



# BAHFA

## Equity Workshop: Draft Equity Framework and Funding Program Discussion



ASSOCIATION OF BAY AREA GOVERNMENTS  
METROPOLITAN TRANSPORTATION COMMISSION

February 28 and March 2, 2023

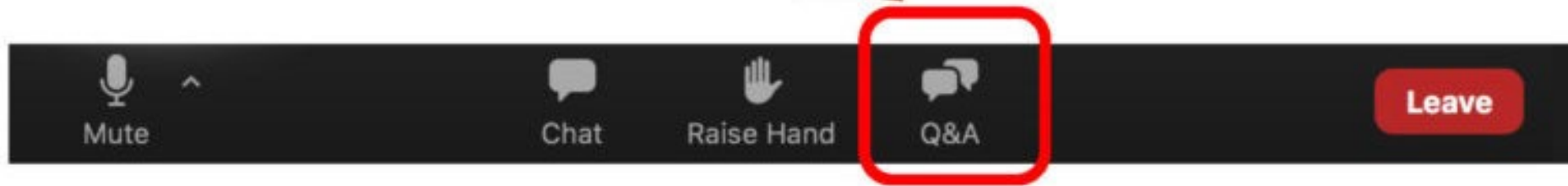
# Agenda

1. Presentation of Draft Equity Framework and Draft Funding Programs (25 minutes)
2. Q&A (10 minutes)
3. Breakout Discussions (45 minutes)
4. Next Steps & Closing (5 minutes)



# Q&A

Submit questions using the Q&A box:



Additional questions and comments may be submitted to:

[bahfa@bayareametro.gov](mailto:bahfa@bayareametro.gov)

# Stakeholder Engagement Process

1. Review of regional plans, policies, and community proposals
2. Interviews with 20+ equity leaders (November 2021– March 2022)
3. Formation of 11-member Equity Working Group (March – May)
4. Meetings of Equity Working Group (May – December)
5. 3 Public Listening Sessions attended by 138 stakeholders (June)
6. Equity Working Group vote on Draft Equity Framework (November-December)
7. Presented Draft to BAHFA Oversight & ABAG Housing Committees (January 2023)

# Purpose of the Equity Framework

The Equity Framework is the **foundation** of the BAHFA Business Plan.

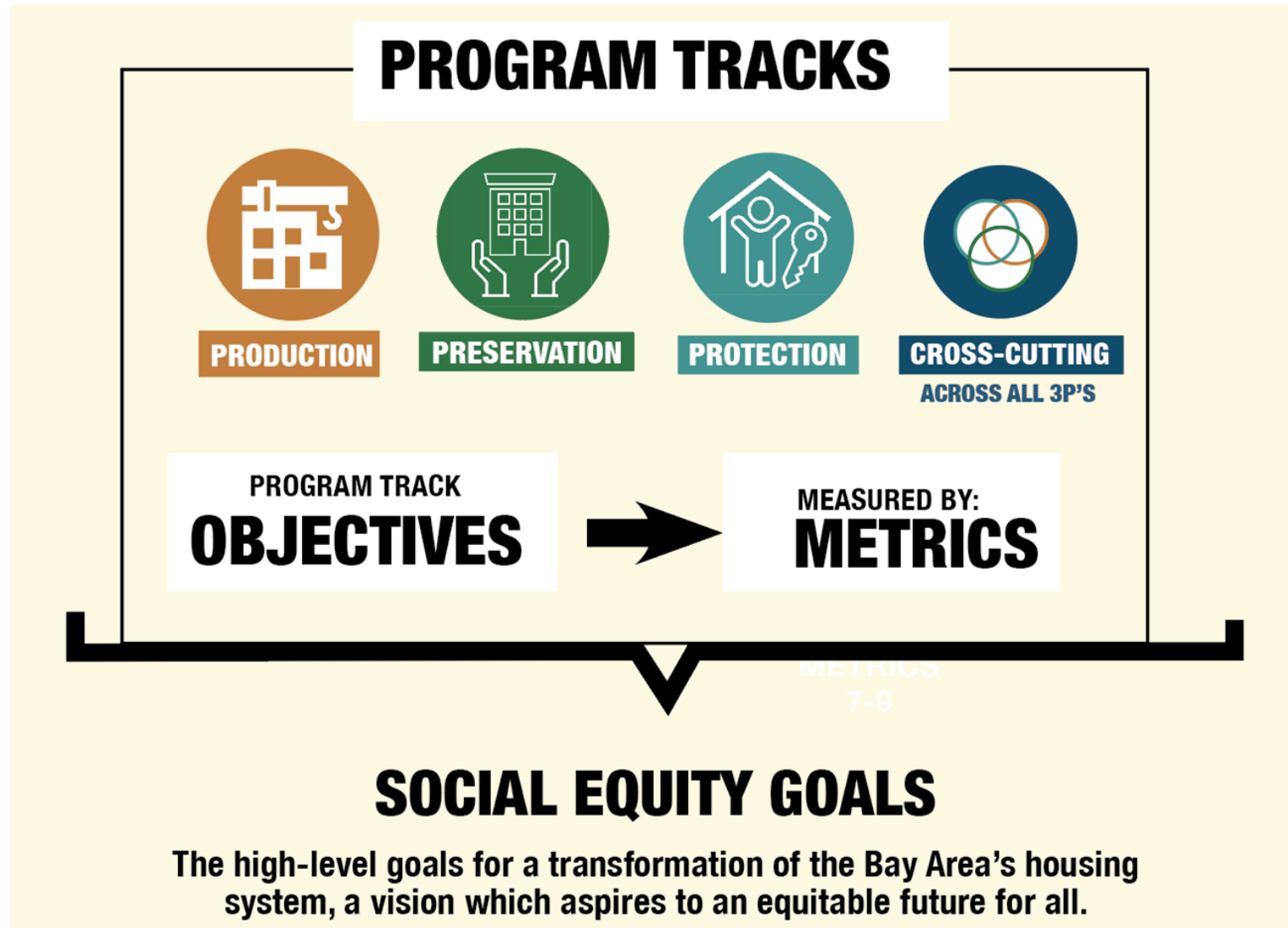
- Articulates BAHFA's **commitment** to advancing equity
- Sets **objectives** for BAHFA's impact on equity through its programs, guided by overarching **goals**
- Defines **metrics** for measuring impact of programs
- Provides a regional framework for **Affirmatively Furthering Fair Housing**



## Business Plan

Will describe Funding Programs and revenue generation strategies designed to meet Equity Objectives

# Equity Framework Structure



# Equity Objectives: Key Themes

- **Targeting resources toward residents most impacted by housing insecurity**
  - Populations (e.g. ELI households, unhoused residents)
  - Geographies (e.g. Equity Priority Communities, Transit Priority Areas)
- **Areas where BAHFA can serve as a regional leader**
  - Lifting up community priorities
  - Advancing local alignment with regional equity priorities
  - Commitment to ongoing, equitable engagement focused on impacted communities
- **“Both/And” Approaches**
  - Social mobility and community reinvestment
  - Achieving scale and supporting emerging developers
  - Individual and collective wealth building
  - Rental, homeownership, and community ownership

# 3Ps Funding Program Development

BAHFA's *initial* Funding Programs will help it **earn revenue** while also **building a track record within the region's housing ecosystem**.

These Funding Programs must:

- **Comply with requirements of BAHFA's authorizing legislation ( AB1487) and general obligation bond rules**
- **Advance social and racial equity**
- **Address the region's housing crisis at scale**
- **Add value, be different, try new things – lead the way to better housing delivery!**

Over time, BAHFA will **expand and broaden the variety of Funding Programs it provides**, while also maintaining its readiness and ability **to quickly respond to new opportunities** as they arise.



# AB 1487: 3Ps Funding Guidelines

The Legislation stipulates BAHFA's funding parameters for each P:

- **PRODUCTION:** minimum of **52%** of funds
  - Rental Housing
  - 55-year deed restriction
  - 80% AMI maximum income
- **PRESERVATION:** A minimum of **15%** of funds
  - Rental or ownership
  - 55-year deed restriction
  - 120% AMI maximum income
- **PROTECTIONS:** A minimum of **5%** of funds
  - Pre-eviction and eviction legal services, counseling, training and renter education
  - Emergency rental assistance, relocation assistance
  - Displacement and eviction tracking and data collection

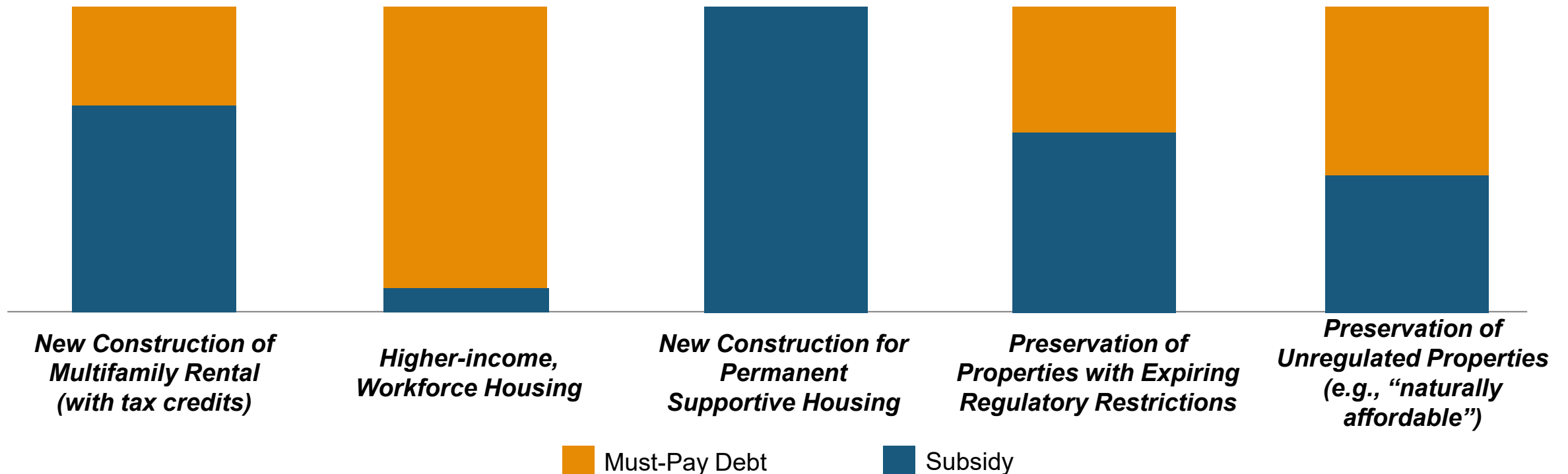
# 3Ps: Funding Program Goals

## Goals

- **Streamline Financing:** Create a regional coordinated source for a majority of a project's financing needs
- **Promote Scale:** Leverage additional financial resources when possible; and support projects that achieve faster, more cost-effective housing delivery
- **Prevent Displacement:** For low- and moderate-income households by acquiring properties and preserving their affordability
- **Provide Protections Measures:** to prevent tenants from displacement and prevent homelessness
- **Support BAHFA's Long-Term Financial Sustainability:** Generate revenue to fund Protections, additional subsidy loans, and for BAHFA's long-term financial sustainability
- **Advance Equity:** Achieve objectives identified in the Equity Framework

# How BAHFA's Products Support Projects

Using **different blends** of BAHFA's "must-pay" debt and **subsidy loan** products, BAHFA is able to support a **wide variety of projects across the region.**



*\*Note that these types of projects may incorporate financing from other sources (e.g., tax credits, subsidy from the local jurisdiction, etc.)*

# Production | Description

## Overview

BAHFA's core **Production Program** will provide **first mortgage loans and subsidy loans** for the production of **large, Multifamily Rental projects**.

## Products

With its core Production Program, BAHFA will leverage tax credits and act as a coordinated source of financing by providing:

- **First Mortgage Loans**, to be provided by BAHFA or a capital partner; and
- **Subsidy Loans**, to be provided by BAHFA and/or the local jurisdiction.

# Innovation | Description

## Overview

BAHFA's **Innovation Program** will fund projects:

- **“Efficient Delivery”** for PSH/ affordable housing projects that meet cost and timing goals;
- **“Affordable Unit Buy-Down”** will pay for the cost of adding additional affordable housing units in market rate projects; and
- **“Adaptive Re-Use”** to help fund the conversion of commercial buildings to residential.

## Products

In order to support a wider range of project types, BAHFA's Innovation Program funding may be made available as:

- **Construction Loans**, to be provided by BAHFA for projects that meet its cost and timing goals; and
- **Subsidy Loans**, to be provided by BAHFA and/or the local jurisdiction, particularly for projects without tax credits, or to support the conversion of commercial or market-rate units to affordable housing.

# Equity Objectives: Production

1. Produce more affordable housing, especially for Extremely Low Income (ELI) households
2. Invest in historically disinvested areas
3. Create affordable housing opportunities in historically exclusionary areas
4. Create programs that address homelessness
5. Achieve regional climate and environmental justice goals

# Incorporating Equity in Production Programming

## Program Overview

*Produce new affordable rental housing for a range of incomes – from ELI up to 80% AMI*

Set-asides may include:	Equity Objectives	Funding Goals
LIHTC Projects for ELI and PSH Households	<ul style="list-style-type: none"> <li>Produce More Housing for ELI Households</li> <li>Invest in Historically Disinvested Areas</li> </ul>	<ul style="list-style-type: none"> <li>Streamline Financing</li> <li>Promote Scale</li> </ul>
PSH Innovation Set-Aside	<ul style="list-style-type: none"> <li>Produce ELI Housing</li> <li>Address Homelessness</li> </ul>	<ul style="list-style-type: none"> <li>Streamline Financing</li> <li>Promote Scale</li> </ul>
Essential Workforce Housing (Teachers, Workforce up to 80% AMI)	<ul style="list-style-type: none"> <li>Produce More Housing</li> <li>Invest in Historically Disinvested Areas</li> <li>Create Housing in Historically Exclusionary Areas</li> <li>Achieve Climate &amp; Environmental Justice Goals</li> </ul>	<ul style="list-style-type: none"> <li>Streamline Financing</li> <li>Promote Scale</li> <li>Promote Long-Term Financial Sustainability</li> </ul>
Prioritize PB Section 8; SB 35; Cost-Effectiveness; VMT-Reducing Locations	<ul style="list-style-type: none"> <li>All of the Above</li> </ul>	<ul style="list-style-type: none"> <li>All of the Above</li> </ul>

# Preservation | Description

## Overview

Provide **first mortgage loans and subsidy loans** to acquire, rehabilitate, and preserve affordability in existing buildings:

- **“Unregulated Properties”** naturally affordable to lower-income tenants with no current regulatory restrictions; and
- **“Expiring Use Properties”** at risk of losing their affordability restrictions and converting to market rate

## Products

With its Preservation Program, BAHFA will support the properties described above by providing:

- **Acquisition / Rehabilitation Loans**, to be provided by BAHFA and/or CDFI partners or local jurisdictions;
- **First Mortgage Loans**, provided by BAHFA at a lower cost than market; and
- **Subsidy Loans**, to be provided by BAHFA and/or the local jurisdiction.



# Equity Objectives: Preservation

1. Preserve expiring-use affordable housing to prevent displacement
2. Preserve existing unsubsidized housing and convert to permanently affordable housing
3. Target preservation investments for most impacted residents
4. Create opportunities for community-owned housing

# Incorporating Equity in Preservation Programming

## Program Overview

*Preservation of both unregulated, naturally affordable housing as well as properties with expiring affordability restrictions*

Set-asides may include:	Equity Objectives	Funding Goals
Prioritize Preservation in Historically Marginalized Communities	<ul style="list-style-type: none"> <li>• Focus on Most Impacted Residents</li> <li>• Prevent Homelessness</li> <li>• Invest in Historically Disinvested Areas</li> </ul>	<ul style="list-style-type: none"> <li>• Prevent Displacement</li> <li>• Promote Long-Term Financial Sustainability</li> </ul>
Prioritize Maximum Impact: Large Buildings; VMT-Reducing Locations; Cross-Subsidy Potential from higher income units	<ul style="list-style-type: none"> <li>• Invest in Historically Disinvested Areas</li> <li>• Achieve Climate &amp; Environmental Justice Goals</li> </ul>	<ul style="list-style-type: none"> <li>• Prevent Displacement</li> <li>• Promote Long-Term Financial Sustainability</li> </ul>
Prioritize New Models: Community-Owned Development	<ul style="list-style-type: none"> <li>• Create new opportunities for deep, lasting impact</li> <li>• Support community wealth building and community-based organizations</li> </ul>	<ul style="list-style-type: none"> <li>• Prevent Displacement</li> <li>• Promote Long-Term Financial Sustainability</li> </ul>

# Protections | Overview

## Overview

BAHFA will provide **regional leadership** and **advocacy**, along with **technical and financial support** to create regional systems and services that **protect tenants** from displacement and **prevent homelessness**.

## Program (Near Term)

- **Create regional support for Protections:** Facilitate regional collaboration; conduct research; and provide technical assistance
- **Support tenant protections pilot programs:** help local jurisdictions prevent displacement, e.g., eviction diversion, right to counsel, and expanded tenant education programs
- **Support local jurisdiction efforts** to better integrate and implement **homelessness prevention programs**

## Program (Longer Term)

- **Improve system capacity and infrastructure across the region**
- **Provide funding for tenant protection services and/or direct rental and relocation assistance:** to fund legal services, counseling, renter education; emergency rental and relocation assistance; data gathering

# Equity Objectives: Protection

1. Increase access to tenant services
2. Support tenant education and advocacy
3. Prioritize protections and investments in households and communities facing the greatest housing precarity
4. Ensure adequate funding for tenant protections
5. Elevate the urgency of tenant protections through regional leadership

# Incorporating Equity in Protections Programming

## Program Overview

*Funding programs designed to both protect tenants from displacement and prevent homelessness.*

Funding Initiatives:	Equity Objectives	Funding Goals
<ul style="list-style-type: none"><li>• Pre-eviction and eviction legal services</li><li>• Counseling, training and renter education</li><li>• Emergency rental assistance</li><li>• Relocation assistance</li><li>• Displacement and eviction tracking and data collection</li></ul>	<ul style="list-style-type: none"><li>• Prevent Homelessness</li><li>• Focus on highest need residents</li><li>• Increase access to tenant services</li><li>• Support tenant education and advocacy</li></ul>	<ul style="list-style-type: none"><li>• Secure as Much Funding as Possible</li></ul>

# Equity Objectives: Cross-Cutting

1. Support community-based and community-owned organizations and developers
2. Support individual and community wealth building
3. Serve as a regional leader on local equitable programs and practices
4. Commit to ongoing, meaningful, and equitable engagement
5. Secure more flexible and unrestricted funding
6. Target most flexible BAHFA funding to accelerate AFFH

# Applying the Equity Framework

## Accountability and Implementation Strategies

- Data collection and reporting on program outcomes
- Equity evaluation as part of program design for all future funding programs
- Commitment to engage BAHFA Advisory Committee, stakeholders, & equity leaders
- Periodic reevaluation of the Equity Framework
- Coordination, evaluation and collaboration with local jurisdictions

# Q & A

Submit questions using the Q&A box:



Additional questions and comments may be submitted to:

[bahfa@bayareametro.gov](mailto:bahfa@bayareametro.gov)



# Next Steps

- Written comments may be submitted via the [feedback form](#) or email to [bahfa@bayareametro.gov](mailto:bahfa@bayareametro.gov) by 5:00 pm on Monday, March 6
- **March:** Incorporate feedback, finalize Equity Framework & Funding Programs; Equity Working Group reviews final Equity Framework
- **April:** Present proposed Equity Framework and Funding Programs to BAHFA Advisory Committee
- **May:** BAHFA-O & ABAG Housing Committees recommend Equity Framework and Funding Programs to BAHFA Board & ABAG Exec Board for adoption
- **Spring-Summer:** Finalize operations and financial sustainability analyses; incorporate components into draft combined Business Plan
- **Fall-Winter:** Committee feedback on Draft Business Plan and adoption of Final Business Plan

# Thank You



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# Extra Slides for Information



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# Types of Metrics

## Program Activities

- Amount and percent of funding disbursed to each program type (across & within the 3 Ps)
- Types of organizations funded
  - BIPOC-led
  - Emerging developers
  - Community-based
  - Community-owned
- Types of development projects funded

## Program Outcomes

- Types of development projects in pipeline
  - Affordability level
  - Location (by geographic typologies)
  - Units designed for specific populations
  - Units designed with specific features
  - Tenure type
  - Projects prioritized by BIPOC and impacted communities
- Resident characteristics upon occupancy

# Goals: long-term vision for an equitable housing system

1. Choice and opportunity
2. Stable, affordable housing for all
3. Security, safety, and belonging
4. Neighborhood stabilization and cultural placekeeping
5. Community self-determination and participation
6. Repair
7. Environmental health and justice
8. Prevention