DISASTER GENTRIFICATION IN KING COUNTY
AND HOW TO STOP IT FROM HAPPENING AGAIN

MULTICULTURAL COMMUNITY COALITION
RAINIER BEACH ACTION COALITION
PUGET SOUND SAGE

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Executive Summary

The COVID-19 Pandemic in Washington has resulted in unprecedented levels of unemployment, resulting in rent debt in the order of $150 million a month and thousands of families behind on their mortgages – all of which is disproportionately impacting Black Indigenous and People of Color (BIPOC) communities. This vulnerability creates the conditions for ‘disaster gentrification,’ when real estate speculators take advantage of a disaster to cheaply buy and/or take land and housing from lower-income households, and then sell or rent to higher income households for a profit.

The impact of the subprime mortgage crisis and Great Recession on BIPOC housing and land in King County is a prime example of disaster gentrification. The subprime mortgage crisis resulted in disproportionate foreclosures of BIPOC homes. Meanwhile, private equity firms and developers amassed unprecedented levels of capital and bought land and homes across King County. The transfer of land from communities to private companies was devastating for BIPOC communities, disproportionately impacting zip codes with higher concentrations of people of color and resulting in a racialized housing crisis across King County.

By the time the pandemic hit in 2020, homeownership and rentals were out of reach for many Black people in King County, with one in eleven Black adults evicted between 2013 and 2017 and Black homeownership rates at historic lows. Although the economy has begun to recover and positive government interventions like the foreclosure and eviction moratoria and rent relief have offset some of the immediate economic impacts of the pandemic, BIPOC homeowners and tenants remain at high risk for dispossession and displacement.

Sectors such as entertainment and hospitality, which consist of predominantly BIPOC workers, still have high unemployment. Rent relief from the Federal government will not be sufficient to ensure those most impacted by the pandemic, disproportionately low-income BIPOC, are not eventually saddled with thousands of dollars of debt and/or at risk of eviction or foreclosure. To address the risks to our communities, we encourage
local governments to implement policies that build BIPOC power and wealth, address the housing-related symptoms of the COVID-19 pandemic, and deter pandemic profiteering.

POLICY RECOMMENDATIONS

✔️ Reduce evictions and foreclosures by forgiving rent debt, extending the eviction and foreclosure moratoria, and making rent relief contingent on increased tenant protections

✔️ Create opportunity for BIPOC communities to secure land and buildings to preserve affordability by robustly funding acquisition and preservation funds

✔️ Increase BIPOC power in planning and development by establishing local planning and accountability through equitable development zones

✔️ Preserve affordability and create a path for tenant ownership by passing a Tenant/Community Opportunity to Purchase Act

✔️ Stop harassment of vulnerable homeowners by creating non-Solicitation/cease and desist zones

✔️ Discourage property flipping for profit through a tax on certain real estate transactions
Table of Contents

Acknowledgements........................................................................................................2
Executive Summary........................................................................................................1
Table of Contents ........................................................................................................3
Introduction..................................................................................................................4
The Unique Threat of Disaster Gentrification ..............................................................5
The Foreclosure Crisis: A Cautionary Tale of Disaster Gentrification .......................7
The COVID-19 Pandemic: A Recipe for Disaster Gentrification .................................11
Anti-Displacement Solutions for Local Governments ..............................................15
1. Reduce evictions and foreclosures by canceling rent debt, extending the eviction and foreclosure moratoria, and making rent relief contingent on increased tenant protections..........................................................18
2. Create opportunity for BIPOC communities to secure land and buildings to preserve affordability by robustly funding acquisition and preservation funds. ..............................................................................................................21
3. Increase BIPOC power in planning and development by establishing local planning and accountability through equitable development zones..................27
4. Preserve affordability and create a path for tenant ownership by passing a Tenant/Community Opportunity to Purchase Act. .......................................................30
5. Stop harassment of vulnerable homeowners by creating non-Solicitation/cease and desist zones ..........................................................................................................................33
6. Discourage property flipping for profit through a tax on certain real estate transactions ..........................................................................................................................35
Conclusion ..................................................................................................................37
Introduction

“If you want to go fast, go alone. If you want to go far, go together.”
- African Proverb

Rainier Beach Action Coalition the Multicultural Community Coalition and Puget Sound Sage (Sage) came together at the onset of the COVID-19 pandemic because we knew that it could have a devastating economic impact on our communities—particularly on our housing and on our land. Since the summer of 2020, we have been conducting research about the evolving housing market in King County, tracking and understanding the threats to land and housing created by the current crisis, studying examples of successful interventions from across the country, and holding community conversations with allied coalitions. We have developed a shared analysis of the problem we may be facing, which we refer to as “disaster gentrification”, and are proposing solutions that local governments can implement today to ensure the stability of our communities.

The Multicultural Community Coalition (MCC) is a coalition of several immigrant and refugee-serving community organizations in Southeast Seattle seeking to create a community-owned and community-driven, multicultural, service-delivery center and a Cultural Innovation Center, envisioned as a vital heritage and cultural arts venue. The center will serve as an anchor for several community-based organizations and build power across Black, immigrant, refugee, and people of color communities so that they can shape the policies and practices that impact their lives.

Rainier Beach Action Coalition (RBAC) is a grassroots, Black-led organization devoted to locally driven development. RBAC is an advocate for community stewardship of land, and a landowner working to catalyze a Food Innovation District in Rainier Beach to support health, jobs, and community connectedness.

Puget Sound Sage (Sage) is a coalition and policy advocacy organization charting a path to a living economy in the South Salish Sea and Duwamish River Valley regions by developing community power to influence, lead and govern.

Our three organizations serve and organize alongside Black communities in South Seattle. Because we know that Black people have been disproportionately impacted by the COVID-19 pandemic and economic crisis, we engaged in this process with a particular focus on the impacts of the economic crisis on Black people in King County. We also know that our Indigenous, Latinx, and other communities of color are impacted disproportionately as well, and that this impact is compounded when individuals are trans, queer, disabled, undocumented and/or women. We have not uncovered all of the impacts of disaster gentrification on Black, Indigenous and People of Color communities, but we hope this is a good start.
The Unique Threat of Disaster Gentrification

Just as we are beginning to see a way out of the COVID-19 pandemic, our Black, Indigenous, and People of Color (BIPOC) communities are on the brink of another potential crisis: disaster gentrification. Though we are beginning to recover from the pandemic’s triple impact - disparate health outcomes, unemployment, and ailing local businesses - we may be forced to cede land and homes to people who have recovered faster or have even planned for our distress.

We use the term disaster gentrification¹ to describe when people with wealth (investors and speculators) take advantage of a disaster to buy and/or take land and housing for cheap from lower-income people, and then sell or rent to higher-income people for a profit. Disaster gentrification can occur after any natural or human-made disaster, including public health crisis, war, earthquake, economic shock, heavy pollution, climate change, etc. In the U.S., disaster gentrification often results in dispossession of land, loss of wealth, and forced relocation for BIPOC communities. We discuss several examples in the next section, including the Great Recession and Hurricane Katrina.

Part of understanding disaster gentrification is recognizing 400 years of entrenched, systemic white supremacy in this country (and in this state) that has resulted in massive dispossession of land and displacement of Black, Indigenous and People of Color. The theft of land and life from Indigenous peoples across the country, the enslavement of Africans, Jim Crow, mass incarceration, and countless other policies have systematically stripped our people of our homes, wealth, and communities over and over again.

Disasters, when they occur, serve to further tilt the playing field, and create additional opportunity to people who want to profit from the land and property owned or occupied by BIPOC communities. During a disaster and recovery period, BIPOC communities often get hit first and worst but recover last with the least – the result can be more loss of land and wealth, which in turn further entrenches systemic racism and vulnerability for BIPOC community when the next disaster strikes.

Disasters do not always result in displacement, but local governments that care about resilience, stability and equity should be prepared to protect the most...
impacted communities from potential displacement after they strike. We argue later in this report for policies that can specifically help during the COVID-19 pandemic recovery, but they will also help thwart the effect of any disaster that comes our way. Given climate change, we expect more rather than less in the coming decades.

To that end, we hope that the recovery from the COVID-19 economic crisis can help rectify the pattern of dispossession in BIPOC communities. Just as disaster can have a multiplier effect on our communities—increasing loss of housing, stability, wealth and widening racial disparity—local governments can pass policies that stabilize, build resilience, and repair historic harm.

**What Are Gentrification and Displacement?**

*Gentrification* occurs when higher-income households, and often the businesses that serve them, move into a lower-income neighborhood, accompanied by increasing home values and rents (both residential and commercial). At its simplest, it is primarily about income and wealth. However, in U.S. cities it is racialized – white households and white-owned businesses typically are doing the gentrification, while low-income, BIPOC communities are typically being gentrified.

*Displacement* occurs when current residents of a neighborhood are involuntarily forced to move out. Displacement is most clear when it is *direct* - when buildings are demolished, homes foreclosed, and people otherwise evicted. However, rising rents and increasing costs to remain in a specific place can *indirectly* displace households and businesses as well. One of the hidden costs of displacement is when communities lose not only people, but cultural institutions, small business, and social services – resulting in complete dislocation of entire socially connected groups.
The Foreclosure Crisis: A Cautionary Tale of Disaster Gentrification

The 2008 Subprime Mortgage Crisis, followed by the Great Recession and recovery, represents a striking example of an economic event that widened the wealth gap between BIPOC and white households, dispossessed BIPOC communities of land and homes, and ultimately, led to disaster gentrification.

Until the Great Recession, the U.S. was on a path toward narrowing the enormous wealth gap between white and Black households. Before the economy crashed in 2008, white household wealth was projected to decrease from 4.4 times that of Black households in 1999 to 4.0 in 2031.2 When the subprime mortgage crisis hit, that progress was reversed, and the wealth gap only continued to widen in the recovery period.3

Leading up to the 2008 crisis, lenders disproportionately targeted borrowers in Black neighborhoods to finance their homes using subprime mortgages, while reserving prime mortgages for white neighborhoods – referred to as a dual mortgage market.4

For example, a joint report from the US Department of Housing and Urban Development and the US Department of the Treasury found that in the 1990s “borrowers in [B]lack neighborhoods [were] five times as likely to refinance in the subprime market than borrowers in white neighborhoods,” even when controlling for income.5

Disaster Strikes

The housing boom of the mid-2000s was built on a financial “house of cards” that eventually fell, resulting in a foreclosure crisis for millions. Our Federal and local governments did not intervene quickly or aggressively enough, and when government was ready to act in proportion to the scale
of the crisis, banking and real estate lobbies often thwarted their efforts. Between 2007 and 2009 alone, 2.5 million foreclosures occurred across the United States, disproportionately impacting Black and Latinx households. In those first few years alone, 8% of both Black and Latinx households had been foreclosed upon, compared to 4.5% of white households. This is a particularly striking difference, given that Black and Latinx homeownership was already significantly lower than white homeownership. While the economy began recovering, foreclosures continued, reaching an estimated 9.3 million by 2014.

Continued foreclosures deepened racial wealth disparity during the “recovery” period, between 2012 to 2017. In the immediate aftermath of the Great Recession, white household wealth began to recover nationally, increasing by 1%, while Black households continued to lose wealth, declining by 23% from 2009 to 2011 (See Figure 1). Worse yet, the large-scale loss of wealth in the form of homes has had a decades-lasting impact. For a typical Black family, median wealth in 2031 will be almost $98,000 lower than it would have been without the Great Recession.

### Dispossession and Displacement in King County

Local governments’ failure to intervene in the local foreclosure crisis resulted in disproportionate loss of homes and wealth for BIPOC communities in King County. In turn, the crisis has put homeownership and stable rentals out of reach for many BIPOC residents and has permanently changed the face of their neighborhoods.

In King County, the foreclosure crisis was similarly disparate between BIPOC and white communities. The table shows a sample of zip codes in King County that compares foreclosures in majority white areas and majority BIPOC areas, between

<table>
<thead>
<tr>
<th>Zip Code</th>
<th>Foreclosures as % of all owned homes</th>
<th>People of Color as % of population</th>
</tr>
</thead>
<tbody>
<tr>
<td>98112 Madison Valley</td>
<td>2%</td>
<td>19%</td>
</tr>
<tr>
<td>98199 Magnolia</td>
<td>4%</td>
<td>17%</td>
</tr>
<tr>
<td>98118 Rainier Valley</td>
<td>8%</td>
<td>69%</td>
</tr>
<tr>
<td>98178 Bryn Mawr/Skyway</td>
<td>13%</td>
<td>73%</td>
</tr>
<tr>
<td>98168 Tukwila</td>
<td>14%</td>
<td>63%</td>
</tr>
</tbody>
</table>

*Source: The Seattle Times*
2008 and 2014. White communities like Madison Valley and Magnolia experienced a rate of 2-4% foreclosure of all homes while predominantly BIPOC communities experienced an 8-14% foreclosure. In zip code 98118 – located in the Rainier Valley – lenders foreclosed on 1,496 homes, amounting to 8% percent of 2014 housing stock. In comparison, Madison Valley (98112), with a current median home price of $959,000 and a 75.6% white population, only 242 foreclosures occurred amounting to just 2% of the housing stock.

Thousands lost their homes, resulting in eviction and loss of wealth-building opportunities. As one example of the disproportionate impact, a UW/UC Berkeley eviction study found that in King County, one in 11 Black adults was evicted from their home between 2013 and 2017, as compared to one in 100 white adults.

Homeownership also plummeted: between 1970 and 2018, Black homeownership in King County fell from 42 percent to a staggering 28 percent, much of that occurring recently. Among King County’s low-income households today, owning a home is more than twice as common for Whites and Asians (on average) than everyone else.

Making things worse, large-scale foreclosure displaced BIPOC households just when a new affordable housing crisis was looming. As of 2018, the median sales price for a condominium in Seattle was roughly 10 times the median income of Seattle’s Black families and about 7 times that of Seattle’s Latinx families, with traditional single-family homes even further out of reach. By 2019 the median net worth for white households in Seattle was $456,000, while the median net worth for Black households was only $23,000. Ten years on, many BIPOC households that lost their homes during the crisis may be permanently priced out of their former communities.
Emergence of Corporate Landlords in Our Communities

As foreclosures on BIPOC-owned homes soared, these homes were transferred directly into the ownership of banks, private equity groups and hedge funds. Between 2011 and 2017, some of the world’s largest private-equity groups and hedge funds, as well as other large investors, spent a combined $36 billion on more than 200,000 homes in ailing markets across the country. Research from the Federal Reserve suggests that, nationally, business investors buying three or more homes accounted for 6.5% of home sales in 2012, up from less than 1% in 2004. While about a third of properties with 5 to 24 units were owned by non-individual investors in 2001, that share soared to 47 percent by 2012 and about two-thirds by 2015.

In King County, Wall Street-backed firms like Blackstone, Invitation Homes, Pretium Partners and American Homes bought up thousands of properties through cash sales and foreclosures. In April of 2013, Invitation Homes bought an average of 10 homes per day; by year’s end Blackstone had purchased 1,585 homes in the Seattle metro area. In all of 2013, major investors bought about 3,100 single-family homes, five times more than in 2012. It is infeasible to calculate exactly how much housing stock was purchased by smaller real estate investment companies in this time, but we know that they similarly activated their capital to acquire vulnerable properties.

Climate Disasters Are Also an Opportunity for Speculation

Climate disasters, which are becoming more frequent and more devastating, have also repeatedly resulted in disaster gentrification. Hurricane Katrina damaged 200,000 homes and displaced over 800,000 residents in New Orleans, resulting in the accelerated gentrification of low-income neighborhoods. Studies have found a strong correlation between the level of damage to homes in neighborhoods with levels of gentrification post-Katrina. Researchers studying the effects of Superstorm Sandy on neighborhoods in New York City found that in areas that sustained more damage from the storm, the average real estate loan went up by almost 300 percent. Against a backdrop where the average loan in the city rose by only 150 percent, this indicates that high levels of speculation occurred in those neighborhoods.
The COVID-19 Pandemic: A Recipe for Disaster Gentrification

COVID-19 has disproportionately impacted BIPOC communities in King County, compounding existing threats of skyrocketing housing costs and displacement pressures. Serious illness, death, locked-down businesses, and unemployment have again increased systemic risk for our communities to lose homes and businesses and be forced to relocate. Meanwhile, global investors and giant equity firms wait in the wings with billions in dollars to speculate on distressed properties.

Pandemic Disaster

Over a year after the first known COVID-19 case in the United States was discovered in Washington, many BIPOC communities in King County and across the country have been left devastated. Public health research shows that Black, Indigenous, Pacific Islander, and Latinx people in our state have been disproportionately diagnosed and hospitalized with COVID-19.\(^3^8\) The COVID-19 death rate is six times higher for Native Hawaiians and Pacific Islanders, three times higher for Native Americans and Latinos, and twice as high for Black people compared to white patients, who have the lowest death rate of all races.\(^3^9\) While mass vaccination offers much hope, white Washington residents have again benefited more from early vaccinations than Black, Latinx, and Pacific Islander community members.\(^4^0\)

Compared with white American patients, the Covid-19 death rate is

- \(6x\) higher for Native Hawaiians & Pacific Islanders
- \(3x\) higher for Native Americans & Latinos
- \(2x\) higher for Black people

In addition to suffering from the worst health impacts of the virus, the effects of the COVID-19 crisis on workers have created extreme vulnerability for BIPOC renters and homeowners. Nationally, Black workers have lost their jobs at alarming rates, with more than one in six Black workers losing their jobs by April 2020.\(^4^1\) As of December, white workers saw their unemployment rates decrease from a peak of 15% down to 6%, but Black workers have only decreased from 16.8% to 9.9%.\(^4^2\) In particular, Black and Brown women have fared worst in this crisis: one study found that Hispanic women experienced the highest likelihood of unemployment, followed by Black women, who are still more likely to be unemployed than White women.\(^4^3\)

\[\text{Between food services, leisure and hospitality and accommodations, 175,500 jobs were lost between March 2020 and March 2021 in our state.}\]

\[\text{Source: Washington State Department of Health}\]
Across the nation, the hospitality and leisure industries have been amongst the hardest hit by the pandemic, and these industries consist of primarily BIPOC workers, with 43.1% of workers being People of Color. During the Pandemic, unemployment in leisure and hospitality went up to 8% in March 2020, and one year later, in March 2021, the unemployment rate was at 13%. Workers in leisure and hospitality are amongst the poorest workers in the country, about twice as likely, as compared to all other industries, to be in the lowest income bracket.

Similarly, between food services, leisure and hospitality and accommodations, 175,500 jobs were lost between March 2020 and March 2021 in Washington. People of color are also disproportionately the workers in these industries in our state: for example, while workers of color represent 30 percent of the employed population in Seattle as a whole, they represent 46 percent of the employed restaurant workforce. These jobs have not yet been replaced and are unlikely to recover to pre-pandemic levels in the near future.

Risk of Dispossession and Displacement

High unemployment and loss of household income due to illness and death has led to increased eviction vulnerability for BIPOC households. One national study found that 23% of Black, 20% of Latinx and 19% of American Indian, Alaska Native, Native Hawaiian, Pacific Islander and multiracial households were behind on rent, compared with only 9.8% of white households. Nearly one in 10 Black and Latinx renter households faced imminent eviction.

In Washington State, the Census Bureau has estimated 239,000 people are behind on rent, creating both a looming eviction crisis and accumulation of rent debt by people who were already struggling. Mirroring national data, 14% of Black households in
Washington had no confidence they could pay rent the next month, compared to 4% of White households.\(^{51}\)

Homeowners are also struggling: loan delinquency rates have been record-setting, at times surpassing the Great Recession. Nationally, the number of homeowners behind on their mortgages has doubled since the beginning of the pandemic, with nearly 3 million homeowners behind on their mortgages.\(^{52}\) Of those, an estimated 2.1 million mortgages are in forbearance and are at least 90 days delinquent, across all kinds of mortgages.\(^{53}\) Even more concerning, at least 900,000 households have been in forbearance for over a year and are three months behind on payments, thus more likely to be experiencing severe hardship, and have trouble resuming payments when forbearance ends.\(^{54}\)

Low-income homeowners and especially BIPOC homeowners are the most vulnerable to the impending risk of foreclosure. Across all income groups, Black and Hispanic homeowners were more likely than white homeowners to report that they were behind on their payments.\(^{55}\)

The impact of the pandemic on FHA-backed loans in particular—predominantly used by low-income, minority, and first-time homebuyers—has been unprecedented. In September 2020, FHA total loan delinquencies leaped to nearly 16%—its highest rate since at least 1979.\(^{56}\) In October 2020, 11.7% of FHA loans were in serious delinquency—meaning more than three months past due or in foreclosure proceedings—2 percentage points higher than the rate in 2012.\(^{57}\) Nationally, the number of delinquent mortgages is only increasing: as of February 2021, nationally, 17.5% of FHA mortgages are delinquent and 12.0% are seriously delinquent.\(^{58}\)

These rates have been similar in the Seattle Metro area, where 15.7% of all FHA loans were delinquent, and 11.7% seriously delinquent in February of 2021.\(^{59}\)

National, state and local governments have been taking action to protect people in their homes, but those actions may not prevent a long-term eviction crisis from unfolding in BIPOC communities (for more details, see policy recommendation #1 in the following section). These interventions were broad, and not designed to target households most impacted by the pandemic and economic shutdown. Households dependent on distressed industries, like hotels, restaurants, arts, and entertainment, may continue to suffer from loss of income. If our governments do not take additional action to protect these households, a wave of evictions could increase both our displacement and homelessness crises.

**Private Equity is Poised to Take Advantage**

The last ingredient of disaster gentrification is the ability for wealthy people and companies to buy up distressed property in our neighborhoods and capitalize on the pandemic-caused vulnerabilities of BIPOC communities. The companies that profited from the Great Recession have been preparing to take advantage of COVID-19 recovery in the same way. For example, the top twenty corporate landlords in the U.S. have amassed $245 billion dollars of cash on hand to purchase properties across the country.\(^{60}\) Locally, Blackstone (the world’s
largest equity firm) has been buying properties across King County since the start of the pandemic, and rapidly gentrifying South King County.\(^{61}\)

Unlike the Great Recession, however, the value of homes and commercial space in Seattle has not plummeted – in fact, the affordability crises have only worsened. During the Great recession, foreclosed households could at least find other housing in King County as rents dramatically fell. Now, the continued prosperity and economic power of highly educated, tech workers (think Amazon, Google and Microsoft workers) have buoyed home prices and rents throughout the region.

From April 2020 to March 2021, King County median home prices rose to $825,000, an increase of 14\% over the year before.\(^2\) The Seattle Times reports that developers and flippers are still buying homes to fix up and resell, despite the high costs.\(^{63}\)

This leaves many BIPOC households in a double bind: many workers in hard-hit industries have less or no income, while housing costs continue to rise. Landlords can easily evict, and banks foreclose, knowing that there is plenty demand to make them whole – if not make more money than before. Even with a newly passed ordinance in Seattle that provides eviction attorneys to low-income households, landlords have little incentive to cancel their debt and every incentive to evict. Meanwhile, corporate landlords, global investors, and local flippers can take advantage of the turmoil by adding more land and homes to their portfolios and make money off of our displacement.
Anti-Displacement Solutions for Local Governments

Action by Federal and State leadership has been critical during the pandemic to mitigate the worst impacts of widespread unemployment, failing businesses, public health outcomes, utility shutoffs and the threat of evictions and foreclosures. However, these policies are focused on the big picture of the economy and public health, but don’t actually address the true conditions on the ground, and the massive disparity experienced by BIPOC communities in the pandemic. These policies are also designed to return to the status quo of before the pandemic, which is not what BIPOC communities want to return to.

The economic and health impacts of gentrification and displacement will affect local communities and their public officials. For this reason, it is critical that our cities and counties act on disaster gentrification before it happens again. To head-off more waves of disaster gentrification, now and in the future, we propose a three-fold strategy for local government officials:

- **Build BIPOC Power**: Increase BIPOC community power and autonomy by establishing equitable development zones, and giving BIPOC communities a chance to preserve vulnerable properties.
- **Address the Symptoms**: Directly address the housing-related symptoms of the pandemic crisis through eviction and foreclosure prevention and community acquisition funds.
- **Deter Profiteering**: Create deterrents for developers to buy up BIPOC land by establishing a flipping tax and disallowing solicitation.
Help Build BIPOC self-determination and resilience by passing policies that promote community stewardship of land and housing

As we have documented throughout this report, BIPOC communities are disproportionately impacted when disaster strikes because existing disparities remain unaddressed, and often increase, between disasters. We believe there is no solution to disaster gentrification without building BIPOC community power, including increasing BIPOC autonomy and decision-making in land and housing decisions. BIPOC communities experience self-determination through BIPOC community stewardship of land: permanent control or ownership of land, with a goal of long-term, collective, and democratic stewardship.

Directly mitigate the housing-related symptoms of the pandemic crisis

We need policies that address the housing and land-related symptoms of the pandemic crisis. The extent of the eviction and mortgage crisis is unknown at this point. So far, Federal, State and local governments have forestalled the impact of massive unemployment by passing the eviction moratorium, FHA loan deferment and FHA foreclosure moratorium. However, all of these policies are set to end in the summer of 2021, though the Consumer Finance Protection Bureau has proposed an extension of the foreclosure moratorium until 2022.\(^6\) We propose policies that aggressively tackle the potential for mass evictions and foreclosures as well as mass purchase of BIPOC-owned land.

Deter developers and private equity firms from taking advantage of vulnerabilities in our communities

The temptation to profit from our communities’ suffering is high. Private real estate stands to make millions off the loss of BIPOC and low-income homes. We propose policies that reduce this temptation and make it less desirable for the private sector to take advantage of this situation.
POLICY RECOMMENDATIONS

King County’s racialized housing and homelessness crisis, which was catalyzed by the Great Recession and precedes the economic impacts of the COVID-19 pandemic, has created increased displacement pressures not just in Seattle but across the central Puget Sound region. The economic impacts of the COVID-19 pandemic may increase these pressures in already high displacement risk areas, like South King County. To tackle this crisis, local governments should take the following actions:

1. Reduce evictions and foreclosures by canceling rent debt, extending the eviction and foreclosure moratoria, and making rent relief contingent on increased tenant protections;

2. Create opportunity for BIPOC communities to secure land and buildings to preserve affordability by robustly funding acquisition and preservation funds;

3. Increase BIPOC power in planning and development by establishing local planning and accountability through equitable development zones;

4. Preserve affordability and create a path for tenant ownership by passing a Tenant/Community Opportunity to Purchase Act;

5. Stop harassment of vulnerable homeowners by creating non-Solicitation/cease and desist zones;

6. Discourage property flipping for profit through a tax on certain real estate transactions.

The Importance of Community Capacity Building

These approaches will only be successful when paired with significant capacity building funds invested in BIPOC-led, community infrastructure. The immediate allocation of seed money and unrestricted general funding to BIPOC-led organizations to educate tenants, organize neighborhoods and prepare to develop and steward land, will ensure the success of any of these policy ideas. As we have documented above, we know that long-term disinvestment in low-income BIPOC communities has left our communities with far less infrastructure, wealth, and credit to be able to tangibly benefit from these policies without intentional investment. Without capacity building money that prioritizes BIPOC-led organizations, these approaches will either be unsuccessful altogether or replicate the power imbalances created by systemic racism, benefitting white communities and/or communities with access to wealth.
Reduce evictions and foreclosures by canceling rent debt, extending the eviction and foreclosure moratoria, and making rent relief contingent on increased tenant protections.

The pace and scale of disaster gentrification following the pandemic will largely depend on Federal, State, and local approaches to rent and mortgage suspension. **Local governments must act now to do everything in their power to keep people housed**, both to prevent disaster gentrification and to prevent further expansion of the homelessness crisis. In addition to the possibility of thousands of evictions, many renters—disproportionately low-income BIPOC tenants—will be saddled with insurmountable debt, which will impact their ability to rent in the future through tenant screening reports that assess credit.

In early 2021, the Department of Commerce made a conservative estimate that in Washington, over $150 million per month is needed in rental assistance, amounting to over $2 billion from the start of the Pandemic until May 2021 alone.\(^6\) Despite the current scale of relief from the Federal government (likely around 700 million)\(^7\) and State government, the relief is insufficient to stabilize all renters behind on payments.

Uncertainty is also being created by short-term expiration dates for public intervention. The Cares Act mandated that FHA and HUD continue holding off foreclosures and offering forbearance options, which was extended by the Biden administration. However, these are set to end June 30, 2021, and only apply to Fannie Mae, Freddie Mac, or HUD backed loans (though the proposed rule by the Consumer Finance Protection Bureau would apply across mortgages).\(^8\) Roughly 30% of homes nationally are not federally insured and are not covered by the Federal moratorium.\(^9\) Washington state, in contrast to many other states, has provided guidance, but no requirements, for mortgage servicers to assist borrowers during the pandemic.\(^10\) Once these interventions end, small-scale landlords may be especially vulnerable without intervention.

As a universal strategy to prevent large-scale displacement, we endorse the Cancel Rent campaign, led by the Tenants Union of Washington, for cancellation of rent and mortgage debt.\(^11\) In addition to banning evictions and rent increases, Cancel Rent
calls for cancelling as much back rent and mortgage debt accrued during the state of emergency as possible. By cancelling past due rent and mortgage payments for all households, we can prevent households with the most barriers to resources from falling through the cracks – specifically, immigrants, refugees, LGBTQ+, disabled, and low-income BIPOC households.

Keeping these communities in their homes and stable during the recovery will be the single most important strategy to stopping gentrification and displacement caused by the pandemic. Even before the pandemic, 1 in 11 Black adults were evicted from their homes between 2013 and 2017 – lack of government action will deepen this preexisting crisis.

The State’s recently passed legislation, pandemic tenant protections (SB 5160) and just cause eviction (HB 1236), will help but aren’t enough to protect all vulnerable renters in King County. The solution created by SB 5160, creating a repayment plan and mediation process for tenants whose debt accrued between the beginning of the pandemic and six months after the end of the eviction moratorium (mandated to end June 30, 2021 in the same bill), relies on sufficient rent relief money being available to tenants who are behind on rent.72 As already documented, the current rent relief money is unlikely to be sufficient to cover all back rent, and Federal restrictions on the rent relief money—including requirements to provide extensive documentation as well as to go directly to landlords—are limitations that make rent relief unlikely to address the needs of all renters behind on rent due to the pandemic.

Furthermore, none of the recently passed legislation protects tenants from the risk of “economic evictions,” when a landlord uses rent increases to force a tenant to move out. The combination of pandemic-caused loss of income with rising housing and land value will create opportunity for landlords to empty units by raising rents on people who can’t afford them.

We urge all local governments to pass resolutions in favor of, and to actively support, state and federal efforts aimed at rent and mortgage cancellation – including ensuring success of recent legislation. For example, local government should support bills such as H.R. 6515, sponsored by U.S. Representative Ilhan Omar, that proposes to suspend rent and mortgage payments accrued during the pandemic and creates an additional affordable housing acquisition fund, and a national right to first purchase, which gives the tenants the right to make

King County Eviction Prevention and Rental Assistance Program

This program makes rent relief available to landlords contingent upon an agreement not to terminate tenancies or refuse to renew tenancies of any tenants on behalf of whom relief is requested until December 31, 2021 as well as an agreement to freeze the rent until the same time. This is an excellent start to protect renters and an improvement from the previous date of April 1, 2021, required in the Winter 2020 disbursements. However, the most vulnerable renters are unlikely to recover by December 31, 2021. Protections should be extended well beyond December 31, 2021.
the first offer as well as match a winning offer when a building goes for sale.\textsuperscript{73}

Local governments should also pass their own legislation to aggressively ward off this crisis. Specifically, we urge local government to:

- Pass local legislation to ensure an eviction moratorium extends two years beyond the end of Governor Inslee’s proclaimed state of emergency;
- Pass local legislation to create a defense to eviction if a tenant’s failure to pay rent is due to the pandemic;
- Direct rent relief distribution agencies to require landlords to cancel at least 20% back-rent, as well as freeze rent and provide additional tenant protections for two years beyond the end of Governor Inslee’s proclaimed state of emergency;
- Prepare to use all possible strategies to stabilize homeowners and small-scale landlords at risk of foreclosure when the federal foreclosure moratorium lifts including distribution of additional mortgage relief, using eminent domain\textsuperscript{74} and/or a community opportunity to purchase foreclosed properties (such as California’s SB 1079 described below);
- Identify the specific communities most at risk of being behind on rent and mortgage in local jurisdictions, and with the most barriers to relief, and develop strategies to reach all households in those communities.
Create opportunity for BIPOC communities to secure land and buildings to preserve affordability by robustly funding acquisition and preservation funds.

To thwart disaster gentrification and displacement, we need rapid public intervention to buy properties, land, housing, and facilities that anchor BIPOC communities before these properties are bought by speculators. These investments should be led and owned by community-based organizations that will keep the land permanently affordable, are values-driven and have democratic governance structures—what we call “community stewardship of land.” (See side panel.)

For the last several decades, local BIPOC communities have been steadily displaced from their historic neighborhoods, primarily caused by new people moving in with much higher incomes, combined with rising housing costs. Displaced BIPOC households have been pushed further and further out from the urban core. Seattle, the County, and a few other cities have responded by raising new revenues to build affordable housing, mostly in the form of apartment buildings. However, this strategy does not stop gentrification of specific places and neighborhoods nor will be sufficient to address the loss of housing, commercial and cultural spaces BIPOC communities may face in the aftermath of the pandemic.

Older, affordable buildings serving our communities are still being torn down for new development, diminishing our existing affordable housing stock. Over the last ten years, the Puget Sound region has lost 112,000 housing units affordable to people below 80% AMI.75 Rents are rising faster than new affordable housing can be built. Lack of affordable housing is also only one element of displacement – BIPOC communities also need to hold onto small businesses, cultural centers, social services, and recreation space to thrive. If all these connectors serving a community leave, years of building shared resources will be lost, dispersed to other places.

When a disaster, like the pandemic, dramatically reduces the economic power of BIPOC communities, local governments need both an urgency to intervene and a long-term strategy to transfer housing and other critical buildings into community ownership. For a sense of scale, if a disaster leads five landlords in BIPOC neighborhoods, with 50 units each, to sell their buildings, we will lose 250 units that would not be replaced for a decade. Local governments need to be ready to quickly purchase and eventually transfer land and housing into community ownership, so that those units will be permanently preserved as affordable and part of a larger strategy to preserve the whole community.

The two strategies can be described as the following policies:

Preserve Existing Housing and Commercial Property Serving Low-Income, BIPOC communities

Community acquisition strategies should focus on preserving the affordable housing and commercial spaces we have left. We need funds to be nimble and responsive to changing conditions, to move quickly.
Community Stewardship of Land

Community stewardship of land transforms land from a commodity that creates individual and corporate wealth into a shared resource that generates community prosperity.

Within a Community Stewardship of Land framework, communities **permanently own or control land** with a goal of long-term **collective** stewardship. Communities steward land holistically to meet our **housing, service, small business, cultural and recreational needs**. Community stewards are **driven by strong values**, led by the people they serve, practice democratic decision making, and have a contract or agreement that specifies the purpose and governance of maintaining the land.

Community Stewardship of Land is guided by the following principles:

- **Values driven**: Land use driven by racial justice, inclusion, affordability, community over profit

- **Collective ownership and self-determination**: Community together owns or controls land, rather than individuals.

- **Democratic decision making and governance**: Residents and the community are the primary decision makers over their land and housing, and residents work together cooperatively and democratically.

- **Permanent or long-term use**: A legally binding contract or agreement specifies the purpose and governance of maintaining the land in perpetuity or over a long period of time.

- **Builds community power**: Training, education and organizing are a priority within this model so residents are prepared to effectively participate in and guide various aspects of their housing, broader development, and policy that governs land and housing.

Land is a valuable asset in BIPOC communities, not just in the financial sense but also for a sense of home and belonging. We need solutions to this crisis that increase the power of BIPOC communities to permanently own or control land so that we are not continually vulnerable to the whims of private real estate and predatory banking practices.

Land represents where we have our homes, the places we nurture our children, the gardens where we grow our food, and the places we have invested decades of our time and sweat to cultivate. We want to protect our land from people and corporations who displace our people in order to make a profit.
Preservation in the short term is much more cost effective compared to the price of new construction. Additionally, preservation strategies in King County should emphasize tenant and community purchase of properties. Strategies to fund include:

- Purchase privately owned, multifamily properties that house low-income households (below 80% AMI) that are likely to be sold to permanently preserve and/or deepen affordability;

- Purchase homes that have fallen into foreclosure to stabilize existing residents;

- Provide seed money for organizations that use community-based financing mechanisms, such as community investment trusts (see sidebar), enabling those institutions to rapidly acquire properties.

Invest in Community-Driven, Equitable Development

Over the last 10 years, dozens of community-based organizations across King County have embraced the idea of community-driven development as an alternative to market-driven gentrification. These are BIPOC-led non-profits that have a vision for their communities that includes affordable housing, cultural institutions, good jobs, childcare, accessible transportation, and small businesses, who are making that vision happen by leading their own development projects. Innovators include Africatown, El Centro de la Raza, Chief Seattle Club, Rainier Beach Action Coalition, Multicultural Community Coalition, White Center CDA, and the Graham Street Community Action Team, among many others. They are part of a growing movement of organizations rooted in a specific place, with deep knowledge of their communities, and multi-pronged strategies for resiliency to overcome systemic racism.

During and after a disaster, local governments should prioritize these community-driven strategies to fight displacement, including use of emergency acquisition and preservation funds. Many organizations have already identified key properties that need preserving or are in the process of building projects that need additional funds.

Examples of Acquisition and Preservation Funds

There are many kinds of institutions in the U.S. that fund acquisition and preservation of land and buildings for low-income communities. These include land trusts, community finance institutes, and transit-oriented development.

Equitable Development Initiative (Seattle)

The City of Seattle Equitable Development Initiative (EDI) is a ground-breaking national model for public investment in community-driven development and preservation. The City established the EDI in 2016 to help place-based and community-accountable organizations own and control land in communities that are at high risk of displacement. The program was a direct response to the emerging threat of displacement to BIPOC communities and
followed from many years of community advocacy. The City has funded the EDI through a tax on short-term rentals ($5 million a year), sale of City-owned parcels, and (soon to go into effect) a new payroll tax on large corporations ($20 million a year).

The EDI supports community visions for prospering in place with grants that build capacity for community-based organizations and direct funding for project development (e.g. project feasibility, acquisition, tenant/facade improvements). An EDI Advisory Board, comprised of community members impacted by displacement, provides guidance and recommendations on the allocation of funding. Since 2017, EDI has granted $35 million to 24 community-based organizations in Seattle, allowing them to leverage an additional $105 million for their planning and projects.

### Community Acquisition by RBAC and MCC Funded by Seattle’s Equitable Development Initiative

RBAC and MCC are both leading community stewardship of land projects that have been made possible by Seattle’s Equitable Development Initiative. Both RBAC and MCC’s projects were demonstration projects, funded in the first round of EDI funding, enabling our organizations to take on a new role as stewards of land and to support other BIPOC organizations in learning from and replicating our projects.

**RBAC’s Food Innovation Center** is intended to create jobs and build on the many food cultures of Rainier Beach. The Center will address an infrastructure gap, supporting local BIPOC farmers participating in the neighborhood Farm Stand, in providing cold storage and aggregation space, supporting economic opportunity through activities such as new small food businesses and well as education and workforce development for Rainier Beach residents.

**MCC acquired a property in the heart of Hillman City, which we will steward as a Cultural Innovation Center.** The goals of the Center is to preserve BIPOC small businesses, be a community-owned and community-driven, multicultural, service-delivery center and a vital heritage and cultural arts venue. The center will serve as an anchor for several community-based organizations and build power across Black, immigrant, refugee, and people of color communities so that they can shape the policies and practices that impact their lives.
Community Investment Trusts:

Community Investment Funds (CIFs) held by a Community Investment Trust are a flexible investment tool that can meet multiple outcomes. CIFs can:

- Establish cooperative financing strategies by and for BIPOC communities, including provide low- or no-interest loans for qualifying projects;
- Mobilize people with wealth to redistribute wealth;
- Buy and own land;
- Fund independent land acquisition and projects;
- Be democratically run.

Examples

The East Bay Permanent Real Estate Coop sells shares to California residents for $1,000 a share to enable acquisition of land off the speculative market. They have three permanently affordable cooperative real estate projects occupied by BIPOC residents in their portfolio and are in the midst of acquiring properties for a cultural cooperative corridor for cooperative art businesses.

The Portland Community Investment Trust provides an avenue for collective land ownership. Residents in specific neighborhoods can make a monthly investment of $10-100 dollars, purchasing shares in the Community Investment Trust property in their neighborhood. Through this investment model, residents learn about personal finance and gain profit from their investment, while working towards collective ownership of the property as more residents invest.

Washington D.C. Affordable Housing Preservation Fund

As a response to alarming loss of existing affordable housing, Washington D.C. created the Affordable Housing Preservation Fund to help finance acquisition, critical repairs, and predevelopment of existing housing that serves low-income tenants. This special fund is in addition to a $100 million annual fund for new construction, similar to Seattle’s Housing Levy. D.C. can use the money to buy buildings with rent restrictions (e.g., older, HUD-subsidized units) and those without (completely unsubsidized). Since inception, the program has received at least $40 million and has preserved at least 1,000 units. For more details on how the fund works in tandem with landlord requirements to sell to tenants, the community, or to the District, see the section on COPA/TOPA, below.

Dudley Street Neighborhood Initiative

Many community activists consider the Dudley Street Neighborhood Initiative. (DNSI), located in Boston, to be one of the strongest models for community-led development and neighborhood preservation in the country. Residents of the Dudley neighborhood in Roxbury, MA came together in 1984 to advance their community’s vision for revitalization, in opposition to City-initiated urban renewal. They eventually won over $130 million from public agencies for preservation and new investment in their 60-acre neighborhood and, remarkably, the power of eminent domain (the legal authority to take land for a public purpose).
DSNI describes it this way: “When many had given up, DSNI organized neighbors to create a comprehensive plan and a shared vision for a new, vibrant urban village. To secure development without displacement, DSNI gained eminent domain authority, purchased vacant land, and protected affordability.”

Today, DSNI has worked with partners to create over 400 homes, and rehabilitated an additional 500 homes. Of those homes, 225—over 30 acres—are permanently affordable in Dudley Street, Inc. a community land trust run by DSNI. DSNI is also home to Town Common, commercial and non-profit space, a 10,000 square foot community greenhouse, community centers, gardens, urban agriculture, parks, and playgrounds.
Increase BIPOC power in planning and development by establishing local planning and accountability through equitable development zones.

Stopping displacement of BIPOC communities requires a focus on both equity and place. Who gets to live where in our region has largely been driven by racism and income segregation – but once a community has set down roots, it can thrive in place over time. Preserving neighborhood affordability, and the institutions that anchor BIPOC communities, must become a higher priority for local governments or we will simply experience the same harm over and over again.

To prioritize anti-displacement – after a disaster or as an ongoing strategy – local governments should create equitable development zones (EDZ) in areas with high risk of displacement for BIPOC communities. Within an EDZ, local governments grant specific planning and permitting powers to residents most at risk of displacement to direct development in their communities. These strategies include, Community Planning Power (rooted in robust community engagement), Community Approval of Development, and a Community-Led Public Development Authority.

To designate neighborhoods as EDZs, local governments can use analytic tools such as Seattle’s displacement risk index and access to opportunity index to determine appropriate geographic areas. Equitable development zones should also be considered in gentrifying, historically Black and/or POC neighborhoods to ensure the stability of remaining BIPOC residents and create opportunity for others to return.

Planning for Climate Resiliency

As climate change results in more and more disasters across the United States and the world, the Puget Sound region is projected to be a hub for climate refugees. It is more important than ever to ensure that our communities are stable, prepared for climate disaster, and able to support the inevitable influx of refugees without the displacement of our own communities. The city is already working with organizations in the Duwamish valley to create a Resilience District\(^8\), and additional community organizations are beginning to imagine additional resilience zones. Part of being prepared both for local climate disaster as well as the influx of climate refugees is resourcing local communities to have genuine decision-making power in development including planning, enforcement, and having the capacity to develop their communities to build resiliency.
Community Planning Power
Within equitable development zones, local governments can establish a planning board made up of community stakeholders most at risk of displacement (including small businesses cultural institutions). The board, with public funding, would lead local planning efforts that are accessible to all neighborhood residents, including language accessibility, and rely on resident participation. Board recommendations and results from neighborhood planning would become the basis for zoning decisions and infrastructure investment. In an equitable development zone, the comprehensive plan would defer to the plan created by neighborhood residents, rather than the other way around.

Community Approval of Development
In tandem with increased planning capacity, local governments can empower an EDZ planning board to review local development proposals and issue certificates of community approval for projects to proceed. Approval would be determined through compliance with neighborhood plan and zoning, as well as the impact of the development on displacement and racial equity. For large projects, the board could direct either the local government or developer to perform an impact analysis that includes community health, cultural preservation, affordability, small business resilience, and economic development. Community approval of development increases the importance of preserving BIPOC resilience over the interests of developers and future residents.

Community-Led Public Development Authority
As a final anti-displacement strategy, local governments could create Public Development Authorities led by impacted BIPOC stakeholders in the community. A public development authority is a “public corporation” that is able to own, sell and contract on behalf of a city for a specific delineated purpose. Within an equitable development zone, a well-funded public development authority could compete with the private sector when land is for sale, can intervene when properties are at risk of foreclosure to ensure properties remain in community hands, and can work to further the community’s vision.

Examples of BIPOC leadership in planning and development

Seattle Historic and Special Review Districts
The International Special Review District was created in 1973 in response to community organizing to combat gentrification in the International District (ID). The Special Review District has a review board consisting of seven ID stakeholders, five of whom are elected by the community and appointed by the
Mayor. The ISRD Board reviews and makes recommendations on new construction, demolition, change of use, and change to outer appearance of any building in the district to ensure compliance with rules designed to preserve the cultural integrity of the ID. The Board makes a certificate of approval recommendation to the Department of Neighborhoods, which is a prerequisite for the issuance of a land use permit by the Department of Constructions and Inspections.

Another example in Seattle of stakeholder-driven planning power is Pike Place Market. The City of Seattle created both a historic review district and a public development authority to ensure the preservation of the market. It is arguably one of the most successful public markets in the U.S., for preservation of both place and local businesses that would not otherwise succeed in downtown. The Pike Place Commission is composed of twelve board members appointed by the Mayor, but who have full authority to issue certificates of approval for development within the historic area. The PDA has 8 buildings home to 500 residents, the majority of which is low-income housing, including three HUD-subsidized buildings and senior housing.

**Cultural Space Agency PDA**

During the pandemic, the City of Seattle passed legislation to create a Cultural Space Agency PDA, the first PDA created in Seattle in nearly forty years. The Cultural Space Agency PDA will help develop real estate projects that prioritize cultural space and 1) reflect the needs and desires of communities who have borne the burden of institutional racism; 2) build community wealth through investment opportunities in cultural real estate projects; and 3) partner with commercial real estate developers to build or preserve projects. The PDA will be led by and be accountable to BIPOC community members. The City has allocated initial seed money of $500,000 each year for two years for the cultural space agency.
4 Preserve affordability and create a path for tenant ownership by passing a Tenant/Community Opportunity to Purchase Act.

A Tenant/Community Opportunity to Purchase Act (TOPA/COPA) allows tenants to compete with private sector buyers to purchase their homes and preserve affordability. The goal is to intercept speculative real estate transactions and put rental housing into shared tenant ownership or non-profit stewardship, with a deed restriction for permanent affordability, to prevent the displacement of current and future residents.

Under TOPA/COPA, landlords would be required to notify the tenants living in a property, residents of the neighborhood, designated community organizations, and relevant governments before putting the property on the market. This policy gives tenants, who may have invested their income, time, and energy into their rental units – often for decades – priority to purchase the house or apartment building themselves.92 The tenant, organization, or local government makes an offer, and the landlord can either accept or reject it. If the landlord rejects it, the tenants will have the opportunity to match any other offer made afterwards and be given preference – called the right of first refusal.

TOPA/COPA policies have been structured very differently across the country. An effective TOPA policy in King County would:

- Give any rights created by the ordinance first to tenants, and then second to qualified entities that have a clear history of serving and centering BIPOC communities. Notification of selling would go to the tenants, relevant government agencies, and other qualified entities. Tenants would be able to assign their rights to the qualified entities, but not sell their rights to third parties;

- Apply to all housing stock, including multi-family and single-family buildings. Over fifty percent of the housing stock in King County consists of single-family homes;93

- Apply to homes in the process of foreclosure or that are being foreclosed upon, creating another tool for tenants and the city to keep homes affordable
and increase low-income and BIPOC home ownership.

A legal note: Some local governments previously ruled out TOPA in response to a Supreme Court decision in *Manufactured Housing Communities of Washington v. Washington* (2000) which struck down right of first refusal provisions, based on a test which examined whether government regulation “viola[t]es the fundamental attributes of ownership.” However, the Washington State Supreme Court dramatically changed the state’s takings and substantive due process analysis in *Yim v. City of Seattle* (2019), stating that Washington will now follow federal analysis, using the due process test established by the US Supreme Court, and making it possible to pass TOPA legislation.

As echoed throughout this report, these policies will only be successful with significant investment in capacity building and institution building for BIPOC communities. For tenant purchase to be possible, organizations need to be funded to support tenant organizing, property management training, financing and ongoing democratic governance in these projects. TOPA policies have been most successful where cities create acquisition funds and support a robust ecosystem to support tenant ownership.

**Examples of TOPA policies**

*Washington D.C. Tenant Opportunity to Purchase Act*

Washington D.C. adopted a TOPA in 1980, giving tenants the right of first purchase and refusal, as well as the ability to assign their rights. Additionally, in 2008 (though not implemented until 2016), the District passed DOPA, the District Opportunity to Purchase Act, which also gives the District the right to purchase properties if 1) the tenants turn it down and 2) if one quarter or more of the apartments are affordable for people making less than 50 percent of the area median income. Together, these two laws give Washington D.C. the ability to quickly purchase and preserve affordable housing that may have been lost to speculation or redevelopment.

Although the District does not keep comprehensive records of how many TOPA units have been created, one study documented that between 2003 and 2014, at least 1,400 affordable units were preserved. About a fifth were affordable for incomes below 30% AMI, another fifth affordable to households below 50% AMI, and all affordable to below 80%. Additionally, TOPA has been essential in the creation of the over 4,400 limited equity coop units in the district. The success of TOPA in D.C has relied on access to funding and a robust network of community organizations providing technical assistance to forming tenant organizations.

Funding for TOPA (and DOPA) includes the First Right Purchase Program (FRPP), the Affordable Housing Preservation Fund, and the Housing Production Trust Fund. The FRPP was initially created in 1978 with a grant from the US Department of Housing and is currently funded with $10 million from the District’s Housing Production Trust Fund. The FRPP has a rolling application process for tenant organizations seeking to exercise their TOPA rights and provides...
funding for predevelopment to acquisition and critical repairs. The Affordable Housing Preservation Fund was created in 2018 and is managed by LISC D.C. and Capital Impact Partners. The Fund provides financing for acquisition, critical repairs, and predevelopment funding. Additionally, TOPA projects have access to the Housing Production Trust Fund which has funded over 100 million dollars every year since 2016.

**San Francisco Community Opportunity to Purchase**

In 2019, San Francisco passed the Community Opportunity to Purchase ordinance that gives qualifying non-profits the right of first purchase. First, landlords of buildings with three or more units are legally required to provide a five-day notice to qualified organizations. If a nonprofit expresses interest within five days, they then have 25 days to provide an offer. If that offer is accepted, the building goes into contract for purchase; conversely, if the offer is not accepted, the nonprofit has the right of countering any future offers, provided they can match terms.

**California SB 1079**

In 2019, in response to the organizing of Moms4Housing—a collective of predominantly Black mothers who were unhoused or experiencing housing insecurity and occupied vacant homes in Oakland in winter of 2019—the state of California passed a law in September 2020 giving tenants and nonprofits the right to match any offer at individualized foreclosure sales. The law requires individualized (not bundled) sale of one to four units properties. If a non-occupant purchases the property at the trustee sale, the law also created a 45 day window for existing tenants to match the winning offer and eligible organizations to exceed the offer to take possession of the property.

**Additional examples**

New Hampshire and Minnesota passed laws in 1987 and 1991 respectively that gave tenants the right of first refusal of manufactured home parks. Chicago has a law that requires landlords to provide six months’ notice to the City when a landlord intends to sell a single room occupancy building and the city works with non-profit developers to preserve the property. Versions of TOPA are currently under consideration in Minneapolis, Berkeley, Oakland, New York City and New York State, and Austin.
Stop harassment of vulnerable homeowners by creating non-Solicitation/cease and desist zones.

The real estate industry has a long history of perpetuating systemic racism in Seattle and in cities across the United States. Although blockbusting\textsuperscript{113} was federally outlawed by the Fair Housing Act of 1968, predatory practices targeting BIPOC communities by real estate agents, banks, and developers have continued, just more insidiously.\textsuperscript{114} One tactic by the industry is to send unsolicited offers to buy homes, targeting owners who live on fixed incomes (like seniors or disabled persons), live in undervalued houses, or are part of a demographic group that appears to be leaving a neighborhood.\textsuperscript{115} These offers can play on homeowner fears, such as rising property taxes or a pandemic, or offer “quick cash” to people living with other economic uncertainty.

Non-Solicitation and Cease and Desist Zones limit this predatory activity by preventing real estate affiliates from canvassing, flyering or otherwise contacting residents without their consent within designated areas and/or on non-solicitation lists. We recommend local governments adopt one or both of the following policies:

1. Establish a non-solicitation geographic zone that bans real estate solicitation practices. These areas could correlate with equitable development zones;

2. Establish a geographic-specific opt-in system where residents can register with a city agency who would add them to a ‘no knock’ list disseminated to all real estate agents.

Litigation in New York City has repeatedly affirmed the legality of non-solicitation, and cease and desist zones, finding that the long history of blockbusting is a rational basis for government limitation of free speech.\textsuperscript{116} In enacting an ordinance creating non-solicitation/cease and desist zones, local governments should carefully articulate the purpose of the ordinance.

**Examples of Non-Solicitation/Cease and Desist Zones**

**New York Non-Solicitation/Cease and Desist Zones**

New York has had Non-Solicitation Zones on the books since 1939, when all of Queens was declared a cease and desist zone. Over the years, different iterations have been implemented in areas across New York City. On November 1, 2020 New York State created a Cease and Desist zone in Kings County (Brooklyn) that allows homeowners to demonstrate to a government agency that they are subject to repeat and intense solicitation.\textsuperscript{117} The penalty for sending an unlawful solicitation ranges from a reprimand, a fine up to $1,000, up to real estate license suspension and revocation.

**Jersey City No Knock Ordinance**

Jersey City, NJ passed a No Knock ordinance in 2017, to address aggressive solicitation by developers to long-term residents.\textsuperscript{118}
Residents submit their individual addresses to the City Clerk and real estate agents are required to obtain the list and bypass any home that has submitted their address to the registry. Real estate agents in violation can be fined up to $1,250.00, required to complete ninety days community services, and/or have their license revoked. Other cities in New Jersey have since followed suit.
Home flipping is the process of a real estate entity purchasing a home or building and quickly reselling to make a profit, rather than to live in it or provide housing to those who need it. Flipping can result in displacement of long-term residents, permanent loss of affordable homes, and dramatically increased property values in a neighborhood.

In King County, property flipping impacts BIPOC communities significantly more than white communities. The City of Seattle compiled the number of flips per census tract between the years 2015 and 2019 for its Displacement Risk Indicators Report. It used a conservative definition of flipping that only accounts for homes resold within one year and where the sale price had increased between sales at least twice as fast as the regional housing Consumer Price Index. The data shows that between 2015 and 2019 flipping activity occurred significantly more frequently in areas of King County with higher concentration of BIPOC residents than in other neighborhoods. For example, in the census tract encompassing south Rainier Beach, there were 105 flips between 2015 and 2019, the highest number of flips in all of Seattle.

A flipping tax imposes an additional sales tax on homes sold within a short time frame from the last purchase. The best policy proposals are graduated, so that the sooner a property is resold, the higher the tax. A successful policy will also set the tax rate high enough to be a disincentive to the flipping activity.

For local governments to adopt a flipping tax, it is likely that Washington State would need to pass new legislation authorizing municipalities to implement the tax. Local governments could start by lobbying the state legislature to adopt legislation that gives municipalities greater control over Real Estate Excise Taxes.
Examples of a Flipping Tax

While there aren’t any examples in the U.S. now of flipping taxes, researchers have explored the economics of the tax as well as how best to design it. Historically, Washington DC had a flipping tax in the late 70s and San Francisco voters (see below) had an opportunity to approve a tax by ballot initiative. The policy idea has been taken up more recently in New York State.

Proposed Bill in New York

In March 2021, Representative Julia Salazar introduced a bill in the New York legislature imposing a tax on real estate transactions that occur within two years of the previous transaction. In the first year, an additional tax is set at 65% of the different between the current and previous purchase price, and in the second year the tax is set at fifty percent of the difference between the two prices. The bill also adds an additional 1% tax on transactions for over $1,000,000, in addition to a graduated tax structure.

2014 San Francisco Initiative

A 2014 initiative was proposed in San Francisco to create a tax on property that was sold within five years. The initiative set a graduated tax starting at 24 percent and decreasing incrementally to 14 percent by the fifth year. While the initiative did not pass, the policy continues to garner interest by elected officials.
Conclusion

As our region emerges from the COVID-19 pandemic, the table is set for disaster gentrification in our communities in King County. Two in five adults live in families at risk of eviction or foreclosure, temporarily under protection of eviction moratoria. Meanwhile, private capital is being amassed for swift predatory action. We know from history, this is a recipe for harm in our communities.

To our leaders in local government -- the scale of the crisis entirely depends on you and your actions to extend the eviction and foreclosure moratoria and cancel rent debt.

Our recommended policy interventions are cumulative and their impact can be multiplied by implementing multiple policies in short succession. As we address the vulnerabilities created by the COVID-19 pandemic, these policies will have a lasting impact on our communities’ ability to weather the existing gentrification, displacement, and homelessness crises, catalyzed by previous disasters.

This community policy brief was researched, written and vetted in partnership with our communities. Between summer 2020 and spring 2021, RBAC, MCC and Sage developed this research, presented our findings and policy proposals to community allies across four different coalitions, in four workshops. To effectively enact any of these policies and realize their full potential, local governments must continue to involve, center and engage BIPOC communities.

Disasters have repeatedly resulted in a dramatic loss of land and housing for our communities, kicking off new cycles of gentrification, and entrenching systemic racism. You can reverse the cycle by acting in this crisis to protect our communities today and build a more equitable future for tomorrow.
Endnotes

1 In our definition we have drawn inspiration from different ideas and definitions, including Naomi Klein’s book, Shock Doctrine, and Marcus Green’s definition in the Seattle Emerald at https://southseattleemerald.com/2020/04/08/opinion-a-pandemic-may-not-discriminate-but-its-recovery-likely-will/.


3 Ibid.


13 Ibid.


17 Ibid.
25 Ibid.
28 In Oakland, for example, more than 40 percent of the 10,508 homes that went into foreclosure in the hard-hit city had been purchased by real estate investors—usually with cash between January 2007 and October 2011. https://community-wealth.org/sites/clone.community-wealth.org/files/downloads/report-king.pdf. In Atlanta, institutional investors own at least one in five single-family rentals in some parts of the metro area, according to Dan Immergluck, a professor at the Urban Studies Institute at Georgia State University. https://www.theatlantic.com/technology/archive/2019/02/single-family-landlords-wall-street/582394.
34 Ibid.
36 Ibid.
37 Ibid.
39 Ibid.
55 Ibid.
Forbearance for Homeowners

but

https://mrsc.org/Home/Stay

Funding for Rent and Utility Assistance Act, passed in March 2021, the State received another $4

stakeholder

2021.  

displacement

2021.  

suburban

Good, the Institute for Policy Studies, and American
data

metros

Enterprise Institute

(February 2021)

homeowners

https://www.npr.org/secti

“Foreclosure Protection and Mortgage Payment Relief for Homeowners


63 Ibid.


PAGE 42

76 For more on the Graham Street CAT, see their vision document at https://www.pugetsoundsage.org/gramm-street-a-community-driven-neighborhood-vision/.
85 Ibid.
87 RCW 35.21.735.


92 The City of Seattle currently requires landlords to provide a notice of intent to sell to tenants and the City. However, the landlord is not required to prioritize offers from the tenants or the city to purchase the property. See https://www.seattle.gov/housing/intent-to-sell for more information.


95 Yim v. City of Seattle, 451 P.3d 694 (Wash. 2019)


101 Ibid.

102 Ibid.

103 Ibid.


113 Blockbusting is the practice of persuading owners to sell property cheaply because of the fear of people of another race or class moving into the neighborhood, and thus profiting by reselling at a higher price.


122 ibid.


125 ibid.

126 ibid.