

OPINION

4 things we can do to curb our S.F. housing shortage

By Ozzie Rohm

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SAN FRANCISCO, CA - AUGUST 22: California Lt. Gov. and California gubernatorial candidate Gavin Newsom (R) talks with San Francisco mayor London Breed (L) as they visit the Alice Griffith Apartments on August 22, 2018 in San Francisco, California. Lt. Gov. Gavin Newsom and San Francisco mayor London Breed toured a low-income housing complex. Newsom leads Republican gubernatorial candidate John Cox by an average of 23 percentage

In the past few years, the raging debate about California's housing shortage has turned into a battle of words, with simplistic labels from differing camps. Real estate boosters have reduced the problem to an issue of supply and demand, while politicians of all stripes have exploited what is an affordability crisis to deregulate city planning and remove the voice of the people.

In reality, we have an affordable housing shortage that cannot be solved by deregulation and upzoning every residential parcel in San Francisco for more market-rate housing. We keep building, but the prices

keep going up because, in a city as desirable as San Francisco, the demand is insatiable. But if we harness that demand by reducing real estate speculation and increasing the production of below-market-rate homes, we directly address the problem. To that end, we suggest these measures:

Impose a vacancy tax: In a hot real estate market such as ours, homes are used as investment tools. This is not unique to San Francisco; other cities, including Vancouver, British Columbia, have experienced the same thing. In response, Vancouver has enacted an empty-homes tax law that will curb housing speculation while generating funds for the government to build 100 percent affordable housing. We can do the same.

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Preserve our relatively affordable homes: Square foot for square foot, older homes are cheaper than new homes. [A study](#) by the National Association of Realtors points to a 30 to 40 percent price difference between the old and new homes. Far too many starter homes that are relatively affordable are lost because of demolitions disguised as remodels. We need to revise our planning and building codes to identify demolitions for what they are, enforce the law, and penalize violators who surreptitiously and illegally demolish our relatively affordable homes.

Another factor in the loss of our relatively affordable homes is speculator willingness to bid so high for so little. In a city where a developer can outbid everyone for a modest starter home only to turn it into a gargantuan luxury dwelling affordable to only a few, expansion limits go a long way to curb such speculative behavior. A young family that has saved every penny to buy that starter home doesn't have a prayer when developers bid up to \$2 million for the house, spend another million to expand it to four times its size, and then flip it for \$5 million. No other business can give you such handsome return on investment. In a business where size matters, if a modest starter home couldn't be expanded four times, outbidding everyone to get that house wouldn't pencil out for the developer. That's why we need to limit expansions of such homes to remove the incentive to outbid first-time buyers.

Start a rental registry: Our tenants have been hit the hardest by this crisis. Speculators buy rental properties and get rid of tenants only to remodel and put them on the market with hefty profit. Often, the remodeling itself is used as an excuse to empty the building and move tenants out. What we call "renoviction" is the new tool in the arsenal of speculators. The City Planning Department staff has been directed to take into account the tenancy status of a property when reviewing permit applications to make sure that proposed renovations would not lead to tenant displacement — but not knowing

whether the building is tenant-occupied makes it impossible to do so! That's why a rental registry is a first step in safeguarding against renovictions routinely used by speculators.

Build 100 percent affordable housing: The magnitude of this crisis is such that what little affordable housing trickles down from 10, 20, and 30 percent inclusionary measures (where the developer is required to reserve a certain percentage of the new units for low- or middle-income dwellers) would not solve the problem. We're past the point of letting the invisible hand of the market rectify this, and that's why we need the government to intervene. Through a partnership between the government and private capital we can start building 100 percent affordable housing. San Francisco has no shortage of billionaires. Whether it's the tech titans or old money, we have a phenomenal concentration of wealth in this town. While the city does have a remarkable sum set aside for developing affordable housing, it is not enough in such a heated market. That is why we need an infusion of capital from our local moneyed class to help us build homes for common folks such as teachers, waitresses, medics and even tech workers.

Any of the first three measures can knock the speculators out of the market, while the last one will produce more homes for those who need them the most, people who cannot afford \$1 million-plus homes. We can come together and press for these changes, or we can continue the blame game and divisive posturing.

If you can envision a San Francisco where people of all income levels are welcome, so can we — and that's a goal worth striving for. Join us, and let's make it happen!

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