The increased movement of low- and middle-income households out of their neighborhoods in recent years has heightened public interest in displacement as both a policy and personal issue. As households relocate to more affordable areas within or outside the region, they may lose not only their homes but also their social networks and support systems. Those who are able to remain are affected as well by the migration of family, friends and familiar merchants and service providers. The scale of displacement across a wide range of cities has triggered major concerns among our elected officials. They have requested we address displacement in Plan Bay Area directly.

This paper provides a brief summary of the displacement context and trends and local and regional strategies.

**1. CONTEXT**

Over time, every major metropolitan area experiences changes across its neighborhoods. In some cases change is driven by and benefits existing residents. People may move for better schools or larger homes, to be closer to family and friends, or for better access to services and amenities. Mobility provides people choices in selecting and contributing to healthy, supportive communities. New higher income residents and businesses can increase home values and support new businesses, but can also contribute to displacement when housing prices rise beyond the means of longtime residents. This creates social and economic instability for low and moderate income households, increases social tensions across communities, and exacerbates regional congestion as people move further from their jobs in search of affordable places. This is the challenge the Bay Area faces today.

The current discussion about displacement is unfolding at a time when the region is experiencing robust economic growth. We must acknowledge that the Bay Area enjoys many benefits from a strong economy: employment growth, new sources of innovation, and tax revenues for infrastructure improvements and public services. The challenge is not the strength of our economy but the ways in which we are growing. The current period of growth is marked by the polarization of wages combined with limited housing production and increased demand among high-wage workers for housing in transitioning low-income neighborhoods close to transit with cultural amenities.

To be clear, low-income neighborhoods need and want investments to improve services and living conditions in general. The problem arises when residents of these neighborhoods are unable to enjoy the benefits of new investments because they need to relocate. This then becomes the basis of a working definition
of displacement: Displacement occurs when a household is forced to move from its place of residence due to conditions beyond its control; for instance due to no-fault evictions, rapid rent increases, and relocation due to repairs or demolition, among other causes.

Many of our cities are searching for ways to focus growth and investments in existing neighborhoods while retaining community stability. In order to address this challenge of development without displacement, it is useful to identify some of the factors triggering displacement in the Bay Area.

**Declining wages and rising housing costs:** Between 2010 and 2013 wages (inflation adjusted) declined across all income categories in the Bay Area, with middle and low wage workers experiencing the sharpest declines at close to 5 percent. During a similar period, 2010 to 2014, median rents increased by 38 percent (not inflation adjusted) with increases as high as 50 to 58 percent in some Silicon Valley jurisdictions.

**Global investment in the Bay Area:** The concentration of major knowledge-based and high technology companies combined with the high quality of life in the Bay Area has triggered investments in residential real estate. Housing units have become a valuable commodity as second homes or investment properties. As a global commodity, the prices of new housing and the level of return expected are higher than most cities in the country. This trend is contributing to rising housing costs in the rest of the market.

**Housing production lagging:** Housing production usually lags behind employment recovery, but the gap in this economic cycle is substantial. Housing permit data indicate that we can expect many new units in the coming years, but between 2010 and 2014 the region only produced 38,300 units, a lower rate than in previous decades. During the same period, population increased by 270,000. Some of the new residents moved into vacant units, but the slow pace of housing production means that these units are increasingly occupied by higher-income households while a growing number of lower-income households are living in overcrowded homes or moving to more distant locations. Adding to this trend, most new housing in recent years has been built for our top wage earners in places like Downtown Redwood City, Uptown Oakland, Palo Alto, and San Francisco's Rincon Hill. Between 2007 and 2014, about three quarters of housing projects in the region has been for households with above moderate income.

**Challenging development environment:** The trend toward infill development is taking place at a time of declining public resources, social frictions and, in many places, complex regulatory processes. In contrast to the major investments in freeways and other infrastructure that supported suburban development in previous decades, today’s more focused growth receives limited support, due in large part to the dissolution of redevelopment agencies, exhaustion of several one-time State bond financed programs, and the precipitous decline of federal housing...
Comparisons between American Community Survey and decennial census years are not exact because different survey methodologies were used in the two types of surveys. Small differences may not accurately reflect at which point median incomes were higher.
finance programs. Adding to these factors, rapidly escalating land prices reduce the ability of many for- and non-profit developers to make projects work financially.

2. WHO IS BEING DISPLACED?
In contrast to previous periods, the current phase of displacement is taking place throughout the region rather than in a handful of core urban neighborhoods. Tensions are certainly greater in places like the Mission District in San Francisco, but this has become a broader regional trend in areas served by rapid transit, historic downtowns, and places with access to restaurants, stores and services. Neighborhoods such as Concord's Monument Corridor, East Palo Alto, Temescal in Oakland, Downtown Santa Rosa, and Greater Downtown San Jose are attempting to balance new investments, new residents and retention of the existing community.

The displacement of individual low- and middle income households is not recorded by any public or private agency, with the exception of recorded evictions in a handful of cities and a mounting number of accounts captured by journalists and researchers. Understanding how many people are displaced in the region requires new ways of gathering information. However the lack of comprehensive data should not prevent us from documenting the trends based on secondary data sources and case studies such as the Regional Early Warning System for Displacement discussed below. A few trends specific to the current period of displacement can be identified:

• Low-income families are often displaced by rising rents in places with strong transit access to the region’s employment centers such as BART and Caltrain station areas.

• Many African-American households are moving from San Francisco and Oakland to Eastern Contra Costa County and the Central Valley. The African-American population continues to decline in the Bay Area.

• Seniors are increasingly moving from neighborhoods in San Mateo, San Francisco, Alameda and Santa Clara to Eastern Contra Costa, Solano and out of the region.

• Despite strong local policies, the pressures of high housing cost in neighborhoods such as the Mission District in San Francisco are resulting in displacement of low-wage Latino families. While the Latino population is increasing in all other cities, it is declining in San Francisco.

• In many cases the process of displacement is not a clash between very high-income and very low-income households, but a longer process that involves high-income households displacing middle income households, who then move to low-income neighborhoods, pushing low-income households into very-low income neighborhoods and displacing residents of that community.
Geographies of Displacement

Neighborhoods throughout the Bay Area are showing signs of ongoing displacement or displacement pressures for both low- and middle-income households. The Regional Early Warning System for Displacement study by the Center for Community Innovation at UC Berkeley provides some specific insights into the scope and geographic focus of displacement. (http://iurd.berkeley.edu/uploads/CCI_Final_Report_07_23_15.pdf)

According to this study, areas that are experiencing loss of low-income residents and affordable units are home to about 750,000 people. Many other areas have already experienced major demographic and real estate market changes in the last 10 to 20 years, shifting from low- to middle- and upper-income households. Those areas represent another 10 percent of all census tracts in the region and a population of 660,000. In general, areas of displacement and displacement risk are concentrated around high capacity transit corridors such as Caltrain on the Peninsula, BART in the East Bay between Hayward and Richmond, and in the region’s three largest cities. But displacement is spread across the region, extending to communities in Solano, Sonoma, Napa, and Central and Eastern Contra Costa County. The maps on the following pages illustrate these trends.

Housing Production Lagging

Percent of RHNA Permitted by Income in Nine-County Bay Area

Source: ABAG survey of local jurisdictions
Bay Area Moderate-High Income Neighborhoods with Low-Income Residents Experiencing or At-Risk of Displacement

Legend

Bay Area Moderate-High Income Census Tracts: Displacement Pressure for Low Income Residents

- Purple: Undergoing Displacement
- Green: At Risk of Displacement

Data Source:
UC-Berkeley Center for Community Innovation
Definitions and methodology:
3. POLICIES AND STRATEGIES TO ADDRESS DISPLACEMENT CHALLENGES
Many jurisdictions have developed policies to support community stability and to address displacement. These strategies vary substantially according to the investment pressures, community needs, demographics, future aspirations and community engagement in each jurisdiction. Strategies to address displacement in the Mission District in San Francisco are very different from those in Downtown Concord or Downtown Mountain View. Any regional effort to support collaboration requires consideration of the diverse needs and pressures faced by each jurisdiction.

Housing strategies
Bay Area jurisdictions have adopted a wide variety of strategies to address displacement. Jurisdictions have implemented policies to expand the production of deed-restricted affordable housing, retain units that are affordable to low and moderate income residents, and avoid unjust eviction. Policies are in place in most cities to expand the production of affordable housing through density bonuses—which allow developers to build more market rate units in exchange for a certain number of affordable units, and inclusionary zoning—which requires developers to include a certain percentage of affordable units in new developments. Strategies to preserve existing affordable housing are less common, but the predominant policies are condominium conversion ordinances—which impose restrictions on the process for converting an apartment building into a condominium—homeowner rehabilitation programs to help existing homeowners stay in place, and programs to acquire, rehabilitate, and deed-restrict existing affordable housing to ensure permanent affordability. Only a few cities have adopted just cause eviction policies or rent stabilization programs, which regulate how much rent may be increased on an annual basis. New strategies are also emerging to support secondary units—which allow for a low-cost, low-impact expansion of the housing stock—as well as to address issues such as the loss of housing to temporary lodging such as airbnb rentals.

Community services and good jobs
Strategies to expand community services and increase middle-wage jobs with benefits can work in concert with affordable housing policies to address displacement. Access to health care, good schools, parks, cultural events, groceries and daily necessities are essential to the health and stability of a community. Quality public schools help families without resources for private options to succeed in place. Community events that recognize the histories and art expressions of the community help strengthen social networks and diffuse tensions in our diverse communities. Access to local shops and restaurants with necessary, desirable and affordable goods allows residents to meet their daily needs locally, strengthening community stability.

Our current loss of middle-wage jobs triggers community instability in many of our neighborhoods. Middle-wage jobs that pay enough for residents to afford ris-
ing rents and neighborhood services are critical to allowing households can stay in their own communities. The Bay Area Prosperity Plan is one way that the region has discussed promoting community stability through retaining and expanding middle wage jobs through education programs and retaining industries that provide middle-wage jobs.

**Supporting Priority Development Areas (PDAs)**

Plan Bay Area has the potential to accomplish substantial environmental and social sustainability goals if PDAs are able to carry development without displacement. PDAs represent a framework to accommodate population and job growth in areas close to transit and supported by existing infrastructure. Coupled with growing demand for housing in transit and amenity-rich communities, private and public investments in PDAs are making these places more attractive. Our task as a region is to ensure that PDAs can grow in the way that is envisioned by each jurisdiction while allowing longtime residents to remain in place if they choose. Some of the region’s jurisdictions and com-

### Bay Area Housing and Local Economic Development Policies

<table>
<thead>
<tr>
<th>Policy</th>
<th>Number of Bay Area Cities/Counties with policy</th>
<th>Percent of Bay Area Cities/Counties (Total = 109)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Preservation Strategies</strong></td>
<td></td>
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</tr>
<tr>
<td>Just Cause Eviction Ordinance</td>
<td>7</td>
<td>6%</td>
</tr>
<tr>
<td>Rent Stabilization or Rent Control</td>
<td>9</td>
<td>8%</td>
</tr>
<tr>
<td>Rent Review/Mediation Boards</td>
<td>14</td>
<td>13%</td>
</tr>
<tr>
<td>Preservation of Mobile Homes (Rent Stabilization Ordinance)</td>
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<td>31%</td>
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<tr>
<td>SRO Preservation Ordinance</td>
<td>28</td>
<td>26%</td>
</tr>
<tr>
<td>Condominium Conversion regulations</td>
<td>73</td>
<td>67%</td>
</tr>
<tr>
<td>Foreclosure Assistance</td>
<td>45</td>
<td>41%</td>
</tr>
<tr>
<td><strong>Affordable Housing Production Strategies</strong></td>
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<td></td>
</tr>
<tr>
<td>Housing Development Impact Fee (or Jobs-Housing Linkage Fee)</td>
<td>24</td>
<td>22%</td>
</tr>
<tr>
<td>Commercial Linkage Fee/Program</td>
<td>27</td>
<td>25%</td>
</tr>
<tr>
<td>Affordable Housing Trust Fund</td>
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<td>14%</td>
</tr>
<tr>
<td>Inclusionary Zoning/Housing</td>
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<td>72%</td>
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<tr>
<td>Local Density Bonus Ordinance (above state requirements)</td>
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<td>17%</td>
</tr>
<tr>
<td>Community Land Trusts</td>
<td>26</td>
<td>24%</td>
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<tr>
<td><strong>Asset Building and Local Economic Development Strategies</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First Source Hiring Ordinances</td>
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<td>16%</td>
</tr>
</tbody>
</table>

Source: UC-Berkeley and UCLA Internal Analysis; Association of Bay Area Governments 2015; Center for Community Change 2015; Center for Community Change 2013
Community organizations are leading major efforts to support equitable growth. State and regional support for those efforts are essential to address displacement.

**Moving Forward: Regional Agency Actions**

The displacement pressure facing many Bay Area communities and the interest of elected officials in this issue provides an impetus for a more extensive regional discussion and action. The Plan Bay Area 2040 adoption process is one forum for expanding this discussion and identifying multi-jurisdictional strategies. The process invites public participation related to this issue, features involvement of a Regional Equity Working Group and analysis of displacement risk via Performance Targets.

The regional agencies can also participate in cross-sector collaborations to expand:

- **Research and analysis:**
  - Build upon the Regional Early Warning System by developing more robust data and reporting that pinpoints areas with displacement pressure

- **Funding:**
  - Support efforts to develop new local, county, and sub-regional sources of dedicated funding to develop and preserve affordable housing
  - Leverage regional resources to support programs such as the Transit-Oriented Affordable Housing (TOAH) fund, and to incentivize local policies that address displacement and facilitate production of housing at all income levels
  - Aggressively pursue new State and federal funding sources

- **Planning Support:**
  - Develop regulatory approaches to spur production of market and affordable housing designated in adopted local plans
  - Identify opportunities to leverage underutilized publicly owned land and other public resources to support affordable housing production
  - Encourage knowledge transfer among, and provide technical assistance to, local jurisdictions about effective strategies and tools such as the Regional Warning System for Displacement
Private Investment:
  • Work with financing and development community to identify ways to create a more supportive environment for financing infill development serving multiple income levels