Displacement Risk Study
Washington Square Regional Center

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Prepared for: City of Tigard

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Table of Contents

EXECUTIVE SUMMARY **1**

WHO IS AT RISK OF DISPLACEMENT? 2

HOW MANY HOUSEHOLDS MIGHT BE AT RISK OF DISPLACEMENT? 2

WHAT CAN THE CITY DO TO PREVENT AND MITIGATE DISPLACEMENT? 3

1. INTRODUCTION **5**

2. DISPLACEMENT RISK **6**

DEFINING DISPLACEMENT 6

HOUSEHOLDS AT RISK OF DISPLACEMENT 6

METHODS OVERVIEW AND STUDY AREA 8

SUMMARY OF ANALYSIS 9

DEMOGRAPHIC FACTORS 15

INTERVIEWS WITH RESIDENTS 15

3. EFFECTS OF PROPOSED CHANGES ON DISPLACEMENT RISK **18**

4. ANTI-DISPLACEMENT STRATEGIES **21**

PRESERVATION 21

EXPANSION OF REGULATED AFFORDABLE HOUSING 22

TENANT PROTECTIONS 22

5. CONCLUSION **23**

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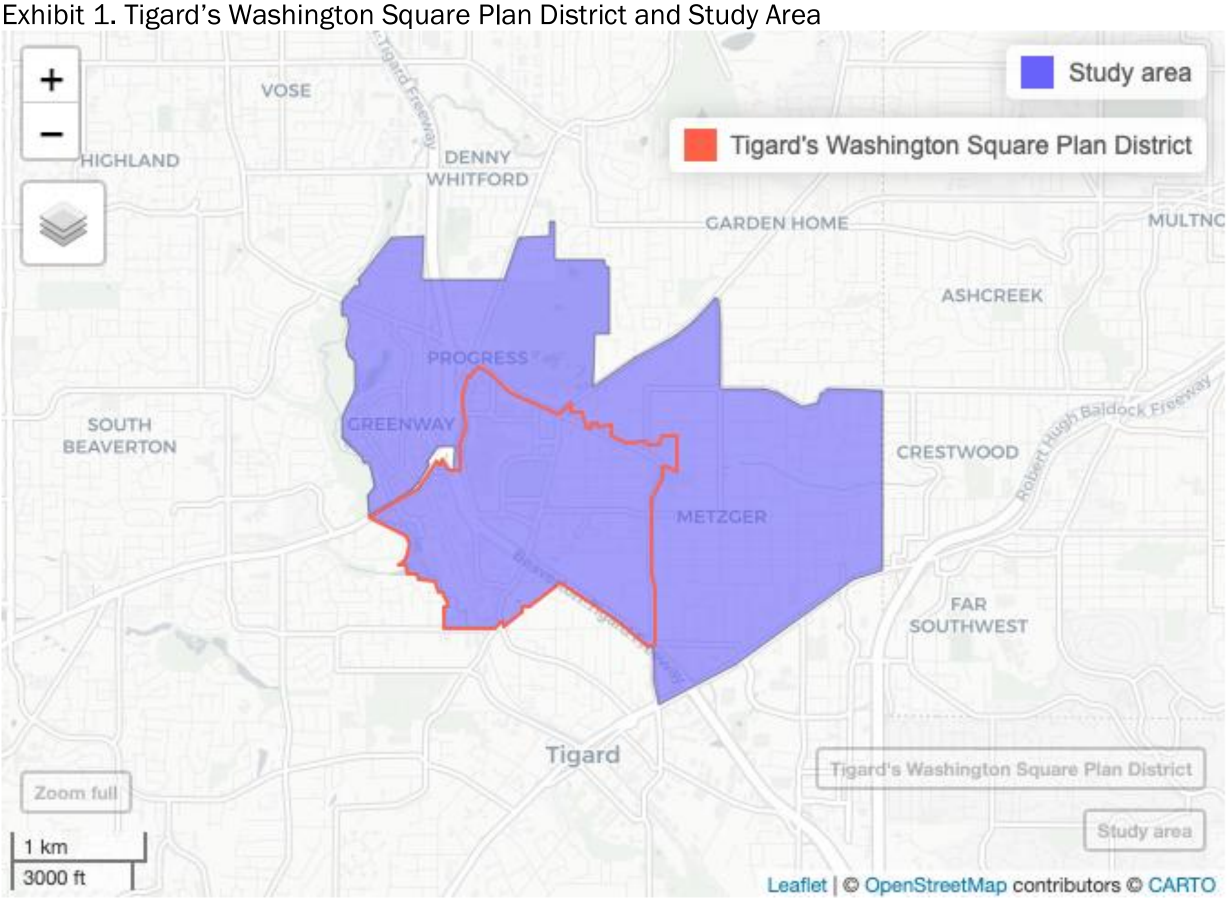
Executive Summary

The City of Tigard is working to update the land use and transportation vision for Tigard's portion of the Washington Square Regional Center (WSRC). This update will result in a set of recommendations for changing how the City regulates development in this area—referred to throughout as the Tigard Washington Square Plan District (TWSPD)—and what the City prioritizes for public investment or potentially incentivizes for private investment. The kinds of changes the City is contemplating have the potential to make the area more desirable for higher-income residents, which can have a ripple effect on the area's existing residents, particularly renters, who are more vulnerable to changing market conditions and the decisions of property owners to redevelop, remodel, or increase rent. Displacement can occur if a household is forced to relocate because their housing is being redeveloped or undergoing major renovations, or because their housing costs are increasing faster than they can afford. This study seeks to understand whether the changes being considered for the TWSPD will affect displacement risk for existing residents in the study area shown below (Exhibit 1). This study also identifies strategies for preventing and minimizing displacement risk in the TWSPD.

Exhibit 1. Tigard's Washington Square Plan District and Study Area



Source: ECONorthwest

Who is at risk of displacement?

Households at greater risk of displacement include:

- Renters, particularly those who are cost-burdened (i.e., renters spending more than 30 percent of their income on housing);
- Low-income households who have fewer housing options affordable to them; and
- Households from historically marginalized communities (e.g., people of color, non-English speakers, immigrants, refugees, and undocumented residents) who are more likely to face discrimination in the housing market.

The costs and disruption associated with a forced move can also have a greater impact on households with less savings, less flexibility at work, less access to a private vehicle, and greater reliance on community networks to meet basic needs.

Approximately 48 percent of the renter households in the study area are cost-burdened—slightly below the average in the City of Tigard (49 percent), but still high. The study area also has higher concentrations of renters, low-income households, and Black/African-American residents than the City overall. **This suggests that vulnerability to displacement is somewhat higher in the study area than in the City of Tigard overall**. In addition, interviews with area residents reinforce concerns about housing stability for renters longer-term due to rising rents. Some renter households indicated they are already struggling to afford housing and have seen substantial rent increases over the past year.

How many households might be at risk of displacement?

There are about 170 houses in the study area (approximately 4.5 percent of total housing units) that are potentially renter-occupied and that have comparatively low property value relative to their lot size. The latter may make these properties easier to redevelop if market conditions or development regulations were to change substantially. However, the majority of these properties are located outside of Tigard's Washington Square Plan District (TWSPD), where no changes to development regulations are proposed that would affect their ability to redevelop and impacts to market conditions from potential public or private investments are likely to be minimal. Approximately 40 of the roughly 170 houses that are potentially renter-occupied are within TWSPD, and half of them are clustered along Hall Boulevard and Oak Street. These areas are already planned for higher density development and some are currently pending redevelopment, but City investments and changes to development regulations may make redevelopment more likely. **Aside from this cluster of about 20 houses, there are few rental**

houses where the recommendations for the TWSPD are likely to have a noticeable effect on redevelopment potential and displacement risk.[1]

There are approximately 1,300 housing units in the study area (about 35 percent of total housing units) that are potentially renter-occupied and have no affordability restrictions, including both single-family rental homes and apartments. Many of these housing units are within or adjacent to the TWSPD. If desirability of the area increases, these housing units could be remodeled to attract more affluent residents or experience faster rent increases, potentially displacing existing residents. These changes would tend to follow public and private investments in the area, rather than precede them, meaning that risk may increase over time. **The apartments closest to the Mall (roughly 260 units or 7 percent of all housing units in the study area) are most likely to be affected by future redevelopment and investment in TWSPD, some of which are located outside of Tigard's planning area. Those further away will likely be less affected, though some are vulnerable to more abrupt rent increases or remodels that could displace existing residents.**[2]

What can the City do to prevent and mitigate displacement?

There are several measures the City could take to prevent or mitigate displacement, many of which are identified in Tigard's 2019 Affordable Housing Plan (AHP). The most applicable are summarized briefly below. Although making the area more desirable could contribute to displacement risks over the long term, expanding the supply of market-rate housing in the area could also help mitigate those risks by absorbing the growing demand from higher-income households.

- **Preservation:** The AHP identifies several strategies to preserve unregulated rental housing (Low-Cost Market Rate housing), including offering incentives (grants, loans, or tax abatements) for making property improvements while maintaining affordability and directly acquiring existing low-cost market rate housing for preservation as regulated affordable housing. These could help prevent displacement in the TWSPD; however, they require willing property owners, funding, partnerships, and staff support. **If the City is able to implement these strategies, it should focus its stabilization efforts on older, unregulated apartment buildings in its planning area that are closest to the Mall and most likely to be affected by Mall redevelopment**.
- **Funding:** The AHP recommended a Construction Excise Tax (CET) to fund affordable housing initiatives citywide, which was implemented in 2020. **The City could explore dedicating CET revenue collected in the TWSPD to support anti-displacement programs and development of regulated affordable housing in the area, or simply**

[1] Note that Washington County is separately evaluating the potential for displacement risk arising from implementation of middle housing code amendments to comply with Oregon 2019 House Bill 2001, which will affect residentially-zoned areas in Metzger, along with other areas.

[2] Detailed information about these properties is not included in this report to avoid singling out specific properties or directing investor attention to the properties that are at greatest risk.

prioritize CET expenditures to areas like the TWSPD where displacement is a concern.

- **Tenant protections:** Rental application reform policies and rental registration and inspection programs are also included in the AHP. These could benefit renters generally—including those in the TWSPD and particularly those at greater risk of housing discrimination—though they are less likely to help renters stay in their existing homes.
- **New affordable housing:** The AHP includes measures to support additional regulated affordable housing development, which would help improve housing stability for low-income renters who are able to move into the new housing. This could be paired with culturally-specific marketing efforts or location-based preference policies to help ensure that communities of color and existing renters have access to the new affordable units.

Vulnerability to displacement for renters is a region-wide issue. **The study area has some slightly higher risk than the region due to factors that, when combined, can cumulatively increase displacement to existing residents. These factors present in the study area include the social characteristics of the residents, planned city investments to the area, and potential mall redevelopment. At the individual level, any displacement is a concern. However, redevelopment of the Washington Square Mall (allowed by zoning) could increase the risk of displacement for existing residents in the area without any public investments. While displacement risks are greater over the medium- to long-term, actions to prevent displacement must be implemented before the displacement occurs to be successful. Therefore, anti-displacement efforts identified in the city-wide housing strategy plan should be implemented with a greater focus in the TWSPD and other areas in the city that have a higher share of residents vulnerable to displacement pressures.**

1. Introduction

Displacement occurs when a household is forced to relocate as a result of changes in the housing market, either because their housing is being redeveloped or undergoing major renovations, or due to their housing costs increasing faster than they can afford. With new development occurring in the Washington Square Regional Center (WSRC), some existing residents in and adjacent to the Regional Center may be at risk for displacement. The overarching intent of examining displacement risk is to help the City of Tigard proactively identify residents that may be at risk and help inform strategies for preventing and minimizing displacement within the Tigard Washington Square Planning District (TWSPD), the portion of the regional center where the City has planning authority.

Risk of displacement primarily derives from the intersection of two interrelated factors: (1) changes in market conditions that result in rising housing costs and increasing redevelopment potential, and (2) household characteristics that lead to increased vulnerability to changing market conditions. Our analysis of displacement focuses on renters because—even after recent changes to state law providing greater protection for renters—they are still more vulnerable than homeowners to changing market conditions and are subject to the decisions of the property owner about redevelopment, remodels, rent increases, etc. Our analysis also focuses exclusively on residential displacement; although displacement of businesses is also an important consideration in this context, it is outside the scope of this study. Our study area encompasses the Washington Square Regional Center and the adjacent neighborhoods in Metzger and Beaverton (see Exhibit 2 on Page 9).

This report focuses on:

- Quantifying rental housing that could be redeveloped or substantially remodeled, causing **physical displacement** of current residents;
- Identifying rental housing that could see an increase in rents, causing **economic displacement** of current residents;
- Evaluating demographic and socioeconomic factors that increase vulnerability to displacement generally, including **cultural displacement** due to gentrification;
- Qualitatively evaluating the degree to which **proposed changes in the TWSPD might increase the risk of displacement;** and
- **Identifying a range of strategies** including policies, protections, and resources the City could implement **to address identified displacement risk**.

2. Displacement Risk

Defining Displacement

Generally, there are three types of displacement:

- **Physical or direct displacement** can occur due to redevelopment or major remodels of older, less expensive (but not income/rent-restricted) housing where existing tenants must move out. Even if the redevelopment or remodel results in the same or more units as were on the site prior, existing residents may not be able to afford the higher rents in the new development.
- **Economic displacement** can occur when the cost of housing (rent or home values and property taxes[3]) increases above what existing residents can afford to pay**.** This can occur as a result of new housing construction renting and selling at higher prices, or from the rehabilitation of existing housing that increases the value or rent, or from the development of a new attraction or amenity (such as a park, transit station, or destination business) that has a spillover effect on the cost of existing housing. These changes can encourage owners of existing units to increase rents, even when no changes have been made to a property. The effects of new development renting at market rates may spread to lower-cost rental units, fueling rent increases, and potentially displacing existing residents. However, if supply is tight and high demand puts upward pressure on rents, market changes could lead to displacement even when there is no new development in an area.
- **Cultural displacement** occurs when people choose to move because their neighbors and culturally-relevant businesses and institutions have left the area. The presence (or absence) of these cultural assets can influence racial or ethnic minority households in their decisions about where to live, more than for broader populations. While this is difficult to measure, and one can argue whether this is “forced” displacement, it is an important effect that can have broad equity implications beyond physical or economic displacement alone.

Households at Risk of Displacement

Certain households are more susceptible to displacement than others. These include renter households, low-income households, and households who are more likely to experience housing discrimination (including communities of color, seniors, larger households, and other marginalized communities).

[3] As described further below, homeowners in Oregon are largely insulated from the financial effects of market changes.

Renter Households

Displacement concerns typically center around renters instead of homeowners for several reasons. In Oregon, homeowners are largely insulated from the financial effects of market changes due to the property taxation system, which decouples market sales prices from assessed values, meaning that rising home values only impact property tax amounts in very limited circumstances.

In addition, renters tend to have lower incomes than homeowners and rental leases provide renters with less housing stability and cost predictability compared to typical mortgages. Generally, renters only have the right to remain in a given location for the duration of their lease, and shorter leases can be relatively easily broken (although recent laws enacted in 2019 strengthen renter and lease protections).[4] While new state laws have limited the amount a landlord can raise rents annually for certain types of properties, these increases can still reach about 10 percent per year.[5] Because renters typically have lower incomes than homeowners, the financial impact of a rent increase can be more challenging for households to absorb. Renters are also not in control of decision-making about the property: the property owner is the one who decides whether to upgrade the property, redevelop it, or make other changes that would affect the rent and the tenants. For these reasons (and many others), governments and mission-oriented community organizations focus anti-displacement efforts on renters, particularly low-income renters.

Low-Income households

Among renter households, low-income renters are more vulnerable to displacement than high-income renter households, because fewer housing options are affordable to them. Regulated affordable housing, which is rent- and/or income-restricted to ensure affordability to low-income households, is in short supply and high demand. As few as one in four households who would qualify for federal housing assistance is able to secure it.[6] Without enough affordable options, low-income renters can become cost-burdened, where they pay too much of their household income (sometimes 30 percent or even 50 percent) on their housing costs. Cost burdening leaves little income left over for other necessities, such as childcare, food, transportation, and medical care, and little cushion to absorb a disruption in life, like a job loss,

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[4] Senate Bill 608, enacted in 2019, prohibits landlords from terminating a month-to-month lease for "no cause" after one year of tenancy, extends the written notice for lease termination in other circumstances to 90 days, and makes several other changes to state laws protecting renters. For units that will be demolished, renovated in ways that make them temporarily uninhabitable, or converted to non-residential use, most landlords (except those who own four or fewer units) must pay an amount equal to one month's rent towards moving expenses. (ORS 90.427) For details, see the Oregon Law Center's detailed summary of new regulations: https://www.oregonhousingalliance.org/wp-content/uploads/2019/03/Oregon-Law-Center-Detailed-Outline-SB-608-cites-and-page-numbers-Final.pdf

[5] Senate Bill 608 also caps rent increases for properties built more than 15 years ago, to a maximum of seven percent per year plus Consumer Price Index.

[6] National Low Income Housing Coalition. https://nlihc.org/sites/default/files/AG-2020/4-19_Rental-Housing-Programs-for-the-Lowest-Income-Households.pdf

medical bill, or rent increase. This makes cost-burdened households very vulnerable to displacement, as they may struggle to afford even a small rent increase.

Households likely to experience housing discrimination

In addition, households that are more likely to experience housing discrimination may be more vulnerable to displacement. These include historically marginalized communities such as communities of color, households that do not speak English, immigrant and refugee households, undocumented households, low-income households, as well as senior households, and large households, among others. These households may not know their tenant rights or may seek to avoid confrontation or the legal system. In addition, in housing markets with high demand and rising prices, gentrification and redevelopment pressures can increase in neighborhoods occupied by historically marginalized communities when land costs are low and investment opportunities are ripe.

Methods Overview and Study Area

This analysis is intended to determine:

- How many rental properties in the study area might be at risk of redevelopment (pending further evaluation of compliance with zoning and financial feasibility), potentially causing physical displacement of current residents; and
- How many properties might be at risk of rent increases (if the area becomes more desirable due to public and private investments), which could cause economic displacement of current residents.

Since data about housing units are available at the level of individual properties whereas data about households is very limited below the Census Block Group level, this analysis focuses on the locations and characteristics of the housing in the study area as a proxy for vulnerable renter households. We examined property characteristics using a combination of County assessor department data and a regional inventory of multifamily housing in Washington County.

We supplemented this with evaluation of demographic characteristics associated with greater vulnerability to displacement as well as interviews with area residents that inquired about their current housing situation and perceived level of housing stability.

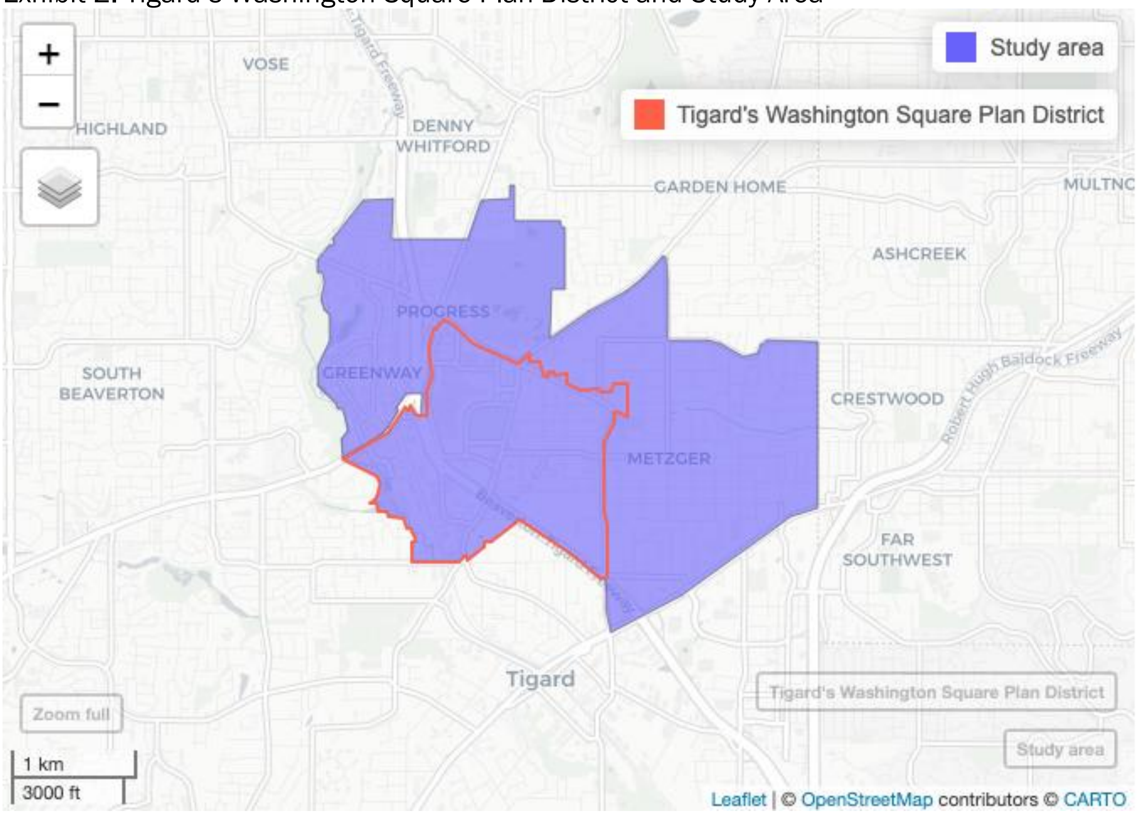
As noted previously, this analysis focuses on residential displacement risk. While business displacement is a concern—particularly for business owners who are low income, persons of color, or part of historically marginalized communities—and can happen as a result of redevelopment, it is beyond the scope of this study.

The study area for this analysis includes and surrounds the TWSPD, as shown in Exhibit 2. It includes:

- The Metro Regional Center boundary

- The Tigard Washington Square Plan District boundary
- Five census block groups encompassing the Metzger neighborhood
- A cluster of houses between Scholls Ferry Road and Highway 217 that was included in the prior planning for the Regional Center

Exhibit 2. Tigard's Washington Square Plan District and Study Area



Source: ECONorthwest

Summary of Analysis

What types of housing are at risk for displacement of current residents?

To better understand the displacement risk for residents who might be impacted by redevelopment or increasing rents in the study area, we evaluated displacement risk using the criteria outlined in Exhibit 3. This analysis focuses on identifying and quantifying the presence of older, unregulated housing stock, and in particular, areas where these uses are concentrated and would potentially open up the opportunity for site aggregation.

Exhibit 3. Criteria to Evaluate Properties at Risk of Displacement in the Study Area

Tenure	Housing Type	Size	Value	Clustered Ownership	Potential Economic Displacement	Potential Physical Displacement
Owner-Occupied	Condo-minium	Any	Any	Any	Minimal Risk*	Minimal Risk*
	Single Family	Any	Any	Any	Minimal Risk*	Minimal Risk*
Rental	New Construction	Any	Any	Any	Minimal Risk: Rent already at top of the market	Minimal Risk: Unlikely to be redeveloped
	Regulated Affordable Housing	Any	Any	Any	Minimal Risk: Unless restrictions expire or ownership changes	Minimal Risk: Unless restrictions expire or ownership changes
	Older Unregulated Housing	>4 units	Any	Any	Some Risk: Rents may rise	Minimal Risk: Little precedent for larger privately-owned buildings to be redeveloped
		<4 units	Higher value per sq. ft.	Any	Some Risk: Rents may rise	Some Risk: higher value makes redevelopment less likely, but not impossible
			Low value per sq. ft.	Fragmented ownership	Some Risk: Rents may rise	Moderate Risk: Need to aggregate into site large enough to redevelop and lower value makes this more likely
				Nearby parcels under common ownership	Some Risk: Rents may rise	High Risk: Sites already aggregated are easier to redevelop; lower value makes this more likely

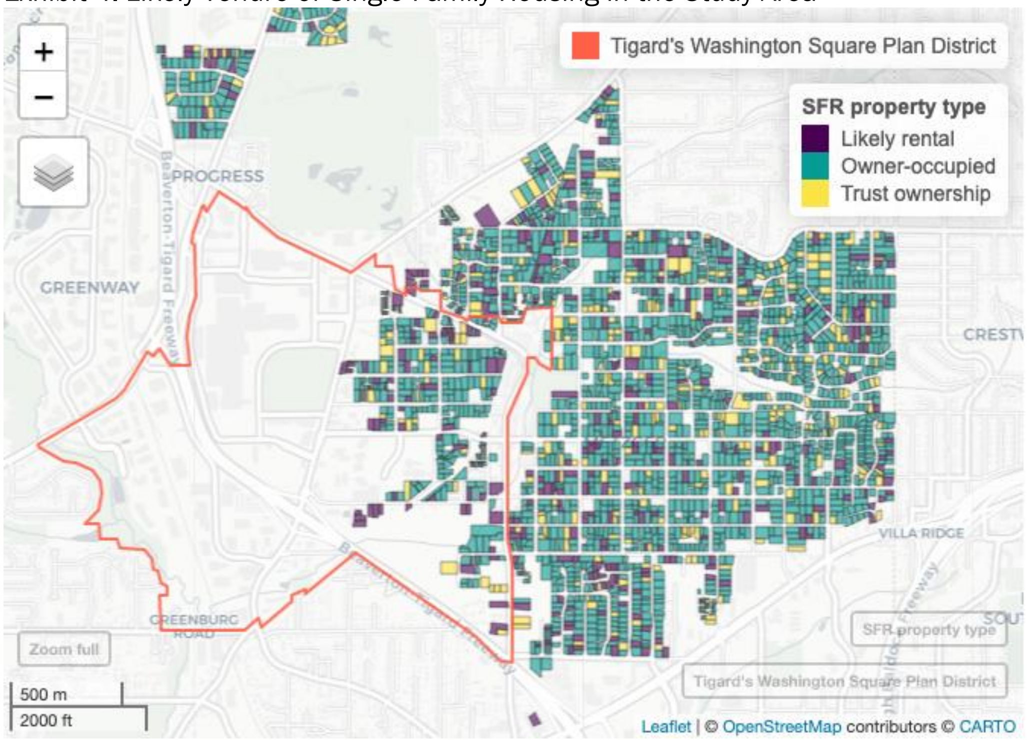
Source: ECONorthwest analysis of Washington County assessor data and RLIS multifamily rental housing inventory data, 2020
*Risk of economic displacement for ownership product is limited because home value increases do not affect monthly mortgage costs and because Oregon's property tax system formulas are largely decoupled from increases in home valuation. Risk of physical displacement is limited because homeowners have control over decisions to sell. Predatory lending and purchasing practices can create pressure to sell, sometimes at a below-asking price. Despite these very real pressures, homeowners maintain greater control over their housing choices than renters, who can be evicted or have rent increases that are out of their control.

Although multifamily properties with potential to reposition have a lower risk of displacement, if repositioning occurs it can remove several low-cost market-rate housing units that are affordable to existing residents. Characteristics of properties with potential to reposition are multifamily developments with four or more rental units that are generally older and privately-owned with little to no professional management.

Where is rental housing?

We used information from the assessor tax lot data to identify where single-family rental housing exists. Short of a door-to-door survey, no method could be entirely reliable for this task; consequently, we use mismatches in owner address and site addresses as a proxy to determine whether the owner does not live on site.[7] (Properties identified as being owned by a trust were called out separately as this method is not a reliable indicator of owner-occupied vs. rental housing for property held by a family trust.) A map of likely rental single-family homes is shown in Exhibit 4 below.

Exhibit 4. Likely Tenure of Single-Family Housing in the Study Area



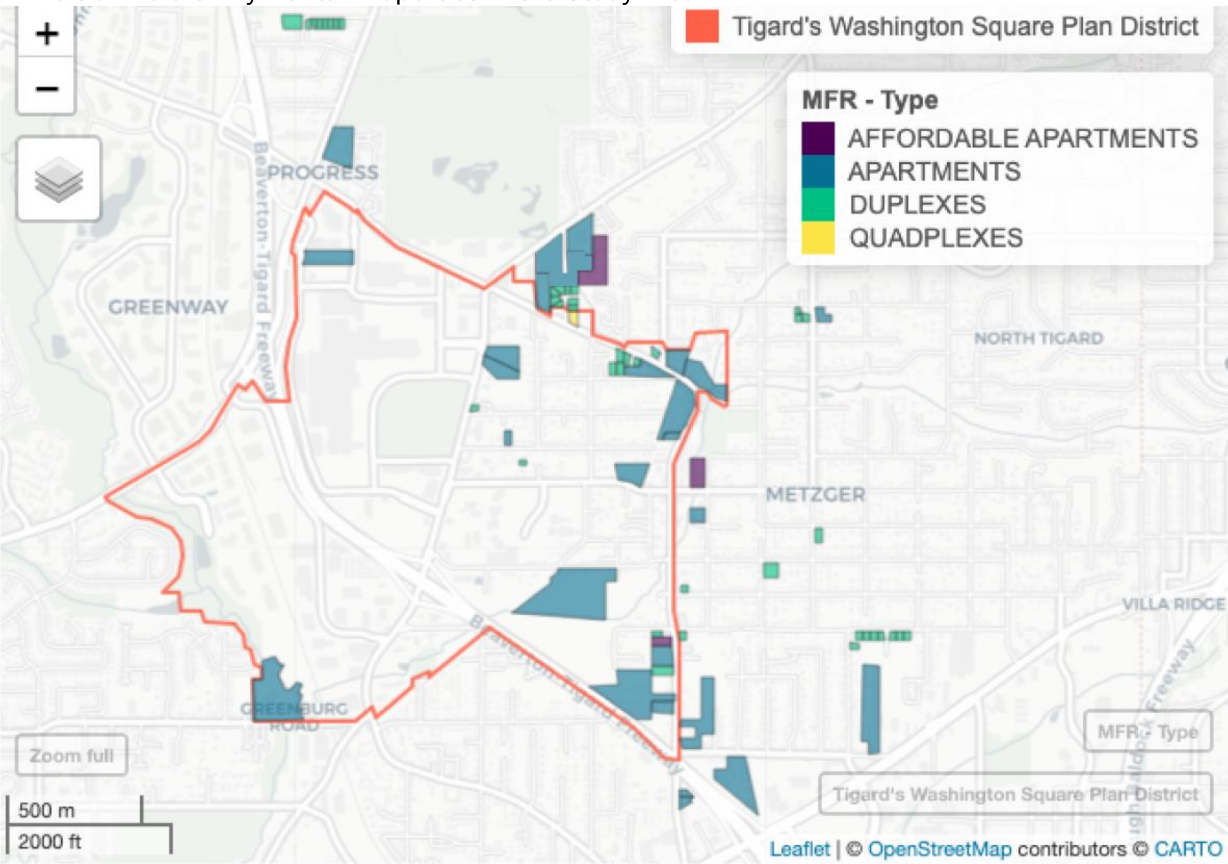
Source: ECONorthwest analysis of Washington County assessor data

Next, we identified where multifamily rental properties are located (see Exhibit 5) using data from Metro's Regional Land Information System (RLIS).[8]

[7] In the database, each tax lot contains an 'owner address' and 'site address' field. Tax lots with exactly matching owner and site addresses are assumed to have the property owner living on-site, and are not assumed to be rental properties. Taxlots where the owner address does not match the site address are treated as possible rental properties as long as the mismatch does not appear to be accidental. Slight misspellings of street names were addressed by using string distance text matching. However, differences in house numbers are assumed to be intentional (i.e. owner lives on same street), and those properties are flagged as possible rentals.

[8] Due to the way Metro has built its multifamily inventory, and how the assessor's data codes single-family properties in the tax lot database, there will be some properties included here that were also in the previous single-family rental section (i.e. duplexes, accessory dwelling units). The Metro inventory may not be entirely accurate for all properties (e.g. number of units), but it is the most complete data source available.

Exhibit 5. Multifamily Rental Properties in the Study Area



Source: ECONorthwest analysis of Washington County assessor data

Exhibit 6: Multifamily Units and Buildings in Study Area by Housing Type

Property Type	# of Units	# of Buildings
Apartments*	1,410	29
Affordable Apartments	166	4
Condominiums**	414	13
Duplexes and Quadplexes	100	3

Source: ECONorthwest analysis of Metro RLIS data
*Apartments is inclusive of Affordable Apartments.
** Condominium locations are not shown on Exhibit 5.

Where is rental housing aggregated under common ownership?

By tallying owner names from the single-family rentals in the study area, we identified clusters of probable rental homes under common ownership. These clusters, especially if consisting of adjacent properties with relatively lower value for their size, might be more prone to redevelopment since they can be consolidated into larger parcels. While there are many clusters of single-family housing with two to nine properties under common ownership, none of these amount to large enough sites, and many are dispersed throughout the study area.

How many properties may have potential for redevelopment, causing physical displacement?

Using the criteria on physical displacement risk from Exhibit 3 (Page 10), we categorized properties by their potential for redevelopment and the displacement of existing residents, and summarized the number of units, properties, and acres in each category within the TWSPD and in the study area overall (see Exhibit 7). Properties with moderate to high potential for redevelopment in the TWSPD represent a little over 10 percent of the residential properties in and a little over 3 percent of the housing units in the TWSPD. The majority of these properties are single-family rentals or small multifamily properties based on the criteria, and they are scattered throughout the study area, with no major concentrations in any specific area. This limits the likelihood of any dramatic transformation of the neighborhood. There are additional properties outside the TWSPD that also have moderate to high potential for redevelopment, but the proposed changes are less likely to impact the redevelopment potential of these properties.

Exhibit 7: Residential Properties in Study Area by Potential Physical Displacement Risk

Potential Physical Displacement	# of Housing Units		# of Properties		Acres	
	TWSPD	Study Area Total	TWSPD	Study Area Total	TWSPD	Study Area Total
Minimal Risk: owner-occupied, regulated affordable housing, newer construction, and multifamily (>4 units)	1,239	3,457	307	1,674	116.2	497.2
Some Risk: older, unregulated rental housing with 4 or fewer units, above-average property value per land area	51	179	40	145	4.4	22.7
Moderate Risk: older, unregulated rental housing with 4 or fewer units, below-average property value per land area	33	157	33	155	13.4	57
High Risk: older, unregulated rental housing with 4 or fewer units, below-average property value per land area, and consolidated ownership	10	16	8	14	2	3.5
Total: All Housing	1,333	3,809	388	1,988	136.0	580.4
Subtotal: Moderate and High Risk for Physical Displacement	**43**	**173**	**41**	**169**	**15.4**	**60.5**
Moderate and High Risk for Physical Displacement as a Percent of Total	3.2%	4.5%	10.6%	8.5%	11.3%	10.4%

Source: ECONorthwest analysis of Washington County assessor data (2020)

How many properties may have potential for economic displacement?

While most rental housing has some risk of rent increases, we focus on older, unregulated rental housing in considering risk of economic displacement. Regulated affordable housing is largely protected from variations in local market conditions, with rents based on incomes or set levels established by government agencies. Most new construction tends to charge rents that are as high as the local market will support; while rents generally escalate over time, they are not likely to see major jumps within the first 10 to 15 years after construction. Older, unregulated housing may have depreciated to the point where improvements are needed and/or may have rents that have not kept up with overall market increases over time. These properties are at greater risk of "repositioning" through cosmetic improvements and/or changes to the marketing strategy that are often associated with more dramatic rent increases.

We identified properties where residents have some vulnerability to economic displacement based on the criteria summarized in Exhibit 3 (Page 10), and summarized the number of units and properties by risk level within the TWSPD and in the study area overall (see Exhibit 8). Close to half of the units in the TWSPD (over 640 units) are in buildings where residents have some risk of economic displacement (because their rents are not restricted and may adjust with the market), along with a similar number of units in the remainder of the study area. This includes the properties identified above as being at risk of redevelopment (and resulting in the physical displacement of residents) along with older, unregulated multifamily rental properties. This category includes most of the existing apartments in the study area, many of which are along Hall Blvd. Several apartments closest to the Mall site are in the "Some Risk" category based on their age and lack of rent restrictions and may be more affected by future redevelopment and investment in the TWSPD.

Exhibit 8: Residential Properties in Study Area by Potential Economic Displacement Risk

Potential Economic Displacement	# of Housing Units		# of Properties	
	TWSPD	Study Area Total	TWSPD	Study Area Total
Minimal Risk: owner-occupied, regulated affordable housing, newer construction	690	2,491	295	1,653
Some Risk: older, unregulated rental housing with any number of units	**643**	**1,318**	**93**	**335**
Total: All Housing	1,333	3,809	388	1,988
Some Risk to Economic Displacement as a Percent of Total	**48.2%**	**34.6%**	**24.0%**	**16.9%**

Source: ECONorthwest analysis of Washington County assessor data (2020)

To further assess the degree and nature of displacement risks for the properties in the "Some Risk" category that are in or directly adjacent to the TWSPD, ECONorthwest conducted a qualitative review of the unregulated apartment complexes, considering factors such as property management, online presence, and property condition (as observed through photos of the properties). This review suggests that some of the properties, including the property north of the Mall (Georgetown Manor Apartments), are managed through a professional property management firm. These appear to be in fairly good condition; several have pools. While further upgrades are possible, if they are already in professional management, they are more likely to upgrade units on turn-over rather than displacing residents to make upgrades all at once. This would still lead to rising rents over time as more units are upgraded, but the rent for units that have not been upgraded tends to increase more gradually.

Some of the other properties along Hall Blvd. and Greenburg Rd. have little online presence, may not have professional property management, and appear to have had less recent maintenance. **These properties may see slower rent increases for a time, but if ownership changes, they could be at risk of a more abrupt repositioning transition that would be more likely to displace the existing residents.**

Demographic Factors

As discussed on Page 6, some households are more vulnerable to displacement than others. These include renter households, low-income households, and households likely to experience housing discrimination (such as households of color, households who do not speak English, immigrant and refugee households, undocumented households, senior households, or large family households). According to 2017 data from the U.S. Census Bureau, the study area has a higher share of households with these characteristics when compared to the City of Tigard:

- The study area has a larger share of households earning below $25,000 per year (19.1 percent of all households) than the rest of Tigard (15.2 percent).
- The study area has substantially more Black/African American households (5.9 percent) and more households identifying as Native Hawaiian or other Pacific Islander (1.3 percent), compared to the rest of Tigard (1.8 percent and 0.7 percent, respectively).
- The study area has more households receiving food assistance benefits through the Supplemental Nutrition Assistance Program (13.1 percent) compared to the rest of Tigard (11.6 percent). [9]
- The study area has more renter households (44.4 percent) compared to the rest of Tigard (39.9 percent).
- Of renter households in the study area, 48 percent are cost-burdened, meaning they spent more than 30 percent of their income on rent. While this is slightly less than Tigard as a whole (49 percent) it is still a very high share of renter households who may be vulnerable to displacement.

Interviews with Residents

As part of outreach for the project, City staff, consultant team members (including community-based organization Verde), and community members who participated in the project's Stakeholder Working Group conducted structured interviews in multiple languages with 35 area residents. The interviews were conducted in November and December of 2020, and solicited input on desires and priorities for the area and information regarding housing stability. Of the 35 participants, 19 indicated that they rent their home, including of most the residents whose interviews were conducted in Spanish and many of the members of the Swahili

[9] The area for this statistic is one Census tract that does not encompass the full study area.

community who participated. Related to housing stability, in addition to whether they own or rent their home, participants were asked:

- Whether they feel stable in their homes
  - Yes, stable
  - OK right now but not sure about long-term
  - Very unstable right now, could lose housing at any time)
- Reasons for any instability
  - COVID-related job disruptions
  - Non-COVID-related employment or income loss
  - Rising rents/housing prices
  - Family situation
  - Property management issues
  - Other
- Whether they have experienced an increase in housing costs in the last 12 months
  - Not at all
  - Small increase (under $50/month increase)
  - Moderate increase ($50-100/month increase)
  - Large increase (>$100/month increase)
- Whether they had times in the past 12 months that they were not able to pay the rent/mortgage, or weren't sure they would be able to pay the rent/mortgage and still meet other expenses
  - Not at all
  - Once or twice
  - Many times
- Whether they want to remain in your current home and/or in the Metzger neighborhood
  - Want to stay in current home/apartment
  - Want to stay in the neighborhood, but would like to move to a different home/apartment
  - Want to move to another area

The homeowners who participated universally indicated that they felt stable in their homes, want to remain in their homes (except for one who indicated wanting to remain in the neighborhood), had experienced little or no increase in housing costs, had had no occasions where they weren't sure they'd be able to afford housing and meet other expenses. However, the renters gave very different answers:

- Most renter participants said they feel stable at the moment but weren't sure about the longer-term. Most renter participants cited rising rents/housing prices as the reason, though a few cited non-COVID-related job losses, property management issues, and/or family situations.
- More than half of renter participants said they weren't able to afford their housing expenses, or weren't sure they'd be able to, at least once or twice in the past 12 months.
- More than half of the renter participants indicated that their housing costs had increased by at least $50 per month in the last 12 months and nearly a third said costs had increased by over $100 per month in the last 12 months.
- Most renter participants said they wanted to stay in their existing homes, and several more said they'd like to stay in the neighborhood but move to a different home/apartment. A few indicated they'd like to move to a different area.

These results reinforce the higher vulnerability of renter households compared to homeowners and highlight the housing stability challenges already facing renters in this area.

3. Effects of Proposed Changes on Displacement Risk

Based on community input and what the City has learned from previous technical analysis, the City has developed a refined vision and initial recommendations for the TWSPD. The refined vision reinforces the area's regional importance and helps it function better for existing and future residents, visitors, workers, and business owners.

The refined vision for the TWSPD includes: (1) maintaining the original vision for the Washington Square Mall, with an emphasis on high-density mixed-use development, (2) right-sizing the original vision for all other areas, with a focus on fostering incremental growth and change by supporting a range of new housing options and expanding opportunities for businesses to reuse existing buildings, and (3) refining the original transportation vision, with a focus on infrastructure investments that make it safer and easier for pedestrians and cyclists to get to transit, schools, trails, jobs, and services.

Regulatory changes to remove development barriers and public and private investment in areas with existing housing can come with some displacement risk, and the proposed changes for the TWSPD are no different. In the table below, we've organized the proposed changes that the City is considering for the TWSPD and identified potential benefits and impacts that the changes may have on displacement risk.

Generally, regulatory changes, public investment, and incentives for vertical mixed-use development all have benefits to the area, including improving amenities and quality of life, increasing the supply of housing, and supporting new and existing businesses. However, these benefits also come with some degree of potential displacement risk to existing residents of physical, economic, and cultural displacement. At the household level, any displacement is a significant concern. However, it is important to note that the conditions that could cause displacement are already present in the area. The pressures of the housing market and incremental new development can cumulatively increase displacement pressures in the area over time. Actions by private parties that are already allowed by existing zoning (e.g., redevelopment of the SEARS site and other parts of the Washington Square Mall) can exacerbate displacement risks with or without public investments, incentives, or changes to regulations. Proactive anti-displacement strategies are needed with or without City-initiated changes to the area to preserve affordability of existing low-cost unregulated housing units.

Exhibit 9: Potential Benefits and Displacement Impacts of the Proposed TWSPD Changes

Potential City Action/ Change	Benefits	Physical Displacement Risks	Economic Displacement Risks	Cultural Displacement Risks
Infrastructure and placemaking investments (e.g., improvements to existing streets, or new open space)	• Improve the quality of life for existing and new residents and employees. • Help connect residents, visitors, and workers to services, parks, trails, and amenities.	• Can make an area more desirable to higher-income households.		
		• Demand from higher-income households could potentially help make redevelopment of existing low-density rental housing financially feasible, resulting in physical displacement.	• Demand from higher-income households could contribute to increasing rents for existing rental housing, which could cause economic displacement.	• Could change the neighborhood demographics even if physical and economic displacement does not occur. • If the businesses in the area transition over time to serve the new residents, this can also contribute to cultural displacement.
Changes to development regulations (e.g., removing obstacles to building new housing and mixed-use development)	• New mixed-use development (e.g., housing above ground-floor retail) can promote a walkable environment and can add new businesses that residents need and want. • Removing obstacles to additional housing development creates opportunities for new households to move to the area, can offer existing residents who can afford the new housing options to move within the same area and can help reduce the risk that rents will rise quickly on existing housing.	• Can enable new development and redevelopment.		
		• Can make redevelopment of existing low-density rental housing possible in some locations, resulting in physical displacement.	• Over the long-term, new development in the area can potentially increase the desirability of an area and may increase rents for existing residents as more affluent residents move into the area.	• A large influx of new residents, businesses, and changes in demographics can lead to cultural displacement.

<table>
<tr><th>Potential City Action/ Change</th><th>Benefits</th><th>Physical Displacement Risks</th><th>Economic Displacement Risks</th><th>Cultural Displacement Risks</th></tr>
<tr><td rowspan="2">Incentives for mixed-use redevelopment on the Mall property (e.g., tax exemptions for mixed-use development, like the Vertical Housing Development Zone (VHDZ)[10])</td><td rowspan="2">• Can help support new mixed-use development (e.g., housing above ground-floor retail), which can promote a walkable environment, increase housing supply, and add new businesses that residents need and want. Can also help spur revitalization of an area.</td><td colspan="3">• Makes new mixed-use development more feasible for properties that are eligible for the incentives. This new development tends to be targeted towards moderate- to higher-income households.</td></tr>
<tr><td>• Assuming incentives like the VHDZ are not applied to properties with existing housing, this would not directly cause physical displacement.

• However, over the long term, if an area becomes more desirable to higher-income households this could encourage owners of older, unregulated multifamily properties nearby to undertake major remodels that displace existing tenants.</td><td>• Prior analysis by ECONorthwest of areas with VHDZ found that rents of existing apartments in these areas did not increase faster than rents for other apartments in that community over several years.

• However, over the long term, if an area becomes more desirable to higher-income households this could encourage owners of older, unregulated multifamily properties nearby to raise rents.</td><td>• A large influx of new residents, businesses, and changes in demographics can lead to cultural displacement.</td></tr>
</table>

Source: Tigard's Affordable Housing Plan, ECONorthwest

[10] Vertical Housing Development Zones (VHDZ) offer a temporary (10-year) partial tax exemption for qualifying multi-story mixed use development with housing over commercial space.

4. Anti-Displacement Strategies

Tigard's Affordable Housing Plan (AHP) has identified several strategies and implementation steps needed to increase the supply and affordability of housing within the City of Tigard. With guidance from an Affordable Housing Task Force, the City identified specific strategies and programs to support the preservation of low-cost market rate (LCMR) housing. (LCMR housing is another way of describing the housing identified in this report as being the most vulnerable to displacement risk.)

These strategies provide a good starting point for addressing the potential displacement risks identified in Exhibit 6. These strategies were developed with citywide implementation in mind; however, in order for anti-displacement strategies to be effective at stabilizing an area in transition, they must be implemented with a place-based focus to prevent, preserve, and provide resources to people who are most at risk of displacement.

Preservation

The Affordable Housing Plan identifies several strategies for the preservation of LCMR housing, including:

- Dedicating City funds to LCMR preservation, such as through a Housing Preservation Fund, potentially in partnership with Washington County;
- Providing grants or loans to LCMR owners for maintenance or repairs in exchange for maintaining the units at an affordable price point;
- Acquiring LCMR buildings and converting them to regulated housing; and
- Providing property tax abatements in exchange for converting LCMR housing to regulated affordable housing.

These strategies were identified as long-range aspirational goals in the AHP due to the need for additional funding and challenging implementation. Challenges with these strategies include the need to act quickly, the need for property owners to be willing to participate or sell their property, greater need for staff time, and the need for partnerships to operationalize acquisition efforts since the City is not equipped to manage rental housing. In addition, if a prevention strategy is employed to acquire LCMR units and convert them into permanent affordable units, the existing residents sometimes need to move out in order for the units to be renovated to a standard suitable for a housing provider or because they do not meet income or other criteria required based on the public funding. This can unintentionally displace residents. However, if a placed-based strategy such as a residency preference plan is also coupled with a prevention strategy, it can allow people the opportunity to come back after conversion of the units.

Expansion of Regulated Affordable Housing

Adding to the supply of regulated affordable units in an area at risk of displacement can serve several goals. It creates the potential for low-income residents living in unregulated LCMR housing to move to affordable housing that is more secure and offers protection from rent increases. It also helps mitigate cultural displacement risks by ensuring that the community remains racially-diverse and mixed-income as new development occurs. However, in order for new affordable housing to truly help prevent existing residents from being forced to leave the area, it would need to be coupled with a preference policy that gives qualifying existing residents priority for new units.

The AHP identifies measures to help support the development of additional regulated affordable housing such as incentive zoning and land acquisition. The City has already adopted System Development Charge and tax exemptions for regulated affordable housing developments.

Tenant Protections

While recent state legislation dramatically expanded protections for renters statewide, some cities adopt further regulations to protect tenants against evictions, excessive rent increases, discrimination, and health and safety violations. The AHP includes the following recommendations for tenant protections:

- Adopt rental application reform policies—potentially including application fee reform; criminal screening and egregious income screening criteria reform; and security deposit reform. Continue connecting with Portland to track their work on implementing rental reform policies related to the Southwest Corridor Equitable Housing Strategy.
- Develop rental registration and inspection programs. Rental inspection could follow approximately two years after the onset of a registration program. These would present relatively low barriers to compliance and would have low implementation costs, but could be very beneficial to the City in terms of data tracking and compliance.

These strategies would benefit existing renters in the TWSPD, but would need to be implemented citywide, and would not necessarily help renters remain in their existing housing. Programs such as tenant-based vouchers and emergency rent assistance can help stabilize renters in their existing housing, but existing voucher programs are federally-funded (well below the level needed for all eligible households to receive a voucher) and administered by the County.

5. Conclusion

Changes to development regulations, investments in transportation and public amenities, and incentives for vertical mixed-use development on the Mall property being contemplated by the City have the potential to make the area more desirable for higher-income residents. These changes could potentially impact some existing residents. Vulnerability to displacement is somewhat higher in the TWSPD and overall study area than in the City of Tigard based on demographic indicators, and interviews with area residents reinforce the risks facing renters. The areas where displacement risk may be the highest include a cluster of about 20 possible rental houses along Hall Boulevard and Oak Street in the TWSPD and the apartments closest to the Mall (roughly 260 housing units), which are likely to be affected by future Mall redevelopment and investment. Older apartments along Hall Boulevard are less likely to be impacted by investments in the area, but are at risk of more abrupt rent increases or remodels that could displace existing residents.

Expanding the supply of market-rate housing in the area can help mitigate the risk of rent increases for existing housing by absorbing the growing demand from higher-income households, but additional measures are recommended. The City should focus its stabilization efforts on the older, unregulated apartment buildings in its planning area that are at greatest risk and expand efforts to support affordable housing development and tenant protections, as recommended in the City's 2019 Affordable Housing Plan. While displacement risks are greater over the medium-term, the actions to prevent displacement must be implemented before the displacement occurs in order to be successful. Therefore, anti-displacement efforts should be prioritized in the near-term.