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Community Stabilization Report



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Introduction

San Francisco is experiencing increasing income inequality and a lack of affordable housing. These realities are leading to an acceleration of the loss of the middle class and displacement for many communities while the economy booms for others. Those living on the margins struggle to stay, let alone thrive, and the organizations supporting them are similarly fighting to remain. Tied to economic growth, the population has grown, and housing stock has not kept pace with job growth, pushing prices up for a limited supply of units. On many fronts, the City is working to address the detrimental impacts of displacement pressures on vulnerable populations and businesses. Yet, the scale of the current challenge is such that the City must expand its efforts to meet the need.

The Community Stabilization initiative is a multi-agency effort to assess the City's existing portfolio of tools, unify efforts into one comprehensive inventory, and identify priorities. The initiative seeks to mitigate the impacts of ongoing displacement and help vulnerable populations thrive and contribute to the city's economy and culture. The comprehensive Inventory enables decision-makers to make strategic choices in the context of interagency collaboration and coordination to help stabilize our vulnerable populations. The initiative primarily focuses on the City's work to protect tenants, preserve housing and protect and strengthen the businesses and cultural organizations that contribute to the richness of our city. Also contributing to community stability, the City's housing production efforts are addressed in the upcoming Housing Affordability Strategy and Housing Element 2022.

The comprehensive Policy and Program Inventory includes an assessment of the City's tenant protections and housing stabilization, housing production and preservation, cultural stabilization, and economic development efforts. Policy and program assessment summaries include ideas for future consideration that have the potential to increase community stability. These ideas are currently available in an interactive, online format and the complete final inventory will be posted online at the end of 2019. The intent of the interactive, online format is to convey that the ideas for future consideration are interconnected and that many of them are tied to multiple programs.

Based on community input and in close coordination with City agencies and the Mayor's Office, Key Priorities were identified that will strengthen the City's community stabilization efforts. Key Priorities enhance existing policies and programs and assess potential new policies and programs.

This initiative was conducted in collaboration with 20 City agencies and informed by input from 40 community organizations, and more than 2,300 residents through community forums, focus groups, stakeholder meetings, working group meetings, interviews, and a public survey. (See Appendix A for a summary of stakeholder and community engagement).

Existing Conditions

Research shows that between 1990 and 2015, San Francisco experienced significant demographic changes, particularly in the neighborhoods where communities of color live. Some of the changes

observed in these neighborhoods were not “natural” demographic shifts resulting from individual households choosing to move elsewhere, but resulted from eviction, large rent increases, or other reasons otherwise known as displacement.¹

Displacement Trends

San Francisco’s increasing income inequality and housing and business costs have been linked to changes in the city’s socio-economic composition and displacement of communities of color and the businesses and organizations that serve them and low-income households. Displacement can surface as residential, commercial, or psychological and can be direct and indirect, physical or economic and exclusionary.² Residential and commercial displacement is the process by which a household or commercial tenant is forced to move from its residence or place of business.³ Psychological displacement is both the fear of loss and the sentiment that what was once home is no longer a welcoming space. There are countless impacts of displacement on a household, community, neighborhood, and city. A stable community is one that provides existing residents and businesses the choice to stay in the neighborhood rather than be forcibly displaced as change and pressures occur.

Vulnerable populations tend to be most at risk of displacement. Vulnerable groups include people of color (Black, Latinx/Hispanic, Asian, Native American/American Indian, and Pacific Islander), people living with disabilities, low-income households, people experiencing homelessness, seniors, youth, immigrants, LGBTQ+, refugees, linguistically isolated households, small businesses, veterans, and non-profit organizations.

Pressures from displacement cause vulnerable populations to move within San Francisco or leave it entirely. These vulnerable households may be pushed from their neighborhood into higher poverty, lower-resourced neighborhoods.⁴ Low-income households experienced the highest percentage of out-migration (four percent) of any other income category between 2006 and 2015.⁵ In 2017, in San Francisco, Black residents made up 5.3 percent of the city’s population, when these residents had previously made up 11 percent of the city’s total population in 1990.⁶ In the time span of 25 years, the proportion of the Black population in San Francisco was reduced by half, a far more rapid decline than the rest of the Bay Area.⁷ Displacement of low-income households to other lower-income

¹ UC Berkeley Urban Displacement Project, Rising Housing Costs and Re-Segregation of San Francisco, 2018. Online: https://www.urbandisplacement.org/sites/default/files/images/sf_final.pdf

² UC Berkeley and UCLA, Gentrification, Displacement and the Role of Public Investment: A Literature Review. March 3, 2015.

³ UC Berkeley [Urban Displacement Project](#)

⁴ UC Berkeley, Urban Displacement Project. Rising Housing Costs and Re-Segregation in San Francisco. 2018.

⁵ San Francisco Planning Department. 2017 Housing Needs and Trends Report. Migration rate is defined as the number of individuals who moved in or out of San Francisco in a given year, as a percentage of the number of people in that income group in that year. The rate is calculated as an annual average over the 10-year period 2006 to 2015.

⁶ U.S. American Community Survey, 2017.

⁷ In comparison, the Bay Area’s overall Black population had been 8 percent in 1990 and had decreased to 6 percent over the next 15 years. (San Francisco Housing Needs and Trends Report, 2017)

neighborhoods intensifies poverty conditions, creates new patterns of segregation and reduces access to opportunities. The movement into other housing also may increase the transportation or/and housing cost burden on the migrating household, especially if the housing lost is rent controlled or more affordable than any current options.

In addition to residential displacement, businesses, non-profit organizations (NPOs) and service providers are similarly struggling to stay in San Francisco. Business closures and location changes have increased significantly in the last 20 years. Though it is difficult to quantify commercial displacement, a significant number of commercial corridors have higher and longer periods of vacancy.⁸ The high cost of opening and operating a business, higher rent speculation, and online retail sales, among other factors may lead to empty storefronts and underutilized retail spaces throughout the city.

In 2016, a survey of NPOs showed that those with at least one location in San Francisco are more likely to be very concerned about the real estate market having a negative impact on their futures.⁹ The implications not only include NPOs losing their space, but also constituents, who are often from vulnerable populations, losing valuable services and gathering space. Non-profits in the survey with at least one location in San Francisco are more likely to have to decide about relocation compared to NPOs in other Bay Area cities.

The City is tracking displacement through eviction notices, among other data sources. Though eviction notices do not capture the full extent of displacement, they provide a proxy for eviction rates in the city.¹⁰ As home rental prices escalated between 2010 and 2016, certain types of eviction notices also increased and then flattened in 2017 correlating with a stabilization of rents. For example, the number of capital improvement evictions have increased since rental prices escalated in the city. Similarly, utility pass through, operating and maintenance, and capital improvement petitions filed by landlords increased from 2016. Capital improvement petitions were most frequent in the Tenderloin and Inner Richmond.⁹

Although the total number of eviction notices have generally decreased over time since the 1990s, the types of eviction notices filed with the Rent Board follow different trends.¹¹ In the past ten years, neighborhoods with predominantly low-income households (such as the Outer Sunset, SoMa, Excelsior, and Mission) have had a higher proportion of no fault eviction notices (Ellis Act, Owner Move-In, Relative Move-In, and Capital Improvements eviction notices, among others). Between January 2016 and July 2019, predominantly low-income census tracts received the highest number of overall eviction notices: the Ingleside, Richmond, Outer Mission, Visitacion Valley, and Mission Districts experienced the highest number of no-fault eviction notices; Ingleside, Northeast, Downtown, and Mission Planning Districts experienced the highest number of at-fault evictions during that time period.

⁸ State of the Retail Sector: Challenges and Opportunities for San Francisco's Neighborhood Commercial Districts

⁹ https://ncg.org/sites/default/files/files/news/NCG_NPO_survey%20report.pdf

¹⁰ There are informal and illegal ways (through harassment, intimidation and other methods) in which households are forced to move from their homes.

¹¹ The 1990s are the earliest years for which this eviction data is available

Factors Behind Displacement

Researchers are undertaking extensive analysis regarding the complex web of contributing factors that lead to residential and commercial displacement in the region, state, nation, and world. Studies point to various factors, yet, due to data and analytic challenges in measuring displacement, there is not one clear account of displacement.¹² The history of land use discrimination, rising cost of rent, and income disparities, among other factors, are key factors behind displacement in neighborhoods.

History of Land Use Discrimination

The legacy of land use discrimination is connected to the City's history and decisions in the past. Government-sanctioned racial discrimination in zoning, lending and the sale and rental of homes—from redlining to racial covenants and exclusionary zoning—made housing a central feature of racial inequity in the city. In addition, between the 1940s and 1970s, the City of San Francisco's Redevelopment Agency designated as "blighted" and razed large portions of predominantly black and Japanese neighborhoods, leading to the displacement of several thousand households. The redevelopment plan for these key areas disrupted communities of color, affecting the stability and wealth-generation of these populations for decades to come.

Today, 62 percent of the city's residential land continues to be comprised of single-family homes. Maintaining the current exclusionary zoning limits the supply of housing in large portions of the city, drives up the prices of housing in these neighborhoods, and concentrates new housing development in the eastern neighborhoods. Close to 50 percent of white San Francisco residents own their homes and Asian residents have the next largest home ownership rate at 36 percent.¹³ No other group exceeds the 10 percent rate, most are below 5 percent and Native American/American Indians have the lowest rate at 0.3 percent.¹⁴

Job growth in San Francisco and the region, especially higher wage job growth, has not been accompanied by comparable growth in housing. Most of the Bay Area's populous counties added far more jobs than housing units in recent decades—especially when compared to the nation or the state.¹⁵ The imbalance between housing supply and demand tightened the region's chronic housing crunch and contributes to the increasing cost of living in the region and to exacerbating existing disparities.¹⁶

¹² UC Berkeley and UCLA, Gentrification, Displacement and the Role of Public Investment: A Literature Review. March 3, 2015. http://iurd.berkeley.edu/uploads/Displacement_Lit_Review_Final.pdf

¹³ Data is not disaggregated by Asian subgroup (such as East Asian, Southeast Asian and South Asian). Additional surveys or analysis could be done to determine which Asian subgroups have the highest and lowest rate of homeownership.

¹⁴ 2010-2014 American Community Survey 5-Year Estimates

¹⁵ San Francisco Planning Department, Housing Needs and Trends Report, July 2018. Online: http://default.sfplanning.org/publications_reports/Housing-Needs-and-Trends-Report-2018.pdf; Housing Inventory 2018. Online: http://default.sfplanning.org/publications_reports/2018_Housing_Inventory.pdf

¹⁶ Metropolitan Transportation Commission, New Vital Signs Data: Sluggish Housing Production Tightens Bay Area's Housing Crunch, September 10, 2018. Online: <https://mtc.ca.gov/whats-happening/news/new-vital-signs-data-sluggish-housing-production-tightens-bay-areas-housing>

Rising Rent Cost

Given the imbalance between housing supply and demand, increasing rent and home sales prices has placed a burden on many San Francisco households. The median home sales price more than doubled between 2011 and 2017. The median asking rent grew by 50 percent from 2012 to 2015, where it remained through the end of 2017. From a regional perspective, in 2018, the median rental price for a two-bedroom apartment in San Francisco was 57 percent higher than the median rental price for the entire Bay Area. A San Francisco family of three with a combined household income that is 110 percent of the U.S. Department of Housing and Urban Development (HUD) median income would fall a little over \$1.1 million short of being able to purchase a median-priced two-bedroom home (\$1,573,000 in 2018).

Housing cost burden has increased for renters and owners of nearly all income groups, except for the highest income households. Most of the cost burdened households are of extremely low- and very low-income households. Black and Latinx/Hispanic renters face the highest rates of cost burden with nearly half of both groups cost burdened or severely cost burdened. Asian and Pacific Islander renters also experience elevated rates of cost burden.¹⁷

Beyond housing, small businesses and service providers are also experiencing the impacts of affordability during a changing retail and commercial landscape. The average rent for office space increased by 122 percent between mid-2010 and March 2016.¹⁸ Business owners also share that the lengthy, complex permit process and high start-up operating costs make it challenging to open and operate a business in the city.

Income Disparities

In recent years, the income gap between the highest earners and lowest earners in the city significantly increased. San Francisco gained high income households while the number of low- and moderate-income households dropped, except for extremely low-income households, which has grown slightly. Above moderate- and upper-income households nearly tripled since 1990. A majority (82 percent) of this growth was in upper-income households. Currently, people of color disproportionately make up most low-income households.¹⁹ In 2017, the median white household earned \$116,102 a year while the median Black household earned \$30,235.²⁰

2019 Income Categories for a

Family of Three¹

Very-low income: 0-50% Area

Median Income (AMI) or \$55,450

Low-income: 50%-80% AMI or
\$88,700

Moderate-income: 80-120% AMI
or \$133,000

Above moderate-income: 120%-
150% AMI or \$166,300

Upper income: 150% AMI + or
\$166,300 +

¹⁷ San Francisco Planning Housing Needs and Trends Report 2018

¹⁸ Status of Bay Area Nonprofit Space and Facilities, March 2016:

https://ncg.org/sites/default/files/files/news/NCG_NPO_survey%20report.pdf

¹⁹ San Francisco Planning Housing Needs and Trends Report 2018

²⁰ 2013-2017 American Community Survey 5-Year Estimates

https://factfinder.census.gov/bkmk/table/1.0/en/ACS/17_5YR/S1903/0500000US06075

Additional Factors

In the Bay Area, the Urban Displacement Project has identified various other factors that are present in neighborhoods experiencing displacement. These characteristics include areas that are close in proximity to a rail station, include or are close in proximity to job centers, comprise historic housing stock, and have a strong real estate market.²¹ If a neighborhood includes one or more of these qualities, then its residents are more likely to be at risk of displacement. It is important for the City to focus on neighborhoods with these qualities to prevent displacement to support vulnerable tenants and businesses.

Current Efforts to Stabilize Communities

The City and County of San Francisco is engaged in significant efforts to protect tenants, preserve affordable housing, produce new housing, protect arts and culture, and encourage economic development. Most of this report focuses on housing-related efforts since there is an immediate need to stabilize residents and preserve housing, but housing is not the only lever to stabilize communities. It is essential to address arts, culture, and the city's economy to stabilize our most vulnerable populations.

This is a summary of the Policy and Program Inventory, which includes a comprehensive assessment of existing City efforts and will be posted online. Other related City efforts are not included in the inventory but are essential to supporting the lives of our city's vulnerable populations. Additional City, regional, and State efforts are briefly described below.

City and County of San Francisco

Tenant Protections and Housing Stabilization

A number of City Departments focus specifically on supporting vulnerable populations who rent housing units in the city to ensure that they have the legal support, direct financial assistance, and resources they need to live in the city. Tenant protection efforts include rent stabilization and eviction protection, tenant services, and lottery preference programs. Housing stabilization includes single resident occupancy hotel protections, short-term rental regulations, condominium conversion restrictions, stemming the loss of unauthorized units (UDUs), and the small site program.

Over the last few years, the City expanded its tenant protections and affordable housing opportunities for those who have been displaced by Ellis Act, Owner Move-In, or fire, as well as those displaced by government action such as Redevelopment. In recent years, the City developed programs that support efforts to acquire and rehabilitate private and publicly-owned affordable housing. By working with non-profit organizations to prevent the loss of and improve historically affordable housing units, the City is preventing displacement of many of our most vulnerable communities.

Housing Production and Preservation

The City's efforts to produce housing includes 100 percent affordable housing development, inclusionary housing program, HOMESF, development agreements, and accessory dwelling units (ADUs). Housing

²¹ Urban Displacement Project, 2019: <https://www.urbandisplacement.org/map/sf>

preservation efforts include public housing preservation, Section 8 housing, and homelessness prevention and supportive housing.

The City is expanding its capacity and funding to produce more affordable housing for our low- and moderate-income community members. Streamlining and simplifying the affordable housing development permitting process has reduced added costs and enabled more affordable housing production. Additionally, responding to the city's voters, the City expanded the percentage of new affordable units built in new construction.

Cultural Stabilization

Artists and cultural organizations are integral to the city's vibrancy and economic vitality and therefore crucial to community stabilization. The City provides resources and services to artists and organizations to maintain and enhance cultural resources. The Cultural District Initiative seeks to celebrate, strengthen, and coordinate the unique cultural identities of the city's communities.

Recently, voters allocated resources to arts and cultural services, arts programming, cultural centers, and various needs in the arts community. This includes providing infrastructure for vulnerable communities to launch, lead, and determine their own cultural stabilization strategies with extensive support from City Agencies through the Cultural Districts Initiative.

Economic Development

To address the changing retail and commercial landscape, the City provides support for non-profits and assistance to small businesses through business retention and stabilization programs, commercial district planning and management, and workforce development

The City recently expanded the Legacy Business Program funding and protections for the city's oldest, cherished businesses to retain and stabilize longstanding, anchor businesses and institutions that provide community-serving goods and services.

Ensuring a variety of employment opportunities and a living wage job for all residents, numerous City agencies invest in workforce development opportunities through training and job placement programs within their agencies and local businesses. The City also offers employers services and assistance to grow and retain a local, diverse workforce. For example, local manufacturers who create jobs and career pathways for local residents benefit from City support and resources.

Additional Stabilization Efforts

In addition to those above, numerous City agencies are working to support community stabilization and prevent displacement by providing transportation options, recreation opportunities, quality education, social services, and climate and hazard resilience for the city's vulnerable populations. Though these efforts are not included in the inventory, it is important to understand related City strategies.

San Francisco Municipal Transportation Agency's (SFMTA) Muni Service Equity Strategy, among other efforts, seeks to provide service and transportation options to the most vulnerable populations in the City. SFMTA also provides free transit rides for youth, seniors, and people with disabilities. Recreation

and Parks' Equity Metrics endeavors to invest in capital improvements, and open space and recreational programs in the city's disadvantaged neighborhoods. The San Francisco Unified School District is developing strategies to address the Black student achievement gap. Finally, numerous agencies such as the Department of Public Health and others provide social services to support vulnerable populations in the city.

Looking into the future, hazard mitigation and climate adaptation are City priorities. Lead by the Office of Resilience and Capital Planning in partnership with Department of Emergency Management, Department of Public Health, Department of the Environment, and Planning, the City's Hazards and Climate Resilience Plan is a combined hazard mitigation and climate adaptation plan. Strategies are in development and will be included in the Fall 2019 plan and address the intersection of climate change, housing, and community stabilization.

At a regional scale, the Bay Area's Metropolitan Transportation Commission (MTC) and Association of Bay Area Governments (ABAG) led a regional effort to identify solutions to the area's chronic housing affordability challenges. On December 12, 2018, the Committee to House the Bay Area (CASA) convened various stakeholders to discuss policies that produce housing, preserve affordable housing, and protect residents from displacement.²² The Bay Area Air Quality Management District has been consistently addressing environmental impacts of low-income communities as part of their plans and investments. In addition, regional agencies are addressing equity metrics and strategies as part of Plan Bay Area 2050.

At the State level, addressing the housing crisis continues to be a priority in Sacramento. In 2017, a significant package of housing bills was passed by the Legislature and signed by the Governor. In 2019, Governor Newsom's budget included substantial funding for homeless services, as well as carrots and sticks to encourage local jurisdictions to increase their production of housing. As of fall 2019, the Legislative branch has passed several housing-related bills, including easing Accessory Dwelling Units (ADUs) controls and creating a Bay Area regional housing entity. These bills are pending the Governor's signature by October 13, 2019. The Governor signed Assembly Bill 1482 into law on October 8, 2019 which places restrictions on rent increases. In addition, through the State's proposition process, interest groups are advocating for statewide rent control and a split roll for Proposition 13 taxes, which would reassess commercial property every three years and generate billions in new annual revenue statewide.

Key Priorities

Given the severity of the city's current challenges regarding community stability and building on our existing efforts captured in the inventory, the Mayor's Office and City agencies have identified the following Key Priorities from City staff, community organization, and the public's ideas for consideration. The Key Priorities focus on 1. strengthening policies and programs that are currently underway; and 2. assessing potential programs and policies with the intent to scope implementation possibilities within the coming year.

²² https://mtc.ca.gov/sites/default/files/CASA_Compact.pdf

Enhancements to Existing City Programs and Policies

- **Strengthen Tenant Protections and Housing Stabilization Programs**
 - Implement, evaluate, fully fund, and explore stable funding sources for the San Francisco Tenant Right to Counsel (TRC), which provides legal representation to tenants facing eviction.
 - Expand and explore stable funding sources for tenants' rights education and counseling programs, and mediation programs.
 - Expand and explore stable funding sources for rent subsidy programs to assist specific underserved populations and rent-burdened households.
 - Enhance mediation process for minor lease violations and explore changes to the eviction notification process.
- **Preserve Existing Housing Serving Low-Income Households**
 - Expand affordable housing nonprofit capacity to purchase multifamily residential buildings, expand existing funding, and identify potential fixed funding sources for the Small Site Program.
 - Better understand the number of unauthorized units (UDUs) and explore small low-interest loan and grant program opportunities to legalize UDUs.
 - Expand acquisition and master lease status, address maintenance issues, enhance tenant protections, and adjust sale notification report requirements of Single Room Occupancy (SRO) Hotels.
- **Maximize Housing Production that Supports Community Stability**
 - Explore revisions to the HOME-SF program to ensure it maximizes the production of housing, particularly permanently affordable units.
 - Incentivize affordable Accessory Dwelling Unit (ADU) construction through financial incentives, technical assistance, and ongoing property management support targeting senior, low-income, and single-family homeowners.
 - Expand housing development options to support intergenerational and growing household needs, including multifamily housing and density adjustments.
 - Continue efforts to maximize State and Federal funding for affordable housing production.
- **Support Arts and Cultural Stabilization**
 - Continue to build upon existing funding opportunities, technical assistance, and partnerships to build capacity and mitigate displacement of artists and arts organizations.
 - Expand preservation and support for existing arts and culture spaces.
- **Encourage City and Community Partnerships to Sustain Neighborhood Cultural Heritage**
 - Support the Cultural Districts Initiative's efforts to sustain the neighborhood's rich art, culture, traditions, ways of life, history, and overall community ecosystem.
 - Coordinate and streamline City resources and partnership opportunities to implement the strategies identified in each Cultural District report.
- **Support Small Businesses and Neighborhood Commercial Districts**

- Identify potential funding sources to expand support for small business grants, loans, and neighborhood economic stabilization.
- Retain Legacy Businesses with targeted support through the nomination and application process.
- Continue to preserve and incentivize the creation of Production, Distribution, and Repair (PDR) spaces and explore an in-lieu fee option.
- Streamline the City permit process for businesses.
- **Expand Workforce Development Programs**
 - Continue to prioritize employment and training resources for those communities with large barriers to employment.
 - Expand training and employment opportunities in emerging and growing industries such as Cannabis and Commercial Driving, particularly through the apprenticeship model, and programs such as CityDrive, Advanced Manufacturing training pilot, and Opportunities for All.
 - Expand career pathway opportunities in non-construction industries such as healthcare, technology, and hospitality for disadvantaged community members, leveraging City's increased investment in the First Source Hiring Program.

Potential City Programs and Policies

While complex and challenging to implement, these new policies and programs could substantially contribute to community stability. In the coming year, the City will assess the scope, impact of each recommendation, and implementation possibilities.

- **Better Understand and Track Housing with a Housing Inventory and Census**
An inventory of housing units (renter, owner-occupied, and vacant) would provide the City with essential information to better understand how housing stock is used. With a housing inventory and census, the City could better craft tailored housing stability and preservation programs that meet specific needs.
- **Strengthen Local Government Authority to Provide Tenant Protection Policies**
In collaboration with other cities and building on Assembly Bill 1482, support State legislation to reform Costa-Hawkins and the Ellis Act to allow local jurisdictions to adjust local rent and eviction controls to meet their challenges.
- **Enhance Efforts to Provide Housing, Supportive Services, and Inclusive Public Space for those Experiencing Homelessness**
In addition to existing supportive housing and navigation centers underway, other innovative housing approaches, such as using temporary or non-traditional housing to accommodate residents and offering underutilized and public-owned space for shelter, among others, would fill a gap in housing and shelter need. Designing inclusive public spaces would support the lives of people experiencing homelessness.

Measuring Future Community Stability

The Community Stabilization initiative provides City agencies, community organizations, and the public with a comprehensive platform to address community stability. In order to be responsive to the effectiveness of our efforts, we have developed key indicators to better understand the extent to which we are stabilizing our vulnerable communities. Implementation of Key Priorities could be tracked over time with these indicators.

- San Francisco's vulnerable populations are gaining in stability when the following occurs:
 - Increased percentage of the Black population.
 - Maintained or expand percentage of other racial groups that have been decreasing over time (such as Native American/American Indian and Filipino, Samoan, and Vietnamese).
 - Maintained or expand resources to support seniors, people living with disabilities, low-income households, people experiencing homelessness, youth, immigrants, LGBTQ+, refugees, linguistically isolated households, justice-involved individuals, and veterans.
 - Reduced income inequality gap between racial groups.
- San Francisco's economic and cultural diversity is increasingly thriving:
 - Stabilized and reverse the loss of legacy businesses that protect cultural diversity and long-term workers.
 - Stabilized business that employs low- to moderate-income workers.
 - Retained and promote living-wage jobs for entry level and limited skilled workers.
 - Retained and promote Production, Distribution and Repair (PDR) uses.
 - Increased education and job training opportunities for low- to moderate-income individuals and families, especially those without a college education.
 - Stabilized and reversed the loss of the city's culture and arts organizations.
- Past, present, and future San Francisco residents can find affordable housing opportunities.
 - Decreased proportion of low- and moderate-income households that are rent burdened.
 - Decreased number of all types of evictions, including illegal evictions and buyouts.
 - Increased income diversity within areas that are predominantly high income.
 - Increased the number of affordable housing units for low- and moderate-income residents.

Next Steps

The City will gather input on the draft report from the Planning Commission, community stakeholders, and City agencies in fall 2019. The final report will be released, and the complete final inventory will be posted online at the end of 2019.

The City will work with communities to implement the enhancements to existing policies and programs. The City will scope the potential City programs and policies listed in the Key Priorities above. The scoping process will determine the feasibility, level of impact, and opportunities to increase community stabilization of the potential programs and policies. The creation of the new Office of Racial Equity will

be instrumental in continuing the collaboration across City agencies to advance racial and social equity. The seven Cultural Districts, which are launching fall 2019, will use this report as a resource to develop their strategic plans.

In the future, the City will continue to explore the ideas for future consideration in the Policy and Program Inventory and issues that require further research including homeownership support, aging in place, and right-sizing housing with residents.

Appendix A: Stakeholder and Community Engagement Summary

Background

Project team members began engaging City agency and community stakeholders regarding the Community Stabilization initiative in early 2017. The engagement included several working group meetings, focus groups, community forums, and one-on-one interviews.

City Agency Engagement

City Agency Working Group

The Planning Department hosted eight meetings with the Working Group to provide direction and discuss the data analysis and project scope. Representatives from the following City agencies:

- Brian Cheu, Mayor's Office of Housing and Community Development
- Charles MacNulty, Mayor's Office of Housing and Community Development
- David Gray, San Francisco Public Utilities Commission
- Dylan Schneider, Department of Homelessness and Supportive Housing
- Jaren Bonillo, Arts Commission
- Jeff Buckley, Mayor's Office
- Jonah Lee, Mayor's Office of Housing and Community Development
- Lisa Pagan, Office of Economic and Workforce Development
- Meg Wall Shui, Department of Public Health
- Miriam Chion, San Francisco Planning
- Regina Dick-Endrizzo, Office of Small Business
- Robert Collins, Rent Board

One-on-One Interviews with City Agency Representatives

One-on-one interviews were conducted with additional representatives from the following City agencies:

- Arts Commission
- Department of Homelessness and Supportive Housing
- Department of Public Health
- Mayor's Office

- Mayor's Office of Housing and Community Development
- Office of Economic and Workforce Development
- Office of Short-Term Rentals
- Office of Small Business
- Rent Board
- San Francisco Planning
- San Francisco Public Utilities Commission

Community Organization Outreach

Targeted stakeholder groups who work directly in the field of community stabilization and anti-displacement were engaged in focus group discussions and one-on-one interviews. Key stakeholders are those who are directly involved in the policy and program categories (tenant protections and housing stabilization, housing production and preservation, cultural stabilization, and economic development) as follows:

- AGI Avant
- ASIAN Inc.
- BALANCE
- Bentall Kennedy
- Bonnewit Development Services
- BRIDGE Housing
- Central City SRO Collaborative
- Chinatown Community Development Center (CCDC)
- Chinatown SRO Collaborative
- Council of Community Housing Organizations (CCHO)
- Dolores Street Community Services
- Enterprise Opportunity Council
- Episcopal Community Services
- Glide Foundation
- Haight Street Neighborhood Association
- Homeownership SF
- Housing Rights Committee
- Market Street for the Masses
- Mercy Housing California
- Mission Economic Development Association (MEDA)
- Mission Housing Development Corporation
- Mission SRO Collaborative
- Presidio Bay Ventures
- PODER
- REDF
- San Francisco Apartment Association

- San Francisco Housing Action Coalition (SFHAC)
- San Francisco Housing Development Corporation (SFHDC)
- Senior and Disability Action
- SF Community Land Trust
- SF Foundation
- SF LGBT Center
- Share Better SF
- SPUR
- SRO United Families Collaborative
- Tenants Union
- Tenderloin Housing Clinic
- Tenderloin Neighborhood Development Corporation (TNDC)
- Tenderloin People's Congress
- TODCO
- Young Community Developers
- Youth Community Center

Public Engagement

- Community Forums. Planning coordinated with MOHCD and OEWD to co-host ten meetings with community organizations distributed throughout the city in December 2018-February 2019. The purpose of the meetings regarding the Community Stabilization effort will be to solicit input regarding housing, workforce development, and social service needs. Staff reviewed and summarize responses and pulled out key themes to inform the policy and program inventory and priorities. A list of the meetings and results are available online: <https://sfmohcd.org/plans-development>. A summary of community feedback on long range housing planning is available online: http://default.sfplanning.org/plans-and-programs/housing/affordability-strategy/ahs_summary_community_forum_feedback-june2019.pdf. Over 200 people participated in the community forums.
- Public Survey. Planning coordinated with MOHCD and OEWD to distribute a citywide survey to community organizations, neighborhood groups, and posted on the MOHCD to solicit input on the existing and potential City administered programs, policies, and projects to stabilize communities and address displacement. Staff reviewed responses which informed the policy and program inventory and priorities. Over 2,200 people participated in the survey.

Communications and Outreach

The project team developed:

- One-pager (March 2018)
- Webpage (September 2018)
- Email updates (sent at key project milestones to stakeholders and City agency representatives) – project specific email list throughout the project

Briefings with Decision-Makers and Directors

- Presentation to various City agency directors – April 18, 2018
- Planning Commission – October 11, 2018
- Mayor's Office – August 2018 and May, July, August 2019
- Mayor's Office of Housing and Community Development – October 2018
- Department of Building and Inspection – August 2019
- Department of Homelessness and Supportive Housing – August 2019
- Office of Economic and Workforce Development – August 2019
- Rent Board – December 2018 and February, May, and September 2019

Appendix B: Glossary

Accessory Dwelling Units (ADUs) – ADUs are housing units added to existing or proposed residential buildings. ADUs are also often called in-law units, granny flats, secondary units, or basement or garage apartments.

AMI (Area Median Income) – A metric used to benchmark different income levels. The San Francisco Mayor’s Office of Housing and Community Development has determined \$123,150 as the 2019 AMI for a household of four in San Francisco (SFMOHCD, 2019).¹

‘At-fault’ evictions – At-fault evictions cite the tenants’ actions (such as a breach of lease or creating a nuisance, etc.) as justification for their eviction.

Below Market Rate unit (BMR) – A BMR is a unit that is priced to be affordable to households that are moderate income or below. Moderate income is 80-120% Area Median Income (AMI) or \$133,000 for a household of four.

The Committee to House the Bay Area (CASA) – CASA is a diverse, multi-sector body of stakeholders from private and public sectors working to build consensus around protecting tenants, preserving existing affordable housing, and increasing housing production at all levels of affordability.

Costa Hawkins – Costa Hawkins state law allowed for landlords to raise the rent to market rate once a unit was vacated, prevented cities from capping rent on units constructed after February 1995 or jurisdictions that already had a specific date such as San Francisco, and exempted single-family homes and condominiums from rent control (with limited exceptions).

Cultural District – A cultural district is a geographic area or location within San Francisco that embodies a unique cultural heritage. Cultural Heritage is defined as containing a concentration of cultural and historic assets, culturally significant enterprise, arts, services, or businesses and a significant portion of its residents or people who spend time in the area, are members of a specific cultural community or ethnic group that historically has been discriminated against, displaced or oppressed.

Department of Homelessness and Supportive Housing (HSH) – HSH launched on July 1, 2016. The department combines key homeless serving programs and contracts from the Department of Public Health (DPH), the Human Services Agency (HSA), the Mayor’s Office of Housing and Community Development (MOHCD), and the Department of Children Youth and Their Families (DCYF). This consolidated department has a singular focus on preventing and ending homelessness for people in San Francisco.²³

Development agreement – The purpose of a Development Agreement (DA) is to use a contractual approach to garnering community benefits that otherwise couldn’t be achieved through legislated

²³ <http://hsh.sfgov.org/>

requirements. A DA reduces the risks associated with development, thereby enhancing the City's ability to obtain public benefits beyond those achievable through existing ordinances and regulations.

Displacement – The process by which a household is forced to move from residence—or is prevented from moving into a neighborhood that was previously accessible to them because of conditions beyond their control (“Urban Displacement Project,” 2018).

Ellis Act evictions – Landlords have the unconditional right to evict tenants to “go out of business” by removing all the units in the building from the rental market by giving tenants a 120-days withdrawal notice and prohibits the unit from being rented for 10 years.

Gentrification – A process of neighborhood change that includes economic change in a historically disinvested neighborhood—by means of real estate investment and new higher-income residents moving in—as well as demographic change—not only in terms of income level, but also in terms of changes in the education level or racial make-up of residents. The definition used for this report is the Urban Displacement Project (UDP)’s (“Urban Displacement Project,” 2018). Gentrification is often used as a politicized term with different meanings depending on the context and author. This report only refers to gentrification in the context of the UDP research.

Inclusionary Housing Program – San Francisco's Inclusionary Housing Program² requires new market-rate residential projects of 10 or more units to pay an Affordable Housing Fee or meet the inclusionary requirement by providing a percentage of the units in the project as "below market rate" (BMR) units. BMR units must be rented or sold at a price that is affordable to low- or middle-income households, either "on-site" within the project, or "off-site" at another location in the city, generally within one mile of the market-rate project. All inclusionary units, whether they are rental or ownership units, are distributed through a lottery system run by MOHCD.

In-lieu Fees – A developer has the choice of paying a fee in-lieu of building on-site or off-site affordable housing as required by inclusionary zoning. In-lieu fees are not the same as impact or linkage fees.

Mayor’s Office of Housing and Community Development (MOHCD) – MOHCD administers a variety of financing programs to enable the development and preservation of affordable housing, to assist low-income homeowners, and to help San Franciscans become first-time homebuyers. MOHCD is also responsible for monitoring and ensuring the long-term affordability and physical viability of the City's affordable housing stock.³

‘No-fault’ evictions – No-fault evictions allow landlords to take possession of their property from the tenant without any fault of the tenant. The two most common types of evictions under this broad category are the Ellis Act and the Owner Move-In (OMI).

Owner Move In eviction – Owner Move-In (OMI) evictions allow owners to evict the tenant for the owner to live in the unit as their principal place of residence. It is restricted to one OMI per building.

Relative Move-In evictions – Relative move-in evictions allow a landlord to evict a tenant if a relative is going to move in and live there. Landlords must already live in the building or seek simultaneous possession of a unit in the building. RMIs have no restrictions on number per building.

Office of Economic and Workforce Development (OEWD) – OEWD advances equitable and shared prosperity for San Franciscans by growing sustainable jobs, supporting businesses of all sizes, creating great places to live and work, and helping everyone achieve economic self-sufficiency. OEWD's programs are responsible for strengthening San Francisco's many diverse neighborhoods and commercial corridors, creating a business climate where companies can grow and prosper, and ensuring a continually high quality of life for all San Franciscans.

San Francisco Arts Commission (SFAC) – SFAC is the City agency that champions the arts as essential to daily life by investing in a vibrant arts community, enlivening the urban environment and shaping innovative cultural policy.²⁴

San Francisco Housing Authority (SFHA) – SFHA was a local public housing authority for the City and County of San Francisco that was established in 1938. It was responsible for the management of public housing and Section 8 vouchers for primarily low-income housing. In 2018, SFHA came under scrutiny for its \$29.5 million shortfall in its budget. In March 2019, the Authority was ordered by the federal government to cede the administration of its programs either to the federal government or to the municipal government of San Francisco.

Senate Bill 35 (SB35) – Senate Bill 35 is a state law, passed in 2017, which allows for ministerial approval of housing projects that include at least 50 percent of units affordable to low-income households (80 percent AMI or below), and meet several other eligibility requirements. In San Francisco, the primary beneficiaries of this law are 100 percent affordable projects, which, if found eligible, are exempt from CEQA review (including appeals) under the law.

Short Term Rental – Under San Francisco Administrative Code Chapter 41A, a short-term residential rental is a rental of all or a portion of a home for periods of less than 30 nights.

Single Room Occupancy Hotel (SRO) – Historically, SRO hotel rooms were populated by low-wage workers, transient laborers, and recent immigrants for long stays. SRO rooms are differentiated from tourist hotels in that they were meant to house a transient workforce, not tourists visiting the City for pleasure. A typical room in a residential hotel is a single eight (8) x ten (10) foot room with shared toilets and showers on each floor.

Small Sites Program – Launched in 2014, the program was created to protect low- and moderate-income tenants and establish long-term affordable housing in smaller rental properties throughout San Francisco. It is generally less costly to acquire rather than build new housing, and it is generally more effective to stabilize tenants in their existing homes rather than relocate them.

²⁴ <https://www.sfartscommission.org/>

Tenancy in Common (TIC) Buildings – TICs are buildings where multiple persons each own a percentage interest in the property. TICs are generally more affordable to purchase due to the absence of an individual deed to the housing unit and due to legal complexities with liabilities and difficulties with financing.

Unauthorized Units (UDUs) – Unauthorized units (UDUs) are defined in Planning Code as one or more rooms within a building that have been used, without the benefit of a permit, as a separate and distinct living or sleeping space independent from other residential units on the property.

Urban Displacement Project (UDP) – The Urban Displacement Project is a research initiative based out of UC Berkeley in collaboration with UCLA and Portland State University. UDP researchers developed interactive maps that analyze the timeline and location of gentrification and displacement in the Bay Area, Southern California, and Portland. The maps are based on regional housing, income, race, transit, and other demographic data, and build upon an academic methodology for analyzing neighborhood change (Chapple & Zuk, 2016; Zuk & Chapple, 2015).

U.S. Department of Housing and Urban Development (HUD) – HUD is a Cabinet department in the Executive branch of the federal government. The purpose of the Department is to provide housing and community development assistance and to make sure everyone has access to “fair and equal” housing.

Vulnerable Populations and Groups – For the purpose of this report, vulnerable populations and groups refer to categories of people who are at higher risk of displacement after eviction due to individual and institutional barriers to acquiring market-rate housing. The vulnerable populations included in this report are not an exhaustive list of all categories of people at higher risk and include people of color (Black, Latinx/Hispanic, Asian, Native American/American Indian, and Pacific Islander), people living with disabilities, low-income households, people experiencing homelessness, seniors, youth, immigrants, LGBTQ+, refugees, linguistically isolated households, small businesses, veterans, and non-profit organizations.