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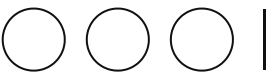
BAY AREA // SAN FRANCISCO

Here's why Austin and Seattle are building way more housing than San Francisco



Adriana Rezal

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San Francisco is not building as much housing as most cities of its size.

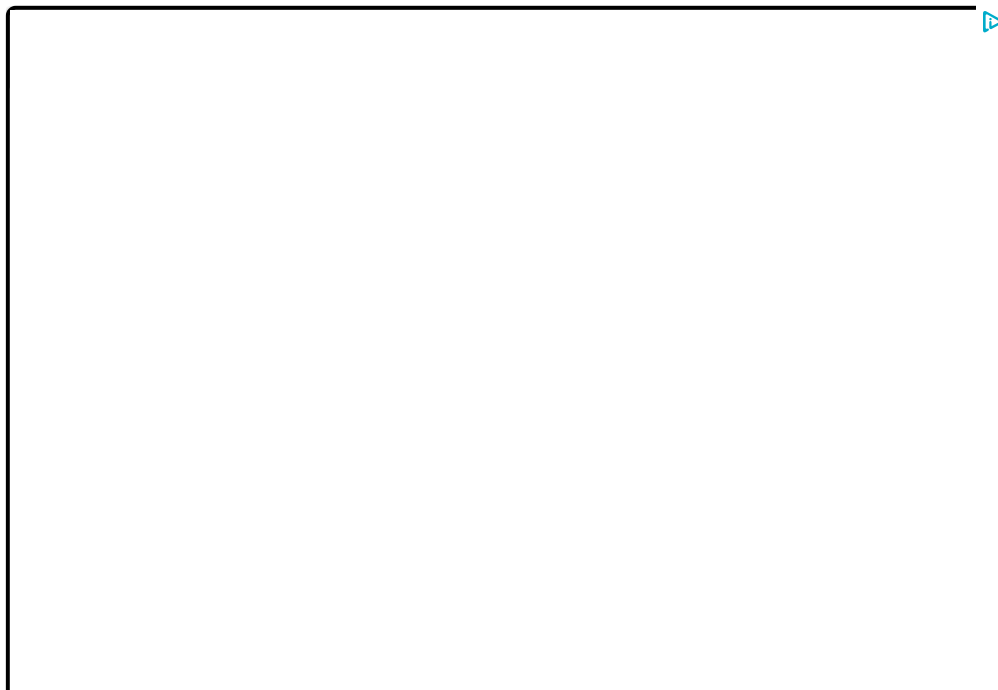
Brontë Wittpenn/The Chronicle 2021

San Francisco has long struggled to provide enough housing for its residents. Exacerbated by the influx of highly compensated tech workers, housing demand has far outstripped supply, prices have skyrocketed and many who work here have been forced to live elsewhere. Yet even when compared to other fast-growing tech hubs like Austin and Seattle, San Francisco's housing production lags far behind.

Residential building-permit data from the U.S. census shows that Austin and Seattle have both approved construction for more than three times as many housing units per person as San Francisco since 2015. Experts say the city's main roadblocks to housing production include opposition from local groups, geographic limitations and complex regulatory processes.

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The Chronicle looked at six years worth of building permit data in 15 cities with populations between 600,000 and 1.1 million people and found that San Francisco



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residents, San Francisco trailed behind Columbus and just barely surpassed Las Vegas. Whereas San Jose and Detroit approved the least number of residential building permits overall, Austin, Seattle and Denver topped the charts. (The census uses building permit data to measure local housing construction because most permitted housing eventually gets built.)

New housing units permitted per 100,000 people, 2015-21

For selected U.S. cities with between 600,000 and 1.1 million people

Austin	10,313
Seattle	9,839
Denver	8,274
Fort Worth	7,679
Washington DC	5,679
Portland	5,017
Boston	4,031
Oklahoma City	3,794
Columbus	3,474
San Francisco	2,861
Las Vegas	2,845
El Paso	2,736
Indianapolis	1,657
San Jose	1,402

Detroit 664

Source: [U.S. Census](#)

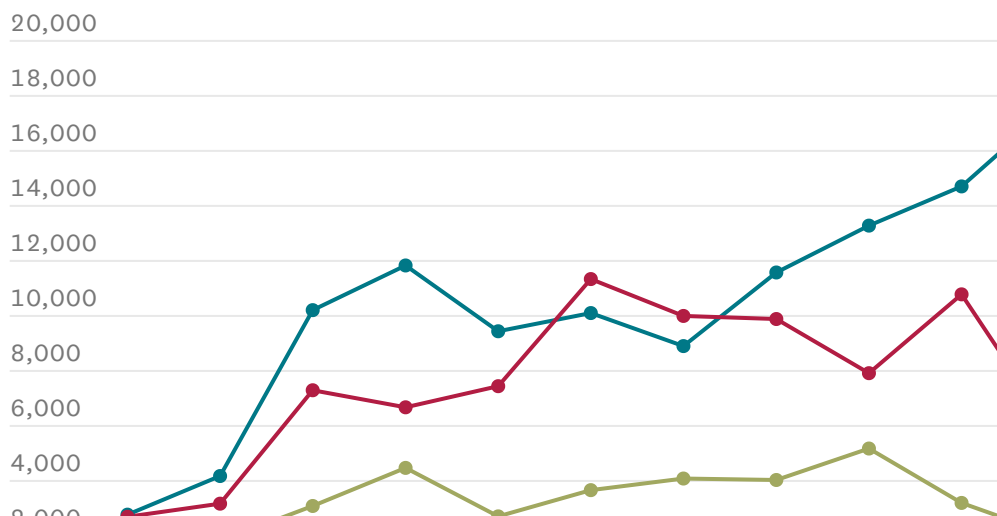
Per person statistics based on 2015 population.

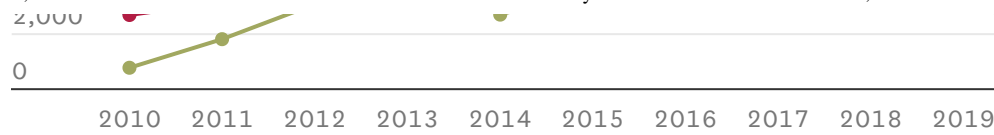
“San Francisco has a wild imbalance between supply and demand,” said Joseph Gyourko, a professor of real estate and finance at the Wharton School of the University of Pennsylvania. “That is, not enough supply to satisfy the demand and that just builds up price. So, you have really high prices.”

But because the city dragged its feet to build the necessary housing to meet demand, he said, [housing prices and rents soared](#), leaving the city’s middle-class population unable to afford the new cost of living.

Other tech hub cities, faced with similar challenges, have been more consistently aggressive. While San Francisco and Austin both had similar population sizes in 2010, with about 800,000 people, Austin permitted over 133,000 units since 2010, while San Francisco permitted only 37,500. Austin now has over 100,000 more people than San Francisco. Seattle’s population also grew faster than San Francisco’s.

How does San Francisco compare to other cities in yearly housing unit permits?





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Experts cite a few reasons for Austin's housing production boom compared to San Francisco, including more room to sprawl, cheaper construction costs and less strict housing regulation. Seattle also had more open space than San Francisco to build on, and benefits from a more streamlined building approval process.

UC Davis law Professor and land-use researcher Chris Elmendorf said San Francisco's housing production rates are comparatively lower than other cities because development is too costly.

"I think it's fair to say that San Francisco has ... the combination of a very cumbersome and unpredictable permitting process, plus, a rather extraordinary array of regulatory requirements and fees," Elmendorf said.

For example, Elmendorf points out a number of factors that add up: construction costs, regulatory requirements like impact fees, inclusionary zoning, affordable housing mandates and physical requirements such as private open space and greywater treatment systems.

“You put all those things together and there’s actually almost nothing that is economically feasible to develop, even on a vacant site, in most of San Francisco today,” he said.

Swift housing production does not guarantee housing costs won’t rise. Despite Austin punching above its weight in housing production, it wasn’t enough to meet a high demand for housing and home prices shot through the roof. Experts suggest that developers’ incentive to build multifamily luxury developments tailored to high-salaried employees created a gap in housing affordability.

The housing crisis is not new to San Francisco — or California.

California was already facing a housing shortage by the late 1960s. In response, the California government issued a statewide mandate in 1969 requiring local governments to identify and meet the housing needs of residents.

Known as the Regional Housing Needs Allocation, the mandate requires local governments to determine how much housing needs to be built to house its projected population according to various demographics, including income. The final assessment is an eight-year plan called the Housing Element.

According to the latest Housing Element, San Francisco is required to build 82,000 new units from 2023 to 2030, which means building over 10,000 units per year starting in 2023. That’s almost triple the city’s recent pace of 3,500 units annually.

San Francisco’s current housing stock can be almost equally divided into three

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building types: single-family housing, multifamily buildings with over 20 units and buildings ranging from two to nine units.

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In recent years, the city has mostly been approving permits for large multifamily buildings, according to the San Francisco Planning Department. Around 89% of all buildings added in 2021 had more than 20 units, which is typical of the last several years in the city. To maximize profit, developers are incentivized to build residential buildings that can house the most tenants.

City officials say they are taking steps to create opportunities for housing production. Among the ways San Francisco policymakers are promoting new housing is by allowing property owners to make alterations to their existing buildings that create new units. Alterations have contributed an increasing number of units to the city's housing stock since 2017.

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Accessory Dwelling Units are small units constructed on the property of an existing home that were developed to address growing housing demands in San Francisco. While the creation of ADUs has been increasing since 2017, that still only amounts to a few hundred legal ADUs having been constructed or permitted.

[SB9](#) made it easier for homeowners to split their lots and convert their homes into duplexes, which could potentially lead to four units on properties where there is now only one. However, it's been six months since the bill has taken effect and yet the city has received [very few](#) applications under this bill.

Housing

Facts about the San Francisco housing crisis, compared with other major cities.

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According to Gyourko, the key to improving San Francisco's housing issues is to focus on creating more affordable housing because these units will supply more of the demand than continuing to build units that some residents cannot afford. He suggests that this take the form of building what's known as "[missing middle](#)" housing like duplexes, triplexes — overall smaller buildings, not just single family houses or luxury high rises.

"That's the political problem, is when land has become really expensive, developers have to spread the land costs over as big a building base as they can, so they want to build for rich people who will pay really high condo prices or really high rents," Gyourko said.

According to Shanti Singh, communications and legislative director for [Tenants Together](#), buying land is a good first step for increasing affordable housing in San Francisco. Singh said the city should develop a land banking strategy that would allow flexibility in deciding what kind of housing gets built on that land later.

Buying “public land will even make current models of subsidized housing cheaper because land costs are a huge issue in San Francisco,” Singh said.

According to Elmendorf, the point remains that it is extremely expensive to build housing in San Francisco, especially when accounting for labor costs, regulatory requirements, fees and permitting delays.

“I think the city recognizes that it has a legal obligation to change a lot of (those challenges) as well,” Elmendorf said.

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