



San Francisco Housing DataBook

Commissioned by:
San Francisco Board of Supervisors

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Consultant:
Bay Area Economics



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Contents

Introduction.....1

Livability.....6

Residents....13

Housing Supply....35

Cost & Affordability....66

Neighborhoods....75

Resources....81

Appendices....94





Introduction & Summary of Findings

Introduction

The San Francisco Affordable Housing Study

The San Francisco Affordable Housing Study is a comprehensive analysis of current housing issues based on both published and primary data. The Study is composed of three parts as follows:

- San Francisco DataBook
- Citywide Tenant and Landlord Survey
- Special Topic Studies Per Direction of Study Moderator

The San Francisco Affordable Housing Study was commissioned by resolution of the Board of Supervisors of the City and County of San Francisco in 2000. It is structured to be “neutral and fact-based” as per Ordinance No. 55-00. The designated Study Moderator is Mr. Joe Grubb, Executive Director of the San Francisco Rent Arbitration and Stabilization Board. It is important to note that the Study focuses on a myriad of housing issues present in San Francisco, and is not intended to be a study of rent control or the specific regulations and policies of the Rent Arbitration and Stabilization Board.

Framework for the Study

The Study approach is based on a compilation of issues, questions, and research topics specified during a series of meetings of housing stakeholders convened in 2000. The notes from these meetings, along with subsequent written requests for study topics, were compiled by the Study Moderator into the “Study Protocol.” After selection of the Study Consultant, Bay Area Economics (BAE), the Study Protocol was converted into a database of issues and sorted according to those that could be addressed through published data collection and analysis, those that require primary research in the form of a citywide tenant and landlord survey, and those that require special in-depth topical analysis.

The DataBook

This DataBook represents the first step in the Study process, and responds to requested Study Protocol items that can be analyzed through available data. The DataBook has also been structured to be a compendium of useful information about San Francisco residents, housing supply, and related topics that will serve as a resource to a wide variety of interested parties including housing developers, neighborhood organizations, social service providers, planners, and policy makers. The DataBook brings together, in a single publication, a snapshot of historical trends and current conditions, incorporating recently released 2000 Census data as available. It has been organized with the express purpose of establishing a dynamic resource that can be updated as new data are released from sources such as the decennial Census, the American Housing Survey (AHS), the American Community Survey (ACS), the San Francisco Planning Department’s Annual Housing Inventory, and other sources.

The DataBook is organized as follows:

- Summary – key findings of the DataBook
- Livability – indicators of overall livability of San Francisco
- Residents – demographic and economic data about residents
- Housing Supply – description of unit type, mix, production
- Cost & Affordability – for-sale and rent trends
- Neighborhoods – breakdowns of key indicators by neighborhood
- Resources – San Francisco’s key housing programs and organizational structure of public agencies with housing functions, as compared to other cities

Summary of Findings

Livability

Among major metro regions in the U.S., San Francisco had the second highest cost of ownership housing in 2000, topped only by San Jose. Only 7.3% of San Francisco households earned enough to afford the median sale price of housing sold in early 2001, compared to 56.9% of households nationally. These dramatic house price statistics underscore the price paid by many residents to live in a beautiful and economically vibrant city like San Francisco.

San Francisco is a city of many renters – 65% of San Francisco's occupied units were rented in 2000, compared with only 34% nationally.

With more than 16,600 residents per square mile, San Francisco is one of the densest large cities in the U.S.; in comparison New York City has over 26,400 residents per square mile, while Oakland has about 7,100. Even with San Francisco's extensive mass transit services, 90% of homeowners and 62% of renters own a car, truck or van. Despite San Francisco's relatively high household income levels, 11.7% of San Francisco's children live in poverty, compared to only 8.4% in Oakland.

Residents

San Francisco's population has grown relatively slowly since 1990, with fewer births, more deaths, and more in-migration than statewide. Although San Francisco's population remains ethnically diverse, the City lost 17,600 African-American residents, a decline of 23%, between 1990 and 2000.

Today, San Francisco's population has proportionately far fewer children, more adults 25 to 34, more seniors, and more residents in smaller households than California as a whole.

San Francisco incomes have risen dramatically since 1990, with per capita income now estimated at nearly 40% higher than statewide. In 1998, more than one-third of owner households and almost one-fourth of renter households earned \$100,000 or more. At the same time, almost one-fourth of renter households earned less than \$15,000.

San Francisco renter households move frequently. For example, in 2000, almost 10% of all renter households had moved into their unit that year, compared to only 3% of owners.

The number of jobs in San Francisco increased by 7% from 1990 to 2000, a faster rate than population growth. These trends mean that the ratio of jobs to employed residents has risen from 1.46 to 1.57 jobs per resident. For the Bay Area, even with rapid job growth during the 1990s, the ratio of jobs to employed residents has grown from 1.02 to just 1.06. Slightly more than half of the people working in San Francisco also live in San Francisco, while 47% of workers commute into the City each day from elsewhere. Nearly 80% of San Francisco's employed residents work in San Francisco.

Housing Supply

Based on the City's Housing Inventory, the pace of housing unit production in San Francisco is relatively limited. From 1980 through 2000, the City added 23,444 new units. The average rate of production per decade has also slowed; during the 1980s, the City averaged 1,224

units per year, but during the 1990s, the average production declined to only 964 units per year.

Today, only 18% of San Francisco's housing stock is classified as single family detached. Even though San Francisco is densely populated, 35% of the housing stock is in small multifamily buildings of 9 units or less, and nearly 40% of all renter households live in buildings with 1 to 4 units.

Despite increased housing costs and limited additions to supply, the average number of persons per room showed little change during the 1990s for either owners or renters, indicating little of the "doubling up" thought typical of expensive housing markets with strong demand.

The owners of San Francisco's rental housing overwhelmingly live or operate locally, with over 95% of rental unit owners of record showing a Bay Area address. Also, 35% of owners live in units within their San Francisco rental property.

Several types of changes to San Francisco's housing supply caused substantial controversy during the past decade. For example, a surge in live/work unit production led to a total of 2,324 live/work units completed from 1987 through 2000, making up 10% of all housing units added to supply. In addition, 2,937 rental units were converted to condominiums from 1990 through 2000, and 1,144 Single Room Occupancy (SRO) units have been lost to fire (at least temporarily) since 1988. Although the total number of renter evictions surged during the strong economy of the late 1990s and into 2000/01, the rate of owner move-in evictions has declined in the last few years.

At the same time, affordable housing production has grown. The City reports that from 1990 through 2000, 3,492 affordable housing units were produced, 28% of total unit production for the period. The added affordable housing includes 2,417 rental units funded by the federal Low Income Housing Tax Credit (LIHTC) serving low income renters.

Another major source of affordable housing is the Section 8 program funded by the U.S. Department of Housing and Urban Development (HUD). A total of 20,779 San Francisco renter households, or almost 10% of all renter households, are assisted through this program, which generally limits tenants' rent payments to 30% of household income. This form of assistance can be used in new as well as existing units.

Cost & Affordability

For the first 9 months of 2001, San Francisco's median house sale price was \$520,000, with only 6% of sold units priced below \$300,000. Rents have risen faster than overall inflation; from 1990 to 2000, inflation-adjusted median rents as reported by tenants on the U.S. Census rose \$89, an inflation-adjusted increase of 10%. During recent years, rents increased dramatically - between 1999 and 2000, the average market rent rose more than 30%, but the 2001 average market rent declined 2.7% from the 2000 peak. It is important to note that despite news reports of a drastically slowing rental market, market rents declined far less from 2000 to 2001 than the prior one-year increase.

Notwithstanding perceptions regarding the impact of rapidly rising rents rates, comparison of "rent burdened households" (households paying 30% or more of their income in rent) suggests a more complex trend. Overall in San Francisco, nearly 43% of renter households paid 30% or more of their income in rent in 1990, declining to 35% of all renters in 2000. This decline in the proportion of rent burdened households during the 1990s may be the result of a combination of rising incomes, shifts in the demographic composition of renters, and rent control.

Neighborhoods

The housing picture for San Francisco overall becomes much more variable when individual neighborhoods are analyzed. For example, new housing unit production between 1990 and 2000 was concentrated in neighborhoods such as South of Market, Western Addition, and

Downtown, which together accounted for 57% of all units produced. In contrast, neighborhoods such as Buena Vista, Bernal Heights, Inner Sunset, and Outer Sunset have experienced very limited new unit production during the decade, with less than 200 units built in each of these areas.

Today, the concentration of renter households varies dramatically by neighborhood, ranging from 32.4% in South Central to 48.1% in Inner Sunset to 97.8% in Downtown. Household incomes also vary dramatically, with the highest estimated median household income in the Excelsior, and the lowest in the Tenderloin. Concentrations of lower income households earning less than \$25,000 in 2000 occurred in the highest proportions in the Tenderloin, SoMa, Western Addition, and Chinatown.

Tenants and Units Subject to Rent Control

Although most of this DataBook broadly describes San Francisco's housing demand and supply, a series of in-depth analyses were conducted for rent controlled units based on data from the 1998 American Housing Survey. For this analysis, raw data was sorted into three categories: rent controlled units, market rate units not subject to the rent restriction sections of the Rent Ordinance, and other units, including subsidized units and units with insufficient data to classify as rent controlled or market rate (see Appendix for details).

Key Findings:

- There was no discernable difference between rent controlled and market rate units in terms of quality ratings by tenants.
- Average household size for rent controlled units was smaller, at 1.94, than for market rate, at 2.26.
- Rent control households are less likely to have children present than market rate units.
- Very few rent controlled or market rate tenants received rental income from real estate (including boarders in their unit).

- About 11% of rent control tenants are age 65 or older, compared to 5% of market rate tenants.
- The median household income for rent control tenants is lower than for market rate tenants. However, both groups have similar proportion of households with incomes of \$100,000 or more.
- Even with rent control, many tenants have excessive rent burdens (defined as more than 30% of income paid for rent), including almost 69% of rent control tenants age 65 and older. In contrast, only 23% of rent control tenants aged 25 to 34 have excessive rent burdens.

Resources

Major cities across the U.S. have organized their housing agencies and implemented housing programs in a variety of ways. This DataBook profiles public resources in terms of agency organizational structure and key initiatives for 11 large cities including San Francisco. Further study is needed to determine the impact of different agency structures and key initiatives on house price, affordability, and other measures of the housing market.

The profiled cities have experienced population growth for 1990 to 2000 of 2.6% (Boston, MA) to 41.0% (Austin, TX), and 1992 to 1997 job growth of 4.6% (New York City) to 34.9% (Austin, TX).

One of the most striking differences among the cities analyzed is the pattern of centralization/decentralization of housing agencies. In some cities, almost all housing-related functions report to the Mayor/City Council, including the Housing Authority, while other cities operate under more independent structures. Inclusionary zoning requirements tend to follow the more expensive markets, with the exception of Portland. Several cities such as Austin, San Antonio, and San Diego, have special purpose corporations devoted to affordable housing and/or development in targeted subareas.