SESSION 1:
URBAN CHANGE & DISPLACEMENT

Excelsior and Outer Mission Land Use and Housing Working Group

Rachael A. Tanner, Planning Department
James Pappas, Planning Department
Jorge Rivas Jr., Office of Economic and Workforce Development

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4 SESSION LEARNING & DISCUSSION SERIES

- **Session 1:** Urban Change & Displacement
- **Session 2:** Where Does Housing Come From? Affordability
- **Session 3:** Design of the Built Environment
- **Session 4:** Housing Capacity & Zoning

Today
- Origins of the Housing Crisis
- Displacement
- Most Vulnerable: Tenants
  - Goals
  - Strategies
CONTENTS & AGENDA

1. Welcome and Introductions – 10 minutes
2. Presentation – 25 minutes
3. Goals Exercise – 30 minutes
4. Strategy Discussion – 60 minutes
5. Summary and Next Steps – 5 minutes
CITIES ARE GROWING – ALL OVER THE WORLD

Over half of the world’s population live in urban areas.

http://metrocosm.com/history-of-cities/
Many large US cities, after losing population in the 1950s-1980s, are growing again (in population and jobs):
How did we get here?

Origins of the Housing Crisis:

• Job Growth
• Population Growth
• Wage Growth
• Lagging Housing Production
HOUSING PRODUCTION HAS ALSO DECLINED IN THE BAY AREA

Source: SF Planning Analysis of US Census and ACS Data
HOUSING PRODUCTION HAS ALSO DECLINED IN THE BAY AREA

Source: SF Planning Analysis of US Census and ACS Data
Some counties added far more jobs than housing units.

**Ratio of jobs added per housing unit from 1980 to 2015**

<table>
<thead>
<tr>
<th>County</th>
<th>1980</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Mateo</td>
<td>3.18</td>
<td>1.40</td>
</tr>
<tr>
<td>Marin</td>
<td>2.06</td>
<td>0.99</td>
</tr>
<tr>
<td>Santa Clara</td>
<td>1.82</td>
<td>1.54</td>
</tr>
<tr>
<td>San Francisco</td>
<td>1.64</td>
<td>1.73</td>
</tr>
<tr>
<td>Alameda</td>
<td>1.60</td>
<td>1.22</td>
</tr>
<tr>
<td>Plan Bay Area</td>
<td>1.34</td>
<td>1.16</td>
</tr>
<tr>
<td>California</td>
<td>1.31</td>
<td>1.03</td>
</tr>
<tr>
<td>United States</td>
<td>1.08</td>
<td>0.85</td>
</tr>
<tr>
<td>Contra Costa</td>
<td>0.96</td>
<td></td>
</tr>
</tbody>
</table>

Source: SF Planning Analysis of US Census and Bureau of Labor Statistics Data
AVERAGE WAGES HAVE GROWN DRASTICALLY IN THE BAY AREA AND SAN FRANCISCO

<table>
<thead>
<tr>
<th>Area</th>
<th>1980</th>
<th>2015</th>
<th>% change</th>
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</thead>
<tbody>
<tr>
<td>Santa Clara</td>
<td></td>
<td></td>
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<tr>
<td>San Mateo</td>
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<td></td>
<td></td>
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<tr>
<td>San Francisco</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bay Area</td>
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<td></td>
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<tr>
<td>Marin</td>
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<tr>
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<td></td>
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<tr>
<td>Contra Costa</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>California</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: SF Planning Analysis of US Bureau of Labor Statistics Data
From 1995 to 2015, income grew 3-4 times faster than employment or population, driving up housing prices. 

Percentage Change 1995-2015:

- Population: 20%
- Employment: 30%
- Income (adjusted for inflation): 87%
- Housing Prices: 98%

Source: Bureau of Economic Analysis; Bureau of Labor Statistics – Office of Economic Analysis – City & County of San Francisco
THE REGION ADDED OVER 465K HOUSEHOLDS SINCE 1990
58% WERE HIGH INCOME (OVER 200% OF SF’S MEDIAN)

- Very low Income HHs, especially HHs earning 30% of AMI or less, increased
- Moderate and middle income HHs (80-140% of AMI) declined regionally
- The % of higher income HH growth exceeded the % of HH growth overall in SF and San Mateo

SINCE 1990, SF GAINED 66K HIGH INCOME HOUSEHOLDS AND LOST 30K LOW & MIDDLE INCOME HOUSEHOLDS

- High income household growth far exceeded RHNA estimates and “above moderate” unit production by over 30K
- More high income households housed in existing housing stock
- Low and middle income households declined with greatest loss from 30-80% of AMI

DEFINING HOUSING COST BURDEN

- Less than 30% of income on rent = Not Cost Burdened
- 30-50% of income on rent = Cost Burdened
- 50% of income on rent = Severely Cost Burdened
REGIONALLY 100 K MORE HOUSEHOLDS HAVE SEVERE RENT BURDENS IN 2015 THAN IN 1990

**1990**

- Less than 30% of Income: 200,000
- 30-50% of Income: 300,000
- 50% or More of Income: 100,000

**2015**

- Less than 30% of Income: 400,000
- 30-50% of Income: 500,000
- 50% or More of Income: 300,000

Income brackets:
- 200%+
- 140-200%
- 120-140%
- 100-120%
- 80-100%
- 50-80%
- 30-50%
- 30% or Less
IN SF 10K MORE HOUSEHOLDS HAVE SEVERE RENT BURDENS

1990

2015

Displacement

Residential displacement occurs when a household is forced to move from its residence or is prevented from moving into a neighborhood that was previously accessible to them due to conditions including:

1) are beyond the household’s reasonable ability to control or prevent (e.g., rent increases)

2) occur despite the household’s having met all previously imposed conditions of occupancy
GENTRIFICATION AND DISPLACEMENT

Displacement

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2) occur despite the household’s having met all previously imposed conditions of occupancy

Gentrification

Generally defined as the transformation of a working-class or vacant area of the central city into middle- and/or high-income residential or commercial use.
URBAN DISPLACEMENT PROJECT

Displacement Typologies
Lower income (LI) tracts
1. Not losing LI households, or very early stages
2. At risk of gentrification or displacement
3. Undergoing displacement
4. Advanced gentrification

Moderate to high income (MHI) tracts
1. Not losing LI households, or very early stages
2. At risk of displacement
3. Undergoing displacement
4. Advanced exclusion
Displacement Typologies

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Source: Urban Displacement Project, UC Berkeley.
# Median List Prices and Rent of Single-Family Properties

<table>
<thead>
<tr>
<th>Location</th>
<th>Median Home Value</th>
<th>Median Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excelsior</td>
<td>$876,200</td>
<td>$3,759</td>
</tr>
<tr>
<td>Crocker Amazon</td>
<td>$867,500</td>
<td>$3,691</td>
</tr>
<tr>
<td>Mission Terrace</td>
<td>$990,300</td>
<td>$4,107</td>
</tr>
<tr>
<td>Outer Mission</td>
<td>$905,800</td>
<td>$3,605</td>
</tr>
<tr>
<td>Zip Code 94112</td>
<td>$917,500</td>
<td>$3,816</td>
</tr>
<tr>
<td>San Francisco</td>
<td>$1,194,300</td>
<td>$4,285</td>
</tr>
</tbody>
</table>

Source: Zillow Home Value Index Summary, Zillow Rental Index Summary (July 2017)
HOMEOWNERSHIP & RENTERS

18,270
HOUSING UNITS
in Excelsior and Outer Mission
vs. 383,680 citywide

17,610
HOUSEHOLDS
vs. 353,290 citywide

13,400
FAMILY HOUSEHOLDS

HOMEOWNERSHIP & RENTERS

Owners
Tenure by Household

Cost Burden
Owner Housing Cost Burden

Rent Burden


Excelsior and Outer Mission
San Francisco

Less than 30% of income spent on housing costs
30-50% of income spent on housing costs
50% of income spent on housing costs
Not computed

Less than 30% of income spent on gross rent
30-50% of income spent on gross rent
50% of income spent on gross rent
Not computed
NO-FAULT EVICTION

**Excelsior No-Fault Evictions by Type**

**San Francisco No-Fault Evictions by Type**

![Graphs showing No-Fault Evictions](images/no-fault-evictions.png)

- **Ellis Act Evictions**
- **Owner Move-in Evictions**

Source: Vision Zero Fatality Reporting Map
WE CAN MAKE A DIFFERENCE
POLICY CONTEXT & CONSTRAINTS

1. Private Property & Private Market
   - Limited publicly owned land
   - High land value = high cost of acquisition

2. State of California
   - Costa-Hawkins – Limits rent control
   - Elimination of Redevelopment

3. Federal Resources
   - Direct subsidies for housing are not growing
   - Unable to meet needs
     (For example, Section 8 program serves ¼ of people who income qualify)
GOALS

1. Continue to be a neighborhood where low and moderate income San Franciscans can live.

2. Maintain and build housing stock that can serve existing residents, and welcome diverse new residents.

3. Develop and enhance the commercial corridor so that it serves working people, while also offering a range of goods and price points.

4. Be a neighborhood where diverse residents and visitors feel welcome and at-home.

5. Promote relationship building and intercultural exchange among the many different neighborhood stakeholders.
GOALS EXERCISE

Exercise

• Get into groups of 3
• See if you can reach consensus
• Think about 3 things:
  • What would you change, add, edit in some way?
  • What goal would you add?
  • What does the goal mean to you? Is that meaning captured?
• Join another group of 3

Report Back

• Where did you agree?
• Where did you disagree?
• What did you add?
• Words you want to define?
<table>
<thead>
<tr>
<th>Strategy</th>
<th>How It Helps</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong></td>
<td>Explore creating laws to limit second homes (non-primary residences), speculative investment, and foreign investment</td>
</tr>
<tr>
<td><strong>2</strong></td>
<td>Develop a strategy to acquire small and medium sized rent-controlled buildings to maintain their affordability</td>
</tr>
<tr>
<td><strong>3</strong></td>
<td>Develop a &quot;Right of First Refusal&quot; policy that will allow tenants the first right to purchase a building or home when it goes up for sale.</td>
</tr>
<tr>
<td><strong>4</strong></td>
<td>Constructing more affordable units through subsidy and by leveraging market-rate developments to build affordable units.</td>
</tr>
<tr>
<td>Strategy</td>
<td>How It Helps</td>
</tr>
<tr>
<td>----------</td>
<td>--------------</td>
</tr>
<tr>
<td>1</td>
<td>Accessory Dwelling Units</td>
</tr>
<tr>
<td>2</td>
<td>Develop Relocation Assistance policy to help tenants displaced from their housing.</td>
</tr>
<tr>
<td>3</td>
<td>Regulate and monitor &quot;tenant buyouts&quot;.</td>
</tr>
</tbody>
</table>
RELOCATION ASSISTANCE

• Would provide financial assistance to those who are evicted and need to move.
RIGHT OF FIRST REFUSAL

• Develop a "Right of First Refusal" policy that will allow tenants, City, or non-profit the first right to purchase a building or home when it goes up for sale.

• Could support “small sites acquisition” program

• With other supports (lending, etc.) could allow tenant(s) to become homeowners
SMALL SITES ACQUISITION

• Non-profit partners in collaboration with the City purchase a multi-unit, rent-controlled building
• No new construction needed
• By coming under non-profit ownership, the building can maintain affordable rents
• Program assumes mixed-income residents with internal cross-subsidy
• Typically doesn’t qualify for state & federal subsidy
CONSTRUCTING MORE AFFORDABLE UNITS

**Subsidy of 100% Affordable**
- Uses a variety of sources (tax credits, grants, fees paid by developers) to construct new buildings for low income San Franciscans.
- Through these programs, can serve very-low income individuals and families
- Need subsidy to build and operate.

**Leveraging Market Rate**
- When building a new building, developers also build units that serve low and moderate income households
- Required by law to build or pay a fee
- Under HOME-SF, if developers build 30% below-market-rate (BMR) developers have a 2 additional stories.
REGULATE AND MONITOR "TENANT BUYOUTS".

• “The City lacks comprehensive information about the number, location, and terms of buyout agreements. This dearth of information precludes the City from understanding the true level of tenant displacement in San Francisco.”

• Create and Ensure Standards
EXPLORE CREATING LAWS TO LIMIT SECOND HOMES (NON-PRIMARY RESIDENCES), SPECULATIVE INVESTMENT, AND FOREIGN INVESTMENT

• Several cities and nations have taken similar action (Vancouver, New Zealand, parts of China)
• Attempt to ensure housing is used to provide shelter instead of purely as a vehicle for investment
• The intention is to curb speculation and foreign investments that drive up costs
<table>
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<th>How It Helps</th>
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</thead>
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<tr>
<td><strong>1</strong> Culturally relevant and linguistically responsive tenant counseling &amp; legal assistance</td>
<td>Helping tenants stay in their homes through education and legal assistance is a great way to promote stability.</td>
</tr>
<tr>
<td><strong>2</strong> Create/expand community education campaign for residents at risk of eviction</td>
<td>Helping tenants stay in their homes through education and legal assistance is a great way to promote stability.</td>
</tr>
<tr>
<td><strong>3</strong> Expand existing services that help residents gain access to below market rate housing</td>
<td>Tenants often need help navigating the affordable housing application process.</td>
</tr>
<tr>
<td><strong>4</strong> Maximize acceptance of rental subsidies</td>
<td>Persuading landlords to accept the subsidies can expand more homes to low and moderate income San Franciscans.</td>
</tr>
<tr>
<td>Strategy</td>
<td>How It Helps</td>
</tr>
<tr>
<td>----------</td>
<td>-------------</td>
</tr>
<tr>
<td>1. Create city enforcement mechanism to monitor/enforce compliance with eviction ordinances and temporary relocation due to repair, construction, or fire</td>
<td>Many laws are only as good as enforcement efforts. This includes laws governing tenants’ rights.</td>
</tr>
<tr>
<td>2. Identify mechanism to improve enforcement of restrictions on short-term rentals and mechanisms to achieve compliance and enforcement</td>
<td>Short-term rental laws govern companies like Air Bnb or VRBO. Enforcement ensures housing units don’t become full-time short term rentals.</td>
</tr>
<tr>
<td>3. Expand analysis of eviction data</td>
<td>The more we know about evictions, the better the city can work to help those facing eviction.</td>
</tr>
<tr>
<td>4. Encourage and support policy efforts to amend the Ellis Act to exempt San Francisco from certain provisions</td>
<td>The Ellis Act allows landlords to evict tenants if they are “leaving the rental business.” It can also, though, lead to real-estate speculation.</td>
</tr>
<tr>
<td>Strategy</td>
<td>How It Helps</td>
</tr>
<tr>
<td>----------</td>
<td>-------------</td>
</tr>
<tr>
<td>1. Develop an acquisition fund/program to help small businesses purchase the property where their business is located</td>
<td>Ownership can provide stability for commercial tenants.</td>
</tr>
<tr>
<td>2. Explore means to explore Cultural Preservation &amp; Promotion (such as a cultural district)</td>
<td></td>
</tr>
<tr>
<td>3. Encourage condoization of commercial units so they can be purchased by business owners</td>
<td>Purchasing a commercial condo can be less expensive than purchasing an entire building.</td>
</tr>
<tr>
<td>4. Promote legacy business status for more businesses to increase stability with leases</td>
<td>The legacy business program provides incentives for landlords to renew leases and other assistance for long-term neighborhood businesses.</td>
</tr>
<tr>
<td>5. Moderate the size of commercial units in new development so they are lower in cost</td>
<td></td>
</tr>
</tbody>
</table>
THANK YOU!

Rachael A. Tanner
James Pappas
San Francisco Planning

Rachael.Tanner@sfgov.org
www.sfplanning.org