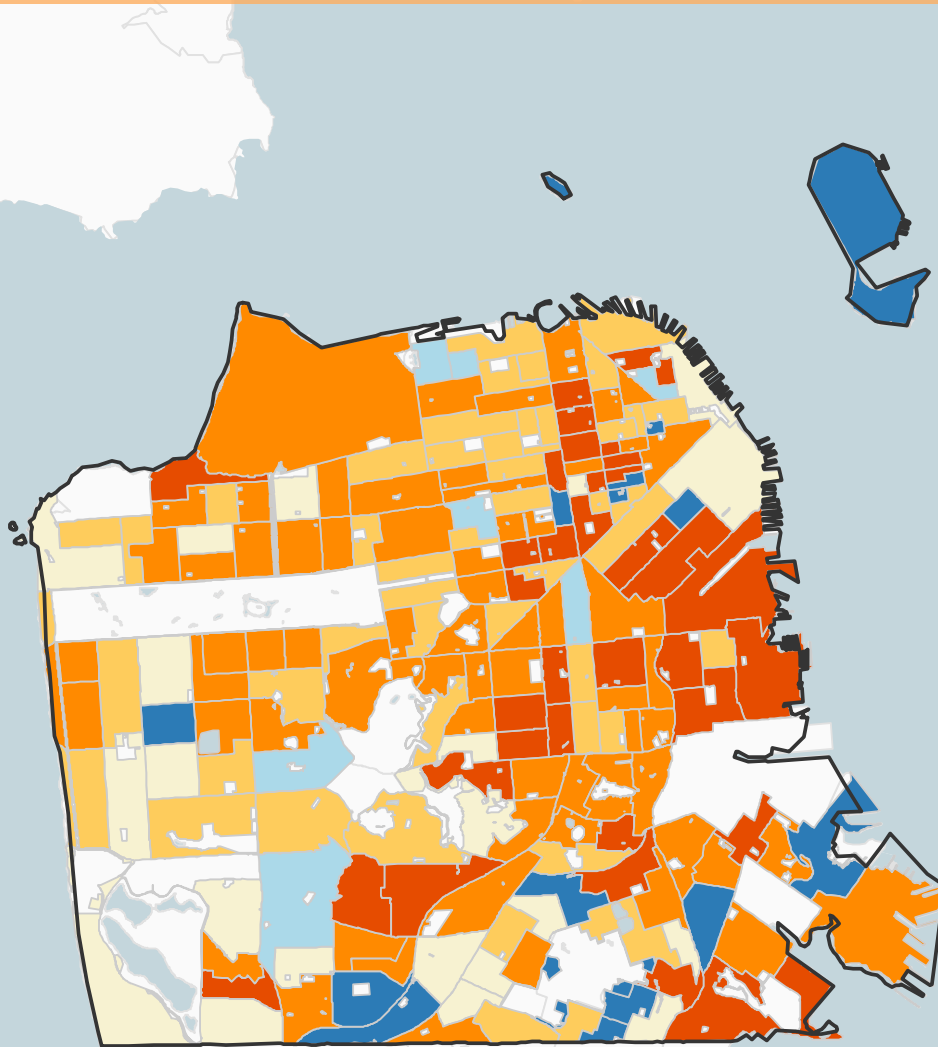


# Rising Housing Costs and Re-Segregation in San Francisco

---



**URBANDISPLACEMENT**

UNIVERSITY OF CALIFORNIA, BERKELEY | [URBANDISPLACEMENT.ORG](http://URBANDISPLACEMENT.ORG)



**Authors:** UC Berkeley's Urban Displacement Project and the California Housing Partnership

**Writing:** Philip Verma, Dan Rinzler and Miriam Zuk

**Analysis:** Philip Verma, Matthew DaSilva and Eli Kaplan

**Mapping and Design:** Eva Phillips

**Web Maps:** Ethan Burrell

**Outreach:** Gabriela Navarro

**Acknowledgements:** This report was made possible by the generous support of The San Francisco Foundation

# EXECUTIVE SUMMARY

This report finds that increases in housing prices in San Francisco were correlated with shifts in where low-income people of color lived between 2000 and 2015. It also provides evidence that these shifts contributed to new concentrations of poverty and racial segregation in San Francisco and perpetuating racial disparities in access to high-resource neighborhoods. By focusing explicitly on the racial and economic dimensions of neighborhood change in relationship to increases in housing prices, this report builds upon existing research on displacement, segregation, and the

persistent legacies of urban disinvestment and exclusion.

This report concludes that San Francisco and the region need policies and investments that support housing affordability and stability for low-income people of color, while also increasing their access to high-resource neighborhoods. To be successful, these policies and investments must account for both the legacies of racial segregation and recent patterns of re-segregation.

## Key Findings

---

- ▶ Between 2000 and 2015, as housing prices rose, San Francisco lost nearly 3,000 low-income Black households—a 17% decrease—primarily in historically Black neighborhoods. Meanwhile, although San Francisco’s low-income Asian and Latinx populations grew overall, they decreased in historical cultural centers such as the Mission, Chinatown and SoMa.
- ▶ Rents rose across San Francisco, with (inflation-adjusted) increases above 30% in median rent paid in one out of five tracts in the city, mostly in the eastern and southern parts. These areas have historically been home to many low-income communities of color, as well as much of the city’s industrial base. In the Bay Area, a 30% tract-level increase in median rent paid (in inflation-adjusted dollars) was associated with a 21% decrease in low-income households of color. There was no significant relationship between rent increases and losses of low-income White households, indicating that communities of color were particularly vulnerable to the impact of rapid rent increases.
- ▶ Most low-income San Franciscans who moved in 2015 left the city altogether, including 75% of low-income Black movers. However, most people who left San Francisco remained in the Bay Area.
- ▶ Low-income households who made any kind of move in 2015—whether they stayed in San Francisco or left it—ended up paying a higher share of their income on rent than those who did not move.
- ▶ Large increases of low-income people of color in areas that became newly segregated and high-poverty between 2000 and 2015 suggests that rising housing costs and migration patterns contributed to new concentrations of segregation and poverty in San Francisco.
- ▶ As housing prices rose, the share of low-income Black households in San Francisco living in high-poverty, segregated neighborhoods rose from 41% in 2000 to 65% in 2015. This percentage in 2015 was substantially higher than the share of low-income Asian (27%), Latinx (19%), and White (12%) households living in high-poverty, segregated areas. Families in these types of neighborhoods typically face greater barriers to economic mobility and are more likely to suffer adverse health outcomes.
- ▶ At the end of the 2000-2015 period, disparities in access to opportunity were more pronounced between racial groups than between income groups of the same race. For example, in 2015, low-income White households in San Francisco were three times more likely to live in higher resource areas than moderate- and high-income Black households.

# INTRODUCTION

Between 2000 and 2015, thanks in part to rising housing prices, San Francisco experienced significant and uneven shifts in the neighborhoods where its low-income residents of color lived.<sup>1</sup> Some of these shifts were involuntary moves that result from eviction, foreclosure, large rent increases, uninhabitable housing conditions or other reasons that are beyond a household's control, otherwise known as "displacement."<sup>2</sup> Research has shown that involuntary moves have adverse and destabilizing effects across many aspects of everyday life.<sup>3</sup>

Shifts in where low-income people of color live also have broader consequences for racial and economic inequality because where we live matters. Neighborhood-level factors such as poverty rates, schools, social capital, and exposure to environmental pollution have powerful and independent effects on child development, economic mobility, and health outcomes.<sup>4</sup>

Focusing on housing price and demographic changes between 2000 and 2015, this report documents which neighborhoods in San Francisco saw increases and decreases among low-income people of color, and describes how these patterns related to concurrent changes in local rental housing prices.<sup>5</sup> Examining how county-level trends played out at the neighborhood scale also provides a basis for understanding how these trends may be reproducing patterns of segregation and unequal access to high-resource neighborhoods that have defined the county's racial and economic geography for decades.

Finally, documenting neighborhood-level trends is meaningful because people are physically and emotionally tied to places through social networks, community organizations, and local commercial and cultural institutions.<sup>6</sup> The neighborhood is also the scale at which people experience displacement pressures and demographic change.<sup>7</sup>

## Definition of Terms

► **Income categories** are defined relative to the regional Area Median Income (AMI) for the nine-county Bay Area. "Low-Income" is defined as less than 80% of AMI, unless noted otherwise.

► This report combines U.S. Census **definitions for race and ethnicity** in the following way:

- **White:** Non-Hispanic White
- **Latinx:** Hispanic or Latino of any race
- **Black:** Non-Hispanic Black or African American
- **Asian:** Non-Hispanic Asian
- **People of Color (POC):** All who are not non-Hispanic White (including people who identify as "some other race" or "two or more races")

\*Given the uncertainty in tract-level estimates for racial and ethnic groups not included in the Black, Asian or Latinx categories, this report only analyzes these racial groups in the aggregate POC category. For household-level data, race refers to that of the householder (the person who answered the census).

► This report uses **census tracts as proxies for neighborhoods**. Tracts in San Francisco typically contain between 2,000 and 7,000 people.

\*See the appendix for more detail on definitions and methodology

# DEMOGRAPHIC TRANSFORMATION

Across all racial groups, San Francisco lost very low-, low- and moderate-income households, while seeing increases in both extremely low- and high-income households (Table 1). Widening income inequality during this period was also racialized. San Francisco's Black population declined in all income categories except for the lowest, which remained stable, while high-income households of other races increased. Latinx and Asian households grew across all income categories, particularly at the high and low ends of the spectrum. As shown in Table 2, San Francisco saw larger relative losses in its low-income Black and White population and smaller relative gains in its low-income Latinx and Asian populations than the region as a whole.<sup>8</sup> This finding points to San Francisco's relative unaffordability in an already high-cost region, as well as growing racial inequality as the city continues to lose middle-wage jobs.<sup>9</sup>

However, households from different income and racial groups were not evenly distributed across the county in 2000, nor did they increase or decrease uniformly across all neighborhoods by 2015. City-level changes were often concentrated in just a few neighborhoods, and in some cases local demographic changes were the opposite of citywide trends. The following maps show how demographic changes played out at the neighborhood level between 2000 and 2015. Map 1 shows tract-level changes in the number of low-income Black households during this period.

San Francisco's Black population has decreased continuously since approximately 1970—a result of deindustrialization, displacement, and exclusion from many neighborhoods in the city.<sup>10</sup> This trend continued in the period between 2000 and 2015, when the city lost nearly 3,000 low-income Black

**Table 1.** Demographic Changes in San Francisco, 2000-2015

|           | Extremely Low<br>(0-30% AMI) | Very Low<br>(30-50% AMI) | Low<br>(50-80% AMI) | Moderate<br>(80-120% AMI) | High<br>(>120% AMI) |
|-----------|------------------------------|--------------------------|---------------------|---------------------------|---------------------|
| Black     | 0%                           | -35%                     | -36%                | -30%                      | -26%                |
| Latinx    | 54%                          | 36%                      | 16%                 | 6%                        | 43%                 |
| Asian     | 40%                          | 20%                      | 1%                  | 5%                        | 55%                 |
| White     | -3%                          | -20%                     | -31%                | -21%                      | 18%                 |
| All POC   | 31%                          | 10%                      | -4%                 | -1%                       | 43%                 |
| All Races | 17%                          | -5%                      | -18%                | -12%                      | 27%                 |

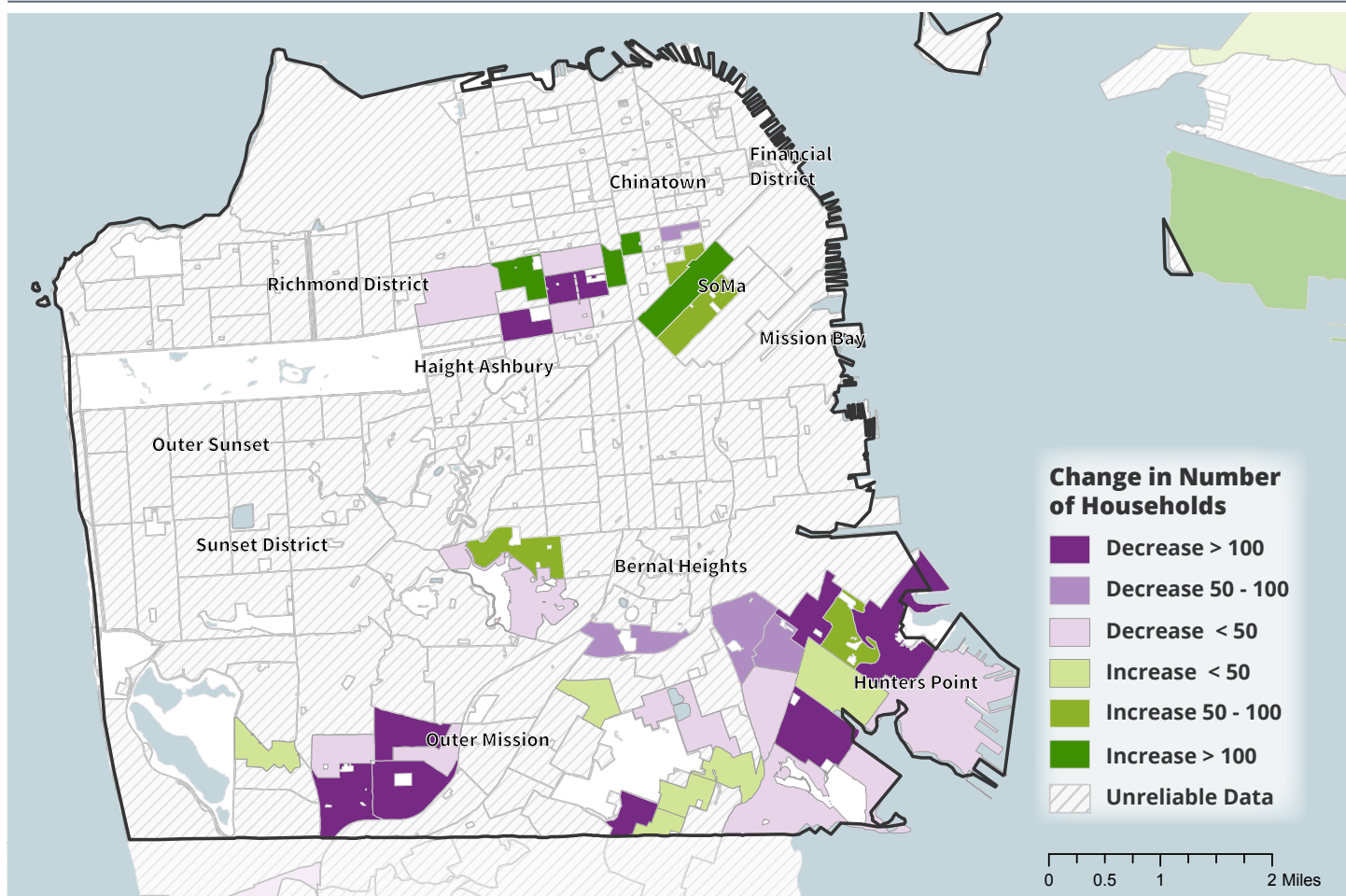
Source: U.S. Census 2000 (Table P151), ACS 2011-2015 (Table B19001)

**Table 2.** Change in Low-Income Households (<80% AMI) by Race in San Francisco, 2000-2015 <sup>47</sup>

|           | Change  | Pct. Change | Pct Change<br>(Bay Area-wide) |
|-----------|---------|-------------|-------------------------------|
| Black     | -2,900  | -17%        | 4%                            |
| Latinx    | 5,900   | 35%         | 60%                           |
| Asian     | 8,700   | 22%         | 44%                           |
| White     | -13,200 | -19%        | -9%                           |
| All POC   | 11,500  | 15%         | 36%                           |
| All Races | -1,700  | -1%         | 11%                           |

Source: U.S. Census 2000 (Table P151), ACS 2011-2015 (Table B19001)

**Map 1.** Change in Low-Income (<80% AMI) Black Households (2000-2015)



Source: U.S. Census 2000 (Table P151B), ACS 2011-2015 (Table B19001B)

households (a 17% decrease). These losses were concentrated in three parts of the city: Oceanview and Outer Mission, the Western Addition, and Bayview-Hunters Point.

The Western Addition includes the Fillmore neighborhood, historically a center of Black community life and culture in San Francisco. The neighborhood was a primary target of urban renewal programs in the 1950s and 1960s, which displaced thousands of residents, wiped out household assets, and uprooted many Black cultural and commercial anchors.<sup>11</sup> The destruction left by redevelopment confined many of the Fillmore's remaining Black residents to public housing in an increasingly disinvested, poor neighborhood with limited job opportunities and rising drug violence. More recently, however, the neighborhood has undergone significant gentrification, leaving many longtime Black

residents feeling like they no longer belong.<sup>12</sup>

Most tracts in the Bayview-Hunters Point area saw substantial decreases of low-income Black households. The history of Bayview-Hunters Point is in many ways tied to that of the Fillmore. The Black population in both neighborhoods grew rapidly starting in the 1940s as workers were drawn to the nearby naval shipyards. After the shipyards closed in 1974, the area faced challenges around rising unemployment and poverty. Bayview-Hunters Point also received many Black families displaced by urban renewal in the Fillmore.<sup>13</sup> Starting in the early 2000s, the City proposed several large redevelopment projects for the area, including a new light rail line, affordable and market-rate housing construction, and economic development programs.<sup>14</sup> Concurrently, the San Francisco Housing Authority announced plans to demolish and replace over 500 public housing



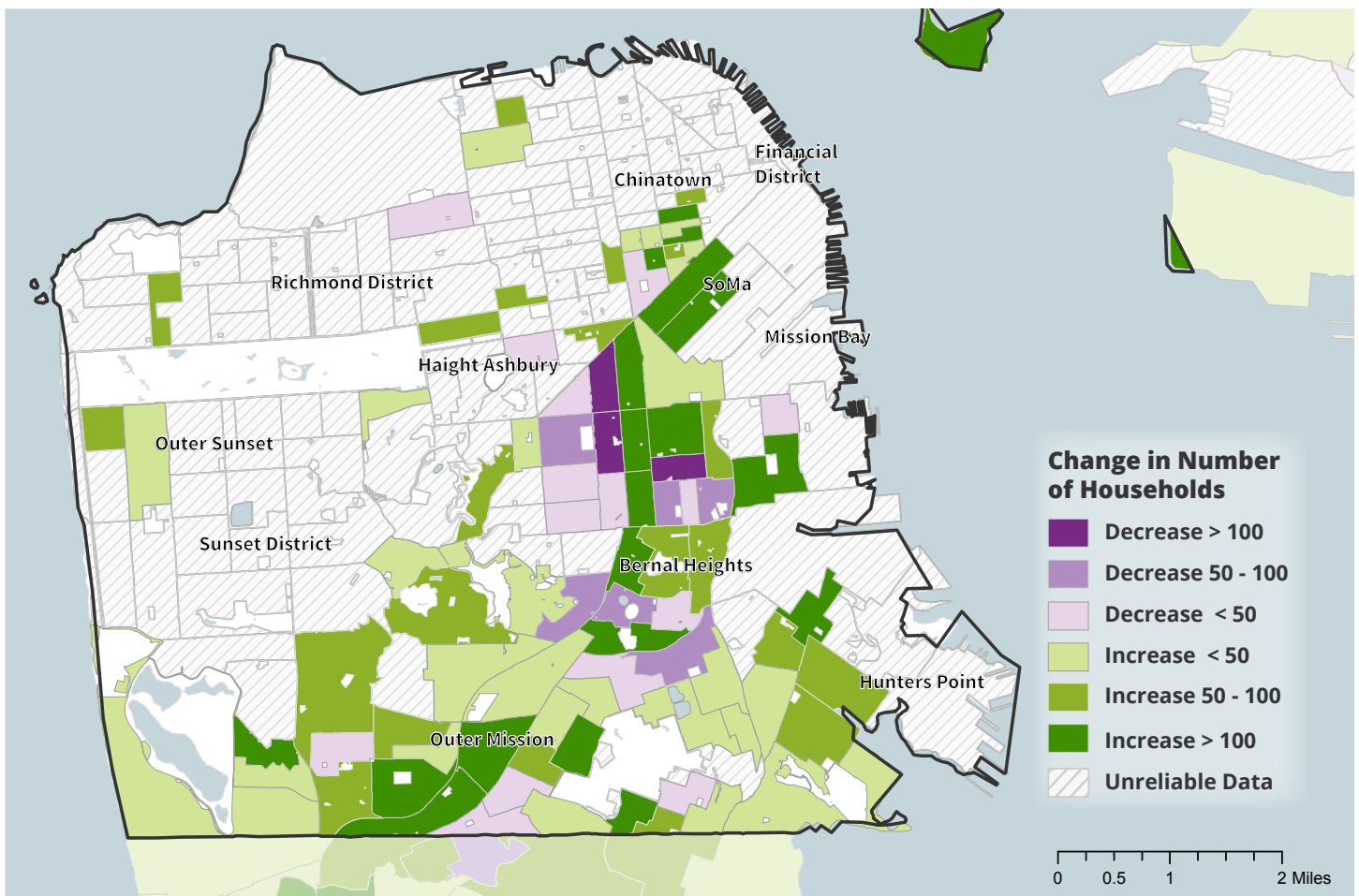
units in the neighborhood as part of the broader HOPE SF community revitalization program.<sup>15</sup> These projects have brought significant public and private investment to the neighborhood but also fears of another wave of development-driven displacement.<sup>16</sup>

Despite the overall decline in low-income Black households in San Francisco between 2000 and 2015, a few tracts did see increases, including in SoMa, parts of Bayview-Hunters Point, and the Western Addition. Some of these increases may have been related to the construction or rehabilitation of affordable housing units. Finally, most of the city's western neighborhoods have historically had few Black residents due to their history of exclusion and discrimination,<sup>17</sup> and the number of low-income Black households in these areas remained too small in 2015 to generate reliable estimates.

Map 2 and Map 3 show changes in low-income Latinx and Asian households, respectively, between 2000 and 2015.

The number of low-income Latinx households in San Francisco increased by nearly 6,000 between 2000 and 2015, representing a 35% increase. At the same time, Map 2 highlights concentrated losses in several parts of the Mission District and Bernal Heights. Transformation and gentrification in the Mission, a historic Latinx cultural enclave, began in the 1990s dot-com boom. Rapidly-appreciating rents and vacancy decontrol in rent-controlled units, along with the loss of many locally-owned businesses and industries, has led to significant residential displacement in this neighborhood over the past two decades. The Mission had the highest rate of no-fault evictions and tenant buyouts in the city between 2008 and 2014.<sup>18</sup>

**Map 2.** Change in Low-Income (<80% AMI) Latinx Households (2000-2015)



Source: U.S. Census 2000 (Table P151H), ACS 2011-2015 (Table B19001H)

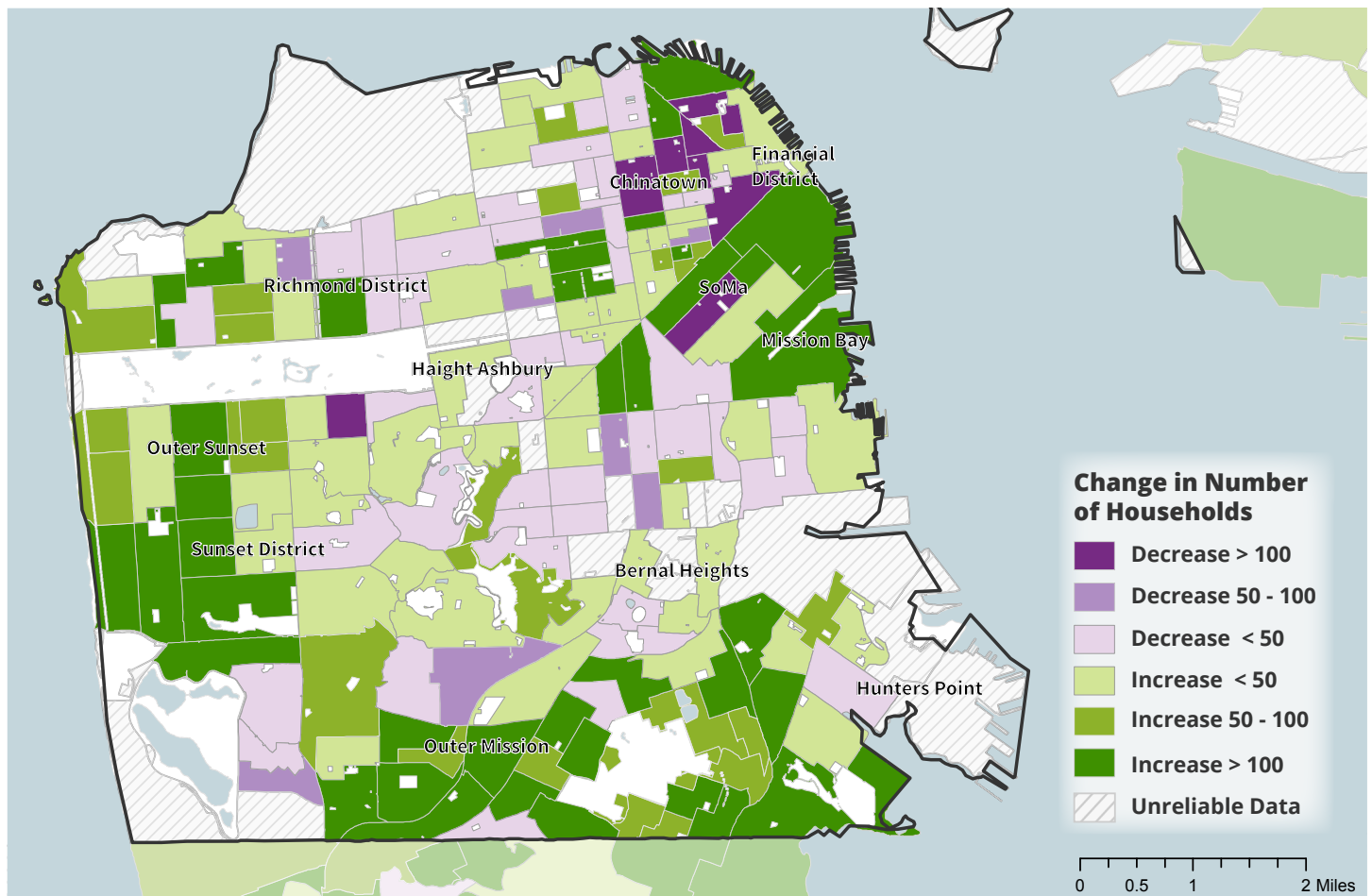
Increases in low-income Latinx households were concentrated in the eastern part of the Mission and in the Outer Mission, as well as in SoMa and other eastern neighborhoods. One small tract in the Tenderloin-Civic Center area gained 521 low-income Latinx households.<sup>19</sup> Finally, the Latinx population in the city's western neighborhoods is too low to produce reliable estimates of demographic change.

San Francisco's large Asian and Asian-American population is the product of its immigration history. San Francisco's low-income Asian population grew by over 8,600 households between 2000 and 2015—the largest increase of any low-income racial group during this period. This growth was primarily in the southern and western parts of the city, including the Outer Mission, the Outer Sunset, and the Outer Richmond. However, the largest absolute increases were in parts of SoMa and Mission Bay. The largest

decreases were in Chinatown and one tract in SoMa, which have historically been home to Asian immigrant communities. These centrally-located neighborhoods are adjacent to the city's Financial District and affluent residential areas, creating significant pressure on limited housing stock. Although Chinatown's high share of single-room occupancy (SRO) and rent-controlled units have helped limit rent increases in the neighborhood, local community organizations have noted increased displacement activity, including no-fault evictions against seniors.<sup>20</sup>

*An interactive version of these maps, with customizable combinations of household race and income and tract-level data, is available online at <http://www.urbandisplacement.org/rentchangemap>.*

**Map 3.** Change in Low-Income (<80% AMI) Asian Households (2000-2015)



Source: : U.S. Census 2000 (Table P151D), ACS 2011-2015 (Table B19001D)



# WHERE SAN FRANCISCO RESIDENTS MOVE

Understanding *where* low-income people in San Francisco are moving provides a fuller picture of ongoing displacement and migration patterns.<sup>21</sup> Figure 1 shows mover destinations for the approximately 35,000 low-income people (both renters and owners) who originated in San Francisco and moved in 2015. As the figure shows, most low-income residents who moved in 2015 left San Francisco altogether; this pattern was especially pronounced among Black and White movers. The largest share of out-movers left for other counties in the Bay Area, with more than half of low-income Black people doing so. Black and White movers were also about twice as likely as their Asian-Pacific Islander<sup>22</sup> and Latinx counterparts to leave the state.

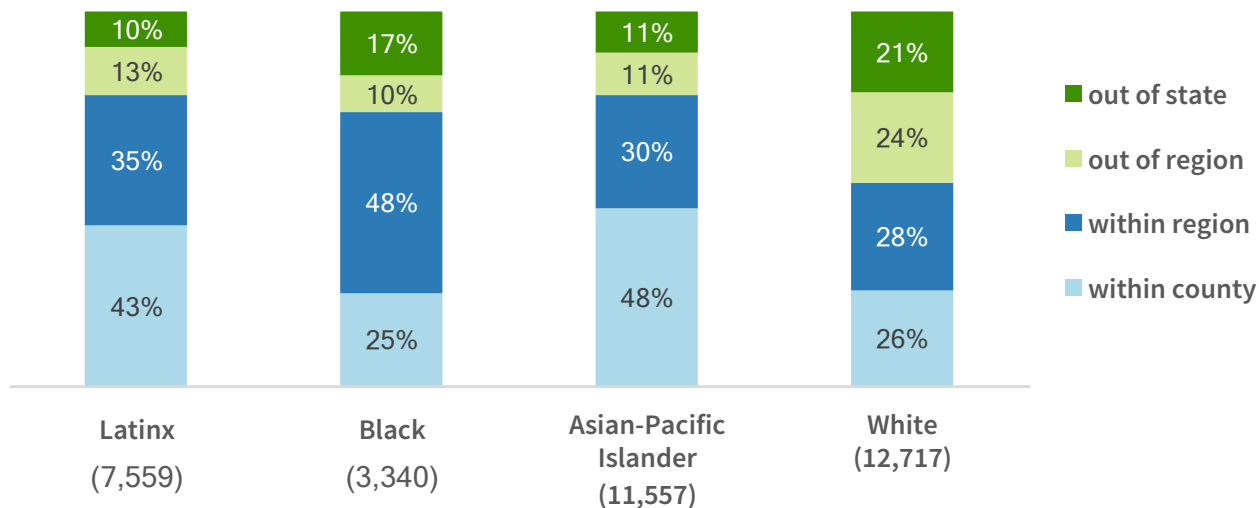
Low-income San Francisco movers were significantly more likely to leave their county of origin than low-income movers from other parts of the region. This disparity likely reflects San Francisco's extremely high rents and cost of living compared to other parts of the Bay Area—and

the difficulty low-income people face finding an affordable place to live in the city when they move.

The primary destinations for low-income people of color who moved in 2015 included Oakland and Hayward in Alameda County and parts of San Mateo County. There was also a significant migration of low-income Black San Franciscans to Solano County and of low-income Latinx to Sonoma County. These patterns reflect the out-migration of low-income people of color from the inner to the outer parts of the Bay Area, contributing to new forms of racial segregation and inequality in the region.<sup>23</sup>

As shown in Table 3, low-income renter households who moved in 2015 experienced higher rent burdens than those who did not move. In other words, any kind of move was associated with incurring higher and more burdensome rents. This increase in rent burden could have been a result of moving out of rent-controlled (or otherwise affordable) homes and into market-rate

**Figure 1.** Destination of Low-Income Movers by Race (2015)



Source: IPUMS-USA, University of Minnesota, 2015

**Table 3.** Average Rent-to-Income Ratio by Move Status and Households Income (2015)

|                              | Did Not Move | Moved Within County | Moved Within Region | Left Region |
|------------------------------|--------------|---------------------|---------------------|-------------|
| Extremely Low<br>(0-30% AMI) | 64%          | 71%                 | 84%                 | 86%         |
| Very Low<br>(30-50% AMI)     | 43%          | 52%                 | 50%                 | 50%         |
| Low<br>(50-80% AMI)          | 32%          | 41%                 | 36%                 | 34%         |

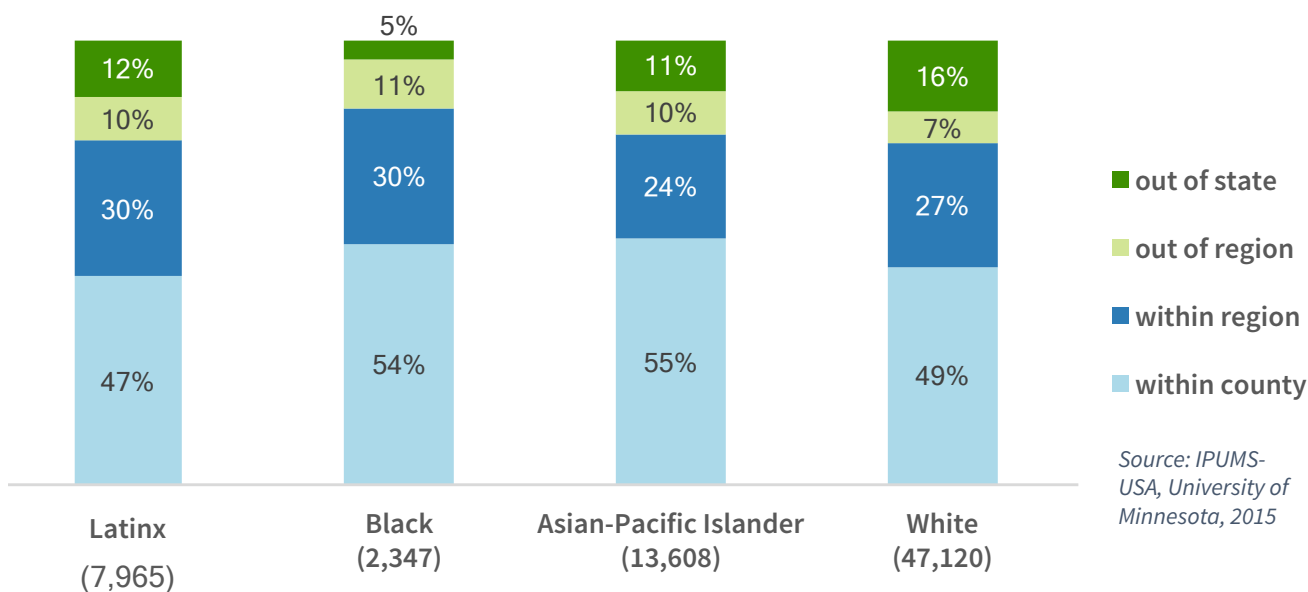
Source: IPUMS-USA, University of Minnesota, 2015

apartments, as well as loss of income that may have precipitated the move in the first place. Between 2000 to 2015, the number of rent-controlled units available to low-income households in San Francisco decreased, as higher-income residents moved into these units in greater numbers.<sup>24</sup>

Figure 2 shows that there was far less variation in mover destinations by race among moderate- and high-income movers in comparison to low-income movers. However, moderate and high-income residents were far more likely to remain in San Francisco when they moved, in comparison to low-income movers. For example, White and Black moderate- and high-income movers were

approximately twice as likely as their low-income counterparts to stay in San Francisco when they moved. However, moderate- and high-income movers from San Francisco were less likely to stay in their county of origin when they moved than their counterparts from other Bay Area counties—perhaps indicating that they, too, are reacting to escalating housing costs.

*An interactive map providing a more detailed picture of destinations for San Francisco movers in 2015, with customizable combinations of income and race, is available online at <http://www.urbandisplacement.org/migrationmap>.*

**Figure 2.** Destination of Moderate and High Income Movers by Race (2015)

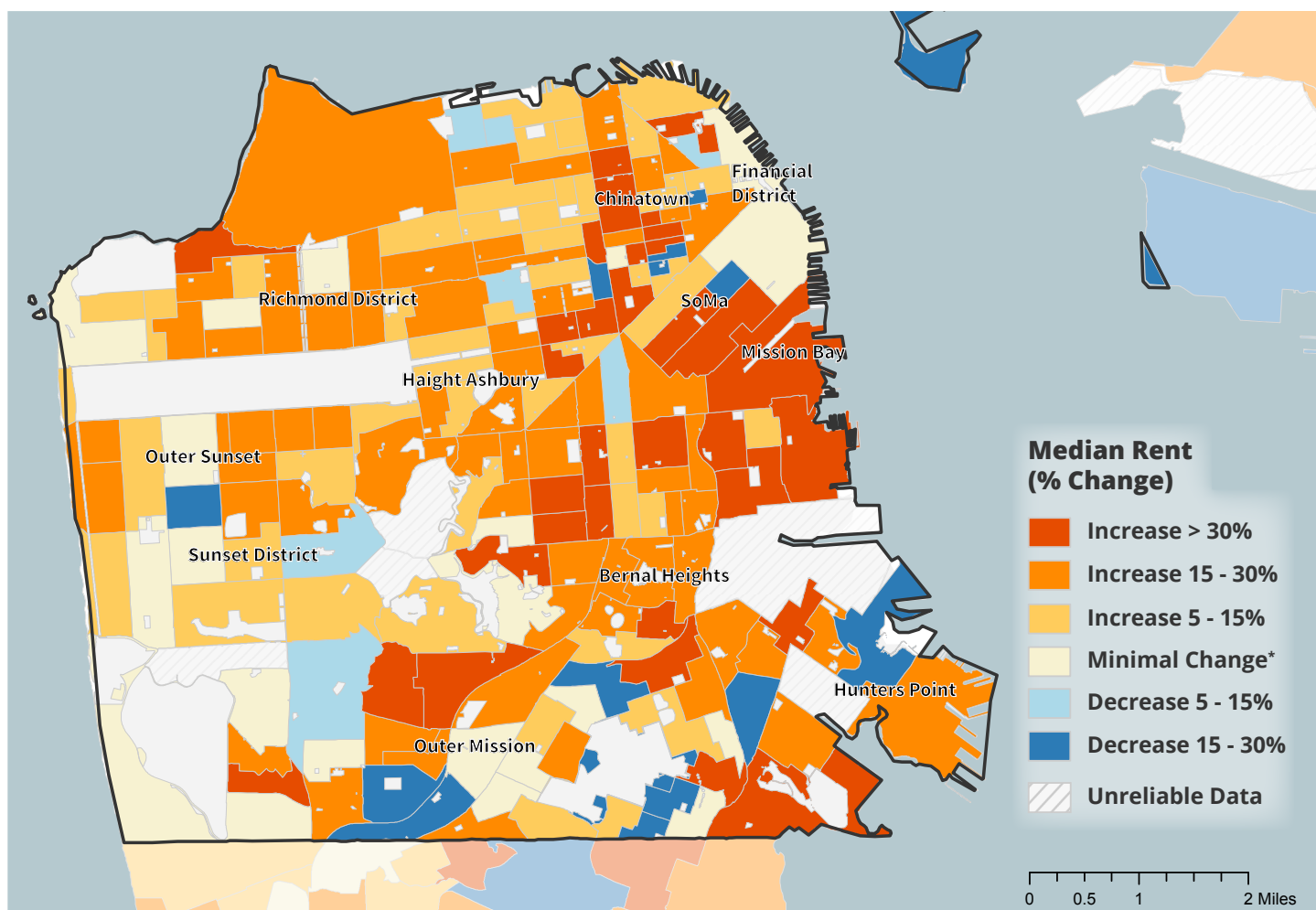
# 

A majority of San Francisco households (65%) are renters—a far higher percentage than the regional average of 45%.<sup>25</sup> Rents rose in almost every neighborhood in San Francisco between 2000 and 2015 (Map 4). SoMa, Dogpatch, Mission Bay, and parts of the Bayview saw increases of more than 50% in median rent paid (inflation-adjusted dollars). Other eastern neighborhoods such as Nob Hill, Hayes Valley, Noe Valley, and parts of the Mission saw increases between 30% and 50% (due to data limitations, these figures likely underestimates).<sup>26</sup> In tracts where there were

increases of at least 30%,<sup>27</sup> the average median rent paid was \$891 in 2000 (in unadjusted 2000 dollars) and \$1,880 in 2015. By 2018, the median asking rent for a two-bedroom unit in San Francisco was \$4,300. Renters would need to earn \$83 per hour—over \$170,000 annually—to afford this rent.<sup>28</sup>

Many of the neighborhoods that experienced the largest increases in rental housing costs also saw significant losses of low-income households of color, as described earlier in this report. In the nine-county Bay Area, a 30% tract-level increase

**Map 4.** Percent Change in Median Rent Paid (2000-2015, Inflation-Adjusted)



Source: U.S. Census 2000 (Table H063), ACS 2011-2015 (Table B25064)

in median rent paid (in inflation-adjusted dollars) was associated with a 21% decrease in low-income households of color. There was no significant relationship between rent increases and losses of low-income White households.<sup>29</sup> These findings highlight the particular vulnerability of low-income

communities of color to rent increases in the Bay Area.

*An interactive map showing tract-level median rents in 2000 and 2015 is available online at <http://www.urbandisplacement.org/rentchangemap>.*

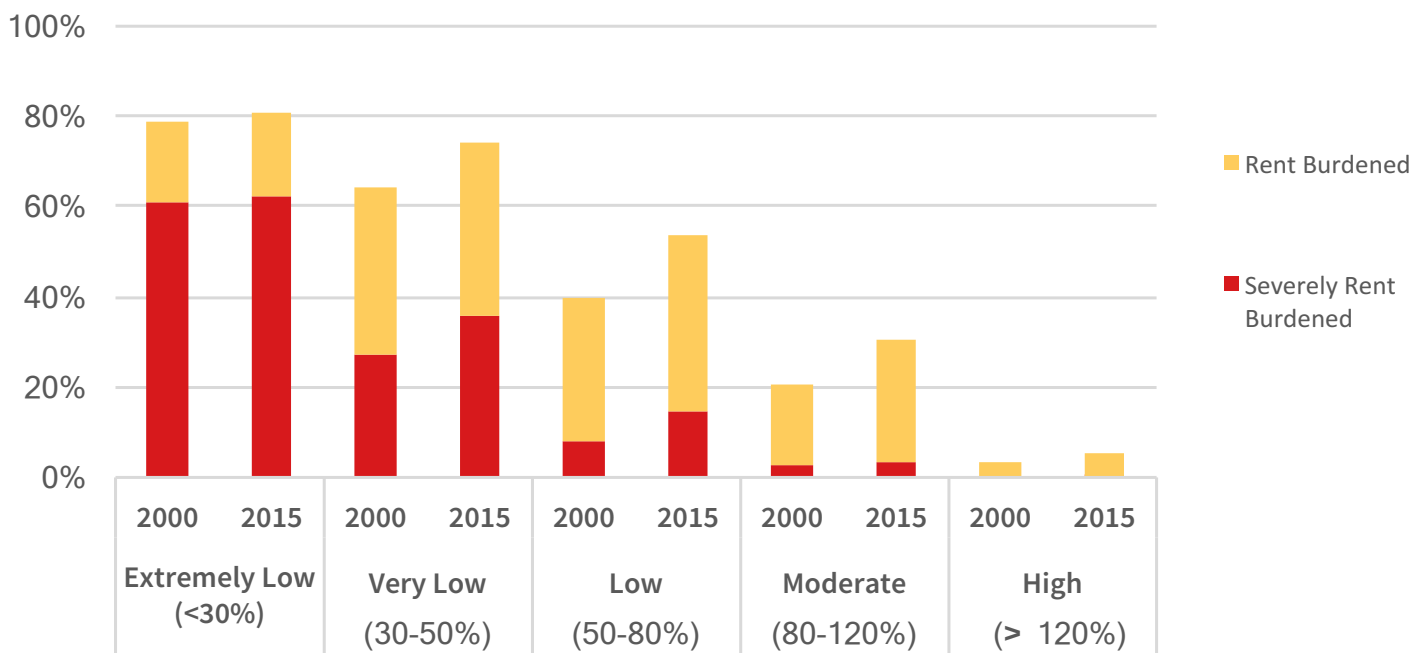
## Rising Rent Burdens

Across the county, low-income renters' incomes did not keep up with rising housing costs between 2000 and 2015, leading to increasing rent burdens. Households are considered rent-burdened when they pay over 30% of their income on rent, and severely rent-burdened if this ratio exceeds 50%. Research has shown that severely rent-burdened low-income households spend much less on essentials such as food, health care, and transportation than their low-income counterparts who are not rent-burdened.<sup>30</sup> High rent burden is also associated with greater displacement risk.<sup>31</sup>

Figure 3 shows how rent burden changed for households of different income groups in San Francisco between 2000 and 2015.

In both 2000 and 2015, San Francisco's lowest income renters were by far the most likely of any income group to experience severe rent burden; more than 60% of extremely low-income renter households spent more than half their incomes on rent in both years. However, rent burden grew substantially for other income groups. For example, the share of severely rent-burdened

**Figure 3.** Rising Rent Burdens by Household Income Category (2000-2015)



Source: IPUMS-USA, University of Minnesota, 2015

low-income households almost doubled over the 15-year period. The share of rent-burdened low and moderate-income households was also higher in 2015 in San Francisco than elsewhere in the Bay Area—a reflection of its exceptionally high rents.

Table 4 shows the average rent-to-income ratio in San Francisco in 2015 for different race and household income categories. This data shows that households of similar incomes experience broadly

similar rent burdens across racial groups, although Whites had the highest average rent burdens within low and moderate income categories. However, the average rent burden for racial groups as a whole varied substantially due to different income distributions within racial groups. For example, Black households are overrepresented in lower income categories, so their average rent burden (45%) was significantly higher than the city average (36%).

**Table 4.** Average Rent-to-Income Ratio by Race and Income (2015)

|               | Asian-Pacific<br>Islander | Black | Latinx | White | All Races |
|---------------|---------------------------|-------|--------|-------|-----------|
| Extremely Low | 61%                       | 59%   | 68%    | 73%   | 66%       |
| Very Low      | 39%                       | 38%   | 42%    | 50%   | 44%       |
| Low           | 29%                       | 29%   | 31%    | 36%   | 33%       |
| Moderate      | 23%                       | 20%   | 24%    | 27%   | 26%       |
| High          | 15%                       | 17%   | 17%    | 17%   | 17%       |
| All Incomes   | 38%                       | 45%   | 40%    | 33%   | 36%       |

Source: IPUMS-USA, University of Minnesota, 2015

# IMPLICATIONS FOR SEGREGATION AND ACCESS TO OPPORTUNITY

The first sections of this report establish that the racial and economic geography of San Francisco changed between 2000 and 2015 and that some neighborhoods in the city experienced substantial losses of low-income households of color during this period, while others saw large increases.

But what do we know about the neighborhoods where these changes were happening? Are shifts in where low-income people of color live in San Francisco affecting their access to resource-rich neighborhoods that give them a better chance at educational success, good health, and upward mobility? Or are old patterns of segregation

and neighborhood disadvantage simply being reproduced in new areas?

The analysis below describes how the geography of racially-segregated, high-poverty neighborhoods expanded into new parts of the county between 2000 and 2015, and demonstrates that the increase in low-income households of color was concentrated in these neighborhoods. Entrenched racial disparities in access to higher resource areas also persisted, despite significant shifts in the neighborhoods where low-income people of color lived during the 15-year period.<sup>32</sup>

## Segregation and Concentrated Poverty

Racial segregation has been a defining feature of the U.S. urban landscape for centuries and became entrenched in especially consequential ways after World War II. Through both legal and extralegal forms of discrimination and exclusion, African-Americans and other people of color were both denied access to emerging high-resource areas—in both urban and suburban neighborhoods—and redlined so that their communities did not have equal access to financial services and other resources.<sup>33</sup> Over time, the twin legacies of exclusion and disinvestment produced a racially-segregated geography of opportunity that persists in every metropolitan area across the country. Recent work on the Bay Area has highlighted how this geography has increased vulnerability to displacement<sup>34</sup> and is also in the process of reconfiguring due to increases in poverty and people of color at the outer edges of the region.<sup>35</sup>

Map 5 shows the census tracts that were both high poverty and racially segregated in San Francisco in 2000 and 2015. Tracts were considered high poverty if more than 20 percent of their population was living below the federal poverty line, and racially

segregated if at least one non-White group was overrepresented in the tract relative to their share of the region's population by over 50%. Nearly all tracts in the city that were high poverty in 2015 were also racially segregated, according to these definitions.<sup>36</sup>

In 2015, approximately 15% of tracts in San Francisco met the previously-described definition of being segregated and high poverty (30 of 192), including 14 tracts that were not segregated and high poverty in 2000 but became so by 2015. As shown in Map 5, most of San Francisco's high-poverty, segregated tracts are in its eastern neighborhoods, including around downtown (Chinatown, the Tenderloin, parts of SoMa) and in Hunters Point-Bayview. Most newly segregated, high-poverty tracts emerged adjacent to tracts that already met this definition in 2000. Some of these newly-segregated tracts, however, had poverty rates at the cusp of the 20% threshold in 2000 (e.g., tract 180 in SOMA and 9806 in Hunters Point,<sup>37</sup> and the newly-segregated category may simply be an artifact of using threshold values).



Six tracts that were segregated and high poverty in 2000 no longer met this definition in 2015; they included three tracts in the Mission, two in the Tenderloin, and one in the Bayview. All three neighborhoods have experienced gentrification and displacement over the past two decades.<sup>38</sup> No tracts in the city's western neighborhoods met the criteria of high poverty and racial segregation in either 2000 or 2015.

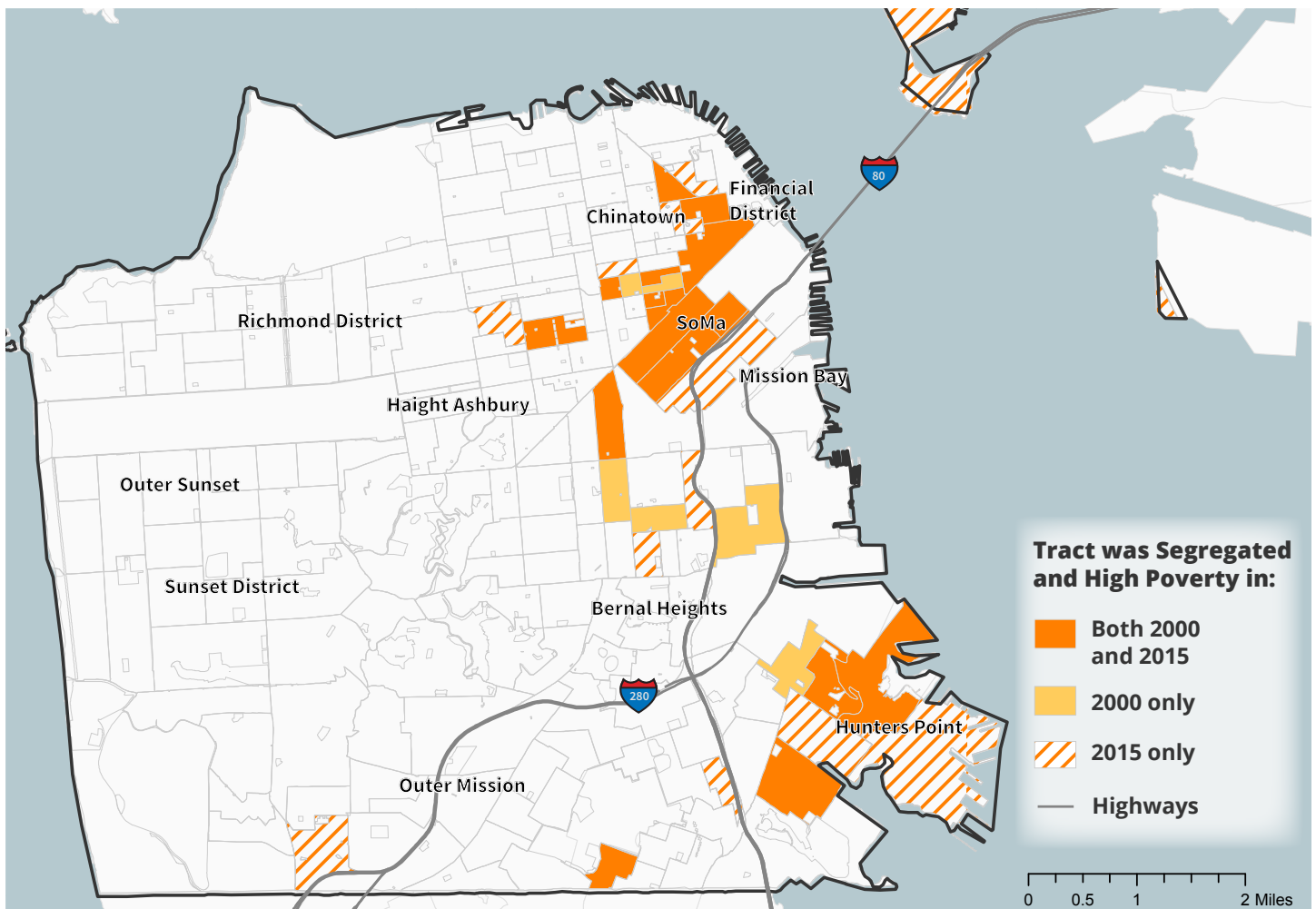
Figure 4 shows the share of low-income households for different racial groups living in segregated, high-poverty tracts in 2000 and 2015.

The share of low-income households of color living in high-poverty, segregated tracts in both 2000 and 2015 was lower in San Francisco than in other parts of the region. Similar to the rest

of the Bay Area, however, low-income Black households in the city were much more likely to live in these neighborhoods than low-income households of other races. In 2015, 65% of low-income Black households in San Francisco lived in segregated, high-poverty neighborhoods—a substantially higher rate than low-income Asian (27%) Latinx (19%), and White (12%) populations. As San Francisco lost nearly one-fifth of its low-income Black population between 2000 and 2015, those who remained became more likely to live in racially-segregated, high-poverty neighborhoods—including in areas which newly met this definition by 2015.

Even segregated, high-poverty areas of San Francisco have not been immune to rent increases. Tracts that were segregated and high-poverty in

**Map 5.** Changing Landscape of Segregation and Poverty in San Francisco County

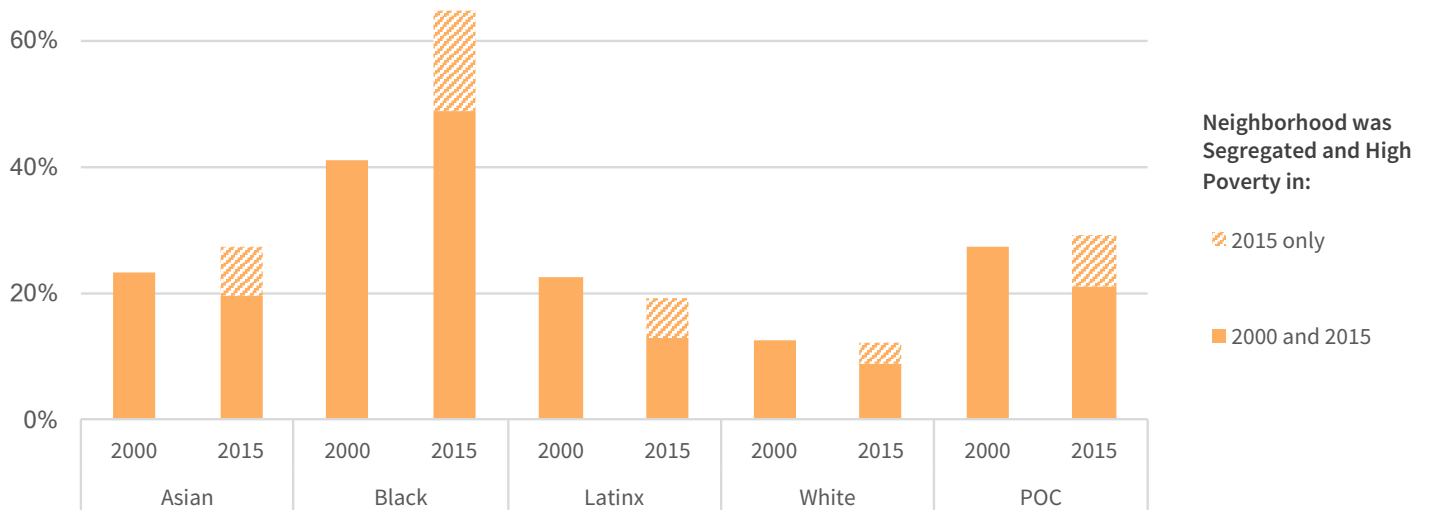


Source: U.S. Census 2000 (Table H063), ACS 2011-2015 (Table B25064)

2000 but not in 2015 experienced rent increases that were nearly double the city average. Tracts that became newly segregated and high poverty also experienced rent increases. This data suggests

continued vulnerability to displacement for low-income people of color, even in segregated and high-poverty neighborhoods, due to rising rents in these areas.

**Figure 4.** Share of Low-Income Households Living in Segregated, High-Poverty Tracts (2000 and 2015)



Source: U.S. Census 2000 (Table P007), ACS 2011-2015 (Table B03002)

## Access to Opportunity

Another feature of San Francisco’s uneven geography of opportunity is the concentration of resources in particular neighborhoods. In 2017, the State of California adopted “opportunity maps” for each region in California to inform new incentives to locate affordable housing for low-income families in higher resourced neighborhoods.<sup>39</sup> These opportunity maps categorize each tract based on its composite opportunity score and then compares it to other tracts in the region. The portion of the Bay Area opportunity map that covers San Francisco is shown in Map 6.<sup>40</sup>

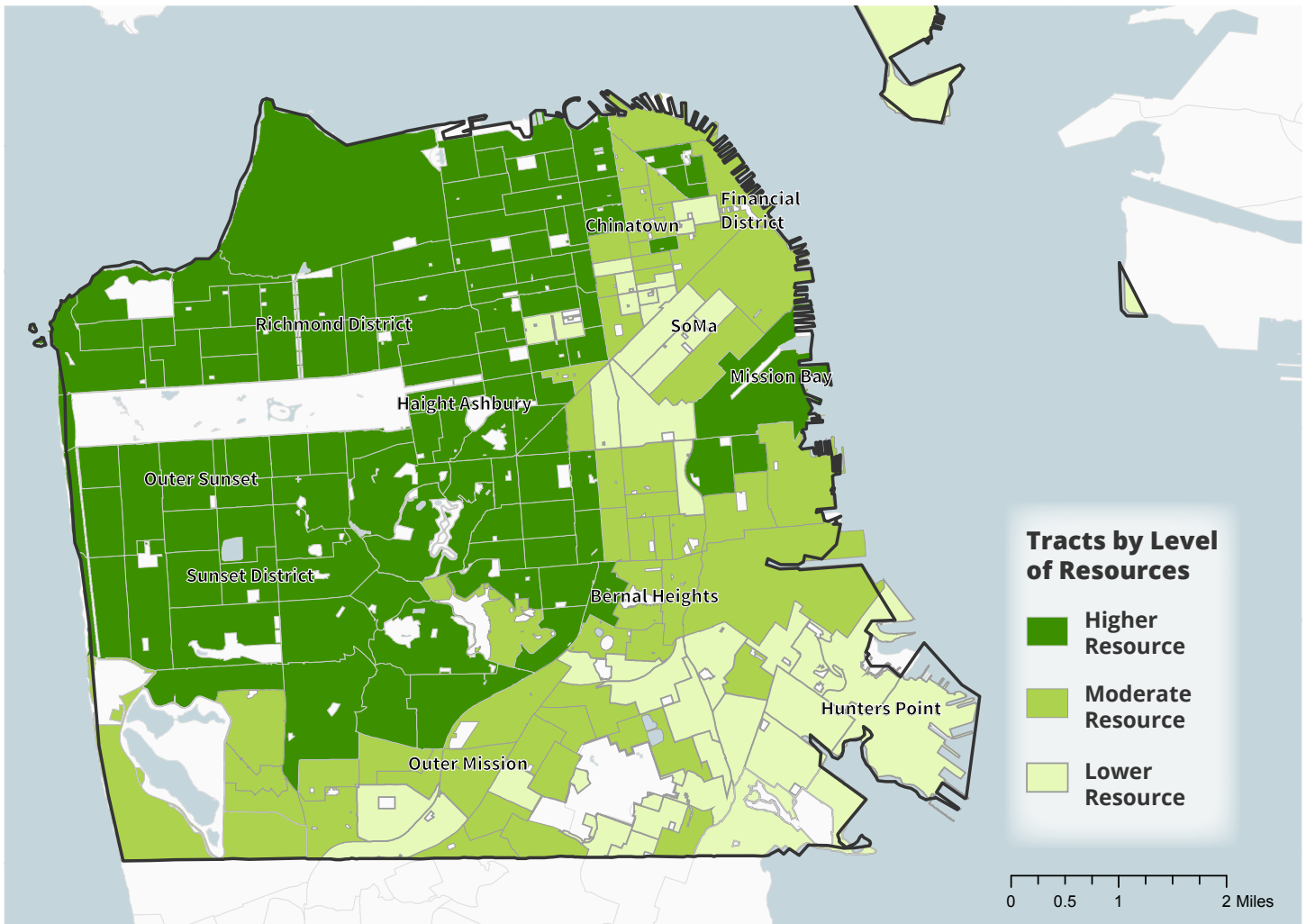
The opportunity map shows that San Francisco is neatly divided into higher resource areas in its western neighborhoods, with moderate and lower resource areas in the city’s eastern and southeastern neighborhoods, as well as along its southern border. San Francisco has a smaller share

of lower resource tracts and a larger share of higher resource tracts when compared to other counties in the region.

Figure 5 shows where households of different races and incomes lived in 2015 relative to the opportunity map.

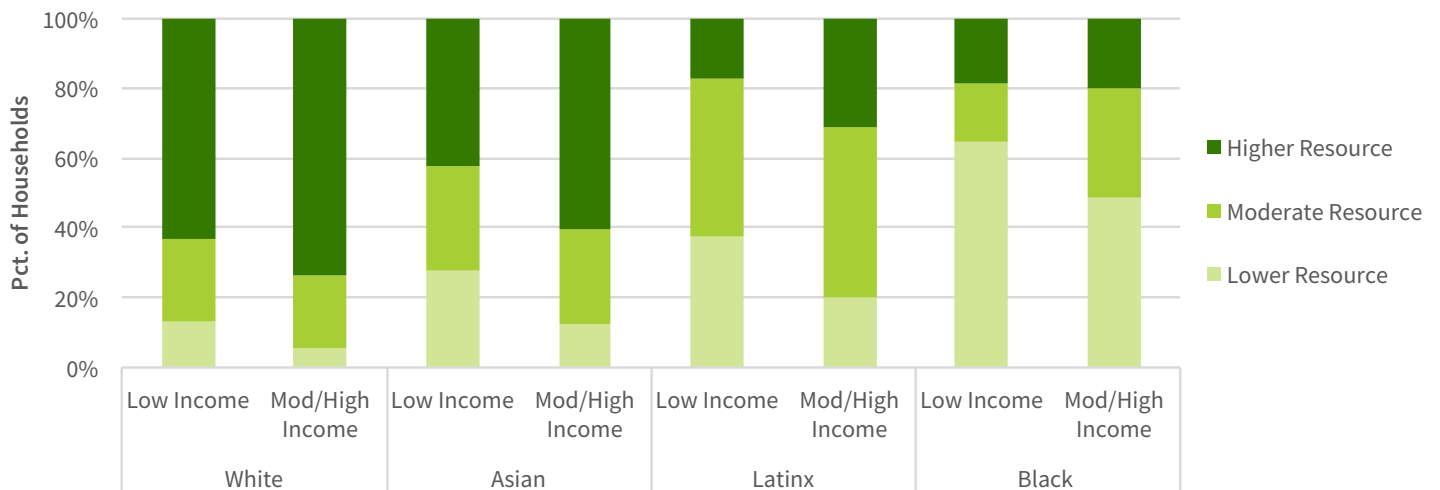
These data show disparities in access to higher resource neighborhoods by both race and income. However, differences in access between races were much starker than differences between income groups of the same race. For example, the share of low-income Black households living in higher resource tracts in was similar to the share of moderate- and high-income Black households living in these areas. However, low-income White households in San Francisco were three times more likely to live in higher resource tracts in 2015 than

**Map 6.** San Francisco County Opportunity Map (2015)



Source: California Fair Housing Task Force, 2017

**Figure 5.** Level of Neighborhood Resources by Race and Income (2015)



Source: California Fair Housing Task Force, 2017, U.S. Census 2000 (Table P151), ACS 2011-2015 (Table B19001)

moderate- and high-income Black households. Access to higher resource neighborhoods for Latinx and Asian households was in between that of White and Black households.

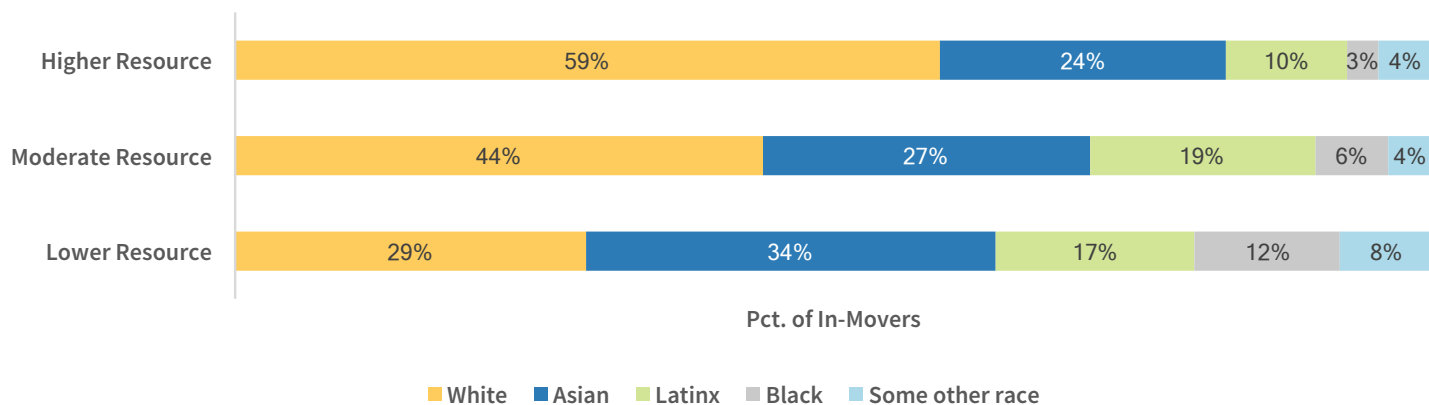
In-migration patterns among different racial groups suggest the perpetuation of disparities in access to opportunity, especially between White and Black San Franciscans. Figure 6 shows the breakdown by race for in-movers in 2015 for tracts with different levels of resources.<sup>41</sup>

In 2015, White households constituted the majority of in-movers into higher-resource neighborhoods

in San Francisco, and they represented a much smaller share of in-movers in lower resource tracts. The opposite pattern was true for Black households, which represented a much larger share of in-movers in lower resource tracts than higher or moderate resource tracts.

Trends for Asian and Latinx in-movers in San Francisco diverged from those of the region—with Asian households representing a larger share of in-movers into lower resource tracts, and Latinx households representing a smaller share of in-movers into these areas, when compared to other Bay Area counties.

**Figure 6.** Racial characteristics of In-Movers by Neighborhood Type (2015)



Source: California Fair Housing Task Force, 2017, ACS 2011-2015 (Table B07004)

## The Need for Solutions that Account for Neighborhood Context

Continued displacement from neighborhoods like the Bayview, the Mission, and Chinatown—long home to communities of color—alongside growing Latinx and Asian populations in other parts of the city, have contributed to significant changes in San Francisco’s racial and economic geography between 2000 and 2015. Rising rents have played a role in these local demographic changes and in the out-migration of low-income people of color to other parts of the region, state, and country; renters need to earn \$83 per hour to afford the median asking rent for a two-bedroom apartment in the city today.

This transformation has had a particular impact on Black residents, whose population has declined dramatically over the past forty years. By 2015, San Francisco’s low-income Black households were more likely than not to live in racially segregated, high-poverty neighborhoods.

These findings highlight the urgent need to increase access to affordable housing and stabilize communities throughout the city. They also point to a need for policies and investments that reduce unequal access to high-resource neighborhoods

for low-income people of color by accounting for local context and responding to enduring patterns of racial and economic segregation. For example, different sets of policies and investments are needed to: a) stabilize areas where rents are rising fastest and low-income people of color may be at risk of displacement, especially as these neighborhoods experience an influx of investments, b) ensure economic opportunities and institutional supports

for those living in high-poverty, segregated neighborhoods, and c) create new opportunities for low-income people of color to live in higher resource areas where they have historically been excluded. These place-conscious strategies are critical for preserving and expanding the important place low-income communities of color have in San Francisco's landscape, and for increasing their long-term economic prospects in the region.

---

# ENDNOTES

- 1 Although not every household move is an example of displacement, low-income households often move for reasons beyond their control. Data on migration patterns and demographic changes in San Francisco County neighborhoods are useful indicators of potential displacement, given the scale of housing price changes increases over the last 15 years. The Census data used for this report does not track individual households, but rather reports on a cross-section of randomly surveyed households. Therefore, the Census cannot tell us definitively if changes between 2000 and 2015 were the result of out-migration, in-migration, birth and death rates, or income changes within the existing population. Further, if a household that left a Census tract was replaced with a demographically-similar one, the Census would not register this replacement as a change. For this reason, we describe these demographic changes as potential indicators of displacement, rather than precise estimates.
- 2 “Pushed Out: Displacement Today and its Lasting Impacts,” Urban Displacement Project, accessed August 15, 2018, <http://urbandisplacement.org/pushedout>.
- 3 Kimberly Skobba and Ed Goetz, “Mobility Decisions of Very Low-Income Households,” *Cityscape* 15, no. 2 (2013); Justine Marcus and Miriam Zuk, “Displacement in San Mateo County, California: Consequences for Housing, Neighborhoods, Quality of Life, and Health,” *Institute for Governmental Studies* (May 2017).
- 4 Raj Chetty, Nathaniel Hendren, and Lawrence F. Katz, “The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment,” *American Economic Review* 106, No. 4, (April 2016): 855-902; Lisa Sanbonmatsu et al., *Moving to Opportunity for Fair Housing Demonstration Program: Final Impacts Evaluation* (U.S. Department of Housing and Urban Development, Office of Policy Development & Research, November 2011); “City Maps,” Robert Wood Johnson Foundation, accessed August 8, 2018, <http://www.rwjf.org/en/library/features/Commission/resources/city-maps.html>.
- 5 The years 2000 and 2015 came at somewhat different points in the real estate cycle. The year 2000 was a peak and 2015 may have been just after the midpoint of the current cycle, since prices in the Bay Area are still rising in 2018. The use of 2015 data means that the change estimates since 2000 are potentially conservative; more recent data from a similarly high point in the real estate cycle would likely show more dramatic changes in rental housing prices and neighborhood demographics. Bay Area Real Estate Market Cycles,” Paragon Real Estate Group, accessed September 3, 2018, [https://paragonpublic.blob.core.windows.net/public-assets/hosted\\_files/SF-Real-Estate-Cycles-Article\\_Condensed-Version.pdf](https://paragonpublic.blob.core.windows.net/public-assets/hosted_files/SF-Real-Estate-Cycles-Article_Condensed-Version.pdf).
- 6 Derek Hyra, “The back-to-the-city movement: Neighbourhood redevelopment and processes of political and cultural displacement,” *Urban Studies* 52, no. 10 (August 2015): 1753 – 1773; Mindy Thompson Fullilove, *Root Shock* (New York: New Village Press, 2016).
- 7 Causa Justa: Just Cause, “Development without Displacement: Resisting Gentrification in the Bay Area” (2014).
- 8 California’s demographic profile changed substantially during this period as well. The state’s Latinx and Asian populations increased by 275% and 375% during this period, respectively, while its Black population grew by 79% and its White population grew by 22%.
- 9 *San Francisco Housing Needs and Trends Report*, San Francisco Planning (July 2018), [http://default.sfplanning.org/publications\\_reports/Housing-Needs-and-Trends-Report-2018.pdf](http://default.sfplanning.org/publications_reports/Housing-Needs-and-Trends-Report-2018.pdf).
- 10 Rachel Brahinsky, “Race and the Making of Southeast San Francisco: Towards a Theory of Race-Class,” *Antipode* 46, no. 5 (November 2014), 1258-1276.
- 11 Walter Thompson, “How Urban Renewal Tried to Rebuild the Fillmore,” *Hoodline*, January 10, 2016, <https://hoodline.com/2016/01/how-urban-renewal-tried-to-rebuild-the-fillmore>.
- 12 Christina Jackson and Nikki Jones, “Remember the Fillmore: The Lingering History of Urban Renewal in Black San Francisco” in *Black California Dreamin’: The Crises of California’s African American Communities* (Santa Barbara, CA: UCSB Center for Black Studies Research, 2012), 57-73.
- 13 Brahinsky, “Race and the Making of Southeast San Francisco.”
- 14 “Bayview Hunters Point,” San Francisco Office of Community Investment and Infrastructure, accessed August 14, 2018, <http://sfocii.org/bayview-hunters-point>.
- 15 “About HOPE SF,” *HOPE SF*, accessed August 30, 2018, <http://hope-sf.org/about.php>.
- 16 Brahinsky, “Race and the Making of Southeast San Francisco.”
- 17 Racially restrictive covenants and “redlining” of neighborhoods were key factors in the development of San Francisco’s racial geography. “Redlining and Gentrification,” Urban Displacement Project, accessed August 12, 2018, [www.urbandisplacement.org/redlining](http://www.urbandisplacement.org/redlining).
- 18 Sydney Cespedes et al., *Community Organizing and Resistance in SF’s Mission District*, Center for Community Innovation (June 2015), [http://www.urbandisplacement.org/sites/default/files/mission\\_district\\_final.pdf](http://www.urbandisplacement.org/sites/default/files/mission_district_final.pdf).
- 19 San Francisco tract 124.01
- 20 Nicole Montojo, *Community Organizing amidst Change in SF’s Chinatown*, Center for Community Innovation (June 2015), [http://www.urbandisplacement.org/sites/default/files/chinatown\\_final.pdf](http://www.urbandisplacement.org/sites/default/files/chinatown_final.pdf).
- 21 For confidentiality reasons, the ACS Public Use Microdata Sample (PUMS) used in this analysis is not available at the tract level. This data tracks a person’s county of origin and their destination by Public Use Microdata Area (PUMA), a sub-county geography containing around 100,000 people. For more information on PUMS data, see the appendix.
- 22 PUMS uses the racial category “Asian-Pacific Islander” rather than separating Asians from Pacific Islanders, as in the tract-level census/ACS data.
- 23 Tony Roshan Samara, “Race, Inequality, and the Resegregation of the Bay Area,” *Urban Habitat* (November 2016). <http://urbanhabitat.org/sites/default/files/UH%20Policy%20Brief2016.pdf>.
- 24 *San Francisco Housing Needs and Trends Report*.
- 25 *San Francisco Housing Needs and Trends Report*.
- 26 Census data on median rent paid represents the middle rent paid by all renters in the tract, including longer-term tenants living in rent controlled units, residents of subsidized units or those receiving rent vouchers—as well as newly arrived tenants in vacancy decontrolled apartments or new luxury units. In this analysis, median rent values for 2000 were also inflated to 2015 dollars to adjust for the lower purchasing power in that year. Further, “2015” median rents in this report aggregate from the 2011-2015 period in order to ensure data reliability at the tract level, so median rents for 2015 do not represent actual 2015 values. Finally, as previously noted, 2015 was somewhere in the middle of the current housing market cycle, as opposed to 2000, which was the peak of that cycle. For all of these reasons, the percent changes in tract-level median rents included in this report likely underestimate the level of rent increases.



27 40 out of 196 tracts in San Francisco saw median inflation-adjusted rent paid grow by over 30% between 2000 and 2015  
 28 Paul Waddell, Urban Analytics Lab, University of California, Berkeley, retrieved from analysis of online Craigslist listings in April 2018.  
 29 This statistic comes from a regression analysis. For more details, see the appendix.

\* The “minimal change” category in the map encompasses change in median rent between negative and positive 5%. This threshold was based on an examination of the underlying data distribution and the goal of highlighting areas in the county where rent changes were smaller.

30 Joint Center for Housing Studies of Harvard University, *America’s Rental Housing - Expanding Options For Diverse And Growing Demand* (2015), [http://www.jchs.harvard.edu/sites/default/files/americas\\_rental\\_housing\\_2015\\_web.pdf](http://www.jchs.harvard.edu/sites/default/files/americas_rental_housing_2015_web.pdf)  
 31 Joint Center for Housing Studies, *America’s Rental Housing*.  
 32 75% of today’s exclusionary areas in the East Bay were rated “best” or “still desirable” in HOLC’s redlining maps. See <http://urbandisplacement.org/redlining> for more information on these relationships.  
 33 Richard Rothstein, *The Color of Law: A Forgotten History of How our Government Segregated America*. (New York: Liveright Publishing Corporation, 2017).  
 34 “Redlining and Gentrification,” Urban Displacement Project.  
 35 Samara, “Race, Inequality, and the Resegregation of the Bay Area.”  
 36 This definition was based on a review of literature on segregation and poverty indicators, adapted to the specific Bay Area context. See the appendix for further explanation.  
 37 The poverty rate in tract 180 was 19.8% in 2000 and 21.7% in 2015. The poverty rate in Hunters Point was 19.5% in 2000 and 37.3% in 2015.  
 38 “San Francisco Map,” Urban Displacement Project, accessed August 10, 2018, <http://www.urbandisplacement.org/map/sf>  
 39 Higher resource tracts are those whose characteristics are most predictive of educational success, economic mobility, and good health for both low-income children and adults.  
 40 The “Lower Resource” and “Higher Resource” tracts in Map 5 combine those designated as Low Resource and High Segregation & Poverty, and the High Resource and Highest Resource, respectively, in the opportunity maps the State uses. For more background on these maps and how they were developed, see: California Fair Housing Taskforce, “Revised Opportunity Mapping Methodology,” accessed August 10, 2018, <https://www.treasurer.ca.gov/ctcac/opportunity/methodology.pdf>.  
 41 The census data used for this analysis neither provides where the in-movers originated, nor their income.  
 42 “State and Federal Income, Rent, and Loan/Value Limits,” California Department of Housing and Community Development, accessed August 10, 2018, <http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>  
 43 “State and Federal Income, Rent, and Loan/Value Limits;” “Income Limits,” U.S. Department of Housing and Urban Development, accessed August 24, 2018, <https://www.huduser.gov/portal/datasets/il.html>.  
 44 California Fair Housing Taskforce, “Revised Opportunity Mapping Methodology” <https://www.treasurer.ca.gov/ctcac/opportunity/methodology.pdf>  
 45 Understanding Neighborhood Effects of Concentrated Poverty,” U.S. Department of Housing and Urban Development, Office of Policy Development & Research (Winter 2011).  
 46 As reported in California Housing Partnership, *San Francisco County Needs Report*.  
 47 The numbers presented in Table 2 are rounded to the nearest hundred in recognition of the uncertainty in the ACS estimates. Unlike the 2000 census, the ACS is a sample of the overall population and there are margins of error associated with the 2015 estimates.

# APPENDIX - METHODOLOGY

## Data Sources

This study primarily relies on tract-level data from the 2000 U.S. Census and the 2011 – 2015 5-year sample from the American Community Survey. For tract-level estimates used in this report, “2015” refers to 5-year aggregate (2011 to 2015). This increases the sample size and improves the reliability of the data at this small geography but may lead to lower estimates than what might be expected in terms of rents and demographic changes, since it encompasses preceding years.

Census tracts permit a detailed analysis of demographics transformations and housing trends over 15 years at a very local scale. However, the tract-level datasets did not contain data needed for analyses of mover destinations and rent burden. In these cases, we used the Census’ Public Use Microdata Sample (PUMS), a person-level sample available at the sub-county level (also known as a “PUMA”). Within analyses based on PUMS data, “2015” refers to that year only, since it draws on the 1-year sample. Finally, we used the opportunity map data from the California Fair Housing Task Force.

## Definitions

For the purposes of this study, “the region” refers to the 9-county Bay Area: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma counties. These counties are linked economically, politically, and through transportation infrastructure. There has also been substantial migration between the nine counties, as shown in this report.

Income categories are defined relative to the region because part of this study involves comparing trends across counties within the Bay Area. We use an interpolated Area Median Income (AMI) for the nine counties. This means that AMI in this report is lower than county-derived median incomes in wealthier counties like San Mateo or Santa Clara, and higher than county-derived medians in lower-income counties like Solano County. This regional approach also allows for consistent comparisons when looking at migration between counties. For 2000, regional AMI was \$62,528; in 2015, it was \$81,366.

We define income categories in 2000 and 2015 relative to the median income for the respective year in order to reflect incomes for that period. We interpolated the income data to estimate the number of households in each income category. The interpolation process made it difficult to report uncertainty in the 2015 income data. For this reason, we rounded demographic change estimates to the nearest hundred when reporting absolute instead of relative values.

In general, the study uses the term “low-income” to refer households earning under 80 percent of AMI in a given year. Although tract-level Census data does not allow incomes to be adjusted for household size, PUMS data does allow for this adjustment. In analyzing the PUMS data, we used the household size-adjusted income limits provided by the California Housing and Community Development and calculated a population-weighted average of the nine counties.<sup>42</sup> In both cases, the income brackets are as follows: Extremely Low Income (under 30% AMI), Very Low Income (30-50% AMI), Low Income (50-80%), Moderate Income (80-120%) and High Income (above 120%). This follows definitions used by state and federal housing agencies.<sup>43</sup>

This study combines the U.S. Census definitions of race and ethnicity, such that each racial category refers to non-Hispanic members of that group. In other words, “White” here refers to “non-Hispanic white” and so on. We use the gender-inclusive term Latinx in place of the census category of “Hispanic or Latino of any race.” “People of color” include all people who are not non-Hispanic Whites. One distinction between the census/ACS and PUMS is the categorization of Asians and Pacific Islanders. PUMS data uses the category of “Asian-Pacific Islander” while the Census and ACS groups Pacific Islanders with Hawaiians and puts Asians in their own category. For purposes of this study, Pacific Islanders are included in the “Asian-Pacific Islander” category when analyzing the PUMS migration and rent burden data but included in the larger “all people of color” category for the Census tract-level summary data. Finally, for household-level metrics, race refers to that of the householder (the person who answered the census).

## Segregation and Poverty

Studies within academic and policy spheres have defined racial segregation and poverty within neighborhoods in different ways. Here we used location quotient as measure of racial segregation, as it allowed for a relative comparison across multiple racial groups. The location quotient is a ratio of the population of a given group within a tract to its share of the total Bay Area population. For example, the California Fair Housing Task Force used location quotients to measure racial segregation within the state, defining a neighborhood as segregated if the location quotient for Black, Latinx, Asian or all people of color was greater than 1.25 relative to the county.<sup>44</sup> In other words, if any of these groups was 25% more concentrated in the tract relative to the state, the tract was considered segregated. We initially applied the 1.25 threshold but found it to be too low of a threshold, in some cases, to capture concentrations of non-White groups in the Bay Area. To be conservative in labeling neighborhoods segregated, we used the more stringent ratio of 1.5.

We defined a tract as high-poverty if over 20% of the population lives below the federal poverty line. Research has shown that the effects of poverty concentration begin to emerge at 20%, and this threshold is generally used as a shorthand for “high-poverty” neighborhoods in both policy and academic circles (other common terms include “extreme poverty” for tracts with more than 40% of the population below the federal poverty line).<sup>45</sup> In addition, the high cost of living in the Bay Area means that the federal poverty line is an especially high bar for poverty; according to the Public Policy Institute of California (PPIC), for example, the poverty rate for Alameda County increases from 11.3% to 17.1% when accounting for the cost of living using the California Poverty Measure.<sup>46</sup>

## Regression

To understand whether rent increases were associated with demographic change at the local level—particularly the loss of low-income people of color—we conducted a linear regression using tract-level data from 2000 and 2015 for the 9-county region. We controlled for a variety of demographic and built environment variables to isolate the effect of rent on demographic change. The control variables we included are: proportion of adult population with a college degree (2000), proportion of POC households with severe rent burden (2000), proportion of population over 65 years old (2000), proportion of housing units built before 1939 (2000), Location quotient for POC (2000), # of housing units built (2000-2015), # affordable housing units built (2000-2015), # households of color (2000), population density (2000), population change (2000-2015), proportion of all households that are renter (2000), proportion of population living in poverty (2000), proportion of households with children (2000), proportion of limited-English proficiency (2000), median rent (2000), percent unemployed (2000), percent change of high-income households (> 120% AMI), foreclosure rate (2006-2013), # affordable housing units (2000).

We clustered error at the city level to account for similarities among tracts in the same jurisdiction—potentially due to specific housing policies—and evaluated potential multicollinearity among independent variables using a variance inflation factor.

**URBANDISPLACEMENT**

UNIVERSITY OF CALIFORNIA, BERKELEY | [URBANDISPLACEMENT.ORG](http://URBANDISPLACEMENT.ORG)

