

# Planning Gentrification

## Municipal Policy & Price Effects of the Orange Line in Portland, OR

*Framing question:* How are transit and transit-oriented development plans employed to shape the geography of gentrification?

*Focus questions:* What effects has the Orange Line had on property values in Portland? What has been the City's orientation regarding value appreciation and development?

### I. Transit-Oriented Gentrification as Progressive Urban Strategy

#### A. Introduction

1. The Orange Line has rapidly created a sizable price premium, valorizing areas of "underutilized" land. This valorization is not merely an unintended byproduct of transportation investment; rather, it is the result of a targeted strategy of revitalization. The Orange Line was envisioned as the catalyst for the creation of desirable places, but the implications of desirability within a market economy were left unconsidered during the planning process. Real estate is harnessed to the supposedly social ends of place creation, zoning amended and amenities provided to attract new rounds of mixed-use development. I will argue that it is necessary to interpret the pervasive language of revitalization as explicitly calling for gentrification. Such a critical lens draws our attention to the ways in which the spectacles of gentrification reproduce inequity.

#### B. Theorizing Gentrification and Transit

1. Brief introduction to gentrification as an increasingly dominant phenomenon, driven by political, economic, and cultural shifts that together constitute a revolution in the urban landscape.

a) The Entrepreneurial City—Municipalities play a key role in supporting gentrification via a variety of strategies (local modes of financing redevelopment with diverted property taxes, public capital investments in areas, zoning changes, and symbolic support).

b) City as a mediator—policy attempts to balance competing interests based in land ownership.

2. How transit can shape the geography of land rents.

a) According to locational indifference theory, any accessibility benefits it provides should be priced into land. Transit can act as a centripetal force for economic development, enabling mobility in denser

areas. Transit investments are a major way for municipalities to illustrate commitment to an area. Finally, transit-oriented development plans justify development as environmentally sustainable, putting a green sheen on capital.

3. Smart growth politics
  - a) Transit is tightly connected to contemporary “sustainable development” plans, forming at least the discursive backbone for growth in an array of cities.
4. A plethora of studies have examined the land value-uplift associated with transit finding, in most cases, a positive relationship between transit and prices, though this is spatially variable.

#### C. Portland as a Situated Context

1. Local Geography of Development & Gentrification
  - a) Developed characteristic “smart growth” aspects of planning well before they became the planning canon (urban growth boundary, little highway construction, Comprehensive Plans based around growing mixed-use transit-oriented centers and corridors).
  - b) Extensive gentrification of the city.

#### D. Background on the Orange Line

1. The corridor had long been prioritized for investment, being initially bundled as part of a North-South line from Vancouver, Washington, to Oregon City, which was scaled back to the Yellow Line following opposition in Clark and Clackamas Counties.

## II. Planning Change

### A. “Development-Oriented Transit”

1. Encouraging development was a major rationale of the project provided by Trimet—special emphasis on supporting the “innovation quadrant” of OMSI, PSU, and OHSU by providing easier connections across the river and valorizing industrial land around OMSI.
2. Station area planning largely consisted of noting existing and potential development opportunities in an area.

### B. Zoning for Rail

1. Within the 2035 Comp Plan, there are a number of zoning changes of the industrial land around OMSI and SE Clinton St, allowing for dramatic employment densification. Elsewhere, zoning changes for transit-oriented development have been more limited.

## III. Analyzing Home Prices

### A. Description of methods

1. Used home sale data to build a hedonic model to estimate the land value effects of light rail over time and across space.

## B. Results & Analysis

1. My hedonic analysis shows that a price premium on the order of \$50,000 has been created for houses near the Orange Line since operation.
2. The station with the most robust price premium was the SE Clinton & 12<sup>th</sup> St station—also the station highlighted as having by far the best redevelopment potential.

## C. Symbiosis with the Language of Revitalization

1. The Orange Line was explicitly about creating better places; in many ways real estate was the vehicle justifying light rail investment.
  - a) Light rail and TOD were and are envisioned as a vision for expanding the needs of private profit while reordering space in the contemporary vision.
2. Underneath a surface concern with equity lies the substantial municipal and private interests in land value maximization.
3. Limits to this strategy
  - a) Power of existing industry and neighborhood interests, as mediated through business and neighborhood associations, which play a role in altering specific zoning changes (to an extent).
  - b) State and regional regulation concerning availability of industrial lands constrained station-area rezoning.

# IV. Implications

## A. Interpreting Price Premiums

1. On one level, this may be construed as an indicator of the line's success—an indication that market actors collectively value this capital expenditure.
  - a) Rising prices make more developments pencil out economically.
  - b) Adopting a developer's perspective means seeing rising prices as expanded opportunities for profit.
2. But, increased home prices will tend to displace the lower income, transit-dependent residents who most benefit from increased transit access.

## B. For Whom is the City Constructed?

1. The Orange Line was envisioned as the catalyst for the creation of desirable places; the implications of desirability within a market economy were left unconsidered during the planning process.
  - a) Economic considerations are ever-present; the need to cater to development and growth forms a baseline consideration for the City.
2. Community power, especially in "regional" or technical matters, is marginal under this regime.
  - a) But nothing is inherently progressive/democratic about the local scale.