



2007 San Francisco Neighborhood Market DrillDown

Frequently Asked Questions

Who is Social Compact?

Social Compact is a nonpartisan, national not-for-profit research organization based in Washington D.C. dedicated to changing the discourse around underserved and undervalued urban communities. Working to shift the focus from negative perceptions and deficiency-oriented statistics that encourage continued disinvestment, Social Compact developed its DrillDown analysis to provide indicators of community strength and opportunity that can inform effective revitalization strategies for the benefit of current residents. Grown out of the financial services industry, Social Compact's current board is a diverse coalition of national business leaders from the banking, insurance, real estate, and development industries. A national expert in urban market metrics and alternative indicators, Social Compact's strategic partnerships with industry and technology leaders such as the International Council of Shopping Centers (ICSC), ESRI and SAS, aim to deliver enhanced analytics.

Why is Social Compact working in San Francisco, and what are they doing?

Working in close partnership with the San Francisco Mayor's Offices of Community Development (MOCD) and Economic and Workforce Development (MOEWD), the San Francisco DrillDown aims to strengthen a range of ongoing community and economic development programs underway in twelve San Francisco neighborhoods selected in collaboration with MOCD and MOEWD: Bayview Hunter's Point (BHP); Bernal Heights; Chinatown; Excelsior; Mission; Oceanview Merced Ingleside (OMI); Portola; Potrero Hill; South of Market (SOMA); Tenderloin; Visitacion Valley; and Western Addition. Focused on highlighting existing neighborhood assets and positive trends in neighborhood change, the DrillDown provides a unique lens for examining investment opportunities and gauging community stability in San Francisco's undervalued and underserved neighborhoods.

In addition to detailed, business-oriented market profiles of the twelve study area neighborhoods, Social Compact developed a database of citywide economic indicators, adding greater context and flexibility to the neighborhood-level analysis. Going forward, this database will be leveraged by MOCD and MOEWD to inform community economic development initiatives.

What does the DrillDown mean for San Francisco?

San Francisco development practitioners now have a new tool that can be used to attract investment to the city. The DrillDown shows that many San Francisco neighborhoods currently demonstrate the market potential to support high quality retail. DrillDown indicators can be used by the city, retailers, real estate brokers, developers, community development organizations, and other stakeholders to better understand market opportunities in San Francisco.

Why is San Francisco's DrillDown credible?

San Francisco DrillDown findings are based on data rather than predictive models. Data sources include a mix of numerous, municipal and commercial data that describe current conditions in cities including tax assessment records, utility consumption and payment information, consumer credit bureau reports, home sale and construction activity records. In contrast, conventional market



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analyses rely on decennial U.S. Census data to make projections of population growth, development activity, and community wealth. Consequently, it is more difficult for conventional estimates to capture the dynamic changes that typically occur in urban areas.

How has this approach been successful in other places?

To date, Social Compact has conducted DrillDowns in over 200 neighborhoods across the country, in: Chicago, IL; Cleveland, OH; Cincinnati, OH; Detroit, MI; Houston, TX; Jacksonville, FL; Miami, FL; New York, NY; Oakland, CA; Santa Ana, CA; and Washington, DC. In each of these cities, municipal government agencies, developers and community development organizations have used the information to attract investment.

Following release of the DrillDown findings in Harlem, a national bank established two new branches and three ATMs in the neighborhood and launched an aggressive and successful small business lending program for local entrepreneurs. A local developer in Houston, TX, used the DrillDown findings there to support the decision to redevelop a 750,000 square foot retail mall and attract tenants. The redevelopment of the mall was the first new construction in inner-city Houston in 50 years, currently enjoys 100% occupancy, created 2,000 jobs, and ranks as one of the city's busiest retail centers. In Washington, DC, the DrillDown formed a key component of the city's wider campaign to attract quality retail to Washington's underserved markets. The DrillDown findings helped spur the development of DC USA, a 550,000 square foot shopping and entertainment complex that will feature a mix of national and local retailers.

In addition to its work in San Francisco, Social Compact is currently working in Baltimore, MD; Fort Worth, TX; Kansas City, MO; Los Angeles, CA; Louisville, KY; and Tampa, FL.

Who supported this work?

The Mayor's Office of Community Development (MOCD) serves as the project lead and coordinator of the work plan around the Social Compact DrillDown program. Social Compact's work in San Francisco was made possible with generous support from Bank of America; Affinity Bank; Evelyn and Walter Haas, Jr. Fund; Federal Home Loan Banks; PMI Foundation; Union Bank of California; and the Mayor's Office of Communities of Opportunity, MOCD and MOEWD. Thanks are also due to First American CoreLogic, SAS Institute Inc., and ESRI for their generous contributions of data, software, and expertise.



How are the San Francisco DrillDown indicators derived?

HOUSING UNITS, POPULATION, HOUSEHOLDS: The DrillDown assembles a list of residential addresses from municipal and proprietary tax assessment records, municipal building permit records, utility hookups, and credit bureau records. Households, or occupied units, are determined by multiplying the total number of residential addresses by the vacancy rate, determined through analysis of utility usage records, at the block group level. Total population is calculated by multiplying the number of households by the average household size and adding this number to the population in group quarters. Average household size and population in group quarters is provided at the block group level by the most recent census trend projections.

INCOME: Unadjusted household income estimates are derived in a series of calculations. First, a count is made of the number of individuals per income brackets determined by the three credit bureau income estimates. Then, the average income at the block group level is calculated by applying the Bureau of Labor and Statistics Consumer Expenditure Survey's estimated average income for individuals within a particular income range (projected from 2004 to 2006) to the income distribution determined. The third calculation adjusts the income estimate to account for **INFORMAL ECONOMIC ACTIVITY:** by weighting the following proxies, the DrillDown estimates the monetary value of unregulated economic activity: households with income below \$30,000; difference between household income and household expenditures; the percentage of households with no credit record; the percentage of utility payments made in cash; the number of nontraditional financial service providers per household and per acre; the difference between estimated housing costs and real home values; and the percent foreign born population.

IRS ADJUSTED GROSS INCOME: The percent change in adjusted gross income reported for each neighborhood is extrapolated from 1998 and 2004 zip code level data available from the Internal Revenue Service (IRS). The 1998 values are adjusted for inflation to 2004 dollars. The zip code level data is adjusted to different geographies by weighting the number of returns to the Census 2000 households at the blockgroup level.

NEW HOMEOWNERS AVERAGE HOUSEHOLD INCOME: New homeowners average income is derived from tract-level home loan data provided by Home Mortgage Disclosure Act (HMDA), 2003-2005. Average incomes are from all home purchase loans for 1-4 unit structures intended for owner-occupancy (not rental or second home) between 2003 and 2005.

HOMEOWNERSHIP/OWNER OCCUPANCY: An estimate of the percentage of residential units or buildings where the unit or building owner is a resident. Matching the mailing and physical addresses provided by municipal tax assessor records indicates owner occupancy.

MEDIAN HOME SALE VALUE: Median home sale value is calculated using property transaction data from property sales and proprietary and municipal real estate data over an 18 month period.

BUILDING RECORDS: New residential units (new construction) and residential rehabilitation (additions, alterations, repairs) is assessed using municipal building permit records for the stated period of time.

FINANCIAL INSTITUTIONS: Traditional financial service institutions include banks and credit unions; based on listings provided by the Federal Deposit Insurance Corporation (FDIC), 2007. Nontraditional financial service institutions include check cashers, pawnshops and payday lenders; based on listings provided by InfoUSA.



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HOUSEHOLDS WITH NO CREDIT RECORDS: A proxy for underbanked households, a percentage of households without an associated record in any of the three credit bureaus.

AVERAGE DISTANCE is reported by neighborhood and represents the averages of the distance in miles from each census block group centroid to the closest establishment within two miles of the city boundary. In the case that an establishment is located on or just beyond the neighborhood boundaries used in the DrillDown analysis, this indicator serves as a more accurate determinant of residents' access to these services.

GROCERY ANALYSIS: Full service grocers include supermarkets and other grocery providers with a store size of 10,000 square feet or more and 20 or more employees.

RETAIL EXPENDITURES: Through an analysis of average consumer spending by income ranges based on the most recent Consumer Expenditure Survey conducted by the Bureau of Labor and Statistics, Social Compact calculates aggregate consumer expenditures (retail and otherwise). The Consumer Expenditure Survey categories are then translated into North American Industry Classification System (NAICS) codes.

RETAIL REVENUE: An estimate of annual sales revenue derived through an analysis of business-level proprietary data, characterized for various retail NAICS codes.

NEIGHBORHOOD LEAKAGE: An estimate derived through subtracting annual sales revenue from annual aggregate expenditures; a dollar amount that represents unmet demand within a given geography, estimating the flow of dollars into and out of a particular neighborhood. Unlike retail estimates based on sector-specific trade areas, the DrillDown neighborhood leakage estimate is meant to identify the gap between available retail within the neighborhood and the retail spending of residents themselves. An estimate of zero, or negative, leakage does not necessarily imply that a neighborhood is sufficiently retailed, rather that particular demand is not revealed through broad aggregate numbers.

BUSINESS INFORMATION: Social Compact obtains its business listings and categories from ESRI's Business Analyst software and InfoUSA. Businesses are categorized according to employment size. Small businesses are considered those establishments employing 100 individuals or less. Worker spending is based on the International Council of Shopping Centers (ICSCC) office worker spending, 2004.

DATA SOURCES: Acxiom Corporation, 2007; Claritas, 2006; Bureau of Labor Statistics, Consumer Expenditure Survey 2004; Equifax Corporation, 2007; Experian Corporation, 2007; ESRI Business Analyst; Federal Deposit Insurance Corporation, 2007; First American CoreLogic, 2007; InfoUSA, 2007; Internal Revenue Service (IRS), 1998, 2004; Home Mortgage Disclosure Act (HMDA), 2003—2005; Social Compact Analysis, 2007; U.S. Census Bureau, Census 2000; U.S. Department of Labor, 2004; municipal data.