

Appendix 19 - Trends in Gentrification and Displacement Risk in Gresham

TABLE OF CONTENTS

TABLE OF CONTENTS 1

I. INTRODUCTION 1

II. ANALYSIS METHODOLOGY..... 2

 SOCIOECONOMIC VULNERABILITY METHODOLOGY..... 3

 GENTRIFICATION & DISPLACEMENT METHODOLOGY 4

III. WHAT NEIGHBORHOODS ARE AT MOST RISK OF GENTRIFICATION AND DISPLACEMENT? 7

 THE MOST AT-RISK NEIGHBORHOODS ARE IN THE NORTHERN, DENSER AREAS OF GRESHAM, WHILE THE MORE STABLE, LOW-RISK NEIGHBORHOODS ARE LOCATED SOUTH OF US 26..... 7

 NEIGHBORHOOD-LEVEL OBSERVATIONS RESULTS 9

IV. WHERE DO GRESHAM’S MOST VULNERABLE RESIDENTS LIVE? 10

 TRACTS SHOWING THE HIGHEST LEVELS OF VULNERABILITY ARE MAINLY CLUSTERED AROUND GRESHAM’S WESTERN AND NORTHERN BOUNDARY..... 10

V. WHO IS MOST LIKELY TO BE DISPLACED IF HOUSING MARKET CONDITIONS HOUSING MARKET CONDITIONS CONTINUE TO APPRECIATE OR STAY THE SAME? 11

VI. WHERE DO AREAS WITH HIGHER GENTRIFICATION RISK AND VULNERABLE POPULATIONS INTERSECT? 13

 POWELL BLVD/HIGHWAY 26 IS A DIVIDING LINE WHEN IT COMES TO GENTRIFICATION AND VULNERABILITY... 14

 MOST GRESHAM RESIDENTS LIVE IN NEIGHBORHOODS THAT ARE AT RISK OF GENTRIFICATION 15

VII. IMPLICATIONS AND NEXT STEPS FOR THE HOUSING PRODUCTION STRATEGY 17

I. INTRODUCTION

Information about the current trends in gentrification and displacement risk in Gresham should be used to inform potential actions that the City could take to mitigate the risk that the city’s most

vulnerable populations would be displaced from their housing. ECONorthwest completed this analysis in 2022¹ building on their 2015 Gresham Neighborhood Change report.²

Gentrification has many definitions such as “a process of neighborhood change that includes economic change in a historically disinvested neighborhood —by means of real estate investment and new higher-income residents moving in – as well as demographic change – not only in terms of income level, but also in terms of changes in the education level or racial make-up of residents.”³

The high-level results of our analysis reveal that:

- **Powell Blvd/Highway 26 is a dividing line when it comes to gentrification and socioeconomic vulnerability.** In general, more vulnerable and gentrifying areas are to the north of the highway, and more stable areas to the south.
- **Most Gresham residents live in neighborhoods that are at risk of gentrification.** Approximately 75% of households live in areas that are either susceptible to gentrification or in the early stages of gentrification. These areas are generally those that also have high levels of socioeconomic vulnerability, which may lead to housing insecurity or displacement.
- **Gresham has a substantial number of households that are at-risk of displacement and vulnerable, especially in the northern parts of the city.** Gresham has higher concentrations of vulnerable populations such as people with less than a bachelor’s degree, Hispanic/Latinx population, and Black, Indigenous, and other People of Color (BIPOC).

In the following sections, we will examine results and trends in further detail. An overview of the methodologies used in this analysis are within this memorandum.

II. ANALYSIS METHODOLOGY

ECONorthwest conducted this analysis by combining two parallel models that look at (1) where the city’s most **socioeconomically vulnerable populations** are currently clustered and (2) where **gentrification** has been most rapidly advancing within Gresham since 2010. While the causal relationship between gentrification and displacement is complicated, this analysis considers both gentrification and socioeconomic vulnerability, which are markers that can help planners and elected officials identify neighborhoods where policy interventions should be prioritized. Some research has shown that displacement comes before gentrification.

There are very few investigations into gentrification and displacement that have resulted in “accurate” predictors of displacement, as there is no real way to measure whether or not the predictors captured

¹ Appendix E of the 2023 Housing Production Strategy from Beth Goodman, Emmanuel Lopez, and Justin Sherrill

² Gresham Neighborhood Change Analysis. 2015. ECONorthwest. <https://greshamoregon.gov/WorkArea/DownloadAsset.aspx?id=1409>

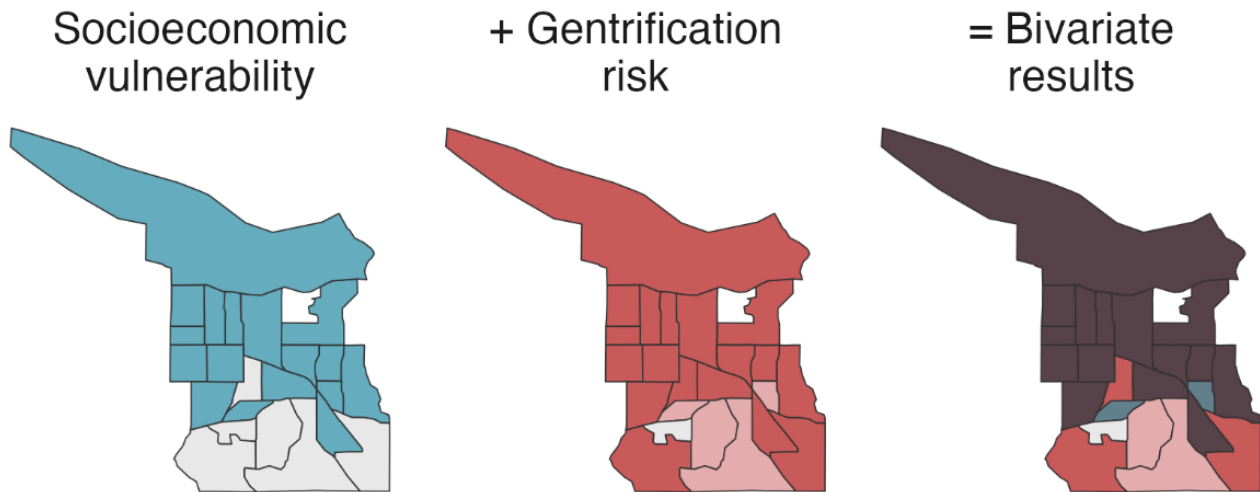
³ Chapple, K., & Thomas, T., and Zuk, M. (2021). Urban Displacement Project website. Berkeley, CA: Urban Displacement Project

the events. This analysis is to be used to recommend how to target the location of policy approaches to the specific characteristics and needs of neighborhoods.

Within the **socioeconomic model**, we designed a model that identified the Portland Metro region’s most disproportionately cost-burdened demographic groups (such as households with children present or households with people of color, or households with people with a disability) using 2016-2020 ACS PUMS data, then compiled Census tract-level estimates of these demographic groups.

Within the **gentrification model**, we used Dr. Lisa Bates’ 2018 gentrification methodology that the Portland Bureau of Planning and Sustainability (BPS) used for the city of Portland, which identifies areas in different stages of gentrification, from stable (low risk of gentrification) to early-stage gentrification to late-stage gentrification. The data we used was similar to the data Dr. Bates used but shifted over a few years for ease of accessibility, for example: rather than using decennial census, we used American Communities Surveys for the years of 2006-2010, 2011-2015, and 2016-2020. For housing market conditions, we utilized RLIS data to capture median sale prices within a census tract for the years of 2010 and 2020.

Exhibit 1. Bivariate Analysis Outline



SOCIOECONOMIC VULNERABILITY METHODOLOGY

In this part of the analysis, ECONorthwest answers the question, “Who is most likely to be displaced if housing market conditions were to further appreciate in price or stay the same?”

We began with identifying groups that are inequitably burdened by housing costs, meaning that these groups have higher rates of cost burden compared to all households. First, we developed a weighted

vulnerability indexing analysis, based on Oregon’s 2019 Public-Use Microdata Survey (PUMS) data at the state level to identify demographic groups that are unequally burdened by housing costs. This means that a given group’s share of the state’s cost-burdened households is greater than its total share of all state households. For example, households with a Hispanic/Latinx head comprise 8.6% of the state’s households, but 13.4% of the state’s cost-burdened households – a difference of 4.8% points.

Our analysis identified six demographic groups that were most disproportionately burdened:

- Households with children present
- Black, Indigenous and People of Color (neither White non-Hispanic, nor Hispanic/Latino people are included in this group)
- People of Hispanic/Latino origin, any race
- People five years and older who speak English “not well”
- People with one or more disabilities
- People 25 years and older who have an educational attainment of less than a bachelor’s degree

Disproportionate cost burdening varies across the state. To capture this variation, ECONorthwest compared disproportionate cost burdening among these groups for six geographic areas of the state and compared levels of disproportionate cost burden among the demographic groups for Census tracts in Gresham with state and regional results.⁴

The result of this analysis is identification of Census tracts with lower and higher percentages of people in vulnerable groups. Census tracts with higher vulnerability levels would indicate places where it is more likely that not only current, but where future housing cost burdening and possible displacement are more likely to occur.

GENTRIFICATION & DISPLACEMENT METHODOLOGY

Displacement takes many forms and does not have a singular definition. The researcher operationalizes displacement differently within their analytical approach. Displacement is caused by many factors and there is not a clear causal relationship between displacement and gentrification. Put another way, investment in an area does not need to lead to residents leaving the area, especially if the city takes actions to avoid displacement. This awareness of the potential for displacement with neighborhood investment can allow a city to prevent or reduce displacement associated with investments. The analysis identifies Census tracts in Gresham where gentrification is taking place or may take place in the future. These tracts where place-specific ordinances and location-specific

⁴ ECONorthwest rank-ordered vulnerable demographic groups by six geographic areas of the state. We used the rank (1 through 6) as a weighting factor. Based on this rank-ordered list, we next used tract-level 2019 ACS estimates of all six demographic groups to calculate each tract’s percentage of its region’s total number of vulnerable groups. This share was then converted to decile ranks, and each decile rank was multiplied by the rank-ordered weighting factor. These “scores” were then summed for each tract, with total scores ranging between 21 to 210. Lastly, this score was then divided by the maximum possible value to compute a more intuitive percentage value, with “100%” indicating tracts with the **highest** levels of **all** vulnerable demographic groups.

research can serve to protect vulnerable populations and determine how much the data matches the lived experience of residents on the ground.

The Gentrification and Displacement Risk Analysis methodology used in this analysis mirrors closely to what BPS and Dr. Lisa Bates utilized in 2018 with an additional typology, explained below.⁵ The analysis considers the following characteristics:⁶

- A. **Vulnerable populations** are ones with:
 - High rates of renting households relative to the region
 - Large shares of communities of color relative to the region
 - Large shares of adults (25 years and older) without a four-year degree relative to the region
 - Large shares of low-income households (below 80% Median Family Income) relative to the region
- B. **Demographic changes** (over the last decade or so) require three of the following four conditions being true or the **two bolded** were true:
 - Share of homeowners increased or decreased slower than the regional average
 - **Share of white population increased or decreased slower than the regional average**
 - **The share of adults with a four-year degree increased faster than the regional average**
 - Median household income increased faster than the regional average
- C. **Housing market conditions** are Census tracts with the following conditions:
 - **Adjacent tracts:**
 - Had low or moderate 2010 home values/rents
 - Experienced low or moderate 2010-2020 appreciation (or 2015-2020 rental appreciation)
 - Touched the boundary of at least one tract with high 2020 values and/or high 2010 appreciation (or 2010-2020 rental appreciation)
 - **Accelerating tracts:**
 - Had low or moderate 2020 home values/rents
 - Experienced high 2010-2020 appreciation (or 2010-2020 rental appreciation)
 - **Appreciated tracts:**
 - Had low or moderate 2010 home values/rents

⁵ The methods used by ECONorthwest draw from the work of Dr. Lisa Bates and BPS, but used the observation years of 2010, 2015, and 2020 for both Census and American Communities Surveys years.

⁶ More information about the definitions for the “Vulnerable Population”, “Demographic Change”, and “Housing Market Condition” can all be found in the [2018 report here](#).

- Had high 2020 home values/rents
- Experienced high 2010-2020 appreciation

This analysis of change (in populations, demographics, and housing markets) over time is completed at the regional and Census-tract levels, rather than at the household level. A basic limitation of census and ACS data is that they cannot provide longitudinal data on individual households between surveys (e.g., over +10-year spans of time). Whether or not low-income families in Gresham have been displaced from other neighborhoods in that time (tracts labeled Late: Type 1 or Dynamic) requires a much deeper level of analysis and qualitative analysis done by either academics or the City.

Exhibit2 shows a summary of the typologies used in this analysis. They are:

- **Early-Stage Gentrification.** These tracts have not started to gentrify or show early signs that they could be gentrifying.
- **Susceptible.** These tracts have higher shares of vulnerable populations but have not yet experienced demographic changes. Their housing market sales and rents were low or moderate in costs, but they are adjacent to tracts whose housing costs are already high or are increasing rapidly.
- **Early: Type 1.** These tracts have higher shares of vulnerable populations but have not yet experienced demographic changes. Their housing market is still low or moderate in cost but has experienced high appreciation since 2010.
- **Early: Type 2.** These tracts have higher shares of vulnerable populations but have experienced demographic changes showing the loss of vulnerable populations. Their housing market is low or moderate in costs, but they are adjacent to tracts whose housing costs are already high or are increasing rapidly.
- **Mid-Stage Gentrification.**
- **Dynamic.** These tracts are currently undergoing gentrification. They have higher shares of vulnerable populations and have experienced demographic changes by losing vulnerable populations. Their housing market is still low or moderate in costs but has experienced high appreciation since 2010.
- **Late-Stage Gentrification.** These tracts have mostly gentrified but vulnerable populations may still reside in there. The housing market has completely shifted from low or moderate to high housing costs.
- **Late: Type 1.** These tracts have higher shares of vulnerable populations but have experienced demographic changes by losing vulnerable populations proportionally. Their housing market used to be low or moderate in 2010 but has appreciated rapidly since, and now values are high.
- **Late: Type 2.** These tracts no longer have high shares of vulnerable populations like they used to in 2010. They have experienced demographic changes by losing their once-high share of vulnerable populations. Their housing market is still low or moderate but has experienced high appreciation since 2010.

- **Continued loss.** These tracts no longer have high shares of vulnerable populations like they used to in 2010 or in 2015. The share of white people is growing and/or the share of people with a four-year degree is growing. Their housing market used to be low or moderate in 2010 but has appreciated rapidly since, and now values are high.
- **Stable Low-Vulnerability Communities.** These tracts are ones that have had historically low levels of vulnerable populations relative to the region (from 2010-2020).

Exhibit 2. Gentrification/Displacement Methodology

Typology	Vulnerable Population?	Demographic Change?	Housing Market Condition
Early-Stage Gentrification			
Susceptible	Yes	No	Adjacent
Early: Type 1	Yes	No	Accelerating
Early: Type 2	Yes	Yes	Adjacent
Mid-Stage Gentrification			
Dynamic	Yes	Yes	Accelerating
Late-Stage Gentrification			
Late: Type 1	Yes	Yes	Appreciated
Late: Type 2	Used to be in 2010 or 2015	Yes	Accelerating
Continued Loss	Used to be in 2010 or 2015	Increasing share of white people and adults with bachelor's degree	Appreciated
Stable - Low Vulnerability **	No	No	Any**

III. WHAT NEIGHBORHOODS ARE AT MOST RISK OF GENTRIFICATION AND DISPLACEMENT?

THE MOST AT-RISK NEIGHBORHOODS ARE IN THE NORTHERN, DENSER AREAS OF GRESHAM, WHILE THE MORE STABLE, LOW-RISK NEIGHBORHOODS ARE LOCATED SOUTH OF US 26.

Most households (~53%) live in Census tracts that are susceptible to gentrification, with 22% of households in the early stages of gentrification, while around 25% are in low-risk areas (see Exhibit 4).

Most tracts north of Powell Blvd/Highway 26 are classified as Early: Type 2 or Susceptible (see Exhibit 3). Demographic changes and housing price increases suggest that these areas are in the early stages of gentrification. This indicates that economically vulnerable neighborhoods may be at-risk of experiencing gentrification which ultimately leads to rising housing costs, and potentially displacement. Early: Type 1 may indicate that some areas are already experiencing gentrification to some degree, while Early: Type 2 indicates demographics of the neighborhood are changing relative to the Metro

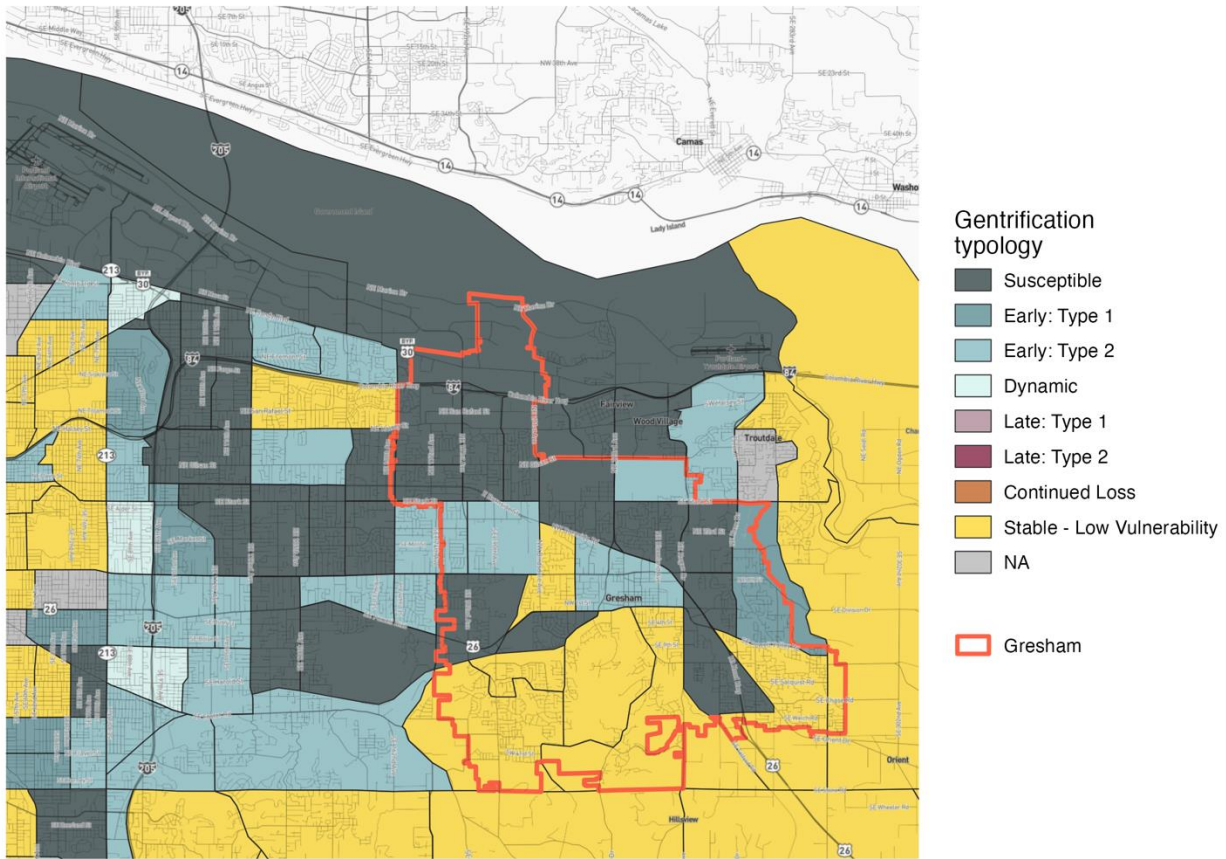
area while also being in close proximity to tracts that are increasing in housing value (both rent and sale value).

Areas south of Highway 26 are generally classified as Stable – Low Vulnerability (see Exhibit 3). In these neighborhoods, incomes and housing prices are generally higher and have not changed over the study period (2010-2020). However, some pockets of Susceptible tracts are found in this area around Hogan Butte and Hogan Cedars.

Exhibit 3 shows Gresham’s gentrification typology by census tract.

Exhibit 3. Gentrification Typology by Tract

Source: ACS 2010, 2015, 2019 (5-year), RLIS, ECONorthwest, Bates/BPS

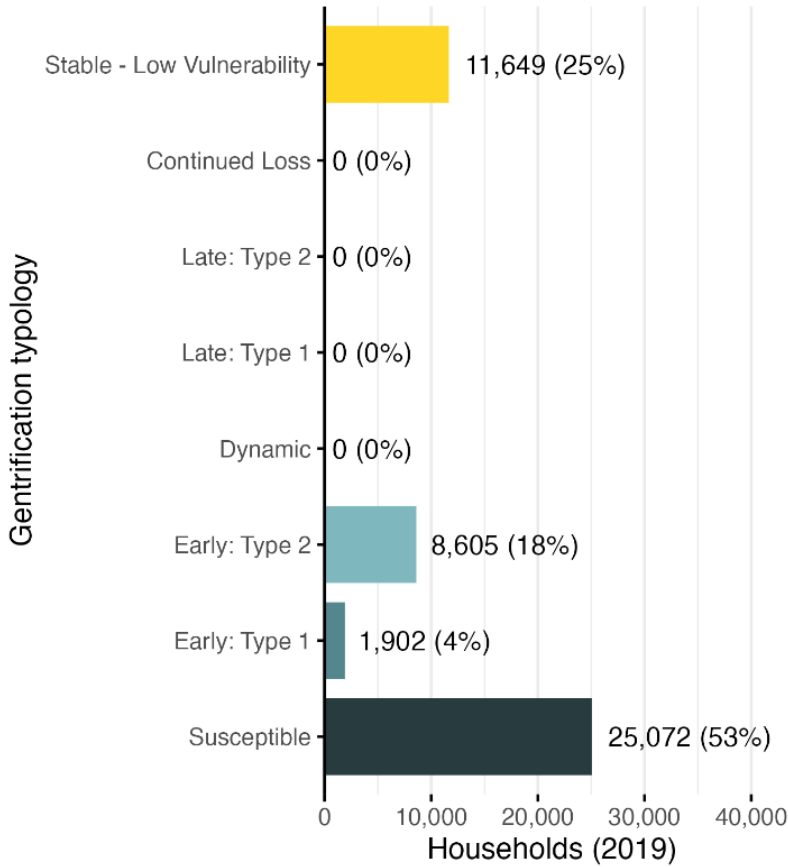


About three-fourths (~75%) of households in Gresham live in tracts that are in the early or susceptible stages of gentrification, as shown in Exhibit 414Error! Reference source not found.. While this does not necessarily indicate that three-fourths of *all households* are at risk of gentrification, it indicates that the majority of Gresham shows signs of housing instability relative to the Metro region.⁷

⁷ [Gresham’s tracts are small enough that they cannot be compared to each other. As a result, the methodology used in the analysis compares Gresham to the Metro region, which makes additional examination of regional differences difficult.](#)

Exhibit 41. Total Gresham Households by Tract Gentrification Typology

Source: ACS 2010, 2015, 2019 (5-year), RLIS, ECONorthwest



NEIGHBORHOOD-LEVEL OBSERVATIONS RESULTS

Gentrification can be quite a nuanced topic. While the data presents one story about an entire census tract, Gresham’s neighborhoods that are in the process of being gentrified may be a much smaller portion of that Census tract.

For Gresham, most tracts and households within those tracts fall under the definition of **Early: Type 2** and **Susceptible**. These typologies are characterized by having high levels of economic vulnerability, low rates of demographic change, and having either nearby tracts (called “adjacent” tracts) becoming more valuable (rents and/or sale prices appreciating quickly) or being in an “appreciated” tract where rent values and home sale prices rose drastically between 2010 and 2020. These tracts are ones where the City may want to focus active monitoring to make sure that residents who are already cost-burdened are not forced to leave due to gentrifications.

IV. WHERE DO GRESHAM'S MOST VULNERABLE RESIDENTS LIVE?

While the previous section provides information on how tracts in Gresham have or have not gentrified, based in part on the Dr. Bates/BPS methodology, this does not answer the question of which neighborhoods and demographic groups are most disproportionately burdened by housing costs. To address this issue, ECONorthwest developed a separate model (described on page 3) using ACS/census datasets to determine which tracts in Gresham are most acutely and unequally burdened by housing prices – the implication being that, should trends hold, the most burdened households today will likely be the first to be displaced tomorrow.

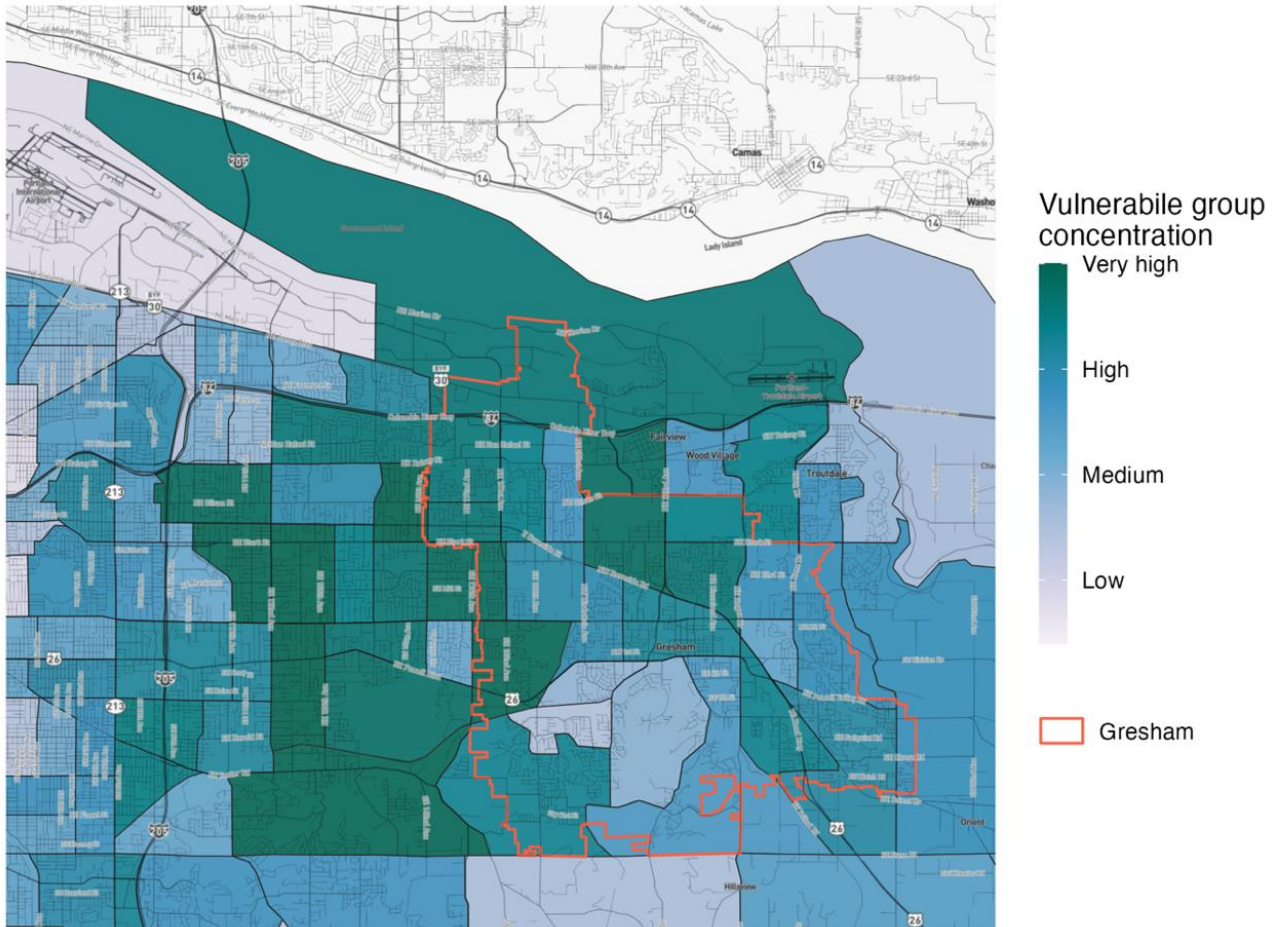
TRACTS SHOWING THE HIGHEST LEVELS OF VULNERABILITY ARE MAINLY CLUSTERED AROUND GRESHAM'S WESTERN AND NORTHERN BOUNDARY.

Exhibit 25 shows the results of the Socioeconomic Vulnerability model. These “high-vulnerability” tracts contain the combined largest shares of the Metro region’s most disproportionately cost burdened demographic groups, such as people without a bachelor’s degree or higher, people of color, and people living with one or more disabilities. Low-vulnerability tracts in Gresham are mostly found in the south central areas of the city, around Hollybrook neighborhood and southwards. Most vulnerable

tracts are clustered in the northern portion of Gresham, but the unique groups that make up those tracts vary around the city.

Exhibit 2. Overall Socioeconomic Vulnerability by Tract

Source: ACS 2010, 2015, 2019 (5-year), RLIS, ECONorthwest



V. WHO IS MOST LIKELY TO BE DISPLACED IF HOUSING MARKET CONDITIONS CONTINUE TO APPRECIATE OR STAY THE SAME?

Some interesting trends include a noticeable clustering of Limited English Proficiency (LEP) households along Gresham’s northwestern boundary, higher BIPOC shares in the Centennial neighborhood area, and higher clustering of households with at least one disabled person around the North Central neighborhood. Exhibit 3 shows the results of our Socioeconomic Vulnerability analysis, broken out by each demographic group examined.

Across the state of Oregon, having less than a bachelor’s degree was the strongest determinant of cost-burdened households. Gresham largest vulnerable group is Less than a bachelor’s degree, though this group can also include relatively more financially secure elder or retired residents.

Exhibit 3. Vulnerable Group Concentration by Tract

Source: ACS 2010, 2015, 2019 (5-year), RLIS, ECONorthwest

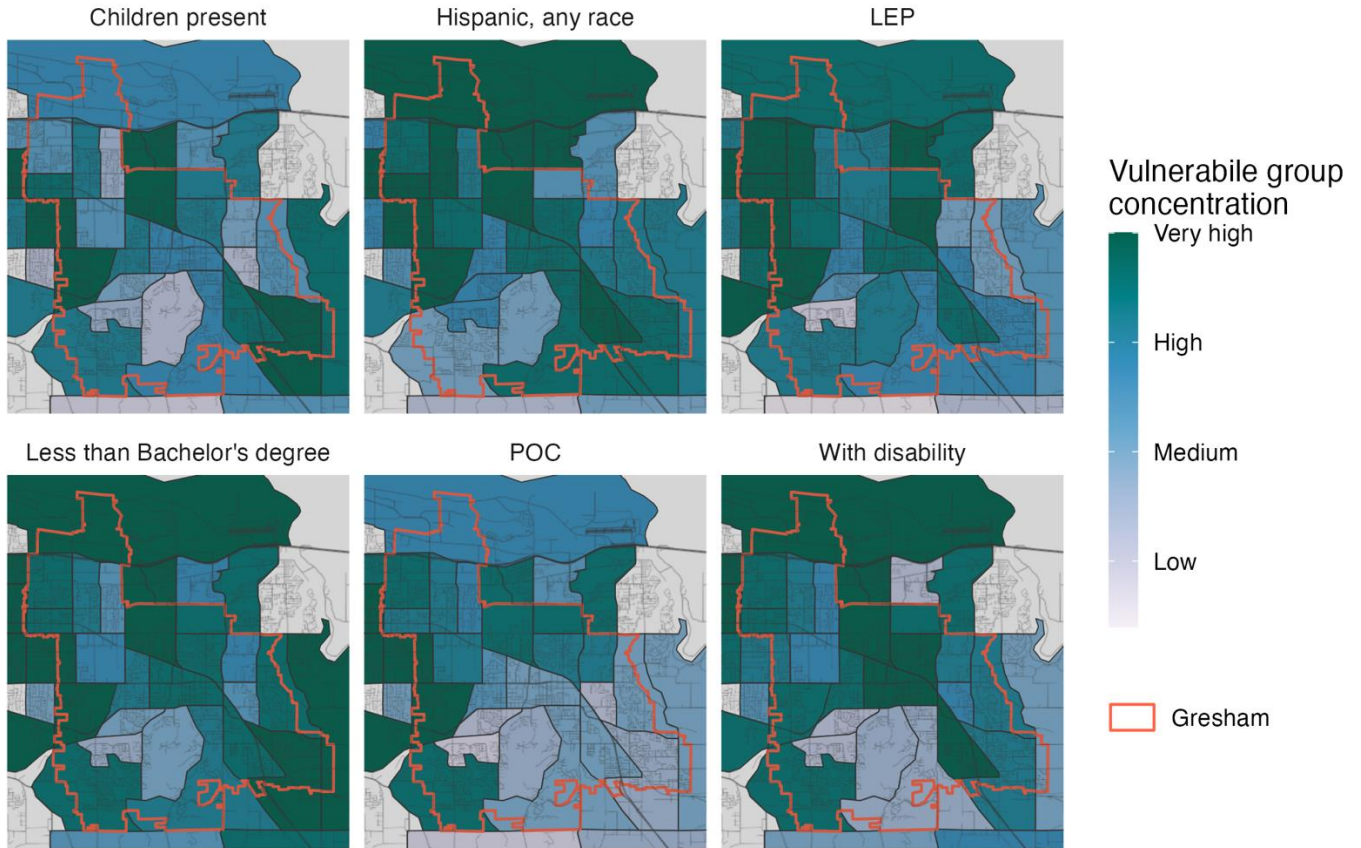


Exhibit 47 depicts the combined Socioeconomic Vulnerability model results in terms of number of households that reside in tracts with intersecting gentrification typologies and socioeconomic vulnerability groupings. For instance, we find that the most common intersection of our model are the 36,708 households living in a Susceptible to gentrification tract and having a head of household educational attainment of less than a bachelor’s degree. These demographic groups are not mutually exclusive, so many households would be counted in multiple groups (i.e., a BIPOC head of household, with children present, and with someone in the household having a disability).

Exhibit 4. Estimated Households or Population by Vulnerability Group and Gentrification

Typology

Source: ACS 2010, 2015, 2019 (5-year), RLIS, ECONorthwest

Note: The colors in the graph indicate total number of households facing a level of vulnerability to a typology of gentrification. The darker the color, the higher the number of households.

Gentrification Typology	Stable - Low Vulnerability	4,112	4,462	1,038	15,520	3,826	2,883
	Continued Loss	0	0	0	0	0	0
	Late: Type 2	0	0	0	0	0	0
	Late: Type 1	0	0	0	0	0	0
	Dynamic	0	0	0	0	0	0
	Early: Type 2	3,243	5,096	2,417	13,087	5,387	2,730
	Early: Type 1	562	840	74	3,050	618	562
	Susceptible	8,221	16,093	5,249	36,708	11,946	7,970
		Children present (Households)	Hispanic, any race (Population)	LEP (Population)	Less than Bachelor's degree (Population)	POC (Population)	With disability (Population)
		Vulnerable Group					

Most socioeconomically vulnerable residents in Gresham are in the “Less than bachelor’s degree” group, which falls in line with high degrees of housing cost-burdening across the state of Oregon. This sub-group is concentrated in tracts that are susceptible gentrification, or have started the process of gentrifying, thus placing them even more at risk. Interestingly, there are also pockets of neighborhoods in Gresham that are stable with low levels of vulnerability for their neighborhood gentrifying, while also having a high number of households without a bachelor’s degree.

VI. WHERE DO AREAS WITH HIGHER GENTRIFICATION RISK AND VULNERABLE POPULATIONS INTERSECT?

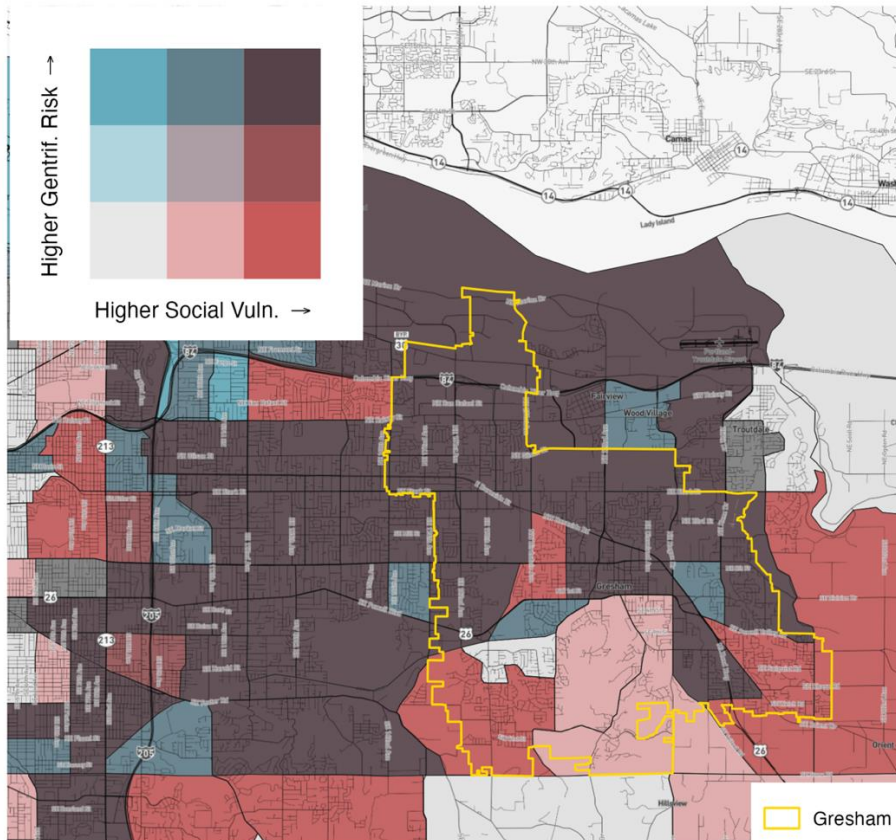
POWELL BLVD/HIGHWAY 26 IS A DIVIDING LINE WHEN IT COMES TO GENTRIFICATION AND VULNERABILITY.

Gresham, along with portions of East Portland, contain large amounts of the Metro region’s most vulnerable tracts when considering both gentrification and displacement risk. The denser tracts north of Powell Blvd./Highway 26 exhibit signs of highest gentrification risk combined with high socioeconomic vulnerability to displacement. By comparison, areas south of Highway 26 (which are lower density and have a larger share of homeowners) show signs of low gentrification risk or low levels of socioeconomic vulnerability.

Exhibit 88 shows areas with higher gentrification risk and areas with higher social vulnerability.

Exhibit 8. Composite Gentrification & Socioeconomic Vulnerability Risk, by Tract

Source: ACS 2010, 2015, 2019 (5-year), RLIS, ECONorthwest



Indicators of higher gentrification risk include:

- high shares of low-income households,
- changing socioeconomic demographics as compared to the region
- rising prices of housing for sales and rent

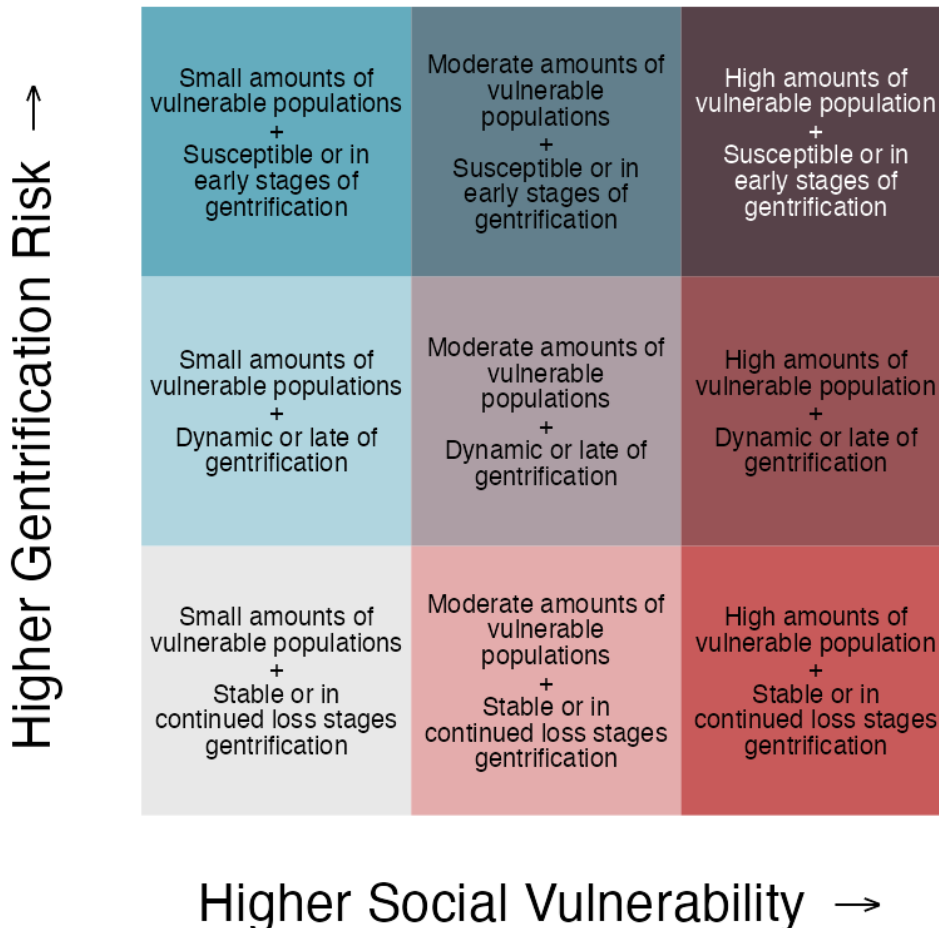
Indicators of higher social vulnerability include:

- higher shares of the region’s BIPOC
- higher shares of the region’s population without a bachelor’s degree or higher

Exhibit 5 provides more context about the risk for gentrification and the level of social vulnerability in Exhibit 8. The following describes the gentrification risk and social vulnerability at each corner of the matrix.

- **Top row left side – in blue.** These areas are at risk of displacing existing populations but the populations in these areas are generally less vulnerable as compared to the region. This may also indicate that neighborhoods nearby are experiencing appreciations in home sales and rents.
- **Top row left side – in dark grey.** These areas are the highest risk of displacement of existing vulnerable population, such as lower-income households, people of color, Latino households, or other vulnerable populations.
- **Bottom row left side – in light grey.** These are areas with little risk of displacement and few vulnerable populations.
- **Bottom row, right side – in pink.** These areas have little existing risk of displacement but are home to vulnerable populations.

Exhibit 5. Gentrification & Socioeconomic Vulnerability Risk Matrix



MOST GRESHAM RESIDENTS LIVE IN NEIGHBORHOODS THAT ARE AT RISK OF GENTRIFICATION

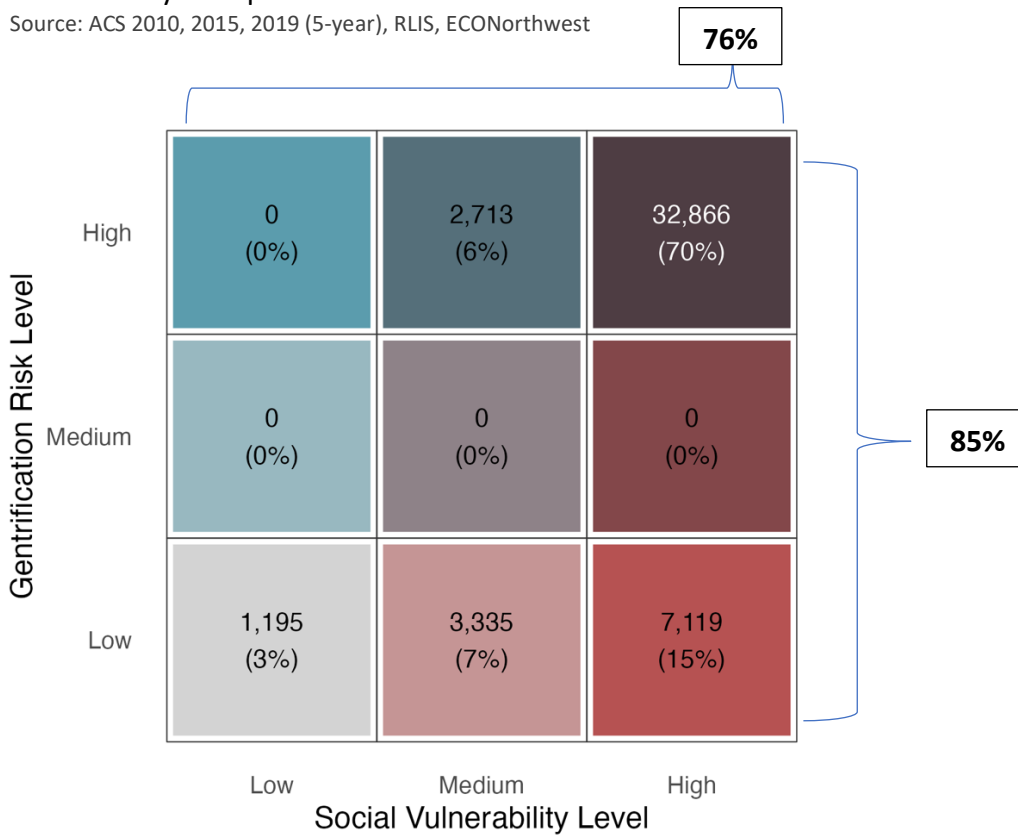
Many Gresham residents are at risk of displacement. The analysis describes the households and tracts that may be at most risk of displacement or additional cost-burdening if the City continues business as usual. Nearly two thirds (63%) of Gresham households live in Census tracts that combine a high gentrification risk and a high socioeconomic vulnerability level.

Exhibit shows the percentage of population in Gresham in each of the groupings shown in Exhibit 8 and Exhibit 9.

- 76% of Gresham households reside within tracts identified as at high risk of gentrification (either in early or susceptible stages).
- 85% of households reside in tracts identified as at high socioeconomic risk of housing displacement.

Exhibit 10. Gresham Households Within Composite Gentrification & Socioeconomic Vulnerability Groups

Source: ACS 2010, 2015, 2019 (5-year), RLIS, ECONorthwest



VII. IMPLICATIONS AND NEXT STEPS FOR THE HOUSING PRODUCTION STRATEGY

This analysis shows that substantial parts of Gresham are in early stages of gentrification or at-risk of gentrification, especially where there are higher concentrations of vulnerable populations. As neighborhoods that were once low-income begin to appear appealing to new residents, it is important to recognize that the people living in those neighborhoods may not have the same economic opportunities as the people moving in.

For the City of Gresham to validate what is happening on the ground, it is important to consider neighborhood characteristics and design community outreach to accurately represent what change looks like to the residents there now. Gresham may want to take steps to further understand potential for gentrification and potential displacement of vulnerable populations, such as conducting additional research about areas at risk for gentrification to better understand the demographic characteristics of people who may be displaced. This could include an analysis of whether existing and new regulated housing reduces gentrification risk.