

Analyzing the Impacts of Housing Production and Tenant Protections on Residential Mobility in the San Francisco Bay Area

March 2022

Karen Chapple, Jackelyn Hwang, Jae Sik Jeon, Iris Zhang, Julia Greenberg, and Vasudha Kumar



California's housing affordability crisis has many culprits, the most obvious of which are rising income inequality that keeps incomes low while rents increase, and a shortfall in housing production that started in the early 1990s and conservatively will reach 1.5 million units by 2025.¹ City and state policymakers can do little to reverse income inequality, but they have tools such as housing production and tenant protections to ensure community stability. Even so, most cities continue to fall short, in part because of entrenched opposition to both. Lawmakers need to target spending to the most effective programs, but it is difficult to know what interventions will be most effective without robust, current data.

Researchers have thus far failed to produce decisive evidence about the impacts of production and tenant protection policies on existing residents, due in part to the lack of appropriate data. This policy brief summarizes findings from a longer report entitled [Housing Market Interventions and Residential Mobility in the San Francisco Bay Area](#), authored by researchers from the Urban Displacement Project at the University of California Berkeley and the University of Toronto, the Changing Cities Research Lab at Stanford University, and the Federal Reserve Bank of San Francisco.² This study overcomes these challenges for the first time by building unique, fine-grained and cross-validated datasets on mobility and linking them to a bespoke block-level housing construction database. This is the most granular data on mobility in

the Bay Area available. With this novel data, we are able to pinpoint how market-rate development, subsidized development, and tenant protections impact direct and exclusionary displacement, by looking at movement both out of and into local neighborhoods over a four-year period. Direct displacement pushes people to move out of their neighborhoods, whereas exclusionary displacement limits who can move into a neighborhood, highlighting reduced housing choice particularly for lower-SES people.

We present specific findings from that report in a series of four policy briefs. In this brief, we summarize findings on the impacts of market-rate development, subsidized housing production, and tenant protections on household mobility. We also discuss the issue of neighborhood outcomes of households who move when they leave neighborhoods where new housing production occurs or tenant protections are enacted. Together, our findings suggest that equitable solutions to the housing crisis will require more than just housing production and tenant protections—these are complementary solutions, but not enough.

Impacts of Market-Rate Housing Production on Household Mobility

- New market-rate housing units are associated with a slight increase in both outmigration and immigration, i.e., more churn, across most socio-economic levels.
- In particular, new market-rate housing production slightly increases the probability of moving out for residents of lower socio-economic status while slightly decreasing it for high socio-economic residents. At the same time, high socio-economic residents also move into neighborhoods with new production at a higher rate than other groups; in other words, the highest socio-economic status group experiences disproportionate benefits of new market-rate development.
- New market-rate construction's effects on both moving out of and moving into neighborhoods are stronger for most income groups in Oakland than in San Francisco and San Jose. In gentrifying areas, residents of high socio-economic status are more likely to both move out and move in four years after new development.
- Over the short-term, the net impact is minimal, suggesting that elevated neighborhood out-migration is at least partly mitigable through policies to promote housing affordability and protections to keep low socio-economic status residents in place.

To address the housing affordability crisis and mitigate displacement and exclusion, policymakers must pursue not only the preservation of unsubsidized affordable housing, but also bolder initiatives that substantially expand social housing.

Impacts of Subsidized Housing Production on Household Mobility

- The Bay Area has a severe shortfall of affordable units. The median neighborhood has 0 newly constructed subsidized units. Even among neighborhoods with new subsidized construction, there were just over 2 new subsidized units on average. This falls far short of demand, creating unusual pressure on the regional housing market.
- There is too little subsidized housing to identify its impacts on displacement. We find no conclusive evidence on its impacts on moving out rates of low socio-economic status residents. In addition to the lack of affordable units available for analysis, new subsidized housing units may be reserved for residents from outside the neighborhood, thus failing to mitigate local displacement efforts.

- New subsidized housing construction encourages residents of moderate-middle and middle-high socio-economic status to move into the neighborhood. Four years after these units are built, extremely low socio-economic status residents are *less* likely to move in. This highlights the urgent need to develop housing options that meet the needs of low socio-economic status residents.

The Impacts of Tenant Protections on Household Mobility

- Relatively few units in the Bay Area are covered by tenant protections. San Francisco houses the greatest share of units with tenant protections, while protections are more sporadic in the South Bay.
- Both just cause and rent stabilization help to keep the lowest socio-economic status residents in place in their neighborhoods, especially in gentrifying areas where displacement pressures may be stronger for vulnerable residents.
 - However, these policies may be exclusionary as they do not encourage residents of lower socio-economic status to move into neighborhoods with protections.
 - Instead, the moderate-middle socio-economic status group is more likely move in. In other words, tenant protection policies are limited to protecting existing residents in specific neighborhoods and do not help expand housing access for the lowest socio-economic status groups.

Impacts of Housing Policy on Where Households Move

- If housing policies intended to address the affordability crisis—like new construction, just cause, and rent stabilization—push residents out to neighborhoods where their life chances decline, the chances of them being able to achieve upward mobility and escape housing poverty narrow.
- In neighborhoods with new market-rate construction, movers of all income groups are slightly more likely to make a downward move i.e., move to a lower-opportunity neighborhood.
- Renters make fewer downward moves from tracts where more units are covered by just cause protections – suggesting people are able to make planned moves. Rent stabilization is also associated with fewer downward moves but has less of an impact than just cause.

- When there are more units covered by tenant protections in a census tract, renters in all socio-economic group who move away from that tract are more likely to stay within the same city, less likely to move elsewhere in the Bay Area, and more likely to move outside of California. In other words, tenant protections shift migration patterns in two opposing ways, facilitating moves either nearby to their original homes or out of the state entirely.

The deleterious impacts of displacement can be devastating and long-lasting. In the context of the San Francisco Bay Area's tight housing market, our full report examines the impacts of both new construction and tenant protections and finds that market-rate production increases churn, subsidized production has little impact, and protections help reduce the displacement associated with new market-rate construction but have exclusionary effects. Our findings reveal that building more market-rate housing and tenant protections are complementary solutions, yet not enough. One effective strategy may be to acquire multi-unit rental properties that are at risk of becoming unaffordable, via a program like San Francisco's Small Sites Acquisition and Rehab Program. Other potential approaches include tenant opportunity to purchase programs, property tax incentives for building owners, condominium conversion restrictions, and community land trusts.

To address the housing affordability crisis and mitigate displacement and exclusion, policymakers must pursue not only the preservation of unsubsidized affordable housing, but also bolder initiatives that substantially expand social housing. Social housing is the provision of rental or homeownership units affordable at a moderate income or below, and is run by a public or nonprofit entity. To work, it would need to be widely implemented, requiring government investment at levels that match the urgency of the housing crisis.

The San Francisco Bay Area is an extreme case study, with job growth outpacing new housing production and resulting in supply shortages and price spikes that date back at least thirty years. In this context, the traditional mechanism for providing housing affordability for all but the lowest SES households—filtering—is broken. In the face of this structural problem, existing subsidized housing units are only providing minimal relief, and their impacts may be distorted due to the severe lack of housing options overall. Therefore, in regions where there is no shortage of affordable housing to start with, these policies may have very different impacts.

About the Authors

Karen Chapple, Ph.D., is Professor Emerita of City & Regional Planning at UC Berkeley, and Director of the School of Cities/Professor of Geography & Planning at the University of Toronto.

Jackelyn Hwang, Ph.D., is Assistant Professor of Sociology and Director of the Changing Cities Research Lab at Stanford University.

Jae Sik Jeon, Ph.D., is Assistant Professor of Real Estate Studies at Konkuk University.

Iris Zhang, M.A., is a Ph.D. student in Sociology at Stanford University

Julia Greenberg, M.P.P., is Research Manager at the Urban Displacement Project at UC Berkeley.

Vasudha Kumar, B.Sc. is the Social Science Research Analyst at the Changing Cities Research Lab at Stanford University

About IGS

The Institute of Governmental Studies is California's oldest public policy research center. As an Organized Research Unit of the University of California, Berkeley, IGS expands the understanding of governmental institutions and the political process through a vigorous program of research, education, public service, and publishing.

About CCRL

The Changing Cities Research Lab at Stanford University uses innovative data and methods to study the relationship between contemporary changes in U.S. cities and the durability of neighborhood inequality and segregation. With a focus on gentrification and racial stratification, CCRL aims to advance policy solutions that promote equity as cities change.

Acknowledgements

We thank Casey Pablo Butcher, Alex Kim, Brooke Ada Tran, Patricia Wei, Alisha Zhao, and Isaac Schmidt for their excellent research assistance with the full report, Lizzy Mattiuzzi, Rocio Sanchez-Moyano, James Pappas, Pedro Peterson, Brian Asquith, and Kate Pennington for their thoughtful comments, and Rachel Schten for formatting and graphic support. Funding for the report was provided to UC Berkeley and Stanford University by the Chan Zuckerberg Initiative DAF and the Silicon Valley Community Foundation. For the new housing production and tenant protections databases, we used data provided by Zillow through the Zillow Transaction and Assessment Dataset (ZTRAX). More information on accessing the data can be found at <http://www.zillow.com/ztrax>. The results and opinions are those of the author(s) and do not reflect the position of Zillow Group.

About UDP

The Urban Displacement Project (UDP) is a research and action initiative of the University of California Berkeley and the University of Toronto. UDP conducts community-centered, data-driven, applied research toward more equitable and inclusive futures for cities. Our research aims to understand and describe the nature of gentrification, displacement, and exclusion, and also to generate knowledge on how policy interventions and investment can support more equitable development.

Endnotes

1 Based on estimates in Myers & Park (2019), who estimate a need for 2.5 million additional units by 2025, with just 1 million permits projected. Also see California Department of Housing and Community Development 2000; Rodríguez-Pose & Storper 2020.

2 Chapple, Karen, Jackelyn Hwang, Jae Sik Jeon, Iris Zhang, Julia Greenberg, and Bina P. Shrimali. 2022. "[Housing Market Interventions and Residential Mobility in the San Francisco Bay Area](#)." Federal Reserve Bank of San Francisco Community Development Working Paper 2022-1. doi: 10.24148/cdwp2022-01.