

Metropolitan Transportation Commission and Association of Bay Area Governments
Joint MTC ABAG Legislation Committee

June 10, 2022

Agenda Item 3b

Potential Regional Revenue Options for Housing and Transportation

Subject:

Next steps in pursuit of a regional housing bond, authorization for a future regional transportation measure and identification of other transportation funding opportunities.

Overview:

Assembly Bill 1487 (Chiu, 2019) authorized the Bay Area Housing Finance Authority (BAHFA) to place a regional housing measure on the ballot across the nine counties, in collaboration with the ABAG Executive Board. The measure authorized a variety of revenue mechanisms, including a general obligation bond, a parcel tax, a gross receipts tax and an employee head tax. In the Fiscal Year 2021-22 State Budget, MTC received a \$20 million earmark, on behalf of BAHFA, to develop pilot projects to demonstrate the added value that a regional housing finance agency can have in the Bay Area across the 3Ps of protection, preservation and production. Earlier this year, BAHFA hired its first director, affordable housing finance expert Kate Hartley, and is actively hiring project managers (on a limited term, four-year basis) to implement the pilot projects. See Attachment A for a BAHFA update shared with the Bay Area’s state legislative delegation in March 2022.

With respect to transportation, while there is no denying that additional funding is needed to address a multitude of the needs—ranging from transit operations to implementation of the Transit Transformation Action Plan to capital project funding shortfalls for Plan Bay Area 2050 Tier 1 projects—there currently is no authorization to place a regional transportation funding measure on the ballot.

Recommendation: Approval / ABAG Executive Board
Approval / MTC
Approval / BAHFA


Discussion:

On May 11 2022, MTC and ABAG leadership received a request from the Bay Area Housing for All (BAHA) Coalition requesting that the agencies provide formal direction to staff to begin the preparations for placement of a regional housing bond of \$10-\$20 billion on the November 2024 ballot. In response to this request and given the need to simultaneously map out a strategy to address funding needs for transportation—with respect to transit operations in particular—this item seeks your approval as follows:

1. Request that the ABAG Executive Board and BAHFA direct the ABAG Housing Committee and BAHFA Oversight Committees, respectively, to collaborate on overseeing preparations for a regional housing bond on the November 2024 ballot.
2. Request that MTC direct the MTC Programming and Allocations Committee and, at key touchpoints, the MTC/ABAG Joint Legislation Committee, to oversee next steps for addressing regional transportation revenue needs, such as:
 - a. Research poll in Fall 2022 to inform spending plan and revenue mechanism options for a transportation measure authorizing bill
 - b. Stakeholder engagement with MTC Policy Advisory Council, Bay Area transit agencies, county transportation agencies, transportation advocacy organizations and the business community regarding content of a revenue measure.
 - c. Identify funding opportunities to bridge time gap until more continuous, stable revenues are available.

Attachments:

- Attachment A: Bay Area Housing Finance Authority Update, March 2022
- Attachment B: May 11, 2022 Bay Area Housing for All letter
- Attachment C: May 23, 2022 Voices for Public Transportation letter
- Attachment D: Presentation



Alix A. Bockelman



Building a Foundation for Transformational Housing Solutions

Bay Area Housing Finance Authority Update, March 2022

A secure and affordable home is the bedrock of a thriving community. When families have a safe, affordable place to live, kids learn better, health and well-being improves, and businesses thrive. However, in the San Francisco Bay Area, an affordable home is out of reach for far too many.

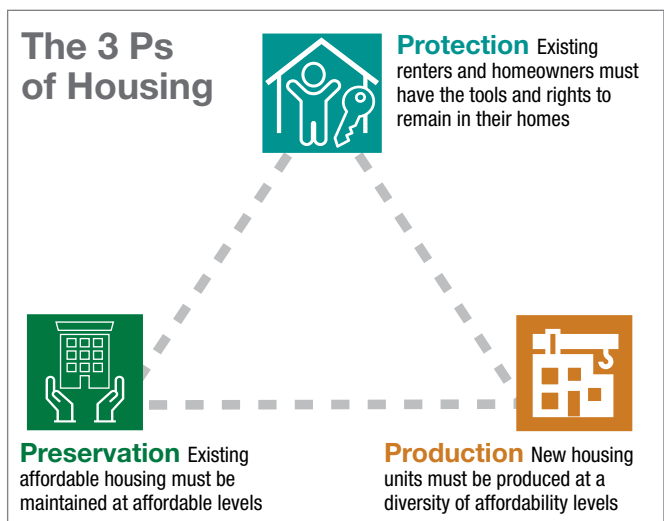
The Bay Area faces a shortfall of more than 220,000 homes affordable to its poorest residents. Roughly 45 percent of the region’s renters spend more than thirty percent of their income on housing and nearly a quarter spend over 50 percent.¹ Black, indigenous and other people of color have been hit particularly hard by untenable housing costs, forcing all Bay Area residents to grapple with the legacy of discriminatory housing policies.

With the passage of AB 1487 (Chiu, 2019) and establishment of the Bay Area Housing Finance Authority (BAHFA), the Legislature took a big step toward creating a new future where all Bay Area residents can thrive. As the first regional housing finance authority in California, BAHFA embraces a collaborative approach to delivering housing affordability at scale. No longer must each Bay Area city and county struggle to solve its housing

and homelessness challenges on its own. BAHFA facilitates a new level of information sharing and capacity building with the core aim of bringing new resources to the table.

BAHFA is guided by the “3Ps” framework:

protect current residents from displacement, **preserve** existing affordable housing, and **produce** new housing to secure long-term affordability. BAHFA equips the region with a powerful new set of financing tools that can raise significant new housing revenue from a variety of sources, including a regional ballot measure, state or federal appropriations and philanthropic and corporate contributions.





BAHFA Inaugural Director Kate Hartley and Growing the BAHFA Team

Thanks to the state appropriation, BAHFA in February 2022 welcomed its inaugural Director, Kate Hartley — a Bay Area affordable housing veteran. Kate previously worked as Chief Lending and Investment Officer for the nonprofit Housing Accelerator Fund, where she implemented a new financing and construction model that produced housing for homeless people more quickly and cost-effectively than conventional approaches. Before joining the Housing Accelerator Fund, Kate served as deputy director and then director of the San Francisco Mayor’s Office of Housing and Community Development, and served in a senior position in the City of Berkeley’s Department of Health, Housing and Community.

\$20 Million Secured for BAHFA in 2021-2022 State Budget

In 2020, the Bay Area was on track to pursue a \$10 billion General Obligation (GO) bond measure but the economic hardships resulting from the COVID 19 pandemic forced a postponement. Thanks to the tremendous leadership of the Bay Area’s legislative delegation, BAHFA secured \$20 million from the FY 2021-22 State Budget to implement five pilot programs across the 3Ps. Step one in that effort is building the BAHFA team along with relationships with local jurisdictions and key housing stakeholders across the region.



Early Progress on the Pilot Programs

We expect a formal launch of most of the pilots in the second half of 2022 once additional staff have been hired. A brief update on each pilot follows:

- 1. Doorway.** Doorway builds on the work of Bay Area cities and counties to create an online portal allowing tenants to search and apply for affordable housing opportunities throughout the region. The goal is to alleviate the challenges Bay Area households face finding affordable housing and to simplify the management and lease-up process for owners and managers. BAHFA staff is exploring an opportunity with a major technology company to embed a team of employees that would offer pro bono services to expedite the development of Doorway.
- 2. Bay Area Affordable Housing Pipeline.** In close partnership with Enterprise Community Partners, BAHFA is moving forward with an update and expansion of the two-year-old Bay Area Affordable Housing Pipeline to create the most comprehensive inventory of affordable housing developments across the nine-county Bay Area ever available. The Pipeline is critical to understanding the Bay Area's progress toward producing and preserving sufficient affordable housing to meet the region's needs, and to help funding and financing gaps.
- 3. Preservation.** This strategy is about protecting communities by locking in affordability before it's too late. BAHFA aims to help community-based organizations and individual households buy and rehabilitate existing market-rate (sometimes referred to as "naturally occurring") affordable housing and convert it to permanently affordable, deed-restricted housing, including home-ownership. BAHFA aims to leverage MTC's existing Preservation Pilot funding with additional state, local and

philanthropic sources, and to create partnerships that provide both affordable rents and greenhouse gas emission reductions.

The Partnership for the Bay's Future awarded BAHFA a Breakthrough Grant to accelerate our housing preservation work. Urban Habitat, the Bay Area Community Land Trust and The Unity Council joined the grant application as formal community partners.

- 4. Anti-Displacement Services Network.** Through this pilot, BAHFA will create an action plan for long-term anti-displacement work. In collaboration with key partners and stakeholders, BAHFA aims to help families remain in their homes and neighborhoods. The plan will be implemented in conjunction with the Preservation Pilot but will focus on tenant protections rather than property acquisition and rehabilitation. By developing best practices and supporting their adoption across the region, BAHFA will help ensure that Bay Area residents at risk of displacement are well-informed about their rights and know how to get the help they need. BAHFA will partner with trusted community-based organizations to deliver culturally relevant programs and reach people who face significant obstacles to accessing the resources available to support tenants.
- 5. Homelessness Prevention.** In conjunction with the Anti-Displacement Pilot, this work will focus on long-term, collaborative actions BAHFA can lead with key stakeholders to better protect Bay Area residents from many of the events—such as eviction, medical emergencies, or job loss—that can lead to homelessness.

BAHFA Business Plan

BAHFA is preparing a Business Plan to outline how the authority will advance the 3Ps framework by taking an equity-focused approach that prioritizes communities most impacted by the affordability crisis. While the five pilot programs aim for near-term impact and proof of concept to help demonstrate the benefits of a regional approach to addressing housing insecurity, the Business Plan will set a course for BAHFA to grow to the scale of its mandate and design programs and staffing options for the long-term, including a future ballot measure.

The Business Plan will be supported by a consultant team led by Forsyth Street and Bonnewit Development Services, with a target completion date of 2023. The team also features experts in housing policy, communications and finance, including UC Berkeley's Othering & Belonging Institute and the Turner Center for Housing Innovation, and Strategic Economics. This month, BAHFA and the Business Plan team expect to establish an Equity Working Group to guide the Plan's development.

Exploring Opportunities for Near-Term Capital Funding

Near-term capital funds are needed to grow BAHFA's impact; and the need will become increasingly urgent as rising housing unaffordability and homelessness take their economic, social and human toll on our region. BAHFA leadership and community partners are exploring opportunities to leverage additional state, local and philanthropic dollars for new BAHFA programs, including a preservation capital fund and a regional catalyst fund that will focus on accelerating transit-oriented affordable housing development on public land and on adaptive-reuse sites such as aging shopping malls and office parks.



Potential Ballot Measure in 2024

We are exploring placement of a \$10 billion GO bond dedicated to affordable housing on the November 2024 ballot across the region's nine counties. Such a measure would generate gap funding to produce and preserve more than 45,000 affordable homes, providing housing for half a million low-income households. Because affordable housing financing almost exclusively relies on leveraging local, state and federal funds, as well as private investments, the \$10 billion raised through this measure is estimated to leverage an additional \$15 billion in other affordable housing resources. Since reaching the two-thirds threshold for GO bonds remains a significant challenge, housing advocates are also exploring pursuit of a statewide ballot measure to simultaneously lower the approval threshold for local housing bonds to a simple majority.

For More Information:

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Kate Hartley, Section Director, Bay Area Housing Finance Authority, khartley@bayareametro.gov
415-778-6679

Endnotes

- 1 *California Housing Partnership analysis of 2018 PUMS data. Shortfall of homes affordable and available to "very low-income" (<50% of Area Median Income) and "extremely low-income" (<30% of Area Median Income) households. "Cost burdened" is defined as a household that spends more than 30% of its gross income on housing costs. "Severely cost burdened" is defined as a household that spends more than 50% of its gross income on housing costs.*



May 11, 2022

Supervisor Alfredo Pedroza, Chair, Metropolitan Transportation Commission
Mayor Jesse Arreguín, President, Association of Bay Area Governments
Bay Area Metro Center
375 Beale Street
San Francisco, CA 94105

Dear Chair Pedroza and President Arreguín,

The Bay Area continues to face an unprecedented crisis of housing insecurity and rising unaffordability. Rents continue to rise, homeownership is increasingly unattainable, and the lack of sufficient resources to produce and preserve affordable housing is forcing longtime Bay Area residents to move further and further from their jobs, schools, and communities – or forced into homelessness. This crisis disproportionately burdens people of color, in particular Black residents, in our region. The Regional Housing Needs Allocation and local housing element updates currently underway are an important step to address our affordable housing shortfall, but significant resources are needed to bring this planning work to fruition and deliver new affordable homes to communities across the Bay Area.

That is why we, the Bay Area Housing for All Coalition (BAHA), remain committed to pursuing a regional housing ballot measure in 2024. Bay Area residents agree; polling has consistently demonstrated that [homelessness and housing are the top concerns for voters, especially in the last two years](#). We believe a housing measure can provide our region with the relief and resources needed to address our housing and homelessness challenges at the scale of the problem. These new local resources will also allow the Bay Area to more effectively leverage state, federal, and private resources to further accelerate affordable housing production, preservation, homelessness prevention, and tenant protections.

Since the Bay Area Housing Finance Authority (BAHFA) was created in 2019, our coalition has worked to do the coalition building, research and polling, and outreach to local officials and staff to chart a path forward to place a regional housing measure on the ballot. Even when the pandemic and related economic challenges of the last two years pushed us to delay a ballot measure until 2024, the BAHA Coalition, in partnership with ABAG and MTC, worked to secure \$20 million from the state budget to begin building the capacity and programs of BAHFA. Looking ahead to 2024, BAHFA is more ready than ever to mount a successful campaign and implement significant new resources across the region. Our coalition is now poised and ready to begin preparing and fundraising for a 2024 campaign.

We respectfully request that the BAHFA Oversight Committee and the ABAG Housing Committee recommend that the MTC Commission and ABAG Executive Board consider a formal action at their June meetings to direct staff to pursue in earnest the necessary next steps for a \$10-20 billion regional housing bond measure in November 2024.

We understand that the decision to place any measure on the ballot must ultimately be informed by research and polling that demonstrate a viable path to success. That is why it is essential that ABAG/MTC staff have clear direction to begin the internal steps to prepare for and assess viability of a measure. This will, in turn, provide the affordable housing community with the certainty we need to move forward with preparing and fundraising for a winning campaign.

We look forward to continuing to partner with you to make this effort a success and bring much needed resources to serve Bay Area residents impacted most acutely by our housing and homelessness crises.

Respectfully,

Judith Bell
Chief Impact Officer
The San Francisco Foundation

Amie Fishman
Executive Director
Non-Profit Housing Association of Northern California

Heather Hood
Vice President and Market Leader
Enterprise Community Partners, Northern California

Tomiquia Moss
Founder and Chief Executive
All Home

Alicia John-Baptiste
President and CEO
SPUR

Gina D. Dalma
Executive Vice President Community Action, Policy and Strategy
Silicon Valley Community Foundation

Jennifer Loving
Chief Executive Officer
Destination: Home

Kevin Zwick
CEO
United Way Bay Area

Matt Schwartz
President & CEO
California Housing Partnership

Regina Celestin Williams
Executive Director
SV@Home Action Fund

Larry Florin
President & CEO
Burbank Housing

Debra Ballinger
Executive Director
Monument Impact

Randy Tsuda
President and CEO
Alta Housing

Evelyn Stivers
Executive Director
Housing Leadership Council of San Mateo County

Gloria Bruce
Executive Director
East Bay Housing Organizations

Matthew O. Franklin
President & CEO
MidPen Housing Corporation

Ari Beliak
President and CEO
Merritt Community Capital

Carolyn Bookhart
Director of Real Estate Development
Resources for Community Development

Cc: Mayor Libby Schaaf, Chair, Bay Area Housing Finance Authority Oversight Committee
Councilmember Carlos Romero, Vice Chair, ABAG Housing Committee
Therese McMillan, Executive Director, MTC
Rebecca Long, Director of Legislation and Public Affairs, MTC/ABAG



May 23, 2022

Alfredo Pedroza, Chair
Metropolitan Transportation Commission
375 Beale St #800, San Francisco, CA 94105

**Re: May 25, 2022, Metropolitan Transportation Committee Meeting,
Agenda Item #3, Public Comment/ Other Business**
*Advance Authorizing Legislation in 2023 in Support of a Regional Transportation
Funding Measure*

Dear Chair Pedroza and MTC Commissioners:

Public transportation is key to an equitable and economically vibrant region, and our regional system's chronic underinvestment has left us with massive mobility injustice. The availability of quality, affordable public transit is a determinant of people's access to affordable housing, job, and educational opportunities. The COVID-19 crisis has driven transit agencies into financial instability and crisis, forcing service cuts and threatening many transit agencies' near and long-term ability to continue to deliver service - and exacerbating already deep social inequities. We must act now as a region to ensure public transit has the necessary resources to recover from the losses of the pandemic, rebuild service and ridership, and in doing so meet the needs of transit riders present and future, especially low-income communities, communities of color, and transit-dependent people.

We urge MTC to take immediate action toward introducing legislation in 2023 that would authorize a transformative regional funding measure.

Authorizing legislation in 2023 is critical for several reasons. First, this was a public commitment made to the region and all the transit agencies in the Blue Ribbon Transit Recovery Task Force process in 2021 as a fundamental part of transit recovery. Second, transit agencies across the region are in serious need of operations funding to prevent service cuts; [per their own data](#), many transit agencies face fiscal cliffs as soon as 2024 as federal funds run out. Much of the recently approved additional federal infrastructure funding that has been authorized is restricted to capital purposes only and will not help transit agencies avoid service cuts. Third, passing enabling legislation in 2023 gives our region the greatest flexibility as to when to put a measure on the ballot; should polling look favorable, a ballot measure can be advanced as early as 2024. Fourth, passing enabling legislation in 2023 shows state legislators and transit agencies in our region that MTC is serious about a regional measure, and is likely to improve the region's chances of getting one-time state budget funding for transit that would carry our region through to the year when we have a regional ballot measure. Your own listening session on this topic in

December indicated the need for action in the spring of this year – time is running out to develop the regional consensus needed. Now is the time to work with key stakeholders around the region, especially workers and riders, to develop a framework for legislation.

[Voices for Public Transportation](#) is a coalition of over 50 labor, environmental, community-based organizations, and equity advocates that support a regional funding measure. Our groups represent thousands of workers, riders, low-income community members, people with disabilities, and transit-dependent people. In order for a measure to succeed and address the dire need facing the Bay Area's transit system, a regional transportation funding measure must:

- Include primarily **operations funding**, to ensure frequent and reliable service;
- Fund **integrated and affordable fares** to ensure equitable access to the system;
- Be funded by a **progressive revenue source**—which is both more equitable and more passable.

Support for a measure built upon these three policy pillars is broad and growing, and should be the basis for the regional consensus that lawmakers will need to move forward with a bill in 2023.

In order to ensure we can introduce authorizing legislation in 2023, we encourage MTC to take the following actions:

- Undertake analysis of revenue options for a funding measure, including various progressive sources, [building on the research](#) our coalition conducted in 2019;
- In partnership with transit agencies and our coalition, develop high level expenditure plan scenarios that reflect agency operations deficits, and explore possible scales and geographic scope and local/regional splits;
- Continue to meet with the Voices for Public Transportation coalition to ensure alignment and collaboration.
- In partnership with stakeholder groups, begin meeting with state legislators in fall 2022 to build support and understanding to introduce authorizing legislation in 2023.

We need a long term and transformative investment in our public transportation system in order to meet our equity and climate goals. **MTC must take immediate action to develop a framework for legislation for a regional transportation funding measure to protect, maintain, and grow our regional transit system in the face of the current financial crisis.**

Sincerely,

Vinita Goyal
Executive Director
San Francisco Transit Riders

Ian Griffiths
Policy Director
Seamless Bay Area

Hayley Currier
Policy Advocacy Manager
TransForm

Richard Marcantonio
Managing Attorney
Public Advocates Inc.

Mary Lim-Lampe JD
Executive Director
Carol Taylor
Chair, Transit Disability Justice Task Force
Genesis

Bob Allen
Policy & Advocacy Campaign Director
Urban Habitat

Shiloh Ballard
Executive Director
Silicon Valley Bicycle Coalition

Maia Piccagli
Volunteer Organizer and Leader
Mothers Out Front SF

Derek Sagehorn
Chair
East Bay Transit Riders Union

Brian Haagsman
Vision Zero Organizer
Walk San Francisco

Daveed Mandell
Member, Transportation Committee
American Council of the Blind

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