



Approach to Materials Provided Through 21 Elements to Address the Displacement of Lower-and Moderate-Income Households

March 24, 2016

Approach to Products

As with other 21 Elements products, we are intending to provide a range of products and materials to fit the varying needs of the 21 jurisdictions. In this regard, the 21 Elements products on Displacement will provide a menu for jurisdictions to pick-and-choose products and to identify jurisdiction-specific issues of concern so that we can tailor specific products to fit each jurisdiction's needs. We will also provide pro and con arguments for and against various strategies.

Preparation of the 21 Elements materials have benefited from our work with the City of San Mateo to address the issues related to displacement. In addition, 21 Elements will also be providing separate materials on the issue of short-term rentals (e.g. Airbnb) from an impact and regulatory standpoint.

The challenge is preparing the 21 Elements products on displacement has been to avoid repeating the generic information that is available on the various topics and strategies to address displacement, and to provide succinct, tailored and useful products for jurisdiction staff. Below are some of the key topics covered through the 21 Elements work and products assessing the displacement of lower-and moderate-income households in San Mateo County.

PART I

Detailed Statement of the Problem

The Statement of the Problem will provide jurisdictions with information specific to the Bay Area, San Mateo County and individual jurisdictions to quantify and describe, as accurately and as up-to-date as possible, the extent of displacement that is occurring and related impacts on the community and the County as a whole. Specific topics include:

- (1) What are the Impacts of Displacement?
- (2) How Much Are Rents Increasing?
- (3) How Much Have Sales Prices Increased?
- (4) Where Will Workers Live?
- (5) How Much Displacement of Lower-and Moderate-Income Households Has Occurred in San Mateo County?
- (6) Who Lives in Rental Housing?
- (7) Who Owns Rental Housing in the Community?

PART II

Possible Strategies to Address Displacement

Strategies to address the displacement of lower and moderate income residents of the community generally fall into three groups — increasing the supply of housing (housing production); addressing the displacement of lower and moderate income renters (preservation); and implementation (funding and community outreach). While not covered in the 21 Elements materials, communities can also focus on asset building and local economic development strategies (such as first source hiring, etc.) to address displacement. Strategies contained in the 21 Elements materials are categorized as follows:

- (1) Possible Supply of Housing Strategies to Address Displacement
- (2) The Range (Continuum) of Voluntary and Regulatory Strategies to Address Displacement
- (3) Funding and Community Outreach Strategies to Address Displacement

PART III

Best Practices Examples

The issue of lower-and moderate-income household displacement is a critical concern for a number of communities in the Bay Area. Best practices and sample ordinances, staff reports and other materials will be provided. In addition, Part IV will include a bibliography of materials on displacement and practices and resource contacts. Best practices materials will cover:

- (1) Housing Supply
- (2) Voluntary Programs
- (3) Regulatory Programs
- (4) Funding Programs
- (5) Community Outreach Programs

PART IV

Resources and Definitions

At our first meeting with those jurisdictions interested in addressing displacement, we identified a number of possible resource contacts and experts that should be consulted as part of developing the 21 Elements materials. In addition, through 21 Elements research, we have identified other resources and we have come across written materials that might be useful to jurisdiction staff and, possibly, decision-makers. This part of the 21 Elements materials will include a listing of contacts and a bibliography with links to background materials that may be of interest or that we have found to be informative as it relates to the issue of displacement.

PART V

Community Outreach Discussion

Based on our experience working with the City of San Mateo Task Force, which looked into the issue and possible strategies for displacement, we have developed options for community outreach that brings together varying interests. In addition, we will identify arguments pro and con for various strategies to address displacement.

Sample Materials (Partial)

We will provide Excel tables and descriptions covering trends in rents (RealFacts, Zillow, American Community Survey), sales prices, salaries and the ability to pay for housing, jobs and housing trends and projections, etc. Below are sample tables. Data can be provided countywide and for individual jurisdictions.

City of San Mateo Comparison of Rental Information (see tables in report)

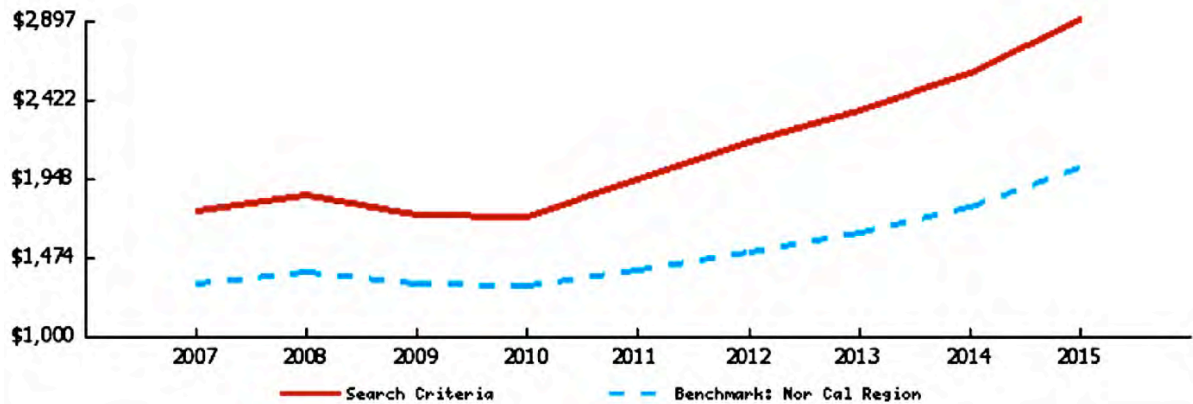
Information/Data Summarized	2011	2012	2013	2014	2015	Change Over Timeframe	
						4-Year Increase	Compounded Annual Percentage Increase
Rental Amounts							
Real Facts 2016 Average "Asked for" Rent (34 properties 50+ accounting for 5,637 unit in developments of 50 units or more located in the City of San Mateo)	\$1,943	\$2,170	\$2,354	\$2,579	\$2,897	49.1%	10.5%
Zillow 2016 Median "Potential" Rent Based on Zillow Listing Applied to all Multi-Family Developments of 5 or More Units Located in the City of San Mateo	\$2,196	\$2,254	\$2,542	\$2,891	\$3,249	48.0%	10.3%
Zillow 2016 Median "Listed" Rents All Multi-Family Developments of 5 or More Units Located in the City of San Mateo	\$2,250	\$2,200	\$2,600	\$2,701	\$2,950	31.1%	7.0%
Zillow 2016 Median "Listed" Rents for Duplexes and Triplexes Located in the City of San Mateo (Two Years of Data)	n/a	n/a	\$2,732	\$2,795	\$2,975	8.9%	4.4%
Comparison of Rental Amounts By Number of Bedrooms (2016)							
	Studio	1-BR	2-BR				
Real Facts 2016 Average "Asked for" Rent (34 properties 50+ units accounting for 5,637 unit in developments of 50 units or more located in the City of San Mateo)	\$2,112	\$2,633	\$2,949				
Zillow 2016 Median "Listed" Rents by Number of Bedrooms in the City of San Mateo (Studio unit rents are for San Mateo County as a whole)	\$2,090	\$2,626	\$3,184				
San Mateo County Association of Realtors (SAMCAR) — 2016 Rental Data on 400 Rental Units Located in Northern San Mateo County	\$1,250	\$1,434	\$1,882				
California Apartment Association — Third quarter 2015 Rental Data from informal survey of San Mateo CAA members	n/a	\$1,760	\$2,350				
HUD Fair Market Rents (2015) for San Mateo County	\$1,256	\$1,635	\$2,062				

City of San Mateo Average "Asked For" Rents From 2007 Through the End of 2015

Size of Housing Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	4-Year Change		8-Year Change	
										4-Year Increase	Average Annual Increase Over Last 4 Years	8-Year Increase	Average Annual Increase Over Last 8 Years
AVERAGE	\$1,753	\$1,844	\$1,724	\$1,717	\$1,943	\$2,170	\$2,354	\$2,579	\$2,897	49.1%	10.5%	65.3%	6.5%
Studio	\$1,162	\$1,205	\$1,160	\$1,146	\$1,263	\$1,400	\$1,603	\$1,803	\$2,112	67.2%	13.7%	81.8%	7.8%
1bd 1bth	\$1,552	\$1,628	\$1,529	\$1,515	\$1,733	\$1,957	\$2,107	\$2,323	\$2,633	51.9%	11.0%	69.7%	6.8%
2bd 1bth	\$1,804	\$1,896	\$1,750	\$1,708	\$1,968	\$2,224	\$2,432	\$2,624	\$2,949	49.8%	10.6%	63.5%	6.3%
2bd 2bth	\$2,179	\$2,304	\$2,150	\$2,184	\$2,424	\$2,654	\$2,840	\$3,065	\$3,394	40.0%	8.8%	55.8%	5.7%
2bd TH	\$1,813	\$1,864	\$1,795	\$1,749	\$2,124	\$2,434	\$2,440	\$2,821	\$3,215	51.4%	10.9%	77.3%	7.4%
3bd 2bth	\$3,072	\$3,352	\$3,043	\$3,116	\$3,394	\$3,793	\$4,029	\$4,202	\$4,569	34.6%	7.7%	48.7%	5.1%
3bd TH	\$2,133	\$2,201	\$2,060	\$2,064	\$2,338	\$2,504	\$2,986	\$3,301	\$3,499	49.7%	10.6%	64.0%	6.4%

Source: Rental surveys conducted four times per year by Real Answers (formerly RealFacts). "Asked for" rents in developments of 50 or more units.

Real Facts Trends in Rents in the City of San Mateo and the Northern California Region (2007-2015)



County of San Mateo Average Asking Rent From 2007 Through the Third-Quarter of 2015

Size of Housing Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	4-Year Change		8-Year Change	
										4-Year Percentage Increase	Average Annual Percentage Increase Over 4 Years	8-Year Percentage Increase	Average Annual Percentage Increase Over 8 Years
AVERAGE	\$1,668	\$1,772	\$1,661	\$1,664	\$1,830	\$2,093	\$2,285	\$2,496	\$2,776	51.70%	12.9%	66.4%	8.3%
Studio	\$1,083	\$1,138	\$1,095	\$1,090	\$1,190	\$1,363	\$1,508	\$1,684	\$1,927	61.90%	15.5%	77.9%	9.7%
1bd 1bth	\$1,496	\$1,580	\$1,479	\$1,487	\$1,644	\$1,882	\$2,054	\$2,266	\$2,505	52.30%	13.1%	67.4%	8.4%
2bd 1bth	\$1,715	\$1,821	\$1,677	\$1,675	\$1,851	\$2,148	\$2,337	\$2,532	\$2,794	50.90%	12.7%	62.9%	7.9%
2bd 2bth	\$2,086	\$2,227	\$2,090	\$2,090	\$2,287	\$2,576	\$2,797	\$2,995	\$3,353	46.60%	11.7%	60.7%	7.6%
2bd TH	\$1,839	\$1,989	\$1,871	\$1,824	\$2,017	\$2,312	\$2,471	\$2,691	\$2,942	45.80%	11.5%	60.0%	7.5%
3bd 2bth	\$2,590	\$2,791	\$2,592	\$2,604	\$2,797	\$3,151	\$3,454	\$3,734	\$4,157	48.60%	12.2%	60.5%	7.6%
3bd TH	\$2,159	\$2,243	\$2,115	\$2,126	\$2,363	\$2,499	\$2,968	\$3,251	\$3,464	46.50%	11.6%	60.4%	7.6%

Source: Rental surveys conducted four times per year by Real Answers (formerly RealFacts)

Zillow Estimate of Median Rents Possible Across All Housing in the City of San Mateo (2011-2015)

Types of Rental Units	2011	2012	2013	2014	2015	Change Over Timeframe	
						4-Year Increase	Average Annual Increase Over 4-Years
City of San Mateo Estimate of Median Rents That Could Be Charged Across All Housing Units							
All Single Family, Condominiums / Cooperatives and Multi-Family Rentals (4 years of comparative rental data)	\$2,758	\$2,853	\$3,082	\$3,472	\$3,797	37.7%	8.3%
All Multi-Family Developments of 5 or More Units (4 years of comparative rental data)	\$2,196	\$2,254	\$2,542	\$2,891	\$3,249	48.0%	10.3%
All Single Family Detached and Condominiums / Cooperatives (4 years of comparative rental data)	\$2,833	\$2,938	\$3,157	\$3,591	\$3,904	23.7%	8.3%
All Single Family Detached (4 years of comparative rental data)	\$3,021	\$3,147	\$3,306	\$3,847	\$4,208	27.3%	8.6%

Source: <http://www.zillow.com/research/data/> The Zillow estimate (Zestimate) is the median of the estimated rent price for all homes and apartments in a given geographical area (in this case, the City of San Mateo). The amounts show what current housing throughout a geographic area could rent for at a given point in time. The analysis is based on Zillow's current listings as applied to all housing in an area, taking into account the distribution of housing by type, age of housing, linkages with Zillow's sales housing model and other proprietary information and modelling. Please note the dates above show estimated median rents in January of the following year.

Median Listed ("Asked For") Rents on Zillow in the City of San Mateo (2011-2015)

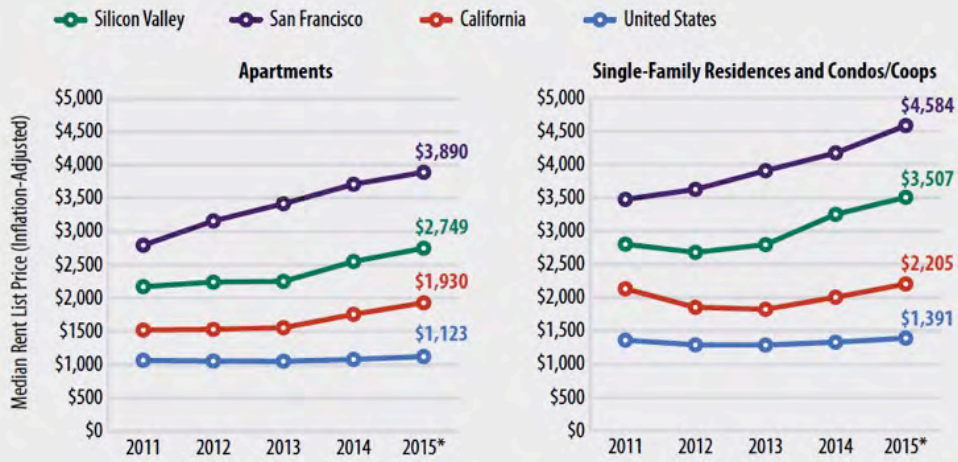
Types of Rental Units	2011	2012	2013	2014	2015	Change Over 2 - 4 Years	
						Two to Four Year Increase	Average Annual Increase Over Two to Four Years
City of San Mateo Median Listed Rents on Zillow							
Multi-Family Developments of 5 or More Units (4 years of comparative rental data)	\$2,250	\$2,200	\$2,600	\$2,701	\$2,950	31.1%	7.0%
All Single Family Detached and Condominiums/Cooperatives (4 years of comparative rental data)	\$2,300	\$2,733	\$3,185	\$3,350	\$3,495	52.0%	11.0%
Single Family Detached (4 years of comparative rental data)	\$3,021	\$3,147	\$3,306	\$3,847	\$4,208	35.9%	8.6%
Duplexes and Triplexes (2 years of comparative rental data)	n/a	n/a	\$2,732	\$2,795	\$2,975	8.9%	4.4%
1-Bedroom Units (3 years of comparative rental data)	n/a	\$1,954	\$2,117	\$2,383	\$2,626	34.4%	11.4%
2-Bedroom Units (4 years of comparative rental data)	\$2,359	\$2,517	\$2,833	\$3,020	\$3,184	35.0%	8.7%

Source: <http://www.zillow.com/research/data/> Please note the dates above show estimated median rents in January of the following year.

Rental Affordability

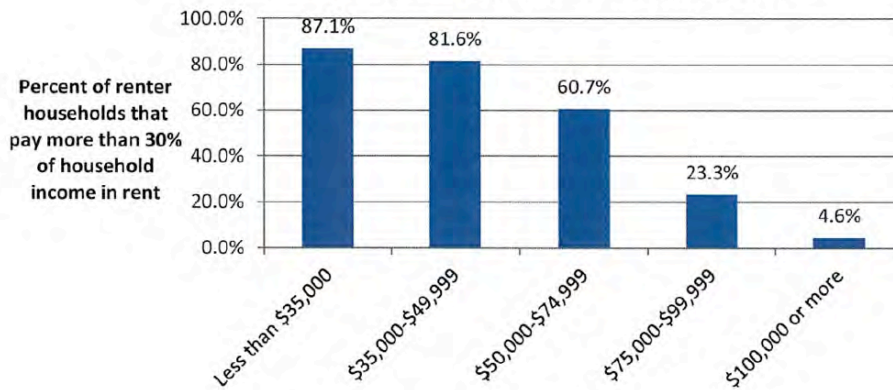
Median Rental Rates

Santa Clara & San Mateo Counties, San Francisco, California, and the United States

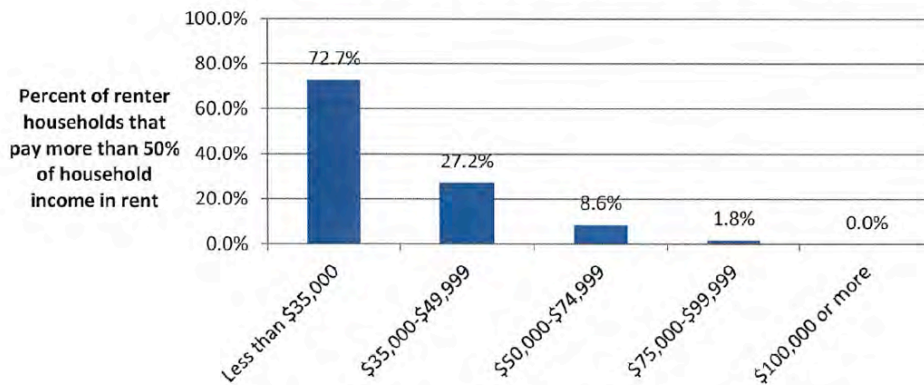


*Based on Q1-3. | Note: Median Apartment Rental Rates include multifamily complexes with more than five units. | Data Sources: Zillow Real Estate Research | Analysis: Silicon Valley Institute for Regional Studies

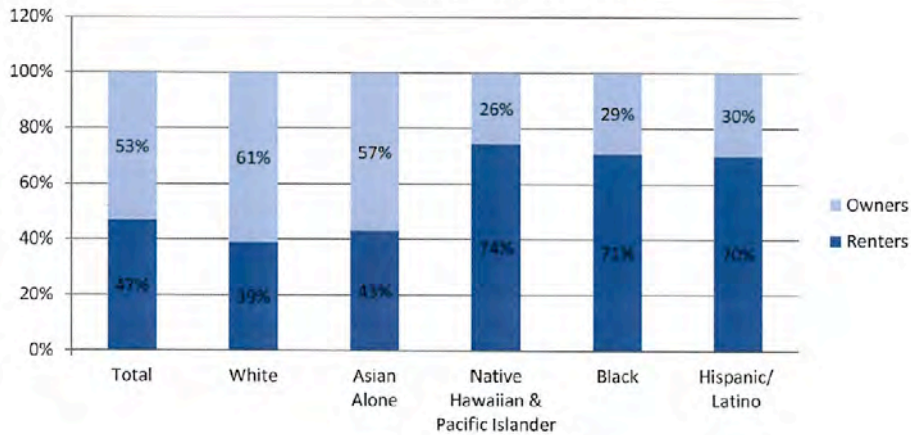
Rent Burden by Household Income 2014 ACS (30%+)



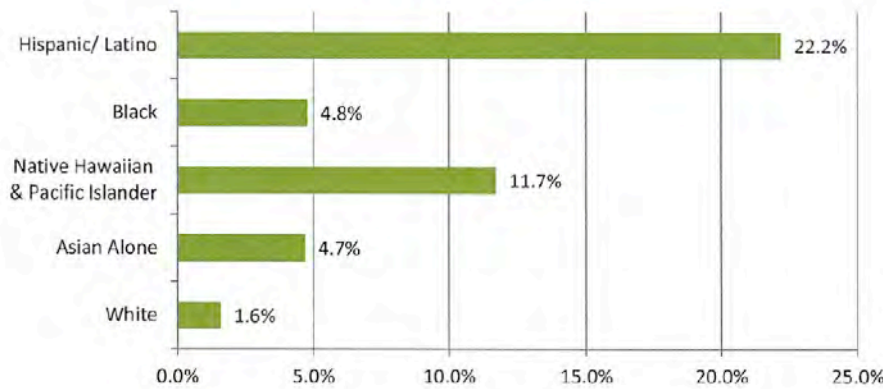
Severe Rent Burden by Household Income 2014 ACS (50%+)



Renters and Owners 2014 ACS



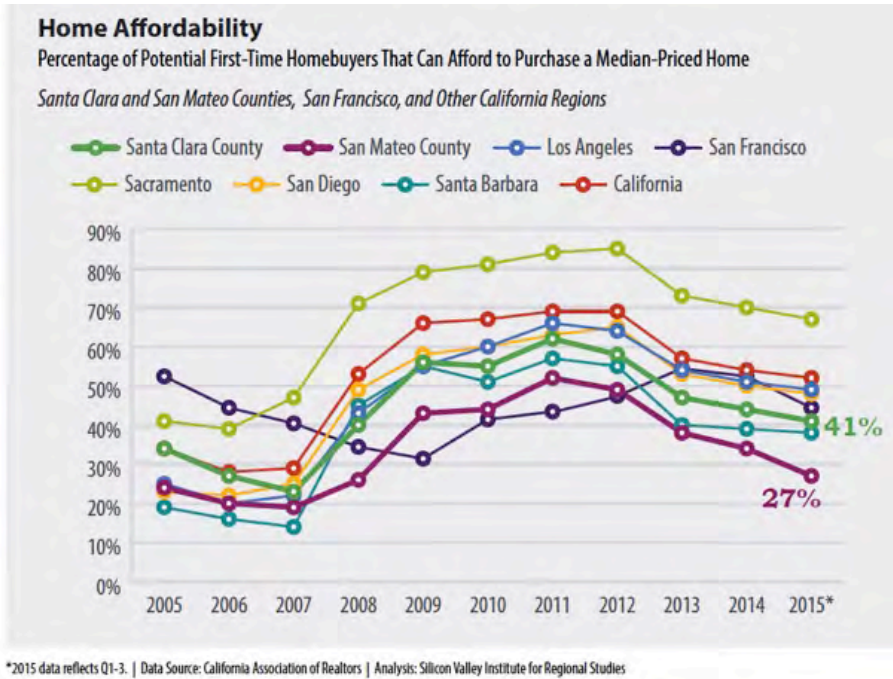
Overcrowding 2014 ACS



County of San Mateo and City of San Mateo Average Home Sale Prices From 2007 Through 2015

Type of Housing Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	4-Year Change		8-Year Change	
										4-Year Increase	Average Annual Increase Over Last 4 Years	8-Year Increase	Average Annual Increase Over Last 8 Years
COUNTY OF SAN MATEO													
Single Family Residential	\$1,209,838	\$1,038,395	\$876,820	\$934,680	\$908,647	\$976,787	\$1,216,051	\$1,392,154	\$1,621,386	78.44%	15.6%	34.0%	3.7%
Common Interest Development	\$616,689	\$552,958	\$463,220	\$449,467	\$412,881	\$457,835	\$575,338	\$651,386	\$761,314	84.39%	16.5%	23.5%	2.7%
CITY OF SAN MATEO													
Single Family Residential	\$1,067,539	\$923,021	\$818,946	\$862,475	\$807,135	\$868,987	\$1,046,755	\$1,194,441	\$1,392,511	72.53%	14.6%	30.4%	3.4%
Common Interest Development	\$574,006	\$545,095	\$460,765	\$424,122	\$391,170	\$452,267	\$546,615	\$623,813	\$730,169	86.66%	16.9%	27.2%	3.1%

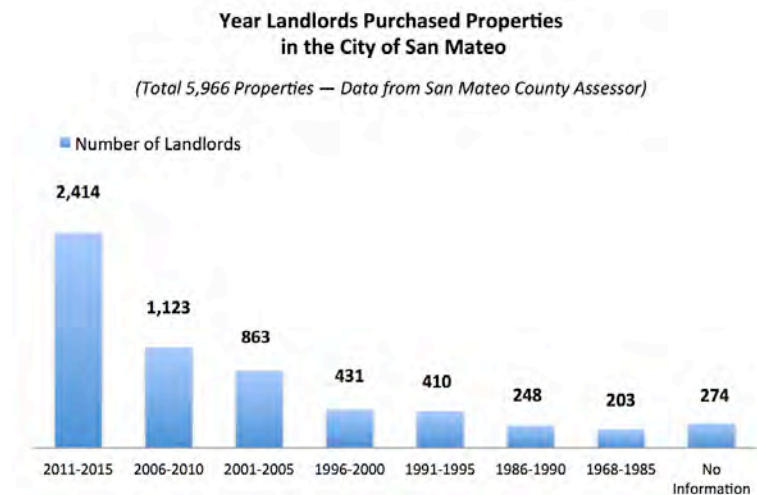
Source: San Mateo County Association of Realtors (SAMCAR) with data collected and compiled by MLSListings, Inc.; <https://www.samcar.org/market-data.htm>



City of San Mateo Landlords

No of Properties owned by Landlords	5,966	
No of Property Owners	5,204	
No of Property Owners who own more than one property	762	
No of Property Owners as LP's and LLC's	296	6%
No of Property Owners- Mailing Address San Mateo City	1,881	32%
No of Property Owners- Mailing Address San Mateo County	1,975	33%

The graph below shows the dates of purchase of the 5,966 rental properties in five-year increments, with about 40 percent of rental properties purchased in the last five years.



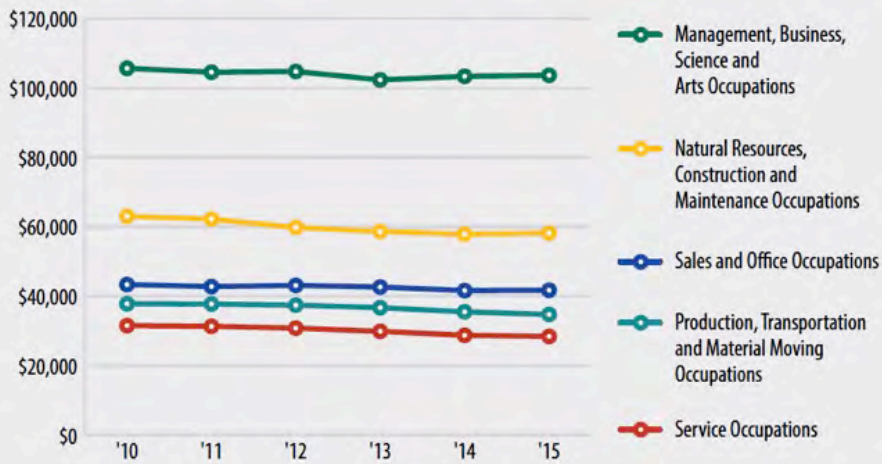
Typical Salaries for Various Occupational Groups in the San Francisco-San Mateo-Redwood City, CA Metropolitan Division (May 2014) and Affordable Rent

Occupational Area	Estimated Average Annual Salary		Affordable Rent Based on 30% of Income (2016 dollars)	Real Facts Average "Asked For" Rents in San Mateo County as of January 2016	Difference Between Average "Asked For" Rents and Monthly Salary	Generalized HUD/HCD Household Income Category
	Salaries As of May 2014	Adjustment to 2016 Dollars (+4.0% CPI)				
Food Preparation & Serving Related	\$27,110	\$28,194	\$704.86	\$2,786	-\$2,081	Extremely Low Income (<\$35,000)
Personal Care & Service	\$33,040	\$34,362	\$859.04	\$2,786	-\$1,927	
Building & Grounds Cleaning & Maintenance	\$33,880	\$35,235	\$880.88	\$2,786	-\$1,905	
Farming, Fishing, & Forestry	\$35,620	\$37,045	\$926.12	\$2,786	-\$1,860	Very Low Income (\$35,000-\$58,600)
Healthcare Support	\$40,080	\$41,683	\$1,042.08	\$2,786	-\$1,744	
Production	\$41,850	\$43,524	\$1,088.10	\$2,786	-\$1,698	
Transportation & Material Moving	\$42,160	\$43,846	\$1,096.16	\$2,786	-\$1,690	
Office & Administrative Support	\$47,040	\$48,922	\$1,223.04	\$2,786	-\$1,563	
Community & Social Service	\$53,640	\$55,786	\$1,394.64	\$2,786	-\$1,391	Low Income (\$58,600-\$93,850)
Sales & Related	\$55,620	\$57,845	\$1,446.12	\$2,786	-\$1,340	
Installation, Maintenance, & Repair	\$59,100	\$61,464	\$1,536.60	\$2,786	-\$1,249	
Protective Service	\$60,940	\$63,378	\$1,584.44	\$2,786	-\$1,202	
Education, Training, & Library	\$61,110	\$63,554	\$1,588.86	\$2,786	-\$1,197	Moderate Income (\$93,850-\$123,600)
Construction & Extraction	\$66,370	\$69,025	\$1,725.62	\$2,786	-\$1,060	
Arts, Design, Entertainment, Sports, & Media	\$73,020	\$75,941	\$1,898.52	\$2,786	-\$887	
Life, Physical, & Social Science	\$94,120	\$97,885	\$2,447.12	\$2,786	-\$339	
Business & Financial Operations	\$97,480	\$101,379	\$2,534.48	\$2,786	-\$252	
Architecture & Engineering	\$103,640	\$107,786	\$2,694.64	\$2,786	-\$91	
Computer & Mathematical	\$106,990	\$111,270	\$2,781.74	\$2,786	-\$4	
Healthcare Practitioners & Technical	\$109,820	\$114,213	\$2,855.32	\$2,786	+\$69	
Legal	\$139,940	\$145,538	\$3,638.44	\$2,786	+\$852	
Management	\$150,700	\$156,728	\$3,918.20	\$2,786	+\$1,132	

Source: United States Department of Labor, Bureau of Labor Statistics, May 2014 http://www.bls.gov/oes/current/oes_41884.htm#13-0000 — Values inflated to December 2015 dollars using the Bay Area Consumer Price Index (CPI). Rents based on surveys conducted four times per year by Real Answers (formerly RealFacts). "Asked for" rents in developments of 50 or more units. HUD/HCD Income Limits are for 2015.

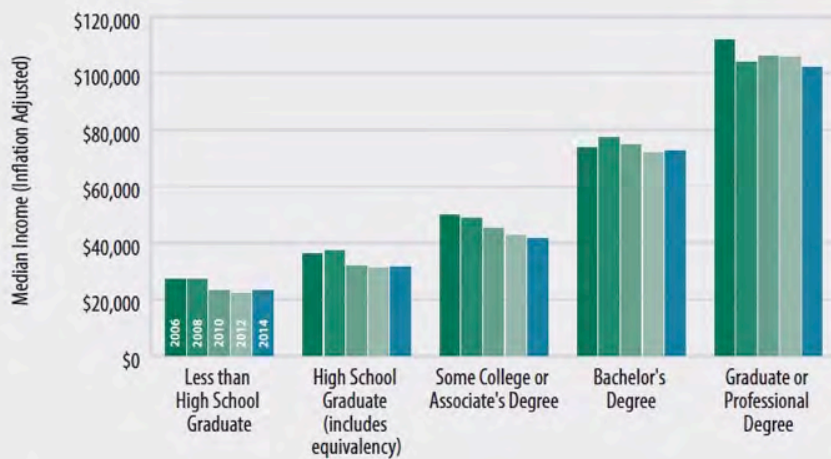
Median Wages for Various Occupational Categories

Combined San Jose-Sunnyvale-Santa Clara and San Francisco-San Mateo-Redwood City MSAs



Data Source: California Employment Development Department | Analysis: BW Research

Santa Clara & San Mateo Counties



Note: Some College includes Less than 1 year of college; Some college, 1 or more years, no degree; Associate degree; Professional certification. The 2008 value for Graduate or Professional Degree is for San Mateo County only. | Data Source: United States Census Bureau, American Community Survey | Analysis: Silicon Valley Institute for Regional Studies