



# URBANDISPLACEMENT Project

## Executive Summary

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As regions across California plan for and invest in transit oriented development, in part as a response to SB 375 and the implementation of their Sustainable Communities Strategies, communities are increasingly concerned about how new transit investment and related new development will affect the lives of existing residents, particularly low-income communities of color. The Urban Displacement Project, a UC-Berkeley research project, analyzed the relationship between transit investment and neighborhood change, identifying factors that place neighborhoods at risk of displacement and mapping Bay Area neighborhoods according to levels of risk.

Gentrification, or the influx of capital and higher-income, higher-educated residents into working-class neighborhoods, has already transformed about 10% of Bay Area neighborhoods. Displacement, which

occurs when housing or neighborhood conditions actually force moves, is occurring in 48% of Bay Area neighborhoods, divided almost evenly between low-income and moderate/high-income neighborhoods. Displacement can be physical (as building conditions deteriorate) or economic (as costs rise). It might push households out, or it might prohibit them from moving in, called exclusionary displacement. Displacement, whether physical or economic, may result from disinvestment as well as investment. Thus, displacement is often taking place with gentrification nowhere in plain sight. Several key factors are behind both gentrification and displacement: proximity to rail stations, job centers, and historic housing stock, as well as location in a strong real estate market. Communities of color and renter neighborhoods are particularly at risk.

## KEY STUDY FINDINGS

- Regionally, there has been a net gain in 94,408 low-income households between 2000 and 2013. However, there has been a concurrent loss of almost 106,000 naturally-occurring affordable housing units (where low-income people pay 30% or less of their income on rent).
- More than half of low-income households, all over the nine-county region, live in neighborhoods at risk of or already experiencing displacement and gentrification pressures.
- The crisis is not yet half over: More tracts are at risk of displacement in the future compared to those already experiencing it (in other words, the number of tracts at risk of displacement are 123% higher than the numbers already experiencing it).
- Still, more than half of neighborhoods in the nine-county Bay Area are quite stable, or just becoming poorer.
- In low-income areas, this is due to a combination of subsidized housing production, tenant protections, rent control and strong community organizing.
- Displacement extends far beyond gentrifying neighborhoods: The Bay Area's affluent neighborhoods have lost slightly more low-income households than have more inexpensive neighborhoods – a story of exclusion.
- We are losing “naturally occurring” affordable housing in neighborhoods often more quickly than we can build new housing.
- There is no clear relationship or correlation between building new housing and keeping housing affordable in a particular neighborhood.

# Literature Review

A literature review of prior work on gentrification and displacement revealed several findings, including:

- Neighborhoods change slowly, but over time are becoming more segregated by income, due in part to macro-level increases in income inequality.
- Gentrification results from both flows of capital and people. The extent to which gentrification is linked to racial transition differs across neighborhood contexts.
- New fixed-rail transit has a generally positive effect on both residential and commercial property values, but its impact varies substantially according to context.
- Proximity to high quality schools and parks, as well as access to highways, increases home values.
- Despite severe data and analytic challenges in measuring the extent of displacement, most studies agree that gentrification at a minimum leads to exclusionary displacement and may push out some renters as well.
- Previous studies have failed to build a cumulative understanding of displacement because they have utilized different definitions, compared different populations, and adopted a relatively short timeframe; there is not even agreement on what constitutes a significant effect.
- Existing studies rarely account or proxy for regional market strength, which undermines their relevance to particular contexts.

## Interactive Map

The interactive Urban Displacement Project provides a guide to gentrification and displacement in every neighborhood in the Bay Area. The map serves as a regional early-warning system at the census tract level, with classifications ranging from not losing low-income housing to advanced gentrification and advanced exclusion of low-income housing.

# Case Studies

Extending these findings further, we delve into nine neighborhoods in the Bay Area to trace the trajectory of gentrification and community response. We find:

- Gentrification may not precede displacement. Gentrification is often assumed to be a precursor to residential displacement, yet in many of our cases we found that displacement precedes gentrification and that the two processes are often occurring simultaneously.
- Gentrification and displacement are regional. Although gentrification and displacement are often seen as a neighborhood or local phenomenon, our cases show that they are inherently linked to shifts in the regional housing and job market.
- Despite continued pressures and much anxiety, many neighborhoods that expected to be at risk of displacement — such as East Palo Alto, Marin City and San Francisco's Chinatown — have been surprisingly stable, at least until 2013, the most recent year with available data. This is likely due to a combination of subsidized housing production, tenant protections, rent control and strong community organizing.
- Policy, planning and organizing can stabilize neighborhoods. Many of the cases have shown remarkable stability, largely due to strengths of local housing policy, community organizing, tenant protections and planning techniques.
- Transportation investment shapes displacement. Our research suggests that it's not just the investments in transportation and infrastructure that can accelerate the processes of gentrification and displacement, but the planning of such investments as well.



*Our displacement typology shows, in an interactive map, neighborhood-level change, including vulnerability to future displacement.*

# Anti-Displacement Policy Analysis

Even though many Bay Area neighborhoods are at risk of displacement or exclusion, such change is not inevitable. Subsidized housing and tenant protections such as rent control and just-cause eviction ordinances are effective tools for stabilizing communities, yet the regional nature of the housing and jobs markets has managed to render some local solutions ineffective.

## Methodology

Over 50 variables were analyzed from 1990-2013 from various datasets including data on demographics, transportation, housing, land use, and policies. We developed a gentrification index to characterize places that historically housed vulnerable populations and experienced significant demographic shifts and investment in real estate.

To approximate displacement, we calculated the loss of low income households for each time period. Researchers have found that neighborhood composition in the United States is considerably stable; therefore we assume that any neighborhoods that experiences a net loss of low income households is a result of displacement pressures. Although the change in low income households could be due to income mobility (e.g., low income households moving into middle or upper income categories, or vice versa), from our analysis of data from the Panel Study on Income Dynamics we estimate that there would have been a net increase in low income households in most places, therefore our estimates of displacement are likely an underestimate if anything.

Robust regression models were constructed to estimate the predictors of both gentrification and loss of low income households/displacement, which were then incorporated into place typologies for risk of either gentrification-related displacement or exclusionary displacement which occurs in higher income neighborhoods.

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<sup>2</sup> Methods are available in the two full reports, Developing a New Methodology for Analyzing Displacement (California Air Resources Board), and REWS Typologies Final Project Report.

<sup>3</sup> See Fang Wei and Paul L. Knox, "Spatial transformation of metropolitan cities." Environment and Planning A 47.1 (2015): 50-68.

Affordable Housing and Anti-Displacement Strategies Include:

<b>Affordable Housing Production Strategies</b>
<i>Fiscal Strategies</i>
Affordable housing impact fees
Jobs-housing balance or commercial impact fees
Community benefits agreements
Housing production trust funds
<i>Taxing Powers</i>
Tax exemptions for non-profit affordable housing
Levying parcel taxes, tax-increment financing districts
Bonds
<i>Land Use Controls</i>
Expedited permitting processes for affordable housing
Reduced parking requirements for affordable housing
Inclusionary housing/zoning
Density bonus in exchange for building affordable units
Accessory dwelling units
<i>Assets and Investments</i>
Public land dedicated to affordable housing
Land banking
<b>Preservation Strategies</b>
Rent stabilization/control
Condominium conversion ordinances
No-net-loss, one-for-one replacement strategies
Single-room occupancy hotels rent and conversion controls
Mobile home rent controls
<b>Tenant protections and support</b>
Rental assistance
Tenant counseling
Proactive code enforcement
Just Cause eviction policy
Tenant right to purchase laws
<b>Asset Building and Local Economic Development</b>
Minimum wage
Wage theft protections
Local or first source hiring ordinances
Individual development accounts
Homeowner assistance programs
Housing rehabilitation funds

For more information:

Maps and reports are at <http://www.urbandisplacement.org/>.

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