

Measuring Gentrification in the Interstate Corridor Urban Renewal Area

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Introduction

This study seeks to evaluate and reflect upon attempts to measure gentrification in the Interstate Corridor Urban Renewal Area (ICURA) of Portland, Oregon. Established in 2000 by the Portland City Council, and managed by the Portland Development Commission (PDC), the urban renewal area relies on the use of Tax Increment Financing (TIF) to fund capital improvements in a defined area of North/Northeast Portland.

Although twenty urban renewal areas have been instituted within the City of Portland since the late 1950's, few in recent history have included substantial residential areas (B. Durston, personal communication, October 1, 2008). For example, the River District Urban Renewal Area targeted a largely abandoned industrial area beginning in 1998, resulting in the creation of "The Pearl," a vibrant multi-use district with a significant amount of housing.

Although the growth of The Pearl has inspired concerns about gentrification and housing affordability, the prospect of urban renewal in the heavily residential areas of North/Northeast Portland prompted stronger reactions. In a largely homogenous city, the ICURA contains sections of 10 neighborhoods, including historically African American neighborhoods.

History makes the racial composition of neighborhoods relevant. Previous actions of PDC led to the relocation of hundreds of African American households to make way for large-scale redevelopment projects. In addition, persistent patterns of legal and illegal discrimination contributed to income and housing instability. Homeownership rates for African Americans in Portland remain well below population averages.

However, the neighborhoods within the ICURA were characterized by a deteriorating housing stock, declining employment opportunities, and criminal activity. To many, urban renewal represented both a threat and an opportunity. By necessity, the implementation of urban renewal causes change. In both fact and perception, these changes are likely to be simultaneously positive and negative.

I argue that the insufficient measurement of such changes inhibits our ability to evaluate the desirability of the tool of urban renewal.

Funding Capital Improvements

In 2005, the City Club of Portland completed an extensive study of the Portland Development Commission, evaluating the organization's role and development activities, ultimately making recommendations. Two of the group's conclusions reveal an inherent tension between the priorities of larger jurisdictions, and those of the resident's within urban renewal areas.

"Given the strains on local budgets to maintain essential government services and the unlikely prospect of voter approved general obligation bonds to pay for capital improvements, TIF bonds seem to be the only feasible way for the city and Multnomah County to finance significant new capital projects."

"Many residents fear that urban renewal will be used to meet citywide goals rather than what they perceive to be their neighborhoods' needs."

The nature of tax increment financing generates concerns about priorities. When an urban renewal area is created, the value of real property within the area is assessed. The amount of tax revenue generated by the assessed real property is reserved for general use. However, any increase in tax revenue due to an increase in property values is reserved for local use for a pre-determined number of years (Tashman Johnson LLC, 2000).

Typically, the municipality will issue long-term bonds at the outset of the urban renewal area, to finance local capital improvements. Theoretically, the capital improvements cause an increase in property values within the area, generating increased tax revenue. The “tax increment” above the frozen tax revenue is then devoted towards the repayment of the outstanding bonds (Tashman Johnson LLC, 2000).

The use of TIF makes local capital improvements possible, without an increase in property tax rates, or the allocation of general funds (The Portland Development Commission, 2003). It is tempting to view TIF funds as “free money” generated by a neighborhood devoted to revitalization. However, critics rightly point out that urban renewal areas may have been destined to experience increases in tax revenue without bond-financed capital improvements (R Teasley and S Dufner, personal communication, October 20, 2008). Without the existence of an urban renewal area, such increases would have provided increased funding for city-wide improvements and services (Lawrence & Stephenson, 1995). Alternatively, the use of TIF may simply redistribute development efforts into concentrated areas, leaving other parts of the city to languish (City Club of Portland, 2005).

TIF may specifically be viewed as a mixed blessing in communities with struggling schools. There is a legitimate concern that TIF diverts funding away from education (K Gibson, personal communication, March 18, 2009). However, this effect is not necessarily localized. A neighborhood may oppose urban renewal locally. But when an urban renewal area is created elsewhere in the city, the reduction in funding is distributed across the district, affecting even those neighborhoods without urban renewal. In some cases, the tax increment generated by an urban renewal area is shared with other taxing districts, either through a specified lump sum payment or a proportion of revenue over a specified amount (The Portland Development Commission, 2003). This strategy may off-set any potential losses, and decrease potential opposition to urban renewal.

Federal funding, Local Improvement Districts, and the issuance of city-wide bonds are three alternative sources of funding for capital improvement projects. Federal funds for infrastructure improvements have declined steadily for decades. Local Improvement Districts (LIDs) allow property owners to agree to an increase in taxes for specific uses or projects within a predetermined area. LIDs allow for local influence over funding, without reducing tax revenue for the municipality. However, LIDs are challenging in areas where existing landowners have limited financial resources, and cannot support additional taxes.

The issuance of bonds would provide a funding stream with several characteristics 1) less local influence over spending decisions, 2) less conflict with other taxing districts, 3) an increase in tax rates, and 4) greater flexibility in expenditures. In contrast, the use of TIF restricts spending to capital improvements, which may not always provide the changes most needed by a community. For example, job training and educational programs cannot be directly funded by TIF, although structures can be (K Gibson, personal communication, March 18, 2009). In addition, expenditures that do not increase property values do not facilitate the repayment of

bonds. City-wide bonds provide flexibility, but must be approved at the ballot box, significantly reducing feasibility.

The choice to implement urban renewal areas, and TIF, does always reflect the superiority or appropriateness of the tool, but rather, a lack of alternatives.

Tension between the priorities of larger jurisdictions and those of the resident's within urban renewal areas are evident in the ICURA, and in other locations around the state. Despite deteriorating conditions within the ICURA area, the primary impetus for an urban renewal area did not come from within the community. Instead, repeated failure to gain voter support for light rail funding left government agencies seeking a new source of revenue. When urban renewal was implemented, the funding of the Yellow Line took precedence over neighborhood priorities, leading to disappointment (Gibson, *Urban Redevelopment in Portland: Making the City Liveable for Everyone?*, 2004).

Recent efforts to locate a new baseball stadium in the city of Portland illustrate the temptation to use urban renewal funds for projects that benefit the region, rather than the immediate community. A proposal to expand the ICURA to include land slated for the stadium would have allowed money to be diverted from previously planned improvements. The urban renewal area is currently the largest in the city (2008 ICURAC Retreat - Portland Development Commission, 2008). In light of strong opposition, city leaders alternatively pursued the construction of a stadium within the Lents Town Center Urban Renewal Area. The desire to locate large projects within urban renewal areas betrays a lack of alternative funding streams.

In the City of Carlton, Oregon, a proposed urban renewal area would provide funding to replace outdated water transmission lines. These improvements would include work completed outside of the boundary of the urban renewal district (Mid-Willamette Council of Governments & Oregon Downtown Development Association, 2007). The investments may be necessary to encourage the redevelopment of the downtown area, but the benefits would hardly be limited to the urban renewal area. The use of urban renewal funds for such fundamental infrastructure investments illustrates the desperation of municipalities, but is also an inappropriate use of a funding tool.

The wisdom of relying on urban renewal and TIF to fund essential infrastructure improvements is beyond the scope of this investigation. However, with few readily available alternatives, it is vital to explore potential threats to the availability of this remaining tool.

The Anti-tax Movement

Opposition to existing, higher, and new taxes limits the alternatives to urban renewal, as well as the implementation of urban renewal itself. The repeated failure of bond initiatives at the ballot box forces jurisdictions to pursue existing funding streams, including property tax revenues.

Voters approved Measure 5, implemented in 1995, which severely limited the percentage of property taxes that could be collected by local governments, as well as those that could be collected for schools. Although general obligation bonds were exempt from the restrictions, TIF bonds were deemed non-exempt by the Oregon Supreme Court. The measure resulted in significantly reduced tax rates, although revenues were largely unaffected due to rapidly

increasing property values (City Club of Portland, 2005). Because increasing property values are anticipated within urban renewal areas, this fact provided little relief.

Disappointed that Measure 5 failed to reduce tax bills, a side effect of growing property values, voters returned to the ballot box to pass Measure 47. The Oregon Legislature found the bill difficult to implement, resulting in the appearance of Measure 50. Voters approved the initiative, essentially capping assessed property values at 1995-6 levels, allowing only small increases per year, and imposing restrictions on the implementation of additional taxes (City Club of Portland, 2005).

Although Measure 50 provided a few more options for the repayment of TIF bonds, the Oregon Supreme Court *Shiloh Inn* ruling in 2002 confirmed that these bonds are not exempt from limitations. As a result, a limited amount of tax revenue is available to fund both municipal needs, as well as urban renewal bond repayment.

Conflicts have also arisen at the local level. In both Newberg and Mt. Angel urban renewal programs were rejected primarily because of the concerns about tax implications (R Teasley and S Dufner, personal communication, October 20, 2008).

Paradoxically, anti-tax legislation at the state level has reduced tax implications *within* urban renewal areas. The establishment of an urban renewal area does not lead to increased tax rates within the urban renewal area, but simply commits funding towards investments within its boundaries, perhaps with an increased opportunity for public participation (J Southgate, personal communication, March 16, 2009).

“...most of the tax increment is now produced by the value of new investments in the URA rather than by the increased value of already existing properties.” (City Club of Portland, 2005)

Opposition

Concerns about taxation are hardly the only threat to the implementation of urban renewal. Fears about the negative aspects of gentrification, specifically involuntary displacement, fuel opposition to the creation of urban renewal areas.

In the state of Washington, ballot measures favoring tax increment financing failed to achieve support in multiple elections. Finally, 2001 legislation allowed local governments to institute a type of TIF. In Seattle, city-based initiatives met with strong opposition, largely from groups such as the Seattle Displacement Coalition (Merritt, 1993). The issue has been debated for decades, with Oregon serving as an example of potential consequences. The state “Local Revitalization Statute” passed in 2009 allows a more comprehensive version of TIF, although individual taxing districts are eligible to opt-out of the scheme (Crawshaw-Lewis, 2009).

The role of gentrification in this debate is significant. “Urban Renewal” as a term is often associated with government programs in the 1960’s, in which federal funding facilitated the construction of transportation infrastructure and flashy demonstration projects, often displacing low-income and minority communities. The destruction of these neighborhoods was not simply a bi-product of progress, but often a stated goal. Under the banner of “slum clearance,” programs targeted concentrated poverty. The replacement of destroyed housing units was often a declared

intention, but the number of constructed units typically fell short of the number of housing units demolished (Hall, 2002).

As a result of this troubled history, the term “Urban Renewal” is often avoided by government officials supporting revitalization efforts. The state of Oregon is an anomaly in this case. However, this choice of terminology does not reflect a peaceful history.

The South Auditorium Renewal Project was the first of its kind implemented by the Portland Development Commission. With federal funds, large tracts of land were cleared for redevelopment, and a freeway was incorporated into the district. Historic ethnic neighborhoods were lost in the process. Southwest Portland featured an established community of Jewish residents, as well as the descendents of recent immigrants (Wollner, Provo, & Schablisky, 2001).

On the east side of the river, the construction of the Memorial Coliseum displaced hundreds of households. Federal funds supported the construction of Interstate 5, which ran through several Albina neighborhoods. The planned expansion of Emanuel Hospital required the displacement of hundreds more households. These plans affected many African American residents, who clustered in this area of the city. Unfortunately, the hospital expansion was not actually carried out, due to financial challenges. The relocation of families for no discernable purpose fueled further resentment within North/Northeast neighborhoods, which continues to surface (Law, 2009).

Considerable efforts have been made to improve the implementation and image of urban renewal in Portland (Wollner, Provo, & Schablisky, 2001). Outside of Portland, these efforts are not universal. In Addison, IL, officials targeted and demolished “blighted” housing. The US Justice Department evaluated the case, and found proof of housing discrimination. Functional housing had been destroyed in a deliberate attempt to disperse the Hispanic population of the village (Belluck, 1997).

The political viability of urban renewal in Portland depends on the ability to distinguish current efforts from past mistakes, as well as unethical implementation elsewhere. Critics of urban renewal can easily point to legitimate causes of concern.

Defining Gentrification

Any evaluation or measurement of gentrification must begin with a definition. This is no small task. The patterns often associated with gentrification are also referred to as revitalization or even “reverse disinvestment.” Terminology and connotation depend heavily on perspective.

Although definitions vary, gentrification is generally associated with increased investment, increasing property values, and demographic change. Typically, new incoming households are characterized by a higher socio-economic status than existing households (Vigdor, 2002). Although the connotation of the word is largely negative, gentrification often reflects adopted goals and strategies.

A variety of public agencies and stakeholders support increased density in urban areas, a factor associated with gentrification. As the population of the nation increases, housing must be provided for new households. The construction of new single family homes on previously *undeveloped* land reduces competition for housing in urban areas.

However, this strategy has been revisited in light of negative environmental, fiscal, and social consequences. Greenfield development consumes natural areas, and contributes to urban sprawl. In contrast, a higher density of residences reduces the need for driving, as residents are closer to needed services, and can choose alternative forms of transportation. The creation of dense, walkable, transit-oriented communities is often only possible and efficient in existing urban neighborhoods, with existing infrastructure (Duany, 2001). One Portland historian states that “gentrification of inner north and northeast is an inevitable outgrowth of the Portland-area’s urban growth boundary,” which limits suburban development (Law, 2009).

It must also be remembered that the population density of many American cities declined in the 1960’s, 1970’s, and 1980’s. Many white, higher income households left urban neighborhoods for suburban locations. The choice to relocate reflected changing preferences, as well as growing social problems in urban areas. The migration increased racial and income segregation in urban areas, reducing the tax bases of municipalities.

The return of population to urban areas provides cities with more tax revenue. As a result, services to new and existing residents improve, and infrastructure can be better maintained. Increased density also provides an increased incentive for private entities to locate in urban areas (Duany, 2001).

Conveniently located businesses provide additional services to residents, as well as employment opportunities. Because employment centers followed population trends, a “spatial mismatch” has separated opportunities from potential employees. Inner-city residents often lacked the transportation resources to pursue jobs in suburban locations (Varady & Walker, 2007).

Finally, the return of population to urban areas increases the diversity of neighborhoods, at least in the short-term. Numerous government programs have been instituted in part to decrease the concentration of poverty in urban areas, including Section 8 housing vouchers. In theory, concentrated poverty reduces networking opportunities and exposure to successful peers (Varady & Walker, 2007).

Although gentrification can easily be tied to public goals, policies, and programs, the causes of gentrification are complex. In theory, it follows that public investments in declining areas increase the desirability of these neighborhoods. Improved infrastructure and potential increases in property values are likely to draw new households. As these are stated goals in most urban renewal plans, gentrification must be a considered outcome. In some cases, public actions may not include new programs, or well funded initiatives. In a booming real estate market, even the provision of standard levels of public service, combined with a renewed commitment to code enforcement, may be enough to facilitate revitalization in languishing neighborhoods.

Private actions are also a crucial component of gentrification. Because gentrification relies on demographic change, it would not occur if households did not choose to relocate. Demographic change and secondary displacement can occur without any public action. For example, a recent shift in preferences may explain the return of population to urban areas. Households may seek increased access to cultural amenities, more likely found in city centers. Households may seek a change in transportation modes, and find better access to public transportation and pedestrian or bicycle infrastructure in urban areas. In this example, gas prices may be more significant than any public investment or policy.

The actions of financial institutions are also relevant to gentrification. Historically, banks have been less willing to provide mortgages in integrated neighborhoods, to African American borrowers, and for devalued properties. In Albina, these factors made it difficult for property owners to sell unwanted properties, and difficult for prospective borrowers to become homeowners. As a result, more buildings fell into disrepair, and African Americans did not have the opportunity to purchase homes before prices increased (Gibson, *Bleeding Albina: A History of Community Disinvestment, 1940-2000*, 2007). The increased availability of financing provided increased opportunities for potential borrowers at a time of increased demand.

It is impossible to precisely separate the causes of gentrification. It is also impossible to clearly divide stakeholders according to their perceptions of gentrification. Community members are often divided in their support and opposition to policies that encourage gentrification (Boyd, 2008). In the case of the ICURA, it cannot be said that policies likely to encourage gentrification were imposed on the community by outside forces.

The neighborhoods of Albina have experienced significant turmoil in recent decades. Criminal activity, including the sale of illegal drugs, vandalism, and arson, plagued the community. Disinvestment and population loss provided an opportunity for these activities, but also increased as a result of them. Between 1950 and 1980, Albina lost 27,000 residents. Empty streets and abandoned homes contributed to problems (Publications : PDC : Economic Revitalization & Involuntary Displacement in North-Northeast Portland An Issues Analysis, 2002).

It is easy to see why residents might be conflicted about future changes. An increase in population would likely reduce some undesirable activity, and increase the security of the neighborhood. However, the demographics of Portland suggest that any increase in population will reduce the proportion of African Americans living in the area. Demographic changes often lead to changes in local businesses and neighborhood culture. As Karen Gibson documents, these changes can lead to conflicting feelings:

*“...while many Black Portlanders appreciate the physical improvements associated with the recent neighborhood revitalization, they also lament the loss of community that has come with it.” (Gibson, *Bleeding Albina: A History of Community Disinvestment, 1940-2000*, 2007)*

Although gentrification may result from a combination of public and private actions, the use of public funds creates a responsibility to evaluate the effects of investments. Particularly in the case of urban renewal, the expenditure of local taxes requires the anticipation of how neighborhoods may change. However, where demographic change would have occurred without public action, urban renewal may present the best source of funds for limiting the housing instability of vulnerable residents.

Involuntary Displacement

It is likely that some households will choose to move out of a changing neighborhood. Residents may not feel at home in a neighborhood with changing demographics, different business, and the noise and crowding associated with greater population density. Additional residents may leave to follow family members and social support systems.

In contrast, involuntary displacement refers to the exit of households whose members would prefer to stay in the neighborhood. This potential consequence of gentrification appears to inspire the greatest concern about gentrification, and urban renewal (Boyd, 2008). The stability of seniors and other vulnerable populations, as well as renters, is often thought to be at risk. The displacement of local businesses is also a concern.

Two types of displacement are relevant. Direct displacement is the result of the sudden unavailability of a housing unit (Levy, Comey, & Padilla, In the Face of Gentrification: Case Studies of Local Efforts to Mitigate Displacement, 2006). Public action can cause direct displacement, specifically through the use of eminent domain. For example, when parcels were assembled for the Emanuel Hospital expansion, residents were forced to relocate, with assistance. Alternatively, the use of a building may change as a result of public or private action. The renovation or repurposing of housing units causes direct displacement. The conversion of rental units to condos causes direct displacement.

Secondary displacement is the result of reduced access to housing units within an area (Levy, Comey, & Padilla, In the Face of Gentrification: Case Studies of Local Efforts to Mitigate Displacement, 2006). In its *Interstate Corridor Urban Renewal Area: Housing Strategy*, PDC addresses the potential of displacement with Housing Strategy Goal #6:

“Increase the housing stability of existing residents and protect them from involuntary displacement caused by gentrification, increases in housing costs and loss of housing choices.”

“Common factors that contribute to the displacement of both renters and homeowners include a shrinking supply of affordable housing (especially for large families), discriminatory housing practices, limited supply of appropriate housing for the elderly and disabled, lack of personal savings, and bad credit issues. In addition, many low-income renters are unable to meet stringent rental screening requirements (such as credit checks), can not afford the costs of application and mover-in fees (often unrefundable), and may face discriminatory and unfair rental practices.”

Clearly, these changes largely affect renters. Homeowners do face a risk of indirect displacement, as increased property values are reflected in tax bills. However, Oregon’s anti-tax measurements limit increases. In addition, homeowners have the option of financially benefiting from increased rents and property values, as they can choose to rent or sell their homes. Although imperfect, these options are not available to renters.

Displacement is certainly not the only negative aspect of gentrification, but Lance Freeman observes that “Indeed, the fear of displacement has been one of the motivating forces behind community activists organizing against gentrification” (2005). However, increased rents may not result in increased household movement in all cases.

Low-income renters and vulnerable populations may face high moving costs. Moving may require funds for deposits and multiple months of rent. Previous housing or credit issues may increase these costs, or prevent tenants from qualifying for housing. Residents unable to pay the financial costs of moving may be forced to pay higher rents. Other tenants may not be prepared for the social costs of moving out of a neighborhood. Elderly residents may be particularly reliant on social ties and religious institutions for support. The absence of displacement does not equate an absence of impact (Vigdor, 2002).

Where displacement is occurring, it can be extremely difficult to measure. The establishment of a baseline is a central challenge (Vigdor, 2002). How much mobility is “normal” for a particular neighborhood? How many residents would have moved if an urban renewal area had not been established?

Albina

The term Albina originally referred to a company town formed outside of Portland city limits. The area was ultimately annexed by the City of Portland. Today the term “Albina” refers to a geographic area of North/Northeast Portland, in which a substantial proportion of the city’s African American residents reside (Gibson, *Bleeding Albina: A History of Community Disinvestment, 1940-2000*, 2007).

The boundaries of the ICURA do not correspond to the boundaries of Albina. But the two areas overlap, meaning that research about Albina is likely to reveal issues that are relevant to the operation of an urban renewal area in North/Northeast Portland. In fact, it would be challenging to separate the history of African Americans in Portland from the history of Albina.

The clustering of African Americans in this area of the city is the result of a few primary factors. Close-in neighborhoods were within walking distance of Union Station, and convenient for railroad porters. The flooding of Vanport, a wartime housing development north of Albina, forced many residents to relocate. Finally, racial discrimination made it difficult for African Americans to locate in other sections of the city (Gibson, *Bleeding Albina: A History of Community Disinvestment, 1940-2000*, 2007).

However, the relatively high proportion of African Americans in Albina neighborhoods was not simply the result of in migration. As African American households moved into Albina neighborhoods, white households left. In “Bleeding Albina,” Karen Gibson notes:

“Between 1940 and 1960, the Black population in Albina grew dramatically, while the White population shrank significantly as more than 21,000 left for the suburbs or other Portland neighborhoods.”

In a study of data generated by the 2000 Census, PDC identified the census tracts most closely overlapping with the ICURA, and compared their racial composition with that of the city as a whole. In the ICURA, 59.2% percent of residents were “White,” while 21.9% of respondents were “Black.” In the City of Portland, 77.9% percent of residents were “White,” while 6.6% of respondents were “Black.” The census tracts of the ICURA are characterized by more diversity than the city as a whole (The Portland Development Commission, 2001).

The ICURA does not represent the first attempt to reverse the process of disinvestment in Albina neighborhoods. The Albina Neighborhood Improvement Project rehabilitated hundreds of homes in the late 1960’s. The Albina Community Plan of 1993 addressed the built environment and citizen empowerment.

The Interstate Corridor Urban Renewal Area: Combating Two Fears

In response to a proposed urban renewal area, two primary concerns were expressed by residents. Residents expressed a desire for adequate public participation, and the prioritization of the needs of *existing* residents. Both issues are specifically addressed within the Interstate Corridor Urban Renewal Area Plan.

Interstate Corridor Urban Renewal Area Plan: Principles 1 & 2 of 12

1. Outreach. *The planning and implementation of the Interstate Corridor Urban Renewal Area will be founded on a thorough, ongoing, and inclusive community involvement process. This process will build capacity within the community by providing specific, consistent, and culturally appropriate opportunities for all community residents, businesses, and organizations to access and impact urban renewal decision-making, and by providing educational resources necessary to an informed decision. To assure accountability, an Advisory Committee will remain in place for the duration of the URA, with broad and diverse representation from the community. Information will be accessible to the community. Particular emphasis will be given to engaging those sectors of the community not typically involved in this type of project, including the housebound and those who do not speak English. Communications will be in an accessible format where needed.*

2. Benefit the Existing Community. *The Interstate Corridor URA will primarily benefit existing residents and businesses within the urban renewal area through the creation of wealth, revitalization of neighborhoods, expansion of housing choices, creation of business and job opportunities, provision of transportation linkages, protection of residents and businesses from the threats posed by gentrification and displacement, and through the creation and enhancement of those features which enhance the quality of life within the urban renewal area. A special emphasis will be placed on providing timely benefits to groups most at risk of displacement (e.g., the elderly, people of color, small businesses, low income people, the disabled).*

The Portland Development Commission. (2000). *Interstate Corridor Urban Renewal Plan*. Portland.

The origin of the ICURA raises questions about local input. The urban renewal area was not the result of neighborhood concerns, but rather an inability to fund transportation infrastructure. The impetus led to the perception of a “Local Transportation Mafia” (K Gibson, personal communication, March 18, 2009).

Residents had relatively little control over the creation of the urban renewal area, but considerable control over its form. Early skeptics were recruited to join the Interstate Corridor Urban Renewal Area Advisory Committee, which ballooned to an unprecedented 54 members. Although some deemed the large group an unworkable symbol, others viewed it as an example of “messy democracy” (J Southgate, personal communication, March 16, 2009).

The physical boundaries of the urban renewal area reflect a high level of participation. The ICURA makes for a very ugly map, precisely because individual neighborhood associations were

asked for input. Neighborhood associations submitted the portions of their neighborhood most appropriate for inclusion, sometimes including only commercial corridors and struggling areas (J Southgate, personal communication, March 16, 2009). The extent to which neighborhood associations represent, and communicate with, residents should not be taken for granted (Simon, 2002). The process of gentrification does not leave neighborhood associations unaffected. Incoming households may give groups more clout with city organizations, but may also dilute the voices of long-term residents.

The effort to benefit existing residents reveals concerns about potential gentrification and displacement. It is often perceived that urban renewal areas provide infrastructure improvements that primarily benefit future residents expected to move into the area. This perception is strengthened by the fear that existing residents will no longer be able to afford housing within the community.

Oregon law requires a plan for direct displacement (Tashman Johnson LLC, 2000). The Interstate Corridor Urban Renewal Area Plan provides additional specifics. The alignment of the light rail line was adjusted to minimize displacement of residences and business (J Southgate, personal communication, March 16, 2009). The use of eminent domain is largely prohibited within the ICURA, except at the request of the advisory committee (Wollner, Provo, & Schablisky, 2001). In the winter of 2008-2009 a proposal to use eminent domain in historic Kenton was considered, but ultimately rejected (J Southgate, personal communication, March 16, 2009).

In ICURA, a 2001 Anti-Displacement Pilot Project investigated potential strategies to combat displacement. The city funded demonstration project lasted only one year, but may have laid the foundation for PDC's housing strategy in the ICURA (The Portland Development Commission, 2001).

National Strategies to Manage Gentrification

The Urban Institute identifies three primary strategies for the management of gentrification (Levy, Comey, & Padilla, *In the Face of Gentrification: Case Studies of Local Efforts to Mitigate Displacement*, 2006). The 2002 Interstate Corridor Housing Strategy addresses each strategy, although implementation may not be consistent.

The provision of new housing is to be accomplished by the facilitation of compatible infill development, including higher density construction on vacant lands within the urban renewal area. A commitment to encourage mixed unit types and sizes is meant to provide housing for a variety of household types, and ensure the availability of more affordable units. PDC loans for residential projects include requirements for affordable units. PDC also publicized "Housing Connections," a website created by the City of Portland allowing users to search for appropriate affordable housing units (The Portland Development Commission, 2002).

The preservation of housing is to be accomplished through the provision of loans for home repairs. Current and prospective homebuyers are eligible for loans to repair homes, or complete modifications for the convenience of elderly residents or persons with disabilities. In addition, PDC monitors the expiration of affordability agreements, to identify opportunities to acquire affordable housing units scheduled to become market rate units.

Asset building is the final strategy proposed by the Urban Institute, and is explored less fully in the 2002 Interstate Corridor Housing Strategy. PDC largely focuses on the provision of homebuyer assistance and education, as well as efforts to market these services to residents of diverse cultures and backgrounds (Warner, 2007). For example, “Operation Home: The Minority Homeownership Initiative” is specifically designed to increase minority homeownership rates (2008 ICURAC Retreat - Portland Development Commission, 2008). Recent economic developments illustrate the negative consequences of promoting homeownership as the central vehicle for wealth accumulation. In the worst case scenario of foreclosure, homeowners lose their entire investment (Krugman, 2008).

Gentrification in North-East Portland

PDC has attempted little thorough measurement of demographic change within the ICURA, and has not evaluated the success of efforts to benefit existing residents. However, the 2002 Economic Revitalization & Involuntary Displacement study reflects concern about the issue of gentrification, although it includes little demographic data collected after the establishment of the urban renewal area.

The document identifies a primary cause of the negative aspects of gentrification: insufficient income. PDC has pursued economic development projects in the ICURA. Ideally, these efforts will provide additional employment opportunities to residents, increasing household incomes and housing choices.

However, urban renewal provides a unique opportunity for residents to invest in, and profit from, neighborhood changes. Renters typically face greater challenges in transitioning neighborhoods, including increased housing burdens, without the potential payoff of increased property values.

A publication of Policy Link, “Resident Ownership Mechanisms” includes a discussion of several wealth generating programs. Individual Development Accounts encourage residents to save, in exchange for a generous rate of return. The facilitation of employee owned businesses is another strategy that provides an investment opportunity for residents. Although these strategies largely focus on asset building, they may provide dividends to investors, boosting income. Alternatively, they may provide an asset that stabilizes housing, by providing a source of funds for emergencies, or a down payment towards the future purchase of a home (2001).

Residents can also be recruited to invest in individual development projects. In addition to providing an asset to residents, this strategy provides a sense of ownership over new developments. Residents may be more amenable to neighborhood projects if they have a direct stake in their success. They may be more likely to patronize new businesses, and discourage criminal activity (McCullogh, 2001).

Impacts of Gentrification

In the ICURA, a lack of measurement of involuntary displacement complicates efforts to minimize its effects. Are rents for existing units rising? Are residents leaving the area because of costs? Without this information, it is impossible to tailor strategies to the urban renewal area.

In determining whether gentrification is worthy of study, it is important to consider whether its components are truly negative. Researchers have attempted to distinguish between changes in neighborhood composition or personal circumstance, and changes in welfare.

A well-publicized study conducted by the Brookings Institute questioned the scope of displacement issues, and challenged the assumption that gentrification harms even the poorest residents of an area. Author Vigdor points to evidence that poor residents are more likely to stay in gentrifying neighborhoods, as opposed to stagnant neighborhoods. Poor residents may make sacrifices to stay in a neighborhood in which criminal activity is decreasing, and the quality of services is increasing (Vigdor, 2002).

Alternatively, an increasing proportion of higher income households may reflect the success of economic development activities, and expanded opportunities for existing residents, rather than demographic change (Vigdor, 2002). The unique racial make-up of Albina's neighborhoods makes this final theory relatively easy to dispute in the ICURA. Although the income level of long-term residents may change, race does not. Through census data, and the geographic representations of the Coalition for a Liveable Future, it is clear that the population change is occurring in North/Northeast Portland (Coalition for a Liveable Future).

However, even for residents who vacate an area, it cannot be assumed that satisfaction or quality of life decreases with relocation. Housing conditions and satisfaction may improve, even when a move is not voluntary (Vigdor, 2002).

Insufficient Measurement in the Interstate Corridor Urban Renewal Area

In its *Interstate Corridor Urban Renewal Area: Housing Strategy*, PDC addresses the potential of measurement of displacement:

“PDC will partner with BHCD, housing service providers and housing advocates to explore methods and resources for collecting data on residential displacement in the ICURA. Information will be used to analyze the extent of the problem, inform strategies and program development,, and evaluate urban renewal and other public and private activities.”(2002)

It is telling that this commitment appeared in a publication released in 2002, well after the formation of the urban renewal area. Despite addressing fears of gentrification, and even including strategies for management, PDC did not include strategies for measurement in early ICURA documents. The 2002 Economic Revitalization & Involuntary Displacement study represents the only real investigation into the issue, and is largely based on data collected before the creation of an urban renewal area. As a result, we have no way to measure progress towards a central principle of the Interstate Corridor Urban Renewal Area Plan.

The Bureau of Housing and Community Development did complete an evaluation of residents' perceptions of displacement in the ICURA, including surveys and interviews (The Portland Development Commission, 2001). The study did conclude that displacement was a widespread concern, although findings were largely based on perceptions, rather than personal experiences (J Southgate, personal communication, March 16, 2009). The lack of a tailored longitudinal study limits our ability to evaluate changes over time.

Informal communications with current and former PDC staff members revealed several attitudes towards the situation. Some feel that gentrification is not a cause for serious concern. Instead, gentrification reflects the success of urban renewal programs designed to increase the desirability of neighborhoods. Some cite academic reports raising doubts about the negative impacts of gentrification, even for vulnerable populations.

Another view is that gentrification is a serious concern, but that efforts should be devoted towards its management, rather than its measurement. Where resources are limited, the documentation of conditions siphons funding away from other investments, including those designed to assist residents in fulfilling housing needs. Although pragmatic, this approach limits our ability to understand which management strategies are actually effective.

The most common position appears to be a dependence on anecdotal evidence. The construction of new affordable housing units has led to long waiting lists of potential residents, many of whom currently reside in North/Northeast Portland. It is natural to conclude that such waiting lists reflect an inability to find suitable housing within the area. Many find this evidence sufficient reason to pursue the management of gentrification, without extensive measurement.

There appears to be a considerable amount of consternation in response to the challenges of defining and measuring gentrification. Despite challenges, PDC should have established a system for monitoring displacement. Instead, PDC has largely relied on external sources of data for its evaluation. The 2001 “Base Data and Trends” report largely relies on census data, setting the stage for future comparisons when additional census data is released. More tailored studies typically take one of two forms

Household-based studies track a sample of residents. These studies allow researchers to collect information from residents who have moved out of the study area, including the reasons for these moves. Even under ideal conditions, secondary displacement is difficult to measure. Residents may include increasing housing costs as one of several reasons to relocate. A PhD study of resident attitudes towards neighborhood changes in the Alberta Arts District illustrates how such studies can reveal the consequences of revitalization.

Unit-based studies track individual housing units, and monitor changes in rent, or even the demographics of residents at specific points in time. These studies allow researchers to see whether the affordability of individual units is changing. The Central City Housing Inventory is an example of a unit-based study. Conducted by PDC, the study seeks to collect information about all rental units within the central city area, in order to evaluate the success of the city’s No Net Loss policy. The study provides information about losses and gains in affordable housing units. In its 2005 report, the City Club recommended that this study be expanded to include urban renewal areas outside of the central city.

Going Forward

PDC’s reliance on census data in urban renewal areas is problematic. Census data has many positive qualities, including availability and affordability. However, limitations are also plentiful.

Census data is only available in standardized geographical units, and cannot be tailored to the boundaries of an urban renewal area. These restrictions may not be extremely significant, as the impacts of an urban renewal area are not necessarily restricted to these boundaries. The

challenge of choosing a study area is not caused entirely by the use of census data, but is complicated by it.

Most significantly, the census allows us to evaluate population characteristics that may provide clues about demographic changes. For example, race, time in current residence, income levels, and housing burdens provide valuable information. However, these characteristics cannot be tied to individual housing units, or personal motivations. The release of 2010 census data may provide more questions than answers. The following potential scenarios demonstrate the challenge of interpreting census data.

Potential Analyses of Gentrification using 2000 & 2010 Census Data

Potential Scenario: 2010 census data indicates that long-term residents experience a reduced housing burden in comparison to 2000 census data.

Possible Explanations:

- 1) Long-term residents have experienced rising incomes due to economic development activity and/or reduced housing costs due to the provision and preservation of affordable housing units.
- 2) Long-term residents with lower incomes exited the neighborhood in larger numbers, leaving more successful residents remaining in the study area.

Potential Scenario: 2010 census data indicates that long-term residents experience an increased housing burden in comparison to 2000 census data.

Possible Explanations:

- 1) Long-term residents have experienced rising rents due to increased demand for housing units in gentrifying neighborhoods.
- 2) Long-term residents with higher incomes exited the neighborhood in larger numbers, leaving less successful residents in the study area.

Neither scenario clearly describes the experiences or welfare of “existing residents.” It is even possible that a reliance on census data may make the effects of gentrification appear to be more prominent than they actually are. This may also be true of anecdotal evidence. Other potential data sources, such as the American Housing Survey, may provide more specific information, but the timing and geography of these studies are beyond local control. The lack of a tailored study may artificially decrease public opinion of urban renewal.

As Portland’s population grows, the availability of funds for housing programs may actually provide more housing stability in urban renewal areas than in other portions of the city. According to PDC, “Urban renewal alone cannot shelter residents from the effects of gentrification,” revealing the perspective that urban renewal can be used to prevent displacement, and should not simply be perceived as a cause of it (Publications : PDC : Economic Revitalization & Involuntary Displacement in North-Northeast Portland An Issues Analysis, 2002).

The unique history of Albina complicates efforts to analyze displacement. African American residents were largely restricted to these neighborhoods of Portland, as a result of discriminatory housing practices. It is likely that some households are leaving the ICURA because of preference and opportunity. As Karen Gibson describes in “Bleeding Albina,” the exodus of African Americans was first a reaction to disinvestment and criminal activity, and some changes to housing tenure where demographic:

“Black residents who could afford to move left the area, while those who could not stayed behind and lived with the consequences”

“...many of the war migrants who came in the 1940’s were at the end of their lives, and their children had moved on.”(2007)

As some families have relocated to suburban locations, their presence may make additional families more comfortable with new locations.

Concluding Thoughts

The meaningful analysis of displacement within urban renewal areas is a challenging task. But a failure to attempt this task may inspire greater public concern about a valuable funding tool, at a time when other threats loom large.

A lack of funding alternatives provides motivation to implement urban renewal even when it does not match the unique challenges of an area. Capital improvements without funding for maintenance or programming may not serve the needs of a struggling neighborhood. This mismatch may add additional fuel to criticism of urban renewal.

Unmet expectations provide an additional threat to the use of urban renewal as a funding tool. Urban renewal without eminent domain and large projects does not create the increase in property values experienced by the urban renewal projects of the 1960’s. The style of urban renewal practiced in diverse residential communities is very different from that practiced even in the River District Urban Renewal Area. These differences reflect unique priorities, and the desire to protect existing residents.

In communicating with residents, it is crucial for PDC to address expectations directly. In the ICURA, residents were disappointed by the allocation of initial funds to the construction of the light rail line and the New Columbia housing project, at the expense of other projects (Gibson, *Urban Redevelopment in Portland: Making the City Liveable for Everyone?*, 2004).

The current state of the economy, and property values, may represent the largest threat to the success and scope of urban renewal projects. The situation may decrease the impacts of gentrification, as housing costs have decreased, and vacancy rates have increased. Ideally, the downturn will provide an opportunity to evaluate policies and procedures. The reorganization of the Portland Development Commission allows a more comprehensive approach to neighborhoods (B. Durston, personal communication, October 1, 2008). These changes may facilitate a more data-oriented approach to the measurement and management of gentrification.

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