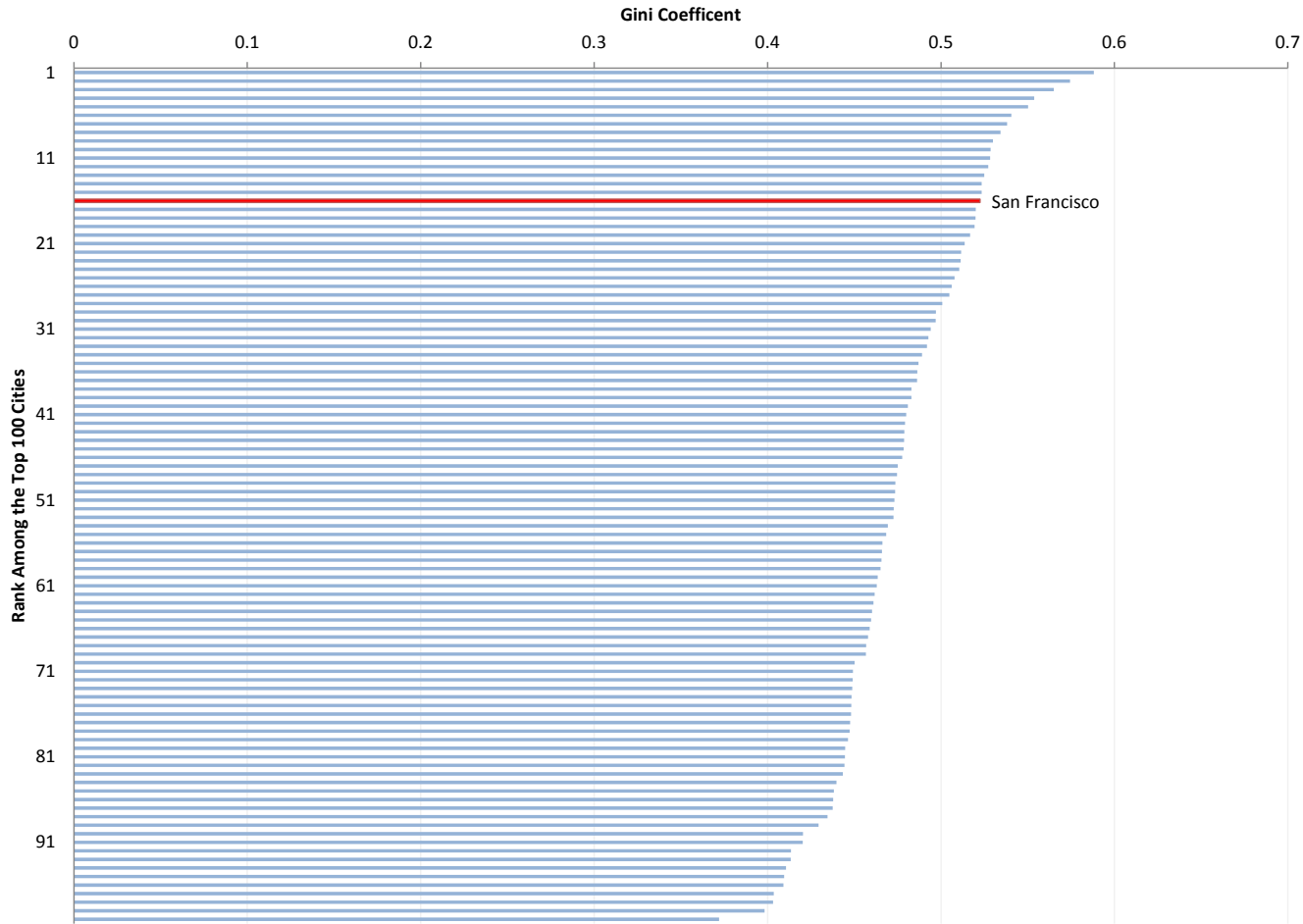# Jobs, Housing, and Inequality in San Francisco

Ted Egan
May 15th, 2015

On the Most Common Inequality Measure, San Francisco Ranks #16 Among the 100 Largest U.S. Cities
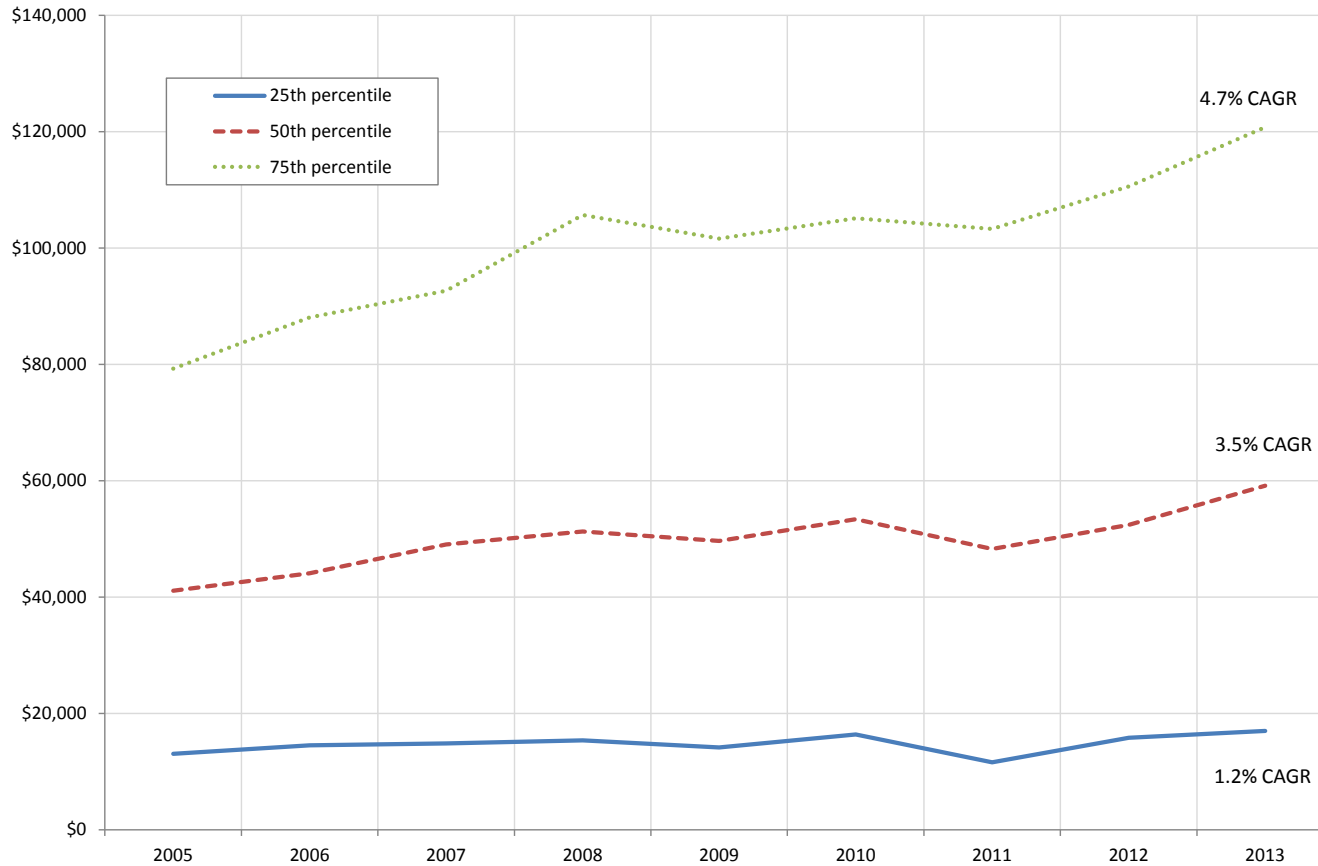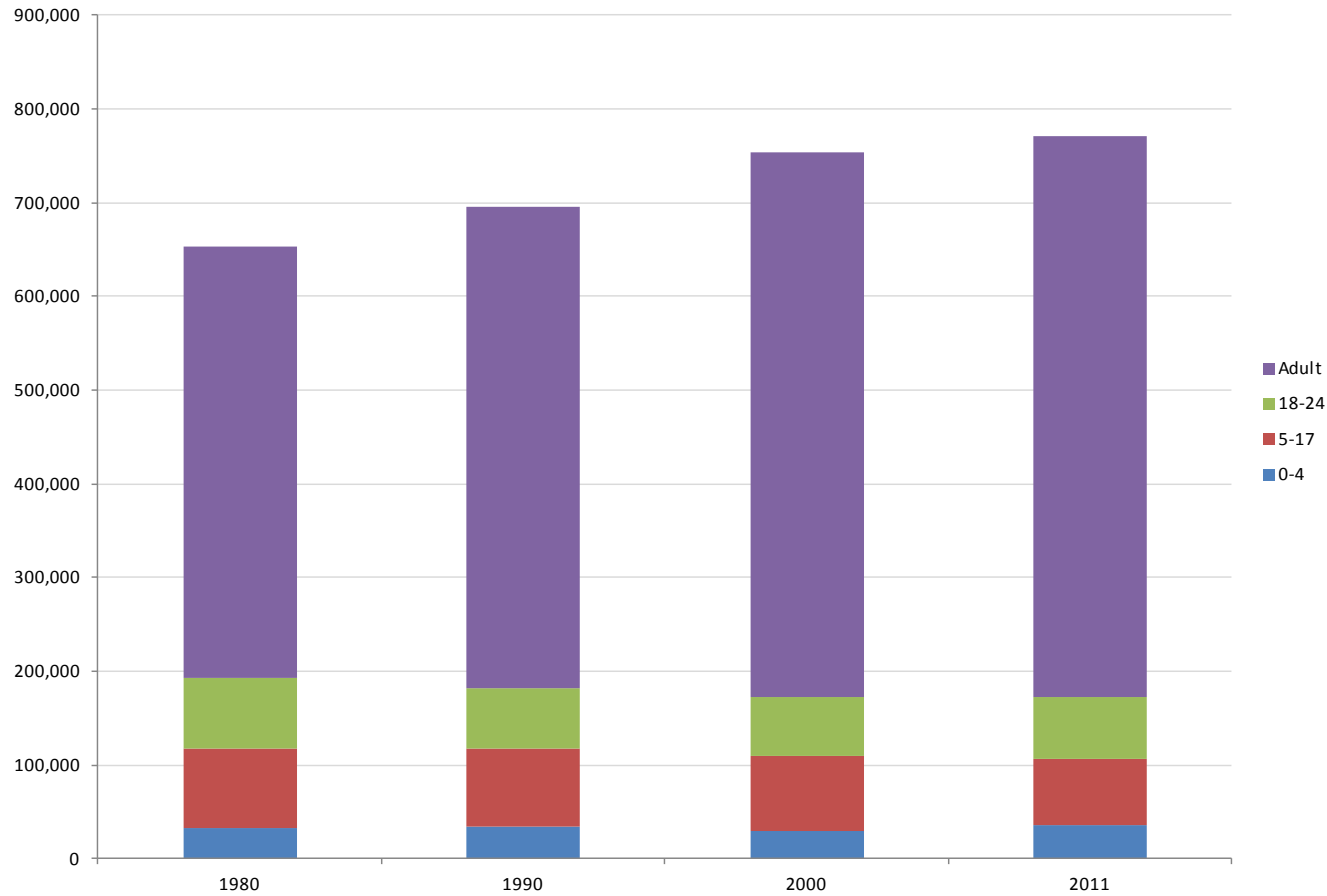
Source: U.S. Census Bureau

For Low-Income Households, Incomes After Housing Costs are Not Keeping Up With Inflation (about 2.5% per year)

Household Income Minus Housing Costs in San Francisco, by Percentile, 2006-2013, with 2010-2013 growth rates

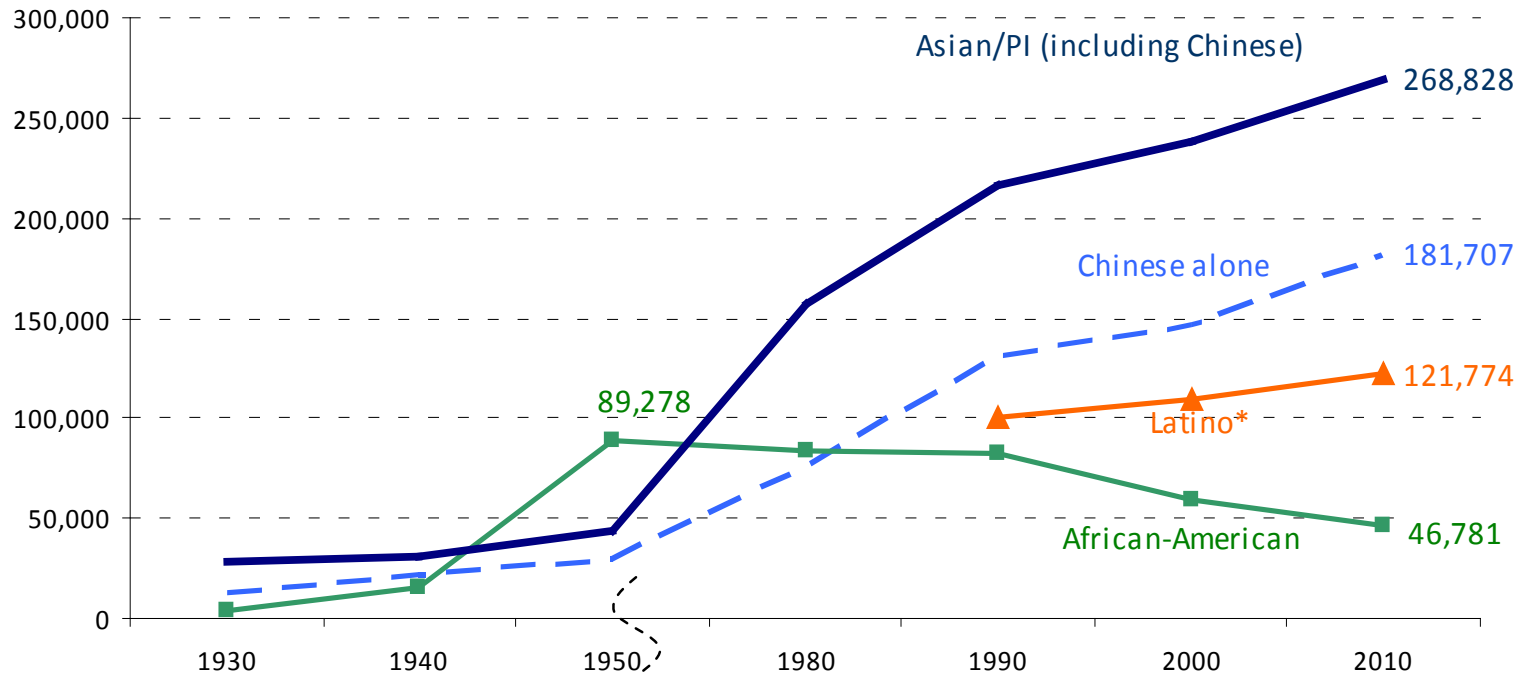# Since 1980, the Child Population Has Declined While Total Population Has Increased

San Francisco Population by Age, 1980-2011

Legend:
- Adult
- 18-24
- 5-17
- 0-4

Population Trends Among Asians, African-Americans, and Latinos

San Francisco by Largest Ethnic Minority Groups, 1930 - 2010

Source: US Census Bureau, 2010 Census

Child Population in San Francisco is Disproportionately Latino: Whites Have Far Fewer Children Relative to Their Overall Size

| San Francisco Population by Ethnicity, 2010				
	Total Population		Child Population	
Ethnicity	Count	Percent	Count	Percent
White	337,451	42%	28,946	27%
Asian/PI	268,828	33%	37,588	35%
Latino	121,774	15%	24,301	23%
African-American	46,781	6%	7,584	7%
Native American	1,828	<1%	157	<1%
Other	28,573	4%	8,948	8%
Total	805,235	100%	107,524	100%

Source: US Census Bureau, 2010 Census

Compared to the State, the City is Under-Represented in 0-24, and 45-54 age groups

% of Population by Age Group, 2008-2012 Average

■ California ■ San Francisco
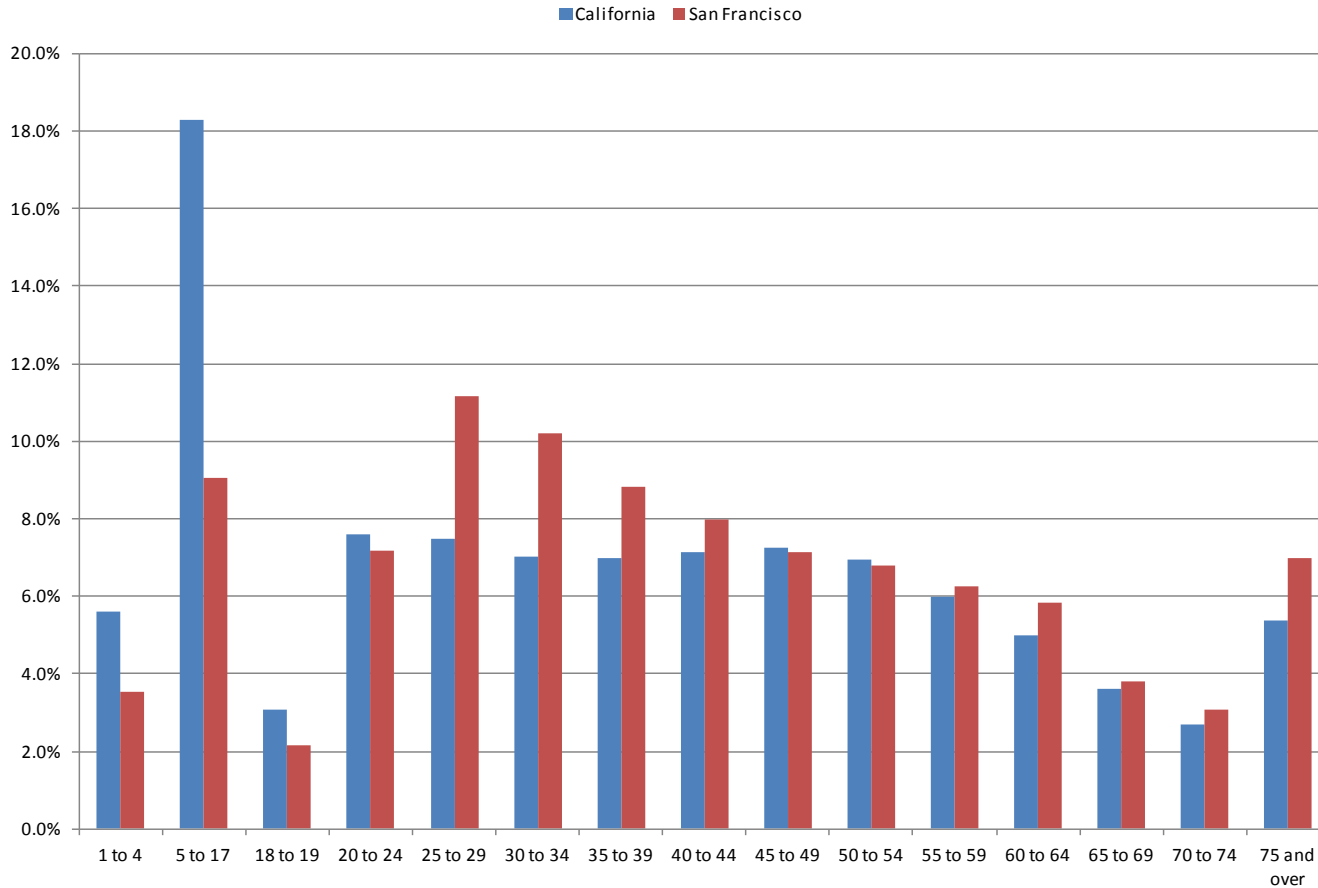
In-Migration to San Francisco is Disproportionately 25-34 Year Olds: Median 27 years old, 72% never married, 52% White

Race of Persons Moving to SF, 2012

- Native American, 0.4%
- African American, 4%
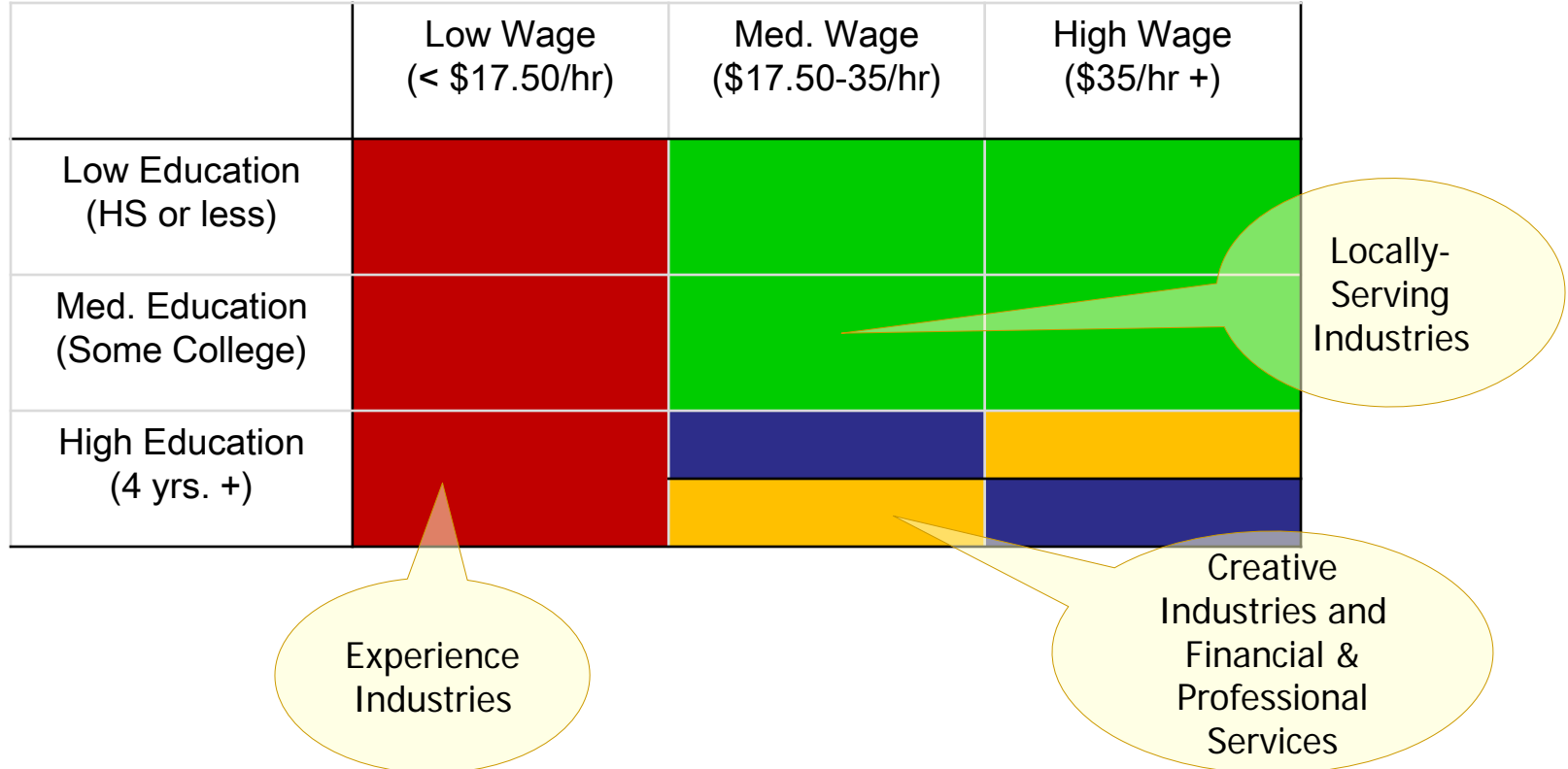- Hispanic or Latino, 13%
- Asian, 27%
- White, 52%
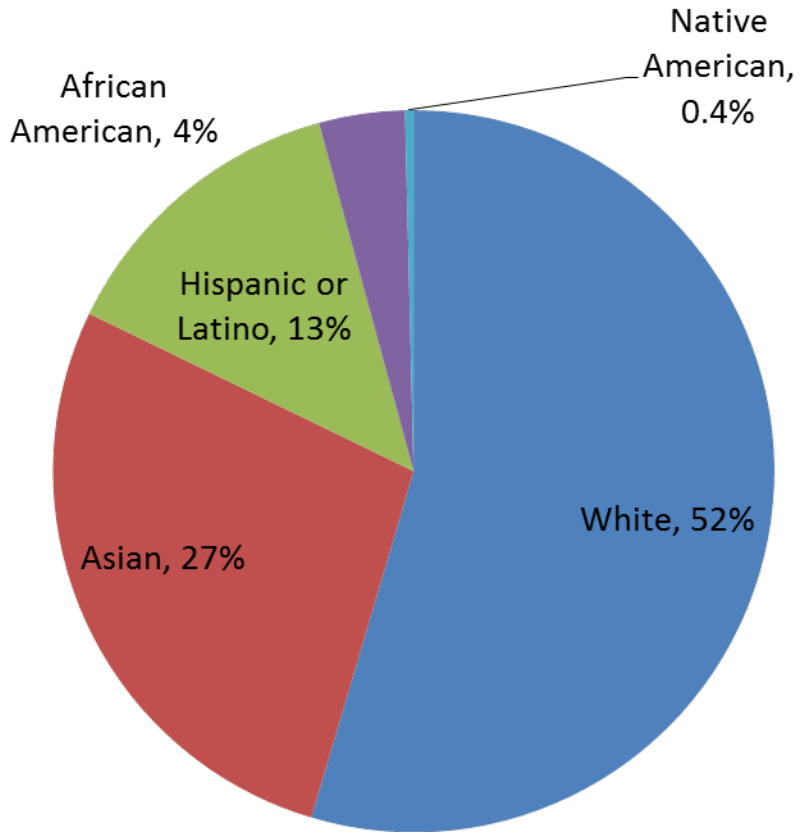
Looking First at Jobs and Earnings… Over the Long Run, Creative and Experience Industries Grow, Local Industries Shrink

San Francisco's Four Sectors:
Growth Share Matrix, 2004-2010
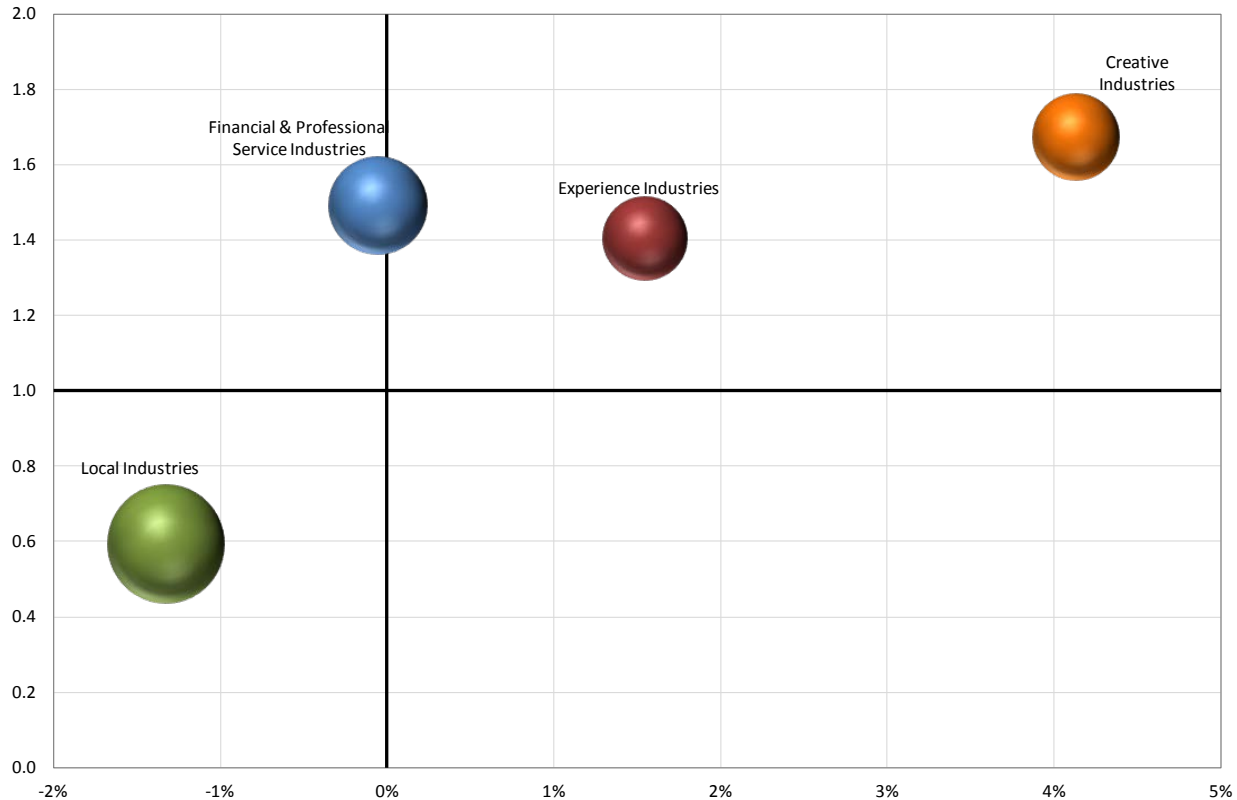
Growing Industries Have High or Low Paying Jobs, for Workers With Much or Little Education. The Middle is Shrinking

	Low Wage (< $17.50/hr)	Med. Wage ($17.50-35/hr)	High Wage ($35/hr +)
Low Education (HS or less)			
Med. Education (Some College)			
High Education (4 yrs. +)			

Locally-Serving Industries

Experience Industries

Creative Industries and Financial & Professional Services

…Which is Behind the City's Changing Income Demographics
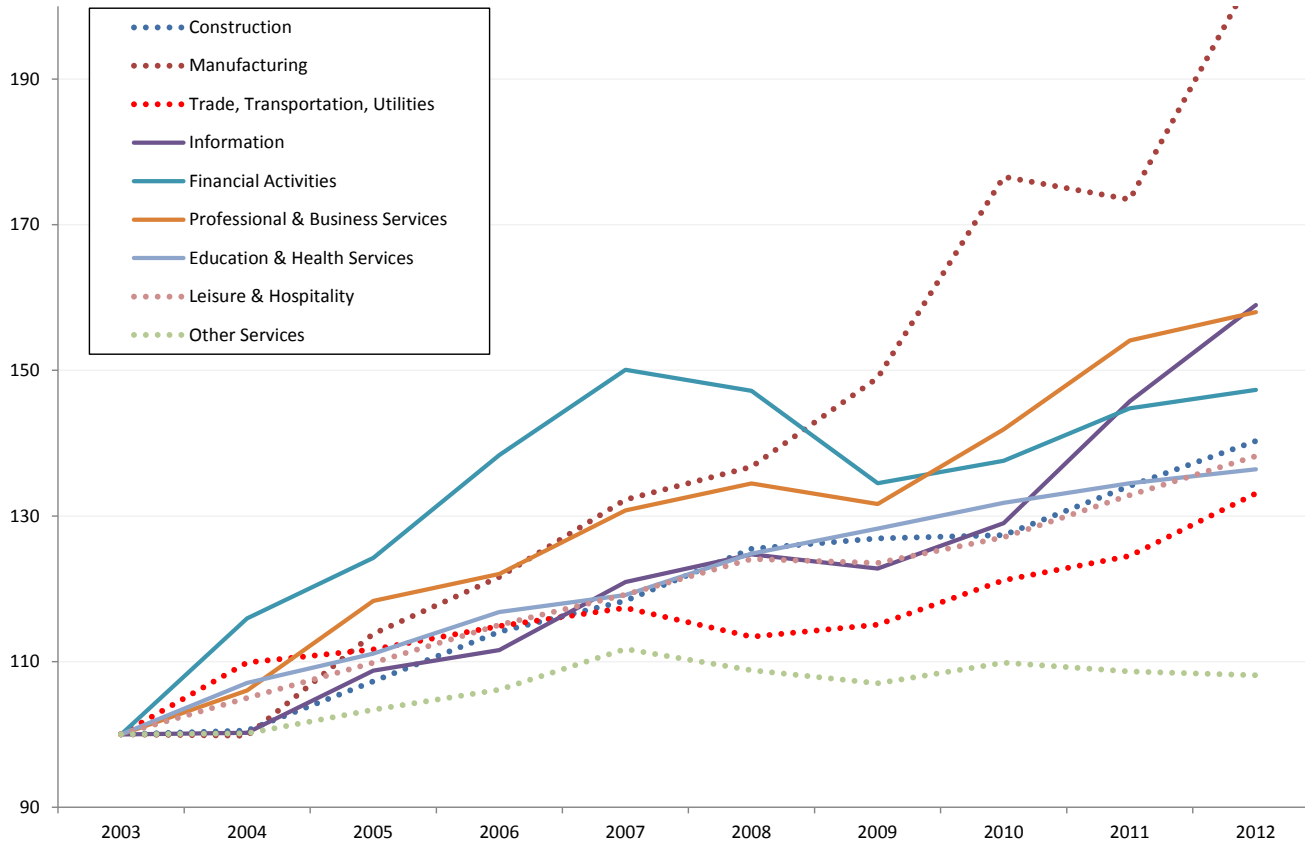
San Francisco Population by Household Income Category, 1990 & 2010
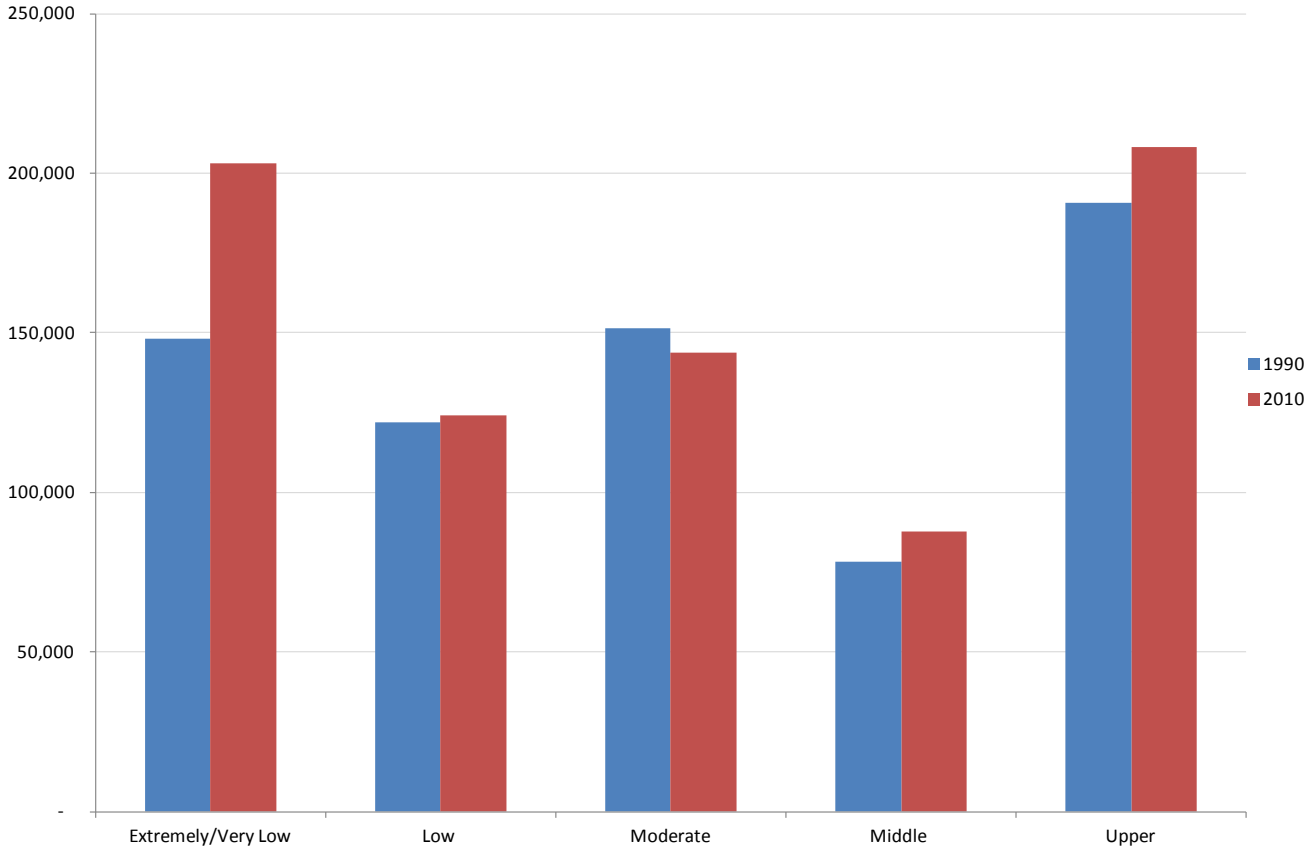
Moreover – Wage Growth Tends to Be Highest in High Paying Industries (Manufacturing is a Special Case...)

Wages by Sector in San Francisco, 2003-2012:
(2003=100)

Legend:
- Construction
- Manufacturing
- Trade, Transportation, Utilities
- Information
- Financial Activities
- Professional & Business Services
- Education & Health Services
- Leisure & Hospitality
- Other Services

Source: Bureau of Labor Statistics

On Housing: SF Housing Remains the the Highest-Priced and the Fastest-Appreciating Among the Largest US Cities
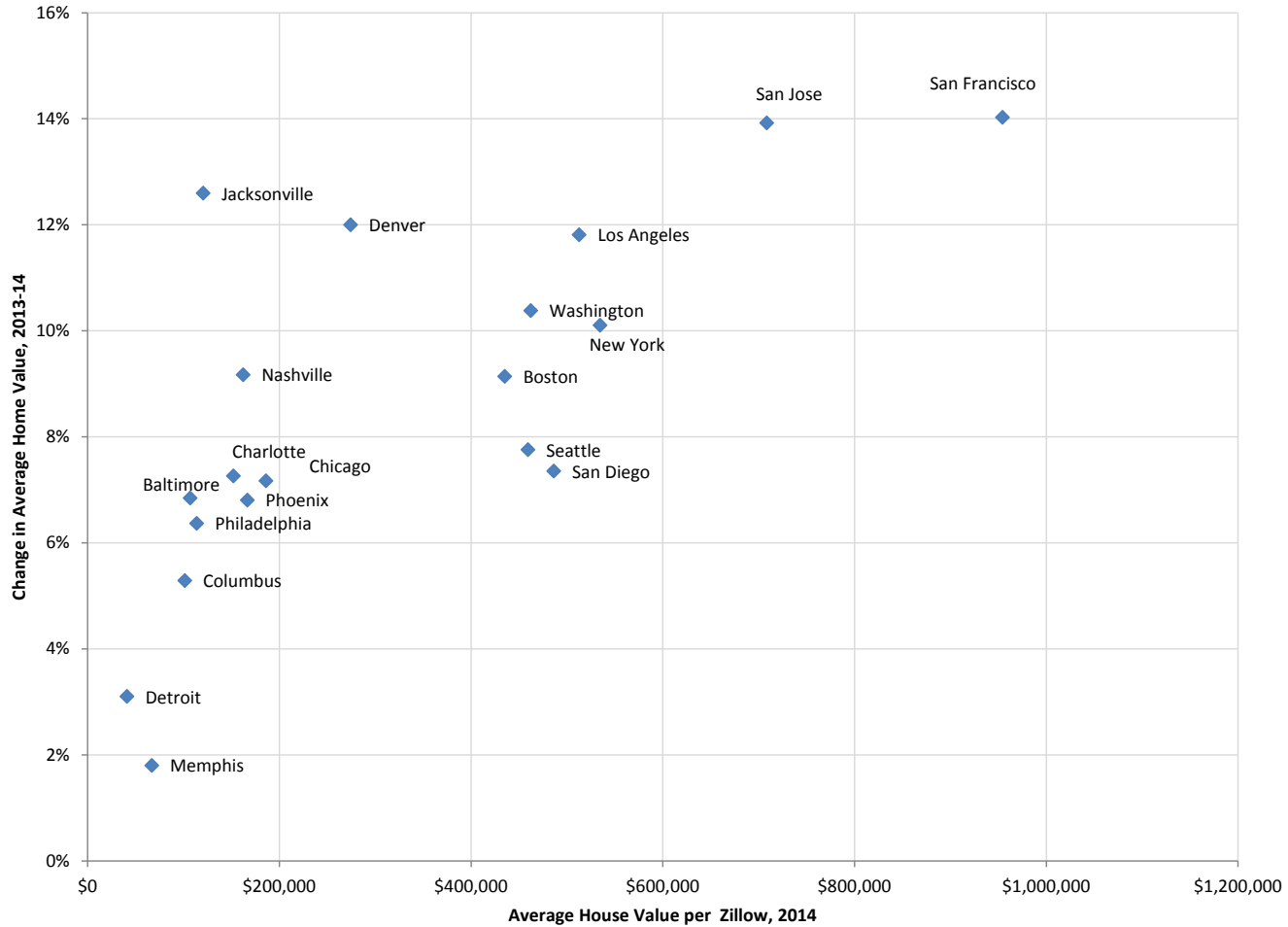

Source: Zillow

Implication #1: More People Move Out – Income is a Factor

- From 2011-13, an average of 60,000 people a year moved out of San Francisco. 63% of them were members of low or very-low income households.

- On average, 12.3% of low/very-low income people with a job moved out each year, while only 5.8% of higher income employed people moved out.

- Adjusting for other demographic factors, income appears to be a significant contributor to whether an individual has moved out of San Francisco this decade.

Outmigration Rates for Children and Young Adults are High in San Francisco

Percentage of Each Age Group Who Moved Out of San Francisco and California in the Past Year, 2012
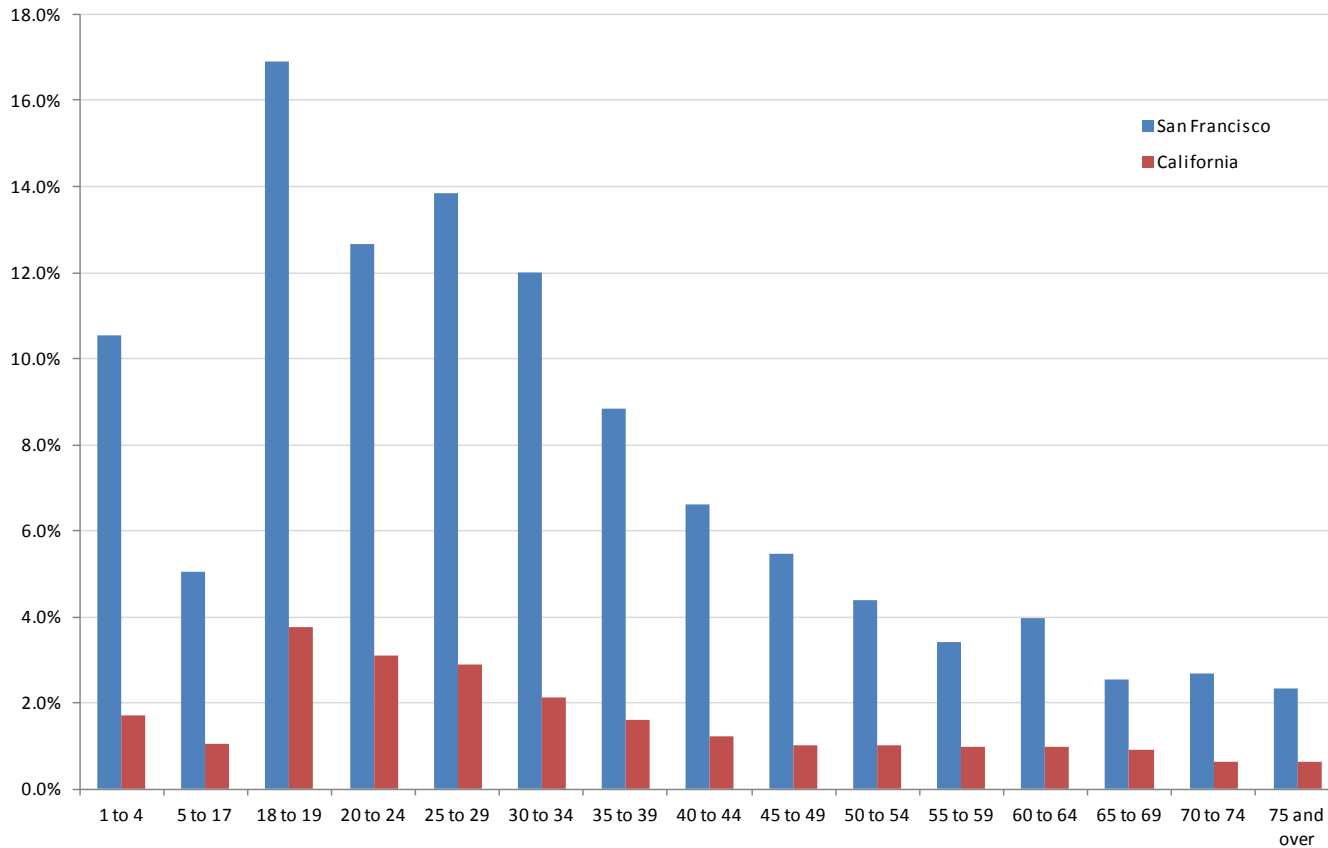
Implication #2: Low Income Households Remaining in the City Spend Almost Half Their Income on Housing

- About 95,000 households in San Francisco's labor force make 80% of area median income or less.

- Although 75%-85% of the city's rental housing is subject to rent control, housing remains unaffordable.

- Low income households spend, on average, 46% of their income on housing. The HUD affordability target is 30%.

- The difference is over $6,000 per year per household, or nearly $600 million in total.

Conclusions: Two Economic Forces Shape San Francisco Today

- The first force is innovation – the Bay Area's innovation-driven economy continues to grow despite the highest cost of living of any large city in the country.

- The second force is housing supply – the Bay Area (as a whole) has under-built housing for at least the past 20 years.

- The City continues to face the two challenges of ensuring quality jobs are available for people at every skill level, and housing is affordable to every income level.

- During the current growth period, the City has seen job growth in almost every industry, and the unemployment rate is now very low. Maintaining balanced growth, and creating better job opportunities for residents, are the new challenges.

- Housing prices remain a major challenge, as the out-migration and high housing burden of low-income households indicates.