

Research Summary

This market analysis for the San Francisco Housing Accelerator Fund (SFHAF) develops a series of methodologies and resources for SFHAF to identify opportunities to finance the acquisition of properties by affordable housing developers. This work was broken down into separate projects that reflect the challenges in producing this analysis, the different types of properties in San Francisco and the structure of SFHAF as an organization.

The first project was to produce an analysis of Single Room Occupancy Hotels (SROs) in San Francisco using criteria that reflected the financial constraints of acquiring SROs and the role SROs play in San Francisco's housing market. This analysis identified 18 SROs that SFHAF could explore the potential of financing the acquisition of, whilst also making recommendations about how to improve the survey that collected the data informing this analysis.

The second project focused on how to identify multifamily properties with tenants vulnerable to displacement, given the enormous amount of data and research on housing and displacement in San Francisco. Criteria were developed that identified necessary conditions for any dataset and variables to be used in a final analysis of displacement within San Francisco, which predominantly focused on the practical and technical aspects of using housing data. The final product from this analysis is a list of variables obtained from a wide range data sources from which the California Housing Partnership (CHPC) will combine into a dataset, or toolkit, for SFHAF to search for properties they could finance the acquisition of to prevent the displacement of people from San Francisco.

Opportunities were also identified for how SFHAF can work with their community partners through the Peer Preservation Learning Forum (PPLF) to develop additional resources to track displacement in San Francisco. This work was based on a toolkit developed by an organization in Los Angeles to track housing information in the city, which can serve as a model for San Francisco to develop a similar resource.

Overall, the recommendations in this report lay out a framework by which SFHAF can identify properties in San Francisco with tenants vulnerable to displacement as the housing stock, development and economy of San Francisco change in the coming years.

Policy Problem

The central problem of this project is identifying what data sources and variables can be used to identify properties that, if acquired, would help prevent people being displaced from San Francisco. San Francisco's volatile housing market and shifting demographics provide a challenging context to identify properties that could be acquired as part of SFHAF's anti-displacement strategy. Whilst there is a huge array of potential data sources, none of them contain all of the information that captures who and where people are being displaced from. The

aim of this project is to develop a methodology or toolkit by which SFHAF can identify properties for which they can finance the acquisition of by nonprofit developers to prevent displacement.

To achieve this aim, data sources on housing and displacement in San Francisco were collected, recorded and assessed for how informative they would be. Within these data sources, variables were identified that could be used to produce a final database of properties that SFHAF could use to either search for potential properties, or to assess the potential of properties coming to market. This final product will be developed by the California Housing Partnerships (CHPC) and will include the tools and resources to update it as new data is collected. The analysis and data for Single Room Occupancy Hotels (SROs) was kept separate from the analysis on multifamily properties (the Small Sites program and Big Sites program) as SROs cater to a very different demographic, have different financial constraints for acquisition, and so were assessed by a different criterion.

SROs

The final analysis identified 18 SROs that nonprofit developers, financed by SFHAF, could target for acquiring as part of their anti-displacement strategy. Given the financial constraints of acquiring SROs, the number of units in an SRO and the vacancy rates were the two criteria used to identify SROs for acquisition. The main data source used in the analysis of SROs was the 2017 Residential Hotel Unit Conversion and Demolition Ordinance (RHUCDO), which is collected by the San Francisco Department for Building Inspection (DBI). The data set includes the SRO address, residential and tourist units, vacancy rates and average monthly rents. For the final analysis, the dataset was merged with the City Assessor Rolls data to provide additional information to inform the analysis. The criteria for acquiring SROs is primarily focused on the financial constraints of acquiring the property, as opposed to the tenants living in the SROs. This is because there are only limited circumstances by which SROs become viable for SFHAF to finance. As the people living in SROs are overwhelmingly low-income residents with limited options for accommodation, it can reasonably be assumed that any acquisition of an SRO is helping prevent displacement or provide a better standard of accommodation.

It should be noted that as neighbourhoods become more or less affordable and the demographics and housing stock of San Francisco change, SROs may see changes in their vacancy rates. To account for these changes the analysis to identify SROs for acquisition should be repeated annually with new data from RHUCDO. SFHAF can also work with DBI to expand the RHUCDO to record information from non-profit SROs and include further information on SROs to help SFHAF build a stronger case for including SROs in their anti-preservation strategies. For instance, showing how little communal facilities there are or the number of building code violations at an SRO, could encourage other investors to acquire SROs to expand San Francisco's stock of affordable housing.

Multifamily Properties

Given the sheer number of different datasets that contain information potentially useful to analysing displacement in San Francisco, developing a set of criteria by which to judge these

datasets will allow SFHAF to identify which datasets should be used in the final analysis of multifamily properties. Even though SFHAF has a big and small sites program this distinction can be accounted for in the final analysis by sorting for properties under and over 25 units. The datasets identified include demographic information, property data and analysis on gentrification and displacement. Neither the City Assessor Data or American Community Survey (ACS) were matched against this criterion as these datasets will be the base layer of the analysis - they are foundational to any analysis of properties and demographics in San Francisco.

It is not practical to weight the criteria to decide on the final datasets to use. This is because there are no subjective decisions to make about how useful a dataset is in this analysis; either it can be used or, mainly for practical reasons, it cannot be used. If it is practical to use a dataset then it should be used – the more the data the more rigorous the analysis. However, to supplement these necessary conditions, additional criteria are provided that would provide information useful to the final analysis, but are not a necessity.

Necessary Conditions

1. Is the data easy to access? Data which can be downloaded for free is preferable as you aren't dependent on knowing which city official to contact, especially if there is a turnover of staff, and because it's not dependent on SFHAF changing their budget or policy around paying for data.
2. Can the data set be combined with other sources of data? No one source of information contains all the information SFHAF would need to identify either a property to acquire or an area vulnerable to displacement. How easily the dataset can be combined or used in conjunction with other sources will lead to a final analysis that has greater longevity and could be replicated by SFHAF in the future.
3. Is there a direct link between the data set and analysing displacement? Many of the datasets contain information that could be used as a proxy for displacement, for instance, the San Francisco Future Developments dataset could predict areas of the city vulnerable to displacement. However, given the amount of data on demographics and property in San Francisco it is unnecessary for SFHAF to use proxies for displacement, or develop complex methodology to calculate this.
4. Does the data set contain variables that relates to the MOHCD guidelines for the Small Sites Program? The guidelines for the Small Sites Program (SSP) lay out the criteria under which a property is eligible for inclusion in the SSP. Given SFHAF was previously incubated in MOHCD and continues to work closely with the department it is important that SFHAF's anti-displacement strategy is aligned with MOHCD's approach.
5. Is the dataset updated annually (or more frequently)? Given the volatility of San Francisco's housing market and shifting demographics, data will quickly become dated. The most useful datasets will be updated regularly, or use information from the most recent ACS.

Additional Considerations

1. Does the data contain trends overtime? The most useful data will contain trends on demographic changes and property history, including sales transactions.
2. Does the data set contain information on the likelihood for the landlord to sell the property? It's not an efficient use of SFHAF's time to identify properties where the landlord has no intention of selling the property. Ideally, datasets would include information about whether the property is on sale, however, variables including previous sale date and vacancy levels could also be valuable information.

Using the dataset that will be created from the variables that have been identified in this research (listed in Appendix 1), SFHAF and MOHCD will be able to search for properties with tenants vulnerable to displacement; unlike other data sources, this dataset will have all the necessary information and can be used to identify properties at a unit level. For instance, users of this dataset could run searches on individual properties they are interested in financing the acquisition of to understand the wider context of that property. Alternatively, searches could be conducted to identify a shortlist of properties that would be of interest to acquire; some example searches are below:

- Filtering by non-rent controlled apartments, in a particular supervisor's district, below a chosen threshold for tenants income level.
- Filtering by a chosen threshold of units, within a particular zip code, by number of building code violations and above a chosen threshold for how long a property has been vacant.
- Filtering by the state and federal subsidies attached to a property, along a certain block, below a set threshold for acquisition costs.

Community Engagement

The process of conducting a market analysis of San Francisco's housing stock provides an opportunity for SFHAF to work with the Peer Preservation Learning Forum (PPLF) to develop resources and toolkits analysing housing data in San Francisco. Many organizations in the PPLF have either been engaged in the Small Sites Program (SSP) and own, or advocate for, the acquisition and development of affordable housing across San Francisco.

A potential model for the PPLF to replicate in San Francisco is based on SAJE, a housing advocacy organization in LA, who have developed the OWN-IT toolkit to assist their work and to empower tenants. At its most basic the OWN-IT toolkit is a public source of information on all properties in LA that tracks information about transactions, building code violations and other enforcement issues, tenant complaints, evictions and other signs of displacement. Whether it is advocating for housing rights, protecting tenants vulnerable to eviction or displacement or

identifying properties for acquisition for an affordable housing program, all organisations in the PPLF would benefit from collaborating to develop a similar toolkit in San Francisco. Based off this information, members of the PPLF could prepare tenants in their neighbourhood if there is a concern this trend may spread to other neighborhoods in the city. Additionally, if all members of the PPLF uploaded information from their own housing clinics and advocacy work into the same resource this would create the potential for more in-depth research into housing across San Francisco that could support advocacy and lobbying work. Finally, the pooling of resources and shared burden of developing and maintaining the database would make this resource more affordable for all organizations in the PPLF.

Linked to the sharing of resources to develop an equivalent of the OWN-IT toolkit, there is scope for organizations in the PPLF to develop shared resources for data in San Francisco. All organizations in the PPLF will have their own internal data collection processes and sources, as well as access to data released by the San Francisco City Government and research projects like the Urban Displacement Project. Whilst all of these data sources will be used slightly differently by each member of the PPLF, the underlying work to find and 'clean' this data still needs to be undertaken by each organization. For instance, data on evictions from the SF Open Data Portal needs to be downloaded, checked for errors and biases and then put into a usable format, irrespective of the type of analysis it is being used for. It is inefficient for all members of the PPLF to do this individually. It also does not take advantage of the institutional knowledge that exists about the validity, reliability and practicality of each data source on housing in San Francisco. The sheer volume of data on housing in San Francisco, with new data being produced and research projects undertaken all the time, means it's time consuming to collect and collate all of this information. Having a pooled resource of data collection would be more efficient for members of the PPLF and prevents replication of work. Even if members of the PPLF use the data for different purposes or analyses, having a central depository of data sources in San Francisco would be mutually beneficial.

Finally, the PPLF's extensive local knowledge and day to day work with tenants and properties in San Francisco is an asset for SFHAF. The criteria and datasets identified in this project are based on decisions about the technical and practical feasibility of using the data; this analysis should be supplemented by local knowledge of housing in San Francisco Housing and work with tenants vulnerable to displacement. The PPLF's feedback on these criteria, and input into the longlist of potential properties for acquisition would be an incredibly useful resource for SFHAF. Organization's in the PPLF would be able to bring local, on the ground, knowledge about the properties identified by SFHAF, and may even work with some of the tenants in identified properties.

Limitations

Datasets

All of the datasets collected for this project have biases, limitations and errors that need to be accounted for in the final analysis. Many of the biases in the datasets, from tenants not reporting

building code violations for fear of reprisal, to landlords misreporting average rents are less easy to overcome. Whilst ideally unbiased data would be used for this analysis, this just isn't feasible. This is less of a limitation for SFHAF than if these datasets were used for academic research or to calculate values, such as rental increases. This is because SFHAF are using these datasets to produce a list of potential properties to acquire - before the properties are acquired SFHAF and their partner developers will verify this information in more detail as part of the process of acquiring the properties. Whilst limitations in the data used for the final analysis mean that SFHAF may miss some opportunities on the property market, any errors in the data will be doubled checked later in the acquisition process.

With regards to the SRO analysis, the RHUCDO has many flaws, not least because it only collects data on just over half of the SROs in the City and doesn't collect demographic information on occupants. However, enough analysis can be conducted on this dataset to produce a long list of potential SROs to finance, which, even if the data was perfect, would be the final aim of this analysis. As there are so many reasons why SFHAF could not finance the acquisition of an SRO, not least because the owner may not want to sell, any final analysis would need to produce a long list of opportunities to account for many being unavailable - perfectly clean data is not necessary in order to produce these lists.

Community Engagement

Whilst the OWN-IT toolkit presents opportunities for members of the PPLF to develop further insights into the San Francisco housing stock and improve their work with tenants, the tool is not appropriate for all audiences. Whilst it is potentially a powerful tool for tenants to use to identify properties where they may be more vulnerable to being evicted, it is also the case that the current state of the San Francisco housing market is such that the most vulnerable tenants, and therefore the tenants most vulnerable to displacement, cannot afford to turn down an available property. If the choice is solely, as it often is, between homelessness, or a property that they know to have issues, then the majority of tenants will choose the property. The toolkit in these circumstances is not empowering tenants, it is just another reminder of the dire choices they are forced to make. It is therefore important that the tool-kit is used appropriately; the toolkit would be at its most powerful when used by organisations to assemble evidence about the current state of the housing market, or to identify landlords with persistent issues of harassment or unfair eviction. It is not necessarily a good thing for tenants to be using this information themselves when identifying properties to live in.

The other aspect of the community engagement covered in this project is the role of the PPLF as a forum by which SFHAF can understand the needs of tenants in San Francisco who are vulnerable to displacement. Whilst organisations within the PPLF have extensive, and impressive, track records of working within communities and particular demographics within their respective neighborhoods, it is also the case that these neighborhoods are in a constant state of flux. The transient nature of San Francisco's population means that new communities from different demographics are moving in and out of neighbourhoods, and it is not clear that community organisations focused on communities that have historically lived in

neighbourhoods, are able to represent and advocate for these new communities or arrivals. This could be due to language and cultural barriers, or a lack of capacity within organisations. This is not necessarily the fault of community organizations, but just a reflection of limited capacity and the complex nature of demographic changes. However, SFHAF should be taking steps to ensure that the community organizations they work with are in some way representative of their target audience in this project – residents to vulnerable to displacement. How this should be done is a separate project in itself, but it is worth noting as a limitation to this project. It is also the case that this is not an issue unique to the work of SFHAF.

Systemic Change vs. Technocratic solutions

There is no shortage of proposed solutions to the San Francisco housing crisis, in part because there are so many different factors that impact the housing market. Examples of these solutions, which are not mutually exclusive, range from measures that can be proposed within San Francisco, for instance changing zoning laws, to regional measures, such as expanding BART, to nationwide policies such as encouraging tech companies to setup and expand away from the Bay Area. The proposed policies also range from technocratic changes, for instance speeding up the planning process, which make a series of incremental changes in many different areas, to more systemic changes, such as strict new rent control laws, that fundamentally change the nature of the housing market. Whilst SFHAF is an innovative approach, which is being looked at by other cities, it is fundamentally a technocratic solution – it works within the confines of the current market. Improving access to finance for affordable housing developers will certainly help provide more affordable housing, but in other ways legitimizes the current housing market; it gives affordable housing developers the tools to compete with private investors but doesn't alter any of the underlying flaws with the housing market. It is also expensive to do this – SFHAF has raised \$70m in capital, but its impact is limited to the low thousands in the number of people it will help find more affordable housing for. It could be argued that this capital would have been better spent in other ways to bring about more systemic changes that have the potential to help many more residents. Whilst it is extremely hard, if not impossible to truly quantify these trade-offs, SFHAF does provide an interesting case study in whether Governments should be pursuing technocratic or more systemic reforms to the housing crisis.

Recommendations

SROs

- The Department for Building Inspections should send SFHAF the Residential Housing Usage Conversion and Demolition Ordinance data on an annual basis.
- SFHAF should work with the Department for Building Inspections to expand the Residential Housing Usage Conversion and Demolition Ordinance to include information on non-profit SROs, additional information about the services in SROs, as well as exploring approaches to collecting information about the occupants of SROs.

Multifamily Properties

- SFHAF should check all properties they are acquiring against the final CHPC dataset to judge if acquiring the property would prevent displacement of tenants out of San Francisco
- SFHAF should use the final CHPC dataset to search for properties that they could acquire as part of their anti-displacement strategy

Community Engagement

- The PPLF explores the feasibility of developing an OWN-IT toolkit in San Francisco.
- The PPLF to explore scoping a project to develop a shared repository of housing data in San Francisco
- SFHAF to work with PPLF organizations to evaluate the opportunities for the acquisition of properties identified by the criteria and datasets for both SROs and multifamily properties.

Appendix 1 - List of variables for multifamily properties analysis

MOHCD Guidelines	Dataset	Geographic Indicator / Level	Match to criteria
<i>Primary Indicators</i>			
Units (5-10 units, 11-25 units, 26-50 units, 51-80 units, 81-100 units, 101-120 units, 120+ units)	SF Assessors Property Rolls data (Obtained from the SF Open Data portal)	Unit	Matches necessary criteria 1- 5.
Income level of existing tenants	PUMAS / ACS data	Census Tract	Matches necessary criteria 1 – 5 and additional criteria 1.
Acquisition Cost	SFHAF's Title Deed Company	Unit	Matches necessary criteria 1 – 5.
Rehab Cost	SFHAF's Title Deed Company	Unit	Matches necessary criteria 1 – 5.

Secondary Indicators			
Risk of Eviction/Displacement (Ellis Act Eviction threat or in progress)	SFHAF to directly request from the San Francisco rent board (the data on the SF Open Data portal is partly corrected to prevent targeting from landlords of tenants who have been evicted)	Unit	Matches necessary criteria 1 – 5 and additional criteria 2.
Presence of vulnerable populations (families with minor children, elderly, disabled and catastrophically-ill persons)	PUMAS / ACS data	Census Tract	Matches necessary criteria 1 – 5 and additional criteria 1.
Location (Supervisory District)	SF Assessors Property Rolls data (Obtained from the SF Open Data portal)	Unit	Matches necessary criteria 1 – 3 and 5. An exception was made for this variable as MOHCD asked for it to be included in the final dataset.
Rent controlled vs non rent controlled	SF Assessors Property Rolls data (Obtained from the SF Open Data portal) (Filter by rent control eligible properties) or Would the rent control board have this information?	Unit	Matches necessary criteria 1 – 5.

Planning & Building code violations	Notice of violation issued by DBI (Obtained from the SF Open Data portal) and DBI complaints	Unit	Matches necessary criteria 1 – 5.
<i>Additional Criteria proposed by SFHAF</i>			
State or Federal subsidies applied to the property and / or tenants	CHPC has this data	Unit	Matches necessary criteria 1 – 5 and additional criteria 1 and 2.
Is the property vacant?	HUD USPS data	Census Tract	Matches necessary criteria 1 – 5 and additional criteria 1 and 2.