

Date: June 22, 2022
Referred By: BAHFA [Oversight](#)
Revised: [May 27, 2026](#)

ABSTRACT

Resolution No. 0016

This resolution approves the creation of the Welfare Tax Exemption Preservation Program (Program) by the Bay Area Housing Finance Authority ([BAHFA](#)) for the purpose of converting existing residential buildings to permanently affordable housing and finds that creation of the Program is exempt from further environmental review under CEQA Guideline 15061(b)(3) because [there is no change in it can be seen with certainty that there is no possibility that the creation of this Program may have a significant effect on](#) the environment.

[This resolution and Attachment A, Welfare Tax Exemption Program Term Sheet, were revised on May 27, 2026, to expand the program to include new construction projects and change the Program name to the “Welfare Tax Exemption Program.”](#)

Further discussion of this subject is contained in the [attached](#) Summary Sheet dated June 9, 2022, for the Joint Meeting of the ABAG Housing and BAHFA Oversight Committees, [and the Summary Sheet dated May 13, 2026, for the Joint Meeting of the ABAG Housing and BAHFA Oversight Committees.](#)

RE: Approval of the Welfare Tax Exemption-[Preservation](#) Program; CEQA Determination:
[Exempt Pursuant to CEQA Guideline 15061\(b\)\(3\)](#)

BAY AREA HOUSING FINANCE AUTHORITY (BAHFA)
RESOLUTION NO. 0016

WHEREAS, BAHFA's mandate is to create new financing tools, policy initiatives and collaborative partnerships across the nine-county Bay Area to promote housing affordability and address the region's housing crisis; and

WHEREAS, BAHFA's particular focus is advancing the "3Ps": protection of current residents to avert displacement; preservation of existing housing affordable to lower- and middle-income residents; and production of new housing; and

WHEREAS, the California Legislature authorized a property tax exemption (Welfare Exemption) in Revenue and Taxation Code Sec. 214(g) (R&T Sec. 214(g)) for rental properties that serve lower-income households and meet other conditions, including a financial investment in the property from a public agency and recordation by a public agency of a deed restriction regulating occupancy of the building to eligible households; and

WHEREAS, BAHFA seeks to create the Welfare Tax Exemption-[Preservation](#) Program (Program) to assist mission-driven affordable housing developers secure the Welfare Exemption, which will enable them to [construct new affordable housing or](#) purchase, rehabilitate, and convert existing rental buildings to permanently affordable housing by lowering operating expenses; and

WHEREAS, the value of the public agency contribution BAHFA will provide shall be the minimum amount required by the California Board of Equalization (BOE) to meet the requirements of R&T Sec. 214(g); and

WHEREAS, other Program elements will include compliance with any applicable tenant protection ordinances; a regulatory term that achieves permanent affordability; a prohibition on displacement; and a minimum 10% discount to market rents for Welfare Exempt units; and

WHEREAS, a delegation of contract execution authority to the Executive Director of the Metropolitan Transportation Commission (MTC) for projects that meet the requirements of the Program's Term Sheet, attached, will enable affordable housing developers to be competitive in market acquisition transactions and meet rapid closing timelines; and

WHEREAS, a delegation of contract amendment authority to the Executive Director of MTC for projects that seek a modification of their contract term in order to facilitate a refinancing or other action that extends the affordability period will enable affordable housing developers to meet habitability needs in a timely manner and further protect tenants; and

WHEREAS, annual monitoring and enforcement of the welfare exemption proceed through the county assessor's office pursuant to the R&T Sec. 214(g) and in conjunction with the BOE,

NOW, THEREFORE, BE IT RESOLVED, that the Bay Area Housing Finance Authority hereby finds that the foregoing recitals are true and correct; and be it further

RESOLVED, that the Bay Area Housing Finance Authority approves the creation of the Welfare Tax Exemption [Preservation](#) Program; and be it further

RESOLVED, that the Bay Area Housing Finance Authority delegates contract execution authority for projects that meet Program Term Sheet requirements to the Executive Director of the Metropolitan Transportation Commission; and be it further

RESOLVED, that the Bay Area Housing Finance Authority delegates contract amendment authority to the Executive Director of the Metropolitan Transportation Commission for the purpose of facilitating extended affordability terms; and be it further

RESOLVED, that the Bay Area Housing Finance Authority finds that the adoption and implementation of the Program comprises a fiscal activity to mitigate against the ongoing housing crisis, by granting a welfare property tax exemption to affordable housing, and neither the approval of the Program nor the approval of specific properties to participate in the Program will approve or entitle any specific development, or authorize construction or any physical change to the environment. BAHFA therefore finds the Program is exempt from environmental review pursuant to CEQA Guideline 15061(b)(3) because ~~there is no change to the existing environment given that the Program's purpose is to preserve existing conditions for naturally occurring affordable housing, and to mitigate against the ongoing housing crisis, by reducing the possibility that low-income households would be displaced through unregulated rent increases if the property was sold to a for-profit developer~~ it can be seen with certainty that there is no possibility that the approval of this Program or the approval of specific properties to participate in this Program will have a significant effect on the environment; and be it further

RESOLVED, that this resolution shall be effective upon adoption.

BAY AREA HOUSING FINANCE AUTHORITY

~~Alfredo Pedroza~~ Sue Noack, 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 22, 2022~~ May 27, 2026 and supersedes all prior resolutions.

ATTACHMENTS

~~Summary of the Welfare Tax Exemption Preservation Program, June 9, 2022 Joint Meeting, ABAG Housing and BAHFA Oversight Committees~~

~~[Attachment A, Welfare Tax Exemption Program Term Sheet, Revised](#)~~