



# **BAHFA 2024 Ballot Measure:**

## **Step 2 Decision Points for 2024 Affordable Housing Bond**

BAHFA Oversight & ABAG  
Housing Committees  
September 13, 2023



ASSOCIATION OF BAY AREA GOVERNMENTS  
METROPOLITAN TRANSPORTATION COMMISSION

# Reminder: Context of Decision Points

- Decision points concern BAHFA's **20% Regional Housing Revenue** only
  - Counties and direct-allocation cities create individual expenditure plans
- July – September informational presentations set forth “Step 1” and “Step 2” decision points
  - **Fall 2023 presentations will seek further Board guidance**
- **BAHFA's value proposition for regional action:** drive equitable outcomes, achieve scale, spur innovation, collaborate towards systems change, create strong regional lending opportunities

# NYC HDC Model: Takeaways for BAHFA

## HDC Performance Metrics

2017-2022:

- Bonds Issued: \$1.5-\$2.7B annually
- Subsidy Committed: \$102-\$325M annually
- Projects Financed: 27-44 annually
- Units Financed: 9,600-15,000 annually

**By building upon and leveraging the success of the NYC Housing Development Corporation (HDC) model, BAHFA can:**

- Support a diverse set of projects and programs
- Achieve self-sustaining operations
- Generate a new source of recurring funding for programs and project subsidies
- Establish a regional, mission-driven lending agency not reliant on recurring taxpayer support

# Reminder: “Step 1” Decision Points

- **Focus on 1<sup>st</sup> Bond Issuance (Q3-Q4 2025)**
  - Adjust 2<sup>nd</sup> and future issuances based on successes
- **Use 1<sup>st</sup> Issuance of “Flexible” Funding for Production**
- **For Production Funding, Prioritize PSH and ELI**
  - In collaboration with jurisdictions and if permanent operating subsidy is available
- **Pursue Non-LIHTC Development When State Funding is Competitive**
  - Advance innovation and scale
  - Avoid competition for scarce resources
  - Remain flexible – if market conditions change, adjust for best outcomes

# “Step 2” Decision Points

- **How to distribute Production funds, including geographic balance of investments?**
- **What are priorities for the first issuance of Preservation Program funding?**
- **What are priorities for the first issuance of Local Government Grant Program funding?**

# Step 2: Production Distribution Parameters

- **Establish total Production funding targets for every county**
  - 1<sup>st</sup> action: collaborate with jurisdictions on PSH & ELI housing
  - 2<sup>nd</sup> action: issue competitive Notices of Funding Availability (“NOFAs”) that fund priority projects
- **Track BAHFA’s success meeting investment targets for each issuance**
- **Ability to “true up” total investments per county with successive issuances through tailored NOFA goals**

# Step 2: Production Distribution Recommendation

## Create “Return to Source” Investment Targets for Every County

- Each county is “made whole” for its tax contribution
- Provides simplicity of administration
- Ensures meaningful BAHFA investments in smaller jurisdictions
- Eliminates perception of “winners and losers” that alternative distribution options created

	<b>BAHFA's "Return to Source" Production Investment Target</b>		<b>Direct Funding to Counties<sup>1,2,3</sup></b>	<b>BAHFA + County Production Funds<sup>1,2,3</sup></b>
	<b>BAHFA Production Funds<sup>2,3</sup></b>	<b>Share of Regional Funding</b>	<b>County Production Funds</b>	<b>Total Production Funds<sup>2</sup></b>
Alameda	\$178 - \$239	17.1%	\$711 - \$1,094	\$889 - \$1,128
Contra Costa	\$120 - \$162	11.6%	\$481 - \$740	\$601 - 763
Marin	\$45 - \$62	4.4%	\$183 - \$282	\$228 - \$290
Napa	\$23 - \$31	2.2%	\$93 - \$144	\$116 - \$147
San Francisco	\$158 - \$213	15.2%	\$633 - \$973	\$791 - \$1,004
San Mateo	\$136 - \$183	13.1%	\$544 - \$837	\$680 - \$863
Santa Clara	\$294 - \$395	28.3%	\$1,177 - \$1,810	\$1,471 - \$1,886
Solano	\$32 - \$43	3.1%	\$129 - \$199	\$161 - \$204
Sonoma	\$52 - \$71	5.0%	\$210 - \$322	\$262 - \$333
<b>Totals</b>	<b>\$1-\$1.4 billion</b>	<b>100%</b>	<b>\$4.2-\$6.4 billion</b>	<b>\$5.2 - \$7.8 billion</b>

Assuming \$10B Bond. Funding in millions. Amounts may not sum due to rounding.

1 Direct-allocation cities included in their respective counties

2 Derived from current tax rolls; amounts could vary based on relative future tax rolls

3 Range depends on total allocation of 18% (BAHFA) and 28% (counties) "Flexible Funds"



# Step 2: Preservation Priority Recommendations

## Legal Parameters:

- No displacement; no net-loss & right of first refusal for tenants (if demo/rehab)
- At least 55-year deed restriction

## Additional Priorities:

- **Anti-Displacement Best Practices:** Incorporate lessons from REAP 2.0 Preservation Pilot Program (e.g., rent increase caps and eviction protections)
- **Prioritize Historically Disinvested Areas:** Equity Priority Communities, Displacement Risk Areas, and Low/Moderate Resource Areas
- **Prioritize Investments to Protect Tenants at Immediate Risk of Eviction or Affordability Loss:** E.g., buildings subject to Ellis Act evictions; projects with imminent affordability restriction expirations; buildings with high displacement risk
- **Support Community Controlled Models:** 20% target (~\$12 million) for community land trusts, community-based organizations, and co-ops, with preference for projects that enable tenant wealth-building

# Step 2: Local Gov. Grant Program Recommendations

## Legal Parameters:

- Must be “housing” or “housing-related uses”
- Current rules for general obligation bonds preclude some options

## Additional Priorities:

- Prioritize housing-related amenities that enhance benefits for overall community as well as new affordable housing residents
  - E.g., parks, infrastructure, school improvements, etc.
- Retain flexibility to invest in housing programs that directly benefit households (e.g., homelessness prevention), especially if GO bond rules change
- Establish goal to fund at least one project in each county over the life of the bond

# BAHFA Ballot Preparation Timeline

## September 2023

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

## October – December 2023

- Further Board guidance on BAHFA's Initial Funding Priorities (Steps 1 & 2 decision points)
- Adoption of Business Plan Equity Framework & Funding Programs; informational presentation on draft operations and sustainability plan
- Protection Program priorities\*

## January – May 2024

- Approval of BAHFA's full Business Plan, 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



ASSOCIATION OF BAY AREA GOVERNMENTS  
METROPOLITAN TRANSPORTATION COMMISSION