

BAHFA Preservation Programs Update

BAHFA Oversight Committee– April 9, 2025



ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION

BAHFA Preservation Programs

**Welfare Tax
Exemption
Preservation
Program**

**Housing
Preservation
Pilot**

**Housing
Preservation
Project
Technical
Assistance
Grant
Program**

BAHFA Equity Framework Goals:



Preserve expiring-use affordable housing to prevent displacement



Preserve existing unsubsidized housing and convert to permanently affordable housing



Target preservation investments for most vulnerable and impacted residents



Create opportunities for community-owned housing



Support community-based and community-owned organizations and developers

Welfare Tax Exemption Preservation Program - *Overview*

- **Launched in 2022 to provide public agency support** required to qualify for the Welfare Tax Exemption
 - Recorded Deed Restriction
 - \$5,000 Grant Agreement
- **Key Program Features:**
 - Restricted at 80% of Area Median Income
 - Rents must offer 10% discount to market
 - Annual rent increase restrictions
 - Rent reduction for rent-burdened tenants
 - Local housing staff support



Welfare Tax Exemption Preservation Program - *Progress*

- **\$35,000** investment has preserved **787 units** in two years
- **Seven projects** in Alameda, Santa Clara, San Mateo, Contra Costa counties



Project Spotlight - *Walnut Creek Manor*



- Acquired and rehabilitated by Ethos Real Estate
- Located in Unincorporated Contra Costa County
- 313 units to be restricted as affordable in a 418-unit apartment complex
- Rehab Scope: unit work, site and common area improvements, building systems upgrade
- Equity Partner: Bridge Investment Group
- Service Provider: Project Access Resource Centers

Community Impact

Walnut Creek Manor



“Our organization offers relevant programs and services to residents within their own apartment community, directly connecting them to vital and beneficial resources that provide life-enhancing assistance in the areas of health and wellness, economic stability, education for families and seniors, and community building”

-Kristin Byrnes, CEO/President of Project Access Resource Centers

Housing Preservation Pilot

Overview

- **Launched in 2024** using state Regional Early Action Planning (REAP 2) grant funding
- **First in-house** over-the-counter loan fund to acquire and rehabilitate unsubsidized affordable housing
- **\$17.8 million** investment will offer 55-year loans with 3% deferred interest at \$250K/unit
- **Average** area median income (AMI) for all households of no more than **80% AMI**, up to 120% AMI per household
- Restrictions on annual rent increases

REAP 2 Objectives

All projects must:

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

Housing Preservation Pilot - *Eligibility*

■ Eligible Projects

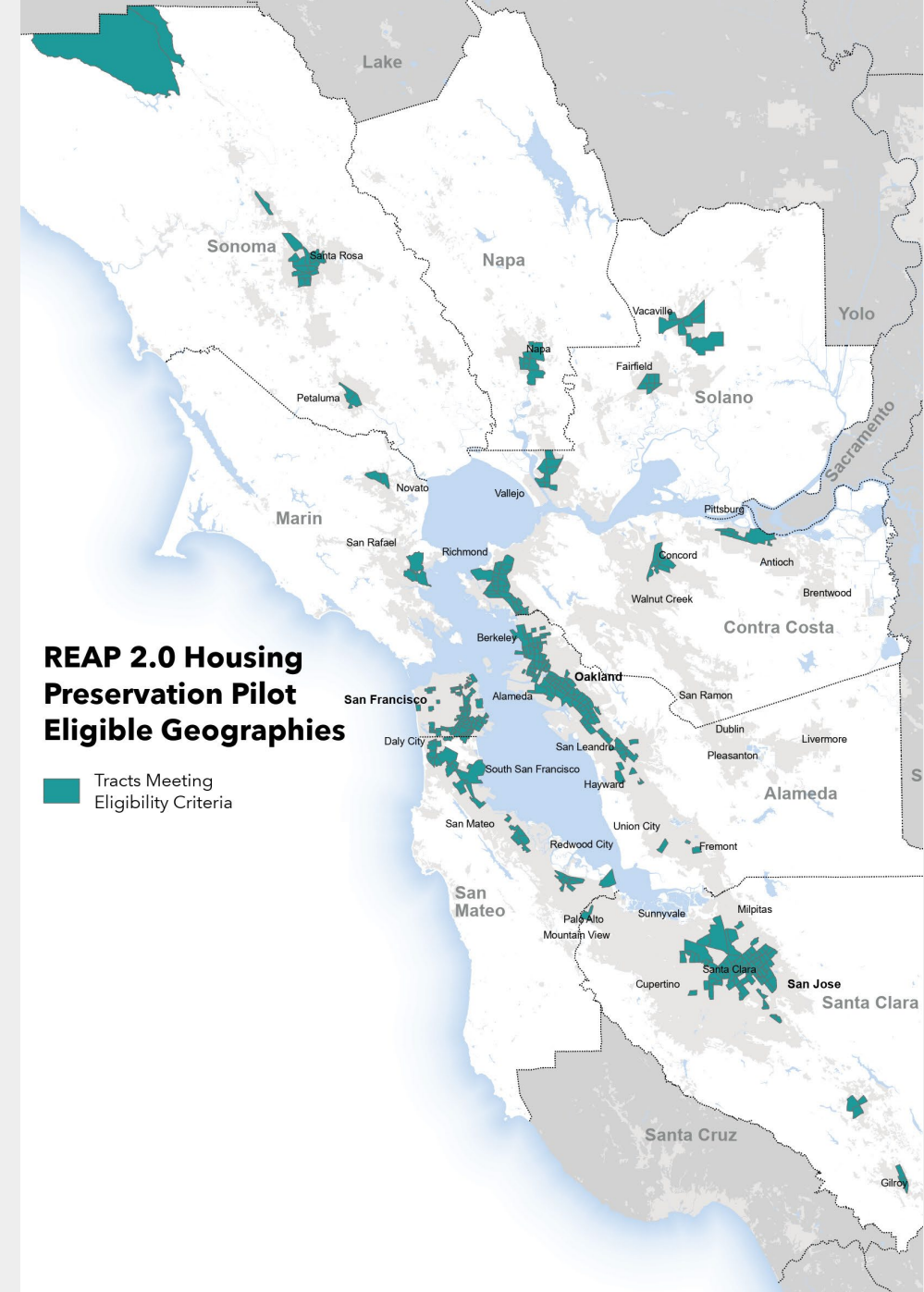
- Acquisition or acquisition/rehab
- Unrestricted or expiring restrictions
- Site control
- Financial feasibility
- Advances REAP 2.0 Objectives

■ Eligible Borrowers

- Non-profit affordable housing developer, community land trust (CLT), or joint venture partnership
- Successful completion and operation of at least one comparable project
- May rely on the experience of staff or consultant

REAP 2.0 Housing Preservation Pilot Eligible Geographies

■ Tracts Meeting Eligibility Criteria



Housing Preservation Pilot - *Progress*

- Released first round of \$8.9M in June 2024
- Received four applications in summer 2024
- Closed first two loans in fall 2024/winter 2025
- Preserved 32 homes with important community impacts

Anti-Displacement

Ensuring all tenants can stay in place

Economic

Rent relief for severely rent-burdened tenants and providing additional renter protections

Environmental

Rehabilitation of units to remove health hazards such as mold and asbestos

Community Empowerment

Tenant organizing and community-ownership

Project Spotlight - 320-324 14th Street



- Acquired by San Francisco Community Land Trust
- Located in the Mission District
- 16 residential units, with 1 and 2 bedrooms
- Built in 1908
- Loan Amount: \$4.25 million
- Other Funder: San Francisco Housing Accelerator Fund
- Rehab Scope: unit work, structural retrofitting, and window repairs



Community Impact - 320-324 14th Street

“Thanks to the strong tenant organizing effort, combined with innovative funding partners at BAHFA and the Housing Accelerator Fund, we’re proud to help provide a path to permanent stability”

-Kyle Smeallie, SFCLT Policy Director



Source: Santiago Mejia/The Chronicle

Project Spotlight - *Virginian Apartments*



- Acquired by South Bay Community Land Trust
- Located in the Mayfair neighborhood in San Jose
- 18 residential units with 1 and 2 bedrooms
- Built in 1962
- Loan Amount: \$4.5 million
- Other Funders: City of San Jose, Destination Home
- Rehab Scope: unit work, structural work, dry rot repair



Community Impact - *Virginian Apartments*

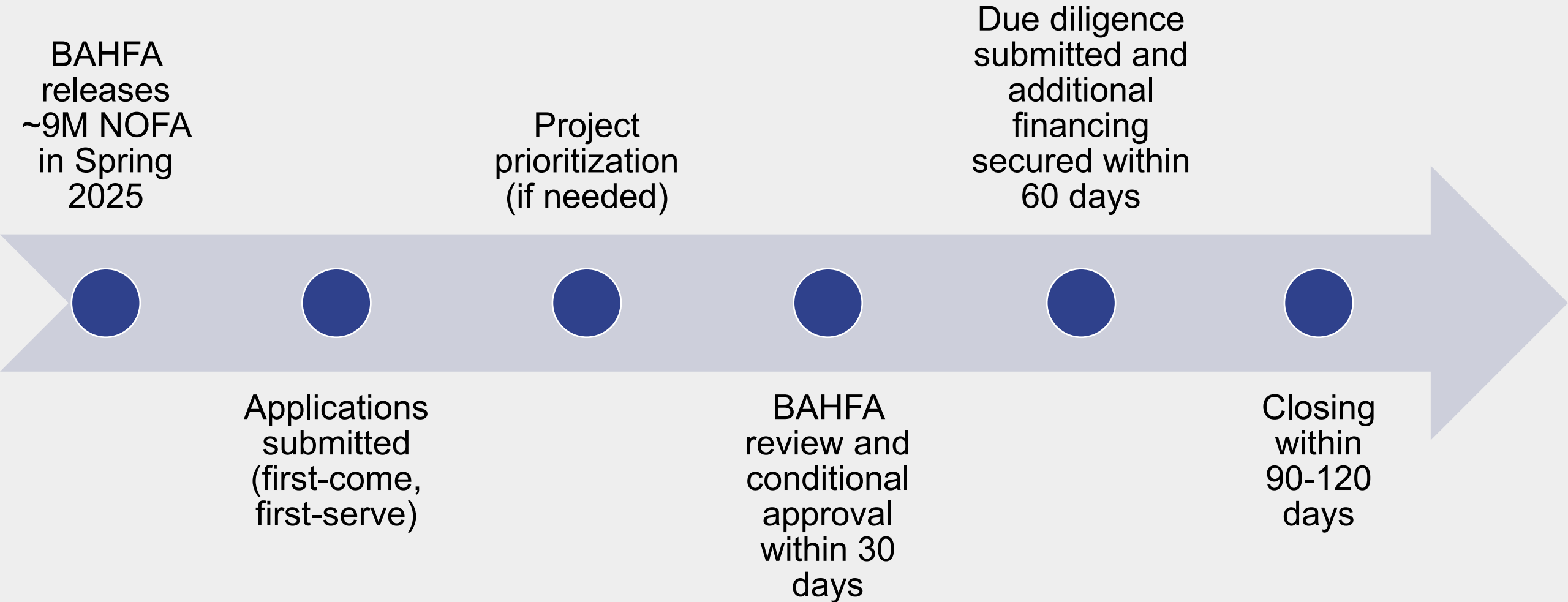


“Preservation projects can only be done with these types of partnerships: nonprofits, public agencies and philanthropy working in tandem to create a replicable example of how our communities can be protected from displacement. It is the first step towards SBCLT’s mission of providing a vehicle for resident control and subsequent ownership to permanently preserve affordable housing.”

-Josefina Aguilar, Executive Director of SBCLT

Housing Preservation Pilot

Next Steps



Housing Preservation Project Technical Assistance Grant Program - *Overview*

GOALS:

- \$325,000 budget to provide 7-13 grants to eligible organizations for pre-acquisition, project-based consultant contracts
- Assist with upfront costs of preservation projects to conserve lean organizational budgets
- Accelerate advancement from predevelopment to property acquisition
- Lower the barrier to entry for emerging developers

GRANT TERMS:

- \$50,000 maximum for one or more Eligible Activities
- One-year term, with an option to extend if progress demonstrated
- Reimbursed upon submission of invoices and deliverables

Housing Preservation Project Technical Assistance Grant Program - *Eligible Applicants*

The following types of entities actively pursuing preservation projects:

- Community Development Corporations
- Community Land Trusts
- Cooperative Housing Entities
- Non-profit Affordable Housing Developers
- Non-Profit Community Based Organizations

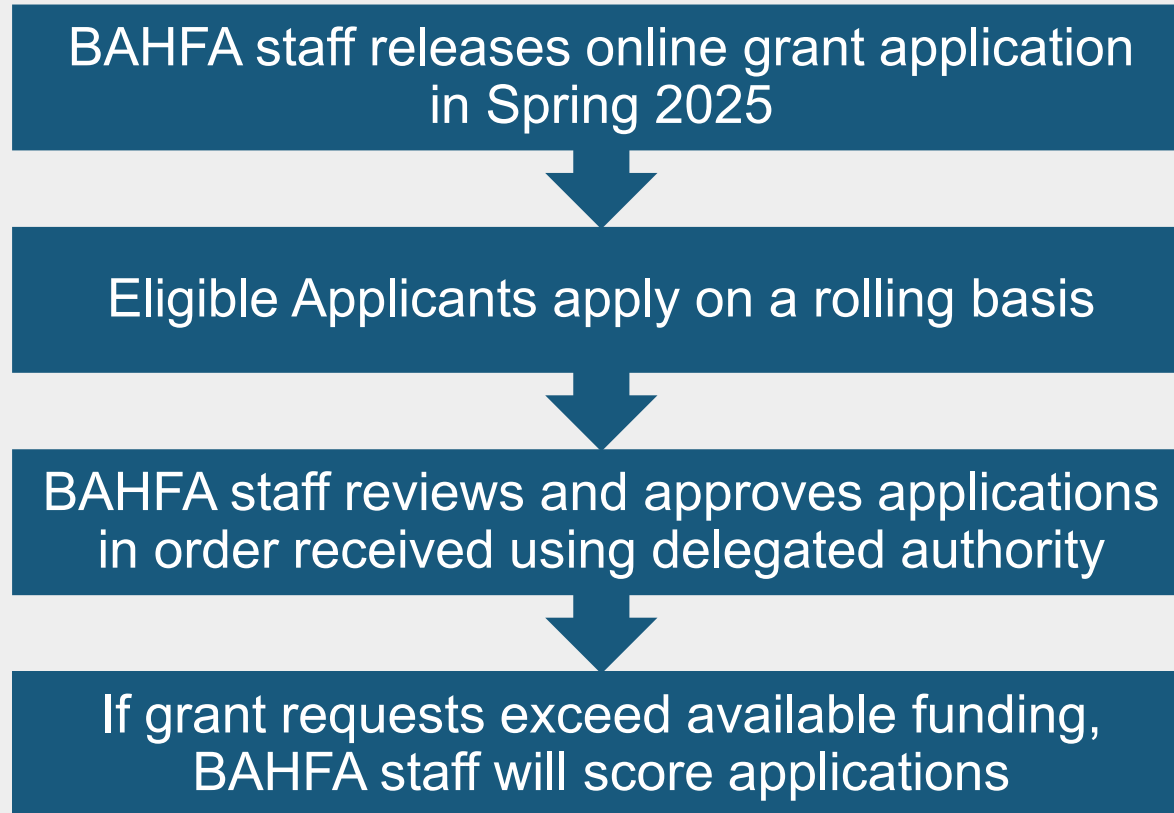


Housing Preservation Project Technical Assistance Grant Program - *Eligible Activities*

For the purpose of acquiring and rehabilitating residential properties and converting them to permanently affordable housing:

- In the nine-county Bay Area
 - Proposed rents that do not exceed 30% of 120% AMI and achieve average affordability of 80% AMI across all units
 - No displacement of existing residents, regardless of income
- Property Identification
 - Financial feasibility analysis
 - Property inspections
 - Due diligence reports
 - Resident engagement
 - Architecture and engineering
 - Construction management
 - Legal support
 - Set-up of asset management systems
 - Long-term financial sustainability plans

Housing Preservation Project Technical Assistance Grant Program – *Next Steps*



SCORING CRITERIA:

Criteria	Points
Advancement of Equity	20
Project Readiness	10
Consultant Experience	10
Higher Impact for Emerging Developers	10
Total:	50

Thank you



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