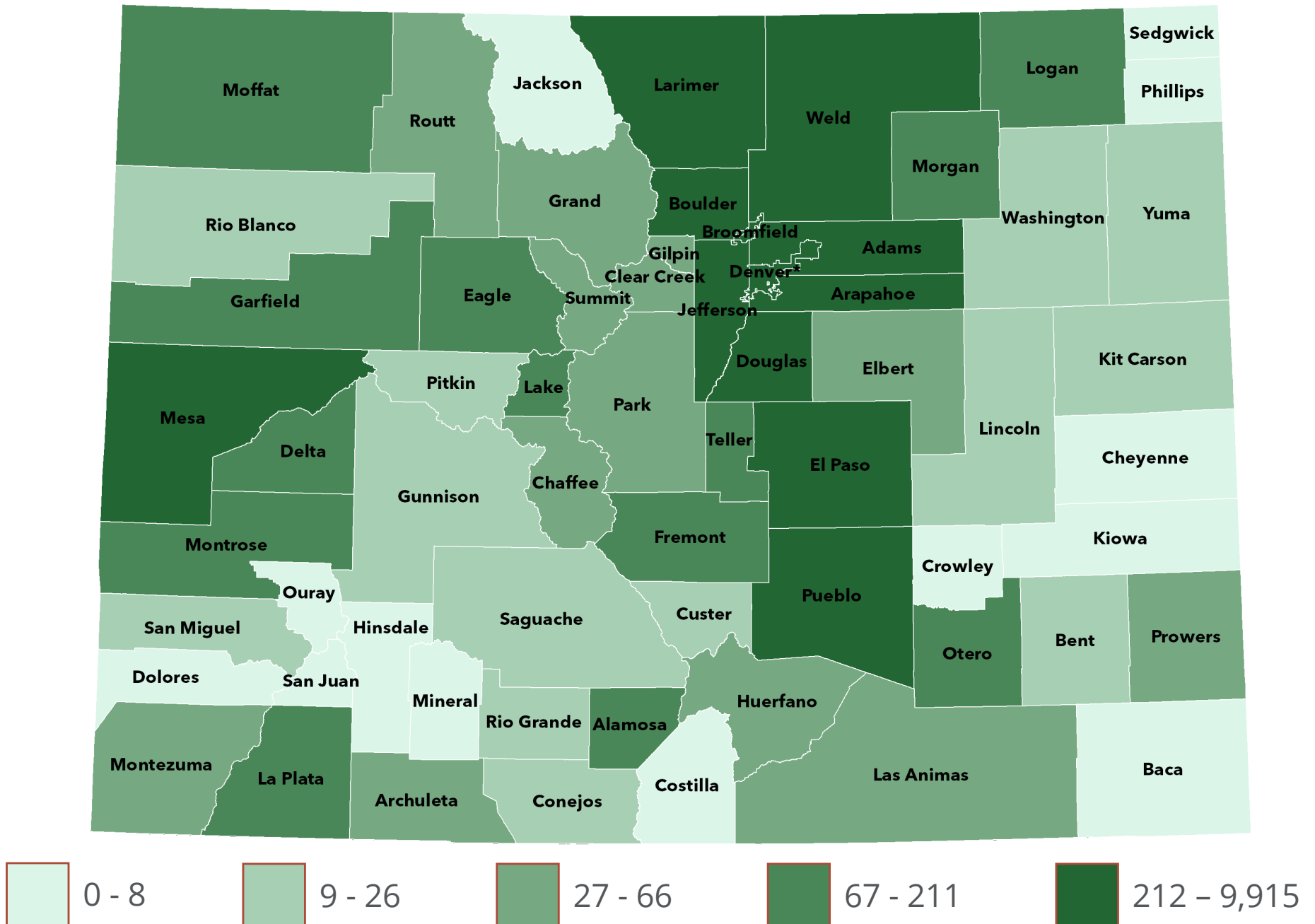
Adams County had the highest evictions filing rate at 11.42 evictions for every 100 renter households

Adams, Arapahoe, El Paso, Broomfield, Jefferson, and Douglas Counties all had eviction filing rates higher than the rate for Colorado (6.16 evictions per 100 renter households)

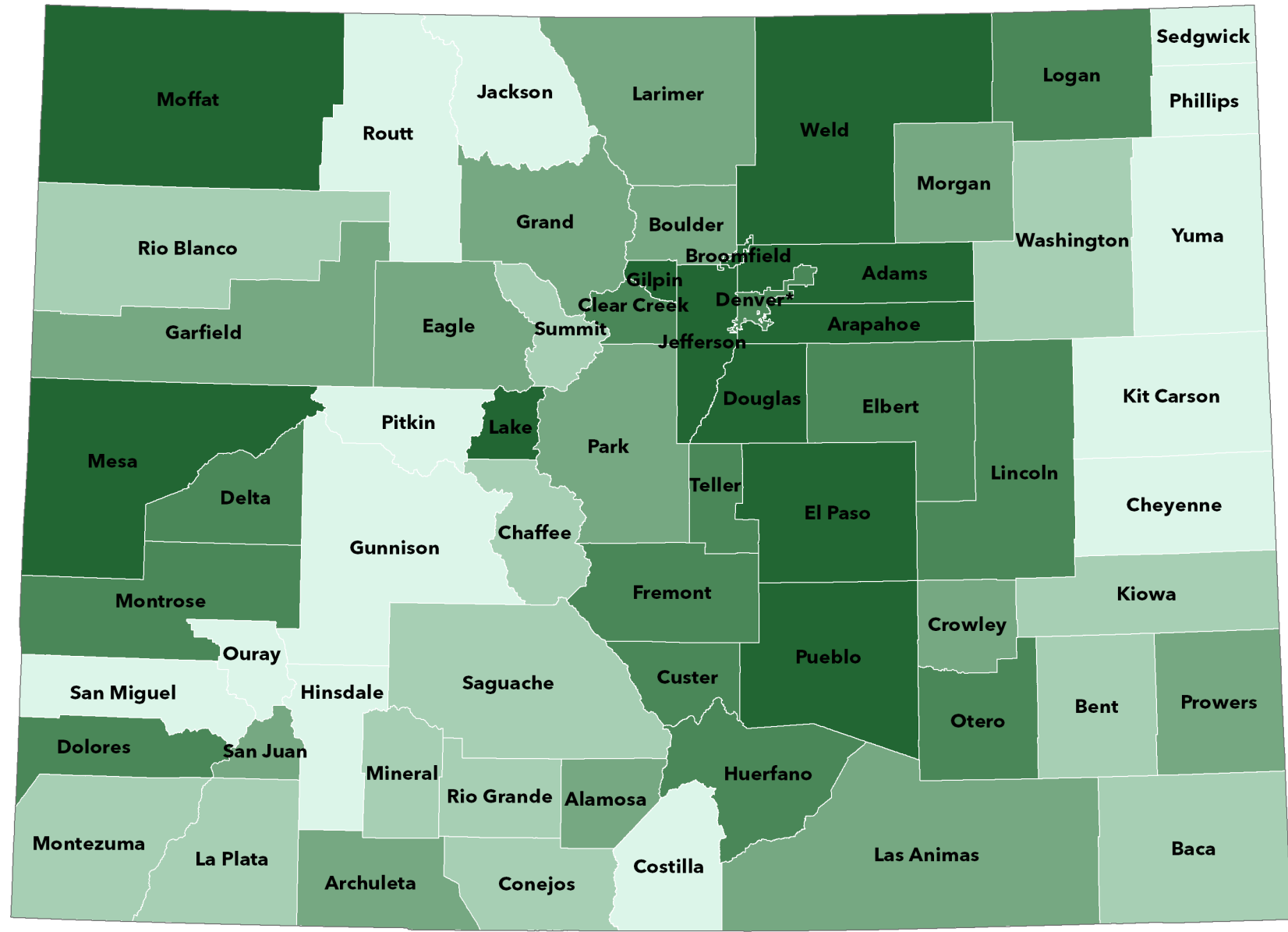
Eviction records (whether or not the eviction is enforced) limits a tenant's future housing prospects

Loss of shelter, even temporarily, often leads to unemployment, educational disruptions, and food insecurity

Evictions Filed in Colorado FY 2017



Eviction Filing Rate in Colorado FY 2017



What Do We Know About Evictions in Denver?

According to a 2017 Study by CCLP looking at evictions in Denver County between 2001 and 2017:

Just 813 out of 92,969 tenants subject to an eviction filing were represented by legal counsel (less than 1%)

Among landlords, this figure was 89%

The overall dispossession rate in these cases was 79%; 73,875 tenants lost their homes over this period

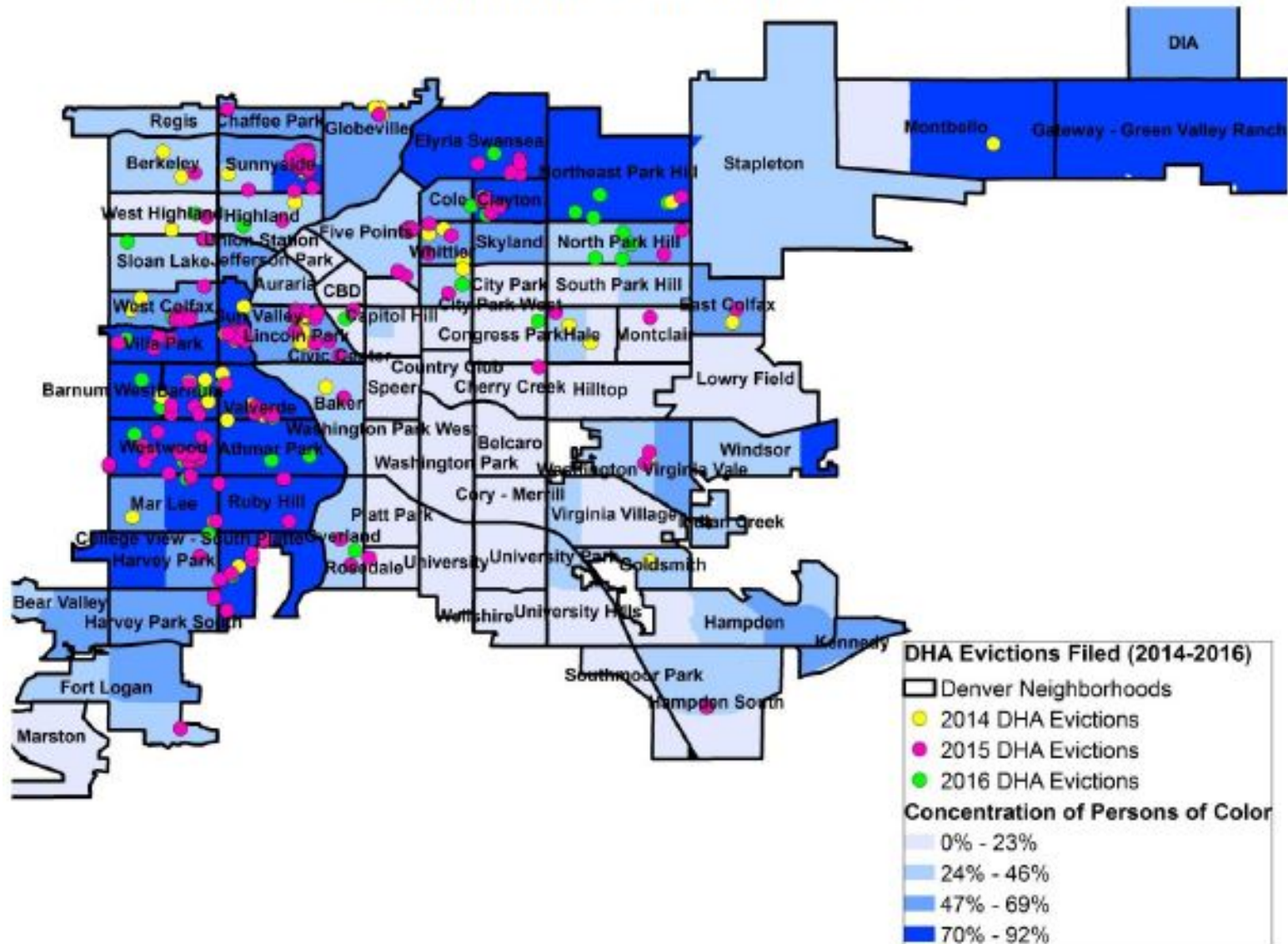
In cases from 2014 – 2016, 85% of tenants with legal counsel kept their homes

Property managers file evictions for relatively small amounts of unpaid rent; median of \$226 for DHA and \$1,155 for private landlords

Eviction cases disproportionately affected neighborhoods with higher concentrations of people of color and areas experiencing rapid development

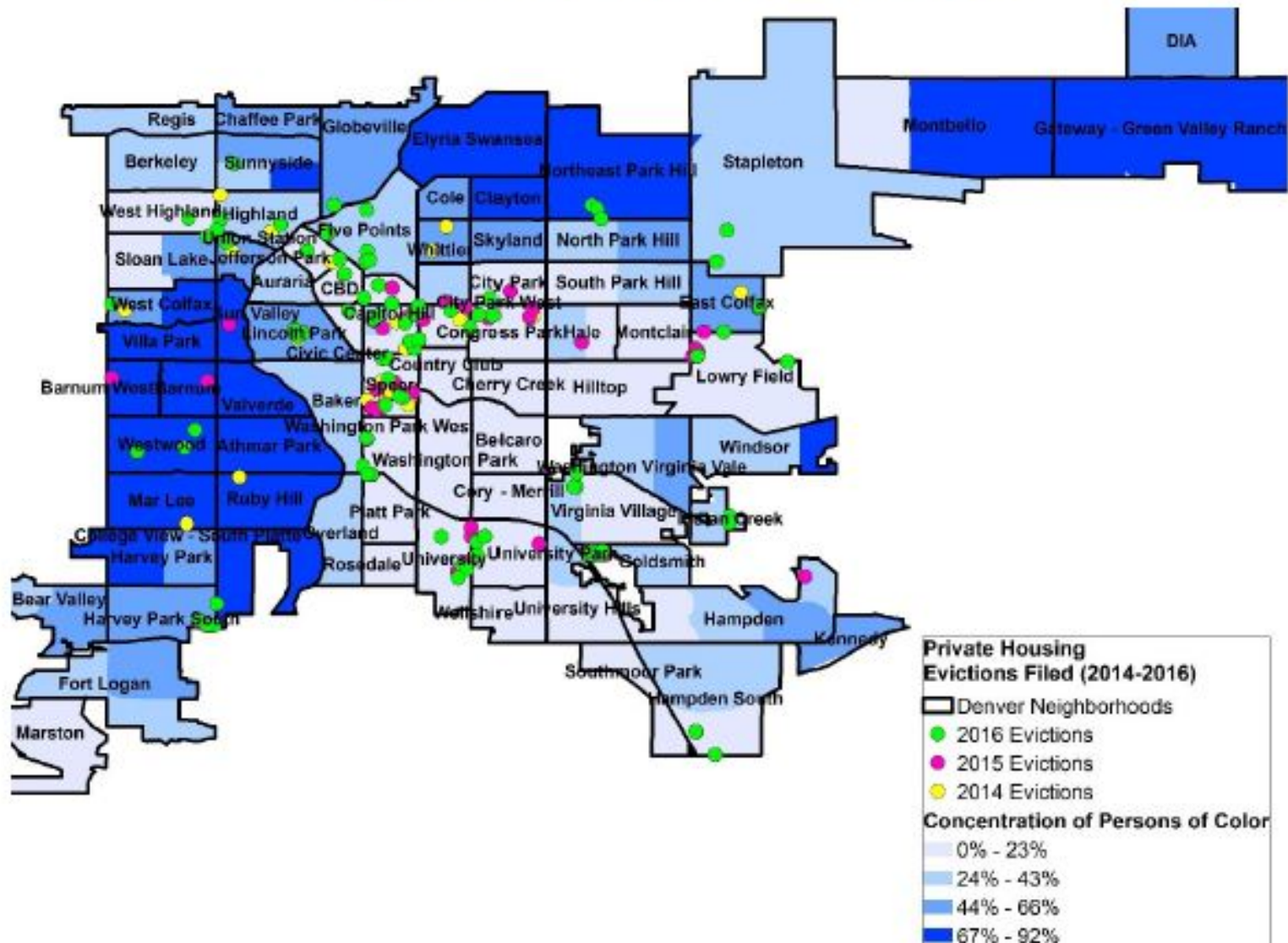
Denver Evictions 2014 - 2016

Denver Housing Authority Eviction Filings in Communities of Color 2014-16



Denver Evictions 2014 - 2016

Private Housing Property Managers Eviction Filings in Communities of Color 2014-2016



SOLUTIONS!

...beginning with why you should care

Public Sector Solutions

SOURCE OF INCOME PROTECTIONS

Requiring that landlords accept tenants regardless of Source of Income (code for accepting Section 8)—early returns are positive in many markets

PREFERENCE POLICIES

Requiring that new developments give a preference for residents at-risk of or who have been displaced and/or living in at-risk neighborhoods

- Some programs have faced fair housing challenges
- Impact depends on compliance

Public Sector Solutions

EXPANDING RENTERS' RIGHTS AND PREVENTING EVICTIONS

- Recent Legislation
 - Eviction legal defense fund
 - Extending the right to cure
 - Mobile home owner protections
- Current Legislation
 - Suppressing court records of evictions filed but not ordered
 - Right of first refusal for MH park tenants
 - Updates to the Mobile Home Park Act

Public Sector Solutions

EXPANDING RENTERS' RIGHTS AND PREVENTING EVICTIONS

- Future Efforts
 - Expand Funding for Eviction Legal Defense Fund
 - Extend Time to Cure
 - Higher Penalties for Illegal Lock-outs
 - Late Fees Charged by Landlords

Land Use and Zoning Solutions

GETTING THE FOUNDATION RIGHT

PROMOTE LAND AVAILABILITY

- Are land use plans developed to promote a variety of housing types and needs across the city and especially near transit, downtowns, and areas of opportunity?
- Do land use policies and zoning maps align with adopted plans?

REMOVE LAND USE BARRIERS

- Maximum Density Standards
- Large Minimum Lot Size
- High Vehicle Parking Requirements
- Cumbersome Development Standards
- Unpredictable and Lengthy Approval Processes

Land Use and Zoning Solutions

LAND USE TOOLS TO PROMOTE HOUSING

- Value Capture/Incentives
- Flexible Development Standards
- Clear and Streamlined Approval Processes

Land Use and Zoning Solutions

WHAT IS VALUE CAPTURE

- A tool that allows communities to share a portion of increased land values resulting from public investment or other government actions
- Example: Community asks for a share of land value increase resulting from an 'up zoning'
- Core premise: Public actions should generate public benefits



Land Use and Zoning Solutions

TYPES OF VALUE CAPTURE

VOLUNTARY

- Community Benefits Agreements
- Development Agreements
- Incentive Zoning/Density Bonuses
- Tax Increment Financing

MANDATORY

- Impact fees/linkage fees
- Special assessments
- Inclusionary Housing/Zoning
- Transfer of development rights
- Property Tax



38TH AND BLAKE STATION AREA

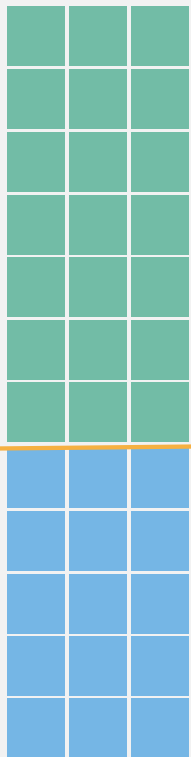
Incentive Zoning Purpose:

Direct growth into areas of the city that are best equipped to handle change

Promote high quality design

Capture a portion of the increased property values that result from significant public investments, such as the train station and use them to ensure that new development benefits the community

Land Use and Zoning Solutions



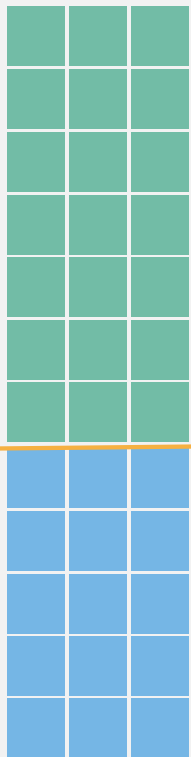
INCENTIVE
4X Citywide Build
Alternative

BASE
1X Citywide
Build Alternative
on all stories

38TH AND BLAKE STATION AREA OVERLAY

- Establishes maximum base heights (2-8 stories)
- Establishes maximum incentive heights (3-16 stories)
- Affordability Requirements
 - *Affordable at 80% AMI or lower*
 - *Comparable in mix and size to market rate units that generated the requirement*
- Enables incentive for commercial and residential projects

Land Use and Zoning Solutions



7 Story
Incentive
180,000 Residential

5 Story
Base
10,000 Commercial +
100,000 Residential
+ Parking

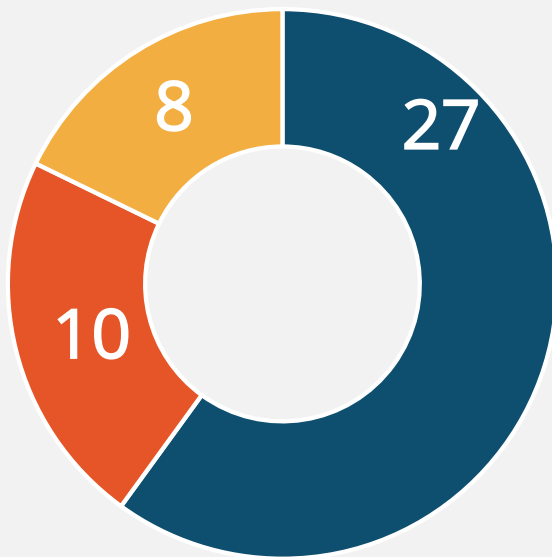
38TH AND BLAKE STATION AREA OVERLAY

EXAMPLE PROJECT

Majority Residential = Required to build units

- Step 1: Calculate Build Requirement for Entire Project
 - *Multi-Family Residential SF: $280,000 / 1,000 \times 0.0168 = 4.7$*
 - *Commercial SF: $10,000 / 1,000 \times 0.0228 = 0.22$*
- Step 2: Calculate Build Requirement on Incentive Hight
 - *Multi-Family Residential SF: $(180,000 / 1,000) \times (0.0168 \times 4) = 12.1$*
- Step 3: Add up all required units
 - *$4.7 + 0.22 + 12.1 = 17 \text{ units}$*

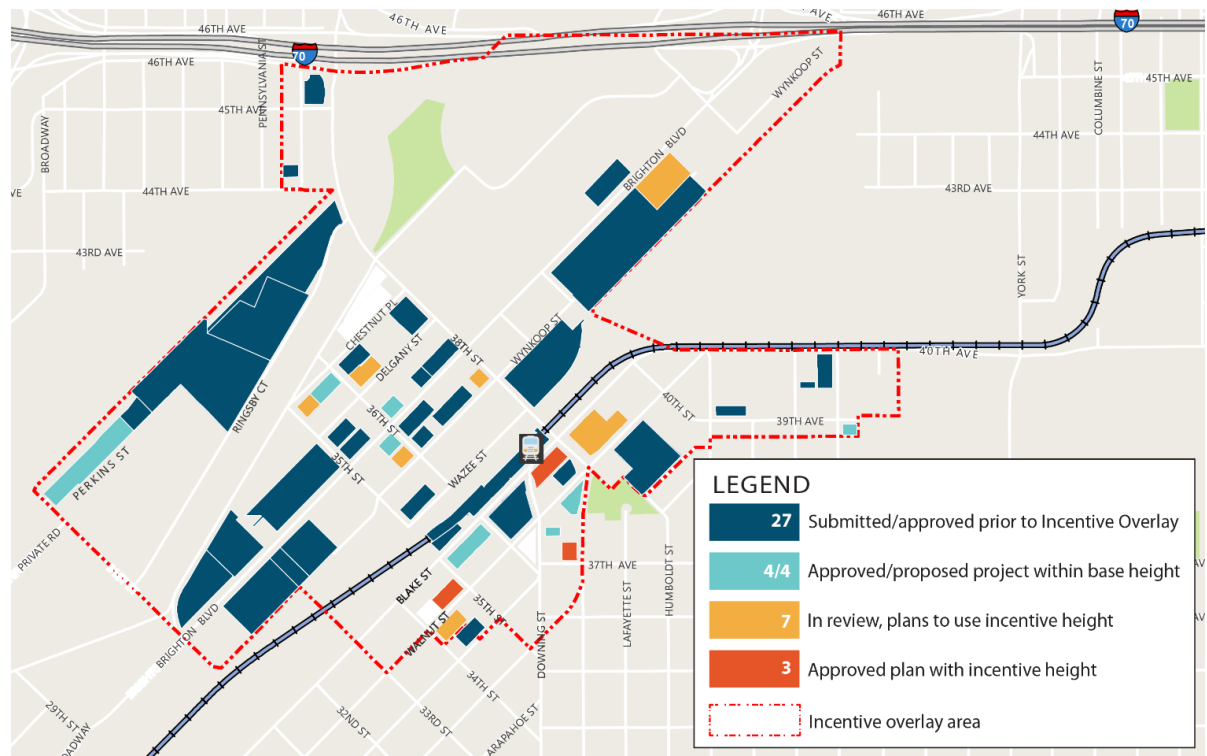
Land Use and Zoning Solutions



38TH AND BLAKE STATION AREA OVERLAY

OUTCOMES

- 27 projects occurred prior to the implementation of the overlay
- 10 Projects have used or plan to use the overlay (36+ units provided to date)
- 8 projects have developed under base height



Land Use and Zoning Solutions

38TH AND BLAKE STATION AREA OVERLAY

BENEFITS

- Creates a predictable and administrative process
- Captures the impacts of both commercial and residential projects
- Supports appropriate and desired growth patterns within the station area
- Creates a system for monitoring and tracking

Land Use and Zoning Solutions

38TH AND BLAKE STATION AREA OVERLAY

DRAWBACKS

- Aspirational Entitlement
 - *Previous plans and zoning entitlements supported taller/higher intensity without the provision of community benefits*
 - *Market does not always support current/aspirational entitlement*
 - *Limited ability to introduce incentives without “downzoning”*
 - *Height is not always the most meaningful incentive*
- System does not provide anticipated yield/percentage of affordable units
 - *Systems based on varied base/incentive heights and requirements on SF places a greater burden on assumptions and expectations*
- The system does not incentivize larger units or deeper affordability



CITYWIDE INCENTIVES

- Purpose: A systematic citywide system to encourage the creation of affordable and mixed-income housing, especially in transit rich areas



GUIDING PRINCIPLES

- Equity
 - *Responsive to the different needs of Denver's neighborhoods and communities*
- Market Reality
 - *Appropriate calibration for different market contexts and economies*
- Clear Expectations
 - *Predictable requirements of developers*
 - *Predictable benefits to the community/elected officials*
- Accountability
 - *Ability to create a clear tracking system and ability for modifications*



CONSIDERATIONS FOR OTHER COMMUNITIES

- Start with removing existing land use barriers
- Be proactive
 - *Get ahead of development pressures*
- Create easy to administer and predictable systems
 - *Stay away from guessing games*
 - *Avoid a wholesale list of community benefits*
- Commit to ongoing evaluation and modifications as needed
 - *Housing needs, markets, and laws are constantly changing*
- Partner with Housing/Economic Development/Planning



Q&A