

San Bernardino Investment Playbook

Project Details: Permanent Residential Real Estate Cooperative

In order to expand the available stock of permanently affordable housing, the Uplift SB Housing Working Group will work with relevant stakeholders to establish the City's first Permanent Residential Real Estate Cooperative (PRREC). This model will take advantage of a recent change in California law that allows cooperative corporations to raise capital by selling shares (provided that the individual share price does not exceed \$1,000). Unlike a traditional housing cooperative made up of those living in a particular building, the PRREC will sell individual shares to community members interested in securing local control of and investment in San Bernardino's neighborhoods.

Patterned after the work of the [East Bay Permanent Real Estate Cooperative](#), [Sustainable Economies Law Center](#), and [People of Color Sustainable Housing Network](#), the PRREC will sell co-op membership shares, acquire a suitable property, make needed building and grounds improvements, and secure tenants for available units. Over time, this model can be expanded to include additional properties.

Any co-op member who lives at a PRREC property "will have [a] long-term renewable 'diminishing rent lease'...[that] simulate[s] direct homeownership in many ways: tenants build equity and payments lessen over time as the building is paid off." If a member-tenant decides to move out, they "sell" their lease in exchange for "a pre-determined price based on their equity contributions to date" which will ensure "a modest return...as well as compensation for improvements."

Uplift SB would work with the PRREC to connect local community members to programs and services capable of increasing homeownership readiness, avoiding displacement, and supporting community wealth-building.

Quotes from East Bay Permanent Real Estate Cooperative, "[The Basics & The FAQs: Permanent Real Estate Cooperatives.](#)"

RATIONALE

Housing affordability is a growing challenge throughout California and San Bernardino is no exception. According to the City of San Bernardino 2020-2025 Consolidated Plan, more than one-fifth of San Bernardino households are cost-burdened, meaning that they spend more than 30 percent of their household income on housing costs. In recent years, absentee investor purchases of residential properties have exacerbated the housing crisis by reducing inventory available for purchase, boosting rents and eviction rates, failing to maintain properties adequately, and eliminating access to wealth-building through home value appreciation for neighborhood residents.

OBJECTIVES

- Preserve and expand the inventory of affordable housing in San Bernardino
- Increase lower-income residents' access to wealth-building mechanisms
- Encourage local investment in and control of residential real estate

ADDITIONAL DETAILS

The 505 N Arrowhead Building at Arrowhead and West 5th Street is an example of the kind of buildings that the PRREC would seek to acquire. This five-story, 42,200-ft² commercial office building could be converted to a residential property using a combination of capital from membership shares, philanthropic support, and newly approved state funding for affordable, downtown-oriented office-to-residential conversions.

NEXT STEPS

Uplift SB's Housing Working Group will identify specific project elements, develop cost estimates, determine the appropriate ownership model, and devise a roadmap for securing funding, property acquisition, and phased implementation.

SIMILAR PROJECTS ELSEWHERE

[East Bay Permanent Real Estate Cooperative](#)

[Boston Ujima Project](#)