

## Bay Area Housing Finance Authority Board

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June 26, 2024

Agenda Item 7.b.

### BAHFA's Regional Expenditure Plan

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#### Subject:

Adoption of BAHFA Resolution No. 0032 approving the Bay Area Housing Finance Authority's Regional Expenditure Plan; direct the Executive Director or designee to bring forward a guideline to implement labor standards and to work with the California State Legislature to Amend the San Francisco Bay Area Regional Housing Finance Act to authorize BAHFA to impose labor standards on direct recipients of bond proceeds; CEQA Determination; Exempt Pursuant to Public Resources Code § 21065; Government Code § 64523

#### Background:

At its February 14, 2024 meeting, the ABAG Housing Committee and the BAHFA Oversight Committee ("Joint Housing Committees") approved a referral to the ABAG Executive Board as the Executive Board to BAHFA ("Executive Board") and to the Bay Area Housing Finance Authority ("BAHFA Board") – collectively referred to as "the Boards" – to adopt BAHFA's Regional Expenditure Plan, with the exception that Expenditure Plan labor standards should be further reviewed.

On April 10<sup>th</sup>, the Joint Housing Committees unanimously referred for approval to the Boards adoption of recommended labor standards for BAHFA's 20% Regional Housing Revenue ("RHR"), with amendments.

On April 18<sup>th</sup>, the Executive Board endorsed the Joint Housing Committees' recommendation, including amendments, as summarized below:

- Staff should work with the California State Legislature to amend the San Francisco Bay Area Regional Housing Finance Act ("Act") to create authority to impose strong labor standards for counties and cities receiving a direct allocation of bond proceeds ("Direct Recipients").
- Staff should keep the BAHFA Advisory Committee, the Joint Housing Committees, and the Boards informed of progress, and also report to the MTC/ABAG Legislation Committee.
- Staff should return to the Boards with an agenda item to adopt guidelines to implement the labor standards as articulated in the Regional Expenditure Plan for Regional Housing Revenue.
- Staff should return to the Boards to adopt guidelines implementing the extension of labor standards to Direct Recipients, as required or permitted by an amendment to the Act.
- Such agenda items regarding labor standards should be brought forward in a timely manner to allow for adoption of the guidelines prior to the actual expenditure of the bond proceeds from the first issuance.

On May 22, 2024, the BAHFA Board considered the Regional Expenditure Plan as approved by the Executive Board. In addition, the BAHFA Board considered the Bond Report attached, which provides an overview of the programs to be funded with a bond.

## Expenditure Plan Legal Framework

The Act gives BAHFA the authority to raise, administer, and allocate funding for affordable housing in the San Francisco Bay Area.

BAHFA's Regional Housing Revenue must be spent according to a Regional Expenditure Plan adopted by the Executive and BAHFA Boards, with consultation from the BAHFA Advisory Committee.

The Act requires the Regional Expenditure Plan to include very specific content, as follows:

- 1) The share of RHR and estimated funding values to be spent for each spending category defined in the Act:
  - a. Production
  - b. Preservation
  - c. Tenant Protections
  - d. Local Government Grant Program
- 2) The number of households served by income category.
- 3) The estimated number of homes expected to be produced and preserved with RHR.
- 4) Specific housing programs or projects, to the extent feasible.
- 5) Demonstration of how BAHFA will achieve specific spending requirements set forth in the Act for each spending category over a 5-year period (e.g., at least 52% of 2/3rds of RHR must be spent on production).

While this initial Regional Expenditure Plan is presented in concert with other documents related to the 2024 Ballot Measure, the Act requires BAHFA to submit a Regional Expenditure Plan on July 1<sup>st</sup> every year following. Subsequent Regional Expenditure Plans submitted shall include reporting on allocations and expenditures made and progress to date meeting the required minimum funding levels for each spending category.

## Regional Expenditure Plan Implementation

BAHFA's implementation strategies set forth in the Regional Expenditure Plan reflect the principals included in BAHFA's *Equity Framework* and *Funding Programs* and key spending decision points and recommendations previously approved by the BAHFA Advisory Committee and Boards.

### Regional Expenditure Plan Assumptions

- 1) This action requests the BAHFA Board to approve a general obligation housing bond measure of \$20 billion.
- 2) For a \$20 billion bond, BAHFA is assuming 7 separate issuances, though the actual number may vary, and counties and direct-allocation cities may request issuances at their own speed after the initial disbursement.
- 3) The initial Expenditure Plan covers the 5-year period of 2025-2030, and a total of two bond issuances.

The chart below shows relevant values for these assumptions:

Category / Activity	\$20 Billion Bond
BAHFA's Total Regional Housing Revenue (20%)	\$4 billion
<b>First Regional Expenditure Plan Value</b>	
<b>Assumes 2 issuances (approx. 30% of funds for a \$20B bond)</b>	
<i>All funds shown are net of 5% Administrative Fees</i>	
Production Spending, Minimum (61%)	\$671 million
Production Spending, Maximum (70%)	\$770 billion
Preservation Spending, Minimum (15%)	\$165 million
Preservation Spending, Maximum (24%)	\$264 million
Protections Spending, <i>if Constitutional</i> (5%)	\$55 million
Local Government Grants (10%)	\$110 million
Homes Produced or Preserved ( <i>assumes application of 5% Tenant Protections to Production or Preservation</i> )	Approx. 2,400
Percentage of Homes Produced Serving ELI/VLI Households	Approx. 44%
Percentage of Homes Produced Serving LI Households	Approx. 56%
<i>TOTAL Number of Homes Produced or Preserved with Full RHR Funding, including 5% Tenant Protection Funding</i>	<i>Approx. 7,200-7,800</i>

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## Housing Bond Labor Standards

The Act provides that BAHFA may retain up to 20% of general obligation housing bond revenue raised and must disburse the remaining 80% of revenue to Direct Recipients based on a return-to-source formula (as calculated by assessed property values). BAHFA and the Direct Recipients must spend their funds according to an expenditure plan ("Plan"). In the case of BAHFA, the Regional Expenditure Plan must be approved by the Boards. Counties' Plans must be approved by the Board of Supervisors; city councils must approve Plans for direct-allocation cities.

All Plans must comply with specified requirements of the Act, and any other applicable state law. BAHFA's authority over the Direct Recipients' expenditures may not extend beyond the powers granted to it by the Act. As currently written, the Act does not allow BAHFA to require that Direct Recipients implement any labor standards for their bond investments (the 80%). BAHFA may adopt labor standards only for Regional Housing Revenue expenditures (the 20%). Accordingly, the labor standards provided below, as approved by the Joint Housing Committees and Executive Board, apply to BAHFA's Expenditure Plan. Further discussion regarding setting BAHFA's standard as a regional "baseline" labor standard, should the Act be amended to allow such a provision, follows.

### Expenditure Plan Labor Standards: Regional Housing Revenue (the 20%)

Recommended labor standards for BAHFA's 20% Regional Housing Revenue are summarized below and included in Section 5 of the Regional Expenditure Plan, attached as **Attachment A**.

- 1) Prevailing Wage. For all new construction developments over 10 units, construction workers employed shall be paid at least the general prevailing rate of per diem wages; apprentices registered in programs approved by the Chief of the Division of Apprenticeship Standards may be paid at least the applicable apprentice prevailing rate.
  - a. Contractors and subcontractors must maintain and verify payroll records and make them available for inspection and copying.
    - i. Construction contractors shall submit monthly payroll records directly to BAHFA and, if required by law, to the Labor Commissioner, and the reports shall be considered public records, open to public inspection, with certain redactions to protect the personal identifiable information of individuals as allowed by the Labor Code.
  - b. Enforcement of prevailing wage standards for contractors and subcontractors may be enforced by:
    - i. The Labor Commissioner through the issuance of a civil wage and penalty assessment to the extent allowed by law.
    - ii. An underpaid worker through civil action or an administrative complaint to the extent allowed by law.
    - iii. Liquidated damages will apply if a civil wage and penalty assessment is issued by the Labor Commissioner to the extent allowed by law.
    - iv. BAHFA may seek either legal or equitable remedies as appropriate.

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- 2) Training and Healthcare. New construction developments of 50 or more housing units shall require in contracts with construction contractors who employ craft employees or will let subcontracts for at least 1,000 hours, the following additional provisions:
- a. Participation in an apprenticeship program approved by the State of California Division of Apprenticeship Standards.
  - b. A requirement to provide health care payments for each employee in an amount per hour worked on the development equivalent to at least the hourly pro rata cost of a Covered California Platinum level plan for two 40-year-old adults and two dependents 0 to 14 years of age for the Covered California rating area in which the development is located. Qualifying expenditures shall be credited toward compliance with prevailing wage payment requirements.
  - c. Provisions 2(a) and 2(b) above are deemed satisfied for contractors signatory to a valid collective bargaining agreement that requires utilization of registered apprentices and expenditures on health care for employees and dependents.
- 3) Preservation Projects. In acknowledgement of the degree of difficulty inherent in occupied building rehabilitation projects, the lack of available state and federal funds to finance rehabilitation projects, and the smaller-scale, community focus of affordable housing developers and community-based organizations that undertake Preservation Projects for the purpose of preventing displacement of community members, the labor standards provided above in Part 5.1-2 shall only apply to large Preservation projects with substantial rehabilitation scopes. For smaller Preservation projects, prevailing wage will be paid as required by state law. Preservation standards shall be further refined in funding guidelines submitted to the Boards for approval, including defining what constitutes a large and small Preservation project.

#### Expenditure Plan Labor Standards: Direct Recipients Housing Revenue (the 80%)

Though the existing terms of the Act prohibit BAHFA from imposing labor standards on the 80% of funds administered by Direct Recipients, the ABAG Executive Board has directed staff to work with state legislators to amend the Act to enable the imposition of strong labor standards to Direct Recipients.

As directed by the Executive Board, staff will keep BAHFA Committees, the ABAG Housing Committee, the Boards, and the MTC/ABAG Legislation Committee informed of its work with the state legislature to amend the Act to provide strong labor standards for implementation of BAHFA housing bond funds. Staff will return to the Boards with agenda items implementing such standards and guidelines.

#### Issues:

None

**Recommended Action:**

Adoption of BAHFA Resolution No. 0032 approving the Bay Area Housing Finance Authority's Regional Expenditure Plan; direct the Executive Director or designee to bring forward a guideline to implement labor standards and to work with the California State Legislature to Amend the San Francisco Bay Area Regional Housing Finance Act to authorize BAHFA to impose labor standards on direct recipients of bond proceeds; CEQA Determination; Exempt Pursuant to Public Resources Code § 21065; Government Code § 64523

**Attachments:**

- A. Bay Area Housing Finance Authority Regional Expenditure Plan
- B. Regional Expenditure Plan Approval BAHFA Board Resolution
- C. 2024 Bay Area Affordable Housing Bond Report



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Alix A. Bockelman

**BAY AREA HOUSING FINANCE AUTHORITY**  
**Regional Expenditure Plan – 2025-2030**

Introduction: Statutory Requirements

The San Francisco Bay Area Regional Housing Finance Act (Gov. Code § 64500, et seq.) (**Act**) gives the Bay Area Housing Finance Authority (**BAHFA**) the power to raise, administer and allocate funding for affordable housing in the San Francisco Bay Area. Pursuant to this authority, BAHFA proposes placing a ballot measure for a \$20 billion affordable housing general obligation bond (**Bond**) on the ballots of the nine Bay Area counties in November 2024 (**Ballot Measure**). If the voters approve the Ballot Measure for the Bond, this Regional Expenditure Plan will govern the expenditures of the Regional Housing Revenue (defined below).

Pursuant to Government Code Section 64650, BAHFA will distribute 80% of the net bond revenue, referred to as **County Housing Revenue**, to counties of origin and several cities that will receive direct allocations (currently, Oakland, San Jose, City of Napa, and Santa Rosa). Those funds must be spent in a manner consistent with the expenditure plans adopted by the counties and direct-allocation cities.

BAHFA retains 20% of the net bond revenue, which is the **Regional Housing Revenue** (or **RHR**). The Regional Housing Revenue must be spent according to the **Regional Expenditure Plan**, which is adopted by the Association of Bay Area Governments Executive Board, acting as the Executive Board to BAHFA (**Executive Board**), and the BAHFA Board, after consultation with the BAHFA Advisory Committee.<sup>1</sup>

Required Elements

The Act requires these elements in the Regional Expenditure Plan:

- 1) Revenue Share and Estimated Funding Allocation Per Spending Category. The Regional Expenditure Plan provides the share of the Regional Housing Revenue and estimated funding amount to be spent for each category (**Spending Category**), so that such amounts achieve the minimum shares of funding listed below over the five-year period identified in the Regional Expenditure Plan.<sup>2</sup> The Spending Categories are:

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<sup>1</sup> Section 64650(d)(5)(A)

<sup>2</sup> The minimum shares of funding per Spending Category are required to be achieved over the full expenditure of the bond proceeds, not necessarily in this time period or issuance.

- a. Production. A minimum of 52% of the Regional Housing Revenue to produce deed-restricted rental affordable housing.<sup>3</sup>
  - b. Preservation. A minimum of 15% the Regional Housing Revenue to preserve affordable housing.<sup>4</sup>
  - c. Tenant Protections. A minimum of 5% of the Regional Housing Revenue for tenant protection programs, as required by the Act. However, the California Constitution currently does not allow for the use of bond proceeds for tenant protection programs.
  - d. Local Government Programs. A maximum of 10% of the Regional Housing Revenue for a grant program for local governments based on funding guidelines adopted by the Executive Board and BAHFA Board, after consultation with the BAHFA Advisory Committee.
  - e. Flexible Funds. The funds remaining after the requirements of (1)(a-d) above are satisfied are referred to as “**Flexible Funds**” and represent 18% of the Regional Housing Revenue.
- 2) Households Served by Income Level. For each Spending Category, the income levels of households to be served.
  - 3) Unit Count. The estimated number of affordable housing units to be built or preserved and the number of tenants to be protected.
  - 4) Specific Programs or Projects. To the extent feasible, the Regional Expenditure Plan shall include a description of any specific project or program to receive funding, including the location, funding amount and anticipated outcomes.

In addition, BAHFA will require construction labor standards for investments of Regional Housing Revenue, as further described in Part 5.

Following adoption of BAHFA’s first Regional Expenditure Plan, the Executive and BAHFA Boards must adopt a Regional Expenditure Plan for the use of Regional Housing Revenue by July 1<sup>st</sup> of every year. Beginning in the second year, BAHFA’s Regional Expenditure Plan shall include reporting on allocations and expenditures made and progress to date meeting the required minimum funding levels for each Spending Category. The Regional Expenditure Plan will guide BAHFA’s annual budgeting process and disbursement of funds for specific programs and projects as discussed herein.

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<sup>3</sup> Section 64650(B)(a)(2)(I) of the Act states that a “minimum of two-thirds” of Regional Housing Revenue must be allocated to affordable housing Production and Preservation, with a minimum of 52% of two-thirds of the funds allocated to Production and a minimum of 15% of two-thirds allocated to Preservation. Language presented in the narrative above is modified for simplicity.

<sup>4</sup> See previous note regarding the Act’s percentage allocation requirements for Regional Housing Revenue and Production and Preservation funds.



### Guiding Principles

On October 25, 2023, and November 16, 2023, the BAHFA Board and Executive Board, respectively, unanimously approved BAHFA's *Equity Framework* and *Funding Programs*, two planning documents that set forth guiding principles for BAHFA's implementation of the Regional Expenditure Plan. BAHFA will strive to incorporate these principles in its program implementation for each Spending Category, as further described in Section 4 below.

#### Production

- 1) Prioritize investments for households with the greatest need.
- 2) Work collaboratively with jurisdictions, not competitively, especially when affordable housing funds allocated by the state are oversubscribed.
- 3) Support cost-effective housing able to meet development timeline goals.
- 4) Establish financial feasibility for all housing development phases.
- 5) Integrate a flexible and opportunistic approach in Production program implementation in order to maximize the impact of expenditures and number of affordable homes created.

#### Preservation

- 1) Prioritize investments in historically disinvested areas.
- 2) Support cost-effective housing able to meet development timeline goals.
- 3) Establish financial feasibility for all development phases.
- 4) Forestall displacement risk due to market pressure to increase rents for naturally occurring affordable housing or imminent termination of affordable regulatory restrictions.
- 5) Support community-controlled projects through targeted investment set-asides.

#### Protections

- 1) 100% of expenditures will be limited to activities authorized by the California Constitution, as it may be amended by Assembly Constitutional Amendment 1 (**ACA 1**) (or any other amendment to the California Constitution), and that also conform with the Act.

#### Local Government Grants

- 1) Prioritize investments that provide a benefit to the overall community and address demands from increased affordable housing production.
- 2) Result in the greatest beneficial impact regarding number of households served, directly or indirectly, especially low-income households.
- 3) Prioritize impact in historically disinvested communities.

- 4) Apply a flexible investment approach that recognizes the diversity of needs across Bay Area communities.
- 5) Distribute grants to all nine counties over the life of the Bond.

### Regional Expenditure Plan Assumptions

Parts 1 through 4 below provide the information required by the Act for BAHFA's initial Regional Expenditure Plan, which covers 2025-2030, the five-year period following voter approval in November 2024.

This Expenditure Plan is based on these conditions:

- The total bond proposed is \$20 billion.
- The Regional Housing Revenue, at 20% of the total net bond revenue is \$4 billion.
- Full expenditure of all bond funds is anticipated to occur over, approximately, a 15-year period.
- This first Regional Expenditure Plan assumes 7 separate bond issuances will occur. However, the total number of issuances will be a function of how quickly bond funds can be deployed.
- This first Regional Expenditure Plan describes spending for the first two of the seven issuances, or 30% of total Regional Housing Revenue (net of administrative costs and election expenses). Spending is anticipated to occur between 2025 and 2030. The total amount of these two issuances is approximately \$1.1 billion.
- Estimates are based on net bond proceeds after certain costs, such as election expenses, costs of issuance and BAHFA's administrative costs, which shall not exceed 5% of the bond proceeds, have been deducted as allowed by the California Constitution and the Act.
- Assembly Constitutional Amendment 1 (2023), which will be considered by California voters at the November 2024 election, is assumed to pass. If ACA 1 does become law, it may allow for spending on certain tenant protection programs, such as emergency rental assistance, through funding inclusion in project-based capitalized operating reserves. If ACA 1 does not pass, then the

Regional Expenditure Plan will need to be amended to reallocate the minimum 5% for tenant protections to other Spending Categories as prescribed by the Act.

All information regarding funding, households served, and units presented herein are estimates and projections based on information available at the time of preparation of this document. Actual funding, households served, and units produced or preserved will depend on several variable factors, including market conditions.



**Part 1: Revenue Share and Estimated Funding Allocation Per Spending Category**

Category	Percent of All Funds: 1 <sup>st</sup> and 2 <sup>nd</sup> Bond Issuances Only	2025-2030 Regional Expenditure Plan Spending Values: 1 <sup>st</sup> and 2 <sup>nd</sup> Issuances
Production	61%-70% <sup>5</sup>	\$671-770 million
Preservation	15%-24% <sup>6</sup>	\$165-264 million
Tenant Protections	5%	\$55 million
Local Government Grants	10%	\$110 million
<b>Totals</b>	<b>100%</b>	<b>\$1.1 billion</b>



**Part 2: Households Served by Income Level**

Category	Household Income Levels Served	Percent of 1 <sup>st</sup> and 2 <sup>nd</sup> Bond Tranches Serving Designated Income Level
<b>Production: Extremely Low- and Very Low-Income</b>	0%-50% AMI	Approximately 44%

<sup>5</sup> This range assumes 70% of funds allocated to Production in the first issuance and the potential that the second issuance could allocate a minimum of 52% of funds to Production.

<sup>6</sup> This range assumes 15% of funds allocated to Preservation in the first issuance and up to 33% of funds (with a minimum of 15%) of funds allocated to Preservation in the second issuance.

<b>Production:</b> Low-Income	51%-60% AMI	Approximately 23%
<b>Production:</b> Low-Income	61%-80% AMI	Approximately 33%
<b>Preservation:</b> Extremely Low- and Very Low-Income	30%-50% AMI	Approximately 10%
<b>Preservation:</b> Low-Income	51%-60% AMI	Approximately 15%
<b>Preservation:</b> Low-Income	61%-80% AMI	Approximately 65%
<b>Preservation:</b> Moderate-Income	81%-120% AMI	Approximately 10%
<b>Tenant Protections</b>	0%-80% AMI	100%. <sup>7</sup>
<b>Local Government Grants</b>	0%-120% AMI	Local Government Grants that produce or preserve housing shall serve households with incomes no greater than 120% AMI. However, it is anticipated that Local Government Grants that fund “housing-related uses” could serve the broader community as well.



**Part 3: Unit Count: Estimated Number of Affordable Housing Units Built or Preserved, and Estimated Number of Tenants Protected for this Expenditure Plan Period**

Category	2025-2030 Regional Expenditure Plan Unit Count: 1 <sup>st</sup> and 2 <sup>nd</sup> Issuances, @ 30% of Regional Housing Revenue
Production	Approximately 2,000 <i>(includes subsidy, construction, and permanent loans)</i>
Preservation	Approximately 400 <i>(includes subsidy, construction, and permanent loans)</i>
Tenant Protections <sup>8</sup>	TBD
<b>Total</b>	Approximately 2,400 <i>(includes allocation of Tenant Protection funding; excludes Government Grant Program funds)</i>

<sup>7</sup> If Tenant Protections are not constitutional at the time of the bond funding, BAHFA will request reprogramming of the funds by the Boards.

<sup>8</sup> If permitted by law.

## **Part 4: Program Descriptions for the Spending Categories**

### **4.1 Production**

BAHFA will spend between 61% and 70% of its Regional Housing Revenue in the first two bond issuances on new housing production (Production). The Production allocation in the first issuance will be 70%, with all “Flexible Funds” (18% of the total allocation) going to Production to address the region’s housing shortage at scale. The second issuance will have a minimum Production allocation of 52%. This aggregate percentage exceeds the minimum allocation to Production required by the Act.

#### **Production Funding Implementation Actions**

To distribute RHR in conformance with this Regional Expenditure Plan, BAHFA will take the following actions for Production investments:

- 1) Set Production investment targets for each county over the life of the bond (not just the first and second issuances) based upon a “return to source” calculation, that is, a value based on each county’s assessed value contribution to the bond funding.
- 2) Issue a Notice of Funding Availability that sets forth:
  - a. Production goals (see the “Guiding Principles” above);
  - b. Minimum applicant and project eligibility criteria;
  - c. Funding targets for each county; and
  - d. Scoring criteria and preferred project types/outcomes, e.g.:
    - i. Prioritization of PSH/ELI developments if financial feasibility criteria are met; and
    - ii. Prioritization of projects demonstrating cost-efficiency and development timeline goals.
- 3) BAHFA will report annually on PSH/ELI production achievement.

### **4.2 Preservation**

#### **Preservation Funding Implementation Actions**

To distribute RHR in conformance with this Regional Expenditure Plan, BAHFA will take the following actions for Preservation investments:

- 1) Issue a Notice of Funding Availability (NOFA) for Preservation projects that will provide funding for the acquisition and/or rehabilitation of existing housing that will become, or is, permanently deed-restricted.
  - a. To accommodate market-rate transaction timing demands, the NOFA will be “over the counter” so that BAHFA may quickly fund proposals meeting NOFA requirements.
    - i. If two or more proposals are submitted simultaneously, BAHFA will apply scoring criteria reflecting its Preservation “Guiding Principles” described above to achieve greatest impact.
- 2) 20% of total funds, (\$33 to \$52.8 million) shall be set aside for a certain time period in order to provide developers proposing community-controlled Preservation projects a window during which they are guaranteed access to funding.
  - a. If no eligible community-controlled proposals are submitted during the designated time period, BAHFA will return those funds to the larger Preservation pool.
  - b. Developers proposing community-controlled developments shall at all times have access to the full pool of Preservation funding.
  - c. Requirements for this target shall include:
    - i. Resident participation in ownership, property management decisions, and/or equity-building for individual resident households.
    - ii. Program examples include co-operatives; limited equity ownership housing; rent-to-own opportunities.
- 3) Eligible projects will not be restricted to any particular jurisdiction, but preferred projects will be located in historically disinvested communities, or, more specifically:
  - a. Plan Bay Area 2050 Equity Priority Communities, or
  - b. Areas identified by the Urban Displacement Project as being at risk of or experiencing displacement or gentrification, or

- c. Areas defined by the Tax Credit Allocation Committee Opportunity Index as “High Segregation and Poverty,” “Low Resource” or “Moderate Resource,” or
  - d. Additional areas as may be identified by the Executive and BAHFA Boards as (i) experiencing or at-risk of displacement/gentrification or (ii) facing historical disinvestment, through an objective and quantifiable methodology.
- 4) Eligible projects include those that have existing occupancy restrictions that may not be close to expiration but do have demonstrated capital repair needs that, if unaddressed, will negatively impact tenants’ habitability.

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### **4.3 Tenant Protections**

#### Protections Funding Implementation Actions

- 1) 100% of expenditures will be limited to activities authorized by the California Constitution, as it may be amended by ACA 1 (or any other amendment to the California Constitution), and that also conform with the Act.

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### **4.4 Local Government Grant Program (Grants)**

#### Local Government Grant Program Funding Implementation

To distribute RHR in conformance with this Regional Expenditure Plan, BAHFA will take the following actions for Local Government Grants:

- 1) Issue a Notice of Funding Availability (NOFA) with these elements:
  - a. Eligible applicants include local governments (cities, counties, and consortia of any of the foregoing). Local governments may include additional partner agencies with jurisdiction (e.g., park district, water district, etc.) as co-applicants.
  - b. Applications from a single jurisdiction must:
    - i. Identify the lead agency.
    - ii. Identify an individual staff member serving as point of contact.

- iii. Demonstrate support for the application from the jurisdiction's leadership by submitting a board or council resolution supporting the application or a support letter issued by the jurisdiction's top executive indicating the project is included in a jurisdiction plan document (e.g., General Plan, Specific Plan), that has been approved by the board or council.
  - a. Applications from a consortium must:
    - i. Identify a lead city or county.
    - ii. Identify an individual staff member serving as point of contact.
    - iii. Submit an executed Memorandum of Understanding between participating partners memorializing each entity's support for the application and how the partners intend to work together to implement the Grant program.
- 2) Eligible uses of Grant funds must be directly related to the production, or incidental or necessary to the preservation, of affordable housing.
- 3) Scoring criteria based upon the Local Government Grant "Guiding Principles" described above.

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### **Part 5: Construction Labor Standards**

BAHFA shall implement or shall cause to be implemented the following labor standards in projects funded with Regional Housing Revenue as described below and as shall be further defined by BAHFA in funding guidelines:

- 1) Production Projects Labor Standards.
  - a. For all new construction developments over 10 units, construction workers employed shall be paid at least the general prevailing rate of per diem wages, except that apprentices registered in programs approved by the Chief of the Division of Apprenticeship Standards may be paid at the minimum applicable apprentice prevailing rate.
  - b. New construction developments of 50 or more housing units shall require in contracts with construction contractors who employ craft employees or will let subcontracts for at least 1,000 hours, the following additional provisions:



- i. Participation in an apprenticeship program approved by the State of California Division of Apprenticeship Standards pursuant to Section 3075 of the Labor Code, or the request of a dispatch of apprentices from a state-approved apprenticeship program under the terms and conditions set forth in Section 1777.5 of the Labor Code. A contractor without construction craft employees shall show a contractual obligation that its subcontractors comply with this subdivision.
  - ii. A requirement to provide health care payments for each employee in an amount per hour worked on the development equivalent to at least the hourly pro rata cost of a Covered California Platinum level plan for two 40-year-old adults and two dependents 0 to 14 years of age for the Covered California rating area in which the development is located. A contractor without construction craft employees shall show a contractual obligation that its subcontractors comply with this subdivision. Qualifying expenditures shall be credited toward compliance with prevailing wage payment requirements.
  - iii. The foregoing requirements in this subpart are deemed satisfied for contractors signatory to a valid collective bargaining agreement that requires utilization of registered apprentices and expenditures on health care for employees and dependents.
- 2) Preservation Projects Labor Standards.
  - a. For smaller preservation developments, construction workers employed shall be paid prevailing wage as set forth in Labor Code Section 1720, et seq.
  - b. For larger preservation developments with substantial rehabilitation scopes, the Production Labor Standards provided above in Part 5.1 shall apply.
  - c. These standards shall be further defined in funding guidelines approved by the Boards.
- 3) Project Labor Agreements. Notwithstanding anything to the contrary included in the labor standards described above, contractors and subcontractors performing work on a production or preservation project that is subject to a project labor agreement ("PLA") for projects funded with County Housing Revenue may be exempt from the production and preservation labor standards set forth herein. For purposes of this subparagraph, "project labor agreement" has the same meaning as set forth in paragraph (1) of subdivision (b) of Section 2500 of the Public Contract Code.

- 4) Records. Contractors and subcontractors must maintain and verify payroll records pursuant to Section 1776 of the Labor Code and make them available for inspection and copying. The records shall include a statement of fringe benefits.
  - a. Construction contractors shall maintain payroll records in a format prescribed by the Labor Commissioner in accordance with subparagraph (A) of paragraph (3) of subdivision (a) of Section 1771.4 of the Labor Code. These payroll records shall be submitted at least monthly directly to BAHFA for new construction developments described in Part 5.1, and preservation developments described in Section 5.2.b and, if required by law, to the Labor Commissioner.
  - b. The reports shall be considered public records pursuant to the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1) and shall be open to public inspection, with the exception that an individual's name, address and full social security shall be redacted, with only the last four digits of the social security number disclosed as allowed pursuant to Section 1776(e)(1) of the Labor Code.
  
- 5) Enforcement. Enforcement of prevailing wage standards for contractors and subcontractors may be enforced by:
  - a. The Labor Commissioner through the issuance of a civil wage and penalty assessment pursuant to Section 1741 of the Labor Code, which may be reviewed pursuant to Section 1742 of the Labor Code, within 18 months after the completion of the development if allowed by law.
  - b. An underpaid worker through a civil action or administrative complaint, if allowed by law.
  - c. If a civil wage and penalty assessment is issued pursuant to this section, the contractor, subcontractor, and surety on a bond or bonds issued to secure the payment of wages covered by the assessment shall be liable for liquidated damages pursuant to Section 1742.1 of the Labor Code to the extent allowed by law.
  - d. BAHFA may seek either legal or equitable remedies as appropriate.

-END-

Date: June 26, 2024  
W.I.: 1620  
Referred by: BAHFA Oversight

ABSTRACT

Resolution No. 0032

This resolution adopts the expenditure plan as required by the San Francisco Bay Area Regional Housing Finance Act (Gov. Code, § 64500, *et seq.*) to govern expenditures of BAHFA’s portion of bond proceeds if a ballot measure for an affordable housing general obligation bond in an amount of \$20 billion submitted to the voters of the counties of Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, Solano and Sonoma and the city and county of San Francisco (the “Nine Bay Area Counties”) at the November 2024 general election passes and directs the Executive Director or designee to return with a guideline to implement certain labor standards in certain circumstances.

Further discussion of this action is contained in the Bay Area Housing Finance Authority Summary Sheet dated June 26, 2024.

Date: June 26, 2024  
W.I.: 1620  
Referred by: BAHFA Oversight

RE: Adoption of Regional Expenditure Plan as Required By the San Francisco Bay Area Regional Housing Finance Act (Gov. Code, § 64500, *et seq.*) to govern expenditures of BAHFA’s portion of proceeds from an affordable housing general obligation bond measure to be Submitted to the voters of the San Francisco Bay Area at the November 2024 General Election

BAY AREA HOUSING FINANCE AUTHORITY  
RESOLUTION NO. 0032

WHEREAS, the San Francisco Bay Area Regional Housing Finance Act (Gov. Code, § 64500, *et seq.*) (the “Act”) finds that the San Francisco Bay Area is facing the most significant housing crisis in the region’s history because as a region, it has failed to produce enough housing at all income levels; preserve enough affordable housing; protect existing residents from displacement; provide adequate housing at all income levels in close proximity to jobs; and address the housing issue regionally; and that regional funding is necessary to help address the housing crisis, based upon an estimated annual funding shortfall in the San Francisco Bay Area as of January 1, 2020, of \$2.5 billion (Gov. Code, § 64501); and

WHEREAS, pursuant to the Act, the Bay Area Housing Finance Authority (“BAHFA”) was formed to be a regional finance authority for housing in the counties of Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, Solano and Sonoma, the cities within those counties, and the City and County of San Francisco (collectively referred to as the “San Francisco Bay Area”), with the purpose to raise, administer, and allocate funding and provide technical assistance at a regional level for tenant protection, affordable housing preservation and new affordable housing production; and

WHEREAS, the Act requires the BAHFA Advisory Committee to consult and make recommendations to the BAHFA Board and the Association of Bay Area Governments Executive Board acting in its capacity as the Executive Board to BAHFA (“Executive Board”); and

WHEREAS, since June 2022, staff have conducted an extensive public participation process to educate the San Francisco Bay Area community about the region’s housing crisis and to solicit input from a broad range of stakeholder groups, including affordable housing and homelessness advocates, nonprofit developers, neighborhood and community groups, environmental advocates, equity organizations, home builder representatives, business organizations, and the boards, councils and staff at cities and counties throughout the San Francisco Bay Area; and

WHEREAS, the Regional Expenditure Plan includes construction labor standards reflective of the public participation process and to ensure that housing development work sites maintain equitable workforce protections; and

WHEREAS, since its inaugural meeting on January 12, 2023, the BAHFA Advisory Committee has met regularly to discuss how to create programs to fulfill BAHFA’s purpose as articulated in the Act and how to leverage funding for those programs; and

WHEREAS, at its January 25, 2024, regular meeting, the BAHFA Advisory Committee considered a draft of the attached regional expenditure plan and recommended adoption; and WHEREAS, at its April 18, 2024, regular meeting, the Executive Board for the Association of Bay Area Governments acting in its capacity as the Executive Board to BAHFA approved the regional expenditure plan, attached hereto as Attachment A, (“Regional Expenditure Plan”); and

WHEREAS, the BAHFA Board considered a draft of the Regional Expenditure Plan at its May 22, 2024, meeting; and

WHEREAS, pursuant to the Act, and subject to the Executive Board’s approval, at its June 26, 2024, meeting, the BAHFA Board will consider adopting BAHFA Resolution No. 34 to submit to the qualified electors of the San Francisco Bay Area a ballot measure for an affordable housing general obligation bond in an amount of \$20 billion (“Ballot Measure”); and

WHEREAS, if the BAHFA Board calls for an election on the Ballot Measure, and if the required number of qualified electors of the San Francisco Bay Area as set by state law vote in favor of said Ballot Measure, the Act requires BAHFA to adopt a regional expenditure plan to

govern the expenditure of its portion of the bond proceeds, known as Regional Housing Revenue, as prescribed by the Act; and

WHEREAS, the Regional Expenditure Plan is not subject to review under the California Environmental Quality Act (Public Resources Code, § 21000) because BAHFA's funding activities do not constitute a project under Public Resources Code Section 21065 and are exempt from review under Government Code Section 64523; and

WHEREAS, BAHFA Board desires to adopt the Regional Expenditure Plan as required by the Act in the event that the Ballot Measure passes.

NOW, THEREFORE, THE BAHFA BOARD HEREBY RESOLVES AS FOLLOWS:

Section 1. The BAHFA Board hereby finds and determines that the foregoing recitals are true and correct.

Section 2. The BAHFA Board adopts the Regional Expenditure Plan attached hereto as Attachment A, which may be amended by the Executive Director or designee to conform the estimates to the actual bond amount.

Section 3. The BAHFA Board directs the Executive Director or designee to return with an agenda item to adopt a guideline to implement the labor standards as articulated in the Regional Expenditure Plan for Regional Housing Revenue, and if state law is amended to allow BAFHA to impose labor standards for counties and cities receiving a direct allocation of bond proceeds and the Ballot Measure passes, then the guideline brought forward also should extend the labor standards as articulated in the Regional Expenditure Plan to projects funded with County Housing Revenue portion of the bond proceeds. Such agenda item should be brought forward in a timely manner to allow for adoption of the guideline prior to the actual expenditure of the bond proceeds from the first issuance.

Section 4. The BAHFA Board directs the Executive Director or designee to work with the California State Legislature to amend the San Francisco Bay Area Regional Housing Finance Act to enable BAHFA to have the authority to impose strong labor standards for counties and cities receiving a direct allocation of bond proceeds and to keep the BAHFA Advisory Committee, the ABAG Housing Committee, and the BAHFA Oversight Committee informed of such progress.

Section 5. This Resolution shall take effect upon the BAHFA Board adopting a resolution declaring the results of the election in favor of the Ballot Measure passing.

BAY AREA HOUSING FINANCE  
AUTHORITY

Alfredo Pedroza, Chair

The above resolution was entered into by the Bay Area Housing Finance Authority at a duly called and noticed meeting held in San Francisco, California and at other remote locations, on June 26, 2024.

BAY AREA HOUSING FINANCE AUTHORITY  
RESOLUTION NO. 0032

**ATTACHMENT A**

**BAHFA REGIONAL EXPENDITURE PLAN**



DRAFT

# 2024 BAY AREA AFFORDABLE HOUSING BOND: Regional Funding for Local Solutions



ASSOCIATION OF BAY AREA GOVERNMENTS  
METROPOLITAN TRANSPORTATION COMMISSION

April 2024

*This report describes the 2024 Bay Area Affordable Housing Bond as a \$20 billion bond.  
A final decision regarding the amount of the Bond will be determined in June 2024.*



# 2024 Bay Area Affordable Housing Bond: Regional Funding for Local Solutions

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# Executive Summary

To make the nine-county San Francisco Bay Area a more affordable, connected, diverse, healthy and vibrant region, we need more affordable homes. The entire community benefits when there is enough affordable housing.

The Bay Area needs far more homes that families, local workers, seniors, people with disabilities and other households with lower incomes can afford. The lack of affordable homes impacts everyone: freeways are more congested from workers driving farther than if they could afford to live closer to their jobs; businesses struggle to hire and retain employees; and many long-time residents are forced to move away.

This status quo can change. The Bay Area Housing Finance Authority (BAHFA) is proposing a \$20 billion affordable housing general obligation bond (the Bond) to build affordable housing and keep existing housing affordable. These funds will be subject to strict accountability and oversight.

## THE BOND WOULD MAKE A SUBSTANTIAL DIFFERENCE

- At current funding levels, only an estimated 71,000 affordable homes would be built and preserved over the next 15 years.
- A \$20 billion bond would help build and preserve approximately 72,000 *additional* affordable homes – doubling what is possible without a bond to 143,000 new affordable homes over the next 15 years..



## If voters approve the Bond:

- \$16 billion will return to the nine counties to fund the highest local affordable housing priorities, in proportion to the amount each county contributes to the Bond.
- \$4 billion will create a new regional program, administered by the Bay Area Housing Finance Authority (BAHFA), to transform the affordable housing system in the region to be more efficient, cost-effective and financially sustainable. This program will have strong oversight and accountability, ensuring that funds make maximum impact.

### WITH THIS BOND, THE BAY AREA WILL:

- Build and preserve approximately 72,000 affordable homes.
- Provide unprecedented new resources to all Bay Area counties to help make housing more affordable in their communities.
- Generate long-term funding that is not dependent upon taxpayer support.
- Transform the way we finance and deliver affordable housing for the region.

### WHAT IS A GENERAL OBLIGATION BOND?

A general obligation (GO) bond is a borrowing tool available to the public sector to raise revenue for infrastructure, including affordable housing. Investors provide money up front as a loan, and they are repaid over time by taxes based on assessed property value.



**TABLE 1: How Bond Funds Will Be Used <sup>1</sup>**

Eligible Use	Total Amount	Expected Impact
Build Affordable Housing	\$10.4 billion	36,000 new homes
Preserve Existing Affordable Housing	\$3.0 billion	14,000 existing affordable homes preserved
Flexible Funds (production, preservation, homebuyer assistance and other housing-related uses) <sup>2</sup>	\$6.6 billion	22,000 new and preserved homes
<b>Total</b>	<b>\$20 billion</b>	<b>72,000 new and preserved homes<sup>3</sup></b>

<sup>1</sup> Figures are approximate and reflect percentages set in the San Francisco Bay Area Regional Housing Finance Act. Administrative costs shall not exceed the amount prescribed in state law.

<sup>2</sup> State law currently restricts the use of general obligation bond funds. More detail about this law and eligible uses of funds is available in Appendix A.

<sup>3</sup> This number may be slightly less than what appears in a ballot measure for purposes of complying with Article XXXIV of the California Constitution, which requires voter approval for certain types of rental projects as defined in state law.

# Proceeds Expected in Bay Area Counties and Cities from a \$20 Billion 2024 Bay Area Affordable Housing Bond



# Why is a Bond Needed?

## Lack of Affordable Homes is Harming the Region

For decades, the Bay Area has not built enough housing for the people who live and work here – our family members, friends and neighbors.

This shortage has driven up home prices and rents. At the same time, wages for lower-income earners have not kept up. Since 2011, average rents for market-rate housing have increased 44 percent and home prices grew 76 percent, far outpacing the 12 percent growth of median income for full-time workers. For people working low-wage jobs (at the 20th percentile of earners), median income grew just 5 percent.

The shortage of affordable homes has led to:

- 37,000 people pushed into homelessness, and people over age 55 are the fastest growing age group.
- 1.4 million renters paying more than half of their income toward rent.
- People commuting 90+ minutes to work from homes they can afford.
- People living in overcrowded and unsafe homes.
- Vital employees and community members leaving the area entirely.

Even for those who can afford housing, these consequences affect **everyone**:

- Congested freeways and high vehicle emissions from long commutes.
- Loss of teachers and emergency/essential service workers who cannot afford to stay.
- Closed restaurants and small businesses due to staffing shortages.
- Challenging familial ties when grown children can't afford homes near their parents and grandparents.
- Retirees forced to decide between buying medicine or paying rent, and living in housing that does not meet their financial and physical needs.
- The broad community impact of thousands of people living in unsafe and inhumane conditions on the streets.



# The Bay Area Would Receive Substantial Benefits from the Bond

## Bond Will Double Affordable Housing Production

Without more funding, only about 71,000 affordable homes will be built or preserved in the Bay Area over the next 15 years – a status quo that is failing to meet the needs of the people who live and work here.

A \$20 billion bond would help build and preserve approximately 72,000 additional affordable homes regionwide, doubling production and preservation in the next 15 years to a total of 143,000 affordable homes. This Bond is more ambitious than any housing program the region has ever undertaken, and it would make a substantial dent in the problem.

**This Bond is more ambitious than any housing program the region has ever undertaken.**

## More Affordable Housing Benefits Everyone

The Bay Area can become a place that is affordable, connected, diverse, healthy and vibrant for all. The entire community benefits when there is enough affordable housing.

- Stores, restaurants and schools have the staff they need.
- Young people can put down roots, build careers and create strong extended family bonds.
- Seniors can move into safe, high-quality housing that meets their needs.
- Parks and sidewalks are used for recreation, not makeshift homes.
- The Bay Area lives up to its promise as a place for everyone.





## Who Would Qualify for Affordable Homes Funded by the Bond?

Affordable housing serves households with a wide range of incomes. Eligibility is based on household income, and ranges from “extremely low income” to “moderate income.” These definitions are based on the median income in each county and city, as wages vary across the Bay Area. (See Appendix B for more information about area median income, and specific income ranges for each Bay Area county).

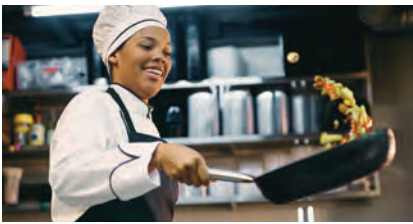
Households who could receive housing funds include community members and neighbors in the following professions:



**Preschool teachers** earn \$36,500-\$56,000  
(Extremely low income in all counties)



**Janitors** earn \$33,500-\$47,000  
(Extremely low income in all counties)



**Restaurant cooks** earn \$36,000-\$47,000  
(Extremely low income in all counties)



**Dishwashers** earn \$34,000-\$42,500  
(Extremely low income in all counties)



**Hairdressers and barbers** earn \$31,000-\$50,000  
(Extremely low income in all counties)



**Health Care Lab Technicians** earn \$50,000-\$86,500  
(Extremely low to very low income depending on county)



**Public School Teachers** earn \$44,000-\$99,500  
(Extremely low income to moderate income depending on county)

# A New Approach to Housing: Regional Funding for Local Solutions

## About the Bay Area Housing Finance Authority (BAHFA)

BAHFA is the first regional housing finance agency in the state. It was created by the California Legislature in 2019, in recognition that the Bay Area needed a new approach to address its housing challenges. The agency was founded to solve problems in the affordable housing market – from raising funds on a bigger scale to improving the efficiency and speed of building new affordable homes.

One of BAHFA's most transformational powers is its ability to raise regionwide funding via ballot measures to:



Produce more affordable housing



Preserve more affordable housing



Protect tenants<sup>4</sup>

BAHFA is a joint effort of the Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG).

BAHFA is governed by two boards of elected officials and their appointees from every county in the region – mayors, city council members and county supervisors. (See Appendix C for detailed rosters.) BAHFA is subject to strict oversight and accountability measures as part of its governance.






<sup>4</sup> State law currently restricts the use of general obligation bond funds. More detail about this law and eligible uses of funds is available in Appendix A.



**The Benefits of a New Approach**

The Bond offers a new, innovative approach that knits together funding for local priorities with a tool to solve larger problems, like funding innovative housing projects and creating new and sustainable financial resources.

**Table 2: The Transformative Impact of a Regional Housing Bond**

CURRENTLY	WITH THE BOND
Cities and counties address most housing issues individually, and most do not have adequate resources to build enough affordable housing or pursue local ballot measures.	 A regional bond will provide resources to every county, enabling a coordinated strategy to address the Bay Area’s housing challenges and ensuring every county’s housing needs are addressed.
Private commercial banks serve as lenders for affordable housing developments, receiving all interest and fees for their commercial benefit.	 BAHFA will serve as a new public mortgage lender and reinvest its interest and fees back into affordable housing opportunities across the region.
Housing developers depend on state and federal programs, which can be unpredictable and competitive, to subsidize the construction cost of affordable housing.	 BAHFA will create a new and reliable funding source that will help the Bay Area efficiently and cost-effectively meet its housing needs over the long term.

# Build Affordable Homes: At Least \$10 Billion

## ESTIMATED IMPACT:

At least 36,000 new affordable homes

## ELIGIBLE USES:

Construct new affordable homes that will remain affordable long term.

## WHO WILL BENEFIT:

- Households earning extremely-low and low incomes will be prioritized.
- Households earning moderate incomes may also benefit.

## EXAMPLES:

These homes can be a wide range of styles, types and sizes, built to fit appropriately in the surrounding neighborhood. Buildings could include duplexes and in-law units or accessory dwelling units, midsize (five- or six-story) or large multifamily buildings.



## Building Affordable Housing to Help Vulnerable Families Thrive

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Melvin, a Vietnam War veteran, lost his job when the homeless shelter where he worked closed. He moved in with family to save money, but then they were evicted for having too many people in the home. Suddenly, Melvin and his family were at imminent risk of homelessness.

Melvin and his family got help from Abode Services, a nonprofit that builds and manages affordable housing, to move into a building in Fremont with **25 apartments set aside for veterans**. Now that his children have the stability of permanent housing, the entire family's quality of life has improved.

Bond funds can be used to build housing with supportive services for people like Melvin who need extra help – who otherwise could become homeless.

## Funding Communities Where Seniors Can Age in Place

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Steve and Carma have lived for the past 30 years in Half Moon Bay. Steve worked for an AT&T subsidiary for years but was forced into early retirement due to a company downsize. Carma continued to work, but it was hard to make ends meet on one salary, especially because their rent continued to increase.

Finally, they heard about an affordable senior living community, Half Moon Village, that was expanding. They put their names on the waiting list and were thrilled to learn they qualified.

Not only is their apartment affordable, but there are onsite services and medical support they can access as they age, allowing them to age in place, in their community.



# Preserve Affordability of Existing Homes: At Least \$3 Billion

## ESTIMATED IMPACT:

At least 14,000 homes preserved

## ELIGIBLE USES:

Provide funds to developers and community land trusts to purchase and rehabilitate existing apartments and preserve their affordability long term.

## WHO WILL BENEFIT:

- Households living in buildings that are purchased to maintain affordability levels.
- Households earning under 120 percent of area median income.

## EXAMPLES:

- There are older apartment buildings that have low rents but need to be renovated. Using these funds, developers or community land trusts can buy these types of buildings, renovate them and enter into legal agreements that require the apartments stay affordable long term.



- Affordable housing has long-term restrictions to keep it affordable. When a restriction expires, the landlord can raise the rent in line with the market, which displaces low-income residents. Bond funds can be used to buy housing with expiring affordability restrictions to keep it affordable for the next generation.



## Preserving Affordable Rents for Long-Time Residents

When a 40-unit apartment building in San Francisco sold in 2016, the new landlord planned to significantly raise rents. However, most of the long-term tenants were extremely low-income and knew they could not afford market-rate rents. They worked with the San Francisco Community Land Trust to purchase the property from the new owner.



**The Land Trust will keep rents at affordable rates permanently** and is introducing a shared equity model in which tenants can buy shares in the building to slowly build wealth.

Bond funds will be used to help mission-driven developers, nonprofits and land trusts purchase and rehabilitate homes like these to stay affordable long term.

## Preventing Displacement by Keeping Affordable Housing Affordable for Seniors



In 2023, two affordable housing apartment buildings in East San Jose were about to lose their affordability restrictions. These apartments were home to over 100 low-income seniors. Without intervention, both buildings would have returned to market rate rents, displacing these vulnerable seniors.

Using a combination of public funds, the Santa Clara Housing Authority **purchased both buildings, allowing the senior residents to remain in their homes and preserving the apartments' long-term affordability.**

Bond funds will be used to help keep buildings like these affordable to seniors.

# Flexible Uses to Meet Local Housing Needs: At Least \$6 Billion

## ESTIMATED IMPACT:

Flexible funds can be used to build and preserve up to 22,000 affordable homes.

## ELIGIBLE USES:

Cities, counties and BAHFA have flexibility to spend the remaining funds on housing and housing-related infrastructure according to their highest-priorities, established through a public process and in alignment with state law. Flexible funds can be prioritized for affordable housing production and preservation, as well as:

- Public infrastructure related to new affordable housing, such as making safety improvements to roads, creating and improving parks, and other community benefits.
- Downpayment assistance (option for local funds only).

## LOCAL GOVERNMENT GRANT PROGRAM

BAHFA will use \$400 million (10 percent) of its regional money for a Local Government Grant Program, creating additional opportunities for local governments to meet their housing needs, from affordable homeownership down payment assistance to homeless shelter repairs to housing-related parks built for the entire community to enjoy.

## WHO WILL BENEFIT:

- Improved infrastructure benefits existing and future residents in communities where new housing is built.
- Downpayment assistance can help low- and moderate-income families build housing stability and long-term opportunity.





## Building Stability and Opportunity through Affordable 30-Year Mortgage Payment Rates

Kristy and David, both teachers, were living in Morgan Hill with their children when their rental apartment was sold, forcing them to move. They dreamed of owning a home where their daughters could grow up in the same community where they teach, and they didn't have to worry about rising rents or unwanted moves.

Through Kristy's school, they found out they qualified for Santa Clara County's Empower Homebuyers down-payment assistance program. After completing an online education class, they applied and were approved for the program. They were able to purchase a townhome in Morgan Hill, fulfilling their dream and helping them afford to stay in their community long term.



## Improving Pedestrian and Bicycle Infrastructure Near New Housing



Over the past two years, the City of San Rafael has used funds from a Marin County bond to improve its pedestrian safety along a main thoroughfare, adding new pavement, updated traffic signals, street plantings and other pedestrian and bicycle upgrades.

Building and preserving affordable housing can affect how the streets in the area will be used, and the needs for pedestrian and traffic safety. For example, a building constructed for families may warrant improvements to create a safe route to school. The funds from this Bond could be used to make the types of transportation upgrades needed to support new residents.



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KITCHEN

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# Oversight and Accountability

## Spending Plans

**Local Spending Plans:** Cities and counties receiving direct funds from the Bond must adopt expenditure plans describing how they will use their funds and the outcomes they hope to achieve.

These plans must be approved at a public meeting (e.g., city council or county board of supervisors meeting) and then approved by BAHFA. BAHFA will only approve a plan that:

- Complies with the California Constitution and state laws.
- Demonstrates that counties have consulted with all cities in their county that are not receiving a direct allocation of funds.

**Regional Spending Plan:** BAHFA must publish a similar spending plan for the regional funds it will administer. This plan must be approved at a public meeting by the BAHFA Board and Association of Bay Area Governments' Executive Board and is scheduled to be approved prior to the November 2024 vote.

**Timing:** State law sets a three-year expenditure timeline on counties' use of bond funds after they are committed to specific projects. BAHFA, cities and counties will work together to ensure that affordable developments most ready to start construction are prioritized in order to meet the three-year mark and to provide affordable housing for communities as quickly and efficiently as possible.

## Reporting Requirements

State law requires that BAHFA produce:

- Regular, independent audits.
- Annual financial reporting.
- An annual report to the state legislature.

These reports and audits will be available to the public on the BAHFA website.

Cities and counties receiving direct allocations must also submit to BAHFA annual reports on expenditures and progress toward goals. These reports will be available to the public.

## Citizen Oversight

If Bay Area voters approve the Bond, a new Citizen Bond Oversight Committee appointed by the BAHFA Board will review bond expenditures to ensure they were spent consistent with voter approval. This Committee will be made up of volunteers from communities around the region and will ensure that funds have been used for legally authorized purposes only.

# Appendix A:

## Restrictions on General Obligation Bond Uses

### Current Constitutional Restrictions

State law currently prohibits the use of bond funds toward non-capital expenses, such as services.

BAHFA and all recipients of Bond funds will follow state law and will only spend Bond funds on allowable expenses that are approved in local and regional spending plans. These plans are described in more detail in the section on Oversight and Accountability.

### Future Constitutional Amendments May Allow Spending on Tenant Protections

BAHFA's founding legislation states that at least five percent of Bond funds must be used for tenant protections, including:

- Pre-eviction and eviction legal services, counseling, training and renter education to improve habitability and protect against displacement.
- Emergency rental assistance for lower income households.
- Homelessness prevention.
- Relocation assistance.
- Information tracking related to displacement, displacement risk, rents and evictions.

However, the California Constitution currently prohibits the use of GO bond funds for these purposes. If state law does not allow for bond proceeds to fund Tenant Protections at the time of expenditure, the minimum allocation for Tenant Protections may be modified and redistributed to other expenditure categories as prescribed in the Act. If the California Constitution changes through a separate voter-approved measure to remove this restriction, at least five percent of Bond proceeds will be used toward eligible tenant protections.



# Appendix B: Housing and Bond Data by County

**Area median income (AMI):** AMI is the median household income for a defined region, such as a city or a county. It is set annually based upon calculations published by the California Department of Housing and Community Development.

## AMI categories:

- **Extremely Low Income:** Households earning less than 30% of AMI
- **Very Low Income:** Households earning between 30% and 50% of AMI
- **Low Income:** Households earning between 50% and 80% of AMI
- **Moderate Income:** Households earning between 80% and 120% of AMI
- **Above Moderate Income:** Households earning over 120% of AMI

## Alameda County

### Bond Proceeds Expected in Alameda County

Bond Amount	Total Allocation for Alameda County (excluding Oakland)
\$20 billion	\$2,009,000,000

### Area Median Income Data: Who would Qualify for Affordable Housing in Alameda County?

*Maximum Income for 4-Person Household by AMI Level in Alameda County*

Affordability Level	AMI Range	Maximum Annual Income
Extremely Low Income	0-30% AMI	\$44,350
Very Low Income	30-50% AMI	\$73,950
Low Income	50-80% AMI	\$112,150
Moderate Income	80-120% AMI	\$177,500

Source: California Department of Housing and Community Development (HCD) Official State Income Limits for 2023

## Oakland

The City of Oakland will receive a direct allocation of the Alameda County funds because it is one of the largest cities in the Bay Area.

### Bond Proceeds Expected in the City of Oakland

Bond Amount	Total Allocation for the City of Oakland
\$20 billion	\$765,300,000

## Contra Costa County

### Bond Proceeds Expected in Contra Costa County

Bond Amount	Total Allocation for Contra Costa County
\$20 billion	\$1,859,100,000

### Area Median Income Data: Who would Qualify for Affordable Housing in Contra Costa County?

*Maximum Income for 4-Person Household by AMI Level in Contra Costa County*

Affordability Level	AMI Range	Maximum Annual Income
Extremely Low Income	0-30% AMI	\$44,350
Very Low Income	30-50% AMI	\$73,950
Low Income	50-80% AMI	\$112,150
Moderate Income	80-120% AMI	\$177,500

Source: California Department of Housing and Community Development (HCD) Official State Income Limits for 2023

## Marin County

### Bond Proceeds Expected in Marin County

Bond Amount	Total Allocation for Marin County
\$20 billion	\$699,100,000

### Area Median Income Data: Who would Qualify for Affordable Housing in Marin County?

*Maximum Income for 4-Person Household by AMI Level in Marin County*

Affordability Level	AMI Range	Maximum Annual Income
Extremely Low Income	0-30% AMI	\$55,900
Very Low Income	30-50% AMI	\$93,200
Low Income	50-80% AMI	\$149,100
Moderate Income	80-120% AMI	\$210,000

Source: California Department of Housing and Community Development (HCD) Official State Income Limits for 2023

## Napa County

### Bond Proceeds Expected in Napa County

Bond Amount	Total Allocation for Napa County (excluding the City of Napa)
\$20 billion	\$118,000,000

### Area Median Income Data: Who would Qualify for Affordable Housing in Napa County?

Maximum Income for 4-Person Household by AMI Level in Napa County

Affordability Level	AMI Range	Maximum Annual Income
Extremely Low Income	0-30% AMI	\$40,050
Very Low Income	30-50% AMI	\$66,750
Low Income	50-80% AMI	\$106,700
Moderate Income	80-120% AMI	\$155,500

Source: California Department of Housing and Community Development (HCD) Official State Income Limits for 2023

## City of Napa

The City of Napa will receive a direct allocation of the funds directed to Napa County because it has a responsibility to create more than 30 percent of the county's low-income housing, per the state regional housing needs assessment.

### Bond Proceeds Expected in the City of Napa

Bond Amount	Total Allocation for the City of Napa
\$20 billion	\$246,200,000

## San Francisco

### Bond Proceeds Expected in San Francisco

Bond Amount	Total Allocation for San Francisco
\$20 billion	\$2,351,200,000

### Area Median Income Data: Who would Qualify for Affordable Housing in San Francisco?

Maximum Income for 4-Person Household by AMI Level in San Francisco

Affordability Level	AMI Range	Maximum Annual Income
Extremely Low Income	0-30% AMI	\$55,900
Very Low Income	30-50% AMI	\$93,200
Low Income	50-80% AMI	\$149,100
Moderate Income	80-120% AMI	\$210,000

Source: California Department of Housing and Community Development (HCD) Official State Income Limits for 2023



## San Mateo County

### Bond Proceeds Expected in San Mateo County

Bond Amount	Total Allocation for San Mateo County
\$20 billion	\$2,122,700,000

### Area Median Income Data: Who would Qualify for Affordable Housing in San Mateo County?

Maximum Income for 4-Person Household by AMI Level in San Mateo County

Affordability Level	AMI Range	Maximum Annual Income
Extremely Low Income	0-30% AMI	\$55,900
Very Low Income	30-50% AMI	\$93,200
Low Income	50-80% AMI	\$149,100
Moderate Income	80-120% AMI	\$210,000

Source: California Department of Housing and Community Development (HCD) Official State Income Limits for 2023

## Santa Clara County

### Bond Proceeds Expected in Santa Clara County

Bond Amount	Total Allocation for Santa Clara County (excluding San Jose)
\$20 billion	\$2,423,600,000

### Area Median Income Data: Who would Qualify for Affordable Housing in Santa Clara County?

Maximum Income for 4-Person Household by AMI Level in Santa Clara County

Affordability Level	AMI Range	Maximum Annual Income
Extremely Low Income	0-30% AMI	\$53,500
Very Low Income	30-50% AMI	\$89,200
Low Income	50-80% AMI	\$137,100
Moderate Income	80-120% AMI	\$217,550

Source: California Department of Housing and Community Development (HCD) Official State Income Limits for 2023

## City of San Jose

The City of San Jose will receive a direct allocation of the Santa Clara County funds because it is one of the largest cities in the Bay Area.

### Bond Proceeds Expected in the City of San Jose

Bond Amount	Total Allocation for the City of San Jose
\$20 billion	\$2,122,500,000

## Solano County

### Bond Proceeds Expected in Solano County

Bond Amount	Total Allocation for Solano County
\$20 billion	\$488,900,000

### Area Median Income Data: Who would Qualify for Affordable Housing in Solano County?

Maximum Income for 4-Person Household by AMI Level in Solano County

Affordability Level	AMI Range	Maximum Annual Income
Extremely Low Income	0-30% AMI	\$34,300
Very Low Income	30-50% AMI	\$57,200
Low Income	50-80% AMI	\$91,500
Moderate Income	80-120% AMI	\$135,100

Source: California Department of Housing and Community Development (HCD) Official State Income Limits for 2023

## Sonoma County

### Bond Proceeds Expected in Sonoma County

Bond Amount	Total Allocation for Sonoma County (excluding Santa Rosa)
\$20 billion	\$552,600,000

### Area Median Income Data: Who would Qualify for Affordable Housing in Sonoma County?

Maximum Income for 4-Person Household by AMI Level in Sonoma County

Affordability Level	AMI Range	Maximum Annual Income
Extremely Low Income	0-30% AMI	\$37,750
Very Low Income	30-50% AMI	\$62,900
Low Income	50-80% AMI	\$100,650
Moderate Income	80-120% AMI	\$153,700

Source: California Department of Housing and Community Development (HCD) Official State Income Limits for 2023

## City of Santa Rosa

The City of Santa Rosa will receive a direct allocation of the funds directed to Sonoma County because it has a responsibility to create more than 30 percent of the county's low-income housing, per the state regional housing needs assessment.

### Bond Proceeds Expected in the City of Santa Rosa

Bond Amount	Total Allocation for the City of Santa Rosa
\$20 billion	\$242,000,000

# Appendix C: Board Rosters

BAHFA is governed by the BAHFA Board (which is comprised of the same members as the Metropolitan Transportation Commission) and the ABAG Executive Board (which serves as the Executive Board to BAHFA.) Both bodies are made up of elected officials and their appointees from every county in the region – mayors, city council members and county supervisors.

## Bay Area Housing Finance Authority (BAHFA) Board

### **Alfredo Pedroza**

Chair, Supervisor, Napa County

### **Nick Josefowitz**

Vice Chair, San Francisco Mayor's Appointee

### **Margaret Abe-Koga**

Councilmember, Mountainview

### **Eddie H. Ahn**

San Francisco Bay Conservation and Development Commission

### **David Canepa**

Supervisor, San Mateo County

### **Cindy Chavez**

Supervisor, Santa Clara County

### **Carol Dutra-Vernaci**

Mayor, Union City

### **Dina El-Tawansy**

Director, Caltrans District 4

### **Victoria Fleming**

Councilmember, City of Santa Rosa

### **Dorene M. Giacomini**

Representing U.S. Department of Transportation

### **Federal D. Glover**

Supervisor, Contra Costa County

### **Matt Mahan**

Mayor, City of San Jose

### **Nate Miley**

President, Alameda County Board of Supervisors

### **Stephanie Moulton-Peters**

Supervisor, Marin County

### **Sue Noack**

Councilmember, Pleasant Hill

### **Gina Papan**

Councilmember, City of Millbrae

### **David Rabbitt**

Supervisor, Sonoma County

### **Hillary Ronen**

Supervisor, San Francisco

### **Libby Schaaf**

Representing U.S. Department of Housing and Urban Development

### **James P. Spering**

Representing Solano County and Cities

### **Sheng Thao**

Mayor, Oakland

## Association of Bay Area Governments (ABAG) Executive Board

### **OFFICERS**

#### **Belia Ramos**

Supervisor, County of Napa—President

#### **Jesse Arreguin**

Mayor, City of Berkeley—Vice President

#### **David Rabbitt**

Supervisor, County of Sonoma—Immediate Past President

### **COUNTY REPRESENTATIVES**

#### **Candace Andersen**

Supervisor, County of Contra Costa

#### **Ken Carlson**

Supervisor, County of Contra Costa

#### **Noelia Corzo**

Supervisor, County of San Mateo

#### **Susan Ellenberg**

Supervisor, County of Santa Clara

#### **Otto Lee**

Supervisor, County of Santa Clara

#### **Rafael Mandelman**

Supervisor, City and County of San Francisco

#### **Elisa Marquez**

Supervisor, County of Alameda

#### **Myrna Melgar**

Supervisor, City and County of San Francisco

#### **Nathan Miley**

Supervisor, County of Alameda

#### **Mary Sackett**

Supervisor, County of Marin

#### **Wanda Williams**

Supervisor, County of Solano

### **CITY REPRESENTATIVES**

#### **Susan Hollingsworth Adams**

Vice Mayor, City of Rohnert Park

#### **Nikki Fortunato Bas**

Councilmember, City of Oakland

#### **London Breed**

Mayor, City and County of San Francisco

#### **David Cohen**

Councilmember, City of San Jose

#### **Pat Eklund**

Councilmember, City of Novato

#### **Carroll Fife**

Councilmember, City of Oakland

#### **Neysa Fligor**

Councilmember, City of Los Altos

#### **Leon Garcia**

Mayor, City of American Canyon

#### **Rich Hillis**

Planning Director, City and County of San Francisco (Mayor's appointee)

#### **Rosemary Kamei**

Councilmember, City of San Jose

#### **Yvonne Martinez-Beltran**

Councilmember, City of Morgan Hill

#### **Lisa Motoyama**

Mayor, City of El Cerrito

#### **Catherine Moy**

Mayor, City of Fairfield

#### **Mark Nagales**

Vice Mayor, City of South San Francisco

#### **Peter Ortiz**

Councilmember, City of San Jose

#### **Treva Reid**

Councilmember, City of Oakland

#### **Carlos Romero**

Councilmember, City of East Palo Alto

#### **Cindy Silva**

Mayor, City of Walnut Creek

#### **Aaron Tiedemann**

Mayor, City of Albany

### **ADVISORY MEMBER**

#### **Donald Young**

San Francisco Bay Regional Water Quality Control Board



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ASSOCIATION OF BAY AREA GOVERNMENTS  
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