



School  
of Social Work

PORTLAND STATE UNIVERSITY

**UNDERSTANDING HOW PORTLAND'S  
INCLUSIONARY HOUSING  
PROGRAM SERVES  
RESIDENTS**

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## Executive Summary

This study aimed to understand how residents are being served by the options within Portland's Inclusionary Housing (IH) program that create affordable apartments within largely market-rate buildings. Though the original study design sought to collect data directly from residents, an insufficient number of IH managers provided resident contact information to allow meaningful resident engagement. Instead, researchers analyzed apartment building locations and IH program compliance data to understand who is being served by the program, and potential program benefits to residents. To identify best practices for evaluating IH programs, we also conducted stakeholder interviews with IH program administrators in comparison municipalities, as well as a literature review.

There are five primary findings from this analysis. First, it is impossible to understand the impact of the IH program without access to residents. Second, the location of IH apartments appears to increase access to opportunities for IH residents. Third, while resident demographic information is incomplete, the program appears to serve a population that is more likely to be female, and less likely to be disabled, elderly, or include children and students than the overall residents of PHB's regulated housing. Fourth, most residents of IH apartments are rent-burdened, but less so than they would be renting a similar unit at the market rate in their current building or neighborhood. While move-out data is limited, there also appears to be a higher than average turnover in IH units, which has implications for how well the program contributes to financial stability for residents. Fifth, few municipalities formally evaluate their programs, and few studies of IH programs consider residents' experiences.

Based on this analysis, it appears that Portland's IH program can be an effective mechanism for creating affordable housing in stable and opportunity-rich neighborhoods. However, additional data is needed to understand if inequities exist as to who can access and maintain IH apartments, and residents' experiences of well-being in their buildings and neighborhoods. To fully evaluate IH, PHB also needs better data and collaboration from housing providers. PHB has an opportunity to lead the country in thoroughly evaluating its IH program. Moving forward, we recommend strategies to improve the program and build capacity for a more robust evaluation.

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# Evaluating the Impacts of Inclusionary Housing

Portland's Inclusionary Housing (IH) program launched in 2017 to increase the number of affordable housing units available in Portland, while maintaining economic diversity in neighborhoods.<sup>1</sup> In Portland's IH program, developers of buildings with 20 or more units choose from five options to create affordable housing: two of these options provide for leasing units on-site (15-20% of units affordable at 80% median family income, or 8-10% of units affordable at 60% median family income), two options provide for affordable housing off-site, and one option allows developers to pay a fee in lieu of creating affordable units.<sup>2</sup>

In early 2022, the Portland Housing Bureau (PHB) contracted with the authors to help evaluate the two options that create affordable housing apartments within mostly market-rate buildings. In particular, PHB wanted to understand the impacts of the IH program on residents' well-being. Since the inception of the IH program, 285 buildings have enrolled in the program with 1,510 IH units. Two hundred twenty (220) of these buildings are at some stage of the pre-development or permitting process and 65 are open. This study focuses on the 24 buildings that are entirely privately financed and open with residents as of June 29, 2022. **For the purposes of this report, "IH residents" refers to residents living in affordable apartments within otherwise market-rate buildings, and "IH apartments" refers to affordable apartments within otherwise market-rate buildings.**

In collaboration with PHB, the research team identified four initial guiding questions (see Figure 1). After researchers were unable to explore Question 1, PHB added the fifth question (see Figure 1). Primary data sources for this study include: compliance data reported by property managers (with 162 of the 228 (71%) reporting), stakeholder interviews with IH program administrators in comparison municipalities, and a review of the scholarly literature. For a full description of methods, see Appendix A.

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<sup>1</sup> <https://www.portland.gov/phb/inclusionary-housing>

<sup>2</sup> <https://www.portland.gov/phb/inclusionary-housing>

Figure 1. Study questions and approach to inquiry

Study questions	Approach to inquiry
<p><b>1.</b> <i>What are residents' experiences of living in affordable apartments located within primarily market-rate buildings?</i></p>	<p>Initial plan: Conduct surveys and focus groups with IH program residents regarding lived experience in IH apartments. <i>An insufficient number of IH managers were willing to provide contact information for IH residents. We were unable to explore this question.</i></p>
<p><b>2.</b> <i>Does the location of Portland's IH apartments increase access to opportunities?</i></p>	<p>Analyze IH apartment locations with respect to:</p> <ul style="list-style-type: none"> <li>- Opportunity Map</li> <li>- Economic Vulnerability Assessment</li> <li>- Gentrification Risk</li> </ul>
<p><b>3.</b> <i>Who is being served by Portland's IH program?</i></p>	<p>Analyze IH program compliance data to identify demographic trends among IH program renters; compare trends to renter demographics in all PHB's regulated housing.</p>
<p><b>4.</b> <i>What is the cost of living in IH apartments?</i></p>	<p>Analyze IH program compliance data about incomes and rents; calculate rent burden; compare this to market-rate rents for similar apartments.</p>
<p><b>5.</b> <i>How are others evaluating the effectiveness of IH for residents?</i></p>	<p>Conduct key stakeholder interviews with IH program administrators and conduct a systematic review of the literature to identify best practices for evaluating IH programs.</p>

# Findings

## What are IH residents' experiences of their buildings and neighborhood?

**Property manager gatekeepers blocked our access to residents, preventing us from reaching enough residents to incorporate residents' voices directly into our analysis.** See Appendix A for details about how we attempted to reach residents.

## Does the location of IH apartments increase access to opportunities?

Inclusionary housing apartments are concentrated in North, Northeast, and Southeast Portland, with only 33 apartments (in 3 buildings) west of the Willamette River. See Figure 2 and Table 1.

Figure 2. Locations of IH apartments

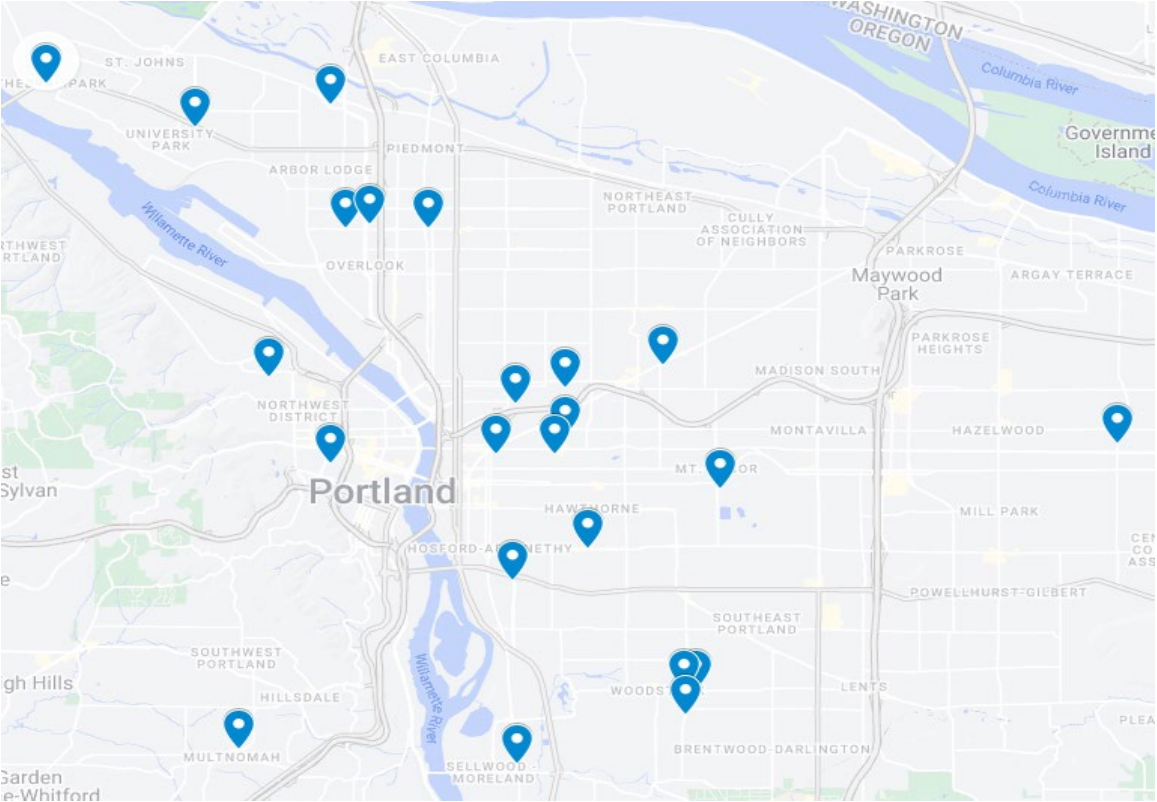


Table 1: City quadrant locations of IH apartments<sup>3</sup>

Area of Portland	Number of Buildings	Number of Apartments (% of Total IH Apartments)
Southeast	9	95 (42%)
Northeast	6	70 (31%)
North	6	30 (13%)
Northwest	1	22 (10%)
Southwest	2	11 (5%)
<b>TOTAL</b>	<b>24</b>	<b>228</b>

**The vast majority (92%) of IH residents live in areas with high levels of opportunity.**

PHB's Opportunity Area Mapping project identifies geographic areas of opportunity based on proximity to childhood education, employment, transportation, family wage jobs, and healthy eating/active living. The map uses a 5-point scale, with "1" indicating the lowest opportunities and "5" indicating the highest opportunities.<sup>4</sup> We consider areas with a score of 4 or 5 to have high levels of opportunity.

- 31% of apartments (n=66) are in areas with an Opportunity Score of 5
- 61% of apartments (n=146) are in areas with an Opportunity Score of 4
- 6% of apartments (n=13) are in areas with an Opportunity Score of 3
- 1% of apartments (n=3) are in areas with an Opportunity Score of 2
- No apartments are in areas with an Opportunity Score of 1.

See Table 5 in Appendix A.

**The vast majority (91%) of IH residents live in areas that are economically secure.**

Portland's Bureau of Planning and Sustainability and Dr. Lisa Bates developed an Economic Vulnerability Assessment, assigning areas scores between 0 and 100, with low scores indicating little vulnerability to changing economic conditions and high scores indicating high levels of vulnerability to changing economic conditions. This score is part of the assessment of areas that are at risk of, or are currently, gentrifying (see below). More vulnerable areas "have conditions that make resisting displacement more

<sup>3</sup> Due to rounding, percentages throughout this document may not always total 100%.

<sup>4</sup> <https://www.portland.gov/phb/opportunity-mapping#toc-how-to-interact-with-the-map>

difficult."<sup>5</sup> This score is calculated using the percentage of renters, the percentage of communities of color, the percentage without a bachelor's degree, and the percentage of households at or below 80% AMI. Areas with a Vulnerability Score of 60 or above are considered economically vulnerable. Ninety-one percent of apartments (in 19 buildings) are in areas that are not economically vulnerable, and 9% of apartments (in 4 buildings) are in areas that are economically vulnerable. See Table 5 in Appendix A for more information.

**Very few (4%) residents live in areas at risk of or currently gentrifying.** Dr. Bates and the Bureau of Planning and Sustainability created a typology of gentrification, displacement activity, and risk, and applied this to areas of the city.<sup>6</sup> Using the resulting gentrification risk map, we found that 96% of the IH apartments are not at risk of gentrification or currently gentrifying, though they may have already gentrified (see Table 5 in Appendix A.) Areas with low gentrification risk could have one of three situations:

1. Incomes and housing prices are high, in which case it could be beneficial to increase affordability in these desirable areas.
2. Incomes and housing prices are low, but these neighborhoods could experience displacement as low-income people are pushed out of other neighborhoods and into these areas and may need additional services and infrastructure.
3. They are near the threshold of being at risk. (Bates, 2013, p.34)

Further analysis is needed to determine which of these characteristics may apply to areas where IH apartments are located.

## Who is being served by the IH program?

In annual compliance reporting, PHB requires some information and requests voluntary reporting for other fields. Using the available compliance data, we aimed to understand who is being served by the IH program. **Incomplete resident demographic data complicated this effort;** the number of apartments reporting each question is included in the footnotes of Table 2.<sup>7</sup>

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<sup>5</sup> <https://pdx.maps.arcgis.com/apps/webappviewer/index.html?id=e5c5d928ed254f60ae22a3c98b429559>

<sup>6</sup> <https://pdx.maps.arcgis.com/apps/webappviewer/index.html?id=777c415ec7874b74ae7c501bff0f67da>

<sup>7</sup> PHB collects data on both race and ethnicity. 70% of residents in our sample are white only (n=86), 11% are Black only (n=13), 7% are Asian only (n=8), 3% are other races (n=4), and 10% are multiracial (n=12). 82% of residents in our sample are not Hispanic or Latino (n=89) and 18% are Hispanic or Latino (n=19).



Table 2. Resident demographics in IH apartments, all PHB regulated housing, and comparable renters

	Residents of IH Apartments	Residents of PHB's Regulated Housing ( <a href="#">PHB, 2021</a> )	Portland Renter Population, 50-80% AMI (2016-2020 ACS 5-Year Estimates)
White alone, non-Hispanic	60% <sup>8</sup>	58%	70%
Black alone, non-Hispanic	11% <sup>9</sup>	19%	6%
Hispanic or Latino, any race	18% <sup>10</sup>	4%	11%
Disabled	9% <sup>11</sup>	26%	12%
Elderly	6% <sup>12</sup>	21%	13%
Students	2% <sup>13</sup>	10%	22%
Children	8% <sup>14</sup>	23%	17%
Women	65% <sup>15</sup>	48%	50%

Despite these challenges, we found that **in several ways, residents of IH apartments appear unlike Portland's 50-80% AMI population of renters and residents of PHB's regulated housing overall** (see Table 2). Compared to PHB's regulated housing overall, IH residents appear more likely to be white, Latino, and female, and less likely to be Black, disabled, elderly, or include children and students. That said, based on estimated

<sup>8</sup> 123 apartments reporting (54% of IH apartments). Includes those residents whose only recorded race was "white", whose recorded ethnicity was "Not Hispanic or Latino".

<sup>9</sup> 123 apartments reporting (54% of IH apartments). Includes those residents whose only recorded race was "African American", whose recorded ethnicity was "Not Hispanic or Latino".

<sup>10</sup> 108 apartments reporting (47% of IH apartments)

<sup>11</sup> 160 apartments reporting (70% of IH apartments)

<sup>12</sup> 160 apartments reporting (70% of IH apartments)

<sup>13</sup> 162 apartments reporting (71% of IH apartments)

<sup>14</sup> 162 apartments reporting (71% of IH apartments)

<sup>15</sup> 123 apartments reporting (54% of IH apartments)

racial demographics of the Portland renter population in a comparable income bracket, Black and Latino populations do not appear underrepresented in the IH program.

**IH buildings are designed for small households.** The vast majority of both IH (93%) and market-rate (87%) apartments in these buildings are studios or one-bedrooms. A lower proportion of IH apartments than market-rate apartments are family-sized, that is, including two or more bedrooms. The average IH apartment size is 437 square feet. Ninety percent of IH apartments had one occupant (n=145), 6% had two occupants (n=9), 2% had three occupants (n=3), and 2% had four or more occupants (n=3).<sup>16</sup> This averages to 1.2 occupants per IH apartment.

*Table 3. Bedroom count of apartments in IH buildings*

	IH Apartments (N:162)	Market-Rate Apartments (N:1376)
Studio	38%, n=61	56%, n=759
1-bedroom	56%, n=90	32%, n=433
2-bedroom	4%, n=6	12%, n=158
3-bedroom	2%, n=4	1%, n=16

## What is the cost of living in IH apartments?

Some residents use tenant-based Section 8 vouchers or other forms of governmental rent assistance. Excluding this assistance, residents pay, on average, \$1,059 per month for their housing. This is an average of 45% of residents' monthly incomes. Before assistance, rent averages \$1,191 per month.

**The vast majority of residents of IH apartments are rent-burdened.** We found that 91% of IH residents are rent-burdened (paying 30% or more of their income on housing)

<sup>16</sup> 160 apartments reporting (70% of IH apartments)

and 21% are severely rent-burdened (paying at least half of their income on housing costs). See Table 4.

*Table 4: Rent burden of IH residents, compared with if they rented at market rate*

<b>Level of Rent Burden</b>	<b>Current IH residents for whom we have data (N:160)</b>  <b>Average rent: \$1,059</b>	<b>If those residents rented at market rate in the same building (N:150)</b>  <b>Average rent: \$1,407</b>	<b>If those residents rented at market rate in the same neighborhood (N:147)</b>  <b>Average rent: \$1,557</b>
<b>Total rent-burdened (30% or more of income on housing)</b>	<b>91%, n=137</b>	<b>98%, n=147</b>	<b>100%, n=147</b>
Rent-burdened (30.0-49.9% of income on housing)	70%, n=105	55%, n=83	47%, n=69
Severely rent-burdened (50.0% or more of income on housing)	21%, n=32	43%, n=64	53%, n=78

That said, IH residents are less rent-burdened than if they were renting a similar apartment at market rate in their current building or neighborhood. If the same residents were to rent a comparably sized market-rate apartment in their current building, 98% would be rent-burdened. They would pay an average of \$1,407, or 57% of their incomes on housing per month. IH residents pay an average of 77% of their building's market rent. Similarly, if the same residents were to rent a comparably sized apartment in the same neighborhood, every resident would be rent-burdened. They would pay an average of

\$1,557, or 61% of their incomes on rent. IH residents pay an average of 71% of their neighborhood's market rent.<sup>17</sup>

**Some residents are not remaining in their IH apartments.** Because Portland's IH program is relatively new, there is not much move-out information in the compliance data. In the full data available (with residents moving in between November 30, 2018, and June 28, 2022), property managers reported move-out data for 24 apartments. The average length of time these residents lived in their apartments is about eleven months (334 days). The length of time residents lived in these apartments ranged from 3 days to 1048 days (about 2 years, 9 months). Fourteen of those 24 residents (58%) lived in their apartments for less than a year. Of these, two residents lived in their apartments for less than two months, six residents lived in their apartments for between six and nine months, and six residents lived in their apartments for nine months to just under a year.

For 2021, property managers provided data for 80 apartments that were occupied at any time during that year, and 18% of residents (n=14) moved out during that year. However, owners first opened many of these apartments during the second half of 2021. When we look at the 19 apartments that were occupied on January 1, 2021, residents of 11 apartments (58%) moved out by December 31, 2021. This is notably higher than the national average rate that McClure (2018) found, with 14-18% of residents of affordable housing programs exiting each year – though, with the pandemic and expiration of the eviction moratorium, 2021 was an unusual year in many respects. We do not have any data about why these residents moved out of their apartments.

## How are others evaluating the effectiveness of IH for residents?

As an unmet goal of this study was to understand residents' experiences of living in IH apartments, we sought to identify how others evaluate the success of IH programs, and best practices for evaluating IH programs. We conducted key stakeholder interviews with IH program administrators in nine cities or counties and conducted a systematic review of the literature.

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<sup>17</sup> Data for market-rate rents in the same building and neighborhood was collected on 8/3/2022 for the timeframe 2018 – Q22022.

**None of the comparison municipalities evaluate the impact of living in IH on residents' well-being.** Eight of the nine municipalities measure success by the number of units created. A few municipalities also identified tracking the demographics of beneficiaries, including the AMI or economic vulnerability of those served. Table 7 in Appendix A summarizes the metrics for success identified in other municipalities.

**Few municipalities report doing any kind of formal evaluation of their programs.** Many said they present data to elected officials annually or write annual reports. These reports are not evaluations examining the impact of the programs, but instead report outputs and implementation data, such as affordable units produced and occupied, which options developers choose, fees generated, the sizes of units, wait times for residents and vacant times of apartments, complaints, and expansion of their programs.

A few municipalities have market feasibility studies that they refer to as evaluations. One municipality has an evaluation completed by graduate students in the past, and one municipality is working with a researcher from a local private university to examine the economic impact of IH on the housing market. Some municipalities report gathering data from residents of their affordable units overall to understand residents' experiences, though, in their analysis, they do not separate residents of IH apartments from those living in other kinds of affordable housing.

Those who lead IH programs in their municipalities varied greatly in what they would want to learn if they could evaluate their programs. Responses included developers' and residents' experiences and feelings about the program and the demographics of residents (with suspicions of discrimination).

Only one municipality we spoke with has data sharing agreements with the property owners, though all require some data from the owners or property managers at either initial occupancy, annual reporting, or both. We did not ask what topics are included in mandatory reporting from property owners, but it seemed like the required information often only included what was needed for income certification.

**Similarly, few researchers are considering residents' experiences as part of IH evaluations.** We searched the academic literature for evaluations that included IH residents' well-being. In 13 academic articles evaluating the outputs or outcomes of specific IH programs, only two considered the program's effects on intended

beneficiaries. The first study focuses on Montgomery County, Maryland, where low-income applicant families were randomly assigned to public housing that is either (a) clustered within seven public housing developments or (b) scattered into market-rate subdivisions via the county's inclusionary zoning policy. Researchers surveyed residents in both programs to assess the economic status of social ties, feelings of neighborhood belonging and satisfaction, and health outcomes (Schwartz, et al., 2015) The second studies the Santa Monica Affordable Housing Production Program (AHPP). As part of a comprehensive case study, the authors surveyed residents of a sample of IH buildings in Santa Monica, including residents of market rate and affordable units, with questions related to neighborhood satisfaction, sense of racial and economic integration in the neighborhood and building, experiences of prejudice or bias, and impact of living in the building on economic status (Nzau & Trillo, 2020). Both these studies offer models for cities hoping to evaluate their IH programs. See Table 8 in Appendix A for details.

## Conclusions

### Limitations

We initially hoped this report would include survey and focus group data directly from residents of IH apartments in mostly market-rate buildings. However, contacting residents about opportunities to participate in the research proved to be a significant barrier. See Appendix A for details. **Because property manager gatekeepers prevented us from contacting enough residents, we were unable to incorporate residents' voices directly into our analysis. We hope PHB can address this significant shortcoming in the future.**

Additionally, compliance data is limited and incomplete, decreasing the certainty of our conclusions. This is due in part to the newness of the program; compliance data is required from properties that have been open for more than one year. There is currently compliance data available for 162 of the 228 IH apartments, or 71%. However, there are also questions related to the accuracy of the data (for example, some property managers submitted data for far more IH apartments than the building is supposed to have<sup>18</sup>) and

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<sup>18</sup> We omitted this unclear data from our analysis, as we could not determine which were the IH apartments, and those apartments are not included in the 162 apartments with compliance data.

the completeness of the data (for example, some fields are missing data for one-third of residents). The recommendations below include strategies for increasing the quality of data PHB collects to facilitate future evaluation.

## Implications

### **Portland's IH program can be an effective mechanism for creating affordable housing in stable and opportunity-rich neighborhoods, though it is not yet clear how stable this housing is for IH residents.**

Most of the IH apartments are in areas that have high levels of opportunity, are not economically vulnerable, and are not at risk of (or currently) gentrifying, indicating that IH can be an effective mechanism for creating affordable housing in stable and opportunity-rich neighborhoods. This may include neighborhoods that have previously gentrified.

Though it may be beneficial to move to these relatively stable areas, it does not mean that households are experiencing stability. High levels of cost burden suggest that these residents could be experiencing continuing economic precarity. The residents who move out in less than a year could indicate that some residents have negative experiences with their housing. Some could have been unable to afford to stay in their apartments and could have been evicted. To understand why residents may move out, and the stability they may or may not feel, it will be important to gather data from residents about their experiences.

### **There may be inequities in who can access IH apartments.**

Elderly residents, children, students, and residents with disabilities appear to be underrepresented in IH apartments, indicating that there may be inequities in accessing these homes. Because a program goal is to "increase housing opportunities for families and individuals facing the greatest disparities" (PHB, 2020, p. 120), more information is needed to understand these potential inequities. Further investigation is prudent as some IH programs have been critiqued for reproducing racial inequities through income targets for affordability and targets for the number of bedrooms that do not align with median incomes and family sizes of Black, Latino, and other communities of color (Zevallos, 2019). Additional research could examine the target income levels, apartment sizes, marketing strategies, application, and selection processes for areas that could increase these groups' access to IH apartments. Further research could also focus on

identifying potential inequities beyond accessing housing: resident experience and well-being, who remains in IH apartments, and who moves out.

**To fully evaluate IH, more information is needed about residents' lived experiences.**

Nationally and locally, there is a dearth of information about residents' experiences in IH apartments. To the degree that programs are being evaluated, the focus is on the number of homes built. Our understanding of who directly benefits from the programs and how is quite thin. While several studies have considered the degree of economic vulnerability of those served, only one (Zevallos, 2019) considers the potential for racially disparate impacts of IH programs. Further, no study thus far has analyzed how stable this housing actually is for residents.

The data used in this report provides a preliminary understanding of the financial impact of living in an IH apartment; IH may allow residents to access housing in buildings or neighborhoods that they would not have been able to access otherwise. We need to hear directly from residents to understand what any financial savings may mean to their economic well-being. We do not yet know anything about how living in an IH apartment might impact other aspects of well-being, such as building amenities, sense of community, convenience, community involvement, and experiences of prejudice or stigmatization. Given that the goal of IH programs is to meet the housing needs of low-income residents, the scarcity of attention to the lived experience of residents housed through IH programs is noteworthy. In order to understand the impact of the IH program on beneficiaries, it is crucial to gather data directly from those residents.

**PHB needs better data and collaboration from housing providers to fully evaluate this program.**

In order to holistically evaluate the IH program, property managers will need to provide complete and accurate compliance data by filling in all requested fields in the compliance reporting spreadsheet. It is impossible to draw conclusions with confidence when compliance data is entirely missing, incomprehensible, or incomplete. Additionally, a data-sharing agreement, including residents' contact information, would allow researchers to invite residents to participate in research about their experiences in IH apartments, their buildings, and their neighborhoods. Housing providers could also facilitate the dissemination of information about future research to their residents by providing other modes of contact (such as email addresses) for their residents and by



providing researchers space in buildings for survey completion, interviews, and focus groups.

## Recommendations

Portland Housing Bureau has an opportunity to lead the country in thoroughly evaluating its IH program, including outcomes for residents as an essential aspect of the program's successes and areas for improvement. Figure 3 summarizes the recommendations and the key findings supporting each.

### **Consider ways to encourage the development of more deeply affordable apartments.**

The high level of cost burden among IH residents and their rate of exiting housing are concerning. We recommend that PHB consider ways to encourage developers to create more apartments that are affordable to people with lower incomes without becoming cost-burdened. This could involve incentives such as density bonuses or parking requirement reductions for creating apartments at 60% MFI, or adding an option for creating apartments affordable at or below 50% MFI. Adding more apartments affordable for people with lower incomes could help address inequities as well as levels of rent burden.

### **Focus on equity in future research and evaluation.**

Our initial findings indicate that the benefits of IH apartments may not be fully reaching elderly residents, families with children, students, and people with disabilities. Equity concerns in access and residents' experiences throughout the entire process (including learning about the apartments, applying, approval, move-in, residency, and moving out) should be significant research questions for future evaluators.

### **Train property managers on reporting requirements and systems to increase the completeness and accuracy of compliance data.**

The property managers of market-rate buildings may be unfamiliar and even uncomfortable with the kinds of reporting that the City needs and expects from managers of IH apartments. Mandatory training for the property managers on *why* this information is necessary and *how* to fulfill their reporting obligations will take an investment. Still, it would almost certainly result in more usable data. One municipality noted in their interview that they had contracted an outside organization to train

property managers, which is working well for that municipality. Additionally, requiring responses to resident demographic questions (instead of leaving them as voluntary) would likely lead to more complete data to understand equity in the IH program.

**Collect data directly from residents in future research and evaluation.**

The only way to incorporate residents' experiences in future evaluations will be to collect data (e.g., surveys, interviews, or focus groups) directly from residents. We also recommend collecting data from residents of the market-rate apartments in the same buildings to understand different perspectives on the program. When the City has secured the data and collaboration from housing providers to conduct a thorough evaluation that incorporates residents' experiences, it will be critical to compensate residents for their participation.

Future evaluators should not be dependent on property owners' and managers' voluntary cooperation. Direct access to residents could be accomplished by adding a document to the income verification process in which residents can opt out of receiving information about participation in research about their experiences with the program. Property managers would be required to share contact information for all residents who do not opt out of receiving this information. Alternatively, a data-sharing agreement (with an enforcement mechanism) for residents' contact information could be required during the pre-development process for all IH buildings.

Figure 3. Recommendations and the key findings that support them.

Recommendation	Supporting Key Findings
<p>Consider ways to encourage the development of more deeply affordable apartments.</p>	<ul style="list-style-type: none"> <li>- The vast majority of IH residents live in areas with high levels of opportunity, that are economically secure, and are not at risk of future gentrification.</li> <li>- The vast majority of IH residents are rent-burdened.</li> <li>- Some residents are not remaining in their IH apartments.</li> </ul>
<p>Focus on equity in future research and evaluation.</p>	<ul style="list-style-type: none"> <li>- In several ways, residents of IH apartments appear unlike Portland's 50-80% AMI population of renters and residents of PHB's regulated housing overall.</li> <li>- IH buildings are designed for small households.</li> </ul>
<p>Train property managers on reporting requirements and systems to increase the completeness and accuracy of compliance data.</p>	<ul style="list-style-type: none"> <li>-Resident demographic information is incomplete.</li> </ul>
<p>Collect data directly from residents in future research and evaluation.</p>	<ul style="list-style-type: none"> <li>-Property manager gatekeepers blocked our access to residents, preventing us from reaching enough residents to incorporate residents' voices directly into our analysis.</li> <li>- None of the comparison municipalities evaluate the impact of living in IH on residents' well-being, and few report doing any formal evaluation of their programs.</li> <li>- Few researchers are considering residents' experiences as part of IH evaluations.</li> </ul>

# Appendix A: Methods

## Analysis of administrative data

Once buildings have been open for one year, property managers submit annual compliance data to Portland Housing Bureau. The reporting includes the apartment number and building, number of bedrooms, square footage, owner's income designation, monthly rent, utility allowance, residents' annual income, number of occupants, number of students, number of elderly, number of children, any single parents, head of household's gender, head of household's race and ethnicity, if the head of household has a disability, and the amount of assistance the residents receive, if any.

PHB provided access to its available compliance data, and we filtered out data for other types of IH apartments, leaving us with data for 71% (N:162) of the 228 IH apartments in mostly market-rate buildings. In this sample, 73% of apartments (n=117) are designated for 80% AMI and 34% (n=40) are designated for 60% AMI. There was also one apartment each at 45% AMI, 70% AMI, and 120% AMI.<sup>19</sup>

With this data, we calculated the percentage of their income that residents were paying on rent and their corresponding level of rent burden. We also calculated the average number of occupants, square footage of apartments, and average monthly housing costs before and after assistance. Additionally, we examined the demographic information of residents to learn about who lives in the IH apartments.

PHB also provided data about market-rate rents in 20 of the 24 buildings for similarly-sized apartments, and average rents in 9 neighborhoods for similarly-sized apartments. This allowed us to compare residents' housing costs in their IH apartments in mostly market-rate buildings to the housing costs if they rented a similar apartment in that same building or neighborhood at market rate.

We looked up the addresses of IH apartments in mostly market-rate buildings in existing research on Opportunity Areas, Economic Vulnerability, and Gentrification and Displacement Risk to find the neighborhood conditions. The methodologies for these prior studies are available in the reports (see the References section of this document).

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<sup>19</sup> 160 apartments reporting (70% of IH apartments)

Table 5. Opportunity Scores and Vulnerability Scores of IH Apartments

Project Name	# IH Apartments	MFI% of IH Apartments	Opportunity Score (1-5)	Vulnerability Score (0-100)	Gentrification & Displacement Risk
The Chelsea	45	60	4	10	no
Artisan	2	60	4	18	no
The Kathryn Ann	22	80	5	24	no
Cardy on Woodstock	2	60	4	32	no
Ivanhoe 4	1	60	3	35	early type 1
Tabor Commons	7	80	4	36	no
Hasley 28 Apartments	8	80	4	40	no
54 Woodstock	3	60	4	41	no
Kaya Camilla	3	60	4	41	no
Nomad	6	60	4	41	no
Everett Street Lofts	18	80	5	43	no
Koz on Sandy	17	80	4	43	no
Multnomah Station Apartments	1	60	4	43	no
Dean River Apartments	3	60	5	44	no
Koz on Killingsworth	13	80	4	46	no
The Bluffs	4	80	3	48	no
Sullivan's Ridge Apartments (7A & 10D)	24	80	4	56	no
Koz 1299 SE Ankeny	13	80	5	57	no
The Ryder	15	80	4	57	no
Argyle Gardens	3	60	3	60	no
BD52	5	80	3	62	late type 2
Spring Villa Apartments	3	80	2	73	early type 1
Sawbuck Apartments	10	60	5	85	no

## Resident survey

PHB sent an email to property managers and owners explaining the research, introducing the research team, and asking for their cooperation. We then followed up three times, requesting their help in reaching residents. Property managers of only four buildings, for a total of 14 IH apartments, shared contact information. Using compliance data, we found mailing addresses for 42 additional apartments (for a total of 56 mailing

addresses of IH apartments). Most other property managers agreed to pass information (emails and/or postcards) along to their IH residents; some declined to participate or did not respond.

We directly contacted 56 residents via email, phone, and/or postcard. Property managers agreed to distribute information (emails and/or postcards) to residents of 170 IH apartments. We had a 13% response rate from the residents we contacted directly. Those who should have received information from their property manager had a 1% response rate (see Table 6). It seems clear that few property managers followed through on their commitment, and most residents did not receive the information.

*Table 6: Number and Percentage of Those Contacted Who Completed the Survey Via Each Modality*

	Distributed by PSU Research Team	Distributed by Property Managers
Phone Call	1 (8%)	n/a
Email	0 (0%)	2 (1%)
Postcard	6 (11%)	0 (0%)
All Modalities	7 (13% of 56 contacted)	2 (1% of 170 contacted)

## Interviews with other program managers

We reached out to 16 comparable municipalities provided by PHB, scheduling interviews with nine municipalities: Boston, MA; Denver, CO; Fairfax County, VA; Los Angeles County, CA; Montgomery County, MD; New Castle County, DE; New York City, NY; San Jose, CA; and Washington, D.C. Some of these municipalities have had inclusionary housing programs for decades, and one just launched this year. They also vary in population, urbanization/rurality, and general housing conditions. We spoke with whoever the municipality thought was best: IH program managers, development staff, city/county planners, zoning staff, or housing department staff. In five municipalities, we talked with one IH leader, in three municipalities two staff joined the meeting (often from different departments), and in one municipality we spoke with one person first and then scheduled a short follow-up call with a second staff member. We conducted and

recorded eight semi-structured interviews via Zoom. We conducted and took notes during two interviews via phone. The interviews lasted between 31 and 48 minutes, averaging 37.5 minutes long. We used our notes and the Zoom-generated transcripts for analysis, consulting the recordings when needed. See Appendix B for the interview questions.

## Systematic Review

We conducted a systematic review of the academic literature on evaluating IH programs, with a focus on how the program is serving intended beneficiaries. We conducted the search across multiple academic search platforms (including SSRN, Psycinfo, SSA, PAIS, Proquest), using 'Inclusionary Housing' OR 'inclusionary zoning' in the title, abstract, or keyword. The search produced 118 unique articles. We reviewed all article abstracts for relevance. The primary inclusion criteria were that the articles 1) were peer-reviewed, 2) evaluated existing IH programs, and 3) focused on how the IH program serves renters. We excluded articles outside the U.S., articles that focused on IH homeownership programs, articles that evaluated the impact of IH programs on other stakeholders (e.g., developers), and articles that focused on outcomes other than impacts for program renters (e.g., area costs of housing). There were 13 articles that met the inclusion criteria; these were reviewed in full to assess how researchers are evaluating the impact of IH programs for renters.

Table 7: Metrics for Defining and Measuring Success Used by 9 Municipalities

Municipality	Outputs					Implementation				Beneficiaries	
	Affordable units produced	Fees generated	Options selected	Affordable unit sizes	Affordable units occupied	Wait time for affordable unit residents	Time affordable units vacant	Complaints (from developers or residents)	Geographic expansion of IH/IZ	AMI / Economic vulnerability of those served	Demo-graphics (broadly) of those served
Boston, MA	X			X						X	
Denver, CO			X							X	
Fairfax County, VA	X										
Los Angeles County, CA	X								X		
Montgomery County, MD	X				X	X	X				
New Castle County, DE	X							X			X
New York City, NY	X										
San Jose, CA	X	X									
Washington, DC	X							X			



Table 8. Metrics used in published IH evaluations

Citation	Outputs		Beneficiaries		Outcomes		
	Affordable Units produced	Affordable Units preserved	Economic vulnerability of those served	Race of those served	Effect on housing supply	Effect on neighborhood racial /economic integration	Effect on IH residents' well-being
Calavita & Grimes, 1998	X	X	X				
Calavita, Grimes, & Mallach, 1997	X		X				
Kontokosta, 2014						X	
Kontokosta, 2015	X						
The Urban Institute, 2012	X						
Mukhija et al., 2010	X				X		
Nzau & Trillo, 2020	X					X	X
Powell & Stringham, 2004	X				X		
Schuetz, Meltzer & Been, 2009	X						
Schwartz et al., 2015							X
Schwartz et al., 2012						X	
Stabrowski, 2015	X	X					
Zevallos, 2019			X	X			

# Appendix B. Interview Guide: City/County IH Administrators

Intro: I'm part of a team of researchers contributing to a study for the Portland City Council on the impact of the City's Inclusionary Housing Policy. We are interested in learning about how other cities using IH policies evaluate their effectiveness. The Portland Housing Bureau identified you as a comparison city, given the size of your municipal area and the scope of your IH policy. We are talking to folks from a number of cities, and will be pulling together recommendations to the Portland City Council to improve the ongoing evaluation of the IH Policy.

Questions:

## Getting started:

1. My understanding is that your IH program was launched in XXXX - is that right?  
OR - To start with, when did your city launch your IH policy?
2. My understanding is that your city's IH rental units are administered...(in house, through a property manager the city contracts with, or by developers....) - do I have that right?
3. What's your role with the policy implementation?

## Evaluation:

4. The first few questions are about evaluation. What do you see as the most important indicators of effectiveness for your city's IH policy? (i.e. number of people served, stability of housing for those served, racial equity among those served, improved quality of life for those served...)
5. How do you determine whether you are meeting those goals?
  - a. Do you gather/analyze any data related to this?
    - i. Where/how do you access this data?
6. Are there other ways your city evaluates the effectiveness of IH in your area?
7. Have you engaged in any study to understand residents' experiences within IH units - for example through surveys, interviews or focus groups?
  - a. If so- what have been key takeaways for you, in terms of residents' experiences with the policy/program?
8. Do you have any sort of evaluation report on your IH policy?

- a. If so - awesome - is this something I can find online, or that you can share with me?
- 9. Are you aware of any outside research that has been done about your IH policy (for ex., by university researchers)?
  - a. If so, can you direct me towards a contact person or any publications?
- 10. Is there anything you wish you knew about how your IH policy is working that you haven't yet been able to answer?

### **Data sharing with housing providers**

- 11. The City of Portland is curious how other cities promote data sharing with housing providers - do you rely on data from property owners or managers to evaluate your IH policy?
  - a. If so, what are those relationships like?
  - b. How willing are housing providers to provide data you want?
- 12. What strategies have been most effective in incentivizing collaboration?
- 13. Do you set up data sharing agreements?
  - a. If so, would you share copy of language you use?

### **Wrap up**

- 14. That's all the questions we had today. We are hoping to connect with about 15 cities and use what we learn to recommend a set of best practices in evaluation to the City of Portland. Is there anything else you think we should think about as we put this report and recommendations together?
- 15. I'm happy to send you what we come up with if that's of interest - would you like us to pass it along?
  - a. Thank you so much for you time!

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