

# Racial Segregation in the San Francisco Bay Area, Part 5

## Remedies, Solutions, and Targets

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### Introduction\*

Racial segregation remains the key driver of racial disparities in education, health care, housing, and employment. This five-part **series investigates** the persistent problem of racial residential segregation in the San Francisco Bay Area by applying novel research methods and fresh analytical tools to better understand the extent and nature of the problem. The **first research brief** in this series revealed the true extent of racial residential segregation in the Bay Area, illustrated with the first-ever segregation maps of the region, counties, and major metropolitan areas using the Divergence Index, a relatively new and better measure of segregation.<sup>1</sup> That brief summarized the extent and patterns of segregation within all nine Bay Area counties and highlighted the most segregated neighborhoods in each county.

The **second brief** in this series examined the dramatic demographic shifts that lay behind the reality of segregation. The emphasis in this brief was on changes to the racial composition within the Bay Area, by illustrating changes in the absolute and relative numbers of different racial groups over time, from 1850 to the present with illuminating graphics. For example, that brief illustrated the tremendous growth in the Bay Area's Asian American population since 1960, growing from 3.2 percent of the population to 24 percent at the last census count in 2010. That brief also highlighted changes to racial demographics to urban communities in recent years, including the stark effects of gentrification, by presenting "change maps" indicating communities that experienced dramatic changes in racial representation.

The **third brief** in this series compared different *measures* of segregation over time to better understand different facets of the problem. We unveiled, for example, rising levels of Latinx and Asian segregation, and the persistently high levels of Black segregation, even as the overall level of Black segregation declined over time. By juxtaposing different measures of segregation, we were able to draw out distinctive patterns of racial isolation and segregation for different groups over time. Such patterns may have been masked or obscured by over reliance on a single measure. We also found that seven of the nine Bay Area counties were more segregated in 2010 than in 1980. Some counties, such as Napa, Sonoma, and Marin, are dramatically more segregated than they were in 1980.

To accompany our third brief, we launched a new, **interactive online tool** which allows users to switch between various measures of segregation and directly observe changes in the level of segregation with each measure over time. Using a "slider," users can also compare the level of segregation for each of the six different measures of segregation during any interval between 1970 and 2010, and observe changes over that time. Users can thus see which communities have become more segregated, and which have become less. We believe this tool is one of the most sophisticated segregation mapping tools ever created.

In the **fourth brief**, we focused on the harmful effects of racial residential segregation. By comparing conditions and life outcomes in segregated white, segregated non-white, and integrated neighborhoods, we were able to identify with greater specificity the correlates of racial residential segregation. For example, segregated white neighborhoods have more than double the household incomes (\$123,701 vs. \$48,843) and home values (\$899,765 vs. \$440,620) of highly segregated Black and/or Latinx neighborhoods. Similarly stark disparities in health and well-being, educational outcomes, and employment were observed.

Our main purpose in **this series** has been to raise public awareness about the degree of segregation that persists in the Bay Area and the harmful effects that result from it. Despite the enduring significance of race and salience of racial inequality in the Bay Area, too often racial residential segregation itself is not a part of the discussion for remedying persistent racial disparities. In a period in which systemic and structural racism is a widespread societal concern, there is insufficient attention to the centrality of racial residential segregation to the production of racial inequality. The goal of reducing racial disparities is elusive in a racially segregated society.

Perhaps even more concerning, we have lost focus on the stubborn persistence of this issue as a policy concern. Although previous briefs in this series have illuminated past trends, including demographic change and the remarkable increase in overall racial residential segregation from 1970 to 2010, in this brief, for the first time, we will project trend lines forward into the future. We project that racial residential segregation is likely to rise in about half of the Bay Area's nine counties between 2020 and 2030, and that levels of overall racial segregation will remain steady and moderate to high. Therefore, we must do more than simply educate ourselves about the problem; we must find ways to put the Bay Area on a new trajectory, one of greater racial equity and deliberate inclusion and belonging.

This brief, on **remedies, solutions, and targets**, presents five general policy approaches that can help address the problem of racial residential segregation and help put the Bay Area on a better path forward. We will present each strategy individually and explain why these strategies may advance the goal of greater integration, and how they could be operationalized in the Bay Area. We will also suggest empirical targets to measure progress.

Logically, there are two obvious ways to promote racial residential integration: 1) preserve integration where it exists, and 2) give enhanced opportunities and incentives for at least some people to move out of segregated communities and into different-race communities. We must do both if we wish to foster more integrated communities in our region. Our five selected strategies are not exhaustive of the possibilities for pursuing integration, but they are well-tailored to these goals.<sup>2</sup>

**First**, we examine the necessity of curtailing **restrictive land use policies** and regulations and opening up exclusionary neighborhoods and communities to different-race peoples. We do this by first unveiling zoning maps of communities in the San Francisco Bay Area that we created for this report. We then describe how restrictive land use policies, and especially single-family zoning, reinforces and promotes racial residential segregation by showing the correlation between different types of segregation and single-family zoning.

This research is especially notable as no one before has mapped every jurisdiction in the Bay Area for its proportion of single-family zoning. **We have created a separate, scannable page of thumbnails with all of the maps for users to peruse on their own.** We hope that these maps are useful for other research purposes besides the issue of residential segregation. Based upon this research, we can show how rolling back this restrictive type of zoning can ease segregation and make integration more feasible. In many communities in the Bay Area, less restrictive zoning will not necessarily make affordable or mixed-income housing pencil out. In those communities, additional subsidies may be required. But the prevalence and over-abundance of this type of restrictive zoning is a direct impediment to the development of affordable housing and certain types of housing, including dense, multi-family housing, that make integration feasible and segregation more difficult to sustain. Without addressing this problem, an integration agenda is out of reach.

**Second**, we focus on the potential of **rent control** and rent stabilization policies to prevent displacement from integrated or integrating communities or to keep integration sustainable where it exists. We briefly describe existing rent control ordinances from around the country, and their stated purposes. Although rent control laws are rarely explicitly designed to advance integration or fair housing goals, and despite a lack of empirical research on the racial effects of these ordinances, they have tremendous potential to advance these goals, even with the restrictions imposed by California's Costa-Hawkins Act, which limits such policies to buildings built before 1995. We offer specific recommendations on which types of rent control policies may be best suited to advance these objectives in different contexts. We do not, however, weigh the merits of rent control policies in relation to other, different policy goals. These policies are controversial and may be ill-suited for other purposes, but they have potential to advance the goal of integration.

**Third**, we explain how **mobility strategies** can support people who wish to move to neighborhoods where members of a different race predominate, and thereby reduce the segregation of those communities. Specifically, we explore strategies that open up predominantly white communities to non-white people, and examine historical instances of this strategy, and the effects that those approaches had, both in terms of integration as well as well-being. Mobility strategies are limited by the degree to which authorities are permitted to consider race in placement, but there remains much that can be done to encourage and support integrative mobility strategies, including counseling and other forms of assistance.

**Fourth**, we examine **inclusionary zoning** ordinances and statewide **fair share** laws that mandate a specific level of economic integration. We explain how these policies typically work, and the evidence of their success. These policies are relatively widespread, and evidence suggests that they may be used to advance racial integration. In particular, well-designed fair share laws that consider how such policies might be skirted to avoid the goal of racial integration, such as by meeting inclusionary requirements by building only senior or student housing, are best suited to achieving the goal of greater racial integration.

**Finally**, we will examine how **affordable housing** policies and other direct subsidies that permit a larger range of housing options can have a pro-integrative effect. We will briefly present a menu of affordable housing policies that have been pursued in the United States from Housing Trust Funds to Tax Increment Financing. Although affordable housing is not the same thing as integrative housing, these policies can nonetheless, make exclusionary communities more affordable or prevent displacement in integrated communities. Like rent control, they can do this by eliminating or lowering barriers to access housing in exclusionary communities or by making integrated communities more widely affordable.

It is important to note that affordability extends beyond housing simply for low- or very low-income families. Affordable housing in high-cost markets like the Bay Area must also include workforce housing or housing for middle-income families who might otherwise not be able to afford local housing. This is especially important in this context, where many non-white families earn too much to qualify for low-income housing, but not enough to access housing that might spur greater integration.

Any or all of these approaches could be adopted or expanded in the Bay Area, and we predict that individually or in concert, they would either reduce the measured level of racial segregation over time, or apply pressure in that direction, even if countervailing forces were to overwhelm them. For that reason, we conclude this brief with realistic Divergence Index targets that can be set as benchmarks to measure progress toward the goal of greater integration within the Bay Area. We strongly encourage the consideration of the policies described in this brief, although caution that we present them solely in the context of whether they advance integration. Policymakers would need to weigh that goal against other policy interests before deciding whether and when to adopt them.

## **Five Strategies to Advance Integration**

### **1. Curtailing Restrictive Land Use Policies & Regulations**

There is a growing body of research suggesting that restrictive zoning, also known as exclusionary zoning, has long played a role in creating or perpetuating racial residential segregation both directly and indirectly. Two UCLA scholars examined the relationship between restrictive land use policies and income segregation in 2015.<sup>3</sup> Looking at the 95 largest cities in the United States, they found that metropolitan areas with greater land use controls and regulations are correlated with higher levels of economic segregation. Specifically, they found that density restrictions, such as minimum lot sizes, were strongly correlated with overall municipal fragmentation within regions as well as with segregation and concentration of the affluent. Separate research has found that municipal fragmentation is correlated with racial segregation, especially within diverse regions like the Bay Area.<sup>4</sup>



But restrictive zoning also contributes to racial segregation directly. A study based upon a survey conducted in 2000 of municipal planning directors estimated that jurisdictions with low housing density had less than half the Black populations and only 60 percent as large a Hispanic populations in 1980 as other places.<sup>5</sup> This study also found that low-density jurisdictions have more slowly growing Black and Hispanic populations. A similar study published in 2009 based upon an expanded dataset produced a similar finding, but specifically on racial segregation, not just minority composition. This study found that a decrease in density by a single standard deviation increased the measured level of segregation using the dissimilarity index by between 4 and 7 points.<sup>6</sup> These results have been replicated at the local level as well. A study of the Boston region found that blocks zoned for single-family only homes had fewer Black and Hispanic residents than blocks zoned for multi-family housing.<sup>7</sup> Specifically, the study found that lower-density zoned neighborhoods had nearly twice as few, respectively, than adjacent communities zoned for higher density.

In recent months, there have been several notable studies, some of them focusing on California, examining the specific relationship between restrictive zoning and racial residential segregation. Drawing upon the recently launched **Turner Center California Residential Land Use Survey**, a survey of California jurisdictions and their land use policies, researchers have **made a number of fascinating and disturbing conclusions**.<sup>8</sup> For example, the economist Jonathan Rothwell finds that **California cities with more restrictive zoning are more racially segregated**.<sup>9</sup> Specifically, areas with restrictive zoning policies have more white residents and fewer Black and Latinx residents. He also finds that citizen opposition to development also predicts the exclusion of Black and Hispanic residents.

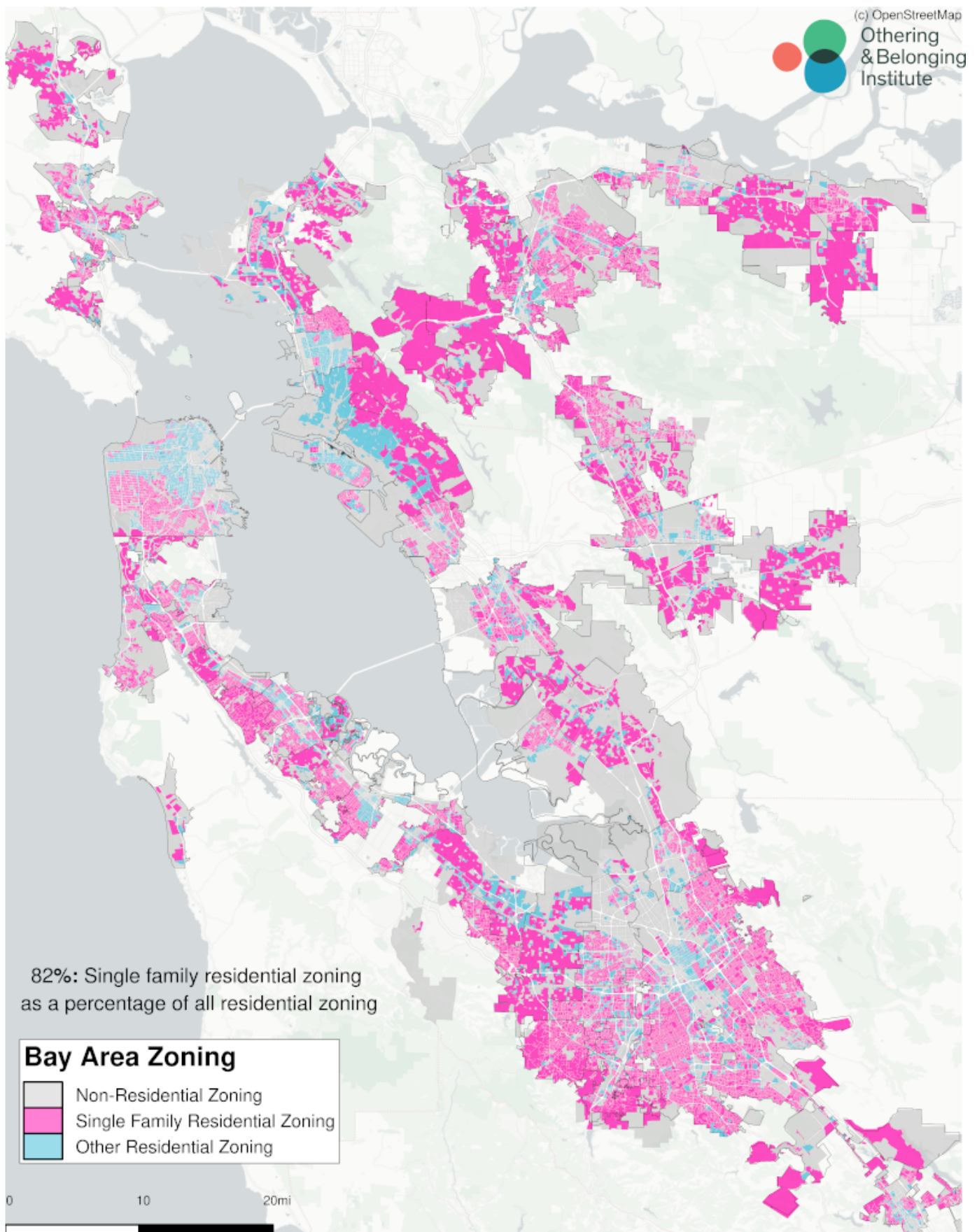
This research also finds a clear and convincing relationship between housing prices and restrictive land-use policies. For example, Rothwell finds that, in Los Angeles, rents are 32 percent higher and home values 38 percent higher in jurisdictions with stringent lot size requirements compared to jurisdictions that are relatively lenient. With respect to zoning, he finds that "the share of land zoned for single-family detached use predicts higher housing home values." In another paper drawing upon the Turner Land Use Survey, **Jenny Schuetz and Cecile Murray find** that cities with more restrictive zoning have fewer apartments, and that the state of California produces very little multi-family housing.<sup>10</sup> As unpopular as they may be among some municipal leaders, apartments are a vital source of housing to many Californians, and yet single-family zoning laws make them effectively illegal. Single-family zoning is a zoning designation that renders a zoned area exclusively available for single-family homes.

Even more recently, Jessica Trounstein, author of an award-winning **book on segregation**, published a study using the 2006 Wharton Regulatory Land Use Index, and found that more restrictive land use policies were associated with higher levels of racial residential segregation, and vice versa.<sup>11</sup> She found that more restrictive land use policies predict communities that are whiter, on average, than their surrounding metropolitan areas, even controlling for their demographic makeup years earlier.

The problem here lies not with single family homes, but with single-family zoning. More specifically, the problem is with zoning that prohibits multi-family homes. Single-family zoning effectively makes apartments, duplexes, fourplexes, and other, denser housing options, illegal in those zones. At a time of sharpening housing unaffordability and rising homelessness, excessive single-family zoning does not allow cities to provide enough housing for people, or the density needed to make shelter affordable and reduce sprawl, which exacerbates greenhouse gas emissions. It contributes to both economic and racial segregation. Unfortunately, single-family zoning predominates the Bay Area's residential areas.

Last June, the *New York Times* published a series **of original maps illustrating** the shocking over-use of single-family zoning in the United States. Focusing on 10 major cities, these maps demonstrated the degree to which single-family zoning dominates our urban areas, not just suburban communities. For example, the *Times* found that 70 percent of residential land in Minneapolis, 75 percent in Los Angeles, 81 percent in Seattle, and 94 percent in San Jose is zoned for single-family homes. We have extended and applied this methodology to the Bay Area.

We collected current zoning maps from 67 incorporated municipalities with populations at or above 10,000 in the six Bay Area counties for which zoning maps could be located: Alameda, Contra Costa, Marin, San Francisco, Santa Clara, and San Mateo.<sup>12</sup> Our **results are here**, and a regional map is below.





We found that for these jurisdictions, the average amount of residential land exclusively reserved for single-family housing was 81 percent, with a median of 86 percent. The average amount of total land (including commercial areas and parks, etc.) exclusively reserved for single-family housing was 46 percent. Moreover, there is no city, township, or municipality in Alameda, Contra Costa, San Francisco, or Santa Clara counties with at least 10,000 people that dedicates less than 40 percent of its residential areas to single-family zoning, as can be seen in Table 1 below.

Table 1: Cities by Single-Family Zoning Percentage

40-75%	75-90%	90-100%
Albany	Belmont	Antioch
Berkeley	Burlingame	Brentwood
Campbell	Concord	Clayton
Dublin	Daly City	Cupertino
Emeryville	East Palo Alto	Danville
Foster City	El Cerrito	Hillsborough
Hayward	Fremont	Lafayette
Hercules	Gilroy	Livermore
Larkspur	Half Moon Bay	Los Altos
Milpitas	Menlo Park	Los Gatos
Mountain View	Millbrae	Martinez
Oakland	Morgan Hill	Mill Valley
Pittsburg	Newark	Monte Sereno
Redwood City	Novato	Moraga
Richmond	Palo Alto	Oakley
San Mateo	Pleasant Hill	Orinda
San Francisco	San Bruno	Pacifica
San Pablo	San Carlos	Piedmont
Santa Clara	San Jose	Pinole
South San Francisco	San Leandro	Pleasanton
Sunnyvale	San Rafael	San Anselmo
	San Ramon	Saratoga
	Union City	
	Walnut Creek	

Using this data, we can compare conditions and outcomes in communities and jurisdictions with different levels of restrictive zoning. Specifically, we can compare cities and municipal jurisdictions in terms of observed levels of racial segregation based upon their levels of zoning restrictiveness.<sup>13</sup> Because we classify zoning restrictiveness by parcel – a much smaller geographic unit than even a census tract – we are able to perform the novel task of contrasting the characteristics of neighborhoods and jurisdictions with low and high restrictiveness in their zoning laws with much greater precision than is generally possible. This allows us to assess the impacts of restrictive zoning, or at least their correlates, with a commensurate level of specificity.<sup>14</sup>

The following table (Table 2) displays municipal differences in levels of segregation and racial composition based upon the degree of restrictiveness in land use, as measured by the percentage of single-family-only zoning as a percentage of all residential land by jurisdiction. The table also indicates the number of cities out of the 67 we examined that fall within each range.

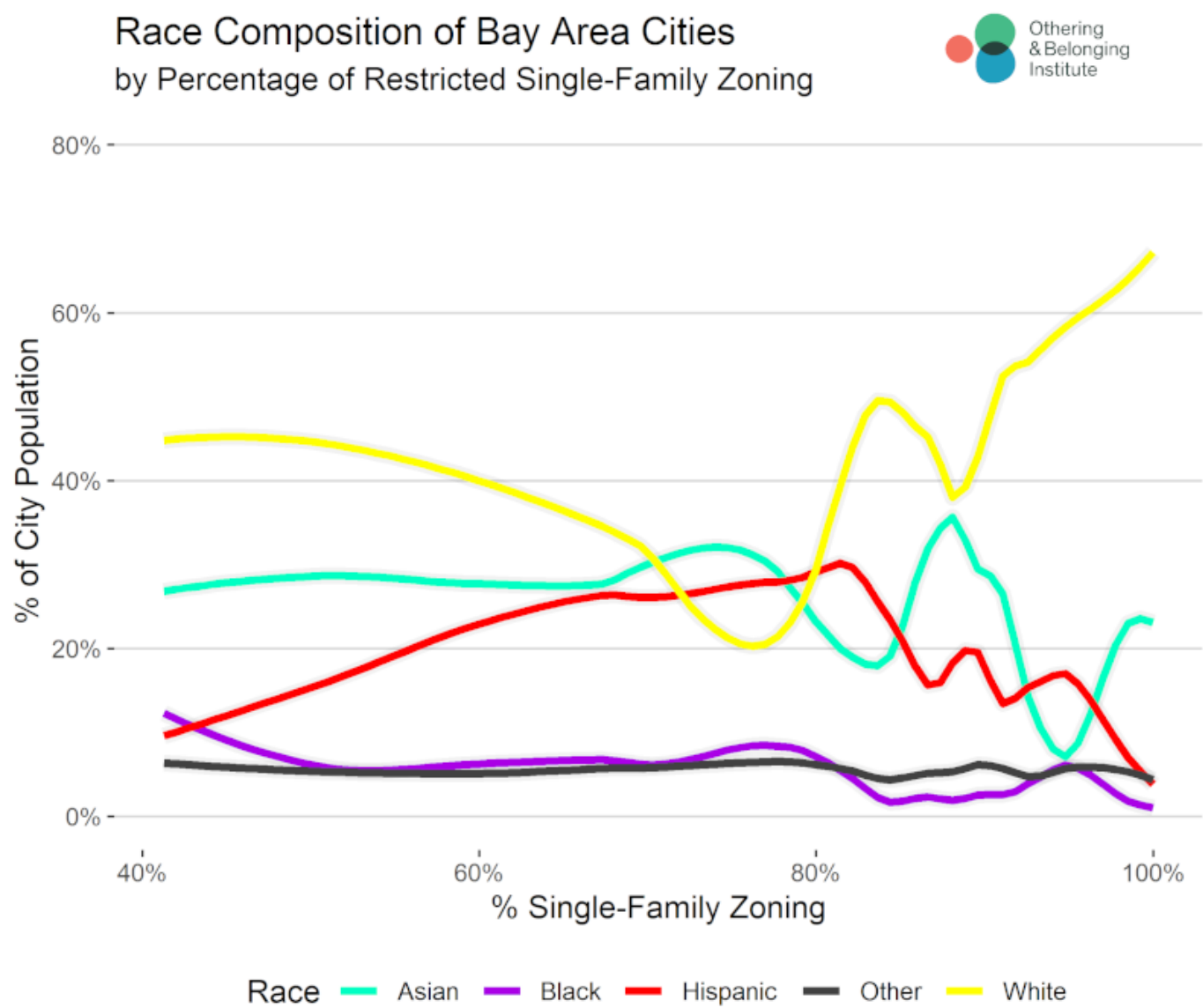
Table 2: City Composition by Single-Family Zoning Percentage

	40-75%	75-90%	90-100%	All cities with measured zoning	Bay Area Total
Within-City Segregation	0.15	0.13	0.04	0.13	NA
Divergence from Bay Area	0.11	0.13	0.21	0.13	NA
% White	34%	33%	53%	36%	40%
% Black	8%	3%	5%	6%	6%
% Hispanic	22%	26%	16%	23%	24%
% Asian	30%	33%	21%	30%	26%
% Other	6%	5%	5%	5%	5%
Population	2,679,078	2,421,052	803,597	5,903,727	7,675,798
Number of Cities	21	24	22	67	NA

Recall from **earlier briefs** in this series, that higher Divergence Index scores indicate more local segregation, with a value of zero suggesting that the demographics of the locality match those of the larger geographic area. We find the highest Divergence Index scores, our preferred measure of segregation, are found in the communities with the highest proportion of single-family zoning, and vice versa. This comports with our expectation that segregation and single-family zoning are related, as the above-mentioned research suggested. The greater proportion of single-family zoning, the higher the observed level of racial residential segregation.

Nonetheless, single-family zoning has a complex relationship with racial residential segregation.<sup>15</sup> Cities with higher levels of single-family zoning are more racially homogenous within their boundaries, and often have lower intra-city segregation than more diverse communities with low levels of single-family zoning.<sup>16</sup> That lower level of intra-jurisdictional segregation comes at the cost of diversity: cities with high levels of single-family zoning show demographics that are extremely different from the Bay Area as a whole. White people are overrepresented in these areas, and all other populations are underrepresented compared to their Bay Area proportions, as the chart below illustrates.

At the other end of the spectrum, cities with low single-family zoning are more diverse and representative of the Bay Area as a whole. Though more diverse, these areas are more likely to suffer from internal segregation, suggesting that nonwhite populations are more likely to live in areas with a high percentage of multi-family zoning. Finally, an obvious correlate of high levels of single-family zoning is that fewer people live in these areas. As we will detail in a future report on the effects of single-family zoning, this structure allows a relatively small number of people to accumulate economic and social wealth that can perpetuate inequality through multiple generations.<sup>17</sup>



These findings support the contention that single-family zoning not only restricts the construction of affordable housing, but is a clearly powerful policy mechanism for the perpetuation of racial and economic segregation across the region.

Because of this, in 2018 the **city of Minneapolis decided** to abolish single-family zoning, and allow buildings with upward of three dwelling units per lot in every neighborhood.<sup>18</sup> The city also abolished parking minimums for all new construction and relaxed density restrictions near transit. The city's goal is to make it easier for developers to build affordable housing. The first state to adopt such legislation was Oregon, which **recently passed a law** prohibiting single-family zoning in cities of 10,000 or more people.

Zoning reform should be a top priority for any integration agenda for both the state of California as well as for jurisdictions within the Bay Area. Specifically, if we are to achieve the goal of integration, policies are needed to roll back restrictive zoning and to open up more residential land for denser, multi-family development. The state can accomplish this goal by implementing policies that abrogate excessive exclusionary zoning, while local jurisdictions could take action to roll back excessive zoning formulations in their own communities.

It is important to note, however, that permitting denser housing, by itself, does not make affordable housing developments pencil out or make racial integration spontaneously appear.<sup>19</sup> Even if density restrictions were ended tomorrow, there may be little or no available land for new developments, and few parcels available for redevelopment. Certainly, not enough to put a meaningful dent in housing costs in many exclusionary communities. The high costs of land, labor, and construction materials also make it challenging to build affordable housing, even if zoning laws were completely rolled back. The challenge is greater in hot real estate markets, where the cost of acquisition is greater.

In fact, one study of Chicago found that spot upzoning actually *increased* property values within the zone without a corresponding increase in the development of affordable housing.<sup>20</sup>

Although the study only examined one small area in one city over a limited period of time and the intervention studied is not representative of the broader efforts to upzone, in hot markets there is a greater danger that existing parcels will be redeveloped for the luxury end of the market.<sup>21</sup> The goals of integration, affordable housing, and inclusion may require subsidies, incentives, or other mandates. Nonetheless, without rolling back exclusionary land use policies, these goals are impossible, not simply elusive.

## **2. Rent Control for Integrated or Integrating Communities**

It is not enough to open up exclusionary communities to newcomers of a different race, and thereby integrate currently segregated communities, as some of the policy approaches in this brief recommend. We are missing a tremendous opportunity if we are not doing more to preserve integration where it currently exists or to find ways to prevent displacement and re-segregation within integrating neighborhoods.

In addition to exclusionary, affluent, and predominantly white communities, there are two other community types, broadly speaking, that need to be considered as part of any comprehensive strategy for promoting racial residential integration. The first is long-integrated and currently integrated communities, epitomized by places like Pinole, Hayward, and Fairfield/Suisun City, and San Leandro, among others. These places need to be supported to maintain and sustain integration where it has already been achieved.

But perhaps most critical is another type of community, typically of color, that have been historically segregated, but have seen **significant demographic change** in recent years. Many of our gentrifying neighborhoods fit this description, including West Oakland, East Oakland, south Berkeley and Bayview/Hunter's Point. These historically Black neighborhoods **score high in terms of measured segregation** from 1980 to 2010, but have had an influx of different-race residents, often white families, since the last decennial census.

In the short-run, these neighborhoods may appear integrated according to traditional measures, but this may be misleading, merely a mid-point along a trajectory towards re-segregation. The high demand for housing in these communities combined with racial disparities in wealth can lead to displacement of long-time residents and a greater influx of different-race newcomers. After a certain tipping point, these communities may become segregated again.

In theory, rent controls and other anti-displacement mechanisms can be applied to prevent displacement that would lead to re-segregation in neighborhoods that may be at risk or in the midst of experiencing this transition. By "rent control policies," we broadly refer to both traditional rent controls, which impose restrictions on landlords from increasing rent on qualifying units even after a tenant moves out (known as a "vacancy control") as well as rent stabilization, policies which impose restrictions on increasing rents beyond a certain threshold on qualifying tenants. Unfortunately, the empirical research on rent control policies in relation to promoting or sustaining integration is thin, and the documentation of the effects of rent control in terms of racial demographic patterns is not much better.

One noteworthy recent study of rent control in San Francisco found that its 1994 rent control law lowered the displacement of incumbent residents but decreased the supply of rentals as landlords converted their existing buildings to condos and exempt structures.<sup>22</sup> These shifts were found to raise rents and increase income inequality within the city. Although the study did not directly observe race, using an "imputation procedure" that assumes race based on neighborhood and surname, the authors claimed that the ordinance appeared to have a strong effect on preventing the displacement of racial minorities in racially identifiable neighborhoods.<sup>23</sup>



Another study of Santa Monica's rent control ordinance found that it had little effect in stemming the flight of the city's non-white population from 1979 to 1987.<sup>24</sup> It is difficult, however, to control the effects of the ordinance against larger demographic and regulatory forces or to know whether a stronger ordinance might have performed better. Older empirical research examining this issue may be of limited prospective insight, as they assess rent control in a period in which whites were continuing to flee central cities and urban environments.<sup>25</sup>

Moreover, rent control ordinances are primarily aimed at maintaining or preserving affordable housing stock or preventing displacement, not at promoting integration or desegregation. Many ordinances and statutes have a statement of purpose in their text. Rent control ordinances are no exception, and purpose statements that we have reviewed do not include preserving or promoting integration as a purpose. For example, Los Angeles County's rent control ordinances assert that the purpose of the ordinances is "to promote long-term stability and certainty for tenants in the rental market while providing landlords an ability to receive a fair return on their property."<sup>26</sup> Similarly, New York City's Rent Control and Rent Stabilization measures explicitly respond to an acute housing shortage and the threat of displacement for long-time residents.<sup>27</sup>

One notable not-quite-exception we discovered is the city of Takoma Park, Maryland's rent stabilization ordinance, which is described on the city's website as intending to "preserve the city's affordable housing stock and maintain economic and ethnic diversity."<sup>28</sup> However, the city's ordinance itself does not explicitly state any intended goal, nor does it reference "integration" or the preservation and maintenance of ethnic diversity.

The best example in the Bay Area may be Oakland's recent Rental Adjustment Program, which mentions "foster[ing] fair housing for a diverse population of renters" as an explicit goal.<sup>29</sup> It imposes rent stabilization subject to vacancy decontrol (per the Costa-Hawkins Act). Nonetheless, the Oakland rent ordinance does not mention integration as a purpose.

Surprisingly few states either have statewide rent control or rent stabilization laws or permit local rent control.<sup>30</sup> In fact, only New York, Maryland, New Jersey, California, Oregon, and Washington, D.C. have rent control laws at the state or local level. Meanwhile, 32 states pre-empt rent control entirely, meaning that state authorities do not allow localities to enact rent control ordinances.<sup>31</sup>

California's Costa-Hawkins Rental Housing Act, enacted in 1995, neutered existing rent stabilization policies.<sup>32</sup> Chiefly, the act prohibited vacancy control, and thereby allows landlords to raise rents to market levels following a change in tenancy. Additionally, the act prohibits counties from enacting rent stabilization to units built and occupied after February 1, 1995.<sup>33</sup>

Further, Costa-Hawkins exempts condominiums and single-family homes from any form of rent stabilization. In late-2018, Proposition 10, a ballot initiative to repeal Costa-Hawkins and empower cities to enact new rent control legislation, failed at the polls.<sup>34</sup>

Although California permits rent control on a limited basis, just 18 cities in California have adopted some form of it, of varying degrees of restrictiveness.<sup>35</sup> For example, Los Angeles Rent Stabilization Ordinance (RSO) was enacted in 1978, but only applied to units built prior to its enactment. Still, rental units covered under the RSO are capped at annual increases of 3-8 percent.

In the Bay Area, the city of Richmond is notable for having enacted one of the region's most comprehensive rent control ordinances. Adopted in January, 2017, the purpose of Richmond's ordinance is to "promote neighborhood and community stability, healthy housing, and affordability for Richmond tenants through the regulating of those Landlord/Tenant matters that reasonably relate to rents and evictions, while maintaining a Landlord's right to a fair return."<sup>36</sup> This ordinance establishes rent stabilization and just cause eviction.

As this summary suggests, there is little empirical evidence developed thus far on the direct connection between rent control policies and racial demographic effects, let alone effects in terms of integration or segregation. Nor is there an ordinance in operation we can point to that is aimed at integration and appears to be successful in that regard. Nonetheless, there are strong reasons to believe that these types of policies can help promote that goal.

Rent control policies generally affect the affordability of specific communities. In light of historical racial inequities in income and wealth, the presence (or lack) of housing units available to middle- and lower-income people will play a significant role in shaping racial demographic patterns in Bay Area communities. In this regard, rent control ordinances have the potential to preserve or otherwise make housing stock affordable to a broader range of income-earners. By opening up housing to a broader range of possible tenants, racial integration can be pursued or maintained through rent control.

Given the lack of empirical research examining the relationship between rent control, let alone types of rent control, and racial composition, segregation or integration, it is difficult to provide guidance on which form or types may be best suited for these purposes. That said, we can offer an estimation based on findings in the research literature on rent control and understanding of demographic changes occurring in different types of neighborhoods.

Different starting conditions within neighborhoods along lines sketched out at the beginning of this section may recommend a different policy type or form of control. Specifically, a different policy approach may be optimal for neighborhoods that have long been integrated and are struggling to remain so than for neighborhoods that have been historically segregated but appear to be integrating due to significant displacement or gentrification.

For historically segregated neighborhoods that are gentrifying, the goal of integration is clearly advanced by protecting incumbency, or long-time residents, from displacement. Protecting long-time residents in such neighborhoods is well-tailored to the goal of integration for the simple reason that new residents have a greater chance of being of a different racial background than the original tenant.<sup>37</sup> Relative to the goal of integration, these new tenants are not the primary target for protection.<sup>38</sup> Keeping long-time residents in place by preventing their displacement will increase residential racial integration in such neighborhoods.

For this reason, rent stabilization, which establishes a rent ceiling on protected tenants and limits when and how landlords may raise such rents so long as the tenant remains in place, can serve the integrative objective effectively.<sup>39</sup> Rent stabilization provides security and psychological benefits that go beyond simple dollar amounts. A rent stabilization policy would dissuade many long-time residents from leaving or downsizing, let alone from being directly pushed out.<sup>40</sup> Additional regulations may be needed, however, to prevent landlords from subtly pushing out long-time residents, through harassment and other means. But in this context, rent stabilization is well-designed to prevent a neighborhood from tipping from integrated to re-segregated.<sup>41</sup>

In neighborhoods that have been stably integrated for many years, however, vacancy controls may be an effective policy alternative for maintaining integration.<sup>42</sup> Vacancy controls are rent restrictions that remain in place beyond a particular tenancy (i.e., when a unit is vacated, rent control still applies and rent may not be increased). The goal in integrated neighborhoods is to maintain integration by preventing disproportionate displacement of members of any particular racial group, and facilitate the balanced in-migration of newcomers. Whereas rent stabilization protects incumbency (that is, long-time residents), vacancy controls protect the general affordability of a building, neighborhood, or community.

Some officials, however, may be skeptical or wary of rent control policies, based upon concerns of possible negative economic or supply-side effects. Large and diverse cities like Oakland have many different types of neighborhoods, some of which are experiencing demographic changes and have many renters and others which are not experiencing much change or, if they are, are primarily composed of homeowners (who don't directly benefit from rent control policies). For such cities, a more targeted application of rent control policies could be considered to persuade skeptical officials to adopt such policies.

For example, coverage could trigger for neighborhoods that are experiencing rapid change or that are reasonably at risk of such change. Specifically, officials could design triggers or strengthen protections in census tracts that have a 15 percent or greater decline in a particular racial subgroup in the preceding 5-year time period as covered by estimates conducted by the Census Bureau's American Community Survey (ACS). Such a trigger could be a stabilizing force and thereby sustain integration through a period of intense economic pressure.

Delays in receiving census data and the speed with which neighborhood change can occur may be challenges for this approach, but local officials need not wait for census reporting if they can collect similar data from other sources, such as by tracking home sales or tenancies, or develop other anecdotal data from local tenant organizations. Relatedly, to avoid difficulties of persuading a new city council to revise or update the scope of a local ordinance, local officials could establish pre-set triggers for application of the law by city staff with appropriate notices sent to landlords.

The dearth of research on the relationship between rent control policies and integration is likely a byproduct of segregation and fair housing not being a primary focus of rent control research. This lack of evidence, however, should not be dissuasive on the critical role that rent control can play to preserve integration where it exists or where gentrification is occurring. State and local policymakers cannot wait until researchers have comprehensively examined this issue to act, but must move swiftly if we are to preserve integration where it exists and where gentrification is reshaping our communities. For these communities, rent control policies are a critical tool in the policy toolbox.

### **3. Mobility Strategies**

Mobility strategies designed to open up housing options to people of different races have long shown promise in advancing racial residential integration, for the same reason that diverse assignment policies or affirmative action policies can promote integration in the K-12 or university contexts, respectively. Where communities, jurisdictions or neighborhoods are racially homogeneous, there may be implicit or explicit barriers to entry for people of different races. This is especially likely to be the case in diverse regions or states, like California and the San Francisco Bay Area.

According to most recent decennial census, the nine-county Bay Area is just 38.99 percent white, as we saw in **Part 1**. We also saw there that Alameda County was just 31.31 percent white, and Contra Costa County was just 45.39 percent white. How is it the case, then, that 36 census tracts in Contra Costa County and 13 census tracts in Alameda County, according to 2017 ACS estimates, were more than 75 percent white? Cities like Lafayette (77 percent white) and Piedmont (69 percent white) are unlikely to remain so disproportionately white in the absence of exclusionary barriers.

Some communities may have a reputation for being hostile to people of color, especially Black people. For example, some small suburban jurisdictions are known for having police officers that appear to more frequently target, pull over, or harass African American drivers.<sup>43</sup> Or, as recent research has demonstrated, lack of knowledge of neighborhoods, housing options or community amenities in many different-race neighborhoods limits the housing search process, and becomes a background barrier to access to housing in those communities.<sup>44</sup>



Mobility strategies are initiatives that aid house or apartment hunters in accessing housing options in communities they otherwise would not have considered or been able to afford. One of the earliest and most successful examples of a mobility strategy arises out of the metropolitan remedy to a fair housing lawsuit filed in the landmark Supreme Court case of *Hills v. Gautreaux*.<sup>45</sup>

In the late 1960s, Dorothy Gautreaux, an African American community organizer and activist, sued the Chicago Housing Authority, claiming that its procedures discriminated against public housing residents on the basis of race. The expansive settlement she achieved created a remarkable experiment on housing mobility.<sup>46</sup> The settlement offered thousands of families in Chicago a relocation subsidy out of neighborhoods of racially-concentrated poverty and into higher opportunity, more racially-integrated neighborhoods. The families who participated in the settlement were assigned to apartments in low-poverty and predominantly white neighborhoods. They did not select or choose these locations, but simply signed up for the program and were either assigned to a suburb or within the Chicago city limits.

Social scientists have studied the results of the *Gautreaux* settlement for decades, and the available evidence gathered on the long-term effects of the program on families who relocated has been consistently positive, especially compared with the families who did not relocate.<sup>47</sup> Families who moved enjoyed increased employment, higher wages, less welfare enrollment, higher high school completion rates, increased college attendance, greater early adulthood labor force participation rates, and lower dropout rates.<sup>48</sup> More importantly, about four-fifths of the families relocated through the *Gautreaux* program moved to either less segregated or more integrated neighborhoods.<sup>49</sup> The originating neighborhoods for this intervention were 83 percent African American, compared to just 28 percent for the destination placements.<sup>50</sup>

The results of *Gautreaux* were so encouraging that they inspired the so-called Moving To Opportunity (MTO) experiment, briefly funded by the US Congress in 1993.<sup>51</sup> This experiment was administered by the U.S. Department of Housing and Urban Development in five cities between 1994 and 1998.<sup>52</sup> The experiment involved more than 4,500 families who were assigned to one of three groups.<sup>53</sup> The experimental group received a voucher that could only be used in a census tract with a poverty rate less than 10 percent. Another group was given an unrestricted housing voucher that could be used anywhere. And a third group studied was not offered a voucher but lived in public housing.

The MTO experiment has similarly been subject to a mountain of scholarship and analysis.<sup>54</sup> Initial empirical results were disappointing, despite improvements along several key dimensions, including perceived safety and mental health. For example, the initial results showed that MTO households did not experience higher rates of high school graduation or college matriculation or even drops in delinquency, and there were no observed differences in children's math or reading achievement.<sup>56</sup> On the other hand, it increased the chances of having a college-educated friend by about one-third and reduced local violent crime rate by a third and drug sales by about 40 percent.<sup>57</sup>



But subsequent review and analysis revealed that many families that relocated moved to neighborhoods similar to the ones they left, despite having somewhat lower rates of poverty.<sup>58</sup> Many MTO neighborhoods barely met the poverty requirement or were undergoing racial and economic transition. Although there were restrictions on usage, the MTO experiment was not nearly as comprehensive as the *Gautreaux* settlement. One of the subsequent discoveries was that MTO movers in some cities relocated to neighborhoods nearby or proximate their originating neighborhood, such that they still inhabited largely the same social milieu. The initial report found that 60 percent of the experimental group families moved into "heavily minority areas," and that three-quarters of all moving families were in census tracts that were more than 80 percent minority.<sup>59</sup> The moves in *Gautreaux* were much more dramatic and pulled families out of the orbit and social networks of their former neighborhoods, and provided a more comprehensive set of supports to facilitate that transition.

Decades later, however, researchers from the Equality of Opportunity project (now Opportunity Insights) re-evaluated the effects of MTO by examining the longitudinal impact of moving on children, who are now adults, using de-identified tax records.<sup>60</sup> Their findings dispelled many doubts regarding the value of these moves. Seen from a long-term perspective, the MTO moves had profoundly positive effects, and those effects appear for most movers. But the earlier the move, the more pronounced the effects detected were. For example, children who moved before the age of 13 earned 31 percent more average annual income by their mid-twenties than the control group.<sup>61</sup>

There is a good deal of empirical evidence in support of mobility strategies beyond the *Gautreaux* settlement and the MTO experiment. There are a number of "natural" experiments that have been studied with similar results.<sup>62</sup> In 1995, Chicago, like many other major cities, began the process of dismantling large-scale high-rise public housing, the most infamous of which was the Cabrini-Green complex. A recent study found substantially positive effects on the families who moved out of public housing. Children from these families were 9 percent more likely to be employed, and had 16 percent higher annual earnings.<sup>63</sup>

The most significant difference between the *Gautreaux* remedy and the MTO experiment and other more recent initiatives, however, was that the remedy in *Gautreaux* was more comprehensive, and at one point, included housing counselors to assist participants.<sup>64</sup> More to the point, however, in contrast to the *Gautreaux* settlement, the MTO experiment was race-blind, narrowly considering only the income of the applicants. No matter how successful these initiatives may have been in improving the lives of the families affected, the lack of race-consciousness limited the integrative potential of the MTO demonstration. Not only is it impossible to assess whether the MTO experiment produced greater integration than would otherwise have occurred, a race-blind approach is not well tailored to accomplish that goal.

Unfortunately, prevailing interpretations of the Constitution and federal civil rights law place severe restrictions on the ability of either federal, state, or local authorities to devise and implement race-conscious integrative remedies, including housing mobility interventions.<sup>65</sup>

Specifically, authorities are presumptively not permitted to consider the race of individual applicants or voucher holders in considering placement within mobility strategies.

Nonetheless, there is much that can be done within the parameters of laws to promote racial mobility and thereby integrate more segregated communities (we will discuss vouchers in a section below). Given the importance of the housing search process, and asymmetries in background knowledge of various communities within any given region across racial groups, housing counseling can play a critical role in encouraging integrative mobility moves.<sup>66</sup>

In 2019, an experiment in Seattle, known as the "Creating Moves to Opportunity" program, provided customized assistance to voucher holders, and the fraction of families that moved to higher opportunity neighborhoods increased from 14 to 54 percent.<sup>67</sup> In addition, voucher holders reported much higher levels of satisfaction. The Seattle experiment provided customized search assistance, landlord engagement (including outreach and negotiation), and additional short-term financial assistance for security deposits and other costs, to help families move to higher opportunity areas. The results suggested that price or affordability was not the only barrier to higher opportunity areas, but that more structural or psychological constraints inhibited such moves. Counseling not only helps families make more informed decisions, but also provided much needed emotional support. Many low income families reported anxiety and stress, and that the counselors increased confidence and reduced demand on families' time and cognitive bandwidth.<sup>68</sup> Other research on the role of housing counselors suggests that post-move counseling can reduce the chance that families may leave their new neighborhoods, and improve stability in the move process.<sup>69</sup>

In summary, mobility strategies that support families who want to move to more integrated or different-race neighborhoods have potential to help increase integration, and have proven not only able to accomplish this goal, but have many other positive effects as well. As a high-cost city with many demographic similarities to the Bay Area, the Seattle and King County "Creative Moves to Opportunity" program should be closely examined to see if it, or elements of it, could be replicated in the Bay Area.

Several other scholars, including two UCLA professors, have proposed "mobility grants" as a targeted subsidy that could be provided to either renters or homeowners to make "pro-integrative" moves, not simply to subsidize housing for low-income families, as is often the focus of mobility strategies.<sup>70</sup> In their proposal sketch, which we think has merit, the subsidy would be most valuable for "pioneers," or members of a racial group that are virtually absent in a particular community. As these scholars note, "pioneers" generally face the most challenges and barriers. Thus, they propose that the most valuable or significant subsidies be given to members of a group who move into an area where their group makes up less than 2 percent of the local population, and the value of the subsidy decline as their group proportion matches the metropolitan or regional average.

Applying this approach to the Bay Area, we might, for example, offer significant subsidies to Black families trying to move into cities such as Lafayette, Danville, Orinda, Piedmont, Cupertino, Mountain View, or Livermore. These are all cities where the Black population is less than 2 percent, according to ACS estimates. In our estimation, however, such subsidies should not be provided for white families to move into non-white neighborhoods that may be at risk of gentrifying. The purpose of mobility grants would be to overcome or break down barriers that may exist in exclusionary neighborhoods en route to greater integration, not to facilitate displacement as an integration byproduct.

For renters, such pro-integrative subsidies could cover the difference between some percentage of family income, such as 30 percent, and the full cost of rent, as occurs with low-income housing subsidies, such as section 8 housing choice vouchers. For homeowners, the mobility grant idea could take the form of an interest-rate subsidy, which would make borrowing to purchase a mortgage more affordable.<sup>71</sup>

As promising as this strategy may be, we acknowledge it is not without difficulties. As noted before, prevailing interpretations of federal law place sharp limits on race-conscious housing strategies. However, there are reasons to think that a carefully designed program, even though race-conscious, could pass legal muster. It would simply need to either be narrowly-tailored to the goal of racial integration or otherwise be carefully designed.<sup>72</sup>

The second problem is cost. The aforementioned UCLA scholars costed-out a full integration mobility grant program for the city of Buffalo, New York, and estimated that it might cost \$285 million over a 10-year program that would assist more than 10,000 families to relocate.<sup>73</sup> In the Bay Area, the cost might well be greater if we were to assist the same number of families. But even a program designed on a much smaller scale could, over time, decrease the level of regional racial residential segregation. Once a critical mass of a particular racial group is established in exclusionary areas, the barriers that maintain exclusion are more difficult to maintain, and integration is easier to achieve.

#### **4. Fair Share & Inclusionary Zoning**

Another policy approach that has been applied toward integrative purposes is Inclusionary Zoning (IZ). IZ ordinances are local laws that mandate a certain percentage of new developments be reserved for below market rates. Inclusionary housing usually takes the form of a zoning requirement placed on developers of new market-rate housing.<sup>74</sup> For example, San Francisco's IZ ordinance requires 14.5 percent affordability of all new developments, such that for a building with 100 proposed units, 15 must be reserved for below market rate.<sup>75</sup>

Although IZ policies are primarily aimed at increasing the supply of new, affordable housing, they often have, as a secondary objective, promoting racial and economic integration.<sup>76</sup> While these objectives are sometimes in tension, they are often linked together, and IZ is a policy approach that can advance both.

Perhaps the best studied and well-known example of an IZ ordinance with an integrative purpose and effect is Montgomery County, Maryland. It has made a real-world difference for residents and helped facilitate greater racial integration.<sup>77</sup> This long-standing inclusionary zoning ordinance has ensured that all new housing developments in the county have 12-15 percent affordable units, and one-third of these units are then purchased by the housing authority, which uses a random lottery to determine assignment.

Since 1976, this has resulted in more than 12,000 units of affordable housing in the county.<sup>78</sup> As a result, the inclusionary zoning ordinance has permitted poor public housing residents of color to move into middle class neighborhoods and attend middle class schools.<sup>79</sup> The school district is a county-wide district, so it is less vulnerable to local fragmentation and segregation than many municipal school systems. Random assignment prevented creaming and self-selection. With local schools, this ensures that low-income students are not concentrated in a single or small number of schools within the district. These children performed much better than children who attended high-poverty schools, but which were given additional resource investments. The Montgomery County case study is an ideal example of how to coordinate housing and educational assignment policies, and also is a reminder that enrichment programs may be less effective than simply racially-integrating schools. In any case, this was facilitated by the IZ ordinance.

There are at least 500 municipal IZ ordinances in operation within the United States, and possibly more than 1,100.<sup>80</sup> A significant concentration of these policies are found in California, Massachusetts, and New Jersey.<sup>81</sup> Depending on how you count them, the Bay Area has between more than several dozen inclusionary zoning ordinances.<sup>82</sup> These ordinances generally require between 10 and 20 percent affordability for very low-income families, with the set level of affordability depending on the jurisdiction.

There is tremendous variation in the types and forms of IZ ordinances. For example, there are mandatory and voluntary types of IZ. Voluntary IZ ordinances use incentives to encourage developers to propose projects with below-market rate units. Conversely, mandatory ordinances require a certain threshold of affordability.

The most significant difference among IZ ordinances may be the various thresholds set within them. For example, while the SF ordinance requires 14.5 percent below market rate units for all developments,<sup>83</sup> the Danville ordinance only requires 10 percent affordability,<sup>84</sup> and only for residential projects with seven or more units, and the Emeryville ordinance only applies to projects with 10 or more units.<sup>85</sup> And there are far more complex schemes.

For example, the Pittsburg IZ ordinance requires 9 percent for low-income and 6 percent for extremely low-income renters. For ownership projects, it requires either **1**) 9 percent for low- (moderate-income if low density) and 6 percent for very-low income residents (15 percent total); or **2**) 20 percent for low-income only (or moderate-income if low density).<sup>86</sup>



IZ ordinances also vary in the options available to satisfy them. For example, some IZ ordinances allow developers to pay in-lieu impact fees or build off-site affordable housing instead of providing on-site affordable units for their project. Such escape valves may tend to undermine the integrative potential of IZ ordinances. The in-lieu cost may be far lower than what it would otherwise cost to build integrative units, and developers may therefore prefer to pay the fee and use the new revenue to do so. Funds generated from the fee are then used by the jurisdiction to subsidize affordable units in areas that may be more segregated than the new development and reinforce patterns of racial residential segregation.

IZ ordinances are a tool in the policy toolkit, but they also have limits. To begin, they are most effective during a period of strong economic growth and demand for new housing, where existing developments can be leveraged into increasing the supply of affordable housing. Even in the case of strong ordinances, however, they may be insufficient to develop such housing at scale. One recent study of San Francisco's IZ ordinance found that, unlike the Montgomery, Maryland ordinance, "the sheer volume of new market rate units dwarfed the integration effects" of the ordinance.<sup>87</sup> That does not mean that such policies should not be adopted, however, just that they are not going to be a silver bullet.

A close cousin of IZ, but with much greater potential, are **fair share** policies. Whereas IZ ordinances have been drafted at the municipal level, fair share policies are state-level statutes or laws that require jurisdictions to assume their "fair share" of affordable housing. In short, where IZ ordinances require that a particular project have its share of affordable units, fair share schemes require that *cities* have their allocated share. The most famous and one of the earliest examples of this approach arises from the case of Mount Laurel.<sup>88</sup>

In the 1970s, the NAACP brought a lawsuit against the township of Mount Laurel, arguing that their exclusionary zoning practices violated the New Jersey Constitution. The New Jersey Supreme Court held that zoning laws were subject to the New Jersey state constitution's general welfare clause. As a result, all municipalities were required to permit the construction of affordable housing. In addition, the court affirmatively required municipalities to provide their "fair share" of low-income housing. Ultimately, the "fair share" scheme was codified by the New Jersey legislature with the Fair Housing Act of 1985, partly as a way of taking control of the compliance procedure. This law created a council that would coordinate and assess needs and provisions throughout the state, as well as require set-asides for affordable housing in new developments.

Critically, any municipality or region that fails to meet its quota or portion of affordable housing is subject to a "builder's remedy." This remedy allows builders not only to override exclusionary controls, but meet the needs of people and the demands of the market.<sup>89</sup> In 2008, another major loophole was closed, which allowed wealthier districts to pay poor districts to accept their "share" through so-called regional contribution agreements.<sup>90</sup> Furthermore, the New Jersey Supreme Court recently clarified that recalcitrant jurisdictions were responsible for their backlog of unmet affordable housing.<sup>91</sup> As many as 100,000 affordable homes should have been built that weren't.<sup>92</sup>



It is important to note that the Mount Laurel doctrine was not rooted in concerns over racial exclusion, but the general welfare. As such, the court rejected claims that the exclusionary controls were racially discriminatory, and did not ground its order in racial integration. Neither does the Fair Housing Act of 1985 require integration or speak to racial segregation. As a result, as important as the fair share framework is for expanding opportunity, the failure to include a race-conscious component has meant, that in practice, the affordable housing elements have done little to end racial residential segregation. Instead, jurisdictions built and marketed their "fair share" quota to elderly residents or student-housing, and therefore avoided building affordable housing for low-income families of color.

Not only has this loophole undermined the integrative potential of the policy, but it may have exacerbated racial segregation, since poor whites can more easily escape low-opportunity environments.<sup>93</sup> Indeed, initial data showed that most of the applicants were white.<sup>93</sup> Using selected marketing, there is some evidence that towns have "cherry-picked" their poor, targeting the elderly, divorced moms, and college students.<sup>94</sup>

Despite these failings, a better structured "fair share" policy that requires each jurisdiction in the state to provide its fair share of housing to its region's low- and moderate-income population can be used to overcome exclusionary barriers and thereby advance the goal of racial residential integration. But such policies must strive to be race-conscious, in terms of goals, if not means. Our affordable housing policies, IZ, and fair share policies are narrowly focused on income and poverty, rather than race. A racial integration policy would consider not just the needs of low- or very-low income people, but also moderate-income people and workforce housing.

Many people of color who might help integrate our segregated neighborhoods are not classified as low or very-low income, and the conflation is one reason why such efforts have limited effectiveness in terms of advancing the goal of racial residential integration. Middle-class African Americans, segregated in the relatively better off areas of Newark, are not helped by the state's fair share policy. Even in Mount Laurel, where this initiative originated, the city remains a relatively middle-class and predominantly white community, but one that has a segregated low-income project, the Ethel Lawrence Homes, within it, and very little for moderate-income people who do not qualify for the low-income projects nor can afford the available housing stock.

New Jersey is not the only state with a fair share scheme. In 1969, the Massachusetts state legislature passed the "Massachusetts Comprehensive Permit Act" (known as 40B) that similarly abrogates municipal and local zoning by requiring communities that have less than 10 percent of their housing stock designated as "affordable" by regional income and housing price measures to require zoning changes to permit more affordable housing.<sup>95</sup> In 2010, voters rejected a state ballot initiative that would have repealed this law. Although the repeal effort failed with 58 percent opposition, an analysis of the 42 of the state's 351 jurisdictions that supported repeal found the core of support in affluent outer-ring suburbs of Boston.<sup>96</sup>

Connecticut adopted a similar policy into state law in 1990, known as 8-30g.<sup>97</sup> The law requires that every community ensure that 10 percent of its domiciles are affordable to a family earning below the state median. The law has been the subject of continuous challenge since its enactment, but has resulted in tremendous production of affordable housing.<sup>98</sup>

A less effective, but better conceived approach is California's Regional Housing Needs Allocation program (RHNA).<sup>99</sup> RHNA requires that every jurisdiction in the state plan for housing at five different income levels, "very-low," "low," "moderate," "above-moderate," and "high." Jurisdictions are required to zone for local needs, but in practice, jurisdictions do not meet their RHNA requirements.<sup>100</sup> By delineating more nuanced income levels, RHNA is a superior model in many ways. But it lacks rigorous enforcement.<sup>101</sup> There have been recent efforts to strengthen RHNA, but more must still be done.

We conducted an analysis of RHNA performance in relation to measured levels of segregation, and found that cities which are lower in segregation have performed better in meeting their RHNA requirements.<sup>102</sup> As of 2019, RHNA progress towards housing goals for very low-income units remain low in cities that show higher demographic divergence from the Bay Area. Many cities which report 0 percent progress also have very high levels of single-family zoning, white populations, and demographic divergence from the Bay Area, such as Clayton (95 percent, 74 percent, and 0.28 respectively), Los Gatos (91 percent, 72 percent, 0.27), and Moraga (91 percent, 69 percent, and 0.22).<sup>103</sup>

RHNA implementation is highest in cities that are more similar to the Bay Area demographically, but also more internally segregated. This picture mirrors that of single-family zoning: areas with the highest RHNA performance also have the lowest levels of single-family zoning, and demographic divergence from the Bay Area. These areas, however, remain plagued by high levels of intra-municipal segregation, suggesting that intra-municipal regulation of fair housing could be beneficial to its success. But it also shows that RHNA, while ideal in its aspiration, needs greater enforcement. If strengthened, RHNA could become a leading model for fair share in the nation.

Table 3: Segregation by RHNA very low-income Progress

RHNA Progress	0%	0.1-10%	10-25%	Over 20%
Within-City Segregation	0.06	0.07	0.13	0.16
Divergence from Bay	0.17	0.15	0.13	0.13
% Non-White	58%	58%	68%	58%
Single-Family Zoning	88%	79%	81%	65%
Population	960,942	1,559,038	2,426,233	2,074,184
Number of Cities	30	23	21	30

## **5. Affordable Housing and other Integrative Subsidies**

The foregoing policies have each arisen to address the intertwined problems of affordable housing and segregation. However, they have not always been well designed to accomplish either goal, and accomplishing one does not necessarily accomplish the other. While policy and mandates can help, funding to help jurisdictions meet these mandates or achieve policy goals must also be part of the conversation. Absent such supports, it will be difficult to build sufficient levels of affordability to achieve meaningful and sustainable levels of racial integration. For that reason, this final policy area will examine scalable mechanisms by which affordable housing can be leveraged to promote residential racial integration.

Even with zoning reform or proactive measures like those discussed above to mitigate inequitable market forces, market rates for private housing will continue to be inaccessible to low-income and very-low income renters, and perpetuate racial segregation as well.<sup>104</sup>

Subsidies fill this gap by either supplementing individuals' capacity to pay rent costs or by reducing the developmental cost burden so landlords can charge lower rents.<sup>105</sup>

Broadly speaking, there are two forms of affordable housing subsidies: demand-side and supply-side. Demand-side subsidies are those that fill the gap between what households can afford to spend on housing costs and inaccessible market rate housing. Supply-side subsidies are those that make affordable housing developments pencil-out by supplementing the cost of construction or other development costs. The following options fall into one or the other category. In each instance, we explain how these options can facilitate greater racial residential integration.

### *A. Housing Choice Vouchers*

Housing Choice Vouchers (HCVs), also known as "Section 8," are federal subsidies for low-income renters.<sup>106</sup> Eligible recipients receive a voucher that covers a portion of the rent, and the subsidy is paid directly to the landlord. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program. Administered by local "public housing agencies," these PHAs determine whether a unit meets certain health and safety criteria, and whether an applicant is eligible. This program has many well-known advantages. Among them is that it gives low-income renters a choice of where to live, compared to older public housing programs, which simply assigned applicants to a neighborhood. As a result, HCVs have great integrative potential.

There are, however, a number of equally well-known limitations which limit their integrative potential. The first is limited portability. Because HCVs are administered by local PHAs, there are restrictions on using them outside of the PHA's jurisdiction. In 2015, HUD clarified rules on "portability," trying to make them usable outside of the PHA,<sup>107</sup> but voucher-holders still have to reside in the PHA at least a year before using them outside of the PHA's jurisdiction. Moreover, whether to permit portability may still be up to the individual PHA.

A second problem is so-called source-of-income discrimination.<sup>108</sup> Although discrimination against voucher holders on the basis of race or familial status is illegal nation-wide, it is generally legal for landlords to refuse to rent to voucher holders.<sup>109</sup> Jurisdictions with ordinances that prohibit this generally make it easier for voucher holders to find a housing unit.<sup>110</sup> In the fall of 2019, the state of California banned this practice, but enforcement remains an open question.<sup>111</sup>

A third problem is the number of rental units potentially available to voucher holders. In tight rental housing markets with extremely low vacancy rates, as in the Bay Area, there may be far more voucher holders than rental units available.<sup>112</sup> This creates a problem where a qualified voucher may not be able to find a rental unit in the time permitted before the voucher reverts back to the local authority, and is recirculated to another person on the wait list.

But the biggest problem is probably the value of the subsidy. The value of the subsidy is limited by the fair market rent of the region.<sup>113</sup> This is often far below what is affordable in higher opportunity neighborhoods or different-race neighborhoods. To address this problem, in 2012, HUD devised a pilot program, known as the Small Area Fair Market Rent Program (SAFMR), to help overcome this barrier, by boosting the subsidy for higher cost neighborhoods.<sup>114</sup> Instead of pegging housing voucher subsidies to some portion of the metropolitan average, the SAFMR program pegged to the zip code. While this opened up new neighborhoods to lower-income residents, HUD's overall resources limit its potential. The success of this demonstration, however, spurred HUD officials to announce a plan to expand this program nationwide. In 2017, however, HUD announced that it would roll back the initiative.<sup>115</sup>

In addition to scaling up the value of the subsidy, another general problem with the HCV program is that the program suffers from incredibly long wait lists. PHAs too often cannot afford to subsidize the rent of every eligible applicant. According to some estimates, three of every four eligible households does not receive this assistance.<sup>116</sup>

Individual PHAs in California can address some of these problems by permitting portability, opening up waiting lists or expanding the value of the voucher. Although some of these efforts may ultimately require federal help, there is ample room for local PHAs to make improvements, especially with state support. In particular, the state could make greater funding availability to support local PHAs and reduce wait list time. But with rigorous enforcement of discrimination bans, counseling, and greater funding, vouchers have tremendous potential to improve integration in the Bay Area.

### *B. LIHTC*

A supply side approach to affordable housing production, the Low-Income Housing Tax Credit Program (LIHTC) is the nation's largest program for creating affordable housing today.<sup>117</sup> In 2014 alone, the program allocated over \$900 million to 46 states. Over the course of the program, LIHTC subsidies have produced tens of thousands of developments and perhaps millions of housing units. As an indirect subsidy administered by states, states have wide latitude to implement selection criteria for selecting and approving developments that receive the federal credit.

Unfortunately, the LIHTC program has a notorious history of exacerbating segregation.<sup>118</sup>

Although there is contradictory evidence on this point, in the main, scholarly research has found that LIHTC projects are disproportionately located in high-poverty and heavily non-white communities and neighborhoods.<sup>119</sup> For example, we found in 2014 that the state of Texas appeared to administer LIHTC in a manner that perpetuated racial and economic segregation.<sup>120</sup>

Specifically, we found in the Dallas Metropolitan area that 72 percent of LIHTC projects were cited in predominantly non-white census tracts, and that only six out of the 162 projects in Dallas County were cited in predominantly white neighborhoods.<sup>121</sup>



We conducted a similar analysis of California's administration of LIHTC and found similar patterns in a report we published in 2017.<sup>122</sup> For example, we found that more than 61 percent of LIHTC developments and awards were dispersed for projects in areas where over 60 percent of the population was non-white. In neighborhoods with populations that were majority people of color, there were three times the number of LIHTC projects than majority-white neighborhoods.<sup>123</sup>

As a result of this research, our Institute is part of a taskforce convened by the California Tax Credit Allocation Committee (TCAC), the state agency responsible for administering the state's LIHTC funds, so that more projects are cited in higher opportunity areas by awarding more points for projects in those areas.<sup>124</sup> The state's **current methodology** appears to produce better outcomes as a result.<sup>125</sup> Since the adoption of the opportunity maps, 30 percent—\$17 million—of TCAC funds were allocated for new developments in high-opportunity neighborhoods. Our methodology also considers the level of segregation as a filter for capping the number of projects in highly segregated, lower opportunity areas.<sup>126</sup> However, as much as an improvement this approach produces, it does not currently consider integration as a primary goal.

Although California state law prohibits the consideration of race more stringently than federal law in certain respects, especially in employment, contracting, and education,<sup>127</sup> the state could do more to leverage LIHTC funding to promote racial residential integration. Although Proposition 209 (now Article 1, Section 31 of the California Constitution) prohibits individual consideration of race in these areas, it does not prohibit the consideration of racial demographics as a factor or criterion in approving LIHTC projects, or any other affordable housing subsidy. That means that programs like LIHTC implementation, and other supply-side programs can be explicitly race-conscious.

### *C. Housing Trust Funds*

Housing Trust Funds (HTFs) are dedicated funds held in trust to be used to construct and preserve affordable housing.<sup>128</sup> HTFs receive their funds from dedicated sources, such as hotel taxes, to address priority housing needs or other programs not covered by other funding programs. This includes offering low-interest loans, rental assistance, and funding partnerships with social services agencies. HTFs provide a complementary tool to low-income communities, particularly those of color, to ensure they are not displaced by community revitalization efforts.

HTFs could be set up specifically to promote integration. One way to do this would be to set a criterion for HTF usage whether a neighborhood is either integrated or whether the funds would make the demographics of the neighborhood more integrated, using projections. Some regional entity or perhaps state agency would need to establish a Housing Trust Fund that could be used for this purpose. State law already facilitates this, but the program could be strengthened to make this more common.<sup>129</sup>

In all, there are a variety of types of vehicles for subsidizing the development of integrative affordable housing, and far more than could be briefly sketched out here. For example, another fruitful program has been HOPE SF, which protects predominantly Black public housing residents in San Francisco neighborhoods through the rehabilitation of existing buildings in places like Bayview-Hunter’s Point and low-income residents of Chinatown using a mixture of federal funds and non-profit housing developers.<sup>130</sup> The foregoing strategies, however, are those that may be more generalizable, even if not exhaustive.

**Quantifiable Goals and Targets**

As we have tried to demonstrate throughout this series, racial residential segregation has been a persistent and enduring problem for the San Francisco Bay Area, as it has for the state of California and the nation more generally. The **harms are more serious**, and the degree of segregation is greater than is generally appreciated. The use of the Divergence Index dispels at least some of the sense of progress by showing, for example, that **seven of the nine Bay Area counties** are more segregated as of 2010 than they were in 1980, as we showed in Part 3.

It is not enough to adopt or implement a range of policy ideas that might help advance the goal of greater residential integration. Without clear goals and quantifiable targets, we will have little way to measure progress let alone hold ourselves accountable for our efforts. To that end, we have deployed the tools and analysis presented throughout this series to develop specific, achievable, and realistic targets for each county in terms of the measured level of racial residential integration over the next decade, and for the Bay Area as a whole.

Using decennial census and ACS data, the following charts show Divergence Index values for the Bay Area and all nine Bay Area counties from 1980 through 2018.<sup>131</sup> Using the historical Divergence Index values, we project Divergence Index values from 2019 through 2030, presented in the table below (Table 4).<sup>132</sup>

As noted above, higher Divergence Index values indicate greater segregation, and vice versa. As we **explained in Part 1**, for the six urban Bay Area counties, we designated as “highly segregated” areas with a Divergence Index score equal to or greater than 0.215. Similarly, we set as “low segregation,” or relatively integrated neighborhoods, as those areas with Divergence Index scores equal to or below 0.1075. Values between those two thresholds were designated as “moderate” segregation in our maps and in our interactive mapping tool.

As can be seen in the table below, most Bay Area counties are already highly or moderately segregated, with projections suggesting gradual, but steady increases in the observed level of segregation. The goal, then, is not simply to lower observed values, but to bend down the projections, especially where census data suggests increasing levels of segregation. The Bay Area is on the wrong trajectory. If we can make modest improvements in observed levels of segregation in the next decade, we can set a new trajectory for the Bay Area.

**Table 4: Bay Area Divergence Projections and Goals, 2020-2030**

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	2010		2020		2025		2030	
	Entropy Score	Divergence Index	Projection	Goal	Projection	Goal	Projection	Goal
Alameda	0.962	0.261	0.253	0.249	0.247	0.238	0.241	0.230
Bay Area	0.899	0.219	0.225	0.222	0.212	0.198	0.198	0.170
Contra Costa	0.885	0.234	0.225	0.219	0.225	0.215	0.225	0.212
Marin	0.591	0.346	N/A	N/A	N/A	N/A	N/A	N/A
Napa	0.701	0.143	0.169	0.158	0.186	0.167	0.204	0.179
San Francisco	0.865	0.228	0.177	0.173	0.147	0.136	0.118	0.098
San Mateo	0.851	0.254	0.222	0.217	0.199	0.184	0.177	0.147
Santa Clara	0.859	0.204	0.206	0.203	0.186	0.172	0.167	0.137
Solano	0.946	0.129	0.146	0.141	0.154	0.129	0.164	0.107
Sonoma	0.612	0.075	0.093	0.090	0.101	0.093	0.110	0.097

Our prediction produces a range of scores. Here, we report the mean of our projections. We present this visually as well in the chart below, as the dotted line extrapolation, using the fifth percentile (i.e. the lower 5%) of our projections as the “goal.” The chart below displays Divergence Index history and future goals for each Bay Area county.<sup>133</sup>

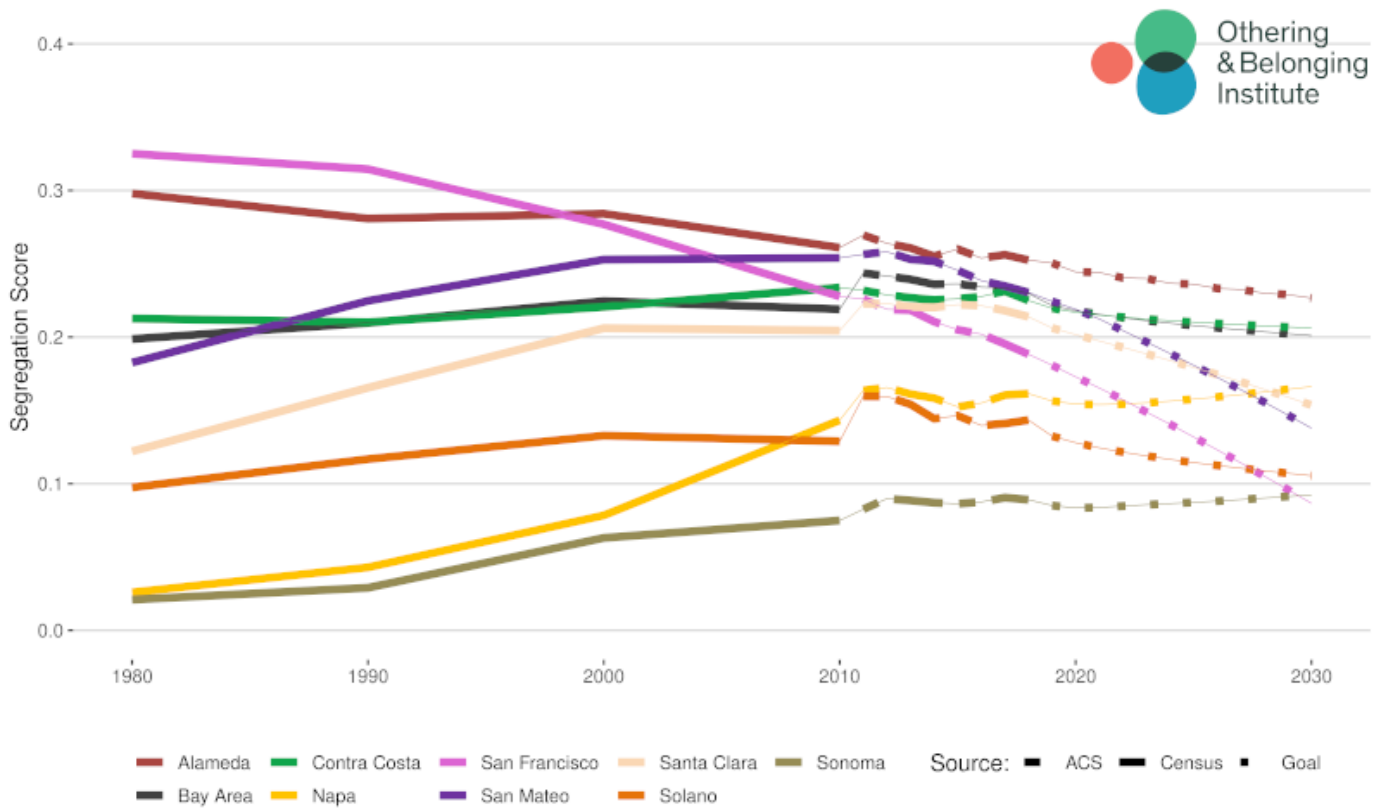
Decreasing segregation is clearly an important goal for the Bay Area in the future, but it remains important to do so in the context of maintaining or increasing diversity. It would be possible, however undesirable, to decrease segregation within the Bay Area by forcing families of color to move outside of it. Therefore, to supplement our Divergence Index goals, we also report 2010 entropy (diversity) scores for each county.<sup>134</sup>

Our recommendation for each county, and the Bay Area at large, is to adopt our goals for the Divergence Index, while maintaining or improving upon its 2010 level of diversity, as shown above. We recognize that these targets will not get us to “integration,” but they are realistic for the time period examined, and are well within the capacity of policymakers to meet. If more ambitious goals are set, we would applaud that as well.

Finally, we note that the difference between our projections and goals widen over time. This is intentional; the earlier cites, counties, and regions act to reduce segregation, the more difference they can make in the long term. We wish for a future for the Bay Area that is diverse, inclusive, and more equitable than currently is the case. Greater integration is one way to make that happen.

## Conclusion

The problem of racial residential segregation may seem intractable, but as this brief demonstrates, there are many tools at our disposal for addressing it. What is needed is the political will and effort to adopt and pursue them. State laws and provisions such as Proposition 209 are not the insurmountable barriers to race-conscious policymaking they may seem. Rather, they are often used as a pretext to dissuade elected officials from adopting policies that are race-conscious but compliant with the parameters of law, for fear of litigation. Moreover, many of the policies described here would not even be covered by these laws.



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- 1Elizabeth Roberto, “The Divergence Index: A Decomposable Measure of Segregation and Inequality,” Princeton University, December 2, 2016.
- 2One policy that we do not discuss is strengthening anti-discrimination laws. It is clear that racial discrimination in housing markets persists, and that such discrimination probably contributes to racial segregation, although perhaps not as much as some believe. See Stephen L. Ross, “Understanding Racial Segregation: What is known about the Effect of Housing Discrimination,” (Economics Working Papers - University of Connecticut, 2008); Sander, Kucheva and Zasloff, Moving To Integration: The Past and Future of Fair Housing (Cambridge, MA: Harvard University Press, 2018), 296-298, Figure 13.1. But since we are targeting policies for local policymakers rather than state or federal authorities, we restricted our discussion to policies that are well suited for local adoption.

- **3**Michael Lens and Paavo Monkkonen, "Do Strict Land Use Regulations Make Metropolitan Areas More Segregated by Income?," *Journal of the American Planning Association*, 82, no. 1 (2015): 6-21, <https://www.tandfonline.com/doi/abs/10.1080/01944363.2015.1111163>.
- **4**Steven R. Holloway, Richard Wright, and Mark Ellis, "The Racially Fragmented City? Neighborhood Racial Segregation and Diversity Jointly Considered," *The Professional Geographer*, 64, no. 1 (2012): 63-82, <https://www.tandfonline.com/doi/abs/10.1080/00330124.2011.585080>.
- **5**Pendall, Rolf. 2000. Local land-use regulation and the chain of exclusion. *Journal of the American Planning Association* 66:125-42.
- **6**Rothwell, J. and D. S. Massey (2009). The effect of density zoning on racial segregation in U.S. urban areas. *Urban Affairs Review* 44, 779-806.
- **7**Resseger, Matthew. (2013). The Impact of Land Use Regulation on Racial Segregation: Evidence from Massachusetts Zoning Borders. Harvard University. Accessed at: [http://scholar.harvard.edu/files/resseger/files/resseger\\_jmp\\_11\\_25.pdf](http://scholar.harvard.edu/files/resseger/files/resseger_jmp_11_25.pdf)
- **8**Sarah Mawhorter and Carolina Reid, *Local Housing Policies Across California: Presenting the Results of a New Statewide Survey* (Berkeley, CA: Turner Center, 2018), [http://californialanduse.org/download/Turner\\_California\\_Residential\\_Land\\_Use\\_Survey\\_Report.pdf](http://californialanduse.org/download/Turner_California_Residential_Land_Use_Survey_Report.pdf).
- **9**Jonathan Rothwell, *Land Use Politics, Housing Costs, and Segregation in California Cities* (Berkeley, CA: Turner Center, 2019), <http://californialanduse.org/download/Land%20Use%20Politics%20Rothwell.pdf>.
- **10**Jenny Schuetz and Cecile Murray, *Is California's Apartment Market Broken? The Relationship Between Zoning, Rents, and Multifamily Development* (Berkeley, CA: Turner Center, 2019), [https://www.brookings.edu/wp-content/uploads/2019/07/20190711\\_metro\\_Is-California-Apartment-Market-Broken-Schuetz-Murray.pdf](https://www.brookings.edu/wp-content/uploads/2019/07/20190711_metro_Is-California-Apartment-Market-Broken-Schuetz-Murray.pdf).
- **11**Jessica Trounstein, "The Geography of Inequality: How Land Use Regulation Produces Segregation," *American Political Science Review*, 114, no. 2 (2020), 443-455, <https://www.cambridge.org/core/journals/american-political-science-review/article/geography-of-inequality-how-land-use-regulation-produces-segregation/BAB4ABDF014670550615CE670FF66016>.
- **12**All Bay Area statistical inferences calculated using R. R Core Team (2020). *R: A language and environment for statistical computing*. R Foundation for Statistical Computing, Vienna, Austria. <https://www.R-project.org/>.
- **13**We will be producing a separate report presenting this analysis for other outcomes, such as those found in Part 4 of this series, not long after this brief is published. This endnote will be updated with that link at that time.



- **14** To calculate the level of single-family zoning in a city, we classify each parcel that intersects with the city boundary (as defined by the Census Bureau) as either “single-family,” “multifamily,” or “other/non-residential.” The percentage reported is the total area of single-family parcels divided by the total area of single-family and multifamily parcels. Our methodology and crosswalk for parcel zoning classifications are detailed in this report: <https://belonging.berkeley.edu/single-family-zoning-san-francisco-bay-area>
  
- **15** Within-city segregation and divergence from the Bay Area are both calculated using the Divergence Index, developed by Roberto (2016). Within-city is the weighted average of the Divergence Index for each census tract that has at least 75% of its land area within a city's boundaries. Divergence from the Bay Area is calculated as the divergence score for each city (using the city's demographics) compared to the 9-county Bay Area. The index includes white, Black, Hispanic/Latinx, Asian, and all other groups, totaling the full population of each tract or city.
  
- **16** All racial and population statistics for the zoning and RHNA analysis are drawn from the 2014-2018 5-year American Community Survey unless otherwise noted.
  
- **17** Charts and maps produced using R package ggplot2. Hadley Wickham, ggplot2: Elegant Graphics for Data Analysis (New York: Springer Nature, 2016). Lines in “Race Composition of Bay Area Cities” are smoothed for appearance using loess regression using the cities for which we have produced zoning data. The complete dataset is available here: <https://belonging.berkeley.edu/single-family-zoning-san-francisco-bay-area>
  
- **18** Sarah Mervosh, “Minneapolis, Tackling Housing Crisis and Inequity, Votes to End Single-Family Zoning,” New York Times, December 13, 2018, <https://www.nytimes.com/2018/12/13/us/minneapolis-single-family-zoning.html>
  
- **19** See “Turner Center Research Series: The Cost of Building Housing,” Turner Center for Housing Innovation, <https://turnercenter.berkeley.edu/construction-costs-series>.
  
- **20** Yonah Freemark, “Upzoning Chicago: Impacts of Zoning Reform on Property Values and Housing Construction,” Urban Affairs Review, 56, no. 3 (2020), <https://journals.sagepub.com/doi/abs/10.1177/1078087418824672?journalCode=uarb>.
  
- **21** Or at least, not truly affordable to low or very low income people. See Jake Wegmann, “Death to Single-Family Zoning...and New Life to the Missing Middle,” Journal of the American Planning Association, 86, no.1, (2020): 113-119, <https://doi.org/10.1080/01944363.2019.1651217>. We note that this entire issue of JAMA is dedicated to debating the problem of single-family zoning.
  
- **22** Rebecca Diamond, Tim McQuade, and Franklin Qian, “The Effects of Rent Control Expansion on Tenants, Landlords, and Inequality: Evidence from San Francisco,” American Economic Review, 109, no. 9 (September 26, 2017): 3365–94, <https://doi.org/10.1257/aer.20181289>. One of the longstanding criticisms of rent control policies is that they depress production of supply by weakening the signaling mechanism of high rents to developers. Richard M. Alson, J. R. Kearl, and Michael B. Vaughan, “Is There a

Consensus Among Economists in the 1990's?" *American Economic Review*, 82, no. 2 (1992): 203–209.

- **23** Diamond, McQuade, and Qian, "Effects of Rent Control." While maintaining overall racial diversity of San Francisco, these results suggest that this policy may also maintain racial residential segregation. Table A2 suggests that tenants in rent-controlled units are more likely to reside in neighborhoods that have a higher than average share of their own race.
- **24** Ned Levine, J. Eugene Grigsby III, and Allan Heskin, "Who Benefits from Rent Control? Effects on Tenants in Santa Monica, California," *Journal of the American Planning Association*, 56, no. 2, (1990), <https://doi.org/10.1080/01944369008975755>.
- **25** Edward Glaeser, "Does Rent Control Reduce Segregation?" *Swedish Economic Policy Review*, 10, no. 1, (2003): 179–202, <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.570.2113&rep=rep1&type=pdf>.
- **26** Los Angeles County, California, Code of Ordinances, Title 8.52, 2019, [https://library.municode.com/ca/los\\_angeles\\_county/codes/code\\_of\\_ordinances?nodeId=TIT8COPRBUWARE\\_DIV3HO\\_CH8.52REST](https://library.municode.com/ca/los_angeles_county/codes/code_of_ordinances?nodeId=TIT8COPRBUWARE_DIV3HO_CH8.52REST).
- **27** New York City, The New York City Administrative Code, Title 26 Chapters 3 & 4, American Legal Publishing Corporation, 2020, <https://codelibrary.amlegal.com/codes/newyorkcity/latest/NYAdmin/0-0-0-46958#rid-0-0-0-46962>.
- **28** "Rent Stabilization," [Takomaparkmd.gov](https://takomaparkmd.gov/government/housing-and-community-development/rental-housing/rent-stabilization/), <https://takomaparkmd.gov/government/housing-and-community-development/rental-housing/rent-stabilization/>.
- **29** "Rent Adjustment Program," [Oaklandca.gov](https://www.oaklandca.gov/topics/rent-adjustment-program), <https://www.oaklandca.gov/topics/rent-adjustment-program>.
- **30** "Rent Control Laws by State," National Multifamily Housing Council, September 20, 2019, 2020, <https://www.nmhc.org/research-insight/analysis-and-guidance/rent-control-laws-by-state/>.
- **31** "Rent Control Laws by State," National Multifamily Housing Council.
- **32** California, California Civil Code, Costa-Hawkins Rental Housing Act, 1995, [https://leginfo.legislature.ca.gov/faces/codes\\_displayText.xhtml?lawCode=CIV&division=3.&title=5.&part=4.&chapter=2.7&article=](https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=CIV&division=3.&title=5.&part=4.&chapter=2.7&article=).
- **33** See California, California Civil Code, Section 1954.52(a)(1), 1995, [https://leginfo.legislature.ca.gov/faces/codes\\_displaySection.xhtml?lawCode=CIV&sectionNum=1954.52](https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=CIV&sectionNum=1954.52).
- **34** Elijah Chiland and Jenna Chandler, "Costa Hawkins: the California Law Renters Want Repealed, Explained," *Curbed LA*, updated April 29, 2020, <https://la.curbed.com/2018/1/12/16883276/rent-control-california-costa-hawkins-explained>.

- **35**“List of Rent Control Ordinances by City,” Tenants Together, <http://www.tenantsaltogether.org/resources/list-rent-control-ordinances-city>.
- **36**“Richmond Rent Program,” Richmond.ca.us, <http://www.ci.richmond.ca.us/3364/Richmond-Rent-Program>.
- **37**One reviewer suggested the possibility that vacancy controls – a stricter form of rent control – could slow demographic changes by making it more likely that tenants of the same race move into a recently vacated unit. This may be true, but as long as the racial distribution of demand for housing is different from the existing or pre-existing racial demographics of the neighborhood, there is no obvious way that any rent control ordinance can prevent demographic change besides imposing strict racial quotas on housing stock, something that is currently impermissible under prevailing law. Even if such policies were successful in some cases at slowing racial turnover, in the aggregate, demographic racial transition would still occur.
- **38**This is not to say that there might not be other policy reasons to extend protections to newcomers. But in this context, giving rent control protections to newcomers will not serve the integrative goal unless there is reason to believe that the newcomers will increase the diversity and integration of the neighborhood, which is typically not the case in gentrifying neighborhoods. It is true that making a unit more affordable may increase that probability, but it is unclear whether that is enough to tip the balance to make it more probable than not.
- **39**Prasanna Rajasekaran, Mark Treskon, and Solomon Greene, Rent Control: What Does the Research Tell Us About the Effectiveness of Local Action?, (Urban Institute, January 2019), [https://www.urban.org/sites/default/files/publication/99646/rent\\_control\\_what\\_does\\_the\\_research\\_tell\\_us\\_about\\_the\\_effectiveness\\_of\\_local\\_action\\_1.pdf](https://www.urban.org/sites/default/files/publication/99646/rent_control_what_does_the_research_tell_us_about_the_effectiveness_of_local_action_1.pdf).
- **40**Diamond, McQuade, and Qian, “The Effects of Rent Control,” (finding that under rent stabilization regimes, tenants in rent-controlled units on average being older and whiter, and incentivizes them not to move).
- **41**David Card, Alexandre Mas, and Jesse Rothstein, “Tipping and the Dynamics of Segregation in Neighborhoods and Schools,” (Princeton University, October 2006), <http://davidcard.berkeley.edu/papers/segr-nbhood.pdf>.
- **42**We should note, however, that vacancy controls, by holding down rents for a broader swath of real estate, may also reduce tax contributions. Kelekian and Barton found that vacancy decontrol resulted in increased municipal tax revenue in Alameda County in the estimated amount of \$3.5 million annually. See Jay Kelekian and Steve Barton, “The Effects of Rent Stabilization and Vacancy Decontrol on Rents, Rental Property values and Rent Burdens in Berkeley, California,” Berkeley Rent Stabilization Board, April 10, 2010, [https://www.cityofberkeley.info/uploadedFiles/Rent\\_Stabilization\\_Board/Level\\_3\\_-\\_General/Steve's%20Economic%20Report%20-%20UPDATED%204-19-10.pdf](https://www.cityofberkeley.info/uploadedFiles/Rent_Stabilization_Board/Level_3_-_General/Steve's%20Economic%20Report%20-%20UPDATED%204-19-10.pdf)
- **43**“Findings,” Openpolicing.stanford.edu, The Stanford Open Policing Project, <https://openpolicing.stanford.edu/findings/>. See also Frank R. Baumgartner, Derek A. Epp,

and Bayard Love, "Police Searches of Black and White Motorists," UNC-Chapel Hill, Department of Political Science, August 5, 2014, <http://fbaum.unc.edu/TrafficStops/DrivingWhileBlack-BaumgartnerLoveEpp-August2014.pdf>; Sharon LaFraniere and Andrew W. Lehren, "The Disproportionate Risks of Driving While Black," New York Times, October 24, 2015, <https://www.nytimes.com/2015/10/25/us/racial-disparity-traffic-stops-driving-black.html>. That is not to say that this doesn't happen in larger, more diverse cities as well, but that the frequency and intensity of surveillance, harassment and profiling may be greater in exclusionary "white" communities.

- **44** See generally Maria Kryson and Kyle Crowder, *Cycle of Segregation: Social Processes and Residential Stratification* (Russell Sage Foundation, 2017).
- **45** *Hills v. Gautreaux*, 425 U.S. 284 (1976).
- **46** See Alexander Polikoff, *Waiting for Gautreaux: A Story of Segregation, Housing, and the Black Ghetto* (Evanston, IL: Northwestern University Press, 2006).
- **47** See e.g. James Rosenbaum and Stefanie DeLuca, "Is Housing Mobility the Key to Welfare Reform? Lessons from Chicago's Gautreaux Program," (Brookings Institution Center on Urban and Metropolitan Policy Survey Series, 2000). The long-term effects of residential mobility on AFDC receipt: studying the Gautreaux program with administrative data. There is some criticism of the data suggesting that it wasn't quite as controlled as envisioned.
- **48** James Rosenbaum and Stefanie DeLuca, "Is Housing Mobility the Key to Welfare Reform?"
- **49** Greg J. Duncan and Anita Zuberi, "Mobility Lessons from Gautreaux and Moving to Opportunity," *Northwestern Journal of Law & Social Policy*, 1, no. 1 (2006): 113, <https://scholarlycommons.law.northwestern.edu/cgi/viewcontent.cgi?article=1007&context=njlsp>.
- **50** Duncan and Zuberi, "Mobility Lessons," at 124.
- **51** "A Summary Overview of Moving to Opportunity: A Random Assignment Housing Mobility Study in Five U.S. Cities," National Bureau of Economic Research (NBER), <https://www.nber.org/mtopublic/MTO%20Overview%20Summary.pdf>
- **52** Baltimore, Boston, Chicago, Los Angeles, and New York
- **53** "A Summary Overview of Moving to Opportunity," National Bureau of Economic Research. The three groups were designated 1) The Low Poverty Voucher Group, 2) the Traditional Voucher Group, and the 3) Control Group.
- **54** Lisa Sanbonmatsu, Jens Ludwig, Lawrence Katz, 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 and Research, 2011), [https://www.huduser.gov/publications/pdf/mtofhd\\_fullreport\\_v2.pdf](https://www.huduser.gov/publications/pdf/mtofhd_fullreport_v2.pdf).
- **56** "A Summary Overview of Moving to Opportunity," National Bureau of Economic Research.

- **57**Jens Ludwig, *Moving to Opportunity: The Effects of Concentrated Poverty on the Poor*, (Third Way, 2014), 14, <https://www.thirdway.org/report/moving-to-opportunity-the-effects-of-concentrated-poverty-on-the-poor>.
- **58**Robert Sampson argues that finds that "MTO induced residential outcomes over the long run that differ in poverty but not necessarily in racial integration or the constellation of factors that define the concentration of disadvantage." "In the end MTO experimental differences are marginal overall and unfolded within similar structural contexts of concentrated disadvantage." Robert Sampson, "Moving to Inequality: Neighborhood Effects and Experiments Meet Social Structure," *AJS*, 114, no.1, (2008): 189, 202-205.
- **59**Alexander Polikoff, *Waiting for Gautreaux* at 274. In contrast, the average control group family was in a census tract that was 88% minority. See Jens Ludwig, *Moving to Opportunity* at 13.
- **60**Raj Chetty, Nathaniel Hendren, and Lawrence Katz, *The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment*, (Cambridge: Harvard University and NBER, 2015), [http://www.equality-of-opportunity.org/images/mto\\_paper.pdf](http://www.equality-of-opportunity.org/images/mto_paper.pdf).
- **61**Raj Chetty, et al., *The Effects of Exposure to Better Neighborhoods on Children*.
- **62**Jens Ludwig, Jeffrey Kling, and Sendhil Mullainathan, "Mechanism Experiments and Policy Evaluations," *Journal of Economic Perspectives*, 25, no. 3 (2011): 17-38, <https://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.25.3.17>.
- **63**Eric Chyn, *Moved to Opportunity: The Long Run Effect of Public Housing Demolition on Labor Market Outcomes of Children*, (Charlottesville, VA: University of Virginia – Department of Economics, 2016), [http://www-personal.umich.edu/~ericchyn/Chyn\\_Moved\\_to\\_Opportunity.pdf](http://www-personal.umich.edu/~ericchyn/Chyn_Moved_to_Opportunity.pdf); See also Justin Wolfers, "Growing Up in a Bad Neighborhood Does More Harm Than We Thought," *New York Times*, March 25, 2016, [https://www.nytimes.com/2016/03/27/upshot/growing-up-in-a-bad-neighborhood-does-more-harm-than-we-thought.html?smprod=nytcore-iphone&smid=nytcore-iphone-share&\\_r=0](https://www.nytimes.com/2016/03/27/upshot/growing-up-in-a-bad-neighborhood-does-more-harm-than-we-thought.html?smprod=nytcore-iphone&smid=nytcore-iphone-share&_r=0) (describing the qualitative research as well).
- **64**"The Gautreaux Lawsuit," BPI Chicago, <https://www.bpichicago.org/programs/housing-community-development/public-housing/gautreaux-lawsuit/>
- **65**Stephen Menendian, "What Constitutes A "Racial Classification"? Equal Protection Doctrines Scrutinized," *Temple Political & Civil Rights Law Review*, 24, no. 1 (2014-2015): 81, <https://heinonline.org/HOL/P?h=hein:journals/tempcr24&i=92&a=YmVya2VsZXkuZWR1>.
- **66**See Maria Kryson and Kyle Crowder, *Cycle of Segregation* (2017)
- **67**Peter Bergman, Raj Chetty, Stefanie DeLuca, Nathaniel Hendren, et al., *Creating Moves to Opportunity: Experimental Evidence on Barriers to Neighborhood Choice*, (NBER, 2020), [https://opportunityinsights.org/wp-content/uploads/2019/08/cmto\\_paper.pdf](https://opportunityinsights.org/wp-content/uploads/2019/08/cmto_paper.pdf).



- **68**Bergman et al., Creating Moves to Opportunity at 30.
- **69**Molly Scott, Mary Cunningham, and Jennifer Biess, Expanding Choice: Practical Strategies for Building a Successful Housing Mobility Program, (Urban Institute and Poverty & Race Research Action Council, 2012), <https://prrac.org/pdf/ExpandingChoice.pdf>.
- **70**Richard Sander, Yana Kucheva, and Jonathan Zasloff, Moving toward Integration: The Past and the Future of Fair Housing, (Cambridge, MA: Harvard University Press, 2018), 424-429.
- **71**Richard Sander, et al., Moving toward Integration at 425. The authors recommend capping the subsidy at one-point reduction on the first \$180,000 of a purchase mortgage. While that may make sense in many cities, such Bay Area starter homes are typically in the \$400 to \$500 thousand range, such a cap may need to be raised for this region.
- **72**See Stephen Menendian, "What Constitutes a "Racial Classification"? Equal Protection Doctrine Scrutinized," Temple Political & Civil Rights Law Review, 24, no. 1 (2014): 81-154. One possible way that such a program could be designed to avoid the use of individual racial classification is to consider applicants from racially identifiable neighborhoods, but not consider their race individually. For example, if an applicant for the program comes from a neighborhood that is 75 percent Black, then you subsidize that applicant's move to a neighborhood that is less than 2 percent Black. Of course, there is a chance that you might be subsidizing a non-Black family's move, but over time and with enough cases, the moves will achieve the desired goal.
- **73**Richard Sander, et al., Moving toward Integration at 252.
- **74**Mitchell Crispell, Karolina Gorska, and Somaya Abdelgany, Inclusionary Zoning Policy Brief, (Berkeley, CA: University of California, Berkeley – Urban Displacement Project, 2016), [https://www.urbandisplacement.org/sites/default/files/images/urbandisplacementproject\\_inclusionaryhousingbrief\\_feb2016.pdf](https://www.urbandisplacement.org/sites/default/files/images/urbandisplacementproject_inclusionaryhousingbrief_feb2016.pdf).
- **75**"Under current requirements, any market-rate housing project that consists of 10 or more units must choose one of three options: 1) build Below Market Rate (BMR) units on-site (12-20% of the number of units); 2) build BMR units off-site within one mile of the principal project (25-30% of the number of units); or 3) pay in-lieu fee (20-33% of the dwelling units in the principal housing project) (SF Planning Code § 415.3 and 415.5). Planning Code 415 also specifies affordable housing requirements in Special Use Districts (e.g., Eastern Neighborhoods)." Ayse Pamuk and Jeremy Hill, Inclusionary Housing in San Francisco: Mapping Racial Integration, Neighborhood Change, and Affordability, (San Francisco, CA: Center for Applied Housing Research (CAHR), 2019), 6, <https://appliedhousingresearchorg.files.wordpress.com/2019/05/cahr-working-papers-2019-a-pamuk-j-hill.pdf>.
- **76**See, e.g. Ayse Pamuk and Jeremy Hill, Inclusionary Housing in San Francisco.
- **77**Constantine E. Kontokosta, "Do Inclusionary Zoning Policies Equitably Disperse Affordable Housing? A Comparative Spatial Analysis," Journal of Housing and the Built Environment, 30,

- **78** Heather Schwartz, Housing Policy Is School Policy: Economically Integrative Housing Promotes Academic Success in Montgomery County, Maryland, (Century Foundation Report, 2010), 4, <https://production-tcf.imgix.net/app/uploads/2020/03/01122003/tcf-Schwartz-2.pdf>.
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- **80** Brian Stromberg and Lisa Sturtevant, What Makes Inclusionary Zoning Happen?, (India: National Housing Conference, 2016), 2, [https://smartnet.niua.org/sites/default/files/resources/19cfbe\\_2b02286eba264acd872fd2edb3docb8f.pdf](https://smartnet.niua.org/sites/default/files/resources/19cfbe_2b02286eba264acd872fd2edb3docb8f.pdf). See also Ayse Pamuk and Jeremy Hill, Inclusionary Housing in San Francisco at 1 (citing Hickey, et.al., 2014). On the other hand, the Inclusionary Housing Website (<https://inclusionaryhousing.org/>) shows 1,169 programs, including multiple features per jurisdiction. For San Francisco, for example, 5 inclusionary housing policies/programs are listed. Another study from the Lincoln Land Institute counted over 700. Emily Thaden and Ruoni Wang, Inclusionary Housing in the United States: Prevalence, Impact, and Practices – Working Paper WP17ET1, (Lincoln Land Institute of Land and Policy, 2017), [https://www.lincolnst.edu/sites/default/files/pubfiles/thaden\\_wp17et1\\_0.pdf](https://www.lincolnst.edu/sites/default/files/pubfiles/thaden_wp17et1_0.pdf).
- **81** Robert Hickey, Lisa Sturtevant, and Emily Thaden, Achieving Lasting Affordability through Inclusionary Housing, (Cambridge, MA: Lincoln Institute of Land Policy, 2014), <https://www.lincolnst.edu/publications/working-papers/achieving-lasting-affordability-through-inclusionary-housing>.
- **82** We count 37 such ordinances in the Bay Area. However, our friends at the Urban Displacement Project have counted 78 such ordinances as of 2014. See Mitchell Crispell, Karolina Gorska, and Somaya Abdelgany, Inclusionary Zoning Policy Brief at 3. Adding to the confusion, our friends at the Applied Housing Researcher Center state that 72 percent of cities in the Bay Area had IZ housing policies. See Ayse Pamuk and Jeremy Hill, Inclusionary Housing in San Francisco. One possible discrepancy is that the larger count may include ordinances that simply reiterate and implement the state's density bonus law, whereas our count only includes jurisdictions that have their own, unique such policies.
- **83** San Francisco Planning Code Section 415. This minimum may be higher in some districts.
- **84** California, Danville 2014-2022 Housing Element, (City of Danville, 2015), <https://www.danville.ca.gov/DocumentCenter/View/1103/2014-2022-Housing-Element-Full-Documents-PDF?bidId=>.
- **85** "Affordable Housing Program (AHP) Ordinance," Emeryville.ca, <http://ci.emeryville.ca.us/271/Affordable-Housing-Program-Ordinance>.

- **86**Pittsburgh Municipal Code, Chapter 18.86 Inclusionary Housing, (Code Publishing Company, 2019),  
<https://www.codepublishing.com/CA/Pittsburg/html/Pittsburg18/Pittsburg1886.html>
- **87**Ayse Pamuk and Jeremy Hill, Inclusionary Housing in San Francisco.
- **88**Douglas S. Massey, et al., *Climbing Mount Laurel: The Struggle for Affordable Housing and Social Mobility in an American Suburb*, (Princeton University Press, 2013).
- **89**It should be noted that developers are often vilified in housing debates, but, in fact, they are just responding to market needs, etc. See the Mission debate in Malo A. Huston, *The Urban Struggle for Economic, Environmental and Social Justice: Deepening Their Roots*, (Routledge, 2016).
- **90**"What is the Mount Laurel Doctrine?," Fairsharehousing.com,  
<http://fairsharehousing.org/mount-laurel-doctrine/>. See also David Dante Trout, *The Price of Paradise* at 69 for full description of RCAs. ("over many years, cities like Newark became "destination hubs" for spokes of sending activity from all over North and Central New Jersey.")
- **91**Laura Denker, "N.J. Supreme Court Affirms 'Gap Period' Needs, Rejects Towns' Attempts to Exclude Thousands," Fairsharehousing.org, January 18, 2017,  
<https://fairsharehousing.org/blog/entry/n.j.-supreme-court-affirms-gap-period-needs-rejects-towns-attempts-to-exclu/>.
- **92**The Editorial Board, "Towns That Defy Fair-Housing Law," New York Times, July 27, 2016,  
<https://www.nytimes.com/2016/07/27/opinion/towns-that-defy-fair-housing-law.html>. See also The Editorial Board, "Ending the Cycle of Racial Isolation," New York Times, October 17, 2015, <https://mobile.nytimes.com/2015/10/18/opinion/sunday/ending-the-cycle-of-racial-isolation.html>.
- **93**powell, john, "Injecting a Race Component into Mount Laurel-Style Litigation," Seton Hall Law Review, 27, no. 1369, (1996),  
<https://pdfs.semanticscholar.org/3ee8/83b6bc1eddcf82675abfec57cf99bb9e7b36.pdf>.  
(arguing that only "proper injection of a racial component into a fair housing strategy would foster a stable integrative process premised on the flow of racially diverse Homeseekers.")
- **94**David Dante Trout, *The Price of Paradise: The Costs of Inequality and a Vision for a More Equitable America*, (New York: New York University, 2013), 79.
- **95**Caroline Reid, Carol Galante, and Ashley Weinstein-Carnes, *Borrowing Innovation, Achieving Affordability: What We Can Learn from Massachusetts Chapter 40B*, (Turner Center for Housing Innovation, 2016),  
[http://turnercenter.berkeley.edu/uploads/California\\_40B\\_Working\\_Paper.pdf](http://turnercenter.berkeley.edu/uploads/California_40B_Working_Paper.pdf)
- **96**William Fischel, *Zoning Rules! The Economics of Land Use Regulation*, (Cambridge, MA: Lincoln Institute of Land and Policy, 2015). The initiative on the ballot was the "Massachusetts Comprehensive Permits and Regional Planning Initiative."

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- **132** To create divergence index predictions, we first calculate divergence index scores for the Bay Area and each county within it. Second, for non-decennial years between 1981 and 2008, we impute each year's data using a linear projection based on its surrounding decades. Third, we use an ARIMA(1,2,0) model to project future year's values. Imputation and projection performed using R packages imputeTS and forecast, respectively: Stephen Moritz and Thomas Bartz-Beielstein, "imputeTS: Time Series Missing Value Imputation in R," The R Journal, 9, no. 1, 2017, <https://doi.org/10.32614/RJ-2017-009>. Rob Hyndman, et al., "forecast: Forecasting functions for time series and linear models," Pkg.robjhyndman.com, accessed August 11, 2020, <http://pkg.robjhyndman.com/forecast>
- **133** Due to large differences between Census and ACS race data, we are unable to project Marin County.
- **134** For more information on entropy scores and how they were calculated, see part 3 of this series. These scores are reported in the chart "Entropy Score (scaled): Bay Area and Counties."

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Note: Most of our team is still working virtually and are not in the office to receive phone calls. However, we check voicemails daily and will forward your contact information to the most relevant staff member to follow up.

