

redwood city

New Urbanism and Downtown Revitalization



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New Urbanism and Downtown Revitalization

Case Study on Gentrification and Displacement Pressures in Redwood City, CA

Introduction

Redwood City is on a path toward immense change. Located on the southeastern edge of the San Francisco Peninsula in the affluent San Mateo County, the city of more than 75,000 residents is currently the site of an intense economic development scheme. The foremost goal behind this effort is to put to rest the old moniker “Deadwood City,” which has been used over the past several decades by locals to characterize the moribund downtown area. With revitalization, city officials envision their downtown as a new hub for entertainment and commerce in the region and as a home to affluent residents (“The Downtown Precise Plan” 2011). This vision, however, is not necessarily in harmony with Redwood City’s historic role as a home for low- and middle-income families on the Peninsula. As city officials try to insert their town into the thriving Silicon Valley economy, policies are needed to ensure that its current low- and moderate-income residents receive some of the benefits of development and are still able to afford to live there as the cost of living rises. This case study explores provisions for affordable housing in the current development scheme in Redwood City to assess potential displacement pressures.

We begin with an overview of Redwood City today, placing a particular focus on the history and potential future of development in the downtown area. We next turn to the downtown development plan and examine the issues it will create in terms of displacement. We then review the affordable housing policies currently in place and evaluate the types of jobs that are likely to be created as the city grows. We find a need for affordable housing construction to accommodate future increases in the low-wage workforce. Redwood City risks displacing and excluding low-income earners if it does not put in place stronger supports for affordable housing construction.

Methodology

The case study relies on mixed methods to study Redwood City. The demographic and housing indicators presented in this case study are those associated with processes of residential displacement, and/or thought to influence susceptibility to such processes (Chapple 2009). Data on these indicators are from the decennial Census for the years 1980, 1990, 2000 and 2010, and from the American Community Survey (ACS) for the period 2009-2013. Census data from 1980 to 2000 is from the Geolytics Neighborhood Change Database, and is normalized to the 2010 Census geographies. The aggregated data of eight census tracts, detailed below, are used to represent Redwood City. The census tracts used do not perfectly delineate the neighborhood but they are the best representation available at this time and were vetted with Community Based Organizations. Data on residential sales and housing permits was taken from DataQuick.

Qualitative data included archival research of newspaper articles, planning documents, and academic literature. Interviews with community stakeholders were incorporated into the narrative based on questions regarding demographic, housing, and commercial change. These stakeholders ranged from staff at community organizations, government officials, to developers.

To verify and extend the data found in these secondary data sets, we conducted a “ground-truthing” exercise where, for sample blocks in the case study area, we conducted a visual survey of conditions on the ground to ascertain levels of investment and change; this analysis is found in an appendix. The data gathered through ground-truthing was subsequently compared to Census figures and sales data from the San Mateo County Assessor’s Office, which was obtained through Dataquick, Inc. Of the sample blocks’ 55 parcels re-

corded in the assessor dataset, field researchers were able to match 95% of these parcels on the ground. Of parcels for which a land use was indicated in assessor data and clear through ground-truthing, 76% matched. The total number of units on the four blocks ranged from 171 according to assessor data to 180 according to ground-truthing. These results suggest that minimal error may exist in the Assessor's reported count of housing units and unit type for Redwood City.

Geography

To understand the potential for displacement associated with economic development in Redwood City, we analyzed the changes in the downtown area relative to the local and regional context. We studied eight census tracts: 6102.2, the downtown area as defined by the city in its Downtown Precise Plan (DTPP), and the immediate surrounding tracts 6100, 6101, 6102.1, 6102.2, 6102.3, 6105, 6107, and 6109. These tracts were chosen because of their proximity of the Caltrain station, which is the focal point of development. One of the census tracts (6105) includes a portion of the unincorporated North Fair Oaks neighborhood, a low-income area.

Demographic Profile

As Redwood City strategically attracts wealthy employers, employees, and developers to its downtown, the surrounding neighborhoods may become vulnerable to being displaced from what is now one of the most affordable cities on the Peninsula. The high proportion of minority residents exacerbates this vulnerability, as language barriers, racism, and discrimination lead to weaker representation in city politics.

Income and Poverty

Redwood City's median household income in 2013 was \$79,419, compared with \$88,202 for San Mateo County. This figure, though, obscures the larger income discrepancy between Redwood City and neighboring communities like Atherton. Of the 20 incorporated cities in San Mateo County, Redwood City has one of the

lowest median income levels ("Social Explorer" 2014). The Redwood City Caltrain station may be considered an emblem of the city's efforts to tap into the regional economy: The biggest income gap between two neighboring Caltrain stations less than three miles apart occurs between Redwood City and Atherton, with a median income of \$193,000 (M. Green 2013).

There are also significant income disparities among Redwood City's neighborhoods. Figure 1, below, shows each tract's median income in 2013. There are lower-income communities immediately surrounding downtown and to its southeast in the Stambaugh Heller and Redwood Village neighborhoods, and much wealthier Oak Knoll/Edgewood neighborhoods to the northwest and in the hills. Seven out of eight of our study tracts have average incomes below the city median.

In addition, the poverty rates differ substantially between the study area and San Mateo County, and between the tracts, as shown in Table 1. Poverty rates have risen between 1980 and 2013 in six of the eight tracts in all but two tracts, 6100 and 6101, which have historically been more affluent than other tracts in the study area. It is also worth noting the sharp rise in poverty rates in Tracts 6102.3 and 6109 in the last ten years between 2000 and 2013.

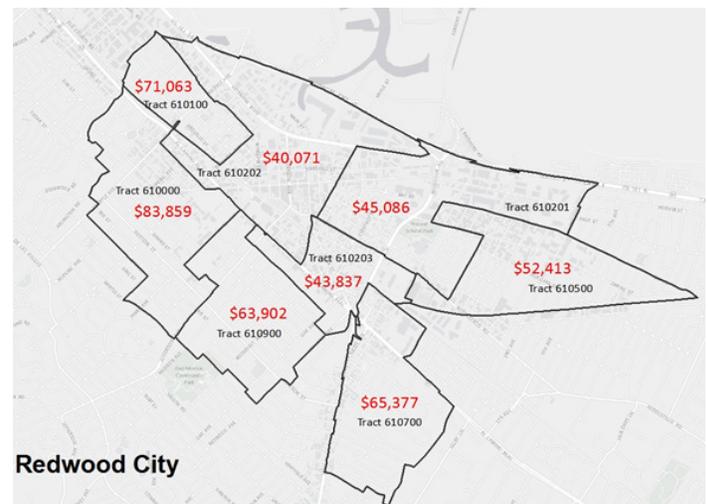


Figure 1: Median Household Income Levels in Study Tracts, 2013

Source: 2009-2013 American Community Survey

Table 1: Poverty Rates in Redwood City Tracts compared to San Mateo County, 1980-2013

	1980	1990	2000	2013	Percent change 1980-2013	Percent change 2000-2013
San Mateo	6%	6%	6%	8%	2%	2%
Study tracts average	10%	13%	9%	14%	4%	5%
6100	6%	5%	4%	2%	-4%	-2%
6101	15%	6%	7%	4%	-11%	-3%
6102.1	14%	17%	13%	20%	6%	7%
6102.2	14%	16%	8%	17%	3%	9%
6102.3	14%	17%	6%	25%	11%	19%
6105	9%	20%	16%	24%	15%	8%
6107	9%	10%	8%	10%	1%	2%
6109		10%	4%	14%	6%	10%

Source: US Census, 1980, 1990, 2000 (Geolytics 2014); American Community Survey 2009-2013

Population and Family Changes

The study area has seen significant population growth overall from 1980 to 2013, however, much of this growth took place between 1980 and 1990, as shown in Table 2. Since 1990, population growth has slowed down substantially. Redwood City downtown growth was much higher than the county's as a whole between 1980 and 1990. In the last decade the study area's population declined while the county's growth continued but at a slower pace. It is worth noting that not all of the areas in and around downtown grew at the same rate. The areas on the east side of El Camino Real Road, a relatively dense area with residential duplex, multi-family homes and commercial strips, grew much more quickly than areas on the west side of it.

Table 2: Population, 1980 – 2013

Year	Redwood City		San Mateo County	
	Total	Change (%)	Total	Change (%)
1980	25,668	--	587,289	--
1990	31,950	24%	649,623	11%
2000	35,831	12%	707,161	9%
2013	37,564	5%	729,543	3%
Percent change 1980 - 2013	--	46%	--	24%

Source: US Census 1980, 1990, 2000 (Geolytics 2014); American Community Survey 2009-2013

Since 1980, the majority of households in the study area have been families, as shown in Figure 2. The ratio of family to non-family households has increased.

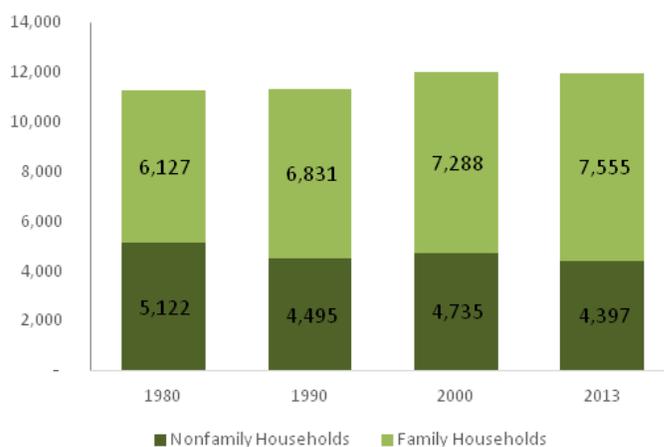


Figure 2: Total Households in Redwood City, 1980 – 2013

Source: Census 1980, 1990, 2000 (Geolytics, 2014); American Community Survey 2009-2013

Race and Ethnicity

Income disparities mirror racial demographics. The population of Latino residents in these eight census tracts has increased overall from 26% to 60% of the total from 1980 to 2013, but these changes vary significantly by tract, with Latino residents overrepresented in lower income tracts. In keeping with this trend, these lower income tracts have a higher proportion of minority residents compared to the city as a whole, where just 40% are Latino. In particular, it is worth noting that a high proportion of Latino families live in the North Fair Oaks neighborhood adjacent to Redwood City. This area contains some older homes on smaller lots and many older apartment buildings. At the same time, the area is providing flexible space for business-

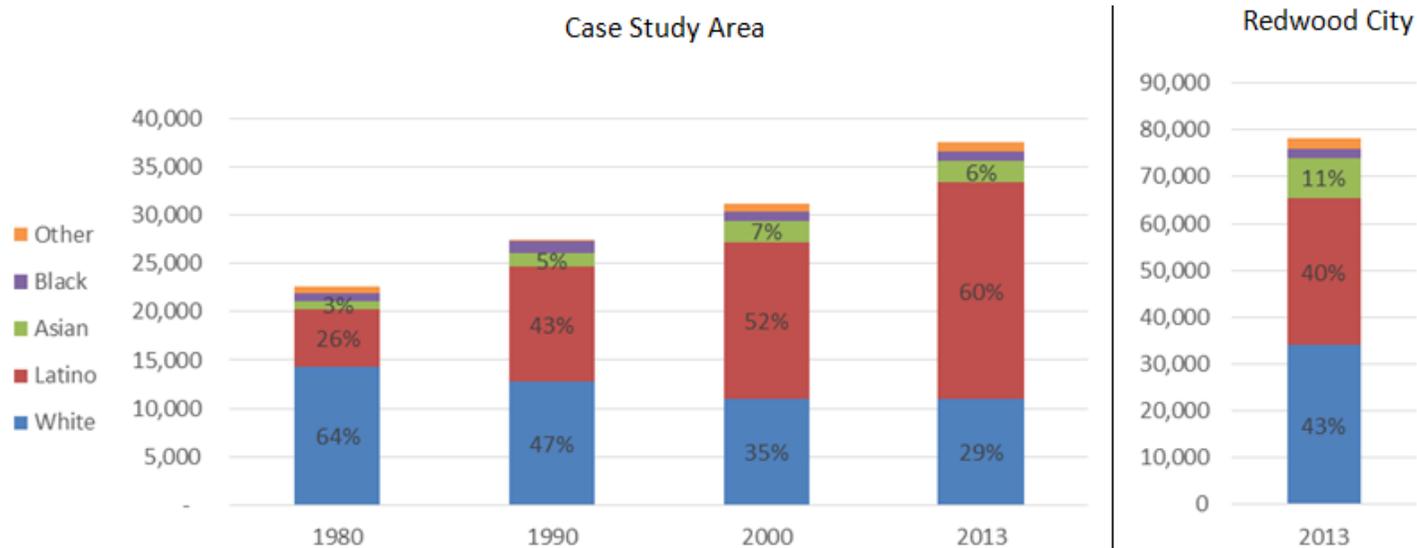


Figure 3: Redwood City Race/Ethnicity by Percent, 1980 – 2013

Source: Census 1980, 1990, 2000 (Geolytics, 2014); American Community Survey 2009-2013

es, including new technologies and light industrial uses. It has a concentration of low-income people and, depending on how Redwood City’s development progresses, could face displacement pressures in the future as a result. There have been significant changes in the study area’s racial composition from 1980 to 2013, as shown in Figure 3, as the percentage of Hispanic and Latino population has increased steadily, while the White population has fallen. The proportions of Asian and Black populations have remained fairly constant over the four decades.

Housing

The housing stock in the study area has grown by approximately 1,000 units between 1980 and 2013, as shown in Table 3. This represents a 9% increase, which is relatively low especially when considering the 46% population increase during the same time period. The vacancy rate has remained low overall.

Table 3: Redwood City Housing Units and Vacancies, 1980-2013

Year	Total Housing Units	Vacant Units	Vacancy Rate
1980	11,541	367	3%
1990	11,980	554	5%
2000	12,117	258	2%
2009-2013	12,585	633	5%

Source: U.S. Census 1980, 1990, 2000 (Geolytics 2014); American Community Survey 2009-2013

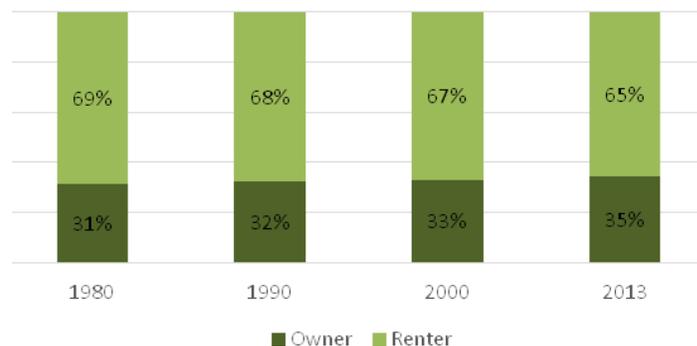


Figure 4: Housing Tenure in Redwood City, 1980-2013

Source: U.S. Census 1980, 1990, 2000 (Geolytics 2014); American Community Survey 2009-2013

The study area has many more renters than owners (Figure 4), which makes the residents here more susceptible to displacement.

Costs for Renters and Owners

Both the study area and San Mateo County as a whole have seen a steady increase in rents over time, except for the period 2000-2010 when rents declined due, as shown in Figure 5. By 2013, the median rental price in the study area had risen above the pre-recession level, increasing faster than the county as a whole. Rising housing costs that are comparatively low compared to the surrounding area may indicate susceptibility to gentrification.

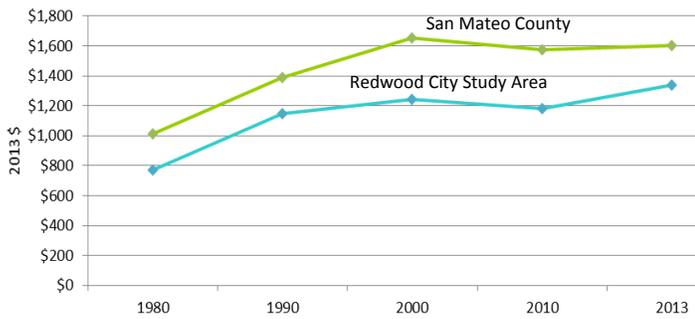


Figure 5: Median Rent, 1980-2013

Source: U.S. Census 1980, 1990, 2000, 2010 (Geolytics 2014), U.S. Census 2013 ACS 5-year estimates

While the Downtown area has historically had a lower housing cost compared to the County overall, this is changing given new construction there, with rents starting at \$4,000 and up, according to a stakeholder. Households in Downtown face significant housing cost burdens, defined as paying 35% or more of income towards housing costs. Figure 6 shows a substantial proportion of households in the study area bear heavy housing cost burdens, particularly rental households. Both mortgage and rent burdens have climbed since 1980 but increased more sharply between 2000 and 2013. By 2013, 59% of households in the study area were rent burdened.

Overcrowding

In 2000, over 40% of households in the study area reported “overcrowding” or “extreme overcrowding”. However, overcrowding decreased over the following decade with 17% of households being overcrowded and 11% reporting extreme overcrowding in 2010, and the trend continued into 2013, as shown in Figure 7. The level of overcrowding in the study area in 2013 is similar to that of Redwood City as reported in the Housing Element 2015-2023 draft report. Despite this progress, Redwood City still has a higher numbers of overcrowded rental homes than elsewhere in the county and overcrowding remains a key concern (Housing Element 2015-2023, September 2014).

Home Ownership

Overall, sale prices have trended upward between 1988 and 2014, with the spike and decrease of the housing bubble evident in the mid-2000s (Figure 8 and Figure 9). This trend could increase the risk of displacement of low-income residents.

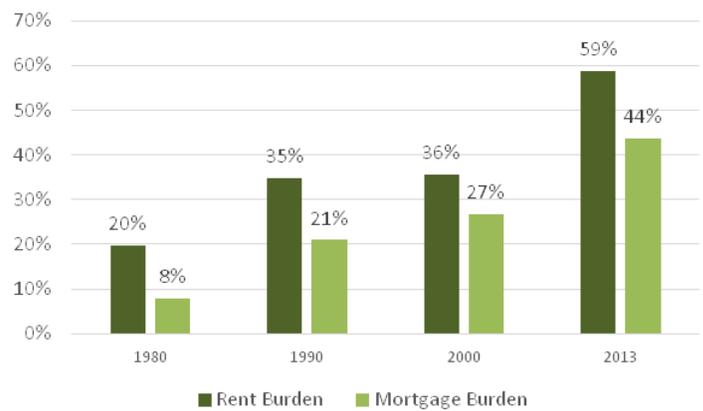


Figure 6: Redwood City Percentage of Housing Units with Rent or Mortgage Burdens, 1980-2013

Source: U.S. Census 1980, 1990, 2000 (Geolytics 2014); American Community Survey 2009-2013

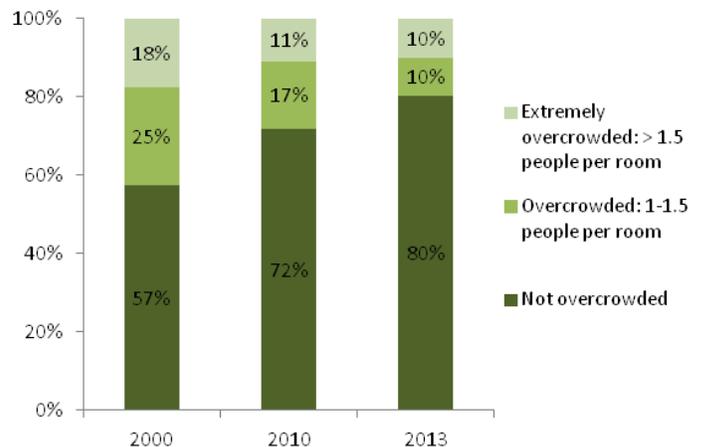


Figure 7: Redwood City Overcrowding by Percentage of Housing Units, 2000, 2010 and 2013

Source: U.S. Census 2000 (Geolytics 2014); American Community Survey 2006-2010 and 2009-2013

Trajectory of Change

The Downtown Precise Plan

The downtown area has seen an especially severe decline in income, which poises it for reinvestment. While the census tract that encompasses Redwood City’s downtown has historically housed few residents there are plans to substantially increase the housing supply through market rate development. This raises questions about how residents in surrounding low-income census tracts will fare as the economy shifts to keep pace with the surrounding boom.

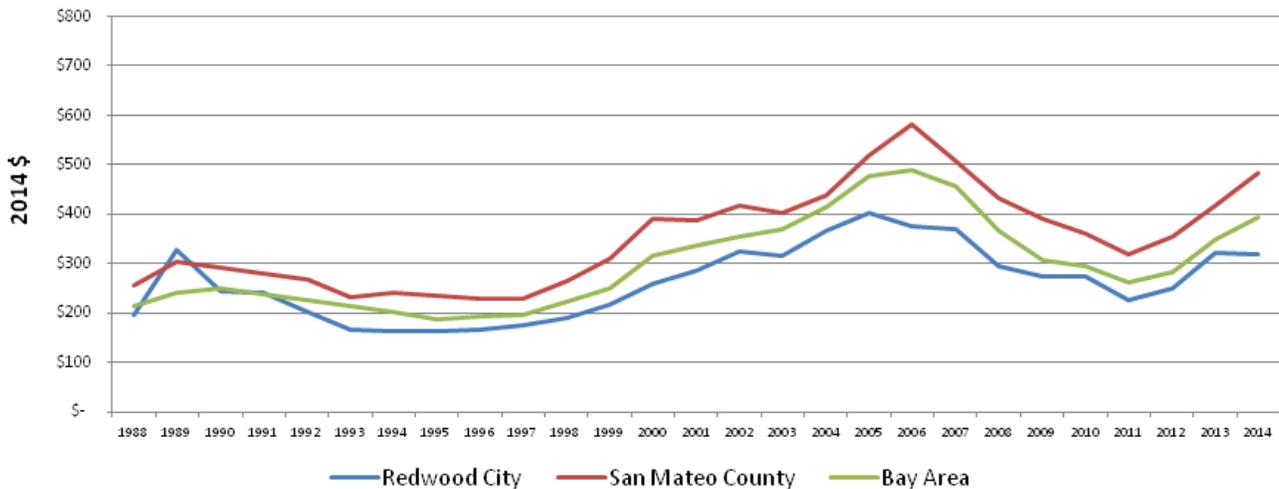


Figure 8: Median Sale Price per Square Foot – Multi-Family Properties
Source: Dataquick; “Bay Area” includes all tracts in the 9-county area)

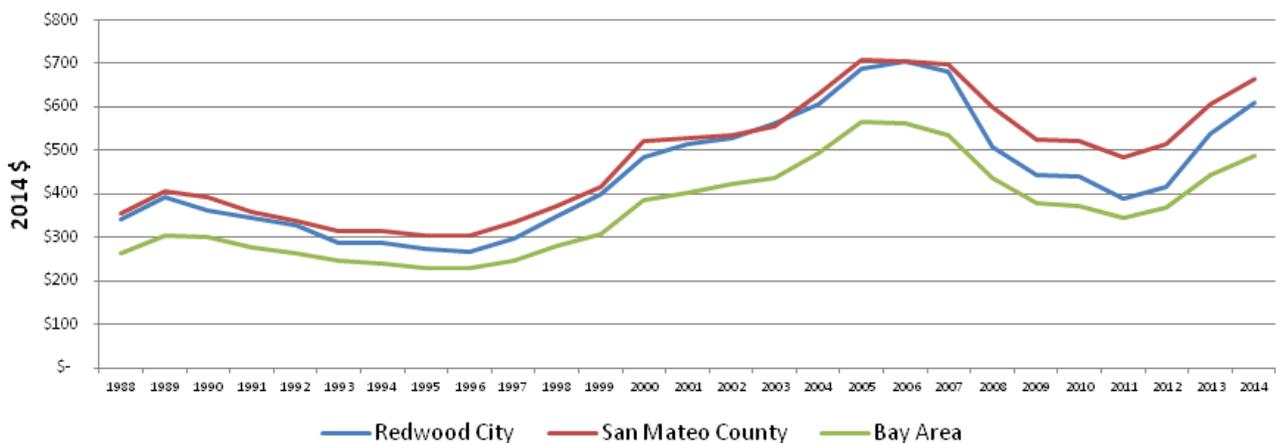


Figure 9: Median Sale Price per Square Foot - Single Family Homes
Source: Dataquick; “Bay Area” includes all tracts in the 9-county area)

Adopted in 2011, the Downtown Precise Plan (DTPP) is the guiding framework for the economic revitalization of Redwood City. It introduces a number of incentives intended to jumpstart activity by reducing restrictions on development. For example, “among the most important elements of the DTPP was the implementation of Form-Based codes and By-Right Zoning. Many building entitlements in the DTPP area now come through administrative approvals in an amazing 6 month or less,” according to a stakeholder. Local officials hope that an influx of investment dollars will make Redwood City desirable to the high-tech sector in Silicon Valley. The strong transportation connectivity via Caltrain, the Dumbarton Bridge, and El Camino Real makes it an especially ripe location.

The DTPP is centered on bolstering commercial life downtown and bringing restaurants, shops, and hous-

ing that supports the lifestyle of these workers, common characteristics of transit-oriented development (TOD). This strategy will be enhanced by Redwood City’s history as the oldest city on the Peninsula, which has endowed it with art deco theaters and other pieces of historic architecture. If the DTPP is successful, more people will be able to live and work in the area and more families will want to take trips downtown.

What does the DTPP look like? Here it bears repeating that local officials want to do away with the “Deadwood City” title. The enthusiasm around this rebranding is evident in the film noir produced by Mayor Jeffrey Gee and pictured below in which they bury a plaque inscribed with “Deadwood City” in the foundation of a new building (City of Redwood City 2014a). They will do whatever they can to avoid scaring off developers with burdensome restrictions and to attract higher-in-

come households with disposable income to support a new consumer economy downtown. Conversations with stakeholders revealed that the strategy of development could be characterized as a “trickle down” approach in which the presence of higher income residents is believed to benefit lower income residents. The DTPP thus justifies overriding regulations or restrictions that apply to the rest of the city. By doing so, the DTPP creates a zone of exception in the downtown area where policies that are meant to address social concerns of the municipality as a whole will be weakened to incentivize development. For example, density and zoning restrictions have been removed or minimized in the DTPP, nullifying the effect of a density bonus ordinance that is intended to incentivize affordable housing. The plan adopts a form-based code, privileging a New Urbanism aesthetic that will support nightlife and fine dining.

Importantly, there is very little housing downtown, about 830 units, according to the 2010 Census. Our review shows that about 240 of these units are affordable but this high proportion reflects the fact that these units were erected under Redevelopment and that they were built downtown at a time when no one else wanted to live there (San Mateo County Department of Housing 2012). With new development, Redwood City is hoping that at least 2,500 units will be constructed downtown. There are already about 1,300 units slated for construction in the vicinity, though none of these appears guaranteed to be affordable. In fact, almost all of them are described as luxury. Additionally the plan calls for 500,000 square feet of office space, 300,000 square feet of which have already been built (City of Redwood City 2014b).

The 2014 State of the City Movie:
“Where is Deadwood City?”



Figure 10: Redwood City 2014 State of the City Movie:
“Where is Deadwood City?”

Considering all of the above, the availability of affordable housing is an ongoing concern among residents in Redwood City. Of course, local officials could not have anticipated the dissolution of the state’s redevelopment agencies, which put into jeopardy millions of dollars that could have gone towards affordable housing development. In light of this change, housing advocates and community organizers are wary that that development downtown will increase unaffordability without providing adequate new affordable units, and there are signs that this is already happening. Community service providers report that many lower income families are struggling to afford to stay in their homes, doubling up with extended families and passing down real estate between generations because purchasing new homes are not within reach. Maintaining ownership in this way is one anti-displacement strategy that is being employed by residents, but Redwood City is an increasingly renter-dominated market. As the population increases and the economy shifts to attract a regional market, tenant protections and subsidized affordable housing development is critical to maintaining the affordability of Redwood City for middle and low income people on the Peninsula.

While there have been few recorded instances of direct displacement related to development in downtown given its small population size, there is a risk of potential exclusionary displacement in the future in that low income residents will not be able to move into the area. Community organizations are responding by preemptively putting in place measures to protect against the displacement that is likely to occur.

Weak Provisions for Affordability

A lack of affordable housing in the context of Redwood City’s current growth trajectory will contribute to displacement pressures. However, even now there is a shortage of housing to accommodate downtown workers. The short supply will put pressure on the prices of existing units downtown, which is likely to create spillover demand in adjacent neighborhoods and push rent upwards. The neighborhoods adjacent to downtown are currently accessible to low-income earners, but this will change as rents rise. While affordable housing is frequently cited as a key concern in the City’s general plan, there are no policies explicitly driving its construction. Furthermore, the DTPP originally included no provision to include affordable housing, and, partly due to the loss of redevelopment, there are no mechanisms in place to extract revenue for afford-

able housing from profitable ventures in the downtown core (though recent council action, discussed below, may change this).

The city has already seen a significant spike in housing development since 2011, the year that Redevelopment was dissolved and the DTPP was adopted. Within the following two years, 1,172 residential units were built, all of them market rate (McKeag 2013). Following the dissolution of Redevelopment, Redwood City community organizations have pushed the city council to pass an inclusionary housing ordinance to harness some of the gains of development for the city's low income population and ensure that 15% of all new units are below market rate. The city council has repeatedly struck down this ordinance on the basis of the *Palmer v. City of Los Angeles* decision, a court ruling that severely undermined the power of California cities to mandate affordable housing development for rental development. *Palmer* ruled that inclusionary housing mandates violate the 1995 Costa-Hawkins Act, which guarantees a landlord's right to set the initial rental rate of proprietary units, thereby disallowing inclusionary zoning in market rate rental developments (it does not apply to inclusionary ownership units). Anecdotally, interviews suggest the city council is generally uncooperative on passing affordable housing legislation because of fear that any regulation will be harmful to economic development goals. Other cities are using impact or other fees to work within the new policy landscape.

Reviewing the General Plan's Housing Element, fifteen of the twenty-four implementation goals relate to affordable housing. Of these programs, inclusionary zoning, a commercial linkage fee, or a housing impact fee have the greatest potential to bring new affordable units to the city alongside market rate development. The Redwood City Planning Department was responsible for completing a nexus study on the potential for a commercial linkage fee to provide funds for affordable housing to the city by 2011 ("Housing Element" 2009); in 2014 the city agreed to participate in a countywide nexus study, which served as the basis for a development impact fee. At public meetings, community members have expressed support for exacting fees on developers ("Redwood City 2015- 2022 Housing Element Update Workshop #1" 2013).

The city is currently in the process of updating its housing element for 2015-2023, and inclusionary housing remains a key debate. 21 Elements, a coalition of 21

Peninsula governments undertaking a planning alignment process, has recently reported on Redwood City's progress towards the housing goals that are delineated in its housing element. While the housing element sets quantified goals for affordable housing development and identifies the parties responsible for investigating progressive policy opportunities, few of these specific goals have been met. Between 2007-2013, 228 units of housing affordable to very low-, low-, and moderate-income households were produced in Redwood City—21% of their regional allocation (Association of Bay Area Governments 2015). The city has plans to invest further in affordable housing via Habitat for Humanity, use a publicly-owned lot downtown for affordable housing, and continue to administer its low-interest loan program for home improvements (Jeffrey Gee, personal correspondence, 2015). While the housing element committed the city to providing subsidies for affordable housing downtown and along major corridors, no subsidy was allocated in 2012.

Despite this record, the city has taken steps to address affordable housing: The city has in place flexible zoning for "alternative" housing models, a revision of development standards for secondary units, and a program to provide assistance to first time homebuyers who may eventually "move up" into market rate housing. The city also distributes funds to support rehabilitation of some low income housing for both renters and owners.

One new policy, is a Community Benefits program for Redwood City that would require developers to contribute towards "specific benefits or amenities...as part of their future development projects" (City of Redwood City 2015). The city has held community workshops where, in combination with an online poll, residents' general preferences for community benefits were identified, with affordable housing emerging as the top priority (Redwood City 2015). Going forward, specific guidelines the city intends to update the Planning Commission and City Council at a hearing, after which a project schedule will be created (City of Redwood City 2015). Moving forward the City will develop a specific plan for implementation of the framework, which may include updating development fees and requirements, on-site community improvement incentives, and establishment of a community fund.

In October 2015, the Council passed several new bills related to affordable housing. These included: implementing an affordable housing impact fee (ranging from \$5-25 per square foot for developers of projects

over 5,000 square feet) that is anticipated to raise over \$3 million per year; instructing staff to pursue occupancy taxes for short-term rentals through sites like Airbnb, to be used for affordable housing; taking a step towards making it easier for homeowners to build accessory dwelling units; and amending the Downtown Precise Plan to allocate 15% of the new downtown housing units to be affordable to very-low and low-income households (Silverfarb 2015; J. Green 2015). The latter action is meant to add certainty to the development process for two pending affordable housing developments—a Habitat for Humanity project and one on a city-owned parcel—that together would offer up to 157 affordable units; the amendment allows these developments to be “considered under the first phase of the Downtown Precise Plan and associated Environmental Impact Report,” while also allowing one or two more developments within the “reserved allocation” (City Manager, Redwood City 2015).

Jobs-Housing Mismatch

A lack of mechanisms to promote the construction of affordable housing downtown will be particularly problematic if Redwood City’s economic development strategy succeeds, given the types of jobs that will likely be created. An increase in restaurants, shops, and entertainment venues will bring many low-wage jobs. Without an adequate housing supply for those who will hold these jobs, the New Urbanism principles of walkability, diversity, and sustainability that are guiding development downtown will be negated as more workers commute by car. Likewise, the carbon emissions that are saved by transit-oriented development will be offset by any increased traffic on the roadways.

To evaluate the degree to which job creation in downtown Redwood City will affect demand for affordable housing, we projected the number of low-wage workers who will choose to live downtown by 2025. The results show that at least 296 new affordable units in the downtown alone will need to be constructed to accommodate the low-wage workforce.

Our analysis began with an estimation of job growth in Redwood City in the next 10 years, based on employment forecasts for each city in the region from the Association of Bay Area Governments (ABAG). In a 2009 report, ABAG predicted that Redwood City would add more than 12,000 jobs between 2010 and 2025. The majority of this growth was expected to occur among financial services and professional jobs, but all industries other than agriculture were expected to experience double-digit growth.

For the purposes of this study, we narrowed the ABAG projections to the downtown area. We used the Census Bureau’s Longitudinal Employer-Household (LEHD) data, which contains information about the types of jobs found within a specified area, to evaluate the industry composition downtown.

As Table 4 shows, about 2,754 new jobs are expected downtown. Not all new employees will live downtown. Some will choose to stay at their current homes and commute to work. To account for place of residence, the projections were further narrowed so that they show the share of the workforce that will opt to live near where they work. Three scenarios were created for this figure: one based on the current share of downtown employees who live downtown (0.4%); another using the current share of Redwood City employees

Table 4: Projected Job Growth in Downtown Redwood City from 2010 to 2025 by Industry

Industry	Change in Employment from 2010 to 2025	Share of Redwood City Jobs Located Downtown in 2011	Projected Jobs Downtown by 2025
Agriculture and Natural Resources	0	0.16	0
Manufacturing, Wholesale and Transportation	1440	0.16	230
Retail	1250	0.25	307
Financial and Professional Services	4610	0.1	479
Health, Educational and Recreational Service	2670	0.31	820
Other Jobs	2460	0.37	919
Total	12430	0.22	2754

Source: ABAG; U.S. Census Bureau

Table 5: Scenarios for New Employees Living in Downtown Redwood City by 2025

Industry	Projected Jobs Downtown by 2025	Scenario 1 (0.4%)	Scenario 2 (8.8%)	Scenario 3 (25%)
Agriculture and Natural Resources	0	0	0	0
Manufacturing, Wholesale and Transportation	230	1	20	57
Retail	307	1	27	77
Financial and Professional Services	479	2	42	120
Health, Educational and Recreational Service	820	3	72	205
Other Jobs	919	4	81	230
Total	2754	11	242	688

Source: ABAG; U.S. Census Bureau

Table 6: Projections of Low-Wage Employees Living in Downtown Redwood City by 2025

Industry	Employed Living Downtown by 2025 in Scenario 1	Employed Living Downtown by 2025 in Scenario 2	Employed Living Downtown by 2025 in Scenario 3
Retail Trade	1	29	77
Educational Services	0	4	12
Arts, Entertainment, and Recreation	3	59	166
Accommodation and Food Services	0	2	7
Other Services (excluding Public Administration)	1	12	33
Total	5	106	296

Source: ABAG; U.S. Census Bureau; California Department of Housing and Community Development; California Regional Economies Employment Data

who live in Redwood City (8.8%); and a third using a survey of Californians' living preferences (25%) (Nelson 2011). Table 5 contains the results. The first and second scenarios are clearly too low, and cannot account for imminent growth. The third scenario better accounts for the preferences of Californians, one-third of whom said they would pay more to be able to walk to where they work, a portion that was even higher among low-income earners. To account for 25% of new workers opting to live downtown, new units for 688 workers will be needed.

Finally, we used the California Regional Economies Employment Data, which contains average annual wages in San Mateo County at the detailed industry level, to determine which of these anticipated jobs would be low wage. The industries were broken down into more granular categories and the share of each located downtown was again calculated using LEHD data. Annual household wage for a family of three was imputed by multiplying the average annual wage by the

numbers of jobs per household (1.5). All jobs paying less than 80% of the median household income for a family of three in San Mateo County in 2014 (\$81,450) were designated low income. Forty-four percent of all jobs projected downtown will be low-income.

The results, shown in Table 6, indicate that affordable units to house 296 low-wage workers may be needed downtown. This projection makes up about 12% of the 2,500 units desired as part of the DTPP, which is close to the 15% allocation that would have been required under redevelopment. It would also account for about 26% of the city's Regional Housing Needs Allocation (RHNA) of low-income housing for 2014 to 2022.

It is important to note that these figures represent a floor of needed affordable units in downtown for several reasons. The wages are imputed from San Mateo County averages, which are likely to be skewed by high-income earners elsewhere in the county. Similarly, because the county cost of living is high, even

those who earn above “low-income” wages will likely struggle to afford housing. Additionally, if economic development is successful in Redwood City, more jobs may be created than are currently forecast. The city’s strategy specifically targets the low-wage retail, arts and entertainment, and food industries, which means these industries may also experience outsized growth, thus boosting demand for affordable housing. In light of these projections, the absence of policies to ensure that any affordable units are built in downtown Redwood City poses a problem.

Conclusion

Should the city succeed in its economic development goals, there will be a mismatch between housing supply and job growth that goes against the core of sustainable development. As our analysis has shown, there are no mechanisms in the DTPP to mitigate this imbalance. Despite a stated commitment to developing an affordable city, these sentiments lack substantiation in action. Stronger legal provisions are needed to make these commitments enforceable.

Affordable housing provisions elsewhere in the city are not sufficient to protect low-income residents against displacement pressures, or to ensure that new low-wage workers are able to reside close to their place of employment. An increasingly unaffordable downtown commercial center will not serve the needs of lower income community members, and continue to exclude these residents from the benefits of economic growth. Redwood City runs the risk of becoming increasingly segregated and inaccessible to the workers who will form that foundation of its new economy. Perhaps the city’s newest affordable housing policies will help address this issue.

While affordable housing is critical, the jobs/housing analysis that we present also highlights the need to address low wages. In the wealthy Peninsula, weak earnings among workers who provide essential services occupations challenge their ability to meet basic needs. Along with housing policies, city governments in the region should consider adopting other policies such as living wage or other asset building strategies to ensure that all inhabitants share in the region’s prosperity.

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Appendix: Ground-Truthing Analysis

To tell the story of gentrification and displacement in Redwood City, we relied on data from the assessor's office, Census data on demographic and other change, other secondary data sources, and qualitative policy reviews and interviews with key stakeholders. However, secondary data sources are incomplete, at best, and outright wrong, at worst. Therefore, we employ a “ground-truthing” methodology to verify the validity of these datasets. The ground-truthing, which is described in more detail below, essentially consists of walking from structure to structure on sample blocks and taking detailed notes on several variables, like number of units, state of maintenance, and more. With this data in hand, we can compare the story of gentrification the secondary data sources are telling with data obtained “on the ground,” while also increasing the richness of our narrative overall from the visual observations we make on the blocks.

In this section, we discuss several sample blocks in the case study area. We first present the secondary data sources—assessor and Census. We analyze this data to ascertain the nature and extent of recent neighborhood change on those blocks. Next, we describe the ground-truthing data and offer a similar analysis in terms of neighborhood change, but this time based solely on the ground-truthing. Finally, we reconcile the two data-sets: are they telling the same story? Where are the discrepancies? What do those discrepancies reveal?

Methodology

For this analysis, we selected several blocks from the case study area that seemed to have experienced recent change, based on secondary data (Figure A1). We consulted with a community-based organization familiar with the area to choose the blocks.

To prepare this section, we consulted the following data sources:

Assessor Data: Using a dataset purchased from Dataquick, Inc., we accessed assessor and sales data from the County of San Mateo, which is current as of October 10, 2013.

Ground-truthing data: This information comes from a visual observation of each structure on the block by walking around and noting the building's type (multi-family, single-family, business, etc), the number of units it appears to hold, and a long list of signs of recent investment, like permanent blinds and updated paint, as well as signs of perceptions of safety, like security cameras. The parcel numbers used to organize this data come from the Boundary Solutions data set, which is current as of December 10, 2013.

The ground-truthing methodology is based on one used by Hwang and Sampson (Hwang and Sampson 2014), who used Google Street View images to analyze neighborhood change in Chicago. We created an observation tool based on their work and, with that in hand, conducted a pilot ground-truthing of several blocks in one of the case study areas (the Macarthur BART station area of Oakland, California). The research team revised the methodology based on this pilot; the final observation tool appears in the appendix.

On November 14, two researchers with the Center of Community Innovation performed the ground-truthing. The researchers walked the blocks with three stakeholders familiar with the area.



Figure A1: Map of Redwood City with Ground-truthed Blocks in green

Note: The data from Block 1002 was unusable and so does not appear here.

Unmatched Parcels

The ground-truthing exercise is meant to provide an additional set of data to verify conclusions reached through analyzing assessor and Census data. Complicating this effort is that the data sets do not have the same set of parcels. All data reported from the assessor data (Dataquick) includes all parcels in that set; likewise, all data reported from the ground-truthing data collection includes all parcels in that set (which is based on parcels from Boundary Solutions). However, for these blocks, the datasets matched very well.

Table A1: Parcel Mismatch Among Datasets

Block	# assessor parcels matched to ground-truth parcels, of total assessor parcels	# ground-truth parcels matched to assessor parcels, of total ground-truth parcels
Tract 6109 Block 2000	19 / 19	19 / 19
Tract 6102.01 Block 4003	17 / 20	18 / 19
Tract 6102.01 Block 4004	16 / 16	16 / 16

Comparative Analysis

Table A2: Sales History and Assessed Value of Residential Parcels

Area	Median Year of Construction	Median Year of Last Sale	Percent Sold 2010-2013	Median Sale Price	Median Sale Price Per Square Foot	Assessed Value Per Square Foot (2013)
Block 2000	1926	2004	21%	\$497,500	\$540	\$503
Block 4003	1943	2001	15%	\$502,000	\$189	\$239
Block 4004	1944	2000.5	19%	\$409,500	Insufficient Data	Insufficient Data
Redwood City	1946	2002	16%	\$430,000	\$259	\$267
San Mateo County	1958	2001	16%	\$449,000	\$168	\$220

Source: Dataquick, 2014

Table A3: Indicators of Neighborhood Change: Census Data/Demographics, 2000 -2010

Area	Population Change (Percentage Change)	Average Household Size (Percentage Change)	Percent Change in Percent White ³	Percent Change in Percent Hispanic	Percent Change in Percent Black	Percent Change in Percent Family Households	Percent Change in Percent Rental Units
Tract 6109 Block 2000	30%	22%	-41%	48%	-12%	34%	-2%
Tract 6102.01	-38%	-23%	190%	9%	-100% (5 to 0)	-25%	-32%
Block 4003	-0.2%	Not Available	-22%	15%	-2%	2%	-4%
Redwood City	2%	Not Available	-16%	16%	-20%	.3%	.3%
San Mateo County	-5%	16%	7%	-21%	Not available	40%	-6%

Source: US Decennial Census 2000, 2010. Note: Data for Block 4004 not available due to a change in blocks from 2000 to 2010.

³ Note: For the block, this figure refers to all Whites of one race, including those that are Hispanic. For the Redwood City and San Mateo County figures, it refers to Non-Hispanic Whites. The "Percent Change" figures all compare percentages over time.

Table A4: Summary of Parcel Matches and Primary Land Use

Block	Primary Land Use, based on Groundtruthing data	Percent Land Use Matched	Total Number of Units on Block		Percent of Parcels whose Number of Units match between Assessor Data and Visual Observation
			Assessor Data – Dataquick	Visual Observations on Ground-truthing	
Block 2000	Mix of single-family and multi-family buildings	74%	62	73	53%
Block 4003	Mix of single-family, commercial (mostly auto), and a few mutli-family	70%	13	17	75%
Block 4004	Mix of commercial, single-family and multi-family buildings	88%	96	90	63%

Note: Percent Land Use Matched and Percent Units Matched take as their denominator only those parcels for which a land use or number of units was indicated by both assessor data and ground-truth data.

For two variables—land use and number of units—comparisons are made on a parcel-by-parcel basis; only parcels that appear in both data sets are used for this comparison (Table A3). Census data is not provided on a parcel level, and so includes all households surveyed by the Census. The data sets align well in terms of total number of units (except for the high Census figure) and land uses, but not for the number of units listed for each parcel.

Block 2000

Secondary Data

This block is older than Redwood City overall, with a 1926 median year of construction. Between 2000 and 2010, the block experienced population growth, an increase in average household size, percent families, and percent of people Hispanic; the percent white decreased. These trends are inconsistent with gentrification.

However, more recently, it has experienced slightly more sales than Redwood City, with 21% of parcels sold between 2010-2013, and a 2004 median year of last sale. Sales on the block show a remarkably higher price per square foot (\$540) than Redwood City (\$259) or San Mateo County (\$168), though many parcels are missing data so this figure is off. Still, investment is clearly occurring on the block.

Ground-Truthing

About half of the units had an “above average” level of maintenance, while the rest were average (32%), below average, or poor. Some visual clues that suggested this include well-maintained landscape, including fruit trees, new porch furniture, BBQ grills in yard, vegetable gardens. A number of properties have well-maintained/new paint (47%) or a new front door (21%). Several houses appear to have been flipped.

Other signs of investment or disinvestment were not very pronounced; a few buildings showed each of our indicators, but no indicator was present for a majority of parcels. Nearly half of the parcels had litter or debris. This block has more security alarm signs than the above, though only 26% of parcels had them, and there were otherwise few signs of disorder.

Together, these signs indicate stability on the block with some recent investment.

Comparison

The data sources are consistent, though from assessor data alone, the block would seem to be more invested-in than the ground-truthing shows, where stability is the more pronounced takeaway.

Block 4003

Secondary Data

Between 2000 and 2010, this block experienced population loss, a decrease in average household size, a decrease in family households, and a decrease in the percent rental units; it experienced a large increase in the percent white. These patterns are consistent with gentrification, though not very dramatic change, except the 190% increase in percent white. In terms of assessor data, the block appears on par with Redwood City and San Mateo County across the board. In recent years, it appears stable and not experiencing much investment.

Ground-Truthing

This block appears stable and does not appear to be experiencing intense investment. This block hosts residential and commercial structures. A few of the businesses on the block appear to be operated by Asians or Latinos. About 40% of parcels appear “above average,” with a comparable number “average;” the rest are “new” (1) or “below average” (2).

Some signs of investment were observed, like 37% of parcels having well-maintained/new paint and/or new front doors. There are signs that these are either long-term residents or owner-residents given the personalized touches to the properties. There are signs of families with a few children/toys visible.

There are some neighborhood watch signs, plus security alarm signage on a quarter of parcels, but fencing for safety appears on only two parcels. But signs of disorder or disinvestment are otherwise negligible.

Comparison

The two data sets align to show a stable, minimally-changing block.

Block 4004

Secondary Data

On this block, 19% of parcels sold between 2010-2013, indicating turnover. However, the median sale price on the block, \$409,500, is lower than in Redwood City and San Mateo County, which means that these sales may not entail much investment, but just turnover.

Ground-Truthing

This block seems stable. Similar to above, this is a mixed-use block with commercial property along one block face. There are signs that some properties are long established family homes. About 40% of parcels appear “above average,” with a comparable number “average;” the rest are “below average” (2).

The sidewalks have been recently paved and half of parcels have new or well-maintained paint. Otherwise, there were no notable signs of investment nor disinvestment. Signs of disorder were that here, unlike other blocks, a quarter of parcels had ‘Beware of Dogs’ or ‘Private’ signs.

One Latino man on the block, who was visiting a friend, remarked that he was leaving Redwood City because “it’s getting too expensive.”

Comparison

The two data sources paint slightly different pictures: the assessor data shows recent turnover in home ownership, while the ground-truthing shows stability.

WORKSHEET: Visual Demonstration of Neighborhood Change

Instructions: Physically walk predetermined neighborhood blocks and note evidence of deterioration or improvement using Section One. Parcel or building specific information should be collected in Section Two. Each block should be named according to its main corridor (indicated on your map as the street with parcels on both sides). Bring a camera to take a photograph of each building. *One whole worksheet should be completed for each block section

Block Name: _____ Observer: _____
 Physical Observation date and time : ___/___/___ Start ___:___ AM/PM End ___:___ AM/PM

SECTION ONE: Block Overview and initial impressions

- The primary land use for the block face is:
 - Residential
 - Commercial
 - Institutional (school, hospital, churches):
 - Industrial
 - Other: _____
- Public investment + existing public infrastructure:
 - transit stops
 - municipal street lighting
 - on street residential permit parking
 - street furniture (including parklets)
 - bike racks
 - public trash cans
 - parking pay machines
 - newly paved streets
 - Other: _____
- Describe any visible people, noting race or ethnicity, age, number, and activities they might be engaged in: _____

- The # of signs discouraging disorder such as neighborhood watch, anti-littering/loitering/drug use/vandalism/graffiti: _____
- Physical disorder such as garbage, litter, graffiti, or vandalism by degree of observations:

1 2 3 4 5

no very few noticeable mostly completely

disorder signs of vandalism vandalized vandalized

 disorder or littered or littered
- Please describe indicators of international or immigrant presence (note ethnicity, signs in a foreign language, or locally-owned foreign/ethnic business). _____
- Additional notes on block overview: _____

SECTION TWO: Block/Parcel Data

*located on the following pages

Using your pre-printed parcel map, carefully walk the block and record your observations for each building. Allow for ~1.5 hours of field time. Be sure to take a photograph of each building for comparison with past year data later. 📷

APN/Parcel # _____ Street Address _____

- Does the building appear to be well-maintained?

1 2 3 4 5

poor below average above new

 average average
- The # of units the structure appears to have: _____
 The # mailboxes _____
 The # doorbells _____
- The # vehicles off-street vehicles present _____
 - no off-street parking
 - existing driveway or parking lot
 - existing garage
- Notes on visible people, building, and outdoor space; incl. implied information about household size and composition: _____
- Building type and units:
 - Multi-family - apartment building
 - Multi-family - house
 - Single family - attached
 - Single family - detached
 - Mixed use
 - Public or subsidized project housing
 - Unknown or other

- Other building/occupant characteristics:
 - Abandoned
 - For Sale sign
 - For Rent sign
 - Blinds or curtains - permanent
 - Blinds or curtains - temporary
 - Cracked windows
 - Bars on windows
 - Boarded windows
 - Dirty windows
 - Metal security door
 - Vegetable garden
 - New addition
 - New or maintained paint
 - New or updated front door
 - Ongoing renovation/construction
 - Fencing (check all that apply):
 New _____ Old _____ For safety _____ For aesthetics _____
 - Security alarm signage
 - CCTV/Security cameras
 - Children/toys visible
 - Peeling/fading paint
 - Spraypaint/graffiti
 - Litter or debris
 - Beware of Dog, Private, No Trespassing signs
 - Signs of ethnicity

Figure A2: Ground-truthing data collection worksheet