Getting ahead of gentrification

Neighbors hope Southwest Portland can preserve affordable housing and stave off displacement when a proposed MAX line is built

BY AMANDA WALDROUPE
STAFF WRITER

Nearly 100 residents of Southwest Portland and nearby suburbs, along with elected officials from every level of Oregon government, gathered at Markham Elementary School on Saturday, Oct. 14. They were there to discuss how a TriMet MAX line proposed to open as early as 2025 in Southwest Portland would affect their community.

They weren't there to talk about the MAX line's route, the line's color or the location of stations. Instead, they discussed how the MAX line would affect affordable housing in the area and how displacement and gentrification could be prevented.

> **"How can we make inclusive growth happen across the entire region? You could almost say that the Southwest Corridor is a pilot project for this. If we get it right, we can scale it up."**
>
> **CHRIS FORD,** METRO'S PROJECT MANAGER FOR THE SOUTHWEST CORRIDOR

Housing advocates and planners are working to create an "equitable housing strategy" that will identify policies and public dollars to preserve existing affordable housing and build more along the proposed line's route in the Southwest Corridor, the area hugging Southwest Barbur Boulevard from Southwest Portland to Tigard.

Nearly 11,000 rental units could be affected by the MAX line's construction, either through demolition or rising land values. The hope is to anticipate those market forces and not repeat failures of the past, such as the gentrification and mass displacement the construction of the Yellow Line caused in North Portland.

The housing strategy and its success will be a test of whether public officials are able to truly hold themselves accountable to the region's poorest citizens and respond to the displacement and gentrification caused by the area's housing crisis.

The community

The Southwest Corridor remains the only suburban area that does not have a MAX line traveling through it from downtown Portland.

The line will run along a 12-mile stretch from downtown Portland south to Bridgeport Village in Tigard. The line's route is yet to be determined, but it will likely run near Southwest Barbur Boulevard or Interstate 5, connecting the suburbs to Portland State University, Portland Community College's Sylvania campus and Oregon Health & Science University.

By 2040, another 70,000 people are predicted to move to the Southwest Corridor, according to the regional government Metro, making it an area expected to have the densest population gains out of the entire metropolitan area.

Chris Ford, Metro's project manager for the Southwest Corridor, said the housing strategy could become a blueprint for addressing future growth.

"How can we make inclusive growth happen across the entire region?" Ford asked during an interview with Street Roots. "You could almost say that the Southwest Corridor is a pilot project for this. If we get it right, we can scale it up."

The housing strategy and the MAX line's route will be determined this winter and early spring. Portland and Tigard city councils are expected to vote on the route and the housing strategy simultaneously by spring or summer.

It is known from construction of past MAX lines that with a new line comes gentrification: property values increase, investors are attracted, and new businesses and shops open.

"It's a market signal to developers that the public is committed to this area," said Ryan Curren, the project's manager at the Bureau of Planning and Sustainability.

The Southwest Corridor has a reputation for well-to-do, white residents. But actually, the area is racially, ethnically and socio-economically diverse. More than 16 languages are spoken there, according to Census data, and the area is home to many immigrants and refugees.

According to data compiled by Lisa Bates, an urban studies professor at Portland State University, nearly 79 percent of the corridor's residents are white. Another 8 percent are Hispanic, 6 percent are Asian, and 2 percent are African-American, a population that grew by 5 percent in the past decade.

Most significantly, Southwest Portland is the heart of Portland's Muslim community. The Muslim Educational Trust, a Muslim advocacy organization, is headquartered in the area, as is the Islamic Center of Portland and a half-dozen mosques.

"Our community is embedded here," Omar Shaya Omar, 25, said.

Omar has lived in Southwest Portland for 10 years. His family migrated from Somalia when he was 3 and civil war erupted in their country. He lives with his parents and brother, and his nephews and nieces attend Markham Elementary School.

There are approximately 60,000 households in the area, and the number of homeowners and renters are split roughly in half, a figure that debunks the assumption the area is populated predominantly by homeowners.

The average rent for a one-bedroom apartment in 2012 was roughly $1,100. That number now hovers around $1,500. Approximately 3,500 renters are severely cost burdened, meaning they spend more than 50 percent of their incomes on rent. More than 4,000 homeowners are similarly cost-burdened.

Omar said increased housing costs have affected his family and many of his friends and neighbors.

"Rent is very high," he said. "It keeps going up every six months."

When his family members moved into their apartment, they paid $1,200 a month. Now they pay $1,779, which has forced the family to budget.

"We're still trying to figure it out," he said.

3 pieces of the housing strategy

The massive transportation investment – the MAX line's construction is expected to cost $2.4 billion – presents an opportunity to improve the quality of life of the corridor's residents. Ideally, mixed-income communities and housing options will be created in the Southwest Corridor as a result of the project.

Planners agree that if high-end lofts and studios are the only housing built along the Southwest Corridor as a result of the new MAX line, "that would be a failure," as Ford put it.

Curren hopes the housing strategy will enable planners to "get ahead of the negatives, not just (mitigate) them," and not relive the consequences of the Yellow Line, which opened in 2000. A housing strategy was developed, the backbone of which included creating an urban renewal district in North Portland, which produced tax-increment financing from local property taxes, meant to pay for housing.

But tax-increment financing money does not become available for years. While no properties were condemned and no one was forced to move from their homes while the Yellow Line was built, thousands of African-American families were displaced as a result of the project and the gentrification that came with it.

"We made a lot of promises, those of us in government," Portland Mayor Ted Wheeler said during the Oct. 14 gathering. "Intentions that are good are not enough to prevent displacement."

The biggest lesson learned, Curren said, is the necessity of "early money that's dedicated for housing, both for units and services ... and getting ahead of the speculation and the gentrification."

Land banking, which is buying land for future development, will be one of the most important pieces of the housing strategy. By buying land early, public bodies – such as the Portland Housing Bureau, Metro and TriMet – can later sell the land to affordable-housing developers for less than the property's value at that point.

"If there's a mission for us, it's in the land acquisition and holding," Metro Council member Bob Stacey said.

"We know how to buy land," he said, comparing Metro's ability to land-bank for affordable housing to the regional government's purchases of thousands of acres for parks and nature areas.

Wheeler acknowledged, "We don't have a great history in this community of land banking," but he implied that it's an imperative strategy now. "We want to be the smart money and not the slow, dumb, after-the-fact money."

Curren and others want property to be purchased before the line's stations are announced, a point in a MAX line's construction when real estate speculation increases.

Another piece of the puzzle is identifying apartment buildings and other properties that are affordable and buying them, thus preserving their affordability. Planners and housing advocates are especially hoping to preserve a large stock of apartment buildings.

These buildings are known as "naturally occurring affordable housing," a term that refers to older, larger apartment buildings that are unsubsidized, are privately owned and rent lower than market rate. In the Southwest Corridor, there are 353 such buildings with 16,261 units, accounting for 93 percent of units in the area.

It's undeniable that these buildings are beginning to become subject to market forces.

In her report, Bates describes the affordability of these buildings as "affordable until market speculation starts." Her report shows that 199 properties have been sold in the past decade; a third of those sales have taken place in the past three years.

The average regional sales price increased 78 percent between 2010 and 2017. In the Southwest Corridor, the average sales price has skyrocketed 274 percent, an increase attributed in part to the sales of luxury housing along the southwest waterfront. But it shows increasing demand in the area.

A third piece of the Southwest Corridor's housing strategy will be identifying services for the area's low-income residents that can help them stay in housing.

"There are some things that can help people stay in their homes that isn't a new unit (of housing)," Curren said.

Some of those services could include short-term rental assistance, grants, funding for lead abatement or repairs, assistance for down payments and tax exemptions.

Uncertainty about TriMet

Unknown is what role TriMet will play in protecting the Southwest Corridor's stock of affordable housing.

"TriMet has an obligation and a responsibility to make sure that they do not demolish anything," said Katrina Holland, executive director of the tenants-rights organization Community of Alliance of Tenants. She said this means preserving affordable housing.

The federal government will fund half of the $2.4 billion cost of the new line. The other half must be raised locally, and TriMet is expected to pursue a $1.7 billion regional bond measure on the November 2018 or 2020 ballot.

Whether affordable-housing preservation or development should be funded with transportation dollars or tied in some other way to the MAX line's construction is already creating controversy.

During the Oct. 14 event, Wheeler did not mince words when he said TriMet must actively ensure "affordability is included in any redevelopment in their properties."

Wheeler announced for the first time clear support for setting aside $100 million in the transportation bond for developing workforce and low-income housing.

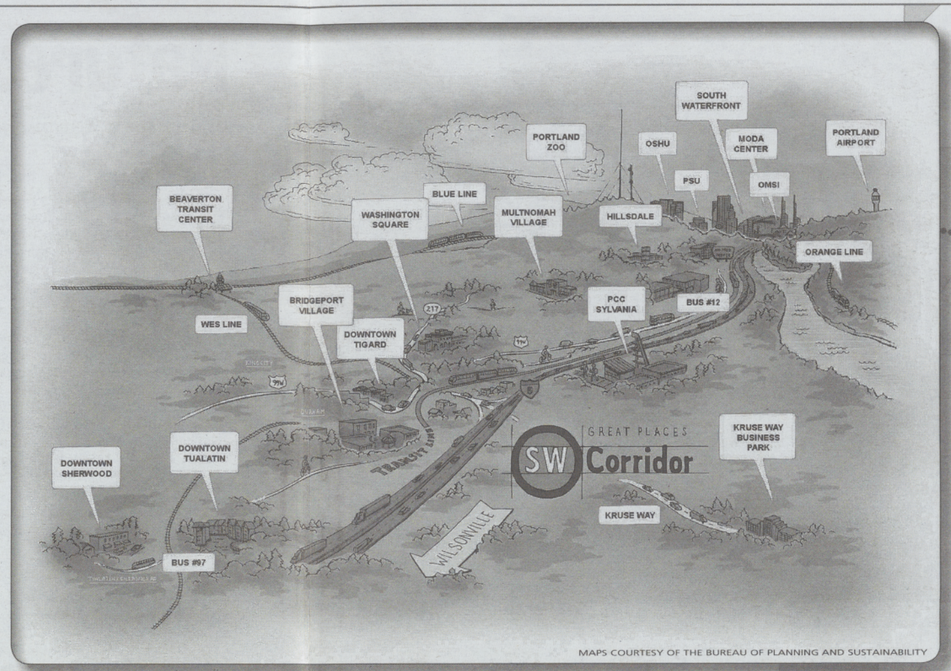
"We are not doing something separate," he said that Saturday. "I believe this cannot be a successful transit corridor if (there is) not successful housing accessibility."

Housing and transit, he continued, go "hand in glove."

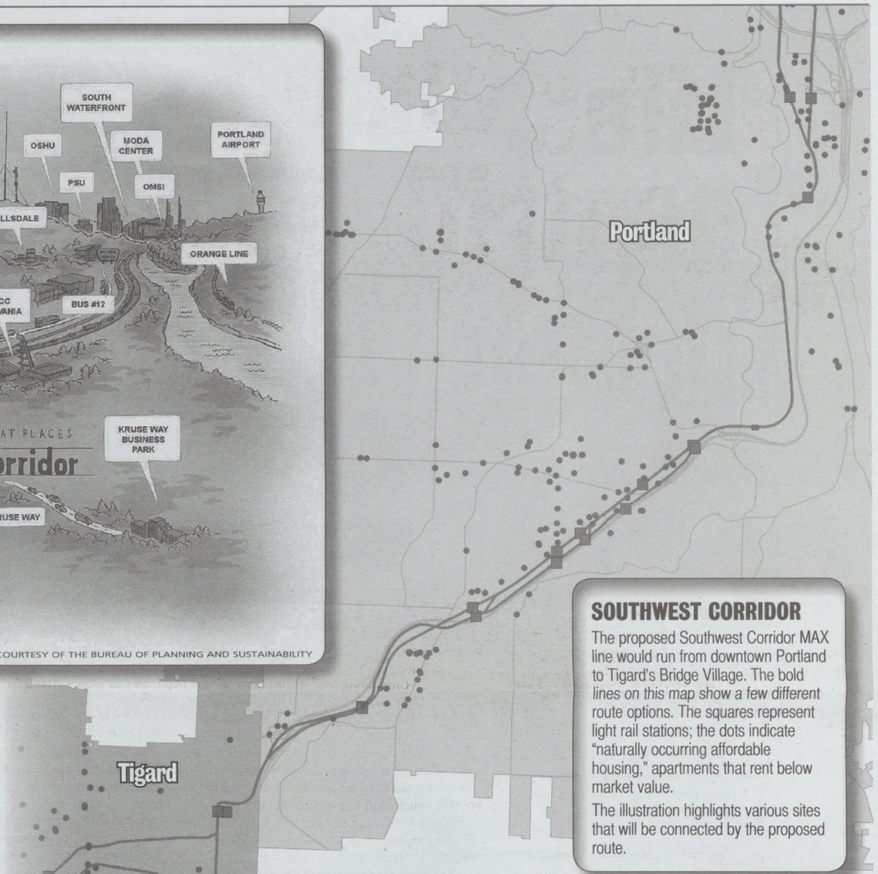
Wheeler's comments echoed Tigard Mayor John Cook, who wrote a letter to TriMet General Manager Neil McFarlane on Oct. 3, expressing concern for "potential rent increases and displacement of residents."

Cook wrote, "Light rail will make the area more attractive, and many of the city's most affordable housing units could be lost. ... Please consider this letter my formal request that TriMet commit to land banking for affordable housing on TriMet-owned land in the Tigard Town Center that would be

See MAX, page 12



MAPS COURTESY OF THE BUREAU OF PLANNING AND SUSTAINABILITY



SOUTHWEST CORRIDOR

The proposed Southwest Corridor MAX line would run from downtown Portland to Tigard's Bridge Village. The bold lines on this map show a few different route options. The squares represent light rail stations; the dots indicate "naturally occurring affordable housing," apartments that rent below market value.

The illustration highlights various sites that will be connected by the proposed route.