



## Five Ways Philanthropy Can Catalyze Tenant-Centered Housing Preservation



**GREAT**COMMUNITIES  
**COLLABORATIVE**



San Francisco  
Foundation

**LI**SC  
**BAY AREA**

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Jocelyn Foreman and community advocates celebrate the [first purchase of a home in California through a new state law](#) enabling preservation of homes in the foreclosure process (Photo: Mwende Hinojosa, Sustainable Economies Law Center)

Maintaining a diverse Bay Area where everybody has a safe and affordable home requires us to preserve and produce more affordable homes, while protecting tenants of color with low incomes in particular (the "3Ps of housing"). Leaders in the public, private, and nonprofit advocacy sectors have already [endorsed this framework](#) to solve the region's housing crisis.\*

This issue brief explores preservation as a strategy to achieve housing equity goals, especially when rooted in community ownership models. It also highlights the impact funders can have on the preservation ecosystem, by funding urgent community needs, while providing the patient investment needed to build long-term systems grounded in racial equity.

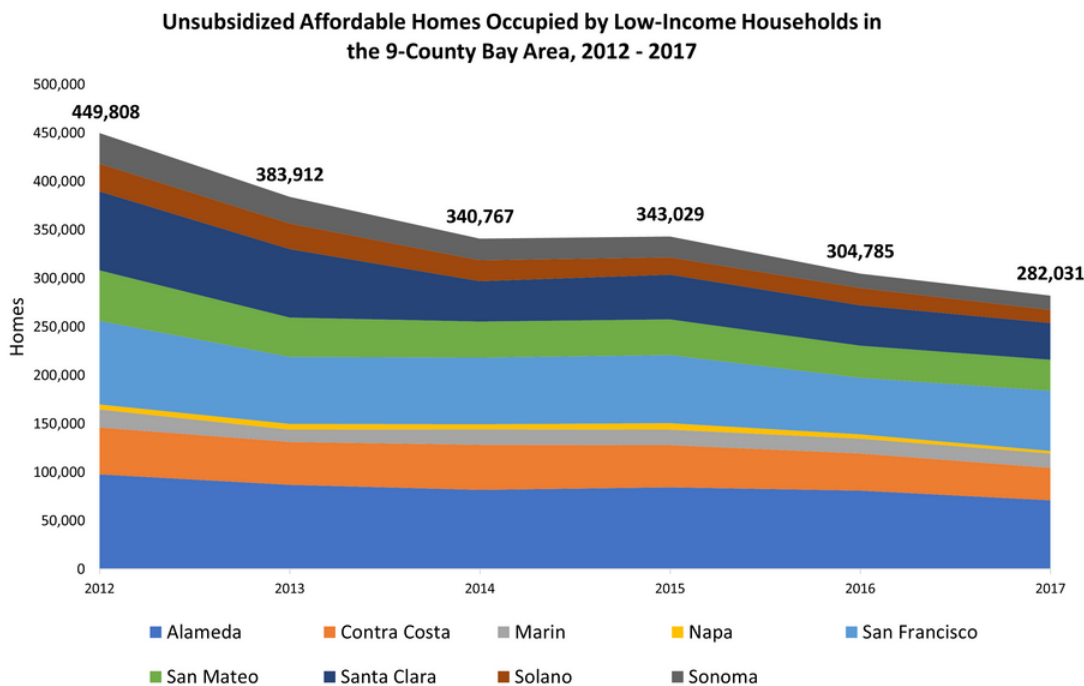
## Five Funder Actions to Catalyze Preservation

Capital	Providing acquisition capital that can be quickly deployed by community-based developers
Capacity Building	Providing grants to tenant organizations and community-based developers to hire more staff
Policy	Funding organizing and advocacy to pass anti-speculation policies like the Tenant Opportunity to Purchase Act (TOPA)
Data	Creating tools to help organizers and community-based developers proactively identify properties to acquire
Convening	Bringing partners together, especially in places where this work is emergent or the public sector is not yet supportive

\* The 2018 regional [CASA Compact](#) set a target of preserving 30,000 affordable units per year and created a new regional entity - the Bay Area Housing Finance Authority (BAHFA) - to help meet this goal.

# What is Preservation?

Preservation is a strategy to maintain and extend existing affordability in housing. This issue brief focuses on preserving unsubsidized affordable housing, meaning rental units that are currently affordable to low-income households but lack public subsidy or income restrictions. Without protections from unrestricted rent increases, these tenants are highly vulnerable to displacement. **Between 2012 and 2017, the Bay Area lost approximately 32,000 unsubsidized affordable homes per year, a 37% decrease over five years.**



Source: Enterprise Community Partners, *"Preserving Affordability, Preventing Displacement"* (2020)

Preservation is a solution to stem this loss of affordable housing. Sometimes referred to as acquisition-rehab, it involves the following steps:

1. Organizing tenants
2. Identifying priority properties and portfolios for acquisition
3. Assessing the property and assembling financing to purchase it (predevelopment)
4. Acquiring the property and completing rehab work to ensure it is safe and healthy
5. Securing affordability with income restrictions and transitioning to new ownership or management model

See the [preservation deal diagram on p. 6](#) to learn more.

## TERMINOLOGY

In this brief, we define unsubsidized affordable housing as homes occupied by and affordable to low-income households. We do not use the term “naturally occurring affordable housing” (NOAH), as it normalizes the speculative real estate market and ignores the histories of intentional disinvestment, redlining, and neglect that have resulted in lower rents.

# Tenant-Centered Preservation Advances Racial Equity and Economic Inclusion

Preservation is an immediate anti-displacement strategy that guarantees long-term affordability for tenants. **Faster and more cost-effective** than building new housing, it can also include upgrades that improve the health, safety, and environmental sustainability of a building. Many preservation deals involve small buildings (2-4 units) rather than large buildings and single-family homes. Compared to these other property types, small buildings are **more likely to house tenants of color who are lower-income**. They are also **more likely to be owned by landlords of color**, who may have fewer financial resources to maintain stability for their properties and tenants.



Organizers with ACCE speak out in front of an East Oakland home owned by a speculative landlord. The home was later purchased by the Oakland Community Land Trust. (Photo: GCC)

For preservation to successfully advance racial equity and economic inclusion, tenants and organizers must be centered and supported from the beginning. This is critical given the **disproportionate impact houses crisis have on residents of color with low incomes**. **During the Great Recession, corporate investors bought tens of thousands of foreclosed properties**; in cities like Oakland, this hit Black homeowners the hardest. Today, many **former homeowners rent properties owned by corporate investors**. Without significant investments in preservation, the economic fallout from COVID-19 may produce similar results, with homeowners and small landlords losing their properties to **cash-rich corporate investors**.



# Collective Ownership and Capital Tools for a Just Recovery

To maintain social networks and build long-term community wealth and power, Black, Indigenous, Latinx, and immigrant-led tenant organizations are advocating for [preservation through collective ownership models](#). These communities were historically denied opportunities to own land and housing, and also subjected to predatory real estate schemes. Collective ownership strategies are therefore necessary to address this history, as part of a broader "just recovery" from the pandemic. The [community land trust](#) (CLT) is one increasingly popular model that removes land from the speculative market and offers long-term ground leases to residents and businesses to guarantee permanent affordability and community control.

## CAPITAL TOOLS

In a fast-moving real estate market, organizations need [acquisition capital](#) to quickly respond to opportunities. California recently allocated [\\$500 million to preservation and foreclosure prevention](#); complementary philanthropic capital will increase the impact of this fund. This capital support can take different forms:

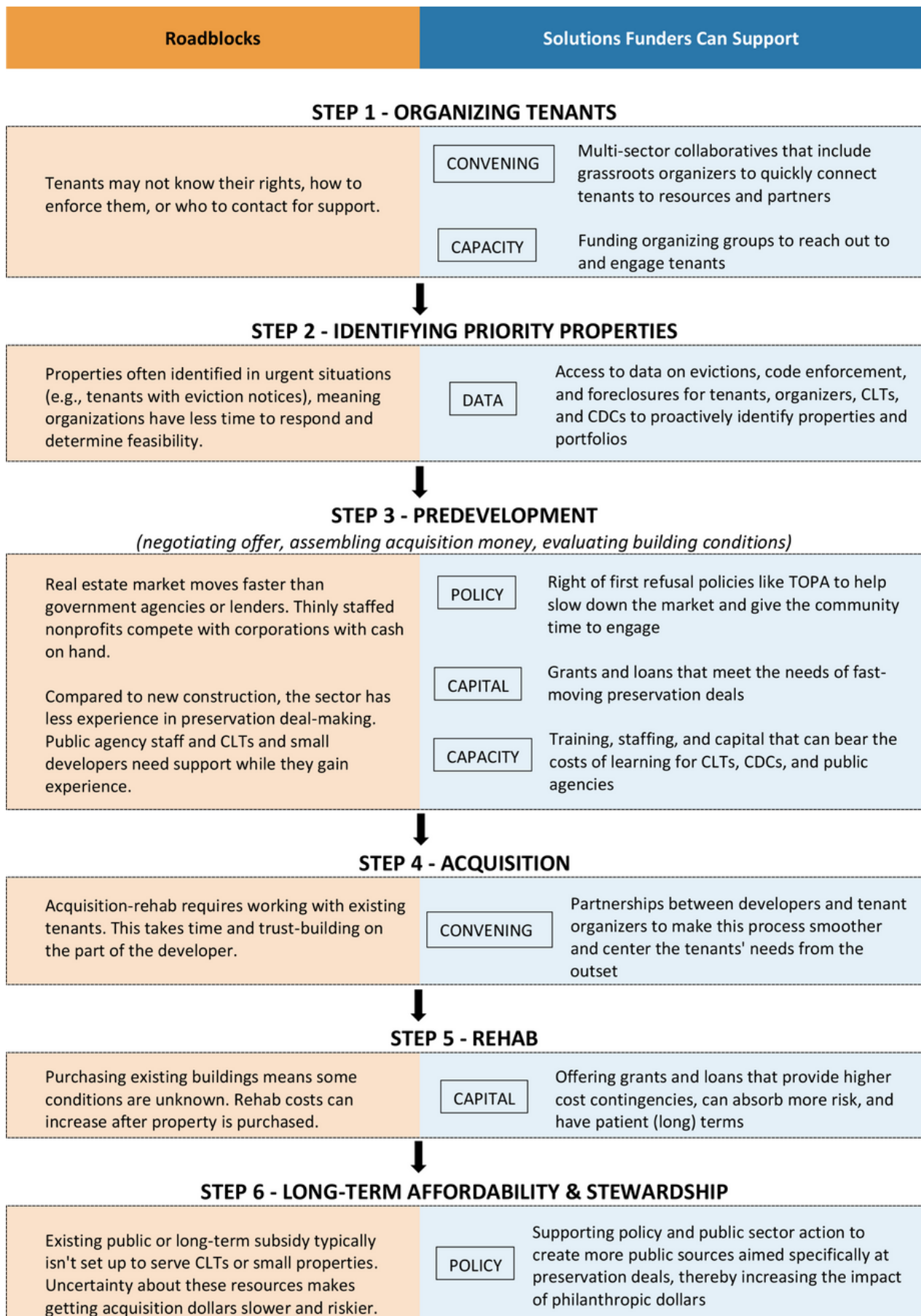
- Capital grants, from small pools for earnest deposits to larger grants that may be recoverable with debt or public subsidy
- Loans to organizations (like a line of credit) that allow them to act quickly on acquisition opportunities (rather than lending on a project-by-project basis)
- Guarantees for new and emerging developers to reduce risk for other lenders
- Very low-interest debt (0 to 1%)
- Piggy-backing on existing underwriting processes done by community development financial institutions (CDFIs)

Community organizations already have successful models for tenant-centered preservation. Developing this work further requires deeper philanthropic support to these organizations and interventions in multiple parts of the preservation ecosystem. The following pages provide more detail on these types of interventions across the five action areas, including:

- A diagram explaining how a preservation deal typically works and ways funders can make these deals faster and easier
- Case studies on how funders are already supporting this work across the Bay Area

**Let's get to work!**

# How Funders Can Facilitate Preservation Deals



## Case Studies from Around the Bay Area

The following case studies from across the region demonstrate ways funders helped build a more robust preservation ecosystem, in the areas of **capital, capacity-building, policy, data, and convening**.

### CAPITAL

#### Bay's Future Fund offers low-interest loans for preservation projects

The acquisition of a 10-unit building in Redwood City demonstrates many different roles funders can take in increasing access to capital for preservation. The Sand Hill Property Foundation, a local private foundation, purchased and held the building while the non-profit developer, HIP Housing, assembled the financing needed to buy it themselves. HIP later secured funding from Redwood City and a predevelopment loan from the [Bay's Future Fund \(BFF\)](#). Managed by LISC, the BFF offers loan products that did not exist in the Bay Area, including predevelopment loans to projects like this one. Prior to this particular deal, a grant from the Chan Zuckerberg Initiative made it possible for BFF to attract additional program-related investments (PRIs) from many other philanthropic partners; it is now capitalized at \$500 million.

### CAPITAL & CAPACITY BUILDING

#### SPARCC capital grants facilitate quick acquisitions while waiting for public subsidies

Capital grants from the national [SPARCC](#) initiative helped the Oakland Community Land Trust (OakCLT) successfully acquire six homes in Oakland. Community organizers had identified these homes as priorities for preservation, as they were already working with tenants there. Funding from national foundations allowed SPARCC to make these capital grants recyclable; OakCLT used the grants to acquire homes while waiting for the slower-moving subsidy from the City of Oakland. Once the city subsidy arrived, OakCLT reused the grant capital for additional acquisitions.

Funders also played a critical role in making these deals possible before the acquisition capital was available. Support from The California Endowment helped the land trust and tenant organizers build their relationship, educate each other on how they work, and work with members to identify priority properties.

## Case Studies from Around the Bay Area

### CAPACITY-BUILDING

#### **Foundations support program for small BIPOC-led developers**

With support from The Irvine Foundation, The California Endowment, Northern California Grantmakers and JP Morgan Chase, two CDFIs - Community Vision (Bay Area) and Genesis LA (Los Angeles) - developed the California Community-Owned Real Estate Program (CalCORE) to support small and emergent BIPOC-led CDCs and CLTs. This statewide strategy builds the capacity of local CDCs and CLTs, supports community-led real estate development and acquisition, and mitigates displacement by ensuring local ownership and long-term affordability. The funders' support provided Community Vision and Genesis LA the time to plan and work with community partners, including the small CDCs and CLTs they hoped to support. This allowed them to develop a training curriculum that responded directly to the questions and barriers that practitioners were coming up against.

### POLICY

#### **Partnership for the Bay's Future advances progressive local housing policies by investing in policy change and community partnerships**

The Partnership for the Bay's Future (PBF), housed at the San Francisco Foundation, is helping local jurisdictions across the Bay Area pass progressive housing policies by funding [fellows in several jurisdictions to coordinate with local government and community partners](#). In Berkeley, the fellow worked with City of Berkeley and East Bay Community Law Center to develop a [Tenant Opportunity to Purchase Act \(TOPA\)](#). This policy would give tenants in Berkeley the first chance to buy the property they live in when it goes on the market and time to assemble the funding they need to purchase and rehab properties. Without TOPA or similar policies, it is difficult for tenants and nonprofits to compete with investment companies that have raised billions to purchase homes and properties that go up for sale. TOPA would therefore help stabilize neighborhoods and expand homeownership among residents of color, who were historically excluded from many parts of Berkeley and have been disproportionately impacted by displacement. The policy is up for a final vote at City Council later this year.



## Case Studies from Around the Bay Area

### DATA

#### **GCC helps develop data tool for tenant organizing and preservation**

Great Communities Collaborative (GCC), housed at the San Francisco Foundation, is currently funding and working in close partnership with the Anti-Eviction Mapping Project to develop a data and mapping tool for Oakland to support tenant-centered preservation, education, and organizing. The tool will help tenants, organizers, and preservation-minded developers quickly identify vulnerable properties by making clear who owns what and showing property-level information on evictions, code violations, and pre-foreclosure. This project is part of GCC's [Bay Area for All \(BA4A\)](#) partnership and was made possible through a technical assistance grant from the national [SPARCC](#) initiative. Organizers in L.A. developed a [similar data tool](#) using SPARCC technical assistance funds.

### CONVENING

#### **SVCF brings together partners for a subregional Preservation Lab**

Silicon Valley Community Foundation (SVCF) has supported the Peninsula-South Bay Preservation Lab to advance community-centered preservation in San Mateo and Santa Clara counties. The Preservation Lab's early efforts focused on educating and building relationships among its 20-30 members, including local community organizations, housing developers, housing agencies, and residents. Co-led by Enterprise Community Partners, the Council of Community Housing Organizations (CCHO), and Urban Habitat, the group has explored preservation development and financing, relevant state policies, narrative and communication strategies, and mobile home park preservation. SVCF and the Preservation Lab have played a critical convening role in that part of the Bay Area, helping to lay the groundwork for preservation policies and funding streams in the future.

Similarly, SPARCC funding helped bring together BA4A partners to learn and act together on preservation. In Oakland, for example, the group has advocated changes to local policy and programs to make acquisition-rehab deals easier.

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## Acknowledgments

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We also want to acknowledge that the deal analysis that BA4A conducted in summer 2018 with OakCLT, Enterprise Community Partners, Causa Justa: Just Cause, East Bay Housing Organizations, Urban Habitat, and Alliance of Californians for Community Empowerment heavily influenced the graphic explaining steps in a preservation deal. Thanks to the Center for Community Investment for the tool and to OakCLT for letting the group analyze their work together.

Cover photo (lower left) courtesy of OakCLT

## Further Reading

Center for Community Investment and Stewards of Affordable Housing for the Future. "Preserving Affordable Homes for Equitable, Healthy Communities" (2020).

Hernandez, Ashley Camile, Sandra McNeil, and Yasmin Tong. "Increasing Community Power and Health through Community Land Trusts" (2020).

Yelen, James. "Preserving Affordability, Preventing Displacement: Acquisition-Rehabilitation of Unsubsidized Affordable Housing in the Bay Area," Enterprise Community Partners (2020).



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