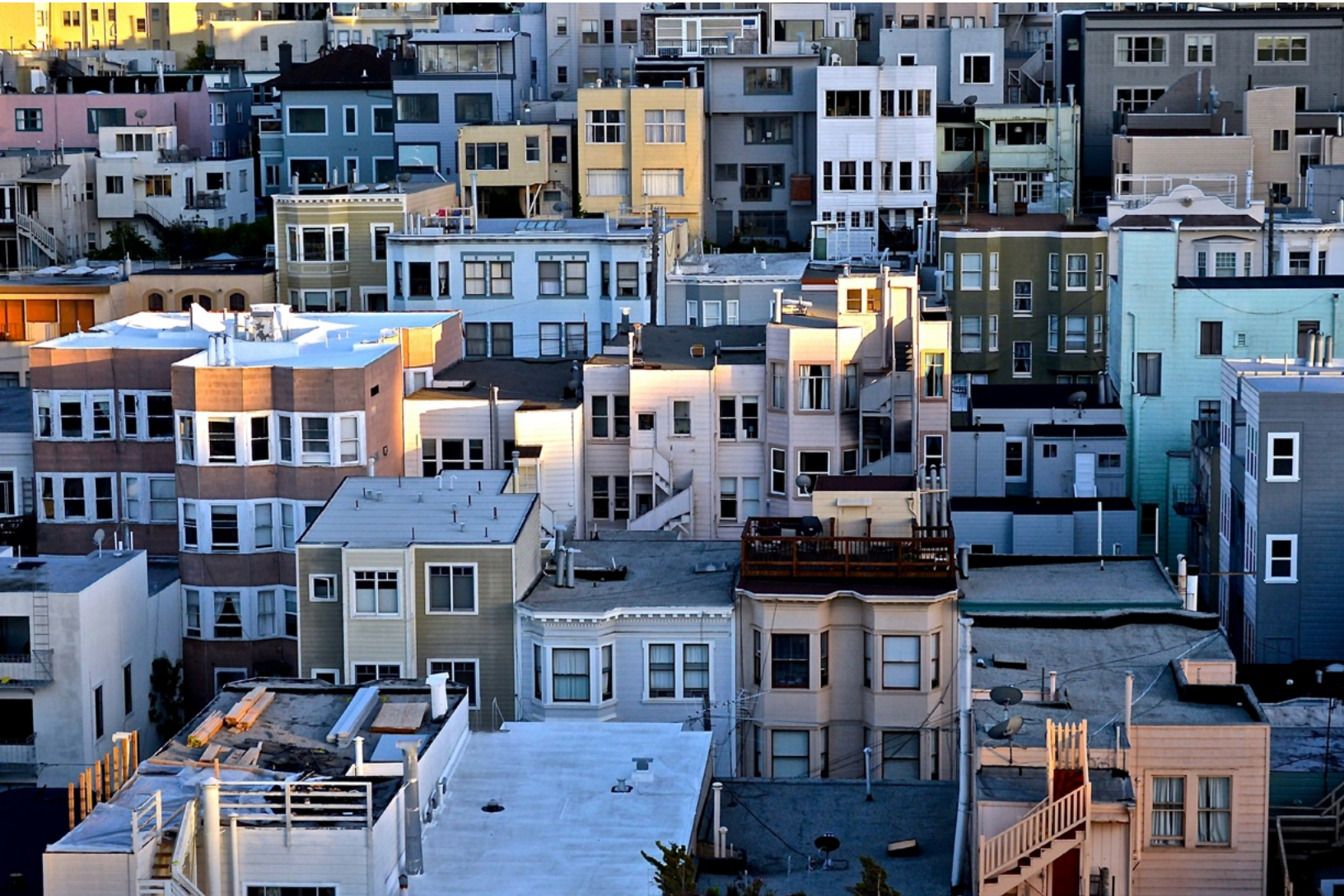




SMALL SITES & DEVELOPERS OF COLOR

THE PROMISE AND PERIL OF SMALL SITES

How Bay Area municipalities can make small-site and infill development a real path to scale for the developers who reflect the communities they build in.

Prepared by Abundance Consulting Partners for ULI San Francisco, through the San Francisco Foundation.

ABOUT ULI SAN FRANCISCO

The Urban Land Institute (ULI) is a global, member-driven organization comprising more than 45,000 real estate and land use professionals dedicated to advancing ULI's mission of shaping the future of the built environment for transformative impact in communities worldwide.

ULI's interdisciplinary membership represents all aspects of the industry – developers, investors, architects, planners, public officials, and academics among them. Established in 1936, ULI has a presence in the Americas, Europe, and Asia Pacific, including over 2,100 members in ULI San Francisco (sf.uli.org).

ABOUT THE PROGRAM

ULI San Francisco launched its Developers of Color program in 2022 in partnership with the San Francisco Mayor's Office of Housing and Community Development. Four cohorts have completed the nine-month program, and a fifth convenes this year under its new name aligned with similar programs across the nation, Pathways to Inclusion. ULI San Francisco commissioned this report to convert what those cohorts learned into guidance peer municipalities can act on.

METHODOLOGY

This report draws on four sources of evidence:

- Interviews with alumni of the four Developers of Color cohorts;
- Input from small-sites financing experts and regional CDFI lenders;
- A July 2026 convening of program leads from four Bay Area jurisdictions;
- A comparative review of the four small sites programs those leads run.

WRITTEN FOR

Municipal program managers, housing directors, and planning and building leadership, together with the philanthropic and CDFI partners who sit alongside them.

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EXECUTIVE SUMMARY

Community-rooted developers produce better outcomes for a city. A developer who knows a neighborhood carries information no pro forma holds: its history, its residents, the line between a building that fits and one that displaces. Local knowledge lowers project risk, improves what gets built, and reduces displacement.

ULI San Francisco understood this economic argument when it launched its Developers of Color program in 2022. Four cohorts have since completed the program with approximately 20 participants in each annual cohort. The fifth cohort convenes this year under the program's new name, Pathways to Inclusion, in alignment with similar ULI programs across the nation.

Municipalities across the country understand how to fund large affordable housing projects. Local subsidies can be combined with Low-Income Housing Tax Credits and Section 8 vouchers, creating a clear path to financing. Below that scale, many municipalities also have programs for smaller sites but they are generally less used and less capitalized. Smaller projects matter for reasons the large-project toolkit cannot reach: they fill infill lots too small to compete for tax credits, they create and preserve missing middle housing, and they were expected to serve as an on-ramp where an emerging developer could complete a first project and graduate to larger projects in partnership with municipalities.

This report examines how smaller projects can live up to their promise as a valuable part of the affordable housing ecosystem and be a way to cultivate Developers of Color to develop both smaller and larger projects in our communities. We examine this because ULI SF Developer of Color alumni describe small sites as among the hardest and most fragile projects in the affordable housing system, and the developers steered toward them typically hold the least balance sheet to absorb the risk.

"My [small sites] project has been delayed for four years Yes, I'm a Black woman, but the reality is this is not just because I'm Black. This is the process for development."

DEVELOPER OF COLOR INTERVIEW

A July 2026 convening of program leads from four Bay Area jurisdictions confirmed the pattern from the public side. One program has funded more than seventy projects across twelve years and worked with roughly six or seven organizations across all of them. Its staff stated plainly that no developer whose first acquisition came through small sites has since applied for tax credits, with one or two exceptions that came through joint ventures with larger firms.

Public subsidy for housing rewards whoever can navigate its procedures best. The first ULI Developers of Color cohort spent much of its time teaching that navigation, the process and the language and the syntax of development.

Four years on, alumni were clear that teaching the process was not enough, because of the challenges of both the scope of the projects and the design of the programs that fund small sites. Coaching individuals moves the needle to a point. A municipality that wants the people who reflect its community to build in it has to change the procedures.



Developers of Color program participants at a ULI San Francisco session. Photo: ULI San Francisco.

SECTION 01

CONTEXT AND PURPOSE

The Developers of Color program grew out of a partnership between ULI San Francisco and the San Francisco Mayor's Office of Housing and Community Development (MOHCD), funded by a two-year San Francisco Foundation grant. The prompting question came from MOHCD itself: the department was issuing RFPs and not seeing responses from developers who reflected the city's communities, and it wanted to understand why. ULI convened two cohorts of twenty, built a nine month curriculum with MOHCD, and has funded the program from its own budget since. ULI San Francisco commissioned this report to convert what those cohorts learned into guidance peer municipalities can act on.

One design choice from the original program shapes how these findings should be read. The program was never an entry-level program. Participants had already built housing, some in senior roles inside large affordable developers, others in adjacent roles across the development ecosystem. Participants who understood the process but left to start their own firms no longer had access to the balance sheet and experience points their former employer had accumulated. The barrier is not development knowledge but access to capital and procedural requirements scaled to projects ten times the size of small sites projects.



Developers of Color program participants at a ULI San Francisco session. Photo: ULI San Francisco.

A NOTE ON TERMS

Most developers of color in this work are also emerging developers. Race-explicit criteria carry legal exposure after Students for Fair Admissions¹ and under California's Proposition 209,² so **emerging developer** has come to stand in for **developer of color** in some public subsidy programs. The categories overlap imperfectly. Developers of color also work inside large established firms. Within MOHCD programs, **community-based organization** describes a third group: nonprofits with deep operating experience in one neighborhood and often limited housing development experience.

Some cohort participants reject the "Developer of Color" label and ask to be called developers. This report uses emerging developer and developer of color interchangeably and marks where the difference matters. The environment under this vocabulary is also shifting. Participants raised discomfort with the demographic reporting MOHCD requires, citing federal funding exposure, and ULI has renamed the program Pathways to Inclusion. Municipalities should expect established and emerging firms alike to be cautious about demographic criteria, and work to design programs that do not depend on them.

Three related terms recur. **Small sites** are smaller residential properties, generally under twenty-five units, preserved through acquisition and rehabilitation or built as infill. **Infill** is new housing on vacant or under-used parcels in developed neighborhoods. **Missing middle** covers building types between a single-family home and large multifamily, from duplexes up to roughly twenty-four units, and here means any project too small to compete for tax credits. Recent zoning changes have concentrated on this housing type, and many municipalities are now working out how to get these projects actually built at affordable rents. Where a recommendation applies to only one category, the text says so.

SECTION 02

CHALLENGES WITH SMALL SITES

When the program launched, the field expected a wave of capital for small-scale development alongside the tools already available at tax-credit scale. That expectation was reasonable. The Bay Area Housing Finance Authority had been created in 2019 as the first regional housing finance authority in the country able to raise and distribute revenue across all nine counties, and its planned general obligation bond was by a wide margin the largest anticipated new source of preservation and production subsidy in the region. San Francisco alone anticipated roughly one billion dollars to be spent over ten years. The measure was pulled from the November 2024 ballot³ and a similar infusion of capital that could be allocated to smaller sites has not yet emerged.

15-40%

COST INCREASE WHEN A PROJECT CROSSES TO THE COMMERCIAL CODE AT THE THIRD UNIT⁴

~24%

MORE PER SQ. FT. FOR COMMERCIAL-CODE FOURPLEXES VS. COMPARABLE DUPLEXES⁵

~90

UNITS UNDER MANAGEMENT A CBO NEEDS TO SUSTAIN ITSELF ON FEES, PLUS 4-6 ACQUISITIONS A YEAR⁶

The underlying economics also proved harder than modeled. Small buildings carry the same fixed costs, permit rigor, and reporting overlay as large ones, spread across fewer units and a smaller developer fee. This is a large part of why missing middle housing is missing. A contingency on a seventy-million-dollar project absorbs a great many problems; the same percentage on a five million dollar project disappears with one unforeseen condition. A four-unit project moves through substantially the same review as a fifty-unit project. The commercial building code governs both, and the fee does not cover that review. The result is fewer dollars per hour of developer time for identical regulatory rigor.

"The system is designed to kill the small builder."

DEVELOPERS OF COLOR COHORT ALUMNI

Small buildings are operationally fragile in a way larger ones are not. On a five-unit building, one non-paying tenant is twenty percent of the rent roll. The San Francisco Housing Accelerator Fund's analysis for MOHCD sets the thresholds precisely. A community-based organization needs roughly ninety units under management plus four to six acquisitions a year to sustain itself on fees without ongoing grants. Underwriting that front-loads resources, sizing twenty-year replacement reserves and adequately funding operating reserves, creates real resilience during operations. It also makes the project more expensive to close, which puts an emerging developer's first deal further out of reach. That tension has no clean resolution and should be named rather than absorbed.

Against that backdrop, the progression from small sites to larger affordable development was never defined. MOHCD treats small sites as a distinct asset class, and small-sites experience does not count toward the "similar size and scope" test that qualifies a developer for larger funded projects.⁷ A completed small project therefore carries little weight in the competition for work that would let a firm grow. Cohort developers consistently describe the only reliable route to growth as a joint venture with a larger firm holding the balance sheet to sign corporate guarantees.

One lever improves the picture for everyone, and it belongs ahead of the financing discussion because it is cheaper than any capital fix. **Complexity reduction is the highest-value tool a city holds.** ULI SF Developer of Color alumni report that established and emerging developers alike avoid San Francisco because it costs too much time and capital to build there. Removing complication helps every developer, and helps the firms without a balance sheet or generational wealth the most. The costs and risks associated with delay are too much for emerging developers to bear.



Small-group discussion among ULI SF Developers of Color participants. Photo: ULI San Francisco.

SECTION 03

FINANCING THE GAP

Capital is the barrier cohort alumni named most often, and the picture is more textured than any single vantage point provides. Start with mechanics, since loan guarantees are poorly understood outside the circle of people who negotiate them. A loan guarantee is a promise, backed by an organization's balance sheet, to make a lender whole if a project fails. Predevelopment guarantees make early capital lendable, because publicly owned land cannot be pledged as collateral and there is no building yet to secure the loan. Construction guarantees backstop the construction loan; one lender in the region sizes its repayment guarantee at twenty to twenty-five percent of the full loan which must be available on the sponsor's balance sheet. If a developer forms a joint venture to complete the project, the guarantees can be split between the two firms; development partners will expect their developer fee share be commensurate with the share of guarantee they are signing.

Guarantee requirements usually come from the private lender rather than the municipality, which means a city cannot waive them, but could absorb or offset them. And a guarantee is a proxy for accumulated wealth, which in this country tracks race closely. A program that routes projects only to parties who can sign guarantees is routing them to those with accumulated wealth, which, in many cases, are those with generational wealth.

WHERE THE VANTAGE POINTS DIVERGE

Alumni and program staff weigh this differently, and the gap is informative. The lender side reports little friction: the CDFI underwriting acquisition-rehab deals across two Bay Area programs has turned away no project for inability to provide a guarantee, sizes its repayment guarantee at twenty to twenty-five percent, and where a sponsor's balance sheet falls short has let the sponsor bring in a partner nonprofit to cover the difference for a modest fee. That last arrangement solves the problem without the usual cost: the developer keeps the full developer fee, retains control, and buys the guarantee as a service rather than trading away a share of the deal. The funder side agrees from the opposite direction. Guarantee requirements scale with the size of the construction loan, which makes them far more binding at tax-credit scale than on true small sites.

A second obstacle is organizational rather than transactional. Boards of nonprofits that are embarking on development are asked to authorize corporate guarantees on loans, and many refuse, not because the risk is unmanageable but because the obligation of the guarantee is unclear. The organization then declines equal partnership and takes a lesser role. Two fixes follow: relax guarantee requirements on loans at or below \$500,000 with appropriate oversight, and fund board and senior leadership education on guarantee obligations.

Cohort members identified that predevelopment capital is the harder problem. The difficulty is not that costs go unreimbursed; both major acquisition programs in the region reimburse appraisals, capital needs assessments, and inspections at closing. The difficulty is the window before closing, when the money is at risk and an emerging developer often does not have it. A regional authority has set up a revolving loan fund which pays for these costs. Another program stood up a philanthropically funded predevelopment grant of up to \$100,000 per organization with a national bank. Both work, however neither is universal. Additional research can be done to see whether these funds are flowing to emerging developers and if not, what barriers exist.

THE MOST ACTIONABLE FINDING

Several program leads from municipalities who run small sites programs independently reported that the absence of a defined capital stack, rather than the absence of capital, keeps developers from applying. A developer who looks at a small deal and concludes it is too complicated to assemble is not making a financing judgment; they are making an information judgment, and making it correctly given what a city has published. Writing down a suggested capital stack, with each source named and sequenced and eligibility stated, converts the program from a puzzle into a recipe for emerging developers. This can attract a diversity of developer types to new programs and asset types.

Finally, one structural move outperforms any single subsidy. Mid-sized firms said they would put spare construction capacity onto a small site if the deal and the financing arrived together. Alameda County's new SHIFT program packages the two, pairing a per-unit subsidy with CDFI debt so an applicant sees the entire stack at once; pre-approved plans are also provided to bring down predevelopment cost.⁸ The design principle deserves as much attention as the program: rather than positioning itself as last money in, that program defined a minimum viable public return, set a firm but modest bar, and left everything else flexible. Being early money with a clear floor is a different posture than being last money with unlimited conditions.

Furthermore, the same filter operates outside subsidized housing. Turner Center interviews with missing middle developers found that early-career equity came primarily from friends, family, and investors close to them.⁵ A capital structure that depends on who you already know produces the same distribution of opportunity as one that depends on what you already own.

SECTION 04

ACCESS, INFORMATION, AND PROCESS

Access to information is not equal. Developers with long-standing department relationships learn the unofficial policy and get better answers to the same question. Emerging developers are sometimes left off the project call entirely. Giving every developer the same information is an equity fix and a cost-effective one, since the alternative is staff answering the same question repeatedly in private conversations that leave no record.

The application process selects for process navigation rather than delivery. A NOFA takes full-time effort to complete, and team-composition requirements favor staffed institutions over lean, consultant-based firms, which are precisely the emerging developers the program means to reach. At least one program has moved the other way, accepting a developer who has not completed a project of that type as long as staff or consultants on the team have closed something comparable.

Competitive scoring compounds this. NOFAs are typically written to identify the best possible project: the strongest partners, the deepest community engagement, the highest environmental scores, the most transit-rich location. Each criterion is defensible alone. Together they mean only the best of the best gets funded, and a developer who has identified a site in a community they know intimately cannot advance it if the parcel does not check every box. Cities end up funding optimized projects rather than a portfolio of good ones, and those who lose are disproportionately developers whose advantage is local knowledge rather than institutional scale. Weighting proposals on what gets built, at what cost, and with what funding plan would select for the outcome cities say they want.

Awareness limits the applicant pool before any of this comes into play. Several small-scale developers had never heard of the small-sites program in their own city. One municipality rebuilt a funding program after a first rollout drew a single applicant, the result of under-marketing. A program operating at a smaller scale has little incentive to advertise, so the field narrows to the developers already inside it.

SECTION 05

SUGGESTIONS FOR MUNICIPALITIES

The following actions come out of cohort interviews, the July 2026 convening, and best practice on missing middle development. They are ordered roughly by leverage rather than ease, and the first three cost far less than their position suggests.

01 RIGHT-SIZE THE REVIEW AND THE BUILDING CODE

This lever produces the largest effect and stays technical, which is what makes it politically available. The building code targets single-family homes at one end and high-rises at the other, and applies large-building requirements to small multifamily. Crossing from the residential code to the commercial code at the third unit raises construction costs by an estimated fifteen to forty percent,⁴ and Turner Center research found fourplexes governed by the commercial code sold for roughly twenty-four percent more per square foot than comparable duplexes.⁵ The provisions worth targeting are sprinkler and alarm requirements, egress and stair configuration, elevator sizing, accessibility scaling, and the number of stamped drawing sets required at permit.

Several jurisdictions have acted. Memphis adopted a small multifamily appendix to the commercial code in 2025 covering buildings of three to twenty-four units up to three stories; North Carolina moved three- and four-unit buildings into the residential code the same year; Dallas created a one-to-eight-unit code allowing four units per floor and a single exit stair. El Paso, Chicago, and Vermont have long-standing versions, and Boston Indicators has proposed a comparable appendix for Massachusetts.⁹

Alongside code work, review can move to a by-right or ministerial track for code-compliant infill, with dedicated case managers, published timeline standards, and fewer duplicative cycles across planning, building, utilities, and fire. Priced pre-application review, available before a budget is set rather than after, is a small addition with outsized effect. Lower minimum lot sizes, reduced parking minimums, fee waivers, and pre-approved plans move in the same direction, and at least one planning department is already developing pre-approved plan sets for small and medium buildings.

02 PUBLISH THE CAPITAL STACK

Name the sources, sequence them, state eligibility, and show a worked example of a completed deal. Developers are not declining these projects because the capital does not exist. They are declining because assembling it looks like original research, and original research is not something a lean firm can absorb on a six-unit building.

03 MAKE GUARANTEES LEGIBLE, THEN BUILD THE FUND

Guarantee funds could help emerging developers but they are hard for the public to understand because the structure is unfamiliar. The Small Business Administration loan guarantee is the clearest analog: people understand it, and it has a long record of moving private capital into disinvested places.¹⁰ A municipal or philanthropic guarantee pool works the same way, reducing a lender's risk on predevelopment and construction loans and unlocking private capital that would otherwise stay out. Where a pool is not yet feasible, the guarantee-as-a-service model already operating in the region is a workable interim structure worth formalizing and publicizing.

04 RESERVE SMALL AND INFILL SITES, AND HOLD SITE CONTROL

Site control unlocks private capital because it lowers the amount a developer must raise before a project is bankable. Cities can set aside small, low-basis surplus parcels and offer ground leases or co-ownership in place of a large upfront acquisition. Tax-defaulted properties are an underused source of the same low-basis land, and Alameda County already runs a program around them.¹¹ Cities can package those sites with financing pathways already defined, and can match emerging developers with owners of vacant, under-built, or un-retrofitted buildings, which removes the land cost barrier while building experience. The acquisition side deserves specific attention: a less established buyer has weaker standing with a seller, particularly when the buyer needs six to nine months to assemble funding. Public site control neutralizes that disadvantage entirely.

05 DESIGN PARTNERSHIPS THAT HOLD, AND ONLY WHERE THEY ARE NEEDED

On small sites, do not incentivize joint ventures the arithmetic will not support. Where a partnership is genuinely necessary, usually to satisfy a guarantee requirement or on larger projects, publish a vetted joint venture template and plain-language tools for negotiating terms so legal cost does not consume the deal. Compensate balance-sheet and guarantee risk outside the capped fee and let partners set the work split themselves. Maintain a vetted preferred-partner roster and broker matches directly; one developer estimated that a housing department simply asking an established firm to partner with a qualifying emerging developer would resolve most of the barrier.

06 WIDEN ACCESS WITH DEFENSIBLE PROXIES

Cities that want to reach developers of color can use non-demographic proxies that withstand legal challenge: emerging-developer status, place-based ties, project size, and priority equity geographies. In San Francisco, the five zip codes holding the largest shares of the city's Black population also carry the lowest median price per unit for multifamily buildings, which makes them the most attractive targets for speculative acquisition and the most valuable places to give a community-rooted developer priority; these zip codes could be considered priority equity geographies where community-rooted development firms are incentivized.

07 CONNECT DEVELOPERS TO CAPITAL BEYOND TAX CREDITS, AND SUPPORT OWNERSHIP

Most emerging-developer and missing-middle deals are not tax-credit deals. Some missing middle developers avoid public subsidy altogether because prevailing-wage triggers, compliance burden, and slow timelines make it unworkable at their scale. Cities that want these developers building should point them toward other forms of capital and encourage the creation of homeownership opportunities in missing middle housing. Ownership builds generational wealth and neighborhood stability, and it is the only version of this work that compounds.

08 MARKET REGIONALLY, AND COORDINATE ACROSS JURISDICTIONS

Most Developers of Color work regionally, but most programs do not. The most immediate fix is the simplest: every open RFQ and RFP should go to the alumni lists of every emerging-developer program in the region, and program staff should treat each other's networks as distribution channels rather than competition. Under-marketing is a recurring issue identified by both cohort alumni and municipalities. Beyond marketing, cities can coordinate the timing of small-sites solicitations, align the definition of emerging developer, and hold recurring cross-department sessions open to all developer types. A developer working in three cities should be able to solicit financing from each program without having to relearn the process.



Developers of Color program participants at a ULI San Francisco session. Photo: ULI San Francisco.



REVIEW OF BAY AREA SMALL SITES PROGRAMS

Municipalities designing or redesigning a small-sites program rarely get to see how peers resolved the same tradeoffs, so the scan below sets four Bay Area programs side by side to show the range of workable choices on subsidy depth, unit thresholds, site control, and emerging developer access. Seeing the four at a glance makes visible that a developer working across city lines has to relearn the rules each time. Each program also has their own opportunities and challenges.

	SAN FRANCISCO	ALAMEDA COUNTY★	OAKLAND	BERKELEY
PROGRAM & LEAD AGENCY	Small Sites Program seated within MOHCD's Preservation Program; HAF provided bridge loans for most acquisitions 2017-2023; paired with COPA.	SHIFT (Scalable Housing Infill Funding Toolkit) + Measure AI Acquisition & Opportunity + Emerging Developers Predevelopment Loan - County HCD.	Acquisition & Conversion to Affordable Housing (ACAH) - Oakland HCD, administered by SF HAF.	Small Sites Program (subset of the Housing Trust Fund) - Health, Housing & Community Services.
MODEL & SCALE	Acquisition-rehab of occupied privately owned buildings; conceived for ~5-40 units, projects range 3-108. ~ 70 projects, ~ 1,070 units, over \$350M in soft debt.	New-construction infill on small parcels (~4-16 units) using pre-permitted, open-source "copy-paste" designs; 60-80% AMI.	Acquisition-rehab/preservation; single-family to large multifamily (tiers 1- 4, 5-9, 10+). Rehab-only ineligible.	Acquisition-rehab/co-op conversion of occupied buildings, 2-25 units; preservation, not new construction.
SUBSIDY & TERMS	Soft residual-receipts loan; ~\$375K/unit (scaling to ~\$475K); 3% simple interest; 40-yr term, 99-yr affordability.	<\$600K/unit all-in target (~\$150K/unit subsidy). Must be sold to nonprofit upon completion.	Loan; \$300-400K/unit; \$7.5M project cap; 3% interest, up to 55 yr.	Loan, \$300-375K/unit (\$175K/bedroom SRO); 3% interest, 30 yr; 55-yr affordability.

	SAN FRANCISCO	ALAMEDA COUNTY★	OAKLAND	BERKELEY
SITE + FINANCING PACKAGING	Developer-initiated acquisition; no city site control or ground lease. COPA gives nonprofits the right of first offer and subsequently first refusal. Nearly all small sites also carry hard debt through the City's Preservation & Seismic Safety Loan Program, also administered by MOHCD.	Pre-permitted designs + pre-arranged CDFI financing + streamlined ministerial approval; developers can bring their own sites or bid on tax-defaulted properties.	Developer-initiated; must bring site control and close in ~6 mo. No city site control or ground lease.	Developer-initiated; site control not required at application; no ground-lease vehicle.
EMERGING-DEVELOPER / EQUITY LEVER	Stated goal of the program to "support a sustainable Community Based Organization (CBO) ecosystem."	Open RFQ pool, all experience levels. May require partnership with an existing developer.	+3 scoring pts for emerging-developer partnership/consultant; ~35% of remaining funds (~\$6M) reserved for CLTs / co-ops.	No explicit track; the financing engine for the CLT / co-op ecosystem (BACLT).
STATUS & FUNDING, 2024-26	Active but strained; 17 unique public funding sources have supported Small Sites acquisitions to date; \$3M annually is the only dedicated preservation source prior to a 2026 ballot measure.	Active pilot; design partner (Inspired ADUs) selected Dec 2025; RFQ for developers open now.	Active; new NOFA Dec 2025, up to \$22M Measure U bonds; rolling since Jan 2026.	Active but budget-preserved; ~\$1.4M cut (June 2025); \$2.5M NOFA (Aug 2025).

★ *Alameda County's SHIFT is the newest of the four and the most explicitly demonstrative: built to prove a city can do this with an affordable housing trust fund rather than a tax-credit stack, and to have every other jurisdiction copy it. Program details compiled from each agency's published materials.* ¹²

SHARED CHALLENGES

Every program identified the same capacity gap: organizations need project management up front, then asset management, property management, and lease-up over the life of the asset, and third-party providers willing to serve small scattered-site portfolios are scarce. Developers who come to understand the full commitment frequently conclude the work is not feasible, and they conclude it before applying. Underwriting on first-generation programs proved optimistic in ways that surfaced only years later. Rehab scope keeps getting discovered after closing rather than before. Subsidy arrives in unpredictable waves, which makes it nearly impossible for an organization to build a business model on the program and difficult for a program to credibly recruit into a pipeline it cannot guarantee.

SHARED OPPORTUNITIES

Softening acquisition markets in some submarkets have created deal opportunities that did not exist a few years ago, including on larger properties. Flexible experience requirements work without loosening underwriting, by crediting the experience of staff and consultants on a team rather than requiring the entity itself to have a completed project. Guarantee-as-a-service arrangements are already closing deals. Preservation programs continue to reach buildings where residents face imminent displacement, which is the outcome that justifies the whole enterprise.

SECTION 06

HOW TO BRING FORWARD THE OPPORTUNITY OF SMALL SITES

In order to create the right conditions for small sites and emerging developers, here are some ideas that could be moved forward.

SUPPORT AT UNDERWRITING AND DUE DILIGENCE

What would technical assistance look like if concentrated before closing rather than after? The answer is likely a mix of funded third-party expertise, longer diligence windows, and contingency standards reflecting what old buildings actually contain.

DEVELOPER FEE ADEQUACY

Can a small-sites fee support an organization, and if not, what is the subsidy tradeoff of raising it? The current answer is being reached by default rather than by decision.

REGIONAL ALIGNMENT OF REQUIREMENTS

How far could definitions, application requirements, and underwriting standards be harmonized before jurisdictions start giving up things they need? Compiling what each program requires, and what has and has not worked, is a discrete and achievable first step.

CONSOLIDATED ASSET AND PROPERTY MANAGEMENT

Could a regional entity or shared services platform hold asset management, property management, and lease-up for small scattered-site portfolios, so each developer does not rebuild the function deal by deal? Proposition 1, on the November 2026 ballot, would fund the Community Anti-Displacement and Preservation Program at \$200 million, and its enabling statute has not yet been finalized.¹³ This can also be considered if a regional measure returns to the ballot.

SECTION 07

CONCLUSION

Small sites should not carry the whole burden of building a more representative development field. What they can do is preserve occupied buildings, keep residents in place, and give community-rooted organizations real assets to own and operate over decades.

As missing middle zoning has become a norm in many jurisdictions, new programs can be designed to make it easier for Developers of Color to succeed in creating net new housing. The tools to design strong programs already exist somewhere in the region: guarantees available as a service, experience requirements that credit the people on a team, financing published alongside a program's affordability requirements, pre-approved plans that cut predevelopment cost.

None of these interventions are expensive. Together they buy neighborhoods built by the people who come from them.

NOTES AND SOURCES

Statements attributed to cohort alumni, program leads, and lenders come from interviews conducted for this report and from the July 2026 convening; those sources are not individually cited. Published sources are listed below.

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12. Program matrix compiled from: SF MOHCD Small Sites Program guidelines and Community Opportunity to Purchase Act materials; Alameda County HCD SHIFT, Measure A1, and Emerging Developers Predevelopment Loan materials; City of Oakland Acquisition & Conversion to Affordable Housing NOFA (December 2025); City of Berkeley Health, Housing & Community Services Small Sites Program NOFA (August 2025).
13. California Proposition 1 (November 2026 ballot), proposed funding for the Community Anti-Displacement and Preservation Program; enabling statute not finalized at the time of writing.



The mission of the Urban Land Institute: Shape the future of the built environment for transformative impact in communities worldwide.

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