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Office of the City Manager

ACTION CALENDAR
September 29, 2026

To: Honorable Mayor and Members of the City Council

From: Paul Buddenhagen, City Manager

Submitted by: Scott Gilman, Director, Health, Housing, and Community Services

Subject: Affordable Housing Preference Policy: Pilot Assessment and Policy Update

RECOMMENDATION
Adopt a Resolution rescinding Resolution No. 70,960-N.S. to revise and update the Affordable Housing Preference Policy for new residential housing units created via the Housing Trust Fund (HTF) and Below Market-Rate (BMR) programs.

SUMMARY
The Affordable Housing Preference Policy (AHPP) was adopted on July 11, 2023, to advance anti-displacement and historical justice goals. Pilot data from Maudelle Miller Shirek Community (MMSC) and several BMR lease-ups show that a simplified, ranked-tier system better supports applicants and advances policy goals. This report details data-driven updates to center equity and improve applicant experience.

Staff recommend adopting a revised, tier-based policy to better serve the community and continue the policy's anti-displacement goals. The proposed policy would be effective November 1, 2026, for new HTF and BMR projects.

The AHPP is one of many tools the City uses to support unhoused and low-income households, including Permanent Supportive Housing, interim housing, the Shelter Plus Care program, project-based vouchers, the Housing Retention Program, the Housing Trust Fund, and the Small Sites Program.

FISCAL IMPACTS OF RECOMMENDATION
The proposed policy will reduce costs associated with City staff time. HHCS Homeless Services staff will no longer review and approve hundreds of preference verification applications. Meanwhile, Housing Services staff time will continue to fluctuate, peaking during new lease-ups. Staff time will also be saved by reducing technical assistance to developers and property managers to implement the policy.

Creating a streamlined, tier-based application will allow property managers to approve new leases faster. This will allow residents to move in sooner, which starts a property's cash flow and reduces interest costs on construction loans. This will also benefit new residents by allowing them to access their units more quickly, providing stable housing for their own finances.

CURRENT SITUATION AND ITS EFFECTS

The proposed policy includes the following changes:

1) Shifting preferences from a points-based system to a ranked tier system; and
2) Consolidating preference categories to address challenges with existing categories, as well as elevate what is working well.

Applicants must meet income limits, household size rules, and other unit requirements.

Current Policy

The current policy uses a points-based system with seven preference categories. A lottery is conducted that assigns applicants a random lottery number, and then groups applicants by their total points. Within those point groups, applications are sorted by lottery rank. Applicants displaced by BART construction are prioritized first. All other preferences are worth one point each. To claim these points, applicants must provide separate verification documents for every preference selected.

Table 1. Preference Point System (Current Policy)

Points	Preference
First priority	Displacement due to BART construction
1	Displaced due to foreclosure
1	Displaced due to eviction
1	Families with children
1	Homeless OR at-risk of homelessness
1	Ties to redlined areas
1	Ties to redlined areas – historical

Updated Policy Proposal: Ranked Tiers

The proposed tier system groups applicants by priority, with all applicants in a higher tier considered before units are offered to the next tier. Under this system, applicants only provide verifying documentation for their highest qualifying preference. Standard affordable housing documentation can be administratively overwhelming for applicants. Reducing this verification burden is an important goal.

Table 2. Ranked Tier Preference Point System (Proposed Policy)

Tier	Preference
Tier 1 (first priority)	Displaced due to construction of BART stations in Berkeley
Tier 2 (second priority)	Direct descendant of Berkeley redlined neighborhood resident – households with children under 18
Tier 3 (third priority)	Direct descendant of Berkeley redlined neighborhood resident – households without children
Tier 4 (fourth priority)	Current/displaced Berkeley resident – households with children under 18
Tier 5 (fifth priority)	Current/displaced Berkeley resident – households without children
Tier 6	All other applicants

The proposal consolidates categories based on the following lessons from the pilot period:

- Removes homeless priority: A significant majority of homeless applicants did not income-qualify for available units. This severe income mismatch resulted in relatively few housing placements while creating false expectations. Promoting structurally unavailable housing may exacerbate applicant housing trauma. The administrative burden was also disproportionate to outcomes with staff spending significant time on verifying homeless applicants who did not ultimately receive housing placements.
- Streamlines displacement categories: Consolidates the eviction and foreclosure categories into a single displaced from Berkeley category. This better reflects a multitude of displacement circumstances, reduces policy complexity, and eliminates applicant confusion regarding out-of-city eligibility.
- Consolidates redlining categories: Prioritizes the redlined neighborhood descendant category given substantial overlap with the redlined neighborhood resident category. The pilot revealed that nearly two-thirds of verified redlined neighborhood residents were also verified descendants of redlined neighborhood residents.

The revised policy establishes a sequential tier system that honors historical justice while supporting families with children:

1. **Historical justice (Tier 1):** Eminent domain for BART construction directly displaced Berkeley families and stripped intergenerational wealth. Community engagement determined this group warrants highest priority. This has not changed from the current policy.
2. **Equity and redlining (Tiers 2 and 3):** The pilot demonstrated that redlined preferences provided a pathway for displaced, long-term residents to return.

Families with generational roots in Berkeley's redlined neighborhoods of South and West Berkeley are harmed by decades of redlining, disinvestment, and subsequent gentrification and displacement. The updated tier system elevates this group directly.

3. **Families with children first (Tiers 2 and 4):** Within categories of descendants of Berkeley redlined neighborhood residents and current/displaced Berkeley residents, the policy prioritizes families with children. Families with children may be most vulnerable to and impacted by displacement. National research underscores that low-income single mothers with young children are at the highest risk of eviction.
4. **Current/displaced Berkeley residents (Tiers 4 and 5):** Supports Berkeley residents in staying stably housed and assists displaced community members to return.

Staff will revise Administrative Guidelines and coordinate with the regional online housing portal, Doorway, to implement the tiers.

Pilot Outcomes

The first project to implement Berkeley's AHPP was the 87-unit Maudelle Miller Shirek Community. MMSC applications were open in January and February 2024, and lease-up was completed in June 2025. MMSC is located at 2925 Adeline Street, in the heart of South Berkeley, and the Healthy Black Families (HBF) offices are on the ground floor. HBF in co-developed the community-driven AHPP. This included leading targeted engagement and organizing a cohort of community advisors to shape policy development. They continue to provide implementation support, including tenant research and outreach.

Staff worked with research partners HBF and Street Level Advisors to conduct qualitative and quantitative assessment of the preference policy pilot. This mixed-methods research involved the participation and insights of:

- MMSC applicants and residents;
- MMSC developer Resources for Community Development (RCD) and leasing staff at John Stewart Company;
- Doorway managing agency Metropolitan Transportation Commission (MTC) and portal platform developer Exygy;
- HHCS Homeless Services staff and local homeless service providers;
- HHCS Asset Management and Preservation staff (re: BMR properties); and
- Staff and partners in San Francisco and East Palo Alto who implement preference policies.

Data from the MMSC lease-up revealed operational successes alongside systemic constraints. Table 3 outlines verification outcomes from the pilot.

Table 3. MMSC Preference Application Outcomes

Preference	% of Verified Applications[1]	% of Verified Applicants Under-Income	Tenants Moved In w/ preference
BART displacement	1%	0%	1
Eviction	26%	66%	1
Foreclosure	35%	56%	1
Redlined neighborhood resident	22%	25%	11
Redlined neighborhood resident descendant	29%	35%	13
Homeless/at-risk of homelessness	18%	69%	21
Family with children	55%	19%	23

Tenant households with at least one preference occupy 59% of preference units at MMSC, while non-preference households occupy the remaining 41%. The numbers in Table 3 provide insight into how applicants qualified for specific preferences; some households are represented across preference categories as applicants may qualify for more than one preference.

Table 4 details the specific preference points held by these households. These numbers reflect applicants' various combinations of verified preferences.

Table 4. MMSC Tenants in Preference Units, by Number of Preferences

Number of Preferences	Number of Tenants Moved into Preference Units	% of Total
Total Tenants with No Preferences	**23**	**41%**
Total Tenants with at Least One Preference	**33**	**59%**
One Preference	9	16%
Two Preferences	14	25%
Three Preferences	6	11%
Four Preferences	4	7%

As shown in Table 4, four points was the highest number of preferences for households moving into MMSC preference units. Redlined neighborhood descendants are highly represented in the highest point categories. Specifically, descendants comprised all

[1] Shows percentage of processed applications that were verified. "Processed" means application was reviewed (at least one preference was verified or denied). "Verified" means leasing staff confirmed eligibility.

households with four points, two-thirds of those with three points (representing 80% of all households with three or more points), and half of all households with two or more points.

MMSC Lessons Learned by Preference Category

BART Displacement

The City verified three BART displacement preference certificates out of 205 applicants who claimed the preference. One moved into MMSC. Reviewing hundreds of unqualified applications created a bottleneck that delayed the leasing process. This highlights the need for clear response timelines. San Francisco gives applicants to their first priority Certificate of Preference five business days to respond to verification requests before they lose their priority status. The City of Berkeley does not centrally manage affordable housing applications like San Francisco, but does verify BART preference certificate applications. Staff plan to work with affordable housing developers to coordinate reasonable verification timelines for any policy revisions adopted by Council.

The City maintains an open BART displacement preference certificate application. Individuals can apply at any time and staff review on a rolling basis. These certificates can be used at any new affordable housing opportunity. The MMSC lease-up faced immediate timeline constraints because it launched the same month the new preference policy took effect. BART certificate numbers have grown since that initial rollout. As of July 2026, the City has issued sixteen BART certificates, which cover five impacted families. The City is also planning additional targeted outreach prior to future affordable housing lease-ups to improve certificate applications. People with BART certificates will be able to use these certificates for first priority in future affordable housing lease-ups.

Foreclosure and Eviction

The foreclosure and eviction preferences were both underused compared to other preferences. Only two households moved in, one from each category. The primary barrier was a financial mismatch: 66% of qualified eviction applicants and 56% of qualified foreclosure households had incomes below the minimum limit required for the available units.

Beyond income barriers, geographic rules confused many applicants. By July 2026, the City issued certificates to thirteen people who lost housing in Berkeley because of foreclosures. Over half of certificate applications lacked basic information or listed addresses outside city limits. MMSC leasing staff confirmed that many applicants did not understand that foreclosures, evictions, or BART displacements must have occurred inside Berkeley.

Redlined Neighborhood Ties

The redlined neighborhood preferences were the most effective categories in the MMSC lease-up, yielding a total of 17 household move-ins. Within this group, 13 households qualified as descendants of a redlined neighborhood resident, and 11 qualified as direct residents, with a high overlap of 65% of verified residents also qualifying as verified descendants. In contrast to the homeless, foreclosure, and eviction categories, only 35% of verified redlined neighborhood descendants were under-income for the available units. Additionally, leasing staff reported that these categories were among the most straightforward to verify administratively.

Families with Children
At MMSC, 41% of all applicants claimed the families with children preference. Of the applications reviewed, 55% were successfully verified, resulting in 23 families moving into the building.

Notably, 70% of these applicants claimed no other preference categories. The preference required only that applicants have children, with no mandatory connection to Berkeley. This outcome underscores the need to explicitly couple the category with local residency or displacement requirements to effectively prioritize families with existing Berkeley ties.

Homeless/At-Risk of Homelessness
Verifying this preference created a heavy administrative workload. Due to complex eligibility rules, the HHCS Homeless Services team had to manually review nearly 900 verification forms.

Only 18% of applicants reviewed for the homeless/at-risk preference were able to be verified; this is the lowest approval rate of any category outside of BART displacement. The primary barrier to housing placement was financial mismatch: 69% of the verified households in this category had incomes below the minimum limit required for the available MMSC units. Other reasons applicants did not qualify for this category included lack of ties to Berkeley or already being prioritized for Permanent Supportive Housing.

A total of 21 households used this category to successfully move into units. However, leasing staff reported that most of the households that moved in qualified under the broad at-risk of homelessness definition rather than experiencing active homelessness. Three-quarters of the households that successfully leased up through this category also held other preferences.

BMR Properties Pilot

As of July 2026, two BMR properties have completed lease-up with a total of five preference units. Another nine BMR properties are currently leasing up with preferences.

At one property, three units used preferences: one household qualified with two points for redlined neighborhood ties and foreclosure, another with two points for redlined neighborhood ties and children, and a final household moved into a BMR unit with zero points. At the second property, both units were filled by households with children who qualified with one point each. Some BMR units are reserved for Housing Choice Voucher-holders; those units have a smaller pool to draw from and may be more challenging for preference implementation.

BMR property managers and City staff identified administrative challenges. Property managers reported verification delays from contacting applicants and explaining preferences, and processing unverifiable preference claims. City staff who work directly with BMR property managers emphasized the administrative burden of explaining the policy to leasing staff, especially given frequent staff turnover at BMR properties.

BMR property managers do not have the same institutional knowledge as the nonprofit managers at HTF projects. They do not typically have experience verifying income and preferences. This has also led to inconsistent data tracking related to preferences.

Reporting

Staff will continue to monitor the policy to understand how it is working, including administration and populations served. The City will collaborate with Doorway on data collection. Staff will provide an annual report to Council documenting the policy's impact. Staff will conduct an evaluation of the policy every five years, requesting any policy amendments to better serve the anti-displacement goals as needed.

Housing Advisory Commission Recommendation

July 2, 2026, the Housing Advisory Commission (HAC) supported the proposed preference policy updates with the following vote:

Action: M/S/C (Shere/Simon-Weisberg) to recommend City Council adopt a resolution to establish an updated affordable housing preference policy with the following preference categories organized into ranked tiers:

- Displaced due to BART construction
- Generational ties to redlined neighborhoods (families with children prioritized)
- Current/displaced Berkeley resident (families with children prioritized)

Vote: Ayes: Bell, Haycox, Shere, Simon-Weisberg, Twu, and Vaughn Scott. Noes: None. Abstain: None. Absent: Micael (excused) and Mirvish (excused).

BACKGROUND

The City Council adopted the preference policy on July 11, 2023. The policy became effective on January 1, 2024.

The City partnered with HBF and with Street Level Advisors on the following research efforts to better understand the impact of the policy at MMSC and BMR properties, as well as challenges and opportunities. Research efforts include:

- MMSC applicant experience survey administered by Exygy (developer of the housing portal platform)
- Analysis of MMSC leasing data by Street Level Advisors
- Research on MMSC resident experiences led by HBF:
    - MMSC resident survey
    - In-depth MMSC resident interviews
- Stakeholder interviews led by City staff with the following groups:
    - Homeless service providers, Bay Area Community Services (BACS) and Women's Daytime Drop-In Center (WDDIC)
    - City of Berkeley Asset Management and Preservation team (BMR properties)
    - City of Berkeley Homeless Services team
    - MTC-Doorway staff
    - RCD and John Stewart Company
    - City staff in San Francisco
    - City staff, nonprofit, and community development corporation in East Palo Alto
- Stakeholder meetings to discuss revised policy proposals with the following groups (including a joint meeting):
    - HBF
    - John Stewart Company
    - MTC-Doorway
    - RCD

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

Displacement can lead to commutes into Berkeley as displaced people continue to return to their community of origin for school, work, faith institutions, healthcare, and/or social networks. A preference policy can help reduce greenhouse gas (GHG) emissions from these longer commutes by reducing or reversing displacement.

RATIONALE FOR RECOMMENDATION

Lessons from the pilot suggest that simplifying the policy to a ranked tier system and consolidating categories is necessary to better support applicants. The updated policy proposal builds on strengths of the existing policy and addresses its challenges.

Policy Strengths

Redlined Preferences

Redlined neighborhoods experienced decades of disinvestment that promoted gentrification and displacement. The outcomes of the redlining preferences, combined with HBF's MMSC tenant survey data, suggest that these preferences provided a pathway for displaced long-term residents to return to the community. In the tenant survey, 65% of those answering indicated that they applied to MMSC because they "wanted to return to South Berkeley."

21 out of 25 respondents agreed that the policy successfully met its goal to "prioritize displaced families from Berkeley." This impact is particularly meaningful for long-term community ties; of the 22 surveyed residents with previous Berkeley residency, nine households had lived in the city for over 20 years. One survey respondent highlighted the profound personal impact of the policy: "It was fair, and truly a blessing. Affordability in Berkeley had been out of reach for me since I left my mom's house in 1984."

BART Database, Certificates, and Library Partnership
Staff used Public Records Act (PRA) requests to BART to compile a database of property owners who were displaced by the construction of BART in the 1960s. Staff also established a BART Construction Displacement Certificate application on the City website. City staff work with applicants on verification; this pre-verification reduces burden for leasing staff.

Twelve of the sixteen BART certificates issued traced back to ancestors in the database. Other certificate holders were able to provide their ancestors' addresses, but the ancestors did not appear in the database since they were renters. In those cases, applicants were required to provide proof of address for their ancestors.

HHCS Staff established a partnership with the Berkeley Public Library (BPL) historian, who supports applicants in looking for proof of address documentation for ancestors. BPL has institutional accounts for Ancestry.com and other directories with historical records. When an applicant's ancestor did not appear in the BART database, the library was able to support them in locating proof of address for their ancestors. BPL also supported applicants looking for proof of address for the redlined neighborhood descendant preference.

Challenges & Constraints

Policy Complexity
The seven-point system was difficult to implement and monitor, and challenging for applicants to understand. In-depth HBF resident interviews indicated that some MMSC residents are not aware of the preferences. Information overwhelm may have contributed to confusion about the requirement for preferences to tie back to Berkeley.

Many applicants apply to listings on their phones in a short amount of time. The ease of the online application also makes a layered, complicated policy difficult to convey.

The updated policy proposal consolidates eviction and foreclosure category into the displaced from Berkeley category. This consolidation better reflects varied displacement circumstances, reduces overall policy complexity, and cuts down on applicant confusion regarding out-of-city eligibility.

Conversations with partner organizations about innovative outreach methods noted that a consolidated policy could support more effective outreach. A policy with seven preferences and a points-based formula was also challenging for leasing staff to implement and made tracking challenging. A more streamlined policy lends itself to improved data systems and reporting, in order to best understand policy outcomes.

Unverified Preference Claims

The majority of preferences that applicants claimed were not verified. The children preference was the only preference that more than half of applicants were able to verify (see Table 3). The BART preference had the lowest verifiable rate; only 1%, or three out of 205 applicants, were able to verify the preference. The homeless preference had the second lowest verification rate; 18% of applications processed were able to be verified. This preference had broad, subjective criteria for the at-risk of homelessness category; the rate of applicants who verified as actively homeless was likely much lower.

It is common with preference policies for applicants to select preferences they later cannot verify. This delays the leasing process and pushes back move-in dates. Simplifying preferences will clear up confusion for applicants, which may reduce unverifiable preference claims. Some unverified claims will always happen, but simpler rules and clear deadlines for paperwork will reduce processing delays.

Income Mismatch

Many people who qualify for preferences have incomes that are below income minimums for Low-Income Housing Tax Credit (LIHTC) affordable housing. LIHTC housing is the primary way to fund affordable housing. Most City-funded affordable housing projects use LIHTC and have to follow LIHTC income requirements. For eviction, foreclosure, and homelessness preferences, the vast majority of applicants were screened out because their incomes were too low to qualify.

Alameda County Housing Portal data showed that about 46% of MMSC applicants reported incomes below 20% Area Median Income (AMI). It is important to note that these are self-reported incomes. This large group of extremely low-income applicants likely applied because the building offers project-based vouchers (PBVs), which limits a tenant’s rent to 30% of their income. This lease-up aligns with broader Bay Area trends, where housing portals receive the most applications from extremely low-income households and fewer as income levels go up.

Ultimately, preferences only work if qualified applicants meet income and other requirements for the available affordable housing units.

Homeless and At-Risk of Homelessness Verification Realities

Creating a homeless preference for LIHTC units without deep rental subsidies creates a structural mismatch. LIHTC buildings usually combine different funding sources to serve different income levels. Often, developments reserve specific units for extremely low-income and homeless households through Permanent Supportive Housing (PSH) programs outside the standard lottery. PBVs and special funds such as the No Place Like Home program are common examples that were used at the MMSC project.

However, the minimum income requirements for the unrestricted LIHTC units financially disqualified the majority of homeless/at-risk applicants applying through the general lottery. Because tax-credit housing relies on tenant rent payments to cover operating costs, units without deep rental subsidies require a minimum monthly income that many extremely low-income applicants cannot meet.

The policy was designed to target people with lower supportive service needs who did not qualify for PSH. The goal of this targeting was to mitigate this income mismatch, and expand options for people who are not prioritized for other housing programs. This approach aimed to help people keep their housing without putting high-need households into units that lack proper support services. However, many applicants did not understand this complicated rule for individuals who were homeless but not prioritized for PSH.

Interviews with homeless service providers emphasized that promoting housing people cannot actually qualify for creates false hope. It can also add to the trauma unhoused people face with housing searches.

The "at-risk of homelessness" category was too broad to work well in a region where so many people struggle with housing. Service providers noted this broad rule made eligibility hard to verify and undermined efforts to prioritize people with the most urgent needs.

The effort required from staff and applicants for this category did not match the actual housing outcomes. Preferences cannot replace dedicated, fully funded supportive housing systems. The City and the Berkeley Housing Authority serve homeless people more effectively through programs built specifically for people with extremely low incomes. These include Permanent Supportive Housing, project-based vouchers, the Shelter Plus Care program, interim housing, the Housing Retention Program, and wraparound support services.

These specialized systems provide the necessary support and subsidies that affordable housing preferences cannot. Homeless households will still qualify for priority under the new proposed current/displaced Berkeley resident category, but they will no longer face the heavy paperwork required by a homeless preference.

Opportunities

Honoring Intersectionality
The current points system tried to account for households facing multiple displacement-related challenges. However, it required applicants to prove each of these preference claims with paperwork. The proposed tier system honors these overlapping challenges by creating a right of return for people harmed by decades of redlining, disinvestment, and gentrification in Berkeley, without burdening applicants with heavy documentation.

Pilot data supports this design: 80% of households with the highest preference points (three or four preferences) were descendants of redlined neighborhood residents. Prioritizing generational roots in redlined neighborhoods lifts up households facing the most layered displacement circumstances. This approach directs Berkeley's affordable housing to the community members most impacted by systemic discrimination.

Integration with Doorway
City staff collaborated with Exygy and the Alameda County Housing Portal on a post-application survey of 855 MMSC applicants. Over 80% said application instructions were clear and easy to follow. Since that pilot, the Alameda County Housing Portal was integrated into Doorway, a regional affordable housing platform with over 500,000 active users.

Switching to a tier-based system is necessary to integrate with Doorway because the platform does not currently support points systems. Currently, Doorway cannot automate or audit Berkeley’s lotteries, forcing Doorway staff to run them manually. This means applicants receive their lottery number in an emailed document instead of in their portal profile. Lottery positions also keep changing as staff check paperwork, which confuses applicants, creates extra work for leasing teams, and makes long-term tracking difficult.

A tier system allows Doorway to automate and audit Berkeley's lotteries so they align with regional standards. Automation and audits reduce human error and keep the process fair. For example, an audit in another city recently caught a technical glitch that left non-English preference responses blank. This allowed staff to reach out to applicants and fix the issue quickly.

Standard Doorway listings give applicants direct, reliable access to their lottery rank. Under a tier system, applicants hold a stable rank within a clear tier. If they cannot prove a preference, they simply drop to their position in the next qualifying tier without requiring the entire applicant pool to be re-sorted.

Doorway is currently designed to support preferences via tiers. Other jurisdictions that implement preferences via Doorway also use tiers. Aligning Berkeley's policy with nearby cities creates a consistent experience and reduces confusion. Doorway offers the best way to reach applicants and keep the application process simple.

ALTERNATIVE ACTIONS CONSIDERED

Alternative actions include:

- Keep the existing policy.
    - Maintaining the homeless preference could lead to ongoing false expectations, which can cause more harm than good in a population with housing trauma. Keeping this preference would also lead to ongoing heavy administrative burden for HHCS Homeless Services team.
    - Keeping the points system along with the foreclosure and eviction preferences could continue to delay building lease-ups without proportional policy impact.

- Keep the points system, but reduce the number of categories to reflect pilot lessons (for example, remove the homeless category, and combine displacement circumstances into one displacement category). This option has substantial limitations:
    - Keeps the heaviest documentation burden on applicants who qualify for the most preferences.
    - Prevents current full integration with Doorway, which means listings in Berkeley could not use automated lotteries or lottery audits. This leaves more room for human error in ensuring that qualified applicants receive preferences.
    - Limits transparency for applicants. In a points system, applicant rankings constantly shift as files are checked, and applicants receive limited information on these changes. These lists are emailed instead of clearly appearing in an applicant's Doorway profile like other jurisdictions' listings.

Opportunities for Future Exploration

Lessons from the MMSC pilot point to systemic housing challenges that go beyond the scope of a preference policy. The biggest challenge is the gap between LIHTC rent amounts and what applicants actually earn.

Deeply Affordable Housing

High demand for extremely low-income housing at MMSC highlights Berkeley's urgent need for deeply affordable units. This includes Permanent Supportive Housing as well as deeper affordability for independent households with lower supportive service needs.

Meeting minimum income requirements is hard in high-income areas like Alameda County. Over the past decade, Alameda County's median income increased by 24% after adjusting for inflation, reaching $162,800 for a family of four in 2026. Affordable housing built using federal tax credits (LIHTC) mostly targets households making 50% and 60% of that median income. To qualify, a family's income must be at least double their rent. About 64% of applicants to MMSC reported making 30% of median income or lower, which means they would not qualify for the 50% or 60% area median income (AMI) LIHTC units.

Staff identified three areas for future exploration to bridge these gaps:

- Targeted Voucher Integration: San Francisco addresses this income mismatch by partnering with its housing authority to place lower-income preference-qualified applicants into project-based voucher units (where rent is tied to income).
- Social Housing Planning: The 2025 Berkeley Social Housing Study recommended developing an Affordable Housing Strategic Plan. This plan would map out specific income targets and sub-populations, with a goal of designing a social housing system that addresses long-term structural gaps.
- Guaranteed Income Pilots: City Council referred to staff research on guaranteed income programs, which could supplement baseline earnings so extremely low-income households can meet minimum income requirements.

Holistic Support for Returning Berkeleyans

Displaced residents returning to Berkeley may need help with housing navigation, mental health care, and support services that standard property managers cannot provide. Future strategies should build on work with existing community partners for upcoming large affordable housing lease-ups that use the preference policy. Community partnerships can help applicants collect required paperwork and connect returning residents to culturally relevant support networks.

CONTACT PERSON

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Attachments:
1: Resolution
    Exhibit A: Preference Categories
2: Comparison Between Current and Proposed Preference Policy
3: Proposed Displacement Criteria

RESOLUTION NO. ##,###-N.S.

AMENDING THE AFFORDABLE HOUSING PREFERENCE POLICY FOR AFFORDABLE UNITS DEVELOPED WITH CITY SUBSIDY AND THROUGH THE BELOW MARKET RATE PROGRAM AND RESCINDING RESOLUTION NO. 70,960-N.S.

WHEREAS, City Council adopted Resolution No. 70,960-N.S. on July 11, 2023 “Adopting a Housing Preference Policy for Affordable Units Developed with City Subsidy and through the Below Market Rate Program”, with an effective date of January 1, 2024; and

WHEREAS, the Housing Preference Policy, as adopted in 2023, was subject to a pilot evaluation at Maudelle Miller Shirek Community and several Below Market Rate properties; and

WHEREAS, in the 1960s and 1970s, Bay Area Rapid Transit (“BART”) bought blocks of homes, in some cases invoking eminent domain, in order to build BART stations in Berkeley, displacing residents of South Berkeley and North Berkeley in the process. Those who lost their homes due to BART construction forewent intergenerational wealth-building; and

WHEREAS, redlining led to patterns of disinvestment in Berkeley’s redlined neighborhoods, which were predominantly populated by people of color. Redlining limited homeownership and housing stability in these neighborhoods, with compounding generational effects. These patterns continue to enable gentrification; approximately 83% of today's gentrifying areas in the East Bay were rated as "hazardous" (red) or "definitely declining" (yellow) by the government-sponsored corporation that introduced redlining; and

WHEREAS, families with children may be most vulnerable to and impacted by displacement. National research underscores that low-income single mothers with young children are at the highest risk of eviction; and

WHEREAS, the City of Berkeley (“City”) provides funding to support affordable housing development through the Housing Trust Fund program; and

WHEREAS, the City creates affordable housing via the City's Inclusionary Housing Requirements (Berkeley Municipal Code Section 23.328), requiring new market-rate residential developments to include Below Market Rate affordable housing units; and

WHERAS, the amended policy is consistent with Berkeley's General Plan Housing Element goals; and

WHEREAS, on June 2, 2022, the City of Berkeley and BART adopted the City and BART Joint Vision and Priorities for Transit-Oriented Development at the Ashby and North Berkeley BART Stations that included a shared priority for displacement prevention that states that “affordable housing should provide a preference for residents of Berkeley who are facing displacement, or who have been displaced from Berkeley in the past due to economic or discriminatory reasons"; and

WHEREAS, California Senate Bill (SB) 649 was adopted by the State of California in September 2022 to establish that it is the State's policy that lower-income individuals residing in neighborhoods and communities experiencing significant displacement, as specified, need access to housing that is affordable and assists in avoiding displacement, and that a local tenant preference adopted pursuant to the bill's provisions is subject to the duty of public agencies to affirmatively further fair housing.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley:

1. Adopts the amended Affordable Housing Preference Policy, as set forth in Exhibit A to this Resolution and incorporated by this reference, that applies to new affordable housing units created by the City's Housing Trust Fund and Below Market Rate programs;
2. Authorizes the City Manager to approve guidelines to administer the Housing Preference Policy as amended, and take any other action with respect to the policy consistent with this resolution and its purpose;
3. Establishes that this Affordable Housing Preference Policy shall be applied only to the extent allowed by Fair Housing law and other government agency funding sources; and
4. Establishes the Affordable Housing Preference Policy, as amended by this resolution, shall take effect November 1, 2026.

BE IT FURTHER RESOLVED, Resolution No. 70,960-N.S. is hereby rescinded and is of no force or effect on any applicable Housing Development Project that obtains City approval of its required Marketing Plan submission after the effective date of this resolution.

Exhibits
A: Exhibit A. Preference Categories

Exhibit A. Preference Categories, as Amended (2026)

Tier	**Preference**
Tier 1 (highest priority)	Displaced due to construction of BART stations in Berkeley
Tier 2 (second priority)	Direct descendant of Berkeley redlined neighborhood resident – households with children under 18
Tier 3 (third priority)	Direct descendant of Berkeley redlined neighborhood resident – households without children
Tier 4 (fourth priority)	Current/displaced Berkeley resident – households with children under 18
Tier 5 (fifth priority)	Current/displaced Berkeley resident – households without children

Attachment 2: Comparison Between Current and Proposed Preference Policy

Current Preference	Pilot Implementation Lessons	Proposed Changes
BART construction	• Underutilized, but timing challenge with pilot	Tier #1
Eviction	• Underutilized • High % under-income	Consolidate into current/displaced Berkeley resident
Foreclosure	• Underutilized • High % under-income	Consolidate into current/displaced Berkeley resident
Redlined neighborhood resident	• Redlined preferences most effective	Combine into current/displaced Berkeley resident, and Berkeley redlined neighborhood descendant where applicable
Redlined neighborhood descendant	• Redlined preferences most effective	Tier #2 and Tier #3
Homeless or at-risk of homelessness	• High % under-income • High burden & false expectation	Combine into current/displaced Berkeley resident (includes unhoused applicant with former address in Berkeley)
Families with children	• Preference well-utilized, but often not connected to Berkeley ties	Tier #2 and Tier #4 (combined with Berkeley redlined neighborhood descendant preference, and current/displaced Berkeley resident preference)

Attachment 3: Proposed Displacement Criteria
(For inclusion in Administrative Guidelines)

Displacement may include moving out of Berkeley due to:

- City Code Enforcement activities or building condemnation
- Property foreclosure
- Domestic violence situations
- Natural disaster or other emergency
- Economic displacement
    - Rent increase
    - Personal financial shocks or changes in household income
- Evictions and forced move-outs, including those related to:
    - Formal or threatened eviction (legal eviction, including no-fault eviction, such as owner move-in; or a formal landlord notice terminating tenancy)
    - Constructive eviction (forced to leave a unit due to unlivable housing conditions, a severe loss of housing services, or documented harassment, discrimination, or retaliation by a landlord or neighbors)