

Bay Area Housing Finance Authority

Advisory Committee

March 27, 2025

Agenda Item 8.a.

Preservation Program

Subject:

Progress update on BAHFA's Preservation Programs, including the Welfare Tax Exemption Preservation Program, Housing Preservation Pilot, and Preservation Technical Assistance Grant Program

Background:

The Bay Area Housing Finance Authority (BAHFA) is guided by the 3Ps framework: protection of tenants, production of new affordable housing, and preservation of existing affordable housing. Housing preservation is the process of mission-driven organizations or residents buying and/or renovating homes where people with low and moderate incomes already live. Preservation projects can include the following activities:

- Acquiring market properties often referred to as “unsubsidized affordable housing” or “naturally occurring affordable housing (NOAH)” and converting them to deed-restricted affordable housing.
- Renewing restrictions on existing deed-restricted affordable housing before they expire, often referred to as “expiring-use affordable housing.”
- Rehabilitating any type of affordable housing to address habitability issues and extend the life of the property.

Such preservation activities provide invaluable benefits to low- and moderate-income residents and communities at large. Preservation prevents displacement of existing residents, ensures long-term affordability for future residents, improves building conditions, and supports the stability of communities. Additionally, some preservation projects transition tenants into homeownership or cooperative ownership, offering opportunities for residents to build equity.

BAHFA's current pilot stage is primarily focused on assisting mission-driven developers with the acquisition and conversion of unsubsidized affordable housing. BAHFA's long-term goal is to support the full range of preservation activities listed above as more significant resources become available. The accompanying presentation (Attachment A) provides an overview and update on the following BAHFA preservation programs:

- 1) Welfare Tax Exemption Preservation Program (WTEPP)
- 2) Housing Preservation Pilot
- 3) Preservation Project Technical Assistance Grant Program

In total, BAHFA has successfully preserved over 800 units of affordable housing across these programs. The following table provides an overview of the nine properties preserved through the WTEPP and Housing Preservation Pilot programs:

Bay Area Housing Finance Authority

Advisory Committee

March 27, 2025

Agenda Item 8.a.

Preservation Program

Preservation Program	Project Sponsor	Address	Jurisdiction	Affordable Units
WTEPP	Eden Housing	16455 East 14th Street	Unincorporated Alameda County (Ashland)	23
WTEPP	UrbanCore	482 40th Street	Oakland	5
WTEPP	Urban Core	1848-1860 E. 25th Street	Oakland	5
WTEPP	UbranCore	763 Blossom Way	Hayward	12
WTEPP	BRIDGE Housing	500 King Road	Daly City	99
WTEPP	Jonathan Rose Companies	1919 Fruitdale Avenue	San Jose	330
WTEPP	Ethos Real Estate	81 Mayhew Way	Unincorporated Contra Costa County (Walnut Creek)	313
Housing Preservation Pilot	San Francisco Community Land Trust	320-324 14th Street	San Francisco	16
Housing Preservation Pilot	South Bay Community Land Trust	1718 Virginia Ave	San Jose	17
			TOTAL	820

Welfare Tax Exemption Preservation Program (WTEPP)

The [Welfare Tax Exemption Preservation Program](#), launched by BAHFA in 2022, provides the public sector support that private developers need to qualify for property tax relief under state laws. Eliminating property taxes from a building's operating budget enables the owner to offer lower rents to tenants. The program's assistance includes a recorded deed restriction on the property that ensures that rents remain affordable to low-income residents, as well as a \$5,000 grant, which is the minimum local financing required to apply for a welfare tax exemption.

BAHFA's \$35,000 grant investment across seven properties has successfully preserved 787 units of affordable housing with 55-year restricted terms, making this an incredibly cost-effective program.

Bay Area Housing Finance Authority

Advisory Committee

March 27, 2025

Agenda Item 8.a.

Preservation Program

Housing Preservation Pilot

BAHFA launched the [Housing Preservation Pilot](#) in 2024 with \$17.8 million from the Regional Early Action Planning Grants of 2021 (REAP 2.0) to preserve affordable housing and protect residents. The program provides low-interest loans to nonprofit developers and community land trusts to acquire and rehabilitate residential properties occupied by low- and moderate-income residents. To meet REAP 2.0 objectives, projects must accelerate infill development that facilitates housing supply, choice, and affordability; affirmatively further fair housing; and reduce vehicle miles traveled.

BAHFA released its first round of funding in June 2024, received four applications, and [closed two loans](#) in late 2024 and early 2025, totaling \$8.75 million in funding. A second round of \$9.05 million will be released in the spring of 2025 upon receipt of additional REAP 2.0 funding from the state.

Preservation Project Technical Assistance Grant Program

Approved by the BAHFA Board in December 2024, the Preservation Project Technical Assistance Grant Program will support mission-driven organizations with the upfront costs necessary to take residential properties off the speculative market, rehabilitate them as needed, and convert them to permanently affordable housing. The goal of the program is to accelerate grantees' ability to advance prospective preservation projects from the predevelopment stage to property acquisition and rehabilitation.

The initial program budget is \$325,000 and project sponsors will apply to BAHFA for one-year grants of up to \$50,000 through an over-the-counter process to cover pre-acquisition, project-based consultant contracts, resulting in 7-13 grants program-wide. Eligible activities to be completed by grantees' consultant of choice will include feasibility analysis, property due diligence, resident engagement, architecture and engineering, construction management, legal support, set-up of asset management systems, and long-term financial sustainability planning. The program will be launched concurrently with the second round of Housing Preservation Pilot funding in spring of 2025.

Issues:

None

Bay Area Housing Finance Authority

Advisory Committee

March 27, 2025

Agenda Item 8.a.

Preservation Program

Recommended Action:

Informational

Attachments:

A. Presentation

Reviewed:

A handwritten signature in black ink that reads "Andrew Fremier". The signature is written in a cursive, flowing style.

Andrew Fremier