



Uprooted:

Residential Displacement in Austin's Gentrifying Neighborhoods and What Can Be Done About It

Executive Summary

2018

The University of Texas Center for Sustainable Development in the School of Architecture & the Entrepreneurship and Community Development Clinic in the School of Law

Heather Way, Clinical Professor, **The University of Texas School of Law**

Elizabeth Mueller, Associate Professor of Community and Regional Planning, **The University of Texas at Austin**

Jake Wegmann, Assistant Professor of Community and Regional Planning, **The University of Texas at Austin**

With Research and Writing Assistance from:

Nicholas Armstrong and Ben Martin, graduate students in the Community and Regional Planning Program at **The University of Texas at Austin**

sites.utexas.edu/gentrificationproject

Executive Summary

How to Use this Report

This report provides a framework for 1) identifying and prioritizing gentrifying neighborhoods where residents are at the highest risk of displacement, and 2) matching strategies to the needs of vulnerable residents in these neighborhoods. Rather than recommending the blanket adoption of the tools described in this report, we advocate working with residents to dig deeper into their neighborhood conditions and to craft neighborhood-specific solutions. We have organized the presentation of policy ideas to facilitate a deeper analysis and tailoring of policies to specific neighborhood needs.

Introduction and Background on Gentrification and Displacement (Part 1)

Since the late 1990s, Austin has seen a dramatic rise in housing costs, shifting the city from among the most affordable in the country to one where a growing share of residents can no longer afford to live. As in many cities around the county, there has been an inversion of previous demographic trends, as affluent residents increasingly move into central neighborhoods and low-income residents are pushed to the outskirts or out of the city altogether. The impacts of Austin's rising housing costs have been particularly dramatic in the city's "eastern crescent," where historically low housing costs, produced in part through the city's history of publicly-supported racial and ethnic segregation, now combine with broader social and economic trends to make these neighborhoods more desirable to higher-income households. Over the past two decades, numerous city and citizen task forces have formed to study and address the impacts of these changes on Austin's communities of color and vulnerable households.

In August 2017, the Austin City Council passed a resolution expressing concern with the ongoing displacement of the city's low- and moderate-income residents, the destabilization of existing communities, and loss of diversity and sense of place for Austin communities. In response, the same resolution authorized the city manager to execute an agreement with the University of Texas to carry out a study of gentrification and displacement in Austin.

➤ What is Gentrification?

Gentrification is a process through which higher-income households move into a neighborhood and housing costs rise, changing the character of the neighborhood. This process includes three dimensions: 1) the displacement of lower-income residents; 2) the physical transformation of the neighborhood—mostly through the upgrading of its housing stock and commercial spaces; and 3) the changing cultural character of the neighborhood. While there is disagreement about the potential benefits of rising property values and building upgrades and who receives these benefits, there is broad consensus that displacement is an undesirable side effect.

➤ Focus of the Austin Gentrification and Displacement Study

The focus of this study has been two-fold: to identify neighborhoods and groups of residents that are especially vulnerable to displacement as housing costs rise, and to identify potential strategies and policies for preventing their displacement. While rising housing costs are affecting a broad swath of Austinites, our purposes here are to: (1) help city officials understand how rising costs impact certain groups and places within the city more than others; (2) facilitate early interventions in areas at the highest risk of displacement; and (3) help the City target particular anti-displacement policies strategically. Given the complexity of gentrification, it is important to clarify what is not included in this study.

First, while local businesses and the cultural character of a community are also affected by rising land and property values, our focus here is limited to residential displacement. Second, while creating equitable housing opportunities for displaced low-income residents will necessarily involve opening up neighborhoods that have been historically inaccessible to them, our focus here is on geographically-targeted policies for ensuring that vulnerable residents can stay in their homes and neighborhoods or return to them if they wish to. As a result, we spend relatively little time in the report on land use solutions associated with increasing housing types and choices in other neighborhoods or across the city.

Mapping Gentrifying Neighborhoods in Austin (Part 2)

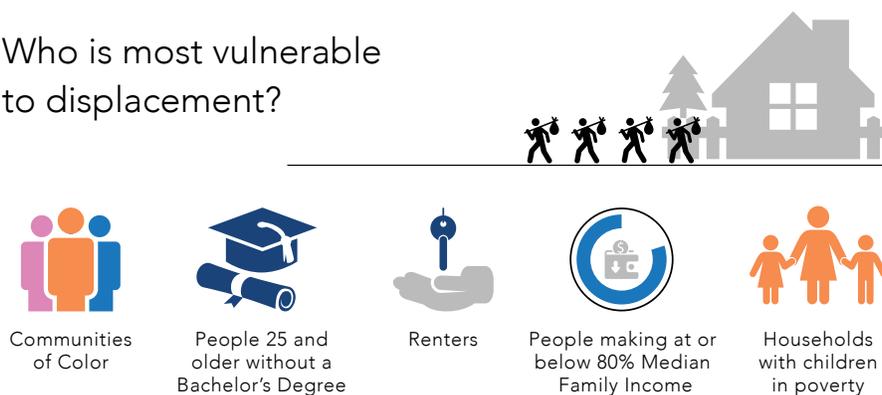
Our mapping of Austin’s neighborhoods involved a three-part analysis:

Snapshot: 3-Part Gentrification Analysis



- **Vulnerability:** The first part of our analysis involved identifying which neighborhoods in Austin have a concentration of residents who are the most vulnerable to displacement in the face of rising housing costs. For this analysis, we used a short list of indicators to identify residents who, according to research, are the least able to absorb rising housing costs and whose housing choices are especially limited in the wake of displacement.

Who is most vulnerable to displacement?



- **Demographic change:** Understanding whether displacement from gentrification is occurring, and identifying likely points of intervention, requires looking for signs that vulnerable residents are leaving neighborhoods while less vulnerable residents move in, and for changes in the housing market both inside the neighborhood and nearby. In the second part of our analysis, we looked for vulnerable neighborhoods where, over time:
 - ◆ residents’ incomes have been increasing at a greater rate than the metro area;
 - ◆ the share of residents of color has been declining compared to the metro area, and

- ◆ the number of residents with bachelor’s degrees has been increasing at a rate greater than the metro area.

All of these changes are considered markers of potential gentrification—of a neighborhood transforming through the loss of its vulnerable residents and influx of wealthier persons.

- **Housing market change:** To then identify whether these changes are connected to a particular stage of gentrification, we looked for signs of rising property values of owner-occupied homes in the neighborhood and adjacent areas.

Building on a methodology developed by Professor Lisa Bates from Portland State and applying our three-part analysis above, we ultimately determined which neighborhoods in Austin are gentrifying and assigned each gentrifying neighborhood to one of five types.

Categories of Gentrifying Neighborhoods

| Gentrifying tract type | Demographic change (2000 to 2012-16) | Average current residential real estate value (2012-16) | Appreciation | Must touch tract with high value and/or high recent appreciation |
|------------------------|--------------------------------------|---|--|--|
| Susceptible | | Low or moderate | Low or moderate recent (2000 to 2012-16) | ✓ |
| Early: Type 1 | | Low or moderate | High recent (2000 to 2012-16) | |
| Early: Type 2 | ✓ | Low or moderate | Low or moderate recent (2000 to 2012-16) | ✓ |
| Dynamic | ✓ | Low or moderate | High recent (2000 to 2012-16) | |
| Late | ✓ | High | High sustained (1990 to 2012-16) | |

Findings: Where is Gentrification Taking Place in Austin?

The maps we developed of Austin’s gentrifying neighborhoods can be found in Part 2 of the full report. An interactive version of the maps, which allows users to access information from each census tract in the city, is available at sites.utexas.edu/gentrificationproject/.

Vulnerability

Our map of areas vulnerable to displacement in Austin closely follows what has come to be known as the “eastern crescent.” This is an area shaped like a backward letter “C” that begins north of downtown Austin just outside of U.S. Highway 183, and follows the highway as it heads southeast and then due south before bending to the southwest and mostly ending south of downtown. The eastern crescent has come to be known as the new geographic pattern of social disadvantage in Austin, supplanting to some degree the conception of the city’s advantaged and disadvantaged areas as lying strictly to the west and east, respectively, of Interstate 35. It is noteworthy that, in spite of many years of intensive gentrification immediately east of downtown in Central East Austin, disadvantaged populations remain in these areas.

The pockets of deepest disadvantage in Austin lie in and near the Rundberg area in North Austin, Daffin Gin Park in Northeast, Rosewood in East Austin, Montopolis in inner Southeast, and Franklin Park in Southeast just outside of the Ben White freeway and immediately east of I-35. These pockets mostly lie a considerable distance from downtown; aside from Rosewood, which is within three miles of City Hall, the next closest is Montopolis, about four miles away. These patterns show that while the peripheralization of social disadvantage in Austin is not entirely complete—vulnerable populations can still be found near downtown, to the east—the process is well underway. Compared to even 20 or 30 years ago, a higher share of disadvantaged people in Austin are in locations that are distant from the various economic, cultural, and other opportunities offered by Austin’s urban core.

“**Compared to even 20 or 30 years ago, a higher share of disadvantaged people in Austin are in locations that are distant from the various economic, cultural, and other opportunities offered by Austin’s urban core.**”

Demographic change

The spatial pattern of demographic change in Austin is both striking and simple. The neighborhoods that experienced the greatest demographic change are overwhelmingly concentrated in a ring surrounding downtown Austin. This pattern confirms that Austin is a strong example of the “Great Inversion” that has occurred in metro areas throughout the United States, where central neighborhoods are economically ascendant and some outlying areas are gaining disadvantaged residents. Living in and near the urban core has become strikingly sought after by advantaged populations in Austin: homeowners, the educated, the high-income, and whites. The implications for the near future are easy to predict: It seems logical that the next furthest ring of census tracts—surrounding those in the urban core that have already experienced demographic change—will be next to experience such change.

Housing market change

As with concentrations of vulnerable people, housing market change in Austin has generally followed the eastern crescent spatial pattern. Many of the same neighborhoods that are disproportionately home to vulnerable populations are experiencing or have experienced substantial housing price appreciation, or lie adjacent to a neighborhood that already has appreciated. In keeping with the Great Inversion pattern, the neighborhoods within the crescent that lie closest to downtown generally experienced the greatest price escalation, while the market is gaining steam in the neighborhoods slightly further away.

Despite the demographic change that has occurred on all sides of downtown, including to the west, there has been little housing market appreciation vis-à-vis the rest of the city either immediately north or west of downtown. These neighborhoods, presumably, were already high value in 1990 and 2000, as reflected by their home prices, and whatever price appreciation has occurred in them since then has not altered their fundamental position in the socioeconomic hierarchy. They were elite places then, and remain so today.

Gentrification typology

The gentrification typology map brings together vulnerability, demographic change, and housing market change to assess which neighborhoods are gentrifying and which stage of gentrification they are in, showing five stages of gentrification, along with a category of “Continued Loss” neighborhoods. Continued Loss neighborhoods have lost enough vulnerable residents that they have passed beyond the last stage of gentrification, although they retain enough such residents that continued housing insecurity deserves attention.

As with the vulnerability and housing market change maps, the location of gentrifying neighborhoods generally follows Austin’s eastern crescent: The stages of gentrification ripple out north, east, and south from downtown, with Continued Loss tracts lying immediately to the east and south and, generally, increasingly earlier stages of gentrification as one proceeds away from downtown. The Susceptible tracts suggest where gentrification may occur next if it is not yet underway already.

Of 200 Austin neighborhoods . . .

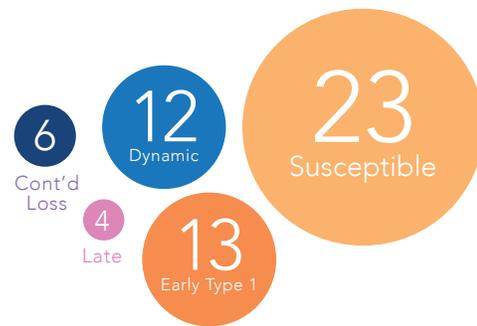
Susceptible Near high value/high appreciation areas. Not yet experiencing demographic change.

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



Neighborhood Drilldowns

Once gentrifying neighborhoods are identified, in order to better understand conditions and needs in particular neighborhoods, additional data should be collected. We did so for two areas, Montopolis in Southeast Austin and St. John’s-Coronado Hills in Northeast Austin, through “neighborhood drilldowns.” Neighborhood drilldowns are intended to be a data-intensive examination of the relevant socioeconomic and housing market conditions affecting various vulnerable subpopulations within a given neighborhood. Whereas our citywide mapping results allow for neighborhoods across the city to be classified based on vulnerability and gentrification stage using widely-available census data, a drilldown is a more nuanced, multifaceted analysis focused on a particular census tract (typically containing between 1,200 and 8,000 residents) and a useful first step before embarking on place-based anti-displacement advocacy or policy development. Ideally, such analyses would be paired with qualitative gathered through on-the-ground engagement efforts, which can include (but are not limited to) direct observations; interviews with neighborhood leaders, residents, and business owners; review of written materials such as media articles and archival materials; and survey work.

Both Montopolis and St. John’s-Coronado Hills are predominantly Latino and include elderly households and large families struggling with rising housing costs. In the classification scheme used in this report, they are both classified as Early: Type 1 gentrifying neighborhoods. In both areas, new homeowners are more likely to be white when compared to the existing homeowner population. And both are close to areas where prices are rising sharply and include or lie near recently or soon-to-be improved transportation links, such as widened freeways and upgraded bus service. Montopolis has a large stock of rent-restricted rental housing (53% of the total housing stock), while in St. Johns/Coronado only six percent of units are rent-restricted. Early indicators suggest that housing market activity is heating up sooner in Montopolis than in St. John’s-Coronado Hills, but displacement is a cause for concern in both communities.

Case Studies of Neighborhoods Fighting Displacement (Part 3)

Part 3 presents summaries of the three case studies we developed to examine local efforts to mitigate displacement. These case studies allowed us to better understand how strategies have worked on the ground—including the challenges that cities and communities faced in implementing particular strategies. We also hope to raise awareness of innovative approaches being taken by cities around the country in this policy arena. The full case studies are provided in Appendix 4. The Columbia Heights neighborhood in Washington, D.C., provides a case study of affordable rental housing preservation and tenant ownership in the face of large-scale displacement pressures.

Noteworthy policies include: (1) an ordinance providing tenants with the right to purchase their rental units when they are up for sale; (2) wrap-around support and expansive legal protections for tenants, including \$4 million in annual funding (FY 2018) for an Office of Tenant Advocate; (3) a robust rental housing preservation network and database, supported by a new Housing Preservation Officer with the city; and (4) \$100 million in annual city funding for affordable housing. Today, close to 3,000 units in Columbia Heights—22 percent of the neighborhood’s housing stock—are rent-restricted dwellings protected from market pressures, and close to 400 units are limited equity cooperatives allowing low-income tenants to own their units.

Austin’s Guadalupe neighborhood provides a case study of early intervention and evolving strategies to create permanently affordable housing for vulnerable residents with historical ties to the neighborhood. Far-sighted efforts, beginning in the 1980s, on the part of a community-governed nonprofit to acquire and retain control of land for affordable housing now allow for a diverse socioeconomic spectrum of residents to enjoy the neighborhood’s central location immediately opposite Austin’s booming downtown. In addition to early and strategic land acquisition, other key programs utilized in Guadalupe include addition of rent-restricted accessory dwelling units, a preference policy for families with historical ties to the neighborhood, and the creation of Texas’s first community land trust program—ensuring permanent affordability while providing important property tax savings for low-income homeowners.

In Portland, Oregon, an initiative in the Inner North/Northeast area provides an example of a community-driven plan for preventing and providing redress for the displacement of African-American residents, backed with the reallocation of more than \$100 million in tax increment financing. The initiative includes a noteworthy “right to return” policy that prioritizes displaced residents with ties to the neighborhood for new affordable housing, and a community oversight committee that oversees the city’s implementation of displacement mitigation programs.

From these three case studies we derived cross-cutting lessons for the City of Austin on what it takes to meaningfully reduce residential displacement.

Cross-Cutting Lessons for Cities from Three Gentrifying Neighborhoods

- 1. Put community voices at the center.** Ensure vulnerable residents have a meaningful role in identifying needs, prioritizing the use of resources, and monitoring progress. Support capacity building efforts to ensure participation is meaningful and robust.
- 2. Intervene early.** Buy land and incorporate anti-displacement strategies into city plans or revitalization strategies likely to increase property values.
- 3. Dedicate substantial resources to anti-displacement efforts.** Provide substantial levels of city funding dedicated to supporting neighborhood-level strategies for mitigating displacement of vulnerable populations.
- 4. Match strategies to neighborhood conditions.** Gentrifying neighborhoods need an array of policies and programs to prevent displacement. Strategies should be matched to local conditions and grounded in community planning efforts.
- 5. Stay committed for the long haul.** Develop realistic expectations of what constitutes success and the time to achieve displacement-mitigation goals. Long-term progress on mitigating displacement of vulnerable populations requires ongoing support and engagement from elected officials, civic leaders, and residents, including those from impacted communities.

A Vision Statement and Goals to Frame Discussion of Solutions (Part 4)

The full report (Part 4) provides a summary of many different solutions for addressing displacement of vulnerable residents in gentrifying neighborhoods, grounded 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 the 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. 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 onto landlords, potentially contributing to increased rents and hurting Austin's vulnerable renters. The discussion of policies in Part 4 does not represent our endorsement or recommendations for policies that the City of Austin should pursue, but is instead intended to provide a range of options for policymakers to consider.

We also include a summary of funding strategies, along with key displacement-mitigation tools that are currently illegal in Texas. For the City of Austin to significantly blunt the force of residential displacement will require a drastic increase in local spending, in the ballpark of hundreds of millions of dollars per year. The City has a limited number of funding tools at its disposal to provide these levels of funding, with the primary sources being general revenue, general obligation bonds, and tax increment financing.

A Framework for Evaluating Anti-Displacement Policies (Part 5)

In the final part of the report, we present a set of criteria to help policymakers conduct a closer evaluation of particular anti-displacement strategies and policies. To illustrate how these criteria can be used to generate more nuanced evaluations of tools and strategies, matched to particular contexts, we apply them to a review of several of the displacement mitigation tools discussed in Part 4.

No tool or strategy 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 which tools the city has the resources to implement and capacity to develop. Our application of these criteria is meant to highlight tradeoffs between tools and to raise issues for consideration when policymakers explore adopting specific strategies aimed at addressing the needs of particular neighborhoods or groups.

1. **Vulnerable populations targeted.** *Which group does this strategy/tool assist the most?*
2. **Stage of gentrification targeted.** *At what stage is this strategy/tool most effective?*
3. **Place-based.** *Does this strategy/tool focus on specific gentrifying neighborhoods?*
4. **Sustainability.** *How long will the effects of this strategy/tool last?*
5. **Inclusivity.** *How will the voices of vulnerable residents be represented?*
6. **Financial resources required.** *What level of funding or foregone revenue will be required?*
7. **Capacity required.** *How well do city and nonprofit staff and community roles match current capacity?*

Summary

In summary, this report provides a framework for understanding which neighborhoods in Austin are home to large numbers of vulnerable residents being actively displaced from their communities or at the highest risk of displacement. Absent major interventions by the City of Austin and other stakeholders, these residents—who are largely low-income persons of color—will be pushed out farther away from opportunity and dislocated from their communities. In the process, neighborhoods that have historically been home to African-American and Hispanic residents will lose their cultural character and become enclaves for largely white and wealthier residents.

This report makes the case for geographically-targeted measures to reduce residential displacement in the hardest-hit neighborhoods. To make a measurable difference, truly place-based strategies will be required. Efforts that are equally distributed throughout the city will likely fail to operate at a sufficient intensity to meaningfully offset displacement pressures in the neighborhoods that are being swept by a rising tide of gentrification. In many ways, enacting such place-based strategies will be a new way of doing business, so to speak, for the City of Austin. Meaningfully reducing displacement will require an ironclad and sustained concentration of efforts and resources in the places that need them the most.

Making a difference will require a considerable investment of dollars—much more than Austin voters have been accustomed to allocating towards affordable housing and anti-displacement. Other cities seeking to have a major impact are regularly investing tens of millions of dollars in anti-displacement programs and policies. As for which specific strategies the City of Austin should adopt to address displacement in gentrifying neighborhoods, the report's case study research provides the City of Austin with cross-cutting lessons and examples of successful policy interventions. The report also includes a summary of many policies for the City to consider, along with a framework for analyzing these policies. The framework analyzes which policies best further particular goals and the needs of various groups and neighborhoods, their effectiveness and impact, and the need for additional city resources.

We welcome your feedback regarding this report. For electronic access to the report, interactive displacement maps, and other information related to the gentrification and displacement study, visit <https://sites.utexas.edu/gentrificationproject>.