

REAP 2.0 Housing Programs

BAHFA Oversight and ABAG Housing Committees

March 9, 2023



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION



Bay Area Housing
Finance Authority

How did we get here?

Plan Bay Area 2050

Adopted in Fall 2021

Regional Housing Needs Allocation 6th Cycle

Adopted in Winter 2021

Regional Housing TA Program

\$24M REAP 1.0 Grant in 2020

Bay Area Housing Finance Authority

Established in 2019
Staffed in 2022

Implementation Opportunity: REAP 2.0 Affordable Housing Pilots

- Housing Preservation Pilot
- Priority Sites Pilot
- Higher Impact Transformative Program

Previous REAP 2.0 Committee Discussion:

- **September 2022** - BAHFA Oversight and ABAG Housing Committee
- **November 2023** - MTC Programming and Allocations Committee and Commission
- **February 2023** - BAHFA Advisory Committee
- **March 2023** - MTC Administration Committee



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION



What is the Regional Early Action Planning Grant (REAP) 2.0?

- \$600M statewide grant program to MPOs
- \$103M formula allocation to MTC
- Goal: accelerate progress towards housing, equity, and climate goals
- Uses: planning efforts and capital projects that implement Sustainable Communities Strategies
- Administered by HCD in collaboration with OPR, SGC, CARB

REAP 2.0 Objectives

All program uses must:

1. Accelerate infill development that facilitates housing supply, choice, and affordability
2. Affirmatively further fair housing
3. Reduce vehicle miles traveled (VMT)



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION



Bay Area Housing
Finance Authority

REAP 2.0 Timeline



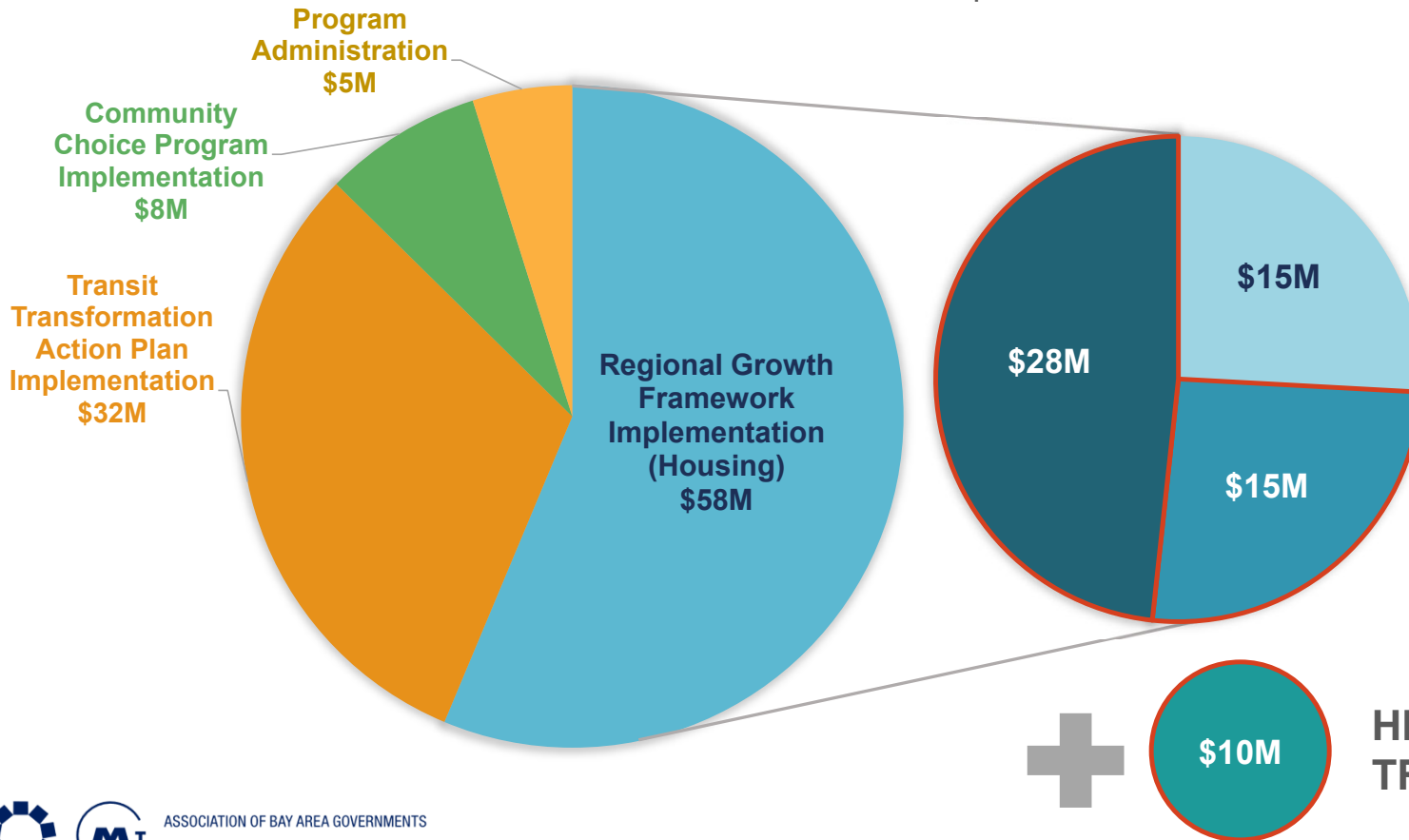
ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION






Bay Area Housing
Finance Authority

REAP 2.0 Proposed Uses

FORMULA ALLOCATION \$103M

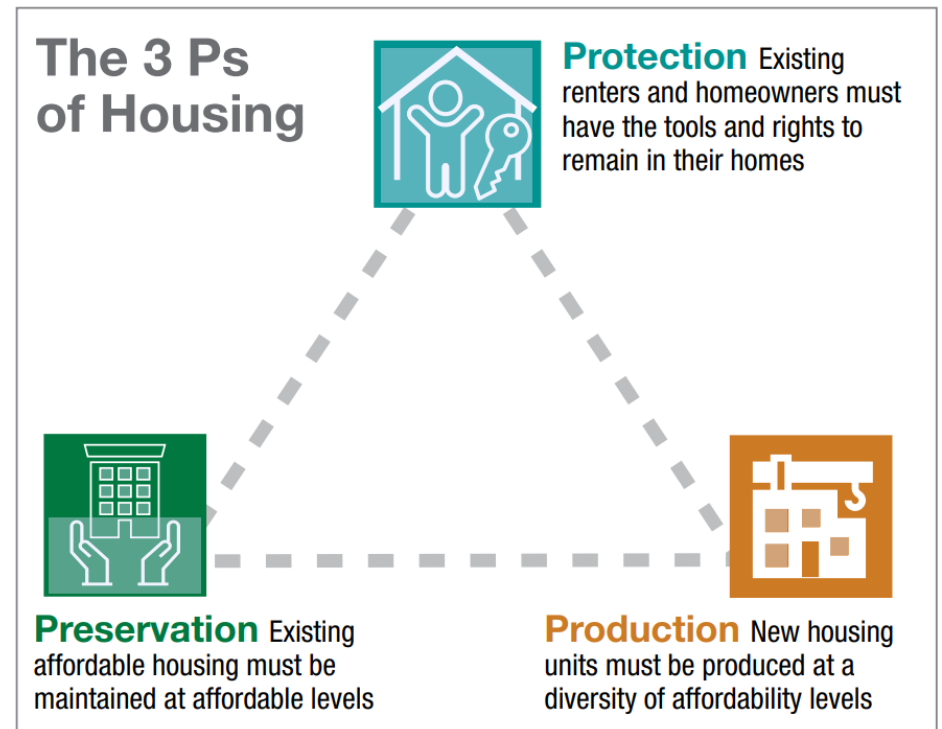


Administered by BAHFA

-  Regional Housing TA & Local Policy Grants
-  Housing Preservation Pilot
-  Priority Sites Pilot

BAHFA's Role in REAP 2.0

- The Bay Area Housing Finance Authority (BAHFA) was created by Assembly Bill 1487 in 2019
- Purpose is to raise, administer, and allocate regional funding for tenant protection, affordable housing preservation, and new affordable housing production
- Launched in 2022, BAHFA brings a new set of relevant skills and development expertise to execute REAP 2.0 affordable housing pilots



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION



Bay Area Housing
Finance Authority

Housing Preservation Pilot - \$15M

Overview

- Provide over-the-counter capital financing to non-profit developers and community land trusts for acquisition-rehab
- Prevent displacement of at least 60 families by creating permanently affordable homes
- Begin to fulfill PBA 2050 commitment to take lead on preservation
- Demonstrate “proof of concept” for regional value-add exemplified by BAHFA to support future ballot measure
- Build upon existing Bay Area Preservation Pilot (BAPP)
- Strike a balance between achieving scale and helping historically disadvantaged households build equity



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION



Housing Preservation Pilot - \$15M

Eligible Borrowers

- Non-profit affordable housing developers
- Community Land Trusts
- Partnerships that include these organizations
- Minimum Experience:
 - Successfully acquired, rehabilitated, owned, and operated at least one comparable project
 - May rely on the experience of a staff or consultant that has completed at least three comparable projects

Community-Controlled Set Aside \$3M

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



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION



Bay Area Housing
Finance Authority

Housing Preservation Pilot - \$15M

Loan Terms & Fees

- Maximum Loan Amount: \$250K/unit
 - Expectation that borrower will obtain third party construction-to-perm lender
- 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: \$10-15K
- BAHFA Asset Management Fee: TBD
- Maximum Developer Fee: \$150K + \$10K per unit for any planned rehabilitation



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION



Housing Preservation Pilot - \$15M

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

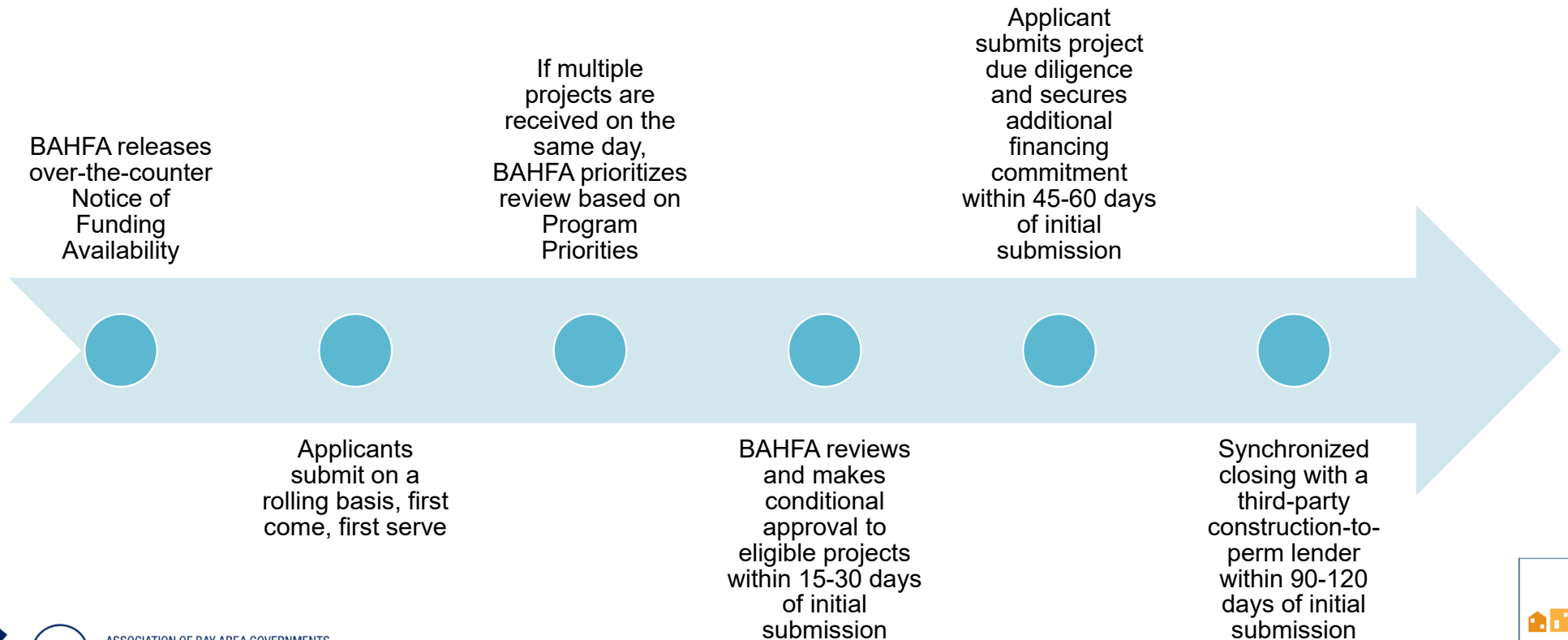


ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION



Housing Preservation Pilot - \$15M

Application & Closing Process



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION



Housing Preservation Pilot - \$15M

Program Priorities

Scoring Criteria	Points
Higher Impact	30
Accelerating Housing Supply, Choice, & Affordability (10)	
Affirmatively Furthering Fair Housing (10)	
Reducing Vehicle Miles Traveled Per Capita (10)	
Alignment with Plan Bay Area 2050 Housing Goals	10
Readiness/Timeliness	20
Capacity Building and Transferability	10
Partnerships/Collaboration toward Implementation	5
Community Engagement	10
Leveraging other funding/Financial feasibility	15
Total	100



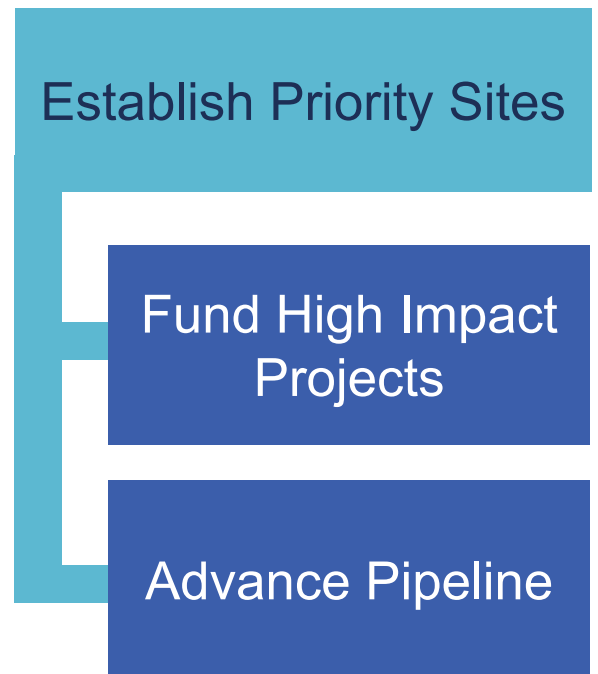
ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION



Priority Sites Pilot - \$28M

Overview

- Launch projects resulting in 750 - 3,000 affordable homes, bringing up to \$2 billion into the region, leveraging BAHFA expertise
- Establish network of regionally-significant, locally-nominated priority development sites
- Transform surplus public land and aging malls and offices into vibrant neighborhoods
- Make scarce local funding go farther and create pipeline for potential future BAHFA funding



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION

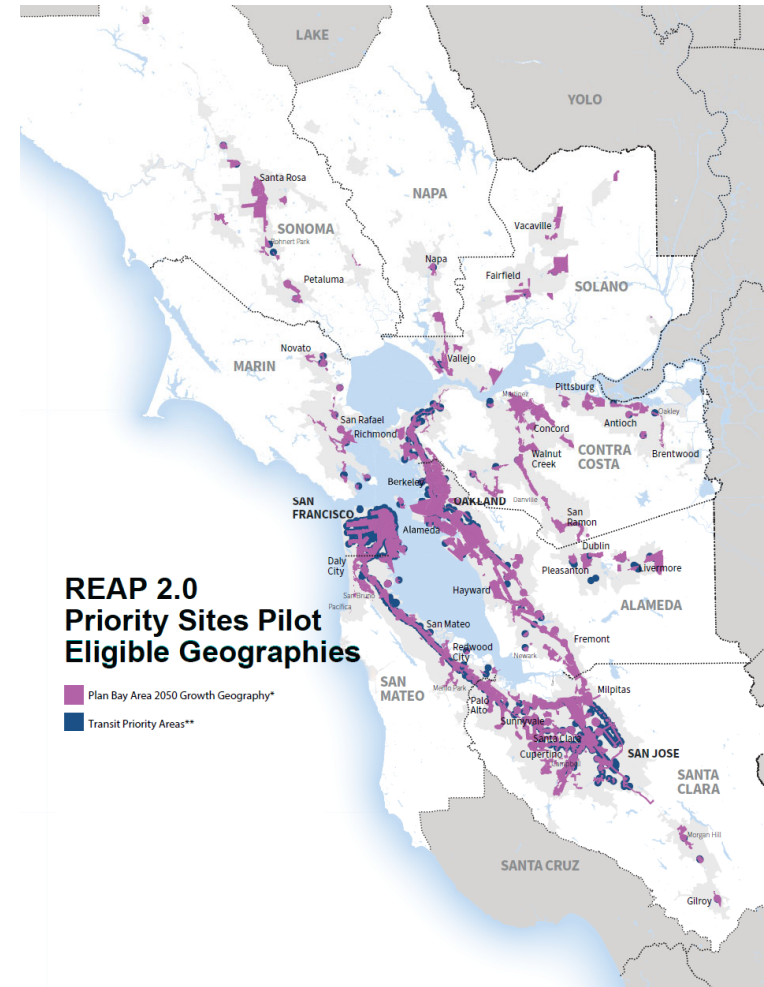


Priority Sites Pilot - \$28M

Eligible Projects

- Predevelopment, land acquisition, and construction of affordable housing
- Site Control
- Entitlements
- At least 100 new homes
- Minimum 25% of proposed units affordable
- Located in locally-nominated Priority Site*
 - Plan Bay Area 2050 Growth Geographies or Transit Priority Areas
 - Local Commitment: development capacity for 500+ homes, maximizes affordable units for low- and moderate- income households, or local government support

**Minimum eligibility requirements may be waived under certain conditions*



Priority Sites Pilot - \$28M

Eligible Borrowers

- Project Sponsors
 - Must include non-profit partner
 - Must demonstrate experience with proposed sources of funding
- Public Agencies
 - Own land on which the project will be built

Eligible Applicants for Priority Site Nomination:

- Local jurisdiction with land use authority over the site
- Project sponsor for an entitled development project on the site



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION



Bay Area Housing
Finance Authority

Priority Sites Pilot - \$28M

Loan Terms

- Maximum Loan Amount: \$3M
 - May borrow up to \$5M as needed if able to commence construction within 24 months
- Loan Term: 3-5 years
- Interest Rate: 3% annually
- Repayment: Due at construction loan closing
 - Affordable projects may convert to permanent financing, but those able to repay at construction will be prioritized



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION



Bay Area Housing
Finance Authority

Priority Sites Pilot - \$28M

Regulatory Restrictions

- Regulatory Term: Permanent financing must have 55-year term
- Maximum Income Levels: At least 25% of units restricted to 80% AMI or below
 - Should strive to serve extremely low-, very low-, and low-income households
 - Must demonstrate financial feasibility
- Relocations:
 - No displacement or permanent relocation
 - Temporary relocation for construction up to 12 months

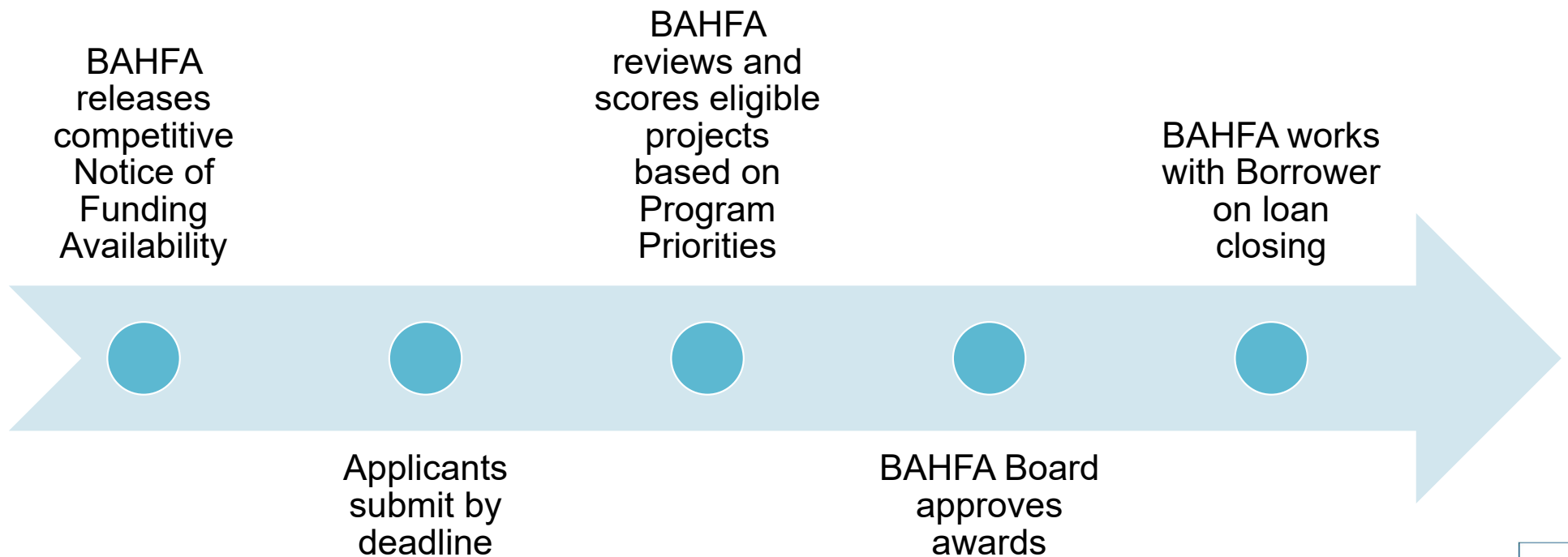


ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION



Priority Sites Pilot - \$28M

Application & Closing Process



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION



Priority Sites Pilot - \$28M

Program Priorities

Scoring Criteria	Points
Higher Impact	30
Accelerating Housing Supply, Choice, & Affordability (10)	
Affirmatively Furthering Fair Housing (10)	
Reducing Vehicle Miles Traveled Per Capita (10)	
Alignment with Plan Bay Area 2050	20
Readiness/Timeliness	10
Capacity Building and Transferability	10
Partnerships/Collaboration toward Implementation	10
Community Engagement	10
Leveraging other funding	10
Total	100



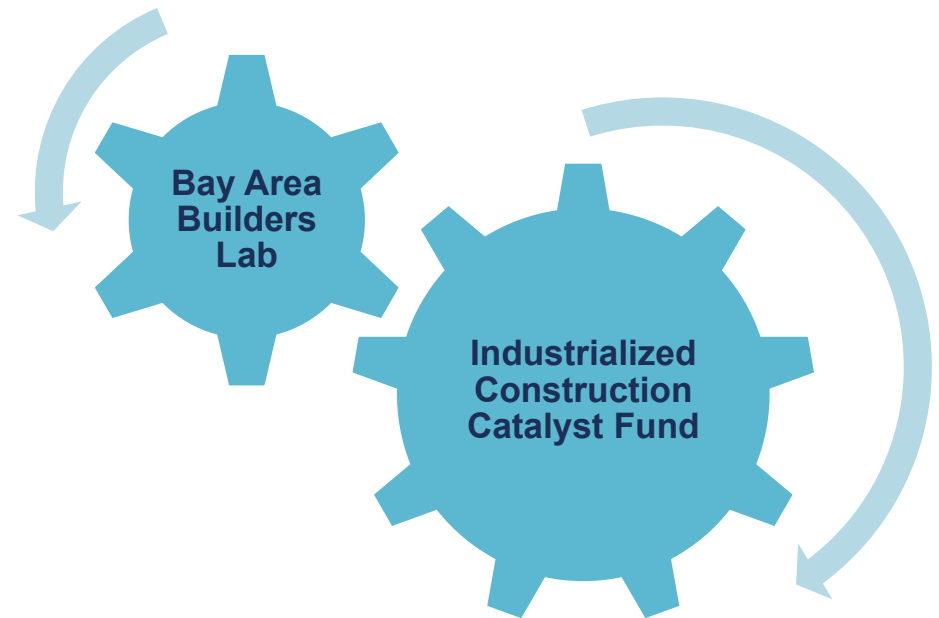
ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION



Higher Impact Transformative - \$10M

Overview

- HCD's Goal: competitive funding to support “novel, unique or innovative approaches that are scalable and that further REAP 2.0's Goals and Objectives”
- Partners: Turner Housing Innovation Labs and Housing Accelerator Fund
- Proposed Uses:
 1. Bay Area Builders Lab \$5M
 2. Industrialized Construction Catalyst Fund \$5M



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION



Higher Impact Transformative - \$10M

Bay Area Builders Lab

- New construction technology incubator created and operated by Turner
- Goals:
 - Lower barriers to entry
 - De-risk innovation
 - Increase financial feasibility
- Program Components:
 - Development of physical innovation space
 - Access to product testing capabilities
 - Access to coaching and workforce development
 - Connection to development partners and investors



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION



Higher Impact Transformative - \$10M *Industrialized Construction Catalyst Fund*

- Revolving fund managed by the HAF designed to facilitate location-efficient, off-site affordable housing production
- Launch Products:
 - Predevelopment/Deposit Bridge Loans
 - Letter of Credit/Guaranty Pool
 - Builder's Risk Insurance
- Program Components:
 - Focus on mid-rise mid-size affordable housing infill projects
 - Alignment with available public subsidies
 - Prioritization of projects benefitting historically disadvantaged communities
 - Service as a bridge lender as the modular industry matures

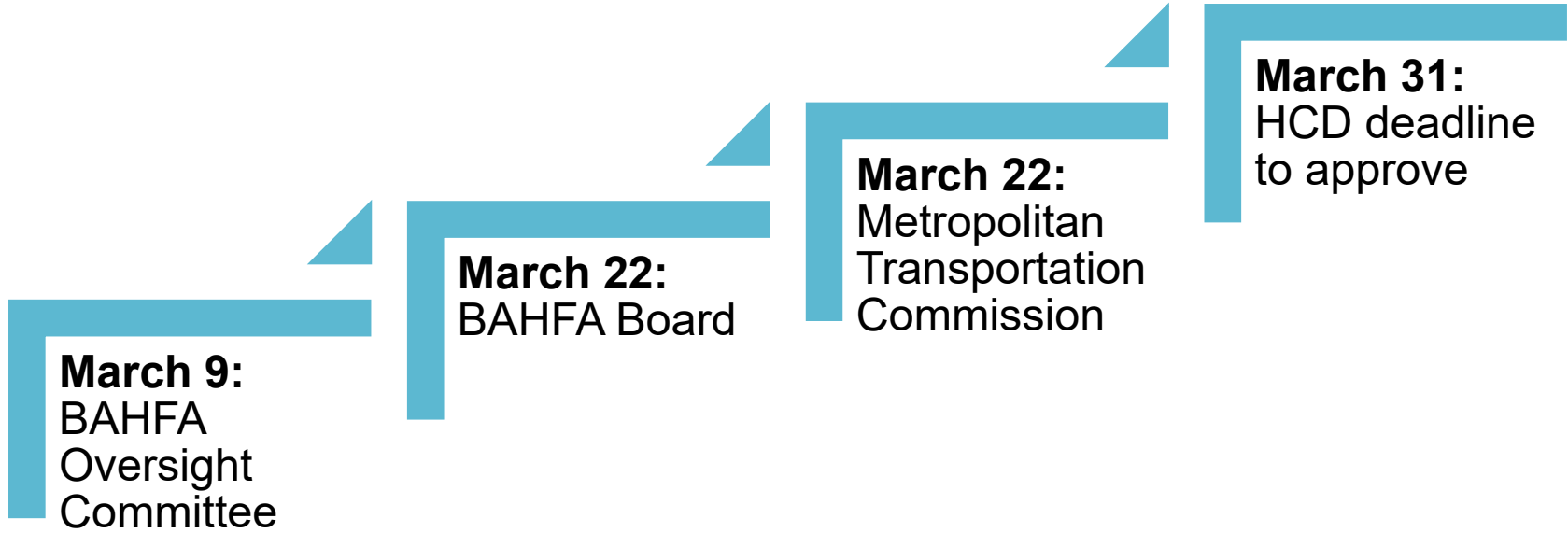


ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION



Housing Preservation and Priority Sites

Next Steps: Approval Process



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION



BAHFA Resolution 28

BAHFA authorizes the receipt of funding and programmatic responsibility for \$43 million in REAP 2.0 proceeds from MTC to administer Housing Preservation and Priority Sites Pilots according to the approved Terms and Underwriting Guidelines



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION



Bay Area Housing
Finance Authority

Thank you.

ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION



Bay Area Housing
Finance Authority