Big Picture Project – Gentrification, Displacement and Creating Integrated Communities

Friday, September 9, 2016

Wilder Foundation

Hosted by Twin Cities LISC and the Big Picture Project Partners

Co-chairs: Cam Gordon (Minneapolis City Council) and Russ Stark (Saint Paul City Council) – Opening Remarks

- LRT is in and there’s lots of development going on
- How do we balance affordable housing with all the high end development that’s occurring?
- How do we keep mixed use community along University Avenue?
- How do we support those living at the margins?
- These questions led to the Big Picture Project. Making progress on achieving our goals, but there is still more work to be done.

Gretchen Nicholls, Twin Cities LISC

- Communities are constantly changing; we must seize opportunities
- Communities guide transformational change: how do we build and sustain communities that work for everyone – diverse communities
- Lots of investment along Green Line corridor, lots of change – Retail and office, housing, sports stadiums, etc.
- Big Picture Project is defining best practices
- How do we reduce involuntary displacement?
- Working to map our way forward

Peter Mathison, MN Compass Project / Wilder Research

- Lessons from Big Picture Project and Central Corridor Tracker
- Presenting indicators that set stage for our discussion; data focuses on 2011-2015
- Tracks population and growth along the corridor
- Race and ethnic breakdown – not a lot of change; slight growth in Asian Americans and Black/African Americans
- Income – not a lot of change; continues to be lower than the cities’ median
- Factors that impact people’s ability to stay in their homes/neighborhoods:
  - Single family home values: avg. assessed value still lower than in 2011
  - Rents: 44% increase in median rents (source: advertised 2 BR units)
  - Rental occupancy: slight increase
- Big Picture Project’s goal: 4,500 new or preserved affordable units by 2020; 3,573 were produced as of 2015; well on our way toward goal

Libby Starling, Metropolitan Council

- Met Council is delving into parcel data from assessor; haven’t used this data before
- Where are single family units owner-occupied?
- Where are single family units renter-occupied?
• Where and how often is ownership changing – what does it say about stability of residential neighborhoods?
• 2004-2015; we see lots more rental occupied housing
• Also looked at number of single family units that changed ownership
• Ownership changes/housing unit and median length of ownership for single family units
• These maps show us where significant turnover is occurring with single family housing and where there is more stability
• This is new analysis for the Met Council; new data source for them
• Offers ability to observe changes in housing ownership, and how that informs neighborhood change.

Jim Erkel, MN Center for Environmental Advocacy

• Mapping social and environmental characteristics of neighborhoods along the corridor; they are some of the most diverse neighborhoods in the region
• Neighborhoods are concerned about the gentrification that might follow TOD and lead to economic displacement
• Strategies to keep people in place:
  o Neighborhood preservation
  o Business retention
  o Greening up the corridor
• Compare the Central Corridor / Green Line to the Bottineau / Blue Line extension where there are similar gentrification concerns
• 2013 study by Professor Lisa Bates in Portland: susceptibility of neighborhoods to gentrification; applied this methodology to Twin Cities data
• Need to do more than identify and define problem; move to work on strategies to avoid gentrification
• Lots of these ideas have gone into St. Paul city plans; need to get them into St. Paul’s new comprehensive plan and into plans for all transit corridors
• Also, how to pay for this? Tax Increment Financing (TIF) for Transit-oriented Development (TOD): A finance tool needed to deal with social and economic mitigations that impact transit corridors; there must be funding mechanisms that can be sustained over long term

Neeraj Mehta, Center for Urban and Regional Affairs (CURA), University of MN

• CURA is studying at gentrification, and exploring multiple forms of knowing - not just census data; use wisdom, experience of residents
• CURA is applying academic research on gentrification to the Twin Cities: what does the research tell us? What parts of the Twin Cities are gentrifiable?
• Interviewing people – elected officials, staff, residents of areas showing gentrifiability (yes, he says, that’s a word 😊)
• What is gentrification? There is more agreement now on this question
• Is gentrification happening? Is it good or bad? There is less agreement on these important questions
• Residents are saying I see it now, or precursors of it, whereas public officials are saying I’m not sure if I see it, I need more data
• Compare the gentrification question to the climate change question – with climate change, we don’t know everything but we are planning for it
• The gentrification topic seems to require a need for certainty, yet not sure when this “need to know more” or “need to be sure” will be satisfied
• CURA is asking: where do you see gentrification? when did it start?
• Concerns that came up:
  o Cultural displacement or visible displacement; maybe the data shows no one being prevented from staying in the neighborhood, yet the neighborhood is visibly changing
  o Issue of trusting public officials to have the whole community’s best interest at heart
  o Want growth and development, but how do we do it equitably and inclusively?

Metric Giles, Community Stabilization Project

• CSP came out of the Tenants Union organization; it has been around for 30 years
• “Tenant stability leads to community stability”
• 75% of homeowners are European; 25% of homeowners are people of color; who are the other people of color? Renters, incarcerated
• We need to work on education of renters and landlords; people need to know their rights
• Renters are invisible; they must be at the decision-making table
• CSP does a lot of collaboration
• We need systems changes; the problem is not low income people and people of color; the problem is the system not working for these populations

Jacob Wascalus, Federal Reserve Bank of Minneapolis

• Turning the Corner Project – national research effort just getting started
• Here in the Twin Cities the project is a collaboration of the Federal Reserve Bank, CURA, Wilder, LISC, Urban Institute
• Trying to better understand the leading drivers of neighborhood change and the policies that can impact that change
• How are low income neighborhoods changing post-recession
• First launched in Detroit
• Three phases to the project: identify candidate neighborhoods; quantitative and qualitative analysis; identify and share inclusive development policies

Miriam Zuk, director, Urban Displacement Project, UC-Berkeley

• Lots of collaborators – community based organizations, government, universities – it’s what has made the Urban Displacement Project successful
• Adopted common definitions for “community change”, “displacement” and “gentrification”; analyzed displacement and gentrification separately
• This project validates community members’ perceptions of change and is helping them understand it
• They measured “naturally occurring affordable housing”: when people move, they move close by or double up; when they leave the neighborhood, they move to places of low opportunity
• Changing neighborhoods are: communities of color; near employment center of city; have pre-1950 buildings and historic housing stock; walkable; places near downtown with rail stations
• We are also losing affordable units in moderate and high income neighborhoods
• When we invest in affordable housing we lessen displacement
• Early Warning Systems
  o Strategic – to frame conversations; to help target resources
  o Tactical – validate anecdotes; bring issue to those outside the urban core
  o Empowerment – capacity building; community sees itself on the map
• Conducted a Regional Policy Inventory; caused anti-displacement strategies to be adopted
• A potential consequence is that neighborhoods don’t want improvements, such as new streetscaping, because they fear gentrification; or they protest luxury housing development because of fear of gentrification
• Running workshops: investment without displacement; harnessing the market to produce affordable housing; improving housing quality without displacing people
• Studying travel patterns of low income households

Rick Kahn, National Affordable Housing Advisors

First housing story: The Crossroads at 494 and Penn in Richfield: 2,200 people living there, majority are low income Latinos; property was acquired by a developer a year ago; rents were in the low $700s and new owner raised them 30%; and declined to accept Section 8 vouchers; forcing families with kids out. Compare this story to a small town of 2,000 people in MN hit by a tornado; the government would step in to help those who lost their housing; there are human consequences to this property owner’s action and they are predictable and inevitable. This business plan was not the only choice the new owner had to make money on the property; this property is 50 years old and had been deeply affordable for 30 years. Aeon (a non-profit developer) approached local funders but people didn’t think this was a neighborhood experiencing gentrification – people didn’t believe there could be a problem. One person caused this disruption in housing; it can happen fast; must use legal advocacy; in MN there are not laws that would protect these tenants

Second housing story: another property, in Maplewood, 139 units; good quality housing; the rents hadn’t been raised as much as they could have been; property went up for sale and 80 buyers looked at it resulting in 13 bids. Aeon (a non-profit developer) and a firm from Atlanta were the two finalists. The owner sold to Aeon; Aeon paid a competitive price for the property and was able to close as fast as the other buyer could have which was important; there were programmatic resources available to support this purchase – this is why Aeon was able to successfully purchase it. The market place is fast-moving; Aeon only had 90 days; there was not time to put together capital; program resources must be ready; need a pool of resources to save these properties; cannot do these deals on an ad hoc basis

Questions and Comments

1) 20% of new units along the Green Line are affordable; this was the Big Picture’s goal, but it is not enough. Minneapolis could have adopted inclusionary housing policy amidst the housing boom but it did not. Is inclusionary zoning a good tool?

Rick Kahn – we must take regulatory/statutory action; we must be proactive; can’t wait for disaster to confront us

City should ask itself – what do we want in 5 years? Would we accept what has happened in San Francisco? We must be proactive

Neeraj Mehta: we have to counter the argument: “we must not stifle the market”; we need to develop a new narrative; the old narrative is that anything we do to address inequality will hurt the market; but this is not true; we must counter this argument
Libby Starling: We need more examples of mixed income housing that work; Edina just accepted an “in lieu of” payment from a developer in place of building affordable housing; this is an emerging case study; the amount paid may seem low but it is more than Minneapolis or St. Paul requires.

Metric Giles: we need to change the narrative from “the problem is poor people” to “the systems need to be changed”

There are other ways to slow the development process down, which in the case of the Penn Ave. example was needed: Washington DC has a “right of purchase” rule for tenants; this allows time for the affordable housing to potentially remain affordable, and to protect residents from displacement.

2) What about cooperatives, for example Organic Valley? Minnesota has a long cooperative tradition – how can we build on this to find new solutions? In Europe there are resident cooperatives. When we try to build affordable housing we are fighting the market, but we can’t compete as long as housing has to turn a profit; in the marketplace the highest bidder always wins; we need a longer term, stable strategy for providing affordable housing.

“Disparate impacts” – an important Supreme Court case – this is the legal basis upon which tenants can make their cases; gives Rick Kahn, for example, the ability to take the issue to court.

3) What about the issue of criminal record backgrounds? CSP works with this issue; provides education to inmates who are close to release; however, there are barriers to reaching inmates; phone and email cost.

We need those who are impacted at the table.

If we genuinely want the community involved, must slow down the process.

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**Small Group Notes (see Addendum A)**

**Shout out of ideas from Small Group discussions:**

- Liked Rick’s comparison of a tornado in a small town; we need to treat housing loss (like that at the Penn Ave. property) as an emergency; we need a lot of money at the ready – a couple billion
- Appreciate the analysis, but how do we speed up the move to taking action? We must do something.
- We must elevate renters’ rights in all communities; must do organizing and advocacy.
- Where have displaced families moved, and how do we support them?
- We forget about community engagement; this room is not representative of the Twin Cities; we must ask those in the community what they think.
- We need a global approach: must address jobs, income, education, etc. in order to solve housing problems.
- Our policies are often 20 years too late; where should we develop affordable housing: in white communities but we also must not redline it out of communities of color.

**Next “Getting the Big Picture Right” event is scheduled for December 6th: Naturally Occurring Affordable Housing**
Addendum A: Small Group Discussion Notes

Big Picture Project – Gentrification, Displacement and Creating Integrated Communities

Table Questions (organized by themes)

1. What is needed to maintain and strengthen communities of access and opportunity?

Policies and Resources
- Stronger commitments to gap financing in challenged neighborhoods
- Rent control
- Inclusionary zoning
- Policies that reflect housing as a human right and not a mere commodity
- Big increase in federal investment towards multifamily housing development and rehab
- Resources within these communities (transportation, housing, food, education, jobs)
- Acceptance by policy makers that gentrification is happening, is real; don’t need to wait for proof
- Invest comprehensively (transportation, education, strong schools, employment, shopping, medical)
- tenant rights / state legal protections
- More preservation money to purchase units as they come on the market
- More supportive money from funders and legislation
- Inclusionary zoning
- Need for financial tools – we need $1 billion more to deal with affordable housing crisis
- We can’t keep doing things the same way – need new tools (i.e. cooperative ownership, support for residents)
- Current policies are antiquated
- How do we create a sense of urgency / emergency response to NOAH issues? (Policy changes, programmatic / financial tools)
- Creative / flexible zoning for inclusivity
- Legal protections for tenants
- Funding – local, regional, state levels for TOD projects, require affordability
- Shallow rent subsidies
- Regulatory requirements – inclusionary zoning
- Mandatory inclusionary housing policy / ordinance
- Make sure values of equity are integrated into all city departments
- Policy changes such as suggestions / ideas discussed during forum
- Acceptance by policy makers that gentrification is happening, is real; don’t need to wait for proof

Community Organizing
- Fund community organizing, especially regarding communities of color and low income
- Empowerment to participate in efforts to effect / stop gentrification
- People need to feel that they can influence systems; systems overwhelm people
- Solutions are LOCAL
• Sustained support for community organizations
• Opportunities for community building and engaging (through arts and culture)
• Inclusive engagement early in process of stakeholders and community
• Community engagement
• Strong organizing / strong tenant rights
• More flexible and accessible ways for community members to be heard in planning
• Really strong relationships for resilience
• Co-op models – more resident advocacy

Housing
• Create a mix of housing types and tenures
• “Recycle / reuse” applied to making homes affordable and sustaining living in homes long-term
• Preservation and protection of existing affordable housing
• Land Trust (commercial and residential)
• Property standards and assistance for maintenance
• Development model that is economical for affordable housing
• Access to affordable home ownership
• Shift in perception of renters – homeownership is not the best and highest use
• Incentives for good landlords
• Required acceptance of section 8
• Integrate housing into other important community development priorities including youth development
• Connecting affordable housing to communities at risk of gentrification despite “concentrated areas of poverty”
• Balance landlord / tenant relationships through thorough landlord background checks

Economic Development
• Support local businesses
• Living wage jobs
• What is at the root of wealth creation for families to stay and prosper?
• Income goals that represent healthy income distribution
• Engage businesses

Schools and Education
• Investment in and quality of schools – education

Regional Strategies
• A better regional system to mobilize when new threats and identify solutions
• Recognition of the importance to the Region of communities of Access and Opportunity
• Capture and develop more affordable housing – regional strategy
• Increase project and tenant-based vouchers outside areas of concentrated poverty
• Work together on a regional state level / avoid duplication
• Met Council data for cities doing comprehensive plans

Overall Comments
• Leadership and public will – a lot of people think gentrification is only a good thing; this is still a public debate
• Campaign that identifies scope of problem and how much money is needed to address it
• More understanding of qualitative aspects / shared history of a community
• More public support at all levels
• Shared decision-making
• History of community
• Who gets to access the resources?
• Accessible community resources – grocery stores, transportation, etc.
• Checks on the market
• Land banking
• Define access and opportunity
• Broaden language – ALL communities
• Recognize and name history – how we got here (redlining, etc.)
• Reconciliation
• Strengthen choice – let people define “opportunity” for themselves
• DO SOMETHING. Analysis is important, but cannot preclude ACTION
• Make sure to address underlying issues, including over-incarceration of people of color. More support for people at risk of being cost-burdened
• Political will. “Will we do it?” – MLK
• Don’t treat groups of people as after-thoughts

2. What is needed to create/support communities that consist of diverse groups of people (age, income, race/ethnicity)?

Investments
• Intentional financing of organizing and leadership development
• Access to universal childcare and spaces in housing access for children
• Diversity of housing types
• Equitable school funding
• Arts and culture
• Mix of uses and housing types
• Shared decision making
• Transit / walkability
• Community benefits
• Diversity in housing stock (affordable, size, type, location)
• Income – higher income leads to communities of choice
• Equal opportunity to education / transportation
• Lending programs (e.g. down-payment assistance)
• Really strong relationships and active engagement for incoming and outgoing residents
• Good tenant / owner relations
• A variety of avenues / platforms / spaces for people to meet, talk, and connect
• Support mixed-income development / housing choices
• Promote organizing / advocacy infrastructure in communities that have not had it
• Diverse types of housing – multi-generation

Reframing the Issue / Opportunity
• Recognize impacts of displacement on all levels of government (e.g. schools)
• Addressing marginalization of undocumented workers and mass incarceration in housing policies
• Must review zoning codes which tend to cluster housing types
• Issue of tribalism – people tend to group with like people – need housing that brings communities together
• “Affordable housing” has stigma – need to say more about what affordable housing is – talk benefits
• Problem is NOT low income people; it’s the system
• People form opinion from terminology (welfare vs. subsidy)
• Distribution of power and resources
• Create communities of choice
• Proactive marketing around strengths and benefits of a diverse community
• Shared understanding of neighborhood goals
• Being mindful of non-housing issues – cultural change, education, good access to transit
• Real choice for people – remove barriers to secure housing (steering, strict rental requirements)
• Question who decides / creates community
• Elevate the stories that highlight the problems we have with affordable housing
• Be cognizant of language – double meanings, being exclusive vs. inclusive

Safeguards
• Make sure mixed income developments don’t segregate the low income tenants.
• Affordability
• “Recycle / reuse” applied to making homes affordable and sustaining living in homes long-term
• Tenant rights / responsibilities
• Policies that force development and preservation of affordable housing
• Protect renter’s rights in all communities

Policies
• Inclusionary zoning
• Mixed use

3. What indicators of change are important to monitor?

Housing Measures
• Separate indicators for existing housing (verses new) RE: 44% rent increase
• Changes in housing types
• Change in ownership / tenure
• Housing quality
• Teardowns / remodels (comparative to existing neighborhood values)
• Preservation
• Development
• Rental rates
• Homeownership
• Disaggregate rental data – i.e. new buildings, luxury, by area, etc.
• Conversions of rental to ownership
• Ownership turnover and the nuance of who and why – local / investor / absentee
• Owner occupied vs. rental properties changing hands
• Tenancy turnover vs. stability
• Different levels of affordable
**Economic Measures**
- Measures of affordability based on tenant’s financial needs and NOT developer's
- Commercial turnover
- Increase equity of individual homeowners
- Small business retention / mix
- Placement of Whole Foods / Mississippi Market
- Job creation / loss
- Events (i.e. Super Bowl)
- Economic investment
- People living and working / owning a business in the same neighborhood

**Education and Community Amenities**
- School data on demographics, people going to neighborhood schools
- Data from schools – i.e. student turnover
- School changes

**Demographic Measures**
- Look at segments online, changes in demographic populations (age, income, race/ethnicity)
- Cultural inclusion / stability within neighborhoods
- Cultural displacement

**Decision-making Tables**
- Renters at the “table” leading policy change

**Policies**
- Land use and change over time
- Right of first refusal

**Perception of Change**
- “Feel” / lived experience
- Cultural AND physical displacement
- Flight
- Timely response
- Perception data – do you feel safe, welcome, the place is for you, etc.

**Other Indicators**
- Capacity building
- Opportunity, resources, systems in place
- Growth in points (physical, digital, types of organizations) of access and connection
- Need to look at indicators of youth development – job access, education, activities
- More awareness of where displaced people have moved, new needs they have after being displaced
- Who actually is moving in to affordable units? – value of diversity
- Seattle Displacement Index?