



375 Beale Street
Suite 800
San Francisco, California
94105

Meeting Agenda

Bay Area Housing Finance Authority

Wednesday, July 26, 2023

9:40 AM

Board Room - First Floor

The Bay Area Housing Finance Authority (BAHFA) is scheduled to meet on Wednesday, May 24, 2023 at 9:40 a.m. or immediately following the 9:35 a.m. Commission meeting, in the Bay Area Metro Center at 375 Beale Street, Board Room (1st Floor). This meeting shall consist of a simultaneous teleconference call at the following location(s):
Pinole Public Library, 2935 Valley Road, Pinole, CA 94564 and
Ibis Ciboure, 13 rue Georges Olascuaga, 64500 Ciboure, France

Meeting attendees may opt to attend in person for public comment and observation.
In-person attendees must adhere to posted public health protocols while in the building.

The meeting webcast will be available at
<https://mtc.ca.gov/whats-happening/meetings/live-webcasts>.

Commissioners and members of the public participating by Zoom wishing to speak should use the "raise hand" feature or dial *9. When called upon, unmute yourself or dial *6. In order to get the full Zoom experience, please make sure your application is up to date.

Members of the public are encouraged to participate remotely via Zoom at the following link or phone number.

Zoom Attendee Link: <https://bayareametro.zoom.us/j/86005091247>

iPhone One-Tap: US:

+13462487799,,86005091247# US (Houston)

+16694449171,,86005091247# US

Join by Telephone (for higher quality, dial a number based on your current location) US:

888 788 0099 (Toll Free) or 877 853 5247 (Toll Free)

Webinar ID: 860 0509 1247

International numbers available: <https://bayareametro.zoom.us/j/86005091247>

Detailed instructions on participating via Zoom are available at:
<https://mtc.ca.gov/how-provide-public-comment-board-meeting-zoom>.

Members of the public may participate by phone or Zoom or may submit comments by email at info@bayareametro.gov by 5:00 p.m. the day before the scheduled meeting date. Please include the committee or board meeting name in the subject line. Due to the current circumstances there may be limited opportunity to address comments during the meeting. All comments received will be submitted into the record.

Authority Roster:

Alfredo Pedroza (Chair), Nick Josefowitz (Vice Chair),
Margaret Abe-Koga, Eddie Ahn, David Canepa, Cindy Chavez, Carol Dutra-Vernaci,
Dina El-Tawansy*, Victoria Fleming, Dorene M. Giacomini*, Federal D. Glover,
Matt Mahan, Nate Miley, Stephanie Moulton-Peters, Sue Noack, Gina Papan,
David Rabbitt, Hillary Ronen, Libby Schaaf*, James P. Spering, Sheng Thao
*Non-Voting Members

1. Call to Order / Roll Call / Confirm Quorum

A quorum of this Authority shall be a majority of its voting members (10).

2. Consent Calendar

- 2a. [23-0919](#) Approval of the Authority Minutes of the June 28, 2023 Meeting
- Action:** Authority Approval
- Attachments:** [2a 23-0919 June 28 2023 Draft BAHFA Minutes.pdf](#)
- 2b. [23-0951](#) Authorization for the Executive Director to negotiate and enter into a second amendment an amount not to exceed \$1.6 million to the October 1, 2022 contract with Exygy Inc. ("Consultant") for Doorway Housing Portal web design services, increasing the for a total contract amount not-to-exceed \$2.6 million.
- Action:** BAHFA Approval
- Presenter:** Kate Hartley
- Attachments:** [2b 23-0951 Doorway Exygy Contract Amendment 2023.pdf](#)

3. Authority Information

- 3a. [23-0949](#) Preparation for 2024 Affordable Housing Bond Measure
- Discussion regarding BAHFA's Regional Housing Revenue Allocation Options
- Action:** Information
- Presenter:** Kate Hartley
- Attachments:** [3a 23-0949 2024 Affordable Housing Bond Measure Preparation.pdf](#)
[3a 23-0949 Attachment A Presentation.pdf](#)

4. Public Comment / Other Business

*Commissioners and members of the public participating by Zoom wishing to speak should use the "raise hand" feature or dial *9. When called upon, unmute yourself or dial *6.*

5. Adjournment / Next Meeting

The next meeting of the Bay Area Housing Finance Authority is scheduled to be held on Wednesday, September 27, 2023. Any changes to the schedule will be duly noticed to the public.

Public Comment: The public is encouraged to comment on agenda items at Authority meetings by completing a request-to-speak card (available from staff) and passing it to the Authority secretary. Public comment may be limited by any of the procedures set forth in Section 3.09 of MTC's Procedures Manual (Resolution No. 1058, Revised) if, in the chair's judgment, it is necessary to maintain the orderly flow of business.

Meeting Conduct: If this meeting is willfully interrupted or disrupted by one or more persons rendering orderly conduct of the meeting unfeasible, the Chair may order the removal of individuals who are willfully disrupting the meeting. Such individuals may be arrested. If order cannot be restored by such removal, the members of the Authority may direct that the meeting room be cleared (except for representatives of the press or other news media not participating in the disturbance), and the session may continue.

Record of Meeting: Authority meetings are recorded. Copies of recordings are available at a nominal charge, or recordings may be listened to at MTC offices by appointment. Audiocasts are maintained on MTC's Web site (mtc.ca.gov) for public review for at least one year.

Accessibility and Title VI: MTC provides services/accommodations upon request to persons with disabilities and individuals who are limited-English proficient who wish to address Commission matters. For accommodations or translations assistance, please call 415.778.6757 or 415.778.6769 for TDD/TTY. We require three working days' notice to accommodate your request.

可及性和法令第六章: MTC 根據要求向希望來委員會討論有關事宜的殘疾人士及英語有限者提供服務/方便。需要便利設施或翻譯協助者，請致電 415.778.6757 或 415.778.6769 TDD / TTY。我們要求您在三個工作日前告知，以滿足您的要求。

Acceso y el Titulo VI: La MTC puede proveer asistencia/facilitar la comunicación a las personas discapacitadas y los individuos con conocimiento limitado del inglés quienes quieran dirigirse a la Comisión. Para solicitar asistencia, por favor llame al número 415.778.6757 o al 415.778.6769 para TDD/TTY. Requerimos que solicite asistencia con tres días hábiles de anticipación para poderle proveer asistencia.

Attachments are sent to Authority members, key staff and others as appropriate. Copies will be available at the meeting.

All items on the agenda are subject to action and/or change by the Authority. Actions recommended by staff are subject to change by the Authority.



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #: 23-0919 **Version:** 1 **Name:**
Type: Minutes **Status:** Consent
File created: 6/7/2023 **In control:** Bay Area Housing Finance Authority
On agenda: 7/26/2023 **Final action:**
Title: Approval of the Authority Minutes of the June 28, 2023 Meeting
Sponsors:
Indexes:
Code sections:
Attachments: [2a_23-0919_June_28_2023_Draft_BAHFA_Minutes.pdf](#)

Date	Ver.	Action By	Action	Result
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Subject:
Approval of the Authority Minutes of the June 28, 2023 Meeting

Recommended Action:
Authority Approval



375 Beale Street
Suite 800
San Francisco, California
94105

Meeting Minutes

Bay Area Housing Finance Authority

Wednesday, June 28, 2023

9:40 AM

Board Room - First Floor

Chair Pedroza called the meeting to order at 10:52 a.m.

1. Roll Call / Confirm Quorum

- Present:** 15 - Chair Pedroza, Vice Chair Josefowitz, Commissioner Abe-Koga, Commissioner Ahn, Commissioner Chavez, Commissioner Fleming, Commissioner Glover, Commissioner Mahan, Commissioner Miley, Commissioner Moulton-Peters, Commissioner Noack, Commissioner Papan, Commissioner Rabbitt, Commissioner Ronen and Commissioner Sperring
- Absent:** 3 - Commissioner Canepa, Commissioner Dutra-Vernaci and Commissioner Thao

Non-Voting Commissioners Present: Commissioner Giacomini and Commissioner Schaaf

Non-Voting Commissioner Absent: Commissioner El-Tawansy

2. Consent Calendar

Vice Chair Josefowitz and Commissioner Fleming were absent during the vote for the Consent Calendar.

Upon the motion by Commissioner Chavez and seconded by Commissioner Glover, the Authority unanimously approved the Consent Calendar by the following vote:

- Aye:** 13 - Chair Pedroza, Commissioner Abe-Koga, Commissioner Ahn, Commissioner Chavez, Commissioner Glover, Commissioner Mahan, Commissioner Miley, Commissioner Moulton-Peters, Commissioner Noack, Commissioner Papan, Commissioner Rabbitt, Commissioner Ronen and Commissioner Sperring

- Absent:** 5 - Vice Chair Josefowitz, Commissioner Canepa, Commissioner Dutra-Vernaci, Commissioner Fleming and Commissioner Thao

2a. [23-0847](#) Approval of BAHFA Minutes of the May 24, 2023 Meeting

Action: Authority Approval

2b. [23-0852](#) Appointment of Consuelo Hernandez to the Advisory Committee of the Bay Area Housing Finance Authority

Action: Authority Approval

Presenter: Kate Hartley

- 2c. [23-0853](#) Recommendation of Authorization of a 16-month contract with Centro Legal de la Raza (“Consultant”) in an amount not to exceed \$250,000, for eviction and legal services research services for the Bay Area Housing Finance Authority’s Anti-Displacement Pilot (“Project”)

Action: Authority Approval

Presenter: Kate Hartley

3. Authority Approval

- 3a. [23-0849](#) BAHFA Resolution No. 0030. BAHFA Rental Assistance Pilot Program
- Approval of Acceptance of \$5 million in Metropolitan Transportation Commission (MTC) Exchange Funds and Creation of a BAHFA Rental Assistance Pilot Program

Action: Authority Approval

Presenter: Kate Hartley

Vice Chair Josefowitz and Commissioner Fleming returned during agenda item 3.

Upon the motion by Commissioner Chavez and seconded by Commissioner Abe-Koga, the Authority unanimously adopted BAHFA Resolution No. 0030. The motion carried by the following vote:

Aye: 15 - Chair Pedroza, Vice Chair Josefowitz, Commissioner Abe-Koga, Commissioner Ahn, Commissioner Chavez, Commissioner Fleming, Commissioner Glover, Commissioner Mahan, Commissioner Miley, Commissioner Moulton-Peters, Commissioner Noack, Commissioner Papan, Commissioner Rabbitt, Commissioner Ronen and Commissioner Spering

Absent: 3 - Commissioner Canepa, Commissioner Dutra-Vernaci and Commissioner Thao

3b. [23-0850](#) Bay Area Housing Finance Authority (BAHFA) Resolution No. 29 - Fiscal Year (FY) 2023-24 Operating Budget

Adoption of BAHFA Resolution No. 29 approving the BAHFA FY 2023-2024 Operating Budget

Action: Authority Approval

Presenter: Derek Hansel

Upon the motion by Commissioner Glover and seconded by Commissioner Chavez, the Authority unanimously adopted BAHFA Resolution No. 29. The motion carried by the following vote:

Aye: 15 - Chair Pedroza, Vice Chair Josefowitz, Commissioner Abe-Koga, Commissioner Ahn, Commissioner Chavez, Commissioner Fleming, Commissioner Glover, Commissioner Mahan, Commissioner Miley, Commissioner Moulton-Peters, Commissioner Noack, Commissioner Papan, Commissioner Rabbitt, Commissioner Ronen and Commissioner Spering

Absent: 3 - Commissioner Canepa, Commissioner Dutra-Vernaci and Commissioner Thao

4. Public Comment / Other Business

5. Adjournment / Next Meeting

The next meeting of the Bay Area Housing Finance Authority is scheduled to be held on Wednesday, July 26, 2023. Any changes to the schedule will be duly noticed to the public.



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #: 23-0951 **Version:** 1 **Name:**

Type: Report **Status:** Consent

File created: 6/22/2023 **In control:** Bay Area Housing Finance Authority Oversight Committee

On agenda: 7/12/2023 **Final action:**

Title: Authorization for the Executive Director to negotiate and enter into a second amendment an amount not to exceed \$1.6 million to the October 1, 2022 contract with Exygy Inc. ("Consultant") for Doorway Housing Portal web design services, increasing the for a total contract amount not-to-exceed \$2.6 million.

Sponsors:

Indexes:

Code sections:

Attachments: [2b 23-0951 Doorway Exygy Contract Amendment 2023.pdf](#)
[06b 1 Summary Sheet Doorway Exygy Contract Amendment 2023 v2.pdf](#)
[06b 2 Summary Approval Form Doorway Exygy 071223 v2.pdf](#)

Date	Ver.	Action By	Action	Result
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Authorization for the Executive Director to negotiate and enter into a second amendment an amount not to exceed \$1.6 million to the October 1, 2022 contract with Exygy Inc. ("Consultant") for Doorway Housing Portal web design services, increasing the for a total contract amount not-to-exceed \$2.6 million.

Kate Hartley

BAHFA Approval

July 26, 2023

Agenda Item 2.b.

Doorway Housing Portal – Exygy, Inc. Contract 2nd Amendment (\$1.6 million)

Subject:

Authorization for the Executive Director to negotiate and enter into a second amendment an amount not to exceed \$1.6 million to the October 1, 2022 contract with Exygy Inc. (“Consultant”) for Doorway Housing Portal web design services, increasing the for a total contract amount not-to-exceed \$2.6 million.

Background:

On June 29, 2023, BAHFA launched the Doorway Housing Portal, a comprehensive, user-friendly site that allows housing seekers to find and apply for housing opportunities from their phones or personal computers. The portal will also make the lease-up process significantly simpler for both applicants and building owners and will provide critical data about who searches for what kinds of affordable housing throughout the Bay Area, enabling policy makers to better assist their constituents. The portal was launched through the Exygy contract and the support of a pro bono Google.org fellowship that provided more than a dozen full-time Google fellows for six months, January-June 2023.

With funding assistance from a recently announced \$2.5 million grant from Google.org to the BAHFA Leadership Fund (a 501c3 nonprofit organization created to help facilitate the work of BAHFA), BAHFA will expand the Consultant’s work scope to further develop the portal, adding regional application, lottery, and professional partner functionality for both housing seekers and property managers, per the additional phase information, below.

Contract Summary

The BAHFA Board approved BAHFA’s procurement of the Consultant through the Metropolitan Transportation Commission’s 2020 Website Support Services Bench – Cycle 1 (“Bench”) on September 28, 2022.

The Consultant’s first three contract phases are now largely complete:

- Phase 1: Discovery and Work Plan Creation, including regional product and system discovery, and technical discovery and integration exploration. Timeframe: September through December of 2022. Phase Cost: \$226,860.
- Phase 2: Doorway Housing Portal Policy Development, including sustainability plan and data sharing development. Timeframe: January through June of 2023. Phase Cost: \$147,000.
- Phase 3: Doorway Housing Portal Development, including technical architecture guidance and supplemental goals research. Timeframe: January through June of 2023. Phase Cost: \$555,387.

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Agenda Item 2.b.

Doorway Housing Portal – Exygy, Inc. Contract 2nd Amendment (\$1.6 million)

- The BAHFA Board approved a first amendment to the Consultant’s contract on April 26, 2023, increasing the initial contract value by \$35,404 for completion of contract Phase 3b: Portal Listings Development, including work with housing developers and property managers to create housing opportunity listings for the portal. Timeframe: May through July of 2023.

Second Contract Amendment Phases

The next two contract phases authorized under the second amendment are as follows:

- Phase 4: Additional Doorway Housing Portal Policy Development, including sustainability enhancement and regional policy alignment, and data systems development and strategic planning. Estimated timeframe: approximately July 2023 through March 2024. Estimated phase cost: \$125,000.
- Phase 5: Enhanced Doorway Housing Portal Functionality, including regional application, lottery, and professional partner functionality. Estimated timeframe: July 2023 through March 2024. Phase Cost: \$1,429,612.

Summary of Initial BAHFA Doorway Housing Portal Work with Consultant	
Phase 1: Discovery and Work Plan Creation	\$226,860
Phase 2: Doorway Housing Portal Policy Development	\$147,000
Phase 3: Doorway Housing Portal Development	\$555,387
Phase 3b: Portal Listings Development	\$35,404
<i>TOTAL TO DATE</i>	<i>\$964,651</i>
Phase 4: Additional Doorway Housing Portal Policy Development	\$125,000
Phase 5: Regional Application, Lottery, and Professional Partner Functionality	\$1,429,612
GRAND TOTAL	\$2,519,263

Issues:

None

Recommended Action:

The Authority is requested to authorize the Executive Director to negotiate and enter into a second amendment in an amount not to exceed \$1.6 million to the October 1, 2022 contract

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Agenda Item 2.b.

Doorway Housing Portal – Exygy, Inc. Contract 2nd Amendment (\$1.6 million)

with Exygy Inc. for Doorway Housing Portal web design services, increasing the total contract amount not to exceed \$2.6 million, subject to BAHFA receiving the estimated \$2.5 million grant from BAHFA Leadership Fund..

Attachment:

- A. Summary Approval

Reviewed:



Andrew Fremier



S U M M A R Y O F B A H F A A P P R O V A L

Work Item No.:	1620
Consultant:	Exygy, Inc.
Work Project Title:	BAHFA Doorway Housing Portal
Purpose of Project:	Develop a regional online housing portal to help housing seekers find and apply for affordable housing, and to help housing partners (developer, leasing agents, etc.) more easily manage listings, applications, and placements.
Brief Scope of Work:	<p>Extend the Consultant scope of work over two phases through a second contract amendment:</p> <p>1) Additional Doorway Housing Portal Policy Development, including sustainability enhancement and regional policy alignment, and data systems development and strategic planning. July 2023 - March 2024.</p> <p>2) Enhanced Doorway Housing Portal Functionality, including regional application, lottery, and professional partner functionality. July 2023 – March 2024.</p>
Project Cost Not to Exceed:	<p>Second Amendment additional work scope value: \$1.6 Million.</p> <p>Originally authorized contract value: \$1 million</p> <p>Total amended not-to-exceed contract value: \$2.6 million</p>
Funding Source:	<p>\$1 million: California HCD grant; fund source number 2409.</p> <p>\$1.6 million: Philanthropic grant from Google.org to BAHFA Leadership Fund, for intended transfer to BAHFA</p>
Fiscal Impact:	<p>\$1 million included in BAHFA FY22-23 budget</p> <p>\$1.6 million will be available in BAHFA FY23-24 budget</p>
Motion by Committee:	<p>The BAHFA Oversight Committee is requested to recommend to Bay Area Housing Finance Authority (BAHFA) to authorize the Executive Director to negotiate and enter into a second amendment in an amount not to exceed \$1.6 million to the October 1, 2022 contract with Exygy Inc. for Doorway Housing Portal web design services, increasing the total contract amount not to exceed \$2.6 million, subject</p>

	to BAHFA receiving the estimated \$2.5 million grant from BAHFA Leadership Fund.
BAHFA Board Approval:	Alfredo Pedroza Chair, BAHFA Board
Approval Date:	July 26, 2023



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #: 23-0949 **Version:** 1 **Name:**

Type: Report **Status:** Informational

File created: 6/20/2023 **In control:** Bay Area Housing Finance Authority

On agenda: 7/26/2023 **Final action:**

Title: Preparation for 2024 Affordable Housing Bond Measure

Discussion regarding BAHFA's Regional Housing Revenue Allocation Options

Sponsors:

Indexes:

Code sections:

Attachments: [3a 23-0949 2024 Affordable Housing Bond Measure Preparation.pdf](#)
[3a 23-0949 Attachment A Presentation.pdf](#)

Date	Ver.	Action By	Action	Result
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Subject:

Preparation for 2024 Affordable Housing Bond Measure

Discussion regarding BAHFA's Regional Housing Revenue Allocation Options

Presenter:

Kate Hartley

Recommended Action:

Information

July 26, 2023

Agenda Item 3.a.

Preparation for 2024 Affordable Housing Bond Measure

Subject:

Discussion regarding BAHFA's Regional Housing Revenue Allocation Options

Background:

On June 16th and June 22nd, 2022, the ABAG Executive Board and the BAHFA Board ("Boards"), respectively, requested that the BAHFA Oversight Committee and ABAG Housing Committee ("Joint Housing Committees") undertake preparatory work necessary to enable consideration of an affordable housing general obligation bond measure in November 2024 ("2024 Ballot Measure").

Over the course of the last year, the Joint Housing Committees and Boards have considered presentations from staff regarding this preparatory work, including:

- Extensive public outreach, primarily through townhall public meetings and presentations, with affordable housing and homelessness advocates, nonprofit developers, neighborhood and community groups, environmental advocates, equity organizations, home builder representatives, organized labor leaders, and business organizations. In addition, staff have conducted outreach to cities and counties by presenting to boards and councils and convening public sector housing and planning staff in all nine counties.
- Completion of final versions of two elements of BAHFA's Business Plan – the Equity Framework and Funding Programs – both of which the Boards have reviewed as part of staff's informational presentations.
- Creation and implementation of programs that set the stage for BAHFA's role as a regional affordable housing lender and provider of new housing resources, including:
 - The Doorway Housing Portal, the design of which included substantial philanthropic assistance from Google.org, and which launched its listings phase on June 29th, 2023.
 - The Welfare Tax Exemption Preservation Program, through which BAHFA has assisted 5 developments that preserve the affordability of 325 units and prevented displacement of tenants.
 - The Preservation Pilot Program, with \$15 million in Regional Early Action Planning grant of 2021 ("REAP 2.0") funds from the California Department of Housing and Community Development ("HCD").
 - A predevelopment lending program for the Priority Sites Pilot, created in collaboration with MTC and ABAG and funded with HCD's REAP 2.0 funds.
 - The Bay Area Affordable Housing Pipeline Study, completed in collaboration with Enterprise Community Partners, which determined that approximately 33,000

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Agenda Item 3.a.

Preparation for 2024 Affordable Housing Bond Measure

- affordable homes are currently in predevelopment across the region and in need of funding.
- SB 35 Technical Assistance aimed at helping local governments and developers implement best practices for tribal notification as required by state law streamlined entitlement processes.
 - A Bay Area Eviction Study that will soon analyze eviction data throughout the region to better understand causes, household characteristics, and ancillary conditions of evictions to develop data-driven prevention strategies tailored for the Bay Area.
 - A Rental Subsidy Program, which will repurpose \$5 million of funds previously used for land acquisitions in order to assist seniors and other vulnerable households at risk of homelessness.

Next Steps, Part 1: Decision Points and Recommendations:

The next phase of preparation for the 2024 Ballot Measure requires certain decisions regarding BAHFA's expenditure plan for regional housing revenue ("Regional Expenditure Plan"), including:

- 1) 1st Regional Expenditure Plan Programming: determination of the appropriate portion of regional funds to program in BAHFA's first Regional Expenditure Plan.
- 2) Flexible Funds: determination of the allocation of the 18% of regional housing revenue that is "flexible," i.e., monies that may be used for production, preservation, or tenant protections ("3Ps").
- 3) Project-Type Priorities and Collaboration: determination of the project types BAHFA should fund as top priorities and how BAHFA can best assist counties and direct-allocation cities with their individual expenditure plans and planning processes.

As described above, staff's recommendations for these decisions come after a year of extensive outreach throughout the region; a thorough analysis of the existing affordable housing finance landscape; and deep research of the ways in which BAHFA can advance greater housing equity throughout the Bay Area.

For the three decision points set forth, staff recommendations are as follows:

- 1) 1st Regional Expenditure Plan Programming: **Staff recommend limiting regional revenue programming decisions to the first issuance of bonds only.** Assuming a \$10 billion bond, \$2 billion of which would go to BAHFA, and a total of 5 issuances, the 1st Regional Expenditure Plan programs would allocate \$400 million of regional housing revenue.

This recommendation is based on the fluidity of market conditions and the currently unknown status of many conditions which will affect BAHFA's expenditures in 2024 and beyond. For example, it is possible that voters will pass a statewide constitutional

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Agenda Item 3.a.

Preparation for 2024 Affordable Housing Bond Measure

amendment in 2024 that enables expenditures for protections, a use of funds that is currently prohibited under constitutional general obligation bond rules.

With a successful ballot measure, staff anticipate bringing forward expenditure recommendations for the second bond issuance approximately three years after the first (2028) and incorporating in that and all subsequent Regional Expenditure Plans the successes, challenges and lessons learned from prior bond issuances.

2) **Flexible Funds: Staff recommend programming Flexible Funds from the first issuance for new affordable housing production.**

The San Francisco Bay Area Regional Housing Finance Act (Gov. Code § 64500, et seq.) (the “Act”) gives BAHFA discretion to spend 18% of the regional housing revenue on either production, preservation, or protections (“Flexible Funds”). Staff recommend programming Flexible Funds from the first issuance for production due to the Bay Area’s severe housing shortage and the corresponding need to create new homes. The total value of this tranche of first issuance funds is estimated to be \$72 million. Together with the required 52% of funds that must be spent on production (per the Act), the total of the first issuance that would go to new construction is estimated to be \$280 million (or 70% of the regional housing revenue). First issuance funds set aside for preservation projects are estimated to be \$60 million, a significant amount to spend on preservation over a 2–3-year period given the relatively lower investment level each preservation project requires compared to new construction. Additionally, preservation is a relatively emerging field of practice that may already be stretched by the simultaneous infusion of \$240 million in earmarked preservation funds across all nine counties from BAHFA’s first bond issuance.

If the cadence of preservation projects outpaces production and preservation requires additional funding to meet demand, the allocation of Flexible Funds can be changed in the second and/or other future bond issuances to meet that need.

3) **Project-Type Priorities and Collaboration: Staff recommend a three-point prioritization strategy that implements an equity-focused, collaborative approach with counties and direct-allocation cities:**

- First: Prioritize permanent supportive housing (PSH) and extremely low-income (ELI) new construction investments whenever possible, but only in collaboration with the local government that has jurisdiction and at their invitation, so that local governments can retain decision-making control regarding scarce operating and capital subsidies.

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Preparation for 2024 Affordable Housing Bond Measure

- Second: Prioritize low-income housing development that does not require tax-exempt bonds (from the California Debt Limit Allocation Committee, “CDLAC”) and tax-credit funding if this funding is over-subscribed. BAHFA’s investments will thus be additive to the regional affordable housing stock, will not compete with local governments for competitive state funds, and will demonstrate regional leadership to chart an investment strategy that avoids the gridlock that has defined our affordable housing financing system.
- Third: Retain flexibility in funding approaches. If CDLAC and tax credit funding are readily available, BAHFA investments should rely on those sources of funds to make BAHFA resources go as far as possible.

Staff’s recommendations above pursue BAHFA’s Equity Framework and Funding Program goals, which call for, among other things, investments that serve those with greatest needs (PSH and ELI housing); achieving scale in production to address the harm done by our affordable housing shortage (non-LIHTC investments that can be delivered cost-effectively and quickly); and achieving operational sustainability inclusive of the ability of BAHFA to reinvest proceeds in tenant protections around the region.

Staff’s recommendations also acknowledge the financing challenges attached to PSH and ELI housing, especially regarding long-term operating and services subsidy needs. For example, most of the Bay Area’s public housing authorities, which provide project-based Housing Choice Voucher contracts (or “project based Section 8” contracts – the best, most reliable source of long-term operating subsidies) are currently over budget and not able to provide additional project-based vouchers at a volume that meets demand (if they can provide them at all, given budget constraints and other HUD rules). If Section 8 contracts are not available, individual jurisdictions may be able to tap other subsidy sources, but often not for the long term. And, notably, current law prohibits general obligation bond funds from being spent on operating and services subsidies.

Finally, staff’s recommendations highlight the uncertainty developers and jurisdictions have faced in recent years when applying for tax credits and a CDLAC tax-exempt bond allocation. These sources of funds are the only substantial sources of affordable housing capital provided by the federal government (with allocations coming through the state). Between 2020 and 2022, the Bay Area’s success rate at CDLAC was between 40% and 50% -- meaning more than half of the region’s “shovel ready” projects stalled, resulting in significant cost escalation. The inflation and high interest rates currently defining the market changed this dynamic in the last two CDLAC application rounds. Many projects became financially infeasible without more state tax credit equity or other gap funds.

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Agenda Item 3.a.

Preparation for 2024 Affordable Housing Bond Measure

Regardless of whether the funding scarcity point is CDLAC, state tax credit funding, or California HCD grants, the ongoing competition for leveraged public funding for new affordable housing development demands leadership from BAHFA and the pursuit of investment strategies that do not compete with or diminish jurisdictions' access to resources.

By working alongside local governments, co-lending with them when invited, and pursuing investments that are additive and not competitive, BAHFA can bring innovation to a system that does not adequately meet the housing needs of Bay Area residents.

Informing all decision-making must be the third of the three-point prioritization strategy recommended above: retention of flexibility in program implementation. For example, if at any point CDLAC and other state funds can be non-competitively secured, or if Congress were to approve substantial new Housing Choice Voucher resources for California, BAHFA could quickly change course to take advantage of these new opportunities.

BAHFA's overarching goal, regardless of market conditions, will be to provide additive, collaborative investments that enhance counties' and direct-allocation cities' affordable housing objectives.

Next Steps, Part 2: September 2023 Decision Points and Recommendations:

Following the provision of guidance from the BAHFA Advisory Committee, Joint Housing Committees, and Boards on the recommendations outlined above, staff will return to its governing bodies for direction on a second phase of decision-making, including:

- 1) Geographic Disbursement Priorities: how best for BAHFA to disburse regional housing revenue among local governments in a way that meets BAHFA's Equity Framework and Funding Program goals:
 - Equitable access to resources for all counties
 - Meeting the needs of those most impacted by housing unaffordability
 - Providing additive, collaborative assistance
- 2) Preservation Expenditure Priorities: determination of which strategies will best achieve BAHFA's anti-displacement goals and meet the needs of historically disinvested communities (\$60 million in the first bond issuance).
- 3) Local Government Incentive Grant Program: determination of prioritized, eligible uses for this 10% set-aside of regional funds (\$40 million in the first bond issuance).

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Agenda Item 3.a.

Preparation for 2024 Affordable Housing Bond Measure

- 4) Protection Priorities: if protection funding expenditures become eligible under a GO bond, determination of how to prioritize that spending (\$20 million in the first bond issuance).

Decision-Making Timeline

Subject to direction from the Joint Housing Committees and Boards, staff anticipate scheduling agenda items on all key regional funding decision points, as follows:

September 2023: Informational

- Geographic distribution of regional housing revenue
- Preservation program priorities
- 10% Local Government Incentive Grant priorities

October 2023

- Approval of initial funding priorities for regional housing revenue (decision points from July & September meetings)
- Adoption of Business Plan Equity Framework & Funding Programs
- Protection program priorities (if protection funding is available)

December 2023

- Adoption of final BAHFA Business Plan, including operational sustainability section

January – May 2024

- Approval of BAHFA's Regional Expenditure Plan and Resolution to submit the 2024 Ballot Measure to the voters in all nine counties.

Post-Bond (2025)

- Loan Term Sheets and Underwriting Guidelines, including developer preferences

Issues:

None

July 26, 2023

Agenda Item 3.a.

Preparation for 2024 Affordable Housing Bond Measure

Recommended Action:

Information

Attachment:

- A. Presentation

Reviewed:



Andrew Fremier



BAHFA 2024 Ballot Measure: Preparation for a 2024 Affordable Housing Bond

BAHFA July 26, 2023



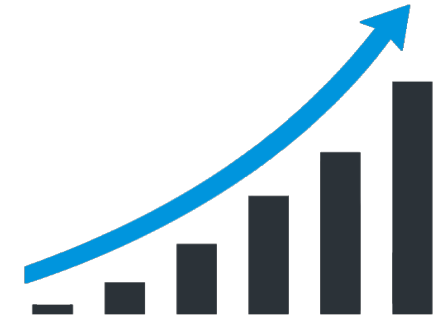
ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION

Discussion Overview

- Decision points presented today concern BAHFA's **20% Regional Housing Revenue** only
 - Direct-allocation cities and counties create individual expenditure plans
- Today is an **informational presentation**, with more decision points presented for discussion in September
 - Approval is slated for October
- Why create a regional funding pool?

The Power of BAHFA: Regional Action

- A mission-driven, regional lender can reinvest loan funds back into the community
- Regional programs can assist community-based organizations vital to preservation efforts
- Regional programs can lower the cost and timelines of essential housing production
- Technical assistance, policy development, and higher-risk development innovations all happen at the regional level



BAHFA's Additive Approach

■ Work to Change the System

- Strength in numbers: BAHFA can serve as a unifying regional voice to advocate for more federal/state resources and more equitable and effective systems

■ Maximize Housing Benefits Across the Region

- Creatively, flexibly navigate the system in coordination with local government partners
- Advance development models that add to cities' and counties' affordable housing portfolios without diminishing access to resources

Discussion Overview, continued

Step 1 Decision Points:

- What portion of the Regional Housing Funds to program now?
- How to allocate BAHFA's initial 18% "flexible funds"?
- How do we implement our Equity Framework and set project priorities?
- Identify next set of decision points, including geographic distribution strategies

AB 1487 Refresher: 3Ps Funding Guidelines

BAHFA'S 20% Funding Allocation:

- Production: 52%
- Preservation: 15%
- Protections: 5%
- Local Government Incentive Grant Program: 10%
- Flexible Funding: 18%

Landscape Considerations

- All counties and direct-allocation cities will be in receipt of large bond funds simultaneously
- All counties and direct-allocation cities will fund projects that also need competitive state money
- State & federal funding application process is uncertain, costly, and subject to change

BAHFA should be additive and not competitive

BAHFA's Regional Implementation, Step 1

- **Consider 1st Bond Issuance Only (Q3-Q4 2025)**
 - \$400 million of BAHFA's \$2 Billion total
 - Adjust 2nd and future issuances based on successes
- **Program 1st Issuance “Flexible” Funding for Production**
- **Prioritize PSH and ELI for New Construction Funding**
 - If invited by jurisdictions or collaborative opportunities arise
- **Pursue Non-LIHTC Development in Competitive Conditions**
 - Advance innovation and scale
 - Avoid competition for scarce resources
 - Remain flexible – if market conditions change, adjust for best outcomes

BAHFA's 1st NOFA: Focus of Initial Policy Decisions

For \$10B Bond	Total Value
BAHFA	\$2 Billion
Counties & Direct-Allocation Cities	\$8 Billion
Total	\$10 Billion

In millions of dollars

	1 st Bond Issuance Values
BAHFA	\$400
County & Direct-Allocation Cities	\$1,600
Total	\$2,000

In millions of dollars

1 st Bond Issuance: BAHFA's Regional Funds	Value
Production	\$208
Flexible Funds	\$72
Preservation	\$60
Protections*	\$20
Local Government Grants	\$40
BAHFA Total – 1st Issuance	\$400

* Currently not eligible use of GO Bonds

Step #2 Recommendation Previews

How Will New Production Money Be Disbursed?

- Create a geographic investment plan that achieves regional goals while balancing distribution across all counties

Preservation Priorities (15% of Funding)

- Achieve anti-displacement goals and direct resources to historically disinvested communities

Local Government Incentive Grants (10% of Funding)

- Fund housing-related uses lacking access to other money (parks, infrastructure, school improvements, etc.)

BAHFA Ballot Preparation Timeline

September 2023

- How BAHFA geographically distributes its funds
- Preservation Program priorities
- 10% Local Government Incentive Grant Program priorities

October 2023

- Approval of BAHFA's Initial Funding Priorities (decision points from July & September meetings)
- Adoption of Business Plan Equity Framework & Funding Programs; informational presentation on draft operations and sustainability plan
- Protection Program priorities*

December 2023

- Adoption of final BAHFA Business Plan

January – May 2024

- Approval of BAHFA's Regional Expenditure Plan and Resolution to place bond on county ballots

Post-Bond (2025)

- Loan Term Sheets and Underwriting Guidelines, including developer preferences

Thank You



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