

REAP 2.0 Housing Programs

BAHFA Advisory Committee

February 23, 2023



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
- Up to \$10M competitive Higher Impact Transformative (HIT) allocation
- 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
- Application deadline: December 31, 2022
- Encumbrance deadline: June 30, 2024
- Expenditure deadline: June 30, 2026

REAP 2.0 Objectives

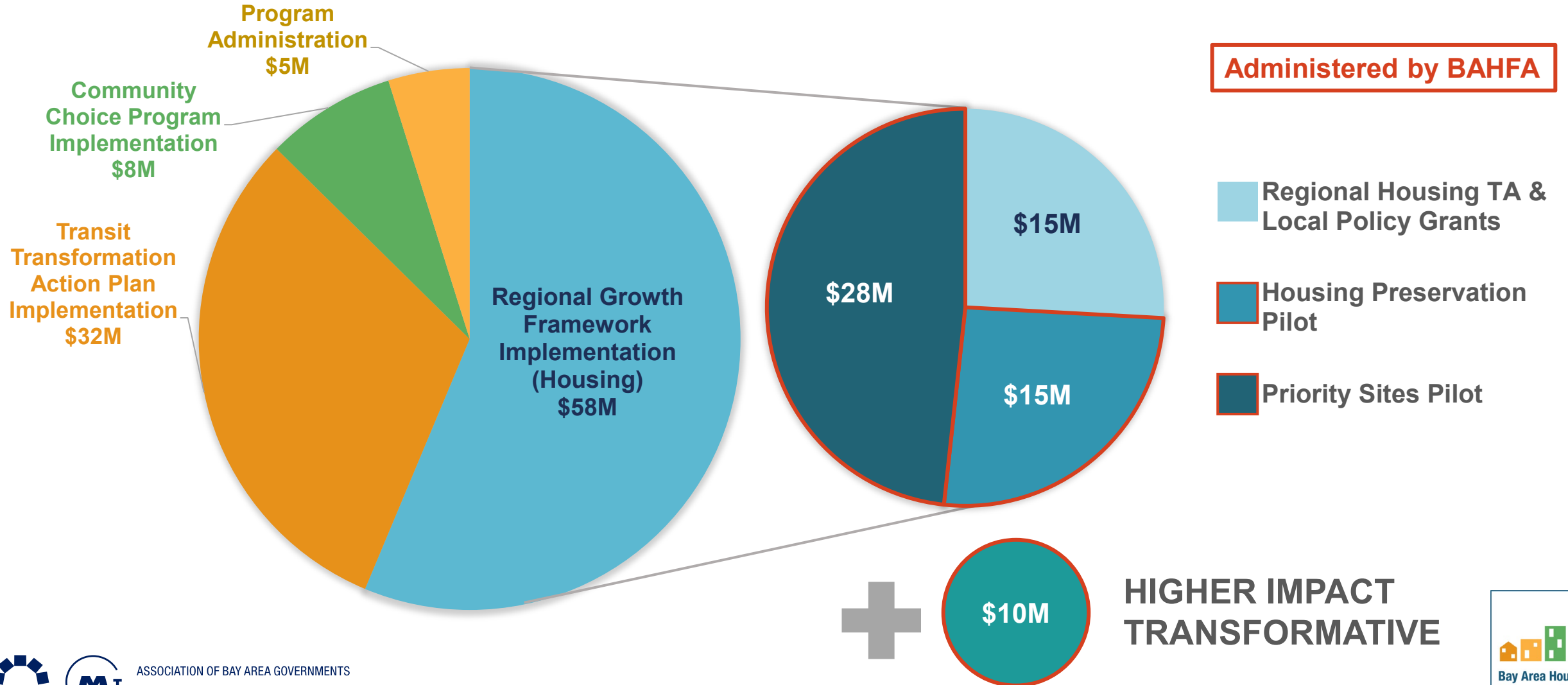
All program uses must:

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



REAP 2.0 Proposed Uses

FORMULA ALLOCATION \$103M



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

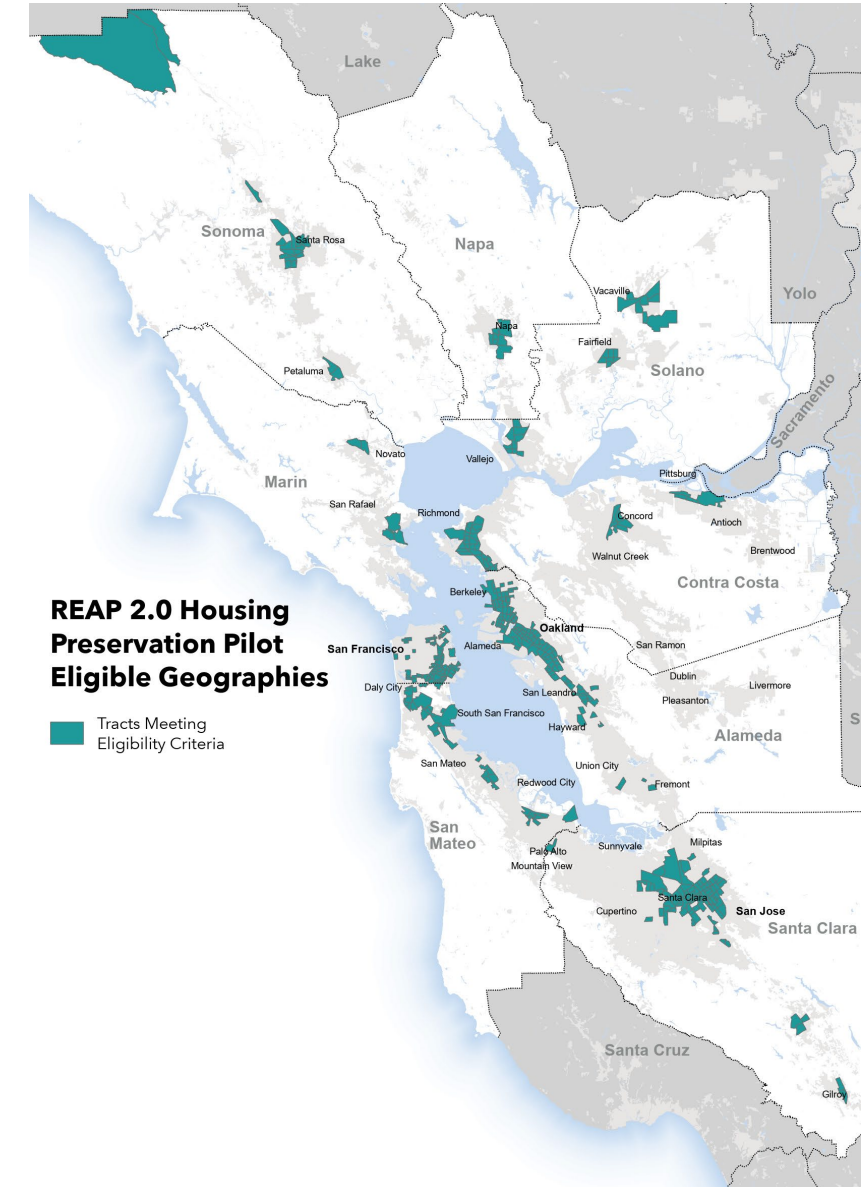


Housing Preservation Pilot - \$15M

Eligible Projects

- Acquisition or Acquisition/Rehab
- Unrestricted, occupied, residential buildings
- Site control
- Located in Eligible Geographies*
 - Accelerate Infill Development: Plan Bay Area 2050 Growth Geographies, Transit Priority Areas
 - AFFH: Equity Priority Communities, Displacement Risk Areas, Low/Moderate Resource Areas
 - Reduce VMT: VMT per capita less than 15 miles

**May demonstrate REAP 2.0 Objectives are met at the project level*



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



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



Housing Preservation Pilot - \$15M

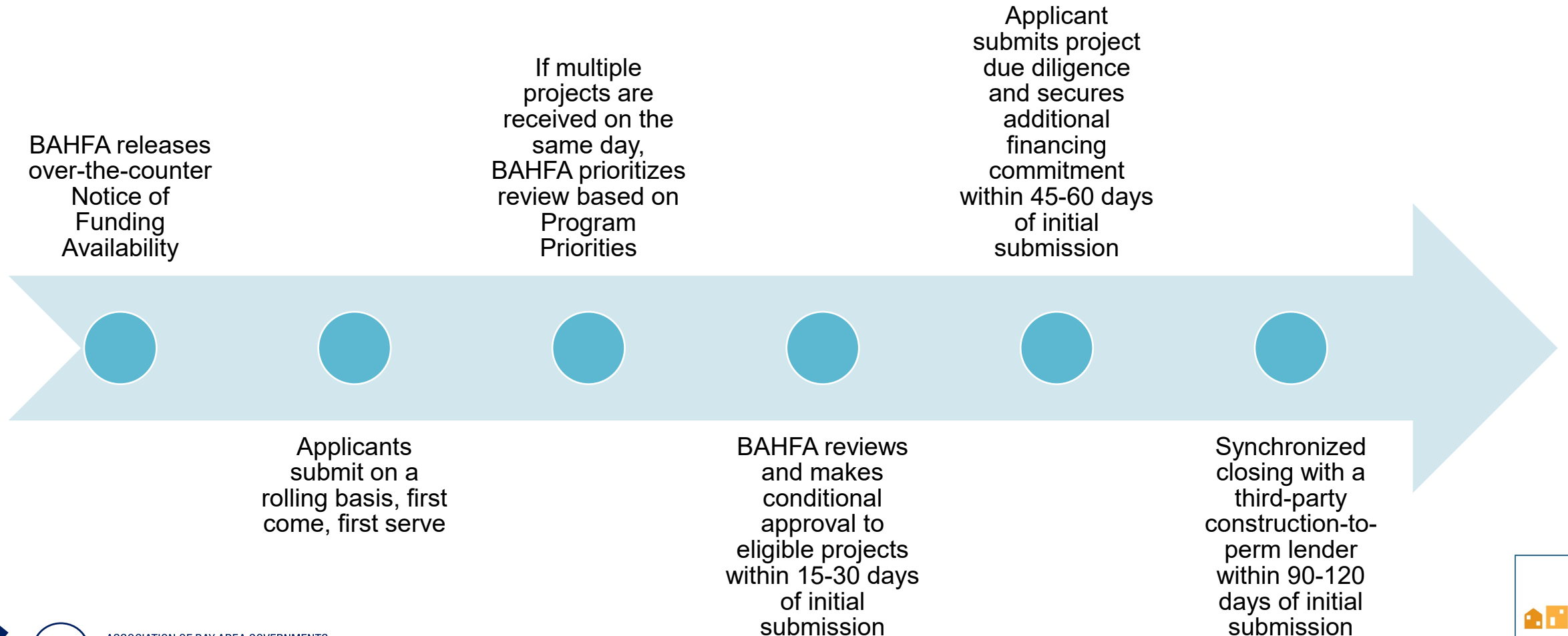
Regulatory Restrictions

- 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



Housing Preservation Pilot - \$15M

Application & Closing Process



Housing Preservation Pilot - \$15M

Program Priorities

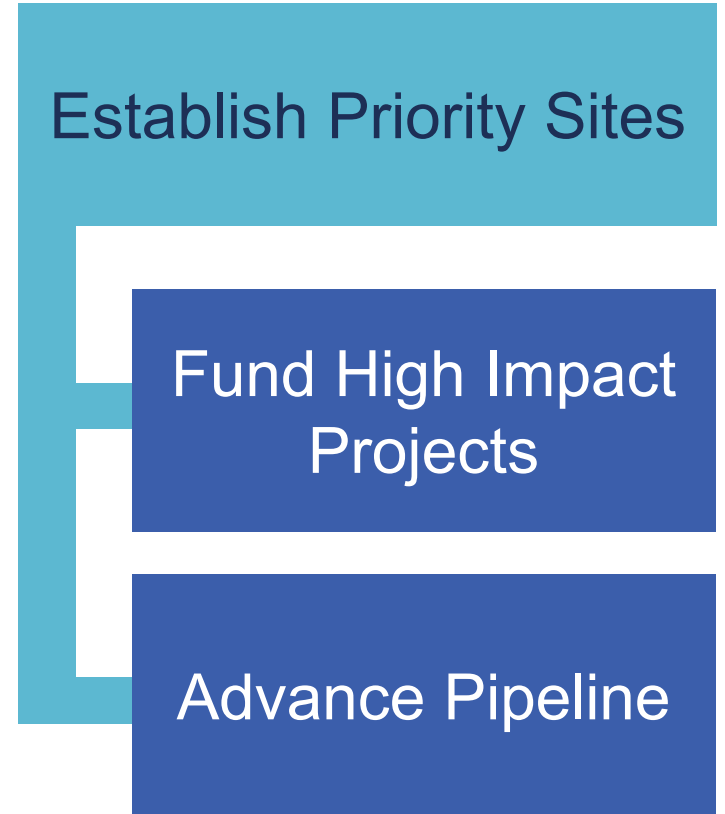
Scoring Criteria	Points
Higher Impact	30
Accelerating Housing Supply, Choice, & Affordability (10)	
Affirmatively Furthering Fair Housing (10)	
Reducing Vehicle Miles Traveled Per Capita (10)	
Alignment with Plan Bay Area 2050 Housing Goals	10
Readiness/Timeliness	20
Capacity Building and Transferability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



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

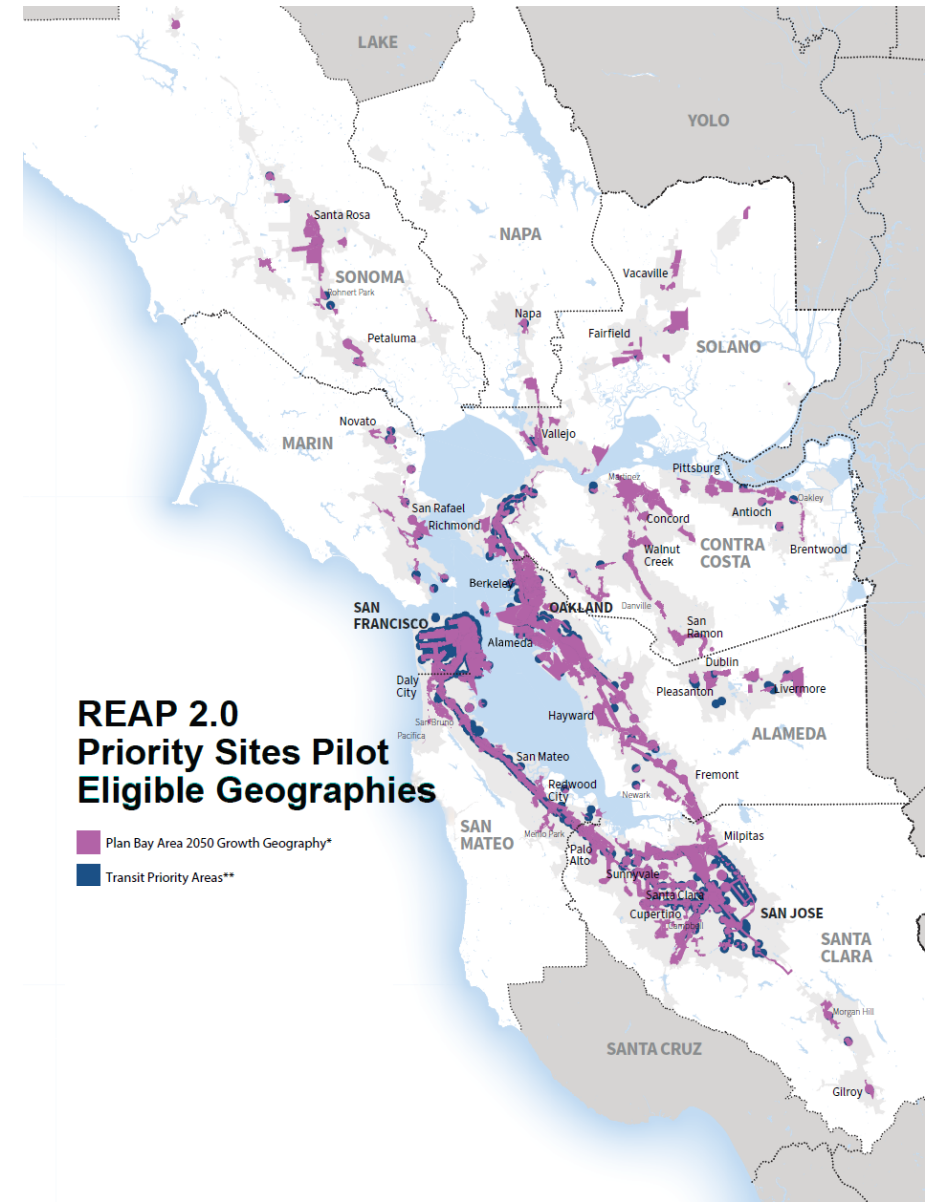


Priority Sites Pilot - \$28M

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



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



Priority Sites Pilot - \$28M

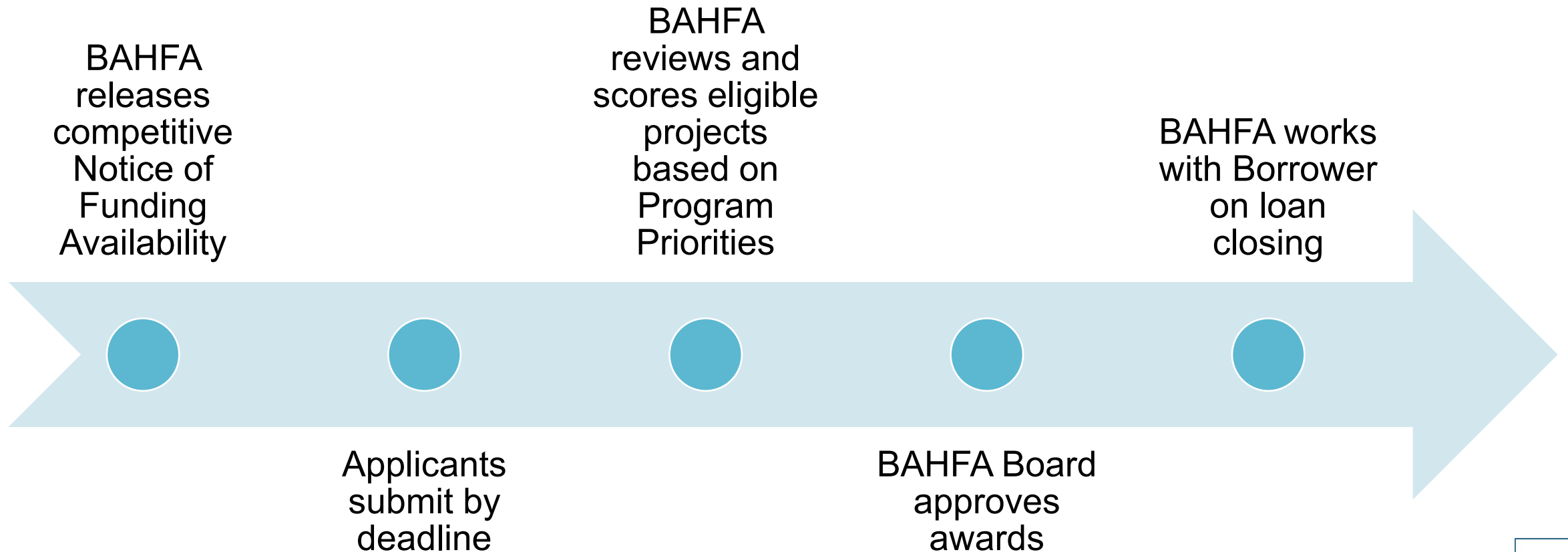
Regulatory Restrictions

- 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



Priority Sites Pilot - \$28M

Application & Closing Process



Priority Sites Pilot - \$28M

Program Priorities

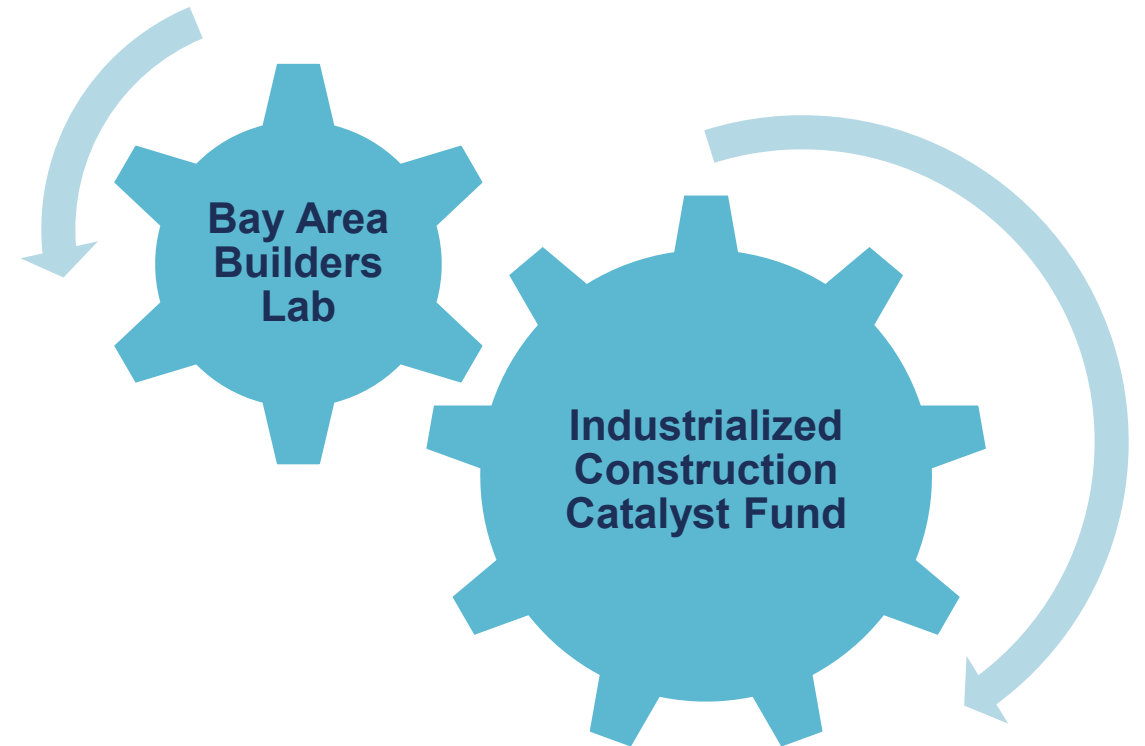
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Accelerating Housing Supply, Choice, & Affordability (10)	
Affirmatively Furthering Fair Housing (10)	
Reducing Vehicle Miles Traveled Per Capita (10)	
Alignment with Plan Bay Area 2050	20
Readiness/Timeliness	10
Capacity Building and Transferability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



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



Higher Impact Transformative - \$10M

Bay Area Builders Lab

- New construction technology incubator created and operated by Terner
- 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



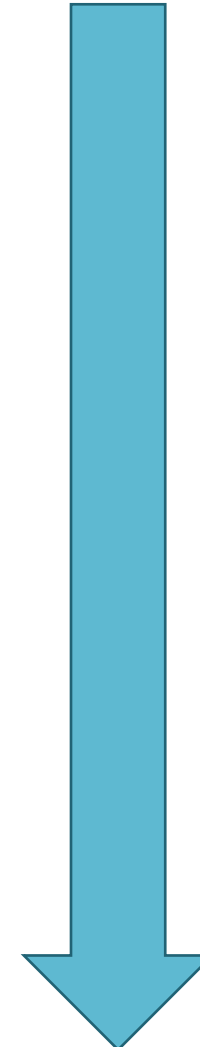
Higher Impact Transformative - \$10M

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



Timeline



**Ongoing
Outreach &
Engagement**

2026



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION



Housing Preservation and Priority Sites

Next Steps: Approval Process

**February
23:** BAHFA
Advisory
Committee

March 9:
BAHFA
Oversight
Committee

March 22:
BAHFA
Board

March 31:
HCD
deadline to
approve



Thank you.



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION



Bay Area Housing
Finance Authority