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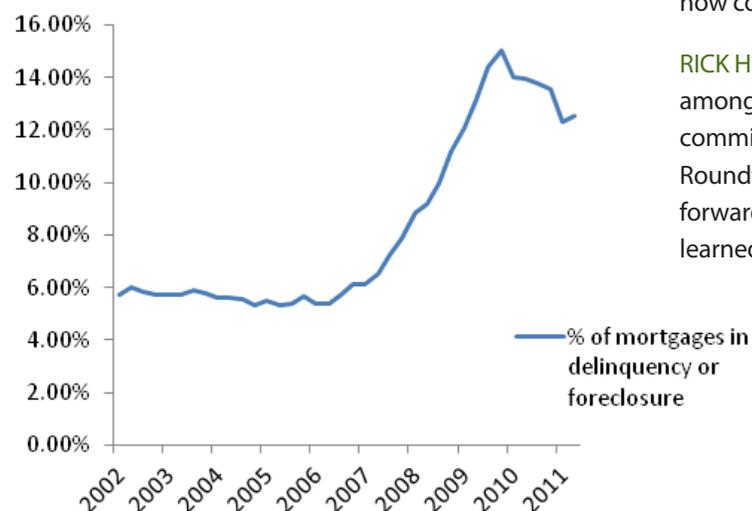
Affiliated with the **Urban Housing Economy & Transit** Conference Series on Sustainability, organized by the Institute of Urban & Regional Development

AFFORDABLE HOUSING POLICY BRIEF

PREPARED BY JAKE WEGMANN

What is the current state of housing policy in the nation today?

JENNIFER WOLCH opened the Roundtable with a sobering assessment of the current state of affordable housing. She identified one continuing trend, growing income inequality, and two shorter-term elements – a moribund economy and a foreclosure crisis (Figure 1)– as the principal contributing factors. She also noted the deep, though often overlooked, connections between housing policy and two great crises of our time, climate change and declining public health. All of this is occurring amidst a wave of neighborhood disinvestment that may even exceed that experienced in the late 1970s, when President Carter famously toured the devastated South Bronx. While the current economic downturn may, in many locales, have eased concerns over *affordability*, there is now a widespread *precariousness* in the housing circumstances of untold millions of Americans.



Numerous Roundtable participants stated emphatically that the course of US housing policy has reached a critical inflection point where decades-old patterns and well-worn policy tools have run their course, and must now be rethought from first principles. **CAROL GALANTE** repeatedly cautioned those present that the gravitational pull of the vast reservoir of foreclosed properties on housing markets drastically reduces the potential for large-scale housing developments of the sort that many of those in the room, herself included, had dedicated much of their professional lives to building. **MICHAEL STEGMAN** stated that at the present moment, “all of our basic [housing] institutions are up for grabs.” This occurs amidst the long-run but intensifying *browning* (racial/ethnic diversification) and *graying* (aging) of the U.S. population noted by **CECILIA ESTOLANO**. For all of these varied reasons, **RICH LYONS** underscored that a bending of housing policy pathways that have proceeded linearly for decades is now compulsory rather than optional.

RICK HOLLIDAY observed that a frank conversation amongst a cross-disciplinary assortment of committed experts, of the sort represented by the Roundtable, is precisely what is needed to move forward during difficult times, a lesson that he learned directly from the example of Donald Turner.

FIGURE 1. Percentage of residential mortgages on 1-4 unit properties in delinquency (more than 30 days late on payments) or in the foreclosure process, 2002 to 2011, updated quarterly. (Source: Mortgage Bankers Association press releases, mbaa.org.)

ABOUT DONALD TERNER AND THE 2011 I. DONALD TERNER MEMORIAL ROUNDTABLE



I. Donald Turner

Originally trained as an architect, I. Donald Turner founded the Urban Homesteading Assistance Board (U-HAB), taught at MIT, Harvard and UC Berkeley, and directed the California Department of Housing and Community Development. Then, in 1982, at a moment of nationwide economic malaise and epochal change in federal housing policy, Turner envisioned a new and seemingly paradoxical type of organization: an entrepreneurial, nonprofit affordable housing developer. He responded by founding BRIDGE Housing Corporation, which went on to pioneer a new model of building and operating high-quality and professionally managed low-income housing seamlessly integrated into urban and suburban communities throughout California. Over the past three decades BRIDGE has not only produced more than 13,000 units, it has played an integral role in nurturing an affordable housing industry that today operates largely along the lines of what Turner foresaw.

I. Donald Turner's life was tragically cut short on April 3, 1996, in an airplane crash en route to a humanitarian mission in the Balkans. Fifteen years later, on September 9, 2011, a diverse group of academics, housing providers, elected officials, public servants, and other experts gathered to ponder a set of trying circumstances for housing in the US that, in many respects, recall those from 1982, the year of BRIDGE's founding. Over and over again, participants in the 2011 I. Donald Turner Memorial Roundtable consciously sought to bring to this moment of great change and uncertainty in American housing the unorthodox thinking, intellectual curiosity, and cross-sector collaboration that were the hallmarks of Donald Turner's storied career.



Armstrong Place Senior Housing, San Francisco. A BRIDGE Housing development and 2011 AIA Housing Award recipient.

BOB LALANNE closed the introductory phase of the Roundtable by reminding participants that UC Berkeley, with its dual traditions of scholarship and activism, is the ideal setting in which to confront such an urgent task, and urged them to be bold in imagining an alternate future for housing in the United States.

How should research be refocused?

RAPHAEL BOSTIC challenged Roundtable participants to undertake research programs that demonstrate the "bang for the buck" of various modes of housing provision. He cited the example of HUD homelessness programs, which have been largely spared the recent

widespread federal budgetary cutbacks as a direct result of the evidence of their effectiveness that has been assembled over the past decade.

Bostic identified three themes around which housing policy research and interventions should coalesce. The first was *housing finance reform*. At a time when the wisdom of encouraging homeownership for low-income households is under scrutiny, the lack of a cogent federal policy towards rental housing, particularly for 5-50 unit properties, has become glaring. What form should the eventual spinoff of the Government Sponsored Enterprises (GSEs) from direct federal control take, and what will be the effects on both single family and multifamily

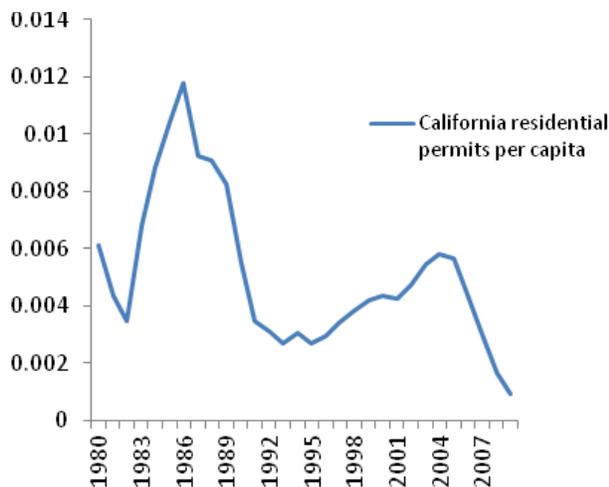


FIGURE 2. Residential permits per capita in California, 1980-2009. (Derived from data reported in "California Housing in the Subprime/Credit Crisis — Overview and a Forward Look at Recovery" by Cynthia Kroll, Fisher Center for Real Estate and Urban Economics Research Report, October 12, 2009, and from the US Census.)

housing? One participant noted the destabilizing effects of the uncertainty over the fate of the GSEs on the housing market, contrasting it unfavorably with the swift disposition of foreclosed commercial properties in the wake of the Savings and Loan crisis of the late 1980s.

The second theme was *access to neighborhoods of opportunity*. The discussion began with a challenge to mixed-income development as the sine qua non of housing policy, and a view of neighborhoods as places from which people often move out once they attain upward mobility. Other participants emphasized the need for research on how to foster social cohesion and community engagement, the importance of automobile access to low-income households, the crucial role of schools, and the importance of race and culture. A participant argued for a regional perspective on planning for housing in tandem with other goals such as greenhouse gas reduction, citing the EPA/HUD/USDOT interagency partnership at the federal level and regional planning in the San Francisco Bay Area as exemplars. Another discussant advocated for better data to compare the impact of land use regulations across jurisdictions.

The final theme of research questions centered around *housing as a platform*. Bostic and others characterized

definitive evidence of the spillover benefits of place-based housing subsidies as an elusive "Holy Grail" that urgently needs to be pursued. Other participants noted the need to better assess and quantify particular negative spillovers, such as the effects on neighborhoods of de facto lotteries for access to subsidized housing, and positive ones, such as those resulting from service-enriched housing.

What should be done?

Spirited discussion among Roundtable participants yielded a wide variety of recommended policy changes. At the **FEDERAL LEVEL**, these included the following:

- *Using the federal tax code to inexpensively and easily redirect housing subsidies to individual households, in the manner of the Earned Income Tax Credit.*
- *Mandating that a portion of land left over from transit projects be turned over to affordable housing developers at below-market prices.*
- *Redesigning the Low Income Housing Tax Credit (LIHTC), both to account for widely varying submarket conditions within high-cost metropolitan areas and to allow deep subsidization in low-cost housing markets throughout the nation.*
- *Using a "cohort model" to target federal housing subsidies, such as tenant-based vouchers, for the explicit purpose of keeping multigenerational households intact.*
- *Broaching the previously unthinkable possibility of time-limiting federal housing subsidies in order to expand the number of households that can access them.*

At the intermediate level of government – and of particular concern to participants operating in California – a great deal of discussion centered around the need to reform the California Environmental Quality Act (CEQA), in particular how it enables lawsuits by groups implacably opposed to infill housing projects. Others emphasized that well-intentioned regulations promulgated by regional

bodies, such as those intended to reduce air pollution, can inadvertently impinge upon multifamily housing production. One of the consequences that some participants present would attribute to the strict regulatory environment for land use in California has been a long-run decline in additions to the housing stock (Figure 2).

Some discussion focused on the lowest level of the governmental hierarchy. For instance, two participants spoke of the overlooked promise of “bottom-up” strategies to add micro-infill housing to predominantly single-family neighborhoods.

In addition, numerous Roundtable participants pinpointed troubling manifestations of the current housing crisis that upon further examination actually represent **UNEXPECTED OPPORTUNITIES**. These included:

- *Seizing upon the fiscal distress and impending dissolution of small jurisdictions as an opportunity to promote regionalism in housing policy.*
- *Scaling up innovations in scattered-site property management, of the sort pioneered by the Cleveland Housing Network, to unlock the tremendous potential for affordable rental housing latent in the foreclosed single-family stock nationwide.*
- *Taking advantage of the spare organizational capacity in the affordable housing industry by retooling the network to produce desperately needed high-quality schools instead.*
- *Realigning incentives so that the tight operating budgets plaguing multifamily properties spur a spate of energy efficiency retrofits.*
- *Using the unprecedented federal control of a majority of the nation’s mortgage portfolio as an opportunity to holistically re-conceive housing finance.*
- *Achieving ground-shifting changes in federal housing policy by influencing the recommendations of the Congressional debt reduction “Super Committee” that will be forthcoming this fall.*

How to proceed?

In his concluding remarks, **CHRISTOPHER EDLEY** congratulated Roundtable participants for avoiding “faith-based budgeting,” or the unfounded expectation that new subsidies for housing will materialize at some unspecified point in the future. He urged participants to focus on solutions that promise to scale up easily, and to leave aside those that do not. And while many participants commented upon the tension between the need for research and the need to take action, a notion of an *adaptive research agenda* that combines both and that embraces “learning by doing” emerged from the day’s discussions. By inspiring the participating housing researchers and practitioners to pool their collective expertise and to draw upon new and existing relationships with the wider community, the 2011 I. Donald Turner Memorial Roundtable provided a fitting tribute to its namesake.

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LIST OF 2011 I. DONALD TERNER MEMORIAL ROUNDTABLE PARTICIPANTS

Ophelia Basgal	Administrator, Region IX, US Department of Housing and Urban Development	Olson Lee	Acting Director, San Francisco Mayor's Office of Housing
Fred Blackwell	Assistant City Administrator, City of Oakland	Jeremy Liu	Executive Director, East Bay Asian Local Development Corporation
Sade Borghei	Associate, Christiani Johnson Architects	Richard Lyons	Bank of America Dean, Haas School of Business, UC Berkeley
Raphael Bostic	Assistant Secretary for Policy Development and Research, US Department of Housing and Urban Development	Connie Moore	President & CEO, BRE Properties, Inc.
Claudia Cappio	Director, California Housing Finance Agency	Ron Nahas	Partner, Rafanelli & Nahas
Ray Carlisle	President, Carlisle Companies	Cynthia Parker	President and CEO, BRIDGE Housing Corporation
Karen Chapple	Associate Professor, Department of City & Regional Planning, College of Environmental Design, UC Berkeley	Rolf Pendall	Director, Metropolitan Housing & Communities Policy Center, Urban Institute
Mary Corley	Executive Director, Fisher Center for Real Estate & Urban Economics, Haas School of Business, UC Berkeley	Don Perata	President pro Tempore Emeritus, California State Senate
Michael Covarrubias	Chairman & CEO, TMG Partners	John Quigley	I. Donald Turner Distinguished Professor in Affordable Housing and Policy, Haas School of Business, UC Berkeley
Cathy Creswell	Acting Director, California Housing and Community Development	Andrew Reicher	Executive Director, Urban Homesteading Assistance Board
Sheila Crowley	President, National Low Income Housing Coalition	Mark Rhoades	Partner, City Centric
Dana Cuff	Director, CityLAB & Professor, Department of Architecture & Urban Design, UCLA	Larry Rosenthal	Executive Director, Program on Housing & Urban Policy, UC Berkeley
Sam Davis	Interim Dean, School of Social Welfare, UC Berkeley	Joel Rubenzahl	Director, Community Economics Inc.
Kara Douglas	Affordable Housing Program Manager, Contra Costa County	Tony Salazar	President, West Coast Operations, McCormack Baron Salazar
Christopher Edley, Jr.	The Honorable William H. Orrick, Jr. Distinguished Chair and Dean & Co-Director of The Chief Justice Earl Warren Institute on Law and Social Policy, School of Law, UC Berkeley	Andy Scharlach	Associate Dean & Eugene and Rose Kleiner Professor of Aging, School of Social Welfare, UC Berkeley
David Erickson	Manager, Center for Community Development Investments, Federal Reserve Bank of San Francisco	Matt Schwartz	President, California Housing Partnership
Osborn Erickson	President, Emerald Fund, Inc.	Gene Slater	Chairman, CSG Advisors
Cecilia Estolano	Visiting Professor & Theodore B. and Doris Shoong Lee Chair in Real Estate Law and Urban Planning, UC Berkeley; Partner, Estolano LeSar Perez Advisors LLC	Michael Smith-Heimer	Senior Vice President, The John Stewart Company
Carol Galante	Acting Federal Housing Administration (FHA) Commissioner & Assistant Secretary of Housing, US Department of Housing and Urban Development	Michael Stegman	Director, Policy and Housing, MacArthur Foundation
Lawrence Gotlieb	VP Government & Public Affairs, Associate General Counsel, KB Home	Rob Steinberg	Principal, Steinberg Architects
Richard Gross	Vice President and Market Leader, Northern California, Enterprise Community Partners, Inc.	Lydia Tan	Executive Vice President & Director, Related California
Robert Helsley	Professor & Chair in Real Estate Development, Co-Chair, Fisher Center for Real Estate & Urban Economics, UC Berkeley	Ken Taymor	Executive Director, Berkeley Center for Law, Business and Economy, School of Law, UC Berkeley
Steven Hicks	Staff Attorney, NID-Housing Counseling Agency	Paul Tepper	Executive Director, Western Center for Law and Poverty
Rick Holliday	Chairman of the Board, BRIDGE Housing Corporation; Founder, Holliday Development	Vivian Fei Tsen	President, Tsen and Associates
Malo Hutson	Assistant Professor, Department of City & Regional Planning, College of Environmental Design, UC Berkeley	Paul Waddell	Chair & Professor, Department of City & Regional Planning, College of Environmental Design, UC Berkeley
Cynthia Kroll	Senior Regional Economist & Executive Director of Staff Research, Fisher Center for Real Estate & Urban Economics, Haas School of Business, UC Berkeley	Nancy Wallace	Professor & Lisle and Roslyn Payne Chair in Real Estate & Capital Markets, Haas School of Business, UC Berkeley
Bob Lalanne	President, The Lalanne Group	Mark Willis	Resident Research Fellow, NYU Furman Center for Real Estate and Urban Planning
		Bill Witte	President, Related California
		Jennifer Wolch	Dean & William W. Wurster Professor of City & Regional Planning, College of Environmental Design, UC Berkeley