



Anti-Displacement and Community Stabilization Strategy for San Francisco: Affordability Protection through Evictions Regulation and Rent Control



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Executive Summary

The City of San Francisco is at risk of losing significant segments of its population due to advanced levels of displacement and gentrification. The number of households making \$100,000 grew an average of 17% per year from 2010 to 2014, while households making less than \$100,000 declined by an average 3% per year. Simultaneously, communities of color are shrinking. The Black population of San Francisco has decreased from 18% in the 1970's to less than 5% today. In response to this crisis, the City is developing an Anti-Displacement and Community Stabilization Strategy. The Strategy utilizes the Urban Displacement Project's (UDP) neighborhood classifications to identify those communities most at risk of displacement, gentrification and exclusion. The City is now in the process of collecting and analyzing existing displacement policies and programs, which are broadly intended to: produce new affordable housing, preserve existing affordable housing, and protect current residents and community organizations.

This report focuses on the result of an analysis of two key protection policies: tenant eviction protections and the City's rent control program. While production and preservation strategies are critical for stabilizing the housing market, protection strategies address the needs of current San Francisco residents specifically by enabling them to stay in their homes. This report relies on a best practices analysis of other cities grappling with displacement across the country, in order to analyze San Francisco's evictions and rent control policies in the broader national policy context.

This report highlights the anti-displacement strategies of New York City, Seattle, and Portland, who are also engaged in large-scale analysis of gentrification and minority community displacement. These cities began by either defining goals or adopting a clear policy direction for this work. Their early conversations were critical to framing their data collection methodology, engaging key stakeholders and pursuing new policy proposals.

With the foundational understanding established through this best practices review, we conducted a quantitative analysis of evictions filed with the Rent Board from January 2000 through June 2016. Our analysis examined trends in evictions over time, as well as by geographic location. We found that trends in evictions rates mirror trends in the economic growth of San Francisco. Though evictions rates vary over time, we observe a sharp increase in evictions from 2010 to 2015, correlated with a similar increase in rental prices in the city. We also found a disproportionate increase in owner move-in and Ellis Act evictions during that time, indicating a likely reliance by landlords on these eviction types in strong housing markets. Our analysis found that evictions occur predominantly in apartment buildings, that they take place more often in densely populated and well-served areas, and that there are disparate outcomes for different communities based on both racial and economic composition. Our analysis of the impact of Evictions Protections 2.0, implemented in November 2015, indicates that these changes *may* have helped to slow the trend in rising evictions, but that additional data gathering

would be needed for any further analysis and that without stricter enforcement, a significant proportion of evictions and tenant harassment will continue to take place off the books.

We performed a nationwide rent control best practices review, including informational interviews with officials from four cities that have adopted rent control regulations: Berkeley, Oakland, San Jose and New York. Our analysis found that, compared to these cities, San Francisco likely has a high coverage rate of units under rent control. However, unlike these cities, San Francisco does not collect information on rent controlled units in a registry or conduct outreach to tenants and landlords about rent controlled units.

Based on our analysis, our report provides three key recommendations to the City as it continues to develop its Anti-Displacement and Community Stabilization Strategy. First, it is important for the City to continue to engage the community about its key objectives for tackling displacement. As mentioned, other cities have used a similar process to define location-specific displacement, clarify the City's intent in tackling displacement, and help navigate contentious decision-making processes. Clear, shared goals will allow the City to balance tradeoffs between key stakeholders. Second, we recommend strengthened eviction regulation enforcement. While the City has many regulations limiting the scope of permitted evictions, our data analysis indicates that this is not enough to prevent potential landlord misuse of the system. Expanding the Rent Board's role to monitor and enforce evictions, increasing fines and damages for wrongful evictions, prohibiting specific types of repeat evictions, and developing stronger anti-harassment legislation can shift these policies from a complaint-driven system to a proactive protective approach. Finally, we recommend that the City design a rental registry program that captures the full rental stock, provides critical rent control and evictions information to tenants and landlords, and operationalizes enforcement mechanisms. This work should help to protect the most vulnerable City residents by clarifying the process, tracking housing changes overtime and coordinating enforcement efforts.

I. Introduction: The Problem of Displacement in San Francisco

San Francisco's economically vulnerable residents are experiencing advanced levels of displacement and gentrification. There is not enough housing to meet market demand generated by the city's growing population and concentrated wealth. These forces threaten long-term residents, particularly in historically low-income neighborhoods and high-risk communities that were left vulnerable after the foreclosure crisis. If left unaddressed, they put the city at risk of losing significant segments of the population, exacerbating pre-existing regional cycles of poverty, and undermining the cultural diversity that defines the city.

Displacement is defined as the removal of residents from the city due to forces beyond their control and is linked to the rapid increases in home values associated with gentrification and a 'hot' housing market. Since most of this displacement occurs in the private housing market, it is challenging to track. While this makes it difficult to quantify the total magnitude of displacement in San Francisco, qualitative evidence can provide valuable insight into the migration pressures in San Francisco. A 2017 Institute of Governmental Studies survey found that Bay Area residents were the most likely in the state to say that housing affordability in their area was "extremely serious." Just over half of San Francisco's residents have considered moving because of housing costs; this jumps to 67% when the survey is restricted to renters.¹

For many of these renters, migration is not a choice. The year-over-year increase in evictions since the foreclosure crisis, coupled with the simultaneous rise in rental prices, makes it extremely difficult for evicted tenants to find replacement housing. Between 2009 and 2015, the yearly number of eviction notices filed with the Rent Board doubled from 1,363 to 2,723. These numbers are likely even higher, as they only reflect formal evictions and do not capture informal evictions, such as tenant buyouts and harassment.

Changing Demographics

The population of San Francisco is growing by approximately 10,000 people each year; this masks, however, the fact that each year about 60,000 residents move out of the city and 70,000 new residents move in. This change in city population reflects a disproportionate displacement of low-income communities of color. From 2010 to 2014, the number of households making \$100,000 or more saw an average annual growth rate of 17%, while households making less than \$100,000 decreased at an average rate of 3% per year.²

Minority communities have been further displaced by dispossession, the loss of community institutions due to economic displacement that spurs further exodus of minority communities. At its peak in the 1970s, the Black population in San Francisco made up 18% of the city. Today it comprises less than 5%.³ In the Mission District, once a thriving Latino enclave, there has been an 11% decrease in the Hispanic/Latino population since 2000 despite increasing development of housing units. These minority communities are disproportionately vulnerable, due to historic segregation and economic marginalization. In 2015, roughly 30% of Black residents and 15%

Latinos were living in poverty, compared to a 13% average for all San Francisco residents.⁴ The impacts of this displacement are felt across the Bay Area, where regional dynamics contribute to a suburbanization of both poverty and communities of color.

The Major Causes of Displacement in San Francisco

Low housing inventory

Housing scarcity is a major contributing factor to current displacement. There is not enough housing in the city to accommodate the growing population nor account for the changing demographic characteristics of city residents. However, the city is relatively built-out, with few large infill development sites available.⁵ The number of underdeveloped sites exceeds the number of vacant or near vacant sites significantly.⁶ This means that the creation of additional housing stock in San Francisco will depend primarily on demolition or rehabilitation. These projects are, on average, much more expensive and limit the types of development that can pencil a profitable project.

Lack of affordable housing

The housing scarcity has created a demand shock, pushing up housing prices regionally. Across the Bay Area there has been a net gain in 94,408 low-income households between 2000 and 2013. However, in the same time period, there has been a loss of almost 106,000 affordable housing units. San Francisco construction costs are already the second highest in the world at \$330 per square foot,⁷ due to seismic instability and intense resource competition. Developers, therefore, are focusing predominantly on market rate units in areas zoned for higher density development.

This has created real estate prices in the city that are higher than almost anywhere else in the United States, with median home prices of roughly \$1.5 million and median rent of \$4,000.⁸ This represents a 29% increase in home prices since 2005,⁹ and a median rental price increase of 64%.¹⁰ The City estimates that only 16% of the residents of San Francisco can afford to buy a home in the city and a minimum wage worker would have to work four full time jobs to afford a median apartment. This resulted in more than 45% of renters paying more than 30% of their income for rent in 2013, a condition that qualifies nearly half of all San Francisco residents as rent-burdened.¹¹ In addition, it creates direct incentives for landlords to evict tenants to secured increased returns on rent. Housing affordability, specifically, is the predominant cause for displacement, as it is untenable for low-income residents to continue to pay San Francisco's excessively high rents, or to find replacement housing if they are removed from their rent-controlled units.

The foreclosure crisis

The impacts of the Great Recession have manifested differently in San Francisco than in other major cities across the country. A recent study found that out of 100 of the largest cities, only 38 have surpassed their pre-recession home values, and within these cities, only an average of 86% of homes have regained their original value. In contrast, in San Francisco, 98% of homes have higher values, adjusted for inflation, than before the recession.¹² While the city's housing market has always been prone to large-scale appreciations and recessions, homes in San Francisco have never been more expensive. The most recent rise in real estate values is based, in large part, in the predatory lending that led to the foreclosure crisis. These lending habits specifically targeted low income communities who have historically been economically marginalized. The Great Recession increased this vulnerability, due to economic contraction, layoffs, bankruptcies, etc. The resultant foreclosures created conditions ripe for housing speculation, contributing to the City's current housing price surge.

Labor market trends

The growth of the technology sector remains a driving force in the displacement of city residents. The Great Recession recovery brought about a creation of 500,000 jobs,¹³ causing an influx of tech workers to move into the densely populated city that already faced a severe housing deficiency. Despite growth in technology jobs in the area, low wage workers have seen stagnation and decline of wages, making the working-class community even more vulnerable to shocks in the housing market. Undergirding all of these trends is the role of persistent income inequality, which gives increasing power to the wealthy residents of the city while disenfranchising its low-income communities.

The public sector as a real estate actor

While the City is not directly responsible for much real estate development, they have a significant role to play in attracting private investment, setting regulations, and incentivizing developers to meet community priorities. Area plans signal to developers that the City is prepared to invest public resources into revitalizing neighborhoods, improving public infrastructure and rezoning properties to increase density, provide additional services and increase commercial activity. Area plans are often the first step towards establishing a public infrastructure pipeline. This pipeline is funded by Capital Improvement dollars, as well as grant and external funding resources. Private developers, interested in capitalizing on these public investments, are likely to not only get involved in the surrounding markets, but may also work closely with City agencies, providing concessions when appropriate. While these plans are often marketed as community strategies, studies have found that they may contribute to 'hot' real estate markets and that, without robust community engagement, may miss the real priorities of local community members.¹⁴

Effects of Displacement on San Francisco

The displacement crisis harms individuals and families being displaced, as well as the city of San Francisco as a whole. Rapidly increasing housing prices threaten economic stability and increase geographic vulnerability. Those forced out by economic displacement may experience reduced opportunities, educational disruption, trauma, and homelessness.¹⁵ Displacement has affected very low, low and middle income earners, exacerbating pre-existing income disparity in the city. These earners provide critical services to San Francisco residents, that are threatened when providers are subject to extreme economic stress.

For example, a 2017 study ranked San Francisco the worst city in the country for rental affordability for teachers, finding that they spent an average of 69% of their income on rent.¹⁶ And a 2018 study showed that less than 1% of homes for sale in San Francisco are affordable to teachers, who have a median income of \$74,230. First responders, with a median income of just over \$100,000, can only afford 2.4% of homes in San Francisco, and even doctors can only afford 30% of homes.¹⁷ When public servants and critical service providers can no longer afford to live in San Francisco, the city risks losing them to jobs closer to their new homes. Recognizing this growing threat, the City is developing an affordable housing project specifically for educators,¹⁸ but this is not a long-term solution. The housing crisis could create a disruption in public health and safety services, threatening society at large.

Displacement has other tangible costs to the city, as well. Displacement can lead to homelessness, given the limited availability of new affordable, replacement housing. According to the most recent San Francisco homelessness survey, 69% of people currently experiencing homelessness lived in San Francisco before becoming homeless, with 55% of the population having lived in San Francisco for ten or more years.¹⁹ This indicates that displacement contributes significantly to homelessness in San Francisco, which, in turn, places increased stress on the City's homelessness and social services.²⁰

In addition, the diminishing diversity of San Francisco's residents harms the city's competitiveness in the 21st century. Research finds that diverse communities create more tolerance and openness in residents through increased opportunities for interaction.²¹ Racial diversity is linked to better decision-making, innovation, and economic competitiveness. Organizational behavior research shows teams composed of diverse members are better at understanding and analyzing facts, and are more innovative and creative in problem solving.²² This may explain why a McKinsey study found that companies in top quartile of racial diversity are more likely to have financial returns above the median for their industry, while companies in the bottom quartile of diversity are less likely to have above-average returns.²³ As the city's non-white residents are pushed out, the displacement crisis threatens San Francisco's ability to maintain a diverse public and private workforce, stifling innovation and growth.

In addition to addressing these effects, San Francisco faces a moral imperative to mitigate the harm done to families and communities by displacement. The natural evolution of market forces

has created a distributional outcome that is unacceptable by denying the right to housing in community for a large portions of the city's residents. While displacement occurs predominantly in the private sector, individual market actors cannot create and protect communities on their own. Residents and community organizations have called on the City of San Francisco to evaluate the current displacement problem and devise an appropriate strategy to alleviate its impacts.

The City of San Francisco's Anti-Displacement Strategy

On November 27th, 2017, the San Francisco Planning Director drafted a memorandum to the Board of Supervisors outlining the department's plans for community stabilization and displacement prevention work. As outlined in the memo, the effort consists of two primary components:

1. An analysis of where gentrification, displacement and exclusion are most acute, and where they are most likely to occur in the future, and,
2. A toolkit of community stabilization and displacement prevention strategies.

The strategy takes a community-specific approach, focusing on low-income communities and communities of color, and devising neighborhood-specific response strategies.

The collaborative effort is being led by the Planning Department, in collaboration with: the Rent Board, the Human Rights Commission (and San Francisco tenant rights and advocacy groups), the Mayor's Office of Housing and Community Development (MOHCD), the Department of Building Inspection, Public Works, the Housing Authority, the Office of Short-Term Rentals, the Office of Economic and Workforce Development, the Arts Commission, and the Department of Homelessness and Supportive Housing.

Efforts to Date

As part of their analysis efforts, the City engaged the Urban Displacement Project (UDP), a research initiative of UC Berkeley's Center for Community Innovation, UCLA, and Portland State University, to map and code gentrification and displacement in the city at the neighborhood level. Based on initial findings, the City identified particular areas of concern: the Mission, Tenderloin, Chinatown, Excelsior, and Bayview. UDP has since added an 'exclusion' category, aimed at identifying middle- to high-income neighborhoods whose home prices and rents are exclusionary to low-income individuals. This is an important addition, as it defines the magnitude of the housing crisis and identifies the extent to which low-income individuals will struggle to find replacement housing within the city. More details of UDP's methodology and findings are discussed in Sections II and III. For a complete summary of UDP methodology, see Appendix A.

The Planning Department also compiled a Draft Toolkit of Community Stabilization Strategies, based on existing policies in the areas of:

- Tenant protections;
- Affordable housing preservation, including residential hotels;
- Affordable housing protection, including supportive housing for homeless individuals; and
- Economic Development - small business, arts, workforce development, and nonprofits.

The toolkit identified 38 policies or programs and their public or non-profit lead. The Department's goal is to review this list, identify opportunities for additional study, and incorporate best practices into a holistic anti-displacement and community stabilization strategy.

From 2015-2017, the Planning Department worked closely with community advocates in the Mission District to develop the Mission Action Plan 2020. The short-range plan, which was endorsed by the Planning Commission in March 2017, was intended to identify specific displacement solutions for residents, arts organizations, nonprofits and businesses. The Plan is considered a template for similar place-based strategies. For a summary of strategies outlined in the Plan, see Appendix B.

The Mayor's Office of Housing and Community Development partnered with the Department of Housing and Urban Development (HUD) and California Department of Housing and Community Development to develop an Anti-Displacement Housing Preference lottery system for new affordable housing units built in San Francisco. This effort prioritizes 40% of these new units for individuals who currently live in low-income San Francisco neighborhoods at risk of 'extreme displacement pressure'.²⁴

Next Steps

The City is in the process of reviewing recent updates to UDP's typologies. They are confirming areas of concern and analyzing the specific factors at play in each of these neighborhoods. The Planning Department is engaging community experts from community organizations, tenants rights organizations and researchers, as well as City stakeholders, in evaluating the policies and programs laid out in the Draft Toolkit. They will incorporate additional displacement tools as they are identified. This work will culminate in a final Anti-Displacement and Community Stabilization Strategy.

Urban displacement is understood as a regional concern, as residents forced out of San Francisco, Oakland, San Jose and other major employment centers, are relocating to Bay Area suburbs. These large scale geographic shifts exacerbate traffic congestion, economic inequality, and community destabilization. The City is working with a regional coalition to proactively

address displacement and its impacts, led by the Metropolitan Transportation Commission (MTC). The coalition, the Committee to House the Bay Area, or CASA, emphasizes the necessity of a three-pronged approach to housing affordability: production of new housing units, preservation of existing affordable units, and protection of tenants of affordable units. This framework informs CASA and San Francisco's work to develop a regional strategy for addressing displacement.

Project Objectives and Report Overview

While production, preservation, and protection are all necessary components for an anti-displacement strategy, this report focuses on protection by evaluating San Francisco's evictions protections and rent control programs. The purpose of this report is to examine these programs within the City's displacement strategy and in relation to best practices of other cities grappling with displacement. **Section II** situates San Francisco's anti-displacement strategy in relation to efforts of other cities to define, measure, and prevent displacement. **Section III** provides a detailed analysis of evictions trends of the past fifteen years within San Francisco, investigating volume, type, and concentration of evictions over time, as well as identifying vulnerable neighborhoods. It also analyzes trends in evictions after policy changes under Evictions Protections 2.0. **Section IV** describes the City's current Rent Ordinance, and compares San Francisco's rent control policy to other regional and national analogs. It includes insights from interviews with local government representatives in other jurisdictions. **Section V** provides three recommendations to strengthen the City's anti-displacement strategy, evictions protections, and rent control policies: setting clear anti-displacement goals, increasing evictions protections enforcement, and developing a rental registry, and **Section VI** concludes the report.

II. Displacement: San Francisco in Context

The City of San Francisco is not unique in its experience of gentrification and displacement. Communities across the country have seen intense housing speculation in the wake of the foreclosure crisis, which created a large-scale, short-run housing price depreciation. Speculators, banks, real estate companies and foreign investors capitalized on these low building and land prices, which were disproportionately located in neighborhoods particularly vulnerable to subprime lending: low-income communities. These national trends have placed significant emphasis across the country on anti-displacement policy-making.

Defining Gentrification and Displacement

The concept of gentrification was first introduced into the academic literature in 1964 by Ruth Glass in her study of London, and since then scholars have continued to debate what it means, how it is caused, and what its effects are. Some have argued that gentrification improves neighborhood outcomes, while others have highlighted the ways in which it pushes original residents out. Davidson and Lees define gentrification by four key features: reinvestment of capital, social upgrading of locale by high income groups, landscape change, and direct or indirect displacement of low income groups.²⁵ Thus displacement can be seen as one symptom, or result, of gentrification. Grier and Grier's foundational definition of displacement from 1978 describes relocation under three features:

“Displacement occurs when any household is forced to move from its residence by conditions which affect the dwelling or immediate surroundings, and which:

- 1) are beyond the household's reasonable ability to control or prevent;
- 2) occur despite the household's having met all previously-imposed conditions of occupancy; and
- 3) make continued occupancy by that household impossible, hazardous, or unaffordable.”²⁶

Based on his examination of trends in New York City neighborhoods, Marcuse's 1985 definition of displacement recognizes the connection between abandonment or disinvestment and gentrification, and acknowledges that both abandonment and gentrification lead to displacement of vulnerable and low-income residents. Marcuse thus distinguishes between physical displacement, caused by unlivable conditions, and economic displacement, caused by unaffordable prices. He also introduces the concept of exclusionary displacement, when changes after a household vacates housing prevent other similar households from moving in.²⁷ These two scholarly definitions provide the basis for most contemporary understandings of displacement, though as discussed below, often much narrower operational definitions of displacement are used because of measurement challenges.

Measuring Displacement

Quantifying displacement is extremely challenging because most traditional measures of changes in demographics or outcomes over time do not account for mobility. For example, though changes in income levels of residents are a key feature of displacement, on its own an increase in neighborhood income cannot prove displacement, because it could either indicate that the incomes of the original neighborhood residents increased, or that new higher-income residents moved to the neighborhood. Therefore, mobility is an important component of understanding displacement. There is no consensus on the best method of measuring mobility or on a single metric for displacement. Researcher Claudia Colton suggests four possible methods for understanding mobility. First, a cross-sectional measure of individual mobility can be obtained from The Census Bureau's American Community Survey, which asks whether each person has lived in their current housing for at least a year. The percentage living in new housing this year would reflect an area's mobility rate. Second, measuring household mobility would require data over time on the same households to account for individual members entering or leaving the household. Third, another interesting dimension to consider is the frequency of mobility, or the number of moves within a single time period for a household. This could be obtained through linking administrative datasets to compare addresses for households over time. Fourth, to understand neighborhood change, the American Housing Survey tracks a panel of housing units in select cities over time, so can provide detailed information about how the residents of specific units changed over time.²⁸

Because there is no single measure for displacement, several cities have developed indices of composite metrics to quantify displacement. San Francisco has collaborated with the Urban Displacement Project, a research initiative of UC Berkeley's Center for Community Innovation, UCLA, and Portland State University, which classified every neighborhood in the Bay area into one of eight typologies based on its level of gentrification and displacement, or exclusion and displacement. Key metrics in the UDP classification include: changes in population, percent low income households, percent college educated, percent renters, percent nonwhite, increasing home or rent values, and proximity to transit. (See Appendix A for complete UDP typologies.) The UDP's classification methodology primarily focuses on economic indicators to mark gentrification and displacement. Proportion of minority residents is included as a factor in determining if an area is "at risk" of gentrification, but not as a factor for classifying areas that have experienced or are undergoing gentrification.

Portland's displacement typologies, on the other hand, place a heavier emphasis on racial demographic changes. In this methodology, gentrified neighborhoods are defined by their increase in educational attainment, housing prices, and change in racial demography. Neighborhoods were assessed based on whether they have a vulnerable population according to these metrics and on changes in these metrics, and then classified as either "adjacent," "accelerating," or "appreciated."²⁹ (See Appendix C for complete typologies.)

Los Angeles, Seattle, Boston, and New York City have also developed gentrification and displacement indices. The Los Angeles Innovation Team created an Index of Neighborhood Change to quantify changes to city neighborhoods between 2000 and 2014, and then combined this measurement with factors historically indicative of displacement in order to create the Index of Displacement Pressure. This index has facilitated the City's prioritizing at risk neighborhoods for targeted efforts like the Rent Stabilization Ordinance outreach campaign. The Urban Displacement Project also produced an analysis of Los Angeles neighborhoods with a specific focus on "upscaling," or increases in household income and education. It analyzed neighborhoods to conclude whether they had gentrified in the 1990's, 2000's, or both. Seattle's indices include a more specific focus on City and community resources. To determine a displacement risk, each neighborhood was classified on three factors: vulnerability of residents, proximity to amenities, and development capacity under City zoning. In addition, Seattle classified each neighborhood based on its access to economic opportunity, based on factors like access to jobs, transit availability, and educational institutions. Each neighborhood could then fall into one of four categories: high displacement/low access, high displacement/high access, low displacement/low access, and low displacement/high access. Boston conducted a similar displacement risk analysis to Seattle, but refined their classification by first identifying neighborhoods where more than 95% of units are affordable housing units. This provided a more nuanced classification of low-income neighborhoods. New York has the most fine-tuned index. It classifies displacement risk on a building-by-building level based on three factors: loss of rent stabilized units, tenant turnover, and building sale value.³⁰ See Appendix D for a table comparing these indices. Ultimately, the specific measures of displacement selected by each city will inform the choice of strategy for combating displacement.

City Correlates - Tackling Displacement in other Settings

Several other cities across the country have embarked on strategic anti-displacement measurement and policy-development work. These cities provide specific strategy development tools that can serve as useful models to the City.

New York - Production

"This is how we will keep New York, New York. This is how we will ensure that the greatest city in the world will remain what it is and what it was always meant to be - a place for everyone."

The City of New York serves as an interesting corollary to the displacement crisis taking place within San Francisco. While New York is a denser, larger and more diverse city, it also has historically high average housing costs for both renters and owners. The city has significant variation in incomes, costs and demographics between neighborhoods, due in large part to long-standing minority communities. New York was similarly affected by the foreclosure crisis and has experienced accelerating gentrification in recent years. New York is also a city known for its

strong business practices and urban development strategies. Entrenched minority communities, who have long been geographically marginalized, have played a significant role in calling for a government response. Under Mayor Bill de Blasio's administration, the City has opted to fold anti-displacement strategies into their broader housing plans.

In November 2017, the City adopted *Housing New York 2.0*, which revised their original *Housing New York: A Five-Borough Ten-Year Plan* adopted in May 2014. The Plan outlines strategies for how the City will reach a new goal of 300,000 homes by 2026, and while it emphasizes the need for neighborhood-based anti-displacement strategies, it focuses almost exclusively on the production of new affordable housing units and the preservation of existing affordable housing through nonprofit purchase. The City has also adopted some displacement focused stand-alone policies, such as Certification of No Harassment, discussed further in Section V.

New York's approach targets several specific driving factors of gentrification and displacement, such as landlord harassment, real estate speculation, and the deterioration of healthy, affordable housing; *Housing New York 2.0* defines specific metrics for housing production and preservation. The plan more broadly, however, fails to define a quantification and monitoring process aimed at meeting the needs of its broader community.

Seattle - Preservation and Production

“Balance the needs of a fast-growing city with almost unimaginable new wealth and the acute needs of people who experience systemic inequities driven by issues of income, ethnicity, and race on a daily basis.”

According to a 2015 study of the country's most rapidly gentrifying cities, low-income communities in Seattle were the fourth most likely to gentrify in the country.³¹ In response, the Mayor and City Council convened a community advisory committee to define their agenda for increasing both affordability and availability of housing. The Committee established a framework of 65 housing strategies focused on: mandatory housing affordability; more resources for affordable housing; preservation, equity and anti-displacement strategies; tools for promoting efficient and innovative development; and a state legislative agenda. The development process focused on the goal of the production of 20,000 new units of affordable and 30,000 new units of market rate housing over a decade. The Agenda resulted in a strategy toolkit intended to address the myriad fragmented needs of the housing affordability crisis, while simultaneously appealing all actors at the table. The strategy is an attempt to hold in tension the forces at play in the housing affordability equation.

The strategies were grouped around four key concepts: more resources for affordable housing, more housing, more supports for communities, and more innovation. The agenda was developed through a three-stage process that began with: understanding housing affordability needs through data and public input; in depth discussion of potential solutions and strategies; and, crafting and

refining a suite of recommendations. The process relied heavily on community engagement, not only in the composition of the Committee, but also through community open houses, strategy work groups, and Committee presentations. This engagement process resulted in the definition of seven key goals and values. While the process engaged many opposing stakeholders, these shared goals allowed them to tailor their strategy toolkit to meet agreed upon goals.

Portland - Preservation and Protection

While the City of Portland's population and size of the economy are smaller than San Francisco's, it has several key similarities: 1) a reputation for progressive policy-making; 2) a history of de facto racially segregated neighborhoods; 3) a relatively young workforce; and 4) high rates of rapid gentrification.³² These characteristics, as well as the City of Portland's clear commitment to curbing displacement pressures on its residents, makes it a useful case study for comparison.

As described above, the City of Portland, like San Francisco, developed a Gentrification and Displacement Study that assesses neighborhood vulnerability to increased gentrification. Portland's study also engaged in a review of national best practices. The City's strategy adopts a strong racial equity lens and orients policy strategies towards community benefits agreements, community impact analyses and continuous community engagement strategies. In this way, the study supplements other city work on housing affordability and production, while clearly addressing inequitable outcomes of housing appreciation and economic growth. This supplementary approach strengthens the efficacy of the study and provides the City with the policy framework it needs to advance equitable housing policies. It creates metrics that not only track changing demographic characteristics, but also engage regularly with the community to devise stabilization strategies that meet their real needs.

Key Takeaways

The City has grappled with the difficulty of defining and measuring displacement. Its work with the Urban Displacement Project has provided metrics for understanding the risks involved with changing economic conditions, demographic trends, and public investments. Its current emphasis on anti-displacement policies that aim to preserve, protect *and* produce additional housing is in keeping with national anti-displacement best practices. And yet, the City still has not defined clear goals for curbing displacement. The other cities detailed above, who are addressing similar challenges, have provided examples of what community engagement, goal-setting and policy direction could look like. This process will require the City to define its priorities in preserving and protecting its long-standing, vulnerable community members.

III. Evictions Protections

Summary of San Francisco Regulations

Given the challenges in measuring displacement, evictions can be seen as a potential proxy measure for neighborhood changes. Evictions in San Francisco are hypothesized to be a significant tool in the rapid increase in rent prices, as landlords use evictions to turn over properties. San Francisco constrains evictions in rent controlled units to sixteen ‘just causes’ for eviction. Permitted ‘for cause’ evictions include reasons like nonpayment of rent, breach of the rental agreement, illegal use of the unit, or refusal of landlord access to the unit. In contrast, ‘no fault’ evictions include demolition, capital improvement, and rehabilitation of the building, owner-move-in evictions, in which the owner occupies the unit for their own residence, and Ellis Act evictions, in which the owner “goes out of business” and all units of the building must be withdrawn from the market.

Spurred by the results of the Housing Balance Report, released in 2015, a coalition of tenants rights organizations came together to demand revision of the Rent Ordinance to improve eviction regulations and increase tenant protections. The Housing Report found that San Francisco had added 6,559 affordable housing units between 2004 and 2014, but had lost 5,470 rent-controlled apartments due to no fault evictions. The coalition, including representatives from Causa Justa: Just Cause, the Community Tenants Association, the Chinatown Community Development Center, the Mission Economic Development Agency, the San Francisco Tenants Union, and other major advocacy organizations, worked with Supervisor Jane Kim to author the revised legislation. The new law was passed on October 14th, 2015.

Evictions Protections 2.0 amended the Rent Ordinance to include the following:

- prohibits rent increases based on the addition of roommates, even when a pre-existing rental agreement or lease permits such an increase
- prohibits evictions based on the addition of roommates if the landlord has unreasonably refused a written request
- requires landlords to set the new base rent for the next 5 years as the lawful rent in effect at the time of the vacancy in certain situations, such as an owner move-in eviction
- requires that there be a substantial violation of a lawful obligation before an eviction may be pursued
- gives tenants the opportunity to cure minor violations before an eviction may be pursued against them
- requires that substantial violations, such as a nuisance, substantial damage, or substantial interference with comfort, safety or enjoyment be severe or recurring in nature
- prevents a landlord from evicting a tenant based solely on the tenant occupying a unit not authorized for residency

- requires that landlords report the lawful rent of the unit at the time an eviction notice is served
- requires landlords to provide information to tenants in multiple languages regarding the availability of resources and information
- requires landlords to declare which of the grounds for evictions outlined in the City's Administrative Code has been violated by the tenants.

Collectively, these regulations increase the burden of proof on landlords seeking to evict tenants.

Evictions Enforcement Mechanisms

Enforcement mechanisms for adhering to evictions regulations differ based on types of eviction. In general, landlords are required to provide tenants legal notice in writing of any evictions and to file a copy with the Rent Board within 10 days. This is intended to ensure that the evictions procedures are followed, including compensation for relocation costs required for many no fault evictions. In addition, based on Evictions Protections 2.0, in some no fault evictions the landlord is required to freeze the rental price offered to new tenants for the next five years, so the notice filed with the Rent Board requires landlords to report if they plan to re-rent the unit.

Relocation payments are intended to compensate tenants for being evicted, and act as a deterrent to landlords for evicting tenants to generate higher profits. Relocation payments are set at \$4,500 per tenant, at a maximum of \$13,500 per unit. Seniors, disabled tenants, and families with children under 18 receive an extra \$3,000. In cases of a tenant complaint for wrongful eviction, the Rent Board has a review process that includes an investigation of the wrongful eviction. Factors observed include if the landlord has evicted more than one tenant at the same time, eviction in retaliation to rightful action, and fraudulent evictions. If a Rent Board hearing finds evictions in violation, legal action can be brought.

In addition, the City has adopted tenant harassment regulations and tenant buyout reporting requirements. Municipal Code Section 37.10B (2008) restricts landlords from: 1) failing to provide required services and fulfill maintenance requests; 2) illegally entering the rental unit without due notification or just cause; 3) intimidating, threatening or attempting to bribe tenants to leave their homes; 4) discriminating against a tenant or violating their right to privacy; 5) disturbing a tenant; or, 6) refusing to accept rent or acknowledge payment of rent. Tenants are encouraged to file a complaint with the rent board or take civil action against the landlord, which may result in criminal penalties and/or financial penalties or monetary rewards. Municipal Code Section 37.9E (2015) requires that all buyout agreements be reported to the Rent Board and that they follow explicit information sharing procedures.ⁱ

ⁱ While analysis of these buyout agreement reporting requirements was beyond the scope of this project, we heard anecdotally that there are still a large number of unreported tenant buyouts and coercive tactics being used to remove tenants from their rental units off the books.

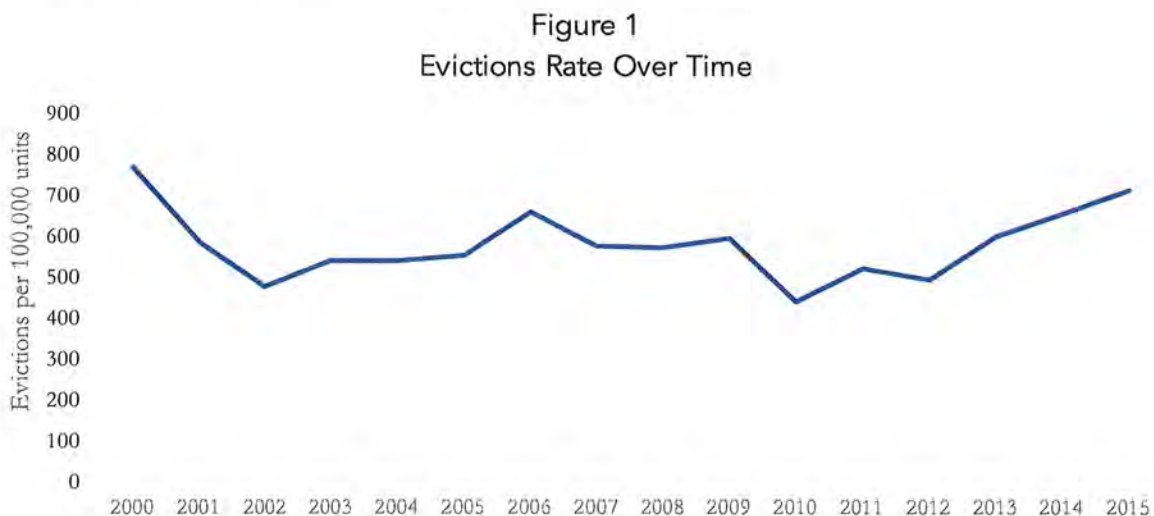
Quantitative Analysis of Evictions

Methodology

We examined data from the Rent Board on all eviction notices filed in San Francisco from January 2000 through June 2016: 39,744 evictions in total. The evictions data contain information about the location and date of eviction, as well as the reported reason for eviction, out of the sixteen just cause categories. We joined evictions data with Planning Department ‘parcel’ data, in order to obtain information about the characteristics of the building in which the eviction took place. Using spatial data mapping, we located each eviction within its corresponding Census tract to better understand neighborhood trends. The unique Census tract numbers were used to match each eviction to its neighborhood, as determined by the Planning Department’s ‘Analysis Neighborhoods,’ and to its tract’s UDP typology classification. In addition, we retrieved information from The Census Bureau’s 2000 Decennial Census and 2009 through 2015 American Community Surveys about the demographic characteristics, such as mean income and racial composition, over time for each Census tract.

How have evictions rates changed over time?

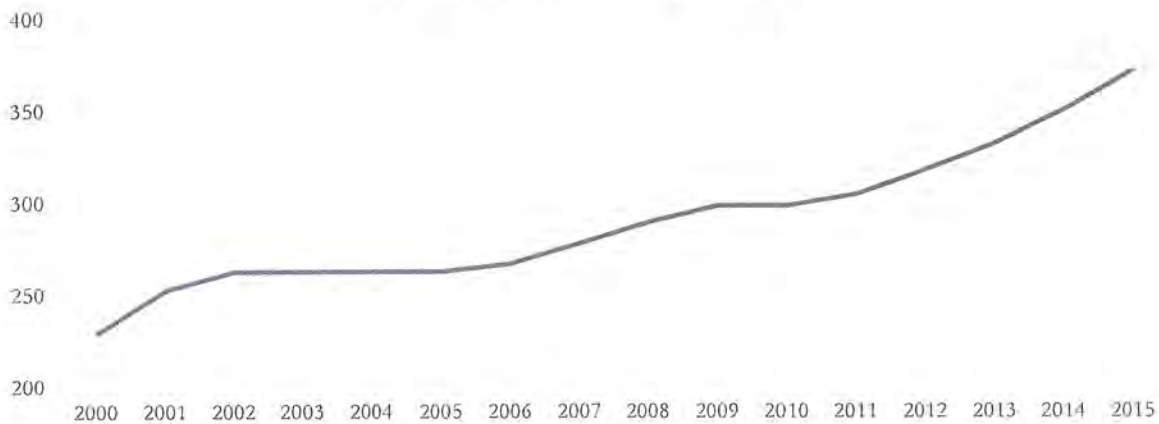
Trends in evictions over time track cycles of economic growth in San Francisco. Figure 1 charts the changing eviction rate from 2000 to 2015.ⁱⁱ Evictions are measured as a rate of evictions per 100,000 housing units in order to control for the effects of changes in the rental stock or population on the number of evictions. Given the emphasis of San Francisco’s anti-displacement and affordable housing strategies on production of new housing units, standardizing evictions by housing units over time provides evidence of the continued role of evictions in displacement, despite a high volume of development in San Francisco.



ⁱⁱ 2016 data excluded because only partial year data was available.

The rate of evictions in 2000 is comparable to the current rate, because 2000 was the last year of the dot-com boom that brought billions of dollars of investment and a rapidly growing business sector to San Francisco, the precursor to the city's current tech boom.³³ After the dot-com bubble burst in 2000, the city's economic downturn ushered in a declining rate of evictions. Evictions increase again during the economic recovery, peaking in 2006. There is a significant decrease in evictions in 2009 and 2010 following the home foreclosure crisis, followed by a steady increase in evictions in the market recovery of the past five years.ⁱⁱⁱ As shown in Figure 2, rental prices in San Francisco have been continuously increasing in this time period due to the continued desirability of living in the Bay Area, and inflow of wealth into the city.³⁴ However, there is noticeable change in the rate of increase after 2010, with rental prices changing about as much between 2010 and 2015 as they did between 2000 and 2010. These skyrocketing rents are closely mirrored by the evictions trend from 2010-2015.^{iv} These trends show a strong relationship between economic trends and evictions rates, providing evidence to support the theory that economic pressures create incentives for landlords to increase their rate of evictions.

Figure 2
San Francisco Rental Price Index



As rates of evictions increase over time, we also observe changes in the concentration of evictions throughout the city. In years of declining evictions, as with 2002, the majority of Census tracts experience few evictions, and the maximum number of evictions experienced by any Census tract is low. Beginning in 2010, there are outlier Census tracts that are experiencing

ⁱⁱⁱ Models controlling for Census tracts reveal statistically significant increases in evictions rates in the years of 2013, 2014, and 2015, relative to 2010's eviction rate. See Appendix E for regression output tables.

^{iv} Rental prices index: 1982-1984=100.

much higher (over 100) numbers of evictions in a single year. And by 2015, a higher proportion of Census tracts experience large numbers of evictions. See Appendix F for figures for all years.

Time trends also help illuminate how various types of evictions may be strategically utilized by landlords in differing housing markets. As shown in Figure 3, for the past ten years, for cause evictions have made up a larger proportion of overall evictions than no fault evictions. This reflects that for cause evictions are always a component of landlord-tenant relationships, no matter the time period. However, in recent years, while evictions overall have been increasing, the rate of increase in for cause evictions has slowed, while no fault evictions have increased more rapidly, meaning that no fault evictions have become a larger proportion of overall evictions. This could indicate an increased reliance on no fault evictions as a mechanism for pushing out tenants in strong housing markets. As shown by the “uncategorized” trend line, not all evictions reported to the Rent Board were assigned a reason, meaning that the true nature of this trend is uncertain and could be even larger than reported.

Figure 4 shows the changes in owner move-in and Ellis Act evictions over time. Both owner move-in and Ellis Act evictions were relatively stable from 2004 to 2010, but have increased dramatically since 2010. In 2010, there were about 100 recorded owner move-in evictions; this number increased fourfold to about 400 in 2015. About 70 Ellis evictions were recorded in 2010, more than doubling to about 130 in 2015. These increase rates are greater than the rate of increase of total number of evictions during that same time period. These numbers likely undercount the true number of these types of evictions occurring in the city. Based on data from tenant protections consultations and casework, community groups estimate that 48% of owner move-in evictions are not filed with the Rent Board.³⁵ This suggests that landlords are likely exploiting these specific no fault eviction types as eviction pressure increases.

Figure 3
Total Evictions Over Time

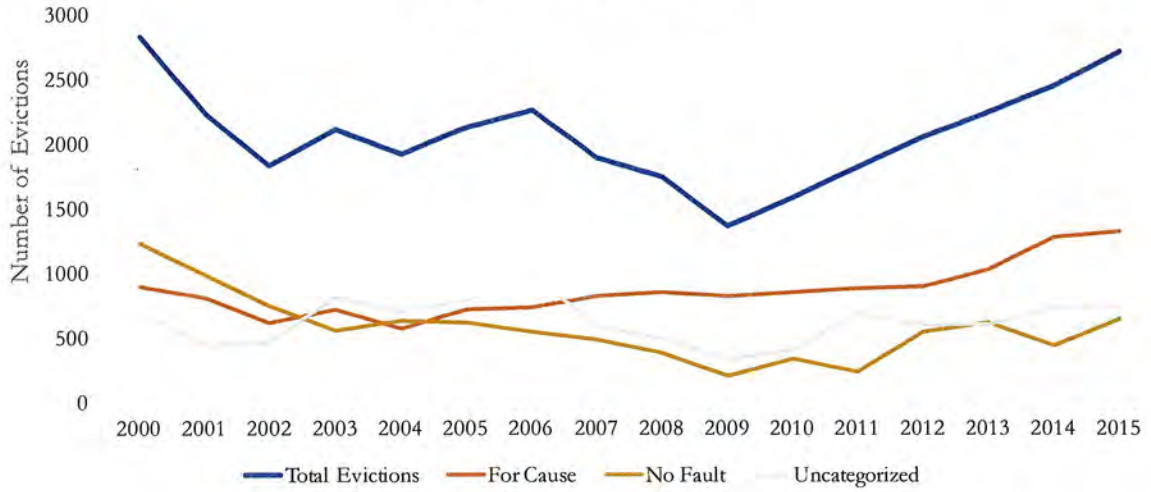
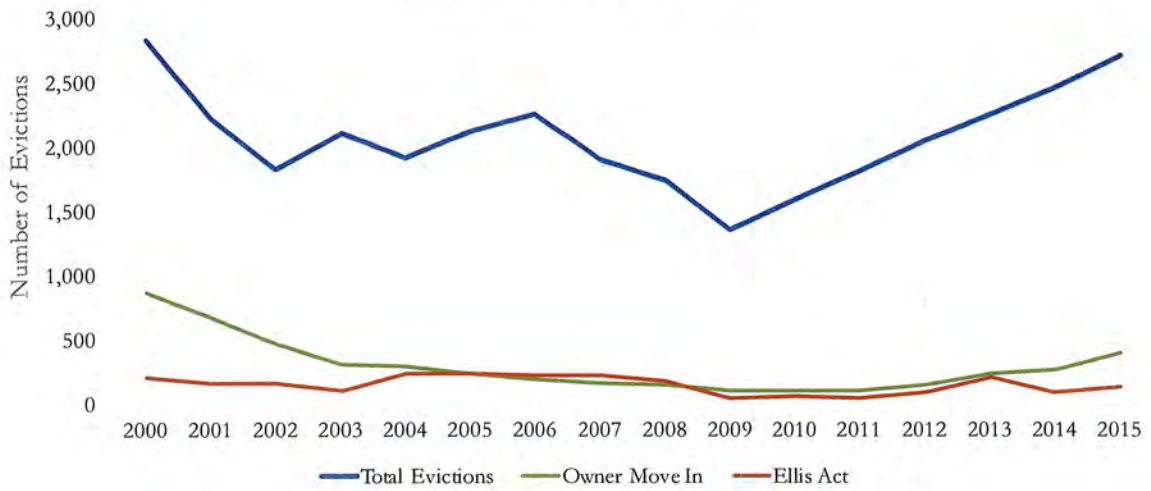


Figure 4
Total Evictions Over Time



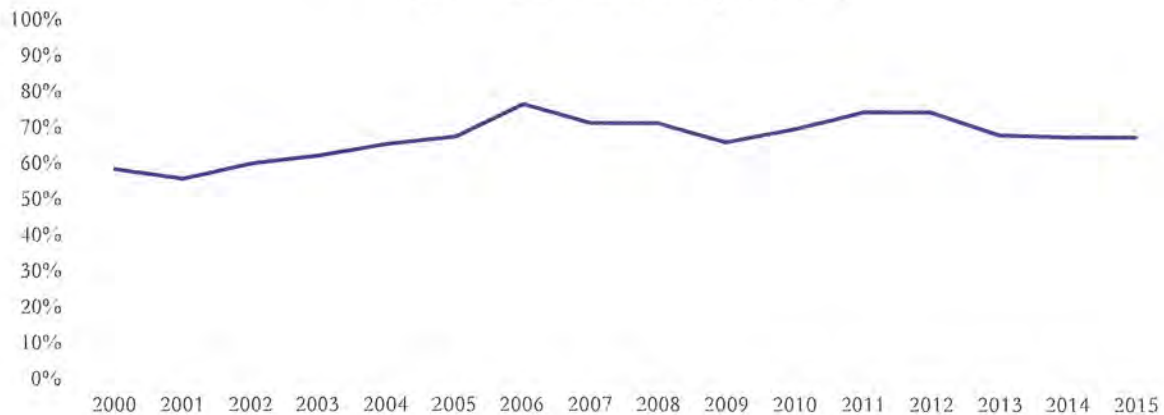
What types of buildings do evictions occur in?

Most evictions occur in apartment buildings. Apartments and flats account for 70 percent of all evictions in the reported time span, as shown in Table 1.

<u>Building Type</u>	<u>Total Number</u>	
	<u>of Evictions</u>	<u>Percent of Evictions</u>
Apartment	18,414	55.31
Single Family	6,184	18.57
Flats	4,854	14.58
Condo	2,035	6.11
SRO	1,795	5.39
Live/Work	13	0.04

As shown in Figure 5, the percentage of evictions in apartment buildings is relatively stable over time. However, this percentage peaked in 2006, in concurrence with the most recent peak of evictions rates before the Great Recession, and began increasing again in 2009, at the time evictions rates also began to increase. This indicates that as evictions rates increase in ‘hot’ housing markets, the burden of these evictions is disproportionately born by apartment residents. Building size and type of eviction create additional noise in the data. An analysis of single buildings that experienced more than 10 evictions on any given date highlighted that large apartment buildings, evicted for demolitions, capital improvements, Ellis Act withdrawals, and other no fault reasons, create both neighborhood and yearly outliers that skew statistical results. It is likely that these events impacted our regression analysis by reducing the overall variation between individual eviction types - these evictions create many individual entries in the data, but are really representative of a single eviction event.

**Figure 5
Percent of Evictions in Apartments**



Evictions are concentrated in specific neighborhoods

For neighborhood-level analysis, the Planning Department’s set of analysis neighborhoods were used to define neighborhood borders based on Census tracts. Evictions are not distributed equally across the city, but are concentrated in vulnerable neighborhoods. As shown in Tables 2 and 3, the Mission is the neighborhood with the highest concentration of evictions, experiencing more than two evictions for every unit of housing between 2000 and June 2016. Other key neighborhoods vulnerable to evictions include Sunset/Parkside, Outer Richmond, Tenderloin, Castro/Upper Market, Nob Hill, Hayes Valley, and Haight Ashbury. Slight differences in highlighted neighborhoods occur when evictions are examined as a raw number and a rate. For example, Excelsior has a high rate of evictions per housing units, though it does not have as many total evictions as other neighborhoods. South of Market has a high total number of evictions, though its rate is not as high. Both measures represent important ways of understanding the impact of evictions on a neighborhood, and overall, both measures highlight the same set of neighborhoods that have been disproportionately affected by evictions.

<u>Neighborhood</u>	<u>Total Number of Evictions</u>
Mission	4396
Sunset/Parkside	2012
Outer Richmond	1955
Tenderloin	1918
Castro/Upper Market	1734
Nob Hill	1600
Hayes Valley	1472
South of Market	1348
Haight Ashbury	1305
Pacific Heights	1184

<u>Neighborhood</u>	<u>Rate of Evictions</u>
Mission	2.11
Outer Richmond	1.07
Sunset/Parkside	0.92
Castro/Upper Marke	0.86
Tenderloin	0.70
Excelsior	0.65
Bernal Heights	0.63
Hayes Valley	0.62
Haight Ashbury	0.61
Nob Hill	0.60

Examining evictions at the more granular Census tract level allows for a more detailed understanding of the concentration of evictions in a narrower geographic range. For example, our understanding of evictions in South of Market is enhanced by our understanding that the majority of the evictions in this neighborhood were located in one Census tract. In general, evictions in South of Market are more heavily concentrated due to the higher housing density of this neighborhood; six whole-building evictions account for 445 of the 1,348 total evictions that have taken place since 2000. The widespread nature of evictions in the Mission is indicated by the fact that four of the highest ten Census tracts are located there. In comparing evictions data to the classifications of the Urban Displacement Project, we see that high levels of evictions are often, but not always, correlated with advanced gentrification or exclusion classifications. Since we

believe that unreported and illegal evictions are widespread and particularly prevalent in vulnerable neighborhoods, it is likely that the inclusion of these evictions in our data would better align evictions rates with gentrification classifications. In addition, the UDP classifications were last updated in 2014, so there may be further changes reported in evictions data not yet captured by these classifications. In addition, it is possible that for some neighborhoods, the level of evictions gives additional information about neighborhood displacement risk that is not fully captured by UDP classification typologies. However, it may also indicate that recorded evictions are not as accurate a proxy for gentrification as predicted.

<u>Census Tract</u>	<u>Neighborhood</u>	<u>Total Number of Evictions</u>	<u>UDP Classification</u>
6075017601	South of Market	945	LI - Ongoing Gentrification and/or Displacement
6075020800	Mission	551	LI - Ongoing Gentrification and/or Displacement
6075016600	Haight Ashbury	489	MHI - Ongoing Exclusion
6075033204	Lakeshore	480	LI - At risk of gentrification and/or displacement
6075020100	Mission	479	LI - Ongoing Gentrification and/or Displacement
6075020600	Castro/Upper Marke	467	MHI - At risk of exclusion
6075020700	Mission	460	MHI - Advanced Gentrification
6075020200	Mission	436	LI - Ongoing Gentrification and/or Displacement
6075012501	Tenderloin	435	LI - At risk of gentrification and/or displacement
6075016700	Haight Ashbury	430	MHI - Advanced Gentrification

<u>Census Tract</u>	<u>Neighborhood</u>	<u>Rate of Evictions</u>	<u>UDP Classification</u>
6075022903	Mission	0.271	LI - Ongoing Gentrification and/or Displacement
6075033204	Lakeshore	0.253	LI - At risk of gentrification and/or displacement
6075022901	Mission	0.245	LI - Ongoing Gentrification and/or Displacement
6075022803	Mission	0.238	MHI - Advanced Gentrification
6075017601	South of Market	0.234	LI - Ongoing Gentrification and/or Displacement
6075016600	Haight Ashbury	0.220	MHI - Ongoing Exclusion
6075980200	Lincoln Park	0.220	Not Classified
6075020800	Mission	0.217	LI - Ongoing Gentrification and/or Displacement
6075016700	Haight Ashbury	0.215	MHI - Advanced Gentrification
6075016900	Castro/Upper Market	0.195	MHI - At risk of exclusion

Trends in at risk neighborhoods

In looking specifically at the relationship between key economic factors and the rate of evictions in neighborhoods that have been identified by either by UDP or by our overall analysis of evictions rates, we begin to better understand the effects of income inequality on neighborhood

evictions. We began by analyzing the mean income trends of 12 neighborhoods identified by UDP as experiencing Advanced Gentrification.

1. Nob Hill
2. Western Addition
3. Hayes Valley
4. South of Market
5. The Mission
6. Bernal heights
7. Visitacion Valley
8. Russian Hill
9. Haight Ashbury
10. Castro/Upper Market
11. Inner Sunset
12. Sunset/Parkside

We then expanded our analysis to include any of the top 10 neighborhoods with the highest levels of evictions (either by total number or by rate), in order to compare differences between risk assessment and actual outcomes of evictions. These additional neighborhoods were: Outer Richmond, the Tenderloin, Pacific Heights, and Excelsior. (With the exception of Excelsior, these neighborhoods all had at least one census tract identified by UDP as experiencing Ongoing Gentrification/Displacement or Advanced Exclusion).

This study revealed three main types of neighborhood trends.

At risk neighborhoods experience disproportionately high rates of evictions and steady income growth over time. The Mission and Tenderloin, in particular, have consistently shown high rates of evictions compared to relatively low mean income when compared to the rest of San Francisco. These two neighborhoods have seen a steady rise in mean income over time. While there is some variation in trends across time between these two neighborhoods, evictions rates trend on average with the Great Recession. These neighborhoods both have public transportation proximity and/or are near a highway on ramp. They are generally higher density and have a higher rate of apartment buildings than the citywide average. Finally, these two neighborhoods have historically been minority communities.

Figure 6
Mission

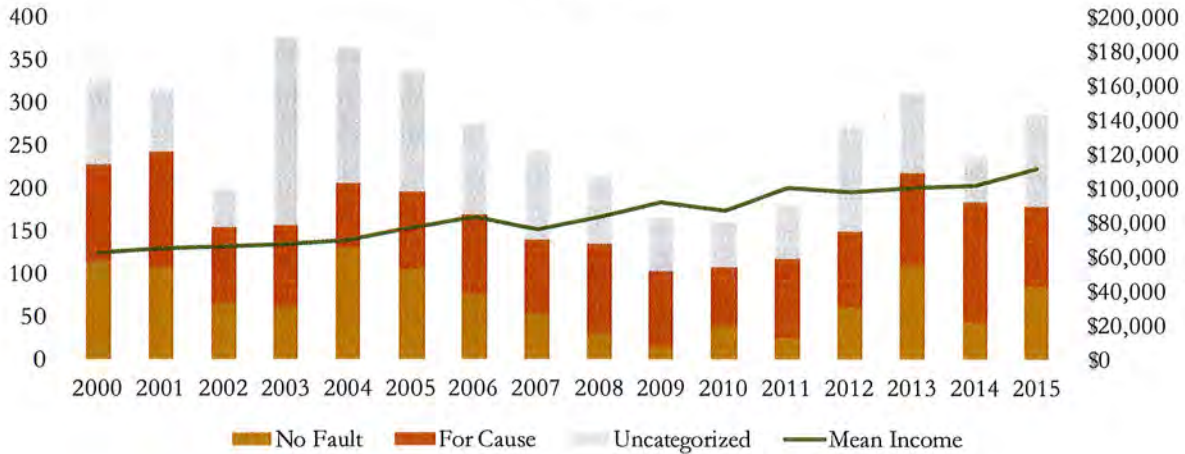
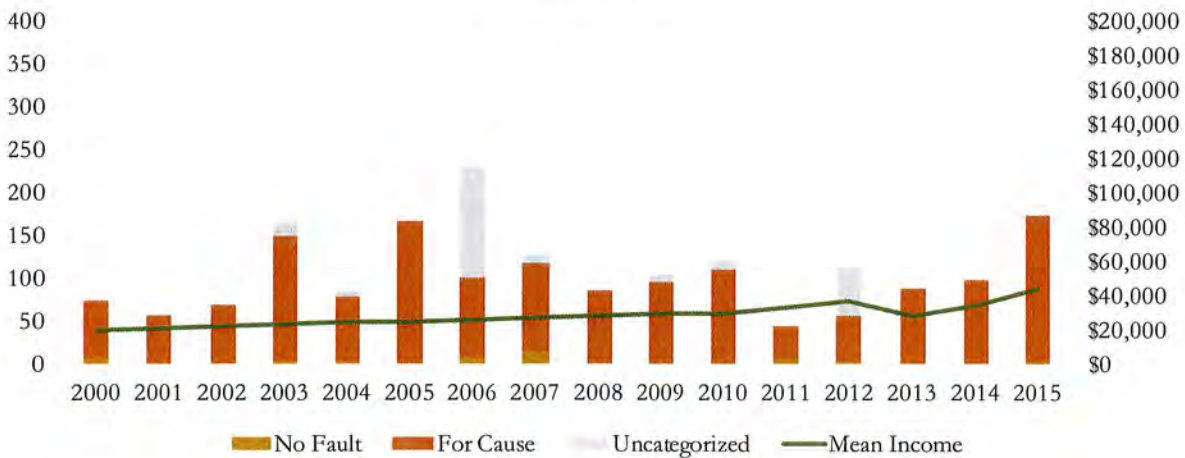


Figure 7
Tenderloin



Some neighborhoods are experiencing spillover effects as real estate values in transit and amenity rich communities appreciate. Areas farther from Downtown and BART lines, and with lower commercial activity are beginning to see evictions pickup. Our hypothesis is that these neighborhoods have been protected from initial gentrification, but as more proximate neighborhoods are built out and experience higher rates of turnover, increased real estate speculation is starting to take place in these neighborhoods. An increase in evictions in these neighborhoods is indicative of the scale of real estate speculation taking place across the city.

These neighborhoods - the Outer Richmond, Excelsior, and Sunset/Parkside - have seen smaller, steadier rises in mean income, implying that there likely haven't been sharp increases in new, high income earners. These neighborhoods, with their higher concentrations of single-family homes, have higher home ownership rates which may have also guarded against significant variation in both evictions and mean income throughout the Great Recession. With the exception of Sunset/Parkside and one census tract in the Outer Richmond, these neighborhoods weren't flagged as at risk under the UDP typologies, though trends in rising evictions rates raise concerns about increased vulnerability to displacement and gentrification.

Figure 8
Outer Richmond

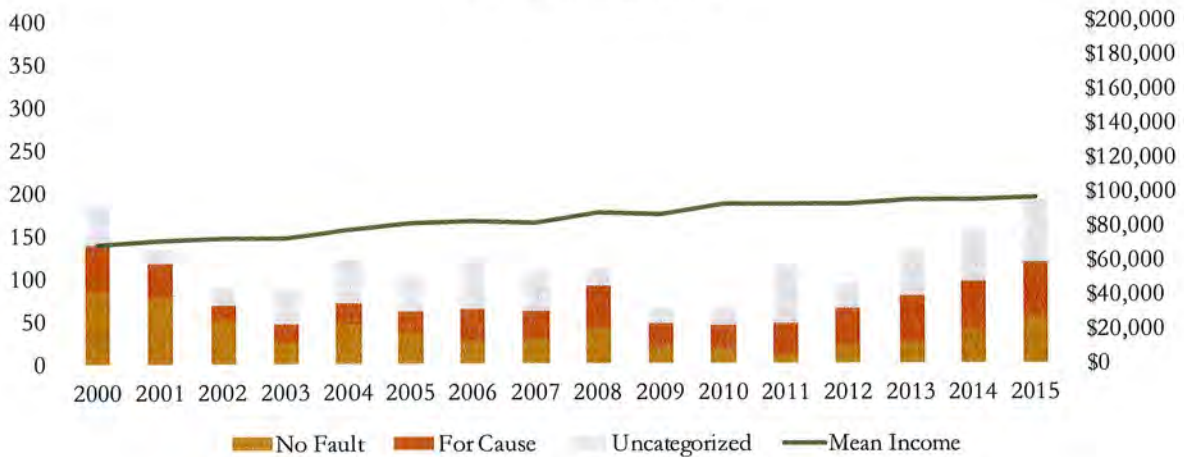


Figure 9
Excelsior

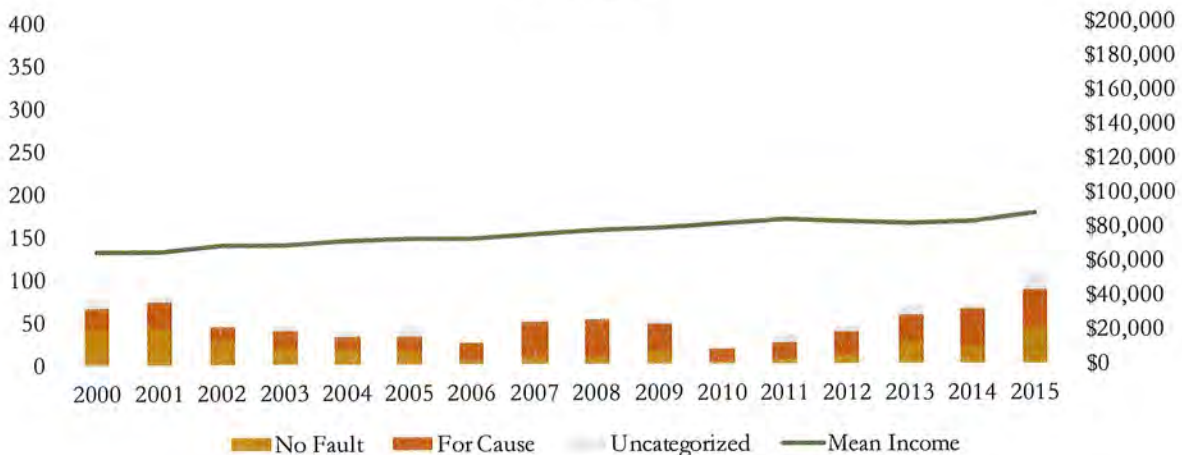
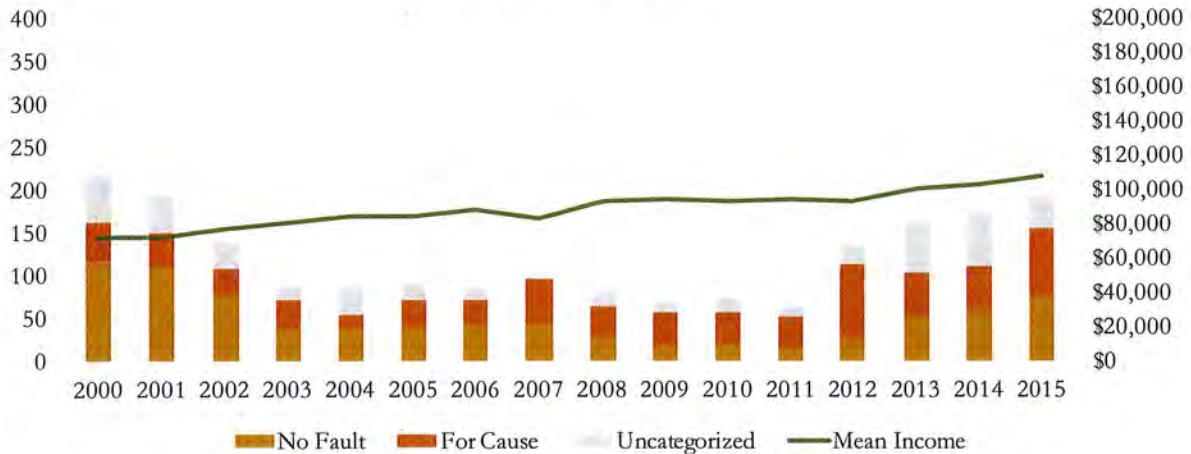


Figure 10
Sunset/Parkside



Neighborhoods experiencing exclusion do not experience high rates of eviction. The goal of this analysis was to understand the role of evictions in historically high-income neighborhoods. These neighborhoods show more consistent evictions trends over time, with only limited variation after the Recession in Pacific Heights in 2011. This larger spike in 2011 is likely why Pacific Heights appears in the Top 10 neighborhoods by total number. These neighborhoods are not experiencing rapid turnover and their historically higher mean rent prices have shielded them from excessive real estate speculation. The combination of low eviction rates and high income rates indicates an inaccessibility of these neighborhoods to low income residents.

Figure 11
Pacific Heights

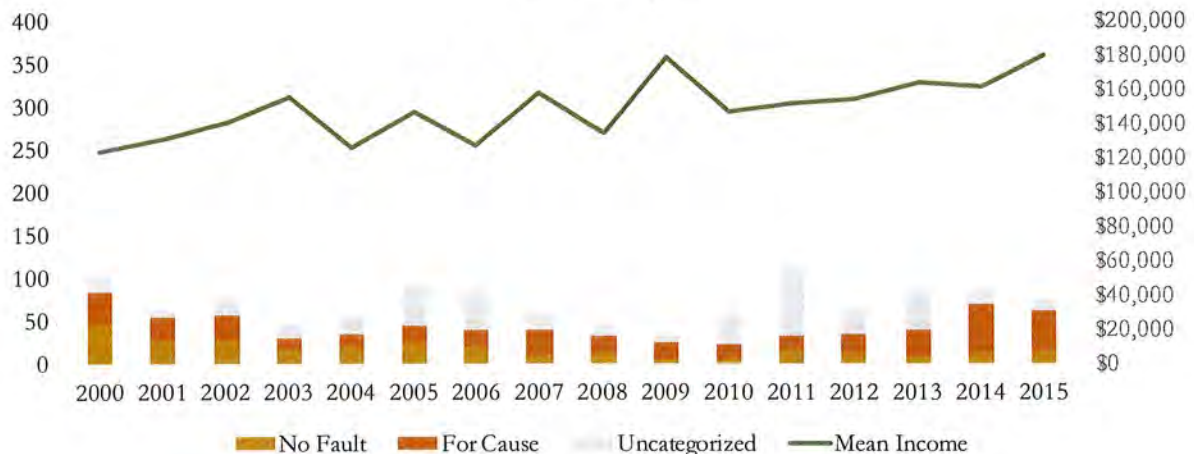
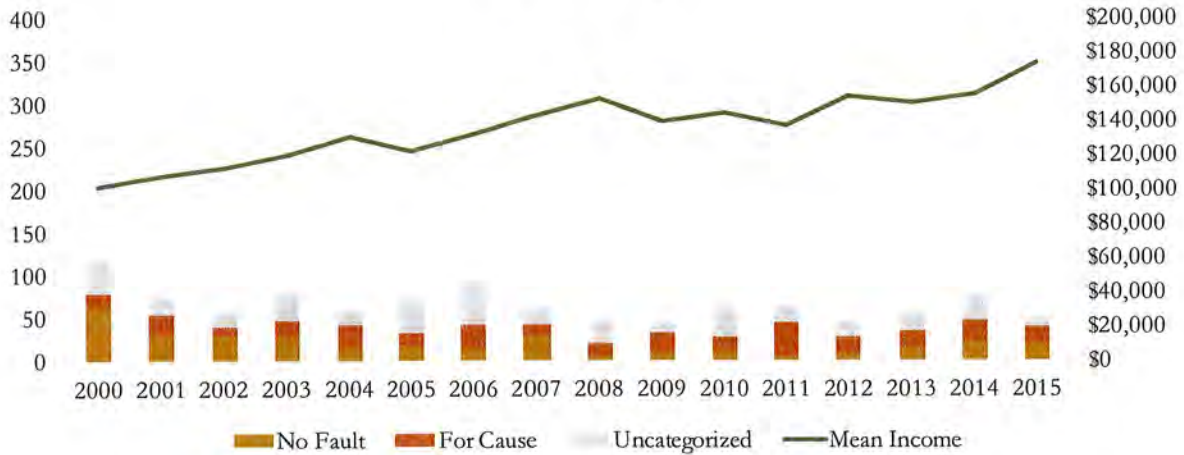


Figure 12
Noe Valley



Evaluating Evictions Protections 2.0

In response to community concern over increasing rates of eviction, the City strengthened evictions protections for rent-controlled units effective November 2015. Key components of this legislation included prohibiting rent increases based on additional roommates; requiring eviction notices in select primary non-English languages; and capping rent for new tenants at the previous tenant’s rent plus annual rent increases if the tenant is evicted for capital improvements, condo conversion, demolition, lead abatement, owner move-in, allowed changes in rental terms under civil code section 827, or termination of a government agreement limiting rent for a qualified tenant. Figure 13 shows the number of evictions by month from January 2015 through June 2016 (the latest month data was available).^v Figure 14 shows evictions by month for the same time period in 2012 and 2013, two years with a similarly increasing overarching trend in evictions rates.^{vi}

^v In February 2016, 252 evictions took place in 3 buildings; 2 buildings in Lakeshore account for 229 of these evictions for Capital Improvements. A building in the SOMA accounts for an additional 23 evictions for an Ellis Act Withdrawal. These evictions count for roughly 56% of the spike shown in Figure 13.

^{vi} In August 2012, 399 evictions took place in 3 buildings in the Inner Sunset, SOMA and the Tenderloin, with 27, 342 and 30 evictions respectively. These evictions account for roughly 89% of the evictions spike shown in Figure 14.

Figure 13
Evictions in 2015 and 2016



Figure 14
Evictions in 2012 and 2013



Examining the trends in evictions numbers between 2015 and 2016 shows no clear decrease in the number of evictions after Evictions 2.0 took effect. However, given that the underlying trend in overall evictions was increasing between 2015 and 2016, comparing the change across these years to the change between 2012 and 2013 may provide more insight. Comparing the total number of evictions between January and June in 2015, before Evictions 2.0 went into effect,

and in 2016, after Evictions 2.0 took effect, reveals that there were 155 more evictions in this six month period in 2016. However, there were 241 more evictions in this period in 2013 than in 2012. (Comparison summarized in Table 6.) Therefore, though Evictions 2.0 did not decrease the number of evictions, it could have helped to slow the rate of increase. Further analysis is needed with more years of follow-up data to determine the true impact of the policy.^{vii}

<u>Time Period</u>	<u>Number of Evictions</u>
Jan - June 2012	818
Jan - June 2013	<u>1059</u>
Difference	241
Jan - June 2015	1330
Jan - June 2016	<u>1485</u>
Difference	155

Limitations of the Data

As noted, the data used in this analysis likely do not fully capture all evictions occurring in San Francisco. Since the data analyzed came from the filed Rent Board eviction notices, they do not reflect evictions in which the landlord never filed a notice of eviction with the Rent Board, or evictions in which the landlord illegally evicted tenants through intimidation or buyout offers. It is challenging to estimate the number of evictions uncaptured in the data, but evictions services community groups estimate that the total number of evictions could be up to double what is reported in official data. Since these unreported evictions are even more likely to target vulnerable residents, analysis of official data is expected to underestimate the effects of increasing evictions.

^{vii} The comparative analysis of 2015/6 to 2012/3 conducted here could be extended with further months of follow up data by comparing a full year of evictions data for each year. Another more rigorous analytical method would be to compare predicted evictions in 2016 based on past trends with actual evictions in 2016 to see if the new regulations had an effect. This would require predicting a trend line of total number of evictions using a regression model that accounts for year and other relevant characteristics like housing price, and comparing this predicted trend line to the actual trend in evictions observed.

IV. Rent Control

The City's Rent Control program plays an important role in stabilizing rental prices over time. Rent Control has ensured that vulnerable populations are able to remain in housing long-term, despite significant fluctuations in the rental market. At the same time, however, the program remains a controversial policy; rent control can also devalue properties, incentivizing landowners to evict tenants, convert units or re-sell properties in hot real estate markets.

A large body of economic research finds that rent control may have negative consequences. Several researchers have found that tenants overconsume rent controlled apartments, living in desirable neighborhoods or large units that they may not value as much as other potential tenants.³⁶ Others have found spillover effects that raise the price of units not covered by rental control.³⁷ Landlords may neglect apartment maintenance for covered units, and well-off renters may crowd out poorer tenants when covered units experience a vacancy.³⁸ However, there is also evidence that rent control can protect the minority composition of a neighborhood, and it is clear that long term tenants experience significant economic benefits.³⁹

In this section, we examine San Francisco's rent control policy alongside three Bay Area cities experiencing similar displacement issues (Berkeley, Oakland, San Jose), and New York, the city with the longest running rent control program in the nation. The majority of information is drawn from official City sources and paired with interviews from City officials. Table 7 provides an overview comparison of these programs.

City	Year Rent Control Implemented	Units Eligible	Proportion of Rental Stock Covered	Limits on Rent Increases	What Information About Rental Ordinance is Landlord Required to Provide?	Fees Per Unit	Rental Registry	What Informational Outreach Does City Do?
San Francisco	1979	Most residential rental units	72.50%	60% of CPI	None	\$45	No	None
Berkeley	1980	Multi-unit properties built before June 1980, single-family homes with tenants who moved in prior to 1996	70%	65% of CPI	Landlords required to provide notice to tenants disclosing the existence of the Tenant Protection Ordinance's protections on a form prepared by the city.	\$270	Yes, run by city	Sends forms to tenants for confirmation of lawful rent based on landlord registration. Unit specific mailings in February to specify lawful rent. November mailings to landlords to announce lawful increase. Workshops for landlords and realty firms.
Oakland	1982	Buildings of more than 3-units constructed before 1983	58.60%	100% CPI	None	\$68	No	Per Measure JJ, passed in 2016, city will begin to mail annual notices to tenants and landlords about rent control policies
San Jose	1979	Buildings constructed before 1979	33%	5%	Address, tenant name, rent amount, eviction reason (if applicable)	\$195	Yes, run by city, effective 2018	Pending
New York	1942	Buildings of 6 or more units constructed before 1974	48%	Decided by elected Rent Board	Landlords required to include a copy of New York City Lease Rider with rights of tenants, rights of landlords, history of rent paid in apartment, details of improvements	\$13	Yes, run by state	None

San Francisco

The San Francisco Rent Ordinance was passed in 1979 and applies to rental units in buildings built before June 13, 1979. There are exemptions for subsidized housing, single family homes, dormitories, hospitals, monasteries, nunneries, and residential hotels in which the tenant has less than 32 days of continuous occupancy. As of 2014, there were 172,000 units of rent-controlled housing out of 237,000 rental units citywide, a 72.5% coverage rate.⁴⁰

Before the passage of Costa-Hawkins in 1995, rent increases were based on the initial base rent in 1979 and did not change between vacancies. However, all tenancies begun in 1999 or later could start with a base rent set at the landlord's discretion - market rate.

The Rent Board releases the annual allowable increase each year in December. It takes effect on March 1st of the following year. The increase is based on 60% of the increase in the consumer price index for urban consumers in the San Francisco Bay Area. If landlords do not increase their rent by the full amount in one year, they may save or "bank" increases for future years.

Capital improvement passthroughs allow landlords to temporarily raise rent to defray the cost of improvements to a unit. This increase does not affect the base rent used to calculate the annual rental increase, and rent must revert to its prior state after the capital improvement is paid for. Tenants may apply to the Rent Board for a hardship exemption to avoid capital passthroughs if they meet one of the following conditions:

- Tenant receives mean-tested public assistance
- Tenant household income is less than 80% of the current area median income, rent is greater than 33% of household income, and assets do not exceed amounts permitted by the Mayor's Office of Housing
- Exceptional circumstances exists (ie, medical bills)

In addition to administering annual allowable increases, the Rent Board holds mediations and hearings for tenant and landlord petitions pertaining to rent increases under the City's rent control laws. It does not do active outreach or education for tenants and landlords. They provide counseling on request for subjects covered by the rent ordinance.

A rent board fee is charged to the landlord annually on their property tax statement. The landlord may collect up to 50% of the fee from tenants. For the 2017-2018 tax year, the fee was \$45.00 for apartments and \$22.50 for residential hotel rooms.

In December 2017, three Stanford economists published a widely read working paper, *The Effects of Rent Control Expansion on Tenants, Landlords, and Inequality: Evidence from San Francisco*.⁴¹ It is considered to be the most definitive study of San Francisco's rent control issues. The authors found that rent control had both positive and negative effects on overall

tenancy conditions. On the positive side, “rent control increased the probability a renter stayed at their address by close to 20 percent,” with older tenants more likely to remain in place. They also found that “absent rent control essentially all of those incentivized to stay in their apartments would have otherwise moved out of San Francisco.” In the 1995-2012 period, the economists claim that rent control has conferred significant economic benefits to tenants, with “benefits averaging between \$2,300 and \$6,600 per person each year” and “aggregate benefits totaling over \$390 million annually.”

However, tenant turnover was actually higher than would be expected in neighborhoods with the highest rents. The authors hypothesized that this was because landlords were especially incentivized to remove their tenants to reset the base rent to market rate. Rent-controlled units were also more likely to be converted into properties ineligible for rent control; landlords with properties covered by rent control were found to reduce their available housing supply by 15%, and rent-controlled buildings were almost 10% more likely to be converted to condos or tenancy-in-common buildings. Perhaps most significantly, they found that a 6% decrease in housing supply attributable to rent control led to a seven percent increase in rental prices. The aggregate welfare losses to renters due to this was estimated to be almost as large as the gains from those who have benefitted from rent control.

Berkeley

Berkeley passed its first rent control ordinance in 1980. In its initial form, the ordinance was “strict” rent control, tying all rent ceilings to the initial base rent from 1980 (or the first year rented if on the market later). With the passage of Costa-Hawkins in 1995, the state of California overrode Berkeley regulations and required full vacancy decontrol within three years. Vacancy decontrol has now existed in Berkeley since 1999. Roughly 70% of all rental units on the market in Berkeley fall under rent stabilization.⁴²

For units that have not had a vacancy since 1996, the lawful rent ceiling is the base rent (generally from 1980) plus all annually approved increases since. For units with vacancies since 1999, landlords have been allowed to set new initial rents at market price unless the previous tenant did not leave through good cause. The period between 1996 and 1999 saw allowable 15% increases for rent raises as vacancy decontrol was phased in. Since 2005, the annual general adjustment has been 65% of the percentage increase of the consumer price index for the metropolitan area. Landlords may petition the Rent Board for rent ceiling increases for increases in the number of tenants in a unit, housing services available, or capital improvements.

Every ten years, the rent board does a survey of tenants living in rent regulated units. The most recent survey was conducted in 2009 and finds significant differences in the characteristics of tenants who began residency in their units before and after 1999 (the year that Costa-Hawkins went fully into effect and allowed vacancy decontrol).⁴³ Nearly all long-term tenants remembered getting informational mail from the Rent Board and were aware that their unit had

rent control status. 85% of post-1999 tenants remember mailings but only 68% understood that their unit was covered by rent control.

A more recent 2013 City of Berkeley study found that rent-controlled apartments with the same tenants since 1999 had average rents of \$780, while units whose 1999 tenants had moved out had average rents of \$1,436.⁴⁴ There are 3,000 long-term households that have held residency since 1999 and still benefit from rents set before vacancy decontrol. Two-thirds of the long-term tenants are low-income and more than one-third are elderly or disabled. Eight percent of long-term tenants said their landlord had tried to get them to move out, compared with only two percent of more recent tenants. Approximately 2,200 of the 3,300 tenants are low-income, and 1,200 are elderly or disabled. There are 16,000 rent-stabilized apartments occupied by tenants who moved in after vacancy decontrol in 1999. About one-third of these are rented to students, who frequently deal with high rent levels by sleeping two or more in a bedroom.

Berkeley maintains a robust registration program for rental units. All owners or rental property are required to file an Initial Registration Statement that lists each unit's base year or initial rent and housing services included in the rent. Owners must also pay registration fees for their rental units each year. The fee is currently \$270. Without paying the registration fee, the landlord may not legally raise rent or evict a tenant. In fact, a tenant may petition to not pay any rent if there is an unresolved issue. If the fee is not paid, there is a 100% penalty for lateness that may be increased to 200% after six months. However, the fee is often waived. Berkeley currently has a 94% registration rate. After registering, an owner may use previously banked annual allowable rent increases to raise the rent but may not collect additional back rent retroactively.

Within 15 days of a unit turning over, the owner is required to file a vacancy form describing the circumstance of the change, information about old and new tenants, and the new rent. To be eligible for vacancy decontrol, it needs to have been voluntary vacancy or an eviction for good cause. The department sends the vacancy form to new tenants for confirmation and validation. New tenants also receive a 20 page guide to Berkeley's rent control and eviction protection, as well as a refrigerator magnet with contact information for the Rent Board.

The Rent Stabilization Board is made up of nine elected commissioners. It enacts regulations, hears petition appeals, and administers all rental ordinances. The rent board's total staff is currently 22. Four full time housing counselors are available to consult with landlords and tenants by phone, email, or in person.

Berkeley's program is seen as a model in California. In an interview with our team, Executive Director Jay Kelekian shared a few reflections on their work.⁴⁵ First, Berkeley "works very hard to educate." He believes it's important that the Rent Board be focused on informational outreach rather than punitive measures, and gives the frequent waiving of late fees for registration as an example. The board is primarily focused on helping tenants and landlords understand their legal responsibilities and comply without acrimonious and costly legal disputes.

Second, he finds that “landlords appreciate the work that we do.” While they may dislike the Board’s regulations, a survey found that they tend to benefit from, trust, and appreciate the information and services provided by the entity. Finally, he emphasized “there is no one size fits all solution.” Kelekian has talked with 23 cities considering new rent control policies over the past two years and believes every policy should take into account local market conditions and political sentiment.

Oakland

Oakland first established rent control policies in 1982 after voters passed the Just Cause for Eviction Ordinance. Similar to comparable cities, Oakland rent control applies to apartment buildings that have more than three units; however, this is applicable to buildings that were constructed after 1983 (whereas other cities average the late 1970s). Landlords can increase rent only once per 12-month period and the increase cannot exceed 10%. Historically landlords have raised rent incrementally over 12-months but current policies invalidate any rental increase after the first one within a 12-month period.

Oakland’s rent policies and protections are overseen by the Rent Adjustment Program (RAP), which operates under the City of Oakland’s Housing and Community Development Department. RAP is funded through rent board fees, which are currently \$68 per-unit, of which landlords may pass 50% to tenants. The current amount was increased in 2016 from the previous \$30 per-unit fee, and the city plans to increase the fee to \$96 per-unit that will go into effect December 2018.⁴⁶ Rent board fees are used to fund twelve RAP staff members, and the department plans to hire additional staff through the increased fees because of the rise in displacement that residents have experienced over the last decade that does not appear to be on a downward trajectory without government intervention.

The extent to which Oakland is experiencing high levels of displacement is a new phenomenon for San Francisco’s neighbor across the bay. Historically, Oakland was regarded as an undesirable city to live in due to real or perceived high levels of violent crime, namely due to gang activity. As such, most of Oakland residents were lower-income and/or people of color, with the 580-freeway serving as a symbolic redline divider between upper- and lower-income sections of the city, and thus a division between whites and people of color.

However, beginning in the 1980s, Oakland began to experience a population increase, with a growth rate of 9.7% between 1980 through 1990, and 7.32% between 1990 through 2000, for a net total of 60,147 new residents in two decades.⁴⁷ The growth rate tempered beginning in 2000; nonetheless, during the first decade of the new millennium, almost 30,000 people moved in. From 2010 until 2016, Oakland continued to experience overall population growth, with a net total of 20,521 new residents.⁴⁸ In short, between 1980 until 2016, Oakland experienced a net increase of approximately 81,000 new residents, and the housing supply did not keep up.

What differentiated the post-2000 new residents, particularly those who moved to Oakland after 2010, from the pre-2000 transplants was the higher income levels that they brought. Many of the newcomers who moved to Oakland from San Francisco worked in the tech industry and either could not find housing in the city, or they did not want to pay San Francisco market rates, which averaged over \$3,000 for a one-bedroom apartment. As a result of the spillover from San Francisco, Oakland's housing market experienced a large increase in demand by people who could afford to pay higher rent. Because rent control applied only to apartments that were built before 1983,^{viii} landlords were able to increase rent in a sufficient enough portion of the city's housing supply that led to high displacement of its minority and/or lower-income residents. This happened rather quickly; between 2012-2014, the average rent for a one-bedroom apartment experienced a 73% increase,⁴⁹ and a two-bedroom apartment averaged a 51% increase.⁵⁰ This suggests that most of Oakland's rental inventory is not covered by rent control.

The pace at which Oakland's housing prices has been increasing has led to significant levels of frustration by long-standing residents. In 2016, voters passed Measure JJ, which expanded on rent control protection for tenants by extending the building construction date for covered apartments from 1983 to include buildings constructed before December 31, 1995,⁵¹ which would include most of Oakland's rental apartments in rent control. Furthermore, Measure JJ requires the City to send annual notices to tenants and landlords about rent control policies, as well as create a database of rent increases.⁵² Although Measure JJ passed with a resounding 75% vote, it has not yet been implemented.

With Measure JJ's passage and forthcoming implementation, Oakland and San Francisco are on parallel tracks regarding a potential overhaul of its rent control protections. As both cities analyze their rent control policies for possible revisions, the main determinants that will influence the effectiveness of their efforts are having adequate staffing in order to enforce compliance. However, although Measure JJ requires a database to track rent increases, it does not require an actual rental registry, and the city does not intend to create one. Absent a rental registry, the city will not have adequate data to capture the extent to which residents are experiencing displacement, which will compromise its ability to fully protect tenants.

In addition to adequate staffing levels and strong enforcement, Michelle Byrd, Director of Housing and Community Development for the City of Oakland, recommends that cities with rent control policies should also focus on preventative measures by allocating funds to contract with law firms to provide legal counsel to tenants from the onset. By taking proactive steps, residents will be better informed about tenant protections that the city mandates, which may help mitigate further displacement.

^{viii} Data is unavailable for what percentage of Oakland apartments are subject to rent control

San Jose

San Jose first introduced rent control in 1979 through the appointment of a task force to enact a rent stabilization ordinance by the San Jose City Council to address rental disputes. Initially the rent stabilization ordinance covered both mobile homes and apartments; however, in 1985, the City Council voted to separate the Rent Stabilization Ordinance into two separate ordinances, one for mobile homes and the other for apartments. This section will focus on apartment regulations.

The rent stabilization ordinance applies to apartment buildings that have three or more units and that were built before 1979, which amounts to 44,283 apartments, or one-third of San Jose's apartment inventory.⁵³ These units are subject to rent control measures that currently limit rent increases to no more than once per 12-month period and by no more than 5% for current tenants. However, if a tenant voluntarily vacates the property or is evicted for cause, the landlord is able to increase the rent by setting it to the current market rate.

The trajectory in San Jose's housing crisis is similar to that of San Francisco and Oakland. Beginning in the 1980s, San Jose experienced tremendous population growth rates, peaking at 37% in the 1980s to its current level of less than 1%.⁵⁴ However, although the current growth rate appears to be insignificant, given that San Jose's population exceeds 1 million residents, making it the third largest city in California and the tenth largest city in the United States,⁵⁵ a small percentage change nonetheless equates to a large number, which results in higher demand for housing than supply and therefore high rent prices.

The San Jose City Council is the authoritative body that establishes housing policies that are overseen by the Rent Stabilization Program. However, the Costa-Hawkins Act supersedes the most important aspect of the City Council's ability to actually control rent, which is the prohibition of vacancy decontrol. Approximately 25% of rent-controlled units turn over annually, and 69% every four years.⁵⁶ The combination of such a large percentage of San Jose's rent-controlled apartments turning over every four years and the ever-increasing market rates has resulted in inefficacy in San Jose's policies.

As with San Francisco, San Jose has experienced large displacement levels and long-time residents who have not yet been forced out have reached their breaking point. They have demanded that the City Council enact policies that offer greater tenant protections, and the City Council responded, namely through decreasing allowable rent increases on rent-controlled properties from 8% to 5%. Furthermore, in November 2017, the City Council voted to implement a policy that requires landlords of rent-controlled properties to register with a citywide registry that will collect addresses, tenant information, rent amount, and the reason why a tenant vacated the property (when applicable).⁵⁷ However, a group of landlords sued the city over this policy in April 2018 and the outcome of the registry is pending.

If San Francisco considers mandating a rental registry, Sarah Wright, Rental Rights & Referrals Staff Specialist for The City of San Jose Housing Authority, recommends bringing in all stakeholders, such as tenant protection groups, eviction attorneys, etc., early in the process for input from different perspectives to therefore create and implement a comprehensive policy that encompasses many viewpoints. Doing so will avoid having to make future policy changes, or possibly delay policy implementation all-together, because of unintended omission of stakeholders who may be affected by the new policy. She also recommends accounting for the city's specific needs; rent control policies that work for San Jose may not necessarily work for San Francisco.

New York

New York City first experienced rent regulation during World War II as a result of the Emergency Price Control Act, a 1942 federal law that established price regulation nationwide to address wartime shortages and inflation. Rents were frozen in New York beginning in 1943 and were adjusted by a federal administrator in subsequent years. The apartments covered during this time were referred to as being under rent control. In 1951, anticipating the withdrawal of federal controls, New York state implemented a similar system of rent control and took over the federal government's administration of over 2 million apartments.

In 1969, the New York City Rent Guidelines Board was created to make an evaluation of a plan for more regulation. They helped create the blueprints for rent stabilization, a rent regulation that would cover more, newer units than were currently covered by rent control. In 1974, New York state passed the Rent Stabilization Code for all municipalities over 1,000,000 that chose to adopt it. According to the 2014 NYC Housing and Vacancy Survey, there are about 27,000 rent controlled apartments and 1,030,000 rent stabilized apartments in New York.⁵⁸ These apartments under some form of rental regulation comprise 48% of the rental units (occupied and vacant available) in the city.

The old rent control program covers residential units built before 1947 that contain a tenant or lawful successor (spouse, child) that has been living in the unit continuously since before July 1, 1971. When a tenant leaves a rent controlled apartment, it is converted to rent stabilized status. If it is removed from regulation entirely if it is part of a building with six or fewer total units. Landlords of rent controlled units may not charge more than the maximum collectible rent, a figure derived from the maximum base rent. The maximum base rent is updated every two years according to a formula that includes real estate taxes, water, and sewer charges. This formula rises at a lower rate than the typical increases in the rents of rent stabilized units.

The rent stabilization program applies to apartments in buildings with six or more units constructed between 1947 and 1974. The Rent Guidelines Board, an elected body of nine officials, annually sets rates for allowable rent increases based on owner expenses, affordability

for tenants, city-wide vacancy rates, and other pertinent factors. They do not follow a set formula. All meeting of the board at which research is presented and decisions are made are open to the public. Rents may only be increased beyond this limit if the tenant provides written consent based on improvements or increases in services, or in the case of a major building-wide capital improvement approved by the Department of Housing and Community Renewal (DHCR). Rent stabilized apartments are not subject to vacancy decontrol - a new tenant's rent is based on the rent that the previous tenant was paying.

Tenants over the age of 62 may apply for full or partial exemptions from future rent increases by applying under the Senior Citizen Rent Increase Exemption (SCRIE) program run by the state DHCR. To qualify, their combined household income must be below the local income eligibility level (\$50,000 as of 2014) and they must be using at least one third of their disposable income in rent.

Both rent controlled and rent stabilized apartments may be deregulated in New York if the rent rises beyond a certain point. Currently, the deregulation threshold for rent is \$2,733.75.⁵⁹ It is set by the DHCR does not rise regularly or annually. It was \$2,000 from June 1997 to June 2011 and \$2,700 from July 2011 to December 2017. An apartment may also be removed from regulation if the tenant's combined household income is greater than \$200,000.

New York City is very different from most cities with rent control in that its policies and administration are a joint effort with the state. The state is the primary enforcer of laws around rent regulation. For overcharge complaints, the tenant files an appeal with the state Department of Homes and Community Renewal Services. The City's primary role is to set the annual allowable rent increases.

The DHCR maintains a registry with information on units covered by rent regulation. Owners are required to register with their information, their tenants' information, and the rent every year. There is no registration fee. From these records, the department can see differences between tenant complaints and official landlord reports. Petitions for rent increases tied to unit improvements are also filed with this department. Landlords are required to include a rent stabilization rider with leases of rent stabilized apartments.

Andrew McLaughlin, Executive Director of the New York City Rent Guidelines Board, leads the four person team responsible for doing the research to inform each year's annual general adjustment. In an interview with our team, he explained, "We present all this data to the board, but at the end of the day it's nine people making the decision, not a formula. That's something we do right."⁶⁰ McLaughlin values that people have the final say over formulas because it allows them to take changing circumstances into account with regards to owner expenses and tenant affordability. For example, the board could take the recent recession into account in their decisions in 2009, 2010, 2011.

McLaughlin discussed the limitations of rent control programs as a full strategy for addressing displacement and gentrification. “You’re not going to be able to satisfy everyone,” he said, and rent control “was never meant to be an affordable housing program.” He believes that the use of other strategies in conjunction with rent control, such as creating affordable housing and programs that provide tax incentives to landlords for keeping rent low for seniors, are key to New York’s success.

Conclusions

After surveying the above cities, we can better evaluate San Francisco’s rent control program in relation to its peers. While San Francisco has a high coverage rate of its total rental stock and relatively stringent limits on rent increases, it is an open question as to how well its ordinance is being followed. New York and Berkeley, the two cities evaluated with the best developed programs, rely heavily on their registry programs to track and ensure compliance with their rental ordinances. New York relies on the state to run its registry while Berkeley funds its registry work through much higher rental unit fees. San Francisco currently has too small a staff to effectively manage a registry or be proactive in encouraging compliance. Absent state support, the most realistic way to raise funds for an expanded rent board role may be through a higher per unit rental.

Our study of the benefits and challenges of rent control policy aligns with the trends observed in evictions analysis. Rent control provides clear stabilization benefits to tenants who remain in covered units. However, economic modeling of rent control, as well as experiences from a range of cities with rent control policies, also indicate that rent control increases pressures for landlords to push out tenants when housing prices are high. This is reflected in rising rates of eviction, especially no fault evictions, observed in the data. Thus, a successful anti-displacement strategy must address both risk of eviction and stabilization of rent in tandem. Recommendations for the City in these areas follow in the next section.

V. Policy Recommendations

1. Develop goals for the City's anti-displacement strategy.

The critical next step in developing the Anti-Displacement and Community Stabilization Strategy is to define clear objectives for addressing the displacement crisis. Though a diverse policy strategy approach is necessary to combating displacement, setting goals will allow the City to engage the community in prioritizing key metrics of success. Anti-displacement strategies will inherently involve tradeoffs between stakeholders; a goal-setting process allows the City to build consensus between these stakeholders.

As discussed in Section II, the choice between production, preservation and protection strategies, as well as the metrics adopted to define and monitor displacement are critical in identifying and evaluating policies. For example, the City of Portland's opted to focus on maintaining its historic racial composition, which has resulted in a focus on racially equitable housing development and community engagement. UDP's typologies place significant emphasis on economic metrics to monitor gentrification, displacement and exclusion. If the City is to maintain these typologies, it will have to address ways to build wealth and increase incomes without displacing longtime residents. Without community input, it will be challenging for the City to know whether an increase in mean income in a neighborhood represents community-oriented economic development or displacement?

Specific actions to take in this area could include:

- **Define broad goals for addressing displacement.**

For example, Seattle's displacement goals are housing affordability, racially equitable access to housing, livability, increased housing opportunities, equitable growth, innovation and programmatic consistency.⁶¹ (See Appendix G)

- **Set metrics for measuring progress towards these goals.**

Clear metrics are important for both internal and public accountability of the City's efforts to address the crisis. Without a standard for success, the City has no means to evaluate the effectiveness of its anti-displacement work.

For example, New York's metrics track the number of units built and preserved annually; these numbers are similar to San Francisco's monitoring of RHNA goals. Portland's study calls for a Tracking and Program Evaluation strategy that looks specifically at race, ethnicity, age, disability, ownership and other important factors. Referred to as a "data drilldown", the program focuses on equity analysis grounded in data intended to focus policy tools to specific neighborhood conditions. This program builds off of their established neighborhood typologies and operationalizes monitoring over time by developing new data collection mechanisms. The program collects data from home sales, building permits, code violations, multifamily residential vacancy reports, and more

frequently collected demographic data that are already collected by various agencies.⁶² (See Appendix H)

- **Engage continually with community members to set, refine, and measure these goals and metrics.**

Sustained, significant community engagement is crucial for understanding the nuances and lived experiences of displacement's effects on San Francisco residents. Proactive outreach to community organizations is necessary to offset the disproportionate engagement of higher income, white residents.

For example, Portland's community engagement strategies begin with any major public infrastructure or area plans; they build off of their "data drilldown" to communicate the impacts of revitalization and private investments on community infrastructure.⁶³

- **Incorporate reflection of anti-displacement goals into regular Planning Department processes like area planning and project design review.**

In order to translate broad goals into actionable items, the City should intentionally include a focus on displacement throughout planning and development decisions. The UDP typology classifications should be noted for project design reviews, and if a project takes place within a highly gentrifying or exclusionary area, additional review and community engagement should be required.

For example, Portland has five key equity analysis questions applied to review private investments in at risk neighborhoods.⁶⁴ (See Appendix I)

2. Strengthen enforcement of evictions protections regulations.

Though the City has increased just cause evictions protections, significant economic incentives for landlords to violate evictions regulations still exist. While the data cannot establish a definitive causal connection between evictions and displacement, it does reveal spikes in overall evictions rates, and owner move-in and Ellis Act evictions specifically, that correlate with increases in rental prices. The prevalence of unlawful evictions and tenant harassment strategies obscures even more significant trends in the data. Collecting data on evictions that occur without an official filing with the Rent Board would help the City better track and understand these trends. Increased enforcement mechanisms can fortify the City's existing evictions regulations and, in the long-run, improve tenant protections from landlord violations.

A report by NBC Bay Area's Investigative Unit found that about one in four owner move-in evictions were fraudulently claimed by landlords. The team followed up on every unit for which an owner move-in eviction notice had been filed in 2014, more than 300 in total, and was able to contact about 100 of residents in these units. In 24 of them, or about a quarter, the landlord or landlord's family member who was claimed to be moving in was not living there, and new tenants were paying much higher rents.⁶⁵ The five year rent freeze following an owner move-in

eviction instituted by Evictions Protections 2.0 should reduce the incentive for landlords to utilize this type of eviction to raise rental rates. However, the system is still complaint-driven, meaning that landlords have to be caught by evicted tenants and reported to the Rent Board before being investigated.

Ellis Act evictions are also misused by landlords to fraudulently evict tenants. Investigation by the Anti-Eviction Mapping Project found that over half of Ellis Act evictions were instigated by landlords within the first year of owning the property, and 78% take place within the first five years of a landlord owning the building, a trend that does not accord with the intended purpose of the Ellis Act. In addition, 30% of Ellis Act evictions are instigated by repeat evictors, landlords who have used the Ellis Act more than once to evict tenants.⁶⁶

Clearly, additional enforcement mechanisms are needed. While the City and the State have both failed to strengthen regulation around Ellis Act evictions, and the City's attempt to institute cost prohibitive fees on landlords was found unconstitutional, more rigorous tracking by the Rent Board could greatly reduce current abuse of the system. Currently, the Rent Board relies heavily on evicted tenants to monitor their former unit to ensure that an owner moves in, that no rent increase takes place, or that the building isn't immediately sold. This reliance on former tenants is insufficient, particularly during the current displacement crisis, in which evicted tenants are forced to leave the city.

Specific actions to take in this area could include:

- **Expand the Rent Board's budget to allow for follow-up monitoring and enforcement visits.**

With increased capacity, the Rent Board could investigate a random sample of the evictions notices filed each year for compliance, creating an additional disincentive for landlords to violate evictions regulations. One mechanism for increasing revenue available to the Rent Board would be to increase Rent Board fees assessed to landlords. Currently the City does not assess a recording fee to landlords for filing a no fault eviction. Even a small fee assessed for this process, would generate significant revenue for the Rent Board that could be used to fund enforcement operations. Increasing fees for filing of eviction notices could provide increased incentive for landlords to instigate unfiled evictions, so any increase in fees would need to be accompanied by stronger monitoring and enforcement mechanisms to be effective.

- **Increase the fines and/or punitive damages associated with wrongful evictions.**
A higher level of punitive damages would incentivize evicted tenants to monitor what happens to their unit after they vacate and file complaints with the Rent Board as needed.
- **Re-consider establishing moratoriums on repeat evictions.**
Repeat Ellis Act or owner move-in evictions clearly violate the intended functions of these eviction types. Prohibiting repeated use of the Ellis Act on the same building, or

repeated use of owner move-in by the same landlord would help reduce fraudulent evictions. The City could also consider a five year moratorium period on the use of Ellis Act after initial ownership of the building to disincentivize the use of Ellis evictions for speculation.

- **Evaluate stronger anti-harassment legislation, making use of current points of contact with landowners.**

Current tenant harassment regulations rely too heavily on tenant action, and the Rent Board does not currently have adequate resources to pursue complaints. The City should consider adding regulations that would trigger a rental history review at the time of building permit applications in order to deter landlord harassment of tenants intended to force voluntary eviction. Seattle and New York both have legislation protecting tenants from this type of harassment.^{ix 67} By incorporating these regulations into previous points of contact with the landlord, the City will increase likelihood of enforcement.

3. Establish a rental registry.

Despite the potential for rent control and stabilization to increase speculation in the rental market, the long-run benefits for marginalized communities are paramount. An appropriate response to anti-displacement will not, therefore, do away with rent control, but instead implement added tenant protections and rent control enforcement mechanisms that discourage speculation. Based on our interviews with the City of Berkeley's Rent Board and with tenants' rights organizations, better tracking of shifts within the rental market would be extremely useful for understanding landlord behaviors and ensuring compliance with the City's existing regulations

We recommend that the Rent Board require annual registration of rental units covered by the San Francisco Rent Ordinance. This will allow the City to provide informational outreach to tenants, improve compliance with the allowable annual increases, and track changes and displacement in the rental stock. Tenants should be mailed each year with the information that their landlord provided to the registry to ensure that it matches what is being charged. Disputes can continue to be adjudicated by the Rent Board. We further recommend that an increased rental unit fee help fund the registry with the cost split evenly between landlords and tenants. Landlords who do not comply with the registration requirement should temporarily have their right to collect rent and evict tenants suspended; this registry would also serve as a central database for landlord and tenant history. It would help streamline implementation of other new compliance mechanisms

^{ix} The City of Seattle implemented a bill requiring relocation payments to tenants who are evicted for demolition or renovation. The bill withholds building permits and fines landlords if the landlord is found to have increased rents prior to a tenant moving out, if it is within six months of the landlord filing for a building permit. The City of New York recently adopted a Certificate of No Harassment legislation that requires landlords to prove they did not harass tenants prior to filing for a demolition or significant rehabilitation building permit.
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being considered. This model of registry coupled with regular outreach is based on Berkeley's widely respected methods.

Specific actions to take in this area could include:

- **Partner with a local technology company to create an online rent portal that provides both tenants and landlords with easily accessible online information about rent regulations.**

This portal should include rental history information that allows new tenants to understand if their unit has been involved in past tenant harassment or unlawful evictions.

- **Collect tenant information as part of the registry.**

This will help the City better monitor migration trends over time, and could also contribute to tracking fraudulent evictions.

- **Create a consortium of California cities who have rent control.**

The primary consortium goal should be to create a statewide rental registry, thereby allowing cities to share resources, best practices, and costs. David Garcia, Policy Director for the UC Berkeley Turner Center for Housing Innovation, reinforced the importance of creating streamlined data collection policies and practices throughout the State of California to collect standardized data throughout the state that can capture and mitigate displacement trends on a broader statewide level.

VI. Conclusion

The City has taken proactive steps in recent years to address ongoing concerns of displacement and gentrification from its community members. Efforts like the Mission Action Plan 2020 are logical, neighborhood-oriented strategies that engage key stakeholders and identify policies to curb displacement. Interventions similar to Evictions Protections 2.0 flag the City's commitment to safeguarding existing residents from speculation and volatile rental markets. These stand-alone strategies, however, miss strategic opportunities to synthesize across programs, increase efficiency and effectiveness, and work towards clearer community goals. As illustrated by the Rent Control and Evictions Protections programs, when policies are developed in synergy with one another, there are opportunities for mutual gains.

Based on a literature review of displacement quantification and strategies, we can see that without a broader goals framework, anti-displacement efforts will be limited to easily obtainable data and readily quantifiable outcomes. San Francisco should embark on a broader goal-setting strategy, that will likely result in revisions to UDP metrics and the operationalization of displacement-specific data collection. These processes could then inform program evaluation and tenant monitoring over time.

Specific to evictions protections, our data analysis found steady growth within certain types of evictions, particularly when understood on a neighborhood level. When unreported evictions are added to this picture, it is clear that the current enforcement of evictions is not adequate to protect residents. We found that San Francisco's regulatory revisions are in keeping with national Just Cause evictions best practices. It is clear, then, that the emphasis should be on increased enforcement through: a rental registry, fee and fine revisions, and follow-up strategies from the Rent Board. Current funding limitations within the agency will otherwise impede proper enforcement.

The City's current Rent Control Ordinance is insufficient when compared to other national and regional case studies. Emphasis should be placed on a rental registry that will improve tracking of rental units and will provide the City with direct access to both tenants and landlords, annually.

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Appendix A

URBAN DISPLACEMENT

Gentrification and Displacement Census Tract Typologies

Regions defined as 9-county Bay Area, and the remaining counties are each their own region.

Typology	Typology Criteria
Not Losing Low-Income Households (Low Income)	<ul style="list-style-type: none"> • Pop in 2000 > 500 • Low Income Tract in 2015 • Not classified as At Risk of, Ongoing, or Advanced Gentrification
At Risk of Gentrification (Low Income)	<ul style="list-style-type: none"> • Pop in 2000 > 500 • Low Income Tract in 2015 • Vulnerable in 2000 (Defined in Appendix) • 2 out of the 4 of the following is true in 2015: <ul style="list-style-type: none"> ○ Has rail station in tract ○ % of units in pre-1950 buildings > regional median ○ Employment density (2014) > regional median ○ “Hot market” (options defined below table) • Not currently undergoing displacement or ongoing gentrification
Displacement of Low-Income Households/Ongoing Gentrification (Low Income)	<ul style="list-style-type: none"> • Pop in 2000 > 500 • Low Income Tract in 2015 • Vulnerable in 2000 (Defined in Appendix) • Population stable or growing 2000-2015 • Loss of LI households 2000-2015 (absolute loss) • Either: <ul style="list-style-type: none"> ○ “Hot market” (Defined in Appendix) ○ LI migration rate (percent of all migration to tract that was LI) in 2015 < in 2009 – Or – • Low Income Tract in 2015 • Gentrified in 1990-2000 or 2000-2015 (Defined in Appendix)
Advanced Gentrification (Moderate to High Income)	<ul style="list-style-type: none"> • Pop in 2000 > 500 • Moderate to High Income Tract in 2015 • Gentrified in in 1990-2000 or 2000-2015 (Defined in Appendix)
Not Losing Low-Income Households (Moderate to High Income)	<ul style="list-style-type: none"> • Pop in 2000 > 500 • Moderate to High Income Tract in 2015 • Not classified as At Risk of, Ongoing, or Advanced Exclusion
At Risk of Exclusion (Moderate to High Income)	<ul style="list-style-type: none"> • Pop in 2000 > 500 • Moderate to High Income Tract in 2015 • 2 out of the 4 of the following is true in 2015: <ul style="list-style-type: none"> ○ Has rail station in tract ○ % of units in prewar buildings (1950) > regional median ○ Employment density > regional median ○ “Hot market” (options defined below table) • Not currently undergoing exclusion – none of the below classifications are met

URBAN DISPLACEMENT

Displacement of Low-Income Households - Ongoing Exclusion (Moderate to High Income)	<ul style="list-style-type: none"> • Pop in 2000 > 500 • Moderate to High Income Tract in 2015 • Population stable or growing 2000-2015 • Loss of LI households 2000-2015 (absolute loss) • Either: <ul style="list-style-type: none"> ○ “Hot market” (options defined below table) ○ LI migration rate (percent of all migration to tract that was LI) in 2015 < in 2009
Advanced Exclusion (Moderate to High Income)	<ul style="list-style-type: none"> • Pop in 2000 > 500 • Moderate to High Income Tract in 2015 • <20% LI in 2000 and % LI in 2015 < % LI in 2000 • LI migration < regional median in 2015

Appendix

- **Vulnerable to gentrification in 1990 or 2000 (at least 3 out of 4 of the following indicators):**
 - % low income households > regional median
 - % college educated < regional median
 - % renters > regional median
 - % nonwhite > regional median
- **“Hot Market” in 2000 or 2015**
 - Change in median real rent > regional median
 - or*
 - Change in median value for owner-occupied homes > regional median
- **Gentrification from 1990 to 2000 or 2000 to 2015**
 - Vulnerable in base year (as defined above)
 - Demographic change between base and end years (at least 2 of 3 occurring):
 - Growth in % college educated > regional median
 - Growth in real median household income (percent change) > regional median
 - Lost low-income households
 - LI migration rate (percent of all migration to tract that was LI) in 2015 < in 2009 (only used for 2000-2015 time frame)
 - “Hot market” (defined above)
- If any individual variable is missing, then the whole typology is missing.
- Tracts with a coefficient of variation > 15% on several key 2015 variables are flagged and determined unreliable:
 - Population
 - Housing units
 - Median rent
 - Median home value
 - Median income
 - College count
 - Renter count

Appendix B

Mission Action Plan Strategies

Over the course of more than a year, the MAP2020 process identified potential solutions that fall into seven broad categories. Given the complexity of housing markets and the forces of gentrification, many of these solutions rely on and influence one another regardless of category; these categories merely provide a structure to organize actions and assess progress.

1. **Tenant protections** focus on immediate programs and funding mechanisms to keep existing Mission residents in their homes.
2. **Single Room Occupancy residential hotels** (SROs) are a dwindling housing supply, one that has traditionally housed individuals but is increasingly being used by families. Solutions address the vulnerability of people living in these units and the loss of these units as an affordable housing option.
3. **Preservation of affordable units** focuses on tools to retain affordable housing stock.
4. **Production of affordable housing** is a suite of funding and policy tools to increase construction of housing for low to moderate income households.
5. **Economic development** solutions focus on keeping jobs, businesses, artists, and nonprofits in the neighborhood. Retaining and supporting a diverse range of community-serving businesses will support our corner grocers, panaderias, taquerias, barber shops, and restaurants.
6. **Community planning** focuses on improving community access to and voice in the City's processes for planning housing, transit, and community investments.
7. **Homelessness** focuses on prevention of homelessness and services to stabilize the

homeless as they transition into permanent housing.

The solutions are intended to advance the following objectives along with the MAP2020 purpose:

- **Maintain the socio-economic diversity of the neighborhood** by stabilizing the low and moderate income households at 65 percent of the total, or by maintaining and growing the 2015 total amount of those households.
- **Protect tenants at risk of eviction and preserve existing housing**, particularly rent-controlled apartments and single-room occupancy hotels.
- **Increase the proportion of affordable units**, compared to market rate units, planned and under construction to balance the housing mix.
- **Stem the loss of and promote community businesses, cultural resources, and social services** serving low to moderate income households.
- **Retain and promote Production, Distribution and Repair (PDR)** and other high-paying jobs for entry level and limited skilled workers.
- **Increase economic security** by strengthening educational and economic pathways and job opportunities for low to moderate income individuals and families, especially those without a college education.

Appendix C

Portland Displacement Typologies

Appendix A: Neighborhood typology methods

Detailed methodologies for creating the vulnerability, demographic change, and housing market designations and the overall neighborhood typology map are presented here.

The typology assessment began with a retrospective look at neighborhood change in Portland to assess whether a small number of measured indicators could represent the changes observed today. These analyses were “ground-truthed” with planning staff, building a common sense of gentrification as it is seen in neighborhoods. Measured indicators were chosen to represent the “robust, yet parsimonious” approach, and to align with policy-relevant metrics (such as the HUD income standards for housing assistance). Several iterations of maps were produced with assessment and comment from BPS, PHB, and PDC staff.

For each dimension of neighborhood change, tracts are assigned as “high” or “low” on the measure based on the relative level of the citywide variable. The dimensions are vulnerability to housing displacement; population changes indicative of potential displacement; and housing market changes.

1. 2010 Vulnerability

Census tracts were assigned a “vulnerability score” between 0 and 4, with a weight of 1 for each of the following that is true:

- Greater than 44.2% of households are renters
- Greater than 26.7% of the population are communities of color
- Greater than 58.2% of the population 25 years and older do not have a bachelor’s degree
- Greater than 47.0% of households have incomes at or below at or below 80% of the HUD-adjusted median family income (MFI) [Note: The FY 2009 HUD-adjusted MFI for the Portland-Vancouver-Beaverton area was \$70,000.]

We defined vulnerable tracts as those with a vulnerability score of at least 3 out of 4.

Data sources

Data for the first three variables was drawn from tract-level 2006-2010 American Community Survey (ACS) estimates. We defined communities of color as all residents except for non-Hispanic whites.

The percentage of households with incomes at or below 80% of the HUD-adjusted MFI was calculated from 2005-2009 HUD Comprehensive Housing Affordability Strategy (CHAS) data. At this time, the CHAS tract-level data is available only as a very large raw data file containing values for all U.S. census tracts. The values relevant to this calculation come from Table 8 of the census tracts dataset. Tracts with boundaries in more than one local jurisdiction are split into

multiple rows; values for each portion were summed before calculating percentages for the overall tract.

Calculation of thresholds

For the three variables drawn from ACS data, the threshold was defined as the citywide percentage adjusted by the margin of error (MOE) to the lower bound for a more sensitive cutoff. For example, the 2006-2010 ACS estimate for the percentage of renter-occupied units in Portland was 44.8% +/- 0.6%, resulting in a threshold of 44.2%.

No MOEs are available for the 2005-2009 CHAS data. The threshold for the last variable was defined as the citywide percentage of households with incomes at or below 80% of the HUD-adjusted MFI (calculated from values in Table 8 of the CHAS census places dataset).

2. 2000-2010 Demographic Change

We defined census tracts with gentrification-related demographic change from 2000 to 2010 as those that experienced *either* at least 3 of the following 4:

- The share of homeowners either increased or it decreased less than 1.2%
- The white population share either increased or it decreased less than 3.0%
- The share of the population 25 years and older with a bachelor's degree increased more than 7.9%
- The median household income either increased or it decreased less than 8.5%

or experienced only 2 out of 4, which were:

- The white population share either increased or it decreased less than 3.0%
- The share of the population 25 years and older with a bachelor's degree increased more than 7.9%

Data sources

Data for 2000 and 2010 was drawn from the 2000 Decennial Census and 2006-2010 ACS estimates, respectively. We converted 2000 median household income values to 2010 dollars before calculating the percent change.

Calculation of thresholds

MOEs are available for 2006-2010 ACS data but not 2000 Census data. Thresholds were determined by calculating the citywide percentage-point difference from 2000 to 2010 (for white population, homeowners, and bachelor's degree-holders) or percent change (for median household income), determining the new MOE (we used this calculator:

<http://pad.human.cornell.edu/acscalculator/index.cfm>), and adjusting by the calculated MOE to the lower bound for a more sensitive cutoff.

Portland experienced declining values for three of the four variables (white population, homeowners, and median household income). In these cases, we considered gentrification-related demographic change to have occurred if tract-level values increased, or decreased less than citywide (e.g., "the share of homeowners either increased or it decreased less than 1.2%").

Census tract boundary changes

There were a few instances where tract boundaries changed between 2000 and 2010; one tract was split into two, or two tracts were combined into one. In either case, we averaged the values for the two resulting tracts or the two original tracts before calculating the percentage-point difference or percent change.

Some tract boundary lines were redrawn slightly without significantly changing the tract geography; we did not alter our calculation method for these cases.

3. Housing Market Conditions

All census tracts were assigned a home value for 1990, 2000, and 2010 equal to the ratio of the tract median home value to the citywide median home value. We defined tracts with low or moderate values as those with ratios in the bottom three quintiles; tracts with high values were defined as those with ratios in the top two quintiles.

Home value appreciation rates (i.e., the percent change in median home value) from 1990 to 2000, 2000 to 2010, and 1990 to 2010 were also calculated for each tract. We defined tracts that experienced low or moderate appreciation as those with appreciation values in the bottom three quintiles; tracts with high appreciation were defined as those with appreciation values in the top two quintiles.

Using this data, we identified three gentrification related housing market typologies:

Adjacent tracts:

- Had a low or moderate 2010 value
- Experienced low or moderate 2000-2010 appreciation
- Touch the boundary of at least one tract with a high 2010 value and/or high 2000-2010 appreciation

Accelerating tracts:

- Had a low or moderate 2010 value
- Experienced high 2000-2010 appreciation

Appreciated tracts:

- Had a low or moderate 1990 value
- Had a high 2010 value
- Experienced high 1990-2010 appreciation

The adjacent typology attempts to capture the spillover effects of gentrification, whereby neighborhoods next to gentrifying areas are at-risk of gentrifying as housing pressures and commercial investment expand outward. The accelerating and accelerated typologies capture housing market changes associated with gentrifying and gentrified neighborhoods, respectively.

Data sources

Tract median and citywide median home values for 1990, 2000, and 2010 were drawn from the 1990 Decennial Census, the 2000 Decennial Census, and 2006-2010 ACS estimates, respectively. Median home values for 1990 and 2000 were converted to 2010 dollars prior to calculating appreciation rates.

Census tract boundary changes

Boundary changes from 1990 to 2000 and 2000 to 2010 were dealt with as described above of this document.

Appendix D

Comparison of Displacement Indices by City

Comparison of Displacement Indices by City							
	<u>City</u>						
	LA I-Team	UDP LA	Portland	Seattle	Boston	UDP SF	NYC
Population/Population Density		X				X	
% Affordable Housing					X	X	
Projected Change Affordable Housing					X	X	
% Residents that Rent	X	X	X	X	X	X	
% Change in Renters			X				
% White Residents		X	X	X	X	X	
% Change in White Residents	X	X	X				
% Residents Without College Degrees		X	X	X	X	X	
% Change in Residents Without College Degrees	X	X	X	X		X	
% Residents Without HS Education		X					
% Change in Residents Without HS Education		X					
% English Speaking			X	X			
% Change in Household Size	X			X			
Median Household Income		X				X	
% Change in Median Household Income	X	X	X			X	
% Low Income		X	X	X	X	X	
% Change in Low Income	X					X	
% Cost-Burdened	X	X		X	X		
% Change in Cost-Burdened		X					
% Change in Households Using Vouchers or Tax Credits		X					
Median Rent		X		X	X		
% Change in Median Rent	X	X			X	X	
% Change Property Sales						X	
Median Home Value			X				
% Change in Home Value			X		X	X	
Projected Change in Home Value	X						
Past Commercial Development		X			X	X	
Potential Development Sites				X	X		
Proximity to Bus				X	X		
Proximity to Rapid Transit	X			X	X		
Proximity to Businessess				X	X		
Proximity to Civic Infrastructure				X			
Proximity to Already Gentrified or Affluent Neighborhood	X			X	X		
Proximity to Job Center				X			
Employment Density		X				X	
Building Loss of Rent-Regulated Units							X
Building Rate of Tenant Turnover							X
Price of Building Sale							X

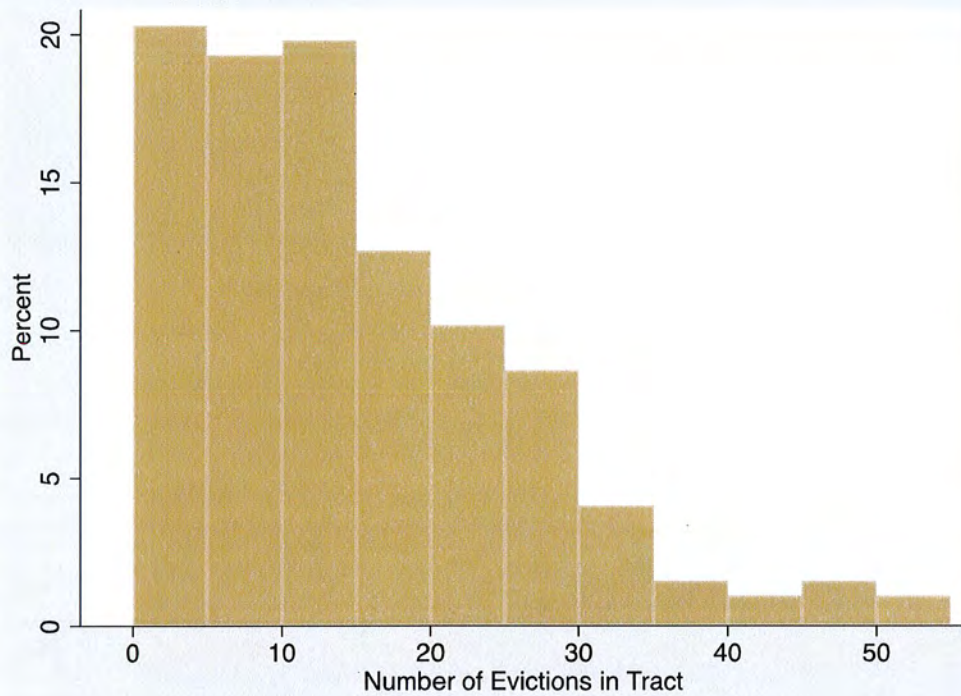
Appendix E: Regression Output Tables

Regression of Evictions Rate on years 2010-2016, Census tract fixed effects			
Shows: Holding Census tract constant, increase in each year's eviction rate relative to 2010			
areg evictions_rate i.year if year>2009 & year<2016, absorb(Census_ID)			
R-squared	0.453		
Adj R-squared	0.340		
Year	Coefficient	Std Error	P-value
2011	80.91	51.33	0.115
2012	53.93	51.33	0.294
2013	157.5	51.33	0.002
2014	213.83	51.33	0.000
2015	270.83	51.33	0.000

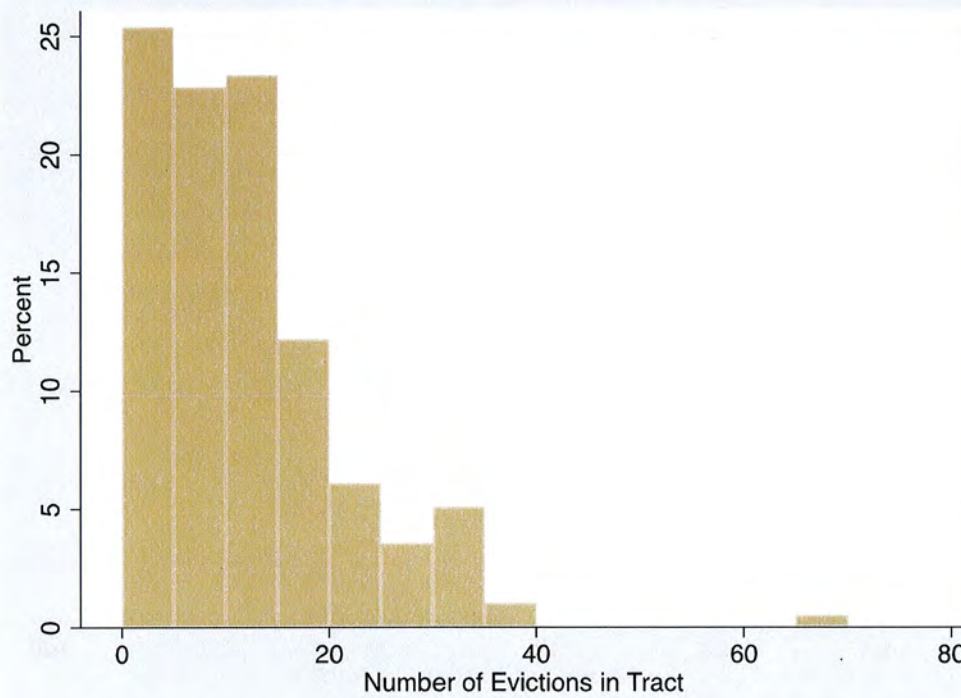
Regression of Evictions Rate on years 2001-2016 for income above 50,000, Census tract fixed effects			
Shows: In low income tracts, increase in each year's eviction rate relative to 2001			
areg evictions_rate i.year if meaninc<50000 & year>2000 & year<2016, absorb(Census_ID)			
R-squared	0.374		
Adj R-squared	0.229		
Year	Coefficient	Std Error	P-value
2002	114.01	0.58	0.562
2003	102.88	0.52	0.601
2004	-59.86	-0.30	0.761
2005	81.57	0.41	0.681
2006	201.18	1.01	0.312
2007	237.06	1.20	0.234
2008	75.4	0.38	0.704
2009	9.51	0.05	0.962
2010	245.02	1.35	0.18
2011	113.10	0.62	0.534
2012	189.54	1.09	0.278
2013	192.04	1.22	0.224
2014	197.44	1.74	0.084
2015	201.89	2.30	0.023

Regression of Evictions Rate on years 2001-2016 for income above 50,000, Census tract fixed effects			
Shows: In low income tracts, increase in each year's eviction rate relative to 2001			
areg evictions_rate i.year if meaninc>50000 & year>2000 & year<2016, absorb(Census_ID)			
R-squared	0.312		
Adj R-squared	0.258		
Year	Coefficient	Std Error	P-value
2002	-125.73	63.11	0.046
2003	-56.01	63.11	0.375
2004	-48.03	63.11	0.447
2005	-38.20	63.13	0.545
2006	60.31	63.23	0.34
2007	-28.41	63.23	0.653
2008	-20.29	63.23	0.748
2009	-14.35	63.43	0.821
2010	-175.85	64.12	0.006
2011	-71.53	64.13	0.265
2012	-111.92	64.06	0.081
2013	-1.62	63.95	0.98
2014	51.8817	63.79	0.416
2015	104.08	63.6	0.102

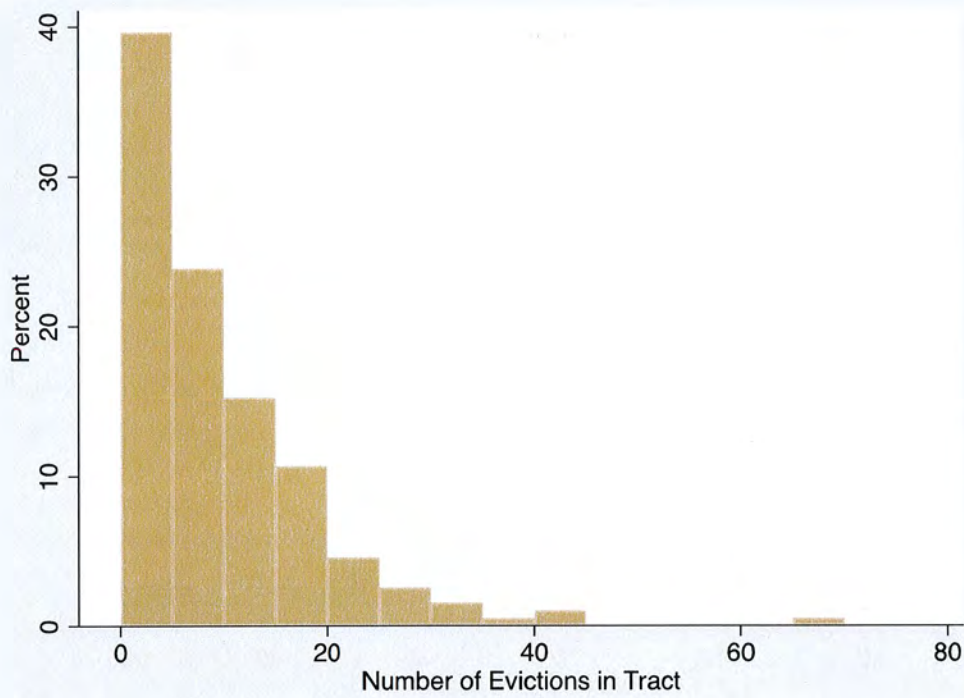
Appendix F: Eviction Histograms



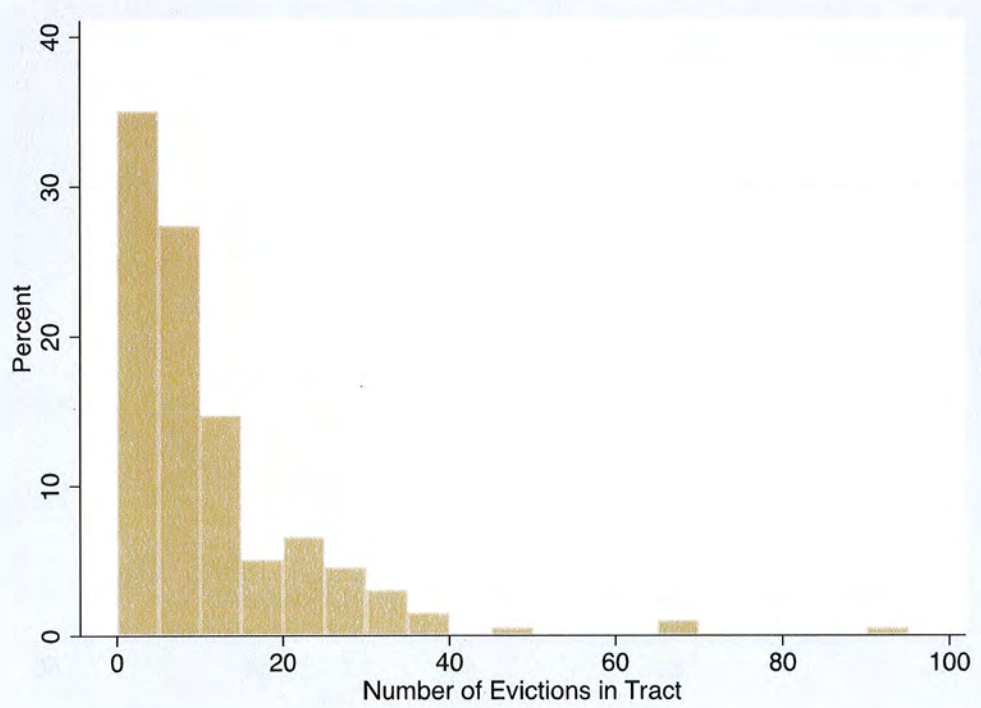
Histogram 1: Percent of Census Tracts with Number of Evictions (2000)



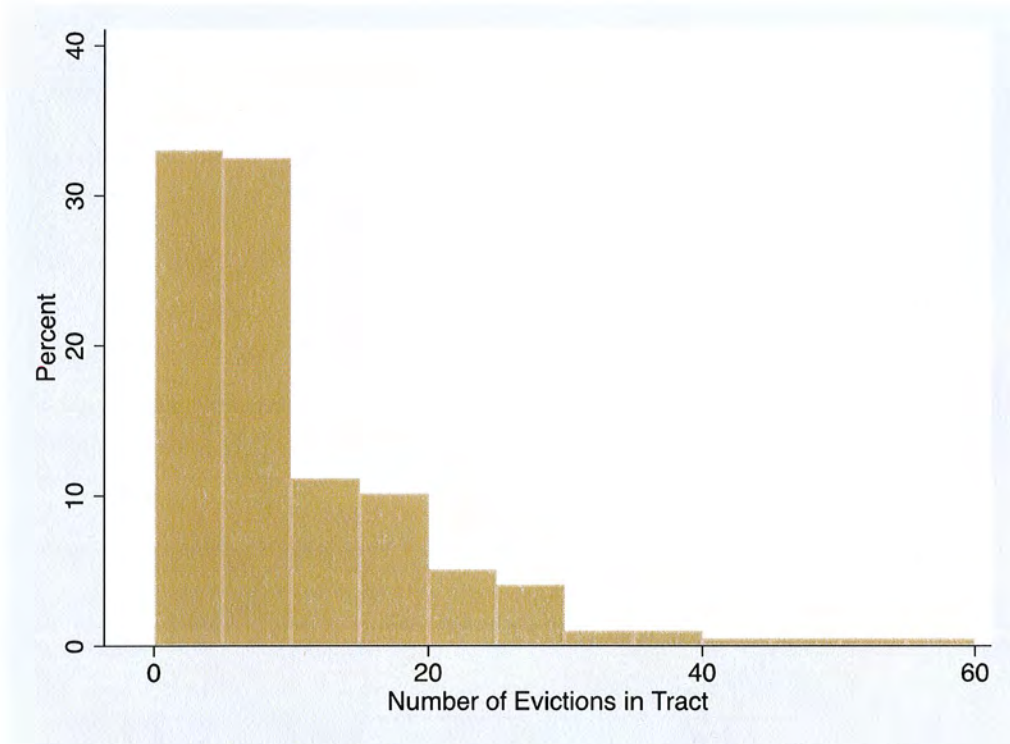
Histogram 2: Percent of Census Tracts with Number of Evictions (2001)



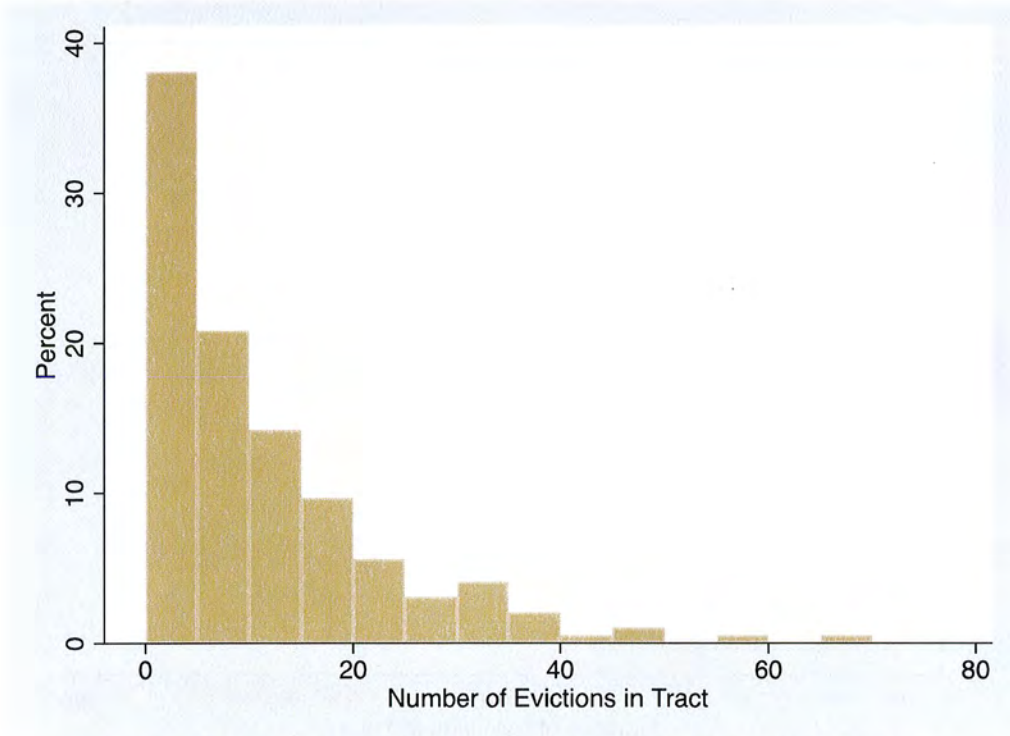
Histogram 3: Percent of Census Tracts with Number of Evictions (2002)



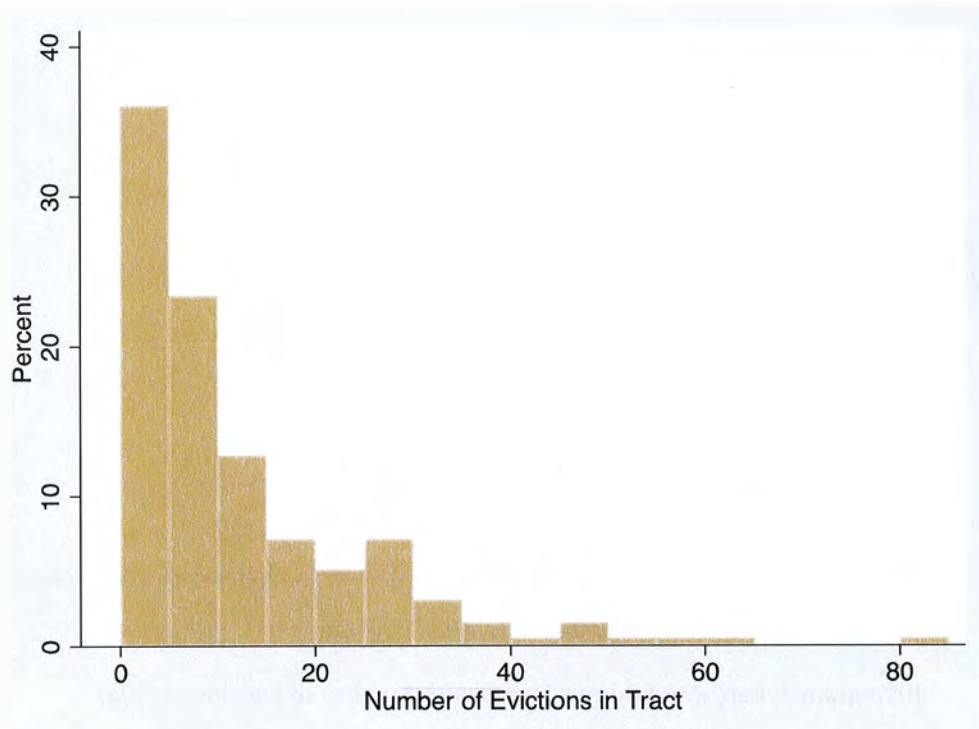
Histogram 4: Percent of Census Tracts with Number of Evictions (2003)



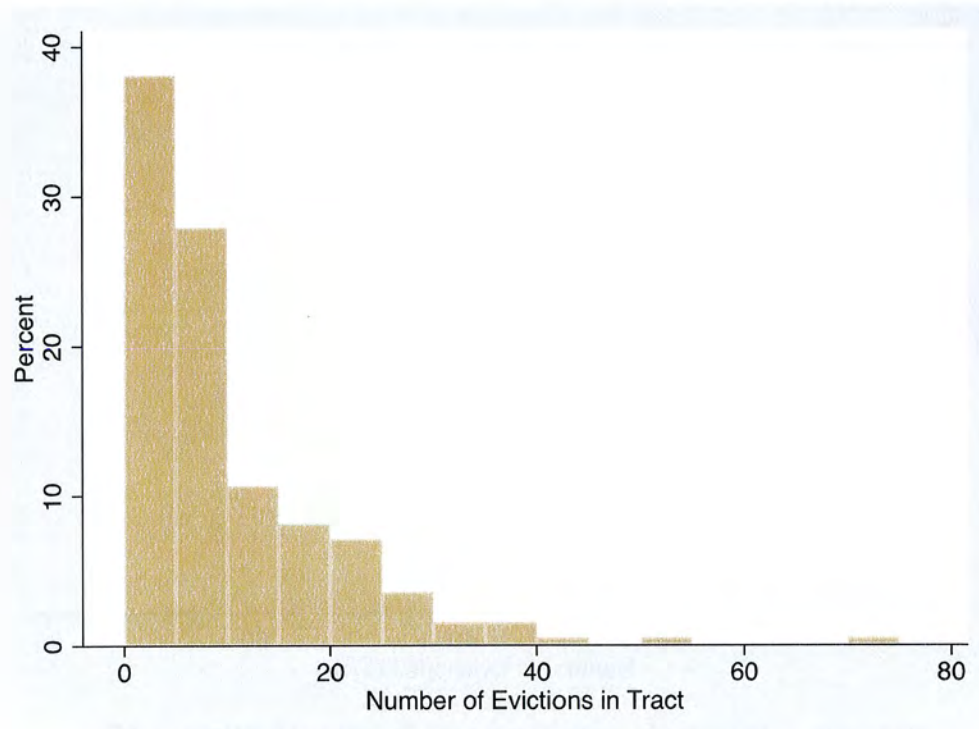
Histogram 5: Percent of Census Tracts with Number of Evictions (2004)



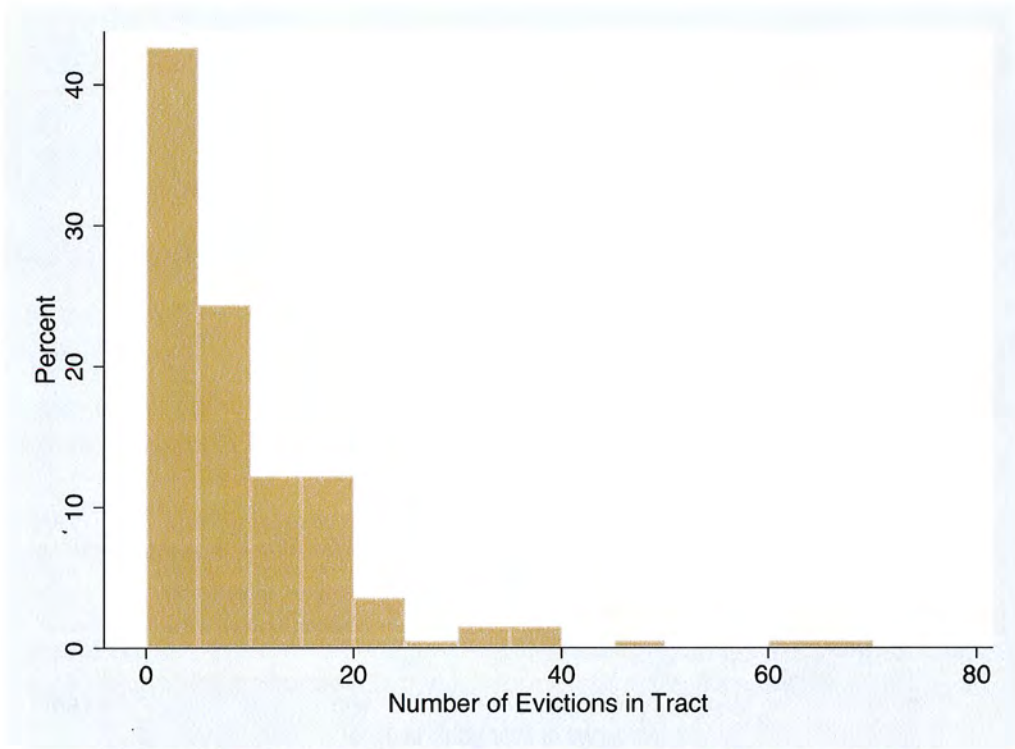
Histogram 6: Percent of Census Tracts with Number of Evictions (2005)



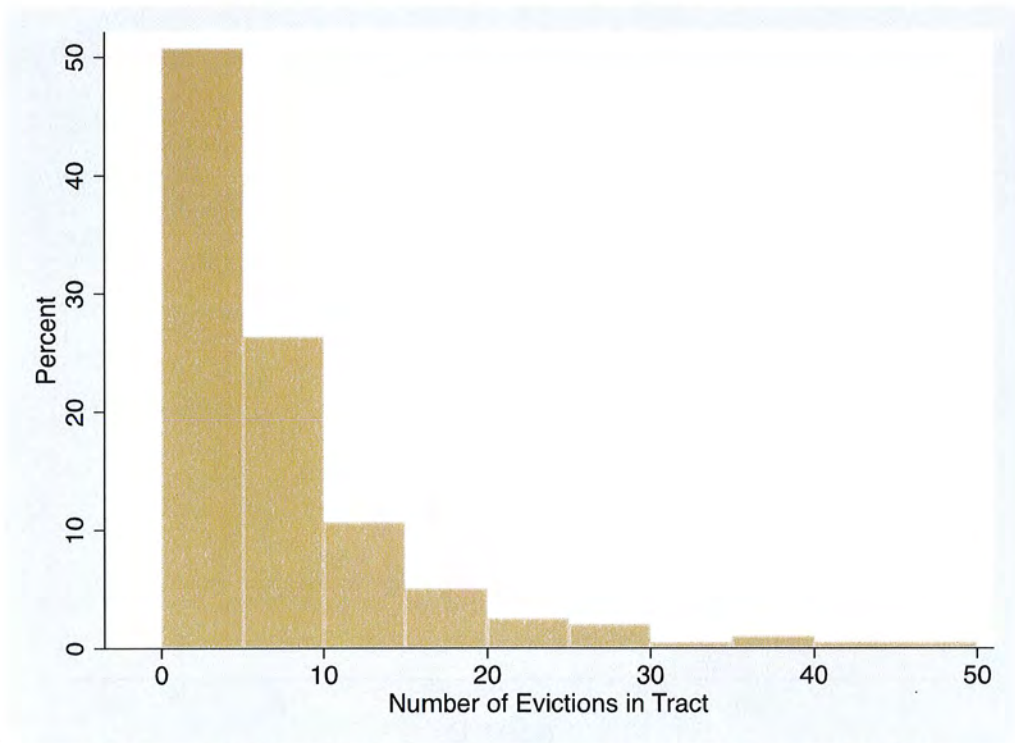
Histogram 7: Percent of Census Tracts with Number of Evictions (2006)



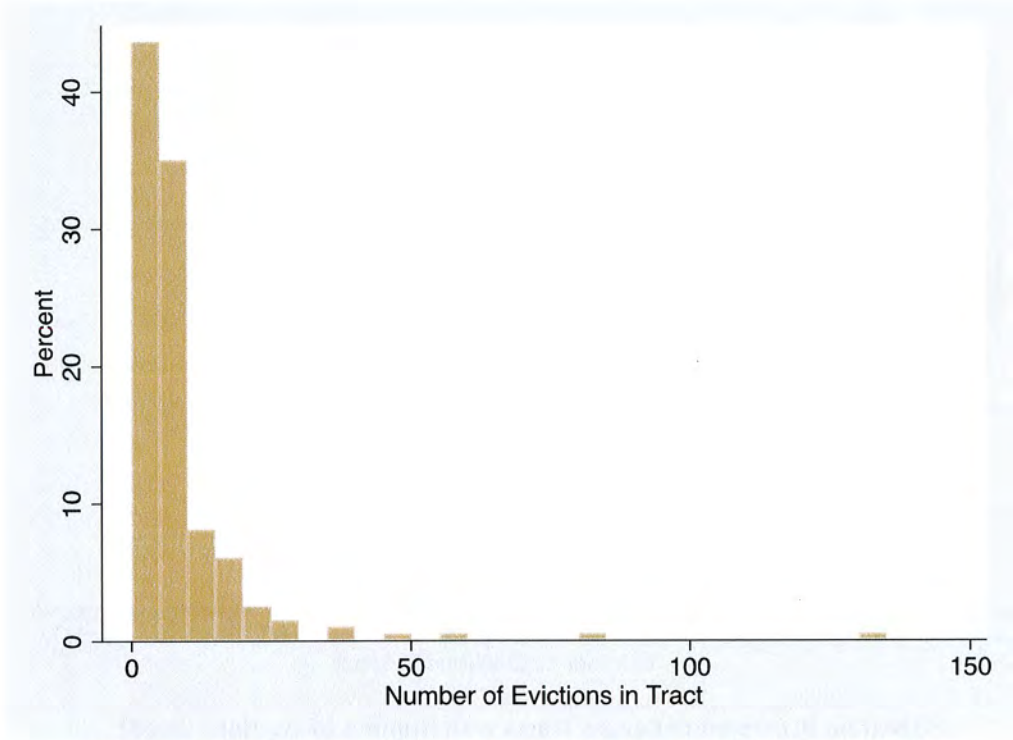
Histogram 8: Percent of Census Tracts with Number of Evictions (2007)



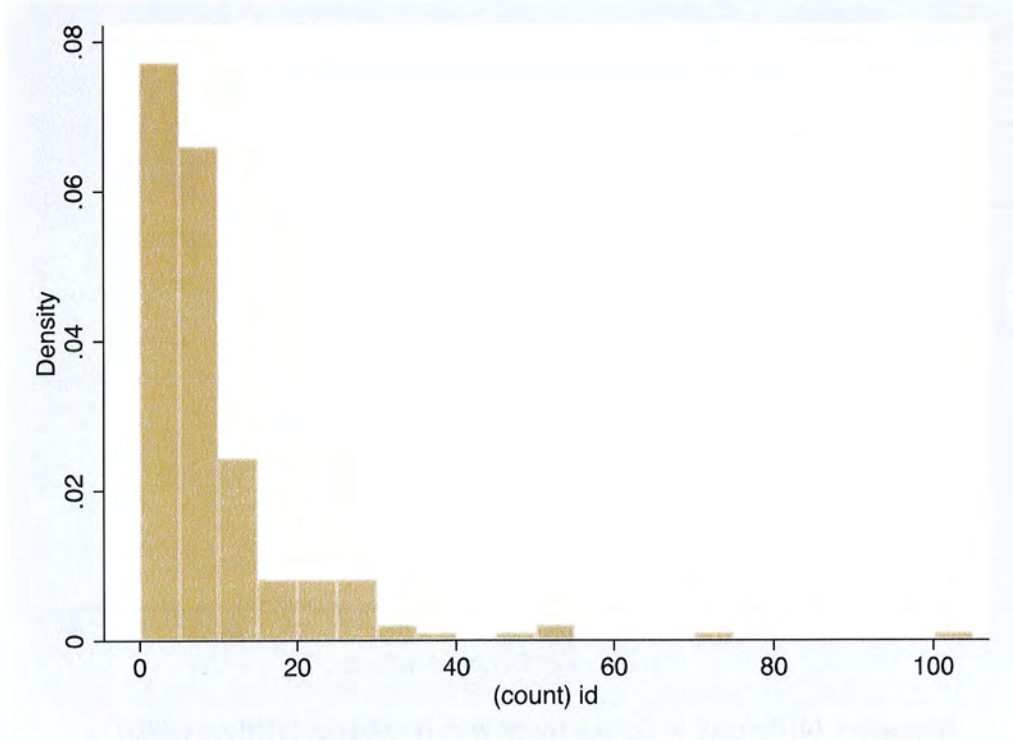
Histogram 9: Percent of Census Tracts with Number of Evictions (2008)



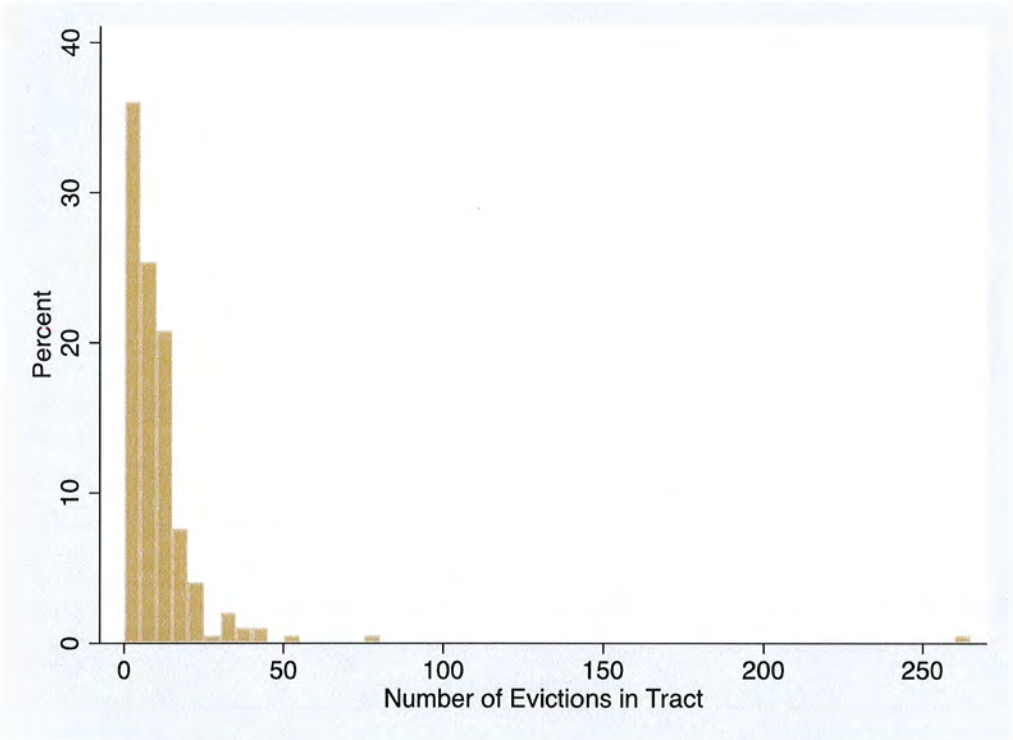
Histogram 10: Percent of Census Tracts with Number of Evictions (2009)



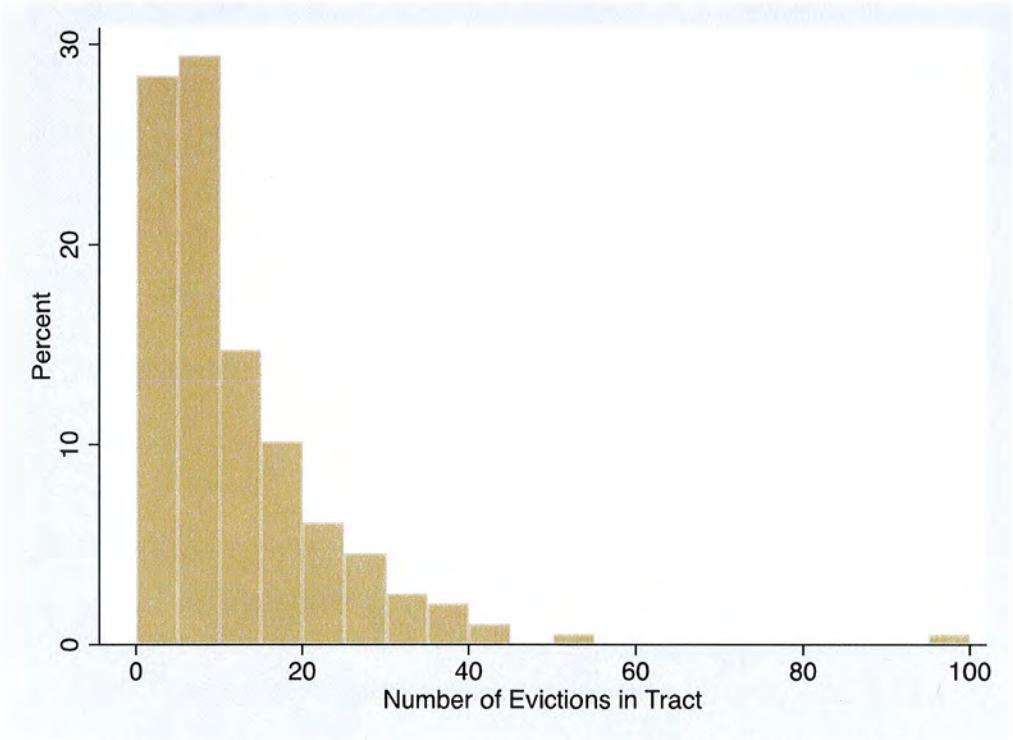
Histogram 11: Percent of Census Tracts with Number of Evictions (2010)



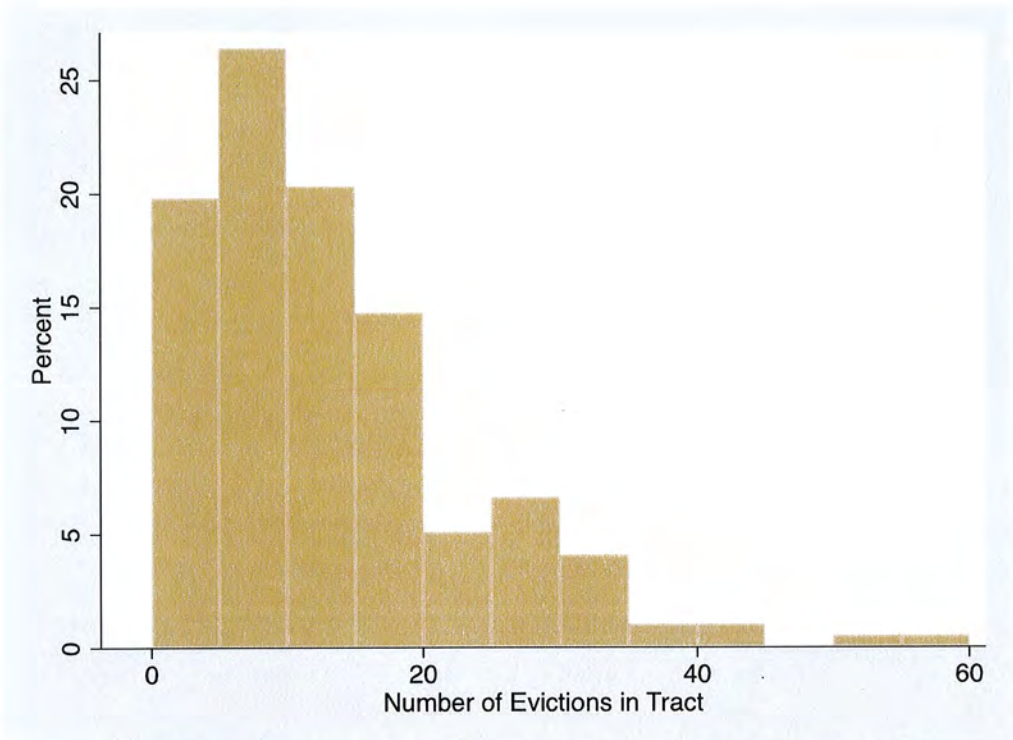
Histogram 12: Percent of Census Tracts with Number of Evictions (2011)



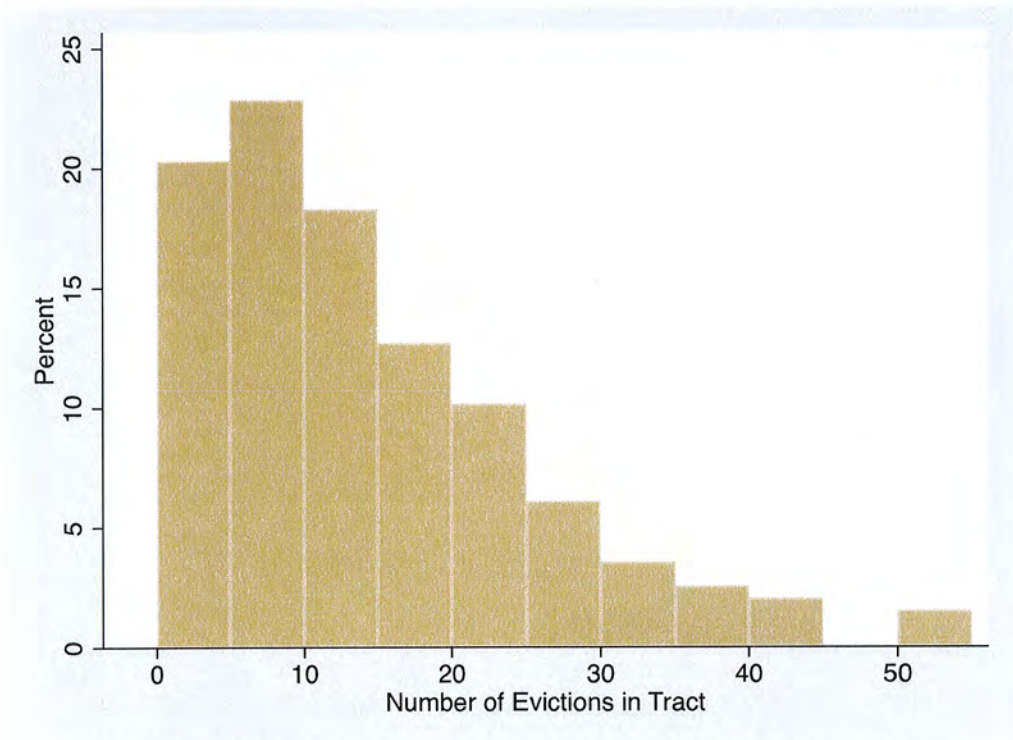
Histogram 13: Percent of Census Tracts with Number of Evictions (2012)



Histogram 14: Percent of Census Tracts with Number of Evictions (2013)



Histogram 15: Percent of Census Tracts with Number of Evictions (2014)



Histogram 16: Percent of Census Tracts with Number of Evictions (2015)

Appendix G

Seattle Housing Affordability and Livability Agenda

The Mayor and City Council called together leaders in our community to help develop this bold agenda for increasing the affordability and availability of housing in our city by convening a 28-member Housing Affordability and Livability Agenda Advisory Committee. The HALA Committee worked in partnership with a Steering Committee, comprised of key elected and appointed officials from the City, the State, and the Seattle Housing Authority that will, in large part, be responsible for implementation of the HALA recommendations.

Goals and Values

The HALA Steering Committee set out the following goals and values to guide the process:

- **Strengthen our City through Housing Affordability:** When people of all incomes, from individuals to multigenerational families, have the opportunity to live throughout Seattle, our city achieves greater economic growth, environmental sustainability and equity.
- **Ensure Equal Access to Housing to Advance Social and Racial Justice:** People of all races, ethnicities and abilities should be able to access housing in Seattle.
- **Promote the Livability of Seattle's Neighborhoods:** Deliberate planning for how new housing is built should be guided by the values of equity and sustainability to create cohesive, resilient communities with good transportation choices, open space and amenities that ensure a good quality of life for all.
- **Promote Housing Opportunity across Seattle:** Communities and people thrive when safe, healthy and affordable housing options are available throughout the city.
- **Promote Equitable Growth:** People who live in Seattle should be able to afford to stay in their communities as the city grows and prospers. People should benefit from growth, not be displaced by growth.
- **Continue our Commitment to Prioritizing those Most in Need:** When we invest public resources to build homes for people with the lowest incomes, our whole city benefits.
- **Embrace Innovation and Build upon Current, Proven Programs and Policies:** As a national leader in the funding and development of affordable housing, Seattle must continue to take bold and innovative actions to address the housing affordability crisis.

Appendix H

Gentrification and Displacement Study: implementing an equitable inclusive development strategy in the context of gentrification

Data and methods for a neighborhood equity analysis “drilldown”

Available Variables and data for the drilldown

The focus is on readily available public data sources, and suggestions for additional data collection and analysis.

Housing displacement. A more detailed look at housing displacement should assess the potential form that displacement in a particular neighborhood could take. Both homeowners and renters may be vulnerable to gentrification-related displacement. Affordability and availability of housing can be described using the tabulations for consolidated Planning: HAS data (available from HUD) includes cost-burdened renters and owners at different income levels, and units available at an affordable price for different income levels (as well as their occupancy by low-income households).

Household types: focus on additional specific vulnerable populations

- Households with disabilities [CHAS]. Reports housing problems, including costs and substandard units, for households with a member who has a mobility or self-care limitation. Finding accessible housing or supportive services may be even more difficult in an appreciating market.
- Elderly households [CHAS]. Elderly households may be more vulnerable to scams; they are also more likely to leave the neighborhood due to life cycle, making opportunities for new homebuyers. Elderly households may need additional unit modifications or services as they attempt to age in place.
- Large families [CHAS]. Family units are difficult to obtain when incomes are restricted. (for example, Housing Choice Voucher lease success rates are significantly lower for families with several children)

Homeowners: can be displaced by rising taxes, homeowners' insurance (due to increased valuation of homes), foreclosure (often related to subprime refinance loans, or to lending scams), or being pressured to sell without realizing the full increased value of the home.

- Cost-burdened homeowners [CHAS]. Owners paying more than 30% (cost-burdened) or 50% (severely cost burdened) of their income on housing are at-risk when taxes or insurance rise; they may also be subject to predatory lending or flipping scams if they are cash-poor.
- New buyers [HMDA] – income and race. Indications that potential buyers of color are not or cannot purchase in the neighborhood may be of concern and could point to opportunities for homebuyer services.
- Foreclosure filings [county- aggregator?]- We did not find a simple solution for these data; but it would be useful to track foreclosures to assess vulnerability to home loss for current owners. Foreclosures are not likely due to gentrification market pressures, but indicate vulnerable homeowners with economic problems.

Renters: can be displaced by rising rents, expiring subsidies, the turnover of rental units into owner-occupied.

- Subsidized inventory.[Metro Affordable Housing inventory]. number of units and targets; date for expiring units
- Available units at affordable rents [CHAS]. The CHAS data set includes analysis of rental units available at rent levels affordable to households at different income levels, and how many of those affordable units are inhabited by a household of that income level. In other words, it provides availability and actual occupancy data.

Development: Housing exclusion occurs when new development does not include affordable units. Forward tracking should include developments in the pipeline, particularly those with public subsidy (including tax incentives) to ascertain their market niche (unit size and price) relative to housing needs. Exclusion might also occur via code complaints that make it difficult or impossible for owners or landlords to maintain properties as affordable housing.¹⁷

- Permits for new construction, rehabilitation, teardown-BDS
- Code violations-BDS
- Land purchase/PDC disposition
- Land and buildings underutilized

Community economic development Data should be collected to focus on commercial activity. Decreased vacancies and increased commercial rents can signal reinvestment. A shift in occupancy from resident needs-serving to new kinds of businesses may signal gentrification.

- Commercial data *to be tracked by PDC* includes:
 - Commercial vacancies [USPS quarterly report]
 - Commercial rents [Co-Star data]
- *Emerging: neighborhood-serving business analysis.* Using NAICS code data, analysis could be conducted to assess business type turnover, focusing on neighborhood-serving businesses (e.g. basic grocery, Laundromat) to new in-migrant/destination businesses (e.g. gourmet grocery, wine bar)¹⁸

Infrastructure investment Geographically disaggregated data on levels of service can indicate whether investments are needed to create more equitable infrastructure—these analyses are already underway for many infrastructure services in the City. Environmental justice-compliance analysis is also important for focusing on impacts on low-income and communities of color. In combination with housing market analysis, infrastructure upgrading may signal potential gentrification pressures.

- Accessibility data [20-minute neighborhood] include street intersections and sidewalks (measuring “walkability”), and frequent service transit availability.

¹⁷This is not to imply that living in substandard housing is acceptable for lower-income households.

¹⁸ This concept was proposed by Tyler Bump of BPS with ideas on how to conduct this analysis through a retrospective of agreed-upon gentrified business districts such as Mississippi Avenue. This proposes to get at the change in neighborhood commercial area character—the shift from everyday corner market to gourmet salt and “urban taxidermy”—via more detailed data available via NAICS codes for business type and share of employment for different kinds of businesses.

- Access to parks in neighborhood; park improvements

Racial/ethnic demographics. Along with housing vulnerability, racial/ethnic demographics can affect public processes, specifically resident awareness and participation. Public agencies should pay careful attention to whether populations are traditionally underrepresented in planning processes, whether there are some community groups that are substantially better organized and have a greater presence while others are marginalized, and whether there is a need for language interpretation for documents and meetings.

- Specific racial/ethnic population breakdowns [ACS]. There may be existing community-based organizations that are aware of the needs of smaller populations and can be used to assist in outreach.
- English language proficiency [ACS]. Indicates a need for interpretation services in outreach and participation.

Community institutions.

- Public school enrollment data—Public schools are of concern as they relate to neighborhood housing markets. School demographics can show neighborhood racial/ethnic demographics and changes. There are concerns when schools are high-poverty. The attraction of higher-income families to neighborhoods may depend on high-performing schools or the ability to exit the catchment area for other education options (other public schools, charters, or private schools). It may be of concern, for example, if there is a significant in-migration of higher income households with children, but a decreasing school enrollment within district (i.e. families not choosing the home school). It would also be of concern if a school were to revamp its curriculum/focus and see a dramatic shift in demographics away from the demographics of resident young people (i.e. resident children unable to qualify for new offerings). These issues are represented by tracking school demographics (race and poverty based on free/reduced lunch status) and the proportion of schoolchildren exiting the neighborhood catchment area to attend other schools. These data are freely available from the public school system.
- Additional data would need to be collected to assess the status of community-based organizations and culturally specific institutions. For example, there is reporting about the movement of historically African-American churches from Northeast to East Portland. Nonprofit organizations could be surveyed to ascertain whether they are incurring additional transportation costs to serve low-income households who have been displaced, are opening satellite offices or considering moves, or have additional insights about growing spatial mismatch between populations they serve and their location. These data could be qualitative and collected from key community-based organizations as identified.

Appendix I

Gentrification and Displacement Study: implementing an equitable inclusive development strategy in the context of gentrification

The Big Picture: Strategic Questions

The suite of policies outlined above is one way to address gentrification. However, the city has limited resources and a number of important goals to achieve. There are some significant strategic questions that should be considered in putting together a program to address gentrification in the context of healthy, connected neighborhoods and equity goals. These questions cannot be answered by a research study; they are eminently political and should be considered with input from stakeholders. This set of questions is not exhaustive and others may arise as these policies tools are considered.

Which changing neighborhoods should be addressed first and/or with the most resources?

The typology of early/susceptible, dynamic, and late gentrifying neighborhoods describes neighborhood change and the possible avenues for addressing different stages of residential displacement. The potential for impacts varies among these stages; and the resources required to implement policy tools varies. The typology does give a sense of the different policy packages needed in each stage, but does not imply any prioritization.

Given limited resources, should the city act *first* in neighborhoods already experiencing change (mid-dynamic), prevent/mitigate gentrification before it happens (early-susceptible), or pursue opportunity neighborhood housing (late-continued loss)? If the city develops policy tools that include subsidy/incentive, which kinds of areas should receive the *most resources*?

Balancing equity concerns is complicated: are historic harms to long-standing communities 'worse' than newly emerging problems? If working in neighborhoods that are not as far along the gentrification continuum is more efficient in terms of using public resources—does such a 'bang for the buck' approach to leveraging resources help some communities more than others; but could that approach be ultimately helpful in conserving scarce resources to be used elsewhere?

Further questions may arise if additional neighborhoods not currently identified as gentrifying begin to experience housing market and demographic changes. If upon updating the typology map, there are new neighborhoods identified as potentially gentrifying, how could/should the city incorporate these into a policy program?

Could an anti-displacement goal mean an entirely different set of priorities for the City?

The city currently operates with a set of priorities for the use of public resources, especially within the very limited funding available for housing. The strategy developed above suggests that the city would apply anti-displacement, community impacts tools when public investments, especially at the large scale, are planned. In such a strategy, anti-displacement is proactive work, but only for some neighborhoods.

However, an anti-displacement strategy could be initiated more broadly—which would mean a substantial shifting of city resources. A community benefits program could apply not only when public investment zones are created, but for any neighborhood identified in the typology as

gentrifying, for neighborhoods identified as 'opportunity areas' (long term high value areas), or for all neighborhoods.

Does the City use the typology map to create a broad anti-gentrification strategy for housing, economic development, and community development and planning (shifting priorities of bureaus altogether)—where all areas identified as gentrifying have a new set of policies/tools? Or do Bureaus use the map when planning a direct public investment/project/etc in a particular neighborhood, to assess a need for tools to be used piecemeal?

Which policy tools or activities should be implemented, and how should they be prioritized?

If there is a mix of approaches, where some areas are designated to receive anti-displacement policies—the question arises of which tools would be implemented. How to prioritize among the kinds of policies and tools to implement? Should the drilldown and area plan process determine which actions are the highest priority for a community or for public benefit broadly? The choice of tools also is made in a particular neighborhood or investment zone and at a particular stage of gentrification—further complicating the decisions.

Some 'best practice' tools are resource-intensive; some require code changes; others may involve rather extensive negotiation over implementation. In other words, some practices could be activated quickly and/or easily while others cannot. Some practices are more effective at particular stages or with particular kinds of partners. When all possible best practices cannot be activated simultaneously, which should be pursued?

How does gentrification policy fit into the broader set of goals, policies and identified needs for Portland's neighborhoods?

The scope of this study is to address the neighborhoods experiencing changes associated with gentrification, and particularly to consider housing displacement as a primary harm. The study does not prioritize among the stages of gentrification, but it also does not address neighborhoods that are not experiencing housing pressures because they are in persistently low-value markets. The neighborhoods that are persistently low income and low housing value are also in need of policies and resources towards equitable development. How should the needs of these neighborhoods be balanced against the needs in gentrifying areas?

There is a relationship between gentrifying and low-income areas: the latter are the most likely destinations for low-income, vulnerable residents displaced from newly 'hot' markets. The pattern of mobility to neighborhoods in mid-county/East Portland has already been observed to cause deepening poverty and disparities, as these neighborhoods also have serious challenges with overburdened infrastructure, limited accessibility, and schools that are over capacity with assisting families experiencing issues related to low income, limited English proficiency, and instability—including residential instability (and even hypermobility). The connection from gentrification in close-in neighborhoods and East Portland is clear; with fewer affordable units close-in, low income households have to locate in low-priced areas. However, it is not clear whether the City's priority should be to stem displacement and address gentrification in the 'hot'

markets or to create economic opportunities, infrastructure upgrades, and provide more healthy environments in areas where there are no upward housing market pressures.

Focusing attention on persistently low-income/low value neighborhoods would require a different set of policy tools than those considered here. Some of the approaches for community benefits, like workforce agreements and creating community economic development and wealth building opportunities, are similar to those used in gentrifying areas. However, it is far more difficult to require or negotiate community benefits in places where the private market is not as eager to develop because of limited profit opportunities. It also is easier to create vibrant, mixed-income environments in the context of gentrification, where higher income households are already moving in and bringing more economic activity, than where an area has more concentrated poverty. The vulnerable populations and neighborhoods identified here as persistently low income/low value need attention; but how much/what kind?