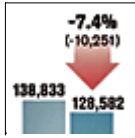


Exodus of S.F.'s middle class

James Temple, Chronicle Staff Writer

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It's urban flight flipped on its head: The number of low- and middle-income residents in San Francisco is shrinking as the wealthy population swells, a trend most experts attribute to the city's exorbitant housing costs.

Many worry it's increasingly turning San Francisco into an enclave of the rich, where nurses, firefighters, cops, teachers and other professionals aspiring toward homeownership or in need of cheaper rent can no longer afford to stay.

"A kind of derogatory term for the city would be Disneyland for yuppies," said Hans Johnson, demographer with the Public Policy Institute of California. "There is a legitimate public policy concern when a city that many people have lived in for many years and regard as their homes becomes so expensive they can't afford to live there anymore."

From 2002 to 2006, the number of households making up to \$49,000 per year dropped by 7.4 percent, those earning between \$50,000 and \$99,999 declined by 4.4 percent, and those bringing home between \$100,000 and \$149,999 fell by 3.9 percent, according to Census Bureau estimates. In polar opposition, the number of households making between \$150,000 and \$199,999 surged 52.2 percent and those earning more than \$200,000 climbed 40.1 percent.

Certainly, some of the movement can be attributed to people earning their way into higher income classes. But a separate analysis of census data from those who reported moving from San Francisco to elsewhere in the United States confirms the overall trend: The less you make, the more likely you are to leave the city or not move here in the first place.

The chance of departing in 2006 stood at less than 8 percent for those making \$150,000 or more, but jumped to greater than 11 percent for those making between \$25,000 and \$50,000, according to the Public Policy Institute. "The net effect is fairly dramatic," Johnson said.

The high cost of high costs

The trend of well-heeled and upwardly mobile young professionals moving into cities across the country, drawn by a newfound affection for the amenities of urban life, is by now well documented. It's led to many benefits: Cities are revitalizing aging downtowns with new buildings and businesses, people are walking and using transit instead of making long commutes in polluting autos.



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But it's also been putting pressure on housing prices for existing stock and, many argue, steering much of the new development toward the high end.

Since 2002, the median price for all San Francisco home types has risen 113.5 percent to \$790,000, according to DataQuick Information Systems. While the housing slump has dragged down values by more than a third in some parts of the region, it's only nudged prices in the city down 5.4 percent from their peak.

A San Francisco household requires an annual income of \$196,878 to afford a median-priced home in the city, according to a February report from the California Budget Project, a liberal research and advocacy group. Fewer than 4 in 10 city households owned their homes in 2006, 39.3 percent, the lowest rate among counties in the state.

Sarah and Mike Northrop, both 32, lived in San Francisco for seven years, most recently renting an Inner Sunset apartment. She's a physical therapist and he's an engineer, and together they make between \$100,000 and \$150,000 a year. But they spent more than two years looking for a place to buy in the city and couldn't find anything in their price range that was big enough for them and their two daughters.

Last year, they expanded their search beyond city limits and closed on a three-bedroom home with a garage and backyard in Pacifica.

"We love the city," said Sarah Northrop, adding that she misses the cultural events, parks and easy walking to shops and entertainment. "I would have done anything to stay."

Rents have also climbed rapidly. In the first quarter, San Francisco was, as always, the most expensive Bay Area city for renters, according to RealFacts of Novato. The average for all apartment types stood at \$2,326 in the first quarter, up nearly 25 percent from 2002 and 14.4 percent from a year ago.

Monicqua Brown, a union carpenter, lived in San Francisco her whole life, until rising rent forced her out of her Bayview apartment about five years ago.

The only San Francisco neighborhood that she could afford was the Tenderloin - a nonstarter with her two young daughters. Instead, she found a two-bedroom apartment in Richmond, near the El Cerrito border, for about \$500 less per month. It means a drive across the Bay Bridge each weekday for her job.

"I think it's a shame, a real shame that it costs so much," she said. "I believe if you work here, you should be able to afford to live here."

Social toll

The social consequences for a city where moderate- and low-income families can't get by are manifold. Many believe it's the primary reason San Francisco has the fewest children per capita of any major metropolitan area in the United States. In 2006, a group of Potrero Hill parents concerned about declining public school ranks surveyed families that had left San Francisco to find out why they had done so. Fifty-three percent cited the schools; 70 percent blamed housing costs.

For most of the decade, San Francisco Unified School District has lost an average of 800 students per year,

which has meant losing an additional \$4 million in state and federal funds each time.

"So we offer less for kids in terms of programs and classes," said Mark Sanchez, president of the San Francisco Board of Education. "It definitely hits us hard."

High housing prices are also a key reason that among 2,227 sworn police officers in San Francisco, only 675 live in the city, a little more than 30 percent, said Gary Delagnes, president of the San Francisco Police Officers Association.

The nightmare consequence of this would be an evening earthquake that shuts down BART and bridges, blocking two-thirds of the city's police officers and large percentages of other first responders from quickly attending to life-threatening building collapses, injuries or fires.

Housing that's out of reach in the city also promotes suburban sprawl, makes it more difficult for companies, schools, hospitals and nonprofits to attract or hang on to workers, and decreases San Francisco's economic and cultural diversity.

"It's not very healthy for the city's social fabric or the city's economy," said Roberta Achtenberg, an economic development consultant who focuses on workforce housing.

Few see it turning around anytime soon, despite ardent hopes to the contrary.

David and Arianna Orleans, 37 and 36, have been searching for a home they can afford in San Francisco for more than a year. They both have lived here at least a decade and currently rent an apartment in the Inner Richmond.

He's an insurance broker, and she's a teacher. They're Giants fans and members of the zoo society. They spend weekends visiting the Ferry Building, Ocean Beach or Crissy Field. Their 2-year-old son loves to ride the cable cars.

But, given the housing prices they've seen and the worrisome state of the public school system, David Orleans said there's a good chance they will have to move to a more affordable suburb.

"San Francisco is such a great city, and we wish there was room just for an average middle-class family," he said. "Not everyone can make venture-capital money."

Chronicle staff writer Nanette Asimov contributed to this report. E-mail James Temple at jtemple@sfchronicle.com.

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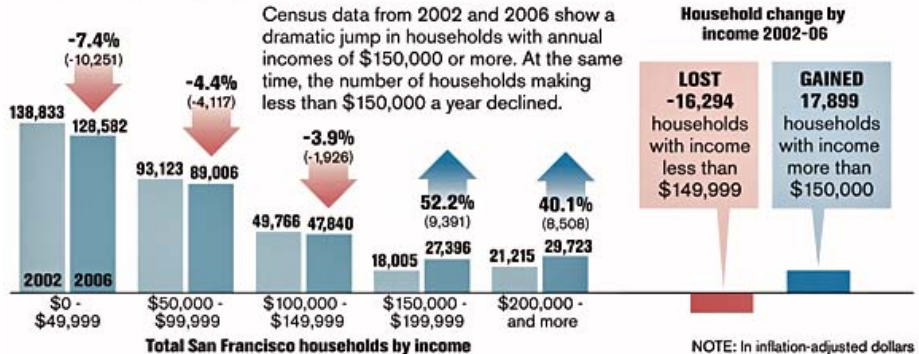


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An exodus based on income. Chronicle graphic by John Blanchard

An exodus based on income



Sources: Census Bureau, American Community Survey

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