

A Citizen's* Guide to Upzoning in Berkeley

*By citizen we mean simply anyone who lives, works, shops in, or visits Berkeley

March 15, 2026

What are state requirements for maintaining and building housing in Berkeley?

Every eight years, the California State Department of Housing and Community Development (HCD) sets a target number of new housing units for every city in the state to be developed. It's called the Regional Housing Needs Allocation (RHNA), and cities respond by producing a Housing Element, which lays out how to achieve the targets. Berkeley's Housing Element (BHE) for 2023-2031 is focused on housing production with upzoning given as the primary means to achieve it.

What is "upzoning?"

Upzoning refers to the process of changing zoning classifications to allow more intensive land use or higher density. Primary changes may involve:

Single to Multi-family: Changing zoning to allow multiple dwelling units where only single-family homes were permitted.

Increased Height Limits: Allowing taller buildings to accommodate more residents.

Economic Impacts

Upzoning can significantly increase land value by enhancing its potential for development. This may lead to gentrification as renters are displaced because owners cash in, selling to developers.

Environmental Concerns

Upzoning increases urban density, potentially reducing urban sprawl. However, it places additional demands on local infrastructure and resources.

Community and Social Dimensions

While upzoning can provide more housing and stimulate economic activity, it can also diminish the character of a city by increasing congestion and traffic, overburdening infrastructure, reducing biodiversity as lot coverage increases, and creating wind tunnels and sun blockage.

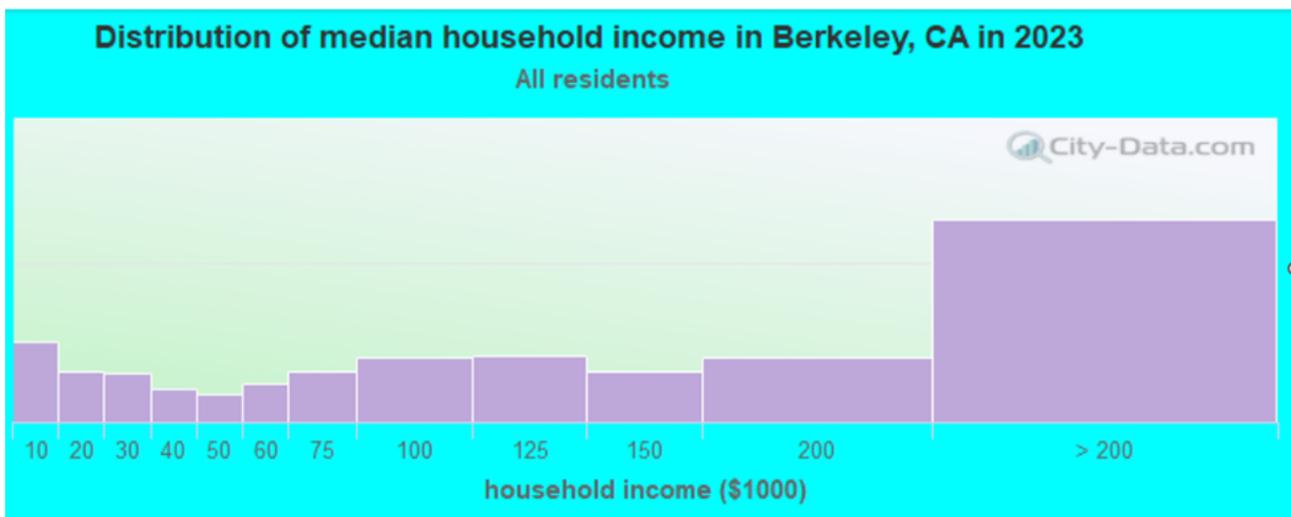
Is there a "housing crisis" that upzoning addresses by providing more housing?

NO. There is increasing evidence that California housing production is steady despite a slow post-2008 recovery. The numbers do not indicate that there is a housing supply crisis in California, but there is an affordability crisis. Moreover, projections of population increase used to justify upzoning near BART and other transit centers (as with SB 73) were exaggerated and faulty. In fact, according to a recent study, "almost all metro areas saw housing units grow faster than their population—even in expensive residential markets like Los Angeles or San Francisco." Another observer, using data from Moody

Analytics found that the lack of a real housing shortage in California meant that new housing was likely to produce high vacancy rates.

Former Albany City Council member Michael Barnes explains, “...the amount of housing in California and its affordability are distinct issues.” Affordability in California is primarily a factor of grotesque income inequality. A new study has concluded that “Inequality, not Regulation, Drives America’s Affordability Crisis.”

This chart gives us a sense of what income inequality looks like in Berkeley, with a majority of residents with household incomes over \$100,000 and a large block of households with incomes over \$200,000.



Is there an affordability crisis?

YES! The major issue in Berkeley and many cities in California is **lack of affordable housing**. For a recent building constructed in downtown Berkeley, only 5% (or 9 of 187 units) will be “affordable.” The other units are for rent at market-rate (non-rent-controlled) prices. What do market-rate prices look like in Berkeley? A 2-BDR near campus in downtown rents for \$3,500-\$4,600/mo.

Yet the state of California says that a Fair Market Rent (FMR) for a 2-BDR apartment should be \$2,028/mo! Even to afford this FMR, a family would have to make \$81,000/yr., an income level far above that of students and minimum-wage earners. Given that new market-rate housing can’t be restricted to people who are already here but can’t find adequate housing, there is no reason to think that in an area as popular as Berkeley, new housing wouldn’t simply attract more people who are able to pay higher prices (and/or people looking for a second home).

What causes housing unaffordability?

Some landlords are keeping properties off the market, but this is a housing preservation (BHE 56-57) or land speculation and tax enforcement issue, not a housing production issue.

One oft-cited explanation is that Proposition 13 means that older homeowners pay modest taxes, so they cannot afford to leave their homes and there is a lack of senior care facilities in Berkeley that

would provide viable options for them. While it is true that this may produce a slower turn-over of single-family housing stock, the major causes of unaffordability are income inequality (as we saw in the last section) and housing financialization.

What is housing financialization?

Housing financialization is the process of treating homes as financial assets for investment and profit, rather than as places to live. It has nothing to do with providing housing per se, but rather is driven by land speculation and global capital seeking returns on investment (ROI).

Upzoning creates a sudden increase in land values due to the higher revenues or sales prices that denser housing can command. Developers can easily outbid individual home buyers, and this can fuel gentrification.

Many single-family homes (SFRs) and large apartment buildings are increasingly owned by LLCs and for-profit corporations. This means the corporation controls when units come on the market, and profit is derived less from renting the units than by managing the value of the land through speculative investments. Research from Vancouver, New York, and Brisbane shows that land value appreciation captures the most economic benefits from increased density, negating potential price reductions.

In California, after the Costa-Hawkins Act passed, no housing built after February 1, 1995 can be rent controlled. At one recently built (2024) seven-floor building in downtown Berkeley, rent for a 395 sq. ft. studio apartment runs from \$2695-\$3,295/mo. Studios and 1-BDR apartments downtown targeted at a student population show little variation in pricing, while price points for shared space with rents of \$2,000 per BDR in a 2-BDR apartment are standard.

One of the symptoms of housing financialization is the increasing use of algorithms to maximize rental pricing for landlords. In an anti-trust suit filed by the Biden-administration, the Department of Justice charged that the algorithm of the company RealPage combines “confidential information from different real estate management companies to enable landlords to align prices and avoid competition that would otherwise push down rents. RealPage’s clients include huge landlords who collectively oversee millions of units across the U.S.”

Several cities, including Berkeley, have enacted ordinances against algorithmic rent-fixing. Berkeley’s ordinance, which fines violators up to \$1,000 per infraction, says algorithmic rental software has contributed to “double-digit rent increases ... higher vacancy rates and higher rates of eviction.” While Berkeley is the only city threatened with a suit by RealPage, what is significant here is that the city acknowledges that high vacancies and high rents are a problem in new housing that the market cannot correct. It also suggests that the city’s official, published data on vacancy-rates is not telling the whole story.

Why are developers interested in upzoning?

By adding more floors to a high-rise (building up), a developer can potentially maximize large profits from the additional market-rate units. While developers may initially think that larger buildings will “pencil out,” unstable markets means higher financial risk, and in some cases they have gone back to the city to ask for even more units. It is important to remember that developers don’t always wind up building for a variety of reasons; top among them are the cost of materials, financing, and profitability. The threat of not going ahead with a building sometimes gives developers enormous power. In San

Francisco, for example, the Prado Group (which also owns the [Andonico's property](#) on upper Solano slated for upzoned building), has large developments in process in San Francisco at [333 California](#) and at [370 California](#), where it claimed that the originally approved plans for 270 units were no longer profitable. It then sought to go up to [456 units](#), and in June of 2025 was granted [530 units](#) for a project that will take up entire city blocks.

Downtown Berkeley has been devastated by upzoning approval of a [26-floor Center Street development](#) of 456 housing units which lost its financing and has left a row of boarded up storefronts. At another site on Kittredge and Harold Streets, construction delays have left a huge hole in the ground for over a year. A total of [six high-rises of 16-28 floors](#) are slated for Berkeley's downtown core. *Any further upzoning in Berkeley must not be undertaken without an assessment of its impact on downtown Berkeley, which has resulted in the destruction of downtown small businesses, expensive market-rate housing that students and low-income people cannot afford, office vacancy rates of 16% (overall) and an official downtown [commercial vacancy rate of 10.9%](#), that is closer to [28%](#) according to the Downtown Berkeley Association.*

Does Berkeley have a pipeline problem that upzoning can solve by streamlining slow city processes for developers?

YES and NO. In Berkeley, currently over 55 percent of applications under review and over 85% of anticipated pipeline (pre-application) projects utilize state density bonus and are afforded waivers and concessions to development standards.” ([BHE pp. 70, 75](#)) Yet, planning expert Bill Fulton, writing about the challenges of implementing SB 79, that [there are other, non-regulatory impediments to housing development](#) in California.” Another [recent study](#) found that “regulatory reforms may have limited impact on housing affordability.”

[Michael Barnes](#) explains: “First, cities do not build housing. Developers build housing. Cities approve project applications but cannot require developers to build the approved projects. Since approvals typically have a long shelf life of one to three years, developers can bank them and be picky about when they convert them to building permits.

Second, the goal of developers is not to build housing. The goal of developers is to make money. Building housing and making money are not the same thing. Developers are portfolio managers. They hold a range of assets including undeveloped land, project approvals, unfinished projects, market-ready completed projects, cash, and other financial assets.”

Developers reallocate their assets to maximize the value of their holdings, and are loath to dump so much of their product on the market at one time that they drive their prices down against themselves. Developers are also beholden to their lenders and suppliers. If banks don't want to lend, or if labor and building materials are too expensive, they may have to put their plans on hold until they “pencil out.”

According to a recent [SF Chronicle](#) article, "Even with rents [surging](#) 11.5% in the past 12 months, developers say that in the best case scenario new multifamily housing development is still 18 months away from starting. And that is only if construction costs and interest rates stay flat, and rents jump an additional 20%. Otherwise, equity investors are unlikely to re-enter a market they abandoned in droves at the start of the pandemic, according to experts." Here again we see that additional construction isn't bringing down prices: developers don't build if rents/prices are falling. They are dependent upon rents/prices continuing to rise.

According to one Berkeley developer, there are currently 16 “stalled projects” downtown. Yet, as a recent editorial by the Berkeley Architectural Heritage Association ([BAHA](#)) [explains](#), Developers, planning staff, and elected officials often claim that projects are “stalled for macroeconomic reasons” and that construction will resume when interest rates fall or materials become cheaper. But [...] many entities buying land in Berkeley today are not builders. They are entitlement platforms — companies whose business is to acquire multiple parcels, file SB 330 applications, secure demolition and building permits, clear the land, and sell the entire package to another large investor. This is not development. It is financial engineering using land as the underlying asset. And it is extremely profitable.”

A recent [study evaluating the impact of upzoning](#) found that the average project completion took almost eight years after upzoning. Still another study found that “[Only 5.1 percent](#) of upzoned parcels had *any* development over a decade and a half, producing a total of 240 units.” A review of upzoning in Australia over an twenty year period from 2000 found that while zoned capacity more than doubled, [only 2%](#) of the rezoned parcels were ever developed in any five-year period.

So yes, there is a pipeline issue, and no, offering developers expedited processes and other incentives will not solve it because they do not fundamentally change the economics of profitable portfolio management or entitlement trading.

What is inclusionary zoning?

Local inclusionary zoning (IZ) laws [create affordable housing](#) by encouraging or requiring developers to set aside a percentage of housing units to be sold or rented at below-market prices. Inclusionary zoning has been seen as a tool for desegregation, but results are mixed, and in some areas have actually [intensified racial segregation](#); IZ may actually [increase prices and decrease housing production](#). “Inclusionary [homeownership programs](#) appear to target a population with generally higher income than renters served by federal assisted-housing programs such as public housing, the low-income housing tax credit, or housing choice vouchers.”

Title 23 (Zoning) of the Berkeley Municipal Code mandates that for [Inclusionary Housing](#) “No permit for the construction of any Housing Development Project shall be issued unless at least 20% of the Residential Units are Affordable Units.” Berkeley also has supplemental [inclusionary zoning measures](#) that allow projects with family sized units to set aside 20 percent of the square footage instead of 20 percent of units. This means that if the family-sized units are large, 20% of them could be a very large chunk with not very many units, whereas 20% of the square footage would allow for lots of very small affordable units.

What is a density bonus?

The State’s [Density Bonus Law](#) was enacted in 1979 to encourage the creation of more housing and address the severe shortage of affordable housing in California. The law allows a housing development to exceed the maximum residential density established for a site by the Zoning Ordinance. State density bonus provisions have changed frequently and significantly in recent years in order to further incentivize the use of this affordable housing tool. AB 1763 (2019) expanded the maximum density bonus and other provisions for projects with 100 percent affordable units. Additionally, AB 2345 (effective 2021) increased the maximum density bonus from 35 percent to 50 percent for projects that are not composed exclusively of affordable units. ([HBE 70](#))

Title 23 of the City of Berkeley Municipal Code regulates density bonus applications, often in conjunction with waivers and concessions that developers request. Qualifying housing projects for a density bonus include:

- At least 10 percent of the total units, including a shared housing building development, are affordable to lower income households;
- At least 5 percent of the total units, including a shared housing building development, are affordable to Very Low-Income households;

Even when projects meet or exceed the minimum thresholds, density bonuses don't yield much affordable housing in market-rate developments. On October 29, 2025, Berkeley Zoning Board permitted the demolition of three existing two-story residential buildings, including 19 rent-controlled dwelling units at 2425 Durant, to construct a 20-story building--more than double the 8-story limit for the Southside neighborhood -- with 169 units, including 6 Extremely Low-Income (ELI), 7 Very Low-Income (VLI), 6 Low-Income (LI), and 13 Moderate Income (MI) units. Yet low-income includes those with incomes up to \$109, 600, (see below) and those with Moderate Income, well above this, resulting in only 8% (13 units) of Extremely-Low income and Very-Low Income combined, for people who are the most severely rent-burdened, including students. Put another way, the city lost 19 rent stabilized units in order to create just 13 units that people with Extremely Low- and Very Low-Incomes could afford. Mark Rhoades was a consultant for this development, and for many others in Berkeley.

At 2029 University in Downtown Berkeley, the Rhoades Planning Group applied for a 100% density bonus for a 23-story high-rise that includes only 18 very-low income units out of 230 units. And at 2298 Durant & 2360 Ellsworth Street, developers received a density bonus for an 8-story building, but only 5 units of 65 will be for VLI.

All these projects have used the state density bonus law not only to build higher but also to claim exemptions from construction labor standards, health care and prevailing wage requirements. As a result, the Construction Trades and Carpenters councils appealed to City Council, to no avail.

How does densification impact local infrastructure and services?

One issue with density calculations is that they do not require any impact on existing services and infrastructure to be measured, although the city has the ability to commission “nexus studies” to levy impact fees. According to one city official, Berkeley is already California's second most dense city (p.6) per square mile even “without factoring in the daily influx of students, Citywide employment, tourism, and cars on the freeways”. It has a population over 122,000 on 10.43 acres of land and ranks 84 of 100 of the most densely populated urban cities in the US Census of 2020. Based on the Regional Housing Needs Assessment (RHNA), Berkeley must accommodate the addition of 8,934 new residential units between 2023-2031. This new growth will bring Berkeley's population to 140,935 by 2040.

In 2023, Berkeley's city manager noted that “The City needs an urban level of fire, EMS, and specialty rescue services. The ongoing intensification of land uses, building heights, and population density, will make several sections of the City very urban—typical of the largest metropolitan cities for building fire and rescue/EMS challenges.” (p. 6). An unanticipated consequence of increased fire hazard is that Berkeley and other Bay Area residents are seeing density-based insurance denials.

In 2024, the City of Berkeley Parks, Recreation and Waterfront Commission pointed out that “a modest impact fee of \$5,000 per unit would generate \$0.5M/per new 100 units” and that “If such a fee had been in place in 2022 when the City approved plans for nearly 900 homes, a Parks Impact Fee would have generated \$4.5 million in a single year.” The City of Berkeley’s 2 acres/1000 residents park service standard is below average in comparison to similar municipalities and fails to meet the Quimby Act’s base standard of 3 acres/1,000 residents.

Berkeley has already met its target housing numbers, so does it need to upzone?

NO. Berkeley acknowledges that upzoning is not required to meet its RHNA targets since existing zoning can accommodate them. ([BHE 75, 110](#))

The City of Berkeley has been allocated 8,934 units: 2,446 very low income, 1,408 low income, 1,416 moderate income, and 3,664 above moderate income units. ([BHE 153](#)). This means that only 2,446 units or 27% of the RHNA allocation is actually intended for those with incomes below \$109,600; the larger balance of 6,488 or 73% of units has been allocated for those with a threshold income of 109,600 and higher (see discussion on affordability below). It is questionable whether low-moderate income housing is actually “*below-market*” housing, but it *is not housing for low-income people*.

While Berkeley is largely on target for market-rate housing in the current cycle, like many cities, it struggles to build affordable housing. “Under the Housing Element reporting period from 2015-2023, the City of Berkeley has made insufficient progress toward its very low and low income RHNA and is subject to SB 35 streamlining provisions for projects that include at least 50 percent affordability. They are not subject to discretionary processes, such as CEQA environmental review and public hearings. More upzoning to allow for more market rate development will not result in a higher number of low-income units actually getting built.

The city has little say in the RHNA numbers allocated to it, and by law must respond to state-driven housing mandates. In 2024 Berkeley was one of ten communities recognized by the state of California for developing “pro-housing” initiatives. These initiatives included: facilitating Accessory Dwelling Unit (ADU) production by prioritizing ADU permit applications, having a dedicated ADU planner, providing a website with FAQs and links to ease ADU planning; creating Small Sites Program solicitations through the city’s Housing Trust Fund (HTF); and creating policies that authorize the regular release of development loans available for affordable housing construction through a single application process. Berkeley’s HTF Small Sites Program also supports the acquisition and renovation of occupied multifamily rental properties, conversion of rent-controlled properties to restricted affordability, and potential conversion to limited- or non-equity housing cooperatives. (Historically, there has been a vibrant Black housing cooperative movement in the U.S; more co-ops could help offset the city’s displacement of African-Americans).

In other words, the city has a recognized and successful set of options it has used in the past that it can build on in the future to meet its affordable housing requirements without upzoning.

What are the current upzoning proposals the Berkeley City Council is approving?

In June of 2025, the *Berkeley City Council voted to pass the “Middle-Housing” ordinance* despite widespread community opposition. The new “missing middle” legislation approved by Council and SB 79 mean that taller buildings will no longer be limited to commercial corridors, downtown and the Southside neighborhood near campus. This ordinance provided no real affordable housing, with low

income, very low income or extremely low-income units (see “Affordability” section below). The quantitative objective for “Middle Housing” is 770 units: 154 moderate income and 616 above moderate income ([BHE, 162, Table 5.7](#)). This [ad](#) shows how Berkeley’s zoning change to residential areas goes beyond the state legislation meant to encourage construction of more duplexes and triplexes, enabling owners and developers to increase building height to 6 stories with perhaps 28 units.

The city council is now considering upzoning for the [San Pablo Avenue Specific Plan](#), and in three “high resource” commercial zones ([CZU](#)): [Elmwood](#), [North Shattuck](#), and [Upper Solano](#). [None of the merchants in these corridors were meaningfully consulted](#), and in a packed city council meeting on November 6, 2025 dozens of [merchants testified against the proposal](#) over three hours. Despite this, the city council voted to ask the planning department to ask for a 7-story minimum; with a density “bonus,” buildings could rise up to 14 stories in each of the commercial corridors, and without parking, which will put a substantial strain on streets in the neighborhood.

Downtown Berkeley already has [several large high-rises](#) planned that permit construction up to 28 floors, and will likely result in high residential vacancy-rates, as is already the case with downtown highrises. Yet when the city’s voters approved the Downtown Revitalization Plan in 2010 ([Measure R](#)), it called for “only 2 residential buildings and 1 hotel no taller than our existing 180 foot building and 2 smaller office buildings up to 120 feet.” ([p. 393](#)). Proponents of the measure claimed that “Measure R restricts building heights and allows two residential buildings and one hotel no higher than the Wells Fargo and Great Western Buildings.”([p. 394](#)) The plan does not permit anything higher” ([p. 395](#)).

However, when the Planning Commission, staff and Council put together the actual zoning, they failed to take into account the state density bonus and effectively turned 180 feet into a base height-- not at all what the voters approved. The opponents of Measure R at that time presciently observed that it “greenlights out-of-scale development, as much as tripling the present (height) limit from 55 to 180 feet (the unsightly Great Western building’s height)” and correctly predicted that “Developers will build even higher than 180 feet under California’s bonus density provisions. UC would be allowed to build unspecified additional tall buildings, weakening the tax base.” They concluded that “Measure R threatens neighborhoods, designating a hugely expanded “Downtown” that incorporates existing residential areas, allowing outsized development to overwhelm surrounding neighborhoods.” ([Sample Ballot](#) Alameda County for November 2, 2010 election, p. 395) ***We must not let the same thing happen with the current San Pablo Avenue Specific Plan and CZU proposals.***

Why does the City of Berkeley say it needs to upzone?

The city suggests that housing is in short supply by suggesting that vacancy rates are too low, but also presents conflicting information showing that “A vacancy rate is considered to be healthy if it permits adequate choices and mobility among a variety of housing units. A healthy rate is considered to be 5-6 percent for rental units... According to the American Community Survey, vacancy rates have decreased over the last several years and are well below optimal levels. The 2015-2019 American Community Survey estimates a vacancy rate of [...] 2.4 percent for rental units” ([BHE 48](#)). Note that these figures are from 2019. A more recent (2023) survey of 19,300 rent [stabilized units](#) (estimated to be 73% of Berkeley’s housing stock) shows a vacancy rate of 2%, but low turn-over on rent-stabilized housing is to be expected. However, [another \(2023\) survey](#) of 1,871 recently constructed multi-family units in Berkeley found a vacancy rate of 10%. Since these market-rate developments are showing a *high* vacancy rate, the case for building more market-rate housing in Berkeley is weak. Unfortunately, Berkeley, like other California cities, is mandated to produce more housing whether it needs it or not. While the California [State auditor](#) criticized HCD’s method for determining unrealistic RHNA

numbers, cities like [Huntington Beach](#), who have pursued legal action to protest their high RHNA numbers, have lost in court. Cities who fall behind on their RHNA targets may be [subject to lawsuits](#) from the state of California.

However, the main reason the city claims that it needs to upzone is to meet its affordable housing (AFFH) objectives. Berkeley (like many other Californian cities) is far behind on meeting its affordability targets, in part because state laws favor commercial developers who buy out of having to meet minimum affordability requirements for new buildings.

Again, HCD does not require upzoning for RHNA or for AFFH (AFFH p. 57); *rather rezoning is just one example of an AFFH action a city might take (AFFH, p. 72; [HCD, p. 11](#)).*

What is Affordability?

The passage of [AB 686](#) in 2018 brought new housing element requirements, including an assessment of fair housing practices, an analysis of the relationship between available sites and areas of high or low resources, due in 2021.

The Department of Housing and Community Development (HCD) defines housing affordability as “paying no more than 30-35% of the household’s gross income on housing expenses.” Forty-two percent of all Berkeley households are cost burdened with 23 percent experiencing a severe cost burden. Cost burden is more prevalent among renter households, with over half of renter households paying more than 30 percent of their incomes for housing expenses. ([BHE, 59](#))

The HCD also defines income categories according to Local Area Median Income (AMI):

Acutely Low Income 0-15% of AMI

Extremely Low Income 15-30% of AMI

Very Low Income 30% to 50% of AMI

Low Income 50% to 80% of AMI; also used to mean 0% to 80% of AMI

Moderate Income 80% to 120% of AMI

In Berkeley, the AMI was \$108,000 by 2019 (higher than the average for Alameda County at \$95,000). In 2021, 42% of Berkeley residents were considered low-income because they earned up to 80% AMI or below \$109,600/yr ([BHE p. 28-9](#)). *Since those who earn up to \$109,600 in Berkeley are considered “low income,” this points to yet another failure of market-rate affordable housing that may include more moderate income units, and fewer Very Low Income (VLI) or Extremely Low Income (ELI) units.*

A total of 9,650 Berkeley extremely low-income households (earning less than \$41,000) account for 21 percent of all households residing in the City—a higher percent than in Alameda County, where 16 percent of households are extremely low-income. The large majority (88 percent) of extremely low-income households rent their homes. High rents in the city are particularly burdensome to this special needs group, largely composed of students. If we look at one recently-approved 20-story high-rise at [2425 Durant](#), we can see an issue with how affordability is defined and how it plays out in practice. Of 169 dwelling units, 6 are (ELI), 7 are (VLI), 6 (LI), and 13 Moderate Income (MI) units. Yet since LI includes those with incomes up to \$109,600, and those with Moderate Income, well above this, only 8% (13 units) of the total are ELI and VLI units for people who are the most severely rent-burdened, including students. A majority of “affordable” units (19) could be rented to people with incomes of \$100,000 and above.

Affirmatively Furthering Fair Housing (AFFH) calls on cities “to increase affordable housing in high resource neighborhoods that have often been exclusionary (explicitly or in effect due to costs and zoning policies) and bring additional resources to traditionally under-resourced neighborhoods” (p. 6). It observes that “single-family zoning...replaced race-based zoning as a tool for segregating communities by restricting more affordable housing options, such as apartments or condominiums” (p. 6). It noted that from 2000 to 2017, the number of Racially or Ethnically Concentrated Areas of Poverty (R/ECAPs) in the state had grown from 182 to 391 communities.

Interestingly, the Housing and Urban Development (HUD) 2020 data shows that [Berkeley’s R/ECAP areas](#) are in Central Berkeley, where an international and diverse student body, whose work-study and part-time work results in low incomes, are clustered, even as African-Americans have been displaced from downtown, West and South Berkeley. (HUD’s census tract-based definition of R/ECAPs involves a racial/ethnic concentration threshold and a poverty test, yet the 2025 and 2026 [AFFH Mapping Tool](#) is now showing these census tracts to be “moderate resource” areas, indicating the rapid pace of Berkeley’s continuing gentrification).

R/ECAPs must have a non-white population of 50 percent or more, while neighborhoods of extreme poverty are defined as census tracts with 40 percent or more of individuals living at or below the poverty line). Students are some of the worst affected by high-housing costs. Downtown Berkeley, which has seen multiple high-rises built, has not produced affordable housing. In one recently constructed 12-story high-rise, a [studio is listed at \\$2900-\\$3,200/mo](#), and a 1BRM is priced at \$3,000-\$3600/mo.

Will upzoned market-rate housing lead to affordability and housing desegregation?

NO. Market-rate housing is not rent-controlled, does not provide a path to home-ownership and may lead to [segregation](#) or neighborhood gentrification. A [2023 study](#) found that, “reforms that loosen restrictions are associated with a statistically significant 0.8 percent increase in housing supply within three to nine years of reform passage,” however, “This increase occurs predominantly for units at the higher end of the rent price distribution; we find no statistically significant evidence that additional lower-cost units became available or became less expensive in the years following reforms.” A [2022 study](#) in Australia concluded that increased housing supply through densification was “robustly related to higher prices.” This is the case in downtown Berkeley, where the average rent is \$400/month higher than in the rest of Berkeley for a 1-BRM, and almost \$600 p/mo. higher for a 2-BRM in [new high-rise housing](#). [Numerous other studies](#) (including one by Berkeley’s [Rent Stabilization Board](#)) show this. The city council has proposed a 7-story minimum for upzoning in three commercial corridors; with a 100% density bonus, projected high-rises at the corners of Solano/Colusa and Solano/Ensenada could have up to 14 stories, with top floor luxury penthouses to capitalize on bay views. Such [high-rises raise prices](#) and will [worsen segregation](#) resulting from racialized [labor market polarization](#); they perpetuate forms of income exclusion, and will not “help the city undo the lasting effects of racial and economic segregation...” ([CZU, p. 12](#)). A [new study](#) has found that “for the majority of cost-burdened households, generalized deregulation or upzoning will have weak impacts on affordability. Other rationales for such policies may be valid—allowing more people to live in desirable locations, enabling quality replacement of old housing stock—but the key claim used to sell deregulation to the public, improving affordability, does not hold up to scrutiny.”

What is the Impact of High Student Enrollment at UC Berkeley on City Housing?

YES. Berkeley's AFFH analysis ([BHE, Appendix E pp. 1-164](#)) shows that residential segregation exists. It has not shown that current zoning (as it claims) is the main cause of residential segregation—in fact, *current zoning* in Berkeley has produced several examples of affordable housing at [1685 Solano Ave.](#) and 1638 Stuart St., with the former converting to a resident-owned co-op. Rather, it is [income inequality](#) and the [historic effects of redlining](#)—discriminatory mortgage-lending practices—that has perpetuated residential segregation. Berkeley does indeed have a history of housing discrimination (see Berkeley Thousand Oaks-based filmmaker, Doug Harris's PBS documentary on African-American Assembly Rep. Byron Rumford's work for [Fair Legislation](#) and the city's vote to re-segregate in 1963). **However, Zoning is not the key barrier to residential integration in Berkeley; affordability is.** Upzoning to address racial segregation will not bring more affordable housing, because studies show that market-rate housing does not actually bring local rents or prices down, but raises them.

What about funding for affordable housing in Berkeley?

There is substantial funding available for affordable housing through two sources: the Housing Trust Fund (HTF) and from a local measures O, P, and U1. The latter passed with an overwhelming [75% approval in 2016](#) and was specifically designated for affordable housing. The HTF is funded in part by “affordable housing mitigation fees” and in-lieu fees that developers pay to lower the number of affordable units they must build. Unfortunately, the city of Berkeley raided the [U1 Funds](#) which are held in the City's general fund, [diverting \\$2.5 million](#) from funds meant to support affordable housing to help make up for a budget deficit. ***Berkeley voters need to hold the City Council members*** (Rashi Kesarwani, Terry Taplin, Ben Bartlett, Brent Blackaby and Mark Humbert) ***accountable for redirecting funds specifically earmarked for affordable housing to other purposes.***

As of [October 23, 2025](#), the operating budget for Affordable Housing Projects for the City of Berkeley shows that HTF funds paid by developers through inclusionary housing and other fees is only 24% of the \$182,308,710 affordable housing funds the city currently shows on the books. 62.7% (or \$114,315,375) comes from the combined funds of [Measure U1](#), [Measure O](#) and [Measure P](#) funds. Measure O alone contributes 51.6% (\$94,094,735) of the total—the remaining funds come from HCD subsidies and money from a settlement with UC Berkeley. This information suggests that Berkeley can fund affordable housing without relying largely on developer fees (although it should continue to require them at higher rates), and can get more time-efficient affordable housing by not pursuing inclusionary units in high-rises, since smaller buildings can be built in a more predictable manner.

Isn't including affordable housing in large market-rate developments the fastest and most cost-efficient way to get affordable housing?

NO--on both counts. If we look at the number of planned of affordable units in two of the tallest high-rises approved for downtown: [1998 Shattuck \(28 floors, 599 units/58 VLI\)](#) and [2128 Oxford \(26 Floors, 456 units/56 VLI/ELI\)](#) **the total in each (56 or 58 units) is far less than the 100% affordable 87 units in the Maudelle Miller Shirek Community (MMSC) in South Berkeley.** More affordable housing is built through community developers working with city and state subsidies (Nearly 2/3 of the city's affordable housing funds come from voter approved measures!) than through inclusionary housing with density bonuses.

Market-rate high rises are expensive and as we have seen, one 26-story building in Berkeley lost its financing and has led to boarded up businesses and loss of income. In some areas, including affordable housing in market rate developments also makes them [more expensive](#). In Berkeley, most

affordable housing to date is actually built with HTF funds: “As of December 2021, there are a total of 530 affordable units within market rate developments... Additionally, a total of 1,376 affordable units have been developed with the assistance of Housing Trust Fund monies.” ([BHE, p.68](#))

In other words, market-rate housing accounts for only 38.5% of affordable housing, while the city of Berkeley has enabled the development of 61.5% of existing affordable units through HTF monies. HTF monies consist of some funds from [Measure U1](#) (which has contributed 51 million to the HTF from 2018-2026) and developer fees. It has been argued that developer fees largely fund affordable housing in Berkeley, yet these fees have been reduced by the city, and comprise roughly only a quarter of the funds in the HTF available for affordable housing.

Some studies show that affordable housing is expensive to build, citing figures over [\\$1 million](#) per unit in Bay Area cities like San Francisco and San Jose. In Berkeley, however, the average cost for two 8-unit and 13-unit 100% affordable projects administered through the city’s Small Site program was only \$459K per unit, with a city subsidy of \$286,000 per unit. A larger complex, the Maudelle Miller Shirek Community (MMSC), a 100% affordable housing development with 87 low-income units and [60.3 million](#) in construction costs for a true cash cost of \$933,467 per unit (TCAC, p. 3). The city provided [17 million in funding](#) for the project with \$1,568,000 from U1, \$12,932,000 from Measure O, and an additional \$2.5 Million from the State’s Local Housing Trust Fund (LHTF) matching grant program (with local funds successfully leveraged through a competitive application to the State’s LHTF program). In addition, MMSC is the first 100% affordable project applying the City’s [Affordable Housing Preference Policy](#), which prioritizes those who were displaced due to BART construction, foreclosure, and eviction, as well as families with children and homeless people. As a 6-floor building, the MMSC is an excellent example of 5/1 construction with ground floor office space that houses the community organization, [Healthy Black Families](#).

What can the City of Berkeley do?

Berkeley can use existing zoning (which with a density bonus) enables to go up to 6 floors with conventional wood-frame construction which is easier for developers to build, and less costly. Wood frame construction is also better per square foot with respect to climate change because steel and concrete are created by burning fossil fuels. The more steel and concrete, the more embodied energy and the greater the contribution to greenhouse gas emissions. **Wood frame buildings are greener.** The 5/1 six-story wood-frame form of housing itself emerged as a primary means to do affordable housing in Los Angeles when developers discovered they could build as many as 100 affordable units on one acre. We do not need to build costly high-rises with risky financing or small business and neighborhood destruction.

Existing zoning (CZU, p. 19) already enables developers to build up to 6 stories with a 100% density bonus that creates 30% affordable housing, but for example, in the Solano corridor, the currently proposed “medium density” alternative allows developers to build up to 6 stories by paying for a 50% density bonus and only building 15% affordable housing. In other words, proposed upzoning doubles the base height, so the developer is able to achieve a building height of six stories by invoking a 50% density bonus rather than 100%, which results in even less affordable housing being required.

In the current economic climate, it is likely that only 5/1s (or their variations up to 8 stories) are economically feasible. Anything taller than eight stories requires steel frame-construction and risky financing given high interest rates and tariffs on materials. Since the city’s CZU plan also acknowledges this ([CZU, p.13](#)) one wonders why the city resorts to upzoning instead of doable alternatives for high-yield affordable housing with smaller buildings. It can increase the percentage of

affordable units by making all or most of all units 100% affordable. Berkeley knows how to do this. It has [several examples](#) of affordable housing done in partnership with [community land trusts](#) which produce buildings that reaffirm neighborhood character and also provide those with low-incomes a [pathway to ownership](#) through limited equity [housing cooperatives](#).

Why is this issue so complicated?

The issue is complex because affordable or low-income housing has come to mean many things to different people. There are numerous stakeholders whose interests may not always align: politicians, policymakers, builders, developers, environmentalists, urbanists, small business-owners, residents and the homeless. The last three stakeholders are almost never at the table, but bear the brunt of “solutions” that take place in their neighborhoods. “Affordable housing” has key elements of what some planners call “[wicked problems](#)” where “Wicked problems can always be described as the symptom of other problems” so “there are no true or false solutions, only good or bad ones.” However, because there is no way to test wicked problems, they cannot be studied through trial and error. Their solutions are irreversible, so “every trial counts.” Since “how a wicked problem is described determines its [possible solutions](#)” we can see that what happened in downtown Berkeley was a kind of “trial” that resulted in a bad solution to a problem that was poorly defined at the outset (the problem is not lack of housing, but lack of affordability) and has only made gentrification worse. **The history of upzoning in downtown Berkeley was both an avoidable and irreversible mistake: it must not happen again.**

Another area of complexity is [driven by Sacramento](#)’s intensification of deregulation for developers at the same time that the number of laws governing affordable housing and its financing have multiplied. [Continuing to legislate](#) against [environmental reviews](#), building codes and safety measures has created [dozens of laws](#) in the past ten years alone that cities struggle to respond to and often set them up to fail.

This analysis offers an alternate framing to the problem of getting more low-income housing in Berkeley. Building high-rises encourages speculation and drives the cost of housing up. When new market-rate housing is too expensive for students and low-income families, this is an issue of affordability with roots in housing financialization and algorithmic pricing of rents. Building more high-rises will not bring rents down, and will not provide housing to those who most need it. It will not solve income inequality because there is no amount of market-rate housing that the city can build to prevent the ongoing displacement of low-income residents and people of color from the city.

Why is upzoning so polarizing?

First, affordable housing needs to be delinked from upzoning. Most people in Berkeley want to see affordable housing built. The fact that Berkeley voters passed, by a 77% margin, Measure O, a [\\$135 million bond](#) to create 1,000 units of affordable housing in 2018, and Measure U1 in 2016 by a 75% margin, shows the depth of community support for it. The problem is that upzoning does not yield affordable housing and is a Trojan horse for developers to eventually build taller buildings with more expensive units and only a fraction of “affordable” ones.

Second, follow the money. When community and neighborhood organizations protest new high-rise developments for decimating local businesses, destroying neighborhood character, and creating predictable strain on residential parking and city infrastructure like fire and police services, they are caricatured as ‘NIMBY’s –“Not in My Back Yard.” Their counterpart ‘YIMBY’s (“Yes in My Back Yard”), might appear to be ordinary people with a different pro-development viewpoint. In fact, YIMBYs are [well-funded](#) lobby groups who [sponsor legislation like Prop 79](#) with [think-tanks](#) that

generate white papers on how densification is environmentally desirable and also the best way to get affordable housing. Neither claim is true. YIMBY organizations have made [campaign contributions](#) to Berkeley city and state officials, have lobbied Sacramento for aggressive new housing legislation that locks cities into RHNA targets they can't meet, and then [sued cities that were slow](#) in revising their housing elements. **We need to find creative, community-inclusive solutions that move beyond NIMBY vs. YIMBY labels.**

Conclusion: the Negative Effects of Upzoning in Berkeley's Commercial Zones

1) Destruction of local small businesses: any construction in the three commercial corridors will mean substantial loss in revenues over several months or years. Lack of commercial rent control means that landlords will raise rents in order to cash out property to developers. Ground floor retail space in new developments will not be not rent-controlled, and may lead to increased store-front vacancies.

2) Destruction of neighborhood character. People come from all over the Bay Area to shop in pedestrian friendly retail areas, not in big box stores. Large high-rises cast shadows which people avoid.

3) Increased traffic and congestion due to lack of parking. Berkeley stopped requiring developers to include parking in new developments in 2021. New developments have no requirement for parking. This will result in increased problems for existing residents and shopkeepers who already face lack of parking at their businesses and tight parking for residents.

4) Re/gentrification of neighborhoods and increased unaffordability Areas of "redevelopment" in Central, South, and West Berkeley have resulted in the displacement of African American families and a decline in Berkeley's Black population from 13.3% in 2000 to 7.7% in 2019 ([BHE p. 23](#)). In 1970, African-Americans were [24% of Berkeley's population](#).

5) Increased speculation: upzoning increases land value, but less housing is built because the value of cleared lots is worth more than any structure on it.

What Can We Do?

--Write to City Council and ask them to stop all upzoning plans until a study of the impact of downtown zoning on local businesses, residential and commercial vacancies, and market-rate rents is completed. *Send email to the Mayor and city council: council@berkeleyca.gov*

--Ask City Council to vote against the CZU proposal to establish a 7-story minimum with the potential to build up to 14 stories in the Elmwood, North Shattuck and Upper Solano business districts. The San Pablo Avenue Specific Plan also calls for upzoning.

--Attend the next City council meetings in March, April and May to register your concern about these proposals.

--Join the email lists for [Berkeley Neighborhoods Council](#), [Build a Better Berkeley](#), [Friends of Adeline](#), [Healthy Black Families](#), and [Save Berkeley Shops](#), for updates on these issues.