



CITY OF EAST PALO ALTO

Planning Division

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STAFF REPORT

DATE: February 26, 2010
(March 2, 2010 City Council Public Hearing)

TO: Honorable Mayor and City Council

FROM: Brent A. Butler, AICP, CFM, Planning Division Manager

SUBJECT: California Environmental Quality Act (CEQA) Initial Study of the Rent Stabilization and Just Cause for Eviction Ordinance

Recommendation:

After accepting public testimony and reviewing the record, including the findings and the sources upon which these findings are based, the Planning Division recommends adopting a Mitigated Negative Declaration (“MND”) by resolution.

Background

The registered voters of the City of East Palo Alto (“City”) adopted the Rent Stabilization Ordinance in April 1988 to protect residential tenants in the City from unreasonable rent increases and unjustified evictions. Ordinance No. 76 entitled “An Ordinance to Stabilize Rents for Residential Housing and Establish Good Cause for Eviction,” provided landlords the right to a fair return, while also protecting tenants.

In the intervening years since its adoption, the State of California passed regulations, including the Costa-Hawkins Act, which establishes requirements for cities with rent stabilization programs. For the purpose of incorporating these requirements, the City proposed that voters approve a revised RSO by ballot on the November 3, 2009 General Election. Pursuant to section 15061 (b) (3) of the California Environmental Quality Act (CEQA), City staff presumed that the proposed RSO would be exempt from environmental review. This presumption was challenged by a property owner, who alleged that the ordinance would lead to urban decay, among other indirect environmental impacts. After reviewing the pleadings for and against, a court of competent jurisdiction directed the City to set aside, rescind, annul and/or repeal its August 4, 2009 legislative findings pertaining to the RSO and that the Chief Elections Officer for San Mateo County refrain from placing the proposed RSO on the General Election ballot until such time that an analysis under CEQA was complete.

This report is in direct response to the September 3, 2009 minute order referenced above and issued by the San Mateo County Superior Court, which classifies the Rent Stabilization Ordinance (RSO) as a project under CEQA. In accordance with the aforementioned minute order, the Court found that under *Muzzy Ranch v. Solano County Airport Land Use Commission* that the City is ‘obligated to develop evidence and make factual findings on indirect environmental effects of the RSO that the common sense exemption would apply.’ The Initial Study, which findings are attached hereto, is

prepared for discussion and deliberation by the City Council for the purpose of addressing the Court order.

Supplemental Information

In compiling the bibliography section, the Planning Department recognized that one source was omitted, as listed below.

15a	City of East Palo Alto. Capital Improvement Plan – FY 2007-2008 – FY 2011 – 2012.
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Initial Study [Section 15063 (a)]

This analysis, referred to under CEQA as an Initial Study, relies upon expert opinion supported by facts, technical studies and other substantial evidence provided by the City’s Police Department, the Ranger for the City of Palo Alto, the Housing Services Division, the Ravenswood School District, and scholars in the field whose analysis of rent control theory, and the empirical studies related thereto establish evidence and factual findings on the indirect environmental effects of the RSO. Significant information concerning the City’s housing needs, constraints, and resources is contained in the City’s draft December 2009 Housing Element (Element), which, in conjunction with City staff, was prepared by the engineering and research consulting firm, AECOM, after the City allocated \$151, 290 in February 2009. The Initial Study benefits from the findings and conclusions contained therein. Additional resources upon which this report is based are outlined in the bibliography section, which contains a list of more than 50 articles, scholarly journals, reports and other related sources. A copy of these articles has been printed in made available in the Public Library, located at 2415 University Avenue, East Palo Alto, California.

Scope of Review

This analysis recognizes that the environmental regulations in place during 1988 when the ordinance was first adopted have changed significantly, and that many of the original assumptions at the time, such as the exemption of this project from environmental review, may no longer apply. Therefore, this analysis goes further than limiting review to the difference between the existing RSO, and the one proposed for the June 2010 Election. While the scope of review includes all elements of the environment as outlined in the attached environmental checklist, significant findings from the City’s draft 2009 Housing Element were used to support the initial study conclusions, which is especially relevant since the data upon which the petitioners and plaintiffs rely is not specific to the City, but based on broad studies that may have little bearing on the realities and local economic conditions within the “study area”

Findings

After review of the data and record before the Planning Division, the following findings are made in support of the adoption of a (MND), including:

FINDING 1 – BLIGHT NOT A RESULT OF RSO

The City has experienced gentrification, investment and increased housing values over the period since the RSO was originally enacted in 1988. There is no credible evidence that urban decay or blight would result from the RSO.

FINDING 2 – THE RSO POSITIVELY IMPACTS AIR QUALITY

The effects will benefit the City and the surrounding community by reducing air pollution through more closely spatially matching low paying jobs with low cost housing.

FINDING 3 – THE RSO REDUCES THE POTENTIAL FOR THE LOSS OF BIOLOGICAL RESOURCES

The RSO reduces the housing cost burden on households; in particular, extremely and very low-income households receive additional protection against homelessness. The homeless population has established camps near sensitive species in four locations within the City and/or the City's sphere of influence, and the RSO reduces the potential for a loss of biological resources by preserving affordable housing.

FINDING 4 – THE RSO HAS POTENTIAL TO IMPACT THE SEISMIC UPGRADE OF MULTIFAMILY STRUCTURES

Linking financing of multifamily structures with the prime lending rate of single family structures has the potential to impact the upgrade of multifamily structures, if there is a difference between the prime lending rates for those housing types. Geological findings and soft story construction, which is prevalent in multifamily housing, suggest that the seismic upgrades needs for those buildings could potentially be impacted.

FINDING 5 – THE RSO IMPACTS DEMAND FOR RECREATIONAL FACILITIES

The RSO's impact on recreational facilities is related to how the ordinance enables families to reside in the City.

ATTACHMENTS

Attachment 1 – Initial Study

Attachment 2 – RSO Abstracts [see Bibliography pages 24-27 of Initial Study]

Attachment 3 – Public Comment

Attachment 4 – Resolution Adopting Findings and the Mitigated Negative Declaration

Rent Stabilization Ordinance Environmental Findings

March 2, 2010

RESOLUTION _____

CITY COUNCIL, CITY OF EAST PALO ALTO, STATE OF CALIFORNIA

* * * * *

**RESOLUTION ADOPTING A MITIGATED NEGATIVE DECLARATION
RELATED TO THE CITY'S RENT STABILIZATION AND JUST CAUSE
EVICTION ORDINANCE**

RESOLVED, by the City Council of the City of East Palo Alto (City), State of California, that

WHEREAS, the City Council, on November 23, 1983, adopted Ordinance No. 17-83, (“ordinance”) providing for rent stabilization and eviction for good cause; and

WHEREAS, a subsequent referendum petition was filed which suspended the operation of that ordinance and required it to be submitted to the voters; and

WHEREAS, at the April 10, 1984 general municipal election, the voters defeated the referendum petition and on May 1, 1984, the rent stabilization and eviction for good cause ordinance became effective; and

WHEREAS, on April 15, 1986, such ordinance was extended through passage of Ordinance No. 76; and

WHEREAS, passage of intervening State regulations, including the Costa-Hawkins Act establishing certain requirements for rent stabilization programs, required the City to propose such revisions through a General Election; and

WHEREAS, a property owner challenged placement of the ordinance on the ballot of November 3, 2009, alleging that the unstudied negative environmental effects of blight and urban decay would result should passage occur; and

WHEREAS, on September 3, 2009 a court of competent jurisdiction directed the City to set aside, rescind, annul and/or repeal legislative findings pertaining to the proposed ordinance and also directed the San Mateo County Chief Elections Officer to refrain from placing such

ordinance on a General Election ballot until such time as an analysis of the environmental effects pursuant to the California Environmental Quality Act (“CEQA”) was completed; and

WHEREAS, such analysis has been conducted in accordance therewith and is attached as Exhibit 1 to this Resolution; and

WHEREAS, the City Council finds that this ordinance, and subsequent extensions, has and shall accord substantial protection to senior citizens, persons on fixed income and low- and moderate-income households against unreasonable and arbitrary eviction as well as excessive rent increases and without passage thereof, many tenants will be displaced because of their inability to pay such substantial and unreasonable rent increases, and as a result of the shortage of rental units, will be unable to find substitute, decent, safe and sanitary housing at affordable rent levels, and the transition to an unregulated market will have a significant effect on seniors and low-income residents of the City; and

WHEREAS, the City Council held a Strategic Planning Retreat on December 10, 2009 and reviewed the Mission Statement, Core Values and Three-Year Goals, as amended during the retreat; and

WHEREAS, the City Council affirmed the importance of creating a healthy community by recognizing and supporting new trends that may have a positive impact on the City in the coming year concerning this aim, including the Healthy Cities Initiative; and

WHEREAS, the City Council having reviewed the record and having used their own judgment concerning the facts and conclusions contained therein.

NOW THEREFORE, IT IS HEREBY DETERMINED AND ORDERED AS FOLLOWS:

1. The Initial Study undertaken so as to analyze the environmental effects made Finding 1: that blight will not occur as a result of the Ordinance.
2. The Initial Study undertaken so as to analyze the environmental effects made Finding 2: that the ordinance positively impacts air quality.
3. The Initial Study undertaken so as to analyze the environmental effects made Finding 3: that the ordinance reduces the potential for the loss of biological

resources.

4. The Initial Study undertaken so as to analyze the environmental effects made Finding 4: the ordinance has the potential to impact the seismic upgrade of multifamily structures.

5. The Initial Study undertaken so as to analyze the environmental effects made Finding 5: the ordinance impacts demand for recreational facilities.

Accordingly, the City Council adopts the Mitigated Negative Declaration concerning the environmental effects anticipated under enactment of the ordinance.

David E. Woods, Mayor

ATTEST:

Alvin D. James, City Clerk

APPROVED AS TO FORM:

Vincent C. Ewing, City Attorney

RSO SOURCE ABSTRACTS

	Source	Abstract (if available)
1	Alston, Richard M., J.R. Kearl, and Michael B. Vaughan. "Is There a Consensus Among Economists in the 1990's?" <i>AEA Papers and Proceedings</i> 82, no. 2 (1992): 203-209.	A 1976 survey revealed that most economists were in agreement over issues related to policy and theory. A 1990 survey was conducted to determine if the results had changed over 14 years. Some 464 economists responded to a two-page questionnaire. The economists were asked to indicate whether they agreed with each of 40 statements. The results revealed that there was a great deal of consensus among the economists, although their opinions on some issues, such as monetary policy, had changed considerably.
2	Appelbaum, Richard P., Michael Dolny, Peter Dreier, and John I. Gilderbloom. "Scapegoating Rent Control: Masking the Causes of Homelessness." <i>Journal of the American Planning Association</i> 57, no. 2 (1991).	While many analysts contend that a shortage of affordable housing is a principal cause of homelessness, one recent well-publicized study argues that housing shortages themselves—and hence homelessness—are ultimately the result of ill-conceived local rent controls. This study, conducted by William Tucker, has been widely cited by opponents of rent control as a justification for limiting the ability of localities to regulate rents. The research presented in this article is a re-analysis of Tucker's data that corrects for methodological shortcomings in the original analysis. The research shows that there is no evidence to support Tucker's conclusion that rent control causes homelessness.
3	Atkinson, Rowland "The Evidence on the Impact of Gentrification: New Lessons for the Urban Renaissance?" <i>The European Journal of Housing Policy</i> (2004): 107-31.	Does gentrification help or harm residential neighbourhoods and what are the implications of this evidence for current urban policies? This paper reports on a systematic review of the

		<p>English-language research literature on gentrification which attempted to identify the range of costs and benefits associated with the process. It is concluded from this that existing evidence on gentrification shows it to have been largely harmful, predominantly through household displacement and community conflict. The paper then turns to the question of whether current UK urban policy developments are likely to engender gentrification. It is argued that, on the one hand, the language of gentrification processes have been used widely in regeneration policy documents to suggest positive forces for local housing and neighbourhood change. Meanwhile, policy instruments designed to deliver an urban renaissance suggest responses to the problem of gentrification in particular regional contexts and the promotion of gentrification itself in other localities. The paper concludes that the aims of an inclusive renaissance agenda appear to have been discarded in favour of policies which pursue revitalization through gentrification and displacement.</p>
4	<p>Ault, Richard W., John D. Jackson, and Richard P Saba. "The Effect of Long-Term Rent Control on Tenant Mobility." <i>Journal of Urban Economics</i> 35 (1994): 140-58.</p>	<p>This article presents a simple model of rent control in which the costs and benefits can be analyzed in terms of Hicksian consumer and producer surpluses. Data from New York City are then used to examine the effect of the long-term rent control in that city. Estimates are presented which suggest that the program provided tenants with benefits amounting to about 5 percent of their income in the years 1965 and 1968. Additional evidence shows that tenant benefits declined rather sharply between the two years, and that in each of the years benefits were higher for older tenants, richer tenants, and white tenants than for their counterparts. Finally, evidence presented here suggests that, due to the in-kind nature of the program, the cost to landlords exceeded the benefits to tenants by about 75 percent.</p>

5	Ault, Richard, and Richard Saba. "The Economic Effects of Long Term Rent Control: The Case of New York City." <i>The Journal of Real Estate Finance and Economics</i> , 3 (1990): 25-41.	This article presents a simple model of rent control in which the costs and benefits can be analyzed in terms of Hicksian consumer and producer surpluses. Data from New York City are then used to examine the effect of the long-term rent control in that city. Estimates are presented which suggest that the program provided tenants with benefits amounting to about 5 percent of their income in the years 1965 and 1968. Additional evidence shows that tenant benefits declined rather sharply between the two years, and that in each of the years benefits were higher for older tenants, richer tenants, and white tenants than for their counterparts. Finally, evidence presented here suggests that, due to the in-kind nature of the program, the cost to landlords exceeded the benefits to tenants by about 75 percent.
6	Barton, Stephen, PhD, telephone interview by Brent Butler and Brad Tarr, February 9, 2010.	
7	Bay Area Air Quality Management District. <i>California Environmental Quality Act Air Quality Guidelines</i> . Bay Area Air Quality Management District, December 2009, http://www.baaqmd.gov/~media/Files/Planning%20and%20Research/CEQA/Draft%20BAAQMD%20CEQA%20Guidelines_Dec%2007%202009.ashx	
8	Bay Area Economics, "City of East Palo Alto Ravenswood/4 Corners TOD Specific Plan Market and Economic Analysis," Bay Area Economics, January 15, 2010, http://www.ci.east-palo-alto.ca.us/economicdev/pdf/12110_CAC_BAE_Presentation.pdf .	
9	Block, Walter. "A Critique of the Legal and Philosophical Case for Rent Control." <i>Journal of Business Ethics</i> 40 (2002): 75-90.	Rent control is an economic abomination. It diverts investments away from residential rent units, it leads to their deterioration, it is responsible for urban decay such as in the South

		Bronx, it does not help poor tenants, it is a horrendous means of income redistribution. Yet this economic regulation is beloved of intellectuals (hot beds of pro rent control sentiment are Berkeley, Ann Arbor and Cambridge) particularly in the legal and philosophical communities. The present article is dedicated to an exploration and rejection of the arguments in behalf of rent control which emanate from this source.
10	Braconi, Frank. <i>Housing and Schooling. The Urban Prospect</i> . New York: Citizen's Housing and Planning Council, 2001.	
11	Buonanno, Paolo and Leone Leonida. "Non-market effects of education on crime: Evidence from Italian regions." <i>Economics of Education Review</i> . (2009): 11-17.	This paper studies the non-market effects of education on crime using a panel dataset for the 20 Italian regions over the period 1980-1995. Our empirical results suggest that education reduces crime over and above its effect through labour market opportunities (employment rate and wage rate). Because of the absence of a credible instrumental variable for education for Italy, our empirical strategy is to include in our econometric specification region fixed effect, year fixed effects and region-specific time trends together with an extensive set of socioeconomic and deterrence variables. Our results are robust to model specification, changes in the typology of crimes and finally, to alternative definitions of education.
12	California Department of Housing and Community Development. "Myths and Facts: Debunking the Affordable and High Density Housing Myths." <i>Department of Housing and Community Development (HCD) Newsletter</i> (Summer/Fall 2005): 5.	
13	California Department of Housing and Community Development to City of East Palo Alto. letter, October 8, 2009.	
14	California Department of Toxic Substances	

	Control, <i>Draft Environmental Impact Report Part B Permit Application: Romic Environmental Technologies Corporation 2081 Bay Road, East Palo Alto, 2005.</i>	
15	City of East Palo Alto. <i>General Plan's Land Use Capacity Summary, Table LU-4.</i> City of East Palo Alto, 1999.	
15A	City of East Palo Alto. Capital Improvement Program. City of East Palo Alto, 2009.	
16	City of East Palo Alto. <i>Housing Element.</i> (draft) City of East Palo Alto, December 2009.	
17	City of East Palo Alto Redevelopment Agency. <i>East Palo Alto Bay Access Master Plan.</i> East Palo Alto Redevelopment Agency, 2007.	
18	City of Palo Alto, <i>Baylands Master Plan, 4th Edition.</i> City of Palo Alto, 2008.	
19	City of Palo Alto, Palo Alto Community Profile. City of Palo Alto, July 2005.	
20	Conley, Dalton. "A Room with a View or a Room of One's Own? Housing and Social Stratification." <i>Sociological Forum</i> 16, no. 2. (2001): 263-80.	This study attempts to understand the role that housing plays in the system of social stratification. First, it generates a model of how housing outcomes are stratified along dimensions of socioeconomic status and race. Second, it asks what role housing conditions play in the system of educational stratification of offspring. Using two-generational data from the Panel Study of Income Dynamics, this paper demonstrates that home ownership is predicted by family income and race and that this indicator has a significant effect in predicting the educational attainment of offspring. Household crowding is also related to income and race and also affects the educational attainment of offspring. Meanwhile, housing quality—as measured by the physical condition of the unit—is not related to income or race and

		has no effect on educational attainment. Of particular note is that when socioeconomic status and housing conditions are held constant, African-Americans demonstrate more than a half-grade advantage over their non-black counterparts in years of completed schooling. In conclusion, the paper argues that housing matters not only for the immediate well-being of families, but also for the life-chances of the subsequent generation, and should be a standard variable in the conception of class background.
21	Dreman, Sue. "New Rent Increases to hit Page Mill Tenant," Palo Alto Online, June 16, 2008, http://www.paloaltoonline.com/news/show_story.php?id=8368 .	
22	Early, Dick W. "Rent Control, Rental Housing Supply, and the Distribution of Tenant Benefits." <i>Journal of Urban Economics</i> 48 (1999): 185-204.	This paper estimates the net benefits of rent control to tenants in New York City. Although other studies have measured these benefits, all assume that the price per unit of rental housing service in the uncontrolled sector is unaffected by the existence of rent controls. That assumption is relaxed in this study. The results suggest that, controlling for higher prices in the uncontrolled sector, the average benefit to tenants in regulated units is negative. This implies that, on average, tenants in rent regulated units would be better off if these controls had never been established.
23	Evans, Gary W., Heidi Saltzman, and Jana L. Cooperman. "Housing Quality and Children's Socioemotional Health." <i>Environment and Behavior</i> 33, no. 3. (2001): 389-39.	An observer-based, standardized index of housing quality (structural quality, privacy, indoor climate, hazards, cleanliness/clutter, and children's resources) is significantly related to psychological distress and a behavioral index of learned helplessness, which reflects an important component of human motivation. Independent of household income, third-through fifth-grade children residing in poorer quality housing have more psychological symptoms and less task persistence than their counterparts living in better quality housing.

24	Ewing, Reid, Marybeth Deanna, and Shi-Chiang Li. "Land Use Impacts on Trip Generation Rates." <i>Transportation Research Record: Journal of the Transportation Research Board</i> 1518 (1996).	In the conventional four-step travel demand modeling process, the number of trips made by a household is modeled in terms of household size, income, and other sociodemographic variables; any effect of location, land use, or transportation service level is discounted. This is the same as discounting any effect of household accessibility to out-of-home activities as a factor in trip generation (accessibility depending on all three: location, land use, and transportation service level). In contrast to the practice of trip generation, theory tells us that trip rates must vary with accessibility, and some (not all) empirical studies have found that they do. In light of conflicting empirical studies, and the obvious need for more precise and policy-sensitive travel forecasts, this issue is revisited. The independent effects of land use and accessibility variables on household trip rates were tested for using data from Florida travel surveys. It was found that, after controlling for sociodemographic variables, residential density, mixed use, and accessibility do not have significant, independent effects on household trip rates. Conventional trip generation models, which generate person trips by vehicle (not by all modes) and do so without regard to residential location, may not be as bad as one would imagine a priori.
25	Federal Emergency Management Agency. <i>Flood Insurance Rate Map, Community Map Number 0607080001B, City of East Palo Alto</i> . August 23, 1999.	
26	Frank, Lawrence, Jacqueline Kerr, Jim Chapman, and James Sallis. "Urban Form Relationships With Walk Trip Frequency and Distance Among Youth" <i>American Journal of Health Promotion</i> 21 (2007): 305-11.	This study investigates whether the association seen in research on adults between urban form characteristics and walking for transportation also applies in a sample of five- to 20-year-olds. Analysis of travel survey data from 3,161 children and adolescents in the Atlanta area revealed that only 14 percent walked at least once a day and only 6 percent walked half a

		<p>mile or more. Twelve- to 15-year-olds walked most frequently and furthest, and low-income children were significantly more likely to walk. In addition, walking was more likely among those in smaller households and those with no or fewer cars.</p> <p>A key finding was that the same indicators of walkability that are related to active transportation and physical activity in adults—street connectivity, residential density and mixed land use—are related in similar ways to walking for transportation in children and especially adolescents. Having recreation space within one kilometer of home was the strongest urban form predictor of walking in this sample. Therefore, the authors recommend that future research should investigate the attributes of parks and recreation spaces that may encourage greater use, leading to significant health benefits.</p>
27	Friedman, Lee S. <i>The Control of Prices to Achieve Equity in Specific Markets</i> ” Princeton: Princeton University Press, 2002.	
28	Geomatrix Consultants, Inc. <i>Remedial Design Report Upland Operable Unit, 1990 Bay Road Site, East Palo Alto, California.</i> 1992.	
29	Haurin, Donald R., Toby L. Parcel, and R. Jean Haurin. <i>The Impact of Homeownership on Child Outcomes. Low Income Homeownership Working Paper Series.</i> Harvard University Joint Center for Housing Studies, 2001.	<p>We analyze the impact of home owning on the cognitive and behavioral outcomes of children. Our study controls for many social, demographic, and economic variables previously found to influence child outcomes. We also address the issue of possible sample selection bias caused by unobserved variables that influence both the parent's choice of whether to own or rent and parental investment in their children.</p> <p>The study uses four waves of a national data set, permitting a panel data analysis of the relationship of owning a home to three child</p>

		<p>outcomes: math achievement, reading recognition and behavior problems. Using panel data allows us to control for household and child-specific, unobserved, influential factors. We also use a treatment effects model to address the problem of sample selection bias.</p> <p>We find that owning a home compared with renting leads to a higher quality home environment, the improvement being 16 to 22 percent. Considering both the direct and indirect effects of home ownership on child outcomes, we find that for children living in owned homes math achievement is up to seven percent higher and reading achievement is up to six percent higher, ceteris paribus. We also find that the measure of a child's behavior problems is up to four percent lower if the child resides in an owned home. Existing literature suggests that these youths' greater cognitive abilities and fewer behavioral problems will result in higher educational attainment, greater future earnings, and a reduced tendency to engage in deviant behaviors.</p>
30	Kearl, J.R., Clayne L. Pope, Fordon C. Whiting and Larry T. Wimmer. "A Confusion of Economists." <i>The American Economic Review</i> 69, no. 2 (1979): 28-37.	A national survey of high school teachers revealed interest in, and support for, instruction on international concepts, issues, and institutions, with teachers of economics supporting free-trade policies more than other social studies teachers.
31	Market Urbanism. "Rent Control Part 1: Microeconomics Lesson and Hoarding" 2005. http://marketurbanism.com/2008/05/21/rent-control-part-1-microeconomics-and-hoarding/	
32	Mayer, Neil S. "Conserving Rental Housing: A Policy Analysis." <i>Journal of the American Planning Association</i> 50, no.3, (1984): 311-25.	Conserving the existing stock of rental housing is a key part of any policy to house low-and moderate-income people and to revitalize their neighborhoods. Local governments, with their limited resources, have growing responsibility for the conservation efforts. But they have little information about what programs actually result in better maintenance and repair of rental

		<p>housing. This article, based on studies of landlords' investments in repairs to their buildings, outlines policies for shaping effective programs to conserve rental housing. It focuses on six crucial issues: how to divide public actions between those that directly support housing improvements and those that indirectly encourage rehabilitation by improving neighborhood conditions; how much assistance to provide, and where to concentrate it geographically; how to involve other private parties, especially lenders; which owners to assist; what level of rehabilitation to support for a given building; and how to balance the use of "carrots" and "sticks."</p>
33	<p>Mills, Gregory, Daniel Gubits, Larry Orr, David Long, Judie Feins, Bulbul Kaul, Michelle Moon, Choon-Geol, and Janet G. Stotsky. "The Effect of Rent Control on Housing Quality Change: A Longitudinal Analysis." <i>The Journal of Political Economy</i> 101, no. 6 (1993): 1114-1148.</p>	<p>It is widely believed that rent control leads to a decline in the quality of rental housing. This study examines the effect of rent control on the quality of rental housing in New York City. Quality change is linked to the suppression of rent below market levels and other characteristics of the housing unit. We develop a first-order nonstationary, heterogeneous Markov model that allows for true state dependence, observed heterogeneity, nonparametric unobserved heterogeneity, and a mover-stayer structure. The results offer some support for the belief that rent control leads to a deterioration in housing quality but suggest the need for additional investigation of this issue.</p>
34	<p>Munch, Jakob Roland, and Michael Svarver. "Rent control and tenancy duration." <i>Journal of Urban Economics</i> 52 (2002): 542-560.</p>	<p>This paper investigates how rent control affects mobility on the Danish private rental housing market. Based on a unique and extensive data set a measure of the degree of rent regulation of each housing unit is calculated, and this is coupled with socio-economic characteristics and spells of tenancy duration for each household. To accommodate the special features of such a data set we apply a proportional hazard duration model, that encompasses both the presence of left truncated tenancy durations, right censored observations and allows for a very flexible</p>

		specification of the time dependency as captured by the baseline hazard function. We find that tenancy mobility is severely reduced by the presence of rent control. Tenancy duration for a typical household in the private rental sector is found to be more than six years longer if the apartment belongs to the 10 per cent most regulated units than if it belongs to the 10 per cent least regulated units.
35	Murray, Michael P., C. Peter Rydell, C. Lance Barnett, Carol E. Hillestad, and Kevin Neels. <i>Analyzing Rent Control: The Case of Los Angeles</i> . City of Los Angeles, 1988.	An accurate assessment of the economic effects of a rent control law requires that both the specific provisions of the ordinance and the characteristics of the local housing market be considered. Examining the case of Los Angeles, the authors conclude that, first, most of the transfers from landlords to tenants were realized early in the law's life, while most of the economic cost of rent control was incurred later; and, second, ordinance provisions aimed at increasing landlord's incentives to maintain rent-controlled dwellings also markedly reduce the size of the transfers to tenants. These results, the authors think, will apply to other jurisdictions.
36	National Multi Housing Council. "The High Cost of Rent Control," 1996, http://www.nmhc.org/Content/ServeContent.cfm?IssueID=66&ContentItemID=1186 .	
37	Ong, Paul and Evelyn Blumenberg. "Job Access, Commute and Travel Burden among Welfare Recipients" <i>Urban Studies</i> . (1995): 77-93.	Welfare recipients face a number of obstacles to making the transition from welfare to work. One is their geographical separation from employment opportunities: many welfare recipients live in 'job-poor' neighbourhoods far from employment for which they are qualified. Combining administrative data on welfare recipients and employment in Los Angeles with data from the 1990 decennial census, we show that greater access to local jobs in low-wage firms increases the likelihood that welfare recipients find employment in neighbourhood jobs. Moreover, welfare recipients who have long commutes earn less than those who find

		work closer to home, contrary to the pattern for most workers. These findings demonstrate that proximity to low-wage jobs benefits welfare recipients through reduced commuting expenses and increased earnings.
38	Perry, Neal, telephone interview by Brent Butler and Brad Tarr, February 9, 2010.	
39	Rydell, C. Peter, C. Lance Barnett, Carol E. Hillestad, Michael P. Murray, Kevin Neels, and Robert H. Sims. <i>The Impact of Rent Control on the Los Angeles Housing Market</i> . Los Angeles: City of Los Angeles, 1981.	
40	Santa Monica Rent Control Board. "The Impact of Market Rate Vacancy Increases Ten-Year Report, January 1, 1999 to December 31, 2008." Santa Monica Rent Control Board, 2008.	
41	Skaburskis, Andrejs, and Michael B. Teitz, "The Economics of Rent Regulation." In <i>Rent Control: Regulation and the Rental Housing Market</i> , 41-60, by W. Dennis Keating, Michael B. Teitz and Andrejs Skaburskis. New Brunswick: Center for Urban Policy Research, Rutgers, New Brunswick, 1998.	
42	St. John, Michael. <i>Fair Return and the California Courts</i> . Berkeley: St. John and Associates, 1999.	This report discusses the concept of "fair return" as it has been addressed by California appellate courts in rent control cases. Written by an economist about a legal principle, the report links legal and economic concepts, exploring the economic outcomes of differing legal interpretations of fair return. This report breaks new ground by explaining thoroughly the link between inflation and fair return. Much confusion has been generated over the years about this connection. Municipalities across California have allowed themselves to be convinced that there is no need to allow rents to increase at the inflation rate. In fact, more than

		<p>full inflation adjustments are often required, because operating and maintenance expenses may increase by more than the inflation rate. The report demonstrates that a fair return will be generated only if full inflation adjustments are allowed. This report catalogs and explains the fair return formulas that have been employed in California’s rent control jurisdictions. The report then demonstrates that—as courts have said repeatedly from a legal point of view—it matters little what formula is employed. If any of several fair return formulas is used correctly, the result will be approximately the same. The report also identifies the bottom line—the method most likely to serve as a “constitutional” fair return rule. This report’s conclusions contrast sharply with conclusions reached by attorney Kenneth Baar, whose 1983 article has dominated the literature for more than a decade. While Baar questions the feasibility of making internally consistent fair return computations, the report makes it clear that consistent fair return computations are possible. While Baar believes that “partial indexing” for inflation is all that is required, the report demonstrates that full inflation indexing is mandatory. While Baar believes that it is permissible for municipalities to lower the real value of rents year after year, the report demonstrates that such a policy is confiscatory. This report can also serve as a manual for administrators and courts interested in sound application of the principles of fair return. Comprehensive, balanced, and thoroughly documented, the report spells out the calculations that will result in fair return rents—rents that will balance the interests of property owners and tenants and protect the economic viability of the controlled housing enterprises.</p>
43	Tesfamariam, Solomon, and Murat Saatcioglu. “Risk-Based Seismic Evaluation of Reinforced Concrete Buildings.”	Seismic resiliency of new buildings has improved over the years due to improved seismic codes and design practices. However,

	<i>Earthquake Spectra</i> 24, no. 3(2008): 795-821.	vulnerability of seismically deficient older buildings, designed and built on the basis of older codes of practices, poses a significant threat to life safety and survivability of buildings. It is economically not feasible to retrofit the entire inventory of seismically deficient buildings. Therefore, there is need for a comprehensive plan to identify critical buildings and prioritize their retrofit and upgrading requirements. A risk-based evaluation technique is proposed in this paper to quantify seismic assessment and develop a ranking scheme for reinforced concrete buildings. The seismic hazard, building vulnerability and consequence of failure are handled in hierarchical structures. Some of the input risk parameters, expressed as qualitative and quantitative quantifiers, are transformed into commensurable values. A knowledge-based fuzzy rule base modelling is developed and verified through the use of 1994 Northridge Earthquake data on seismic damage of reinforced concrete buildings.
44	Tholen, Greg, telephone interview by Brent Butler and Brad Tarr, February 10, 2010.	
45	Tucker, William. "How Rent Control Drives Out Affordable Housing." <i>Cato Policy Analysis</i> , no. 274 (1997).	Rent control has been in force in a number of major American cities for many decades. The best-known example is New York, which still retains rent controls from the temporary price controls imposed during World War II. But this policy, meant to assist poorer residents, harms far more citizens than it helps, benefits the better-off, and limits the freedom of all citizens. A look at the classified ads in rent-controlled cities reveals that very few moderately priced rental units are actually available. Most advertised units are priced well above the actual median rent. Yet in cities without controls, moderately priced units are universally available. In many cities, policymakers understand that controls drive out residents and businesses. Thus many exempt significant portions of housing from controls, creating shadow markets. Yet as

		controls hold down rents for some units, costs for all other rental housing skyrockets. And tenants in rent-controlled units fear moving to more desirable neighborhoods since the only units available for rent are very high-priced. But the trend in recent years has been toward removal of rent control. The repeal of controls in Massachusetts, for example, did not lead to the widespread evictions and hardships that some predicted. The lesson for the rest of the country is that rent control is policy that never was justified and certainly should be scrapped.
46	U.S. Bureau of the Census. <i>Northern America Industry Classification System</i> . Prepared by the Bureau of the Census. Washington DC, 2007.	
47	U.S. Geological Survey. <i>State of California Seismic Hazard Zones, Palo Alto Quadrangle</i> , U.S. Geological Survey, October 18, 2006.	
48	Wilson, Sharifa. "How Strong Communities Build Strong Schools and Strong Schools Build Strong Communities." Presentation at the SouthBay Sub-Regional Roundtable, Mountain View, CA, Jan 26, 2010.	
49	Wood, Amy Jones & Associates. <i>Effects of Housing Vouchers on Welfare Families</i> . Abt Associates, Inc., for the U.S. Department of Housing and Urban Development, Office of Policy Development and Research, 2006.	This report presents the final analysis of a study conducted over several years to measure the impacts of Housing Choice Vouchers on the housing mobility of low-income families, the characteristics of their neighborhoods, the composition of their households, their employment, earnings, participation in education and training, their receipt of public assistance, their poverty and material hardship, and the well-being of their children. The analysis, based on a six-site research sample of 8,731 families, uses an experimental design and makes use of outcome measures derived from tract-level Census data, person-level administrative data, and a follow-up survey. The impact estimates in

		<p>this report encompass a follow-up period that is sixteen quarters in duration for all sites, and longer for some sites. Augmenting the experimental findings are insights from intensive interviews with a sample of 141 families.</p>
50	<p>Wyly, Elvin K and Kathe Newman. "The right to stay put, revisited: Gentrification and resistance to displacement in New York City." <i>Urban Studies</i> (2006): 23-57</p>	<p>Displacement has been at the centre of heated analytical and political debates over gentrification and urban change for almost 40 years. A new generation of quantitative research has provided new evidence of the limited (and sometimes counter-intuitive) extent of displacement, supporting broader theoretical and political arguments favouring mixed-income redevelopment and other forms of gentrification. This paper offers a critical challenge to this interpretation, drawing on evidence from a mixed-methods study of gentrification and displacement in New York City. Quantitative analysis of the New York City Housing and Vacancy Survey indicates that displacement is a limited yet crucial indicator of the deepening class polarisation of urban housing markets; moreover, the main buffers against gentrification-induced displacement of the poor (public housing and rent regulation) are precisely those kinds of market interventions that are being challenged by advocates of gentrification and dismantled by policy-makers. Qualitative analysis based on interviews with community organisers and residents documents the continued political salience of displacement and reveals an increasingly sophisticated and creative array of methods used to resist displacement in a policy climate emphasising selective deregulation and market-oriented social policy.</p>

