



FAITH-BASED AFFORDABLE HOUSING CASE STUDY

Bay Area Faith & Housing Program

Alameda County, California | Program, Technical Assistance, Capacity Building

Supporting faith and community-based visions of affordable housing on their land

In 2016, voters in Alameda County overwhelmingly passed a housing bond, providing nearly \$600 million to create affordable rental and homeownership opportunities. As it began making investments, the County received feedback that its investments were not inclusive of the interests of faith and community-based organizations (FBO/CBOs) who sought to create affordable housing on their land. This spurred the County, a HUD Grantee, to create the Bay Area Faith and Housing Program to provide technical and start-up financing support to FBO/CBOs. In 2018, the County issued a Request for Proposals (RFP) and selected Local Initiatives Support Corporation (LISC) to design and operate the program.

Since 2018, 31 FBO/CBOs across three cohorts have completed the program, which focuses on building the organization's capacity to evaluate its readiness and, if appropriate, proceed to develop affordable housing in partnership with a developer. Much of the effort has focused on technical and early predevelopment support and on FBO/CBOs who have land and are willing to actively evaluate using it for development, as opposed to groups who are seeking to acquire land.

What began in Alameda County, an urban county of 1.65 million people whose 10 cities are all HUD Grantees for CDBG, HOME, and related programming, expanded in its third cohort to other parts of the Bay Area, including Contra Costa, Santa Clara, and San Mateo Counties.

Alameda County and LISC supporting groups from the beginning of their vision over 12-18 months has been critical to the success of the program. The exact time period for each cohort has been determined by funding availability.

LISC used its fundraising and technical capacities to support groups who first decided not to proceed after evaluating their readiness and subsequently returned, groups who cycled through and returned to an earlier phase of development, and groups who come in after selecting a partner and finish in a stronger relationship with the same partner while waiting for funding. Because the cycle for LIHTC particularly in California can take three or more years, some FBO/CBOs and their partners continue on as alumni of the program and participate in light coaching and ongoing trainings.

Program team

HUD Grantee
Alameda County, CA

Program Design and Operations
Local Initiatives Support Corporation (LISC)

Partners
East Bay Housing Organization (EBHO)

Program details

Context

- Like much of the Bay Area, Alameda County is experiencing an acute housing crisis. The minimum price for a detached home now exceeds \$500,000, precluding most first-time homebuyer programs.
- All communities and sites across the three program cohorts have fully developed urban markets with a mix of both ownership and rental housing. Most sites have been in communities where the typical income is below 80% AMI, which reduces competitiveness for state programs.
- Though often eligible locally for public support such as HOME, CDBG, local bond monies, and other resources, the sites vary substantially in their readiness for rental housing development.
- The size of the potential development varied from 4 to 75 units, with an increasing number of projects unlikely to use LIHTC given the long wait time for funding.
- In 2023, California passed **SB4**, granting by-right development for FBOs, increasing their potential for development.

Benefits for participants

- Each FBO/CBO received \$10,000 as a stipend for participating in the program, funded by the San Francisco Foundation. It also receives the support of a coach, costing \$10,000-25,000 depending on the readiness and complexity of the development plan, and up to \$30,000 of support for preliminary due diligence and design work.
- In addition to technical assistance, the program emphasized training that included monthly sessions for FBO/CBO members and materials designed to guide group decision making. These materials are available today on the **LISC Bay Area website** as a way to build future capacity beyond each cohort.
- LISC developed a forgivable loan product focused on participants who have a successful plan but have yet to select a development partner or need to close the three-year gap between readiness and award of traditional public funds for constructions.



CONTACT

LISC Faith and Housing Program

Bryant Duong Assistant Program Officer
bduong@lisc.org

Typical project features

Affordability level. All units from participant FBO/CBOs are affordable to households at or below 60% of median income.

Term of affordability. Developments in California typically require 55 years of affordability. While not necessarily a funding requirement, most projects adopt this standard. Some may not be sustainable for 55 years, but most seek to ensure both affordability for 15-20 years and a plan for reinvestment. Preventing displacement is critical to maintaining trust.

Target populations. FBO/CBOs typically focus on very affordable communities and special needs housing (elderly, formerly homeless, transitional age youth, reentry populations).

Non-residential space. When the housing is within or contiguous to the faith facility, non-residential programming by the faith group is often incorporated into the housing, like meal programs, health care, and shared community spaces.

Property stewardship. The program began with the premise that the FBO/CBO, its partner, or both were building for the long-term. This has meant property stewardship requirements for the general partner often tied to a ground lease or other regulatory advice. Asset management has been important to both the general partner and the FBO/CBO.

OUTCOMES TO DATE

COHORT 1

Organization name	Units
Agnes Memorial Church of God in Christ	60
Episcopal Church of Our Saviour	32 (tabled)
Genesis Worship Center Family Church	12
Greater Cooper AME Zion Church	0
Oakland Peace Center	75-100
Richmond Neighborhood Housing Services (Richmond NHS)	18
Ruby's Place	Switched to service only
South Hayward United Methodist Church	30-40 (tabled)
St. Mary's Center	68
United Lutheran Church of Oakland	68+

COHORT 2

Organization name	Units
City of Refuge, United Church of Christ	24 (tabled)
A Diamond in the Ruff, Inc.	4 (land trust)
Ephesian Church God in Christ	80
First African Methodist Episcopal Church Oakland	82
First Congregational Church of Berkeley, United Church of Christ	TBD
Friendship Community Development Corporation - Friendship Christian Center Church	50
St. Paul African Methodist Episcopal Church of Berkeley	50
Mount Zion Missionary Baptist Church	104
Solid Rock Community Services Inc.	12
Canaan Christian Covenant Missionary Baptist Church	55

Source: Faith and Housing, 2022 Impact Report.



Roles and responsibilities across the program

LAND OWNER

A program requirement was that the FBO/CBO had site control of the land to be developed. Typically, they anticipate transferring the land to a limited partnership using a ground lease or sale. In a few cases, the FBO/CBO intends to own the development using partners to assist in the various development roles. Projects under 10 units work best for FBO/CBO ownership.

DEVELOPMENT COACHES

A unique program feature is the assignment of a coach to the FBO/CBO. The coaches work for the FBO/CBO and LISC, with roles and responsibilities outlined in a tripartite MOU. The coach focuses on guiding the FBO/CBO through complexity of the development process, with advice specific to that FBO/CBO. LISC presented each FBO/CBO with multiple options for a development coach that the FBO/CBO interviewed a couple of individuals and then selected the coach that fit them best.

The coaches were paid \$10,000 to \$15,000 in Cohort One with an increase to as much as \$25,000 in Cohort Two and Three to account for how much time they were spending with participants. Coaches were often retired or semi-retired housing developers or HUD Grantee staff. They know the business of development and have no conflicts of interest with the development partner.

SERVICE PROVIDERS

The program included training for all participants in the range of services typical for competitively operated affordable housing. This included traditional resident services and more intensive case management for those interested in permanent supportive housing.

Many cohort members came to the program already engaged in some form of services for their community (both congregations and neighborhoods). Developing space and capacity to continue those services was often an integral part of the development plan.

DRIVER

The FBO/CBO has been the driver of the development during concept through until selection of a development partner. They have been supported with program resources including coaching and early money. Upon selecting a development partner, sharing the responsibility for driving has been the norm, though the FBO/CBO has always remained a critical voice in design, funding, and key aspects of the project.

DEVELOPMENT PARTNERS

A key program objective is to help the FBO/CBO reach readiness to select development partners. To date, 12 FBO/CBO participants have achieved this, with partners ranging from the Related Company to regionally active housing developers including BIPOC and a recently formed nonprofit specializing in modular homes.

The reason for an active coaching relationship prior to selection of the development partner is to ensure that the FBO/CBO has what they need to evaluate and build trust in whomever they select.

DIVISION OF RESPONSIBILITIES

Since most FBO/CBOs are initiating new development, a critical part of the work first with the Alameda County and then with each cohort member was support through the toolkit that accompanies these materials. The program training introduces the myriad roles in development ranging from the role of Alameda County in originating the program to various architectural firms experienced in affordable rental housing.

The coach worked with their cohort member to define the various roles and who might be most appropriate. LISC provided opportunities for the cohort members to meet architects, lawyers, developers, service providers and the several other professionals often required to be successful.

Lessons learned

Insights from three cohorts of experiences

- Each FBO/CBO enters at a different point in the development process so support should be flexible enough to work with groups ranging from those at discernment to picking a partner and seeking funding.
- The stipend facilitated by the San Francisco Foundation is a critical element in the program. It provides all with a sense that their time is valued and provides a practical solution to faith-based leadership availability.
- The self-guided materials prepared for FBO/CBOs made it possible to support self learning which increase engagement and trust.
- Adapting the amount and provider of coaching to the situation is critical.

Keys to success

Program features that made for a successful experience for participants:

- The application process and the clarity that the FBO/CBO needed to be willing to commit to explore using their land for development.
- The use of the MOU between the FBO/CBO, Coach and LISC. This enabled all to be clear on outcomes and expectations.



Overcoming hurdles and surprises

Though successful, the program and its participants did have to navigate challenges, such as:

- Not all decision makers and stakeholders within an FBO/CBO aligned on the interest or readiness to use their land for development.
- Land that was not feasible for development (for environmental or zoning reasons).
- The perception that LISC would be overwhelmed with applications, when in fact recruitment and marketing were critical and

challenging initially, with several groups in Cohort One distrusting of the sponsors.

Central to overcoming these challenges were:

- Recognizing that each group is differently ready and accommodating those differences.
- Philanthropic funds combined with public dollars.
- FBO/CBOs willingness to stay in touch if not initially ready, and even allowing groups to fall out and reenter.