

**Residential Infill Project  
Displacement Risk Analysis  
*Frequently Asked Questions***



Bureau of Planning and Sustainability  
Innovation. Collaboration. Practical Solutions.

City of Portland, Oregon



# Residential Infill Project

## Displacement Risk Analysis

### Introduction

Portland's 2035 Comprehensive Plan calls for new plans to evaluate the potential to cause displacement or increase housing costs in vulnerable communities. The Residential Infill Project, which began in 2015, is one of the first projects under the new Comp Plan (adopted in June 2016) to conduct a detailed displacement risk analysis.

The Residential Infill Project [Displacement Risk Analysis](#) examines who is vulnerable to indirect displacement and where redevelopment is most likely to occur under the proposal. Those two data sets combined attempt to quantify how many people might be displaced and from where.

### Findings

Overall, the RIP proposal **is likely to reduce displacement of low-income renters in single-family homes** across Portland. That's because allowing more units to be built on one lot means fewer lots will be redeveloped across the city.

The proposal **will likely significantly reduce the cost of housing** for duplexes, triplexes and fourplexes (i.e. middle housing types) allowed in single-dwelling zones. Smaller unit sizes, as well as the ability to split land costs between two, three or four dwellings (instead of one), mean lower prices.

These findings suggest the proposals will **reduce displacement citywide, create less-expensive housing options** and **provide housing types** that used to be allowed in Portland's neighborhoods. This will give more people of different ages, incomes and abilities access to the benefits of Portland's great neighborhoods.

This Displacement Risk Analysis compares displacement risk of both the "baseline" – or current zoning– with the proposed zone changes in the Residential Infill Project. Key findings from this analysis include:

- There is a **net reduction in the frequency of demolition and redevelopment** across the city *and* a **net increase in the amount of housing units** in single-dwelling zones.
- New housing units are likely to be smaller and thus less expensive than under the current single-family zoning allowances (the baseline).
- The potential for indirect displacement is greatest where increases in redevelopment are more likely and there is a higher proportion of low-income renters.
- Under RIP, there would be a 28-percent reduction of indirect displacement for low-income renters in single-family homes citywide. Through 2035, roughly 680 low-income renter households in single-family homes continue to be at risk of displacement under RIP, compared to 950 such households who are at risk under the current zoning (baseline).

- In Portland neighborhoods that are identified as *displacement risk areas*, there is a 21-percent reduction of indirect displacement risk for low-income renters in single-family homes. Through 2035, around 480 low-income renter households in single-family homes continue to be at risk of displacement in these neighborhoods, compared to 610 such households under the current zoning regulations (baseline).

*So, it's clear: If we do nothing, displacement will continue to occur, housing options will be more limited, and fewer people will be able to afford to live in Portland. The Residential Infill Project could alleviate displacement pressure throughout most of Portland's single-dwelling zones.*

## Background/History

The Residential Infill Project launched in 2015 as a response to increased demolitions of older homes in single-family neighborhoods and the lack of available housing options in neighborhoods. Older more affordable homes were being replaced by new large homes, which were out of scale with surrounding houses and too expensive for most Portlanders to buy. But the zoning code allowed few other housing options in single-family neighborhoods.

So, then-Mayor Charlie Hales directed the Bureau of Planning and Sustainability to find a way to decrease demolitions and reduce the size of new buildings, while increasing the range of allowable housing types in Portland's residential neighborhoods.

### **PART I: The initial Proposed Draft – More ADUs, duplexes and corner lot triplexes**

The result was a set of proposals that would allow duplexes, triplexes and additional accessory dwelling units (ADUs) in single-dwelling zones – provided the primary structures were all roughly the same size. When project staff presented this “proposed draft” to the Planning and Sustainability Commission (PSC) in May of 2018, Commissioners felt the proposed zoning changes didn't go far enough to meet Portland's growing housing need and changing household demographics.

This was confirmed by an [initial economic feasibility analysis by Johnson Economics](#), which indicated that roughly 1,713 (+31%) additional new units in single-family zones would be created over 20 years because of the proposal – or only 10 more units a year over the “baseline” (what is *currently* allowed).

*In other words, the proposal would have made it marginally feasible for the market to produce more types of housing.*

### **PART II: The Revised Proposed Draft – Duplexes, triplexes, fourplexes and more ADUs allowed on nearly every single-dwelling lot**

The PSC then directed staff to increase the number of allowed units to four per lot. This could be achieved with a house + two ADUs, a duplex + one ADU, or a triplex or fourplex on nearly every single-dwelling lot. Exceptions were made for lots in the 100-year floodplain or those included in the natural resource inventory, landslide hazard areas and on unpaved streets.

To incentivize the creation of more housing, Commissioners also requested that the structures get slightly larger with each additional unit. Staff then tested whether this revised approach would increase the economic feasibility of creating more types of middle housing.

A [second economic analysis by Johnson Economics](#) showed that it did. Allowing more units on a single lot made it feasible for developers to build more housing. Looking at every single-dwelling lot that could potentially redevelop, the revised proposals would result in 24,333 more (+198%) units or 1,217 units/year over the baseline over the baseline.

The second economic analysis also showed that by reducing the allowable size of new buildings in single-family neighborhoods *and* dividing those buildings into two, three or four units, each unit would be **more affordable** to average working families and residents.

Proposal version / Outcomes	SUMMARY OF ECONOMIC ANALYSES RESULTS	
	Staff Proposal (April 2018) Duplexes, triplexes and some additional ADUs	Revised Proposal (Sept 2018) Duplexes, triplexes, fourplexes and additional ADUs
<b>Total additional units</b>	<b>+1,713 (31%)</b>	<b>+24,333 (198%)</b>
<b>Average rent</b>	<b>\$3,000 (-35%)</b>	<b>\$1,800 (-56%)</b>

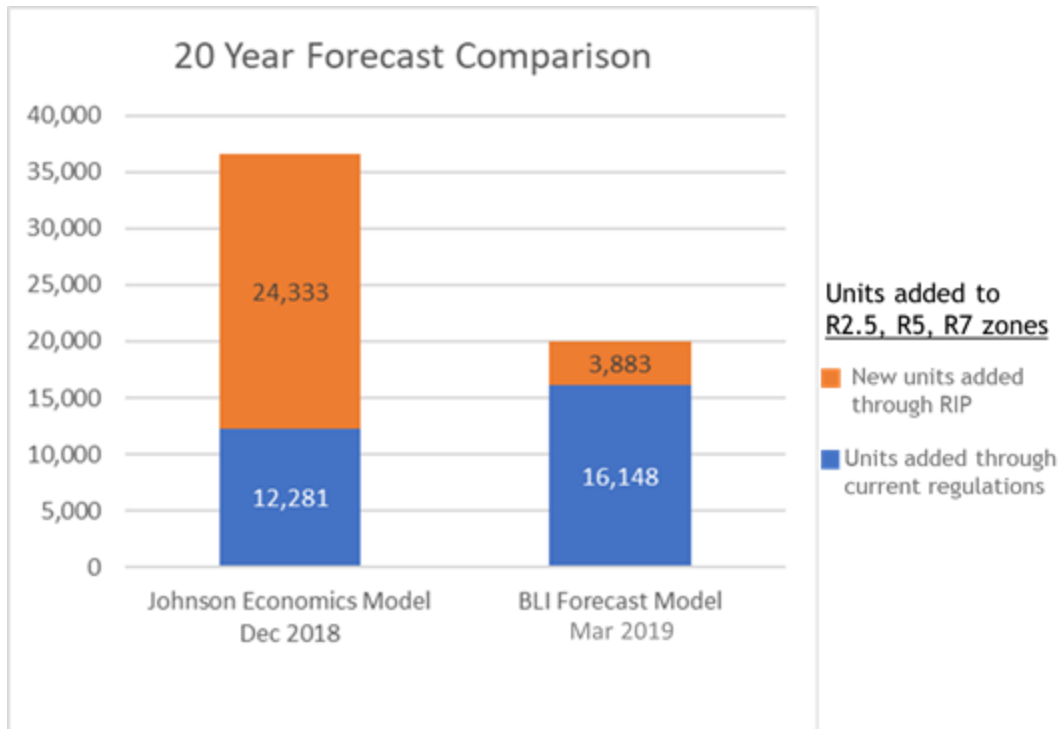
*This was good news, as rents for these new units are projected to be built at a price affordable to people making 80 – 120% MFI (or median family income), which is much lower than the price of new single-family houses in Portland today.*

### Buildable Lands Inventory

But while the Johnson Economics report indicated there is economic potential for more of these unit types under the Revised Proposed Draft, the reality is that there isn't enough demand in the current market for that many middle housing units. So, staff then evaluated the proposals with a more likely scenario using a computer model called the "Buildable Lands Inventory" or BLI. The BLI is the City's state- and Metro-acknowledged method of measuring household and job growth by 2035.

The BLI projects "growth allocation" or where growth will happen. This growth allocation is the *likely* number of new dwelling units that could be produced based on existing or proposed regulations, assuming physical constraints, existing and planned infrastructure, forecasted demand, and the continuation of recent market trends. Growth allocation is a lower (and more realistic) number than the economic feasibility analysis because it considers the *demand* for housing, not just potential *supply* and the other factors mentioned above.

Between these three analyses (the two economic reports and the BLI), the results showed that the Commission's revised proposal is economically viable and makes it more attractive for developers to build duplex, triplex and fourplex units. More importantly, it raised the number of potential new units over the next 20 years from 16,148 single homes (under current regulations) to 20,031 units (with RIP) in a variety of middle housing types.



*This was also good news, as it meant that more people would have more housing choices in Portland’s great neighborhoods.*

But changes to the Revised Proposed Draft also needed to be tested to see if the proposal would impact the displacement of vulnerable households.

### Displacement Risk

Our recently adopted [2035 Comprehensive Plan](#) requires decision-makers to evaluate the potential for increased displacement when major new plans are proposed. This evaluation is a brand new – and evolving – tool that identifies the areas where this might happen when new development occurs.

The Comprehensive Plan includes several related policies in Chapter 5: Housing. This analysis comes in response to two key policies found in that chapter:

**Policy 5.15**, Gentrification/displacement risk, directs City agencies to evaluate new plans and investments for the potential to cause displacement or increase housing costs in vulnerable communities as well as to identify strategies to mitigate anticipated displacement.

**Policy 5.16**, Involuntary displacement, calls for programming and coordination with nonprofit housing organizations to create permanently affordable housing and mitigate the impacts of market pressures that cause involuntary displacement when plans and investments are expected to create neighborhood change.

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## Frequently Asked Questions

### Q: Why is this analysis important?

**A:** Across the country, cities are acknowledging the effects of institutional racism on where people of color live and how that affects quality of life and access to opportunities. In Portland, redlining (a racially discriminatory practice in mortgage lending that began in the 1930s and persisted through the 1970s), [racist covenants](#), predatory lending practices and exclusionary zoning have kept communities of color out of more desirable neighborhoods.

Government-enacted policies and projects can exacerbate these trends. Changes to zoning regulations, for example, can potentially lead to increased displacement. The Residential Infill Project is a change to zoning regulations that allows for new types of housing units to be built. So, staff undertook a displacement risk analysis of the revised proposals in December 2018.

### Q: What exactly do you mean by “displacement”?

**A:** The 2035 Comprehensive Plan defines displacement as “when households or businesses [are] involuntarily forced to move from a neighborhood because of increasing market values, rents, or changes in the neighborhood’s ability to meet basic needs in the case of households, or erosion of traditional client base in the case of businesses.” Being intentional about identifying this risk is critical to ensuring that these risks can be avoided, minimized and/or mitigated.

“Involuntary displacement” related to plans and public investments can be thought of in three ways:

1. **Direct displacement** occurs when government acquires property through eminent domain and a property owner is forced to sell their home; for example, the removal of virtually an entire neighborhood (Lower Albina) to make way for a new interstate freeway (I-5), a hospital complex (Legacy Emmanuel) and the Memorial Coliseum.
2. **Indirect displacement** occurs when policy changes create measurable impacts on market dynamics, such as an increase in rates of redevelopment; for example, *regulatory changes that allow for new types of housing units to be built*.
3. **Induced displacement** occurs when market conditions respond to new development and changes in neighborhood character and impact existing housing units in terms of increasing rents or prices; for example, expected increases in property values from the introduction of transit or other new amenities like parks.

### Q: Who is most affected?

**A:** The focus of this analysis was on low-income renters in single-family houses because they have the least control over their housing situation: They can be evicted and, if they are, they don’t have many affordable housing choices.

### Q: What methodology was used?

**A:** This analysis looked at three things:

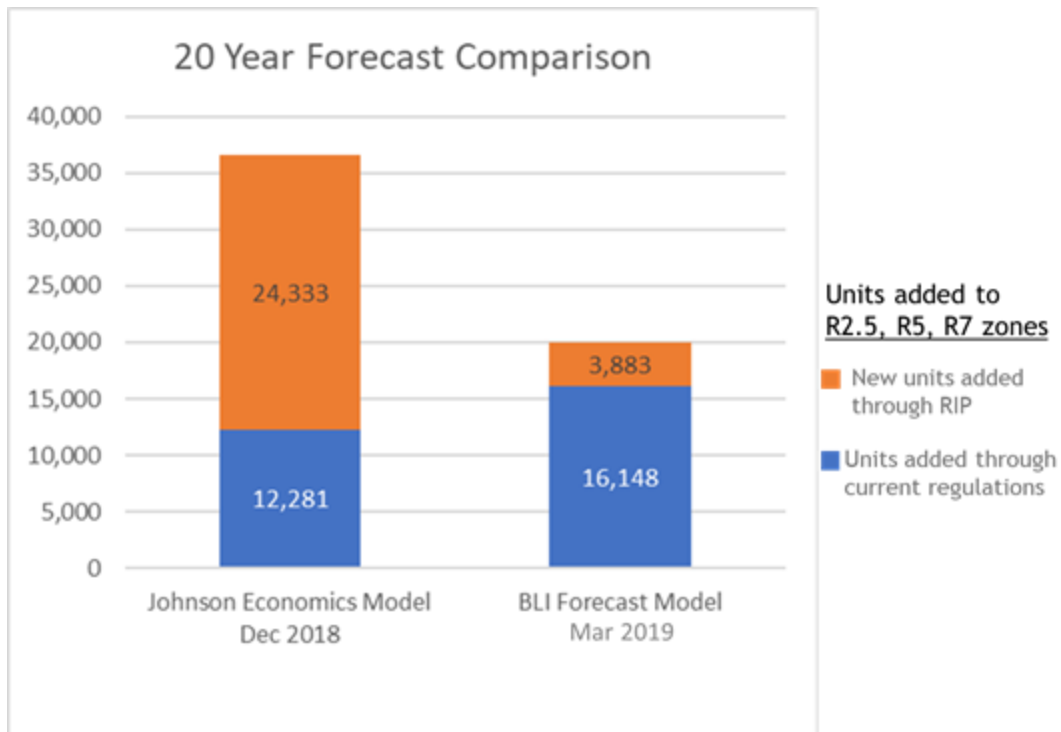
1. **How many households are vulnerable to displacement?** This step characterizes the households that are the most vulnerable to displacement because of the proposal, as well as the magnitude of the impact on vulnerable households.

2. **Where is redevelopment most likely to occur?** Not all parts of the city will see the same level of redevelopment. This step identifies areas that are most likely to see redevelopment of single-family houses in single-dwelling zones.
3. **What parts of Portland have high severity and probability?** This step examines the overlap between the two to assess which areas with higher levels of vulnerability are most at risk of displacement.

**Q: What is the difference between the BLI and the Johnson Economic Report?**

**A:** The biggest differences between the BLI and the Johnson Economic analysis are:

- The BLI included a 20-year fixed housing demand and other constraints.
- The Johnson Economics report evaluated 20-year buildout based on economic feasibility.



In other words, the Johnson Economics report shows the market *potential* of the revised proposals. The BLI shows a lower number because it is more *realistic* based on infrastructure and environmental constraints as well as the growth (i.e., demand) we’re expected to see through 2035.

**Q: Where will new construction occur based on the RIP proposals?**

**A:** The analysis relied on the City’s [Buildable Lands Inventory \(BLI\)](#), which shows parts of the city that are more likely to redevelop under the proposed changes. This model is based on a realistic prediction of housing and job growth in the city through 2035, which Metro and the Population Research Center at PSU [forecast](#) for every jurisdiction in the region.





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Note that the lowest amount of change in forecasted redevelopment is generally on the west side and the inner east side. This is due to the larger home sizes and the higher property values in those areas, which make demolishing a large, expensive home and replacing it with smaller units less profitable. There are also fewer low-income renters living in these areas than higher risk areas, so there is less chance they would be displaced.

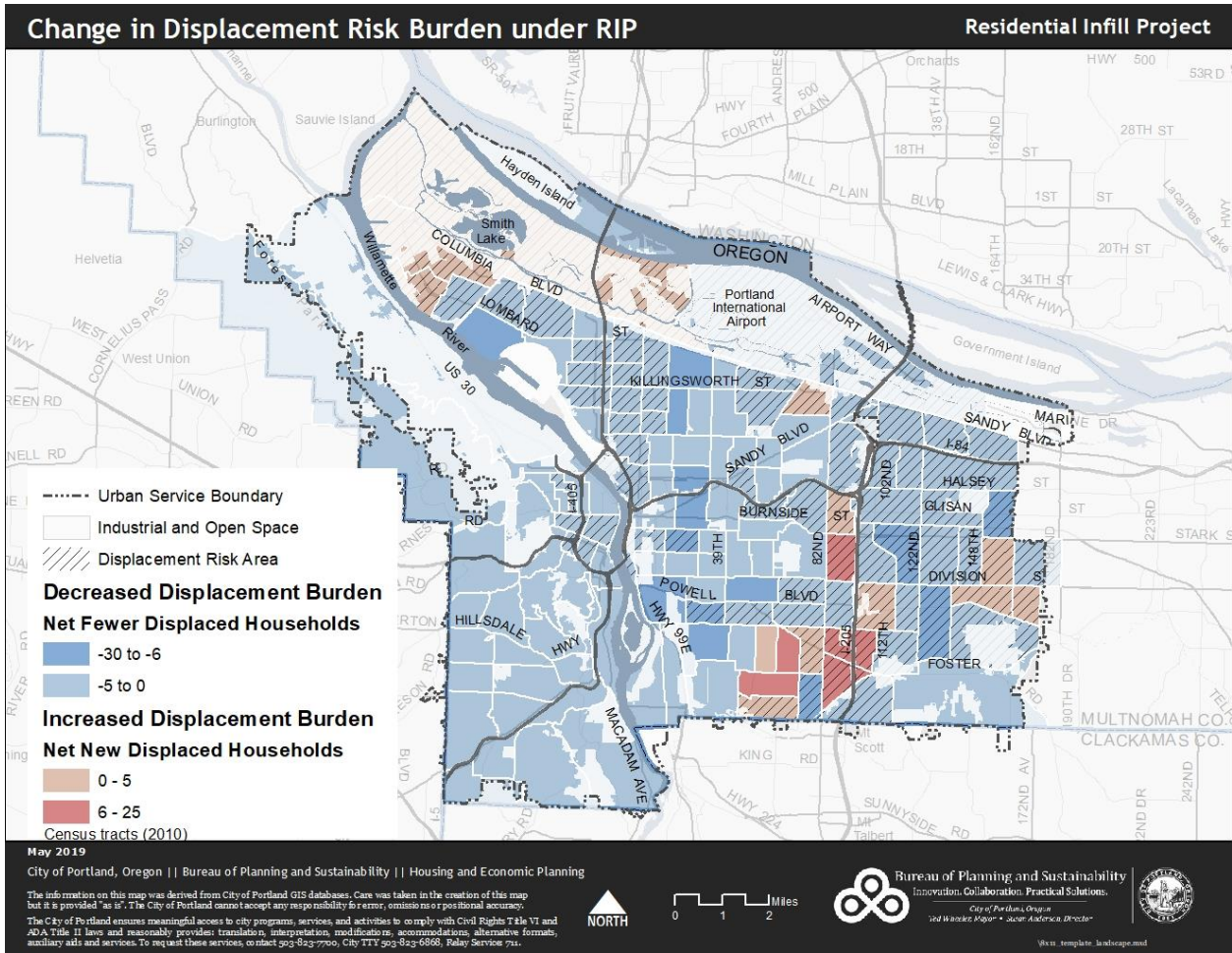
**Q: How does RIP affect displacement citywide?**

**A:** With the revised changes to the proposals, the displacement analysis found that there would be a net *reduction* in the number of demolitions and redevelopment across the city over the next 20 years. This would result in a net reduction in displacement of low-income renters in single-family structures. At the same time, there would be a net *increase* in the amount and type of housing units in single-dwelling zones, from 16,148 single-family houses to 20,031 houses, duplexes, triplexes and fourplexes.

This is because allowing up to four units in one structure means the number of units would be “housed” on fewer sites. So, there would be fewer demolitions *and* more housing units than the baseline scenario of today’s zoning. Because those units would be smaller, they would also be comparatively *less expensive than new units being built today*. That translates into keeping housing costs down and providing more opportunities for a wider variety of people to live in more neighborhoods.

Looking at low-income renters in single-family structures across the city, we estimate around 950 of those households would be displaced by redevelopment occurring under *current* zoning by 2035. Under the RIP proposal, that number is reduced to around 680 households – or a *28-percent decrease* in displacement citywide.

These units are also predicted to be smaller and relatively more affordable than houses being built today: 80 to 120-percent median family income (MFI) or \$65,000 to \$100,000 for a family of four under RIP, compared to 150 to 220 percent MFI (\$122,200 to \$180,000) under current zoning.



**How does RIP affect displacement in higher risk areas (the hatched areas on the map above)?**

**A:** Even in the city’s most vulnerable areas, there is a reduction in displacement risk among low-income renters in single-family structures. Under current zoning (without RIP), there are about 610 households in higher risk areas that are vulnerable to displacement through 2035. With the proposed changes, that number goes down to about 480 vulnerable households through 2035 – or a 21% decrease.

Even though displacement risk decreases citywide *and* in the displacement risk areas with RIP compared to baseline (or current zoning), there are three areas that see higher relative risk: Brentwood-Darlington, Lents and parts of Montavilla east of 82<sup>nd</sup>.

**Note:** While these areas see an increase in displacement risk under RIP, they are not necessarily the “highest need” in terms of total households at risk. Rather, there are parts of the city where RIP would reduce displacement risk, but where the overall number of potentially displaced vulnerable households is still comparatively higher than in these three areas.

For instance, Montavilla – with 4,670 households in single-family structures – could see an increase from 25 to about 34 households displaced through 2035 with RIP. But in Cully, where RIP *decreases* displacement risk for the 3,050 households in single-family homes, there would still be about 39 households at risk of displacement through 2035 (compared to 44 under current zoning without RIP).

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For this reason, it will be important to take a citywide view of displacement mitigation to dedicate resources in the most impactful way. While RIP does not entirely resolve displacement pressures across the City, it does help reduce those pressures and creates housing opportunities in neighborhoods where they would not be allowed under the current regulations. This proposal helps move us in the right direction.

***One thing is indisputable: If we do nothing, displacement will continue, housing options will be more limited, and fewer people will be able to afford to live in Portland.***

**Q: How is the City planning to mitigate for displacement?**

**A:** Getting a more complete picture of the relative impacts between our baseline zoning and plans and investments helps the City focus on strategies that make best use of limited resources. Moving forward, staff will be developing displacement mitigation strategies for both renters and homeowners, in partnership with the Housing Bureau and community stakeholders.

The Comprehensive Plan calls for identification and implementation of strategies to mitigate for anticipated impacts. Part II of the Displacement Risk Analysis presents some potential strategies to mitigate displacement among vulnerable residents in Portland’s single-dwelling neighborhoods. For instance:

- Where program funding is available for anti-displacement and community stabilization in single-dwelling zones, the neighborhoods most at risk of displacement could be the focus for these actions.
- Strategies for vulnerable renters include tenant’s rights education, financial assistance, incentives to property owners to keep rent affordable, and expanded homeownership opportunities.
- Strategies for vulnerable homeowners include education to combat predatory practices, financial assistance to stabilize homeowners, and technical assistance and financing to enable low- and moderate-income homeowners to take advantage of the expanded housing choices allowed by the proposal.

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