



Increase Neighborhood Stability by Mitigating Residential Displacement

Objective

Create opportunities for residents to stay in their neighborhoods as housing markets change.

WHAT IS DISPLACEMENT?

Displacement occurs when housing or neighborhood conditions force residents to move. Displacement can be physical, when building conditions deteriorate – or economic, as costs rise. Communities of color, low-income communities, and renter neighborhoods are at a higher risk of displacement.

Gentrification is the process of changing the character of a neighborhood through the influx of more affluent residents and businesses. Gentrification can often be a precursor to displacement. Depending on the local and regional context, displacement may precede gentrification or the two may occur simultaneously. Several key factors drive gentrification and displacement: proximity to rail stations, jobs centers, historic housing stock, and location in a strong real estate market. Gentrification and displacement are regional issues as they are inherently linked to shifts in the regional housing and job market.

PSRC developed a [displacement risk tool](#) to identify areas at greater risk of residential displacement based on neighborhood conditions. In addition to this tool, PSRC is developing further guidance on residential displacement for local jurisdictions.

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WHY IS IT IMPORTANT TO REDUCE DISPLACEMENT?

VISION 2050, the region's long-range plan for growth, calls for creating a region where growth benefits all residents by increasing economic development and access to jobs, expanding housing and transportation choices, promoting neighborhood vitality, and improving public health and environmental quality. However, without public intervention, growth can benefit some and exacerbate burdens for others. This can push people away from their current communities, resources, and jobs. Taking steps to mitigate displacement can help to ensure all residents have the choice to stay in their neighborhoods.

Local governments can play a key role in helping to provide opportunities for residents to stay in place. Many jurisdictions are working to reduce the likelihood of displacement. While some jurisdictions report having displacement mitigation tools in place, many communities have continuing questions and need for more technical assistance. Displacement is a complex topic with myriad approaches to address the various types of displacement and local conditions. This document helps to answer some questions about residential displacement and identifies potential pathways forward.

WHICH COMMUNITIES HAVE RESIDENTS MOST AT RISK OF DISPLACEMENT?

Existing conditions and changes in neighborhood characteristics can help to identify areas where displacement may occur. However, this only paints a partial picture and does not represent the spectrum of experiences of communities, specifically lower income communities of color, and how they are affected by growth and growing gaps in wealth in the region, as well as past inequities.

Significant numbers of cost-burdened low- and moderate-income households

Low- and moderate-income households paying more than 30% of their income on housing costs (i.e., cost-burdened households) often do not have much money left for other necessities like food, clothing, transportation, and medical care. Many cost-burdened households are one unforeseen expense away from eviction. Even slight increases in housing costs can lead to displacement for these families.

Home prices and rents in low-income communities and marginalized communities of color are increasing rapidly

Redevelopment and a growing demand for housing can increase property values in low-income communities and marginalized communities of color. Increasing rents and property taxes can displace lower income households. It can also lead to the displacement of households of color, who disproportionately lack the wealth necessary to navigate these shifts in the housing market due to historical and contemporary forms of discrimination that have limited their access to homeownership and involvement in government processes.

Relatively low supply of long-term affordable homes

Affordable homes that lack deed restrictions, also known as naturally occurring affordable homes, are susceptible to changes in the housing market that can lead to increased rents. If a jurisdiction has a relatively low number of permanently affordable homes for low-income households or a considerable number of affordable homes that are set to expire, low-income residents may have a difficult time remaining in these communities if they experience redevelopment, renewal, and growth.



Neighborhoods with high concentrations of renters

The majority of households in the region, 60%, own their homes. However, over 30 cities in the region have less than 60% homeownership and eight are majority renters. Renters can see their housing costs increase on an annual basis. This exposure to potential rapid changes in housing costs can lead to displacement. Additionally, converting rental units to condominiums and closing a rental building for renovation are other risk factors faced by renters.

WHAT ARE SOME STRATEGIES TO REDUCE DISPLACEMENT?

There is not a one-size-fits-all solution to reduce the likelihood of displacement in a neighborhood. A variety of strategies that are sensible for each distinct community should be considered to help residents navigate shifts in the housing market. Potential strategies for addressing displacement include:

- **The production of affordable units.** Policies aimed at creating more affordable housing can increase the availability of long-term affordable housing options in a community to help ensure availability of housing even if individual units become unaffordable or are redeveloped. This can include strategies such as public investment, regulatory incentives, such as density bonuses, and financial tools, such as the [multi-family tax exemption \(MFTE\)](#).
- **Preserving affordable housing.** Establishing programs to encourage owners of existing affordable housing developments to retain them and continue charging affordable rents can reduce the likelihood that residents are displaced. Strategies to maintain affordability of existing units include public investment and [transfer of development rights](#).
- **Education and communication.** Dispelling myths about affordable housing and educating residents as well as municipal officials about the benefits of reducing displacement through strategies such as [community engagement plans](#) can help reduce resistance to creating and preserving affordable housing.
- **Funding mechanisms.** Equipping jurisdictions with funding mechanisms such as [local housing funds](#) to help produce and preserve housing for low-income residents.
- **Resident resources.** Connecting residents to resources, such as community organizations, that can help them resist displacement can be an effective complement to the aforementioned tools.

WHAT DO I NEED TO KNOW TO GET STARTED PLANNING FOR DISPLACEMENT REDUCTION?

Leverage the strength of the housing market

The strategies that will be most effective at preventing and/or mitigating residential displacement will vary based on the current housing demand in a community. Jurisdictions with stronger housing markets can use the market strength to encourage or require affordable housing in concert with building market-rate housing. It is often easier to enact policies to create affordable housing for existing residents in emerging markets with new residential development taking place. In these markets, [inclusionary zoning](#) can be used to stipulate affordable housing in new developments.



Identify sites for future affordable housing

Being proactive in identifying sites for future affordable housing can help residents that are displaced from their existing homes find new housing. It is important to understand how the housing market may be changing and what future investments may have an impact, such as transit infrastructure. This can help to identify neighborhoods where the housing market may not naturally produce affordable units without public sector intervention. This timing allows for procuring land at potentially lower costs. Funds such as the [Regional Equitable Development Initiative \(REDI\) Fund](#) can help to finance the acquisitions of these properties. Brownfield areas and vacant buildings also hold immense potential for conversion into affordable homes, as long as the sites are safe for development. These properties may be eligible for funding through EPA brownfield redevelopment grants or historic preservation tax credits, loans, and grants.

Proactively address displacement by supporting existing residents

When units fall into disrepair and become uninhabitable or landlords opt out of the rental assistance voucher program, policymakers can offer property tax breaks or other incentives like low-interest renovation loans to keep these homes affordable and in use. Additionally, when units fall into disrepair, jurisdictions can leverage code enforcement to require building improvements. For low-income homeowners, expensive repairs, utility bills, and property taxes are often some of the biggest obstacles to staying in their homes and make them more vulnerable to displacement. Promoting or expanding [home repair resources](#) and creating income-based repayment plans can reduce the likelihood these residents feel forced to sell their homes.

Provide homeownership counseling and financial assistance for potential homeowners

Connecting low- and moderate-income individuals in emerging markets to homeownership will help shield them from potential price increases and also allow them to enjoy the benefit of increased home equity, which can provide them with additional resources to resist displacement. Homeownership counseling, including training to help residents assess potential benefits and risks, can help these potential homeowners determine whether purchasing a home is feasible and gain an understanding of the resources that are available to help them with this process. In many cases, residents are paying rent that would be equivalent to their monthly mortgage. Partnerships between jurisdictions and community-based organizations can streamline training and the allocation of available financial resources.

Provide relocation assistance for residents

Displacement can occur through legal rent increases, evictions, and foreclosure when increasing housing prices result from neighborhood reinvestment, major infrastructure investments, and other processes of gentrification. Resources to mitigate displacement in these circumstances include right of first refusal, relocation advisory services, reimbursement for moving expenses, and payments for the added cost of renting or purchasing comparable replacement housing. What do I need to know to get started planning for displacement reduction?



Provide education and outreach

Ensuring that existing low-income and minority residents have a voice in the decision-making process is key to creating inclusive neighborhoods that allow for growth and enable current residents to remain in their communities and maintain their existing community ties and benefit from new jobs, services, and amenities. Jurisdictions and developers should include long-term residents in the planning of revitalization projects early and often. Their lived experience can identify potential blind spots to help inform an inclusive economic and social transformation that is resistant to displacement.

Create blended partnerships

Jurisdictions can cultivate relationships between new and long-standing residents by focusing on universal values, such as safety, opportunities for kids, and access to resources. This is extremely important for topics such as mixed-income developments, where myths can escalate a conversation into conflict quickly. Designating staff to mediate these conversations and defuse these potential conflicts is important. Additionally, creating a space where community members are not intimidated into silence by the perceived education or confidence of other group members is imperative.

Leverage growth to provide affordable housing opportunities for more residents

Upzoning should be coupled with subsidies and incentives to prevent displacement of the most vulnerable residents and to create affordable housing in places that are desirable to residents of all income levels and in neighborhoods where market-rate housing is being built.

