



Residential apartments, Alameda County

Photo: Karl Nielsen

Executive Summary

When the California Legislature created the Bay Area Housing Finance Authority (BAHFA) in 2019 – the first regional housing finance authority in the state – it resolved to change a system failing to provide the housing Bay Area residents need. BAHFA’s launch marks a once-in-a-generation opportunity to address several of the structural issues driving the region’s chronic affordability and displacement challenges. BAHFA embraces a collaborative approach to delivering housing affordability at scale. It moves beyond a system in which cities and counties not only lack the resources to solve housing unaffordability and homelessness on their own but also compete among themselves for scarce resources. With approval of significant new resources by Bay Area voters, BAHFA has the potential to change the housing landscape with powerful new financing tools and a “3Ps” mission to **produce** new, permanently affordable housing; **preserve** existing affordable housing; and **protect** current residents from displacement.

In November 2024, BAHFA and the Association of Bay Area Governments (ABAG) are poised to pursue the first-ever regional housing revenue measure in California: an affordable housing general obligation bond of up to \$20 billion. The nine counties will retain 80% of the funds raised, with distribution based on each county’s financial contribution to the bond.¹ This unprecedented level of resources will allow all counties to pursue a common purpose: to house the unhoused; meet local workforce needs; protect vulnerable residents from displacement; and enable homeownership for individuals and families currently shut out of the most common means by which American families historically have created inter-generational wealth. While working toward these shared goals, each county will have the ability to tailor its programs to best address local needs and circumstances.

1. “Funds” refers to the net proceeds from a bond.



Top Left: Residential home, Alameda county, Photo: Noah Berger

Top Right: Affordable housing, Santa Clara county, Courtesy of Resources for Community Development

Bottom: Residential aprtments, Santa Clara county, Photo: Noah Berger

BAHFA will retain 20% of funds from a 2024 housing bond to fulfill its promise to deliver bold housing outcomes at the regional scale. The central purpose of this Business Plan is to chart a path whereby BAHFA can maximize the impacts of its investments in the near-term while simultaneously building the foundation for BAHFA to become a self-sustaining, specialty public lender in the long-term – transforming the housing finance ecosystem to deliver results long after the general obligation bonds are spent.

Establishing itself as a mission-driven public lender, BAHFA will provide affordable housing loans to projects, then reinvest income earned on those loans back into affordable housing developments and programs throughout the region. Currently, this lending activity is conducted by private banks and other financial institutions which capture and distribute profits to their shareholders.

The Business Plan identifies ways for BAHFA to grow its own lending capacity so that financing revenues are retained within the region and redeployed to fulfill the public purpose of providing affordable and stable homes for Bay Area residents. Over time, this will create a beneficial financing cycle that will strengthen and enhance BAHFA's 3Ps mission.

This BAHFA Business Plan serves as a blueprint for how BAHFA can accomplish these near- and long-term goals. The Business Plan has four main parts:

Chapter 1: Legislative and Business Planning Overview

describes BAHFA's legislative requirements, the regional planning context, and BAHFA's governance structure.

Chapter 2: Equity Framework Summary

provides an overview of BAHFA's Equity Framework which was developed with substantial community input and sets guiding principles to advance equity and social justice. The full text of the Equity Framework is included as Appendix 1 to the Business Plan, with accompanying materials included as Appendix 2.

Chapter 3: Funding Programs

describes financing opportunities that will maximize BAHFA's impact, leverage additional funds, and efficiently deploy public dollars. Detailed descriptions of BAHFA's initial Funding Programs are included as Appendix 3.

Chapter 4: BAHFA's Operations and Organizational Sustainability Plan

describes current and future staffing needs and identifies how BAHFA will achieve financial self-sustainability while delivering on its 3Ps mandate.

The Bay Area faces a complex set of interconnected challenges: the post-pandemic transformation of the workplace; climate-change induced environmental hazards; the well-documented toll of systemic racism on multiple generations; and demographers' projections that income inequality will worsen by 2050. All these trends and events make it clear that concerted action is urgently needed to protect the Bay Area's greatest strengths – its diversity, free spirit and creative economy.

Housing lies at the center of this need. Without a safe, affordable place to call home for people of all incomes and aspirations, the Bay Area will cede its leadership role in the country's economic and social spheres. BAHFA seeks to create long-lasting housing solutions that promote a vibrant, healthy and affordable Bay Area for future generations.



Merritt Crossing Senior Apartments, Oakland
Photo: Tim Griffith, courtesy Satellite Affordable Housing Associates (SAHA)