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Carol Galante, Faculty Director



Berkeley  
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ENVIRONMENTAL  
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TURNER  
CENTER  
FOR HOUSING  
INNOVATION  
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BerkeleyHaas  
Haas School of Business  
University of California Berkeley

Fisher Center for Real Estate  
& Urban Economics

*our mission  
is to formulate **bold** strategies  
to house families from all walks of life  
in vibrant, sustainable, and affordable  
homes and communities.*

# Turner Center Areas of Focus

1. Increasing the **supply** and **lowering the cost** of housing.
2. Supporting the improvement of housing programs and policies through **impact assessment**.
3. Using housing as a tool to achieve **sustainability** goals.
4. Expanding **access** to high quality homes and communities to achieve greater inclusion and shared prosperity.

# Increasing the Supply & Lowering the Cost of Housing

## *Streamlining the Development Approvals Process*

### San Jose Mercury News

#### Making California housing affordable again will require new laws, more avenues to build

By [JEFF COLLINS, SOUTHERN CALIFORNIA NEWS GROUP](#)

PUBLISHED: November 13, 2016 at 10:15 am

.... The Massachusetts model: California should consider legislation similar to Chapter 40B in Massachusetts, which creates a state appeals board for reviewing denied development projects.

The measure requires every jurisdiction to have a certain level of affordable housing. If a community falls below that level and denies a new development, the developer can bypass the local process and get it approved by the quasi-judicial appeals board.

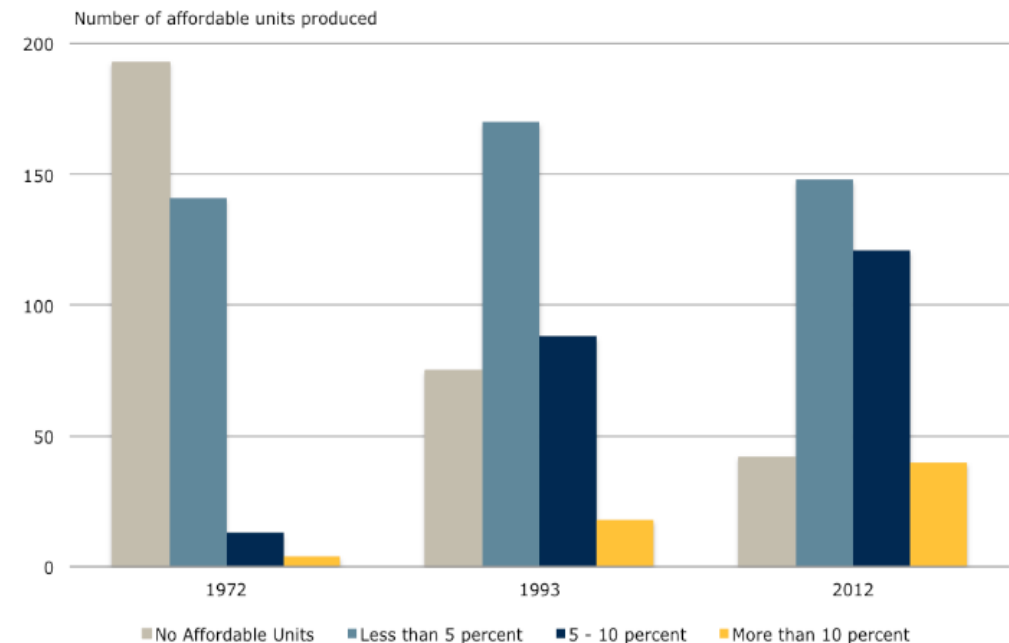
"It's been very successful. It's been in place for decades, and it has actually made a big difference ... in (housing) production in Massachusetts suburban communities," Galante said....

#### Borrowing Innovation, Achieving Affordability: What We Can Learn From Massachusetts Chapter 40B

Policy Paper  
Number 1, August 2016

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#### The Impact of Chapter 40B on the Provision of Affordable Housing

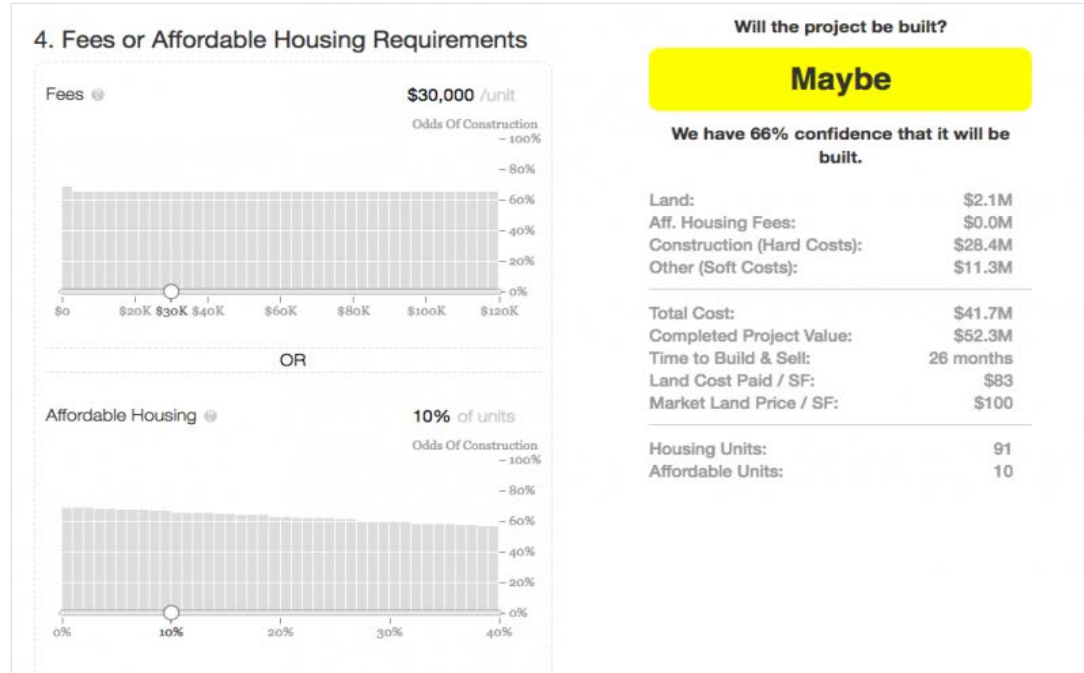


Source: Bratt, Rachel G., and Abigail Vladeck. "Addressing Restrictive Zoning for Affordable Housing: Experiences in Four States." *Housing Policy Debate* 24, no. 3 (July 3, 2014): 602.

# Increasing the Supply & Lowering the Cost of Housing

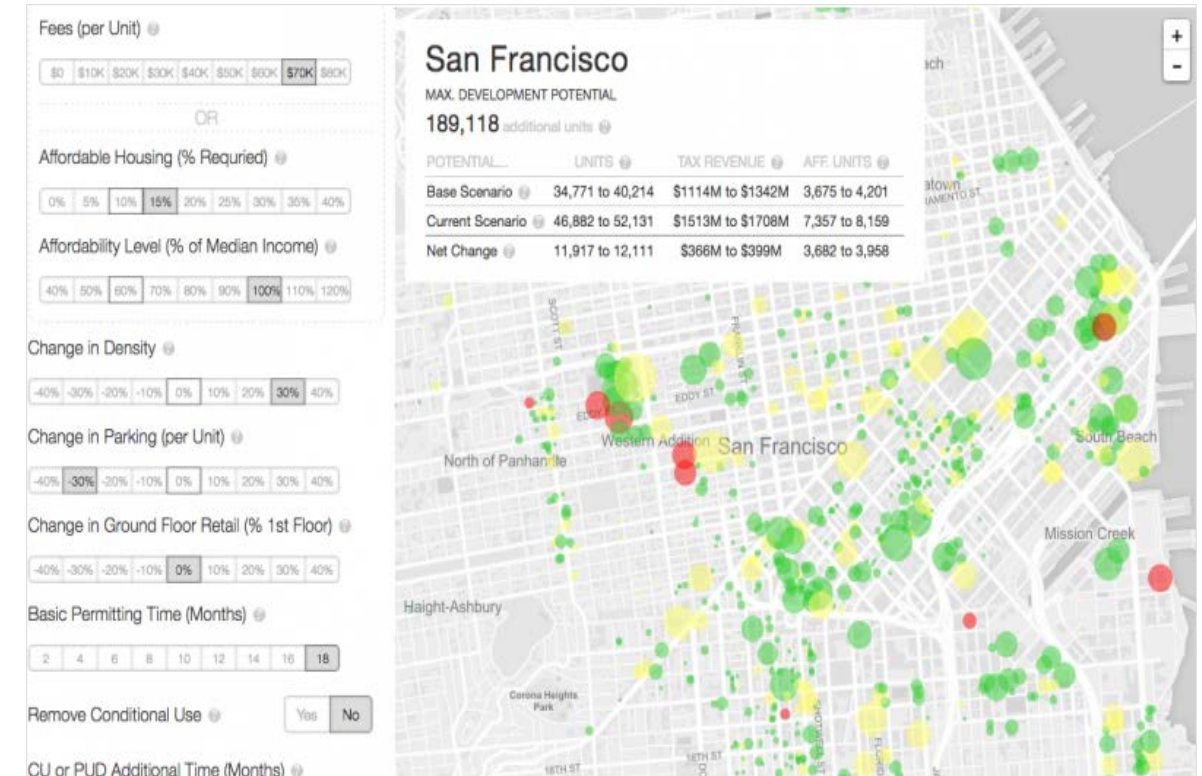
## Housing Development Dashboard

### DEVELOPMENT CALCULATOR | <http://turnercenter2.berkeley.edu/proforma/>



- Tool for public and private sector, and citizens
- Developed with input on underlying assumptions from planning officials and developers
- Currently in Beta for four Bay Area jurisdictions

### POLICY GAUGE | <http://turnercenter2.berkeley.edu/examplecities/>

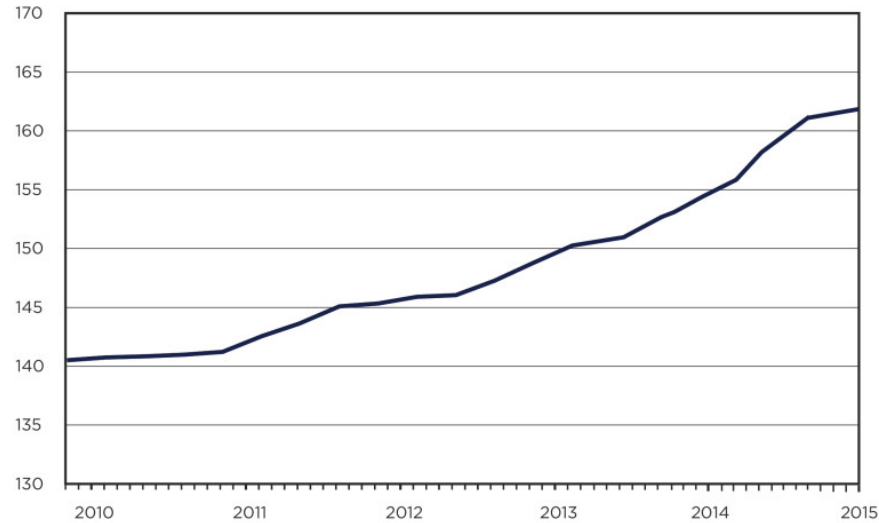


- Early positive reactions by leaders and media
- Intending to expand beyond Bay Area and California

# Increasing the Supply & Lowering the Cost of Housing

## *Off-Site Multifamily Construction*

NATIONAL CONSTRUCTION COST INDEX



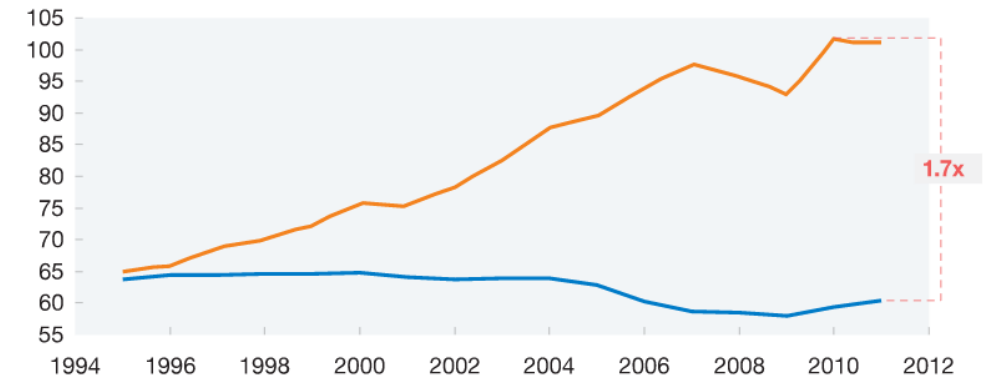
***Costs of traditional construction have been rising nationwide, with spikes of up to 25% in recent years in the Bay Area.***

***Productivity is lagging in the construction sector, which has been slow to innovate relative to other industries.***

Overview of productivity improvement over time

Productivity (value added per worker), real, \$ 2005

\$ thousand per worker



Source: Expert interviews; IHS Global Insight (Belgium, France, Germany, Italy, Spain, United Kingdom, United States); World Input-Output Database

McKinsey&Company



# Increasing the Supply & Lowering the Cost of Housing

## *Off-Site Multifamily Construction*



**40%**  
savings in  
time

**20%**  
savings in  
cost



Off-Site Construction Cost Savings  
(sample California project)



From March 2017 Turner Center paper: *Building Affordability by Building Affordably: Exploring the Barriers, Benefits and Breakthroughs Needed to Scale Off-site Multifamily Construction*



# Expanding Access to Housing

## *Opening Doors to Homeownership Series Part I: Lease-Purchase*

*Terner Blog: No Limits | January, 2017*

### OPENING DOORS TO HOMEOWNERSHIP SERIES PART 1: LEASE-PURCHASE

POSTED ON JANUARY 10, 2017 BY CAROL GALANTE, CAROLINA REID, ROCIO SANCHEZ-MOYANO  
FILED UNDER: [EXPANDING ACCESS TO HIGH QUALITY HOMES AND COMMUNITIES](#)

A number of recent studies suggest that the American Dream, with its promise of upward mobility, is [diminishing](#) for current and future generations as the [racial wealth gap grows](#) and access to opportunity shrinks. This troubling trend is most evident in one of the dream's most potent symbols: homeownership. In recent years, alongside widening inequality, rates of homeownership among young adults and minority families have [declined](#) precipitously and, in 2016, the national homeownership rate fell to its lowest level in more than 50 years.

What explains this trend? Working families (and especially lower-income and minority households) seeking to buy their first home face a myriad of barriers, including a housing market where prices are rising faster than incomes, an inadequate inventory of affordable homes, high levels of student loan debt, and the continued challenge of post-crisis credit standards. To overcome these barriers and restore a key pillar of a vibrant middle class, new solutions are urgently needed to help bridge the gaps and clear the pathways to homeownership.

Today, the Terner Center is launching the Opening Doors to Homeownership series, exploring several innovative models that hold the promise to do exactly that.

The ideas we will examine are varied, but have in common the potential to better meet the needs of today's aspiring homebuyers and foster a more inclusive housing market. Expanding access to homeownership, especially to those who have been traditionally "locked out," is a critical component of increasing financial stability for families, narrowing the wealth gap in communities, and creating a more vibrant economy nationwide.

The first idea: a responsible, scalable lease-purchase mortgage product. The lease-purchase model is specifically intended to help bridge the financial and credit gaps many young families face when seeking to buy a home. In a lease-purchase arrangement, a household rents for a period of time before taking on the mortgage and ownership of the property. This rental period allows households to build a positive credit history and increase their savings before taking on the responsibility of a mortgage, while at the same time "locking in" lower interest rates and house prices. Lease-purchase programs can also contribute to neighborhood stabilization, bringing the investment associated with homeownership to communities facing disinvestment or still suffering from the lingering impacts of the foreclosure crisis.

Our policy brief, [Expanding Access to Homeownership through Lease Purchase](#), explores lessons learned from existing lease-purchase models (both those managed by nonprofit and private sector entities), and in doing so, identifies the current challenges to broader implementation. That analysis serves as the basis for the proposal of a new mortgage product, the LEAP (Lease Equitably and Purchase) mortgage, that would be offered by the Federal Housing Administration, Fannie Mae, or Freddie Mac. The mortgage would be available to nonprofits and other entities seeking to use a lease-purchase program, and would help to lower their cost and increasing their ability to reach more families.

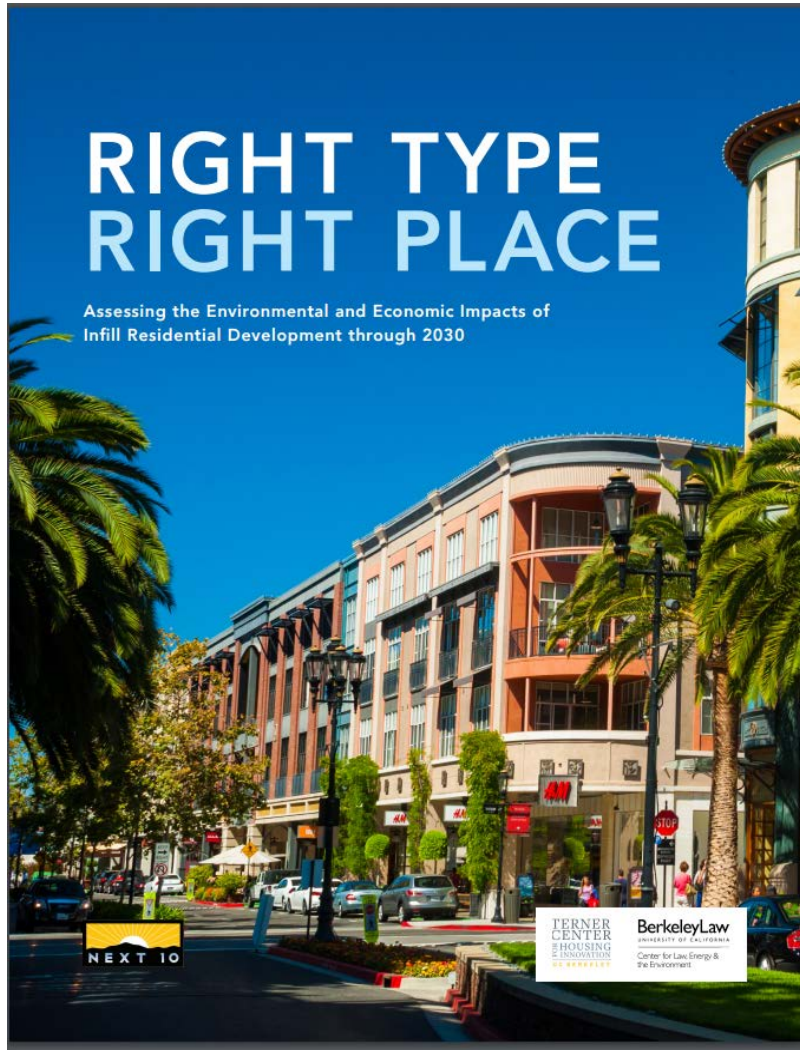
As we proceed with the Opening Doors to Homeownership series, we welcome responses and reactions from practitioners, policymakers, citizens and advocates who are engaged with this important issue. Please stay in touch with us at [ternercenter@berkeley.edu](mailto:ternercenter@berkeley.edu).

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- In response to lowest rates of homeownership in decades, need **innovations to create a more inclusive housing market** accessible to more buyers and renters.
- January 2017 Terner Center paper *Expanding Access to Homeownership through Lease Purchase* explores **lessons learned** from existing lease-purchase models + identifies challenges to scaling.
- Proposes new mortgage product, the **LEAP (Lease Equitably and Purchase) mortgage** (would be offered by FHA, Fannie Mae, or Freddie Mac) to help responsible expansion and broader implementation of lease-purchase model.

# Using Housing as a Tool to Achieve Sustainability Goals



- By prioritizing new housing construction as “infill” in California, 1.79 metric tons of greenhouse gas emissions would be saved annually
- Increase economic growth by \$800 million per year, as compared to ‘business-as-usual’ scenario of housing production
- No significant change in cost of housing for residents
- Will need right combination of policy adjustments to achieve this scenario

# Impact Assessment

## *Low-Income Housing Tax Credit (LIHTC) Resident Survey*

*Preliminary results expected Fall 2017*



Photo courtesy of BRIDGE housing

Statewide survey (with plans to expand nationally) exploring the impact of living in a LIHTC-funded property on residents.

The study explores whether living in a LIHTC funded property impacts residents’:

- housing stability
- economic opportunity
- educational opportunities

*and how those residents perceive:*

- the quality of their home and resident services
- their neighborhood
- and their opportunities for economic mobility.



# Impact Assessment

## *Rental Assistance Demonstration (RAD) Program*

- Evaluation of the portfolio conversion efforts underway in cities across the country.
  - Interviews with public housing authorities and other stakeholders to understand progress and impacts to date.
- Initial focus on San Francisco as case study
- Policy report with initial findings from San Francisco, New York, Nashville, El Paso, and Durham/Charlotte, NC expected Summer 2017



Hunter's View Redevelopment  
San Francisco, April 2017

*Housing affordability challenges in high-cost regions will be overcome with the development and implementation of innovative, big ideas and leadership from both the public and private sector.*

Thank you!

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