Mitigating the negative effects of highway projects: Law, regulation and examples

Summary

Federal regulations allow and require the mitigation of negative impacts to Albina, including correcting the cumulative effects of past discriminatory practices. NEPA, federal Environmental Justice Policy, the Civil Rights Act and the Reconnecting Communities program all require highway agencies to identify and mitigate the negative effects of their actions.

The Rose Quarter Environmental Assessment confirms that 450 Albina homes were demolished by ODOT for highways, and never replaced; more affordable is the community’s highest priority according to the survey conducted for the Independent Cover Assessment.

ODOT has falsely claimed that it cannot spend highway funds on such mitigation, for example, claiming that the cost of beams strong enough to support buildings on highway covers cannot be paid for using highway funds.

Highway funds are routinely used to pay for mitigating a wide range negative impacts of highway projects, including off-site improvements, and correcting past harms. Federal highway funds have been used to build housing to replace that demolished by highways.

Houston, Reno and Lexington, Kentucky, have all used federal highway funds to replace lost housing. Lexington got an award from the FHWA for its project, which rebuilt housing that was demolished for a highway that was never built.

Federal Regulations allow and require mitigating impacts

Four key federal laws and policies require and direct the mitigation of negative impacts on communities:

- NEPA requires an assessment of adverse impacts and their mitigation, including impacts on the community.
- The US Department of Transportation Environmental Justice Policy requires addressing and mitigating the cumulative negative impacts of transportation projects on community cohesion and community economic vitality.
- Title VI of the Civil Rights Act, as implemented through USDOT regulations requires grantees, like ODOT, to take affirmative steps to offset the discriminatory impacts of previous highway projects.
- The new Reconnecting Communities Program requires its funds be used not to widen highways, but to pay for community benefits and repair the damage highway have done to communities.

Taken together, these laws and regulations not only authorize ODOT to spend highway funds repairing the damage done to Albina, they require that it do so as part of getting environmental approval for the project, and qualifying for federal funds.
NEPA: Requires mitigation of impacts, including restoring affected environments and compensating by providing substitute resources or environments. The key environmental law governing federal highway projects is the National Environmental Policy Act. It requires that agencies identify the adverse environmental impacts of their decision, and then avoid, minimize or mitigate those impacts. In particular, NEPA mitigation includes “restoring the affected environment” and “compensating for the impact by . . . providing substitute resources or environments.” Using highway funds to replace housing demolished by a freeway is one key way in which the negative effects of a highway project on an urban community can be mitigated.

CFR § 1508.20 Mitigation. Mitigation includes:
(a) Avoiding the impact altogether by not taking a certain action or parts of an action.
(b) Minimizing impacts by limiting the degree or magnitude of the action and its implementation.
(c) Rectifying the impact by repairing, rehabilitating, or restoring the affected environment.
(d) Reducing or eliminating the impact over time by preservation and maintenance operations during the life of the action.
(e) Compensating for the impact by replacing or providing substitute resources or environments.

(emphasis added)

FHWA Environmental Justice Executive Order. A federal executive order on Environmental Justice directs agencies to pay particular attention to the impacts, including the cumulative impacts of agency decisions on low and moderate income people and people of color. The Federal Highway Administration’s Environmental Justice Policy specifically identifies impacts on neighborhoods as “adverse effects” of federal highway projects, and calls for both mitigating these impacts, and considering alternatives that minimize adverse impacts on communities.

Adverse Effects. The totality of significant individual or cumulative human health or environmental effects, including interrelated social and economic effects, which may include, but are not limited to: bodily impairment, infirmity, illness or death; air, noise, and water pollution and soil contamination; destruction or disruption of human-made or natural resources; destruction or diminution of aesthetic values; destruction or disruption of community cohesion or a community’s economic vitality; destruction or disruption of the availability of public and private facilities and services; vibration; adverse employment effects; displacement of persons, businesses, farms, or nonprofit organizations; increased traffic congestion, isolation, exclusion or separation of minority or low-income individuals within a given community or from the broader community; and the denial of, reduction in, or significant delay in the receipt of, benefits of FHWA programs, policies, or activities.
It is FHWA’s stated policy to mitigate these disproportionate effects by providing “offsetting benefits” to communities and neighborhoods, and also to consider alternatives that avoid or mitigate adverse impacts.

**What is FHWA’s policy concerning Environmental Justice?** The FHWA will administer its governing statutes so as to identify and avoid discrimination and disproportionately high and adverse effects on minority populations and low-income populations by:

1. Proposing measures to avoid, minimize, and/or **mitigate** disproportionately high and adverse environmental or public health effects and interrelated social and economic effects, **and providing offsetting benefits and opportunities to enhance communities, neighborhoods**, and individuals affected by FHWA programs, policies, and activities, where permitted by law and consistent with EO 12898;
2. **Considering alternatives to proposed** programs, policies, and activities where such alternatives would result in avoiding and/or minimizing disproportionately high and adverse human health or environmental impacts, where permitted by law and consistent with EO 12898.

**Title VI of the Civil Rights Act.** The Civil Rights Act (Title VI) creates an affirmative obligation for recipients of federal funds to correct the effects of past discrimination.

USDOT’s administrative rules implementing Title VI require grantees to remove or overcome effects of past discrimination.

Where prior discriminatory practice or usage tends, on the grounds of race, color, or national origin to exclude individuals from participation in, to deny them the benefits of, or to subject them to discrimination under any program or activity to which this part applies, **the applicant or recipient must take affirmative action to remove or overcome the effects of the prior discriminatory practice or usage.**


In this case, the “recipient” of funds is ODOT; and the Civil Rights Act and US DOT regulations require ODOT to take affirmative steps to overcome the effects of its prior actions—which include the destruction of housing to build three different highways through Albina over several decades.

**Reconnecting Communities Grant.** The Reconnecting Communities Act specifically authorizes community benefits and mitigation of impacts. The federal government has granted $450 million under the Reconnecting Communities Act to offset the damage done by highway construction in Northeast Portland. Under the terms of the Reconnecting Communities Act,
funds can directly be used for expenditures that provide community benefits, and that mitigate the adverse impacts of highway projects. The US DOT description of eligible expenses under this program is

**Capital Construction Grants:**
- Preliminary and detailed design activities and associated environmental studies; predevelopment/preconstruction; or permitting activities, including completion of NEPA process, for:
  - Removal, retrofit, or mitigation of an eligible dividing facility
  - Replacement of an eligible dividing facility with a new facility that restores community connectivity
  - Delivering community benefits and the mitigation of impacts identified through the NEPA process or other planning and project development for the construction project

FHWA Section 328 authorizes expenditures on environmental restoration

(a)**IN GENERAL.**—
Subject to subsection (b), *environmental restoration* and pollution abatement to minimize or mitigate the impacts of any transportation project funded under this title (including retrofitting and construction of stormwater treatment systems to meet Federal and State requirements under sections 401 and 402 of the Federal Water Pollution Control Act (33 U.S.C. 1341; 1342)) may be carried out to address water pollution or environmental degradation caused wholly or partially by a transportation facility.

(b)**MAXIMUM EXPENDITURE.**—
In a case in which a transportation facility is undergoing reconstruction, rehabilitation, resurfacing, or restoration, the expenditure of funds under this section for environmental restoration or pollution abatement described in subsection (a) shall not exceed 20 percent of the total cost of the reconstruction, rehabilitation, resurfacing, or restoration of the facility.


https://www.law.cornell.edu/uscode/text/23/328

The cumulative negative effects of ODOT on Albina are well-documented

The I-5 Rose Quarter Freeway Widening Project’s Environmental Assessment documents the effects of past discriminatory practices by ODOT in the Albina neighborhood. ODOT acknowledges that three of its highway expansion projects (I-5, the Fremont Bridge Ramps and Interstate Avenue) directly led to the demolition of 450 homes in Albina.
ODOT’s map of the project area makes it clear that in 1954, prior to the construction of the freeway there were hundreds of houses, and that the gridded, walkable fabric of Albina was very much intact. It wasn’t simply the construction of the freeway that transformed the area, it was the flood tide of car traffic that rendered much of the area inhospitable to residential inhabitation. These ODOT highway projects led to the loss of hundreds and hundreds of housing units and led to a decline in population in Albina from more than 14,000 in 1950 to about 4,000 in 1980.

<table>
<thead>
<tr>
<th>Project</th>
<th>Dwelling Units¹</th>
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<tbody>
<tr>
<td>Widening of Interstate Avenue and construction of ramps connecting</td>
<td>80</td>
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<tr>
<td>Interstate Avenue with the Broadway and Steel Bridges, which began in</td>
<td></td>
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<tr>
<td>the late 1940s</td>
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<tr>
<td>Construction of the Veterans Memorial Coliseum in 1959 - 1960</td>
<td>235</td>
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<tr>
<td>Construction of I-5 in the early 1960s</td>
<td>275</td>
</tr>
<tr>
<td>Construction of the Fremont Bridge and ramps connecting it to I-5 and</td>
<td>95</td>
</tr>
<tr>
<td>the local street network in the early 1970s</td>
<td></td>
</tr>
<tr>
<td>Construction of the Blanchard Education Service Center, the administration and central support services building for Portland Public Schools, in 1978</td>
<td>65</td>
</tr>
<tr>
<td>Construction of Harriet Tubman School</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>765</strong></td>
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ZGF description of Albina Neighborhood Urban Form, 1954

ODOT admits its complicity in the destruction of the historically Black neighborhoods of North-Northeast Portland, but the damage they really did was in wiping out housing, and destroying the critical mass of population in the neighborhood, turning it into a car-dominated landscape of parking lots, drive-thrughs and gas stations. **ODOT highways were principally responsible for decimating the Albina neighborhood.** ODOT’s Highway 99W (Interstate Avenue) cut the neighborhood off from the river and demolished houses in 1951; **the I-5 Freeway** cut the neighborhood off from the rest of North and Northeast Portland in 1962, and the **unfinished Prescott Freeway** flattened another portion of Albina in the early 1970s. Together these freeway projects and the changes they enabled caused the neighborhood’s population to decline by two-thirds. (The red bounded areas below were largely destroyed by ODOT highway construction).
Just as fish ladders on dams only partially mitigated the epic destruction of native salmon runs in the Pacific Northwest, building covers over a widened freeway is only the most minimal mitigation of the damage done to Portland’s historically Black Albina neighborhood.

The most tangible way to achieve “restorative justice” in Albina is to do what the agency routinely does around the state: restore the habitat it destroyed. In an urban setting, that habitat is, most critically, housing. ODOT demolished hundreds of housing units for the i-5 Freeway, and the traffic its roads generated destabilized the neighborhood and wiped out most of the rest. Building housing, lots of it, in Albina, a neighborhood that’s poised for a comeback, would be a fitting way to mitigate the harm it has done.

Instead, the agency seems bent mostly on a superficial effort to sell a wider overpass. If it’s serious about reparations for the damage it did to Albina, ODOT should be making a major contribution to restoring housing in the neighborhood.

Whether we’re talking mitigation or reparations, ODOT owes this neighborhood something much better that a few hundred square feet of noisy, largely usable or undesirable space on a freeway cap, surrounded by an increasing flood of automobile traffic. Instead, it should be looking to mitigate the damage to the neighborhood in exactly the same fashion it did for Highway 62 in Southern Oregon: by restoring the pre-existing habitat. The way to do that is not through freeway covers, or a single building site atop a freeway overpass, but by subsidizing the construction of hundreds of housing units that can restore the density, urban form and walkability of Albina that existed prior to the freeway’s construction.

And while ODOT’s “Independent Cover Assessment” consultants have produced illustrations showing how as many as 750 new apartments could be built on or near the Rose Quarter project, ODOT hasn’t come up with a single dime of the $160 to $260 million it would cost to build the housing depicted in its images.

The Rose Quarter Freeway Widening project’s own community outreach work identified housing as a high community priority. The project’s public outreach process highlighted the construction of permanently affordable housing as a key strategy for restoring community wealth in Albina. (Executive Steering Committee presentation, March 22, 2021).
In a survey undertaken as part of the Independent Cover Assessment, community members rated affordable housing their highest priority from among the items identified for improving community wealth.
ODOT has misrepresented its ability and obligation to spend money mitigating negative impacts of its past highways.

ODOT falsely claims it is limited to spending highway money only on roads and in the right of way. At its January 23, 2024 meeting ODOT staff presented a slide claiming that highway funds can’t be used to build a freeway cover strong enough to support weighty buildings — and that someone else will have to pay the added costs of anything more than just a bare bones roadway.

“Increasing the girder size beyond the transportation needs cannot [be] paid for using transportation funds,”

ODOT’s assertion that it cannot spend highway money to do anything other than build a road (a much wider one at that, is simply wrong. ODOT can spend highway money to mitigate the negative effects of its projects. In addition, the Civil Rights Act imposes an affirmative responsibility to "overcome the effects" of prior discrimination.

The fact that ODOT has gone to great lengths to deny that it can spend money on such things shows just how hollow and insincere are its professions of commitment to restorative justice. It's obvious that if ODOT actually wanted to spend highway money on building stronger covers, building some improvements on the covers, or replacing some of the hundreds of housing units destroyed because of ODOT projects, it could do so. What they are really saying is they don’t want to.

Taken together, the NEPA requirements for mitigation, and the FHWA’s policy on environmental justice and Title VI of the Civil Rights Act require FHWA projects —like the I-5 Rose Quarter Freeway Widening—to address the cumulative totality of the project’s effects on the neighborhood, including the disruption of community cohesion, the displacement of people and businesses and increased traffic congestion. The current project adds, as we have shown, to a long history of federally supported highway projects in the Albina neighborhood that have had devastating cumulative effects, including particularly, the destruction of hundreds of homes, which are essential to the economic well-being of the neighborhood and its residents, who, historically have been lower income and people of color. It is fully consistent with federal environmental policy and environmental justice requirements for ODOT to devote funds to rebuilding housing as a way to mitigate the damage it has done to the Albina neighborhood. The National Environmental Policy Act requires highway departments to mitigate the negative effects of their projects.

Highway departments, including ODOT, routinely spend federal and state highway money on "non-highway" expenses, when they are needed to mitigate the negative effects of highway construction. That's the rationale for sound walls, habitat restoration, and other environmental remediation. These expenditures are also often made off-site (i.e. away from the highway location) and are remedial (i.e. done to repair or offset damage done by previous
NEPA rules require mitigation of impacts, including social impacts and impacts on neighborhoods; The FHWA's environmental justice policy explicitly authorizes "providing offsetting benefits and opportunities to enhance communities, [and] neighborhoods . . "

**ODOT routinely pays to mitigate the damage its highways do**

The Oregon Department of Transportation regularly spends millions of dollars to mitigate and offset the damage its highway projects due to plants and animals, to wetlands, to the quiet of residential neighborhoods. They’ve made a practice of creating mitigation banks, that offset past and future damage from highway projects. And they’ve even set up permanent funds to provide for the maintenance of these areas over decades.

It’s hardly far-fetched to suggest that ODOT fix the damage that its projects have done to the surrounding environment. In fact, mitigation is an integral part of the Environmental Assessment process. Agencies perform studies to determine the adverse effects their projects have, and as they go forward with these projects, they are also required to spend funds on otherwise unrelated activities that mitigate the effects of the project itself.

This is clearly the case for the natural environment. ODOT has established mitigation banks to restore disturbed wetlands, fish spawning areas and seasonal ponds. It pays for extensive sound walls to block the noise generated by highways that affect nearby homes and businesses. Here’s a classic example: In Southern Oregon, highway construction has wiped out hundreds of acres of “vernal ponds”—areas that flood in the rainy season and dry out the rest of the year. These ponds are home to some distinct plants and animals, like the fairy-shrimp and wooly meadowfoam. Recognizing the damage that previous freeway construction had done, and in an effort to offset that (and likely future damage) ODOT has created an 80-acre conservation bank as part of its project to expand Highway 62 in Southern Oregon. In all, ODOT Has more than 200 acres of oak savannah and vernal pools in Southern Oregon. Importantly, ODOT’s own report describes the establishment of the habitat as “compensatory” for the damage done by past, present and future roadbuilding.
Perhaps even more importantly, ODOT’s investment is actually prospective: It recognizes that its future actions will likely cause even more damage to the environment and it has created more habitat that its destroyed, in effect to serve as bank to offset likely future damages. ODOT paid to acquire the land, and set up a half-million dollar endowment to assure that exists, in perpetuity.

8.2 Description of Proposed Financial Security Instrument

Financial security is not required for permittee-responsible CWM projects that are conducted by government agencies.

8.3 Long-term Maintenance Plan

ODOT will develop a long term management plan including a stewardship agreement once a long term steward is identified. ODOT will transfer the title to the long term steward and provide an endowment. The management plan will include goal statements, tasks, cost and an endowment calculation (estimated at $500,000). The long term steward will be responsible for the maintenance and monitoring of the site and the endowment will cover these activities to ensure the site meets long term standards in perpetuity.

The Oregon Transportation Commission has already approved nearly $3 million in funding for another mitigation bank called the Columbia Bottomlands. It’s designed to offset damage to wetlands from future projects, including the proposed effort to revive the Columbia River Crossing (Oregon Transportation Commission, December 6, 2019, Consent Agenda, Item 13). Other major ODOT projects have similar mitigation expenditures. For the Newberg-Dundee bypass, ODOT is creating twice as much wetland habitat as the project is destroying. For the Pioneer Mountain-Eddyville project, ODOT paid for improving fish habitat on nearby
streams. ODOT makes all these payments to mitigate environmental damage, in part, because it is required to do so by the National Environmental Policy Act.

**Sound walls to mitigate freeway noise**

When freeways were first built in the 1950s and 1960s, the state highway department did nothing to offset the effects of noise on nearby homes and businesses. But since the 1970s, it has become commonplace to spend a portion of any project’s budget on “noise walls” to buffer nearby uses. An extensive set of sound walls is proposed as part of the I-5 Rose Quarter Freeway widening project.

**ODOT’s guidelines** suggest that it will pay up to $25,000 per residence for sound reduction. Nationally there are more than 2,700 miles of sound walls; in just the three-year period 2008-2010, the Federal Highway Administration spent roughly half a billion dollars on sound wall construction. Recently, ODOT spent $2.6 million on a sound wall to benefit several dozen homes in South Salem near I-5. It’s particularly important to note that much sound wall construction was remedial and retrospective: the first noise walls were built years or decades after the freeways were first built, they were an intentional effort to correct past damage.

**Highway money for jails and some neighborhoods**

In 1980, the right of way for the I-205 East Portland Freeway passed through the site of the Rocky Butte Jail. The Federal Highway Administration paid $53 million (over $160 million in today’s dollars) for the construction of the Multnomah County Justice Center in downtown Portland.
Paid for with federal highway dollars, 1980.

There’s even local precedent for compensating for the negative effects of freeways on surrounding human neighborhoods. When ODOT built the I-405 freeway through Northwest Portland in the 1970s, it created a multi-million dollar community development fund. The chief difference: Northwest Portland is a largely white neighborhood; Albina was a largely Black neighborhood. The fund still exists and is now administered by the Oregon Community Foundation, but still gets its funding from highway-related revenues. Among other things, the fund has supported the renovation of the Hillside Community Center in the Northwest hills. For the record, when ODOT built the stub-end of the never-completed Prescott Freeway through Albina in 1973, it didn’t create a similar fund for the predominantly Black neighborhood devastated by construction.

Mitigation is a legal requirement and a valid and regular use of highway funds: ODOT can spend real dollars when it comes to protecting vernal ponds, restoring wetlands, improving fish habitat, or lessening sound impacts on nearby houses. It can use highway dollars to replace jail cells. It can even contribute money for neighborhood improvement—at least in historically white neighborhoods. But when it comes to North/Northeast Portland, where their freeway intentionally targeted and wiped out hundreds of housing units (which they never replaced), and whose traffic destabilized the neighborhood, and led to decades of decline, ODOT is claiming that it is powerless to correct these wrongs.

**State DOTs can and do use highway funds build housing to mitigate highway impacts**

The construction of urban highways has devastating effects on nearby neighborhoods. Not only has building highways directly led to housing demolitions to provide space for roadways, the
surge of traffic typically undermines the desirability of nearby homes and neighborhoods, leading to the depreciation of home values, the decline of neighborhood economic health, and population out-migration. That story has been told numerous times across the US; we've detailed how the Oregon Department of Transportation’s decisions to build three huge highway projects in the 1950s, 1960s and 1970s decimated Portland’s Albina neighborhood. This predominantly Black neighborhood lost two-thirds of its population over the course of a little more than two decades. At the time, no one gave much thought to the loss of hundreds or thousands of housing units, or the effect on these neighborhoods. But increasingly, state highway agencies are looking to mitigate the negative effect of current and past highway construction by subsidizing housing in affected neighborhoods. Here are three examples from around the country.

The Oregon Department of Transportation claims that it is interested in “restorative justice” for the Albina community, which has identified housing as one of the keys to building wealth and restoring the neighborhood. And ODOT’s project illustrations show how hundreds of housing units might be built near the project—but these are just vaporware, as ODOT hasn’t committed to spending any of its funds that happen, to replacing the homes it demolished over the decades. A real restorative justice commitment would make up for the damage done, as these examples show.

**Lexington Kentucky: A community land trust funded from highway funds**

For decades, Kentucky’s highway department had been planning a freeway expansion through Davis Bottom, an historically African-American neighborhood. The threat of freeway construction helped trigger the decline of the neighborhood. When the road was finally built a little more than a decade ago, the state highway agency committed to restoring the damage done to the area by investing in housing. As part of the Newtown Pike Extension project, the Kentucky Transportation Cabinet acquired 25 acres of land and provided funding to establish a [community land trust](#) for the construction of up to 100 homes.

In 2008, the [Federal Highway Administration](#) gave the project an award for this project, saying: The Davistown project is the first CLT ever created with FHWA Highway Trust Funds. Eighty percent of the project, including the acquisition of CLT land and the redevelopment of the neighborhood, will be funded with these FHWA funds.
DAVIS PARK VIEW

Davis Park View is a 14 unit affordable rental community located in Davis Park. A mixture of four-plexes, duplexes, and single family homes, Davis Park View has a place for your family to call home!

The FHWA Environmental Justice guide highlights the Lexington CLT as as a “best practice.”
Houston, Texas: $27 million to build affordable housing to mitigate interstate freeway widening

Houston’s I-45 “North Houston Highway Improvement Project” would, like the I-5 Rose Quarter project, widen a freeway through an urban neighborhood. The Texas Department of Transportation, as part of the project’s environmental impact review process has dedicated $27 million to build or improve affordable housing in neighborhoods affected by the freeway.
Reno Nevada, State DOT providing land and money to cities and counties for affordable housing

Nevada DOT committed to using highway funds to pay for housing to mitigate effects of freeway expansion in Reno at the junction of I-80 and US 395. NDOT will provide funds or land already owned by NDOT to others (Cities of Reno or Sparks, Washoe County) to build affordable replacement housing for non-Reno Housing Authority displacements. Those displaced by this project who wish to remain in the area will be given priority access to the replacement housing. After those needs have been addressed, the affordable housing will then be made available to those who qualify for affordable housing but were not displaced by the project. Residents will be considered eligible for this replacement affordable housing if they meet Section 8 eligibility requirements or Reno Housing Authority’s Admission and Continued Occupancy Policy (Reno Housing Authority 2018).