The Urban Displacement Project: Lessons for Housing Production and Preservation

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Regional sustainability planning, urban displacement?

2040 Plan Bay Area:
• 2 million new residents, 1 million new jobs
• 80% of new growth in 5% of land area
Developing a New Methodology for Analyzing Potential Displacement
Funded by California Air Resources Board and MTC, March 2014-February 2017
Online Interactive Map

http://www.urbandisplacement.org
Definitions: Gentrification and Displacement

Gentrification:
Transformation of urban working-class neighborhoods by influx of capital and/or higher-income residents.

Displacement:
When households are forced to move or are prevented from moving into a neighborhood due to conditions which are beyond their ability to control or prevent (e.g., rent increases).

--- Occurs in all types of neighborhoods
--- May be physical, economic, or exclusionary
Change in Low Income Households

2000: 970,272 low income households

2013: 1,064,681 low income households

➢ Net gain of 94,408 low income households

➢ On average tracts gained 60 low income households.
Loss of Naturally Affordable Housing

2000: 223,046 low income households lived in naturally affordable housing

2013: 117,149 low income households lived in naturally affordable housing

- **Loss** of 47% of naturally affordable units while
- Number of low income households **grew** by 10%
Regional Displacement

• > 53% of low-income households live in neighborhoods at risk of gentrification and displacement.

• ~ 50% of displacement is happening in moderate/high income neighborhoods
<table>
<thead>
<tr>
<th><strong>Census Tract Typology Classification</strong></th>
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<tbody>
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Stages of displacement

- Lower Income Tracts (>39% of HH are considered Low Income)
- Moderate to High Income Tracts (<39% of HH are considered Low Income)

- Not losing low income households or very early stages
  - Does not fall within any of the below categories

- At risk of gentrification or displacement
  - Strong market
  - In TOD
  - Historic housing stock
  - Losing market rate affordable units
  - Employment center

- At risk of displacement
  - Strong market
  - In TOD
  - Historic housing stock
  - Losing market rate affordable units
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- Undergoing displacement
  - Already losing low income households, naturally affordable units, and in-migration of low income residents has declined
  - Stable or growing in size

- Advanced Gentrification
  - Gentrified between 1990 and 2000 or between 2000 and 2013 based on:
    - Neighborhood vulnerability
    - Demographic change
    - Real estate investment

- Advanced Exclusion
  - Very low proportion of low income households
  - Very low in-migration of low income households

Choose another data series...

- Basemap only
- Population (2013)
- Housing units in pre-1950 buildings (% 2013)
- Change in LI households w/ low rent burden (# 2000-2013)
- Employment density: jobs per square mile (2011)
- Change in median home sale price (% 2000-2013)
- Change in rent (% 2000-2013)
- New market-rate units (# 2000-2013)
- Change in low-income households (# 2000-2013)
- Change in % low-income in-migration (2009-2013)
- Population growth (% 2000-2013)
- Low-income households (% 1990)
- Low-income households (% 2000)
- Low-income households (% 2013)
- Adults (25+) with college degree (% 1990)
Anti-Displacement Policies

**LAW/DEVELOPMENT**

- Short-term
  - Building by building, tenant by tenant

**Seek displacement remedies**
- Just Cause, tenant protections
- Discrimination enforcement
- Code enforcement
- Tenant counseling
- Tenant rental assistance
- Tenant right to purchase laws
- Community organizing

**POLICY**

**Preserve and fund new affordable housing**
- Project-based Section 8 preservation
- Rent control/stabilization
- Rental building acquisition
- Condo conversion restrictions
- Foreclosure prevention
- SRO regulations
- One-for-one replacement
- Mobile home park preservation
- Permit streamlining/fee reduction
- Tax exemptions
- Affordable housing tax
- Bonds for housing construction
- Demolition control
- Housing rehab programs
- Homeownership programs
- Fair housing
- Asset building/minimum wage

**Stabilize neighborhoods and promote diversity**
- Density bonuses/inclusionary
- Value recapture
- Impact and linkage fees
- Community benefit districts, housing overlay zones
- Zoning/density restrictions
- Station area plans
- Reduced parking requirements
- Reduced barriers to second units
- Public land disposition
- Housing trust funds
- Land acquisition funds/land trusts
- Housing elements
- Transportation investment

**PLANNING**

- Long-term
  - City/regional
Regional policy inventory
Figure 4
Housing Construction on California Coast Was Flat During National Housing Boom

Average Number of Building Permits in Major Metros

- California Inland
- Rest of U.S.
- California Coast

Yet, supply is not an issue in the aggregate…”

Source: Harvard Joint Center for Housing Studies, *State of the Nation’s Housing 2016*
We gain and lose jobs rapidly but build housing slowly...
LAO Report #2

Summary
California has a serious housing shortage. California’s housing costs, consequently, have been high for decades. These high housing costs make it difficult for many Californians to find housing that meets their needs, forcing them to make serious trade-offs in order to live in California.

In our March 2015 report, California’s High Housing Costs: Causes and Consequences, we outlined evidence for California’s housing shortage and discussed its major ramifications. We also suggested that key elements in California’s housing challenges are a substantial increase in private home building in coastal urban communities. An expansion of California’s housing supply would offer widespread relief, as well as those who wish to live in California but cannot afford to do so.

Some fear, however, that these benefits would not extend to low-income Californians. Recent construction in targeted at higher-income households, it is often assumed that new construction increases the supply of lower-end housing. In addition, some worry that construction of market-rate housing in low-income neighborhoods leads to displacement of low-income households. In response, some questioned whether efforts to increase private housing development are prudent. These observers argued that policy makers instead focus on expanding government programs that aim to help low-income Californians afford housing.

In this follow up to California’s High Housing Costs, we offer additional evidence that increasing private housing development in the state’s coastal urban communities could help make housing affordable for lower-income Californians. Existing affordable housing programs assist only a small number of lower-income Californians. Most low-income Californians receive little or no assistance. Expanding housing programs to help these households likely would be extremely challenging and prohibitive. It may be best to focus these programs on Californians with more specialized housing needs—individuals and families or persons with significant physical and mental health challenges.

Encouraging additional private housing construction can help the many low-income Californians who do not receive assistance. Considerable evidence suggests that construction of market-rate housing reduces housing costs for low-income households and, consequently, helps to mitigate displacement in it. Bringing about more private home building, however, would be no easy task, requiring state and local actors to confront very challenging issues and take many years to come to fruition. Despite these efforts could provide significant widespread benefits. Lower housing costs for millions of C

Figure 2
Places With More Building Saw Slower Growth in Rents for Poor Households

Rents Paid by Low-Income Households in Urban Counties (In 2013 Dollars)

- California Coast
- U.S. Counties With Most Home Building

- 1980
- 2013
Summary

California has a serious housing shortage. Californians’ housing costs, consequently, have been on the rise for decades. These high housing costs make it difficult for many Californians to find housing that meets their needs, forcing them to make serious trade-offs in order to live in California.

In our March 2015 report, California’s High Housing Costs: Causes and Consequences, we offered evidence for California’s housing shortage and discussed its major ramifications. We also suggested that one key remedy to California’s housing challenges is a substantial increase in private home building, especially in coastal urban communities. An expansion of California’s housing supply would offer widespread benefits to Californians, as well as those who wish to live in California but cannot afford to do so.

Some fear, however, that these benefits would not extend to low-income Californians. Pecorino is critical to the new-construction-higher-income-households, and one concern is that new construction only increases the supply of lower-end housing. In addition, some worry that construction of market-rate housing in low-income neighborhoods leads to displacement of low-income households. In response, we questioned whether efforts to increase private housing development are prudent. These observers believe that policymakers should focus on expanding government programs that aim to help low-income Californians afford housing.

In this follow-up to California’s High Housing Costs, we offer additional evidence that builds to support this argument. We find that private housing development in the state’s coastal urban communities would help make housing more affordable for low-income Californians. Existing affordable housing programs assist only a small portion of low-income Californians. Most people are ineligible for these programs. Inclusionary housing programs help those households but they would also be extremely challenging and prohibitive.

It may be best to focus these programs on Californians with more specialized housing needs—individuals and families who are persons with disabilities and people with mental health challenges.

Encouraging additional private housing construction can help the many low-income Californians who do not receive assistance. Considerable evidence suggests that construction of market-rate housing for low-income households and, consequently, helps to mitigate displacement in it. Bringing about more private home building, however, would be no easy task, requiring state and local authorities to confront many challenging issues and take many years to come to fruition. Despite these efforts could provide significant widespread benefits; lower housing costs for millions of C-
Filtering is not enough

- 1.5% of market-rate units filter per year, but rents decline only 0.3% (Rosenthal 2014)
- If units built for median income households:
  - 15 years to filter down to households @80% of median
  - 50 years to filter down to households @50% of median
- In the short term, market-rate development brings higher rents
Subsidized housing is twice as effective as market-rate at stemming displacement.
Housing production may not reduce displacement pressure in a neighborhood.
Democratizing data

Projected change in low-income households by 2020 = 120
Projected loss of affordable housing units by 2020 = 180
Projected reduction in vehicle miles traveled per year by 2020 = 500,000

Displacement Typologies
1. Low-income (LI) tracts
2. Not losing LI households, or very early stages of gentrification or displacement
3. Undergoing displacement
4. Advanced exclusion

Berkeley: URBAN DISPLACEMENT