

# Equitable (Re)Development: Gentrification without Displacement



AFFORDABLE HOUSING CONFERENCE  
HOME **MATTERS**  
 IN FLORIDA



# Equitable Redevelopment: Gentrification without Displacement

Florida Housing Coalition Affordable Housing Conference 2019

Presenters:

Ashon Nesbitt, Florida Housing Coalition  
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Moderated by:

Tim O'Malley, AmeriNat

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A24

The  
Last  
Black Man  
in  
San  
Francisco

TRAILER

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# Gentrification: The Good, the Bad and the Ugly

- What is it?
- What about it is good?
- What are the drawbacks?
- What is the local government role?
- What are the legal issues?

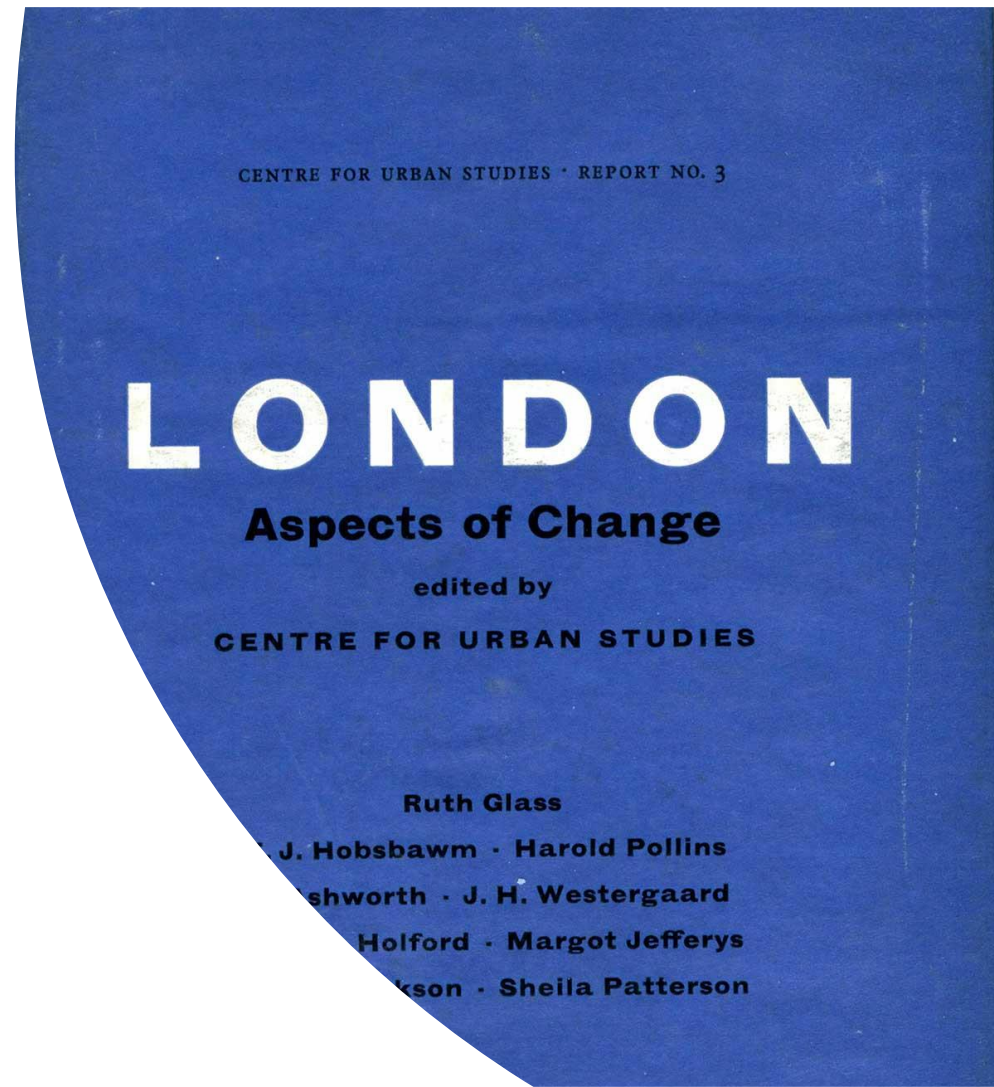
# What is Gentrification

“One by one, many of the working-class quarters of [this City] have been invaded by the middle classes – upper and lower. Once this process of ‘**gentrification**’ starts in a district, it goes on rapidly until all or most of the original working-class occupiers are displaced and the whole social character of the district is changed.”

# Origin of the Term “Gentrification”

- The term gentrification was coined by sociologist Ruth Glass of London’s Centre for Urban Studies in her introduction to *London: Aspects of Change*, in

1964



# Gentrification

- **The Good** – revitalizing disinvested neighborhoods
- **The Bad** –existing residents and businesses displaced as improvements are made and property values rise
- **The Ugly** – using Fair Housing Act against intended beneficiaries

# Neighborhood Improvement Can Result in Unaffordability and Displacement





**Can there be  
gentrification  
without  
displacement?**

# Identifying Displacement Risk

Measuring progress towards gentrification and housing  
vulnerability

Presenter: Ashon Nesbitt

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# Gentrification Model: Background

- Developed in 2005
- Proposed as tool to monitor community change
- Based on indicators determined through research
  - Mostly from census data
  - Measures change in neighborhood (census tract) against change in city/region
- Serve as basis for policy and program responses (proactive)
- Tested on 5 neighborhoods in St. Petersburg, FL adjacent to downtown

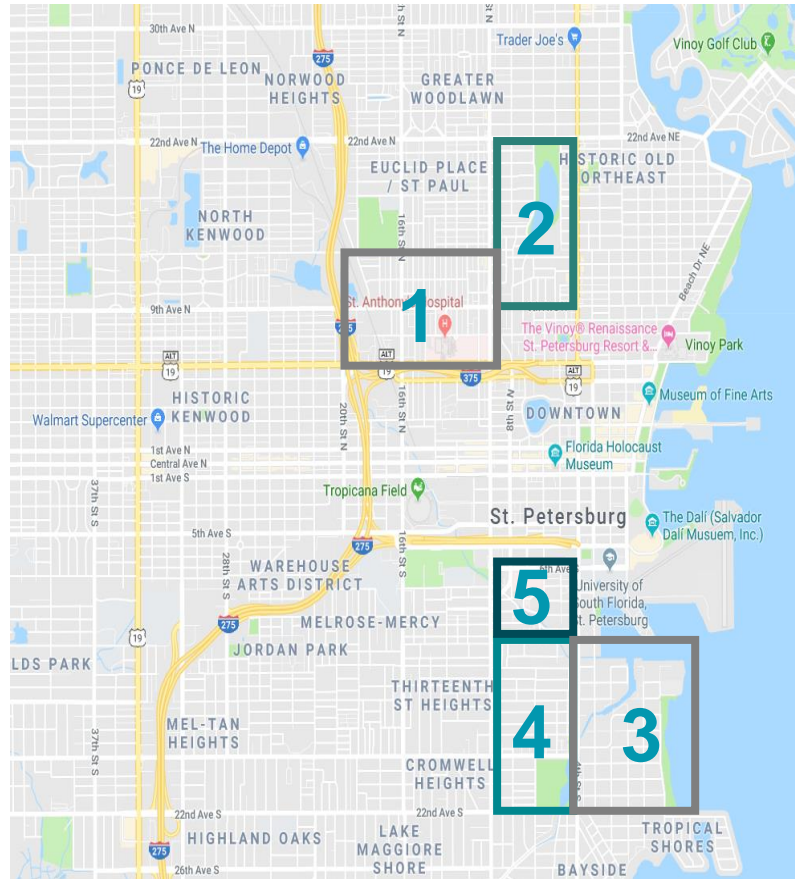
# About the Neighborhoods



1. Historic Uptown



3. Old Southeast



2. Crescent Lake

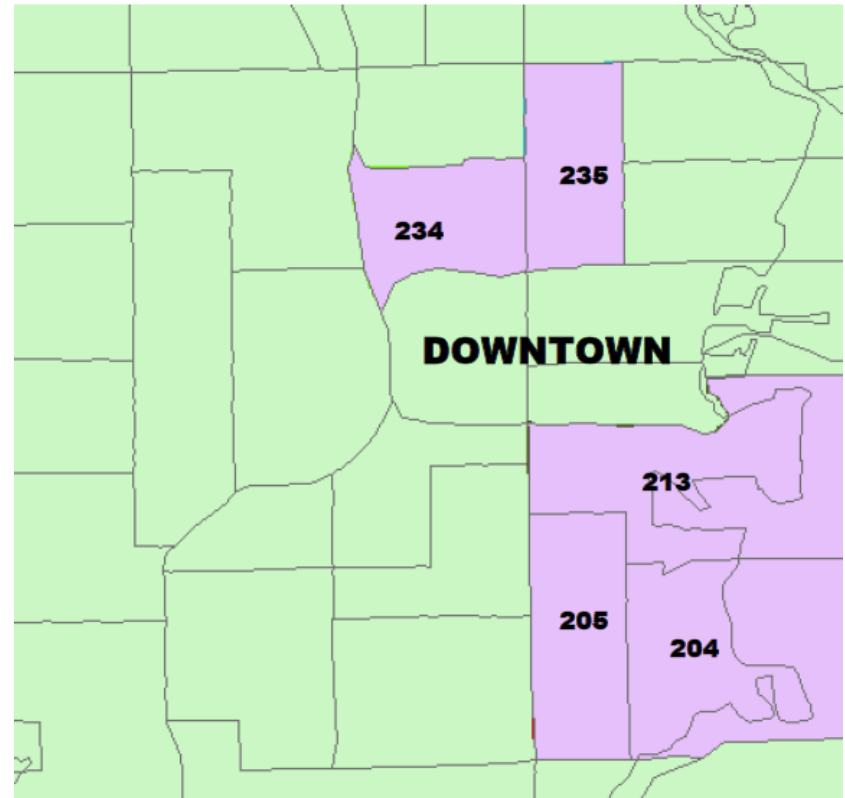
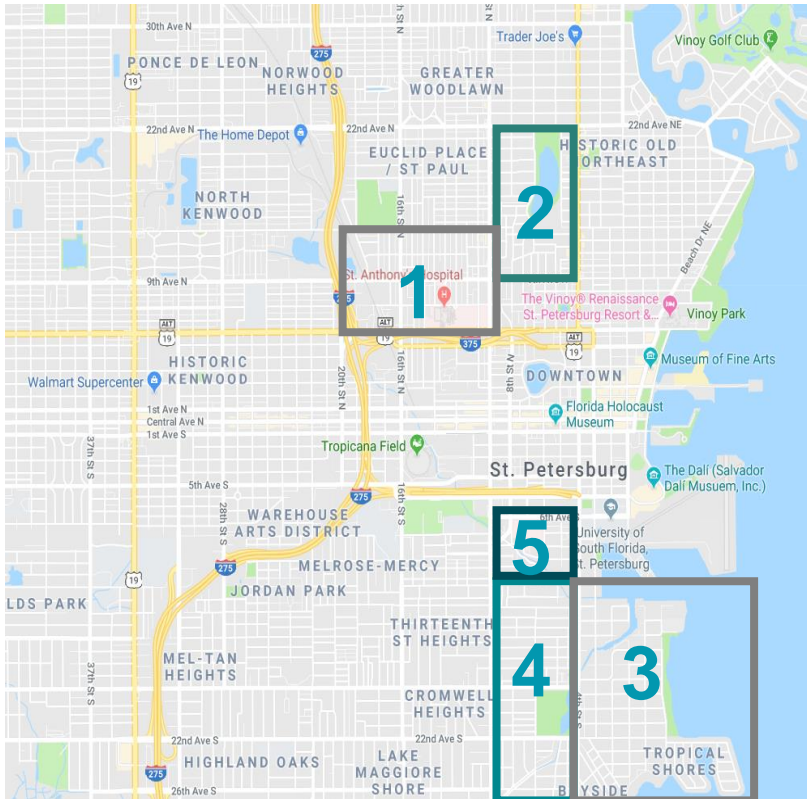


4. Bartlett Park



5. Historic Roser Park

# The Neighborhoods: Matching Census Tracts



# Gentrification Model: Indicators

- Population growth
  - Overall population growth
  - Change in age cohort 25-34
  - Change in age cohort 55-65
- Number of housing units
- Professional employment
- College-educated population
- Median income
- Growth in owner-occupancy
- Size of housing
- Median value of owner-occupied units
- Housing occupancy
- Average commute times

# Gentrification Model: Indicators

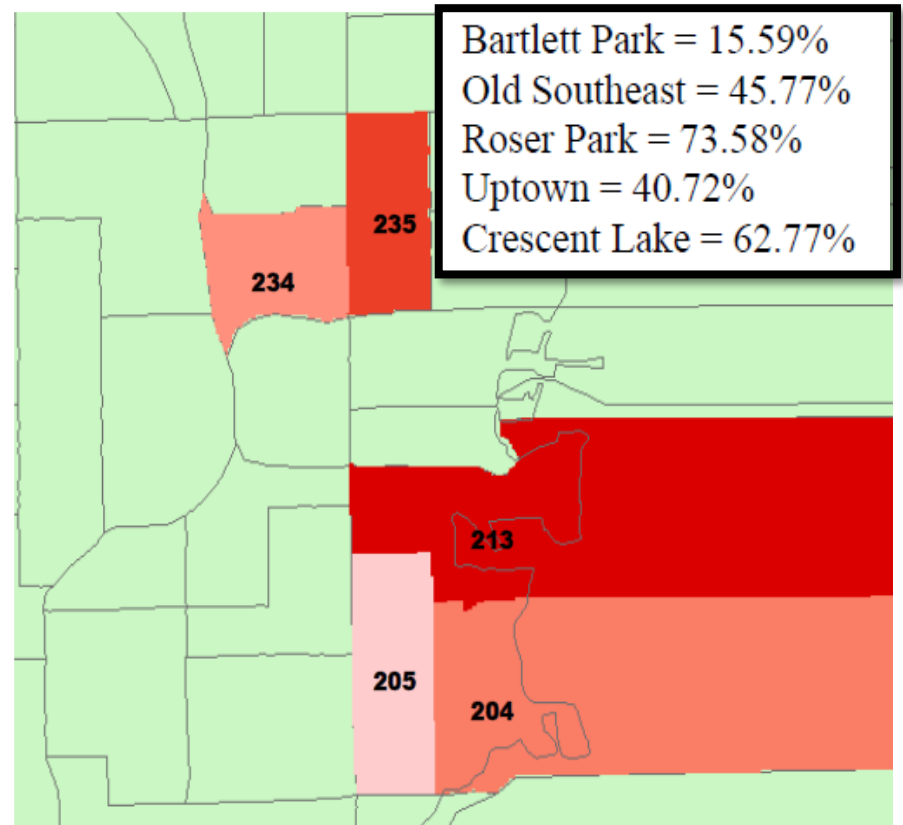
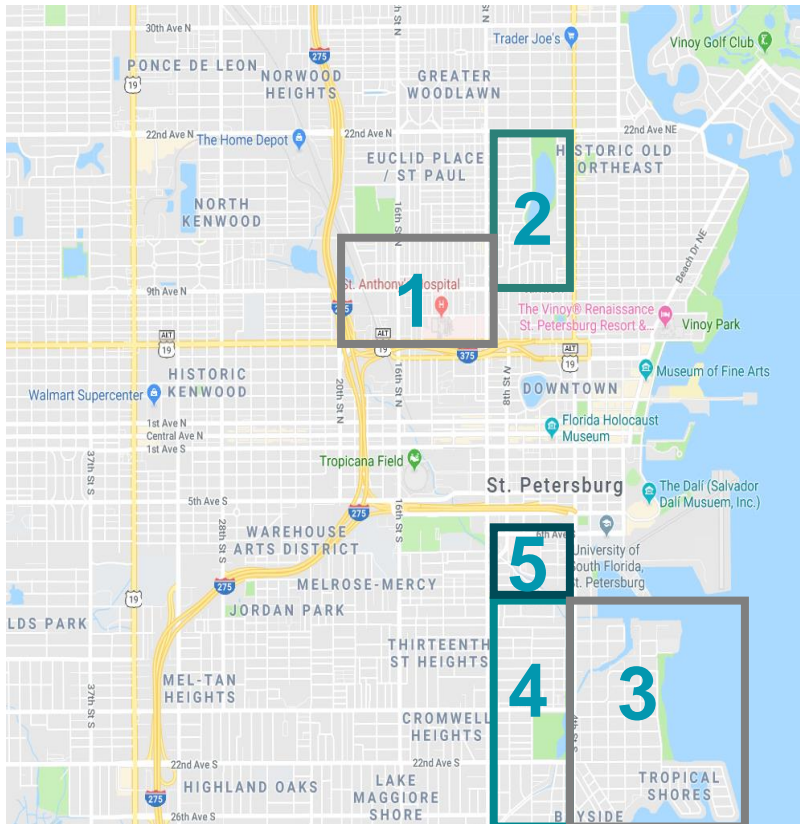
- Growth in owner-occupancy
- Size of housing
- Median value of owner-occupied units
- Housing occupancy
- Average commute times
- Housing built Pre-1950
- Historic designations
- Proximity to Central Business District
- Proximity to Transportation Corridor

# Gentrification Model: The Formula

$G = 0.8 * [(0.0864 * \Delta \text{ in population}) + (0.1684 * \Delta \text{ in units}) + (0.1875 * \Delta \text{ in professional jobs}) + 0.0712 * \Delta \text{ in college-educated}) + (0.0362 * \Delta \text{ in age 25-34}) + (0.0439 * \Delta \text{ in age 55-64}) + (0.0630 * \Delta \text{ in AMI}) + (0.1062 * \Delta \text{ in single-family value}) + (0.0379 * \Delta \text{ in commute time}) + (0.1141 * \Delta \text{ in housing vacancy}) + (0.0419 * \Delta \text{ in owner-occupancy}) + (0.0380 * \text{unit size})] + 0.2 * [(0.43175 * \text{housing pre-1950}) + (0.26025 * \text{proximity to CBD}) + (0.2076 * \text{proximity to transportation corridors}) + (0.3478 * \text{historic designations})]$



# Gentrification Model: The Results



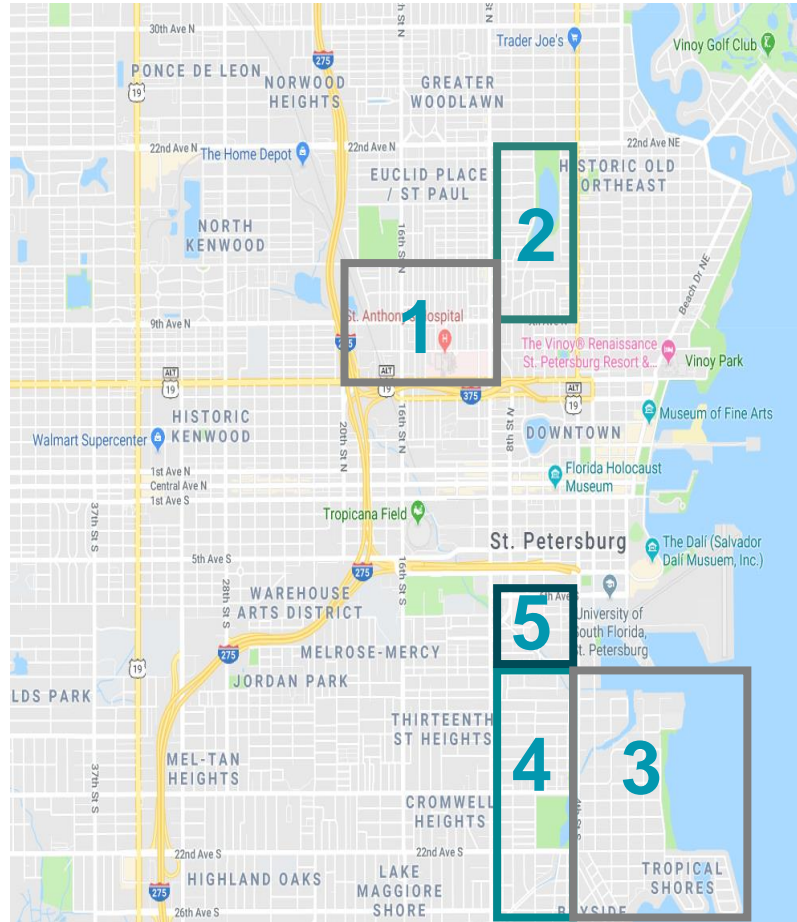
# Where are they now?



5. Historic Roser Park



2. Crescent Lake



1. Uptown



3. Old Southeast



4. Bartlett Park

# Where are they now?

## Focus on a few indicators in Southside neighborhoods

Percent Over Age 25 with a Bachelor's Degree or higher

|                | 2000   | 2010  | 2017  |
|----------------|--------|-------|-------|
| Old Southeast  | 29.59% | 37.3% | 40.9% |
| Bartlett Park  | 6.02%  | 10.6% | 10.1% |
| St. Petersburg | 22.8%  | 27.8% | 33.1% |

Median Household Income

|                | 2000     | 2010     | 2017     |
|----------------|----------|----------|----------|
| Old Southeast  | \$31,163 | \$37,759 | \$59,338 |
| Bartlett Park  | \$19,125 | \$28,632 | \$21,695 |
| St. Petersburg | \$34,597 | \$44,041 | \$50,622 |

# Where are they now?

## Focus on a few indicators in Southside neighborhoods

Median Value of Owner-Occupied Homes

|                | 2000     | 2010      | 2017      |
|----------------|----------|-----------|-----------|
| Old Southeast  | \$85,400 | \$228,900 | \$222,200 |
| Bartlett Park  | \$45,800 | \$99,000  | \$96,400  |
| St. Petersburg | \$81,000 | \$177,800 | \$165,000 |

Percent Owner-Occupied Housing

|                | 2000  | 2010  | 2017  |
|----------------|-------|-------|-------|
| Old Southeast  | 54.0% | 63.9% | 53.2% |
| Bartlett Park  | 34.8% | 37.9% | 34.7% |
| St. Petersburg | 55.9% | 64.7% | 58.1% |

# Where are they now?

## Focus on a few indicators in Southside neighborhoods

### Housing Vacancy

|                | 2000  | 2010  | 2017  |
|----------------|-------|-------|-------|
| Old Southeast  | 13.6% | 22.3% | 10.9% |
| Bartlett Park  | 28.8% | 23.7% | 19.7% |
| St. Petersburg | 12.0% | 17.7% | 18.3% |

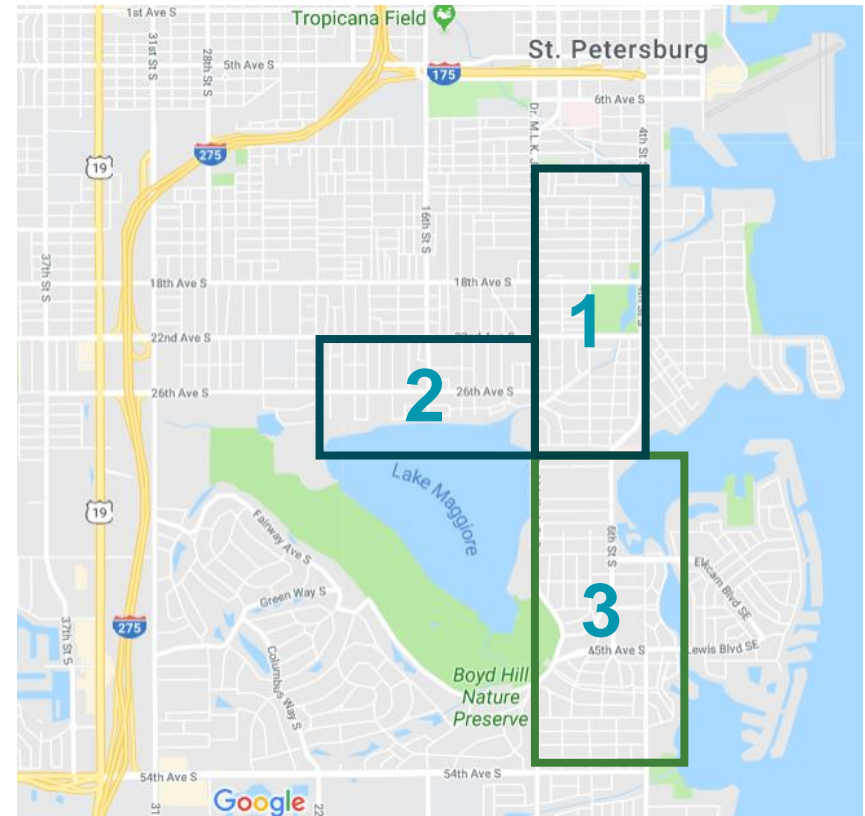
### Mean Commute Times

|                | 2000 | 2010 | 2017 |
|----------------|------|------|------|
| Old Southeast  | 21.8 | 20.4 | 17.9 |
| Bartlett Park  | 21.8 | 22.0 | 22.0 |
| St. Petersburg | 20.6 | 22.0 | 23.6 |

# Who's Next?

## Monitoring Vulnerability

- Educational Attainment
- Median Income
- Median Value of Owner-Occupied Housing
- Percent Owner-Occupied
- Poverty Rate
- Unemployment Rate



1. Bartlett Park
2. Lake Maggiore Shores
3. Bayou Shores

# Monitoring Vulnerability

Percent Over Age 25 with a Bachelor's Degree or higher

|                      | 2010  | 2017  |
|----------------------|-------|-------|
| Bartlett Park        | 10.6% | 10.1% |
| Lake Maggiore Shores | 13.4% | 18.4% |
| Bayou Shores         | 19.1% | 23.6% |
| St. Petersburg       | 27.8% | 33.1% |

Median Household Income

|                      | 2010     | 2017     |
|----------------------|----------|----------|
| Bartlett Park        | \$28,632 | \$21,695 |
| Lake Maggiore Shores | \$26,151 | \$41,425 |
| Bayou Shores         | \$33,479 | \$42,313 |
| St. Petersburg       | \$44,041 | \$50,622 |

# Monitoring Vulnerability

## Median Value of Owner-Occupied Homes

|                      | 2010      | 2017      |
|----------------------|-----------|-----------|
| Bartlett Park        | \$99,000  | \$96,400  |
| Lake Maggiore Shores | \$136,500 | \$87,600  |
| Bayou Shores         | \$141,400 | \$152,000 |
| St. Petersburg       | \$177,800 | \$165,000 |

## Percent Owner-Occupied Housing

|                      | 2010  | 2017  |
|----------------------|-------|-------|
| Bartlett Park        | 37.9% | 34.7% |
| Lake Maggiore Shores | 63.4% | 65.6% |
| Bayou Shores         | 70.5% | 67.9% |
| St. Petersburg       | 64.7% | 58.1% |



# Monitoring Vulnerability

## Poverty Rate

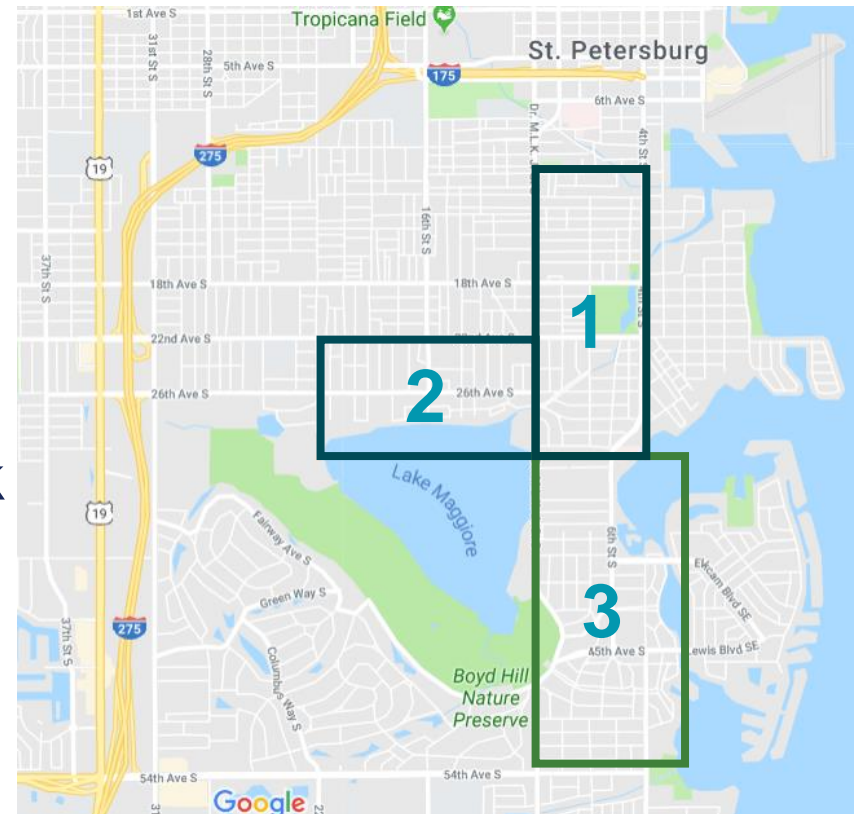
|                      | 2010  | 2017  |
|----------------------|-------|-------|
| Bartlett Park        | 29.8% | 39.9% |
| Lake Maggiore Shores | 34.7% | 27.4% |
| Bayou Shores         | 25.3% | 22.5% |
| St. Petersburg       | NR    | NR    |

## Unemployment Rate

|                      | 2010  | 2017  |
|----------------------|-------|-------|
| Bartlett Park        | 7.9%  | 10.0% |
| Lake Maggiore Shores | 21.0% | 18.3% |
| Bayou Shores         | 8.4%  | 3.1%  |
| St. Petersburg       | NR    | NR    |

# Monitoring Vulnerability

- Bartlett Park and Lake Maggiore Shores appear vulnerable to change
  - Low educational attainment
  - High poverty and unemployment
  - Lots of renters in Bartlett Park
- Bayou Shores less vulnerable but still susceptible



# Responding to Displacement Risk

National examples of reconciling the promotion of equity  
with the Fair Housing Act

Presenter: Paula Rhodes

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# Tools for Local Government

- Inclusionary Zoning
- Increased Density
- Land Banking
- Community Land Trust
- Residency Preferences

# Residency Preferences

Preferences for neighborhood residents can be an effective tool – and indeed a promising one, but ...

Is it legal to create a preference for neighborhood residents when allocating scarce resources such as affordable housing?

Not *inherently* illegal, but there are potential problems

# Residency Preferences

(Continued)

- Rationales for

- Long-term residents who suffered disinvestment should enjoy benefits
- Local governments are charged with addressing needs of residents
- Resident taxpayers helped fund local government investment that is paying for improvements and attracting investment

# Residency Preferences

(Continued)

- Sources of Arguments Against

U.S. Constitution

Fair Housing Act

Recent Case Law

HUD Regulation

# Residency Preferences

(Continued)

## Sources of Arguments Against (continued)

- U.S. Constitution
  - Article IV Privileges & Immunities/Dormant Commerce Clause guarantee **right to travel/migrate**
  - Fourteenth Amendment prohibits **discrimination** without a rational basis
- Fair Housing Act
  - Supposed to end/not perpetuate segregation – **but what if you are preserving integration?**
  - Policymakers **could not have foreseen in 1968** influx of affluent, mostly white citizens into high-poverty, minority-concentrated urban areas



# Residency Preferences

(Continued)

- Sources of Arguments Against (continued)
  - Case Law
    - SCOTUS: disparate impact applies to the Fair Housing Act, but intent still matters (*The Texas Department of Housing and Community Affairs, et al. v. The Inclusive Communities Project*, 135 S. Ct. 2507 (2015))
  - HUD Disparate Impact Rule (adopted during *ICP* Case)
    - Burden shifting framework for alleged violations
      - Plaintiff – demonstrate discriminatory effect of policy
      - Defendant – establish substantial, legitimate, nondiscriminatory interest
      - Plaintiff – demonstrate alternative with less discriminatory effect

# Residency Preferences

(Continued)

- **Balancing of Interests**

- **Stumbling on the Fair Housing Act Issue Raised by Anti-Displacement Preferences**

- **November 2015** - San Francisco ordinance adopted giving a Neighborhood Resident Housing Preference (NRHP) as an anti-displacement measure
    - First application – **Willie B. Kennedy Apartments**
      - HUD-financed development, Affirmatively Furthering Fair Housing Marketing Plan required
        - Had to comply with City NRHP ordinance - **accepted**
        - and
        - Had to comply with Fair Housing Act – **rejected August 25, 2016**
    - Major public outcry – went national
    - By **September 2, 2016**, HUD agreed to reconsider
    - By **September 22, 2016** HUD and the City worked out a revised, acceptable plan

# Residency Preferences

(Continued)

- City of San Francisco's Defense of Resident Preference
  - implemented policy to stop displacement of residents, many of whom were a protected class (**legitimate, compelling non-discriminatory reason**)
  - Offered data to demonstrate **risk of disparate impact was low**
  - If disparate impact occurred, it was **justified**
    - Affordable housing is **scare resource** in short supply
    - **compelling need** for relief from overcrowding/rent burden for neighborhood residents
    - in public interest to **preserve existing community-based safety nets**
    - Supports long-standing city policies
      - retaining neighborhood character and cultural diversity
      - enhancement of affordable housing supply

# Residency Preferences

(Continued)

- HUD's Risk of Displacement Model – HUD focused on displacement risk in accepting the modified plan for the Willie B. Kennedy Apartments
- What then are the Elements of a Properly Crafted Anti-Displacement Policy?

# Residency Preferences

(Continued)

- Geographic area is reasonable in size or, if neighborhood-specific, applies only to neighborhoods meeting certain criteria for high risk of displacement

# Residency Preferences

(Continued)

- Geographic set-aside is a percentage, not all, of the housing units

# Residency Preferences

(Continued)

- Residency requirements are “bona fide” not “durational”

# Residency Preferences

(Continued)

- Include those who work in the geographic area, not just residents



# Residency Preferences

(Continued)

- Target those at **greatest risk** for displacement

# Residency Preferences

(Continued)

- Risk is supported by data

In the Willie B. Kennedy Apartments case, the African American population in the Western Addition neighborhood of San Francisco had declined from 30% to 15% between 2000 and 2010.

## Willie B. Kennedy - Housing Preferences Summary

**77 affordable units for seniors 62+**

17 studios and 60 one-bedrooms

|   | 1. Federal/Presidential Disasters (HUD 221)  | 2. Certificate of Preference (COP)  | 3. Displaced Tenant Housing Preference  | 4. Anti-Displacement Housing Preference   |
|---|--|---|---|---|
| <b>Eligibility</b>                                    | Applicants who have been displaced from units by government action or a presidentially-declared disaster.            | Applicants who already have a COP from former SF Redevelopment Agency. (Most COP holders were displaced by Agency action during the 1960s and '70s) | Applicants who experienced an Ellis Act or Owner Move In Eviction and already hold a Displaced Tenant Housing Preference (DTHP) Certificate | Applicants who live in one of the census tracts undergoing extreme displacement pressure. List of eligible census tracts is posted on the Willie B. Kennedy posting at <a href="http://www.sfmohcd.org">www.sfmohcd.org</a> |
| <b>Applies at initial lease up?</b>                   | Yes  | Yes   | Yes   | Yes   |
| <b>Applies to re-rental units?</b>                    | Yes  | Yes   | Yes   | No  |
| <b>Percentage of units this applies to:</b>           | Up to 100% ( <b>77 units</b> )   | Up to 100% ( <b>77 units</b> )  | Up to 20% ( <b>19 units</b> )   | Up to 40% ( <b>39 units</b> )   |
| <b>How applicant must document preference status:</b> | Applicant indicates to TNDC that they have been displaced by government action or a presidentially declared disaster | Applicant indicates on application that they hold a COP, MOHCD verifies certificate status  | Applicant indicates on application that they hold a DTHP Certificate, MOHCD verifies certificate status                                     | Applicant must provide current proof of residency at the time of post-lottery interview   |
| <b>Verification before lottery:</b>                   | TNDC verifies eligibility through the displacing agency or by reviewing documentation provided by government agency  | MOHCD verifies eligibility and ensures that the COP has not been used previously  | MOHCD verifies eligibility and ensures that the Certificate has not been used previously  | MOHCD has determined eligibility by mapping household addresses. Eligibility determination is posted on the Willie B. Kennedy posting at <a href="http://www.sfmohcd.org">www.sfmohcd.org</a>                               |
| <b>Verification before lease signing:</b>             | Verify that applicant who qualified for preference is signing documents and occupying the unit                       |   |   |   |

# Inclusionary Zoning

- What is an inclusionary zoning ordinance? Requirement to set aside a percentage of new units for affordable housing or pay fee in lieu
- Fee-in-lieu provisions can undermine purpose *if*
  - Collected fees are **not used for affordable housing**
  - Funds from collected fees **used to put housing in less desirable neighborhoods**
- Attempts at inclusionary zoning can backfire *if*
  - Market-rate units can triple/quadruple as affordable units make only incremental gains
  - Substandard housing that was affordable is demolished without 1 for 1 replacement
- Need to couple inclusionary zoning with increase in permitted density

# Inclusionary Zoning in Florida

- Since the adoption of the Growth Management Act in 1985, Comprehensive Plans required to include housing element that takes into account affordability of supply
- Florida has had an inclusionary zoning law in place since 2001
  - Allows counties (§125.01055 F.S.) and municipalities (§166.04151 F.S.) to adopt inclusionary zoning as part of land use development plans
    - **Mandatory inclusion** – either include affordable units in development plan or pay a fee to opt out
    - **Voluntary inclusion** – if affordable units are included, certain benefits will flow (density bonuses, reduced impact fees, streamlined permitting process, etc.)
- HB 7103 clarifying inclusionary zoning laws signed into law June 28<sup>th</sup>

# Inclusionary Zoning in Florida

(Continued)

- HB 7103 requires inclusionary zoning ordinances to “fully offset” cost to developer through incentives
  - Density/intensity bonus
  - Greater floor space
  - Reduction or waiver of fees
  - Other incentives
- Hard to place a dollar value on some of the incentives other than fee waiver/reduction
- Density bonuses have real value
  - Help deals work better due to economies of scale
  - Aid anti-displacement policy efforts

# **Any Anti-Displacement or Inclusionary Zoning Ordinances in the works?**

Help further the discussion – share your thoughts  
and efforts

**THANK YOU!**

ANY  
QUESTIONS  
?

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