



“PEOPLE FIRST”: Josh Bernstein and Housing Affordability

FC2 Trustee Josh Bernstein is a believer in healthy housing markets. Within a competitive landscape, the market can deliver quality and affordability when there are no constraints on supply.

He’s been in the for-profit housing business for 35 years. But for him, the business of providing housing is not just about financial returns, it’s about providing reasonably priced, safe, and attractive places for community members to live.

That’s why he’s never been a fan of the nonprofit slogan “Housing is for people and not for profit.” To Josh, those are not mutually exclusive. Many for-profit housing providers do a great job serving their residents without any public subsidy. In fact, the private sector has been proven to do the best job of creating a healthy housing market.

Bernstein Management owns and operates about 6,000 apartments in the DC area, with a mix of rent controlled and market rate buildings.

“Rents in the luxury market are falling because there have been no constraints on supply, while those in rent-controlled buildings are still going up from constrained supply. The delta between the two is now surprisingly small,” Josh says. “It’s a textbook example of how competitive markets without government-imposed distortions can lead to falling prices.”

“City leaders with the best intentions have tried to protect renters and affordable housing,” Josh argues, “but they have ended up creating underserved neighborhoods, pockets of poverty, and substandard public-owned housing.” Rent restrictions cause disinvestment in housing quality, and the lack of

additional housing ultimately drives up rents on everything else that isn't protected.

His philanthropic giving, personally and through the Norman & Diane Bernstein Foundation, reflects his commitment toward fixing structural inequality, gaps in social services in urban communities, and providing housing options for every income level. "We all want teachers, firefighters, restaurant employees, and nurses to be able to live in our community. Yet many must live in sub-standard housing or commute long distances to participate." According to Josh, "That's a moral and social justice issue."

In 2018, Josh set out to prove that the private sector in partnership with philanthropy, can be part of the workforce housing affordability solution—without using public subsidy. He joined forces with other FC2 trustees and launched the Washington Housing Conservancy (WHC). Just as in the for-profit business, WHC looks to purchase quality buildings in emerging neighborhoods where rents are expected to rise faster than inflation and the rest of the market. Then the rising income from the market-rate units becomes a growing subsidy that preserves the more affordable units.

By acquiring and owning 1,600 units of affordable and workforce housing, WHC is stabilizing rents, preventing displacement, and creating communities where moderate to low-income residents and their families want to be. Wrap-around services are provided onsite or nearby so that residents also have access to affordable childcare, healthy food, and career development opportunities.

"The Washington Housing Initiative is first of its kind: fusing commercial real estate expertise with a social impact mission," Josh says. It could be a model for the rest of the country, too.

In blending housing market know-how with social justice, Josh is carrying forward a family tradition.

In the 1910s, his immigrant grandparents first got into real estate by purchasing the building where they had been working in a retail store in Penn Quarter. They slowly built a portfolio by purchasing buildings with good bones, then improving and maintaining them well. He and his father largely continued that same approach. Bernstein Management's goal is to put each property in a better position than the year before. It's often more cost-effective than building new buildings.

In the early 1960s, his father led a movement to desegregate apartment buildings and to remove deed



restrictions barring African Americans and Jews from buying or renting properties. He convinced his fellow real estate professionals to do the same.

Josh is proud of his family's legacy in fighting racial injustice. "Disparate outcomes in the District are highly correlated with race. There should be more equal access to capital and opportunity should exist for everyone regardless of neighborhood and regardless of the color of their skin. Housing is a significant component of that goal," he says.

"People First" is Bernstein Management's company motto. It reflects the value the company puts in the people who work there and the people who live or work in their buildings. If they do a good job, they make people's lives better. There was one resident who lived in a Bernstein building for 30 years and ended up putting the building's maintenance guy in their will. If assets are cared for and loyal tenants are pleased with the service, then profits can be delivered to investors as well. It's a virtuous cycle.

Josh is taking a step back from the day-to-day CEO role, transitioning to Chairman in January of this year.

But he's still leaning into his leadership role at the Federal City Council where he's served on the board for over 13 years. He wants to continue to channel private sector expertise into solving large public problems. "FC2 is the most important and impactful community group in the city," he says. "Unlike other advocacy groups, it doesn't lobby on behalf of its members. Its mission is to work on behalf of the city. That role has never been more important than it is now." ■