



# San Francisco Housing Needs and Trends Report

San Francisco  
**Planning**

## Introduction

San Francisco and the Bay Area are in the midst of a housing affordability crisis unprecedented in their history. Increases in housing prices and displacement pressures have been a long-term trend, accelerating in the late 1990s through the present. Over the last 5 years, the crisis has intensified as the region's high-wage employment base has grown, with a multiplier effect on wages and jobs across the income spectrum, while regional housing production has not kept pace. Much of the policy debate around housing has focused primarily on new construction—should we build more market rate housing? can we expand resources to build more affordable units?—yet the vast majority of San Franciscans live in homes that were built decades ago. The Housing Needs and Trends Report is an effort by the Planning Department to better understand San Francisco's housing stock and how it serves the city's residents as well as broad trends impacting housing demand and supply across the city and region.

Overall, the report shows that San Francisco has undergone some important changes in recent decades. On one hand, the city's housing stock continues to include a diverse mix of building types and forms of tenure, and the majority of its renter-occupants live in residential units that are protected under the City's Rent Control Ordinance or are targeted towards low-income households. As a result, low-income residents who have resided in their rent-controlled units for many years, or who have been able to secure a deed-restricted affordable residential unit face relatively low housing cost burdens. However, the older rental stock has experienced strong market pressures from rising housing costs, as households who have moved into those units more recently have been disproportionately higher income.

In recent years, San Francisco has added new housing units at a pace not seen in the city in decades, and a significant number of these units have been targeted to lower income households. However, recent production has not matched employment growth or growth in higher income households, follows decades of low production, and is in a regional context in which neighboring jurisdictions have substantially slowed housing production relative to past decades and have recently built minimal amounts of housing relative to new jobs.

Changes in occupancy in the older housing stock have been driven by a significant growth—locally and regionally—of high-wage jobs. As a result of these economic trends, San Francisco has seen a large influx of high-income households and a loss of low- and moderate-income ones (along with modest gains in extremely low- and above moderate-income households). The Executive Summary highlights several of these changes, which are explored in more detail in the full report. In addition to the loss of low- and moderate-income households in San Francisco, this report shows that the city has also experienced substantial losses in its African American population, as well as low and moderate income households with children and other key demographics.

The report includes a substantial amount of data and analysis not included in this Executive Summary. It describes the city's physical housing stock, how it has changed over time, its geographic distribution, and trends related to vacancy, affordability, production, and other characteristics. The report also analyzes changes in recent decades to San Francisco's population in terms of income, race/ethnicity, household composition, age, and disability status, and how these changes have interacted with the city's housing stock.

*For more information on this report, contact:*

The research in the Report draws from secondary data sources such as U.S. Census and Zillow; primary data from City departments such as Planning, the Rent Board, the Mayor's Office of Housing and Community Development, and others; and an original survey of more than 4,500 San Franciscans. The Report is intended to serve as a resource for ongoing policy and planning work regarding housing policy for the City and County of San Francisco. The results of this work will provide valuable information as the Department embarks on a Housing Affordability Strategy, starting in summer 2018.

## San Francisco Housing Needs and Trends

**A high percentage of the city's rental stock is subject to rent control and provides relative affordability for low and moderate income households with established tenures. Income-targeted affordable housing provides homes for a smaller segment of low and moderate income households. Households that moved into rent controlled units recently are much more likely to be higher income than in the past, tracking broader changes in the city.**

- A significant majority of San Francisco's households (65%) rent their place of residence; a much higher share than the region overall (45%). The majority of homeowners earn more than 120% of AMI while the majority of renters earn less than 120% of AMI.
- More than 60% of renters live in housing that is subject to the City's rent control ordinance. The rent controlled stock<sup>1</sup> serves a large percentage of low and moderate income households, though that is eroding over time, as households who have moved more recently into rent-controlled units are disproportionately higher income. [See Figures 1 and 2.](#)
- In 2015, almost 100,000 out of San Francisco's estimated 160,000 rent-controlled units (which includes deed-restricted affordable units built before 1980) are rented at rates that would be

affordable to households earning less than 80% AMI. In 1990, more than 140,000 of rent-controlled units were affordable to those households.

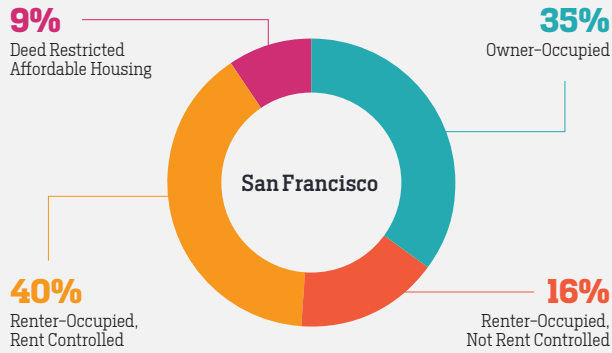
- Units rented in the previous 2 years, show the erosion of affordability of the city's rent controlled stock. Whereas in 1990 a substantial majority of all recently rented rent-controlled units were rented at rates affordable to lower income households, by 2015, only 10,000 such available units were affordable to those households. [See Figures 3 and 4.](#)
- While most San Franciscans live in units rented or purchased through the market, 9% of households live in more than 33,000 affordable housing units where rents and sale prices are set to be affordable at low and moderate income levels.
- Five neighborhoods in the eastern part of the city hold 60% of all of the city's affordable units, including Tenderloin (18%), South of Market (12%), Western Addition (11%), Bayview Hunters Point (11%), and Mission (8%). [See Map 1.](#)

**San Francisco has a relatively even mix of building sizes, however, most buildings with high unit counts (20 or more units) are clustered in the northeastern part of the City while the southern and western neighborhoods are dominated by single-family homes.**

- Compared to the rest of the Bay Area, San Franciscans are much more likely to live in multifamily housing, with a fairly even distribution of households living in single family homes and buildings with 2-4 units, 5-19 units and 20 units or more.
- Similarly, San Francisco has a relatively even distribution of units of various sizes (by number of bedrooms), whereas a majority of units in the Bay Area have 3 or more bedrooms. (Building size and unit size correlate negatively, with smaller buildings such as single family homes holding larger units, and vice versa.) [See Map 2.](#)
- Buildings with more than 5 units contain 52% of the city's units while occupying only 19% of the land. Single-family homes provide 27% of the city's units while occupying 62% of its land area. [See Table 1.](#)

<sup>1</sup> Unless otherwise noted, the rent-controlled stock is estimated as the number of renter-occupied units in multifamily buildings built before 1980 reported by the U.S. Census. This total includes at least 10,000 subsidized affordable units built before 1980, as well as an unknown number of rented condominium units.

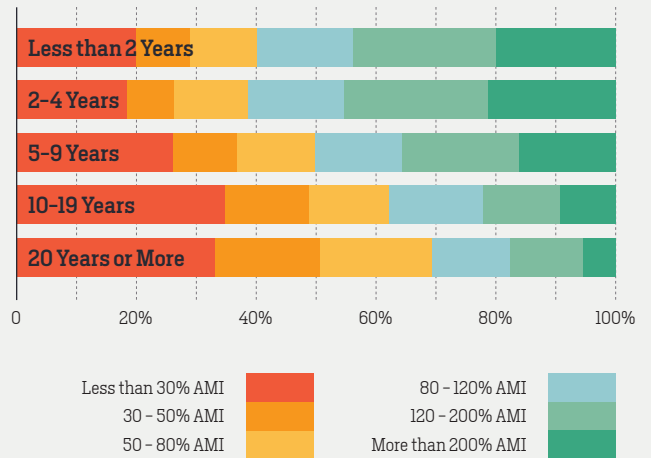
**FIGURE 1.**  
**Tenure of Occupied Housing Units in San Francisco, 2015**



NOTE: Rent controlled units are estimated using the American Community Survey (ACS) estimates for renter-occupied units in multifamily buildings constructed before 1980. Income-targeted affordable units built before 1980 reported by the Mayor's Office of Housing and Community Development (MOHCD) were subtracted from the rent controlled total. Affordable units built after 1980 were subtracted from the ACS estimates for renter occupied units built in 1980 or after and classified as renter-occupied, non-rent controlled.

Source: Planning Department calculations of data from the ACS (IPUMS-USA) and MOHCD

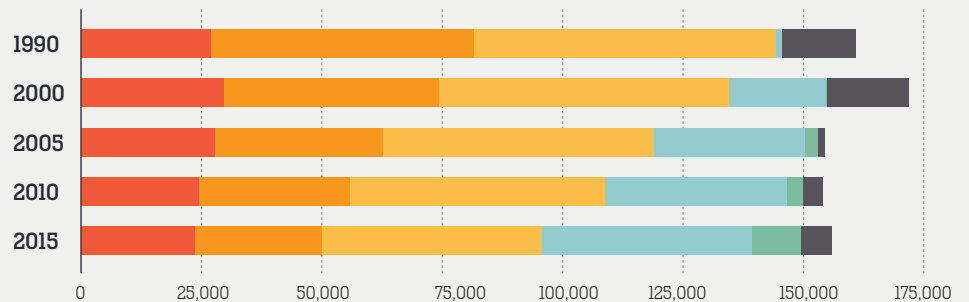
**FIGURE 2.**  
**Length of Tenure for Residential Multifamily Rental Units Built Before 1980 by Income Group in San Francisco, 2011-2015**



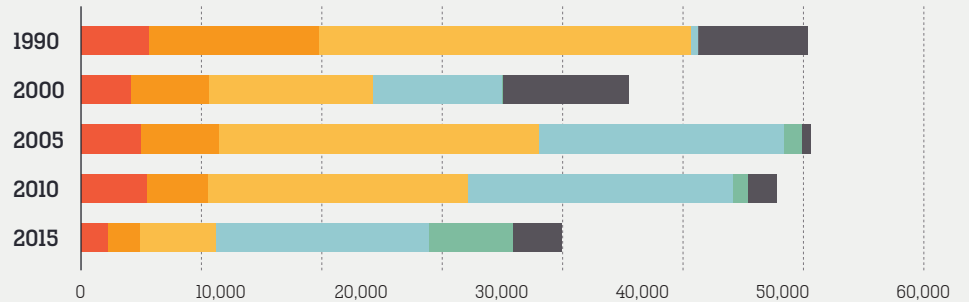
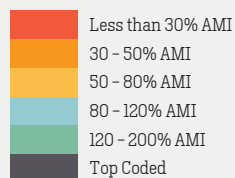
NOTE: Residential Units in Multifamily Buildings Built Before 1980 provide a rough estimate for units subject to Rent Control Ordinance. However, at least 10,000 subsidized affordable units built before 1980 are included in this count, as is an unknown number of rented condominium units.

Source: American Community Survey (IPUMS-USA)

**FIGURE 3.**  
**Number of Residential Multifamily Rental Units Built Before 1980 Affordable by Income Level in San Francisco, 1990 - 2015**



**FIGURE 4.**  
**Number of Residential Multifamily Rental Units Built Before 1980 Rented in Previous 2 Years Affordable by Income Level in San Francisco, 1990-2015**



NOTE: Residential Units in Multifamily Buildings Built Before 1980 provide a rough estimate for units subject to Rent Control Ordinance. However, at least 10,000 subsidized affordable units built before 1980 are included in this count, as is an unknown number of rented condominium units.

Source: Decennial Census (2000 and 2010) and American Community Survey (2015) (IPUMS-USA)

TABLE 1.  
Number of Residential Units and Land Area per Unit by Building Size

Building Size	Units	% of Total	Total Land Area (acres)	% of Total
20+ Units	115,888	32%	973	10%
5-19 Units	72,663	20%	871	9%
2-4 Units	77,529	21%	2,016	20%
Single Family	96,099	27%	6,334	62%
<b>TOTAL</b>	<b>362,179</b>	<b>100%</b>	<b>10,195</b>	<b>100%</b>

Source: San Francisco Planning Department Land Use Database

San Francisco's new housing construction has averaged 1,900 new units per year since 1990 though the recent rate has increased substantially (to more than 5,000 in 2016 and an average of 4,000 between 2014-2017).

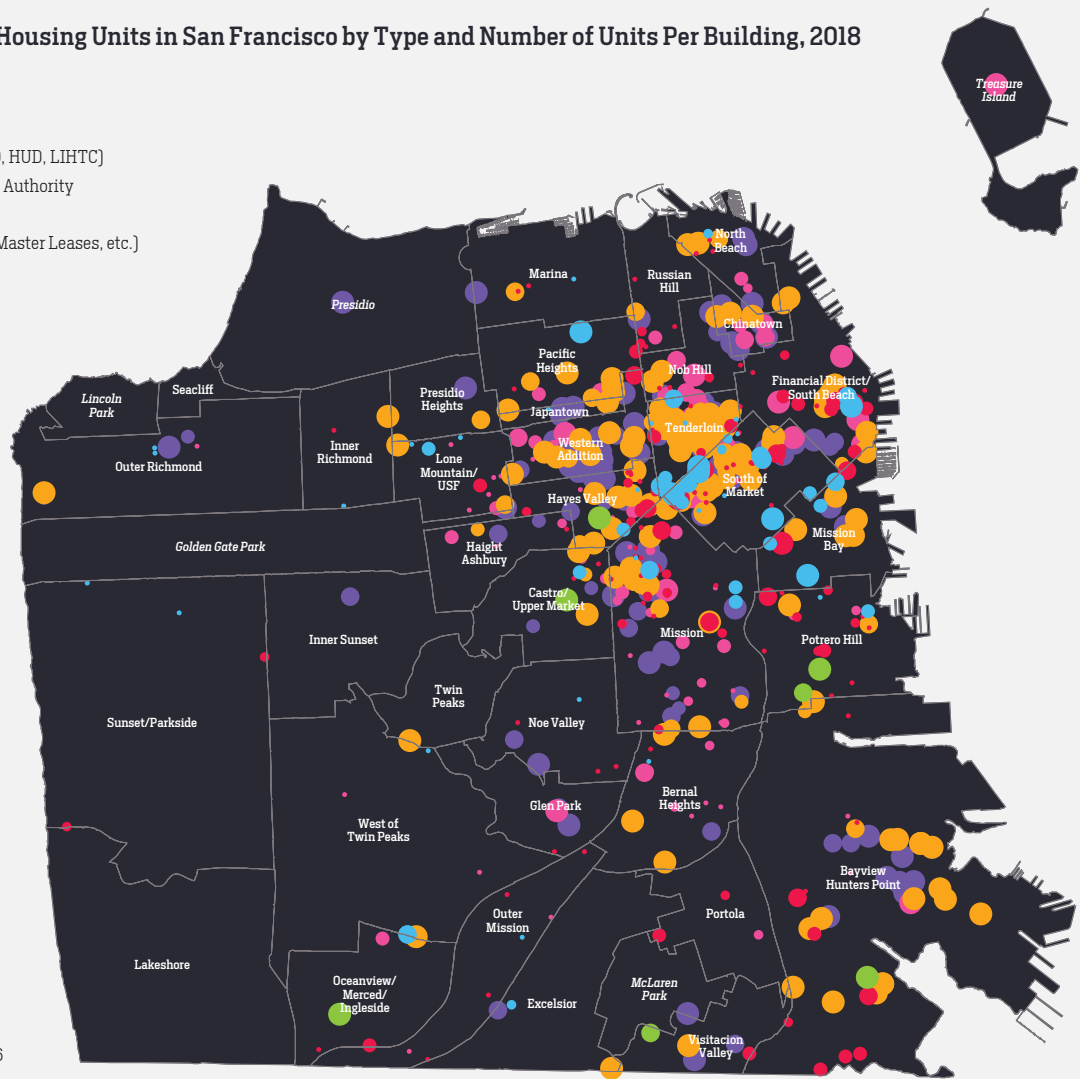
- Of all units built since 1990, 28% have been affordable to low and moderate-income households. The city added 25,000 more above-moderate income households than units constructed since 1990. The number of low and moderate income households declined since 1990 though the city built 12,881 affordable homes during this time. See Figure 5.

MAP 1.  
Location of Affordable Housing Units in San Francisco by Type and Number of Units Per Building, 2018

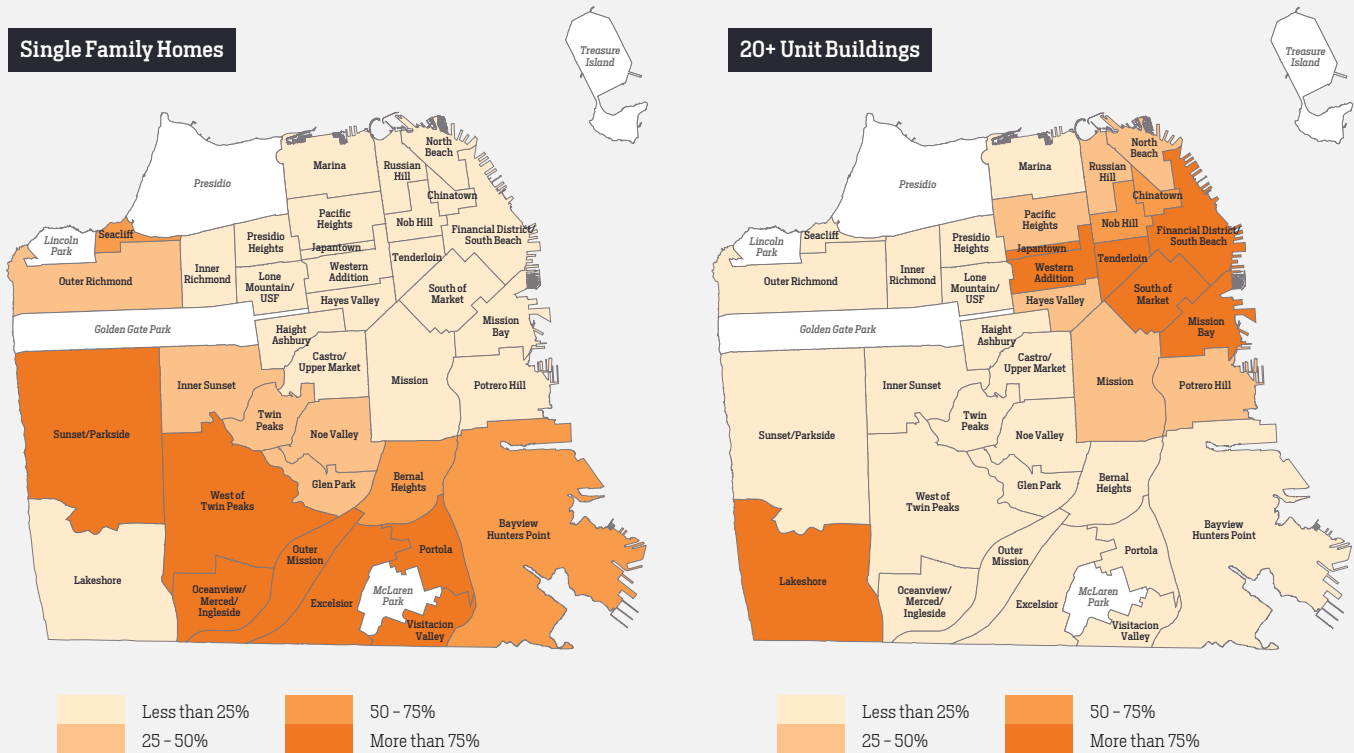
- BMR Ownership
- BMR Rental
- Federal and State (HCD, HUD, LIHTC)
- San Francisco Housing Authority
- LIHTC and MOHCD
- MOHCD Other (80/20, Master Leases, etc.)

Unit Size of Affordable Housing Developments

- 0-4
- 5-9
- 10-19
- 20-49
- 50-766



MAP 2.  
Distribution of Building Sizes Across Neighborhoods in San Francisco, 2016



Source: San Francisco Planning Department Land Use Database

- Affordable and market rate housing development have generally ebbed and flowed together. This may be in large part because new market rate housing has been a major source of funding and construction of affordable housing.

**San Francisco has gained high income households while the number of low- and moderate-income households has dropped. Housing cost burdens worsen for all but the highest income households.**

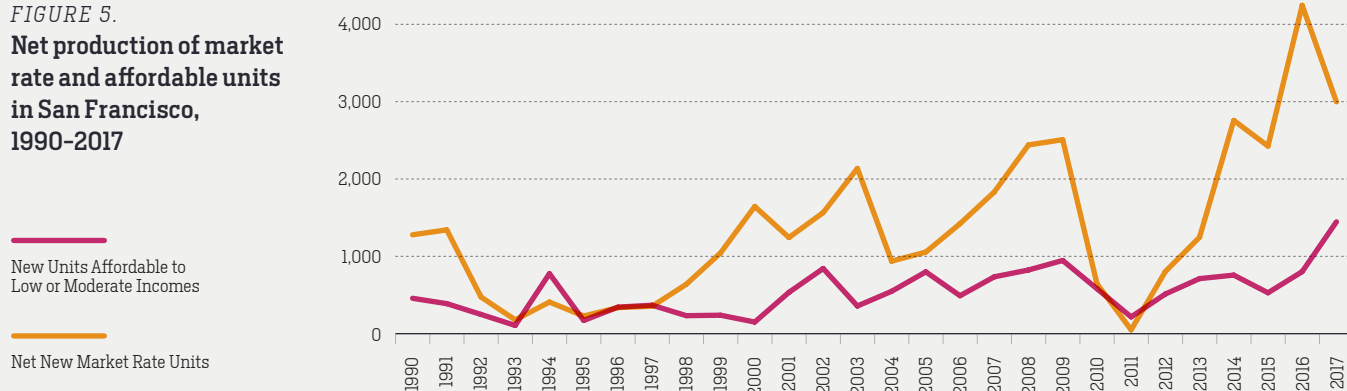
- San Francisco has seen the number of above-moderate income households earning more than 120% of Area Median Income (AMI) triple since 1990, a larger increase than the region, which also experienced a substantial increase in this income group. The vast majority of this growth (82%) in San Francisco was in high income households earning 200% or more of AMI.<sup>2</sup>

<sup>2</sup> In order to adequately compare changing incomes across time, the analysis in the following sections inflated incomes to 2015 dollars using the US

- The number of low and moderate income households earning less than 120% of AMI dropped more in San Francisco than in the region. This change may be due to households increasing their earnings or it may be because more of these households have left the city, or a combination of both.
- More of the city's low and moderate income households are living in large multifamily buildings of 50 units or more compared to 1990.
- San Francisco gained extremely low-income households (earning 30% AMI or less), in contrast to other low and moderate income groups, but the growth of extremely-low income households in the city has been slower than in the region. See Figure 6.

Bureau of Labor Statistics' Consumer Price Index for all Urban Consumers (CPI-U), including housing costs. The aggregation of households into AMI levels is done using 2015 AMI levels as defined by the San Francisco Mayor's Office of Housing Maximum Income by Household Size derived from the Unadjusted AMI for the Department of Housing and Urban Development (HUD) Metro Fair Market Rent Area (HMFA) that contains San Francisco.

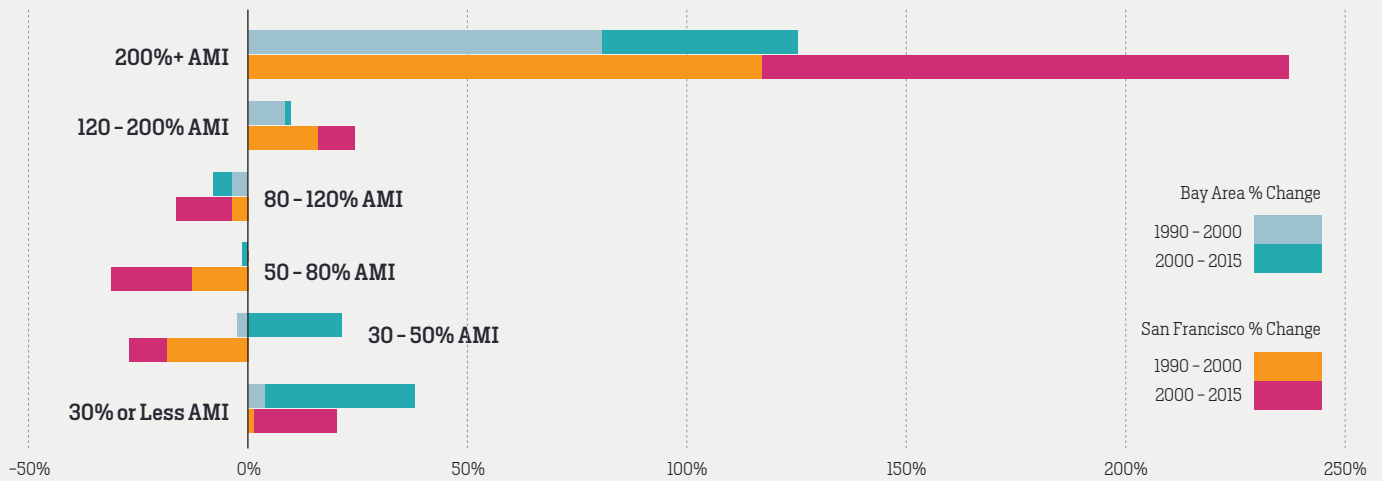
**FIGURE 5.**  
**Net production of market rate and affordable units in San Francisco, 1990-2017**



Source: San Francisco Planning Department Housing Inventory

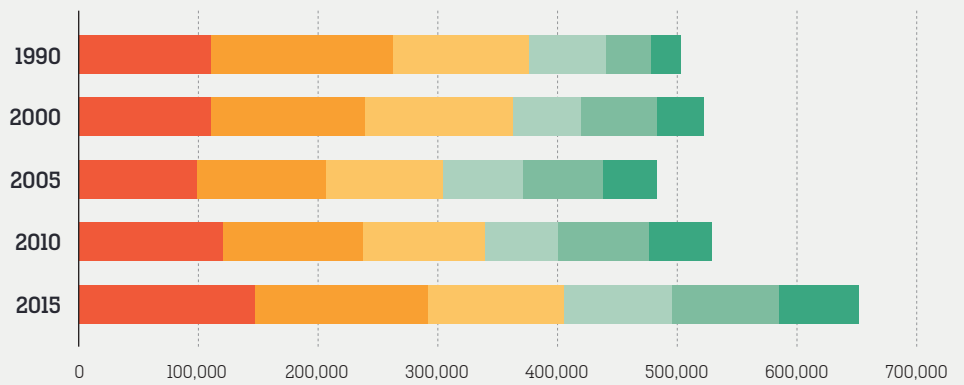
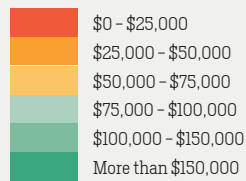
- The number of workers who work and live in San Francisco is at an all-time high at almost 500,000.
  - The majority of the increase in workers in San Francisco has been driven by growth in workers earning more than \$100,000 per year, however, workers earning less than \$75,000 continue to be the majority of workers in San Francisco. See [Figure 7](#).
  - A declining share of lower wage workers in San Francisco are able to live in the city while a growing share of the city's higher wage workers live in the city.
  - Housing cost burden has increased for renters and owners of all income groups, but very low-income households experienced large increases in severe cost burden since 1990. Above-moderate income households now face rent burden, which they did not in 1990. See [Figure 8](#).
  - Extremely low income (earning less than 30% of AMI) and very low income (earning less than 50% of AMI) continue to be the overwhelming majority of households facing cost burdens—particularly severe cost burden consuming 50% or more of income.
  - Cost burdens for low and moderate income households worsened even as the number of these households declined.
  - People of color are more likely to be housing cost burdened with more than 40% of Black, Asian/Pacific Islander, and Latino renters cost burdened and more than 20% of these renters severely cost burdened. While owners overall are less cost burdened, homeowners of color are more likely to experience cost burden.
- San Francisco has undergone additional demographic changes along with changes in households by income including loss of the Black population and households with children.**
- The Black population in San Francisco has reduced by half, a more rapid decline than the change in the Bay Area, which has also lost Black population.
  - The number of households with children declined in San Francisco between 1990 and 2015 while the number in the region grew. Households with multiple children were particularly affected.
  - More lower income households with children are living in multifamily buildings than their higher income peers.
  - San Francisco exceeded the region in the rate of growth for couple households (without children or other family members) and roommate households. These households are also more likely to be higher income as they are able to combine incomes from multiple working household members.

**FIGURE 6.**  
**Cumulative Percent Change in Number of Households Since 1990 by Income Group in 2000 and 2015, San Francisco and Bay Area**



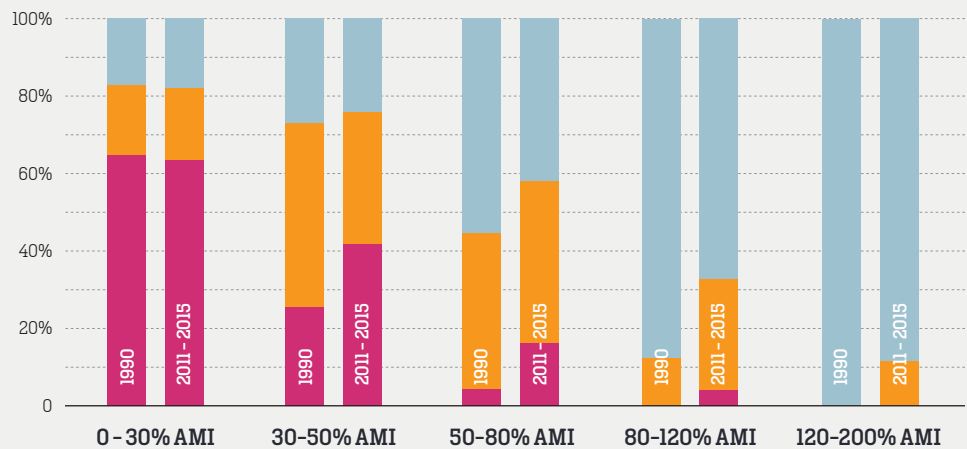
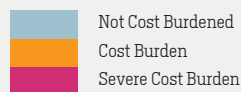
Source: Decennial Census (2000 and 2010) and American Community Survey (2015) (IPUMS-USA)

**FIGURE 7.**  
**Number of Workers in San Francisco by Wage Group, 1990 - 2015**



Decennial Census (1990, 2000, 2010) and ACS (2005, 2015) (IPUMS-USA)

**FIGURE 8.**  
**Percent of San Francisco Renter Households that Are Under Rent Burden by Household Income, 1990 and 2015**



Source: Decennial Census (2000 and 2010) and American Community Survey (2015) (IPUMS-USA)