Brief /

Displacement Prevention and Transit Investments: A Look Across Cities

1.0 / Introduction

Displacement prevention at the City of Austin is guided by Strategic Direction 2023 (SD23), the Austin Strategic Mobility Plan (ASMP) and Austin Strategic Housing Blueprint (Blueprint), the culmination of many years of community engagement and expert input. With that framework in mind, we examined other growing metro areas' experiences with transit expansion and displacement.

Council identified a "Top 10 Indicator List," in SD23 where Council would like to see the highest levels of improvement over the next two to three years. Under the Economic Opportunity and Affordability Strategic Outcome these include: Homelessness, Housing, Skills, and Capability of our Community Workforce (including education).

The **ASMP** states: "We know that transportation is expensive and that transportation improvements can affect displacement, both for people and for businesses. We must acknowledge and confront these affordability issues by working with all our communities to retain the unique character of our neighborhoods within the growing city." It incorporates affordability policies which speak explicitly about mitigating displacement these are:

Affordability Policy 1: Proactively assess displacement impacts of transportation projects, Affordability Policy 2: Work with communities to mitigate displacement impacts of transportation projects.

The **Blueprint** also speaks to displacement, the five community values that guide the Blueprint are:

1. Prevent households from being priced out of Austin
2. Foster equitable, integrated, and diverse communities
3. Invest in housing for those most in need
4. Create new and affordable housing choices for all Austinites in all parts of Austin
5. Help Austinites reduce their household costs

Further, Blueprint Objectives 1.8, 5.2, and 5.3 specifically address transit investments and displacement and call for focusing displacement prevention efforts and supportive services around new investments. Objective 5.2 states, "Redevelopment and major rehabilitation threaten the stock of market rate affordable rental housing (housing built by private development that is affordable without a subsidy due to size, location, age, quality, maintenance, or other factors), where many residents may depend on transit. When developing in transit corridors and nodes, every attempt should be made to ensure that development does not reduce transit ridership."

In consideration of these indicators, policies, and values plus outcomes of many cities in attempting to mitigate displacement around transit investments, an effective strategy for displacement prevention around transit investments would benefit by considering **three elements: timing, neighborhood nuance,** and the **leverage** of proposed interventions. These three elements make up a framework that can help determine the timeline and package of interventions that support residents in maximizing community benefit from transit investments. **Across cities, those that push to maximize their attention to the three elements, maximize their success in helping residents to stay in their neighborhoods and gain the full benefit of transit investments.**

This brief gives a detailed look at the experience of two cities, Seattle and Denver, and their displacement prevention strategy around transit investments across time. These cities were chosen for a detailed look because of their relatively recent transit expansions, the similarity of their housing markets to Austin, and their adoption of displacement prevention strategies around transit. It also includes a high-level overview of four cities: Seattle, Denver, Minneapolis, and Los Angeles, vis a vis their neighborhood specific displacement prevention investments around transit infrastructure developments and their broader housing affordability investments. **The examination of these cities and their displacement prevention strategy around transit investments through the framework of timing, neighborhood nuance, and leverage illuminates following:**

Timing - When an investment is made plays a critical role in the success of an investment. Rising property values demand higher levels of scarce municipal resources ultimately leading to less affordable units that can be created or preserved. **Investing in affordable housing and equity measures before a transit investment is ideal, but doing so simultaneously with transit expansion or soon after still helps ensure a city is achieving a high ROI for residents.**

Neighborhood Nuance - The connection between transit investments, rising property values, and displacement is well established and present in the experience and response across cities. **To ensure that communities that experience low incomes receive a net benefit from transit, it is critical to focus displacement prevention measures around the neighborhoods receiving the transit investment.** A neighborhood nuance approach compliments city-wide housing efforts.

Leverage - Displacement prevention strategies should consider the range of needs for residents facing displacement pressure including housing, education, health care, and food access. Strategies that fail to account for cost of living increases do not fully address the financial pressures residents with low-incomes experience when transit investments are made. To maximize leverage, interventions to be included in a strategy should be assessed for their long-term and short-term impacts, scalability. A variety of funding sources may need to be leveraged for the interventions within a displacement prevention strategy. The more that interventions are calibrated for leverage and combined into comprehensive displacement prevention strategies coordinated with transit investments, the more impact they bring toward maximizing community benefit from transit investments.

2.0 / Seattle and Denver

Seattle

To address displacement around transit investments in Seattle, the City aims to create mixed-use neighborhoods that provide housing along with greater social and economic opportunity for current and future residents. Unfortunately, Seattle did not incorporate a displacement prevention strategy into their transit plans until well after its first major investment (1996), and subsequent to their transit investments, property values rose considerably. Learning from their experiences with past rounds of transit investments and displacement, Seattle now uses Transit Oriented Developments (TOD) as a way to incorporate equity and mitigate displacement. It focuses on funding affordable housing a half-mile walking distance around transit stations. Importantly, the City also acknowledges that TODs exist within the context of neighborhoods and the half-mile walking distance might not be sufficient in every case.

Timing, Neighborhood Nuance and Leverage
Today, Seattle's rail system has an annual ridership of over 25 million people, 20.4 miles of tracks, and almost 4,000 average daily boardings. When Seattle began to make major investments under their Sound Move plan in its current transit system in 1996, they did not include a displacement prevention strategy or incorporate an equity lens.

Sound Transit Plan 2 in 2007 continued the expansion of transit without acknowledging potential negative consequences of development or incorporating equity measures. **Equity analysis conducted by the City of Seattle has shown increases in land values by over 50% in communities with lower incomes surrounding light rail stations since these investments have been made.** In one particular case, assessed land value surrounding a light rail station appreciated by 513% between 2004 and 2011. **A 2008 survey showed that a majority of local businesses had endured increased rents by over 50% in the last three years.** By 2015, Seattle MSA had a deficit in affordable housing of more than 87,000 units.

Seattle and its transit agency began to incorporate a displacement prevention strategy as it expanded transit service with the passage of Sound Transit 3 in 2016. This plan created a loan for affordable housing and offered surplus properties for affordable housing while expanding transit service, but did not go as far as to include provisions for education, childcare, or job opportunities which would further help hold constant affordability for its current residents. Seattle voters also passed a Housing Levy in 2016 that authorized an estimated $290 million over a 7-year period to provide, produce, and/or preserve affordable housing in Seattle and to assist Seattle residents living with low incomes. The Seattle City

Council passed commercial linkage fees, in 2015 which requires developers to provide affordable housing, pay a fee in lieu, or a combination of the two when building a new commercial development. Given the framework of timing, neighborhood nuance, and leverage, we can take away several **lessons from Seattle for Austin:**

1) Timing: Seattle has been able to create a large fund dedicated to affordable housing, but they did not make that investment soon enough. Investing in displacement prevention and equity before transit investments is critical to preventing displacement and maximizing the community benefit of the transit investments;
2) Neighborhood Nuance: In the face of mounting displacement risks for residents, Seattle turned to a neighborhood-based approach. Today, Sound Transit donates land to affordable housing and has loans available for affordable housing development to tamper displacement pressures. This was in recognition that past rounds of transit investments, unaccompanied by a neighborhood specific displacement strategy had not been able to help residents fully maximize the benefit of its transit investments, leaving them at risk of displacement;
3) Leverage: Seattle's current package of displacement prevention strategies are steps in the right direction, but a more comprehensive package of interventions could do more to bring down the cost of living for Seattle residents facing displacement by including investments in childcare, health centers, job training, or access to low cost healthy foods.

Denver

Denver's transit investment and displacement strategy focuses on collaboration across the public, private and nonprofit sectors. To tackle this, Denver established its TOD Fund and Mile High Connects Coalition in 2010. Five years after the creation of the TOD fund, Denver still had a long way to go toward their goals with nearly 68,000 cost-burdened renter households across all income ranges in 2015 in their city. Their efforts remain active post 2015. For instance, the Mile High Connects Coalition has recently created 155 affordable housing units reserved for people experiencing low income and homelessness near the planned transit investment in East Colfax, a historically African American Neighborhood in Denver and recent significant investments in their displacement strategy in 2019.

Timing, Neighborhood Nuance and Leverage
Denver's current rail system has an annual ridership of approximately 24.5 million people, 58.5 miles of tracks, and roughly 1,600 average daily boardings per mile. In 2004, Denver voters passed FasTracks, a $7.8 billion transit expansion that included 122 miles of new rail and enhanced bus service. Shortly after FasTracks, development pressure around new transit investments began to increase property values. Local organizations responded by forming a coalition of private, public and non-profit organizations in the Denver area around the need for greater affordable housing and community investments around transit. This coalition became Mile High Connects and was critical in establishing the Denver TOD Fund in 2010 to provide funding for affordable housing developers to build and maintain housing for households with low-incomes in proximity to transit. The Denver TOD Fund made investments while property values were low post the 2008 Financial Crisis. Like Mile High Connects, the Denver TOD Fund involved partnerships between the City of Denver, Enterprise Community Partners, the Urban Land Conservancy and other private investors.

Since the Fund began in April 2010, it has funded the acquisition of six different properties throughout Denver within a half mile of light rail and commuter rail or a quarter mile of high frequency bus routes. In 2014, the fund was expanded to the seven-county Denver metro area and has grown to $24 million. The expanded fund is anticipated to support 2,000 new affordable units and other community-supportive investments. **Critically, Mile High Connects noted that housing was not the only issue facing communities at risk of displacement.** While they have continued to advocate for funding from the City and fund affordable housing near transit themselves, Connects also provides grant funding to nonprofits on issues ranging from jobs, education, transit, and health in order to assist with balancing family budgets as changes bring pressure to property values, rents and other parts of household budgets in neighborhoods with transit investments in Denver.

Despite efforts to curb rising housing costs from the City and nonprofits, the Denver MSA still has a deficit of 62,818 affordable housing units. Denver has continued to increase investment and resources into affordable housing. In 2016, Denver created its first dedicated local fund for affordable housing estimated to be $150 million over 10 years to serve low and moderate-income households with funding coming from property tax revenue and linkage fees. Denver's 2019 Budget included $50 million for affordable housing, $14.7 million investment in services for people experiencing homelessness, and $1.5 million for short-term support to renters to prevent evictions and homelessness. It also allocated funds for the creation of the Neighborhood Equity and Stabilization Office (NEST) focused on preserving the people, small businesses, and culture of neighborhoods at risk of displacement.

Despite potential challenges to replicating parts of Denver's funding model in Texas, given the framework of timing, neighborhood nuance, and leverage, we can still take away several **lessons from Denver for Austin:**

1) Timing: while Denver missed an opportunity to invest in displacement prevention at the inception of FasTracks, the timing of its later neighborhood nuanced investments helped retain affordability for residents. Denver's TOD investments started during a time of high risk and need for the community members. By investing in displacement prevention and transit together at this crucial time, Denver built longer term resilience for its residents.
2) Neighborhood Nuance: Denver has identified the neighborhoods at greatest risk of displacement and created the NEST team to direct services and support toward these specific areas. The City and its nonprofit partners have also helped fund services beyond housing including health care facilities, job training, and grocery stores. Being comprehensive has helped Denver meet overall pressure on residents' overall household budgets and retain the benefits of transit investments for residents already existing in its neighborhoods.
3) Leverage: Forming partnerships between community groups, regional and national organizations has helped Denver rally multiple sources of funding and produce greater ROI to help communities increase benefit from transit investment in a neighborhood nuanced way that involves both affordable housing and services. The collaborative approach has brought scalability to Denver's displacement strategy, their investments have served a combination of both immediate and durable impact for residents.

3.0 / Four City Overview

The charts below provide an overview of the transit systems of Seattle, Denver, Minneapolis and Los Angeles along with their known neighborhood specific displacement prevention and city-wide affordable housing investments. Seattle, Denver, and Minneapolis were included because each has a population size and growth trajectory similar to Austin's, faces displacement pressure from their rapidly growing population, has invested in a neighborhood specific approach in some form, and faces a gap of affordable housing units similar to Austin's in their overall housing stock. Los Angeles was included because it provides an example of the negative consequences of failing to include displacement prevention measures into transit expansion. Although LA has recently begun to use loans to fund affordable housing near transit, the recent history of LA transit has seen ridership decrease even while more transit options are available. This surprising outcome is likely because the majority of transit riders live with low-incomes and are people of color; the same demographic of people most vulnerable to displacement when property values rise. Cities like Minneapolis and Denver have invested earlier in displacement prevention measures around transit and have seen less displacement than their counterparts in LA and Seattle. However, the shortage of affordable housing in all of the cities represented in the charts below shows that they all have room to improve and grow in providing affordable housing and supportive services that help mitigate displacement. In LA, Seattle, and Denver, collaboration between the public, private, and nonprofit sectors have been able to increase funding to neighborhoods at risk of displacement by leveraging funding from multiple sources. Minneapolis has benefitted from neighborhood-specific funding from the Minnesota State Legislature. Austin should consider what partnerships are available that might ultimately lead to greater leverage and funding toward displacement prevention measures.

Transit System Numbers: Seattle, Denver, Minneapolis-Twin Cities, Los Angeles

	City Population Size	Annual Ridership	Rail System Length	Rail System Avg. Daily Boardings Per Mi
Seattle	708,82	211,283,000 (Rail 25,217,855)	20.4 mi	3,878
Denver	693,417	103,340,000 (Rail 24,585,300)	58.5 mi	1,629
Minneapolis Twin Cities Region	Minneapolis 416,021 (St. Paul 302,760)	98,584,000 (Minneapolis Rail 24,299,400) (St. Paul Rail 75,300)	21.8 mi	3,454
Los Angeles	LA County 10,098,052	615,522,000 (Rail 51,395,800)	83.6 mi	1,929

Four City Investment Overview

	Neighborhood Nuanced Funds (For displacement prevention at the neighborhood level around transit)	City Wide Affordable Housing & Funds
Seattle	**2019:** Sound Transit- $4 M per year for five years beginning in 2016 into a revolving loan fund to create affordable housing near high-capacity transit stations (Offers surplus property around transit for affordable housing at 80% AMI or less) Regional Equitable Development Initiative (REDI) Fund, $21 M revolving loan fund to provide early low-cost financing for acquisition of transit-accessible property to build housing for working families, families experiencing low-income **Total:** $25 M in available funding per year **Funding Sources:** State government, Enterprise Community Partners (ECP)	**Income-restricted units in operation or under development:** 16,000 **Current shortfall of affordable units:** 87,000 in MSA (2015) **Most Recent Investments (2020 Total):** -$45.5 M to address displacement and create opportunities for equitable transit-oriented development -$2.5 M to loan program for low and moderate-income families creating affordable ADUs -$4.5 M for 175 new units of Permanent Supportive Housing **Funding Sources:** Housing Levy, Real Estate Excise Tax, Commercial Linkage Fees
Denver	**2019** Denver TOD Fund - $24 M in loans available to affordable housing developers near transit Mile High Connects- leverages existing and expanding transit system to connect residents from neighborhoods with low incomes and communities of color to affordable housing, living wage jobs, quality schools, and access to healthy food Neighborhood Equity and Stabilization Team (NEST)- Small team in city government works to maximizing existing city programs for residents in neighborhoods vulnerable to displacement **Total:** $24 M in loans - Salaries for four and NEST staff **Funding Sources:** Coalition of private, nonprofit, and public funding, city revenue, ECP	**Income-restricted units in operation or under development:** 20,898, Projected 6,000 over next five years **Current shortfall of affordable units:** 62,818 in MSA (2015) **Most recent investment(s) (2019 Total):** -$50 M for affordable housing -$14.7 M investment in services and facilities for those experiencing homelessness - $1.5 M to continue the Temporary Rental and Utility Assistance Program, which provides short-term support to struggling renters to help prevent evictions and homelessness **Funding Sources:** Property Tax Revenue and Linkage Fees
Minneapolis **Twin Cities Region**	**2019** Metropolitan Council (regional planning entity) livable community grants-ongoing since 1995 (For neighborhood specific investments for Twin Cities Region): -Livable Communities Demonstration Account- $9 M -Local Housing Incentives grants- $4.5 M -Tax Base Revitalization Account (TOD)-$5.75 M **Total:** $19.25 M **Funding Sources:** Minnesota State Legislature	**Income-restricted units in operation or under development (2015):** Minneapolis 21,063; St. Paul 13,671 **Current shortfall of affordable units:** 78,997 in MSA (2015) **Most Recent Investment(s), Minneapolis (2019) Total:** -Affordable Housing Development $ 30.8 M -Homeownership Support & Development $13.9 M -Affordable Missing Middle $500,000 -Affordable Housing Trust Fund $13.8 M -Eviction Representation Pilot $150,000 -Homeownership Counseling and Outreach $50,000 -Homeownership Opportunity Minneapolis $196,000 -Minneapolis Homes (Homeownership Program) $4 M -Housing Stabilization $1.5 M -MSP Techhire (Workforce Development) $100,000 -Naturally Occurring Affordable Housing (NOAH) Preservation $3.3 M -Stable Homes, Stable Schools (Housing supports for families with children) $3.3 M -Tenant Hotline $125,000 -Tenant Legal Services $175,000 **Funding Sources:** General Revenue
Los Angeles	**2019** Metro Affordable Transit Connected Housing Program (MATCH)-a public-private lending partnership to preserve, stabilize and expand affordable housing stock near existing and proposed transit with a capitalization of $75 M **Total:** $75 M **Funding Sources:** Public-private lending partnership including Los Angeles County Metropolitan and ECP	**Income-restricted units in operation or under development:** 111,000 affordable homes **Current shortfall of affordable units:** 516,946 **Most Recent Investment(s) FY 18-1:** Permanent Supportive Housing $115 M Rapid Re-Housing $18.5 M Community Development Commission Funds (Affordable Housing Trust Funds, Federal HOME funds, and other funding sources) $114.415 M **Funding Sources:** General Revenue, GO bonds