## Title
Case Studies on Gentrification and Displacement in the San Francisco Bay Area



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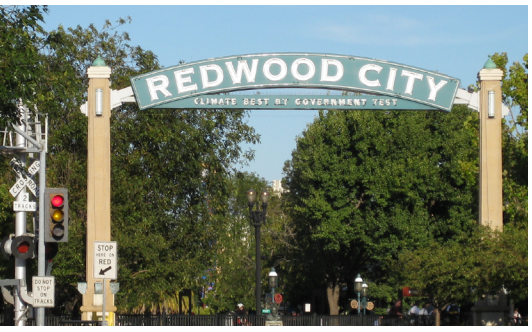
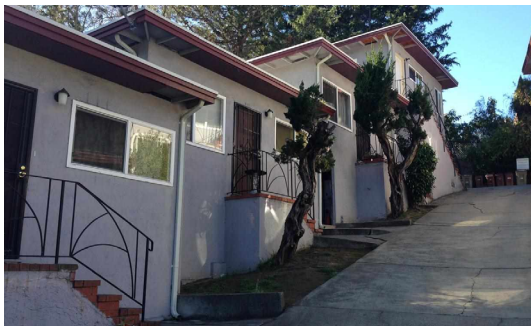
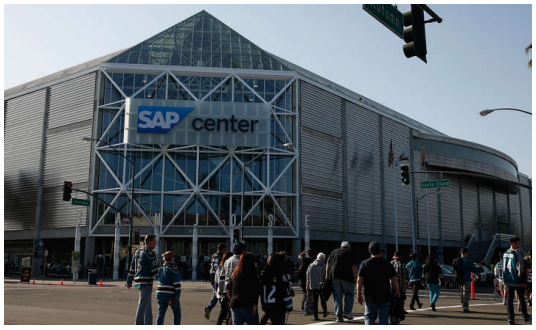
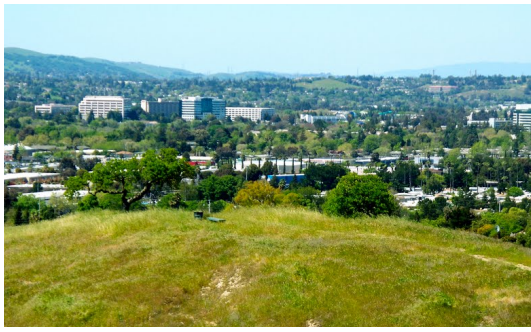
# case studies

## on Gentrification and Displacement in the San Francisco Bay Area



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CENTER FOR COMMUNITY INNOVATION
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# Executive Summary

As regions across California begin to implement their Sustainable Communities Strategies (SCS) in compliance with Senate Bill 375, communities are increasingly concerned about how new transit investment and related infill development will affect the lives of existing residents, particularly low-income communities and communities of color. Locals are likely to benefit from improved mobility, neighborhood revitalization, lower transportation costs, and other amenities that spill over from the new development (Cervero 2004). However, more disadvantaged communities may fail to benefit, if the new development does not bring appropriate housing and job opportunities, or if there is gentrification and displacement of low-income and/or minority residents (Pollack, Bluestone, and Billingham 2010; Chapple 2009).

In 2009, we conducted a study on neighborhood's susceptibility to gentrification in the San Francisco Bay Area (Chapple 2009). In it, we quantified the impact of a diverse set of variables on neighborhood gentrification, finding that proximity to transit significantly predicted a neighborhood's later turnover and gentrification, which has been supported by more recent research as well (Pollack, Bluestone, and Billingham 2010). These finding are further supported by research linking proximity to transit with a property value premium of between 3 and 45% (Cervero and Duncan 2002b; Cervero and Duncan 2002a; Hess and Almeida 2007).

This research seeks to explore more closely the phenomena of gentrification and displacement in the San Francisco Bay Area, in an effort to better understand, predict and possibly prevent residential displacement. This report summarizes a year's worth of community-engaged research involving case studies on gentrification and displacement pressures in nine neighborhoods across the Bay Area. We utilized mixed methods of quantitative data analysis, stakeholder interviews, and field observations to better characterize the various types of changes and pressures being experienced in diverse neighborhoods across the Bay Area.

## The San Francisco Bay Area

The 9-county Bay Area is one of the most expensive and challenging housing markets in the country. With over 7 million inhabitants, over a quarter of Bay Area households meet the Department of Housing and Urban Development's definition of severely housing burdened, dedicating more than 50 percent of their income to housing. Four of the ten most expensive counties in the United States are located in the San Francisco Bay Area, where minimum wage workers would need to work 4.7 full time jobs to afford a two-bedroom unit (Arnold et al. 2014). The recovery from the Great Recession, combined with a booming technology sector in Silicon Valley have resulted in rapid job growth at the top and bottom of the wage scale while the middle continues to shrink. Over a third of Bay Area workers earn less than $18 per hour, which is especially troubling in the Bay Area because of the high cost of living (Terplan et al. 2014).

The continued growth at both ends of the income range will place even more pressure on the region's housing market and transportation systems. Although planned new transit facilities will help to accommodate much of the population growth, they also present a challenge. Researchers generally agree that new transit investment will bring higher property values to the surrounding area (except in the immediate vicinity of the transit station). This could spur a process of gentrification, which will be beneficial to some – but not to those who cannot bear rent increases and are forced to leave the neighborhood.

By examining nine diverse Bay Area communities in depth, this report provides planners, advocates and city leaders with a rich understanding of how gentrification proceeds, as well as what features encourage displacement and what policies slow it.

# Outline of the Report

This report proceeds as follows: In Chapter 2 we outline the methodology used for case study site selection, data analysis, and community-engaged research methods. The heart of the report is found in the individual case study chapters 3 through 11, divided into three groups according to the nature of change in each neighborhood:

## Section 1: Neighborhoods Long Experiencing Pressures of Gentrification and Displacement

**Chapter 3.** San Francisco's greater **Chinatown** neighborhood has witnessed years of housing pressures. In part due to strong community organizing and planning restrictions, the core of Chinatown has stemmed the tide of gentrification and displacement, yet the greater area including the neighborhoods of Polk Gulch and parts of North Beach have witnessed significant change and loss of Asian households since 1980.

**Chapter 4.** Perhaps the icon of gentrification and displacement, **San Francisco's Mission District** has been the site of active community organizing for decades, which has perhaps maintained more affordable housing and minority-owned businesses than would otherwise be there. But the pressures that began during the dot com boom continue, as more and more industrial land shifts to high-end residential uses.

## Section 2: Places Currently Undergoing Rapid Neighborhood Change

**Chapter 5.** Years of city planning and redevelopment around **San Jose's Diridon Station** have transformed the area into an affluent urban neighborhood, which is witnessing rapid development supported by the City's vision to create Urban Villages. Recent activism around the Station Area plan has reignited the call for affordable housing, yet it remains to be seen what funding will be available in this post-redevelopment era.

**Chapter 6.** The neighborhoods surrounding **North Oakland's Macarthur Bart Station** have undergone rapid demographic and physical change, associated with both its proximity to revitalizing commercial districts, affluent neighborhoods, and transit accessibility.

**Chapter 7.** As an immigrant gateway in the city of **Concord, the Monument Corridor** was severely impacted by the Great Recession. However, its proximity to the BART, as well as the active planning and downtown redevelopment efforts of City government, have resulted in active speculation and displacement of low income and Latino residents.

**Chapter 8.** In the heart of Silicon Valley, leaders of **Redwood City** are trying to redevelop the once nearly abandoned downtown to create an active job and housing center. Yet this planning and growth nearly ignores the needs of future low income workers and existing residents of surrounding neighborhoods, resulting in an acute risk of exclusionary displacement.

## Section 3: Communities Vulnerable to Gentrification and Displacement

**Chapter 9.** The **Canal neighborhood** of San Rafael in the wealthy county of Marin continues to serve as a point of entry to immigrant communities, specifically of Latin American origin. The substantial stock of low quality multi-family housing, significant overcrowding, as well as the physical separation (i.e., highway and industrial/commercial land uses) has stabilized the neighborhood for the time being.

**Chapter 10.** The City of **East Palo Alto** was established on the principles of protecting housing of lower income communities of color in the affluent Silicon Valley. These principles have translated to some of the strongest tenant protections in the Bay Area, preserving the affordability of the community. Yet continued high income job growth combined with the lack of new or affordable housing in surrounding communities suggest growing pressures already felt by the community.

**Chapter 11.** A historically African American community, established during WW II, the unincorporated **Marin City** houses over half of its residents in subsidized housing. Despite being surrounded by affluent communities of Marin County and restricted in growth because of the County's value of preserving open space, Marin City continues to be home to low and moderate income families even after racial and demographic shifts.

# Key Themes from the Nine Case Studies

Although the overall Bay Area exhibits many of the characteristics that scholars have documented in their studies of gentrification and displacement, we found wide variability in the nine case studies we explored and some contradictions of the basic underlying assumptions about these processes. Below we summarize our findings across the nine case areas, highlighting specific examples to illustrate seven key findings:

1) In contrast to how gentrification is discussed in the media and modeled in quantitative studies, it is not an endpoint that happened or didn't, but rather a complex, multi-stage process.

2) Researchers and practitioners alike often regard the relationship between gentrification and displacement as linear and sequential, yet in many of our cases we found that displacement precedes gentrification and that the two processes are often occurring simultaneously.

3) Due to data limitations, the literature on gentrification and residential displacement frequently is restricted to 4 to 13 year periods. However, the process of neighborhood change can often take much longer often preceding what is perceived to be rapid change felt in very hot real estate markets.

4) On average, roughly 15% of Americans move each year. There are many reasons for people to move and it is therefore often desirable for researchers to separate voluntary moves from involuntary moves. Yet, we found in many of our cases that such a distinction is nearly impossible to discern, making such dichotomies in quantitative research somewhat useless.

5) Due to analytical complexities, gentrification is often studied as a neighborhood phenomenon. Yet our research shows how the pressures of the housing and jobs market function at the regional scale, making an expansive lens particularly useful in understanding the processes of neighborhood change.

6) Despite continued pressures and much anxiety, many of the cases have shown remarkable stability. We explore some of the housing policy, community organizing, tenant protections and planning techniques used in the Bay Area that appear to have been somewhat successful in mitigating the pressures of gentrification and displacement.

7) The impact of public investment, particularly transit investment, on gentrification and displacement is not well understood. Although this study lacked the data on investment timing needed to ascertain the precise relationship between public improvements and neighborhood change, our research suggests that not just the investment itself, but also planning for the investment, can accelerate processes of displacement.

### 1. Gentrification as a process not an end-point

From the outset of this research our advisory committee, consisting of housing policy experts around the Bay Area, insisted that the ways in which gentrification has been conceptualized and modeled in the literature was wrong. "Gentrification is not an on-off switch" one of our committee members told us. Instead, they argued, it is a multi-stage process that may not be easily captured or discerned from the data. Taking this into consideration, we set out to analyze existing demographic and housing datasets. To gather initial feedback on our findings, we held a workshop with our community partners and advisory committee. Kicking off the workshop, a researcher from our team showed data for the Monument community in Concord, CA – a low income, Latino community living proximate to the train station and downtown. We showed data that demonstrated a reduction in income, educational attainment, and home sales price among other key indicators of neighborhood change. In the presentation, the researcher noted "this place shows little signs of gentrification" a statement that put many of our community partners in a state of unease. How could we discount the current housing pressures they argued? Concord was a place that was being actively primed for gentrification by the City and local property owners – therefore, they argued, we need to redefine how we see the place. What we saw as neighborhood decline they saw as an early stage of gentrification.

This view that Concord may be experiencing an early, or pre-gentrification phase, was in fact later validated by interviews with key informants. One landlord, for instance, told us that his building's proximity to the BART commuter train station was useful for "catering to the laptop crowd," that commute to work in San Francisco. He even boasted how he "got rid of… the 99% Latino" population that formerly lived in the complex, which he plans to convert into condominiums and sell once the market picks up again. Similarly, activists in the area report that following several years' worth of advocacy to improve walkability along the Monument Corridor in Concord, they are beginning to learn about active speculation and property flipping happening in the area, as property owners begin to capitalize on public improvements there.

Many of the other cases that we chose were similar to Concord in this regard. Furthermore, reorienting our understanding of gentrification as a process and not necessarily an end helped us to see places that are usually considered to be already gentrified (e.g., the Mission) as further along in the process but not necessarily at an end point as they continue to undergo a process of displacement and change.

## 2. Reframing the relationship between gentrification and displacement

Much of the academic literature as well as popular media frames the relationship between gentrification and displacement as a linear one: a neighborhood is disinvested and property values decline, it becomes attractive for its amenities or location, the difference between the rents property owners receive and the amount at which they can sell (e.g., the rent gap; see Smith (1987)) increases, higher income households and investors begin to value the neighborhood and start moving in and buying up property, and eventually the pre-existing community of low income households and people of color are displaced from their neighborhoods of origin. While this may certainly be the case in some neighborhoods, the linear relationship between revaluation, gentrification and displacement does not hold true for all the neighborhoods we studied, some of which instead witnessed this process in reverse.

The idea that displacement can in fact precede gentrification is not a new concept. In their seminal framing paper on displacement in 1978, Eunice and George Grier distinguish between disinvestment displacement and reinvestment displacement: "unrelated as they seem, these two conditions of displacement may be successive stages in the cycle of neighborhood change" (Grier and Grier 1978, p.3). Similarly, Peter Marcuse argued that when looking at the relationship between gentrification and displacement one must first consider the disinvestment of urban neighborhoods and subsequent displacement, which makes land ripe for investment with gentrification of "vacant" land. From this perspective gentrification can happen long after disinvestment-induced displacement (Marcuse 1986). On the other hand, investment-related displacement can also precede gentrification, a case made very clear during Urban Renewal and decades of Redevelopment.

Three of our cases that present early stages along the gentrification spectrum show signs of both disinvestment- and reinvestment-related displacement that precedes the types of demographic and physical changes characteristic of gentrification. For instance, stakeholders in the Canal area of San Rafael discussed the active disinvestment of landlords that often leads to displacement, while residents of public housing in Marin City face similar experiences, albeit from government disinvestment in public housing. In Concord, residents are witnessing both disinvestment- and reinvestment-related displacement simultaneously as discussed above, and all the communities studied are likely years away from being classified as gentrified according to their demographic characteristics. Similarly, and as will be discussed in the next section, San Jose's Diridon Station Area underwent significant redevelopment and displacement decades before the current housing boom and demographic shifts. Nearly all of our cases displayed these types of processes, and some in fact are currently experiencing the commonly recognized gentrification-induced displacement. Therefore, these processes are neither linear nor mutually exclusive, and it therefore takes a reframing to be able to capture the full scale of the processes.

## 3. Extending the time horizon of neighborhood change

Often popular media and residents describe gentrification as change occurring at a rapid rate – property values rising, people selling homes, and longtime residents moving out can feel like it's happening overnight. Yet, the neighborhood change narratives told by our

CBO partners and stakeholders often extended back decades, frequently referencing the historic actions of Cities and their Redevelopment agencies that displaced vibrant, albeit low-income, communities as well as the active disinvestment of the private sector.

One example of this can be seen in our case study of the Diridon Station area in San Jose. When we began the study, people looked dubious when we mentioned displacement in the area. People argued that few people actually lived in the vicinity of the station. This is certainly true when looking at the recent past. However, when extending our analysis to a thirty year timeframe, we saw in the data and archival analysis that considerable displacement preceded the current renaissance of the area. A pattern familiar to the model of Urban Renewal, in the 1980's the Redevelopment Agency made almost $2 billion in public investments, and devoted "nearly all its money and power," to an attempted revitalization of its downtown and surrounding areas (Terplan 2013). Redevelopment projects included construction of a convention center, a luxury hotel, expansion and construction of multiple museums, renovation and construction of parks and plazas, over 500 units of market rate and moderate income housing, and 1.2 million feet of new office space (Kutzman & Farragher, 1988) alongside the razing of a low-income Latino residential neighborhood totaling about 12 square blocks. The analysis of Census data also revealed the significant drop in population between 1980 and 1990 and the loss of approximately half of its housing units.

Ask any planner, developer or community activist and they will tell you that neighborhood change is a slow process that can take decades. Despite extensive recognition by practitioners and scholars alike, most research on gentrification and displacement to date has quantified it as change over a 10 year period or less, which may therefore significantly underestimate the magnitude of the problem. Peter Marcuse (1986) warned against such limited analysis that would underestimate the total number of displaced households when scholars ignore what he refers to as "chains" or cycles of displacement. These findings indicate a need to pay specific attention to the timing of public and private investments and disinvestments and the impact they have on communities over longer periods of time.

## 4. The false dichotomy of voluntary and involuntary displacement

Another key feature of contemporary studies of displacement and neighborhood mobility is the categorization of household moves as voluntary or involuntary. To many scholars (Freeman 2005; Ellen and O'Regan 2011), only involuntary moves can qualify as displacement (e.g., evictions). Furthermore, the voluntary nature of people's moves frequently enters into political debates about neighborhood change. In the Bay Area, scholars, activists, planners and many others debate these issues around the loss of low income and African American households from San Francisco and the simultaneous rise in the eastern cities in Contra Costa County like Antioch and Pittsburg, CA (Schafran and Wegmann 2012). Despite the obvious links and accounts of families moving east, many have argued that such moves are likely voluntary, resulting from a family's desires to move to the suburbs.

These issues have frequently emerged in our cases, especially when analyzing the loss of African American households. Our CBO partners, from diverse communities such as the public housing and entry homes of Marin City to the working class suburb of East Palo Alto, to the flatlands of Oakland, describe the loss of housing due to foreclosure or the simple inability to find nearby housing when normal life events lead to a move (e.g., having children). Communities in the South Bay, for instance, have shown that there is virtually no affordable housing in their communities, forcing residents to far out suburbs or to leave the Bay Area entirely. Despite what seems like a voluntary move perhaps because of childbirth or a desire for home ownership, many would argue that such decisions to leave their communities are anything but voluntary.
Again, we can hear the chiding from the early framers of displacement Eunice and George Grier (1978) who, despite using the term "forced" displacement, were careful not to equate it with involuntary. In fact, they conclude that:

> "For most residents to move under such conditions is about as 'voluntary' as is swerving one's car to avoid an accident. By the time the landlord issues notices of eviction, or the code inspector posts the structure as uninhabitable, few occupants may be left. Therefore we cannot define displacement simply in terms of legal or administrative actions – or even draw a clear-cut line between 'voluntary' and 'involuntary' movement." (p.3)

Similarly, in another early study of displacement, Newman and Owen (1982) argue that "low-income households who experience extremely large rent increases may technically 'choose' to move, but the likelihood that they had any real alternative is very small" (p.137). Perhaps above all, a household's motivation for moving is rarely known, making it particularly difficult to analyze. Although the National Housing Survey asking people's reasons for moving, the motivation is rarely known and can in fact be masked. For instance, in the case of the Mission we learned about the proliferation of tenant buy-outs that may seem voluntary on the books as tenants may be "choosing" to accept cash to move. However, the amount of actual choice in such decisions is up for debate. Furthermore, documenting the scale of this phenomenon is unknown. Although San Francisco has recently begun requiring landlords to register buyout negotiations with the City, experts believe what has been registered thus far to be significantly lower than actual buyouts. Furthermore, argues Sara Shortt of the Housing Rights Committee, "Too often tenants don't see [buyouts] as a choice or even a negotiated process" (Sabatini 2015).

From these cases we learned that although the distinction between voluntary and involuntary moves is conceptually sound, it is nearly impossible to analyze quantitatively and at scale. Some scholars have therefore eliminated the dichotomization of voluntary and involuntary displacement from their studies, either due to data limitations (McKinnish et al. 2010) or ideological disagreement (Atkinson et al. 2011), and have characterized displacement as the loss of any vulnerable populations including low income households, renters, and people of color among others. We employ a similar approach in the case studies presented in this report.

## 5. The value of the regional lens on housing markets and neighborhood change

From our complementary regional analysis of gentrification and displacement (Zuk 2015), we found that over half of Bay Area tracts are neither currently experiencing displacement nor are they at any significant risk of doing so in the near future. Yet, the prevailing narrative in strong market regions is that large swaths of their center cities are "at risk" for gentrification. Is it only a matter of time before the others "switch on"? Or is the dominant narrative being driven by extreme cases (e.g., the Mission)?

Although our regional analysis attempts to identify characteristics that had in previous years led to gentrification and displacement, for instance, proximity to a transit stations and jobs, rising housing prices and pre-war housing stock, among other factors, this kind of analysis will inevitably fail to capture the range of factors and events that can set the stage for gentrification and displacement in future decades. For instance, in the Concord case, as well as in many other neighborhoods across the country, planning and revitalization efforts have unfurled processes of housing speculation. But it may take years or decades for the switch to turn "on." Likewise, the rent gap is frequently a precursor of gentrification (Smith 1987). But homeowners and landlords do not respond overnight to the gap; their inclination to realize the gain will depend on their use value for the housing unit, among other factors.

The larger economic and regulatory environment is also a factor. For example, in San Francisco, the changing regional economy (from manufacturing to high-tech) combined with a loop-hole in the zoning code allowed light industrial buildings to be converted to "live-work" units without having to change zoning classifications, allowing conversions to proceed at a much faster clip, and accelerating gentrification.

Another underappreciated factor in neighborhood change is the issue of demographic succession. The aging of a generation, or the dying out of the first generation of an immigrant group, may set the stage for neighborhood transformation. But whether the generation chooses to remain in the neighborhood depends on a variety of factors not captured in secondary data, such as group affinity. These issues have emerged consistently in our cases, especially in places like Marin City and East Palo Alto, where community groups struggle to understand why the children of civil rights activists sell their parents homes. Finally, analysis at the tract level may be deceptive, since changes are often occurring at the micro-scale. For instance, some of the stable or at risk tracts we identify in our regional analysis may have had housing price appreciation on certain blocks and decline on others, what Wyly and Hammel (1999) memorably call "islands of decay in seas of renewal." We found as much in our ground-truthing exercise, where adjacent blocks often appeared to be at very different levels of investment.


**Figure 1.1: From neighborhood to regional trajectories of displacement**

Using the regional lens on neighborhood change, rather than simply focusing on strong markets, allows us to understand the variety of types. Gentrifying tracts are likely just the tip of the iceberg, and our current methods of secondary data collection and analysis may not be up to the task of describing the rest of the iceberg.

Finally, intra-regional mobility means that no community's housing or jobs market is acting in isolation. As described above, developers in Concord are reacting to changes in the San Francisco housing market and the Silicon Valley jobs market when they make long-term plans for redevelopment. The renters evicted or excluded from San Francisco put new pressures on communities like East Palo Alto, where families are doubling up. As housing conditions worsen on the periphery, the prospects of realizing profit from the rent gap improve. Thus the regional process of displacement makes it clear that reinvestment in one place works hand in hand with disinvestment in another. The regional lens helps us understand displacement as a dynamic and long-term process, rather than a singular event.

## 6. What mitigates the negative impacts of gentrification?

When looking across the nine case studies, we can begin to understand the variable scale of the displacement process and investigate what may be attenuating it in some places in comparison to others. Using the place categories presented above we roughly group our nine neighborhood case studies into 3 groups: 1) places that have been undergoing pressures of gentrification and displacement for many years and have potentially limited the magnitude due to years of strong community organizing, tenant protections and/or zoning restrictions (e.g., Chinatown and Mission); 2) places that are undergoing active redevelopment and/or speculation (e.g., Diridon, Redwood City, Macarthur, and Monument); and 3) places that have anticipated gentrification and displacement for a while due to their close proximity (and even enclosure by) affluent neighborhoods, but may not yet be experiencing it because of weaker housing markets or a large supply of public housing (e.g., East Palo Alto, the Canal and Marin City).

In general, we identify the following 5 factors as potentially attenuating the scale of displacement: 1) weak housing markets, 2) large and stable subsidized housing stock, 3) strong community organizing, 4) tenant protections, and 5) restrictive zoning.

*Slower/weaker markets*

A number of the cases we analyzed that may be characterized as being at very early stages of gentrification, showed little to no signs of such when looking at the numbers. Yet, when we spoke to stakeholders, we heard about their anxiety about housing pressures from surrounding affluent communities and some evidence of budding speculation. Especially when considering the time frame of our analysis, which encompasses the Great Recession, these are places that were struck by the foreclosure crisis, are slower to recover, and in general have weaker housing markets. From 2000 to 2013, for instance, the Canal neighborhood of San Rafael, where residential sales values actually declined by 30%, lost only 17% of its market rate housing units that were affordable to low income households, although it started off with very few. In contrast, the Macarthur Station Area of Oakland, which saw a 70% increase in sales values during the same time period, lost nearly 70% of its market rate affordable housing stock, or nearly 500 units. These differences may be due to the quality of the housing stock, proximity to undesirable land uses, or perhaps the overwhelming housing demand from low-income immigrants that flood the market and double up in homes. Nevertheless, the proximity to more affluent neighborhoods as well as jobs and other amenities heighten the risk in these communities leading to ongoing community anxiety over the prospects of gentrification and displacement.

*Large and stable subsidized housing stock*

Certainly the prevalence of income-restricted housing in a neighborhood guarantees the stability of low income populations, at least for the duration of the deed. This guarantee has been especially important for stabilizing the large proportion of low income households in Marin City, and even the number of households in the Mission which would have declined even more precipitously if it weren't for the doubling of the subsidized housing stock from 2000 to 2014 (excluding units that used only local sources of funding). Neighborhoods with few subsidized housing units (e.g., Macarthur Bart where only 7% of the housing stock is subsidized), saw a steeper decline in the number of low income households from 2000 to 2013, when it lost 523 low income households.

*Tenant protections*

Often the neighborhoods that have strong tenant protections (e.g., strong rent control and just cause evictions ordinances) are the same ones that are experiencing the largest gentrification and displacement pressures (e.g., the Mission). Tenant protections often arise out of community activism to dampen housing pressures in strong market communities. These pressures can often mask the benefits of strong tenant protections, yet the displacement effects would have likely been magnitudes larger without such protections.

*Strong community organizing*

No case with strong neighborhood protections existed in the absence of strong community organizing. In the case of East Palo Alto, the city was established by housing and social justice advocates that sought to ensure the stability of their communities in the long term. Similarly, Chinatown and the Mission have a long history of community organizing, which has led to both the production of subsidized units as well as other protections. The places that lacked such policies were also places where community organizations were notably absent (e.g., Redwood City and Concord).

*Planning strategies*

Finally, zoning and other planning strategies appear to have been the saving grace for neighborhoods like San Francisco's Chinatown. Certain height and use restrictions have made it virtually impossible to tear down existing single room occupancy and other low income units. Similarly, residential uses have been protected by limiting office conversions and buildings. The effects are clearly evident when comparing the loss of low income households in Chinatown Core and neighboring Polk Gulch. Whereas Polk Gulch lost 571 (14%) low income households between 2000 and 2013, Chinatown Core lost only 80 households (5%). In other places, such as the Mission, planning responses are being sought to correct previous actions that had negative consequences, such as the live-work ordinance.

## 7. How does public investment, particularly transit investment, shape gentrification and displacement?

Public investment, from infrastructure investment like bike lanes and landscaping, to fixed rail transit systems, can accelerate processes of displacement. As investment is planned, the very anticipation of change can lead to either disinvestment or investment, both of which can result in displacement. The implementation of the improvement is associated with property price increases (as shown by the hedonic price literature).

This study measured transit investment through proxies such as location relative to a rail transit station and use of transit in the commute to work. Lack of fine-grained data on the location and timing of other public infrastructure improvements made it impossible for this study to evaluate the effect of investment more broadly. However, we found a significant positive relationship between transit investment, gentrification, and displacement, although sometimes the time lag between rail investment and gentrification has been significant (e.g., Diridon, Macarthur, Mission, etc.).
The planning and implementation of transit improvements also shapes displacement in less tangible ways. As investment is planned – yet not funded in current budgets – a climate of uncertainty takes hold. Anticipating future changes, such as the arrival of the SMART train in San Rafael, residents may feel they have to move – yet, as noted above, this may not be a real choice.

In practice, there is a general expectation that public intervention, whether in the form of investment or policy changes like rezoning, will trigger a positive process of neighborhood transformation, often leading to gentrification and subsequent displacement. On average, redevelopment projects or highway improvements or new transit stations do generate increases

in local property values. But individual responses may vary. In our Bay Area cases, improved transit access in the form of BART meant one thing in the Mission, but another in Concord. Rezoning of the San Francisco downtown has put tremendous pressure on rents in Greater Chinatown, but rezoning of Uptown Oakland is not what is transforming Temescal.

Finally, the existence of transit investment creates the possibility of mitigating displacement. As improvements are planned, it is possible to create more subsidized housing and change local zoning to protect existing affordability. Awareness of the upcoming improvements can also help to spur community organizing.

## Concluding Thoughts

The San Francisco Bay Area is undergoing rapid socio-spatial transformations that provide rich material for better understanding and modeling gentrification and displacement. In this report we show the invaluable insights that community-engaged research can provide and specifically highlight the need to more accurately define gentrification and displacement as a long term regional process that involves both investment and disinvestment.

The San Francisco region experiences demand for its housing from around the world, not just from in-migrants but also investors seeking to profit from the market's strength. Yet, these nine case studies illustrate the diversity of sub-regional housing markets, with lessons applicable to metropolitan areas around the U.S. The islands of affordability such as East Palo Alto and Marin City behave essentially as weak housing markets, characterized more by poor housing conditions than high rents. But housing dynamics in these neighborhoods unfold in relation to the ongoing competition for housing in the Bay Area's inner core. This study thus underscores the importance of using the region as the unit of analysis when examining gentrification and displacement.

# Case Study Methods

This research builds on the methodologies utilized in past studies of neighborhood change, gentrification and displacement (Ellen and O'Regan 2011; Freeman and Braconi 2004; Newman and Wyly 2006; McKinnish, et al. 2010) by adding a layer of data validation and analysis through community-engaged participatory research.

Given the fact that community groups are often at odds with the results of academic, quantitative research on gentrification, these case studies sought to bridge the chasm through the validation and enrichment of our data analysis through community-engaged research. The community-engaged and ground-truthing components of this research were accomplished through two main venues: case studies and the validation of parcel and census data through field observations.

To select case study neighborhoods that were both geographically representative of the region and capture the myriad housing pressures felt by low income communities, a screening analysis was done to identify Census tracts that had recently undergone neighborhood change and would be classified as having undergone gentrification from 2000 to 2010 using the definition of gentrification put forth by Freeman (2005), modified slightly for the Bay Area:

-Housing price appreciation above the regional median
-Increase in educational attainment above the regional median
-Household income at or below the 40th percentile of regional household income (roughly 80% of median income, a standard definition of low-income) in the starting year (as the process begins).

Given the wide variability between counties in the Bay Area, with extreme wealth in the south bay counties (San Mateo, Santa Clara) and poverty in some north and east bay counties (Solano, Sonoma, Alameda) we chose to compare each tract to its respective county average, to reflect regional variability and change.


**Figure 2.1: Case Study Communities**

Additional preference was given to communities that were proximate to rail transit and were designated as Priority Development Area during the last regional planning process. A panel of regional stakeholders that were participating in the region's HUD Sustainable Communities Initiative analyzed the results and selected a final set of 9 neighborhoods around the Bay Area (Figure 2.1).

We used mixed methods to study demographic and housing changes in case study neighborhoods. We first analyzed indicators from the US Census and American Community Survey that are associated with processes of gentrification and residential displacement, and/or thought to influence susceptibility to such processes (Chapple 2009) from 1980 to 2010. Because of the changes in Census tract boundaries between decades, we used the Geolytics Neighborhood Change Database, which normalized historic Census data to 2010 Census Tracts, allowing for standardized comparisons across decades (Geolytics 2014). Data regarding real estate sales trends were obtained through Dataquick, Inc. In addition, qualitative data from stakeholder interviews and archival research were collected to provide richer neighborhood descriptions and a more in-depth understanding of how and why neighborhoods change.

# Community Engagement

To engage community-based organizations (CBOs) in the case studies, request for proposals were released and 7 CBOs were selected to participate in the research, which was funded by the Regional Prosperity Plan of the Metropolitan Transportation Commission.

CBOs were engaged in three stages of the analysis: scoping, research validation/feedback, and ground-truthing of secondary datasets. Researchers met with CBO partners to scope the case studies by jointly selecting the neighborhood boundaries (based on Census tracts), discussing the most important indicators for each community, and identifying potential stakeholders to interview and important documents to review. Simultaneous to our research, CBO partners prepared narratives on how they perceived their neighborhood changed. Following preliminary analysis, two workshops were held in which the researchers presented preliminary analyses and CBOs presented their narratives. Rich discussion and feedback ensued. A second set of CBO analysis and feedback occurred after preliminary drafts of the cases were prepared.

# Ground-truthing

In order to ground-truth the secondary datasets (Census and real estate data), a visual analysis tool was developed adapting similar methodologies used to observe gentrification and neighborhood change in Chicago (Hwang and Sampson 2014; see appendix for the observation tool developed for this study). We conducted an initial screening analysis of block-level Census and Assessor data to identify blocks that have recently undergone change in each case study area. Criteria used to select blocks included higher than average percentage change in tenure (from owner-occupancy to renter-occupancy or vice versa), percentage of white residents, and percentage of parcels sold since 2012. Upon initial screening, CBO partners were engaged to select the most important blocks to analyze from the screened list.

Researchers and community partners visited the selected blocks and recorded a set of indicators for each parcel on the block. These indicators include the primary land use, building type (multi-family, single-family, business, etc.), the number of units it appears to

**Table 2.1: CBO Partner Organizations**

| Case Study Neighborhood | CBO Partner Organization |
|---|---|
| Chinatown, San Francisco | Chinatown Community Development Center |
| The Mission, San Francisco | People Organizing to Demand Environmental & Economic Rights (PODER) |
| Diridon Station Area, San Jose | Working Partnerships USA |
| Macarthur Bart Station Area, Oakland | Causa Justa :: Just Cause |
| The Monument Corridor, Concord | Monument Impact |
| Redwood City | San Francisco Organizing Project / Peninsula Interfaith Action |
| The Canal, San Rafael | Marin Grassroots |
| East Palo Alto | San Francisco Organizing Project / Peninsula Interfaith Action |
| Marin City | Marin Grassroots |

**Table 2.2: Selected Census Tracts**

| Case Study Neighborhood | Census Tracts Included in the Study |
|---|---|
| Chinatown, San Francisco | Chinatown Core: 113, 118<br>Polk Gulch: 109, 110, and 111<br>Chinatwon North: 106, 107 and 108 |
| The Mission, San Francisco | 177, 201, 202, 207, 208, 209, 210, 228.01, 228.03, 229.01, and 229.02 |
| Diridon Station Area, San Jose | 5003, 5008 and 5019 |
| Macarthur Bart Station Area, Oakland | Temescal: 4011<br>Temescal-Broadway: 4012<br>Longfellow: 4010<br>Hoover-Foster: 4014<br>Koreatown-Northgate: 4013 |
| The Monument Corridor, Concord | 3361.01, 3361.02, 3362.01, 3362.02, and 3280 |
| Redwood City | 6100, 6101, 6102.1, 6102.2, 6102.3, 6105, 6107, and 6109 |
| The Canal, San Rafael | 1122.01 and 1122.02 |
| East Palo Alto | 6118, 6119, 6120, and 6121 |
| Marin City | 1290 |

hold, and indicators of recent investment such as permanent blinds and updated paint. Researchers also looked for signs of concern over safety, such as security alarm signage or barred windows, as well as signs of disinvestment, such as litter or debris, boarded windows, or peeling paint.

Finally, data collected from the observation tool was compared to Tax Assessor and Census data. The results of the ground-truthing exercise for each case study is included in the Appendix. Additionally, observations from community members encountered during the ground-truthing and CBO partners further enriched the analysis and validating of data and case study conclusions.

## Final Review

Upon incorporating the results from the various stages of analysis, the final case study report was submitted to CBO partners. Researchers collected and incorporated feedback on the general tone of the report as well as specific points.

# chinatown

## Chapter 3: Community Organizing amidst Change in SF's Chinatown

# Introduction

As one of the oldest ethnic enclaves in the US, San Francisco's Chinatown has been a major immigrant gateway as well as a cultural, economic and residential hub for the Bay Area's Chinese American and Asian American communities for over 150 years. Since establishment in 1848, it has experienced constant transformation as nexus of complex transnational sociopolitical forces—from immigration laws and trends to global movements of capital—that have evolved alongside Chinese American identity in the San Francisco Bay Area (Tan 2008; Li 2011).

Chinatown's current location (Figure 3.1) was established after the original neighborhood was destroyed in the 1906 earthquake and fire that razed over 80 percent of San Francisco. To this day, the official Chinatown neighborhood remains a relatively small land area of approximately 30 city blocks. With the rapid growth of the Chinese American population beginning in the 1960s, neighborhoods adjacent to the core area became home to many Chinese American families, and businesses and institutions serving the Chinese American community likewise began establishing themselves beyond the boundaries of Chinatown.

With this expansion, Chinatown has deeply influenced the evolution of these neighboring areas, which include portions of the historically affluent neighborhoods of Russian Hill, Nob Hill and Polk Gulch, as well as tourist hotspots like North Beach, which is known as San Francisco's Little Italy. For the purposes of this case study, we use the term "Polk Gulch" to refer to the western portion of Greater Chinatown, which includes sections of Nob Hill and Russian Hill between Van Ness Avenue and Leavenworth Street. We also use the term "Chinatown North" to refer to the areas directly North and Northwest of the official Chinatown boundaries, including portions of North Beach and Polk Gulch. The area officially

recognized as Chinatown is referred to as "Chinatown Core" in this case study. Though each of these areas has maintained their own distinct character and identity, each of their individual neighborhood changes have been deeply informed by development and market pressures in the others. As we analyze this intricate relationship between the Chinatown core and peripheral communities throughout this case study, we examine this entire geography as "Greater Chinatown." [3]

Historically, tensions between Greater Chinatown's core and periphery have manifested through competing demands on the City's limited housing stock – in particular, the vast need for affordable housing for low-income residents in Chinatown and the ever-increasing desirability of San Francisco real estate. The following case study explores the roots and impacts of this dynamic, seeking to elucidate possible implications for future neighborhood change and residential displacement throughout the different communities within Greater Chinatown.


**Figure 3.1: Greater Chinatown Boundaries**

[3] Greater Chinatown is a term that we use specifically to refer to the case study area. It should be noted that this is term is not colloquial. Though neighborhood boundaries and names are varied and contested, San Francisco residents generally use neighborhood names of Nob Hill, Polk Gulch and North Beach to refer to the geographies that we include in the term Greater Chinatown.

# Overview and Historical Context

Since the 1960s, Greater Chinatown's population has included a large percentage of foreign-born, low-income Chinese American and Asian American families. Elderly residents have also consistently made up a significant share of the population; between 2009 and 2013, approximately 17 percent of Greater Chinatown's residents were age 65 and over (US Census Bureau).[4] While the Asian population's overall number has decreased over time, its influence remains present to varying degrees within all three neighborhoods. In 2009-2013, 55 percent of households within Greater Chinatown were Asian (Geolytics 2014).

Greater Chinatown is situated at the center of San Francisco's booming real estate market, with close proximity to the Financial District, Downtown, and affluent neighborhoods such as Russian Hill. Due to its prime location, it has consistently endured pressures of development and speculation that have transformed surrounding areas and much of San Francisco. Differing land use regulations between Chinatown Core and the rest of Greater Chinatown have led to varied patterns of neighborhood change throughout the area. While the Chinatown Core community has largely resisted displacement and gentrification, increasing market pressure and ongoing neighborhood improvements, such as the construction of the Chinatown Central Subway Station that is scheduled to open in 2016, may profoundly impact the area's affordability and further shift its demographics.

**Chinatown's History**

The area's built form is rooted in the early history of discriminatory policies directed at Chinese immigrants in the late 1800s, including the 1882 Federal Chinese Exclusion Act, which prohibited further migration of individuals from China until it was repealed in 1943 (Yip 1985). With this institutionalized halt in migration for nearly an entire century, Chinatown's built environment did not evolve from the influence of its earliest cohort of settlers, who were predominantly male contract laborers from Chinese provinces near Pearl River Delta. These men arrived in California in search of wealth during the Gold Rush and later also took on jobs in the railroad industry (Yip 1985). Few arrived with the intention of permanent settlement; rather, San Francisco, "was merely the point of arrival" (Yip 1985). Instead of a residential community, Chinatown initially functioned as a "provision station" for Chinese workers (Li 2011).

Within this context, much of Chinatown's housing was built as single room occupancy (SRO) residential hotels or small rooms in commercial structures or community spaces. Chinese immigrants, who were barred from property ownership, were subjected to discriminatory housing practices by absentee landlords seeking to maximize profits. Housing was thus poorly maintained and often overcrowded (Yip 1985).

After the US Civil War, anti-Chinese sentiment driven in part by labor disputes led to thousands of Chinese immigrants relocating to Chinatown for protection from racialized violence, which resulted in the neighborhood transforming into a permanent residential community (Li 2011). The Chinese community's spatial segregation and social isolation contributed to the development of "an impenetrable social, political, and economic wall" between Chinatown and the rest of San Francisco (Wang 2007). While the neighborhood's insularity allowed for the formation of strong social networks and a self-sufficient system of community institutions, small businesses and cultural activity (Yip 1985), it also reinforced a language barrier that still presents a challenge for socio-economic integration and contributes to persistently high poverty and unemployment rates (Wang 2007).

When Chinatown was rebuilt after the 1906 earthquake, Chinese immigrants were able to lease land from white landowners, who dictated the parameters of building design and construction (Asian Neighborhood Design 2008). With the goal of attracting tourists and outsiders, new Chinatown buildings were deliberately designed by white architects using elements intended to signify the community's heritage, with the hope that Chinatown would generate increased revenue for the City through commercial activity (Li 2011). During this period, much of the housing was reconstructed as SROs, which were considered economically efficient

In the 1960s, the liberalization of US immigration policy led to a population boom and subsequent shortage of affordable housing. Chinatown quickly became one of the densest neighborhoods in the country, with an overwhelming majority low-income renter population.

[4] This percentage of residents age 65 and over is a bit higher than in San Francisco as a whole, where 14.2 percent of residents were age 65 and over between 2009 and 2013 (US Census Bureau).

SROs and other small residential units were often overcrowded, in poor condition, and yet still expensive for very low-income residents (Tan 2008).

The influence of Chinatown Core on portions of North Beach (Chinatown North), Nob Hill, and Russian Hill (Polk Gulch) manifested between 1970 and 1990, when the Chinese American populations, mostly made up of families with US-born children, in these areas grew as previous immigrant communities moved out (Fujioka 2014). The incremental dispersal of the Chinese community during this period was informed by social changes brought about through the Civil Rights Movement, which facilitated challenges to norms of racial segregation (Li 2011). By 1990, the large proportions of Asian households in Chinatown North and Polk Gulch—73 and 49 percent, respectively—signified the establishment of the areas' connection to the Core Chinatown community.

Today, Greater Chinatown is still primarily renter-occupied, though the share of owner-occupied housing units has grown in recent years. With an estimated residential density of 85,000 people per square mile in the Chinatown Core (Tan 2008), overcrowding and housing affordability remain pressing issues for the community. Although most of Greater Chinatown has maintained its relative affordability in relation to the rest of San Francisco, the dramatic rise in real estate values and the cost of living in surrounding neighborhoods has driven increasing "rent gaps," or disparities between what existing residents pay and the amount landlords could charge in the current market (Smith 1979). This has spurred a resurgence of concern over possible residential displacement. This case study seeks to address these concerns by deconstructing the unique forces that have allowed the neighborhood to remain affordable and analyzing the implications that these factors may have for potential displacement and gentrification.

# The Changing Chinatown Community

Chinatown residents make up approximately 4 percent of the San Francisco population. Though its density remains incredibly high, Chinatown's population decreased slightly since 1980, in contrast to a 21 percent increase in the overall San Francisco population (Table 3.1). This can be explained by the growing densification of other San Francisco neighborhoods, while by the 1990s, parts of Greater Chinatown were largely built out, with high rates of overcrowding.

However, as shown in Table 3.2, the population decline was not distributed evenly throughout Greater Chinatown. While Chinatown North experienced a population decline of 8 percent, Polk Gulch and Chinatown Core's populations increased by 4 and 12 percent, respectively, between 1980 and 2009-2013.

This discrepancy exemplifies a broader difference in degrees and types of neighborhood change between Chinatown North, Polk Gulch and the Chinatown Core, which will be explored further throughout this case study.

Greater Chinatown's general population decline coincides with a drop in its average household size between 1980 and 2009-2013, which fell across all three neighborhood areas, as shown in Table 3.3. In contrast, San Francisco's average household size increased nominally.

**Table 3.1: Total Population in Greater Chinatown and San Francisco, 1980-2013**

| Year | Chinatown | San Francisco |
|---|---|---|
| 1980 | 34,607 | 677,678 |
| 1990 | 35,938 | 723,959 |
| 2000 | 34,891 | 776,733 |
| 2009-2013 | 34,557 | 817,501 |
| % Change, 1980 to 2009-2013 | -0.1% | 21% |

*Source: US Census 1980, 1990, 2000. (Geolytics, 2014). 2009-2013 American Community Survey 5-Year Estimates.*

**Table 3.2: Population Change in Chinatown by Area, 1980 to 2009-2013**

| Area | 1980 | 2009 -2013 | % Change, 1980 to 2009-2013 |
|---|---|---|---|
| Chinatown Core | 4,464 | 5,012 | 12% |
| Chinatown North | 15,315 | 14,067 | -8% |
| Polk Gulch | 14,830 | 15,478 | 4% |
| Greater Chinatown | 35938 | 33018 | -4% |

*Source: US Census 1980, 1990, 2000 (Geolytics, 2014); 2009-2013 American Community Survey 5-Year Estimates.*

**Table 3.3: Average Household Size in Greater Chinatown and San Francisco, 1980 to 2009-2013**

| Year | Chinatown | San Francisco |
|---|---|---|
| 1980 | 2.22 | 2.27 |
| 1990 | 2.30 | 2.37 |
| 2000 | 1.97 | 2.36 |
| 2009-2013 | 2.03 | 2.31 |
| % Change, 1980 to 2009-2013 | -9% | 1.8% |

*Source: US Census 1980, 1990, 2000 (Geolytics, 2014); 2009-2013 American Community Survey 5-Year Estimates.*

This trend also correlates with the slight growth in the share of non-family households in Greater Chinatown. Between 2009 and 2013, 61 percent of the neighborhood's 17,457 households were non-family households, up from 59 percent in 1980.

Greater Chinatown also saw a drop in the share of overcrowded households between 2000 and 2009-2013, as shown in Figure 3.3. Despite this decrease, its rate of overcrowding in 2009-2013—defined as more than one person per room—was still over twice that of San Francisco, which had 3 percent overcrowded and 3.3% extremely overcrowded units.

Combined declines in family households, average household size and overcrowding are often associated with the process of gentrification, and changes in Chinatown's racial/ethnic composition, further reinforce that possibility. Between 1990 and 2013 , the share of Asian households in the neighborhood decreased by 11 percentage points, corresponding with a growth of 5 percentage points in the share of white households. The largest change, however, occurred between 1990 and 2000.

Though the concentration of Asian residents between Chinatown North, Polk Gulch and Chinatown Core varied greatly during the baseline year of 1980, all three areas reflected a broader trend of a declining share of Asian households in the following decades. By 2010, the share of Asian households dropped by 10 percent in both Chinatown North and Polk Gulch, alongside a 7 and 6 percent increase, respectively, in the share of the white households. Chinatown Core showed a much slower rate of decline in the share of Asian households; by 2010 it fell by only 5 percentage points to 83 percent. Figures 3.5 and 3.6 depict these varying rates of change in concentration of Asian households across Greater Chinatown's census tracts.

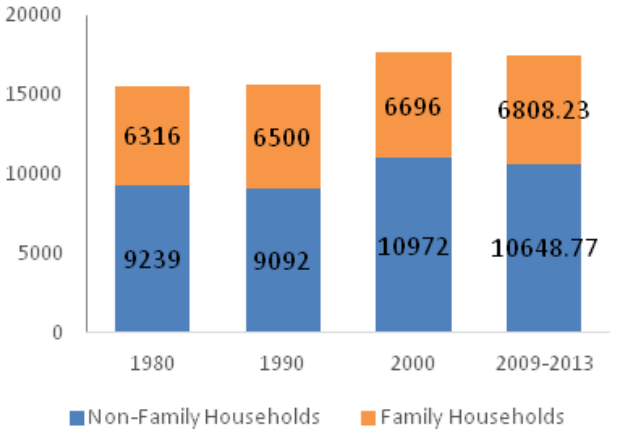



**Figure 3.2: Households in Greater Chinatown, 1980 to 2009-2013**

*Source: US Census 1980, 1990, 2000 (Geolytics, 2014); 2009-2013 American Community Survey 5-Year Estimates.*

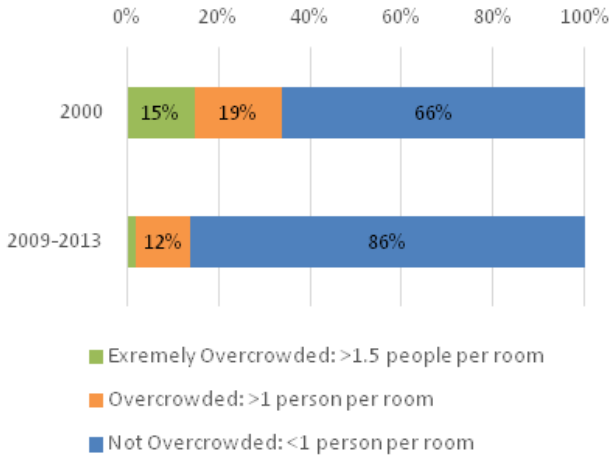



**Figure 3.3: Overcrowded Households in Greater Chinatown, 1980 to 2009-2013**

*Source: US Census 1980, 1990, 2000 (Geolytics, 2014); 2009-2013 American Community Survey 5-Year Estimates.*

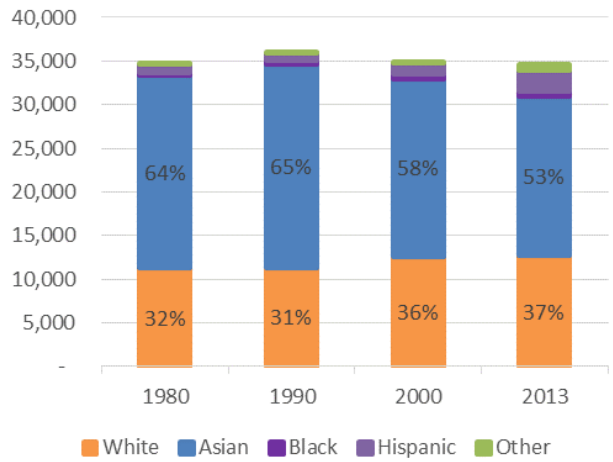



**Figure 3.4: Racial/Ethnic Composition of Greater Chinatown Households, 1980-2013**

*Source: US Census 1980, 1990, 2000 (Geolytics, 2014); 2009-2013 American Community Survey 5-Year Estimates.*

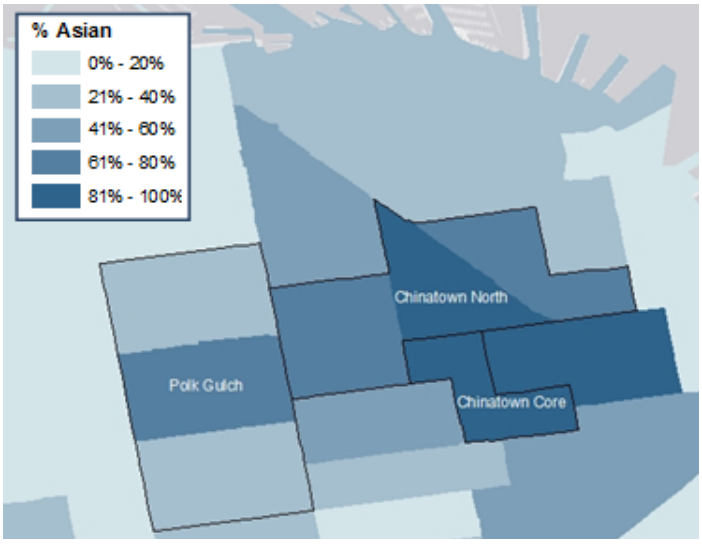



**Figure 3.5: Asian Households as a Percentage of all Households in Greater Chinatown by Census Tract, 1980.**

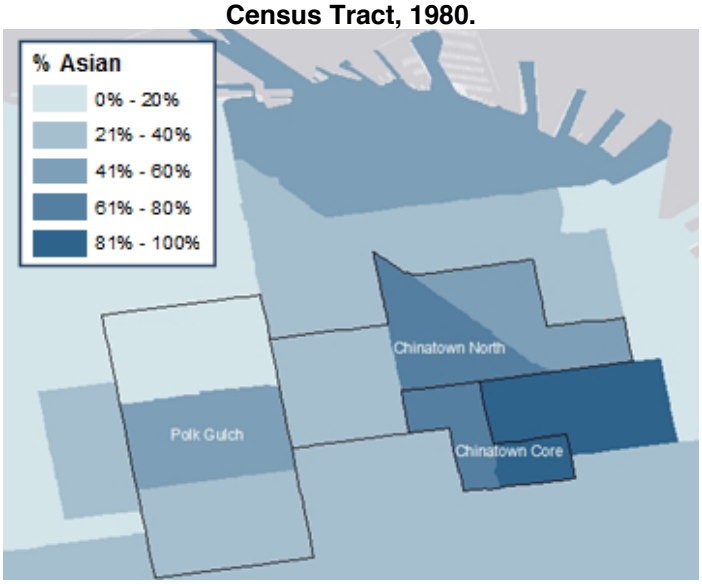



**Figure 3.6: Asian Households as a Percentage of all Households in Greater Chinatown by Census Tract, 2010.**

*Source: US Census 1980, 2010 (Geolytics, 2014).*

Educational attainment among Chinatown residents also increased as the share of white households increased, as shown in Figure 3.7
. By 2013, 48 percent of the population 25 and older had a college degree or higher. Polk Gulch is driving this figure; there, the same figure was 61 percent, compared to 21% in Chinatown Core.

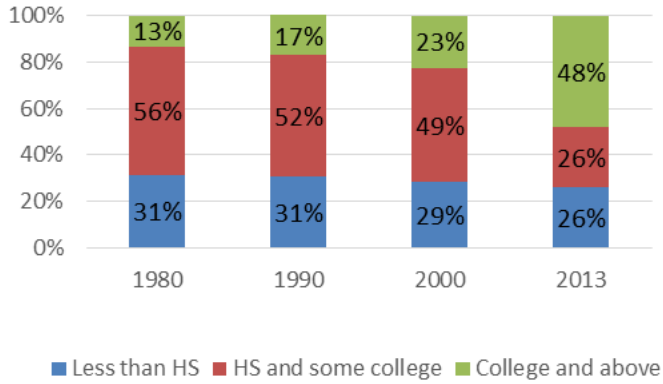



**Figure 3.7: Educational Attainment in Greater Chinatown, 1980 to 2009-2013**

*Source: US Census 1980, 1990, 2000 (Geolytics, 2014); 2009-2013 American Community Survey 5-Year Estimates.*

Since the increase in educational attainment was concurrent with significant shifts in the population's racial/ethnic composition, this increase may signify new residents moving in, rather than existing residents achieving higher levels of education.

Data also show another key difference among the areas regarding the change in proportion of foreign-born residents. Between 1980 and 2013, the percentage of foreign-born individuals decreased by over 10 percentage points in Chinatown North and Polk Gulch. Meanwhile, the same figure decreased by only 4 percentage points in Chinatown Core. This suggests that the Chinatown Core has served as the primary immigrant gateway in Chinatown as the other two areas have become less accessible to first generation immigrant households.

This shift is likely attributable to changes in rental prices, which have deviated significantly by area. Figure 3.8 shows that in contrast to other areas and San Francisco overall, median rent in the Chinatown Core has remained exceptionally stable since 1980. This is primarily due to the large number of subsidized and rent-controlled units in Chinatown Core. By 2013, median rent in Chinatown North and Polk Gulch had approximately doubled the median cost of rent in the Chinatown Core.

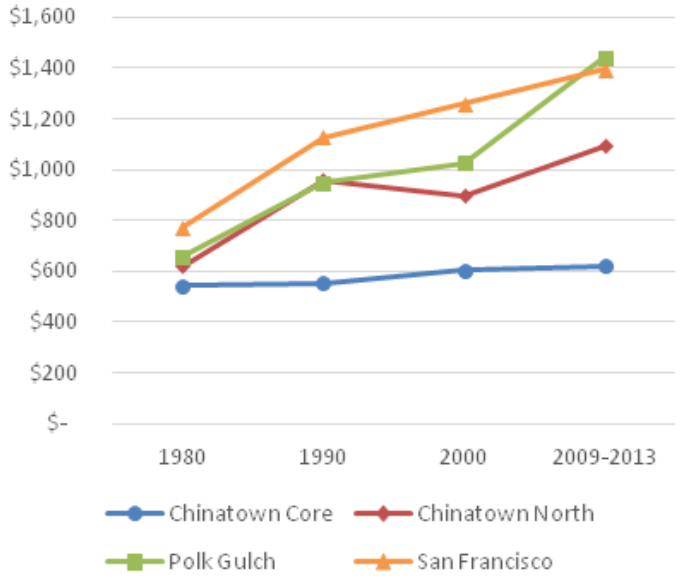



**Figure 3.8: Median Rent in Chinatown and San Francisco (in 2010 dollars), 1980 to 2009-2013.**

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

An even closer look at the spatial differentiation in rental prices shows wide disparities within each of Chinatown's three areas at the tract level. The spread of Chinatown North's distribution is most notable; in 2013, Tract 107's median rent was only $575, compared to $1,455 in adjacent Tract 108.

Although Greater Chinatown's rental prices on average have maintained their affordability, data suggest that its community was deeply impacted by the recession, and as a result, the neighborhood has grown increasingly unaffordable for its residents. Between 2000 and 2009-2013, Greater Chinatown's median household income fell by 36 percent, and its poverty rate increased by 4 percentage points to 18 percent. Again, disaggregation by area shows that the recession's impact varied significantly by geography. As shown in Figure 3.9, Chinatown Core's poverty rate had more than doubled the rate of Polk Gulch's by 2009-2013.

Polk Gulch is the only area that saw an overall growth in median household income from 1980 to 2013.

Amidst increasing income stratification in Chinatown, low-income residents are very vulnerable to displacement. The extreme rise in percentages of rent- and mortgage-burdened households between 2000 and 2009-2013, as shown in Figure 3.11, serves as an indicator of this.

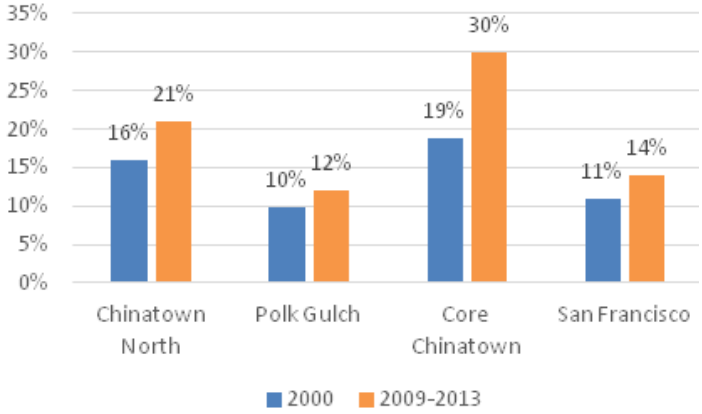



**Figure 3.9: Poverty Rates in Greater Chinatown and San Francisco, 2000 to 2009-2013.**

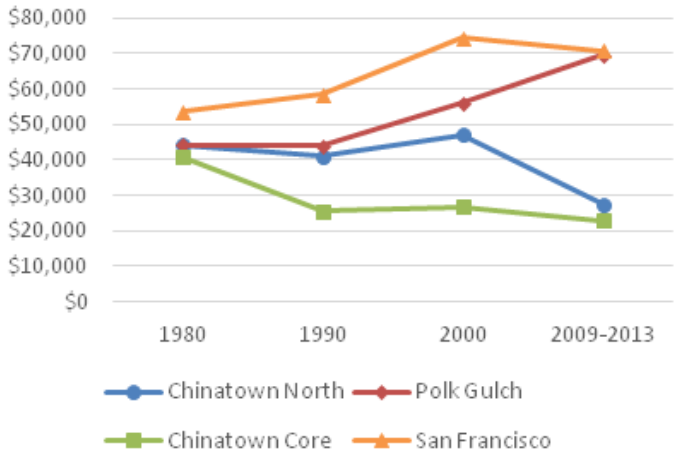



**Figure 3.10: Median Household Income in Greater Chinatown and San Francisco (in 2010 dollars), 1980 to 2009-2013.[5]**

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

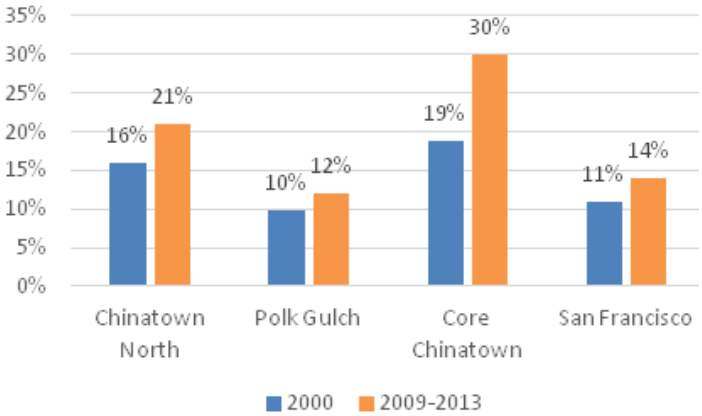



**Figure 3.11: Rent- and Mortgage-Burdened Households in Greater Chinatown, 1980-2013.**

*Source: US Census 1980, 1990, 2000 (Geolytics, 2014); 2009-2013 American Community Survey. Burdened means paying more than a third of income towards housing costs.*

[5] Data for 1980 is the average rent rather than the median rent.

Given the lower cost of housing in Chinatown than the City on average, displaced residents from Chinatown would likely struggle to find more affordable housing elsewhere in San Francisco and thus be forced out of the City as a whole.

The threat of displacement, which appears to have already impacted portions of Polk Gulch, seems to be rising in Chinatown North and inward toward Chinatown Core, which has largely resisted gentrification up to this point. If patterns of change in Polk Gulch and Chinatown North continue to diverge from those in Chinatown Core, the geography of what is considered Greater Chinatown may shrink as residents' connections to the Core community weaken.

## Chinatown Housing Policy and Planning

In the face of external pressures of gentrification, a number of key policies and planning efforts have uniquely allowed Chinatown Core to maintain its historic character and accessibility to low-income San Franciscans. One of the most influential and comprehensive policy changes took place in 1986, with the adoption of the City Planning Department's official Chinatown Rezoning Plan as an amendment to the General Plan, which resulted in the designation of Chinatown as a mixed use area distinct from the downtown.

CCDC's predecessor, the Chinatown Resource Center, led this planning effort with the Chinese Chamber of Commerce and Asian Neighborhood Design. In the years prior, Chinatown Resource Center had worked tirelessly to stave off infringing developers, many of whom sought to purchase land for office uses (Chinn 2014). Between the mid-1970s to mid-1980s, approximately 1,700 residential units in Chinatown were converted to office use, and at the same time, an influx of capital from Asian firms drove up both commercial and residential rents (Li 2011). As these factors exacerbated the threat of displacement, the Chinatown Resource Center realized the unsustainability of this project-by-project approach and switched course toward advocating for structural changes to the neighborhood's land use policy in an attempt to slow development (Chinn 2014).

They organized residents behind oposed set of zoning regulations that were originally conceived of as part of a Chinatown community planning process that took place over several years prior (Chinn 2014), during which the San Francisco Planning Department had proposed a new Downtown Plan and housing advocates across the city sought to limit the proliferation of office buildings to preserve affordable housing (Li 2011). With the growing threat of speculation and encroaching development from the downtown, residents, community-based organizations, and City officials all exhibited political will for policy change, agreeing that action must be taken to preserve Chinatown's character and culture for its existing residents (Chinn 2014). The proposal, which specifically addressed the core portion of Chinatown, sought to downzone the neighborhood by setting lower height limits that would curb the neighborhood's development potential. Previous zoning had set limits at much higher than the prevailing scale of most existing buildings. This was due to the fact that Chinatown had originally been zoned as "a creature of downtown," resulting in regulations that did not align with the neighborhood's distinct character (Chinn 2014). The community's proposal was broadly viewed as a necessary, sensible shift toward land use policy that was indigenous to Chinatown (Chinn 2014).

The 1986 Rezoning Plan's central aim was to protect what the Planning Department acknowledged was a "virtually irreplaceable" resource of affordable housing in Chinatown. The plan effectively prohibited demolition, allowing it only "if that is the only way to protect public safety or for a specific use in which there is a high degree of community need," and furthermore banned conversion of residential buildings into different uses (San Francisco Planning Department).

Chinatown's large stock of SROs was granted further protection by the 1980 citywide Residential Hotel Ordinance, which made it very difficult for developers to convert residential hotel rooms to commercial use by requiring replacement of lost affordable units and mandating that 80 percent of the replacement cost be paid by developers to the City for conversions or demolitions (Fribourg 2009).

With these requirements in place, approximately 50 percent of the Chinatown Core's housing stock has remained SRO hotels (Tan 2008), and an estimated 92 percent of units are protected by the 1979 San Francisco Rent Control Ordinance (San Francisco Department of Public Health).

Nearly 30 years later, the 1986 effort can thus be considered to have essentially achieved its policy objectives to "preserve the distinctive urban character of Chinatown" and "retain and reinforce Chinatown's mutually supportive functions as a neighborhood, capital city and visitor attraction." (San Francisco Planning Department) However, some would problematize the lack of new development in Chinatown Core amidst the City's affordable housing shortage (Tan 2008). County Assessor data shows that since 1987, only 22 residential buildings have been constructed in Chinatown Core (Dataquick 2014). By comparison, 65 buildings in Chinatown North and 353 residential buildings in Polk Gulch have been built within the same time frame (Dataquick 2014). Construction of affordable housing in Chinatown Core has also been limited; the small stock of 342 subsidized and public units has not increased since 1990, despite increasing need (CHPC 2014). Thus, the neighborhood's land use policy has given rise to other unresolved challenges of supplying sufficient housing in San Francisco.

With few new housing units built in Chinatown Core after 1986, the vast majority—75 percent, compared to 61 percent in San Francisco overall—were built before 1949 (pre-World War II). A combination of age and weak code enforcement has led to many buildings falling into disrepair (Chinn 2014). Consequently, two mutually reinforcing phenomena have emerged in Chinatown Core: a shortage of supply and a declining quality of housing as buildings have deteriorated (Chinn 2014). With low profit potential, particularly for rent-controlled units, and exceedingly high demand throughout the neighborhood, owners are dis-incentivized to rehabilitate their rental units (Chinn 2014). In some cases, they have opted to take units off of the market to avoid necessary maintenance costs, which has further contributed to the broader housing crisis that most severely impacts lowest income individuals (Tan 2008).

Further pressure was placed on the housing stock as developers often opted to build commercial rather than residential buildings. By 1992, an estimated 25 percent of land was used for commercial activities, which led to a lack of parking and open space, while 50 percent was used for residential purposes. Landscape architecture scholar Chuo Li notes that these proportions differed greatly from New York and Chicago's Chinatowns, which had dedicated 70 percent of land to residential uses and 20 percent to commercial uses (Li 2011).

These constraints surrounding both redevelopment and rehabilitation have made Chinatown Core somewhat less desirable to residential real estate speculators (Chinn 2014). Since many buildings would likely require major rehabilitation and potentially demolition to allow for conversion into condos or tenancies in common (TICs), a conversion project would be a much more difficult and costly undertaking in Chinatown Core compared to other San Francisco neighborhoods that have been systematically impacted by such types of redevelopment. In some senses, then, Chinatown Core has avoided gentrification because other areas were—and continue to be—more susceptible to gentrification and/or lucrative for speculators seeking to flip residential properties (Chinn 2014).

**Signs of Displacement**

Despite Chinatown Core's ability to resist gentrification in the past decades, the threat of displacement looms large for the share of residents facing unemployment, poverty and rent or mortgage burdens. Gen Fujioka, Public Policy Manager at CCDC, notes that even the modest increases in rents for SRO units have led to both economic and exclusionary displacement. Though occurrences of eviction have been rare, these other factors suggest a tenuous future for the Chinatown Core.

Trends in other areas of Greater Chinatown present a starkly different picture of change. Fujioka explains that the Chinatown North and Polk Gulch communities have experienced "reoccurring waves of evictions," including Ellis Act and Owner-Move-In evictions, as well as "many more under-the-table evictions that are unrecorded" (Fujioka 2014). With a growing number of accounts from Chinese American residents of informal threats of buyout or eviction in these areas, anxiety over displacement runs high.

Without the force of the 1986 rezoning policy that applies only to Chinatown Core, the Chinatown North and Polk Gulch areas have not been immune to the proliferation of TIC or condo conversion. Tract level census data suggests that much of this activity is primarily occurring in Polk Gulch, where the share of owner-occupied units has gone from 9 to 16 percent between 1980 and 2013. According to an analysis of the San Francisco Department of Public Health of no-fault evictions during the period 2009-2012, approximately 34 no-fault evictions – which include evictions due to the Ellis Act, owner move-in and demolition—

have occurred in Polk Gulch, compared to 12 in Chinatown North and 1 on the border of Chinatown North and Chinatown Core (San Francisco Public Health Department 2014).

Census figures also show that this trend has generally corresponded with declines in the number of Asian households and increases in the number of white households. For example, in Tract 110 (in Polk Gulch), the number of Asian households decreased from 3,519 to 2,527 between 1980 and 2013—a decrease in share of total population of 22 percentage points. This corresponds with an increase in the share of white residents by 17 percentage points over the same time period (Geolytics 2014).

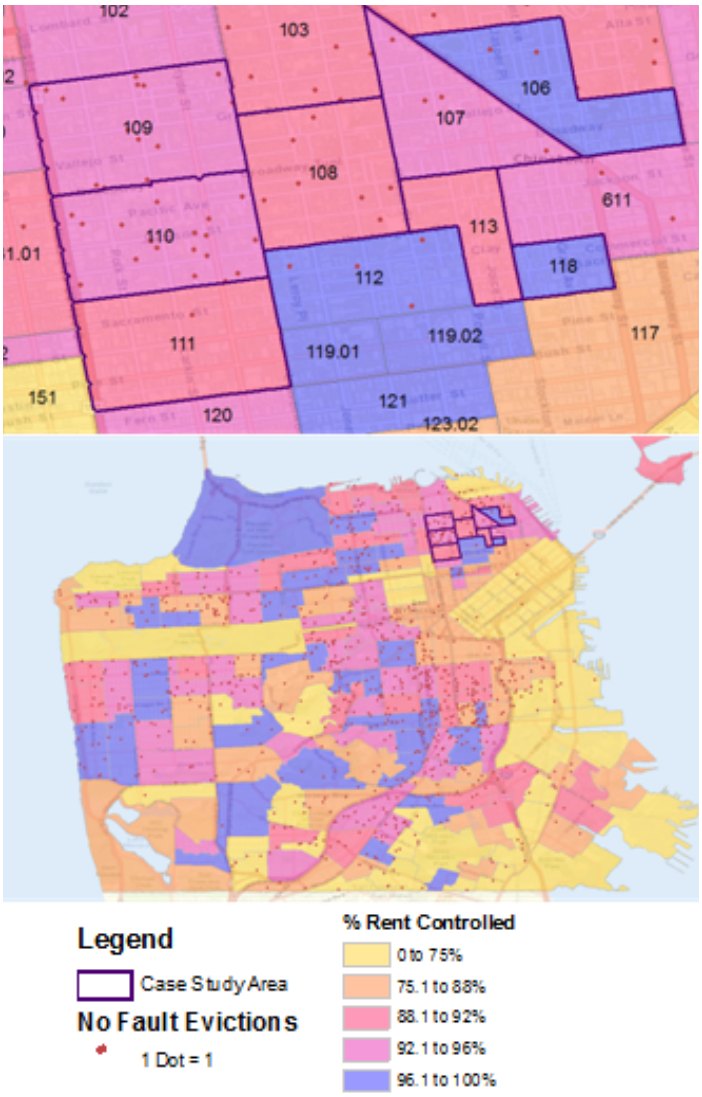



**Figure 3.12: Instances of No-Fault Evictions and Percentage of Rent-Controlled Units in San Francisco by Census Tract (zoomed in to case study area).**
*Source: San Francisco Department of Public Health*

In addition to the pressure of evictions and conversions, changes to the culture and dynamic of the Chinese American community have contributed to the shifting demographic composition of Greater Chinatown. As the foreign-born population that moved to Polk Gulch and Chinatown North in the 1970s has aged and passed on, some second generation Chinese Americans are not returning in adulthood to the neighborhood to establish their own homes (Chinn 2014). It is unclear whether this is due to exclusionary displacement or simply shifting preferences and/or circumstances among the second generation. Many are deciding to sell their parents' properties, which have often appreciated enormously in value, and are thus regularly purchased for conversion into condominiums or TICs (Chinn 2014).

## Resistance to Displacement

Multiple layers of transformation signify a changing social fabric throughout Greater Chinatown. Nevertheless, a profound sense of community identity persists among Asian American residents as well as a broader set of Asian American individuals who live outside the area yet remain deeply connected to Chinatown's culture, institutions, and spaces. The driving force behind this sense of cohesion is a high rate of civic engagement, which has continued to shape Greater Chinatown's built environment since the 1986 rezoning victory. (Fujioka 2014)

With affordable housing as an unceasing concern in Greater Chinatown as well as all of the Bay Area, the Chinatown Community Development Center and other community-based organizations have formed resilient organizing networks with citywide reach. They have also brought their resident base into the broader movement around the right to the city. Recent campaigns have taken on the uptick in owner-move-in evictions that singled out elderly residents as well as Ellis Act evictions. Informed by a commitment to community-based neighborhood planning from the ground up, CCDC, together with tenant groups such as the 1,000 member Community Tenants Association, have won new eviction protections for seniors and residents with disabilities.

In preserving community spaces and connections throughout Chinatown, strong political engagement has also preserved tight social networks among Chinese American residents. These social connections have also played a key role in the neighborhood's ability to resist gentrification. For example, with apartment vacancies often posted only within local Chinese language newspapers rather than more broadly utilized forums such as Craigslist, information on housing availability is not widely accessible to the public. Property sales also typically occur within existing social networks, resulting in many real estate ownership turnovers occurring within the Chinese American community. Within Chinatown Core, these dynamics have maintained the racial and ethnic composition in spite of many other neighborhood changes.

## Conclusion

The unique history of land use politics and policy in Chinatown—from the earliest days of forced segregation through to recent years of housing rights activism—has given rise to a complex set of challenges as well as community assets to address them. New infrastructure initiatives, such as the Chinatown Central Subway Station construction project, alongside ongoing work by community based organizations, will have a major impact on the community's future.

Data and information from residents suggest that while housing in Chinatown Core has been preserved for low-income individuals, many of whom are foreign-born Asian Americans, all of Greater Chinatown faces significant pressure as rates of rent- or mortgage-burdened households have skyrocketed since 2000.

Different factors within each area have driven this pressure. In Chinatown Core, they include internal circumstances such as high rates of poverty and unemployment among residents. On the other hand, pressures in Chinatown North and Polk Gulch appear to be rooted in external market forces, which have caused significant increases in rental costs.

While part of the broader picture of San Francisco's affordability crisis, the unduplicated factors that shape Chinatown's built form require a locally-tailored approach to preserving the neighborhood's livability and vibrancy.

As with the 1986 Rezoning Plan, the neighborhood's effectively mobilized resident base allows for potential solutions to be indigenous to the community. Continued organizing efforts by community groups like CCDC will be critical as both the population and the neighborhood's infrastructure continue to evolve.

# mission

## Chapter 4: Community Organizing and Resistance in SF's Mission District

# Introduction

The Mission District is located in the southeastern region of San Francisco. Since the 1950s, the neighborhood has been San Francisco's Latino enclave. Prior to this time, the neighborhood was an Italian and Irish working-class neighborhood with an industrial character (PODER, 2014).

In this case study we will examine the time period from 1980 to 2013, with a focus on the changes caused by the rapid growth of the internet sector, alternatively known as the dotcom boom, in the late 1990s. The result of this rapid speculative growth was an increase in the cost of living and a rise in the cost of housing in the Mission, which led to the displacement of long-time residents. During this time, much of the industrial sector in the Mission District was wiped out (Casique, 2013). The changes experienced by the Mission during the dotcom boom are those typically associated with the traditional conception of gentrification, or the influx of investment and higher-income, usually White, residents to areas with low-income, often minority, residents.

New residents were—and are still—attracted to the amenities provided by higher density, the cultural richness of the neighborhood and to the transit accessibility of the area. Multiple bus lines as well as two BART stations (16th Street and 24th Street Mission Station) service the neighborhood for an easy commute to the financial district. The neighborhood is also close to the freeway and the Caltrain, which provide accessibility to the greater region, including Silicon Valley.

This first wave of gentrification is the main story in the neighborhood's shift from a lower-income Latino area to its present state. Although the bust of the dotcom bubble caused gentrification pressures to slow, the neighborhood has continued to be a high demand area, seeing an influx of high-income residents once again from the tech sector. However, this current wave of gentrification is taking place in a neighborhood context that has already undergone years of gentrification—not just with new residents who had moved in, but with an ongoing influx of new retail and public investment.

Today's ongoing battle over the Mission is therefore of a different kind, with weaker community organizations and fewer units left to gentrify. Many long-time residents are holding on and benefitting from the neighborhood's new investment and amenities, but there is even more pressure than before on the remaining affordable units and less of a community to defend them.

This case study examines demographic, housing, and commercial characteristics from 1980 to 2013 to identify changes and trends in the Mission District. After outlining basic demographic changes in the area between 1980 and 2013, we provide a close look at the dotcom boom period and the displacement effects this time of rapid change had on industrial, business, and residential uses, as well as the community's response. Next, we turn to an examination of housing in the area—perhaps the clearest way to observe gentrification, change, and displacement. We briefly outline some of the affordability concerns for residents, and then detail several strategies used to slow displacement, as well as strategies used to speed it up. Before concluding, we outline public investment in the area—which can contribute to gentrification—and recent commercial displacement.

# Demographic Changes

The Mission District is home to almost 52,000 of San Francisco's approximately 818,000 residents (Table 4.1). Since 1980, the area has seen significant shifts in racial composition, occupancy, educational attainment, and median income. Tensions are growing among various groups with an interest in the fate of the Mission: lower-income Latino residents, tech

**Table 4.1: Total Population SF & Mission District, 1980-2013**

| Year | San Francisco | Mission |
|---|---|---|
| 1980 | 677,678 | 45,788 |
| 1990 | 723,959 | 51,640 |
| 2000 | 776,733 | 54,428 |
| 2013 | 817.501 | 51,578 |
| Percent Change 1980-2013 | 21% | 13% |

*Source: Source: U.S. Census 1980, 1990, 2000 (Geolytics, 2014); ACS 2009-2013*

sector employees who often work in Silicon Valley but prefer to live in urban neighborhoods like the Mission, longtime residents, small business owners, and others. These tensions have made news across the country as the Mission has in many ways become the poster-child of gentrification (Goode, 2013; Nieves, 2000). Understanding how these changes have taken place may provide some insight into the causes and indicators of residential displacement. From 1980 to 2000, the population of the Mission district swelled by about 19%, then declined slightly in 2013. In contrast, San Francisco's population has steadily increased in the last three decades.

The decrease in population from 2000 to 2013 may be linked to the steady decrease of family households since 1980 (Figure 4.2). The share of family households dropped to 38% in 2013 from 52% in 1980.

The decrease in family households is accompanied by a decrease in the Latino population, shifting from 44% in 1980 to 38% in 2013 while the White population increased from 36% to 43%. The racial and ethnic demographics of the Mission in 2013 is similar to the city's (Figure 4.3).

There were significant shifts in educational attainment from 1980 to 2013. The percentage of residents aged 25 or older with a bachelor's degree or higher increased from 18% to 52%, and the percentage without a high school diploma decreased from 41% to 17% in the same period (Figure 4.4).

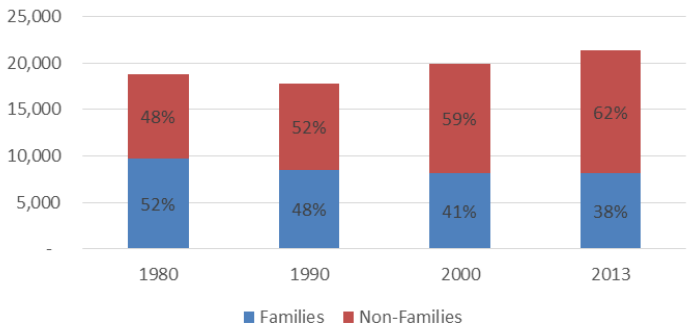



**Figure 4.2: Number of Households in the Mission, by type 1980-2013**

*Source: U.S. Census 1980, 1990, 2000 (Geolytics, 2014); ACS 2009-2013*

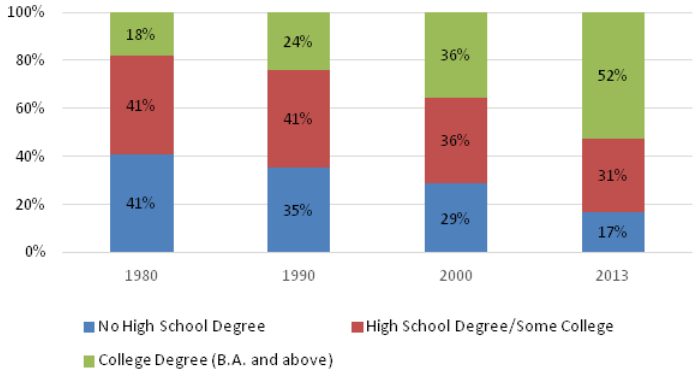



**Figure 4.4: Educational Attainment in the Mission (1980-2013)**

*U.S. Census 1980, 1990, 2000 (Geolytics, 2014); ACS 2009-2013*

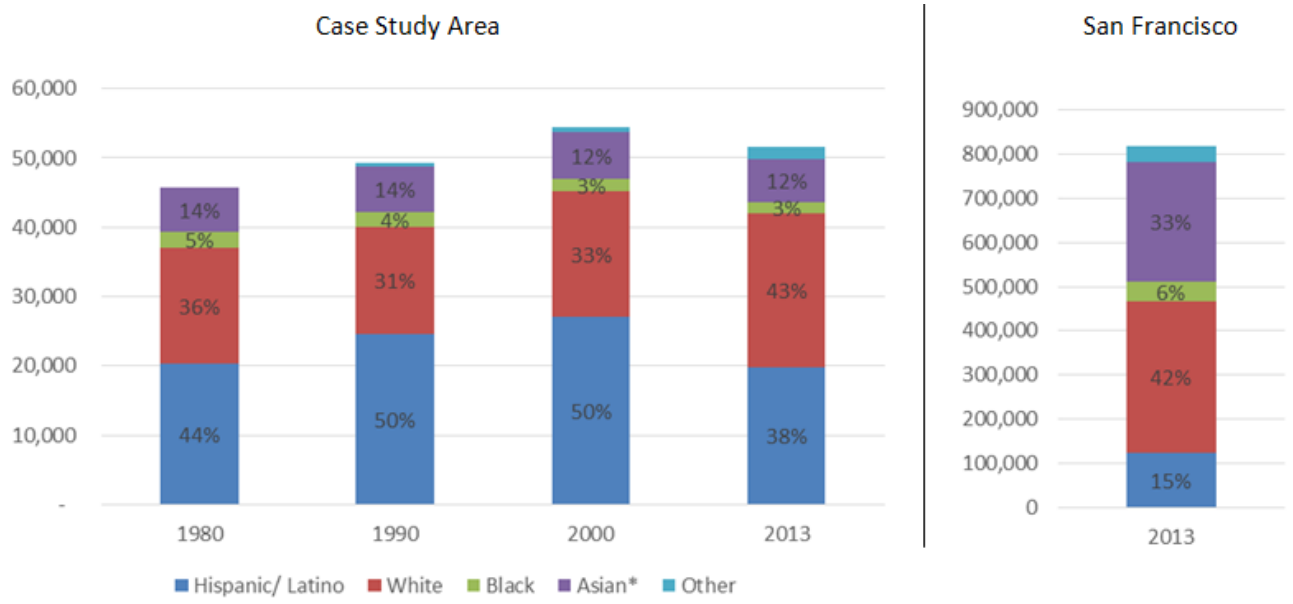



**Figure 4.3: Race & Ethnicity in the Mission District by population and percent, 1980-2013, and San Francisco, 2013**

*Source: U.S. Census 1980, 1990, 2000 (Geolytics, 2014); ACS 2009-2013*

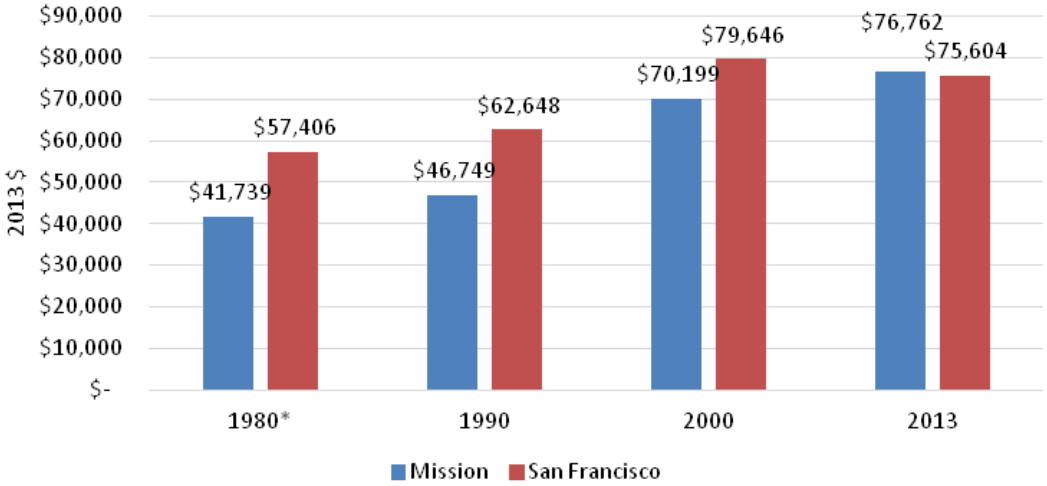



**Figure 4.5: Median Income, Mission vs. SF (1980-2013), 2013 $**

*Source: U.S. Census 1980, 1990, 2000 (Geolytics, 2014); ACS 2009-2013 *Median income unavailable, average income used*

As may be expected, an increase in median income accompanied the increase in educational attainment in the study area. Median household income in the Mission District has risen significantly from 2000 to 2013, increasing at a faster pace than San Francisco overall (Figure 4.5).

## The Dotcom Boom: Displacement of Industry, Business, and Residents– and Community Response

The dotcom boom in the late 1990s fundamentally changed the character of the Mission District. The boom hit its peak in 2000 and by 2002 was in decline. This short boom resulted in residential and commercial displacement (Casique, 2013). The industrial sector in the Mission is primarily located in the Northeast Mission Industrial Zone (NEMIZ), an area taking up the northeast corner of the Mission District. Even though the zone was designated in the midst of the dotcom boom, the market for industrial uses was "depressed," according to a stakeholder, and "a bunch of companies had moved out," like a brewing company and lumber yards. This devaluing of the land for industrial purposes due to the changing economy coincided with the growth of San Francisco as a result of the dotcom boom.

Industrial uses began to change to office space and housing. According to a community-based organization staff member, the emerging technology companies were in need of office space and able to pay higher rents, so they began converting former light industrial uses to office space; many of these offices, in turn, became empty after the dotcom bust, but light industrial uses did not return.

In terms of conversions to housing, a 1988 ordinance allowed the conversion of industrial spaces into so-called "live/work" spaces, where it is presumed a resident both lives and does their work (Casique, 2013). Advocated by artists, the live/work ordinance was seen as an opportunity to promote the art industry in the city by providing affordable housing arrangements in San Francisco (PODER, 2014). Under the ordinance, developers interested in constructing live/work units in the NEMIZ did not need to get the area rezoned nor did they need a conditional land use permit to build and therefore did not need to conduct an environmental impact report (EIR)—major hurdles for construction developers were able to avoid. As a result, many small developments "started springing up everywhere," according to one stakeholder, and began converting many industrial structures, vacated due to the changing economy, into expensive "live/work" spaces to house the new residents coming to work in the technology sector as a result of the dotcom boom. According to the San Francisco Housing Databook report issued by the SF Rent Board in 2002, 2,324 live/work units were constructed in San Francisco from 1987 to 2000.[6] Right before the dotcom crash, the number of constructed units peaked at 587 units in 1999, more than twice the amount of units built in any other year (SF Board of Supervisors, 2002).

[6] Only four units or more were counted which might result in undercounting.

Once it became clear that such conversions were possible, land values in the NEMIZ area began to rise, making remaining industrial uses difficult to sustain and resulting in business displacement (San Francisco Planning Department, 2002). The live/work ordinance allowed conversion without the requirement of hearings or public comment, allowing them to proceed unnoticed for a long time (Casique, 2013). Once advocates became aware of the situation, the Mission Anti-Displacement Coalition worked with Sue Hestor, a notable SF land use attorney, to force hearings at the Planning Commission and before the board of supervisors (PODER, 2014). Before the formation of the Mission Anti-Displacement Coalition, the "Committee for Jobs, Arts, and Housing had been raising concerns about the developers' scam on live/work developments," according to a community-based organization stakeholder.

Residential displacement in the Mission was also a concern during this period. Between 1990 and 1999, an estimated 925 households were evicted in the Mission (MEDA, as cited by Kennedy & Leonard, 2001). The Mission Anti-Displacement Coalition (MAC) was a major player during this time period, advocating for existing tenants' rights. According to a stakeholder involved with the Coalition, "the value of MAC's work is that unlike most other anti-gentrification work in other parts of the country…MAC focused not only on tenants' rights and stabilizing the neighborhood through that strategy but also on preserving space for local-serving businesses and [production, distribution and repair, or] PDR/light industrial space, especially given that those jobs paid often better [than other jobs available at the time]." Due to MAC's successful lobbying efforts, the San Francisco Board of Supervisors passed a moratorium on the live/work conversions and the production of market rate housing in the Mission that ultimately lasted two years (Casique, 2013).

Another of MAC's efforts was the creation of a "People's Plan." Published in 2005 after a community engagement process, it outlined community members' vision and priorities for the district, including economic, cultural, and community development, affordable housing, livability in the streetscape, environmental issues, transportation, and a specific land use map—essentially, a comprehensive plan for the Mission done by the people (The Mission Anti-Displacement Partnership, 2005). According to PODER, "aspects of this community-led effort were incorporated into the city's Eastern Neighborhoods Plan" (PODER, 2014). When asked to assess the impact of the People's Plan on the Mission, an organizer involved with the effort shared that he does not believe there was a "causal" effect on affordability in the neighborhood; instead, "market conditions in and of themselves eased some of the pressures on prices given the [dotcom] bust." However, he believed that even with the bust, rents were not decreased in a "substantive way." Instead, he believe that the planning process was significant for the "social capital" it built "by having trained people work on planning issues in the neighborhood and understand the zoning and planning conditions and how those decisions get made." [7]

A park that is currently under development at the intersection of 17th and Folsom Streets represents some of the successes of the People's plan. The park, will include a grassy area, playground, community gardens with trees bearing edible fruit, and public art that honors the Latino character of the neighborhood. multi-year community outreach process was conducted in partnership with PODER, starting in 2009. According to a staff member at PODER, community members were prepared to have meaningful engagement with the city due to the understanding of planning and zoning they developed working on the People's Plan. The staff member said that, the "areas that were rezoned through [the People's Plan] process in the 2000s are coming to fruition after these many years....that speaks to the social capital that has been built. Not just, 'let's rezone and forget about it.' But, 'let's make sure these policies come into fruition.' And we're going to be seeing that happening this year" when the park opens.

[7] The stakeholder also shared the following outcomes of the process: "The whole Mission Anti-Displacement Coalition and the People's Plan work did a couple of things. One, with MAC, I think it gave visibility to a new level of leadership in the neighborhood that was less accomodationist in terms of the interests of developers, of downtown, of some of these interests. And I think it pointed to a generational divide in the Mission in terms of the Latino 'old guard' and newer leadership...The People's Plan in particular, because of the need to engage with the city and community, I think it also helped the new generation... for understanding how these often arcane and technical issues like land use and zoning are addressed…How we need to be informed and engaged in these processes at the neighborhood and city level...there's an aspect of that reflected in the newer leadership."

# Housing: Conditions for Residents

As is the case in the rest of the city, the housing market in the Mission District is competitive. In 2000, right before the dotcom bust, the vacancy rate was at an extreme low of 3%. In 2013 the vacancy rate jumped to 7.6%, representing the decline of the house market. This figure cannot be seen as representing current patterns of gentrification as the housing market has since rebounded.

In terms of tenure, there has been a slight decrease in the portion of occupied housing units that are rented: from 87% in 1980, to 76% in 2013, which is consistent with gentrification patterns.

Overcrowding, when more than 1 person per room lives in an apartment or home, was 50% lower in 2013 than 2000 (Figure 4.6). One explanation is the decrease in both family households and of the Latino population, as low- and moderate-income Latino households often live with extended family members in overcrowded living conditions (MEDA, 2011).

San Francisco has one of the most expensive housing markets in the nation and market rate rents in the Mission are reflective of the city's high cost of living. In 2013, the average price of a market-rate one bedroom apartment in the Mission District was $2,850 while the average for a two bedroom was $4,705 (Zumper, 2013). With 76% of residents in the Mission renting (as of 2013), these high rents prevent low-income households from moving into the neighborhood. Additionally, current residents experience a very high rent burden. From 2000 to 2013, the share of rent burdened households, those paying 35% or more of their income on housing costs, increased from 27% to 34%.

Despite high demand for the area, the Mission District has failed to see significant increases in its housing stock, thereby exacerbating pressures on existing housing (Table 4.2). This lack of new development was a common concern among the stakeholders interviewed. A realtor in the area discussed the difficulty in obtaining approvals for new buildings because of the lengthy environmental impact review process, which sometimes caused developers to walk away from projects. A senior staff person from an affordable housing developer spoke about the challenges of building new housing, in part due to the real estate market collapse and the elimination of redevelopment as a funding source for affordable housing in California.

Meanwhile, as few units are being constructed, 80% of households have recently moved in to their housing unit (Table 4.3). This puts upward pressure on the rents in the older housing stock.

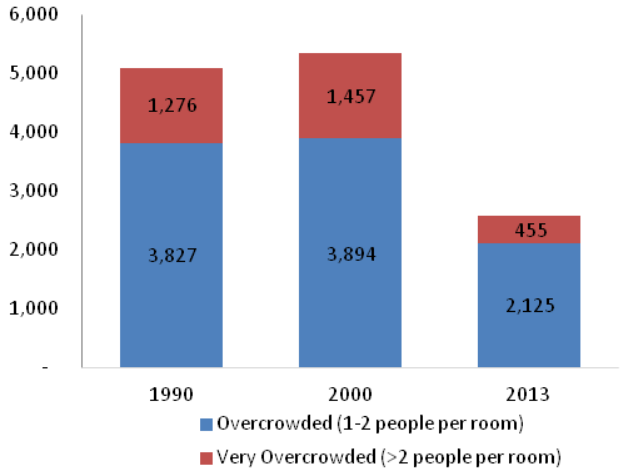



**Figure 4.6: Overcrowded Units in the Mission (1990-2013)**

*Source: U.S. Census 1990, 2000 (Geolytics, 2014); ACS 2009-2013*

**Table 4.2: Number of Housing Units by Year of Construction**

| Total | 23,106 | |
|---|---|---|
| Built 2010 Or Later | 96 | <1% |
| Built 2000 To 2009 | 96 | 7% |
| Built 1990 To 1999 | 1,516 | 5% |
| Built 1980 To 1989 | 1,212 | 4% |
| Built 1970 To 1979 | 918 | 4% |
| Built 1960 To 1969 | 854 | 6% |
| Built 1950 To 1959 | 1,337 | 7% |
| Built 1940 To 1949 | 908 | 4% |
| Built 1939 Or Earlier | 14,662 | 63% |

*Source: American Community Survey 2013 5-year estimate*

**Table 4.3: Mission District Percent of Householders who Moved in Last 5 Years, 1980 – 2013**

| Year | Percent Moved in Last 5 Years |
|---|---|
| 1980 | 62% |
| 1990 | 55% |
| 2000 | 53% |
| 2013* | 80% |

*Source: U.S. Census 1980, 1990, 2000 (Geolytics, 2014); American Community Survey 2009-2013 *Note: The 2013 figure is the percent of households who moved in last 3 years.*

# Rent Control

San Francisco's rent control laws protect tenants who live in multi-unit rental buildings built before June of 1979. The rent control ordinance limits the amount a landlord can raise the rent annually, based on the consumer price index. When the unit is vacated, landlords can raise the rent to market rate, also known as "vacancy decontrol".[8] Once the rent is raised, future rent increases are still governed by rent control. Therefore, while units may technically be considered rent controlled they may be unaffordable due to vacancy decontrol. To prevent landlords from evicting tenants in order to raise rents to market rate, the ordinance also includes a "just-cause evictions" clause requiring landlords to have a good reason for eviction such as chronic late rental payments or a nuisance complaint. There is no record of units that have undergone vacancy decontrol and their new base-rent.

We attempt to estimate the number of rent-controlled units in the Mission District by identifying parcels that contain a building with two or more units, built in 1978 or before, and are identified as an "apartment" or "flat" using tax assessor data from Alameda County (Figure 4.7). This estimation method is imperfect, as housing units that are condominiums, tenancies-in-common, or currently not rented (through the Ellis act) are not rent controlled. However, data on these exempt housing units are not available. Approximately 68% of units in the Mission census tracts are potentially rent-controlled. Eighty-nine percent of these units were built in 1939 or earlier (Figure 4.8). Older buildings are often highly desirable to wealthier residents due to their architectural value; that so many buildings in the Mission District are from the Victorian era increases the likelihood of displacement.

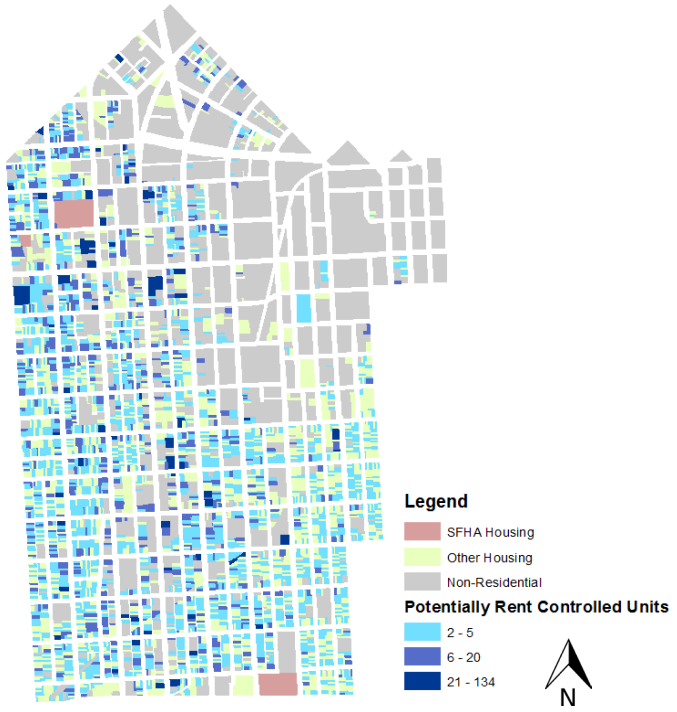



**Figure 4.7: Potentially Rent Controlled Units**
*Source: Association of Bay Area Governments, 2014*

As noted earlier, rent controlled apartments do not necessarily signify affordability due to vacancy decontrol; hence estimating the number of recently vacancy decontrolled units and when these vacancies occurred is important for the purpose of understanding affordability in the rent-controlled market. Our estimate suggests that a maximum range of between 18-28% of rent controlled units experienced rent increases due to vacancy decontrol between 2010-2013.[9] This is a maximum because, while we are reasonably sure that 18-28% of rent controlled units experienced turnover, it is not guaranteed that landlords would increase the rent when that turnover happens; therefore, the actual figures may be lower.

The map in Figure 4.9 shows that there is a high percent of vacancy decontrolled units in the tracts west of Valencia Street. A walk down Valencia Street shows a trend in higher-end commercial and retail stores. This

[8] SF's rent control ordinance never included vacancy control and due to the passage of Costa Hawkins in 1996, vacancy control was banned statewide.

[9] This estimate is derived using estimates of the total number of rental occupied housing units from the American Community Survey (2009-2013 five-year estimates) in combination with data from the San Francisco Public Health department on the percent of rental units in each tract that are subject to rent control. These data sources allowed us to estimate a number of units in each census tract that are subject to rent control. Since ACS figures are reported with a margin of error, we found a range for this figure. Then, we turned to ACS data for counts of renter households who had moved in since 2010. We multiplied this by the proportion of units in the tract subject to rent control (the Public Health data), assuming that the newly moved-in households moved into rent controlled and non-rent controlled units at the same proportion as exist in the tract. This figure—the number of rent control units that experienced turnover between 2010-2013—is taken to be the same as the number that experienced vacancy decontrol. We then divide this figure by the total rent controlled units in the tract to get the percent of units that experienced vacancy decontrol. To get the figures for the whole Mission, we simply add the counts from each tract of vacancy decontrolled units and total rent controlled units, and divide these sums.

trend, to be discussed in greater detail in a later section, might explain the higher vacancy decontrol rate in census tracts along Valencia Street as landlords may be taking advantage of the economic investment along the street to appeal to wealthier tenants.

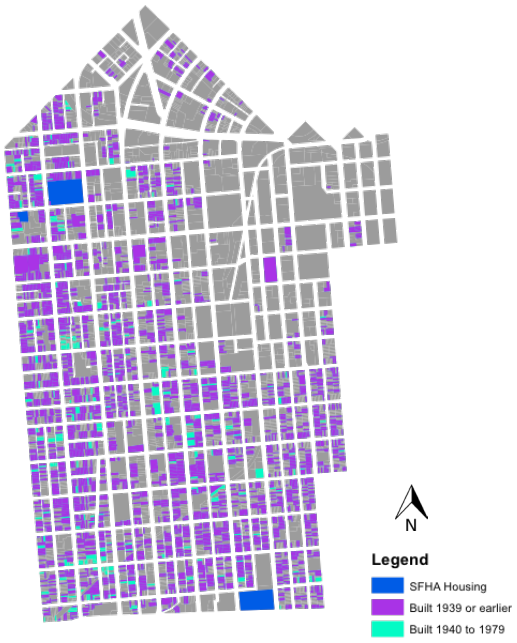



**Figure 4.8: Housing built before 1979 by Block**
*Source: Association of Bay Area Governments, 2014*

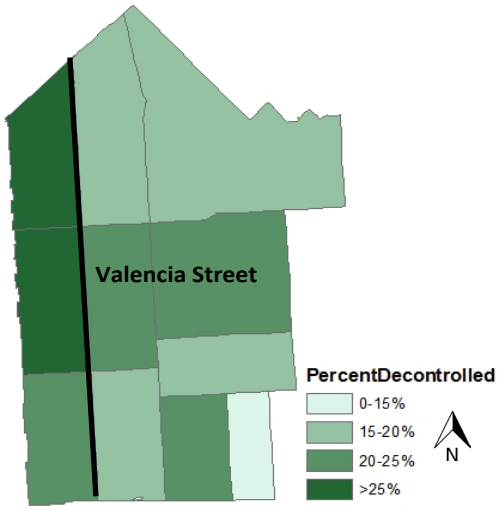



**Figure 4.9: Percent of Units with Vacancy Decontrol by Census Tract**
*Source: 2009-2013 American Community Survey and San Francisco Public Health Department*
*("Proportion of Housing Stock that is Rent-Controlled or Affordable, San Francisco, CA | Data | San Francisco," n.d.)*

# Public and Subsidized Housing in the Mission

While many residents of the Mission struggle to afford rent, the area is host to a sizable stock of subsidized housing: nearly 2,000 units, as detailed in Table 4.4 (excluding any units built only with local funds, some of which are discussed in the next section). The neighborhood would have likely experienced even greater displacement rates without these units.

**Table 4.4: Public and Subsidized Housing in the Mission, 2013**

| Type of Unit | # of units |
|---|---|
| Public Housing | 170 |
| Low-Income Housing Tax Credit | 962 |
| Section 8 New Construction | 194 |
| Section 202 (Senior Housing) New Construction and Substantial Rehabilitation | 152 |
| Project Rental Assistance Contract | 115 |
| Other (including Loan Management Set-Aside and others) | 319 |
| Grand Total | 1,912 |

*Source: HUD Yearly Data Picture (Department of Housing and Urban Development, n.d.) for Public Housing figure; (California Housing Partnership Corporation, n.d.) for the rest. Note these figures do not include residents who rent using tenant-based vouchers or units developed as part of SF's inclusionary ordinance or any subsidized units developed only with local funds.*

# Inclusionary Housing

Stakeholders said San Francisco's inclusionary housing ordinance has had a limited impact. Inclusionary Housing began as a policy in 1992 and later became "part of the Planning Code" in 2002; it was revised in 2006 and 2010 (San Francisco Mayor's Office of Housing and Community Development, 2014). The policy requires developers to build affordable units equal to 15% to 20% of a market-rate development or pay a fee in lieu of building such units. The policy has resulted in the creation of 1,560 units of below-market rental andownership units in San Francisco between 1992 and 2013 (Table 4.5).

**Table 4.5: Inclusionary Housing, 1992 - 2013**

| | Projects with Inclusionary Units (On or Off-Site) or In-Lieu Fees | Projects Choosing On-Site Inclusionary Housing | | Projects Choosing Off-Site Inclusionary Housing | | Projects Choosing to pay Fee |
|---|---|---|---|---|---|---|
| | Total Number of Projects | Number of Projects | Number of Affordable Units | Number of Projects | Number of Affordable Units | Number of Projects |
| Mission District[10] | 24 | 21 | 136 | 0 | 0 | 3 |
| San Francisco | 198 | 157 | 1,214 | 7 | 346 | 34 |

*Source: San Francisco Mayor's Office of Housing and Community Development, 2014*

However, a court ruling in 2009 has limited the impact of the ordinance. In the case, Palmer/Sixth Street Properties LP vs. City of Los Angeles, the California Supreme Court let stand a lower court's ruling that held jurisdictions may not mandate developers to build inclusionary rental units, since doing so entails the setting of rents by the city, which was banned by the Costa-Hawkins Rental Housing Act (California Planning and Development Report, 2009; Reuben, Junius & Rose LLP, 2009). The ruling does not affect inclusionary policies for ownership units. The city made revisions to the law in 2010 that "require developers to pay an affordable housing fee rather than construct inclusionary affordable housing" (San Francisco Budget and Legislative Analyst, 2012). That resulted in a significant decrease in the number of inclusionary units produced under the program, from 384 in 2008 to 32 in 2009, without a comparable increase in the fees paid, which could be related to the overall dynamics of the real estate market in these years (San Francisco Mayor's Office of Housing and Community Development, 2014).

## Community Opposition to Development at 16th and Mission Streets

Some believe more housing for all income levels is needed to improve affordability in San Francisco, while others believe housing production should focus on affordability for low-income residents. An example of this tension is the proposed ten-story, 351-unit building on the corner of 16th and Mission Streets. The development is under community scrutiny, with the Plaza 16 Coalition leading the opposition. The new apartment complex would replace a Walgreens, a Burger King, a bar, a Chinese restaurant, a market and a parking lot (Elsen, 2014). Despite the fact that no existing tenants or housing would be displaced, the coalition argues that if this development were to proceed, it would result in business and residential displacement (Christopher, 2014). This type of opposition highlights the social and cultural complexity of gentrification. The 10-story luxury apartment complex represents development for new residents, leaving the Latino community feeling neglected and disrespected. According to a community-based organization stakeholder, the "Plaza 16 Coalition has made substantive arguments against the project ranging from the height, impacts on the adjacent school, traffic concerns, and yes, the pressures luxury condos have on housing prices in the neighborhood."

The developer of the 16th street Mission housing apartment complex has yet to determine how it will satisfy the city's affordable housing requirement (Dineen, 2013). Yet regardless of how the developer will satisfy the affordable housing requirement, residents oppose this development as the project represents a change in the Mission's character. In an article entitled, "Coalition protests 16th Street development", an organizer for Causa Justa :: Just Cause put this clash succinctly, "the height of these towers will keep Marshall Elementary [School] next door in a constant shadow….this project will literally overshadow the Latino students attending that school" (Christopher, 2014). While it may be true that residents will not be directly displaced by the development, the project will have an impact on surrounding businesses and could potentially increase the cost of living in the neighborhood. A city official explained that once new housing development happens "there is such a huge impact on the surrounding area, prices immediately respond." This same city official expressed skepticism that simply building more housing will make the Mission more affordable.

[10] As defined by the Mayor's Office on Housing; a map was not provided to compare to the area we have defined as the Mission.

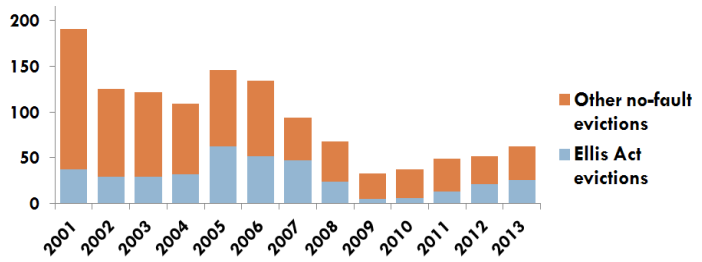
# Ellis Act Evictions

Another highly public issue in the Mission has been the impact of the Ellis Act. The Ellis Act is a state law passed in 1985 that allows landlords to evict tenants building-wide by removing the building from the rental market entirely or for five years before being allowed to rent apartments at market rate. The result in San Francisco has been a decrease of rental options in a city where the supply of housing is already strained. The increase in the percent of residents who are homeowners from 13% in 1980 to 24% in 2010 may reflect, at least in part, Ellis Act condo conversions.

While the Ellis Act continues to be a subject of contention in the housing market debate, Figure 4.10 shows that the number of evictions has decreased since 2001. The number of Ellis Act evictions tends to mimic the health of the economy and housing market: in down periods, such as after the crash of the dot-com boom (2001-2004) and during the recent recession, evictions decrease. During up periods, such as in 2005-2007 during the height of the housing boom and more recently, as the economy has begun to recover, evictions increase.

A city official working in the government for the last three decades commented that the planning department saw the peak of Ellis Act evictions in the nineties. This is supported by compiled data from the time referencing 1998 as the "peak" year of Ellis Act evictions (Capps, 2014). The city official believes that since the Planning Department has authority over land use it could restrict the conversion of rental properties to ownership properties. For example, zoning changes or other policy interventions could restrict conversion or make it difficult to do, thereby deterring landlords from pursuing it.

Regardless of the fact that the total number of Ellis Act and no fault evictions has gone down since 2001, the total number of evictions for the Mission compared to the rest of the city has been very high during this twelve-year timeframe. The Mission District (represented in the report issued by the SF Board of Supervisors Budget and Legislative Analyst by the zip code 94110) had a higher number of Ellis Act and no-fault evictions than any other neighborhood, with 383 evictions and 1,222 notices, respectively. Between 2009 and 2013, of the seven neighborhoods with the most Ellis Act evictions, the Mission continued to exhibit the highest number of evictions with 71 evictions, a demonstration of its lucrative housing market (Table 4.6).




**Ellis Act Evictions** allow landlords to exit the rental housing business
**Other 'no fault' evictions** include those where the eviction is not a result of tenant's actions (e.g., owner move-ins, etc.)

**Figure 4.10: No-Fault Evictions in the Mission, 2001-2013**

*Source: SF Rent Board as reported by SF Board of Supervisors Budget and Legislative Analyst, 2012*

**Table 4.6: Top Seven Neighborhoods for Ellis Act Evictions, 2009-2013**

| Neighborhood | Ellis Act Eviction Notices |
|---|---|
| Mission | 71 |
| Russian Hill./Polk Gulch | 46 |
| Castro/Eureka Valley | 43 |
| Outer Richmond | 41 |
| Inner Richmond | 38 |
| North Beach | 37 |
| Haight-Ashbury/Western Addition | 29 |
| Total | 305 |
| San Francisco Total | 476 |

*Source: SF Rent Board, accessed through (San Francisco Board of Supervisors Budget and Legislative Analyst, 2013)*

# Tenant Buyouts

In addition to evictions, tenant buyouts are another strategy in which landlords attempt to lure current tenants out of their homes with cash to increase rent for wealthier residents. The Mission district has experienced the highest concentration of buyouts from 2008-2014 ("Tenant Buyouts Are On The Rise In S.F., As Are The Dollars Involved - SocketSiteTM," 2014). Buyouts offer landlords several advantages over Ellis Act evictions: the landlord can immediately rent out the unit at market value and retain the option to convert units into condominiums at a later date. The total number of reported buyouts in SF went from 90 in 2007 to 175 in 2013[11] (City and County of San Francisco,

[11] The data reported by the SF Tenant Union likely undercounts the number of actual buyouts as these are self-reported by tenants.

Budget and Legislative Analyst's Office, 2014). The Mission district had the highest number of buyouts in 2008-2014 with 165 or about 28% of the total share of buyouts, however there is no requirement to report buyouts so these are likely underestimates. There is no regulation of the amount that must be paid for a buyout and sometimes tenants are offered just a few thousand dollars (City and County of San Francisco, Budget and Legislative Analyst's Office, 2014). San Francisco Supervisor David Campos has introduced legislation to regulate buyouts. One of the regulatory features he is proposing is to impose the condo conversion prohibitions that are already in place for no-fault evictions (Taylor, 2014).

## Sales and Investment

While the percent of households who are mortgage burdened has stayed constant over time, the cost to buy a home has increased substantially since the 1980s in the Bay Area, San Francisco, and, especially, the Mission District, as shown in Figure 4.11 and Figure 4.12. The rise in price during the dotcom boom is clear, as is the more recent rise in costs between 2002-2007, then a slight downturn during the recession with a quick recovery since 2012. Single-family homes have shown more dramatic change, particularly recently in the Mission, whose home have shot up in price above San Francisco and the Bay Area.

## Use Changes

The increases in housing prices have been paralleled by a gradual increase in the number of parcels whose land use is residential. Many of these are new construction, but others represent use changes. A small portion of parcels changed use each year, but in 2007, 9% of parcels with a commercial use had converted from other uses (mostly industrial and miscellaneous) and 5% of parcels with a residential use had converted from other uses (mostly commercial) (Dataquick, 2014).

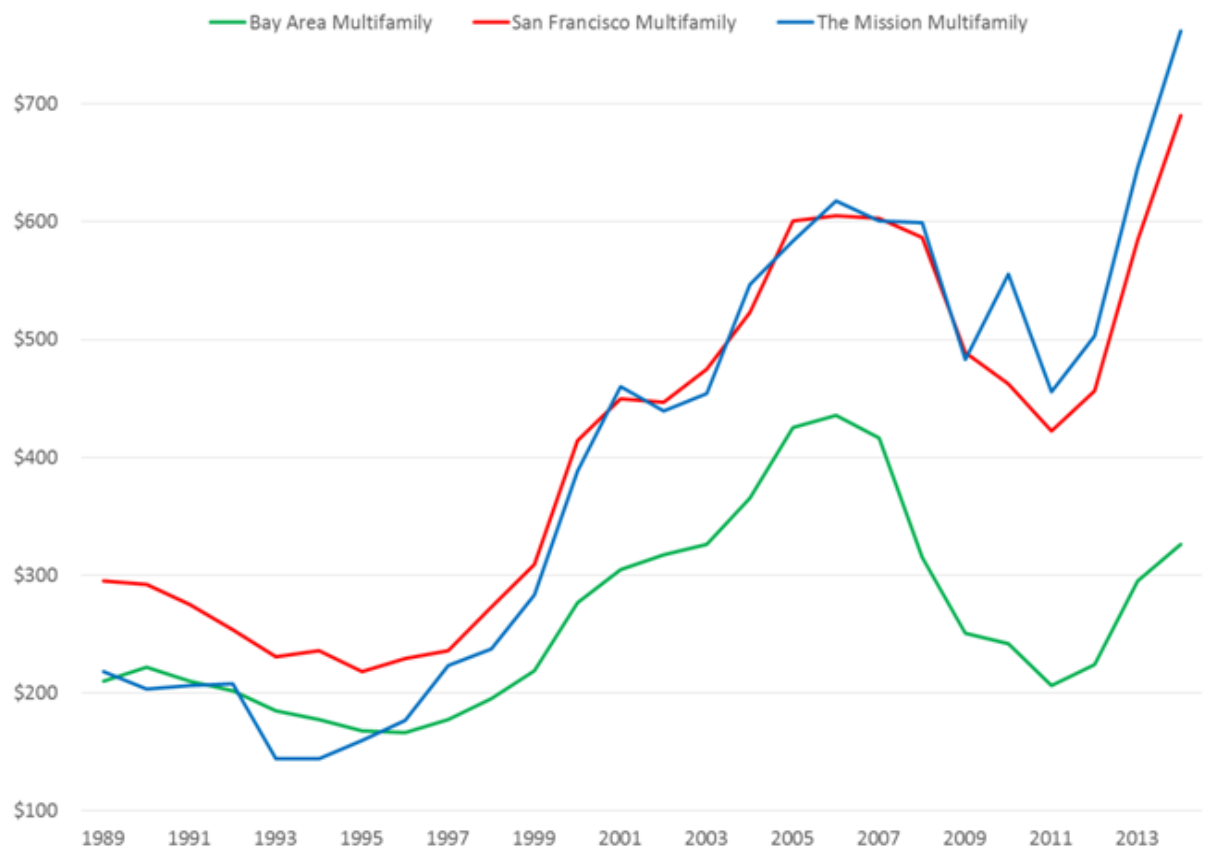



**Figure 4.11: Median Sale Price per Square Foot – Multi-Family Properties**

*Source: Dataquick, "Bay Area" includes all tracts in the 9-county area)*

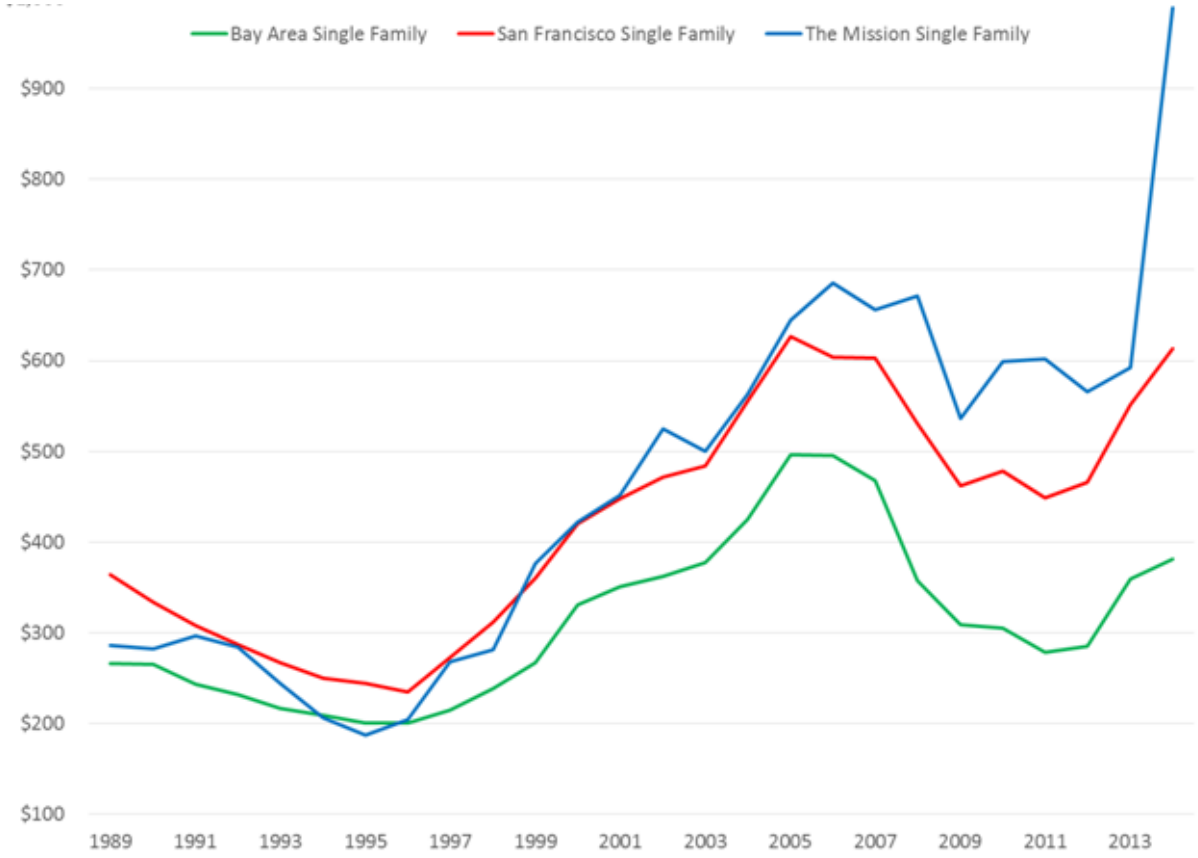



**Figure 4.12: Median Sale Price Per Square Foot - Single Family Homes**
*Source: Dataquick, "Bay Area" includes all tracts in the 9-county area)*

# Private Investment

We examined trends in sales and building permit data to identify spatial characteristics of investment in residential property. This analysis has the potential to demonstrate how outside pressures and public investments impact patterns of private investment in the Mission District over time.[12] As Figure 4.13 shows, there are a higher number of residential sales in the northwest and central-western portions of the Mission. The northwestern concentration may be related to higher density of housing stock.

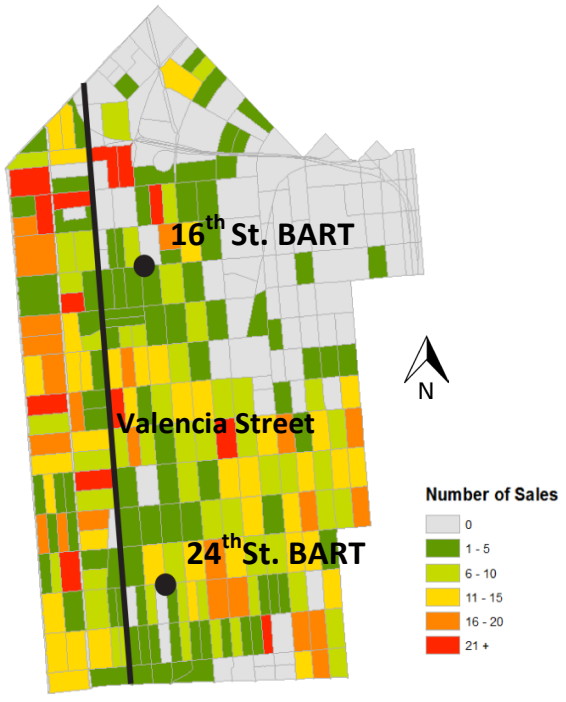



**Figure 4.13: Number of Residential Sales by Block, 2003 – 2013**

[12] Sales data was taken from the first quarter of 2003 through the fourth quarter of 2013 from DataQuick, (DataQuick, 2014). We joined the data to a shapefile containing San Francisco parcels and converted to point data using ArcGIS (ABAG, 2005). These points, which each represent a sale, were spatially analyzed and visualized at different geographies through spatial joining. Building permit data from the San Francisco Planning Department were analyzed similarly (San Francisco Planning Department, 2014a).

The number of residential sales peaked in 2003 and 2004, declined through the housing bubble burst, but appears to have stabilized (Figure 4.14). San Francisco as a whole recovered from the impact of the financial recession and housing market crash much faster than the rest of the nation.

Figure 4.15 displays the average residential sales prices per square foot in the Mission and shows a slightly different pattern than Figure 4.14, with the largest cluster of high prices seen in the southwest.

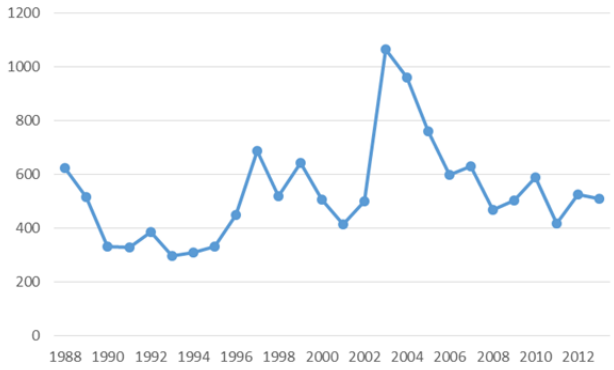



**Figure 4.14: Yearly Total Number of Residential Sales in the Mission, 1988-2013**
*Source: Dataquick, 2014*

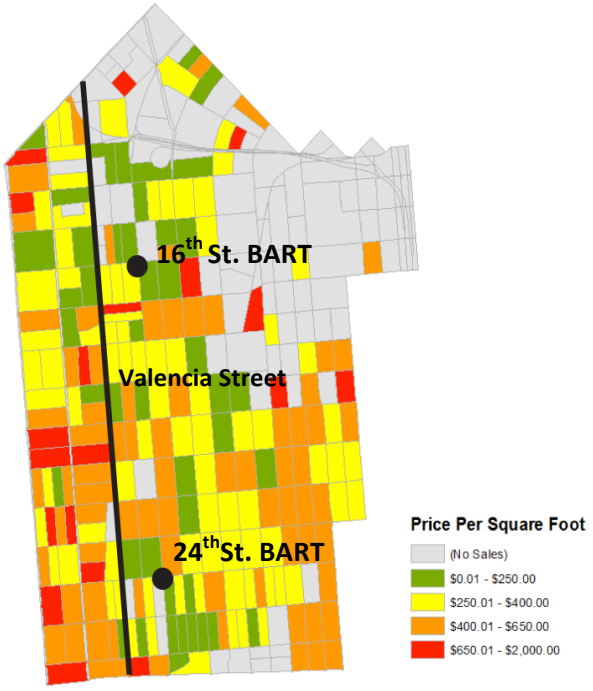



**Figure 4.15: Average Residential Sales Price per Square foot by Block, 2003-2013**

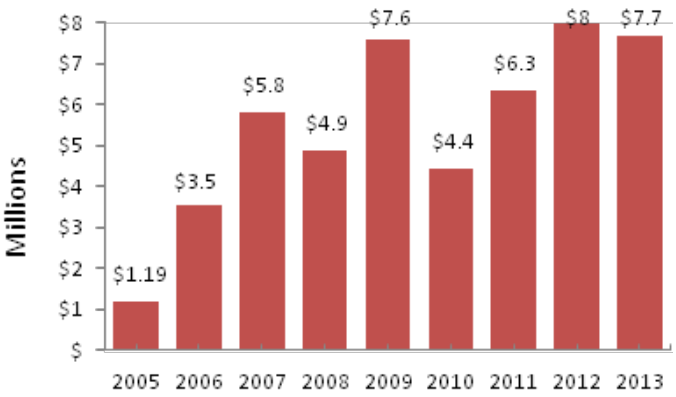



**Figure 4.16: Total Annual Cost of Residential Permits in the Mission, 2005-2013**
*Source: San Francisco Planning Department, 2014*

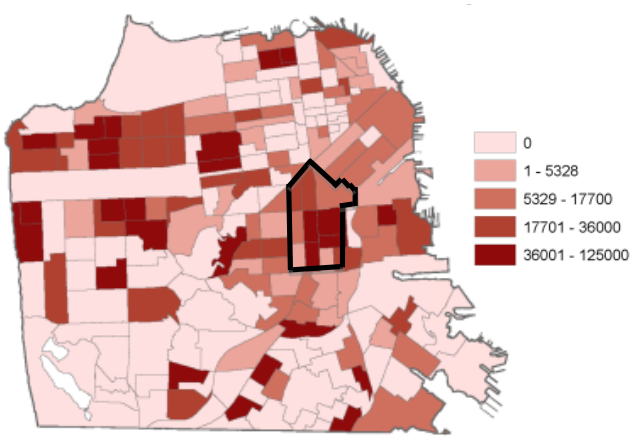



**Figure 4.17: Average Permit Cost per Unit in the Mission by Census Tracts, 2005-2013**
*Source: San Francisco Planning Department, 2014a*

The amount of private investment in residential properties has also been increasing since 2005 (Figure 4.16). The total annual value of permits (as ascertained through the cost of building permits) in the Mission increased by 545% from 2005 to 2013. When comparing investment in the Mission to the rest of the city, Figure 4.17 shows how parts of the Mission are averaging higher permitting investments per unit.

## Public Investment

Public investment, in so far as it makes the neighborhood more desirable, has the potential to contribute to gentrification pressures. The public project that seems most clearly related to gentrification is one on Valencia Street between 15th and 19th streets completed

by the Department of Public Works in July 2010 at a cost of $6.1 million. In 2004 the Municipal Transportation Agency (MTA) began the planning for the Valencia Streetscape Project, which expanded and beautified sidewalks, resurfaced and restriped the street with bike lanes, and provided other infrastructure improvements (City of San Francisco, n.d.). The street looks nicer than nearby streets and, today, the commercial establishments along Valencia Street are mostly new places that serve a higher-income clientele (further analysis of commercial change is in the next section). By contrast, along Mission Street, another main commercial corridor in the district, more of the older, legacy resident-serving establishments are still around, and visible gentrification is less advanced. This may be, at least in part, connected to the completion of the Valencia street beautification process. Additional improvements (some completed, some planned) include several streetscape improvement projects, road diets, and new plazas throughout the district. These are detailed in an appendix.

Together, these projects signal an interest in the Mission on the part of city agencies. The investment they bring is a parallel and reinforcing factor to the other changes discussed here. One stakeholder interviewed said that a lot of residents see streetscape improvements like these as a sign of gentrification. All of these projects included public processes, and several affirm the Latino cultural identity of the neighborhood. They also ostensibly improve the neighborhood for existing residents. On the other hand, the improvements could contribute to residents' dissonance, especially if they feel the neighborhood is being upgraded for others or being made more attractive for outsiders to move in. The improvements may make the area even more desirable to higher-income people and, therefore, encourage gentrification and displacement.

None of the improvements include provisions to ensure permanent housing affordability for existing residents to stay in the neighborhood and enjoy the new streets, plazas, and parks. In this way, the investments may not benefit existing residents in the long run, representing a missed opportunity to stabilize the neighborhood.

# Commercial Displacement

In order to understand how gentrification may put pressure on retail businesses, we evaluated data on commercial establishments from the National Employment Time-Series Database (NETS), a proprietary database (Walls & Associates, 2013). Using census tracts, we analyzed the data by dividing the Mission District into three distinct commercial neighborhoods shown in Figure 4.18 based on our own assessment of commercial uses.

In 1990, there were more retail businesses in the 24th Street corridor neighborhood than in the 16th St. BART neighborhood (Figure 4.19). Since then, the number of retail businesses has steadily declined in the 24th Street corridor and steadily increased in the 16th Street neighborhood. Today there are about twice as many businesses in the 16th Street BART neighborhood as in the 24th Street corridor.

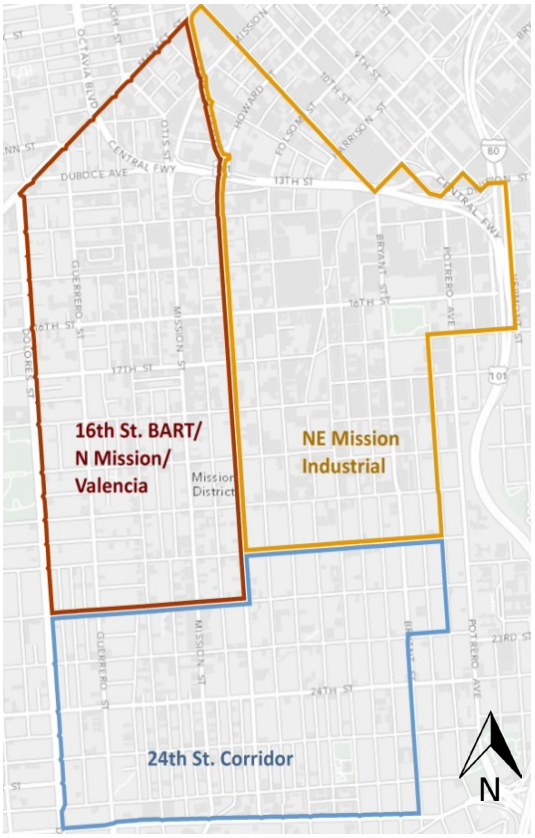



**Figure 4.18: The Mission District, Commercial Neighborhoods**

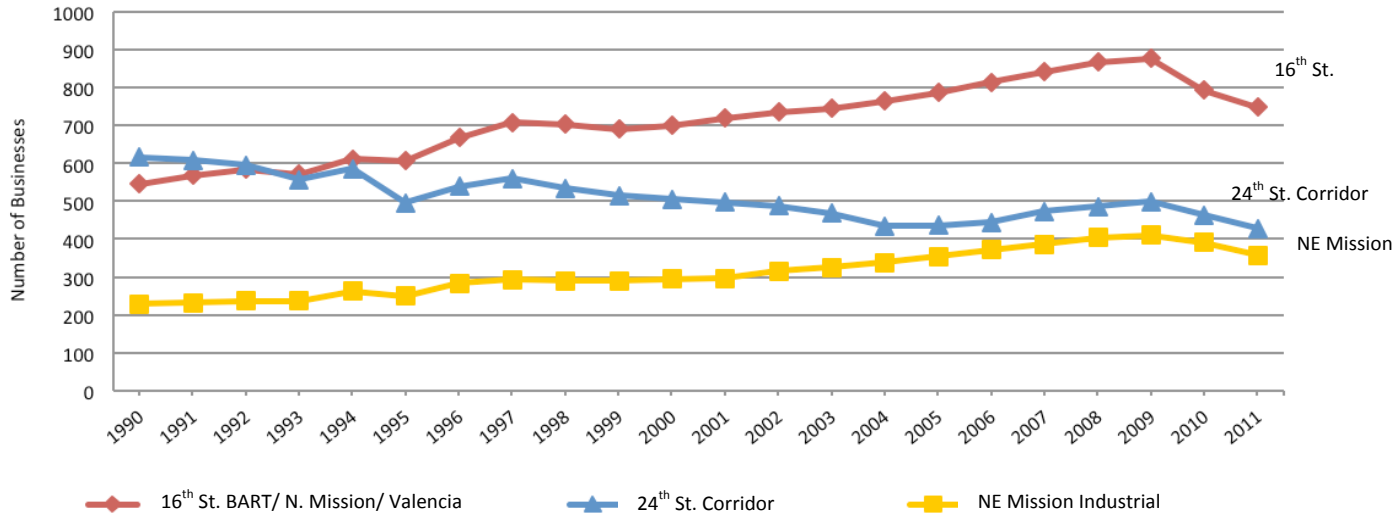



**Figure 4.19: Number of Retail Businesses in the Mission, 1990-2011**

*Source: National Employment Time-Series (NETS) Database*

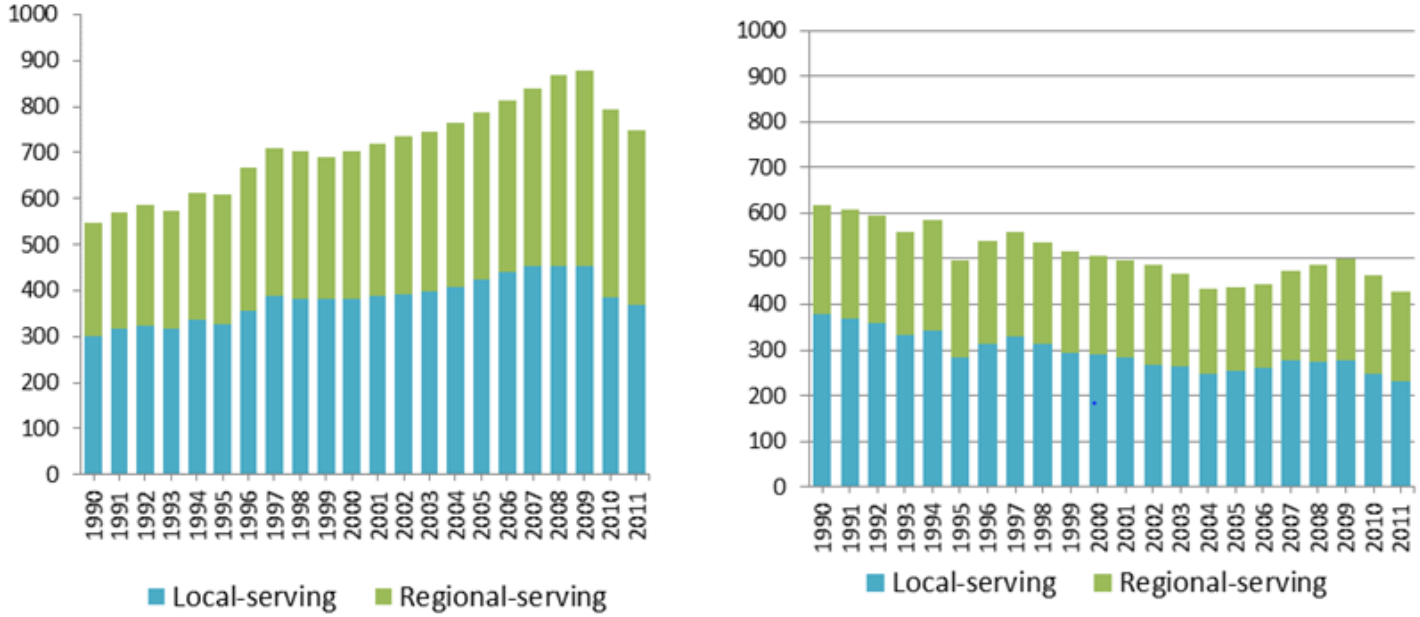



**Figure 4.20: Total Number of Businesses, 16th St. BART (left) and 24th Street Corridor (right)**

*Source: National Employment Time-Series (NETS) database*

Here, we compare trends in the 16th Street Bart and 24th Street Corridor areas[13]. The businesses in the 16th Street Bart neighborhood may face problems due to neighborhood gentrification, customer dislocation, and increased wage costs for their workers. Businesses along 24th street may feel less pressures, in part due to the activism that has led to protecting businesses and tenants in the area (Dicum, 2005).

To ascertain the change in local- versus regional-serving businesses, we categorize them based on their North American Industrial Classification System (NAICS) code into businesses that are more likely to serve local residents (such as markets, drug stores, and hardware stores) and businesses more likely to serve regional markets (such as department stores and furniture stores). In the 16th Street Bart neighborhood, growth has occurred in both local and regional serving businesses, while on 24th Street, local-serving businesses have decreased in number (Figure 4.20).

[13] The number of retail businesses in the Northeast Mission Industrial neighborhood increased slightly, but is lower than the other two neighborhoods; we exclude it from the remainder of our analysis.

This suggests that changes in the 16th Street area may be spurred both by changes in the local resident population and in the neighborhood's capacity to draw customers from the region. For example, this corridor is a night-life destination where people from outside come to visit restaurants and bars. Changes in the 24th Street corridor, by contrast, appear to be more related to changes in the local residential population, resulting in a decline in local-serving businesses, without comparable increases in regional-serving businesses.

When asked about how different parts of the Mission have experienced change differently, a non-profit stakeholder identified the 24th and Mission neighborhood as one that has maintained its character more than others, keeping a high percentage of Hispanic-owned retail businesses. However, an analysis of businesses owned by Hispanic people on the 24th Street corridor reveals a different story. Of the businesses that closed in recent years (2007-2010), nearly 50% of them were owned by Hispanics, compared to 38% of businesses that opened over the same time frame.[14] Additionally, the overall proportion of businesses owned by Hispanic people decreased from 40% to 36% between 2000 and 2011. Though this is a small change, it still shows a change in the character of local retail and minority owned businesses.

Nonprofit funding has changed since the first wave of displacement as well. During the first dotcom era, funding and staff were available to Mission Housing when it spearheaded MAC. Today, the organization has fewer resources. One stakeholder believes the "velocity of change" is faster today than the previous dotcom boom; another commented that, due to fewer resources, more-formidable opponents (large technology firms as opposed to smaller start-ups during the previous era), and the "Mayor's pro-tech agenda," the community's capacity to respond has diminished.

# Conclusion

The Mission District is a potent example of the demographic and commercial changes that can occur in a high-demand location with walkability, accessibility, and access to amenities in the center of an expensive region. The data presented here show clear signs of change in the Mission.

[14] The corridor is defined as 24th Street between Mission and Potrero; note that this definition is different than that used in the other figures in this section. Source: NETS data and 2000 US Census. Methodology explained in appendix.

Over the last thirty years, the area has seen a decrease in the proportion of family households and a decrease in the Latino population, while the percentage of the population with a bachelor degree or higher and median income have both increased dramatically—all consistent with gentrification patterns.

Despite an increase in income, housing burden has increased in the Mission, demonstrating the neighborhood's high desirability and, therefore, high cost of living. Rent control, public and subsidized housing, and inclusionary zoning all seek to limit displacement and increase affordability for low income households, but all have shortcomings, and, overall, are only partially mitigating the intense displacement resulting from new investment.

Evictions and buyouts are two of the processes contributing to displacement. While the number of Ellis Act and no-fault evictions has gone down in the last decade, the Mission continues to see the highest rate of evictions in the city. Meanwhile, buyouts in the Mission are at a rapid incline, perhaps indicating a switch in landlords' tactics from evictions to buyouts.

A perennial question in anti-displacement policy is which of two approaches to pursue: preserving existing housing as affordable, or increasing production of new housing, either market-rate or affordable. Preservation, in the face of strong market forces, is difficult. As during the dotcom boom, today streams of high income workers are flooding the housing market, placing upward pressure on housing prices and encouraging landlords to use various tactics to raise rents. Furthermore, there is a dwindling supply of naturally affordable housing units left to preserve; most renters are already cost-burdened, and with vacancy decontrol, even rent control units can jump to market simply from someone moving. Strengthening eviction policies could limit these effects.

Increased production of market-rate units is considered an affordable housing strategy by some, but not all: the increased overall supply, some would argue, will bring down rents across the board. However, community opposition to this approach is fierce, as evidenced by the 16th and Mission project. While in the long run new housing may relieve pressure on rents, in the short term it is certain to contribute to upward pressure as the neighborhood gentrifies. In addition, the scarcity of land in the Mission means that new development will be limited. Can enough new housing be built that these supply effects will bring down rents?

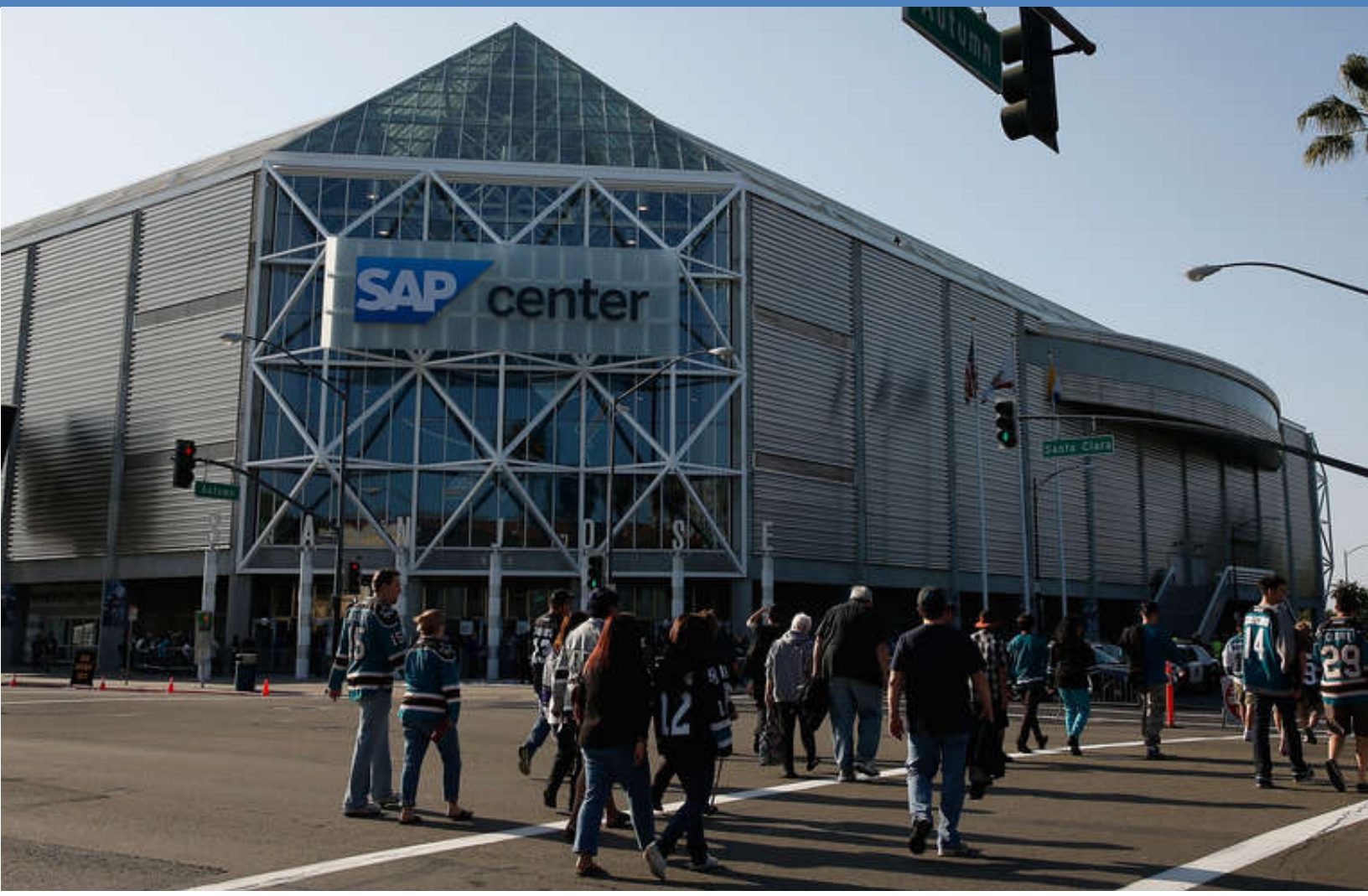
That is unlikely, especially since new housing is likely to be oriented toward the highest end of the market, given the larger trends in the economy.

Therefore, to ensure a long-term supply of affordable housing in the Mission, affordable housing production, in addition to preservation of the existing stock, is key. Inclusionary housing has produced only 136 units in the Mission in over twenty years; this policy's future impact will be limited due to recent legal changes. The area is host to nearly 2,000 units of affordable housing. But more will be needed to keep low-income families living in this area.

The Mission has already undergone significant gentrification and continues to experience displacement. This neighborhood has been here before: the dotcom boom at the turn of the century foreshadowed (and set the stage for) many of the changes facing it today. The capacity building activists engaged in at that time provide a foundation for residents and advocates to incorporate successful tactics—and new approaches—to the present situation. While Valencia Street on a Saturday night may be unrecognizable to residents from twenty years ago, the neighborhood still hosts a sizable Latino population, and, in the words of a community-based organization stakeholder, "contestation for place and the right to stay is still going on."

san jose

# Chapter 5: Urban Redevelopment around Diridon Station



# Urban Redevelopment around Diridon Station

Case Study on Gentrification and Displacement Pressures
around Diridon Station of San Jose, CA

## Introduction

Within the Bay Area, San José stands out for long providing affordable homes for a wide range of incomes, and an ethnically diverse population including many immigrants. By annexing more and more land throughout the 20th century, San José's sprawling housing development has "carried the burden of housing for decades" in Silicon Valley, in the words of former Mayor Chuck Reed (Hepler, 2014b). It is now the biggest city in the Bay Area, and city leaders have their sights set on jobs, with a "jobs first" general plan meant to correct its jobs housing imbalance. As a city planner stated, San José is "the only city over 500,000 people that's a bedroom community" with a jobs-to-employed-residents ratio below 1 – "even Detroit is better than us!" At the same time, there are efforts in San José to move away from the city's suburban reputation with denser, concentrated development focused on "place-making" through designated Urban Villages. As it embarks on this path, it is not clear that the city will be affordable to low-income people who fill some of the new jobs that are created. This case study outlines this tension, discussing the new jobs focus and several development plans, as well as proposals and efforts to ensure these changes are inclusive of low-income people.

One major site of attention is Diridon Station, a transit hub on the western edge of downtown San José, with stops for Caltrain, Amtrak, VTA light rail, ACE, and multiple bus lines. The station is also a planned stop for BART's extension to San José and high-speed rail. While there is significant vacant and non-residential land surrounding Diridon, there are also surrounding neighborhoods that are home to low and middle-income residents where displacement spurred by rising housing costs is a major concern. Despite San José's strong track record of building housing, including deed restricted affordable housing, housing costs in San José are now at an all-time high, while wages for low-income workers are stagnant. Community members have raised concerns about the possibilities for their children to stay in the neighborhoods where they grew up, while service providers report increasing overcrowding, family stress, and need for emergency assistance.

Diridon is also the site of a Station Area Plan passed in June 2014, which includes plans for significant residential and mixed-use infill. The area overlaps with two "Urban Villages," corridors where the city hopes to target further residential and commercial development. Gentrification seems evident in some of the surrounding neighborhoods, particularly directly adjacent to the station, where new market-rate condominiums have been constructed in the past decade, and wealthy and highly educated residents have moved in. The area's trajectory will also be impacted by the policies laid out in San José's Housing Element, as the City struggles to come up with viable funding mechanisms for producing much needed affordable housing. There is also a significant historical component to this case, as the study area, particularly parts that overlap with downtown, saw direct displacement and destruction of housing units due to redevelopment in the 1980s and 90s. By taking a longer view, this history allows us to see how the area may have been primed for gentrification beginning decades earlier.

The case study begins with a qualitative discussion of some key residential neighborhoods surrounding Diridon Station, and their relationship to the census tracts included in the study area. It then reviews a number of demographic and housing indicators, based primarily on census data, for 1980 to 2013. Next, it explores the current planning contexts and struggles over housing affordability and rights in the area, concluding with comments on broader issues of income inequality.

# The Diridon Station Area Neighboorhoods

Today the area surrounding Diridon Station is home to a wide range of neighborhoods and land uses, including industrial commercial areas, residential neighborhoods dominated by single-family homes, new luxury condominium development and lower income renter communities. In one interview, a San José resident and community organizer described the station as at "the intersection of a number of neighborhoods, but lack[ing] a strong identity of its own." Highway 87 and Highway 280 divide the station area from nearby neighborhoods to the east and south respectively (Figure 5.1). While Diridon Station itself is considered to be in downtown San José, Highway 87 creates a barrier between the station area and the denser parts of downtown; though one can walk or drive directly from the station to downtown, the highway limits high-density development in this area. The Diridon Station Area Plan, passed by the City of San José in June 2014 and discussed further below, does contain design recommendations to strengthen some of these connections, but the freeways will certainly remain defining features of the area.


**Figure 5.1: Neighborhood Boundaries in Diridon Study Area**

*Note: Diridon Station is marked with a red star. Source: City of San José (City of San José, Planning Services Division, 2004)*

Because the census tracts used in the demographic analysis for this case study do not neatly align with the neighborhoods surrounding the station, the census data can mask some of the diversity within the area. Stakeholder interviews, as well as neighborhoods descriptions provided by our partners at Working Partnerships USA, provide the additional context to introduce the neighborhoods in the following section. Figure 5.1 shows neighborhood boundaries developed by the City of San José as part of a neighborhood planning initiative in the late 1990's.

**Tract 5003**

The neighborhoods in this tract have experienced significant investment, including the opening of several large condominium buildings and a Whole Foods. The Garden-Alameda, a residential neighborhood between The Alameda and the light industrial commercial areas to the northeast of Stockton Ave, extends almost to Diridon Station, and has been a site of notable recent market rate residential development. While the majority of this neighborhood is just to the west of census tract 5003, and so technically outside of the study area analyzed for this case study, nearly every stakeholder interviewed agreed that the Garden-Alameda was a key factor in the area, and that is was one of the more desirable urbanized neighborhoods within San José. The Alameda is a site of ongoing streetscape improvements totaling $4.5 million in investment, and the corridor will continue to see attention from the City of San José, as it has been identified as one of 70 "Urban Villages" in San José's 2040 General Plan – areas where the city hopes to direct commercial and residential development (Donato-Weinstein, 2014; Field Paoli et al., 2014). A planner involved in economic development at the city stated in an interview "if you wanted to invest in property anywhere in San José, you should do it on The Alameda." A number of market-rate condo developments have been built along the boulevard in the past 10 years, including some major developments very close to Diridon Station and within census tract 5003. One example of this is the Plant 51 building, shown in Figure 5.2; an old cannery building that was converted to 265 market-rate condominiums in 2008. It is a 5 minute walk from Diridon Station and within the case study area ("Plant 51," 2011).


**Figure 5.2: Plant 51 Condominium on The Alameda, a 5-minute walk from Diridon Station**

Just across The Alameda from Plant 51, bordering the study area, a new Whole Foods Market has recently opened. Several stakeholders cited the Whole Foods as a "game-changer." One sustainable planning advocate involved the Diridon Station Area Plan stated that the new Whole Foods "could be considered a catalytic project, part of why we're seeing huge amounts of development" in the area. A spring 2014 article in the Silicon Valley Business Journal cited the "Whole Foods effect" as spurring further, high-end commercial and residential development. Right next to the new market, a mixed-use development including 132 luxury apartments is slated to break ground in 2015, and developers acknowledged that the grocery store was a big attraction, saying "It's not just a grocery store, it's exactly the one you would want" (Chandler Pratt & Partners, 2014; Donato-Weinstein, 2014). The higher end development along The Alameda has largely been welcomed by residents of the Shasta-Hanchet neighborhood, a wealthy neighborhood of primarily single-family homes adjacent to Garden-Alameda to the southwest.

This development along The Alameda borders the St. Leo's neighborhood, which is dominated by small single- family homes. Right next to Diridon station, a number of stakeholders identified St. Leo's as an area where both renters and owners are feeling pressures associated with rising property values (WP USA, 2014). The neighborhood is home to a lower-income, largely Latino immigrant population, including "long-standing local businesses with a working class feel" (WP USA, 2014). According to one local service provider, rising property values have encouraged longer-term residents who do own their homes to "cash out" and sell to younger buyers. In 2004 Georgetown Place, a development with 94 market rate units including condos and townhomes, was completed in St. Leo's. In an interview, the developer of that project described the neighborhood as a "very strong, desirable market…If somebody could wave a magic wand and say, 'OK right across the street from Georgetown was vacant property, you could build the same thing right now today'…I'd do it in a minute, it'd be perfect." The question for low- and middle-income residents of St. Leo's is whether this desirability will translate to benefits for them (WP USA, 2014).

**Tract 5008**

This tract contains neighborhoods with a mix of uses as well as part of downtown San Jose. To the southeast of Diridon station is the Delmas Park neighborhood. Located in a pocket created by highways 280 and 87, Delmas Park is east of Diridon Station in tract 5003, and contains a mix of commercial, light industrial and residential uses. In this area, a challenge is to successfully create a pedestrian- and transit-friendly environment, with commercial uses that serve residents, without displacing the industrial uses that provide viable jobs (WP USA, 2014). The neighborhood is the site of a prominent affordable development, the Delmas Park Apartments, a mid-rise building completed in 2007 with 123 below-market-rate apartments ranging from $575 per month for a studio to $1,498 per month for a two-bedroom (Delmas Park Apartments, n.d.). The project is aimed primarily at providing housing for teachers (Simonson, 2007).

**Tract 5019**

This tract hosts a commercial corridor (West San Carlos) surrounded by older residential neighborhoods which have experienced varying levels of change. Like the Alameda, West San Carlos has been slated as an Urban Village in the San José General Plan. A planner described this commercial corridor as "full service, with a gritty character… it is the most practical street in the whole city! … [P]eople think of it as pretty funky, and we got push back from the community – we want to keep the funk."

West of the study area on the south side of West San Carlos is the Buena Vista neighborhood. While it is only partially within the census tracts explored in this case

study, stakeholders repeatedly identified this neighborhood as an area where low-income renters, many of them Latino immigrants, faced rising housing costs and immediate threats of eviction. When discussing the Urban Villages plan, a city planner noted that while along the Alameda, "the issue is inclusion, in West San Carlos we're more worried about displacement." There are additional concerns about displacement of locally owned commercial establishments in favor of chain stores. We return to this neighborhood and to issues faced by renters there later in the case study.

## Demographic and Housing Changes

The study area overall saw significant population growth from 1980 to 2013, but only after a loss in population in the 1980s. As shown in Table 5.1, population growth accelerated in the 2000s. The area's growth has gone in an opposite trajectory as San Jose as a whole, which showed a faster pace of growth during the 1980s and 1990s.

Not all of the areas around the station grew at the same rate. For example, Tract 5008 lost population from 1980 to 2000, after which it grew by 35% from 2000-2013. Tract 5003 experienced the same trend. Tract 5019 showed a steady increase in population throughout the decades, with a dramatic increase between 2000 and 2013.

**Table 5.1: Total Population in Diridon Study Area and City of San José, 1980-2013**

| Year | Diridon Study Area | | San Jose | |
|---|---|---|---|---|
| | Total | Change (%) | Total | Change (%) |
| 1980 | 7,668 | -- | 629,442 | -- |
| 1990 | 7,133 | -7% | 782,225 | 24% |
| 2000 | 7,761 | 9% | 894,943 | 14% |
| 2013 | 11,662 | 50% | 968,903 | 8% |
| Percent Change 1980-2013 | -- | 52% | -- | 54% |

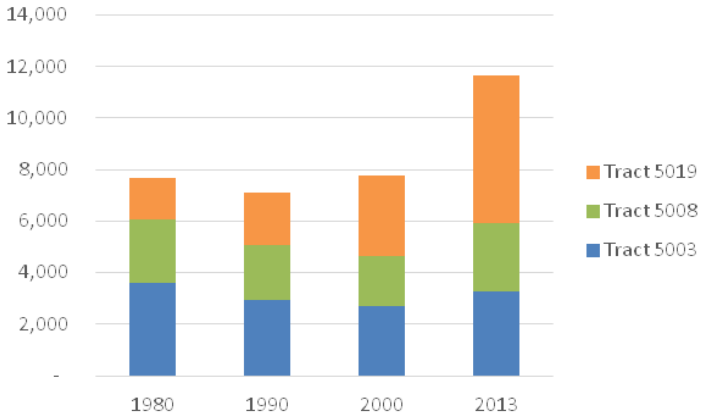



**Figure 5.3: Total Population in Diridon Study Area by Census Tract, 1980-2013**

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

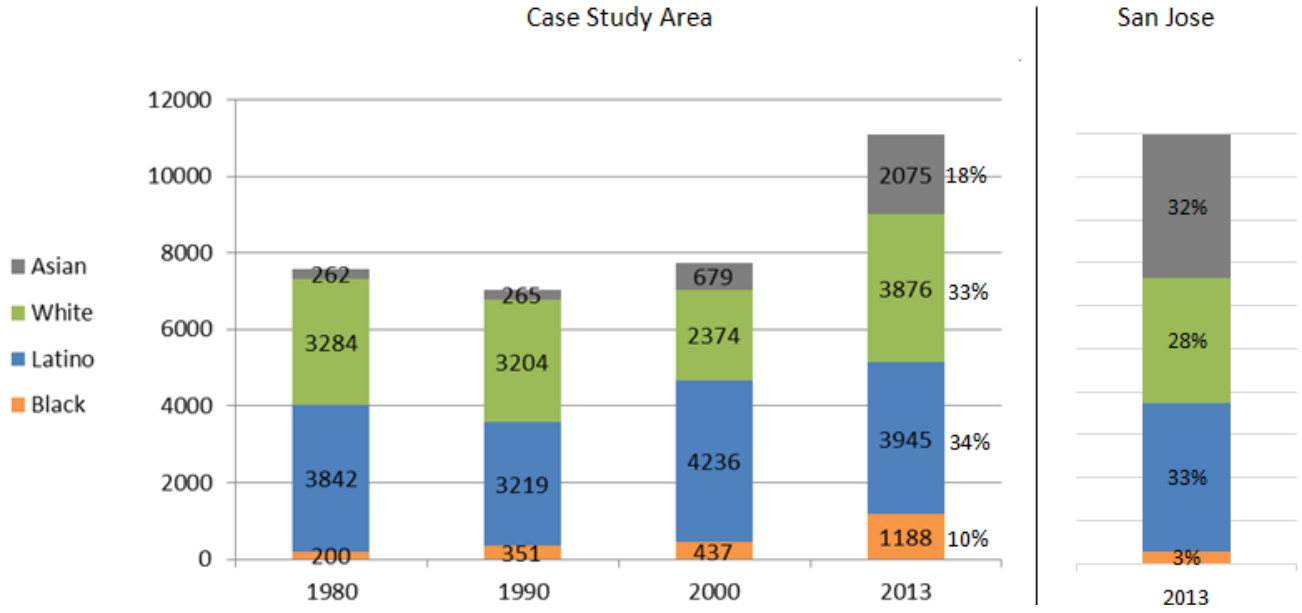



**Figure 5.4: Race/Ethnicity, 1980-2013**

*Source: U.S. Census 1980, 1990, 2000 (Geolytics, 2014); American Community Survey 2009-2013. San Jose bar shows percent, not number of residents.*

There were significant changes in the area's racial composition from 2000 to 2013, when the White and Asian population increased dramatically. Latinos decreased in this same time frame (Figure 5.4). Compared with the city of San José overall, the study area has a notably smaller percentage of Asian residents.

More dramatic than the changes in race and ethnicity, the study area has seen major changes in educational attainment in the past thirty years, shown in Figure 5.5. The percentage of residents without high school degrees has steadily decreased, while the percentage with college degrees has steadily increased, a common indicator of gentrification. The City of San José as a whole has shown similar increases in educational attainment, particularly since the 1990s. However, the increase in residents' educational attainment between 2000 and 2013 was quite pronounced in the Diridon Study Area.

Since 1980, the area has had a significantly lower percentage of family households than San José as a whole, which is an indicator considered to be related to gentrification (Chapple, 2009). Just under half of the households in the area were families in 2013. By way of comparison, ¾ of San José's 300,000 households were family households in 2013 (Figure 5.6). The median household income in the study area is just about even with San José overall. While median income in San José dipped during the recession, median income in the study area continued to climb. However, there are significant differences in income between the Census tracts. Most notably, Tract 5003, the site of major investment, saw a spike in household income from 2000 to 2013, surpassing median income in the city, as seen in Figure 5.7. This may be indicative of higher income residents moving in, many of whom likely moved into new housing built during this time period.
The study area has been dominated by renter households since 1980, and as Figure 5.8 shows, the percentage of renter occupied units changed little from 1980 to 2000. However, there was a notable shift from 2000 to 2013, when the percent of units that are owner-occupied jumped to 37% from 22% as new condominiums were built in the area.

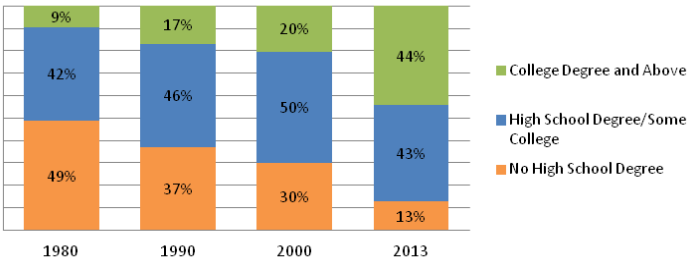



**Figure 5.5: Diridon Study Area Educational Attainment, 1980-2013**

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

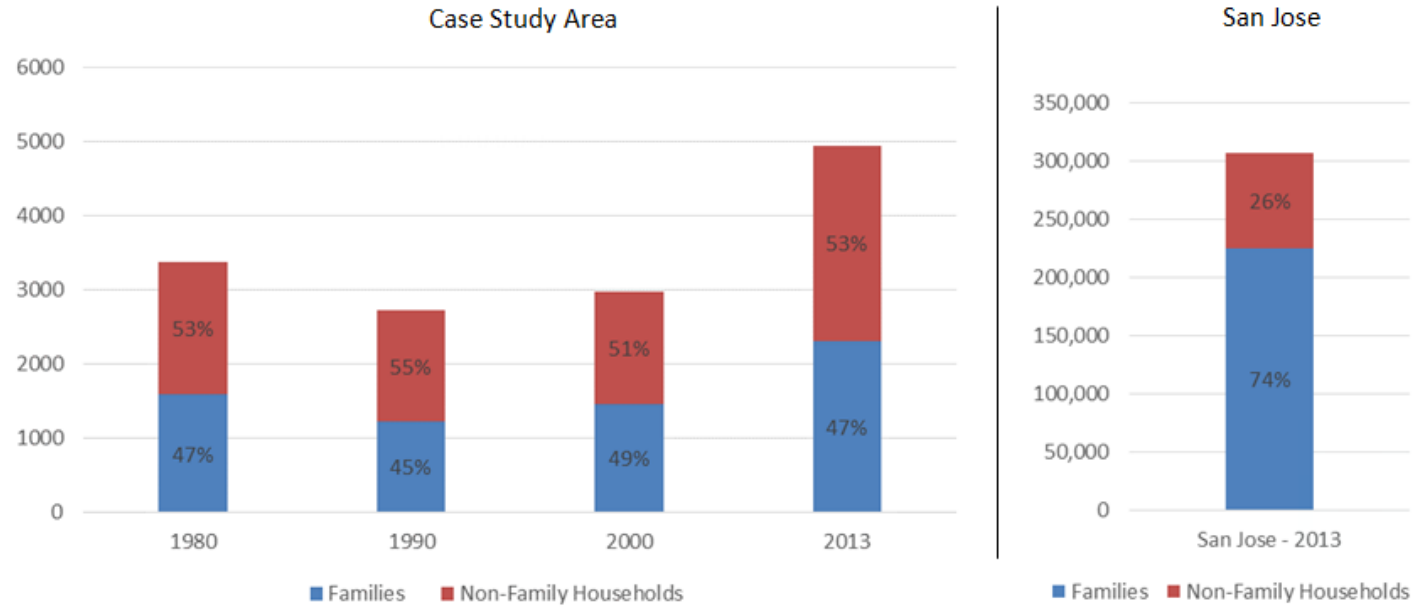



**Figure 5.6: Household Composition in Diridon Study Area, 1980-2013, and San Jose, 2013**

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

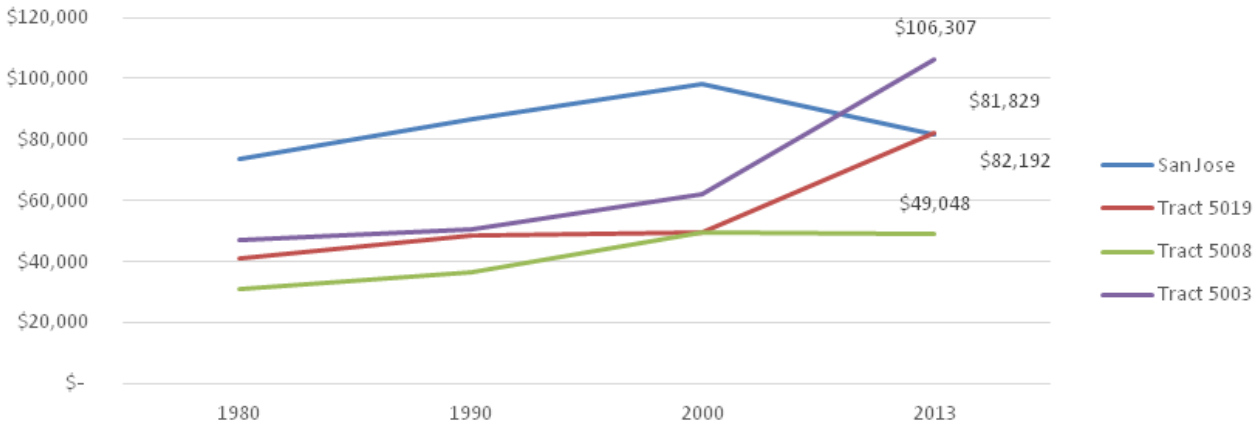



**Figure 5.7: Median Income in Diridon Study Area by Census Tract, 1980 – 2013**

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

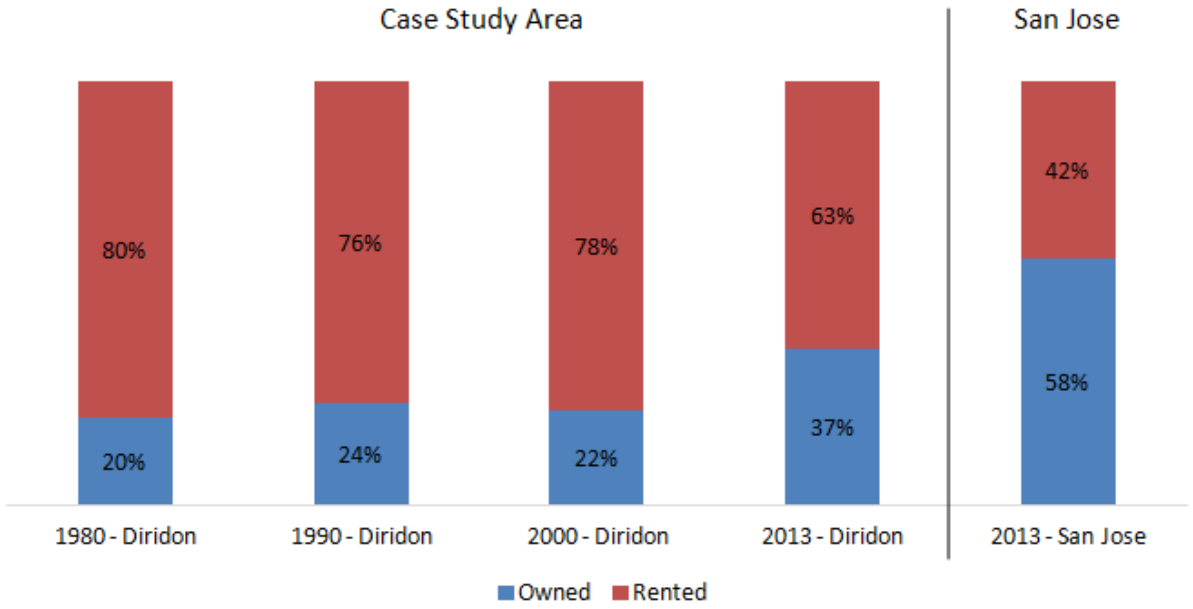



**Figure 5.8: Housing Tenure in Diridon Study Area, 1980-2013, and San Jose, 2013**

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

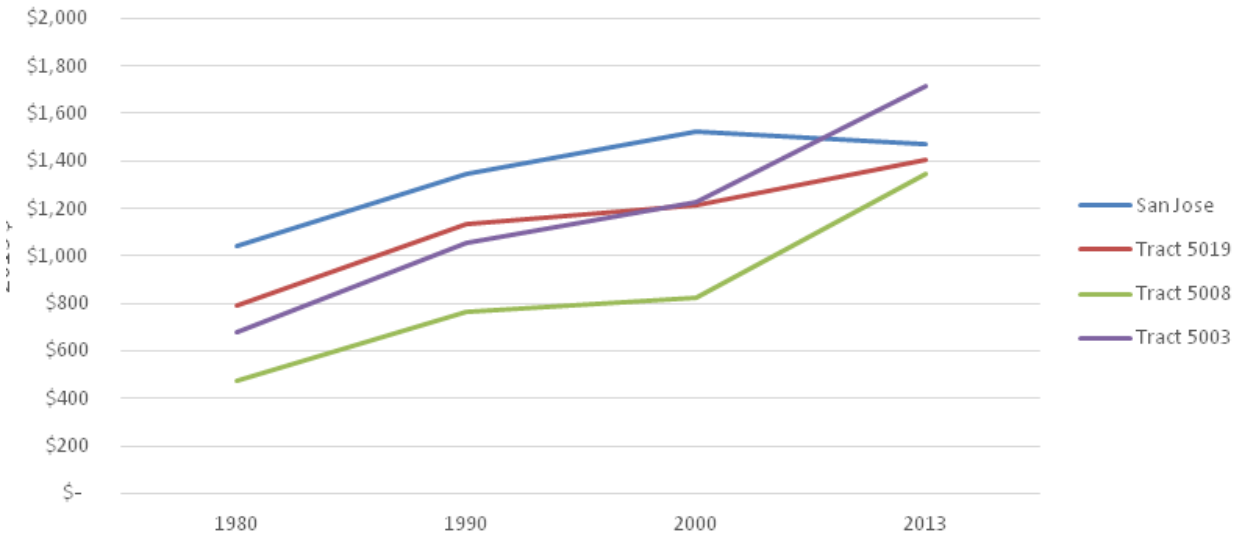



**Figure 5.9: Median Monthly Rent in Diridon Study Area and San José, 1980 – 2013**

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

The share of renter occupied units is still twice as high in the Diridon study area than in San José as a whole. Rents have been climbing in the study area since 1980, although historically they have been significantly lower than in the city as a whole, as shown in Figure 5.9. In the 2009-2013 period, rents shot up in Tract 5003 as new market-rate buildings were constructed, surpassing rents in the city.

Yet advocates have expressed concern that it is really within the last several years that housing costs have skyrocketed, and the recently released draft Housing Element confirms that rents in the city at large are at an all-time high with average the rent now at $2,169. This average underestimates the cost of newly constructed rental housing which can range between $2,200 - $2,700 per month for a one-bedroom unit and between $3,000 - $3,500 for a two-bedroom unit in North San José (City of San José, 2014). Figure 5.10 shows monthly rent per square foot for zip codes in the area from Zillow and shows that rent has indeed crept upwards in recent years.

Increases in rent have occurred as the area has added a significant amount of housing since 2000, as shown in Figure 5.11. Yet development activities, including a significant loss of housing units in the 1980s, may have primed this area for the gentrification it is experiencing today. The next section reviews some of the historical context of direct displacement in the study area.

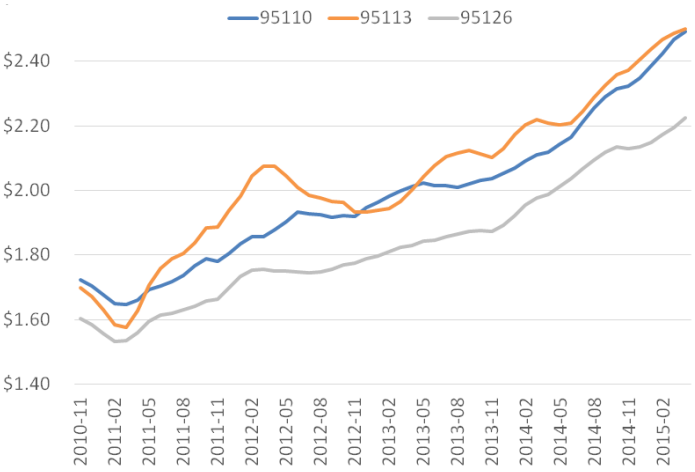



**Figure 5.10: Monthly Rent Per Square Foot in Diridon Study Area by Zip Code, Nov 2010-Jan 2014**

*Source: Zillow 2014*

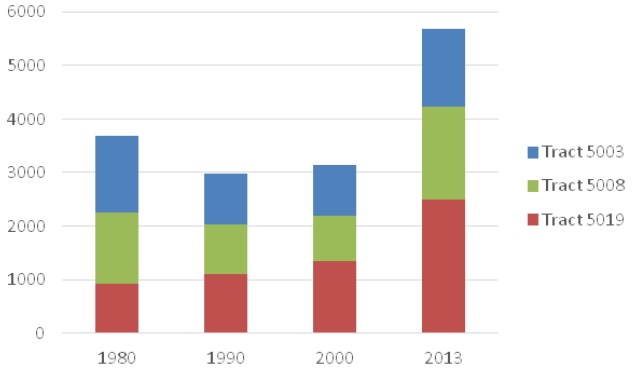



**Figure 5.11: Total Housing Units in Diridon Area by Census Tract, 1980 – 2013**

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

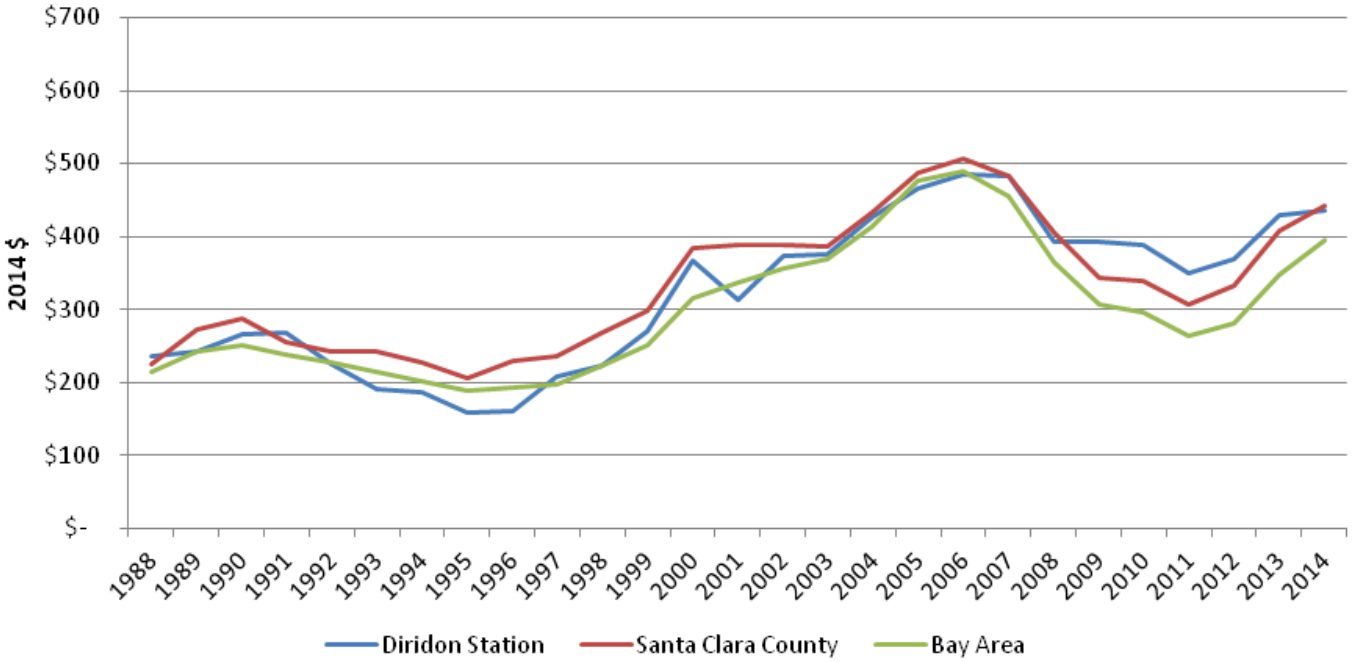



**Figure 5.12: Median Sale Price Per Square Foot – Multi-Family Properties**

*Source: Dataquick , 2014; "Bay Area" includes all tracts in the 9-county area*

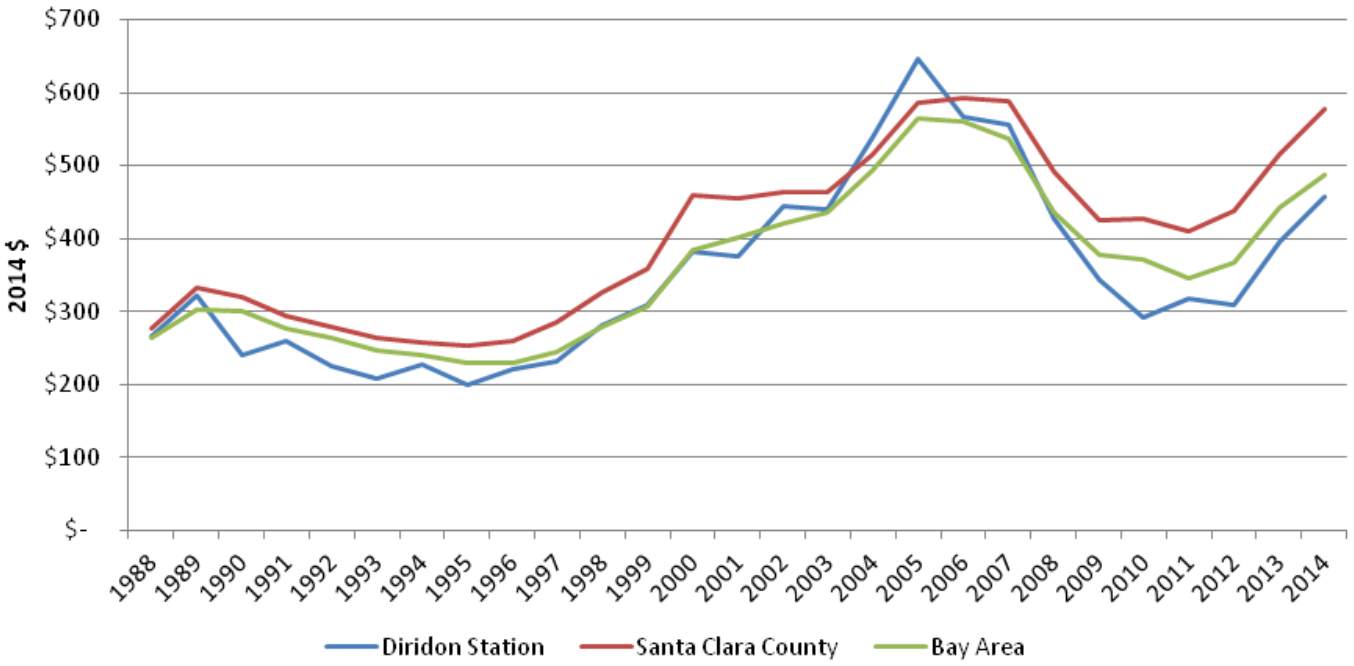



**Figure 5.13: Median Sale Price Per Square Foot - Single Family Homes**

*Source: Dataquick, 2014; "Bay Area" includes all tracts in the 9-county area*

While the Diridon Station Area neighborhoods have experienced other changes consistent with gentrification, multi-family and single-family home sales have closely tracked Santa Clara County and the Bay Area overall (Figure 5.12 and Figure 5.13). However, while the price per square foot of multi-family properties in Diridon Station had usually been lower than in Santa Clara County overall, beginning in 2009 it surpassed it; the recession hit the county harder than the case study area. For single-family homes, the opposite is true: the lows in Diridon Station were deeper than in the county overall, and the case study area only surpassed the county briefly in 2004-2005.

## "No strangers to displacement"

As the population data discussed above shows, part of the study area lost residents from 1980 to 1990. As seen in Figure 5.11, while tract 5019 added housing units each year, tracts 5003 and 5008 both saw a major loss of units during the 1980s, and then large numbers of new units constructed in the 2000s. This loss of housing was due at least in part to the activities of San José's Redevelopment Agency, particularly in tract 5008, about half of which is east of Highway 87 and in downtown San José.

Before its dissolution in 2012, San José was known for having a particularly powerful Redevelopment Agency, and beginning in the 1980s the agency made almost $2 billion in public investments, and devoted "nearly all its money and power," to an attempted revitalization of its downtown (Terplan, 2013). The City achieved this by merging redevelopment tax revenues from across the city, so that revenues generated by redevelopment in north and south San José, could be used to fund development Downtown (Terplan, 2013). A number of the Agency's Downtown Project Areas, which were eventually merged into a single area, overlap with the study area. These Downtown Redevelopment Areas are shown in the map in Figure 5.14. Redevelopment projects included construction of a convention center, a luxury hotel, expansion and construction of multiple museums, renovation and construction of parks and plazas, over 500 units of market rate and moderate income housing, and 1.2 million feet of new office space (Kutzman & Farragher, 1988).

Three of the projects were the Guadalupe corridor transportation project, a widening of the Guadalupe River channel, and the construction of a large arena (now the SAP Center). From planning reports obtained about these three projects, we can get a sense of the nature of the displacement that was occurring. The transportation project, meant to improve State Route

85 and US Highway 101 with light rail, expressway and bicycle infrastructure, was projected to displace 225 people, mostly Hispanic (58%) and with lower incomes than San Jose at large (Santa Clara County, 1983). A second project, focused on combating flooding downtown, was to expand the river channel, which would displace 173 residents who were mostly Hispanic and renters paying below-market rents for housing units in "fair to poor condition…there was little maintenance being done" (Klingensmith, Arthur P. K, 1988). A third project was a large arena that replaced about 25 businesses but only two homes (Santa Clara County, 1987).

The flooding study, and several others, opens with an interesting high-level overview of the state of San Jose in the 1980s:

> "San Jose and the surrounding cities that make up Santa Clara County have become economic leaders in the Bay Area. In the not so distant past, San Jose was primarily an agricultural producing, packing and distribution hub. With the advent of high technology and computer related industries, the Santa Clara Valley has created a more balanced economic base" (Klingensmith, Arthur P. K, 1988).

This sense that San Jose's economy had changed significantly seems to be a driving motivation for the redevelopment at the time. This foreshadows today's jobs-focused development strategy.

The Guadalupe-Auzerias redevelopment area, partially contained within census tract 5008, was a low-income Latino residential neighborhood of about 12 square blocks. This neighborhood was selected in 1984 as the site for a pair of museums, the Technology Center of Silicon Valley and the Children's Discovery Museum (Novoa, 1985).[15] A relocation study for the technology center stated that:

> "[The area] has excessive substandard structures which have undergone major physical and economic decline since the 1950s. Since the construction of State Route 87 and US Highway 280, it has become an isolated neighborhood, suffering blight and deterioration caused by heavy commercial traffic, slight-to-moderate deferred maintenance structures, and inadequate lot sizes (City of San Jose, 1985).

[15] Both of these museums are located within tract 5008.

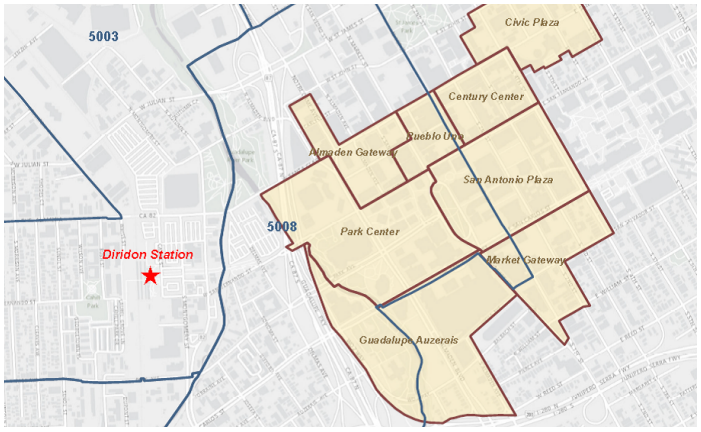



**Figure 5.14: San José Downtown Redevelopment Areas**

*Source: Successor Agency to the Redevelopment Agency of the City of San Jose, (Redevelopement Agency of the City of San Jose, 2006)*

The neighborhood was demolished, and about 300 households eventually displaced over the course of several years (Fujioka, 1986). In the words of one service provider who works with low-income renters in the city, and witnessed the Downtown's redevelopment, the neighborhoods around Diridon are "are no strangers to displacement. A whole barrio was displaced for the Children's Discovery Museum."

After mounting a fierce legal campaign, residents of Guadalupe-Auzerias who were evicted received a settlement package that included relocation benefits. Costs of moving would be covered by the city, and tenants received rental subsidies until the city could make new below-market rate apartments available, which were supposed to be "in reasonable proximity" to the downtown area (Farrell, 1986). Yet it is unknown how many of these residents actually returned to the neighborhood, and for some housing activists in San José, this process was indicative of the city's disregard for its low-income residents. One of the final buildings to be torn down in 1989 was one of downtown's few remaining single room occupancy hotels, described as "one of the last bastions of low- cost housing downtown" (Grant, 1988). In an op-ed in

the San José Mercury news, Gen Fujioka, who served as legal aid for Guadalupe-Auzerias residents, decried the downtown's redevelopment as gentrification, in an argument that parallels advocate's fears about San José's current planning strategies:

> This process of "gentrification" will, in turn, force out many existing residents and businesses. A retired cannery worker on a fixed income cannot compete on the rental market with an unmarried accounts manager with money to spare. Similarly, many neighborhood businesses will not be able to compete for commercial rentals with boutiques, espresso and fashion shops, and expensive restaurants…The irony here is that communities that have maintained the vitality of the downtown area through many lean years of marginal public and private services will now be pushed out of their historic neighborhoods exactly at a time when the area becomes, because of massive public investment, a "desirable" place in which to live and do business (Fujioka, 1986).

Redevelopment did provide the city with a robust fund for below-market rate housing, but advocates also raised concerns that spending was not focused enough on the residents with the lowest incomes. Half of the city's housing funds went to very low- and low-income households, with the remainder going to moderate-income households. In the late 80's a special task force on housing recommended that 85 percent of the funds should go to very low- and low-income households, arguing that then Mayor Tom McEnery's vision for downtown was too exclusive: "He wants yuppies—people who've got the money to spend in his 24-hour downtown" (Farragher, 1988). While these recommendations were not fully adopted, an advocate who is still active in housing issues today noted that to the extent that San José did build housing for households with the lowest incomes, it was in response to persistent community organizing. In the current planning context – such as the Diridon Station Area Plan, discussed next – advocacy and activism are still crucial parts of the equation for housing affordability.

## The Diridon Station Area Plan

The city of San José passed the Diridon Station Area Plan (DSAP) in June 2014 for a 250-acre area surrounding Diridon Station, largely contained within census tract 5003. The area included in the DSAP is shown in Figure 5.15.

Diridon is already a significant transit hub, with stops for Caltrain, Amtrak, VTA light rail and multiple bus lines, and the station is a planned stop for both BART's extension to San José and high-speed rail. The DSAP, in the works for over five years, also assumes the inclusion of a proposed future baseball stadium just south of the station. This aspirational plan envisions an "iconic world class work of architecture for the new terminal building," as well as an urban design and land use overhaul to "establish the Station and surrounding area as the local, citywide, and regional destination," and "foster a vibrant public realm" emphasizing pedestrian and transit uses (Field Paoli et al., 2014, 1-9 - 1-10).

The DSAP prioritizes ground-floor entertainment and retail uses in the central area where the station is located, and an "Innovation District" to the north. This "high-intensity business district in an urban format," is designed specifically to attract high-technology businesses (Field Paoli et al., 2014, 2-1). The plan calls for increased residential densities and mixed-use development, projecting a total of 2,600 new units of housing, along with 420,000 square feet of retail and nearly 5 million square feet of office space (Wampler, 2014). Owing to persistent efforts from local and regional advocates, it also contains language designed to ensure that at least 15% of new housing will be affordable to low- and moderate-income households, with some council members advocating for 20% (Beasley, 2014). The challenge now is ensuring there are mechanisms available to create that affordable housing – and concerns remain about whether 15% or 20% of housing will be enough to prevent displacement as property values rise.

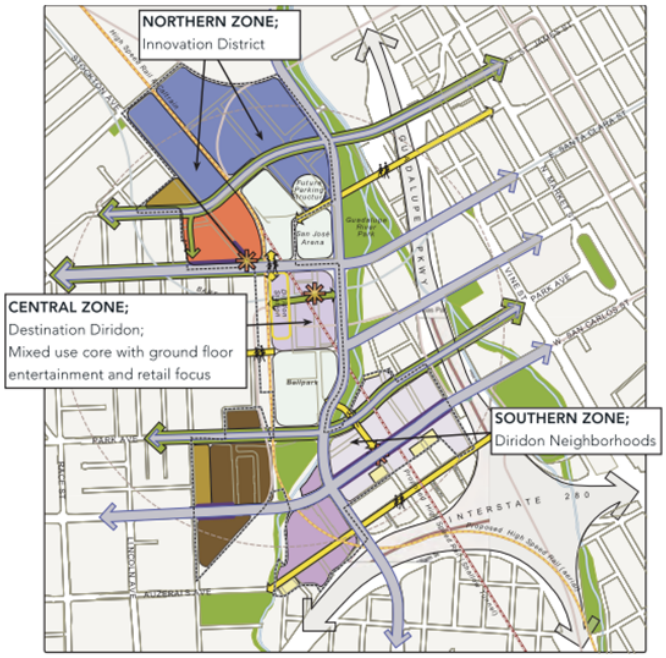



**Figure 5.15: Diridon Station Area Plan**
*Source: City of San José (Field Paoli et al., 2014)*

In an interview, one advocate noted that when DSAP planning began in 2009, San José was a clear leader in housing supply and housing affordability. At that point the city was confident that they had tools to ensure that at least 15% of housing would be affordable: "The draft plan was released in 2011, [it said], 'we recognize that affordable housing is important, we have an inclusionary zoning ordinance, and there's the redevelopment agency, so we're covered.'" Shortly after that, however, redevelopment agencies across California were dissolved, leaving a large shortfall in affordable housing dollars. Inclusionary zoning has also been limited due to legal challenges in San José and across California (Kirshbaum-Ray, 2013). In the statewide inclusionary housing case, Palmer/Sixth Street Properties LP vs. City of Los Angeles, the California Supreme Court let stand a lower court's ruling that held jurisdictions may not mandate developers to build inclusionary rental housing units, since doing so entails the setting of rents by the city, which was banned by the Costa-Hawkins Rental Housing Act (California Planning and Development Report, 2009; Reuben, Junius & Rose LLP, 2009). In the case of the DSAP, it may not apply, since it does not place the full burden on the developer to price the units below market, but simply requires that 15% of all units constructed end up affordable through whatever means, including grants and other public funding. The Palmer ruling does not affect inclusionary policies for ownership units. However the building industry's lawsuit against the City of San Jose's inclusionary law that applies to ownership units has now reached the California Supreme Court, potentially limiting this mechanism as well.

A draft Environmental Impact Report of the plan, released in December 2013, assumed that at least 15% of new housing in the station area would be affordable, even as the document acknowledged that there were no mechanisms to guarantee this percentage (Nzegwu, 2014). Public Advocates, a non-profit law firm and advocacy organization, argued in their comments that "affordable housing and anti-displacement strategies must be a concrete part of the Final Plan and its implementation" or that significant environmental impacts would result, for example through increasing vehicle miles travelled if available housing does not address the needs of new workers (Nzegwu, 2014).

Two community groups, Greenbelt Alliance and Public Advocates, came together in a coalition with several organizations with an interest in the plan to submit a letter voicing concern about several aspects, including requesting a higher proportion of units affordable--20% instead of 15%. The letter received attention from the city, according to a stakeholder, and in particular by one council member, Donald Rocha, who, following this advocacy, came forward in support of much stronger terms to ensure affordable housing. In a memo to the mayor and city council, Rocha plainly recognized that economic realities necessitated more stringent affordable housing objectives, "to help ensure that Diridon is a neighborhood open to all of our citizens." The concerns expressed by Rocha in some ways echoed those of advocates who felt low-income residents were being excluded from downtown redevelopment decades earlier:

> "I am mindful that while high-tech clusters and impressive architecture may be necessary components for a great city, they are not the only components. An iconic station building will need janitors to clean the floors. Knowledge workers will need teachers to educate their kids. An entertainment zone needs waiters and a stadium needs ushers. The stations and stadiums, the prestigious tech companies-all will rely, at least in part, on the labor of people who do unglamorous work for modest pay and spend a good portion of their income on just getting by. I believe there should be some consideration in our plan for them" (Rocha, 2014).

Ultimately, the recommendations that Rocha made were adopted by the city in the Final DSAP, which stated that, "[i]t shall be the policy of this plan to achieve a rate of affordable housing production at 15% of the housing units built within the plan area" (Field Paoli et al., 2014). It recommends considering policies that would direct any fees generated by new housing either within the Diridon planning area or to immediately adjacent neighborhoods. The DSAP then identifies a suite of potential strategies to achieve affordable housing goals, including:

-Impact fees
- Development agreements
-Public-private partnerships
-Tax increment financing
-Assessment districts
-Planning tools such as density bonuses, overlay zones, or public benefits conferred through rezonings
- Development of affordable housing on publicly owned land
-Use of proceeds from development of publicly owned land to fund affordable housing
-Phasing of market rate residential units contingent on achievement of affordable housing targets
(Field Paoli et al., 2014)

Some of these are only just starting to be explored, and may not end up being viable in San Jose. Activists have been successful in elevating the issue of housing affordability within the planning department. Even if new, subsidized housing is built, it may not be enough for San José's low-income workforce. Ensuring the policies are implemented will require ongoing pressure and organizing as described by one stakeholder: "The city of San José is totally burnt out on Diridon… but as advocates…we've gotta keep their feet to the fire."

## Jobs-Housing Strategies: Urban Villages and the Housing Element

### Urban Villages

The DSAP also sits within a web of other policies and plans, including San José's Urban Village strategy and recently-released Housing Element. As previously mentioned, the major current planning and "placemaking" strategy within San José is its Urban Villages plan, articulated in Envision San José 2040, the General Plan update passed in 2011. 70 sites in total have been identified as Urban Villages and two of them intersect with the study area: The Alameda and West San Carlos. The vision articulated for Urban Villages across the city aspires to planning ideals of livability and sustainability:

> "…active, walkable, bicycle-friendly, transit-oriented, mixed-use urban settings for new housing and job growth attractive to an innovative workforce and consistent with the plan's environmental goals. Urban villages will enable location of commercial and public services in close proximity to residential and employee populations, allowing people to walk to services while also providing greater mobility for the expanding senior and youth segments of the population." (City of San Jose, 2011)

Urban villages are also a primary strategy in the city's attempt to remedy its jobs-housing imbalance, wherein the city has a disproportionate amount of housing. San José intends to develop plans for each site, and sites without specific plans are currently open only to commercial and mixed-use development. The City hopes that this strategy will pave the way for value capture mechanisms – such as a housing impact fee currently in the works – but housing advocates are wary of the short-term impacts of the jobs first approach, and want explicit policies to ensure that Urban Villages are affordable for the lowest income households. As described by one stakeholder:

> "[Y]ou have the Planning and Economic Development staff saying that San Jose has, for so long, been housing the region's folks, and now it's time to put a stake in the ground and overemphasize jobs…They are working on the housing impact fee and looking to the raising of land value in Urban Villages, and we should be strategic in how we capture some of that. [But we] think some of that should be focused on preventing displacement."

In interviews, advocates and activists also raised the issue of the jobs-housing fit, rather than just a focus on jobs-housing balance. This "fit" measures the extent to which an area provides sufficient housing for the low-wage workers employed there. In this regard, despite being a regional leader in producing both market-rate and affordable housing, there are still major gaps in affordability for San José low-wage workers. While the jobs-housing balance ratio is relatively low at 1.18 for San Jose, the low-wage jobs-housing fit is much greater at 3.98 meaning that there are almost 4 low-wage jobs to every affordable housing unit (UC Davis Center for Regional Change). The UC Davis Center also estimates that there is an affordable housing deficit of 18,416 units in the city, which is high compared to other cities in Santa Clara county. San José's former mayor Chuck Reed expressed in a recent interview that the city would continue to gauge success based on the overall ratio of jobs-to-employed residents: "The low-income jobs versus low-income residents is an interesting question, but it doesn't address the fiscal sustainability that drives our interest in improving the jobs to housing ratio" (Hepler, 2014a). To follow the intent of the Urban Villages, as walkable places where people live and work, the City should pay attention to this jobs-housing fit, since the new commercial and retail development will likely create low-wage jobs, whose workers will only be able to live nearby if affordable housing is constructed.

### Housing Element

The city has completed a draft Housing Element for 2014-2023 in which it attempts to craft a strategy for meeting the state mandated Regional Housing Needs Allocation: over 35,000 units of new housing in the

next seven years (by 2022), with over 15,000 of those units for households with low or very low incomes. As context, the city produced less than half that amount in a previous 7-year period: between 1999 and 2005 the city added 6,361 affordable units through new construction and made provisions for another 10,152 units through rehabilitation and acquisition (City of San Jose Department of Housing 2006). The draft Housing Element lays out a variety of potential strategies, similar to the list presented in the DSAP (City of San José, 2014). This increase in housing is critical given projected employment growth of 147,000 jobs between 2010 – 2040 (Association of Bay Area Governments & Metropolitan Transportation Commission, 2013).

One avenue San José is pursuing to fund affordable housing is a housing impact fee, with a nexus study completed in June 2014 and a City Council resolution to adopt it in November of that year. The nexus study calculated the city's maximum legally defensible impact fee at about $28 per square foot per new market rate apartment, and in its initial policy recommendation, the city's Housing and Community Development Division recommended a fee of $17 per rentable square foot, which was later adopted by the City council (Corsiglia, 2014). The total subsidy required for building a new unit of affordable housing, as reported in draft Housing Element, ranges from about $77,000 to $136,000, and one advocate involved in the DSAP acknowledged, "the housing impact fee is great, the problem is, it is just a trickle of money – it's very small when compared to the need." According to another stakeholder, the impact fee would not come anywhere close to restoring previous funding for affordable housing; an organizer said that advocates were "pushing the housing impact fee because it is viable politically, [but] other tools are more ideal – those that won't ebb and flow with the market." They raised the idea of a parcel tax, but recognized that new taxes presented a major political challenge. Other strategies advocates are looking at include Cap & Trade funding, commercial impact fees, boomerang funds, and more, according to a stakeholder.

## Weak Renter Protections

Parallel to the focus on producing new affordable units, there are concerns about San José's existing rental stock. The city has relatively weak protections for renters, with no just cause required for eviction, and a rent control ordinance that several interviewees described as full of loopholes. The City has stated an intention to revisit existing renter protections in its Housing Element, a possibility that city planners also raised in interviews, but no clear timeline has been set for such a process. This issue is a significant concern in the neighborhoods along West San Carlos, such as Buena Vista. As mentioned above, the West San Carlos corridor has been designated as an Urban Village. The area includes an unincorporated county pocket, and is home to many undocumented immigrants, many whom are distrustful of the City and face immediate needs associated with housing rights and immigration status. In an interview, one advocate described the challenges in attempting to mobilize low-income parents at a local school to get involved in long term planning processes at the city:

> "We found it difficult to engage, the principal told us they were distrustful of the City, they hear about all this redevelopment, and they're not quite sure how it's going to benefit them. They're dealing with being [undocumented], they have landlords that illegally lock them out of their apartments…and planning out 30 years is not that important…We needed to address immediate needs, they didn't know what their rights were…And then they we're wondering, how come San José doesn't have better tenant protections?"

One reason the City lacks stronger tenant protections is its relatively smaller share of renters: 42% of occupied housing units rent. This means there is a smaller political base to support better protections, according to a stakeholder. In the short-term, advocates have partnered with legal aid organization to offer fair-housing workshops, hoping this will spur community organizing that can also push for longer term strategies. But this also points to the need to ensure that renters in sites slated as Urban Villages are not directly displaced through evictions as the areas become more desirable sites of investment. Advocates who are wary of the Urban Village strategy fear that without protections, displacement will lead to homogenization as lower-income households move out. And one planner at the City of San José predicted this could occur in Buena Vista: "It will become more educated and more affluent. It will reflect that the middle class is shrinking, and those that don't fall in that category will be moving out of the area. When the patriarch and matriarch die the kids will sell the house and move to Stockton." In response to this, a second planner had a somewhat more optimistic approach: "It depends on how successful we are at creating inclusive, equitable communities."

# Affordability Means Higher Wages

Ultimately, getting to jobs-housing-fit in San José will require not only affordable housing, but living wages. Like the Bay Area at large, San José faces persistent economic inequality. According to a San José planner, new affordable developments will not be able to meet the need on their own: "the Gini coefficient [a measure of inequality] for Silicon Valley is the highest in the country…There is a market failure and disconnect between the labor and housing markets." If San José's efforts to attract new commercial development are successful, at Diridon Station and across the city, new jobs will continue to produce the service sector jobs that support higher wage industries. Under that scenario, even housing advocates acknowledge that housing on its own will not be enough to ensure new employees can live in the city, too: "Wages are stagnant and costs just keep going up. It isn't just that we need more affordable housing, people need to be earning more money. That's why we not only have overcrowding, but also people working two jobs. This is a whole societal issue and not just one thing is going to fix it." This is part of the reason many of affordable housing advocates are also involved in living wage activism.

# Conclusion

Organizing around increasing wages has had success: Working Partnerships USA, a community-based organization, was involved in a 2012 effort that raised the minimum wage from $8 to $10 an hour, with inflation indexing. The issue is "widely and deeply felt among residents," according to a stakeholder, and San Jose "led the recent wave of cities" increasing their minimum wages.

In addition, following Working Partnerships USA's August 2014 report "that highlighted the poor working conditions of janitors, security guards and other contract staff, supplied by third-party companies" at large technology companies, Google committed to putting security guards on its payroll; Apple has followed suit in March 2015 (Ribeiro, 2015). With a coalition of workers, faith leaders, and other organizations, they launched a new effort, Silicon Valley Rising, in February 2015, "to advance the singular cause of raising the standard of living for the often 'forgotten' workers and families in the Silicon Valley tech economy" (Working Partnerships USA, 2015). The coalition is focused on raising wages and increasing affordable housing. Organizing efforts like these are key to addressing displacement pressures in San Jose, especially given the overall political dynamic in San Jose, well summarized by this stakeholder:

> Of the urban cities in Santa Clara county, San Jose has the worst tax base…during the 1960s and 1970s, it was just endless urban sprawl, which you could get away with fiscally before Prop 13—obviously no longer true. So San Jose has been frantically trying to play catch up and is very much aware that its imbalance between residential development and industrial/commercial development is a cause of much fiscal distress, so San Jose is very reluctant to allow housing development of any kind—market rate or affordable. So the general plan reflects that political view. San Jose wants more jobs, more industrial/commercial development, and doesn't want to continue to be the housing location for the whole county.

Existing community organizing among residents around issues like immigration may provide a base for organizing on issues related to housing and resisting displacement (WP USA, 2014). Recent efforts have focused on implementing a housing impact fee to collect a city-wide pool of money to fund affordable housing; establishing a just cause evictions policy; and creating a value capture mechanism for the increased densification associated with urban villages. Legislation directing city staff to study and propose new tenant protection policies is working its way through the Council. These would include expanding rent control, implementing a "just cause" evictions policy, a mobile home park conversion ordinance, a policy prohibiting discrimination based on source of income, and more(Agenda: May 13, 2015, n.d.).

Challenges remaining in San Jose include how to ensure that the goal of 15% of new housing in the Diridon Station Area be affordable to the low income is reached, particularly given the legal restrictions on inclusionary housing. Impact fees seem to be a promising development, but several stakeholders have pointed out these are often minimal and difficult to use effectively. One stakeholder felt a "value capture" scenario, wherein part of the increased value of upzoned land is given to the city to invest in affordable housing, is probably the best way to go. That stakeholder felt that, before any zoning is changed in the Diridon Station area, there should be either a citywide or urban village-specific public benefits zoning policy implemented. As investment continues flowing into the Diridon Station area, these and similar policies may be the only way to avoid continued displacement.

macarthur

# Chapter 6: Accessibility and Investment in North Oakland

# Accessibility and Investment in North Oakland

Case Study on Gentrification and Displacement Pressures in the MacArthur Area of Oakland, CA

## Introduction

The current economic and real estate market boom in San Francisco and Silicon Valley have produced profound ramifications for neighboring Bay Area cities, contributing to a regional crisis of housing availability and affordability that has resulted in marked demographic shifts. With its close proximity to San Francisco and transit accessibility via the BART system, the City of Oakland has been deeply impacted by this phenomenon, which emerged as many of Oakland's institutions and residents endeavored to recover from the Great Recession of 2008. Many residents, community organizations, and city leaders have expressed concern over residential displacement, anxious that as San Francisco becomes increasingly unaffordable, its residents will move to Oakland and extend a ripple effect of gentrification throughout the East Bay.

The MacArthur Station Area (Figure 6.1), which includes the neighborhoods known as Longfellow (part of North Oakland), Hoover-Foster (part of West Oakland), Temescal, Pill Hill, and Koreatown-Northgate (KONO), exemplifies the nexus of these regional and macroeconomic trends. Centrally located among the five residential neighborhoods is the MacArthur BART Station, a major transit hub for the Bay Area with an average of 8,826 people exiting at the station on a typical weekday (BART 2015). Since its construction in 1972, the station has played a defining role in the area's development. Staff at the community-based organization Causa Justa :: Just Cause (CJJC) explain that "the gentrifying pressures on this area rest fundamentally on the neighborhood's connectivity, its access to major freeways, a BART transfer station, and the 1 and 57 bus lines. The transportation connections become even more important as San Francisco's workforce moves east, seeking cheaper rents" (CJJC 2014).

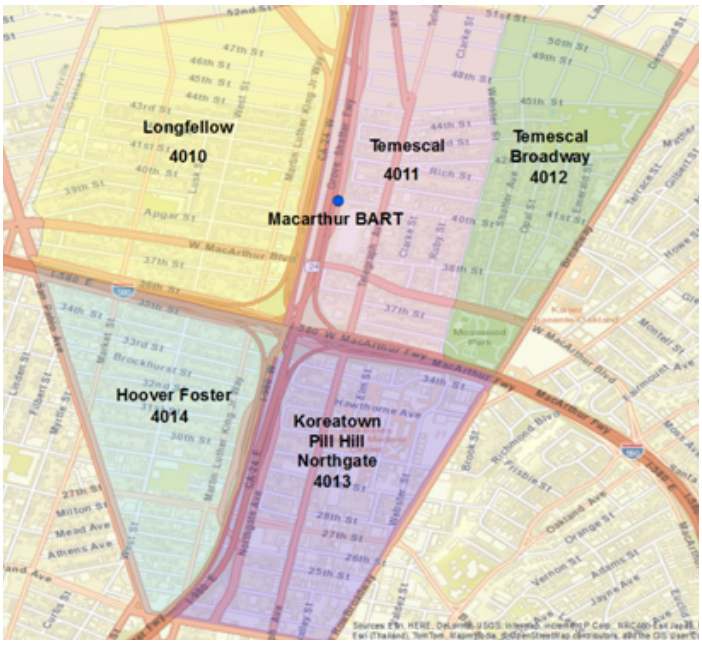



**Figure 6.1: MacArthur Area Neighborhoods by Census Tract**

Divided by the major freeways of I-580 and CA-24 (Grove-Shafter Freeway), the five neighborhoods—each with its own unique history and demographic profile—have responded differently to the housing crisis, as measured by various indicators of change. However, as a whole, the MacArthur area's proximity to retail corridors, historically affluent neighborhoods like Piedmont and Rockridge, and transit-oriented development (TOD) have made its neighborhoods particularly appealing to both homebuyers and renters from outside the vicinity. A 2009 Center for Community Innovation study classified the Temescal, Pill Hill, and Koreatown-Northgate neighborhoods as highly susceptible to gentrification and the Longfellow and Hoover-Foster neighborhoods as moderately susceptible (Chapple 2009).[16]

MacArthur's development potential has been factored into official city and regional plans, as indicated by the area's designation as a Priority Development Area (PDA) in Plan Bay Area, the region's long-range plan for transit-oriented development (ABAG and MTC

[16] This study evaluated the susceptibility of Bay Area census tracts to gentrification based on an index of factors that influenced gentrification in the 1990s. Among the top factors included in the index are the availability of recreational and/or youth facilities, availability of public space, percent of workers taking transit, and percent of dwelling units with three or more cars.

2013).[17] Under Plan Bay Area, the City of Oakland is expected to absorb a major portion of the region's population growth and housing demand in future decades, with a projected 30 percent growth in housing units (51,000 units) by 2040—the third-largest overall increase after San Jose and San Francisco (ABAG & MTC 2013). The majority of the city's growth is expected to occur within Oakland's six Planned PDAs.

Total households in MacArthur PDA are expected to increase by 40 percent, reaching an estimated 13,410 by 2040. The vision for this area centers on the MacArthur Transit Village, a mixed-use development expected to house 1,000 new residents over the next decade and provide 42,000 square feet of retail space (DCRP Transportation Studio 2014). The Transit Village includes plans for an affordable housing development with 90 income-restricted units (MacArthur Station 2014). In implementing its vision for a "vibrant hub of transit, housing, shopping and recreation that reduces dependency [on] vehicles by placing new residents near both transit and employment opportunities," the City plans to improve streetscapes, build a new BART plaza, and support the development of "abundant housing choices" (ABAG & MTC 2012, 10). Planning efforts for the Transit Village were initiated in 1993, and construction finally began in 2011 (Alameda County Transportation Commission 2010, MacArthur Station 2014).

Much of the transit-oriented development planned for the MacArthur area and surrounding PDAs has emphasized economic development in commercial districts. Initially under the authority of the Oakland Redevelopment Agency known as CEDA (Community and Economic Development Agency), the City's efforts in this area have included the Broadway/MacArthur/San Pablo Redevelopment Plan, the Broadway-Valdez Specific Plan and support for the Temescal/Telegraph and Koreatown-Northgate Business Improvement Districts (BIDs). These and other related initiatives have spurred much public advocacy and debate regarding affordable housing, livability and gentrification in Oakland that we discuss later in this report.

The impact of these economic development strategies, which are part of confluence of multiple potentially gentrifying forces, remains challenging to parse. This case study endeavors to understand the specific impact of many of these factors on the MacArthur area neighborhoods' susceptibility to gentrification and displacement.[18]

## Neighborhood Historical Context

The neighborhoods within the MacArthur Station Area reflect a long history of residential segregation along racial lines, with persisting impacts that shape their built environment today. The "radically unequal patterns of capital investment" (Self 2005, 136) from the 1940s onward throughout Oakland have not only informed demographic differences among the MacArthur neighborhoods, but also disparate levels of vulnerability to residential displacement.

The racial divide between African American and White residents became institutionalized as Oakland's African American population grew during the World War II era. Between 1950 and 1960, the city's African American population nearly doubled, from 55,778 to 100,000, as many migrated to the Bay Area in search of work (Self 2005, 160). Many of the available jobs were near the port in West Oakland, the city's industrial center. As a result, this neighborhood became one of Oakland's largest concentrations of African American residents.

By the end of World War II, the boundary between African American and White residents stood at 36th and Grove (later renamed Martin Luther King, Jr. Boulevard) Streets, a product of institutionalized discriminatory practices such as redlining, which made it "nearly impossible for African Americans to purchase homes and establish businesses east of Telegraph" (Norman 2006, 8). Across this entrenched boundary, Temescal, Longfellow, Rockridge and other neighborhoods of North Oakland, were home to Italian, Portuguese, and Irish immigrant families (Norman 2006, 91).

These neighborhood-based divides were promptly disrupted in the 1960s with the construction of the Grove-Shafter Freeway (CA-24) and other urban re-

[17] The MacArthur Transit Village PDA overlaps with much of the case study area, encompassing tracts 4010, 4011, 4012, and the northern half of 4013. Tract 4014 is included in the West Oakland PDA, and the southern portion of Tract 4013 is included in the Downtown PDA.

[18] While the Temescal neighborhood is made up of Tracts 4011 and 4012, for the purpose of this study, these are analyzed separately as distinct halves of the same geographic neighborhood (distinguished as Temescal to the west and Temescal-Broadway to the east) to illustrate differing trends within each tract.

newal projects, which cut through the area and ultimately catalyzed decades of economic decline through the 1980s (Norman 2006, 78). Aside from the many whose homes were demolished to make way for the freeway, hundreds of others left the area as the construction project "decimated entire commercial districts" of long-established local businesses and completely transformed the culture and community of affected neighborhoods (Norman 2006, 68).
This, coupled with WWII veterans who decided to resettle in the suburbs using their federal housing subsidies upon return, drove an exodus of White residents from the area. With this drastic change, the racial boundary became no longer relevant. As the Italian, Portuguese and Irish communities moved out, African American residents began to move into the North Oakland neighborhoods that were formerly inaccessible (Norman 2006). By the 1980s, the MacArthur area was predominantly African American.

The combination of national trends of deindustrialization, urban renewal, and White flight during the decades after World War II left a profound impact on Oakland and its African American residents. As White households left the city for surrounding suburbs, "investment and taxable wealth left the city" (Self 2005, 136). The industrial jobs that much of the African American community had relied on began to disappear as the nation shifted toward a service-oriented economy. Between 1990 and 2000, poverty rates rose significantly in all MacArthur neighborhoods except Temescal. Crime also became a pressing concern. Amidst lower residential property values, Temescal, Pill Hill and Koreatown-Northgate saw an influx of Korean, Ethiopian and Eritrean residents and businesses, while the share of African American families declined (Norman 2006). Following this, real estate prices in these areas east of the Grove-Shafter freeway began to rise, marking the onset of gentrification in the Temescal and Broadway neighborhoods. After 2000, merchant-initiated efforts such as the establishment of the Temescal/Telegraph Business Improvement District and government-led plans such as the Broadway-MacArthur-San Pablo Redevelopment Plan, Broadway-Valdez Specific Plan, and Telegraph Streetscape Improvements Project sought to advance economic development primarily in the neighborhoods east of the Grove-Shafter Freeway.

While real estate prices and median income rose in portions of Temescal, other MacArthur neighborhoods, particularly Hoover-Foster, continue to struggle with higher poverty, unemployment, and crime rates (Ostler 2007). These issues have correlated with one of Oakland's highest rates of vacancy and "occupied blight," a term used by the City of Oakland Building Services Department that refers to "interior habitability issues that are generally derived from tenant complaints, as well as structural defects or failures" that may have significant implications for residents' health (Urban Strategies Council 2014).[19]

These challenges in Hoover-Foster, considered in comparison to trajectory of Temescal, illustrate the range of neighborhood differences within the MacArthur area. With an eye toward these differences as well as the context of disparate impacts of institutionalized racism across the MacArthur neighborhoods, the following section examines the demographic changes within MacArthur since 1980.

# Demographic Changes

US Census data shows that the MacArthur area population increased 12% from 1980 to 2013, though growth was not consistent among the neighborhood tracts over this thirty-year period. From 1980 to 1990, the study area saw a 3% increase overall – from 17,722 people to 20,092 people – with the most rapid growth occurring in Pill Hill and Koreatown-Northgate. By 2000, growth in Hoover-Foster peaked, and by 2013 the neighborhood population had decreased to 4,340 people (from 4,738 in 2000). Population in Longfellow also decreased between 2000 and 2013. Meanwhile, the Pill Hill and Koreatown-Northgate neighborhood saw a large increase in population between 2000 and 2013. This uneven change, which may be related to the recession and foreclosure crisis from 2007 and 2011, or even a decrease in household size associated with gentrification, is explored further below.

### Racial and Ethnic Changes

Reflecting the broader trend of demographic change throughout Oakland, the MacArthur area experienced a major decrease in the number of African American residents since 1980. As shown in Figure 6.2, in 1980, over 64 percent of the study area was home to African-American households while the White population made up 25% of residents. By 2013, the African American population had fallen to 34% while the White population climbed to 34%. The total decrease in the African American population between 1980 and 2013

[19] Examples of "occupied blight" include damaged structures, plumbing or electrical problems, and the presence of debris or mold (Urban Strategies Council 2014).

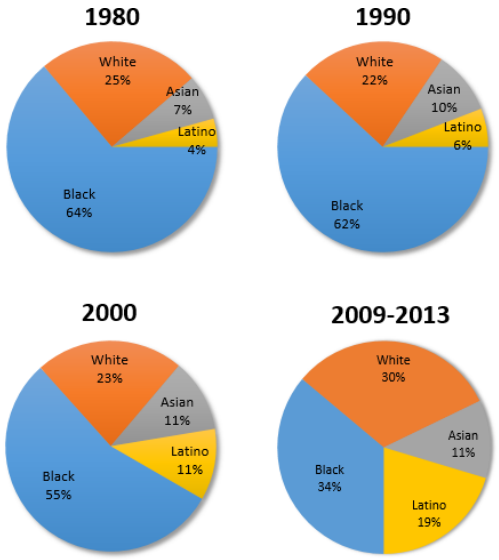



**Figure 6.2: MacArthur Area Population by Race/Ethnicity, 1980-2013.**

*Source: US Census 1980, 1990, 2000 (Geolytics, 2014); 2009-2013 American Community Survey 5-Year Estimates*

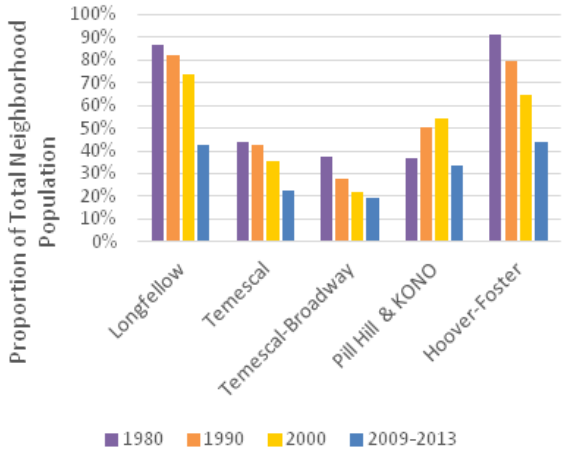



**Figure 6.3: MacArthur Area African-American Population by Neighborhood, 1980-2013.**

*Source: US Census 1980, 1990, 2000 (Geolytics, 2014); 2009-2013 American Community Survey 5-Year Estimates*

equaled 4,829 individuals – a drastic 42% reduction that corresponds with a 32% increase in the White population during the same period. Figure 6.3 shows that the sharpest declines in number of African American residents occurred in Longfellow and Hoover-Foster, which together accounted for 4,030 – or 83 percent – of African American residents who moved out during the thirty year period.

While the MacArthur area has housed far more renters than homeowners (Figure 6.4) the rates of both homeownership and tenancy among African American households further illustrate the stark declines among African American households by tenure (Figures 6.5 and 6.6). Since the 1990s, the share of White homeowners has more than doubled. By 2013, 41 percent of owner-occupied units across all five neighborhoods were owned by White householders while 35 percent were owned by African American householders – a marked decrease from 1990, when African American households comprised 64 percent of the area's homeowner population. Similarly, the share of African American households fell for the renter population, from 62 percent in 1980 to 38 percent in 2013. Though the share of African American homeowners has more severely declined than the share of the African American renters, the overall number of African American renter households lost was nearly triple the number of homeowner households lost for the same period.

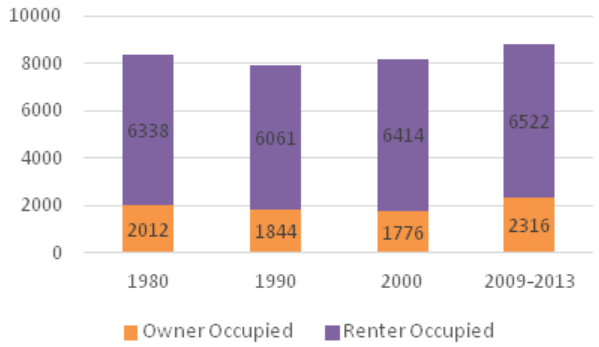



**Figure 6.4: MacArthur Occupied Housing Units by Tenure, 1980-2013.**

*Source: US Census 1980, 1990, 2000 (Geolytics, 2014); 2009-2013 American Community Survey 5-Year Estimates*

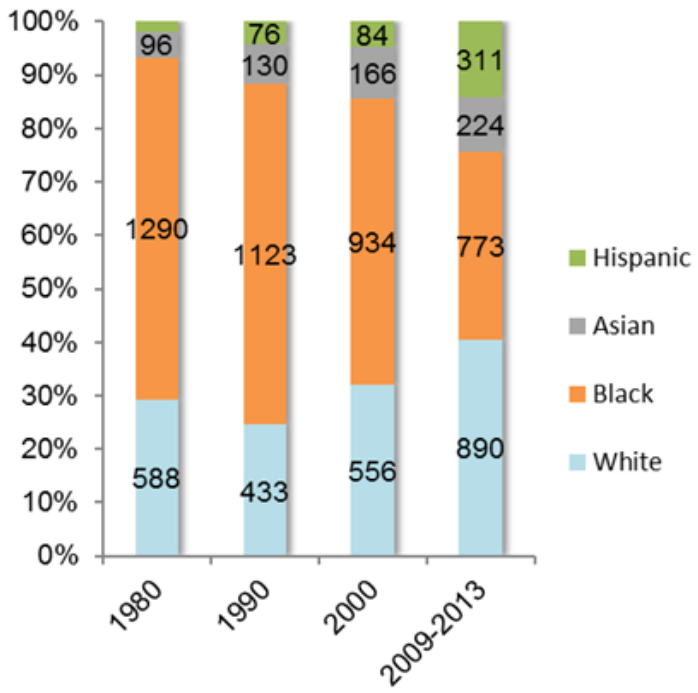



**Figure 6.5: Macarthur Station Area Homeowners by Race/Ethnicity, 1980-2013**

*Source: US Census 1980, 1990, 2000 (Geolytics, 2014); 2009-2013 American Community Survey 5-Year Estimates*

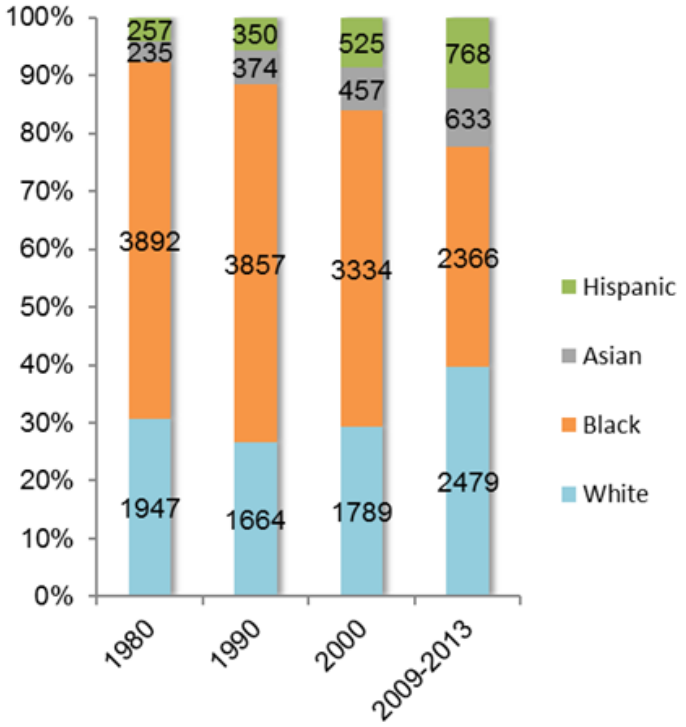



**Figure 6.6: Macarthur Station Area Renters by Race/Ethnicity, 1980-2013**

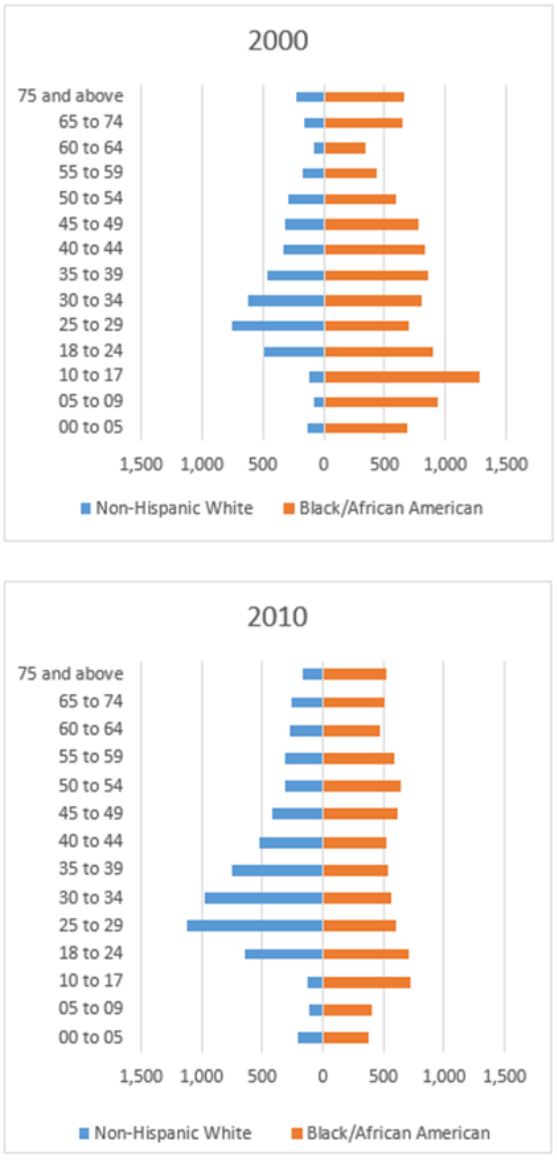
*Source: US Census 1980, 1990, 2000 (Geolytics, 2014); 2009-2013 American Community Survey 5-Year Estimates*

From 2000 to 2010, most of the decrease among the African American population occurred among residents under the age of 44, with even greater decreases among the youth population, which suggests that the population change can be attributed to African American families, rather than senior citizens, leaving the area (Figures 6.7 and 6.8).

Nonetheless, individual neighborhoods show an uneven distribution of these outcomes. For example, in Hoover-Foster, 42 percent of adults in 1980 had not completed high school. This rate held at about 40 percent through 2000, until dropping sharply to 26 percent by 2013. Despite this decrease, Hoover-Foster had the highest percentage among the MacArthur neighborhoods.

### Education, Income, and Poverty

Along with dramatic changes in population demographics, the MacArthur area saw an increase in educational attainment over the 30 year period. In 1980, 14 percent of residents had a college degree; this increased to 38 percent in 2013 (Figure 6.9).




**Figures 6.7 and 6.8: MacArthur Area Non-Hispanic White and Black/African American Populations by Age, 2000 and 2010**

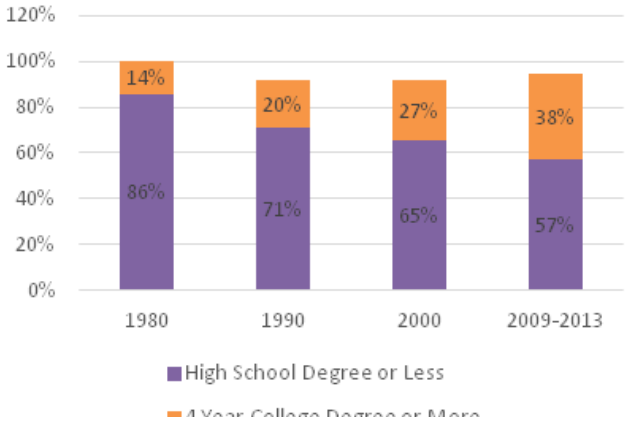



**Figure 6.9: MacArthur Educational Attainment, 1980-2013.**

*Source: US Census 1980, 1990, 2000 (Geolytics, 2014); 2009-2013 American Community Survey 5-Year Estimates*

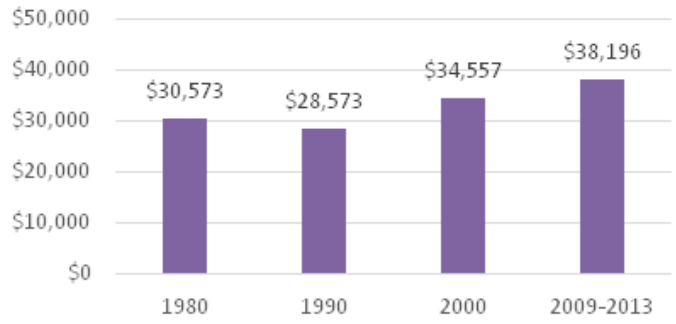



**Figure 6.10: MacArthur Median Household Income, 1980-2013 (in 2010 dollars).**

*Source: US Census 1980, 1990, 2000 (Geolytics, 2014); 2009-2013 American Community Survey 5-Year Estimates*

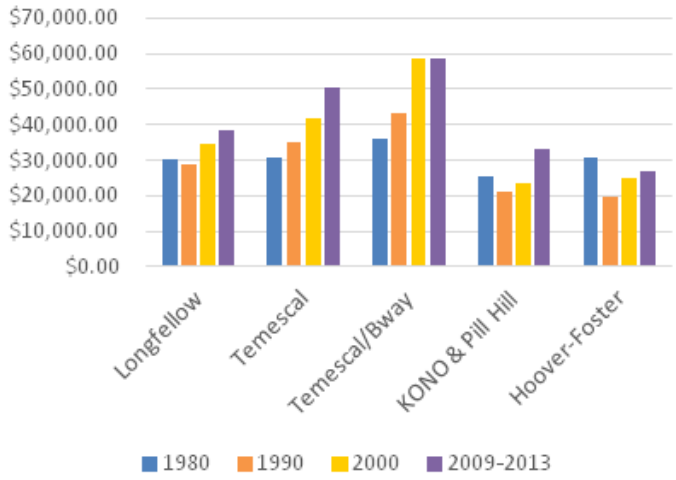



**Figure 6.11: MacArthur Median Household Income by Neighborhood, 1980-2013 (in 2010 dollars).**

*Source: US Census 1980, 1990, 2000 (Geolytics, 2014); 2009-2013 American Community Survey 5-Year Estimates*

Nonetheless, individual neighborhoods show an uneven distribution of these outcomes. For example, in Hoover-Foster, 42 percent of adults in 1980 had not completed high school. This rate held at about 40 percent through 2000, until dropping sharply to 26 percent by 2013. Despite this decrease, Hoover-Foster had the highest percentage among the MacArthur neighborhoods of adults that had not completed a high school education. Conversely, Temescal/Broadway began 1980 with 22 percent of its residents not graduating high school. That percentage decreased to 8 percent in 2000, and then 4 percent in 2013. Moreover, only 16 percent of Hoover-Foster's population in 2013 had earned a college degree or higher, compared to 52 percent of Temescal and 56 percent of Temescal-Broadway.

College graduation rates in Koreatown-Northgate and Longfellow lag behind Temescal and Temescal-Broadway, but their increase has been as rapid. Koreatown-Northgate's college educated population more than doubled— from 12 percent in 1980 to 33 percent in 2013. Similarly, Longfellow's college-educated population went from 7 percent in 1980 to 34 percent in 2013.

Coupled with major shifts in the MacArthur area's racial/ethnic demographics, these data suggest that the 30 year changes in educational attainment are due to a higher level of education among newcomers in specific neighborhoods.

The area's median household income also changed significantly within the time period, rising nearly 25 percent between 1980 and 2009-2013 (Figure 6.10). However, when disaggregated by neighborhood, median household income rose modestly in Longfellow and Pill Hill/Koreatown-Northgate, and dropped in Hoover-Foster. Much of the growth is limited to both Temescal tracts, indicating a trend of gentrification in the neighborhood that has gone on for some time.

As a whole, the MacArthur area has seen little fluctuation in poverty rates since 1980, although the number of impoverished residents has declined substantially since the poverty rate spiked in 2000 (Table 6.1).

**Table 6.1: MacArthur Area Poverty Rate, 1980 to 2009-2013**

| Year | Total Residents | % of Population |
|---|---|---|
| 1980 | 4664 | 27% |
| 1990 | 4606 | 26% |
| 2000 | 6217 | 32% |
| 2009-2013 | 5159 | 26% |

**Table 6.2: Poverty Rate by Neighborhood, 1980 to 2009-2013**

| Neighborhood | 1980 | 1990 | 2000 | 2009 -2013 |
|---|---|---|---|---|
| Longfellow | 29% | 29% | 31% | 25% |
| Temescal | 25% | 17% | 20% | 15% |
| Temescal/ Broadway | 19% | 18% | 11% | 10% |
| Pill Hill/ KONO | 30% | 27% | 40% | 33% |
| Hoover- Foster | 30% | 34% | 50% | 40% |

But as with household income, disaggregated figures show that the Longfellow and Hoover-Foster neighborhoods west of CA-24 have seen consistently higher rates of poverty at the neighborhood scale. As the income gap between neighborhoods within the MacArthur area increases, areas with disproportionately high poverty rates may be particularly vulnerable to residential displacement.

Recent data for Hoover-Foster may be indicative of such a circumstance. Between 2000 and 2010, Hoover-Foster experienced a major drop in its poverty rate – from 50 to 27 percent (2,365 to 918 individuals) – that was unparalleled among other neighborhoods in the area.[20] Such a stark change, combined with a population decrease of 424 (the only population decrease in MacArthur for this decade) suggests that a significant portion of Hoover-Foster's population below the poverty line may have been displaced between 2000 and 2013. This change is explored further in the following section.

## Residential Displacement among Homeowners

The story told by demographic and socio-economic trends in Hoover-Foster contribute to a larger picture of the severe impacts of the Great Recession and foreclosure crisis on the MacArthur area and Oakland overall, with over 10,000 properties foreclosed citywide between 2007 and 2011 (Urban Strategies Council 2012).

Between 2006 and 2014, 195 properties (2.3 percent) were foreclosed within the case study area. Of the 195, 67 percent occurred west of the Grove-Shafter freeway in Longfellow and Hoover-Foster (Figure 6.12). This is equivalent to an approximate 2.5 percent foreclosure rate in Longfellow and 5.0 percent in Hoover-Foster. These neighborhoods, which as previously detailed, have historically been home to the highest concentrations of African American households in the MacArthur area, correspond with nationwide reports that show high-risk lending practices by banks and subsequent foreclosures have disproportionately impacted the African American community (Housing and Economic Rights Advocates 2007).

[20] ACS 5-year estimates show that Hoover-Foster's poverty rate between 2009 and 2013 was 40 percent, suggesting that it rose back to levels comparable to 1990 after a drop in 2010.

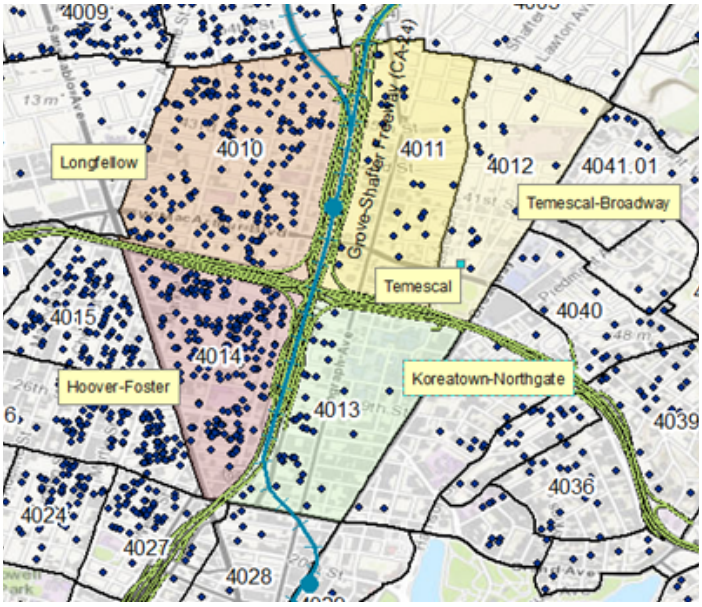



**Figure 6.12: 2006-2014 MacArthur Foreclosures by Neighborhood**
*Source: Open Oakland 2014*

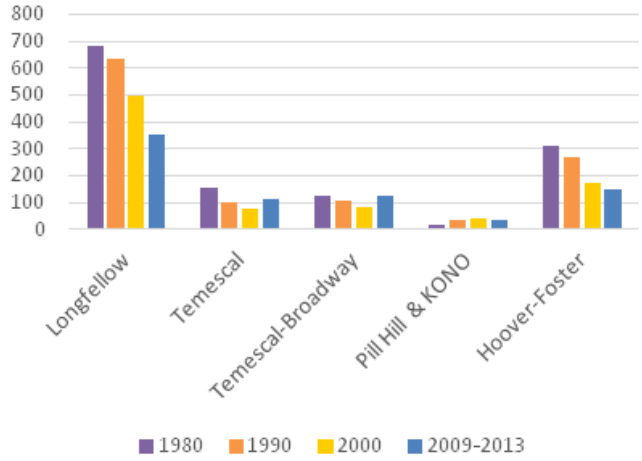



**Figure 6.13: Number of African American Owner-Occupied Households by Neighborhood, 1980-2013.**
*Source: US Census 1980, 1990, 2000 (Geolytics, 2014); 2009-2013 American Community Survey 5-Year Estimates*

However, a closer look at the numbers of African American owner-occupied units shows that the decrease in African American homeownership began decades prior to the Great Recession. The largest decreases occurring between 1990 and 2000 for both Longfellow and Hoover-Foster, with the downward trend continuing more gradually through the height of the foreclosure crisis. This initial decrease corresponds with an increase in mortgage-burdened households between 1980 and 1990 (Figure 6.14). Mortgage-burden rates for 2013, which reached 78 percent in Hoover-Foster, demonstrate the extent of the housing affordability crisis after the Great Recession.

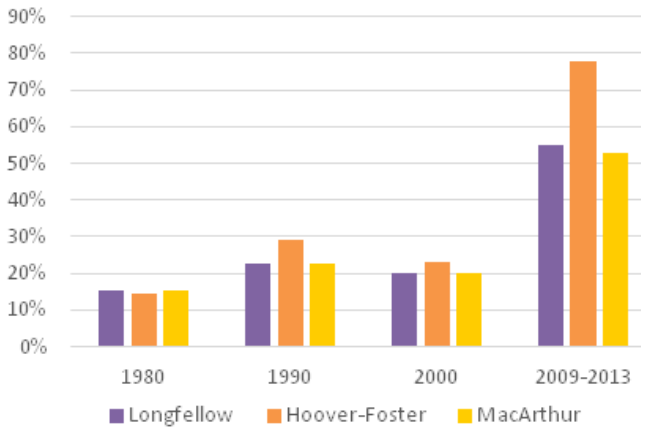



**Figure 6.14: Percent of Mortgage-Burdened Households in Longfellow and Hoover-Foster, 1980-2013.**
*Source: US Census 1980, 1990, 2000 (Geolytics, 2014); 2009-2013 American Community Survey 5-Year Estimates*

Fueled by the real estate market, outside investment and "flipping" properties have become commonplace in the tracts of West Oakland closest to transit, according to local real estate agents. The Urban Strategies Council produced a report in 2011 quantifying the level of investment on foreclosed properties throughout Oakland. According to the report, 81 percent of the homes sold in Oakland between 2007 and 2011 were to banks or other financial institutions. Of these, 42 percent were sold to investors looking to "flip" the homes for a profit, where 93 percent of homes acquired by investors were located in flatland neighborhoods like Hoover-Foster – the same neighborhoods targeted by sub-prime lenders before the foreclosure crisis (Urban Strategies Council 2011).

Such transactions have contributed to the rapid change of these neighborhoods. Sales data from the Alameda County Assessor's Office shows that the prevalence of flipping corresponds with hot real estate markets of the dot com boom at the turn of the century and the over-heated market prior to the housing crisis, with most incidences occurring within Longfellow and Hoover-Foster.[21] Furthermore, Hoover-Foster's vacancy rate spiked to 27 percent in 2010 from 11 percent in 2000, making it the highest in the area and nearly double the vacancy rate of MacArthur as a whole (14 percent).[22] This may be indicative of the turnover that occurs with flips, as new owners evict current residents and allow units to remain vacant while waiting for property values to increase.

On the other hand, between 2000 and 2013, the number of owner-occupied units in the MacArthur area increased from 22 to 26 percent. This could indicate a change in the mix of housing offered in the area due to a combination of conversion to owner-occupied units due to owner- move-in, condo conversion of multi-unit buildings, and new construction.[23]

While flips have been more prevalent in the neighborhoods west of the Grove-Shafter Freeway, sales prices have been highest in Temescal and Temescal-Broadway (Figure 6.15). The architectural character of Temescal's housing stock may play a role in the area's desirability. 70 percent of the housing stock in the study area was built before 1949. These older homes tend to be bought and renovated by middle- and high-income earners as they migrate into older urban environments. Therefore, the presence of these architectural types within the housing stock – craftsmans, Victorians, and pre-war bungalows – may itself be an indicator of risk for gentrification. Housing in the Pill Hill/Koreatown-Northgate area tends to be slightly newer in comparison to the other tracts, with 58 percent built before 1949, whereas housing in the Temescal-Broadway area tends to be older, with 80% of housing built before 1949. This indicates a strong vulnerability to gentrification, realized in the 1980s and 1990s.

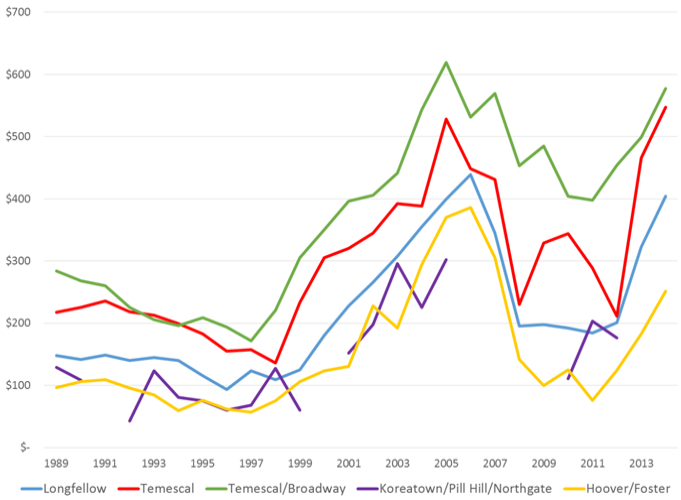



**Figure 6.15: Median sales price per square foot for single family units in in MacArthur by Neighborhood, 1989 – 2014**
*Source: Dataquick (2014)*

[21] A parcel was classified as flipped if assessor data showed that it changed ownership more than once in a two-year period.

[22] Five-year estimates from the American Community Survey indicate that the vacancy rate has since decreased, with a 19 percent vacancy rate between 2009 and 2013.

[23] Since 2000, approximately 500 new units have been constructed, with the majority (52 percent) built in Pill Hill/Koreatown-Northgate (Dataquick).

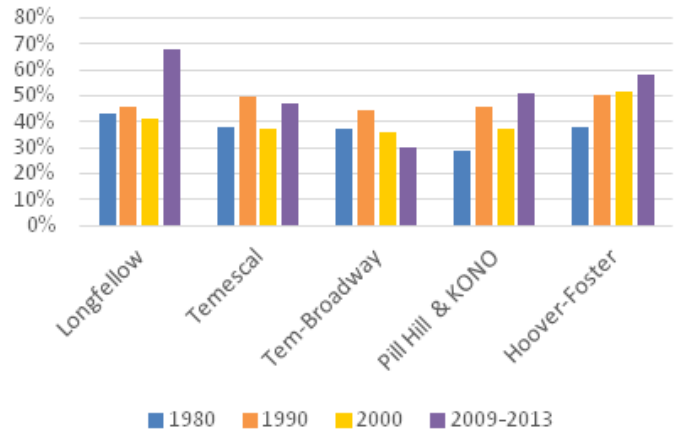



**Figure 6.16: Percent of Rent-Burdened Households in MacArthur by Neighborhood, 1980 to 2009-2013.**
*Source: US Census 1980, 1990, 2000 (Geolytics, 2014); 2009-2013 American Community Survey 5-Year Estimates*

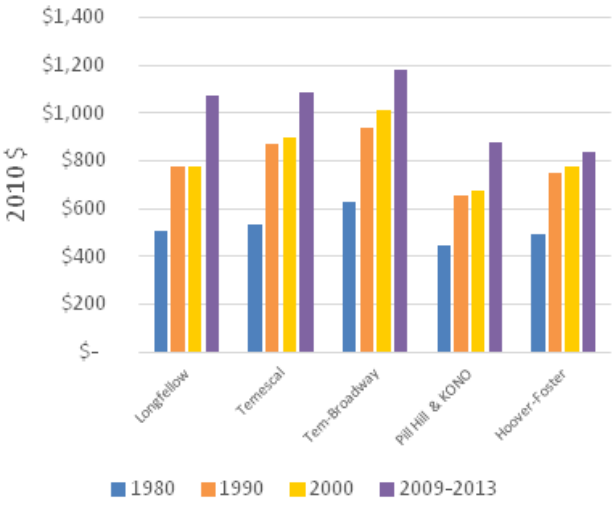



**Figure 6.17: Change in Median Rent by Neighborhood, 1980-2013.**
*Source: US Census 1980, 1990, 2000 (Geolytics, 2014); 2009-2013 American Community Survey 5-Year Estimates*

# Loss of Affordable Rental Units

The decreased share of renter-occupied units raises concern about the vulnerability of MacArthur's renter population, which comprised approximately 74 percent of the total units in 2013. Similar to homeowners, by 2013 over half of renter households were spending over 30 percent of their income on housing, making the majority of the population susceptible to displacement (Figure 6.16).

The increase in rent-burdened households corresponds with an increase in median rent in all 5 neighborhoods. Adjusted for inflation, average rent in the study area tracts rose from $520 per month in 1980 to just over $1,000 by 2013 (in 2010 dollars). According to Zillow.com, the 2014 median rent for zip code 94609, which makes up the central majority of the study area, was $1,876, indicating a steep rise in rents in recent years.[24] As depicted in Figure 6.17, rental prices increased nominally between 1990 and 2000 but rose significantly by 2013, with the highest median rent in the Temescal-Broadway neighborhood. While rents in Longfellow, Pill Hill & Koreatown-Northgate and Hoover-Foster were comparable in in 1990 and 2000, by 2013, the median rents in Longfellow and Pill-Hill & Koreatown-Northgate surpassed Hoover-Foster's.

By measuring the median contract rent in each neighborhood against average household income, CJJC analyzed potential rent gaps to understand housing pressures and potential movement of high-income newcomers to the area. This analysis reveals the largest differences between average monthly income and median rent are generally among the northern-most portions of Longfellow, Temescal and Temescal-Broadway (CJJC, 2014). For example, one block group in Temescal-Broadway has a median contract rent of $1,404 and a median monthly income of $7,416, yielding a rent gap of $6,013. This difference suggests more affluent households are pricing out lower-income households and potentially driving up prices of formerly "naturally affordable" units. Moreover, areas with large rent gaps may indicate greater redevelopment and profit potential for landlords, which would trigger further gentrification (Smith 1979). CJJC's analysis suggests that the Longfellow neighborhood may be especially vulnerable within this context, with rent gaps on some blocks between $3,500 and $4,700.

### Subsidized Housing

These rent increases throughout the MacArthur area pose major challenges for families who rely on housing choice vouchers to afford housing. With public housing authorities generally only able to set a maximum payment standard for Section 8 property owners at 120 percent of fair market rent (HUD Housing Choice Voucher Program Guidebook 2001), landlords

[24] Zillow data provides information on the price of rental units that are currently on the market, rather than for all units in an area.

can often earn a larger profit by renting their units to non-voucher holders in the private market. Moreover, due to the lengthy waitlist, households may wait several years before they can receive Section 8 assistance.[25]

With the challenges related to voucher-based subsidies, other subsidized units such as public housing and inclusionary units built with Low Income Housing Tax Credits (LIHTC) are important to preserving affordability in MacArthur and Oakland overall. Currently, nearly all of the MacArthur area's 611 subsidized housing units across 10 separate developments are located in the Pill Hill & Koreatown-Northgate and Hoover-Foster neighborhoods; in contrast, only 6 units are located in Longfellow, and none exist in Temescal (CHPC 2014). Approximately one half (328) of the total are designated as senior housing (CHPC 2014). This may contribute to the relatively stable population numbers of senior citizens between 2000 and 2013.

Due to the elimination of funding for local redevelopment agencies statewide, affordable housing development projects have become even more challenging to finance in Oakland. Previously, the City's Community and Economic Development Agency (CEDA) awarded approximately $20 million per year in funding to develop affordable housing throughout the city, but in 2014, its successor agency's funding pool had shrunk to $3 million (Musiker 2015).

However, archived CEDA reports on the Broadway/MacArthur/San Pablo Project Area that covered portions of Temescal/Temescal-Broadway and Pill Hill show that Redevelopment Agency funds were not used to build a single unit of affordable housing between 2000 and 2009. All of the 373 units built within this time period did not have income restrictions. In order to meet redevelopment requirements for the production of 56 low and moderate income and 23 very low-income units for the 2000-2009 compliance period, the City constructed two developments, with a total of 203 affordable units, outside of the Project Area (City of Oakland 2009, 14).[26]

CEDA's dissolution also disrupted the implementation of Redevelopment Area plans, including those for the MacArthur Transit Village and others within the Broadway/MacArthur/San Pablo Project Area. With an expanding need for below market rate units, these issues further exacerbate mounting market pressures on the existing housing stock.

## Commercial Gentrification

Another marker of increased market pressure is change in surrounding commercial districts. Changes in the commercial environment of gentrifying neighborhoods have been seen as both an instigator and consequence of residential demographic change (Chapple and Jacobus 2009). Researchers have shown that retail and commercial amenities signal to middle class residents that a low-income neighborhood is changing, consequently attracting new residents (Brown-Saracino 2004). On the other side, others have shown how shifting buying power and cultural preferences of new residents in gentrifying neighborhoods may influence the mix of retail in nearby commercial corridors (Chapple and Jacobus 2009). Many scholars believe that commercial gentrification results in the disappearance of small, mom-and-pop stores and the arrival of boutiques, chains or commercial establishments that do not serve the needs of the existing, low income residents (Zukin et al. 2009). In its analysis of the MacArthur neighborhoods, CJJC notes that commercial development in major retail nodes—both within the MacArthur area, such as the Temescal/Telegraph Corridor, and outside of it, such as Bay Street and other retail centers in Emeryville—has played a role in defining neighborhood change (CJJC 2014).

### Temescal/Telegraph Corridor

Centrally located within the case study area, the Temescal/Telegraph retail corridor may be a key "gentrifying pressure" on the MacArthur area as a whole, with

[25] The Oakland Housing Authority's Section 8 Housing Choice Voucher waitlist was last opened in 2011 (Oakland Housing Authority, 2013). At the end of fiscal year 2011, there were 10,007 households on the general (tenant-based subsidy) wait list. These households were chosen by lottery among the over 55,000 households who applied to be on the wait list (Oakland Local 2013). OHA reported that at the end of FY 2011, there was a combined total of 26,362 households on all wait lists for public housing, Section 8 and other mixed finance subsidized housing in the city (Oakland Housing Authority 2011).

[26] These two developments, Fox Courts and Jack London Gateway, also fall outside of the case study area. California Redevelopment Law credited the City with one unit toward its affordable housing production requirement for every two units built outside of the Project Area (City of Oakland 2009, 14).

the greatest vulnerability in neighborhoods west of the Grove-Shafter Freeway (CJJC 2014). The Temescal/Telegraph Corridor, which consists of a six-block strip of small locally owned businesses along Telegraph Avenue, runs through some of the most affluent neighborhoods in the MacArthur area that have gentrified in recent decades (CJJC 2014). With the support of the Temescal Business Improvement District, the "hip" and "cool" neighborhood strip boasts signs touting its restaurants, shopping, and authentic local flavor. While the neighborhood was once home to Italian, then African, and then Korean immigrants, it is now a predominantly White, middle to upper middle class hotspot. National media has described the neighborhood as "Oakland's answer to San Francisco's Mission District and the city of Berkeley drawing a mix of yuppies and plaid-wearing hipsters" (Woo 2009), and the "hippest part of Oakland" (Haber 2014).

To understand patterns of change among the Corridor's business mix, we evaluated data on commercial establishments from the National Employment Time-Series Database (NETS), which provided information on sales and number of establishments for businesses by North American Industrial Classification System (NAICS) code (Walls & Associates 2013). We categorized each business as either local-serving or region-serving based on its NAICS code, following a method used by Koebel and Chapple and Jacobus which classifies specific business types as most likely to serve local market areas (Koebel 2002; Chapple and Jacobus 2009). These types—which include grocery and food product stores, restaurants, financial institutions, salons and barbershops, and laundromats—are detailed in the table below.

Additionally, data gathered through ground-truthing was used to compare current businesses and businesses that existed in 2007, which were inventoried as part of the 2007 Temescal/Telegraph Merchant Survey (Munektyo, Simundza, and Chapple 2007).[27]

As the neighborhood's desirability has increased since 2000, the Temescal/Telegraph Corridor has undergone significant change. Of the 224 commercial parcels along the Corridor, 49 percent turned over between 2007 and 2014. Twenty-five percent of the businesses replaced by 2014 were retail businesses, and another 17 percent were restaurants or food service establishments. The greatest amount of change in business type occurred among service establishments, with 35 percent replaced by 2014.

Nearly all local-serving businesses that have turned over were replaced by new local-serving establishments. NETS data show that in fact, the ratio of regional to local-serving businesses has remained fairly consistent over time (Figure 6.18). However, certain names of new businesses suggest that, while they may still be local-serving, they cater to a new local demographic—one that differs from the clientele of replaced businesses. For example, several African/African American hair salons and barber shops[28] are among the replaced businesses, which reflects the decline in African American residents throughout the MacArthur Area.

**Table 6.3: 'Local-serving' Business Types**

| NAICS code | Business type |
|---|---|
| 444130 | Hardware Stores |
| 445110 | Supermarkets and Other Grocery (except Convenience) Stores |
| 445120 | Convenience Stores |
| 445210 | Meat Markets |
| 445220 | Fish and Seafood Markets |
| 445230 | Fruit and Vegetable Markets |
| 445291 | Baked Goods Stores |
| 445292 | Confectionery and Nut Stores |
| 445299 | All Other Specialty Food Stores |
| 445310 | Beer, Wine, and Liquor Stores |
| 446110 | Pharmacies and Drug Stores |
| 451212 | News Dealers and Newsstands |
| 522120 | Savings Institutions |
| 522130 | Credit Unions |
| 522190 | Other Depository Credit Intermediation |
| 522291 | Consumer Lending |
| 722330 | Mobile Food Services |
| 722410 | Drinking Places (Alcoholic Beverages) |
| 722511 | Full-Service Restaurants |
| 722513 | Limited-Service Restaurants |
| 722514 | Cafeterias, Grill Buffets, and Buffets |
| 722515 | Snack and Nonalcoholic Beverage Bars |
| 812111 | Barber Shops |
| 812112 | Beauty Salons |
| 812113 | Nail Salons |
| 812310 | Coin-Operated Laundries and Drycleaners |
| 812320 | Drycleaning and Laundry Services (except Coin-Operated) |

[27] The date of this survey poses a limitation to this methodology, as the Temescal district's commercial revitalization began prior to 2007. Many of the businesses that can be considered part of this revitalization (because they were established after 2005) were already in place by 2007 and are classified here as having not been replaced. Thus, this analysis only captures a partial extent of the changes since associated with the present wave of commercial revitalization.

[28] Among these are ADOM Hair Braiding, Hair Extraordinaire, Ebony Men, My Sista My Brotha Beauty Salon, Destiny 2000 and Madingo Braids.

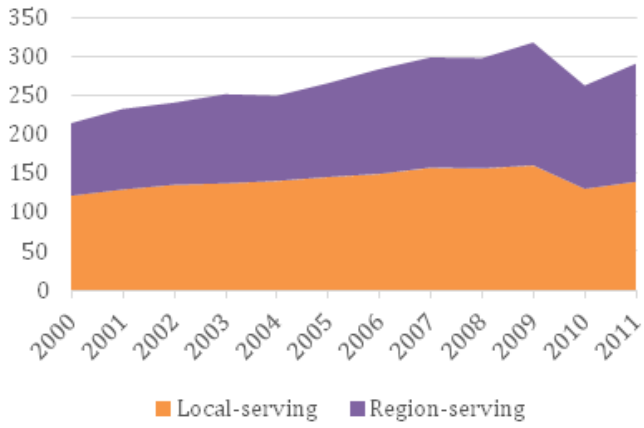



**Figure 6.18: Number of Business Establishments, Temescal/Telegraph Corridor, 2000-2011.**
*Source: National Employment Time Series Dataset*

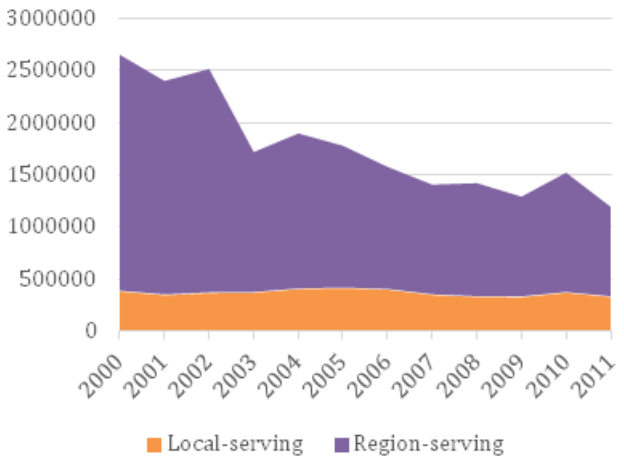



**Figure 6.19: Average Sales per Establishment, Temescal/Telegraph Corridor, 2000-2011.**
*Source: National Employment Time Series Dataset*

However, this data also reveals that regional-serving businesses have generated much more revenue per establishment than local-serving businesses since at least 2000. Furthermore, average sales per establishment have fluctuated greatly over time—and resulted in an overall decrease since 2000—for region-serving businesses, while staying fairly consistent for local-serving businesses (Figure 6.19). Thus, despite the relatively even distribution in the number of local and regional-serving businesses, the Corridor's business patterns appear to be susceptible to changes in regional consumer preferences and spending power.

### Business Improvement Districts and City of Oakland Planning Efforts

Changes along the Corridor correlate with the founding of the Temescal/Telegraph Business Improvement District (BID) in 2005. The BID notes in its 2015 Management Plan that sales tax revenues within its boundaries have risen 32 percent within the past 10 years, despite an overall 4 percent decline in citywide sales tax revenues (New City America 2014). It attributes this success as well as the "new identity" of the Temescal commercial district to the organization's physical improvement and marketing activities, which have included installation of pedestrian street lights and pole banners, sidewalk sweeping and graffiti abatement, underwriting of several public events and street fairs, and coordination of social media marketing (New City America 2014).

The Temescal/Telegraph Corridor's evolution can provide insight into the future of surrounding residential areas as well as nearby commercial districts. With the Temescal district's revitalization viewed as a model of positive economic development, business and commercial property owners in Koreatown-Northgate (KONO) followed a similar path by forming their own BID (called a Community Benefit District) in 2007 and engaging heavily in marketing efforts that brand KONO as "the neighborhood that defines the new Oakland," and an "up and coming community that has become the 'unofficial' hub of arts and culture in the Bay Area." This identity is reflected in the Broadway-Valdez District Specific Plan (BVDSP), which envisions the area as a "new, re-imagined 21st Century neighborhood" that emphasizes destination retail (City of Oakland 2014).

Adopted in 2014 after a six-year planning process that started with funding from CEDA, the BVDSP includes a vision for development along Telegraph Avenue and Broadway in the form of housing projects, complete streets transportation plans, and retail upgrades. Among the planned new establishments is a development called "the Shops at 30th and Broadway," which will be anchored by a higher-end Sprouts Farmer's Market grocery store. The image and target demographic of this development stand in contrast to a Grocery Outlet Bargain Market located just across the street that has served the community for much longer. The developer's online marketing materials explicitly demonstrate its intention of catering its retail toward affluent residents by including an income map that shows "major access to and from Piedmont and the Oakland Hills" (Lockehouse & Portfolio Development Partners, LLC 2012).

This development is guided by the City of Oakland's "Retail Enhancement Strategy," which was first developed in 2008 to address the issue of retail gaps and leakage, which leads to the loss of potential sales tax

revenue from resident purchases made in neighboring municipalities (Conley Consulting Group 2008). With this plan guiding citywide development projects, including the MacArthur Transit Village, the implications of commercial gentrification on neighborhood change are important to consider.

Development interest in the Broadway-Valdez corridor has recently taken off; a January 2015 article in the San Francisco business times states that "The area… is attracting big interest in the way of mixed-use projects. Applications have been pouring in since the city finalized its specific plan for the transit-rich area" (Azevedo 2015). A private developer of a mixed use project that was the first to receive entitlements under the BVDSP states that this 435-unit development will target supporting medical staff and millennials who can't afford San Francisco rents" as tenants (Azevedo 2015).

As demand for real estate in the Broadway-Valdez area grows, it is likely that market rate development will quickly outpace subsidized housing development and leave few viable opportunity sites available to affordable housing developers. City institutions and community-based organizations continue to grapple with the question of how to effectively manage neighborhood change in order to support inclusive economic development and prevent displacement. Early drafts of the BVDSP focused primarily on sales tax revenue generation and failed to directly address affordable housing needs in the plan area (Wampler 2015). In 2008, a coalition of community groups known as the Better Broadway Coalition launched a campaign to ensure that the Broadway-Valdez Specific Plan included strong affordable housing measures and goals (Great Communities Collaborative 2014). The coalition also pushed for economic development strategies that would benefit residents through local hiring and living wage policies (Wampler 2015).

As a result of this advocacy, the adopted plan includes a target of 15 percent of new homes to be affordable for low- and moderate-income households as well as language on anti-displacement strategies and workforce housing (City of Oakland 2014).

While the plan includes a stated policy to "explore the formulation and adoption of a comprehensive citywide affordable housing policy that addresses concerns from all constituents," it remains vague in terms of actions that the City will commit to in order to preserve affordability in the area (City of Oakland 2014). Thus, implementation of the Broadway Valdez Specific Plan may provide a crucial leverage point for resident and community engagement. Organizations involved with the Better Broadway Coalition have called for an affordable housing impact fee that would contribute to a sustained source of funding for affordable housing production and preservation in Oakland. The City has embarked on a nexus study to explore the specifics of a possible impact fee, but further advocacy is needed (Wampler 2015).

# Conclusion

With major revitalization projects slated for central locations within MacArthur, the area's desirability will likely continue to increase, placing further strain on the housing stock and continuing to drive change block-by-block. The implications of this change on low-income residents must be considered pre-emptively, so as to not exacerbate the existing affordability crisis.

While MacArthur has passed the peak of the latest foreclosure crisis, many residents remain vulnerable to displacement, and the full impact of the foreclosures is yet to be determined as properties continue to rapidly change hands and sales prices climb. The data points to increasing severity of the affordability crisis, with continuously rising rents and a tremendous jump in rates of housing burden.

As discussed throughout this case study, the housing affordability crisis' varied manifestations, whether in the form of foreclosures, high vacancy rates and flips, or increasing rent gaps and changing retail patterns, paint a picture of residential displacement in the various MacArthur neighborhoods that may remain an ongoing threat, especially for low-income households. In this, MacArthur is not an exception, but an example of trends throughout the rest of Oakland. These current housing dynamics in MacArthur are born of a long history of institutionalized racial discrimination, with the most notable impact on the area's African American residents. Any efforts to achieve equitable development must take this history into account.

As much of the region's challenges are actively debated and addressed in MacArthur, changes in the area provide an opportunity for advocates, researchers, community leaders, and government officials to inform regional solutions through careful tracking of MacArthur's ongoing neighborhood change and evaluation of tested anti-displacement strategies.

concord

# Chapter 7: Signs of Speculation in the Monument Corridor

# Signs of Speculation in the Monument Corridor

Case study on Gentrification and Displacement Pressures
in the Monument Corridor of Concord, CA

## Introduction

Located in the heart of Contra Costa County, the City of Concord was primarily settled in the decades following World War II. Returning veterans viewed the small-town feel and verdant land that expanded to the foothills of Mount Diablo as a desirable and inexpensive place to settle. As its population grew exponentially over the next several decades, the land was quickly consumed by suburban single-family homes. In 2010, approximately 175,600 people resided in the City of Concord.

The city continuously prioritized policies that promoted auto-dependency, accommodating its growing population by facilitating access between housing subdivisions and the highway through the expansion of thoroughfares and widening of streets. Though BART opened its Downtown Concord station in 1973, it has largely remained underutilized. The city's development of office parks downtown was instead paired with the dedication of funds for the construction of parking garages around the periphery of the commercial corridor (Dymond, 2000).

The city failed to link the BART station to its commercial and residential nodes (Waterhouse, 1973). Office tenants began to leave Concord in the 1980s, and the once booming downtown now holds empty office buildings and underutilized storefronts. Without other incentives to attract new residents or visitors to the city, Concord has watched its neighbors in the region prosper, while its own tax base lags behind and its population growth stagnates. Between 2002 and 2011, the number of jobs located in the city has decreased by 9.6 percent, from 49,465 to 44,717 (US Census Bureau, 2014).

Despite these economic development challenges, Concord real estate has grown more desirable in recent years, with housing prices on the rise since the 2007-2011 recession and new development throughout the city. In 2012, the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC) designated about 620 acres

**Figure 7.1: One of the many partially occupied office buildings in Downtown Concord**

around the Downtown BART station as a priority development area (PDA). PDAs are eligible to receive funding that encourage transit oriented development (TOD) and infill housing. As a result, Concord has been working to craft a new Downtown Specific Plan that will implement strategies to promote new downtown investment (City of Concord, 2014). At the heart of the plan is the Downtown Concord BART station, which the city envisions will be the vehicle to attract new economic activity to Concord. To this effect, the city has created a half-mile buffer around the BART station, where it plans to improve pedestrian access and intensify land uses to create an environment conducive to attracting new residents, jobs, and businesses to its core. In particular, Concord officials hope that by promoting housing density within the PDA the city will attract a new demographic to Concord, enabling it to spur economic growth and to join its neighbors to share in the prosperity of the Bay Area region.

With an increase in available resources for development, interest in downtown Concord is growing, spurring concern among affordable housing advocates. The Bay Area has seen a steady rise in rents for the past three years with Contra Costa County experiencing an 8% increase since the second quarter of 2011 (Carey, 2014). While TOD and infill housing development often seeks to address affordability issues, tran-

sit-development induced residential displacement can be a potential impact. The Monument neighborhood is one area of particular concern. A 3.8 square mile area largely bounded by I-242 and Monument Boulevard, a central city artery that easily connects the highway to the downtown (Figure 7.2), this predominantly low-income, Latino neighborhood may be vulnerable to residential displacement. This case study analyzes the demographic and housing characteristics of the Monument over three decades to determine the potential impact of investment on neighborhood change and residential displacement.

# The Monument Community

The Monument neighborhood makes up 12% of the total area and is the most populated region in the city of Concord. The 2009-2013 American Community Survey provides an estimate of around 24,000 residents. Since 1980 this figure has increased by 67% (see Appendix A). Despite this huge jump, this number is largely considered to be an underestimated figure. Monument Impact estimates a figure closer to 37,000 residents. The discrepancy can likely be attributed to the large number of undocumented residents, a population that typically remains undercounted in Census due to fear that providing information to the Census Bureau may alert Immigration and Customs Enforcement (Monument Impact, 2014).

The majority of the immigrant population are from Mexico and Central America and tend to have lower educational attainment and income than the rest of the Concord population. Forty three percent of Monument residents were born abroad are non-naturalized. This figure differs greatly from the city of Concord where only fourteen percent of the total population is non-naturalized foreign born. This high foreign born demographic in the Monument may explain the weak political power of this community expressed in some stakeholder interviews.

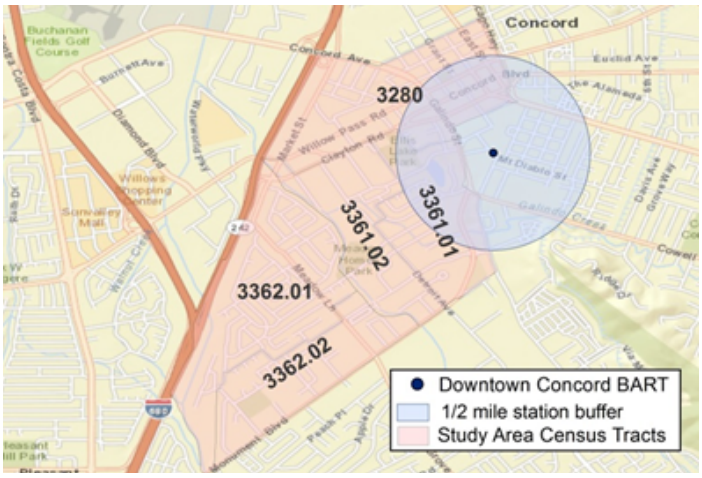



**Figure 7.2: Map of the Monument study area**

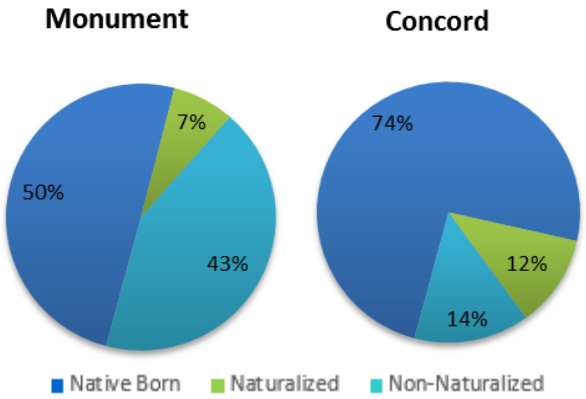



**Figure 7.3: Percentage of Native and Foreign born, 2009-2013.**

*Source: American Community Survey 2009-2013*

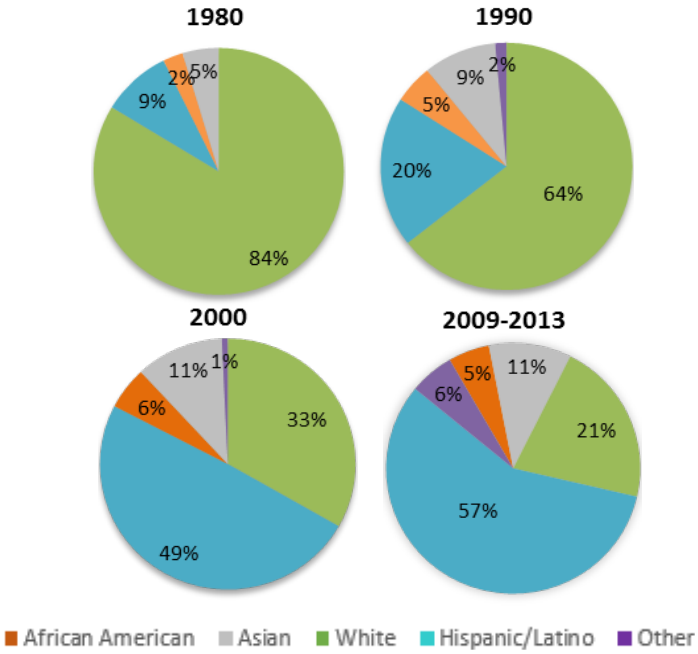



**Figure 7.4: Residential Racial and Ethnic Composition, Monument, 1980 to 2009-2013.**

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

Since 1980, the Monument neighborhood has seen a huge racial and ethnic demographic shift. The White population has steadily declined over this period of three decades while the Latino population has experienced considerable growth (See Figure 7.4). In 2010 Latinos comprised 63 percent of the population while

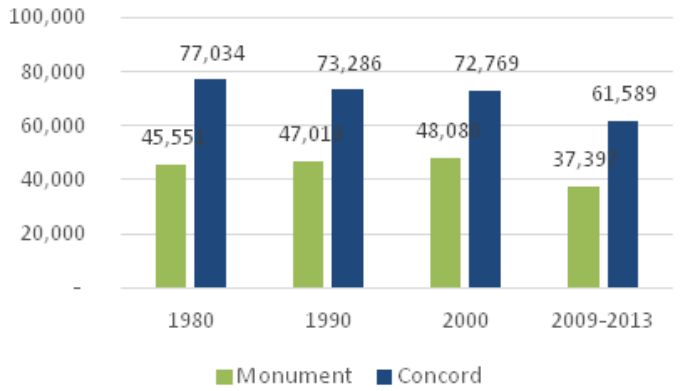



**Figure 7.5: Median Household Income, Monument & Concord, 1980 to 2009-2013 (In Constant 2010 Dollars)**

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

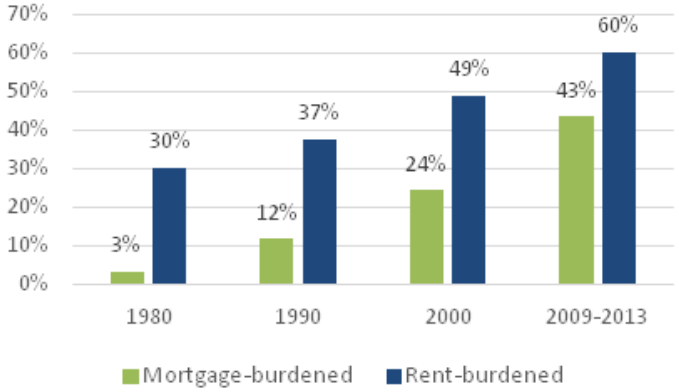



**Figure 7.6: Housing Cost Burden in the Monument, 1980 to 2009-2013**

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

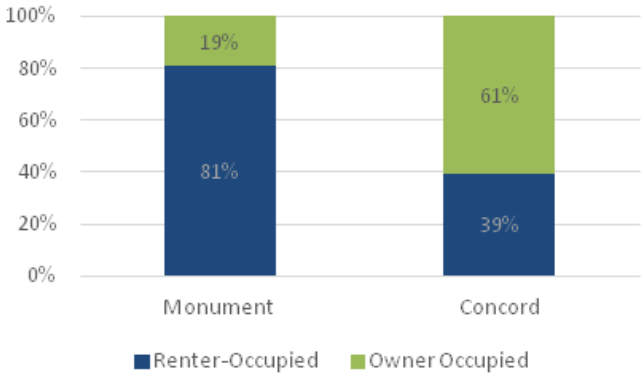



**Figure 7.7: Occupied Units by Tenure, Monument vs. Concord, 2009-2013**

*Source: American Community Survey 2009-2013*

Whites only accounted for 20 percent. This is nearly the inverse of the city's racial and ethnic distribution, which in 2013 consisted of 51 percent of Whites and 31 percent of Latinos (See Appendix).

Educational attainment in the Monument has not seen major increases in the college-educated population, which is another marker of gentrification (See Appendix). This may indicate that large-scale displacement has not yet occurred. However, this neighborhood contains many precursors associated with gentrified neighborhoods. For instance, the high percentage of ethnic minorities in the Monument increases residential susceptibility to displacement. This is true even when accounting for income (Newman & Wyly, 2006). Additionally, from 2000 to 2013 nonfamily households increased from 37% to 52% of total households, another marker of gentrification. Finally, residents in the Monument are significantly poorer than the rest of the city. In 2013 the Monument had a poverty rate of 23% -- over twice the poverty rate of the city, which stood at 9% (See Appendix). Median incomes in the Monument declined between 2000 and 2013 by 22 percent (Figure 7.5).[29]

With increasing costs of rent, the gap between income and median rents has widened at a rapid rate. The median gross rent increased by 15 percent when adjusted for inflation, from $948 in 2000 to $1,167 in 2013. As a result of these trends, the percentage of rent-burdened households in the Monument has grown as well. In 2000, 49 percent of households were rent-burdened, meaning the household paid 30 percent or more of their income on rent (Figure 7.6).[30] Already a high figure, by 2013 60 percent of households suffer from rent- burden.

Even though the rate of overburdened households increased between 2000 and 2013, Census data appears to show that there was a decline in the number of renter- and owner-occupied units that are overcrowded (See Appendix). Stakeholders who work closely with community residents, however, tell a different story. Several different stakeholders have recounted a similar narrative about overcrowding in the Monument. According to them, it is not uncommon for multiple families to live under the same roof. In some shared apartments, families sleep in separate bedrooms, but according to one stakeholder, it is also not uncommon for families or single adults to share rooms or occupy living room spaces to cope with rising housing costs.

Since 1980, tenure split has remained constant in the Monument and in Concord overall (see Appendix). The tenure split is drastically different, between the two areas, however. As seen in Figure 7.7, 81% of Monument residents rent while only 39% of residents in Concord rent. Renters are at greater risk of displace-

[29] Average, rather than median, income are reported for 1980.

[30] Average, rather than median, rents are reported for 1980.

**Table 7.1: Monument, Housing Units & Vacancy Rate**

| Year | Total Housing Units | Vacant Units | Vacancy rates |
|---|---|---|---|
| 1980 | 7285 | 392 | 5% |
| 1990 | 7623 | 467 | 6% |
| 2000 | 8133 | 257 | 3% |
| 2009- 2013 | 8729 | 816 | 9% |

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

**Table 7.2: Rate of Foreclosure, Monument vs. Concord**

| Area | Average Owner-Occupied Units (2000 & 2010) | Foreclosed Homes (2006-2009) | Rate of Foreclosure |
|---|---|---|---|
| Monument | 1,848 | 421 | 23% |
| Concord | 41,834 | 2,402 | 6% |

*Source: U.S. Census 2000 & 2010, American Community Survey 2006-2010, Zillow 2014.*

ment than homeowners, especially since Concord has few tenant protections, making Monument residents very vulnerable to displacement pressures.

Vacancy in the Monument has increased dramatically from 2000 to 2013, jumping from 3% to 9% over the 13 years (Table 7.1). The higher vacancy rate is likely due to the housing crisis and recession of 2008. Concord's vacancy rate is much lower, at 6.5% in 2013. A higher vacancy rate can signify disinvestment in the Monument, which can ultimately lead to gentrification. Landlords may prefer to leave units empty instead of dealing with maintenance or until the market rebounds. In turn, developers can purchase land/buildings cheaply and still make an acceptable profit after the cost of rehabilitation (Smith, 1979). The fact that Concord's vacancy rate in 2013 was much lower suggests that the Monument residents may be faced with this type of disinvestment.

An analysis of foreclosure data collected from the height of the housing crisis revealed that like much of California, Concord and the Monument community were impacted by the decline of the housing market and the economic recession. Using the 2000 and 2010 average of owner-occupied units as proxies to estimate the rate of units in foreclosure, we found the rate of foreclosure in the Monument was almost four times greater than the rate of foreclosure in Concord. While a 23% foreclosure rate in the Monument is a very large figure, it is likely a conservative estimate. The three years only represent a snapshot of the housing crisis that arguably lasted at least five to seven years or more when considering the lingering effects of the economic recession.

## The Housing Market Heats Up

Stakeholders have indicated that evictions due to foreclosure are no longer a problem, but without mechanisms in place to safeguard against rent spikes and to protect tenants against unfair evictions, tenants' residential stability is tenuous, at best. Homebuyers and investors that have acquired foreclosed properties in the Monument paid rock-bottom prices; but values are rapidly beginning to recover. Concord's home values experienced an 8.6% increase in home value from 2013 (Zillow, 2014). According to RealtyTrac, the estimated monthly mortgage payment in the Monument is $1,079, while the average rent for a three-bedroom house is $1,740. A stakeholder from a service organization confirmed that it is increasingly becoming commonplace for residents to pay upwards of $1,500 for a small, rundown apartment in the Monument.

Aside from growing rents, Monument residents face hurtles to owning a home as homeownership is being catered to attract a younger and wealthier demographic. A news article published by SFGate in February 2014 entitled "Oakland, Concord among top cities to flip to hipsters," highlights Concord as a desired location for "home flipping," whereby a homebuyer purchases a property with no intent to occupy it (Erwert, 2014). Instead, the objective is to resell the property quickly, and at a higher price than what was originally paid for it. The article goes on to provide a four-step "how-to" info-graphic, attributed to RealtyTrac that explains the process:

1. Identify hot hipster housing market with good profit on flip.
2. Find foreclosure homes or other bargain buys.
3. Rehab to hipster tastes.
4. List + market the home. Close the deal.

Monument's zip code, 94520, is specifically listed within the top 10 hipster housing markets with good returns

on flips. This is not surprising considering the neighborhood's high foreclosure rate. As a methodology, the article explains how RealtyTrac filtered zip codes by 15 percent of the population with an age group of 25 to 34 and where 15 percent take public transit or walk to work. Finally, if the median home prices that are no more than five times the median income of the neighborhood and at least 10 homes have flipped in 2013, the zip code is considered prime for hipster flipping.

With steep declines in the average sales prices for both single family and multi-family residential properties in 2008 (Figures 7.8 and 7.9), Monument's housing market became extremely advantageous for real estate investors and developers. The area's profit opportunity has increasingly drawn their attention, and prominent markers of change, such as two newly constructed high-rise apartment buildings, can be found throughout the neighborhood.

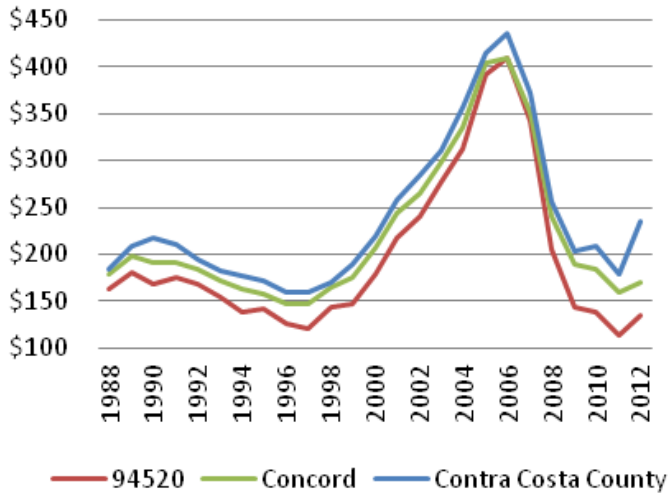



**Figure 7.8: City and County Sales Price per Square Foot, 1988-2012**

*Source: Zillow 2014.*

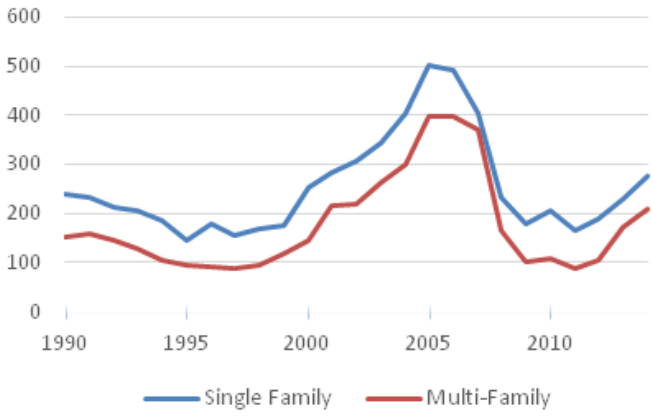



**Figure 7.9: Monument Average Sales Price per Square Foot, 1990 to 2013**

*Source: Dataquick 2014.*

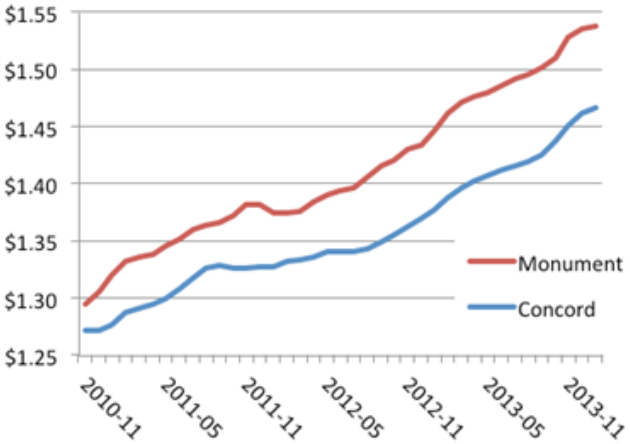



**Figure 7.10: Average Rent per Square Foot, Monument vs. Concord, 2010 to 2013**

*Source: Zillow 2014.*

## Investment for the New, Neglect for the Old

Many of the post-recession housing opportunities are advertised for a wealthier population coming from neighboring cities. Low-income residents living in disinvested communities, such as those in the Monument, are unlikely to reap the benefits. The discrepancy between investment for outsiders and disinvestment in current residents is highlighted through stakeholder interviews. A landlord who owns a large apartment complex on the edge of the neighborhood spoke without qualms about their intention to continually mark-up rents. While this developer certainly warrants competitive rates in return for their investment into the property, they are also not bashful about their motivations and interests. Even though they believe BART in downtown Concord to be a "waste of money," they do not hesitate to use their complex's proximity to BART as a marketing tool, aiming to "cater to the laptop crowd" that commutes via BART to work in San Francisco. Though the complex is located within the Monument community, this developer has willfully dissociated the complex from the Monument, and they proudly describe how they "got rid of… the 99% Latino" population that formerly lived in the complex. Ultimately, they plan to convert the units into condominiums and sell them once the market picks up again.

This developer's intention demonstrates the potential for neighborhood change in the Monument community, moving towards more expensive rental housing and catering to a more highly educated, higher wage earning demographic. Their comments reveal the imbedded racial tensions of residential displacement as-


**Figure 7.11: A Luxury Apartment Complex Located in Downtown Concord**

sociated with gentrification. As developers, real estate agents and other actors cater to the younger, affluent White population, communities of color are either displaced or excluded from the benefits of an improving neighborhood.

Meanwhile, as rents are increasing the quality of life is not necessarily improving. Interviews revealed a severe bed bug infestation that plagues the multi-family units where low-income residents live.

According to a stakeholder interviewed from a tenants' rights advocacy organization, the bed bug infestation has been a problem in the Monument for almost two years. The City's reluctance to address the issue, they believe, stems from a refusal to acknowledge it as a public health concern, placing responsibility on individual landlords while simultaneously refusing to hold them accountable through citations. Several stakeholders have mentioned that tenants in the Monument do not feel well represented by local elected officials.

Pushed by the continued backing from a tenants' rights advocacy organization, the City of Concord enacted a bed bug policy in late March of 2014 acknowledging bed bugs as a nuisance and enabling code enforcement to issue citations to landlords who refuse to mitigate the bed bug issue in their buildings (Bed Bug Response Pilot Program, March 2014). Still, because code enforcement is managed by the local police department, many tenants who are undocumented immigrants and unfamiliar with their legal rights, remain fearful about drawing attention to themselves. They fear deportation or that unsanctioned living conditions like overcrowding, if discovered, will lead to eviction. Even when residents have brought issues to property managers, community organizations have also found that managers often fail to raise these concerns with the property owners, effectively serving as a "cover" for the owners who do not comply with housing codes. In other cases, residents have decided to move out, feeling that it is the only means of dealing with an issue.

Neglect of Monument housing is coupled with the fact that Concord does not have any tenant protection policies in place. The city has no rent stabilization policy nor do they have a just cause eviction ordinance. In addition, there is also no system in place at the city level to track evictions in Concord. Without these and other tenant protections, it will be difficult for residents to take advantage of this new Bed Bug policy.

Because of the area's profit potential and desire of developers to bring in new residents who will pay higher rents, some stakeholders see the combination of neglect and lack of tenant protections as a means for property owners to intentionally push current residents out.

## Challenges to Affordable Housing Production

Like the rest of the Bay Area, there has not been enough new housing production in Concord to meet the needs of current and potential residents. From 2007-2014, very few units have been built in Concord and of these units, almost all are above moderate-income housing (Housing Element, 2010). Concord has fallen short of its regional housing needs allocation (RHNA) for 2007-2014. In addition, there is recognition that there is a shortage of very low- and low-income housing units in Concord. While there are currently 1,031 subsidized housing units in the Monument—a significant increase since 1980 (Figure 7.12)—the need for more affordable housing units persists.

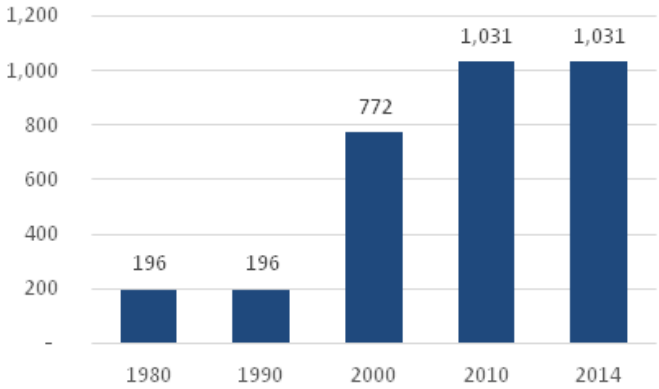



**Figure 7.12: Subsidized Housing Units in the Monument, 1980 to 2010**

*Source: California Housing Partnership Corporation 2014*

In the 2010 Housing Element plan, the city conducted an analysis of the previous plan from 2003 and found that despite the land available for affordable housing, the city did not produce enough units in the very low-, low-, and moderate-income categories. Concord only produced 35 percent of its RHNA for these three categories (Housing Element, 2010). Additionally, 80% of units counted towards the RHNA were rehabilitation of old units and not new housing. However, in the same time frame, the City did produce more than twice the amount required for above-moderate income housing units.

The City of Concord has policies that have been put in place recently in order to encourage development. The Concord housing element includes two overlay zones for Concord - an affordable housing overlay zone and a transit station overlay district. The transit station overlay district has only been in effect since August 2012 and was created to promote increased residential density and commercial activity within a half-mile of the perimeter of the Downtown Concord BART station. The development code for the transit station overlay district specifies that the maximum density of the base district can be increased up to 25 percent for residential projects.

As a result of efforts from prominent housing advocacy organizations in the East Bay, the Concord 2010 Housing Element included an affordable housing overlay zone. This overlay zone was put in place to incentivize affording housing development and to encourage affordable housing developers to build developments in areas of Concord where multifamily residential housing is permitted. The city has since shifted to an Affordable Housing Incentive Program, which was adopted as part of the City's Development Code update in 2012 (Ryan 2015). This program allows for additional incentives for projects that include affordable units and allows for additional density bonuses. Under the eligibility guidelines for this program, a rental project must have at least 40% affordable units - at least 20% must be affordable to very low-income households while at least another 20% must be affordable to very low or low-income households (Housing Element, 2010). While no affordable units have been built in the overlay zone yet, staff from Concord's Community and Economic Development Department note that the City has experienced recent interest from developers since its Downtown Specific Plan was adopted in June 2014.

Aside from the affordable housing incentive program, the zoning code outlines the parameters for the inclusionary housing ordinance and the density bonus program. Under the inclusionary housing ordinance both rental and ownership projects are required to include 10% of low-income housing or 6% of very low-income housing. If eligible, developers have the option of paying in-lieu fees instead of providing inclusionary units in a project. These fees go into a city general fund dedicated to affordable housing and can also be used for administering affordable housing programs. To mitigate the financial impacts of the inclusionary housing ordinance, the City may grant the following incentives for affordable housing development: financial assistance, density bonus, and expedited application processing.
Despite having policies in place to promote housing production, a very low supply of affordable housing is being built in Concord. Staff report that no units have been added to development projects through the density bonus ordinance, which was adopted in 2012 (Ryan 2015). The lack of affordable housing construction, however, is in line with overall construction trends; approximately only 10 infill residential units have been built in Concord since 2012 (Ryan 2015).

Even if housing production starts to pick up in Downtown Concord, the City's desperation for any kind of development may result in acquiescence to the preferences of developers who may opt to exclude affordable housing from the development, despite the incentive measures in place. Second, there is a perception that Concord is "naturally affordable" due to the lower rental costs in Concord compared to other parts of the Bay Area such as San Francisco. According to a City staff member, Concord has plenty of the "affordable" housing products and what it is missing is the "market-rate type of product." The language in the 2010 Housing Element reflects this view despite evidence that the "naturally affordable" housing may be at risk of moving into this higher market rate category. A key finding of the housing needs analysis was that "Housing cost has become more affordable compared to three or four years ago, during the peak of the San Francisco Bay Area housing boom" (Housing Element, 2010). The city concludes this despite the fact that real income has gone down since 2000 and housing-burden as increased.

There is a discrepancy among city officials between the acknowledged low supply of affordable housing

in Concord and what the city really wants, which is more economic development and housing, especially market-rate housing. According to one city stakeholder, Concord wants the downtown area to be a "robust economic engine that operates 24/7 with residents living there and enjoying the amenities of downtown". This requires drawing in new residents who can afford to live in these potential market-rate developments and who would want the type of lifestyle that would require a downtown to be bustling 24/7. Lastly, even though these affordable housing incentive polices are incorporated into the city's housing element and development code, which gives them more authority, stakeholders expressed concern that the local city government lacks the political will to address the affordable housing situation.

# Conclusion

For a long time, Monument residents lacked a voice and weren't included in the city's decision-making process. These issues have largely been influenced by the demographic characteristics of Monument residents, which discourage them from interacting with local officials. Despite these challenges, there is a growing grassroots movement in Concord demanding protection for residents in the Monument. Community-based organizations such as Monument Impact have made significant strides in building residents' capacity to advocate for themselves and fostering a culture of civic engagement through leadership development programs, neighborhood action teams, and a range of skills-building workshops. A tenants' rights advocacy organization is currently trying to "create a culture of fighting back" and "build a tenants' rights movement" in Concord.

For a community that has historically been afraid to speak up about injustices, strengthening the advocacy and organizing capacity of these residents is the first step to building a stronger voice for Monument residents. Monument residents and organizations that serve them were not an integral part of the Downtown Concord planning process due to the disconnect between development in downtown and its implications for Monument residents.

The data shows that Monument residents have many characteristics of neighborhoods at risk of gentrification including a large ethnic minority population and a very high renter population. Residents suffer from extremely high rent burden and the neighborhood suffers from a high vacancy rate, a potential indicator of disinvestment. Developers are capitalizing on the impact of the housing crisis through "home flipping" strategies meant to attract a white, young, and wealthier population.

Multiple stakeholders who were interviewed as part of this case study expressed that the diversity of residents is one of the city's key strengths. In recent decades, the Monument has served as a point of arrival for immigrants to the Bay area that search for better opportunities. Like so many of its neighbors in the region, the loss of affordable housing in Concord and especially in the Monument is threatening to fundamentally change the character of the city and displace residents who already have limited access to housing choices.

Concord is at a critical juncture where it can alter its trajectory by electing to protect its most vulnerable community. If Concord officials truly value diversity, they will safeguard measures to allow all residents to prosper from the economic growth that results from the downtown plan.

# redwood city

## Chapter 8: New Urbanism and Downtown Revitalization

# 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.

## 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, the focal point of development. One census tract (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 (Green 2013).

There are also significant income disparities among Redwood City's neighborhoods. Figure 8.1 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.

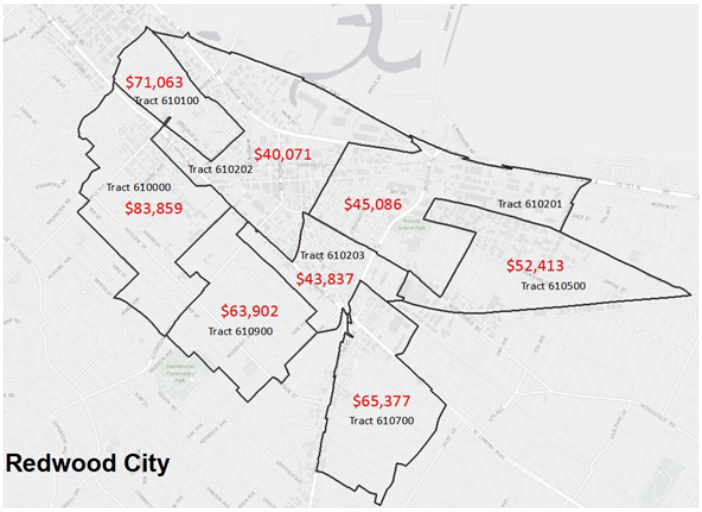



**Figure 8.1: Median Household Income Levels in Study Tracts, 2013**

*Source: 2009-2013 American Community Survey*

In addition, the poverty rates differ substantially between the study area and San Mateo County, and between the tracts, as shown in Table 8.1. 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.

### 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 8.2. 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 that areas on the west side of it.

Since 1980, the majority of households in the study area have been families, as shown in Figure 8.2. The ratio of family to non-family households has increased.

**Table 8.2: Population, 1980 – 2013**

| | Redwood City | | San Mateo County | |
|---|---|---|---|---|
| Year | 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*

**Table 8.1: 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*

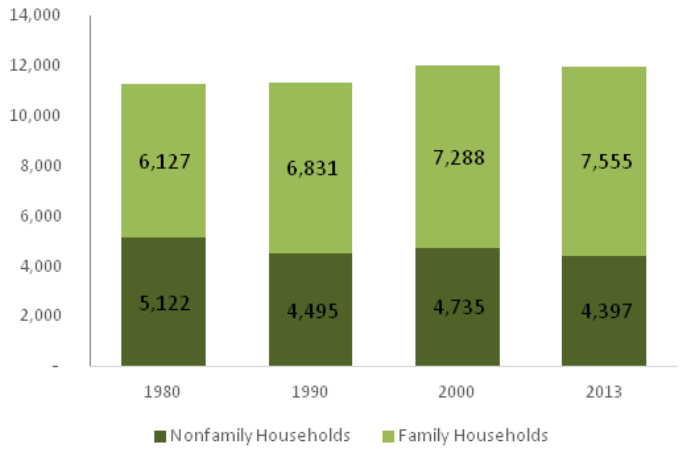



**Figure 8.2: Total Households in Redwood City, 1980 – 2013**

*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 businesses, 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 8.3, 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 8.3. 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 8.3: 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*

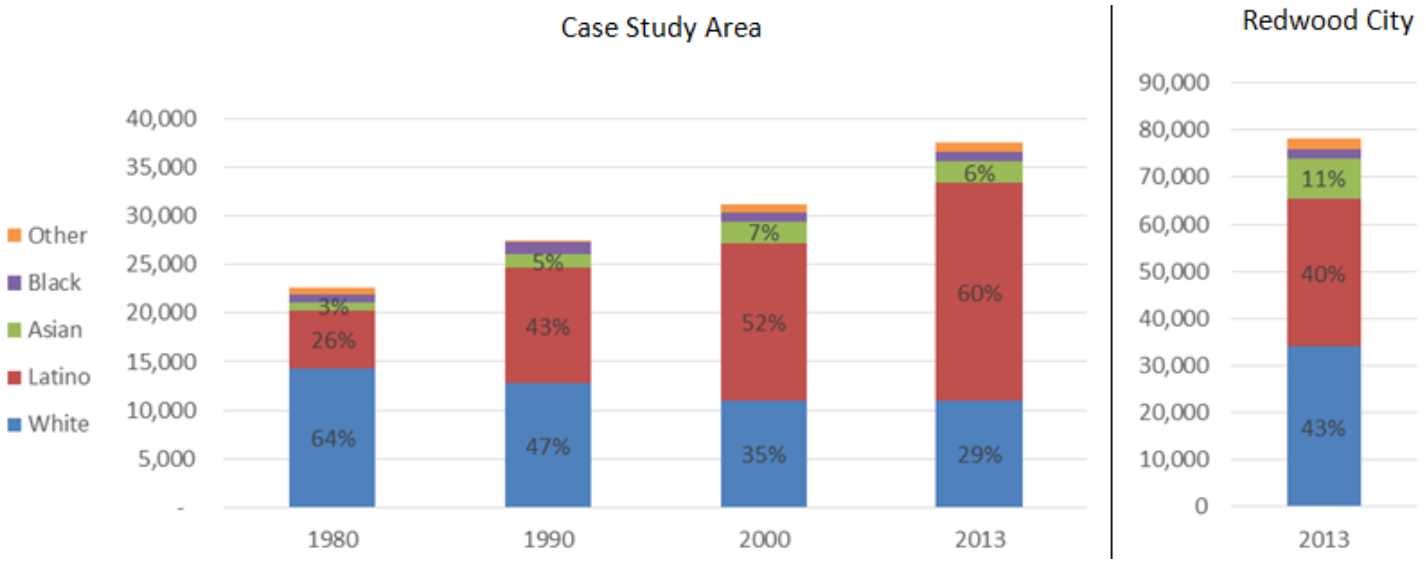



**Figure 8.3: Redwood City Race/Ethnicity by Percent, 1980 – 2013**

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

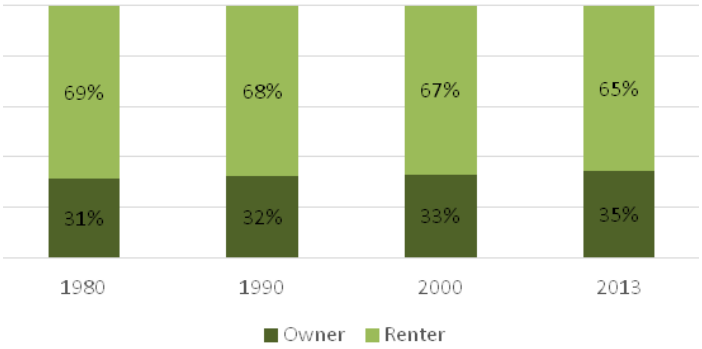



**Figure 8.4: Housing Tenure in Redwood City, 1980-2013**

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

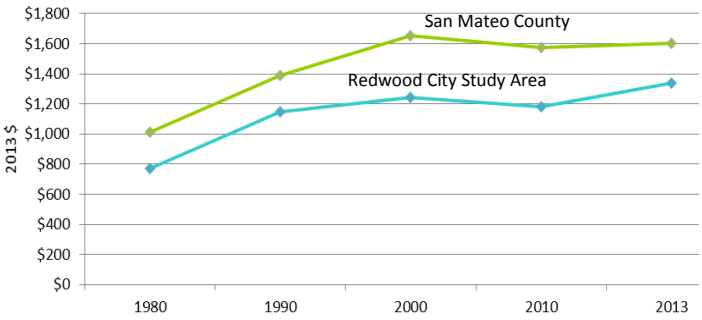



**Figure 8.5: Median Rent, 1980-2013**

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

The study area has many more renters than owners (Figure 8.4), 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 8.5. 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.

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 8.6 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 8.7. 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).

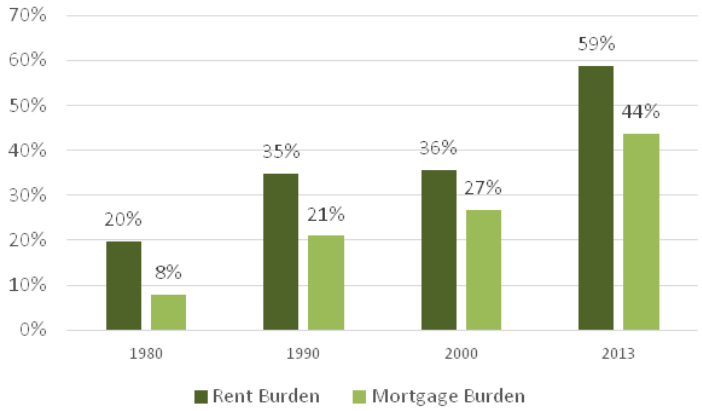



**Figure 8.6: Redwood City Percentage of Housing Units with Rent or Mortgage Burdens, 1980-2013**

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

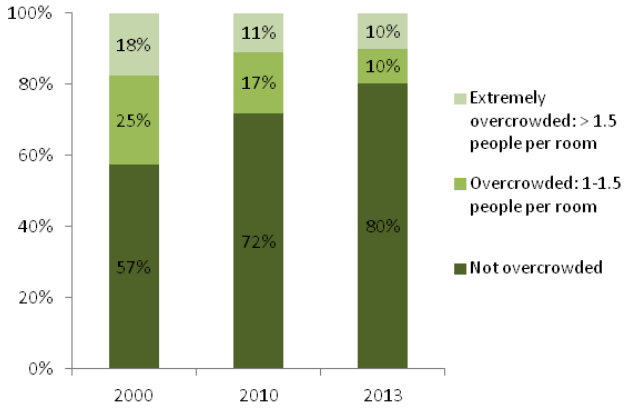



**Figure 8.7: Redwood City Overcrowding by Percentage of Housing Units, 2000, 2010 and 2013**

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

### 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 8.8 and Figure 8.9). This trend could increase the risk of displacement of low-income residents.

## 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.

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.

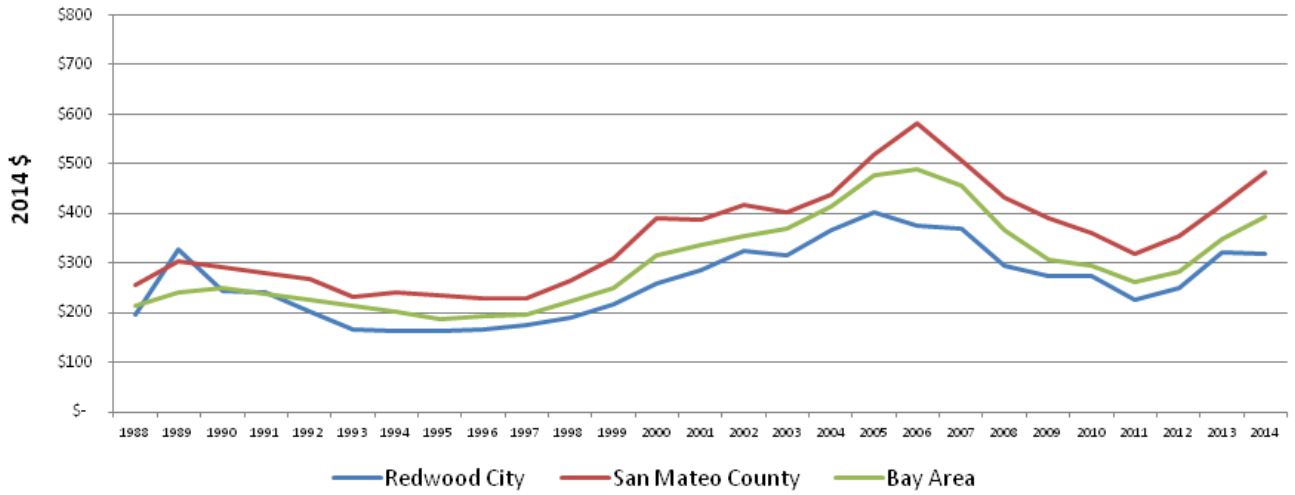



**Figure 8.8: Median Sale Price per Square Foot – Multi-Family Properties**

*Source: Dataquick; "Bay Area" includes all tracts in the 9-county area)*

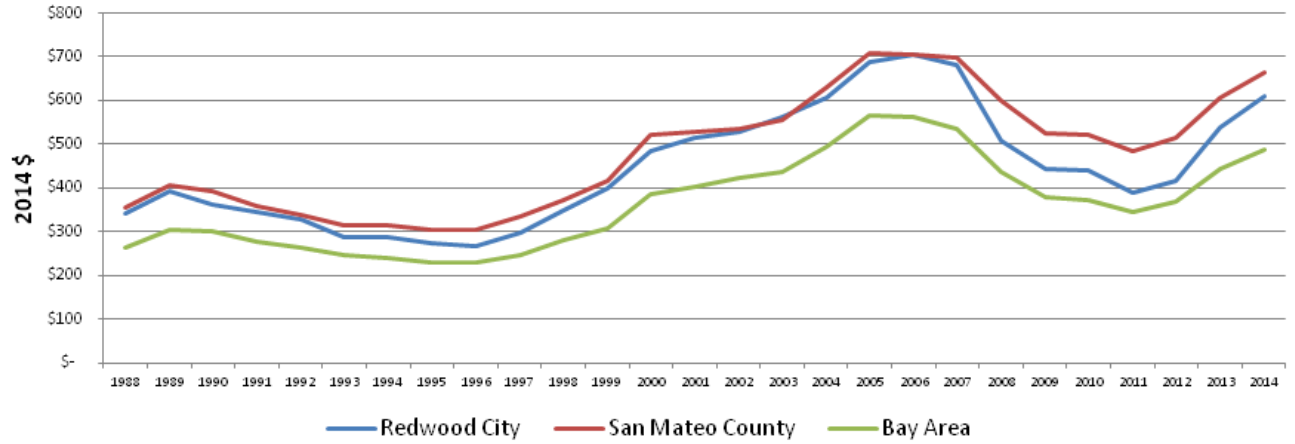



**Figure 8.9: Median Sale Price Per Square Foot - Single Family Homes**

*Source: Dataquick; "Bay Area" includes all tracts in the 9-county area)*

The DTPP is centered on bolstering commercial life downtown and bringing restaurants, shops, and housing 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-income 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.


**Figure 8.10: Redwood City 2014 State of the City Movie: "Where is Deadwood City?"**

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 not one 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).

Considering all of the above, the availability of affordable housing is an ongoing concern among residents in Redwood City. Housing advocates and community organizers are wary that that development downtown will increase unaffordability, 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 makes no provision to include affordable housing, and there are no mechanisms in place to extract revenue for affordable housing from profitable ventures in the downtown core.

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), but this study has not been initiated. However, in 2014 the city agreed to participate in a countywide nexus study, which will serve as the basis for a development impact fee to be considered. Unfortunately there is no guarantee that a fee will be implemented. 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. While Redwood City prides itself on having met its Regional Housing Needs Allocation land allocation, the record of affordable housing construction is lacking. In fact, while the housing element committed the city to providing subsidies for affordable housing downtown and along major corridors, no subsidy was allocated in 2012. Additional policies to support low-income housing include, on the production side, 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. These actions are important, but they are insufficient in the face of a rapidly changing housing market.

One new policy, the framework to which was recently approved by City Council, 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.

# 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 8.4 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 who live in Redwood City (8.8%); and a third using a survey of Californians' living preferences (25%) (Nelson 2011). Table 8.5 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.

**Table 8.4: 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 8.5: 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 8.6: 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*

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 8.6, 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. On its current path, Redwood City runs the risk of becoming increasingly segregated and inaccessible to the workers who will form that foundation of its new economy.

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.

# canal

# Chapter 9: An Immigrant Gateway in San Rafael At Risk

# An Immigrant Gateway in San Rafael at Risk

Case Study on Gentrification and Displacement Pressures
in the Canal Neighborhood of San Rafael, CA

## Introduction

The Canal neighborhood is a dense, Latin American ethnic enclave in San Rafael, CA where most households are low-income (a quarter of families fall below the poverty level) and 71% of residents have only a high school degree or less. The area has grown over the last 20 years, largely due to immigration: Hispanics have increased from 47% of the population in 1990 to 80% in 2013. But housing stock has not grown as quickly, owing to how built out the neighborhood is already. This, along with high rents, has resulted in significant overcrowding in this majority-renter community, where most renter households pay more than a third of their income on rent. On top of all this, it is located in the highly affluent Marin County and is in a desirable water-front location. Taken together, these aspects of the neighborhood put it at a high risk for displacement should gentrification reach into the area in future years. Gentrification may well occur here, given its close proximity to the planned site of the downtown San Rafael station for the forthcoming SMART train, which will connect Marin and Sonoma counties. However, community stakeholders interviewed did not anticipate such gentrification reaching Canal for some time.

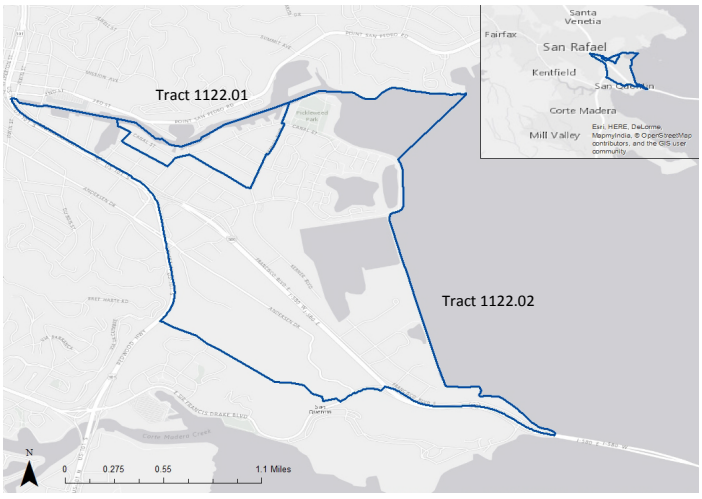



**Figure 9.1: Canal Area of San Rafael**

In this neighborhood profile, we outline demographic, housing, and other data on the Canal neighborhood to show its vulnerability to future gentrification and displacement. The case study area (the census tracts 1122.01 and 1122.02) are outlined in dark blue, with an area map for perspective.

## Historical Context and Current Resident Concerns

Originally developed in the 1950s, Canal's growth has been defined by immigration, first from Vietnam and later from Latin American countries including El Salvador, Guatemala, and Mexico (Marin Grassroots 2014). It was one of the first communities in Marin that was receptive to African-American renters in the late 1970s, primarily due to growth in the Section 8 voucher program. Today, the area stands out in white, affluent Marin County as a pocket of low-income people of color. The Canal is a place where low-income workers can afford to live close to their jobs; 51% of Canal residents work within 10 miles of their home (Marin Grassroots 2014; U.S. Census Bureau LEHD Origin-Destination Employment Statistics). Recently, new development has included the Al Boro Community Center and an expansion of Pickleweed Park. Another major development was the opening of a full-service grocery store, Mi Pueblo, a major addition to a neighborhood that previously lacked such a store. A new County Health & Wellness Campus has also opened (Marin Grassroots 2014).

The Canal area is unique in Marin County. Besides its racial and socioeconomic characteristics being quite different from the county overall, it is also unusual in maintaining a stock of market-rate affordable housing; there are many multi-family rental buildings clustered together in the neighborhood. Responding to what one stakeholder called a "terrible slumlord situation" in Canal, the City, starting in 1998, stepped up its code

enforcement and encouraged the sale of many buildings to non-profit developers. This has brought some stability to the neighborhood. While one interviewee believes private developers are "more responsible" than before, perhaps inspired by non-profit developers' good management practices, others disagree.

A recent community-directed report, "Building Safe Communities through Strong Partnerships in the Canal" asserts that public safety is the chief challenge in the neighborhood, with "one out of five residents surveyed [saying] they were a direct victim of crime including gang violence, armed assault, theft, and domestic violence" (Voces Del Canal et al. 2014). Compounding this perception are other factors, such as the

mistrust of the police, poor neighborhood conditions, and violence. Police are physically present in the community but, according to the report, not focused on residents' most concerning issues. Poor neighborhood conditions include "inadequate street lighting," "lack of signage and safe pedestrian walkways," and lack of "neighborhood cleanliness." Other concerns included poor educational resources and highly limited "family economic mobility" (Voces Del Canal et al. 2014).

## Overcrowding: A Major Concern in Canal

The population in Canal increased by 50% between 1990 and 2013 (Table 9.1). This growth was accompanied by a less dramatic increase in the number of households, meaning the average household size increased. The proportion of households that are families, and that are families with children, has also increased since 1990.

This population increase has not been accompanied by a commensurate increase in the stock of housing. In fact, there appears to have been very little development of new units in the past 10 years, according to Census data (which shows an increase in only 90 units between 2000 and 2013) and stakeholders (Table 9.2). Vacancies are minimal.

New immigrants, who may lack social capital and sufficient income to live elsewhere, turn to this enclave, where they may find friends or relatives from their home countries, according to one stakeholder. Presumably, landlords are aware of the highly limited housing stock and the limited resources of residents, and so charge rent accordingly; to afford these rents, many residents pack into units, resulting in significant overcrowding.

An overcrowded unit is defined as one with more than 1 person per room (which includes bedrooms and living rooms, but not kitchens or bathrooms). Overcrowding is a significant issue for the Canal Area, particularly in rental units, with 51% of rented units and 14% of owner-occupied units experiencing overcrowding (Table 9.3).

**Table 9.1: Change in Population and Households in Canal**

| Year | Total Population | Total Households | Average Number of People per Household | Percent of Households Families | Percent of Households Families with Children |
|---|---|---|---|---|---|
| 1990 | 7,972 | 2,700 | 2.95 | 60% | 36% |
| 2000 | 11,679 | 2,978 | 3.92 | 71% | 52% |
| 2013 | 11,884 | 2,993 | 3.97 | 74% | 55% |

*Source: US Census, 1990, 2000; American Community Survey 2009-2013*

**Table 9.2: Housing Supply and Vacancies in Canal, 1990-2013**

| Year | Housing Units | | Vacancies | |
|---|---|---|---|---|
| | Units | % Change | Units | % Change |
| 1990 | 2,782 | - | 102 | - |
| 2000 | 3,053 | 10% | 56 | -45% |
| 2013 | 3,132 | 2% | 139 | 109% |

*Source: US Census 1990, 2000; American Community Survey 2009-2013*

**Table 9.3: Overcrowding in Canal, 1990-2013**

| Year | Rented Units | Owner-Occupied Units |
|---|---|---|
| 1990 | 32% | 5% |
| 2000 | 62 % | 12% |
| 2013 | 51% | 14% |

*Source: US Census 1990, 2000; American Community Survey 2009-2013.*

Based on interviews with local stakeholders, overcrowding in this area exacerbates several other community and quality of life issues. It is not uncommon for three or four families to live in one unit, each family living in one bedroom, with as many as "eight or more persons" in a two-bedroom apartment (Marin Grassroots 2014). In addition to health risks, this introduces a safety risk for children as there may be unfamiliar people invited into their home. In addition, students in overcrowded homes have little space to do homework. Overcrowding also leads to a parking capacity problem, since many residents need a car to get to work (as detailed below). It has also led to community conflicts between Canal residents and nearby higher-income residents who complain when Canal residents park on their streets, according to a stakeholder. Indeed, in the morning, there is major traffic getting out of the neighborhood, which is partially related to limited street access.

Finally, "many of these apartments have environmental health issues but, because of many barriers, tenants often don't report these problems" (Marin Grassroots 2014). In the earlier-discussed community-directed report, residents recommended "safer and adequate housing, via better code enforcement and public housing services," indicating poorly-maintained housing as an ongoing concern (Voces Del Canal et al. 2014).

# Resident Profile

Over the last 20 years, Canal's Hispanic population has grown dramatically, from nearly 3,800 people in 1990 to about 9,400 in 2013; meanwhile, whites, blacks, and Asians have decreased their proportion (Figure 9.2).

Of the Hispanic residents, most are Guatemalan, Mexican, and, to a smaller extent, Salvadoran (Table 9.4).

The Canal Area has consistently been an immigrant-receiving neighborhood, largely due to economic or civil strife in their home countries, according to one stakeholder. The proportions of foreign-born residents and residents who speak a language other than English at home have increased between 1990 and 2013 (Table 9.5). The number of recent immigrants remain high indicating that the neighborhood is still functioning as a gateway.

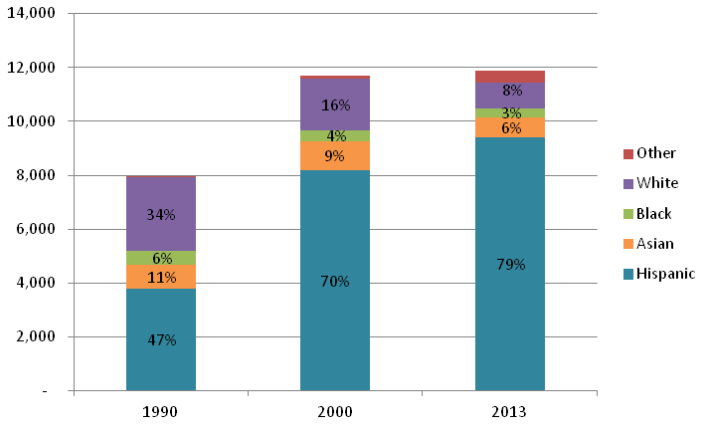



**Figure 9.2: Population in Canal by Race/Ethnicity (1990-2013)**

*Source: US Census 1990, 2000; American Community Survey 2009-2013.*

**Table 9.4: Hispanic: Countries of Origin in Canal, 2013**

| Country of Origin | Number of People | Percent of Hispanic Residents |
|---|---|---|
| Guatemalan | 3,442 | 37% |
| Mexican | 4,172 | 44% |
| Salvadoran | 897 | 10% |
| All Other Hispanic | 894 | 10% |

*Source: American Community Survey 2009-2013.*

**Table 9.5: Canal Hosts a Large Immigrant Presence**

| Year | Foriegn Born Count | Percent Foreign Born | Number Immigrated in last 10 years | Percent Immigrated in last 10 years | Percent Language other than English spoken at home | Percent Limited English Proficiency |
|---|---|---|---|---|---|---|
| 1990 | 4188 | 53% | 3319 | 42% | 51% | 29% |
| 2000 | 7452 | 64% | 5169 | 44% | 70% | 39% |
| 2013 | 7160 | 60% | 4333 | 36% | 74% | 54% |

*Source: US Census 1990, 2000; American Community Survey 2009-2013*

According to stakeholder interviews, the Asian and Pacific Islander population in the 1980s was largely made up of Vietnamese immigrants with refugee status after the Vietnam War. Over time however, the grown children from these families have largely moved away from the area. The current Vietnamese population is small and tends to be elderly.

Consistent with this influx of immigration, over the past three decades the area has experienced a general downward trend in the educational attainment of its residents (Figure 9.3). According to the 2009-2013 American Community Survey, 64% of US-born residents age 25 and older had only a high school degree or less, compared with 78% of foreign-born; therefore, the immigration patterns may be at least partially responsible for this downward trend in educational attainment.

With lowering educational attainment has come a decrease in median household income, which dropped sharply in 2009-2013 (Table 9.6).

The distribution of family income in Canal does not seem to follow any pattern, as seen in Figure 9.4. Over half of families earn less than $35,000, reinforcing the fact that the neighborhood is a low-income one. However, 17% of families earn more than $75,000, indicating a contingent of wealthier households, too. These households appear to be clustered in a large single-family development on the far west side of the area, which contains mostly single-family homes right along the canal.

With such low and declining incomes, it is no surprise that many families live in poverty. The percentage of families below the poverty level grew: from 20% in 1990 to 25% in 2013. Figure 9.5 shows the number of families in poverty over the same time frame.

Finally, unemployment has increased in Canal and, as of 2009-2013, was 12.2%--much higher than in Marin County overall (Figure 9.6). According to a stakeholder, because many of the residents in the Canal Area are undocumented immigrants, economic mobility has been a challenge as they try to "stay under the radar." Community members believe that the major driver of any change in the local economy or the local housing market will be immigration reform.

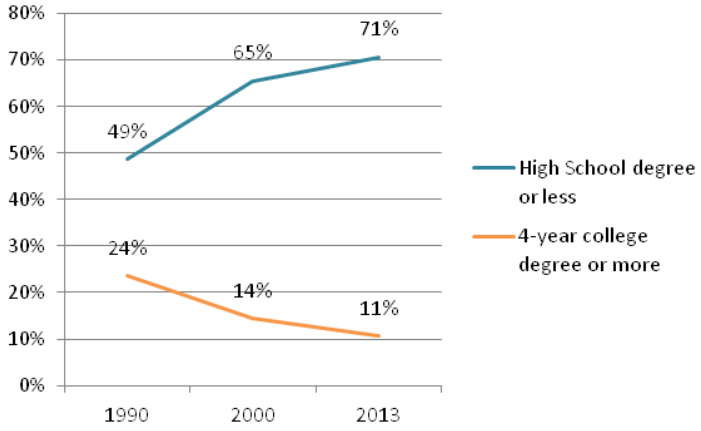



**Figure 9.3: Educational Attainment of Population over 25, Canal, 1990-2013**

*Source: US Census 1990, 2000; American Community Survey 2013*

**Table 9.6: Median Household Income, Canal, 1990-2012, 2013 (2013 constant $)**

| Year | Median Household Income |
|---|---|
| 1990 | $ 57,469.08 |
| 2000 | $ 54,924.75 |
| 2013 | $ 43,448.50 |

*Source: US Census 1990, 2000; American Community Survey 2009-2013.*

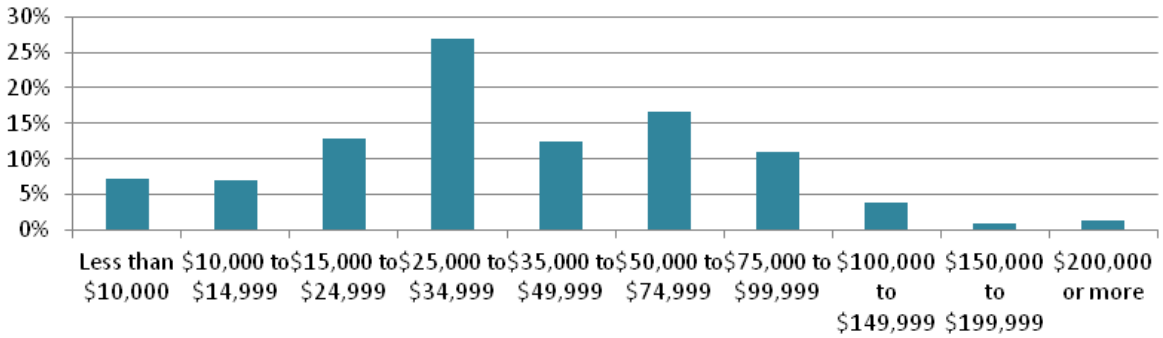



**Figure 9.4: Income Distribution of Families, Canal, 2013, in 2013 $**

*Source: 2009-2013 American Community Survey*

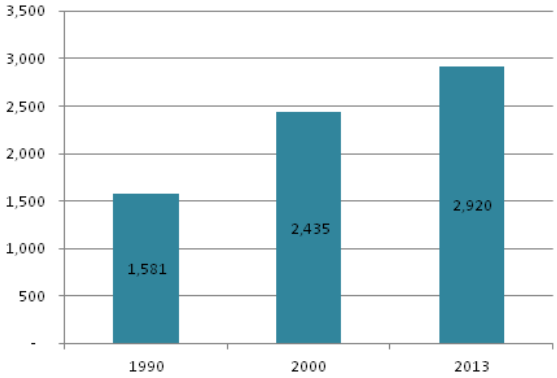



**Figure 9.5: Number of Families in Poverty, 1990-2013**

*Source: US Census 1990, 2000; American Community Survey 2009-2013.*

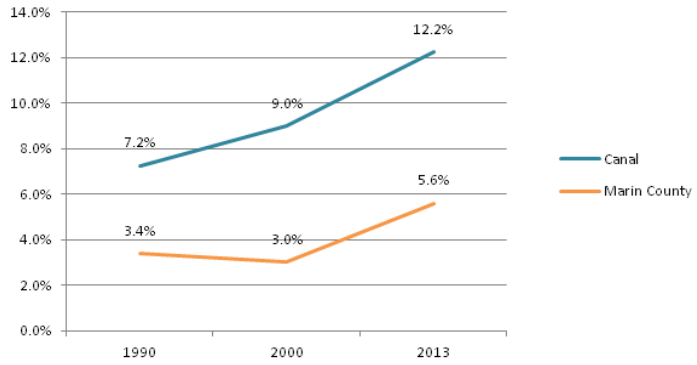



**Figure 9.6: Unemployment, Canal vs. Marin County, 1990-2013**

*Source: US Census 1990, 2000; American Community Survey 2009-2013.*

# Housing Patterns

The housing stock in the Canal is in "bad shape" and owned by "a lot of landlords who are not that scrupulous…part of the reason why it's affordable is that it's really awful housing stock," according to a stakeholder we interviewed. The area is essentially built out and is one of the most densely developed areas in Marin County. This makes building more affordable housing a challenge. Additionally, another stakeholder commented that the area has been down-zoned: developers would not be able to build at the same density as existing buildings, which limits the appeal of the neighborhood to developers seeking profit. Plus, within San Rafael, there are always concerns about traffic impact. Together, these features limit developers' ability to tear down buildings and build more densely, making it far easier to renovate existing structures.

Marin County is notorious for having exclusionary policies and practices, including "strict zoning ordinances; restrictions on high-density, multi-family housing; insufficient outreach to non-English speakers; predatory lending practices; and negative stereotypes about low-income residents with Section 8 vouchers" (Green n.d.). In 2011, these came to a head when the county entered into a Voluntary Compliance Agreement with the U.S. Department of Housing and Urban Development (HUD) after it became clear the county was not in accordance with fair housing laws, civil rights laws, and had not updated its main fair housing document in seven years, two more than is allowed (Rachel Dornhelm 2011). The county's people of color are largely concentrated in the Canal area and Marin City, which was also cited in the HUD agreement.

Most housing units in Canal are rented—over 75%—meaning residents would be particularly vulnerable to displacement if market pressures begin to mount (Table 9.7).

Median rent has increased slightly over the past 20 years, from about $1,200 to nearly $1,350 (Table 9.8). However, over this same period, the proportion of renters who are cost-burdened has risen, reaching 71% in 2009-2013 (Table 9.9). Residents are considered rent or mortgage burdened if their monthly housing costs exceed 30% of their gross monthly income. One stakeholder believes that an influx of residents to Marin County paired with a stagnant housing stock is driving up rent; since incomes have actually decreased, residents' housing cost burdens have increased.

**Table 9.7: Tenure in Canal, 1990-2013**

| Year | Total Occupied Units | Rented Units | | Owner-Occupied Units | |
|---|---|---|---|---|---|
| | Number | Number | Percent | Number | Percent |
| 1990 | 2,680 | 2,128 | 79% | 552 | 21% |
| 2000 | 2,997 | 2,206 | 74% | 791 | 26% |
| 2013 | 2,993 | 2,348 | 78% | 645 | 22% |

*Source: US Census 1990, 2000; American Community Survey 2009-2013.*

**Table 9.8: Median Rent, Canal, 1990-2013, in 2013 $**

| Year | Median Rent |
|---|---|
| 1990 | $ 1,215.74 |
| 2000 | $ 1,243.35 |
| 2013 | $ 1,342.00 |

*Source: US Census 1990, 2000; American Community Survey 2009-2013.*

**Table 9.9: Percent of Renters that are Housing Cost Burdened, Canal**

| Year | % Cost Burdened Renter | % Cost Burdened Owner-Occupier |
|---|---|---|
| 1990 | 58% | 54% |
| 2000 | 53% | 61% |
| 2013 | 71% | 44% |

*Cost Burdened defined as paying more than 30% of income on housing costs. Source: US Census 1990, 2000; American Community Survey 2009-2013*

Canal experiences higher turnover than the county overall, though turnover has decreased over time: In 2013, 22% of Canal residents had moved in within the last three years. In 1990, 79% of Canal residents had moved within the last five years, compared with 52% in Marin County.

# Public and Affordable Housing

The Canal neighborhood does not have any public housing, but it is host to two senior projects (combined 35 units) and four additional affordable buildings with 116 units total, plus 200 housing choice voucher holders who live in the area (California Housing Partnership Corporation 2015; BRIDGE Housing, n.d.; Department of Housing and Urban Development 2014). Several homeless shelters are located in the Canal area that serve people from all over the county, according to a stakeholder.

In the early 2000s, responding to the problems with rental housing stock in Canal, the city initiated a redevelopment process that, for one developer, resulted in two rehabilitations, for a total of 66 units. The apartments feature wall-to-wall carpeting at both, gas stoves in one building, decks or patios on some units, and a swimming pool, courtyard, and community room at one site (BRIDGE Housing, n.d.; BRIDGE Housing, n.d.). There were only enough funds available at the time to renovate these two sites.

Another stakeholder believes that the lack of affordable housing units is the biggest issue facing Marin County today. However, there is much opposition to affordable housing in the county from both the political right and left; many people believe that the presence of low-income residents will drive down their own property values.

# Home Ownership

Canal has seen more variability in the number of property sales each year than Marin County as a whole, with spikes in 2004 and 2009 (Figure 9.7). Overall, though, very few homes are sold each year in Canal.

Home sale price-per-square-foot in Canal followed the trends of the Marin County and the whole Bay Area and was lower than both, showing once again its status as a relatively affordable neighborhood in Marin County (Figure 9.8 and Figure 9.9).

# Condo Conversions

In the 1990s, there were a small number of changes from rental units to condominiums along the water in the Canal Area. A stakeholder made clear that these were not condominium conversions; instead, the buildings, when developed in the 1970s, had been built as condominiums, but were difficult to sell, so they were rented until the 1990s when they began selling them as condominiums. Another stakeholder believed the buildings that experienced this trend were primarily 1-2 story walk-up buildings, as opposed to larger apartment buildings. This was small in scale, and one stakeholder believes it did not result in much displacement. A representative of the city believed that no true condominium conversion had occurred in San Rafael in the last 20 years.

Local stakeholders do not envision displacement due to condo conversions to be a significant issue any time in the near future. This is in part because of the city's strict condominium regulations—conversions are not allowed unless the citywide vacancy rate is higher than 5%, and even then, the city "doesn't make it easy" to convert, according to a stakeholder. A second reason this stakeholder does not believe condominium conversions, or gentrification more generally, will come to Canal anytime soon is the strong reputation of the area as overcrowded, for immigrants, and "a place to start, but not a place to aspire to."

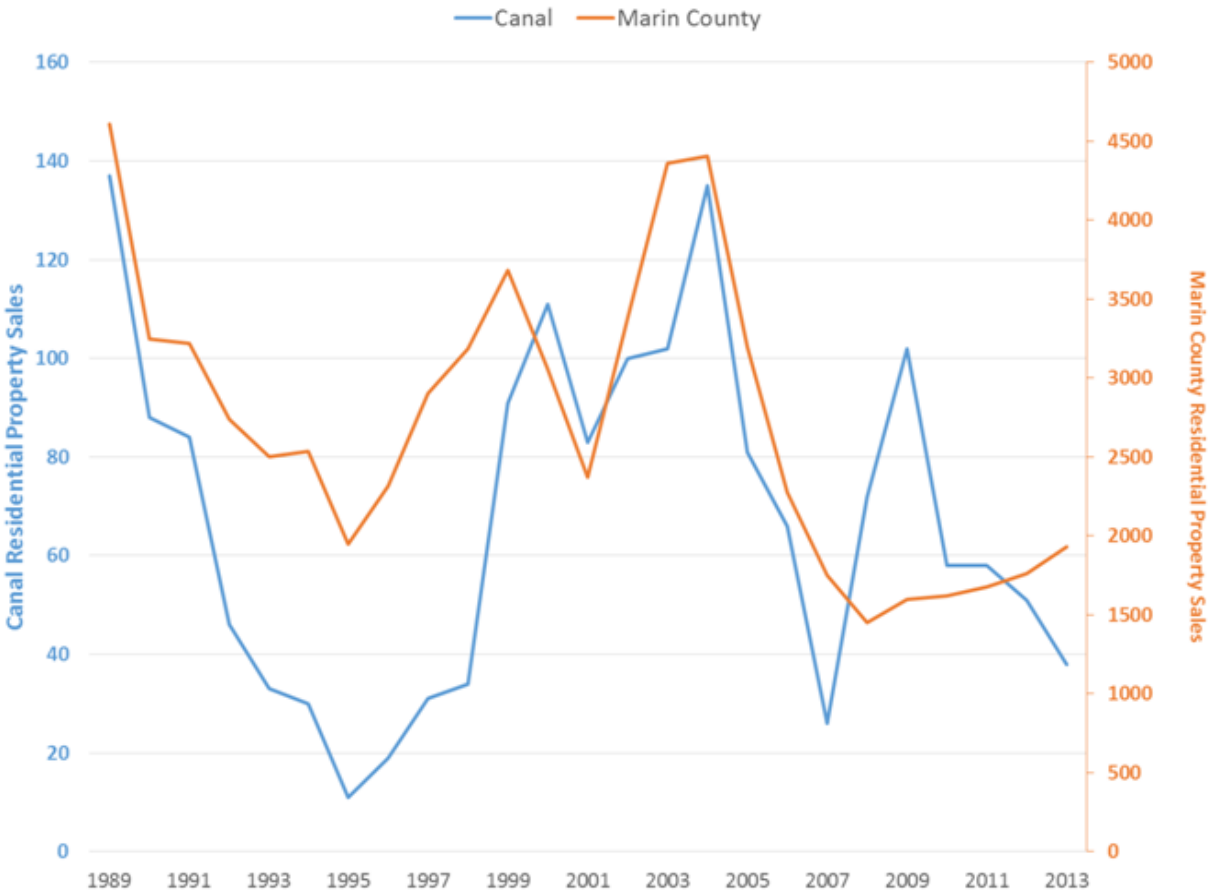



**Figure 9.7: Number of Homes Sold: Canal**

*Source: Dataquick (2014)*

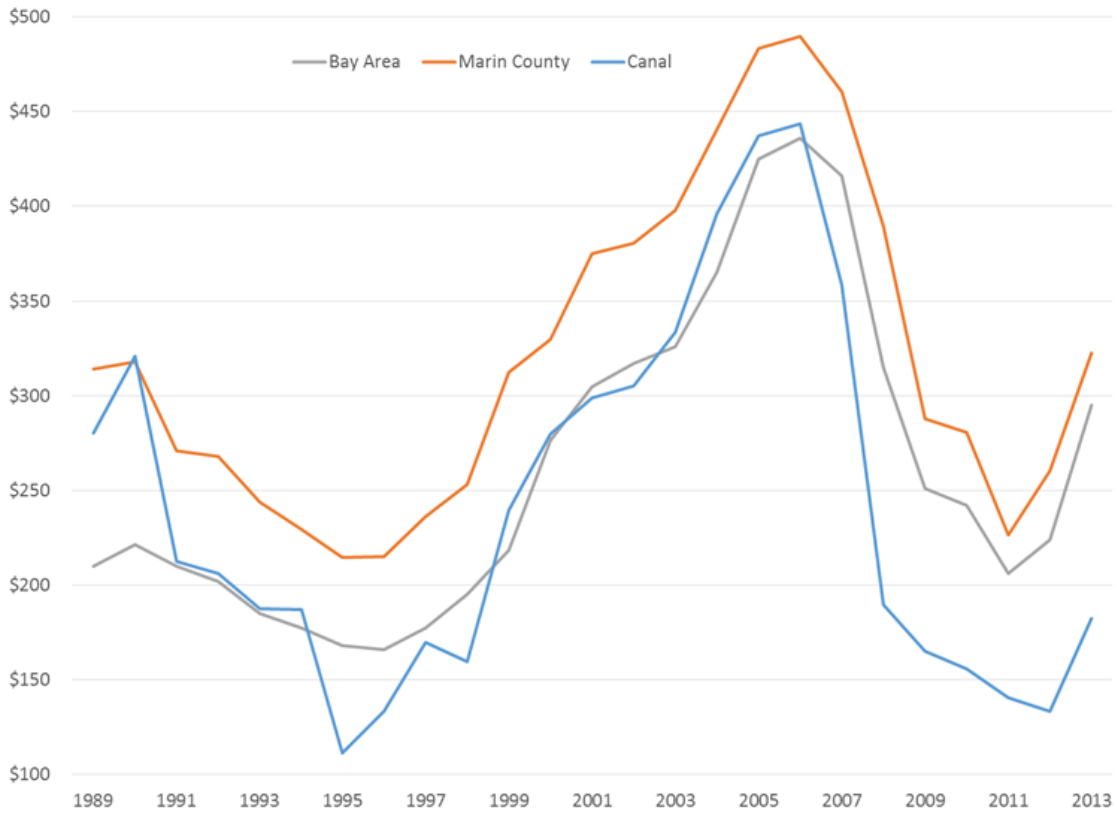



**Figure 9.8 Median Sales Price (per square foot) for Multi-Family Residential Properties**

*Source: Dataquick (2014)*

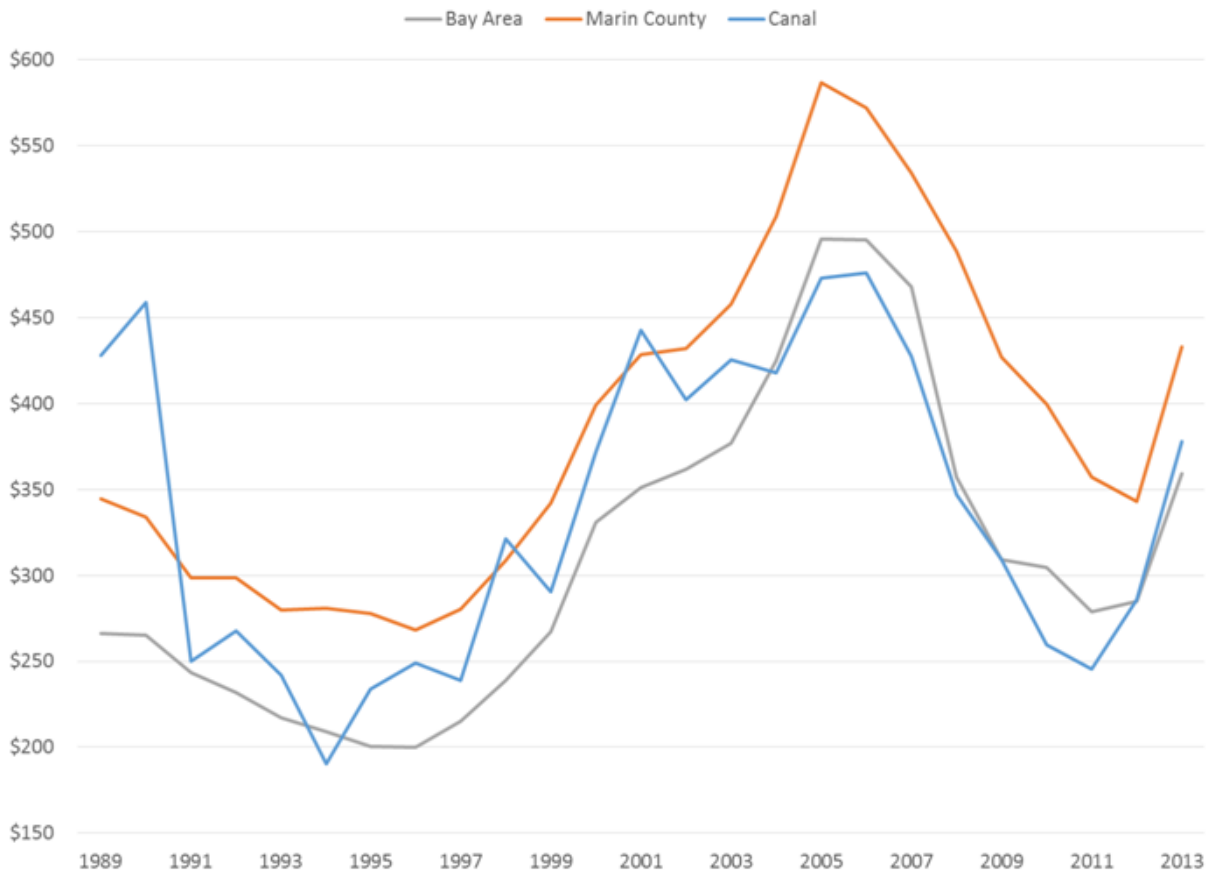



**Figure 9.9 Median Sales Price (per square foot) for Single-Family Residential Properties**

*Source: Dataquick (2014)*

# Employment and Transportation Patterns

Most employed residents of the Canal neighborhood work in Marin County, with nearly 24% working in San Rafael (Table 9.10). A majority of residents work within 10 miles of their home (Table 9.11). Together, these data indicate that residents are unlikely to benefit much from the SMART train, since it would be unlikely to service their place of employment. Additionally, residents may still need to take buses or go for a long walk to get to the train station.

A higher portion of Canal residents take transportation, bike, or walk to work compared to in San Rafael and Marin County (Table 9.12). However, while transit within the area—for example, to downtown San Rafael—may be adequate, 76% of residents work outside of San Rafael, which requires either multiple bus rides or a car.

**Table 9.10: Places of Employment for Workers Who Live in Canal, 2011**

| Place of Employment | Percent of Workers |
|---|---|
| San Rafael | 24.0% |
| Elsewhere in Marin County | 27.7% |
| San Francisco | 19.9% |
| Alameda County | 8.0% |
| Contra Costa County | 5.4% |
| San Mateo County | 5.0% |
| Sonoma County | 4.0% |
| Santa Clara County | 2.9% |
| Napa County | 0.8% |
| Solano County | 0.8% |
| All Other Locations | 0.8% |

*Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2011).*

**Table 9.11: Distance to Place of Employment for Workers Who Live in Canal, 2011**

| Distance from Home Block to Work Block | Percent of Workers |
|---|---|
| Less than 10 miles | 50.8% |
| 10 to 24 miles | 33.9% |
| 25 to 50 miles | 13.2% |
| Greater than 50 miles | 2.1% |

*Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2011).*

**Table 9.12: Mode of Commute to Work, 1990-2013**

| Area: Year | Percent Private Auto | Percent Public Trans-portation | Percent Bike or Walk |
|---|---|---|---|
| Canal: 1990 | 74% | 18% | 6% |
| Canal: 2000 | 65% | 23% | 9% |
| Canal: 2013 | 68% | 17% | 11% |
| San Rafael: 2013 | 84% | 10% | 5% |
| Marin County: 2013 | 79% | 12% | 7% |

*Source: US Census 1990, 2000; American Community Survey 2009-2013. Percent are of workers 16 and older who do not work at home; some respondents chose other options, so the figures will not add to 100%.*

In terms of getting around more generally, it is hard to get around on foot in the Canal neighborhood, given its position with water on one side and a highway on the other. However, many residents still choose to walk instead of taking the bus, given its price of $2.25. The city has tried to widen sidewalks and build a bridge over the canal in a strategic location to better accommodate these walkers, but funding has been difficult to secure.

# Conclusion

When the SMART train station opens in San Rafael, the Canal area will be at risk of gentrification. One stakeholder believed that the area could become a preferred housing location for employees of Silicon Valley, resulting in gentrification and displacement. Several others, however, thought change would be slow to come to Canal. Even so, Canal's limited area to develop new housing, high renter rate, high levels of poverty, low incomes, and lack of affordable housing put it potentially at risk for displacement.

The high density of Latino residents is a potential strength of the community; organizing is easier than in other areas where members of these communities are farther spread out, such as Novato. Plus, many are from the same countries—and often towns in those countries. A report on the Canal that involved community members, "surfaced untapped agency and expertise among hundreds of Canal residents who have vocalized their desire to be genuinely and actively engaged in changing the conditions of their community" (Voces Del Canal et al. 2014). This expertise could be leveraged, in partnership with local agencies as the report suggests, to respond to displacement pressures in the future.

# Chapter 10: An Island of Affordability in a Sea of Wealth

# An Island of Affordability in a Sea of Wealth

Case Study on Gentrification and Displacement Pressures in East Palo Alto, CA

## Introduction

East Palo Alto (EPA) is located on the San Francisco Peninsula in the heart of Silicon Valley. It is a small city with a population of about 29,000, bordered by the affluent cities of Palo Alto and Menlo Park. A young city, EPA was incorporated in 1983 despite the claims from critics that the city could not generate enough revenue to sustain itself. Peninsula Interfaith Action (PIA), the community partner informing this case study, notes that incorporation was intended to ensure that as a community of color, EPA would be led by people of color (SFO/PIA, 2014). Incorporation prevailed despite numerous lawsuits from special interest groups seeking to frustrate the process, and East Palo Altans have great pride in their rich history of community activism and their struggle to achieve self-determination, as highlighted in multiple interviews with longtime residents.

EPA has long served as a pocket of affordability for low-income households who might otherwise be excluded from the affluent region. The city has consistently enacted policies in favor of affordable housing, as discussed below. Yet residents, advocates and even City officials remain concerned with housing affordability and residential displacement. City staff and advocates alike emphasized that the economic recession and foreclosure crisis greatly impacted EPA, and as with communities across the nation, many African American and Latino homeowners lost their homes, stripping them of their wealth. Now, as the Silicon Valley job market booms, and with so little affordable housing available in the region, housing pressures are intensifying for low and middle-income households in EPA. The city also faces very specific affordable housing stressors related to the consolidated ownership of much of its multifamily rental housing stock. This case study examines the trajectory of demographic and housing change within EPA, along with relevant policy frameworks and the city's relationship to housing in the broader Silicon Valley. This report seeks to contextualize and explain susceptibility to residential displacement in EPA in the face of these pressures.

## Local Policy Context

Strong protections for renters and support for affordable housing are a crucial aspect of the city's identity. As one interviewee active in the incorporation movement put it, "part of our political history is that we became a city and the first ordinance was to freeze the rents, [because] in the county there was nothing in place [to protect renters]." This rent freeze was imposed until the City Council could pass more comprehensive legislation. Since the passage of the 1988 Ordinance to Stabilize Rents and Establish Good Cause Evictions, the Council has gone on to pass a host of policies for the construction and preservation of affordable housing.

The 1988 ordinance was updated in 2010 to further protect tenants from arbitrary evictions and rent hikes. The city enacted a Below Market Rate Inclusionary Housing Program in 2002, requiring that at least 20% of residential units in all new buildings be made available to households making between 30% and 80% of the area median income. This program was undermined by legal challenges to inclusionary housing at the state level, but the City Council has now unanimously endorsed a housing impact fee for new market rate developments in order to fund low-income housing (Dremann, 2014). A Condominium Conversion Ordinance allows the city to deny conversion "upon lack of reasonable alternative housing opportunities" and to impose an affordable housing mitigation fee to partially offset the loss of affordable housing (City of East Palo Alto, 2012). Additionally, the city recently eased parking and setback restrictions on secondary dwelling units (City of East Palo Alto, 2014). Finally, in August of 2014 the City passed a Tenant Protection Ordinance which provides various protections for tenants including the right to organize, protection from discrimination, and relocation support (Kadvany, 2014). Yet despite this relatively robust suite of policies, this case study shows that East Palo Alto's residents continue to experience housing pressure, some of which is in fact out of the City's control.

# Demographic Change and Susceptibility to Displacement

East Palo Alto has experienced major population growth and demographic shifts since the 1980s. The city sits in southern San Mateo County, and as shown in Table 10.1, from 1980 to 2013 East Palo Alto's population grew by 75% while San Mateo County's grew by 24%.

Population growth reflects an increase in household size along with an increase in the number of households, although household size appears to have leveled off and actually decreased since 2000. Community members have asserted that that decrease in family size may not reflect empirical trends, but may be due to data collection errors regarding recent immigrants and families that may be living together. Average household size in the city and county are shown in Table 10.2, with about 4.2 people per household in East Palo Alto in 2013, compared to 2.8 in San Mateo County.

As shown in Figure 10.1, 73% of these households were family households in 2013, growing from 60% in 1980 and peaking in 2000 at 86%.

**Table 10.1: Total Population in East Palo Alto (EPA) and San Mateo County (SMC), 1980-2013**

| Year | EPA | SMC |
|---|---|---|
| 1980 | 16,934 | 587,289 |
| 1990 | 22,090 | 649,623 |
| 2000 | 27,503 | 707,161 |
| 2009-2013 | 29,637 | 729,543 |
| Percent change 1980-2013 | 75% | 24% |

*Source: US Census 1980, 1990, 2000 (Geolytics, 2014); 2009-2013 (ACS 2009-2013)*

**Table 10.2: Average Household Size in East Palo Alto and San Mateo County, 1980-2013**

| Year | EPA | SMC |
|---|---|---|
| 1980 | 2.8 | 2.58 |
| 1990 | 3.39 | 2.63 |
| 2000 | 4.2 | 2.74 |
| 2009-2013 | 4.24 | 2.8 |

*Source: U.S. Census 1980, 1990, 2000 (Geolytics, 2014); 2009-2013 (ACS 2009-2013)*

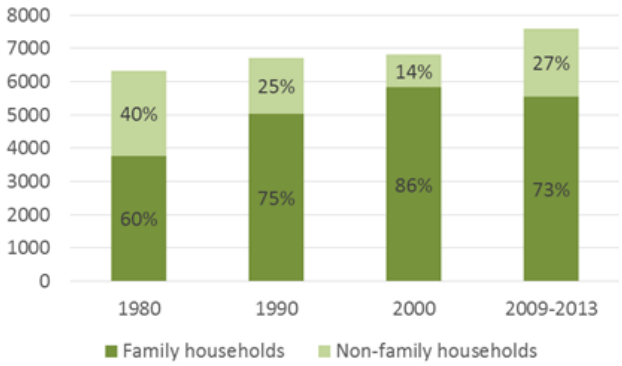



**Figure 10.1: Total Households in East Palo Alto, 1980-2013**

*Source: US Census 1980, 1990, 2000 (Geolytics, 2014); 2009-2013 (ACS 2009-2013)*

East Palo Alto is also a distinctly "young" city in comparison to the County – the median age is 28, compared to a County median age of 39 (Raimi & Associates, 2014).

East Palo Alto's population growth is largely due to an influx of Latino residents, who in 2013 accounted for 60% of the population. Many of these residents are immigrants, and 75% of the foreign born population were not US citizens in 2013. Several stakeholders discussed the ways that undocumented immigration status can compound housing vulnerability, an issue discussed further below.

The city has also seen a significant decline of its historic African-American community: as shown in Figure 10.2, African-Americans made up 55% of the city's population in 1980 but just 15% in 2013. This reflects a decrease both in the percentage and absolute number of African American residents. Over this 33-year period the city also saw a decline in White residents, and an increase in Asian and Pacific Islander residents.[31] These changes were especially notable from 1980 to 1990 and then from 1990 to 2000.

The racial demographics of EPA are notably different from San Mateo County, which has a majority White and Asian Pacific Islander population, shown in Figure 10.3 for 2010.

One interviewee, a longtime resident active in city politics, attributed the out-migration of African Americans from EPA in part to the Savings and Loan Crisis of the 1980s and the crack-cocaine epidemic, which fueled high rates of violent crime in the city. According

[31] Census data for non-Hispanic American Indian, Asian, Native Hawaiian, Pacific Islanders, and Other races is combined for 1980.

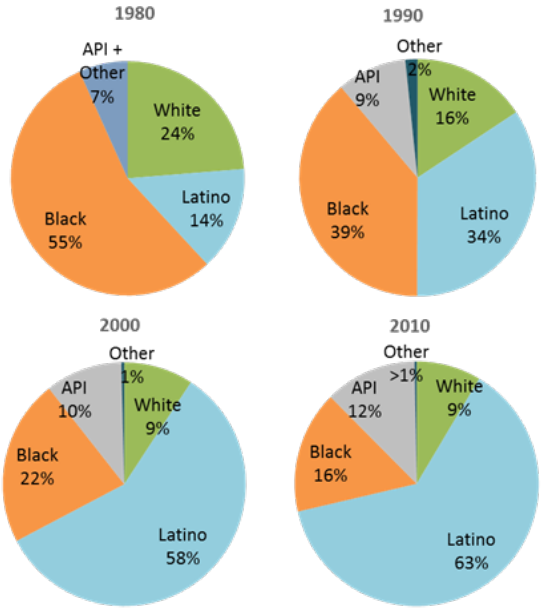



**Figure 10.2: East Palo Alto Race/Ethnicity by Percent, 1980 - 2010[32]**

*Source: U.S. Census 1980, 1990, 2000, 2010 (Geolytics, 2014)*

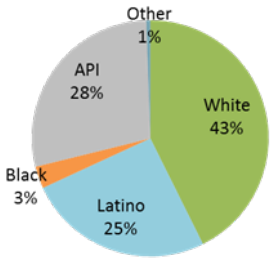



**Figure 10.3: San Mateo County Race/Ethnicity by Percent, 2010**

*Source: U.S. Census 2010 (Geolytics, 2014)*

to PIA, many long-time residents are concerned about the loss of African American residents and see rising housing costs as a potential cause (SFO/PIA, 2014).

The city's dramatic population growth may be attributed to EPA's access to job opportunities as well as the limited affordable housing opportunities in San Mateo County. Many residents who have moved to EPA within the past 5 to 15 years have done so because they get a job nearby, often with Stanford University in neighboring Palo Alto, which employs a large number of janitors and food service workers (SFO/PIA, 2014). Residents have also arrived in the city after being displaced from neighboring jurisdictions, or because the relatively low cost of homes in EPA provided an opportunity for families to purchase homes in the region (SFO/PIA, 2014).

[32] We use the 2010 Census data here instead of the 2009-2013 ACS because of the small sample size and resultant uncertainty in ACS.

The loss of African American population is indicative of one type of displacement, although it does not appear that this displacement was driven by processes of gentrification. The city does possess several key economic and housing characteristics associated with high susceptibility to displacement. For examples, incomes in East Palo Alto have long been significantly lower than in San Mateo County. As shown in Figure 10.4, real incomes have actually decreased in EPA since 1990.

While housing costs are lower than in San Mateo County and nearby cities, EPA households face significant housing cost burdens, which in this case study is defined as paying 35% or more of income towards housing costs. Figure 10.5 shows that mortgage burdens have climbed steadily since 1980, and that while rent burdens dipped in 2000 with rising incomes, in 2009-2013 the vast majority of EPA renter households paid 35% or more of their incomes towards their rent.

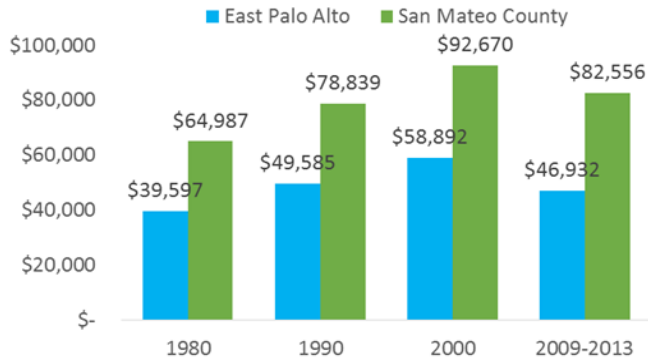



**Figure 10.4: Median Household Income for East Palo Alto and San Mateo County, 1980-2009-2013, shown in 2010 dollars[33]**

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

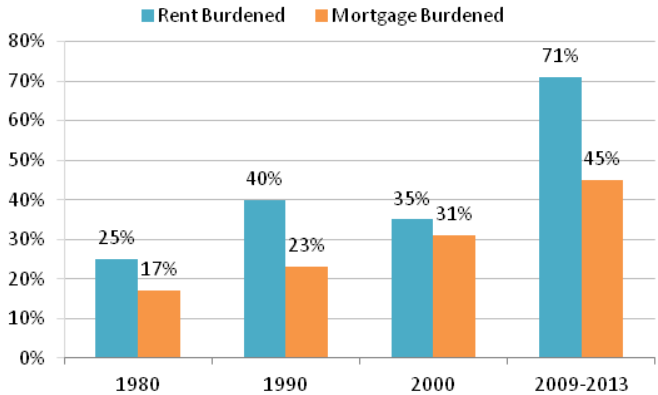



**Figure 10.5: East Palo Alto % of Housing Units with Rent and Mortgage Burdens, 1980– 2009-2013**

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

[33] Average, rather than median, rents are reported for 1980

According to the California Employment Development Department, the annual income needed in San Mateo County to rent a two-bedroom fair market apartment is $71,800, a significantly higher figure than EPA's estimated $52,000 average income in 2006-2010 (Hepler, 2014a). Census data shows that median rent has climbed slowly but steadily from 1980 to 2006-2010, from about $883 a month in 1980 to $1,654 a month in 2009-2013 (in 2013 dollars.) However, more recent data collected from Craigslist in 2013 for the San Mateo Countywide Housing Element update shows significantly higher average rental prices, particularly for apartments with enough bedrooms to accommodate families. This is likely in part because occupied rent controlled units are not reflected in the Craigslist data.

As Figure 10.6 shows, these rents are still much lower than in San Mateo County – East Palo Alto in fact offers some of the most affordable rents anywhere in the county. Home sale prices are also considerably lower than in San Mateo County, having recovered slower than the rest of the county after a very sharp decline during the recession, as shown in Figure 10.7. From 2012 to quarter 1 of 2014, prices rose by 50% in East Palo Alto, compared to 30% in San Mateo County.

Rising housing costs that are comparatively low to the surrounding area may indicate susceptibility to - or very early stages – of gentrification and potential displacement as housing pressures mount, households may increasingly turn to EPA in search of more affordable housing options.

One method East Palo Altans use to cope with high housing costs burdens is by living with family members or renting out rooms in their homes, as indicated by the high percentage of overcrowded units. About 23% of housing units were overcrowded in 2009-2013.[34] However, overcrowding appears to have decreased from 2000, when about 41% of units were overcrowded, as shown in Figure 10.8. The reasons for this decrease are unclear, considering that incomes decreased while housing cost burdens increased during this time. This may be related to underreporting, high vacancies during the census, or uncertainty in the ACS data from 2009-2013.

[34] Overcrowding is defined as having more than one person per room.

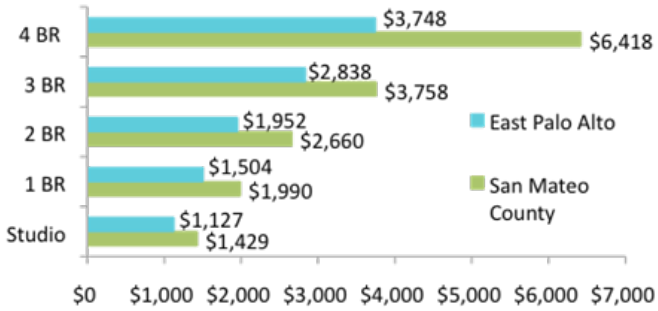



**Figure 10.6: East Palo Alto and San Mateo County Average Rents, 2013**

*Source:sfbay.craigslist.org (County of San Mateo, n.d.-b)*

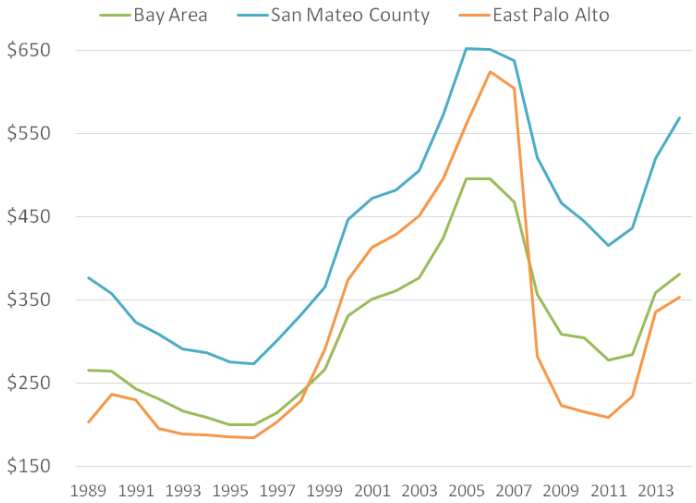



**Figure 10.7: East Palo Alto and San Mateo County Median Sales Price per Square Foot for Single Family Homes, 2005-2014**

*Source: Dataquick Inc (2014)*

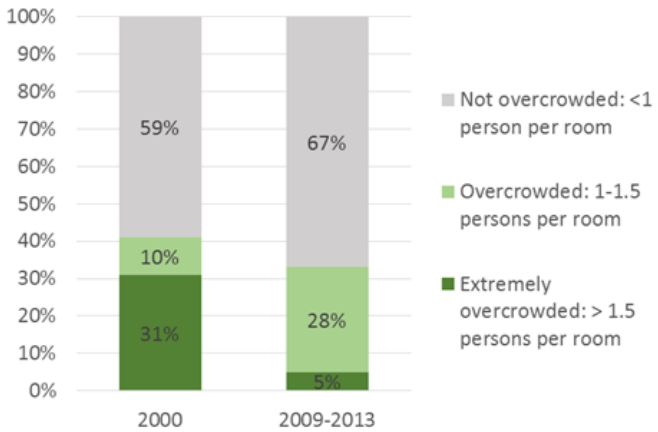



**Figure 10.8: East Palo Alto Overcrowding by Percentage of Housing Units, 2000 and 2009-2013**

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

**Table 10.3: East Palo Alto Housing Units & Vacancies**

| Year | Total Housing Units | Vacant Units | Vacancy Rate |
|---|---|---|---|
| 1980 | 6649 | 300 | 4.5% |
| 1990 | 7256 | 386 | 5.3% |
| 2000 | 7441 | 120 | 1.6% |
| 2009-2013 | 8166 | 572 | 7.0% |

*Source: U.S. Census 1980, 1990 (Geolytics, 2014); U.S. Census 2000[35], ACS 2009-2013*

**Table 10.4: Occupied Housing Units Where Householder Moved In Within Past Year**

| Year | # of units | Share of total units |
|---|---|---|
| 1980 | 2136 | 34% |
| 1990 | 1864 | 27% |
| 2000 | 1066 | 16% |
| 2009-2013* | 1340 | 15% |

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

**2009-2013 data is reported as population, not households. This is an approximation of households based on 4,340 people who moved in the last year divided by the average household size for EPA of 3.24*

In addition to doubling or tripling up, the tight housing market has also led to unpermitted conversion of garages into living quarters. In response to potentially unsafe living condition, and to community organizing, East Palo Alto recently passed an ordinance updating regulations for secondary dwelling units, which will be discussed in further detail below (City of East Palo Alto Office of the City Manager, 2014).

The total number of housing units in East Palo Alto has grown since 1980, as shown in Table 10.3. Vacancies were fairly low in 1980 and 1990, and very low in 2000, but increased to about 7% in 2009-2013. This likely reflects a high number of vacancies in the city's multifamily rental housing stock, much of which was in consolidated foreclosure proceeding at the time, which is discussed further below. Data from the United States Postal Service shows that vacancies in the last quarter of 2013 had returned to 2000 levels, at 1.4% (United States Postal Service, 2014). This comparison implies that the high vacancy rates during the 2009-2013 period were an anomaly and that housing availability is now relatively restricted in a tighter market.

The majority of East Palo Alto residents are renters, and housing tenure split has changed very little over the past 30 years. From 2009-2013, 61% of households in EPA rented rather than owning their homes. This is nearly the inverse of San Mateo County, where nearly 60% of households were owners from 2009-2013. Examining tenure by race in Figure 10.9 shows that as Whites and African Americans have left East Palo Alto, the share of renters for these groups has decreased. However, as the city has gained Latino residents, the growth in Latino renters has outpaced the growth in Latino homeowners.

Finally, there is significant residential mobility in East Palo Alto. As shown Table 10.4 shows, about a quarter of households moved into their units approximately within the last several years according to the most recent Census data. This is a notable increase since 2000, perhaps owing to housing instability related to the recession. An increase in recent arrivals could indicate processes of gentrification, though in East Palo Alto it may rather be reflective of frequent moves among low-income households. It is important to note that this data does not include information on where households moved from, thus some of these households may have moved within East Palo Alto.

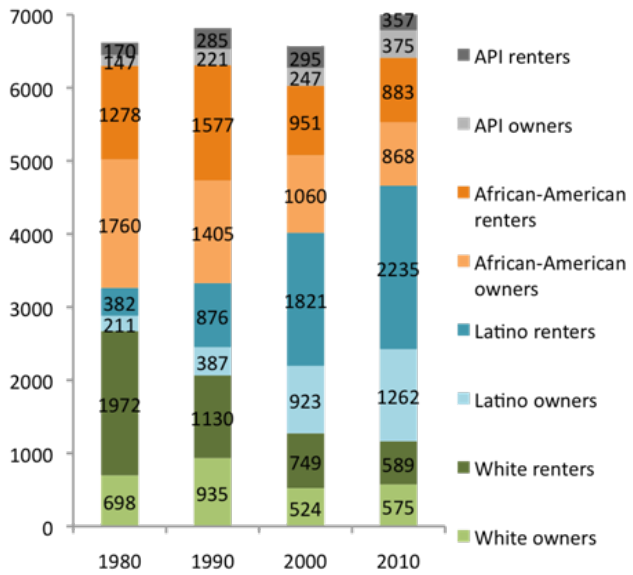



**Figure 10.9: East Palo Alto Tenure by Race/Ethnicity, 1980 – 2010**

*Source: U.S. Census 1980, 1990, 2000, 2010 (Geolytics, 2014)*

[35] Table 10.3 uses U.S. Census data downloaded from American Factfinder for 2000 and 2010 for rather than from Geolytics, because the Geolytics data for the number of units showed a major decrease in the number of units from 1990 to 2000, which appeared implausible in comparison to other data sources.

# The Westside and the Threat of Eviction

The neighborhood known in East Palo Alto as the Westside is located in the southwestern part of the city, separated from the rest of EPA by Highway 101. The Westside is highlighted in Figure 10.10, using census tract 6121 as a proxy, which shows that the area contains the majority of the city's multifamily rental housing stock. In the city overall, single family detached homes make up over 53% of total units, while apartment buildings with 5 or more units comprise about 35% of housing units. On the Westside, by comparison, 72% of housing units are in apartment buildings with 5 or more units. In 2014 this neighborhood was home to 22% of the population while comprising just 8% of city land. Unsurprisingly, it is home to a greater proportion of renters than the city overall: 82% of housing units are occupied by renters.

Over half of the city's rent controlled units are located on the Westside, the majority of which are owned by a singular landlord, Equity Residential (EQR). Due to the unique characteristics of this neighborhood, and the housing pressures faced by residents, the city is currently drafting an Area Plan for the Westside Area along with its General Plan update. A coalition of local and regional CBOs, including SFOP/PIA, are working to ensure that this Area Plan reflects the needs of low-income households and includes protections against displacement.

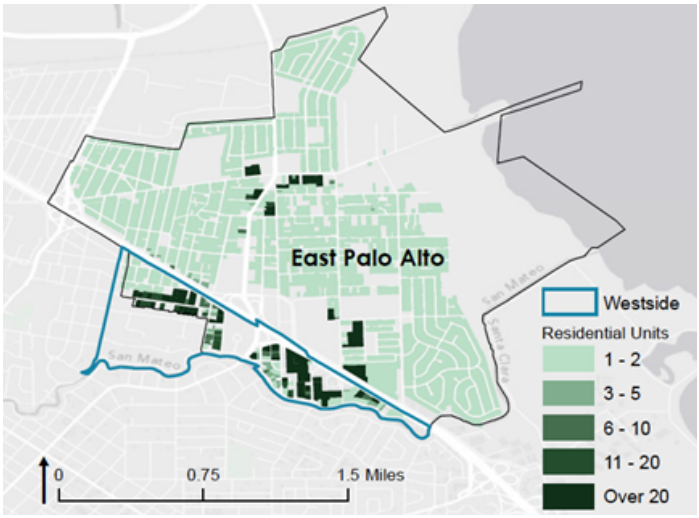



**Figure 10.10: The Westside and Residential Unit Density in East Palo Alto**

*Source: Association of Bay Area Governments Parcel Shapefile (ABAG, 2014)*

In recent years, housing issues on the Westside have required major attention from the city, and led to significant instability for Westside residents. In 2008, Page Mill Properties, the former owner of the multifamily housing stock now owned by EQR, was involved in approximately eleven lawsuits with the city. Just a year after Page Mill Properties began purchasing buildings in the Westside in 2006, tenants began complaining of harassment and steep rent hikes (Berstein-Wax, 2010). In 2007 the company evicted 71 people. In 2008 another 99 people were evicted, an eviction rate 7.5 times greater than that of the rest of San Mateo County (Berstein-Wax, 2009). When Page Mill defaulted on its loans and went into foreclosure in 2009, Wells Fargo took over the properties. The bank then sold the foreclosed portfolio to EQR, the largest publicly traded landlord in the United States, in December of 2011. After this acquisition, Equity Residential now owns about half of the city's apartments, two-thirds of its rent controlled apartments and 15% of the total low-rent apartments in the County.

The sale to EQR occurred despite objections from both residents and the city, who were both wary of the impacts of such a large percentage of the city's housing being owned by a single firm. Suspicion only grew as the company issued 706 three-day eviction notices in the first 6 months of managing the apartments (LeVine, 2014). Tenant organizers see the excessive use of three-day notices as a form of harassment. According to an interview with a local service provider, tenants often receive three-day notices on the 2nd of the month. This is despite the fact that rental leases generally state that late fees will not be charged until the 4th or 5th of the month. Many tenants live paycheck to paycheck, and with previous landlords some had become accustomed to paying their rent in the middle of the month, on the 10th or the 15th. The transition to EQR's aggressive use of 3-day notices is especially challenging for these tenants.

After the East Palo Alto Rent Stabilization Board publicized the figures on Equity's issuance of three-day notices, EQR ceased reporting these to the Board, asserting that they only need to report unlawful detainers, or actual eviction notices (LeVine, 2014). Figure 10.11 shows monthly unlawful detainers issued in East Palo Alto in 2012 and 2013, showing that the majority of unlawful detainers are issued by EQR.

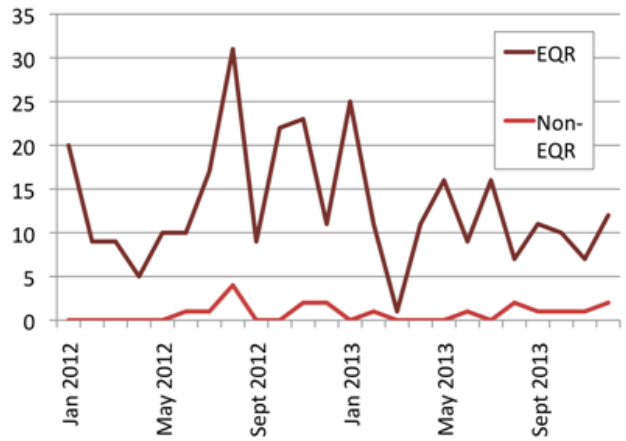



**Figure 10.11: Unlawful Detainers Issued in East Palo Alto in 2012 and 2013**

*Source: East Palo Alto Rent Stabilization Board (City of East Palo Alto Rent Stabilization Board, 2014)*

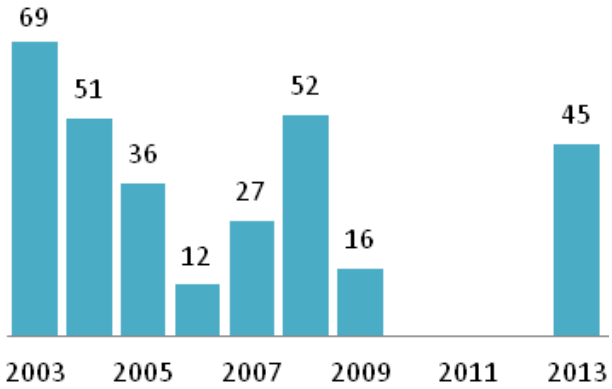



**Figure 10.12: Official Evictions Reported by the San Mateo County Sheriff**

*Source: San Mateo County Sheriff's Office (San Mateo County Sherriff's Office, 2014)*

It is unclear however, how many of the eviction notices issued actually led to households leaving their apartments, and available sources of data are limited in this regard. Official evictions in EPA as recorded by the San Mateo County Sheriff's office, shown in Figure 10.12, only reflect instances in which the sheriff was called in to evict a tenant. This data does not reflect households that many have chosen to leave after receiving a notice, either because they simply could not pay their rent or because they were intimidated and/or unaware of their rights as tenants. Because of such discrepancies, these numbers also do not reflect the high number of households evicted by Page Mill during their ownership, and zero evictions are shown from 2010-2012, despite the fact that Rent Stabilization Board data indicates that EQR issued 166 notices of unlawful detainer in 2012.

Direct evictions are also not the only pressure that residents of EQR apartments experience. The city was notified in 2013 that Equity was illegally painting curbs red in an effort to reduce parking around their buildings (Green, 2013a). Limited parking is already a significant problem, as many residents rely on their cars to get to work, and households often house several working residents. The city is not well served by public transit and most residents work outside of EPA. While the city put a stop to the curb painting, residents have also complained that family members using their paid parking spots have had their vehicles towed, and in some cases that even cars with permits have been towed. Advocates see this manipulation of parking supply, a precious commodity in EPA, as another form of harassment.

SFOP/PIA expressed concern over "soft evictions" a term used to describe tenants that leave due to this type of harassment, whether related to parking, aggressive use of eviction notices, or other issues such as lack of maintenance. In response, the City Council unanimously passed a new tenant protection ordinance April 1, 2014 to protect tenants from harassment and to further restrict demolitions (LeVine, 2014). Additionally, the ordinance provides relocation benefits for displaced tenants and protection for undocumented tenants by prohibiting landlords from requiring proof of citizenship.

Precarious housing for low-income households intersects with race, language and immigration status to compound vulnerability. The protections that EPA has put in place for undocumented immigrants are not in place for residents of neighboring cities, and this is yet another reason that renters fear that losing housing in EPA could mean displacement from the region. Furthermore, many low-income renters in EPA, and especially on the Westside, are monolingual Spanish speakers. 3-day notices are written entirely in English, while eviction notices are written primarily in English and contain complex legal language, making these documents potentially very confusing to residents. A legal service provider who works with tenants facing eviction in EPA stated that he suspected, though there is no concrete evidence for this, that undocumented residents are less likely to seek legal aid if they do face eviction. Issues of race and institutional racism are also at play. This stakeholder also shared an anecdote that he felt was indicative of the ways in which Latino residents are expected to put up with living conditions

that White residents might not: "We had a client that was Latino, a man who had lived in Equity apartments for a while, and he kept complaining about a problem, he kept complaining and it wasn't getting fixed. And at one point, someone in the office at Equity said something like, 'You complain as much as the White people. You need to stop complaining, because you're getting annoying, you're just as bad as the White people.'"

## Secondary Dwelling Units

As mentioned above, secondary dwelling units (SDUs) are a major concern in East Palo Alto. These living units are generally converted from garages, basements or sometimes exist as "granny units" separate from single-family homes. Both residents and city staff have grown increasingly concerned about SDUs due to their potential to strain the already limited parking supply, and to contribute to unregulated and potentially hazardous living conditions.

In response to these concerns, and to organizing from EPA residents, the City passed an ordinance in May 2014 easing restrictions on SDUs. This policy change adjusted parking requirements to allow tandem parking, and reduced required setbacks for homes with SDUs (City of East Palo Alto, 2014). It stopped short however, of reducing the required minimum lot size for these homes, which advocates had been pushing for. The hope, according to City staff and community organizers, is that this new ordinance will lead to safer living conditions in SDUs, and also potentially help homeowners meet their housing costs through income from renters. It is unclear however, whether SDUs will have any measurable impact on housing affordability. Most SDUs will not be rent controlled if they are added to single-family homes, although rent control may apply if they are added to duplexes or small multi-unit buildings (Lagos, 2014). Those landlords who do upgrade their SDUs to bring them up to code may raise rents to cover the costs, while those SDUs that are not brought up to code are likely to continue to exist unregulated. Residents organizing with SFOP/PIA continue to push for affordable financing options for homeowners that currently lack the means to upgrade their units.

## A City Strapped for Cash

In the face of housing challenges for residents, East Palo Alto also faces a budget deficit, and economic development is a high priority in the city. In a conversation with a city official, major commercial development projects, including the construction of a Four Seasons Hotel and an IKEA, were cited as two major redevelopment victories. These developments, completed in 2003 and 2006 respectively, are not without controversy. The construction of the Four Seasons Hotel required the demolition of "Whiskey Gulch," a neighborhood in EPA that had previously housed many liquor stores and bars, as well as a number of dilapidated residential units, with high crime rates. According to SFOP/PIA, members of their organization have complained that hotel security at the Four Seasons has asked them to leave the café and other public seating area, driving home the sense that the hotel is meant for outsider use and not for residents.

City staff, along with a Council member, recognized in interviews that these commercial developments were necessary to keep the City financially solvent, but that being forced to move was still challenging for those residents that were displaced. These residents were provided with relocation benefits, and staff stated that households were generally able to move to improved living conditions in nearby cities like Redwood City and San Carlos. While Whiskey Gulch may not have been a safe neighborhood, it was also the closest thing that the city had to a central downtown area. The city hopes to address this issue through the implementation of the Ravenswood Specific Plan adopted in 2013. This transit oriented development strategy is aimed at redeveloping the Ravenswood District, East Palo Alto's Priority Development Area under Plan Bay Area. The plan envisions a new walkable "downtown," along with 835 new housing units, including 131 affordable units (City of East Palo Alto, 2013). The development of this plan included major input from residents through a community coalition.

Yet East Palo Alto has been operating at a budget deficit for a number of years as a result of the decrease in the City's property tax revenue due in part to the foreclosure crisis. The city has slashed budgets and

laid-off a number of government workers in an attempt to lower the deficit. Most recently the city considered outsourcing its police services in an effort to save money. Before incorporation, EPA relied on the Sheriff's County police force. The proposal was short-lived, however, as residents and advocates voiced their concerns at a City Council hearing. One of the reasons the City incorporated was in response to mistreatment from the County government and so residents could have a voice in their own affairs (Eslinger, 2014). An additional challenge for EPA has been the loss of the City's redevelopment agency in 2012 due to state action, which was a key source of funding for the city's affordable housing.

The city's deficit is clearly a challenge to affordable housing goals. Without funding, it is unclear when the Ravenswood plan will be put into action, and a lack of money – particularly coupled with the loss of redevelopment funds – also stymie attempts to build new affordable housing. One local affordable developer discussed plans to build below market rate housing for seniors, and had assembled the land for the development over several years. Yet the City does not yet have local funds to commit to the project, which then makes it more challenging to secure outside funds (County of San Mateo, 2014). Cutbacks at the city could also mean a reduced capacity for the city to address tenant harassment and other housing issues.

## The Jobs-Housing Mismatch

East Palo Alto has used nearly all the policy tools at the City's disposal to preserve and encourage the construction of affordable housing. Yet the city is also significantly impacted by housing availability – or the lack thereof – outside its borders. As the nation has slowly recovered from the recession, the Silicon Valley region has continued to produce jobs, but not the housing needed to house its workers. And these workers are not all highly paid, but include the low wage service sector workers that support the region's famed tech industry. 67% of new jobs added from 2008-2018 are projected to be in sectors paying $45,000 or less annually, and 47% are projected to pay $25,000 or less. (Nguyen & Stivers, 2012)

Jobs-housing unit ratios offer one way to quantify the discrepancy between employment and available housing. One analysis, which did not include East Palo Alto,

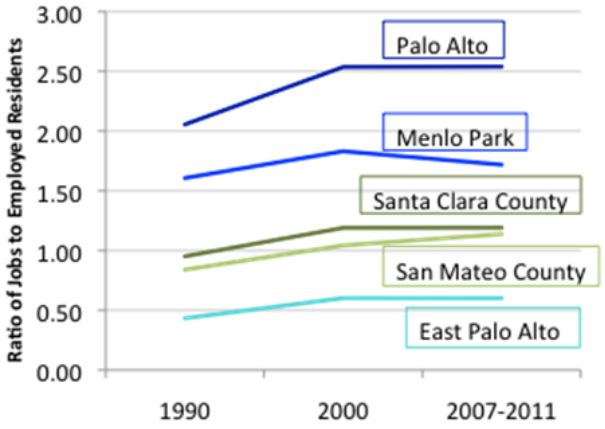



**Figure 10.13: Ratio of Jobs to Employed Residents in Select Cities and Counties**

*Source: National Establishment Time Series and US Census.*

found that neighboring cities such as Menlo Park and Palo Alto have among the highest job-housing unit ratios in Silicon Valley, at 1.96 and 3.13 respectively (Hepler, 2014b). Other research, from the UC Davis Center for Regional Change, specifically explores the ratio of low wage jobs compared to the availability of affordable rental units. In 2011, East Palo Alto had a ratio of .98, meaning it had more affordable housing units than low wage jobs. Yet was the only incorporated city in San Mateo County with a ratio below 3.5. The majority of other cities in the county had ratios of 5 or above, indicating that they employed many more low wage workers than could affordably rent housing within their city limits (Brenner, 2012).

This issue can also be examined through looking at the ratio of jobs to employed residents in a given location – here a ratio around 1 would be considered balanced. As shown in Figure 10.13 this ratio is lower than 1 in EPA, but greater than 1 in both Santa Clara and San Mateo Counties, and much higher in Palo Alto and Menlo Park. With the exception of Menlo Park (where the ratio is still very high,) this ratio has been growing since 1990, as the region has added jobs more quickly than housing for its workers.

Despite this imbalance, which puts pressure on existing housing supply, many jurisdictions remain resistant to building new housing, and particularly to providing their fair share of affordable housing. In one particularly stark example of this opposition, after Palo Alto's City Council unanimously approved a new development of low-income senior housing and market-rate single-family homes in 2013, opponents gathered enough signatures to bring the proposed development to a vote, where it was subsequently rejected (Green, 2013b).

EPA's ability to deal with the consequences of other jurisdictions' actions presents a major challenge. Facebook's over 1 million square foot Menlo Park expansion serves as another example of this tension. In 2012 the City considered suing Facebook over its proposed expansion and the concomitant environmental impacts on neighboring EPA. According to an interview with a City staffer, EPA disagreed with Facebook consultants' analysis that the project would have minimal impact. EPA argued that Facebook workers would likely put additional housing pressure on EPA, considering the relative scarcity and high prices of housing in Menlo Park, and that the expansion would have significant traffic impacts. EPA settled with Facebook. These negotiations are reminiscent of a recent settlement between Stanford University and various cities related to a hospital expansion project. While Palo Alto and Menlo Park received $142 million and $3.9 million respectively in total compensation to mitigate traffic impacts from Stanford, East Palo Alto received a mere $200,000 in its settlement with Facebook (Eslinger, 2011).

While the City of EPA was in negotiations with Facebook, civil rights law firms Public Advocates Inc. and the Public Interest Law Project, took a different approach, and sued Menlo Park on behalf of Youth United for Community Action (YUCA), Peninsula Interfaith Action (PIA), and Urban Habitat (Public Advocates, 2012). Menlo Park had failed to adopt a housing element in over 20 years, and from 1999-2007, the city did not grant any building permits for lower income housing (Ciria-Cruz, 2012). Menlo Park settled the lawsuit and agreed to adopt a Housing Element, including a commitment to facilitate construction of 2,000 homes accessible to very low-, low-, and moderate- income households (Ciria-Cruz, 2012). Its first Housing Element in decades was adopted in May 2013. Shortly after, Palo Alto updated their Housing Element in an effort to avoid legal repercussions.

San Mateo County has now taken a forward looking approach to the housing crisis, and all 21 jurisdictions within the County have now joined forces for a County-Wide Housing Element Update known as 21 Elements. (County of San Mateo, n.d.-a) One crucial aspect of this project is that most participating jurisdictions are also engaging in a Countywide "Grand Nexus" study to look at legally defensible impact fees for new commercial and residential development that could be used to fund affordable housing. This approach will not be a cure-all for the housing problems faced by East Palo Alto, or for the serious undersupply of housing in Silicon Valley overall. For one, the housing sites identified in Housing Elements are not considered legally binding agreements to build the units, and Cities will also not be obligated to adopt impact fees based on the Grand Nexus study. Furthermore, while EPA is located within San Mateo County, it borders Santa Clara County and will continue to be impacted by Silicon Valley as a whole. However, the collaborative countywide approach of 21 Elements represents an important shift towards addressing housing on a more regional scale.

# Conclusion

East Palo Alto is distinctive for its government's commitment to ensuring the city remains affordable to low income households, and for a strong legacy of community organizing that holds the City government accountable to that commitment. While demographic data on its own shows few signs of gentrification related displacement, the experience of residents, activists, and city staff on the ground, along with the analysis of jobs-housing ratios within the region, shows that housing pressure are mounting and pose a serious threat to EPA's affordability. The city is home to many low-income households already burdened by their housing costs, and vulnerability is compounded for undocumented immigrants. With much of EPA's rental housing owned by a single landlord, tenants face aggressive eviction actions, along with other forms of harassment. Because so little affordable housing is available in surrounding cities, the stakes are high for households that leave. Numerous interviewees highlighted that households that cannot afford EPA may be forced to leave the region altogether, and are relocating as far as Tracy, Manteca, and the Central Valley.

Yet there is also great potential for the rich activism that led to the city's founding in 1983 to be a force in better, equitable regional planning. A coalition of CBOs including SFOP/PIA, YUCA, Community Legal Services and Urban Habitat are already deeply engaged in ensuring that the Westside Area Plan offers protections for the low-income renters living there. The next challenge may be to expand and channel this activism towards shaping the regional context that has such great impact on EPA.

# marin city

## Chapter 11: Historic African-American Enclave at Risk

# Historic African-American Enclave at Risk

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

## Introduction

Marin City, located north of San Francisco in Marin County, is a small, historically African American suburban community. In the following neighborhood profile, we describe the major demographic, housing, and commercial changes that have taken place in Marin City since 1980. In that time, the area's population has nearly doubled, educational attainment and median income have risen, and the non-African-American population has grown significantly.

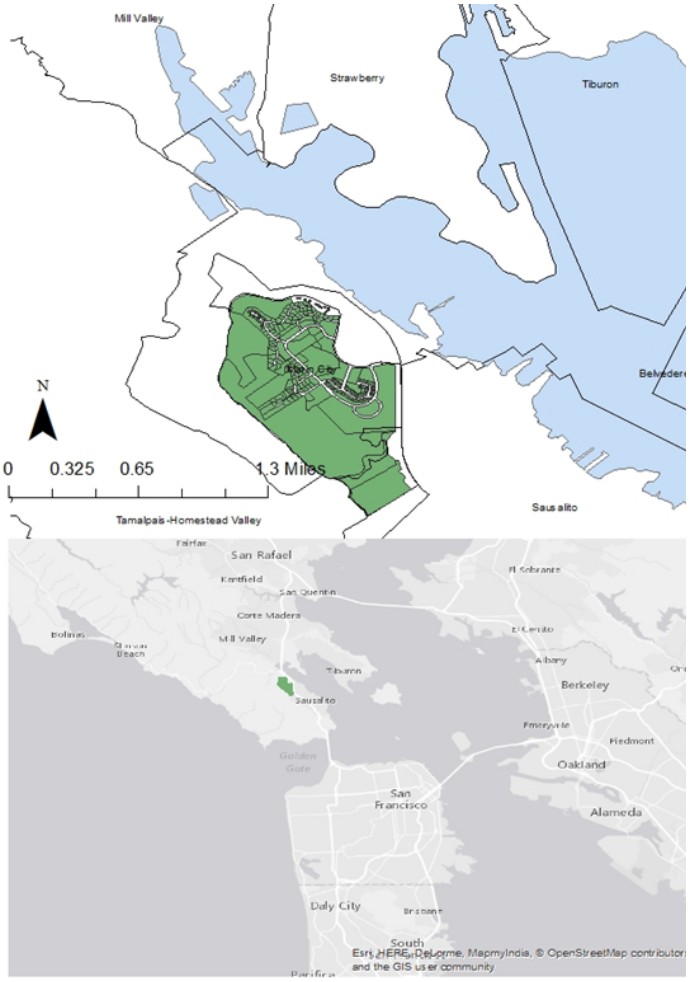



**Figure 11.1: Case Study Area (Census Tract 1290) in green, with vicinity map**

The area is host to some of the only public housing units in Marin County, and there are concerns in the community of losing them. While the area has been stable in its housing stock overall, it has experienced significant commercial displacement: a popular weekly flea market was discontinued in 1996 when a large shopping center was developed.

For Marin City, signs of gentrification appear, but change has been gradual; the chief concern in this community is future displacement due to potential increases in population, interest in redevelopment and the continued pressures of being surrounded by affluent neighbors in one of the most exclusive counties in the country.

## Geography

Marin City is a small neighborhood north of the San Francisco Bay, nestled between the cities of Sausalito to the south and Mill Valley to the north, Highway 101 to the east and the hills of Marin County to the west. The entire area is quite small—it is only 1.2 miles across and can be walked in approximately 15 minutes. It hosts some high-rise public housing, townhouses, single-family homes, and a shopping center, all with a suburban feel, and views of the Bay.

Marin City is located in Marin County, one of the richest counties in the United States, and is close to San Francisco. It is one of the few areas of poverty in Marin County, owing largely to its large stock of public and subsidized housing. Though the community is unincorporated, it does have a Community Services District that "provides public parks and recreation, street lighting, and refuse collection services to Marin City residents," as well as leadership on planning- and education-related issues (Marin City Community Services District 2014).

# Historical Context: Waves of Housing and Demographic Change

The area now containing Marin City was "originally a grassy, crescent-shaped small valley…pastoral farmland dotted with oak trees…and a few ridge-top houses. But when the United States entered World War II, Marin City was developed to shelter approximately 6,000 of 20,000 shipyard workers" who worked in Sausalito at the Marinship Corporation (Marin Grassroots 2014). To work on the ships, workers were recruited from all over; "many were African-Americans from the Midwest and the South. Marinship became known as the best-integrated shipyard on the West Coast, with women and minorities making up a third of the workforce" (Marin Grassroots 2014).

One stakeholder described Marin City in the years after the war (through the 1980s) as "one big house," or "a family": "There's only one way into Marin City. You saw people regularly and you always had connectivity." This tight-knit feeling, especially within the African-American community who had come mostly from the South, according to the stakeholder, was challenged by two waves of displacement. The first, in the 1960s, came when the temporary housing built during World War II was torn down. While White families were able to relocate nearby in Marin County communities, African-Americans were kept from these same housing options due to restrictive, exclusionary covenants. Many eventually relocated back to Marin City, and still today the area is one of only a few in Marin County that hosts a sizable number of African-American residents.

Around this same time, "pole" houses were built in the hills of Marin City and were purchased by mainly African-American families. Two large rental complexes also opened in the 1960s and were occupied mostly by African American families. These homes ensured stability in the African-American population through the 1980s, when a second wave of displacement came. As the people who had bought the pole houses in the 1960s aged or passed away, their next-of-kin found it difficult to afford purchasing the homes, which had increased in value significantly, according to Marin Grassroots. As a result, new families bought these homes, and these families tended to be White. Additionally, lower-income and African-American residents who became adults in the 1980s, and were readying to move out of their family homes found few available units in Marin City, and so moved to other places in the Bay Area like San Rafael, Novato, and the East Bay, according to Marin Grassroots.

In 2005, one of the rental complexes that had opened in the 1960s (Oak Knolls) was released from a HUD contract that subsidized rents, and the tenants in the building became owners, creating a cooperative, according to Marin Grassroots. As with the earlier trend with "pole" houses in the 1980s, the offspring of residents who had lived in these units since their opening decided to sell them instead of occupying them themselves, leading to racial turnover.

# Changes in Residents' Education, Economic Well-Being, and Racial Breakdown

Marin City has had a near-doubling in population and, correspondingly, number of households. However, there has been minimal change in household size and type; average household size is 2.35 and almost 60% of households are families.

### Education

Marin City has seen a general upward trend in the years of education completed by its residents (Figure 11.2). The fact that so many residents have moved in over the same time period—and that most have been white (see below), a generally higher-educated group—suggests that most of this trend in educational attainment is due to new people moving in, not existing residents attaining higher levels of education.

**Table 11.1: Change in Population and Households[36]**

| Year | Total Population | Total Households |
|---|---|---|
| 1980 | 1,366 | 600 |
| 1990 | 1,636 | 783 |
| 2000 | 2,502 | 1098 |
| 2013 | 2,320 | 988 |

*Source: US Census, 1980, 1990, 2000; American Community Survey, 2009-2013*

[36] Marin Grassroots expressed doubt that the 2013 household figure was accurate given their knowledge of the area; given the small sample size of the American Community Survey, it's possible that the decline in population and households is due to sampling error.

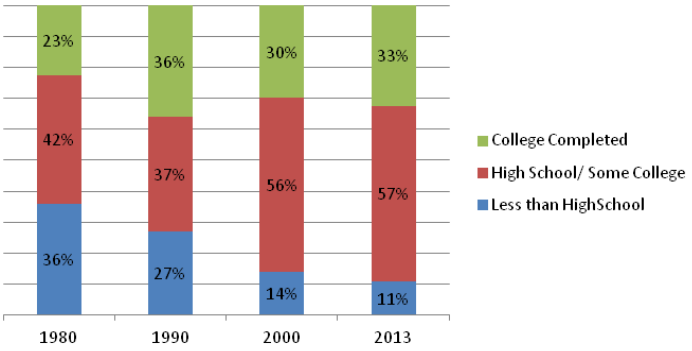



**Figure 11.2: Educational Attainment of Population over 25, 1980-2013**

*Source: US Census 1980, 1990, 2000; American Community Survey 2009-2013*

## Income

Median income increased by nearly 20% between 1980 and 2000, only to decrease even more dramatically in 2013, which is likely an effect of the recession (Figure 11.3). From this data, gentrification—in the most basic sense of higher-income people moving into a traditionally lower-income area—seems to have been proceeding gradually since 1980, though it appears to have slowed in recent years given the recent decreases in median income. Incomes in Marin City are much lower than Marin County overall.

Even with these changes in median income, the tract is still host to many low-income households; nearly a quarter of them earn less than $10,000 (Figure 11.4).

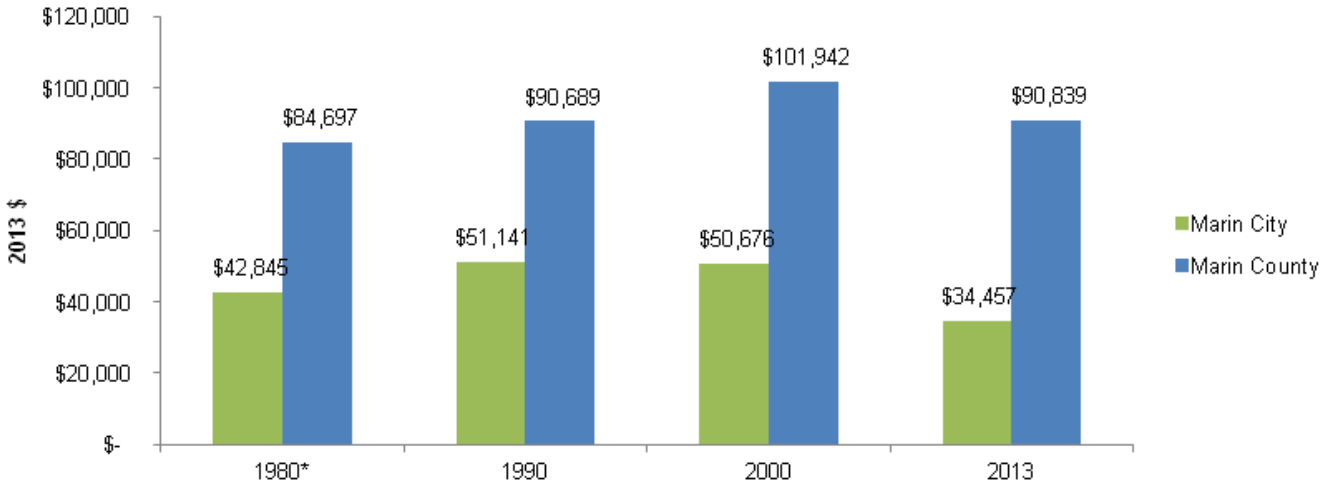



**Figure 11.3: Median Income, Marin City vs. Marin County, 1980-2013, 2013 $**

*Source: US Census 1980, 1990, 2000; American Community Survey 2009-2013. Note: Median income not available in 1980; average income shown.*

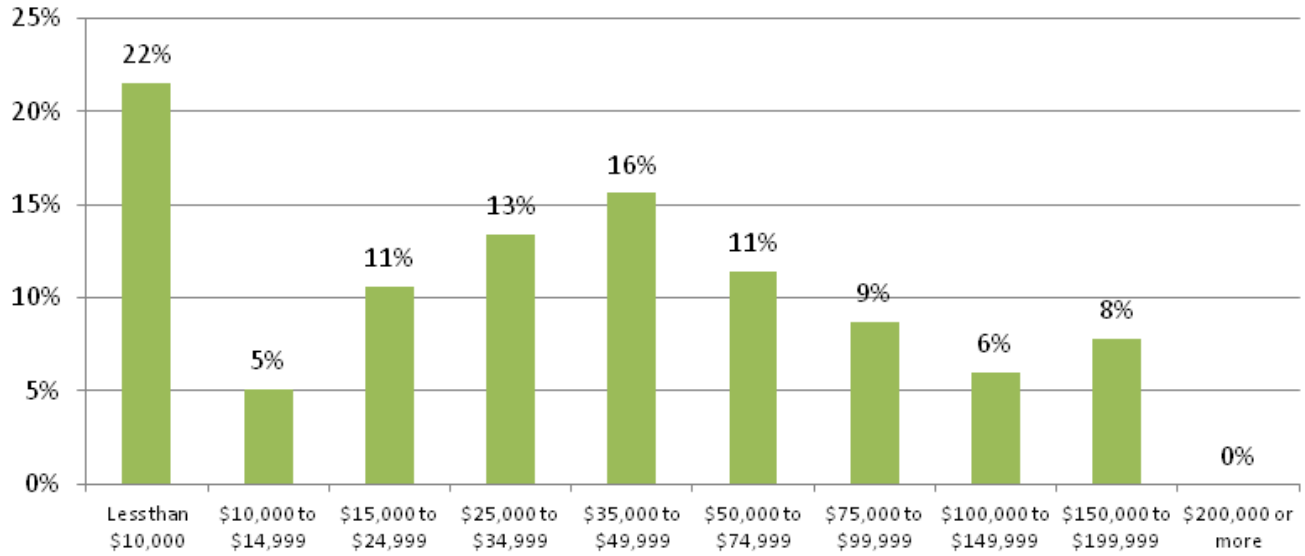



**Figure 11.4: Income Distribution, by Households, Marin City – 2013, in 2013 $**

*Source: 2009-2013 American Community Survey*

**Table 11.2: Percent of Residents in Poverty, 1980-2013**

| Year | Percent in Poverty |
|---|---|
| 1980 | 29% |
| 1990 | 26% |
| 2000 | 23% |
| 2013 | 35% |

*Source: US Census 1980, 1990, 2000; American Community*

### Poverty

The percentage of residents living below the poverty level has decreased, and probably would have continued doing so into 2013 if not for the recession (Table 11.2). Again, given the population increase, this data is consistent with gradual gentrification.

### Unemployment

The unemployment rate in the area fell sharply from 1980 to 2000, only to increase in 2013, likely as a result of the recession (Figure 11.5).[37] The city has had consistently higher unemployment rates than Marin County.

### Race/Ethnicity

Marin City's population—and, especially, African-American population—grew in the build up to and during World War II (Marin Grassroots 2014). While many White families were able to move to other neighborhoods after the war, African-American residents remained, holding a solid majority in the area for many years; in 1980, 75% of the population was African American (Figure 11.6).

Figure 11.6 also shows the large population growth Marin City has experienced in the last 30 years; between 1980 and 2013, population nearly doubled, largely driven by the many Whites, Latinos, and Asians who moved in. However, between 2000 and 2013, many Whites left, and only Asians and Latinos increased their numbers; the number of African-Americans, however was stable. Together, these changes have meant that African Americans' relative share of the population has decreased.

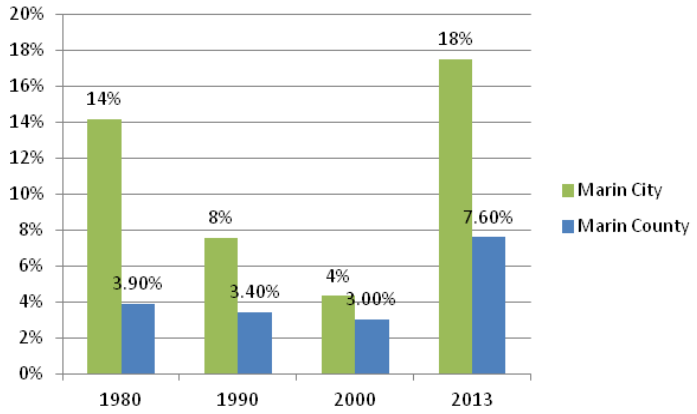



**Figure 11.5: Unemployment, Marin City vs. Marin County, 1980-2013**

*Source: US Census 1980, 1990, 2000; American Community Survey 2009-2013.Survey 2009-2013.*

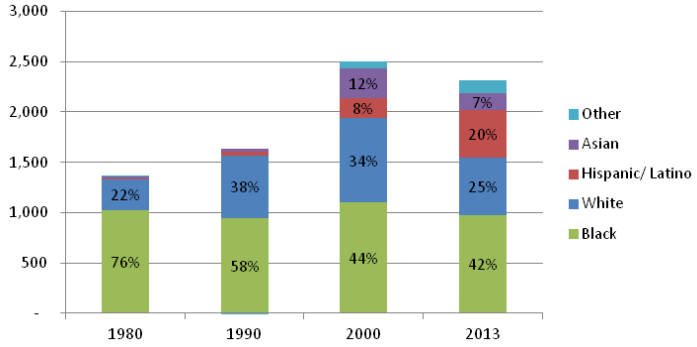



**Figure 11.6: Population by Race/Ethnicity (1980 – 2013)[38]**

*Source: US Census 1980, 1990, 2000; American Community Survey 2009-2013.*

## Changes in Housing Patterns

Slightly more than half of occupied units in Marin City are (and have been consistently) located in building complexes that contain 5 or more units; a third are in buildings with 2-4 units, and the rest single-family homes. Marin City's housing stock grew steadily between 1980 and 2000. At the same time, the rate of new housing construction slowed: in 1980, 42% of the housing stock had been recently built (within the previous 10 years); by 2013, just 8.5% of the housing stock had been built since 2000.

[37] Local agencies have been using the figure 12.4%. The difference is likely due to different data sources or years of measurement.

[38] Note: 2000 was the first year in which survey respondents could select multiple racial/ethnicity categories. The jump in the Asian category in this year may represent residents who selected multiple categories rather than, for example, White Alone or Black Alone in years previous.

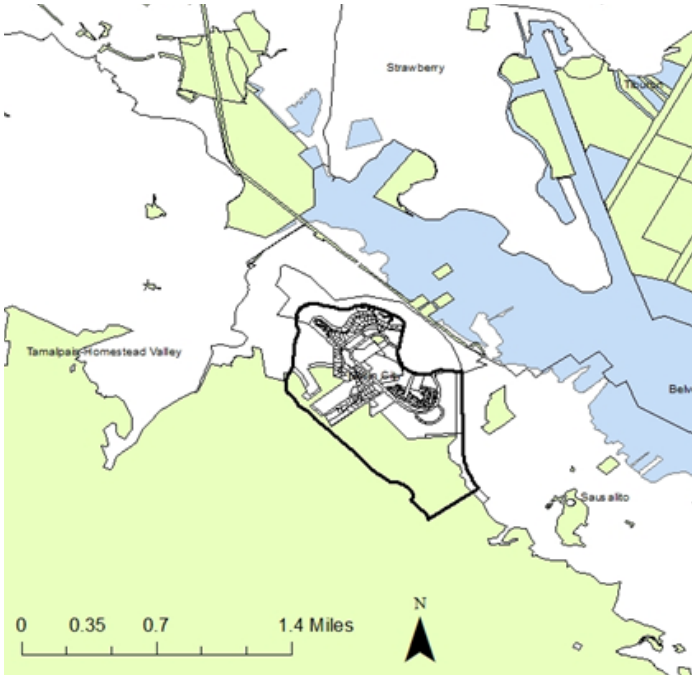



**Figure 11.7: Conservation Areas Restrict Marin City's Development**

*The shaded areas are parks or conservation areas where development is not allowed. Marin City is outlined with a dark line.*

The halt of growth in the housing supply is likely also related to the lack of developable land. Because Marin County protects large areas of land for conservation (see Figure 11.7), which restrict the city's growth outwards, the only open land available for development tends to be expensive-to-build sites, such as those with steep terrain. Given the opportunity, however, it is likely that developers would want to build expensive housing here, for both demand and supply reasons: there is potential demand for high-priced homes given Marin City's good location and views of the Bay, while on the supply side, land is scarce and often hilly, making construction more expensive.

Other pressures have halted development, too. According to one stakeholder, a proposed market rate residential development in Marin City during the last decade drew out much concern and opposition from some residents. This particular project was abandoned at least in part due to opposition from local high-income residents who wanted to protect their views. Now, the stakeholder says, few developers are looking to develop in the area. This is consistent with construction patterns: no new units have been constructed since 1998 (Dataquick 2014).

Adding to these development pressures, Marin County is notorious for having exclusionary policies and practices, including "strict zoning ordinances; restrictions on high-density, multi-family housing; insufficient outreach to non-English speakers; predatory lending practices; and negative stereotypes about low-income residents with Section 8 vouchers" (Green n.d.). In 2011, these came to a head when the county entered into a Voluntary Compliance Agreement with the U.S. Department of Housing and Urban Development (HUD) after "a routine audit showed the county wasn't following fair housing and civil rights laws," including not updating its main fair housing document "since 1994," when it is "supposed to get refreshed every five years" (Rachel Dornhelm 2011). People of color in Marin County are largely concentrated in the Canal area of San Rafael and Marin City, which were both cited in the HUD agreement.

**Many Renters, Few Homeowners**

Renters hold the vast majority in the area, at 78% in 2013 and historically hovering around 75% (Table 11.3). This is much higher than Marin County as a whole, where, in 2013, renters represented 37% of households.

The income distributions of renters and owners shows that renters skew towards lower incomes, while homeowners skew higher. This is consistent with the fact that over half the rental stock in Marin City is subsidized, as discussed below. However, the story is complex: 25% of renters earn more than $50,000 (See Figure 11.8), while among owners, almost 40% earn less than $50,000 (See Figure 11.9).

Note that the renter and owner data sets should not be compared directly; the renter and owner estimates for most income categories are not statistically significantly different, owing to the large margins of error. However, it is possible to see a trend in income distribution within each group from this data, and while that trend is roughly in line with the community narrative, the nuance is important.

**Table 11.3: Tenure in Marin City, 1980-2013**

| Year | Rented | | Owner-Occupied | | Total |
|---|---|---|---|---|---|
| | Number | Percent | Number | Percent | |
| 1980 | 492 | 73% | 178 | 27% | 670 |
| 1990 | 592 | 72% | 230 | 28% | 822 |
| 2000 | 846 | 76% | 274 | 24% | 1120 |
| 2013 | 769 | 78% | 219 | 22% | 988 |

*Source: US Census 1980, 1990, 2000; American Community Survey, 2009-2013*

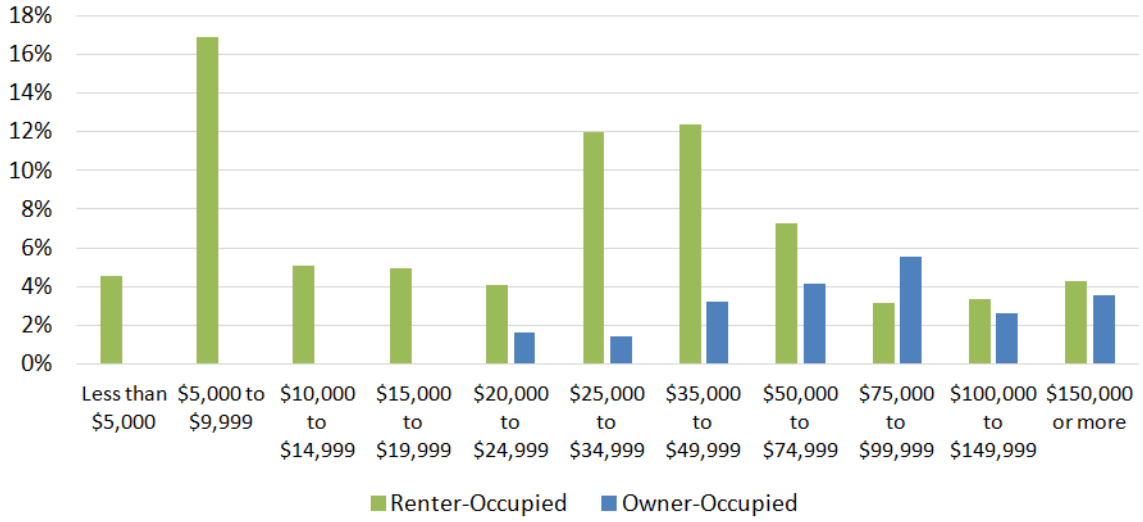



**Figure 11.8: Proportion of Renter and Owner Households By Income**

*Source: 2009-2013 American Community Survey*

## Public Housing

As noted above, a large portion of the area's rental housing stock consists of public housing units operated by the Marin Housing Authority. Golden Gate Village holds 292 units and housed 698 residents in 2010—nearly a third of the city's population (Department of Housing and Urban Development 2014a). Marin City is also home to three additional subsidized housing projects. Combined with Golden Gate Village, Marin City has a total of 604 subsidized units—over half its rental stock—that house approximately 1277 residents (54% of the total population).[39]

**Table 11.4: Public and Subsidized Housing in Marin City**

| | Units | Residents |
|---|---|---|
| Public Housing | 292 | 698 |
| Housing Choice Vouchers | 123 | 256 |
| Multi-Family Other | 54 | 99 |

*Source: Department of Housing and Urban Development ( 2014a)*

[39] Note that this figure is higher than the total of the figures in Table 11.4, since the number of residents housed at the Ridgeway Apartments and Doreatha Mitchell Apartments were not publicly available. The number of residents in these buildings were estimated based on the total number of subsidized units, a 94% occupancy rate, and a conservative estimate of 2 people per unit average. Data Source: HUD.

Stakeholders have many fears about losing this public housing stock. These are based on several factors. First, the public housing has unfriendly policies that have been systematically displacing long-term residents. For example, "eviction notices are given to residents who don't pay their rent by the third of every month, when most recipients of social security haven't received their payments yet" (Marin Grassroots 2014).

Another example concerns resident evictions, a problem that came to a head in a 2012 class action lawsuit in which tenants alleged "some tenants at the Golden Gate Village [public housing]…had their rent [attached with] charges such as maintenance, utility, late, and legal fees which were often disputed by the tenants or not permitted by their public housing lease," including the costs of repairs that "were not caused by the resident" (Mark Prado 2012).

A third policy sought to encourage student school attendance by evicting tenants "if their children failed to attend school" (Nels Johnson 2013). The policy was proposed in 2013 but canceled in favor of a "voluntary program" to boost student enrollment (Nels Johnson 2013).

Maintenance is another major concern: at a May 2009 meeting of the Marin Housing Authority Board of Commissioners, one supervisor was "drowned out by jeers from about 25 Marin City residents, who said they believed supervisors had neglected repairs at the Golden Gate Village public housing complex as part of a

hidden plan to replace it with more expensive housing" (Rob Rogers and Jim Staats 2009). At that time, residents felt the housing authority had seriously neglected to make repairs, and the authority acknowledged that the complex needs "more than $4 million in immediate repair and over $15 million in other needs over time" (Rob Rogers and Jim Staats 2009).

In the early 2000s Golden Gate Village had been falling steadily in its maintenance inspection ratings, which are a rating from 0-100. A score below 60 is failing. Scores at the complex fell from 70.03 in 2003 to 59.35 in 2005 to 51.8 in 2006. However, after this it ticked back up to 58 in 2009 and 61 2010 (Department of Housing and Urban Development 2014b). Some repairs are happening: $905,000 was allocated in 2012 for "kitchen improvements" and "energy efficiency measures" as part of the Recovery and Reinvestment Act (Department of Housing and Urban Development 2011). However, residents' complaints indicate that a much larger scope of repairs is necessary. On a recent visit to the complex, trash was littered around the buildings and the driveways were in disrepair.

A resident of the complex and a long-time community organizer in the neighborhood described an inherent flaw in the building's design: it sits on a hill on the other side of which is the Pacific Ocean. When the fog rolls in each morning, it tends to linger on the hill; mildew is therefore to be expected from such an arrangement, and the resident reports that it is widespread. Besides its role in these bad conditions, the placement of the building on the hill also adds to residents' worries that it will be demolished in favor of private development, since the hill provides nice views of the Bay, and there is so little land to develop in Marin City.

### Housing Cost Burden

Median rent rose sharply during the 1980s and 1990s, from $445 to $1200 by 2000. Though it has held stable during the last decade, the percentage of rent-burdened households (those whose monthly housing costs exceed 35% of their gross monthly income) has risen to 64% in 2013 from 27% in 2000 (Figure 11.9). Given the stability in rent levels over this time, the rise in the number of households who are rent-burdened is likely due to the decrease in median income (to $34,457 in 2013 from $50,676 in 2000) and increase in unemployment (to 18% in 2013 from 4% in 2000). This is concerning in terms of displacement pressures on low-income renter households.

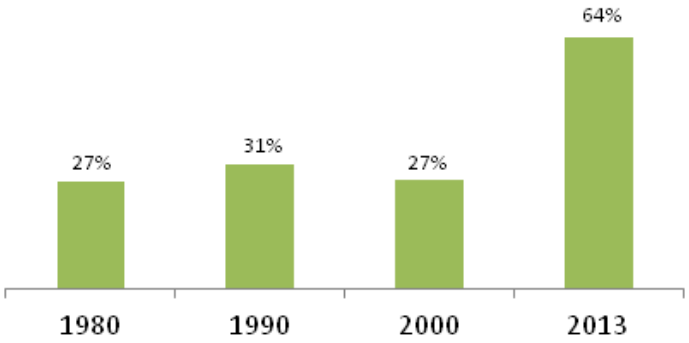



**Figure 11.9: Percent of Renters that are Housing Cost Burdened**

*Source: US Census 1980, 1990, 2000; American Community Survey 2009-2013*

*Note: Cost Burdened defined as paying more than 35% of income on housing costs.*

**Table 11.5: Number of Housing Units Owned and Rented by Whites, African-Americans**

| Year | White Owned | Black Owned | White Rented | Black Rented |
|---|---|---|---|---|
| 1980 | 53 | 93 | 115 | 276 |
| 1990 | 143 | 74 | 227 | 317 |
| 2000 | 135 | 103 | 336 | 287 |
| 2013 | 91 | 107 | 317 | 310 |

*Source: US Census 1980, 1990, 2000; American Community Survey 2009-2013.*

### Home Ownership

In the 1970s and 1980s, many single-family homes were developed in the hills of Marin City. Referred to as pole houses, they traditionally were owned by "older black families" (Marin Grassroots 2014). However, in recent years, the homes have turned over—sold to higher-income, white families, according to Marin Grassroots. Consistent with this change, the number of homes owned by African-Americans decreased between 1980 and 1990; however, it increased again in 2000 and is currently about the same as it was in 1980 (Table 11.5).

For low-income renters, purchasing a home has moved further out of reach: home sale price per-square-foot has followed the trends of the larger Marin County area, gradually increasing, with a slight dip from the recent housing crash (Figure 11.10). However, since this zip code encompasses Sausalito and Muir Beach,

limited conclusions can be drawn about housing sale prices in Marin City alone. Interviews with local stakeholders, however, suggest that single-family units in this area do sell at high prices. Concurrent with these price increases, the percentage of mortgage-burdened households has risen steadily.

The number of homes sold has held steady in Marin City, except for a spike in the late 1990s, when a swath of townhomes came on the market (Figure 11.11, 11.12). A current resident remarked that ownership of these homes has been stable since their construction, with minimal turnover. These figures are not inconsistent with the trends in Marin County overall.

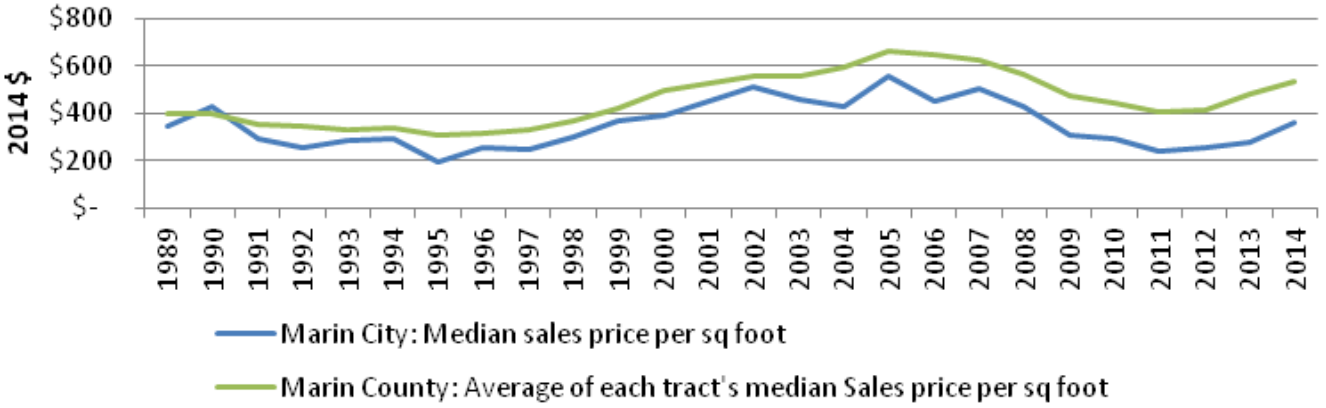



**Figure 11.10: Median home sales price per square foot, 1989-2014**

*Source: Dataquick (2014)*

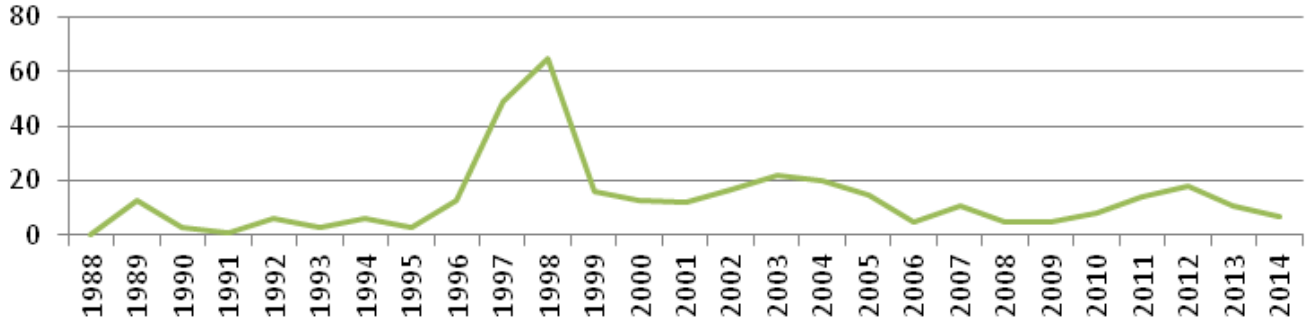



**Figure 11.11: Number of Homes Sold: Marin City**

*Source: Dataquick (2014)*

**Figure 11.12: Townhomes in Marin City**

*A late 1990s development of townhomes along Terrace Drive in the middle of Marin city. Photo: Mitchell Crispell.*

One stakeholder in the area indicated that ownership units in Marin tend to be largely out of reach for low-income and even middle-income families, and, due to the high cost of home ownership here, the children of low-income families who have worked their way up the economic ladder tend to move to other cities in the Bay Area in order to buy a home.

Despite a lack of affordable homeownership options in Marin City, the community is wary of developing mid-ranged housing options due to concerns about displacing or marginalizing existing low-income residents. This is a current topic of concern for the community.

Several residents interviewed outside their homes—one in the hills and others in the center of the city, including one who has lived in her home since it was built in the late 1990s—remarked that the population has been stable in recent years, particularly in terms of the owners of townhomes and single-family homes on the hill.

## Commercial Changes

Even though it is a small, suburban community, Marin City is host to a large commercial center. The changes at this site are examples of commercial and cultural displacement.

In the 1950s, "residents developed a small-business hub in the neighborhood with black-owned stores and black service providers" (Marin Grassroots 2014). In 1980, residents "organized the Marin City Community Development Corporation, purchasing in the process the last remaining 42 acres of undeveloped Marin City property—the 'bowl'—where a windswept flea market took place every weekend for over a decade" (Marin Grassroots 2014). But, following growth in the city's housing supply, in 1996 the Gateway Shopping Center was developed on the site of the flea market, displacing it despite community protest (Marin Grassroots 2014).

The change meant a loss in the "entrepreneurship opportunities" the flea market provided to local residents, and though "some locally-owned small businesses received reduced rent in the new shopping center for approximately five years," when it switched to market rent they were unable to afford to stay (Marin Grassroots 2014). The shopping center has struggled to retain tenants, according to a local resident stakeholder. Several stores have come and gone, including a Best Buy, and many of the stores are vacant; on a recent weekday, most of the shopping center's vast parking lot was empty, though the Starbucks in the middle was crowded.

**Figure 11.13: The Gateway Shopping Center**

*The site of the former flea market, on the left side, is now the Gateway Shopping Center, a sea of parking spaces, empty big box stores, and a few successful businesses—Outback Steakhouse, CVS, Ross, Starbucks, etc. In the middle-right, the high-rise Golden Gate Village public housing buildings are visible, nestled into the hills. Just to the left, out of the frame, is Highway 101 and the bay. Photo: Mitchell Crispell.*

The flea market had earned about $1 million per year for the Marin City Community Services District (CSD), "which supported many after-school and recreational programs for local families" (Marin Grassroots 2014). Although a community benefits agreement with the new shopping center also included a small contribution (as a percent of revenue) towards the CSD, the shopping center has not made money and so, as a result of the redevelopment, the community lost both its flea market and the revenue it earned (Marin Grassroots 2014).

As a local community organization writes, "the shopping center was approved as a promising development that would create hundreds of jobs for residents, but the reality was very different as the limited number of jobs created were low-wage ones or demanded higher education degrees" (Marin Grassroots 2014). One public employee stakeholder remarked that, in an ideal world, the community would take ownership of the local shopping center such that it can develop better opportunities to serve the local residents—something along the lines of the former flea market.

# Conclusion

Over the last 30 years, Marin City has experienced gradual change: population has grown, the proportion of African-Americans has decreased, and median income and educational attainment have increased. Yet even with these changes, other aspects of the community—like homeownership—have remained more stable. Therefore, current concerns regarding displacement do not appear to be as high of a priority compared to other community issues, largely because of the unusually large core of public and subsidized housing that provide stable homes for many of the community's low-income families.

But there is a constant fear that these public housing units will be lost, given the area's high land value and views of the Bay, as well as recent unfriendly policies and deferred maintenance. Residents' experience with the loss of the flea market—which, unlike the current shopping center, was successful and provided local residents economic opportunity—has primed them for the experience of displacement.

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# Appendix A. Ground-Truthing Observation Tool

## 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 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

1. The primary land use for the block face is:
   - □ Residential
   - □ Commercial
   - □ Institutional (school, hospital, churches):
   - □ Industrial
   - □ Other: _____

2. 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: _____

3. Describe any visible people, noting race or ethnicity, age, number, and activities they might be engaged in:_____

4. The # of signs discouraging disorder such as neighborhood watch, anti-littering/loitering/drug use/vandalism/graffiti: _____

5. Physical disorder such as garbage, litter, graffiti, or vandalism by degree of observations:

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| no disorder | very few signs of disorder | noticeable vandalism | mostly vandalized or littered | completely vandalized or littered |

6. Please describe indicators of international or immigrant presence (note ethnicity, signs in a foreign language, or locally-owned foreign/ethnic business).

7. 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** _____

1. Does the **building** appear to be well-maintained?

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| poor | below average | average | above average | new |

2. The # of units the structure appears to have: _____
   The # mailboxes _____
   The # doorbells _____

3. The # vehicles **off-street** vehicles present _____
   - □ no off-street parking
   - □ existing driveway or parking lot
   - □ existing garage

4. Notes on visible people, building, and outdoor space; incl. *implied* information about household size and composition:
   _____
   _____
   _____

5. 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

6. 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

# Appendix B. Ground-truthing Results

## Chinatown Ground-truthing Results

On December 11, 2014, one researcher from the Center for Community Innovation (CCI), along with one staff member of CCDC surveyed one block, Block 3002 in Tract 108 of Chinatown North. On January 15, 2015, the CCI researcher went back to survey two additional blocks, Block 2003 in Tract 113 of Chinatown Core and Block 2001 in Tract 110 of Polk Gulch.

The ground-truthing exercise is meant to provide an additional set of data to verify conclusions reached through analyzing assessor and Census data[40]. For two variables—land use and number of units—comparisons are made on a parcel-by-parcel basis; only parcels that appear in both the assessor data set and the geographic parcel dataset (Boundary Solutions) are used for this comparison. Census data is not provided on a parcel level, and so includes all households surveyed by the Census.

**Table B1: Parcel Mismatch Among Datasets**

| Block and Tract | # Parcels in Assessor But Not Ground-truth |
|---|---|
| Block 3002<br>Tract 108 | 4 / 47 |
| Block 2001<br>Tract 110 | 2 / 49 |
| Block 2003<br>Tract 113 | 12 / 66 |

**Table B2: Parcel Characteristics**

| Block | Median Year of Construction | Median Year of Last Sale | Median Sale Price | Median Sale Price Per Square Foot |
|---|---|---|---|---|
| 3002 | 1921 | 2004 | $702,500 | $341 |
| 2001 | 1910 | 2005 | $900,000 | $441 |
| 2003 | 1963 | 2004 | $665,000 | $711 |

*Source: Dataquick, 2014. These figures refer to all parcels in the area, including non-residential uses.*

**Table B3: Sales History of Parcels Sold Since 2007 and 2010**

| Block | Percent Sold 2007-2014 | Percent Sold 2010-2014 | Median sales price per square foot if sold 2007 or later | Median sales price per square foot if sold 2010 or later |
|---|---|---|---|---|
| 3002 | 31 | 22 | $762,500 | $762,500 |
| 2001 | 40 | 20 | $1,325,000 | $1,244,000 |
| 2003 | 42 | 33 | $1,074,500 | $1,050,000 |

*Source: Dataquick, 2014. These figures refer to all parcels in the area, including non-residential uses.*

**Table B4: Summary of Parcel Matches and Primary Land Use**

| Block | Primary Land Use, based on Ground-truthing 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 | Census Data: Total Housing Units – 2010 | |
| 3002 | Multi-family and condos | 92% | 218 | 211 | 231 | 81% |
| 2001 | Multi-family mixed use and condos | 70% | 167 | 163 | 176 | 42% |
| 2003 | Condos and mixed use | 93% | 150 | 227 | 238 | 89% |

*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*

[40] Complicating this effort is that the data sets do not have the same set of parcels (Table 1). 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).

## The Mission Ground-Truthing Results

On November 14, 2014, a researcher with the Center for Community Innovation, an organizer at the community group PODER, and a consultant with deep knowledge of the area walked through four blocks in the Mission District, stopping to take notes at each building. The blocks that were observed were: Block 3003 in Tract 228.01, Block 2000 in Tract 208, Block 1007 in Tract 228.03, Block 1004 in Tract 228.03 (Figure B1).

*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. 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 geographic dataset).

Most of the mismatch is not significant enough to skew results; however, three areas of discrepancy are significant. On Block 3003, 15 of the parcels in the assessor data did not appear in the geographic data set. On Block 2000, 29 of the 55 parcels in the assessor data did not appear in the geographic data set. Finally, on Block 1007, almost all of the parcels from the geographic data set did not appear in the assessor data. This is primarily the result of the Dataquick data missing over 40 parcels for the building at 3000 23rd St. In place of those parcels, it had only one, with many units, with a listed use as an apartment building. Likewise for the building at 2652 Harrison St; while the building has 20 parcels/units—condominiums—according to the geographic ground-truthing data, it appears with only one on the Dataquick data. This is almost definitely a glitch in the data or possibly a condo-conversion process that happened after 2013.

*Overall Impressions from Ground-Truthing*

The uses on the blocks vary: former industrial sites share the block with new condominium developments; unmaintained townhomes sit next to beautiful, recently-renovated townhomes; expensive cafes and grocery stores have popped up next to long-open diners. Besides these signs of transition, an overt sign of gentrification—and community opposition to it—is a sign reading "Evictions" pasted below a "STOP" sign, so that the message was "STOP Evictions."

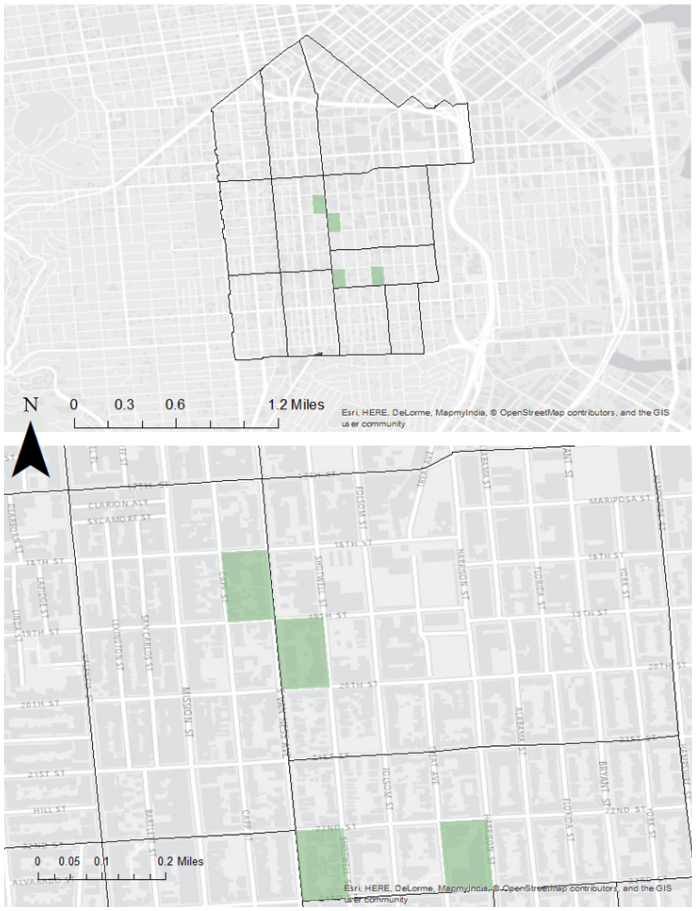


**Figure B1: Map of Mission District, with census tracts, and four Ground-Truthing blocks in green.**

**Table B5: Parcel Mismatch Among Datasets**

| Block and Census Tract | # assessor parcels matched to ground-truth parcels, of total assessor parcels | # ground-truth parcels matched to assessor parcels, of total ground-truth parcels |
|---|---|---|
| Block 3003 Tract 228.01 | 65 / 81 | 66 / 70 |
| Block 2000 Tract 208 | 26 / 55 | 28 / 31 |
| Block 1007 Tract 228.03 | 12 / 16 | 12 / 87 |
| Block 1004 Tract 228.03 | 37 / 41 | 39 / 39 |

All four blocks are mostly residential, with a mix of single-family homes, multi-family rental buildings, and condominium buildings, which are usually newer. There are a few non-residential uses on each block, including some light industry, stores, offices, and one church. The structures are mostly older, though there are some very new buildings. The neighborhood is di-


**Figure B2: Bulletin board inside a Laundromat on 18th and Capp Streets**

verse in terms of socioeconomic status (judging by a range of businesses) and race (judging by the signs posted in a laundromat and observing pedestrians). Most homes are classic San Francisco Victorian townhouses, while there are about a dozen newly modernized or constructed homes that, for the most part, are condominiums as indicated by their parcel numbers. There were several instances of buildings that had clearly formerly been part of one parcel with one owner, but had been split up in recent years to house multiple families. We could tell this because a building that was once one continuous structure is now host to several different parcel numbers.

Some businesses, due to a low level of maintenance, seem oriented towards residents with lower incomes. For example, a corner café and legal services office fit this description; the latter had signs offering immigration assistance. Other businesses, like a pet store and upscale grocery market, are housed in newly-constructed buildings or have new, recently-developed interiors.

After passing one restaurant, the PODER staff member remarked that it had been there forever, but was now serving both long-time and new residents; businesses are not used exclusively by either old or new residents. This point was made clear when the researcher entered a Laundromat (on 18th Street between Capp and Van Ness, part of Block 2000 in Census Tract 208). On the bulletin board, about 10 flyers were posted (see Figure 2). Several seemed oriented towards Spanish-speaking residents, such as flyers advertising a concert, a dance club, computer services, video and photography services, and a room for rent. Other signs, in English, advertised Capoiera (a Brazilian form of martial arts) classes, a concert, a counseling center, and an exhibit on Modernism at the deYoung museum. From these flyers alone, it is clear this is a mixed neighborhood.

*Block-by-Block Analysis*

Tables B6 and B7 provide a summary of relevant secondary data for each block, the case study area, and San Francisco overall.

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 B8). For each block, the total number of units based on three different data sets vary widely, as do the listed number of units for each parcel. Land uses, on the other hand, match fairly well on each block.

**Table B6: Sales History and Assessed Value of Residential Parcels**

| Block | Median Year of Construction | Median Year of Last Sale | Percent Sold 2010-2014 | Median Sale Price | Median Sale Price Per Square Foot | Assessed Value Per Square Foot (2013) |
|---|---|---|---|---|---|---|
| 3003 | 1985 | 2005 | 29% | $578,500 | $491 | $465 |
| 2000 | 1903 | 1999 | 19% | $697,500 | $256 | $205 |
| 1007 | 1933 | 2004 | 23% | $925,000 | $216 | $161 |
| 1004[41] | 1904.5 | 2007.5 | 42% | $785,000 | $366 | $221 |
| Mission | 1912 | 2004 | 20% | $585,000 | $314 | $235 |
| SF | 1932 | 2003 | 21% | $520,000 | $337 | $277 |

*Source: Dataquick, 2014. These figures refer to all parcels in the area, including non-residential uses.*

[41] Assessed value would likely be higher if the assessor data included new condominium buildings on the block.

**Table B7: Indicators of Neighborhood Change: Census Data/Demographics**
**Percentage Change From 2000 - 2010**

| Block | Population | Number Whites | Number Asians | Number Hispanics | Average Household Size | Number of Family Households | Number of Renter Housing Units |
|---|---|---|---|---|---|---|---|
| 3003 | -5% | 14% | -22% | -11% | -13% | -12% | 72% |
| 2000 | -7% | -9% | -12% | -25% | -19% | -12% | 383% |
| 1007 | 81% | 111% | 1 to 8 residents | -28% | -46% | 7% | 3700% |
| 1004 | -11% | 19% | 21% | -30% | -15% | -26% | 683% |
| Mission | -5% | 16% | 7% | -21% | Not available | 40% | -6% |
| SF | 4% | -2% | 12% | 11% | -2% | 4% | 4% |

*Source: Decennial Census 2000 and 2010, accessed through NHGIS.*

**Table B8: 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 | Census Data: Total Housing Units – 2010 | |
| 3003 | Residential: 50% condo, 21% multi-family | 87% | 81 | 134 | 121 | 44% |
| 2000 | Residential: 42% multi-family, rest condo and single-family | 96% | 100 | 85 | 121 | 38% |
| 1007 | Residential: condo, multi-family | 71% (denominator is 7) | 32 | 96 | 78 | 38% (denominator is 12) |
| 1004 | Residential: 45% multi-family, 38% condo | 86% | 106 | 106 | 111 | 32% |

*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.*

**Block 3003**

This block is changing rapidly, with a very recent median year of last sale (2005), high percentage sold in the last five years (29%), and a median sale price per square foot ($491) that is much higher than in the Mission and San Francisco overall. The buildings on this block are very new, with a median year of construction of 1985, compared to 1912 in the Mission and 1932 in San Francisco. Between 2000 and 2010, the population on this block decreased by 5%; the changes on this block therefore likely have occurred since 2010, which is consistent with 29% of parcels selling between 2010-2014. The demographics of the block have changed, though not dramatically: between 2000 and 2010, there were 14% more whites, 22% fewer Asians, and 11% fewer Hispanic residents.

This block was chosen due to a decrease in the Hispanic population between 2000 and 2010 and a relatively high change in ownership over the last few years. It is also located in the northeast quadrant of the

Mission and so adds geographic diversity to the blocks selected. On the corner of Van Ness and 19th Street, there is a small glass manufacturer, evidence of the neighborhood's historic industrial character. Besides this industrial building and a small legal services office that offered immigration services, the other structures are all housing, with a few more multi-family buildings than the other blocks surveyed. There was a sign about sidewalk repairs on the street.

The block has several signs of recent investment. 67% of the parcels on the block appear "new" or "above average," with 21% of all parcels appearing new. Other signs of investment include: 9 parcels with for-sale signs and 57% of parcels had new or maintained paint. However, there are also signs of disinvestment, with 19% of parcels having peeling or fading paint. In addition, there were some signs of perceived unsafety: 37% of parcels had metal security doors, 11% had security alarm signage, and 20% had signs saying "Beware of Dog" or "No Trespassing."

Overall, the two data sets paint a consistent picture of the block: recent investment, new construction, and significant turnover. The new construction on the block is in line with the high percent of parcels that appear "new" visually; the high percent sold in the last five years, is in line with the 9 for-sale signs observed. The high sale price per square foot aligns with the many signs of investment and almost no signs of disorder or disinvestment.

However, the secondary data misses several things, mainly the continued perception that the area is not safe, evidenced by visual signs like metal security doors and cameras. On the other hand, these could just be standard for new construction. The secondary data also misses the significant public investment on the block.

86% of the land uses for parcels identified by the ground-truthing exercise matched assessor data[42].

[42] Note: Five parcels are listed as "Store/Office Combo" and one is listed as "Miscellaneous Commercial" in the assessor data. Based on the ground-truthing, buildings containing these first-floor non-residential uses were identified. However, the specific parcel these non-residential uses occupy was impossible to tell through the ground-truthing. The 86% matched figure counts these parcels as "matched," since ground-truthing did identify a parcel among several within a structure as having a non-residential use. The percent matching for the other three blocks is derived through similar modifications to the ground-truthing data.

There was no distinct pattern to the parcels that did not match. However, the majority of them did not match because the assessor data did not list a use or (for four parcels), or no use was listed from the ground-truthing exercise; for example, because the building was behind another one and difficult to see. The primary type of residential unit on the block is condominiums, with 50% of parcels. Next was multi-family rental units, with 21% of parcels, and single-family residences with 13% of parcels.

Finally, the assessor data underestimated the total number of units on the block significantly—81 compared to 134 based on ground-truthing. Most buildings have 4 or fewer units, with two larger condominium buildings (16 units and 10 units), according to observations. The parcel data only matched with observed data 30% of the time; almost always, when the parcels' number of units did not match, the assessor data listed fewer units than the ground-truthing revealed. For example, a 10-unit building was listed as having only 1 unit and several 4-unit buildings were listed as only 2 or 3 units, etc.

**Block 2000**

This block appears to have experienced the least investment of the four blocks visited; it has the lowest median assessed value per square foot ($205), lowest percent sold in 2010-2014 (19%), oldest median year of last sale (1999), and oldest median year of construction (1903), with some of these figures even lower than in San Francisco overall. However, between 2000 and 2010, it experienced a 383% increase in the number of rental housing units and a decrease in the Hispanic population (25%) around the same level as the other blocks.

Like the others, this block was mostly residential. However, it is also host to a casual Salvadoran restaurant and the aforementioned laundromat, a small burger fast food restaurant with a parking lot, a corner café, and a Korean church.

The majority of Block 2000's parcels appeared "average" or "below average" in their level of maintenance. The block had relatively high levels of investment, with no litter or debris, little spray paint or graffiti, and few signs of disorder. In fact, there were 3 signs discouraging disorder on the block. There were, however, some signs of disinvestment, with 25% of parcels having peeling or fading paint. There were multiple signs

of perceived unsafety on the block, including: 47% of parcels had a metal security door, 28% of parcels had a fence intended for safety, and 25% of parcels had security alarm signage.

The two datasets matched in part for this block. In particular, the lower assessed value, less turnover, and less recent construction are consistent with a majority of parcels visually "appearing average" or "below average." While there are signs of investment from the ground-truthing data, they are more the absence of disinvestment than the presence of investment, and therefore the data are consistent with the assessor data. The block does show ones sign of disinvestment: 25% of parcels had peeling or fading paint. Also, perception of safety appears low, which is not revealed by the assessor data.

84% of the land uses for parcels identified by ground-truthing matched assessor data, and where they did not match, it was usually because there was no data on the parcel in the assessor data. Of the parcels, 42% are multi-family rental buildings and the rest are evenly split between condominiums and single-family homes, plus the few stores and the church. Most buildings host only one unit, but two buildings were larger, with 11 and 12 units respectively, based on ground-truthing data. Only 34% of the parcels had matching unit numbers in the assessor data.

**Block 1007**

This block has had many recent sales, with a median year of sale of 2004, but not a particularly high median price per square foot ($216, relative to $314 in the Mission overall and $277 in San Francisco overall), indicating turnover, but not necessarily investment; this block may be on the cusp of gentrification. The parcel-level analysis here is based on only small subset of the actual parcels on this block, given error in the Dataquick set, so it is difficult to make definitive conclusions about it.

Between 2000 and 2010, the block's overall population increased by 81% and its white population increased by 111%—the highest of the four blocks, the Mission, and San Francisco. It also lost 28% of its Hispanic residents and experienced the largest decrease in average household size (46%), going from 3.26 to 1.77. This block experienced significant demographic change, while residential sales prices were not as expensive as on other blocks.

This block was chosen due to a relatively high change in ownership over the last few years, according to parcel data, demographic change between 2000 and 2010, and its proximity to Parque Niños Unidos, discussed below.

Running through the middle of the block is an empty space where an old train line used to run through the neighborhood. In that space, there was trash and several trucks parked. On one corner, 23rd and Treat, sits a warehouse for a "lighting and grip" company; on another corner, 22nd and Harrison, is an abandoned industrial warehouse. In front of the former was a food truck and several young, Latino men sitting on the corner hanging out.

The rest of the block was mostly single-family houses on tree-lined streets. Two new condo buildings and one apartment building that appeared to be a redeveloped warehouse are on the block, too.

Across Treat Avenue from this block is the Parque Niños Unidos, a park that PODER fought to get built several years ago. The park is nice and well-used. It is possible that some of the new development on this block is related to the park's construction.

On Block 1007, the new condominium buildings—with their large number of parcels—put the percent of parcels that appeared "new" at 89%. There were, however, signs of perceived unsafety: 28% of parcels have fencing for safety purposes, 62% of parcels have security alarm signage, 86% of parcels have security cameras, and 3 signs discouraging disorder.

It is impossible to legitimately compare the assessor data to the ground-truthing data given the huge discrepancy in parcels. However, Census data can be compared. It showed a huge increase in rental units, but that was not at all evident from the ground-truthing. In terms of safety, most parcels had security alarm signage and cameras because of the condominium buildings having these; however, this does not mean that residents are concerned about safety, it may just be a standard feature of a new condominium building.

The block is primarily residential, although it has several buildings that house light industry, retail, or offices in addition to its many condominiums and multi-family rental housing, plus single-family homes, too. The block has 74 parcels that do not appear in the assessor data. These parcels are in three buildings that appear to be condominiums and brand new. Most buildings have fewer than 10 units but three buildings—new condominium developments—have 10, 20, and 44, respectively, based on ground-truthing data.

**Block 1004**

Of the four blocks, this one had the most turnover in parcels between 2010-2014, with 42% sold, more than twice the figure in the Mission District overall, and the most recent median year of last sale, 2007.5. These sales also had a median price per square foot, at $366, slightly higher than the Mission, at $314. However, there does not appear to be much new construction on the block, given the median year of construction is 1904.5. As with Block 3003, these changes have likely happened since 2010, because the population decreased by 11% between 2000 and 2010. However, over the same period, the block experienced a growth in the number of rental housing units. Between 2000 and 2010, this block experienced the largest decrease in the number of Hispanic residents, losing 30%.

This block was chosen due to a relatively high change in ownership over the last few years, as well as that it was a place where PODER organized against evictions in the early 2000s. This block featured a funky little café at the corner of 23rd and Van Ness and a brand new pet store. It also had several new structures. On Block 1004, the appearance of buildings was a spectrum: 35% "new," 23% "above average," 28% "average," and 10% "below average." Signs of investment include: only 5 parcels had dirty windows, and 23% of parcels had new or maintained paint. Nevertheless, 25% of parcels had peeling or fading paint, 23% of parcels had metal security doors and there was graffiti on a public sign.

The picture painted by both sets of data for this block is that it is right in the middle of changing. Structures' appearance fell across the spectrum, and while many parcels have sold recently, the median price per square foot was not much higher than in the Mission overall, and new construction has been minimal. Each data set presents an ambiguous picture, so it is difficult to compare them.

Broadly, the secondary data sets and ground-truthing data paint similar pictures of change on these four blocks. Where the assessor data is ambiguous or reveals a mix of forces, as with Block 1004, so does the ground-truthing data. On one block (3003), the data sets align in terms of the broad story, but the ground-truthing takes the narrative deeper and reveals continued concerns about safety and significant public investment.

Block 1007 provides a cautionary example. On this block, the assessor dataset was missing a large number of parcels, most of them in two new condominium buildings. Without ground-truthing the block, we would have missed the major impact these buildings have on the feel of the street, and their implications for gentrification in the area. The block is a good example of a place in transition: running through its center there is still a relic of the area's former industrial character, there is a warehouse and some older, poorly-maintained buildings, and yet at the same time, there are several nicer homes, two new condominium buildings, and a new, well-used park across the street.

In terms of comparing data sets, unmatched parcels was a concern for three of four blocks and the number of units recorded per parcel usually did not match. This could be related to the high incidence of condominiums, and the rapid change in the area. On the other hand, land uses consistently matched between ground-truthing and assessor data.

## San Jose Ground-Truthing Results

On December 13, 2014, a researcher from the Center for Community Innovation surveyed three blocks in the area: 2015, 2020, and 2021. On January 8, 2015, a different researcher from the Center surveyed block 1007, accompanied by a representative from the San Jose Department of Housing and a consultant with knowledge of the area.

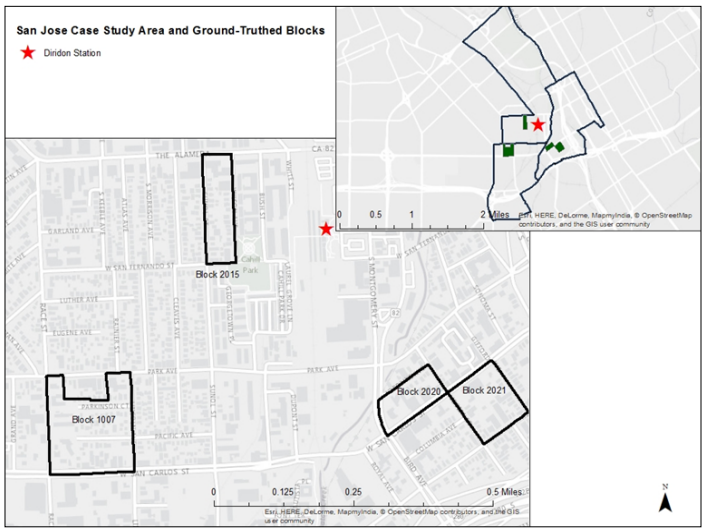


**Figure B3: Map of Case Study Area and Ground-Truthed Blocks**

*Blocks are highlighted in green on the case study map (right) and outlined in black on the zoomed-in map; both feature Diridon Station with a red star.*

The ground-truthing exercise is meant to provide an additional set of data to verify conclusions reached through analyzing assessor and Census data. 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). 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. Census data is not provided on a parcel level, and so includes all households surveyed by the Census.

On Block 1007, most of the 31 parcels from the assessor data that does not appear in the ground-truth data is due to one condominium building whose parcels did not appear in the dataset used to perform the ground-truthing. Perhaps this building was constructed between 2012 (the last update of the Boundary Solutions dataset used for ground-truthing) and 2014. Tables 10 and 11 provide a summary of relevant secondary data for each block, the case study area, and San Jose overall.

**Table B9: Unmatched Parcels**

| Block and Census Tract | # assessor parcels matched to ground-truth parcels, of total assessor parcels | # ground-truth parcels matched to assessor parcels, of total ground-truth parcels |
|---|---|---|
| Block 2015 Tract 5003 | 3 / 37 | 0 / 36 |
| Block 2020 Tract 5008 | 8 / 22 | 0 / 14 |
| Block 2021 Tract 5008 | 8 / 31 | 2 / 28 |
| Block 1007 Tract 5019 | 31 / 93 | 16 / 78 |

*Source: Dataquick, 2014*

**Table B10: Sales History and Assessed Value of Parcels**

| Block | Median Year of Construction | Median Year of Last Sale | Percent Sold 2010-2014 | Median Sale Price of Last Sale | Median Sale Price of Last Sale | Assessed Value Per Square Foot (2013) |
|---|---|---|---|---|---|---|
| 2015 | 1907 | 2002 | 19% | $372,750 | $201 | $215 |
| 2020 | 1924 | 1995 | 0% | $300,000 | (insufficient data) | $37 |
| 2021 | 1915 | 2004.5 | 27% | $270,000 | $213 | $226 |
| 1007 | 1948 | 1999.5 | 20% | $435,000 | $339 | $157 |
| Diridon Station | 2004 | 2008 | 37% | $450,000 | $351 | $301 |
| San Jose | 1971 | 2003 | 22% | $390,000 | $258 | $233 |

*Source: Dataquick, 2014. These figures refer to all parcels in the area, including non-residential uses.*

**Table B11: Indicators of Neighborhood Change: Census Data/Demographics, 2000 -2010**

| Block | Population Growth (Percentage Change) | Average Household Size (Percentage Change) | Percent Change in Percent White[43] | Percent Change in Percent Hispanic | Percent Change in Percent Family House-holds | Percent Change in Percent Rental Units |
|---|---|---|---|---|---|---|
| 2015 | 20% | 47% | 14% | 99% | 38% | -79% |
| 2020 | 6% | -4% | 43% | 11% | -20% | -1% |
| 2021 | 7% | 24% | -14% | -17% | -22% | -67% |
| 1007 | 73% | 1% | 30% | 1% | -29% | 5% |
| Diridon Station | 34% | Not available | 15% | -28% | -7% | -24% |
| San Jose | 6% | -3% | -20% | 11% | -1% | 9% |

*Source: Decennial Census 2000 and 2010, accessed through NHGIS.*

**Table B12: Summary of Parcel Matches and Primary Land Use Between Assessor and Ground-Truth Data**

| 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 Observa-tion (Ground-truthing) | Census Data: Total Housing Units – 2010 | |
| 2015 | Mostly single-family homes | 70% | 41 | 44 | 42 | 81% |
| 2020 | Half single-family detached, half commercial/light industrial | 64% | 10 | 8 | 12 | 79% |
| 2021 | Half single-family detached, half commercial/light industrial | 68% | 23 | 35 | 21 | 64% |
| 1007 | Mix of single-family detached and commercial/in-dustrial uses | 81% | 115 | 125 | 120 | 53% |

*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.*

### Block 2015

This block appears to be changing, but less recently and less dramatically than Diridon Station overall. Its parcels have a recent median year of last sale (2002); 19% of parcels sold between 2010-2014 (compared to 37% in the case study area); and population increased 20% between 2000 and 2010 (compared with 34% in the case study area).

However, the most dramatic changes on this bock have been inconsistent with gentrification. Its average household size increased 47% from 2000 to 2010, compared with a 3% decrease in San Jose overall. Plus, its share of residents who are Hispanic increased 99% between 2000 and 2010, compared to a 28% decrease in the case study area. Taken together, these changes do not paint a consistent picture of either stability or gentrification.

[43] Note: For the blocks, this figure refers to all Whites of one race, including those that are Hispanic. For the Diridon Station and San Jose figures, it refers to Non-Hispanic Whites. The "Percent Change" figures all compare percentages over time; for example, in Diridon Station, the percent Non-Hispanic White in 2000 was 31%, which increased to 35% in 2010—a 15% change.

*New windows being installed through out the whole house.*

*On-going renovation.*

**Figure B4: Buildings on Block 2015**

The block is just a stone throw away from a CalTrain station. It is mostly residential but with some commercial uses on one side. Residential properties are well maintained and some on-going renovations can be observed. There is a good level of public investment, and the block is also next to a well-maintained public park.

There seems to be some new residents and renters based on a few conversations with residents, including with one young professional who has been renting for two years; he mentioned that the garage on the same parcel has been turned into another unit and a new renter has just moved in. Another was a middle-aged Latina woman who is a long-term resident and said the neighborhood has improved over the years.

It appears to be a safe and fairly affluent neighborhood. Racially, the neighborhood was very mixed. There is a notable Latino population but there were also residents of other races/ethnicities including Indian, black and white, and of various ages. There was Spanish-language music playing out of two passing cars and a few people speaking Spanish. There were dog walkers, runners, and cyclists. There were people standing on porches.

The block has a low level of maintenance, with 64% of parcels appearing "average," and none appearing "new." Signs of investment included: windows in good condition and 25% of parcels have new or maintained paint. Signs of disinvestment included: 22% of parcels have peeling or fading paint. In addition, there was some sign of perceived unsafety: 11% of parcels have metal security doors and 36% of parcels have security alarm signage.

The block has municipal lighting, on-street residential permit parking, bike racks, and is situated next to a nice public park with a playground and basketball court.

Overall, the assessor, Census, and ground-truthing data are roughly consistent. They show a block that is mixed racially and in terms of the quality of its housing; it is neither fully gentrified nor untouched by new investment.

*There are also some long-term, owner residents whose houses are more personalized and look lived-in for a long time.*

**Figure B4: Buildings on Block 2015**

**Block 2020**

This block does not appear to be gentrifying. From the assessor data, it shows almost no recent change: no parcels have sold between 2010 and 2014, and the median year of last sale is 1995. The median sale price was $300,000, not far off from San Jose's $390,000. Census data shows minimal population growth, change in average household size, or change in the portion of units that are renter-occupied between 2000 and 2010. The portion of households that are families decreased 20% and the portion of residents who are white increased 43%, both over the same time frame. It is unclear why the portion of whites increased so much; it is unlikely due to an influx of investment, given the minimal population growth and assessor data.

The block is across a large road from Diridon station and it is difficult to walk to the station. It hosts residential properties as well as some heavy commercial uses, including quite a few car garages on one side of the block and a large packing/shipping store. It appears to be a lower-income block. The properties are well kept.

Residents are mostly Latino, mainly families and appear to have lived on the block for a long time, including one woman who said she had lived there seven years. Many residents were visible on the block, mostly doing house chores. One resident, who had immigrated from Mexico a long time ago, mentioned that the neighborhood hasn't changed much. There were a few cyclists and pedestrians passing through.

The researcher's gut feeling was that this block is unlikely to gentrify as it is pretty run-down and is tucked between two wide busy roads. There was also a small motorcycle fair on the opposite block which was quite loud and seemed disruptive at first; however, there were families with a few young children participating. There was a police patrol car near the block which stayed for a long while.

All parcels were "average" or "below average," split evenly among these two categories. There were no significant signs of investment. The only significant sign of disinvestment was that 36% of parcels have peeling or fading paint. The signs of perceived lack of safety included: 21% of parcels have security alarm signage, and 21% of parcels have "beware of dog," "Private," or "No Trespassing" signs.

**Figure B5: Buildings on Block 2020**

The assessor data for this block shows minimal gentrification or change, and the ground-truthing data showed the same. The only discrepancy is with the portion of households who are families: while Census data shows this figure decreased, during ground-truthing there appeared to be mostly families living on the block.

**Block 2021**

This block has experienced recent change consistent with gentrification: 27% of parcels were sold between 2010-2014, the median year of last sale was 2004.5, and the percent of households that were families decreased 22% between 2000 and 2010. However, between 2000 and 2010, the portion of residents who were white decreased by 14%, which is opposite the trend in Diridon Station overall, where the portion white increased 15%.

This block is similar to the above where one block face is commercial use (mainly garages/car repair shops)

but not heavy-duty like on Block 2020. There were a number of Hispanic residents (speaking Spanish) but the racial/ethnic composition appears more mixed than Block 2020, including a few white residents, one black owner resident, and a young Russian couple. The houses are also larger; a handful have Christmas decorations. Houses across one side of the block (Gilford St) appear much nicer and there was some on-going renovation. There were a few properties that shared a very large backyard that seemed to have additional small units and a playground.

Houses across Gilford Street are much nicer, with on-going renovation. Across Josefa Street was a biker fair, a bit loud but fairly orderly, families with young children attended. 19% of parcels had children or toys visible, indicating a high number of family households.

**Figure B6: Buildings on Block 2021**

41% of parcels were in "average" condition, with another 19% "below average," and only 7% "above average." The block was very middle-of-the-road; there were no significant trends in terms of signs of investment nor disinvestment. Signs of perceived lack of safety were only a few neighborhood watch signs.

Broadly, the assessor, Census, and ground-truthing data are consistent on this block: all show some degree of change and investment. However, the ground-truthing data shows less significant investment than the assessor data.

**Block 1007**

This block has experienced recent change. The structures were built more recently than the other blocks (median year construction 1948), but show comparable recent turnover (20%, between 2010-2014). This block has a median sale price ($435,000) higher than the other three blocks and San Jose ($390,000), but still lower than the Diridon Station area overall ($450,000). Census data also shows some change, with a 73% population growth between 2000-2010.

The block is mostly residential, however on three sides of it—out of 8, given two dead-end streets that cut into the middle of the block), over half of the buildings are stores, offices, or light industrial uses. Only one building was taller than two stories. The nicest businesses were on Race Street, which was a main street, but still relatively quiet. San Carlos, by contrast, is a major thoroughfare, and its businesses were much more run-down; there was almost no new investment on that stretch.

The stores are mixed between old businesses and new ones; for example, there are several salons, one that had all African-American people in it, one whose workers were all Asian and also did nails, and a third that opened in 2012 and had mostly white people inside. The block hosts many businesses including a used car lot, several restaurants (Cuban, Ethiopian), a laundromat, a flower store, several exercise/dance studios, two tattoo parlors, one store offering drum lessons, a thrift shop, and a Latin American home goods store. Some businesses seemed oriented towards low-income consumers, like a check-cashing store. On top of these uses, the block hosted a handful of parking lots, a junk yard, and, on one lot, both an antique store and an auto body shop.

The block's residential buildings were certainly not all of a kind. There were homes at all levels of maintenance, including some that appeared abandoned and others that appeared recently renovated. Most homes were single-family detached, except for one condominium complex.

The two dead-end streets on their own demonstrate the changing nature of this block and neighborhood. On one, Pacific Avenue, the sidewalk only extended halfway down the street. Most homes were run-down, with unattractive security fences, debris-strewn yards, and dogs. The next dead-end, Parkinson Court, not 500 yards from the first one, looked immediately different. The street is wider, it has a full sidewalk, and no dogs. Most homes were much nicer and better maintained here, including one that was striking for its level of maintenance and landscaping. The photos in Figures 7 and 8 illustrate the contrast between the streets.

Other notable features of the block include:

-The older commercial buildings had cameras and security signs; the newer ones did not.

-According to the representative from the Department of Housing, the area is known for hosting car shops, antique stores, and gyms—which all appeared on this block.

-The block is nestled between two areas the city has identified for its "Urban Villages" program. New development could be seen down a few blocks on San Carlos.

-The area is diverse. Researchers saw people of all races on the block. However, the housing department representative commented that just a few blocks north of Park is much whiter, and west of Race is a really nice neighborhood. So this block seems to be the "edge" of already-completed gentrification.

-There did not appear to be much public investment throughout the block. However, on Park Avenue, bike lanes are coming in soon, which will mean the on-street parking will be gone. Businesses have been concerned about this. San Carlos will also be receiving some public investment soon.

The block has a wide range of levels of maintenance: 2% new, 38% above average, 35% average, 15% below average, and 3% poor. Signs of investment included: 46% of parcels have new or maintained paint, 15% have a new or updated front door, and 15% of parcels

**Figure B7: Parkinson Court, with its broad street, sidewalks, and nice homes**

**Figure B8: A home on Pacific Ave, which was only one block away from Parkinson Court but not as well-maintained, with half the street missing a sidewalk**

have fencing for aesthetic purposes. Some signs of disinvestment included: 5 vacant lots, 5 parcels with cracked windows, bars on windows, boarded windows, and/or dirty windows, 26% of parcels have peeling/fading paint, and 17% of parcels have litter or debris. Signs of perceived unsafety included: 21% of parcels have a metal security door, and 15% have signs saying "Beware of dogs," "Private," or "No trespassing."

A stakeholder who toured the blocks with us commented that he expected the block to change more in future years as the development that has been happening just a few blocks away spreads. Here again, the data sets align. Both paint a picture of change, with much

recent investment but still some existing run-down and industrial structures.

Broadly, the secondary data sets and ground-truthing data paint similar pictures of change on these four blocks, showing few signs of gentrification. All four blocks, however, have the potential to gentrify given their proximity to Diridon Station and the many changes happening around them and throughout the case study area. On Block 2021, for example, where secondary data showed many recent sales but ground-truthing data showed minimal investment, perhaps gentrification is just beginning: homes are turning over ownership, demographics are beginning to change, etc, and the physical signs will follow soon.

In terms of comparing data sets, unmatched parcels was not a major problem. However, land uses frequently did not match. While the number of units recorded for each parcel was often unmatched, the total number of parcels on the block according to three data sets were roughly comparable.

## Macarthur Station Area Ground-Truthing Results

In Fall 2014, two researchers from the Center for Community Innovation (CCI) surveyed three blocks, Block 3009 in Tract 4011 and Block 2003 in 4010. 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).

**Table B13: Parcel Mismatch Among Datasets**

| Block and Tract | # Parcels in Assessor But Not Ground-truth |
|---|---|
| Block 3009, Tract 4011 | 24 / 54 |
| Block 2003, Tract 4010 | 2 / 45 |

**Table B14: Sales History of Parcels since Construction**

| Block | Median Year of Construction | Median Year of Last Sale | Median Sale Price | Median Sale Price Per Square Foot |
|---|---|---|---|---|
| 3009 | 1919 | 2006 | $226,500 | $202 |
| 2003 | 1920 | 2004 | $283,000 | $209 |

*Source: Dataquick, 2014. These figures refer to all parcels in the area, including non-residential uses.*

**Table B15: Sales History of Parcels Sold Since 2007 and 2010**

| Block | Percent Sold 2007-2014 | Percent Sold 2010-2014 | Median sales price per square foot if sold 2007 or later | Median sales price per square foot if sold 2010 or later |
|---|---|---|---|---|
| 3009 | 38 | 18 | $258,000 | $276,000 |
| 2003 | 31 | 24 | $315,000 | $315,000 |

*Source: Dataquick, 2014. These figures refer to all parcels in the area, including non-residential uses.*

**Table B16: Summary of Parcel Matches and Primary Land Use**

| Block | Primary Land Use, based on Ground-truthing 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 | Census Data: Total Housing Units – 2010 | |
| 3009 | Multi-family and single-family | 48% | 150 | 105 | 115 | 17% |
| 2003 | Single-family | 70% | 73 | 67 | 72 | 59% |

*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.*

## Monument Corridor Ground-Truthing Results

On October 26, 2014, two researchers from the Center for Community Innovation (CCI), along with two staff members of Monument Impact (also Monument residents) surveyed three blocks, 1001, 2007 and 1003. On January 15, 2015, one of the CCI researchers and one of the Monument Impact staff members went back to survey a final block, 3005 in Tract 33602.02.[44] 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). 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.

The largest discrepancy between the two datasets appears in Block 1000. Here, 34 of the 39 parcels from the assessor data that do not appear in the ground-truth data are part of one condominium complex (1790 Ellis Street). The Boundary Solutions data set had a total of 19 parcels at this address – much fewer than the number of parcels at this address in the Assessor Data. While observations were only recorded for the 19 available Boundary Solutions parcel numbers, based on the number of mailboxes, researchers reported 52 units in the complex; this number is closer to the assessor data's record of the number of parcels at 1790 Ellis. A possible explanation for the discrepancy between the Boundary Solutions and Assessor datasets is that a number of units in the complex were converted into condos after Boundary Solutions had last been updated in 2012. The discrepancy may also be some duplicate listings of condos at the 1790 Ellis Street address within the assessor data.

**Table B17: Parcel Mismatch Among Datasets**

| Block and Tract | # Parcels in Assessor But Not Ground-truthed | # Parcels Ground-truthed but not in Assessor data |
|---|---|---|
| Block 1001 Tract 3361.01 | 39 / 87 | 2 / 51 |
| Block 2007 Tract 3362.01 | 9 / 29 | 5 / 27 |
| Block 1003 Tract 3362.02 | 5 / 52 | 2 / 51 |

**Table B18: Sales History of Parcels since Construction**

| Block | Median Year of Construction | Median Year of Last Sale | Median Sale Price | Median Sale Price Per Square Foot |
|---|---|---|---|---|
| 1001 | 1980 | 2003 | $145,000 | $135 |
| 2007 | 1951 | 2002 | $150,000 | $142 |
| 1003 | 1956 | 2003 | $202,000 | $141 |
| Monument | 1964 | 2004 | $159,000 | $128 |
| Concord | 1954 | 2002 | $225,000 | $148 |

*Source: Dataquick, 2014. These figures refer to all parcels in the area, including non-residential uses.*

**Table B19: Sales History of Parcels Sold Since 2007 and 2010**

| Block | Percent Sold 2007-2014 | Percent Sold 2010-2014 | Median sales price per square foot if sold 2007 or later | Median sales price per square foot if sold 2010 or later |
|---|---|---|---|---|
| 1001 | 41% | 30% | $168 | $140 |
| 2007 | 43% | 29% | $162 | $129 |
| 1003 | 43% | 24% | $177 | $152 |
| Monument | 43% | 26% | $140 | $132 |
| Concord | 33% | 21% | $196 | $193 |

*Source: Dataquick, 2014. These figures refer to all parcels in the area, including non-residential uses.*

[44] The ground-truthing data from this block was not used in the evaluation of the assessor data.

**Table B20: Indicators of Neighborhood Change: Census Data/Demographics, 2000 -2010**

| Block (2010 Census) | Population Growth (Percentage Change) | Average Household Size (Percentage Change) | Percent Change in Percent White[45] | Percent Change in Percent Hispanic | Percent Change in Percent Family Households | Percent Change in Percent Rental Units |
|---|---|---|---|---|---|---|
| 1001 | 3.1 | 12.3 | -20.8 | 40.0 | 18.5 | -2.4 |
| 2007 | -6.9 | 6.1 | 8.9 | 27.5 | 13.7 | 0 |
| 1003[46] | N/A | N/A | N/A | N/A | N/A | N/A |
| 1003+1004[47] | 22.4 | -7.8 | 16.7 | 6.4 | 0 | 10.1 |
| Monument | 6.0 | 6.9 | -39.4 | 28.6 | 3.3 | 0 |
| Concord | 69.9 | -11.6 | -17.4 | 40.4 | -1.5 | 4.0 |

**Table B21: Census Data/Demographics, 20103**

| Block (2010 Census) | Population | Average Household Size | Percent White | Percent Hispanic | Family Households | Percent Rental Units |
|---|---|---|---|---|---|---|
| 1001 | 868 | 3.19 | 42% | 71% | 64% | 85% |
| 2007 | 95 | 3.28 | 61% | 51% | 83% | 24% |
| 1003 | 179 | 3.73 | 53% | 49% | 85% | 38% |
| 1003+1004 | 973 | 3.97 | 49% | 83% | 86% | 87% |
| Monument | 24,411 | 3.10 | 20% | 63% | 63% | 76% |
| Concord | 122,067 | 2.73 | 50% | 31% | 68% | 39% |

**Table B22: 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 | Census Data: Total Housing Units – 2010 | |
| 1001 | Half single-family detached, half apartment/condo complexes | 89% [48] | 536 | 318 | 301 | 85% |
| 2007 | All single-family detached | 95% [49] | 29 | 27 | 31 | 100% |
| 1003 | Almost all single-family detached | 96% | 61 | 50 | 52 | 94% |

*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.*

[45] For the blocks, this figure refers to all Whites of one race, including those that are Hispanic. For the Monument and Concord figures, it refers to Non-Hispanic Whites. The "Percent Change" figures all compare percentages over time; for example, in the Monument, the percent Non-Hispanic White in 2000 was 33%, which decreased to 20% in 2010—a 36% change.

[46] In 2010, the US Census Bureau split the boundaries of the 2000 Census Block in this area (Block 6003) into two separate blocks. Because 2000 Census data could not be parsed to isolate the 2010 block boundary, figures for this block are thus skewed, showing the change between the larger geography of Block 6003 for the year 2000 and only part of this geography (Block 1003), in 2010.

[47] To provide a point of comparison, this row uses combined data for the two 2010 blocks (Blocks 1003 and 1004) that comprised the original 2000 block (Block 6003) and compares it to the census data for the full 2000 block.

[48] This discrepancy is primarily due to parcels classified as multi-family that researchers perceived as single-family while ground-truthing.

[49] The discrepancy between the three data sets appears to be due to an error with the assessor data. Dataquick shows multiple listings of 52 units at 1790 Ellis Street as one parcel, as well as individual listings for each of the units at this address, which results in a much higher unit count than the ground-truthing and census data.

*Validity of Assessor Data*

The parcel data from the Contra Costa County Assessor's office appears to have a few minor issues. Our comparison of the assessor data to the ground-truthing data shows that most of these issues relate to attached single-family condominiums. In the case of 1790 Ellis Street, each unit (numbered 1 through 52) is recorded only once within the assessor data, but four of the 52 entries list the number of units as 52 rather than 1. Other discrepancies between the assessor data and ground-truthing data can be attributed to differences between the Boundary Solutions shapefile data and the Dataquick dataset, which do not present any problems for the overall research since it only uses the Dataquick dataset. Some discrepancies, primarily those related to differences in land use type, are due to human error in during the ground-truthing process.

*Indicators of Gentrification or Displacement Pressure*

Notable signs of possible gentrification differ from block to block. On the blocks with primarily single-family homes, these include new paint and other structural upgrades such as new roofing, new windows, and new landscaping that appear to indicate a change in ownership. On the block that had several large multi-family complexes (both apartments and condos), the most visible sign of gentrification was the remodeling of an entire complex, which was confirmed by stakeholder interviews. This interview revealed that residents in this particular building have been displaced due to pressure from the new landlord that has led to attrition.

*Broad Observations of the Monument from Ground-Truthing*

Residential blocks within the Monument vary greatly in land use type, levels of investment, and demographics. According to Census data some areas observed have a very large Latino majority population, while a few are primarily White. From our field observation, we were only able to identify a few signifiers that seem to confirm these demographics, such as the presence of American flags outside homes, Spanish music overheard from homes, and limited interaction with residents. From what we were able to observe, these majority White blocks appear to be more likely blocks of single-family homes rather than apartments or condos.

Conversations with our ground-truthing partners from Monument Impact reveal that the most vulnerable residents are renters, as the City as a whole has faced significant issues with landlords who fail to respond to tenants concerns (which led to the passage of Concord's bed bug ordinance), engage in intimidation of tenants, and who do not have to be held accountable to a just cause eviction policy. Staff from Monument impact also have observed that many tenants are struggling with regularly increasing rents, with many coping by living together in overcrowded quarters.

## Redwood City Ground-Truthing Results

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 B9: Map of Redwood City with Ground-truthed Blocks in green**

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

**Table B23: 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 |

The ground-truthing exercise is meant to provide an additional set of data to verify conclusions reached through analyzing assessor and Census data.

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.

**Table B24: 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 B25: Indicators of Neighborhood Change: Census Data/Demographics, 2000 -2010**

| Area | Population Change (Percentage Change) | Average Household Size (Percentage Change) | Percent Change in Percent White [50] | 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.*

**Table B26: 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.*

[50] 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.

**Block 2000**

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.

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. 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**

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 also 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.

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" or "below average."
Some signs of investment were observed; 37% of parcels had 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 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. The two data sets align to show a stable, minimally-changing block.

**Block 4004**

On this block, 19% of parcels sold between 2010-2013, indicating high turnover. However, the median sale price on the block, $409,500, is lower than in Redwood City and San Mateo County. 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."
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 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."

## Canal Ground-Truthing Results

On November 11, 2014, a researcher with the Center of Community Innovation performed the ground-truthing in Canal with a representative from Marin Grassroots.

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.

This block is slightly older than the rest of Canal and Marin County, with a median year of construction 10

years earlier than those areas. It also has a higher median sale price than Canal or Marin County, but that figure is in part misleading because several multi-family buildings and expensive single-family homes are pulling up the median.

The structures on this block have a range of levels of maintenance, with 14% new, 29% above average, 43% average, and 14% below average. Signs of investment include: 43% of parcels have new or maintained paint. Signs of disinvestment include: 43% of parcels have litter or debris, and 29% have peeling or fading paint. Signs of perceptions of safety include: 36% of parcels have a metal security doors and 43% have security alarm signage. There seem to be many families on the block, with 43% of parcels having children or toys visible.

The data-sets align for this block. Both paint a picture of a block that is not experiencing rapid change. It is mixed in terms of levels of investment and appears stable.

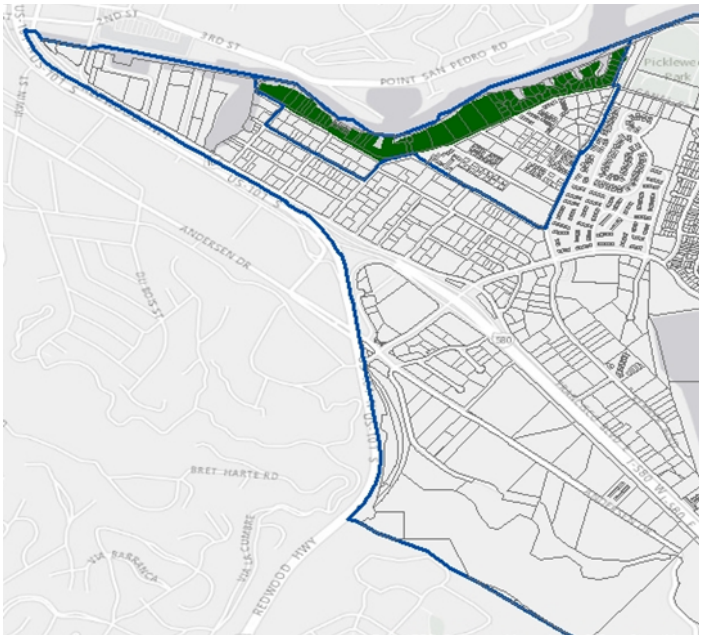


**Figure B10: Map of Canal with Ground-truthed Block 1001 (Census Tract 1122.01) in green**

**Table B27: 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 1001 | 1964 | 2004 | 21% | $630,000 | $253 | $258 |
| Canal | 1973 | 2003 | 19% | $290,000 | $204 | $162 |
| Marin County | 1973 | 2003 | 22% | $552,000 | $307 | $258 |

*Source: Dataquick, 2014*

**Table B28: 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 | Census Data: Total Housing Units – 2010 | |
| Block 1001 | Mixed multi-family and single-family | 91% | 475 | 430 | 548 | 33% |

*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.*

## East Palo Alto Ground-Truthing Results

On November, 14, 2014, two researchers from the Center for Community Innovation surveyed three blocks in the area: 2018, 4002, and 4003. On January 10, 2015, one of the same researchers, along with three community members, surveyed blocks 2002 and 5010.

**Table B29: Total Ground-Truth Parcels**

| Block and Tract | # Parcels in Ground-truth |
|---|---|
| Block 2002, Tract 611900 | 38 |
| Block 2018, Tract 612000 | 23 |
| Block 4002, Tract 612100 | 8 |
| Block 4003, Tract 612100 | 9 |
| Block 5010, Tract 612100 | 21 |

**Table B30: Sales History and Assessed Value of Residential Parcels**

| Block | Median Year of Construction | Median Year of Last Sale | Percent Sold 2010-2014 | Median Sale Price | Median Sale Price Per Square Foot | Assessed Value Per Square Foot (2013) |
|---|---|---|---|---|---|---|
| 2002 | 1954 | 2006 | 28% | 243,000 | $162.00 | $185.00 |
| 2018 | 1950 | 1999 | 33% | 155,000 | $179.00 | $176.00 |
| 4002 | 1949 | 2010 | 88% | 1,130,541 | $318.00 | $276.00 |
| 4003 | 1952 | 2010 | 82% | 777,041 | $375.00 | $241.00 |
| 5010 | 1961 | 2010 | 68% | 1,890,367 | $360.00 | $363.00 |

*Source: Dataquick, 2014. These figures refer to all parcels in the area, including non-residential uses.*

**Table B31: Assessor Data**

| Block | # Matched Parcels (2004-2014) | Average Change in Improvement to Land Ratio (2004-2014) | % Change Owner Occupancy (Rent to Own or Own to Rent, 2004-2014) | % Sold Since 2012 | Average Change in Sq. ft. (2004-2014) |
|---|---|---|---|---|---|
| Block 2002 | 39 | -11.7% | 17.9% | 20.5% | 1.8% |
| Block 2018 | 23 | 4.2% | 21.7% | 17.4% | -2.2% |
| Block 4002 | 8 | -30.3% | 0.0% | 0.0% | 1.7% |
| Block 4003 | 9 | -49.1% | 22.2% | 0.0% | 2.4% |
| Block 5010 | 21 | -36.7% | 9.5% | 0.0% | 2.4% |

*Source: Dataquick, 2014. These figures refer to all parcels in the area, including non-residential uses.*

**Table B32: Census Data 2000 - 2010**

| Block | Population Growth (% change) | Average Household Size (% change) | Percent Change in Percent White | Percent Change in Percent Black | Percent Change in Percent Hispanic | Percent Change in Percent Family Households | Percent Change in Percent Rental Units |
|---|---|---|---|---|---|---|---|
| East Palo Alto | 39.% | -8.5% | 1.8% | -9.0% | 7.6% | -0.3% | 8.6% |
| Block 2002 | 26.1% | 0% | 5% | -12% | 14% | -5% | -20% |

*Source: Census, 2000-2010. Note, the missing blocks did not have consistent borders.*

**Table B33: Census 2010 Demographics**

| Block | Population | Average Household Size | Percent White | Percent Black | Percent Hispanic | Percent Family Households | Percent Rental Units |
|---|---|---|---|---|---|---|---|
| 2002 | 147 | 4.58 | 36% | 18% | 61% | 82% | 26% |
| 2018 | 142 | 4.73 | 19% | 6% | 82% | 90% | 67% |
| 4002 | 277 | 4.29 | 59% | 8% | 88% | 73% | 100% |
| 4003 | 273 | 3.07 | 49% | 5% | 85% | 62% | 100% |
| 5010 | 1434 | 2.92 | 36% | 12% | 68% | 55% | 100% |

*Source: Census, 2010.*

**Table B34: 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 | |
| 2002 | Single-family residential | 100% | 39 | 44 | 100% |
| 2018 | Single-family residential | 87% | 28 | 34 | 96% |
| 4002 & 4003 | Multi-family residential | 88% | 200 | 155 | 94% |
| 5010 | Multi-family residential | 90% | 457 | 517 | 95% |

*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.*

### Block 2002

The parcels on Block 2002 have a relatively recent median year of last sale (2006), with 28% of parcels being sold between 2010 and 2014. Although this is a high level of sales, and indicates neighborhood change, the median price per square foot is below the 2013 assessed value per square foot, indicating that prices are not going up rapidly in this block. Between 2000 and 2010 there have been relatively large demographic changes on the block, with the Black population decreasing by 12%, while the Hispanic population has increased by 14%. Of additional interest is the 20% decrease in rental units on the block, indicating increased homeownership. Thus, the data indicates that neighborhood is changing, but real estate prices may not be escalating quickly.

Black 2002 is located on the east side of East Palo Alto. The block is 100% single-family residential. While no parcels on the block were considered "new," 54% were deemed "above average" and 32% were considered "average." Thus, the residences were overall well-maintained. No properties on the block were abandoned, for sale or for rent on the block. Residence on the block appeared relatively stable as 89% had permanent blinds or curtains. 24% of the parcels has children/toys visible. In total the block has very few signs of disorder. However, there were a number of signs of perceived unsafety: 74% of parcels have safety fencing, 45% of parcels have security alarm signage, and 16% have "Beware of Dog," "Private" or other trespassing signs. Residents appear to be primarily Latino, although there were also signs of Pacific Island and Asian.

### Block 2018

According to the assessor data, there seems to be minimal neighborhood change taking place on this block. The median year of last sale is 1999, although 33% of parcels were sold between 2010 and 2014. The median sale price of parcels is close to the assessed value per square foot, thus housing prices do not appear to be rising quickly. One change on the block is that there has been a change in tenure for 21.7% of parcels on the block.

This block is also located on the east side of highway 101, close to the highway. The primary land use is residential, while there was 1 commercial property. The majority, 54% of parcels were characterized as "average." 25% were considered "below average." The major of parcels were single-family (75%), while 21% were multi-family. 25% of parcels has children toys visible. Stability in the neighborhood was indicated by 0% abandoned properties, 0% for sale and only 4% of properties being "for rent." Signs of investment included: 29% of parcels had vegetable gardens, 25% new or maintained paint and 38% had aesthetic fencing. The only significant sign of disinvestment was that 58% of parcels have peeling or fading paint, while 29% of parcels had some litter or debris. Observed individuals were primarily Black or Hispanic. Safety seemed to be of concern to residents. Signs of perceived safety include: 38% of parcels have security alarm signage, 21% "beware of dog," "Private," or "No Trespassing" signs, 29% have bars on window, 46% have metal security door, and 42% safety fencing.

### Blocks 4002 and 4003

These blocks were chosen due to their presence on the west side of Highway 101, and assessor data indicates relatively high levels of neighborhood change. The median year of last sale for parcels was 2010 for both blocks, with over 88% of parcels being sold between 2010 and 2014. Both blocks also had median sale price per square foot which is substantially higher than the assessed value per square foot. This indicates that property values are rising quickly.

Blocks 4002 and 4003 are located on the west side of Highway 101 in East Palo Alto. The blocks are primarily multi-family housing (78%). The remaining parcels are split between single-family and commercial properties, which include a laundromat and a market. All the multifamily housing appeared to be owned by Woodland. Overall, the block had few signs of disorder. The large multifamily buildings on many of properties made it difficult to estimate the number of units present, and also restricted view of individual properties. There were residents of diverse ages and ethnicities on the blocks. Signs of investment included: 72% permanent blinds or curtains and 28% new or maintained paint. Few signs of disinvestment existed: 11% spray paint or graffiti and 17% peeling/fading paint. However, residents did appear to be concerned about safety: 22% of parcels had metal security door, 50% had safety fencing, and 28% had "beware of dog," "Private," or "No Trespassing" signs. Public investment on the block includes well-repaired streets and municipal lighting.

### Block 5010

This block had a substantially higher median sale price of all blocks that were ground-truthed. The fact that the blocks median sale price closely aligns with its assessed value per square foot indicates that while prices are high, they may not be increasingly rapidly. Of note is that the block has a -36.7% average change in improvement to land ratio.

On this block the majority of parcels were observed to be "average" (76%), while there were also parcels that were "above average" (19%) and some below average (5%). 75% of parcel on the block are multi-family, while 20% were single-family and 5% were commercial. All apartments on the block are owned by Woodland Development. Due to the high number of multi-family units on the block, the parcels are visually highly uniform making it difficult to gain insight into the people living there. Children toys were visible on 20% of the parcels. There were multiple indications of Hispanic populations on the block, including the commercial establishments. There was a diversity in the residents of the multi-family buildings. There were few signs of disinvestment on the block, yet perceived safety was potentially low: 45% of parcels had "beware of dog," "Private," or "No Trespassing" signs, 55% had metal security door, and 45% safety fencing.

## Marin City Ground-Truthing Results

On November 11, a researcher with the Center of Community Innovation performed the ground-truthing analysis in Marin City. The researcher walked the blocks there with Esther Williams, a lifelong resident, and John Young, director of a community organization and former resident, who provided perspective on the buildings and neighborhood.

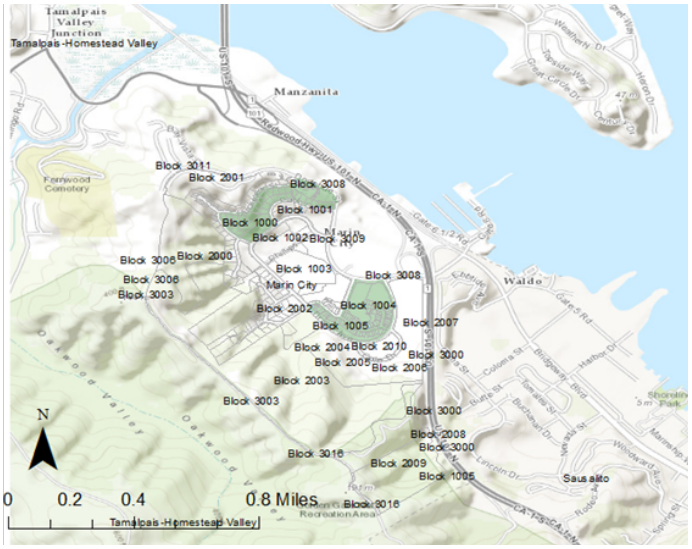


**Figure B11: Map of Marin City with three Ground-Truthing blocks in green**

*Note: All of the blocks fall in Marin County Census Tract 1290.*

**Table B35: 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 |
|---|---|---|
| 1000 | 31 / 54 | 32 / 33 |
| 1004 | 38 / 50 | 38 / 49 |
| 1005 | 33 / 34 | 34 / 34 |

Marin City is small—one could probably walk the length of it in 30 minutes or so. With only one road in to the community from Highway 101, it can seem like a cookie-cutter suburb, and parts of it are, like the multiple townhome developments and a standard shopping center in the middle. However, the area is also host to older, diverse homes in the hills and a significant stock of subsidized housing—604 units. Nearly half of these are in a collection of high-rise buildings called Golden Gate Village, which feature great views out on to Richardson Bay, a small inlet of the San Francisco Bay. Driving with Esther around these buildings, the researcher noticed a lot of trash, severely damaged driveways, and dirty, poorly maintained buildings.

People along the route commented that the area was mixed racially and had been stable over time. Throughout the tour of Marin City, Esther and John happened upon nearly a dozen people they knew. These interactions gave the impression that Marin City is not only small geographically, but socially; there seem to be rich social networks in the area.

**Table B36: Sales History and Assessed Value of Residential Parcels**

| Block | 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) |
|---|---|---|---|---|---|---|
| 1000 | 1965 | 2005.5 | 30% | $396,000 | $286 | $219 |
| 1004 | 1997 | 2001.5 | 20% | $245,750 | $163 | $195 |
| 1005 | 1996 | 2000.5 | 26% | $229,000 | $154 | $197 |
| Marin City | 1979 | 2002.5 | 21% | $287,500 | $207 | $193 |
| Marin County | 1973 | 2003 | 22% | $552,000 | $307 | $258 |

*Source: Dataquick, 2014*

**Table B37: Indicators of Neighborhood Change: Census Data/Demographics, 2000-2010**

| Block | Population Change (Percent Change) | Average Household Size (Percent Change) | Percent Change in Percent White[7] | Percent Change in Percent Hispanic | Percent Change in Percent Black | Percent Change in Percent Family Households | Percent Change in Percent Rental Units |
|---|---|---|---|---|---|---|---|
| 1000 | -24% | 1% | 55% | 1085% | -33% | -11% | -5% |
| 1004 | 62.6% | 33% | 407% | 1715% | -71% | 21% | -15% |
| 1005 | -85.7% | -15% | 16% | -55% | -11% | 3% | -74% |
| Marin City | -6% | Not Available | -25% | 88% | 0% | 11% | 17% |
| Marin County | 2% | 1% | -7% | 40% | -7% | 1% | 3% |

*Source: US Decennial Census 2000, 2010. Note: Marin City is defined as Marin County Census Tract 1290.*

**Table B38: Summary of Parcel Matches and Primary Land Use**

| Block | Primary Land Use, based on Ground-truthing 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 | Census Data: Total Housing Units – 2010 | |
| 1000 | Single-family residential | 74% | 81 | 71 | 87 | 65% |
| 1004 | Single-family residential | 97% | 105 | 104 | 133 | 95% |
| 1005 | Single-family residential | 88% | 32 | 34 | 33 | 100% |

*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.*

**Block 1000: Single Family Homes in the Hills**

The homes on this block are older than those in Marin City and Marin County, but have the most recent median year of last sale of the three blocks surveyed and the surrounding area; 30% were sold between 2010-2013. These homes also post a higher median sale price per square foot, at $286, compared with $207 in Marin City, though it is still lower than Marin County's $307 figure. Together, these data points indicate recent turnover and investment. This block, up a large hill, is host to older, bigger, more varied single-family homes than those in the "flats" area of Marin City (such as Blocks 1004 and 1005 below) as well as a 21-unit townhouse development and a large cooperative. Here, there were fewer people walking around.
Looking at Census data for the block, it actually lost population between 2000 and 2010, perhaps related to a decrease in the percent of family households. The block also experienced an increase in the percent white and a decrease in the percent black. These changes, except for the population decrease, are consistent with gentrification.

Most parcels (64%) on this block had a level of maintenance of above average, or were new, while the rest were below average or poor. There were not more than a few signs of investment, disinvestment, nor perceptions of safety on this block. The only signs were: 21% of parcels have security alarm signage (some concern about safety) and 24% have fencing for aesthetic purposes (some investment). Public investment on the block included municipal lighting and bus stops. The two data sets paint similar pictures of a block with recent investment and turnover.

**Block 1004**

This block was almost wholly created in the mid-1990s when the townhouse development was built; this is clear from the median year of construction being 1997. Since construction, the homes have showed only some turnover, with a median year of last sale of 2001.5 and 20% sold between 2010 and 2013. The homes here sell for less than those in the hills on Block 1000, with a median sale price per square foot of $163. Between 2000 and 2010, the block experienced population growth—likely related to an increase in the average household size, which may be related to a dramatic increase in the percent Hispanic, who tend to have larger households—and percent white increased while percent black decreased. So even though there has been only partial change in the last few years, in the ten years prior to that, there was a lot of demographic change.

The homes on this block were in good shape, well maintained and with attractive landscaping. Most homes had signage indicating security systems—Esther reported there have been some robberies—though the area felt very safe. The streets are pleasant, with minimal vehicle traffic and a little activity even on a Tuesday morning; there was always someone walking by. Residents on the street were diverse racially and in terms of age. Passing residents commented that the blocks have been pretty stable in terms of ownership changes; one resident had lived in her home since it was built and said her neighbors had only changed over once in that nearly-20 year period.

In the center of Block 1004 there is a park with a basketball court and open space. It did not seem well-maintained. On the rest of the block there is a church and a large apartment/townhouse complex.

A challenge of the groundtruthing methodology on this block was that most of the homes were nearly identical—in design, but also in terms of upkeep, security signage, etc. These features of the homes are likely not a result of individual residents' investment or disinvestment but of the relative newness of the development overall and the homogeneity of the block. In its sameness, the usual signs of gentrification are difficult to spot. In terms of perception of safety, 41% of parcels had security alarm signage; however, this may be less of an indication of a concern around safety and more related to the townhomes coming standard with security features.

The data sets paint similar pictures: a block that has experienced only some recent change and is mostly stable. However, the Census data is intriguing and unexplained by the ground-truthing.

**Block 1005**

The assessor data tells a nearly identical story for this block as it did for Block 1004: median year of construction in the mid-90s, median year of last sale a few years later, and 26% sold between 2010-2013, at similar prices as Block 1004.

Census data, on the other hand, is very different than on Block 1004. Population decreased here between 2000-2010, and the percent white increased only slightly, while percent Hispanic decreased instead of increasing. Perhaps these points are different than on Block 1004 because this block does not have a large rental building like Block 1004 does.

Most parcels on this block had an average level of maintenance (66%) with the rest split evenly between above average and below average levels. There are no signs of investment. In terms of disinvestment, 26% of parcels had peeling or fading paint. 50% had security alarm signage, which is likely related to this being standard, as on Block 1004. The only public investment was municipal lighting. As with Block 1004, the assessor and ground-truthing data are aligned, but the demographic change does not tell a clear story.

The secondary data sets and ground-truthing data tell the same basic stories for each block. On one block, 1004, all three data sets are needed to fully understand the changes: assessor data and ground-truthing data together show the stability in owner-occupied housing, while the Census data draws attention to the large demographic shifts; given the assessor data, these are likely explained by changes in the residents of the rental units on the block. Absent any of these three sources, the picture would be incomplete.

In terms of comparing data sets, unmatched parcels was not a major concern. Parcels generally matched in terms of land uses and number of units, and the total number of units was fairly consistent across three data sources.

Finally, the quality and age of buildings was comparably assessed by both methods, while perception of safety and public investment cannot be ascertained from the secondary data sources but only from ground-truthing. The limited number of signs of ethnicity across all blocks made it difficult to ground-truth demographic data.

# Appendix C. Additional Methodology and Information for the Mission Case Study

*Methodology for Analyzing Proportion of Hispanic-Owned Businesses*

We followed a methodology used by researchers at UCLA to analyze changes in Asian-owned businesses in several Los Angeles neighborhoods (Paul M. Ong, Chhandara Pech, Rosalie Ray, 2014). We began with the National Establishment Time-Series database, which includes businesses' opening and closing dates and owners' names. We pulled this data for businesses in the zip code 94110, which contains the 24th Street corridor. We removed any record without a business name and/or officer name and then removed all records except those with an address between 2700 24th Street and 3278 24th Street, which runs from Protero to Mission Streets. We then compared the surnames of each businesses' officer with a list of Hispanic surnames, which we created from a list of all names with 100 or more respondents from the 2000 Census. We created a list of surnames whose percentage of respondents was at least 75% Hispanic. If the name of the business owner was on this Hispanic surname list, we concluded that the business was owned by a Hispanic person.

*Public Investment in the Mission District—Additional Detail*

**Completed Projects**

On Folsom Street between 19th and Cesar Chavez Streets, a $5.44 million streetscape improvement project was finished this year to reduce the number of vehicle lanes, add bike lanes, repave streets, add bus bulb-outs, and add trees (City and County of San Francisco Department of Public Works, n.d.-b).

A larger-scale plan for the entire Mission District was developed in 2008 and 2009, when the planning department led a community process to create a streetscape plan as part of the larger Eastern Neighborhoods planning process. A final plan was generated in 2010 that called for "a system of neighborhood streets with

safe and green sidewalks; well-marked crosswalks; widened sidewalks at corners; creative parking arrangements; bike paths and routes; close integration of transit; and roadways that accommodate automobile traffic but encourage appropriate speeds" (San Francisco Planning Department City Design Group, 2009). Overall, these changes would make the streets more accessible to pedestrians, bikers, and users of transit. The total estimated cost of the improvements is $95.5 million (San Francisco Planning Department, 2010).

The plan touches all the main commercial areas in the District, and includes 28 projects that were cleared through the environmental review process. The following projects have been completed:

-Plaza at the 24th St BART station
-Bryant St between 23rd and Cesar Chavez – road diet with new median
-Folsom St. between 17th and 25th – road diet with bike lanes has been created through re-striping street, though the planned median is not built and not in the budget
-Intersection of Mission, Capp, and Cesar Chavez Streets – new plaza

Another project along the southern edge of the Mission district—Cesar Chavez Street—is a streetscape improvement project (City and County of San Francisco Department of Public Works, n.d.-a). The project, which will cost $11.6 million, includes many improvements, such as "widening the center median and installing bulb-outs at intersections and mid-blocks," new trees, drainage improvements, bike lanes, and public plazas (City and County of San Francisco Department of Public Works, n.d.-a). The median and bike improvements are near completion or complete.

**Planned Projects**

The following projects from the overall Mission District plan are in progress:

-Intersection of Mission and Valencia, the "Green Gateway" – A new plaza should be finished by March 2015 that will include sidewalk widening on west side and will incorporate existing bus stop.
-Intersection of San Jose and Guerrero – The community benefits agreement for a new hospital project in the vicinity includes funding to improve the safety of this intersection.
-Bryant St between 21st and 22nd – The block will be redone starting in November 2014 as a shared street incorporating the public open market previously there.
-Intersection of Dolores St and 18th St – The intersection will be rebuilt, possibly as early as October 2015.

Additional projects remain in the plan, including revamped alleyways parallel to Mission Street for much of its length in the District and median improvements for the major streets in the District.