



# Housing Preservation Pilot

Funding Application Notice Information Session  
June 12, 2024



ASSOCIATION OF BAY AREA GOVERNMENTS  
METROPOLITAN TRANSPORTATION COMMISSION

# Program Goals

- Achieve Regional Early Action Planning Grant (REAP 2.0) Objectives
- Offer \$8.9M in low-interest loans to acquire and rehabilitate residential properties and convert them to permanently affordable housing
- Prevent displacement of low-income households
- Create a safe, stable, permanently affordable housing stock
- Support the financial health of residents, borrowers, and properties
- Fund multiple projects of various scales and tenure types throughout BAHFA's jurisdiction

## HCD's REAP 2 Objectives:

- Accelerate infill development that facilitates housing supply, choice, and affordability
- Affirmatively further fair housing
- Reduce vehicle miles traveled

# Application and Closing Process

Application Portal opens June 14 and closes when all funds committed

If multiple eligible projects received within 5 business days of each other, BAHFA ranks according to Scoring Criteria

Applicant submits due diligence and BAHFA confirms award within 50 days of application

Applicants submit on a rolling basis and BAHFA evaluates for eligibility in order received

BAHFA provide preliminary project approval to eligible projects within 30 days of application

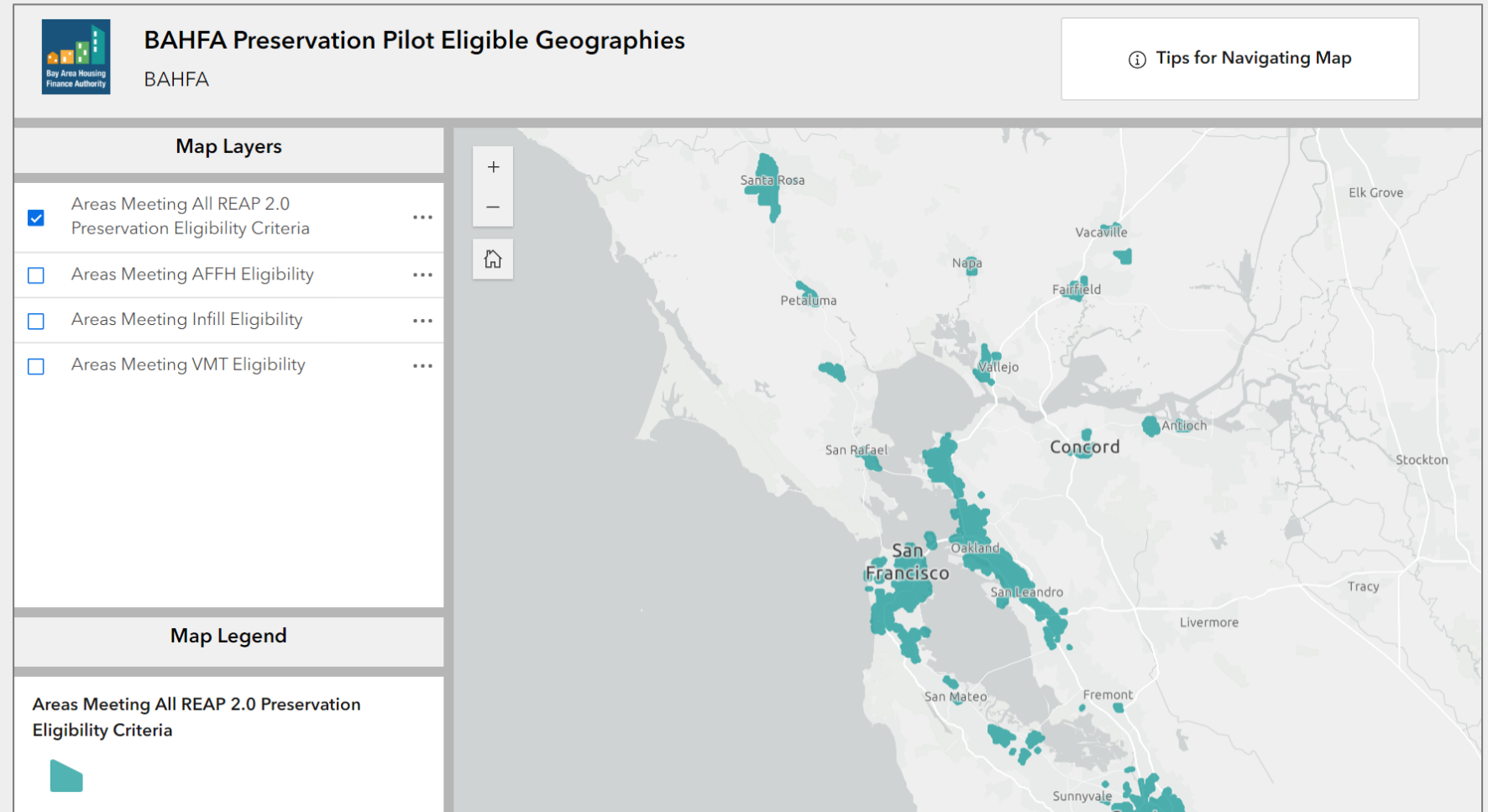
Applicant, BAHFA, and third-party lenders work towards loan closing within 90-120 days of application

# Eligible Projects

- Acquisition only or Acquisition/Rehabilitation
  - May consider Accessory Dwelling Unit construction as part of rehabilitation
- Residential properties or Mixed-use properties with two-thirds of the building square footage used for residential
- Occupied by existing residents
  - May consider unoccupied properties that serve community anti-displacement goals
- Currently unrestricted
  - May consider properties with restrictions that expire within 5 years
- Site control
- Financial feasibility
- Achieve all three of HCD's REAP 2 Objectives

# Eligible Geographies

Projects must achieve all three of HCD's REAP 2 Objectives, demonstrated by location in an [Eligible Geography](#) or by alternative justification for consideration by BAHFA staff



# Eligible Applicants

- Non-profit affordable housing developers
- Community land trusts
- Joint venture partnerships
- Minimum Development Team Experience:
  - Applicant has successfully acquired, rehabilitated (if applicable), owned, and operated at least 1 comparable project relative to the proposed project within the past 5 years in the State of California
  - Applicant may rely on the experience of a staff member or consultant that has completed a at least three (3) comparable projects

## Community-Controlled Set Aside \$3M

- Community Land Trusts
- Community-Based Organizations in partnership with CLT
- Cooperative Housing Entities

# Selection Criteria

Scoring Criteria	Points
Higher Impact on REAP 2 Objectives	30
Accelerating Housing Supply, Choice, and Affordability (10)	
Affirmatively Furthering Fair Housing (10)	
Reducing Vehicle Miles Traveled Per Capita (10)	
Readiness/Timeliness	20
Catalytic Impact on Local Preservation Programming	10
Development Team Experience and Capacity	10
Resident Engagement	10
Cost Effectiveness and Leveraging other funding	20
<b>Total</b>	<b>100</b>

# Loan Terms

- Maximum Loan Amount: \$250K/unit
- Loan Term: 55 years
- Interest Rate: 3% annually
- Repayment: Principal and interest deferred until loan maturity, with option to extend for as long as project upholds Regulatory Restrictions
- BAHFA Legal Fee: estimated \$15K
- BAHFA Asset Management Fee: estimated \$1,500 per year
- Maximum Developer Fee: \$150K + \$10K per unit for any planned rehabilitation



# Regulatory Restrictions

- Regulatory Term: 55 years
- Maximum Income Levels:
  - Average area median income (AMI) for all households of no more than 80%
  - Upon turnover, units may be rented up to 120% AMI to achieve 80% AMI property average
- Annual Rent Increases:
  - If subject to rent stabilization ordinances, continue to comply
  - If not, lesser of annual increase in AMI or 4%
  - Rents should be reduced for rent-burdened tenants earning less than 80% AMI as project income allows
- Relocations:
  - No displacement or permanent relocation
  - Temporary relocation for rehabilitation up to 180 days

# Thank You



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