The Bay Area Housing Crisis: Its Roots and Effects

PRESENTER: Stephen Menendian, Assistant Director

DATE: September 27, 2018
Historical Background

War-time economy

Huge demand for workers at Richmond shipyards during WWII drew many African Americans and other to the region as part of the Great Migration, in which 6 million African-Americans moved out of the rural Southern United States to the urban Northeast, Midwest, and West, pulled by new industry and the war effort.

Segregation

Redlining and union/workplace discrimination limited the movement and wealth available to people of color → People of color concentrated in industrial jobs that have declined in neighborhoods with a legacy of environmental health challenges
Redlining: from the past...
... to the present

Redlining patterns from fifty years ago is still reflected in the racial make-up of places like Oakland and Richmond
Concentration of African Americans:
Richmond: 40-80%
West/East Oakland: 40-80%
Bayview-Hunters Point in San Francisco: 40-80%
The “New” Great Migration

- In the 21\textsuperscript{st} century, we are seeing a new “great migration,” the exodus of African-Americans from urban cores to suburbs and regional peripheries, which some call “the great inversion.”

- Perhaps the most powerful demographic trend between 2005–2015 has been the movement of African-Americans out of central cities into suburbs, often many miles distant from downtown.
The “New” Great Migration

● Between 1980 and 2010, Oakland, CA lost 50,000 African-Americans, 19% of it’s black population.
  ◦ Similarly, Richmond, CA lost 22% of it’s African-American population.

● In contrast, declining inner-ring suburbs have seen tremendous population growth. Between 1970 and 2010, Ferguson, MO went from 1% to 70% black.
Percentage White Population
San Francisco Bay Area, 1950-2010

Source: US Census and ABAG, www.bayareacensus.ca.gov
Different Worlds: Exposure Index

• As 2010, the average white resident of a metropolitan area resides in a neighborhood that is 75.4% white, 7.9% Black, 10.5% Hispanic, and 5.1% Asian.

• In contrast, a typical African-American resident lives in a neighborhood that is 34.8% white, 45.2% Black, 14.8% Hispanic, and 4.3% Asian.

• The “exposure” of the average African-American to the majority white population is “35,” the same as 1950, and worse than 1940.
Segregation in San Francisco

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Segregation in Alameda County

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Segregation in Santa Clara County

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The Cause: The Affordable Housing Crisis

- In 2011, 42.3 million households (37 percent) paid more than 30 percent of pre-tax income for housing, while 20.6 million households paid more than half.

- Today, 54% of all California renters are cost-burdened. The crisis most acutely affects the lowest income groups: 90% of the state’s extremely low-income renters and 87% of the state’s very low-income renters are cost-burdened.

- These costs have a disproportionate impact on communities of color, and reinforce displacement and gentrification.
The Housing Crisis’ Effects: Inequitable Impacts on Communities of Color

Renter Housing Cost Burden by Race and Ethnicity
San Francisco - Oakland - Hayward Metropolitan Area, 2016

Source: Harvard Joint Center for Housing Studies, America’s Rental Housing 2017
Renter Housing Cost Burden by Race and Ethnicity
San Jose - Sunnyvale - Santa Clara Metropolitan Area, 2016

Source: Harvard Joint Center for Housing Studies, America’s Rental Housing 2017
The Housing Crisis’ Causes:
Rapid Rent Increases

Rents have risen rapidly in California since 2011, with the greatest increases in the state’s largest metropolitan areas.

Trend in Real (Inflation-Adjusted) Rent; SF Bay Area, LA Area, & All US Cities: 1950-2017
(Increase in CPI Residential rent index divided by increase in CPI - All items except Shelter)

The Housing Crisis’ Causes:
Rapid Rent Increases

Opening the Door for Rent Control:
Toward a Comprehensive Approach to Protecting California’s Renters

Nicole Montijo, Stephen Barton, and Eli Moore

Available online at:
haasinstitute.berkeley.edu/opening-door-rent-control
The Housing Crisis’ Causes:
“Hourglass Job Growth”

Largest Gains in Very Low Wage & Very High Wage Jobs
Change in Number of Jobs by Hourly Wage Category, Oakland-Hayward-Berkeley MSA, 2009-2017

Source: California Employment Development Department, Occupational Employment Statistics (OES).
The Housing Crisis’ Causes:
Huge Shortage of Affordable Housing

Source: California Housing Partnership Corporation, 2017
The Housing Crisis’ Causes: Not Enough Housing is Being Built - Particularly for Lower Income Households

Regional Housing Needs Allocation (RHNA) Goals & Actuals
San Francisco Bay Area, 2007-2014

The Housing Crisis’ Causes:
Huge Shortage of Affordable Housing

Unfair Shares
Racial Disparities and the Regional Housing Needs Allocation Process in the Bay Area

by Heather Bronfield and Eli Moore

August 2017
Research Brief

Available online at:
haasinstiute.berkeley.edu/unfairshares
The Housing Crisis

- Housing is more than a residence – it is the hub of opportunity. Housing connects people to education/schools, employment opportunities, amenities, and healthy communities.

- In this way, gentrification and concentrated poverty are flip sides of the same coin: Concentrated poverty isolates low-income people of color from opportunity at the core of the region, while isolates them from new opportunities created at the core of the region.
Displacement

African Americans in San Joaquin and San Francisco Counties

Source: Schafran and Wegmann, 2012
A Comprehensive Approach

<table>
<thead>
<tr>
<th>PROTECTION of existing residents</th>
<th>PRODUCTION of new housing needed at all income levels</th>
<th>PRESERVATION of existing affordable housing</th>
<th>POWER of communities through equitable participation and inclusion in decision-making processes</th>
<th>PLACE &amp; PLACEMENT ensuring equitable access to areas of opportunity</th>
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</thead>
<tbody>
<tr>
<td>• rent control</td>
<td>• inclusionary housing</td>
<td>• funding for acquisition &amp; rehabilitation of older affordable homes,</td>
<td>• community land trusts,</td>
<td>• fair housing laws,</td>
</tr>
<tr>
<td>• just cause for eviction</td>
<td>• removing exclusionary &amp; restrictive land use barriers,</td>
<td>• demolition/replacement policies</td>
<td>• community development enterprises</td>
<td>• source of income discrimination</td>
</tr>
<tr>
<td>• condominium conversion policies</td>
<td>• affordable housing bond measures</td>
<td></td>
<td>• inclusive public engagement processes</td>
<td>• tax credit project criteria</td>
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<td>• demolition/one-for-one replacement policies</td>
<td>• RHNA enforcement</td>
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➔ Policy adoption is just the first step.
➔ Equitable change depends on **policy design** and **implementation**.
Rent Control/Stabilization

Cities with Rent Control/Stabilization (& year adopted)

2. East Palo Alto (1983)
3. Hayward (1983)
4. Los Gatos (1980)
5. Mountain View (2016)
7. Richmond (2016)
9. San Jose (1979)

Except for Los Gatos, all of these cities also have Just Cause for Eviction policies

Source: Urban Displacement Project, UC Berkeley, 2017
Nearly ¾ of Bay Area jurisdictions have some form of inclusionary housing

- **AB 1505 (2017)** reestablished cities’ rights to apply inclusionary housing policies to rental housing.
- Some of the cities without Inclusionary Housing: Oakland (has a jobs-housing linkage fee, but doesn’t require inclusion of affordable housing in new developments), Fairfield, Vacaville, Antioch

Source: Urban Displacement Project, UC Berkeley, 2017
Local Bond Measures

**Successful Housing Bond Ballot Measures, 2015–18**

**Citywide**
- San Francisco (2015, $310 million)
- Oakland (2016, $600 million - infrastructure bond)
- Emeryville (2018, $50 million)

**Countywide**
- Alameda County (2016, $580 million)
- San Mateo County (2016, sales tax extension)
- Santa Clara County (2016, $950 million)

Source: California Housing Partnership Corporation, “Confronting California’s Rent & Poverty Crisis: A Call for State Reinvestment in Affordable Homes, April 2016.”
https://haasinstutute.berkeley.edu/
Appendix
Segregation in the Bay Area

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Segregation in Contra Costa County

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Segregation in Marin County

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Segregation in Napa County

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Segregation in San Mateo County

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Segregation in Solano County

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### RHNA Process

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<th>STATE AGENCIES</th>
<th>COUNCIL OF GOVERNMENTS (ABAG)</th>
<th>CITY GOVERNMENTS</th>
<th>PRIVATE REAL ESTATE DEVELOPERS</th>
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<td><strong>State Department of Finance</strong> calculates number of housing units needed per region, by income category</td>
<td><strong>ABAG</strong> creates RHNA methodology to apportion units to each jurisdiction by income category</td>
<td><strong>Cities</strong> update Housing Elements; must zone adequate land in accordance with RHNA targets</td>
<td><strong>Real estate developers</strong> propose housing projects in appropriately zoned areas</td>
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<td><strong>California Housing and Community Development</strong> reviews Housing Elements to ensure they are in compliance with law</td>
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**Legend**
- Interaction between governmental actors
- During discretionary review, **cities** award or deny approvals to proposed projects
- Interaction between governmental and private actors
- If permits are awarded, **developers** build housing

Source: “Unfair Shares” (2017) Haas Institute for a Fair and Inclusive Society
RHNA Obstacles

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<td>Projections assume equal housing need for all groups, but existing housing stock is smaller for low income groups than high income</td>
<td>Anti-growth cities use official and unofficial channels to promote methodologies that result in lower RHNA allocations for them</td>
<td>Some cities submit Housing Elements with incomplete/ misleading data on where housing can be developed; HCD lacks resources to audit</td>
<td>Developers are less likely to propose projects in cities that are perceived to be, or truly are, anti-growth</td>
</tr>
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<td>During discretionary review, cities award or deny approvals to proposed projects</td>
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<td>There are no consequences for cities that do not permit enough housing to meet their RHNA targets</td>
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Source: “Unfair Shares” (2017) Haas Institute for a Fair and Inclusive Society
The Housing Crisis’ Effects:
Increasing Homelessness

2017 Homelessness Point In Time Count

<table>
<thead>
<tr>
<th>CoC Name</th>
<th>Total Homeless, 2017</th>
<th>% Unsheltered Homeless, 2017</th>
</tr>
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<tr>
<td>San Jose/Santa Clara City &amp; County</td>
<td>7,394</td>
<td>74%</td>
</tr>
<tr>
<td>San Francisco</td>
<td>6,858</td>
<td>63%</td>
</tr>
<tr>
<td>Oakland/Alameda County</td>
<td>5,629</td>
<td>69%</td>
</tr>
<tr>
<td>Santa Rosa/Petaluma/Sonoma County</td>
<td>2,835</td>
<td>65%</td>
</tr>
<tr>
<td>Richmond/Contra Costa County</td>
<td>1,607</td>
<td>57%</td>
</tr>
<tr>
<td>Marin County</td>
<td>1,117</td>
<td>63%</td>
</tr>
<tr>
<td>Daly/San Mateo County</td>
<td>1,253</td>
<td>51%</td>
</tr>
<tr>
<td>Napa City &amp; County</td>
<td>315</td>
<td>37%</td>
</tr>
<tr>
<td>Vallejo/Solano County</td>
<td>1,232</td>
<td>74%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>28,240</strong></td>
<td><strong>67%</strong></td>
</tr>
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Source: US Department of Housing and Urban Development
2017 Homelessness Point In Time Count

- 18,800 Unsheltered
- 3,843 People in Families
- 8,032 Chronically Homeless
- 2,557 Veterans
- 5,778 Unaccompanied Youth (under 25)