

SESSION 1:

URBAN CHANGE & DISPLACEMENT

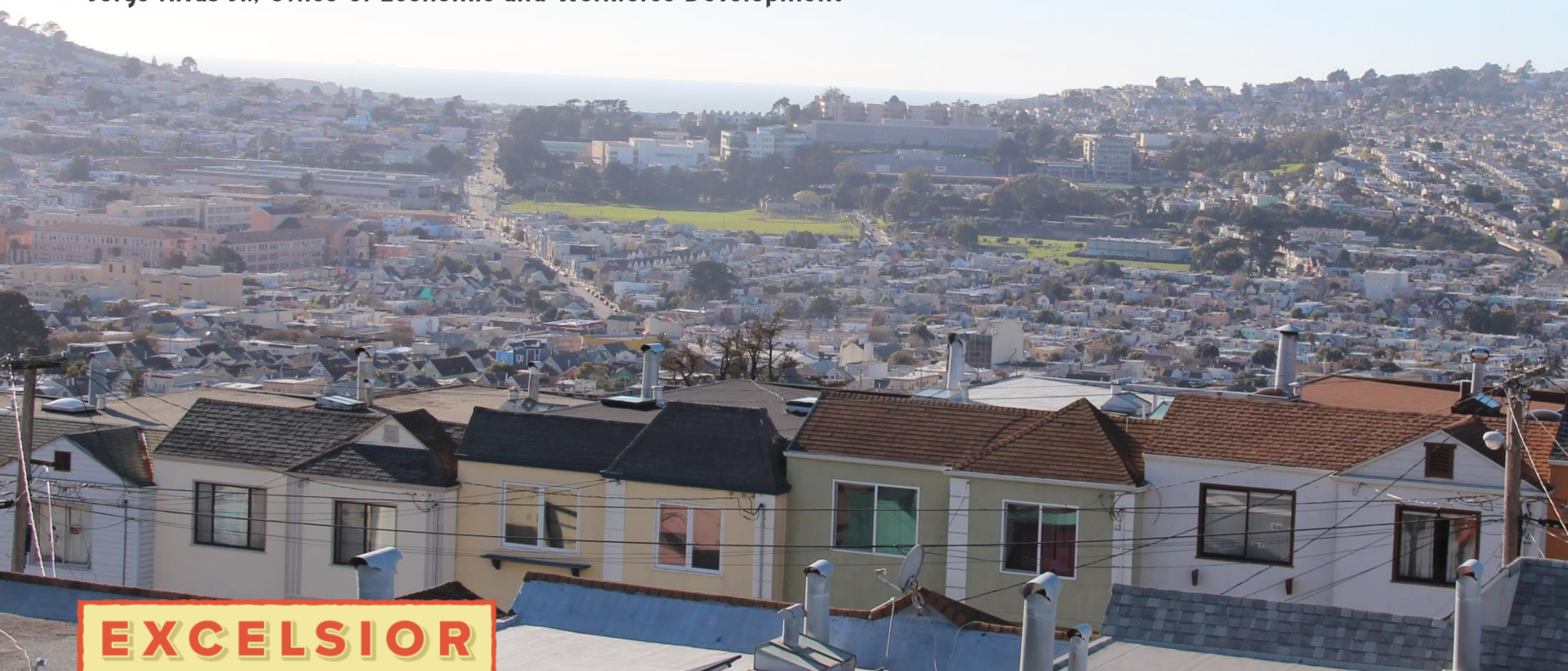
Excelsior and Outer Mission Land Use and Housing Working Group

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11/02/2017

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Jorge Rivas Jr., Office of Economic and Workforce Development



**EXCELSIOR
OUTER MISSION**

NEIGHBORHOOD STRATEGY



City & County of
San Francisco
Edwin M. Lee, Mayor

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

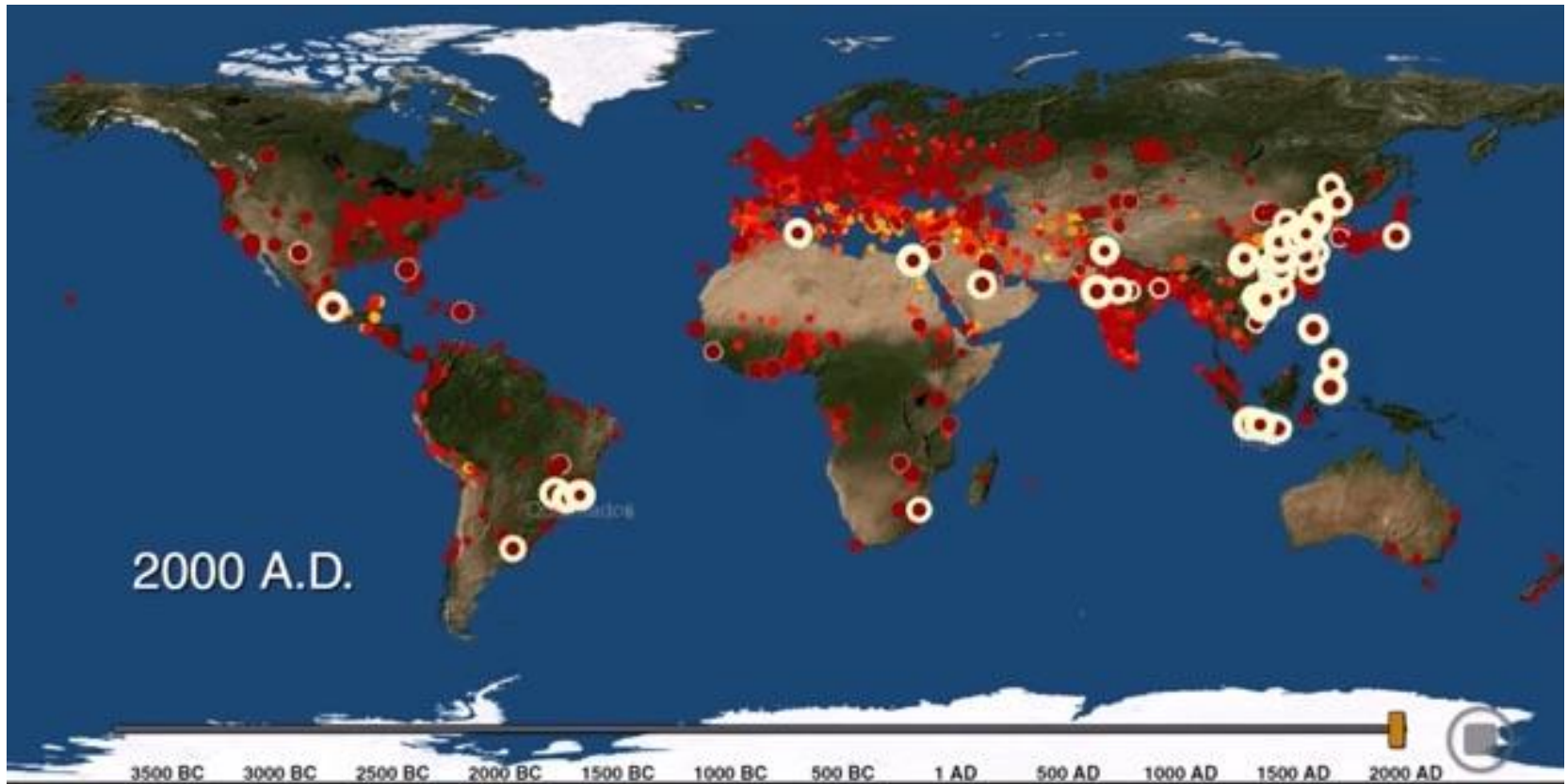
1 Welcome and Introductions – 10 minutes

2 Presentation – 25 minutes

3 Goals Exercise – 30 minutes

4 Strategy Discussion – 60 minutes

5 Summary and Next Steps – 5 minutes



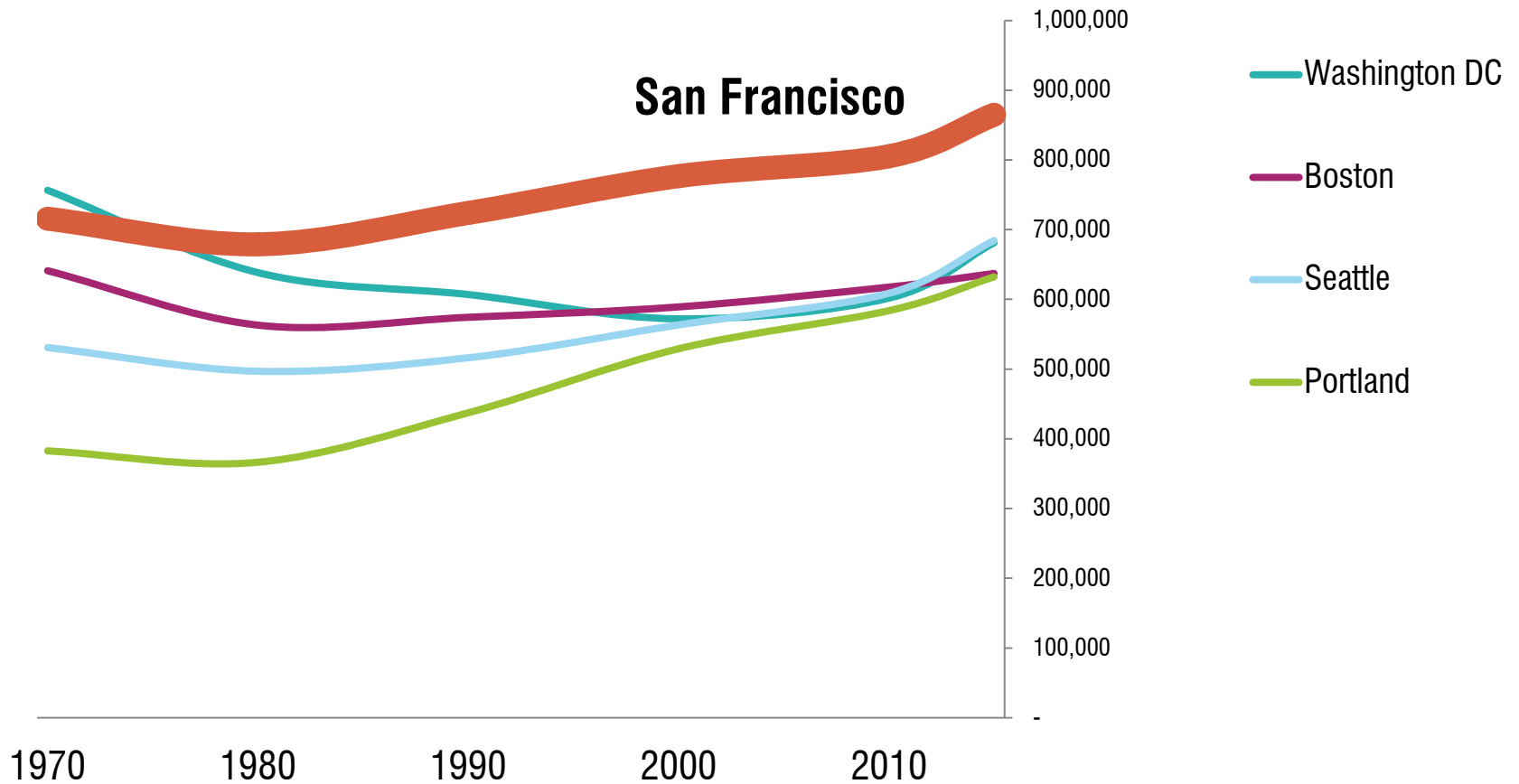
CITIES ARE GROWING - ALL OVER THE WORLD

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

<http://metrocosm.com/history-of-cities/>

MANY AMERICAN CITIES ARE GROWING AGAIN

Many large US cities, after losing population in the 1950s-1980s, are growing again (in population and jobs):



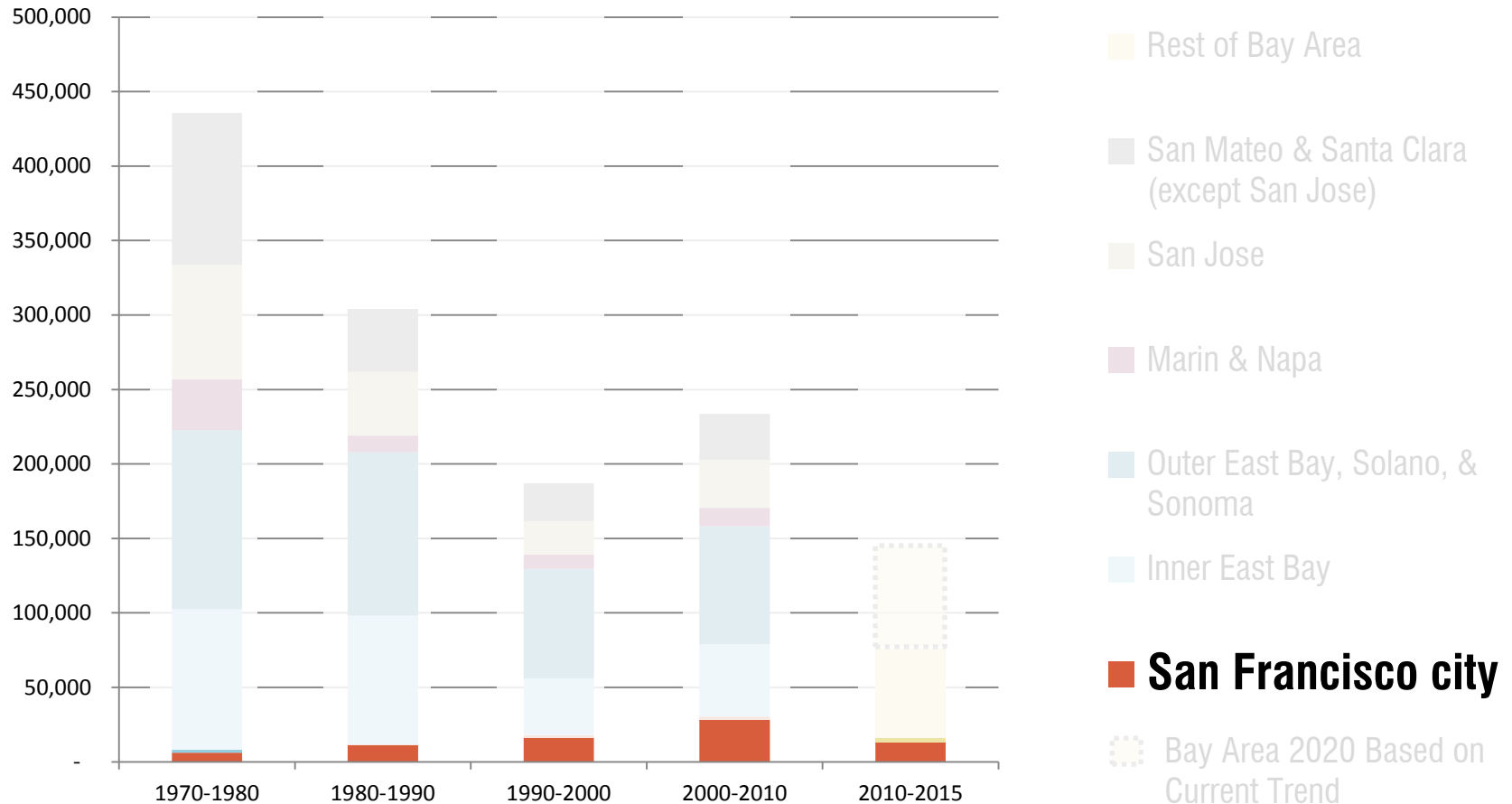


How did we get here?

Origins of the Housing Crisis:

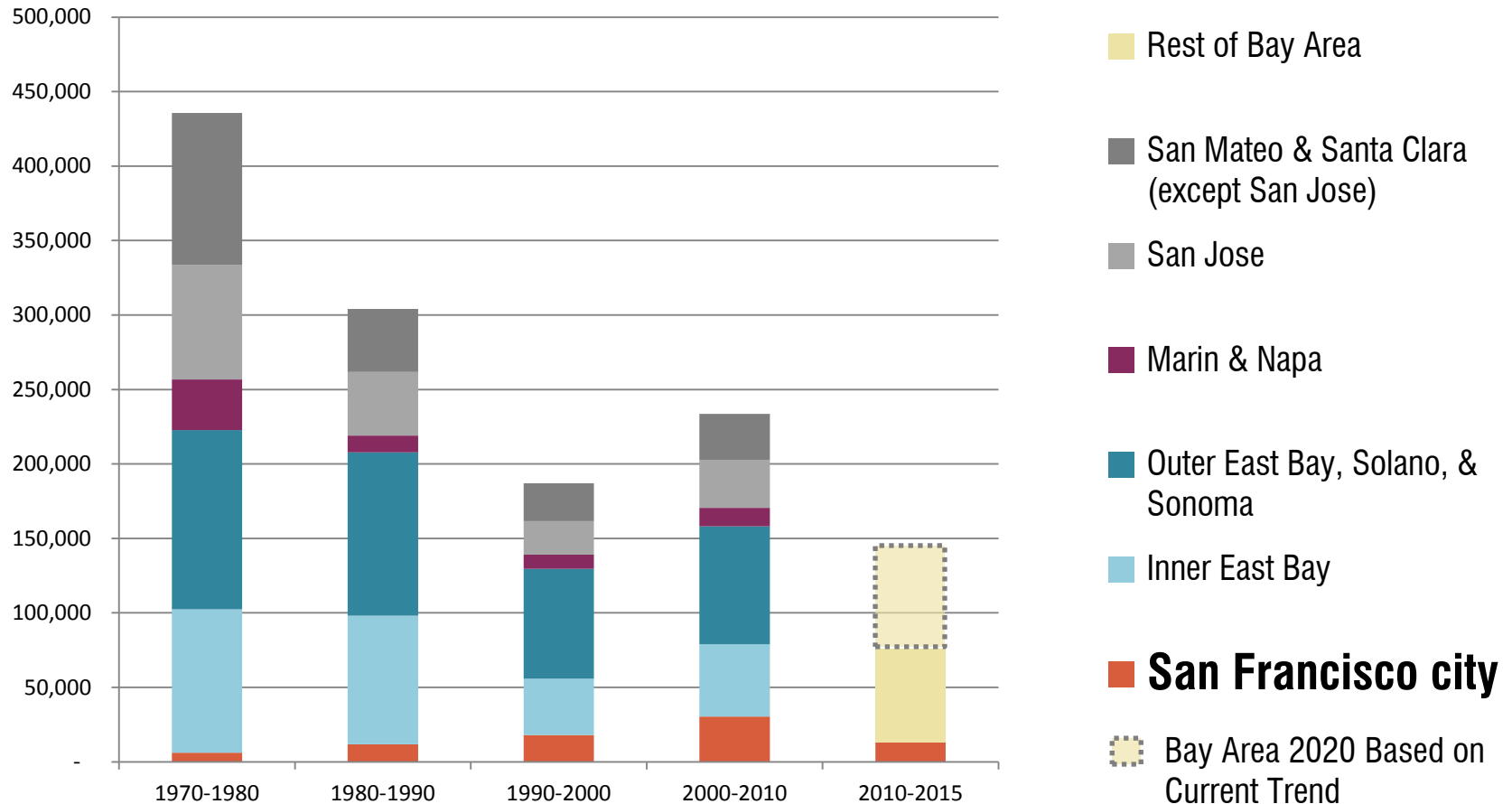
- Job Growth
- Population Growth
- Wage Growth
- Lagging Housing Production

HOUSING PRODUCTION HAS ALSO DECLINED IN THE BAY AREA



Source: SF Planning Analysis of US Census and ACS Data

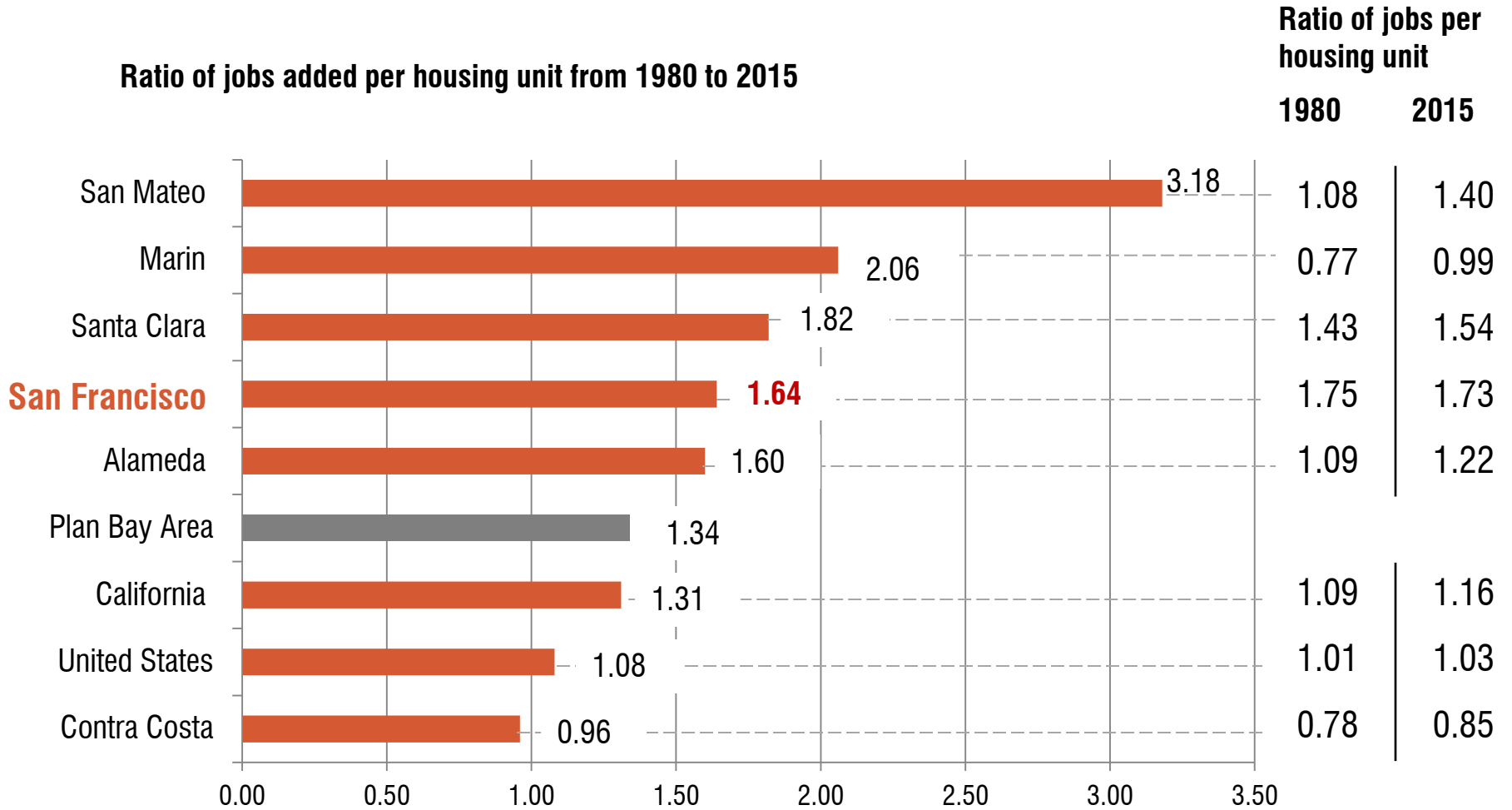
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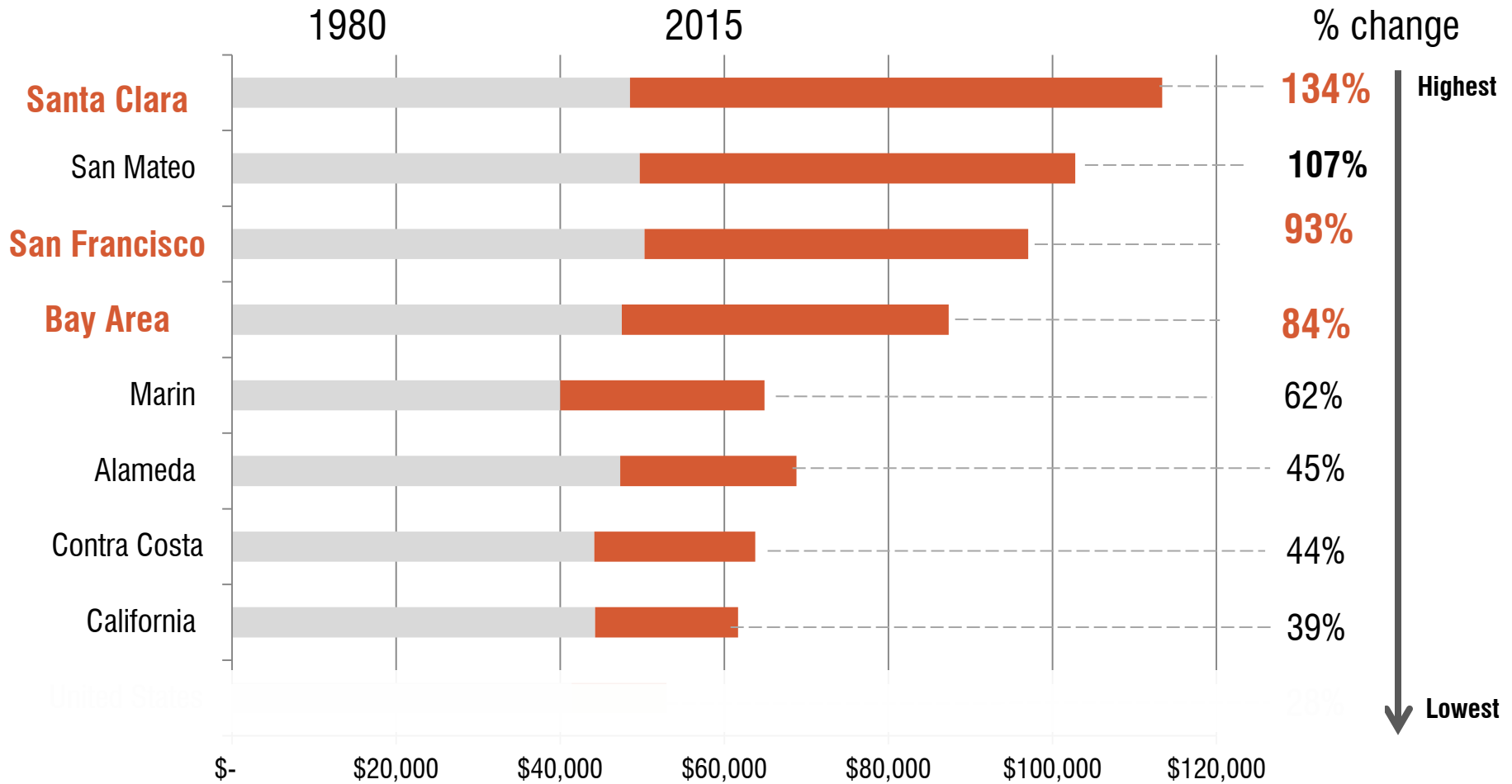
SOME COUNTIES ADDED FAR MORE JOBS THAN HOUSING UNITS

Ratio of jobs added per housing unit from 1980 to 2015



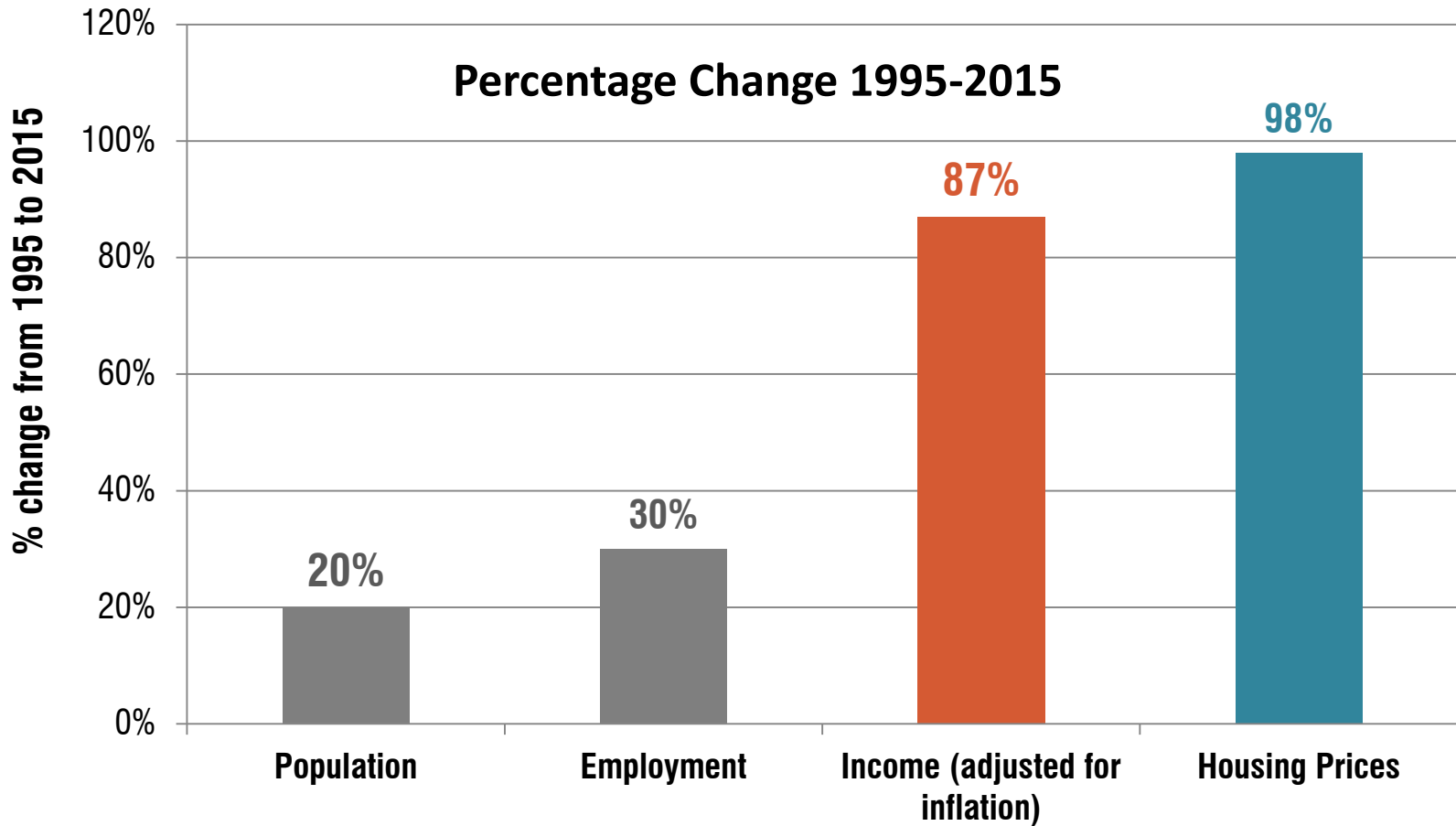
Source: SF Planning Analysis of US Census and Bureau of Labor Statistics Data

AVERAGE WAGES HAVE GROWN DRASTICALLY IN THE BAY AREA AND SAN FRANCISCO



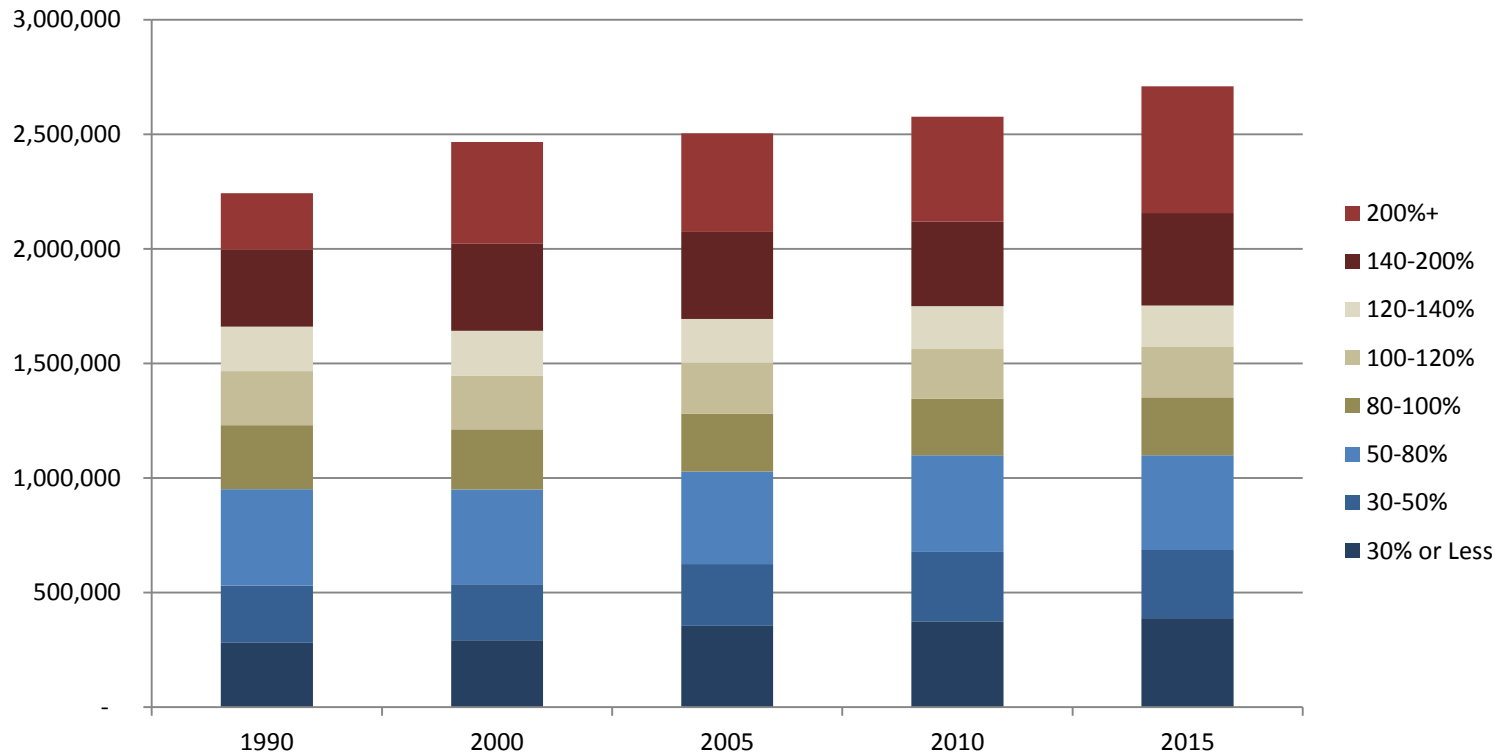
Source: SF Planning Analysis of US Bureau of Labor Statistics Data

FROM 1995 TO 2015 **INCOME GREW 3-4 TIMES FASTER** THAN EMPLOYMENT OR POPULATION DRIVING UP HOUSING PRICES



THE REGION ADDED OVER 465K HOUSEHOLDS SINCE 1990

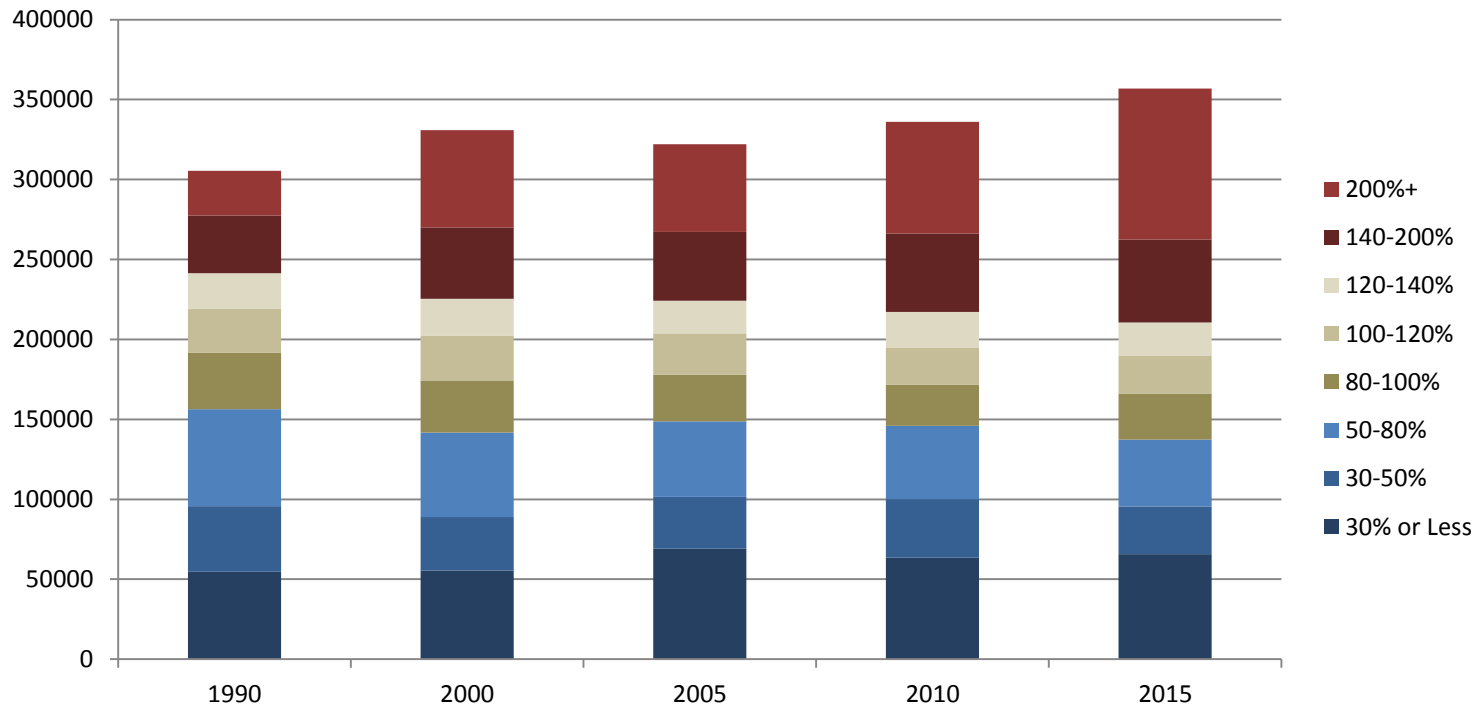
58% WERE HIGH INCOME (OVER 200% OF SF'S MEDIAN)



- 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

Source: SF Planning Analysis of IPUMS USA Data courtesy of IPUMS-USA, University of Minnesota, www.ipums.org.

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



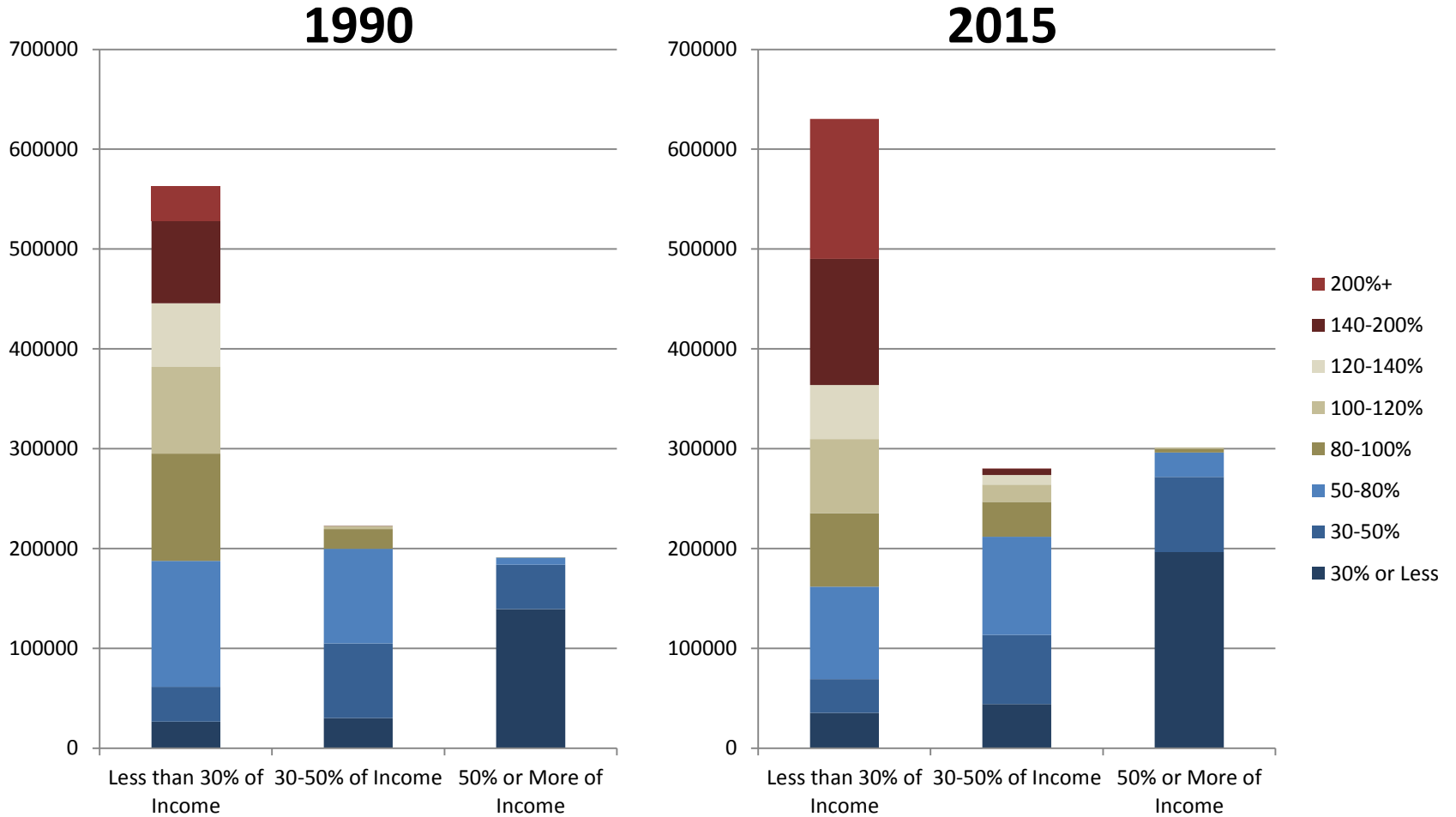
- **High income household growth far exceeded RHNA estimates and “above moderate” unit production by over 30K**
- More high income households housed in existing housing stock
- Low and middle income households declined with greatest loss from 30-80% of AMI

Source: SF Planning Analysis of IPUMS USA Data courtesy of IPUMS-USA, University of Minnesota, www.ipums.org.

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

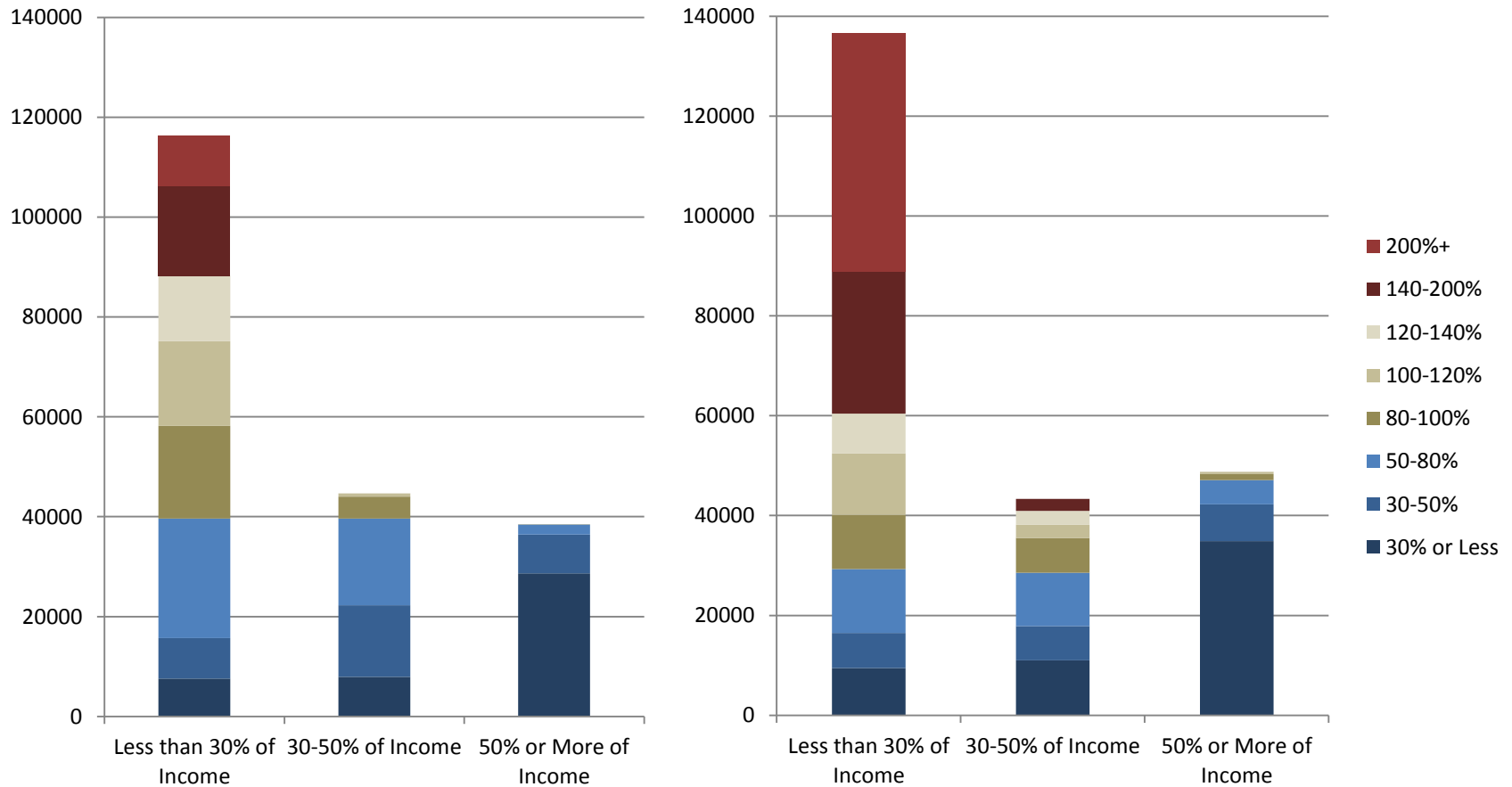
REGIONALLY 100 K MORE HOUSEHOLDS HAVE SEVERE RENT BURDENS IN 2015 THAN IN 1990



IN SF 10K MORE HOUSEHOLDS HAVE SEVERE RENT BURDENS

1990

2015



Source: SF Planning Analysis of IPUMS USA Data courtesy of IPUMS-USA, University of Minnesota, www.ipums.org.

GENTRIFICATION AND DISPLACEMENT

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

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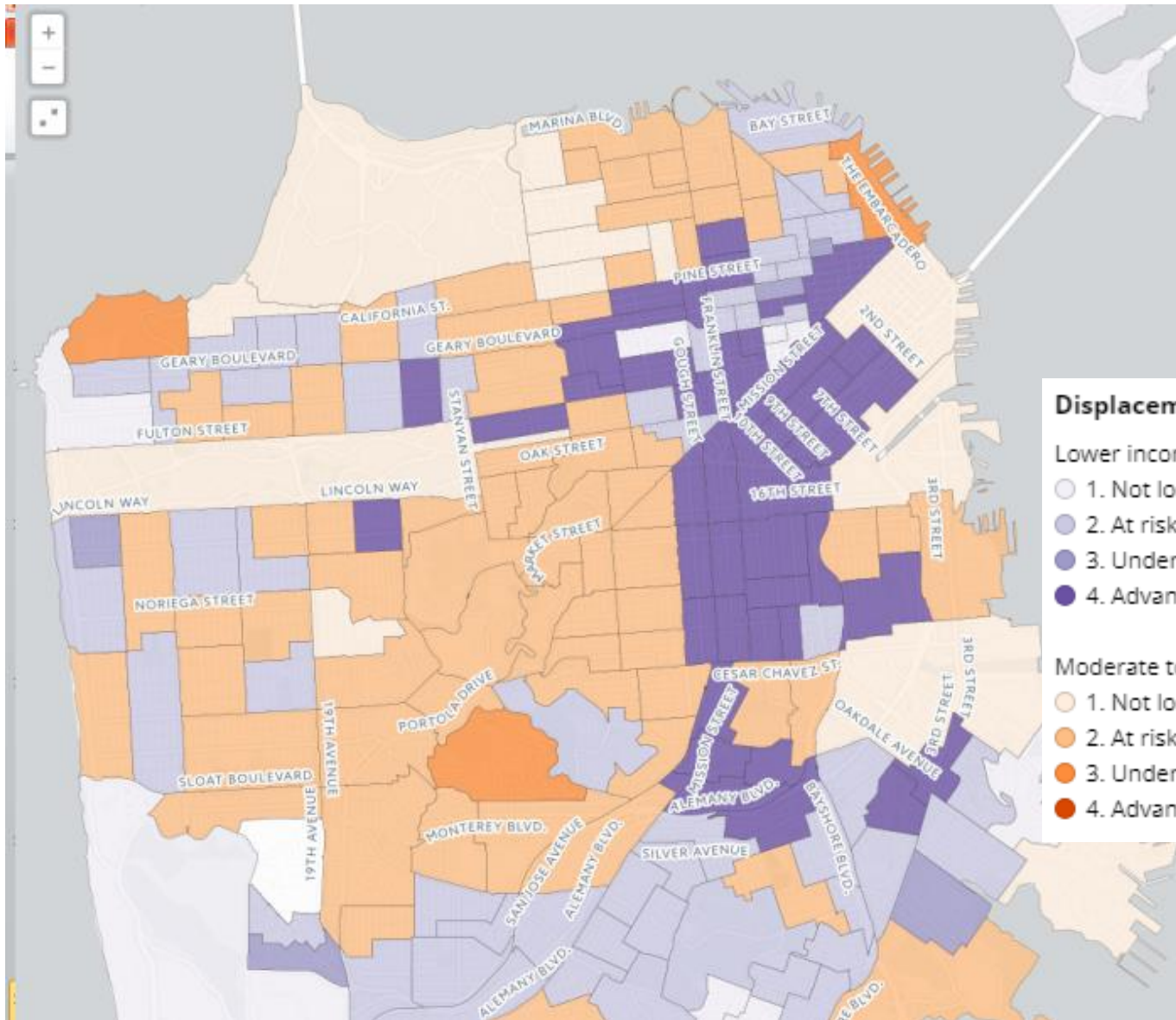
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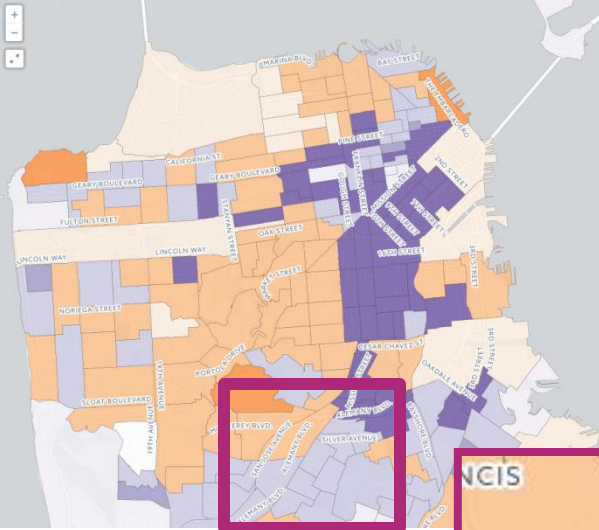
Gentrification

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.

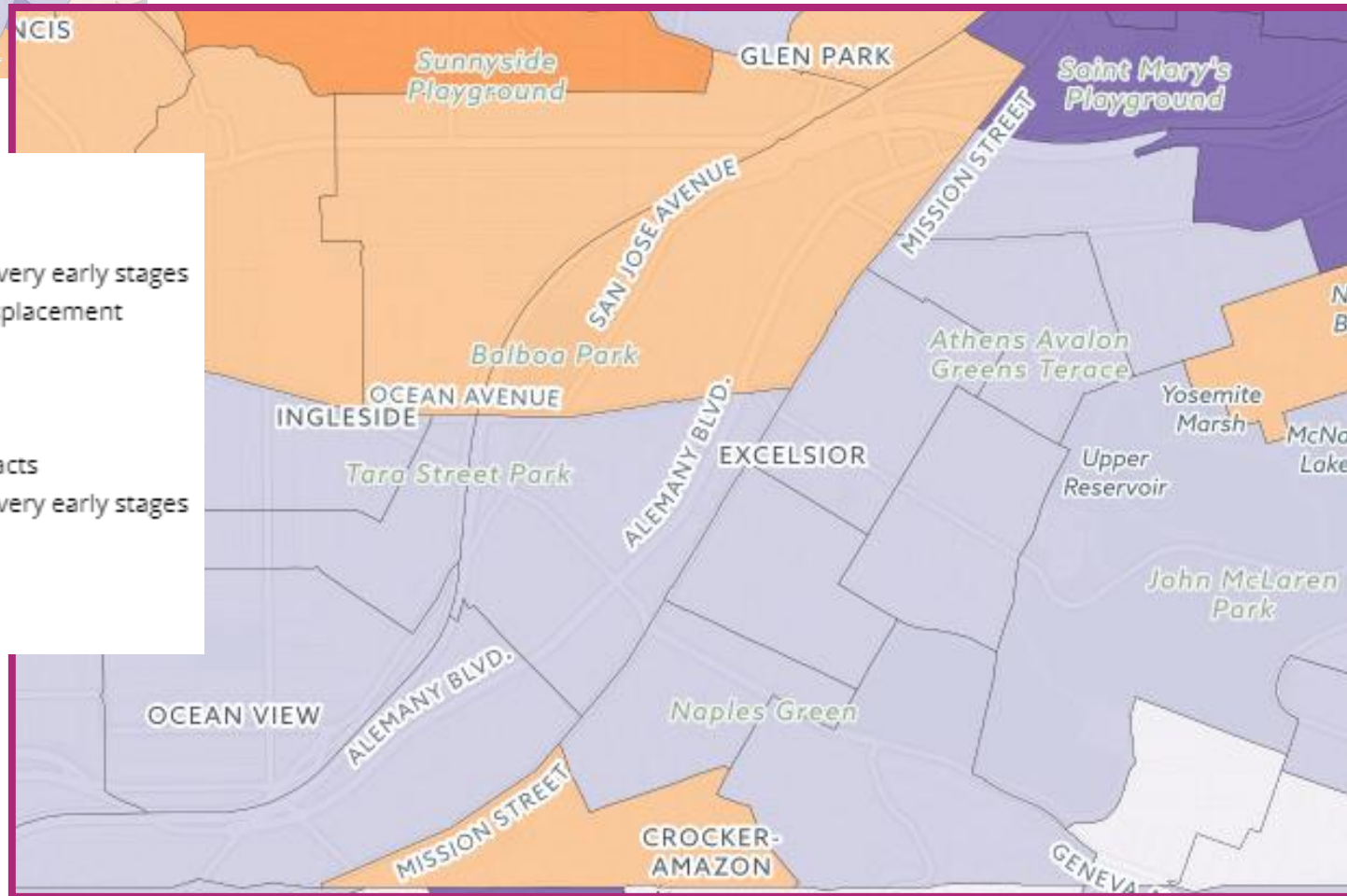
URBAN DISPLACEMENT PROJECT



URBAN DISPLACEMENT PROJECT



Source: Urban Displacement Project, UC Berkeley.



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

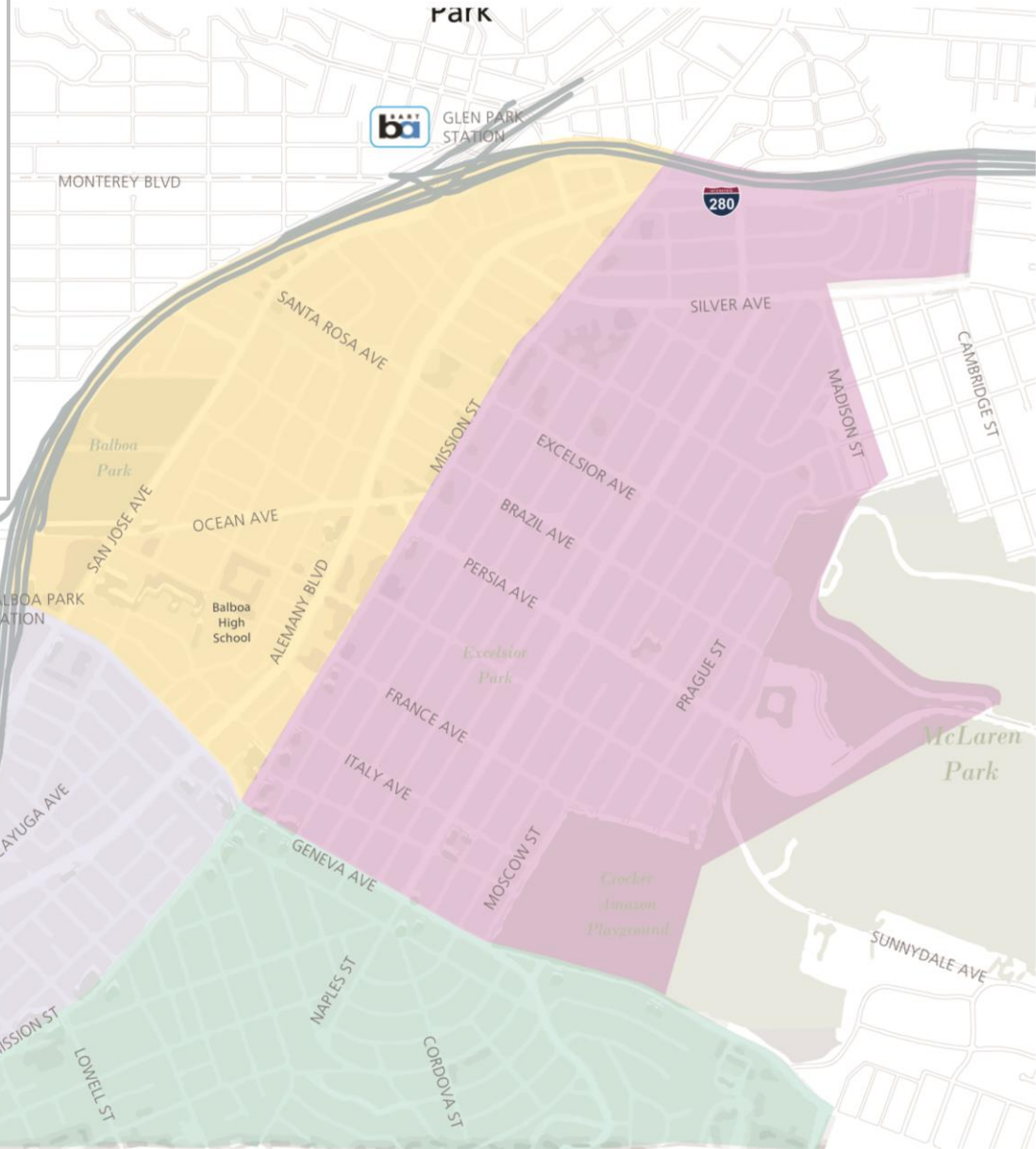
Moderate to high income (MHI) tracts

- 1. Not losing LI households, or very early stages
- 2. At risk of displacement
- 3. Undergoing displacement
- 4. Advanced exclusion

MEDIAN LIST PRICES AND RENT OF SINGLE-FAMILY PROPERTIES

	MEDIAN HOME VALUE	MEDIAN RENT
 Excelsior	\$876,200	\$3,759
 Crocker Amazon	\$867,500	\$3,691
 Mission Terrace	\$990,300	\$4,107
 Outer Mission	\$905,800	\$3,605
Zip Code 94112	\$917,500	\$3,816
San Francisco	\$1,194,300	\$4,285

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

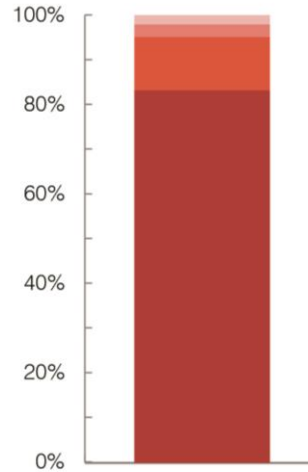
HOUSEHOLDS

vs. 353,290 citywide

13,400

FAMILY HOUSEHOLDS

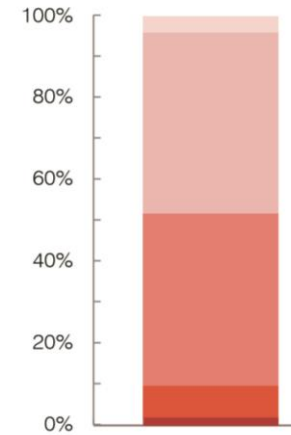
Unit Mix
Total Units



EXCELSIOR/OUTER MISSION

- Single family housing
- 2-4 units
- 5-9 units
- 10-19 units
- 20 units or more

Number of Bedrooms



EXCELSIOR/OUTER MISSION

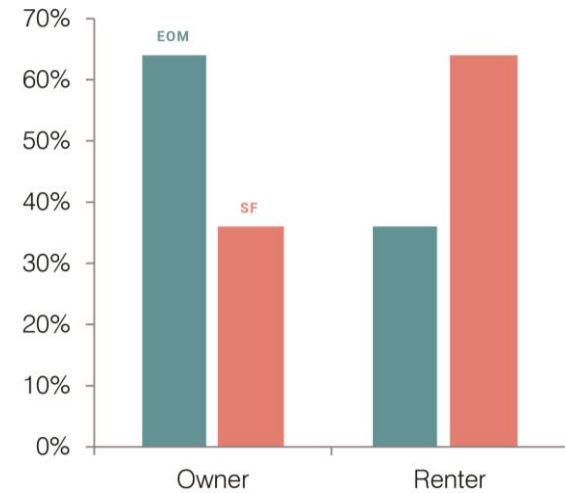
- No bedroom
- 1 bedroom
- 2 bedroom
- 3-4 bedroom
- 5 bedrooms or more

Source: US Census American Community Survey 2011-2015.

HOMEOWNERSHIP & RENTERS

Owners

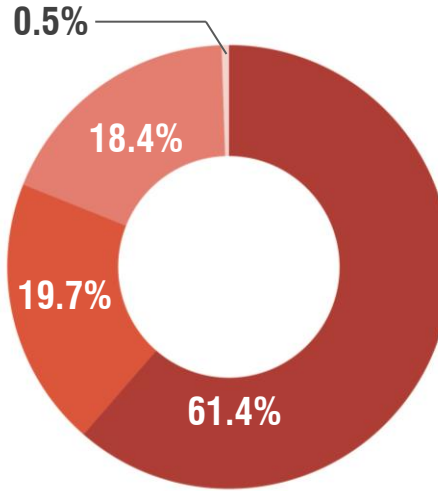
Tenure by Household



- Excelsior and Outer Mission
- San Francisco

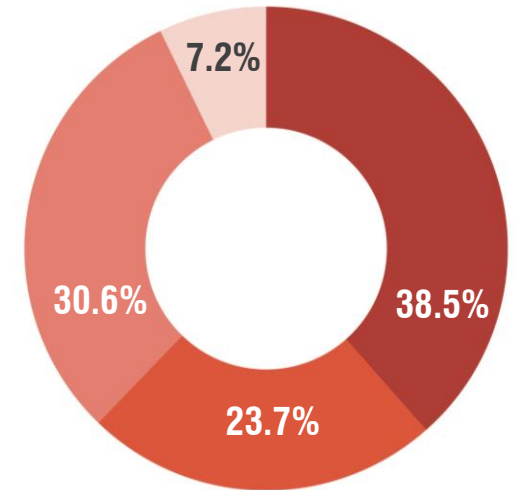
Cost Burden

Owner Housing Cost Burden



- 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

Rent Burden

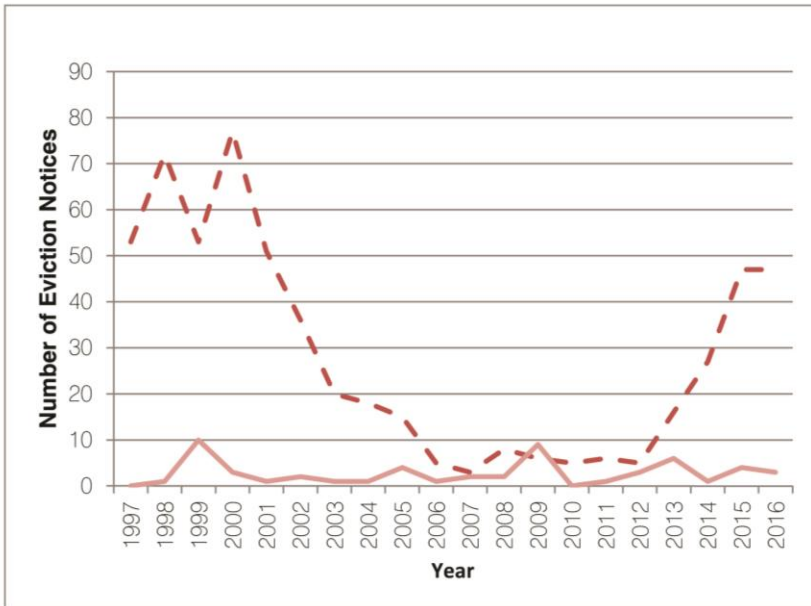


- Less than 30% of income spent on gross rent
- 30-50% of income spent on gross rent
- 50% of income spent on gross rent
- Not computed

Source: US Census American Community Survey 2011-2015.

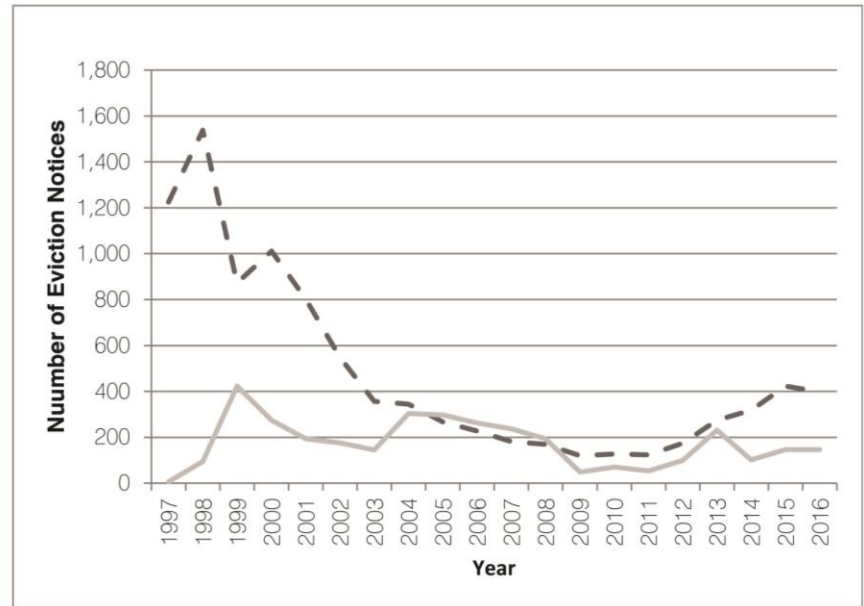
NO-FAULT EVICTION

Excelsior No-Fault Evictions by Type



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

San Francisco No-Fault Evictions by Type



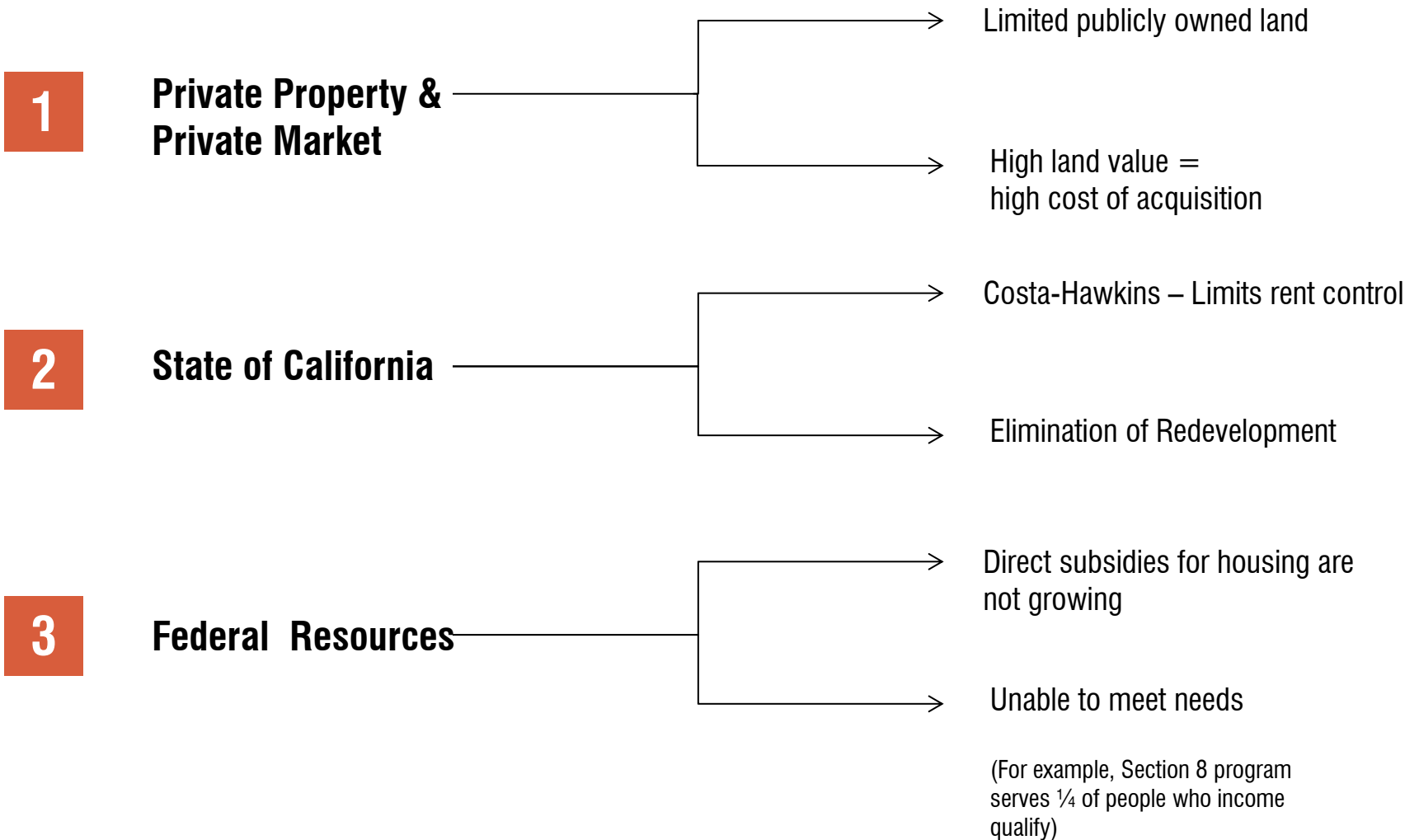
- - - Ellis Act Evictions
- Owner Move-in Evictions

Source: Vision Zero Fatality Reporting Map

WE CAN MAKE A DIFFERENCE



POLICY CONTEXT & CONSTRAINTS



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?

STRATEGIES

Strategy

How It Helps

1

Explore creating laws to limit second homes (non-primary residences), speculative investment, and foreign investment

Ensuring that San Francisco units are used by full-time residents and limiting real-estate speculation can stabilize rental prices and free up existing units.

2

Develop a strategy to acquire small and medium sized rent-controlled buildings to maintain their affordability

Through so-called “small sites acquisition”, the City and non-profit partners can purchase rent-controlled units, keep tenants in their homes, and keep rents stable.

3

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

If homes and buildings for sale must first be offered to the tenants, a conversation can occur between the tenants and the seller. In some cases, a deal could be made.

4

Constructing more affordable units through subsidy and by leveraging market-rate developments to build affordable units.

By constructing more affordable housing units, tenants can have rental or mortgage prices that match their financial capacity.

STRATEGIES

Strategy

How It Helps

1

Accessory Dwelling Units

Adding more units to the housing stock.

2

Develop Relocation Assistance policy to help tenants displaced from their housing.

Ensures those who are displaced have financial help to find a new place to call home.

3

Regulate and monitor "tenant buyouts".

Create better data regarding this practice, as well as standards.

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

STRATEGIES (FROM MISSION ACTION PLAN 2020)

Strategy

How It Helps

1

Culturally relevant and linguistically responsive tenant counseling & legal assistance

Helping tenants stay in their homes through education and legal assistance is a great way to promote stability.

2

Create/expand community education campaign for residents at risk of eviction

Helping tenants stay in their homes through education and legal assistance is a great way to promote stability.

3

Expand existing services that help residents gain access to below market rate housing

Tenants often need help navigating the affordable housing application process.

4

Maximize acceptance of rental subsidies

Persuading landlords to accept the subsidies can expand more homes to low and moderate income San Franciscans.

STRATEGIES (FROM MISSION ACTION PLAN 2020)

Strategy

How It Helps

1

Create city enforcement mechanism to monitor/enforce compliance with eviction ordinances and temporary relocation due to repair, construction, or fire

Many laws are only as good as enforcement efforts. This includes laws governing tenants' rights.

2

Identify mechanism to improve enforcement of restrictions on short-term rentals and mechanisms to achieve compliance and enforcement

Short-term rental laws govern companies like Air Bnb or VRBO. Enforcement ensures housing units don't become full-time short term rentals.

3

Expand analysis of eviction data

The more we know about evictions, the better the city can work to help those facing eviction.

4

Encourage and support policy efforts to amend the Ellis Act to exempt San Francisco from certain provisions

The Ellis Act allows landlords to evict tenants if they are "leaving the rental business." It can also, though, lead to real-estate speculation.

COMMERCIAL DISPLACEMENT PREVENTION STRATEGIES

Strategy

How It Helps

1

Develop an acquisition fund/program to help small businesses purchase the property where their business is located

Ownership can provide stability for commercial tenants.

2

Explore means to explore Cultural Preservation & Promotion (such as a cultural district)

3

Encourage condoization of commercial units so they can be purchased by business owners

Purchasing a commercial condo can be less expensive than purchasing an entire building.

4

Promote legacy business status for more businesses to increase stability with leases

The legacy business program provides incentives for landlords to renew leases and other assistance for long-term neighborhood businesses.

5

Moderate the size of commercial units in new development so they are lower in cost



THANK YOU!



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