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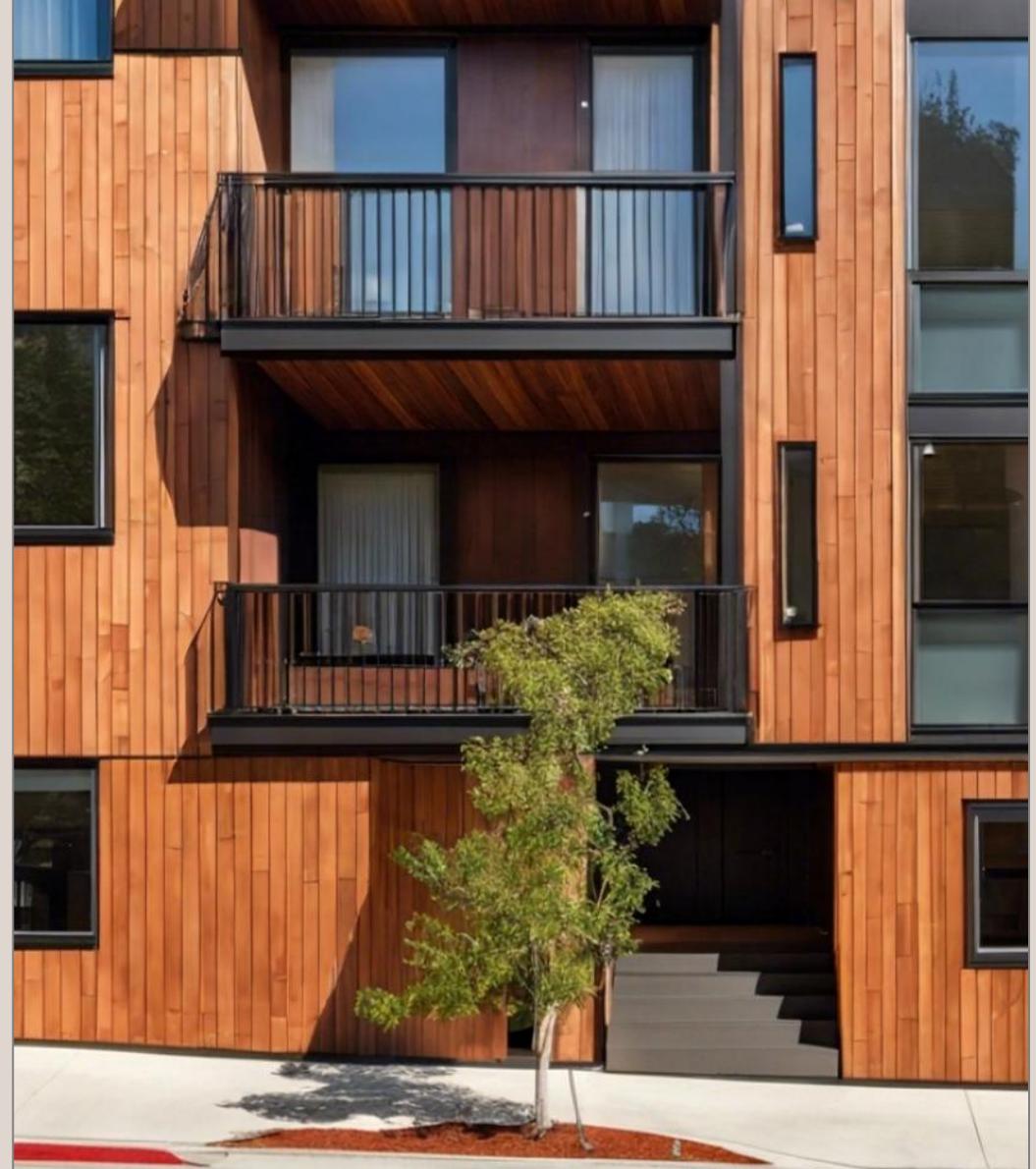
# Berkeley Social Housing Study

City Council

September 30, 2025

The Housing Workshop

Urban Math



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# What is Social Housing?



- Owned by public agencies or other mission-driven organizations and permanently protected from transfer to for-profit entities
- Permanently affordable and protected from market speculation
- Serves a range of incomes, reflecting the right to housing for all
- Protects tenants' rights, offers meaningful tenant governance, and supports long-term resident stability

# What is Affordable Housing?

## Step 1: Household Income

- Based on calculations by county
- Varies by household size
- A 2-person household was considered Low Income if earning up to almost \$97,000

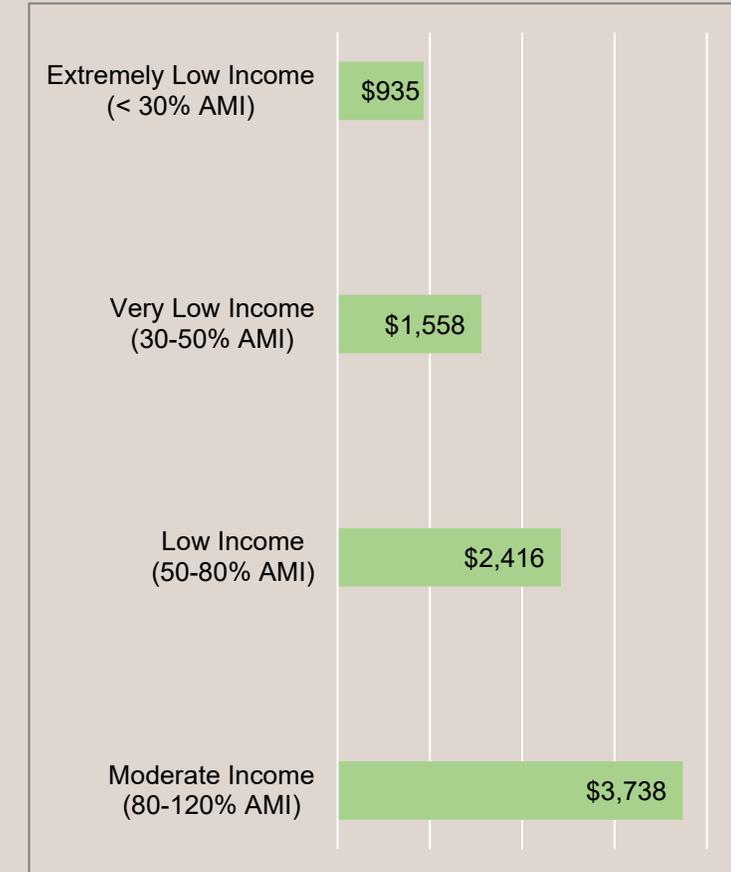
## Step 2: Convert Household to Unit Size & Max Rent

- Unit size = one bedroom less than # of people
- Assumes 30% of income for rent + utilities

2024 Income Limits for 2-Person Household



2024 Max Rent for 1-Bedroom Unit



# Critical Housing Issues

## 1. Severe Rent Burdens

- About 6,000 renter households earning less than 30% AMI were rent burdened in 2020

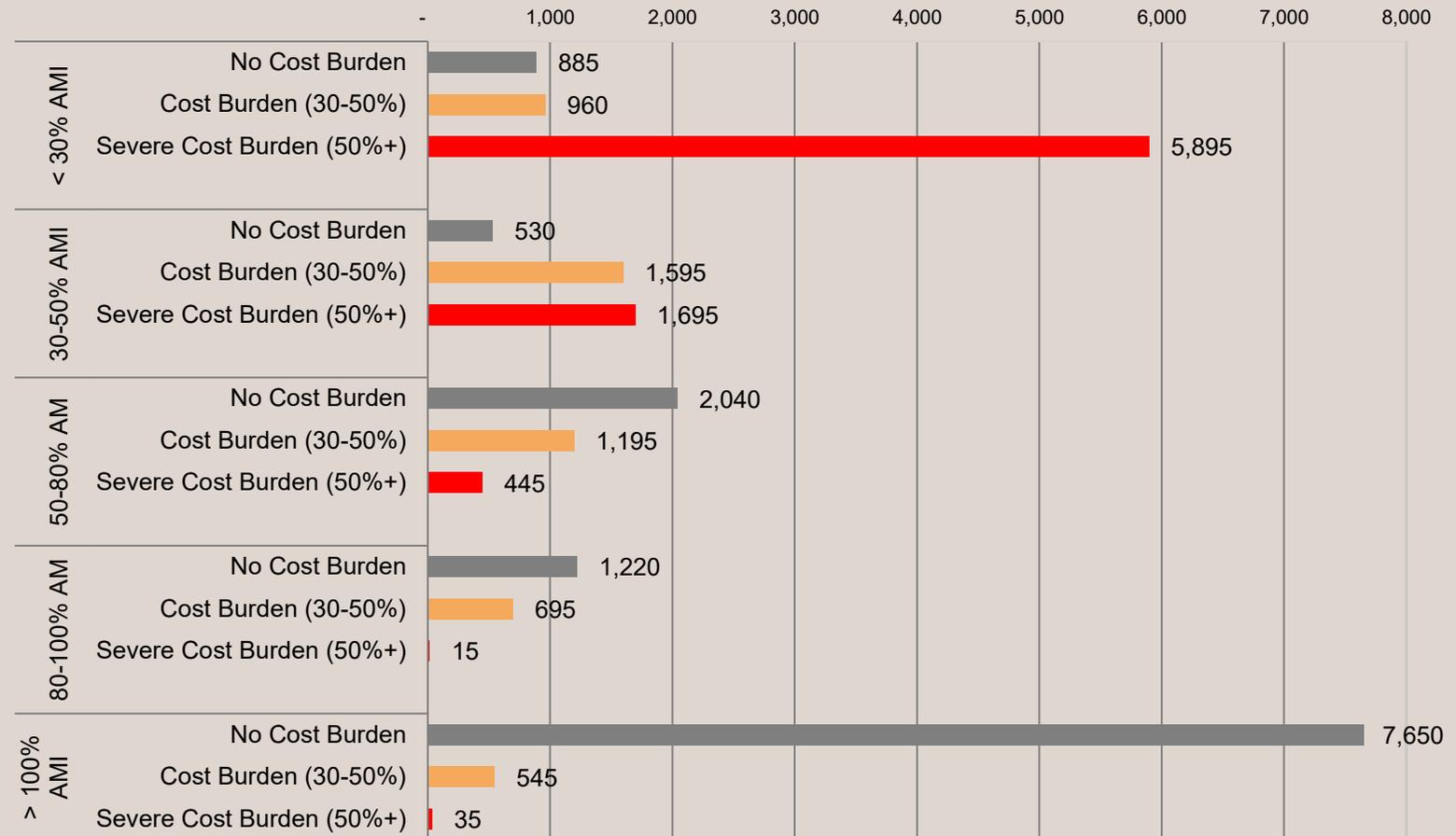
## 2. Unhoused People

- The 2024 Point-in-Time count of both sheltered and unsheltered people in Berkeley = 844

## 3. Loss of Black Households

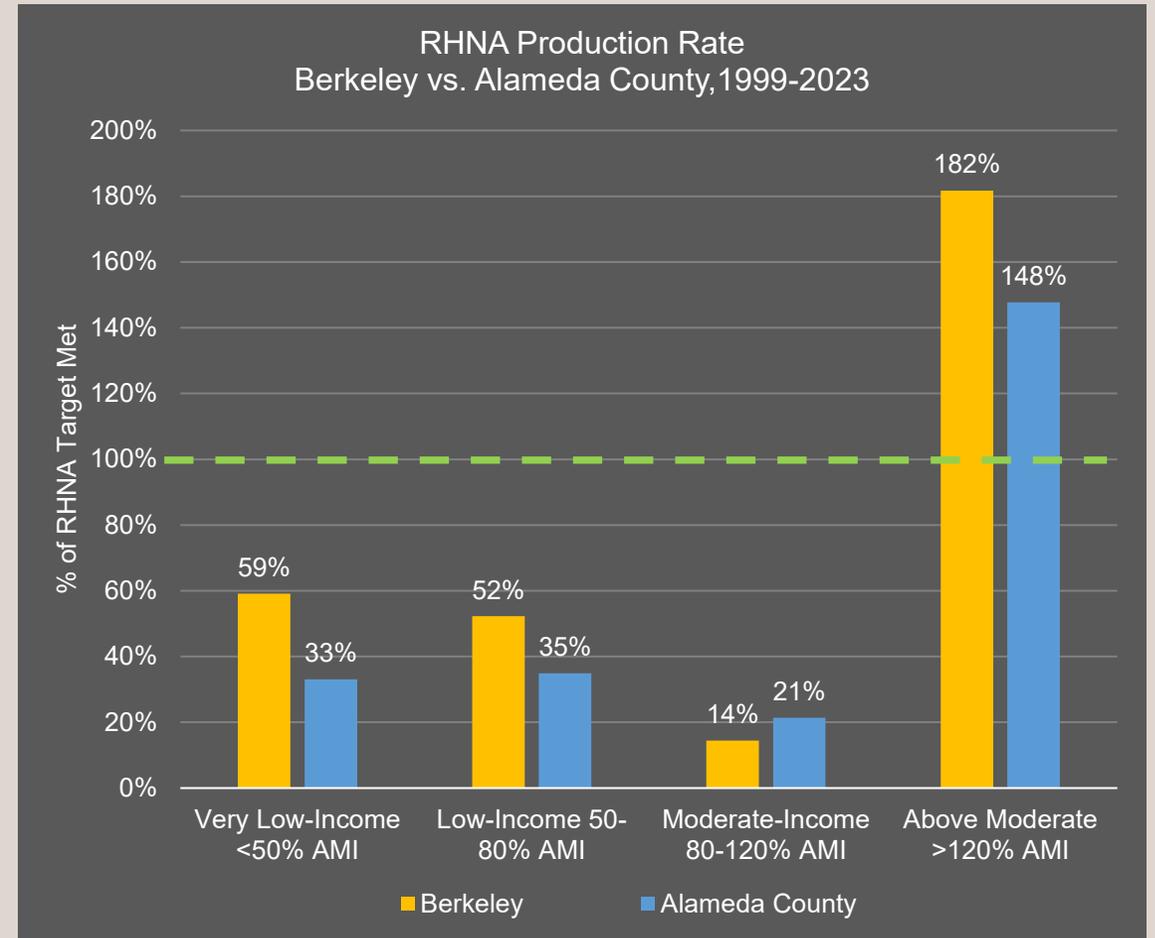
- Between 2000 - 2020, Berkeley lost almost 40% of its Black population
- Homeownership rates dropped from 40% in 2000, to just 32% in 2020

Cost Burden for Berkeley's Renter Households (2020)



# Current Housing Delivery: Some Successes...

- **Berkeley has achieved important successes**
  - Historic investment in affordable housing
  - New affordable housing has reached RHNA goals more closely than Alameda County
    - Especially for VLI and LI households
    - Also strong market-rate production
- **These set the stage for moving forward towards social housing goals**



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# Current Housing Delivery: ...and Some Challenges

- **Low Income Housing Tax Credits (LIHTC) challenges**
  - Serves narrow income band
  - Limited availability compared to need
  - Expensive and hard to implement
- **Inclusionary production is market-dependent**
- **Rent controlled units go to market rate when new tenant moves in**
- **Homeownership out of reach for many**

Maudelle Miller Shirek: 9,700 applicants for 87 units



# Case Studies

	Vienna	Denmark	Housing Opportunities Commission (MD)	Berkeley
				
<b>Publicly or mission-driven owned</b>	Mix of municipal government and non-profit owned (LPHAs)	Mostly non-profit owned	Mix of HOC / non-profit owned	Mostly non-profit owned
<b>Protected from transfer to for-profit entities</b>	Cannot be sold at market prices or used to generate profits for shareholders	Cannot be sold to for-profit entities, except in rare cases	HOC prioritizes long-term affordability but can transfer to for-profits	LIHTC lacks permanent protections; inclusionary is permanently affordable; CLTs offer long-term protections
<b>Permanently affordable and protected from market speculation</b>	Permanently affordable; cost-rent principle with no profit allowed.	Permanently affordable; cost-rent principle with no profit allowed.	Affordability term limited based on regulatory agreements	Affordability term limited, based on regulatory agreements; inclusionary units are affordable in perpetuity
<b>Inclusive of a broad income range</b>	0-180%	No income limits	Varies based on the funding source	Varies based on the funding source
<b>Tenant governance</b>	Tenant input available	Tenant governance and participatory budgeting	Tenant input available	Tenant input available
<b>Resident stability</b>	Rent transparency, security of tenure, transfer rights, protections against unjust evictions	Rent transparency, right to form unions, security of tenure, protections against unjust evictions	Rent stabilization, right of first refusal to purchase, rights to form tenant unions	Rent stabilization, just cause protections, right to form unions (Measure BBB), notification rights

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# Summary of Case Studies

## European Hallmarks:

- Public and non-profit ownership can work
- Scale matters: social housing accounts for a 20-43% of the housing stock
- Sustained public funding
- Revolving funds: Denmark and HOC
- Cost containment is a central production strategy
- Demand-side supports matter
- Tenant governance in Denmark
- Human-centered approach: housing as a universal need

## HOC in MD:

- Adapts to US financing structures to create mixed-income, cross-subsidized projects

## Emerging US Initiatives:

- CA (SB 555), State of Rhode Island, Seattle, San Francisco, Chicago



# Social Housing in Berkeley: Acquisition / Rehab

Before

After



1626 and 1654 Dwight Way: current pictures and proposed rehab renderings

- **Lower cost and faster unit delivery**
  - Costs \$470K/unit vs. \$725K/unit for new construction
  - Delivers units faster and engages smaller nonprofits (CLTs)
  - Opportunities in newer buildings at scale (BRDIGE @ Avalon)
  - Ownership conversions reduce subsidy needs: \$150K-\$250K/unit
- **Funding limitations**
  - Lacks dedicated state/federal sources → higher local subsidy
  - Explore scattered site LIHTC packaging
- **Report recommends conducting pilot ownership project**

# Social Housing in Berkeley: New Construction



2655 Shattuck Ave is located within the Adeline Corridor Specific Plan

- **Higher cost but adds to net housing inventory**
  - Current economic conditions limit cross-subsidy from market rate units
- **New rental construction has several funding paths to reduce local subsidy**
  - MIP + LIHTC
- **Enhanced financing can lower subsidy needs**
  - Low-cost land
  - Low interest-rate financing
  - Other potential sources (BAHFA, HAF, local HOC)
- **Report recommends using low-cost land and MIP program to pilot a new construction social housing project**

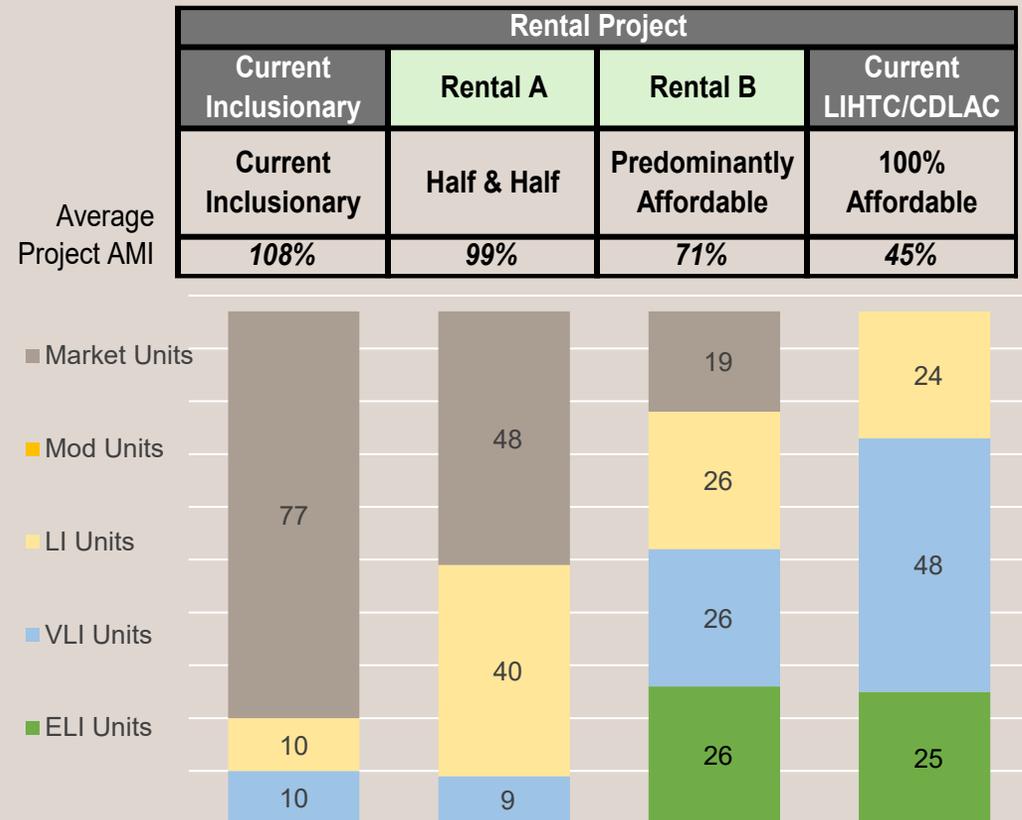
# Evaluating Financing Options for New Construction

## Rental Option A (HOC-Inspired)

- Use public subsidy to fill in for private equity
- More market-rate units → cross subsidization → least public subsidy compared to other options

## Rental Option B (Vienna-Inspired)

- More even distribution across income bands
- More affordable units → higher public subsidy need



# Impact of Enhanced Financing

Rental Project				Enhanced Rental Project	
Current Inclusionary	Rental A	Rental B	Current LIHTC/CDLAC	Rental A	Rental B
Current Inclusionary	Half & Half	Predominantly Affordable	100% Affordable	Half and Half	Predominantly Affordable
Average Project AMI: <b>108%</b>	<b>99%</b>	<b>71%</b>	<b>45%</b>	<b>99%</b>	<b>71%</b>



Enhanced financing assumes cost reductions (e.g. free public land, lowering construction costs by 9%) and reducing permanent loan from 6% to 3%

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# Recommendation 1: Short-Term Actions (1-3 Years)

## **A. Strengthen Local Partnerships**

1. Convene nonprofit + CLTs
2. Partner with at-scale nonprofits to convert market-rate buildings into affordable housing
3. Deepen investments in local CLTs
4. Continue working with BHA to align efforts

## **B. Promote Tenant Voice and Transparency**

1. Pilot tenant governance + launch rent transparency pilots

## **C. Improve Delivery Methods and Contain Costs**

1. Prioritize cost-efficiency (e.g. modular, compact units)

## **D. Launch Social Housing Pilots**

1. Issue NOFA using CalHFA's MIP or SF HAF's BAHIF financing
2. Pilot an affordable ownership using acquisition-rehab
3. Actively engage with the state's SB 555 study to position Berkeley for future funding

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# Recommendation 2: Affordable Housing Strategic Plan

**A. Set long-term policy goals**(define income targets, tenure, tenant engagement goals, social housing target)

**B. Clarify the City's role in housing development + ownership**

**C. Formulate a funding strategy**

1. Identify ongoing local funding + explore HOC model

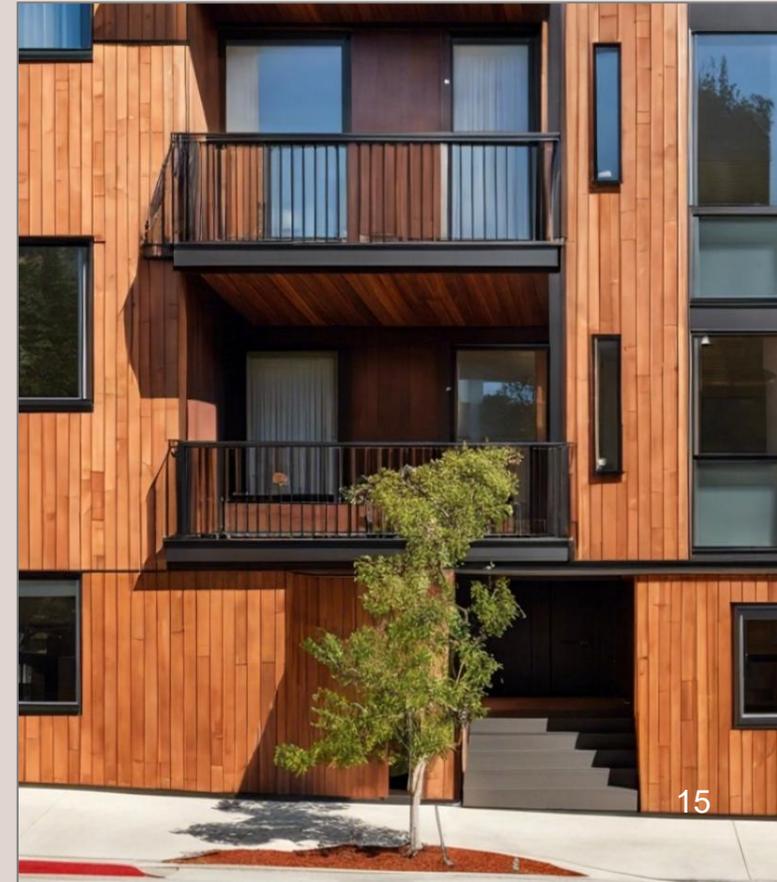
**D. Establish formal cost containment standards**

1. Conduct public sites inventory
2. Consider publicly-funded infrastructure strategies (e.g., EIFD)

**E. Identify strategies to permanently decommodify housing**

**F. Formalize tenant governance structures**

**G. Design a human-centered housing system**



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# Summary of HAC Recommendations

*Berkeley should consider adopting social housing principles as the philosophical foundation underlying the city's entire affordable housing ecosystem.*

1. Reframe Existing Programs
2. Develop Tenant Governance Framework
3. Funding Strategy
4. Cost Containment Focus
5. Set Realistic Targets
6. Develop an Affordable Homeownership Pilot Under an Acquisition/Rehab Model



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# Q & A