Investment without Displacement: Neighborhood Stabilization

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Bay Area on the Rise

Sources: US Bureau of Economic Analysis, MTC Vital Signs, CA Dept. of Finance
Recent economic growth is not a neutral story

- Declining poverty
- Growth in high wage jobs
- Low unemployment
- Income inequality
- Rising rents
- Jobs and housing mismatch
- Suburbanization of poverty
Bay Area’s Skyrocketing Rent

Source: Zillow Rental Index Multifamily, SFR, Condo/Co-op Time Series

NOTE: Values adjusted to 2015 dollars

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NOTE: Values adjusted to 2015 dollars
Bay Area’s Growing Renter Population

Growth in Renter Population (2006-2014)

- Alameda: 23%
- Contra Costa: 40%
- Marin: 10%
- Napa: 6%
- San Francisco: 17%
- San Mateo: 15%
- Santa Clara: 21%
- Solano: 23%
- Sonoma: 20%
- Total: 21%

Source: US Census Bureau, American Community Survey, 1-year estimates, 2006-2014
Disadvantaged Populations are Renters


White: 38% Owner, 62% Renter
Hispanic: 40% Owner, 60% Renter
No High School Diploma: 62% Owner, 38% Renter
African American: 67% Owner, 33% Renter
In Poverty: 76% Owner, 24% Renter
Economic Prosperity is Not for All

### Median Annual Income by Job Type

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<td>2006</td>
<td>$70,000</td>
<td>$35,000</td>
<td>$50,000</td>
<td>$80,000</td>
<td>$20,000</td>
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<td>2007</td>
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<td>$55,000</td>
<td>$85,000</td>
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<td>2008</td>
<td>$80,000</td>
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<td>2009</td>
<td>$85,000</td>
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<td>$80,000</td>
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<td>2013</td>
<td>$105,000</td>
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<td>$115,000</td>
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<tr>
<td>2014</td>
<td>$110,000</td>
<td>$75,000</td>
<td>$90,000</td>
<td>$120,000</td>
<td>$36,000</td>
<td>$23,000</td>
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<td>2015</td>
<td>$115,000</td>
<td>$80,000</td>
<td>$95,000</td>
<td>$125,000</td>
<td>$38,000</td>
<td>$24,000</td>
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</tbody>
</table>

Wages Have Not Kept Up With Rents

- At CA minimum wage of $10/hr, you would have to work 89 hours a week to afford a 1BR apartment in California.

- In San Francisco, you would have to work 109 hours/week to afford that 1BR.
Resulting in widespread displacement

> 53% of low-income households live in neighborhoods at risk of or already experiencing gentrification and displacement

~ 50% of displacement is happening in moderate/high income neighborhoods

Source: Urban Displacement Project
Preventing Displacement

- Stabilizing Neighborhoods
- Augmenting and preserving existing housing stock
- Increasing Affordable Housing Supply

Berkeley
UNIVERSITY OF CALIFORNIA
URBAN DISPLACEMENT
Questions for today

1. What do we mean by “stabilize” and why is it important?

2. What are some policies that local governments are turning to in order to stabilize neighborhoods?

3. What have been some of the challenges and successes of implementing these policies in the Bay Area?
What does it mean to stabilize neighborhoods and why is it important?
Stability ≠ Lack of Mobility

In stable neighborhoods, mobility is a choice rather than a force.
Stable neighborhoods are characterized by low turnover where people can stay in place by choice in quality housing, contributing to family and community wellbeing, civic engagement, and the formation of social capital.
Impacts of housing instability

- Children suffer
  - Switching schools or disrupting academics
  - Children’s wellbeing hit hardest by instability

- Parents suffer
  - Stress and depression

- Families suffer
  - Moves to lower-income, higher-crime, disinvested neighborhoods

- Communities suffer
  - Weaker social networks impact community wellbeing and sense of belonging
  - Diminish ability to come together and make change
Low-Income Neighborhoods are Less Stable

![Bar chart showing average annual housing unit turnover rates for different neighborhood types.](chart)

<table>
<thead>
<tr>
<th>Neighborhood Type</th>
<th>Average Annual Housing Unit Turnover (2009-2013)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very low income (n=442)</td>
<td>19%</td>
</tr>
<tr>
<td>Mixed (n=196)</td>
<td>15%</td>
</tr>
<tr>
<td>Bipolar (n=411)</td>
<td>15%</td>
</tr>
<tr>
<td>Very High Income (n=531)</td>
<td>13%</td>
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</tbody>
</table>

What are some tools communities can use to stabilize neighborhoods?
Neighborhood Stabilization Policies and Tools

Preventative
- Condo Conversion Restrictions
- Rent Control/Stabilization
- Community Land Trusts
- Right of First Refusal

Responsive
- Landlord Anti-Harassment Protections
- Tenant Counseling
- Rental assistance
- Community Organizing

Housing
- Just Cause Evictions Protections

People
- Vacancy Control
- Relocation Benefits
- Right to Return
Success Story: Right of First Refusal
Washington, DC

- Tenant Opportunity to Purchase Act (TOPA):
  - Over 2100 properties preserved for low-income households
  - Today over 100 cooperatives

Image: Latino Economic Development Corporation
Success Story: Tenant Support Unit
New York City

• Door-to-door outreach: legal assistance and repairs

• 2013: 1 in 100 tenants in housing court had representation

• 2016: more than 1 in 4 have representation
Success Story: Protections for Kids
San Francisco

–2010: Prohibition of evictions of families with schoolchildren during school year

–2016: Protections extended to teachers – and then struck down
Policy Focus: Rent Control and Just Cause Protections

Rent Control*
- Limits the amount by which a private landlord can raise rent on current tenants
- Contemporary rent stabilization ordinances tie rent to inflation (i.e., CPI, etc.)

Just Cause Eviction Ordinances
- Limits reasons for evictions to “just causes” such as nonpayment of rent, violation of rental agreement, or illegal use of the unit.
Rent Control and Stability

Rent Control can keep rents from increasing in gentrifying neighborhoods:

– Rents for unregulated units in gentrifying neighborhoods of New York between 1996 and 1999 increased by an average of 43.2%, while rents for regulated units increased by only 11.4%

Rent control can contribute to stability and tenure security:

– In Urban Displacement Project analysis of 7 Bay Area cities with rent control, renter stability was higher in cities with rent control than in the state overall
Rent Control and Stability

Significant drop in mobility rates with introduction of rent control

– In Los Angeles, renter mobility went from 38% in 1977 to 24% in 1980.
– Lower-income and older households benefit most

Longer tenure by 6 years:

– New York City: As of 2008, rent-stabilized tenants in NYC had lived in their units for an average of 12 years, compared to six years for households in market-rate units
– Similar results found in non-US context – Denmark
How are neighborhood stabilization policies being implemented in the Bay Area?
<table>
<thead>
<tr>
<th>City</th>
<th>Measure</th>
<th>Measure Type</th>
<th>Voter Initiative/City Council</th>
<th>Policy</th>
<th>Pass?</th>
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</thead>
<tbody>
<tr>
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<td>R</td>
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<td>• Rent Stabilization</td>
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<tr>
<td></td>
<td></td>
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<td>• Just Cause Evictions</td>
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<tr>
<td>San Mateo</td>
<td>Q</td>
<td>Voter Initiative</td>
<td>• Rent Stabilization</td>
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<td></td>
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<td>• Just Cause Evictions</td>
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<tr>
<td>Mountain View</td>
<td>W</td>
<td>City Council</td>
<td>• Rent Stabilization</td>
<td>No</td>
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# Ballot Initiative Round-Up

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<th>Pass?</th>
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<tbody>
<tr>
<td>Alameda</td>
<td>L1</td>
<td>City Council</td>
<td>• Mediation on increases above 5%</td>
<td>Yes</td>
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</tbody>
</table>
| Alameda  | M1      | Voter Initiative              | • Rent Stabilization  
• Just cause eviction                                                   | No    |
| Richmond | L       | Voter Initiative              | • Rent Stabilization  
• Just cause eviction                                                   | Yes   |
| Oakland  | JJ      | City Council                  | • Strengthens existing Rent Stabilization  
• Extends existing Just cause eviction protections                        | Yes   |
What are some of the challenges and successes of passing and implementing these policies in the Bay Area?
Today’s Panel

Farzana Serang
GCC/TSFF

Jennifer Martinez
Faith in Action

David Lim
City of San Mateo

Leah Simon-Weisberg
Tenants Together