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California Churches Want to Build Affordable Housing on Their Land, So Why Is It So Hard?

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By ADHITI BANDLAMUDI | KQED News | August 18, 2022

Back in 2021, Ira Hudson was looking for a new apartment in Berkeley, but couldn't find anything she could afford. For the past nine years, she had been living in downtown Oakland. But when her building's management changed last year, Hudson started noticing infestations

of bugs in the halls and in her apartment. She started to feel unsafe around new neighbors who were loud and behaved erratically.

“Before, they used to screen the people they let in, but [then] they started to let any and everybody come in here,” she said. “The place was just [falling apart] and I couldn’t stand the bugs?”

Hudson, 71, is a lifelong resident of Alameda County. All of her family lives nearby. On most weekdays, she drives to Alameda to take care of her sister who recently suffered a stroke. On the weekends, she visits her daughter and grandchildren who live in Berkeley. One of her brothers lives a few blocks away while the other is in a convalescent home in Martinez. She couldn’t imagine moving away from all of that.

“We wanted to be part of strengthening the community in a different way and one that was going to provide space for people who are most vulnerable.” Rev. Phil Brochard, All Souls Episcopal Parish

Hudson was limited by her budget, too. In her retirement, she relies on her Social Security benefits to pay the bills. She looked into getting an apartment in the same complex as her sister in Alameda, but the waitlist was too long. As her search dragged on for months, Hudson heard about Jordan Court, a housing complex for seniors with low incomes built by All Souls Episcopal Parish in Berkeley. She applied for a spot, but wasn’t hopeful she’d get in. The church had received more than 850 applications to fill a mere 34 studio units.

“Then out of the blue, I get a call,” Hudson said. “They said, ‘You got the apartment here.’ I said, ‘You gotta be kidding me.’ That is nothing but a blessing.”

Hudson moved into Jordan Court in early March, along with 33 other seniors with low incomes. The apartment sits between North Oakland and South Berkeley, just a block away from a busy thoroughfare with lots of small restaurants, bakeries and grocery stores. Hudson’s new apartment has a big kitchen, big closets and a walk-in shower with a seat inside. She can park her car safely in the parking lot. And when she doesn’t want to drive, she can walk or take the bus to wherever she needs to be.

“I just love the place. It’s just a really nice community,” she said. “And people are out to help you. If you have any problems, you let them know and it’s taken care of.”

How Jordan Court succeeded when many others couldn’t

As California’s housing crisis becomes more dire and cities feel mounting pressure to build more housing, many are eyeing church-owned real estate as a potential solution.

Churches are one of the largest landowners in the country. The Catholic Church is one of the largest private landowners in the world. According to a 2020 study from UC Berkeley’s Turner Center for Housing Innovation, California faith institutions collectively own about 38,800 acres of undeveloped land. Almost half of that land is located in “resource rich” areas, where there is better access to schools, public transportation, grocery stores and economic opportunities.

The movement to take advantage of that land is known as YIGBY – Yes in God’s Backyard. But it’s not been easy. Affordable housing is notoriously difficult to build in California, and without deep pockets or the experience of developers, many churches have tried and failed.

Jordan Court is one of the few church-led affordable housing developments successfully built in the Bay Area. The process started in 2014, when Rev. Phil Brochard and the All Souls Episcopal congregation were trying to decide what to do with an apartment building the church owned next door. The parish had used it as a makeshift office space, but it was becoming decrepit and underused.

"At the same time, we had members of our congregation who were themselves starting to feel the housing crunch that was happening," said Brochard. "We wanted to be part of strengthening the community in a different way and one that was going to provide space for people who are most vulnerable."

The church decided on an affordable housing development specifically for seniors with low incomes, to help serve the city's aging population. They also figured senior housing would be a pretty easy sell to neighbors.

Rev. Phil Brochard had been wanting to transform the underused and decrepit apartment the church owned into something useful for the community. In 2014, the congregation decided to turn the building into affordable housing, desperately needed in the increasingly expensive city. (Beth LaBerge/KQED)

But the project's road to completion was a long and tiresome one with all the usual speed bumps that face affordable housing developments: high construction costs, bureaucracy and neighbors saying "not in my backyard."

"For some, they didn't want to see a bigger structure here — we added a story to the building that was previously here," Brochard said. "For some, it was just that they didn't want poor people living in their neighborhood and they felt like they or their families would be at more risk."

One neighbor appealed the project, causing All Souls to miss out on an opportunity for millions of dollars in funding.

But All Souls had their advantages, too. The project got some help from the state Legislature, with a new state law designed to spur housing construction. SB 35 was passed in 2017, and streamlines project approvals in cities that have failed to build enough housing to meet state-mandated requirements. If a project meets certain criteria and contains fewer than 150 units, local governments must greenlight them within 60 days. Jordan Court contained 34 units and met all the criteria.

Another thing going for All Souls: its size and financial stability. The church has many affluent congregants who volunteered their skills toward developing Jordan Court, including an architect who assisted in the design process and an attorney who helped sort through the legal red tape. The church could also afford to build affordable rather than market-rate housing, which would have earned a profit.

"We're also in a position where we didn't need the income stream for us to be able to survive," Brochard said. "We've been a pretty stable congregation over the last 15 years or so. We felt we had enough stability that we could make this choice."

Why aren't there more Jordan Courts?

All Souls built Jordan Court in partnership with Satellite Affordable Housing Associates. Though SAHA has helped house 4,000 residents across the Bay Area, this is the first project it has completed on church property.

"We've had other glimpses and potential projects with congregations, but this is really the first successful one we've done," said SAHA CEO Susan Friedland.

Friedland has talked with parishes who wanted to build affordable housing for their congregants, but backed out after realizing there's no guarantee that the finished projects would have room for them.

Under fair housing laws, affordable housing projects must be open to anyone who qualifies.

"Because we take government money we can't lease the building only to a certain group of people — we have to open it up widely. That's often a game changer for a congregation," said Friedland.

Another misconception is how financially lucrative an affordable housing project could be.

"Some organizations see they have surplus land and they want to monetize it," said Friedland. "But building affordable housing isn't always a great way to maximize profit. It's not a moneymaker."

Developing affordable housing takes a lot of time and resources, which can be daunting for new developers like churches. Since 2020, state Sen. Scott Wiener has been working on legislation that would make the approval process easier specifically for churches that want to develop affordable housing, but it has failed both times he has introduced it. Wiener plans to introduce a similar bill in December.

Making affordable housing work for more churches

Pastor L.J. Jennings leads the Kingdom Builders Christian Fellowship in Oakland. Born and raised in the East Bay, Jennings has seen his neighbors and family members get pushed out of the area by the rising cost of living.

"We talk about gentrification, but my word is 'displacement,'" Jennings said. "When I look at who is being pushed out, it's minority folks, it's people of color. It's changing the demographics of our city, of our communities."

Before becoming a pastor, Jennings worked in residential and commercial real estate and decided to put his experience and skills to use. In 2010, a year after opening the Kingdom Builders Christian Fellowship, he built a sober-living facility on land the church owned. Seven years later, he opened a hundred-bed home for formerly incarcerated individuals looking to reenter society.

"All of [the tenants in our facilities] are classified as homeless," said Jennings. "We knew right away early on that we needed to address the homelessness crisis, so that's what we've been doing."

After learning the ins and outs of building subsidized housing, Jennings wanted to help other churches do the same. In 2019, he started the Kingdom Builders Project, a nonprofit with two

goals: to help churches build affordable housing and to make the projects as financially sound as possible to help struggling churches stay afloat.

The Kingdom Builders Project has been working with churches across the East Bay on housing projects: four in Oakland and one in Hayward. All the churches are Black churches.

"We know in the Black community that Blacks are being displaced in record numbers," Jennings said. "So as a community, we're really trying to stem the tide of Black displacement. We're fighting for our survival."

While building housing may align with a church's mission to serve its community, it's not always cost-effective. According to Jennings, this is because faith institutions aren't familiar with the financing of housing developments and therefore don't know how to negotiate with savvy housing developers.

"We have these situations where nonprofit housing developers are getting land from the church and the church doesn't benefit from it other than their name on the building," Jennings said.

For example, many affordable housing developers make money through a "developer fee," a sum of money included in the total housing development costs. Jennings argues housing developers should share that fee with churches, especially if the church is involved in that development process and owns the highly valuable land.

There are other ways to access revenue streams, Jennings says, if only churches knew how to tap into them. Traditionally, an affordable housing developer would manage the apartment property or contract it out, but if church members learned how to manage the property, they could keep that revenue. Jennings envisions the church providing other services, too.

"Whether it's computer assistance, whether it's after-school care, whatever it is — it's for the community and the residents," he said. "We would help them develop their services that are going to be housed inside the development so that they can create additional revenue."

Jennings also wants to increase the odds that churches can house their own members who are at risk of displacement. Getting a unit in an affordable housing project usually happens by lottery, to make it a fair process. Jennings says that in the time it takes to build the housing, churches can work with their members to help them qualify.

"We're working with them on their credit, we're working with them on their budgeting, making sure there's job stability," Jennings said. "We're working with them on all the areas so that when the application opens, our people are ready to apply."

The four housing projects in Oakland are in the early stages and haven't started construction yet, but Jennings says they look promising. The project in Hayward, however, is running into roadblocks from the church's neighbors and confusing county regulations.

The Blessings of Faith church, located a few blocks away from downtown Hayward, wants to build a 42-unit complex for seniors with low incomes in a small parking lot behind the church. Pastor Tally Knott grew up in Hayward, attended the church and witnessed the displacement of seniors and others in her community.

"I was always around seniors, so my care for older people came about by just being around

them," said Knott. "This is my home, these are my people. I understand the community here and the needs of the people."

Since starting the development process, Knott says the church has gotten pushback from neighbors who fear the apartment building will be too large for the area. Others in surrounding homes fear it will bring crime and disorder to their quiet community.

"We live in a community where people are comfortable and don't want change, but everyone's going to become older one day," said Knott. "I was even thinking about putting up signs that say 'Seniors Matter.'"

Despite the setbacks, Knott and Jennings are resolute in their goal to build affordable housing in their communities. There's no guarantee that these projects will work out exactly as envisioned, but it makes sense that faith organizations like the Kingdom Builders Project are giving it a try. Churches and other faith institutions have provided shelter to their communities for centuries.

"With the affordable housing crisis, there are no silver bullets," said Tia Hicks, program officer at the Bay Area chapter of the nonprofit Local Initiatives Support Corporation (LISC). "This is just one opportunity to really get at our regional affordable housing crisis."

Since 2019, LISC Bay Area has worked with 20 churches in the East Bay that wanted to develop housing on their property. One church is set to start construction on their property by the end of this year while others are selecting development partners and getting started on the approval process. Hicks says faith institutions are some of the best organizations to get involved in housing because they are usually entrenched in the communities they serve and understand the specific needs.

"It enables communities to retain ownership over what gets built," she said. "Especially if we're prioritizing racial equity in our work, in supporting Black congregations, there's a lot of powerful synergy there."

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